



Invel's Acquisition
of the Remaining Stake in NBG Pangaea REIC

June 2019

Introduction to Invel

WHO WE ARE

- Invel Real Estate Partners is an opportunistic / value-add real estate investment and asset management platform that deploys capital through a co-investment model alongside institutional investors.
- Since its inception in 2013, Invel has reached AUM of c. €2.5bn with c. €1.1bn of invested equity over 13 different transactions in Greece, Italy, Cyprus, UK and Poland.
- Team of 20 people with a combined transaction experience in excess of €22bn.
- Invel has also built / bought into local operating platforms and management teams to help implement our respective strategies.



INVEL DNA

Combination of local/on-the-ground real estate expertise coupled with intelligent financial structuring in order to minimise risk and create alpha

400 Properties
7 Countries
> € 2.5Bn
AUM

UK

Italy

Greece

Poland

Romania

Bulgaria

Cyprus



CALL OPTION : The last episode of the first series

“This is the last step of a journey that started in December 2013 of building a €2bn company under an adverse macro-economic environment and then preparing it for the next phase of its life.”

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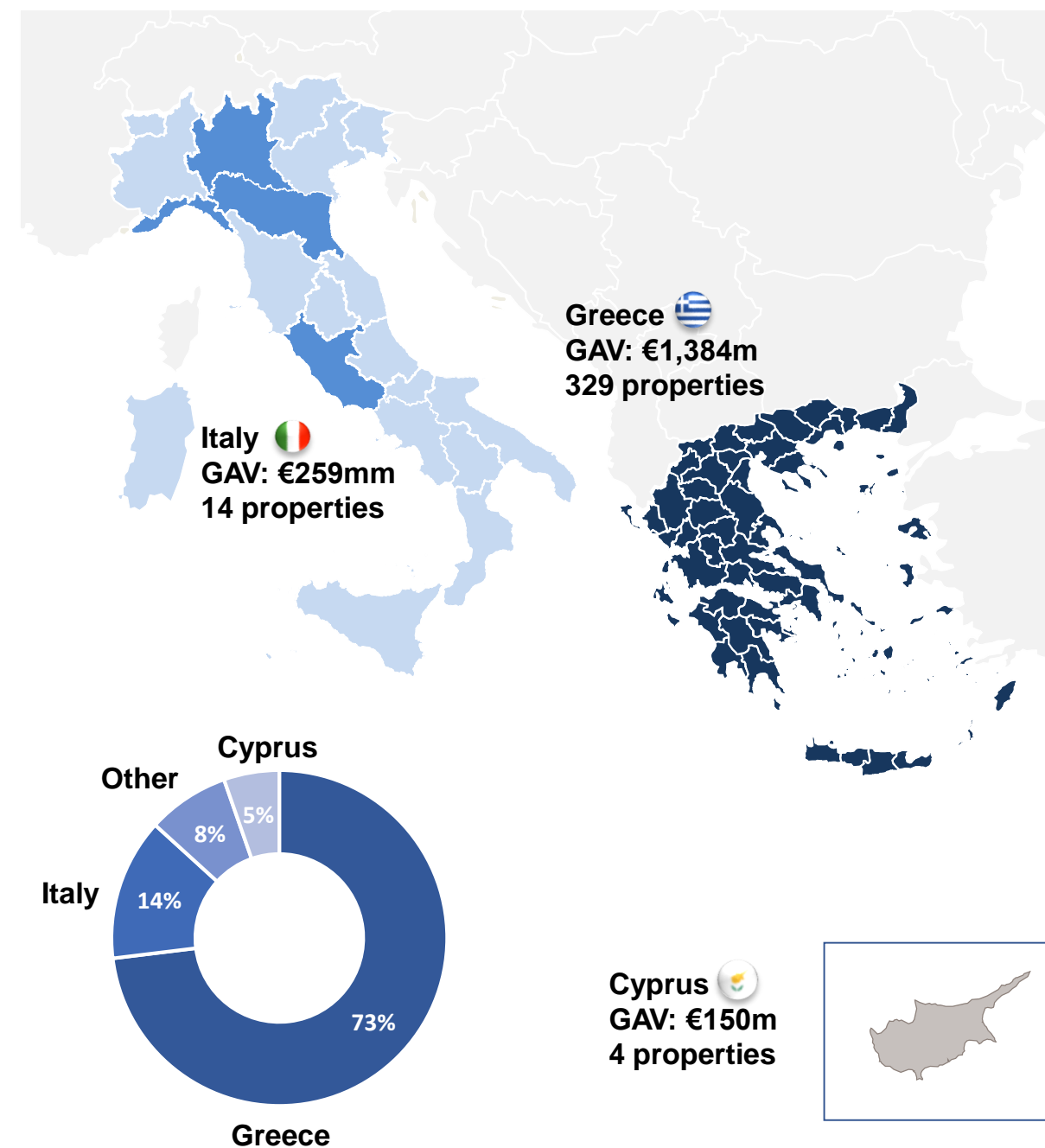
NBG Pangaea is the largest listed Real Estate Investment Company in Greece

