European Real Estate Investment Framework

2025

Strategic 8-Step Approach for Institutional Investors

Ireland • Germany • Spain • Luxembourg • United Kingdom • Estonia

Confidential Investment Presentation

№ Market Context 2025

Market Challenges

- **Higher Interest Rates** Elevated rates vs. 2020-2022 period
- **Tighter ESG Requirements** Stricter energy performance standards across EU
- **Evolving Regulations** Rent controls, tenant protection, compliance complexity
- **Changing Tenant Preferences** Demand for quality, flexibility, and sustainability

Strategic Response

Success requires deliberate, iterative planning combining:

- Data-driven market analysis
- Operational excellence
- Proactive risk management
- ESG integration

Our 8-step framework addresses each challenge systematically

8-Step Investment Framework



Step 1 **Define Investor Profile**

Capital objectives, risk tolerance, investment horizon



Step 2

Choose Asset Class

Residential, commercial, industrial, mixed-use strategy



Step 3

Market & Microlocation

Macroeconomic trends, supply-demand, competitive analysis



Step 4

Technical, Legal & ESG Due Diligence

Property condition, legal compliance, sustainability assessment



Step 5

Financial Modeling

DCF analysis, scenario planning, risk-adjusted returns



Step 6

Value-Creation Strategy

Renovation, repositioning, operational improvements



Step 7

Risk Management

Market, operational, regulatory risk identification & mitigation



Step 8

Transparent Reporting

Performance tracking, governance, stakeholder communication

Step 1 (0) Define Investor Profile & Capital Objectives

Establish clear investment parameters before market entry

Risk & Returns

Core Strategy

Target IRR: 6-8%

Volatility: Low

Stable, income-producing assets in prime locations

Value-Add Strategy

Target IRR: 10-15%

Volatility: Moderate

Properties requiring repositioning or enhancement

Unit of the Prizon Time Horizon

Short to Medium-Term

3-7 Years

- Value-add opportunities
- Market cycle optimization
- Active asset management

Long-Term

8+ Years

- Core income generation
- Capital appreciation focus
- Portfolio stabilization

\$ Capital Allocation



Diversification across geographies and asset classes minimizes concentration risk

Step 2 2 Asset Class & Investment Thesis Selection

Target sectors aligned with European market fundamentals



Multi-Family

Primary Focus

Urban rental apartments in high-demand locations with strong fundamentals

O Dublin, Berlin, Madrid

Target Yield: 4-6%

Student Housing

Opportunistic

Purpose-built student accommodation near major universities

Output
<p

Target Yield: 5-8%



Commercial

Office

Selective

Grade A offices in CBDs with ESG credentials and flexible layouts

O London, Frankfurt, Luxembourg

Target Yield: 4-7%

Retail

Avoid

Traditional retail facing structural headwinds from e-commerce disruption

Exception: Necessity retail only

Industrial

Logistics & Distribution

High Priority

Last-mile delivery and fulfillment centers driven by e-commerce growth

Near major population centers

Target Yield: 5-8%

Data Centers

Emerging

Cloud infrastructure facilities with long-term triple-net leases

O Dublin, Amsterdam, Frankfurt

Target Yield: 6-9%

Procus: Modern facilities with good transport access & ESG compliance

Deep-dive into macroeconomic trends, supply-demand dynamics, and competitive positioning

Analysis Framework

Macroeconomic Trends

- GDP growth, interest rate environment, inflation impact
- Government policies affecting real estate investment
- Currency stability and foreign investment flows

