

Real Estate Monitor

PwC's Real Estate Institute

December 2024

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Year-end rally in the residential segment? PwC Real Estate Index rises further by +6%

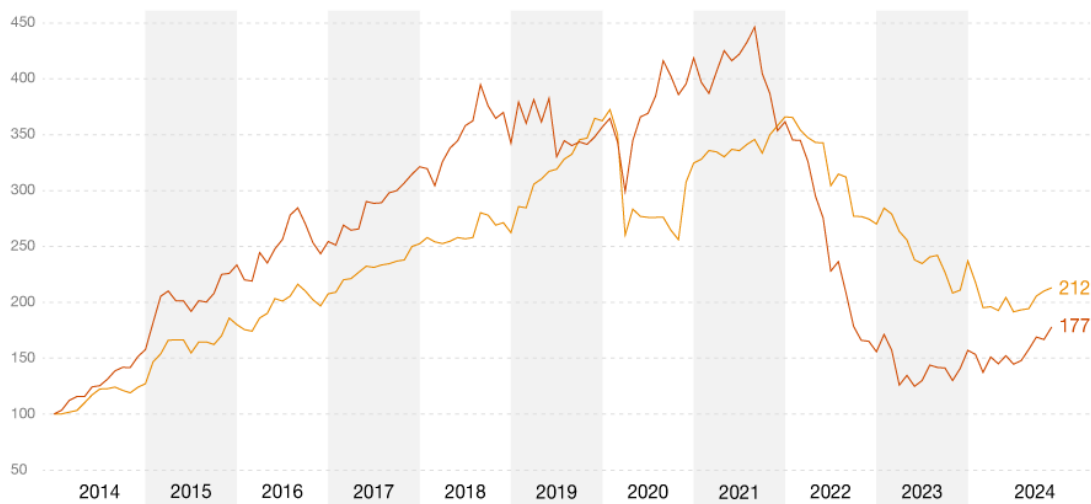
Real Estate Monitor, December 2024

In November 2024, the PwC Real Estate Indices for residential and commercial property holders increased. While the index for residential property holders grew by +6.0% on average to 177 points, the index for commercial property holders rose by +0.8% during the same period, reaching 212 points.

The WACC for German and global real estate companies decreased to 5.4% (-10 bps) and 7.3% (-10 bps), respectively.

The European Central Bank's recent interest rate cuts are poised to improve mortgage conditions, potentially dropping below the 3% mark for prime financing, making it an opportune moment for property buyers. However, as the market rebounds from past crises, property prices, especially in metropolitan areas, are on the rise. While further ECB rate reductions are expected, the influence of U.S. policies under the new administration could impact long-term rates and the German real estate market.

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



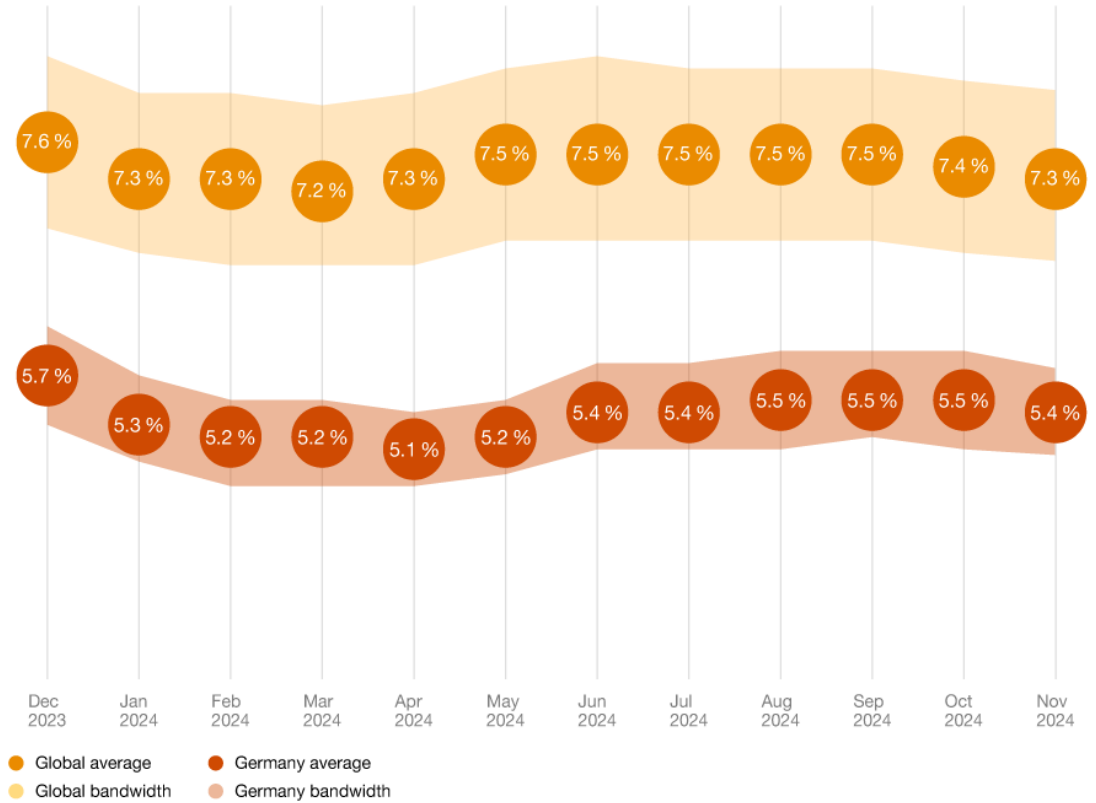
Performance (30 November 2024)

