



# ROUND HILL CAPITAL

WHY WE INVEST IN MULTI-FAMILY RESIDENTIAL ASSETS

11 APRIL 2019



CONFIDENTIAL

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# OVERVIEW

ESTABLISHED IN

**2002**

PRIVATELY  
OWNED



**EQUITY** INVESTMENTS IN REAL ESTATE

**VERTICALLY** INTEGRATED

**230** PROFESSIONALS

**LOCAL** EXECUTION CAPABILITIES

**LEADER** IN RESIDENTIAL STRATEGIES

**14** OFFICES GLOBALLY

**EUROPE** | LONDON | AMSTERDAM | DUBLIN | MILAN  
BERLIN | FRANKFURT | MUNICH  
LISBON | MADRID | MARBELLA  
STOCKHOLM | LUXEMBOURG

**US** | NEW YORK

**ASIA** | SINGAPORE



OPERATING / PROPERTY MANAGEMENT SUBSIDIARIES

# OPERATIONS

**\$6.8BN** AUM<sup>1</sup>

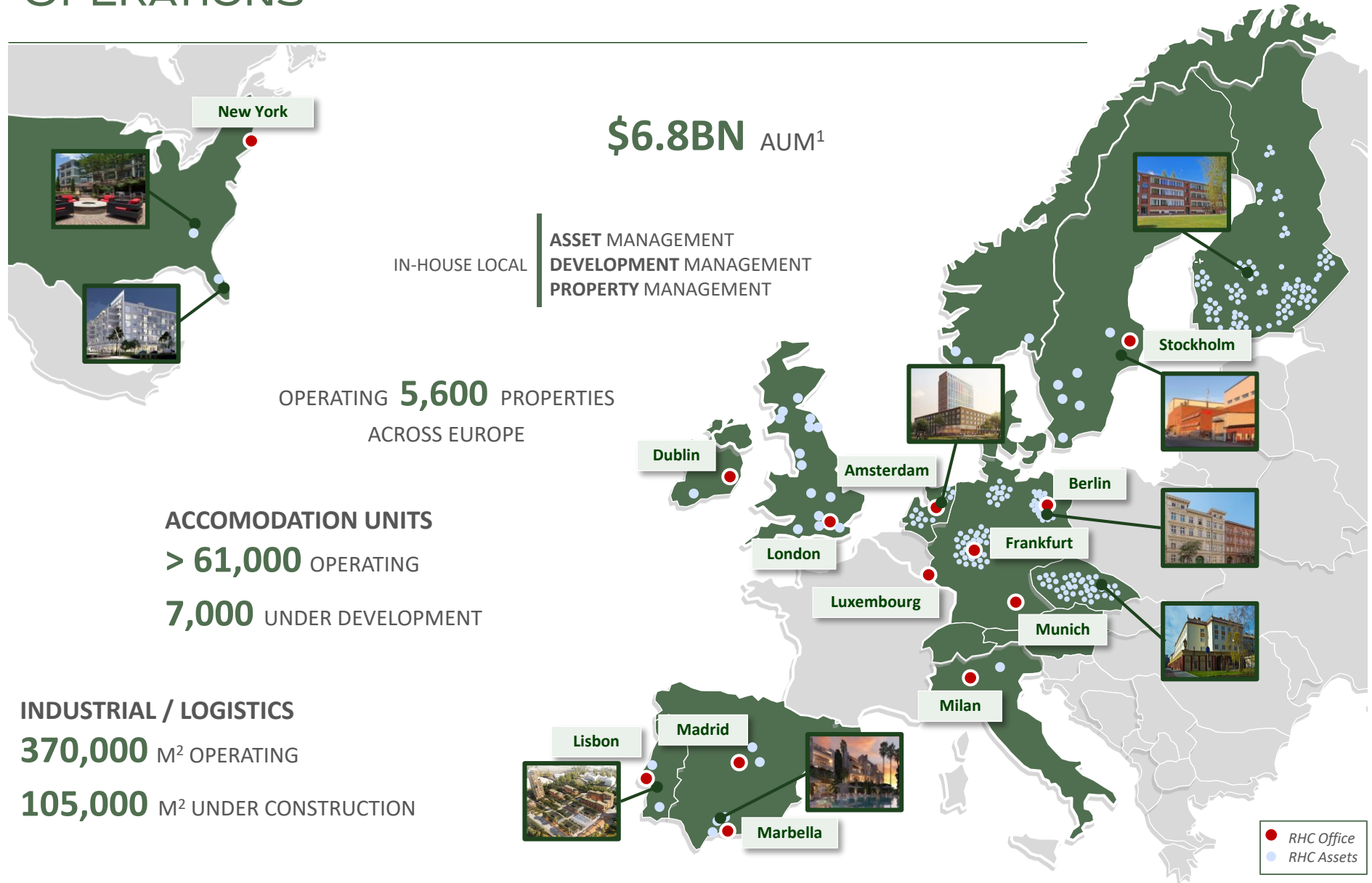
IN-HOUSE LOCAL

ASSET MANAGEMENT  
DEVELOPMENT MANAGEMENT  
PROPERTY MANAGEMENT

OPERATING **5,600** PROPERTIES  
ACROSS EUROPE

ACCOMODATION UNITS  
**> 61,000** OPERATING  
**7,000** UNDER DEVELOPMENT

INDUSTRIAL / LOGISTICS  
**370,000** M<sup>2</sup> OPERATING  
**105,000** M<sup>2</sup> UNDER CONSTRUCTION



(1) AUM as of YE 2018

# TRACK RECORD

## EXPERIENCE

**>110,000**

UNITS OF RESIDENTIAL  
ACQUISITION



**€8.0BN**

INVESTED SINCE 2002



**>7,000**

LEASES SIGNED PER YEAR



**13**

COUNTRIES IN WHICH  
TRANSACTIONS HAVE  
COMPLETED



**370,000**

M<sup>2</sup> LOGISTICS ACQUISITION



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# WHY WE INVEST IN MULTI-FAMILY

1

**FAVOURABLE MACRO-ECONOMIC AND DEMAND DRIVERS:** THE EUROPEAN UNION HAS A STRONG MACRO-ECONOMIC ENVIRONMENT, AND RISING URBANIZATION IS INCREASING THE NEED FOR HOUSING STOCK

2

**SUPPLY LEVELS ARE NOT SUFFICIENT FOR REQUIRED DEMAND:** RESIDENTIAL SUPPLY IS ALREADY CONSTRAINED AND RECENT CONSTRUCTION ACTIVITY REFLECTS COMPLETION LEVELS DIRECTED AT MAINTAINING TOTAL STOCK RATHER THAN EXPANDING IT

3

**THE RENTAL MARKET HAS GROWN STEADILY THROUGHOUT CYCLES:** RENTAL RATES HAVE CLOSELY TRACKED INFLATION AND REMAINED SHIELDED FROM CYCLICAL TRENDS, ILLUSTRATING A DEFENSIVE NATURE

4

**ATTRACTIVE RISK-ADJUSTED RETURNS:** LONG-TERM MARKET FUNDAMENTALS COUPLED WITH AN INHERENT DEFENSIVE NATURE PROVIDE THE RESIDENTIAL SECTOR WITH ATTRACTIVE RETURN FORECASTS

5

**BEST-IN-CLASS MANAGEMENT:** ROUND HILL CAPITAL IS A PREMIER INVESTMENT MANAGEMENT FIRM WITH A PROVEN TRACK RECORD OF DRIVING RETURNS THROUGH VACANCY LEVEL REDUCTION AND NOI GROWTH



