

Alpine Global Premier Properties Fund Conference Call Transcript
Moderator: Mark Rappaport
July 20, 2007
11:00 AM ET

Operator: Good day, ladies and gentlemen, and welcome to the Alpine Global Premier Properties update. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session, and instructions will follow at that time. If anyone should require assistance during the conference, please press star, then zero, on your touch-tone telephone. As a reminder, this conference call is being recorded. I would now like to introduce your host for today's conference, Mr. Mark Rappaport, Senior Managing Director of Alpine Funds. Sir, you may begin.

Mark Rappaport: Thank you and good morning, everyone, and welcome to the Alpine Global Premier Properties Fund update. AWP is the largest real estate closed-end fund, and we take our responsibilities managing that capital very seriously. And part of that responsibility is to keep shareholders and advisers informed regularly, hence the reason for this call.

Let me now introduce the portfolio manager and President of Alpine Funds, Sam Lieber. You'll find that Sam would join Evergreen in 1985, which is the firm his father founded, and he would join as a real estate analyst with a background in urban planning and real estate, and then Sam would pioneer the category of global real estate funds, as he would create the very first ever global real estate fund back in 1989 at Evergreen. And you know that fund today as the Alpine International Real Estate Securities Fund, which was mentioned in today's USA Today as one of the top real estate funds.

Sam is the only manager to steward a portfolio of global real estate securities through more than one complete cycle, and we think that that means a lot, especially in today's environment. Throughout our history at Alpine, we've really added value during the downturns, and most recently we proved that value yet again during the May-June real estate decline, and Sam will touch on that, as well as looking at the outlook and the portfolio strategy, and then fielding questions after his discussion on this call.

Without any further ado, here's Samuel Lieber.

Samuel Lieber: Thank you, Mark, and greetings to all of you. We appreciate your interest in what we're doing here, and we hope to show you why we think this is a unique investment vehicle that we've created, and that that was, of course, one of the reasons why we were able to raise over \$2 billion in the offering of this fund. We

think it resonates in that we have married the combination of our long experience with the Alpine International Equity Fund and our domestic real estate funds in combination with the dynamic dividend capture model that we've used successfully with Alpine Global Dynamic Dividend Fund--AGD--and Alpine Total Dynamic Dividend--AOD. Effectively, that permits us to create significant dividend income with no leverage--all earned income.

Even though we brought out this fund with the intention of trying to earn all our income, we did give ourselves a little bit of a cushion by giving room to create some managed distribution. I'm delighted to say that the income that we have earned so far for the first two dividends and for what we see going forward, we have been able to earn over 100% of the income distributed. We are, of course, issuing a dividend of \$1.52 annual rate, which on the IPO price is a 7.6% yield, very competitive with international or global real estate funds. Given the share price of AWP today, that represents a yield of 8.4%.

So we're very pleased with the income, and again, we think that this has created a situation where we can focus on growing the net asset value, growing the performance of the fund.

Now, having said that, I should point out that we've entered into a bit of an air pocket in the market--a pullback in real estate shares, it's not atypical. We've seen it practically every year, perhaps even twice per year for the last several years. Just to highlight this, I would suggest that you take a look at the S&P/Citigroup World Net Total Return Property Index in U.S. dollars, which shows for certain specific periods, significant pullbacks. For example, most recently, from May 31 through June 27, we had a decline of 8.3%. That's what this fund has just experienced. If we look back earlier in the year, a very brief pullback from February 23 through March 5, there was a 9.1% pullback. Going back to May 9 of last year when there was a significant tremor in the marketplace over rising interest rates through June 13 of '06, the index was down 8.8%. And just a couple more, September through October of '05, was down 6.2%, a period in April through early May of '04, the index fell 15.9%. And July through October '02, there was a more pronounced and extended disturbance, that was a 15.7% pullback.

Every time this has created a buying opportunity. We saw concerns in the marketplace as we closed this transaction at the end of April. We saw prices spike up very quickly in the beginning of May. We felt that some stocks we wanted to own were a little expensive, so we decided to just build the dividend capture portfolio, but retain significant cash in a war chest, keep our powder dry, and conserve the capital of this Fund to buy at better prices. I'm delighted to say that we were right, and we've been quite busy over the past month or so buying stocks. We had over 30% cash into June, and now we are down to a bit under 14% cash in the portfolio. So we've been quite active taking advantage of downdrafts.

