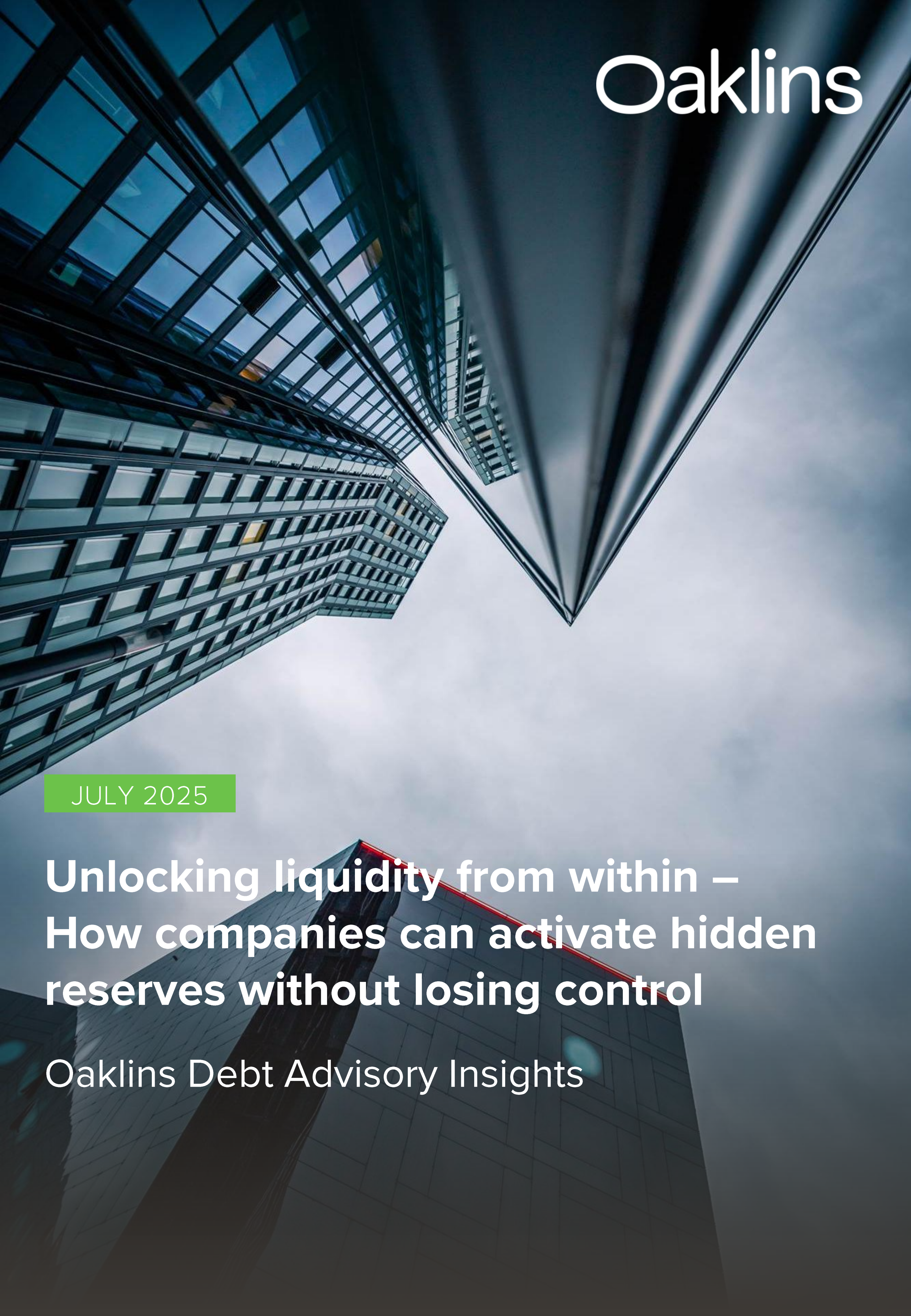

Oaklins

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Unlocking liquidity from within – How companies can activate hidden reserves without losing control

Oaklins Debt Advisory Insights

Torsten Aul
Head of Debt Advisory DACH

> **"Asset-based financing has become a pivotal instrument for unlocking capital, strengthening balance sheets, and providing the financial agility needed to pursue growth without compromising operational control."**

The Oaklins team has an extensive track record of asset-based financing across Europe:

Hotel Schloss Reinhartshausen
Assed based financing
FUNDING, DEBT ADVISORY & ECM
Business Services

