

HOWOGE Wohnungsbaugesellschaft mit beschränkter Haftung IFRS Consolidated Financial Statements 2025

This is a convenience translation of the annual report. The German report is the sole authoritative version.



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HOWOGE Wohnungsbaugesellschaft mit beschränkter Haftung, Berlin

I. Group management report
for the fiscal year from 1 January
to 31 December 2025

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1 Information on the Group

1.1 Business purpose and strategy

HOWOGE Wohnungsbaugesellschaft mbH and its subsidiaries ("HOWOGE" or the "Group") is one of Germany's biggest landlords based on housing stock. Its real estate holdings of around 83,000 residential units (as of 31 December 2025) in Berlin include rental apartments as well as over 1,170 commercial units, some 19,700 other units and numerous development plots, and, including school construction, have a current fair value of approximately EUR 14.9b. HOWOGE's core business as a property holder comprises the long-term management and development of the Company's own portfolio.

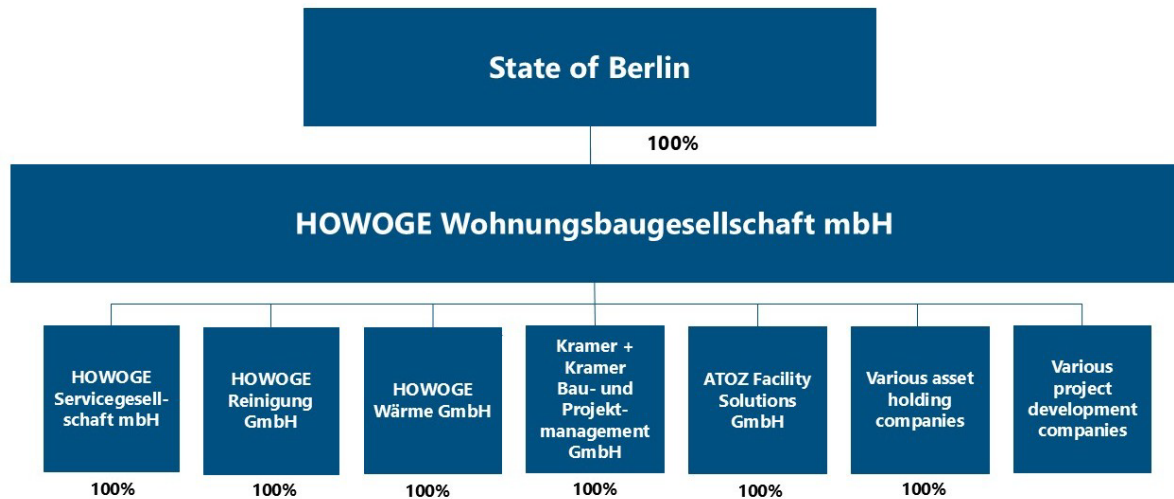
As one of the municipal housing companies belonging to the State of Berlin, HOWOGE pursues a social mandate to supply affordable housing to the people of Berlin.

HOWOGE intends to increase its housing portfolio to around 100,000 units in the medium to long term, many of which will be new-builds. With a wide variety of housing offers and forward-looking sustainability and mobility concepts, the housing company creates stable neighborhoods for the long term. HOWOGE is also building and refurbishing schools under the Berlin School Building campaign, a segment that is economically separate from the core business.

HOWOGE has a solid financial footing with a sound capital structure and numerous financing opportunities and is guided by its commitment to sustainability. Since 2021, HOWOGE has issued bonds as an additional means of external financing alongside the use of equity and subsidies as well as conventional property financing by means of collateralized bank loans. The two international rating agencies Standard & Poor's and Fitch have given HOWOGE an issuer rating of A (S&P) and AA- (Fitch), both with a stable outlook. To ensure a defensive risk profile, the Company has defined a loan-to-value (LTV) ratio of 50% as its maximum limit in the Residential segment.

1.2 Group structure

Overview of the HOWOGE Group:



HOWOGE is a municipal housing company and is wholly owned by the State of Berlin. It is structured as a traditional holding group. HOWOGE Wohnungsbaugesellschaft mbH is responsible for the management and maintenance of its own housing stock as well as the overarching corporate management functions within the Group on behalf of all affiliates. Its responsibilities also include strategic tasks, investment decisions for portfolio management and provision of support services for all group companies. Service agreements are concluded for this purpose between HOWOGE and the group companies.

Five subsidiaries are responsible for service, cleaning, energy management, facility management and construction management:

HOWOGE Servicegesellschaft mbH provides ancillary residential services within the Group, including concierge, janitor and neighborhood assistance services. Its service portfolio also includes receptionist and secretarial services, system support and construction quality assurance.

HOWOGE Reinigung GmbH was founded in 2023 and is responsible for glass, maintenance and deep cleaning in the HOWOGE properties with the aim of ensuring high-quality cleaning services and cost security for tenants.

HOWOGE Wärme GmbH is responsible for supplying heating energy and hot water to the Group's housing stock. Its tasks also include end-to-end energy management ranging from building analysis, planning and management of energy-saving measures to operational management of the facilities and control of consumption. The entity also explores options for using renewable energy with the aim of further reducing carbon emissions and implements them for the Group. Additionally, Wärme GmbH

provides measurement and metering services for energy billing for the HOWOGE Group's portfolio and supplies electricity to tenants.

Kramer + Kramer Bau- und Projektmanagement GmbH supports HOWOGE in the execution of its numerous new housing construction projects and the preparation and execution of school construction projects for the State of Berlin. Its responsibilities include a large number of services in the area of construction and project management as well as construction-related consulting services.

ATOZ acts as a provider of bundled facility management services for HOWOGE and other housing companies. The focus of minor repair management includes services relating to electrics, plumbing, carpentry, tiling, painting and heating as well as individual facility management services such as cleaning, green space maintenance and janitor services.

All of the Group's rental units are held by HOWOGE and 13 property holding companies.

Wohnungsbaugesellschaft Lichtenberg mbH (WBL) is the largest property holding company in the Group with a portfolio of approximately 41,600 residential units.

As of the reporting date, HOWOGE held interests in various project development companies that own undeveloped plots of land and are responsible for planning and preparing for construction and for the actual development.

Stadtentwicklungsgesellschaft Buch mbH (SEG-Buch) is wholly owned by the HOWOGE Group and is the limited partner of HOWOGE Am Sandhaus GmbH & Co. KG, which holds the SEG-Buch land at the end of the year. These areas complement the land already owned by HOWOGE in the Am Sandhaus development plan area. An attractive urban neighborhood is to be developed on a total area of around 57 hectares at the Am Sandhaus site.

HOWOGE holds a 50% investment in Entwicklungsgesellschaft Elisabeth-Aue GmbH (EGE), which was founded as a joint venture with GESOBAU AG. After it was agreed in the Berlin coalition agreement for 2023 to 2026 to continue the development of "Elisabeth-Aue" in the Berlin district of Pankow into a new neighborhood, EGE resumed its work as the project sponsor for the property development.

For a complete overview of all group companies, please refer to the list of shareholdings in the notes to the consolidated financial statements.

1.3 Management system

HOWOGE is managed using aggregated and strategic performance indicators at group level and specific metrics for the operational management of the School Construction and Residential segments, applying an integrated planning and control system based on key performance indicators. An integrated long-term plan for a period of 10 years is prepared on the basis of the business strategy and is reviewed and adjusted on an annual basis. In addition to planning earnings, financial position and cash flows, this also includes the Company's non-financial value drivers and factors in the individual performance of each property and project. The forecast process entails a regular update for the current fiscal year based on current business performance. For the purposes of targeted management, management-relevant indicators are continuously compared against current business performance and current processes as part of a standardized, monthly reporting process. Any necessary actions in the event of deviations are implemented and tracked.

1.3.1 Financial and non-financial key performance indicators relevant for management

The Group's performance is managed using the following key performance indicators that are calculated and assessed on a monthly basis.

Adjusted EBITDA is earnings before interest, taxes, depreciation, amortization, impairment and reversals of impairment. One-time effects, such as transaction costs, restructuring costs or earnings effects from disposals, are adjusted accordingly. Funds from operations (FFO) is a liquidity-based performance indicator and is calculated by deducting interest and tax expenses affecting cash from adjusted EBITDA. The detailed calculation can be found in note 2.2.4 *Information on the financial performance, assets, liabilities and financial position*. The interest coverage ratio is another key performance indicator and shows the Company's ability to service interest payments from current operations. It is calculated by dividing adjusted EBITDA by net interest expenses affecting cash. Consolidated net income under the HGB ["Handelsgesetzbuch": German Commercial Code] is also one of the HOWOGE Group's key performance indicators. The profit or loss for the period according to IFRSs is not a relevant performance indicator for HOWOGE, as it is significantly influenced by market-driven valuation effects that cannot be managed operationally.

The loan-to-value (LTV) ratio is an indicator used to manage investments and indebtedness in the Residential segment. The LTV ratio is determined by calculating the ratio of net financial liabilities to the fair value of investment property.

The ratio of net financial liabilities to adjusted EBITDA is also used for management, the medium to long-term target being net financial liabilities less than 17 times adjusted EBITDA in the Residential segment.

The following non-financial key performance indicators are used for the Residential segment:

Operational management is primarily carried out on the basis of average net rent (excluding heating and utilities) per square meter and the vacancy rate for the entire housing portfolio. In its rental business, the Group ensures that it achieves a certain quota of letting to persons holding housing entitlement certificates (WBS) in relation to total rentals. In its re-rental activities, the Group aims to achieve a WBS rate of at least 63%.

The School Construction segment is managed on the basis of the investment volume and funds from operations (FFO).

2 Economic report

2.1 Economic environment

The German economy has been in recession for the past two years. After their recent significant revision, the national accounts show that the crisis was much more pronounced than previously reported. The German economy stagnated in the first half of 2025 and its downturn is likely to have bottomed out. However, a broad-based recovery is not to be expected, as structural weaknesses persist. High unit labor and energy costs, a shortage of skilled workers and declining competitiveness are weighing on growth prospects. The economy will probably gain momentum over the next two years thanks to the expansionary fiscal policy. While services are growing strongly, the recovery in industry remains subdued.¹ Geopolitical upheavals and the weaker momentum of the global economy are having a negative impact on export-driven industry. Real construction investment fell by 3.4% in 2024 and is also expected to decline by a good 1% in 2025. Residential construction fell short of the targets, as it suffers from high construction and financing costs and is dependent on political stimuli. Total construction investment is expected to rise again in 2026 now that the federal government has improved the general conditions, by enacting the “construction turbo,” among other things. In its economic forecast, the German Economic Institute (IW) predicts that real gross domestic product (GDP) will increase by 0.9% in 2026, following stagnation in 2025. However, the volatile investment outlook means that the upswing will not become firmly entrenched. In addition, the expected growth in 2026 should not obscure the fact that economic momentum is relying heavily on the expansionary fiscal policy. The unemployment rate will remain largely stable at 6.3% until the end of 2026, following a slight increase in 2025. While the German government’s investment program might conceivably have a positive effect on demand for labor, not even the construction industry expects to create additional jobs in the coming year, although it is the sector that stands to benefit most from the program. No additional impetus is anticipated from the inflation rate either, with an annual average inflation rate of 2% expected in 2026. The ECB has taken a break after several rounds of key interest rate cuts. The deposit facility rate is currently 2.0%, the main refinancing operations rate is 2.15% and the marginal lending facility rate is 2.4%. The continued easing of inflation in the course of 2026 is likely to prompt a wait-and-see approach to monetary policy.²

With GDP growth of 0.8% in 2024, Berlin’s economy once again outpaced the national average. GDP is expected to grow again by just under 1% in 2025, driven primarily by services. Berlin’s economy is

¹ Joint Economic Forecast #2-2025, prepared on behalf of the Federal Ministry for Economic Affairs and Energy.

² IW-Konjunkturprognose Winter 2025, December 2025 (German only).

therefore flatlining and rising investment will not translate into a noticeable acceleration in economic growth for a few years. The Berlin labor market has lost considerable momentum amid the economic slowdown. Following the increase in employment in recent years, a year-on-year decline of 0.2% in the number of people in insurable employment was already apparent in May 2025. The unemployment rate is now 10.3%, which is 4 percentage points higher than the national average. In contrast, there are signs of stabilization in building permits and the order situation in the main construction sector. After 2024 marked the weakest year since 2012, with 9,772 building permits, a noticeable recovery set in and 5,915 permits were issued by May 2025. A long-lived turnaround could benefit from the recent improvement in interest rates, the implementation of Berlin's Faster Construction Act ["Schneller-Bauen-Gesetz"] and further political activities to simplify approval procedures. In 2024, 15,362 apartments were completed. However, at least 20,000 new apartments would be required each year to meet housing needs, with affordable, medium-sized apartments being in particularly high demand.³

In 2026, the largely unchanged fundamental drivers will continue to have a significant impact on conditions in Germany's housing markets. Demand is expected to remain high, particularly in those cities in which the number of households continues to rise. Colliers is forecasting 0.8% growth in the number of households for the top seven cities in 2026 – compared to just 0.4% for Germany as a whole. A tangible increase in new-build activity is not expected in 2026, such that the tight supply situation on the rental housing market will continue to drive up rents. In cities with high demand, rents are expected to rise by more than 5% per year. One of the reasons for this is the publication of new rent indices that reflect the rental trends of recent years. Newer properties will form the basis for higher transaction volumes in 2026. Overall, the product range on the market will broaden, which will boost investment activity. The availability of capital at banks and financing institutions for residential properties compared to other use types will also support the anticipated increase in investment activity. However, the strength of market momentum will continue to depend on how the financing environment evolves. Rising purchase prices are likely given growing demand and increased investment activity.⁴

The strained situation in terms of supply and demand on the Berlin housing market is likely to continue. The current demographic developments in Berlin are taken into account in the population forecast by the Senate Department for Urban Development, Building and Housing. According to the central forecast value, Berlin's population is expected to rise to around 3.96 million inhabitants by 2030

³ IBB, Berlin Konjunktur, August 2025 (German only).

⁴ Colliers, Ausblick 2026, December 2025 (German only).

and could reach the four million mark by 2040. In that year, it is estimated that the city will have between 2.0 and 2.2 million households.

On 3 September 2024, the Berlin Senate adopted the new Urban Development Plan for Housing (StEP Wohnen 2040). The plan identifies the need for an additional 222,000 apartments in Berlin by the end of 2040. According to the plan, 100,000 new residential units are therefore to be built between 2024 and the end of 2026 (approximately 33,000 per year), followed by a further 50,000 by the end of 2031 (approximately 10,000 per year) and another 72,000 apartments by the end of 2040 (approximately 8,000 per year). In recent years, completion figures have been well below the target of more than 30,000 apartments per year in 2024 and 2025 and will probably also fall short in 2026. As such, the situation on the Berlin housing market remains very strained. In 2024, there was a significant decline in the number of building permits due to high construction costs, persistently high interest rates and the sluggish macroeconomic climate. The number of completed apartments is therefore expected to be lower in the next few years than in 2023 and 2024.

Given the persistently high demand and limited supply, both asking prices for condominiums and net rents (excluding heating and utilities) have risen almost incessantly since 2006. In 2020, rents fell by a slight 2% due to a higher volume of new construction, low population growth and the rent cap introduced in February 2020. However, median quoted rents have been rising again since 2021, with this increase accelerating from 2022, as fewer new apartments have been built and construction interest rates have risen sharply. This has led to increased demand for rental apartments from households that are unable to purchase property in the current climate. The increase was less pronounced again in 2024.

In 2024, one half of all privately financed new-build rental apartments in Berlin were quoted at a minimum net rent (excluding heating and utilities) of around EUR 21/sqm, while the middle 50% went for between roughly EUR 17 and EUR 25/sqm. Compared to the prior year, the median quoted rent declined slightly by approximately 1.1% for new-builds. In this period, the median asking price for new-build condominiums was just under EUR 8,000/sqm in a range of EUR 6,700 to around EUR 9,500/sqm of living space.⁵

⁵ Empirica, Markt- und Bestandsanalyse, December 2025 (German only).

2.2 Business performance

2.2.1 Real estate portfolio

As of 31 December 2025, HOWOGE's real estate portfolio comprised 82,791 residential units, 1,176 commercial units and 19,702 other units (mainly garages and parking spaces). The properties are located in Berlin and to a lesser extent in the neighboring State of Brandenburg. There is a strong concentration in the Berlin-Lichtenberg district, where some 75% of the Company's residential units are currently located. Under the cooperation agreement "Affordable rents, new housing construction and social housing supply" concluded with the State of Berlin, HOWOGE has committed itself to a number of measures to ensure that affordable housing is provided to the population. The current cooperation agreement is effective for the period from 1 January 2024 to 31 December 2027 and permits higher average new-let rents for privately financed housing in addition to the possibility of raising rents in accordance with Sec. 558 BGB ["Bürgerliches Gesetzbuch": German Civil Code] and Sec. 559 BGB. Overall, the net rent (excluding heating and utilities) for first-time rentals of new-build housing should not exceed an average of EUR 15.43/sqm of living space. For existing rental agreements, rent increases of up to 2.9% p.a. on average are possible in accordance with Sec. 558 BGB. An affordability promise ensures that the net rent (excluding heating and utilities) does not surpass 27% of the tenant's household income, provided that the relevant income and living space thresholds are not exceeded. At the same time, the new cooperation agreement stipulates that homes should be re-rented to households with different income levels (up to 140%, and 140% to 220%), which ensures differentiated letting to those holding housing entitlement certificates (WBS) and thus enables a better social mix within neighborhoods. One such measure is that a minimum of 63% of all existing apartments are reserved for people holding housing entitlement certificates. These also include special needs groups, such as recipients of transfer benefits, refugees and homeless people. In 2025, 64.3% of apartments were re-rented to WBS holders (31 December 2024: 64.6%). Owing to the cooperation agreement and the social focus of its portfolio management, HOWOGE has limited potential for rent increases compared to its private competitors.

As of 31 December 2025, the average net rent for residential units (excluding heating and utilities) was EUR 7.08/sqm (31 December 2024: EUR 6.77/sqm) and the vacancy rate by area was 2.2% (31 December 2024: 1.5%). The increase in the vacancy rate compared to 2024 is due to the first-time rental of new-build projects completed in 2025 and the modernization of existing properties. The average net rent (excluding heating and utilities) for 2025 was EUR 7.02/sqm (prior-year average: EUR 6.69/sqm). The tenant turnover rate stood at 4.4% in fiscal year 2025 (2024: 4.1%).

The following table provides an overview of the portfolio as of 31 December 2025:

	Number of units	Area in sqm	Net rent (excl. heating and utilities) in EUR m p. a.	Net rent (excl. heating and utilities) EUR/sqm	Vacancy rate %
Residential	82,791	5,109,238	434.0	7.08	2.2
Commercial	1,176	184,347	22.8	10.29	7.1
Subtotal	83,967	5,293,584	456.7	7.19	2.3
Parking and other	19,701		22.8	-	-
Total	103,668		479.5	-	-

Portfolio development

In fiscal year 2025, the housing portfolio grew by around 5,700 residential units in total, which is attributable to the transfer of residential units from acquisitions and to new construction.

The economic transfer of the shares in PRIMA Wohnbauten Privatisierungs-Management GmbH (PRIMA), which has around 4,500 residential units in Berlin, took place as planned in January 2025. In addition, the transfer of benefits and burdens for the investment in Stadtentwicklungsgesellschaft Buch GmbH took place in 2025 for an initial 74% stake. The remaining 26% was acquired later in the year. SEG-Buch owns undeveloped plots of land in the Berlin district of Pankow (Buch area) that are earmarked for future project developments.

A total of around EUR 106.6m was invested in the portfolio for maintenance and refurbishment in the reporting year (2024: EUR 107.7m). Of this, around EUR 46.4m (2024: EUR 46.1m) was attributable to maintenance expenses.

HOWOGE has set its sights on making its building stock climate-neutral by 2045. When it developed its climate strategy, the internal target for climate neutrality was set at less than 3 kg CO₂/sqm. The figure as of 31 December 2025 can be viewed in section 3.2.2 *E1 Climate change in section E1-4: Targets related to climate change mitigation and adaptation.*

New construction/project development

The creation of new housing through new construction, densification, vertical extension and the acquisition of project developments is fundamental to HOWOGE's portfolio strategy.

In fiscal year 2025, HOWOGE completed 1,182 new apartments and added them to its portfolio. The construction projects Anne-Frank-Strasse with 368 apartments, Haveluferquartier with 231 apartments, Lückstrasse with 158 apartments and Falkenberger Chaussee with 139 apartments are among the largest new-build projects that were completed in 2025. The completion of around 1,200 apartments is planned for fiscal year 2026.

Real estate appraisal

The real estate appraisal as of 31 December 2025 led to slightly higher fair values than in the prior year due to the more stable market environment, the positive development of rents, the addition of new-builds and the acquisition of a portfolio. See the notes to the consolidated financial statements for more information on the real estate appraisal. The following overview shows the key valuation indicators for our real estate portfolio (excluding undeveloped land, schools, developments and assets under construction that are less than 50% complete) as of 31 December 2025:

	Number of units	Fair value EUR b	Fair value EUR/sqm	Multiplier Actual rent	Multiplier Market rent
Residential, Commercial and Other	103,668	13.6	2,551	29.5x	22.7x

School construction

HOWOGE is building new schools and extensively refurbishing existing schools under a master agreement with the State of Berlin as part of the Berlin School Building campaign. The segment is analyzed separately from the core business as a wholly independent undertaking. There are currently plans for HOWOGE to build 26 new schools (thereof seven modular timber schools) and refurbish 11 school complexes. Funds of more than EUR 5b have been earmarked for the investment program and will be raised through shareholder loans, state guarantees and a forfeiting program. Seven new-build projects and the first refurbishment project are currently underway. Since 2024, three school buildings housing four types of school have been handed over to the respective districts (ISS and Gymnasium in Allee der Kosmonauten, Lichtenberg; Erich-Kästner-Gymnasium, Marzahn-Hellersdorf; ISS Am Breiten Luch, Lichtenberg). Five more schools are scheduled for completion and handover in 2026 (Gymnasium Schulstrasse, Mitte; Heinrich-Hertz-Gymnasium, Friedrichshain-Kreuzberg; ISS Eisenacher Strasse, Tempelhof-Schöneberg, Gemeinschaftsschule Adlershof, Treptow-Köpenick; ISS Garzauer Strasse; Marzahn-Hellersdorf).

2.2.2 Employees

Group headcount developed as follows as of the reporting date:

	31 Dec 2025	31 Dec 2024
Employees ¹⁾	1,416	1,380
Management board (HOWOGE Wohnungsbaugesellschaft mbH)	2	2
Employees in training	39	34
Total	1,457	1,416

¹⁾ The figures in this table also include inactive employees.

By company, the development breaks down as follows:

	31 Dec 2025	31 Dec 2024
HOWOGE Wohnungsbaugesellschaft mbH	771	740
HOWOGE Servicegesellschaft mbH	312	290
HOWOGE Reinigung GmbH	200	146
HOWOGE Wärme GmbH	48	49
Kramer + Kramer Bau- und Projektmanagement GmbH	26	29
ATOZ Facility Solutions GmbH	100	162
Total	1,457	1,416

The number of employees in the Group increased by 41 in 2025. HOWOGE Reinigung GmbH expanded further, as more properties are now being cleaned by in-house cleaners. Restructuring at ATOZ Facility Solutions GmbH led to a reduction in headcount. In addition, as it was integrated into the joint operation, positions were transferred to the respective responsible companies.

As of 31 December 2025, HOWOGE Wohnungsbaugesellschaft mbH had 730 employees (prior year: 705), 39 (prior year: 33) employees in training and two general managers (prior year: two).

2.2.3 Statement on corporate governance⁶

Being owned by the State of Berlin, HOWOGE must apply the provisions of the LGG [“Landesgleichstellungsgesetz“: Berlin Gender Equality Act]. HOWOGE has a women’s representative who monitors compliance with the LGG. The women’s representative is involved in all selection procedures throughout the Group (regardless of the management level). There is a plan for the advancement of women that is valid for the period from 2026 to 2031.

⁶ Unaudited disclosure

Participation of women and men in management positions

The targets for the percentage of women on the supervisory board and management board are established by HOWOGE's shareholder meeting in accordance with Sec. 52 GmbHG ["Gesetz betreffend die Gesellschaften mit beschränkter Haftung": German Limited Liability Companies Act]. In addition, the management board of HOWOGE is required to establish targets for the percentage of women at the two management levels below the management board in accordance with Sec. 36 GmbHG.

Disclosures on the minimum proportion of women and men on the supervisory board

Pursuant to Art. 8 (1) of HOWOGE's articles of association, the supervisory board of HOWOGE comprises nine members. Six members are elected by the shareholder meeting, including one member nominated by the tenants' council in accordance with the Berlin Act on the Social Orientation and Strengthening of State-Owned Housing Companies to Safeguard a Long-Term Housing Supply ["Gesetz zur sozialen Ausrichtung und Stärkung der landeseigenen Wohnungsunternehmen für eine langfristige Wohnraumversorgung"]. Three members are elected by the employees of HOWOGE pursuant to the DrittelbG ["Drittelbeteiligungsgesetz": German One-Third Employee Participation Act].

In September 2015, the shareholder established a target of 50% women on the supervisory board. As of the reporting date of 31 December 2025, the supervisory board comprised four women and five men. Three women and three men were appointed by the shareholder. In the election of employee representatives, two men and one woman were elected to the supervisory board. The percentage of women was thus 44.4%. The target was therefore not met. The shortfall is due to the free election of employee representatives.

In a shareholder resolution adopted on 26 February 2026, the shareholder established a target of 33.33% for the percentage of women on the supervisory board, to be met by the supervisory board as a whole. The date for target achievement is 31 December 2030.

Disclosures on the targets for female representation on the management board

In April 2016, a target of 50% was established for the percentage of women on the management board. As of 31 December 2025, the management board members were both men. The percentage of women was thus zero. Despite the close involvement of the women's representative in the selection process, the target could not be met as the objectively most suitable person was chosen in the final selection, regardless of gender.

With effect from 1 April 2026, Ms. Inga Stein-Barthelmes was appointed general manager of HOWOGE as successor to Mr. Ulrich Schiller. Since this date, the target percentage for the management board has been met.

In a shareholder resolution adopted on 26 February 2026, the shareholder established a target of 50% for the percentage of women on the management board. The date for target achievement is 31 December 2030.

Disclosures on the targets for female representation in management positions

In September 2022, the management board resolved a target for the percentage of women and men of at least 40% each for the two management levels below the management board (second and third management levels). The management level immediately below the management board (second management level) at HOWOGE currently includes heads of management board functions and divisions and management of subsidiaries. The third management level currently includes departmental heads, customer center heads, commercial managers and divisional heads in the subsidiaries.

The percentage of women at the abovementioned management levels stood at 60% as of the reporting date 31 December 2025. The target for the percentage of women has therefore been met.

The management levels break down as follows:

Management level	Women		Men	
	Number	%	Number	%
First management level (management board)	0	0	2	100
Second management level (management of subsidiaries, heads of management board functions and divisions)	18	64	10	36
Third management level (departmental heads, customer center heads, commercial managers and divisional heads in the subsidiaries)	22	59	15	41
Total	40	60	27	40

In a new resolution adopted on 9 March 2026, the management board set a target of 40% for the percentage of women at the first and second management levels below the management board. The date for target achievement is 31 December 2030.

2.2.4 Information on the financial performance, assets, liabilities and financial position

Financial performance

Overall, financial performance breaks down as follows:

in EUR k	2025 Total	Thereof School Construction	Thereof Residential	2024 Total	Thereof Residential
Rental and lease revenue (IFRS 16)	438,652	-	438,652	403,841	403,841
Revenue from operating costs (IFRS 16)	38,451	-	38,451	40,636	40,636
Revenue from real estate management	477,103	-	477,103	444,477	444,477
Revenue from the in-substance sale of school buildings (IFRS 16)	213,826	213,826	-	167,790	-
Revenue from operating costs (IFRS 15)	29,397	-	29,397	25,075	25,075
Revenue from heating costs (IFRS 15)	83,599	-	83,599	80,799	80,799
Revenue from management services and other trade	13,180	-	13,180	10,546	10,546
Other revenue	4,248	4,248	-	3,529	3,529
Other revenue from real estate management	344,249	218,074	126,175	287,739	119,949
Total revenue	821,352	218,074	603,278	732,216	564,426
Profit or loss from the remeasurement of investment property	395,322	-	395,322	-46,926	-46,929
Change in inventories for school construction projects	124,115	124,115	-	81,860	-
Own work capitalized ¹⁾	-	-	-	11,566	3,007
Cost of materials	-540,195	-344,112	-196,083	-412,484	-174,039
Personnel expenses	-87,861	-4,836	-83,025	-76,860	-72,937
Amortization and depreciation of non-financial assets	-8,882	-	-8,882	-6,630	-6,630
Impairment and reversals of impairment of financial assets	-7,444	-	-7,444	-177	-177
Other operating income	64,527	45,583	18,944	11,770	11,722
Other operating expenses	-41,493	-2,470	-39,023	-49,529	-47,633
Profit or loss from investments accounted for using the equity method	703	-	703	-3,798	3,798
Gain or loss from assets held for sale	249	249	-	600	600
Finance income	18,702	13,863	4,839	24,367	16,741
Finance costs	-119,060	-24,142	-94,918	-67,788	-55,602
Other taxes	-12,710	-148	-12,563	-16,640	-16,628
Profit or loss before taxes	607,325	26,177	581,148	181,547	172,126
Income taxes	270,087	-1,937	272,025	-41,450	-35,141
Profit or loss for the period	877,412	24,240	853,173	140,097	136,985
Other comprehensive income/loss (actuarial losses from pension plans)	181	-	181	-39	-39
Tax effect on other comprehensive income/loss	-55	-	-55	12	12
Total comprehensive income/loss	877,539	24,240	853,299	140,070	136,958

Consolidated revenue amounted to EUR 821.4m (prior year: EUR 732.2m).

The EUR 32.6m increase in revenue from real estate management is mainly due to the acquisition of a housing portfolio, the growth in the portfolio as a result of new construction and rent increases.

Revenue from the in-substance sale of school buildings is reported in accordance with IFRS 16 (EUR 213.8m) and relates to the completion of the school construction projects at the Erich-Kästner-Strasse and Am Breiten Luch sites.

The higher cost of materials is due in particular to the increase in school construction projects and the associated construction costs.

On the completion of the school construction projects and the transfer of land to the State of Berlin, disposals totaling EUR 230.0m were recognized through the change in inventories (with disposal and sale) in the fiscal year. These disposals contrast with additions of EUR 354.1m in the fiscal year, which resulted in a net increase in inventories of EUR 124.1m.

Investment property is stated at fair value, exercising the option to apply the fair value method. Gains or losses arising from a change in the fair value of investment property are recognized in profit or loss (IAS 40.35). In fiscal year 2025, a valuation gain of EUR 395.3m arose on the basis of the appraisal (2024: valuation loss of EUR 46.9m). The fair value adjustment to residential properties mainly resulted from the adjustment of capitalization rates to reflect the reduced interest rates. Further adjustments resulted from the commissioning of completed project developments and the assumptions on market trends used for property valuation. Macroeconomic developments during fiscal year 2025 led to a reversal of impairments on the properties.

Other operating income increased by EUR 52.8m to EUR 64.5m in the fiscal year, driven by the transfer of land to the State of Berlin in the amount of EUR 41.4m. In addition, other operating income of EUR 4,791k (2024: EUR 0) was generated from a final settlement under the German Natural Gas and Heat Price Brake Act ["Erdgas-Wärme-Preisbremsengesetz"].

Finance income fell by EUR 5.7m to EUR 18.7m, which is primarily attributable to a lower level of cash and cash equivalents as a result of the acquisition of housing portfolios.

Personnel expenses rose by around EUR 11.0m, mainly due to the increase in headcount and wage adjustments.

Compared to the prior year, other operating expenses decreased, chiefly because of lower audit and consulting fees in connection with the portfolio acquisitions at the turn of the year 2024/2025. In contrast, IT costs increased in the fiscal year.

Finance costs rose by EUR 51.3m year on year, mainly due to the borrowing of additional funds for financing purposes. In addition, higher costs (adjusted interest rates) in the course of refinancing had the effect of increasing finance costs.

The tax income of EUR 290.6m in fiscal year 2025 is mainly the result of deferred tax income arising from the remeasurement of investment property and the adjustment of the tax rates to be used. Deferred tax liabilities had to be adjusted in light of the planned reduction in the corporate income tax rate between 2028 and 2032. The current corporate income tax rate of 15% will be gradually reduced by 1 percentage point per year to 10%. Future tax rates must be taken into account in the measurement of deferred taxes if the related temporary differences are expected to reverse in the corresponding periods. An offsetting effect stems from expenses for corporate income tax and solidarity surcharge of EUR 12.0m, tax on investment income of EUR 0.9m and trade tax of EUR 3.0m.

Overall, the Group generated total comprehensive income of EUR 877.5m (prior year: EUR 140.1m). Consolidated net income under the HGB amounted to EUR 67.7m (prior year: EUR 35.5m).

The total comprehensive income according to IFRSs in the School Construction segment amounted to EUR 24.2m, significantly exceeding the prior-year income of EUR 3.1m. This increase is mainly due to the completion and handover of two further school construction projects to the district – an academic secondary school and an integrated secondary school in the districts of Marzahn-Hellersdorf and Lichtenberg. The total volume of investment in school construction amounted to EUR 309.2m (prior year: EUR 228.6m).

The FFO (funds from operations) adjusted for special and valuation effects shows the normalized development of profit or loss and is comprised as follows:

in EUR m	1 Jan to 31 Dec			
	2025	Thereof Residential	2024	Thereof Residential
Total revenue	821.4	603.3	732.2	564.4
Change in inventories for school construction projects	124.1	-	81.9	-
Own work capitalized ¹⁾	-	-	11.6	3.0
Cost of materials	-540.2	-196.1	-412.5	-174.0
Personnel expenses	-87.9	-83.0	-76.9	-72.9
Other operating income	64.5	18.9	11.8	11.7
Impairment and reversals of impairment of financial assets	-7.4	-7.4	-0.2	-0.2
Other operating expenses	-41.5	-39.0	-49.5	-47.6
Financial result ²⁾	-	-	-0.5	-0.5
Other taxes	-12.7	-12.6	-16.6	-16.6
One-time effects ³⁾	22.3	22.3	7.4	7.4
One-time effects from the completion of school buildings ⁴⁾	-28.7	-	-11.7	-
Adjusted EBITDA	313.9	306.4	276.8	274.6
Income tax expenses affecting cash ⁵⁾	-12.5	-13.1	-29.9	-29.9
Net interest expenses affecting cash ⁶⁾	-100.0	-89.7	-42.3	-37.7
Loan repayment policies	-	-	1.7	1.7
Income/expense from the sale of non-current assets affecting cash	0.1	0.1	-0.6	-0.6
FFO (funds from operations)	201.5	203.7	205.8	208.1

¹⁾ Own work capitalized is no longer reported for fiscal year 2025 and will instead be recognized in the change in inventories in the School Construction segment in subsequent years. In the Residential segment, it will be recognized in profit or loss in accordance with IAS 40 in the future.

²⁾ Equal to the finance income from the cash surrender value of insurance policies held, which were sold in their entirety in FY 2024.

³⁾ One-time effects mainly include effects relating to changes in provisions and adjustments due to the first-time consolidation of housing portfolios.

⁴⁾ One-time effects from the completion of school buildings predominantly comprise income and expenses that are not directly matched by cash flows.

⁵⁾ The income tax expenses affecting cash comprise the total of current and out-of-period income taxes.

⁶⁾ The net interest expenses affecting cash include finance income adjusted for one-time effects, finance costs and expenses under the BilMoG ["Bilanzrechtsmodernisierungsgesetz": German Accounting Law Modernization Act].

FFO of EUR 201.5m is slightly below the prior-year level of EUR 205.8m. This effect is due in particular to net interest expenses affecting cash. The increase in liabilities in the fiscal year led to a doubling of net interest expenses compared to fiscal year 2024. Other effects stem in particular from lower cash and cash equivalents, which led to lower interest on deposits.

The interest coverage ratio (ICR), i.e., current interest income and expenses to adjusted EBITDA, is as follows:

in EUR m	1 Jan to 31 Dec			
	2025	Thereof Residential	2024	Thereof Residential
Adjusted EBITDA	313.9	306.4	276.8	274.6
Net interest expenses affecting cash	-100.0	-89.7	-42.3	-37.7
ICR	3.1x	3.4x	6.5x	7.3x

The interest coverage ratio deteriorated due to higher interest expenses in fiscal year 2025. This effect is particularly evident in the Residential segment. Adjusted EBITDA is at the prior-year level, while interest expenses have more than doubled. This effect is largely attributable to the increase in financial liabilities and refinancing at higher market interest rates. At the same time, interest income from interest on credit balances fell year on year due to the lower level of liquidity as a result of acquisitions.

Assets, liabilities and financial position

Assets in EUR k	31 Dec 2025		Thereof School Construction		31 Dec 2024	
	Total	%	Construction	Thereof Residential	Total	%
Non-current assets						
Intangible assets	6,067	0.0%	-	6,067	7,148	0.1%
Investment property	13,906,216	89.1%	-	13,906,216	12,616,945	89.4%
Prepayments on investment property	265,560	1.7%	-	265,560	69,093	0.5%
Property, plant and equipment	92,949	0.6%	-	92,949	80,571	0.6%
Investments in joint ventures	16,875	0.1%	-	16,875	15,471	0.1%
Financial assets	2,001	0.0%	-	2,001	2,019	0.0%
Rental and lease receivables	364,543	2.3%	364,533	11	160,402	1.1%
Total non-current assets	14,654,211	93.9%	364,533	14,289,678	12,951,650	91.8%
Current assets						
Inventories for school construction projects	489,911	3.1%	489,911	-	365,773	2.6%
Rental and lease receivables	48,045	0.3%	11,094	36,950	48,562	0.3%
Receivables from other trade	7,329	0.0%	-	7,329	2,754	0.0%
Contract assets	2,942	0.0%	-	2,942	4,712	0.0%
Other financial assets	5,167	0.0%	44	5,123	6,232	0.0%
Other assets	64,242	0.4%	196	64,046	61,344	0.4%
Income tax receivables	16,030	0.1%	3,748	12,281	904	0.0%
Cash on hand and bank balances	319,121	2.0%	143,882	175,240	645,198	4.6%
Assets held for sale	-	0.0%	-	-	23,493	0.2%
Total current assets	952,785	6.1%	648,875	303,910	1,158,973	8.2%
Total assets	15,606,996	100.0%	1,013,408	14,593,588	14,110,622	100.0%

Equity and liabilities in EUR k	31 Dec 2025		Thereof		31 Dec 2024	
	Total	%	School Construction	Thereof Residential	Total	%
Subscribed capital	25,000	0.2%	-	25,000	25,000	0.2%
Capital reserves	334,305	2.1%	-	334,305	332,887	2.4%
Accumulated retained earnings	7,101,276	45.5%	553	7,100,723	6,960,997	49.3%
Consolidated accumulated loss/net retained profit	877,412	5.6%	24,240	853,172	140,097	1.0%
Total equity	8,337,993	53.4%	24,793	8,313,199	7,458,982	52.9%
Other provisions	1,851	0.0%	795	1,056	2,080	0.0%
Financial liabilities	5,458,847	35.0%	952,064	4,506,782	4,785,580	33.9%
Other liabilities	163,148	1.0%	7,344	155,804	113,505	0.8%
Deferred tax liabilities	1,208,900	7.7%	7,938	1,200,961	1,491,521	10.6%
Total non-current liabilities	6,832,745	43.8%	968,141	5,864,603	6,392,685	45.3%
Other provisions	5,351	0.0%	210	5,141	11,780	0.1%
Rental and lease liabilities	28,443	0.2%	-	28,443	22,964	0.2%
Trade payables	142,962	0.9%	1,463	141,499	131,492	0.9%
Contract liabilities	38,947	0.2%	-	38,947	27,698	0.2%
Financial liabilities	190,651	1.2%	15,767	174,884	37,618	0.3%
Tax liabilities	8,508	0.1%	-	8,508	7,518	0.1%
Other liabilities	21,398	0.1%	3,034	18,115	19,885	0.1%
Total current liabilities	436,259	2.8%	20,474	415,785	258,955	1.8%
Total liabilities	7,269,004	46.6%	988,615	6,280,389	6,651,640	47.1%
Total equity and liabilities	15,606,996	100.0%	1,013,408	14,593,588	14,110,622	100.0%

Assets and liabilities are balanced. Non-current assets are fully financed by long-term capital.

Investment property is still the largest asset item, accounting for 89.1% of total assets. It has increased compared to 31 December 2024, mainly due to the reversal of impairments arising from the real estate appraisal.

The marked increase in inventories in the School Construction segment is due to investments in construction preparation and the ongoing new school construction and school refurbishment projects. The sale of the Erich-Kästner-Strasse and ISS Am Breiten Luch school construction projects had an offsetting effect. On balance, disposals in the fiscal year were more than offset by the progress on school construction work. The sale of the school construction projects led to a noticeable increase in revenue and a corresponding increase in non-current rental and lease receivables.

Cash on hand and bank balances decreased significantly compared to the prior year. This decline is mainly due to the repayment of loans and the investments made in connection with the acquisition of housing portfolios.

The book equity ratio rose slightly to 53.4% (prior year: 52.9%). Overall, equity increased by EUR 879.0m, taking the net retained profit into account.

The following overview shows the development of the net asset value (NAV):

in EUR m	31 Dec 2025	31 Dec 2024
Equity	8,338.0	7,459.0
Deferred tax liabilities on investment property	1,214.7	1,506.7
NAV (net asset value)	9,552.7	8,965.7

Non-current financial liabilities increased by a nominal EUR 401.5m to EUR 3,067.9m due to borrowings from lenders in the Residential segment. Borrowings of EUR 512.7m were offset by repayments of EUR 100.8m as well as partial debt forgiveness and repayment subsidies of EUR 10.4m.

In total, non-current financial liabilities therefore increased by EUR 673.3m to EUR 5,459m. Current financial liabilities rose by EUR 153.03m to EUR 190.7m.

In the School Construction segment, liabilities relate to the outstandings on a shareholder loan from the State of Berlin of EUR 151.8m (prior year: EUR 193.3m) and eight loans secured by a guarantee from the State of Berlin of EUR 459.1m (prior year: EUR 517.0m). The loans are granted with bullet repayment structures. In addition, there are liabilities from three end loans for completed new school buildings with an outstanding liability of EUR 348.5m as of the reporting date 31 December 2025.

HOWOGE issued letters of subordination in relation to the liabilities from the following companies for the amounts show in parentheses: HOWOGE Herbststrasse GmbH (EUR 12m), HOWOGE Roedernallee GmbH (EUR 13.5m), HOWOGE Landsberger Allee GmbH (EUR 22.6m) and HOWOGE Klingsorstrasse GmbH (EUR 3.5m). Letters of comfort were issued by HOWOGE for HOWOGE Soldinerstrasse GmbH (EUR 20m) and ATOZ Facility Solutions GmbH (EUR 10m).

HOWOGE issued a letter of comfort in favor of WBL in connection with the purchase of land (purchase price EUR 52m).

The financial position of all group companies was balanced as of 31 December 2025. The companies always met their payment obligations in due time and will be able to do so in the future as well.

Financing

To ensure its financial independence and defensive risk profile, HOWOGE has a long-term diversified financing structure. Risk is mitigated through measures such as longer-term interest rate fixing, lender diversification and a balanced loan renewal profile. In addition, the Company endeavors to start refinancing processes well in advance of major loan maturities in order to secure follow-up financing at all times, even in fluctuating markets. The potential impact on HOWOGE of changes in the financial framework are constantly monitored and reported on a monthly basis. Active loan collateral management is used to ensure optimal handling of collateral structures and the provision of collateral reserves. In this way, the Group ensures that it consistently maintains an unencumbered asset ratio. To ensure an even spread and independence from financing partners, the total volume per lender should not, as a rule, not exceed 20%. Investments in the School Construction segment are funded separately from HOWOGE's Residential segment. School construction financing is not secured using any of HOWOGE's portfolio properties.

Since 2021, HOWOGE has received an issuer rating from the two international rating agencies Standard & Poor's and Fitch of A (S&P) and AA- (Fitch), respectively, with a stable outlook in each case. The ratings were last confirmed in the summer of 2025 and reflect the Company's good creditworthiness.

As of the reporting date, the loan portfolio in the Residential segment comprised collateralized and uncollateralized long-term annuity loans and subsidized loans (nominal value EUR 3,597.2m), unsecured corporate bonds (EUR 1,700.0m) and credit facilities (EUR 202.5m), some of which are also used for bank guarantees. The portfolio thus offers a broad range of financial instruments. As of the reporting date, bank guarantees of EUR 1.3m had been issued. Freely available credit facilities amounted to EUR 201.2m as of the reporting date.

Numerous financing and refinancing transactions were successfully carried out in fiscal year 2025. In the Residential segment, an existing corporate bond that will mature in 2030 was increased by EUR 200m. Subsidized loans with a nominal volume of EUR 106.7m were also taken out. The existing credit facility with the Council of Europe Development Bank (CEB) was exhausted by drawing down a second tranche of EUR 50m. A long-term credit facility of EUR 350m was arranged with the European Investment Bank (EIB), which will secure the financing of new construction investments over the next five years.

The weighted average interest rate as of the reporting date increased to around 1.9%, well below current market interest rates. The average fixed-interest period for financial liabilities in the Residential segment was around eight years as of the reporting date.

Three further bridge loans of EUR 218.9m were concluded for the School Construction segment in fiscal year 2025, of which EUR 22.2m was drawn down in 2025 in line with the progress of construction. HOWOGE completed two more school construction projects in the second quarter of 2025. The end loans with a nominal volume of EUR 200.6m were entered into when the schools were handed over and went into operation. They replaced the bridge financing.

In 2021, HOWOGE set up a debt issuance program (DIP), which allows it to issue corporate bonds at short notice. Under the program covering a total of EUR 4b, three bonds with a total nominal amount of EUR 1.7b had been issued as of the reporting date. In the context of the DIP and the issuance of corporate bonds, HOWOGE undertook to comply with the following event-based covenants:

- Ratio of consolidated financial liabilities to total equity and liabilities (in each case excluding School Construction): maximum 60%
- Ratio of secured financial liabilities to total equity and liabilities (in each case excluding School Construction): maximum 45%
- Ratio of consolidated adjusted EBITDA to net interest expenses affecting cash (in each case excluding School Construction): minimum 180%
- Ratio of unencumbered assets to unsecured financial liabilities (in each case excluding School Construction): minimum 125%

The covenants are reviewed every time loans are raised and were complied with at all times.

The LTV of the reporting year is presented below alongside the prior-year figures:

in EUR m	31 Dec 2025	Thereof Residential	31 Dec 2024	Thereof Residential
Financial liabilities ¹⁾	5,649.5	4,681.7	4,823.2	4,114.3
Cash and cash equivalents	-319.1	-175.2	-645.2	-468.2
Net financial liabilities	5,330.4	4,506.4	4,178.0	3,646.1
Investment property	13,906.2	13,906.2	12,616.9	12,616.9
Prepayments on investment property	265.6	265.6	69.1	69.1
Net LTV ratio (in %)	37.6%	31.8%	32.9%	28.7%

¹⁾ Financial liabilities are the total of current and non-current liabilities to affiliates.

The loan-to-value (LTV) ratio in the Residential segment increased to around 31.8% compared to 31 December 2024, well below the self-imposed maximum of 50%. The year-on-year increase in net financial liabilities is mainly due to the acquisitions of PRIMA and SEG-Buch, which were largely financed by debt capital. Going forward, we will no longer disclose the overall LTV ratio and will only report the ratio for the Residential segment. This is because the overall ratio would be distorted by the presentation of school buildings, as these do not constitute investment property in accordance with

IAS 40. Net financial liabilities (Residential) stand at 14.7 times (2024: 13.3 times) adjusted EBITDA and therefore below the upper limit of 17 times.

Statement of cash flows

Statement of cash flows (condensed):

in EUR k	2025 Total	Thereof School Construction	Thereof Residential	2024 Total
Cash flows from operating activities	11,540	-316,879	328,418	14,808
Cash flows from investing activities	-1,136,546	10,679	-1,147,224	-183,352
Cash flows from financing activities	799,489	273,097	526,392	540,113
Net change in cash and cash equivalents	-325,517	-33,103	-292,414	371,569
Cash and cash equivalents as of 1 January	644,639	176,985	467,654	273,069
Cash and cash equivalents as of 31 December	319,121	143,882	175,240	644,639

The statement of cash flows shows that the available cash and cash equivalents in the Group declined from EUR 644.6m in 2024 to EUR 319.1m in 2025; this decrease is mainly due to investing activities. Cash flows from operating activities decreased by EUR 3.3m in fiscal year 2025, which is due in particular to investments in inventories for school construction.

Cash flows from investing activities were negative at EUR -1,136.5m in fiscal year 2025 (prior year: EUR -183.4m). This is due to the investments made in residential investment property and the acquisition of PRIMA and SEG-Buch. Cash flows from financing activities amounted to EUR 799.5m (prior year: EUR 540.1m) and mainly resulted from cash received from new bonds and borrowings of EUR 1,012m, offset by repayments of borrowings of EUR 111.9m and interest payments of EUR 99.8m.

2.2.5 General assessment of the economic situation

The assets, liabilities, financial position and financial performance of the HOWOGE Group are positive overall. Positive operating results were once again achieved in fiscal year 2025 with FFO of EUR 201.5m. The profit from the remeasurement of investment property coupled with investments in new portfolios, the sale of further schools and the adjustment of deferred taxes led to total comprehensive income of EUR 877.5m. The LTV ratio for the Residential segment rose to 31.8% in the fiscal year. HOWOGE has a sound financing structure and is securely financed despite the currently difficult market conditions.

3 Sustainability statement⁷

This sustainability statement also satisfies the requirements for a combined non-financial statement prepared in accordance with Sec. 289b et seq. and Secs. 315b to 315c HGB [“Handelsgesetzbuch”: German Commercial Code].

HOWOGE Wohnungsbaugesellschaft mbH is the parent company of the HOWOGE Group and responsible for all business decisions.

This sustainability statement was prepared on a consolidated basis for the HOWOGE Group. It satisfies all requirements for the sustainability statement for the HOWOGE Group in accordance with the European Sustainability Reporting Standards (ESRS) and the requirements for the non-financial reporting obligations in accordance with Sec. 289b et seq. and Secs. 315b to 315c HGB (combined non-financial statement).

Aspects pursuant to Sec. 289c (2) HGB/GAS 20 para 258	Material ESRS topics in accordance with ESRS 1 AR 16
Environmental matters	E1 Climate change E5 Resource use and circular economy
Employee matters	S1 Own workforce
Social matters	S3 Affected communities S4 Consumers and end-users
Respect for human rights	S1 Own workforce S3 Affected communities S4 Consumers and end-users G1 Business conduct
Anti-corruption and anti-bribery	G1 Business conduct

The sustainability statement for the HOWOGE Group is prepared in full compliance with ESRS. The renewed full application of ESRS as the framework in accordance with Sec. 315c (3) in conjunction with Sec. 289d HGB reflects the significance of the ESRS as reporting standards adopted for sustainability reporting by the European Commission. The “quick fix” published by the European Commission on 11 July 2025 to amend the first set of ESRS was applied.

No framework is applied for the non-financial statement in respect of HOWOGE Wohnungsbaugesellschaft mbH in accordance with Sec. 289b HGB because an ESRS sustainability statement for the Group is what is relevant for our stakeholders.

For the content of the non-financial statement for HOWOGE Wohnungsbaugesellschaft mbH in accordance with Sec. 289b HGB, reference can therefore be made to the group statement.

⁷ Not audited as part of the audit of the annual and consolidated financial statements; for limited assurance engagement on the sustainability statement, see the assurance report starting on page 295.

The environmental information in this sustainability statement includes disclosures in accordance with Art. 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation) for the HOWOGE Group in section 3.2.1 *EU Taxonomy*.

Our most significant non-financial key performance indicators are presented in the group management report, chapter 1 Information on the Group in section 1.3.1 *Financial and non-financial key performance indicators relevant for management* and in chapter 5 *Outlook*. There are no material risks arising from our own operations or from business relationships, products and services that would be very likely to have severe negative impacts on the non-financial aspects in accordance with Sec. 289c HGB.

3.1 General information

3.1.1 ESRS 2 General disclosures

Basis for preparation

[BP-1: General basis for preparation of the sustainability statement](#)

[ESRS 2 BP-1-5] The sustainability statement was prepared on a consolidated basis. The basis of consolidation is the same as for the consolidated financial statements. The sustainability statement covers the Company's upstream and downstream value chain, as defined for HOWOGE. The upstream and downstream value chain was included in determining and assessing the impacts, risks and opportunities during the materiality assessment – see *ESRS 2 IRO-1-53*. Policies, targets, actions and metrics relate in equal measure to the upstream and downstream value chain. HOWOGE made no use of the option to omit information on intellectual property, know-how or results of innovation.

[BP-2: Disclosures in relation to specific circumstances](#)

Time horizons

[ESRS 2 BP-2-9] HOWOGE has not deviated from the ESRS definitions set out in ESRS 1 section 6.4 "Definition of short-, medium- and long-term for reporting purposes."

Value chain estimation

[ESRS 2 BP-2-10] HOWOGE estimates data for the upstream and/or downstream value chain in respect of its Scope 3 emissions – see *E1-6-44, 51, MDR-M 77a*.

Sources of estimation and outcome uncertainty

[ESRS 2 BP-2-11] In accordance with ESRS 1 section 7.2 "Sources of estimation and outcome uncertainty," the gross Scope 3 GHG emissions mentioned above under ESRS 2 BP-10 are subject to a high level of measurement uncertainty. The capital expenditures for implemented and planned climate change mitigation actions are monetary amounts that are subject to a high level of measurement uncertainty. For further information see *E1-3-29* and *E1-6-44, 51, MDR-M 77a*.

Changes in preparation or presentation of sustainability information

[ESRS 2 BP-2-13] The present report is the second sustainability report prepared in accordance with ESRS. The following changes have been made to the presentation of sustainability information compared to the prior year's report:

Standard	Disclosure requirement	Amendment
ESRS 2	ESRS 2 BP-2-17a-c, e	Included in section 3.3.2 S3 Affected communities and section 3.3.3 S4 Consumers and end-users
ESRS 2	ESRS 2 BP-2-17a-c, e	Adjusted due to the application of the delegated act to simplify the ESRS (amendment). Datapoints S3 SBM-3, S4 SBM-3, S3-1, S4-1, S3-5 and S4-5 have been omitted.
ESRS 2	ESRS 2 GOV-5-36	The organization chart on the ICS for sustainability reporting has been adjusted in two places: The monthly jour fixe meeting between the sustainability function and the management board was changed to ad hoc dialog. This was implemented from May to December 2025, with ad hoc dialog taking place in June, September and November. The jour fixe meeting held once every two months between the management board and division heads and functions was changed to a cycle of six to eight weeks.
ESRS 2	SBM 3-40	To enhance readability, the sustainability targets are presented together in an overview in section 3.1.1 ESRS 2 General disclosures. The topical standards contain references to section 3.1.1 ESRS 2 General disclosures.
E1	E1-6-51 to 55	The disclosures in the last report were based on estimates. For this report, they were calculated and updated using actual values.
E5	E5-5 36	Presentation of information on metric BM 3
S1	S1-8, S1-9	Disclosures on S1-8 and S1-9 are reported for the first time. The disclosures in S1-12 and S1-15 were also formally derived from the materiality assessment. They are not reported in 2025 (phase-in).

Reporting errors in prior periods

[ESRS 2 BP-2-14] There were no material errors in prior reporting periods.

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

[ESRS 2 BP-2-15] HOWOGE has included disclosures required under other legislation or other generally accepted sustainability reporting standards and frameworks as follows: The GdW metrics BM 2 Modernization intensity, BM 3 Proportion of residential units whose energy performance has been fully or partially modernized since 1990 and BM 4 Maintenance intensity in accordance with GdW Guideline 73 for sustainability reporting were included in section 3.2.3 *E5 Resource use and circular economy*.

Incorporation by reference

[ESRS 2 BP-2-16] The information on S1-9-66 a) Gender distribution in number and percentage at top management level is incorporated by reference. In the context of the risk management system, reference is made to the information on E1-IRO-1-20 and 21 in the section on opportunities and risks in the management report. In section 3.3.3 S4 Consumers and end-users regarding tenants, reference is made to section 2.2.1 Real estate portfolio, which shows HOWOGE's rents, for the disclosure on ESRS 2 BP-2-17e. This sustainability statement does not incorporate any further information by reference.

Use of phase-in provisions in accordance with Appendix C of ESRS 1

[ESRS 2 BP-2-17] HOWOGE makes use of the delegated act "quick fix amendment" published on 11 July 2025 for the material standards ESRS S3 and ESRS S4. For a better overview, the resulting disclosure requirements are published in separate sections – see section 3.3.2 S3 *Affected communities* and section 3.3.4 S4 *Consumers and end-users*.

Governance

GOV-1: The role of the administrative, management and supervisory bodies

[ESRS 2 GOV-1-21, 22, 23] In accordance with marginal number 91 of chapter 4.3.1 of the principles for the management of holdings of the State of Berlin, HOWOGE's management board consists of two executive members and no non-executive members. Following the departure of Katharina Greis, the management board was temporarily represented by Ulrich Schiller alone. Jörg Kotzenbauer has been commercial general manager since 1 November 2025. The supervisory board consists of nine non-executive members, three of whom are employee representatives in accordance with the DrittelbG ["Drittelbeteiligungsgesetz": German One-Third Employee Participation Act]. The supervisory board has no executive members. In accordance with Sec. 4 (3) DrittelbG in conjunction with Sec. 8 (1) BetrVG ["Betriebsverfassungsgesetz": German Works Constitution Act], there are no disclosures concerning other employee representatives.

The professional competence of the members of the management board is reviewed during the selection procedure; they are appointed on the basis of competence profiles.

In accordance with marginal number 55 of chapter 4.2.2 of the principles for the management of holdings of the State of Berlin in conjunction with Sec. 100 AktG ["Aktiengesetz": German Stock Corporation Act], the members of the supervisory board must have the requisite expertise and skills to be able to responsibly perform the tasks assigned to them. According to a court ruling (Federal Court of Justice for Civil Matters 85, 293), a supervisory board member must possess or acquire the minimum expertise and skills required to understand and properly assess all normal business transactions

without the assistance of others. The members of the supervisory board have the necessary expertise and experience enabling them to duly exercise their oversight duties:

	Industry expertise	Finance expertise	Risk expertise	Berlin expertise	Special expertise	Cross-sectional skills
Explanation	In-depth knowledge of the industry and the business environment	Knowledge of financial statement analysis, financial reporting, accounting policy, finance For grant-financed entities, grant law	Knowledge of compliance, internal auditing, risk management and, if necessary, public procurement law Experience with large investment projects Economic viability studies	Knowledge of the interests and special requirements of the State of Berlin	Special focus of current corporate development, e.g., IT, digitalization, sustainability, corporate restructuring	Diversity competence (Sec. 13 PartMigG), gender competence (Sec. 15 LGG)
Example	E.g., must have worked at least in middle management of a company in the industry or as a consultant	E.g., German public auditor, tax advisor or several years of professional experience in business accounting or public budgeting	E.g., professional experience or several years of oversight experience in one of the areas mentioned	E.g., in-depth knowledge of the Company's public mandate, knowledge of the state's holding management system	E.g., experts with experience in the area deemed to be of particular importance to the Company	
Dr. Jürgen Allerkamp	X	X	X	X	X	X
Jana Borkamp		X	X	X	X	X
Anette Weller	X	X	X	X	X	
Ramona Scharf	X	X			X	
Jörn Lorenz	X		X		X	X
Matthias Jankun	X		X			
State Secretary Alexander Slotty	X	X	X	X	X	
State Secretary Tanja Mildemberger		X	X	X		X
Alexander Nuss	X	X	X	X	X	X

The supervisory board members who stepped down in May 2025 had the following expertise and experience:

- Hendrik Jellema held a number of management board positions in the private and municipal housing industry and is an expert on housing and in the field of accounting.
- Elfriede Baumann is a retired auditor and tax advisor. As a former general manager of an audit firm, she is an expert on financial statement audits.
- Daniela Riedel is Head of the Residential Construction and Infrastructure Section in the Berlin Senate Chancellery and an expert on residential construction.
- Sebastian Lange is head of real estate strategy for a government-owned enterprise and an expert on strategic topics in the real estate industry. As a member of the tenants' council, he represents tenants' interests on the supervisory board.
- Frank Sparmann heads a HOWOGE customer center and is an expert on matters related to tenants.
- Michael Schiller heads HOWOGE's properties and loan collateral management department and is thus an expert on matters related to properties and their valuation.

