



# FINANCIAL RESULTS PRESENTATION FY 2020

MARCH 2021

# GRAND CITY

Properties S.A.



BERLIN

HIGHLIGHTS



COLOGNE

OPERATIONAL & FINANCIAL  
PERFORMANCE



DRESDEN

PORTFOLIO UPDATE



LONDON

CONSERVATIVE FINANCIAL  
PLATFORM



MÖNCHENGLADBACH

ESG



BREMEN

GUIDANCE

**01**

**HIGHLIGHTS**

# FY 2020 RESULTS

## SOLID BUSINESS EFFICIENCIES DRIVING ROBUST OPERATIONAL PROFITABILITY

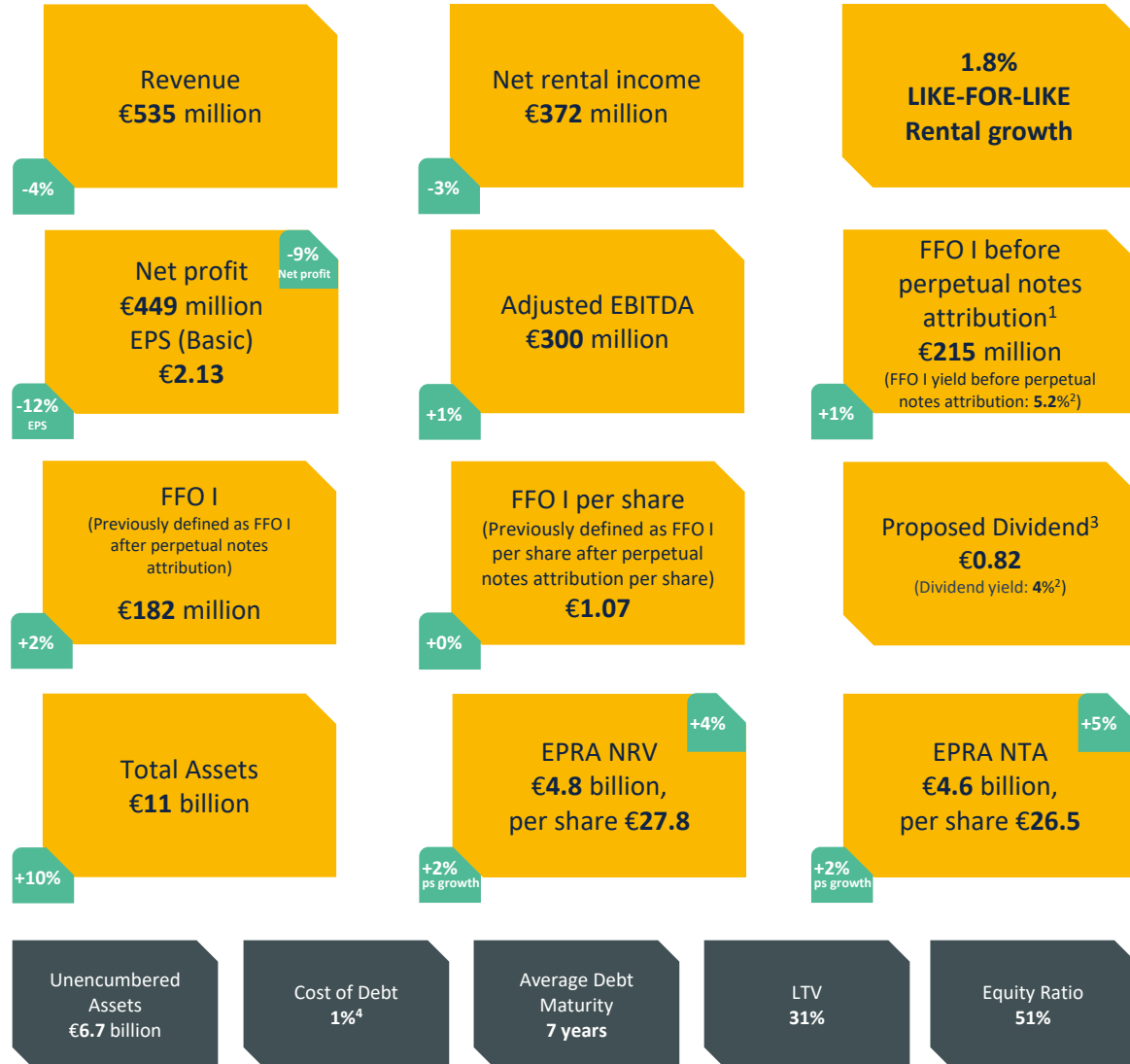
RESILIENT PORTFOLIO, PROVEN IN THE PANDEMIC STRESS CASE

STRONG VACANCY REDUCTION DELIVERING ROBUST RENTAL GROWTH

INCREASING PORTFOLIO QUALITY THROUGH ACCRETIVE ACQUISITIONS AND DISPOSALS ABOVE BOOK VALUE



2020 GUIDANCE  
ACHIEVED



1 Previously defined as FFO I  
2 based on a share price of €20.7  
3 subject to the AGM's approval  
4 As of the date of publication

## FINANCIAL PLATFORM OPTIMIZATION

ACTIVE FINANCIAL MANAGEMENT REDUCING COST OF DEBT  
AND FURTHER OPTIMIZING FINANCIAL PLATFORM

CREATING HIGHER FFO PROFITABILITY

**COST OF DEBT: 1%**  
(CURRENT)

**COST OF DEBT: 1.3%**  
(DEC 2019)

**PERPETUAL NOTES  
ISSUANCE: 1.5%**  
(2021)

**PERPETUAL NOTES  
ISSUANCE: 3.75%**  
(2015)

## ACCRETIVE CAPITAL RECYCLING

### ACQUISITIONS

Acquiring quality,  
stable assets  
**Approx.  
€600  
million**  
(additionally  
approx. €200m  
were signed after  
the reporting date)

### DISPOSALS

Disposing  
non-core properties  
at a premium  
**Approx.  
€970  
million**  
(6% above  
net book values)



>1,400 units at an  
average multiple of  
**21x** and  
>800 units in the  
pre-letting stage in  
London

**IMPROVED  
PORTFOLIO  
QUALITY**

Disposals in  
secondary cities  
mainly in NRW,  
Saxony-Anhalt,  
Thüringen and  
Bavaria generating  
45% profit over  
total costs

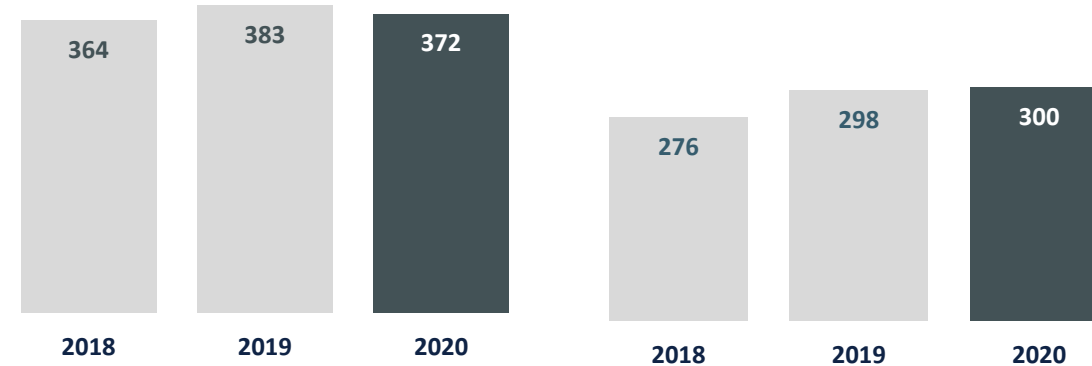
**SHARE BUYBACK** of approx. €70 million executed in February 2021, at a discount to a growing NAV per share supports additional long-term shareholder value creation

# OPERATIONAL PROFITABILITY

| Selected consolidated statement of profit or loss<br>in € '000 unless otherwise indicated | 1-12/2020      | 1-12/2019      |
|---|----------------|----------------|
| <b>Revenue</b>  | <b>535,424</b> | <b>560,303</b> |
| Net rental income   | 372,462        | 382,605        |
| Operating and other income  | 162,962        | 177,698        |
| Property revaluations and capital gains   | 343,409        | 401,132        |
| Property operating expenses   | (226,486)      | *(253,384)     |
| Administrative and other expenses   | (10,719)       | *(11,370)      |
| Depreciation and amortization   | (5,042)        | *(3,872)       |
| <b>EBITDA</b>   | <b>645,197</b> | <b>696,741</b> |
| <b>Adjusted EBITDA</b>  | <b>299,780</b> | <b>297,662</b> |
| Finance expenses  | (52,760)       | (45,041)       |
| Other financial results   | (45,670)       | (33,193)       |
| Current tax expenses  | (31,387)       | (37,062)       |
| Deferred tax expenses   | (61,267)       | (84,213)       |
| <b>Profit for the year</b>  | <b>449,071</b> | <b>493,360</b> |
| Earnings per share (basic) in €   | 2.13           | 2.43           |
| Earnings per share (diluted) in €   | 2.01           | 2.30           |

\* Reclassified

## NET RENTAL INCOME (IN € MILLIONS) ADJUSTED EBITDA (IN € MILLIONS)



## DECEMBER 2020 LIKE-FOR-LIKE NET RENTAL INCOME INCREASE



Growth was offset by temporarily muted acquisitions and accelerated disposals during the beginning of the pandemic.

EBITDA growth was achieved through increased profitability and internal growth

SUSTAINABLE LIKE-FOR-LIKE NET RENTAL GROWTH SUPPORTING GROWING OPERATIONAL PROFITS

OPERATING PLATFORM DRIVEN BY AGILE BUSINESS PROCESSES RESULTING IN STRONG BUSINESS EFFICIENCIES

DISPOSALS OF NON-CORE PROPERTIES WITH HIGHER OPERATIONAL COST LEVELS

in € '000 unless otherwise indicated

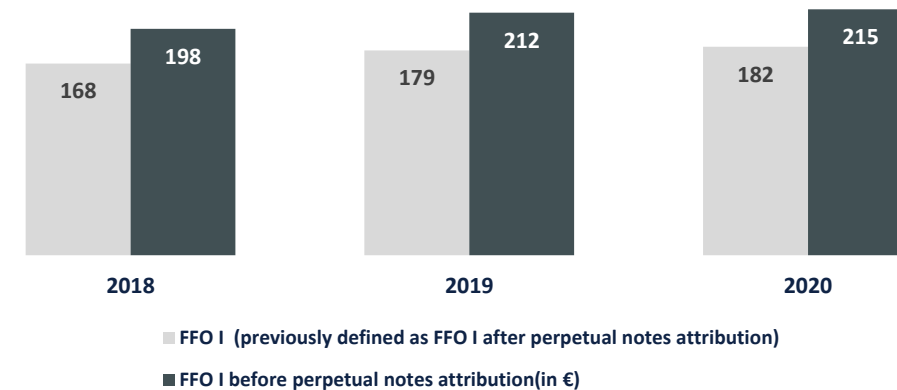
|   | 1-12/2020      | 1-12/2019      |
|---|----------------|----------------|
| <b>Adjusted EBITDA</b>  | <b>299,780</b> | <b>297,662</b> |
| Finance expenses  | (52,760)       | (45,041)       |
| Current tax expenses  | (31,387)       | (37,062)       |
| Contribution from / (to) joint ventures and minorities, Net   | (579)          | (3,593)        |
| <b>FFO I before perpetual notes attribution<sup>1</sup></b>   | <b>215,054</b> | <b>211,966</b> |
| Adjustment for perpetual notes attribution  | (32,848)       | (33,000)       |
| <b>FFO I (previously defined as FFO I after perpetual notes attribution)</b>                              | <b>182,206</b> | <b>178,966</b> |
| <b>FFO I per share before perpetual notes attribution<sup>1</sup> (in €)</b>                              | <b>1.27</b>    | <b>1.27</b>    |
| <b>FFO I per share (in €)</b> (previously defined as FFO I per share after perpetual notes attribution)   | <b>1.07</b>    | <b>1.07</b>    |
| <b>FFO I yield</b> (previously defined as FFO I per share after perpetual notes attribution) <sup>2</sup> | <b>5.2%</b>    |                |
| <b>Dividend per share (in €)</b>  | <b>0.82</b>    | <b>0.82</b>    |

