

Press release

## **ESPG with stable portfolio value and growing rental income in the 2023 financial year**

- **Adjusted net operating income reaches EUR 9.2 million**
- **Science park portfolio shows stable value in a challenging overall environment according to preliminary valuation reports**
- **Liquidity at record level of EUR 7.2 million as at 31 December 2023**

**Cologne, 16 February 2024:** The European Science Park Group (ESPG), a real estate company specialising in science parks, has closed the 2023 financial year with solid business figures. In an overall challenging market environment, the science park portfolio once again demonstrated a high level of resilience and stable development with rising rental income.

**Dr. Ralf Nöcker, Management Board of ESGP AG,** comments: “The market environment for real estate companies remains exceptionally demanding and complex. In view of the current challenges, I am very encouraged by ESGP’s performance. We have significantly increased our rental income and our portfolio value is stable according to preliminary valuation reports. This development shows that we are on the right track with our focus on science park portfolios.”

### **Significant increase in rental income with new lettings and vacancy reduction**

According to preliminary figures, the adjusted result from property management was EUR 9.2 million. In the previous year 2022, earnings from property management totalled EUR 7.7 million. The positive development on the income side was driven by a significant increase in rental income. The adjusted net operating income does not take into account one-off effects of EUR 1.5 million due to broker commissions and tenant improvements.

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Annualised rental income reached around EUR 12.7 million in December 2023, taking into account rental agreements already signed - an increase of 22.1% compared to the previous year. The average net cold rent rose from €9.16/m<sup>2</sup> in December 2022 to €9.89/m<sup>2</sup> in December 2023 due to new rental agreements and the indexation of existing rental agreements. In addition, the vacancy rate was significantly reduced to 17.0% with new lettings. The newly acquired tenants are particularly innovative companies such as the German Aerospace Centre (DLR), the German med-tech pioneer Alaxo and the Japanese LED developer Nichia.

### **Stable performance of the science park portfolio**

The positive rental and earnings performance is also reflected in the development of the net asset value of the science park portfolio. As at 31 December 2022, the audited market value of the investment properties was EUR 228.5 million. According to valuation reports, which are still preliminary, however, it can be assumed that the property value will remain stable as at 31 December 2023. Negative market effects were largely offset by the significant increase in rental income and targeted investments in the portfolio. At the same time, cash and cash equivalents rose to EUR 7.2 million as at 31 December 2023, reaching a record level (31 December 2022: EUR 3.0 million).

As a precautionary measure, the Management Board of ESPG AG decided today to invite the creditors of the 2018/2026 bond to a creditor vote in order to reflect any uncertainties in the valuation of the properties. In this regard, please refer to the ad hoc announcement of ESPG AG of today and further materials on the website.

**Markus Drews, Management Board of ESPG AG**, is confident about 2024: “We have come through a very difficult market phase extremely well with our science park portfolio. We are seeing continued high demand for our specialised spaces. Our ambition is to grow ESPG into the market leader for science park portfolios in Europe together with our investors and bondholders.”

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## **About ESPG**

The European Science Park Group (ESPG) is a real estate company specialising in science parks. The company's focus is on the development of science parks, predominantly characterised by tenants from future-oriented industries such as life sciences, green technologies or digital transformation, which benefit from their proximity to each other and their direct proximity to universities, hospitals or research locations. ESPG's portfolio already comprises 16 science parks across Europe with a total area of 126,000 square metres. The sites are generally located outside metropolises, in areas that are considered science clusters or have a high concentration of innovative companies.

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