ESPG AG - European Science Park Group

Corporate Presentation for Bond Investors
February 2024

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01 Market update 2023

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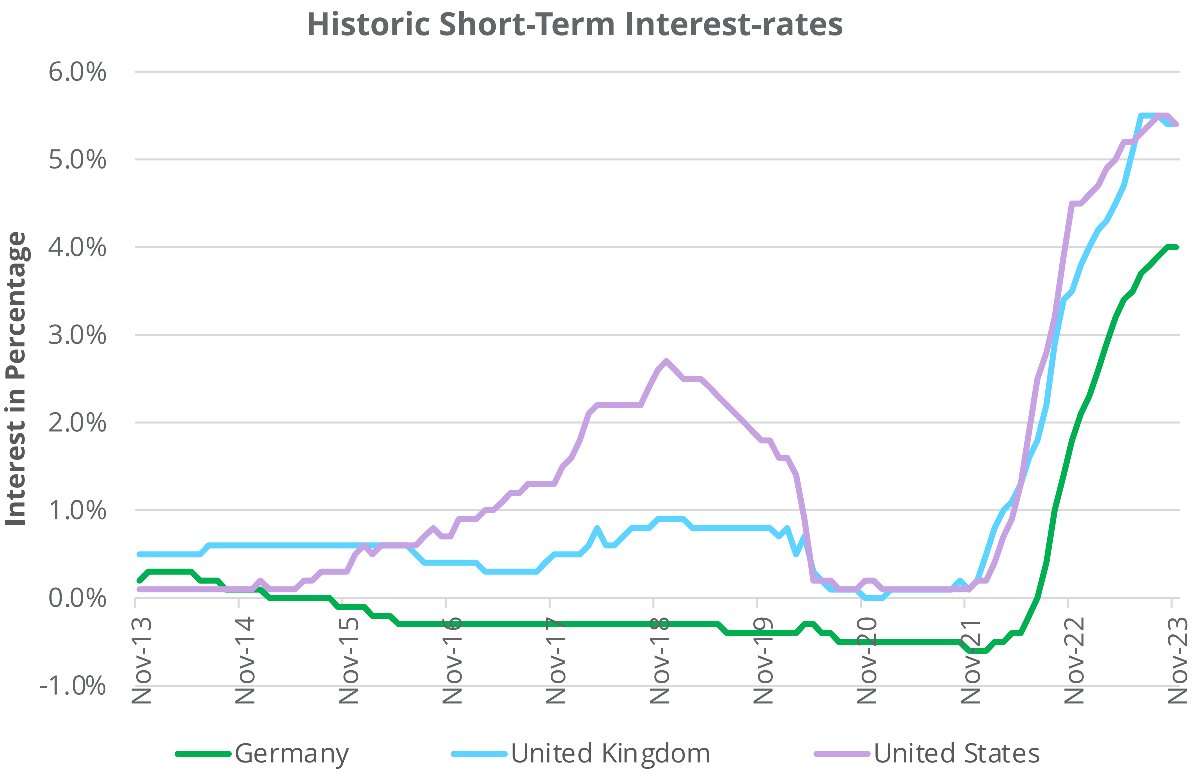
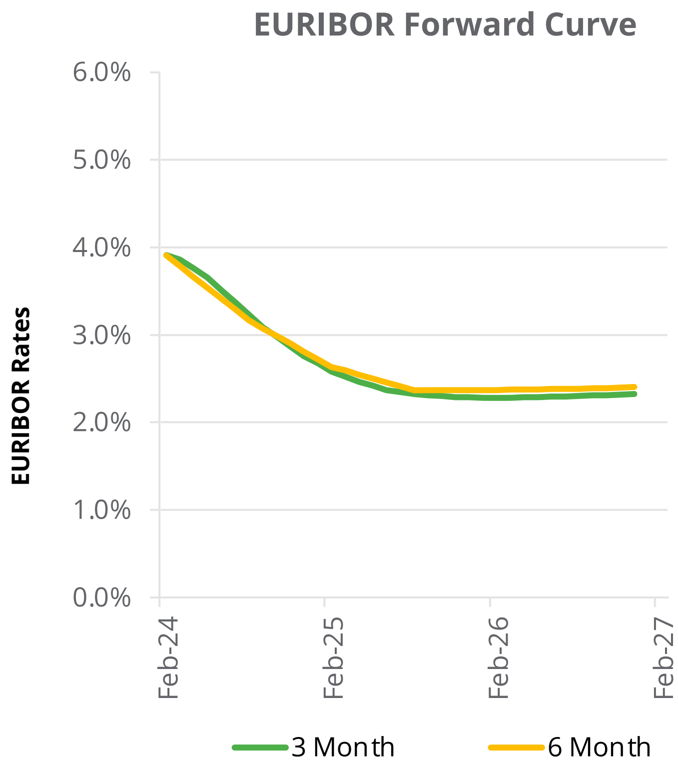
Germany is facing macro-economic challenges, but interest rates are falling



Source: https://data.oecd.org/interest/short-term-interest-rates.htm



Source: Chatham Financial: Forward Curve as of 13 Feb 2024

- Euro interest rates have shot up since early 2022, with the current EURIBOR rate being under 4.0%
- While less pronounced than the US / UK, the change to rates has affected the real estate sector more than others
- However, as inflation is now abating, interest rates are forecast to fall
- The Euribor forward curve shows a base rate drop by 150 bps to c 2.5% by mid 2025

German economy growth forecasts reduced to for 2024, but science and research are resilient