NBG Pangaea at a Glance

- ✓ NBG Pangaea REIC was established in 2010 as the real estate vehicle of National Bank of Greece (“NBG”) and **was fully owned by NBG until December 2013**
- ✓ Today it is the largest Greek REIC^(a) with a €1.9bn portfolio and with a total GLA of 1,166k sqm^(b)
- ✓ **Diversified portfolio** comprising primarily office and high street retail and supermarkets assets and expanding into new sectors such as city hotels, student housing sector and logistics
- ✓ **Footprint across Greece & Cyprus** (“Hellenic Market”) and **selectively positioned in Italy** with a favorable tenant mix and long-term lease terms
- ✓ **Strong acquisition led growth since 2012** (more than doubled the portfolio) coupled by a conservative capital structure with a 30.8% Net LTV^{(c)(a)}

# of properties / GAV (€bn)	351 / €1.9bn ^(c)
Occupancy ^(e)	97.2%
WALT excl./incl. break options	17 / 12 years
Rental yield ^(e)	7.7%
Annualised rents ^(d)	€131.4m
Gross leasable area ^(b)	1,166k sqm
Net LTV ^(c)	30.8%

Geographic footprint^(c)



Note: Unless stated otherwise, all data refers to the period ended 31-Mar-2019.

(a) Based on assets as of 31-Mar-2019.

(b) The GLA does not include the Group's real estate inventories (i.e. residences to be sold or land for residences to be developed and sold)

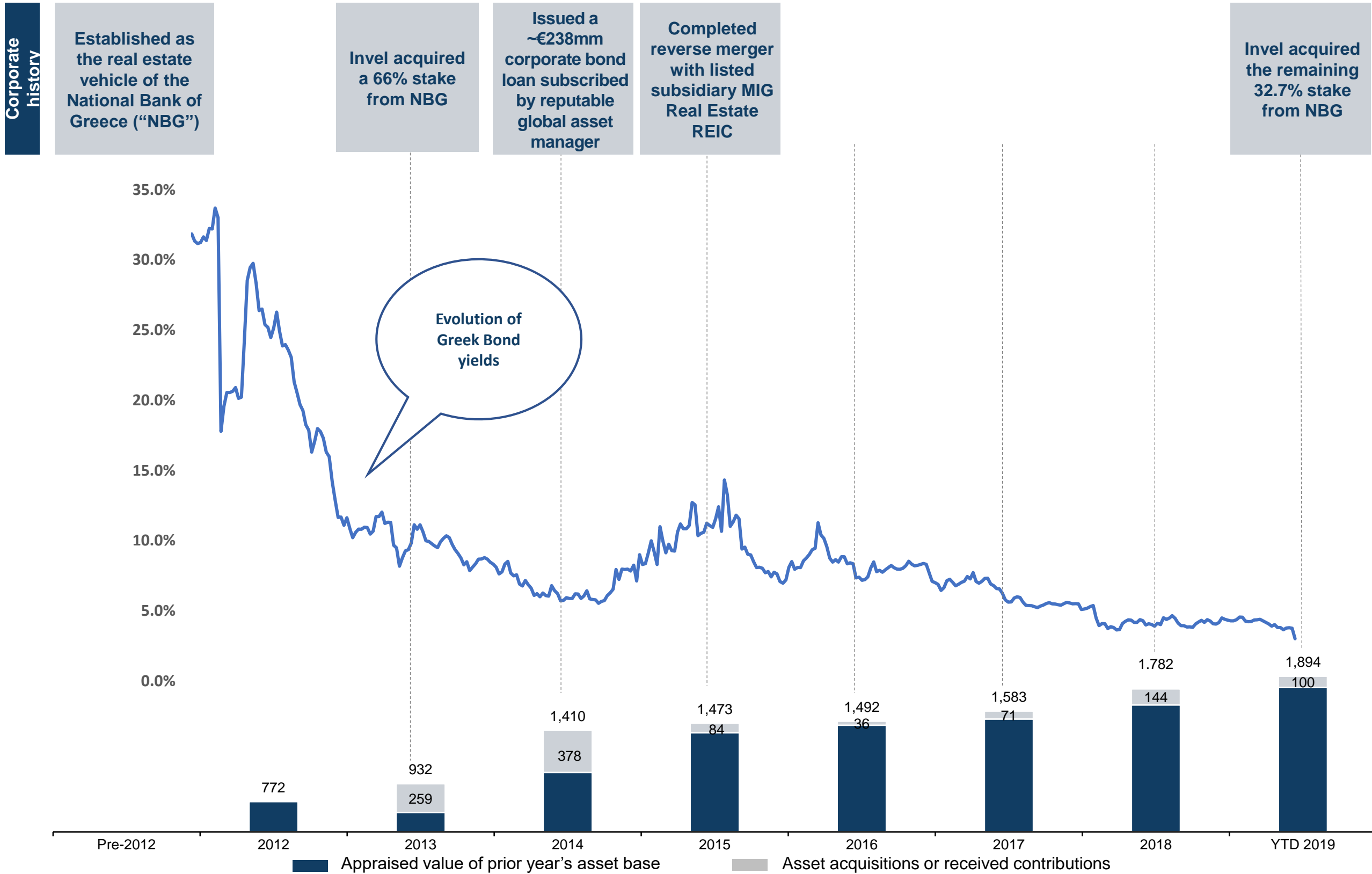
(c) Fair value of investment property as derived from the interim condensed financial statements for the 3-month period ended 31-Mar-2019, including the Group's owner occupied properties (fair value: €51.48mm), the Pomezia land plot in Italy (fair value: €55.1mm) and the Group's real estate inventories (fair value: €34.11mm). The Company also has two properties in Romania with GAV of €6.6mm and two properties in Bulgaria with GAV €94.7mm (presented in category "Other").

