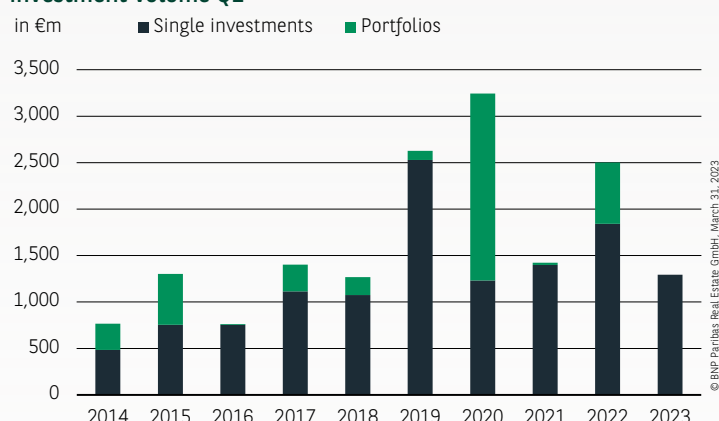




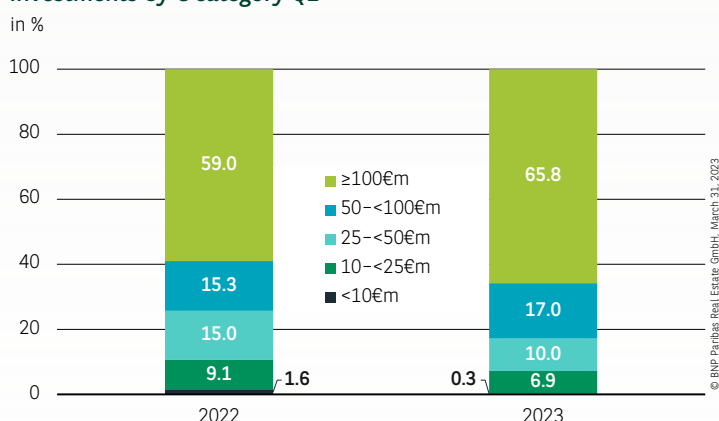
At a Glance **Q1 2023**

INVESTMENT MARKET BERLIN

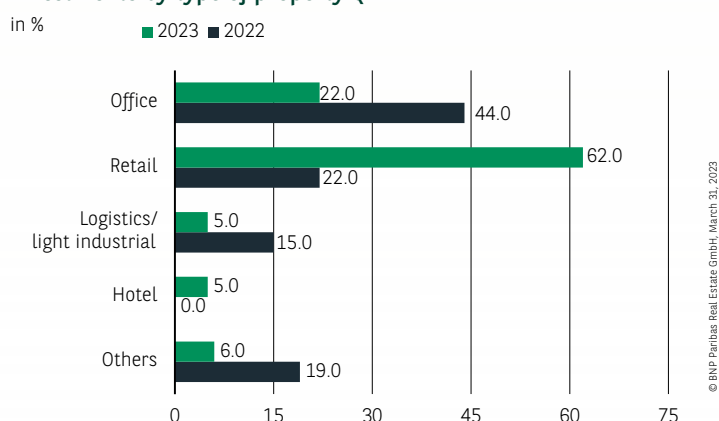
Investment volume Q1



Investments by € category Q1



Investments by type of property Q1



➤ CLEAR NUMBER ONE EVEN IN A DIFFICULT ENVIRONMENT

The current difficult market environment caused by the changed financing conditions also affects the Berlin investment market. As in all other locations, the pricing discovery phase for new and sustainable price levels has not yet been completed. As a consequence, this leads to significantly lower transaction volumes than in previous years. In a nationwide comparison, the German capital has nevertheless performed relatively well. With an investment volume of just under €1.3 billion in the first quarter, the previous year's figure was missed by a good 48% and the ten-year average by 22%. Considering the very ambitious environment, however, it is remarkable that the long-term average for single investments was even slightly exceeded by just under 4%. However, it must be taken into account that a very large part of the result is due to the partial takeover of KaDeWe, in which Harng Central Department Store Ltd. from Thailand acquired a share of almost 50%. Several hundred million euros are attributable solely to this transaction. Although, traditionally, Berlin's market is often characterised by a high share of extraordinary big ticket deals. With a result of well over one billion euros, Berlin is the undisputed leader of all German locations. Munich, ranked second, only registered a transaction volume of just over €540 million.

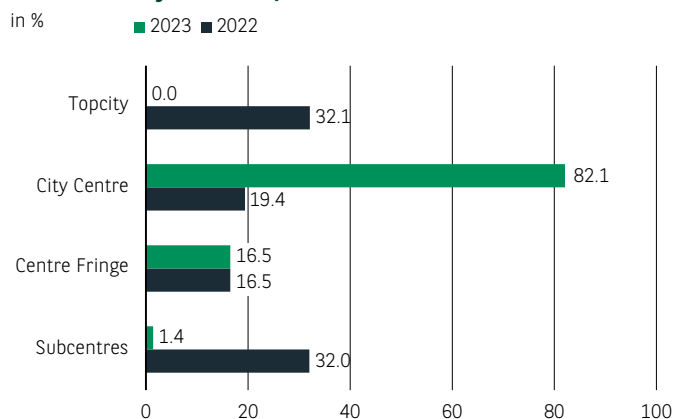
➤ TWO-THIRD ACCOUNTABLE FOR LARGE DEALS

Almost two third of the investment volume is attributable to large deals in the three-digit million range. In the last five years, the average figure was just over 50%. Even for the German capital, this high share is exceptional, and primarily reflects the partial takeover of the KaDeWe. A further 17% of the result is contributed by transactions between €50 and 100 million, and 10% by the size category from €25 to 50 million. From an absolute perspective, all market segments recorded lower volumes, as expected.