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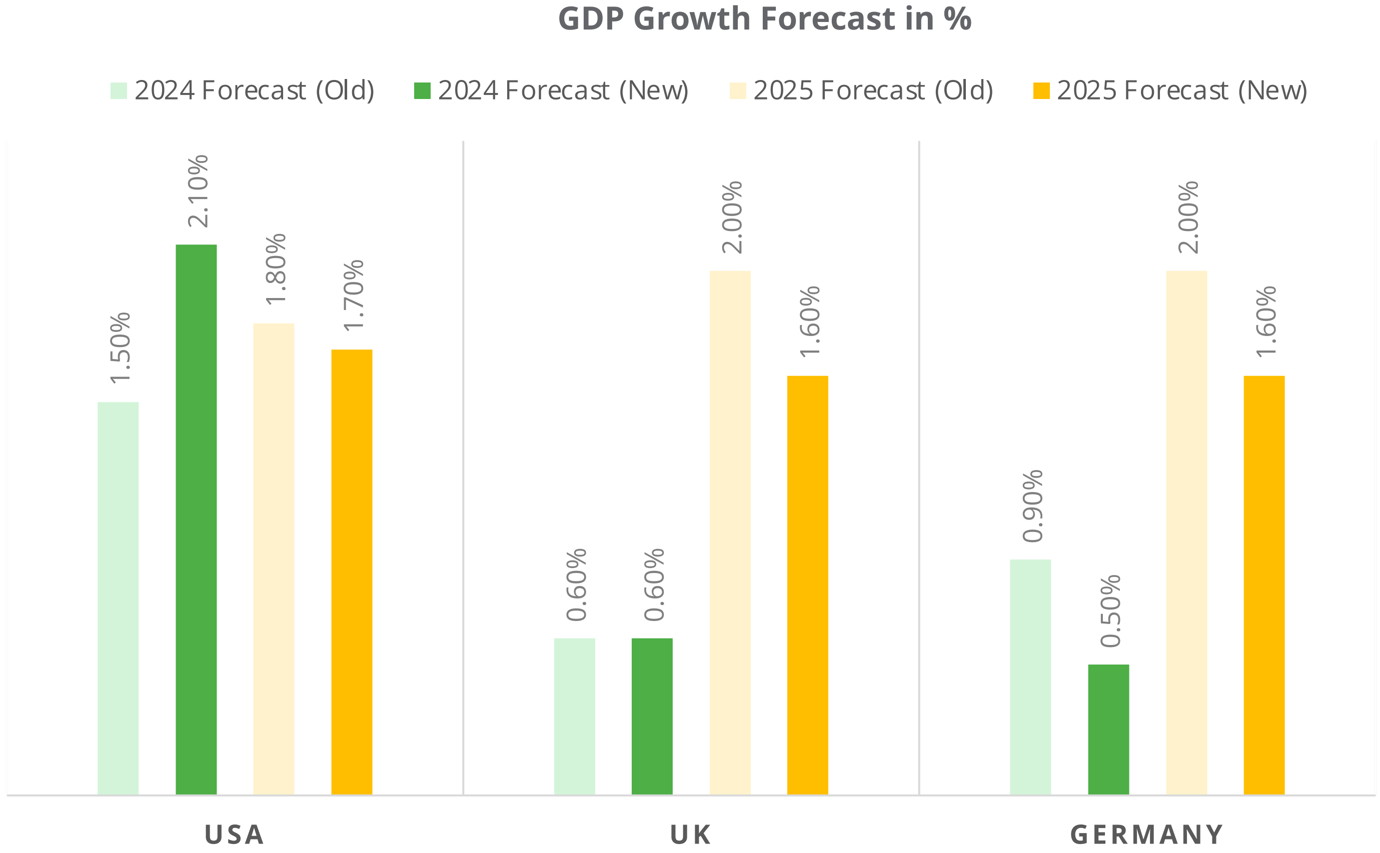


Source: https://www.imf.org/en/Publications/WEO/Issues/2024/01/30/world-economic-outlook-update-january-2024

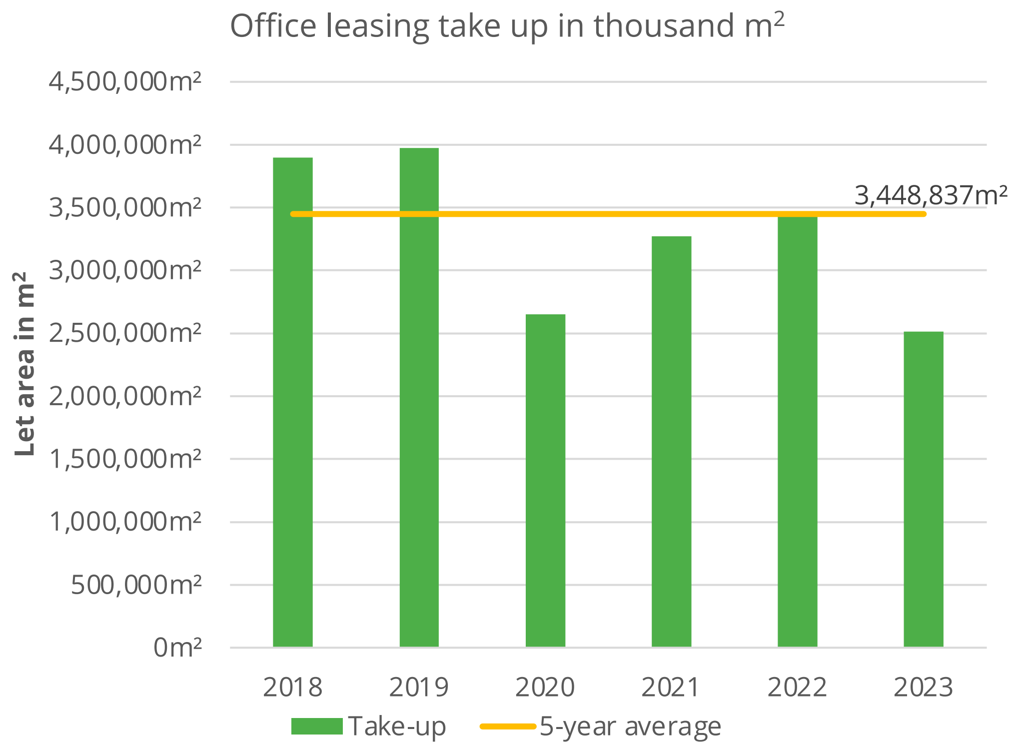
- IMF forecast for German economy growth for 2024 was 0.9% as of October 2023
- In January 2024, the IMF reduced its forecast to just 0.5%
- Also, 40 bps reduction of 2025 GDP growth forecast
- This contrasts with the US economy, which is projected to grow stronger than anticipated: Adjusted upwards from 1.5% to 2.1%

The Federal ministry of Finance and Economy just revised the economic growth forecast from 1.3% down to 0.2%, indicating a recession

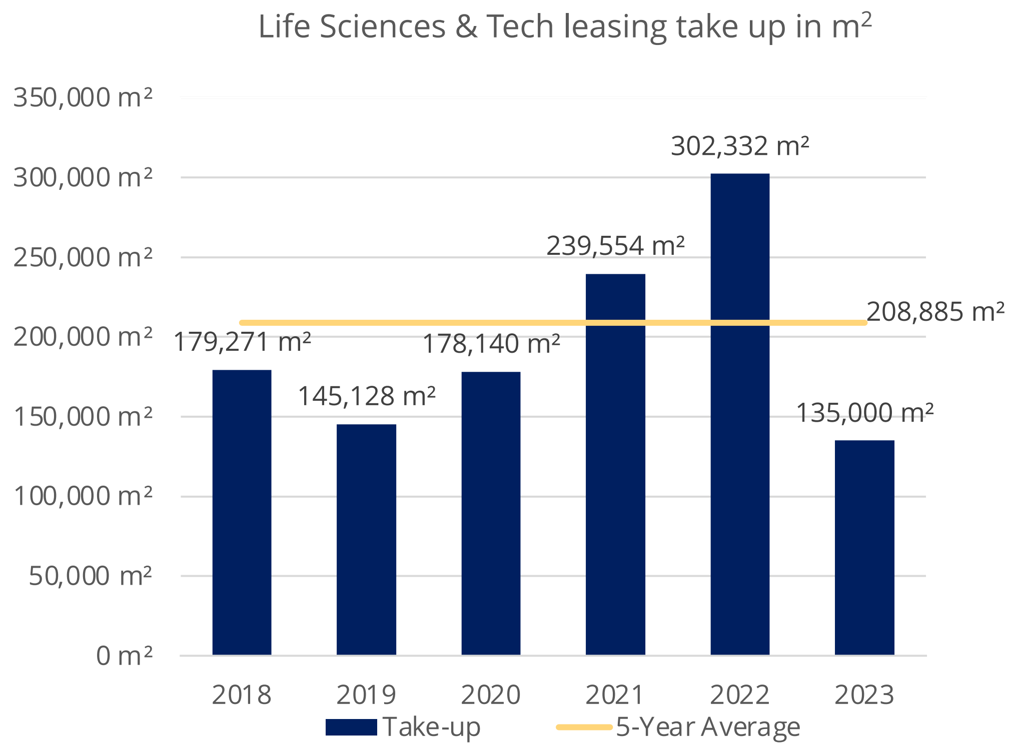
Economic development slows down new lettings … but ESPG has secured significant new tenants