<sup>1</sup> Previously defined as FFO I

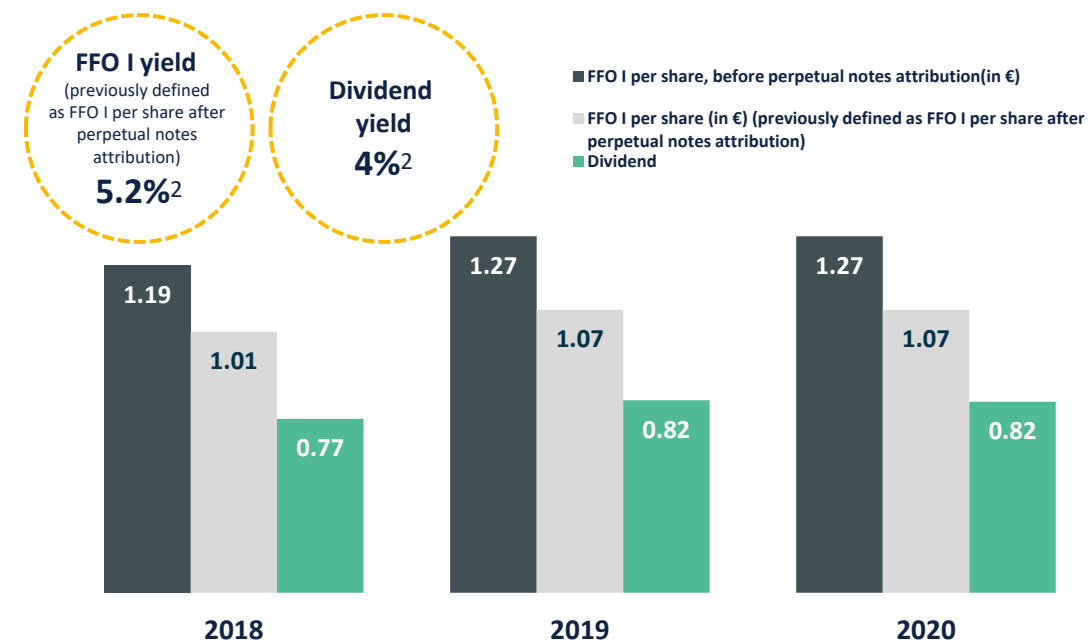
<sup>2</sup> Based on a share price of €20.7

- Achieved an increase in FFO I through enhanced efficiencies supporting the higher profitability, despite rent decreases year-over-year.
- Core profitability growth further complemented by contribution from joint ventures.
- GCP generates a high FFO I yield of 5.2% and dividend yield of 4% and providing shareholders with an attractive investment proposition.

## FFO I (IN € MILLIONS)



## FFO I per share + DIVIDEND (IN €)



in € '000 unless otherwise indicated

**FFO I** (previously defined as FFO I after perpetual notes attribution)

Result from disposal of properties<sup>1</sup>

**FFO II<sup>2</sup>**

<sup>1</sup> the excess amount of the sale price to total cost-plus capex of the disposed properties

<sup>2</sup> Reclassified to be based on FFO I after perpetual notes attribution

|   | 1-12/2020      | 1-12/2019      |
|---|----------------|----------------|
| <b>FFO I</b>                                    | <b>182,206</b> | <b>178,966</b> |
| Result from disposal of properties <sup>1</sup> | 301,828        | 169,421        |
| <b>FFO II<sup>2</sup></b>                       | <b>484,034</b> | <b>348,387</b> |

## DISPOSAL ANALYSIS

in € '000 unless otherwise indicated

Acquisition cost including capex of disposed properties

Total revaluation gains on disposed properties since acquisition

Book Value (IFRS)

Disposal value net of transaction costs

**Capital Gain**

**Premium over net book value**

Disposal value net of transaction costs

Acquisition cost including capex of disposed property

**Realized profit from disposal**

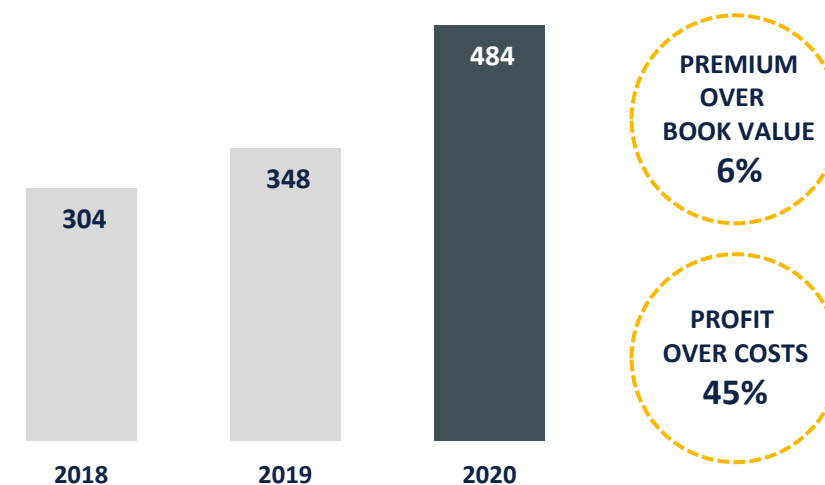
**Disposal profit margin**

|  | 1-12/2020      | 1-12/2019      |
|--|----------------|----------------|
| Acquisition cost including capex of disposed properties          | 671,867        | 326,001        |
| Total revaluation gains on disposed properties since acquisition | 248,146        | 138,276        |
| Book Value (IFRS)  | 920,013        | 464,277        |
| Disposal value net of transaction costs                          | 973,695        | 495,422        |
| <b>Capital Gain</b>  | <b>53,682</b>  | <b>31,145</b>  |
| <b>Premium over net book value</b>                               | <b>6%</b>      | <b>7%</b>      |
| Disposal value net of transaction costs                          | 973,695        | 495,422        |
| Acquisition cost including capex of disposed property            | (671,867)      | (326,001)      |
| <b>Realized profit from disposal</b>                             | <b>301,828</b> | <b>169,421</b> |
| <b>Disposal profit margin</b>                                    | <b>45%</b>     | <b>52%</b>     |

Crystalizing gains through value accretive disposals of non-core and mature properties generating a profit margin of 45% over total costs.

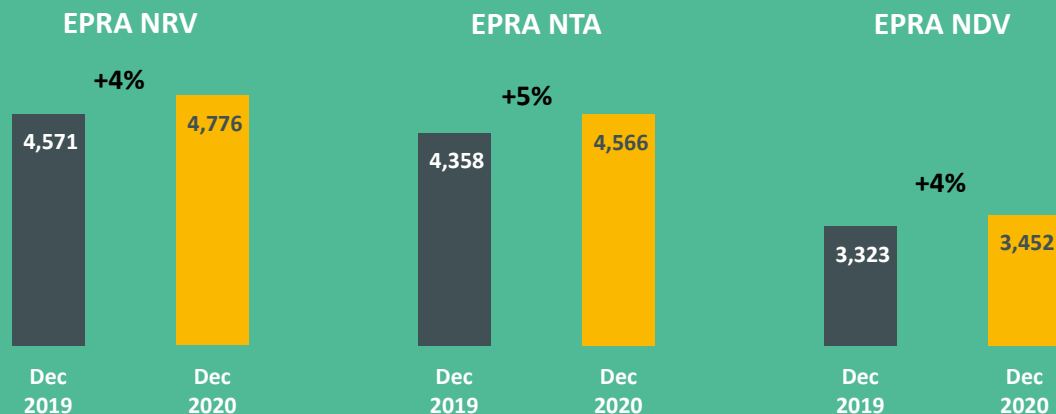
Freed up capital directed towards high-quality acquisitions with high upside potential

## FFO II<sup>3</sup> (IN € MILLIONS)

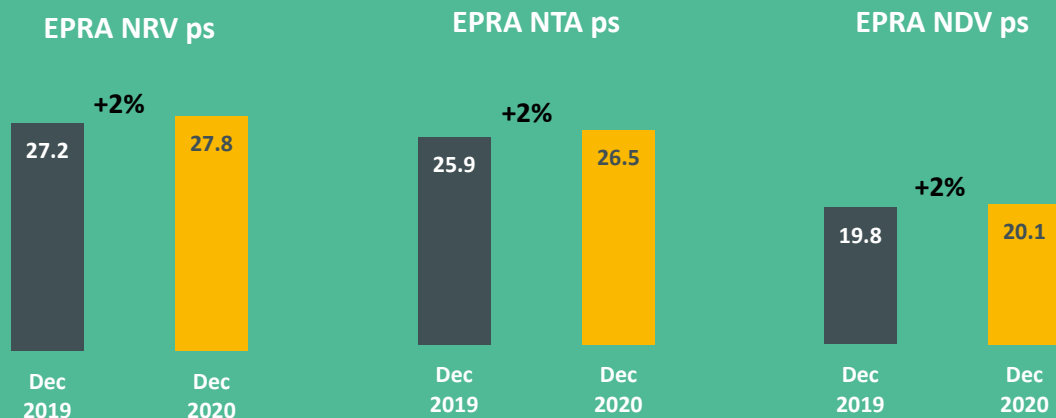




## EPRA NAV METRICS (IN € MILLIONS)



## EPRA NAV METRICS PER SHARE (IN €)



**PROVEN ABILITY TO DELIVER STEADY CAPITAL APPRECIATION FOR SHAREHOLDERS**

The complete calculation of all EPRA KPI's is available [here](#)

**EPRA NRV** → assumes that entities never sell assets and aims to represent the value required to rebuild the entity

- Deferred tax liabilities fully added back
- RETT fully added back

**EPRA NTA** → assumes that entities buy and sell assets, thereby crystallizing certain levels of unavoidable deferred tax and triggering purchaser's costs.

GCP has classified properties into three categories for which, as they may be disposed in the long term, **deferred taxes or real estate transfer tax are not added back** in the NTA calculation:

Investment properties held for sale.

Properties classified in the portfolio as "Others" and may be disposed on an opportunistic basis. The Company will further evaluate the probability of these properties to be disposed or held long term.

