

# publity AG



March 2016



# Experienced and diverse management team with more than 20 years of professional experience in special situation real estate opportunities



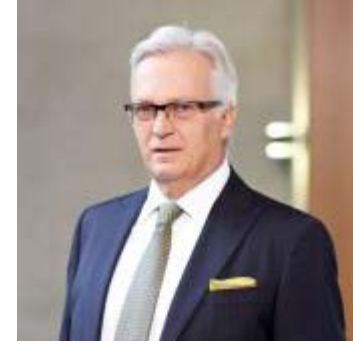
**Thomas Olek**

- Entrepreneur since 1991
- From 1998 until 2002 Thomas Olek advised the board of the Sächsischen Landesbank
- Majority shareholder of publity since 2003
- Member of the „International Bankers Forum (IBF)“
- Co-president of the „Bundesvereinigung Kreditankauf und Servicing e. V. (BKS)“ from 2010 until 2013



**Frederik Mehlitz**

- Chief Investment Officer and Finance Director since 2011
- More than 20 years of experience in financial services
- Oversees all investment and financing activities at publity
- Worked in several management positions in German and international banks



**Christoph Blacha**

- Member of the board of publity from 2004 to 2007 and became legal counsel in 2008
- Independent lawyer and owner of his own law firm Blacha Rechtsanwälte since 1991
- Since 2009 responsible for the legal development of public funds and private placements of publity

# Milestones of pubity's success story

## Company profile

- Highly specialized asset manager concentrating on acquiring and servicing commercial real estate stemming from distressed loans in Germany
- pubity is headquartered in Leipzig, Germany with offices in London and Luxembourg, and currently employs 70 professionals
- Founded in partnership with various German state banks in 1999, pubity is majority-owned by its CEO, Thomas Olek

## Key performance indicators

	2014	2015	Δ (%)
Assets under Management (EUR bn)	0.5	1.6	220%
Revenues (EUR mn)	9.8	23.0	135%
EBIT (EUR mn)	4.7	20.3	331%
Net Income (EUR mn)	2.8	12.5	349%

## pubity's success story



# Investment Highlights

- + Asset manager focused on office properties in Germany
- + Excellent market access by experienced management with concomitant NPL history
- + Longstanding positive track record of 526 transactions
- + Risk minimization through co-investments of max. 3%
- + Revenue structure dominated by fees for the purchase of real estate, for the ongoing management of the assets and for successful sale
- + Tripling of Assets under Management in the years from 2014 to 2015 to EUR 1.6bn
- + Intention to further triple Assets under Management to up to EUR 5.0bn

# publity offers attractive investment opportunities to all of its investors

	Investment vehicle	Description	Revenue streams
Institutional	Joint Ventures	Establishing of joint ventures with institutional investors to acquire real estate from distressed loans	<ul style="list-style-type: none"> <li>Finders Fee</li> <li>Asset Management Fee</li> <li>Promote Fee</li> </ul>
	Securitization	Management of four securitizations of NPLs in Luxembourg	<ul style="list-style-type: none"> <li>Management fees</li> <li>Profit sharing</li> </ul>
Retail	Real estate funds	Structuring and servicing of public funds investing in real estate from distressed loans	<ul style="list-style-type: none"> <li>Management fees</li> <li>Profit sharing</li> </ul>
	NPL funds	Structuring and servicing of three public NPL funds	<ul style="list-style-type: none"> <li>Administration fees</li> <li>Servicing fees</li> </ul>

