

HOWOGE

HOWOGE H1 2023 – Company Presentation



Agenda

Company Presentation

- 01 Overview and Highlights H1 2023
- 02 Portfolio
- 03 Financials and Capital Structure
- 04 Appendix



01 Overview and Highlights H1 2023



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
- Declared goal 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 12.5bn and ~75,650 residential units
- Efficient, fully integrated and scalable platform with strong local expertise
- Clear strategy and government support to expand its current portfolio by ~25,000 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), HOWOGE Wärme (2005) and HOWOGE Reinigung (2023) 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 2023
Total portfolio value ⁽¹⁾	EUR 12.5bn
Net LTV	31.0%
Residential rent (EUR per sqm) ⁽²⁾	6.42
Residential vacancy rate (by area)	1.1%
Adj. EBITDA	EUR 131.8m
FTE	1,000

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 30.06.2023.

Attractive landlord

Our portfolio

HOWOGE

~75,650

Residential
units

EUR per sqm

6.42

Ø Net cold rent

1.1%

Vacancy
rate
(based on sqm)



150

Janitors

~1,100

Commercial
units



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

~17,000

Other units
(parking spaces,
garages etc.)



Highlights H1 2023

HOWOGE shows resilience despite challenging macro environment



1 Core business fully on track

- Occupancy further improved at >98.9%
- Rental and lease revenue up by 4% yoy
- New construction of c. 1,200 apartments for 2023 on track
- Successful foundation of HOWOGE Reinigung GmbH (cleaning services)

2 Rating & Financing

- Excellent investment grade rating has been confirmed in annual review
- S&P Global Ratings A (stable outlook) and Fitch AA- (stable outlook)
- Proofpoint for resilience of business model and portfolio quality
- Publication of Social Finance framework to further enhance funding profile

3 Strong cash flow metrics and conservative leverage despite negative IFRS earnings from market driven revaluation of portfolio in H1 2023

- Adj. EBITDA: EUR 131.8 (+10%)
- FFO: EUR 101.2m (+6%)
- IFRS Earnings: EUR (820.7)m
- Net LTV: 31.0% (29.2% excl. 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 2023):

- 75,650 residential units,
- 1,137 commercial units,
- several undeveloped properties / undeveloped land

