

# Real Estate Monitor

PwC's Real Estate Institute

June 2024

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## Slight recovery trend in Residential and Commercial in the past month

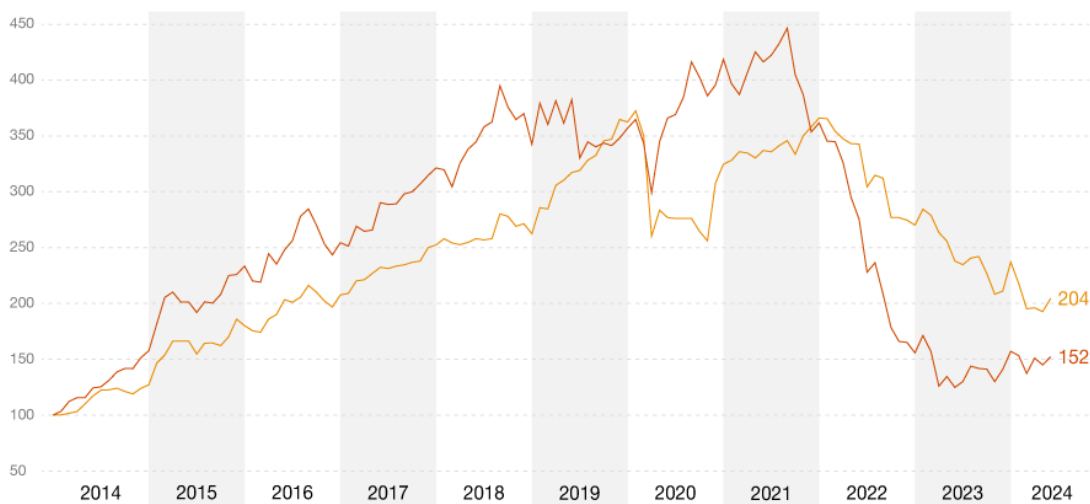
### Real Estate Monitor, June 2024

In May 2024, the PwC Real Estate Indices for residential and commercial property holders increased slightly. While residential property holders rose by +4.7% on average to 152 points, commercial increased by +5.6% during the same period, reaching 204 points.

The WACC for German real estate companies increased to 5.2% (+10 bps) while its global counterpart increased to 7.5% (+20 bps).

The relative valuation level of residential property portfolio holders, as measured by the RE KPIs, has stabilised and even improved significantly compared to FY2022. The stabilisation of share prices also contributed to this. In the commercial sector, the valuation level measured using the FFO 1 multiple has gradually deteriorated further, while the EPRA NTA ratio remains stable compared to FY2022 and 2023. Especially in the commercial sector, companies are struggling with persistently high interest rates and financing costs.

