

STATE OF BERLIN - INVESTOR PRESENTATION

April 2024

BERLIN





Table of Contents

Executive Summary	
01	Berlin - Political and Cultural Centre
02	Economy - Dynamic Growth
03	State Budget - Fiscal Sustainability
04	Capital Markets - Professional Financial Management

Executive Summary

01 State of Berlin - Political and Cultural Centre

- Capital City and Federal State
- Cluster of excellence with worldwide renowned top universities
- Strong attractive force for young professionals

02 Economy - Dynamic Growth

- GDP (2023): EUR 193.2bn
- GDP growth (2023): +1.6%
- Centre of the German start-up landscape

03 State Budget - Fiscal Sustainability

- 2023: Lower financing deficit than planned
- High investment quota
- Stabilisation of debt ratio

04 Capital Markets - Professional Financial Management

- Reliable benchmark issuer on the capital markets
- Excellent credit rating by three rating agencies
- Inaugural sustainability bond in February 2023

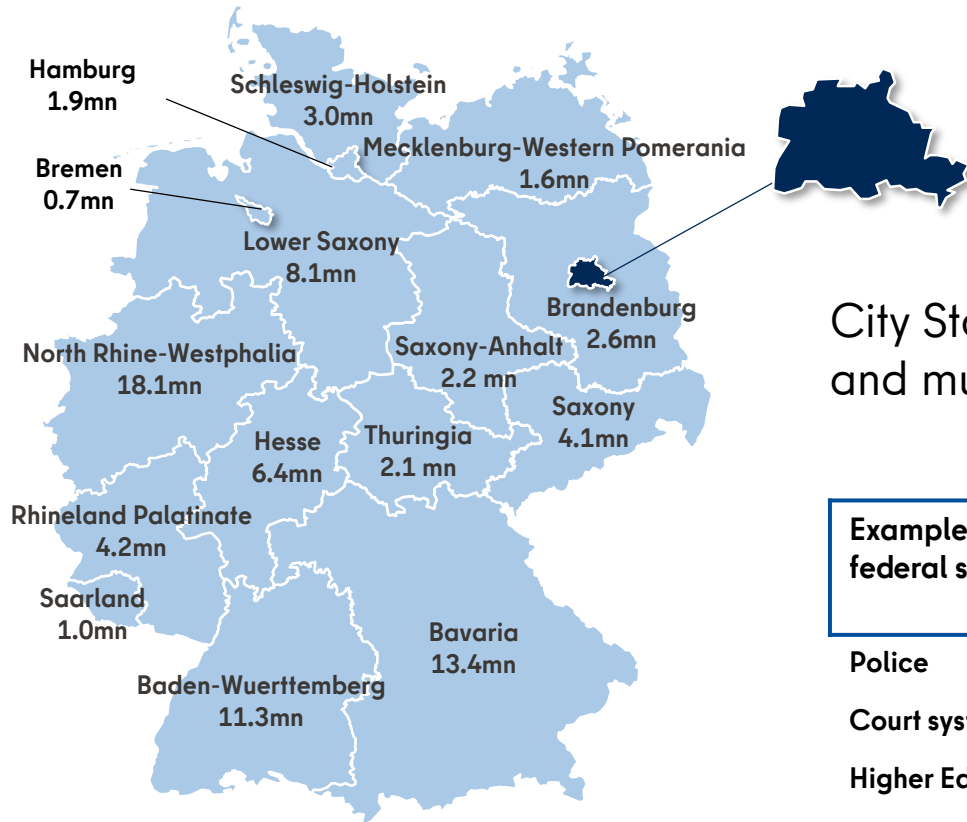


01

BERLIN - POLITICAL AND CULTURAL CENTRE

Berlin

Capital City and Federal State



Fact Sheet

Population: 3.78mn
(+473,000 since 2011)

- Second youngest population of all federal states

Structure: 12 city districts with 96 localities

Area: 891 km²

- Water surface: 58.9 km²
- Forest area: 157.8 km²

Examples of federal state tasks	Examples of municipal tasks
Police	Civil registry office
Court system	Kindergarden
Higher Education	Social and youth assistance

Berlin

Political and Cultural Centre

- Political decision-making centre with seat of the Federal Government, the German Parliament and the Federal Council
- Science and research landscape with four universities, 11 public and 30 private universities of applied sciences
- Embassies and consulates of 159 nations
- Main cultural location and tourist destination



© Wolfgang Scholvien



© Wolfgang Scholvien



© Wolfgang Scholvien



02

ECONOMY - DYNAMIC GROWTH

Economy

GDP Growth above the National Average

GDP (2023)

- With EUR 193.2bn share of 4.7% of German GDP
- 2023 third strongest GDP growth rate in Germany - as a service hub, less affected by increases in energy costs
- Average annual GDP growth of 2.67% from 2013 to 2023 (Germany: 1.09%)

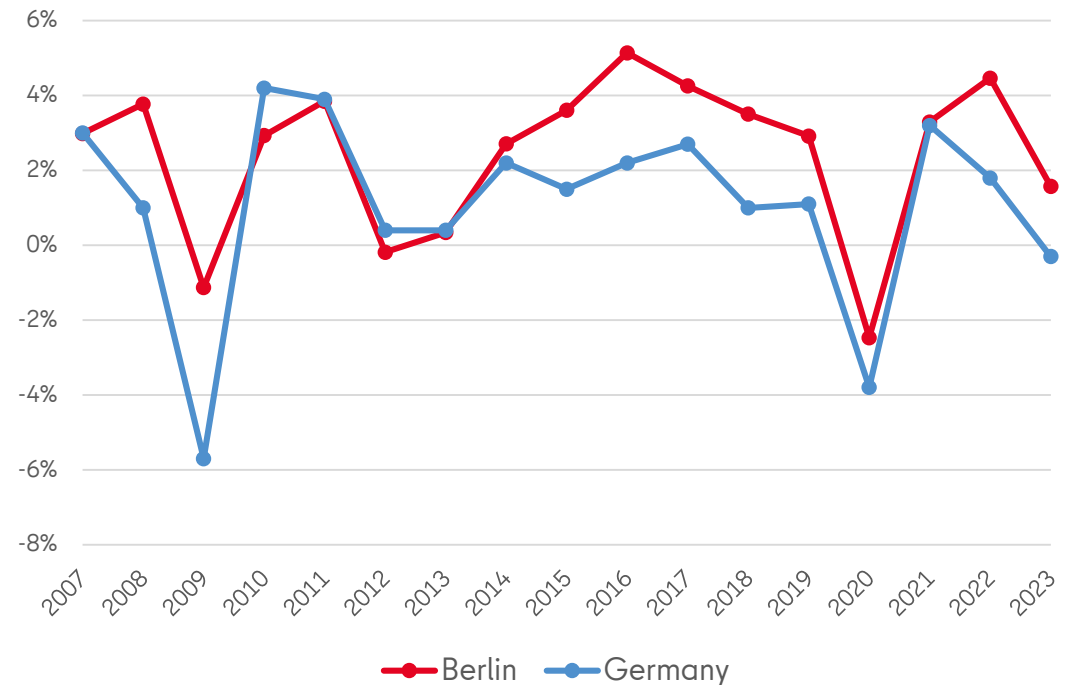
GDP per capita (2023)