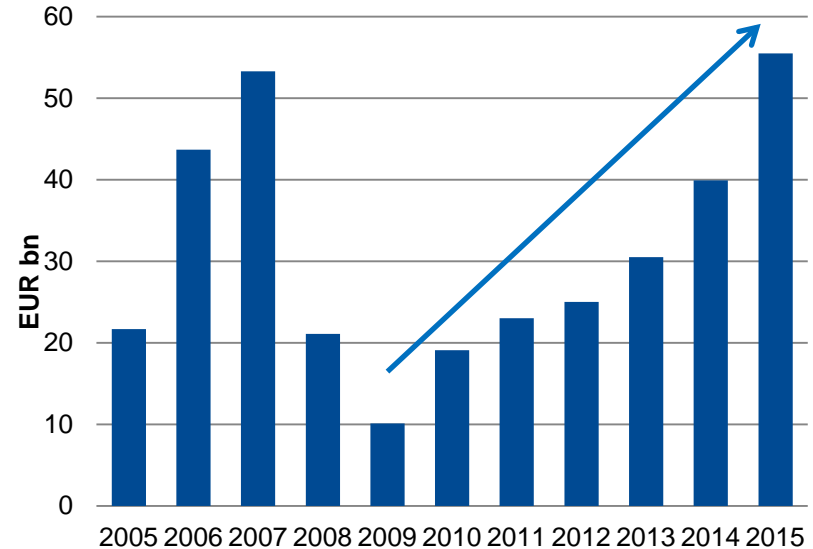


# Steadily increasing transaction volumes reflect the attractiveness of the German commercial real estate market

## Germany's CRE market is highly attractive

- Strong recovery of transaction volumes in Germany after the ebbing of the financial crisis
- Significant increase in commercial real estate transactions has lifted the total transaction volume to pre-crisis levels
- Macroeconomic sentiment supports the growth trend as interest rates are historically low and provide attractive financing conditions
- Due to their excess liquidity international institutional investors are significantly increasing investments in German real estate
- Investors are willing to pay high multiples for German properties as they are considered a „safe haven“

## Transaction volumes (commercial real estate)



# Economic and regulatory environment ensures the supply of properties

## Real estate loan environment

- More than 50% of the outstanding commercial real estate loans will mature until 2018 and need to be prolonged
- Currently, approx. 10% of the outstanding commercial real estate loans are already considered as sub performing or non performing loans
- Significant increase of commercial real estate debt following the financial crisis



## Bank regulation

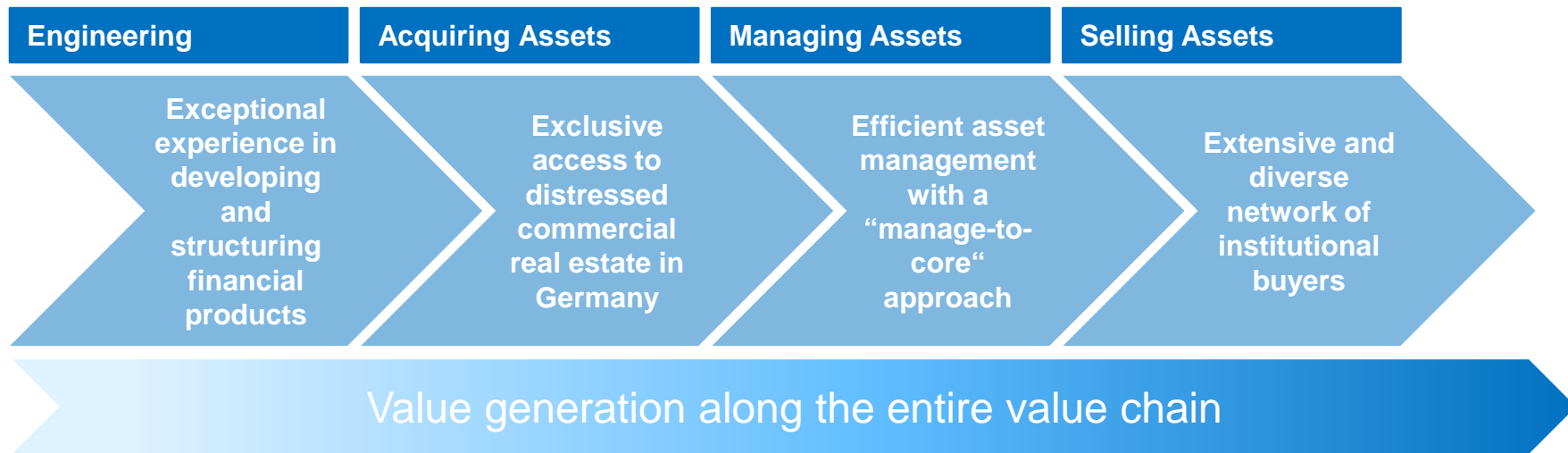
- All major banks underwent extensive restructurings since 2008 that led to a significant decline of total banking assets and loans
- Restructuring efforts triggered by regulatory changes such as Basel III, but also by pressure from capital markets to focus on core business
- De-leveraging and disposal of risk-weighted assets remain a key strategy of European banks