HOWOGE's impacts, risks and opportunities (IROs) relate to relevant housing industry topics. The housing industry expertise outlined above enables the supervisory board to address these impacts, opportunities and risks. In addition, it can expand its specialist knowledge by requesting information from HOWOGE's management board and experts on matters related to the IROs. Training on HOWOGE's impacts, risks and opportunities and on the materiality assessment took place on 14 January 2025. A training session for the current supervisory board was held on 17 February 2026.

As the competence matrix shows, the supervisory board members are experts from the areas relevant to the Company. Until 31 May 2025, the management board had two members, one man and one woman (50%). Since 1 June 2025, the management board members have both been men (100%). Until 11 May 2025, 33.3% of the members of the supervisory board were women and 66.7% were men. Since 12 May 2025, 44.4% of the members of the supervisory board have been women and 55.6% men.

HOWOGE is subject to a two-tier system consisting of a management board and a supervisory board. The nine supervisory board members appointed by the shareholder are fully independent in accordance with the German Corporate Governance Code (GCGC). In accordance with Principle 20 of the GCGC, any conflicts of interest must be disclosed to the chair of the supervisory board without undue delay.

In accordance with the AktG and HOWOGE's articles of association, the supervisory board monitors the risk situation and transactions requiring approval, including investments and human resources measures that go beyond collective bargaining or statutory provisions.

Risk management follows the three lines of defense model: Operational employees monitor risks and risk management on a daily basis. Compliance managers develop and monitor policies, and the internal audit function assesses the effectiveness of the first two lines. Half-yearly risk reports are provided to the supervisory board and the shareholder.

As sustainability is a cross-cutting topic, it is embedded in all areas of the Company. The sustainability function coordinates the development and implementation of sustainability targets and supports the functional departments in collecting data and information for sustainability reporting. The sustainability function is also responsible for analyzing and assessing the Company's material impacts, risks and opportunities. The management board liaises with the sustainability function to define the sustainability targets each year and reports regularly on their implementation to the supervisory board. The management board holds the operational responsibility, implements the corporate strategy and makes decisions on target achievement. The supervisory board oversees the management board and supports the implementation of the corporate strategy. It reviews capital expenditures and monitors compliance with legal and ethical standards. The supervisory board has established a human resources committee, an audit committee and a building committee, which recommend and adopt resolutions. The necessary organizational structures ensure the transmission and provision of information within the Company.

[ESRS G1 GOV-1-5] The supervisory board oversees and advises the management board, appoints its members and monitors the implementation of the corporate strategy and business conduct policies. The management board manages HOWOGE independently and represents the Company in judicial and extrajudicial matters. In accordance with Art. 5 (9) of HOWOGE's articles of association, the management board shall ensure sustainable business conduct, which is monitored by the supervisory board in accordance with Art. 9 of the articles of association.

HOWOGE's mission statement guides its business conduct policies and defines the Company's values. In accordance with the principles of HOWOGE's compliance management, it is based on the tenets of professionalism, integrity, transparency and confidentiality.

The governance, risk and compliance (GRC) function is responsible for the compliance management system. It supports the management board in ensuring the integrity of conduct within the HOWOGE Group and in dealings with third parties. This also includes compliance with the code of values. The

chairman of the supervisory board and the GRC function confer regularly. The supervisory board receives an annual compliance report.

[GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies](#)

[ESRS 2 GOV-2-26] As a rule, the management board meets weekly to discuss company matters and adopt resolutions. At these meetings, it is also informed about material impacts, opportunities and risks in relation to sustainability matters, both in writing and by specialist employees. As a rule, the management board has a jour fixe meeting with the heads of department every six to eight weeks. The sustainability-related agenda items relate to the IROs, due diligence, outcomes, policies, actions and targets. The supervisory board and the building committee usually meet four times a year and the human resources and audit committees twice yearly. At these meetings, the management board informs the supervisory board about material sustainability matters on an ad hoc basis. In addition, the supervisory board is informed annually about the outcomes and effectiveness of the policies, actions, metrics and targets that have been adopted.

The chairman of the supervisory board regularly meets with the management board to discuss strategic issues, planning, business development, the risk situation, risk management and compliance. They also discuss material sustainability matters. The supervisory board reviews the sustainability statement. The contents of the non-financial report and the reporting in line with the EU Taxonomy were subject to a limited assurance engagement performed by an independent auditor.

In 2024, the management board was involved in preparing the assessment of the impacts, risks and opportunities, which it then approved. The validation of the impacts, risks and opportunities in fiscal year 2025 was also approved by the management board – see *ESRS IRO-1-53d*. It is therefore familiar with HOWOGE's material impacts, opportunities and risks. These are available to the management board and can be considered in monitoring the Company's strategy, in making decisions about important transactions and in the risk management process.

The management board presented the impacts, opportunities and risks to the supervisory board at a supervisory board meeting. They can be considered in monitoring the strategy, in making decisions about important transactions and in the risk management process – also in respect of compromises.

[Consideration in monitoring the Company's strategy](#)

The management board discusses material refinements of the corporate strategy with the supervisory board once a year. The sustainability-related agenda items concern the impacts, opportunities and risks as well as the policies, actions, metrics and targets.

Consideration in decisions on important transactions

The management board also discusses important transactions such as the acquisition of portfolio properties or the establishment of new subsidiaries with the supervisory board and brings about decisions.

Consideration in decisions on the risk management process

Risk management is a permanent item on the agenda of supervisory board meetings and is discussed regularly. The standard risk catalog covers key issues for HOWOGE, reflecting the material impacts, opportunities and risks identified by the materiality assessment.

The administrative, management and supervisory bodies or their committees concerned themselves with all material impacts, risks and opportunities.

GOV-3: Integration of sustainability-related performance in incentive schemes

[ESRS 2 GOV-3-29, E1-GOV-3-13] The description of the incentive schemes relates solely to the management board and not to the supervisory board or the management of the subsidiaries.

Each year, the members of the management board receive a variable remuneration component in addition to their base salary. Payment of the variable remuneration to the members of HOWOGE's management board is linked to the achievement of the corporate objectives specified in the target agreement. The targets governing the variable remuneration of the members of the management board are formulated in line with the provisions and conditions stipulated by the shareholder and are adopted by the supervisory board. The level of target achievement is also established by the supervisory board after completion of an assurance engagement by the independent auditor. Since 2023, sustainability has been integrated in the form of a sustainability target in the target agreements for the members of the management board. This sustainability target is one of HOWOGE's four corporate objectives.

The sustainability target for 2025 was based on the climate strategy. In order to achieve a climate-neutral portfolio by 2045 (see *E1-4-34*), HOWOGE is focusing on energy optimization, innovative system technology and green energy sources. Increasing the proportion of green energy sources has the highest carbon reduction potential. As in the previous years, in 2025 the sustainability target was again based on constructing and commissioning sustainable energy generation facilities, thus contributing directly to HOWOGE's climate change mitigation action as part of the climate strategy. The sustainability target for 2025 was defined and measured in kilowatt peak (kWp) on the basis of the installed photovoltaic systems and wind turbines. The sustainability target was achieved in 2024. The target value for 2025 was substantially higher than the prior-year figure, at 4,000 kWp for 2025

(2024: 2,500 kWp). It was therefore in line with the expansion plan adopted as part of the photovoltaic program. In 2025, the sustainability target accounted for 25% of variable remuneration. The target was achieved in full (100%) in 2025. The sustainability target was also included in the management board’s target agreements for 2026. A total of five targets were agreed for 2026, one more than in 2025. In order to achieve a balanced weighting of the targets, a weighting of 20% was chosen for the sustainability target for 2026. The target of 4,000 kWp in 2025 proved to be ambitious and was therefore retained for 2026.

GOV-4: Statement on due diligence

[ESRS 2 GOV-4-32]

Core elements of due diligence	The due diligence in relation to the impacts on people and the environment is described in detail in the following paragraphs of the sustainability statement.
a) Embedding due diligence in governance, strategy and business model	Section 3.1.1 ESRS 2: GOV-2, GOV-3, SBM-3 Section 3.2.2 E1: SBM-3 Section 3.3.1 S1: SBM-3
b) Engaging with affected stakeholders in all key steps of the due diligence	Section 3.1.1 ESRS 2: GOV-2, SBM-2, IRO-1 Section 3.2.2 E1: IRO-1, E1-2 Section 3.2.3 E5: E5-1 Section 3.4.1 G1: G1-1, G1-2, G1-3
c) Identifying and assessing adverse impacts	No material negative impacts were defined during the materiality assessment.
d) Taking actions to address those adverse impacts	No material negative impacts were defined during the materiality assessment.
e) Tracking the effectiveness of these efforts and communicating	Section 3.2.2 E1: E1-4, E1-5, E1-6 Section 3.2.3: E5-3, E5-5 Section 3.3.1: S1-5, S1-6, S1-8, S1-9, S1-10, S1-11, S1-16, S1-17 Section 3.4.1 G1: G1-4, G1-6

GOV-5: Risk management and internal controls over sustainability reporting

[ESRS 2 GOV-5-36] Risk management and the internal controls over sustainability reporting are based on the following processes and systems:

Internal control system

HOWOGE has implemented a group-wide internal control system (ICS) based on the model of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The COSO model serves as a control system for the documentation, assessment and design of internal control systems. The internal control system for sustainability reporting also follows the three lines of defense approach of direct and indirect control and independent internal review.

The internal audit function reviews areas of sustainability management at irregular intervals, at the latest every five years. The audit reports relating to sustainability reporting are submitted to the management board and supervisory board for their information.

Risk management

HOWOGE has established a group-wide risk management system, which was subject to a successful assurance engagement in accordance with IDW AsS 981 in 2025. Annual risk workshops are held with executives in the context of planning targets and actions for the continuous development of risk management. The risk management system and the risk workshops include the following elements and content in respect of sustainability reporting:

The risk management system includes sustainability reporting risks aggregated as an individual risk in the standard risk catalog. During an annual risk workshop, they are jointly addressed and assessed by the governance, risk and compliance and sustainability functions. The individual risk is assessed as defined by the risk management process. The risks are not prioritized during the workshop.

Any inconsistencies – including any that arise in the course of sustainability reporting – can be reported to minimize risks and potential negative impacts. With the involvement of the GRC function, HOWOGE has established a whistleblowing system with confidential external and internal channels – see *G1-1-10*.

Risks and mitigation strategies including related controls

Sustainability reporting is subject to the risk that incorrect disclosures may be made due to human error or incomplete data. As a central element for ensuring the reliable collection and processing of data, the sustainability function and the corresponding functional departments collaborated to prepare fact sheets for all metric datapoints and integrated them in a data collection handbook along with overarching questions. This ensures the correctness and consistency of data collection and processing. The fact sheets specify the respective quantitative ESRS datapoint in respect of the following:

- Definition of the metric and its inputs
- Collection and calculation methods
- Identification risk and mitigation of that risk
- Responsibilities for collection, checking and approval

Key elements of risk mitigation are feedback loops and the principle of dual control involving internal employees and external experts.

Estimated metrics are recorded and reported on an aggregated basis.

The fact sheets are checked for plausibility on a business-wide basis and updated in an annual process.

Involvement of internal functions and processes/internal reporting

An interdisciplinary sustainability team (made up of representatives from the GRC, financial control and data modeling, treasury and investor relations, human resources, legal, corporate communications and marketing, central procurement, technical management, and asset and portfolio management functions and from the school construction, new construction and heating units) supports sustainability management in the functional departments and is involved in preparing the sustainability statement. Within the sustainability team, the reporting topics are clearly defined and assigned to specific people from the relevant organizational units. The sustainability team meets monthly and acts as a sounding board for the operational implementation of sustainability matters.

For sustainability reporting, a CSRD team was also formed from the relevant functional departments, which handles the CSRD disclosure requirements at HOWOGE, collects metrics, develops qualitative disclosures and checks the content for plausibility and consistency in multiple feedback loops.

The sustainability team and the CSRD team are managed by the sustainability function. The latter is appointed by the management board, to which it reports on an ad hoc basis. A jour fixe meeting between the management board and all division and function heads is held every six to eight weeks to discuss the management of the Company and foster business-wide dialog. The jour fixe meeting takes place after the ordinary supervisory board meetings, which are held four times a year. In 2025, the participants addressed the challenges of the CSRD, their significance and the project progress.

Other organizational units and departments are involved in the collection and transformation of metrics and the development of qualitative disclosures on ESRS datapoints as required.

Strategy

SBM-1: Strategy, business model and value chain

[ESRS 2 SBM-1-40] The most significant product and/or service offered by HOWOGE is the rental and management of affordable social housing. HOWOGE operates in the residential real estate market in Berlin and to a very small extent in Brandenburg. The relevant geographical area for all of the following aspects of this disclosure requirement is Berlin. The significant customer groups served are tenants and prospective tenants. As of 31 December 2025, HOWOGE had 1,389 employees (31 December 2024: 1,352).

[MDR-T 80b, e, 81b] The following sustainability targets were agreed in fiscal year 2025:

Target	Most significant group of products/services	Significant customer categories/customer groups	Key stakeholder relationships
Continue to enhance our risk management.	X (real estate management)	X (tenants)	
Continue to enhance our compliance management.		X (tenants)	X (employees)
Take account of compliance with social standards when awarding contracts to companies.		X (tenants)	X (employees)
Consistently reduce the CO ₂ intensity of our housing stock to achieve a climate-neutral building stock by 2045 (less than 3 kg CO ₂ per sqm per year ¹⁾).	X (real estate management)	X (tenants)	X (tenants) X (employees)
Give greater consideration to sustainability criteria when planning and implementing new-build and refurbishment projects.	X (real estate management)	X (tenants)	X (tenants) X (employees)
Increase the proportion of long-lasting renewable raw materials and recycled materials in new-build and refurbishment projects.	X (real estate management)	X (tenants)	
Consistently work to reduce our resource consumption and waste and to implement circular economy processes.	X (real estate management)	X (tenants)	X (tenants)
Secure the availability of more affordable housing in Berlin through acquisitions and/or new construction each year.	X (real estate management)	X (tenants)	X (tenants)
Foster long-term satisfaction, security and social cohesion in our neighborhoods.	X (real estate management)	X (tenants)	X (tenants)
Be perceived as an attractive and progressive employer.		X (tenants) X (prospective tenants)	X (employees)
Consistently enhance our digital infrastructure in order to facilitate flexible and collaborative working for all our employees.		X (tenants) X (prospective tenants)	X (employees) X (tenants)

¹⁾ For space heating and hot water

The situation on Berlin's housing market is strained. The sustainability target of ensuring socially responsible rents contributes to enabling the provision of affordable housing. HOWOGE empowers neighborhoods through the target "Foster long-term satisfaction, security and social cohesion in our neighborhoods." The sustainability targets related to the significant customer groups are:

- "Secure the availability of more affordable housing in Berlin through acquisitions and/or new construction each year."
- "Foster long-term satisfaction, security and social cohesion in our neighborhoods."
- "Consistently enhance our digital infrastructure in order to facilitate flexible and collaborative working for all our employees."

These targets directly address HOWOGE's customer groups and contribute to:

- Creating socially responsible housing for a broad section of the population
- Enhancing social cohesion in the neighborhoods
- Further developing accessible communication with tenants

The table shows the elements of the corporate strategy coupled with the IROs and sub-topics (in brackets) they affect or which affect the elements of the strategy.

Element of corporate strategy	IROs (and sub-topics) affected by the elements or which affect the elements
Portfolio management strategy – environment	Investments in renewable energy (energy)
Portfolio management strategy – economic responsibility	Maintenance (resource outflows related to products and services)
Property management strategy – employee satisfaction and employer branding	General working conditions (working conditions (own workforce))
Social commitment	Social partnerships and donation projects (communities' economic, social and cultural rights; social commitment in the neighborhoods)
Portfolio management strategy – economic responsibility	Overall rent structure (social inclusion of consumers and/or end-users; socially responsible rents)
Growth strategy – portfolio planning	Mix of commercial offerings (communities' economic, social and cultural rights)
Portfolio management strategy – economic responsibility	Renting to holders of housing entitlement certificates (WBS) (social inclusion of consumers and/or end-users; socially responsible rents)
Property management strategy – customer satisfaction and IT platform digitalization	Accessible communication (social inclusion of consumers and/or end-users)
Property management strategy – customer satisfaction and IT platform digitalization	Proactive communication (information-related impacts for consumers and/or end-users)

The main challenge in the future is the compatibility of the socially responsible development of rents in Berlin with the implementation of climate and environmental protection targets. The main planned solutions or projects that are relevant to sustainability reporting are:

Socially responsible development of rents

Meeting the affordability promise of the cooperation agreement between the State of Berlin and the state-owned housing companies through a socially differentiated rent policy, considering the differing economic capacity of households and the financial strength of municipal housing companies. The socially responsible rents are designed on this basis.

Implementation of climate and environmental protection targets

In order to achieve the climate target, a climate strategy has been developed and three levers identified for its implementation. Wherever possible, HOWOGE itself implements the levers of the decarbonization roadmap – building energy optimization and innovative system technology (e.g., by installing heat pumps to replace previous heating systems). HOWOGE only has limited ability to

influence the use of low-carbon district heating as a further lever; it is developing alternative actions to meet this challenge.

Sustainability targets

The sustainability targets presented in this report for fiscal year 2025 are the same as those from fiscal year 2024. Some of the processes and targets contained in the 2024 report have already been achieved, while others have been refined.

Below, HOWOGE's sustainability targets are assigned to the material ESRS sub-topics for easier reference to the topical standards E1, E5, S1, S3, S4 and G1. The minimum disclosure requirements (MDR-T) relevant to the targets are also presented. For the qualitative sustainability targets, HOWOGE reports on MDR-T-81b and describes the processes used or targets set and any qualitative or quantitative indicators. These are used to track the effectiveness of the policies that HOWOGE has in place for its material sustainability-related impacts, risks and opportunities. The effectiveness of actions, as addressed by the ESRS, is not tracked. HOWOGE reports on MDR-T-80 for the quantitative sustainability target for CO₂ reduction. The corresponding information is provided in E1 (see *E1-4*). Half-yearly monitoring of the implementation status is carried out as a process for all sustainability targets.

Sustainability targets	Processes, targets and indicators (MDR-T-80/MDR-T-81b, if disclosure is required)	Material ESRS sub-topics (topical standard)
Continue to enhance our risk management.	<p>HOWOGE will hold at least two risk workshops in 2026 to explore climate risks in greater depth and add them to the standard risk catalog where necessary.</p> <p>The effectiveness of the following policies is thereby tracked: climate strategy, sustainability strategy, group risk management policy.</p>	Climate change mitigation (E1)
Continue to enhance our compliance management.	<p>1. Successful certification to a recognized standard is obtained every three years.</p> <p>The effectiveness of the following policies is thereby tracked: sustainability strategy, group risk management policy, group compliance policy.</p>	Corruption and bribery (G1)
	<p>2. Compliance training is held for all new employees and annual training is provided for executives.</p> <p>The effectiveness of the following policies is thereby tracked: sustainability strategy, group risk management policy, group compliance policy.</p>	Corruption and bribery (G1)
Take account of compliance with social standards when awarding contracts to companies.	<p>On the basis of the supplier-related risk management and assessment system developed in 2024, HOWOGE conducts a risk assessment at least once a year to determine suppliers' risk exposures and be able to initiate appropriate preventive and remedial actions at an early stage.</p> <p>The effectiveness of the following policies is thereby tracked: sustainability strategy, group risk management, policy statement on respect for human rights.</p>	Management of supplier relationships including payment practices (G1)
Consistently reduce the CO ₂ intensity of our housing stock to achieve a climate-neutral building stock by 2045 (less than 3 kg CO ₂ per sqm per year for space heating and hot water).	Disclosures according to MDR-T-80 can be found under <i>E1-4</i> .	Energy (E1)
		Climate change mitigation (E1)
Consistently work to reduce our resource consumption and waste and to implement circular economy processes.	<p>1. HOWOGE will conduct at least three community initiatives each year to raise tenants' awareness of how they can contribute to saving resources.</p> <p>This target advances the positive impact of "Proactive communication."</p>	Information-related impacts for consumers and/or end-users (S4)

Sustainability targets	Processes, targets and indicators (MDR-T-80/MDR-T-81b, if disclosure is required)	Material ESRS sub-topics (topical standard)
	<p>2. In 2026, HOWOGE will benchmark the packaging of building materials and the waste of building materials (including plasterboard, wood, tiles, facade panels, insulation) in its own new-build projects.</p> <p>The effectiveness of the following policies is thereby tracked: corporate strategy, sustainability strategy.</p>	Resource outflows related to products and services (E5)
Secure the availability of more affordable housing in Berlin through acquisitions and/or new construction each year.	<p>1. HOWOGE lets at least 50% of the apartments in new-build projects to tenants holding housing entitlement certificates (WBS).</p> <p>This target advances the positive impacts of "Renting to holders of housing entitlement certificates" and "Overall rent structure."</p>	Social inclusion of consumers and/or end-users (socially responsible rents) (S4)
	<p>2. HOWOGE re-rents at least 63% of the apartments in its portfolio to tenants holding housing entitlement certificates (WBS).</p> <p>This target advances the positive impacts of "Renting to holders of housing entitlement certificates" and "Overall rent structure."</p>	Social inclusion of consumers and/or end-users (socially responsible rents) (S4)
Increase the proportion of long-lasting renewable raw materials and recycled materials in new-build and refurbishment projects.	<p>1. For the construction assemblies and building structures in all its own new-build projects, HOWOGE considers the use of renewable raw materials, components with recycled content and recycled building products or plans for later reuse of the building products employed. The indicator used to measure progress is the number of HOWOGE's new-build projects that enter the planning phase. The base period from which progress is measured began on 1 January 2026.</p> <p>The effectiveness of the following policies is thereby tracked: corporate strategy, sustainability strategy.</p>	Resource outflows related to products and services (E5)
	<p>2. HOWOGE is creating a building resource passport for a pilot project in order to advance the topic of circular construction in new-build projects and make it more transparent.</p> <p>The effectiveness of the following policies is thereby tracked: corporate strategy, sustainability strategy.</p>	Resource outflows related to products and services (E5)
	<p>3. HOWOGE is seeking to increase the share of at least three recyclable building products used in refurbishment projects.</p> <p>The effectiveness of the following policies is thereby tracked: corporate strategy, sustainability strategy.</p>	Resource outflows related to products and services (E5)

Sustainability targets	Processes, targets and indicators (MDR-T-80/MDR-T-81b, if disclosure is required)	Material ESRS sub-topics (topical standard)
Give greater consideration to sustainability criteria when planning and implementing new-build and refurbishment projects.	<p>1. HOWOGE is seeking to achieve a CO₂ balance of ≤ 25 kg CO₂eq/sqm net floor area * yr (planning status: until building application) and minimization of gray emissions of cost group (KG) 300 to ≤ 8 kg CO₂eq/sqm net floor area * yr by 2030 in all its own new-build projects. The indicator used to evaluate progress is the project-specific greenhouse gas potential in kg CO₂eq/sqm net floor area * yr according to the life cycle assessment. The base period from which progress is measured began on 1 January 2025.</p> <p>The effectiveness of the following policies is thereby tracked: corporate strategy, sustainability strategy.</p>	Resource outflows related to products and services (E5)
	<p>2. In a pilot project, HOWOGE is seeking to reduce drinking water consumption by at least 30% and domestic hot water energy consumption by around 10-15 kWh/cbm and is building a gray water system for this purpose. The indicator used to evaluate progress is the average drinking water consumption in cbm/person/yr or cbm/residential unit/yr and the average domestic hot water energy consumption in kWh/cbm. The base period from which progress is measured began on 1 January 2025.</p> <p>The effectiveness of the following policies is thereby tracked: sustainability strategy.</p>	Climate change adaptation (E1)
	<p>3. By the end of 2026, we will improve the final energy demand and thus the carbon emissions in one existing building.</p> <p>The effectiveness of the following policies is thereby tracked: climate strategy, sustainability strategy, corporate strategy, group risk management policy.</p>	Energy (E1)
Foster long-term satisfaction, security and social cohesion in our neighborhoods.	<p>Foster long-term satisfaction, security and social cohesion in at least five neighborhoods.</p> <p>The target advances the positive impact of "Social partnerships and donation projects."</p>	Communities' economic, social and cultural rights (social commitment in the neighborhoods) (S3)
Be perceived as an attractive and progressive employer.	<p>HOWOGE seeks an employee satisfaction rate greater than 65%. The employee satisfaction index is the indicator used to evaluate progress. The base period from which progress is measured began on 1 January 2026.</p> <p>The effectiveness of the following policies is thereby tracked: corporate strategy, sustainability strategy.</p> <p>This target advances the positive impact of "General working conditions."</p>	Working conditions of the workforce (S1)
Consistently enhance our digital infrastructure in order to facilitate flexible and collaborative working for all our employees.	<p>Adding further functionalities to the app is intended to increase tenant acceptance and achieve efficiency gains in the customer center.</p> <p>This target advances the positive impact of "Accessible communication."</p>	Social inclusion of consumers and/or end-users (S4)

Sustainability targets from the report for fiscal year 2024

The sustainability targets from the report for fiscal year 2024 are presented below. The implementation status at the end of December 2025 is reported. The half-yearly monitoring of implementation status was carried out for all sustainability targets.

Sustainability targets	Processes, targets and indicators (MDR-T-80/MDR-T-81b, if disclosure is required)	Material ESRS sub-topics (topical standard)	Implementation status December 2025
Continue to enhance our risk management.	1. An IDW AsS 981 reasonable assurance engagement relating to the risk management system was performed in 2025.	No reference; the target was retained for reasons of consistency.	IDW AsS 981 certification of the risk management system was obtained in 2025 and will no longer be a sustainability target in the future.
	2. HOWOGE will hold at least two risk workshops in 2025 to explore climate risks in greater depth and add them to the standard risk catalog where necessary.	Climate change mitigation (E1)	Two risk workshops were held in 2025, which looked at climate risks in depth across the business. Climate risks did not have to be added to the standard risk catalog.
Continue to enhance our compliance management.	1. Successful certification to a recognized standard is obtained every three years.	Corruption and bribery (G1)	Certification was last obtained in 2024. The next certification will take place in 2027.
	2. Compliance training is held for all new employees and annual training is provided for executives.	Corruption and bribery (G1)	Compliance training for new employees and annual training for executives was held in 2025.
Take account of compliance with social standards when awarding contracts to companies.	On the basis of the supplier-related risk management and assessment system developed in 2024, HOWOGE conducts a risk assessment at least once a year to determine suppliers' risk exposures and be able to initiate appropriate preventive and remedial actions at an early stage.	Management of supplier relationships including payment practices (G1)	The risk analysis for 2024 was carried out in 2025. No specific risks within the meaning of the LkSG ["Lieferkettensorgfaltspflichtengesetz": German Act on Corporate Due Diligence in Supply Chains] were identified.
Consistently reduce the CO ₂ intensity of our housing stock to achieve a climate-neutral building stock by 2045 (less than 3 kg CO ₂ per sqm per year ¹ for space heating and hot water).	Disclosures according to MDR-T-80 can be found under E1-4.	Energy (E1)	Disclosures on target achievement can be found under E1-4.
		Climate change mitigation (E1)	
Consistently work to reduce our resource consumption and waste and to implement circular economy processes.	1. We will conduct at least three community initiatives each year to raise tenants' awareness of how they can contribute to saving resources.	Information-related impacts for consumers and/or end-users (S4)	Three community initiatives took place in 2025.

Sustainability targets	Processes, targets and indicators (MDR-T-80/MDR-T-81b, if disclosure is required)	Material ESRS sub-topics (topical standard)	Implementation status December 2025
	2. We are seeking to implement design elements in all of our own new-build projects that have a positive influence on tenants' ventilation habits.	Energy (E1)	The version of the functional performance specifications ["funktionale Leistungsbeschreibung": FLB] valid at the end of 2025 stipulates that windows and French doors must feature a turn function only (where permitted by building regulations). This means that the sustainability target will no longer apply in the future.
	3. The findings of two pilot projects conducted in 2024 to identify the potential for reducing construction waste volumes will be validated in 2025 in order to develop KPIs and subsequent actions.	Resource outflows related to products and services (E5)	The findings of the two pilot projects conducted in 2024 to identify the potential for reducing construction waste volumes were validated and subsequent actions were developed. From 2026, the packaging of building materials, offcuts and their recyclability will be recorded during all new-build projects.
Secure the availability of more affordable housing in Berlin through acquisitions and/or new construction each year.	At least 50% of HOWOGE apartments are rented to tenants holding housing entitlement certificates (WBS). The WBS rate is the metric used to evaluate progress. The base date is 1 January 2025. This target advances the positive impacts of "Renting to holders of housing entitlement certificates" and "Overall rent structure."	Social inclusion of consumers and/or end-users (socially responsible rents) (S4)	In 2025, over 50% of HOWOGE apartments were rented to tenants holding housing entitlement certificates (WBS).
Increase the proportion of long-lasting renewable raw materials and recycled materials in new-build and refurbishment projects.	1. For the construction assemblies and building structures in all its own new-build projects whose planning commences after 2024, HOWOGE will consider the use of renewable raw materials, components with recycled content and recycled building products or plan for later reuse of the building products employed. 2. HOWOGE is seeking to increase the share of at least three recyclable building products used in refurbishment projects.	Resource outflows related to products and services (E5)	The version of the functional performance specifications valid at the end of 2025 specifies the use of sustainable materials and construction assemblies. The general contractor is required carry out a target/actual comparison of the recycled content of the construction assemblies and specific components during construction phase 3 (LP 3) and after completion at the end of each project.
		Resource outflows related to products and services (E5)	A register has been adopted, in particular for the documentation of recyclable and reusable building materials in refurbishments. The necessary basis for this has been implemented in the standard TM contracts.

Sustainability targets	Processes, targets and indicators (MDR-T-80/MDR-T-81b, if disclosure is required)	Material ESRS sub-topics (topical standard)	Implementation status December 2025
Give greater consideration to sustainability criteria when planning and implementing new-build and refurbishment projects.	1. By 2030, HOWOGE is seeking to achieve a CO ₂ balance of ≤ 25 kg CO ₂ eq/sqm net floor area * yr in all of its own new-build projects (planning status: until building application). The indicator used to evaluate progress is the project-specific greenhouse gas potential in kg CO ₂ eq/sqm net floor area * yr according to the life cycle assessment. The base date is 1 January 2025.	Resource outflows related to products and services (E5)	In 2025, six new-build projects for which a building application has been submitted and for which a life cycle assessment (LCA) pre-check is available were analyzed. Five of the six projects meet the value of ≤ 25 kg CO ₂ eq/sqm net floor area * yr. In one project, the LCA has not yet been calculated.
	2. In a pilot project, HOWOGE is seeking to reduce drinking water consumption by at least 30% and domestic hot water energy consumption by around 10-15 kWh/cbm. The indicator used to evaluate progress is the average drinking water consumption in cbm/person/yr or cbm/residential unit/yr and the average domestic hot water energy consumption in kWh/cbm. The base date is 1 January 2025.	Climate change adaptation (E1)	The planning of the gray water and process water system has been completed.
	3. HOWOGE is seeking to reduce the degree of surface sealing at the sites of its own new-build projects. It is also implementing various measures to manage rainwater and foster biodiversity.	Climate change adaptation (E1)	In three out of six projects for which a planning application was submitted in 2025, the sealed surface area will be reduced. At year-end 2025, the evaluation for one project was not yet available. In two projects, the sealed surface area will be increased (greenfield construction projects, i.e., the entire surface area was originally unsealed). However, biodiversity enhancement measures mean that the biotope area factor ["Biotopflächenfaktor": BFF] of a project is significantly higher than the minimum requirement. HOWOGE has implemented and identified actions to promote biodiversity and rainwater management in 2025.
	4. HOWOGE is improving the annual primary energy demand in at least three selected existing buildings.	Energy (E1)	In three selected existing buildings, the annual primary energy demand was improved by remaining below the minimum requirements for a calculated reference building.
Foster long-term satisfaction, security and social cohesion in our neighborhoods.	Foster long-term satisfaction, security and social cohesion in at least five neighborhoods.	Communities' economic, social and cultural rights (social commitment in the neighborhoods) (S3)	HOWOGE initiated its own projects in 2025, entered into collaborations and awarded funding (see ESRS 2-17e). The focus was on neighborhoods where the need for action is particularly high; the target of five neighborhoods was met.

Sustainability targets	Processes, targets and indicators (MDR-T-80/MDR-T-81b, if disclosure is required)	Material ESRS sub-topics (topical standard)	Implementation status December 2025
Be perceived as an attractive and progressive employer.	HOWOGE seeks an employee satisfaction rate greater than 65%. The employee satisfaction index is the indicator used to evaluate progress. The base period from which progress is measured began on 1 January 2025. This target advances the positive impact of "General working conditions."	Working conditions of the workforce (S1)	The employee survey took place in 2024. An employee satisfaction rate greater than 65% was achieved. In 2025, the results were translated into actions and implemented.
Consistently enhance our digital infrastructure in order to facilitate flexible and collaborative working for all our employees.	Efficiency gains in the customer center through accessible tenant communication with the introduction of at least three self-service functionalities (tenant app).	Social inclusion of consumers and/or end-users (S4)	New features were added to the tenant app in 2025: <ul style="list-style-type: none"> In the future, tenants will be able to use the app to request the rental agreement documents. The process is currently in the test phase. Two barrier-reducing functions have been introduced to support users (accessibility mode, dark mode). An initial design for the rollout of a translation functionality was drawn up in 2025. It is due to be implemented in 2026. The feature providing an overview of the processing status of submitted requests has been implemented.

[ESRS 2 SBM-1-42]

Business models

HOWOGE's two business models are:

- Rental of apartments in the low-price segment of Berlin's housing market, focusing on the district of Lichtenberg and prefabricated multiple-family units,
- Construction of residential properties that remain in the Group's portfolio and are rented out. Schools are built on behalf of the State of Berlin and leased.

Inputs

To implement its business models:

HOWOGE uses means of production, products and services to construct new buildings, refurbish existing buildings and manage buildings, for example, architectural and engineering services as well as services from construction companies and skilled trades businesses.

The Company's employees structure and implement the rental and portfolio management processes and manage the tender process and implementation of the engineering and construction services as well as other activities by HOWOGE such as related commercial processes.

Approach to gathering, developing and securing these inputs

Means of production and products/services: HOWOGE's procurement and contract award processes are based on the provisions of public procurement law. The tender documents prioritize the criteria for and quality of the required means of production and resources.

Employees

Central topics for HOWOGE are a family-friendly HR policy (e.g., regular auditing by "audit berufundfamilie" since 2014, support for various challenging life situations from pme Familienservice Gruppe, mobile and part-time working options and sabbaticals), personnel development and the recruitment of young talent.

Outputs: Outcomes in terms of current and expected benefits for customers, investors and other stakeholders

Customers

HOWOGE provides apartments that can be rented by tenants. The expected customer benefit is affordable housing. This is fulfilled by meeting the affordability promise under the cooperation agreement with the State of Berlin. In what is currently a tight housing market, HOWOGE ensures socially responsible rents for broad sections of the population.

As part of the School Building campaign, HOWOGE provides schools (new construction and refurbishment) to Berlin's districts. The expected and current customer benefit is the provision of schools constructed in accordance with the requirements of the Assessment System for Sustainable Building (BNB).

Investors

The expected and current benefit for investors is that HOWOGE has a stable business model, cash flows and financing requirements, thus ensuring a stable return.

Other stakeholders

The State of Berlin is the shareholder of HOWOGE and a key stakeholder.

The main features of the upstream and downstream value chain and the undertaking's position in its value chain

HOWOGE's value chain consists of direct and indirect business partners.

Direct business partners in the upstream value chain for new-builds and refurbishments are architects and engineers, construction companies and skilled trades businesses, who manage and deliver complex projects. They plan and use raw materials and other materials in construction projects. HOWOGE usually engages package service providers for maintenance and minor repairs. For its heating supply, HOWOGE obtains district heating from its district heating suppliers (approximately 80% of the heating supply for its portfolio).

HOWOGE has defined individuals and organizations who are either tenants and prospective tenants (consumers) or people who live or work (end-users) in HOWOGE'S buildings as consumers and end-users in the downstream value chain. The direct business partners in the downstream value chain are mainly tenants. The downstream value chain also includes the disposal of means of production and waste. This is done by architects and engineers, construction companies and skilled trades businesses or gardening, cleaning and waste disposal companies.

HOWOGE's business activities in the value chain are located between the upstream and downstream value chain. HOWOGE utilizes the available inputs economically to ensure that its housing portfolio is habitable and suitable for rental (output). In keeping with the affordability promise of the cooperation agreement, HOWOGE ensures socially responsibly rents (output). HOWOGE's core business is managing its housing portfolio. This is supported by additional activities such as the construction and acquisition of real estate and heating supply.

Description of the main business actors and their relationship to the undertaking

The supply of water and heating and the disposal of waste are essential for real estate management. HOWOGE engages suppliers to provide these public services. The main upstream business actors with whom HOWOGE has a relationship in relation to new-builds and refurbishments include architects and engineers, construction companies and skilled trades businesses commissioned by HOWOGE. The main downstream business actors are HOWOGE's tenants. HOWOGE concludes rental agreements with its tenants.

SBM-2: Interests and views of stakeholders

[ESRS 2 SBM-2-45a] HOWOGE considers the interests and views of its stakeholders in developing the strategy and business model in respect of all material topics.

The key stakeholder groups are as follows:

- Own workforce: employees
- Consumers and end-users: tenants and prospective tenants
- Affected communities: residents of neighborhoods
- State of Berlin
- Parliaments, district and local politicians
- Local authorities
- Industry associations
- Investors
- Urban society
- Tenants' council and tenant representatives
- Institutions and public facilities

Stakeholders engaged in social matters, in particular, play a central role in informing the strategy and business model. More detailed information on the key stakeholders associated with these social matters is presented below.

Own workforce: employees

[S1-SBM-2-12] Employee satisfaction is a central issue for HOWOGE. HOWOGE therefore uses the following formats to consider the interests and views of its employees:

The interests and views of employees inform HOWOGE's strategy and business model via the employee council – one of the workers' representation bodies.

Employees have the opportunity to voice their interests and views via the employee survey, which takes place every two years, and the employee dialog meeting, which takes place every one to two years. These are assessed internally and any necessary actions developed accordingly.

Consumers and end-users: tenants and prospective tenants

Tenants' and prospective tenants' interests are an integral part of HOWOGE's corporate strategy. Ongoing dialog with them takes place primarily in HOWOGE's customer centers. Tenants and prospective tenants can contact the customer center staff by telephone, email and, by appointment, directly at the customer center. They can also address their concerns by reaching out to employees working in the neighborhood, such as janitors and the concierge service. Tenants can also contact the tenant representatives. Further outreach opportunities arise from social management services such as consultation hours and events in the neighborhoods.

After tenants and prospective tenants have communicated their concerns, these are forwarded to, and addressed by, the service teams of HOWOGE's customer centers for specific applications or, in the case of cross-cutting issues, to HOWOGE's operational portfolio management or corresponding functional departments.

Partnerships and regular dialog with actors established in the neighborhoods such as neighborhood or actor councils form the basis for developing coordinated neighborhood development and stabilization actions. Neighborhood analyses are used to identify target groups and justify the use of resources. Participatory activities such as tenants' afternoons and volunteering management foster dialog and active collaboration in shaping people's living environment.

Affected communities: residents of neighborhoods

As a long-term property holder and municipal housing company with a social mandate, HOWOGE is committed to sustainable neighborhood development, giving consideration to the interests, views and rights of the affected communities in its corporate strategy and business model.

HOWOGE's affected communities are individuals and organizations that are not tenants or prospective tenants but live or work in or adjacent to neighborhoods in which HOWOGE's portfolio properties are located. On the basis of this definition, HOWOGE's key stakeholders are: residents, business owners, representatives of the respective district and the various district authorities, representatives of the respective Senate Department, other enterprises owned by the State of Berlin, companies/persons interested in the commercial offers, social actors and social institutions active in HOWOGE's neighborhoods and parents of school students.

Affected communities can use the contact options available to consumers and end-users to communicate their needs to HOWOGE (see previous section). HOWOGE also liaises with the district authorities on

specific issues related to rental properties or rentals to social organizations (assisted living in shared apartments for various target groups as well as social meeting points and offerings).

When it comes to new housing construction projects, HOWOGE prioritizes engagement with the affected communities and relevant stakeholders. In this context, the Company follows the guidelines for participation in new housing construction developed in 2017 by Berlin's state-owned housing companies in collaboration with representatives from government, local authorities, business and society. The guidelines cover principles, formats and quality criteria for informal participation in new housing construction projects and were last reviewed in 2019. Participation is invited for each new-build project.

HOWOGE has been engaged by the State of Berlin as a construction service provider to build new schools and refurbish existing schools. The interests and views of students' parents and local residents do not explicitly inform HOWOGE's corporate strategy related to school construction. Nevertheless, their interests, views and rights are considered on a project-specific basis. Moreover, the guidelines for participation in school construction apply for all stakeholders in the School Building campaign.

[ESRS 2 SBM-2-45b] HOWOGE has an understanding of the interests and views of its key stakeholders as they relate to its strategy and business model. The interests and views of the key stakeholders are taken into consideration during the due diligence process. They were included in the materiality assessment. To this end, representatives of the key stakeholder groups were interviewed in 2024 to validate the results of the materiality assessment in terms of impacts – see *ESRS 2 IRO-1-53*. The results of the interviews were also included in the validation of the materiality assessment in 2025.

[ESRS 2 SBM-2-45c] No amendments were made to HOWOGE's strategy and/or business model due to the inclusion of the interests and views of stakeholders during the reporting period, nor are any currently planned.

[ESRS 2 SBM-2-45d] As presented in *ESRS 2 SBM-3-48*, the management board played a major role in assessing the impacts, opportunities and risks, which it then approved, as it did the validation of the materiality assessment in fiscal year 2025. Part of the materiality assessment process was the inclusion of the interests and views of key stakeholders. The management board is informed annually about relevant developments so that it can consider the impacts in its decision-making processes, especially with regard to possible amendments to the business model, strategy and any other business-related actions – see *ESRS 2 GOV-1-22*. This same process applies to all key stakeholders. In 2025, the supervisory board discussed stakeholders' interests and views in the context of the materiality assessment. A training session for the supervisory board on the materiality assessment and the impacts, risks and opportunities of HOWOGE took place on 17 February 2026.

SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

[ESRS 2 SBM-3-48a-h] The materiality assessment identified the following material impacts, risks and opportunities for HOWOGE. These are located at the following points of the value chain. Time horizons are also shown:

Material impacts	Position in the value chain	Reasonably expected time horizons of impacts
Prevention of corruption	Own operations	Short-term
Non-discriminatory rental process	Own operations	Short-term
Overall rent structure	Own operations	Short-term
Renting to holders of housing entitlement certificates	Own operations	Short-term
Social partnerships and donation projects	Own operations	Short-term
Maintenance	Own operations	Long-term
General working conditions	Own operations	Short-term
Channels for equal treatment	Own operations	Short-term
Mix of commercial offerings	Own operations	Medium-term
Proactive communication	Downstream	Short-term
Accessible communication	Own operations	Short-term
Corporate culture values	Own operations	Short-term
Protection of whistleblowers	Own operations	Short-term
General supplier relationships	Own operations; upstream	Short-term
Material risks and opportunities		Position in the value chain
Costs and capital allocation related to adaptation actions (risk)		Own operations
Climate regulation (risk)		Own operations
Investments in renewable energy (opportunity)		Own operations

All impacts, opportunities and risks are allocated to HOWOGE's two business activities and business models:

Business activities (own operations and value chain)	Business models
Real estate management	Rental of apartments to broad sections of the population who need affordable housing
Construction of new real estate	Construction of residential properties that remain in the Group's portfolio and are rented out Construction of schools, which are leased, on behalf of the State of Berlin.

Current and anticipated effects of the material impacts, risks and opportunities on the business model

The material positive impacts of "Rent structure" and "Renting to holders of housing entitlement certificates" currently have the largest influence on HOWOGE's business model. The provisions of the cooperation agreement with the State of Berlin have the greatest effect on the business model. The effect on the business model of the risks of "Costs and capital allocation related to adaptation actions" and "Climate regulation" was considered in the resilience analysis. No significant effect was identified.

Current and anticipated effects of the material impacts, risks and opportunities on the value chain

The impacts of "Proactive communication" and "General supplier relationships" relate to the Company's upstream and downstream value chain. The current and anticipated effects of these impacts on the value chain are assessed as low. The remaining impacts, risks and opportunities are found in the Company's own operations.

Current and anticipated effects of the material impacts, risks and opportunities on strategy and decision-making

HOWOGE assesses its impacts, risks and opportunities. The management board was involved in developing the impacts, opportunities and risks during the materiality assessment, which is then approved. It is thus informed about the identified impacts, opportunities and risks. The management board is informed annually about new developments and is able to consider the impacts, opportunities and risks in its decisions on possible amendments to the business model, strategy and other matters.

How the undertaking responds to these effects, including any changes

The relevant HOWOGE functional departments and the sustainability function monitor the current and anticipated effects of the impacts, opportunities and risks on the business model, value chain, strategy and decision-making and inform the management board if it becomes apparent that significant changes are necessary.

The management board is consulted by relevant functional departments or the sustainability function on significant changes to the actions to address certain material impacts or risks and on amendments to the strategy required to take advantage of certain material opportunities. The functional departments hold regular jour fixe meetings with the management board to discuss strategic and operational matters.

The positive environmental impact is as follows:

- Predictive maintenance and refurbishment contribute to extending the building life cycle. This preserves environmental resources.

The positive social impacts are as follows:

- Employees enjoy better working conditions and have access to channels for equal treatment.
- Fostering partnerships with local non-profit organizations, planning commercial space to reflect a neighborhood's needs and providing rooms for social organizations contribute to creating and developing stable, livable and attractive neighborhoods for residents that meet future needs.
- Tenants are provided with housing at affordable conditions, especially those with medium and low incomes. This includes renting to holders of housing entitlement certificates.
- Targeted communication and a low-barrier website enhance customers' knowledge and foster access to information and services from HOWOGE.

The positive governance impacts are as follows:

- HOWOGE contributes to society through its principles and corporate culture values.
- The selection of suppliers is managed on an integrated basis to ensure predictability for all parties.
- Regular awareness raising and training on anti-corruption and compliance risks can prevent incidents of corruption and protect whistleblowers.
- A non-discriminatory rental process is in place.

All impacts are connected with the strategy and business model. The corporate strategy itself gives rise to the following impacts: maintenance, working conditions of the Company's own workforce, social partnerships and donation projects, accessible communication, overall rent structure, renting to holders of housing entitlement certificates and mix of commercial offerings.

Current financial effects of the undertaking's material risks

The medium and long-term material risks and opportunities were identified and have no current financial effects on HOWOGE's financial position, financial performance and cash flows. For the next reporting period, HOWOGE does not expect the material risks and opportunities to result in any significant risk of a material adjustment to the carrying amounts of the assets recognized in the financial statements and the related liabilities. Every six months, HOWOGE assesses its internal capital adequacy by considering the financial effects of the material risks on the Company's financial position, financial performance and cash flows. To date, these assessments have shown sufficient reserves to cover the material risks identified in the materiality assessment. The occurrence of a risk reduces internal capital adequacy. If an opportunity occurs, internal capital adequacy increases and financial performance improves.

HOWOGE performed a climate-related risk analysis and a climate-related resilience analysis – see *E1-SBM-3*. All HOWOGE's material risks and opportunities are climate-related and are described in the climate-related risk analysis – see *ESRS 2 IRO-1*.

There was no change compared to the previous reporting period.

All impacts, risks and opportunities named in the report fall under the ESRS disclosure requirements. They are supplemented by the HOWOGE-specific impacts of "Renting to holders of housing entitlement certificates" and "Social partnerships and donation projects." Moreover, entity-specific disclosures are used for the aforementioned impact of "Maintenance" – see *E5-5*.

Impact, risk and opportunities management

IRO-1: Description of the process to identify and assess material impacts, risks and opportunities

[ESRS 2 IRO-1-53a-h] The double materiality assessment is the process used to identify and assess the material impacts, risks and opportunities. It was applied for the first time for fiscal year 2024 for all sustainability matters at the sub-topic level. The process and outcomes were validated and confirmed on an ad hoc basis in fiscal year 2025.

The double materiality assessment encompasses four steps that are explained below:

- Context analysis
- Preparation of an inventory of potential and actual impacts (I), risks (R) and opportunities (O)
- Assessment of the IROs
- Validation of the results

No other methods and assumptions were applied.

The first step of the materiality assessment was a context analysis of HOWOGE's business activities. The following activities were identified as relevant: rental and management of apartments, construction of new residential buildings and schools, project planning and support, supply of heating, hot water and electricity.

In the next step, an inventory of actual and potential impacts, risks and opportunities was prepared at the sub-topic level for all sustainability matters contained in ESRS 1 AR 16. Risks and opportunities were formulated on the basis of the impacts. The inventory was analyzed for appropriateness and completeness by the relevant functional departments, resulting in adjustments and additions. In order to obtain an overall picture of HOWOGE's potential and actual impacts on people and the environment, the focus was not placed on specific activities, business relationships, geographical conditions or other factors that might result in an increased risk of unfavorable impacts. Due to the small size and homogeneous nature of the area of operation (Berlin and Brandenburg only), regional factors were not considered in preparing the inventory of IROs or the subsequent assessment.

The double materiality assessment covered the impacts, risks and opportunities of business relationships in the upstream and downstream value chain as well as HOWOGE's own operations. The respective stage in the value chain was assigned to each IRO in the inventory, alongside an estimation of the time horizon – i.e., whether short-term, medium-term or long-term. Internal stakeholders were involved in preparing, finalizing and assessing the IRO inventory. Representatives of external stakeholders affected were interviewed to validate the provisional outcome of the assessment and the prioritization of the impacts.

Following finalization of the IRO inventory, the relevant functional departments (stakeholders) assessed the severity and probability of each individual impact and the financial effect and probability of each individual risk and opportunity. The severity of negative impacts was based on the individual quantitative assessment of scale, scope and irremediable character on a predefined scale. This assessment was not applied to positive impacts. The probability of actual impacts and risks was assessed at the maximum value of the predefined scale of probability.

The IROs were prioritized using a resultant value from the assessments. In the case of impacts, the severity was determined as the average of the individual criteria assessed, multiplied by the rating for the probability. For human rights impacts that were identified in advance, the severity was given a higher weighting in determining the resultant value. In the case of risks and opportunities, the resultant value was determined by multiplying the rating of the financial effect and the probability. If an IRO was assessed by several people, an average of the resultant values was calculated for subsequent prioritization.

In order to use these resultant values for determining which sustainability matters at the sub-topic level were material for reporting, the maximum resultant values for the allocated IROs were first defined. Based on these maximum values, the sub-topics were then ordered according to the impacts, risks and opportunities.

A quantitative threshold was subsequently applied for impacts on the one hand and risks and opportunities on the other. The threshold is greater than 3.5 for impacts and greater than 2.5 for opportunities and risks. There were no other criteria. Sub-topics with a maximum value above this threshold were deemed material. Other sub-topics with a maximum value below the threshold but still within a predefined range were considered separately in the validation. Sub-topics with a maximum value below this range were deemed non-material.

HOWOGE does not prioritize sustainability risks over other types of risk.

Decision-making was validated and checked internally at several stages of the double materiality assessment. For example, when preparing the IRO inventory, the functional departments were asked to add any missing IROs. All assessments of the IROs were reviewed by the sustainability function for consistency with the qualitative reasons and plausibility. The outcome of prioritizing the sustainability matters at the sub-topic level was discussed with the sustainability team in a workshop. In particular, the range topics were addressed during the workshop, taking account of the insights from the stakeholder interviews conducted in advance to validate the impacts. The workshop participants also discussed the appropriateness of the thresholds. In the last step, the results of the double materiality assessment were validated and approved by the management board.

The methods of HOWOGE's risk management process were used as the basis for identifying, assessing and managing impacts and risks. For the most part, the risk management rating scales (e.g., the extent of losses) were used to assess the IROs. The assessment of probability in the materiality assessment differs from that in risk management because it is not substantially dependent on time (short-term, medium-term, long-term). In assessing the risks and opportunities, the GRC function checked the plausibility of all the assessments performed by the functional departments and adjusted those that conflicted with those in the risk catalog. The material risks identified by the materiality assessment are also included in HOWOGE's risk catalog. As well as minimizing risks, HOWOGE's risk management system is designed to help leverage opportunities. Work is ongoing to further integrate the process into the overall risk management process.

In preparing the IRO inventory, the public data sources used included reports from the World Wide Fund for Nature (WWF), the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection, the Federal Environment Agency, the Federal Ministry for Economic Affairs and Climate Action, CDP, MVO⁸ Nederland, the OECD and the ESRS. These are studies or articles dealing with the sub-topics. HOWOGE's risk catalog and the HOWOGE sustainability report were also used as sources for formulating the IROs.

A comprehensive new materiality assessment did not take place in fiscal year 2025. The materiality assessment from fiscal year 2024 was validated for fiscal year 2025 and the results for fiscal year 2025 were confirmed. The materiality assessment is validated annually in the summer of the reporting year.

Process to identify and assess risks

Group-wide risk management

[E1-IRO-1-20, 21] HOWOGE has implemented a group-wide risk management system (RMS), as described in the section on opportunities and risks in the management report (see chapter 4 *Opportunities and risks*), which comprises all actions required to ensure early identification, assessment and targeted management, monitoring and documentation of all risks relevant for the Group. It is an integral part of corporate management and ensures that the material going concern risks are covered. The core element of the RMS is HOWOGE's risk strategy – see *Group risk management policy*. The GRC function is responsible for coordinating and monitoring the RMS, organizing its processes and for the methodologies. The existing RMS is subject to a continuous enhancement and optimization process so it can be adjusted in response to new internal and external developments. In fiscal year 2023, the "risk" (risk management, data protection, IT/information security) and "compliance and values" functions were merged to form the GRC function to ensure coordinated management and a holistic view of the

⁸ Maatschappelijke Verantwoording en Ontwikkeling (Social Responsibility and Development) – Dutch organization for sustainable business

associated requirements. This supports the rapid identification and holistic assessment of (potential) risks. The synergy effects enable more efficient and comprehensive identification and assessment of risks.

Since 2021, we have also examined the impact of non-financial sustainability risks on HOWOGE's risk situation (outside-in perspective). These are reviewed, analyzed and assessed every six months on the basis of risk inventories. In 2025, two risk workshops examined specific transition risks. Over the next three years, HOWOGE is planning to identify transition and other physical risks and, if necessary, to add them to the risk catalog and expand them successively.

Climate risk and vulnerability assessment

For the purposes of the EU Taxonomy, HOWOGE performed a site-specific climate risk assessment/climate vulnerability assessment. On the basis of scientific data and climate scenarios RCP 2.6, RCP 4.5, RCP 6.0 and RCP 8.5, we analyzed the potential climate risks for the buildings in HOWOGE's portfolio from the current climate (2011-2030) and the future climate (2031-2050). Application of RCP 8.5 revealed nine minor risks and two medium risks, none of which poses a going concern threat. The results were documented and included in the work of risk management (see *E1-SBM-3-19*).

Materiality assessment and climate-related risks

Climate-related risks were also identified and assessed as part of HOWOGE's materiality assessment. The process to identify and assess the material climate-related impacts, risks and opportunities is the double materiality assessment described above. The risk catalog and the results of the climate risk and vulnerability assessment (CRVA) were considered in preparing the inventory of climate-related risks. HOWOGE's greenhouse gas (GHG) emissions were also included. There are no separate plans to identify emission sources because these are known.

The material climate-related risks identified in the materiality assessment are also covered by the risk catalog that is part of HOWOGE's risk management process.

Identifying climate-related hazards and transition events

[E1-IRO-1-20] As a starting point for HOWOGE's resilience analysis (see *E1-SBM-3-19*), climate-related hazards and transition events were identified and assessed and used as the basis for defining physical climate-related risks and climate-related transition risks and opportunities (for the resilience analysis, see *E1-SBM-3-19*, *E1-IRO-1-20bi*, *ii*). The Company's own operations and the associated value chains were considered in identifying the climate-related risks and opportunities.

The following process was used to identify the climate-related hazards and the exposure of assets and business activities:

[E1-IRO-20b, AR 11a] In 2022, the anticipated climate-related hazards were identified by an external service provider in a CRVA in accordance with the EU Taxonomy Regulation. Scenario RCP 8.5 was applied.

At that time, the review of the extent to which assets and business activities are affected was performed for the real estate management business activity. This report was again used as the basis for reviewing the impact on the construction of new real estate business activity in 2024. In both cases, experts from the relevant HOWOGE organizational units were consulted.

[E1-IRO-20b, AR 11b] HOWOGE assigns its management tasks to different time horizons. In risk management, it distinguishes between short-term (up to one year), medium-term (one to five years) and long-term (more than years) time horizons. The planning period for long-term corporate planning is 10 years. The budget year is one year from January to December. The trend (forecast) is prepared monthly for the current fiscal year.

Climate scenarios are often based on different periods than those customary in business.⁹ The assessment of the Intergovernmental Panel on Climate Change (IPCC) climate scenarios by an external service provider was based on the current climate (2011-2030) as the starting point in order to make statements about the possible future climate (2030-2050). Climate science considers 2030 to 2050 as the near future (medium-term). For this reason, only medium-term climate-related hazards and no long-term climate-related hazards (2070 to 2100) were identified. There is no correlation between the time horizons and the expected lifetime of the assets and capital allocation plans.

[E1-IRO-20b, AR 11c] The service provider identified the climate-related hazards for the City of Berlin. No geographical coordinates were applied when assessing climate-related hazards in the supply chains. Instead, the climate impact and risk assessment for Germany was used. The likelihood of the climate-related hazards occurring is stated for each scenario. Information about the duration and magnitude of the potential hazards is only available in certain cases (e.g., heatwave).

[E1-IRO-20b, AR 11d] The identification of climate-related hazards was informed by IPCC RCP 8.5 and a related regional climate projection. No explicit assessment of the exposure was performed.

Transition events and compatibility with a climate-neutral economy

[E1-IRO-1-20ci, AR 12a] In identifying the transition risks and opportunities (transition risks and opportunities in accordance with ESRS E1), transition trends and events from the IPCC SSP1-2.6 (Shared Socioeconomic Pathways) and the International Energy Agency's Net Zero Emissions (IEA NZE) scenario were used. In addition, current and planned climate policy measures in Germany and Europe were considered. To ensure comparability with the analysis of physical climate risks, the scenario analysis of transition climate risks and opportunities was based on the same period, i.e., 2030 to 2050. The assessment of transition climate risks and opportunities related to the entire period; no distinction was

⁹Loew et al. (2024): Management von Klimarisiken in Unternehmen: Grundlagen, Anleitungen, Stand der Praxis und Empfehlungen, Umweltbundesamt (German only) (Federal Environment Agency), Climate Change series, 04/2024

made between the short, medium and long terms. The assessment was performed by the sustainability function with external support.

[E1-IRO-1-20cii, AR 12b-c] The assessment of the sensitivity of assets and business activities to the identified transition events was performed by HOWOGE experts. The IEA NZE climate scenario that was used, among others, is normative in nature. No probabilities are given for the transition trends and events named therein. However, an estimation was made of the likelihood of financial consequences for HOWOGE should a transition event occur. In addition to the transition risks, one transition opportunity was identified. However, this was classified as minor.

