



# FINANCIAL RESULTS PRESENTATION Q1 2024

May  
2024



# HIGHLIGHTS

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# Q1 2024 KEY RESULTS SUMMARY

## KEY FINANCIAL RESULTS

| P&L               | Q1 2024  | change | Q1 2023  |
|-------------------|----------|--------|----------|
| Net Rental Income | €105,301 | 4%     | €101,376 |
| Adjusted EBITDA   | €81,984  | 3%     | €79,504  |
| FFO I             | €45,249  | -4%    | €46,955  |
| FFO I per share   | €0.26    | -4%    | €0.27    |

**GUIDANCE CONFIRMED**  
(FFO I of 175M-185M)

| Balance Sheet          | Mar 2024 | change | Dec 2023 |
|------------------------|----------|--------|----------|
| Cash and liquid assets | €1,287m  | 5%     | €1,230m  |
| Total equity           | €5,277m  | 1%     | €5,230m  |
| EPRA NTA               | €4,063m  | 1%     | €4,014m  |
| EPRA NTA per share     | €23.5    | 1%     | €23.2    |

## FINANCIAL PROFILE

|                 | Mar 2024 | Dec 2023 |
|-----------------|----------|----------|
| LTV             | 36%      | 37%      |
| EPRA LTV        | 48%      | 48%      |
| Net debt/EBITDA | 9.6x     | 10.0x    |
| ICR             | 5.8x     | 5.6x     |

**S&P Global** **BBB+**  
Ratings  
Negative Outlook  
Affirmed in Dec 23

|                           | Mar 2024  | Dec 2023  |
|---------------------------|-----------|-----------|
| Cost of debt              | 1.9%      | 1.9%      |
| Ø debt maturity           | 5.1 years | 5.3 years |
| Unencumbered Assets (€bn) | €6.6bn    | €6.6bn    |
| Unencumbered Assets (%)   | 75%       | 75%       |

## PORTFOLIO

|                     | Mar 2024 | Dec 2023 |
|---------------------|----------|----------|
| Annualised net rent | €410m    | €406m    |
| Units               | 63,216   | 63,303   |
| Vacancy             | 3.9%     | 3.8%     |
| In-place rent       | €8.7/sqm | €8.6/sqm |
| L-F-L rental growth | 3.4%     | 3.3%     |



# SUCCESSFUL PERPETUAL NOTES TRANSACTION

## EXCHANGE AND TENDER OFFER IN Q2 24

- ❖ In April 2024, GCP launched an exchange offer with a 15% tender option to the holders of two of its perpetual notes with aggregate nominal amount of €550m.
- ❖ The transaction was **highly successful with high acceptance rate of 82%**.
- ❖ The holders had the opportunity to exchange the current notes with
  - ❖ new perpetual notes at the relevant exchange ratio, or
  - ❖ new perpetual notes at the relevant exchange ratio, and a tender offer for 15% of their exchanged notes at a small premium to market prices prior to the offer



## RESULT AND BENEFITS

- ❖ **With the high acceptance rate and issuance of a new large note, GCP reestablished itself in the Capital market.**
- ❖ The offer supports credit metrics as S&P **equity content was regained**, with only little cash usage.
- ❖ **Savings of €2m of coupon per annum**, due to the reduction of the outstanding balance. Accretive impact starting Q2 2024, following the completion of the transaction.
- ❖ New perpetual notes have first call date in January 2030. Next perpetual call date for existing series is in mid-2026.

|                               | Nominal Amount outstanding before | Coupon | First call date | % and absolute accepting the offer | Exchange Ratio        | Amount repurchased via tender | Nominal Amount outstanding after |
|-------------------------------|-----------------------------------|--------|-----------------|------------------------------------|-----------------------|-------------------------------|----------------------------------|
| 6.332% Perpetual Notes        | €200m                             | 6.332% | Jan 2023        | 76% / €152m                        | 100%                  | €13m                          | €48.4m                           |
| 5.901% Perpetual Notes        | €350m                             | 5.901% | Oct 2023        | 85% / €298m                        | 98%                   | €21m                          | €52.5m                           |
| New 6.125% Perpetual Notes    | -                                 | 6.125% | Jan 2030        |                                    |                       |                               | €409.5m                          |
| <b>Total Perpetual Notes:</b> | <b>€550m</b>                      |        |                 |                                    | <b>Reduction: €6m</b> | <b>Reduction: €34m</b>        | <b>€510m</b>                     |

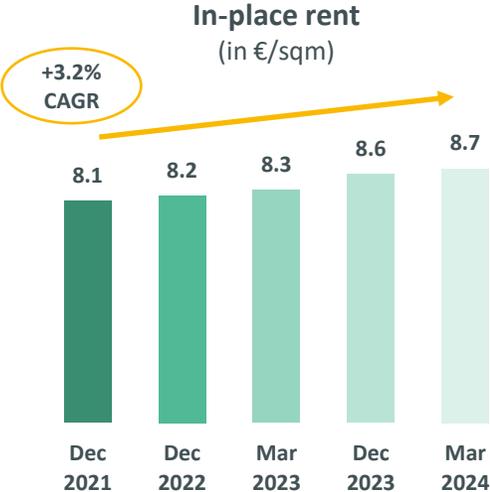
## MAIN CHARACTERISTICS PERPETUAL NOTES

- ❖ Perpetual notes have **no maturity date**. On specified dates GCP can call the notes. There is **no requirement to call**. Noteholders don't have a put option on the call date.
- ❖ Perpetual notes are ranked junior to debt securities and have **no covenants**.
- ❖ Coupons are deferrable at GCP's discretion.
- ❖ Under IFRS Perpetual Notes are **100% equity instruments**. Under S&P methodology Perpetual Notes are considered 50% equity / 50% debt until the first call date.
- ❖ The nature and use of perpetual notes has a positive corporate credit rating impact.

# **OPERATIONAL & FINANCIAL RESULTS**

# STRONG OPERATIONAL DYNAMICS

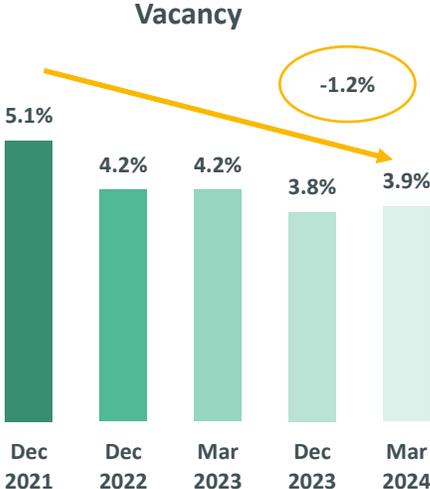
## CONTINUOUSLY DELIVERING OPERATIONAL PERFORMANCE



**In-place rental growth continued, reaching €8.7/sqm** as of March 2024 and further upside to catch up to current market rents. Demand remains very strong in key metropolitan areas, while supply is drying up further.



**Vacancy rate remains at low level at 3.9%** as of March 2024. GCP has seen significant reduction in vacancy in recent years, as a result of GCP's strong operating performance and strong market demand.



# PORTFOLIO OVERVIEW

- ❖ The annualized net rental income is significantly below market rent, indicating a **market upside potential of 22%**.
- ❖ In addition to the portfolio below, GCP has investment property **held for sale amounting to ~€170 million**.
- ❖ No valuations were carried in Q1 2024. The next portfolio valuation will be part of the H1 2024 report.
- ❖ In Q1 2024, GCP completed €30 million of assets disposals at a 2% premium to book value and signed additional €23 million of disposals, expected to close in the coming periods.

## 23% BERLIN

Political & Start-up hub.

## 21% NRW

Industrial center of Germany.

## 20% LONDON

Leading global city attracting innovation and high-quality talent.

## 13% DRESDEN/ LEIPZIG/HALLE

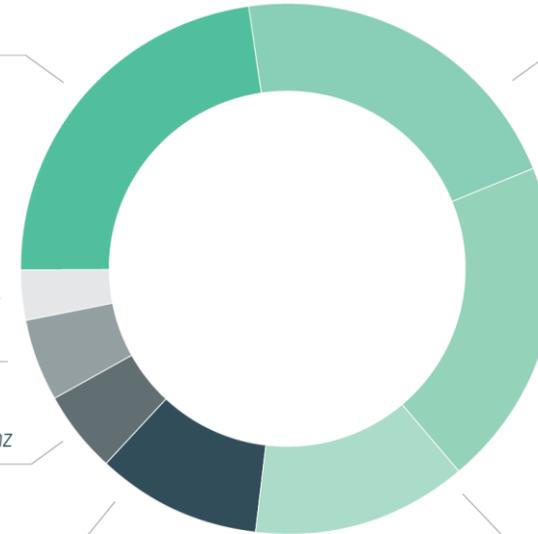
Dynamic economy driven by technology and education with robust demographic fundamentals.

3% Nuremberg/Fürth/Munich

5% Hamburg/Bremen

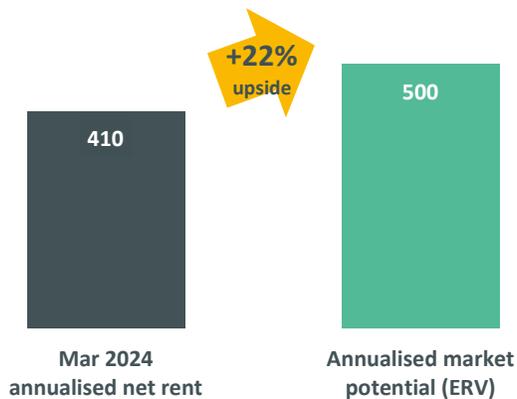
5% Mannheim/KL Frankfurt/Mainz

10% Others



## ANNUALISED NET RENTAL INCOME vs. MARKET POTENTIAL (ERV)

(in € millions)



