

Aggregate Holdings S.A. : Q3 2021 market update

Luxembourg, 16 December 2021

Aggregate Holdings S.A. focuses on core real estate holdings in Germany, with planned disposals decreasing leverage and increasing cash

- **Strategic focus on core assets with disposals of non-core to reduce LTV**
- **Build & Hold: Core projects Quartier Heidestrasse and Fürst progressing well**
- **Build & Sell: Strong market pricing across all projects**
- **Adler stake refinanced with strong upside potential**
- **Disposals of non-core assets successfully initiated**
- **LTV Guidance of c.60-65% for FY 2021, decreasing to c. 50% in the medium term**

Luxembourg, 16 December 2021 – Aggregate Holdings S.A. (“Aggregate”) today publishes a third quarter update and in addition provides details on events in October and November.

During the third quarter of 2021, Aggregate further increased its strategic focus. Aggregate’s core strategy remains unchanged, reflecting the strength of its prime assets in Berlin, its strategic stake in Adler Group S.A. (“Adler”) and the excellent platform and development projects in Portugal. In light of recent market developments, Aggregate has refocussed on its core strategy and is accelerating the disposal processes for non-core assets in order to reduce debt and LTV.

The core Build & Hold assets of Quartier Heidestrasse and Fürst have progressed well, and are on track for the run-rate NRI of c.€125m, with a potential for a total of c.€225m including the later stage Berlin assets of Walter and Green Living. In Build & Sell division, VIC Properties continued to sell apartments at premium prices.

In Financial Real Estate & Other Assets, disposals of Aggregate non-core assets continue to make progress, with three disposals signed in H2 2021. Adler Group, where Aggregate has a 26.6% stake, announced the signing of two large non-core yielding portfolio sales above book value with another portfolio under discussion, demonstrating the strength of its assets and balance sheet.

Aggregate’s net debt at end Q3 was approximately €4,060m (€3,785m H1 21). LTV at end Q3 was 53.9% (52.5% H1 21), which includes capex spent on all projects but does not include any revaluations of investment properties or other balance sheet line items which will be conducted for the 2021 year-end balance sheet.

“Aggregate has successfully completed significant refinancings in a challenging period, and the business is positioned to take advantage of the fundamental value upside in its core real estate assets. The Company will be continuing to focus on non-core disposals to drive down LTV and provide additional liquidity.” commented Benjamin Lee, Chief Financial Officer of Aggregate.

Build & Hold division : Strong progress with underlying market strength in Berlin

Quartier Heidestrasse continued to make good progress, with construction completion increasing from 51% at the end of Q2 to 57% at the end of Q3, based on total costs. The next significant phase to complete is the first part of 'QH Track' where SAP is scheduled to move in by August 2022, and 'QH Spring', with completion expected Q2 2022. The remainder of the project is on track for phased completion by end 2023, with 'Crown 1', smallest phase with 9% sqm, now due to complete in Q1 2024. All leases signed are within budget, and net rental income ("NRI") on completion is now expected to be higher than €75m per annum. The completed residential phase 'QH Core' is almost fully let, generating an annualised NRI of c. €8m.

The Fürst project on Kurfürstendamm is also making good progress, with construction percentage of completion increasing from 38% at the end of Q2 to 43% at the end of Q3, based on total costs. The project is on track to be completed by end of 2023. NRI for the project is expected to be c.€50m per annum and currently contracted net rent amounts to c.€8m p.a. Further letting negotiations are progressing, with advanced negotiations with a Grade A hotel operator expected to complete in Q1 2022.

There continues to be improving momentum for Grade A office locations and product, with the smart, digitalised and sustainable infrastructure in the Quartier Heidestrasse and Fürst projects offering excellent conditions for businesses.

The Walter (Schönefeld) and Green Living (Treptow) projects are currently continuing development planning preparations and Aggregate is reviewing options to further optimise the projects, according to various configuration and time profiles.

Build & Sell Division : Strong market environment driving expected sales prices

Prata Riverside Village ("Prata") continues to sell apartments at prices >10% above revised budgets, with further apartments recently released to market expected to drive significant increases in Prata sales. A total of 21% of all Prata apartments have now been sold including reservations, and further 22% of all apartments are currently available for sale as at end Q3 2021. Almost €16m of cash inflow from completed or pre-sales was realised in Q3. Last phase of Prata is now planned to be constructed by end 2024, with the revised schedule expected to further strengthen prices as this new Lisbon district consolidates.

The adjacent Matinha project, whose sales prices and construction costs have been validated by the strong Prata actual outcomes, is now expected to receive approval of the urbanisation plan by Q1 2022, following a change of local government in the Lisbon elections. The site-preparation works are nearly complete, with construction targeted to commence in the second half of 2022.

The Pinheirinho project near Comporta on the coast south of Lisbon is benefitting from an excellent environment, with international demand increasing every year. The reconfiguration of the project to a holistic leisure experience is nearly complete, and the project is in advanced negotiations with a top luxury hotel brand to anchor the project. Sales and construction of villas will commence in 2022, with pricing benefitting from rising demand in this exclusive region.



Financial Real Estate and Other Assets : Strategic stake of 26.6% in Adler Group retained, with disposals of non-core assets underway

The 26.6% stake in Adler remains a strategic long-term holding for Aggregate. Following the significant share price decline, Aggregate provided Vonovia SE (“Vonovia”) with a call option over 13.3%, with a maximum of c.15%, of Adler shares at a strike price of €14 per share. The option is valid until 7 April 2023, and was provided to secure Aggregate’s stake in Adler and was attached to an attractive refinancing.

