

VONOVIA



Unlocking
potential.

Capital Markets Day
Management Presentation.

Vonovia
June 5, 2018

What A Difference 5 Years Make

VONOVIA

July 11 2013		June 5 2018
ca. € 5 bn	Freefloat market cap German resi	ca. € 45 bn
ca. € 0.4 bn	Freefloat market cap Vonovia	ca. € 19 bn
ca. € 2 bn	Freefloat market cap European resi (excl. Germany)	ca. € 5 bn

Note: Including listed European resi companies with > 90% of portfolio in residential.
Source: Capital IQ, Bloomberg

IPO
five years ago

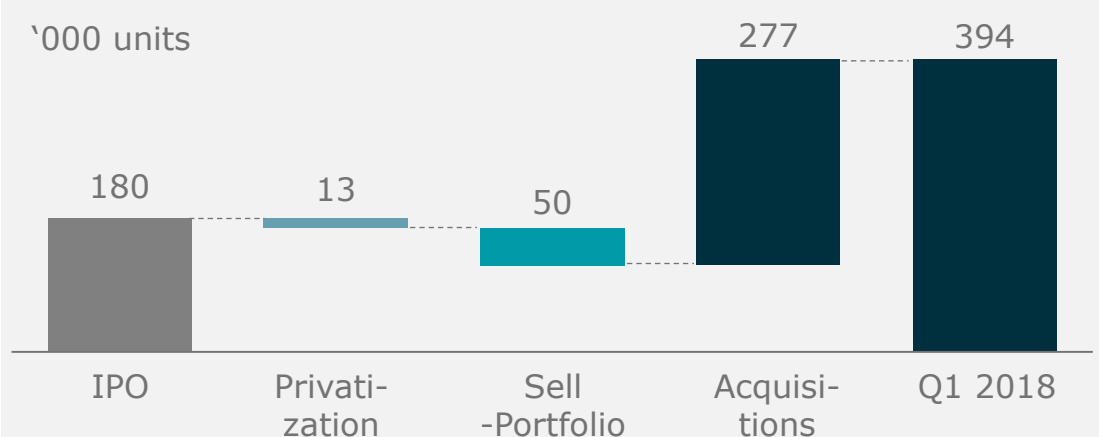
Building a stable,
sustainable and liquid
investment opportunity on
the basis of German multi-
family assets



Conviction that German resi
is a scalable B-to-C
business and that value can
be created through
industrialization

Active portfolio management
including disposal of 50k non-
core apartments and acquisition
of 278k apartments in attractive
locations.

Combined synergies total
ca. €227m

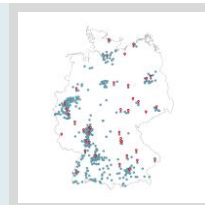
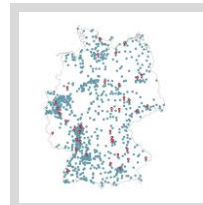


Three Underlying Megatrends



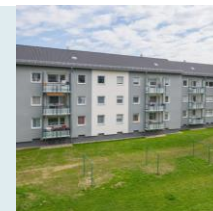
Urbanization

Focus on Schwarmstädte



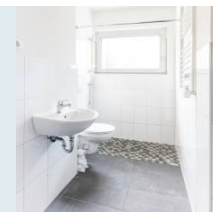
Energy efficiency

Modernization rate of ~5%
(vs. ~1% German average)