Attractive assets  
for sale

High discounts  
to market value

Unique  
opportunity for  
companies with  
access to banks'  
disposal units

# publity operates a fully-integrated value chain



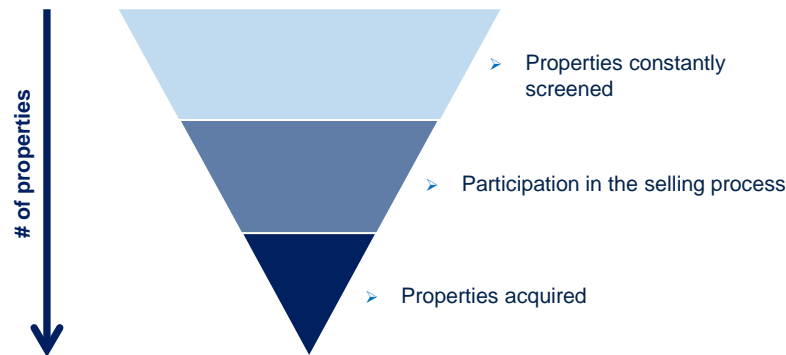


publity has a long-standing reputation in developing and structuring financial products and exploiting the underlying assets



- publity develops an property-specific exploitation strategy before it starts the acquisition process
- Based on the individual property, a strategy along the entire value chain is determined:
  - Structure of the relevant financial product
  - Structuring and management of the acquisition process
  - Exploitation strategy
  - Exit strategy including target yields

**Strong acquisition pipeline and intensive due diligence**



# publity has an outstanding access to commercial real estate from distressed financing in Germany

Engineering

Acquiring Assets

Managing Assets

Selling Assets

- publity has access to real estate stemming from special situations through its network of more than 180 banks, insurance companies and real estate funds
- Sole focus on attractive commercial real estate in or in the vicinity of Germany's top 7 cities
- Efficient process and fast completion process in only four to six weeks
- Assets are acquired through joint-venture SPV's equity funding only
- In total c. 780 properties with a potential investment volume of up to EUR 15.9bn are currently screened

## Investment focus



## Selected key metrics

Max. occupancy rate

0-100%

Max. age of property

From 2000

# Outstanding inhouse portfolio management achieves appreciation of real estate assets and minimization of holding periods

Engineering

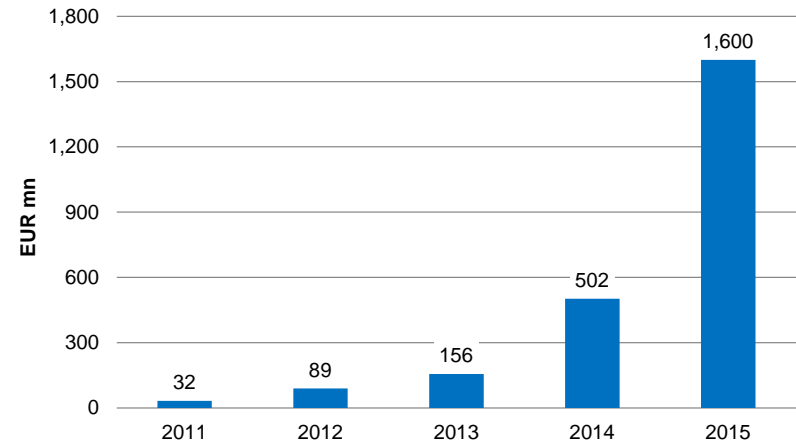
Acquiring Assets

Managing Assets

Selling Assets

- publity efficiently manages investor assets through an experienced inhouse portfolio management team
- Currently publity has more than EUR 1,600mn of assets under management and an average holding period of 16 months
- Strict manage-to-core approach in order to enhance the values of the acquired real estate and to shorten holding periods
- Strong track record in reducing vacancy rates, technical upgrading by selective capex and optimizing rental situations
- Rapid turnover of assets drives outperformance
- Optimization of rental income creates steady cash flows