No assets or business activities were identified that were incompatible with the transition to a climate-neutral economy or that would need significant efforts to be compatible with the transition to a climate-neutral economy.

Scenarios, forces and drivers, time horizons

[E1-IRO-1-20bi, ci, AR 11d, 12c, 13a, E1-IRO-1-21] Scenarios IPCC SSP3-7.0, IPCC RCP 8.5, IPCC SSP1-2.6 and IEA NZE were used. HOWOGE is not aware of any information that indicates a need to adjust the scenarios to reflect more recent state-of-the-art science for the purpose of the analyses performed.

[E1-IRO-1-AR 13b] The IPCC SSP1-2.6 and IEA NZE scenarios used represent an ambitious climate policy. The IEA NZE scenario is compatible with the 1.5-degree target of the Paris Agreement. Scenarios IPCC SSP3-7.0 and IPCC RCP 8.5 represent a future with significant climate change. Thus the full range from significant climate change mitigation to significant climate change is covered.

[ESRS IRO-1-AR 13c-d] HOWOGE did not examine the forces, drivers and data inputs from the authors that underpin the scenarios. In principle, HOWOGE considers that such scenarios represent only one of various possible futures. The occurrence of the events and trends described in the scenarios is not certain.

[ESRS IRO-1-AR 15] The current annual financial statements are not based on any critical climate-related assumptions.

Climate-related scenarios were used in the CRVA and resilience analysis – see *Climate risk and vulnerability assessment* and *E1-SBM-3-19, Resilience analysis*.

[E2-IRO-1-11, E3-IRO-1-8, E5-IRO-1-11, E4-IRO-1-17-19] The *double materiality assessment* described above is used to identify the material impacts, risks and opportunities related to the non-material topics of pollution, water and marine resources and biodiversity and ecosystems and those related to the material topic of resource use and circular economy. There was no further assessment of the sites, assets, business activities and value chain using methods or instruments and no assumptions were made. No further consultations took place in respect of the non-material topics of pollution and water and marine resources. For biodiversity and ecosystems, there was no identification and assessment of the actual and potential impacts, dependencies, transition risks and physical risks and opportunities at the Company's own sites and in the upstream and downstream value chain other than the preparation of the IRO inventory as described above. Affected communities were not consulted for sustainability assessments of jointly used biological resources and ecosystems. At its site and in the construction of new buildings, HOWOGE complies with all biodiversity and conservation provisions of the BNatSchG ["Bundesnaturschutzgesetz": German Federal Nature Conservation Act], the NatSchG ["Naturschutzgesetz": Berlin Nature Conservation Act] and the statutory instruments adopted thereunder. 2025 HOWOGE held the following consultations in respect of the topic of resource use and circular economy:

Format	Consulted group	Examples
1. Research projects	Employees, research partners	Research projects: construction using prefabricated elements made from infra-lightweight concrete (ILC) (Detlevstrasse); GreeNest (Alfred-Kowalke-Strasse)
2. Planning rounds (cross-project knowledge sharing sessions that take place before construction planning starts and include presentations and discussions of topics relevant to circularity, for example)	Employees, design advisory board	Design advisory board members attend jury meetings during the planning phase of new-build projects
3. Participation in specialist conferences	Employees, planners, construction companies	Attendance of relevant circular economy conferences to build up knowledge and to network
4. Lecture series and discussion rounds	Employees, planners, construction companies, politics, administration	Lectures on timber hybrid construction, sustainable planning, project case studies and dialog formats on innovative construction methods and the circular economy
5. Internet presence	Stakeholders, affected communities, defined for HOWOGE's context as residents who are not tenants	- Refurbishments: Mehringplatz, Rhinstrasse 2-4 - Timber hybrid: Sewanstrasse 256 A-C, Rosenfelder Ring 86/88

The School Construction segment does not consult affected communities on the topic of circular economy. On behalf of the State of Berlin, HOWOGE acts as a construction service provider for the refurbishment and construction of schools. All actions and obligations (consultation and information for affected communities) outside the boundaries of the development plot are the responsibility of the respective district. For school construction, engagement in the form of consultation, information and

participation is restricted to the school's needs and thus to the school community as the main user group and any non-school user groups such as sports clubs.

[G1 IRO-1-6] The double materiality assessment was also used to identify the material impacts, risks and opportunities related to business conduct policies as described in *ESRS 2 IRO-1-53*. The following criteria were considered:

- Location: Berlin
- Activity: rental of residential and commercial real estate
- Sector: housing industry

IRO-2: Disclosure requirements in ESRS covered by the undertaking's sustainability statement

[ESRS 2 IRO-2-56]

Table 1

Disclosure requirement		Description	Reference to section
ESRS E1 Climate change			
ESRS E1	1	Transition plan for climate change mitigation	E1-1
ESRS E1	2	Policies related to climate change mitigation and adaptation	E1-2
ESRS E1	3	Actions and resources in relation to climate change policies	E1-3
ESRS E1	4	Targets related to climate change mitigation and adaptation	E1-4
ESRS E1	5	Energy consumption and mix	E1-5
ESRS E1	5	Energy intensity based on net revenue	E1-5
ESRS E1	6	Gross Scope 1, 2, 3 and total GHG emissions	E1-6
ESRS E1	6	GHG intensity based on net revenue	E1-6
ESRS E5 Resource use and circular economy			
ESRS E5	1	Policies related to resource use and circular economy	E5-1
ESRS E5	2	Actions and resources related to resource use and circular economy	E5-2
ESRS E5	3	Targets related to resource use and circular economy	E5-3
ESRS E5	5	Resource outflows	E5-5
S1 Own workforce			
ESRS S1	1	Policies related to own workforce	S1-1
ESRS S1	2	Processes for engaging with own workforce and workers' representatives about impacts	S1-2
ESRS S1	3	Processes to remediate negative impacts and channels for own workforce to raise concerns	S1-3
ESRS S1	4	Taking action on material impacts and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches	S1-4
ESRS S1	5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	S1-5
ESRS S1	6	Characteristics of the undertaking's employees	S1-6
ESRS S1	8	Collective bargaining coverage and social dialog	S1-8
ESRS S1	9	Diversity metrics	S1-9
ESRS S1	10	Adequate wages	S1-10
ESRS S1	11	Social protection	S1-11
ESRS S1	16	Remuneration metrics (pay gap and total remuneration)	S1-16
ESRS S1	17	Incidents, complaints and severe human rights impacts	S1-17
ESRS S3 Affected communities (application of quick fix amendment, disclosures in accordance with ESRS 2 BP-2-17a-c, e)			
ESRS 2	BP-2	Disclosures in relation to specific circumstances	S3
ESRS S4 Consumers and end-users (application of quick fix amendment, disclosures in accordance with ESRS 2 BP-2-17a-c, e)			
ESRS 2	BP-2	Disclosures in relation to specific circumstances	S4
ESRS G1 Business conduct			
ESRS G1	1	Business conduct policies and corporate culture	G1-1
ESRS G1	2	Management of relationships with suppliers	G1-2

Disclosure requirement	Description	Reference to section
ESRS G1 3	Prevention and detection of corruption and bribery	G1-3
ESRS G1 4	Incidents of corruption or bribery	G1-4
ESRS G1 6	Payment practices	G1-6

Table 2

Datapoints listed in Appendix B to ESRS 2	Reference to section
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	GOV-1
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	GOV-1
ESRS 2 GOV-4 Statement on due diligence paragraph 30	GOV-4
ESRS 2 SBM-1 Involvement in activities related to fossil fuels paragraph 40 (d) i	N/A
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	N/A
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	N/A
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	N/A
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	N/A
ESRS E1-1 Undertakings excluded from the Paris-aligned Benchmarks paragraph 16 (g)	N/A
ESRS E1-4 GHG emission reduction targets paragraph 34	E1-4
ESRS E1-5 Energy consumption from fossil fuels disaggregated by sources (only high climate impact sectors) paragraph 38	E1-5
ESRS E1-5 Energy consumption and mix paragraph 37	E1-5
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	E1-5
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	E1-6
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	E1-6
ESRS E1-7 GHG removals and carbon credits paragraph 56	Not material
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	Phase-in
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)	Phase-in
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)	Phase-in
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)	Phase-in
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69	Phase-in
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Not material
ESRS E3-1 Water and marine resources paragraph 9	Not material
ESRS E3-1 Dedicated policy paragraph 13	Not material
ESRS E3-1 Sustainable oceans and seas paragraph 14	Not material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Not material
ESRS E3-4 Total water consumption in m ³ per net revenue on own operations paragraph 29	Not material
ESRS 2 – SBM-3 – E4 paragraph 16 (a) i	Not material
ESRS 2 – SBM-3 – E4 paragraph 16 (b)	Not material
ESRS 2 – SBM-3 – E4 paragraph 16 (c)	Not material
ESRS E4-2 Sustainable land/agriculture practices or policies paragraph 24 (b)	Not material
ESRS E4-2 Sustainable oceans/seas practices or policies paragraph 24 (c)	Not material
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Not material
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Not material

Datapoints listed in Appendix B to ESRS 2	Reference to section
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Not material
ESRS 2 SBM-3 S1 Risk of incidents of forced labor paragraph 14 (f)	Not material
ESRS 2 SBM-3 S1 Risk of incidents of child labor paragraph 14 (g)	Not material
ESRS S1-1 Human rights policy commitments paragraph 20	S1-1
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8 paragraph 21	S1-1
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Not material
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Not material
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	S1-3
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Not material
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Not material
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	S1-16
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	S1-16
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	S1-17
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	S1-17
ESRS 2 SBM-3 – S2 Significant risk of child labor or forced labor in the value chain paragraph 11 (b)	Not material
ESRS S2-1 Human rights policy commitments paragraph 17	Not material
ESRS S2-1 Policies related to value chain workers paragraph 18	Not material
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 19	Not material
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8 paragraph 19	Not material
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Not material
ESRS S3-1 Human rights policy commitments paragraph 16	Phase-in
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 17	Phase-in
ESRS S3-4 Human rights issues and incidents paragraph 36	Phase-in
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Phase-in
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 17	Phase-in
ESRS S4-4 Human rights issues and incidents paragraph 35	Phase-in
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	G1-1
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	G1-1
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	G1-4
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	G1-4

[ESRS 2 IRO-2-59] No thresholds were used to exclude information in determining the material information in relation to impacts, opportunities and risks. HOWOGE has identified almost all datapoints related to material impacts, opportunities and risks as material. Exclusions were made due to non-materiality in the case of two datapoints: E5-5-36b and E5-5-3.

3.2 Environmental information

3.2.1 EU Taxonomy

Turnover

Template: Proportion of turnover from products or services associated with taxonomy-aligned economic activities – disclosure covering 2025

Fiscal year 2025	Year			Substantial contribution criteria						DNSH criteria ("does not significantly harm")									
	Code (2)	Turnover (3)	Proportion of turnover, 2025 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2024 (18)	Category enabling activity (19)	Category transitional activity (20)
-	-	EUR k	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	CCM 4.1	181	0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	N/A	N/A	Y	Y	Y	0	-	-
Acquisition and ownership of buildings	CCM 7.7	189,270	23.0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	N/A	N/A	N/A	N/A	Y	20.6	-	-
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		189,451	23.1	23.1%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	20.6	-	-
Of which enabling activities		0	0	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	E	-
Of which transitional activities		0	0	0%	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	-	T

Fiscal year 2025	Year			Substantial contribution criteria						DNSH criteria ("does not significantly harm")									
	Code (2)	Turnover (3)	Proportion of turnover, 2025 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2024 (18)	Category enabling activity (19)	Category transitional activity (20)
-	-	EUR k	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Construction of new buildings	CCM 7.1	212,518	25.9	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	22.8	-	-
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	142	0	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	0	-	-
Acquisition and ownership of buildings	CCM 7.7	403,444	49.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	54.7	-	-
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		616,103	75.0	75.0%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	77.5	-	-
A. Turnover of taxonomy-eligible activities (A.1+A.2)		805,555	98.1	98.1%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	98.1	-	-
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy-non-eligible activities		15,797	1.9																
Total		821,352	100.0																

Quantitative breakdown of the taxonomy-aligned turnover numerator (in EUR k)

Item	Turnover: quantitative breakdown of the numerator
Rental revenue – residential	140,571
Revenue from operating and heating costs – residential	48,361
Other	519
Total	189,451

CapEx

Template: Proportion of CapEx from products or services associated with taxonomy-aligned economic activities – disclosure covering 2025

Fiscal year 2025	Year			Substantial contribution criteria						DNSH criteria ("does not significantly harm")									
	Code (2)	CapEx (3)	Proportion of CapEx, 2025 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) CapEx, 2024 (18)	Category enabling activity (19)	Category transitional activity (20)
-	-	EUR k	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (taxonomy-aligned)

Electricity generation using solar photovoltaic technology	CCM 4.1	4,691	0.5	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	N/A	N/A	Y	Y	Y	1.1	-	-
Acquisition and ownership of buildings	CCM 7.7	703,660	75.5	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	N/A	N/A	N/A	N/A	Y	13.5	-	-
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		708,351	76.1	76.1%	0%	0%	0%	0%	0%	Y	Y	N/A	N/A	Y	N/A	Y	14.6	-	-

Fiscal year 2025	Year			Substantial contribution criteria						DNSH criteria ("does not significantly harm")									
	Economic activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, 2025 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) CapEx, 2024 (18)	Category enabling activity (19)
-	-	EUR k	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Of which enabling activities		0	0	0	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	Y	0	E	-
Of which transitional activities		0	0	0	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Y	0	-	T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Acquisition and ownership of buildings	CCM 7.7	220,895	23.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	84.4	-	-
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		220,895	23.7	23.7%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	84.4	-	-
A. CapEx of taxonomy-eligible activities (A.1+A.2)		929,247	99.8	99.8%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	98.9	-	-
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of taxonomy-non-eligible activities		2,155	0.2																
Total		931,401	100.00																

Quantitative breakdown of the taxonomy-aligned CapEx numerator on the economic activity level (in EUR k)

Economic activity	Additions to property, plant and equipment	Investment property	Total	of which part of the CapEx plan
CCM 4.1	4,691		4,691	4,691
CCM 7.7		703,660	703,660	
Total	4,691	703,660	708,351	4,691

OpEx

Template: Proportion of OpEx from products or services associated with taxonomy-aligned economic activities – disclosure covering 2025

Fiscal year 2025	Year			Substantial contribution criteria						DNSH criteria ("does not significantly harm")									
	Code (2)	OpEx (3)	Proportion of OpEx, 2025 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) OpEx, 2024 (18)	Category enabling activity (19)	Category transitional activity (20)
-	-	EUR k	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (taxonomy-aligned)

Electricity generation using solar photovoltaic technology	CCM 4.1	17	0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	N/A	N/A	Y	Y	Y	0	-	-
Acquisition and ownership of buildings	CCM 7.7	18,572	31.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	N/A	N/A	N/A	N/A	Y	27.1	-	-
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		18,588	31.1	31.1%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	27.1	-	-
Of which enabling activities		0	0	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	Y	0	E	-

Fiscal year 2025	Year			Substantial contribution criteria						DNSH criteria ("does not significantly harm")									
	Code (2)	OpEx (3)	Proportion of OpEx, 2025 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) OpEx, 2024 (18)	Category enabling activity (19)	Category transitional activity (20)
-	-	EUR k	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Of which transitional activities		0	0	0%	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Y	0	-	T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Construction of new buildings	CCM 7.1	430	0.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0		
Acquisition and ownership of buildings	CCM 7.7	39,587	66.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	72.1	-	-
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		40,017	66.9	66.9%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	72.1	-	-
A. OpEx of taxonomy-eligible activities (A.1+A.2)		58,605	98.0	98.0%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	99.3	-	-
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of taxonomy-non-eligible activities		1,194	2.0																
Total		59,799	100.0																

Quantitative breakdown of the taxonomy-aligned OpEx numerator (in EUR k)

Item	OpEx: quantitative breakdown of the numerator
Maintenance/repair	16,733
IT costs	638
Vehicle costs	57
Other	1,160
Total	18,588

Template: Extent of taxonomy eligibility and alignment per environmental objective

Percent	Proportion of turnover/total turnover		Proportion of CapEx/total turnover		Proportion of OpEx/total turnover	
	Taxonomy-aligned	Taxonomy-eligible	Taxonomy-aligned	Taxonomy-eligible	Taxonomy-aligned	Taxonomy-eligible
Per objective						
CCM¹⁾	23.1	98.1	76.1	99.8	31.1	98.0
CCA²⁾	0.0	0.0	0.0	0.0	0.0	0.0
WTR³⁾	0.0	0.0	0.0	0.0	0.0	0.0
CE⁴⁾	0.0	0.0	0.0	0.0	0.0	0.0
PPC⁵⁾	0.0	0.0	0.0	0.0	0.0	0.0
BIO⁶⁾	0.0	0.0	0.0	0.0	0.0	0.0

¹⁾ CCM stands for climate change mitigation, the first of the six environmental objectives of the EU Taxonomy.

²⁾ CCA stands for climate change adaptation, the second of the six environmental objectives of the EU Taxonomy.

³⁾ WTR stands for sustainable use and protection of water and marine resources, the third of the six environmental objectives of the EU Taxonomy.

⁴⁾ CE stands for transition to a circular economy, the fourth of the six environmental objectives of the EU Taxonomy.

⁵⁾ PPC stands for pollution prevention and control, the fifth of the six environmental objectives of the EU Taxonomy.

⁶⁾ BIO stands for protection and restoration of biodiversity and ecosystems, the sixth of the six environmental objectives of the EU Taxonomy.

Template 1: Nuclear and fossil gas related activities

Template 1: Nuclear and fossil gas related activities

Nuclear energy related activities	Yes/no
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities	Yes/no
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

General disclosures

For fiscal year 2025, HOWOGE reports on all environmental objectives in line with the provisions of Regulation (EU) 2020/852 and the delegated regulations adopted thereunder¹⁰ (collectively the “EU Taxonomy”).

HOWOGE sees its business activities in 2025 reflected in five economic activities of the EU Taxonomy. Due to identical descriptions, they are taxonomy-eligible under several environmental objectives in accordance with Annexes I and II to Commission Delegated Regulation (EU) 2021/2139 and Annexes I to IV to Commission Delegated Regulation (EU) 2023/2486. However, HOWOGE’s business activities are allocated to the objective of climate change mitigation (CCM) since reducing building-related emissions is the main lever available to HOWOGE in satisfying the EU environmental objectives.

Economic activity according to the EU Taxonomy	Taxonomy-eligible under the following environmental objectives	Description of the economic activity at HOWOGE
CCM 4.1 “Electricity generation using solar photovoltaic technology”	Climate change mitigation, climate change adaptation	Electricity generation using the Company’s own photovoltaic (PV) systems
CCM 7.1 “Construction of new buildings”	Climate change mitigation, climate change adaptation, circular economy	Construction and sale of new school buildings and the refurbishment of school buildings on behalf of the State of Berlin under the Berlin School Building campaign
CCM 7.3 “Installation, maintenance and repair of energy efficiency equipment”	Climate change mitigation, climate change adaptation	Replacement and maintenance of sanitary installations as part of the renovation of two hospital wards
CCM 7.7 “Acquisition and ownership of buildings”	Climate change mitigation, climate change adaptation	Rental of housing and management of school buildings

Summary of turnover, capital expenditure and operating expenditure

Percent	Turnover	CapEx	OpEx
Proportion of taxonomy-eligible activities	98.1	99.8	98.0
Proportion of taxonomy-aligned activities	23.1	76.1	31.1
Proportion of taxonomy-non-eligible activities	1.9	0.2	2.0

Procedure for determining taxonomy eligibility

The prior years’ analyses were used as the basis for identifying taxonomy-eligible revenue (turnover), capital expenditure (CapEx) and operating expenditure (OpEx) for fiscal year 2025. The data were taken from HOWOGE’s IFRS consolidated financial statements. Note 4.2 *Subsidiaries* of the notes to the consolidated financial statements lists the consolidated companies in which HOWOGE held a direct or indirect interest on the reporting date, and the basis of consolidation is described in more detail in section 1.2 *Group structure* of the group management report.

¹⁰ Delegated Regulation 2021/2139, Annexes I and II, and Delegated Regulation 2023/2486, Annexes I to IV.

Potentially taxonomy-eligible economic activities are identified and monitored by the sustainability function and by financial control and data modeling. All potentially taxonomy-eligible economic activities are allocated to HOWOGE cost centers.

As in fiscal year 2024, almost all HOWOGE's turnover, CapEx and OpEx are taxonomy-eligible. Exceptions are some minor proceeds from services that are not directly related to HOWOGE's core business and some investments in software, for example.

HOWOGE's core business is the rental of apartments and the associated maintenance and refurbishment activities. It also includes residential services and the construction and purchase of residential properties. The construction of new residential buildings by HOWOGE is not a separate economic activity within the meaning of CCM 7.1 "Construction of new buildings" under the EU Taxonomy. The EU Taxonomy defines new construction as the development and realization of building projects for later sale. However, because HOWOGE holds its own portfolio, it does not sell the new residential buildings it constructs but lets them itself. For this reason, new residential buildings and capital expenditure in respect of such buildings are directly related to the revenue-generating activity of renting and activity CCM 7.7 "Acquisition and ownership of buildings."

As part of Berlin's School Building campaign, HOWOGE is constructing new schools that are considered to fall under economic activity CCM 7.1 "Construction of new buildings." Since fiscal year 2025, HOWOGE has also been responsible for the refurbishment of school buildings on behalf of the State of Berlin under the Berlin School Building campaign. These economic activities are accounted for in the same way as new school buildings and are therefore considered under economic activity CCM 7.1 "Construction of new buildings."

Thus taxonomy eligibility was determined for the economic activities listed in the section *General disclosures*.

Determining taxonomy-eligible turnover

The proportion of taxonomy-eligible turnover is defined as the taxonomy-eligible turnover (numerator) divided by the total turnover (denominator) to be considered under the EU Taxonomy in the fiscal year.

The basis for determining taxonomy-eligible turnover is consolidated net revenue in accordance with IAS 1.82(a) (denominator). Mapping HOWOGE's revenue-generating economic activities against the economic activities within the meaning of the EU Taxonomy yields the numerator for calculating taxonomy-eligible turnover. Details on the presentation of consolidated net revenue (denominator) are

contained in chapter 7 *Notes to the income statement* of the notes to the consolidated financial statements.

In addition to rental revenue, the revenue generated by the activity CCM 7.7 "Acquisition and ownership of buildings" includes revenue from operating and heating costs because such revenue is inseparable from rental revenue.

In 2025, HOWOGE earned one-time revenue from the in-substance sale of two school buildings to the State of Berlin. This revenue was allocated to activity CCM 7.1 "Construction of new buildings."

PV systems have been installed since 2023 as part of HOWOGE's PV program. This revenue is reported as taxonomy-eligible turnover under activity CCM 4.1 "Electricity generation using solar photovoltaic technology."

To a limited extent, HOWOGE realizes revenue from selling electricity (landlord-to-tenant electricity) generated by PV systems. This landlord-to-tenant electricity could be allocated to activity CCM 4.1 "Electricity generation using solar photovoltaic technology," but some of this electricity is purchased externally. As a result, it is not possible to determine the 2025 revenue generated only by electricity from PV systems (landlord-to-tenant electricity).

Other taxonomy-eligible turnover arises from the installation of sanitary equipment (CCM 7.3).

In fiscal year 2025, business activities thus generated taxonomy-eligible turnover of EUR 805,555k (2024: EUR 718,332k), equivalent to a rate of 98.1% (2024: 98.1%).

Determining taxonomy-eligible CapEx

The proportion of taxonomy-eligible capital expenditure (CapEx) is defined as the taxonomy-eligible capital expenditure (numerator) divided by the total capital expenditure (denominator) in the fiscal year.

Total capital expenditure (denominator) is calculated from the sum (additions and purchases in fiscal year 2025) of the amounts reported in notes 8.1 *Investment property*, 8.3 *Property, plant and equipment* and 8.6 *Intangible assets (amounts recognized for software)* of the notes to the consolidated financial statements. The additions to 8.3 *Property, plant and equipment* included in the calculation amounted to EUR 20,463k (2024: EUR 10,415k). Additions are adjusted for reclassifications to the extent that they are reported as additions for another taxonomy-eligible economic activity.

Taxonomy-eligible capital expenditure (numerator) covers costs for additions to property, plant and equipment and intangible assets considered before depreciation, amortization and any remeasurements, excluding fair value changes. This includes items such as expenditure for the

acquisition of property, plant and equipment (IAS 16), intangible assets (IAS 38), leases (IFRS 16) and investment property (IAS 40).

The proportion of capital expenditure related to assets or processes that are associated with taxonomy-eligible economic activities within the meaning of the EU Taxonomy is considered taxonomy-eligible. This includes:

- a) Expenditure related to assets or processes associated with taxonomy-aligned economic activities
- b) Expenditure that is part of a plan to expand taxonomy-aligned economic activities or allow taxonomy-eligible economic activities to become taxonomy-aligned (CapEx plan)
- c) Expenditure related to the purchase of output from taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions

Most of HOWOGE's capital expenditure is directly related to residential real estate management and comprises complex repairs to existing buildings and investments in new buildings and facilities in and around buildings. Therefore, all this capital expenditure is allocated to activity CCM 7.7 although some measures may relate to other activities.

Another large part of HOWOGE's capital expenditure goes towards the construction of new residential buildings in order to provide affordable housing in Berlin and Brandenburg.

Since 2023, as part of its PV program, HOWOGE has been investing in systems that feed all the PV electricity (not landlord-to-tenant electricity) generated into the grid. As a result, revenue related to economic activity CCM 4.1 was reported in 2025 – see the section *Determining taxonomy-eligible turnover*. The investment plan for these systems is spread over a period of 10 years from 2023 to 2033 to create standards from clusters, take advantage of cost-saving potential and enable the cost-effective deployment of PV overall. It qualifies as a CapEx plan, which is why the investments are reported as taxonomy-eligible CapEx category b).

To a lesser extent, capital expenditure concerns the generation of landlord-to-tenant electricity by PV systems. In line with IFRS accounting rules, investments in the construction of new schools and the refurbishment of school buildings are reported as inventories and are therefore not included in the numerator and denominator of the CapEx indicator. In addition, investments in the procurement of electronic equipment for business operations are allocated on a pro rata basis as CapEx category a) to the corresponding economic activities. In total, 99.8% of the capital expenditure taken into account was taxonomy-eligible (2024: 98.9%), which corresponds to EUR 929,247k (2024: EUR 336,640k).

Determining taxonomy-eligible OpEx

The proportion of taxonomy-eligible operating expenditure (OpEx) is defined as the taxonomy-eligible operating expenditure (numerator) divided by the total operating expenditure (denominator) to be considered under the EU Taxonomy in the fiscal year.

The denominator covers direct non-capitalized operating expenditure that relates to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the Company or by third parties. At HOWOGE, this includes:

- The costs of maintenance and repair of the Company's leased and own buildings and the associated (building) technology
- Short-term leasing of vehicles
- Non-capitalized services for the periodic maintenance of HOWOGE's buildings
- Research and development expenses, e.g., for feasibility studies

To analyze taxonomy eligibility, HOWOGE's operating expense accounts were allocated to the aforementioned operating expenditure within the meaning of the EU Taxonomy. The OpEx for the relevant cost types was then allocated to the economic activities and to categories a), b) or c), which are applied in a similar way as for CapEx.

Taxonomy-eligible OpEx mainly consists of maintenance costs related to the maintenance and repair of leased and own buildings in the context of economic activity CCM 7.7. The costs of installing sanitary equipment, allocated to economic activity CCM 7.3, are also considered taxonomy-eligible OpEx.

Overall, EUR 58,605k (2024: EUR 78,538k), or 98.0% (2024: 99.3%), of the relevant operating expenditure was taxonomy-eligible.

Procedure for determining taxonomy alignment

The alignment of all taxonomy-eligible economic activities related to the environmental objectives under Annexes I and II to Commission Delegated Regulation (EUR) 2021/2139 and Annexes I to IV to Commission Delegated Regulation (EU) 2023/2486 must be reviewed and reported. The turnover, CapEx and OpEx of economic activities are considered taxonomy-aligned if they satisfy the respective technical screening criteria. These are the substantial contributions to be made by an activity to an environmental objective and doing no significant harm (DNSH) to the other environmental objectives, which must be ensured. In addition, compliance with minimum safeguards is required.

Where possible, the requirements of the technical screening criteria are always applied to the asset or service level, i.e., for HOWOGE usually at the building level. Compliance with minimum safeguards was assessed at company level and confirmed for each activity considered.

HOWOGE's business model is the rental of housing in the Berlin/Brandenburg region – see the group management report, *2.2.4 Information on the financial performance, assets, liabilities and financial position*. This means that the building characteristics of the rented housing are potentially decisive for the assessment of alignment.

Considering the overall group structure, the external turnover, CapEx and OpEx of ATOZ, the subsidiary acquired in 2024, are below a materiality threshold. As a result, ATOZ's turnover, CapEx and OpEx are reported as taxonomy-eligible but are not included in the assessment of alignment and are therefore deemed to be non-aligned activities.

DNSH/climate risk and vulnerability assessment (CRVA)

The DNSH criteria must be satisfied if the calculated turnover and related CapEx and OpEx are to be considered taxonomy-aligned. For all business activities identified as taxonomy-eligible, a climate risk and vulnerability assessment must be performed in respect of the DNSH criterion for environmental objective II "Climate change adaptation." HOWOGE performed this in fall 2022 for its entire building stock in a multi-stage process. To start with, workshops involving HOWOGE's risk management and technical management departments and external climate experts defined the building stock and the building system elements that were to be addressed in the later stages of the process. The service life of the buildings was also analyzed.

In parallel, the external climate experts identified the climate-related hazards and excluded those that do not occur in Berlin on the basis of the climate-related hazards listed in the Taxonomy Regulation.

This was followed by workshops that consolidated the two processes described above to assess the hazards identified for the previously determined assessment objects. The climate-related hazards for Berlin used in the assessment are taken from a report by an external climate data provider.

The climate projections applied (RCP2.6, RCP4.5, RCP6.0, RCP8.5) and the impact assessments are based on proven processes and existing guidelines. The underlying data and approaches are based on sound science for vulnerability and risk assessment. They take into account methodologies in line with the most recent Intergovernmental Panel on Climate Change reports, scientific peer-reviewed publications, open source and other data.

The results were documented and, since completion of the assessment, have been included in the work of risk management.

The assessment revealed nine minor and two medium risks related to HOWOGE's business activities. However, these risks are not material. Minor risks can be expected not to occur or not to any extent. Medium risks can be expected to occur under certain circumstances and could have a negative impact on individual system components. HOWOGE takes climate change adaptation actions, including high energy efficiency standards in new-builds and modernization measures for existing buildings, both of which result in the better insulation of the Company's apartments. In all new-build projects and almost all landscaping work around existing buildings, the feasibility of climate change adaptation actions is examined and they are implemented if feasible. This applies to the two medium climate risks:

- Rainwater management measures
- Green roofs
- Climate-adapted planting
- Unsealing of surfaces

Turnover, CapEx and OpEx associated with the economic activities reported as taxonomy-eligible satisfy the DNSH criterion. As there were no significant changes to HOWOGE's portfolio in fiscal year 2025, the results of the CRVA remain valid.

Compliance with minimum safeguards

The EU Taxonomy Regulation defines minimum safeguards in respect of anti-corruption, anti-bribery, taxation, fair competition and respect for human rights. Taxonomy alignment requires compliance with these minimum safeguards. HOWOGE complies with the minimum safeguards required by the EU Taxonomy. The approach to complying with human rights is described in the following disclosure requirements: *S1-SBM-3-14a-c, S1-1-20-24, S1-3-32b-e, G1-2-15*. The anti-corruption and anti-bribery approach is described in the following disclosure requirements: *G1-3-18, G1-3-20, G1-3-21, G1-4-24*.

Determining taxonomy-aligned turnover

In 2025, 23.1% (2024: 20.6%) of HOWOGE's revenue (turnover) was taxonomy-aligned. Turnover is derived from the following activities:

- CCM 7.7 "Acquisition and ownership of buildings"
- CCM 4.1 "Electricity generation using solar photovoltaic technology"

In addition, maintenance services generate intracompany revenue as well as the taxonomy-aligned turnover identified. In 2025, there were no material items related to internal consumption.

Substantial contribution requirements for the energy efficiency of buildings have been defined for economic activity CCM 7.7. Residential buildings for which construction permits were issued before 31 December 2020 must have an energy performance certificate (EPC) class A or A+. As an alternative, the building is within the top 15% of the national or regional building stock in terms of energy demand. Since no full assessment of all EPCs for German residential buildings had taken place by the end of 2025, this requirement was operationalized on the basis of a study by the Association of German Pfandbrief Banks (vdp) and Drees & Sommer. According to this study, the primary energy demand and energy consumption may not exceed 74 kWh and 70 kWh, respectively, per square meter in order to satisfy the substantial contribution criterion.

Energy performance certificates are available for all HOWOGE buildings. Some of these are energy demand certificates, while others are energy consumption certificates. Where available, the primary energy demand was used for the calculations. For the most part, however, the figures from the energy consumption certificates were used.

The revenue generated from the buildings comprises the net rent (excluding heating and utilities) and the operating costs. HOWOGE records the latter at the economic entity level and not at the building level. An economic entity may consist of several buildings. The net rent (excluding heating and utilities) is recorded for each building.

The net rent (excluding heating and utilities) thus serves as the basis for determining an allocation key to calculate the relevant total revenue. This is done by defining the share of the total net rent (excluding heating and utilities) that is generated by buildings within the top 15% in terms of their EPC. Alongside the calculation of total revenue, this allocation key is also used to determine the operating expenditure – see *Determining taxonomy-aligned OpEx*.

DNSH criteria must be satisfied for economic activity CCM 4.1 – see *Determining taxonomy-aligned CapEx*.

By contrast, no alignment can be demonstrated for economic activity CCM 7.1 because the DNSH criterion for the environmental objective of water cannot be satisfied.

Determining taxonomy-aligned CapEx

A total of 76.1% (2024: 14.6%) of HOWOGE's CapEx in 2025 was taxonomy-aligned. The year-on-year increase in taxonomy-aligned CapEx is due to the acquisition of PRIMA Wohnbauten Privatisierungs-Management GmbH. IAS 40 additions for taxonomy-aligned CapEx were recognized at the carrying amount.

A large proportion of the taxonomy-aligned CapEx was used in HOWOGE's core business, which is covered by activity CCM 7.7. Compliance with the substantial contribution criterion was analyzed and recorded at the building level. To determine the taxonomy-aligned CapEx, the revenue per building was determined and then allocated to the investments made in 2025 (CapEx category a)). The challenge in this context was that HOWOGE documents most of its investments at the economic entity level, which may cover several buildings. As the buildings within a single economic entity often have the same energy characteristics, there were very few deviations when it came to the CapEx allocation. In these few cases, the taxonomy-aligned CapEx was determined on the basis of the proportion of taxonomy-aligned turnover for the respective economic entity. Assessing the alignment of CapEx was consistent with the assessment of the associated turnover.

In fiscal year 2025, CapEx category b) related to economic activity CCM 4.1 under environmental objective I "Climate change mitigation" and concerned the PV program to expand the use of PV systems. Investments amounted to EUR 4,691k in fiscal year 2025 (2024: EUR 3,986k). The CapEx plan provides for investments of EUR 71m in the period to 2033. This plan covers a period of 10 years to ensure that it can be implemented cost-effectively. Through the investment covered by the CapEx plan, HOWOGE is planning to build up a taxonomy-aligned activity.

CapEx category b) on PV systems can be deemed taxonomy-aligned if the systems are used to generate solar power (substantial contribution) and the DNSH criteria are met:

- DNSH 2 requires a climate vulnerability assessment. *HOWOGE's climate vulnerability assessment* covers the entire HOWOGE portfolio and also applies to activity CCM 4.1.
- DNSH 4 "Transition to a circular economy": The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish. HOWOGE has product guarantees of 15 to 20 years. At the end of their use, the modules will be disposed of properly. Modules replaced in the course of maintenance work are and have been disposed of by specialist companies.
- DNSH 6 "Protection and restoration of biodiversity and ecosystems": The activity complies with the criteria set out in Appendix D to the Annex (Commission Delegated Regulation 2021/2139), which require an environmental impact assessment or screening in accordance with Directive 2011/92/EU. The rooftop installation of PV systems does not have a negative impact on ecological assets such as soil, water, air and climate. The PV systems are not installed close to biodiversity-sensitive areas. Screening was carried out in accordance with Directive 2011/92/EU, on the basis of which HOWOGE concluded that no environmental impact assessment is necessary.

Determining taxonomy-aligned OpEx

A total of 31.1% (2024: 27.1%) of HOWOGE's OpEx in 2025 was taxonomy-aligned. Almost all of the amounts were attributable to activity CCM 7.7 and thus almost entirely to maintenance. As this OpEx is related to just one activity, a further quantitative breakdown is not required.

When analyzing the alignment of operating expenditure, a distinction is made between categories a), b) and c), as is the case for CapEx. Operating expenditure is very heterogeneous and fragmented, making it almost impossible to analyze the technical screening criteria at the asset or service level. For this reason, the turnover-based approach was applied for the OpEx category a) associated with activity CCM 7.7. In this context, it is assumed that the necessary operating expenditure correlates strongly with the revenue generated from the respective building. The allocation key described under "Determining taxonomy-aligned turnover" is used here and is determined on the basis of the net rent (excluding heating and utilities) and the energy performance certificates. This approach was chosen for all relevant operating expenditure because such expenditure is always connected with residential real estate management and thus with activity CCM 7.7. HOWOGE is not involved in any economic activity related to energy generation from fossil gas or nuclear energy. These disclosures are made in the specific *template 1*. No disclosures are made using templates 2 to 5.

3.2.2 E1 Climate change

Policies

For this topical standard, various policies are listed and explained below on the basis of the respective minimum disclosure requirements:

[Corporate strategy](#)

Content

[MDR-P-65a] Description of the key contents of the strategy: In the articles of association, the shareholder has defined HOWOGE's main function as providing affordable social housing to broad sections of Berlin's population. The corporate strategy is divided into sub-strategies: a growth strategy aimed at leveraging available growth opportunities and ensuring short distances to amenities, a portfolio management strategy to expand services and thus enhance customer loyalty, a risk-averse, long-term and diversified finance strategy and a property management strategy aimed at reducing costs and increasing employee and customer satisfaction. HOWOGE's social mandate anchors social commitment and neighborhood management in the Company's corporate strategy. School construction is also part of the corporate strategy.

General objectives of HOWOGE's corporate strategy: HOWOGE's core business as a property holder comprises the long-term management and development of the Company's own portfolio. HOWOGE intends to increase its housing portfolio to around 100,000 units in the medium to long term, many of which will be new-builds. With its diverse offering of services for residents and forward-looking sustainability and mobility concepts, the Company is creating neighborhoods characterized by their long-term stability. HOWOGE is also building and refurbishing schools for the State of Berlin under the Berlin School Building campaign, a segment that is economically separate from the core business. HOWOGE has a solid financial footing with a sound capital structure and numerous financing opportunities and is guided by its commitment to sustainability.

Material IROs to which the strategy relates: Investments in renewable energy (opportunity).

Monitoring process: The management board developed a corporate strategy in 2021. The management board discusses significant refinements of this strategy with the supervisory board once a year.

Scope

[MDR-P-65b] Scope in terms of activities: The corporate strategy applies to the HOWOGE Group. It applies to HOWOGE's activities in its own operations (project planning and support, rental and management of apartments, construction of new residential buildings and schools, supply of heating, hot water and electricity).

Scope in terms of the value chain: The corporate strategy also relates to HOWOGE's value chain (upstream value chain, e.g., construction services), the Company's own operations (HOWOGE core business) and the downstream value chain (e.g., tenants as direct business partners). As far as possible, HOWOGE procures sustainable construction materials (upstream value chain). The Company operates an insourcing strategy in order to provide cleaning, maintenance and other services (downstream value chain) itself in the future. HOWOGE has a strategy of ensuring short distances to amenities, i.e., it makes every effort to integrate commercial units and social infrastructure within its neighborhoods (downstream value chain).

Scope in terms of geography: The strategy applies to the entire HOWOGE Group and all its economic activities in all geographical areas in which HOWOGE operates (Berlin, small areas of Brandenburg).

Scope in terms of affected stakeholder groups: HOWOGE has defined the affected stakeholder groups (tenants, residents of neighborhoods, employees, the State of Berlin, parliaments, district and local politicians, local authorities, industry associations, investors, urban society, tenants' council and tenant representatives, institutions and public facilities). Consideration of the affected stakeholder groups in

HOWOGE's corporate strategy is based on the Company's mandate from its shareholder to provide affordable housing to the population of Berlin. HOWOGE engages in constant dialog with affected stakeholder groups.

[Responsibilities](#)

[MDR-P-65c] The management board is accountable for the corporate strategy. HOWOGE has established a corporate structure that facilitates the efficient implementation of the corporate strategy and its sub-strategies. HOWOGE has established units for technical, strategic and operational portfolio management and a group administration structure. The corporate strategy is implemented by the heads of the subsidiaries, functional departments and functions.

[References to other standards/initiatives](#)

[MDR-P-65d] HOWOGE operates as a municipal company on behalf of its shareholder (State of Berlin). In implementing its strategy, the Company undertakes to comply with the provisions of the cooperation agreement with the State of Berlin.

[Consideration given to stakeholder interests](#)

[MDR-P-65e] The definition and implementation of the corporate strategy is aligned with the mandate from the shareholder.

[Availability for stakeholders](#)

[MDR-P-65f] HOWOGE reports the key elements of its corporate strategy in its group management report and securities prospectus. It provides information about its corporate strategy to the shareholder and to the Shareholding Management and Controlling Committee of the Berlin House of Representatives. Elements of the corporate strategy are communicated publicly in news releases and in HOWOGE's vision and mission statement.

[Climate strategy](#)

[Content](#)

[MDR-P-65a] Description of the key contents of the strategy: The climate strategy includes the long-term target of achieving a climate-neutral portfolio by 2045. HOWOGE has defined this as emissions of less than 3 kg CO₂eq/sqm/year. The target is emissions of 3.43 kg CO₂eq/sqm/year by 2040, which is derived from the sectoral budget defined in the KSG ["Bundes-Klimaschutzgesetz": German Federal Climate Protection Act] (as amended in 2021). To achieve the climate target, three decarbonization levers have been identified: 1) Energy optimization; 2) investments in efficient system technology and 3) use of low-carbon district heating.

General objectives of HOWOGE's climate strategy: HOWOGE's climate strategy serves as a roadmap for achieving a climate-neutral portfolio by 2045.

Material IROs to which the strategy relates: Investments in renewable energy (opportunity), climate regulation (risk).

Monitoring process: The key elements of the climate strategy are discussed regularly with the management board and adjusted if necessary.

Scope

[MDR-P-65b] Scope in terms of activities: The climate strategy applies to the HOWOGE Group. It applies to HOWOGE's activities in its own operations (project planning and support, rental and management of apartments, construction of new residential buildings, supply of heating, hot water and electricity).

Scope in terms of the value chain: The climate strategy applies both to HOWOGE's own operations (energy optimization, system technology) and to the upstream value chain (low-carbon district heating).

Scope in terms of geography: The strategy applies to the entire HOWOGE Group and all its economic activities in all geographical areas in which HOWOGE operates (Berlin, small areas of Brandenburg).

Scope in terms of affected stakeholder groups: HOWOGE has defined the affected stakeholder groups (tenants, residents of neighborhoods, employees, the State of Berlin, parliaments, district and local politicians, local authorities, industry associations, investors, urban society, tenants' council and tenant representatives, institutions and public facilities). All three decarbonization levers relate to the Company's tenants and are considered accordingly in the climate strategy. The climate strategy is primarily aligned with the KSG and is also guided by Berlin's BEK ["Berliner Energie und - Klimaschutzgesetz": Energy and Climate Protection Act] and therefore takes account of the shareholder's interests.

Responsibilities

[MDR-P-65c] The management board is accountable for the climate strategy. The climate strategy was developed in close coordination between HOWOGE's functions and units, such as technical management, asset and portfolio management, heating, sustainability, treasury and investor relations, financial control and data modeling. Asset and portfolio management is responsible for implementing the climate strategy.

References to other standards/initiatives

[MDR-P-65d] The climate target is derived from the German KSG. The BEK was also taken into account.

Consideration given to stakeholder interests

[MDR-P-65e] The shareholder's interests are taken into account by way of alignment with the KSG. All three decarbonization levers affect tenants. This was considered in the climate strategy.

Stakeholders

[MDR-P-65f] As part of its annual report, HOWOGE reports in its sustainability statement on its progress towards implementing the climate strategy. Elements of the climate strategy are communicated publicly in news releases on topics such as the expansion of renewable energy and energy optimization.

Sustainability strategy

Content

[MDR-P-65a] Description of the key contents of the strategy: The sustainability strategy is based on the materiality assessment, which is used to define HOWOGE's material topics/action areas in terms of business relevance/financial materiality and impacts on the environment and society.

The following material topics are considered: circular economy (resource outflows related to products and services); climate change adaptation; climate change mitigation; energy; socially responsible rents; social neighborhood management; corruption and bribery; corporate culture; working conditions; equal treatment and equal opportunities; economic, social and cultural rights of residents in the neighborhoods; information-related impacts on tenants; social inclusion of tenants; whistleblower protection; management of supplier relationships, including payment practices.

Based on the results of the materiality assessment, targets were formulated for all action areas and sustainability matters. The sustainability strategy, which is derived from the corporate strategy, is thus a roadmap for the Company's sustainable development in the aforementioned areas.

General objectives: The main objective of our sustainability strategy is: "To prove that climate and environmental protection targets are compatible with the socially responsible development of rents in Berlin, which will make us one of the key players in the housing industry in Germany by 2035."

Sustainability management at HOWOGE is aligned with four action areas: business conduct, new buildings and existing buildings, neighborhoods and teamwork. Material topics and sustainability targets are assigned to each action area.

Material IROs to which the strategy relates: Costs and capital allocation related to adaptation actions (risk); climate regulations (risk); investments in renewable energy (opportunity).

Monitoring process: The materiality assessment is reviewed annually with the relevant functional departments and revised as necessary. Achievement of the defined sustainability targets is monitored regularly in consultation with the respective functional departments. Both the revised materiality assessment and the newly formulated targets are approved by the management board.

Scope

[MDR-P-65b] Scope in terms of activities: The sustainability strategy applies to the HOWOGE Group. It applies to HOWOGE's activities in its own operations (project planning and support, rental and management of apartments, construction of new residential buildings, supply of heating, hot water and electricity).

Scope in terms of the value chain: The sustainability strategy relates to both the upstream and downstream value chain. The upstream value chain mainly concerns the topics of procurement and supply chain management. The downstream value chain includes matters such as the life cycle assessment of buildings, the preservation of resources, socially responsible rents and social neighborhood management.

Scope in terms of geography: The strategy applies to the entire HOWOGE Group and all its economic activities in all geographical areas in which HOWOGE operates (Berlin, small areas of Brandenburg).

Scope in terms of affected stakeholder groups: The Company aligns its activities with the needs of the stakeholders with whom it interacts (tenants, residents in the neighborhoods, employees, the State of Berlin, parliaments, district and local politicians, local authorities, industry associations, investors, urban society, tenants' council and tenant representatives, institutions and public facilities).

Responsibilities

[MDR-P-65c] The management board is accountable for the sustainability strategy. The sustainability function is responsible for developing and coordinating HOWOGE's sustainability activities.

References to other standards/initiatives

[MDR-P-65d] The environmental metrics contained in the report for fiscal year 2025 are aligned with the CSRD and the requirements and calculation methods specified in the sustainability reporting guidelines for the housing industry (Guidelines 73 and 85) issued by the Federal Association of Housing and Real Estate Companies (GdW).

Consideration given to stakeholder interests

[MDR-P-65e] For the CSRD materiality assessment, interviews were conducted with six external stakeholder groups: representatives from the Senate, financing partners, housing industry interest groups, Berlin's Landesbank, strategic business consultants and tenant representatives. HOWOGE's sustainability team and other functional departments performed the materiality assessment and prepared the report.

Availability for stakeholders

[MDR-P-65f] As part of its annual report, HOWOGE reports in its sustainability statement on its progress towards implementing the sustainability strategy. The report is published on the Company's website.

Group risk management policy

Content

[MDR-P-65a] Description of the key contents of the policy: The group risk management policy is aligned with the corporate strategy. It is aimed at safeguarding the Company's continued existence as a going concern and sustainably increasing its business value. Business success requires opportunities to be seized and the related risks to be identified and assessed. The group policy clarifies the elements of the risk management system: risk approach, roles and responsibilities, risk management process.

The general aim is to make the most of opportunities, while entering into business risks deliberately and managing them proactively, provided that a reasonable increase in value can be achieved. Risks to the Company's ability to continue as a going concern must be avoided.

Material IROs to which the strategy relates: Climate regulation (risk); investments in renewable energy (opportunity); costs and capital allocation related to adaptation actions (risk).

Monitoring process: The group policy is regularly reviewed for currentness by the head of the GRC function.

Scope

[MDR-P-65b] Scope in terms of activities: This policy applies to all HOWOGE Group employees and thus also to all activities of HOWOGE as defined in the Company's value chain.

Scope in terms of the upstream and downstream value chain: The objective of risk management is to be prepared for and protected against unexpected events that arise in either the upstream or downstream value chain.

Scope in terms of geography: The policy applies to the entire HOWOGE Group and all its economic activities in all geographical areas in which HOWOGE operates (Berlin, small areas of Brandenburg).

Scope in terms of affected stakeholder groups: The policy affects all HOWOGE employees and is made available internally. It is not published externally.

Responsibilities

[MDR-P-65c] The GRC function monitors implementation of the strategy.

References to other standards/initiatives

[MDR-P-65d] On the basis of legal requirements (including Sec. 289 (1) and (2) HGB [“Handelsgesetzbuch“: German Commercial Code], Sec. 1 StaRUG [“Gesetz über den Stabilisierungs- und Restrukturierungsrahmen für Unternehmen“: German Act on the Stabilization and Restructuring Framework for Businesses], Sec. 91 (2) and (3) AktG [“Aktiengesetz“: German Stock Corporation Act] and Sec. 53 HGrG [“Haushaltsgrundsätze-gesetz“: German Budgetary Principles Act]) and the Company’s industry-specific business activities, the preventive management of risks is one of the primary responsibilities of the management board.

Consideration given to stakeholder interests

[MDR-P-65e] The State of Berlin has an interest in the economic efficiency of its municipal companies. Risk management contributes to leveraging opportunities and avoiding risks.

Availability for stakeholders

[MDR-P-65f] The stakeholders of the group risk management policy are the employees. The policy is available on the intranet.

Strategy

E1-1: Transition plan for climate change mitigation

[E1-1-17] HOWOGE currently satisfies several requirements of an ESRS transition plan for climate change mitigation:

- a) The greenhouse gas (GHG) reduction targets are in line with the 1.5°C target of the Paris Agreement (see *E1-4-34*).
- b) Three decarbonization levers have been identified that contribute to achieving the emission reduction targets (see *E1-3-29*).
- c) It has a CapEx plan to expand the use of photovoltaic (PV) systems. The corresponding investments are reported as part of a plan to expand taxonomy-aligned economic activities (see *E1-3-29*).

d) Moreover, the Company has undertaken energy optimization measures and installed efficient system technology that qualify as taxonomy-aligned economic activities (see E1-3-29).

A timeline for satisfying the remaining ESRS requirements for a transition plan is under review.

Information about the resilience of the business model and strategy can be found in E1-SBM-3-19 and information about GHG emission reduction targets in E1-4-33, 34.

[E1-SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model](#)

[E1-SBM-3-18] The following table shows whether the material climate-related risks identified are acute physical or transition risks in relation to the regulatory framework or the market:

Type of risk	General climate-related event/trend	HOWOGE business activity analyzed
Acute physical risks	Heat stress, heatwave	Real estate management
Acute physical risks	Drought/water scarcity	Real estate management
Acute physical risks	Forest fire	Real estate management
Acute physical risks	Tornado	Real estate management
Acute physical risks	Torrential rain	Real estate management
Acute physical risks	Heat stress, heatwave	Construction of new buildings
Acute physical risks	Drought	Construction of new buildings
Acute physical risks	Water scarcity	Construction of new buildings
Acute physical risks	Forest fire	Construction of new buildings
Acute physical risks	Tornado	Construction of new buildings
Acute physical risks	Torrential rain	Construction of new buildings
Acute physical risks	Extreme weather events, pluvial floods (as the direct result of rain), fluvial (river) floods	Construction of new buildings
Regulatory framework (transition risk)	New construction regulations for climate change adaptation	Construction of new buildings
Regulatory framework (transition risk)	Increase in carbon pricing for heating and motor fuels (BEHG ["Brennstoffemissionshandelsgesetz": German Fuel Emissions Trading Act], EU-ETS 2)	Construction of new buildings
Regulatory framework (transition risk)	Increase in European Emissions Trading Scheme prices	Construction of new buildings
Regulatory framework (transition risk)	Tightening of statutory requirements to achieve international and national climate targets	Construction of new buildings
Regulatory framework (transition risk)	Tightening of statutory requirements for climate change adaptation	Construction of new buildings
Regulatory framework (transition risk)	Higher energy efficiency requirements for the production of construction materials	Construction of new buildings
Market (transition risk)	Decrease in value market participants attribute to buildings with low energy efficiency	Real estate management

Climate-related resilience analysis

[E1-SBM-3-19] The climate-related resilience analysis was performed because HOWOGE identified a climate-related risk during its materiality assessment. HOWOGE performed the climate-related resilience analysis in the first half of 2024. This showed that HOWOGE's business models and strategies are resilient to climate-related risks in both pessimistic scenarios involving significant climate change and optimistic scenarios involving ambitious climate change regulation. The results of the climate-

related resilience analysis were reviewed with the new construction unit and technical management function in fiscal year 2025. They remain valid for fiscal year 2025. It is conceivable that the construction of new real estate business activity could experience temporary pressure. HOWOGE is taking all actions needed to implement the growth strategy. In an unfavorable situation, slightly more time would be needed for the growth strategy.

Analysis framework: The climate-related resilience analysis and the necessary analysis of climate-related risks that preceded it (see *E1-IRO-1-20b, c*) were performed in the first half of 2024 for the basis of consolidation defined by HOWOGE for the ESRS materiality assessment (see *ESRS 2 BP-1-5*).

A distinction is made between the two main HOWOGE business activities – real estate management and construction of new real estate. HOWOGE's supply of energy to properties and service activities such as cleaning are allocated to real estate management. The construction of new real estate relates to both residential properties and schools.

HOWOGE's material assets are the residential buildings it manages and the schools it leases to the State of Berlin.

The business model for real estate management is based on the rental of apartments in the low-price segment of Berlin's housing market, focusing on the district of Lichtenberg and prefabricated multiple-family units.

The business model for the construction of new real estate is based on the assumption that HOWOGE will add the newly constructed residential buildings to its own housing portfolio. Upon completion, newly constructed schools are leased to the State of Berlin.

Climate scenarios applied: Significant climate change scenarios – IPCC scenarios SSP3-7.0 and RCP 8.5 – were applied to assess the risks associated with significant climate change. The regional assessment of climate impacts on the City of Berlin is based on IPCC climate model data for RCP 8.5 obtained from an external service provider when conducting the climate vulnerability assessment for the EU Taxonomy in 2022. The assessment shows that, by 2050, Berlin will be experiencing events such as more frequent heatwaves/heat stress, drought, water shortages and tornadoes. The Federal Environment Agency's climate impact and risk assessment for Germany was used in assessing the impacts on upstream value chains.

Scenarios involving ambitious climate change regulation to restrict global warming: The assessment of the conditions that could limit global warming to 1.5°C was based on the International Energy Agency's Net Zero Emissions (IEA NZE) scenario from May 2021. The IPCC SSP1-2.6 scenario was also used. The IPCC Special Report on Global Warming of 1.5°C reveals that, in certain political and

technical circumstances, the IPCC SSP1-2.6 scenario offers a pathway for stabilizing warming to 1.5°C by the end of the century. However, the best estimate for this scenario is 1.8°C. In addition, current and planned climate policy measures in Germany and Europe were considered. In order to achieve national and European climate change mitigation targets, the European Emissions Trading Scheme (EU-ETS) and the BEHG [“Brennstoffemissionshandelsgesetz“: German Fuel Emissions Trading Act] price GHG emissions. The further tightening of regulatory requirements will additionally increase the costs of GHG emissions. The IEA NZE scenario aimed at limiting climate change to 1.5°C envisages GHG emission prices that will increase between 2030 and 2050. In response, the real estate sector will shift away from fossil heating systems. In addition, energy efficiency regulations are growing. The International Energy Agency’s NZE scenario calls for all new buildings to be constructed zero-carbon-ready¹¹ and existing building stock retrofitted by 2030 at the latest in order to achieve climate neutrality by 2050.

Resilience of HOWOGE’s strategy and business model to climate change: Both the significant climate change scenarios and the ambitious climate change mitigation regulation scenarios entail risks to real estate and its management. For example, drought, water shortages or tornadoes may cause damage to buildings and green spaces. If the energy efficiency rules and regulations for replacing fossil heating systems with climate-compatible systems contained in the transition scenarios were to become law, substantial investment would be required.

However, the analysis shows only low risks to real estate management in the case of both significant climate change and ambitious climate policy. HOWOGE’s business model for real estate management will not be at risk because there will continue to be demand for apartments in the low-price segment in Berlin. Some events (e.g., severe weather events or tightened modernization regulations) will occur and result in higher costs. However, policymakers are expected to continue to have an interest in the availability of low-cost housing and to develop regulations to ensure that municipal companies are still able to provide socially responsible housing, despite a change in framework conditions.

The identified risks will not jeopardize HOWOGE’s strategies for portfolio management (economic and environmental sustainability, expansion of rental-related services), property management (especially the Company’s own services and digitalization) and finance (including the issue of bonds).

HOWOGE constructs new residential properties in order to grow its building portfolio, thus expanding the availability of low-cost housing. HOWOGE is building and refurbishing schools for the State of

¹¹ Zero-carbon-ready buildings are buildings that satisfy the technological requirements (especially insulation and heating) to enable them to be operated in a climate-neutral manner. They either use renewable energy directly or sources of energy that can be fully decarbonized, such as electricity or district heating.

Berlin under the Berlin School Building campaign. The costs of such projects are kept low thanks to good construction monitoring, customized equipment and financing.

Both the scenarios considered harbor risks for new construction activities. For example, heatwaves may have a negative effect on various trades during construction and on the performance of workers on construction sites, thus resulting in delays and higher construction costs. As a rule, this type of climate-related risk must be borne by the property developer and is thus assessed as low in respect of HOWOGE. However, the assumption of such risks by the property developer or its insurer implies higher costs in the long term if the events occur more than once.

The transition scenarios harbor the risk that a sharp rise in GHG emission prices would result in a substantial increase in construction material costs. Moreover, the tightening of construction regulations (e.g., energy efficiency, obligation to use renewable energy) motivated by climate change mitigation could push up construction costs.

The construction of new schools would not appear to be vulnerable to these potential risks. Demand in this context depends on the needs of the State of Berlin.

In the ambitious climate policy scenarios, as described above, challenges may arise in connection with the construction of residential buildings. It is conceivable that new construction projects could come under pressure. This could have a negative impact on HOWOGE's growth strategy (expansion of the housing portfolio by means of new construction and acquisitions). However, the Company assumes that this would be only temporary and that HOWOGE would be able to adapt to such a change in conditions, as it has done in the past. If, for example, steel and cement were to become significantly more expensive as a result of higher European emissions trading prices, there would be an option to switch to other construction materials. HOWOGE is already using timber to construct buildings and is one of the leaders in Germany in this field.

The climate risks described do not fundamentally jeopardize either HOWOGE's new construction business model or its growth strategy.