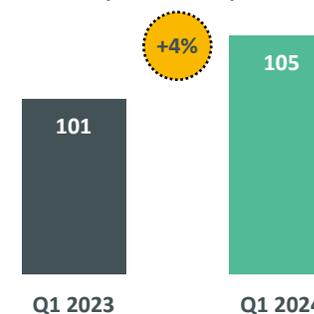
| March 2024                  | Value (in €M) | Area (in k sqm) | EPRA vacancy | Annualised net rent (in €M) | In-place rent per sqm (in €) | Number of units | Value per sqm (in €) | Rental yield |
|-----------------------------|---------------|-----------------|--------------|-----------------------------|------------------------------|-----------------|----------------------|--------------|
| NRW                         | 1,796         | 1,193           | 4.5%         | 93                          | 6.6                          | 17,436          | 1,506                | 5.2%         |
| Berlin                      | 1,944         | 625             | 4.0%         | 70                          | 9.3                          | 8,492           | 3,109                | 3.6%         |
| Dresden/Leipzig/Halle       | 1,157         | 816             | 3.0%         | 57                          | 5.9                          | 13,997          | 1,419                | 4.9%         |
| Mannheim/KL/Frankfurt/Mainz | 390           | 177             | 3.2%         | 19                          | 9.0                          | 3,013           | 2,196                | 4.9%         |
| Nuremberg/Fürth/Munich      | 289           | 80              | 5.4%         | 11                          | 12.0                         | 1,430           | 3,629                | 3.7%         |
| Hamburg/Bremen              | 387           | 264             | 3.5%         | 22                          | 7.2                          | 3,996           | 1,462                | 5.8%         |
| London                      | 1,664         | 186             | 3.4%         | 84                          | 38.8                         | 3,462           | 8,949                | 5.1%         |
| Others                      | 885           | 676             | 4.5%         | 54                          | 7.0                          | 11,390          | 1,309                | 6.1%         |
| Development rights & Invest | 169           |                 |              |                             |                              |                 |                      |              |
| <b>Total March 2024</b>     | <b>8,681</b>  | <b>4,017</b>    | <b>3.9%</b>  | <b>410</b>                  | <b>8.7</b>                   | <b>63,216</b>   | <b>2,119</b>         | <b>4.8%</b>  |
| <b>Total December 2023</b>  | <b>8,629</b>  | <b>4,020</b>    | <b>3.8%</b>  | <b>406</b>                  | <b>8.6</b>                   | <b>63,303</b>   | <b>2,109</b>         | <b>4.8%</b>  |

# P&L RESULTS

| Selected consolidated statement of profit or loss | Q1 2024        | Q1 2023         |
|---|----------------|-----------------|
| in € '000 unless otherwise indicated              |                |                 |
| Revenue   | 149,052        | 150,052         |
| <b>Net rental income</b>                          | <b>105,301</b> | <b>101,376</b>  |
| Property revaluations and capital gains (loss)    | 640            | (53,091)        |
| Property operating expenses                       | (64,807)       | (67,894)        |
| Administrative and other expenses                 | (2,951)        | (2,817)         |
| <b>EBITDA</b>                                     | <b>81,934</b>  | <b>26,250</b>   |
| <b>Adjusted EBITDA</b>                            | <b>81,984</b>  | <b>79,504</b>   |
| Depreciation and amortization                     | (1,448)        | (2,311)         |
| Finance expenses                                  | (14,121)       | (13,470)        |
| Other financial results                           | (8,961)        | (20,464)        |
| Current tax expenses                              | (10,282)       | (10,111)        |
| Deferred tax income (expenses)                    | (3,393)        | 8,511           |
| <b>Profit (loss) for the year</b>                 | <b>43,729</b>  | <b>(11,595)</b> |
| <b>Basic earnings (loss) per share in €</b>       | <b>0.17</b>    | <b>(0.09)</b>   |
| <b>Diluted earnings (loss) per share in €</b>     | <b>0.17</b>    | <b>(0.09)</b>   |

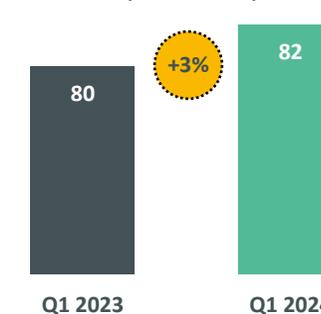
## NET RENTAL INCOME

(in € millions)



## ADJUSTED EBITDA

(in € millions)

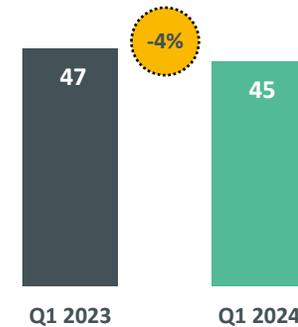


- ❖ Net rental income and adjusted EBITDA increased primarily due to the solid like-for-like rental growth of 3.4% and despite the negative impact of net disposals.
- ❖ Operating costs reduced in Q1 2024 compared to Q1 2023, due lower utility costs related mainly to heating expenses which are recoverable from tenants.

# FFO I + II

| in € '000 unless otherwise indicated       | Q1 2024       | Q1 2023       |
|--|---------------|---------------|
| <b>Adjusted EBITDA</b>                     | <b>81,984</b> | <b>79,504</b> |
| Finance expenses                           | (14,121)      | (13,470)      |
| Current tax expenses                       | (10,282)      | (10,111)      |
| Contribution to minorities                 | (1,408)       | (1,530)       |
| Adjustment for perpetual notes attribution | (10,924)      | (7,438)       |
| <b>FFO I</b>                               | <b>45,249</b> | <b>46,955</b> |
| <b>FFO I per share (in €)</b>              | <b>0.26</b>   | <b>0.27</b>   |
| <b>FFO I</b>                               | <b>45,249</b> | <b>46,955</b> |
| Result from disposal of properties         | 848           | 3,785         |
| <b>FFO II</b>                              | <b>46,097</b> | <b>50,740</b> |

## FFO I (in € millions)



## FFO I per share (in €)



- ❖ FFO I decreased by -4%, mainly due to the reset of two perpetual notes in 2023 at the end of January 2023 and October 2023 where the coupon rates increased from 2.75% to 6.3% and from 2.5% to 5.9% respectively.
- ❖ Lower FFO II compared to Q1 2023, mainly due to the lower disposal activity in Q1 2024. In Q1 2024 GCP disposed investment properties in the amount of ca. €30 million at a premium of 2% over book values and 3% over total cost.

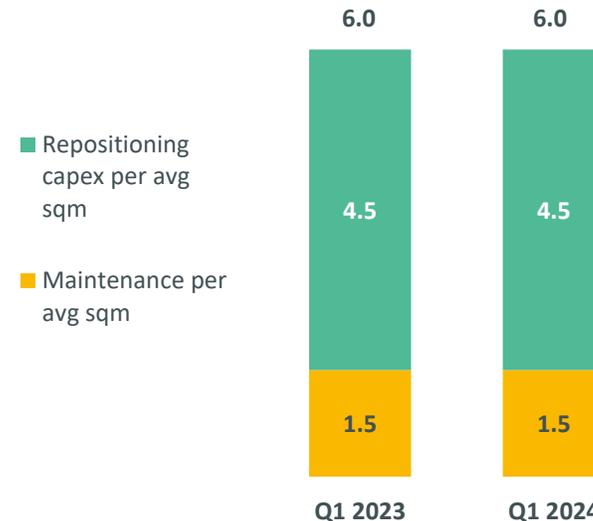
# MAINTENANCE & CAPEX

## REPOSITIONING CAPEX

- Focus remains on improving asset quality, value creation and increasing rental income
- Other value-add measures include:
  - Upgrading apartments for new rentals
  - Enhancing staircases and public areas
  - Installing playgrounds
  - Installing elevators and ramps
  - Other similar measures
- In Q1 2024, GCP invested €4.5/avg sqm into repositioning capex., stable as compared to Q1 2023.
- Additionally, in Q1 2024, GCP invested around €1 million in modernisation and €3 million in pre-letting modifications
- Investments related to energy efficiency and CO<sub>2</sub> reduction, such as replacing windows and heating systems, are attributed to the above category's depending on the project specifics

## REPOSITIONING CAPEX & MAINTENANCE

(in € per average sqm)



## ADJUSTED FUNDS FROM OPERATIONS (AFFO)

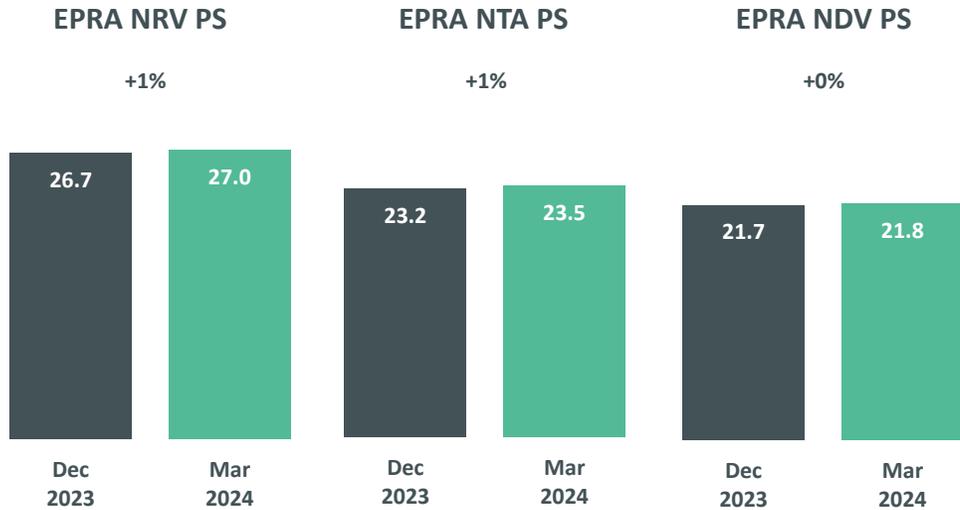
| in € '000 unless otherwise indicated | Q1 2024       | Q1 2023       |
|--------------------------------------|---------------|---------------|
| <b>FFO I</b>                         | <b>45,249</b> | <b>46,955</b> |
| Repositioning Capex                  | (18,659)      | (18,298)      |
| <b>AFFO</b>                          | <b>26,590</b> | <b>28,657</b> |

## ROOF RENOVATION & MODERNISATION

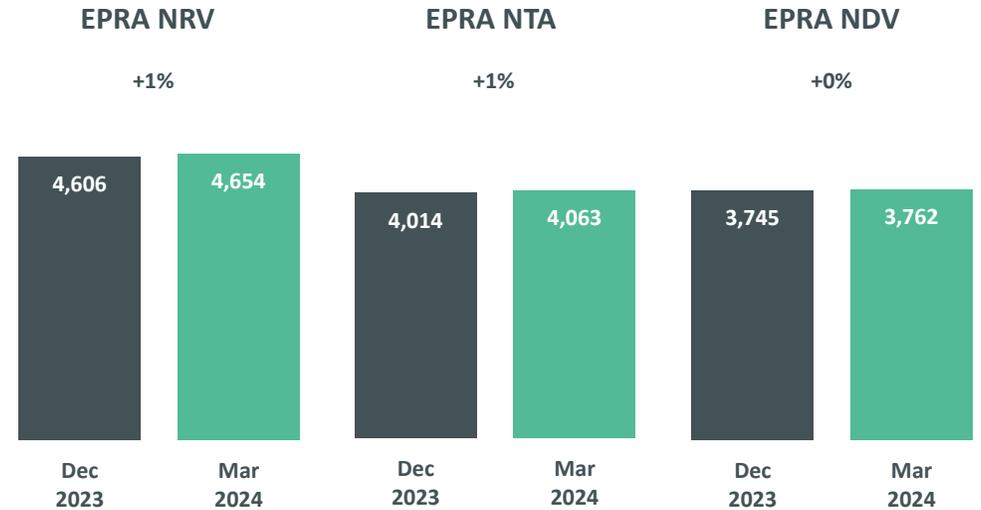


# EPRA NAV METRICS

EPRA NAV PER SHARE METRICS (in €)



EPRA NAV METRICS (in € millions)



❖ The increase on EPRA NTA was primarily due to the strong operational profit, reflected by FFO I of €45 million. GCP did not revalue its portfolio for Q1 2024 and will update the valuations as part of its 2024 half year results.

