Aggregate Holdings S.A. announces consent solicitation for its notes – irrevocable support from 55% of 2025 noteholders already received

- **German Law consent solicitation announced for Aggregate 2025 and 2024 notes**
- **Key amendments to remove LTV covenant, defer coupon with increased rate of interest**
- **Votes in favour equivalent to 54.7% of the notes eligible for voting for the 2025 notes have already been secured**
- **Reduces Aggregate cash requirements and increases flexibility in current market conditions**
- **Strategy continues to focus on building key assets through to completion to unlock value**

Luxembourg, 27 April 2023 - Aggregate Holdings S.A. ("Aggregate" or the "Company") today announces that it is proposing amendments to the Terms & Conditions of its 2024 and 2025 notes, reflecting current market conditions and provide enhanced stability to realise the intrinsic value of its prime German development assets over time. The proposed amendments are required to provide Aggregate with the necessary flexibility to focus on creating value via continuing development of its existing portfolio.

In line with this, Aggregate has launched a consent solicitation process for its EUR 600,000,000 6.875% notes due 2025 (ISIN DE000A28ZT71) (the "2025 Notes") and for its EUR 250,000,000 5.500% notes due 2024 (ISIN DE000A3KPTS1) (the "2024 Notes" and, together with the 2025 Notes, the "Notes").

The proposed changes to the 2025 Notes, which 54.7% of eligible noteholders have provided irrevocable commitments to support, are as follows:

- Payment of remaining coupons to be deferred until maturity, with coupons increased by 2.75% per annum
- The Loan-to-Value covenant test of 65% to be removed
- The interest coverage covenant to be removed due to deferral of coupon
- The definition of Material Subsidiary to be amended to 20% of total assets from 10% of total assets

In addition, Aggregate proposes changes to the 2024 Notes which are the same as above, in addition to the following:

- The maturity is to be extended to November 2025

Aggregate appreciates the continued support for its strategy evidenced by the irrevocable commitments already received prior to the formal vote on the Consent Solicitation. Aggregate continues to be fully committed to taking actions which preserve and create value for its stakeholders.

For further information, please refer to the consent solicitation memorandum that is expected to be published in May on the Company's website.

Rationale

The rationale for the proposed amendments is that the current real estate environment has resulted in: i) a reduction in appraised values for Aggregate's investment properties and investment properties under construction, and ii) market conditions that are not conducive to conducting further asset sales or refinancings on terms which we view as attractive. In this environment, and given Aggregate's existing asset base and capital structure, it is expected that Aggregate's Loan-to-Value ratio will exceed 65%.

Aggregate's real estate assets are financed first with secured senior project debt, and then with junior debt and/or intermediate holding company debt, which the unsecured Aggregate 2025 Notes and 2024 Notes rank behind. In the current environment of real estate market dislocation, Aggregate believes that the net value that would flow up to the 2025 Notes and 2024 Notes at the Aggregate Holdings S.A. level from near-term asset sales would be very limited.

Aggregate believes that these proposed amendments are strongly in the interests of the noteholders, through providing stability to the business to allow it to continue construction of its assets to be able to realise the value of completed developments when the market normalises.

Business update

Aggregate has successfully sold or agreed to sell six out of the seven segments in Quartier Heidestrasse ("QH"), in three separate transactions, with a total achieved sales volume of c.€1bn, demonstrating the fundamental value and quality of its asset base even in a challenging market for many real estate firms.

QH-Core was sold in September 2022 at a premium to its book value, and at a multiple of 35x its Estimated Rental Value ("ERV"). Subsequently in October 2022 the QH-4 Ensembles portfolio was sold at a multiple of 33x ERV, and in March 2023 the QH-Crown I segment was sold at a 90% premium to project cost.

Aggregate continues to own QH-Track, the largest building unit in Quartier Heidestrasse, which is a pure-play office building spanning over 160,000 sqm of gross construction area and 111,000 sqm net lettable area. QH-Track has already achieved a total pre-let ratio of 65% and an expected rental income of more than €45m per annum on a fully let basis. Full completion of QH-Track is expected in 2024. Aggregate is currently in negotiations to extend and increase the financing so that the project is fully funded through to completion, following a capex increase in the current market conditions.

