

Real Estate Monitor

PwC's Real Estate Institute

July 2024

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EBITDA multiples for Commercial reach lowest level since December 2020

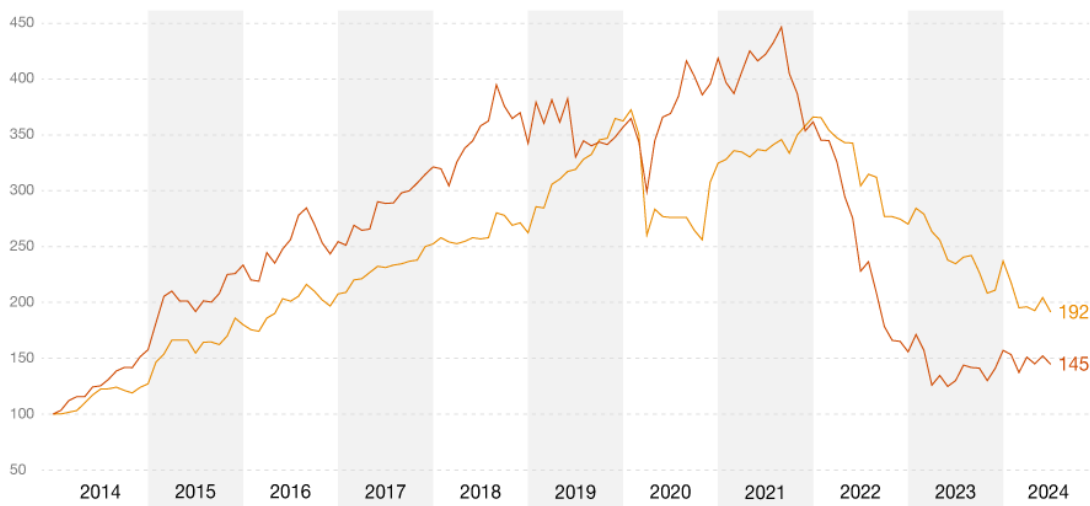
Real Estate Monitor, July 2024

In June 2024, the PwC Real Estate Indices for residential and commercial property holders increased slightly. While the index for residential property holders decreased by -4.7% on average to 145 points, commercial went down by -5.6% during the same period, reaching 192 points.

The EBITDA multiples for Residential (25.2x) shows no significant change compared to the average of the previous quarters. However, the EBITDA multiples for Commercial (18.1x) reached its lowest level since December 2020, reflecting the still somewhat challenging market environment for commercial property portfolio holders.

The WACC for German real estate companies increased to 5.4% (+20 bps) while its global counterpart increased to 7.5% (+/- 0 bps).