### PwC Real Estate Index – Germany (Jan 2014 – May 2024)



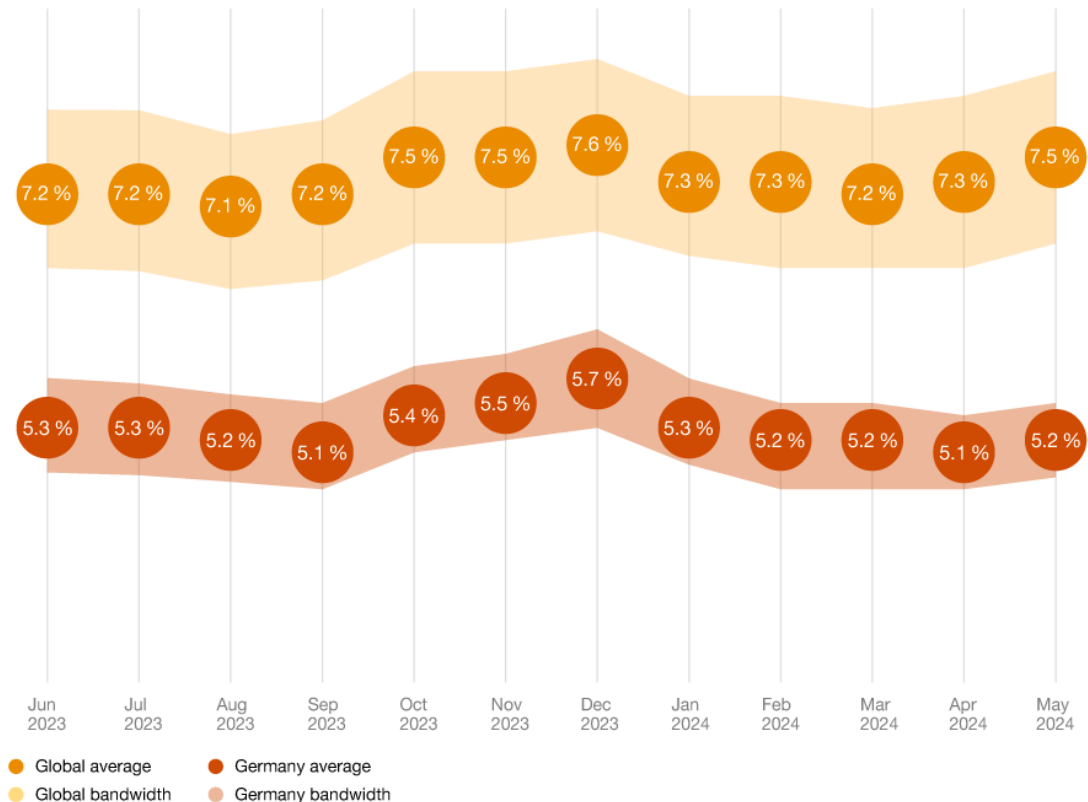
#### Performance (31 May 2024)

Index	YTD	1 Month	3 Month	6 Month	1 Year	2 Years	3 Years	5 Years
Commercial	-13.8 %	5.6 %	4.7 %	-3.3 %	-14.4 %	-40.5 %	-39.6 %	-35.9 %
Residential	-3.3 %	4.7 %	10.4 %	8.1 %	21.9 %	-44.7 %	-65.0 %	-60.3 %

Source: PwC "Real Estate Monitor"

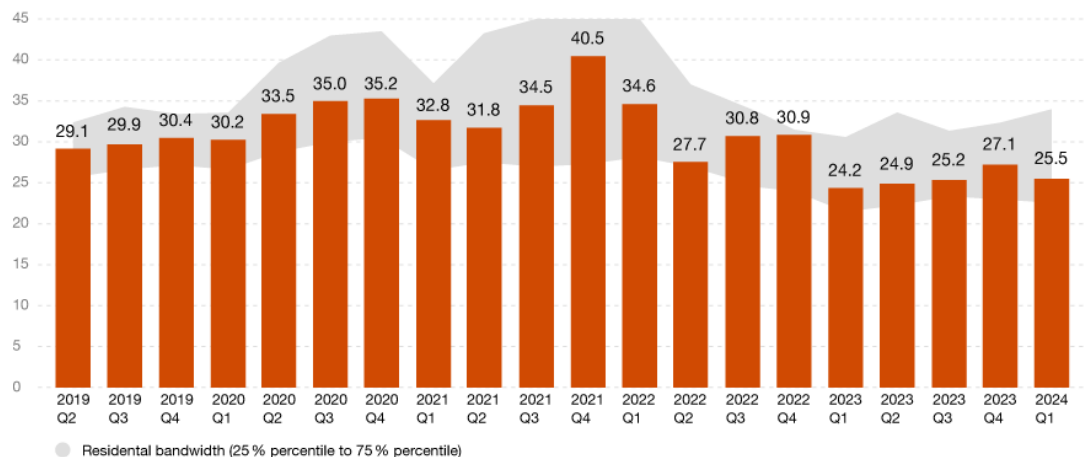
Stock price data per company within the respective peer group is collected using the S&P Capital IQ Data Item „IQ\_ClosePrice\_Adj“. Capital IQ defines the Close Price as: The closing price of the day, calculated once per day after the market close. Close prices are adjusted for stock splits, cash dividends,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