Development rights in Germany

**EPRA NDV** → represents the shareholders' value under a disposal scenario, where deferred tax and financial instruments are calculated to the full extent of their liability, net of any resulting tax

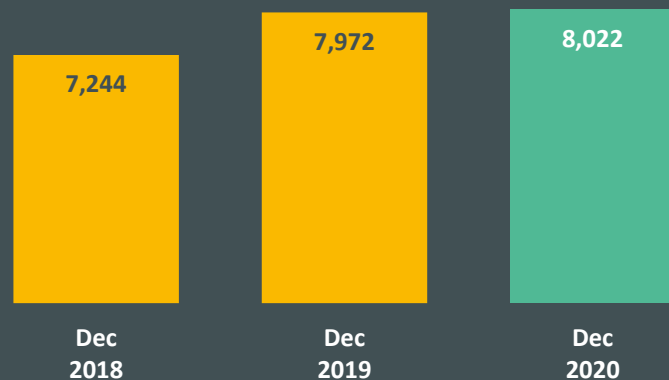
No adjustments besides fair value measurements of debt.

**03**

**PORTFOLIO UPDATE**

# INVESTMENT PROPERTY – ENHANCED PORTFOLIO QUALITY

## INVESTMENT PROPERTY (IN € MILLIONS)



## VALUATION PARAMETERS

|                                  | 2020   | 2019   |
|----------------------------------|--------|--------|
| Rent Multiple                    | 22.2x  | 20.4x  |
| Value per sqm                    | €1,858 | €1,543 |
| Market rental growth per annum   | 1.4%   | 1.4%   |
| Management cost per unit         | €260   | €262   |
| Ongoing maintenance cost per sqm | €8.7   | €8.5   |
| Average Discount rate            | 5.1%   | 5.3%   |
| Average Capitalization rate      | 4.1%   | 4.5%   |

## ACQUISITION CRITERIA

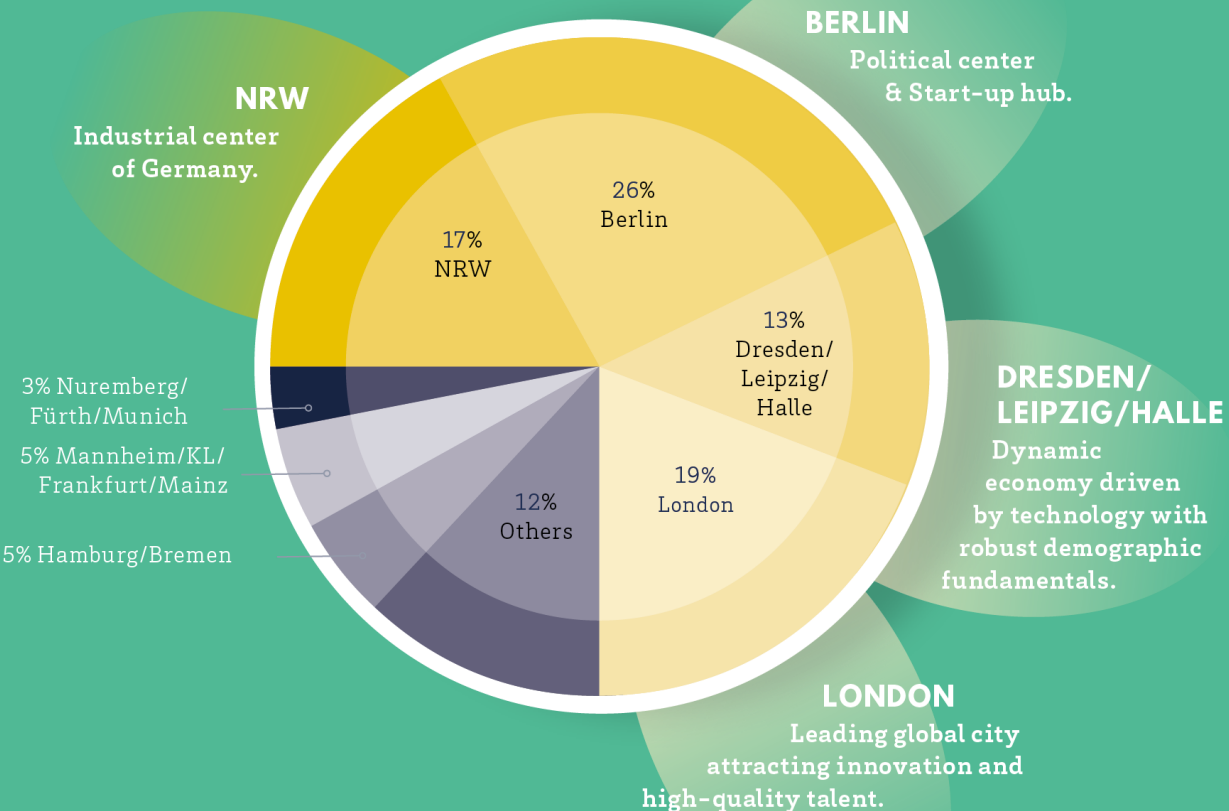
- Acquisition in densely populated areas and major cities
- High cash flow generating assets
- Vacancy reduction potential
- Rent level per sqm is below market level (under-rented), upside potential and low downside risk
- Purchase price below replacement costs and/or below market values
- Potential to reduce the operating cost per sqm

## PORTFOLIO OVERVIEW DECEMBER 2020

|                                       | Value (in €M) | Area (in k sqm) | EPRA vacancy | Annualized net rent (in €M) | In-place rent per sqm (in €) | Number of units | Value per sqm (in €) | Rental yield |
|---------------------------------------|---------------|-----------------|--------------|-----------------------------|------------------------------|-----------------|----------------------|--------------|
| NRW                                   | 1,368         | 982             | 6.1%         | 72                          | 6.3                          | 13,854          | 1,392                | 5.2%         |
| Berlin                                | 1,895         | 576             | 4.9%         | 55                          | 8.2                          | 7,821           | 3,289                | 2.9%         |
| Dresden/Leipzig/Halle                 | 1,036         | 896             | 7.4%         | 53                          | 5.4                          | 15,376          | 1,156                | 5.1%         |
| Mannheim/KL/Frankfurt/Mainz           | 406           | 194             | 3.2%         | 19                          | 8.5                          | 3,285           | 2,094                | 4.8%         |
| Nuremberg/Fürth/Munich                | 231           | 98              | 4.5%         | 10                          | 8.5                          | 1,358           | 2,343                | 4.2%         |
| Hamburg/Bremen                        | 366           | 274             | 5.4%         | 20                          | 6.6                          | 4,092           | 1,336                | 5.5%         |
| London                                | 1,268         | 155             | 8.6%         | 48                          | 28.3                         | 2,776           | 8,158                | 3.8%         |
| Others                                | 999           | 899             | 6.3%         | 63                          | 6.5                          | 15,264          | 1,114                | 6.3%         |
| Development rights and new buildings* | 453           |                 |              |                             |                              |                 |                      |              |
| <b>Total</b>                          | <b>8,022</b>  | <b>4,074</b>    | <b>6.2%</b>  | <b>340</b>                  | <b>7.4</b>                   | <b>63,826</b>   | <b>1,858</b>         | <b>4.5%</b>  |