(d) Annualised rent as of 31-Mar-2019 calculated as 31-Mar-2019 monthly rent per the leases multiplied by 12.

(e) Excluding the Pomezia land plot in Italy, the retail property in Bulgaria, the Group's owner occupied properties and the Group's inventories.

Source: Company information

Acquisition led growth during the most challenging of times



* Yield as of 18-June-2019 for Data 2019 YTD
 Q1 2019 balance includes fair value of investment property as derived from the condensed financial statements for the 3-month period ended 31-Mar-2019 (€1,808.7mn), the fair value of the owner occupied properties of the Group (€51.48mn) and inventories of Aphrodite Hills, i.e. residences and land plots for the development of residences and their subsequent sale (€34.1mn)

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Invel's Acquisition of NBG's 32.7% Stake in Pangaea

Origins

- In 2013, Invel acquired a 66% stake in NBG Pangaea from NBG with the view to list in the stock exchange by the end of 2015 as per the Greek REIC law obligations
- From NBG's perspective:
 - NBG sold a non-banking subsidiary whilst retaining control of the company by controlling the board despite holding a minority stake.
 - This, allowed NBG to keep consolidating NBG Pangaea on their balance sheet taking advantage of the Tier 1 regulatory capital improvement that was created from such sale.
 - Created a partnership with an institutional investor that would help grow and diversify the portfolio
- Given that the regulatory capital benefits would cease after 5 years, and NBG wanted to ensure ability to exit a minority position, **Invel and NBG agreed a put/call option mechanism.**
- Due to political and economic changes, a public markets event was not possible, and Pangaea proceeded in 2015 with a reverse merger with MIG Real Estate (a small listed REIC) that it had previously acquired as an alternative means to listing

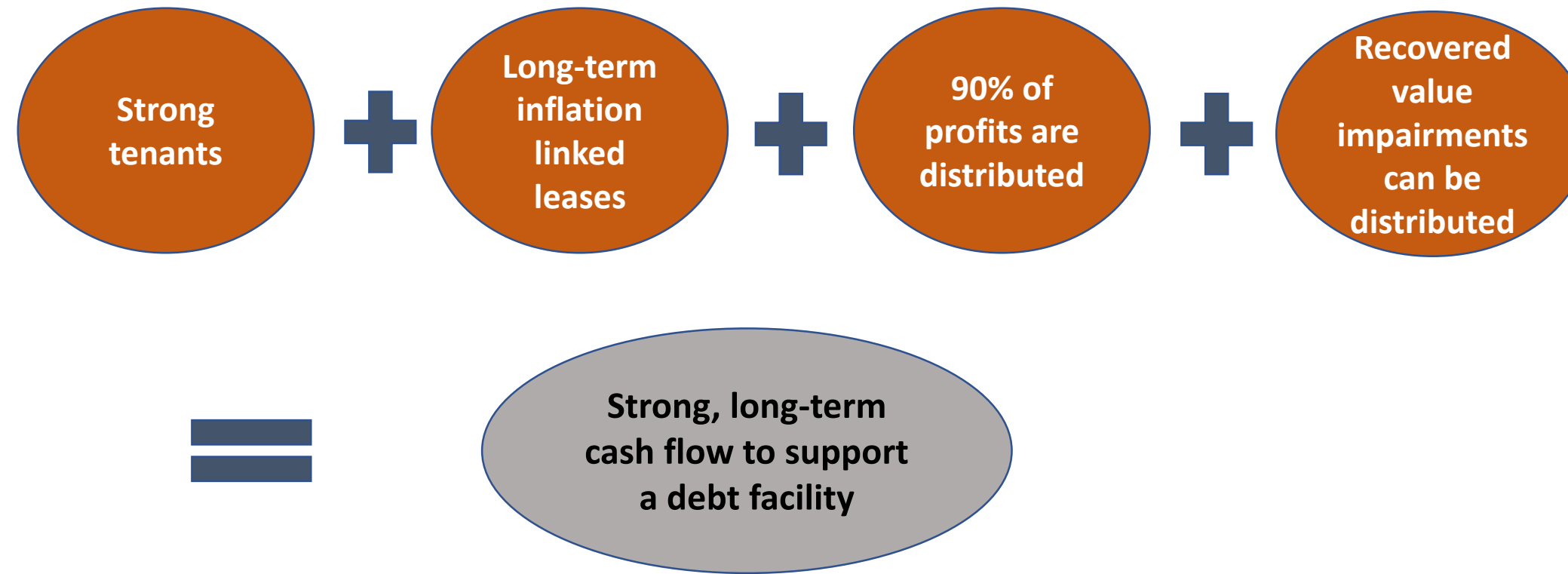
Invel's Acquisition of NBG's 32.7% Stake in Pangaea