# FINANCIAL PROFILE

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# STRONG FINANCIAL PROFILE

## LIQUIDITY POSITION



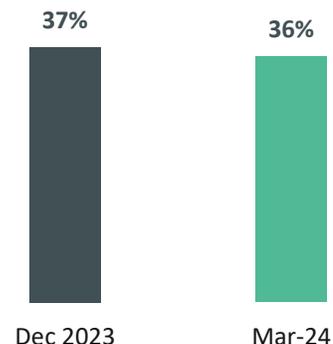
**€1.3b**  
Mar 2024 cash and liquid assets

Liquidity cover debt maturities until the end of 2026

## LOW LEVERAGE

### LOW AND STABLE LTV

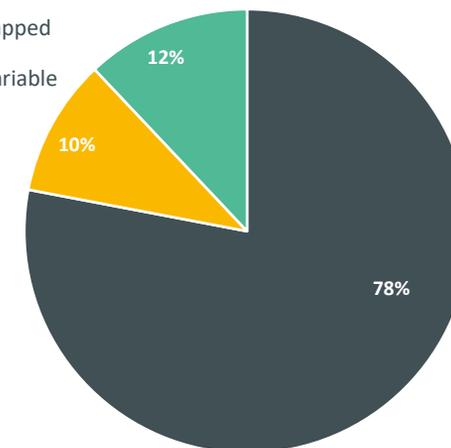
45% Board of Directors' Limit



| EPRA LTV<br>(including perpetual notes as debt) | NET DEBT/EBITDA |
|---|-----------------|
| <b>48%</b>                                      | <b>9.6x</b>     |

## INTEREST HEDGING RATIO

- Fixed & Swapped
- Capped
- Variable



*Potential decrease in interest rates will positively impact debt which is variable and capped*

## INTEREST COVER RATIO

**ICR\***  
**5.8x**

\*Adjusted EBITDA/ Finance expenses

## UNENCUMBERED INVESTMENT PROPERTIES

**€6.6 billion**

**75%**  
of value

*Significantly high pool of unencumbered assets, provide flexibility to the Company.*

## CORPORATE CREDIT RATING

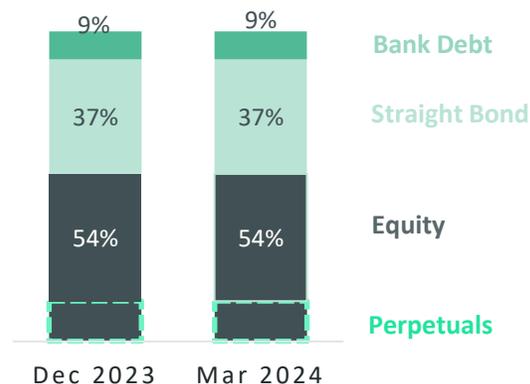
Investment grade credit rating by S&P

**BBB+**

Negative Outlook

December 2023

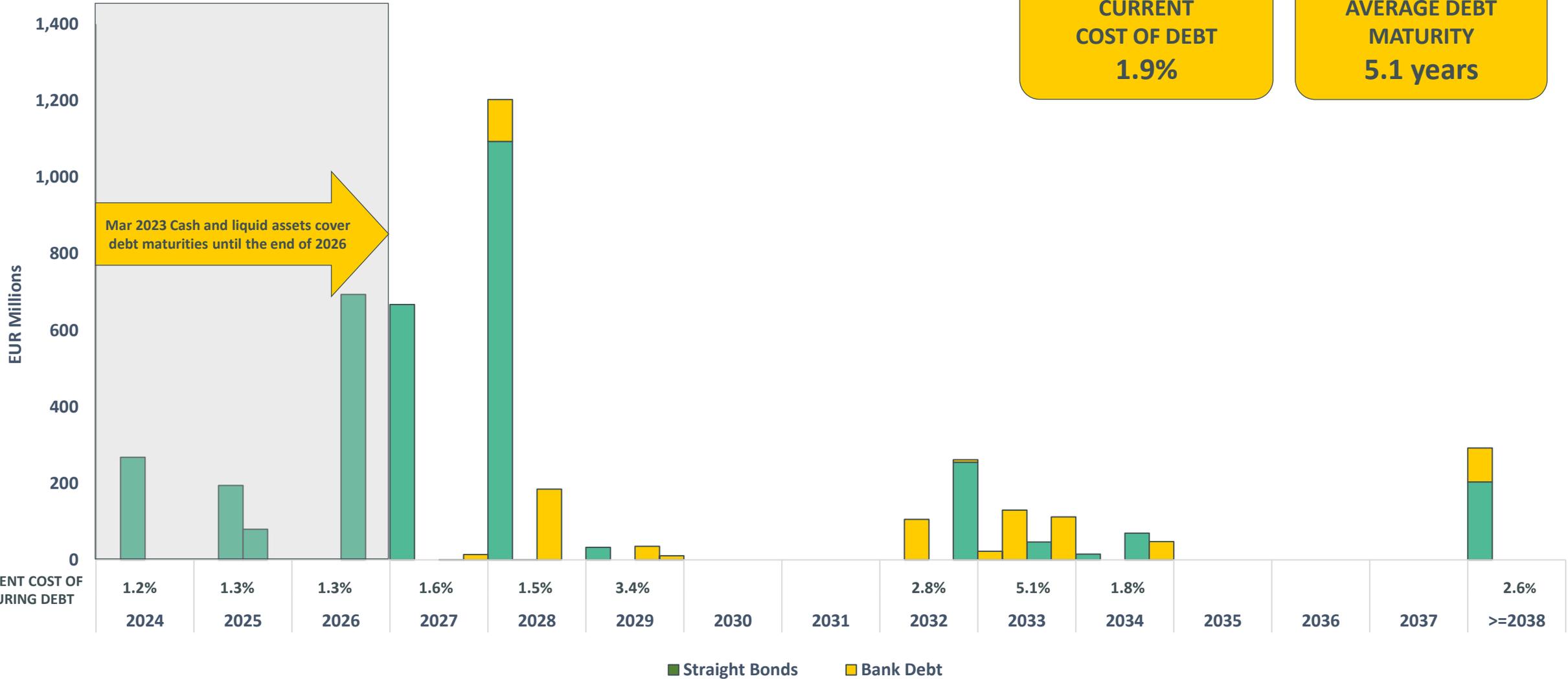
## FINANCING SOURCES MIX



# DEBT MATURITY SCHEDULE

**CURRENT  
COST OF DEBT  
1.9%**

**AVERAGE DEBT  
MATURITY  
5.1 years**



# HIGH HEADROOM FOR ALL COVENANT TYPES

- GCP remains committed to maintain a conservative financial profile
- Covenants are calculated based on IFRS reported figures. Perpetuals are treated as 100% Equity. Thus, **perpetuals are not part of covenants, whether called or not called**
- The classification of the equity content of the perpetual notes by rating agencies has no impact here.

| COVENANT                          | GCP COVENANT LIMIT         | Q1 2024 RESULTS |
|-----------------------------------|----------------------------|-----------------|
| TOTAL NET DEBT / TOTAL NET ASSETS | $\leq 60\%$ <sup>(1)</sup> | 32%             |

| REMAINING COVENANT TYPES                     |                             |  |
|--|-----------------------------|--|
| SECURED NET DEBT / TOTAL NET ASSETS          | $\leq 45\%$ <sup>(2)</sup>  | N/A<br>(Liquidity is larger than secured debt) |
| NET UNENCUMBERED ASSETS / NET UNSECURED DEBT | $\geq 125\%$ <sup>(3)</sup> | 323%   |
| ADJUSTED EBITDA / NET CASH INTEREST          | $\geq 2.0x$ <sup>(4)</sup>  | 5.8x   |
| CHANGE OF CONTROL PROTECTION                 |                             | ✓  |

- Notes: 1) Total Net Debt / Total Net Assets  
 2) Secured Net Debt / Total Assets  
 3) All issuances under the EMTN programme require min. coverage of 1.8x  
 4) Net Unencumbered Assets / Net Unsecured Indebtedness

| STRESS CASE <sup>1)</sup><br>(value decrease until covenant breach)                  |  |
|--|--|
| <b>-41%</b><br>(Additional total asset value loss and assuming no further disposals) | Implies <b>€4.5bn</b> further value loss absorption before triggering the covenant |

| OVERVIEW OF THE COVENANT PACKAGE  |
|---|
| <ul style="list-style-type: none"> <li>○ Each of the bond covenants is met with a significant headroom. Internal financial policy is set at stricter levels.</li> <li>○ Covenant headroom to be supported by expected disposals proceeds.</li> <li>○ The bonds are unsecured and have the covenant packages as described to the left. In addition to these financial covenants, there is also change of control provision.</li> </ul> |

# GUIDANCE

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# GUIDANCE

|                                     | FY 2024       |
|-------------------------------------|---------------|
| FFO I                               | €175M – €185M |
| FFO I per share                     | €1.01 - €1.07 |
| Dividend per share*                 | €0.76 - €0.80 |
| Total net rent like-for-like growth | ~3%           |
| LTV                                 | <45%          |

\* The dividend will be subject to market condition and AGM approval

## Key drivers:

- ❖ Low single digit adj. EBITDA increase as a result of the positive like for like rental growth partially offset by disposal impacts.
- ❖ Full year impact from higher perpetual notes coupon payments and higher financing costs (partial impact already in 2023) to offset adj. EBITDA increase.

