



European Net Lease Investment Vehicle  
Opportunity Overview  
December 2014

# Gramercy Europe Overview

- Gramercy Property Trust is partnering with sophisticated capital partners to create a best-in-class investment vehicle ("Gramercy Europe") to capitalize on opportunities available in Europe to purchase single-tenant properties with long-duration, inflation-indexed leases
  - Gramercy Europe will be initially capitalized with up to €350 million of equity capital, comprised of €250 million of committed capital and €100 million available through an optional accordion
  - Gramercy's capital partners include EJV Capital LLC, Fir Tree Partners and Senator Investment Group LP, among others
  - Gramercy has committed €50 million to the venture
- Gramercy Europe will purchase net lease assets in certain targeted Western European markets – Germany, United Kingdom, the Netherlands and others – at historically high yields
  - Gramercy believes the relative lack of capital for cash flowing, non-prime assets creates a compelling opportunity to acquire assets with attractive risk/reward profiles
  - European leases are typically indexed to inflation, providing a “hedged” investment strategy in purchasing long-duration leases
- Gramercy expects to eventually list the vehicle in Europe once critical mass has been achieved
  - Gramercy Europe will be the only pan-European vehicle focused on net lease assets

# Compelling Opportunity

## Management Team & Track Record

- Among the most experienced net lease/ sale-leaseback teams in Europe
- Senior management has completed over \$8BN in transactions, almost \$3BN in Europe
- London team created and operated ThreadGreen Industrial Fund I for 7 years – amongst the best performing funds in Europe of its vintage

## Cash Flow Profile

- Stable and predictable cash generation with regular distributions of > 6%.
- Inflation linked leases
- Long-term leases supported by creditworthy tenants

## Strong Tenants and Geographies

- Focused on stable western Europe markets – where team has demonstrable track record
- Tenants will be strong credits
- Properties will be of high importance to tenants

## Scalable Platform

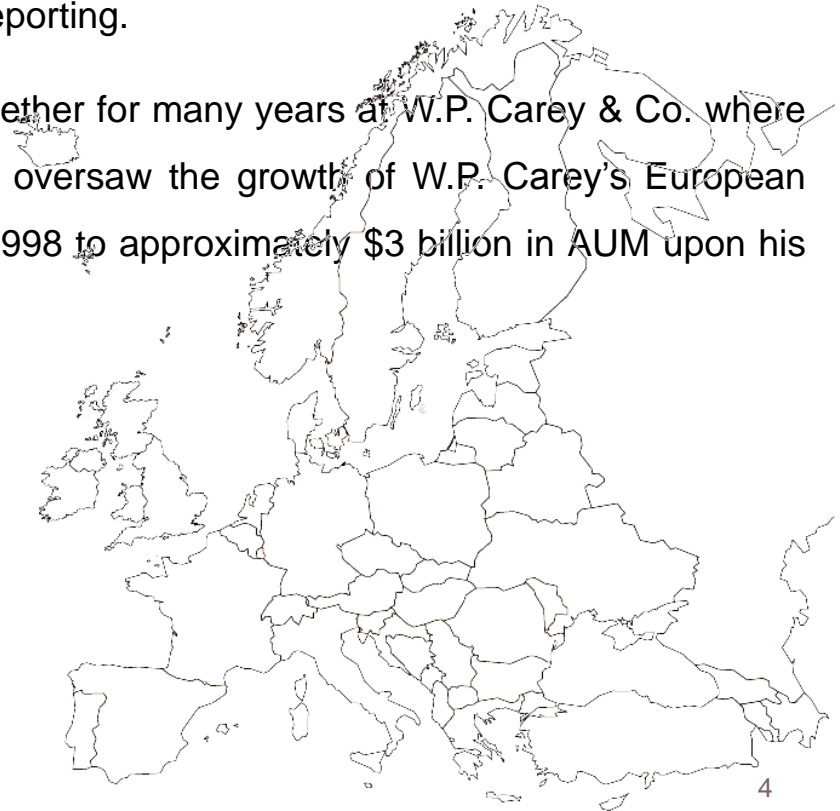
- Long-leased single-tenant assets the most scalable real estate asset type
- Less dependent on “local-sharpshooter” skill set

## Strong Financial Partners

- Sophisticated, experienced investors in European property
- Deep-pocketed partners with the ability to invest in less liquid situations