- EUR 51,209 (Germany: EUR 48,750)
- Higher than the national average since 2019

GDP growth (2023)

- Berlin: +1.6%
- Germany: -0.3%

Annual growth rate of GDP

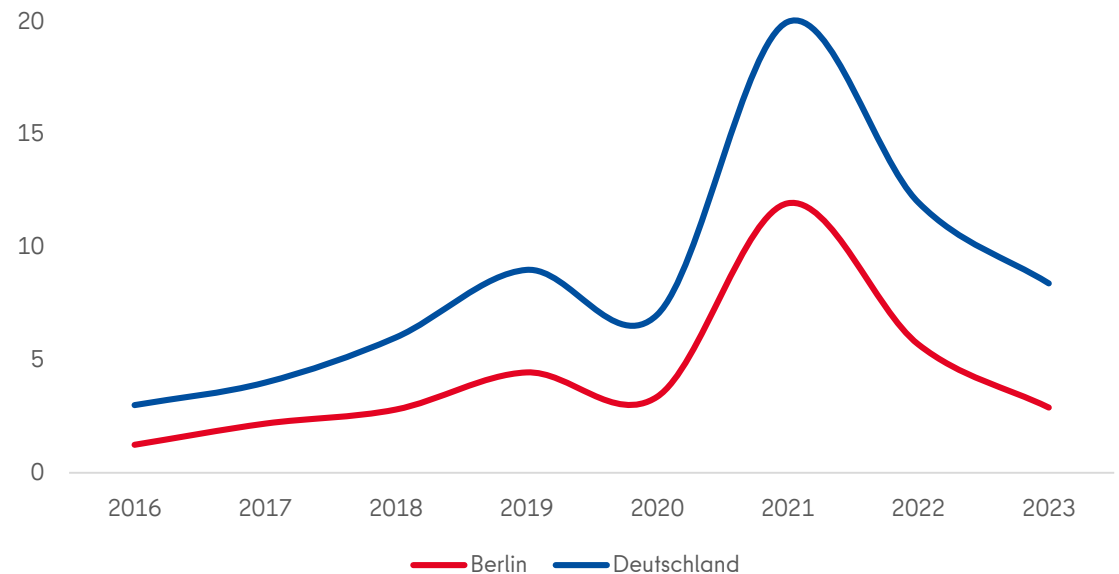


Economy

Outstanding Start-up Development

- Top position in a comparison of the Federal States with 35% of newly invested capital in 2023
- Approx. 270 new start-ups founded in 2023
- Berlin colleges and universities as nucleus for start-ups (universities of excellence)
- Support for the start-up scene through venture capital from IBB Ventures which is part of Berlin's state owned development bank
- 59 of the top 100 start-ups in Germany are based in Berlin

Annual investment in Berlin start-ups
in \$ billion



Economy

58 State-Owned Companies - The State as an Economic Player (1)

Diversified investment portfolio for public services of general interest - from housing to transport to healthcare

Cumulated key figures according to the shareholding quota (2022)

- Annual result: EUR 781mn
- Capital expenditure: EUR 6,114mn
- Employees in FTE: 56,174

[Report on state-owned companies 2023](#)

IBB Unternehmensverwaltung AöR

Largest asset: Investitionsbank Berlin AöR

- Development Bank of the State of Berlin
- Housing construction and real estate promotion, business promotion (focus on SMEs) and labour market promotion

Annual result (2022): EUR 20.77mn

Berliner Verkehrsbetriebe (BVG) AöR

- Main area of business: Local public transport services
- An average of approx. 2.7 million journeys per day
- One of the central focuses of climate protection in Berlin

Annual result (2022): EUR 3.43mn

Economy

58 State-Owned Companies - The State as an Economic Player (2)

Berlin Energie und Netzholding GmbH (BEN)

- Owner of Stromnetz Berlin GmbH (electricity grid) since 2021
- Investments in 2022: ~ EUR 285mn

Annual result (2022): EUR 20.04mn

Berliner Wasserbetriebe AöR

- Berlin's water supply and the discharge and treatment of wastewater
- Generation and supply of electricity, gas and heat by its subsidiary Berliner Stadtwerke

Annual result (2022): EUR 277.19mn

Flughafen Berlin Brandenburg GmbH

- 2022/2023: Early redemption of bank loans
- 2024/2025: No equity injections by the shareholders
- 2026: Achievement of capital market viability under the condition of the last capital injection by the shareholders of EUR 660mn
- 2027/2028: Expected achievement of the consolidated profit threshold

Annual result (2022): EUR -90.07mn

State-owned housing companies

- Six housing companies: Total portfolio of 356,790 flats
- Newly completed flats in 2022: 5,969
- Launch of 84 new construction projects in 2021/2022 for the construction of 9,351 new flats

Accumulated annual results (2022): EUR 313.92mn

Economy

Socialisation - Status of the Debate

Referendum 2021 "Expropriation of Deutsche Wohnen & Co"

- Approval with 57.6% of the votes cast
- Referendum on a resolution – Berlin Senate and House of Representatives not legally bound by the referendum (Art. 62 (1) Berlin Constitution)

Expert committee

- Socialisation is constitutionally possible

Preparatory work for the Socialisation Framework Act

- Development of general criteria for the socialisation of public service companies

Evaluation of the Berlin Court of Audit

- Financial viability of a socialisation depends on the amount of compensation
- Socialisation with reduction or de-dynamisation of rents only in the case of compensation far below the market value or high subsidies from the state budget

[*Final report of the expert committee*](#)

[*Report of the Berlin Court of Audit*](#)

Economy

Excellent Science and Research Environment



© WISTA-MANAGEMENT GMBH

Science City Adlershof

- Germany's biggest science and technology park (Revenue 2022: EUR 3.6bn)
- 1,270 companies and scientific institutions with 28,000 employees and 90 global market leaders

