



Essential Income: CRE for Generations

On behalf of: Wilhelm Hibert, CEO

Presenter: Andrey Korzun, Senior Financial Analyst

Date & Venue: Monaco Yacht Club, November 4 2025

ST 77 Holding at a Glance

Preserving family wealth

1977

Founded

In Ulm, Germany

€2.54B

AUM

(2024)

147

Properties

Essential retail & medical
properties in 47 cities (2024)

0

Total Investment Losses

In 47 years

Focus on Essential Retail

Targeting AAA food retailers that provide essential services and demonstrate resilience through economic cycles

Long-Term Value Creation

Acquiring properties with 15-20 year management horizons to generate steady, inflation-adjusted cash flows

Strategic Location Selection

Identifying properties in economically stable regions with strong demographic fundamentals

Our Backgrounds



Wilhelm Hibert

Founder & CEO, ST 77 Holding GmbH

Federal Senator, Germany

Over 27 years of experience in commercial real estate investment and asset management. Author of "Acquiring Income. Reflections of a German Investor" and nominee of the Golden Jupiter award for contributions to the investment market



Andrey Korzun

Senior Financial Analyst & Investment Specialist

International University of Monaco, MSc in Finance

Operating at the intersection of commercial real estate and private equity. Led value creation for METRO in Ukraine and directed private equity investment strategy for a family office before joining ST 77 Holding

Our Team



Uwe Kolb

Vice President



Moritz Gruber

Corporate Lawyer



Pavel Druzhkov

Finance Director



Viktoria Hibert

KVP Manager & HR



Mechthild Bosch

Financing & Accounting



Robert Wehrwein

Innovation Manager



Sanaz Mirkhosravi

Head of Asset & Property Management



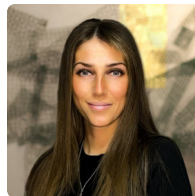
Olga Steinert

Investor Relations Manager



Elnaz Mirkhosravi

Property Manager



Lora Buschel

Property Manager



Emma Kempfle

Property Manager

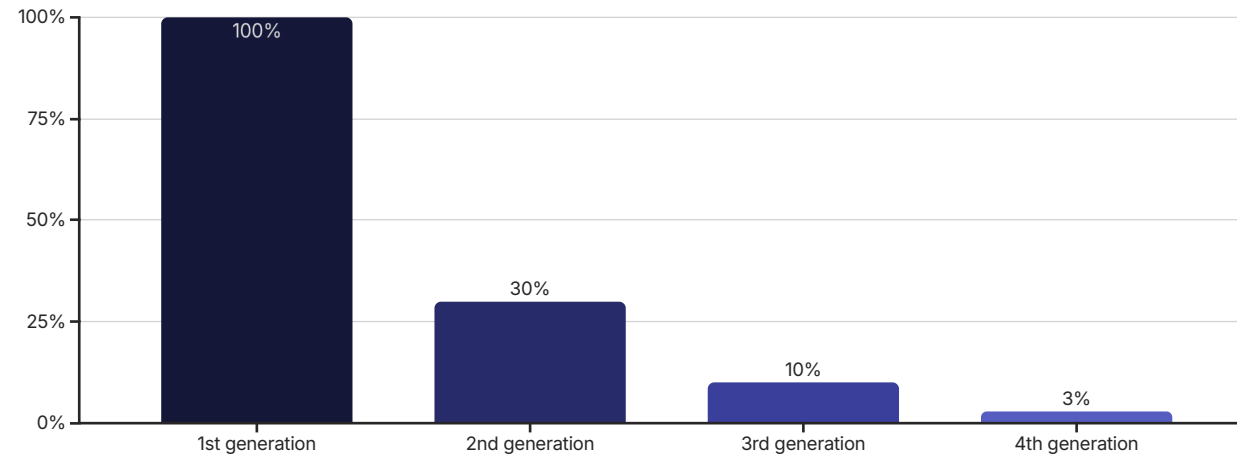


Jannett Engel

Portfolio Manger

The Generational Wealth Challenge

Generational wealth retention probability



Primary Causes

Family conflicts and lack of governance

Poor estate planning and tax inefficiency

Lack of financial literacy among heirs

No income-generating assets

❏ While the Rockefeller family thrives in their 7th generation. Why?

