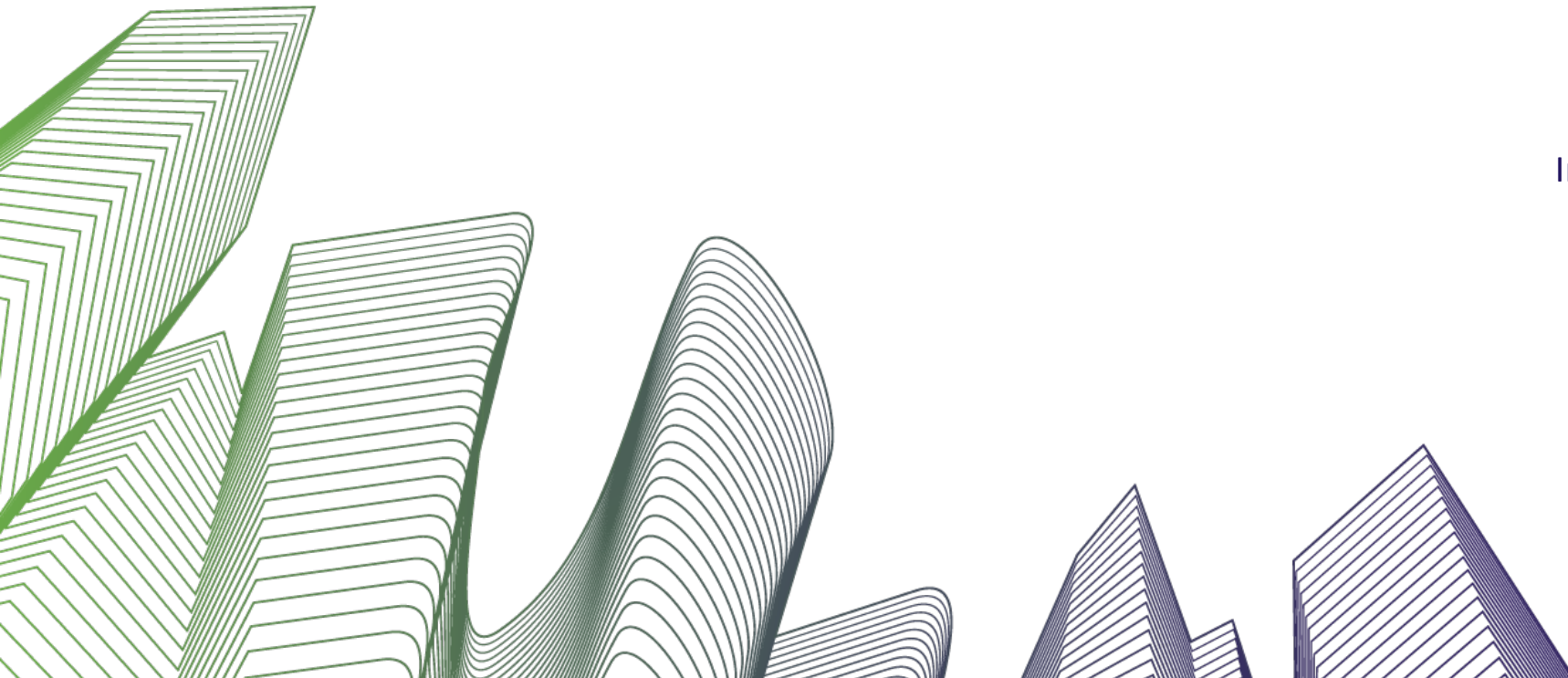


Acquisition of German Residential Portfolio

Investors Presentation

18 November 2024

www.gtcgroup.com





GTC has successfully negotiated the acquisition of a portfolio of residential assets in Germany (the “Portfolio”) from the listed real estate investor Peach Property Group AG (“Peach”).

The Portfolio is centred around three cities in Germany: Kaiserslautern, Helmstedt, and Heidenheim.

It has a unique residential share of close to 100% and a comfortable occupancy rate of 87.4%.



In total, the portfolio comprises 5,165 residential, 47 commercial units, 71 other units, and 2,108 parking units with a total lettable area of 324,167 sqm.

The agreed property price is EUR 448 million, of which GTC will acquire 89.9% of the shares in two sub-portfolios and 79.8% of the shares in additional seven sub-portfolios. For the latter sub-portfolios, GTC will have the option to upsize their stake to 89.9% as well.



With existing senior bank loans of EUR 185 million, i.e., an LTV of approximately 41%, either being rolled into the new structure or being refinanced by a similar loan, GTC’s purchase price will be approximately EUR 209 million, which will be funded by:

- Participating bond with a total nominal value of EUR 42 million, which will be issued by GTC to LFH; and
- A Senior Secured five-year EUR 190 million loan, to be provided by private investment funds.

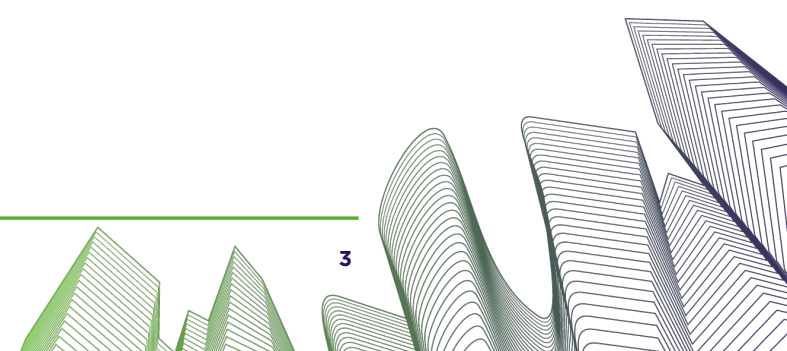


The acquisition of the Portfolio fits perfectly into GTC’s strategy to diversify by investing in Western Europe and in the residential market.



AGENDA

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GTC & the Portfolio

1



The acquisition leads to a significant diversification of asset classes in GTC's property portfolio, with a future **19% share of stable residential assets**. The investment follows your guidance of a **"meaningful asset class diversification"** (GTC Rating Action Commentary, May 2024).