EUR 12.0bn

Fair value only including
existing buildings

~75,650

Residential units

31.2x

In-place rent multiple

EUR 12.5bn

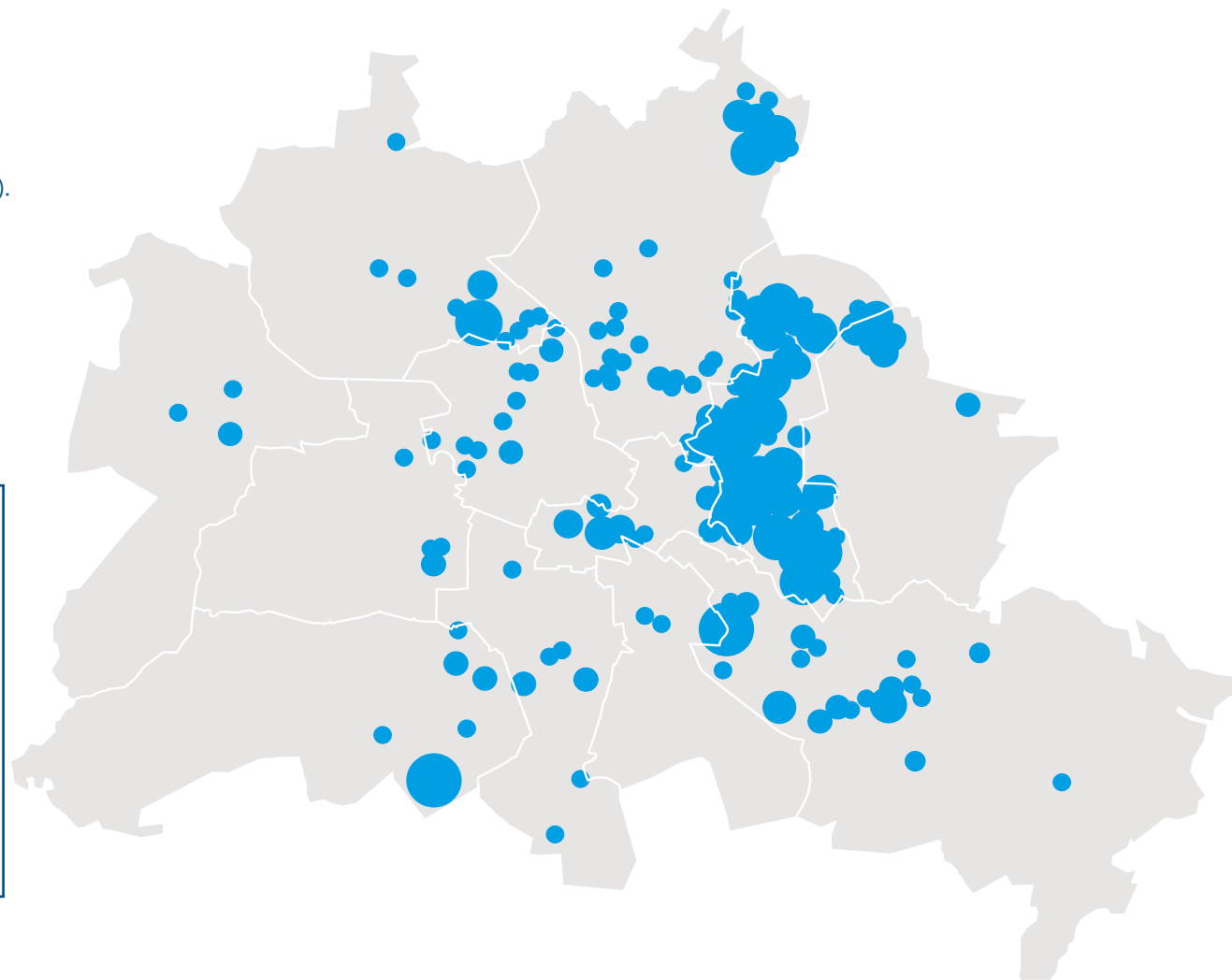
Total fair value⁽¹⁾

EUR 2,457

Fair value per sqm

26.0x

Market-rent multiple



As of 30.06.2023

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 ⁽¹⁾ annualized (EUR m)	% of total in- place rent	Avg. Rent (EUR/sqm p.m.)	Vacancy (% in sqm)
Residential	75,650	4,670	359.6	92%	6.42	1.1%