Aggregate remains strongly committed to its investment in Adler and continues to see very significant value at the current materially undervalued share price. Adler has demonstrated the strength of its balance sheet through announced disposals of its non-core residential portfolio across multiple tranches at a premium to book value. The two signed disposals provide Adler Group with €1.7bn of additional liquidity to meet all near-term maturities, provide capex for core developments and return capital to bond holders.

Aggregate has made a strong start to the disposal programme, with its stakes in S IMMO AG and Corestate Capital Holding SA having been divested, and having signed the sale agreement for a non-core real estate asset above book value. Aggregate also closed the acquisition of the previously committed Ringbahnhöfe project, a mixed-use residential and commercial development project located in Berlin Neukölln. A broad number of discussions are ongoing over the various assets held for sale, with further significant sales expected in H1 2022.

Financing: Refinancing and borrowings secured at attractive terms

Aggregate’s net debt at end Q3 was approximately €4,060m (€3,785m H1 21), primarily attributed to a project acquisition and ongoing capex. Liquid assets as at the end of September were €74m and other financial assets were €532m, with liquid assets reducing to €36m by end November. Over €900m of debt has been raised or refinanced since end H1 2021, which includes the strategic loan provided by Vonovia at attractive terms to refinance the margin loan related to our strategic stake in Adler Group. Aggregate has provided support to commitments given to the vendor of Fürst regarding the distribution to third parties of certain debt instruments held by the vendor related to Fürst. Book LTV at end Q3 was 53.9% (52.5% in H1 21) including capex spent on all projects but not including any revaluations of investment properties, which will be conducted for the full year 2021.

The refinancing of the VIC convertible bond has been initiated with the focus on refinancing the bond at the VIC level where LTV based on appraised value of the assets was 47.2% at end Q3, in parallel with a review of potential asset sales which would provide an alternative financing route.

Aggregate’s funding needs in the medium term are expected to be sufficiently addressed with i) in Build & Hold upfront funded construction facilities for developments, which are either already in place or expected to be put in place, ii) Build & Sell is self-funded through ongoing sales and existing debt facilities, plus the refinancing of the convertible bond based on the divisional assets, and iii) cashflow from non-core sales plus certain refinancings to fund the Financial Real Estate and Other Assets division and the group.



Outlook: Focus on core portfolio and reduction in LTV through sale of non-core assets

Aggregate will remain focused on German and Portuguese markets which continue to provide significant scalable opportunities. New construction, with very low non-recoverable costs and inflation indexed rentals provide stability and resilience to Aggregate's portfolio. Valuations have proven to be extremely resilient notwithstanding the Coronavirus pandemic, in particular for residential and high-quality office space.

Aggregate notes the short seller report published on Adler and rejects any claims against Aggregate in those short seller reports. However, to provide Aggregate's stakeholders with appropriate assurance, Aggregate has commissioned an independent study by an international law firm to conduct a detailed review of the limited allegations, and expects the independent investigation to be completed in Q1 2022 to confirm this.

The FY 2021 LTV is expected to be between c.60-65% due in large part to the impact of the current low share price of Adler. Aggregate continues to target its LTV at or below 50% in the medium-term, as the disposal of non-core assets will continue to bring down LTV and provide additional liquidity to the group.

A Q3 update presentation has been published on the website of the company under investors/ results presentations: <https://www.aggregateholdings.com/en/investors#results-presentation>

Aggregate Holdings S.A. : Invitation to conference call on 16 December, 2021, 15:00 (CEST)

Aggregate Holdings invites all bond investors to the presentation of the Q3 market update in a telephone conference on 16 December 2021 at 3:00 PM CET.

For the conference call, please use the dial-in numbers listed below:

<u>Location</u>	<u>Phone Number</u>
Germany	+4969201744220
Luxembourg	+35227302111
United Kingdom	+442030092470
United States	+18774230830

PIN: 83419920#

When prompted, please provide the PIN number to dial-in.

You will be greeted by an operator and put through to the conference after giving your name. Please make use of the early dial-in opportunity (10 minutes before the start of the event) so that we can start the event on time.

The presentation will also be broadcasted live via webcast. Link for participants of the conference call (only slides, no audio):

<https://www.webcast-egs.com/register/aggregateholdings20211216/en>



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About Aggregate Holdings

Aggregate Holdings SA ("Aggregate") is a predominantly German-focused real estate investment company, with interests also in Portugal. The company has €8.3bn of assets and a project portfolio with €9.5bn Gross Development Value as at H1'2021. In its Build & Hold division, Aggregate owns Quartier Heidestrasse, the largest mixed use real estate development project in central Berlin with c.295,000 sqm of gross construction area ("GCA"), Fürst, the prime commercial asset located on Kurfürstendamm in central Berlin with c. 183,000 sqm of GCA, and Walter and Green Living projects in Berlin with a combined GCA of 620,000 sqm. Aggregate also owns in its Build & Sell division VIC Properties, the largest real estate developer in Portugal with c.570,000 sqm of GCA and €2.8bn Gross Development Value. Additionally, Aggregate holds the 26.6% strategic stake in Adler Group SA, one of Europe's largest residential players, among other investments.