# Gramercy Europe Management

- Gramercy Property Trust will manage the vehicle and has purchased an existing management platform, ThreadGreen Europe Limited, a London-based investment team which currently manages approximately €210 million in real estate assets in Europe.
- Gramercy will have a fully-integrated presence in Europe through this purchase including investment personnel, asset management, tax, accounting and reporting.
- Principals of Gramercy and ThreadGreen worked together for many years at W.P. Carey & Co. where Gordon F. DuGan was CEO from 2003 - 2010 and oversaw the growth of W.P. Carey's European business from the establishment of its first office in 1998 to approximately \$3 billion in AUM upon his departure from W.P. Carey



# Gramercy Europe Management



**Gordon F. DuGan**  
*Chairman*

Mr. DuGan is Chief Executive Officer and a Director of the Board of Gramercy Property Trust. Prior to joining Gramercy, Mr. DuGan spent 22 years at W.P. Carey & Co., where he was promoted to President in 1999, Co-Chief Executive Officer in 2002 and Chief Executive Officer in 2005. During his tenure at W.P. Carey, he oversaw the growth of that company's assets from approximately \$2.5 billion to \$10 billion. Additionally, Mr. DuGan directly managed the establishment of W. P. Carey's European business with the establishment of its Paris office in 1998 and its London office in 2000. From 2005 to 2007, Mr. DuGan closed W. P. Carey's investment funds to investors for the majority of that period due to an imbalance of capital supply and investment opportunities.

Mr. DuGan received his B.Sc. in Economics with a concentration in Finance from the Wharton School of the University of Pennsylvania.



**Alistair D. Calvert**  
*Managing Director*

Mr. Calvert is Managing Director and Head of Investment of Gramercy Europe Limited, which was formerly ThreadGreen. Mr. Calvert co-founded the original ThreadGreen business in 2006, launching its first fund in 2007. He heads Gramercy's business in Europe and dedicates the majority of his time to new sale-leaseback and net lease investments. Prior to founding ThreadGreen, Mr. Calvert was Managing Director of D.B. Zwirn (UK) Limited where he was head of both global net lease and European real estate. Previously, Mr. Calvert worked for W. P. Carey & Co. for seven years, lastly as head of its European office where he served as Director of Investments. Prior to joining the European team, Mr. Calvert was a Director of W. P. Carey's domestic (U.S.) investments team, where he was based in New York. Mr. Calvert has invested in sale-leaseback transactions in France, Germany, the Netherlands, the Nordic Region, Switzerland, the UK and the US. Prior to W. P. Carey, Mr. Calvert worked at NatWest Consultancy.

Mr. Calvert is a graduate of Oxford University's Materials Engineering, Economics and Management Studies program, where he was awarded Oxford's Master of Engineering degree.



**Michael J. Heal**  
*Director*

Mr. Heal is Managing Director of Gramercy Europe Limited, which was formerly ThreadGreen. Mr. Heal co-founded the original ThreadGreen business in 2006 with Alistair Calvert, launching its first fund in 2007. He works across all aspects of Gramercy's business in Europe, but dedicates the majority of his time to new sale-leaseback and net lease investments. Prior to founding ThreadGreen, he was an Associate of D.B. Zwirn (UK) Limited where he worked in the European real estate investment team focusing on net lease investments. From January 2005 he was an Associate and Assistant Treasurer at W. P. Carey & Co. Limited in London, where he was responsible for the sourcing and transacting of sale-leasebacks on behalf of W. P. Carey's series of REITs. Prior to this position, he was a Consultant with Erskine Management Consultancy, where he worked on the design and implementation of operational strategies for some of the UK's leading public and private companies. Previously, in 2002, Mr. Heal worked as an analyst in W. P. Carey's domestic (US) acquisitions team in New York.