The disclosures on the identification of climate-related risks are provided under *E1-IRO-20* and *AR 11-15*. The information on how the resilience analysis was conducted is provided below, meeting the requirements of *E1 AR 6-8*.

Approach to the resilience analysis: All the Company's own operations and the associated value chains were considered in identifying the climate-related risks. No material climate-related hazards or risks were excluded.

HOWOGE did not make any critical assumptions about how the transition to a low-carbon and resilient economy might affect macroeconomic trends, energy consumption and mix or the use of technologies. The information in the scenarios used was sufficient for the resilience analysis to be reliable. In addition, critical assumptions were applied in the scenarios used.

In the IEA NZE scenario, critical assumptions were made about behavioral changes in transport/mobility and heating/cooling habits, the increase in bioenergy use and the development of carbon capture, utilization and storage (CCUS) for fossil fuels.

In the IPCC SSP1-2.6 scenario, critical assumptions were made about international cooperation, technological progress and behavioral changes, climate-friendly diets and low barriers to reducing emissions.

In accordance with the assessment of the RCP 8.5 climate data for Berlin, the period from 2030 to 2050 was considered during the resilience analysis and the upstream climate-related risk and opportunity analysis (see *E1-IRO-1-20*). HOWOGE assumes that its business model will remain stable during this period, which is slightly longer than the period used to define the absolute GHG emission reduction targets (see *E1-4-34*), ending in 2045.

The resilience analysis considered qualitative aspects only and no quantitative aspects. No financial effects were estimated. The financial effects of regulations that have already been enacted or are pending, of natural hazards and of climate change mitigation actions are considered in financial planning and/or risk management.

There are no uncertainties in the resilience analysis itself. It is uncertain whether the events or trends considered in the scenarios will actually occur. Where relevant, climate change mitigation requirements and climate change adaptation actions are considered in major investment decisions.

The results of the resilience analysis are presented at the start of this disclosure requirement. HOWOGE can adapt its business model to climate change. Adaptation actions implemented by HOWOGE include the use of trees and bushes resistant to climate change when landscaping new green spaces, gradually replacing the plants in existing green spaces with resilient species and providing related training, unsealing surfaces, greening roofs and creating retention areas and roofs. Access to financing is constantly monitored by the dedicated department. Existing assets are modernized in a rolling process. Repurposing or closures are also possible. On the assumption that repurposing ordinarily entails retrofitting work, this is usually a medium-term project. Closures can be implemented in the short term. The product and service portfolio cannot be relocated due to the locational ties to Berlin. Employees receive continuous training and skills development; these actions can be ramped up at short notice.

Impact, risk and opportunities management

E1-2: Policies related to climate change mitigation and adaptation

[E1-2-25] The areas of climate change mitigation, climate change adaptation, energy efficiency and renewable energy deployment are anchored in the following strategies: corporate strategy (in the portfolio management strategy and growth strategy), sustainability strategy and climate strategy.

The following activities of HOWOGE contribute to sustainability topics:

Climate change mitigation: CO₂ reduction/optimization of the carbon footprint, use of natural construction materials, waste management, energy optimization for long-term portfolio preservation and optimization of building service life

Energy efficiency: system replacement, electricity-only homes, installation of smart heating thermostats

Climate change adaptation: unsealing surfaces to create green spaces, water management, green roofs for environmental use

Renewable energy deployment: green electricity for tenants, e-mobility strategies and electric vehicles for employees, PV and solar energy, distributed energy supply

The sustainability strategy is derived from the corporate strategy. As part of the sustainability strategy, targets and actions for climate change mitigation, achievement of a climate-neutral portfolio, climate change adaptation, life cycle assessment and preservation of resources were formulated for the "Construction of new buildings and existing buildings" action area.

The climate strategy focuses on climate change mitigation, specifying decarbonization levers and renewable energy deployment. HOWOGE is concentrating on actions such as the expansion of renewable energy (especially PV energy). In 2023, a 10-year PV program was launched. One geothermal energy project is in the planning phase. HOWOGE's climate change mitigation target is a climate-neutral portfolio with emissions below 3 kg CO₂eq/sqm/year in 2045. For a further description of the targets and their MDRs, see section *E1-4-32*.

E1-3: Actions and resources in relation to climate change policies

[E1-3-29, MDR-A 68a] HOWOGE has identified the following as its key climate change mitigation actions:

- Building energy optimization
- Innovative system technology (e.g., heating system replacement, use of heat pumps)
- Use of low-carbon district heating

- Renewable energy deployment (primarily through PV systems)

The aforementioned key climate change mitigation actions do not include any nature-based solutions in accordance with the ESRS definition. Of these key climate change mitigation actions, three are considered to be decarbonization levers under HOWOGE's climate strategy:

- Building energy optimization
- Innovative system technology
- Use of low-carbon district heating

[MDR-A-68a-e] No climate scenarios were considered in the development of the decarbonization levers.

Description of the outcomes of the climate change mitigation actions and the achieved and expected GHG emission reductions

HOWOGE implemented the following actions to achieve its climate targets in the reporting year: The primary energy demand is reduced through comprehensive energy optimization and system replacement. This will result in fewer Scope 1 and 2 emissions from the combustion of fuels in the Company's own stationary facilities and from the procurement of grid-based energy from suppliers for space heating and cooling and for hot water. Using a scoring model, HOWOGE's building stock is assessed according to criteria such as energy rating, age of the heating system, heating type and CO₂ levy in accordance with the CO₂ Cost Sharing Act ["CO₂-Kostenaufteilungsgesetz"]. This assessment informs the refurbishment and modernization planning.

The most important energy optimization activities include the refurbishment of the building envelope, roofs, basement ceilings and windows. In 2025, two pilot projects were completed that achieve the KfW Efficiency House Standards 55 EE and 40 EE through comprehensive energy optimization and the installation of heat pumps. These are exacting energy efficiency standards that restrict energy consumption for buildings to just 55% or 40% of the energy allowed as standard under the German Buildings Energy Act ["Gebäudeenergiegesetz"]. Further projects to improve the energy efficiency of existing buildings and install heat pumps are planned. In new-builds, these standards are taken into account from the outset, for example by prioritizing the construction of electricity-only homes. In an electricity-only home, the energy required for heating/hot water supply and the necessary building technology is provided by self-generated PV electricity or purchased green electricity. In addition, other options for supplying heat from renewable energy sources such as geothermal energy are being explored.

Besides switching to renewable energy, the energy efficiency of existing and new systems is optimized by adapting the heating system to the building (hydraulic balancing). In 2025, smart thermostats were also installed in one property. These will be tested for the first time in the 2025/2026 heating period.

Another important lever to achieve HOWOGE's climate target is the provision of sufficient quantities of low-carbon district heating by the energy industry. This will require the energy industry to implement the German government's targets of exiting coal and increasing the use of renewables to produce energy and electricity. There is also a municipal heating plan whose aim is to provide long-term planning reliability regarding the availability of district heating for municipalities. The WPG ["Wärmeplanungsgesetz" German Heating Planning Act] also contains mandatory targets for the decarbonization of heating networks. The local district heating supplier Berliner Energie und Wärme (BEW) lists, for example, the use of waste heat, biomass, heat storage and power-to-heat systems as decarbonization actions. According to BEW, decarbonization will take place in three stages:

- Lignite phase-out
- Hard coal phase-out
- Replacement of natural gas with non-fossil energy sources

HOWOGE liaises with its district heating suppliers and is deepening its collaboration. Around 80% of HOWOGE's building stock is already connected to the district heating network.

[ESRS 2 MDR-A-68a] Expected outcomes of the action: A reduction in GHG emissions is expected through the implementation of decarbonization levers (building energy optimization, innovative system technology, use of low-carbon district heating) and the expansion of renewable energy (especially PV).

How the action contributes to the achievement of policy objectives and targets: The decarbonization levers are part of HOWOGE's climate strategy. Together with the expansion of renewable energy, they contribute to achieving the climate targets.

[ESRS 2 MDR-A-68b] Scope of the action in terms of HOWOGE's activities: The implementation of decarbonization levers and the expansion of renewable energy are activities in our own operations (project planning and support, new construction of residential buildings, heating, hot water and electricity supply).

Scope of the action in terms of the upstream and downstream value chain: The decarbonization levers and the expansion of renewable energy have an indirect impact on the upstream value chain.

Scope of the action in terms of geography: HOWOGE's building stock is located in Berlin and Brandenburg.

Scope of the action in terms of affected stakeholder groups: The decarbonization levers and the expansion of renewable energy relate to tenants. As the climate strategy is aligned with the BEK, the shareholder's interests are taken into account through the decarbonization levers.

[ESRS 2 MDR-A-68c] Time horizons for the intended completion of the action (short, medium and long term): The decarbonization levers will be implemented on an ongoing basis until 2045. The PV program is scheduled to run until 2033.

Monetary amounts of CapEx and OpEx required to implement the actions taken and planned

[MDR-A 69] Energy optimization: Based on an expert estimate by the functional department, 20% (2024: 20%) of the total expenditure on annual complex repairs and periodic maintenance in fiscal year 2025 continued to be used for energy optimization. Therefore, in fiscal year 2025, of the total EUR 28,357k (2024: EUR 44,213k) spent on complex repairs, energy optimization accounted for approximately EUR 5,671k (CapEx) (2024: EUR 8,842k). This included replacing windows and insulating building envelopes and roofs. This capital expenditure was recognized for "Purchases and other additions" of residential properties in a total amount of EUR 817,201k (2024: EUR 313,651k) under investment property in the 2025 IFRS consolidated financial statements (see note 8.1 *Investment property in the notes to the consolidated financial statements*).

Energy optimization was estimated to have accounted for a total of EUR 1,014k (CapEx) and EUR 1,291k (OpEx) (2024: EUR 5,017k) of the spending on periodic maintenance. This includes the maintenance of roofs and the sealing of exterior components, facades and plinths. Periodic maintenance is reported in the consolidated financial statements under "Facility management expenses – thereof maintenance and modernization" and amounted to a total of EUR 46,403k in 2025 (2024: EUR 46,118k) (see note 7.3 *Cost of materials in the notes to the consolidated financial statements*).

[ESRS 2-BP-2-11] Some of the aforementioned CapEx amounts for annual complex repairs and periodic maintenance are used for energy optimization and thus for climate change mitigation actions. The 20% share for energy optimization is an expert estimate by the functional department because it is not possible to allocate the spending exactly to individual actions. As a result, this estimate is subject to a high level of measurement uncertainty. The CapEx on energy optimization will be determined separately for future projects and planning.

Innovative system technology: In 2025, investments (CapEx) of EUR 4,398k (2024: EUR 4,602k) were made in efficient heating systems. These investments primarily concerned the replacement of heating systems, connection to the district heating network and the installation of heat pumps. The investments in efficient heating systems are reported in the consolidated financial statements under

“Additions to plant and machinery.” These amounted to EUR 9,896k in 2025 (2024: EUR 9,003k) (see note 8.3 *Property, plant and equipment in the notes to the consolidated financial statements*) and also included the investments in deploying PV systems (see below).

In 2025, a total of EUR 4,691k (CapEx) (2024: EUR 3,986k) was invested in deploying PV systems. Other options are being explored, for example, the use of wastewater heat recovery and geothermal energy.

[Relationship to the performance indicators of Commission Delegated Regulation \(EU\) 2021/2178](#)

Energy optimization and system technology:

In contrast to the disclosures in the consolidated financial statements, it is not possible to disaggregate taxonomy-eligible and taxonomy-aligned capital and operating expenditure according to the decarbonization levers of energy optimization and innovative system technology. The capital expenditure allocated to activity CCM 7.7 “Acquisition and ownership of buildings” is directly related to residential real estate management and comprises both complex repairs to existing buildings and investments in new buildings and facilities in and around buildings. In addition, the taxonomy-based CapEx and OpEx disclosures include activities that are not connected with the actions related to the decarbonization levers. In 2025, taxonomy-eligible capital expenditure totaled EUR 929,247k (2024: EUR 366,640k), EUR 703,660k (2024: EUR 49,960k) of which was reported as taxonomy-aligned capital expenditure for environmental objective I “Climate change mitigation” related to activity CCM 7.7.

The taxonomy-eligible operating expenditure (OpEx) includes direct non-capitalized operating expenditure related to research and development, building renovation measures, short-term leases, maintenance and repair. At HOWOGE, this includes, for example, the costs of maintenance and repair for the Company’s leased and own buildings and the associated (building) technology as well as the non-capitalized services for the periodic maintenance of the Company’s own buildings. In 2025, a total of EUR 58,605k (2024: EUR 78,538k) of HOWOGE’s relevant operating expenditure was taxonomy-eligible. Of this, 31.1% (2024: 27.1%) or EUR 18,572k (2024: EUR 21,462k) of OpEx was taxonomy-aligned and was allocated to activity CCM 7.7 and thus almost entirely to maintenance.

Since 2023, as part of its PV program, HOWOGE has been investing in installations that feed all the electricity (not landlord-to-tenant electricity) generated into the grid. The investment plan for these installations covers the period from 2023 to 2033 and is deemed a CapEx plan. The corresponding investments are reported as part of a plan to expand taxonomy-aligned economic activities. This CapEx was allocated to economic activity CCM 4.1 “Electricity generation using solar photovoltaic technology” for environmental objective I “Climate change mitigation” and amounted to EUR 4,691k in fiscal year 2025 (2024: EUR 3,986k). The CapEx plan provides for investments of EUR 71m in the period to 2033. The CapEx associated with PV systems is classified as taxonomy-aligned because these

systems are used to produce electricity and all the DNSH criteria are satisfied by the CapEx plan (see section 3.2.1 *EU Taxonomy*).

The table below provides a summary of the significant monetary amounts of CapEx and OpEx that are required to implement the actions taken and planned and that are allocated to the relevant items in the financial statements (see the column “Included in the consolidated financial statements for 2025”) and to the key performance indicators in accordance with Commission Delegated Regulation (EU) 2021/2178 (see the column “Included in the taxonomy reporting for 2025”).

in EUR k	2025	Included in the consolidated financial statements for 2025	Included in the taxonomy reporting for 2025
CapEx for energy optimization	5,671	817,201 for “Purchases and other additions”	929,247 taxonomy-eligible, of which 703,660 taxonomy-aligned, CCM 7.7
CapEx for periodic maintenance	1,014	46,403 for “Facility management expenses – thereof maintenance and modernization”	“Acquisition and ownership of buildings”
OpEx for periodic maintenance	1,291		
CapEx for innovative system technology	4,373	9,896 for “Additions to plant and machinery” (including photovoltaic systems)	4,691 for CCM 4.1 “Electricity generation using solar photovoltaic technology” for environmental objective I “Climate change mitigation”
CapEx for photovoltaic systems	4,691		

E1-4: Targets related to climate change mitigation and adaptation

[E1-4-32] All disclosures on the sustainability targets, processes and objectives, including indicators, as well as on target achievement in fiscal year 2025 from the sustainability statement for fiscal year 2024 can be found in *ESRS 2 SBM-1-40*.

Sustainability target: Reduction of the housing portfolio's CO₂ intensity

[E1-4-32, E1-4-34] HOWOGE has set itself the target of consistently reducing the emissions intensity of its housing portfolio to below 3 kg CO₂eq/sqm/yr by 2045.

[ESRS 2 MDR-T-80a, E1-4-34a] The climate target is derived from the KSG [“Bundes-Klimaschutzgesetz”: German Federal Climate Protection Act], which specifies requirements for the period to 2040. The housing industry target of 3.43 kg CO₂eq/sqm/yr in 2040 is calculated from the KSG sectoral budgets. Extrapolated to 2045, this translates into a KSG target of less than 3 kg CO₂eq/sqm/yr (approximately 7,542.8 tCO₂eq). This is HOWOGE’s definition of a climate-neutral portfolio.

HOWOGE also considers Berlin’s BEK [“Berliner Energie und -Klimaschutzgesetz”: Energy and Climate Protection Act] in this context.

[ESRS 2 MDR-T-80b] The value specified under ESRS 2 MDR-T-80a is an intensity target. The unit of measurement is kg CO₂eq/sqm/yr.

[ESRS 2 MDR-T-80c, E1-4-34b, f] HOWOGE’s target covers the reduction of Scope 1 and 2 emissions (market-based) for space heating, hot water and shared electricity in HOWOGE’s building stock, i.e., rented buildings and new-builds that are transferred to HOWOGE’s portfolio. It does not include Scope 3 emissions (emissions in the value chain). Most of HOWOGE’s portfolio is located in Berlin (geographical boundaries). The KSG climate target disclosed is a combined target for Scope 1 and 2 emissions. To date, HOWOGE has not defined percentage targets that differentiate between Scope 1, 2 and 3 emissions. The actions associated with the decarbonization levers – energy optimization and increased use of innovative system technology (for use of new technologies, see E1-3-29) – contribute to reducing Scope 1 and 2 emissions. The emission reduction effect of decarbonizing district heating is assigned in full to Scope 2.

Unless otherwise stated in the footnotes, the GHG balance sheet reports all emissions as CO₂ equivalents and covers all relevant GHGs in accordance with the Kyoto Protocol.

[ESRS 2 MDR-T-80d, E1-4-34b, c] Annual progress monitoring is performed by comparing the interim targets with the respective intensity values calculated on the basis of the current GHG balance sheet for the same year. Under the statutory requirements, 1990 is the base year for the climate strategy in accordance with the KSG.

[ESRS 2 MDR-T-80e, E1-4-34d] The KSG covers the period from 2020 to 2040. An interim target of 10.1 kg CO₂eq/sqm/yr (approximately 53,623.3 tCO₂eq) was calculated for 2030 on the basis of the KSG.

[ESRS 2 MDR-T-80f, g, E1-4-34e] HOWOGE’s climate targets are derived from the GHG budget in the KSG (as amended in 2021) (methodology and significant assumption). Consumption data for space heating/cooling, hot water and shared electricity are used as a data source for the housing emissions reduction pathway. The following assumptions were made about the development of emission factors over time: a) a transformation of the district heating network with an increasing share of renewable energy, b) an admixture of biomethane in the natural gas grid, c) greater use of renewable energy in grid electricity.

Reducing emissions counteracts global warming and contributes to achieving national (KSG and BEK), European (European Green Deal, EU Climate Law) and international (Paris Agreement, Sustainable Development Goals) political targets and to sustainable development locally (in Berlin). With the target of net zero greenhouse gas emissions, the KSG is in line with the Paris climate target of limiting global warming to well below 2°C. HOWOGE’s derived climate target is therefore also considered to be compliant with the Paris Agreement. The sectoral and sub-sectoral targets defined in the regulations are based on scientific evidence. HOWOGE’s climate target is therefore science-based and compatible with limiting global warming to 1.5°C. It was developed in collaboration with a specialist agency and discussed with peers, for example in the context of the Wohnen 2050 housing initiative, and is deemed to have been externally assured.

[ESRS 2 MDR-T-80h] Internal stakeholder groups/significant functional departments were involved in the climate strategy through workshops and management board approval.

[ESRS 2 MDR-T-80i] No changes were made to the targets and the corresponding metrics.

[ESRS 2 MDR-T-80j, E1-4-34b] HOWOGE’s intensity metrics are decisive for assessing the amount of emissions. They are calculated on the basis of the annual GHG balance sheet, which allows comparison of the current situation with the climate strategy targets.

	2023	2024	2025	2030
Climate strategy target value kg CO ₂ eq/sqm	16.59	15.62	14.67	10.1
Intensity value in accordance with the GHG balance sheet in kg CO ₂ eq/sqm ¹⁾	14.68	14.07 ²⁾	15.08	-

¹⁾ Includes emissions from energy consumption for space heating/cooling, hot water and shared electricity. The increase in 2025 is mainly due to emissions from electricity consumption for a portfolio acquisition effective from 1 January 2025. No green electricity certificate was available for these electricity contracts.

²⁾ Improved data basis due to more precise methodology for collecting energy consumption data leads to a retrospective restatement of the 2024 figure (2024 before adjustment): 15.50 kg CO₂eq/sqm).

The target is monitored half-yearly by the experts of HOWOGE's sustainability team. The results of the sustainability target monitoring are communicated to the management board and the functional departments concerned. In the course of developing the climate strategy, it was determined that HOWOGE's target of 10 kg CO₂/sqm/yr for 2035 is achievable but that achieving the target after 2035 will be challenging given the current economic and political situation (trend analysis).

E1-5: Energy consumption and mix

[E1-5-37-43] [MDR-M-77a, b] These and all other reported metrics are not externally validated.

Excerpt from information on the financial performance, assets, liabilities and financial position	Unit	2025	2024	2023
Net revenue ¹⁾	EUR m	821.4	732.2	541.1
Net revenue in high climate impact sectors	EUR m	821.4	732.2	541.1

¹⁾ HOWOGE develops, acquires and manages residential and non-residential buildings and focuses all its activities on this purpose. Therefore, 100% of net revenue is attributable to NACE codes L68 and F41. This allocation is fully consistent with net revenue in the income statement.

Category of energy consumption	Fossil sources	Unit	2025	2024	2023
Direct	Fuel consumption from coal and coal products	MWh	0.00	0.00	0.00
Direct	Fuel consumption from crude oil and petroleum products	MWh	717.20	526.28	280.32
Direct	Fuel consumption from natural gas	MWh	101,223.64	88,757.24	89,615.01
Direct	Fuel consumption from other fossil sources	MWh	0.00	0.00	0.00
Indirect	Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources ¹⁾	MWh	398,485.80	351,257.47	365,171.06
Direct and indirect	Total fossil energy consumption	MWh	500,426.64	440,540.99	455,066.38
Direct and indirect	Share of fossil sources in total energy consumption	%	95.96	95.44	95.30
	Nuclear sources				
Indirect	Total energy consumption from nuclear sources	MWh	0.00	2.17	0.00
Indirect	Share of consumption from nuclear sources in total energy consumption	%	0.00	0.00	0.00
	Renewable sources				
Direct	Fuel consumption for renewable sources, including biomass and waste of biologic origin	MWh	0.00	0.00	0.00
Indirect	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources ¹⁾	MWh	21,069.59	21,069.59	22,445.56
Direct	Consumption of self-generated non-fuel renewable energy	MWh	0.00	0.00	0.00
Direct and indirect	Total renewable energy consumption	MWh	21,069.59	21,069.59	22,445.56
Direct and indirect	Share of renewable sources in total energy consumption	%	4.04	4.56	4.70

		Total²⁾			
Direct and indirect	Total energy consumption	MWh	521,496.23	461,610.58	477,511.94
Direct and indirect	Energy intensity	MWh/EUR	0.000635	0.0006304	0.000882
Direct and indirect	Energy intensity in high climate impact sectors (L68 and F41 in accordance with Annex I (9) to Commission Delegated Regulation (EU) 2022/1288*)	MWh/EUR	0.000635	0.0006304	0.000882
Direct	Renewable energy production	MWh	5,006.00	2,348.02	1,524.00
Direct	Non-renewable energy production	MWh	0.00	0.00	0.00

General note: Improved data basis due to more precise methodology for collecting energy consumption data. Retrospective restatement until 2023

¹⁾ Subsequent collection of consumption data from purchased district cooling. Retrospective restatement until 2023

²⁾ No consumption figures for electricity and heat from natural gas and district heating in 2025. The electricity data for 2024 were applied in 2025. The heat data were extrapolated from the heating consumption data for 2024, taking account of the weather conditions and portfolio changes in 2025.

E1-6: Gross Scope 1, 2, 3 emissions and total GHG emissions

[E1-6-44, 52-55, MDR-M 77a]

	2025	2024	2023	Delta (N/N-1)	Milestones and target years		
					2025	2030	Annual % target/base year
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions (in tCO ₂ eq)	20,663.97	18,085.68	18,232.37	14.26%	N/A	N/A	N/A
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0	0	0	N/A	N/A	N/A
Scope 2 GHG emissions							
Gross location-based Scope 2 GHG emissions (in tCO ₂) ¹⁾	87,422.55	77,616.66	83,502.87	12.63%	N/A	N/A	N/A
Gross market-based Scope 2 GHG emissions (in tCO ₂ eq) ²⁾	59,268.73	51,718.66	53,854.69	14.60%	N/A	N/A	N/A
Significant Scope 3 GHG emissions							
Total gross indirect (Scope 3) GHG emissions (in tCO ₂ eq)	270,348.01	217,753.84	N/A	24.15%	N/A	N/A	N/A
3.1 Purchased goods and services (in tCO ₂ eq) ³⁾	172,489.45	123,937.81	N/A	39.17%	N/A	N/A	N/A
3.2 Capital goods (in tCO ₂ eq) ⁴⁾	19,049.17	17,769.04	N/A	7.20%	N/A	N/A	N/A
3.3. Fuel and energy-related activities (not included in Scope 1 or Scope 2) (in tCO ₂ eq)	17,730.11	19,292.91	N/A	-8.10%	N/A	N/A	N/A
3.13 Downstream leased assets (in tCO ₂ eq) ⁵⁾	61,079.28	56,754.08	N/A	7.62%	N/A	N/A	N/A
Total GHG emissions							
Total GHG emissions (location-based) (in tCO ₂ eq) ⁶⁾	378,434.53	313,456.18	101,735.24	20.73%	N/A	N/A	N/A
Total GHG emissions (market-based) (in tCO ₂ eq) ⁷⁾	350,280.72	287,558.18	72,087.05	21.81%	N/A	N/A	N/A
Total GHG emissions (location-based) per net revenue (in tCO ₂ eq/EUR) ⁸⁾	0.000461	0.000428	0.000197	7.62%	N/A	N/A	N/A
Total GHG emissions (market-based) per net revenue (in tCO ₂ eq/EUR) ⁹⁾	0.000426	0.000393	0.000140	8.58%	N/A	N/A	N/A

¹⁾ The location-based emission factors for electricity and district heating provided by the Berlin-Brandenburg Office for Statistics (AfS BB) consider only CO₂. The emission factors were adjusted retrospectively for 2024 and 2023 in accordance with the AfS BB updates.

²⁾ The emission factor used to calculate emissions from district heating according to the Carnot method considers CO₂ only.

³⁾ Also includes emissions from upstream and downstream transportation. The aim is to disclose transportation emissions separately.

⁴⁾ Retrospective restatement of the 2024 value using a more suitable emission factor (before adjustment 9,069.34 tCO₂eq).

⁵⁾ The first school was completed in 2024. Its Scope 1 and 2 emissions resulted in a sharp increase in emissions compared with 2023. In 2025, two more schools were completed, which led to another sharp increase in emissions year on year.

⁶⁾ The Berlin-Brandenburg Office for Statistics considers renewable forms of energy such as hydroelectric power, wind power, solar power, biogas, biomethane and biodiesel to be carbon neutral. This is presumably the reason why no methane and NO₂ emissions are included in the emission factor.

⁷⁾ The emission factor used to calculate emissions from district heating according to the Carnot method considers CO₂ only.

⁸⁾ Total GHG emissions (location-based) per net revenue in 2023 = 115,196.30 tCO₂eq or EUR 541.1m; in 2024 = 318,620.60 tCO₂eq or EUR 732.2m; in 2025 = 378,434.53 tCO₂eq or EUR 821.4m.

⁹⁾ Total GHG emissions (market-based) per net revenue in 2023 = 81,114.45 tCO₂eq or EUR 541.1m; in 2024 = 285,914.15 tCO₂eq or EUR 732.2m; in 2025 = 350,280.72 tCO₂eq or EUR 821.4m.

Combined GHG emission reduction targets (Scope 1 and 2)	Milestones and target years					Annual % target/base year
	Base year 2023	2025	2030	2040	2045	
In tCO ₂ eq in accordance with the KSG ["Bundes-Klimaschutzgesetz": German Federal Climate Protection Act] ¹⁾	72,000.69	72,448.80	53,623.30	18,719.19	7,542.83 ²⁾	4%

¹⁾ Covers Scope 1 and 2 for natural gas, oil, district heating and shared electricity. No targets for Scope 3. The emission factor used to calculate emissions from district heating according to the Carnot method considers CO₂ only.

²⁾ The KSG (as amended in 2021) sets carbon budget targets up to 2040. To derive the carbon budget for 2045, a reduction in carbon emissions of 95% compared to 1990 is assumed in accordance with the approach of the Berlin Climate Change Mitigation and Energy Transition Act ["Klimaschutz- und Energiewendegesetz].

[E1-6-44, 50, MDR-M 77a] HOWOGE uses the operational control approach to determine the basis of consolidation for the GHG balance sheet in accordance with the GHG Protocol (cf. Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard). In other words, HOWOGE considers all the emissions of operations over which it has operational control and for which it is able to implement actions and policies. HOWOGE has operational control over all subsidiaries and has extensive operational control over the management of operations. The basis of consolidation used here is the same as that used in the financial statements (see notes to the consolidated financial statements – Basis of consolidation).

[E1-6-44, 45, 48-55, MDR-M 77a] HOWOGE's corporate carbon footprint (CCF) covers all relevant GHGs in accordance with the Kyoto Protocol. The GHGs considered include CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃. They are expressed in CO₂ equivalents (CO₂eq). Only carbon emission factors are available for some emission sources. This is disclosed in a footnote to the GHG balance sheet.

The following sources were used for the emission factors in the GHG balance sheet for fiscal year 2025: DESNZ (UK Department for Energy Security and Net Zero), AfS – Berlin-Brandenburg Office for Statistics, NAICS – Supply Chain Greenhouse Gas Emission Factors v1.3 (NAICS – North American Industry Classification Systems). These emissions databases were chosen because they are updated annually and are freely available and transparent.

Supplier-specific emission factors were used where available. All purchased electricity originates from bundled instruments – mainly green electricity plus a small amount (less than 3.9%) of conventional electricity. These bundled instruments account for 0.5% of Scope 2 energy consumption.

HOWOGE does not purchase GHG allowances and, as a matter of principle, excludes such allowances from the calculation of its GHG emissions. HOWOGE does not perform any activities that must be reported in the context of the EU Emissions Trading System.

The share of biogenic emissions of CO₂ from the combustion or biodegradation of biomass is not reported separately. The emission factors used by the Berlin-Brandenburg Office for Statistics do not indicate the proportion of biogenic emissions separately.

[E1-4-34c] The base year 2023 is used to measure progress towards the target. In 2023, the average annual temperature of 10.9°C for the Berlin/Brandenburg region was close to the four-year average of 10.7°C for the period from 2021 to 2024. It was therefore neither a particularly warm nor cold year that would significantly influence energy consumption and the associated GHG emissions.

Energy consumption and gross GHG emissions in relation to the material impacts, risks and opportunities

Gross Scope 1, 2 and 3 GHG emissions and total emissions are examined in relation to the climate targets in order to achieve reductions. HOWOGE's energy consumption and mix are also considered. The aim is to minimize the risks and costs of adaptation actions and climate regulation and leverage the opportunities provided by investing in renewable energy.

[MDR-M-77a] The GHG balance sheet was developed in accordance with the GHG Protocol (methodology). HOWOGE calculates its expected energy consumption using a weather adjustment factor based on energy consumption assumptions from the prior year and external data obtained from the German Weather Service (assumption). No year-by-year consumption data are available for some residential buildings (limitation).

[ESRS 2-BP-2-11, MDR-M 77a] The actual heating energy consumption for district heating and natural gas, which is taken from the operating cost statement, is not expected to be available for reporting year 2025 until the following year. As this delay in invoicing operating costs for residential units is not a HOWOGE-specific problem, a working group from the Federal Association of Housing and Real Estate Companies (GdW), the Association of Housing Companies in Rhineland-Westphalia (VdW) and the Working Group of Major Housing Companies (AGW) have developed a joint approach to satisfy the requirements of ESRS reporting. This approach is applied in preparing HOWOGE's GHG balance sheet and is based on an adjustment of the prior year's (2024) consumption of district heating and natural gas to account for weather conditions. These adjusted consumption figures are then applied to reporting year 2025, along with the assumed heating-related energy consumption data attributable to portfolio changes. This is based on the heated area and energy ratings of the buildings and takes account of monthly portfolio additions and disposals. In a final step, these energy consumption figures are adjusted for weather conditions to provide a valid estimate for reporting year 2025. As a result, this estimate is subject to a degree of measurement uncertainty. In the following reporting year, the estimated values will be retrospectively replaced by actual consumption figures.

[ESRS 2-BP-2-13] The following changes were made in the preparation and presentation of sustainability information compared to the previous reporting period:

The provision of consumption data for natural gas and district heating in 2025 was IT-supported in the form of an SAP data extract of the operating cost statements. The operating cost statements are checked during the billing process, which minimizes potential errors. The consumption of the properties for which no operating cost statements are available was estimated on the basis of the areas and energy ratings from the energy performance certificates (< 5% of the building stock). This

mainly affects properties billed on a flat-rate basis, such as student residences or properties in which each apartment has its own gas boiler.

The energy consumption data under E1-5 were also calculated retrospectively for fiscal years 2024 and 2023.

Energy in MWh	2024 before adjustment	Adjustment	2024 after adjustment	2023 before adjustment	Adjustment	2023 after adjustment
Fuel consumption from natural gas	106,511.24	-17,754.00	88,757.24	111,998.91	-22,383.9	89,615.01
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	326,930.41	+24,327.06	351,257.47	345,149.81	+20,021.25	365,171.06

[E1-6-44, 51, MDR-M 77a] Scope 3 categories: The significant Scope 3 categories on which HOWOGE reports in its annual sustainability statement include all emissions that are equal to or greater than 3% of total Scope 3 emissions or that are considered material for the housing industry under Guideline 85/2024. The assessment of significance is based on estimates of all Scope 3 categories using 2023 data for the entire basis of consolidation including ATOZ GmbH. The table under *E1-6 GHG Gross Scope 1, 2 and 3 and total GHG emissions* lists all significant Scope 3 categories and the corresponding GHG emissions.

The following categories were excluded from the Scope 3 GHG emissions inventory:

Below the significance threshold:

- "3.5 Waste generated in operations"
- "3.6 Business travel"
- "3.10 Employee commuting"

Not applicable to HOWOGE:

- "3.8 Upstream leased assets"
- "3.10 Processing of sold products"
- "3.11 Use of sold products"
- "3.12 End-of-life treatment of sold products"
- "3.14 Franchises"
- "3.15 Investments"

Notes on the calculations:

3.1 Purchased goods and services

The emissions were calculated on the basis of the cost (spend-based) approach using a list of creditors that includes all subsidiaries. As the amounts cannot be derived from the total costs, the emissions for

upstream and downstream transportation are included in 3.1. Economic activities and corresponding specific emission factors were allocated to the largest items on the creditor list, which accounted for 93% of the total costs. An average emission factor was applied for the remaining 7% of the creditor list.

3.2 Capital goods

The cost approach was used for the calculation. The additions to property, plant and equipment as presented in the IFRS financial statements were used as the costs of capital goods.

3.3 Fuel and energy-related activities

The upstream emissions for the extraction, production and transportation of the energy sources (WTT) and for the transmission and distribution (T&D) losses were calculated for the purchased electricity and district heating on the basis of the calorific values for consumption of electricity and district heating produced from fossil sources under Scope 1 and 2.

3.13 Downstream leased assets

For the purposes of 3.13, the Scope 1 and 2 emissions of the building stock that are not included in HOWOGE's GHG balance sheet were estimated. These include the emissions from electricity purchased by tenants and from operation of new schools. For the estimates, floor area clusters were created to which certain households and an average number of appliances with their average consumption were allocated. The assumptions made are based on industry association publications. Consumption data were available for the schools.

A total of 7.3% of the Scope 3 emissions were calculated on the basis of primary data¹².

[ESRS 2 BP-2-10, 11, MDR-M 77a] A first estimate of the Scope 3 emissions was made using sector-average data for the following scope categories: "3.1 Purchased goods and services" and "3.2 Capital goods." The sector-average data may deviate from the data for the entity-specific activities. The database for sector-average data was chosen for its size and the fact that it is updated annually and is freely available. For the estimates in category "3.13 Downstream leased assets," see *E1-6-44, 51*.

In addition, due to limited data availability, estimates were made on the basis of the costs for the following categories: "3.1 Purchased goods and services" and "3.2 Capital goods." The cost approach may distort the GHG balance sheet, especially if sustainable alternatives were chosen that are often associated with higher costs. As a result, this estimate is subject to a high level of measurement uncertainty.

¹² Primary data were used in categories 3.13 and 3.3. Primary data from 2023 were used for category 3.3.

3.2.3 E5 Resource use and circular economy

Policies

For this topical standard, various policies are listed and explained below on the basis of the respective minimum disclosure requirements:

Corporate strategy

The presentation of the corporate strategy complies with the minimum disclosure requirements contained in topical standard E1. See section *3.2.2 E1 Climate change – Corporate strategy*.

Material IROs to which the corporate strategy relates: Maintenance (impact).

Sustainability strategy

The presentation of the sustainability strategy complies with the minimum disclosure requirements contained in topical standard E1. See section *3.2.2 E1 Climate change – Sustainability strategy*.

Material IROs to which the sustainability strategy relates: Maintenance (impact).

Impact, risk and opportunities management

E5-1: Policies related to resource use and circular economy

[E5-1-14] HOWOGE has identified as a material impact the fact that predictive maintenance and refurbishment contribute to extending building life cycles. As a result, the sub-topic of resource outflows – including information on products and materials – is material.

The use of predictive maintenance and refurbishment to extend building life cycles is embedded in the corporate strategy. The sustainability strategy is derived from the corporate strategy and addresses the topic of life cycle assessment and preservation of resources in the “Construction of new buildings and existing buildings” action area.

An operating procedure contains a standard description of the terms maintenance and repair for the Group. The operating procedure and a process developed in collaboration with asset management set out the strategic responsibility and operational implementation. HOWOGE’s entire portfolio is reviewed annually to determine the need for maintenance. The following indicators are used for the review: number and volume of ongoing maintenance contracts, number and volume of insurance claims, final energy consumption and energy sources (energy performance certificate). Structured inspections are carried out on the basis of this initial assessment. These feed into a final prioritization for the annual construction plan.

In order to extend the life cycle of buildings, HOWOGE is implementing actions such as the energy upgrade and optimization of its real estate portfolio.

In 2025, the refurbishment of four schools (2024: five schools) was planned in accordance with the "Guidelines for the Refurbishment of Schools" and the "General Administrative Regulation for Procurement and the Environment" (VwVBU). Construction work on the refurbishment of one school started in 2025. HOWOGE has performed an energy classification of the existing schools. Refurbishment measures to improve the energy efficiency of schools were prioritized.

E5-2: Actions and resources related to resource use and circular economy

[E5-2-19] HOWOGE is implementing the following actions related to resource use and circular economy:

Action 1: Review of all new housing construction projects for the feasibility of using sustainable construction products and materials

[MDR-A-68a] Expected outcomes of the action: By reviewing all residential construction projects for the feasibility of using sustainable building products and materials, HOWOGE expects to obtain a general overview of the projects in which sustainable building products and materials can be used. In addition, HOWOGE is sending a signal to the market that it is interested in using sustainable building products and materials.

How the action contributes to the achievement of policy objectives and targets: It is expected that the life cycle of residential construction projects will be extended by using sustainable building products and materials. Resources are preserved.

[MDR-A-68b] Scope of the action in terms of HOWOGE's activities: The construction of new residential buildings is one of HOWOGE's activities in its own operations. All new housing construction projects are reviewed for the feasibility of using sustainable building products and materials.

Scope of the action in terms of the upstream and downstream value chain: Tenders are invited for HOWOGE's residential construction projects. The contractual terms agreed with general contractors or general planners as contractors stipulate the use of sustainable building products and materials.

Scope of the action in terms of geography: Almost all of HOWOGE's new housing is constructed in Berlin.

Scope of the action in terms of affected stakeholder groups: HOWOGE's stakeholder groups are not affected by the review.

[MDR-A-68c] Time horizons for the intended completion of the action (short, medium and long term): The review is conducted on an ongoing basis for all HOWOGE's new housing construction projects.

Action 2: Timber hybrid construction for new-builds

[MDR-A-68a] Expected outcomes of the action: Using wood as a construction material improves the building's life cycle assessment because wood is a carbon sink.

How the action contributes to the achievement of policy objectives and targets: HOWOGE has set itself the target of reducing its carbon emissions. Timber hybrid construction contributes to achieving this target.

[MDR-A-68b] Scope of the action in terms of HOWOGE's activities: Timber hybrid construction is used in HOWOGE's own new-builds.

Scope of the action in terms of the upstream and downstream value chain: Timber hybrid construction is used in HOWOGE's own buildings. HOWOGE works with suppliers (upstream value chain) in procurement. Tenants use the apartments in buildings erected using timber hybrid construction (downstream value chain).

Scope of the action in terms of geography: Timber hybrid construction is implemented in Berlin.

Scope of the action in terms of affected stakeholder groups: Tenants use the apartments built using timber hybrid construction.

[MDR-A-68c] Time horizons for the intended completion of the action (short, medium and long term): Short-term (fiscal year): No action was completed in 2025 (2024: one action). In 2025, five actions were in the construction phase (2024: one action). In 2025, 13 actions are at the planning stage (2024: 10 actions). The action is to be continued in the medium and long term. The same time horizons are applied as in the materiality assessment – see *ESRS 2 SBM-3-48*.

Action 3: Life cycle assessments in school construction in accordance with the Assessment System for Sustainable Building (BNB)

[MDR-A-68a] Expected outcomes of the action: A life cycle assessment will be produced for school buildings that can be used to obtain certification to the BNB silver quality standard.

How the action contributes to the achievement of policy objectives and targets: HOWOGE is seeking to implement a sustainable approach to school construction by producing life cycle assessments for certification to the BNB silver quality standard.

[MDR-A-68b] Scope of the action in terms of HOWOGE's activities: School construction is a separate segment of HOWOGE's activities. Life cycle assessments are one element of the criteria group

“Ecological quality – effects on global and local environment” used to obtain certification to the BNB silver quality standard.

[MDR-A-68b] Scope of the action in terms of the upstream and downstream value chain: HOWOGE works with suppliers (upstream value chain) in procurement. The district uses the schools after completion by making them available to teachers and students (downstream value chain).

Scope of the action in terms of geography: Certification to the BNB silver quality standard relates to schools (and their life cycle assessments) in Berlin.

Scope of the action in terms of affected stakeholder groups: The school community (students and teachers) uses the school.

[MDR-A-68c] Time horizons for the intended completion of the action (short, medium and long term): Two schools were completed in 2025. HOWOGE has completed a total of three schools to date. The life cycle assessments for the two schools were prepared during the project and are available for the purposes of BNB certification. A further five schools will be completed in the coming year. Life cycle assessments will be prepared for these schools as well. Work has already started on them.

[E5-3: Targets related to resource use and circular economy](#)

[E5-3-23] All disclosures on the sustainability targets, processes and objectives, including indicators, as well as on target achievement in fiscal year 2025 from the sustainability statement for fiscal year 2024 can be found in *ESRS 2 SBM-1-40*.

[E5-3-24] The targets related to ESRS E5 mentioned under *ESRS 2 SBM-1-40* concern resource outflows and the expansion of circular product design whereby HOWOGE will focus on long-lasting and durable materials. One process concerns increasing the recyclability of products and materials. Other aspects related to resource use are the use of recycled building products and the reduction of construction waste.

[E5-3-26] No ecological thresholds or entity-specific allocations were taken into consideration when setting the targets.

[E5-3-27] The targets presented are voluntary.

[E5-5: Resource outflows](#)

[E5-5-35] HOWOGE records its own new housing construction projects in a digital database. This shows the main materials in the buildings under construction and serves as the basis for predictive maintenance. The current new housing construction projects use plaster, brick, plastic (windows), wood and aluminum as the main materials for the facades and concrete and timber as the main materials for

the supporting structure. There is no systematic recording or disclosure of the durability, reusability, reparability, disassembly, remanufacturing, refurbishment, recirculation by the biological cycle or optimization of the use of materials through other circular business models.

In 2025, HOWOGE's functional performance specifications were expanded to include the systematic disclosure of the recycled content of materials used in construction and other specific components in all new housing construction projects from 2026.

As part of a pilot project, a building resource passport is being created to capture the points mentioned above, with the exception of optimizing the use of materials through other circular business models.

HOWOGE applies the following approaches in designing new-builds and refurbishments along circular principles:

- Since 2022, all housing construction projects have been reviewed for the feasibility of using sustainable building products and materials that are designed along circular principles and contribute to predictive maintenance in the broader sense.
- Since 2019, nine new housing projects using timber hybrid construction have been completed, including two pilot projects for the vertical extension of standard prefabricated WBS 70 buildings. In the report for fiscal year 2024, HOWOGE reported that eight new housing projects using timber hybrid construction had been completed. In fact, nine new housing projects were completed in 2024.

The Company applies the following principles when selecting materials:

- For the refurbishment of residential and commercial real estate, materials that will not require any further maintenance work for the next 15 to 20 years are chosen.
- Environmentally sound alternatives to conventional materials are used, for example, components with recycled materials, mineral insulating materials and energy-saving lighting. Preference is given to greener materials with lower emissions and a minimal pollutant content. Where possible, products are avoided if they have a large carbon footprint or a high content of solvents, plasticizers or complex composite materials.
- Materials containing PVC are avoided in technical equipment.
- The reusability of materials and items is reviewed on an ongoing basis. For example, in a new housing construction project completed in 2022, the old cobblestones, playground equipment and benches on the site were refurbished and reused. In 2025, windows that were replaced in a refurbishment project were also offered on a building materials marketplace.
- New circular economy approaches are being developed.

In the case of school construction projects, the "General Administrative Regulation for Procurement and the Environment" (VwVBU) of the State of Berlin was applied for both new-builds and refurbishments. When procuring materials, environmental criteria are considered, including the life cycle costs caused by a product from acquisition to disposal. In addition, all new school buildings are planned and constructed to the BNB silver quality standard. See also E5-2-19. A material aspect in this context is a holistic life cycle assessment for the building materials used and the energy supply. This considers all necessary energy and material flows, along with their global and local environmental impacts – from production, transportation and installation to dismantling and building use.

[E5-5-36] The information required under disclosure requirement E5-5-36 is not material because HOWOGE is a non-manufacturing company that does not market any products. This disclosure is therefore not significant to the aspect of "Resource outflows: products and materials." For this reason, HOWOGE reports entity-specific disclosures based on the sustainability reporting guidelines for the housing industry issued by the Federal Association of Housing Companies (GdW). These are modernization intensity (BM2), the proportion of residential units whose energy performance has been fully or partially modernized since 1990 (BM3) and maintenance intensity (BM4).

In fiscal year 2025, modernization intensity (BM2) was EUR 5.40/sqm (2024: EUR 9.01/sqm). The significant decline in modernization intensity is due to a delay caused by complex planning and coordination processes. A gradual improvement is planned in the coming years.

The proportion of residential units whose energy performance has been fully or partially modernized since 1990 (BM3) was 89.14% (up to 2024: 88.37%). Compared to the prior year (2024), the calculation of this figure was adjusted so that new-build apartments completed after 2013 are considered to be refurbished housing stock. Applying this premise, the value for 2024 was 94.2%.

In fiscal year 2025, maintenance intensity (BM4) was EUR 13.69 (2024: EUR 14.89/sqm).

[MDR-M-77a, b] HOWOGE calculates the metrics GdW BM2 (modernization intensity), GdW BM3 (proportion of residential units whose energy performance has been fully or partially modernized since 1990) and GdW BM4 (maintenance intensity) directly. No significant assumptions or limitations are associated with the methodology. In the calculation of BM3, new-builds are assigned the status refurbished. The rental area is used to calculate BM2 and BM4. None of these metrics have been externally validated.

3.3 Social information

3.3.1 S1 Own workforce

Policies

For this topical standard, various policies are listed and explained below on the basis of the respective minimum disclosure requirements:

[Corporate strategy](#)

The presentation of the corporate strategy complies with the minimum disclosure requirements contained in topical standard E1. See section *3.2.2 E1 Climate change – Corporate strategy*.

Material IROs to which the strategy relates: General working conditions (impact).

[Sustainability strategy](#)

The presentation of the sustainability strategy complies with the minimum disclosure requirements contained in topical standard E1. See section *3.2.2 E1 Climate change – Sustainability strategy*.

Material IROs to which the strategy relates: General working conditions (impact), channels for equal treatment (impact).

[Policy statement on respect for human rights](#)

Content

[MDR-P-65a] Key contents of the policy: HOWOGE's policy statement on respect for human rights describes the Company's understanding of and approach to respect for human rights. The approach to respect for human rights covers employees, suppliers, tenants and affected communities. In its policy statement on respect for human rights, HOWOGE commits to strict compliance with all the legal provisions that apply to the Company. A further description of the human rights policy commitments can be found under *S1-1-20*. Since 1 January 2024, HOWOGE has been subject to the human rights and environmental obligations arising from the LkSG ["Lieferkettensorgfaltspflichtengesetz": German Act on Corporate Due Diligence in Supply Chains]. This includes the requirement to implement processes and mechanisms to monitor compliance with the:

- UN Guiding Principles on Business and Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work and OECD Guidelines for Multinational Enterprises

In its policy statement on respect for human rights, HOWOGE also describes its commitment over and above its legal obligations. The policy statement includes an explanation of the established structures and processes such as the formation of a business-wide working group and the installation of a human rights and environmental grievance mechanism.

General objectives: HOWOGE is actively committed to ensuring respect for human rights, fighting discrimination and implementing fair working conditions. The goal is minimize the risk to people affected by human rights abuses.

Material impacts, risks and opportunities to which the strategy relates: Channels for equal treatment.

Monitoring process: The policy statement is regularly reviewed by the established business-wide working group on respect for human rights and updated as required.

Scope

[ESRS 2 MDR-P-65b] Scope in terms of activities: The policy statement on respect for human rights applies to the HOWOGE Group. It applies to HOWOGE's activities in its own operations (project planning and support, rental and management of apartments, construction of new residential buildings and schools, supply of heating, hot water and electricity).

Scope in terms of the value chain: The policy statement on respect for human rights also relates to HOWOGE's value chain (upstream value chain, e.g., construction services), the Company's own operations (HOWOGE core business) and the downstream value chain (e.g., direct business partners such as tenants).

Scope in terms of geography: HOWOGE's properties are located in Berlin and to a lesser extent in the neighboring State of Brandenburg. There is a strong concentration in the Berlin-Lichtenberg district, where some 75% of the Company's residential units are currently located.

Scope in terms of affected stakeholder groups: HOWOGE has defined stakeholder groups. They include the following: State of Berlin (Senate Departments), parliaments (the Bundestag, Berlin House of Representatives and their parliamentarians), district and local politicians, local authorities (for example, Berlin's Housing Coordination Office, the city's district councils), industry associations (such as BBU and GdW), urban society (including citizens' initiatives and local clubs), tenants' council and tenant representatives, institutions and public facilities (for example, community centers, schools and libraries). In its policy statement on respect for human rights, HOWOGE refers to the values and principles of the corporate culture that define standards of service and conduct in dealings with tenants.

Responsibilities

[MDR-P-65c] The management board is accountable for compliance with human rights principles. A business-wide working group was established to monitor the core elements of human rights due diligence. Its brief is to review and refine the policy statement on respect for human rights and the associated processes. Moreover, a human rights officer was appointed in January 2024.

References to other standards/initiatives

[MDR-P-65d] As a company that mainly operates in Berlin, HOWOGE is subject to the regulatory frameworks of the European Union, the Federal Republic of Germany and the State of Berlin in respect of labor and social law (collective bargaining agreement) and of procurement (e.g., the BerlAVG [“Ausschreibungs- und Vergabegesetz“: Berlin Tender and Procurement Act]). The contract award process is conducted in accordance with the regulations for public-sector clients (GWB, VgV, UVgO, VOB/A), complemented by the BerlAVG. In its definition of human rights, HOWOGE refers to the core labor standards of the International Labour Organization (ILO). The LkSG is being implemented.

Consideration given to stakeholder interests

[MDR-P-65e] The Berlin Senate is committed to sustainable development and the Sustainable Development Goals, which include respect for human rights. The Group therefore sees an overlap in the interests of HOWOGE and the State of Berlin as a stakeholder group.

Availability for stakeholders

[MDR-P-65f] The policy statement on respect for human rights is published on the Company’s website. In addition, HOWOGE reports publicly on its own activities and actions related to respect for human rights.

Strategy

[S1-1-17, 18, 19] As a municipal housing company, HOWOGE has a particular responsibility towards its workforce. The Company not only endeavors to create a respectful working environment, but also to foster its employees’ professional development and wellbeing. HOWOGE has developed policies and actions to manage the material impacts, risks and opportunities related to its workforce. The *corporate strategy* and the *sustainability strategy* are presented in section 3.2.2 E1 Climate change under Policies. The *policy statement on respect for human rights* is presented in section 3.3.1 S1 Own workforce under Policies. The focus is on “General working conditions” and “Channels for equal treatment.” HOWOGE offers its workforce fair working conditions, employment contracts that are predominantly permanent and aligned with collective bargaining agreements, transparent payment and family-friendly human resources policies. “Channels for equal treatment” are strengthened by actions such as the

appointment of a compliance officer, inclusion officer and external ombudsperson. In this way, HOWOGE has established channels that foster equal treatment and seek to counter unequal treatment within the Company.

S1-SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

[S1-SBM-3-13a] The positive impacts defined as material – “General working conditions” and “Channels for equal treatment” – are closely connected with HOWOGE’s corporate strategy. Employee satisfaction is a key topic at HOWOGE and was defined in the corporate strategy with a dedicated target under the property management strategy. The positive impacts do not directly affect HOWOGE’s business model and strategy and do not contribute directly to its adaptation. However, they are a prerequisite for employee satisfaction, which is defined as a strategic target in the corporate strategy.

In its policy statement on respect for human rights, HOWOGE commits to ensuring fair working conditions, equal treatment of all employees and occupational health and safety. The Company’s employees make use of their rights related to the freedom of association and the appointment of representatives. One third of the members of the supervisory board of HOWOGE are elected workers’ representatives. In addition, HOWOGE offers its employees a family-friendly working environment, workplace health promotion and mobile working arrangements.

No material risks and/or opportunities were identified during the materiality assessment.

[S1-SBM-3-14a, c] HOWOGE’s workforce comprises the Company’s own workforce, non-employees, trainees and apprentices, and employees with inactive work relationships.

Employees are based on the definition in Sec. 285 No. 7 HGB and Beck’s interpretations. The term is based on labor law (social security law). Employees comprise all employees who work for the Company, including those on maternity leave, employees who work from home, dependent agents and short-term temporary staff. Part-time employees are included in full. Specifically not included are executive directors (management board members, general managers), trainees and apprentices, interns and employees with inactive work relationships (employees who have taken early retirement, employees on parental leave).

Non-employees of HOWOGE Wohnungsbaugesellschaft mbH are divided into three groups:

- Freelancers (self-employed individuals with specific project-related contracts)
- Interim managers (self-employed individuals with specific contracts, transitional filling of a position)

- Temporary workers with specific contracts (personnel leasing to fill a position on a transitional basis or to cater to a peak in workload)

Generally speaking, the aforementioned types of employees and non-employees are affected equally by the positive material impacts of "General working conditions" and "Channels for equal treatment."

HOWOGE creates good working conditions by:

- Applying the relevant collective bargaining agreements for those companies with a collective bargaining agreement.
- In companies without a collective bargaining agreement, market-based salary bands and the review mechanisms described below are applied.
- Regularly reviewing salaries against market benchmarks to ensure that pay is in line with the market.
- Granting bonuses for outstanding performance based on a transparent system and an extended financial framework.
- Maintaining a hardship fund that can be used if an employee experiences a difficult situation in their life and needs financial assistance.
- Deploying a working time recording system to comply with statutory and company provisions.
- Fostering personal development and participation opportunities by providing them with general and specialist training.
- Providing an annual budget for team building activities and a budget per employee for use in the context of the health platform.
- Providing ergonomic work equipment and materials.

"Channels for equal treatment" are ensured through the involvement of bodies and roles established in accordance with external requirements, such as the employee council, women's representative, inclusion officer, human rights officer and committees representing the severely disabled and young people, trainees and apprentices. These bodies and roles are presented in the onboarding app and the intranet; they can be accessed by all employees, trainees and apprentices. HOWOGE has also appointed an ombudsperson who can be contacted by all of the Company's employees. All employees, trainees and apprentices undergo annual training on the AGG ["Allgemeine Gleichbehandlungsgesetz": German General Act on Equal Treatment]. Executives receive additional training on the topic of equal treatment.

HOWOGE's mission statement and code of conduct provide guidance and serve as the framework for responsible conduct by the Company's employees and management board. These documents are complemented by the group compliance policy, which governs day-to-day work. The management

board, the heads of divisions and functions, the general managers of the subsidiaries, the chair of the employee council and an external consultant make up the compliance steering committee. Compliance is an integral part of the target agreements with employees in management roles, who are expected to represent the Company's values and serve as role models to their employees.

Impact, risk and opportunities management

S1-1: Policies related to HOWOGE's own workforce

[S1-1-20a-c, ESRS 2 SBM-2] The *policy statement on respect for human rights* is the foundation of HOWOGE's business conduct. HOWOGE goes beyond statutory requirements in its commitment to observing and implementing the principles of respect for human rights in its sphere of influence. It does not tolerate human rights abuses in any form. HOWOGE is guided by the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises, as explained in the policy statement. In its definition of human rights, HOWOGE refers to the core labor standards of the International Labour Organization (ILO).

A business-wide working group made up of employees from the governance, risk and compliance, sustainability, investor relations, legal and central procurement functions developed HOWOGE's policy on ensuring respect for human rights in the supply chain. A human rights officer has been officially appointed.

A grievance mechanism was established at the end of 2022. The existing whistleblowing system expressly invites the submission of grievances related to potential human rights abuses. Human rights and environmental risks and incidents can be reported via the impartial grievance process. Anyone can submit reports in person, by telephone, by email or by post to HOWOGE or to its compliance managers. HOWOGE's internal reporting channel is the compliance officer; the external reporting channel is the independent ombudsperson, who is a lawyer. Both reporting channels serve as an entry point for complaints/grievances to ensure that any reports of human rights and environmental risks and violations of human rights and environmental obligations can be submitted. Regardless of the reporting channel used, all complaints/grievances and reports are treated in confidence. All information on how to file a complaint/grievance is freely accessible on the Company's website.

HOWOGE has implemented actions to provide and/or enable remedy for human rights impacts. One such action is its close dialog with stakeholders. A list of stakeholder groups can be found in the policy description *Policy statement on respect for human rights*. Dialog with stakeholders helps to strengthen

companies' commitment to respecting human rights and protecting the environment. HOWOGE liaises with its key stakeholder groups. The groups are listed in *ESRS 2 SBM-2*.

Sustainability reporting is also an element of the dialog with stakeholders and partners. The sustainability statement and company website are updated annually. HOWOGE is committed to ensuring fair working conditions, equal treatment and occupational health and safety for all its employees. Those business areas of HOWOGE with interfaces to topics of relevance to human rights are involved in the operational activities related to the LkSG ["Lieferkettensorgfaltspflichtengesetz": German Act on Corporate Due Diligence in Supply Chains]. The Company's employees make use of their rights related to the freedom of association and the appointment of representatives. One third of the members of the supervisory board of HOWOGE are elected workers' representatives. Other contacts include:

- Inclusion officer
- Women's representative
- Employee council
- Committee for the severely disabled, in collaboration with human resources
- Committee for young people, trainees and apprentices
- Human rights officer in accordance with the LkSG

The compliance complaints process provides for the following channels:

- Compliance officer (internal HOWOGE employee)
- Ombudsperson (external lawyer)

The main reporting channel for subsidiaries with more than 250 employees is the ombudsperson. Where necessary, queries can be forwarded to an internal contact at HOWOGE for clarification.

