

# Capital Markets Day 2016

Management Presentation

- 3rd Capital Markets Day of Vonovia after Düsseldorf in 2014 and Berlin in 2015
- Prior years' CMDs already focused largely on what makes Vonovia special
- This year is exclusively dedicated to Vonovia's innovative strength
- Main objectives
  1. Give a view into Vonovia's "machine room"
  2. Enable you to better understand Vonovia's comprehensive approach to the residential business
  3. Provide an opportunity to "meet the makers" with key department heads presenting and participating in this year's CMD

## Monday (June 6)

noon – 13:00 Lunch buffet

13:00 – 14:00 Management presentation

14:00 – 15:00 Round Table

15:00 – 16:00 Round Table

16:00 – 16:30 Coffee break

16:30 – 17:30 Round Table

18:00 – Transfer to *Zeche Zollverein*

18:30 – 20:00 Site Tour *Zeche Zollverein*

20:00 Reception & Dinner at *Casino on Zeche Zollverein*

Afterwards transfer back to *Atlantic Congress Hotel*

## Tuesday (June 7)

***Please check out prior to 9:00***

09:00 – 10:00 Presentation on *Eltingviertel*

10:15 Transfer to *Eltingviertel*

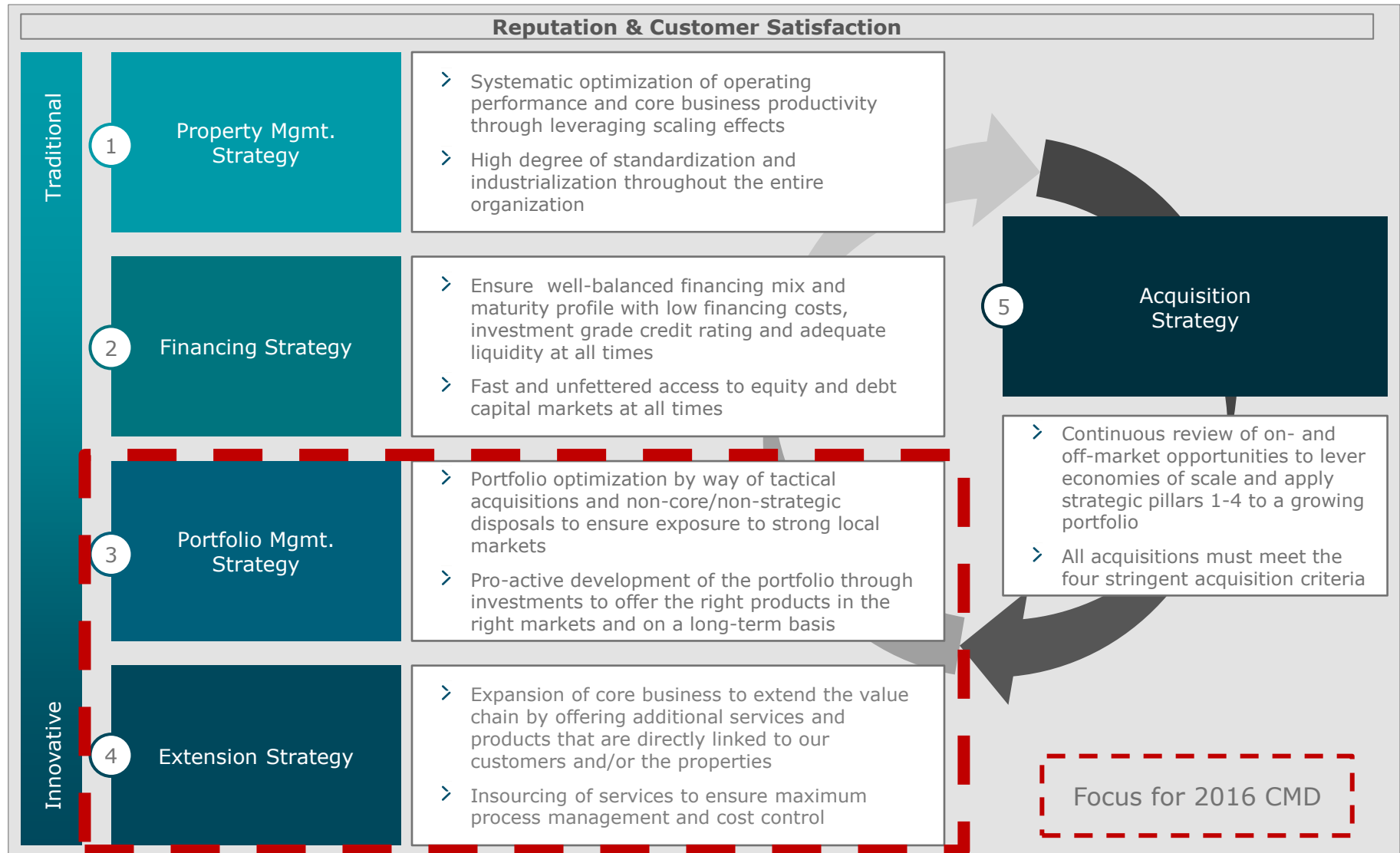
10:45 – 13:00 Property Tour of *Eltingviertel* (with lunch break at around noon)