Berlin TXL - The Urban Tech Republic

- In development: Research and industrial park for up to 1,000 companies from the urban technology sector



© Tegeli-Projekt GmbH



© press.siemens.com

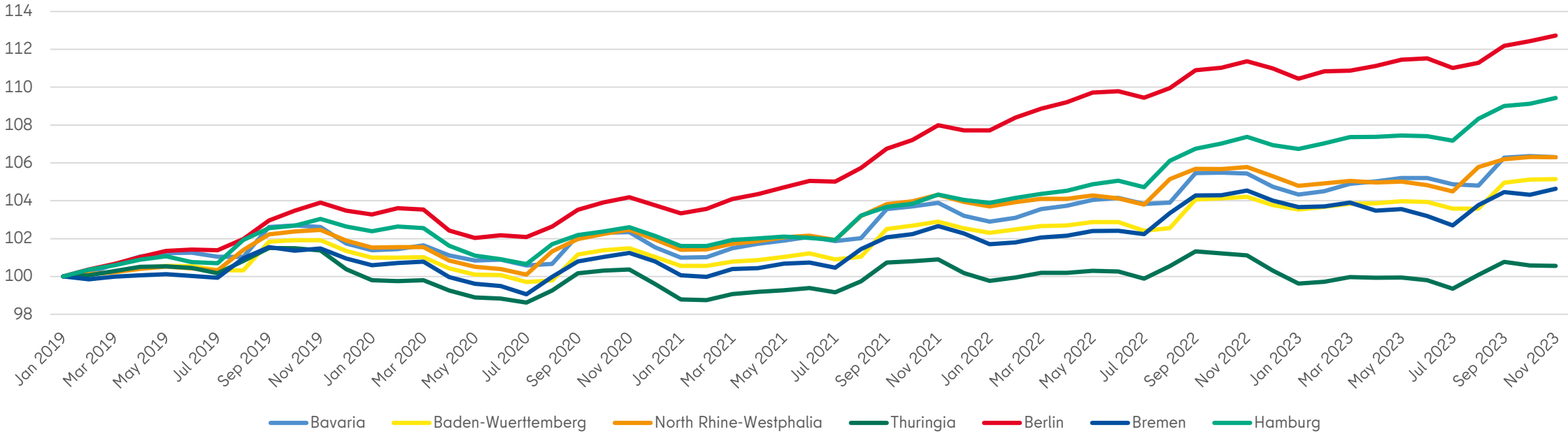
Siemensstadt Square

- Future address for start-up companies, research laboratories and high-tech manufacturing plants
- Planned investments up to EUR 600mn
- Re-commissioning of the Siemens railway by 2030

Economy

Strong Labour Market

Growth of the working population which is subject to social security contributions (Federal States)





03

STATE BUDGET - FISCAL SUSTAINABILITY

State Budget

Financial Balances Year-on-Year

Consolidation phase

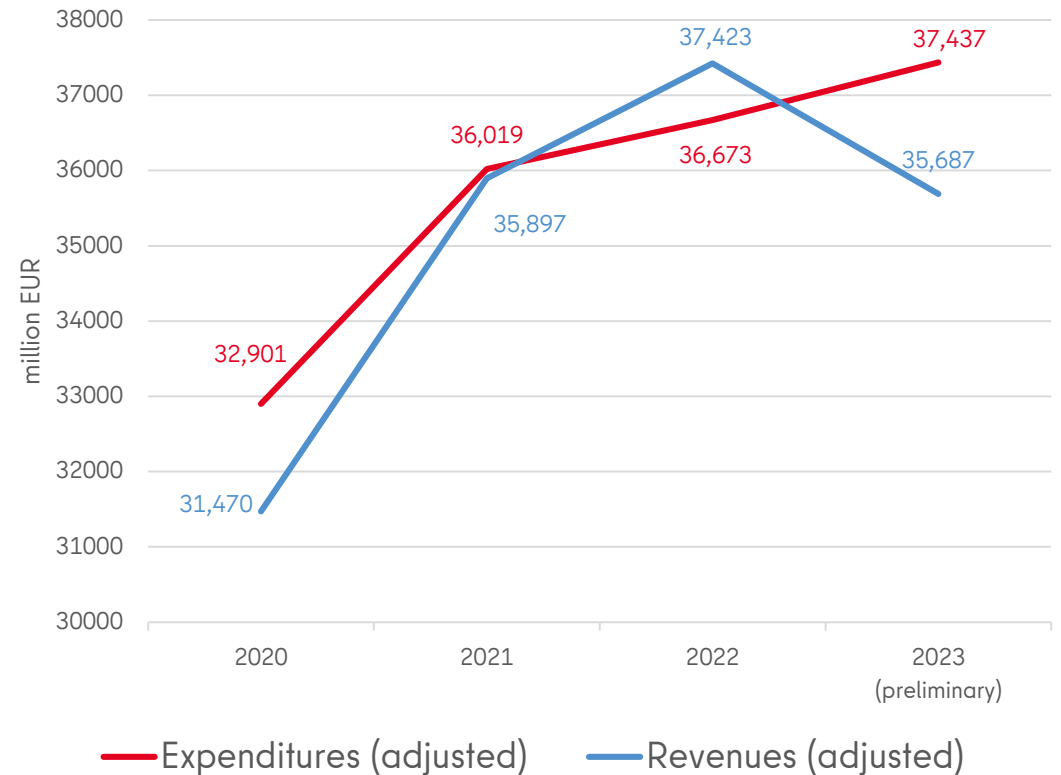
- Total financing surplus from 2012 to 2019: EUR 5,694mn

Years of crisis

- Increasing expenditure due to the crisis
- Deficit totaling EUR 1,553mn during the 2020 and 2021 pandemic years