And we're not done. To be specific, during the period from May 31 through July 19, we saw a pullback from Japan. Actually, from June 4, specifically, a 15.1% pullback has hurt our performance, frankly, during this period. We've also seen a pullback in Australia--about 6.5% since early June--and in the U.K. of 10% since early June. From the beginning of the year, the U.K. has experienced a 17.5% pullback because they hyped the arrival of REITs, created too much speculation, too much excitement. Even though the fundamentals are positive in the U.K., they created too much excitement, and share prices got too high. This significant pullback is creating some opportunities for us. In the U.S., we've seen an 8% pullback in REITs since the end of May, but on the other hand, there's been very strong performance in Brazil, in Hong Kong, both of which have provided double-digit returns for the fund.

Let me just say that because of these pullbacks in the market, although we've had this cash position, we certainly have not put out stellar returns through the period in discussion. That is, the NAV has grown since the IPO price, the NAV of 19.06 fell by 3.64% in terms of total returns through June 30. And this should be visible on the website, AlpineCEF.com, where you can look at the AWP as well as our other closed-end funds' performance and portfolio characteristics.

One other point that I would mention, though, is that the two comparable global real estate funds in the closed-end universe, during that same period, from the 25th of April, when we closed our deal, priced it--although we actually didn't get our money until the 30th--but basically from that period through June 29, our peers fell more than our 3.64% decline. They fell on average 7% or 5.8% and 8.1%, respectively. My point is that those funds are using leverage to help create dividends. In a downdraft, leverage is not your friend. In an up market, it can help extend total returns, absolutely, but we feel that this is a long-term investment vehicle that is permanent equity, which you folks have entrusted us with the opportunity to show you what we can do with this, and we feel that the best way to manage it is to do so without leverage.

So, given that performance and given where we see the market developing, given that we like to buy into downdrafts, we find this fund very attractive when there's no premium on its NAV, so I bought shares earlier this week, as we also did for other clients of Alpine.

Before I talk about the portfolio and what it looks like, its characteristics, I wish to note that we think this is just a minor pullback and think there's still positive fundamentals going forward. Even though interest rates are going up, we think that we're entering a very, very attractive period for many stocks, and we'll talk about some of the reasons in a few moments.

Now, going through the portfolio fund facts which are, again, visible on AlpineCEF.com, you'll see that we've broken out the portfolio in several ways.

First, let's talk about distribution. AWP's greatest distribution is in diversified property stocks, and you'll find that most Asian companies tend to have a high proportion of residential and commercial properties--office, retail, industrial--all mixed together, and those are diversified companies. We think that that's fine, this happens to be the model that has been chosen by many companies in different countries, and in fact, it tends to provide more stable returns over time--although candidly, as an investor, I like to be able to focus and pinpoint specifically which markets do I want to invest in, an office property or in a retail property, et cetera. This is the nature of the opportunity set that we have, so we're highly exposed to diversified stocks.

We have a high proportion in lodging, and we talked about that on the, during the IPO process on the road. We think lodging's very attractive. We had the benefit of the Hilton takeout in this portfolio recently. That also highlighted the value of hotels, going at a 15-time EBITDA multiple, we think was actually not a huge premium price. It was a premium to the shares price, a 32% uplift between July 3 and July 5. We think that the lodging sector's going to continue to be one of the better places to be, where we've put a number of our largest holdings, as we'll talk about in a moment, in the lodging sector. We also have significant exposure to residential and office. We try to broadly diversify the portfolio by property type, by region, and of course by stocks.

Let's talk about the top 10 holdings and, again, their distribution by region. By the way, I should just point out you can see we're tilted towards Asia with this portfolio. Today we have 39% in Asia, about 31% in Europe, and 26% in North America, and 4% Latin America as of June 29. If you look at our top 10 real estate stocks, they are separated out from the dividend capture portion of this portfolio as it will shift over the course of the year. In fact, it will shift every quarter that we present updated portfolio holdings for your perusal. And you can see here that we have a number of large Italian banks in particular. They paid out significant dividends, but what's more interesting is that Italy just created a REIT statute, and a number of the banks are significant owners of real estate. We expect that we will see REITs being created by banks, by insurance companies, and other financial holding entities in Italy, over the next year or so. So we think that that's an added boost and appeal of those particular companies.

I'll just point out that iStar Financial is also one of our top five dividend holdings, and that iStar has a very attractive dividend yield, in part because it's been pooled together with all the residential mortgage REITs, subprime REITs, and it is not. It is not even a CDO-financed REIT. It is very nicely structured as a REIT using rated securities. In fact, you may find this particular stock in our dividend holdings list on a longer-term basis.

Getting back to the specific property stocks, you can see that we have a high proportion of hotels. Accor is number one, Marriott is number three, Starwood number four, Hilton at number seven, so we have a lot of large, basically

dominant global lodging companies. But we also have a number of smaller premier players throughout the portfolio, such as Shangri-La Hotels, Mandarin Oriental, the Hong Kong and Shanghai Peninsula chains. Again, we really like the lodging sector.