GUIDANCE CONFIRMED



# APPENDIX

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# FOCUS ON CENTRAL LOCATIONS IN BERLIN AND NRW\*

## BEST IN CLASS BERLIN PORTFOLIO

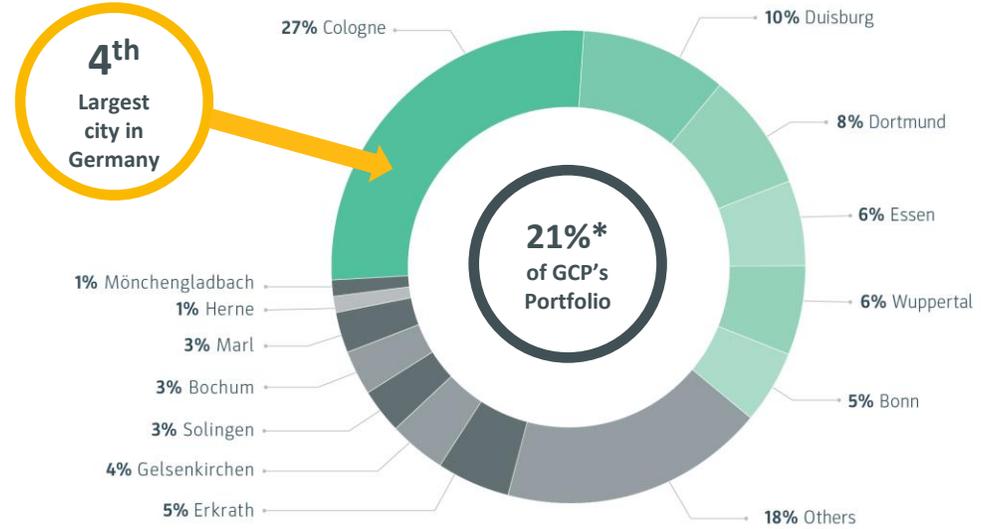


**23%**  
of GCP's  
Portfolio  
Value

**70% of the Berlin portfolio is located in top tier neighborhoods:**  
Charlottenburg, Wilmersdorf, Mitte, Kreuzberg, Friedrichshain, Lichtenberg, Schöneberg, Neukölln, Steglitz and Potsdam.

**30% is well located** in affordable locations located primarily in Reinickendorf, Treptow, Köpenick and Marzahn-Hellersdorf.

## WELL DISTRIBUTED NRW PORTFOLIO



**Strategically positioned in Germany's largest metropolitan area**

\* all breakdowns are by values, unless otherwise indicated



# HIGH QUALITY LONDON PORTFOLIO\*



The map represents approx. 90% of the London Portfolio

20%  
of GCP's  
Portfolio

WELL CONNECTED  
LONDON PORTFOLIO



UNDERGROUND

The London portfolio is well dispersed within London, with a focus on affordable housing outside the inner city.

- ❖ The total London portfolio, including pre-marketed units, consists of **approx. 3,600 units**
- ❖ Over **80% of the portfolio** is situated within a **short walking distance** to an underground/overground station
- ❖ Through strong letting performance from double digit vacancy to **occupancy of 97%** as of March 2024
- ❖ Short term contracts ensure that the London portfolio is **benefitting from inflation**
- ❖ The London rental market displays **strong fundamentals supportive to its growth** and **provides the overall portfolio with valuable diversification, also in terms of regulatory risk diversification**

\* all breakdowns are by values

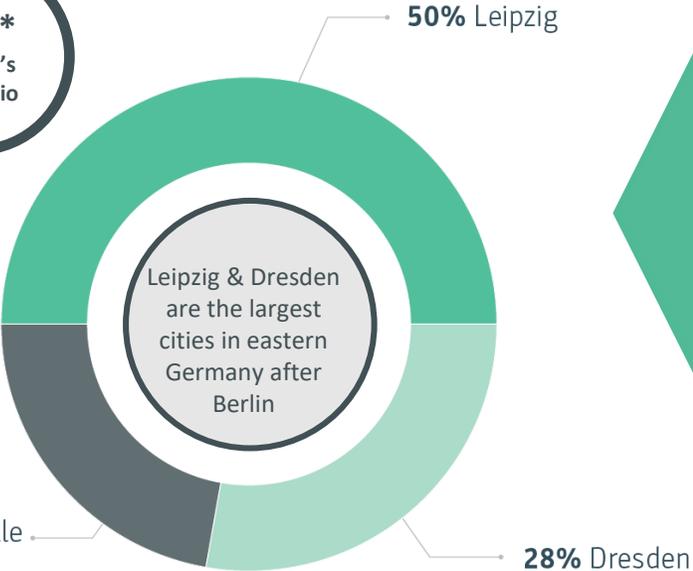
LONDON



# QUALITY EAST AND NORTH PORTFOLIO

## QUALITY EAST PORTFOLIO DRESDEN/LEIPZIG/HALLE

13%\*  
of GCP's  
Portfolio



DIVERSIFICATION INTO  
GERMANY'S DYNAMIC  
EASTERN CITIES WITH  
STRONG DEMOGRAPHIC  
FUNDAMENTALS

WELL POSITIONED IN  
GERMANY'S LARGEST  
NORTHERN CITIES

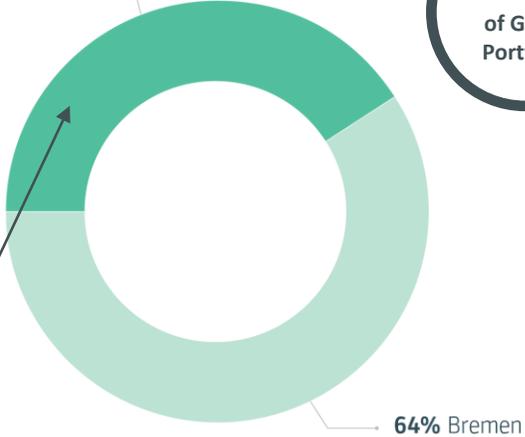
RESILIENT AND DEFENSIVE PORTFOLIO  
WITH UPSIDE POTENTIAL

## QUALITY NORTH PORTFOLIO HAMBURG / BREMEN

36% Hamburg

5%\*  
of GCP's  
Portfolio

Second  
largest city in  
Germany



\*all breakdowns are by values



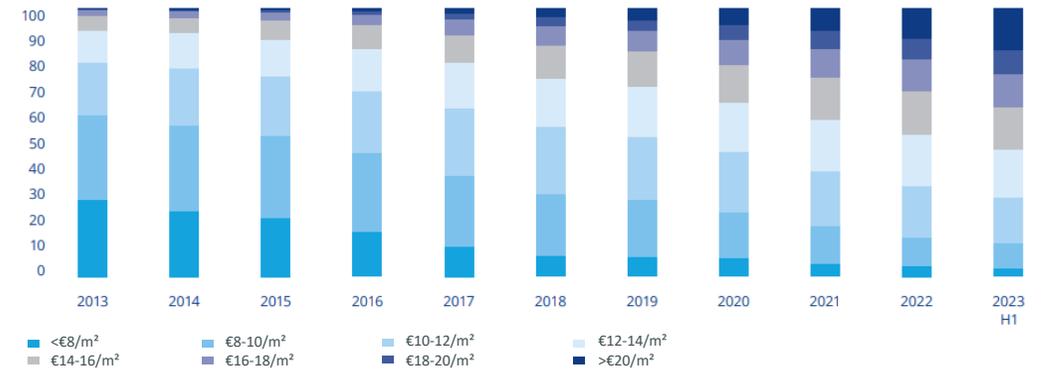
# MARKET FUNDAMENTALS REMAIN HIGHLY SUPPORTIVE

Market fundamentals provide significant tailwind to continuous operational achievements resulting in higher rents, lower vacancies, supporting valuations

## Germany

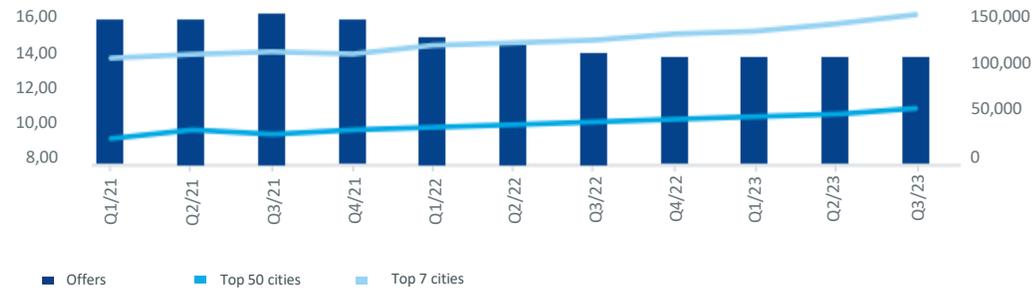
- ❖ Elevated net migration, urbanization and decreasing household size drive the strong demand in Germany.
- ❖ Influx of refugees further widen the demand-supply gap.
- ❖ Declining permits and high construction costs limit future supply.
- ❖ Asking rates continue to increase, while vacancy rates continue to decline.

Share of each rental rate segment in total rental offerings per annum

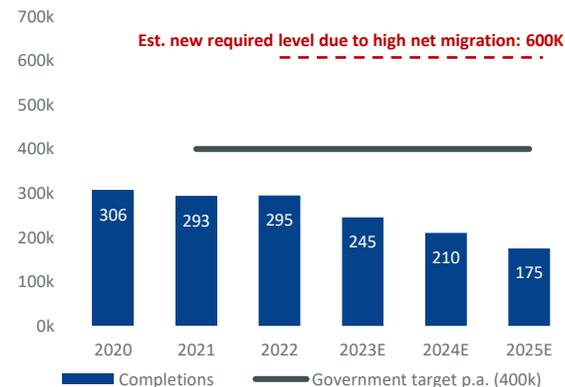


Limited supply reflected in lower numbers of rental offerings in major urban areas drive the increase in rental rates, while the demand is driven by positive net migration

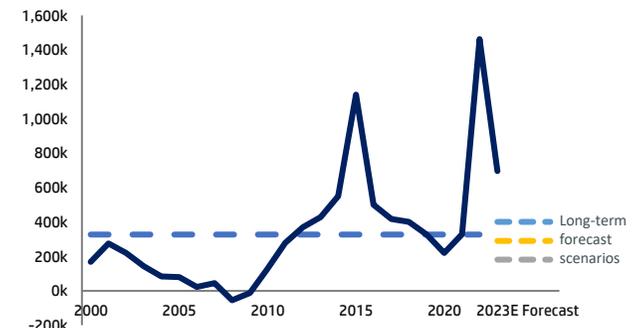
Development of offerings and rent/sqm (in €)



Residential Construction



Positive Net migration trends



Source: Colliers, Germany Outlook 2024, Destatis, Forecast scenarios are based on high, low or moderate migration balance

# LONDON RENTAL MARKET

## SIGNIFICANT SUPPLY – DEMAND IMBALANCE

### INCREASING DEMAND RESULTING IN HIGHER RENTS

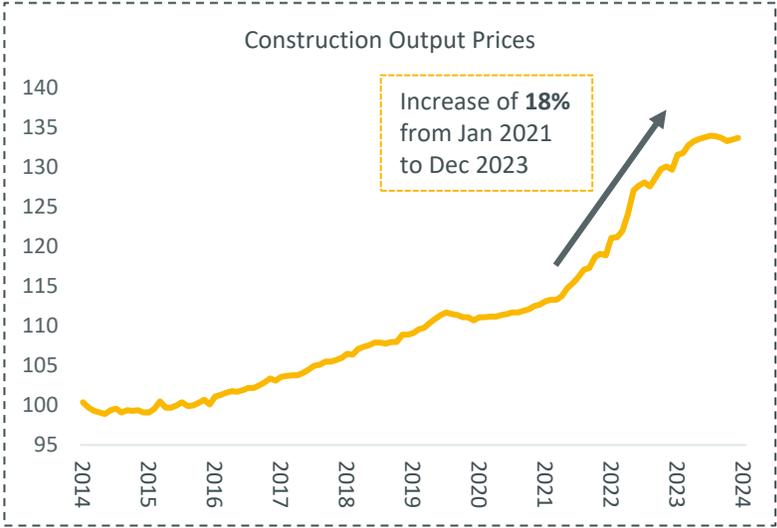
- London has witnessed the highest rent increase as compared to other English regions as seen below.
- Demand is supported by international students and expats.
- According to the ONS, London’s population is estimated to reach 10M by 2036 from just over 9M in mid 2020.
- Since mid-2022 rental growth has accelerated significantly



Source: ONS, Index of Private Housing Rental Prices.