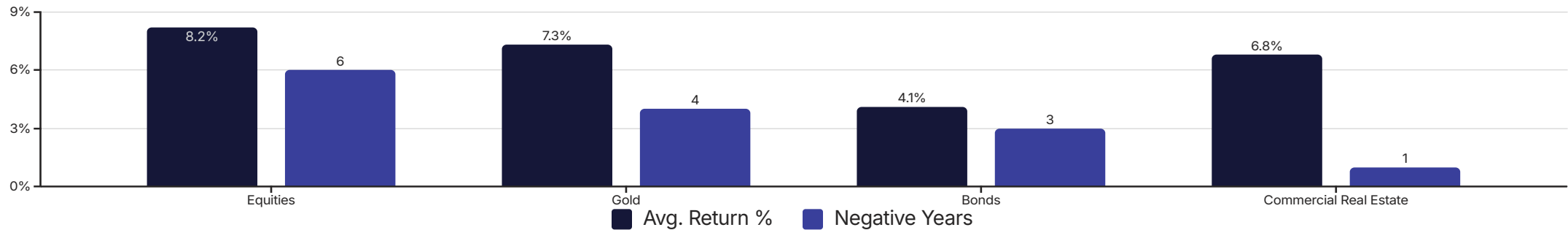
Sources: PwC Family Barometer 2024, European Family Business Study 2024, Soteria Trust 2024, BPM LLP 2024



The Generational Wealth Challenge

Why Traditional Approaches Fail

Asset Class Performance (2000–2024)



The Accumulation Trap

Most wealth is in non-income assets

No spending without selling

But selling erodes the principal

The Timing Dilemma

Heirs inherit at highs, forced to sell at lows

The Knowledge Gap

Next generation doesn't understand how to manage inheritance

Sources: MSCI IPD vs. MSCI World 2024, Destatis CPI 2024; ST 77 Lease Analysis 2024, MSCI Real Estate & Equity Correlation Study 2024

Daily Income Security Philosophy

Financial freedom is when daily expenses are covered by income, not asset sales

❏ Formula: $(\text{Daily spending} \times 365 \times \text{security margin}) \div \text{target yield} = \text{required portfolio size}$

Required Asset Base (at 5% target yield)

| | | | |
|---|---|---|--|
| <p>Comfortable</p> <p>€7.3 M</p> <p>Daily spending of €1,000</p> | <p>Affluent</p> <p>€29.2 M</p> <p>Daily spending of €4,000</p> | <p>Ultra-High</p> <p>€58.4 M</p> <p>Daily spending of €8,000</p> | <p>Institutional</p> <p>€109.5 M</p> <p>Daily spending of €15,000</p> |
|---|---|---|--|