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



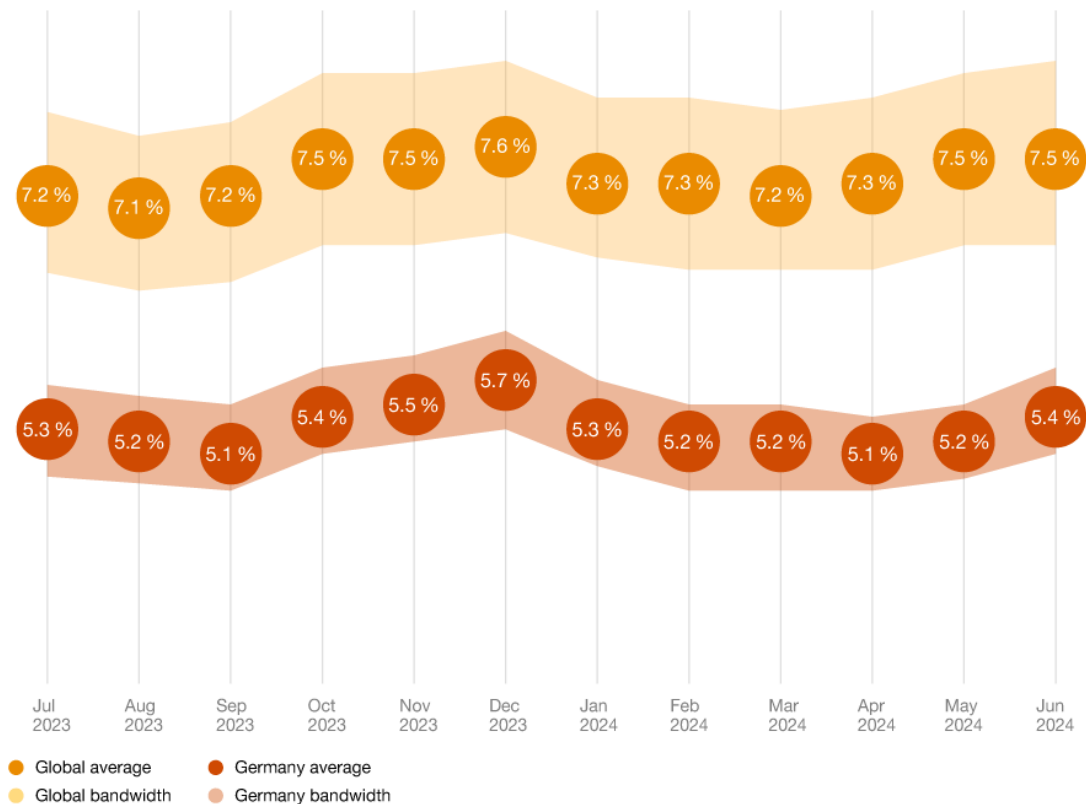
Performance (30 June 2024)

Index	YTD	1 Month	3 Month	6 Month	1 Year	2 Years	3 Years	5 Years
Commercial	-18.6 %	-5.6 %	-2.0 %	-18.6 %	-18.2 %	-36.8 %	-42.7 %	-39.7 %
Residential	-7.9 %	-4.7 %	-4.2 %	-7.9 %	11.1 %	-36.6 %	-66.1 %	-56.1 %

Source: PwC "Real Estate Monitor"

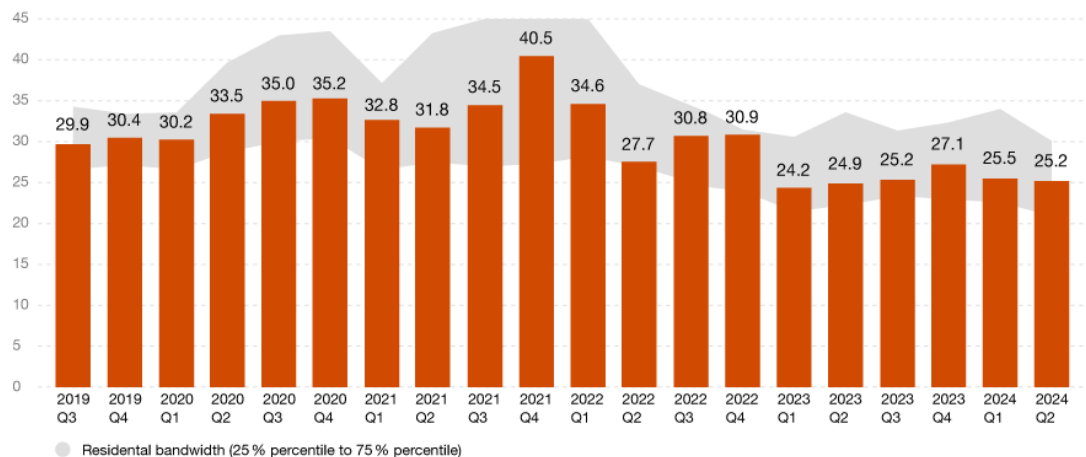
Stock price data per company within the respective peer group is collected using the S&P Capital IQ Data Item „IQ_ClosePrice_Adj“. Capital IQ defines the Close Price as: The closing price of the day, calculated once per day after the market close. Close prices are adjusted for stock splits, cash dividends,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