	2018	2019	2020	2021	2022	2023
in thousand m²						
JLL				3.289	3.504	2.537
Colliers	3.800	3.900	2.600	3.100	3.400	2.400
BNP Paribas	4.000	4.050	2.705	3.422	3.435	2.601
Average	3.900	3.975	2.653	3.270	3.446	2.513
5-year average					3.449	-27,1%

- In 2023, letting take-up for office has been 27% below the 5-year average according to the main research providers
- Proprietary data from Colliers Research shows a similar drop for science park lettings in 2023
- ESPG's results stand out against this context



Source: Company Research Q1 2024



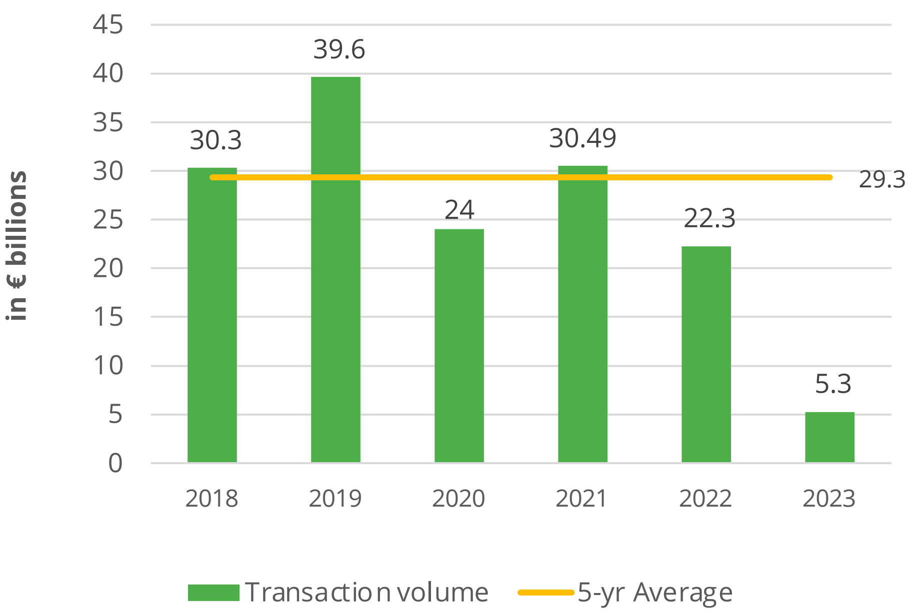
Source: Colliers International Market Intelligence & Foresight

Office transaction volumes have collapsed … but life science remains very active

German Real Estate Transaction volumes (Office)

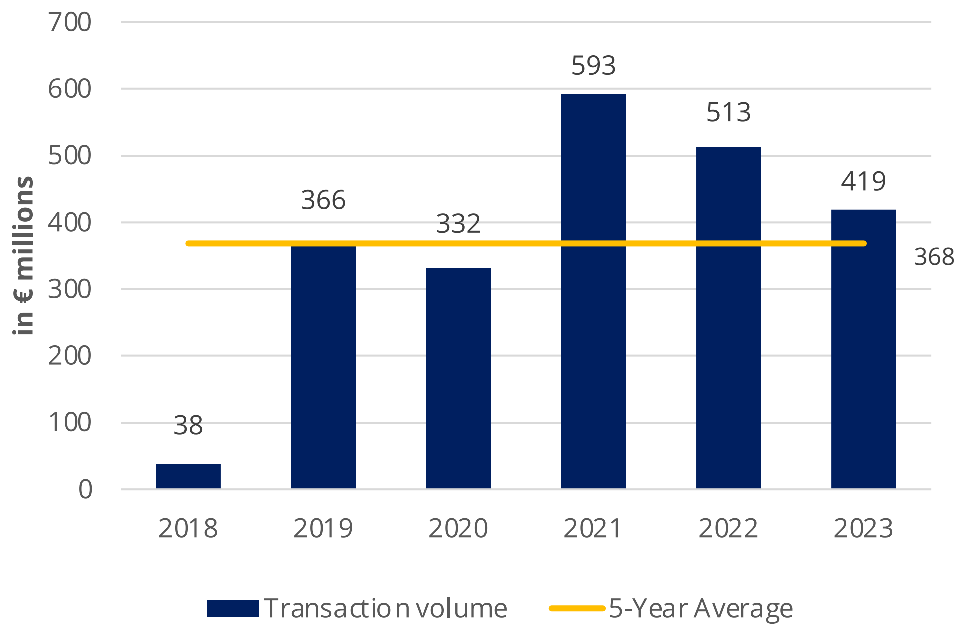
	2018	2019	2020	2021	2022	2023
in € bn						
CBRE	30,5	40,0	27,0	30,0	23,0	5,0
Colliers	30,9	40,5	20,4	30,5	21,5	4,8
BNP Paribas	29,5	38,4	24,6	31,0	22,3	6,0
Average	30,3	39,6	24,0	30,5	22,3	**5,3**
5-year average					**29,3**	**-82,0%**

- The Investment Market for commercial office properties in Germany has dropped off a cliff in 2023, coming in 82% below the 5-year average
- German Life Science & Tech real estate is holding up relatively well, with transaction volumes falling by just 18%
- The number of life science & tech transactions has increased



Source: CBRE / BNP Paribas / Colliers Q1 2024, ESPG analysis

Life Science Real Estate transaction volumes



Source: Colliers Life Science & Tech update Q1 2024

Valuations for publicly listed commercial real estate companies have fallen moderately

- ESPG's analysis of a comparable set of commercial (and residential) property investor listed on public exchanges shows an average drop in value of c 7.2% in 2023 compared to previous year
- This corresponds to a c €10bn decrease in real estate value owned by German's major players
- The adjustment is particularly strong for office-focused portfolios such as Alstria, Branicks and Demire
- Many of these players have not achieved any meaningful leasing results in 2023

in € millions	2022	Q3 2023	% Change
Alstria	4.600	4.000	**-13,04%**
Branicks	3.673	3.202	**-12,84%**
DEMIRE	1.058	931	**-12,00%**
CA Immo	4.966	4.436	**-10,67%**
LEG	20.204	18.983	**-6,04%**
Peach Property	2.602	2.515	**-3,33%**
S Immo	3.774	3.102	**-17,81%**
Vonovia	94.695	88.700	**-6,33%**
Total	**135.572**	**125.869**	**-7,16%**

