

Real Estate Monitor

PwC's Real Estate Institute

April 2024

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Stocks of residential property portfolio holders show slight recovery in March

Real Estate Monitor, April 2024

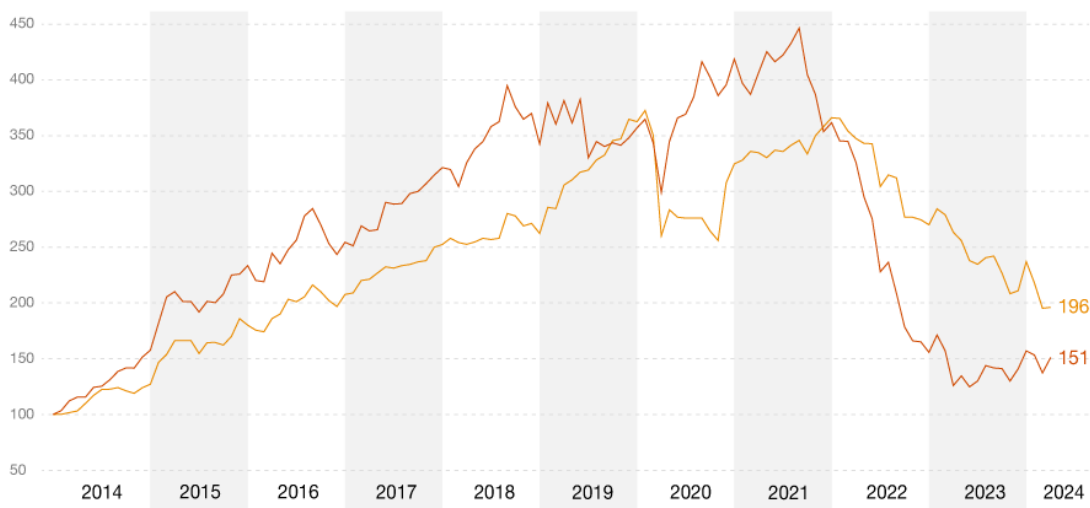
In March 2024, the PwC Real Estate Indices for commercial property stagnated, while the index for residential property portfolio holders rose again slightly. While the stocks of residential property holders increased by +9.8% on average to 151 points, commercial increased by +0.9% during the same period, reaching 196 points.

Although expectations of future interest rate cuts have briefly revived the market in March, the extension of the rent freeze ("Mietpreisbremse") could put pressure on the market for residential property portfolio holders again.

The WACC for German real estate companies remains unchanged at 5.2% (+/- 0 bps) while its global counterpart decreased to 7.2% (-10 bps).

The EBITDA multiples (Residential: 25.5x & Commercial: 19.2x) show no significant change compared to the average of the previous quarters.

PwC Real Estate Index – Germany (Jan 2014 – Mar 2024)



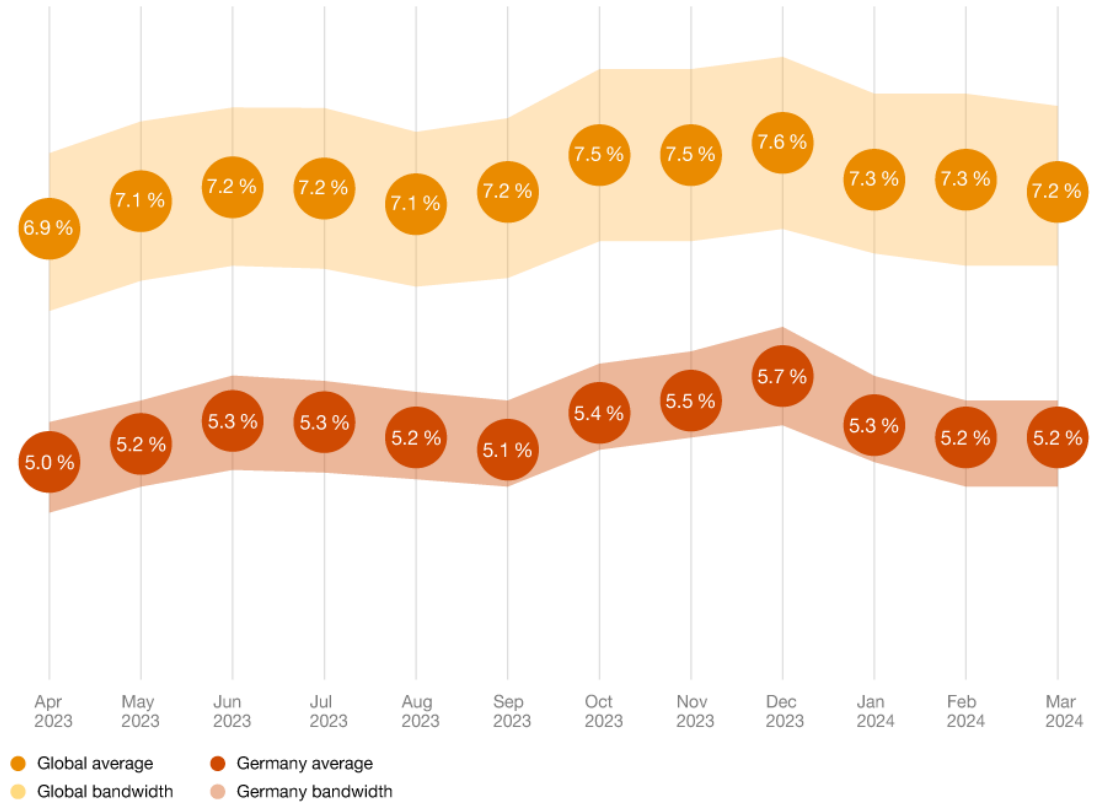
Performance (31 Mar 2024)