Commercial	1,137	180	18.8	5%	8.68	8.6%
Sub-total	76,787	4,850	378.4	97%	6.50	1.4%
Other ⁽²⁾	17,379	304	12.7	3%	n/a	n/a
Total	94,166	5,154	391.0	100%	n/a	n/a

As of 30.06.2023

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

03 Financials and Capital Structure

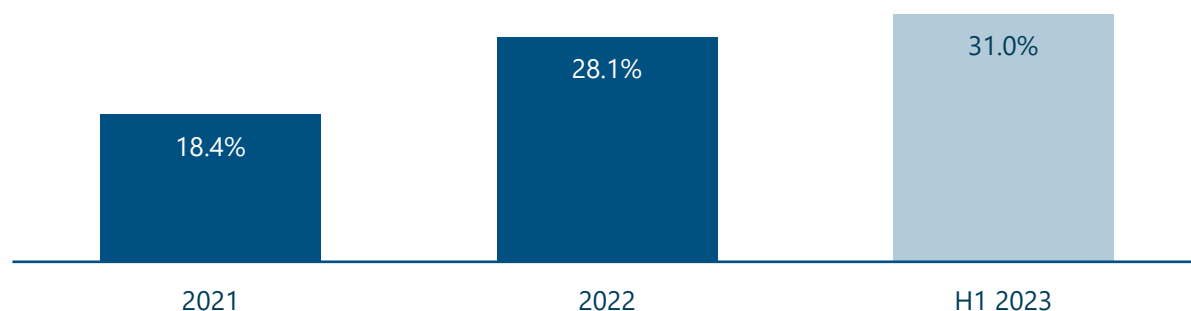


Conservative capital Structure

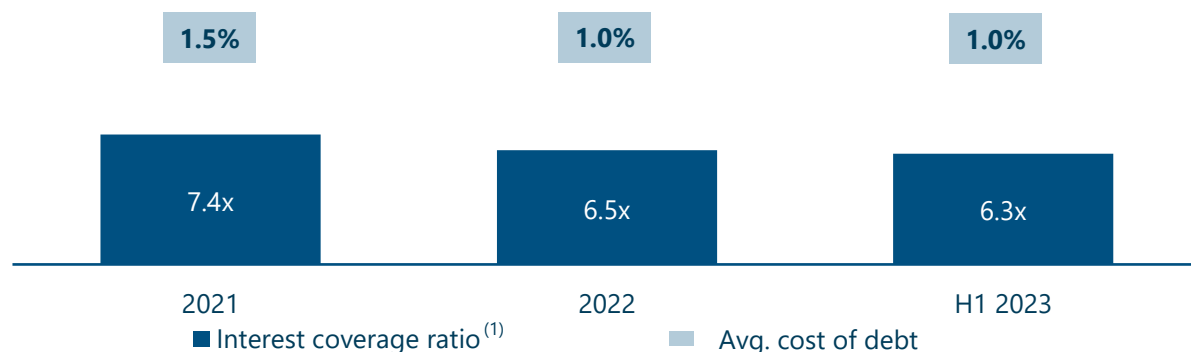
Low leverage and diversified debt structure