Project Toblerone
Acquisition financing and asset financing
FUNDING, DEBT ADVISORY & ECM
Automotive

arricano commercial real estate
Has raised $10m
FUNDING, DEBT ADVISORY & ECM
Real Estate

CARWISE & autodisk
Have been acquired and advised on triple-stack financing
MAIN CAPITAL PARTNERS
FUNDING, DEBT ADVISORY & ECM
TMT

Manolete Partners PLC
Has successfully completed a debt refinancing
FUNDING, DEBT ADVISORY & ECM
Business Services

iomart
Has completed a debt refinancing
FUNDING, DEBT ADVISORY & ECM
TMT

ALEX & GROSS
Unsecured term loan & working capital facility
FUNDING, DEBT ADVISORY & ECM
Food & Beverage

paragon
Undisclosed alternative equity financing
FUNDING, DEBT ADVISORY & ECM
Automotive

trodo
Has secured financing from SEB Bank
FUNDING, DEBT ADVISORY & ECM
Automotive

Deutsche Industrie REIT-AG
A total of €65m financing
FUNDING, DEBT ADVISORY & ECM
Real Estate

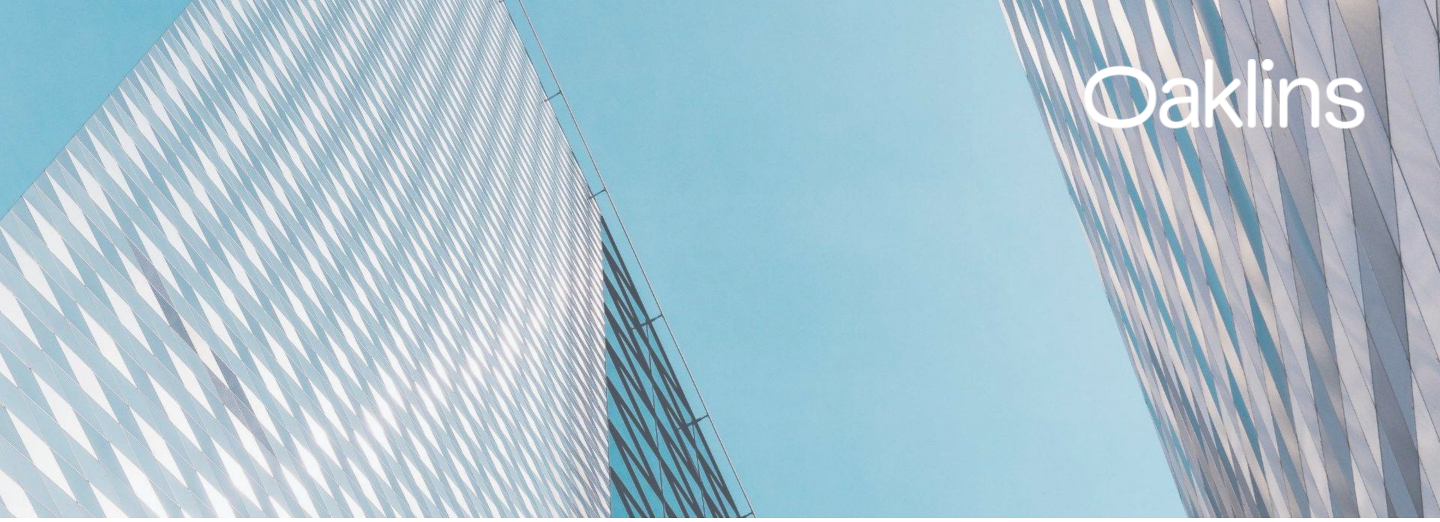
FCR Immobilien
Promissory note with a volume of €10m
FUNDING, DEBT ADVISORY & ECM
Real Estate

West Friesland Dakbedekkingen
Has secured a tailored financing package
FUNDING, DEBT ADVISORY & ECM
Construction & Engineering

PME Infrastructure
Has raised $600m in a related party transaction
FUNDING, DEBT ADVISORY & ECM
Other Industries

Rijckengroep
Has raised debt financing
FUNDING, DEBT ADVISORY & ECM
Food & Beverage

levi nine
Has successfully raised financing
FUNDING, DEBT ADVISORY & ECM
TMT



As rates begin to ease but credit remains tight, European corporates continue to unlock capital through asset-based financing

In today's economic environment, shaped by tighter bank credit and increasing investment demands, many companies face the same critical question: How can we secure liquidity without compromising operational flexibility or ownership control?