### COSTS AND DELAYS REMAIN ELEVATED

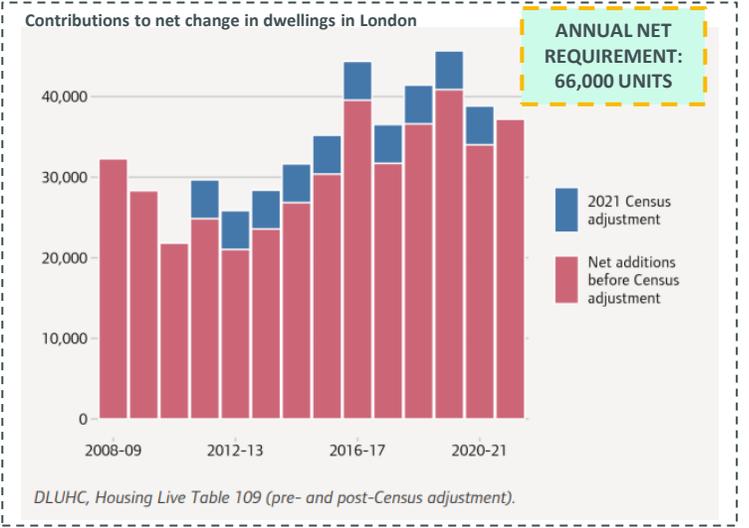
- As per the most recent Construction Output Price Indices release, price growth for all construction work was 18% from January 2021 till December 2023.
- Sustained labor shortages and rapidly growing wages continue to drive prices higher.
- Although supply chain delays have eased, prices of input material remain elevated and continues to hamper construction.
- High interest rates further reduce new construction as funding for developers becomes constraint.



Source: ONS

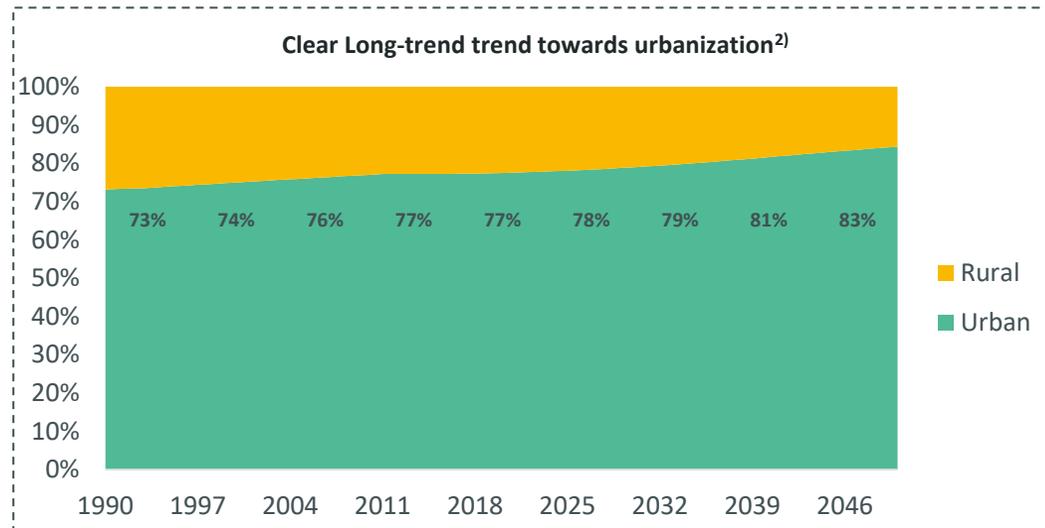
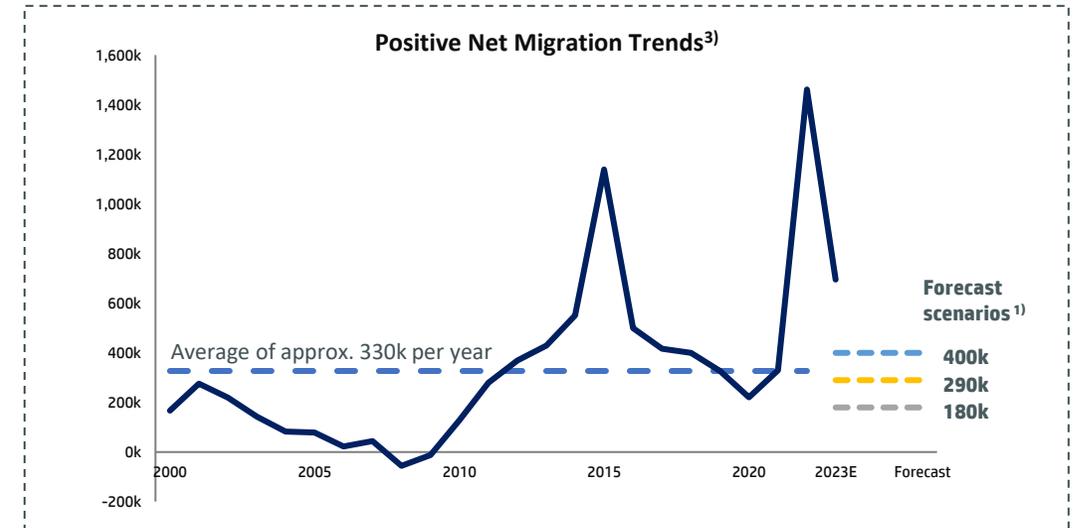
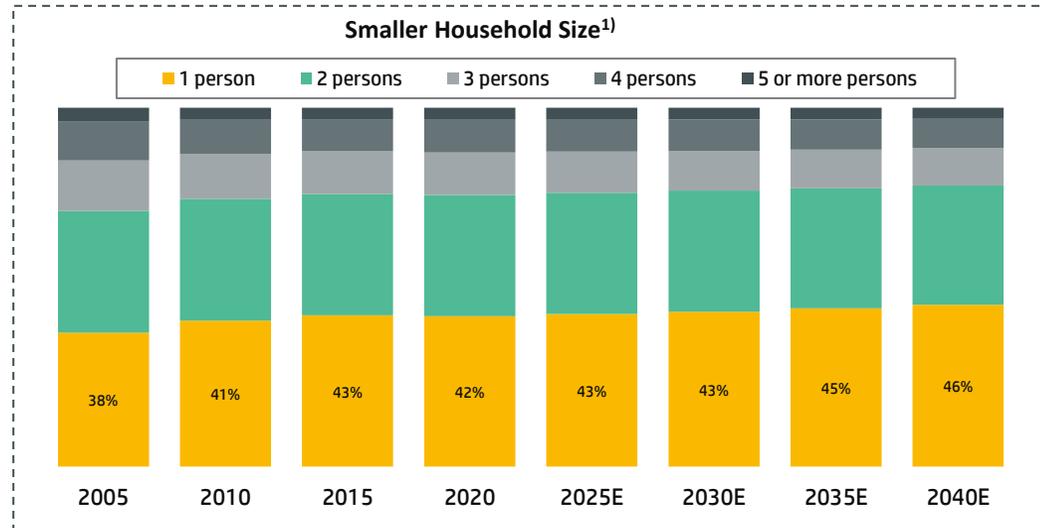
### SUPPLY CONTINUES TO LAG

- New completions continue to lag the **required level of 66k units per year** according to the 2017 draft London Plan.
- According to the London housing market report, November 2022, new completions in the 2021/22 fiscal year **were just over 37k units**. While in 2023, recent data shows that the number of new homes completed is trending significantly lower compared to 2022 numbers.
- Per the Home Builders Federation, planning permission was granted for 66k new homes in London in 2021/22, broadly in-line with previous years, but actual completion remains well below this number.



Source: Housing in London 2023, GLA Housing and Land

# GERMAN HOUSING MARKET – DEMAND FUNDAMENTALS



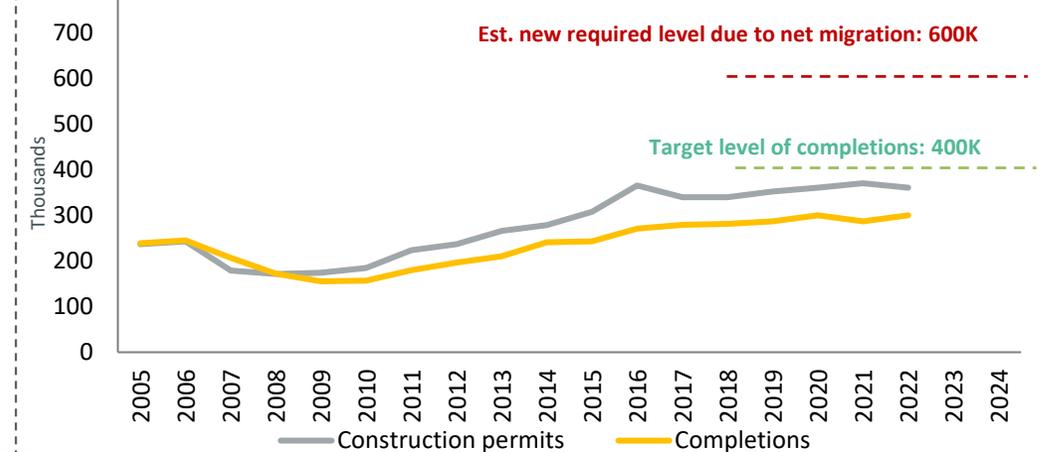
- ❖ Strong long-term trends of smaller household sizes and continued urbanization to continue driving demand for affordable German residential located in urban areas.
- ❖ Positive net migration trends with significant increase in 2022 and continuation in 2023 because of the Ukraine conflict further drive demand in GCP's markets.
- ❖ Tight German labor market expected to further drive immigration.