Current leverage offers headroom

Net LTV-ratio (%)



Strong coverage ratios and low cost of debt

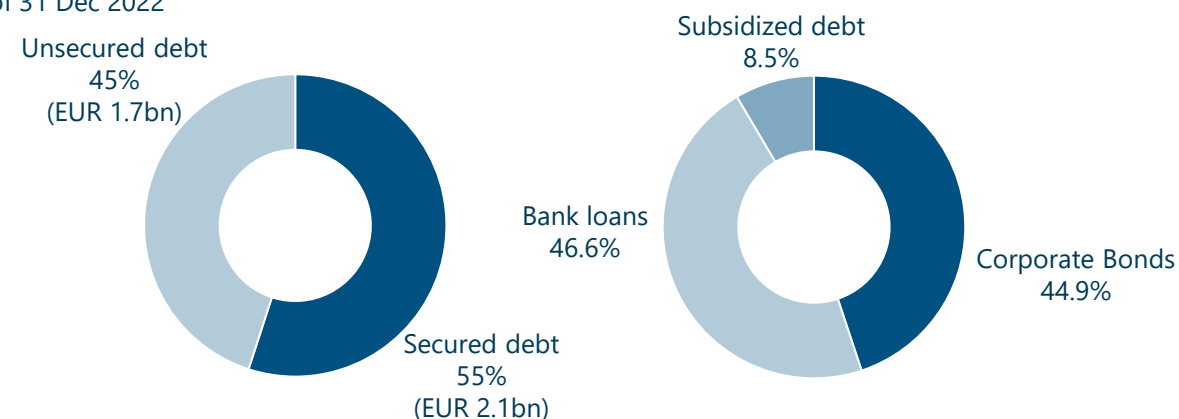


1. ICR defined as Adj. EBITDA / cash interest expenses

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

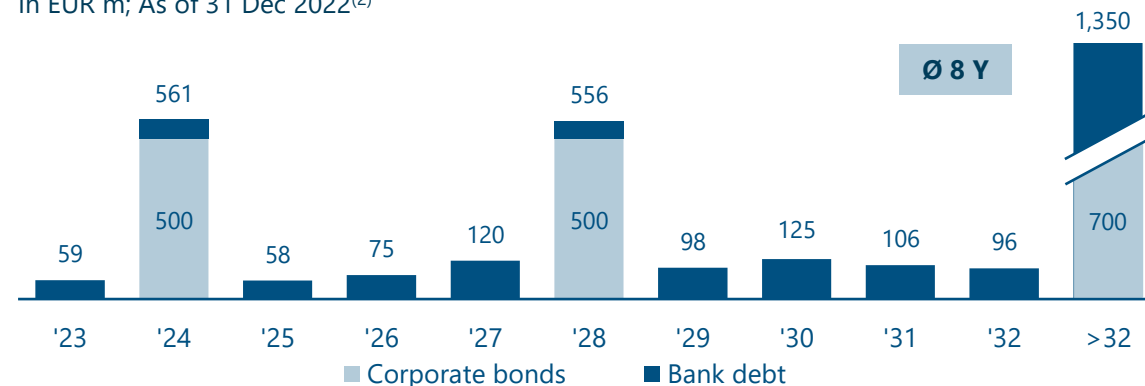
Funding and asset mix of EUR 3.8bn total debt

As of 31 Dec 2022



Long-dated maturity profile with no material maturities in 2023

In EUR m; As of 31 Dec 2022⁽²⁾



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

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

Fitch:	AA-	outlook stable	last update: 04/Jul/2023
S&P:	A	outlook stable	last update: 21/Aug/2023

Bond covenants

Current levels offer significant comfort

Bond covenant	Required level	Current level 30/June/2023
Consolidated LTV Total debt/ total assets	<60%	29.6%
Consolidated secured LTV Total secured debt/ total assets	<45%	16.0%
Interest coverage ratio Adjusted EBITDA/ cash interest	> 1.8x	6.2x
Unencumbered asset ratio Unencumbered assets/ unsecured debt	≥ 125%	310.3%

Consolidated Balance Sheet

EUR m	30/06/2023	31/12/2022
Investment property	12,250.2	13,281.1
Other non-current assets	262.7	230.4
Non-current assets	12,513.0	13,511.4
Inventories property and other inventories	213.0	111.1
Receivables and other assets	67.8	136.9
Cash and cash equivalents	183.3	158.3
Assets held for sale	11.1	10.8
Current assets	475.1	417.1
Total assets	12,988.1	13,928.5

EUR m	30/06/2022	31/12/2022
Equity	7,297.3	8,116.7
Non-current financial liabilities	4,008.2	3,913.8
Other non-current liabilities	1,514.2	1,652.3
Non-current liabilities	5,522.4	5,566.1
Current financial liabilities	6.5	4.7
Other current liabilities	161.9	241.1
Current liabilities	168.4	245.8
Total equity and liabilities	12,988.1	13,928.5