The answer, in many cases, lies in the balance sheet. Assets such as machinery, inventory, real estate, and trade receivables often hold untapped value that can be efficiently transformed into capital. Two proven strategies for doing so are asset-based financing (ABF) and sale and leaseback (SLB) structures.

Asset based financing allows companies to access credit lines secured by existing assets, most commonly:

Trade receivables	Real estate	Inventory	Machinery & equipment

Unlike traditional loans that rely heavily on credit ratings or EBITDA multiples, ABF is driven by the realizable value of specific assets.

The two most common forms are:

- **Revolving credit facilities** (secured by receivables or inventory)
- **Term loans** (secured by fixed assets)

Key Benefits include:

- **Scalability**: Facilities grow in line with business volume.
- **Speed**: Liquidity can often be accessed quickly.
- **Independence from credit metrics**: Asset quality matters more than financial ratios.

As a result, ABF can be an effective instrument for unlocking liquidity, enhancing flexibility, and supporting business growth, particularly for mid-sized firms seeking alternatives to traditional debt or equity issuance. In many cases, it also serves as a preparatory step toward more complex financing structures such as sale-and-leaseback or structured refinancing.

€562bn

volume in European ABF market in 2023[1]

10+%

SLB made up over 10% of Germany's industrial real estate deals in 2024[2]

1) Source: S&P Global, "Global asset based lending Market Size & Forecast, 2023–2032", published 2024
2) Jones Lang LaSalle (JLL). (2024). Germany Industrial Market Overview: H1 2024

These factors make sale and leaseback (SLB) a viable option for mid-sized firms facing refinancing needs, growth ambitions, or capital structure optimization

In a sale and leaseback transaction, companies sell a fixed asset, most commonly operational real estate or high-value equipment, to a financial investor or leasing partner and lease it back under a long-term commercial agreement. This structure allows the company to unlock capital tied up in the balance sheet without losing operational access or disrupting ongoing business activity.

In an increasingly selective credit environment, SLB has evolved from a niche refinancing tool into a broader strategic financing alternative, particularly relevant for mid-sized, asset-heavy businesses that seek liquidity without increasing debt or diluting equity.

When is SLB a suitable option?

SLB structures are typically considered when:

- The asset is fully owned, operationally essential for the business, and has a clear and reliable market valuation
- The company seeks to reallocate tied-up capital from the balance sheet to fund growth initiatives, refinance existing liabilities, or strengthen liquidity reserves
- Traditional debt financing options are limited, often due to restrictive covenants, conservative lending practices, or tight credit availability from banks
- There is a desire to optimize key financial metrics, such as the equity ratio or asset turnover, without giving up strategic control

Elevated borrowing costs drive SLB demand[1]

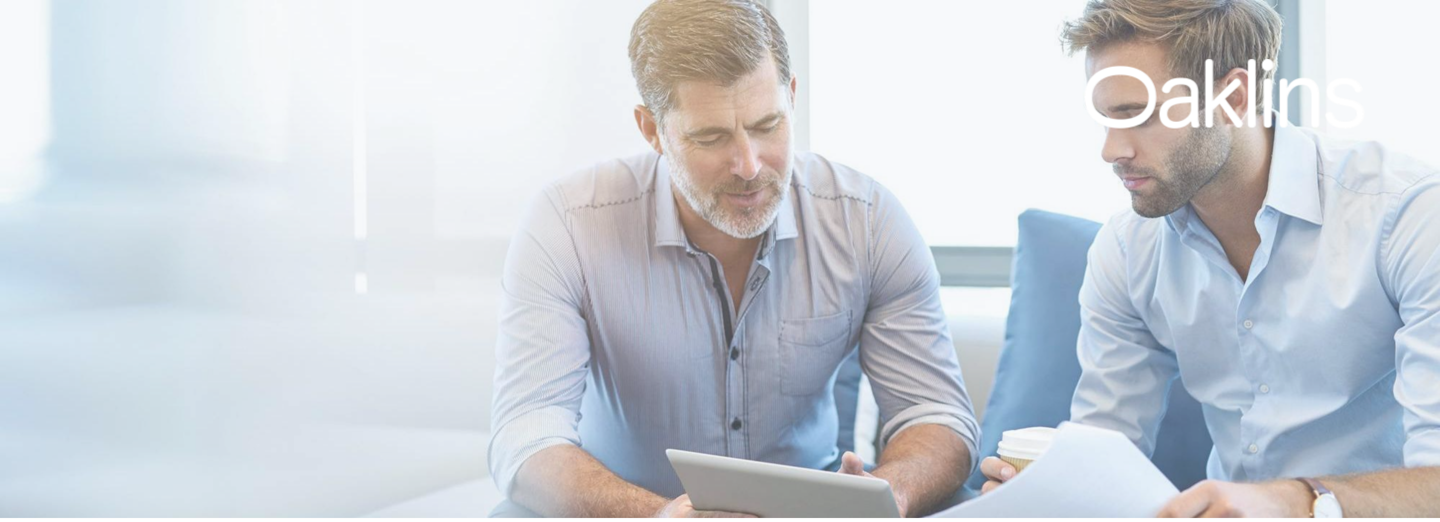
Elevated borrowing costs and cautious bank lending continue to drive interest in SLB as a financing alternative. While base rates are declining, corporate loan costs remain high and credit access limited. SLB provides liquidity without adding debt or triggering restrictive covenants, particularly valuable for companies needing refinancing flexibility, growth capital, or working capital relief.