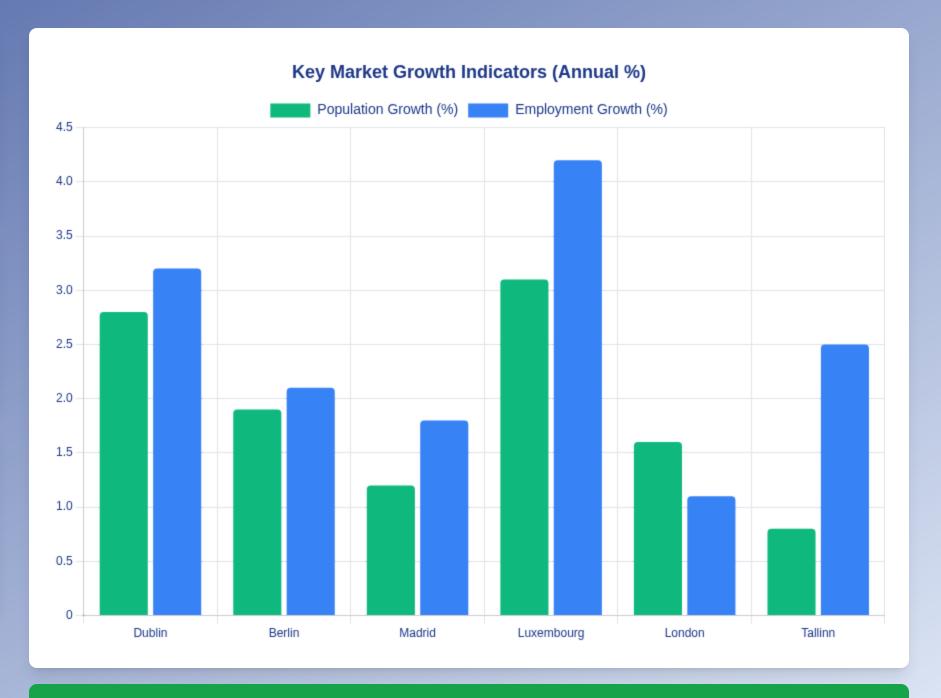
Lili Supply-Demand Analysis

- New construction pipeline vs. absorption rates
- Vacancy trends and rent growth projections
- Land availability and zoning regulations

O Demographic Drivers

- Population growth, urbanization, household formation
- Employment creation in key economic sectors
- Income levels and purchasing power trends

Market Growth Indicators





Step 4 Technical, Legal, & ESG Due Diligence

Uncover risks, validate assumptions, identify value enhancement

Technical

Systems Condition

- HVAC age & efficiency
- Electrical capacity
- Plumbing & Elevators

Energy Efficiency

- EPC rating assessment
- kWh/m²/year benchmarking
- Retrofit opportunities

Hidden Risks

- Structural integrity
- Water damage/moisture
- Hazardous materials (Asbestos)

Life-Cycle Cost Analysis

- Capital replacement schedule
- NPV of future costs & CAPEX

Legal

Title & Ownership

- Clear title verification
- Easements & restrictions
- Survey confirmation

Leases & Tenancy

- In-place vs market rents
- Escalation & break clauses
- Tenant covenant strength

Zoning & Planning

High

- Permitted use validation
- Certificate of Occupancy
- Development rights

Frameworks vary by country: Germany (tenant-friendly), Luxembourg (strict), Estonia (digital).

ESG

Carbon Footprint Audit

Scope 1 & 2 emissions baseline

kgCO2/m² quantification & reduction

Upgrade Feasibility

- HVAC modernization (5-10yr payback)
- Solar PV & Insulation (8-20yr payback)

Certifications

High

Cap Rate Compression

Valuation Premium

OPEX Reduction

- BREEAM, LEED, DGNB
- EU Taxonomy alignment

Tenant Demand Impact

Occupancy & Retention

- Corporate ESG mandates
- Future-proofing & enhanced liquidity

Insight: Green certification can boost valuation by 5-15%.

Step 5 Financial Modeling & Scenario Planning

Rigorous DCF analysis with stress-testing across multiple scenarios

DCF Model Components

Revenue Projections

Market rent growth: 2-4% annually

Occupancy stabilization: 90-95%

Lease rollover and mark-to-market

Operating Expenses

- Property management: 3-5% of revenue
- Utilities, insurance, maintenance
- Property taxes and local levies