Some of our other top holdings include Boston Properties and Vornado. Since this is a global fund, and we happen to think that the fundamentals of New York office, as well San Francisco, West Coast, D.C. and Boston are going to be compelling drivers for these particular stocks. We were able to pick up these stocks during the recent downdraft at what we believe were fundamentally attractive levels.

I should just point out that not all U.S. REITs are cheap. Yesterday's article in USA Today highlighted that historically REITs are expensive, but the key point here is that the fundamentals for REITs will be improving. The issue is what valuation do we wish to pay for that growth coming forward, because our concern is that cap rates -- that is the yield available on the initial acquisition -- has been bid down to very low levels, so-called cap rate compression. This has been facilitated in part by low interest rates and the fact that a lot of financing has been available through the capital markets. This may change two or three years from now. We think cap rates could rise, and as such, we are not betting on cap rate compression in our selection of the portfolio. We are betting on economic growth being superior to fundamental supply conditions, and that that would create the opportunity for rising rents and rising valuations over time. And that is the driver for our portfolio selections, both on a country basis and on a stock-specific basis.

At this point, before we go to the Q-and-A part, I just want to mention a couple of stocks in our portfolio we think are indicative of what we're trying to do to provide attractive returns. Many of you may know Unibail, owner of fine quality Parisian offices as well as French malls, has been a premier company in the sector. Unibail got hit pretty hard recently. Unibail just purchased Rodamco, a large Pan-European mall operator, that many investors would probably say had great properties and knew how to buy quality properties when they saw it; they just didn't know necessarily how to maximize the returns. Unibail, we believe, has that capability and has a fertile ground now, to provide significant growth through expansions, redevelopment, repositioning of malls, and we think that it will be a very attractive investment vehicle, and, it's got a yield of 3.75% now. Back in the beginning of April, was trading at--almost EUR 240 per share. It's now at 188. And so from our perspective, we've been able over the past month to pick up the stock 20% below peak levels, we find that compelling.

Two other stocks that I'll briefly mention also give a little more flavor for what we're trying to do. One is in Russia, a market that we have to be very cautious in our approach to make sure that we're on the proper side legally, make sure that the owners have a good business model, that it is and will continue to be in favor, even if the political situation changes. Ideally it is fundamentally in a very strong

and necessary position in terms of the economic needs of that country. One stock that fits that bill is a company that IPO'd not too long ago called PIK Group, P-I-K. PIK builds residential real estate for sale, but it's not your standard condominium company, it's not taking advantage of the fact that Russian luxury residential real estate prices have gone up by 60% per year the last two years. Rather, this is at the low end of the market, providing necessary housing. They're providing necessary housing for Moscow City Government at low margins, which is, of course, very favorable. But they're also providing conventional market rate products on a large scale, similar to some of the large projects which we have seen in this country, but we think of better quality than, let's say, a Co-Op City or the recently acquired Peter Cooper Village, in New York City. So this is a unique company with a unique mission, and we think very well positioned to grow in what can be a difficult market over time, but a market which also has tremendous potential.

Another company that we've recently invested in is called Investur, and we think this will be the premier resort company in Brazil. They already own the TXAI resorts, which some of you may know, located mostly in Bahia and Salvador. And these are high-end resorts, where they both sell off individual units and, of course, rent out units. More interesting is some of the expansion potential that they foresee. And Brazil, if it can grow at the rate at which we think it will, if the country continues to modernize their infrastructure and continues to modernize their financial system, we think that there are tremendous opportunities to see a market like Brazil, which, frankly, brings in a very low proportion of tourists despite the fact that it is ideally located for Europe, as well as the U.S.

Specifically, the northern part of Brazil has a lot of appeal, and in fact, Investur has one particular parcel of land, approximately 12 kilometers of beachfront at Jericoacoara Beach, which is not far from Fortaleza. This is in the northern part of Brazil, where the Caribbean and the Atlantic come together. Three hundred days of sunshine a year on a beach that the Washington Post said was one of the ten most beautiful beaches in the world--Jericoacoara. You will be hearing about this over the next five years or so, and we think that the ability to own land at \$1,000 per acre is pretty attractive, given the fact that they can build large-scale resorts, multiple resorts, at different price points. And, of course, this will all be enabled by the development, we think, over the next number of years of a regional airport which can serve international airfare. So we think that tourism is a big factor in Brazil. We think Investour is beautifully positioned for it and will be the premier company in that sector. So that is part of the appeal for us.

Let me stop here and open this up to questions, and we can talk more about specific companies or anything you folks wish.