Transaction Overview – The challenge

- The call option was exercised on March 31st 2019
- The exercise price settled to €4.68 per share corresponding to €390m based on the 2013 SHA prescribed formula
- This was a circa 10% discount to the March 2019 NAV at a time where the majority of the European REITS are also trading at a deep discount to their NAV, albeit with less tangible upside potential and attractive total shareholder returns than NBG Pangaea.
- Greece is the last remaining European real estate market that is expected to have yield compression coupled with rental growth.
- **The challenge however was to raise the necessary equity and debt for an illiquid minority stake in a listed company which had a very small free float.**

Invel's Acquisition of NBG's 32.7% Stake in Pangaea

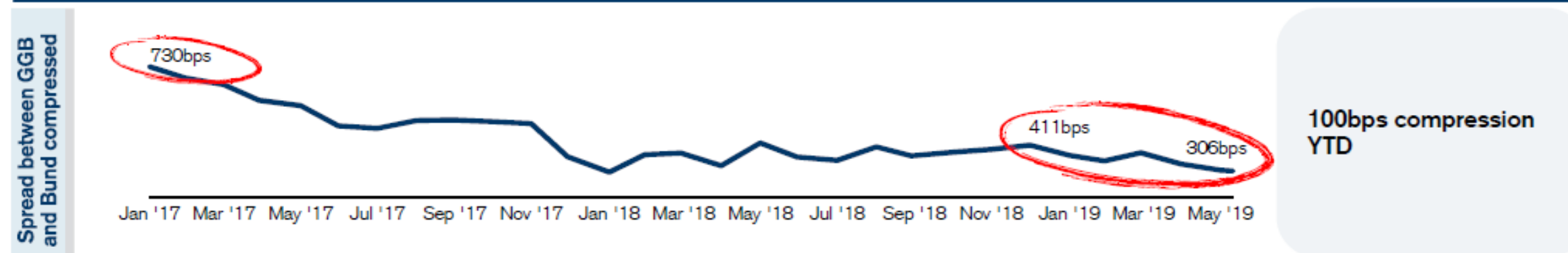
Capital Formation Considerations



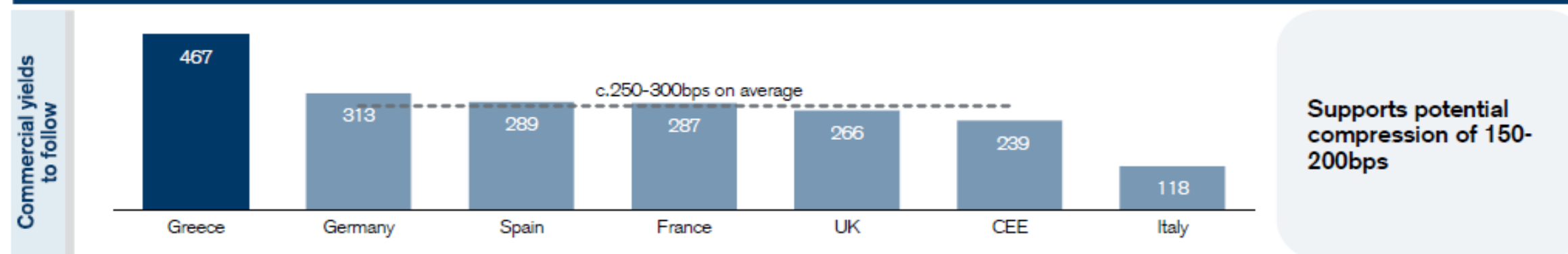
- At a 45% LTC on the acquisition price (€2.11 debt on 4.68 acquisition per share)
- With circa €0.30 - €0.33 per share annual distributions
- Dividend yield = 6.4% - 7.0%
- ICR = 2.6x – 2.85x