- Investment property decreased by ~8% since FY 2022 due to revaluation and represents ~94% of total assets
- Assets held for sale consists of one commercial property scheduled for disposal in 2023
- Equity ratio remains solid at ~56%

Adjusted EBITDA up by 10%

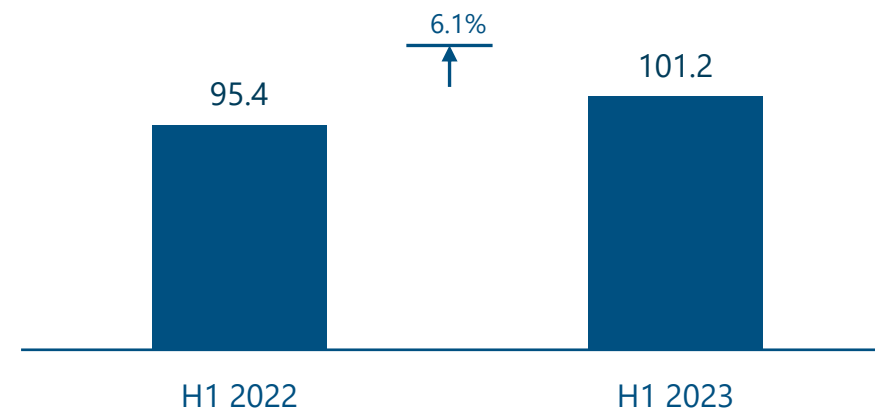
EUR m	H1 2023	H1 2022
Total revenues	269.1	260.9
Change in inventories for real estate and other	78.4	69.8
Own work capitalized	3.3	1.8
Cost of materials	(156.5)	(131.3)
Personnel expenses	(29.6)	(25.6)
Other operating income	6.5	2.2
Impairment of financial assets	0.6	(1.6)
Other operating expenses	(17.2)	(15.3)
Financial income	2.6	2.5
Other taxes	(15.8)	(14.8)
One-offs	(9.6)	(28.4)
Adjusted EBITDA	131.8	120.3

- Total revenues increased mainly due to larger asset base by new constructions
- Other operating income mainly impacted by reversal of provisions (non-cash) which is adjusted in "one-offs"
- Financial income stems from insurance policies

Funds from Operations

Proving strong operational performance

EUR m	H1 2023	H1 2022
Adjusted EBITDA	131.8	120.3
Cash income tax expenses	(13.9)	(4.9)
Cash interest expenses	(21.1)	(21.1)
Cash interest income	4.4	1.1
Sale of assets (disposal result)	0	0
FFO	101.2	95.4



Outlook:

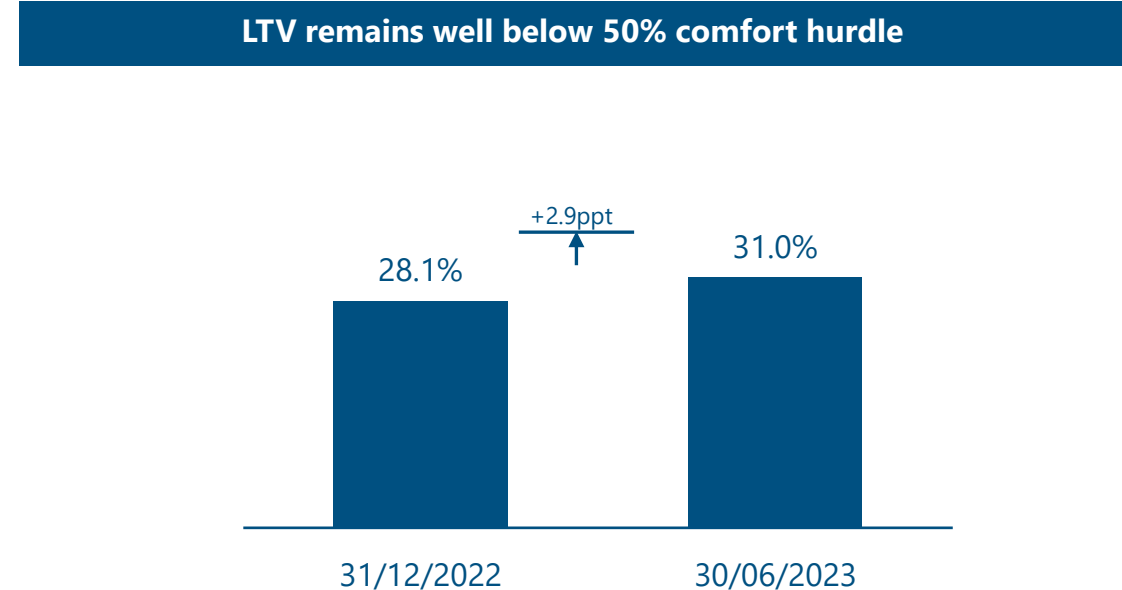
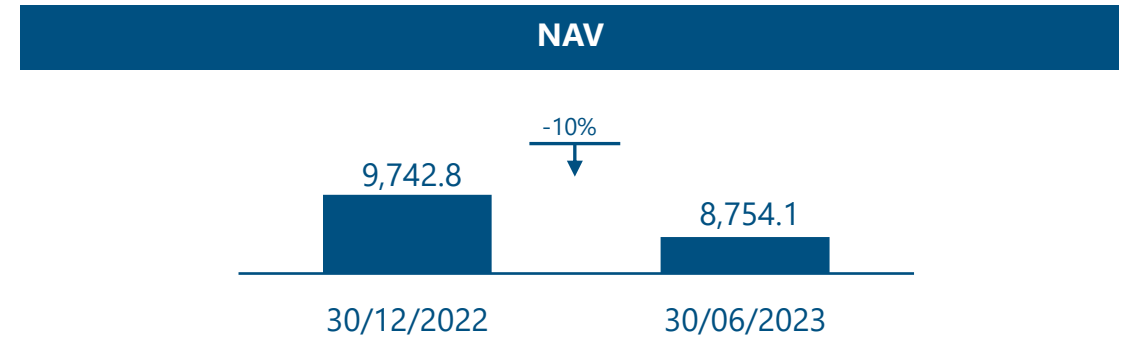
→ FFO of ~EUR 180-200m expected for FY 2023