Budget policy faces challenges

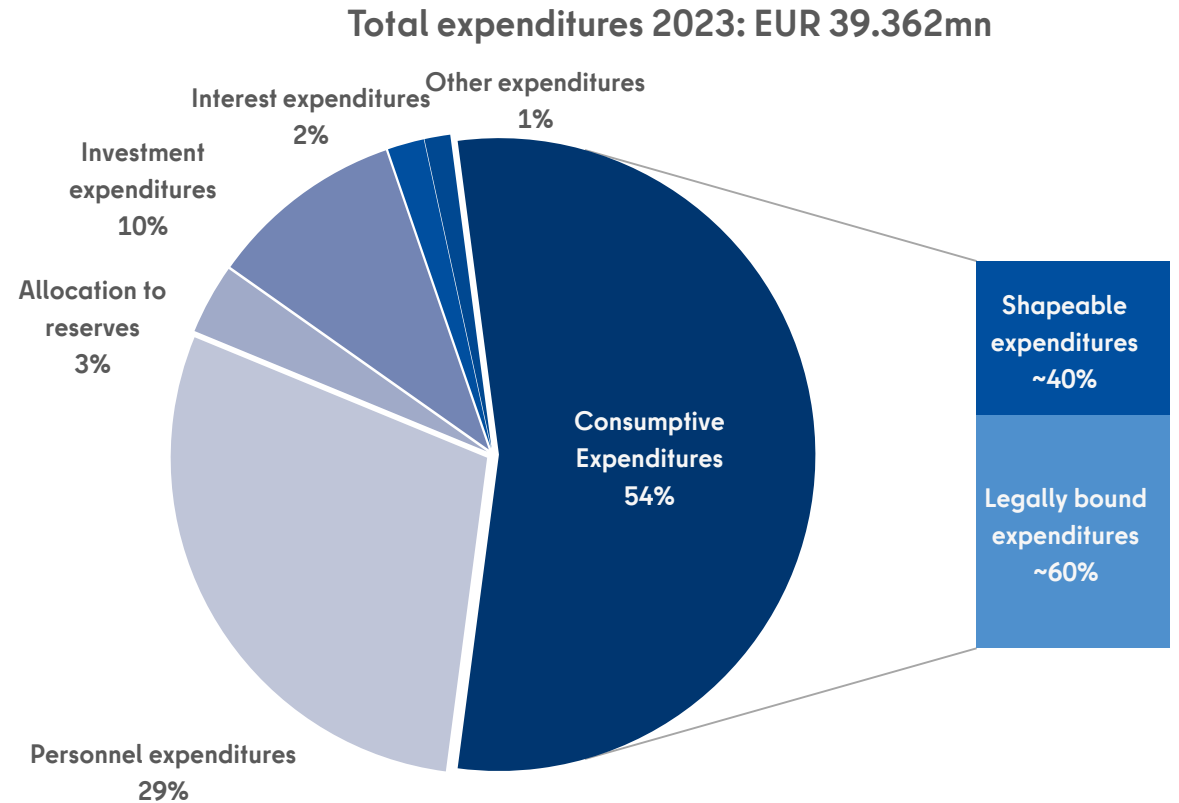
- Financing surplus in 2022: EUR 750mn
- Use of reserves in 2023



State Budget

Structure of Expenditures 2023 (preliminary)

Expenditures	Actual Figures 2023 (EUR mn)
Consumptive expenditures	21,313
Personnel expenditures	11,463
Investment expenditures	3,910
Interest expenditures	736
Expenditures (adjusted)	37,437
Allocation to reserves	1,405
Others	520
Total	39,362

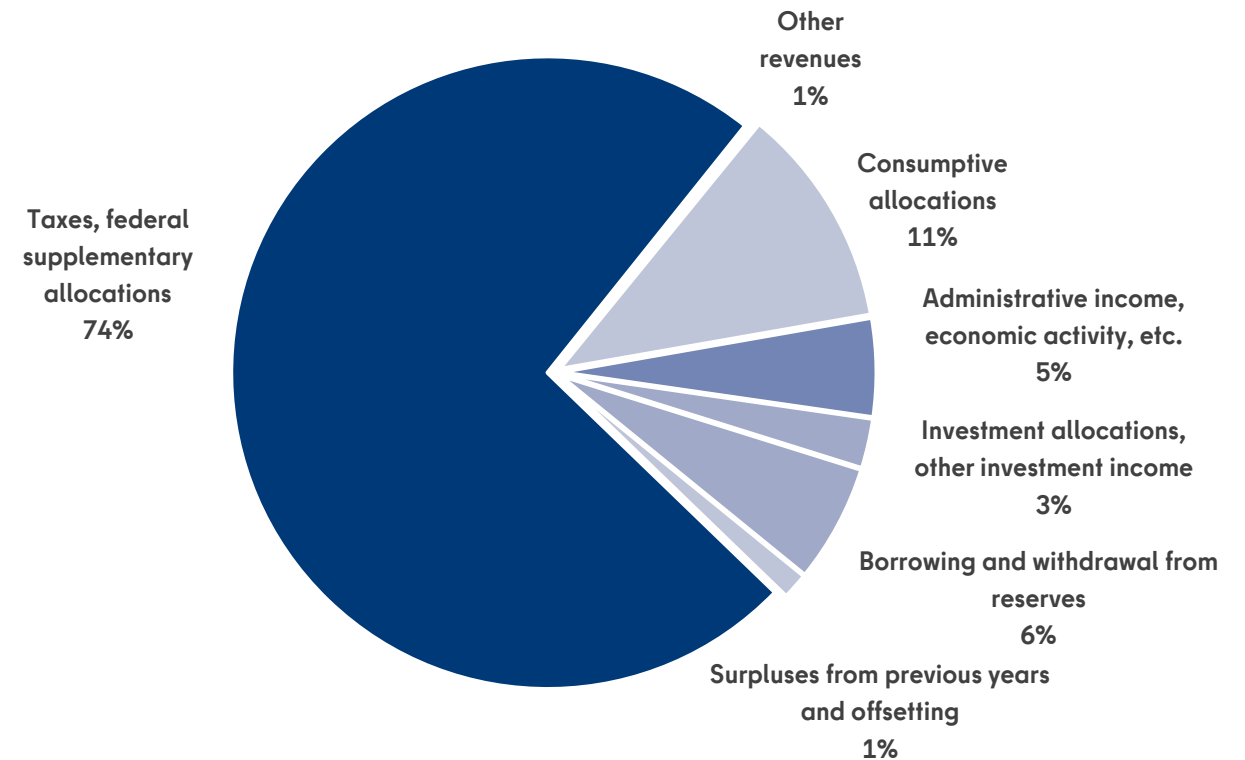


State Budget

Structure of Revenues 2023 (preliminary)

Revenues	Actual Figures 2023 (EUR mn)
Taxes, federal supplementary allocations	28,332
Consumptive allocations	4,378
Administrative income, economic activity, etc.	1,942
Investment allocations, other investment income	982
Other revenues	54
Revenues (adjusted)	35,687
Borrowing and withdrawal from reserves	2,328
Surpluses from previous years and offsetting	521
Gesamt	38,536