2



Expanding into the AAA-rated German market will enhance GTC's international footprint with about one fifth of its asset portfolio being located in Germany.

3



The acquisition offers the **exceptional opportunity to benefit from a temporary market disruption**: Interest rates at their peak combined with low competition among real estate investors lead to **temporary low asset prices**, while a **supply deficit** and decreasing interest rates emphasize the **favorable outlook** for the German residential market.

4



Strong market fundamentals such as a rising demand and increasing rents speak for the high attractiveness of the German residential market. The Portfolio's **average apartment size of 61 sqm** addresses the most attractive subsegment.

5



GTC's **prudent financial policy** includes a low senior LTV of 50%. A **strong, unencumbered asset portfolio** enables GTC to manage maturities through asset sales and refinancing, with the additional acquisition debt fitting well into the **balanced maturity profile**.

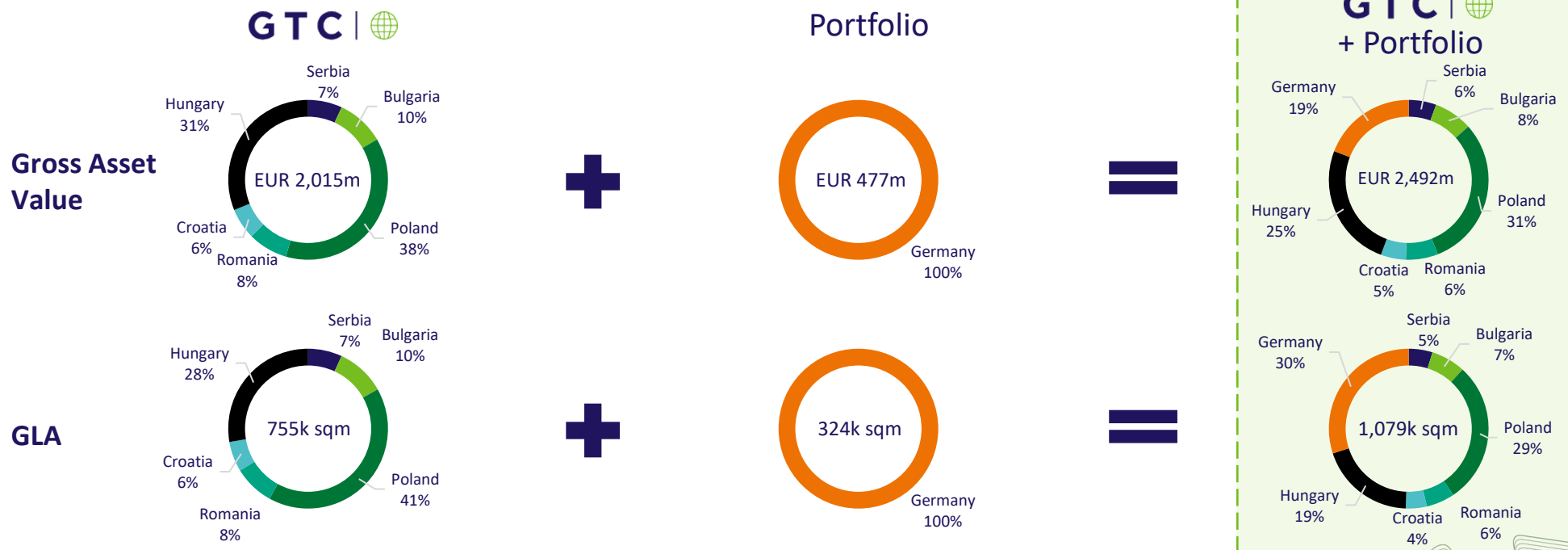
Significant improvement in scale and asset class diversification

- The acquisition of the Portfolio, which brings in a significant amount of residential real estate, significantly increases asset class diversification, further mitigating sector risks and improving GTC's financial resilience. The GRI yield (GRI / Purchase price) of the Portfolio is at 5.8% will further support the profitability of GTC.
- Following the Portfolio acquisition, GTC will boast a well-balanced portfolio, comprising 53% office assets, 28% retail assets, and 19% residential assets based on gross asset value of income producing assets.
- With the transaction, GTC will increase its scale by almost 24% based on the gross asset value of income generating assets strengthening its position as one of leading European real estate developer.s.



Increased exposure to higher-rated countries

- In addition to the mitigation of asset class concentration, geographical diversification represents another crucial strategic goal for GTC. By acquiring the Portfolio, GTC will enhance its international footprint and, with all assets of the portfolio located in the AAA-rated German market, increases its exposure to higher-rated countries.
- After the purchase, c.31% of GTC's assets will be located in Poland, c.25% in Hungary, c.19% in Germany, c.8% in Bulgaria, c.6% in Serbia and Romania each, and 5% in Croatia, based on gross asset value of income generating assets.
- The acquisition of the Portfolio will enhance GTC's asset base, significantly increasing exposure to A- or higher-rated countries to 55% from 44%⁽¹⁾.



Source(s): Company Information; Note(s): (1) Measured by gross asset value

GTC exploits temporary low asset values



Low Transaction Volumes

Puts pressure on the asset values and is a) driven by challenges of market participants b) Hesitant due to macroeconomic uncertainties.



Interest Rate Environment

The hike in interest rates led to a significant decline in asset values.