\*of which pre-marketed buildings in London amount to €244 million

# DIVERSIFIED PORTFOLIO WITH HIGH GROWTH POTENTIAL

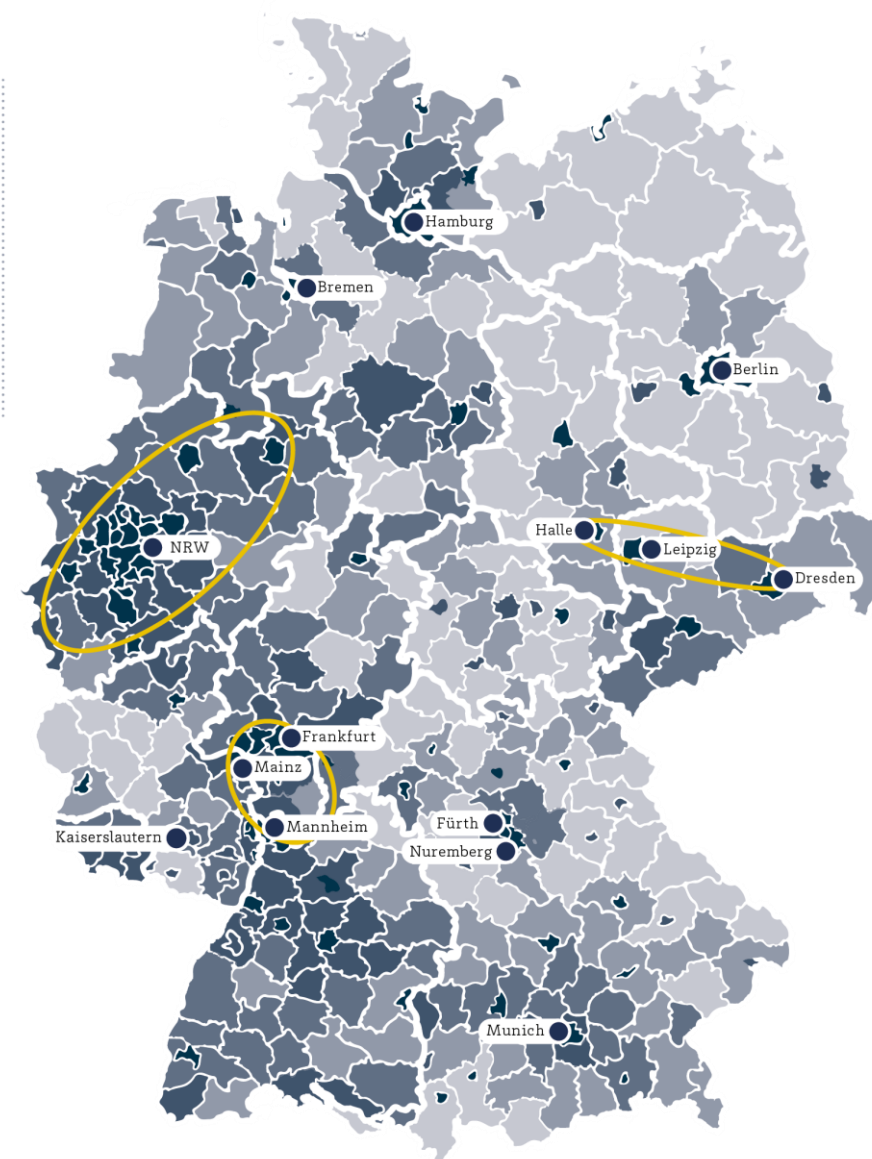


## POPULATION DENSITY IN GERMANY

inhabitants per sqkm (2018)\*

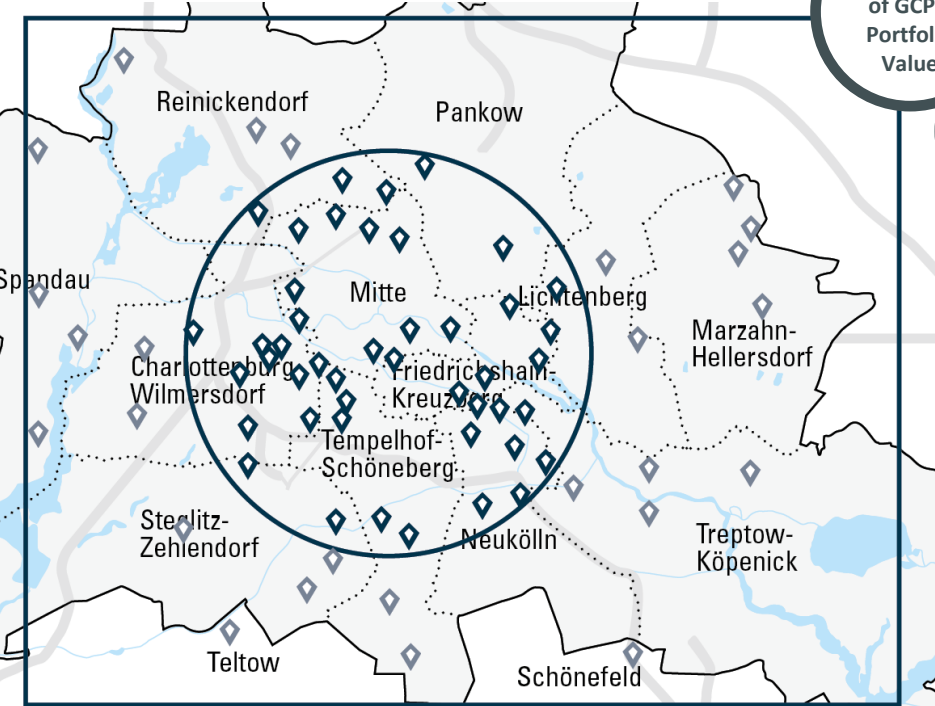


\* Based on data from Destatis



# FOCUS ON CENTRAL LOCATIONS IN BERLIN AND NRW

## BEST IN CLASS BERLIN PORTFOLIO



**26%**  
of GCP's  
Portfolio  
Value

**16%**  
of GCP's  
Portfolio  
Rent

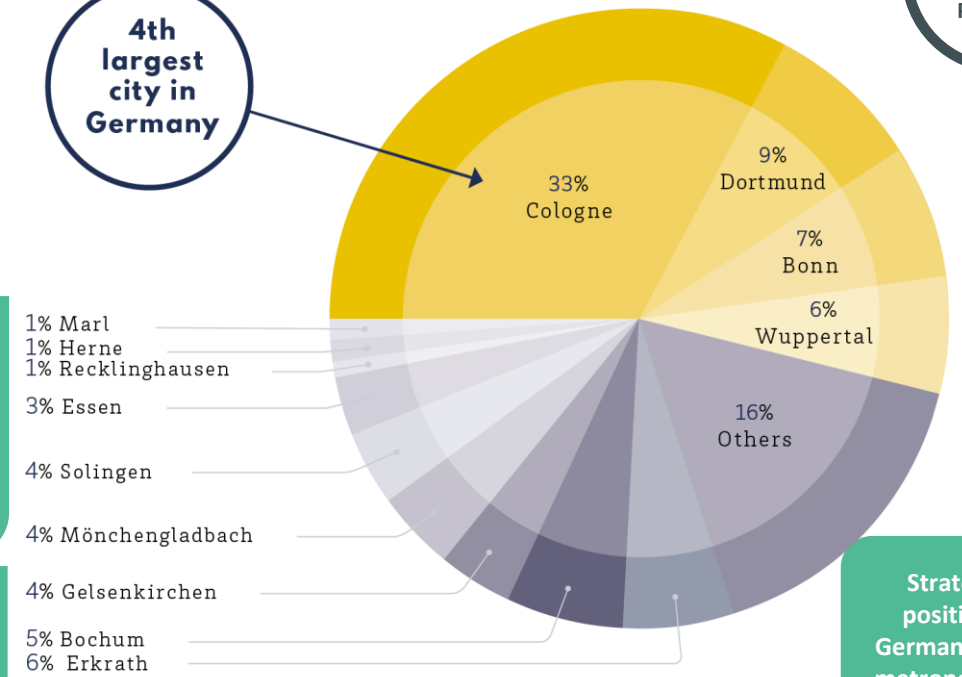
**70% of the Berlin portfolio is located in top tier neighborhoods:**  
Charlottenburg, Wilmersdorf, Mitte, Kreuzberg, Friedrichshain, Lichtenberg, Schöneberg, Neukölln, Steglitz and Potsdam.

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

## WELL DISTRIBUTED NRW PORTFOLIO

**4th largest city in Germany**

**17%\***  
of GCP's  
Portfolio



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

\* all breakdowns are by values, unless otherwise indicated

BERLIN

COLOGNE

BERLIN

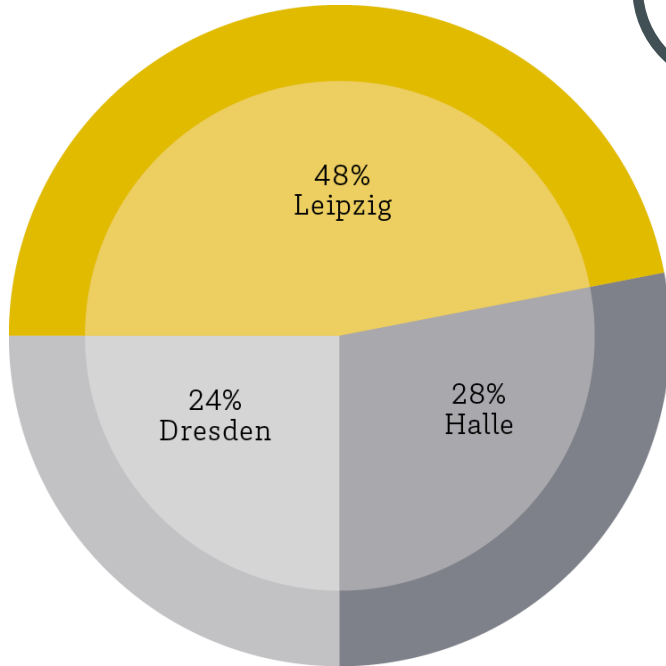
DORTMUND



# STRATEGICALLY LOCATED IN DYNAMIC EASTERN AND NORTHERN GERMAN CITIES

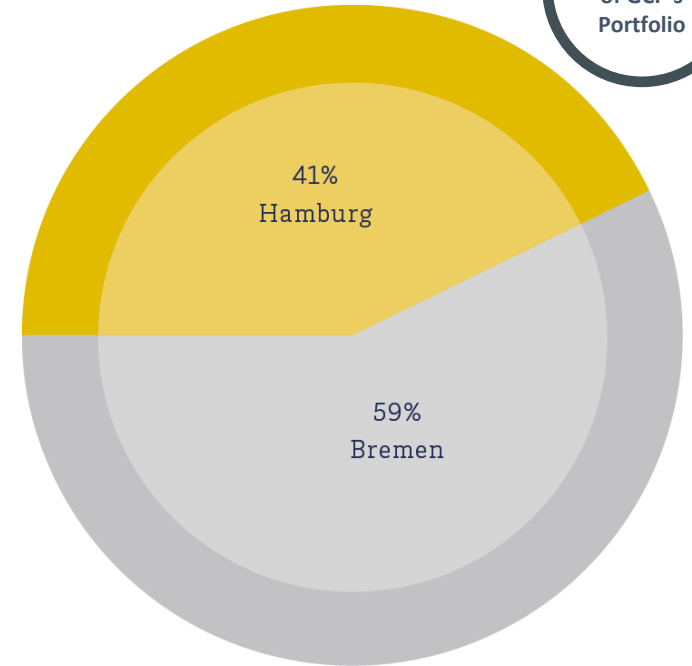
## QUALITY EAST PORTFOLIO DRESDEN/LEIPZIG/HALLE

13%\*  
of GCP's  
Portfolio



## QUALITY NORTH PORTFOLIO HAMBURG / BREMEN

5%\*  
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**

\* all breakdowns are by values

DRESDEN



HAMBURG



HALLE



BREMEN



# HIGH QUALITY LONDON PORTFOLIO WITH REGULATORY DIVERSIFICATION

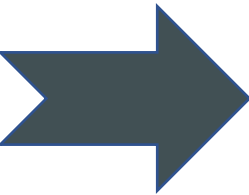
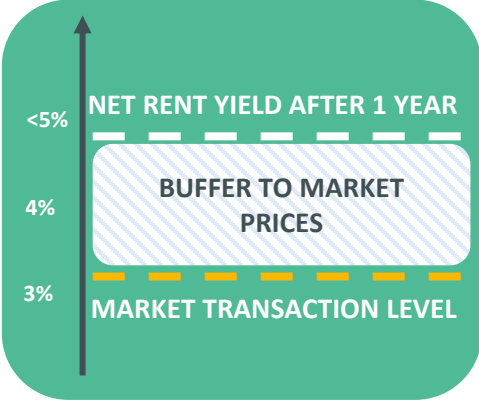
19%\*  
of GCP's  
Portfolio



Approx. **85%** of the portfolio is situated within a short walking distance to an underground/overground station

Strong letting performance has taken double digit vacancy to occupancy of **91% as of December 2020**

The total London portfolio, including pre-marketed units consists of approx. **3,600 units**



GCP'S LOW ENTRY POINT INTO THE LONDON RESIDENTIAL MARKET IS BOTH EMBEDDING A HIGH UPSIDE AND IS ALSO VERY DEFENSIVE ON VALUATION AND CASH FLOWS.

WELL CONNECTED LONDON PORTFOLIO



\* all breakdowns are by values



BARNET

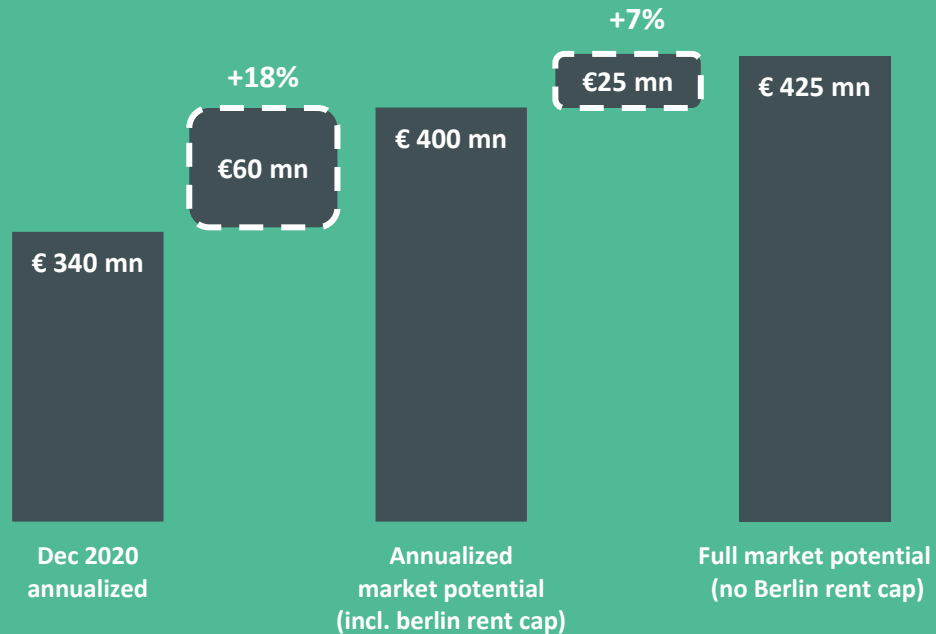


GREENWICH



FULHAM

## CURRENT ANNUALIZED RENTAL INCOME vs. MARKET POTENTIAL (INCLUDING VACANCY REDUCTION)



1

Strong upside potential for rent increases to market levels with limited downside risk