Index	YTD	1 Month	3 Month	6 Month	1 Year	2 Years	3 Years	5 Years
Commercial	-10.3 %	0.8 %	9.4 %	4.1 %	0.6 %	-22.6 %	-40.8 %	-41.8 %
Residential	12.3 %	6.0 %	11.9 %	16.1 %	25.5 %	6.8 %	-50.0 %	-49.3 %

Source: PwC "Real Estate Monitor"

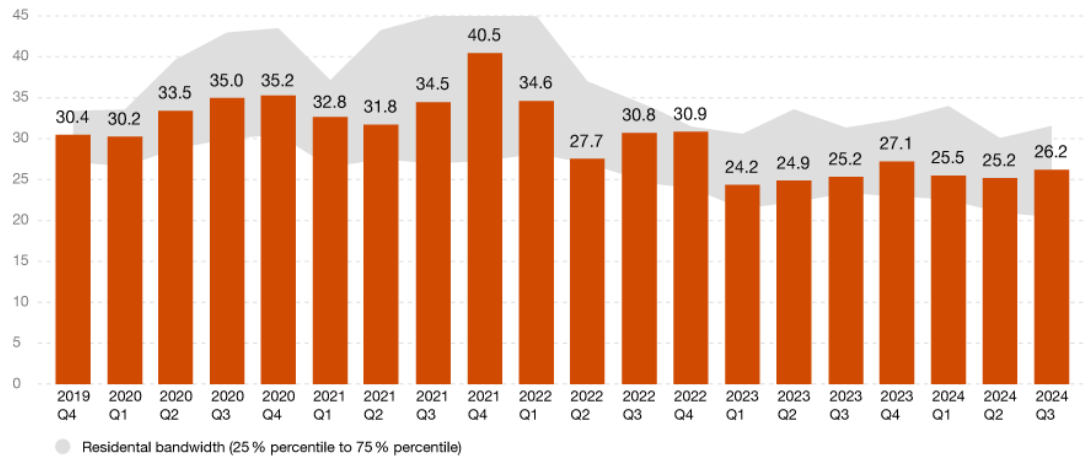
Stock price data per company within the respective peer group is collected using the S&P Capital IQ Data Item „IQ_ClosePrice_Adj“. Capital IQ defines the Close Price as: The closing price of the day, calculated once per day after the market close. Close prices are adjusted for stock splits, cash dividends, 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)