Investor appetite for leased assets[2]

Investor demand for leased assets remains strong. Despite slower overall real estate transactions, long-term leased, income-generating assets, especially with strong corporate tenants, are in high demand. SLB continues to offer investors stable yields, keeping terms attractive for sellers.

Together, these dynamics are positioning SLB as a timely and effective option for smarter capital deployment in a still-challenging funding environment.

1) SLB Capital Advisors, sale and leaseback Market Update – Q4 2024
2) Clarion Partners, European Sale-Leaseback: A Strategic Opportunity, 2024



Unlocking financial efficiency: How SLB supports liquidity, lowers financing costs, and enables long-term capital optimization

Relevance

1 **Immediate liquidity injection**

SLB converts fixed real estate or equipment into cash, delivering 100% asset value up front, vs. traditional mortgage financing unlocking only approx. 50–60%

2 **Tax- and Cost-Efficient Financing**

SLB structures often result in a lower effective cost of capital, as lease payments are fully tax-deductible operating expenses, unlike depreciation, leading to stronger cash flow and a lighter tax burden.

3 **Operational continuity**

Companies retain full use of the asset via long-term leases, ensuring stability in operations. SLB allows monetization without disrupting daily business activities

4 **Strategic & flexible capital allocation**

The capital gained through SLB can be reinvested into higher-yielding areas, like M&A, expansion, or innovation, without adding leverage or touching existing credit lines

5 **Balance sheet repositioning**

While lease obligations are recognized under IFRS 16, SLB transactions still convert fixed assets into more flexible liabilities. This can improve capital structure and credit access by reducing asset intensity and boosting liquidity