**Assets under Management (EURmn)**



# Investment portfolio - “manage-to-core” approach for quick value appreciation of publity’s properties

Engineering

Acquiring Assets

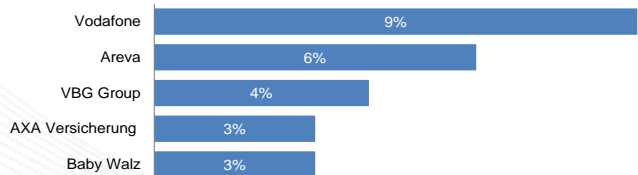
Managing Assets

Selling Assets

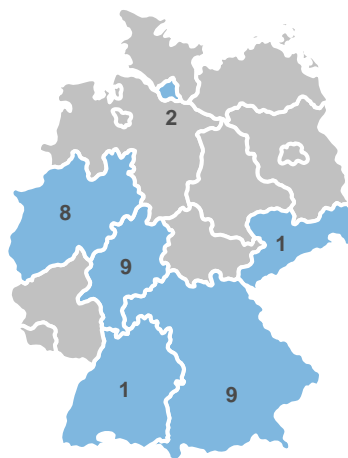
## Portfolio metrics

	At acquisition	Current
Vacancy rate (%)	21	19
WALT	5.6	5.9
Rental yield (%)	8.2	8.3

## Top tenants (% of rental income)



## Asset locations (# properties)



## Strategy „manage to core“

- Value creation potential results from the interaction of:
  - below value acquisitions from banks
  - technical improvement of properties
  - increase in occupancy rates
  - optimization of rental agreements
- transformation in better risk class („manage to core“)

# publity maintains a strong network of potential buyers for real estate assets



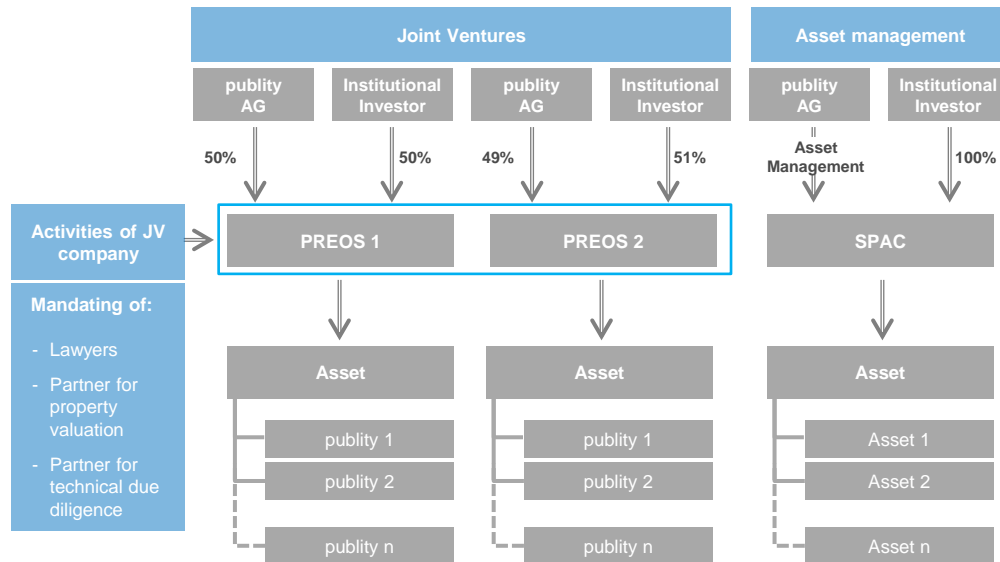
- Portfolio assets are marketed to institutional investors worldwide
- Broad network of various investors constantly looking for investment opportunities in the German commercial real estate market
- Collaboration with leading real estate agents further improves the access to potential buyers through direct sales, portfolio sales and special sales
- publity is incentivized through an attractive fee for realized selling prices exceeding the acquisition price whereas downside participation is strictly limited