Index	YTD	1 Month	3 Month	6 Month	1 Year	2 Years	3 Years	5 Years
Commercial	-16.9 %	0.9 %	-16.9 %	-13.6 %	-25.6 %	-43.5 %	-41.3 %	-35.8 %
Residential	-3.9 %	9.8 %	-3.9 %	7.5 %	19.6 %	-53.7 %	-61.0 %	-60.4 %

Source: PwC "Real Estate Monitor"

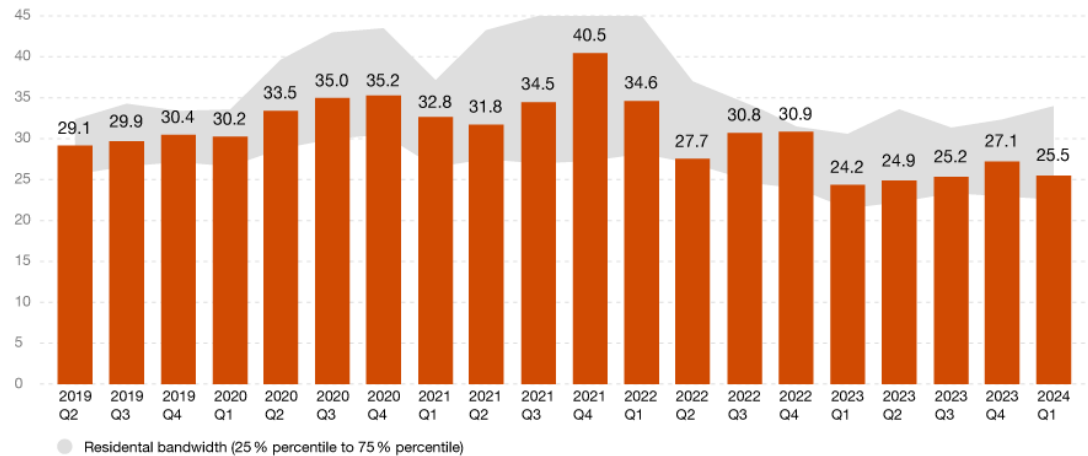
Stock price data per company within the respective peer group is collected using the S&P Capital IQ Data Item „IQ_ClosePrice_Adj“. Capital IQ defines the Close Price as: The closing price of the day, calculated once per day after the market close. Close prices are adjusted for stock splits, cash dividends, rights offerings, and spin-offs. The underlying peer groups are revised and adjusted once per year on 31 December. New players on the German real estate market are thus identified and included, while delisted companies are excluded.