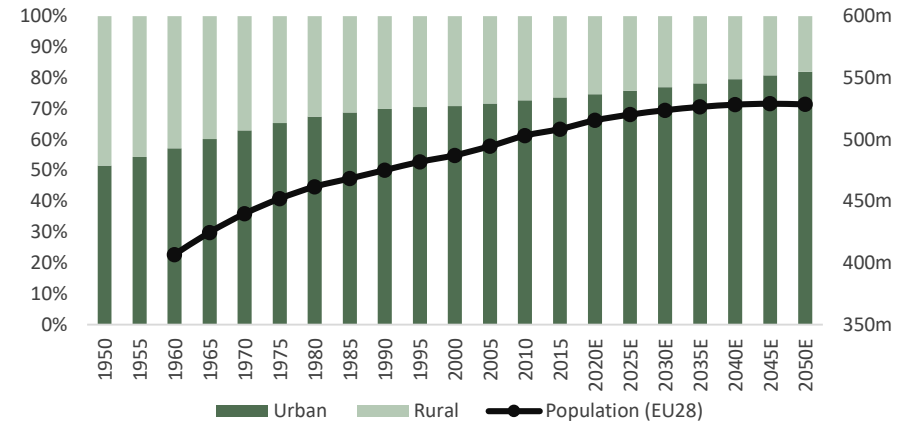
## FAVOURABLE MACRO-ECONOMIC AND DEMAND DRIVERS: THE EUROPEAN UNION HAS A STRONG MACRO-ECONOMIC ENVIRONMENT, AND RISING URBANIZATION IS INCREASING THE NEED FOR HOUSING STOCK

### KEY TAKE-AWAYS

- The European Union (EU-28) is currently experiencing a significant process of urbanization (citizens leaving suburban and rural areas for cities)**
  - The current population of 508 million is projected to grow to 528 million by 2050, representing a 0.1% increase p.a. in total population
  - The total share of the population living in cities in Europe is forecast to increase from 74% in 2015 to 82% in 2050, corresponding to a net increase in cities of 59 million people (compared to the total population growth of 20 million people)
- The EU has a strong macro-economic environment, characterised by recent steady GDP growth coupled with decreasing unemployment rates**
  - Real GDP has grown between 2% and 3% per annum over the past three years
  - Unemployment rate has steadily declined to 7.6% in 2017
- The composition of households is also changing as household sizes continue to decrease, representing an additional driving force behind the increasing demand for housing**

### INCREASING URBANIZATION ACROSS THE EU

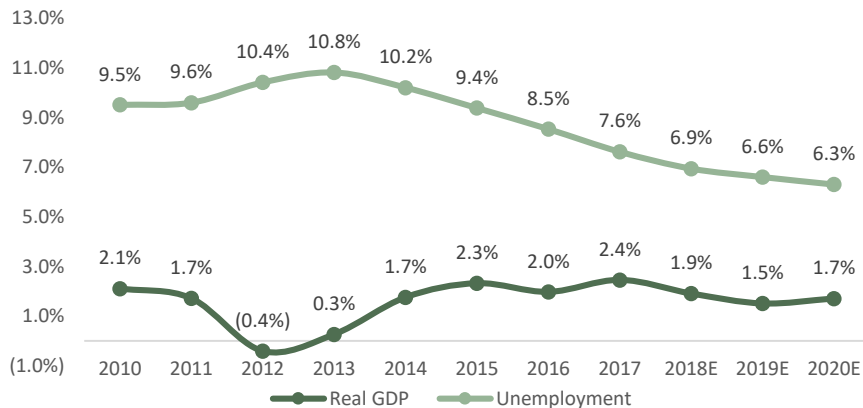
82% of the population in the EU is projected to live in urban cities by 2050, a significant increase from 74% recorded in 2015



Source: Knight Frank Research, Eurostat

### REAL GDP GROWTH AND UNEMPLOYMENT ACROSS THE EU

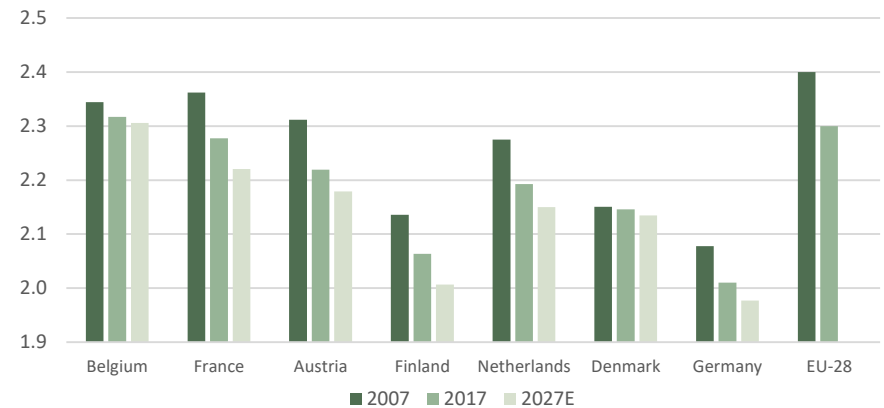
The European Union has experienced stable GDP growth and declining unemployment rates over the past 5 years



Source: World Bank, European Commission

### HOUSEHOLD COMPOSITION

For Europe as an average, the household size has decreased from 2.4x in 2007 to 2.3x in 2017, largely in part due to longer life expectancy coupled with a larger share of single family units





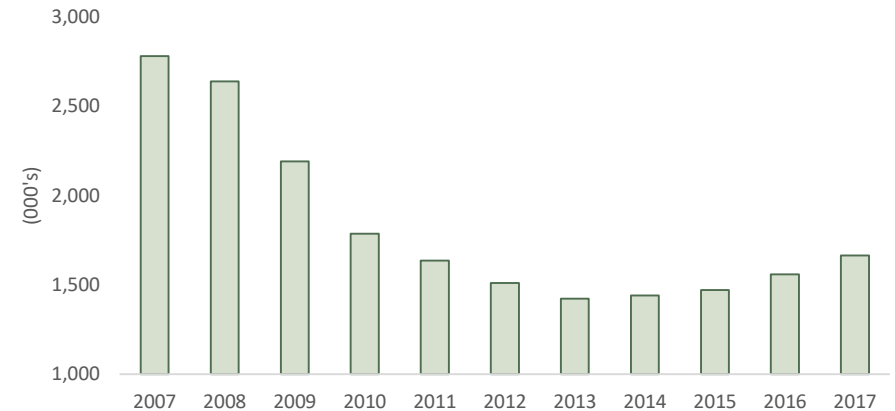
## SUPPLY LEVELS ARE NOT SUFFICIENT FOR REQUIRED DEMAND: RESIDENTIAL SUPPLY IS ALREADY CONSTRAINED AND RECENT CONSTRUCTION ACTIVITY REFLECTS COMPLETION LEVELS DIRECTED AT MAINTAINING TOTAL STOCK RATHER THAN EXPANDING IT

### KEY TAKE-AWAYS

- **Construction activity has picked up lately on the back of a favourable economic environment including low interest rates and steadily increasing house prices**
  - Across Europe, however, the completion levels remain largely below the pre-crisis peak construction years with 1.7 million dwellings built in 2017 vs. 2.8 million in 2007
  - Construction activity is often analysed by calculating the corresponding “implied stock lifetime” of completion levels (construction levels with an implied stock lifetime below 100 years would start to increase the total residential stock)
  - Recent activity for the EU reflects an implied stock lifetime of 146 years, which coincides with construction activity directed at maintaining total stock rather than expanding it
- **Construction activity in the primary target markets has remained stable and is broadly in line with historic averages**
  - As a cohort the primary target markets have an implied stock lifetime average of 106 years, which points to a maintenance construction level status

