

# TEASER

# ABSOLUTE RETURN RESIDENTIAL REAL ESTATE OPPORTUNITIES



## RIVA ABSOLUTE RETURN GERMANY

RIVA Asset Management is an active portfolio manager of residential real estate in key German cities. The firm's philosophy is to deliver consistent and attractive risk-adjusted returns through both increasing and decreasing real estate investment cycles. RIVA focuses on preservation and growth of capital. The firm has delivered consistent returns to its investors through its commitment and focus.

The executive team has a combined 60 years experience in German real estate having acquired and sold over €400m and managed over €1bn of residential and commercial real estate across Germany.

## RIVA BELIEVES THAT:

- ▶ Investing in German residential real estate in key cities with a particular emphasis on Berlin, over the next 10 years will deliver very attractive returns of between 10-12% IRR with a very low risk, particularly when benchmarked with other major European cities.
- ▶ The acquisition of hard assets at/below replacement cost in Berlin and across other cities of Europe's strongest economy, together with active asset management and condominium conversion provides a unique risk/return proposition.

The firm's competitive advantage stems principally from:

- ▶ Local presence in Berlin and Germany since 2001 and an extensive network of proprietary relationships.
- ▶ Team's depth of experience throughout all phases of this particular strategy: apart from the standard sourcing, acquisition, financing and asset management, its in-house team has significant direct experience of increasing rental performance in residential properties across leading German cities and successfully carrying out condominium conversions and sales, particularly in Berlin.
- ▶ Strategies Offered: risk-adjusted residential real estate.

### TEAMS RESIDENTIAL PORTFOLIO EXPERIENCE IN GERMANY



FUND DETAILS:	Luxembourg SIF-SICAV (CSSF approved 04/16)
TERM AND INVESTMENT PERIOD:	3 yr. inv.per., Duration 6+1+1
INCEPTION:	2016
TARGETED FUND SIZE:	€150m equity
MINIMUM EQUITY COMMITMENT:	€1m
TARGET RETURN (NET):	10-12% IRR
TARGET LTV:	up to 70%
MANAGEMENT FEE:	2% on subscribed equity 1.5% > €10m commitment 0.5-1% investment/disinvestment
PERFORMANCE FEE:	20% (7% hurdle, 50% catch-up)
RIVA TRACK RECORD:	
IRR (NET)	10.04% (audited by E&Y)
MULTIPLE	2.06x (audited by E&Y)



## INVESTMENT BOARD:



### EMANUELE BONI, CHAIRMAN

Responsibilities include:

- ▶ managing ongoing relationship with strategic investors and regulatory requirements
- ▶ investor fundraising
- ▶ managing relationship with senior lenders
- ▶ executing Riva business plan
- ▶ overseeing the operations and the management team



### ARNAUD VAN DER WYCK, VICE CHAIRMAN

Responsibilities include:

- ▶ financial management
- ▶ financial regulatory compliance
- ▶ investor relations
- ▶ capital and financial planning
- ▶ leadership in corporate administration



### HUBERTUS MAFFEI, INVESTMENT & PORTFOLIO MANAGEMENT

Responsibilities include:

- ▶ oversee and coordinate the organizations operational activities with local partners
- ▶ asset management
- ▶ property & facility management
- ▶ investment and divestment targets



## KEY REASONS TO INVEST

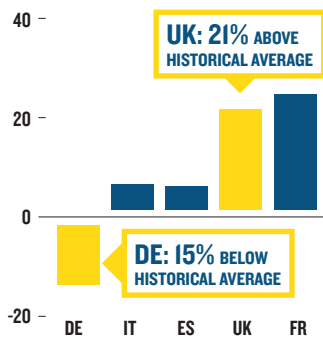
There are both macro and micro economic indicators at play in Germany (and Berlin in particular) that support an attractive investment environment for this opportunity. Germany is the 4th largest economy in the world and the largest European economy with a very positive and stable economic outlook.

The three key reasons to invest in German residential real estate are:

- 1) AFFORDABLE HOUSING** - Housing is more affordable in Germany than elsewhere in the European Community. Prices are still well below historical average.
- 2) STEADY PRICE INCREASE** - Strong potential for price growth in the German property market contrary to elsewhere in the EU due to low absolute values.
- 3) HOUSING SUPPLY SHORTAGE** - Number of completed apartments per German citizen is 43% below EU average creating a supply/demand imbalance.

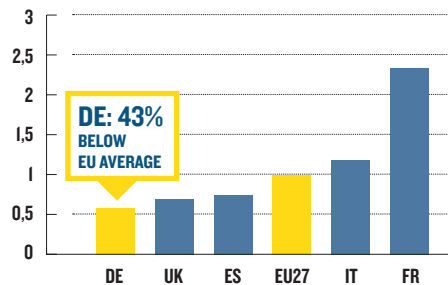
### PURCHASE (AFFORDABILITY)

Ratio: Housing Price / Income per Capita  
Deviation from historical average - 2014



### HOUSING DEVELOPMENT INTENSITY

Index of the number of completed apartments per 1000 citizens 2012 · EU27=1



Source:  
- National Statistical Offices/Euromonitor International, calculated by Deloitte  
- International Monetary Fund (IMF)\_Global Housing Watch

The three key reasons to invest in Berlin are:

- 1) POPULATION GROWTH** - Berlin has experienced 10 years of consistent positive immigration and the trend is expected to continue.
- 2) INCREASE IN HOME OWNERSHIP RATE** - Home ownership in Germany has historically been amongst the lowest in Europe and the Berlin home ownership rate is one of the lowest in Germany. This historical preference is being reversed.
- 3) SHORTAGE OF AVAILABLE APARTMENTS** - Significant shortage of available apartments and continued scarcity expected due to low construction rate and population growth.

## INVESTMENT PHILOSOPHY AND STRATEGY

RIVA acquires residential buildings in the city centre of key German cities with a particular focus on Berlin. RIVA identifies and acquires assets below replacement cost and applies an active asset management strategy which includes implementation of condominium conversion process, refurbishment, asset improvement, redevelopment, increase the rental performance, sale to retail investors & owner occupiers and converts office to residential and in limited cases opportunistic new development. This strategy enables RIVA to deliver value-add returns with core plus risk.

RIVA is ultimately generating value for investors by acquiring buildings at wholesale prices (below replacement value) and selling apartments at retail prices.

### RIVA ASSET MANAGEMENT SARL

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CAPITAL PROVIDER  
RELATIONSHIPS:



FUND SERVICE  
PROVIDERS:



## SAMPLE INVESTMENT CASE STUDY

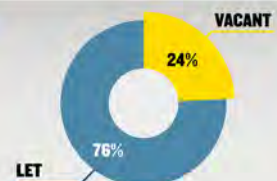
**The building features:** built in 1909, located in an upcoming area of South Berlin ("Kreuzkölln"), comprises 43 residential units for a total of 2.985 sqm plus 530 sqm of net living space rooftop potential.

**The Strategy:** partial refurbishment of units and common areas, refinancing specific for condominium conversion, re-sale of 43 individual

### SALE STRATEGY

**UNIT PRICE**  
LET → 27-30 multiplier  
VACANT → € 2.900 – 3.300/sqm

### STATE OF UNITS



**SAMPLE INVESTMENT CASE** Berlin – Neukölln/ Kreuzberg

**INVESTMENT DATE** 2016

**INVESTMENT TYPE** Residential

**EXIT DATE** 2017-2018

**INVESTED (CAPEX INCL.)** € 2.250/sqm

**CAPEX** € 220/sqm

**EXIT PRICE** € 2.900-3.300/sqm