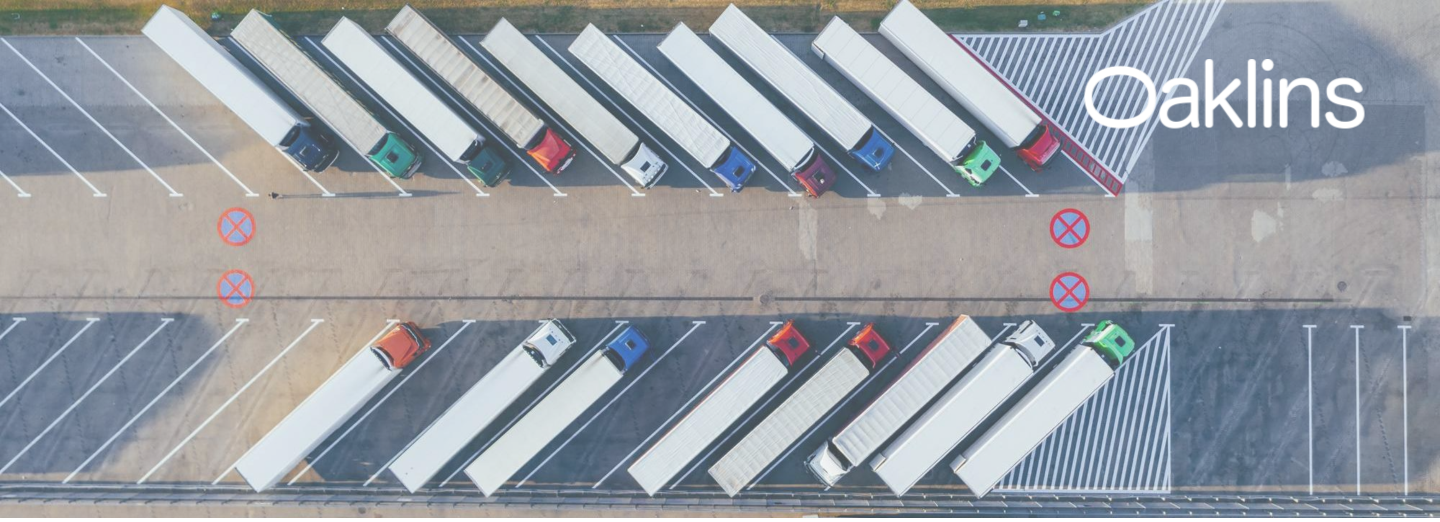
€26bn

SLB-related volume underscores the scale and relevance of SLB[1]

5+%

borrowing costs vs. SLB yields drives home SLB's relative cost advantage in today's market[1]

1) Clarion Partners European SLB insights



Strategic capital for uncertain times: Which companies gain most from SLB financing

Mid-sized industrial & manufacturing firms

These companies often own high-value machinery, real estate, or equipment, making them ideal SLB candidates. The capital released can support growth, deleveraging, or working capital

Capital-intensive SMEs

Logistics fleets, construction equipment operators, and agricultural businesses benefit by monetizing fixed assets while maintaining usage rights

Seasonal or cyclical businesses

Retailers, tourism firms, or companies with uneven cash flow can use SLB to stabilize liquidity during off-peak periods

Companies in restructuring or turnaround

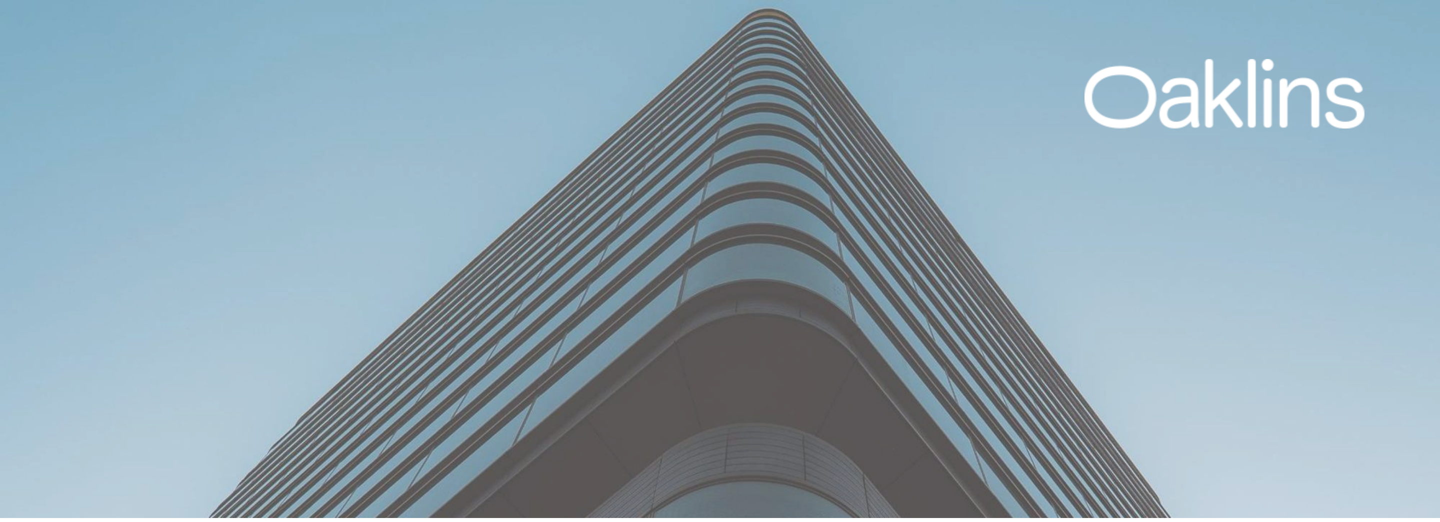
For distressed or transforming businesses, SLB provides a non-dilutive way to fund restructuring, repay creditors, or extend runway during insolvency proceedings

Growth-oriented enterprises

Firms with expansion plans (e.g., retail chains, logistics networks) use SLB to fund new sites or acquisitions without raising new equity or loans

> “Mid-sized companies are increasingly turning to SLB not just to unlock liquidity, but to regain control over their capital structure and secure long-term stability in unpredictable markets.”