Demographic change

Vacant unit refurbishments
to make apartments ready
for senior citizens

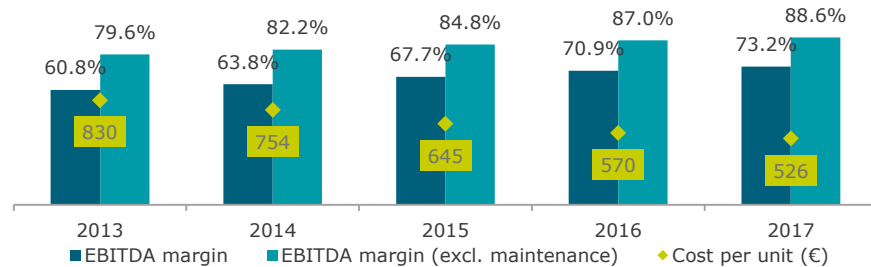
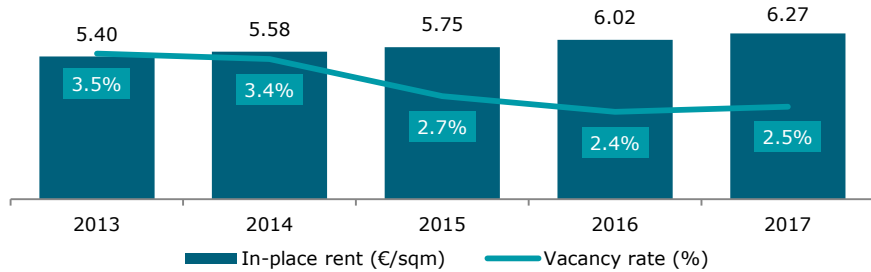


Strategy (Almost) Unchanged since IPO



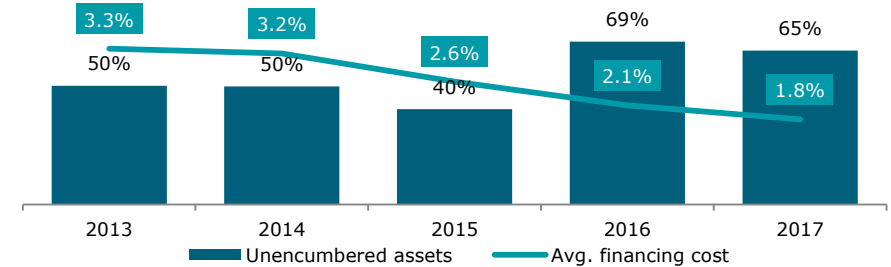
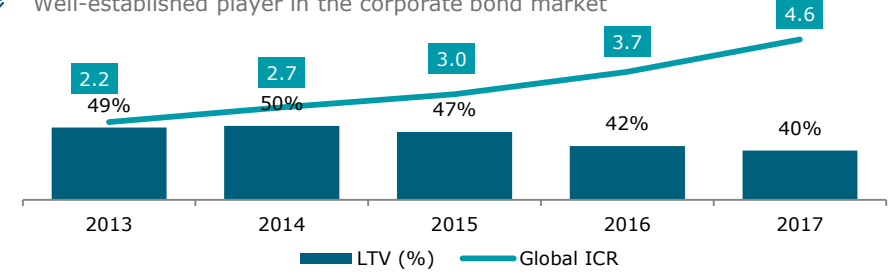
1. Property Management

- > Operating KPIs fully under control
- > Steady efficiency gains through economies of scale, digitization, standardization and process optimization



2. Financing

- > Lower leverage
- > Reduced interest expense
- > Increased unencumbrance ratio and debt diversity
- > Well-established player in the corporate bond market



3. Portfolio Management

- > More than 51k non-core units sold since IPO (28% of IPO portfolio volume)
- > Number of portfolio locations reduced by 29%; portfolio now concentrated across 15 growth regions
- > Investment program grown from €71m for 2013 to €1bn for 2018 and annually going forward