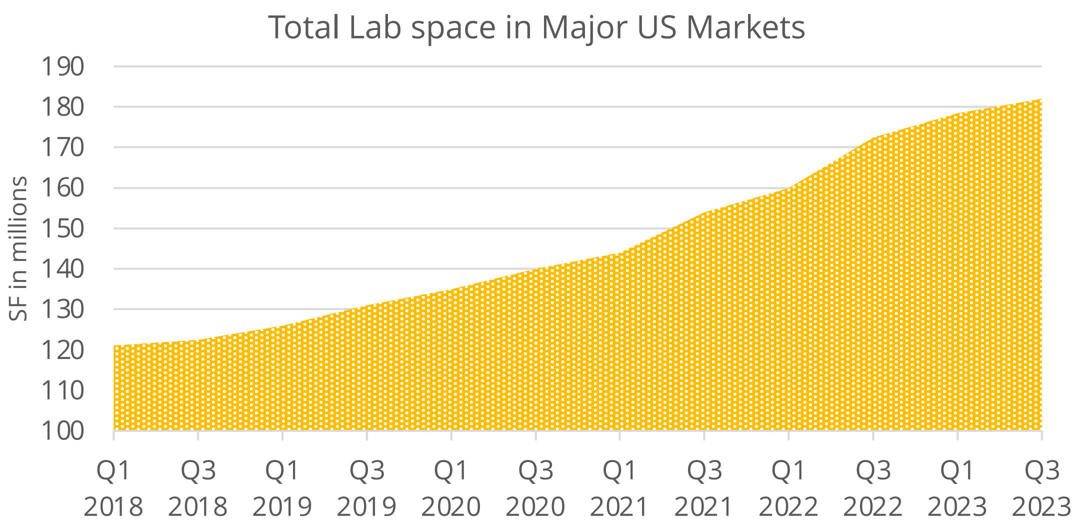
Source: Companies' press releases Q1 2024 and financial statements

The current wave of insolvencies and distress (Adler, Signa, Gerch, Euroboden, Interboden, Comfort, etc) mostly concerns development companies / development projects.

Rising construction costs, post-Covid delays, sluggish rental take-up, soft transaction markets, high leverage paired with rising interest rates have created a perfect storm

Comparison to US Market

The US market shows the potential for the Life Science & Tech real estate market in Europe.
Germany is lagging behind, but catching up quickly – ESPG is well placed to benefit from this growth



Vertex Pharmaceuticals, Boston Seaport area

Source: 2024 US Life Sciences Outlook by CBRE

- Ongoing growth of the Life Science asset class in the USA: 60m sf (c 5.6m m^2) of new lab space added in the last 5 years
- Strong 2024 pipeline of new lab spaces backed by strong financing capabilities
- Top 10 Owners control c 70% of market, with at least three of them (Alexandria, Healthpeak and Ventas) >US 10bn
- Private Equity Investors (e.g. Blackstone, TPG, Harrison Street) each own Life Science platforms (Biomed Realty, Physicus, Pioneers)
- European Institutional Investors have entered the market

02 Operational success stories 2023

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Showcase: Revitalizing Science park Würselen

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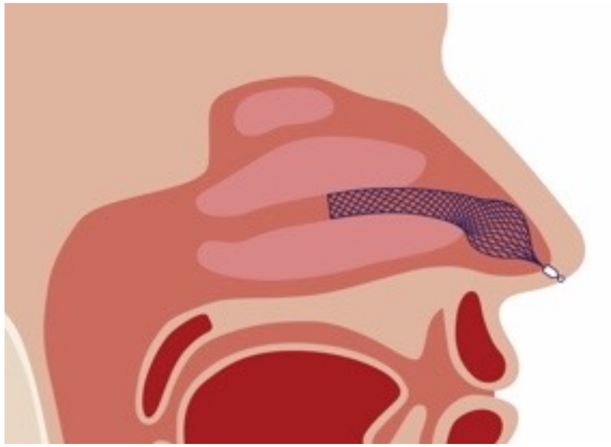
$436m^2$ let to Med-tech pioneer Alaxo

- ✓ Alaxo is a globally successful German mid-sized company that manufactures nasal stents for optimized breathing
- ✓ Tenant produces 35 to 60mm long stents that patients can place in and pull out of the nose without medical assistance
- ✓ Stents mechanically help patients to properly breath through the nose
- ✓ Helps people that snore or suffer from a permanently too narrow or swollen nose
- ✓ 10-year lease at €8.85/m^2 with full inflation-linking
- ✓ €110k have been invested into Alaxo area

$924m^2$ let to Japanese LED-manufacturer Nichia

- ✓ Nichia is a Japan-based global leader in innovative lighting and magnetic solutions
- ✓ Pioneering the world's first commercially viable blue LED
- ✓ > 7,000 employees located in more than 30 company locations around the world (plants, offices and sales offices)
- ✓ In FY2023, Nichia generated ¥341.8bn (approx. $2.5bn)
- ✓ 5-year lease at €8.50/m^2 with full inflation-linking
- ✓ €140k have been invested into Nichia area



NICHIA

ALAXO AIRWAY STENTS

The occupancy rate at BlueCircle Würselen climbed from 0% to over 70% within a couple of months

Showcase: 2,481m² let to National Areo- and Space research institute (“German NASA”)

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- ✓ Lease up of further 2,481m² in BlueCircle Würselen at €8.50/m² (€1.00/m² above market level as per Winters & Hirsch valuation)
- ✓ German Aerospace institute is a public sector tenant that will use this area for R&D of small helicopters the institute uses for testing flights
- ✓ DLR is attracted by proximity to local testing airfield and “elite” technical university
- ✓ €1.1m have been invested into DLR area (c €440/m²)