### RESIDENTIAL COMPLETIONS IN THE EU

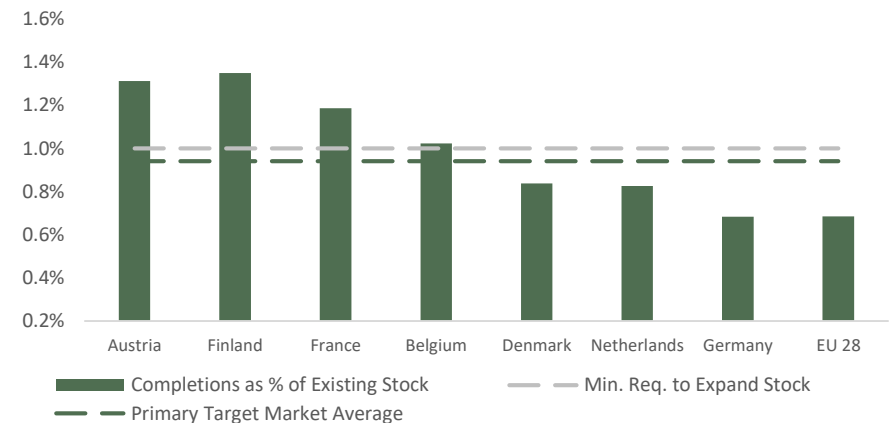
*Residential completion levels have increased each year since 2013, but construction activity remains c. 40% below pre-crisis levels in 2007*



Source: Hypostat, National Statistics

### RESIDENTIAL COMPLETIONS RELATIVE TO EXISTING STOCK

*The latest figures<sup>1</sup> for construction activity levels in the primary target markets reflects a status of stable maintenance construction levels (completion levels of 0.9% of existing stock)*



Source: Eurostat, National Statistics

(1) Latest figures reflect data from either 2017 or 2016



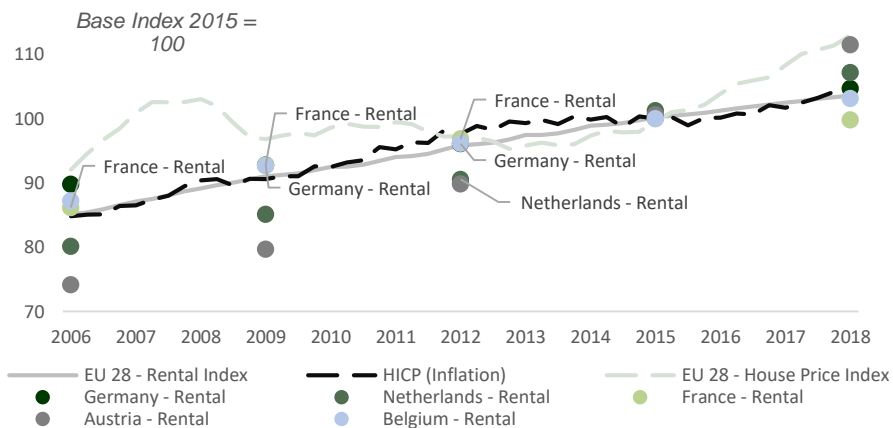
**THE RENTAL MARKET HAS GROWN STEADILY THROUGHOUT CYCLES:** RENTAL RATES HAVE CLOSELY TRACKED INFLATION AND REMAINED SHIELDED FROM CYCLICAL TRENDS, ILLUSTRATING A DEFENSIVE NATURE

KEY TAKE-AWAYS

- Historically, the rental rate index across Europe has been closely tracking inflation and thus broadly shielded from cyclical trends
  - Rental rates have grown consistently throughout the financial crisis, illustrating the defensive nature that a multi-family buy-to-let strategy may provide
- Rental rates have witnessed accelerated growth in successful urban centres, and often times outpacing the national index
  - Between 2013 and 2017, rents increased between 2.9% and 7.2% p.a. in various European cities as illustrated below
  - Increasing urbanization coupled with stable macro-economic conditions will further drive rental rates across key European metropolitan centres until these figures should ultimately stabilise with inflation
- Housing affordability across the EU has improved relative to the crisis affordability levels, signifying market stability
  - 10.4% of households in the EU are overburdened in 2017, compared to 10.9% of overburdened households in the EU in 2010

EU HOUSE PRICE AND RENTAL RATE INDICES

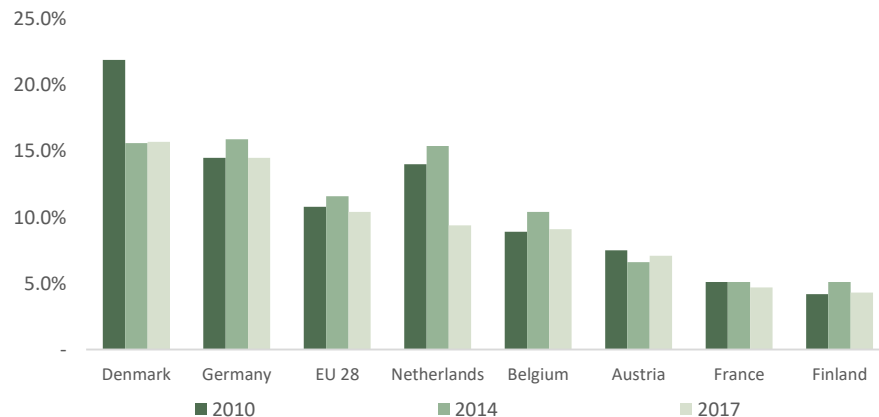
Relative to house price increases across the EU, rental income has remained stable and subsequently grown steadily across the cycle



Source: Eurostat, FRED St. Louis; Note: Data points may sit behind one another, Denmark & Finland rental data unavailable

HOUSING COST OVERBURDEN RATE

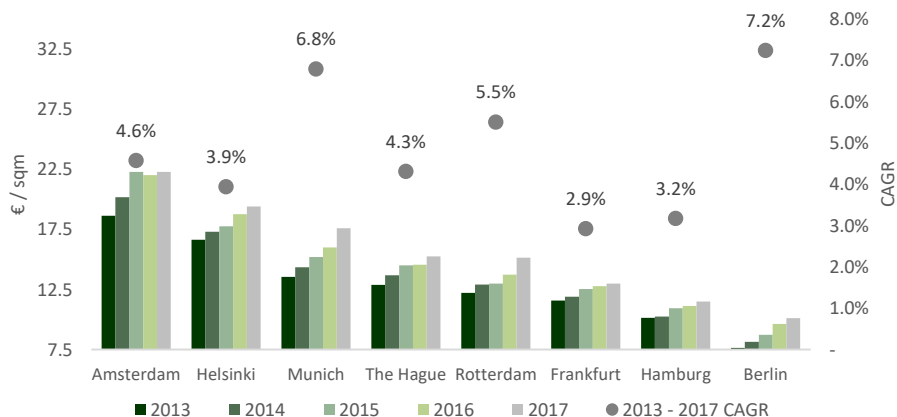
In 2017, 9.3% of households in the primary target markets are overburdened<sup>1</sup>, compared to 10.9% in 2010



Source: Eurostat (1) Overburdened is defined as a household that spends over 40% of disposable income on housing associated costs

RENTAL TRENDS

Rental trends at city level confirm the increasing popularity of urban centres, with rental inflation at times significantly above the national index

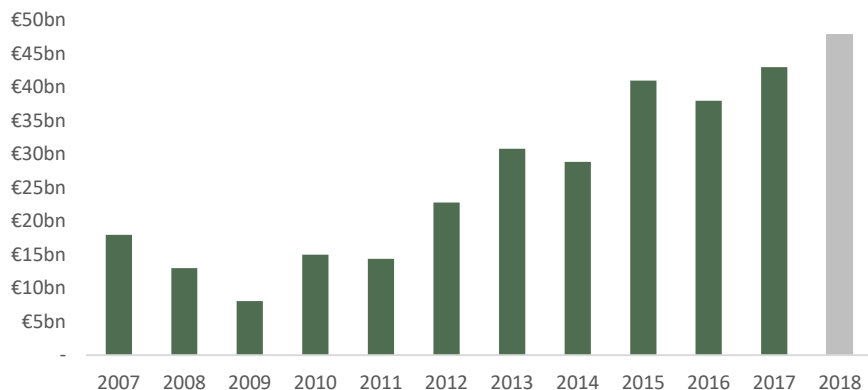


Source: Knight Frank Research

**ATTRACTIVE RISK-ADJUSTED RETURNS: LONG-TERM MARKET FUNDAMENTALS COUPLED WITH AN INHERENT DEFENSIVE NATURE PROVIDE THE RESIDENTIAL SECTOR WITH ATTRACTIVE RETURN FORECASTS**