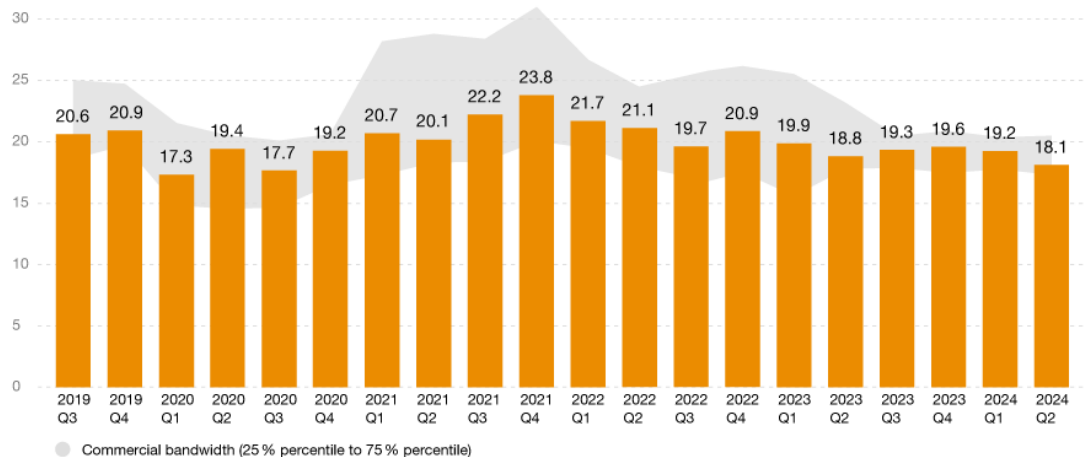


Source: PwC "Real Estate Monitor"

EBITDA Multiple – Residential Germany (per quarter)



EBITDA Multiple – Commercial Germany (per quarter)



Source: PwC "Real Estate Monitor"



Real Estate Monitor

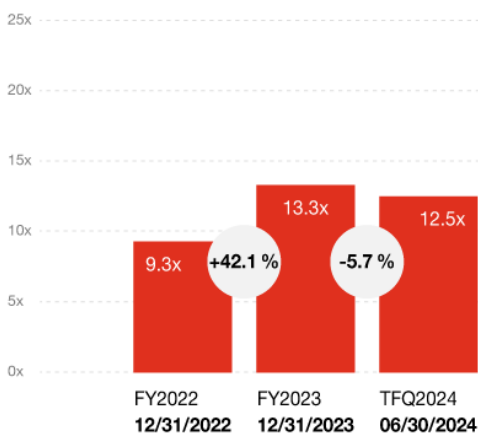
PwC's Real Estate Institute – Real Estate KPIs

Weakened commercial property market also reflected in Real Estate KPIs

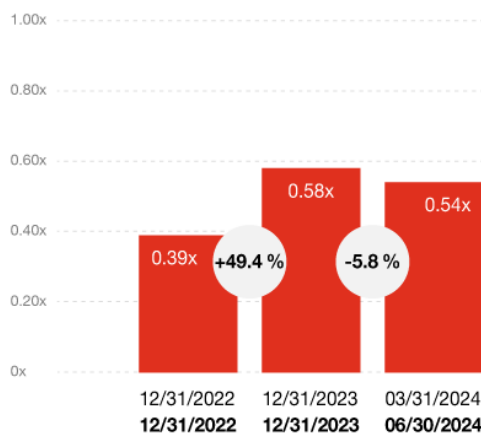
In order to gain insight into the changes in value of 17 major players in the German real estate market, we have analysed the sector-specific Real Estate KPIs FFO 1 and EPRA NTA from the financial periods FY2022, FY2023 and TFQ2024 (TFQ: Trailing Four Quarters). We have put the share prices as of the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