Operator: Thank you. Ladies and gentlemen, if you have a question at this time, please press the one key on your touch-tone telephone. If your question has been

answered or you wish to remove yourself from the queue, please press the pound key. Our first question comes from Ewell Butler of Smith Barney.

Samuel Lieber: Hello, Ewell.

Ewell Butler: Hello. My question's been answered. Thank you very much.

Samuel Lieber: Hey, you're very welcome, sir.

Operator: Arnold Nelson of Smith Barney, your line is open.

Samuel Lieber: Hi, Arnold.

Operator: Sir, did you have a question?

Arnold Nelson: No, I do not. It's been answered.

Operator: Okay, thank you.

Samuel Lieber: Thanks for joining us.

Operator: Marshall Goss of Smith Barney.

Samuel Lieber: Hello, Marshall.

Marshall Goss: Yes, I didn't hit my button, actually.

Samuel Lieber: Oh, we're three out of three. Well, thank you, anyway.

Marshall Goss: All right. I don't know what's going on here.

Samuel Lieber: Operator, I just wondered. Can we do a repolling and perhaps, maybe just everyone's coming up here or--?

Operator: Yes, I actually had those three participants in the queue when I first opened the screen, so they may have pressed the one key by accident, or their question was answered prior. Let's try the next person, Chris Cooper.

Chris Cooper: Hey, good morning, Sam.

Samuel Lieber: Hi, Chris.

Chris Cooper: What role is currency conversion playing in the return?

Samuel Lieber: Good question. Well, during period from, let's say, April 30--which is when we received our funds, the cash hit the till--through June 29, the, we actually experienced some decline. We had, the yen was down about 3% almost. The

Euro was down slightly. Even the Singapore dollar was off a little bit. British pound was up about 0.5%. But we had, on the other hand, some strength in the Aussie dollar, up over, almost 2.5%, and the Brazilian real is up 5.4% during that period. To be more specific, though, the last month, month and a half--since May 31--we've started seeing some improvement in currency and with further strengthening in the Aussie dollar, a bounce back in the yen, and I think that we've just gone through a little blip here. Over time, we think the long-term trend is still a decline in the dollar, and we will not enter any hedging position until we see the emergence of a longer-term trend going against us. So for now, we remain unhedged.

Chris Cooper: Okay. Thank you.

Samuel Lieber: You're welcome.

Operator: Our next question comes from Eugene Field of Smith Barney.

Samuel Lieber: Hi, Eugene.

Eugene Field: Hi, Sam. Appreciate the call today. Just one simple thing. I sold this investment to my clients basically based on what the, looking at what the international fund has done, which you also manage, and what I've done, actually, since the deal came out, is I've kind of run a comparison to that fund compared to the AWP. And what I've--and realizing the fact that you couldn't invest all of the money when the fund was priced, I believe April 25 of this year, and you said, you mentioned something about June 7. I don't recall what that was exactly, but even taking June 7 into consideration, there's no question that the international open-ended fund has certainly outperformed this fund based on net asset value. And the way my figures read it, since the seventh, the net asset value of the international open-ended fund is up about 3%. It's within about \$0.18 of its high for the year right now, considering what's happened to that market, which has done exceptionally well, whereas the net asset value of the AWP has traded down over 3%. In fact, it's trading at almost a new low today. So here's my question. What are we doing differently between the two funds? Why is this taking a bigger hit than the open-ended fund? My understanding was that the objectives were very similar between the two funds. Would you please answer?

Samuel Lieber: Sure. I appreciate your question. Let me see if I can clarify a couple of issues for you. First of all, it was May 7, not June 7--maybe I misspoke earlier--that we had a quick run-up in share prices, and we decided to hold back. Property stocks were volatile up to June 1, then pulled back for the sector. That said, if you look at AWP and you compare it with Alpine's international fund, there are a couple of significant differences. One, it's global, so we have a higher proportion in the U.S., 26% in this particular fund as of the end of June. The other aspect is that if you look at the portfolio, you may recall that this is a premier property fund. A couple of premier property stocks such as Mitsubishi Estates, Mitsui Fudusan, got

hammered. During the period in question, through June, they declined by 19%. So obviously, we are not happy with that. Also in another area, we could not--due to, frankly, a screw-up by our custodian--invest in Brazil. For several weeks, Brazil had a very nice bounce during the month of May. By June 29, we had a smaller proportion than we would have liked.

One other point that you should note during this period, if you look at just the chart, that AWP has paid out \$0.25 in dividends. So you should add that back to your line and you'll see that in fact, the low for the fund's NAV was on June 27. So I hope that clarifies it a bit for you.

Eugene Field: Thank you.