Promising Outlook

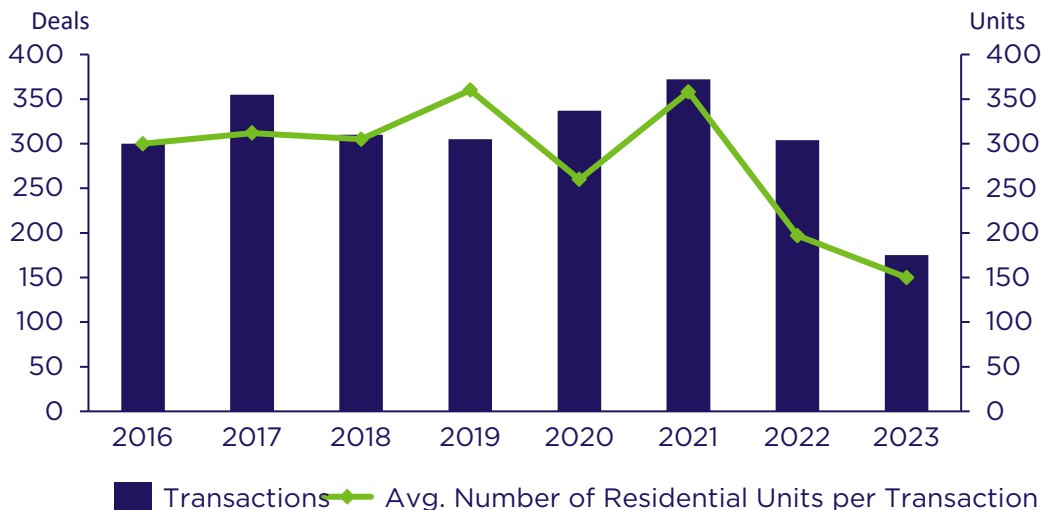
Interest rates are expected to have reached their peak in Europe. Transaction volumes on the German residential market are expected to pick up significantly in H1 2025.

GTC has the opportunity to acquire the Portfolio at a temporarily reduced valuation.

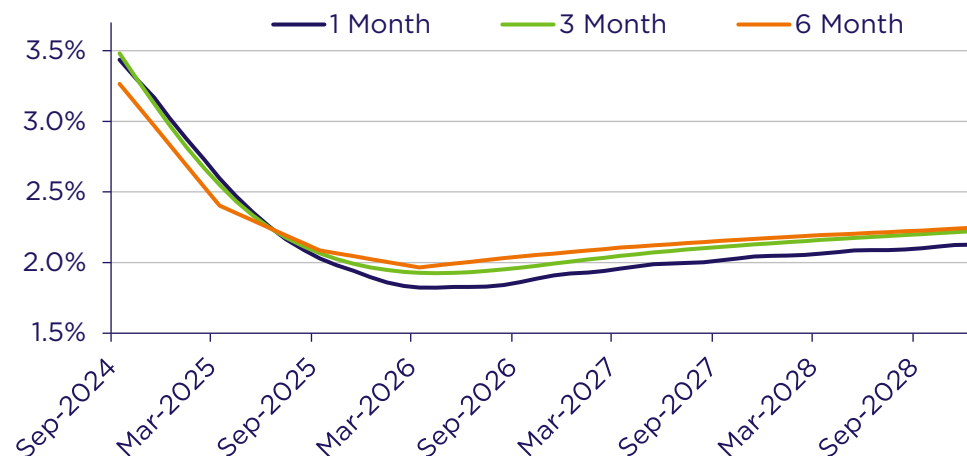


Benefits from the recovering real estate transaction market and rising purchase prices from 2025 onwards.

Low number and size of transactions on the residential market



Declining EURIBOR forwarded curves support a recovery in 2025



Attractive market with great opportunities for GTC



Low Vacancy Rates

1.9% average vacancy rate in 2022 in Western Germany.



Strong Population Growth

Population has grown from 81.2 million in 2014 to 84.4 million in 2022. Continuing population growth is expected.



Strong Demand / Housing Shortage

The housing shortage is expected to worsen over the next two years, supported by low construction activities.



Rising Rents

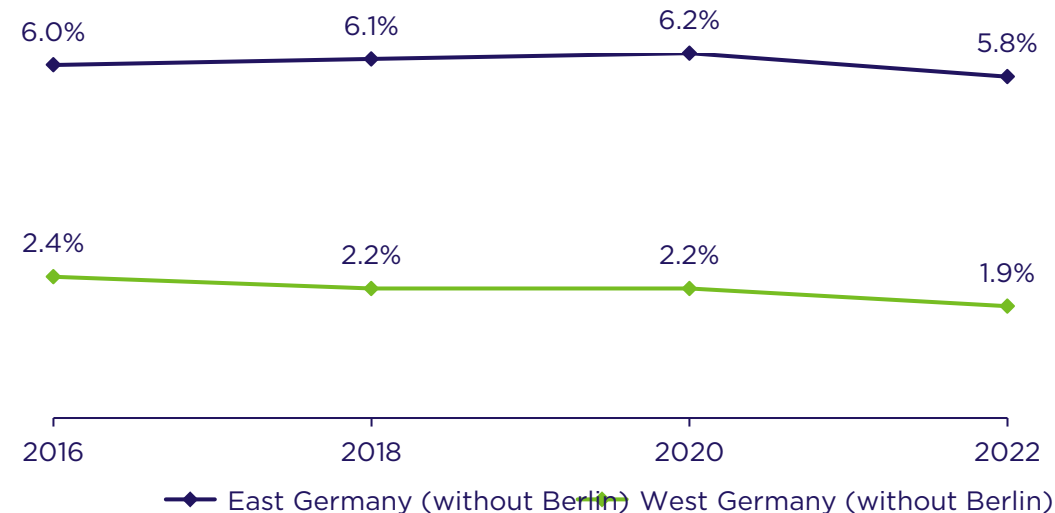
Average rent increase of 4% in 2022 – 2023 for existing buildings.



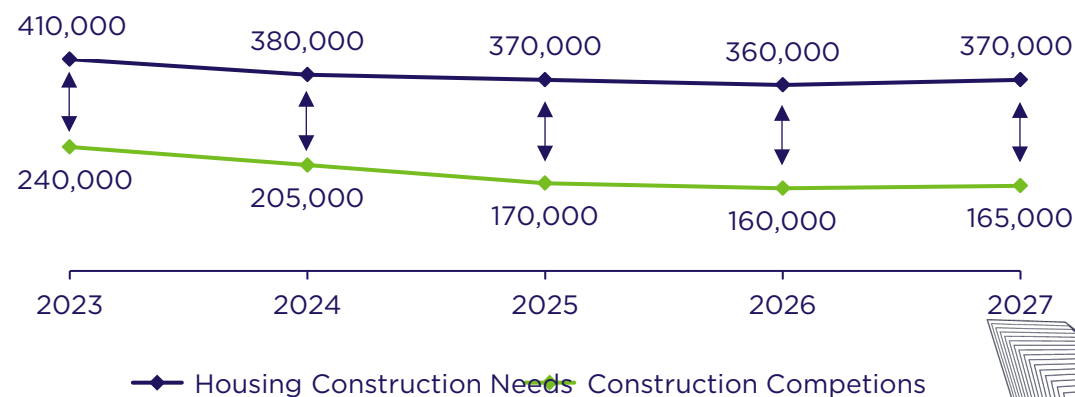
Economic Stability

Germany holds a AAA rating from all major rating agencies and is regarded as one of the strongest economies in Europe.

