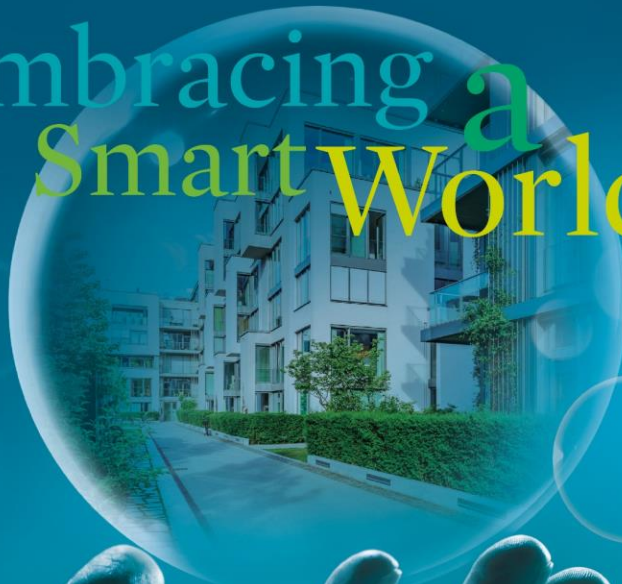


Embracing a Smart World.



VONOVIA

Capital Markets Day 2019



Embracing a Smart World.

Capital Markets Day 2019
Strategy Execution in Southern Germany

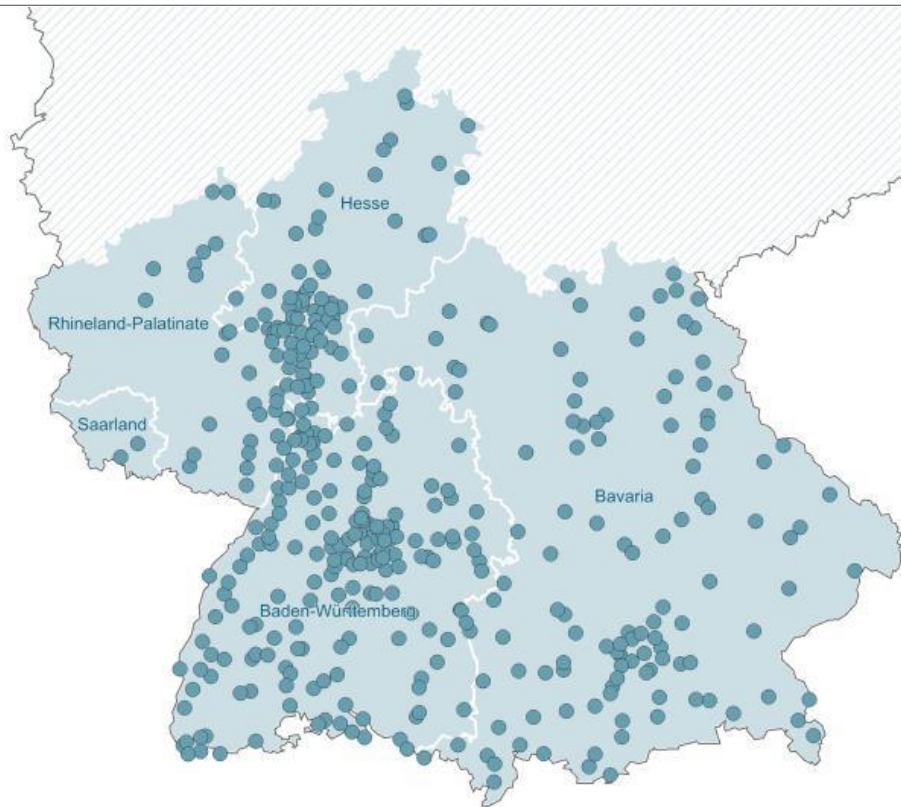
1. Delivering on the IPO promise – A closer look at regional KPIs in the South