2

Only 3% of units subject to rent restrictions from subsidizations

3

Average residential tenancy length of ~9 years



# MAINTENANCE AND REPOSITIONING CAPEX

## REPOSITIONING CAPEX

- Focus remains on improving the asset quality
- All capex is directed towards value creation
- 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 2020, GCP invested €14.1/avg sqm into repositioning capex



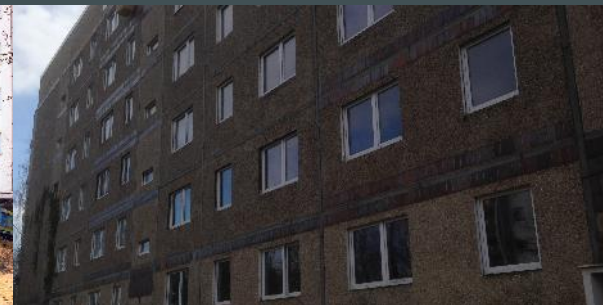
NRW - UPGRADED APARTMENTS



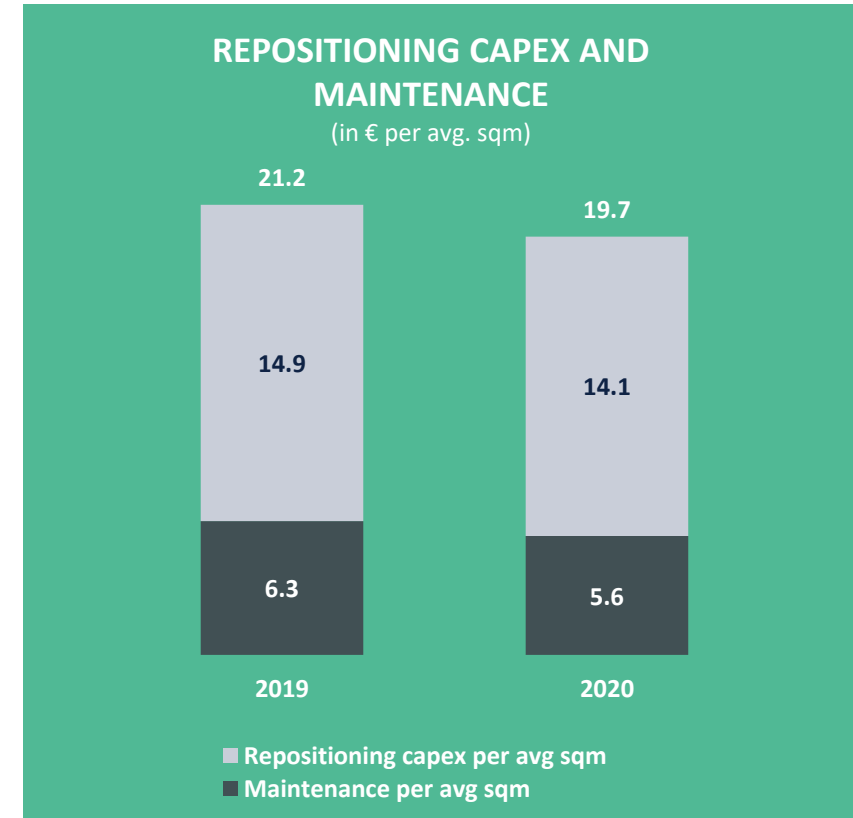
LEIPZIG – AFTER



BERLIN – PLAYGROUND



LEIPZIG – BEFORE



## ADJUSTED FUNDS FROM OPERATIONS (AFFO)

in € '000 unless otherwise indicated

|  | 1-12/2020      | 1-12/2019      |
|--|----------------|----------------|
| <b>FFO I</b> (previously defined as FFO I after perpetual notes attribution) | <b>182,206</b> | <b>178,966</b> |
| Repositioning Capex  | (62,406)       | (76,017)       |
| <b>AFFO*</b>   | <b>119,800</b> | <b>102,949</b> |

\* Reclassified to be based on FFO I after perpetual notes attribution

**04**

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**CONSERVATIVE  
FINANCIAL PLATFORM**

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## GCP FINANCIAL POLICY

Strive to achieve A- global rating in the long term

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\*

\*starting from 2021

## THE STRAIGHT BONDS AND THE CONVERTIBLE BOND ARE UNSECURED AND HAVE THE BELOW COVENANT PACKAGE:

### Overview of Covenant Package

| Covenant Type                             | GCP Covenant limit and FY 2020 results         |
|---|--|
| <i>Limitation on Debt</i>                 | ✓ 27%  |
| Total Debt / Assets                       | <=60% <sup>(1)</sup>                           |
| <i>Limitation on Secured Debt</i>         | ✓ -14% (Liquidity is larger than secured debt) |
| Secured Debt / Total Assets               | <=45% <sup>(2)</sup>                           |
| <i>Interest Coverage Ratio</i>            | ✓ 5.8x   |
| Adjusted EBITDA / Net Cash Interest       | >= 2.0x <sup>(3)</sup>                         |
| <i>Maintenance of Unencumbered Assets</i> | ✓ 363%   |
| Unencumbered Assets / Unsecured Net Debt  | >= 125% <sup>(4)</sup>                         |
| 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

## GCP REMAINS COMMITTED TO MAINTAINING A CONSERVATIVE FINANCIAL POLICY



# LOW LEVERAGE

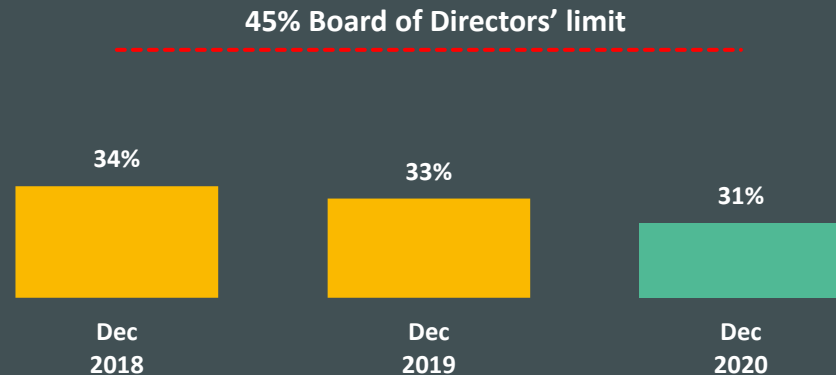
## LOAN-TO-VALUE

in € '000 unless otherwise indicated

|   | Dec 2020         | Dec 2019         |
|---|------------------|------------------|
| Investment property <sup>1)</sup>           | 7,954,448        | 7,909,693        |
| Investment property of assets held for sale | 150,207          | 196,432          |
| Equity accounted investees                  | 107,880          | 21,020           |
| <b>Total Value</b>                          | <b>8,212,535</b> | <b>8,127,145</b> |
| Total Debt <sup>2)</sup>                    | 4,213,229        | 3,753,627        |
| Cash and liquid assets <sup>3)</sup>        | 1,692,331        | 1,063,320        |
| <b>Net Debt</b>                             | <b>2,520,898</b> | <b>2,690,307</b> |
| <b>LTV</b>                                  | <b>31%</b>       | <b>33%</b>       |

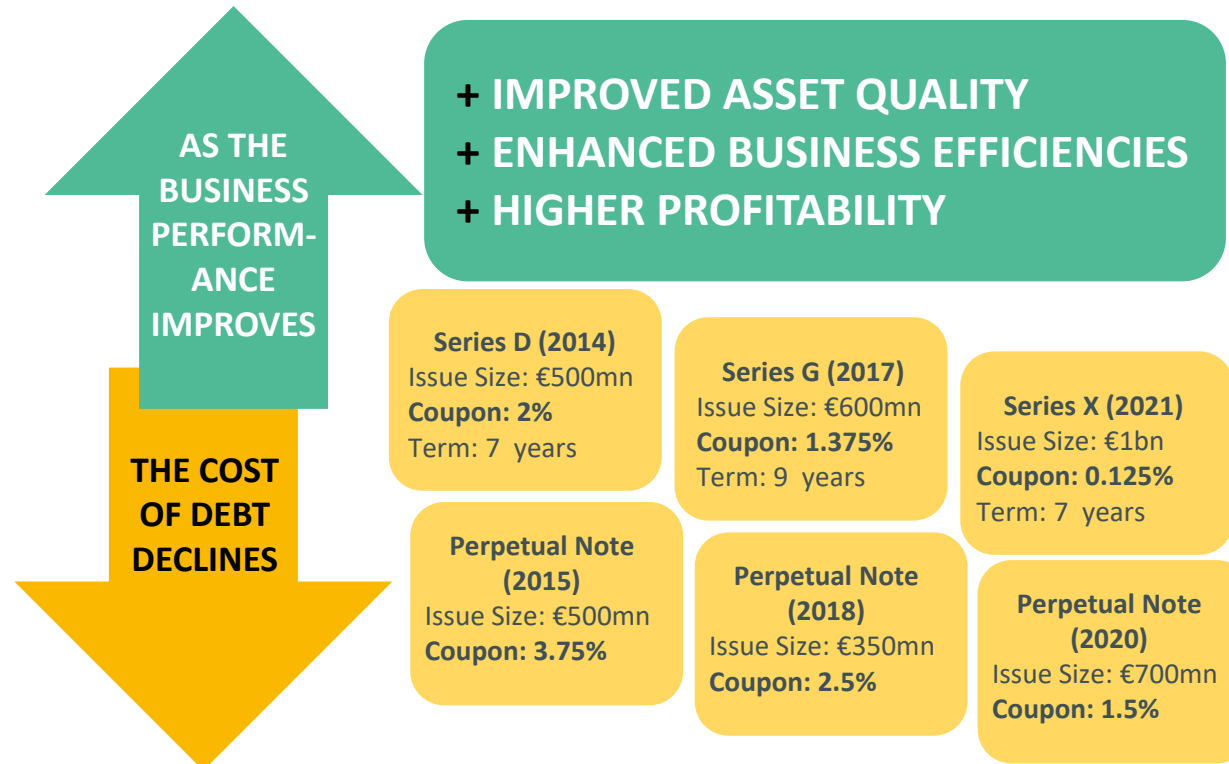
1) Including advanced payments and deposits, inventories – trading properties, and excluding right-of-use assets  
 2) Including loans and borrowings held for sale  
 3) Including cash and cash equivalents held for sale

## LTV DEVELOPMENT



## DEBT PROFILE OPTIMIZATION MEASURES

- Prepaid high interest bearing, near-term bank loans while drawing down additional bank financing at low interest rates for terms of up to 20 years
- Issued largest bond in GCP's history of €1 billion at a record low coupon of 0.125%
- Refinanced 2015 perpetual notes issuance through a €700 million perpetual notes issuance at a coupon of 1.5% - reflecting a 2.25pp decrease in the coupon as evidence of GCP's strong development in recent years.