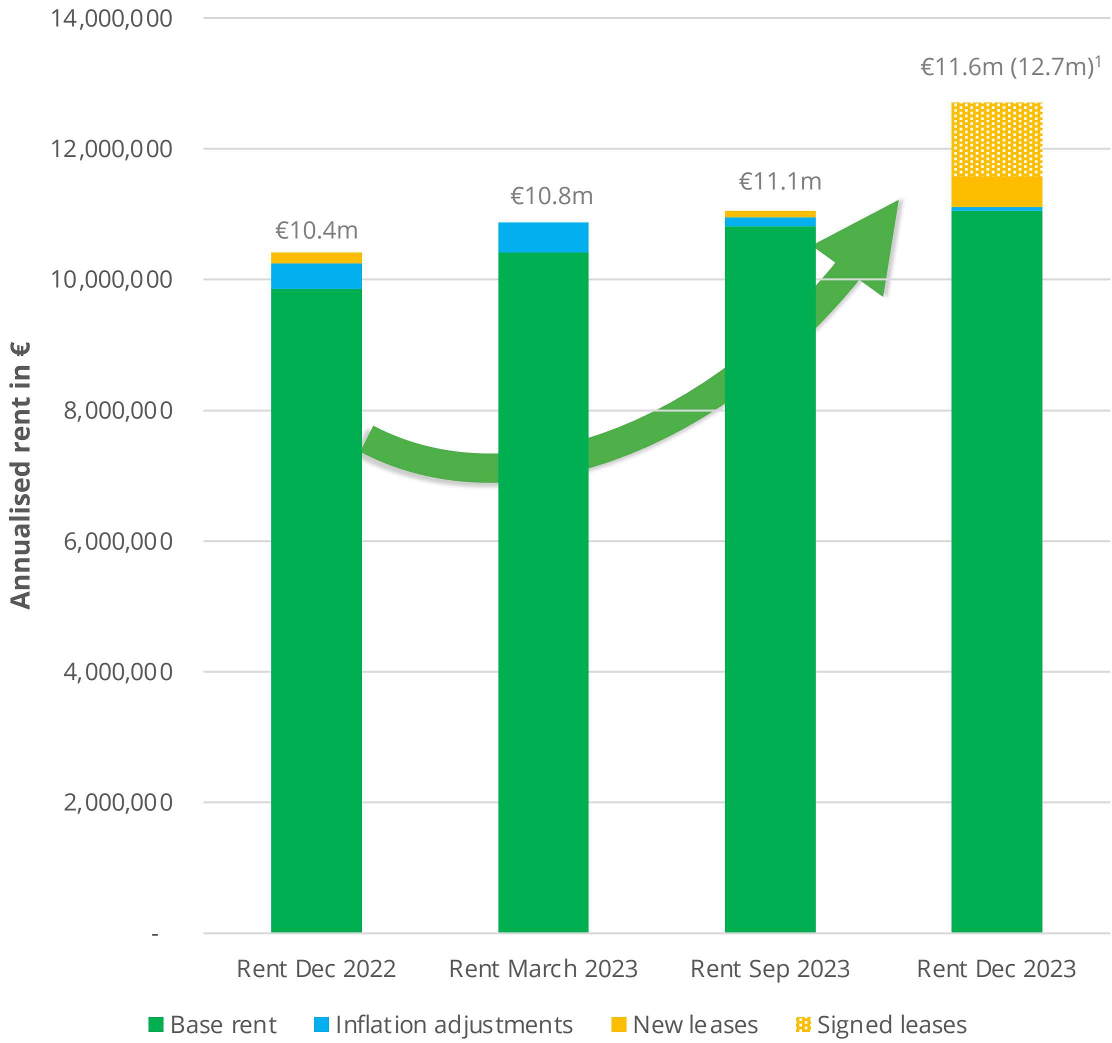
DLR

The DLR, Nichia and Alaxo lease will further strengthen BlueCircle’s position as a science park and together with other realized leases will lead to a market value uplift of BlueCircle after reletting 70% of the asset

Showcase: Future Campus Essen re-letting

- ✓ ESPG signed a new 8-year lease for 7,100m² lettable area
  - ✓ Blue-chip tenant who uses Future Campus for "green' and "blue" hydrogen research and tech
  - ✓ At a 23% higher rent than passing rent
  - ✓ 100% inflation-linking (capped at 7.5% p.a.)
- ✓ Total investment of c €3.3m to transform the workspace and create a new-build standard
- ✓ This will include the installation of new doors, walls, floors and a new lift
- ✓ ESG compliance is greatly improved by conversion

Rental growth through lease-up and inflation

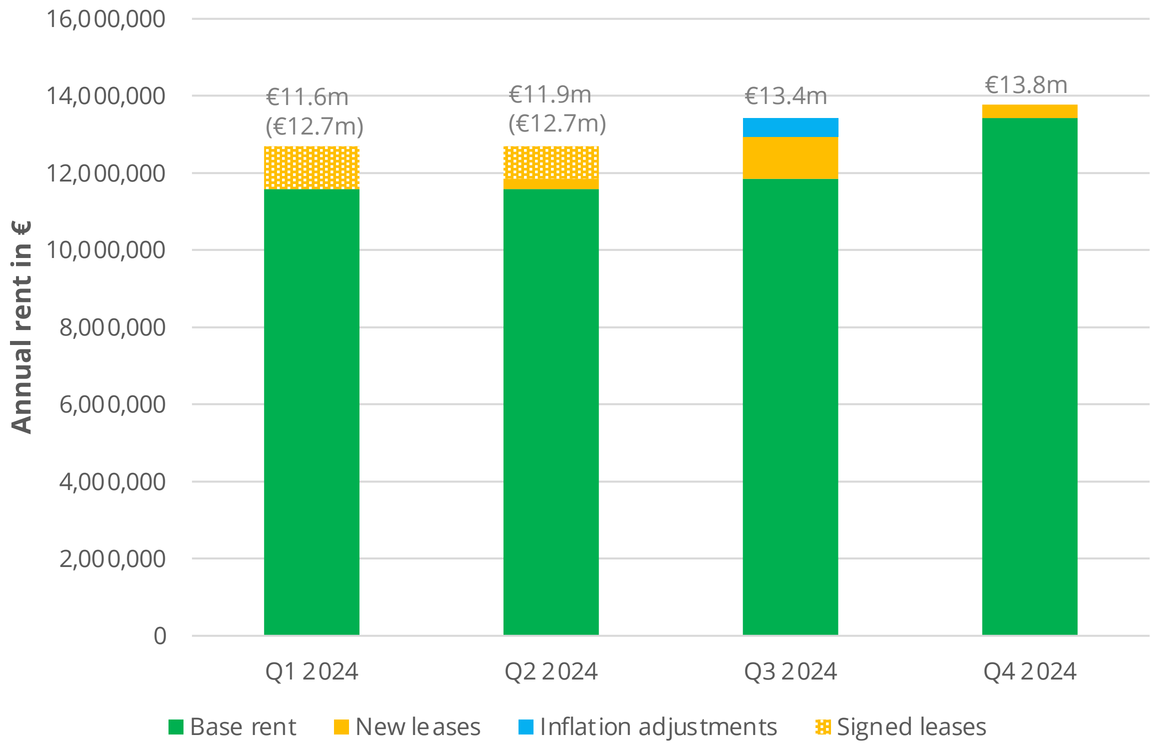


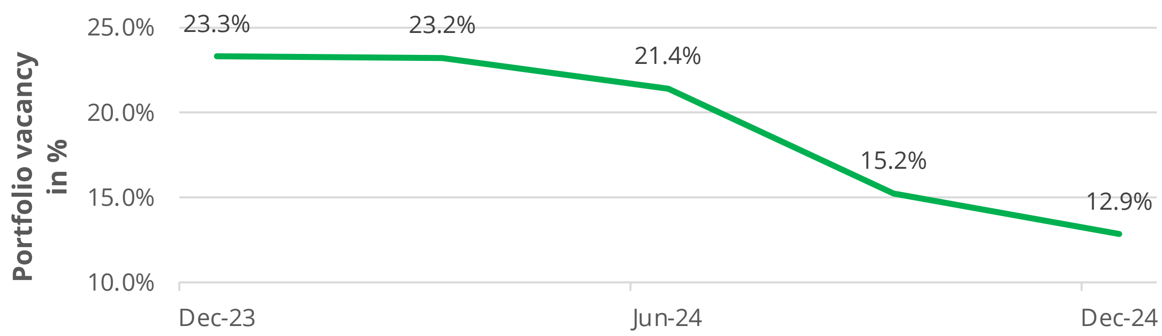
[1] *Includes signed leases starting in 2024*