Torsten Aul
Head of Debt Advisory
DACH



Structuring SLB transactions: How companies can leverage different asset-based models and contractual arrangements to unlock liquidity, optimize financial outcomes, and meet accounting or regulatory requirements

SLB financing options

1. **Real estate**: This involves the sale of owner-occupied commercial or industrial property, immediately followed by a long-term leaseback, typically 10 to 20 years. The structure is commonly a triple-net lease, where the tenant (former owner) assumes responsibility for taxes, maintenance, and insurance.

2. **Equipment or machinery**: Sale of high-quality, movable assets such as production equipment, vehicle fleets, or medical technology to a leasing company with subsequent leaseback to allow continued unrestricted use at the original location. The lease terms typically range from 3 to 7 years, corresponding to the economic useful life, and are often implemented by specialized leasing providers. This ensures that ongoing production operations remain fully and unrestrictedly maintained at all times.

3. **Intellectual property**: Here, businesses monetize intangible assets, such as patents, trademarks, or software licenses, by selling them and licensing them back under exclusive terms. While uncommon, this approach can unlock significant hidden value, especially in IP-rich sectors like pharmaceuticals or technology.

4. **Inventory**: This structure enables companies to unlock working capital by selling inventory, such as raw materials, finished goods, or high-turnover stock, to a financial institution or leasing provider and leasing it back for operational use. These arrangements are typically short term, aligned with inventory turnover cycles, and allow businesses to retain physical control while improving liquidity. Inventory SLBs are most suitable for companies with stable sales cycles and well-managed inventory systems.

Preparing for asset-based financing: The seven key evaluation criteria companies should consider to ensure the transaction delivers long-term value, liquidity, and strategic alignment

Asset suitability and investor relevance	Evaluate whether the asset is long-lived, strategic, and appealing to lenders or investors. Real estate, specialized equipment, or mission-critical infrastructure with strong residual value are typically well suited
Value release vs. financing cost	Weigh the upfront liquidity potential against the long-term financing cost (e.g. lease payments, interest rates)
Operational impact	Ensure continued access and use of the asset post-financing. Structures like SLB can maintain operational continuity, but contractual details (e.g. restrictions on modifications or disposal) must be reviewed
Structure and flexibility	Define the optimal instrument, such as sale & leaseback, equipment leasing, or asset-backed lending. Consider duration, rate types (fixed/indexed), renewal rights, or exit options
Accounting and tax treatment	Different ABF models trigger different treatments under HGB (German Commercial Code) or IFRS. Potential capital gains, VAT, and the deductibility of payments also play a key role in structure selection
Stakeholder alignment	Involve shareholders, existing lenders, and advisors early. ABF may influence debt covenants, credit ratings, or existing financing agreements, especially in multi-lender environments
Strategic fit & timing	**Asset-based financing should align with the company’s broader capital structure strategy. Key timing considerations include market conditions, cost of capital, and transaction readiness**

Together with our financing partners, we support companies in structuring tailored asset-based financing and sale and leaseback transactions – independent, discreet, and capital-efficient

Relevant Key Figures:

- Target Customers: **Mid-sized companies** (€10m - €500m revenue)
- **Financing volume**: €0.5m - €20m
- **Terms**: Usually 48 or 54 months
- **Requirements**: Financing of the largest possible share of the machinery fleet
- **Financing Conditions**: Starting from 7.5% p.a.
- **Implementation Period**: 6 – 8 Weeks

Required Documents:

- Annual financial statements (last two fiscal years)
- Current management figures (P&L / balance sheet)
- Fixed asset register (including machinery and equipment valuations, if available)
- Overview of loan agreements / collateral
- Documents on investment or liquidity planning

Reach out to our expert:

Torsten Aul
Head of Debt Advisory DACH

Phone: +49 69 5050291 58
Mobile: +49 151 12108503
E-Mail: t.aul@de.oaklins.com

Office Hamburg
ABC-Str. 35 | 20354 Hamburg | +49 40 349 14 189

Office Frankfurt
Guiollettstr. 48 | 60325 Frankfurt | +49 69 5050 291 50