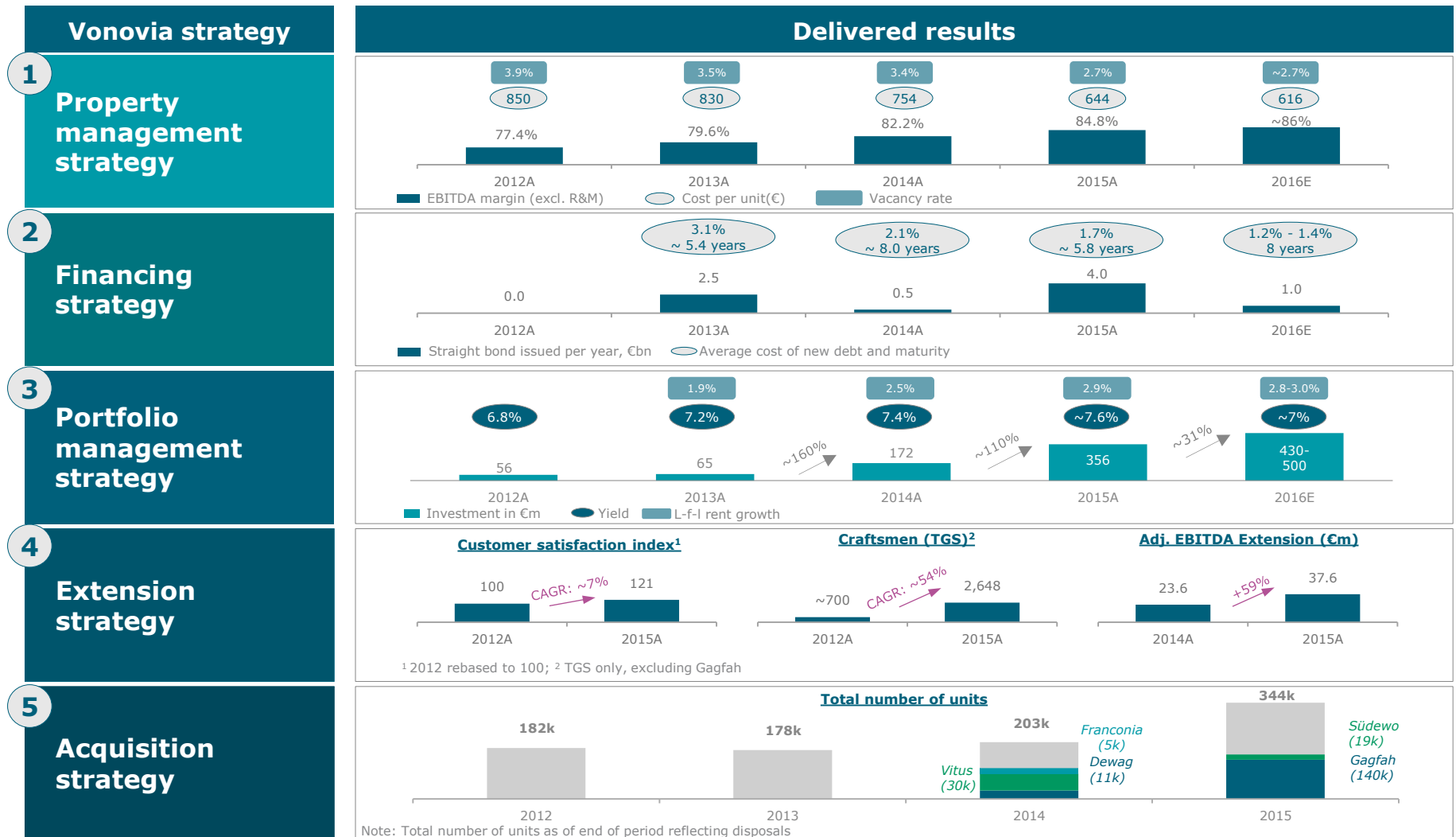
13:00 Transfer to Essen main train station and Düsseldorf International Airport