Key Achievements 2023 and FY2024 outlook

- ✓ Dec 2023 rent roll of €12.7m on an annualised basis, corresponding to a 17% vacancy rate
- ✓ Total rental growth of 22% compared to Dec 2022, including 6.2% inflation-linking of lease agreements
- ✓ Live leases amount to €11.6m on an annualised basis, including leases with Nichia and DLR as show cased
- ✓ ESPG has signed further leases with yearly passing rent of €1.1m that are subject to market-standard conditions (building permit, internal approval, etc) and shown as part of the €12.7m rent roll
- ✓ These leases are reflected in 2024 rental growth projections

Projected rental growth of 19% in FY2024





Planning strong rental growth

- Expected to lease-up >13,200m² in 2024, of which approx. 3,300m² were already signed in Q4 2023
- New leases would drive up rent roll to €13.8m per annum by December 2024, of which new leases would account for approx. €1.8m yearly passing rent
- Consumer Price Inflation-linking in nearly all lease contracts is forecast to generate further rental growth
- **Management expectation of vacancy reduction to 12.9% until Dec 2024**
- **12-month rent forecast increase of 19.0% in 2024**

Significant debt financing success in 2023

Since the last bondholder meeting, ESPG achieved its refinancing objectives but had to suspend its previous policy of reducing secured debt

1. Junior secured loan

- Swedish lender offered 55% to 70% LTV loan
- Signed facility agreement for up to Euro 10.4m, secured by five properties
- Drawdown of €6.1m

2. Senior secured refinancing of individual property

- Local mutual bank offered €4.5m
- 5-year facility with minimum amortization

3. Extension of SuperNova II senior secured loan

- Existing lenders have issued a new syndicated loan with 3-year maturity
- Flexible refinancing schedule without any prepayment penalties
- Current Outstanding Balance reduced to €26.2m, equivalent to 62.5% LTV
- Extension of existing loan more attractive than taking out new financing as originally planned

As a result of these re-financings, ESPG's senior and junior debt requirements are met until December 2025*

** Assuming outstanding small bridge loan roll-over as per pending advanced approval process*

Planned financing activities in 2024

Increased debt maturity and several refinancings planned in 2024

1. Roll-over of senior secured loan

- Current senior loan of €19.7m / <50% LTV is due for refinancing by 30 April 2024
- The existing lender is in advanced stages of its approvals process to prolong loan for 1.5 years and to fund up to 50% of selected capex for one of the properties

2. Senior secured loans

- Up to €20.0m senior secured loans are under negotiations with various local banks
- The refinancing is not urgent, as the existing maturities extend until the years 2025/2026. However, the interest rates can be reduced through early refinancing and additional funds be generated to fund capex and tenant incentives

3. Junior secured loan

- Swedish lender has offered 55% to 70% LTV loan
- A total of around €8.3m in junior loans are planned to supplement existing senior financing

Forecasting **cash inflow of €9.8m** from financing activities in 2024

"We currently experience a very accommodating collaboration with our senior banking partners, who have shown flexibility to extend two of our existing loans and are working with us on new facilities.

We have also been successful in attracting new lenders, especially those attracted by the life science and tech sector."

Ralf Nöcker, Board Member ESPG AG

03 Financials 2023

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Strong set of operational performance despite financing challenges

ESPG finished the year 2023 with a **strong increase** in rental income and stable net operating income, despite persistent cost inflation across its operations.

The **overhead cost-cutting program** started in 2022 is showing first results, but high one-off costs relating to the bondholder AGM and the refinancings depress cash flow.

Increased interest costs and absence of a substantial valuation gain result in a negative EBT, after a positive H1 2023

The balance sheet[1] shows impact of **increased borrowing** to fund capex and some bond interest

Shareholders injected €9.8m of capital in 2023

Engineering Park Aachen – HQ of world-leading air purification

"It was a challenging year for all of us in the property sector, but interest in science parks and areas of innovation has remained strong, generating several lettings to exciting companies. We expect this trend to continue in 2024."

Markus Drews, Board Member ESPG AG

"Lab in Office" at Camptec Darmstadt

[1] *FY 2023 pro forma are company's projections based on preliminary figures*

Financials - Income Statement update FY 2023

GRI growth and acquisitions result in increased EBIT

Profit and Loss Statement				
(in €)	**2021 A**	**2022 A**	**H1 2023 A**	**2023 pro forma**
Gross rental income	**11,792,044**	**12,545,258**	**6,326,017**	**14,972,924**
Expenses relating to letting of property	(5,125,604)	(4,812,120)	(2,385,592)	(5,708,285)
1 **Net Operating Income**	**6,666,440**	**7,733,138**	**3,940,425**	**9,264,639**
-- Exceptional one-off operating expenses [1]				(1,505,425)
2 Personnel expenses	(953,813)	(1,126,371)	(525,888)	(987,274)
Other operating income	606,172	1,441,558	415,385	775,114
3 Other operating expenses	(1,524,064)	(2,956,639)	(1,426,897)	(1,837,681)
-- Exceptional one-off corporate expenses [2]				(914,793)
Depreciation and amortization	(118,256)	(122,019)	(61,919)	(82,673)
Revaluation result [3]	(624,910)	6,879,131	(268,509)	447,914
Earnings before interest and taxes (EBIT)	**4,051,567**	**11,848,798**	**2,072,596**	**5,159,822**
in % of total income from property mgmt.	*34%*	*94%*	*33%*	*34%*
Financial income	395,601	561,556	419,203	632,125
4 Financial expenses	(8,458,009)	(8,712,027)	(5,258,595)	(10,045,613)
-- Non-cash expenses acrued on shareholder loans				(1,056,576)
Earnings before taxes (EBT)	**(4,010,840)**	**3,698,327**	**(2,766,795)**	**(5,310,242)**
in % of total income from property mgmt.	*-34%*	*29%*	*-44%*	*-35%*
Income taxes	(542,356)	(1,620,555)	(268,626)	(750,042)
Group earnings	**(4,553,197)**	**2,077,771**	**(3,035,421)**	**(6,060,284)**
in % of total income from property mgmt.	*-39%*	*17%*	*-48%*	*-40%*

[1] *Exceptional items comprise leasing brokerage commissions, legal and consulting fees and one-off expenses for portfolio maintenance*

[2] *Legal and advisory fees in relation to debt financing and bond exchange*

[3] *Subject to final review*

Sources: Company information
Note: FY 2023 pro forma are company's preliminary figures (unaudited)

Comments on Income Statement FY23

1 Net Operating Income

- Adjusted Net Operating Income increased by 19.8% to reach €9.3m
- This backs out one-off effects of €1.5m resulting from commissions for leasing agents, tenant improvements and one-off expenses for portfolio maintenance

2 Personnel expenses

- Staff costs are forecast to decrease with a reduction to 6 FTE's (7 FTE's before)

3 Other operating expenses

- Other operating expenses include one-off legal and consulting services of c €915k, mostly in relation to the new debt financings
- In addition, the costs for the non-executed bond exchange offer and the successful bondholder meeting amounting to c €1.2m in total were capitalized