# GERMAN HOUSING MARKET – SUPPLY FUNDAMENTALS

Strong increase in construction costs, additionally driven by more regulation<sup>1)</sup>



Actual Completions vs. Required Completions<sup>2)</sup>



In addition to higher costs, additional requirements significantly slowed down projects, reflected in longer average time to complete new developments<sup>1)</sup>



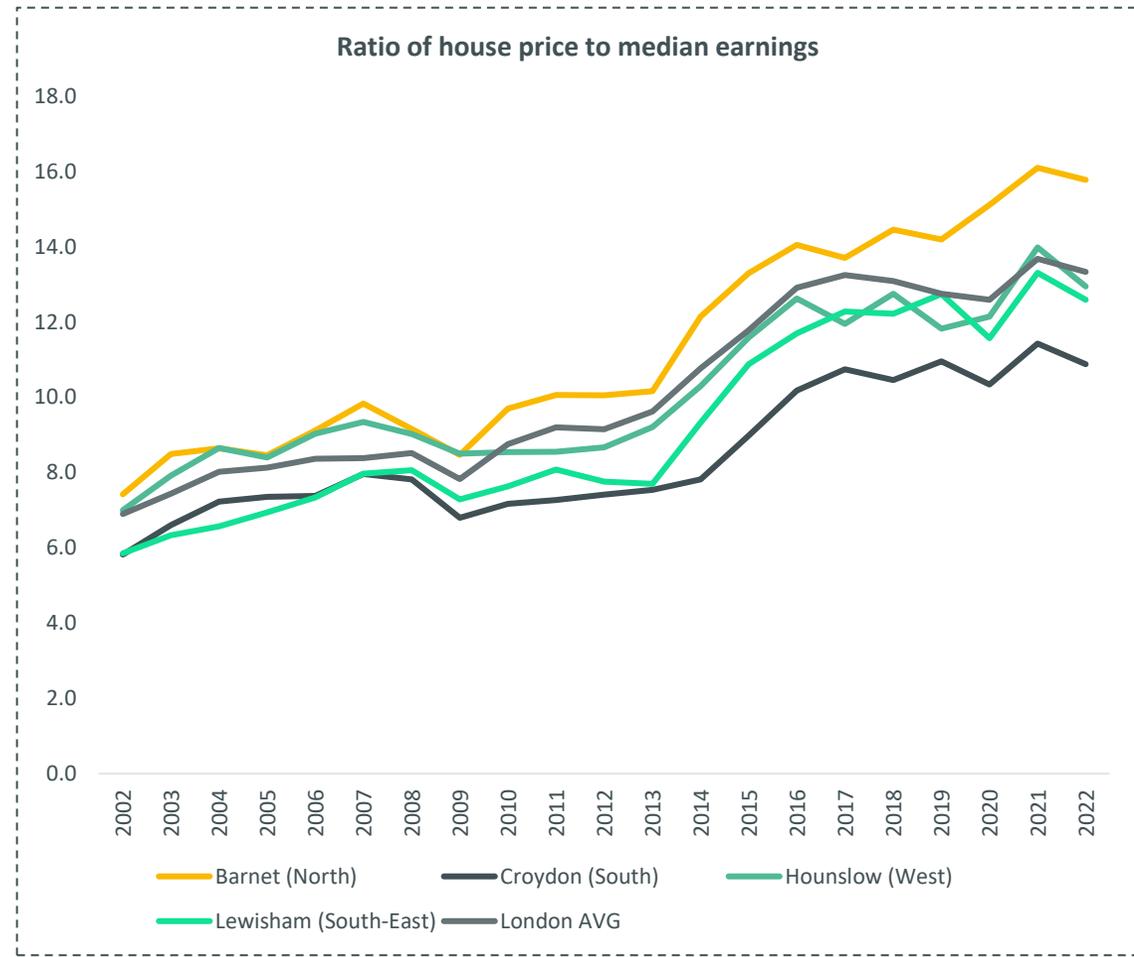
- ❖ As construction costs continue to increase, driven by higher base costs, higher regulatory pressure and longer project times combined with higher costs of capital, it is clear that new construction at affordable levels has become impossible without generous subsidies.
- ❖ This is likely to drive rent for new construction even higher.
- ❖ These impacts will continue to provide tailwinds for existing stock in the long-term keeping occupancy high and driving in-place rents higher.

1. ARGE//EV, So baut Deutschland, so wohnt Deutschland – Bauforschungsbericht Nr.86 – April 2023

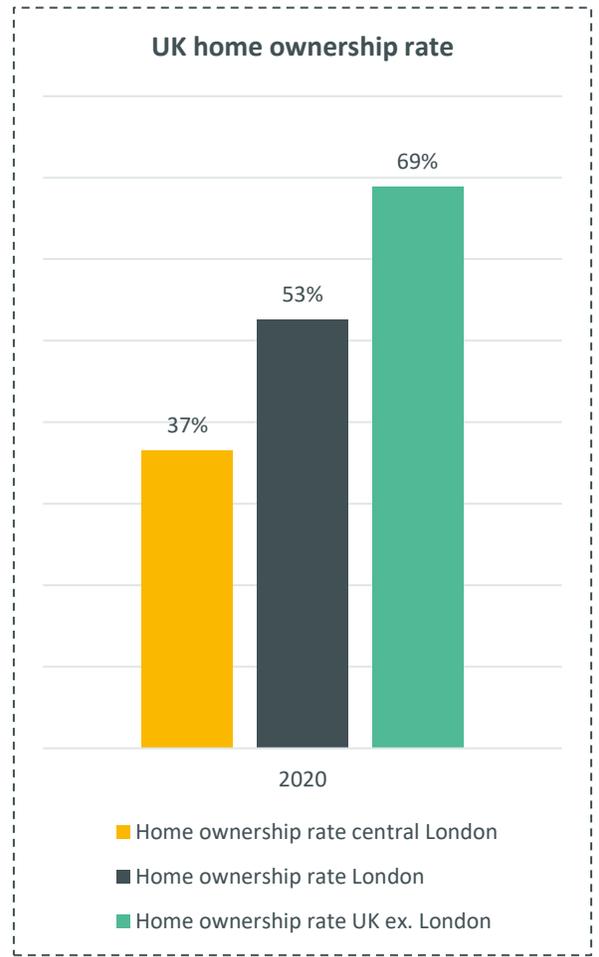
2. Destatis (actuals), target level of completions of the German Government

# LONDON RENTAL MARKET – RENTING FAVORABLE OVER OWNING

- ❖ Doubling of house price to household income ratio since early 2000s leading to the decrease in affordability of home ownership and supporting rental demand, especially in the affordable segment.
- ❖ This is reflected in the comparably lower home ownership rate in London, which has remained well below the UK as whole.



Source: GLA, Ratio house price earnings residence based



Source: ONS

# ESG AND SUSTAINABILITY



## ENHANCED REPORTING

In order to effectively address the varied interests and priorities of our business partners, investors, tenants, employees and communities

## 2023 (NON-)FINANCIAL REPORT

GCP presents its performance measures in alignment with the European Public Real Estate Association (EPRA) sustainability Best Practice Recommendations (sBPR) standards throughout this report. The non-financial report forms an integrated part of our Consolidated Annual Report for the year 2023

The non-financial report was reviewed with limited assurance by KPMG. It provides a description of how we manage GCP's material environmental, social and governance topics and is intended primarily for legislators and investors.



For the 7<sup>th</sup> year in a row, GCP was awarded the **EPRA BPR Gold Award** for its Annual Financial Report for FY 2022 as well as the **EPRA sBPR Gold Award** for its EPRA sBPR reporting.

## RECOGNITION FOR ESG & SUSTAINABILITY MEASURES

- Top 6th percentile within real estate peer group in Corporate Sustainability Assessment (S&P) and was rated industry-best in the sub-category "Customer Satisfaction Measurement", reflecting the strong focus on tenant satisfaction.
- One of the leading sustainability ratings, which inclusion in Dow Jones Sustainability Index is based on.



**S&P Global Sustainable 1**



**SUSTAINALYTICS**

February 2024

GCP's ongoing commitment to sustainability was recognized in the recent Sustainalytics ESG Risk Rating Report *ranking GCP in the top 8<sup>th</sup> percentile of the global universe of companies.* Sustainalytics, a Morningstar company is a leading ESG and Corporate Governance research and ratings firm.



# ESG GOALS AND CONTRIBUTION

| Goal   | Our contribution   |
|--|--|
|  <b>3 GOOD HEALTH AND WELL-BEING</b>                | We contribute to Goal 3 by providing accommodation and building communities that support the health, safety and wellbeing of our residents. We also make a positive contribution to Goal 3 by protecting the health and wellbeing of our employees   |
|  <b>4 QUALITY EDUCATION</b>                         | We contribute to Goal 4 by investing in our people's knowledge, skills and development to support their personal growth. Secondly, we support organisations that deliver wider benefits to our residents such as services including educational support programmes to promote social mobility (see also Goal 10).  |
|  <b>5 GENDER EQUALITY</b>                           | Our commitment to Goal 5 is demonstrated by our support for the Charta der Vielfalt (German Diversity Charter) and our inclusion in the Bloomberg Gender Equality Index. Our zero-tolerance approach to discriminations is underpinned by our Anti-Discrimination Policy and Diversity Committee.  |
|  <b>7 AFFORDABLE AND CLEAN ENERGY</b>               | We support Goal 7 by investing in a more decentralised, renewables-based energy model for our assets. We have committed to the installation of on-site renewables and have set a target to procure only PPA carbon-neutral energy for landlord areas by 2027.  |
|  <b>10 REDUCED INEQUALITIES</b>                     | We support Goal 10 through our business model which involves buying, optimising and repositioning previously under-managed and under-rented residential assets. Through this, we enhance tenants' quality of living. We also provide cash and/ or in-kind funding to local organisations which are well-placed to deliver additional social benefits to tenants and the wider community.   |
|  <b>11 SUSTAINABLE CITIES AND COMMUNITIES</b>       | Many of our asset repositioning projects relate to previously neglected properties where we can significantly improve the residential environment and reduce the ecological impact. As well as improvements to the built environment, we contribute to Goal 11 by engaging with local authorities to improve existing community infrastructure, helping to make the neighbourhoods where we invest become more desirable.                    |
|  <b>13 CLIMATE ACTION</b>                         | By up-grading existing buildings to ensure high standards of energy efficiency and low or zero carbon status we make a positive contribution to Goal 13. We have set a target to achieve a 40% reduction in CO <sub>2</sub> emissions by 2030 against a 2019 baseline, and our energy strategy supports this target by prioritising building upgrades and investments in energy efficiency, renewable energy generation and storage systems. |
|  <b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b> | We contribute to Goal 16 by promoting robust corporate governance practices and high standards of business ethics across our operations and supply chain.  |
|  <b>17 PARTNERSHIP FOR THE GOALS</b>              | We contribute to Goal 17 by participating in global and national cross-sector initiatives, and support industry organisations to positively influence the property sector.   |