Total expenditures 2023: EUR 38,536mn



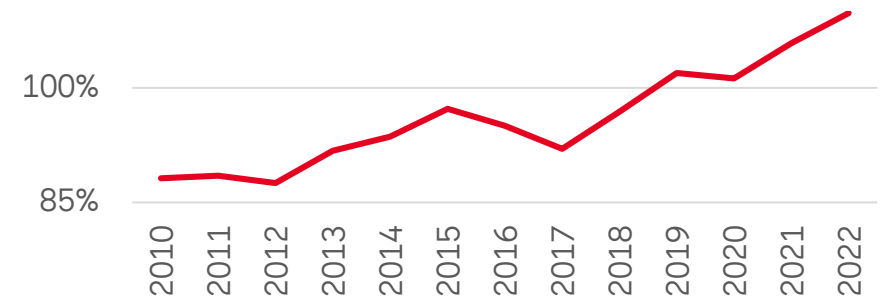
State Budget

Federal Equalisation System

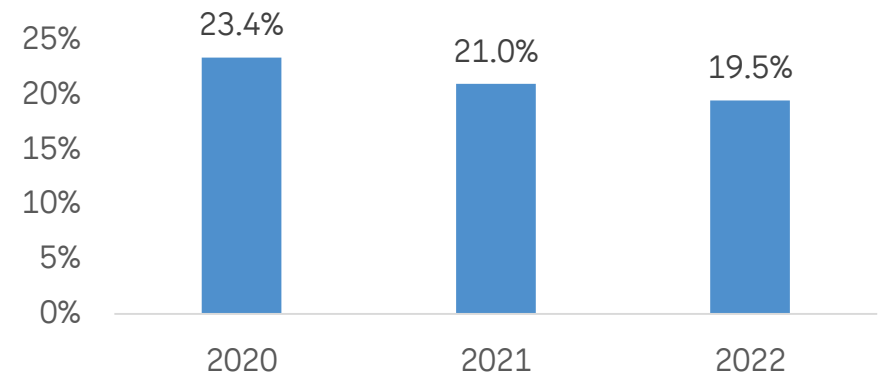
Federal equalisation system and federal supplementary funds

- System to provide equal standards of living throughout the country by distributing VAT and supplementary funds depending on the financial strength of a Federal State
- Special population weighting of 135% in the three city states of Berlin, Bremen and Hamburg (§ 9 (2) and (3) Financial Equalisation Act)
- Berlin's tax strength has been above average for state taxes since 2019 (2022: 109.8%)