Invel's Acquisition of NBG's 32.7% Stake in Pangaea

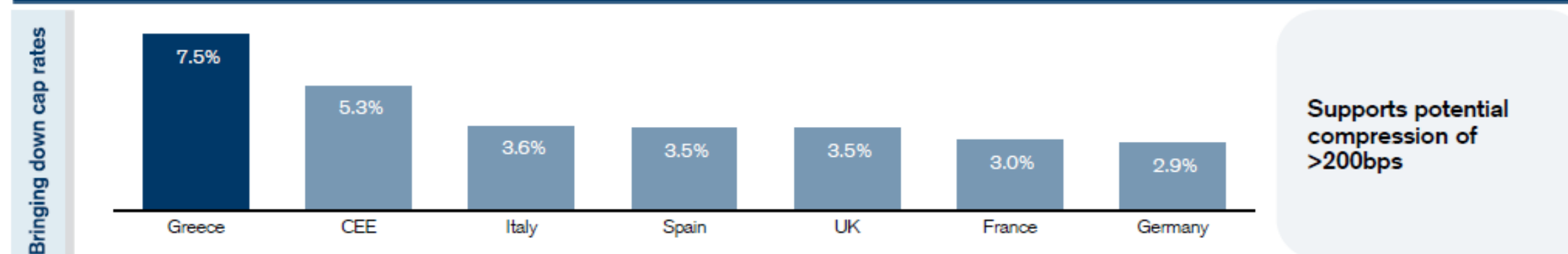
Spread of GGB vs. Bund since 2017 (in bps)



Spread of office yields⁽¹⁾ vs. government bonds (in bps)



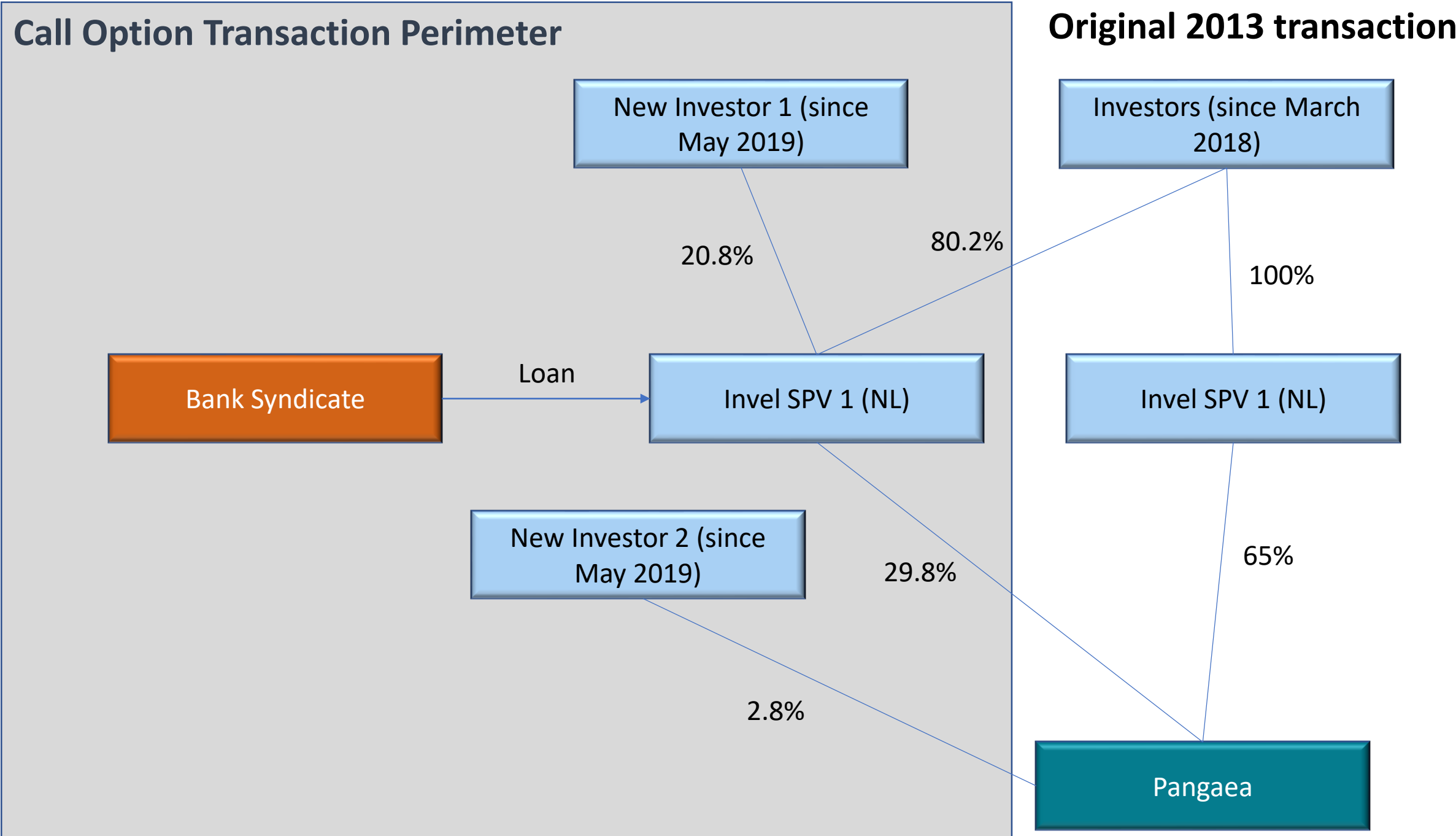
Real Estate yield⁽¹⁾ compression



Dividend yield of 6.5% - 7% coupled with 150-200bps of yield compression results in an attractive TSR