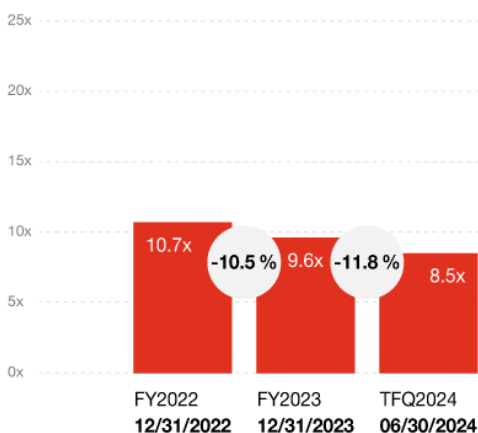


Price/EPRA NTA ratio

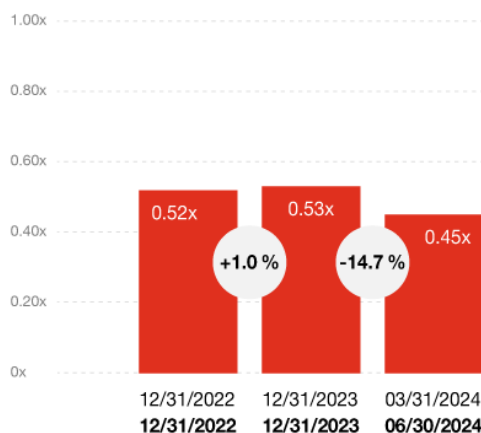


Sector-specific KPIs FFO 1 and EPRA NTA Commercial

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 Jun 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 Jun 2024, it was valued at 13.8x 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	06/30/2024 TFQ2024	12/31/2022 12/31/2022	12/31/2023 12/31/2023	06/30/2024 03/31/2024
RESIDENTIAL						
Deutsche Wohnen SE	15.2x	17.6x	13.9x	0.39x	0.56x	0.42x
Grand City Properties SA	7.9x	9.4x	10.1x	0.30x	0.43x	0.46x
LEG Immobilien SE	9.3x	12.9x	12.6x	0.40x	0.63x	0.60x
Phoenix Spree Deutschland Limited				0.55x	0.50x	0.47x
TAG Immobilien AG	5.6x	13.5x	13.8x	0.29x	0.72x	0.73x
Vonovia SE	8.6x	12.9x	12.1x	0.38x	0.61x	0.57x
25%-Percentile	7.9x	12.9x	12.1x	0.32x	0.52x	0.46x
Average	9.3x	13.3x	12.5x	0.39x	0.58x	0.54x
75%-Percentile	9.3x	13.5x	13.8x	0.40x	0.63x	0.59x
COMMERCIAL						
alstria office REIT-AG	13.1x	7.4x	7.4x	0.54x	0.40x	0.37x
Aroundtown SA	9.0x	8.2x	6.6x	0.32x	0.34x	0.26x
Branicks Group AG	5.6x	5.4x	3.3x	0.53x	0.28x	0.17x
DEFAMA Deutsche Fachmarkt AG	12.9x	12.0x	13.0x			
Deutsche EuroShop AG	10.5x	10.1x	10.0x	0.59x	0.71x	0.70x
Deutsche Konsum REIT-AG	6.6x	3.9x	3.3x	0.48x	0.31x	0.24x
Deutsche Real Estate AG	15.4x	12.0x	9.8x			
FCR Immobilien AG	15.5x	17.0x	12.8x			
Hamborner REIT AG	10.7x	10.1x	9.6x	0.57x	0.68x	0.64x
Sirius Real Estate Limited	10.1x	13.4x	13.5x	0.76x	1.15x	0.99x
VIB Vermögen AG	9.0x	6.3x	4.0x	0.38x	0.34x	0.22x
25%-Percentile	9.0x	6.9x	5.3x	0.46x	0.33x	0.24x
Average	10.7x	9.6x	8.5x	0.52x	0.53x	0.45x
75%-Percentile	13.0x	12.0x	11.4x	0.58x	0.69x	0.66x

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 Jun 2024) has decreased by -11.8% (FFO 1 multiple) and -14.7% (Price/EPRA NTA ratio). On the other hand, the current valuation level of Residential has increased by -5.7% (FFO 1 multiple) and -5.8% (Price/EPRA NTA ratio).

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