Steady growth in Berlin's fiscal strength

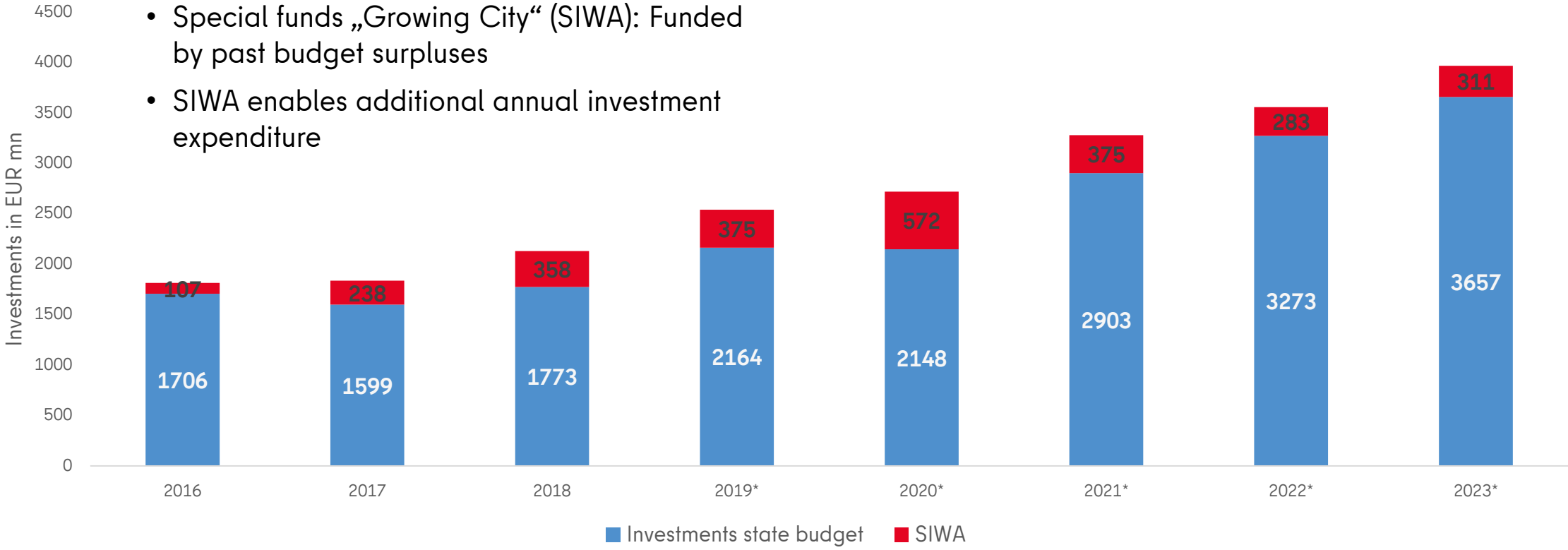


Berlin's declining share of the total volume of financial equalisation



State Budget

Growth in Investment Expenditures

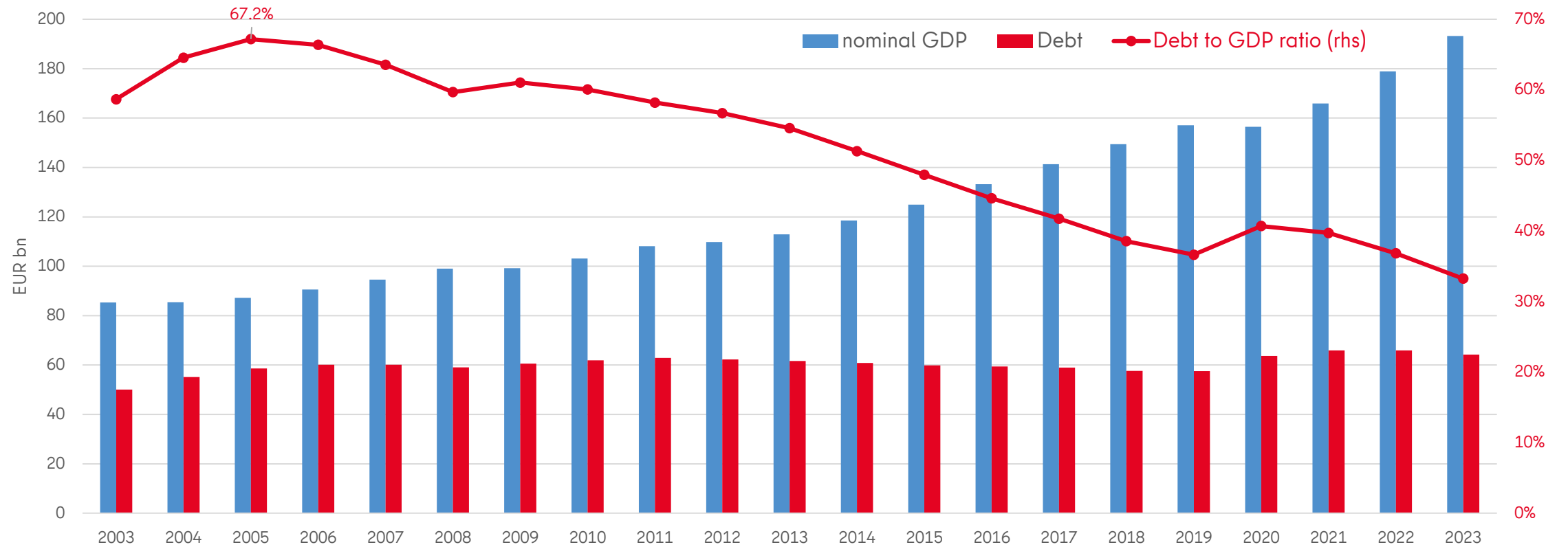


*adjusted for allocations to the special assets SIWA and school construction financing fund



State Budget

GDP-Growth and Debt Development





04

CAPITAL MARKETS - PROFESSIONAL FINANCIAL MANAGEMENT

Capital Markets

General Conditions and Financing Instruments

Annual funding volumes

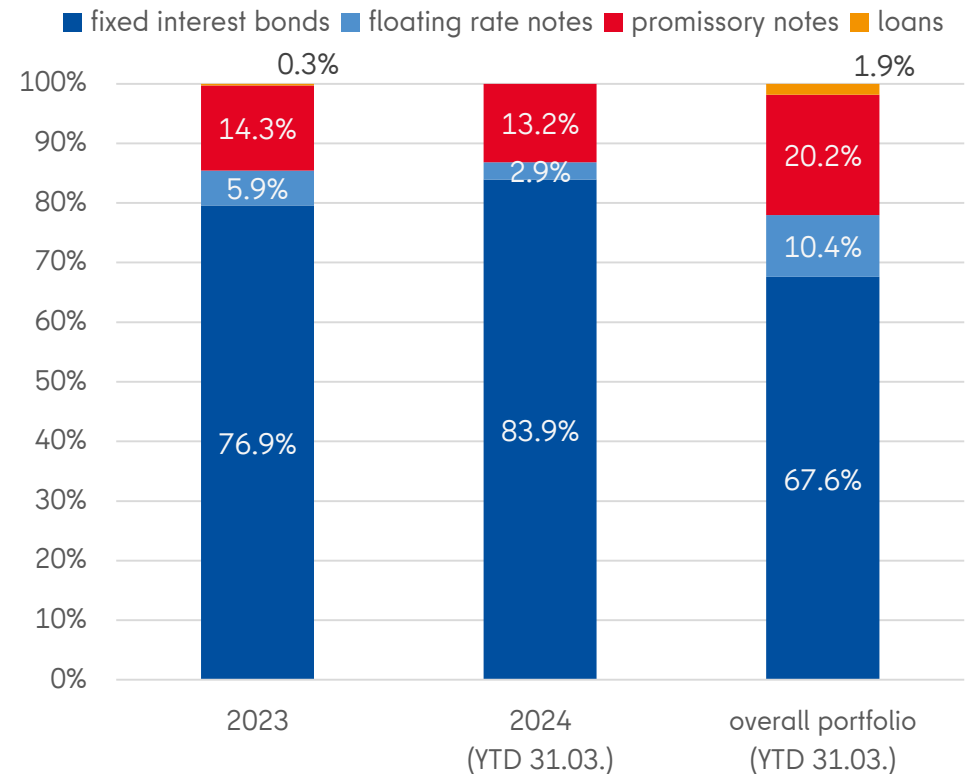
- 2023: EUR 5,122mn
- 2024: Approx. EUR 9,675mn planned

Excellent credit rating - three issuer ratings with stable outlook

- [AAA from Fitch Ratings](#)
- [Aa1 from Moody's](#)
- [AAA from Scope Ratings](#)

0% risk weighting in most European countries

Bonds qualify as a **Level 1 asset** for the Liquidity Coverage Ratio (LCR)