Vacancy rates Development



Annual Construction Deficit (# apartments)



GTC's Debt Profile Remains Stable



Ratios Remain at Sustainable Levels

As of December 2024, net LTV and Consolidated Leverage Ratio will be at approximately 50%.



GTC Can Efficiently Utilize its Assets

Given the current market environment, assets are being sold at a discount. As a result, GTC plans to generate cash by utilizing existing assets for secured loans, rather than selling them.



Value Creation Strengthens KPIs

The Portfolio presents an opportunity for substantial value creation, potentially leading to significant returns and reducing the net LTV.



~40% of Debt Remain Unsecured

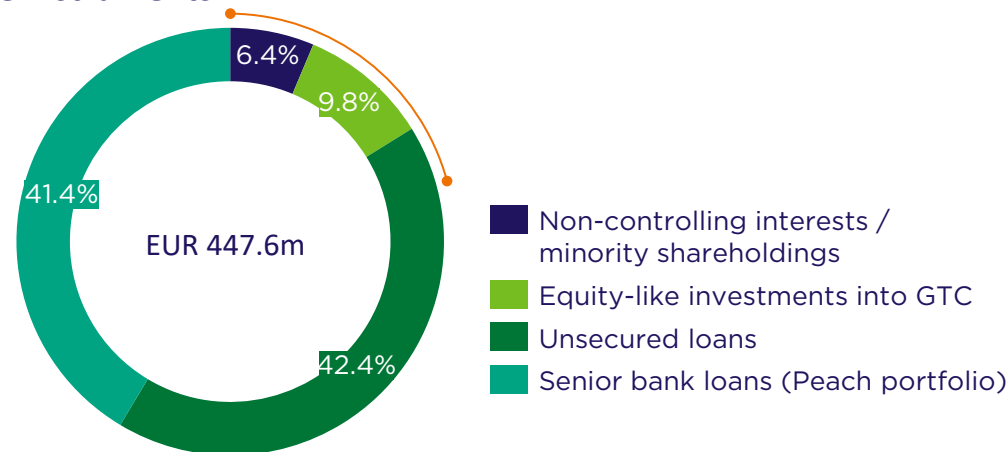
The Debt profile of GTC will remain sustainable with unsecured debt accounting for ~40%.



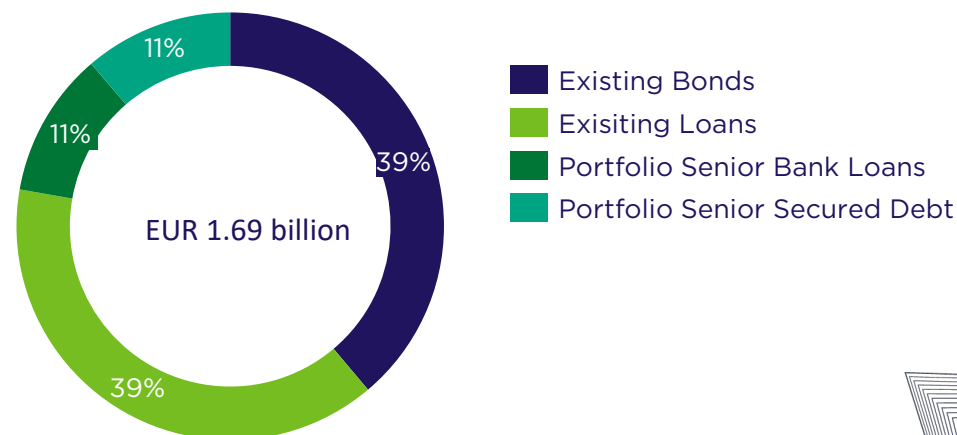
>15% Will be Funded by Equity

Minority shareholdings and equity like instruments are positively impacting the credit Metrics of GTC.