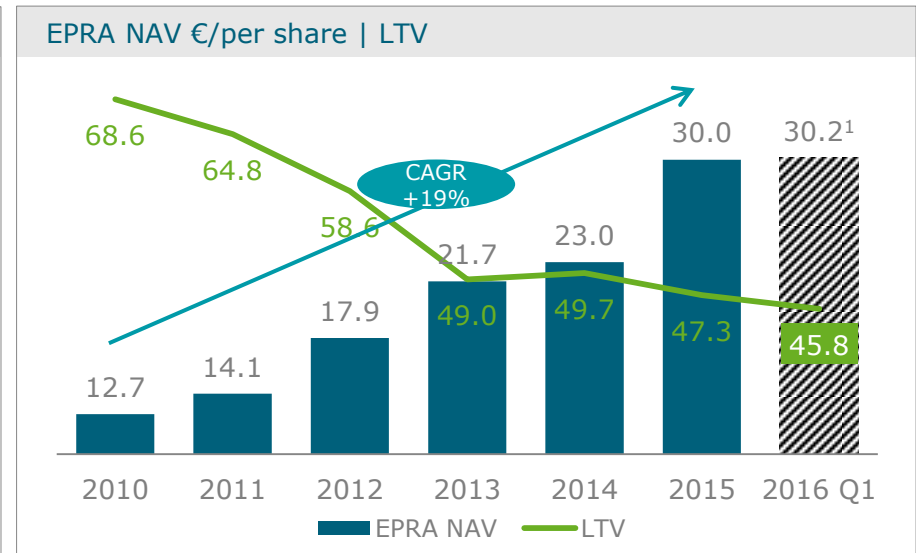
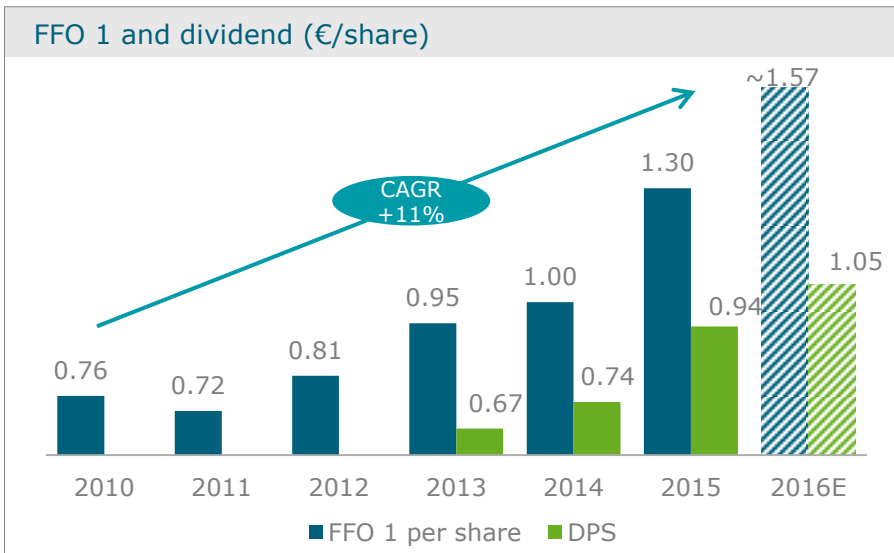
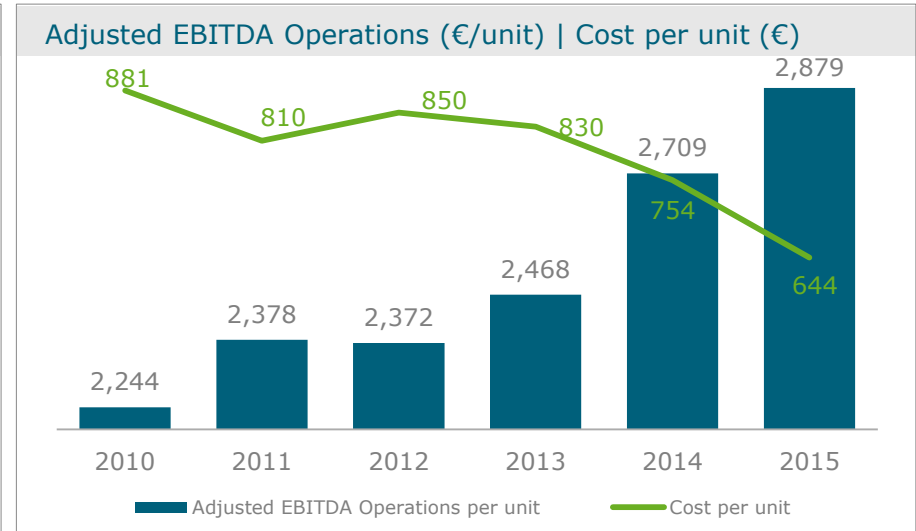
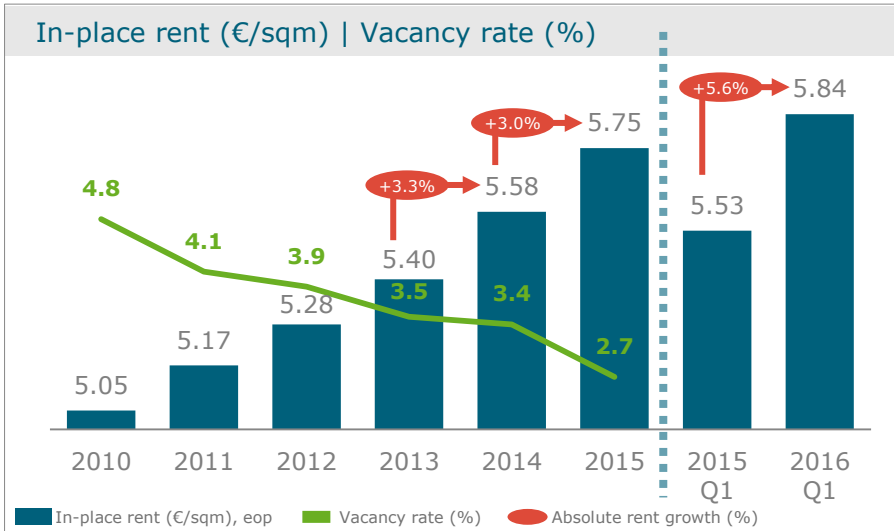
- Population of more than 570k, which is equal to Denver, Manchester or Lyon
- 5 of the 50 largest German companies have their headquarter in Essen
- Largest corporates are RWE, thyssenkrupp, Aldi Nord, Hochtief and E.ON
- More than 40k students enrolled in Duisburg-Essen University (9th largest in Germany)
- Former hotspot for coal mining, which is still evident in parts of the city
- In the process of successfully turning around towards becoming a center for information and knowledge