2. Making the strategy work – The organizational prerequisites at a glance

3. Where do we go from here? – Wrap-up & discussion

Delivering on the IPO promise

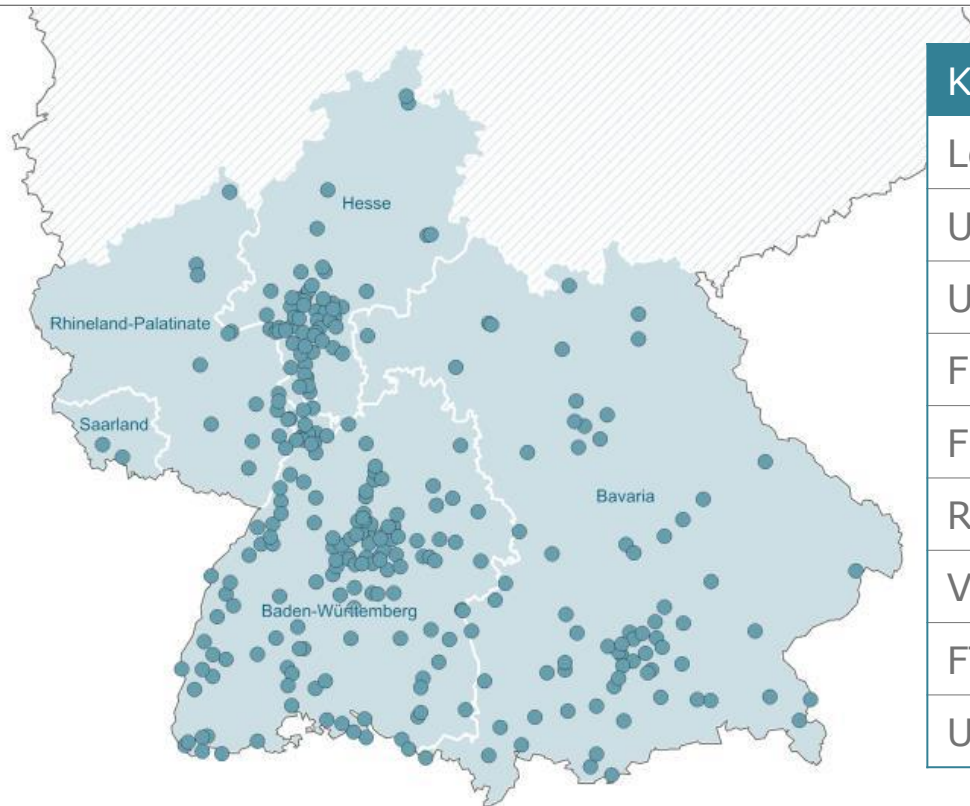
Portfolio footprint Southern Germany, end of 2015



KPI	2015
Locations	412
Units	84,912
Units/Loc.	206
FMV	€5.5bn
FMV/sqm	€985
Rent/sqm	€6.52
Vacancy	2.4%
FTE	408
Units/FTE	208

Delivering on the IPO promise

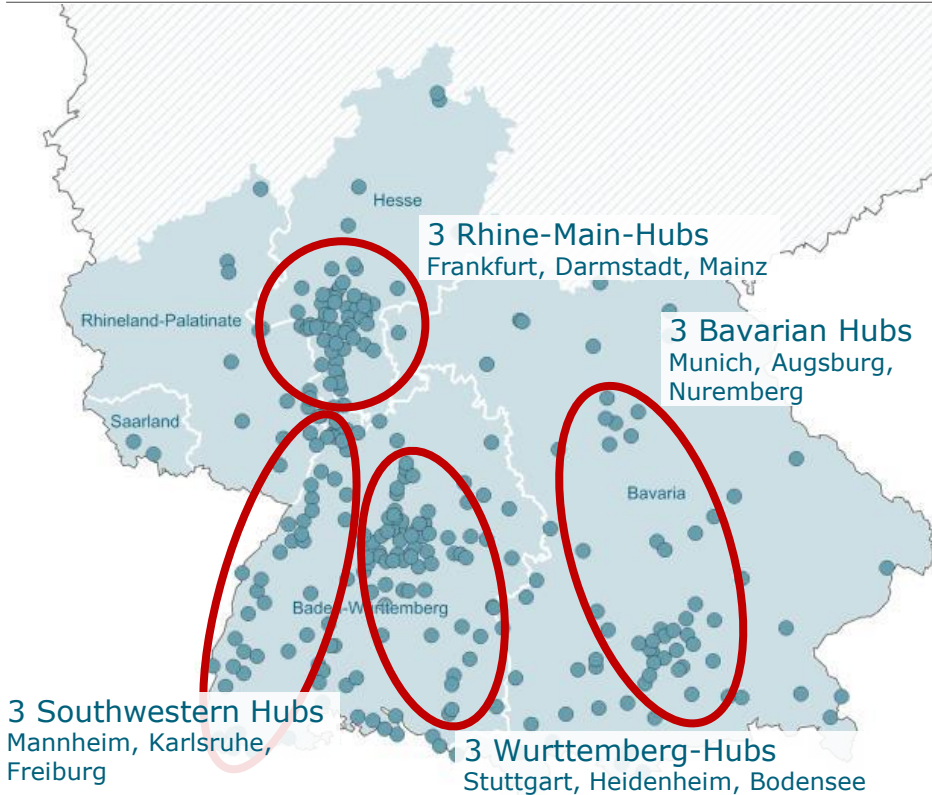
Portfolio footprint Southern Germany, end of 2018