20.7% of the purchase price will be funded by equity and equity-like instruments



Debt Profile⁽¹⁾



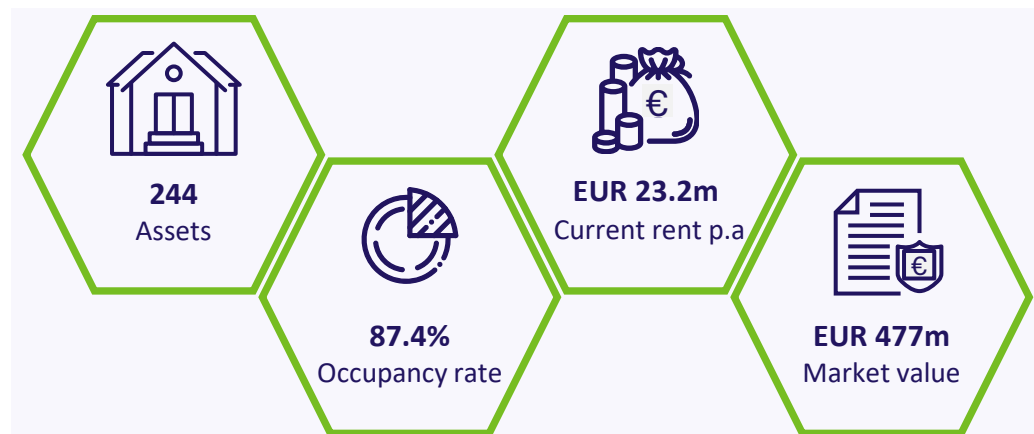
AGENDA

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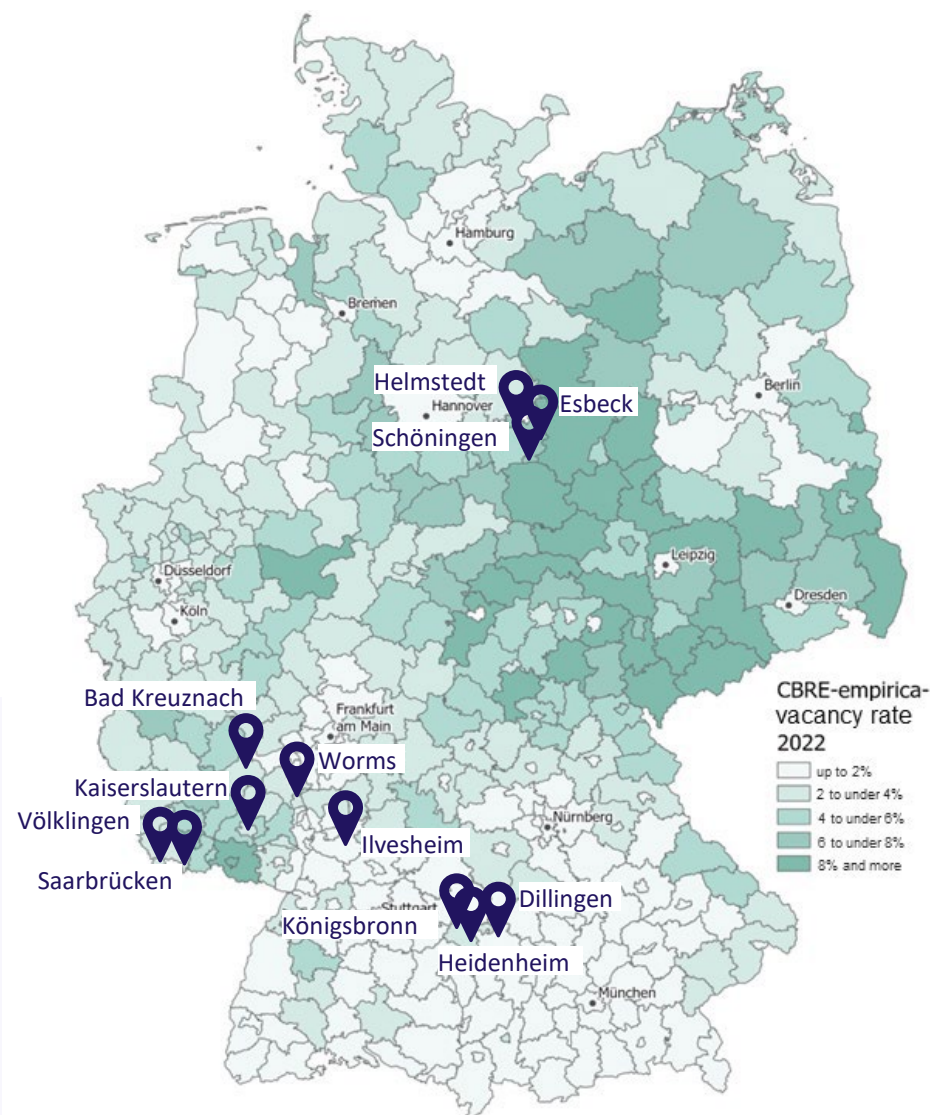
Portfolio Overview

- The Portfolio is centered around three cities in Germany: Kaiserslautern, Helmstedt, and Heidenheim.
- The Portfolio has a unique residential share of close to 100% and a comfortable occupancy rate of 87.4%.
- In total, the Portfolio comprises 5,165 residential, 47 commercial units, 71 other units, and 2,108 parking units with a total lettable area of 324,167 sqm.
- The average apartment size of 61 sqm guarantees high demand and sustainable rentability.
- The main asset classes by year of construction are properties built in 1950-1969 and newer properties built in 1970-1984.
- GTC considers two potential sub portfolios with different underlying strategies; a) Disposal strategy and b) Hold Strategy.