Keep in mind

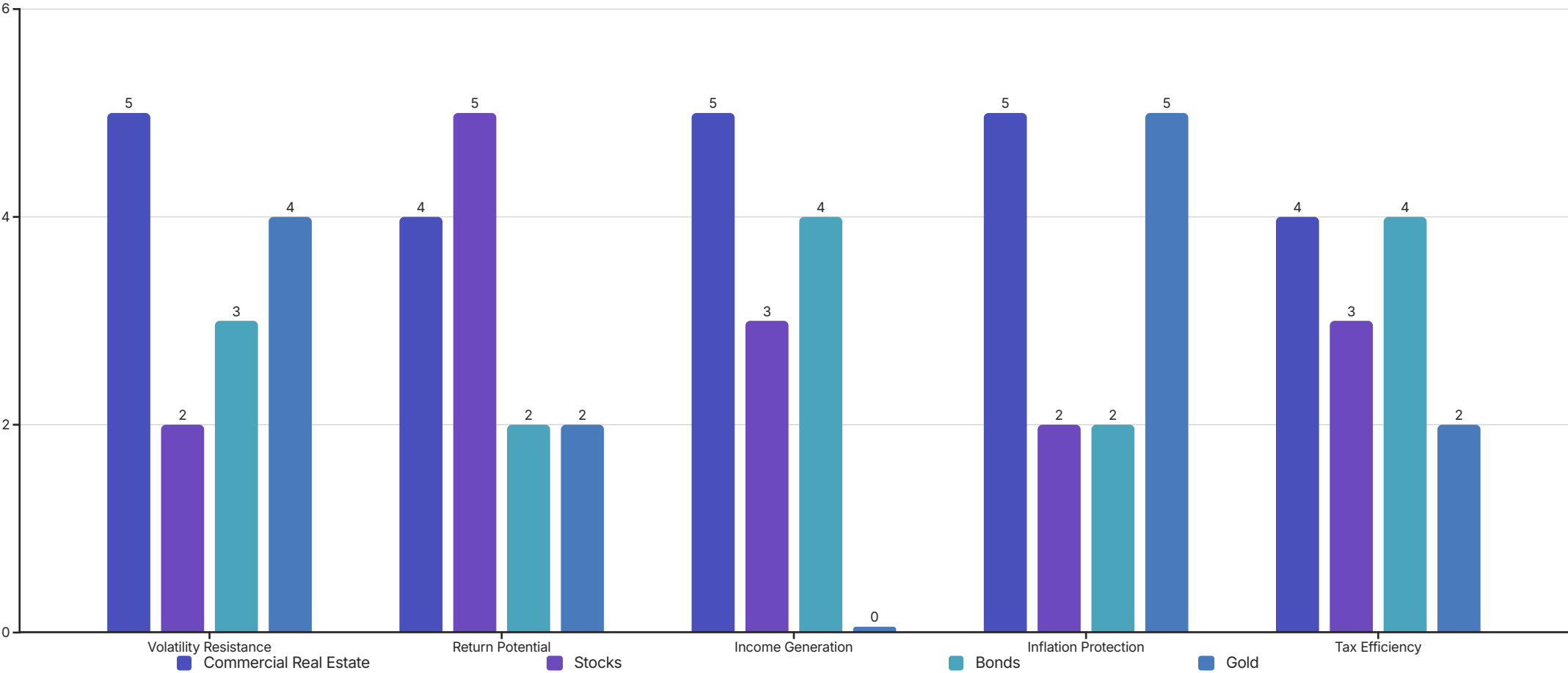
| | | |
|--|--|--|
| <p>Realized Returns Only</p> <p>Income must be generated and distributed, not tied up in illiquid appreciation. Sales proceeds don't fund daily costs</p> | <p>Net Yield After Inflation</p> <p>Inflation erodes nominal yield, use real yield (net of CPI) when planning distributions</p> | <p>Intergenerational Transfer</p> <p>Assets chosen for clear title, simple structures, and professional management to ease future wealth transfer</p> |
|--|--|--|

❏ Align assets to real family lifestyle needs

Source: ST 77 Holding Internal Wealth Planning Framework

How to Solve the Generational Wealth Problem?

Why Commercial Real Estate?



Source: CBRE Germany, BNP Paribas Real Estate (2024), German Federal Statistical Office, CPI Indexation in Commercial Leases 2024, CBRE Germany Market Report Q4 2024 (avg. prime CRE yield), BNP Paribas Real Estate, "Germany Investment Market Q4 2024", Bloomberg, "Realized vs. Unrealized Gains in Equity Markets," 2025, German Inheritance Tax Code (ErbStG) Business Asset Relief, 2024, German Income Tax Act (EStG) Depreciation Rules, 2024, MSCI Global Property vs. Equity Correlation Study, 2024

How to Solve the Generational Wealth Problem?

Why Germany?

Strong Economy

Germany remains Europe's largest economy with €4.3 trillion GDP and maintains strong fiscal fundamentals

Safe Heaven

Germany ranks 5th globally in the World Justice Project Rule of Law Index 2024 with a property rights protection score of 95/100 from the Heritage Foundation

Inflation Resistance

94% of German commercial leases include CPI indexation, preserving real rental income against inflation.

Tax Efficiency

Depreciation deductions (2% linear on German buildings) and 85–100% inheritance tax relief for qualifying business assets.

Ease of Transfer

CRE ownership structures allow straightforward succession without requiring heirs to trade or manage complex securities.