➤ RETAIL DOMINATES DUE TO BIG TICKET DEAL

The above-mentioned major deal is also reflected in the distribution by type of property. About 62% of the result was therefore generated by the retail sector, which usually tends to be between 15 and 20%. Office properties follow in second place, with a share of around 22%. Hotel transactions contribute a further 5%, which is in line with the long-term average. The share of logistics properties, whose contribution is also in the 5% range, falls short of the usual level.

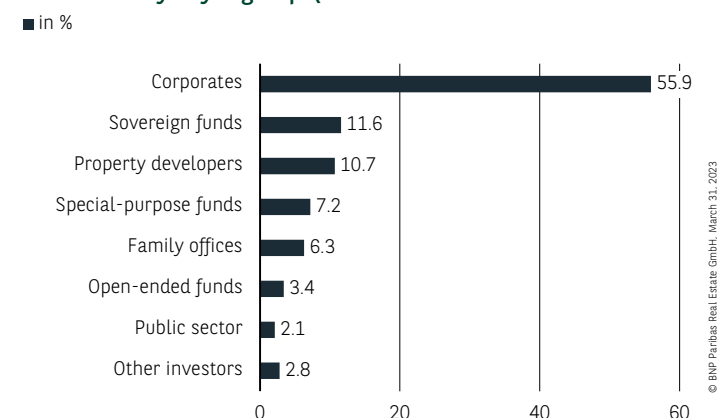
Investments by location Q1



OVER 80 % OF TRANSACTION VOLUME IN THE CITY CENTRE

Especially in challenging and uncertain times, central locations with sustainable and long-lasting quality attract the focus of investors. This can also be seen in the market of the city. Over 82% by volume was generated in Berlin's city centre locations in the first quarter, with the KaDeWe deal accounting for by far the largest share. With a share of just under 17%, the Centre Fringe locations also achieved noteworthy investment volume. In contrast, the Topcity did not record any significant transactions. Here in particular, and especially regarding core assets, the not yet completed price-finding phase is reflected in very low market activity at the moment.

Investments by buyer group Q1 2023



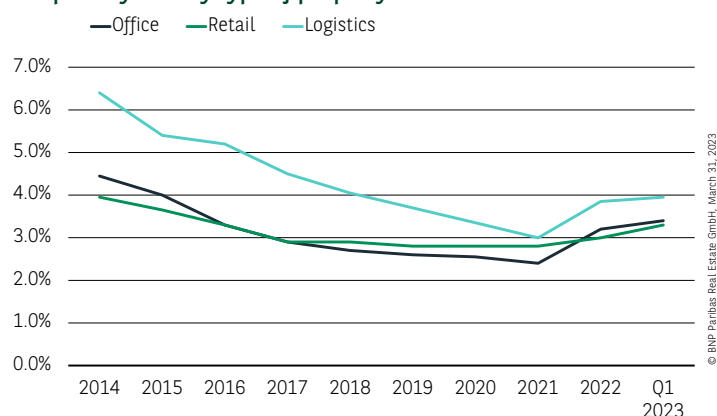
THREE BUYER GROUPS WITH DOUBLE-DIGIT SHARES

The distribution of buyer groups shows an unusual picture. Since Harng Central Department Store Ltd., which invested into the KaDeWe, is backed by the Thailand-based Central Group, corporates have clearly taken the lead with almost 56%. Sovereign funds follow in second place, contributing a further 12% to the result. The top three is completed by property developers, who also make a double-digit contribution with just under 11%. This demonstrates that, despite the difficult current market situation, investors continue to be convinced of the capital's good long-term potential.

YIELD EXPANSION STILL NOT FULLY COMPLETED

Increased financing costs continue to dominate the market, which is reflected in a further yield expansion. Following further interest rate hikes by central banks in the first quarter of 2023, prices have fallen once again. The office net prime yield has consequently increased by 20 basis points to 3.40%. Highstreet properties also show a similar development and quote currently at 3.30%. A slight increase was also observed in the logistics segment, where the net prime yield is now 3.95%.

Net prime yields by type of property



OUTLOOK

The Berlin investment market is likely to remain turbulent for the further course of the year. As long the terminal rate has not been achieved yet, there will be a certain degree of uncertainty on the part of the investors. The pricing process should only accelerate noticeably once central banks no longer have to raise interest rates. From today's perspective, it is not clear when this point will be achieved and consequently when investment volumes will also noticeably increase again. Nevertheless, the transaction volume in 2023 is likely to fall considerably short of the previous year's results.

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