KPI	2015	2018
Locations	412	287
Units	84,912	77,591
Units/Loc.	206	270
FMV	€5.5bn	€10.9bn
FMV/sqm	€985	€2,133
Rent/sqm	€6.52	€7.55
Vacancy	2.4%	1.6%
FTE	408	318
Units/FTE	208	244

Delivering on the IPO promise

Portfolio footprint Southern German



KPI	Δ
Locations	-30%
Units	-10%
Units/Loc.	+31%
FMV	+98%
FMV/sqm	+117%
Rent/sqm	+16%
Vacancy	-34%
FTE	-28%
Units/FTE	+12%

Delivering on the IPO promise

Sales

Sales Activities 2016-2018

	Privatise	Non-Core	Total
# units	2,800	5,900	8,700
# locations	162	110	241*
Avg. NCR/sqm	6.80	4.96	5.60
Sales Vol. (€m)	391	309	700
FMV Margin (%)	37%	15%	26%

- Reduction of original portfolio size by ~10%
- Value creation through sale of “below-average” rent levels (16% lower than starting-point)
- Value capture through realization of above-average fair market value step-ups
- Reduction of organizational complexity through sale of small and far-away locations

All numbers rounded | *double-counting eliminated

Delivering on the IPO promise

Acquisitions

Acquisition Activities 2016-2018

	Total
# units	1,500
Avg. NCR/sqm	7.59
FMV acquired (€m)	138

- Selective acquisitions of net 2% of today's portfolio
- Value creation through acquisition of "above-average" rent levels (16% above starting-point)
- Reduction of organizational complexity through acquisition of properties in & around existing hubs

All numbers rounded | excl. Südewo and those parts of the acquisition portfolios already sold again

Delivering on the IPO promise

Investment Highlights

- › More than €300m of investments realized
 - › >€200m in upgrade building programs
 - › ~€100m in optimize apartment programs

- › More than 12,000 units modernized at an annual portfolio rate of >5%
 - › ~7,000 units in upgrade building programs
 - › ~5,000 units in optimize apartment programs

- › More than 500 new apartments built
 - › ~300 units through floor addition in the context of upgrade buildings projects
 - › ~200 units through new constructions (modular and conventional)

Delivering on the IPO promise

Space Creation



VONOVIA

Bayreuth

- Densification of existing plot of land – 16 new apartments close to the city center of Bayreuth
- Modular construction with high degree of pre-fabrication (only few interior details built on-site)
- 5 months total construction time



Landsberg

- Densification of existing plot of land – 40 new apartments in existing quarter with 200 apartments
- Modular construction with medium degree of pre-fabrication (flexibility regarding interior layout)
- 6 months total construction time



Munich

- Floor addition – 10 new apartments in existing quarter with 37 apartments
- Use of prefabricated wooden elements for roof construction, interior fittings completed by VTS
- 5 months total construction time



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Making the strategy work

Prerequisites



1. Regional context I – properties distributed across many locations (“risk distribution”)
2. Regional context II – stable political and societal macro-conditions (“this is not Berlin”)
3. Organizational context I – local asset & property management (“principle of subsidiarity”)
4. Organizational context II – new common culture established after major M&A activities (DA, Gagfah, SDW) with clear performance focus

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Where do we go from here?