Portfolio Diversification

CRE exhibits low correlation (0.2) with equity markets, reducing overall portfolio volatility during equity downturns.

Source: CBRE Germany, BNP Paribas Real Estate (2024), German Federal Statistical Office, CPI Indexation in Commercial Leases 2024, CBRE Germany Market Report Q4 2024 (avg. prime CRE yield), BNP Paribas Real Estate, "Germany Investment Market Q4 2024", Bloomberg, "Realized vs. Unrealized Gains in Equity Markets," 2025, German Inheritance Tax Code (ErbStG) Business Asset Relief, 2024, German Income Tax Act (EStG) Depreciation Rules, 2024, MSCI Global Property vs. Equity Correlation Study, 2024

How to Solve the Generational Wealth Problem?

Why Essential Food Retail?

Rent & Tenant Failure Rates (2008–2009)

| Property Type | Rent Δ | Occupancy Δ | Tenant Failures |
|-----------------|---------------|--------------------|-----------------|
| Supermarkets | +2.1% | −0.3% | 0.8% |
| Pharmacies | +1.8% | +0.2% | 0.3% |
| Discount Stores | +3.2% | +1.1% | 0.1% |
| Fashion Retail | −18.7% | −12.4% | 23.7% |
| Restaurants | −22.1% | −15.7% | 31.2% |

Scenario Impacts & Recovery

| Scenario | Rev. Δ | Val. Δ | Recovery |
|---------------------------|---------------|---------------|----------|
| 2008-style recession | −12% | −18% | 3.4 yrs |
| Major tenant default | −8% | −11% | 2.1 yrs |
| +400 bp interest rates | −15% | −22% | Hedged |
| Regional economic decline | −6% | −9% | 1.8 yrs |
| COVID-19 lockdown | −4% | −7% | 1.2 yrs |

- ❏ Crisis Resistance: During the COVID-19 pandemic, German food retailers' same-store sales rose 5.4%, and grocery-anchored retail centers saw rental collections above 98% despite lockdowns.

Source: ST 77 Analysis, McKinsey "State of Grocery Europe" 2023, EHI Retail Institute 2021, Creditreform Company Reports 2024

How to Solve the Generational Wealth Problem?

Why Anchor Tenants Matter?

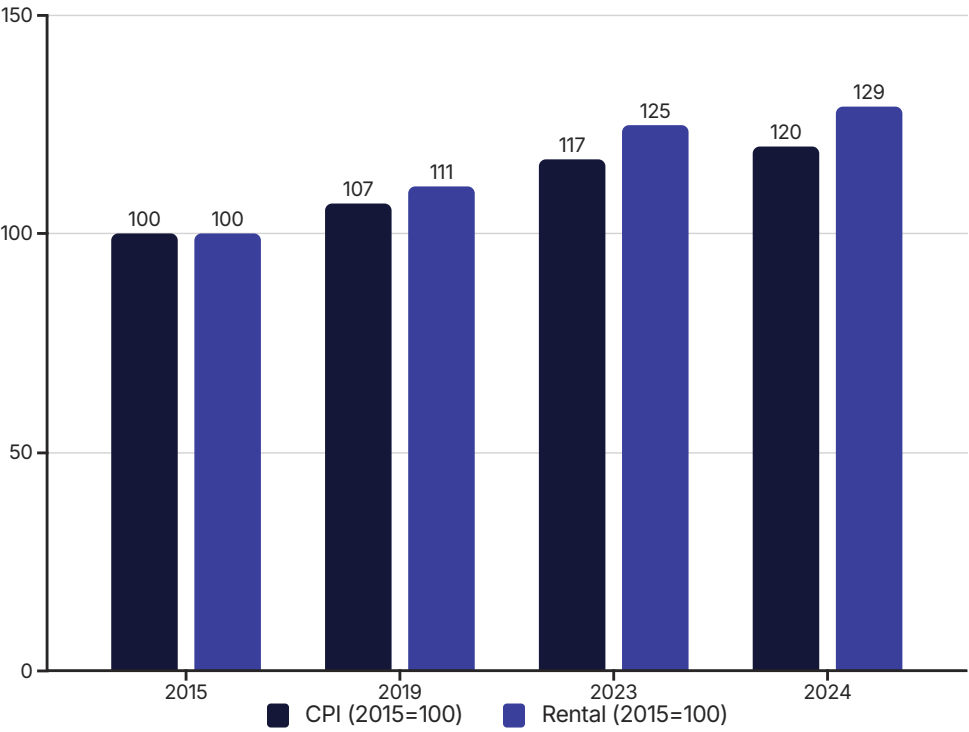
| Tenant | Market Position | Founded | Sales (€bn) | Market Share | Store Count |
|--------|-----------------|---------|-------------|--------------|-------------|
| Edeka | #1 | 1898 | 72 | 25.3% | 5,858 |
| REWE | #2 | 1927 | 84 | 16.9% | 3,300+ |
| Lidl | #3 | 1973 | 125 | 22.6% | 3,301 |
| ALDI | #4 | 1946 | 100 | 11.2% | 4,178 |