Invel's Acquisition of NBG's 32.7% Stake in Pangaea

Simplified Structure



Invel's Acquisition of NBG's 32.7% Stake in Pangaea

Capital Formation – Final snapshot

- **The total equity contribution amounted to c. €230m making Invel the leading real estate investor in the Greek real estate market when added to the original equity of c. €300m**
- Debt raised was c. €160m which translated into 45% LTC or 40% LTV
- The transaction closed successfully on May 23rd 2019. Post closing **Invel and its co-investors hold c. 98% of the company**

Original Debt Offers

Margin: >150bps higher than final spread

Repayment: full cash sweep of dividends and certain banks requested also cash sweep of dividends from the 65% stake

Security: share pledge of both the new 32.7% shareholding as well as second pledge on the original 65.6% stake

Duration: 3+1 years with interest step-up

Achieved Finance Terms

Margin: <150bps than original spread

Repayment: fixed amortisation schedule plus cash sweep to be split according to LTV

Security: share pledge of the new 32.7% shareholding

Duration: 5+2 years with interest step-up

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Key investment highlights – Or why did we do it

A. Because of the Company



1 Attractive entry price of €4.684 which was a **10.0% discount to the Mar-19 NAV**

2 Gained control of the Company whilst removing a non-core investor

3 Exposure to a diversified and resilient portfolio of **high quality standing assets** and **solid real estate fundamentals**

4 Predictability of cash flows supported by **inflation protected long term leases** and **stable tenant mix**

5 Significant pipeline of **growth opportunities** on the back of a solid **track record of value accretive acquisitions** coupled with a **robust capital structure**

6 Well positioned to benefit from Greek macro recovery

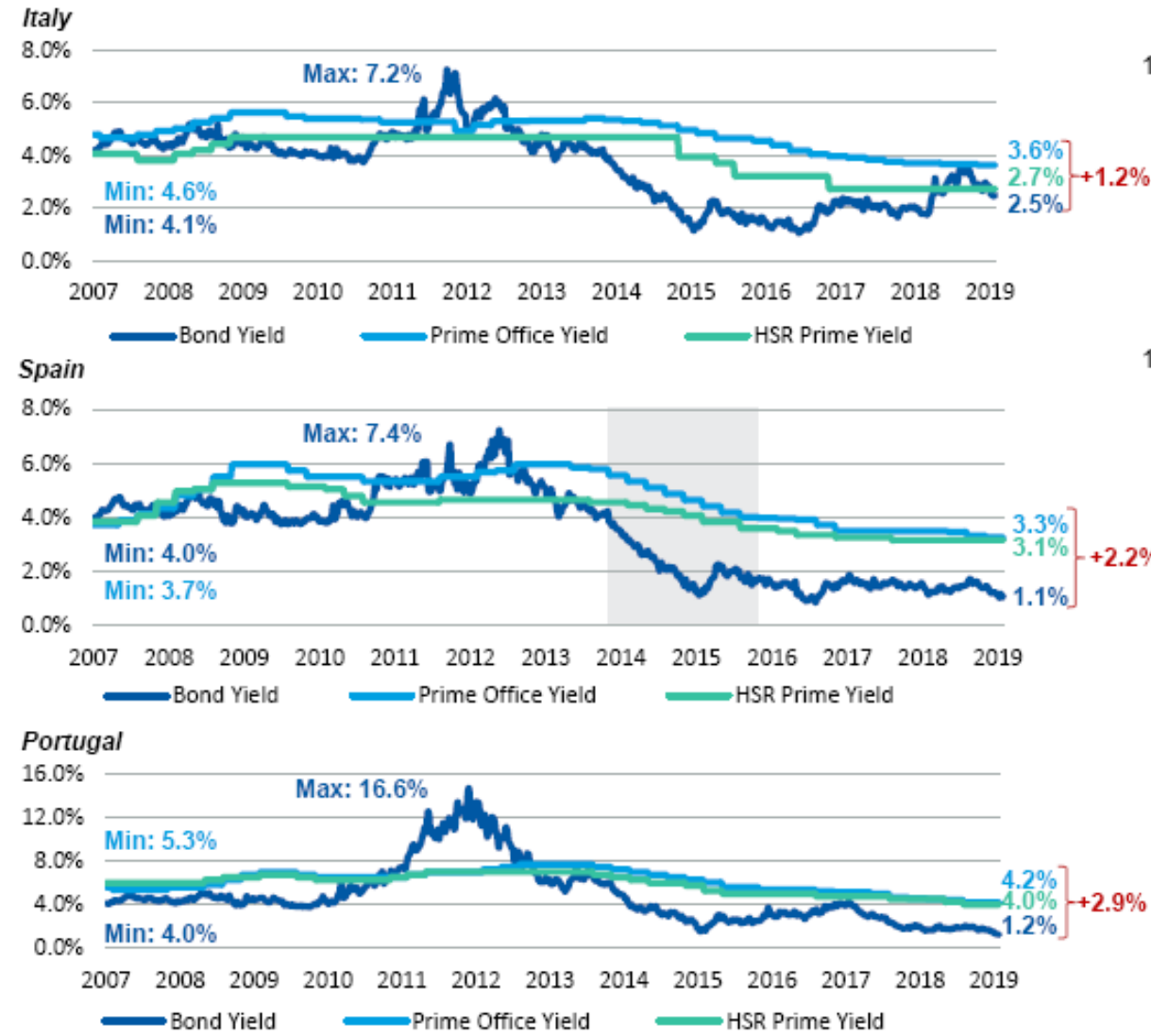
7 Strong **management** team blends with **Invel's origination** and **structuring capabilities**