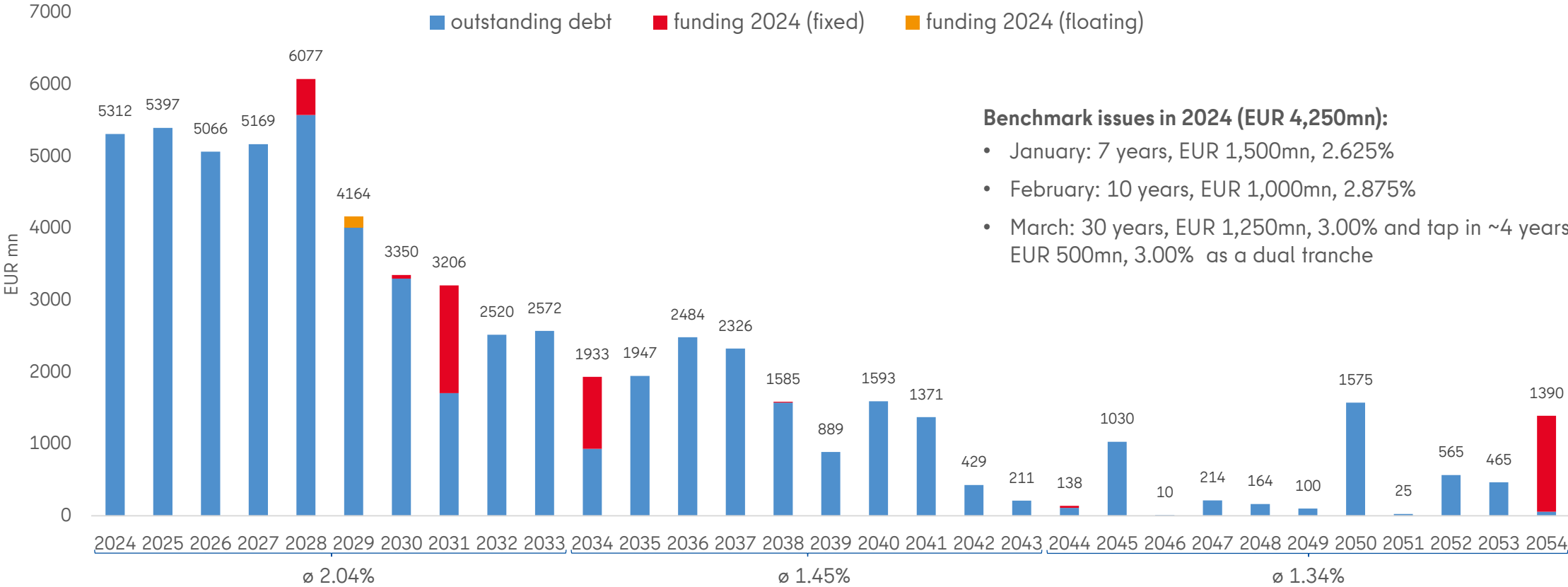
Capital Markets

Funding Requirements in 2024

Budget year 2024 (as at 31 March 2024)	EUR mn
Funding requirements from maturing loans for refinancing 2024 (§2 (2) Budget Act 2024/25)	5,323.9
Net new borrowing from financial transactions (§2 (1) Budget Act 2024/25)	1,656.0
Residual borrowing budget year 2023	1,215.6
plus expected change in the portfolio of internal loans (§2 (4) and § 2 (5) Budget Act 2024/25)	1,491.4
Gross borrowing authorisation 2024	9,686.9
less actual borrowing as at 31 March 2024 (53% of €9,675.1mn)	-5,124.0
Remaining gross borrowing in the budget year (47% of €9,675.1mn)	4,551.1

Capital Markets

Maturity Profile (as of March 31, 2024)



Benchmark issues in 2024 (EUR 4,250mn):

- January: 7 years, EUR 1,500mn, 2.625%
- February: 10 years, EUR 1,000mn, 2.875%
- March: 30 years, EUR 1,250mn, 3.00% and tap in ~4 years, EUR 500mn, 3.00% as a dual tranche



Capital Markets

Benchmark Bonds

as of March 31, 2024

Currently 98 outstanding bonds with a total volume of EUR 49.6bn

- Predominantly denominated in euros
- [25 Benchmark bonds](#) with a volume \geq EUR 1,000mn

Overall debt at Dec. 31, 2023: EUR 64.2bn

- Average term to maturity: 8.15 years
- Average nominal interest rate: 1.77%

Issue	ISIN	Volume in EUR mn	Coupon	Maturity
487	DE000 A168015	1,300	0.625%	20.03.2026
493	DE000 A2AAPL9	1,500	0.625%	08.02.2027
517	DE000 A2NB9Y6	1,500	0.010%	18.05.2027
548	DE000 A3MQYR7	1,500	3.000%	04.05.2028
509	DE000 A2E4EE4	1,500	0.625%	05.02.2029
547	DE000 A3MQYQ9	1,500	2.875%	05.04.2029
514	DE000 A2NB9V2	1,250	0.100%	18.01.2030
520	DE000 A289K63	1,400	0.010%	02.07.2030
552	DE000 A351PH0	1,500	2.625%	24.01.2031
488	DE000 A168023	1,500	1.000%	19.05.2032
505	DE000 A2E4EA2	1,550	1.300%	13.06.2033
518	DE000 A2NB9Z3	1,150	0.125%	04.06.2035
490	DE000 A2AAPH7	1,500	0.625%	25.08.2036
495	DE000 A2AAPM7	1,550	1.375%	05.06.2037
521	DE000 A289K71	1,500	0.050%	06.08.2040
530	DE000 A3H2Y08	1,250	0.100%	18.01.2041
524	DE000 A289LA6	1,500	0.350%	09.09.2050
556	DE000 A351PM0	1,250	3.000%	13.03.2054

Capital Markets

Most Important Current Sustainability Activities

Affordable Housing

The State of Berlin as a social landlord:

- Maximum annual rent increase of 2.9 % and maximum ratio of income to rent for low-income households with a housing authorisation certificate (WBS)
- 63 % of all re-lettings are to low-income households with a housing authorisation certificate (minimum quota for new builds of 50%)
- Retention requirement: Profits of state-owned social housing companies must be used for new construction, the purchase of flats and portfolio maintenance
- Issue of social bonds to finance the construction of new affordable housing by Gewobag and IBB

Mobility Transition (public transport)

For better and emission-free buses and trains, Berlin is increasing the annual public transport subsidy to €2.1 billion by 2028 (+90%)

- Decarbonisation of bus operations by 2030 through e-buses
- 340 additional underground carriages by 2035
- 139 additional trams by 2035
- 80 km of new tram lines by 2035 as well as new suburban and underground railway connections

Energy and Heat Transition

Investments in the decarbonisation of electricity generation and heat supply as key building blocks for climate protection

2021: Purchase of Berliner Stromnetz GmbH

- Annual investment of several hundred million euros in Berlin's electricity grid to support the energy transition

2024: Purchase of local district heating network

- Largest district heating network in Western Europe with 1.3 million connected residential units
- Heating, air conditioning and hot water use cause 47% of Berlin's CO₂-emissions (as of 2020)
- Conversion and expansion of district heating with the aim of decarbonising the heat supply

Capital Markets

Berlin's Inaugural Sustainability Bond

February 2023: [Inaugural Sustainability Bond of the State of Berlin](#) (EUR 750mn)

- [Sustainability Bond Framework of the State of Berlin](#)
- [Second Party Opinion by ISS ESG](#)

➤ Refinancing of [socially und environmentally sustainable projects](#) from up to three previous budget years