📄 In 2023 the online food trade reached a market share of 2.9%. The majority of food is purchased in stores

Source: ST 77 Analysis, McKinsey "State of Grocery Europe" 2023, EHI Retail Institute 2021, Creditreform Company Reports 2024, Statista, Datapulse, Mintel, McKinsey

Built-In Inflation Protection

Rents That Rise Automatically



Rental Income Outpaces Inflation

CPI rose 20% over 2015–2024, yet ST 77 rental index grew 29%, delivering +9% real income growth

Buffering Macro Volatility

During the 2022 inflation spike (7.9%), ST 77 rent resets averaged +6.5%, protecting cash flows from macro shocks

Tenant Affordability Maintained

Retail sales grew 35%, outpacing both rent (+29%) and wage (+15%) growth in 2015-2024 - keeping rental costs easily affordable for tenants.

Indexed vs. Non-Indexed Performance

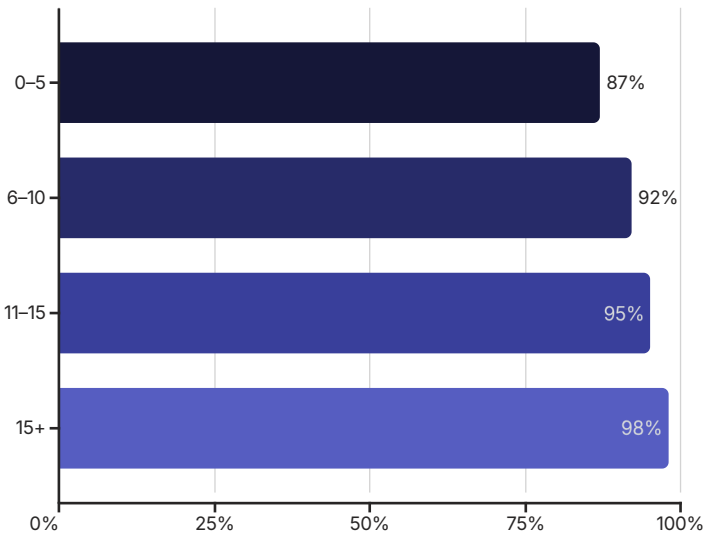
Properties with inflation-indexed leases outperformed non-indexed assets by 3.2% annualized return

Source: Destatis CPI 2024, ST 77 Lease Analysis 2024, ECB Monetary Reports 2023, ST 77 Lease Data, Destatis Wage Statistics 2024, ST 77 Tenant Surveys, IPD Global Property Index 2024

Lease Security

Income Locked In for Decades, Not Months

Years to Contract Expiry and Renewal Rates



46% of rental income secured for >10 years, providing predictable long-term cash flows.

Average German Food Retail Lease is 16.8 years (vs. 3-5 years for offices).

German anchored food retail leases commonly include 5-10 year extension options.

Renewal rates above 90% for major tenants (supermarket, discount) over the past decade.

Our portfolio vacancy and downtime is less than 1% per year vs. European retail average of 5%.

This security underpins stable distributions to investors and supports favorable borrowing terms from banks.

❑ Supermarkets rarely relocate - investment in equipment and local customer base

Source: ST 77 lease data, CBRE Germany Lease Survey 2024, JLL 2024

2025-2027: A Rare Entry Window

Why This Moment Matters?