# ENVIRONMENT



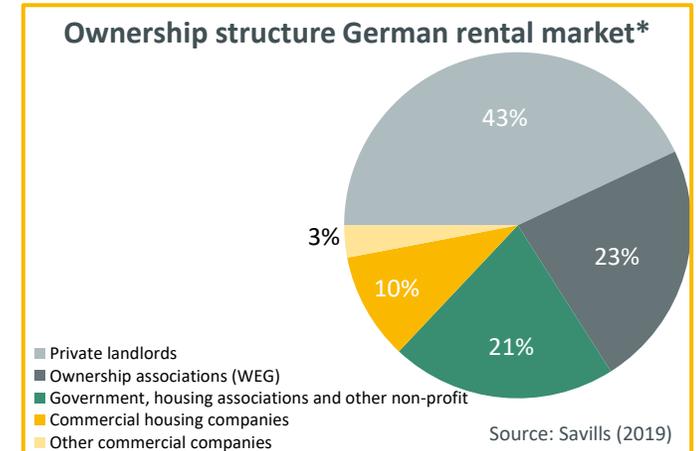
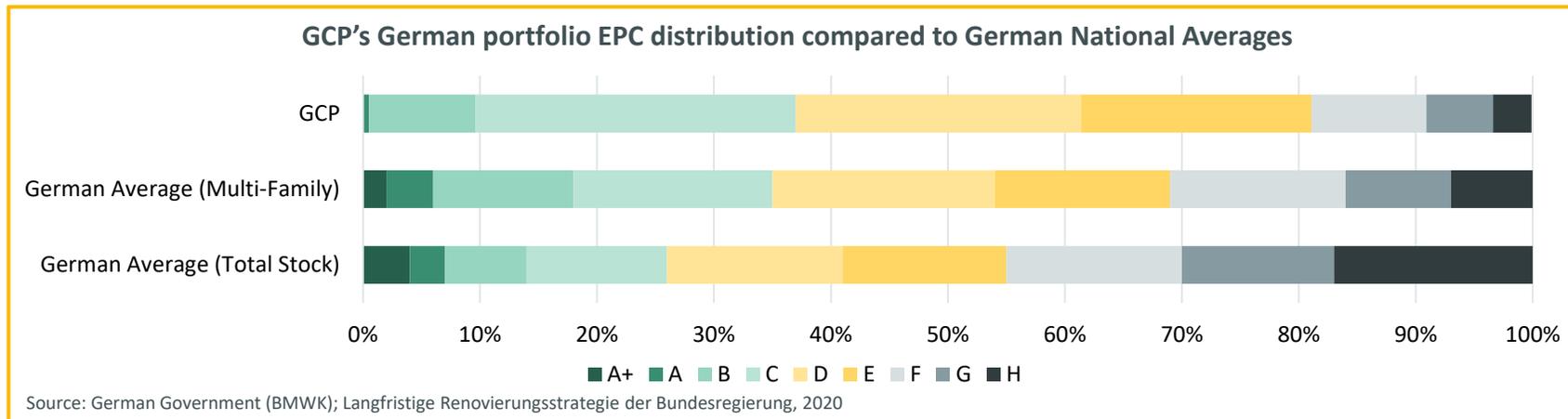
## GOING FORWARD

- ➔ Create and deliver a portfolio wide CO2 reduction pathway report by energy auditing **the environmental performance** of buildings such as the use of energy, waste and water.
- ➔ Continue to switch the electricity supply of all common areas to **PPA** (Power Purchase Agreement) of **certified renewable electricity** generated from wind, hydroelectric, and solar PV sources.
- ➔ Preserve **biodiversity** by limiting large green field developments and working on biodiversity-enhancing plantations while setting up insect hotels and bird houses.
- ➔ Reduction of 40% in CO2 emissions by 2030 from the 2019 baseline.

GCP is undertaking measures to improve efficiency and reduce emissions by 40% as part of its 2030 environment goals

# REGULATORY ENVIRONMENT – MODERNISATION

- GCP continues to monitor the changes with regards to the modernization and sustainability investments. The German government recently rolled out a new subsidy and tax incentive scheme – however, these have changed continuously in recent years, and, in our opinion, more certainty is required for materially more investment.
- The German government recently announced several measures for boosting the new housing supply in Germany, **which have implications for energetic modernisations.**
  - Speed bonus subsidy for new heating now applies to landlords
  - **Avoiding binding modernization obligations for buildings with regards to the EU Energy Performance of Buildings Directive (EPBD)**
- **Due to the ownership structure of the German rental market\***, which comprises overwhelmingly small private landlords, the question of funding the modernisation of the housing stock remains a significant issue, as many private landlords do not have the financial means to modernise their properties or scale to do so cost effectively. GCP therefore expects additional government subsidies to support the transition to a more energy efficient housing stock.



\* The German rental market represents ~52% of the total housing market, with the remaining ~48% owner occupiers

# SOCIAL

## TENANTS

Entertaining, diverse, convincing: GCP creates attractive digital alternatives to prior at-site-events

Seasonal GCP digital tenant events keep up tenant interaction and satisfaction (Advent Calendar, Easter/ Summer/ Halloween Event)

GCP develops lighthouse digital services for (prospective) tenants: Service App, Loyalty Program, digital flat search, virtual flat viewings and digital signature

GCP ensures a consistently high tenant satisfaction through a comprehensive tenant service, including our 24/7 service center

## GCP FOUNDATION

From Dortmund to Halle, from Bremen to Mainz: Support for charitable projects across Germany

Wide range of beneficiaries, e.g. social facilities, day care centers for children, creative centers, micro-local community initiatives, sports teams, and many more

Strong network, also through repeated engagements - among others:

## EMPLOYEES

GCP values diversity – a fact that is also underlined with almost 40 nations represented among all GCP employees

GCP offers a wide range of online and at-site trainings for personal and professional development - including a leadership program to promote and retain young talents

GCP provides the team at the operational HQ in Berlin with a free gym - with exercise equipment, trainers and numerous sports courses

GCP cooperates with an external and renowned partner to offer holiday care and virtual childcare for children of all our employees

## LOOKING FORWARD

We want to...

... further improve tenant satisfaction by continuously enhancing the digital customer service experience for tenants and further reducing response times

... further improve and enhance employee training & development and provide more opportunities for advancement to internal employees

... Support more charitable projects in GCP communities to foster a sense of togetherness and build strong community bonds

... further explore our digital tenant events in terms of variety (e.g. hybrid events) and participant numbers - and also regarding potential abstract effects towards other (digital) company-owned tools, programs and initiatives



# GOVERNANCE

1

## BEST-IN-CLASS REPORTING LEADING TO HIGH STANDARDS OF TRANSPARENCY

- For the **SEVENTH CONSECUTIVE** year in September 2023, GCP received the EPRA BPR and sBPR gold awards for its financial reporting and sustainability reporting, respectively.

2

## EXPERIENCED LEADERSHIP WITH STRONG AND INDEPENDENT BOARD OF DIRECTORS

- GCP benefits greatly from a strong Board of Directors composed primarily of independent directors.
- Additionally, the Audit, Risk, Nomination & Remuneration committee members are mostly independent directors providing strong governance to the organization.

3

## INTEGRATED SUSTAINABLE BUSINESS STRATEGY

- Sustainability goals further entrenched into the core business with GCP's integrated sustainable business strategy.
- Milestones and targets aligned with the relevant United Nations' Sustainable Development Goals.

# FINANCIAL POLICY

## GCP FINANCIAL POLICY

LTV limit at 45%

Debt to debt plus equity ratio at 45% (or lower) on a sustainable basis

Maintaining conservative financial ratios with a strong ICR

Unencumbered assets above 50% of total assets

Long debt maturity profile

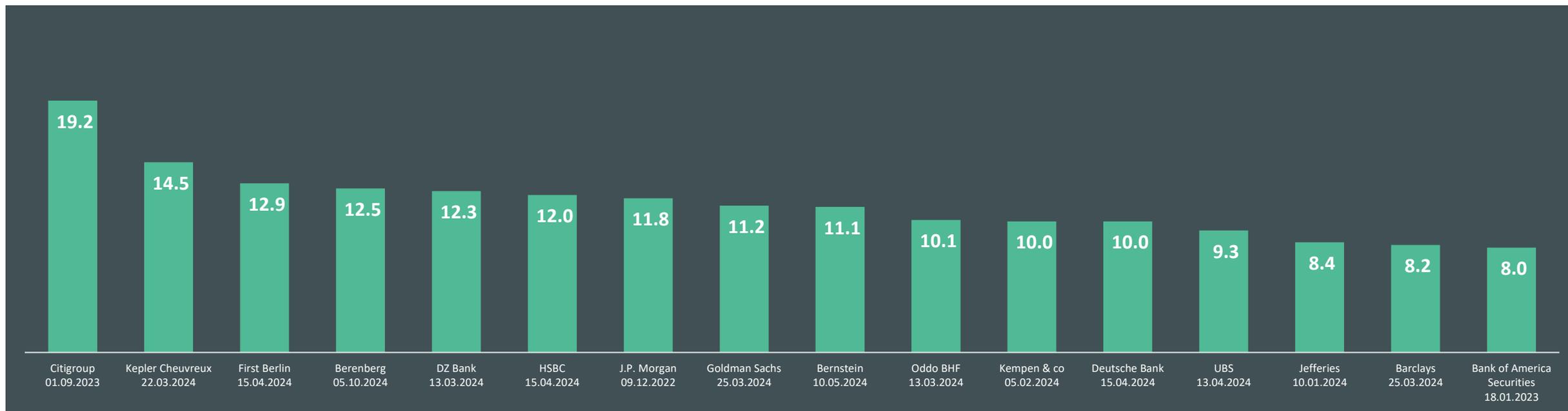
Good mix of long-term unsecured bonds & non-recourse bank loans

Dividend distribution of 75% of FFO I per share\*

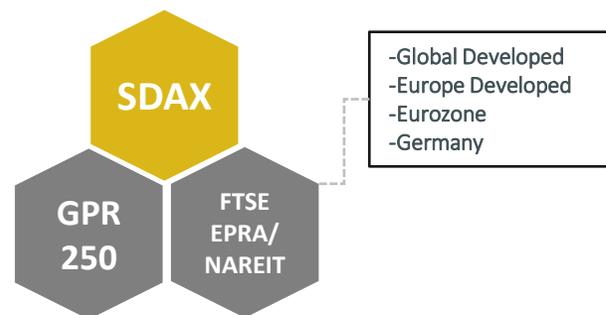
\* the Company has decided not to distribute a dividend for the year 2023, due to the current market uncertainties. Dividend distributions remain subject to market conditions.