**EU RESIDENTIAL TRANSACTION VOLUMES**

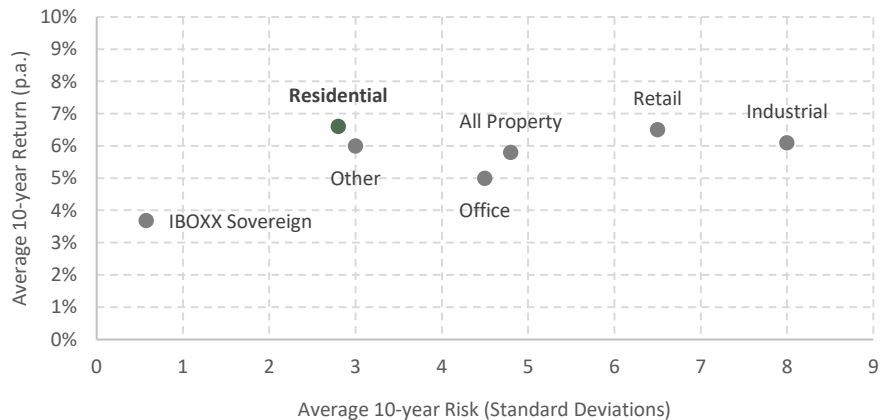
Investment in residential real estate across the European Union totalled €43 billion in 2017, including stabilised assets, development deals as well as corporate transactions



Source: JLL European Residential Investment 2018; Note: Figures are illustrated on a rolling annual basis, 2018 figure is based on projections

**RISK-ADJUSTED RETURN FORECASTS OF REAL ESTATE CLASSES**

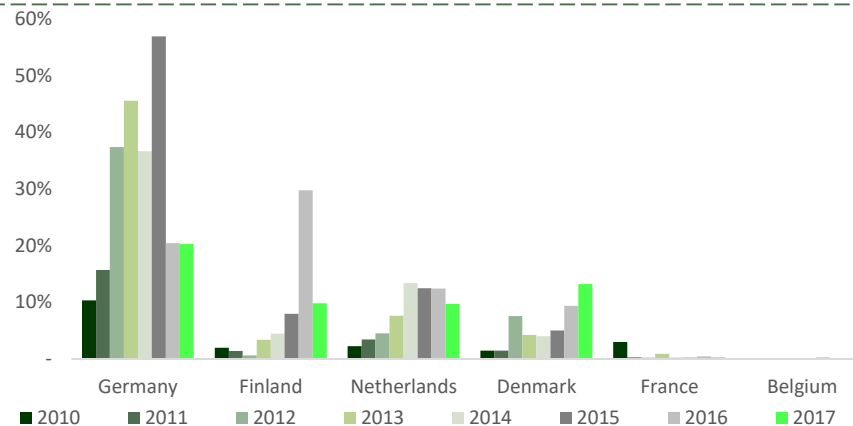
Compared to various other real estate asset classes, the residential sector offers the highest forecasted return coupled with the lowest risk profile



Source: Catella, IPD, Factset

**INSTITUTIONAL RESIDENTIAL TRANSACTION SHARE**

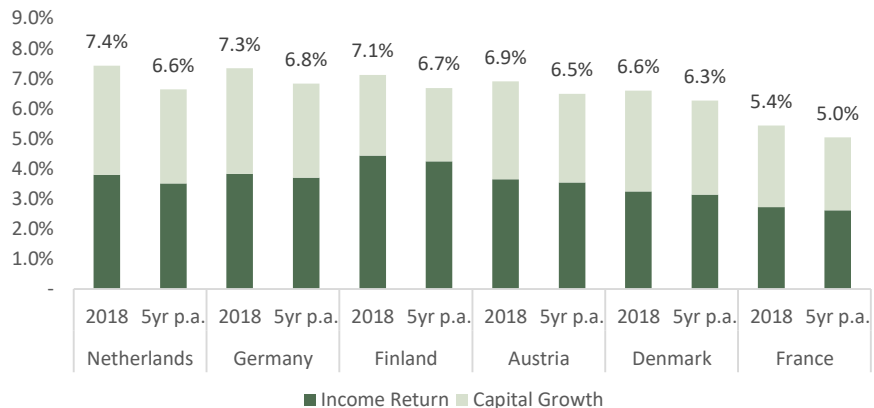
The residential market has seen a rise in the penetration rate from institutions (c. 9% across primary target markets), but still remains in its infancy compared to markets such as the USA and Japan



Source: Knight Frank Research, RCA; Note: Data for Austria is unavailable

**EUROPEAN RESIDENTIAL REAL ESTATE RETURN FORECASTS**

Total unlevered returns for European buy-and-hold multifamily housing strategies are forecasted to range between 5% - 7% p.a. in the next five years



Source: IPD, MSCI

**BEST-IN-CLASS MANAGEMENT:** ROUND HILL CAPITAL IS A PREMIER INVESTMENT MANAGEMENT FIRM WITH A PROVEN TRACK RECORD OF DRIVING RETURNS THROUGH VACANCY LEVEL REDUCTION AND NOI GROWTH

## DEAL ACCESS

### UNRIVALLED LOCAL KNOWLEDGE

- Sourcing deals in Europe is heavily relationship based
  - 16 separate acquisitions in the Netherlands alone
- Experienced local sourcing across 13 European offices
- Dedicated transaction execution teams across locations
- Intimate market knowledge allows for thoughtful portfolio construction

## SUPERIOR OFFERING

### HIGHLY ENGAGED LOCAL MANAGEMENT TEAMS

- Tenant focused style of management allows for increases in rent
- Property manager emphasis on tenant experience and responsiveness to tenant's needs
- Recognised property management brands in local markets

## NOI GROWTH & ACCRETIVE CAPEX

### LOCAL EXECUTION OF BUSINESS PLAN

- Opportunities to buy vacancy with a view of increasing occupancy
  - Netherlands vacancy: 3.4% (2018) v 7.6% at acquisition (2014)
  - Czech vacancy: 8.0% (2018) v 10.2% at acquisition (2015)
- Cost reduction through scale and RHC efficiencies
- Proven track record in achieving NOI growth through execution of business plan
  - Netherlands NOI margin improved to 70.3% (68.1% year 1)
- Existing presence provides real time market information on rents and pricing
  - HPA indexes reviewed and updated on a monthly basis to understand micro changes in market in both Germany and the Netherlands
- Cross platform expertise synergies driving value add capex projects while minimising costs

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# CASE STUDY: CZECH RESIDENTIAL

▶ ESTABLISHMENT OF A LEADING RESIDENTIAL PLATFORM IN THE CZECH REPUBLIC, MANAGING OVER 43,000 RESIDENTIAL UNITS

## OVERVIEW



- **Scale:** 43,000 residential rental units under direct management and a total area of c. 2.8m sqm
- **Occupancy:** Deep dive initiatives in place to reduce vacancy across the portfolio
- **NOI:** 3.7% annual increase over last 5 years
- **Proprietary Information:** Sophisticated IT systems to maximise portfolio efficiency
- **Rebranding:** Corporate rebranding and change of name to RESIDOMO in 2017
- **Capital Structure:** Completion of EUR 680m bond refinancing in H2 2017

