

**HOWOGE**

# HOWOGE H1 2024 – Company Presentation





# Agenda

## Company Presentation

- 01 Overview & Highlights H1 2024
- 02 Portfolio
- 03 Financials and Capital Structure
- 04 Appendix





# 01 Overview & Highlights H1 2024



# Overview

HOWOGE

## HOWOGE is one of the biggest real estate companies in Germany

HOWOGE

### Company highlights

#### Overview

- State-owned residential real estate company with focus on affordable housing
- Strategic target of being climate-neutral by 2045 and taking on a pioneering role in the German housing industry through our sustainability strategy
- Total portfolio value of EUR 12.6bn and ~76,700 residential units
- Efficient, fully integrated and scalable platform with strong local expertise
- Clear strategy and government support to expand its current portfolio to up to 100,000 residential units through a mix of acquisitions and new developments
- The company is supporting the State of Berlin in its school construction initiative, making HOWOGE systemically highly relevant

#### Heritage

- Established in 1990 as a municipal real estate company
- In 1997, HOWOGE acquired the Wohnungsbaugesellschaft Lichtenberg (WBL), comprising a portfolio of ~26,000 residential units
- Foundation of HOWOGE-Servicegesellschaft (2001) and HOWOGE Wärme (2005) to ensure comprehensive facility management
- In January 2018, HOWOGE acquired 100% of the shares of Kramer + Kramer, a project management company
- In 2019, the Senate of Berlin contractually resolved that HOWOGE becomes vital part of the Berlin school building initiative
- In 2021, HOWOGE acquired c. 8k units and successfully entered capital markets issuing EUR 1.7 bn corporate bonds

### Key financial highlights

Key metric	H1 2024
Total portfolio value <sup>(1)</sup>	EUR 12.6bn
Net LTV (housing)	29.3%
Residential rent (EUR per sqm) <sup>(2)</sup>	6.70
Residential vacancy rate (by area)	1.2%
Adj. EBITDA	EUR 139.3m
Number of Employees	1,207

1. Total portfolio value is the sum of developed and undeveloped land/ inheritable building rights granted as well as assets under construction and developments

2. As of 30 June 2024.

# Attractive landlord

HOWOGE

## Our portfolio

**~76,700**

Residential  
units

EUR per sqm

**6.70**

Ø Net cold rent<sup>(1)</sup>

**1.2%**

Vacancy  
rate  
(based on sqm)



**154**

Janitors

**~ 1,150**

Commercial  
units



One of the largest  
housing companies  
in **Germany**

**~17,600**

Other units  
(parking spaces,  
garages etc.)





# Highlights H1 2024

## HOWOGE continues growth strategy



### 1 Strong core business and operations

- Occupancy consistently at >98%
- Rent collection rate of >99%
- Rental and lease revenue up by 4.8% yoy
- Completion of two school buildings and 238 apartments in H1 2024

### 2 Acquisition and financing

- Acquisition of c. 4,500 apartments and land reserves with closing in Q1 2025
- Further roll-out of internal services via acquisition of a facility management subsidiary
- Successful issuance of EUR 300m social bond
- Upcoming 2024 debt maturities already fully covered

### 3 Solid financial results and conservative leverage in H1 2024

- FFO: EUR 105.6m (6%)
- Adj. EBITDA: EUR 139.3m
- Equity: EUR 7.4bn (~53% of total balance sheet)
- Net LTV: 29.3% housing (32.6% incl. debt for school construction)

## 02 Portfolio



## HOWOGE owns a concentrated portfolio with regional focus

### Portfolio and operations overview

The real estate portfolio is very efficiently managed due to its regional Berlin focus.  
The units are organizationally divided into three different clusters (stock/construction/acquisition).  
According to the actual circumstances, the units are distributed as follows (as of 30 June 2024):

- 76,684 residential units,
- 1,151 commercial units,
- several undeveloped properties / undeveloped land

**EUR 11.9bn**

Fair value only including  
existing buildings

**~76,700**

Residential units

**29.0x**

In-place rent multiple

**EUR 12.6bn**

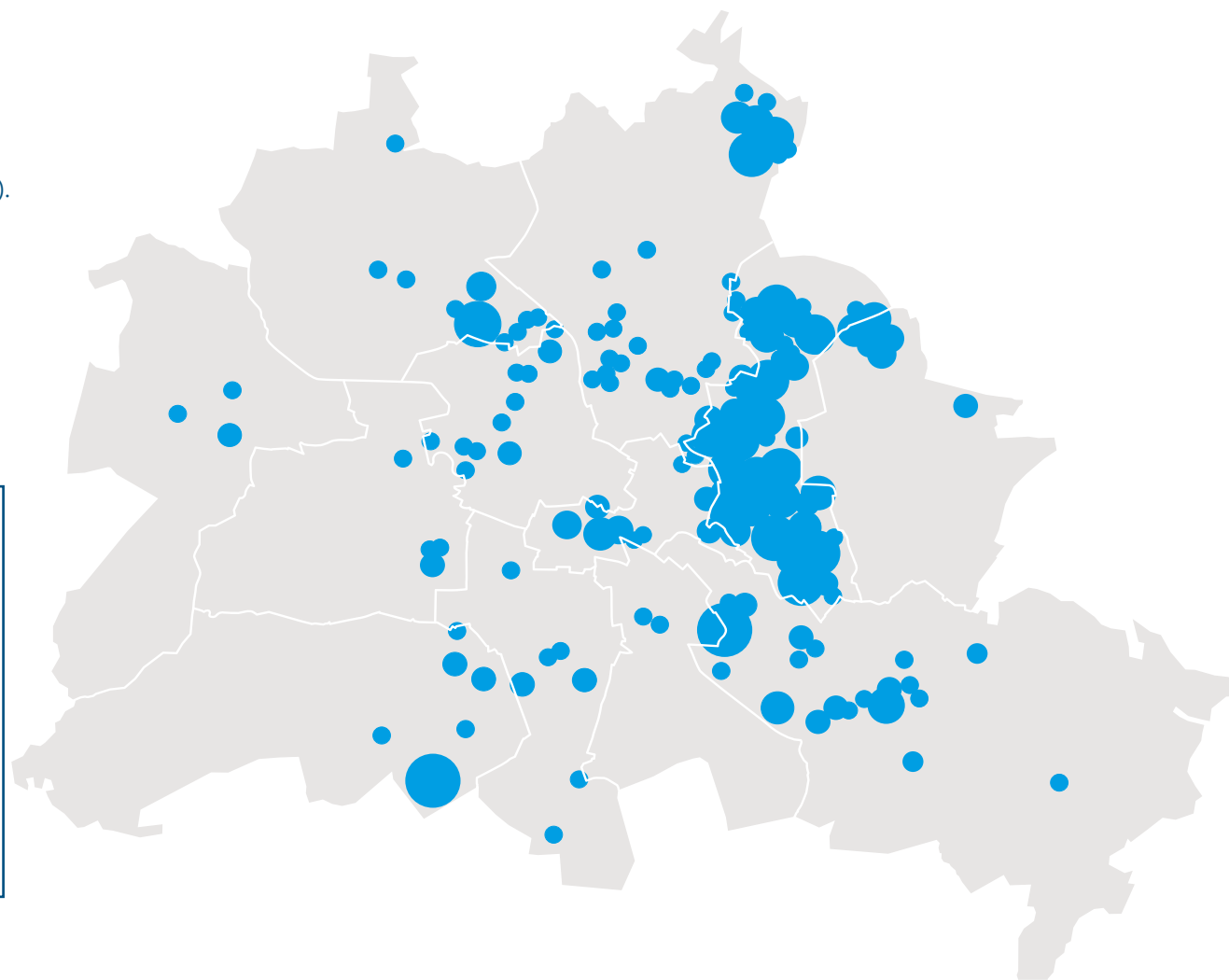
Total fair value<sup>(1)</sup>

**EUR 2,412**

Fair value per sqm

**23.5x**

Market-rent multiple



As of 30 June 2024

1. Total portfolio value is the sum of developed land and undeveloped land/ inheritable building rights granted as well as assets under construction and developments.