**GCP REMAINS COMMITTED TO MAINTAINING A CONSERVATIVE FINANCIAL POLICY**

# ANALYST COVERAGE

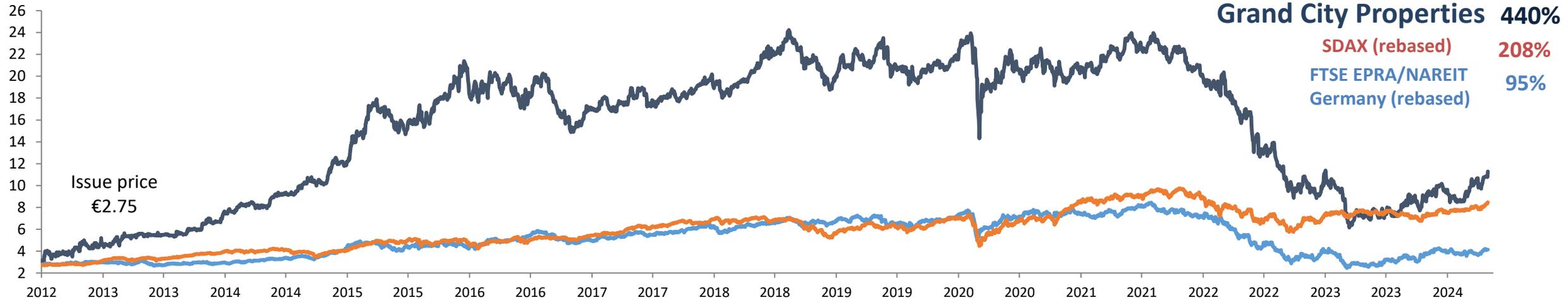


## KEY INDEX INCLUSIONS

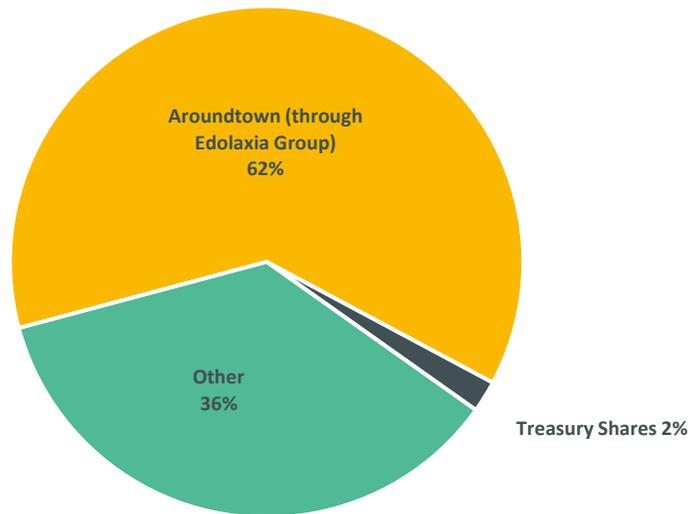


# SHARE DEVELOPMENT & OWNERSHIP STRUCTURE

GCP - SHARE PRICE AND TOTAL RETURN SINCE FIRST EQUITY PLACEMENT (19.7.2012)



## OWNERSHIP STRUCTURE (March 2024)



|  |   |
|--|---|
| Placement  | Frankfurt Stock Exchange (Prime Standard) |
| First equity issuance  | 19.07.2012<br>(€2.75 per share)           |
| Number of shares<br>(as of 31 March 2024)  | 176,187,899                               |
| Number of shares, excluding<br>suspended voting rights, base for<br>share KPI calculations | 172,367,302<br>(as of 31 March 2024)      |
| Symbol (Xetra)   | GYC                                       |

# MANAGEMENT

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Refael Zamir  
Chief Executive Officer



Mr. Zamir is the Chief Executive Officer of Grand City Properties since 2020 (and Daily Manager (administrateur-délégué)). Mr. Zamir has been working for the Group since 2013. He served as Chief Financial Officer from 2014 to 2023 and as Chairman of the Board from 2017- 2020. Mr. Zamir has more than 15 years of international professional experience in management, capital markets, Finance, M&A, and corporate matters. As part of his CEO position, he leads the global operations of €10 billion of real estate assets value. located mainly in Germany and London. Prior joining GCP, he worked for several years as an external auditor in the real-estate, construction, and financial sectors at BDO and Ernst & Young. Mr. Zamir is Certified Public Accountants in Israel since 2009 and holds a BA and MBA in Finance and business administration.

Idan Hadad  
Chief Financial Officer



Mr. Hadad is the Chief Financial Officer of Grand City Properties as of January 2023 (and also Daily Manager (administrateur-délégué) of the Company). Mr. Hadad joined the group in 2015 as the corporate controller and led the group's accounting and financial reporting department. Mr. Hadad brings with him a decade of experience in the field of financial management, including accounting and taxes, compliance and risk management, cash and budget management, payments control and collection. Before joining the group, Mr. Hadad served as a senior auditor at Deloitte. Mr. Hadad is a Certified Public Accountant in Israel and holds a BA in business administration and accounting from the Hebrew University of Jerusalem.

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## Board of Directors

Christian Windfuhr  
Chairman, Director



Mr. Windfuhr is the Chairman of the Board of Grand City Properties. Before joining Grand City Mr. Windfuhr served as CEO of Maritim Hotels, with 40 hotels in Germany. Prior to this he served as CEO of Mövenpick. He achieved the financial turnaround of Mövenpick, drove international expansion, publicly listed the company, and worked out a strategic partnership with Kingdom Holding (HRH Prince Alwaleed) and JP Morgan. Served as Director of TUI, Europe's largest tour operator. He served high positions in Holiday Inn, Kempinski, & Southern Sun. Graduated at Cornell University.

Simone Runge-Brandner  
Independent director



Ms. Runge-Brandner is an independent Director and member of the audit-, remuneration- and nomination committee. Her past positions include Deal Manager (Director) at UBS Deutschland AG, Vice President Real Estate Finance/ Investment Funds, Credit Manager at Dekabank Frankfurt and Credit Manager Real Estate Finance at Helaba Frankfurt. Ms. Runge-Brandner has a Diploma in International business administration.

Markus Leininger  
Independent director



Mr. Leininger is an Independent Director. Before joining Grand City Properties, he was a senior banker with a focus on financing, private equity and real estate. He served as head of operations with Eurohypo AG (Hypothekebank Frankfurt) and Rheinhyp AG (Commerzbank) and is a member of the advisory board and investment committee of Revetas Capital Advisors. He holds a diploma in Business Administration.

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## Audit Committee

Consists of the two independent directors Simone Runge-Brandner and Markus Leininger

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## Senior Management

Sebastian Remmert-Faltin  
COO



Mr. Remmert-Faltin has more than 20 years professional experience in the real estate industry. He covered positions ranging from property and asset management, letting, marketing and other operational aspects

Mandy Kuebscholl  
Head of Customer Care and Service Quality



Past experience include director of Central Reservation at GCH, Director of Revenue & Reservations at Ramada international. Education: Hotel Management from the Management Trainee program at Marriott International. Ms. Kuebscholl is also responsible for GCP's 24/7 service center and general tenant satisfactions aspects

# MANAGEMENT

## Senior Management (continued)

Michael Bar-Yosef  
Senior Financial Analyst



Mr. Bar-Yosef is responsible for financial modeling and cooperates with equity researchers to analyze their financial models and has more than 15 years of experience. Before joining GCP he served as a financial and corporate analyst for a financial advisory and was an economist. Mr. Bar-Yosef holds an MBA in economics.

Kathrin Lampen  
Head of Legal



Ms. Lampen has more than 15 years experience in the field and advises the senior management in the fields of legal corporate as well as contract and compliance. Prior to joining GCP she served as a legal counsel at Sirius Real Estate. Ms. Lampen holds a law degree from the University of Marburg (Germany) and Université de Lausanne (Switzerland).

## Advisory Board

Yakir Gabay



Mr. Gabay is the chairman of the Advisory Board. Before GCP, Mr. Gabay was chairman & managing partner of an investment company which managed over \$30 billion of assets, before that he was the CEO of the investment banking of Bank Leumi. Mr. Gabay holds an MBA and BA in Accounting/Economics and is a CPA.

Dr. Johannes  
Beermann



Prof. Dr Johannes Beermann was a Board Member of the Deutsche Bundesbank and is currently an honorary professor for public finance and public affairs at the University of Applied Sciences of Mittweida (Germany). Prior to that, Prof. Dr Johannes Beermann had a long and distinguished political career, including Staatsminister in Saxony as well as State Secretary in the Hessian State Chancellery, among others. Dr Johannes joined the Advisory board of GCP in 2023.

Claudio Jarczyk



Advisory Board member. Prior to GCP, Mr. Jarczyk served as an Executive Director at BerlinHyp Bank specializing in real estate financing with a focus on international clients, as a Chief International Executive at Landesbank Berlin and as an International Division-Department Manager at Bayerische Vereinsbank Munich. Mr. Jarczyk holds a Dipl.Kfm. / MBA at Munich University.

David Maimon



Mr. Maimon was the President and CEO of EL AL Israel Airlines. Prior to that, Mr. Maimon was EVP of Customer Service, Commerce & Industry Affairs Sales & Marketing in EL AL Airlines and also served as a Director in various Israeli commercial companies such as Leumi Gemel Ltd, Hever and Sun D'Or International Airlines. Mr. Maimon holds an MBA.

## Strong Board of Directors and senior management structure

- Majority of the board of directors is independent
- Audit committee members are independent
- Longevity in the company with high and stable retention rate
- Incentivized to align with the Company's long-term goals – like-for-like occupancy and rent increase, operational efficiency, increase in adjusted EBITDA, FFO per share, EPS and NAV per share, keeping conservative financial ratios

# CREDIT RATING MATRIX

## FINANCIAL RISK PROFILE

| BUSINESS RISK PROFILE | S&P Global   | 1 MINIMAL   | 2 MODEST   | 3 INTERMEDIATE                 | 4 SIGNIFICANT | 5 AGGRESSIVE                       | 6 HIGH LEVER-AGED |
|-----------------------|--------------|-------------|--|--------------------------------|---------------|------------------------------------|-------------------|
|                       | 1 EXCELLENT  | aaa/<br>aa+ | GCP will continue strengthening its position within the business profile |                                |               | a-<br>(Vonovia- BBB+) <sup>1</sup> | bbb               |
| 2 STRONG              | aa/<br>aa-   | a+/a        | A-<br>BBB+<br>(Covivio)  | BBB<br>(Heimstaden)            | bb+           | bb                                 |                   |
| 3 SATISFACTORY        | a/a-         | bbb+        | BBB/BBB-   | BBB-/bb+<br>(TAG)<br>(Akelius) | bb            | b+                                 |                   |
| 4 FAIR                | bbb/<br>bbb- | bbb-        | bb+  | bb                             | bb-           | b                                  |                   |
| 5 WEAK                | bb+          | bb+         | bb   | bb-                            | b+            | b/b-                               |                   |
| 6 VULNERABLE          | bb-          | bb-         | bb-  | b+                             | b             | b-                                 |                   |

*1 rating anchor of Vonovia is A-, after the effects of modifiers, is BBB+*

Strong position within the investment grade scaling with a long-term rating of BBB+ (A-2 short term) S&P rating

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## Investor Relations Team

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