Value Correction

Commercial real estate prices are currently 8–15% below 2022 peaks, creating rare value for disciplined buyers.

Foreign Investment

47% of all market transactions in Q3 2024 involved foreign institutional investors, highlighting international confidence in Germany.

Interest Rates

Interest rates have stabilized in the 3.5–4.0% range, supporting predictable financing costs and improving deal confidence.

Supply Constraint

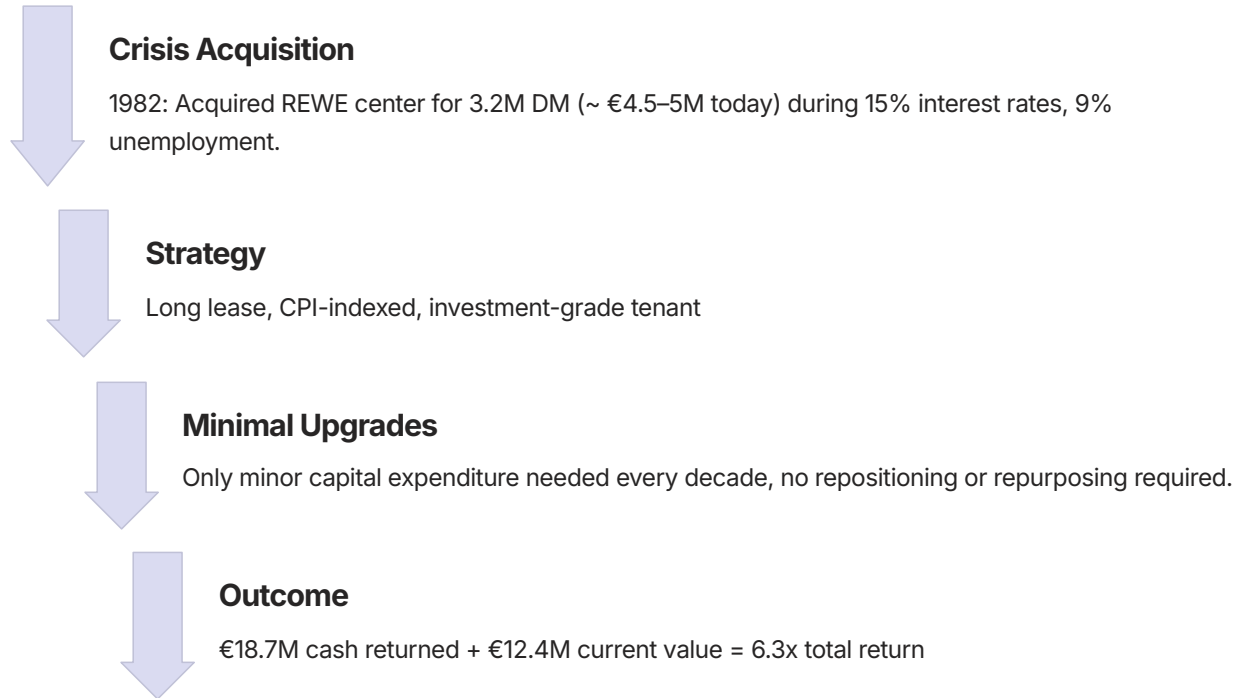
New retail property supply has fallen by 67% since 2019, ensuring that high-quality assets remain scarce while the majority grocery shopping is still conducted in physical stores.

❏ **Timing is favorable:** the combination of lower entry prices, limited new supply, and resilient demand offers strong return potential.