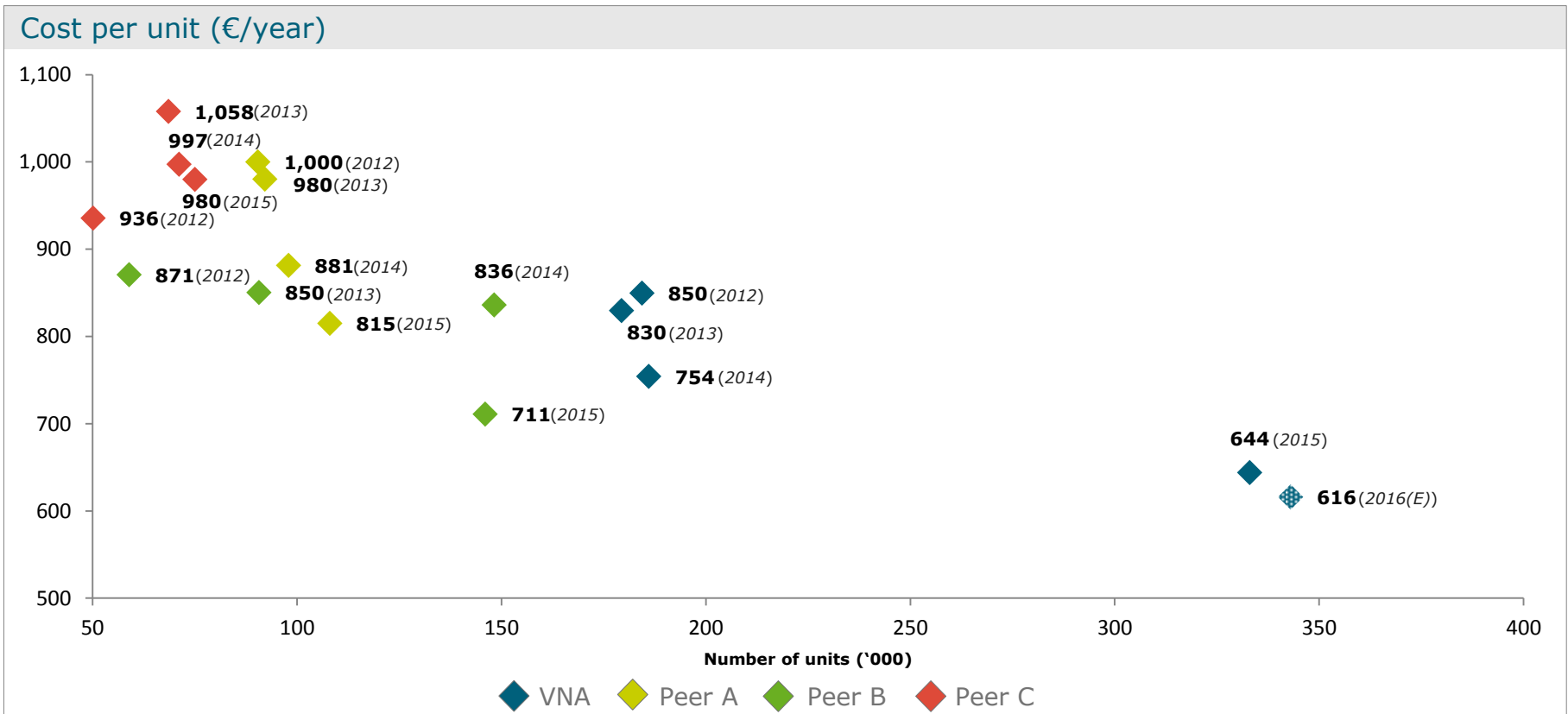
# Strong Track Record Across All KPIs



<sup>1</sup> Excl. yield compression. Portfolio valuation at year end.