# Partnerships with renowned institutional investors significantly levers publity's highly scalable business model

## Partnership agreements

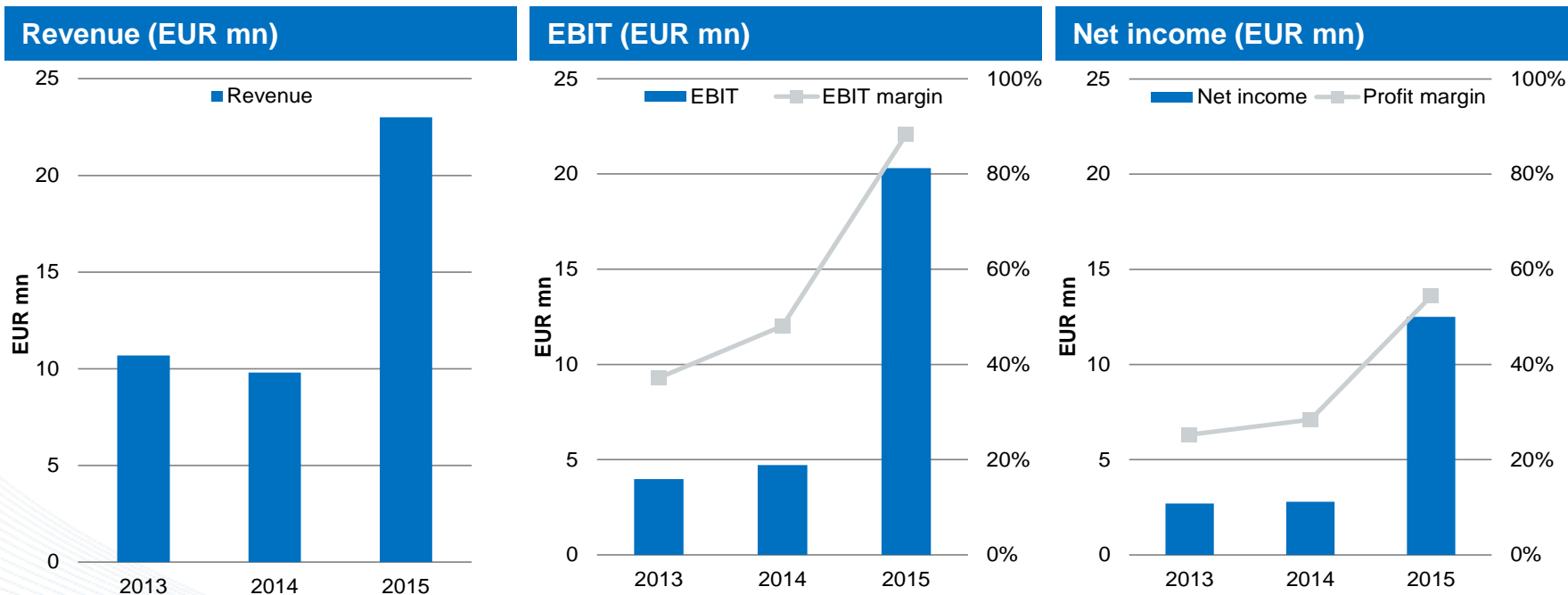
- publity has entered into agreements with institutional investors to jointly acquire commercial real estate from distressed financing via joint ventures
- publity offers international institutional investors a unique access to attractive real estate properties
- publity acts as a minority co-investor but receives a significantly overproportional incentive fee for selling properties above the acquisition price
- Moreover publity enters into asset management contracts without own equity engagements but the same fee structure
- Revenue streams stemming from partnership contracts:
  - Finders' fee: 0.5% - 1.0%
  - Asset Management Fee: 0.6% - 1.0%
  - Promote Fee: 20%-25% on value add

## Partnership structure



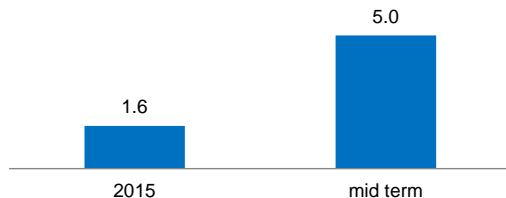


# Key financials

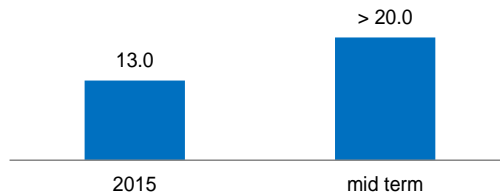


publity will continue to grow and maintain it's attractive dividend policy

#### Assets under Management (EUR bn)



#### Net Income (EUR mn)



#### Dividend Yield (%)



#### Strategy to achieve mid term targets

- Additional joint venture agreements with international institutional investors to increase property portfolio
- Increase of asset turnarounds to lever revaluation potential
- Provision of asset management services for partnership portfolios and properties that have already been sold

