

ESPG publishes consolidated financial statements for 2023: financial performance characterised by challenging market environment

- **Science Park portfolio shows stable valuation in 2023: slight increase in portfolio value to EUR 228.6 million, bond LTV covenant met**
- **Increase in operating income due to vacancy reduction and rent increases**
- **Negative consolidated net income of EUR -7.0 million despite positive operative development due to increased financing costs and lack of valuation effects from the portfolio**
- **Ongoing challenging conditions for business development in the 2024 property year**

Cologne, 25 June 2024: The European Science Park Group (ESPG), a real estate company specialising in science parks, today published its annual financial report for 2023. This was given an unqualified auditors' opinion by RSM Ebner Stolz. ESGP can look back on a solid financial year overall, despite the negative development of net income. In an extraordinarily challenging market environment, the value of the Science Park portfolio remained stable and income increased significantly by around 25 per cent thanks to new lettings and rent increases. However, in spite the operating successes, both the consolidated result and the cash flow from operating activities are negative – in particular due to increased one-off costs and interest.

Dr Ralf Nöcker, Management Board Member of ESGP AG: “The 2023 property year was very challenging for us. Science parks remain attractive to tenants and have established themselves as a high-performing asset class. We are proud of these successes. However, the market environment remains extraordinarily challenging, which is reflected not least in the development of earnings and cash flow. We will continue to work on these issues intensively.”

Income growth due to new lettings and rent increases

The operative income totalled EUR 15.7 million in the 2023 reporting year, significantly higher than in the same period of the previous year (2022: EUR 12.5 million). The increase of around 25 per cent is due to letting successes and inflation adjustments to existing rents as well as one-off compensation payments and cost transfers. The average net cold rent rose by 8.0 per cent to EUR 9.89/m² in December 2023 (December 2022: EUR 9.16/m²). The vacancy rate also decreased significantly to 17.0 per cent. The new lettings included particularly innovative

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companies, such as the German Aerospace Centre (DLR), the German med-tech pioneer Alaxo and the Japanese LED developer Nichia.

Earnings before interest and taxes (EBIT) fell to EUR 3.9 million (2022: EUR 11.8 million). The sharp decline compared to the previous year is due in particular to the lack of portfolio revaluations as a result of the negative market development in 2023 and high one-off expenses, for example in connection with the extension of the corporate bond. The earnings figures for 2022 included value increases of EUR 6.9 million, which significantly limit comparability. This is also reflected in the development of the consolidated result, which fell particularly sharply from EUR 2.0 million in the previous year to EUR -7.0 million.

Strong rental growth leads to stable portfolio valuation

In 2023, the assets in the consolidated balance sheet showed constant figures for both non-current and current assets, which underlines the stability of the company. The valuation of the Science Park portfolio remained stable: the value of the property portfolio increased slightly to EUR 228.6 million (31 December 2022: EUR 228.5 million). The positive performance in an extremely challenging environment is due in particular to the significant increase in rental income. The net loan-to-value (net LTV) ratio reached 74.8% at the end of the financial year in accordance with the calculation basis of the bond terms and conditions. It was therefore below the maximum value, even though the test for 2023 was suspended as a precautionary measure by a resolution of the bondholders' meeting.

Outlook for 2024

Despite the ongoing challenging market environment, ESGP is aiming to continue its stable business performance over the course of 2024. "We have managed to significantly reduce the vacancy rate in our properties in recent months and have attracted innovative tenants. We are also seeing strong ongoing demand for our portfolio. Both this and the expected further letting successes demonstrate our strength in the market for science parks," says **Markus Drews, Management Board Member of ESGP AG**.

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About ESGP

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 sectors 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. ESGP'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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