# 1. Property Management Strategy

- Economies of scale evident in cost per unit
- Incremental cost per unit for new acquisitions tend to be substantially lower

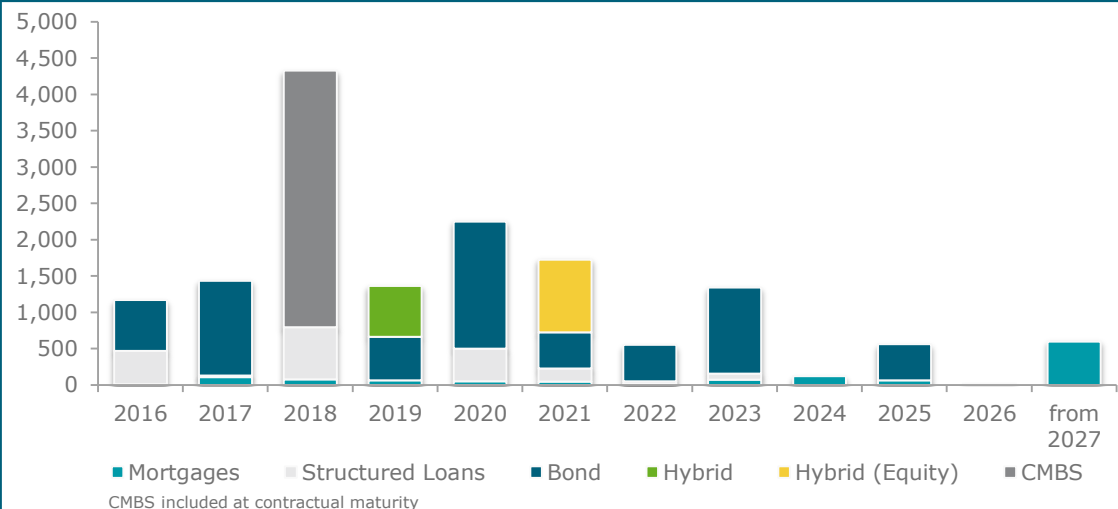


Cost per unit defined as:  $(\text{Rental income} - \text{adj. EBITDA Rental} + \text{Maintenance}) / \text{average number of units}$

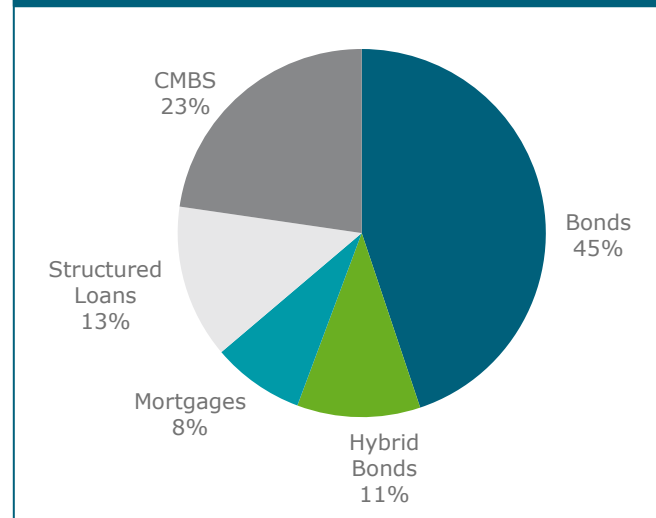


## 2. Financing Strategy

Debt maturity profile as of March 31, 2016 (€ m)



Debt structure as of March 31, 2016



CMBS overview as of March 31, 2016

Name	Amount	Rate	Maturity
GRF-1	€1,845m	2.80%	Aug 2018
GRF-2	€658m	2.69%	Nov 2018
Taurus	€1,029m	3.35%	May 2018
<b>Total</b>	<b>€3,532m</b>	<b>2.94%</b>	