## INVESTMENT RATIONALE

### *Capitalize on attractive residential market dynamics*

- More positive residential supply / demand statistics than most German cities
- Czech Republic demonstrates one of the highest GDP growth rate of 3% and the lowest unemployment in EU. Moravian-Silesian region created more than 15,000 new jobs and attracted EUR 3.5bn FDI in last 10 years
- Affordable rents, typically 50% less per sqm than average German levels
- Reversionary leases with indexed contractual uplifts above inflation (German leases have no capacity for inflation adjustment)

## ASSET & PROPERTY MANAGEMENT

- **Rebranding:** Full rebranding initiative to enhance landlord / tenant relations, and to create **best-in-class residential operating company**
- **Occupancy:** Vacancy deep dive strategy to **increase occupancy** in challenging clusters. **Vacancy reduction across the portfolio by 2.4 pcpt since 2014**
- **CZK 10bn capex** and value enhancing maintenance expenditure over the last 10 years
- **Other portfolio improvements:** Reduced time to repair, attractive and safe locations initiative with higher crime prevention and working with regional employers to promote rentals through work
- **Active management:** Restructured entire operating company and divisional processes including a custom built reservation and sales system
- **In Place Team:** Over 450 full-time local employees

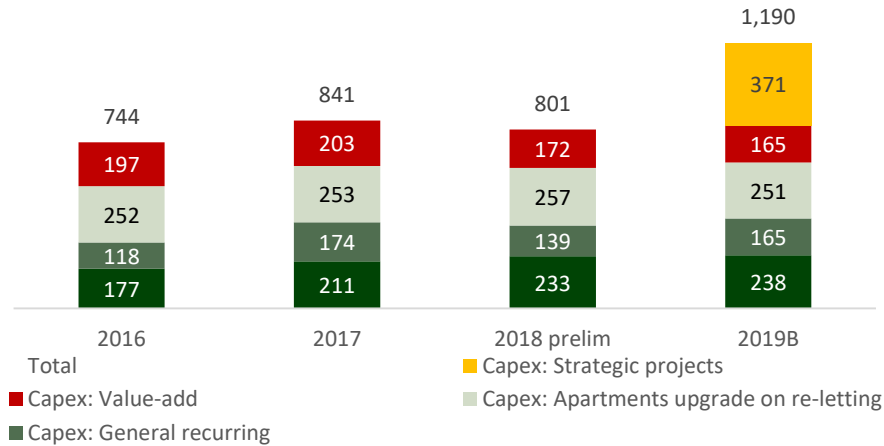
## PICTURES



# LARGE INVESTMENTS INTO PROPERTIES EVERY YEAR

▶ RESIDOMO CONTINUOUSLY INVEST IN THE HOUSING PORTFOLIO

## HISTORICAL CAPEX INVESTMENT



## CAPEX INVESTMENT FOCUS

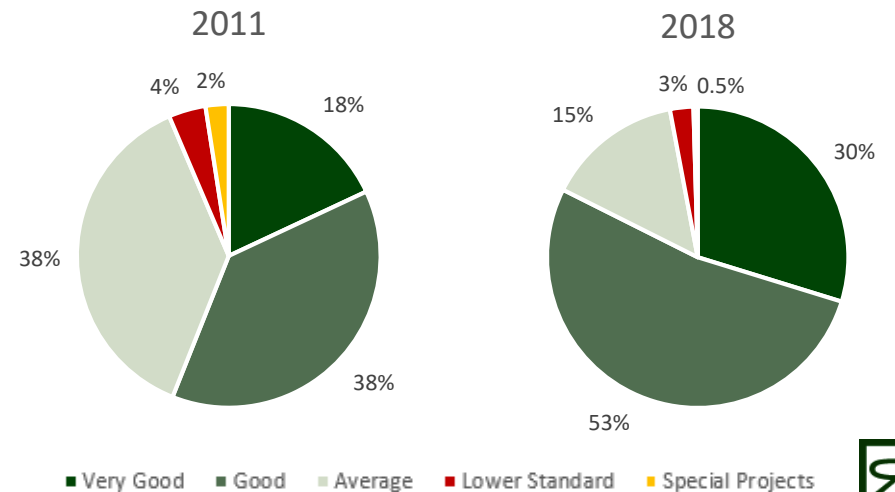
- RESIDOMO is continuously investing in the following property programs:
  - Apartment repairs: Refurbishment of c. 4,000 apartments annually
  - Common areas: Upgrade of entrances, staircases and doorbells
  - Facades and balconies: Aestheticization and safety measures
  - Energy and water savings: Building insulation, green heating energy and water savers
  - Lifts: upgrade of old lifts and installation of new lifts
  - Pipes: Modernization and replacement of ascending pipes
  - Roofs: Repairs of roofs and chimneys
  - Complete revitalizations of housing blocks including renovation of outdoor areas and public infrastructure: Kuncicky and Sumbark
  - Construction of new rental apartments

## REVITALIZATION OF OSTRAVA-KUNCICKY

- Re-development of abandoned area
- Complete renovation of assets, installation of the new heating system and refurbishment of 299 apartments
- Upgrade of outdoor areas and creation of communal gardens for the use of tenants



## IMPROVING QUALITY OF APARTMENTS



# PICTURES BEFORE AND AFTER CAPEX

► RESIDOMO FULLY RENOVATES SELECTED ASSETS EVERY YEAR

## OSTRAVA-MICHALKOVICE

- Refurbishment of buildings in Michalkovice
  - Change of heating system
  - Thermal insulation
  - Renovation of common areas and apartment
  - Revitalization of outdoor areas



## OSTRAVA CITY CENTRE (1/2)

- Full renovation of a building and apartments in Ostrava city centre



## OSTRAVA-PORUBA

- Facade and roof renovation of Ostrava asset



## OSTRAVA CITY CENTRE (2/2)

- Full renovation of a building and apartments in Ostrava city centre





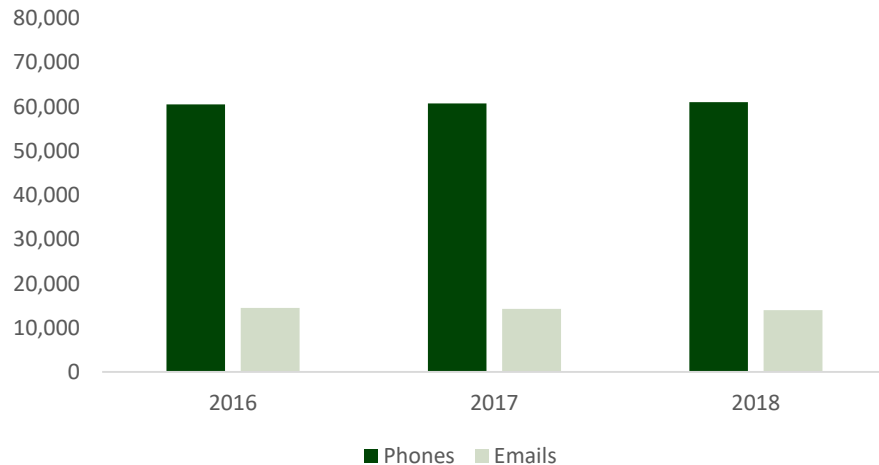
# COMMUNICATION WITH TENANTS

▶ RESIDOMO HAS MORE THAN 150 THOUSANDS INTERACTION WITH TENANTS EVERY YEAR

## CUSTOMER LINE

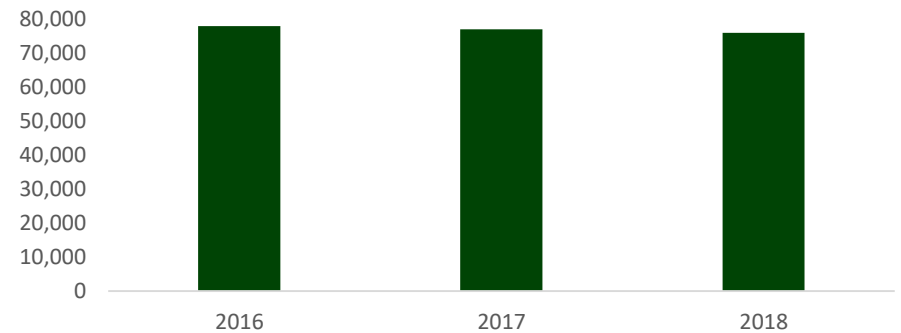
- For current tenants, phone line operators help deal with day-to-day matters associated with tenancy
- Waiting time is below 1 minute in 80% of calls, which makes the RESIDOMO line one of the most efficient in the Czech Republic
- Customer service handles several hundreds of calls and dozens of emails a day
- RESIDOMO will be launching an online client portal in 2019