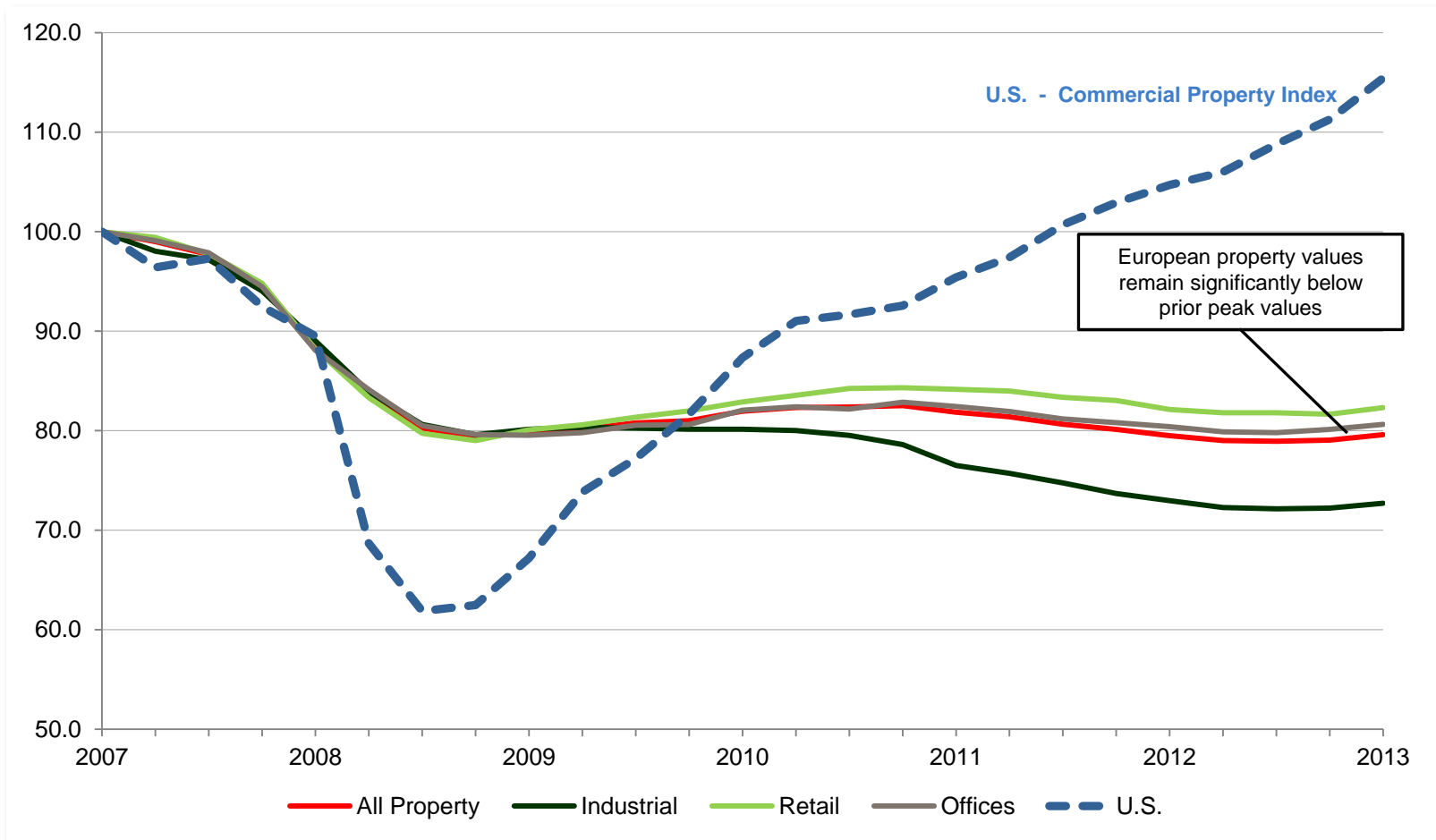
Mr. Heal received his Master of Engineering degree from New College, Oxford University, where he graduated with first class honours on the university's prestigious Engineering, Economics and Management program.

# Significant Market Opportunity

- Less competitive environment for single-tenant assets – fewer dedicated players
  - Capital constrained environment
  - Property markets trailing U.S. in recovery time
  
  - **Sale-leaseback strategy represents very large market opportunity in Europe**
    - Owner-occupied property in Europe estimated at \$4 trillion (twice that of US)<sup>1</sup>
    - Circa 74% of investable commercial property in Europe owner-occupied (US estimate 43%)
- Germany**
- Single largest market opportunity with \$850 billion (80%) owner-occupied
  - 34% of total European sale-leaseback volume in H1 2008 up from only 18% in 2005
  - Increasing trend in Europe toward disposition of corporate-owned real estate assets off balance sheet

1) Staff Memo: Investment Strategy Long-term Market Outlook. Report Oslo: Norges Bank, Dec 20 2006. ThreadGreen analysis of sale-leaseback volumes post this date affirms that estimates remain reasonable.

