

We invest in winners. This means we invest in strong companies that create value for their shareholders with sustainable business models, solid balance sheets and high margins. We keep the risks low and invest when our position is fuelled by a positive event. We refer to that as the combination of value and event.

GRENKE AG Bond 2023 (2027)

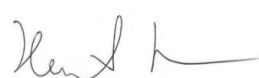
The robustness of a business model becomes evident in a time of crisis. In recent years, leasing specialist GRENKE has even had to cope with a double crisis of a short-seller attack and Covid lockdowns. The results are mixed (table).

| in millions of euros | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------------|-------|-------|-------|-------|-------|
| Lease volume | 9,049 | 8,769 | 9,015 | 8,474 | 7,040 |
| Consolidated profit | 84 | 95 | 88 | 133 | 131 |
| Cost-income ratio | 76% | 72% | 67% | 60% | 57% |
| Market value | 910 | 1,425 | 1,805 | 4,276 | 3,439 |

On the credit side, the financial service provider has always remained profitable and has resumed growth in business volume. However, profitability has suffered heavily. The cost-income ratio, which measures costs in relation to operating profit after risk provisioning and refinancing, got out of hand at 76%. The reasons behind this are packages of measures agreed with the German Federal Financial Supervisory Authority to strengthen compliance, wage increases, IT investments and a loss of cost awareness. GRENKE needs to reactivate the latter if it wants to increase the market value again, which fell to below 1 billion euros as of 31 December 2022. On the debt side, however, a few days ago it was able to demonstrate its good creditworthiness and place a bond that, for the first time, serves exclusively to refinance sustainable leased assets and even reached a benchmark

level with a volume of 500 million euros. In this way, GRENKE is supporting SMEs in the green transformation in more than 30 countries, because the proceeds are earmarked for the refinancing of objects that are considered to be sustainable, for instance in the areas of renewable energies and energy efficiency, sustainable mobility and resource and waste management (e-bikes, photovoltaic and solar systems, LED lighting, charging infrastructure and drinking water systems). Demand for the green bond significantly exceeded supply. The annual interest rate of the bond (senior unsecured, unsubordinated), issued at an issue price of 99.70%, is 7.875%. The repayment of 100% of the nominal value is scheduled for 6 April 2027. The rating is BBB investment grade. GRENKE also announced a buyback offer of 450 million euros for two bonds from 2019 and 2022 that mature in 2024. We subsequently sold our nominal volume of 35 million euros with a maturity date of 5 April 2024 and an interest rate of 1.625% p.a. at the offer price of 98.70%. At the same time, we acquired a nominal volume of 60 million euros of the green bond. Overall, we divested a return of 4.2% for our fund investors for a remaining term of six months and instead acquired a very attractive interest rate of 8.0% p.a. for a term of 3.5 years on a larger scale.

Sincerely yours



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