Samuel Lieber: Thank you.

Operator: Our next question comes from Pat O'Connor of Smith Barney.

Pat O'Connor: Hey, Sam, thanks for your time.

Samuel Lieber: Sure, Pat.

Pat O'Connor: Are you familiar with a company by the name of Luminant Mortgage, by any chance? L-U-M?

Samuel Lieber: Yes.

Pat O'Connor: Any opinion on them?

Samuel Lieber: Free stock tip. You know, Luminant has changed their management, and management's doing a better job, we think. I would provide you a pretty good yield right now, but I think a number of residential mortgage REITs are at best going to be just offering yields for a little while longer until we get through this subprime mess. We think that the subprime problems will continue for another couple of quarters, although, frankly, the market's probably factoring a lot of that in already. Just parenthetically, if you look at the subprime market, it's roughly 12% of the total mortgage market in the U.S. Historically, we've had default rates of 15% in recession, 10% when you're not in recession. But the problem is that you have loans that were sold on two-year teasers, teaser rates, and that when we hit that second anniversary, they go up to LIBOR plus 600. So you're looking at double-digit yields. Impact from that sector this year and next, is obviously a concern in the market, whether that spills over into the Alt-A Category, and then ultimately into the conventional mortgage market and housing values. We think it's already working through the market, so I would tell you that over the next six months, you know, Luminant may not be a stellar performer. Perhaps next year would be better for some capital appreciation as well as yield.

Pat O'Connor: Thank you, Sam.

Samuel Lieber: Yes.

Operator: Our next question comes from Berman Sidell of Smith Barney.

Samuel Lieber: Hi, Berman.

Operator: Your line is open. Did you have a question?

Berman Sidell: Hit the wrong button.

Operator: Okay, thank you. Albert Case of Stock Cross, your line is open.

Albert Case: The net asset value being down approximately 3% raises a question as to how and how long do you feel we will return to the original IPO number and go beyond that, since the investors came into the purchase, came into buying at the IPO offering with the idea in mind we had a growth stock with just a kind of medium return in terms of dividend? The question seems to be, how long it's going to take before we actually are into a growth situation beyond and above the initial IPO.

Samuel Lieber: Okay, Albert, I appreciate the question. Obviously, I don't have a crystal ball, but as I mentioned earlier, with some of the pullbacks in markets that we've seen historically, that going back to '02, those declines lasted anywhere from a matter of weeks to a maximum of about three months. Our view is that we've seen a lot of it already, if not the whole decline. We think that valuations are pretty attractive now, and that's why we've been putting our money to work more aggressively over the last few weeks. I think that as we get into the third and fourth quarter, we're going to see much better performance, and that's part of why I bought shares the other day. I bought the shares because I think the NAV's going to rise. Now, when it happens, I can't tell you. But I think it's going to happen sooner rather than later.

Albert Case: Well, I know that you can't, you don't have a crystal ball, but I don't know. Are we talking a year from today in terms of some kind of a growth status that we can say, "Now we are into a growth mode?"

Samuel Lieber: Oh, I think it's much sooner. No, no, no. Look, when we came to the market, we said this was going to be--unlike the other real estate funds out there, which were sold as income and growth funds--this fund is a growth and income fund. We will grow the value if the market permits us. During this downturn, other funds have declined more severely than AWP, so we think we've protected the down side, both through stock selection and through keeping our cash, keeping our powder dry. We're putting the powder to work now. We're not done. We still have, as I mentioned, almost 14% in cash. I think that we are pretty well along towards working through the uncertainties in the marketplace. We don't see anything

fundamental in terms of economic impact, and when we see a country like China come up with a 12% GDP number yesterday, when we've seen very strong growth in India and Southeast Asia, Latin America, and solid performance in Europe, you know, we think that the fundamentals are still here.

We have just passed through a mid-market, mid-cycle correction brought about by the Fed. So, if you look back towards 1995, you will see a comparable period, perhaps. So we think that we've got several years of growth at least, if not longer, and in fact in some countries are, we think, further back in their economic cycle, the evolution of it, we think we may actually have several more years in those markets as well. So I'll tell you, I think we're going to see performance over the next six months, and I would be disappointed if we don't get over \$20.00 sooner rather than later, obviously.

Albert Case: Okay, Sam. Thank you very much.

Samuel Lieber: You're welcome, Al.

Operator: Our next question comes from Seymour Hirsch.

Samuel Lieber: Hi, Seymour.

Seymour Hirsch: No, no. I'm just listening.

Samuel Lieber: Oh, well, continue, please. Thanks.

Operator: Sorry. He may have pressed the one by accident.

Samuel Lieber: No problem.