[S1-1-21] HOWOGE is guided by the UN Guiding Principles on Business and Human Rights as set out in the *policy statement on respect for human rights*. Compliance with human rights in HOWOGE's business practices is demonstrated in particular by:

- Fair and comparable pay for all employees
- A non-discriminatory approach to working and professional collaboration
- Occupational health and safety
- Health management and flexible working arrangements to ensure a good work-life balance
- Employee satisfaction and social responsibility
- Environmental protection and economic and environmental sustainability
- Combating corruption

- Employees' ability to exert influence and freedom of expression

[S1-1-24] HOWOGE is committed to equal opportunities, diversity and inclusion. The Company has prepared a policy statement on respect for human rights that explicitly states that HOWOGE and its own workforce operate without discrimination (including harassment). The policy statement addresses various aspects of discrimination such as origin, education and religion. The policy statement was validated in 2025: HOWOGE treats all tenants and employees with respect, irrespective of the individual, their origin, education and religion. HOWOGE does not tolerate unequal treatment based on ethnicity, skin color, sex, sexual orientation, gender identity, disability, age, political opinion or other forms of discrimination covered by EU and national law. HOWOGE became a signatory to Germany's diversity charter ["Charta der Vielfalt"] in 2009, thereby committing to creating a working environment that prevents prejudice and discrimination.

To ensure equal treatment within HOWOGE's own workforce, the following representative bodies have been elected:

- Employee council
- Women's representative (requirement under the LGG ["Landesgleichstellungsgesetz": Berlin Gender Equality Act]) and committee for the severely disabled (Sec. 181 SGB 9 ["Sozialgesetzbuch IX": Ninth Book of the German Social Security Code])

An inclusion officer (Sec. 178 SGB 9) and a human rights officer (LkSG) have also been appointed. The grievance process described under *S1-1-20a-c* provides a another means for employees to communicate their concerns to HOWOGE in confidence. Employees may also address their grievance in person to the compliance officer or anonymously to the ombudsperson. The range of options for reporting grievances is designed to ensure that discrimination is identified and remediated at an early stage. The workers' representatives listed under *S1-1-20a-c* are another way of fostering diversity and inclusion within the Company.

[S1-2: Processes for engaging with HOWOGE's own workforce and workers' representatives about impacts](#)

[S1-2-27] At any time during their employment and irrespective of certain stages at which engagement occurs, HOWOGE's employees can contact their own supervisors, human resources and workers' representatives on all human resources topics, including the positive impacts of "Working conditions" and "Equal treatment."

Moreover, an employee survey covering these topics is usually conducted every two years (most recently in 2024) and discussed with the workers' representatives. In 2024, overall employee

satisfaction was rated at 70 out of 100 points. The responsible executives were requested to work with their teams to assess the results by the end of the first quarter of 2025 and identify three specific action areas. These action areas were entered into an internal monitoring tool. Each department is responsible for monitoring the fulfillment of the action areas. By addressing the action areas, the Company intends to continue to maintain a high level of employee satisfaction.

In addition, a formal employee dialog between employees and their line manager takes place every one to two years, depending on their professional group. This conversation addresses an employee's general satisfaction with working conditions, collaboration and leadership.

HOWOGE has concluded numerous agreements with workers' representatives on respecting human rights, e.g., on good working conditions, fair pay and respect for personal rights.

S1-3: Processes to remediate negative impacts and channels for HOWOGE's own workforce to raise concerns

[S1-3-32b-e] No negative impacts for HOWOGE's workforce were identified during the materiality assessment. Thus no process is currently required to reverse or mitigate negative impacts. This notwithstanding, various communication channels are available to HOWOGE's employees to make their concerns and needs known to the Company. Employees may also discuss their concerns and needs with human resources. In addition, employees may contact the various workers' representatives listed below, who can be contacted directly (by telephone or email or in person) or via central mailboxes.

The following workers' representatives are available to HOWOGE's employees to make their concerns or needs known to the Company:

- Inclusion officer
- Women's representative
- Employee council
- Committee for the severely disabled, in collaboration with human resources
- Committee for young people, trainees and apprentices
- Human rights officer in accordance with the LkSG
- Compliance officer
- Ombudsperson

With the exception of the ombudsperson, these channels have been established and are managed by HOWOGE itself. Some channels are subject to statutory requirements that are complied with, such as the election of an employee council by HOWOGE's employees. New employees are informed about

these channels during the compliance training that forms part of their onboarding on their first day at HOWOGE. The various means of contact are shown on the intranet. In addition, HOWOGE ensures that all employees are able to contact the aforementioned channels using the end devices issued to them.

The effectiveness of the channels is ensured through their ease of accessibility by email, telephone or in person. There are no technical challenges. Employees can also choose between requesting a direct meeting with human resources, their line manager or a workers' representative or contacting the ombudsperson anonymously.

HOWOGE has no defined process for handling grievances related to employee concerns. Problems reported to human resources are followed up and monitored on a case-by-case basis, usually involving the following steps:

- An employee contacts human resources (or a committee or one of the other aforementioned channels) on a personal matter.
- In a meeting with the employee, the matter is discussed to gain their perspective (the employee may request support from the employee council and/or the women's representative).
- The next steps depend on the individual case: Usually the relevant line manager will be contacted for their assessment, depending on the sensitivity of the matter.
- Other persons may be involved or the affected person(s) may be interviewed in confidence on their views, with relevant functions such as compliance or internal committees in attendance where relevant. Depending on the case, the management board or an external consultant may also be involved.
- The resolution process is initiated. This may entail issuing instructions on observing human rights or taking actions under labor law.
- The effectiveness of the process is reviewed by requesting feedback from the affected employee by email or telephone or in an individual meeting to determine whether there has been any improvement in the situation. Depending on the case, the relevant line manager or workers' representative may also be contacted again.

[S1-3-33] HOWOGE is committed to employee consultation and participation. This includes ensuring access to channels for raising concerns and needs. The generally known and established communication channels are available to HOWOGE's own workforce for the purpose of dialog. Information about the availability of these channels is provided during onboarding, employee dialog meetings and on the intranet. Direct one-on-one discussions take place between employees and their respective line managers on a continuous basis. Repeated reminders of the existence of the channels

and their visibility ensure that employees are aware of them. Trust is established by providing employees with various options for communicating their needs and concerns. They may contact human resources, their line manager and various workers' representatives in confidence. If an employee wishes to report a grievance anonymously, they may do by contacting the external ombudsperson. Over and above the aforementioned actions, there is no structured process for reviewing whether employees are aware of and trust the channels available. The HinSchG ["Hinweisgeberschutzgesetz": German Whistleblower Protection Act] provides protection against retaliation – see *G1-1-10c*.

[S1-4: Taking action on material impacts on HOWOGE's own workforce, and approaches to managing material risks and pursuing material opportunities related to HOWOGE's own workforce, and effectiveness of those actions](#)

[S1-4-37, 38c-d] HOWOGE's activities that result in positive impacts related to working conditions and equal treatment are disclosed in *S1-SBM-3-14*. In addition, HOWOGE implemented an action in 2025 to advance the positive impact of "General working conditions." In June 2025, the HOWOgrow digital platform for all of HOWOGE's learning and development activities was launched. HOWOgrow is divided into three areas: learning, talent and performance. The introduction of HOWOgrow is effective because it has been rolled out to the Group's systems and made available to employees. No further tracking or assessment of the action takes place.

Action 1: Introduction of the HOWOgrow system

[MDR-A-68a] Expected outcomes of the action: The expected outcome of introducing the HOWOgrow system is to advance the ongoing development of employees and their active participation in that process. The creation of a better framework for learning and development at HOWOGE is intended to contribute to employee satisfaction.

How the action contributes to the achievement of policy objectives and targets: By creating a better framework for learning and development, HOWOgrow contributes to the corporate objective of improving general employee satisfaction.

[MDR-A-68b] Scope of the action in terms of HOWOGE's activities: The scope of the action covers HOWOGE's own operations.

Scope of the action in terms of the upstream and downstream value chain: The HOWOgrow system is an internal platform. For this reason, the action does not include the upstream and downstream value chain.

Scope of the action in terms of geography: All of HOWOGE's employees are resident in Germany.

Scope of the action in terms of affected stakeholder groups: HOWOgrow can be accessed by all HOWOGE employees.

[ESRS 2 MDR-A-68c] Time horizons for the intended completion of the action (short, medium and long term): The introduction of the HOWOgrow system and the learning world was completed in June 2025 and the first topic area "Learning" was activated in HOWOgrow. Employees can view the learning opportunities there and register for the learning activities on offer. The plan for 2026 is to expand the platform to include the topic of "Talent." Subsequently, a framework for the "Performance" topic will be developed and adapted for the learning platform. This is expected to be launched as part of a pilot in 2027.

[S1-4-43] HOWOGE makes various financial resources available to advance the positive working conditions and equal treatment of its employees. As well as providing fair pay on the basis of collective bargaining agreements and market-based salaries, HOWOGE makes additional financial awards. For this reason, HOWOGE pays a monthly allowance in recognition of the additional work associated with the official function of inclusion officer. HOWOGE maintains a hardship fund that can be used if a member of its own workforce experiences a difficult situation in their life and needs financial assistance. The Company provides a budget for conducting a comprehensive employee survey with external support as well as human resources from its own workforce for conducting employee dialog meetings. An annual team budget is provided for joint excursions and an additional EUR 200 is made available per employee for health offerings on a health platform. In addition, HOWOGE invests in ergonomic work equipment and materials for its employees. By law, certain employees are released from their normal duties to serve on the employee council or as a women's representative. These human resources benefit HOWOGE's workforce.

Metrics and targets

[S1-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities](#)

[S1-5-46] All disclosures on the sustainability targets, processes and objectives, including indicators, as well as on target achievement in fiscal year 2025 from the sustainability statement for fiscal year 2024 can be found in *ESRS 2 SBM-1-40*.

[S1-5-47a-c] The Company's sustainability targets are developed each year in September in a collaboration between the responsible functional departments and the sustainability function. The targets developed are presented to, amended as necessary and then approved by the management board in October. In formulating the targets, the employees of responsible functional departments

consult the Company’s own workforce. The workers’ representatives are not consulted. The publication of the sustainability report, internal communication such as articles on the intranet and direct dialog with the sustainability team allow the Company’s own workforce to track its performance in terms of achievement of targets. In this context, information about the degree of target achievement is provided. Irrespective of target achievement, the level of ambition for the sustainability targets is discussed with the management board. The process for setting and monitoring targets is reviewed and assessed by the sustainability team and the auditor. Any points of criticism are considered in the course of the next target-setting process.

S1-6: Characteristics of the undertaking’s employees

[S1-6-50a] The following table contains information about the number of employees by gender as of 31 December 2025. All HOWOGE’s employees live and work in Germany.

Gender	Headcount	
	2025	2024
Male	788	767
Female	601	585
Other	0	0
Not disclosed	0	0
Total number of employees	1,389	1,352

[S1-6-50b] The following table contains information about HOWOGE's employees by contract type and gender as of 31 December 2025.

Breakdown by gender and contract type	Headcount	
	2025	2024
Employees		
Female	601	585
Male	788	767
Other	0	0
Not disclosed	0	0
Total	1,389	1,352
Permanent employees		
Female	568	544
Male	755	711
Other	0	0
Not disclosed	0	0
Total	1,323	1,255
Temporary employees		
Female	33	41
Male	33	56
Other	0	0
Not disclosed	0	0
Total	66	97
Non-guaranteed hours employees		
Female	0	0
Male	0	0
Other	0	0
Not disclosed	0	0
Total	0	0

[S1-6-50c] The following tables show the total number of employees who left HOWOGE during the reporting period and the rate of employee turnover.

	Headcount	
	2025	2024
Employees who left HOWOGE during the reporting period	289	218

	Percent	
	2025	2024
Rate of turnover	21.0	16.4

[S1-6-50d, MDR-M 77a, b] The number of employees is reported as the headcount as of 31 December 2025. Turnover is calculated using the methodology of the Confederation of German Employers'

Associations (BDA) based on the total number of employees who left the Company in the reporting year (headcount) divided by the average number of employees in the reporting year. The basis for calculating the average is the number of employees (headcount) at the end of each quarter. HOWOGE counts employees according to the definition under the HGB.

As its methodology, HOWOGE uses a direct calculation to determine these figures. No significant assumptions or limitations are associated with the methodology. These and all other reported metrics are not externally validated.

[S1-6-50e] The rate of turnover in 2025 was mainly affected by the high turnover at HOWOGE Reinigung GmbH, which is far higher than elsewhere in the Group.

[S1-6-50f] The most representative number in the financial statements is the number of employees presented in the headcount table in section 2.2.2 *Employees* of the group management report.

S1-8: Collective bargaining coverage

[S1-8-60] In fiscal year 2025, 79% of all employees were covered by collective bargaining agreements (2024: 74%). HOWOGE has three collective bargaining agreements (collective agreement for the housing industry, collective agreement for building cleaners and in-house collective agreement for the service company). As HOWOGE operates exclusively in Berlin/Brandenburg and therefore has only one collective bargaining area, collective agreements are not further disaggregated by region or country.

[MDR-M-77a] As its methodology, HOWOGE uses a direct calculation to determine these figures. No significant assumptions or limitations are associated with the methodology.

S1-9: Diversity metrics

[S1-9-66] The gender distribution in number and percentage at top management level for reporting year 2025 is shown in the group management report in section 2.2.3 *Statement on corporate governance*.

The distribution of employees by age group is as follows:

Employees by age group	Headcount	
	2025	2024
Under 30 years old	156	153
30 to 50 years old	719	670
Over 50 years old	514	529
Total number of employees	1,389	1,352

[MDR-M-77a] As its methodology, HOWOGE uses a direct calculation to determine these figures. No significant assumptions or limitations are associated with the methodology.

S1-10: Adequate wages

[S1-10-69] Employees at HOWOGE are paid at least the statutory minimum wage. The minimum wage defined by Berlin's state legislation for all its state-owned companies in Berlin is higher than the national minimum wage.

[MDR-M-77a] As its methodology, HOWOGE uses collective bargaining agreements. It also uses remuneration benchmarks and a web portal that enables individual comparison of job profiles. No significant assumptions or limitations are associated with the methodology.

S1-11: Social protection

[S1-11-74a-e] Social protection for employees in the event of sickness, unemployment, employment injury and acquired disability, parental leave and retirement is regulated by law in Germany and is complied with by HOWOGE.

Above and beyond the statutory requirements, HOWOGE's company pension scheme pays a disability benefit. The Company also gives a mother's partner two special days of leave when their child is born. HOWOGE subsidizes the company pension scheme by an amount that exceeds statutory requirements.

[MDR-M-77a] HOWOGE applies laws, collective bargaining agreements and employer/employee council agreements (methodology). No significant assumptions or limitations are associated with the methodology. The subsidy towards the company pension scheme is granted to specific groups of employees under certain conditions (with the exception of temporary employees or minimally employed workers, for example).

S1-16: Remuneration metrics (pay gap and total remuneration)

[S1-16-97a-c] In fiscal year 2025, the gender pay gap at HOWOGE was 20.0% (2024: 19.1%) in favor of women. This is due to the fact that proportionately more men are employed in vocational roles for which the standard market remuneration differs from that for commercial and engineering roles.

The annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees was 8.84 in fiscal year 2025 (2024: 7.8).

[MDR-M-77a] As its methodology, HOWOGE uses a direct calculation to determine these figures. No significant assumptions or limitations are associated with the methodology.

S1-17: Incidents, complaints and severe human rights impacts

[S1-17-102] In fiscal year 2025, there was one human rights, discrimination or harassment incident (2024: one).

[S1-17-103] In fiscal year 2025, there was one reported case of discrimination, including harassment (2024: one).

In fiscal year 2025, no complaints (2024: 0) were filed through channels for people in HOWOGE's own workforce to raise concerns (including grievance mechanisms).

The total amount of fines, penalties and compensation for damages paid as a result of the incidents disclosed above was zero in fiscal year 2025 (2024: EUR 0).

[S1-17-104] No serious human rights incidents connected to HOWOGE's workforce were recorded in fiscal year 2025 (2024: 0).

The total amount of fines, penalties and compensation for damages for human rights issues affecting the workforce was zero in fiscal year 2025 (2024: EUR 0).

[MDR-M-77a] As its methodology, HOWOGE uses a survey. No significant assumptions or limitations are associated with the methodology.

3.3.2 S3 Affected communities

HOWOGE applies the simplification of the ESRS standards (quick fix amendment) adopted as part of the European Union's delegated act. In the interests of consistent reporting and greater clarity, the disclosures to be published under ESRS 2-17 are presented in a separate section. Below we disclose information about the business model, targets, policies and relevant metrics for the "Affected communities" topic, which is material for HOWOGE.

[ESRS 2-17a]

List of aspects assessed as material

Topic	Sub-topic	IRO
Affected communities	Communities' economic, social and cultural rights	Mix of commercial offerings
Affected communities	Social commitment in the neighborhoods ¹⁾	Social partnerships and donation projects

¹⁾ HOWOGE-specific topic

HOWOGE's social commitment is enshrined in its corporate strategy as part of the shareholder's social mandate. As a long-term property holder, HOWOGE seeks to have a stabilizing effect on

neighborhoods through its social commitment and neighborhood development activities. As a rule, this not only benefits tenants but also other residents, the institutions supported and networks of affected communities. As part of its strategic neighborhood development approach, HOWOGE analyzes the needs for action in the neighborhoods. It also welcomes suggestions from social organizations and other actors, and considers these in its policies and projects. HOWOGE's social commitment is based primarily on partnerships with local actors and its own neighborhood projects and volunteering management in its tenant community. In addition, it makes donations to non-profit institutions whose work creates strategic added value for a neighborhood. When it comes to new housing construction projects, HOWOGE prioritizes engagement with the affected communities and relevant stakeholders. The interests and views of affected communities are reviewed and considered in new-build projects.

The intended positive impact of the mix of commercial offerings on communities is derived from HOWOGE's corporate strategy and business model. The mix of commercial offerings is meant to ensure a good supply of appropriate amenities in each neighborhood and is related to other targets such as ensuring short distances to amenities. The aim is to create livable neighborhoods, which also informs HOWOGE's corporate strategy. Another aspect of the business model is rooted in the objectives of the state-wide Berlin School Building campaign and is reflected in the multifunctional use of school buildings as an element in the mix of commercial offerings. This makes shared learning and multi-purpose rooms central meeting places in the neighborhood. Their use for extracurricular activities, for example by music schools or sports clubs, strengthens the economic, social and cultural rights of communities.

[ESRS 2-17b] HOWOGE does not have a time-bound target within the meaning of the ESRS. However, qualitative targets have been set as part of the sustainability strategy – see *ESRS 2 SBM-1-40*.

[ESRS 2-17c] HOWOGE's corporate strategy addresses matters such as social neighborhood development to create livable neighborhoods. HOWOGE's social management department works with the local teams on the ground and other functional departments to stabilize the social structure, develop neighborhoods and foster a sense of community among all residents. HOWOGE provides funding to clubs, institutions and projects in the neighborhoods. Depending on individual requirements, the focus may be on education, culture, environmental and social matters or sports. In addition, the Company participates in research partnerships seeking innovative solutions for current and future challenges. Through its commitment, HOWOGE contributes to the security and stability of neighborhoods, thereby enhancing the quality of life they offer. The sustainability strategy derived from the corporate strategy includes social neighborhood development and the related economic,

social and cultural rights of communities in the “Neighborhoods” action area. It enshrines the target of fostering long-term satisfaction, security and social cohesion in the neighborhoods.

[ESRS 2-17e] HOWOGE’s social commitment in the neighborhoods and the related strengthening of the economic, social and cultural rights of the communities are reflected in several actions. HOWOGE supports partners in the neighborhoods through partnerships and donations. In reporting year 2025, a total of 162 grants were awarded by HOWOGE (2024: 141). Including spending on the Group’s own projects and participation in partner projects as well as volunteering management activities, investments in social commitment amounted to around EUR 1.3m in 2025 (2024: EUR 2.8m). The amount is lower than in the prior year, primarily because services provided by HOWOGE subsidiaries are no longer included in the calculation.

Commitment in the reporting year in number of partnerships and donations	2025	2024	2023
Education	26	20	20
Research	10	10	9
Culture	26	25	23
Environment	14	10	16
Social	50	54	50
Sport	36	22	16
Total	162	141	134

3.3.3 S4 Consumers and end-users

HOWOGE applies the simplification of the ESRS standards (quick fix amendment) adopted as part of the European Union’s delegated act. In the interests of consistent reporting and greater clarity, the disclosures to be published under ESRS 2-17 are presented in a separate section. Below we disclose information about the business model, targets, policies and relevant metrics for the “Consumers and end-users” topic, which is material for HOWOGE.

[ESRS 2-17a]

List of aspects assessed as material

Topic	Sub-topic	IRO
Consumers and end-users	Information-related impacts for consumers and/or end-users	Proactive communication
Consumers and end-users	Social inclusion of consumers and/or end-users	Accessible communication
Consumers and end-users	Personal safety of consumers and/or end-users	Accessible communication
Consumers and end-users	Socially responsible rents ¹⁾	Overall rent structure Renting to holders of housing entitlement certificates

¹⁾ HOWOGE-specific topic

As one of Berlin's state-owned housing companies, HOWOGE has a social responsibility to provide affordable housing to many people. Clear provisions in HOWOGE's articles of association and the cooperation agreement, as amended, with the State of Berlin govern how the Company allocates housing. These provisions allow the available housing to be assigned to people from all sections of the population on a needs basis. The Company applies a non-discriminatory rental process that gives all people an equal opportunity to be considered for an apartment. The positive impacts of "Overall rent structure" and "Renting to holders of housing entitlement certificates" influence HOWOGE's strategy and business model because they are governed by the cooperation agreement with the State of Berlin. This includes clear provisions on the rent structure and the proportion of tenants holding housing entitlement certificates (WBS). These provisions are used as target and management metrics in the context of HOWOGE's corporate strategy. In the portfolio management strategy, the positive impacts are found in the area of economic responsibility.

The positive impacts of "Proactive communication" and "Accessible communication" are part of the corporate strategy. They are derived from the property management sub-strategy with the topics of customer satisfaction and IT platform digitalization. The corporate strategy is updated at irregular intervals. The updates are also informed by ideas received from corporate communications and marketing in relation to, for example, proactive and accessible communication as an integral part of the corporate strategy. This ensures that broad sections of the population are informed about HOWOGE's current housing offerings, giving them the opportunity to apply for an apartment that meets their needs.

[ESRS 2-17b] HOWOGE does not have a time-bound target within the meaning of the ESRS. However, qualitative targets have been set as part of the sustainability strategy – see *ESRS 2 SBM-1-40*.

[ESRS 2-17c] HOWOGE has a social mandate to ensure socially responsible rents for tenants and this is an integral part of its corporate strategy. The sustainability strategy is derived from the corporate strategy and, in the "Construction of new buildings and existing buildings" action area, relates to the material IROs of "Overall rent structure" and "Renting to holders of housing entitlement certificates." Both positive impacts are therefore derived from the corporate and sustainability strategies. Asset and portfolio management is the function that is primarily responsible for rents and rent trends. It is responsible for tracking the corporate objectives, taking into account the requirements imposed by the State of Berlin in terms of rent structure and quotas. This function also coordinates a wide range of strategic topics at HOWOGE – from acquisition planning to the integration of new buildings and acquisitions into the portfolio.

In keeping with the corporate strategy, communication is proactive, needs-based and event-driven. On the one hand, HOWOGE can be contacted via social media, the HOWOGE website, news and print products as well as via the tenant representatives, tenants' council, customer centers and social management team and responds to issues raised. On the other hand, the Company actively reaches out to tenants where required in connection with the use of the services it provides.

Communication with tenants and prospective tenants is accessible in various contexts. For example, the content of HOWOGE's website is presented in a manner that is readily accessible, thereby providing access to the relevant information. Approaches include the use of plain language, multilingual information and easy access to apartment listings, such as via the prospective tenant app. Tenants and prospective tenants can address queries to HOWOGE through various communication channels. On HOWOGE's communication channels, the main focus is on presenting content in an easy-to-understand way.

[ESRS 2-17e] HOWOGE's mandate is to create affordable housing. According to shareholder requirements, HOWOGE is obliged to offer housing at rents that every Berliner can afford. HOWOGE's rents are consistently below the Berlin average because HOWOGE complies with the rent controls under the cooperation agreement with the state of Berlin. Corresponding metrics can be found in section 2.2.1 *Real estate portfolio*.

3.4 Governance information

3.4.1 G1 Business conduct

Policies

For this topical standard, various policies are listed and explained below on the basis of the respective minimum disclosure requirements:

[Sustainability strategy](#)

The presentation of the sustainability strategy complies with the minimum disclosure requirements contained in topical standard E1. See section 3.2.2 *E1 Climate change – Sustainability strategy*.

Material IROs to which the strategy relates: Corporate culture values (impact), protection of whistleblowers (impact), general supplier relationships (impact), prevention of corruption (impact), non-discriminatory rental process (impact).

[Policy statement on respect for human rights](#)

The presentation of the policy statement on respect for human rights complies with the minimum disclosure requirements contained in topical standard S1. See section 3.2.1 *S1 Own workforce – Policy statement on respect for human rights*.

Material IROs to which the policy statement on respect for human rights relates: Corporate culture values (impact), general supplier relationships (impact).

[Group risk management policy](#)

The group risk management policy complies with the minimum disclosure requirements contained in topical standard E1. See section 3.2.2 *E1 Climate change – Group risk management policy*.

Material IROs to which the policy relates: Corporate culture values (impact), general supplier relationships (impact), prevention of corruption (impact), non-discriminatory rental process (impact).

[Group compliance policy](#)

Contents

[MDR-P-65a] Description of the key contents of the policy: The group compliance policy provides all employees, executives and the management board with a comprehensive framework to guide their conduct and ensure legal certainty in their day-to-day work. The aim is to avoid both economic and reputational damage to the Company. The policy comprises sections on the compliance management system and values, compliance structure and protection of whistleblowers, compliance regulations, compliance risks and compliance communication.

The underlying ethical principles also serve as the basis for the work of the body (supervisory board) that go beyond the regulatory requirements for overseeing the activities of the management board. The group compliance policy, the Company's mission statement and the HOWOGE code provide good guidance for the Company's standards of conduct.

General objectives of the group compliance policy: Given the Company's objective of being a responsible business, the policy sets out the correct and appropriate conduct for employees, executives and the management board.

Material IROs to which the strategy relates: Corporate culture values (impact), protection of whistleblowers (impact), general supplier relationships (impact), prevention of corruption (impact), non-discriminatory rental process (impact).

Monitoring process: The group compliance policy is regularly reviewed for currentness by the compliance officer.

Scope

[MDR-P-65b] Scope in terms of activities: The group compliance policy applies to the HOWOGE Group. It applies to HOWOGE's activities in its own operations (project planning and support, rental and management of apartments, construction of new residential buildings, supply of heating, hot water and electricity).

Scope in terms of the value chain: The group compliance policy applies to all employees of the HOWOGE Group and contains provisions for collaboration with business partners in the upstream and downstream value chain.

Scope in terms of geography: The group compliance policy applies to the entire HOWOGE Group and all its economic activities in all geographical areas which HOWOGE operates (Berlin, small areas of Brandenburg).

Scope in terms of affected stakeholder groups: The stakeholder groups include tenants, employees, business partners and suppliers.

Responsibilities

[MDR-P-65c] The management board is accountable for compliance. The governance, risk and compliance (GRC) function is responsible for implementing the group compliance policy.

References to other standards/initiatives

[MDR-P-65d] The group compliance policy conforms to the standard of the Institute of Corporate Governance and IDW AsS 980.

Consideration given to stakeholder interests

[MDR-P-65e] The group compliance policy was prepared in collaboration with several HOWOGE functional departments. New topics for the policy are discussed with the compliance steering committee, which is made up of representatives from all functional departments.

Availability for stakeholders

[MDR-P-65f] The group compliance policy is an annex to employment contracts. It is not published externally.

Impact, risk and opportunities management

G1-1: Business conduct policies and corporate culture

[G1-1-9] HOWOGE fosters a corporate culture based on values and principles. HOWOGE's values are shaped by clearly articulated principles that form the foundation for collaboration.

Value-based compliance management is an integral part of the group compliance policy. A central aspect is that all employees know the Company's values and actively apply them in their day-to-day work. In addition, they make a personal commitment to HOWOGE's values and compliance targets and are expected to lead by example. Executives are also expected to ensure that the values are embedded in their teams and applied in their workflows. The GRC function arranges training to ensure that the values are known and practiced throughout the Company.

Regular employee surveys (see *S1-2-27*) deliver important feedback about workforce satisfaction and engagement. They serve as the basis for assessing the corporate culture and identifying specific actions for its improvement. As already described in S1, the responsible executives evaluated the results in their teams by the end of the first quarter of 2025 and entered three identified action areas into an internal monitoring tool.

[G1-1-10a-h] HOWOGE has implemented a comprehensive whistleblowing system for employees and third parties (also see *ESRS 2 Sustainability management diagram*). The internal and/or external reporting channels for whistleblowers include regular mail, email, telephone or in-person meetings. The reports received and the findings from risk workshops serve as the starting point for internal and external audits and investigations if they relate to matters that do not comply with statutory requirements, the code of conduct or the Company's internal regulations. Regular reporting to the management and supervisory boards and the provision of information to the employee council help to ensure a rapid response to critical findings from investigations. Broad-based communication within the Company is ensured by a suitable compliance structure that includes the steering committee comprising the management board, the heads of all divisions and functions, the general managers of the subsidiaries, the chair of the employee council and an external consultant.



The group compliance policy provides HOWOGE with an effective instrument for establishing clear and comprehensible rules and standards of conduct and for communicating them to all those concerned – see *Group compliance policy*. It provides clarity around the significance of legal compliance as a key pillar of the Company. Implementation of the policy provides certainty about the correct and appropriate conduct and explains how employees and executives can operate within the defined framework while remaining committed to the objectives of a responsible business. The group compliance policy is aligned with the United Nations Convention against Corruption and also includes HOWOGE’s strategy to protect whistleblowers.

The compliance team within the GRC function is the central point of contact for all employees and executives for questions, reports and compliance cases. These may be matters covered by the HinSchG [“Hinweisgeberschutzgesetz”: German Whistleblower Protection Act], which transposes Directive (EU) 2019/1937 into German law. Whistleblowers also have the option of contacting the ombudsperson, whose most important function is to treat all discussions in confidence in accordance with the lawyer’s duty of confidentiality, thus creating a low-threshold opportunity to submit reports. HOWOGE’s assurance that whistleblowers will not be sanctioned under labor law for reporting information is therefore an important aspect of the arrangements between the ombudsperson and the employee council that have been included in an employer/employee council agreement. HOWOGE appointed an external ombudsperson alongside internal reporting channels back in 2013.

The compliance managers work in the GRC function and are selected on the basis of their fit and proper status. HOWOGE’s compliance officer has gained extensive expertise through training and certifications that are regularly updated and enhanced. In 2025, she completed certified TÜV training as an ESG Compliance Manager.

The whistleblowing channels described above, application of the requirements of the HinSchG and the ombudsperson's independence and duty of confidentiality ensure that internal whistleblowers are protected from retaliation or disadvantage by the Company.

A general procedure also applies. It describes what the reporter must observe.

All employees receive compliance training once a year. A training program in classroom-based and hybrid formats has been conducted since 2021. A distinction is made between different target groups – such as executives and new employees – and the training content is modified accordingly. The training includes information about internal reporting channels and the HinSchG. The training content is available to all employees in the HOWOGuide, the Company's internal web-based information platform. The main topic of the training in 2025 was the prevention of corruption.

On their first day with the Company, new employees receive a one-hour introduction to compliance and values from GRC/compliance. Specifically, this covers the corporate culture, HOWOGE's values and compliance principles, an overview of the certified compliance management system and its structure, the responsibilities for compliance, anti-corruption (e.g., how to handle gifts and invitations from third parties) and the Company's whistleblowing system in compliance with the HinSchG. Further details on the training and training program can be found in *G1-3-21*. Starting with top management, executives have an obligation to communicate the business conduct policies including the aspects of business ethics and corporate culture to the Company's employees. In this connection, it is important to lead by example.

An assessment of the incidents and a survey of the division and function heads by the compliance managers showed which of HOWOGE's functions are most vulnerable to corruption and bribery. These are the employees who are involved in the rental process. Third parties seek to influence decision-making in the housing allocation process. Other vulnerable functions are all those connected to choosing service providers and awarding contracts.

[G1-2: Management of relationships with suppliers](#)

[G1-2-14] HOWOGE's policy for preventing late payments is focused on two elements:

- The dunning process in respect of payments owed by HOWOGE
- The digitalization of payments, especially invoices from skilled tradespeople (via a dedicated interface)

This interface makes it possible to avoid invoicing errors by skilled tradespeople, which were common in the past, and thus avoid late payments. Skilled tradespeople often operate as small and medium-sized businesses. The payments department prioritizes the processing of reminders. The highest

priority is given to third reminders, followed by second reminders and then first reminders. HOWOGE is currently working on the enhancement of its strategy to avoid late payments.

For payment practices, reference is made to the requirements described under G1-6-33.

[G1-2-15] HOWOGE is enhancing the central procurement function, first established in 2024, in order to manage its suppliers more efficiently. A supplier manager and contract manager were hired in 2025. The supplier manager has taken over the creation of business partners in SAP. HOWOGE has been using the Newtron supplier platform since 2025. This provides a transparent overview of potential suppliers and offers risk minimization as well as a preliminary check of relevant documents and certifications.

The Company works with a number of suppliers, which are primarily selected in public tender processes. As a municipal company, HOWOGE is subject to the statutory requirements governing the award to suppliers of contracts for construction, supply and other services. Contracts are awarded on the basis of German public procurement law (GWB [“Gesetz gegen Wettbewerbsbeschränkungen“: German Act Against Restraints of Competition], VgV [“Vergabeverordnung“: German Ordinance on the Award of Public Contracts], UVgO [“Unterschwellenvergabeordnung“: German Ordinance on the Award of Below-Threshold Contracts]) and the Company’s own policies. This shapes the Company’s approach to its relationships with suppliers and has an effect sustainability matters.

HOWOGE defines the term “supplier” as follows: Creditors provide products or services and expect settlement of their claims for payment in return. Suppliers are a subgroup of creditors. A supplier is an upstream company in the organization’s supply chain and provides or delivers products or services that are used by HOWOGE to develop and generate its own products or services. Suppliers issue invoices for their products or services and are entitled to receive payment.

This definition covers both direct and indirect business relationships. HOWOGE’s procurement processes govern direct business relationships with direct suppliers. Indirect business relationships with indirect suppliers are also governed through the contractual relationships with direct suppliers in such a way as to ensure compliance with general legislation and welfare provisions.

HOWOGE considers social and environmental criteria when selecting its suppliers. The Company requires evidence from all its suppliers, partners and contractors that they act and operate in accordance with the applicable values, rules and laws. The contract award process, among others, ensures that this is the case. For instance, as part of the procurement process, potential contractors must commit to complying with human rights and environmental provisions. They are required to sign a commitment to comply with human rights and environmental provisions in the supply chain. An external service provider performs random checks on whether companies comply with these criteria. In

the contract award process, these criteria include providing information about the planned or potential use of subcontractors, as a result of which the second level of the supply chain is also indirectly covered. HOWOGE's procurement and contract award processes are based on the provisions of public procurement law. This means that our suppliers must disclose the following information, for example:

- Initiatives for the advancement of women and for work-life balance (we require three actions in these areas for suppliers with more than 250 employees)
- Statement on complying with the core labor standards of the International Labour Organization (ILO) when certain products are used
- Statement on the payment of a minimum wage that is higher than the statutory minimum wage
- Statement on compliance with human rights and environmental requirements in the supply chain
- Commitment to refrain from using certain construction materials and to ensure the proper disposal of both non-hazardous and hazardous waste

HOWOGE applies the BerlAVG ["Ausschreibungs- und Vergabegesetz": Berlin Tender and Procurement Act] and generally bases its requests for tender on the latter's social and environmental provisions, even when application of this law is not mandatory. Sec. 8 BerlAVG states that efforts must be made to ensure that the service does not include any goods obtained or manufactured in conditions that do not comply with ILO core labor standards. Moreover, there are obligations related to payment of a specific minimum wage, the advancement of women and compliance with collective bargaining agreements. HOWOGE's suppliers must confirm this in a self-declaration. The Company's supplier code of conduct is publicly accessible on its website.

In order to give greater consideration to sustainability criteria in all construction projects, whether for new buildings or existing buildings, we constantly explore options for purchasing goods and services from companies with high social standards. In the reporting year, in order to satisfy environmental criteria, HOWOGE commissioned a life cycle assessment (LCA, in accordance with BS EN 15978:2011: Sustainability of construction works) for all new-builds. In addition, an LCA is required in the functional performance specifications ["funktionale Leistungsbeschreibung": FLB] 4.1.

As already described in *S1-1*, HOWOGE has been subject to the LkSG ["Lieferkettensorgfaltspflichtengesetz": German Act on Corporate Due Diligence in Supply Chains] since 1 January 2024. In this context, the following aspects are relevant for the management of relationships with suppliers: One of the core elements of the LkSG is dealing with suppliers. A

complaint/grievance management system was introduced to enable whistleblowers to submit reports on human rights and environmental risks and violations. This may also be used by suppliers.

In 2024 and 2025, a human rights and environmental risk assessment was conducted. This covered both the abstract and specific analysis of the Company's own operations and those of its direct suppliers. The country and industry-specific risks related to suppliers are assessed in the abstract risk assessment. HOWOGE uses the CSR Risk Check online tool from MVO Nederland to identify and analyze risks in the supply chain. The results of the CSR Risk Check are documented stating the individual risks and potential preventive actions. A qualitative assessment of the industry risks is then performed to determine whether they could arise in connection with HOWOGE and what preventive actions HOWOGE has already taken to counter them. If a risk is high, the specific risk assessment evaluates and prioritizes the risks previously identified according to their risk likelihood and their potential impacts. It is examined whether these risks actually occur at suppliers. To this end, questionnaires are sent to suppliers on a case-by-case basis in consultation with a commercial law firm. In addition, audits may be performed or evidence of additional certifications requested. Any risks identified are documented and corresponding remedial action implemented for the individual supplier. Due to its regional focus, HOWOGE uses suppliers that operate in Germany or the European Economic Area. The Company uses small and medium-sized enterprises and local construction companies for maintenance, modernization and small construction projects in particular. Functional departments such as central procurement undergo training to raise awareness of supplier management and the new human rights control mechanisms.

For 2025, the risk assessment is considered an action for the purposes of the ESRS.

[Action: Human rights risk assessment](#)

[MDR-A-68a] Expected outcomes of the action: HOWOGE's human rights and environmental risks have been assessed.

How the action contributes to the achievement of policy objectives and targets: The human rights officer conducts an annual human rights risk assessment together with central procurement. In this way, the officer contributes to the achievement of HOWOGE's sustainability target related to the award of contracts.

[MDR-A-68b] Scope of the action in terms of HOWOGE's activities: The risk assessment covers all of HOWOGE's activities.

Scope of the action in terms of the upstream and downstream value chain: The risk assessment covers the upstream supply chain.

Scope of the action in terms of geography: HOWOGE mainly operates in Berlin. Almost all of HOWOGE's suppliers (tier 1, direct contractual relationships) come from Germany.

Scope of the action in terms of affected stakeholder groups: The risk assessments covers HOWOGE's direct suppliers.

[MDR-A-68c] Time horizons for the intended completion of the action (short, medium and long term): The action is carried out annually.

G1-3: Prevention and detection of corruption and bribery

[G1-3-18a-c] In order to prevent and combat corruption and bribery, HOWOGE has implemented a nuanced training program in addition to its comprehensive regulations. When they join the Company, new employees receive basic training from the compliance managers. This training is classroom-based to provide an opportunity to ask direct questions. Each year, all employees complete web-based training – in 2025 on the topic of preventing corruption. A further training option is a compliance simulation game.

Action: Compliance simulation game in the customer centers

As an additional action in 2025, the compliance managers visited all the customer centers to facilitate a compliance simulation game for employees working in various roles in the centers. The game offers a fun way for teams to explore real-life case studies from different perspectives and develop an appropriate response.

[MDR-A-68a] Expected outcomes of the action: The training is designed to build confidence in dealing with compliance-relevant situations. Participants hone their awareness of key compliance issues and develop their ability to detect non-compliant behavior in day-to-day business. Participants learn to recognize potentially critical situations at an early stage, assess them from a compliance perspective and, if need be, respond appropriately.

How the action contributes to the achievement of policy objectives and targets: The compliance simulation game contributes to the achievement the group compliance policy objectives and targets by showing employees and executives how to behave correctly and appropriately in the context of a responsible business.

[MDR-A-68b] Scope of the action in terms of HOWOGE's activities: The training is aimed at all functions in the customer centers (including janitors, commercial real estate managers, neighborhood management teams, customer center management) and thus relates to the activities that take place in the customer center, such as apartment rental and management.

Scope of the action in terms of the upstream and downstream value chain: The compliance simulation game also includes cases that address the upstream and downstream value chain.

Scope of the action in terms of geography: HOWOGE operates in Berlin and Brandenburg.

Scope of the action in terms of affected stakeholder groups: The stakeholders who are directly and positively affected by the compliance simulation game are the employees, customers and end-users, who benefit from the application of the knowledge acquired by the participants.

[MDR-A-68c] Time horizons for the intended completion of the action (short, medium and long term): The action took place in reporting year 2025. There are plans to repeat it in the coming years.

The established compliance organization is independent of other corporate structures and consists of compliance managers in a separate function reporting to the management board, a steering committee comprising all executives from the level below the management board and a task force in collaboration with the management board. In addition to the internal reporting channels (executives, compliance officer), who can be contacted in person, by post, telephone or email, there is an external ombudsperson who not only handles reports in confidence but is also subject to a lawyer's duty of confidentiality. Possible risks are assessed in annual risk workshops and updated as required. These workshops are held for all the Company's organizational units and subsidiaries. The compliance management system is also subject to regular external assurance. If any compliance matters are identified, the following procedure is initiated: The compliance managers conduct internal investigations and establish a task force to reach a decision. The task force decides on any responses that may be necessary in accordance with labor, criminal or civil law. In addition, actions to improve the processes are defined. In urgent cases, ad hoc information is provided to the management board. The management board also informs the supervisory board promptly in such urgent cases.

The internal investigations are conducted by the compliance managers of a separate function, possibly with the support of internal audit. The task force – currently comprising the management board and the heads of the legal, human resources and compliance functions – makes decisions on the basis of the investigation findings. Its tasks and structure are defined in rules of procedure.

The management board is kept informed and, as a part of the task force, its members are involved in all steps related to compliance matters. If any members of the management chain are involved in a case of corruption, they may not be part of the investigating team.

Regular reporting to the supervisory board takes place once a year in the form of a compliance report. In addition, there is a meeting with the chairman of the supervisory board that takes place at least once every six months.

[G1-3-20] This communication, which is derived from the corporate strategy and embedded in the group compliance policy, is based on various training formats. These formats are explained in G1-1-10 and G1-3-21.

Ad hoc information on compliance matters is also published on the intranet.

When a contract is signed, suppliers receive information about HOWOGE's compliance regulations. In addition, the HOWOGE code – also available on the Company's website – governs collaboration with business partners. Customers are also informed about the key contents of the group compliance policy that affect them via HOWOGE's compliance structure and whistleblowing system webpage.

[G1-3-21a-c]

	Group-wide	New employees	Executives and management board (functions-at-risk)	Other (simulation game)
Training delivery method	Web-based	Classroom-based	Web-based	Classroom-based
Frequency	Annually	Monthly (whenever new employees are hired but only once for each employee)	Annually (only once for each executive)	Usually monthly
Topics	<ul style="list-style-type: none"> • Prevention of corruption • Handling invitations and gifts 	<ul style="list-style-type: none"> - Principles of compliance - Definition of terms - HOWOGE's compliance management system - Prevention of corruption - Responsibilities - Reporting options for whistleblowers - Conflicts of interest 	<ul style="list-style-type: none"> - Code of conduct: Internal/external code of conduct - Regulations - Data protection - Corruption - Communication - Whistleblowers 	<ul style="list-style-type: none"> - Case handling

In fiscal year 2025, 85% of functions-at-risk (2024: 99%) were covered by the training program. In 2025, HOWOGE considers all employees to be functions-at-risk, whereas in 2024, all executives were defined as functions-at-risk. This means that the comparison with the prior year is only of limited informative value. In 2024, anti-corruption and anti-bribery were topics of compulsory training for the supervisory board that takes place every two years. The next training session will take place in 2026.

Metrics and targets

G1-4: Incidents of corruption or bribery

[G1-4-24a-b] No legal cases regarding corruption or personal enrichment were brought against HOWOGE or any of its employees in reporting year 2025 (2024: none).

The number of convictions in fiscal year 2025 was zero (2024: zero).

The amount of fines for violation of anti-corruption and anti-bribery laws in fiscal year 2025 was zero (2024: EUR 0).

The following actions are taken to address breaches of anti-corruption and anti-bribery procedures and standards: The compliance managers conduct internal investigations and, in consultation with executives or other subject matter owners from the functional department, define actions based on the provisions of the group compliance policy, such as exclusion from HOWOGE's rental process for one year in the event of attempted bribery by a prospective tenant. For particularly severe breaches, the task force decides on any responses that may be necessary in accordance with labor, criminal or civil law. In addition, actions to improve the processes are defined.

[MDR-M-77a, b] As its methodology, HOWOGE uses a document analysis. No significant assumptions or limitations are associated with the methodology. These and all other reported metrics are not externally validated.

G1-6: Payment practices

[G1-6-33a-d] The analysis for 2025 showed that HOWOGE takes an average of 23 days (2024: 27 days) to settle an invoice.

This analysis covered all creditors in the period from January to December 2025. The SAP system was used for the analysis, which involved comparing the document date with the invoice payment date.

Standard payment terms are set in HOWOGE's ERP system. As a rule, invoices are paid as soon as they are approved. Discount terms are reviewed and applied separately. The current standard payment terms in HOWOGE's ERP system are as follows:

- Payable immediately without deduction (0% discount)
- 8 days (1%/2%/3% discount)
- 14 days (2%/3% discount)
- Within 30 days without deduction (0% discount)

Due to the ongoing procurement optimization process, it is currently not possible to disaggregate the standard payment terms by main category of suppliers. They will be reported once the new creditor categories have been defined and input into the ERP system for each creditor and the standard payment terms have been finalized.

At present, it is not possible to quantify the number of payments to which the standard payment terms apply. This information will also be available once the procurement optimization process has been completed.

No legal proceedings are currently outstanding for late payments (brought by creditors against HOWOGE).

[MDR-M-77a] As its methodology, HOWOGE uses an analysis of the information from the accounts payable system. No significant assumptions or limitations are associated with the methodology.

The sustainability targets of G1 can be found under *ESRS 2 SBM-1-40*.

4 Opportunities and risks

4.1 Opportunities

Identifying and communicating opportunities and areas of potential is an integral part of responsible corporate governance. The responses arising from the strategy and operating activities are the responsibility of the respective players. Regular consultations within and across divisions create the basis for identifying and communicating any areas of potential.

Investments in portfolio properties and acquisitions

There is significant growth potential for HOWOGE when it comes to providing affordable housing for broad sections of the population based on the long-term maintenance and development of portfolio properties in a manner that caters to the needs of each specific neighborhood. The rise in interest rates since 2021 and lower property values are driving down prices and building pressure to sell on the real estate market. This could give rise to opportunities for the acquisition of housing stock.

Actively shaping Berlin

As it steps up its new construction activities, HOWOGE has a major opportunity to actively shape sustainable urban development and design concepts and thus make a significant contribution to Berlin's future, reflecting the mandate from its shareholder. The experience gained from completed projects forms a sound basis for leveraging the identified potential in the future as well.

Social management

Challenges arising from social changes are addressed by active neighborhood management. There is an opportunity here to improve cohesion and quality of life in the neighborhoods and thus increase tenant satisfaction.

Climate strategy

Compliance with the climate strategy and the goal of achieving climate neutrality in the housing portfolio by 2045 will create opportunities for HOWOGE in the future. By investing in the expansion of its own PV systems and innovative system technology, HOWOGE can generate additional income while reducing its dependency on fossil fuels.

Ratings and financing options

With its two ratings, A from Standard & Poor's and AA- from Fitch, each currently with a stable outlook, HOWOGE is one of the best rated real estate companies in Germany. The debt issuance program and our access to the capital market afford us additional opportunities to finance future

growth. Persistently high interest rates have a negative impact on the Group's profitability and investment capacity. However, falling market interest rates could offer HOWOGE the opportunity to reduce its interest expenses and improve the profitability of investments in the medium term.

Regulatory environment

Positive developments in the regulatory environment and in subsidy programs can improve the conditions for residential construction and climate protection measures. The recently enacted Law to Accelerate Residential Construction and Provide Housing (the "construction turbo") is intended to simplify and expedite housing construction. As an active developer, HOWOGE could benefit from the construction turbo. In addition, subsidy programs with low-interest loans or construction cost subsidies offer further opportunities for investment in the construction of social housing.

Digitalization and automation

Besides new and demanding challenges, increasing digitalization and automation also offer considerable potential for the Company to enhance structures and procedures in a purposeful manner. In addition to an effective ERP system, long-term personnel development supported by a learning management system is one of the key factors in this context. The digitalization and automation of real estate management processes during the tenancy life cycle, including through the programming and use of a tenant app, will be a priority in the coming years. Digitalization offers potential for boosting efficiency in central procurement in the medium to long term.

Insourcing strategy

There is cost-saving potential in the expansion of the value chain and the services offered by the Group. The increased deployment of commercial and technical capacities increases vertical integration and reduces dependencies on subcontractors. In particular, this can ensure adherence to deadlines, quality standards and budgets in an increasingly demanding construction industry environment. Moreover, advancing digitalization is opening up additional potential for efficiency and transparency. Increasing the level of facility management work performed in-house and digitalizing real estate management are aimed at enhancing efficiency and customer satisfaction. Projects such as the establishment of our own cleaning company or the gradual transfer of properties to our own small-scale repair management function have been launched in recent years.

4.2 Risks

4.2.1 Standard process for integrated management of corporate risks

The main features of the risk management system are presented below. HOWOGE regularly assesses opportunities for boosting the further development and growth of the Group. Risks may have to be taken in order to capitalize on opportunities. This makes it essential to identify, assess and professionally manage all material risks. A group-wide structure for identifying, managing and controlling risks has been implemented in order to responsibly handle risks. The key components of this structure are the risk management system (RMS) and internal control system (ICS).

HOWOGE's general definition of risk is a potential negative deviation from defined corporate objectives, particularly one that poses a threat to economic success or the implementation of corporate plans, its good reputation or compliance with all relevant laws and agreements. This relates to all internal and external events, actions or omissions that pose a threat to the Company's success or existence as well as significant legal proceedings.

Internal control system/financial reporting process

An effective internal control system (ICS) is necessary to ensure the proper functioning of all significant business processes. As an integral component of the group-wide risk management process, the ICS's overarching objective is to reduce all significant operational and financial corporate risks to an acceptable level.

In keeping with the relevant legal provisions and standards customary in the industry, HOWOGE has set up an internal control system that comprises policies, procedures and activities to safeguard the financial reporting process.

The three lines of defense model forms the framework for holistic governance, risk and compliance management (GRC management) in relation to corporate risks at HOWOGE. Overall, the HOWOGE model is based on an integrated approach.

The model is illustrated in the following chart:



With respect to the financial reporting process, the purpose of the internal control system is to ensure the application of the statutory provisions and the correct and complete recording of all transactions. The processes are divided into value creation processes and financial reporting processes and the purpose of the ICS is to record, present, review and continuously update all recurring transactions correctly and completely in accordance with the statutory provisions.

The main features relating to the financial reporting process are as follows:

HOWOGE has a clear and transparent organizational, control and management structure that is documented on the intranet, in the group policy KR-12 Internal Control System and in other group policies. The tasks in the financial reporting process are clearly defined and assigned to explicit roles. Segregation of functions, principle of dual control and self-review are the key control elements in the financial reporting process.

Moreover, the internal audit function regularly performs analytical procedures on the financial reporting process.

- The financial reporting process is supported by standard SAP software and the digital accounting workflow.
- IT access rights reflecting the authorizations defined in the guidelines ensure system-based control.
- There is an integrated centralized accounting system and centralized financial controlling for the group companies.
- The standard group-wide recognition, account assignment and measurement policies are reviewed and updated regularly.

Risk management

HOWOGE has implemented a group-wide risk management system (RMS), which comprises all actions required to ensure early identification, assessment and targeted management, monitoring and documentation of all risks relevant for the Group. It is an integral part of corporate management and ensures that the material going concern risks are covered. In the fiscal year, an external assurance engagement relating to the design and operating effectiveness of the RMS was carried out for the first time in accordance with IDW Assurance Standard AsS 981. The assurance engagement provided unqualified confirmation of both the design and the operating effectiveness of our RMS.

A key element of the RMS is HOWOGE's risk strategy, which sets clear risk targets and defines the Company's risk culture. The risk strategy is aligned with the overall corporate strategy and is designed to secure the Company's ability to continue as a going concern as well as to sustainably increase business value. Business success requires opportunities to be seized and the related risks to be identified and assessed. The aim is to make the most of opportunities, while entering into business risks deliberately and responsibly and managing them proactively, provided that a reasonable increase in value can be achieved. Risks to the Company's ability to continue as a going concern must be avoided.

The GRC function is responsible for coordinating and monitoring the RMS, organizing its processes and for the methodologies. The organizational structure in place as well as regular consultation with the functional departments, internal audit, financial control and data modeling enable a consistent, transparent, systematic and continuous approach, which thus creates the prerequisites for identifying, analyzing, evaluating, managing, documenting and communicating risks.

The results of the semi-annual risk inventories are reported to the governing and supervisory bodies. Additionally, the management board and risk management regularly discuss the assessment and management of identified risks, making changes and taking action as necessary. Besides the semi-annual risk reports to the management board, risks with the potential to cause a net loss of EUR 2.5m or more must be reported immediately to the supervisory board and the shareholder. In addition, regular meetings are held between the head of governance, risk and compliance and the chairman of the supervisory board and/or the chair of the audit committee to discuss risk-relevant matters.

All reports are based on the risk inventories, which are carried out according to a consistent, transparent, systematic and permanent approach and are founded on the following rating aspects and scales:

Rating aspect/scale

In a consistent process based on a standard risk catalog, the existing risks are analyzed, reviewed and assessed by risk owners, central risk management and compliance during annual risk workshops. In order to specify and prioritize risks, HOWOGE assesses and rates risks in terms of their gross impact as well as their net impact and likelihood, considering the description of existing risk mitigation measures. The effect on liquidity and economic viability for an analysis period of five years is a key benchmark for assessment and rating of the potential impact. The individual risk rating is always based on the respective change in liquidity and the budget approved by the supervisory board.

To assess the risks, HOWOGE uses the rating matrix with five rating categories for the loss that could be caused by potential risks. Risk likelihood has a four-category rating scale.

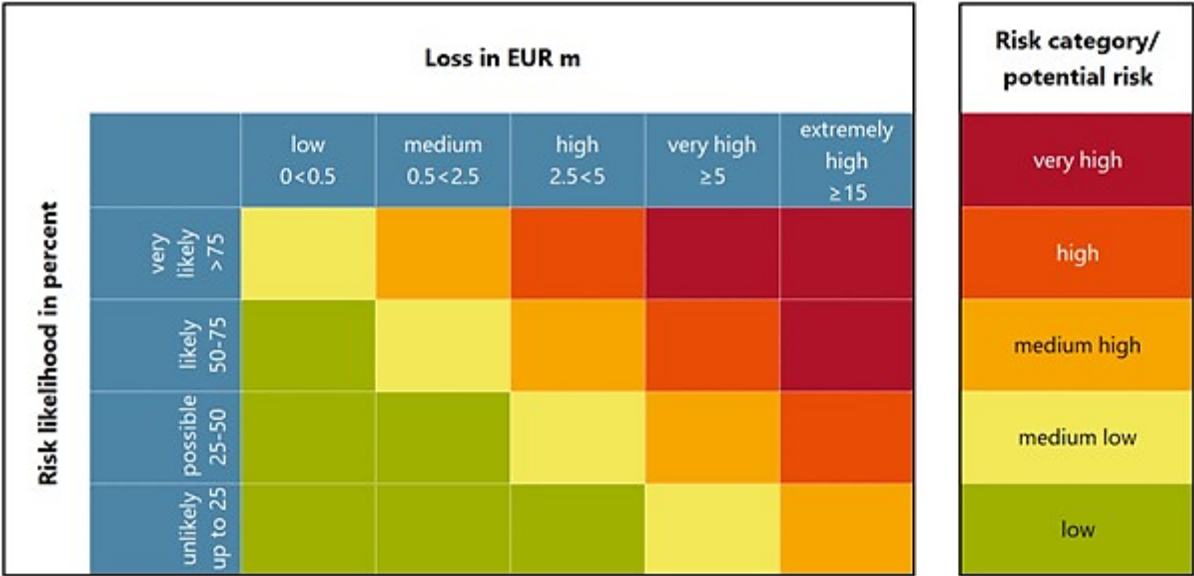
The categories, which express the impact on economic viability and liquidity, are defined as follows:

- Low: net impact between EUR 0m and EUR 0.5m
- Medium: net impact between EUR 0.5m and EUR 2.5m
- High: net impact between EUR 2.5m and EUR 5m
- Very high: net impact between EUR 5m and EUR 15m
- Extremely high: net impact of EUR 15m or more

Categories for risk likelihood are:

- Very likely: likelihood of 75% or more
- Likely: likelihood of between 50% and 75%
- Possible: likelihood of between 25% and 50%
- Unlikely: likelihood of between 0% and 25%

This scale gives a rating matrix that classifies individual risk reports in a traffic light system (red, amber, green) according to their expected values (net impact by risk likelihood):



As a municipal housing company, HOWOGE has a low to medium risk appetite. High to very high risks should be avoided, with a risk-opportunity analysis performed in specific cases. Risks that exhibit a high to very high threat potential in the five-year period under analysis are regarded as especially relevant.

4.2.2 Risk reporting

Generally, the Company quantifies risks at group level. Risks are only quantified at entity level in specific cases. Of all the risks identified in the period under review, the particularly relevant risks for the Company and the Group and the corresponding management measures are addressed here. In this context, we discuss the macroeconomic risks and significant standard risks that are reflected in HOWOGE’s risk inventory and present their net impact and risk likelihood.

Macroeconomic risks

The German real estate market is partly shaped by macroeconomic factors that are beyond HOWOGE’s control. Developments in the domestic and global economy as well as in financial markets can thus become risk factors for HOWOGE’s business model. The current interest rate environment represents a significant macroeconomic risk factor for business development. Rising financing costs as a result of restrictive monetary policy have a direct impact on the economic viability of investment projects and can delay the implementation of new construction and modernization projects. In conjunction with inflation-driven cost increases, this elevates uncertainty in medium and long-term planning.

Geopolitical tensions also weigh negatively on economic stability. The armed conflicts in the Middle East in particular are expected to lead to rising energy and commodity prices and disrupt global supply chains. Although HOWOGE's locally embedded business model is proving to be highly robust in the short term in the face of global crises, the escalation of the conflict in Iran harbors the risk of accelerated inflation and interest rate hikes.

HOWOGE addresses these risks through forward-looking financial planning, the increased use of long-term fixed interest rates and an ongoing review of investment priorities.

Material standard risks

The risk catalog contains group-wide potential risks in the seven risk categories of organizational and process risks, HR and management risks, financial risks, legal and compliance risks, real estate risks, market and location risks and operating performance risks.

Organization and processes

Advancing digitalization is expected to lead to opportunities that outweigh the risks with respect to the employment and income situation of tenants in the long term. Digitalization also offers opportunities for the HOWOGE business model relating to efficiency improvements.

Cyberattacks

(Risk likelihood: likely, loss: extremely high)

An outage in the IT systems used by the HOWOGE Group would result in significant disruptions to our regular business operations due to the advanced level of digitalization. Current market studies and industry analyses indicate a significant increase in the potential losses that can be sustained as a result of cyber incidents. Surveys by industry associations show that companies are increasingly estimating the potential financial impact of cyberattacks in the tens of millions.