Wrap-up

Performance
successfully delivered
on the IPO strategy

1

Regional property
diversification as an
advantage
("risk distribution")

2

Local entrepreneurs
as backbone of
decision-making in all
relevant asset and
property management
issues

3

Where do we go from here?

Discussion

Situation

significant supply/demand imbalances lead to economic success on the supply side but social tension, tightening regulation and risk of reputation loss for companies like Vonovia

Challenge

sustaining economic success but balancing stakeholder interests more towards societal needs

Our approach

a holistic view on neighborhood development

- The dialogue with the public administration
- The challenge of change management in long-established quarters
- Responding to the individual situation
- Adding innovative elements to pure space creation

Case Study 1: Munich Pasing

Revitalization of a former railroad worker neighborhood



KPIs

# resi units:	>200
# sqm:	25,928
In-place rent (€/sqm)	19.00
Construction start:	12/2020
Finished (est.):	Q2/2025

Investment volume: €130–150m

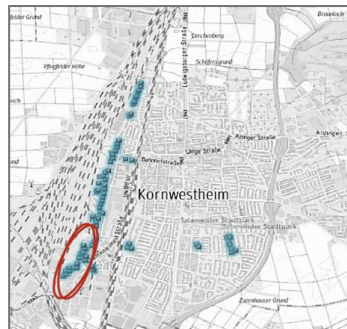
- > 4 new constructions incl. kindergarten
- > One additional floor added to each building
- > 273 parking spots
- > Thermal insulation, new windows, new balconies
- > Installation of elevators
- > Modernization of electricity
- > Staircase refurbishment
- > Refurbishment and decentralization of heating system
- > Car-sharing and e-mobility

Project status

- > **Zoning/construction permit**
 - > Zoning for first construction phase approved; second phase underway
- > **Comment**
 - > High emphasis on tenant communication due to demolition of buildings and overall project scope
 - > Cooperation with tenant council

Case Study 2: Kornwestheim

Neighborhood development with focus on sustainability



KPIs

# resi units:	97
# sqm:	6,095
In-place rent (€/sqm)	12.40
Construction start:	12/2019
Finished (est.):	Q1/2023

Investment volume: ~€30m

- > New construction of CO2 neutral houses made from timber
- > Modernization of existing portfolio
- > Installation of nine elevators
- > Modernization of electricity
- > Staircase refurbishment
- > One additional floor added to each building
- > Comprehensive re-design of entire neighborhood environment
- > Car-sharing and e-mobility

Project status

- > **Zoning/construction permit**
 - > Zoning process underway; construction permit application for CO2 neutral timber houses submitted in Q2 2019
- > **Comment**
 - > 20% of newly built space subject to 15-year rent-restriction
 - > Contribution to construction cost for a kindergarten
 - > Cooperation with "Teach First"
 - > Candidacy for IBA 2027

Case Study 3: Nuremberg Gartenstadt

Balancing today's needs with an iconic heritage



KPIs

# resi units:	71
# sqm:	4,076
In-place rent (€/sqm)	10.00
Construction start:	Q4/2020
Finished (est.):	Q1/2023

Investment volume: >€20m

- > 7 new constructions
- > Development of a new neighborhood center
- > Development of additional parking spaces
- > Installation of new playgrounds

Project status

- > Zoning/construction permit
 - > Zoning approval underway
 - > Positive initial feedback
- > Comment
 - > High emphasis on tenant communication

Where do we go from here?

Today's Property Tour

Knorr- straße

- Major neighborhood development
- New houses with 32 apartments
- 8 new apartments through Floor addition
- Upgrade of neighborhood (garden, parking, playground, balconies, elevators)



Wallauer Höfe

- Modernization and space creation
- 21 new apartments through attic extension
- Modernization of existing properties
- Upgrade of old courtyard



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