4 Financial expenses

- Increased financial expenses due to interest rates of variable interest-rate loans
- Increased bond interest-rate recognized from Q4 2023 onwards

Financials - Balance Sheet update FY 2023

Balance Sheet				
(in €)	**2021 A**	**2022 A**	**H1 2023 A**	**2023 pro forma**
1 Investment properties	205,790,000	228,500,000	228,500,000	229,750,000
Loans to minorities	7,754,191	8,964,351	8,661,785	9,293,860
Other fixed assets	1,239,509	1,411,613	1,549,311	1,532,154
Fixed assets	**214,783,700**	**238,875,964**	**238,711,096**	**240,576,014**
Cash	3,672,327	3,015,079	4,374,653	7,160,758
Other current receivables	865,206	1,251,696	2,611,303	482,812
Other current assets	656,082	632,160	157,193	220,840
Current assets	**5,193,615**	**4,898,935**	**7,143,148**	**7,864,409**
Total assets	**219,977,315**	**243,774,898**	**245,854,244**	**248,440,424**
Subscribed equity capital	23,431,820	23,431,820	23,431,820	23,431,820
Shareholder Reserve	(17,289,388)	(8,926,023)	(1,187,357)	908,934
Consolidated balance sheet result	23,904,569	25,261,296	22,217,406	19,150,050
2 **Equity (shareholders of the parent entity)**	**30,047,001**	**39,767,093**	**44,461,869**	**43,490,804**
Minority shares	8,390,907	9,684,095	9,692,564	9,735,054
Total equity	**38,437,908**	**49,451,188**	**54,154,432**	**53,225,858**
3 Financial loans	125,508,632	132,337,513	127,054,834	132,270,733
Bond	42,195,980	45,843,790	46,365,263	45,675,248
4 Deferred tax liabilities	9,577,354	10,557,417	10,509,594	10,882,439
Liabilities held for sale, trade and income tax	870,875	1,517,374	1,595,479	919,075
Other liabilities	3,386,566	4,067,616	6,174,642	5,467,070
Liabilities, total	**181,539,408**	**194,323,710**	**191,699,812**	**195,214,565**
Total of Liabilities and Equity	**219,977,315**	**243,774,898**	**245,854,244**	**248,440,424**

Sources: Company information
Note: FY 2023 pro forma are preliminary, unaudited figures

Comments on Balance Sheet FY23

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1 Investment properties (GAV)

- Preliminary valuation results of the real estate portfolio show almost unchanged values compared to the previous year. As of Dec 2023, the total value is €229.75m
- This is subject to final auditor review

2 Balance sheet result

- The negative consolidated balance sheet result of €6.1m is more than offset by the increase in reserves of €9.8m, which represents the injection of new shareholder loans
- The difference leads to an improvement in equity versus FY 2022

3 Financial loans (Short-term & Long-term debt)

- Short-term and Long-term debt (senior, junior debt financings and the bonds) almost unchanged compared to FY2022 at €177.9m

4 Deferred tax liabilities

- Calculation of deferred taxes not yet completed; these values are still being finalized

04 Indicative valuation update

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Preliminary Valuation Analysis

ESPG Portfolio Valuation	FY 2021A [1]	FY 2022A	FY 2023 prelim
Market Value	229,350,000	228,500,000	229,750,000
- Like for Like increase (1)		*-850,000*	*1,250,000*
- Delta in % (1)		*-0.4%*	*0.5%*
Value per m^2	1,814 € / m²	1,808 € / m²	1,819 € / m²
Net rental income (NRI) (2)	11,080,831	10,366,279	12,703,950
- Delta		*-714,552*	*2,337,670*
- in %		*-6.4%*	*22.6%*
Vacancy ratio	18.66%	26.0%	17.0%
- Delta		*7.3%*	*-9.0%*
WAULT (3)	4.99 Yrs	4.8 Yrs	5.4 Yrs
- Delta		*-0.2 Yrs*	*+0.7 Yrs*
- in %		*-3.9%*	*13.6%*
Fair Market Rent (FMR) (4)	13,864,864	14,101,059	14,640,034
- Delta		*+236,195*	*+538,974*
- in %		*1.7%*	*3.8%*
Gross yield NRI	4.8%	4.5%	5.5%
- Yield shift		*-32.8 bps*	*+103.0 bps*
Gross Yield FMR	6.0%	6.1%	6.4%
- Yield shift		*+8.0 bps*	*+24.7 bps*

(1) FY 2021 values include Griesheim acquisition; Deltas are net of acquisition

(2) NRI in 2023 is based annualised Dec 2023 rent roll including signed leases (see p.14)

(3) WAULT = Weighted average unexpired lease term

(4) Fair market rent is the sum of existing passing rent and ERV of vacant areas

- Preliminary valuation results show a market value of €229.75m, a very slight uptick from the audited 2022 market value
- Valuation result impacted by adverse yield shift of 100 bps based on passing rent, largely off-set by certain investments, strong leasing activity and increase in WAULT
- Fair market rent increase in line with inflation
- Portfolio valuation combines increases in the properties where new leases were signed or extended with downwards adjustments for properties with prolonged periods of vacancy or shorter WAULTs
- Individual property values fell by up to 8.3% and increased by up to 7.1% compared to FY2022 audited

Please note that these are preliminary valuation results that still need to be checked for complete accuracy.

Also, the auditor has in the past challenged external valuations and requested downwards adjustments in the final audited statements.

Potential LTV impact

- Based on the preliminary draft valuation, ESPG is meeting its financial covenants:
  - Secured Net LTV of 54.45%
  - Total net LTV of 74.34%
- LTVs shown are in each case net of €7.16m of cash held at ESPG as of 31 Dec 2023

LTV covenant calculation	H1 2023	IFS23 prelim
Gross Asset Value	**228,500,000**	**229,750,000**
Long-Term Secured Debt	75,070,980	112,631,006
Short-Term Secured Debt	51,983,854	19,639,728
Bond 2023/2026	46,365,263	45,675,248
Cash	-4,374,653	-7,160,758
Net Debt	**169,045,444**	**170,785,224**
Secured Net LTV	53.69%	54.45%
Net LTV all-in	**73.98%**	**74.34%**

Please note that this are preliminary valuation results that still need to be checked for complete accuracy. Also, the auditor has in the past challenged valuations and requested downwards adjustments in the final audited statements

Medical-grade weaving for Alaxo nasal stents

Nichia LED research reception

05 Bondholder resolutions

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1. Suspension of LTV covenant 2023

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Suggested Resolution No. 1

- Based on the current draft valuation, ESPG would meet the 75% Total-LTV test
- However, there is virtually no headroom at 74.3% LTV - a valuation adjustment of just 0.7% would trigger the LTV covenant
- In the past, ESPG's auditor have required adjustments of the external RICS valuation
- ESPG therefore suggests to suspend and not test the LTV covenant in 2024

Considerations

- The LTV covenant does not affect ESPG's ability to pay the interest on time and in full
- The property market is severely disrupted as a result of the Ukraine war, interest rate "shock" and looming recession in Germany and Europe
- Fire sales by distressed players make asset disposals unattractive
- The amount of equity on balance sheet has continued to increase, as shareholders have invested Euro 9.8m of fresh capital during 2024
- Leading bondholders have agreed to waive the 2023 covenant