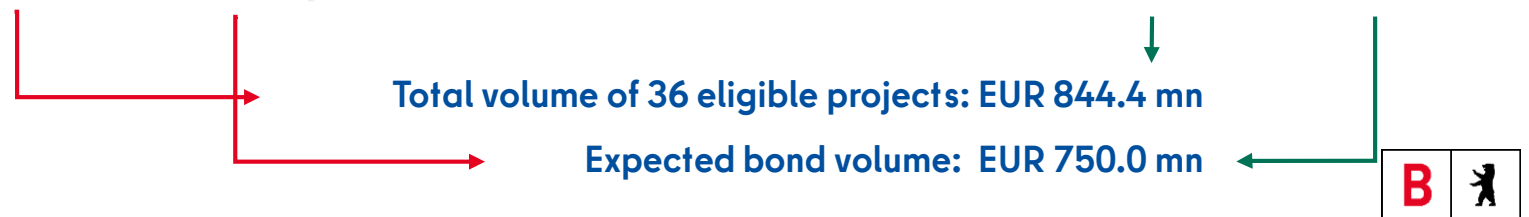
Reporting in accordance with the ICMA Sustainability Bond Guidelines:

- [Allocation Report](#) (published on 30 June 2023)
- [Impact Report](#) (published on 5 February 2024)

Capital Markets

Berlin's Inaugural Sustainability Bond

Project Category (ICMA SBP)	Share	Volume 2022 (EUR mn)	Allocated Volume (EUR mn)	Project Category (ICMA GBP)	Share	Volume 2020-22 (EUR mn)	Allocated Volume (EUR mn)
Affordable basic infrastructure	6%	52.7	46.8	Renewable Energy	1%	5.5	4.9
Access to essential services	12%	102.7	91.2	Energy Efficiency	5%	42.9	38.1
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises	3%	28.3	25.2	Environmentally sustainable management of living natural resources and land use	2%	15.3	13.6
Food security and sustainable food systems	20%	167.7	149.0	Climate change adaptation	0%	0.7	0.6
Socioeconomic advancement and empowerment	32%	268.6	238.5	Clean Transportation	19%	159.8	141.9
18 Social Projects	73%	620.0	550.8	18 Green Projects	27%	224.2	199.2



Inaugural Sustainability Bond - State of Berlin

Transaction Review

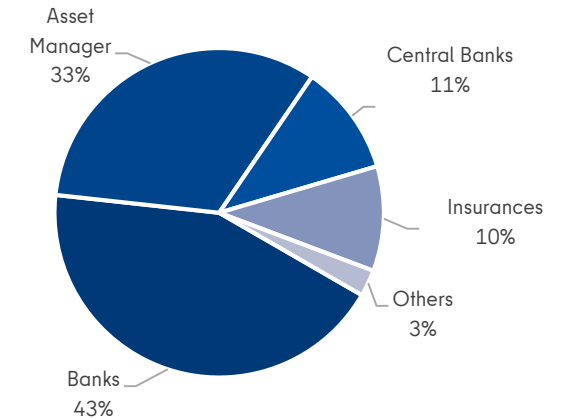
Final Terms

State of Berlin	
Rating	Aa1 (Moody's) / AAA (Fitch) / AAA (Scope)
Format	Treasury note
Issuance Volume	EUR 750mn (no-grow)
Coupon	2.75% p.a., act/act, ICMA
Pricing Date	06. Februar 2023
Settlement Date	14. Februar 2023
Maturity Date	14. Februar 2033
Reoffer Price	99.200%
Reoffer Spread	MS - 2 bps
Reoffer Yield	2.843%
Reoffer-Spread to Bund	+ 59.4 bps vs. DBR 1.70% 8/2032
Denomination	EUR 1.000,-
Listing	Berlin
Joint Lead Managers	CACIB / DekaBank / DB / Rabobank / UniCredit
ISIN	DE000A3MQYP1

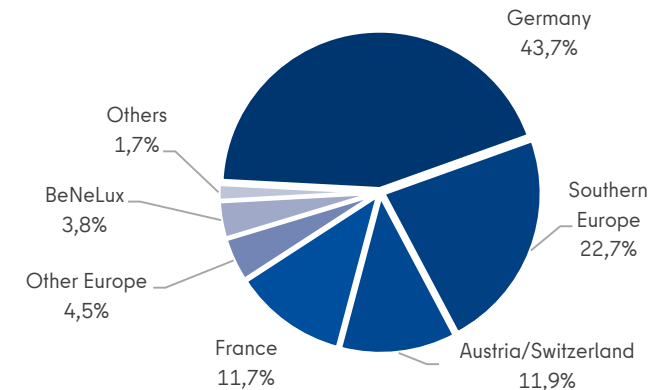
Description and Transaction History

- Increased investor outreach before launch**
 - Two well-received Global Investor Calls in German and English
 - Eleven investor meetings as one-on-ones
- Alignment of the framework with the "ICMA Principles"**
 - Seven green and five social project categories that contribute to 12 UN SDGs according to the SPO by ISS ESG
 - 27 percent of emissions proceeds go to 18 green projects and 73 percent to 18 social projects
- Announcement on February 3, 2023**
 - 10-year bond with a volume of EUR 750mn no grow
 - Opening of the order books on Monday, February 6, 2023 with a guidance of MS +1 bp area
- Largest order book of all syndicated Berlin bonds**
 - High quality orders from the first minute
 - With a granular order book of over EUR 3.6 billion, fixing of the reoffer spread at MS -2 bps
 - Despite 3 bps tightening, order book continues to grow to over EUR 5bn
 - Greenium of one basis point
- More than 120 investors**
 - Allocation of 2/3 of the issue to sustainable investors

Allocation by Investor Type



Allocation by Region





Your contact in Berlin

Elke Badack-Hebig

Head of Treasury

Tel.: +49 30 9020 - 1612

E-Mail: Elke.Badack-Hebig@senfin.berlin.de

Christian Thürmer

Senior Funding Manager

Tel.: +49 30 9020 - 1613

E-Mail: Christian.Thuermer@senfin.berlin.de

Mirko Voit

Senior Funding & Asset Manager

Tel.: +49 30 9020 - 1614

E-Mail: Mirko.Voit@senfin.berlin.de

Refinitiv:

FINBE

Bloomberg:

BERGER

RESP LAEN

Website: [Funding of the State of Berlin - Berlin.de](https://www.fundingofthestateofberlin.de)



Disclaimer:

This presentation of the State of Berlin for the issuance of bonds is for information purposes only. The information in this presentation is based on our own information and carefully selected sources deemed reliable. However, no guarantee can be given for their correctness, completeness and up-to-dateness. The presentation is not, and should not be construed as, an offer or solicitation to sell state treasury bonds („Landesschatzanweisungen“) of the State of Berlin or an offer to underwrite, subscribe for or otherwise acquire such bonds. The presentation is not an investment recommendation. It does not serve as a basis for investment decisions, as prospective investors must take their own independent investment decisions based on the information current at the time of investment.

BERLIN