NBG PANGAEA

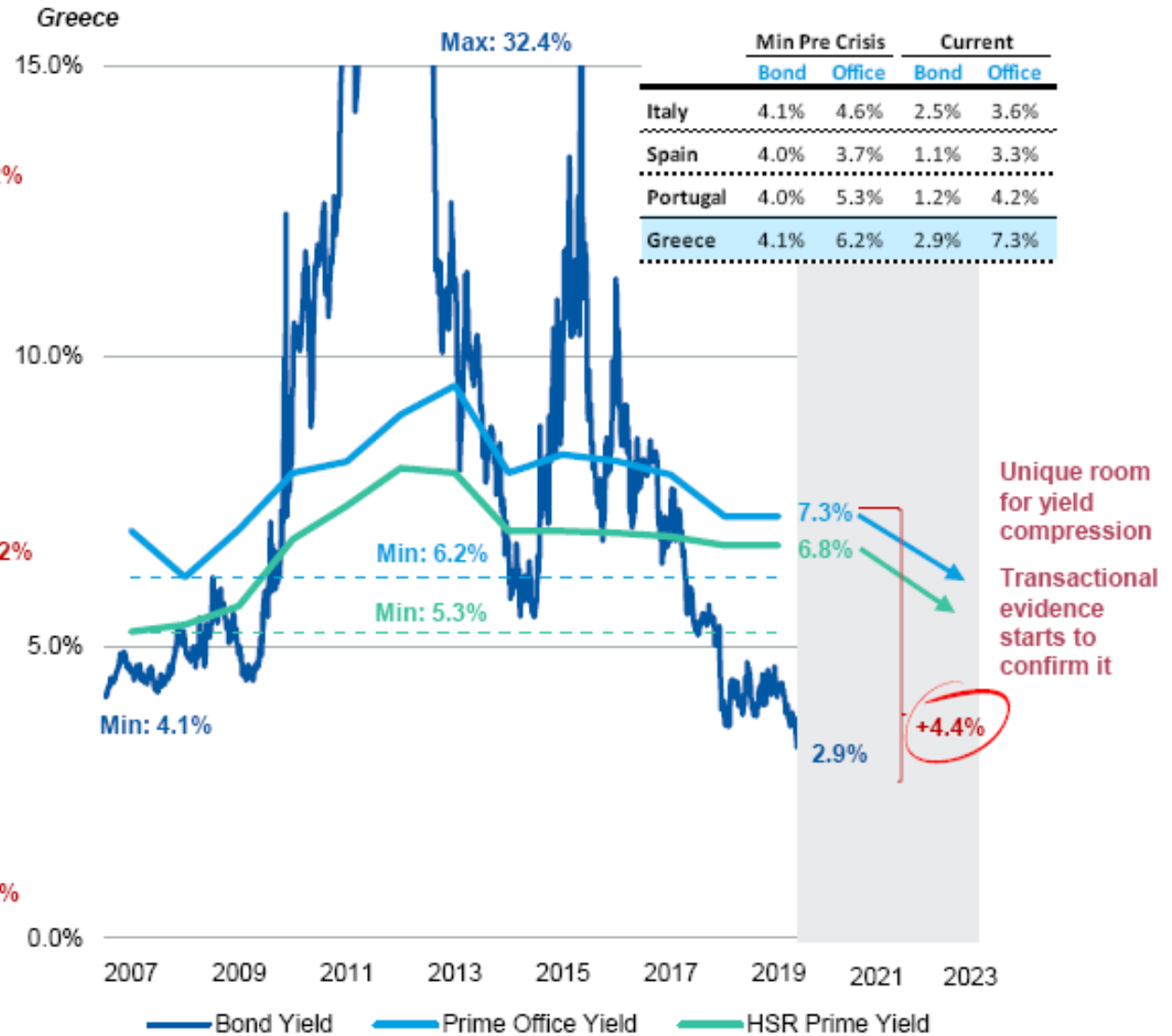
Key investment highlights – Or why did we do it

B. Because of the Market

What happened in other peripheral economies and property markets...