# CAPITAL STRUCTURE

## COST OF DEBT (Current)

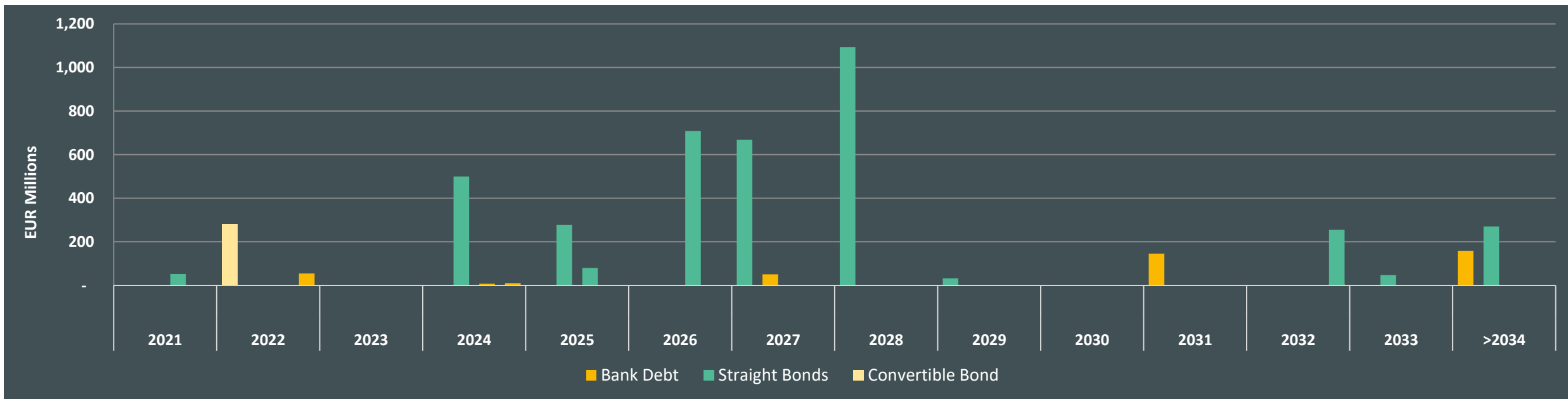
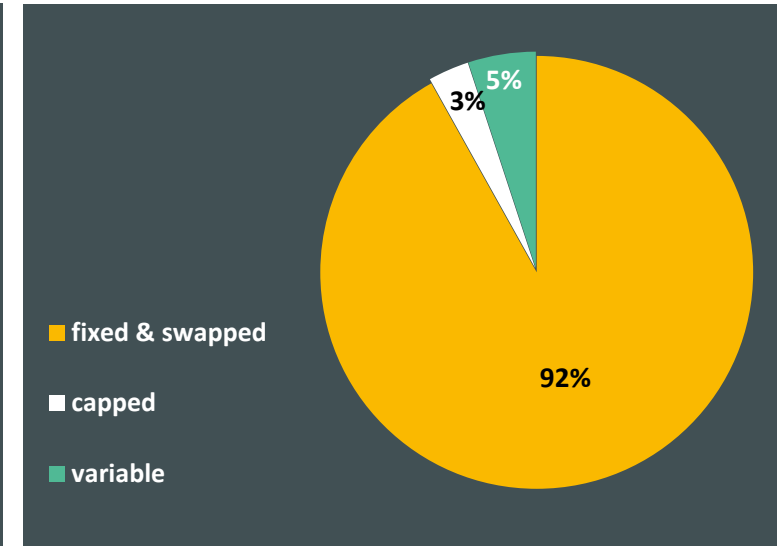
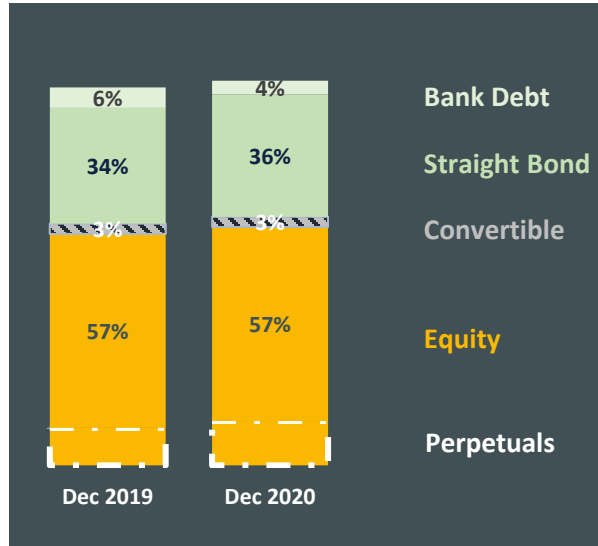
**1%**

Marginal cost of debt:  
COD as of Dec 2020: 1.3%

## AVERAGE DEBT MATURITY

**7 years**

with no significant maturities  
in the following years



# DEBT COVERAGE & CREDIT RATING

## DEBT AND INTEREST COVER RATIO FY 2020



## UNENCUMBERED ASSETS



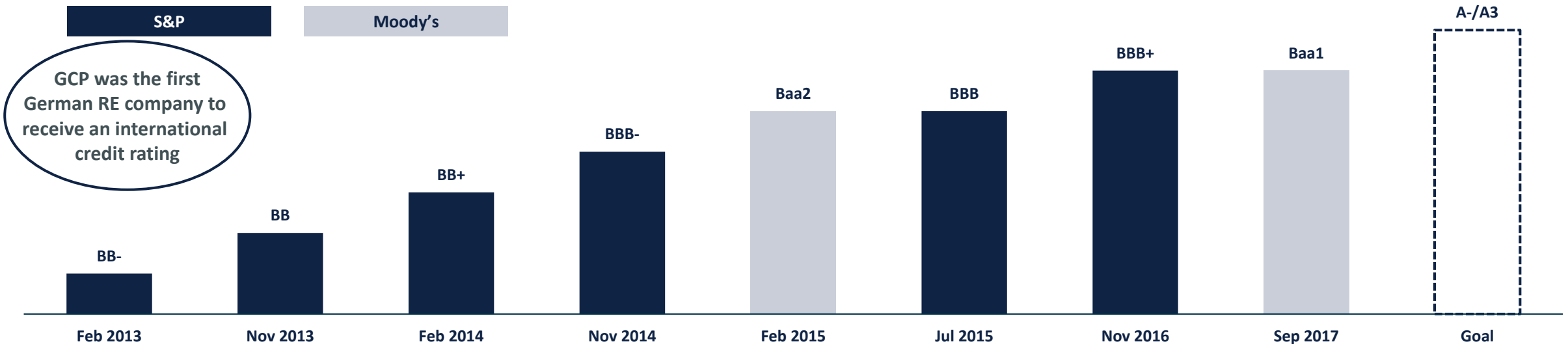
LARGE POOL OF UNENCUMBERED ASSETS

## LIQUIDITY POSITION



Approx.  
€1.7  
billion

## CORPORATE CREDIT RATING



**05**

**ESG**

# SUSTAINABILITY AND ESG

- ❑ 75th percentile within real estate peer group in Corporate Sustainability Assessment
- ❑ One of the leading sustainability ratings, which inclusion in Dow Jones Sustainability Index is based on
- ❑ Industry best in sub-category Customer Relationship Management
- ❑ 97th percentile in sub-category Social Integration & Regeneration



Now a Part of **S&P Global**



- ❑ Member of the Bloomberg Gender-Equality Index (GEI) for the 2nd year in succession
- ❑ The GEI brings transparency to gender-related practices and policies at publicly listed companies
- ❑ Inclusion reflects a high level of disclosure in gender-related metrics



## SUSTAINALYTICS

AUGUST 2020

GCP's ongoing commitment to sustainability was recognized in the recent Sustainalytics ESG Risk Rating Report ranking GCP 2nd out of 105 companies (1st = lowest risk). Sustainalytics, a Morningstar company is a leading ESG and Corporate Governance research and ratings firm.



## FOCUS AREAS



### Tenants



### Employees



### Environment



### Society



### Governance



## GCP'S TARGETS

- Create a high standard of living at our properties through safe, attractive buildings, active community building and engaged customer service
- Retain residents by actively fostering tenant loyalty, by creating supportive, affordable communities where people enjoy living and staying
- Continually enhance tenant satisfaction levels with regard to all assessment areas

- Be among the top ten most attractive employers in the German residential real estate sector by 2030
- Become a health & wellbeing certified office by 2025
- Reduce sick days by encouraging our employees to be active and maintain a healthy lifestyle

- Achieve a 40% reduction in CO<sub>2</sub> emissions by 2030 compared to 2018
- Continue the implementation of highly efficient heating systems
- Increase the amount of assets with on-site energy systems such as PV and Combined Heat and Power (CHP/CCHP)
- Expansion of the charging station infrastructure for electromobility and further inclusion of electric vehicles in our fleet
- Achieve electricity supply from renewables and climate-neutral gas supply for 100% of our assets where we have operational influence
- Further reduce non-recyclable waste by expanding waste management
- Limit water consumption to only that which is necessary and eliminate wasteful usage

- Build supportive and affordable communities where people want to live and stay
- Target investments toward the creation of high-quality shared spaces for tenants and support local community-building organizations
- Support measures that are geared to pay into achievement of the United Nation's Sustainable Development Goals
- Support charitable organisations in our local communities with up to €500,000 p.a. through the GCP Foundation

- Maintain zero compliance violations
- Ensure that all personal data stored and/or processed in the course of the Group's operations is protected from manipulation and misuse
- Maintain zero human rights violations in the supply chain



GCP'S  
HEADQUARTERS  
EQUIPPED WITH  
PHOTOVOLTAIC (PV)  
SYSTEMS ALONG  
WITH CHARGING  
STATIONS FOR  
ELECTRIC VEHICLES



- ❑ GCP enhanced its ESG reporting with an additional summary report - “**Sustainability: In Focus**” in English and German providing stakeholders a quick overview of all the sustainability measures taken by the Company.
- ❑ Introduced a **sustainability management software** *WeSustain* in 2020 to improve data management and reporting.

## GOING FORWARD

- ➔ Identify **most inefficient buildings** and develop **roadmap** to improve energy-efficiency
- ➔ Continue analysis for potential implementation of **renewable energy systems** on-site
- ➔ Conclude **PPA** (Power Purchase Agreement) with **renewable power producer** and increase quality of guarantees of origin
- ➔ Launch project to further support topic of **biodiversity**

## TENANTS

In 2020, alternative activities for our tenants like virtual Santa event

Our traditional tenant events at our properties will resume as soon as coronavirus pandemic allows

Virtual flat viewings as a health & safety measure for prospective tenants

Continued dialogue with and strong support for our tenants, reflected in continuously high tenant satisfaction with our 24/7 service center

## GCP FOUNDATION

More than 40 charitable projects through our Foundation across Germany

Supported creative centers, childcare care centers and local sports teams, among others.

Extra support for social organizations which are struggling due to coronavirus pandemic

Scholarships given to students in Halle

## EMPLOYEES

Introduced subsidies for lunch and public transport

Offered a range of online trainings, as well as Leadership Program

Working from home made possible for majority of staff due to coronavirus pandemic

Cooperation with external partner that offers holiday care and virtual childcare for children of our employees

## LOOKING AHEAD

- Introduction of "Culture Days" to foster and celebrate diversity within our staff
- Mandatory eLearning module on sustainability for all employees
- Extent of social projects and tenant events depends on Covid-19 development – the Foundation will focus on projects that deal with the repercussions of lockdown, homeschooling, etc.