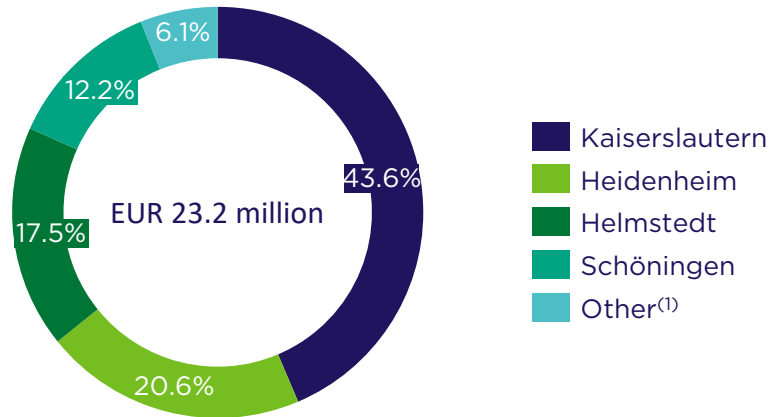
Key Metrics



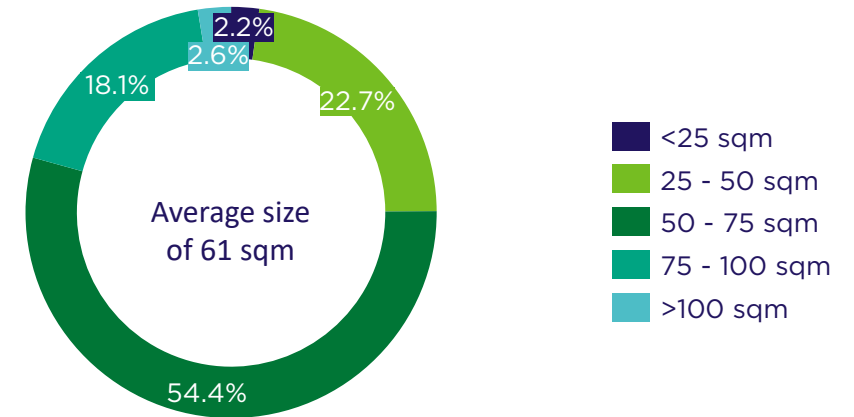
Geographical Distribution



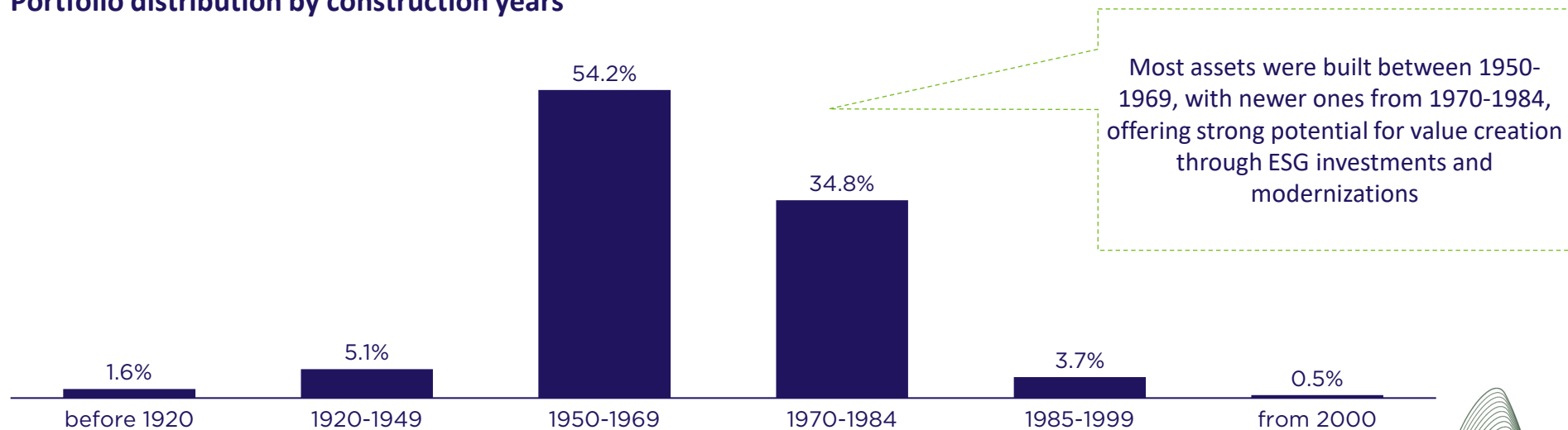
Portfolio distribution by share of income by city



Portfolio distribution by apartment sizes



Portfolio distribution by construction years



Note(s): (1) Other includes Bad Kreuznach, Dillingen, Esbeck, Ilvesheim, Königsbron, Saarbrücken, Völklingen, and Worms
Source(s): CBRE Report

Strategy Overview

- The first portfolio strategy implies a near-term sale of single assets to private and institutional investors to benefit immediately from the relatively low entry price and multiple gain.
- On this basis, CBRE has identified a sub-portfolio with assets that best suit this strategy.
- The sub-portfolio selected for this strategy includes 130 assets with 2,241 residential units and 14 commercial units and a total area of 132,096 sqm.



Realize discount for vacated assets

Purchase price based on NOI multiple, thus only pay for rented assets.



Maximize sale price of individual assets

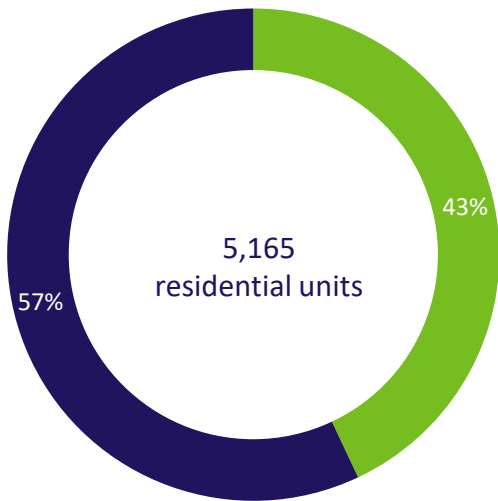
Buy with a bulk discount, split the portfolio, and maximize sale proceeds of individual assets.



Create value with Paul Tech

Enhance asset values by implementing ESG technology in close collaboration with Paul Tech.

Share of Residential Units by Sub-Portfolio



 Sub-Portfolio Strategy I
 Rest of Portfolio

Strategy Overview

- The second portfolio strategy implies a long-term hold strategy to benefit from the development of the German rental market and expand GTC's portfolio towards a more balanced approach with respect to segments and regions.
- On this basis, CBRE has identified a sub-portfolio with assets that best suit a hold strategy.
- The identified sub-portfolio for this strategy includes 114 assets with 2,924 residential units and 33 commercial units and a total area of 192,071 sqm.
- In relation to the value indication, all 114 assets have been valued separately taking into account the key facts, current condition of the buildings and location. All assumptions made are based on the current market situation.



1 Enhance portfolio value with Paul Tech

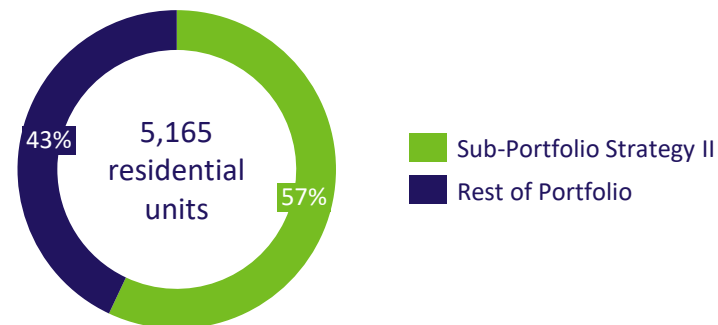
Cooperate with Paul Tech also for Hold-Portfolio and attract additional tenants with state-of-the art energy efficient housing.