...has already started in Greece with material upside left



Source: PMA, NBG Pangaea Reports, Bloomberg as of 04 June 2019

Government Yields

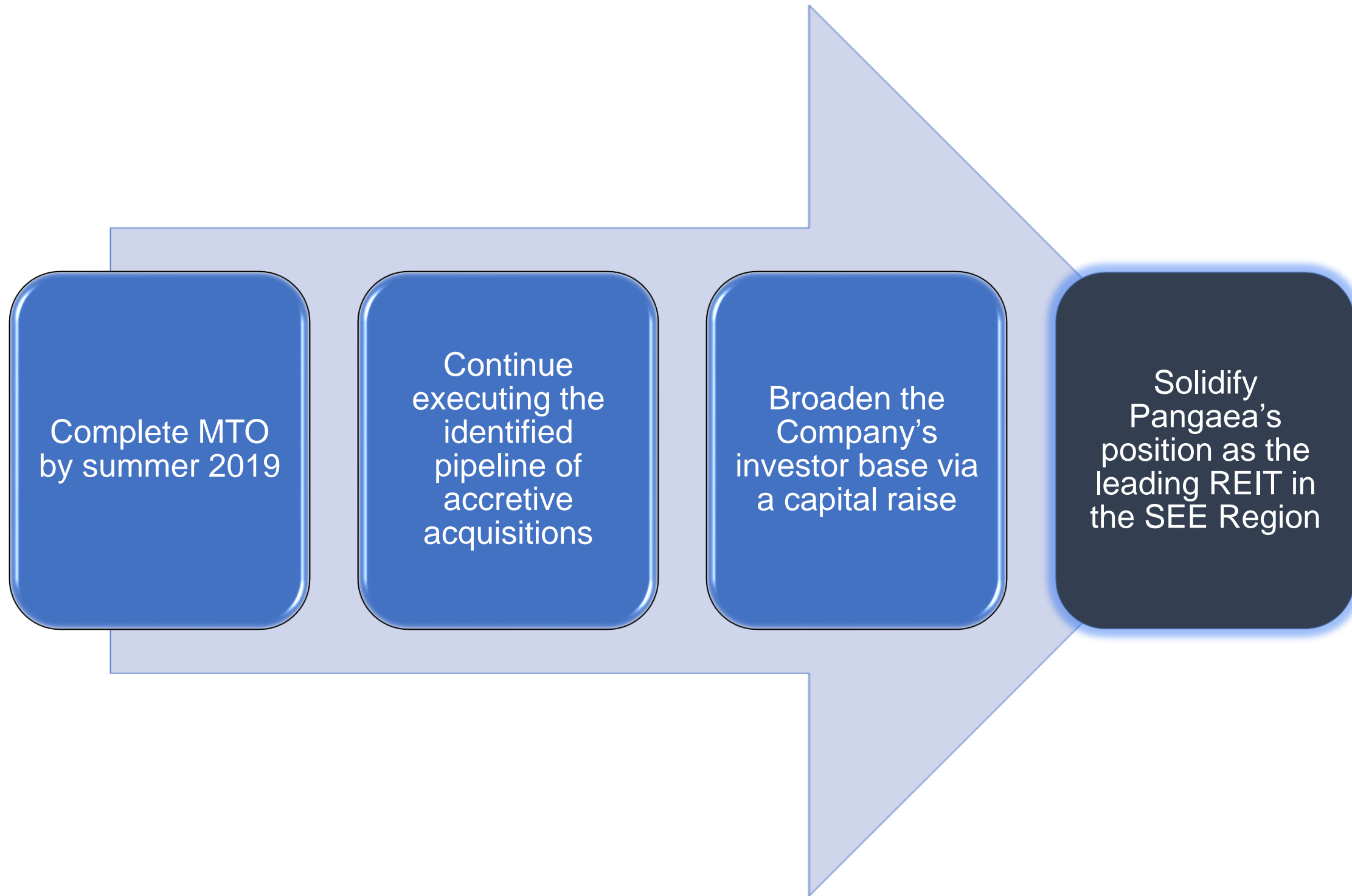
Peripheral government bond yields well below pre-crisis level

Property Yields

Property yields well-below pre-crisis levels in periphery economies, while still 100-150bps above pre-crisis levels in Greece

Note:
 1. Prime Office Yield includes data from Rome and Milan for Italy, Lisbon for Portugal and Barcelona and Madrid for Spain

What is Next for Pangaea



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