Weighted Average Cost of Capital (WACC)

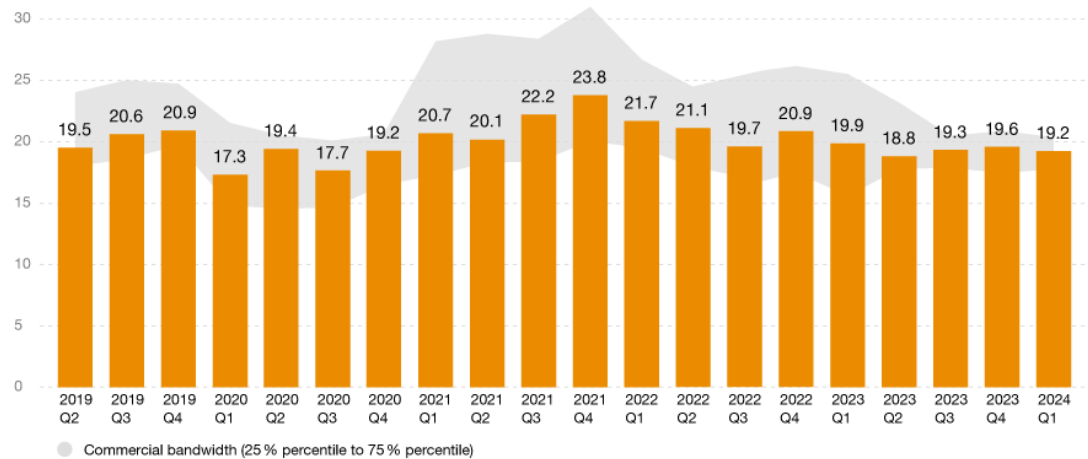


Source: PwC "Real Estate Monitor"

EBITDA Multiple – Residential Germany (per quarter)



EBITDA Multiple – Commercial Germany (per quarter)



Source: PwC "Real Estate Monitor"

Real Estate Monitor

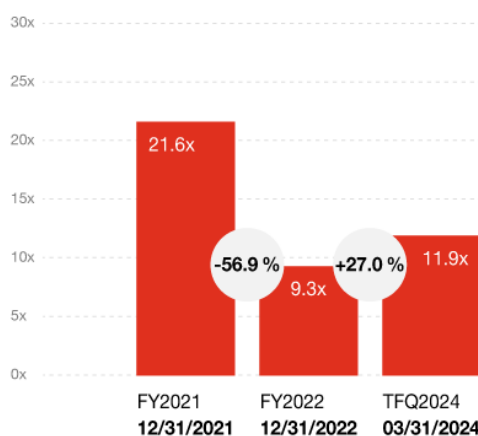
PwC's Real Estate Institute – Real Estate KPIs

Development of the RE KPIs generally consistent with the development of the performance indices

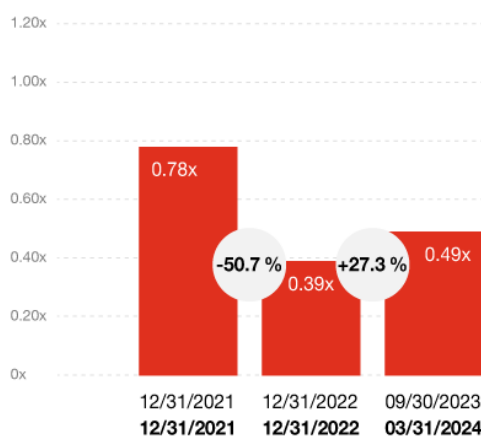
In order to gain insight into the changes in value of 17 major players in the German real estate market, we have analysed the sector-specific Real Estate KPIs FFO 1 and EPRA NTA from the financial periods FY2021, FY2022 and TFQ2024 (TFQ: Trailing Four Quarters). We have put the share prices as of the balance sheet dates 31 Dec 2021, 31 Dec 2022 and 31 Mar 2024 in relation to the above-mentioned key figures from the corresponding financial periods. The resulting average ratios by segment are shown in the figures below.