Source: CBRE, Cushman & Wakefield, ST 77 Market Analysis, CBRE Q2 2025

Historical Proof of Concept

The 1982 REWE Investment Case



❏ 43 years, five recessions, zero missed payments

Sources: Wilhelm Hibert, "Investment Guide to German Real Estate," Chapters 3–4 (2018); ST 77 Portfolio Records



Family Governance Framework

Making governance practical, not theoretical

The 3 Governance Layers

Family Constitution: Written values, decision rules, conflict resolution

Professional Board: 40% independent experts for objective oversight

Investment Committee: Family + professionals, unanimous vote for major decisions

Next-Generation Development:

Financial education programs starting in teenage years

Property tours and "apprenticeship" in real decision-making

Responsibility transfer: advisory (years 1-3) → co-decision (years 4-7) → leadership (year 8+)

📌 **Why It Matters:** Families with governance are 3x more likely to successfully transfer wealth to generation 3

Sources: ST 77 Governance 2024, Family Business Review, "Governance & Longevity" 2023

Tax-Efficient Wealth Transfer

German Inheritance Tax Exemptions

| Heir Relationship | Exemption | Rate on Excess |
|-------------------|-----------|----------------|
| Child | €400k | 15-30% |
| Spouse | €500k | 15-30% |
| Grandchild | €200k | 15-30% |

Business Asset Relief (With Planning):

- Real estate held in family company structure = **85-100% tax exempt**
 - Requirements: Hold 5-7 years, maintain business operations
- Additional savings: 20-35% valuation discounts for minority interests

Case Study: €45M estate → normally €18-22M tax → with structure: €3M tax

Source: Tax Advisor Reports 2024, German ErbStG, ST 77 Holding investors case study



Daily Income Global Comparison

Investments needed to generate €1,000 per day, all credit ratings

| Unadjusted | | | |
|--------------------------|---------------------|--------------------------|---------|
| Asset | Required Investment | Risk TE Score | Returns |
| Turkey Government Bonds | €1,143,126 | 38, Non-investment grade | 31.9% |
| Zambia Government Bonds | €2,003,293 | 30, Highly speculative | 18.2% |
| Nigeria Government Bonds | €2,342,747 | 25, Highly speculative | 15.6% |
| Russia Government Bonds | €2,503,429 | 14, Substantial risks | 14.6% |
| Brazil Government Bonds | €2,644,928 | 46, Non-investment grade | 13.8% |

| Inflation Adjusted | | | |
|--------------------------------|---------------------|--------------------------|---------|
| Asset | Required Investment | Risk TE Score | Returns |
| Brazil Government Bonds | €4,229,432 | 46, Non-investment grade | 8.6% |
| Kenya Government Bonds | €4,279,015 | 23, Highly speculative | 8.5% |
| Germany Commercial Real Estate | €5,370,806 | 75, Upper medium grade | 6.8% |
| Russia Government Bonds | €5,547,112 | 14, Substantial risks | 6.6% |
| Colombia Government Bonds | €5,676,516 | 52, Lower medium grade | 6.4% |

Sources: Trading Economics, ST 77 Models (22.10.2025)

Daily Income Global Comparison

Investments needed to generate €1,000 per day, top credit ratings

| Unadjusted | | | |
|---------------------------------|---------------------|------------------------|---------|
| Asset | Required Investment | Risk TE Score | Returns |
| Germany Commercial Real Estate | €5,367,647 | 75, Upper medium grade | 6.8% |
| Iceland Government Bonds | €5,530,303 | 78, Upper medium grade | 6.6% |
| Chile Government Bonds | \$€6,624,319 | 73, Upper medium grade | 5.5% |
| Poland Government Bonds | €6,821,155 | 72, Upper medium grade | 5.4% |
| Czech Republic Government Bonds | €8,147,321 | 85, High grade | 4.5% |

| Inflation Adjusted | | | |
|--------------------------------|---------------------|------------------------|---------|
| Asset | Required Investment | Risk TE Score | Returns |
| Germany Commercial Real Estate | €5,370,806 | 75, Upper medium grade | 6.8% |
| Poland Government Bonds | \$€14,308,114 | 72, Upper medium grade | 2.6% |
| Finland Government Bonds | €14,484,127 | 96, Prime | 2.5% |
| France Government Bonds | €14,959,016 | 83, High grade | 2.4% |
| Iceland Government Bonds | €15,869,565 | 78, Upper medium grade | 2.3% |

Sources: Trading Economics, ST 77 Models (22.10.2025)

