

# PATRIZIA – Purchase Criteria



	PORTFOLIO	OFFICE	RETAIL	RESIDENTIAL	HOTEL	CARE	LOGISTICS	REAL ESTATE DEVELOPMENT
Type of Investment	– Core, Core +, Value-Add	– Core, Core+, Value-Add	– Core, Core+, Value-Add	– Core, Core+, Value-Add	– Core	– Core	– Core, Core +, Value-Add	– Opportunistic, Value-Add
Size of Investment	– Up to 1 bn €	– 20 m € or more	– 20 m € or more	– 20 m € or more	– 15 m € or more	– 10 m € or more	– 20 m € or more	– 35 m € or more (GDV)
Markets	<ul style="list-style-type: none"> <li>– National and Pan-European portfolios in established European markets</li> <li>– All asset classes mentioned in this profile</li> </ul>	<ul style="list-style-type: none"> <li>– Germany: "Big 7" Cities, Class A and B Cities</li> <li>– United Kingdom &amp; Ireland: Capitals, Class A Cities</li> <li>– Netherlands: Capital, Class A Cities</li> <li>– Luxembourg: Capital</li> <li>– France &amp; Belgium: Capitals, Class A Cities, B Cities, qualified locations</li> <li>– Switzerland: Capital</li> <li>– Nordics: Capitals, Class A Cities</li> <li>– Spain &amp; Portugal: Capitals, metro areas</li> <li>– Central and Eastern Europe: Prague, Warsaw, Krakow</li> </ul>			<ul style="list-style-type: none"> <li>– Germany: "Big 7" Cities, Class A and B Cities</li> <li>– United Kingdom &amp; Ireland: Capitals, Class A Cities</li> <li>– Netherlands: Capital, Class A Cities</li> <li>– Luxembourg: Capital</li> <li>– France &amp; Belgium: Capitals, Class A Cities, B Cities, qualified locations</li> <li>– Switzerland: Capital</li> <li>– Nordics: Capitals, Class A Cities</li> <li>– Spain &amp; Portugal: Capitals, metro areas</li> </ul>	<ul style="list-style-type: none"> <li>– Germany: Cities in metropolitan "gravity belts", major cities and cities with populations of 15,000 or more</li> </ul>	<ul style="list-style-type: none"> <li>– Pan-European, with main focus on the United Kingdom, France, Germany, Poland, the Netherlands, Belgium, Spain, Italy, the Nordics, the Czech Republic and Hungary</li> </ul>	<ul style="list-style-type: none"> <li>– Germany: "Big 7" Cities, Class A and B Cities</li> </ul>
Location Quality	– CBD and other established areas	– CBD and other established office areas	– Excellent demographic and common retail site selection criteria and retail- relevant key figures	– Economically robust locations – Established locations with sound infrastructure	– Inner city and established hotel locations	– Established locations with sound infrastructure and positive social, demographic and economic conditions	<ul style="list-style-type: none"> <li>– Metro regions</li> <li>– In-fill locations in established urban areas</li> <li>– Airports, harbours, logistic hubs along motorways, rivers and train-tracks</li> </ul>	– Economically robust locations – Established locations with sound infrastructure
Asset Quality	<ul style="list-style-type: none"> <li>– Standard and modern buildings</li> <li>– Portfolios may include developments</li> </ul>	<ul style="list-style-type: none"> <li>– Grade A office buildings</li> <li>– Properties requiring refurbishment and/or redevelopment</li> <li>– Developments optional</li> <li>– Land</li> </ul>	<ul style="list-style-type: none"> <li>– Modern properties of high quality</li> <li>– Properties requiring refurbishment optional</li> <li>– Retail warehouse parks/local convenience centres</li> <li>– Developments optional</li> </ul>	<ul style="list-style-type: none"> <li>– Existing buildings</li> <li>– Properties requiring refurbishment and/or redevelopment</li> <li>– Developments possible</li> <li>– Land</li> </ul>	<ul style="list-style-type: none"> <li>– 2 - 4 stars category/business hotels</li> <li>– Treugast hotel rating: higher than A</li> <li>– Developments possible</li> </ul>	<ul style="list-style-type: none"> <li>– Modern buildings</li> <li>– Developments optional</li> </ul>	<ul style="list-style-type: none"> <li>– Modern conventional logistics buildings</li> <li>– Parcel delivery centres or cross-docking warehouses</li> <li>– Modern distribution buildings</li> </ul>	<ul style="list-style-type: none"> <li>– Developed and undeveloped land</li> <li>– Commercial/residential buildings with potentials for development</li> <li>– Land development</li> </ul>