# Share information

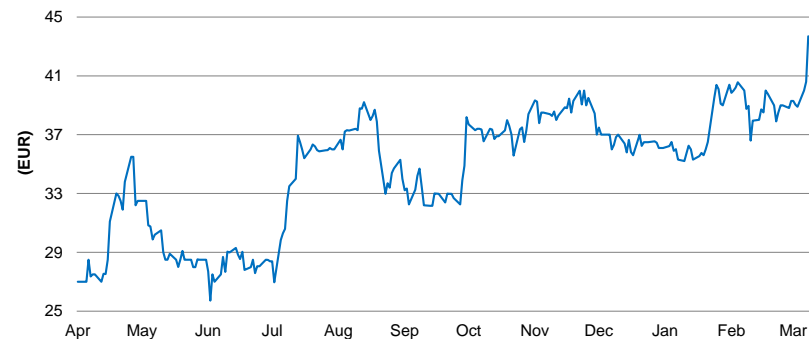
## Publity share at a glance

Closing price (EUR)*	43.69
Average daily trading volume (4 weeks)*	8,351
Market Capitalization (EUR)*	240,295,000
Ticker	PBY
Shares outstanding	5,500,000
Listing	FSE Entry Standard
WKN	697 250
ISIN	DE0006972508

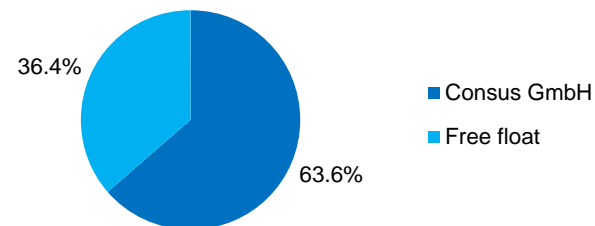
## Research - current estimates

Bank	Analyst	Date	Rating	Price target
Baader Bank	Andre Remke	23.11.2015	BUY	EUR 56.00

## Share price performance



## Shareholder structure



# Financial Calendar and Contacts

## Financial Calendar 2016

- 09/02/2016: Annual Financial Statement 2015
- 14/03/2016: Annual General Meeting in Leipzig
- 18/08/2016: Semi-annual Financial Statement 2016

## Your contact at publity AG

Stephan Kunath

*Executive Assistant*

Phone: +49 341 261787 – 15

Fax: +49 341 261787 - 31

E-Mail: [s.kunath@publity.de](mailto:s.kunath@publity.de)

# THANK YOU FOR YOUR ATTENTION

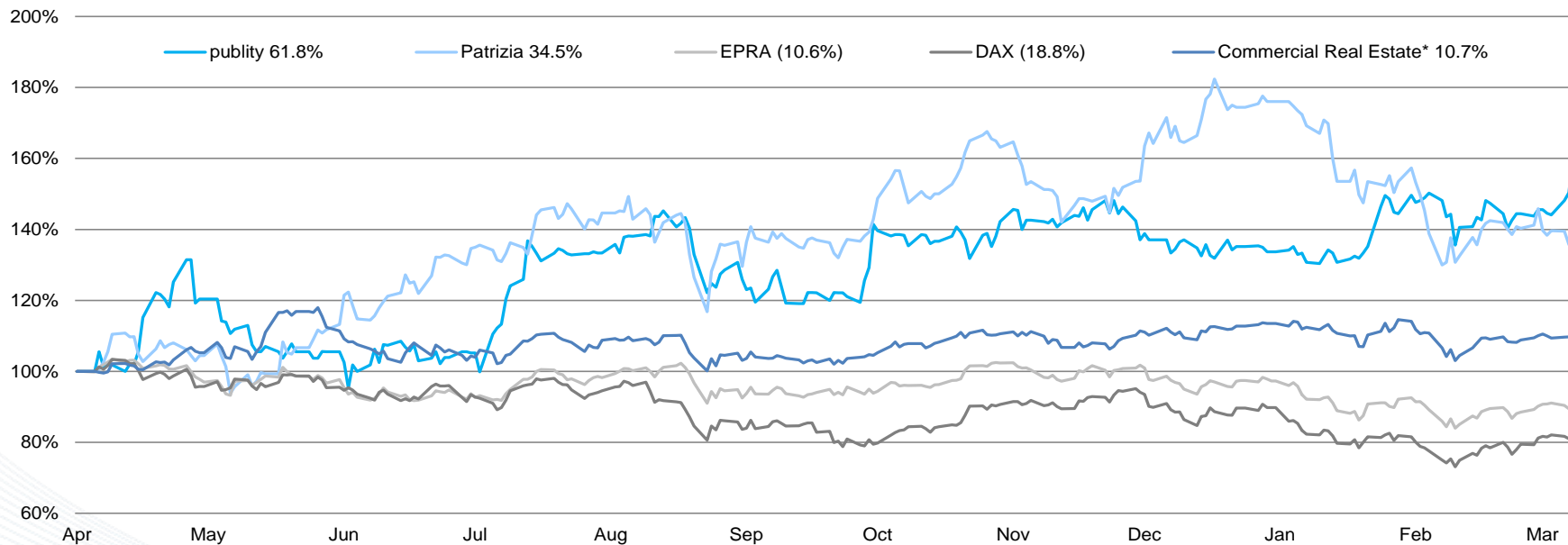
publity AG  
Landsteinerstraße 6, 04103 Leipzig  
Telefon: +49 (0)341 261787-0  
Telefax: +49 (0)341 261787-31  
E-Mail: [info@publity.de](mailto:info@publity.de)  
[www.publity.de](http://www.publity.de)

