

Strictly Private & Confidential

Anthony&Cie
International

Guide for intermediaries and owners of real estate

Our investor interest in European real estate

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Our book of investors

- Anthony & Cie International (“ACI”) represent a number of institutional investors in Europe, Middle East, Asia and the United States, including
 - Sovereign wealth funds
 - Pension funds
 - UHNWIs
 - Specialist funds
 - Banks
- Many of our investors have no limit to maximum deal size (SWFs, pension funds, private specialist funds), however our minimum deal size tends to be €25m
- Our investors are interested in different asset classes, including:
 - Shopping malls
 - Office buildings
 - Hotels
 - Hospitals
 - Care homes
 - Other commercial real estate
- Separately, ACI are sponsor to a number of initiatives to list a real estate investment trust (“REIT”) on the Singapore stock exchange, focusing on:
 - Shopping malls
 - Office buildings
 - Hotels

Engagement process & information requirements

- On behalf of our investor clients, we engage directly with owners of real estate, or their mandated representatives
- If there are multiple intermediaries involved in the chain, we do not mind entering into a non circumvent and confidentiality agreement to protect such intermediaries. **However, we will only proceed when in direct contact with the owner or his mandated representative**
- There are several phases we generally distinguish before our investors agree to a real estate transaction (there may be variations to the process for certain investors):



Information requirements

- Who is the seller
- Evidence of mandate from owner representative
- Number of intermediaries in the chain and their role
- Fee agreement
- Property description / operator / tenants etc
- Deal type (property only or operatorship included)
- Asking price
- Net Yield based on asking price
- Is the transaction off market? For how long has it been for sale?
- Have there been offers in the last 6 months?
- Is the asset currently under offer?
- Is there a data room prepared?
- In what language is documentation available?

Key steps

- Confirm interest of investor to submit LOI/NBO
- Confirm fee structure with seller
- Agree non circumvent and fee split agreement with all intermediaries in the chain
- Investor submits LOI / NBO

Information requirements

- Detailed review of property
- Opco/Propco arrangements
- Audited financial statements
- Monthly management accounts
- Budget / forecast s
- Details on tenants / operators, including credit strength
- Relevant market data
- Legal due diligence
- Environmental
- Any specific items for individual cases

Key steps

- Upon satisfactory due diligence, binding offer
- Contract exchange
- Third party approvals, if any
- Closing

Current criteria of selected investors (I)

Investor	Asian pension fund	French hotel operator	UK specialist fund (2x)
Description	One of the largest pension funds in the world	Owner and operator of a chain of 60+ small to medium size hotels	Specialist in distressed and turnaround / re-development opportunities
Property interest	Trophy 5 star hotels Significant 4 star hotels Prime office buildings High profile shopping malls	Small 3-4* hotels in city centers, ideally tourist destinations	Commercial real estate
Target locations	European & US capitals	France, Italy, Spain, Germany, other countries in the EU	EU
Deal size	Minimum €400-500m Ideal €750m+	€25m+, Small to medium sized hotels (typically ~50 rooms)	Minimum €100m, no maximum
Yield requirements	Visibility on yield 4%+	Visibility on yields above 8%	Targets levered IRRs of 20%
Operatorship	No, require operator in place or to be appointed	Yes, own & operate strategy	Works with third party operators as required
Other specifics	Strict due diligence requirements ahead of LOI / NBO	Only city centers in tourist destinations, including ski resorts. No beach resorts Acquisition outside France has to be a portfolio of 3-4 hotels minimum	

Current criteria of selected investors (II)

Investor	Middle Eastern investor	Italian investor group	US property fund
Description	Highly liquid investors in high profile real estate around the world	Liquid investor looking for 5* hotels in European capitals	US fund that made first major European acquisition in 2015
Property interest	(Super) trophy assets including hotels, office buildings and shopping malls	5* hotels	Shopping malls across Europe
Target locations	Capital in Europe, US, other locations	Ideally major cities in Italy, Paris, Madrid / Barcelona, Berlin, other cities	Germany: small to medium sized add on to existing investment Other European countries
Deal size	Minimum €300m, no maximum	Ideal size €250m	Any size in Germany Minimum €100m initial acquisition in other European countries
Yield requirements	Minimum 2.0 - 2.5%	4% or below but with upside visibility	To be discussed
Operatorship	First class operator required	First class operator required	Require asset manager for assets outside Germany
Other specifics			

Current criteria of selected investors (III)

Investor	Chinese property fund	US specialist fund	UK distressed fund
Description	Major Chinese private equity fund looking for high yield assets	Established property fund owning several European hotels	Major UK fund manager, looking for real estate (debt) portfolios
Property interest	Hospitals, logistics centers, similar asset classes	Turnaround, repositioning and distressed situations, 3* with 4 star potential, or 4*	Distressed commercial real estate and commercial real estate backed loan portfolios
Target locations	Europe	European capitals	EU
Deal size	Minimum €50m, no maximum	Minimum €75m, no maximum	Minimum €100m, no maximum
Yield requirements	7-8%	High yield investor	High yield investor
Operatorship	First class operator required	Open to all existing operators, or bringing new ones on board	Case by case
Other specifics			No limit to deal size, preference for multi billion € transactions

Current criteria of selected investors (IV)

Investor	Middle Eastern investor group		
Description	Group of family offices based in Middle East		
Property interest	4* hotels with upgrade opportunity to 5*, as well as 5* hotels		
Target locations	Europe		
Deal size	Ideal size €200-300m		
Yield requirements	>4%		
Operatorship	First class operator required, can bring own operator		
Other specifics			

Singapore listed REIT

- ACI are sponsoring REIT initiatives in European commercial real estate, together with Asian investment banks. Present focus is on:
 - Shopping malls
 - Office buildings
 - Hotels
- The REIT, through the REIT Manager, will pay commission for the successful sourcing of an eligible portfolio
- The investment criteria of such a REIT are:
 - Minimum **€500m portfolio** at IPO
 - Minimum **8% asset yield** (before leverage, after any operational expenses)
 - Portfolio should be coherently themed by geography and property type
 - Property to be owned **100%** by the REIT
 - REIT can contain maximum **25% of development assets** (as long as target yield is delivered from day 1)
 - REIT requires reputable tenants and operators as the case may be
 - Anywhere in **EU**, but **CEEMEA** also possible
- Acquisition of assets by REIT closes upon successful IPO on Singapore exchange
 - REIT signs a call & put option to acquire property from 1 or more sellers at the same time. Call & put option conditional upon successful IPO (underwritten by investment banks)
 - Timeline typically 3 months provided data room on assets is in place
- REIT is flexible in addressing seller's objectives
 - Ideally seller retains a small stake in the REIT
 - Dynamic funding source: agreement with seller on pipeline of new assets can be agreed
 - Seller name could be attached to the listed REIT if beneficial for all parties

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