Leases and Tenant Quality	<ul style="list-style-type: none"> <li>– High occupancy rate</li> <li>– Long-term contracts</li> </ul>	<ul style="list-style-type: none"> <li>– High letting potential</li> <li>– Multi-tenant or single tenant</li> <li>– WALT &gt; 5 years</li> </ul>	<ul style="list-style-type: none"> <li>– Multi-tenant</li> <li>– High-net-worth multiples</li> <li>– WALT &gt; 5 years</li> </ul>	<ul style="list-style-type: none"> <li>– High occupancy rate</li> </ul>	<ul style="list-style-type: none"> <li>– Leasehold agreements of 15 years or more (no management contracts) with high-net-worth operator groups</li> <li>– No flying freehold, no ground lease</li> </ul>	<ul style="list-style-type: none"> <li>– At least 80 % occupancy</li> <li>– Lease term of 20 – 25 years</li> <li>– 80 – 150 care places</li> </ul>	<ul style="list-style-type: none"> <li>– Income producing 3 years</li> <li>– Re-letting opportunity involving high vacancy level</li> </ul>	<ul style="list-style-type: none"> <li>– Short-term contracts at existing buildings</li> </ul>
Soft Criteria	<ul style="list-style-type: none"> <li>– Purely residential and commercial portfolios or mixed portfolios</li> <li>– Asset and share deals possible</li> </ul>	<ul style="list-style-type: none"> <li>– Single case investment above 120m € also possible</li> <li>– Existing schemes and planned projects (turnkey)</li> <li>– High-end properties with sustainable and stable earnings position</li> <li>– Eligible for mixed use (office, retail, residential)</li> <li>– Asset and share deals possible</li> </ul>	<ul style="list-style-type: none"> <li>– Inner city business properties, predominantly retail use, retail warehouses</li> <li>– Other use types (office/residential) up to 20 %</li> <li>– No structural vacancy</li> <li>– Asset and share deals possible</li> </ul>	<ul style="list-style-type: none"> <li>– No socially distressed areas</li> <li>– Asset and share deals possible</li> <li>– No residual portfolios from prior privatisation drives</li> </ul>	<ul style="list-style-type: none"> <li>– High-end, up-to-date hotel schemes</li> <li>– Asset and share deals possible</li> </ul>	<ul style="list-style-type: none"> <li>– Property service life to date: less than 15 years</li> <li>– No flying freehold, no ground lease</li> <li>– Asset and share deals possible</li> </ul>	<ul style="list-style-type: none"> <li>– Cooperation with local developers on a given market or submarket, and with local partners for greenfield/brown-field developments</li> </ul>	<ul style="list-style-type: none"> <li>– Main focus: Residential</li> <li>– Eligible for mixed use (office, retail, hotel)</li> <li>– Asset and share deals possible</li> </ul>
Value Add Criteria	<ul style="list-style-type: none"> <li>– Existing properties with a short-to medium-term value-add potential or development potential (e.g. conversions, subsequent densification, structural alterations, short remaining lease lifetimes, high void rates, maintenance backlog, financial distress, poorly managed properties, among other options)</li> </ul>							
	– WALT < 3 years			– Preferably financed or rent control < 3 years				