NAV and Net LTV

Solid balance sheet KPIs after recent revaluation

EUR m	30/06/2023	31/12/2022
Total equity	7,297.4	8,116.7
Deferred tax liability on investment properties	1,456.7	1,626.1
NAV	8,754.1	9,742.8

EUR m	30/06/2023	31/12/2022
Financial liabilities	4,014.7	3,918.5
Cash and cash equivalents	(183.3)	(158.3)
Net financial liabilities	3,831.4	3,760.2
Fair value of investment property	12,250.2	13,281.1
Prepayments on investment property	111.0	82.8
Net LTV ratio	31.0%	28.1%
LTV ratio excl. school construction	29.2%	27.2%



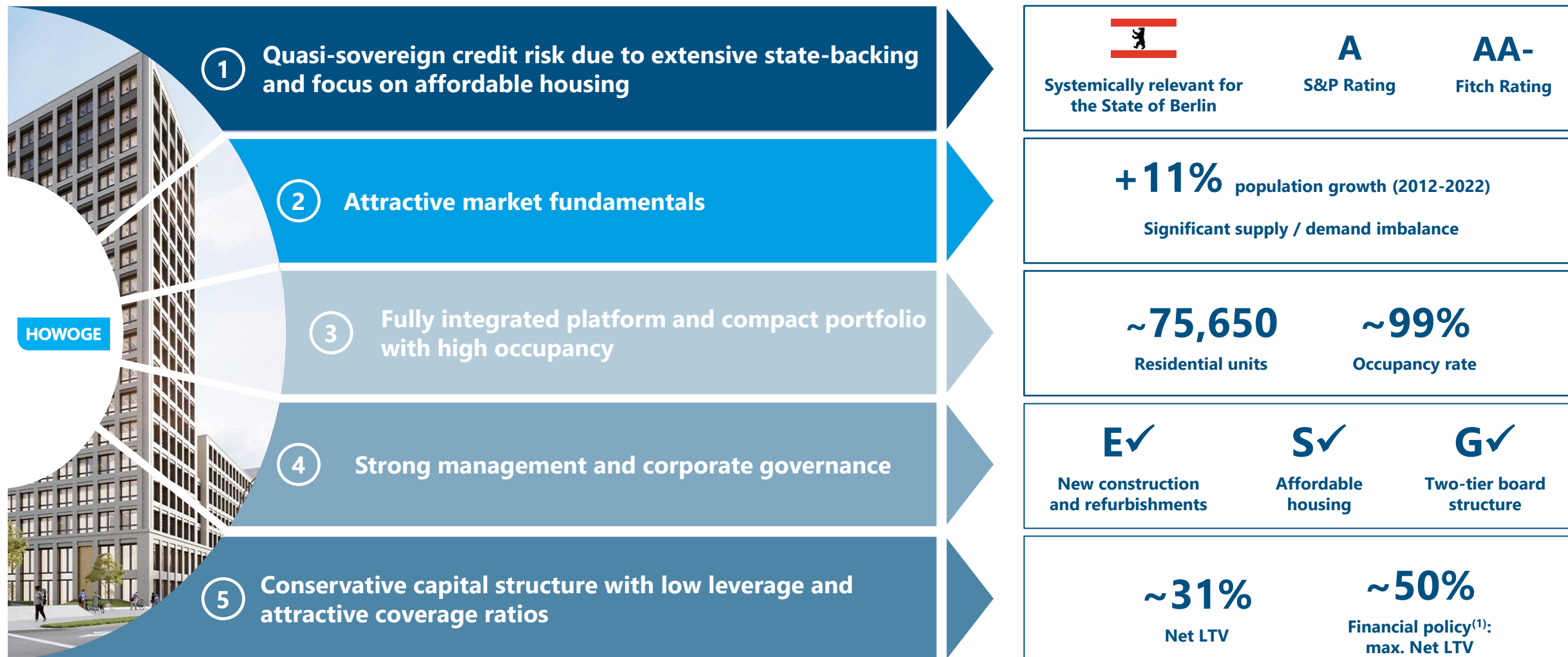
04 Appendix



Key Credit Highlights

HOWOGE

HOWOGE is a company with excellent creditworthiness



Quasi-sovereign Credit Risk

High certainty due to state-backing and affordable housing focus

100% owned by State of Berlin

100% owned by State of Berlin

- Owned by the State of Berlin since inception in 1990
- Completed transformational merger with WBL in 1997

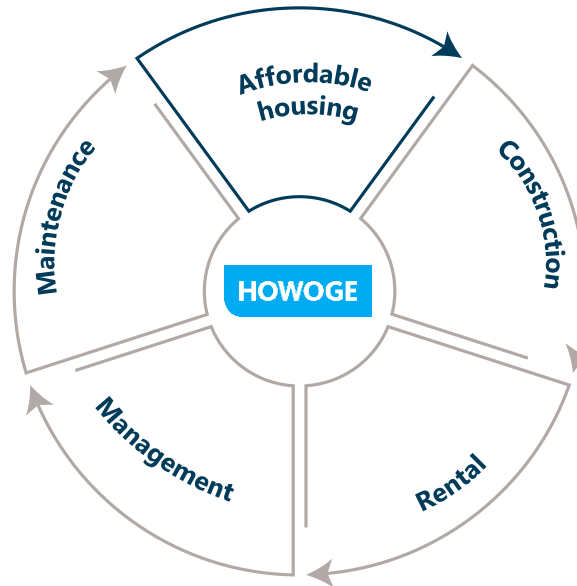
Cooperation agreement

- 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

HOWOGE's operations



Importance of HOWOGE to Berlin



Affordable housing

- Supply of affordable housing space for low incomes must be ensured
- Successful execution of several new development project 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

Managing Director (commercial)

- Managing director since 2023
- Responsibilities:
 - Financing and Controlling
 - Accounting
 - Human Resources
 - Legal and Procurement
- >20 years of professional experience