# Portfolio

## Overview key figures

Type of use	Units	Rental area (k sqm)	In-place rent <sup>(1)</sup> annualized (EUR m)	% of total in- place rent	Avg. Rent (EUR/sqm p.m.)	Vacancy (% in sqm)
Residential	76,684	4,724	379.9	91%	6.70	1.2%
Commercial	1,151	178	19.6	5%	9.17	6.5%
<b>Sub-total</b>	<b>77,835</b>	<b>4,903</b>	<b>399.5</b>	<b>96%</b>	<b>6.79</b>	<b>1.4%</b>
Other <sup>(2)</sup>	17,590	304	18.7	4%	n/a	n/a
<b>Total</b>	<b>95,425</b>	<b>5,207</b>	<b>418.1</b>	<b>100%</b>	n/a	n/a

As of 30 June 2024

1. In place rent is defined as current gross rent per month as agreed in the corresponding rent agreement before deducting recoverable operating costs.

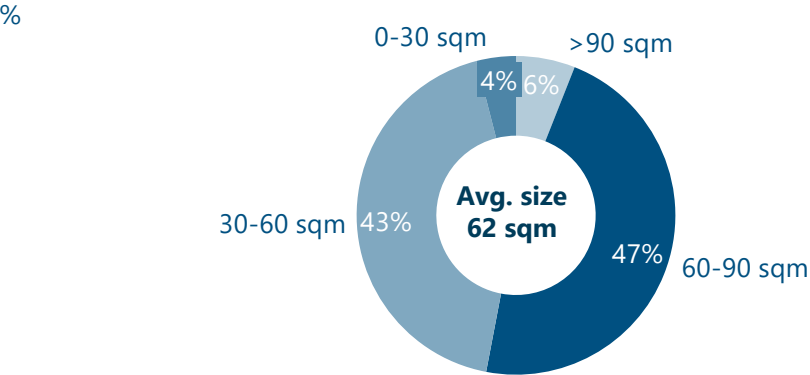
Residential in place rent is often referred to as "net cold rent"

2. Other mainly includes parking spaces and garages

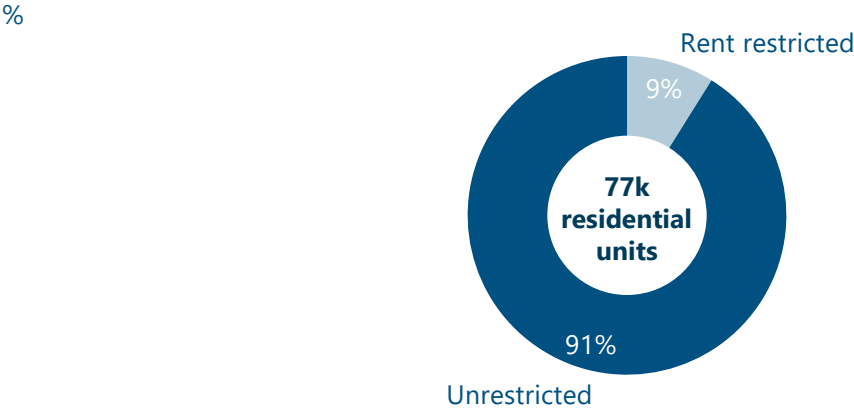
# Portfolio statistics

## Low in-place rents and relatively young asset base

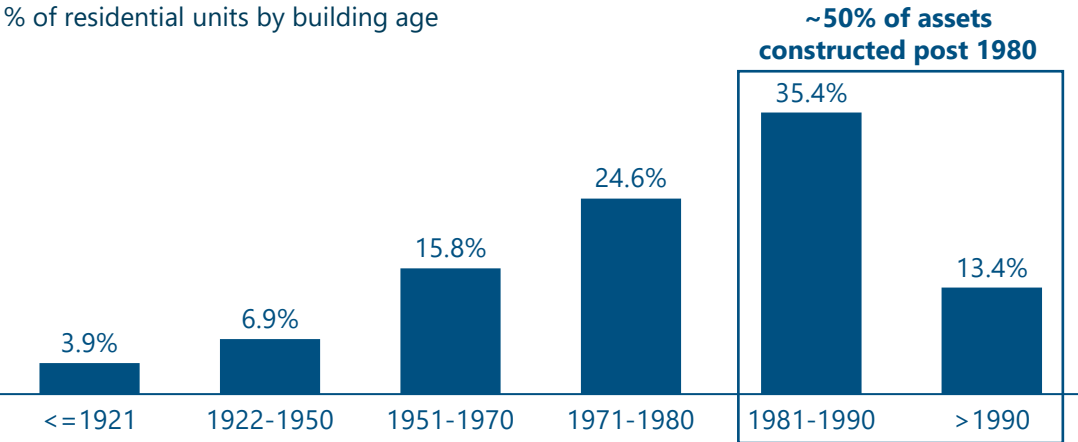
### Apartment size



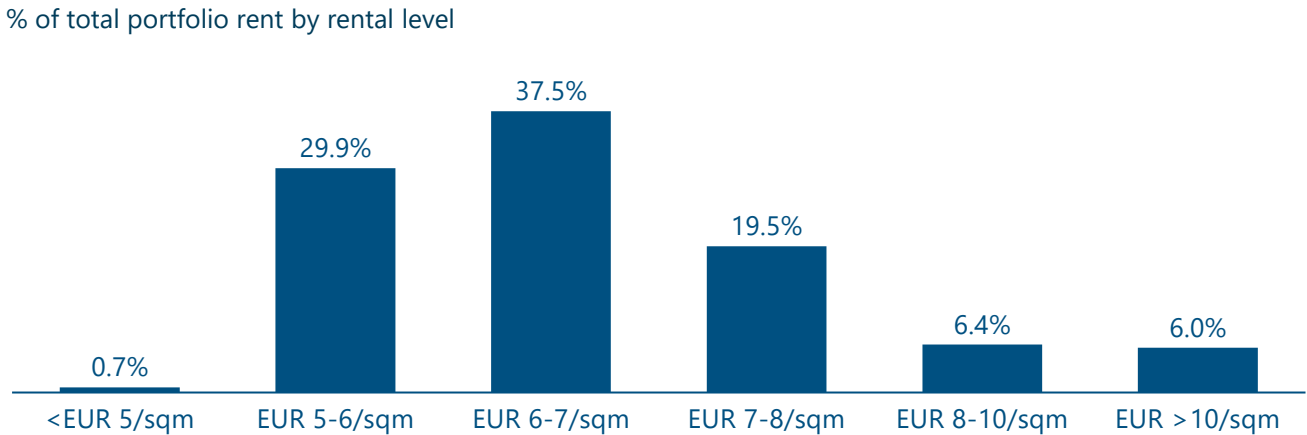
### Rental restrictions<sup>(1)</sup>



### Building age<sup>(2)</sup>



### Rent distribution



As of 30 June 2024  
1. Rental restrictions refers to "Preisgebundene Wohnungen". HOWOGE is committed to further rental restrictions due to the Cooperation Agreement with the city of Berlin.  
2. Building age refers to initial building age of property not considering any refurbishments.