## # OF CONTACTS VIA RESIDOMO CUSTOMER LINE



## CLIENT CENTRES

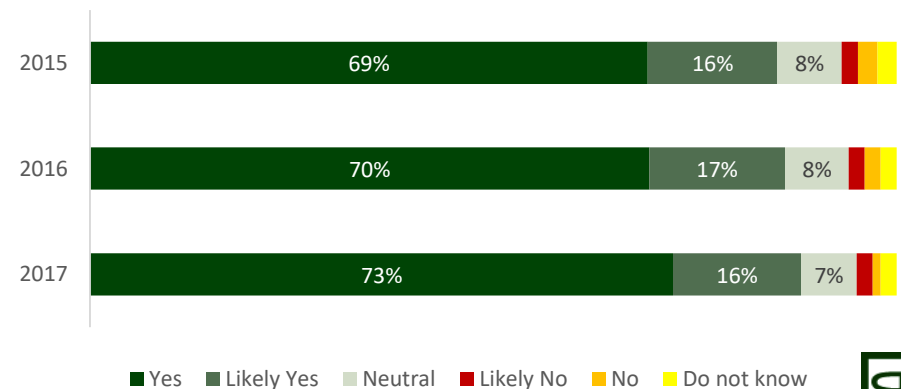
- Tenants who prefer to handle their housing matters in person are welcome to use any of the four client centres
- Each of these can handle an average of 100 clients daily with an average waiting time never exceeding 20 minutes



## TENANTS' SATISFACTION

- Improving tenants' satisfaction

Would you recommend RESIDOMO to your friends?



# RESIDOMO IS AN UNDISPUTED LEADER IN SERVICES TO TENANTS



RESIDOMO IS CONTINUOUSLY UPGRADING SERVICES TO TENANTS

## NEWLY INTRODUCED SERVICES

### Service 48

- Selected small repairs are guaranteed to be repaired with 48 hours
- RESIDOMO conducted 8,000 such repairs in 2018

### Handyman for 'an hour'

- RESIDOMO has created a database of tested handymen that can provide their services to tenants (for payment)
- More than 2,000 repairs provided through this service

### Janitors

- More than 90% of buildings have their own janitor who regularly controls technical state of the asset and common areas
- Janitor automatically takes care of small repairs
- Currently, the janitors are being trained to provide basic advisory for tenants (utility bills, social welfare system etc.)

### Safety measures

- All building with more than 60 apartments have their own CCTV system
- Monitoring in co-operation with Czech Police

### Internet PODA

- Installation of broadband internet connection to 34,000 apartments

### RESIDOMO Family

- Program full of benefits for RESIDOMO tenants, including discounts with local retailers

### Cleaning of common areas

- Cleaning of common areas is done regularly by RESIDOMO in 1,800 buildings consisting of 24,000 apartments

### Alimony advisory

- RESIDOMO offer free alimony advisory services to parents to fight for rights of their children

## SERVICES DESIGNATED FOR SENIORS

### Senior Assistant

- Services designed for physically disabled and senior people over 60 years' old
- Help people to be able to keep their homes despite difficult life situation
- Senior Assistant helps arranging health and mobility supportive equipment (installation in bathroom and toilets), enhanced security in apartment, delivery services (meals on wheels, grocery shopping), negotiation with municipal councils, doctors and NGOs
- Senior Assistant provided their services to 500 tenants in 2018

### Repairs on request

- Repairs enabling tenants to stay longer in the apartment
- Most common repairs related to barrier-free access, replacement of bathtubs with showers, handles and other equipment



# RESIDOMO COMMUNITY ACCOMPLISHMENTS (1/3)

## SUPPORT FOR TENANTS IN NEED AND BUILDING OF WIDER REGIONAL COMMUNITIES

### CSR INITIATIVES (CONTINUATION ON NEXT PAGE)

- The CSR activities of RESIDOMO are a part of its day to day business and focus on three main areas:
  - Environment** – Clean and nice environment is an important factor of tenants satisfaction. RESIDOMO acting as responsible corporate citizen supports cleaning activities in the cities, mountains (Cleaning the Beskydy mountains) and recycling programs with municipalities and national recycling coordinator EKOCOM
  - Tenants and communities** – RESIDOMO has three community centres in Ostrava, Havirov and Karvina and organize many support and grant programs for tenants and employees
  - Entrepreneurship support** – RESIDOMO supports its commercial tenants and organizes business education courses. Small independent stores close to RESIDOMO tenants contribute significantly to creation of communities

### RESIDOMO SOCIAL FUND

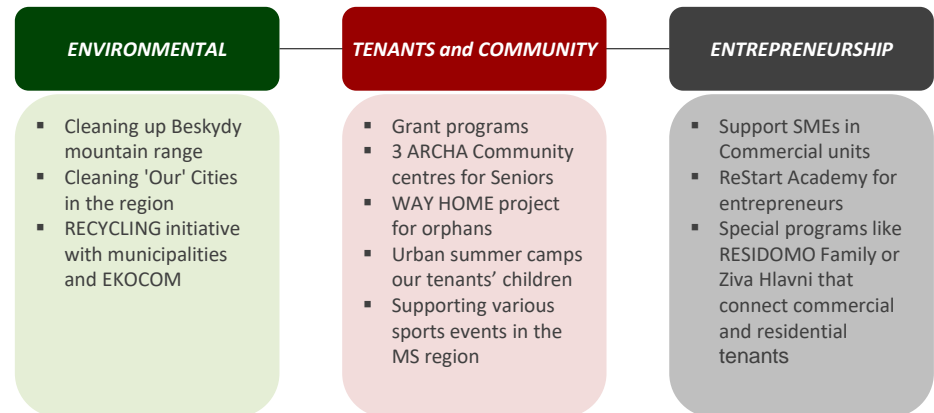
- Social welfare program designed for tenants in temporary distress in order to help them keep their homes
- Up to CZK 600 monthly discount of rent
- More than CZK 52m donations since 2011
- The awards of grants is overseen by a committee, members of which include the Czech Association for Protection of Tenants (SON)

### Social support team

- Advising tenants to co-ordinate with social welfare and labour offices
- Selection of appropriate NGO which is best suited to help
- Individual approach to clients
- Impact on thousands of tenants per year

### RESIDOMO FOUNDATION

- Foundation that supports selected regional projects. RESIDOMO donates ca. CZK 5m annually



### CO-OPERATION WITH NGOS

- RESIDOMO co-operates with NGOs to assist vulnerable group with managing their housing needs
- RESIDOMO provides housing and NGOs provide an intensive social support and education
- Target clients include single mothers with children, young families in social distress or homeless people
- Currently, we cooperate with 12 such entities to which we rent almost 1,100 apartments for the needs of ensuring social housing