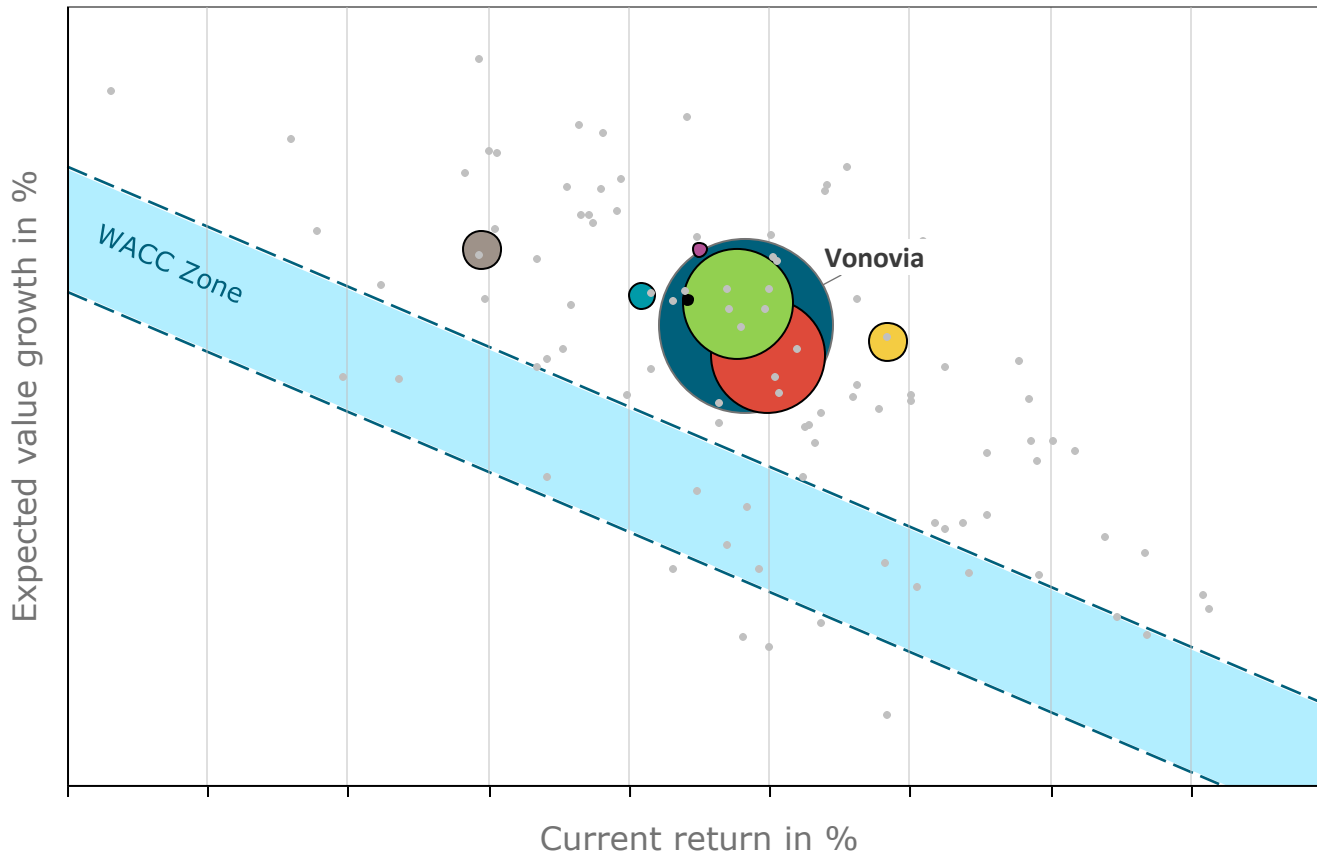
- › Vonovia's finance structure is based on
  - › a **broad mix** funding sources
  - › the **reduction of future refinancing risks**
- › Refinancing of 2018 GAGFAH legacy CMBS will result in a **well-balanced maturity profile**.
- › Refinancing volume of approx. **€7 bn** in the upcoming three years brings **opportunity** for further **sustainable capital structure optimization**
- › Proceeds of €3bn Dec 2015 EMTN have been/will be used for
  - › DW share purchase
  - › **prepayment of secured instruments**
  - › **refinancing** of upcoming **€0.7bn bond** expiring July 2016 and
  - › general corporate purposes.

# 3. Portfolio Management Strategy - Total Return Matrix

- Clear view of the individual local markets
- Tool for acquisition, investment and disposal decisions

	2013	2016E
Vacancy rate (%)	3.5	~2.7
In-place rent (€/sqm)	5.40	5.84 <sup>1</sup>
Fair value (€/sqm)	901	1,075 <sup>1</sup>
No. of cities/municipalities	533	673
Avg. no. of units per city/municipality	329	497