# Strategic acquisition

~4,500 apartments and additional land reserves in Berlin

## Transaction Highlights

### Residential portfolio:

- ~4,500 apartments in Berlin
- 7.04 EUR/sqm net cold rent (Ø)
- <1% vacancy rate
- Located in Berlin (Lichtenberg)
- Comparable to existing HOWOGE stock regarding technical quality and type of asset

### Land reserves:

- Acquisition of 74% stake of SEG Buch, a land holding SPV in Berlin with 7 hectares of future building land
- Remaining 26% acquired by Berlinovo

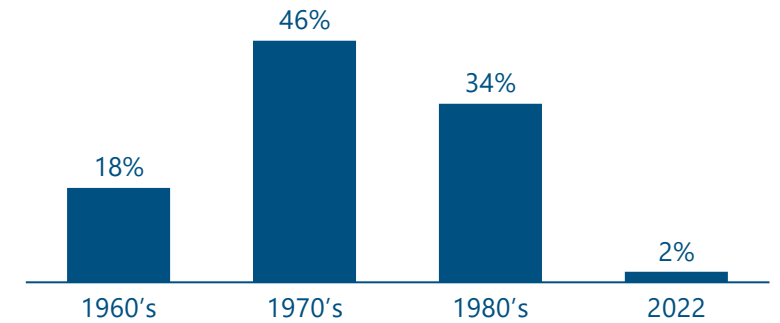
### Deal structure:

- Share Deal
- EUR 700m total purchase price
- Transfer of shares scheduled for 1 January 2025
- Financing via existing liquidity and a mix of secured and unsecured debt