1

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

- For the **FOURTH CONSECUTIVE** year, GCP received the EPRA BPR and sBPR gold awards for its financial reporting and sustainability reporting, respectively.
- GCP also published its remuneration report for 2019, further improving its reporting and transparency standards.

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.

**06**

**GUIDANCE**

# 2021 GUIDANCE

|                                     | 2020<br>Actual | 2021<br>Guidance |
|-------------------------------------|----------------|------------------|
| FFO I*                              | 182            | 183-192          |
| FFO I* per share (in €)             | 1.07           | 1.08-1.13        |
| Dividend per share (in €)           | 0.82           | 0.81-0.85        |
| Total net rent like-for-like growth | 1.8%           | 2%-3%            |
| LTV                                 | 31%            | <45%             |

\* previously defined as FFO I after perpetual notes attribution

**DESPITE €1 BN DISPOSALS IN 2020, STRONG ASSET QUALITY AND ROBUST INTERNAL GROWTH TO DRIVE FFO I AND DIVIDEND PERFORMANCE IN 2021**

**DEBT OPTIMIZATION MEASURES IN 2020 AND 2021 YTD WILL ALSO SUPPORT GROWING OPERATIONAL PROFITABILITY**

**STARTING FROM FY 2021, DIVIDEND PAYOUT POLICY WILL BE AMENDED TO REFLECT 75% OF FFO I PER SHARE (PREVIOUSLY DEFINED AS FFO I PER SHARE AFTER PERPETUAL NOTES ATTRIBUTION)**

# APPENDIX

**The dynamic and innovative DNA of the Company has been vital in GCP's ability to adapt to fast-changing situations, which in turn has mitigated possible effects of the COVID-19 pandemic**

## **Limited direct impact of the pandemic on underlying business operations**

- ✓ During the lockdown the letting activities continued with an average level of new lettings coupled with low tenant fluctuation. Collection rates were only slightly impacted and deferred rents were collected in the following months
- ✓ GCP continues to offer apartment visiting by personal video tours, prepares videos for empty apartments for advertisements and still offers personal appointments for visiting while complying with physical distancing guidelines. GCP is minimizing and simplifying the new lease signing process through digitalization and internalization. These innovative procedures prove to be time-efficient and customer friendly and the Company expects to benefit from these over a long term even after the Corona crisis
- ✓ GCP's TÜV approved and ISO 9001:2015 certified Service Center remained fully functional during the peak of the lockdown. The service center available 24/7 and 365 days a year and is reachable through toll-free numbers, e-mail as well as the GCP mobile app.

## **Agility and Innovation ensure GCP is well positioned for the long term.**

- ✓ GCP's agility and innovation were vital in minimizing the impact of the pandemic by creating new processes, leading to increased efficiency benefiting the Company in the long run.



| In € '000 unless specified  | DECEMBER 2020        |                      |                  |                      |                      | DECEMBER 2019        |                      |                  |                      |                      |
|---|----------------------|----------------------|------------------|----------------------|----------------------|----------------------|----------------------|------------------|----------------------|----------------------|
|   | EPRA NRV             | EPRA NTA             | EPRA NDV         | EPRA NAV             | EPRA NNNAV           | EPRA NRV             | EPRA NTA             | EPRA NDV         | EPRA NAV             | EPRA NNNAV           |
| <b>Equity attributable to the owners of the Company</b>                       | <b>3,713,849</b>     | <b>3,713,849</b>     | <b>3,713,849</b> | <b>3,713,849</b>     | <b>3,713,849</b>     | <b>3,492,632</b>     | <b>3,492,632</b>     | <b>3,492,632</b> | <b>3,492,632</b>     | <b>3,492,632</b>     |
| Deferred tax liabilities  | 632,348 <sup>1</sup> | 507,744 <sup>2</sup> | -                | 632,348 <sup>1</sup> | 597,184 <sup>3</sup> | 601,139 <sup>1</sup> | 483,026 <sup>2</sup> | -                | 601,139 <sup>1</sup> | 567,711 <sup>3</sup> |
| Fair value measurements of derivative financial instruments <sup>4</sup>      | (3,940)              | (3,940)              | -                | (3,940)              | -                    | 26,656               | 26,656               | -                | 26,656               | -                    |
| Intangible assets   | -                    | (13,909)             | -                | -                    | -                    | -                    | (14,687)             | -                | -                    | -                    |
| Real estate transfer tax  | 433,422              | 362,682 <sup>5</sup> | -                | -                    | -                    | 450,437              | 370,090 <sup>5</sup> | -                | -                    | -                    |
| Net fair value of debt  | -                    | -                    | (262,132)        | -                    | (262,132)            | -                    | -                    | (169,511)        | -                    | (169,511)            |
| <b>NAV</b>  | <b>4,775,679</b>     | <b>4,566,426</b>     | <b>3,451,717</b> | <b>4,342,257</b>     | <b>4,048,901</b>     | <b>4,570,864</b>     | <b>4,357,717</b>     | <b>3,323,121</b> | <b>4,120,427</b>     | <b>3,890,832</b>     |
| Basic number of shares including in-the-money dilution effects (in thousands) | <b>172,000</b>       |                      |                  |                      |                      | <b>168,087</b>       |                      |                  |                      |                      |
| <b>NAV per share (in €)</b>   | <b>27.8</b>          | <b>26.5</b>          | <b>20.1</b>      | <b>25.2</b>          | <b>23.5</b>          | <b>27.2</b>          | <b>25.9</b>          | <b>19.8</b>      | <b>24.5</b>          | <b>23.1</b>          |

1 including balances held for sale

2 excluding deferred tax liabilities on assets held for sale, non-core assets and development rights in Germany

3 including balances held for sale and adjustment based on the Company's corporate structure and from actual transaction

4 not including net change in fair value of derivative financial instruments related to currency effect

5 excluding real estate transfer tax on assets held for sale, non-core assets and development rights in Germany

## PORTFOLIO DISTRIBUTION FOR DEFERRED TAX & REAL ESTATE TRANSFER TAX ADJUSTMENTS TO EPRA NET TANGIBLE ASSETS (NTA)

Portfolio to be held long term\*

Assets classified as held for sale

Portfolio classified in "Others" cities

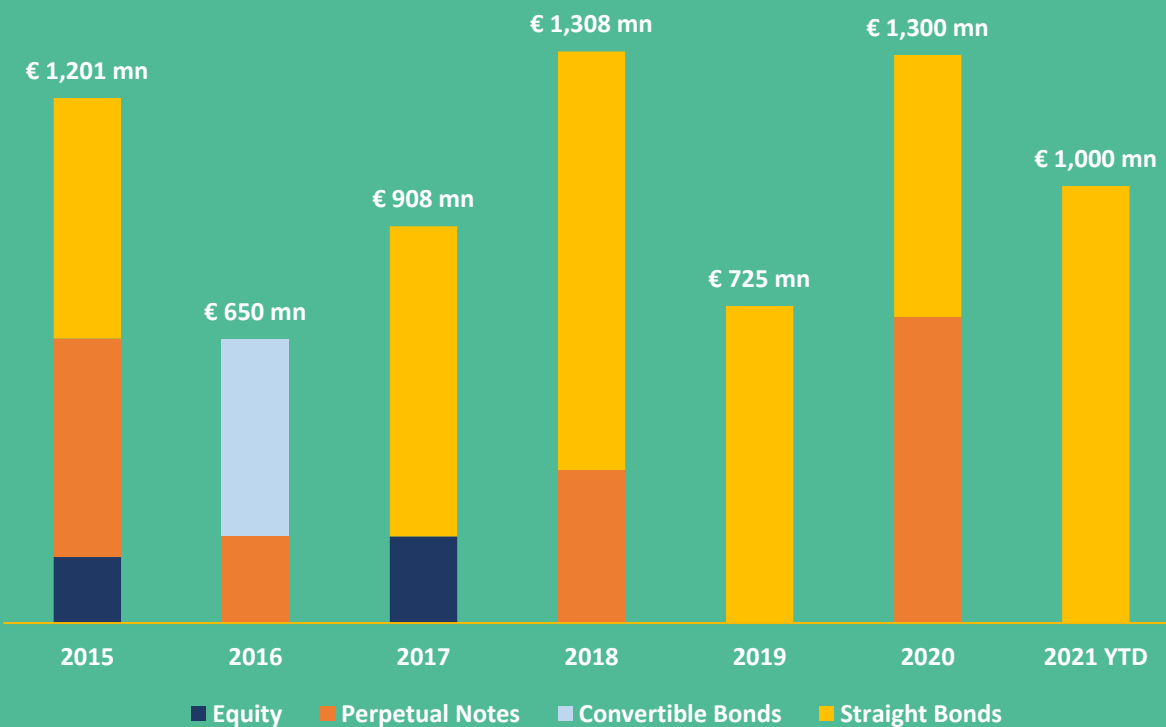
Development rights in Germany

**Total (including assets classified as held for sale)**

|   | Fair Value<br>€ '000 | as % of total<br>portfolio | % of deferred tax<br>and real estate<br>transfer tax<br>added back |
|---|----------------------|----------------------------|--|
| Portfolio to be held long term*                             | 6,813,153            | 83%                        | 100%   |
| Assets classified as held for sale                          | 150,207              | 2%                         | 0%   |
| Portfolio classified in "Others" cities                     | 999,476              | 12%                        | 0%   |
| Development rights in Germany                               | 209,722              | 3%                         | 0%   |
| <b>Total (including assets classified as held for sale)</b> | <b>8,172,558</b>     | <b>100%</b>                |  |

\* All investment properties in the portfolio, except properties in "others" cities. Including inventories – trading property.