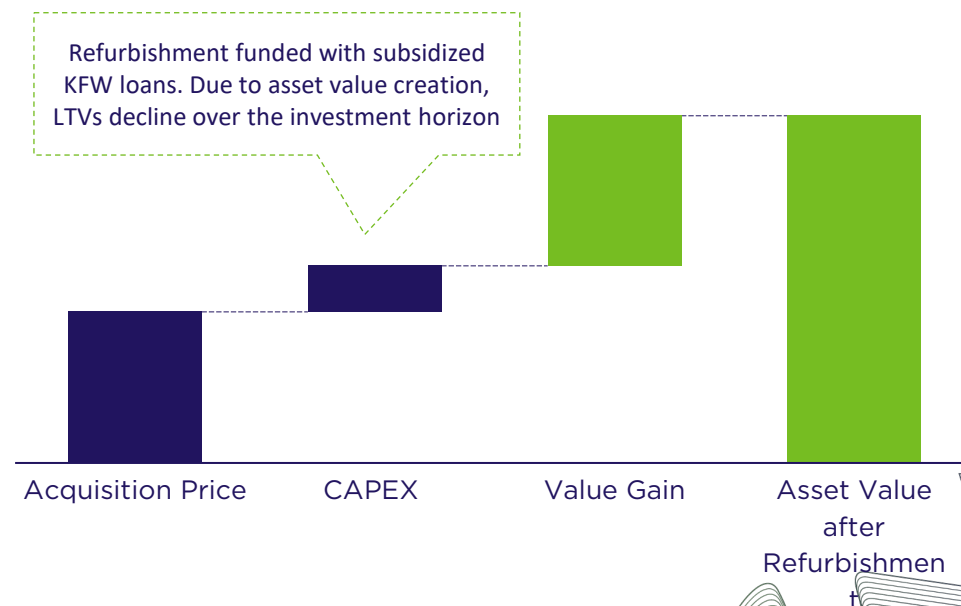
2 Use subsidized loans for Capex

Fund up to 100% of ESG-related capex with state-subsidized loans provided by KfW with a total interest rate of 2.16%.

Share of Residential Units by Sub-Portfolio



Strategy Assumptions



ESG investments enable significant value creation



GTC has a strong track record in ESG investments making their assets more energy efficient

- Almost all (92% by value) assets have green certifications including LEED Gold (55%) and BREEAM Excellent (31%).
- For years, the company has focused on green buildings and reducing its carbon footprint, building extensive expertise in ESG improvements that mitigate environmental impact and enhance asset values.

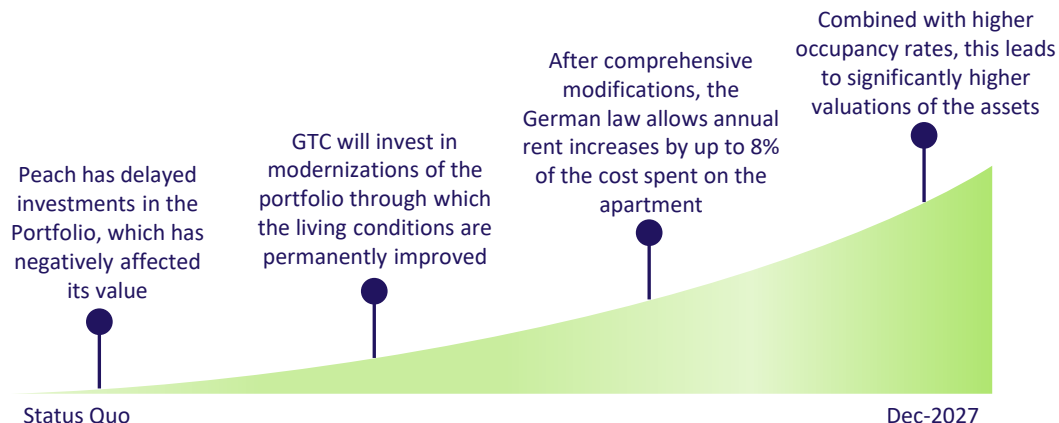
Portfolio

The Portfolio offers the opportunity to improve energy efficiency, ultimately enhancing asset values

- The former owner of the Portfolio, Peach Properties, lacked both the resources and expertise to make significant ESG investments in recent years.
- As a result, most of the assets have low energy efficiencies, presenting opportunities for improvements that could lead to substantial value enhancements

GTC will leverage its expertise to improve energy efficiencies of the assets, ultimately enhancing values

Under its “Hold Strategy” GTC developed a capex plan....



... which will be funded with attractively priced KFW loans

KFW

Since the modernizations include significant energy efficiency improvements, funding will be provided through subsidized KFW programs, enhancing the cost efficiency of the capex plan

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- The acquisition of the Portfolio has a sound strategic rationale for GTC and is aligned with the Company's long-term strategy:
 - **Expand into higher rated European real estate markets** with Germany in particular being a AAA-rated country known for its economic stability and strong demand for residential properties. Post transaction 19% of GTC's combined GAV and 30% of its rental area to be in German;
 - Exceptional and well-timed opportunity to **benefit from disruptions the management believes to be of a temporary nature** in the German real estate market such as low transaction activity, struggling market participants, and high interest rates which put real estate prices under pressure;
 - **Strong German market fundamentals** such as an increasing housing deficit, low vacancy rates, and decreasing interest rates lead to a **favorable outlook**;
 - **Quickly diversify GTC's asset base** by acquiring 5,165 residential units, i.e. about one fifth of GTC's portfolio to be residential post transaction;
 - Great **opportunity for value creation** by enhancing value through (i) the management and modernization of the properties and (ii) the disposal of a part of the portfolio at improved prices;
 - A **comprehensive ESG strategy**, using a combination of sophisticated hardware such as heat pumps, AI software components, and KfW state subsidized funding to create sustainable living space further **enhancing the portfolio value**;
 - Leveraging management's **residential expertise** and combine it with a select team from Peach to create a local taskforce to manage the portfolio;
 - We believe it will lead to **improved creditworthiness**, with a more balanced maturity profile and a strong balance sheet benefitting from funding of the transaction with equity-like instruments.