## Acquisition portfolio perfectly fits with existing HOWOGE portfolio



% of residential units by year of construction



## 03 Financials and Capital Structure

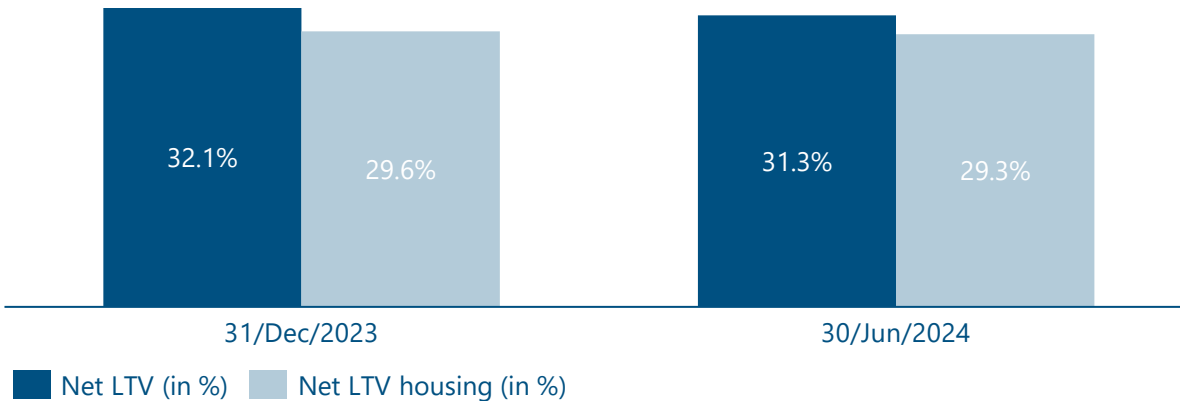




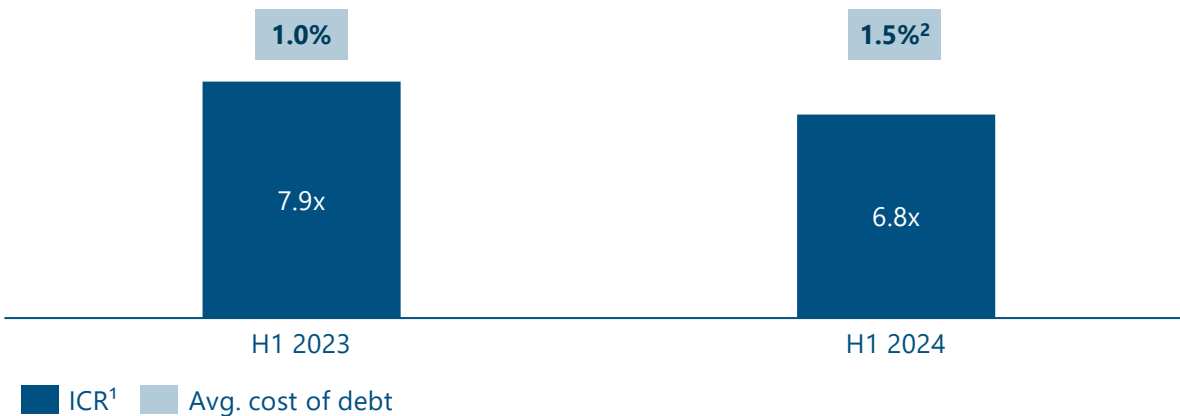
# Conservative capital Structure

## Low leverage and diversified debt structure<sup>2</sup>

### Current leverage in the comfort zone



### Strong coverage ratios and low cost of debt

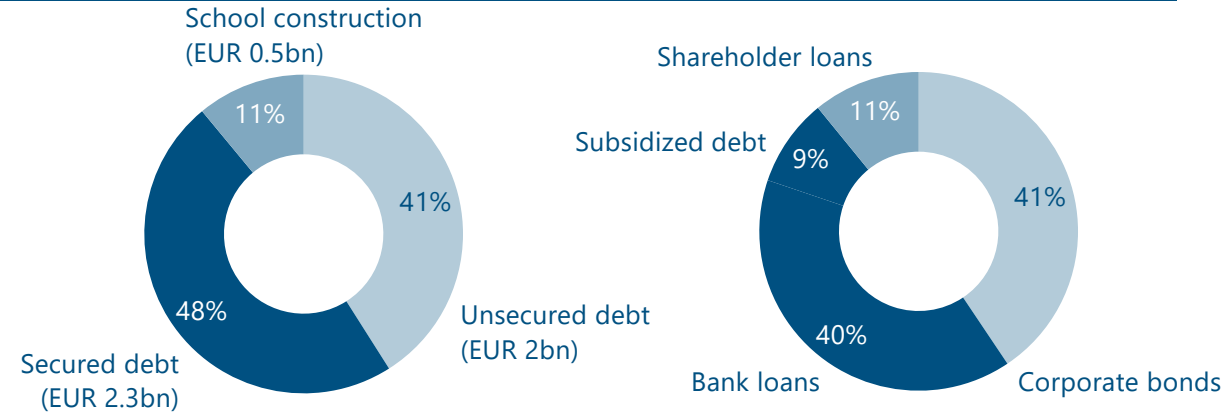


1. ICR defined as Adj. EBITDA / cash interest expenses

2. Including parts of bond refinancing and debt financing for recent acquisition

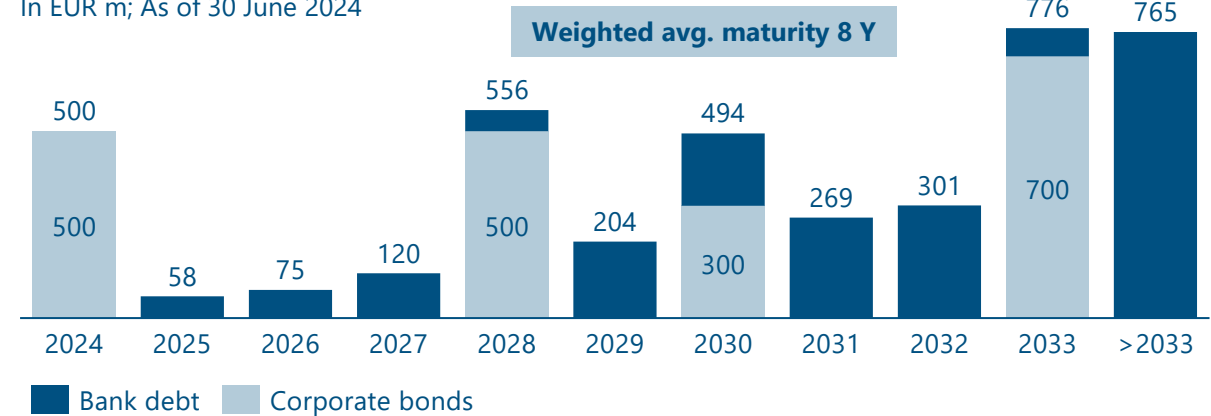
3. Maturity profile is based on end of fixed-rate interest period excl. debt from school construction

### Funding and asset mix of EUR 4.9bn total debt (30/Jun/2024)



### Long-dated maturity profile<sup>(3)</sup> with 2024 maturity already hedged

In EUR m; As of 30 June 2024



# Rating and Corporate Bonds

Issue size	Issue date	Maturity date	Coupon p.a.	Issue price	ISIN
EUR 500m	01/Nov/2021	01/Nov/2024	0.000%	99.808%	DE000A3H3GE7
EUR 500m	01/Nov/2021	01/Nov/2028	0.625%	99.829%	DE000A3H3GF4
EUR 700m	01/Nov/2021	01/Nov/2033	1.125%	99.755%	DE000A3H3GG2
EUR 300m	05/Jun/2024	05/Jun/2030	3.875%	99.858%	DE000A383PT8

## HOWOGE has achieved a Long-Term Issuer Rating by Fitch and Standard & Poor's:

Fitch:	AA-	outlook stable	last update: 03/Jul/2024
S&P:	A	outlook stable	last update: 22/Aug/2024



# Bond covenants

## Current levels offer significant comfort

Bond covenant	Required level	Current level 30/Jun/2024
<b>Consolidated LTV</b> Total debt/ total assets	<60%	32.4%
<b>Consolidated secured LTV</b> Total secured debt/ total assets	<45%	17.1%
<b>Interest coverage ratio</b> Adjusted EBITDA/ cash interest	> 1.8x	7.8x
<b>Unencumbered asset ratio</b> Unencumbered assets/ unsecured debt	≥ 125%	291.0%

# Consolidated Balance Sheet

EUR m	30/Jun/2024	31/Dec/2023
Investment property	12,288.1	12,325.1
Other non-current assets	418.2	290.8
<b>Non-current assets</b>	<b>12,706.3</b>	<b>12,615.9</b>
Inventories property and other inventories	232.7	283.9
Receivables and other assets	81.7	114.6
Cash and cash equivalents	811.8	273.7
Assets held for sale	23.4	33.9
<b>Current assets</b>	<b>1,149.6</b>	<b>706.1</b>
<b>Total assets</b>	<b>13,855.9</b>	<b>13,322.0</b>

EUR m	30/Jun/2024	31/Dec/2023
<b>Equity</b>	<b>7,361.8</b>	<b>7,401.3</b>
Non-current financial liabilities	4,312.9	3,556.7
Other non-current liabilities	1,458.4	1,465.9
<b>Non-current liabilities</b>	<b>5,771.3</b>	<b>5,022.6</b>
Current financial liabilities	531.7	701.0
Other current liabilities	191.1	197.2
<b>Current liabilities</b>	<b>722.8</b>	<b>898.2</b>
<b>Total equity and liabilities</b>	<b>13,855.9</b>	<b>13,322.0</b>

- Investment property ~90% of total assets
- Inventories mainly stem from school buildings during construction phase
- Cash position of EUR 812m partly include the funding of recent portfolio acquisition and upcoming refinancing
- Equity ratio slightly declined to ~53%
- Current financial liabilities of EUR 532m includes EUR 500m Bond maturing in Q4 2024

# Adjusted EBITDA

EUR m	H1 2024	H1 2023
<b>Total revenues</b>	<b>449.1</b>	<b>269.1</b>
Change in inventories for school construction	(51.3)	78.4
Own work capitalized	5.3	3.3
Cost of materials	(189.3)	(163.7)
Personnel expenses	(34.4)	(29.6)
Other operating income	2.8	13.7
Impairment of financial assets	(0.4)	0.6
Other operating expenses	(18.6)	(17.1)
Financial income	2.7	2.6
Other taxes	(16.5)	(15.8)
One-offs	1.4	(9.6)
One-offs from completion of school construction projects	(11.3)	-
<b>Adjusted EBITDA</b>	<b>139.3</b>	<b>131.8</b>

- Total revenues increased mainly due to school construction and rental growth. Lease revenues (IFRS 16) increased by EUR 9.3m YoY (5%) as a result of larger asset base (new constructions) and rental growth (mainly Mietspiegel indexation). Total revenues also include EUR 172.6m from finalization of first school construction project and hand over to city of Berlin.
- Change in inventories include school construction investments during the construction phase. The reduction in inventories for school construction is attributed to the disposal of a completed school building project valued at EUR 161.3m and the addition of new school projects under construction valued at EUR 110m – resulting in a total reduction of EUR 51.3m in H1 2024.
- One-offs include various project related costs, mainly driven by acquisitions
- One-offs from completion of school construction projects: non-cash income from school construction business