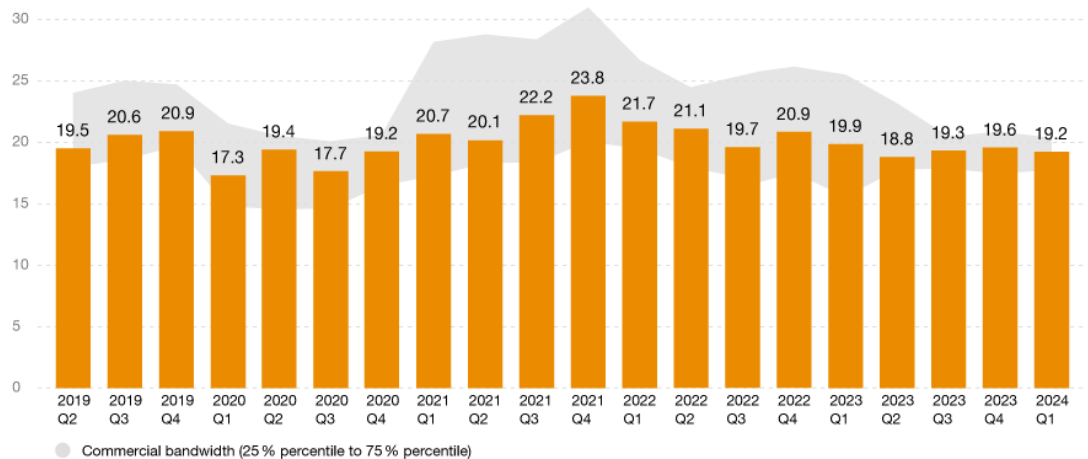


Source: PwC "Real Estate Monitor"

**EBITDA Multiple – Residential Germany (per quarter)**



**EBITDA Multiple – Commercial Germany (per quarter)**



Source: PwC "Real Estate Monitor"



# Real Estate Monitor

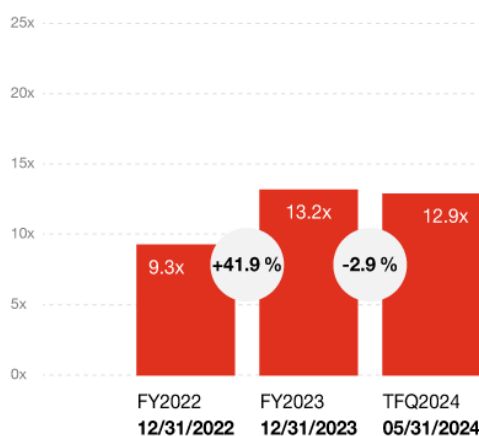
PwC's Real Estate Institute – Real Estate KPIs

## Residential valuation level almost higher than at the end of FY2022 and 2023

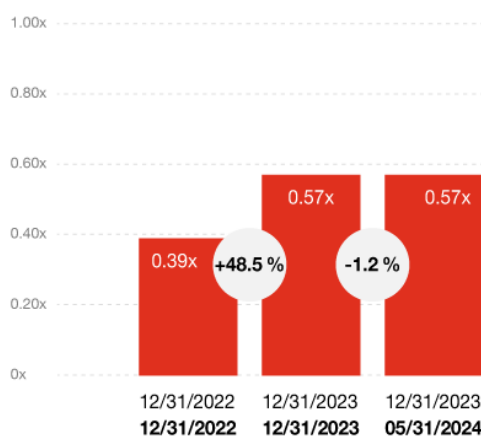
In order to gain insight into the changes in value of 17 major players in the German real estate market, we have analysed the sector-specific Real Estate KPIs FFO 1 and EPRA NTA from the financial periods FY2022, FY2023 and TFQ2024 (TFQ: Trailing Four Quarters). We have put the share prices as of the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