# Appendix: selected acquisitions in 2015





## Appendix: strong performance of pubity shares since its listing in April 2015



Source: Bloomberg

\* alstria Office, DIC Asset, DO Deutsche Office, VIB Vermögen, WCM

# Disclaimer

This presentation (the „Presentation“), and the information contained therein, is not directed to, or intended for viewing, release, distribution, publication or use by (directly) or indirectly, in whole or in part), any person or entity that is a citizen of, or resident or located in any jurisdiction where applicable laws prohibit is viewing, release, distribution, publication or use.

This Presentation does not constitute or form part of, and should not be construed as an offer or invitation or recommendation to, purchase or sell or subscribe for, or any solicitation of any offer to purchase or subscribe for any securities of publity AG, a stock corporation organized under German law (the „Company“), in any jurisdiction. Neither the Presentation, nor any part of it nor anything contained or referred to in it, nor the fact of its distribution, should form the basis of or be relied on, in connection with, or act as an inducement in relation to, a decision to purchase or subscribe for or enter into any contract or make any other commitment whatsoever in relation to any such securities.

The information contained in this Presentation has been provided by the Company and has not been verified independently. Unless otherwise stated, the Company is the source of information.

No reliance may be placed for any purpose whatsoever on the information or opinions contained in the Presentation or on its completeness, accuracy or fairness. No representation or warranty, express or implied, is made or given by or on behalf of the Company, publity AG or any of its respective directors, officers, employees, agents or advisers as to the accuracy, completeness or fairness of the information or opinions contained in the Presentation and no responsibility or liability is accepted by any of them for any such information or opinions. In particular, no representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on any projections, targets, ambitions, estimates or forecasts contained in this Presentation and nothing in this Presentation is or should be relied on as a promise or representation as to the future.

This Presentation contains forward-looking statements based on the currently held beliefs and assumptions of the management of the Company, which are expressed in good faith and, in their opinion, reasonable. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of the Company, or industry results, to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Given these risks, uncertainties and other factors, recipients of this document are cautioned not to place undue reliance on these forward-looking statements.

All information in this Presentation is current at the time of publication but may be subject to change in the future. The Company disclaim any obligation to update or revise any statements, in particular forward-looking statements, to reflect future events or developments.

Statements contained in this Presentation regarding past events or performance should not be taken as a guarantee of future events or performance.

Prospective recipients should not treat the contents of this Presentation as advice relating to legal. Taxation or investment matters, and are to make their own assessments concerning such matters and other consequences of a potential investment in the Company and its securities, including the merits of investing and related risks.

In accessing this Presentation, you will be deemed to have represented and agreed for the benefit of the Company (I) that you are permitted, in accordance with all applicable laws, to receive such information, and (II) that you are solely responsible for your own assessment of the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Company's business.