# Funds from Operations

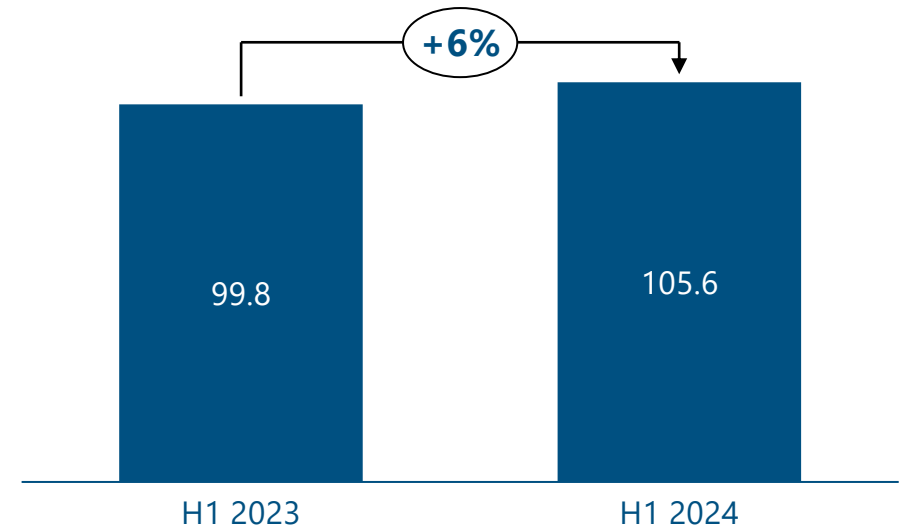
Proving strong operational cashflow

EUR m	H1 2024	H1 2023
<b>Adjusted EBITDA</b>	<b>139.3</b>	<b>131.8</b>
Cash income tax expenses	(10.1)	(13.9)
Cash interest result (expenses/ income)	(20.6)	(16.7)
Income from insurance policies	(2.4)	(1.5)
Sale of assets (Cash disposal result)	(0.6)	-
<b>FFO</b>	<b>105.6</b>	<b>99.8</b>

→ FFO increased by 6% YoY mainly driven by rental growth

## Outlook:

→ Stable FFO of ~EUR 180-200m expected for FY 2024

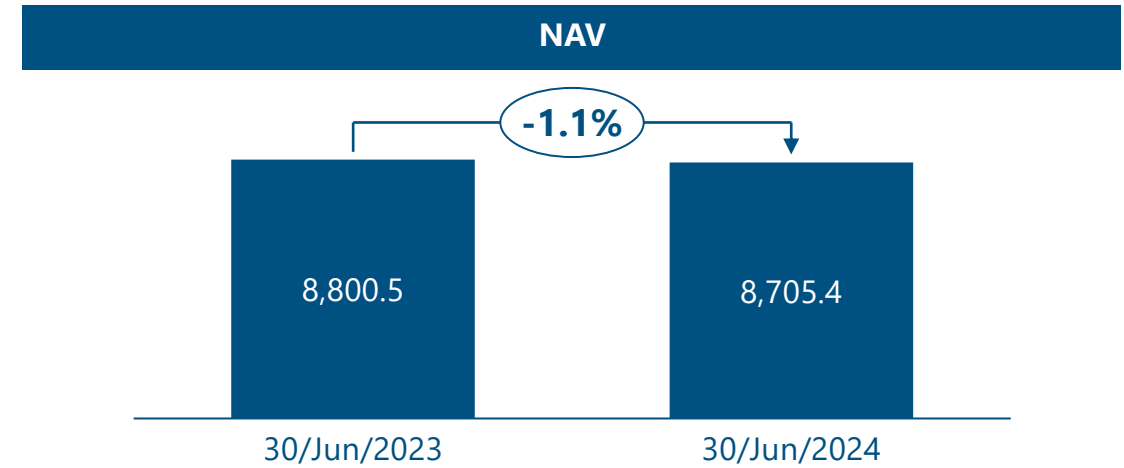


# NAV and Net LTV

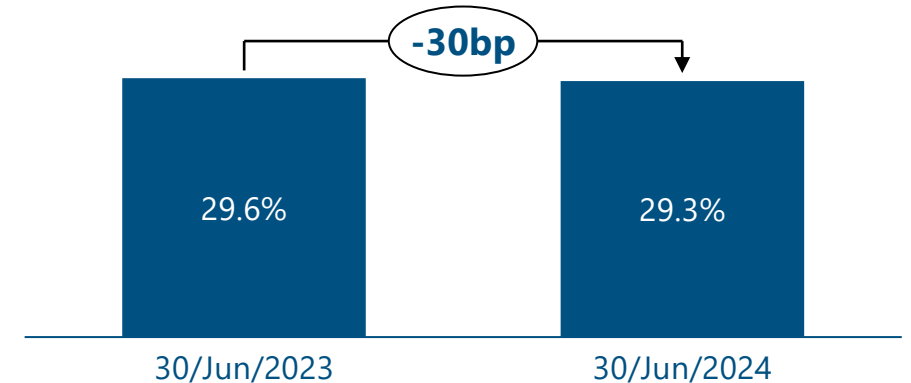
## Development of balance sheet KPIs

EUR m	30/Jun/2024	31/Dec/2023
<b>Total equity</b>	<b>7,361.8</b>	<b>7,401.3</b>
Deferred tax liability on investment properties	1,343.5	1,399.3
<b>NAV</b>	<b>8,705.4</b>	<b>8,800.5</b>

EUR m	30/Jun/2024	31/Dec/2023
Financial liabilities	4,844.6	4,257.6
Cash and cash equivalents	(811.8)	(273.7)
<b>Net financial liabilities</b>	<b>4,032.8</b>	<b>3,984.0</b>
Fair value of investment property	12,288.1	12,325.1
Prepayments on investment property	88.6	96.5
<b>Net LTV ratio</b>	<b>32.6%</b>	<b>32.1%</b>
<b>Net LTV ratio (housing)</b>	<b>29.3%</b>	<b>29.6%</b>