This development is due in particular to the professionalization of cybercrime, rising recovery costs and stricter regulatory requirements in the area of data protection. In addition, key business processes are becoming increasingly dependent on IT-supported systems, which significantly increases the impact on operations in the event of damage.

HOWOGE has put numerous technical and organizational safeguards in place to mitigate cyber risk. In addition to continuous vulnerability monitoring, regular penetration tests are performed. The implementation of active security surveillance such as AI-based network detection and response (NDR) systems and a security information and event management system (SIEM) ensure real-time

surveillance. Moreover, the Company was connected to an external security operations center (SOC) in the fiscal year, which allows potential threats to be detected and averted at an earlier stage.

[IT risks due to unauthorized actions by employees](#)

(Risk likelihood: possible, loss: very high)

Theft, manipulation or loss of data and sensitive information can be caused intentionally or unintentionally by employees. Unauthorized internal access due to inadequate organizational, technical and/or physical safeguards can lead to technical disruption and damage and an outflow of personal data and thus a breach of data protection regulations.

The risks identified are addressed by deploying a structured and effective user access plan. As part of efforts to harden our infrastructure, we are gradually introducing user rights assignment based on a privileged identity management (PIM) approach. Through regular consultations with the internal information security officer, the Group ensures that potential internal vulnerabilities are identified early and suitable countermeasures are taken on a timely basis. In this way, we ensure the continuous improvement of our security posture.

[Project risks](#)

(Risk likelihood: possible, loss: high)

HOWOGE has an extensive project portfolio. Risks can threaten projects from various angles. Deadlines, costs, resources and poor communication in particular can jeopardize the success of a project, leading to unscheduled delays or cost overruns. The processes and digitalization unit was expanded further to reduce risks and coordinate business projects. Multi-project managers support project owners from project kick-off to project completion. A central requirements management and project management office documents and prioritizes the projects from a group perspective. The office also provides support from external resources if needed to ensure the success of the project.

[Personnel and management](#)

The rising demand for skilled personnel driven by digitalization and new technologies and aggravated by demographic change, and the related change in age distribution leading to a larger number of older and fewer younger people, will result in an increasing shortage of skilled labor in the future.

[Staff shortage/exit risk](#)

(Risk likelihood: possible, loss: medium)

Hiring and filling specialist roles in the Company will continue to be one of the key challenges in the years ahead. The potential risk includes the loss of longstanding employees. The risk posed by

demographic change has grown in the past few years. In addition to losing employees to regular retirement, early retirement also poses a challenge when it comes to ensuring that knowledge is passed on and finding suitable candidates for the positions. We constantly refine our detailed personnel and succession plan to reduce risks. Additionally, the existing personnel development plan for structured development of executives and talent management has been put on a more professional footing. To improve employee retention, regular employee surveys are held to assess employee satisfaction and to identify and exploit potential for improvement. The Company also scans the market to compare its benefit package and gauge its attractiveness from an outside perspective.

Finance

Balanced, sustainable and secure financing as well as constant access to low-interest funding are key drivers of HOWOGE's business performance and the achievement of its objectives. As a provider of affordable housing, it depends heavily on access to subsidies to ensure it reaches its new construction targets.

Interest rate risks

(Risk likelihood: possible, loss: extremely high)

Interest rate risk for loans granted in the past and their fixed-interest periods which will end in the future is reflected under financial risks, since the new interest rates to be arranged are subject to market conditions at the time. The Company uses scenario analyses to determine the effects of a change in the interest rate climate on its performance and viability and has developed courses of action. The risk is addressed by using the adjusted interest rates in the long-term corporate plan. To minimize the risk, in the past loan agreements generally had long terms of 10 to 20 years. Due to the current market situation and the significant rise in the yield curve, loan agreements with shorter terms (less than 10 years) are now being concluded again. Furthermore, banks have become more reluctant to commit to long-term fixed interest rates (greater than ten years). Interest rate risks are controlled by staggering the dates on which fixed-interest periods end. The same approach is applied to mitigating interest rate risks from the corporate bonds issued. In addition to continuously tracking the term structure of interest rates, HOWOGE monitors and assesses risks over the horizon of the long-term corporate plan so as to identify potential interest rate fluctuations and deviations promptly. It also includes appropriate risk buffers in the corporate planning.

Refinancing risks

(Risk likelihood: unlikely, loss: extremely high)

In order to minimize potential refinancing risks, HOWOGE pursues a diversified financing strategy and can make use of various financial instruments. HOWOGE enters into financing talks with lenders well before large financing tranches fall due and examines financing alternatives. Monthly reporting to the management board on current loan agreements has also been established for this purpose. Regular discussions also take place with banks and lenders. HOWOGE also has two external ratings, which are updated by the rating agencies at least once a year and improve access to financing.

Liquidity risks

(Risk likelihood: unlikely, loss: low)

The Group's solvency at all times is ensured through liquidity planning and is continuously monitored. In the past fiscal year, HOWOGE had sufficient cash and cash equivalents to meet all obligations at all times. Due to the very stable cash flows from real estate management, no circumstances have been identified at present that could lead to a liquidity shortfall. In order to ensure solvency at all times, sufficient liquidity reserves and credit facilities are maintained.

Covenant breaches

(Risk likelihood: unlikely, loss: extremely high)

Failure to comply with contractually agreed financial covenants may result in the risk of extraordinary termination of financing agreements. A breach of the terms of financing contracts may also lead to higher interest payments, unscheduled repayments and/or the realization of collateral or the demand for additional collateral.

The covenants of the corporate bonds issued are all profit-related and are therefore relatively weak. They are only tested – and documented accordingly – when new borrowings are arranged.

An internal control process has been implemented to ensure compliance with the financial covenants. The key indicators agreed in the financing agreements and in the debt issuance program were adhered to at all times in the past fiscal year. There are no indications that the financial covenants will not be complied with in the future.

Rating downgrade/debt risk

(Risk likelihood: possible, loss: very high)

The leverage ratio has a significant impact on the assessment of HOWOGE's economic situation and thus on its access to the financing market. The increasing level of debt poses the risk of a deterioration

in rating-relevant indicators over the medium term. The assessments and ratings issued by analysts, banks and S&P (A) and Fitch (AA-) are testimony to the HOWOGE Group's strong market position with regard to its leverage ratio. These credit ratings are therefore not expected to deteriorate.

Tax risks

(Risk likelihood: possible, loss: high)

Changes in tax legislation or non-compliance could lead to a high tax burden, liability issues and fines. Risks resulting from tax audits could reach a relevant level. External tax advisors are consulted for advice on tax issues.

Legal and compliance

General legal risks and the disadvantages to HOWOGE resulting from the materialization of such risks could arise in particular if legal requirements are not complied with (fully). Additionally, risks can arise if new laws or ordinances are issued or existing laws or ordinances are amended or their interpretation changes. Subject-specific changes/developments in legislation must be monitored by the relevant department and reported if necessary.

Changes in legislation, industry-specific provisions or regulatory frameworks

(Risk likelihood: likely, loss: extremely high)

A political framework is emerging that reflects the tension between regulatory requirements and the provision of socially responsible housing. The challenges posed by climate-related and other sustainability regulations remain complex and developments are fast moving.

Risks to the realization of planned construction projects exist in particular due to more stringent species protection regulations and urban planning obligations.

Conventional areas of law and general changes in legislation are monitored by the legal department. If the changes are extensive, training activities are launched and the departments in question are invited to attend workshops. Specialist journals (legal) and press releases are considered on an ongoing basis.

Breach of the insider trading ban

(Risk likelihood: possible, loss: very high)

The statutory rules on insider dealing (Market Abuse Regulation) must be complied with by all of HOWOGE's employees and governing bodies. If breached, those affected would be held personally liable and HOWOGE would sustain damage to its reputation; in addition, there is a significant risk of fines being imposed on HOWOGE. This can lead to a relevant risk for HOWOGE.

Information about the HOWOGE Group is regularly analyzed for its significance for the HOWOGE Group and, if the legal requirements are met, it is occasionally categorized as inside information as a precaution. Any actual inside information is only communicated to a defined group of people whose members are expressly informed of its confidentiality.

In addition, legally prescribed insider directories are kept and the persons listed therein receive a special briefing, as do as any persons who are likely to come into contact with inside information as soon as it is available.

Real estate

Risks in the real estate portfolio are a key factor influencing the long-term stability of projects and property values, as they have a direct impact on the economic usability and legal compliance of buildings. The key to managing these risks is to identify factors that affect value at an early stage in order to be able to proactively manage the financial and timing uncertainties associated with construction interventions.

Valuation risk

(Risk likelihood: possible, loss: extremely high)

Valuation risk captures potential impairment of the real estate portfolio or individual properties due to market developments. This includes land held in inventories until completion of the planning phase of new-build projects. The risk is unchanged compared to the prior year. Cyclical market fluctuations are not unusual in real estate valuations. For HOWOGE as a property holder, the long-term development of values is relevant; this offers potential due to the excess demand. The regular fair value measurement of the real estate portfolio is performed by a reputable independent property service provider.

HOWOGE constantly monitors the real estate and capital markets to assess and harness the short, medium and long-term opportunities and risks arising from the cycle.

Climate change

(Risk likelihood: unlikely, loss: low)

The impact of climate change can now be felt throughout Germany. We will have to get used to the idea that extreme weather events will occur more frequently in the future. Changes in the form of milder and wetter winters as well as hotter and drier summers can already be observed. Due to climatic changes, there is a risk of extreme weather conditions such as torrential rain, drought, heat and ultra violet radiation increasing the risk of accidents and impacting the health of workers at construction

sites, leading to disruptions in construction work for occupational health and safety reasons. Construction costs and costs incurred to maintain or ensure the resilience of new buildings could rise. HOWOGE has carried out a location-specific climate risk analysis (climate vulnerability assessment). Potential climate risks were analyzed for our buildings with the aid of scientific data. We have already introduced various measures to counteract these risks and equip our buildings to withstand the already tangible effects of climate change. To mitigate the effects of torrential rain, we are installing water retention roofs, planning retention areas and turning to alternatives to large basement areas, which act as a barrier to ground water. We promote rainwater drainage through measures including the integration of seepage basins in the design of outdoor grounds and facilities. We counter the effects of heat by using light-colored facades, sealing as little space as possible and greening open spaces where possible.

[Harmful substances in building components](#)

(Risk likelihood: possible, loss: very high)

A latent risk of encountering harmful substances must be assumed when carrying construction work on existing buildings due to the historical use of hazardous materials and previous building uses. The removal of these substances in the course of demolition or modernization work can lead to unplanned disposal costs and construction delays and, in the event of uncontrolled release, to direct hazards for people and the environment.

[Market and location](#)

Changes in the market environment, in particular rising construction costs and stricter energy requirements, can affect the profitability of new construction projects. We actively counter these volatilities with continuous project monitoring and forward-looking planning.

[Construction cost risks](#)

(Risk likelihood: unlikely, loss: extremely high)

Being involved in the construction of new buildings and having to meet the shareholder's targets poses challenges in the form of constantly rising construction costs and the often limited availability of construction services. Maintenance work also harbors cost risks due to the increase in material and energy prices. In order to limit investment and construction risks, HOWOGE relies on stringent investment and project controlling, securing planning and building rights and permits early and on achieving better price and resource security by putting construction services out to tender at an early stage of the process.

Risk of contractor insolvency or non-performance/poor performance

(Risk likelihood: possible, loss: very high)

The Company faces the general risk of inadequate performance or non-performance, especially of contractually owed construction services. This may give rise to cost increases due to new tenders, delays in completion and late rental income.

Vacancy and property profitability

(Risk likelihood: unlikely, loss: low)

The Group's regional focus on Berlin may represent a cluster risk. Unfavorable economic, demographic and political developments in Berlin and the surrounding regions could have a negative impact on the Group's business activities, financial position, cash flows and operating profit.

In light of the consistently high demand for affordable housing in Berlin, vacancy and profitability risks continue to be low for the locations HOWOGE operates in.

Price trends

(Risk likelihood: unlikely, loss: high)

There are risks resulting from an unexpectedly sharp increase in market prices, such as higher purchase prices for old-build properties. Price increases can inhibit growth (due to lack of availability) or lead to budget overruns. HOWOGE constantly monitors the real estate and capital markets to assess and harness the short, medium and long-term opportunities and risks arising from the cycle.

Transaction risks

(Risk likelihood: unlikely, loss: medium)

Purchases are made in a structured purchase process. Internal and external experts are involved in the surveys and checks to ensure reliable assessments of the quality of the housing stock. This approach also facilitates the development of measures to optimize the portfolio and the achievable rents. These checks also ensure that the necessary personnel resources and financing opportunities are determined.

Apart from misjudgments occurring in the purchase process, there is a risk of information or knowledge of defects only becoming apparent after the purchase has been closed. Such information could have a negative impact on economic assumptions and thus affect the valuation of the portfolio and/or its profitability. In addition, there is a chance that the purchased housing stock will outperform expectations as to rents, quality and rental rates thanks to HOWOGE's extensive neighborhood and rent management activities.

Operating performance

The continuous management of operating performance forms the basis for stable financial performance and the long-term value retention of the portfolio. A proactive approach to tenant support and targeted property management help to keep turnover low and ensure that the locations remain attractive in the long term. Failures in operational delivery can lead to economic losses and jeopardize the achievement of corporate strategy goals.

Loss of rent

(Risk likelihood: possible, loss: high)

As a housing company, HOWOGE is exposed to a risk of loss of rent. Precautions to minimize this risk are taken by running standardized credit checks on all new tenants and by identifying problematic tenancies.

Appropriate countermeasures are taken in response. Despite stable inflation rates, energy costs in particular remain high, which may impair our tenants' ability to pay.

The development of rent arrears is closely monitored in a monthly reporting process.

Neighborhood stability

(Risk likelihood: possible, loss: medium)

The growing imbalance in the social make-up of HOWOGE residents towards socially disadvantaged groups, often with diverse cultural backgrounds, can lead to cost risks for preventive measures and to reputational risks. Financial and personnel costs are incurred in the neighborhoods to manage vandalism, tensions among tenants and lower customer satisfaction. In order to stabilize the situation, community development activities are carried out in the affected neighborhoods on a case-by-case basis. A social scoring model to aid the needs-based distribution of funds has been established and is being expanded further.

4.3 Overall assessment of opportunities and risks

In fiscal year 2025, there were no relevant risks that, either individually or in the aggregate, posed a threat to the continued existence of the HOWOGE Group. The Company's internal capital was adequate at all times. Given their expected value, the singular risks do not currently pose a going concern threat to the HOWOGE Group. From today's perspective, the opportunities identified outweigh the risks. The identified risks are limited by a group-wide risk management system and ongoing monitoring of project and portfolio development. Considering the planned measures, the future development of the Group is expected to be stable to positive overall. At the time of reporting, the management board does not see any risks endangering the Company's continued existence for fiscal years 2026 and 2027.

5 Outlook

5.1 Forecast for fiscal year 2026

Our forecast for fiscal year 2026 is based on the corporate plan prepared for the HOWOGE Group taking into account the current business development, significant macroeconomic factors and the Group's strategy. The budget was drawn up in accordance with the financial reporting framework applied in the consolidated financial statements.

For 2026, we expect the market to remain stable in terms of interest rates and inflation, with uncertainty remaining high. The effects will depend on the pace of events; at the present time it is impossible to estimate their consequences, but they are being continuously evaluated to aid a swift response. If necessary, countermeasures will be taken and the forecast will be revised. We expect property values to remain constant in 2026.

Adjusted EBITDA was higher than planned at the end of fiscal year 2025. This is due in particular to delays in repairs and lower personnel expenses and non-staff expenses. Higher interest income and lower interest expenses, in particular due to higher bank balances as a result of deferred investments, had a positive effect on interest. As a result, FFO in fiscal year 2025 is at the upper end of the forecast range.

The consolidated profit for the period according to IFRSs is higher than planned due to the distinctly positive effects of the remeasurement of investment property and the factors mentioned above. In fiscal year 2025, the Residential segment saw new construction completions being postponed to later in the year, while the completion of one construction phase was brought forward from 2026 to 2025. The vacancy rate as of the reporting date was higher than budgeted due to extensive modernization work. All other metrics were as planned.

In the School Construction segment, investments remained below budget due to delays. The result in the School Construction segment was slightly below plan because the earnings effect was neutralized as schools transitioned from the construction phase to the operating phase.

Actual developments may also differ materially from expectations about the anticipated development if the assumptions underlying the statements should prove to be incorrect.

The table below provides an overview of the key performance indicators we forecast for 2025, their achievement in 2025 and the forecast for fiscal year 2026.

Segment	Performance indicator	Actual 2024	Forecast for 2025	Actual 2025	Forecast for 2026
Group	Profit for the period according to IFRSs in EUR m ¹⁾	140.1	70	877.4	-
	Net income for the year according to the HGB in EUR m	35.5	25 – 40	67.7	20 – 40
	Adjusted EBITDA in EUR m	276.8	280 – 300	313.9	295 – 315
	FFO in EUR m	205.8	180 – 200	201.5	180 – 200
Residential	Housing portfolio in number of apartments	77,113	82,700	82,791	84,000
	New construction: start of construction in number of apartments	500	500	567	1,800
	New construction: completions in number of apartments	667	900	1,182	1,200
	Actual rents in EUR m	403.8	450	447.3	460
	Annual average net rent (excl. heating and utilities) in EUR per sqm	6.69	6.99	7.02	7.18
	Vacancy rate in %	1.5	1.6	2.2	2.4
	Rate of turnover in % ²⁾	4.1	5.0	4.4	-
	WBS re-rental rate in %	64.6	63.0	64.3	63.0
	Loan-to-value (LTV) ratio in %	28.7	35.0	31.8	33.1
	Interest coverage ratio (ICR) in x times	7.3	3.0	3.4	3.2
	Net financial liabilities/adjusted EBITDA in x times	13.3	18.7	14.7	16.7
School Construction	FFO in EUR m	-2.3	5 – 10	-2.2	-5 – 5
	Investment volume in EUR m	228.6	350	309.2	320

¹⁾ The profit or loss for the period according to IFRSs is not a relevant performance indicator for HOWOGE, as it is significantly influenced by market-driven valuation effects. It will therefore no longer be forecast from 2026.

²⁾ No forecast for the rate of turnover in the Residential segment is shown for 2026, as this is not a key performance indicator due to its low monetary impact.

In the reporting for the first half of 2025, the forecast for consolidated profit for the period according to IFRSs was increased to EUR 330m due to high valuation effects at the end of the first half of the year, of which EUR 216m were valuation effects from the first half of 2025. The positive effects from the remeasurement of investment property also meant that the LTV at year-end was better than forecast.

5.2 Overall statement on the forecast

Based on the current economic conditions and planning assumptions, results at the level of 2025 are planned for the operating performance indicators (adjusted EBITDA and FFO). This is due in particular to moderate revenue growth from rents and a slight increase in expenses for maintenance, administration and interest.

In the Residential segment, a continuation of the growth strategy through new construction and a moderate development of average rents is forecast for 2026. This is also reflected in the LTV forecast.

As schools transition from the construction phase to the operating phase, the earnings effect will be largely neutralized, leaving only a small effect on earnings in the School Construction segment.

Berlin, 24 March 2026

HOWOGE Wohnungsbaugesellschaft mit beschränkter Haftung

The Management Board

Jörg Kotzenbauer

Ulrich Schiller

HOWOGE Wohnungsbaugesellschaft mit beschränkter Haftung, Berlin

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Consolidated statement of comprehensive income

for the period from 1 January 2025 to 31 December 2025

in EUR k	Note	2025	2024
Rental and lease revenue (IFRS 16)		438,652	403,841
Revenue from operating costs (IFRS 16)		38,451	40,636
Revenue from real estate management	7.1	477,103	444,477
Revenue from the in-substance sale of school buildings (IFRS 16)		213,826	167,790
Revenue from operating costs (IFRS 15)		29,397	25,075
Revenue from heating costs (IFRS 15)		83,599	80,799
Revenue from management services and other trade		13,180	10,546
Other revenue		4,248	3,529
Other revenue from real estate management		344,249	287,739
Total revenue	7.1	821,352	732,216
Profit or loss from the remeasurement of investment property	7.2	395,322	-46,926
Change in inventories for school construction projects		124,115	81,860
Own work capitalized ¹⁾		-	11,566
Cost of materials	7.3	-540,195	-412,484
Personnel expenses	7.5	-87,861	-76,860
Amortization and depreciation of non-financial assets	7.4	-8,882	-6,630
Impairment and reversals of impairment of financial assets	8.7	-7,444	-177
Other operating income	7.6	64,527	11,770
Other operating expenses	7.7	-41,493	-49,529
Profit or loss from investments accounted for using the equity method	8.10	703	-3,798
Gain or loss from assets held for sale		249	600
Finance income	7.8	18,702	24,367
Finance costs	7.8	-119,060	-67,788
Other taxes	7.10	-12,710	-16,640
Profit or loss before taxes		607,325	181,547
Income taxes	7.9	270,087	-41,450
Profit or loss for the period		877,412	140,097
Other comprehensive income/loss (actuarial losses from pension plans)		181	-39
Tax effect on other comprehensive income/loss		-55	12
Total comprehensive income/loss		877,539	140,070

In the reporting period ended 31 December 2025, there was another comprehensive loss (IAS 1.7) resulting from net pension obligations of EUR 181k. HOWOGE is neither exposed to any risks from exchange rate fluctuations nor has any financial instruments that would have to be measured at fair value through other comprehensive income (FVOCI) under IFRSs.

Consolidated statement of financial position

as of 31 December 2025

Assets in EUR k	Note	31 Dec 2025	31 Dec 2024
Non-current assets			
Intangible assets	8.6	6,067	7,148
Investment property	8.1	13,906,216	12,616,945
Prepayments on investment property	8.2	265,560	69,093
Property, plant and equipment	8.3	92,949	80,571
Investments in joint ventures	8.10	16,875	15,471
Financial assets	8.7	2,001	2,019
Rental and lease receivables	8.13	364,543	160,402
Total non-current assets		14,654,211	12,951,650
Current assets			
Inventories for school construction projects	8.12	489,911	365,773
Rental and lease receivables	8.13	48,045	48,562
Receivables from other trade	8.7	7,329	2,754
Contract assets	7.1	2,942	4,712
Other financial assets	8.7	5,167	6,232
Other assets	8.11	64,242	61,344
Income tax receivables		16,030	904
Cash on hand and bank balances	8.15	319,121	645,198
Assets held for sale		-	23,493
Total current assets		952,785	1,158,973
Total assets		15,606,996	14,110,622

as of 31 December 2025

Equity and liabilities in EUR k	Note	31 Dec 2025	31 Dec 2024
Subscribed capital		25,000	25,000
Capital reserves		334,305	332,887
Accumulated retained earnings		7,101,276	6,960,997
Consolidated accumulated loss/net retained profit		877,412	140,097
Total equity	8.16	8,337,993	7,458,982
Provisions	8.17	1,851	2,080
Primary financial liabilities	8.14	5,458,847	4,785,580
Other liabilities	8.18	163,148	113,505
Deferred tax liabilities	8.19	1,208,900	1,491,521
Total non-current liabilities		6,832,745	6,392,685
Other provisions	8.17	5,351	11,780
Rental and lease liabilities	8.7	28,443	22,964
Trade payables	8.7	142,962	131,492
Contract liabilities	8.1	38,947	27,698
Primary financial liabilities	8.16	190,651	37,618
Tax liabilities		8,508	7,518
Other liabilities	8.18	21,398	19,885
Total current liabilities		436,259	258,955
Total liabilities		7,269,004	6,651,640
Total equity and liabilities		15,606,996	14,110,622

Consolidated statement of changes in equity

for the period from 1 January 2025 to 31 December 2025

in EUR k	Subscribed capital	Capital reserves	Retained earnings	Reserve required by the articles of association	Accumulated retained earnings	Consolidated net retained profit/accumulated loss	Total equity
1 Jan 2025	25,000	332,887	6,948,498	12,500	6,960,998	140,097	7,458,982
Allocation to retained earnings from consolidated profits earned	-	-	142,150	-	142,150	-142,150	-
Appropriation of retained earnings	-	-	-2,053	-	-2,053	2,053	-
Contribution from land transfer	-	1,417	-	-	-	-	1,417
Other comprehensive income (OCI)	-	-	181	-	181	-	181
Total comprehensive income/loss	-	-	-	-	-	877,412	877,412
Other gains or losses from first-time consolidation	-	-	-	-	-	-	-
31 Dec 2025	25,000	334,304	7,088,775	12,500	7,101,275	877,412	8,337,993

for the period from 1 January 2024 to 31 December 2024

in EUR k	Subscribed capital	Capital reserves	Retained earnings	Reserve required by the articles of association	Accumulated retained earnings	Consolidated accumulated loss/net retained profit	Total equity
1 Jan 2024	25,000	320,937	7,683,456	12,500	7,695,953	-734,783	7,307,108
Allocation to retained earnings from consolidated profits earned	-	-	-734,555	-	-734,555	734,554	-
Appropriation of retained earnings	-	-	-229	-	-229	229	-
Contribution from land transfer	-	11,950	-	-	-	-	11,950
Total comprehensive income/loss	-	-	-27	-	-27	140,097	140,070
Other gains or losses from first-time consolidation	-	-	-146	-	-146	-	-146
31 Dec 2024	25,000	332,887	6,948,498	12,500	6,960,998	140,097	7,458,982

Consolidated statement of cash flows

for the period from 1 January 2025 to 31 December 2025

in EUR k	2025	2024
Profit or loss before taxes	607,325	181,547
Non-cash expenses and income	-421,370	41,955
Losses/(gains) on the remeasurement of investment property and assets held for sale	-395,322	46,926
Amortization, depreciation and impairment/(reversals of impairment) of intangible assets and property, plant and equipment	8,882	6,630
(Decrease)/increase in provisions	-5,119	2,825
Other non-cash expenses/(income)	-29,107	-18,224
(Gain)/loss on joint ventures accounted for using the equity method, and other investments	-703	3,798
Working capital adjustments	-256,311	-223,466
Decrease/(increase) in rental and lease receivables, receivables from other trade and contract assets	37,216	-5,569
Decrease/(increase) in inventories	-330,308	-231,499
(Decrease)/increase in trade payables and other liabilities, and contract liabilities	26,384	-924
Non-cash government grants	10,396	14,527
Reclassifications to other areas of activity	81,895	14,771
(Gains)/losses on the disposal of intangible assets and property, plant and equipment	8,175	-600
Net finance costs/(income)	100,358	43,400
Income taxes paid	-26,637	-28,028
Cash flows from operating activities	11,540	14,808
Cash paid for investments in investment property	-396,491	-299,628
Cash received from investments in investment property	2,405	-
Cash paid for investments in other non-current assets	-19,975	-12,220
thereof in property, plant and equipment	-18,975	-10,333
thereof in intangible assets	-1,000	-1,887
Cash received from disposals of property, plant and equipment	1,292	11,100
Cash paid for disposals of financial assets	-682	95,013
Cash paid for the addition of a group of assets that does not constitute a business	-741,811	-
Cash paid for additions to the basis of consolidation	-	-1,665
Interest received	18,717	24,048
Cash flows from investing activities	-1,136,546	-183,352

Cash received from borrowings	1,011,810	1,243,594
Cash repayments of borrowings	-111,911	-708,602
Proceeds from shareholder loans	-	58,496
Cash repayments of lease liabilities	-606	-1,056
Interest paid	-99,805	-52,318
Cash flows from financing activities	799,489	540,113
Net change in cash and cash equivalents	-325,517	371,569
Cash and cash equivalents as of 1 January	644,639	273,069
Cash and cash equivalents as of 31 December	319,121	644,639

Condensed statement of cash flows

for the period from 1 January to 31 December

in EUR k	2025	2024
Cash flows from operating activities	11,540	14,808
Cash flows from investing activities	-1,136,546	-183,352
Cash flows from financing activities	799,489	540,113

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1 General notes to the consolidated financial statements

1.1 Information on the Group

HOWOGE Wohnungsbaugesellschaft mit beschränkter Haftung ("HOWOGE") is domiciled in Germany and registered with the local court of Berlin-Charlottenburg under register number HRB 44819 B. The Company's registered office is Stefan-Heym-Platz 1, 10367 Berlin. With around 83,000 residential units of its own as of the reporting date 31 December 2025, HOWOGE is one of Germany's biggest landlords.

As a municipal housing company, it is HOWOGE's objective to mature from a municipal property manager to a district and urban developer by placing sustainability and social responsibility at the heart of its portfolio strategy. In addition to property management, the Group's core activities include new housing construction and school construction.

Under the cooperation agreement "Affordable rents, new housing construction and social housing supply" concluded with the State of Berlin, HOWOGE has committed itself to a number of measures to ensure that affordable housing is provided to the population. One such measure is that a minimum of 63% of all existing apartments are reserved for people holding housing entitlement certificates (WBS). These also include, in particular, special needs groups, such as recipients of transfer benefits, refugees and homeless persons. Owing to the cooperation agreement and the social focus of its portfolio management, HOWOGE has limited potential for rent increases compared to its private competitors. Since 1 January 2024, the provisions of the new cooperation agreement have been effective for the state-owned housing companies and, among other things, allow rent increases of up to 2.9% on average for existing properties. At the same time, it ensures that WBS-eligible households do not have to spend more than 27% of their household income on net rent (excluding heating and utilities).

These consolidated financial statements were authorized by the management board for issue to the supervisory board on 24 March 2026.

1.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements as of 31 December 2025 were prepared in accordance with International Financial Reporting Standards (IFRSs) and the interpretations of the International Financial Reporting Standards Interpretations Committee, as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code]. All pronouncements of the International Accounting Standards Board (IASB) whose

adoption is mandatory were considered. The income statement for the period from 1 January 2025 to 31 December 2025 is classified using the nature of expense method. HOWOGE is a publicly traded company within the meaning of Sec. 264d HGB and is therefore considered a large corporation within the meaning of Sec. 267 (3) HGB. Furthermore, HOWOGE is a corporation within the meaning of Sec. 327a HGB.

The consolidated financial statements have been prepared on a historical cost basis, except for investment property and equity financial assets, which are measured at fair value, and any assets held for sale (IFRS 5), which are measured at the lower of carrying amount and fair value less costs to sell.

The consolidated financial statements were prepared on a going concern basis.

The consolidated financial statements are presented in euros, which is the Group's functional currency, and all values are rounded to the nearest thousand (EUR k), except when otherwise indicated.

The consolidated financial statements contain comparative information for the prior reporting period.

2 New and amended standards and interpretations

2.1 Standards effective for the first time in the fiscal year

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025.

The new or amended standards and interpretations listed below were effective for the first time in fiscal year 2025. They did not lead to any significant impact on these consolidated financial statements.

Standard	Change	Effective date
IAS 21	Lack of Exchangeability	1 Jan 2025

2.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. HOWOGE intends to adopt these new and amended standards and interpretations when they become effective.

Standard	Change	Effective date
IFRS 1	Hedge accounting	1 Jan 2026 ¹⁾
IFRS 10	Relationship with other parties	1 Jan 2026 ¹⁾
IAS 7	Investments in subsidiaries, associates and joint ventures	1 Jan 2026 ¹⁾
IFRS 7	Gain or loss on derecognition; classification and measurement of financial instruments	1 Jan 2026 ¹⁾
IFRS 9	Scope and measurement; classification and measurement of power purchase agreements	1 Jan 2026 ¹⁾
IFRS 18	Presentation and Disclosure in Financial Statements	1 Jan 2027 ¹⁾
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 Jan 2027 ¹⁾
IFRS 20	Regulatory Assets and Regulatory Liabilities	1 Jan 2029 ¹⁾

¹⁾ The endorsement date was still pending at the time of preparation.

In April 2024, the IASB issued IFRS 18, which requires additional, defined subtotals in the income statement, further disclosures on management-defined performance measures and new principles of aggregation and disaggregation. IFRS 18 will replace IAS 1 and will be effective for fiscal years beginning on or after 1 January 2027. Early application is permitted and the standard shall be applied retrospectively on first-time adoption. HOWOGE is currently reviewing what impact the first-time adoption of IFRS 18 will have on its consolidated financial statements. First-time application of the other amendments and new standards is not expected to have any significant effect on HOWOGE's consolidated financial statements.

3 Acquisition of real estate portfolios

In fiscal year 2025, HOWOGE Wohnungsbaugesellschaft mit beschränkter Haftung acquired PRIMA Wohnbauten Privatisierungs-Management GmbH and Stadtentwicklungsgesellschaft Buch mbH in connection with the acquisition of housing portfolios. PRIMA's housing portfolio comprises a total of 4,492 apartments, most of which are located in the Berlin district of Lichtenberg. The transfer of 100% of the shares in PRIMA and 74% of the shares in Stadtentwicklungsgesellschaft Buch took place as of 2 January 2025. The acquisition of the remaining 26% in Stadtentwicklungsgesellschaft Buch from the minority shareholder, Berlinovo Immobilien Gesellschaft mbH, was completed on 1 November 2025.

The transactions serve the strategic objective of expanding the municipal housing stock in Berlin, building new homes, assuring affordable rents in the long term and thus helping to ease the pressure on the strained Berlin housing market. The consideration for the acquisition of PRIMA was around EUR 530m, including incidental purchase costs of EUR 38m. A consideration of EUR 42m, including incidental purchase costs of EUR 67k, was agreed for the initial 74% stake in Stadtentwicklungsgesellschaft Buch. The remaining 26% stake was acquired on 1 November 2025 for a purchase price of EUR 12.8m. In addition, receivables of EUR 128.6m were acquired.

As the acquisitions pass the optional concentration test under IFRS 3 and therefore substantially all of the fair value of the gross assets acquired is concentrated in a single asset or a group of similar assets, it does not constitute a business for the purposes of IFRS 3. Consequently, this is not a business combination within the meaning of the standard. It was therefore accounted for as an acquisition of a group of assets. This is based on the methodology described by the International Financial Reporting Standards Interpretations Committee for IFRS 3.2(b), according to which the identifiable assets and liabilities must first be determined at the acquisition date, followed by an allocation of the transaction price on the basis of their relative fair values. Finally, the relevant IFRSs must be applied for the initial measurement of the individual assets and liabilities.

In keeping with this interpretation, the assets acquired and liabilities assumed were recognized as of the acquisition date as follows. At PRIMA, investment properties of EUR 650m were recognized as material assets. In addition, other equipment, furniture and fixtures of EUR 342k, work in process of EUR 8.6m, receivables and other assets of EUR 13.3m and cash and cash equivalents of EUR 8.2m were recognized. On the equity and liabilities side, liabilities of EUR 124.2m from cash pooling to the then affiliated parent companies and provisions of EUR 2.2m were assumed.

At Stadtentwicklungsgesellschaft Buch, investment properties of EUR 57.9m and cash and cash equivalents of EUR 0.3m were recognized, as were liabilities of EUR 3.7m.

4 Basis of consolidation

4.1 Business combinations

Business combinations are accounted for using the acquisition method as soon as the Group obtains control. Fair value step-ups or step-downs on the carrying amounts of the acquiree's assets and liabilities are recognized as part of the required revaluation. Any excess remaining after the recognition of fair value step-ups or step-downs is reported as goodwill in the statement of financial position. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Transaction costs are expensed as incurred, except if related to borrowing costs or costs of issuing debt capital.

Acquisitions are accounted for using the acquisition method, whereby the identifiable assets and liabilities of the acquiree are recognized at their fair values at the acquisition date and the difference between the consideration transferred and the fair value of the net assets acquired is recognized as goodwill. All intragroup receivables and liabilities, income and expenses and gains and losses resulting from intragroup transactions are eliminated in full.

4.2 Subsidiaries

The consolidated financial statements as of 31 December 2025 include the separate financial statements of HOWOGE and its subsidiaries (see the table below). Alongside the parent company, the basis of consolidation as of 31 December 2025 comprised 22 companies (2024: 19 companies). A 100% stake in three of these companies, PRIMA Wohnbauten Privatisierungs-Management GmbH, Stadtentwicklungsgesellschaft Buch mbH and HOWOGE Verwaltung Am Sandhaus GmbH, was directly added in fiscal year 2025. HOWOGE Am Sandhaus GmbH & Co. KG, a subsidiary of Stadtentwicklungsgesellschaft Buch mbH, was indirectly added in fiscal year 2025. Conversely, one company (LEO II.-VV14 GmbH) was merged by absorption. Unless otherwise stated, all companies in the list of shareholdings are fully consolidated.

Company	Registered office	Shareholding 31 Dec 2025	Shareholding 31 Dec 2024
Wohnungsbaugesellschaft Lichtenberg mbH	Berlin, Germany	100%	100%
HOWOGE Servicegesellschaft mbH	Berlin, Germany	100%	100%
HOWOGE Reinigung GmbH	Berlin, Germany	100%	100%
HOWOGE Wärme GmbH	Berlin, Germany	100%	100%
Kramer + Kramer Bau- und Projektmanagement GmbH	Berlin, Germany	100%	100%
Stadtentwicklungsgesellschaft Buch mbH ¹⁾²⁾	Berlin, Germany	100%	-
LEO II. – VV14 GmbH ³⁾	Munich, Germany	-	100%
HOWOGE Verwaltung Am Sandhaus GmbH ¹⁾	Berlin, Germany	100%	-
HOWOGE Am Sandhaus GmbH & Co. KG ¹⁾	Berlin, Germany	100%	-
ATOZ Facility Solutions GmbH	Berlin, Germany	100%	100%
HOWOGE Klingsorstrasse GmbH	Berlin, Germany	100%	100%
HOWOGE Herbststrasse GmbH	Berlin, Germany	100%	100%
HOWOGE Roedernallee GmbH	Berlin, Germany	100%	100%
HOWOGE Soldinerstrasse GmbH	Berlin, Germany	100%	100%
HOWOGE Schöneberger Strasse GmbH	Berlin, Germany	100%	100%
HOWOGE Goldschmidtweg GmbH	Berlin, Germany	100%	100%
HOWOGE Damerowstrasse GmbH	Berlin, Germany	100%	100%
HOWOGE Baumschulenstrasse GmbH	Berlin, Germany	100%	100%
HOWOGE Mühsamstrasse GmbH	Berlin, Germany	100%	100%
HOWOGE High Deck Siedlung GmbH	Berlin, Germany	100%	100%
HOWOGE Landsberger Allee GmbH	Berlin, Germany	100%	100%
HOWOGE Goeckestrasse GmbH	Berlin, Germany	100%	100%
PRIMA Wohnbauten Privatisierungs-Management GmbH ¹⁾	Berlin, Germany	100%	-

¹⁾ First-time consolidation in fiscal year 2025.

²⁾ Share was increased from 74% to 100% in the course of fiscal year 2025.

³⁾ Was merged within the HOWOGE Group in the fiscal year.

The Group is deemed to control an entity if it has rights to variable returns from its involvement with the investee and the Group has the ability to use its power over the investee to affect its returns. If subsidiaries are fully consolidated, their assets and liabilities are included in full in the consolidated financial statements. Inclusion of subsidiaries in the consolidated financial statements begins on the date on which the Group first gains control and ends when the Group loses this control.

The financial statements of HOWOGE and its subsidiaries were consistently prepared in accordance with uniform accounting policies.

4.3 Joint ventures

Joint arrangements classified as joint ventures are accounted for using the equity method. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. HOWOGE holds a 50% investment in

Entwicklungsgesellschaft Elisabeth-Aue GmbH, Berlin (Elisabeth-Aue), which is classified as a joint venture and is accounted for in the consolidated financial statements using the equity method.

The effects of transactions between the entities included in the consolidated financial statements are eliminated during preparation of the consolidated financial statements. Profits and losses from transactions with equity-accounted investees are only eliminated to the extent of the Group's interest in the investee.

5 Accounting policies

5.1 Investment property

Investment property comprises the properties of HOWOGE that are held to earn rentals or for capital appreciation and not for owner occupation or sale in the ordinary course of business. The investment property includes residential property (some of which is used commercially), undeveloped land, project developments and land subject to hereditary building rights granted to third parties (hereditary building rights granted to third parties).

Investment property that is held for sale and whose sale is considered to be highly probable within the next 12 months is accounted for under assets held for sale in current assets in accordance with IFRS 5.

Mixed-use properties are divided into owner-occupied and leased sections if it is legally possible to partition the respective property and neither the owner-occupied nor the leased components are insignificant. The leased section is allocated to investment property and the owner-occupied section to property, plant and equipment. The components are allocated on a basis proportionate to the respective areas.

Properties are transferred from the investment property portfolio when there is a change in use, evidenced by commencement of owner occupation or development with a view to sale.

Investment property is initially recognized at cost including transaction costs unless it was acquired as part of a business combination. The properties are subsequently measured at fair value in accordance with the option in IAS 40 in conjunction with IFRS 13. Changes in the fair values of the properties are recognized in profit or loss for the period.

Prepayments on purchases of real estate whose economic transfer has not yet taken place are reported under prepayments on investment property.

Costs incurred subsequently to add to, replace part of, or service a property (IAS 40.17) are recognized as part of the carrying amount of an asset if, under the component approach (IAS 40.19), the replacement of parts creates a whole and the costs can be measured reliably. They are also recognized if the activities enhance future use and the costs can be measured reliably. The costs recognized as part of the carrying amount of an asset are not amortized as amortization is not applied when the fair value measurement option of IAS 40 is exercised.

As of the reporting date 31 December 2025 and the comparative reporting date 31 December 2024, the fair values of the properties were based in full on valuations by an independent appraiser. A

valuation model equivalent to that recommended by the International Valuation Standards Committee was applied. The management board has established a valuation process whereby the valuation of the real estate portfolio is tendered out to an external party on the basis of predefined criteria every four years. Criteria for the selection of the independent appraiser include independence, reputation, market knowledge and whether professional standards are maintained.

The real estate valuation by the independent appraiser was based on the following valuation approaches:

- Discounted cash flow (DCF), mainly for existing properties and for ongoing new construction projects with a percentage of completion of more than 50%
- Sales comparison approach, mainly for undeveloped land and hereditary building rights granted to third parties
- Residual value method, mainly for development land and new construction projects with a percentage of completion of less than 50%

The valuation approaches applied for 2025 were the result of a refinement of the methods already used in 2024. They mainly relate to an adjusted technical methodology applied in the valuation approach for development land, new construction projects and undeveloped land in order to ensure market-based valuation.

As described above, undeveloped properties are valued regularly based on the official land values under an indirect sales comparison approach. Deductions are made, in particular to reflect the readiness for development and the potential use as well as the probability of development and available infrastructure. For any structures on the properties that need to be removed (demolitions), the related demolition costs are included as part of the DCF method for residential properties and in the official land value for undeveloped land. Hereditary building rights granted to third parties are measured as encumbered land under an indirect sales comparison approach as for undeveloped land. The value of the hereditary building right comprises the land value discounted over the term of the hereditary building right and the capitalized rent agreed for the hereditary building right.

The earnings in the DCF model mainly comprise anticipated rental income (current net rent, market rents and market rent development) taking reductions from vacancies into account. The anticipated rental income for each location is derived from current rent indices and studies on geographic prosperity.

Costs include maintenance expenses and administrative expenses. In Germany, these are derived from the Second Computation Ordinance [“II. Berechnungsverordnung”: II. BV] and adjusted for inflation in the period under review. The II. BV is a German ordinance that governs the calculation of the economic

efficiency of housing. Other costs are rent payable for hereditary building rights, non-allocable operating costs, re-rental costs and other special factors impacting value (e.g., maintenance backlog). Modernization work on the properties is taken into account in the form of adjustments to current maintenance expenses and adjusted amounts for market rent.

Due to the limited availability of market data or data and valuation inputs not directly observable in the market, the complexity of real estate appraisal and the specifics of properties, the fair value measurement of investment property is allocated to Level 3 of the fair value hierarchy of IFRS 13.86 (valuation on the basis of unobservable inputs).

The valuation is based on homogeneous valuation units that meet the criteria of economically connected and comparable land and buildings.

These include:

- Geographic location (same micro-location and geographic proximity)
- Similar use types, building category, year of construction category, property condition and number of levels
- Same property features, such as rent levels, rent controls, hereditary building rights and full or partial ownership

As a municipal housing company, HOWOGE plays a key role in increasing the municipal housing stock and therefore in supplying broad sections of the population, especially middle and low-income households, with inexpensive housing. This gives rise to contractual obligations, which were taken into account in connection with the valuation of investment property if they have a significant effect on the valuation.

An analysis of the valuation inputs showed that the further development is primarily dependent on the anticipated minimum and average development of rents within the next five years. It is thus expected that the value of the residential properties will rise by 1.20% (3.30%) due to the anticipated minimum (average) development of rents in the next five years. Note 8.1 *Investment property* contains an overview of the key value drivers.

Restrictions relating to the termination of rental agreements include restrictions on terminations for own use of the property and due to reasonable economic use. In some cases, lifelong termination protection can apply.

There are currently contractual obligations in place to purchase eight projects (development). HOWOGE has undertaken to purchase the project on completion if the contractual requirements are met. To this end, payments are regularly made on the basis of construction progress according to

predefined milestones. There are no further contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

See note 8.14 *Financial liabilities* for information on investment property encumbered with real property liens in favor of various creditors.

5.2 Inventories for school construction projects

Inventories are measured at the lower of cost or net realizable value.

Cost includes expenditure that can be directly attributed to the units of production, in particular the cost of materials and labor costs. Cost also includes fixed and variable production overheads that are incurred during conversion into finished goods. Production overheads in this context refer directly to the proportionate costs of management and administration. As the average construction period for school buildings is up to 6.5 years, the requirements for a qualifying asset are met. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as the cost of that asset. Refer to note 5.8 *Borrowing costs* for additional information.

A component of inventories are school buildings, which are carried at cost until they are completed. The main focus is on building new schools and carrying out extensive refurbishment of existing schools.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

5.3 Property, plant and equipment

Property, plant and equipment are recognized at cost and depreciated straight line over their expected economic useful life.

Depreciation is charged on the basis of the following group-wide useful lives:

- Residential buildings: 25 to 80 years
- Commercial and other buildings: 25 years
- Other equipment, furniture and fixtures: 3 to 13 years

5.4 Intangible assets

Purchased intangible assets with finite useful lives are recognized at cost. Purchased intangible assets relate to customer bases and software licenses that have a limited useful life. The software licenses are

amortized straight line over expected economic lives of three to five years from the date on which they are made available. The useful life is three years for software recognized as an asset and five years for ERP systems recognized as assets. Customer bases are amortized straight line over their expected useful lives from the date of recognition, usually over a period of three to five years.

The carrying amount of goodwill acquired from business combinations is calculated as the excess of the consideration transferred plus the amount of all non-controlling interests in the acquiree held by the direct parent company over the fair values of the identifiable assets acquired and liabilities assumed.

Acquired goodwill is tested at least for impairment at least once a year and whenever events or circumstances indicating impairment occur.

5.5 Impairment of assets

Intangible assets and property, plant and equipment are tested for impairment pursuant to IAS 36 *Impairment of Assets* as soon as there are indications or changes in circumstances that point to an impairment. Asset impairment tests are carried out at an asset level. If the recoverable amount of an asset cannot be determined, the impairment test is carried out on the basis of the cash-generating unit (CGU) to which the asset belongs. Impairment losses are recognized in profit or loss.

If the recoverable amount of an asset is lower than the carrying amount, an impairment loss is immediately recognized on the asset through profit or loss.

It is assessed at each reporting date whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

The groups of CGUs to which goodwill has been allocated are subject to regular impairment testing. For this purpose, the recoverable amount is compared with the carrying amount of the groups of CGUs. The recoverable amount of the groups of CGUs is the greater of their value in use and their fair value less costs of disposal. This calculation uses the cash flow forecast based on the financial planning covering a period of five years in total. Pre-tax discount rates that reflect the current market assessment of the time value of money and the entity's specific risks are used.

Investment property is not included in the impairment test pursuant to IAS 36 as it is recognized at fair value.

5.6 Leases

5.6.1 Accounting for leases as the lessee

Leases as defined by IFRS 16 are all contracts that convey to HOWOGE the right to use an identified asset for a period of time in exchange for consideration.

Lease liabilities under lease agreements that constitute leases within the meaning of IFRS 16 are recognized at the present value of the future lease payments discounted using the incremental borrowing rate for an equivalent maturity. To determine the incremental borrowing rate for an equivalent maturity, a risk-free interest rate with maturities of between one and 30 years was used and a risk premium for the relevant maturity applied. This method for determining the incremental borrowing rate for an equivalent maturity is also used in subsequent periods. Lease liabilities are reported as non-current and current financial liabilities in the statement of financial position based on their maturity.

On the assets side, right-of-use assets are recognized in the amount of the lease liability taking any lease payments made in advance or initial direct costs into account.

The lease liabilities are adjusted on the basis of financial principles by adding the interest expenses for the period and subtracting the amount of lease payments made. Right-of-use assets are recognized at cost less depreciation and impairment losses.

Right-of-use assets that meet the definition of investment property (IAS 40) are subsequently measured at cost in accordance with the accounting rules of IAS 40 based on their initial recognition and are reported under the investment property item. The other right-of-use assets are reported under property, plant and equipment.

If there are changes in the lease term or amount of lease payments the present value is recalculated and the lease liability and right-of-use asset are adjusted accordingly. The lessee's right-of-use assets that meet the definition of IAS 40 *Investment Property* are measured using the fair value model.

Periods from options to extend or terminate a lease that are granted unilaterally are assessed on a case-by-case basis and only taken into account if it is sufficiently probable that they will be exercised, e.g., due to economic incentives.

In addition to conventional vehicle leases with three-year fixed terms, HOWOGE also leases parking spaces (10-year terms) and land, some of which for the purpose of subleasing. The latter leases, i.e., the long-term hereditary building rights agreements, have the most significant effect on assets, liabilities, financial position and financial performance. Under these agreements, land is leased for the

purpose of renting out residential properties constructed on the land. They have terms of approximately 99 years. Right-of-use assets from hereditary building rights granted to the Group are recognized at fair value in accordance with IAS 40 if they meet the definition of investment property. Furthermore, hereditary building rights agreements are concluded for school building plots. Due to their special status (lessee and lessor are the same company), they have no material influence on the assets, liabilities, financial position and financial performance of HOWOGE.

There is an accounting policy choice for leases of low-value assets. HOWOGE exercises the option not to recognize such leases in the statement of financial position. Lease payments made on leases of low-value assets are therefore expensed straight line over the term of the lease.

5.6.2 Accounting for leases as the lessor

In line with the statutory requirements, rental agreements for the residential properties contain options for the tenants to terminate at short notice. These agreements are classified as operating leases in accordance with IFRS 16 because substantially all the risks and rewards related to the properties are retained by HOWOGE.

The same applies to the current agreements for commercial units (commercial use of a proportion of the residential properties) and for the rental of HOWOGE's own broadband cable networks. Operating lease income is recognized in the statement of comprehensive income under rental and lease revenue straight line over the term of the corresponding agreements.

Lease agreements for school buildings are classified as finance leases as substantially all the risks and rewards related to the property are transferred to the lessee. This entails an in-substance sale. The income from school construction contracts accounted for in accordance with IFRS 16 is discounted upon sale and recognized as revenue at that point in time. The corresponding costs incurred for the construction of the school buildings have an offsetting effect and are recognized as an expense by reducing inventories. The interest income arising from the unwinding of the discount on the revenue is recognized as finance income over the term of the lease.

In some cases, HOWOGE has also identified subleases. These relate to subleases of hereditary building rights and to land with parking spaces that has been subleased until the end of the original head lease. HOWOGE has therefore classified these subleases as finance leases. The portion of the right-of-use asset attributable to the sublease was derecognized and a receivable recognized in the amount of the expected lease payments. The related finance income is recognized over the term in line with the payment schedule based on a constant periodic rate of return on the net investment.

5.7 Financial assets and liabilities (financial instruments)

Pursuant to IFRS 9 in conjunction with IAS 32, a financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. If the trade date and settlement date for financial assets can differ, they are initially accounted for at the settlement date. Financial instruments are initially measured at their acquisition-date fair value. If the transaction price is different to the fair value the difference is either recorded directly in the income statement or allocated over the term or repricing time period depending on the level at which the fair value is determined. Trade receivables that do not contain significant financing components are initially recognized at the transaction price.

IFRS 9 breaks financial assets down into the following measurement categories:

- Financial assets at amortized cost (at amortized cost)
- Financial assets at fair value through profit or loss (FVPL)
- Financial assets at fair value through other comprehensive income (FVOCI)

Classification is based on two criteria, the solely payments of principal and interest (SPPI) criterion and the business model criterion. First, the nature of the future cash flows from a financial asset must be assessed. The SPPI criterion is met if the cash flows represent solely payments of principal and interest on predefined dates. The SPPI criterion must be met as the first prerequisite for measuring a financial asset at amortized cost.

For the second classification criterion, an entity must test its business model, i.e., determine its intentions in terms of generating profits from the investment in the financial asset. A distinction is made between business models aimed solely at collecting the contractual cash flows and those that are held with the intention to sell. Other business models that combine both objectives or whose objective is initially unclear are also possible.

By contrast, financial liabilities are assigned to the categories:

- Financial liabilities at amortized cost (at amortized cost)
- Financial liabilities at fair value through profit or loss (FVPL)

In accordance with IFRS 9, both the business model under which the financial asset is held and the characteristics of the financial asset's cash flows are taken into account when classifying financial assets.

Depending on how the financial instruments are classified, they are recognized at fair value or amortized cost using the effective interest (EIR) method in subsequent periods.

The fair value is the market or exchange price. If no active market or stock exchange price can be determined for a financial instrument, the fair value is calculated using appropriate financial models, such as accepted option pricing models, or by using the market interest rate to discount future cash flows. Amortized cost is the acquisition cost minus principal repayments, reductions for impairment and the amortization using the EIR method of any difference between the acquisition cost and the maturity amount.

Financial assets are derecognized when the contractual rights to the cash flows from an asset expire, or the Group transfers the rights to receive the cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any differences arising at derecognition are recognized in profit or loss.

The Group derecognizes a financial liability when its contractual obligations are discharged or canceled, or expire. If there are changes in the contractual terms or contract extensions, the Group assesses whether these represent substantial modifications to the contractual terms. If this is the case, the Group accounts for the changes or extensions by derecognizing the original liability and recognizing a new liability. Any difference between the carrying amount of the original liability and the fair value of the new liability and any processing and other transaction costs are expensed immediately.

If a financial instrument (whether asset or liability) measured at amortized cost is not derecognized based on changes to the contractual terms, the new carrying amount is determined as the present value of the renegotiated or modified contractual cash flows using the original EIR and any difference between the new and original carrying amount is recognized in profit or loss. The carrying amount is adjusted for any processing or other transaction costs, which are amortized using the EIR method.

5.7.1 Rental and lease receivables and receivables from other trade

Rental and lease receivables and receivables from other trade are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost.

5.7.2 Other financial assets

Other financial assets are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost.

5.7.3 Receivables and liabilities from unbilled operating costs

HOWOGE recognizes unbilled allocable operating costs separately as contract assets as of the reporting date less the amount of prepayments of operating expenses received from tenants, provided the related requirements are met. Allocable costs that meet the recognition criteria and tenant prepayments are presented as a net item. If the costs are higher than the prepayments, a contract liability is presented as part of financial liabilities. See note 5.13 *Revenue recognition* for further details.

5.7.4 Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits, other short-term, highly liquid financial assets with a term of no more than three months from the date of acquisition and bank overdrafts that are subject to insignificant changes in value.

5.7.5 Financial liabilities

Financial liabilities are initially recognized at fair value less transaction costs, premiums and discounts. The fair value at the grant date is the present value of the future payments calculated using a market rate of interest for an equivalent maturity and risk profile.

Subsequent measurement is at amortized cost using the EIR method. The EIR is determined at the date on which the financial liability originates.

Financial liabilities also include liabilities from unbilled operating costs, liabilities to banks, bonds issued and government grants as well as liabilities from rental and lease agreements and trade payables.

5.7.6 Bonds

Issued bonds are initially measured at fair value less the directly attributable transaction costs and the discount. They are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the income statement.

5.7.7 Government grants

HOWOGE receives government grants in the form of interest-subsidized loans. The interest-subsidized loans are property loans and are presented as financial liabilities. They offer advantages over standard

market loans such as lower interest, interest-free and repayment-free periods and repayment subsidies.

Interest-subsidized loans are initially recognized at present value based on the market interest rate applicable at the time the loan was raised. The difference between the nominal amount and the present value of the loan is recognized as deferred income under other liabilities. It is amortized to income straight line over the residual term of the respective loans, which are subsequently measured at amortized cost.

Repayment subsidies are recognized in accordance with IAS 20.7 when there is reasonable assurance that the conditions attaching to them will be complied with and the grants will be received. For expense subsidies in the form of rent or similar subsidies, the difference between the nominal amount and the present value of the loan is recognized under other liabilities and amortized to income as the expenses are incurred. They are presented under other revenue from real estate management.

Repayment subsidies granted as investment subsidies are also deferred and subsequently recognized as other revenue over the remaining term of the liabilities concerned.

5.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. The other borrowing costs are expensed in the period in which they occur. Borrowing costs during the construction phase are included in inventories for school construction projects.

5.9 Impairment of financial instruments

Under IFRS 9, the impairment model used is based on expected credit losses. The impairment rules are applicable to debt instruments that are measured at amortized cost in subsequent periods. Under the general approach, expected losses are already accounted for an initial recognition. The standard introduces a three-stage model to determine expected losses.

Under the general approach, financial instruments are initially allocated to the first stage. A risk provision is recorded by recognizing a loss allowance at an amount equal to the 12-month expected credit losses. If the credit risk increases significantly, the financial instrument is transferred to stage 2. Now the loss allowance is measured at an amount equal to the lifetime expected credit losses.

HOWOGE applies the simplified approach in IFRS 9 afforded for rental receivables, trade receivables and contract assets pursuant to IFRS 15. Under the simplified approach, a loss allowance is measured at an amount equal to the lifetime expected credit losses irrespective of the credit quality. This is recorded in a separate account on initial recognition.

Due to their contractual arrangements, rental receivables are normally past due immediately on recognition and are forwarded to a collection agency after approximately 30 days. The receivables are then deemed as defaulted and are written off in full.

Loss allowances for cash and cash equivalents and other financial assets are calculated using the general approach. Since the counterparties have good credit ratings the expected credit losses are generally negligible.

For the loss allowance for financial instruments classified as at amortized cost, the credit risks of the individual debtors are initially grouped based on shared credit risk characteristics. The respective debtors are allocated to groups according to the nature of the business relationship. The loss allowance is determined based on a diversified analysis of the debtors. The analysis draws on information on historical payment defaults, current market information, such as credit default swaps, and forward-looking estimates such as external ratings. Since the lease receivables are mainly current and already past due when they are recognized, under the simplified approach, this information is used directly to derive a probability of default. Under the general approach, loss allowances are calculated individually for significant debtors, while clusters are formed for less significant debtors to calculate loss allowances.

The quantification of the expected credit losses is largely based on the three inputs probability of default, loss given default and the financial asset's exposure at default. The credit risks and associated loss allowances are reviewed regularly and adjusted if necessary. There were no changes to the techniques used to estimate loss allowances in the reporting period.

5.10 Fair value of financial instruments

HOWOGE measures financial instruments at fair value at each reporting date (for details of the measurement of investment property – see also note *8.1 Investment property*). Fair value is measured for disclosure in the notes; in the statement of financial position, all financial instruments currently held are measured at amortized cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments are accounted for in accordance with the provisions of IFRS 9 *Financial*

Instruments. When financial instruments are not recognized at fair value, their fair value is determined for disclosure in the notes (see note 8.7 *Financial assets and financial liabilities*).

HOWOGE uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted or market price in an active and open market.
- Level 2: Quoted price in an active market for similar financial instruments or in an inactive market for identical or similar financial instruments or observable inputs other than quoted prices.
- Level 3: Valuation techniques using unobservable inputs.

For assets and liabilities that are normally recognized at fair value in the financial statements, HOWOGE determines whether transfers have taken place between hierarchy levels by reassessing the classification at the end of each reporting period (based on the lowest level input that is significant to the entire fair value measurement).

Except otherwise stated, the fair value of cash and cash equivalents, trade receivables and trade payables is equivalent to the carrying amount due to their short-term nature.