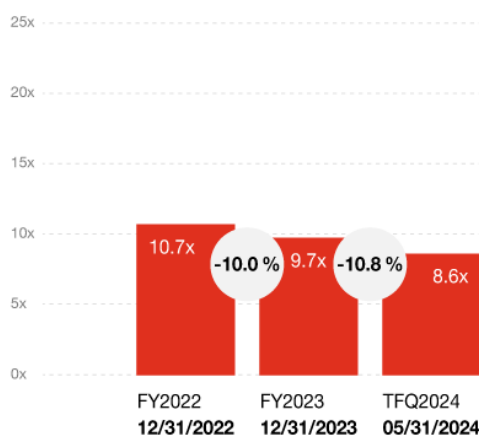


#### Price/EPRA NTA ratio

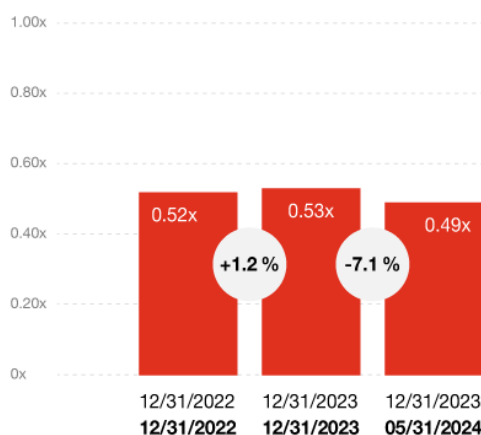


### Sector-specific KPIs FFO 1 and EPRA NTA Commercial

#### 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 31 May 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 31 May 2024, it was valued at 14.6x 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	05/31/2024 TFQ2024	12/31/2022 12/31/2022	12/31/2023 12/31/2023	05/31/2024 12/31/2023
<b>RESIDENTIAL</b>						
Deutsche Wohnen SE	15.2x	17.6x	13.2x	0.39x	0.56x	0.42x
Grand City Properties SA	7.9x	9.3x	10.3x	0.30x	0.41x	0.46x
LEG Immobilien AG	9.3x	12.9x	13.2x	0.40x	0.63x	0.64x
Phoenix Spree Deutschland Limited				0.55x	0.50x	0.47x
TAG Immobilien AG	5.6x	13.5x	14.6x	0.29x	0.72x	0.78x
Vonovia SE	8.6x	12.9x	13.0x	0.38x	0.61x	0.62x
<b>25%-Percentile</b>	7.9x	12.9x	13.0x	0.32x	0.52x	0.46x
<b>Average</b>	9.3x	13.2x	12.9x	0.39x	0.57x	0.57x
<b>75%-Percentile</b>	9.3x	13.5x	13.2x	0.40x	0.63x	0.64x
<b>COMMERCIAL</b>						
alstria office REIT-AG	13.1x	7.4x	7.0x	0.54x	0.40x	0.38x
Aroundtown SA	9.0x	8.2x	7.1x	0.32x	0.34x	0.29x
Branicks Group AG	5.6x	5.4x	4.0x	0.53x	0.28x	0.21x
DEFAMA Deutsche Fachmarkt AG	12.9x	12.1x	12.8x			
Deutsche EuroShop AG	10.5x	10.1x	9.2x	0.59x	0.71x	0.65x
Deutsche Konsum REIT-AG	6.6x	4.2x	3.6x	0.48x	0.32x	0.27x
Deutsche Real Estate AG	15.4x	12.0x	10.3x			
FCR Immobilien AG	15.5x	17.0x	12.1x			
Hamborner REIT AG	10.7x	10.1x	9.9x	0.57x	0.68x	0.66x
Sirius Real Estate Limited	10.1x	13.7x	14.5x	0.76x	1.15x	1.21x
VIB Vermögen AG	9.0x	6.3x	4.7x	0.38x	0.34x	0.25x
<b>25%-Percentile</b>	9.0x	6.9x	5.8x	0.46x	0.34x	0.27x
<b>Average</b>	10.7x	9.7x	8.6x	0.52x	0.53x	0.49x
<b>75%-Percentile</b>	13.0x	12.0x	11.2x	0.58x	0.69x	0.65x

Source: PwC "Real Estate Monitor"

### Valuation level remains stable

Compared to the end of FY2023, Commercial's current valuation level (as of 31 May 2024) has decreased by -10.8% (FFO 1 multiple) and -7.1% (Price/EPRA NTA ratio). On the other hand, the current valuation level of Residential has increased by -2.9% (FFO 1 multiple) and -1.2% (Price/EPRA NTA ratio).

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