**Net LTV (housing) remains well below 50% comfort hurdle**



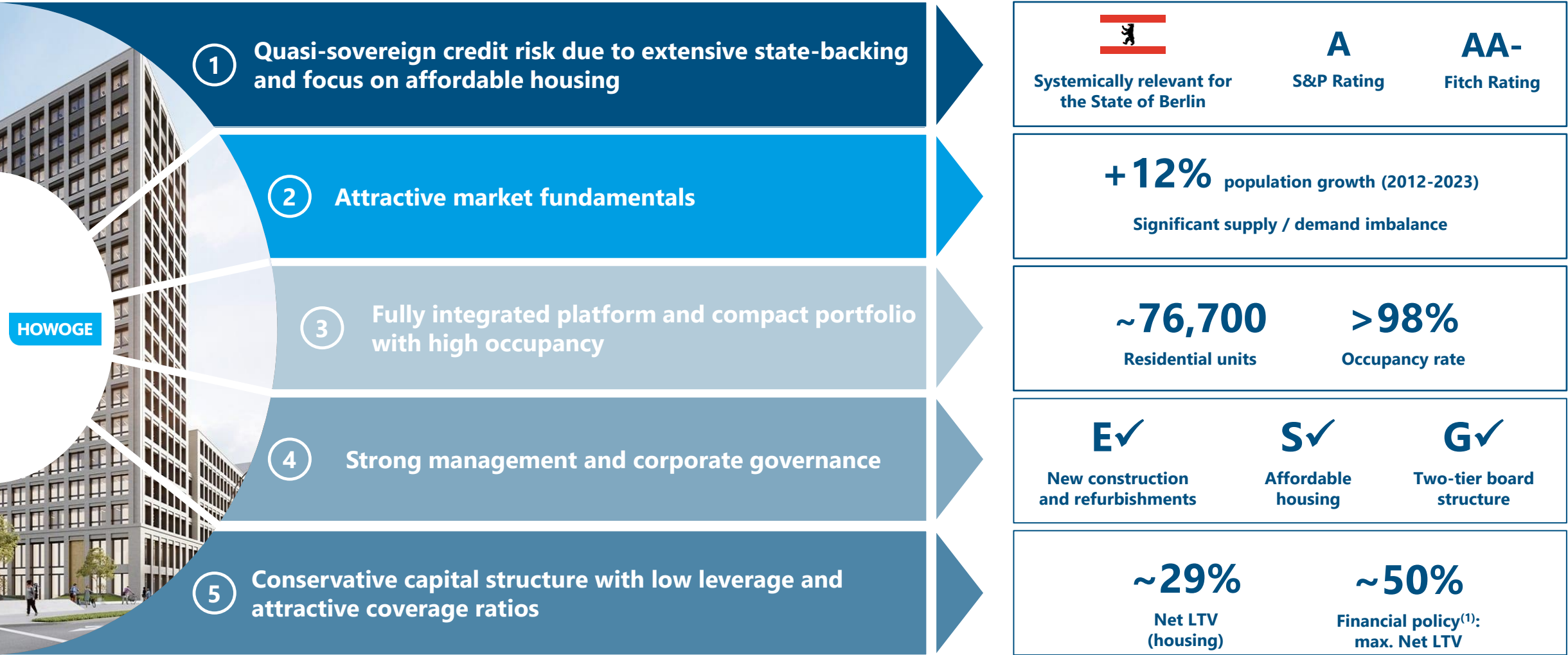
## 04 Appendix





# Key Credit Highlights

HOWOGE is a company with excellent creditworthiness



1. Financial policy excludes school initiative  
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# Quasi-sovereign Credit Risk

High certainty due to state-backing and affordable housing focus

100% owned by State of Berlin

HOWOGE's operations

Importance of HOWOGE to Berlin

 State of Berlin

## 100% owned by State of Berlin

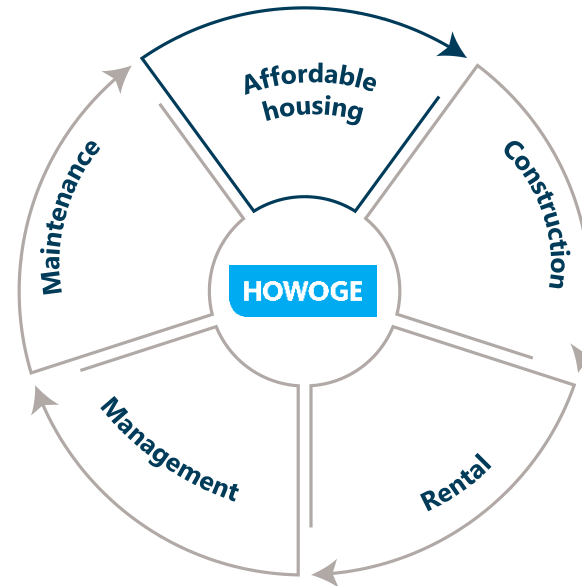
- Owned by the State of Berlin since foundation in 1990

## Cooperation agreement

- HOWOGE has signed a cooperation agreement ("Leistbare Mieten, Wohnungsneubau und Soziale Wohnraumversorgung") with State of Berlin

## Equity contribution

- HOWOGE has received equity injections by way of land reserve contributions from the State of Berlin



## Affordable housing

- Supply of affordable housing space for low incomes must be ensured
- Successful execution of several new development projects over the past years



## School construction

- State of Berlin has selected HOWOGE to execute its school construction initiative
- The initiative makes HOWOGE systemically relevant



## Social commitment

- Ensuring social stability within the society by providing essential services
- Through the foundation "Stadtkultur" HOWOGE also supports projects in the field of art, culture and education

HOWOGE is acting with the unrestricted support of its sole shareholder, the State of Berlin. Its strategy reflects the political agenda of all ruling parties.

# Management Board

Experienced team with over 20 years of expertise

## Katharina Greis

(Dipl. Betriebswirtin/ Business Economist)  
Managing Director (commercial)

- Managing director since 2023
- Responsibilities:
  - Controlling and Data modelling
  - Treasury and Investor Relations
  - Accounting
  - Human Resources
  - Legal
  - Sustainability
  - Governance, Risk and Compliance
  - Internal Audit

>20 years of professional experience



## Ulrich Schiller

(Dipl. Bauingenieur/ Civil Engineer)  
Managing Director (operational)