2. Delegate decision for LTV test 2024 and 2025 to joint Representative chosen by bondholders

Suggested Resolution No. 2

- In the summer 2023, a sliding scale for the LTV was agreed:
  - 75% in 2023
  - 70% in 2024
  - 65% in 2025
- This was based on the assumption that valuation yields were stable and that the market value of the portfolio would increase with rent, reaching to Euro 280m by 2025
- Today's market situation shows that this is not realistic, and the company now forecasts portfolio value growth of max Euro 260m by the end of 2027 – basically halving its earlier forecast
- Addressing potential LTV breaches via bondholder meetings has severe disadvantages:
  - Investor fatigue and negative sentiment
  - Each consent solicitation process is viewed negatively by senior lenders and stakeholders
  - Significant disruption to bond trading and pricing (as witnessed at present)
  - Each consent solicitation process costs Euro 125k plus and distracts management

Considerations

- The joint representative was appointed by bondholders will consult with lead bond holders
- Strict safeguards remain in place for acquisitions
- Financial policy remains to reduce debt, but waiver avoids "exploding bridges"

3. Allow bond to be increased by up to 20%

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Suggested Resolution No. 3

- The company suggests that the terms and conditions of the bond shall allow for the bond to be increased by new issuance of up to 20% or Euro 9.2m
- Such a tap needs to be priced at 95/100 or better to avoid any dilution
- Not current plans to issue any bonds given current screen prices, but company would welcome flexibility

Background

- At present, mezzanine is more expensive than bond coupon, despite structurally higher ranking and better covenants
- Increased flexibility to accept new investor for liquid debt investment
- Bond market has shown initial signs of resurgence, especially for life sciences and tech
- Any increase is voluntarily – no-one has to fund

Resolution 4:

Coordinate timing for reporting, simplify bondholder notifications, legal clear-up

Call for action – what do I have to do?

Next Steps for bondholders:

- Register with notary via the website by 15 March 2024
- Provide proof of bond ownership and blocking certificate
- Decide to vote in person / direct or appoint representative between 18 and 20 March
- 50% of bondholders must register with the notary for a valid voting process

https://espg.space/investor_relations/corporate-bond/

Hyperlink to registration form

https://espg.space/wp-content/uploads/2024/02/ESPG_Bond_Voting_Form.pdf

https://espg.space/wp-content/uploads/2024/02/ESPG_Bond_Stimmabgabeformular.pdf

Selected press coverage:

https://www.anleihen-finder.de/unser-geschaeft-hat-sich-im-letzten-jahr-sehr-gut-entwickelt-interview-mit-dr-ralf-noecker-vorstand-espg-ag-00063426.html

Register by 15 March 2024

One One Magdeburg

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Appendix Outlook 2024 to 2026

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FFO Forecast

As per published business plan

(€)	Year 1	Year 2	Year 3
Period ending	*Dec-24*	*Dec-25*	*Dec-26*
Net Rental Income (NRI)	**12.354.511**	**13.625.633**	**14.733.292**
Occupancy (Average)	80,2%	85,7%	89,9%
Rent / sqm	9,69	10,02	10,33
Net Operating Income (NOI)	**11.032.812**	**12.212.426**	**13.233.617**
NOI leakage	(10,7%)	(10,4%)	(10,2%)
Repairs & Maintenance	(564.169)	(595.199)	(624.958)
Company overheads	(2.423.906)	(1.911.415)	(1.911.415)
Senior debt interest	(5.128.872)	(4.972.137)	(4.772.745)
Capex line interest	-	-	-
Junior debt interest	(1.116.900)	(1.505.450)	(1.592.250)
Unsecured bond interest	(4.429.470)	(4.429.470)	(4.429.470)
Financing fees	(304.500)	(311.679)	(20.000)
Taxes (VAT, CIT)	(400.000)	(600.000)	(600.000)
Funds from Operations	**(3.335.005)**	**(2.112.924)**	**(717.222)**
Scheduled Amortisation	(2.116.366)	(2.356.729)	(2.438.306)
Drawdown term loan [1]	50.234.257	43.344.970	2.625.571
Drawdown capex line	-	-	-
Repayment of loans	(38.674.113)	(38.129.399)	(2.625.571)
Cash from financing activities	**9.443.777**	**2.858.842**	**(2.438.306)**
FCF (before Capex)	**6.108.772**	**745.918**	**(3.155.528)**

- NRI in future years includes standard 3-months rent free assumption for new leases
- Occupancy rate of 87.1% on 31 Dec 2024 and 80.2% on average in 2024
- Rising NOI is mostly used up by risen interest-rates and financing fees
- Senior debt refinancings and and additional junior debt planned in 2024 / 2025
- Cash-in from financing activities leads to positive FCF and cash position in next three years

Note: *forward-looking statements, projections and forecasts are for guidance only and subject to the Disclaimer at the end of this presentation.*

Re-Forecasting Balance Sheet and LTVs

Negative market development and higher debt costs drive LTVs

LTV Projections	FY 2023 prelim	FY 2024	FY2025	FY2026
GAV forecast [1]	229,750,000	245,816,465	259,006,756	268,263,937
GAV development	*n/a*	*7.0%*	*5.4%*	*3.6%*
Rent development		*14.0%*	*10.7%*	*7.1%*
Cash	7,160,758	3,000,000	3,000,000	3,000,000
Total Assets	**236,910,758**	**248,816,465**	**262,006,756**	**271,263,937**
Bonds	45,675,248	45,675,248	45,675,248	45,675,248
Senior Secured Debt	126,356,266	125,291,852	130,064,499	127,252,555
Junior Secured Debt	5,914,467	14,430,000	14,430,000	16,430,000
Capex Loan				
Total liabilities	**177,945,982**	**185,397,100**	**190,169,747**	**189,357,804**
NAV [2]	**58,964,776**	**63,419,365**	**71,837,008**	**81,906,133**
Senior secured Net LTV	51.88%	49.75%	49.06%	46.32%
Secured Net LTV	54.45%	55.62%	54.63%	52.44%
Total Net LTV	**74.34%**	**74.20%**	**72.26%**	**69.47%**

[1] *GAV forecast by 50% of growth of rental income (softening yields)*

[2] *Net asset value shown for info only. Based on property value , plus cash, net of debt. Not comparable to IFRS NAV*

- Adverse changes since the bond extension in August 2023 indicate a risk of total LTV exceeding 75% for FY2023
- €5.9m of mezzanine was required for bond interest, higher interest on floating loans and capex
- For 2024 and beyond, we forecast valuation yields to continue to soften. We have forecast valuation to only track 50% of additional rental income generated by EPSG's lease-up program
- As a result, the LTV would fall again in the next years, but this remains subject to significant uncertainties
- **Hence the suggestion to mandate the joint representative to handle the LTV covenants in 2024 and 2025**

Note: *forward-looking statements, projections and forecasts are for guidance only and subject to the Disclaimer at the end of this presentation.*