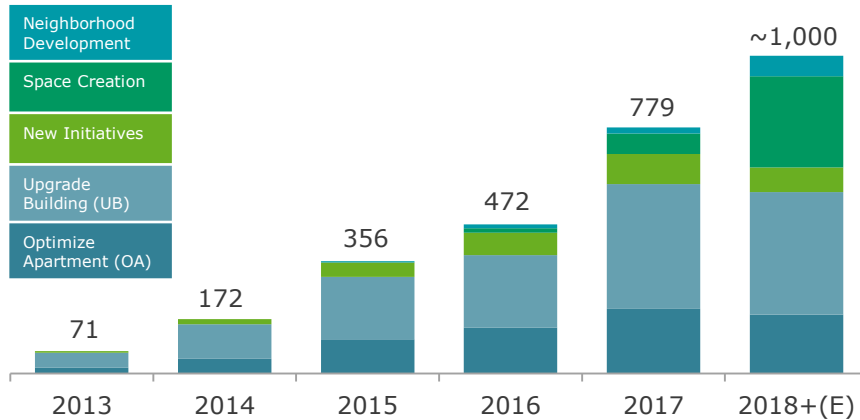


4. Value-add Business

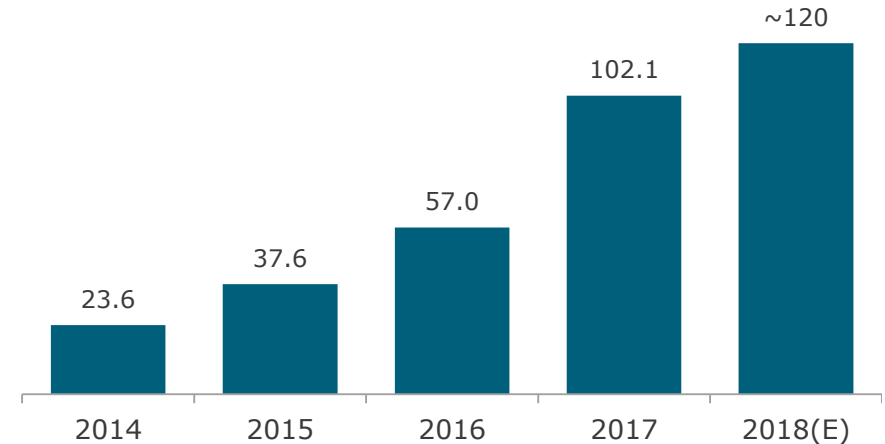
- > Insourcing of services to increase customer satisfaction and extend the value chain
- > Leveraging the B-to-C nature of the business and the long-term customer relationship
- > Most dynamic and innovative part of the business



Investment track record
(€m; includes modernization and space creation)



Adj. EBITDA Value-add Business (€m)



While low interest rates have been supportive for the sector including Vonovia, much of Vonovia's success is not attributable to interest rates:

- › Insourcing of craftsmen to ensure sufficient access to resources as well as better cost control
- › Investment program with a €1bn run rate to achieve leading organic growth rates
- › Value-add business that delivers meaningful results
- › Modular construction to further support Vonovia's role as part of the solution

As a consequence, rising rates will have an impact but they will not be a game changer

We consider the main success factors for Vonovia to include

- › view of German residential as being a **B-to-C operating business** and more than brick and mortar
- › a **fresh look at the sector** with ideas and concepts from other industries
- › determination to **challenge old boundaries**
- › **being active** rather than reactive
- › readiness to **seize opportunities** that present themselves and also create opportunities on occasion

While being an established part of our business today, some of our ideas and actions were initially met with skepticism, including

- > Large-volume modernization program
- > Insourcing of craftsmen
- > Unencumbered financing
- > Investment grade rating
- > Scrip dividend



Going forward, we will continue to pursue our path in Germany on the basis of our proven strategy.



We believe our German success story can be broadly repeated in selected European countries and metropolitan areas.



We are well-positioned to utilize our experience and further broaden our basis. As with all steps we have taken, we always pursue a measured, low-risk approach.



Sustainable, predictable and growing cash flows remain the foundation of our activities.



- > The 2018 CMD in Berlin is our fifth Capital Markets Day
- > Underlying idea is always to help you understand how we look at the business
- > CMD is **less about numbers and details** but **more about concepts, ideas and overall potential**

Energy	Large potential but still in early phase Includes wide range of potential activities from energy supply to e-mobility
Project Development	Attractive addition to Vonovia's business model Opens up another field where Vonovia is part of the solution
Neighborhood Development	Most comprehensive approach to residential real estate management More than Excel spreadsheets and more than putting up steel and concrete

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