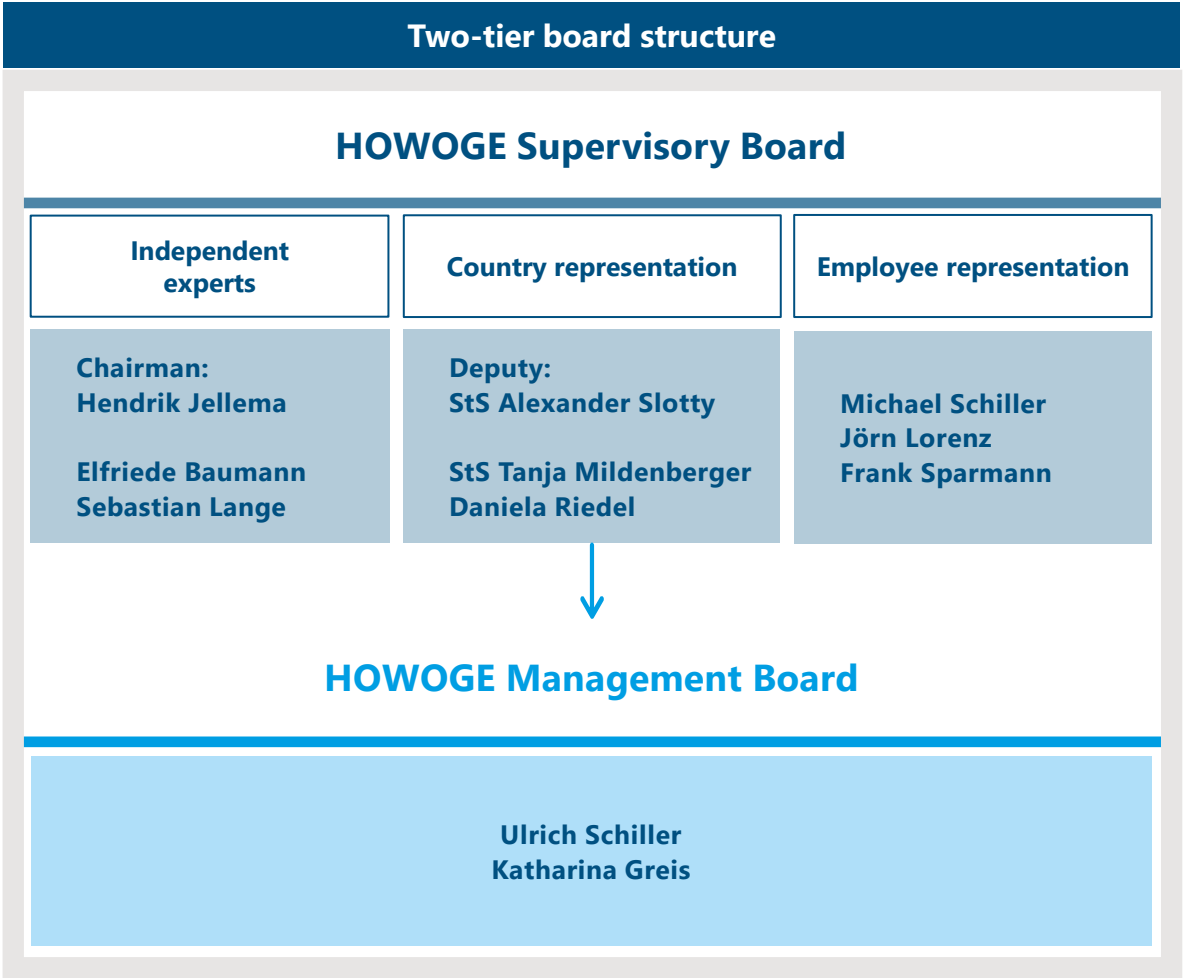
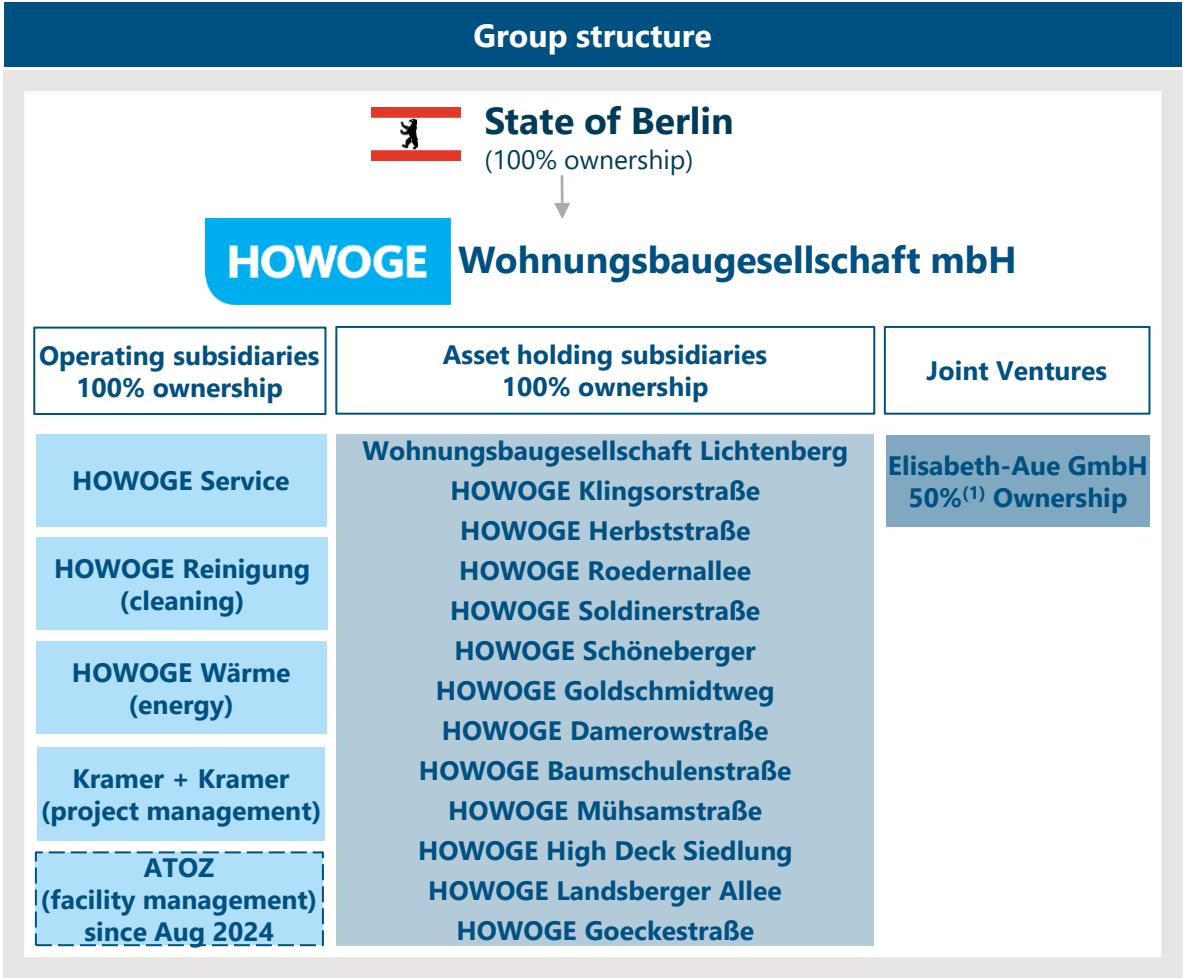
- Managing director since 2019
- Responsibilities:
  - Asset and property management
  - New construction
  - School construction
  - Technical management
  - IT, process and digitization
  - Communication and marketing
  - Corporate office and press relations
  - Procurement

>20 years of experience in the real estate sector



# Strong expertise and Corporate Governance

## For the State of Berlin



1. Jointly owned by HOWOGE (50% stake) and GESOBAU (50% stake)

# Cooperation Agreement (summary of selected highlights)

HOWOGE

## "Affordable rents, new construction and the supply of social housing"<sup>(1)</sup>

Strengthening of economic base for municipal housing companies, stimulation of new supply and ensuring affordability of housing

Adjustment of general rent increases (Mietspiegel) up to a maximum of **2.9% per year** on average

Hardship policy:  
Net cold rent shall not exceed **27%** of the respective WBS<sup>(2)</sup>-eligible household's income

Stock: provide **63%** of the apartments coming up for re-let annually for WBS<sup>(2)</sup>-eligible households (**thereof 25%** for groups with special requirements)



New-building:  
offer minimum of **50%** to WBS<sup>(2)</sup>-eligible households<sup>(3)</sup>

Maximum of **EUR 15.00 per sqm** (average) applies for initial letting rents of new-building projects without rent restriction

Modernization charge:  
**max. 8% per year** of acknowledged cost and with a cap at 2 EUR/sqm within 6 years

Increase state-owned housing stock by new construction **by 6,500 units per year** (until 2026)  
  
Long term target: 30% municipal housing stock

1. Current agreement between State of Berlin and HOWOGE Wohnungsbaugesellschaft mbH and the other state-owned housing companies. (Jan 2024 – Dec 2027)