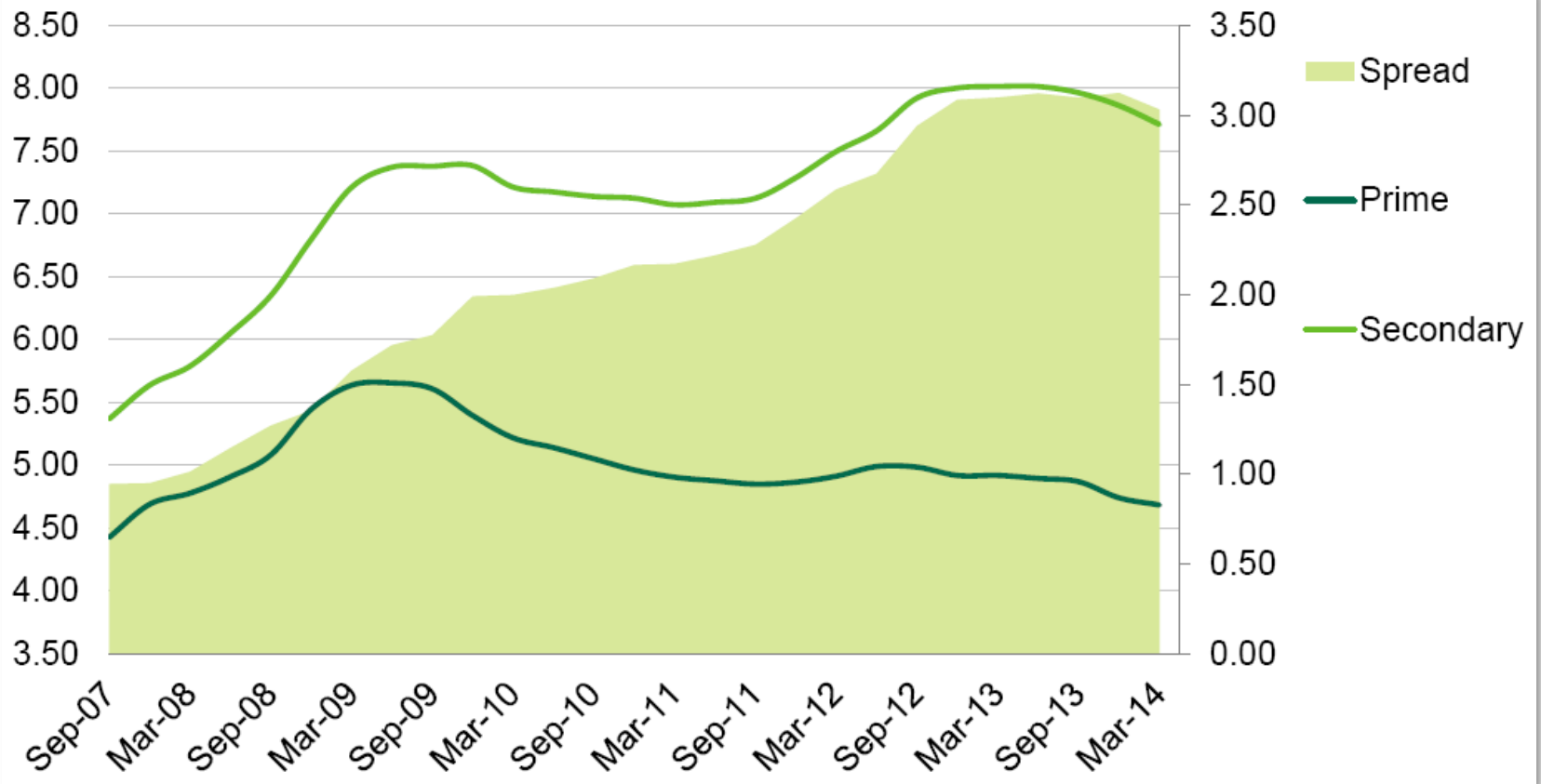
# European Property Values Trailing U.S. in Recovery



Source: CBRE | European Valuation Monitor  
Green Street Advisors

# Spread of Primary and Secondary Yields Presents Attractive Opportunity

Percentage Points



Source: CBRE | European Valuation Monitor



# Asset Type Most Appropriate to Public Company

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## **Trophy / Prime Assets**