Operator: Patricia Newbeller of Merrill Lynch, your line is open.

Patricia Newbeller: Hi, there. Thanks for doing this. On the percentages, I got 39% Asia, 31% Europe, 26% something, I'm thinking U.S., and 4% Latin America?

Samuel Lieber: Correct.

Patricia Newbeller: Is that the U.S.?

Samuel Lieber: It was 4% Latin America, 26% North America, the bulk of which was in the U.S., and you know this is a point in time that also includes stocks in the dividend rotation, so there will be changes as we roll through the dividends to different stocks in different countries at different points in time. So the portfolio will change over time. Do not expect the proportions that we've set forth for this snapshot for the portfolio as of June 29, to continue without change. We're taking a dynamic approach where we think there's seasonality in dividends, there's

seasonality in even stock returns. So we hope to take advantage of that. This Fund will be actively managed.

Patricia Newbeller: My next question goes to the liquidity contraction that we're seeing, and I guess additionally, if the U.S. economy is slowing, do you see that having any impact on real estate markets in other parts of the world?

Samuel Lieber: Not too much. It just means that the good folks in the Middle East and Dubai and other places aren't necessarily going to be plunking down a lot of cash for a D.C. office building, although we just saw one deal take place. My guess is that most of the money will flow to wherever the greatest returns are. The mechanism of cap rates, to be forward-looking, suggests that there can be a little more cap rate compression in some of the so-called B.R.I.C. countries. We see that that's where the growth will be, where the fund flows will be, but there will also be opportunities throughout Europe. A study done by Jones Lang LaSalle, the broker, the international property brokers, said that purchases on the first half of the year are well up over last year on a global basis. In the U.S. they were up, but that was primarily due to Equity Office Properties purchase by Blackstone. So, basically flat on a capital investment perspective in the U.S. year over year, but growing abroad. So we think that there will be -- your instincts are correct -- more flows to international property, both out of the U.S., but also from Australia, from Japan, from Europe.

Patricia Newbeller: Last question. How much of it do you think will be residential as a percentage of your portfolio?

Samuel Lieber: Well, right now, we mentioned that we're about 16%, albeit when you look at so-called diversified companies, they have a portion of residential, such as the large Tokyo office landlords, Mitsui Fudusan and Mitsubishi Estates, where they're getting anywhere from 30% to 50% of their revenues from residential sales. Basically, ignoring that added complication, AWP's residential share is going to be anywhere from 10% to 20%. That is not necessarily going to be residential for sale. There are apartments, as well, throughout. There are still good opportunities in so-called B.R.I.C. markets for residences. It's not just office buildings or logistics facilities that need to be constructed. We see significant demand for residential.

Patricia Newbeller: I guess I do have one more question, which would be over a matter of years, how long do you think it will be to really see a turn on your, or a return on your investments?

Samuel Lieber: Well, I hope it happens in a matter of months. You know--.

Patricia Newbeller: But realizing that there's usually a cycle to it.

Samuel Lieber: Yes, yes., I think this cycle is fine. I think we've just had a little blip here, and as I mentioned, we've had it almost once a year the last five years. So I think this is a buying opportunity, frankly. I think that the fundamentals are strong. As long as the economy is strong, as long as economic demand still provides a positive spread to the supply of new real estate coming on the market, the competitive situation, I think we're going to see rising rents and values, and that will be reflected in the marketplace. I think what we've had here is a stock market revaluation of the prospects for the rate of growth given the rise in interest rates in a number of markets, and given the uncertainty surrounding the CDO market. But I'll tell you, with the positive yield curve now, and some improvement in net interest margins in banks and, you know, they're going to keep on lending. There's still going to be activity, and valuations are not going to fall off the cliff as long as there's economic demand creating jobs and creating the need for new, new real estate. So, I'm very positive for the next three or four years.

Patricia Newbeller: Thank you.

Operator: Our next question comes from Jaz Conroy.

Samuel Lieber: Hi, Jaz.

Chas Conroy: Well, actually, it's Chas. Sorry, but forgive me. I missed the first few minutes of the call. I don't want to be redundant, but at what point would you start to employ a leverage for the fund?

Samuel Lieber: Well, we have the capacity, as does every other mutual fund that I know of, including our open-end fund, of using 10%, up to 10% leverage when needed. We don't need to right now. And if we felt that we were in a very bullish period, and I was very optimistic, we might go out on our bank line a little bit, but, I don't think we need to. If I felt there was a great opportunity to pick up more dividend yields, but we don't need to. So, I don't foresee it. It's there if we need it, but right now I think we're going to be able to generate solid returns without using any kind of debt.

Chas Conroy: Yes. Well, thank you. I appreciate that.