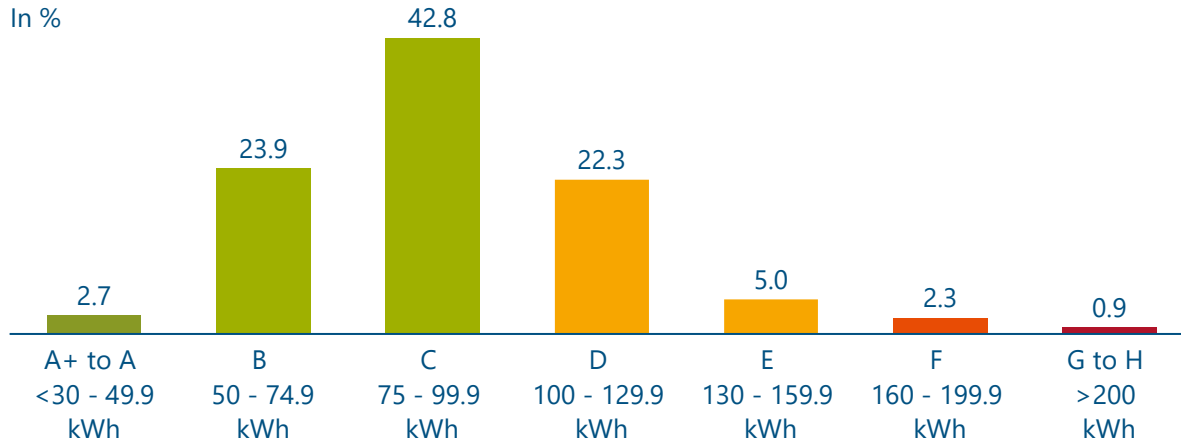
2. Housing entitlement certificate ("Wohnberechtigungsschein") applies for households with income under a certain level.

3. As outlined in the current agreement (the "cooperation agreement") between State of Berlin and HOWOGE Wohnungsbaugesellschaft mbH and the other state-owned housing companies. (Jan 2024 – Dec 2027)

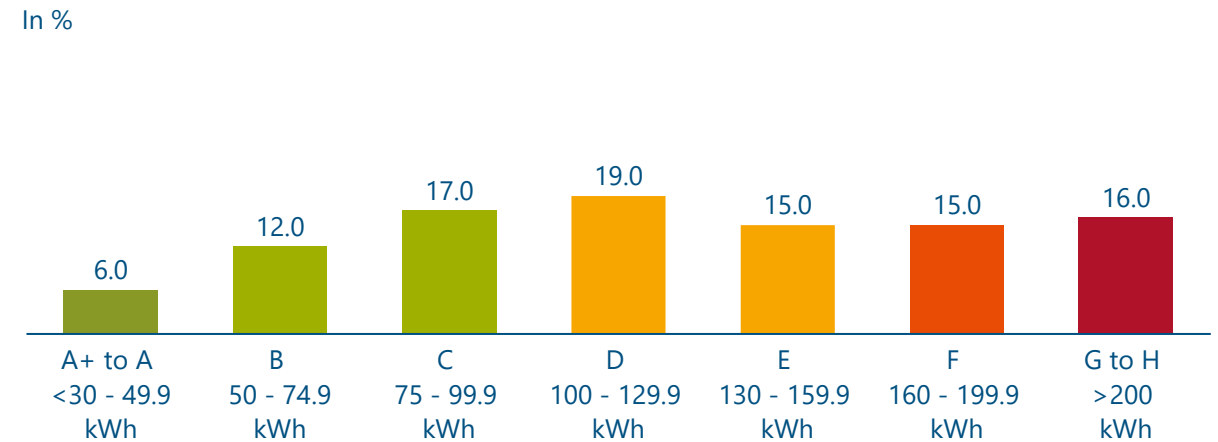
# Energy efficiency

## HOWOGE with better energy efficiency than the German average

EPC distribution HOWOGE Portfolio (31/Dec/2023)



EPC distribution multi-family homes Germany (2022)



Source: Agora Energiewende (2023): „Die Energiewende in Deutschland: Stand der Dinge 2022“

### Summary:

- The average energy consumption of HOWOGE buildings is around 95 kWh/sqm
- >75% of HOWOGE portfolio screen better than the German average of ~125 kWh/sqm
- Only 0.9 % of HOWOGE Portfolio (74 buildings with 629 units) within EPC clusters G and H
- The CO<sub>2</sub> intensity of the HOWOGE portfolio is 17.45 kg CO<sub>2</sub>/sqm per year (for the fiscal year 2022)



# Sustained attractive growth

## New Construction & Housing

- ~ 7,900 residential units completed
- ~ 12,850 residential units in planning
- ~ 2,400 residential units under construction

### We rely on innovative strategies in building:

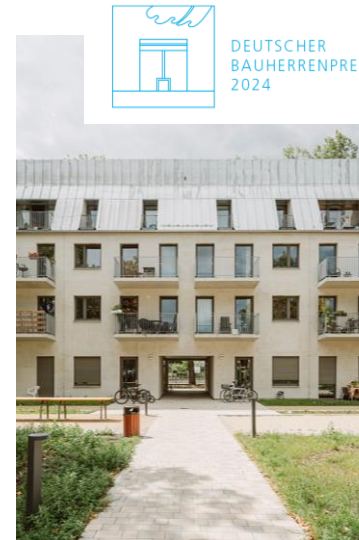
- Wind energy
- Photovoltaics
- Wood hybrid construction
- Type house

### Pilot projects



**Urban Wood Construction**  
Berlin-Adlershof

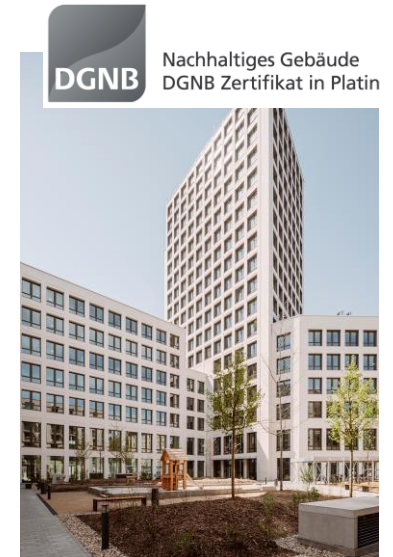
### Award-winning projects



**Hauptstraße 41-49c**  
Berlin-Rummelsburg



**Sewanstraße 20-22**  
Berlin-Friedrichsfelde



**Stefan-Heym-Platz 1 (Office)**  
Berlin-Lichtenberg



# Portfolio impressions

HOWOGE



Weitlingstraße



Salzmannstraße



Anton-Saefkow-Platz



Landsberger Allee



Ernst-Barlach-Straße



Hauptstraße



Skandinavische Straße



Frankfurter Allee "LIESE"



Wandlitzstraße



Stefan-Heym-Platz



Vulkanstraße



Joseph-Schmidt-Straße



Heinrich-Schlusnus-Straße



Mühlengrund



Treskowstraße

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lebenswert. **Mehr als gewohnt.**

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**Thank you.**