See note 8.8 *Fair value of financial instruments* for information on the calculation of the fair value of financial instruments and the determination of their fair value hierarchy levels.

5.11 Assets held for sale

In accordance with IFRS 5, assets held for sale exclusively comprise assets which the Group has decided to sell as of the respective reporting date, provided the sale of the property is deemed as highly likely to occur within 12 months of the decision and active marketing efforts have been undertaken.

Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell in accordance with IFRS 5, unless IFRS 5 refers to another standard for measurement. Investment property classified as held for sale is measured at fair value pursuant to IAS 40.

5.12 Provisions

Provisions are recognized if there is a legal or constructive obligation as a result of a past event, utilization is likely and the probable amount of the necessary provision can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation as of the reporting date. Provisions are discounted if the effect is material. Effects from the unwinding of the discount on provisions due to the passage of time are recognized in interest expenses. The discount rate is a pre-tax rate that reflects current market assessments.

Provisions for onerous contracts are recognized if the economic benefits expected to be received under the contract are lower than the unavoidable costs of meeting the obligations. Before a provision is recognized, all assets directly attributable to the contract are tested for impairment and any impairments are recognized. The provision is recognized at the lower of the present value of the settlement obligation or any compensation or penalty in the event of exiting from the contract or failing to fulfill it.

Contingent liabilities are possible obligations to third parties that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events or obligations that arise from past events which are unlikely to result in an outflow of resources or whose amount cannot be measured with sufficient reliability. Contingent liabilities are not recognized pursuant to IAS 37.

Pension provisions are calculated for obligations from company pension plans using the projected unit credit method in accordance with IAS 19 *Employee Benefits*, considering the pension obligations known and benefits vested as of the reporting date, including expected increases in salaries and pensions.

5.13 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. To recognize revenue, the criteria of IFRS 15 or IFRS 16 must also be met.

HOWOGE mainly generates revenue from the lease of land, buildings and rental apartments and the associated operating, heating and ancillary costs. It distinguishes between revenue (largely revenue from rents) within the scope of IFRS 16 *Leases* and revenue from the provision of services or supply of goods that falls within the scope of IFRS 15 *Revenue from Contracts with Customers*.

5.13.1 Revenue from real estate management

Rental and lease revenue (IFRS 16)

Revenue from the rental and lease (IFRS 16) of real estate is recognized straight line over the term of the agreement where the relevant rental and lease agreements are classified as operating leases.

Revenue from operating costs (IFRS 16)

Operating costs comprising property tax and insurance (building and liability insurance) are also recognized in the statement of comprehensive income straight line over the term of the corresponding agreements as revenue from operating costs (IFRS 16) as a component of revenue from real estate management, but separately from rental and lease revenue (IFRS 16).

5.13.2 Other revenue from real estate management

Revenue from operating and heating costs (IFRS 15)

In addition, HOWOGE also generates revenue (IFRS 15) from payments for operating, heating and ancillary costs if the related services have already been rendered. They are not netted, in accordance with the principal method, in particular due to HOWOGE's business model under which a high share of services that are relevant for operating costs are rendered in-house and because tenants consider HOWOGE to be primarily responsible for providing the services. HOWOGE also bears an inventory risk in respect of all services not rendered in-house due to the invoicing bases customary in the real estate industry (rental space). The only exceptions are allocated operating costs in connection with cold water and charges for street cleaning and rubbish collection for which HOWOGE acts as an agent within the meaning of IFRS 15 since HOWOGE does not obtain control over the services before they are transferred to the customers or provided for the customers. The relevant allocations are netted with the corresponding expenses. Services provided to tenants but not yet billed for which HOWOGE acts as the agent are shown under other assets.

Revenue from operating, heating and ancillary costs is determined based on the costs incurred and are equivalent to the contractually agreed transaction price. The corresponding prepayments are due at the beginning of each month. Revenue is recognized over the month. In the subsequent year, the prepayments are netted with the actual operating costs.

Rental income from operating, heating and ancillary costs recognized during the year in relation to which HOWOGE acts as the principal represent contract assets that are recognized separately from the rent receivables (IFRS 15.105, 15.107). Prepayments additionally give rise to a contract liability.

Prepayments received from installments are recognized as contract liabilities. Contract assets and contract liabilities are not netted because services rendered are not allocated to prepayments received at the level of the individual agreements outside of the year-end operating and ancillary cost billing. HOWOGE has begun to establish a process that will allow these items to be netted in the future.

Technical netting of the contract liabilities and contract assets from operating costs and heating costs was performed as of 31 December 2025 for the prepayments received, which was done using a calculated allocation key based on the work in process figures (see note 7.1 *Revenue from real estate management and other revenue from real estate management*).

Revenue from management services and other trade

Income from other services comprises revenue from services (such as construction and project management) and third-party management.

Income from other services is recognized as revenue over time if the customer simultaneously receives the benefits from and uses the service or HOWOGE owes an asset which has no alternative use and has an enforceable right to payment. In all other instances, revenue is recognized at a point in time when the customer accepts the service. The transaction price and its maturity are based on the agreed contractual modalities.

Revenue from the in-substance sale of school buildings (IFRS 16)

Income from other services also includes revenue from the in-substance sale of school buildings. The sale proceeds are recognized at the point in time when the benefits and burdens are transferred. This revenue from the in-substance sale of school buildings is determined on the basis of the calculated rent and corresponds to the contractually agreed transaction price. The revenue recognized at a point in time is subject to discounting because of the contractual term. Due to this discounting to the present value, finance income is generated over the term of the lease agreement. If the terms of the lease are adjusted after completion, e.g., to reflect increased costs, these are recognized in profit or loss under other operating income or expenses.

Other revenue

Group entities receive government grants, including repayment subsidies to fund social housing construction. Rent restrictions apply to the subsidized housing. Expense subsidies that are granted in the form of rent subsidies are recognized in profit or loss as the expenses are incurred. They are presented in other revenue from real estate management under other revenue.

5.13.3 Interest and similar income

Interest income is recognized using the EIR method on an accrual basis.

5.14 Income taxes

Income tax expenses equal the sum of current tax expenses and deferred taxes.

HOWOGE is liable for taxes in Germany only. Estimates are required in some instances to assess the income tax assets and liabilities. It cannot be ruled out that the tax authorities will arrive at a different assessment. To account for the associated uncertainty, uncertain tax assets and liabilities are recognized when HOWOGE considers the probability of occurrence to be greater than 50%. A change in the estimate, e.g., due to final tax assessment notices, has an effect on the current and deferred tax items.

Deferred taxes are recognized for temporary differences between the carrying amounts of all assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences; deferred tax assets are recognized to the extent that it is probable that there will be taxable profits against which the deductible temporary differences can be used or there are deferred tax liabilities. Deferred tax assets also include tax reductions arising from the expected use of existing tax loss carryforwards (or comparable matters) in subsequent years whose realization is sufficiently probable. Deferred tax liabilities and assets are calculated based on the tax rates (and tax laws) expected to be applicable at the time the liability is settled or the asset is realized. The tax provisions in effect as of the reporting date or enacted by the *Bundestag*, the lower house of parliament, and, potentially, by the *Bundesrat*, the upper house of parliament, are used for the calculation. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to settle the liability or realize the asset.

Current and deferred taxes are recognized in profit or loss or in other comprehensive income. Deferred taxes are only offset if there is a legally enforceable right to set off the reported amounts, they exist in respect of the same taxation authority and the realization period is the same. In accordance with the provisions of IAS 12 *Income Taxes*, deferred tax assets and liabilities are not discounted.

6 Significant accounting judgments, estimates and assumptions

6.1 Exercise of options and judgments

In applying the entity's accounting policies, management exercises options and makes judgments that can significantly affect the amounts recognized in the consolidated financial statements as follows:

- Evaluating whether the investment property acquired in a business combination is a business or the acquisition of an individual asset or group of assets can be subject to judgment.
- HOWOGE measures investment property at fair value. If management had elected to use the cost model as permitted under IAS 40, the carrying amounts of the investment property would differ considerably, as would the corresponding income or expense items.
- The criteria used to evaluate how to classify a financial asset can involve judgment.
- When accounting for leases in accordance with IFRS 16, the assessment of the likelihood of renewal or termination options being exercised can require judgment, in particular if there are no economic incentives to exercise or refrain from exercising options.
- The requirement to incorporate forward-looking information in the calculation of expected credit losses results in the use of judgment with regard to the effect of changes in economic factors on expected credit losses.
- Since a definition of the term "a separate major line of business or geographical area of operations" (IFRS 5) is not specified, judgment may be exercised when it comes to disposal groups in connection with property sales.

6.2 Estimates and assumptions

The preparation of consolidated financial statements requires, to a certain extent, the use of estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the reporting date and the presentation of income and expenses during the reporting year.

The actual amounts can differ from the estimates if the conditions do not develop as expected. In such a case, the assumptions and, where necessary, the carrying amounts of the relevant assets or liabilities are adjusted prospectively.

Specific estimates and assumptions that relate to individual financial statement items are explained in addition in the respective sections of the notes. Assumptions and estimates are continuously reviewed and are based on past experience and other factors, including expectations as to future events which appear reasonable under the circumstances.

The assumptions and estimates entailing a significant risk of an adjustment of carrying amounts of assets and liabilities largely relate to the determination of the fair values and residual values of investment property.

The best indications of the fair value of investment property are current quoted prices for similar properties in an active market. However, as this information is not always available, HOWOGE uses standardized valuation techniques.

See note 8.1 *Investment property* for a detailed description of the method applied (under IFRS 13.86 – Level 3 of the fair value hierarchy). For reporting purposes, the respective fair values of the investment property held by HOWOGE are calculated pursuant to IAS 40 in conjunction with IFRS 13. The measurement can be influenced by changes in relevant market conditions, such as current rent levels and the interest rate level, which can have an impact on the capitalization rate (used to calculate the residual value from the most recent cash flow for the DCF calculation) and discount rate (used to discount the cash flows of the forecast horizon). Any changes in the fair value of the investment portfolio are recognized in the Group's profit or loss for the period and can therefore have a significant effect on HOWOGE's financial performance.

Measurement of the financial liabilities at amortized cost using the EIR method takes the expected contractual cash flows into account. Some of the agreements do not have fixed terms. Consequently, the values used for the amount and term of these cash flows are based on assumptions made by management.

In determining the amount of current and deferred taxes, the Group considers the effects of uncertain tax positions and whether additional taxes and interest might be payable. This evaluation is based on estimates and assumptions and can involve several judgments about future events. New information may become available that causes the Group to change its judgments about the appropriateness of the existing tax liabilities; such changes in the tax liabilities will have effects on the tax expense in the period in which such a finding is made.

Tax matters also involve uncertainty in respect of their assessment by the tax authorities. Even if HOWOGE is satisfied that it has presented tax matters correctly and in a legally compliant manner, it cannot be ruled out that tax authorities will arrive at different conclusions in individual cases. If it is likely that tax assessments will change, risk provisions are recognized accordingly. It is otherwise considered not likely that tax risks from prior years will result in any liabilities. An assessment of uncertain tax positions assumes that the tax authorities have full knowledge of all related information when making their examinations.

The calculations are based in particular on past experience of the outcomes of previous tax audits and their effects for the subsequent periods as well as the currently applicable tax legislation and prevailing opinion. As such, there may be deviations from the current estimates in the future.

Deferred tax assets are recognized to the extent that it can be demonstrated that it is probable that taxable profit will be available in the future against which the temporary difference can be utilized. At each reporting date, the deferred tax assets are reviewed and reduced to the extent that it is no longer probable that sufficient taxable income will be available in the future to utilize the deductible temporary differences and tax loss carryforwards.

As part of the application of IFRS 15, determining the timing of satisfaction of performance obligations and determining the stage of completion when recognizing revenue over time can be subject to judgment.

A five-year corporate plan is used for the purposes of the impairment test in accordance with IAS 36. The estimate of future cash flows for planning is based on the expected income from the use of the asset and the estimated operating costs. These estimates take into account historical data, market analyses and economic conditions. The Company uses assumptions about revenue growth, price trends and cost structures based on the best available information.

Further assumptions and estimates generally relate to determination of uniform useful lives within the Group, the underlying value of land and buildings, the recognition and measurement of provisions and the recoverability of future tax relief.

7 Notes to the income statement

7.1 Revenue from real estate management and other revenue from real estate management

in EUR k	2025	2024
Rental and lease revenue (IFRS 16)	438,652	403,841
Revenue from operating costs (IFRS 16)	38,451	40,636
Revenue from real estate management	477,103	444,477
Revenue from the sale of school buildings (IFRS 16)	213,826	167,790
Revenue from heating costs (IFRS 15)	83,599	80,799
Revenue from operating costs (IFRS 15)	29,397	25,075
Revenue from management services and other trade	13,180	10,546
Other revenue	4,248	3,529
Other revenue from real estate management	344,249	287,739
Total revenue	821,352	732,216

7.1.1 Revenue from real estate management

Rental and lease revenue (IFRS 16) and revenue from operating costs (IFRS 16)

Revenue from real estate management is recognized straight line over the term of the agreement where the relevant rental and lease agreements are classified as operating leases. Total lease income from operating leases comes to EUR 438,652k (2024: EUR 403,841k). Revenue from real estate management also includes revenue from allocable operating costs (property tax, building and liability insurance) of EUR 38,451k (2024: EUR 40,636k).

The future undiscounted lease payments from operating leases are due as follows:

in EUR k	31 Dec 2025	31 Dec 2024
Due within 1 year	466,087	447,162
Between 1 and 2 years	480,244	463,749
Between 2 and 3 years	495,682	479,716
Between 3 and 4 years	522,197	501,209
Between 4 and 5 years	546,263	525,661
More than 5 years	2,995,092	2,903,864

7.1.2 Other revenue from real estate management

Revenue from operating costs (IFRS 15), revenue from heating costs (IFRS 15), revenue from management services and other trade (IFRS 15) and revenue from the in-substance sale of school buildings (IFRS 16)

HOWOGE generates revenue from the transfer of goods and services from the following main areas:

- Operating and heating costs: over time
- Revenue from management services and other trade: over time and at a point in time (see the comments in note 5 *Accounting policies*).

Other trade includes the generation of electricity and heat for third parties and administration services provided for third-party properties.

In fiscal year 2025, two further schools were completed; they were classified and accounted for in accordance with the principles for finance leases. This relates to revenue from the in-substance sale of school buildings. The handover of two schools generated just under EUR 213,826k in revenue in fiscal year 2025. Corresponding costs of EUR 188,660k were incurred for the construction of these school buildings; these costs are taken to profit or loss when the asset is sold (through the change in inventories). The costs relate to the preparation of construction work, the planning phase and the execution of construction work for the project.

Contract assets and liabilities (IFRS 15)

in EUR k	31 Dec 2025	31 Dec 2024
Current contract assets from operating costs	2,217	2,983
Current contract assets from heating costs	1,246	1,790
Impairment loss (IFRS 9)	-521	-62
Total contract assets	2,942	4,712
Current contract liabilities from operating costs	25,994	17,724
Current contract liabilities from heating costs	12,952	9,974
Total contract liabilities	38,947	27,698

Revenue from operating costs relates to contract liabilities of EUR 25,994k (netted) as of 31 December 2025 (31 December 2024: EUR 17,724k). As of the reporting date, they contrasted with contract assets of EUR 2,217k (31 December 2024: EUR 2,983k). Revenue from heating costs relates to contract liabilities of EUR 12,952k (netted) as of the reporting date (31 December 2024: EUR 9,974k). As of the reporting date, they contrasted with assets of EUR 1,246k (31 December 2024: EUR 1,790k).

The decrease in contract assets and the increase in contract liabilities as of the reporting date 31 December 2025 is essentially due to an excess of prepayments received in fiscal year 2025.

7.1.3 Other revenue

Group entities receive government grants, including repayment subsidies to fund social housing construction. Rent restrictions apply to the subsidized housing. Expense subsidies that are granted in the form of rent subsidies are recognized in profit or loss as the expenses are incurred. They are presented in other revenue from real estate management under other revenue. In the fiscal year, corresponding income of just under EUR 4,248k (2024: EUR 3,551k) was recognized.

See note 8.20 *Government grants* for further details.

7.2 Profit or loss from the remeasurement of investment property

Profit or loss from the remeasurement of investment property amounts to EUR 395,322k (2024: EUR -46,926k) and resulted entirely from unrealized changes in fair value, which were recognized in profit or loss in connection with fair value measurement.

Rental income and income from residential services related to investment property came to EUR 438,652k in the fiscal year (2024: EUR 403,841k). Operating expenses directly connected with this property came to EUR 46,403k in the fiscal year (2024: EUR 46,118k). These include expenses for maintenance, non-allocable operating costs, personnel expenses from property management and residential services.

The fair value adjustment to residential properties mainly resulted from the adjustment of capitalization rates to reflect the reduced interest rates. Further adjustments resulted from the commissioning of completed project developments and the assumptions on property market trends used for property valuation. Macroeconomic developments during fiscal year 2025 led to a reversal of impairments on the properties.

7.3 Cost of materials

Including the change in inventories for property and other inventories, the cost of materials is as follows:

in EUR k	2025	2024
Facility management expenses	192,692	166,638
thereof operating costs	122,592	113,799
thereof maintenance and modernization	46,403	46,118
thereof other cost of purchased services	23,698	6,721
Expenses for land held for sale	862	10
Cost of other goods and services	4,038	7,729
Total cost of materials	197,592	174,377
Change in inventories for school construction	342,603	238,107
Cost of materials according to the income statement	540,195	412,484

The higher change in inventories for school construction reflected in the cost of materials is due to the progress on construction work as part of the School Building campaign and the associated projects.

Additions in 2025 amounted to EUR 342.6m (2024: EUR 238.1m). Contrasting effects from the capitalization of two school construction projects and the disposal of three plots of land are presented in the "Change in inventories for school construction projects" item of the statement of comprehensive income at EUR 218.5m (net effect of change in inventories: EUR 124.1m; 2024: EUR 81.7m).

The increase in facility management expenses in 2025 is related to the acquisition of housing portfolios. The higher change in inventories is due to the progress on construction work as part of the School Building campaign and the associated projects.

7.4 Amortization, depreciation and impairment

in EUR k	2025	2024
Depreciation of property, plant and equipment	6,801	5,757
Amortization of intangible assets	2,081	874
Total	8,882	6,630

Property, plant, and equipment was subject to regular depreciation only. The year-on-year increase in amortization of intangible assets is mainly due to the acquisition of ATOZ Facility Solutions GmbH. An identified order backlog was acquired as part of this business combination and is being amortized on a straight-line basis over a period of three years.

No impairment was recognized in fiscal year 2025.

Depreciation of right-of-use assets presented under property, plant and equipment is shown separately in note 8.3 *Property, plant and equipment* and note 8.4 *Leases as the lessee*; it amounted to EUR 217k in the fiscal year (2024: EUR 36k).

7.5 Personnel expenses

in EUR k	2025	2024
Wages and salaries	72,212	63,835
Social security costs	15,257	12,443
Pension costs	391	582
Total	87,861	76,860

Of pension costs, EUR 391k (prior year: EUR 582k) relates to payments into a direct insurance policy or reinsured employee benefit fund. The company pensions are accounted for as defined contributions in accordance with IAS 19. Employer contributions to the statutory pension insurance scheme of EUR 6.1m were paid in the fiscal year (2024: EUR 5.6m).

On average over the entire year, group headcount developed as follows:

	Average for 2025	Average for 2024
Employees	1,403	1,354
Management board (HOWOGE Wohnungsbaugesellschaft mbH)	2	2
Employees in training	33	30
Total	1,438	1,386

By company, the development breaks down as follows:

	Average for 2025	Average for 2024
HOWOGE Wohnungsbaugesellschaft mbH	763	729
HOWOGE Servicegesellschaft mbH	306	279
HOWOGE Reinigung GmbH	180	130
HOWOGE Wärme GmbH	49	49
Kramer + Kramer Bau- und Projektmanagement GmbH	29	28
ATOZ Facility Solutions GmbH	111	171
Total	1,438	1,386

The increase is due to the growth strategy in the various divisions.

7.6 Other operating income

in EUR k	2025	2024
Income from partial debt forgiveness	41,352	-
Subsidies under the German Natural Gas and Heat Price Brake Act	4,791	-
Income from the recalculation of IFRS 16 finance lease adjustments	3,558	-
Reversal of accruals for energy procurement	1,935	3,000
Reversal of provisions	1,726	3,564
Income from cost allocations	887	156
Out-of-period income	465	754
Miscellaneous other income	9,814	4,297
Total	64,527	11,770

The increase in other operating income compared to the prior year is mainly due to the forgiveness of debt of EUR 41,352k from the sale of land to the State of Berlin. In addition, provisions of EUR 1,726k were reversed. Income was also generated from the recalculation of school construction leases due to higher allocable costs; no such income was generated in 2024 (EUR 0k). In addition, other operating income of EUR 4,791k (2024: EUR 0k) was generated from the final settlement under the German Natural Gas and Heat Price Brake Act [“Erdgas-Wärme-Preisbremsengesetz”].

7.7 Other operating expenses

in EUR k	2025	2024
IT costs	17,823	12,914
Audit and consulting fees	8,893	13,149
Non-staff expenses	5,280	5,452
Insurance premiums	1,056	1,886
Advertising and sponsorship costs	1,664	1,907
Training costs	3,079	3,262
Development studies	986	613
Contributions to associations	537	529
Donations	58	648
Out-of-period expenses	428	495
Miscellaneous other operating expenses	1,688	8,675
Total	41,493	49,529

The slight decrease in expenses compared to the prior year is due on the one hand to the lower audit and consulting costs for the portfolio acquisitions in 2024 and on the other hand to the lack of an allocation to the provision for onerous contracts as required in fiscal year 2024 (2024: EUR 6,188k). In contrast, IT costs in particular increased in the fiscal year.

The auditor's total fees pursuant to Sec. 314 (1) No. 9a HGB for 2025 include EUR 653k for audit services and EUR 215k for audit-related services. The fees for audit services comprise the fees for the audit of the consolidated financial statements, the audits of the subsidiaries included in the consolidated financial statements and audit services relating to the companies acquired in the reporting year. The fees for audit-related services were charged for the assurance engagement on the sustainability reporting for the reporting year, the group sustainability statement and for the assurance engagement relating to disclosures on the implementation of the "guaranteed basic income" pilot project, the remuneration report and target achievement. In addition, fees of EUR 186k were paid to the predecessor auditor for audit-related services (review of the half-year report and the comfort letter).

7.8 Finance income and costs

in EUR k	2025	2024
Finance income from the unwinding of the discount on a lease receivable	28	41
Finance income from the unwinding of the discount on the in-substance sale of school buildings	10,679	3,620
Other finance income	7,996	20,706
Finance income	18,702	24,367
Finance costs from the cash surrender value of insurance policies held	-	-526
Finance costs from loan liabilities	-104,478	-57,588
Finance costs from lease liabilities	-587	-559
Finance costs from provisions	-7	-26
Amortization of government grants received	-11,507	-6,661
Other finance costs	-2,480	-2,428
Finance costs	-119,060	-67,788
Net finance costs	-100,358	-43,421

Interest income decreased compared to the prior year due to lower interest on bank balances (less cash due to the acquisition of housing portfolios). In contrast, there was an increase in finance income as a result of discounting effects from the in-substance sale of school buildings.

Finance costs largely stem from the interest on property financing loans. See note 8.14 *Financial liabilities* for the development of current and non-current liabilities.

The income and expenses and gains and losses from financial instruments (net gains and losses) recognized in the income statement break down by measurement category as follows:

in EUR k	Net gains and losses from interest		Net gains and losses from fair value measurement		Net gains and losses from impairments	
	2025	2024	2025	2024	2025	2024
Financial assets (at fair value)	-	-	-	-526	-	-
Financial assets (at amortized cost)	8,344	20,648	-	-	369	-528
Financial liabilities (at amortized cost)	-106,883	-73,840	-	-	-118	515
Total	-98,538	-53,192	-	-526	251	-14

The financial assets at amortized cost include bank balances that generated interest income in the fiscal year. Despite higher market interest rates, the result is lower than in the prior year. This is due to reduced deposits with banks.

Financial liabilities largely comprise fixed-interest agreements (loans). Expenses were also incurred from the change in impairment losses recognized in accordance with IFRS 9. These resulted in particular from the adjusted calculation in the ECL (expected credit loss) model.

7.9 Income taxes

The tax expense and income attributable to income taxes breaks down by origin as follows:

in EUR k	2025	2024
Current income taxes	-16,055	29,213
Out-of-period current income taxes	3,521	905
Deferred taxes	282,622	11,332
Total	270,087	41,450

On the basis of earnings before taxes and the imputed income taxes, the reconciliation to income taxes is as follows:

in EUR k	2025	2024
IFRS profit or loss before taxes	603,944	181,547
Group tax rate in %	30.175%	30.175%
Anticipated tax income/expense	182,240	54,782
Trade tax add-backs and deductions	-8,517	-9,952
Non-deductible business expenses	118	17
Effects from initial recognition of assets and liabilities	4,851	-
Tax-free income	-302	-
Effects from tax loss carryforwards	4,317	-
Effects from tax rate differences	-61,127	-4,424
Out-of-period current income taxes	-	905
Effect of changes in tax rates	-391,770	-
Other tax effects	103	122
Income taxes according to the statement of comprehensive income	-270,087	41,450
Effective tax rate in %	-44.72%	22.83%

The effects from tax rate differences of EUR -61.1m (2024: EUR -4.4m) and the difference between the applicable tax rate (30.175%) and the effective tax rate (-44.72%) are mainly due to the lower taxation of a large number of asset-managing companies. They are only subject to corporate income tax and are exempt from trade tax. In reporting year 2025, there is an effect from changes in tax rates of EUR -391.8m (2024: EUR 0.0m). This is due to the fact that, with the approval of the German Bundesrat, a law was passed on 11 July 2025 to reduce the corporate income tax rate in stages. Accordingly, the current corporate income tax rate of 15% will be reduced by 1% each year from 2028 to 2032, taking it to 10%. In accordance with the principles of IAS 12, enacted changes in future tax rates must be taken into account when measuring deferred taxes. The positive effect is mainly due to the decrease in deferred tax liabilities related to investment property.

The tax rate used to determine the anticipated tax income/expense is derived from the corporate income tax rate of 15.0% (2024: 15.0%), the solidarity surcharge of 5.5% (2024: 5.5%) and the trade tax rate of 14.35% (2024: 14.35%).

The HOWOGE Group does not fall within the scope of the German Minimum Tax Act [“Mindeststeuergesetz”] as it does not exceed the revenue threshold of EUR 750m as reported in the consolidated financial statements of the ultimate parent company in two of the four immediately preceding fiscal years.

7.10 Other taxes

Other taxes of EUR 12,710k (2024: EUR 16,640k) mainly contain property tax.

8 Notes to the consolidated statement of financial position

8.1 Investment property

The fair values of investment property developed as follows in fiscal years 2025 and 2024:

in EUR k	Residential properties	Undeveloped land	Project development	Hereditary building rights granted to third parties	Total
1 Jan 2025	12,373,393	223,360	18,599	1,592	12,616,945
Purchases and other additions	817,201	77,693	15,044	-	909,939
Reclassification between categories	22,010	-13,230	-8,780	-	-
Disposals	-15,988	-	-	-	-15,988
Fair value adjustment	405,450	-27,071	16,874	69	395,321
31 Dec 2025	13,602,066	260,752	41,737	1,661	13,906,216

in EUR k	Residential properties	Undeveloped land	Project development	Hereditary building rights granted to third parties	Total
1 Jan 2024	12,019,595	303,476	399	1,619	12,325,089
Purchases and other additions	313,651	26,836	15,773	-	356,260
Reclassification between categories	40,580	-47,140	6,560	-	-
Disposals	-17,478	-	-	-	-17,478
Fair value adjustment	17,045	-59,812	-4,132	-27	-46,926
31 Dec 2024	12,373,393	223,360	18,599	1,592	12,616,945

Additions to investment property amounted to EUR 909,939k in the fiscal year. The fair values of investment property are all assigned to Level 3 of the fair value hierarchy (IFRS 13). The property was reassessed by the appraiser CBRE GmbH, Frankfurt am Main, as of 31 December 2025.

In the fiscal year, there were no additions from acquisitions by way of business combinations within the meaning of IFRS 3.

The hereditary building rights are hereditary building rights granted to third parties for land owned by the Group, for which HOWOGE is the lessor and which are classified as an operating lease (IFRS 16).

The net valuation effect from adjustments to fair value related to portfolio property (net) in 2024 and 2025 and is included in "Profit or loss from the remeasurement of investment property."

The situation on the real estate markets continues to be shaped by low returns on purchase prices. The selected valuation methods account for both the general market environment and the continued strength of HOWOGE's operating activities.

When determining the fair values of residential properties using the discounted cash flow (DCF) method, lease payments for hereditary building rights granted to the Group are included in cash flows. Therefore, the corresponding lease liabilities must be added for the investment property recognized at fair value in the statement of financial position pursuant to IAS 40.77:

in EUR k	31 Dec 2025	31 Dec 2024
Fair value according to external appraisal	13,858,270	12,569,685
Adjustments to lease liabilities	47,945	47,259
Fair value in the statement of financial position	13,906,216	12,616,945

For undeveloped land, measurement is based on the land values.

The following table shows the valuation technique used in measuring the fair value of investment property, and the significant unobservable inputs.

The sensitivity and valuation inputs analysis includes both investment property and assets held for sale as these are measured at fair value.

The factors take into account current developments, in particular the rent price controls ["Mietpreisbremse"] in Berlin.

The valuation inputs were as follows as of 31 December 2025:

Valuation inputs as of 31 December 2025	Fair value (in EUR k)	Adjustment (owner occupation, leasing and assets held for sale)	Measurement in accordance with IAS 40	Valuation method	Market rent EUR/sqm or parking space per month min./average/max.	Maintenance costs EUR/sqm or parking space per year min./average/max.	Administrative costs EUR/unit or parking space p.a. or % of GRI p.a. min./average/max.	Stabilized vacancy rate in % min./average/max.
Residential properties	13,621,407	-19,341	13,602,066	DCF	-	-	-	-
Residential	-	-	-	-	6.50/9.16/21.50	3.00/12.44/16.60	285.00/314.96/450.00	0.00/0.65/100.00
Commercial (office/retail/ other commercial use)	-	-	-	-	0.50/8.49/43.00	2.45/12.60/16.60	3.00%	-
Garages	-	-	-	-	10.00/56.34/142.50	90.00	48.00	-
Outdoor parking spaces	-	-	-	-	10.00/37.44/90.00	38.50	48.00	-
Undeveloped land/ hereditary building rights granted to third parties	262,591	-178	262,413	Capitalization of earnings method/ sales comparison approach	-	-	-	-
Project developments	41,390	347	41,737	Residual value/carrying amount	-	-	-	-
Residential	-	-	-	-	20.00/21.13/22.00	7.50/8.92/9.00	2.50	-
Commercial (office/retail/ other commercial use)	-	-	-	-	-	-	-	-
Garages	-	-	-	-	-	-	-	-
Outdoor parking spaces	-	-	-	-	-	-	-	-
Total portfolio (IAS 40)	13,925,388	-19,172	13,906,216	-	-	-	-	-

	Discount rate in % min./average/max.	Capitalization rate in % min./average/max.	Anticipated development of rents from year 1 to 5 in % min./average/max.	Anticipated development of rents from year 6 to 10 in % min./average/max.
Residential properties	3.00/4.71/9.85	1.00/2.72/7.85	1.20/2.98/3.30	1.00/1.99/2.20
Undeveloped land/hereditary building rights granted to third parties	-	-	-	-
Project developments	-	3.35	-	-

The valuation inputs as of 31 December 2024 are as follows:

Valuation inputs as of 31 December 2024	Fair value (in EUR k)	Adjustment (owner occupation and leasing)	Measurement in accordance with IAS 40	Valuation method	Market rent EUR/sqm or parking space per month min./average/max.	Maintenance costs EUR/sqm or parking space per year min./average/max.	Administrative costs EUR/unit or parking space p.a. or % of GRI p.a. min./average/max.	Stabilized vacancy rate in % min./average/max.
Residential properties	12,422,850	-49,457	12,373,393	DCF	-	-	-	-
Residential	-	-	-	-	6.50/8.53/20.00	2.90/12.55/16.05	275.00/287.00/450.00	0.00/0.50/100.00
Commercial (office/retail/ other commercial use)	-	-	-	-	0.50/13.85/43.00	2.40/12.39/16.50	3.00%	-
Garages	-	-	-	-	10.00/59.45/142.50	17.65/87.63/88.25	46.75	-
Outdoor parking spaces	-	-	-	-	10.00/33.19/90.00	7.55/37.63/37.75	46.75	-
Undeveloped land/ hereditary building rights granted to third parties	224,952	-	224,952	Capitalization of earnings method/ sales comparison approach	-	-	-	-
Project developments	18,599	-	18,599	Residual value/carrying amount	-	-	-	-
Residential	-	-	-	-	18.00/20.48/21.00	9.00	2.50%	-
Commercial (office/retail/ other commercial use)	-	-	-	-	18.00	7.50	-	-
Garages	-	-	-	-	-	-	-	-

Valuation inputs as of 31 December 2024	Fair value (in EUR k)	Adjustment (owner occupation and leasing)	Measurement in accordance with IAS 40	Valuation method	Market rent EUR/sqm or parking space per month min./average/max.	Maintenance costs EUR/sqm or parking space per year min./average/max.	Administrative costs EUR/unit or parking space p.a. or % of GRI p.a. min./average/max.	Stabilized vacancy rate in % min./average/max.
Outdoor parking spaces	-	-	-	-	60.00	30.00	-	-
Total portfolio (IAS 40)	12,666,402	-49,457	12,616,945	-	-	-	-	-

	Discount rate in % min./average/max.	Capitalization rate in % min./average/max.	Anticipated development of rents from year 1 to 5 in % min./average/max.	Anticipated development of rents from year 6 to 10 in % min./average/max.
Residential properties	3.08/4.8/8.05	1.18/2.76/6.25	1.20/2.98/3.30	1.00/1.99/2.20
Undeveloped land/hereditary building rights granted to third parties	-	-	-	-
Project developments	-	2.25/3.30/3.35	-	-

The following sensitivities arose as of 31 December 2025 and as of 31 December 2024:

Sensitivity analysis as of 31 December 2025	Fair value (in EUR k)	Adjustment (owner occupation, leasing, assets held for sale)	Measurement in accordance with IAS 40	Valuation method	Capitalization rate sensitivity					
					+0.25%			-0.25%		
					Fair value (in EUR k)	Absolute variance	Percentage variance	Fair value (in EUR k)	Absolute variance	Percentage variance
Residential properties	13,621,407	-19,341	13,602,066	DCF	12,739,284	-882,124	-6.48%	14,688,732	1,067,325	7.84%
Undeveloped land/ hereditary building rights granted to third parties	262,591	-178	262,413	Capitalization of earnings method/ sales comparison approach	262,591	-	-	262,591	-	-
Project developments	41,390	347	41,737	Residual value	41,390	-	-	41,390	-	-
Total portfolio (IAS 40)	13,925,388	-19,172	13,906,216		13,043,264	-882,124	-6.48%	14,992,713	992,747	7.84%

Sensitivity analysis as of 31 December 2025	Fair value (in EUR k)	Adjustment (owner occupation, leasing, assets held for sale)	Measurement in accordance with IAS 40	Valuation method	Discount rate sensitivity					
					+0.25%			-0.25%		
					Fair value (in EUR k)	Absolute variance	Percentage variance	Fair value (in EUR k)	Absolute variance	Percentage variance
Residential properties	13,621,407	-19,341	13,602,066	DCF	13,336,251	-285,157	-2.1%	13,912,875	291,468	2.14%
Undeveloped land/ hereditary building rights granted to third parties	262,591	-178	262,413	Capitalization of earnings method/ sales comparison approach	262,591	-	-	262,591	-	-
Project developments	41,390	347	41,737	Residual value	41,390	-	-	41,390	-	-
Total portfolio (IAS 40)	13,925,388	-19,172	13,906,216		13,640,231	-285,157	-2.09%	14,216,856	291,468	2.2%

Sensitivity analysis as of 31 December 2025	Fair value (in EUR k)	Adjustment (owner occupation, leasing, assets held for sale)	Measurement in accordance with IAS 40	Valuation method	Market rent sensitivity					
					+2.00%			-2.00%		
					Fair value (in EUR k)	Absolute variance	Percentage variance	Fair value (in EUR k)	Absolute variance	Percentage variance
Residential properties	13,621,407	-19,341	13,602,066	DCF	12,739,284	158,318	1.16%	13,445,251	-176,157	-1.29%
Undeveloped land/ hereditary building rights granted to third parties	262,591	-178	262,413	Capitalization of earnings method/ sales comparison approach	262,591	-	-	262,591	-	-
Project developments	41,390	347	41,737	Residual value	41,390	-	-	41,390	-	-
Total portfolio (IAS 40)	13,925,388	-19,172	13,906,216	-	14,083,706	158,318	1.16%	13,749,231	-176,157	-1.29%

Sensitivity analysis as of 31 December 2024	Fair value (in EUR k)	Adjustment (owner occupation, leasing, assets held for sale)	Measurement in accordance with IAS 40	Valuation method	Capitalization rate sensitivity					
					+0.25%			-0.25%		
					Fair value (in EUR k)	Absolute variance	Percentage variance	Fair value (in EUR k)	Absolute variance	Percentage variance
Residential properties	12,422,850	-49,457	12,373,393	DCF	11,604,838	-820,041	-6.6%	13,417,616	992,747	8.0%
Undeveloped land/ hereditary building rights granted to third parties	224,952	-	224,952	Capitalization of earnings method/ sales comparison approach	224,952	-	-	224,952	-	-
Project developments	18,599	-	18,599	Residual value	-	-	-	18,599	-	-
Total portfolio (IAS 40)	12,666,402	-49,457	12,616,945	-	11,848,379	-820,041	-6.6%	13,661,167	992,747	8.0%

Sensitivity analysis as of 31 December 2024	Fair value (in EUR k)	Adjustment (owner occupation, leasing, assets held for sale)	Measurement in accordance with IAS 40	Valuation method	Discount rate sensitivity					
					+0.25%			-0.25%		
					Fair value (in EUR k)	Absolute variance	Percentage variance	Fair value (in EUR k)	Absolute variance	Percentage variance
Residential properties	12,422,850	-49,457	12,373,393	DCF	12,165,189	-259,680	-2.09%	12,692,004	267,135	2.2%
Undeveloped land/ hereditary building rights granted to third parties	224,952	-	224,952	Capitalization of earnings method/ sales comparison approach	224,952	-	-	224,952	-	-
Project developments	18,599	-	18,599	Residual value	18,599	-	-	18,599	-	-
Total portfolio (IAS 40)	12,666,402	-49,457	12,616,945	-	12,408,741	-259,680	-2.1%	12,935,555	267,135	2.2%

Sensitivity analysis as of 31 December 2024	Fair value (in EUR k)	Adjustment (owner occupation, leasing, assets held for sale)	Measurement in accordance with IAS 40	Valuation method	Market rent sensitivity					
					+2.00%			-2.00%		
					Fair value (in EUR k)	Absolute variance	Percentage variance	Fair value (in EUR k)	Absolute variance	Percentage variance
Residential properties	12,422,850	-49,457	12,373,393	DCF	12,557,815	132,946	1.1%	12,285,710	-139,159	-1.1%
Undeveloped land/ hereditary building rights granted to third parties	224,952	-	224,952	Capitalization of earnings method/ sales comparison approach	224,952	-	-	224,952	-	-
Project developments	18,599	-	18,599	Residual value	18,599	-	-	18,599	-	-
Total portfolio (IAS 40)	12,666,402	-49,457	12,616,945		12,801,366	132,946	1.1%	12,529,262	-139,159	-1.1%

8.2 Prepayments on investment property

Prepayments on investment property include prepayments on property under construction, as part of construction projects, measured on the basis of construction progress, and prepayments for purchases of existing property. Assets under construction are recognized at cost. Prepayments increased by EUR 196,467m year on year to EUR 265,560m in total. Properties for which prepayments are recognized are not depreciated. After completion, they are reclassified on the basis of the type of use.

8.3 Property, plant and equipment

in EUR k	Land and land rights with residential buildings	Land and land rights with commercial and other buildings	Land and land rights without buildings	Plant and machinery	Furniture, fixtures and office equipment	Right-of-use assets	Pre-payments	Total
1 Jan 2024	5,488	38,963	91	42,871	18,115	192	-	105,721
Additions	-	101	-	9,003	1,156	71	120	10,451
Disposals	-216	-130	-12	-705	-10	-	-	-1,073
31 Dec 2024	5,272	38,934	79	51,169	19,261	263	120	115,099
Additions	5,659	39	84	9,869	2,539	1,155	1,091	20,463
Disposals	-	-1,032	-	-71	-96	-	-120	-1,318
31 Dec 2025	10,932	37,941	163	60,994	21,704	1,418	1,091	134,243
1 Jan 2024	3,896	8,262	-	2,648	14,038	127	-	28,970
Depreciation and impairment for the fiscal year	53	808	-	3,516	1,344	36	-	5,757
Disposals	-109	352	-	-433	-9	-	-	-200
31 Dec 2024	3,840	9,421	-	5,731	15,373	164	-	34,527
Depreciation and impairment for the fiscal year	130	670	-	3,596	2,188	217	-	6,801
Disposals	-	101	-	-70	-67	-	-	-36
31 Dec 2025	3,970	10,192	-	9,258	17,494	380	-	41,292
Net carrying amount								
31 Dec 2025	6,962	27,749	163	51,736	4,211	1,037	1,091	92,950
31 Dec 2024	1,433	29,513	79	45,438	3,888	100	120	80,571

The development of property, plant and equipment is mainly characterized by depreciation and additions to plant.

8.4 Leases as the lessee

The Group has entered into leases of vehicles, parking spaces, hereditary building rights and office equipment, furniture and fixtures as a lessee. The practical expedient for leases of low-value assets pursuant to IFRS 16.5(b) is used for the leases of office equipment, furniture and fixtures. The lease payments related to these leases are recognized as expenses on a straight-line basis over the term of the lease.

The following amounts were recognized in profit or loss in the reporting period:

Lease expenses in EUR k	2025	2024
Depreciation of right-of-use assets	217	36
Interest expenses on lease liabilities	587	559
Expense relating to leases of low-value assets	72	77
Total amount recognized in profit or loss	876	672

Depreciation of right-of-use assets relates to leased vehicles. Interest expenses were incurred in connection with hereditary building rights granted to the Group as well as leased vehicles. The right-of-use assets corresponding to the hereditary building rights granted to the Group were classified as investment property and valued accordingly on subsequent measurement.

The real estate appraisal as of 31 December 2025 takes into account the contractually agreed hereditary building rights payments. The fair value of the right-of-use asset from hereditary building rights within the investment property item includes bargain contracts with a benefit of EUR 18.2m (2024: EUR 18.5m).

In the fiscal year, there were outflows of cash and cash equivalents of EUR 1,258k (2024: EUR 1,056k) for leases. No variable lease payments were made.

The development of right-of-use assets for vehicle leases and waste vacuum cleaners is disclosed in note 8.3 *Property, plant and equipment*, while the development of hereditary building rights is disclosed in note 8.1 *Investment property*.

Maturity of lease liabilities (undiscounted) in EUR k	31 Dec 2025	31 Dec 2024
Within 12 months	1,285	922
1 to 3 years	3,609	1,823
3 to 5 years	4,904	1,814
More than 5 years	53,279	54,777
Total	63,078	59,336

Lease liabilities are reported as non-current and current financial liabilities in the statement of financial position based on their maturity.

The following table shows the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings; note 8.14 *Financial liabilities*) and the movements during the fiscal year:

Development of lease liabilities in EUR k	2025	2024
As of 1 January	35,367	35,726
Additions	2,177	80
Accretion of interest	587	559
Payments	-1,194	-999
As of 31 December	36,937	35,367
thereof current	1,284	991
thereof non-current	35,654	34,377

Most (EUR 35.9m) of the lease liabilities relate to hereditary building rights. Hereditary building rights associated with these lease liabilities are reported under "Investment property."

8.5 Leases as the lessor

8.5.1 Investment property

In line with the statutory requirements, rental agreements for the residential properties contain options for the tenants to terminate at short notice. These agreements are classified as operating leases in accordance with IFRS 16 because substantially all the risks and rewards related to the properties are retained by HOWOGE. The same applies to the current agreements for commercial units (commercial use of a proportion of the residential properties).

Operating lease income is recognized in the statement of comprehensive income under rental and lease revenue straight line over the term of the corresponding agreements.

8.5.2 School buildings and subleases

Income from the in-substance sale of school buildings is classified as income from finance leases as substantially all the risks and rewards related to the property are transferred to the lessee.

Income from finance leases is discounted upon sale and recognized as revenue. For undiscounted lease payments from operating leases in which HOWOGE is the lessor, see note 7.1 *Revenue from real estate management and other revenue from real estate management*.

Some of the leased parking spaces and hereditary building rights granted to the Group have been subleased. As the terms of the subleases within the meaning of IFRS 16 and the term of the underlying leases match, HOWOGE has classified the subleases as finance leases.

Income of EUR 61k (2024: EUR 65k) was generated from the subletting of leased parking spaces and hereditary building rights granted to the Group.

The following table shows the maturity of the undiscounted lease receivables (net investment) from subleases:

Maturity of lease receivables (undiscounted) in EUR k	31 Dec 2025	31 Dec 2024
Within 12 months	24,761	10,852
1 to 2 years	24,757	10,852
2 to 3 years	24,754	10,848
3 to 4 years	24,375	10,845
4 to 5 years	23,716	10,466
More than 5 years	446,081	200,338
Total	568,444	254,200

Finance income from the recognized net investment is discussed in note *7.8 Finance income and costs* in connection with interest income.

8.6 Intangible assets

Intangible assets comprise purchased software licenses, capitalizable order backlog and goodwill.

in EUR k	Software	Goodwill	Order backlog	Total
Cost				
1 Jan 2024	17,165	357	-	17,523
Change in the basis of consolidation	1,130	2,931	-	4,062
Additions	1,887	-	838	2,725
Disposals	-	-	-	-
31 Dec 2024	20,183	3,288	838	24,310
Additions	1,000	-	-	1,000
Disposals	-	-	-	-
31 Dec 2025	21,183	3,288	838	25,310
Amortization and impairment				
1 Jan 2024	15,931	357	-	16,288
Amortization for the fiscal year	729	-	144	874
Disposals	-	-	-	-
31 Dec 2024	16,660	357	144	17,161
Amortization for the fiscal year	1,734	-	347	2,081
Disposals	-	-	-	-
31 Dec 2025	18,394	357	491	19,242
Net carrying amount				
31 Dec 2025	2,789	2,931	347	6,067
31 Dec 2024	3,523	2,931	693	7,148

The additions in the fiscal year mainly resulted from the capitalization of software and the tenant app. They were offset by the amortization of software and the order backlog in the fiscal year.

Goodwill from the first-time consolidation of ATOZ in 2024 is tested annually for impairment in accordance with IAS 36. ATOZ is a facility management service provider focusing on infrastructural and technical facility management. By acquiring 100% of the shares in cash, HOWOGE has secured long-term bundled services for around 30,000 apartments in its own portfolio. There are no contingent considerations. The acquisition optimally caters to the Group's insourcing strategy, as the service portfolio of ATOZ already includes electrics, plumbing, painting, carpentry, residential environment services, heating and maintenance. Factors leading to the recognition of goodwill were in particular the aforementioned synergies that enable HOWOGE to realize cost savings as external service providers are no longer needed. It also greatly reduces recruiting needs and improves HOWOGE's response times. In addition, operations are to be enhanced and additional value created by providing services to sister companies. The purchase price for the company amounted to EUR 2,625k and

factored in future synergies. A shareholder loan of EUR 500k was also acquired. There are no non-controlling interests.

As ATOZ is the smallest identifiable cash-generating unit, a goodwill impairment test was performed at this level. The company's five-year plan was used as the basis for this regular annual goodwill impairment test as of the reporting date 31 December 2025. The plan is based on estimates regarding the development of operations in terms of future revenue, expenses and margins, considering current market trends.

The impairment test confirmed the recoverability of goodwill. The average underlying total cost of capital after tax is 7% and is based on the risk-free interest rate, a market risk premium and a levered beta. It is consistent with that of the peer group. A growth rate of 1% was applied. The recoverable amount, which is derived from the value in use, was EUR 18,858k as of 31 December 2025.

8.7 Financial assets and financial liabilities

The following tables present the carrying amounts and the fair values of financial assets and financial liabilities; current and non-current items are combined. The relevant measurement categories pursuant to IFRS 9 *Financial Instruments* as well as the categories of the three-level hierarchy relevant for determining the fair value pursuant to IFRS 13 *Fair Value Measurement* are also shown. Financial assets and financial liabilities are generally valued according to Level 2 of the fair value hierarchy, unless stated otherwise in the following tables.

Measurement categories as of 31 December 2025

in EUR k	IFRS 9 measurement category	Carrying amount 31 Dec 2025	Fair value 31 Dec 2025	thereof Level 1	thereof Level 2	thereof Level 3
Financial assets	-	2,001	2,001	-	-	-
thereof in scope:						
Investments	At fair value through profit or loss	-	-	-	-	-
thereof not in scope:						
Non-current assets from subleases	-	2,001	2,001	-	-	-
thereof in scope:						
Rental and lease receivables	Amortized cost	412,588	412,588	-	-	-
Receivables from other trade	Amortized cost	7,329	7,329	-	-	-
Other financial assets	Amortized cost	5,167	5,167	-	-	-
Cash and cash equivalents	Amortized cost	319,121	319,121	-	-	-
Total	-	746,205	746,205	-	-	-
Financial liabilities	-	5,649,498	4,621,897	1,567,384	3,017,473	-
thereof in scope:						
Bonds	Amortized cost	1,710,378	1,567,384	1,567,384	-	-
Liabilities to banks	Amortized cost	3,750,284	2,835,469	-	2,835,469	-
Liabilities to shareholders	Amortized cost	151,796	182,004	-	182,004	-
Other financial liabilities	Amortized cost	102	102	-	-	-
thereof not in scope:						
Lease liabilities	-	36,938	36,938	-	-	-
thereof in scope:						
Rental and lease liabilities	Amortized cost	28,443	28,443	-	-	-
Trade payables	Amortized cost	142,962	142,962	-	-	-
Other liabilities	-	184,545	184,545	-	-	-
thereof in scope:						
Other financial liabilities	Amortized cost	4,275	4,275	-	-	-
Total	-	6,005,448	4,977,847	1,567,384	3,017,473	-
Thereof aggregated by IFRS 9 measurement category:						
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Financial assets at amortized cost	-	744,205	-	-	-	-
Financial liabilities at amortized cost	-	5,788,240	-	-	-	-

Measurement categories as of 31 December 2024

in EUR k	IFRS 9 measurement category	Carrying amount 31 Dec 2024	Fair value 31 Dec 2024	thereof Level 1	thereof Level 2	thereof Level 3
Financial assets	-	2,019	2,019	-	-	-
thereof in scope:						
Investments	At fair value through profit or loss	-	-	-	-	-
thereof in scope:						
Non-current assets from subleases	-	2,019	2,019	-	-	-
thereof in scope:						
Rental and lease receivables	Amortized cost	208,964	208,964	-	-	-
Receivables from other trade	Amortized cost	2,754	2,754	-	-	-
Other financial assets	Amortized cost	6,232	6,232	-	-	-
Cash and cash equivalents	Amortized cost	645,198	645,198	-	-	-
Total	-	865,167	865,167	-	-	-
Financial liabilities	-	4,823,198	4,392,484	1,339,542	3,017,473	-
thereof in scope:						
Bonds	Amortized cost	1,500,843	1,339,542	1,339,542	-	-
Liabilities to banks	Amortized cost	3,093,586	2,835,469	-	2,835,469	-
Liabilities to shareholders	Amortized cost	193,300	182,004	-	182,004	-
Other financial liabilities	Amortized cost	101	101	-	-	-
thereof in scope:						
Lease liabilities	-	35,367	35,367	-	-	-
thereof in scope:						
Rental and lease liabilities	Amortized cost	22,964	22,964	-	-	-
Trade payables	Amortized cost	131,492	131,492	-	-	-
Other liabilities	-	133,390	133,390	-	-	-
thereof in scope:						
Other financial liabilities	Amortized cost	6,023	6,023	-	-	-
Total	-	5,111,044	4,680,330	1,339,542	3,017,473	-
Thereof aggregated by IFRS 9 measurement category:						
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Financial assets at amortized cost	-	863,149	-	-	-	-
Financial liabilities at amortized cost	-	4,948,309	-	-	-	-

For assets related to contracts with customers (IFRS 15) and leases (IFRS 16) see the relevant notes (8.4 *Leases as the lessee*, 8.5 *Leases as the lessor* and 7.1 *Revenue from real estate management and other revenue from real estate management*).

8.8 Fair value of financial instruments

The fair value of financial instruments recognized at fair value through profit or loss in the statement of financial position and for which no quoted prices on active markets are available for identical instruments (Level 1) or similar instruments is determined using a financial valuation method provided by insurers, in which the relevant inputs are based on unobservable market data (Level 3).

The fair values of financial instruments not recognized at fair value in the statement of financial position are determined as follows:

- The fair value of liabilities to banks and other financial liabilities is determined as the present value of future cash inflows and outflows assuming an interest rate for an equivalent maturity. The latter is derived from a risk-free component and a HOWOGE-specific risk discount.
- The fair value of the liabilities from the bonds issued is derived from the prices traded in the market.
- In all other cases, due to the short-term maturities of trade receivables not subject to factoring agreements, the carrying amounts of trade payables, other financial assets as well as cash and cash equivalents as of the reporting date do not deviate significantly from their fair values.

There were no reclassifications between Level 1 and Level 2 in the reporting period.

8.9 Risk management for financial instruments

The HOWOGE Group is exposed to credit risks and liquidity risks due to its business activities and related financing. These risks are managed as described below.

Internal settlement risks are mitigated by strict functional segregation of responsibilities.

All relevant risks and risk management measures are systematically identified, categorized and documented electronically in the course of a half-yearly risk inventory. The aim is to identify and monitor material risks and going concern risks at an early stage. For this purpose, standard risks are documented in a risk catalog and concrete issues from which specific individual risks arose are summarized in a half-yearly risk report to the management board. Furthermore, in accordance with a supervisory board resolution, specific individual risks starting from a threshold of EUR 2.5m are also communicated to the supervisory board in a half-yearly report. Additionally, there is a group-wide ad hoc reporting obligation for significant changes in the risk situation. Risk assessment is aimed at quantifying significant risks. If this does not seem possible or reasonable, at least a qualitative estimate is made for each case in accordance with a standardized format.

8.9.1 Credit risk

The Group is exposed to credit risk due to the possibility of a counterparty of a financial asset not being able to meet its obligations. The credit risks to the Group mainly arise from operating activities and also from non-current financial assets.

The maximum credit risk is equal to the carrying amounts. The carrying amounts of trade receivables and rental receivables as well as financial assets from contracts with customers contain a loss allowance for lifetime expected credit losses.

The Group only enters into business relationships with banks that have good to excellent credit ratings.

In terms of operating performance, potential credit risks from portfolio management are considered to be low. The implemented rent management system ensures prompt collection of due rents and enables systematic identification of rent arrears and dunning. In recent years, support for tenants in default and collaboration with public authorities to avoid evictions have been expanded. Overall, the potential effects on the Group are therefore considered to be low.

Portfolio analyses and market studies are performed regularly with regard to market and location in order to identify any credit risks at an early stage. The results do not point to any decline in demand in Berlin. Due to the current market situation, the risk of an increase in rent losses and vacancies is still considered to be low. Additionally, business relationships with customers and lessees are exposed to a low credit risk due to the contractual arrangements. Such relationships are generally settled by payments made in advance. As a rule, rental receivables are already past due on first-time recognition, but can still be realized for the most part. Since rental receivables and contract assets relate to a mostly homogeneous customer base, the expected credit losses are determined based on historical default rates, adjusted for future expectations. In the fiscal year, further school construction projects were completed and in-substance sales were made in the form of finance leases pursuant to IFRS 16. This contract was concluded with the State of Berlin. Here, too, the credit risk is assumed to be low due to the State of Berlin's stable investment grade rating.

Loss allowances for rental and lease receivables are presented in the following table:

in EUR k	2025	2024
As of 1 January	6,164	6,995
Allocation	5,763	17,528
Reversal	-	-19,878
Change in calculation parameters	398	2,271
Utilization	-144	-752
As of 31 December	12,181	6,164

Loss allowances for contract assets are presented below:

in EUR k	2025	2024
As of 1 January	62	479
Allocation	521	62
Reversal	-62	-479
As of 31 December	521	62

The changes in loss allowances through allocations and reversals relate to new or settled receivables that led to a change in the gross carrying amount.

In fiscal year 2025, expected credit losses for receivables determined using the simplified approach amounted to around 15.2% (31 December 2024: 1.3%). No significant expected credit losses within the meaning of IFRS 9 were identified for the other financial assets based on historical data.

The Group is not exposed to any significant credit risk concentrations.

8.9.2 Interest rate and currency risk

There is no risk arising from increasing interest rates for interest-bearing financial liabilities, since all loans and bonds entered into are subject to a fixed-interest arrangement.

Additionally, the Group is not exposed to any risk arising from fluctuations in the fair value of longer-term financial liabilities due to changes in fixed interest rates on the capital market, since the capital providers cannot assert any rights to early repayments and the financial liabilities are recognized at amortized cost.

All transactions are denominated exclusively in euros, therefore there are no currency risks for the Group.

8.9.3 Liquidity risk

The operating activities of the group companies require financing requirements to be met cost-effectively and adequately. Central cash management therefore prepares a regular liquidity forecast.

Available financial instruments comprising bilateral loans are used to cover the financial requirements. Investment activities of the group companies are exclusively financed by loans from banks or shareholders. There are no cash pool agreements with group companies. If specific events lead to an unexpected financing requirement, the HOWOGE Group can draw on existing liquidity.

The Group had cash and cash equivalents of EUR 319,121k as of 31 December 2025 (31 December 2024: EUR 645,198k). There are credit facilities at Aareal Bank AG for a total of EUR 20.0m, at DKB for a total of EUR 32.5m, at Berliner Sparkasse for a total of EUR 50.0m and at Landesbank Baden-Württemberg for a total of EUR 100.0m, which had not been utilized as of the reporting date apart from EUR 1.3m in guarantees. A long-term credit facility of EUR 350m was arranged with the European Investment Bank (EIB), which will secure the financing of new construction investments over the next five years. In addition, subsidized loans of EUR 100.8m were concluded and are being paid out according to the progress of construction.

Undiscounted cash outflows arising from financial liabilities can be classified by residual term based on the contractually agreed maturities as follows:

31 Dec 2025 in EUR k	Up to 1 year	1 to 5 years	More than 5 years	Total
Bonds	27,338	1,123,842	715,991	1,867,171
Liabilities to banks ¹⁾	328,162	1,341,427	3,121,472	4,791,062
Liabilities to shareholders ¹⁾	2,540	159,776	-	162,316
Rental and lease liabilities	28,443	-	-	28,443
Trade payables	142,962	-	-	142,962
Other financial liabilities	6,630	-	-	6,630
Total	536,075	2,625,045	3,837,463	6,998,583

¹⁾ Liabilities to banks and shareholders comprise interest liabilities

31 Dec 2024 in EUR k	Up to 1 year	1 to 5 years	More than 5 years	Total
Bonds	22,778	588,005	1,043,584	1,654,367
Liabilities to banks ¹⁾	360,853	1,101,026	2,118,742	3,580,621
Liabilities to shareholders ¹⁾	2,540	204,230	-	206,770
Rental and lease liabilities	22,578	-	-	22,578
Trade payables	9,736	14,665	13	24,414
Other financial liabilities	6,726	-	-	6,726
Total	425,210	1,907,926	3,162,340	5,495,476

¹⁾ Liabilities to banks and shareholders comprise interest liabilities

A reconciliation of the statement of financial position items to financial liabilities is presented under note 8.7 *Financial assets and financial liabilities*. A presentation of the statement of financial position items relating to the financial liabilities under leases can be found in note 8.4 *Leases as the lessee*.