# RESIDOMO COMMUNITY ACCOMPLISHMENTS (2/3)

## RESIDOMO HELPS THEIR TENANTS TO LIVE HAPPILY

### 1 CLEANING OF BESKYDY MOUNTAINS

- Annual event 'Cleaning of Beskydy Mountains' sponsored by RESIDOMO takes place in May
  - Beskydy is a mountain range in the close vicinity of Ostrava and Frydek-Mistek
- 3,300 participants in 2018 (more than double of 2017 attendants)
- RESIDOMO organizes the event, distributes garbage bag to collect various trash thrown out in the mountains and ensure ecological disposal



### 2 FRESH START: SUPPORTING CHILDREN FROM ORPHANAGES

- RESIDOMO Foundation (supported by public fundraising) helps young adults that have been raised in an orphanage
- RESIDOMO furnished and handed over apartments for 3 years to help the young adults with the transition to independent lives



### 2 ARCHA COMMUNITY CENTRES

- RESIDOMO has opened three community centres Archa in Ostrava, Havirov and Karvina
- These community centres aims to organize lectures, courses, creative activities and film/musical performances during weekdays
- More than 400 members and very active community of senior people
  - 1<sup>st</sup> community centre opened in Ostrava in October 2015
    - 250 active members
    - Many accolades from governmental officials
  - 2<sup>nd</sup> community centre opened in Havirov in October 2017
    - Multi-functional building in the city centre with conference room with capacity of 60 people
  - 3<sup>rd</sup> community centre opened in Karvina in February 2018

### 2 SELECT PICTURES



# RESIDOMO COMMUNITY ACCOMPLISHMENTS (3/3)

RESIDOMO IS PROUD TO SUPPORT LOCAL CULTURAL, SPORT AND EDUCATIONAL EVENTS

## 2 SPONSORSHIP OF LOCAL EVENTS

- Colours of Ostrava (CZK 3.8m)
  - Sponsoring of a key music festival in the Czech Republic hosting 50,000 visitors
  - Key factor for all stakeholders as RESIDOMO supports the region
- “Ziva Hlavni” (Main street alive)
  - One-day ‘festival’ on main street in Havirov where all RESIDOMO commercial tenants offered special packages for the night
  - Co-operation with city of Havirov



**Colours**  
OF OSTRAVA

## 3 RE/START: BUSINESS ACADEMY FOR COMMERCIAL TENANTS

- RESIDOMO Foundation started a new project “RE/start” supporting small entrepreneurs and freelancers in Moravia-Silesia region
  - Grants to commercial tenants of RESIDOMO to support their businesses
    - First finished project is a reconstruction of a butchery in Havirov
  - RE/start Academy
    - 5 evening classes about business plan preparation, advertising, marketing and communication with customers
    - All successful “graduates” can apply for a CZK 100,000 grant

## 2 SPONSORSHIP OF LOCAL SPORTS TEAMS

- RESIDOMO 10km run
- AZ RESIDOMO Havirov
  - RESIDOMO is a general partner of a local ice hockey team in Havirov
- FC Karvina
  - RESIDOMO is a major sponsor of local football team in Karvina
- SC Vitkovice Floorball
  - Sponsorship of local floorball team in Ostrava



## 2 3 SELECT PICTURES



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# CASE STUDY: DUTCH RESIDENTIAL

## ACQUISITION OF A RESIDENTIAL PORTFOLIO ACROSS THE NETHERLANDS AND ESTABLISHMENT OF A LOCAL DUTCH PLATFORM

### OVERVIEW



- **Scale:** Sixteen real estate portfolios with 10,500 units under direct management **Occupancy:** Like-for-like vacancy was consistently reduced across the portfolio by more than 20%
- **NOI:** Consistently increased NOI every quarter
- **Proprietary Information:** Constantly updated databases of KPIs on unit level
- **Capital Structure:** Completion of a €462m refinancing in H1 2016

### INVESTMENT RATIONALE

#### *Capitalise on attractive residential market dynamics*

##### Supply/demand imbalance

- Continued population/household growth in leading Dutch cities
- Demand for new rental housing after shift to home ownership
- Housing corporations replaced as key owners of new housing via regulatory change

##### Attractive pricing relative to cost

- Dutch housing remains cheap relative to European peers
- Mortgage market provides higher financing levels to borrowers with beneficial tax regime

### ASSET & PROPERTY MANAGEMENT

- **Vivo Vastgoed Management B.V.:** RHC has built its own property management company with a nation-wide footprint
- **Leasing:** Vivo has extensive proprietary leasing database driven by assets under management in its local network
- **Capex:** Return-on-cost driven capex tools to manage cost and add value
- **Sales:** Sales to existing tenants and new owners through multiple online and direct channels
- **In Place Team:** 20 FTEs on staff managing network of local leasing managers and experienced local development professionals
- **KPI execution:** Fully focused team on-boarding significant volume, formulating an asset by asset strategy to drive value from day 1

### PICTURES



# CASE STUDY: GERMAN RESIDENTIAL

▶ TRANSACTED ON FIVE PORTFOLIOS WITH 50,000 UNITS IN GERMANY AND BUILT UP A COUNTRY-WIDE TEAM LOCATED IN BERLIN AND MUNICH

## OVERVIEW



- **Scale:** One corporate acquisition of Vitus with 30,000 units and four separate portfolio acquisitions of 20,000 units, totalling c. 50,000 units under direct management in Germany
- **Occupancy:** Reduced vacancy consistently across the portfolio since acquisitions to less than 5%
- **NOI:** Significant G&A savings at portfolio level including a reduction of 20% on one portfolio
- **Operational uplift:** G&A increased EBITDA by 15% in 5 years of ownership

## INVESTMENT RATIONALE

### *Capitalize on attractive residential market dynamics*

#### **Stable, residential product at compelling valuations**

- Deliver financial returns via market timing and significant operational performance uplift

#### **Solid fundamentals with supply/demand imbalance**

- Sound underlying macro and demographic fundamentals during a period of European instability
- Low home ownership and high numbers of renters

#### **Opportunity to institutionalise private residential investment in Germany**

- Create a German residential investment platform with dedicated personnel

## ASSET & PROPERTY MANAGEMENT

- **RHC Property Management:** Built a best-in-class German residential operating company
- **Leasing:** Has an extensive proprietary leasing database driven by assets under management in its local network
- **Capex:** Executed yield accretive capex initiatives via property management company
- **Sales:** Sales to existing tenants and new owners through multiple channels
- **In Place Team:** Full-time local employees on staff managing network of local leasing managers and experienced local development professionals
- **Active Capital Structure Management:** Completed a number of capital structure initiatives, including a senior debt refinancing a CMBS and a mezzanine debt refinance

## PICTURES





# CASE STUDY: FINNISH RESIDENTIAL

▶ ACQUIRED FIVE RESIDENTIAL PORTFOLIOS CONSISTING OF 4,114 UNITS ACROSS THE SOUTH OF FINLAND AND THE HELSINKI METROPOLITAN AREA

## OVERVIEW



- **Scale:** 4,114 residential units (245,307 sq.m) located in 123 assets
- **Occupancy:** Deep dive initiatives in place to reduce vacancy across the portfolio
- **RHC's first transaction in Finland**, a geography which exhibits positive investment fundamentals and robust economic performance
- RHC acquired first **add-on portfolio** within first 3 months of ownership
- RHC became a **trustworthy partner for public stakeholders** such as municipalities and foundations

## INVESTMENT RATIONALE

### *Capitalize on attractive fundamentals of the Nordic region*

- **Population growth and structural housing undersupply**
  - Limited vacancy risk
  - Strong urbanization towards regional cities
- **Economic recovery on solid foundations**
  - Catching up with the EU after an extended recession
  - Low public debt and structural reforms create conditions for sustainable growth
  - Consumer confidence at all time high
  - House prices yet to rebound
- Liberal residential market and investor friendly environment
- Relatively less sophisticated market set to mature over time
- Path to significant acquisition pipeline