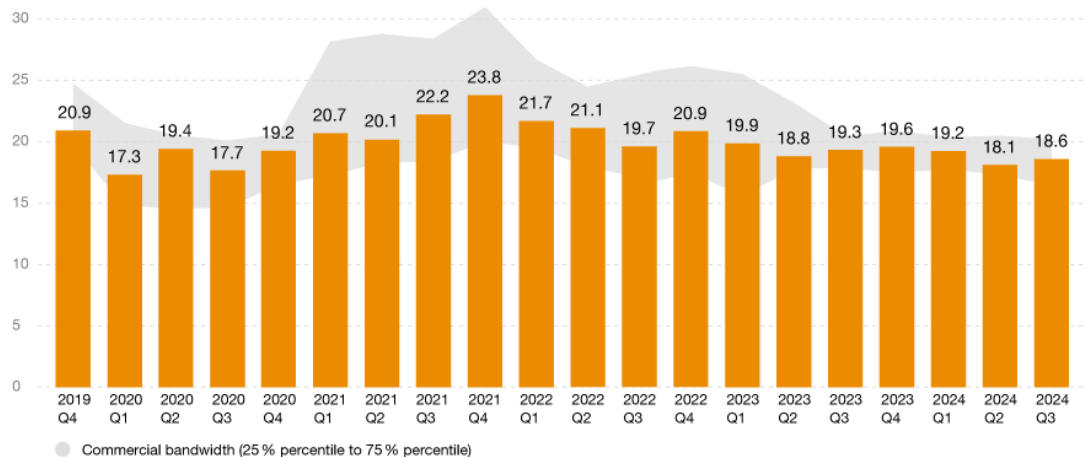


Source: PwC "Real Estate Monitor"

EBITDA Multiple – Residential Germany (per quarter)



EBITDA Multiple – Commercial Germany (per quarter)



Source: PwC "Real Estate Monitor"



Real Estate Monitor

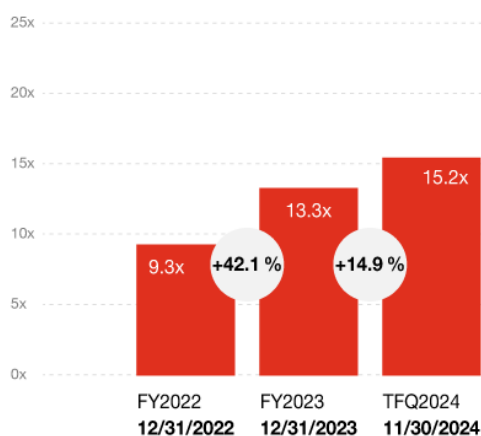
PwC's Real Estate Institute – Real Estate KPIs

Relative valuation level based on sector-specific key figures

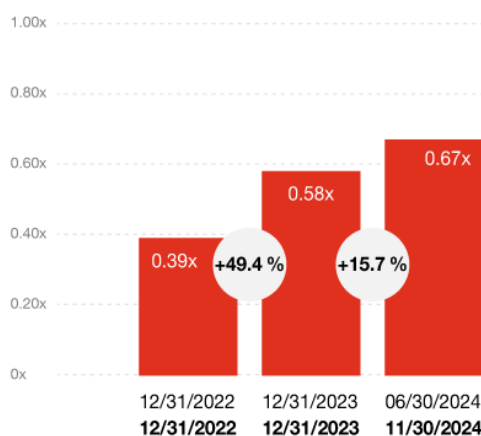
In order to gain insight into the changes in value of 17 major players in the German real estate market, we have analysed the sector-specific Real Estate KPIs FFO 1 and EPRA NTA from the financial periods FY2022, FY2023 and TFQ2024 (TFQ: Trailing Four Quarters). We have put the share prices as of the balance sheet dates 31 Dec 2022, 31 Dec 2023 and 30 Nov 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