Capital Structure

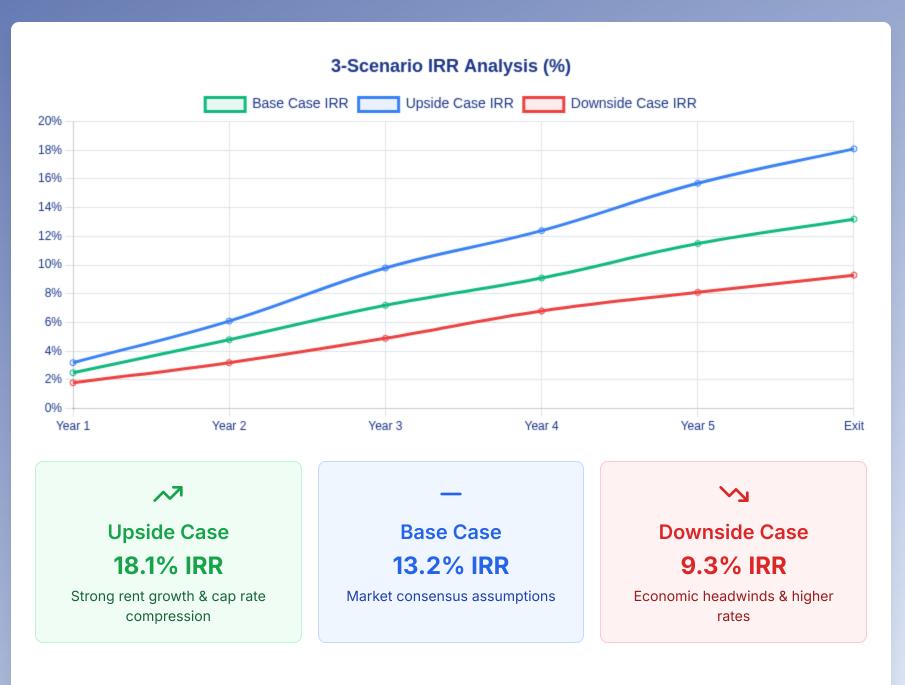
Equity Debt

35-50% 50-65%

Debt Cost Exit Cap Rate

4.5-6.0% 5.5-7.5%

Scenario Analysis



Model incorporates Monte Carlo simulation with 10,000 iterations for risk assessment

Step 6 🛷 Value-Creation Strategy & Implementation

Systematic approach to enhancing asset performance and maximizing returns



Energy Efficiency

- HVAC system modernization (5-7yr payback)
- LED lighting installation (2-3yr payback)
- Insulation & window upgrades (8-12yr payback)

Expected NOI Impact: +5-10%

Repositioning

- Space reconfiguration for flexible layouts
- Common area enhancement & amenities
- Facade & lobby modernization

Operational Excellence

Tenant Relations

- Proactive lease management & renewals
- Tenant satisfaction surveys & improvements
- Strategic tenant mix optimization

Target: 95% tenant retention rate

Cost Optimization

- Vendor contract renegotiation
- Preventive maintenance programs
- Property tax appeals where applicable

Target: 8-12% reduction in operating expenses



Technology Integration

Smart Building Systems

- IoT sensors for energy & space optimization
- Automated HVAC & lighting controls
- Access control & security systems

Digital Management

- Cloud-based property management platform
- Tenant portals for enhanced experience
- Predictive maintenance analytics

ESG Value Creation

All improvements aligned with EU Taxonomy & sustainability certifications to maximize future valuation premiums

Step 7 Risk Management & Compliance Framework

Comprehensive identification, assessment, and mitigation of investment risks

Risk Assessment Matrix



Interest Rate Volatility

ECB policy changes affecting debt costs & cap rates.

Mitigation: Fixed-rate debt, interest rate hedging.

Economic Recession

GDP contraction reducing demand & rental growth.

Mitigation: Defensive assets, long lease terms.

Operational Risks

Medium Impact

Tenant Default Risk

Credit deterioration or bankruptcy of major tenants.

Mitigation: Credit analysis, security deposits.

Property Management

Operational inefficiencies affecting NOI.

Mitigation: Best-in-class operators, KPIs.

Regulatory Risks Country Specific

ESG Compliance

Evolving energy performance requirements.

Mitigation: Proactive ESG improvements.

Mitigation Strategies

Portfolio Construction

Geographic Diversification

Max 30% allocation to any single country

Asset Type Diversification

Mixed residential/commercial exposure

Financial Risk Controls

<65%

Max LTV Ratio

>5 Years

Avg Lease Term

>1.35x

Min DSCR

<15%

Max Tenant Concentration

Insurance & Legal Protection

- Comprehensive property & liability insurance
- Force majeure & business interruption coverage
- Local legal counsel for all jurisdictions

Step 8 E Transparent Reporting & Governance

Institutional-grade reporting and stakeholder communication framework

Reporting Structure



- Property-level financial performance & KPIs
- Occupancy trends, lease expirations & renewals
- Capital expenditure tracking and market updates

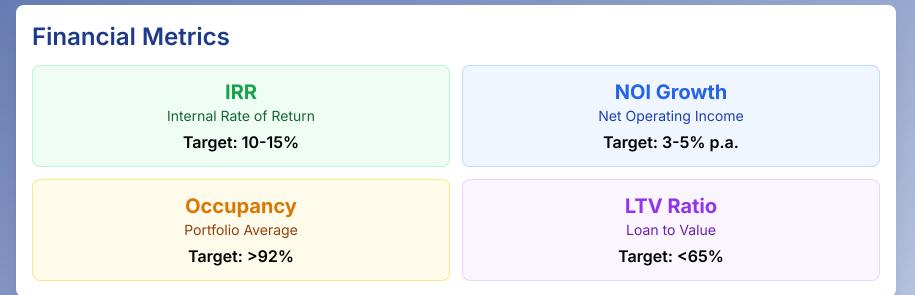
Quarterly Reports

- Portfolio-level financial statements (IFRS)
- Property valuations & appraisal updates
- ESG metrics, sustainability & risk assessment

✓ Annual Reports

- Audited financial statements & performance
- Strategic review, forward outlook & ESG report
- Market outlook & investment pipeline