## ASSET & PROPERTY MANAGEMENT

- **Onboarding of new deals:** Efficient data takeover that allows quick onboarding and streamlined reporting
- **Operation & Opex Review:** Water and heat savings initiatives roll-out across whole portfolio
- **Benchmarking of Property managers:** detailed analysis of provided services and insourcing of key PM functions
- **Capex planning:** Address common issues across portfolio (including materials testing) and focus on accretive capex that drives value
- **Leasing:** Review of brokers' performance and replace with correctly incentivized local brokers
- **Active management:** Become a leader in the Finnish residential accommodation market through developing its digital platform, focused capex initiatives and improved customer interactions

## PICTURES



# CASE STUDY: UK STUDENT HOUSING

▶ RHC ACQUIRED THREE PREMIUM STUDENT HOUSING ASSETS IN CENTRAL LONDON AND ESTABLISHED ITSELF AS A LEADING UK STUDENT HOUSING ACCOMMODATION OPERATOR

## OVERVIEW



- **Scale:** 3 premium assets with 2,500 units in Central London
- **Occupancy:** Rationalised rooms and stabilised occupancy at 86.7%
- **Letting:** Drove AWR to £300
- **NOI:** Reduced operating expenses by 47%
- **Operational uplift:** Achieved EBITDA growth of 20% between 2012 and 2014
- Acquired 2,500 cluster flats and large studio apartments from Blackstone in 2012 when Student Housing not been established yet
- Winner of Student Accommodation Operator of the Year 2014 RESI Awards

## INVESTMENT RATIONALE

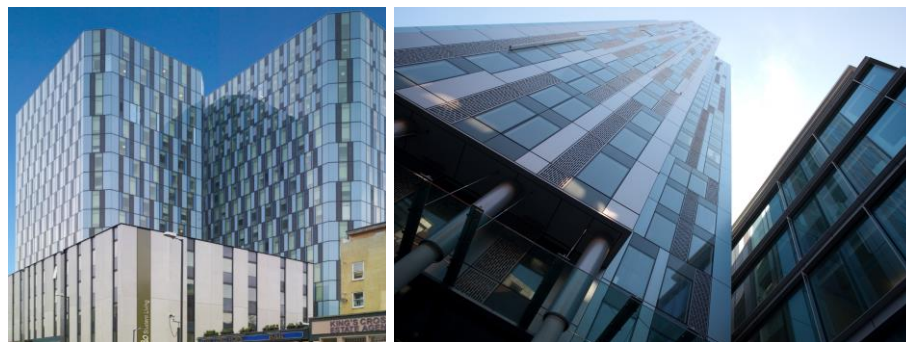
### *Capitalize on attractive student housing market dynamics*

- Strong underlying demand for purpose built student accommodation
- Continued structural undersupply of quality product
- Strong defensive cash flow profile with value add upside
- Concrete pipeline of attractive investment opportunities
- Experienced team with proven track record of driving investor value
- Established student accommodation operator with ability to create successful brands and products

## ASSET & PROPERTY MANAGEMENT

- **Nido:** Restructured entire operating company and divisional processes including a custom built reservation and sales system
- **Rebranding:** Set the standard for premium student housing market with experiential led accommodation product
- **Yield Management:** Initiated first-class yield management tools to drive pricing decisions which has also contributed towards a 6.7% year-on-year increase in AWR
- **Leasing:** New leasing strategy and a move towards experiential offerings
- **Capex:** Accretive capex that drives value and differentiates product offering
- **Active management:** A leader in the premium student accommodation market through developing its digital platform, focused capex initiatives and improved customer interactions

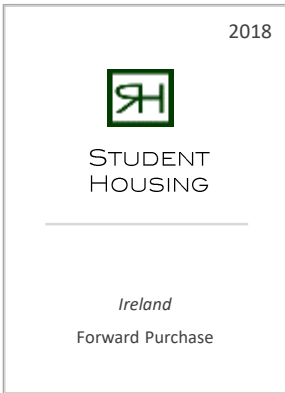
## PICTURES



# CASE STUDY: IRISH BUILD-TO-RENT

RHC CLOSED FORWARD PURCHASE AGREEMENT TO ACQUIRE 216 APARTMENTS IN DUBLIN IN DEC 2019

## OVERVIEW



- **Forward purchase of a 216-unit asset located in Northwood, Santry, Dublin 9**
- The unit mix of the asset will comprise 3 one-bed units, 195 two-bed units, and 18 three-bed units spread across three separate buildings
- Practical completion will occur in one remaining phase during Dec-2019

## LOCATION ANALYSIS

- Bridgefield is located in Dublin 9, a prime residential area situated 20 minutes north of the city centre by car
- The scheme is located near Gulliver's Retail Park, and has extensive shopping and entertainment amenities (IKEA, Lidl, cafés, cinema) within a 10 minute walk
- Santry River Park and Demesne provide access to a nearby quality greenspace and outdoor parks
- A number of sports clubs are in the immediate Northwood area as well as Silloge Park Golf Club
- Bridgefield benefits from good public transport links, as the site sits off of Northwood Avenue which links two important arterial routes into the city centre (Ballymun Road and Swords Road), and provides links north to the Dublin Airport and beyond (the M1)

## INVESTMENT RATIONALE

### *Strong underlying macro-economic factors in Ireland (in particular Dublin)*

- Ireland is one of Europe's fastest growing economies, with GDP growing 7.8% in 2017
- Unemployment rates in Ireland have steadily declined to 6.7% by the end of 2017 (EU average for 2017 was 7.6%)
- Record low PRS vacancy rates (c. 1.5%) and a limited supply of residential properties in Dublin, a key European capital city
  - As of 2018, there is an estimated shortfall of 150,000 apartments in Dublin based on demographic requirements and housing stock
- In Dublin, rental rates have risen 13.4% year-on-year through the second quarter of 2018
  - High growth prospects remain as rental rates in Dublin are forecasted to rise 4% - 6% per annum over the next 3 years

## PICTURES



# CASE STUDY: BROWNFIELD RE-DEVELOPMENT IN PORTO

## DEVELOPMENT OF A MIXED-USE STUDENT LED MASTER PLANNING COMMUNITY IN PORTO

### OVERVIEW



- In H1 2017, RHC closed on a fully entitled prime land plot in Porto, Portugal intended for a mixed use development project with planning for c.54,000 sqm.
- Set in the northern portion of the parish of Paranhos borough, the site is less than a kilometre from several major universities with excellent links to central Porto and beyond to Lisbon and Spain
- RHC, along with its capital partner, has funded the acquisition of the site and progressed the pre-construction design works

### ASSET & PROPERTY MANAGEMENT

- **Business plan:** Business plan currently envisages the construction of 1000+ student beds, 130+ residential units, 5,000+sqm office space, 1,500+sqm Mercado/retail unit and 3,000 sqm+ allocation towards a supermarket site
- **Planning:** Outline PIP was granted in Jan 2016; detailed allotment license was granted in Sep 2016; and infrastructure building license approved in December 2017
- **Construction:** Site clearance completed, demolition works started in H1 2018, and site infrastructure works due to start in H2 2018

### INVESTMENT RATIONALE

#### *Capitalise on attractive residential & student dynamics to create a mixed-use ecosystem*

- Positive macroeconomic fundamentals with the Portuguese real estate market strongly outperforming its European peers
  - Sustainable growth of Portuguese real estate market augmented by **international buyer demand and government initiatives** (Golden Visa, NHR programme)
  - Strong house price growth and growing tourism augmenting Portugal's revitalization and driving investors to grow local ecosystems
- Provision of a mixed-use residential and student product in a **structurally undersupplied market in Porto**
  - **Benefit from first mover advantage in Porto** and bringing institutional quality student accommodation
  - Scalable residential investment **opportunity for buy-to-let investors**

### PICTURES



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