Samuel Lieber: By the way, I should just mention it most real estate funds out there are operating with anywhere from 29% to 35% leverage, but we're not going to do that. As long as there's going to be the risk of volatility in the markets like we've seen here, I don't want to go down that road, and we're not, certainly not going to do anything that would be permanent debt, which is what those funds are using.

Mark Rappaport: Operator, I think we might have time for two more questions.

Samuel Lieber: Couple more. We've got a couple more.

Operator: Okay. Our next question comes from Garfield Sciudo of Merrill Lynch.

Garfield Sciudo: Any projections on how high dividends or how low dividends could go as far as the fund?

Samuel Lieber: We've started out with \$1.52 dividend paid monthly. That's 12.67 cents per month. Even though the yield talk at the IPO time was 7% to 7.5%, we felt we could do the 7.6% on the \$20.00 IPO price. And our goal is to increase the dividend. We will do whatever it takes to make sure this dividend is paid and that this dividend is earned. This pullback in the market provided an opportunity to buy some stocks at higher yields than at the time of the IPO. So you know, we're going to make sure that we're covering that dividend, sir.

Garfield Sciudo: Thank you.

Operator: Our next question comes from Michael Miller of Merrill Lynch.

Michael Miller: I love your enthusiasm and, just like you, I have a great enthusiasm for your fund. In fact, I have been building up on position in your fund recently, and I see it as a great opportunity to buy, and I expect to, just like you, to values to increase pretty soon. I was curious, because I've been, I guess, just tracking your fund, the international fund, and I saw that some of the investments you might have similar in the AWP, and I'm quite familiar with the lodging positions that you had over there like Norwegian Property and then John Madsen's JM, a Scandinavian homebuilder. Are you planning to, I guess, buy those companies as well for AWP or no?

Samuel Lieber: Absolutely, when the price is right. Now, to be very specific, Norwegian Property had a big run-up right after we got our IPO money in the fund, which was too bad, because I really like the company, and, of course, it had a big dividend payment coming out. Somebody out there was crazy enough to push this stock up from 70--I'm sorry, 70 NOKs--and it went up to 90 Norwegian Krone, God bless them. We weren't going to pay that, and now it's come right back down to 71. Let's put it this way--it's a lot more attractive now than it was. So we will buy when we think the price is right. We're not going to pay up for stocks that we think there's not a lot of up side in. Long term, I like Norwegian Property. I would expect it to hit 90 again, but I just want to make sure that my average cost is correct, and I can make good money on my investment. Same goes with JM, by the way.

Michael Miller: You know, they're great companies, and I wish somebody do a run-up, so I think it's a great asset that you gave that you were not willing to overpay. What about the Russian Sistemahouse [ph]? I was quite intrigued that you took a position in that company. It is very interesting, but do you plan to buy in as well?

Samuel Lieber: Sistemhals?

Michael Miller: Yes.

Samuel Lieber: At the right price. Same goes with every other stock that we look at, as I mentioned, with PIK. I talked about that as an example, and I think PIK was a fair price when it came public, and I think it's got some great prospects, and that's the reason why it's gone from 25 to 29 in a matter of, a little over a month. But, again, the right price, the right time, given where we see projected returns, we'll be buying. We like to buy for a two- to three-year hold. We don't want to buy for a short-term investment.

Michael Miller: Well, Sam, thank you very much. You did a great job with the international fund, and I have in my office a chart of its 10-year spectacular performance, and I expect the same thing with AWP.

Samuel Lieber: You're very kind. We expect the same thing as well. Thanks.

Operator: Would you like to continue taking a few more questions?

Samuel Lieber: Let's just do a couple more. We'll keep it going until the top of the hour.

Operator: Okay, thank you. Norman Hale of A.G. Edwards, your line is open.

Norman Hale: Thank you. Hey, Sam, I think you guys are doing a terrific job. It's been a difficult market, and I think you guys are doing the best you can, and it's great.

Samuel Lieber: Well, as long as we do better than the other guys, that's all I care about. Actually, we're absolute return investors, Norman, and our goal is, not trying to hug an index or do a little better than the index or a little better than the other competitors. We want to make money in all seasons, and hopefully, we'll be able to continue to do that here. As I said, the dividend is something that's fundamentally important to the portfolio, and we will generate that income and earn that income. We're not using managed distributions unless we absolutely have to, and we're using zero leverage. So that's important, but I agree with you that we've got to produce total returns, and we're looking forward to doing it. So pardon my interruption of your question.

Norman Hale: That's okay. Some of the things I've read indicates that pension fund, U.S. pension funds, have decided to commit additional assets to real estate. Are you finding the same thing to be true as far as the international market?

