

CLUB DEALS

Achieve More Together

Given the current low-interest environment, institutional investors, wealthy individuals and family offices are focusing on direct investments in real estate as a sustainable investment alternative. This has helped to boost investments in tangible assets in the form of club deals. Club deal structures offer several advantages: First, they make it possible to distribute the risk across several investors. Investors who join a club can also consider purchasing larger properties. Commitments generally range from the millions to the tens of millions. Second, club deals offer significant opportunities to exert influence. They make it possible to build up smaller portfolios without complex structures.

Act Entrepreneurially

In general, a club deal involves two or more investors who want to implement a project together with an indefinite or a specific duration. This may involve the purchase of individual properties or entire portfolios as well as development projects. A specialist, such as Property One, is involved to help develop and structure the deal and to take care of legal, tax and technical aspects. Thus, it is a true entrepreneurial real estate investment in which the participants are actively involved.

Your Advantages

Club deals offer you a vast range of opportunities – with the option of investing both in existing properties and in development projects. Property One provides you with advice and support in setting up club deals and looks for interesting investment opportunities and suitable co-investors for you. Our in-depth expertise in the preparation, administration, structuring and coordination of club deals allows you to participate in real estate as an investment professionally and worry-free. In the context of club deals, we assume responsibility for the management of the structure and the investment during the holding period on your behalf. Club deals provide investors with the opportunity to minimise their risks and optimise their returns.

Our Offering

- Search for interesting investment opportunities and suitable co-investors
- Active participation of co-investors if desired
- Professional supervision and management of the club deal structure
- We coordinate all specialists and implement investments on behalf of the club
- Synergies/networking among club deal members

PROPERTY ONE

ONEFOCUS PRACTICAL EXAMPLE SEVEN SENSES

A WIN-WIN SITUATION FOR ALL INVOLVED

ABOUT PROPERTY ONE

Property One provides services spanning the entire real estate value chain. With sustainable and innovative solutions, Property One creates more value for its clients and gets people excited about real estate. At its three locations in Zurich, Zug and Ascona, the company combines under one roof its Investment, Financing, Development, Execution and Marketing as well as Real Estate Family Office competencies. Property One covers the entire life cycle of a property along this comprehensive value chain.

www.propertyone.ch

A home against wanderlust, own apartments for new owners to live in, and a new building that exemplifies projects with which landowners and investors jointly create added value and residential value. "Seven Senses" is the name of a project in the Swiss city of Zug that Property One has realised as a club deal, a modern apartment building in a prime location with seven apartments in condominium ownership. Seven Senses demonstrates how a small group of private investors can join forces for a complex but financially attractive project, what role Property One's expertise plays in the process, and how it results in a win-win situation for all the parties involved.

Seven Senses began with an offer from a landowner with a fully developed new building project and planning permission for a 1,750-square-metre plot of land on a preferred hillside location above the centre of Zug. Unsure if his ideas were in line with the market, he consulted Property One's specialists. The plans were reviewed, and the individual components of the project recalculated. Based on this work, an investment case was developed, for which Property One brought selected investors to the table.

Generally viewed positively by the parties involved, club deals are typically temporary co-investments by investors with aligned interests. The participants pool their capital and jointly acquire real estate with the aim

of achieving an above-average return with shared risk and a professionally drawn up contract. In the case of Seven Senses, the main investor was joined by a manageable number of smaller parties and, as an expression of its own commitment, Property One. The fact that the company, as the initiator of the project, was as committed as everyone else, gave those involved a good feeling. A bonus-penalty system also provided the incentive to successfully implement the project.

Property One was responsible for establishing the ties between the club deal members, a complex set of contracts in which all rights and obligations are defined and the rules for exit are laid down, and all conceivable contingencies are taken into account. Its by now extensive in-house knowledge of club deals helped with the task. Other services included structuring the financing and pooling the required equity (see box "Attractive financing alternative").

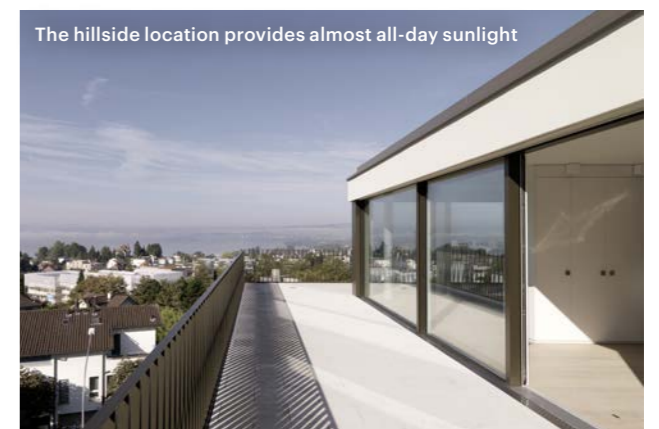
Everything from a single source: The existing construction project was redesigned after an in-depth redesign and market test. This included changing the floor plans, planning material variants for the interior finishes, and marketing the apartments while they were still in the planning and construction phases. This took just 18 months to complete. The project was implemented without a general contractor in a direct award procedure conducted by the architects and construction speci-

alists of Property One. The construction management and execution planning also remained in-house.

Individual living in a beautiful panoramic location: The realised residential building leaves plenty of room for the seven senses of the residents of the seven high-quality apartments with a total living space of 1,250 square metres. The individual units, including a particularly attractive penthouse apartment, have areas ranging from 150 to 270 square metres of living space. High window facades allow light to enter into the living spaces, most of which offer an unobstructed view of Lake Zug. Much attention has been paid to the colour scheme and the design of the exterior, while 19 underground parking spaces round off the offer. With a future-oriented energy concept, the project also meets the Minergie standard.

Club Deals

Seven Senses shows that club deals are a suitable alternative to sole direct investment, especially for smaller and medium-sized projects with condominiums. The investors share the risk and still have relatively large opportunities to exert their influence. They are also attractive to landowners who want to partner with like-minded investors. Overall, a balanced compromise was found between the wishes and goals of the club members and the interest of the buyers, who can now live and enjoy their property with all seven senses.



Attractive financing alternative

A subordinated loan structure, a Property One speciality, triggers effective extra earnings leverage. This is due to lower use of own funds and a shorter time period. With a subordinated loan, the lender ranks behind the senior creditor (financial institution). The higher risk is also offset by higher interest rates. Property One's specialists evaluate project risks in depth so that even in the rare event of a liquidation, there should be no defaults. Property One arranges this attractive financing alternative and offers all related services from a single source. Are you a landowner with or without a project and interested in a club deal or financing solution? If so, get in touch with the specialists at Property One!