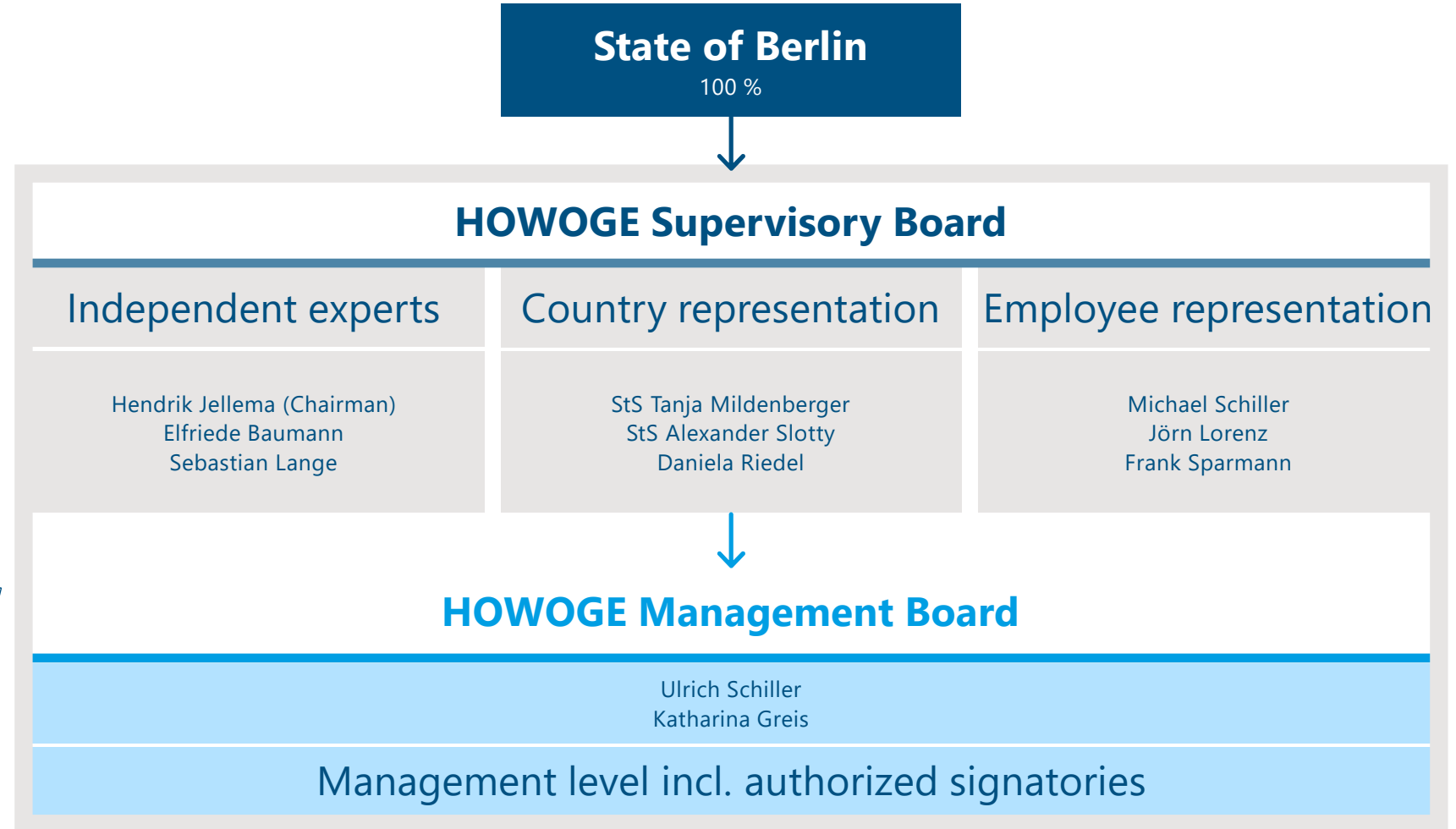
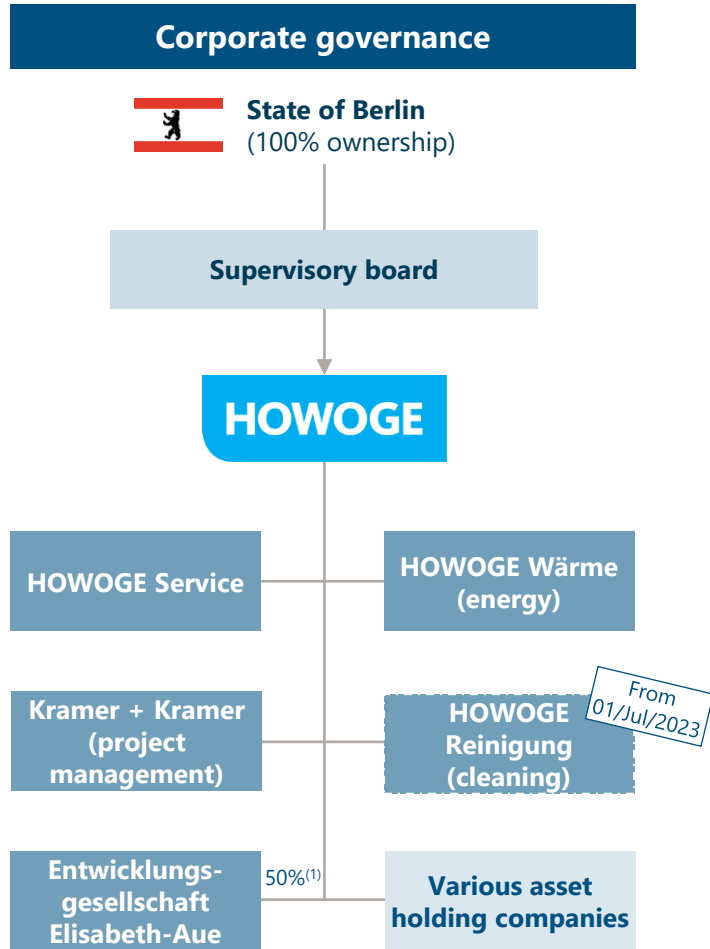
Ulrich Schiller

Managing Director (operational)

- Managing director since 2019
- Responsibilities:
 - Asset and property management
 - New construction
 - Technical management
 - IT, Process and Digitization
 - Communication and Marketing
- >20 years of experience in the real estate sector

Strong expertise

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”⁽¹⁾

Strengthen tenant protection as well as participation, e. g. through the introduction of tenants' councils

Adjustment of general rent increases (Mietspiegel) up to a maximum of **2% p.a.**

Hardship policy:
decrease rent to **max. 30%** of the household's income

Stock: provide **63%** of the apartments coming up for re-let annually for WBS⁽²⁾-eligible households (**thereof 25%** for special requirement groups)



HOWOGE

Increase state-owned housing stock to **400,000 units** (until 2026)

Maximum of **EUR 11.50 per sqm** (average) applies to the rents of new-building projects without rent restriction

Modernization charge:
max. 6% p.a. of acknowledged cost and with a cap at +10% above local comparative rent