For Fuerst, the redevelopment is progressing, with a significant lease of 7,400 sqm signed in January 2023 and further leases in negotiations. In the current market conditions for construction, there has been an increase in total capex expected for completion of the project, with the project expected to be largely completed by end 2023, and full completion targeted by H1 2024. Aggregate is currently in negotiations to extend and increase the financing so that the project is fully funded through to completion.

Aggregate

Aggregate’s pre-construction development projects have been impacted by the expected rise in construction costs, and projects sales have been impacted by the dislocation in the real estate market, as well as limiting funds available for development. Aggregate is currently in negotiations to either extend the financing or agree alternative solutions.

Aggregate has entered into a binding agreement in relation to the sale of VIC Properties at an enterprise value of over €670 million to a consortium led by institutional investors and including the existing VIC management team. The sale is expected to close in the second quarter of 2023 and is subject to closing conditions. The sale is structured to release Aggregate from guarantees relating to VIC debt of c. €475m. The sale forms part of Aggregate’s strategy to simplify its capital structure and asset base and refocus on its core German markets.

Liquidity at Aggregate group has been negatively impacted and has been constrained in the current environment by pricing dislocation for disposals and the challenging refinancing market. Aggregate is in constructive discussions to address existing or anticipated breaches of the terms of certain of its debt facilities, to achieve required amendments or waivers, as well as to resolve any existing issues. Although Aggregate is involved in constructive discussions and expects to successfully negotiate solutions, there can of course be no assurance that all negotiations will be successfully concluded.

The net impact of the current real estate market conditions and the overall impact of the announced transactions is expected to be a very material reduction in net assets and a significant increase in LTV. The adverse economic conditions in the real estate market and the challenges facing Aggregate group have intensified since Aggregate published its 2022 half year results in October 2022.

Strategic update

Aggregate is committed to realising the underlying value of its prime Berlin-based assets to pay down debt and de-lever the company, as it has already demonstrated through its sales in 2022 and 2023. The timing of sales will be actively managed to consider both development milestones and market dynamics. Aggregate will focus the uses of future free cash proceeds on repaying debt, rather than on material acquisitions.

The core prime Berlin developments are expected to benefit in the medium-term from rising expected levels of rental income and a moderation of interest rate expectations, which will result in a recovery of real estate market conditions. Together with the ongoing development activity at key projects, these factors are anticipated to drive positive changes in the market value of the company’s high quality asset base.

Contact

John Nacos, Chief Investment Officer
Tel : +352 20 30 14 60
Email: j.nacos@aggregateholdings.com

Boris Lemke, Investment Director
Tel : +352 20 30 14 60
Email: b.lemke@aggregateholdings.com

John Ward, Vice President, Corporate Finance
Tel: +352 20 30 14 60
Email: j.ward@aggregateholdings.com

Alix Marie Walther, Manager of Communications & Marketing
Tel: +352 20 30 14 60
Email: a.walther@aggregateholdings.com

About Aggregate Holdings

Aggregate Holdings SA ("Aggregate") is a predominantly German-focused real estate investment company, with significant presence also in Portugal. As at H1 2022, the company had €7.9bn of assets and a project portfolio with €10.2bn Gross Development Value. In its Build & Hold division, Aggregate owned Quartier Heidestrasse, the largest mixed use real estate development project in central Berlin with c.371,000 sqm of gross floor area ("GFA"), Fuerst, the prime commercial asset located on Kurfuerstendamm in central Berlin with c.183,000 sqm of GFA, and Walter and Green Living projects in Berlin with a combined GFA of c.762,000 sqm. In its Build & Sell division, Aggregate also owned, and has subsequently agreed to sell, VIC Properties, the largest real estate developer in Portugal with c.727,000 sqm of GFA and €3.0bn Gross Development Value.