<sup>1</sup> 2016 Q1 actual

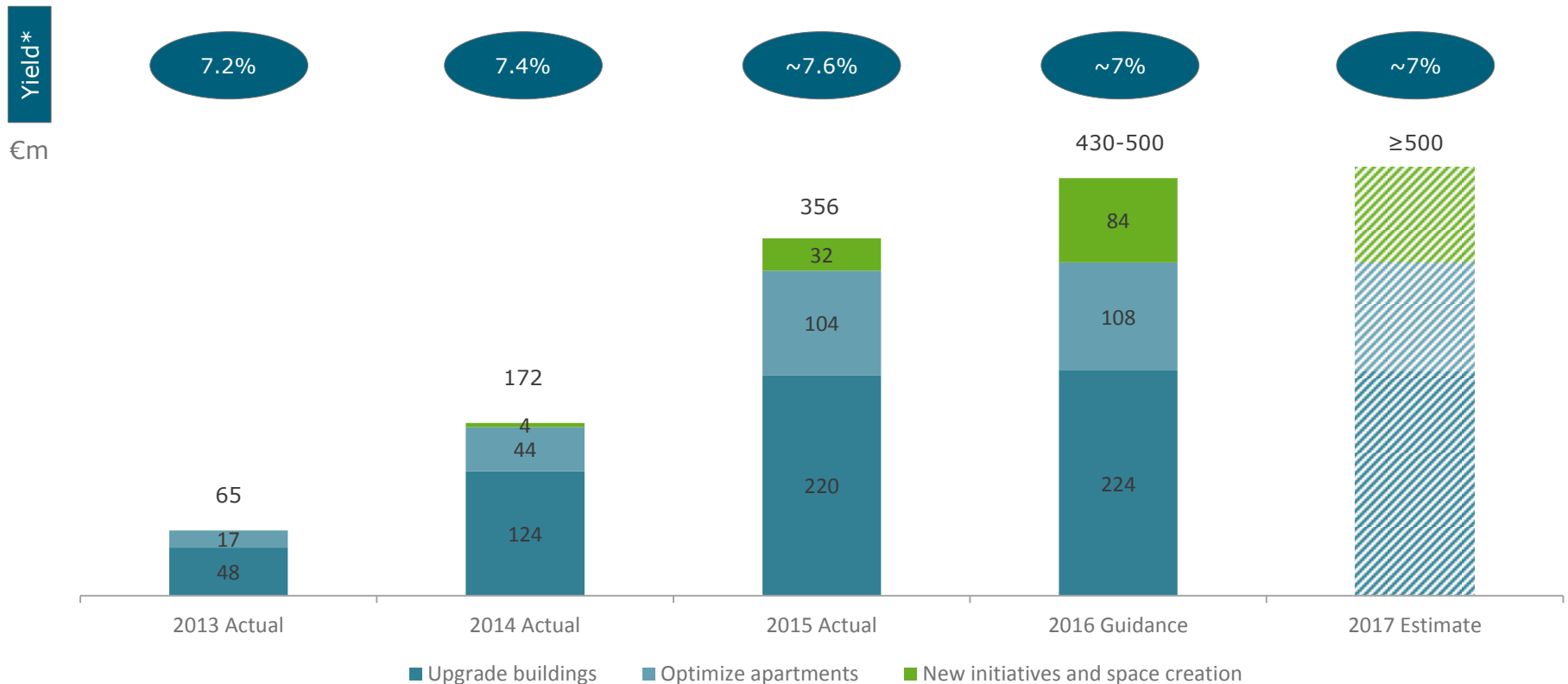


- Vonovia
- DA old
- DeWAG
- Vitus
- Gagfah
- Franconia
- Südewo
- Toni
- Market (Top 100 cities)

Note: The chart above does not take into consideration object quality or micro location.

### 3. Portfolio Management Strategy - Investments

- Growing investments at a minimum 7% yield (unlevered)
- New initiatives and space creation with increasing significance
- Earnings impact mostly one year following the investment