New-building:
offer minimum of **50%** to WBS⁽²⁾-eligible households

Note: Berlin senate has executed a rental freeze (Mietenstopp) for state owned apartment stock until 31/Dec/2023

1. Current agreement between State of Berlin and HOWOGE Wohnungsbaugesellschaft mbH and the other state-owned housing companies. (As of 31 Dec 2022)

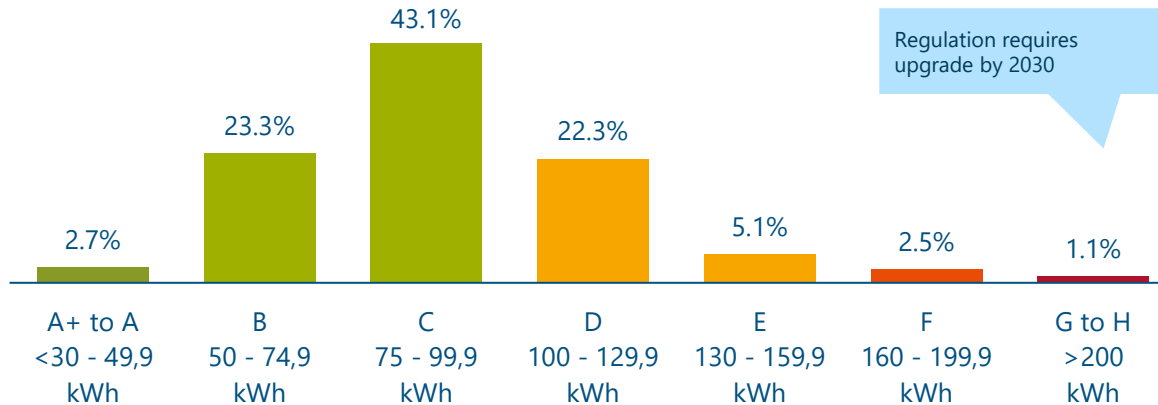
2. Housing eligibility certificate ("Wohnberechtigungsschein") applies for households with income under a certain level.

Energy efficiency

HOWOGE with better energy efficiency than the German average

EPC distribution HOWOGE Portfolio

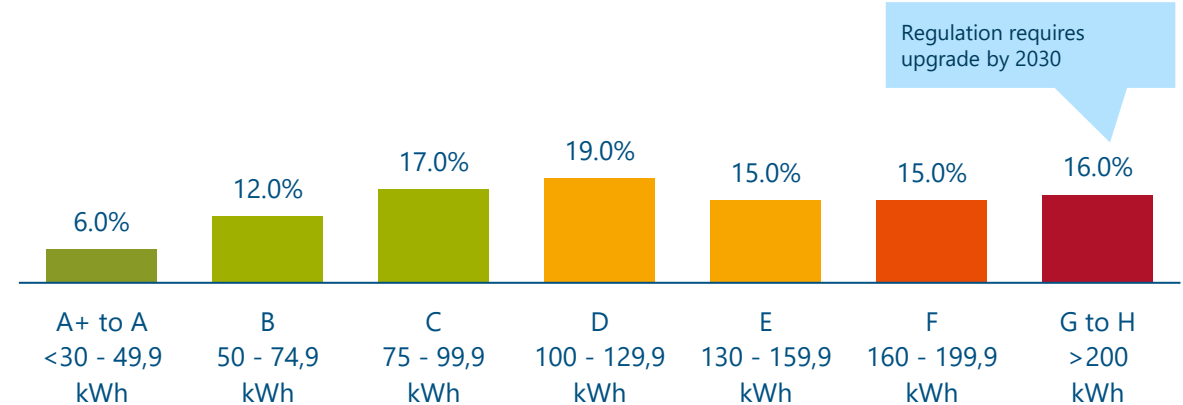
In %



As of January 2023

EPC distribution multi-family homes Germany

In %



Source: Agora Energiewende (2023)

Summary:

Regulation and EPCs:

- Regulation requires upgrade by 2030 for EPCs G and H
- Only 1.1% of HOWOGE Portfolio (77 buildings with 692 units) within EPC clusters G and H
- >75% of HOWOGE portfolio screen better than the German average of ~125 kWh/m²

Sustained attractive growth

New Construction & Housing

HOWOGE

- ~ 6,900 residential units completed
- ~ 14,000 residential units in planning
- ~ 2,100 residential units under construction

We rely on innovative strategies in building:

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

Pilot projects



"Urbaner Holzbau" (Urban wood construction)
Berlin-Adlershof

Award-winning projects



Federal Environment & Building Award Winner

Sewanstraße 20-22
Berlin-Friedrichsfelde



Sustainable building DGNB certificate in platinum

Office tower Stefan-Heym-Platz 1
Berlin-Lichtenberg

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Wir gestalten das Berlin der Zukunft
lebenswert. **Mehr als gewohnt.**

HOWOGE

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Thank you.