- Extremely competitive
- Very low returns

## **Cash Flowing Single-Tenant Assets**

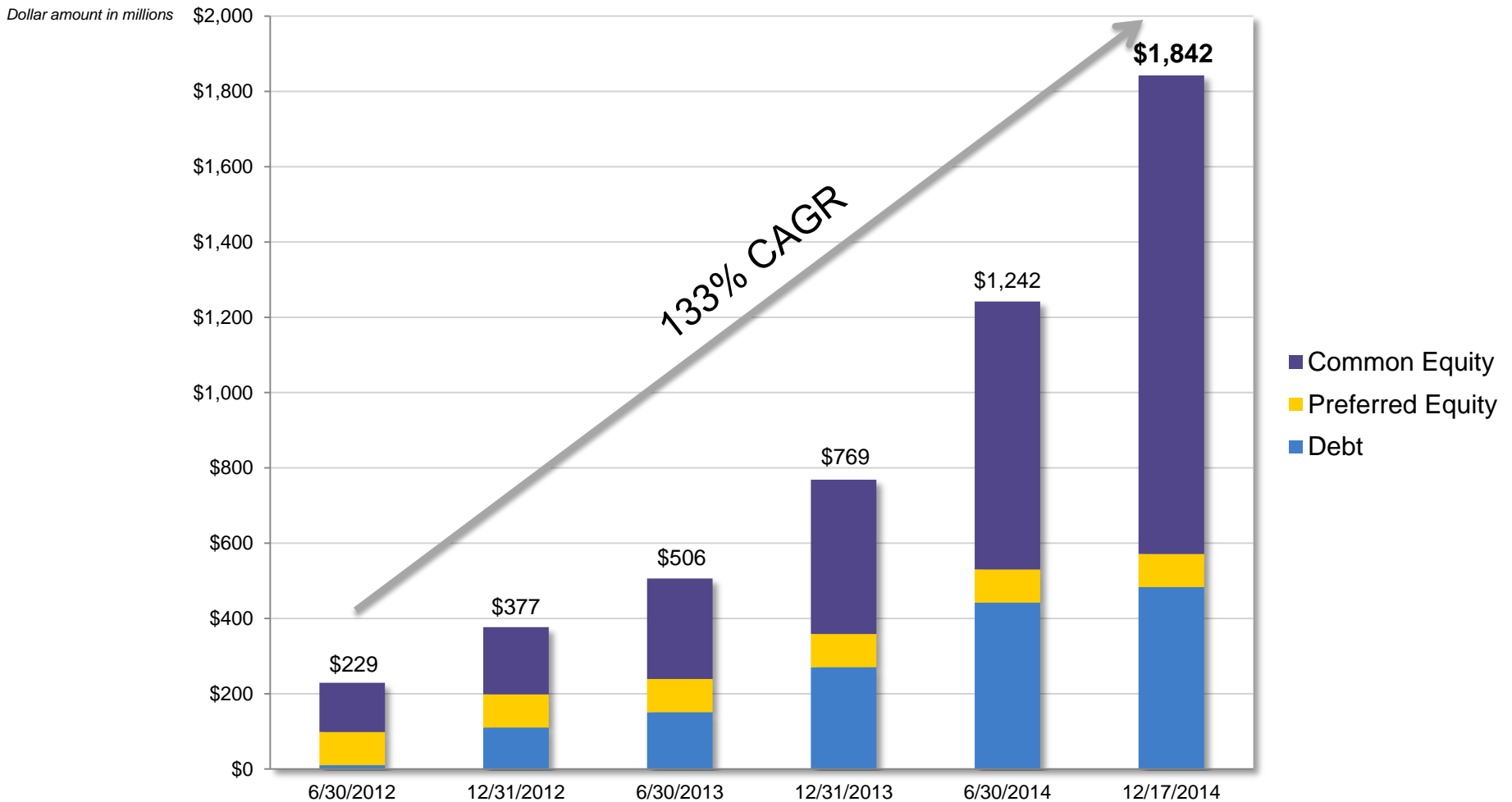
- Strong yields and understandable returns
- Less competitive environment

## **Distressed Assets / Loan Pools**

- Very competitive with potentially high returns
  - Very complicated and difficult to understand
  - More suitable as a “trade” than public company over time
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# Opportunity to Replicate Success of GPT in Europe

## Gramercy Property Trust – Total Market Capitalization



# Founding Investors

## EJF Capital LLC

EJF is an SEC-registered, independent, employee-owned investment manager headquartered outside of Washington DC with total firm assets under management of more than \$6.0 billion, managed across a diverse group of alternatives strategies.



## Fir Tree Partners

Fir Tree was founded in 1994 and is a New York-based private investment firm that invests worldwide in public and private companies, real estate, and sovereign debt. Fir Tree manages assets on behalf of leading endowments, foundations, pension funds, and sovereign wealth funds.



Fir Tree Partners

## Senator Investment Group LP

Senator Investment Group LP is a New York-based registered investment adviser founded in 2008. The firm pursues credit and equity investments in both public and private securities. Senator manages more than \$8.5 billion in assets on behalf of pension funds, endowments, foundations, families and other institutional investors.