\* According to Program Year

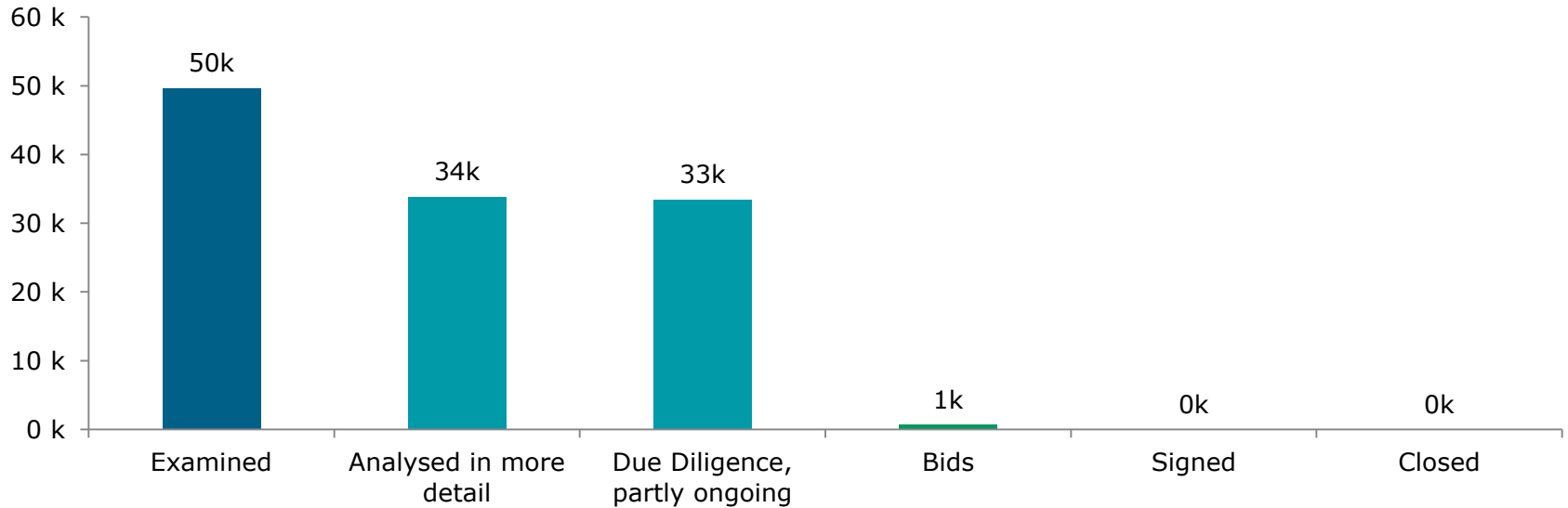
# 4. Extension Strategy - Innovation as Growth Driver

- Continuous flow of innovative projects that are all immediately linked to the apartment or customer/rental contract

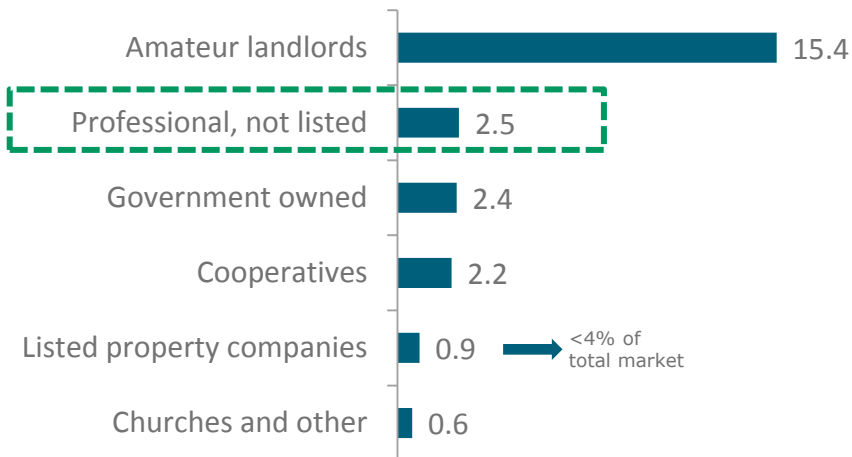


# 5. Acquisition Strategy

Acquisition Pipeline as per March 31, 2016; number of units



Fragmented ownership structure of the ~24 million rental units



Stringent acquisition criteria

- ✓ Strategic Fit
- ✓ Rating neutral
- ✓ FFO per share accretive
- ✓ NAV per share non-dilutive

## Extension Services

Konstantina Kanellopoulos  
*Head of Product Management*

- Extension describes Vonovia's approach to think outside the box
- Comprehensive approach to maximizing sustainable cash flows directly linked to the customer and/or apartment
- Similar approach to all projects: extensive testing on a small scale to minimize failure risks and subsequent roll-out to larger parts of portfolio
- Initially, the focus was on additional services, then apartments and eventually entire buildings. We are now in the process of rolling out our extension approach to entire neighborhoods

## Modernization

Frederic Neumann  
*Managing Director of Vonovia South and former Head of Portfolio Management*

- Have we delivered against our IPO promise?
- Has it been worth the effort?
- How will we sustain it going forward?

## Planning Affordable Housing

Heinz Scheve  
*Managing Director of TGS*

- Automated identification of potential building spaces via Vonovia's unique Building Gap Tool
- High degree of standardization inside and out
- Various cookie-cutter floorplans to meet local and individual demands
- Modular building approach ("Lego principle")

## Eltingviertel

- Located between the university and city center
- Home to 8,200 people who live in 4,600 flats, of which 1,400 are owned and operated by Vonovia.
- Vonovia's first project of comprehensive neighborhood development

## Objectives

1. Establish Vonovia as strong communal partner for improvement
2. High potential to change image of neighborhood and increase value of assets
3. Blueprint for German-wide neighborhood development
4. Actively influence our customer mix today and tomorrow  
– target group development and image change

## Partners

**RWE**

**steag**

**STADT  
ESSEN**

**EMSCHER LIPPE**  
GENOSSENSCHAFT E.G.L.V. VERBAND

**InnovationCity  
Management**

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