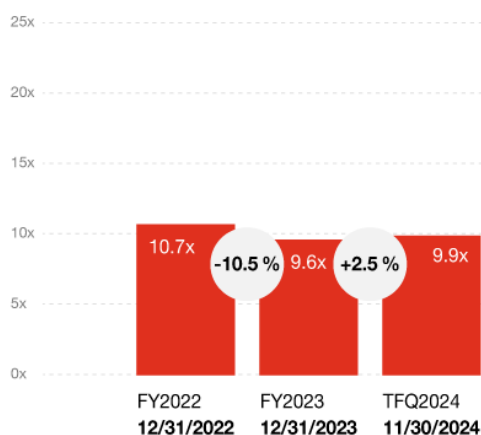


Price/EPRA NTA ratio

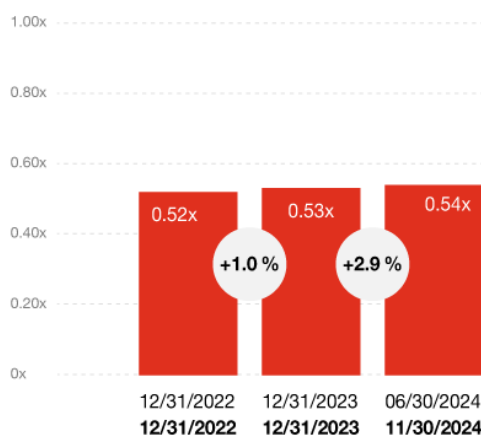


Sector-specific KPIs FFO 1 and EPRA NTA Commercial

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 FY2022, FY2023 and TFQ2024 and the share prices as of 31 Dec 2022, 31 Dec 2023 and 30 Nov 2024.

Reading example: TAG Immobilien AG was valued by the market at 13.5x of its FFO 1 as of 31 Dec 2023, whereas on 30 Nov 2024, it was valued at 16.2x of its FFO 1.

Stock price as of KPI (FFO and NTA) as of	FFO 1 multiple			Price/EPRA NTA ratio		
	12/31/2022 FY2022	12/31/2023 FY2023	11/30/2024 TFQ2024	12/31/2022 12/31/2022	12/31/2023 12/31/2023	11/30/2024 06/30/2024
RESIDENTIAL						
Deutsche Wohnen SE	15.2x	17.6x	18.8x	0.39x	0.56x	0.59x
Grand City Properties SA	7.9x	9.4x	11.6x	0.30x	0.43x	0.55x
LEG Immobilien SE	9.3x	12.9x	14.6x	0.40x	0.63x	0.72x
Phoenix Spree Deutschland Limited				0.55x	0.50x	0.56x
TAG Immobilien AG	5.6x	13.5x	16.2x	0.29x	0.72x	0.86x
Vonovia SE	8.6x	12.9x	15.0x	0.38x	0.61x	0.71x
25%-Percentile	7.9x	12.9x	14.6x	0.32x	0.52x	0.57x
Average	9.3x	13.3x	15.2x	0.39x	0.58x	0.67x
75%-Percentile	9.3x	13.5x	16.2x	0.40x	0.63x	0.72x
COMMERCIAL						
alstria office REIT-AG	13.1x	7.4x	15.3x	0.54x	0.40x	0.74x
Aroundtown SA	9.0x	8.2x	11.1x	0.32x	0.34x	0.45x
Branicks Group AG	5.6x	5.4x	4.1x	0.53x	0.28x	0.21x
DEFAMA Deutsche Fachmarkt AG	12.9x	12.0x	13.9x			
Deutsche EuroShop AG	10.5x	10.1x	9.0x	0.59x	0.71x	0.63x
Deutsche Konsum REIT-AG	6.6x	3.9x	4.7x	0.48x	0.31x	0.34x
Deutsche Real Estate AG	15.4x	12.0x	8.5x			
FCR Immobilien AG	15.5x	17.0x	13.6x			
Hamborner REIT AG	10.7x	10.1x	9.6x	0.57x	0.68x	0.66x
Sirius Real Estate Limited	10.1x	13.4x	14.3x	0.76x	1.15x	1.05x
VIB Vermögen AG	9.0x	6.3x	4.4x	0.38x	0.34x	0.25x
25%-Percentile	9.0x	6.9x	6.6x	0.46x	0.33x	0.32x
Average	10.7x	9.6x	9.9x	0.52x	0.53x	0.54x
75%-Percentile	13.0x	12.0x	13.7x	0.58x	0.69x	0.68x

Source: PwC "Real Estate Monitor"

Valuation level (measured by RE KPIs)

Compared to the end of FY2023, Commercial's current valuation level (as of 30 Nov 2024) has decreased by +2.5% (FFO 1 multiple) and +2.9% (Price/EPRA NTA ratio). On the other hand, the current valuation level of Residential has increased by +14.9% (FFO 1 multiple) and +15.7% (Price/EPRA NTA ratio).

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