

25TH JUNE 2019



PERE LONDON

Sale of Palmer Capital to Fiera Capital

ALEX PRICE AND PETER CUTHBERT
FIERA REAL ESTATE

PETER CUTHBERT, PRESIDENT | FIERA PROPERTIES (TO BE REBRANDED FIERA REAL ESTATE JULY 2019)

Peter joined Fiera Properties in 2012 as COO, and was appointed Fiera Properties President in November 2017, with oversight of the CORE real estate fund.

Prior to joining Fiera Properties, Peter oversaw the Canadian real estate operations of Standard Life Investmnt. Peter believes strongly in giving back to his community, as evidenced by his involvement with various charities and his coaching of minor hockey teams.

ALEX PRICE, CEO | PALMER CAPITAL (TO BE REBRANDED FIERA REAL ESTATE END 2019)

Alex joined Palmer Capital in 2003, initially charged with creating the fund management business within Palmer Capital. He was promoted to Chief Executive in 2008. Prior to Palmer Capital, Alex served as an officer in the British Army before starting his financial career with Credit Lyonnais Securities in 1997.

He has an MBA from the London Business School and is a fellow of the Royal Institution of Chartered Surveyors.

BACKGROUND TO FIERA AND PALMER CAPITAL

FIERA CAPITAL – CORPORATE OVERVIEW



FIERA CAPITAL

A TRUSTED AND ALIGNED
CANADIAN INVESTMENT
MANAGER

- Publicly-traded, independent, Canadian investment management firm
- Controlled and significantly owned by principals
- Depth and expertise:
 - Fixed Income
 - Canadian Equities
 - Global Equities
 - Alternative Strategies
- Offices across Canada, the United States and Europe
- Institutional and High Net Worth investor focus

\$139 B+
Assets under
management*

750+
Employees

175+
Investment
professionals

FIERA PROPERTIES

EXPERIENCE, FOCUS,
DIVERSIFICATION, ALIGNMENT

- Focus on 'managing investments'
 - Capital protection
 - Income
 - Value creation
- Assets located across Canada, from St. John's to Vancouver
- Office, retail, industrial, multi-family
- Primarily institutional, family office and High Net Worth investors

\$2.9 B+
Assets under
management*

100%
Staff co-investment
(Fiera Properties
CORE Fund)

FIERA CAPITAL – GLOBAL STRUCTURE



Source: Fiera Capital,

PALMER CAPITAL IN A SNAPSHOT

INVESTMENT MANAGEMENT OVERVIEW

100% UK
focused
Real Estate
Investment
Manager

Vertically integrated
business model
33.3% stakes in
regional property
companies

c.£800m AUM
across c.60
projects

KEY STATISTICS

<80 >£700m 18% IRR

professionals
across the UK*
invested
since 2004

(across UK value add
projects 2004 post
promote pre-fees)

8

Value add funds
raised since 2004



Source: Palmer Capital, as at 31st March 2019

* 51 staff within the PC regional property companies, 29 staff within Palmer Capital

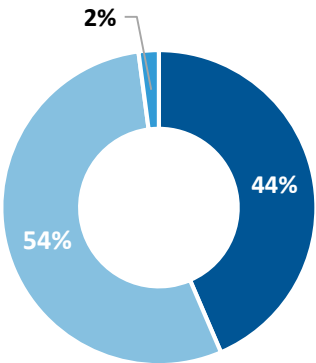
INVESTMENT MANAGEMENT PLATFORM



SELECT INVESTOR LIST

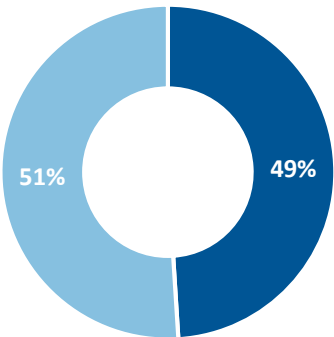


AUM BY INVESTOR TYPE



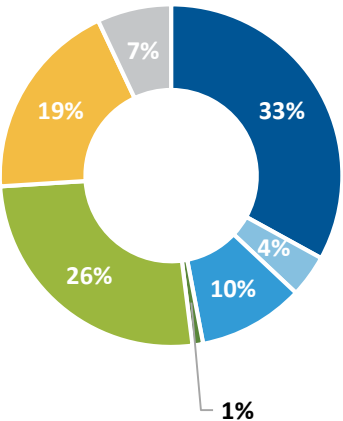
- Middle Eastern Mandates
- UK Pension Funds

AUM BY STRATEGY



- Core/Core Plus
- Enhanced Returns

AUM BY SECTOR



- Industrial
- Office
- Mixed use
- Retail
- Leisure
- Retail Warehouse

As at 31st March , based on GAV, excludes direct deals and prop co JV's

As at 31st March , based on GAV, includes direct deals and prop co JV's

As at 31st March 2019, based on property value, includes direct deals, excludes 3rd party prop co JV's

BACKGROUND TO SALE

GENERAL BACKGROUND FOR ALL REIM



Pressure on fees

- AMC increasing % of total returns.
- UK 2019: Market forecast of 3.5% (CBRE) versus AMC 20 bp (multi manager) to 150bp (PERE Opp Fund).

LPs desire for larger/fewer funds

- Need to have fewer managers relationships as limited resource in-house.
- 2018: 30% of all capital raised was by 10 managers. 65% of funds were £1bn+ funds.

Globalisation of LP capital

- US still largest PERE market accounting for 60% of \$400bn raised in 2018.
- Increased cross border investing from Asia (Japan and Korea especially).

Increased need for GP focus

- Greater scrutiny on what value is added by managers.
- Desire from investor for focus into specific strategies.

Higher Central Costs

- Need for managers to meet compliance and new regulatory demands (MIFID II, FCA Illiquid report 2019).
- Need to meet ESG targets (GRESB has 900 participants and 80,000 assets).

DETAILED BACKGROUND



Palmer Capital

2015

- Palmer Capital decided any sale should help:
 - Shareholder succession.
 - Increase management talent.
 - Increase balance sheet equity.
 - Access global equity distribution.

2016

- A sale process of 50% equity aborted.
- Business Processes upgraded.
- Data room retained.

2018

- Spring: Fiera introduced us by a third party advisor.

Fiera Real Estate

2016

- Decisions to increase access for client to Alternatives.

2017

- Growth of Fiera Properties in Canada.
- Fiera search for a Alts platform.
 - Comox (Agriculture)
 - Aquila (Infrastructure)
 - Clearwater (Asian credit)
- Fiera meet over 20 RE managers, mainly in UK.
- Direct approaches by management team.

2018

- Fiera and PC meet in spring 2018.
- Approval to deal to acquire 80% of PC in Dec 2018.

22nd December 2018: Deal signed

3rd April 2019: FCA approval obtained and transaction closed.

WHY A DEAL WORKS (OR NOT)



Selection:

- **Complementary business models** means each team understand the other.
- **Complementary geographic foot prints** means both teams feel its additive.
- **Cultural alignment** and shared values increase chances of success.

Deal Execution:

- **Buy in from key people** (but only the right time) is essential, across both the business and management.
- Vendor shareholders need to **reward non shareholding management**.
- **Build trust** between buyer and seller. Agree hard issues early and **don't rely on adviser**.

Thereafter:

- Need to **drive for integration** and accept both partners may have best in class ideas and practices.
- Balance autonomy of the acquired team and with a need to show **early successes**.
- Vendor needs to accept post sale its no longer there business, it belongs to the buyer.....

Any questions

fieraproperties.com

FIERA PROPERTIES

Insert address
T phone number