# STRONG CAPITAL MARKET ACCESS



## Proven track record

Approx. **€9 billion** of capital raised since 2012, with a proven track record in 4 different instruments: Equity, Perpetual notes, Convertible bonds and Straight bonds across a broad spectrum of investors & markets

GCP's largest issuance of **€1 billion** during 2021 YTD

**€1.3 billion** issued in 2020, with €600 million issued at the peak of the pandemic

Over **€700 million** issued in 2019

Strong activity in 2018, issuing **€1.3 billion**

Over **€900 million** issued in 2017

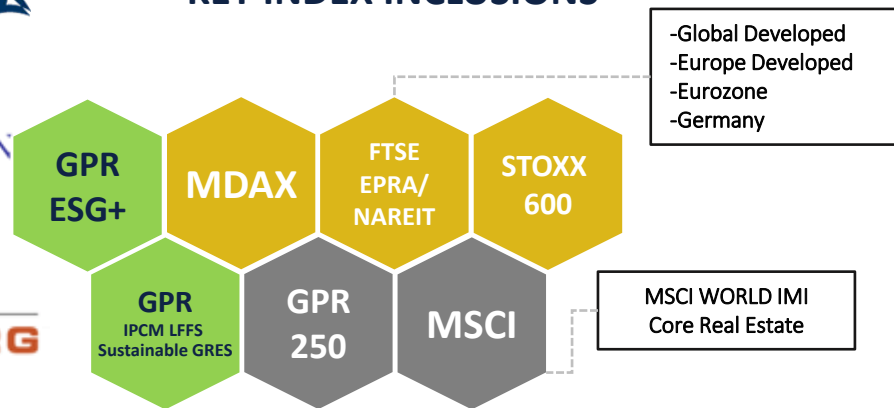
## EQUITY & BOND BOOKRUNNERS



# ANALYST COVERAGE

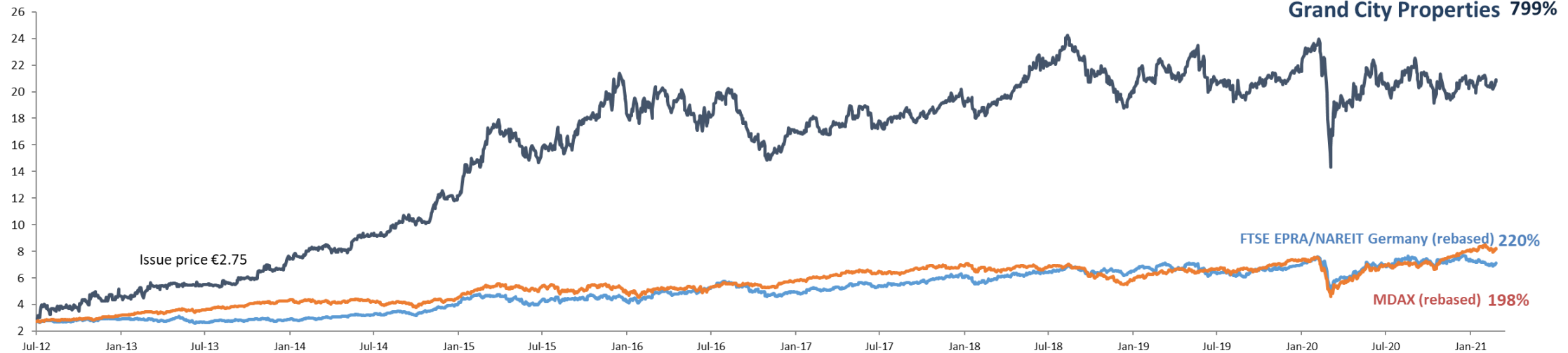


## KEY INDEX INCLUSIONS



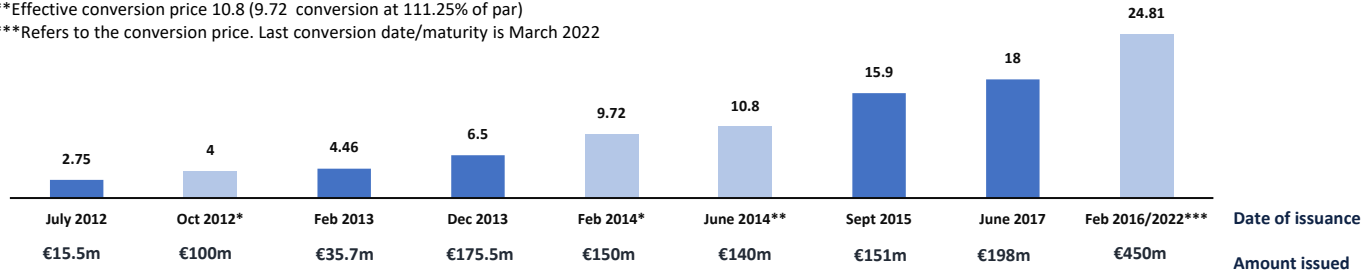
# SHARE DEVELOPMENT & OWNERSHIP STRUCTURE

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



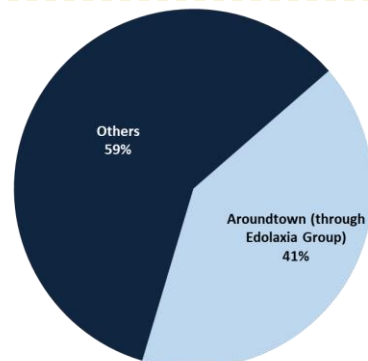
### Share price/conversion price throughout the Company's issuances

\*Refers to the conversion price of the convertible bonds issuance  
 \*\*Effective conversion price 10.8 (9.72 conversion at 111.25% of par)  
 \*\*\*Refers to the conversion price. Last conversion date/maturity is March 2022



| Placement  | Frankfurt Stock Exchange (Prime Standard) |
|--|---|
| First equity issuance  | 19.07.2012<br>(€2.75 per share)           |
| Number of shares (as of 31 December 2020)  | 171,864,050                               |
| Number of shares, excluding suspended voting rights, base for share KPI calculations (as of the date of this report) | 168,493,342                               |
| Number of shares (fully diluted)   | 184,416,045                               |
| Symbol (Xetra)   | GYC                                       |

## OWNERSHIP STRUCTURE



Refael Zamir  
Chief Executive Officer /  
CFO



Mr. Zamir is the Chief Executive Officer and CFO of Grand City Properties. Mr. Zamir has worked for the Group starting from 2013 and has 15 years of international experience in management, capital markets, finance and accounting. Before Mr. Zamir became the CEO, he served for 7 years as the Chairman of the Company's board of directors and CFO. In addition, Mr. Zamir served for several years as manager for Ernst & Young in the real-estate and financial institutions sectors. Mr. Zamir is a CPA and holds a BA and MBA in finance and business administration.

## 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.

Daniel Malkin  
Independent director



Mr. Malkin is an independent Director and member of the audit-, remuneration- and nomination committee. Before joining Grand City, he served as an Investment & fund Manager of fixed income investment funds at Excellence Investment Bank. Has a BA in Business Administration.

## Audit Committee

Consists of the two independent directors Simone Runge-Brandner and Daniel Malkin

## Senior Management

Sebastian Remmert-Faltin  
COO



Mr. Remmert has more than 15 years professional experience in the real estate industry. He covered positions ranging from asset management and project development to mortgage financing

Or Zohar  
Business development



Prior to GCP, Mr. Zohar worked as the head of business development in Mark Hotels GmbH and as a Managing Director in Bluebay GmbH. Mr. Zohar holds a BSc and a MA in real estate and finance

Mandy Kuebscholl  
Head of Service Center



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

Kenan Wallenstein  
Head of rental and marketing



Mr. Wallenstein's team deal with all new potential tenants and takes care of all kinds of rental activity, marketing and promotion tools to increase the occupancy rate and rents. He has over 20 years of extensive marketing experience. Mr. Wallenstein has an MBA and a BSc in industrial engineering and 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. 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 advises the senior management in the fields of contract and compliance. Prior to joining GCP she served as a legal counsel at Sirius Real Estate. Ms. Behlau 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.

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, with the strategic target to further improve the Group's rating to A-

# CREDIT RATING MATRIX

## FINANCIAL RISK PROFILE

BUSINESS RISK PROFILE

|                       | 1 MINIMAL    | 2 MODEST          | 3 INTERMEDIATE                                  | 4 SIGNIFICANT          | 5 AGGRESSIVE | 6 HIGH LEVER-AGED |
|-----------------------|--------------|-------------------|---|------------------------|--------------|-------------------|
| <b>S&amp;P Global</b> |              |                   |   |                        |              |                   |
| <b>1 EXCELLENT</b>    | aaa/<br>aa+  | aa                | a+/a  | a-<br>(Vonovia- BBB+)* | bbb          | bbb-/bb+          |
| <b>2 STRONG</b>       | aa/<br>aa-   | a+/a              | (DW) A-<br>(Aroundtown) BBB+<br>(GCP) (Covivio) | BBB                    | bb+          | bb                |
| <b>3 SATISFACTORY</b> | a/a-         | bbb+<br>(Akelius) | BBB/BBB-  | BBB-/bb+               | bb           | b+                |
| <b>4 FAIR</b>         | bbb/<br>bbb- | bbb-              | bb+   | bb<br>(Adler Group)    | bb-          | b                 |
| <b>5 WEAK</b>         | bb+          | bb+               | bb  | bb-                    | b+           | b/b-              |
| <b>6 VULNERABLE</b>   | bb-          | bb-               | bb-   | b+                     | b            | b-                |

GCP will continue strengthening its position within the business profile

## Moody's

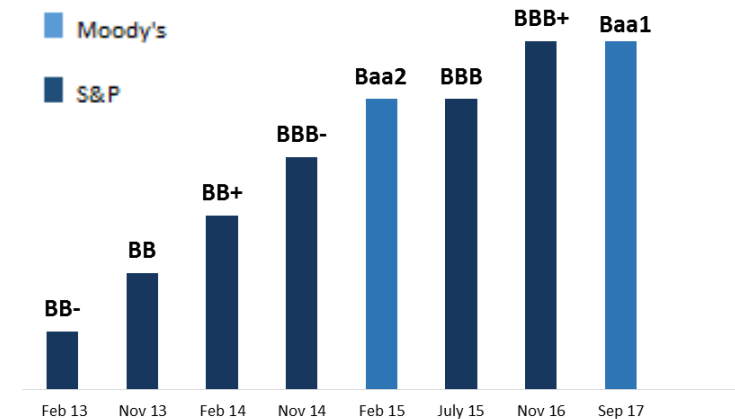
REITs and Other Commercial Real Estate Firms [1]  
September 2018

Moody's 12-18 Month Forward View  
As of 06/16/2020 [2]

| Factor 1 : Scale (5%)                            | Measure         | Score |
|--|-----------------|-------|
| a) Gross Assets (USD Billion)                    | \$12.3 - \$12.9 | A     |
| Factor 2 : Business Profile (25%)                |                 |       |
| a) Market Positioning and Asset Quality          | Baa             | Baa   |
| b) Operating Environment                         | Aa              | Aa    |
| Factor 3 : Liquidity and Access To Capital (25%) |                 |       |
| a) Liquidity and Access to Capital               | A               | A     |
| b) Unencumbered Assets / Gross Assets            | 80% - 84%       | A     |
| Factor 4 : Leverage and Coverage (45%)           |                 |       |
| a) Total Debt + Preferred Stock / Gross Assets   | 44% - 46%       | Baa   |
| b) Net Debt / EBITDA                             | 12.5x - 13.5x   | Caa   |
| c) Secured Debt / Gross Assets                   | 6% - 6.5%       | A     |
| d) Fixed-Charge Coverage                         | 4.3x - 4.8x     | A     |
| Rating:  |                 |       |
| a) Scorecard Indicated Outcome                   |                 | Baa1  |
| b) Actual Rating Assigned                        |                 | Baa1  |

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.  
[2] This represents Moody's forward view, not the view of the issuer, and unless noted in the text, does not incorporate significant acquisitions and divestitures.  
Source: Moody's Financial Metrics™

## Credit Rating development



\* 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 and Baa1 Moody's rating

With a robust business risk profile and a steady and secure financial risk profile, GCP is well placed for further rating improvements towards the a- rating.

The Board of Directors of GCP has decided to strategically aim for A- rating from S&P and A3 rating from Moody's and will continue to implement measures to achieve this target.



## Katrin Petersen

Head of Communications

E-mail: [katrin.petersen@grandcity.lu](mailto:katrin.petersen@grandcity.lu)

[www.grandcityproperties.com](http://www.grandcityproperties.com)

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