Samuel Lieber: Absolutely, even more so. In fact, some of the pension funds have already come into the space in a pretty significant way. That may be one of the reasons why prices got a little ahead of themselves back in the beginning of this year as new mandates came in. Not just from the U.S., but out of Japan, out of Korea, out of Australia, and out of Europe. So we're still seeing significant interest in real estate securities. I think one thing that many of the pension funds have realized is

that you can take an approach to one country, let's say the U.S., and you can be pretty diversified by property type or geographic location within this country with a certain amount of cash. But then to take that same amount of money and try and get the broad diversification and get exposure to the opportunities in Latin America or in Asia or in Europe, it takes a lot more capital to be broadly diversified. So it's much better to do it in a public format.

We see significant interest continuing to grow for real estate securities from institutional investors as well as, of course, from all nature of investors. Capital is being allocated towards real estate securities, and it's growing significantly around the world. This is a fabulous opportunity to see our universe grow from 1,600 stocks to a couple of thousand stocks to maybe even 2,500 stocks over the next several years. We see more opportunities, hopefully we can sort through the wheat and the chaff due to the fact that we've had a little bit of experience doing this over the last 18 years, and see a similar expansion abroad compared to what we saw with U.S. REITs back in the period between '92 and '96 when they had their so-called modern REIT expansion. So we think this is a great time to be buying abroad.

Norman Hale: Thank you.

Samuel Lieber: One more, Operator.

Operator: Thank you. Our final question comes from John Jahoda of Bank of America.

Samuel Lieber: Hi, John.

John Jahoda: Hi, Mr. Lieber. Thank you very much for doing this call. Just a quick question about the NAV versus the share price. Say, a year from now the NAV's at 22, which we all hope, but the market price is still below 20. Is there anything that the fund would do as far as if it's trading at a deep discount for any length of time, 10% to 15% discount, would they consider buying back shares or making it an open-end fund?

Samuel Lieber: John, that's a good question. God forbid it would happen. We're going to do everything we can not to let that happen. Obviously, we can't foretell what can happen in this world going forward. We can just try and prepare for it by diversifying the portfolio in a way that minimizes our exposure to risk and minimizes our down side. That said, if we can do this in the downturns and perform in the up cycle, as we expect real estate stocks will, and we provide this level of dividend that we are today, if not growing, then we would expect that this share price will move up. I would point out that AGD and AOD both trade at premiums.

John Jahoda: Definitely. AGD was one I was going to bring up. For a whole year, that's one of the few funds that has traded at a premium, and in May just had a slight dip below and it's right back up.

Samuel Lieber: Yes, I'll tell you, the reasons why we think those funds trade at premiums are one, they're providing a higher yield than their peer group; two, they're producing NAV growth. And they're doing it with zero leverage. There is more stability, we think, built into the model that Alpine has taken, and I think the same thing applies here to AWP. Three other global real estate funds came to the closed-end market, right after we did. In addition to the two prior ones, that's going to provide a universe for us to strut our stuff. If we can do what I believe we can, we're going to provide solid returns. We think the market will see how we are different from the other funds out there, just as AGD and AOD are different from the other equity-income in their category.

John Jahoda: Fantastic. I'm buying more myself right now, and I love the AGD. Thank you very much for that one, too.

Samuel Lieber: You're welcome. If we can continue to build on the performance of Alpine's other funds, we think that this fund should trade at a premium. That's my view. But we do have the capacity, to answer your question, to buy back shares, and so AWP can buy in shares if we think the discount is significant and that it would be accretive for investors. But my goal is to grow the dividend and to grow the share price, the NAV, and if we can do that, we think the price premium level will take care of itself.

John Jahoda: Can we have another call like this in the future?

Samuel Lieber: We look forward to reporting to you in the fall with an update, and we very much appreciate everybody's interest. Again, we think that this is our chance to show how we differentiate the Alpine approach from others that have been taken in the marketplace, and we hope to continue to earn your confidence that you demonstrated on the IPO of this fund. We think that it's going to be a fun ride.

John Jahoda: Well, it's an honor to have a chance to speak to you. Thank you very much for your time.

Samuel Lieber: Thank all of you. Operator, I thank you very much for your help.

Operator: You're welcome.

Samuel Lieber: Let me just say again, thank you all, and on behalf of the Alpine Global Premier Property Fund and our team here at Alpine, we appreciate your interest, and we look forward to continuing to stay in dialogue with you as we develop the portfolio and hopefully generate the returns available to all of us in the real estate capital market. Thanks.

Operator: Ladies and gentlemen, thank you for participating in today's conference. This concludes the program. You may all disconnect. Everyone have a great day.