Key Performance Indicators



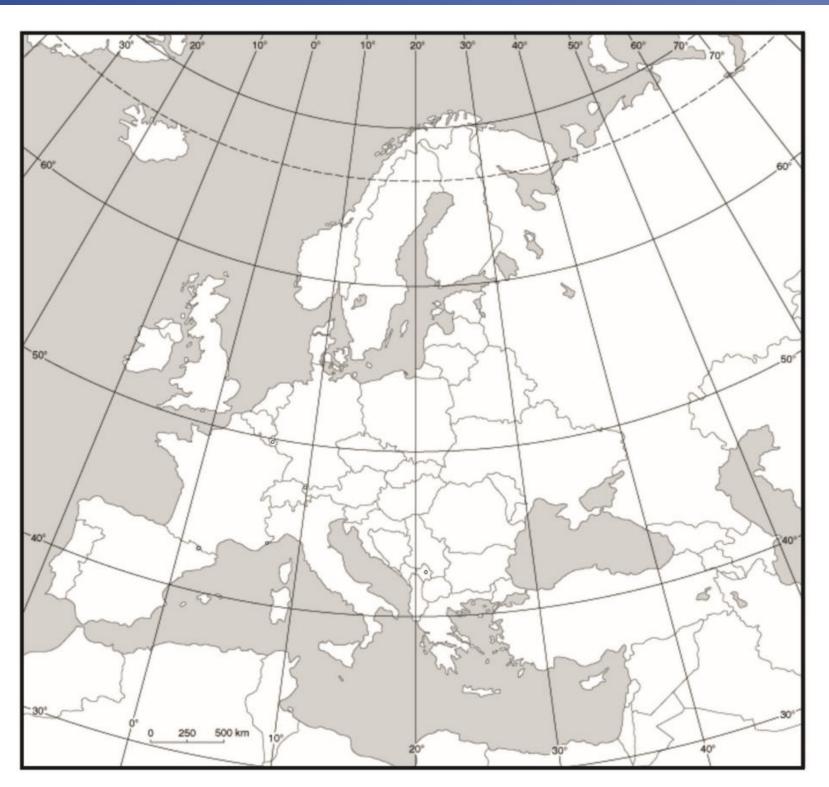
ESG Metrics	
Energy Efficiency Improvement	15% by Year 3
Carbon Emissions Reduction	25% by Year 5

Governance Structure

- Independent Investment Committee oversight
- Quarterly investor advisory board meetings
- External audit by Big Four accounting firm

Target Markets: Strategic European Coverage

Six countries offering diverse opportunities across the risk-return spectrum



Investment Focus Countries

Market Positioning

Ireland Core+ Focus: Residential PRS **United Kingdom** Core to Value-Add Focus: Build-to-Rent, Logistics **Germany** Core/Core+ Focus: Energy-efficient residential **Spain** Value-Add Focus: Residential, logistics Luxembourg Core Focus: Office, high-quality residential **Estonia Opportunistic** Focus: Office, logistics

Strategic coverage from Western Europe to the Baltics.

45 How We Help Investors Succeed

End-to-End Partnership for European Real Estate Excellence



Market Intelligence

- Deep local market knowledge across 6 countries
- Proprietary data analytics & forecasting models
- Real-time market trend identification

Deal Sourcing

- Extensive broker & developer network
- Off-market opportunity access
- Rigorous screening & selection process

Q Track Record

€1.2B+

Assets Under Management

Execution Excellence

Asset Management

- Best-in-class property management partners
- Proactive tenant relationship management
- Capital improvement program oversight

Value Creation

- ESG enhancement strategies
- Technology integration & smart building systems
- Operational efficiency optimization

ll Performance

94.3%

Avg Occupancy

14.2% Net IRR

Partnership Support

Risk Management

- Comprehensive due diligence framework
- Portfolio diversification strategies
- Insurance & legal protection

Investor Relations

- Transparent monthly & quarterly reporting
- Regular investor meetings & updates
- Digital portal with real-time dashboards

Exit Strategy

- Market timing optimization
- Buyer network & transaction expertise
- Value maximization strategies



Ready to unlock European real estate opportunities?

Let's discuss how our 8-step framework can deliver superior risk-adjusted returns for your portfolio

© Ready to Invest with Confidence

Your systematic approach to European real estate success

01



Our 8-step methodology reduces risk and maximizes returns in European markets.

02

Data-Driven Decisions

Proprietary models and stress testing ensure robust investment foundations.

03



Transparent reporting, governance, and aligned incentives for mutual success.

Next Steps



Schedule Consultation

Discuss your investment objectives and portfolio strategy.



Request Detailed Analysis

Receive customized market insights for your target locations.



Review Live Opportunities

Access our pipeline of vetted investment opportunities.

Contact us to begin your European real estate investment journey.

info@lodu.lu | +352661422673

14 Conclusion & Next Steps