Sector-specific KPIs FFO 1 and EPRA NTA Residential

FFO 1 multiple

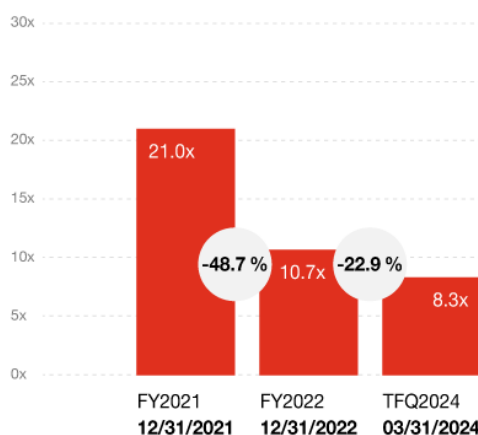


Price/EPRA NTA ratio

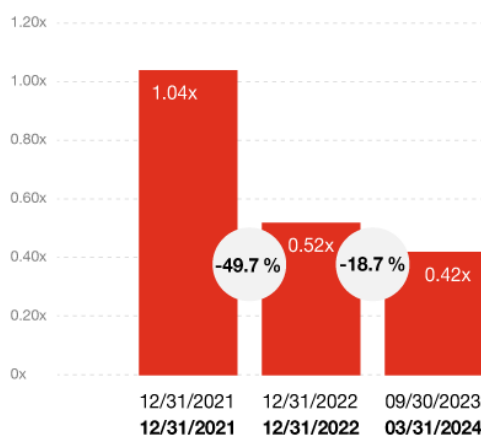


Sector-specific KPIs FFO 1 and EPRA NTA Commercial

FFO 1 multiple



Price/EPRA NTA ratio



FFO 1 multiples and Price/EPRA NTA ratios by segment

The table below shows the individual FFO 1 multiples and Price/EPRA NTA ratios of our peer group by segment. The key figures relate to the financial periods FY2021, FY2022 and TFQ2024 and the share prices as of 31 Dec 2021, 31 Dec 2022 and 31 Mar 2024.

Reading example: TAG Immobilien AG was valued by the market at 5.6x of its FFO 1 as of 31 Dec 2022, whereas on 31 Mar 2024, it was valued at 12.6x of its FFO 1.

Stock price as of KPI (FFO and NTA) as of	FFO 1 multiple			Price/EPRA NTA ratio		
	12/31/2021 FY2021	12/31/2022 FY2022	03/31/2024 TFQ2024	12/31/2021 12/31/2021	12/31/2022 12/31/2022	03/31/2024 09/30/2023
RESIDENTIAL						
Deutsche Wohnen SE	26.5x	15.2x	13.3x	0.68x	0.39x	0.37x
Grand City Properties SA	18.5x	7.9x	9.7x	0.69x	0.30x	0.43x
LEG Immobilien AG	20.9x	9.3x	12.8x	0.79x	0.40x	0.58x
Phoenix Spree Deutschland Limited				0.84x	0.55x	0.40x
TAG Immobilien AG	19.8x	5.6x	12.6x	0.96x	0.29x	0.67x
Vonovia SE	22.5x	8.6x	11.0x	0.73x	0.38x	0.49x
25%-Percentile	19.8x	7.9x	11.0x	0.70x	0.32x	0.41x
Average	21.6x	9.3x	11.9x	0.78x	0.39x	0.49x
75%-Percentile	22.5x	9.3x	12.8x	0.83x	0.40x	0.56x
COMMERCIAL						
alstria office REIT-AG	29.8x	13.1x	6.9x	1.03x	0.54x	0.23x
Aroundtown SA	22.8x	9.0x	6.2x	0.70x	0.32x	0.24x
Branicks Group AG	11.7x	5.6x	1.7x	1.01x	0.53x	0.10x
DEFAMA Deutsche Fachmarkt AG	17.7x	12.9x	12.0x			
Deutsche EuroShop AG	7.4x	10.5x	8.9x	0.38x	0.59x	0.54x
Deutsche Konsum REIT-AG	11.8x	6.6x	3.1x	0.97x	0.48x	0.18x
Deutsche Real Estate AG	17.0x	15.4x	12.0x			
FCR Immobilien AG	45.4x	15.5x	10.8x			
Hamborner REIT AG	15.3x	10.7x	10.0x	0.83x	0.57x	0.64x
Sirius Real Estate Limited	30.0x	10.1x	14.5x	1.88x	0.76x	1.21x
VIB Vermögen AG	21.6x	9.0x	5.2x	1.49x	0.38x	0.25x
25%-Percentile	13.6x	9.0x	5.7x	0.79x	0.46x	0.22x
Average	21.0x	10.7x	8.3x	1.04x	0.52x	0.42x
75%-Percentile	26.3x	13.0x	11.4x	1.14x	0.58x	0.57x

Source: PwC "Real Estate Monitor"

Valuation level remains stable

Compared to the end of FY2022, Commercial's current valuation level (as of 31 Mar 2024) has decreased by -22.9% (FFO 1 multiple) and -18.7% (Price/EPRA NTA ratio). On the other hand, the current valuation level of Residential has increased by +27.0% (FFO 1 multiple) and +27.3% (Price/EPRA NTA ratio).

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