The Company has not breached any covenants attached to its financial liabilities.

For fixed-interest primary financial instruments, future interest payments are forecast using the latest contractually defined interest rates. The analysis exclusively comprises cash outflows from financial liabilities.

The cash outflows in the maturity analysis are not expected to occur at significantly different dates or significantly different amounts.

8.10 Investments in joint ventures

HOWOGE holds a 50% investment in Entwicklungsgesellschaft Elisabeth-Aue GmbH, Berlin (Elisabeth-Aue). The Group's investment in this joint venture is accounted for in the HOWOGE consolidated financial statements using the equity method and the same HOWOGE accounting policies as used for the measurement of investment property are applied (i.e., the land is measured at fair value). HOWOGE is pursuing a long-term strategy of maintaining its portfolio and, in this context, the contract for project development was renewed accordingly.

The reconciliation of this financial information to the carrying amount of the investment in this joint venture in the consolidated financial statements is set out below:

Statement of financial position of Elisabeth-Aue (condensed) in EUR k	31 Dec 2025	31 Dec 2024
Current assets, including cash and cash equivalents of EUR 1,087k (2024: EUR 1,584k)	22,086	18,769
Current liabilities, including tax liabilities of EUR 13.5k (2024: EUR 0.6k)	2,583	66
Equity	19,503	18,703
HOWOGE's share in equity: 50% (2024: 50%)	9,751	9,351
Carrying amount of the Group's investment before adjustment	6,787	7,087
Adjustment for IAS 40 measurement of the land	13,166	11,029
Adjustment for IAS 12 deferred taxes	-3,078	-2,645
Carrying amount of the Group's investment after adjustment	16,875	15,471
Income statement of Elisabeth-Aue (condensed)	2025	2024
Revenue from contracts with customers	33	31
Change in inventories	1,405	158
Other operating income	13	9
Cost of purchased goods and services	-1,432	-195
Personnel expenses	-319	-64
Other operating expenses	-282	-207
Other interest and similar expenses	-27	-
Other interest and similar income	10	18
Total comprehensive income for the fiscal year	-600	-249
Group's share in equity (50%) before adjustment	-300	-124
Adjustment for IAS 40 measurement of the land	1,437	-1,029
Adjustment for IAS 12 deferred taxes	-433	-2,645
Adjustment of recognized Group's share of equity	703	-3,798

The joint venture had no contingent liabilities or obligations as of 31 December 2025 and 31 December 2024. There were no financial liabilities other than those presented in the above table. There were no significant finance costs or income in both fiscal years. In connection with the planned acquisition of a plot of land, HOWOGE and Gesobau AG each made a contribution of EUR 700k to the capital reserves, which increased the carrying amount of the equity investment accordingly.

Elisabeth-Aue GmbH cannot distribute its profits without authorization from the two joint venture partners.

8.11 Other assets

Other current assets of EUR 64,242k (31 December 2024: EUR 61,344k) mainly include operating costs not yet billed for which HOWOGE is not the primary service provider, i.e., acts as an agent, and which are only invoiced to the customer in the year-end billing. In the fiscal year, they amounted to EUR 60,022k (31 December 2024: EUR 56,083k). The unbilled operating costs are valued at acquisition cost. Other current assets also include assets relating to prepaid services not yet rendered.

8.12 Inventories for school construction projects

Inventories for property comprise work in process relating to planning and project services for customers. Work in process is valued at acquisition cost. The item also includes capitalized costs in connection with the preparation and execution of the school construction projects for the State of Berlin.

In fiscal year 2025, EUR 489.9m of own work capitalized (school construction) related to expenses incurred in the fiscal year attributable to the construction, planning and preparation costs for the School Building campaign (prior year: EUR 365.8m). The borrowing costs capitalized in accordance with IAS 23.26 in fiscal year 2025 amount to EUR 12.2m. These are attributable to several separate loans and are calculated using a capitalization rate of 2.7% to 3.26%.

No other costs for inventories were expensed in the fiscal year or the prior year.

8.13 Rental and lease receivables, receivables from other trade and other financial assets

The following table presents the gross rental and lease receivables, receivables from other trade and other financial assets (where applicable, before allowing for credit risk within the meaning of IFRS 9) alongside loss allowances and maturities. The amounts that are past due or credit impaired refer to the gross receivable (total).

in EUR k	Current gross receivables	Non-current gross receivables	Total gross receivables	thereof past due	thereof credit impaired
Rental and lease receivables	54,509	364,559	419,069	16,085	12,181
Receivables from other trade	1,906	-	1,906	-	-
Other financial assets	5,597	-	5,597	-	-
Contract assets	3,476	-	3,476	-	-521
As of 31 December 2025	65,489	364,559	430,048	16,085	-12,702

in EUR k	Current gross receivables	Non- current gross receivables	Total gross receivables	thereof past due	thereof credit impaired
Rental and lease receivables	54,715	160,414	215,128	14,097	-6,164
Receivables from other trade	2,697	57	2,754	57	-
Other financial assets	6,232	-	6,232	-	-
Contract assets	4,773	-	4,773	-	-62
As of 31 December 2024	68,417	160,471	228,888	14,155	-6,226

New receivables from the in-substance sale of inventories under the School Building campaign are recognized in 2025. The completion of two schools and their sale as of 1 June 2025 resulted in revenue of EUR 213,826k, with a corresponding receivable recognized in the same amount. The contracts have a 25-year term over which the receivables are amortized, as the transactions constitute finance leases in accordance with IFRS 16. The related cost included in inventories, which was derecognized in 2025, amounted to EUR 188,660k. As of the reporting date, the remaining receivables amounted to EUR 375,546k.

For further information on revenue from the in-substance sale of school buildings, please refer to note 7.1.2 *Other revenue from real estate management*, for information on inventories, to note 5.2 *Inventories for school construction projects* and for additional disclosures on accounting for leases as the lessor, to note 5.6.2. *Accounting for leases as the lessor*.

8.14 Financial liabilities

31 Dec 2025 in EUR k	Current	Non- current
Liabilities from bonds	30,507	1,679,871
Liabilities to banks	158,758	3,591,526
Liabilities to shareholders	-	151,796
Lease liabilities	1,284	35,654
Other financial liabilities	102	-
Primary financial liabilities	190,651	5,458,847
Rental and lease liabilities	28,443	-
Trade payables	142,962	-
Total	362,056	5,458,847

31 Dec 2024 in EUR k	Current	Non-current
Liabilities from bonds	9,693	1,491,151
Liabilities to banks	26,833	3,066,752
Liabilities to shareholders	-	193,300
Lease liabilities	991	34,377
Other financial liabilities	101	-
Primary financial liabilities	37,618	4,785,580
Rental and lease liabilities	22,964	-
Trade payables	131,492	-
Total	192,074	4,785,580

In 2021, HOWOGE set up a debt issuance program (DIP), which allows it to issue corporate bonds at short notice. Under the program covering a total of EUR 4b, three bonds with a total nominal amount of EUR 1.7b had been issued as of the reporting date. The bond maturing in 2030 was increased by EUR 200m in fiscal year 2025.

EUR 2,971,345k (2024: EUR 2,616,352k) of liabilities to banks are secured by real property liens and EUR 807,611k (2024: EUR 567,123k) are secured by state guarantees.

Trade payables of EUR 98,473k (2024: EUR 96,719k) comprise liabilities from other operating costs and from property, building and liability insurance policies for which HOWOGE acts as agent (principal-agent). The item also includes liabilities for outstanding invoices, guarantee retentions and other trade payables.

For other financial liabilities see also note *8.18 Other liabilities*.

8.15 Cash and cash equivalents

in EUR k	31 Dec 2025	31 Dec 2024
Cash and cash equivalents	319,121	645,198
thereof freely available	318,572	644,639

Cash and cash equivalents comprise cash and short-term, highly liquid investments. Bank balances earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. Cash and cash equivalents include earmarked funds amounting to EUR 549k (2024: EUR 560k).

8.16 Equity

Changes in equity components are shown in the statement of changes in equity.

8.16.1 Subscribed capital

Subscribed capital remained unchanged at EUR 25,000k in the fiscal year.

8.16.2 Reserves

The Group's reserves comprise consolidated equity earned and (other) capital reserves as well as accumulated retained earnings. The EUR 1,417k increase in the capital reserves in the fiscal year (2024: EUR 11,950k) is attributable to the contribution of land transfers. In addition, other comprehensive income (OCI), which mainly comprises actuarial adjustments from the pension reports, is reported under accumulated retained earnings. In the fiscal year, EUR 181k was attributable to other comprehensive income (2024: EUR -27k).

For development of the individual reserves, see the *consolidated statement of changes in equity*.

8.16.3 Capital management

For capital management, equity comprises the subscribed capital, capital reserves, reserve required by the articles of association and other retained earnings (the latter two together: accumulated retained earnings). The primary objective of the HOWOGE Group's capital management is to secure the Group's economic strength. HOWOGE considers funds from operations (FFO), which is cash flow from operating activities less financing interest, to be a key performance indicator. The primary objective of investments is to maintain this cash flow at its current level in order to secure the Group's economic strength for market phases in which interest rates rise and the macroeconomic situation deteriorates. This is integrated in a corporate plan along with additional key points for long-term planning, such as operating result, debt levels, rent increases, cost benchmarks and cost-benefit criteria for investments.

8.17 Provisions

8.17.1 Pension provisions

Following the acquisition of ATOZ Facility Solutions GmbH, pension obligations have been recognized in the consolidated financial statements since 2024.

The company's pension plan is a defined benefit plan that grants employees pension benefits based on their length of service and the monthly average gross remuneration earned by the beneficiary in the last 12 calendar months before their employment ends. In addition to regular pension benefits, the plan also includes benefits for surviving dependents, which are paid to entitled relatives in the event of the death of an active employee or pensioner. In the event of disability, pension benefits are also granted based on previous salary payments.

The actuarial valuation of pension obligations was carried out in accordance with IAS 19 using the projected unit credit method (PUCM), which takes into account the pensions and expectancies known as of the reporting date as well as the increases in salaries and pensions to be expected in the future. The discount rate was determined in accordance with IAS 19.83 on the basis of high-quality corporate bonds and consistent currencies and terms.

The defined benefit obligation (DBO) in accordance with IAS 19 amounted to EUR 1.3m as of 31 December 2025 and included claims for seven entitlements of EUR 0.4m for no active employees and seven former employees with vested entitlements. In addition, current benefits of EUR 1.0m for 18 pensioners were included in this calculation.

The tables below show the development of defined benefit obligations (DBO) and the net benefit expense as of 31 December 2025, which is recognized in profit or loss in EUR k.

Development of the DBO in the current fiscal year	in EUR k
DBO as of 31 December 2024	1,525
Interest cost	49
Service cost	7
Benefits paid	-69
Actuarial gains (-) and losses (+) - Changes in assumptions	-110
Actuarial gains (-) and losses (+) - Experience adjustments	-71
DBO as of 31 December 2025	1,330

Net benefit expense (recognized in profit or loss) as of 31 December 2025	in EUR k
Current service cost	7
Net interest cost	49
Net expense	56

In fiscal year 2025, there are valuation effects of EUR 181k (2024: EUR -39k), which are reported in other comprehensive income outside of profit or loss in the period in which they arose. These valuation effects primarily resulted from changes in actuarial assumptions. Service cost is reported under personnel expenses. It is the increase in the present value of a defined benefit obligation resulting from employee service in the current period.

Interest cost is included in net finance costs. It reflects the following material actuarial assumptions used:

Valuation input in %	31 Dec 2025	31 Dec 2024
Discount rate	4.00	3.30
Future pension increase	2.00	2.00
Future income increase	2.50	2.50
Turnover	-	-
Biometrics	Heubeck 2018G	Heubeck 2018G

The age at which individuals become eligible to receive pension benefits was set at the earliest possible retirement age. The duration of the pension obligation is 14 years. Other provisions are recognized when HOWOGE has a legal or constructive obligation as a result of a past event that is uncertain with regard to settlement and/or amount. They are recognized at the present value of the expected settlement amount.

8.17.2 Other provisions

Non-current provisions are recognized at the settlement value discounted to the reporting date using risk-free interest rates for an equivalent maturity.

Other provisions for employees comprise provisions for employee benefits relating to long-service awards as well as target achievement bonuses, individual and group bonuses.

The change in other provisions in the fiscal year is mainly due to the utilization of the provision for onerous contracts (EUR 6,187k) from the fair value measurement of the land held by Stadtentwicklungsgesellschaft Buch mbH, Berlin, which was acquired as of 2 January 2025. They also contain provisions for financial statements and consulting fees as well as archiving costs provisions for the retention of business documents. The reversal of provisions for long-service awards was attributable to a recalculation of the inputs.

Cash outflows from provisions within one year are estimated at around EUR 5,351k (2024: EUR 11,781k). Other cash outflows from provisions are non-current.

in EUR k	1 Jan 2025	Allocation due to changes in the basis of consolidation	Utilization	Reversal	Allocation	31 Dec 2025
Other provisions	8,763	1	7,136	1,081	2,203	2,750
Provision for financial statement costs	681	5	646	15	516	540
Provision for retention of business documents	135	-	-	15	15	134
Provision for advertising fund	76	-	-	-	6	82
Warranty provision	51	-	-	51	-	-
Provision for consulting fees	158	1	79	37	80	124
Miscellaneous other provisions	9,864	7	7,860	1,198	2,819	3,631
Provisions for long-service awards	384	-	69	315	367	367
Provisions for employee bonuses	2,088	-	1,653	213	1,652	1,874
Provisions for employees	2,473	-	1,722	528	2,019	2,241
Total other provisions	12,336	7	9,582	1,726	4,838	5,872
thereof current	11,781					5,351
thereof non-current	555					521

in EUR k	1 Jan 2024	Utilization	Reversal	Allocation	31 Dec 2024
Other provisions	3,516	372	1,904	6,465	8,763
Provision for financial statement costs	1,244	1,133	76	646	681
Provision for retention of business documents	133	-	15	17	135
Provision for advertising fund	73	3	-	6	76
Warranty provision	51	-	-	-	51
Provision for consulting fees	125	68	18	71	158
Miscellaneous other provisions	5,142	1,577	2,013	7,204	9,864
Provisions for long-service awards	1,217	76	1,157	361	384
Provisions for employee bonuses	2,079	1,686	394	1,999	2,088
Provisions for employees	3,296	1,762	1,552	2,360	2,473
Total other provisions	8,438	3,339	3,564	9,565	12,336
thereof current	7,107	-	-	-	11,781
thereof non-current	1,330	-	-	-	555

8.18 Other liabilities

in EUR k	31 Dec 2025	31 Dec 2024
Other liabilities	184,545	133,390
Liabilities to employees	452	518
Government grants	179,818	126,849
Miscellaneous	4,275	6,023
Other non-financial liabilities	184,545	133,390
thereof current	21,398	19,885
thereof non-current	163,148	113,505

As of the end of the fiscal year, other liabilities included liabilities to employees of EUR 452k (2024: EUR 517k) for accrued vacation.

Other non-financial liabilities mainly consist of government grants. For government grants from interest-subsidized and repayment-subsidized loans, see note 8.20 *Government grants*.

Other liabilities relate to the binding commitment to donate around EUR 6,000k to the Stadtkultur foundation, which was made in fiscal year 2018 and the full amount of which was not requested in fiscal year 2025.

8.19 Deferred tax assets and liabilities

Deferred tax assets and liabilities arose from temporary differences between the IFRS carrying amounts and tax bases as well as tax loss carryforwards and break down as follows:

in EUR k	31 Dec 2025		31 Dec 2024	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	-	234	-	216
Investment property, property, plant and equipment and inventories	-	1,214,721	-	1,506,742
Investments	-	-	-	-
Non-current financial assets	-	-	-	-
Rental and lease receivables and receivables from other trade	3,833	8,875	1,879	6,247
Contract assets	-	610	-	-
Other financial assets, current	-	153	-	6
Other assets, current	104	2,048	-	305
Other provisions	11,392	6,100	1,437	-
Non-current financial liabilities	938	-	12,963	2,435
Current financial liabilities	936	-	1,748	-
Trade payables	-	-	830	-
Other liabilities	-	-	-	-
Total	17,203	1,232,741	18,857	1,515,951
Tax loss carryforwards	6,638	-	5,573	-
Total deferred taxes	23,841	1,232,741	24,430	1,515,951
Offsetting	-23,841	-23,841	-24,430	-24,430
Amount recognized in the statement of financial position	-	1,208,900	-	1,491,521

Deferred tax assets and liabilities are offset against each other if they have the same tax creditor and tax debtor as well as the same maturity.

The change in deferred tax liabilities is mainly due to the effects from the fair value measurement of investment property. In reporting year 2025, there was a decrease in deferred tax liabilities on investment property (2025: EUR 1,214.7m; 2024: EUR 1,506.7m). This is due to the fact that, with the approval of the German Bundesrat, a law was passed on 11 July 2025 to reduce the corporate income tax rate in stages. Accordingly, the current corporate income tax rate of 15% will be reduced by 1% each year from 2028 to 2032, taking it to 10%. In accordance with the principles of IAS 12, enacted changes in future tax rates must be taken into account when measuring deferred taxes. Application of the reduced corporate income tax rate leads to a decrease in deferred tax liabilities.

Deferred tax liabilities of EUR 86.7m (2024: EUR 80.0m) were not recognized for temporary differences and for undistributed profits of HOWOGE subsidiaries as it is not probable that the temporary differences will reverse.

The deferred taxes from non-current assets (net deferred tax liabilities, 2025: EUR 1,214.7m; 2024: EUR 1,506.7m) and non-current liabilities (net deferred tax assets, 2025: EUR 5.3m; 2024: EUR 10.5m) are expected to reverse more than 12 months after the reporting date.

in EUR k	31 Dec 2025	31 Dec 2024
Tax loss carryforwards	181,106	107,542
thereof trade tax	112,699	72,338
thereof corporate income tax	68,407	35,203
thereof unusable loss carryforwards	122,204	72,138
thereof trade tax	112,699	72,138
thereof corporate income tax	9,505	-

There are corporate income tax loss carryforwards of EUR 68.4m in fiscal year 2025 (2024: EUR 35.2m). A deferred tax asset is recognized for a large portion of the corporate income tax loss carryforwards, as it is possible to offset them against deferred tax liabilities from the IAS 40 measurement of investment property. No deferred tax assets were recognized on the existing trade tax loss carryforwards, as they originate from asset-managing companies. It is therefore unlikely that the trade tax loss carryforwards will be utilized in the coming years.

in EUR k	2025		2024	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Deferred taxes as of 1 January	-	1,491,521	-	1,479,689
Deferred taxes in the income statement	-	-282,622	-	11,332
Deferred taxes in other comprehensive income	-	-	-	-12
Deferred taxes in connection with first-time consolidation	-	-	-	513
Deferred taxes as of 31 December	-	1,208,900	-	1,491,521

8.20 Government grants

In the fiscal year (and prior year), deferred income was recognized under other liabilities for interest-subsidized loans or repayment subsidies recognized as liabilities as follows:

in EUR k	31 Dec 2025	31 Dec 2024
As of 1 January	126,849	86,960
Received during the year	68,871	50,101
Amortized to profit or loss	15,901	10,212
As of 31 December	179,818	126,849
thereof current	16,671	13,345
thereof non-current	163,148	113,504

In the fiscal year, income from repayment subsidies of EUR 4,394k (2024: EUR 3,551k) was recognized and presented under other revenue from real estate management; income from interest subsidies of EUR 11,507k (2024: EUR 6,661k) was recognized and presented under interest expenses.

9 Notes to the statement of cash flows

The cash funds underlying the statement of cash flows only comprise cash and cash equivalents that are not subject to any restrictions on use. They are equivalent to the cash and cash equivalents recognized in the statement of financial position less amounts that are not freely available.

The freely available cash funds in the statement of cash flows break down as follows:

in EUR k	31 Dec 2025	31 Dec 2024
Cash and cash equivalents	319,121	645,198
thereof freely available	318,572	644,639
Cash and cash equivalents in the statement of cash flows	318,572	644,639

The cash flow from operating activities is calculated from the profit or loss for the period using the indirect method, whereby non-cash transactions, changes in statement of financial position items and income and expense items attributable to investing or financing activities are adjusted.

The main factors affecting cash flows from operating activities are the end-of-period changes in receivables and liabilities and the effects of investments in the construction of school buildings reported in inventories. In the reporting period, lease revenue was accounted for in accordance with the principles of finance lease accounting. This relates to both the school buildings sold under finance leases and the addition of the net investment. As these are non-cash transactions, they do not affect cash or cash equivalents. The sale of two schools led to a non-cash transaction of EUR 213.8m, while the corresponding disposal of the school buildings had a non-cash effect of EUR 188.6m. In addition, loans were waived upon the handover of three completed schools; the loan waiver of EUR 42.1m and the disposal of the schools handed over of EUR 41.0m are also non-cash transactions.

The cash flows from investing activities resulted from investments in investment property and from the acquisition of PRIMA and SEG-Buch. They also include the redemption of the parent company's former cash pool receivable of EUR 128.6m. As these acquisitions pass the optional concentration test under IFRS 3 and do not contain any substantially transferred processes, they do not meet the definition of a business under IFRS 3 and therefore do not constitute a business combination within the meaning of this standard. The amounts reported under interest received include the interest payments made by the State of Berlin in connection with the repayment of the net investment arising from the finance lease.

in EUR k	31 Dec 2024	Cash flows	New leases	Other	31 Dec 2025
Current interest-bearing loans and borrowings (excluding lease liabilities)	26,833	-26,833	-	158,758	158,758
Current lease liabilities	991	-1,194	1,487	-	1,284
Non-current interest-bearing loans and borrowings (excluding lease liabilities)	3,260,052	899,900	-	-416,630	3,743,322
Non-current lease liabilities	34,377	-	689	587	35,653
Total	3,322,253	871,873	2,176	-257,285	3,939,017

Cash flows from financing activities resulted from new borrowings and bonds in the amount of EUR 1,012m and the repayment of financial liabilities of EUR 112m.

10 Notes to the segment reporting

For internal management purposes, HOWOGE defines the reportable segments according to the types of services provided. Hence, a distinction is made between the Residential and the School Construction segments. Operational decisions on the allocation of resources and the assessment of segment performance are made by the management board on the basis of the performance indicators presented below.

The Residential segment comprises the rental and management of the Group's own real estate portfolio with the associated services. See note *10.1 Residential* for more information.

The School Construction segment comprises the planning, construction and refurbishment of school buildings and related services. See note *10.2 School construction* for more information.

HOWOGE is managed using aggregated and strategic performance indicators at group level and specific metrics for the operational management of the School Construction and Residential segments. The following key performance indicators are calculated and assessed for the purposes of performance management.

Consolidated net income under the HGB ["Handelsgesetzbuch": German Commercial Code] is one of the HOWOGE Group's key performance indicators. Adjusted EBITDA is earnings before interest, taxes, depreciation, amortization, impairment and reversals of impairment. One-time effects, such as transaction costs, restructuring costs or earnings effects from disposals, are adjusted accordingly. Funds from operations (FFO) are calculated for both the Group and the School Construction segment. FFO is a liquidity-based performance indicator and is calculated by deducting interest and tax expenses affecting cash from adjusted EBITDA. The interest coverage ratio is another key performance indicator and shows the Company's ability to service interest payments from current operations. It is calculated by dividing adjusted EBITDA by net interest expenses affecting cash.

10.1 Residential

HOWOGE's main business activity is managing residential properties in the context of active portfolio management. Portfolio management comprises modernizing and maintaining the real estate portfolio, managing rental agreements and providing assistance to tenants. The focus of management activities is supplying suitable housing for broad sections of the population. The Residential segment also includes expanding the housing stock by constructing new dwellings and purchasing existing buildings for our own portfolio.

The Residential segment covers all the Group's expenses that are not attributable to school construction. Its income is mainly derived from renting out apartments, commercial space and other properties.

10.2 School construction

Under the Berlin School Building campaign, HOWOGE provides services for the new construction and refurbishment of public school buildings. Revenue is generated from the transfer of completed school construction projects to the Berlin districts in accordance with the contractual arrangements pursuant to IFRS 16. The services include in particular the construction of new schools and modular timber schools, the refurbishment of existing school complexes and the provision of traditional property developer, coordination and management services. Depending on the project phase, the projects are financed by a shareholder loan from the State of Berlin, bridge loans with state guarantees and long-term loans from banks that run over the lease period. Aside from the number of projects in preparation or under construction, the funds from operations (FFO), investment volume and financing arrangements are reported for the School Construction segment.

10.3 Accounting policies

No differences arise from the allocation of centrally incurred costs. The School Construction segment is allocated costs directly for personnel and other expenses incurred by the segment and indirectly for expenses attributable to the School Construction segment, such as costs for the use of offices and infrastructure, as well as personnel expenses for services provided for the School Construction segment by other corporate functions, such as payroll accounting. Indirect cost allocation is largely based on time sheets.

Income is generated from the transfer of the schools to the districts under finance leases in accordance with IFRS 16. This results in non-recurring revenue upon transfer and finance income from the present value calculation over the term of the leases.

No differences arise from the allocation of jointly used assets.

No differences arise from the allocation of liabilities incurred jointly. During the start-up phase, school construction will be financed by the shareholder loan from the State of Berlin. The specific school building and refurbishment projects will be funded by property-specific loans. This allows interest expenses to be directly allocated to the segment.

Measurement methods were not changed.

There were no asymmetric allocations from the use of assets and their depreciation.

No operating segments have been aggregated to form the two above reportable operating segments.

The management board is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The segment results are reflected in the subtotals in the consolidated income statement. Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

Significant finance income, other income, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis. Interest income of EUR 3,184k earned on bank balances is allocated to the School Construction segment. Capitalizable interest components that fall under the classification of IAS 23 are allocated to the School Construction segment and are also reported there accordingly. Finance costs, in particular interest expenses from loans, are allocated to the segments; most of the finance costs are attributable to the Residential segment.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis. A proportionate amount of trade and corporate income tax is also reported in the School Construction segment. Intersegment revenues are eliminated on consolidation.

Set out below is the reconciliation of the segment results to profit or loss for the period in the consolidated income statement:

10.4 Reconciliation of profit or loss

The reconciliation from the HGB to IFRSs as of 31 December 2025 and as of the comparative reporting date 31 December 2024 is as follows:

31 Dec 2025 in EUR k	Residential HGB	School Construction HGB	Group HGB	Reconciliation IFRS	Group IFRS
External customers	677,705	-	677,705	-74,427	603,278
Intersegment	-	18,092	18,092	199,982	218,074
Total revenue	677,705	18,092	695,797	125,554	821,352
Increase or decrease in inventories ¹⁾	-2,513	-	-2,513	2,513	-
Own work capitalized	2,739	14,071	16,810	-16,810	-
Profit or loss from the remeasurement of investment property	-	-	-	395,322	395,322
Cost of materials	-254,777	-1,739	-256,516	-283,679	-540,195
Employee benefits expenses	-83,091	-4,836	-87,926	66	-87,861
Amortization, depreciation and impairment	-211,789	-8,339	-220,128	203,802	-16,325
Share of profit or loss from investments	-	-	-	703	703
Net finance costs	-77,885	-20,958	-98,842	-1,515	-100,358
Other operating expenses	-41,117	-2,485	-43,602	2,109	-41,493
Income and other taxes	32,631	437	33,069	224,308	257,377
Other operating income	30,737	783	31,520	33,007	64,527
Profit or loss from the sale of property	-	-	-	249	249
Change in inventories for property and other inventories	-	-	-	124,115	124,115
Segment result	72,641	-4,972	67,669	809,743	877,412

¹⁾ According to IFRSs, changes in inventories are reflected in revenue.

31 Dec 2024 in EUR k	Residential HGB	School Construction HGB	Group HGB	Reconciliation IFRS	Group IFRS
External customers	606,415	-	606,415	-41,989	564,426
Intersegment	-	6,374	6,374	161,416	167,790
Total revenue	606,415	6,374	612,789	119,427	732,216
Increase or decrease in inventories	11,001	-	11,001	-11,001	-
Own work capitalized	3,086	8,560	11,645	-79	11,566
Profit or loss from the remeasurement of investment property	-	-	-	-46,926	-46,926
Net valuation effect from assets held for sale	-	-	-	600	600
Cost of materials	-249,617	-339	-249,956	-162,528	-412,484
Employee benefits expenses	-73,012	-3,923	-76,935	75	-76,860
Amortization, depreciation and impairment	-159,149	-2,627	-161,776	154,969	-6,807
Share of profit or loss from investments	-	-	-	-3,798	-3,798
Net finance costs	-40,282	-8,181	-48,463	5,042	-43,421
Other operating expenses	-52,568	-1,896	-54,464	4,935	-49,529
Income and other taxes	-37,244	-903	-38,147	-19,943	-58,090
Other operating income	29,791	49	29,839	-18,069	11,770
Change in inventories for property and other inventories	-	-	-	81,860	81,860
Segment result	38,420	-2,887	35,533	104,564	140,097

The differences between the HGB and IFRS figures are generally due to the different accounting policies and total EUR 809.7m (2024: EUR 104.6m). In 2025, this effect was due in particular to the different accounting treatment of completed school construction projects. While under the HGB, they constitute rentals and leases, they are considered an in-substance sale of the school in accordance with IFRS 16. As of 31 December 2025, this effect between the HGB and IFRSs had an impact of EUR 200.0m on revenue (2024: EUR 161.4m). Correspondingly, a total amount of EUR 218.5m from the sale of school construction projects and other disposals was derecognized from inventories, and other school construction projects of EUR 342.6m were recognized as additions (resulting in a net increase in inventories of EUR 124.1m). In 2025, remeasurement of the investment property had a positive effect of EUR 395.3m (2024: EUR -46.9m), HOWOGE having opted to apply the fair value method. In this context, regular building depreciation and impairment losses of EUR 203.8m (2024: EUR 155.0m) as recognized under the HGB were eliminated. Under IFRSs, gains or losses arising from a change in the fair value of investment property are recognized in profit or loss (IAS 40.35). Both unrealized gains and impairment losses are also recognized in profit or loss. This leads also to a change in deferred taxes (IAS 12), which therefore have to be adjusted by EUR 224.3m (2024: EUR -19.9m) under IFRSs.

In addition, there is a difference of EUR -74.4m (2024: EUR -42.0m) between revenue from external customers and revenue recognized under the HGB, which is largely due to the different IFRS accounting treatment of unbilled operating costs, which are recognized under other assets. Differences

in net finance costs between the HGB and IFRSs are largely attributable to the different accounting treatment of the bond issued under IFRS 9 (EIR method). The difference is EUR -1.5m (2024: EUR 5.0m). Other operating expenses were also adjusted for the directly allocable expenses for the bond in this connection. Set out below is the reconciliation of the segment result to adjusted EBITDA showing the significant non-cash adjustment items for 2025 and the 2024 comparative period.

31 Dec 2025 in EUR k	Residential HGB	School Construction HGB	Group HGB	Reconciliation IFRS	Group IFRS
Segment result	72,641	-4,972	67,669	809,743	877,412
Finance income	-4,854	-3,184	-8,038	-10,664	-18,702
Finance costs	88,923	24,142	113,065	5,995	119,060
Profit or loss from investments accounted for using the equity method	-	-	-	-703	-703
Taxes	-45,194	-585	-45,779	-224,308	-270,087
Capitalization of School Construction interest	-	-12,192	-12,192	12,192	-
Amortization, depreciation and impairment	205,601	8,339	213,940	-197,615	-16,325
Changes in fair value from property appraisal	-	-	-	-395,322	-395,322
Other adjustments	-8,789	-	-8,789	8,789	-
EBITDA	308,328	11,548	319,876	-24,543	295,332
EBIT	102,726	3,209	105,935	205,723	311,658
Cash flows from operating activities	316,519	522	317,041	-305,501	11,540
Indebtedness	5,090,413	979,848	6,070,262	1,198,742	7,269,004
Equity ratio	28%	-2%	25%	29%	53%

31 Dec 2024 in EUR k	Residential HGB	School Construction HGB	Group HGB	Reconciliation IFRS	Group IFRS
Segment result	38,420	-2,887	35,533	104,564	140,097
Finance income	-16,710	-4,005	-20,715	-3,652	-24,367
Finance costs	56,466	12,186	68,652	-864	67,788
Profit or loss from investments accounted for using the equity method	-	-	-	3,798	3,798
Taxes	20,616	891	21,507	19,943	41,450
Capitalization of School Construction interest	-	-6,796	-6,796	-	-6,796
Amortization, depreciation and impairment	159,149	2,627	161,776	-155,146	6,630
Changes in fair value from property appraisal	-	-	-	46,926	46,926
EBITDA	257,940	2,016	259,957	19,190	279,146
EBIT	98,792	6,185	104,977	167,538	272,516
Cash flows from operating activities	207,362	821	208,183	-213,545	14,808
Indebtedness	4,449,612	723,711	5,173,323	1,478,317	6,651,640
Equity ratio	31%	-2%	27%	25%	53%

All revenue was generated in Germany. In fiscal year 2025, revenue of EUR 213.8m was generated in the School Construction segment (2024: EUR 167.8m). This corresponds to more than 10% of total revenue in both segments and is attributable to a single external customer.

11 Information on group companies and related party disclosures

11.1 Subsidiaries

Note 4.2 *Subsidiaries* provides information about the Group's structure and the subsidiaries.

11.2 Shareholders and companies related to the shareholder

The sole shareholder of HOWOGE Wohnungsbaugesellschaft mit beschränkter Haftung is the State of Berlin. There were the following direct relationships/transactions with the State of Berlin to be reported in the period under review (2025):

- The direct contractual relationships with the State of Berlin are governed by the cooperation agreement "Affordable rents, new housing construction and social housing supply 2024," which is valid from 1 January 2024 to 31 December 2027.
- Rental agreements for three refugee shelters with a total base rent of just under EUR 3.2m p.a. (2024: EUR 3.2m p.a.) and other rental agreements with a total volume of just under EUR 0.9m p.a. (2024: EUR 0.5m).
- The contribution of the land on Barther Strasse (contribution value of EUR 2.7m) and the land on Weissenseer Weg (contribution value of EUR 1.1m).
- The sale of the Insel Gartenfeld land in 2025 for a sales price of EUR 23.5m. In addition, the land on Rhenaniastrasse was transferred in 2025 at a price of EUR 11.5m; various expense subsidies, loans and debt forgiveness were also granted:
 - o In fiscal year 2025, a total of EUR 1.8m (2024: EUR 1.6m) was granted in expense subsidies for various rental properties. HOWOGE was awarded subsidies of EUR 7m (2024: EUR 3.0m) for housing construction as construction cost funding.
 - o Subsidized loans with a volume of EUR 96.8m (2024: EUR 33.5m) were granted in accordance with housing promotion regulations.
 - o Federal subsidies (KfW) with a volume of EUR 96.8m (2024: EUR 55.1m) were granted.
 - o HOWOGE was also granted bridge financing of EUR 288.2m (2024: EUR 237.1m) and an end loan of EUR 194.6m (2024: EUR 160.0m) under the School Building campaign.
 - o In the context of subsidized loans from IBB and KfW, EUR 10.4m in repayment subsidies and partial debt forgiveness was granted in fiscal year 2025

(2024: EUR 10.6m), either for reaching a contractually agreed construction progress milestone or on the condition that rents would not be increased for a certain period of time.

- There were no other significant transactions with shareholders in fiscal year 2025.

11.3 Joint ventures

As mandated by the shareholder, the State of Berlin, HOWOGE holds 50% of Entwicklungsgesellschaft Elisabeth-Aue GmbH, Berlin (Elisabeth-Aue), which was founded as a joint venture with GESOBAU AG. The purpose of the company is to develop land, especially in the development area Elisabeth-Aue in Berlin Pankow. There is a service agreement in place between HOWOGE and the development company, whereby HOWOGE performs defined services for Elisabeth-Aue (these services essentially relate to the fields of legal, procurement and personnel) and invoices the company for these services. Since the planning for the development of the area has currently been put on hold, the activities of Elisabeth-Aue GmbH are restricted to fulfilling its responsibilities as the property owner. Accordingly, HOWOGE did not conduct any significant business transactions with Elisabeth-Aue GmbH.

11.4 Information on management board compensation

Key management personnel at HOWOGE include the members of the management board and supervisory board.

In the fiscal year, the management board comprised:

- Ulrich Schiller
- Jörg Kotzenbauer (since November 2025)
- Katharina Greis (until September 2025)

Ulrich Schiller is responsible for the following areas within the HOWOGE Group:

- Central real estate management
- Operational portfolio management
- Processes and digitalization
- Information technology
- Asset and portfolio management
- Technical management
- New buildings
- School construction
- Corporate communications and marketing
- Central procurement
- HOWOGE Wärme GmbH
- Kramer + Kramer Bau- und Projektmanagement GmbH
- ATOZ Facility Solutions GmbH
- HOWOGE Reinigung GmbH

Ulrich Schiller took over Katharina Greis' areas of responsibility during a transitional period from October to November 2025.

Jörg Kotzenbauer is responsible for the following areas within the HOWOGE Group:

- Finance and accounting
- Treasury and investor relations
- Financial control and data modeling
- Legal
- Human resources
- Sustainability
- Governance, risk and compliance
- Internal audit
- HOWOGE Servicegesellschaft mbH

The supervisory board comprises:

Name	Function and activities	Duration of appointment
Dr. Jürgen Allerkamp	Chairman, chair of the personnel committee, former CEO of Investitionsbank Berlin	since 12 May 2025
Ms. Jana Borkamp	Member Independent commissioner in the Federal Ministry for Family Affairs	since 12 May 2025
Mr. Matthias Jankun	Employee representative, project manager for new construction at HOWOGE	since 12 May 2025
Mr. Jörn Lorenz	Employee representative, deputy chair of HOWOGE's employee council	since 1 January 2005
Ms. Tanja Mildenerger	Member State Secretary of the Senate Department for Finance	since 16 June 2023
Mr. Alexander Nuss	Representative from the tenants' council	since 12 May 2025
Mrs. Ramona Scharf	Employee representative, chair of the HOWOGE's employee council	since 12 May 2025
Mr. Alexander Slotty	Chair of the building committee and deputy chair of the supervisory board, State Secretary for Building and Head of Office	since 16 June 2023
Ms. Anette Weller	Chair of the audit committee, former member of the management board of Gegenbauer GmbH & Co. KG, special representative of Apleona GmbH	since 12 May 2025

Exits during the year:

Name	Served until
Ms. Elfriede Baumann	to 12 May 2025
Mr. Hendrik Jellema	to 12 May 2025
Mr. Sebastian Lange	to 12 May 2025
Ms. Daniela Riedel	to 12 May 2025
Mr. Michael Schiller	to 12 May 2025
Mr. Frank Sparmann	to 12 May 2025

The compensation paid to the Group's key management personnel that requires disclosure pursuant to IAS 24 includes the compensation paid to the active management board and supervisory board.

The active members of the management board and the supervisory board were compensated as follows:

in EUR k	2025	2024
Short-term benefits due to the management board	600	571
Short-term benefits due to the supervisory board	72	54
Payments into defined contribution pension plans	50	57
Termination benefits	125	-
Total compensation	847	682

Short-term benefits include the basic compensation, special payments including performance-based compensation and non-cash benefits (company vehicle, accident insurance) and social security contributions. Post-employment benefits are due to contributions to pensions plans and are presented under personnel expenses in the income statement.

No advances or loans were issued to members of the management board or supervisory board.

12 Subsequent events

There were no events after the reporting date which we expect to have a significant effect on the Group's assets, liabilities, financial position and financial performance.

Berlin, 24 March 2026

HOWOGE Wohnungsbaugesellschaft mit beschränkter Haftung

The Management Board

Jörg Kotzenbauer

Ulrich Schiller

HOWOGE Wohnungsbaugesellschaft mit beschränkter Haftung, Berlin

III. Independent auditor's reports

INDEPENDENT AUDITOR'S REPORT

To HOWOGE Wohnungsbaugesellschaft mit beschränkter Haftung

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit opinions

We have audited HOWOGE Wohnungsbaugesellschaft mit beschränkter Haftung, Berlin and its subsidiaries' (the Group) consolidated financial statements, comprising the consolidated balance sheet as of December 31, 2025, the consolidated statement on comprehensive income, the consolidated statement of changes in equity and the consolidated cash-flow statement for the fiscal year from January 1, 2025 through December 31, 2025, as well as the notes to the consolidated financial statements, including significant information on accounting methods. In addition, we have audited HOWOGE Wohnungsbaugesellschaft mit beschränkter Haftung's group management report for the fiscal year from January 1, 2025 through December 31, 2025. In accordance with German legal requirements, we have not audited the content of the management report sections referred to in the "Other Information" section of our auditor's report.

According to our assessment based on our audit's findings

- the attached consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards (hereinafter "IFRS Accounting Standards") as issued by the international Accounting Standards Board (IASB) as applicable in the EU and the supplementary German legal requirements applicable pursuant to Art. 315e (1) HGB and provide, by taking into account these requirements, a true and fair view of the Group's assets and financial position as of December 31, 2025 and of its profit situation for the fiscal year from January 1, 2025 through December 31, 2025; and
- the attached group management report as a whole provides a true and fair view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of the Group's future development. Our audit opinion on the management report does not extend to the content of the management report sections listed under "Other information."

Pursuant to Art. 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the consolidated financial statements' and the group management report's legal compliance.

Basis for our audit opinions

We have conducted our audit of the consolidated financial statements and of the group management report in accordance with Art. 317 HGB and the EU Audit Regulation (No. 537/2014, hereinafter referred to as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for the Audit of Financial Statements as issued by the German Institute of Certified Public Accountants (Institut der Wirtschaftsprüfer; "IDW"). Our responsibilities pursuant to these requirements and principles are further described in the section "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" in our auditor's report. We are independent from the Group companies in accordance with the requirements pursuant to European law as well as German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Furthermore, we declare in accordance with Article 10 Sec. 2 lit. f) of the EU Audit Regulation that we have not provided any non-audit services prohibited pursuant to Article 5 Sec. 1 of the EU Audit Regulation. We believe the audit evidence we have obtained is sufficient and appropriate in order to provide a basis for our audit opinions expressed on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from January 1, 2025 through December 31, 2025. These matters have been taken into account in connection with our audit of the consolidated financial statements as a whole, and in forming our audit opinion related herewith; we do not express a separate audit opinion on such matters.

1. Valuation of investment property

Facts and problem

In the Group's consolidated financial statements as of December 31, 2025, investment properties amounting to EUR 13,906.2 million (89.1 % of total assets) are recognized. These investment properties comprise income-generating land and buildings, development projects for residential and commercial

properties, and undeveloped land. The Group accounts for investment properties by applying the fair value model in accordance with IFRS 13, exercising the option provided under IAS 40.30. Accordingly, unrealized changes in fair value are recognized in profit or loss in subsequent measurement. In the financial year under review, unrealized fair value gains of EUR 395.3 million were recognized in the consolidated statement of comprehensive income.

As of the reporting date, the Group engaged an external appraiser to determine the fair value of income-generating land and buildings, development projects for residential and commercial properties, and undeveloped land. The fair values of income-generating properties are determined based on projected net cash inflows using a discounted cash flow (DCF) model. For development projects or properties where future development activities or total construction costs are decisive for the valuation, the residual value method is applied. The residual value is derived from expected revenues less the necessary costs for realization, financing, and development. Undeveloped land is generally valued based on standard land values using an indirect comparable approach.

The valuation of investment properties involves valuation-relevant parameters that are discretionary and subject to estimation uncertainty. Key valuation parameters include expected cash flows, assumed future vacancy rates, operating costs, and discount and capitalization rates. Even minor changes in these parameters may lead to significant changes in fair values. Therefore, these matters were of particular importance for our audit.

Audit approach and findings

As part of our audit, and with the involvement of our valuation specialists, we assessed, among other things, the methodology applied in the valuation. In this context, we evaluated whether the DCF model used to determine fair values complies with the conceptual requirements of the relevant valuation standards, including consistency with IAS 40 in conjunction with IFRS 13. In doing so, we also assessed the competence, capabilities, and objectivity of the external appraiser.

Based on this, we obtained an understanding of the internal controls in place at the Company and evaluated their appropriateness.

Subsequently, we performed audit procedures relating to the consistent application of valuation methodologies across the properties, the accuracy and completeness of the data used for the property portfolio, and the appropriateness of key valuation parameters such as expected cash flows (rental income), assumed vacancy rates, operating costs, and discount and capitalization rates. In addition, we performed analytical procedures and case-by-case reviews of significant value-driving parameters.

As part of our audit procedures, we performed benchmark calculations for income-generating properties based on the DCF method commonly used in the industry. For undeveloped land, we compared the valuation with observable market data based on standard land values (e.g., data from expert committees). For properties under development, our audit procedures were based on the residual value method.

In addition, we conducted site visits for a selected sample of properties in the form of external inspections.

The valuation methods applied by the parent company's legal representatives are appropriately designed and suitable for determining the relevant assets' fair values. The underlying assumptions appropriately reflect current market parameters.

Reference to further information

For further information on the valuation of investment properties, we refer to notes 5.1, 7.2, and 8.1 of the consolidated financial statements.

2. Accounting for the completion of new school construction projects

Facts and problem

In 2019, the State of Berlin entered into a framework agreement with the parent company for the implementation of construction and refurbishment measures in the school construction sector as part of the so-called "School Construction Initiative" of the State of Berlin. Currently, a total of 37 projects are planned (19 new school buildings, 11 school refurbishments, and up to 7 modular timber schools), of which 26 projects are currently in progress. The total financing volume amounts to approximately EUR 5.6 billion. As part of the framework agreement, the parent company is granted hereditary building rights (leasehold rights) to certain properties owned by the State of Berlin. By exercising these rights, the parent company constructs new school buildings on these properties and, upon completion, leases them to the State of Berlin for a minimum period of 25 years. To finance the construction phase, the parent company receives interim financing loans from Investitionsbank Berlin. Upon completion of the projects, the interim financing is converted into a long-term loan agreement.

Until completion of the respective projects, the new school buildings are recognized at cost under the balance sheet item "inventories," provided the lease agreement for the school qualifies as a finance lease within the meaning of IFRS 16 (December 31, 2025: EUR 489.9 million). Upon completion, the parent company recognizes revenue from the sale of the school building along with the recognition of a corresponding lease receivable. In the financial year, revenue of EUR 213.8 million was recognized

from the completion of school buildings. As of December 31, 2025, lease receivables of EUR 375.5 million were recognized.

The hereditary building rights must be considered together with the lease or user agreement in accordance with IFRS 16 and are not recognized separately, provided the term of the hereditary building right corresponds to the term of the user agreement.

With respect to the financing arrangements for the completed school buildings between the parent company and Investitionsbank Berlin, the lease payments – corresponding to debt service (interest and principal) – made by the State of Berlin are subject to an assignment agreement. This assignment results in a shortening of the payment chain and has no impact on the accounting treatment of the liability or the related expenses. The loans are fully serviced by the State of Berlin by the end of the initial lease term.

In our view, this matter was of particular importance for our audit due to the complex accounting issues arising from the completion of school buildings, particularly with respect to the accounting treatment of the user agreements and the assignment agreement related to the granted loans.

Audit approach and findings

As part of our audit procedures relating to the underlying model, we reviewed and evaluated the framework agreement with the State of Berlin regarding the School Construction Initiative, as well as the shareholder loan agreement and related contractual amendments. In addition, we conducted inquiries with the parent company's legal representatives and the employees designated by them.

With respect to the schools completed in 2025, we reviewed the hereditary building right agreements, project agreements, assignment agreements, loan agreements, lease agreements (including amendments), and the determination of fair value at completion. We evaluated the related accounting memoranda prepared on this basis, with the involvement of our specialists.

As part of our audit procedures, we assessed whether the criteria for a finance lease under IFRS 16.63 are met and evaluated the accounting treatment of the hereditary building rights. With regard to the hereditary building rights not recognized, we assessed whether the parent company's assumption that the lease term and the term of the hereditary building right are identical is appropriate.

Furthermore, we evaluated the potential accounting effects of the assignment agreement. With the involvement of our specialists, we assessed the Company's legal analysis, according to which the arrangement merely represents a shortening of payment flows and does not meet the criteria for offsetting or derecognition.

In conclusion, the accounting policies selected by the legal representatives for the recognition of new school construction projects are, in our view, appropriate overall.

Reference to further information

The Company's disclosures regarding new school construction projects are included in notes 5.2, 5.6.2, 5.13.2, 7.1.2, 7.2, 8.5.2, 8.12, 8.13, and 10 of the consolidated financial statements.

Other information

The legal representatives are responsible for the other information. The other information includes the following components of the management report, which have not been reviewed for content:

- Section "2.2.3 Statement on Corporate Governance" of the group management report,
- the non-financial statement contained in Section "3 Sustainability Statement" of the group management report, which complies with Arts 289b through 289e of the German Commercial Code (HGB).

Our audit opinions on the consolidated financial statements and on the group management report do not cover other information, and consequently we do not express an audit opinion or any other form of audit conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, to assess whether the other information

- is materially inconsistent with the consolidated financial statements, with the management report's disclosures which have been reviewed for content or
- our knowledge obtained during the audit, or otherwise seems to have been materially misstated.

Legal representatives' and Supervisory Board's responsibilities for the consolidated financial statements and the group management report

The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as applicable in the EU and the supplementary German legal requirements applicable pursuant to Art. 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, provide a true and fair view of the Group's net assets, financial position, and profit situation. Furthermore, the legal representatives

are re-sponsible for such internal controls they have determined as being necessary in order to provide for the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud (i.e., manipulation of accounting and property damage) or error.

Furthermore, the legal representatives are responsible for the preparation of the group management report that, as a whole, provides a true and fair view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of the Group's future development. Furthermore, the legal representatives are responsible for such precautions and measures (systems) they have deemed necessary in order to provide for the preparation of a group management report that is in accordance with applicable German legal requirements, and in order to provide sufficiently appropriate evidence for the statements contained in the group management report.

The Supervisory Board is responsible for monitoring the Group's financial reporting process for the preparation of the consolidated financial statements and the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and the group management report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from any material misstatements, whether due to fraud or error, and whether the group management report as a whole presents a true and fair view of the Group's position and is, in all material respects, consistent with the consolidated financial statements and the knowledge obtained during our audit, complies with German legal requirements and appropriately presents the opportunities and risks of the Group's future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Art. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for the Audit of Financial Statements as issued by the IDW will always detect any material misstatement. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and the group management report.

We exercise professional judgment and maintain professional skepticism throughout the entire audit.

We also:

- identify and assess the risks of material misstatements in the consolidated financial statements and the group management report, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting any material misstatement resulting from fraud is higher than the risk of not detecting any material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- obtain an understanding of the internal controls relevant for the audit of the consolidated financial statements and of precautions and measures relevant for the audit of the group management report in order to plan audit procedures being appropriate under the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these internal controls of the Group or of these precautions and measures;
- evaluate the appropriateness of accounting methods applied by the legal representatives and the reasonableness of estimates made by the legal representatives as well as the related disclosures;
- draw conclusions on the appropriateness of the going concern principle applied by the legal representatives and, based on the audit evidence obtained, whether there is a material uncertainty in connection with events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements provide, by taking into account IFRS Accounting Standards as applicable in the EU and the supplementary German legal requirements applicable pursuant to Art. 315e (1) HGB, a true and fair view of the Group's assets, liabilities, financial position and profit situation;
- plan and perform the audit of the consolidated financial statements to obtain sufficiently appropriate audit evidence regarding the financial information of the entities or business

activities within the Group as a basis for forming the audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions

- evaluate the combined management report's consistency with the consolidated financial statements, its conformity with German law, and its presentation of the Group's position;
- perform audit procedures in connection with the prospective information presented by the legal representatives in the group management report. On the basis of sufficiently appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the underlying assumptions. There is a substantial unavoidable risk that future events will differ significantly from the prospective information.

We discuss with the supervisors, inter alia, the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal controls we identify during our audit.

We also provide the supervisors with a declaration that we have complied with the relevant independence requirements and discuss with them all relationships and other circumstances that may reasonably be expected to affect our independence as well as the related measures taken in order to eliminate any risks to our independence or protective measures taken in this regard, if applicable.

From the circumstances discussed with the supervisors, we determine those matters that were of most significance during the audit of the consolidated financial statements for the current reporting period and therefore constitute key audit matters. We describe these circumstances in our auditor's report unless the circumstance's public disclosure should be precluded by any law or other regulation.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Other information pursuant to Article 10 EU Audit Regulation

We were elected as group auditors by the shareholders' meeting on August 18, 2025. We were engaged by the Supervisory Board on October 20, 2025. We have served as HOWOGE Wohnungsbaugesellschaft's auditors without interruption since the 2025 fiscal year.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 EU Audit Regulation (audit report).

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Dr. Dominic Sommerhoff.

Berlin, March 24, 2026

Baker Tilly GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft

Dr. Dominic Sommerhoff

German CPA

Patrick Franke

German CPA

INDEPENDENT AUDITOR'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT ON THE GROUP SUSTAINABILITY STATEMENT OF HOWOGE WOHNUNGSBAUGESELLSCHAFT, BERLIN MIT BESCHRÄNKTER HAFTUNG FOR THE FINANCIAL YEAR FROM JANUARY 1, 2025 THROUGH DECEMBER 31, 2025

To HOWOGE Wohnungsbaugesellschaft mit beschränkter Haftung, Berlin

Assurance conclusion

We have performed a limited assurance engagement on the Group sustainability statement of HOWOGE Wohnungsbaugesellschaft mit beschränkter Haftung, Berlin (hereinafter the "Company"), included in the Group management report's "Sustainability Statement" section, for the financial year from January 1, 2025 to December 31, 2025. The Group sustainability statement has been prepared to comply with the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 (Corporate Sustainability Reporting Directive, CSRD), Article 8 of Regulation (EU) 2020/852, and Art. 315b and 315c of the German Commercial Code (HGB) relating to a non-financial group statement.

Based on the procedures performed and the evidence obtained, we have not become aware of any facts causing us to believe that the accompanying Group sustainability statement has not been prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, Art. 315b and 315c HGB relating to a non-financial group statement, as well as the more specific criteria presented by the Company's legal representatives. This assurance conclusion also includes that we have not become aware of any facts causing us to believe:

- that the attached Group sustainability statement is not in compliance, in all material respects, with the European Sustainability Reporting Standards (ESRS), taking into account the "Quick Fixes" published on July 11, 2025, including that the process performed by the Company in order to identify the information to be included in the Group sustainability statement (the materiality assessment) does not comply, in all material respects, with the description set out in the "Sustainability Statement" section; or
- that the disclosures presented in the sustainability statement's "EU Taxonomy" section do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

Basis for the assurance conclusion

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB).

In a limited assurance engagement, the nature and timing of the procedures performed differ from, and are less extensive than, those performed in a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the section "Auditor's responsibilities for the assurance engagement on the group sustainability statement."

We are independent of the Company in accordance with European law as well as German commercial and professional regulations, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit practice applies the requirements of the quality management system set out in the IDW Quality Management Standard: Requirements for Quality Management in the Audit Practice (IDW QMS 1 (09.2022)) issued by the Institute of Public Auditors in Germany (IDW), as well as the International Standard on Quality Management (ISQM 1) issued by the IAASB. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibilities of the legal representatives and the Supervisory Board for the group sustainability statement

The legal representatives are responsible for the preparation of the group sustainability statement in accordance with the requirements of the CSRD, the relevant German statutory provisions and other applicable European regulations, as well as the more specific criteria presented by the Company's legal representatives. The legal representatives are also responsible for the design, implementation, and maintenance of internal controls they consider necessary to enable the preparation of a group sustainability statement in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e., manipulation of the Group sustainability statement) or error.

This legal representatives' responsibility includes establishing and maintaining the materiality assessment process, selecting and applying appropriate methods for preparing the group

sustainability statement, and making assumptions, estimates, and determining forward-looking information relating to individual sustainability disclosures.

The Supervisory Board is responsible for overseeing the process of preparing the group sustainability statement.

Inherent limitations in the preparation of the group sustainability statement

The CSRD, as well as the applicable German statutory and other European regulations, contain wording and terms that are subject to considerable interpretive uncertainty and for which no authoritative, comprehensive interpretations have yet been published. The legal representatives have made interpretations of such wording and terms in the group sustainability statement. The legal representatives are responsible for the appropriateness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the compliance of measurements or assessments of sustainability matters based on these interpretations is uncertain. The quantification of non-financial performance indicators disclosed in the group sustainability statement is also subject to inherent uncertainties.

These inherent limitations also affect the assurance engagement for the group sustainability statement.

Auditor's responsibilities for the assurance engagement on the group sustainability statement

Our objective is to express, based on the procedures we have performed, a limited assurance conclusion as to whether we have become aware of any matters causing us to believe that the group sustainability statement has not been prepared, in all material respects, in accordance with the CSRD, the relevant German statutory provisions and other applicable European regulations, as well as the more specific criteria presented by the Company's legal representatives, and to issue an assurance report that includes our conclusion on the group sustainability statement.

In a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- obtain an understanding of the process applied to prepare the group sustainability statement, including the Company's materiality assessment process used to identify the disclosures to be included in the sustainability statement;

- identify disclosures where the risk of material misstatement due to fraud or error is likely, and plan and perform procedures to address those disclosures and to obtain limited assurance to support our conclusion. The risk of not detecting any material misstatement resulting from fraud is higher than the risk of not detecting any material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. In addition, the risk of not detecting any material misstatement in information from the value chain – originating from sources not under the Company’s control – is generally higher than the risk of not detecting a material misstatement in information from sources under the Company’s control, as both the Company’s legal representatives and we as auditors are typically subject to limitations in direct access to such value chain information;
- evaluate forward-looking information, including the reasonableness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the procedures performed by the auditor

A limited assurance engagement involves performing procedures to obtain evidence about the Group sustainability information. The nature, timing, and extent of the procedures selected are subject to our professional judgment.

In performing our limited assurance engagement, we:

- obtained an understanding of the process for performing the double materiality assessment and evaluated whether the requirements of the ESRS in this regard are met;
- evaluated the overall suitability of the criteria presented by the legal representatives in the group sustainability statement;
- made inquiries of the legal representatives and relevant employees involved in the preparation of the group sustainability statement regarding the preparation process, including the Company’s materiality assessment process used to identify the disclosures to be included in the Group sustainability statement, as well as the related internal controls;
- assessed the risks of material misstatement in the group sustainability statement;
- evaluated the methods applied by the legal representatives to prepare the group sustainability statement;
- assessed the reasonableness of the estimates made by the legal representatives and the related disclosures;

- performed analytical procedures and inquiries on selected information in the sustainability statement;
- reconciled selected disclosures with the corresponding information in the group sustainability statement and the group management report;
- obtained external confirmations from lawyers and tax advisors for selected social and governance matters as part of the audit of the consolidated financial statements;
- evaluated forward-looking disclosures;
- assessed the presentation of information in the group sustainability statement;
- evaluated the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the related disclosures in the group sustainability statement.

Restriction on use of the report

This report is addressed to and intended for the sole use by HOWOGE Wohnungsbaugesellschaft mit beschränkter Haftung. We emphasize that the engagement was performed for the purposes of the Company and that this report is intended only to inform the Company about the results of the engagement. Accordingly, it may not be suitable for any other purpose. We do not assume any responsibility toward third parties.

The engagement under which we performed the services described above for the Supervisory Board of HOWOGE Wohnungsbaugesellschaft mit beschränkter Haftung was based on the General Engagement Terms for German Public Auditors and Public Audit Firms as amended January 1, 2024 (*Allgemeine Auftragsbedingungen für Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften in der Fassung vom 1. Januar 2024*). By taking note of and using the information contained in this report, each recipient confirms that they have taken note of these terms and agrees to their applicability in relation to us.

Berlin, March 24, 2026

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Dr. Dominic Sommerhoff

German CPA

Katharina Engels

German CPA