Increased Exposure to Higher Rated Countries

The acquisition of the Portfolio significantly increases GTC's geographical diversification, positively influencing the rating and fulfilling the following upgrade trigger:

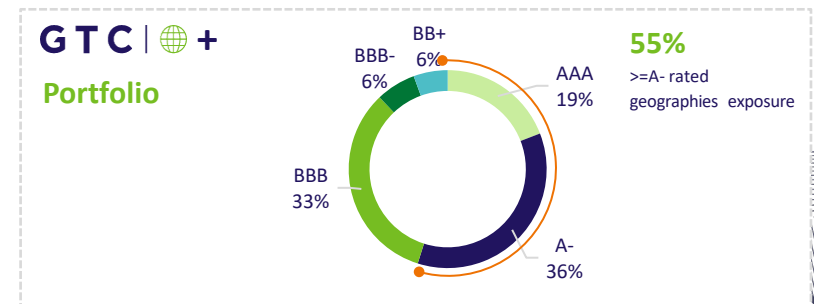
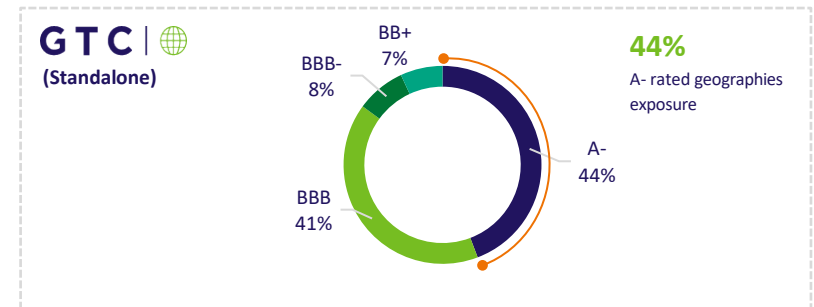
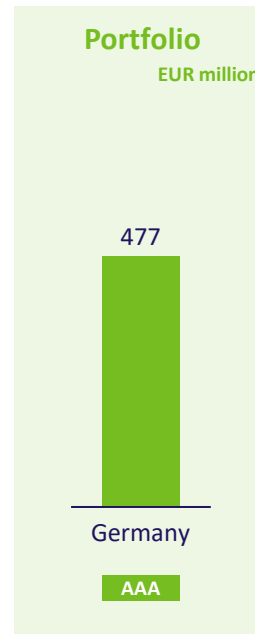
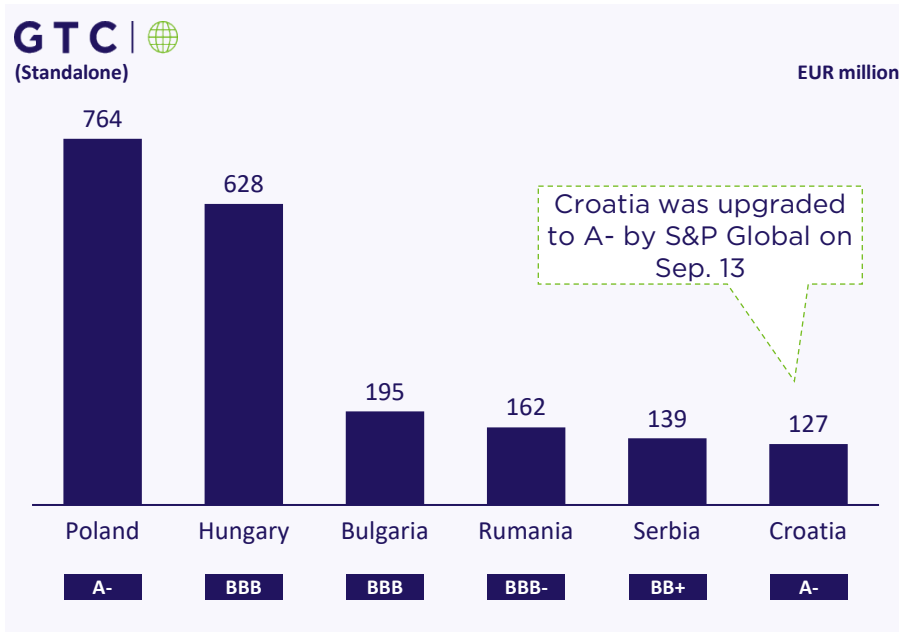


Proportional increased exposure to higher-rated countries in the portfolio, either through expansion or country rating upgrades.

(Fitch Rating Action Commentary 23rd May 2024)



Country Ratings and Gross Asset Values



30th June 2024

GTC | 

Portfolio

GTC |  +
Portfolio

GAV total property portfolio

EUR 2,338m

EUR 477m

EUR 2,815m

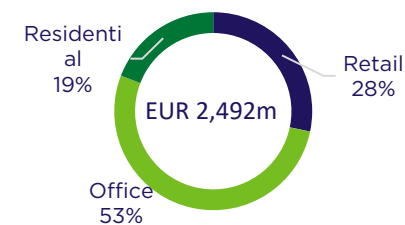
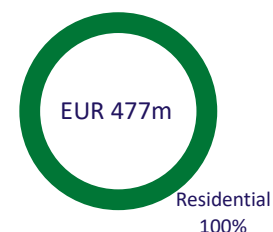
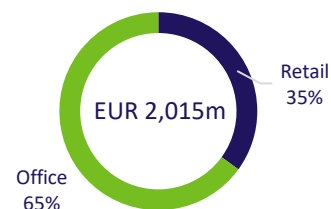
Thereof income producing assets

EUR 2,015m

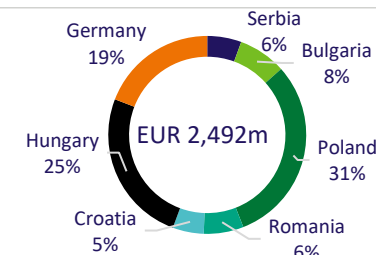
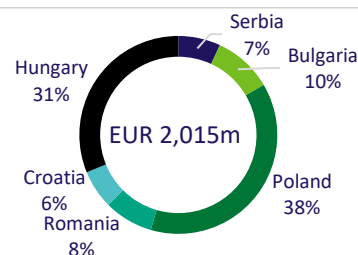
EUR 477m

EUR 2,492m

GAV split by asset class



GAV split by Country



LTM EBITDA

EUR 105m

EUR 19m⁽¹⁾

EUR 124m

Annualized GRI

EUR 150m

EUR 26m

EUR 176m

Annualized GRI yield

7.4%

5.5%⁽²⁾

7.1%

Source(s): Company Information, CBRE Report

Note(s): (1) Annualized figure for 2024; (2) Calculating the yield on the acquisition price of EUR 448 million, results in 5.8%

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