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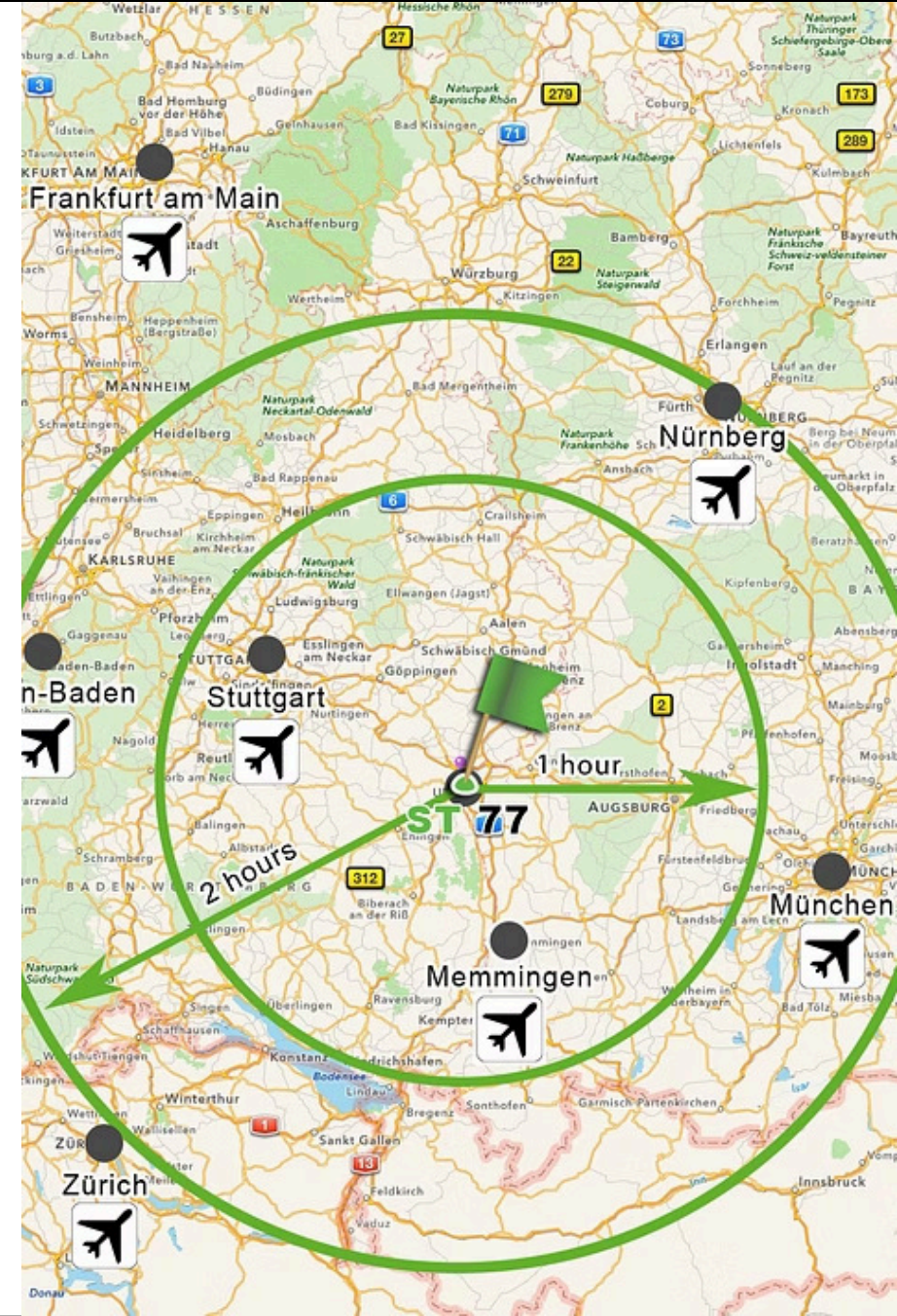
www.st77.de

About ST 77 Holding

ST 77 Holding GmbH specializes in acquiring and managing commercial real estate properties that are vital for the economy, with a focus on AAA system-forming food retailers. Our investment strategy delivers steady, secure cash flows and inflation-adjusted rent over 15-20 year holding periods.

Thank you for your attention!

We look forward to answering your questions



Useful links

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For a personal meeting with Wilhelm Hibert, please register here:

