

VONOVIA

Make
Room
for
Innovation

Neighborhood development

Elting district

Arnd Fittkau
Managing Director Vonovia West

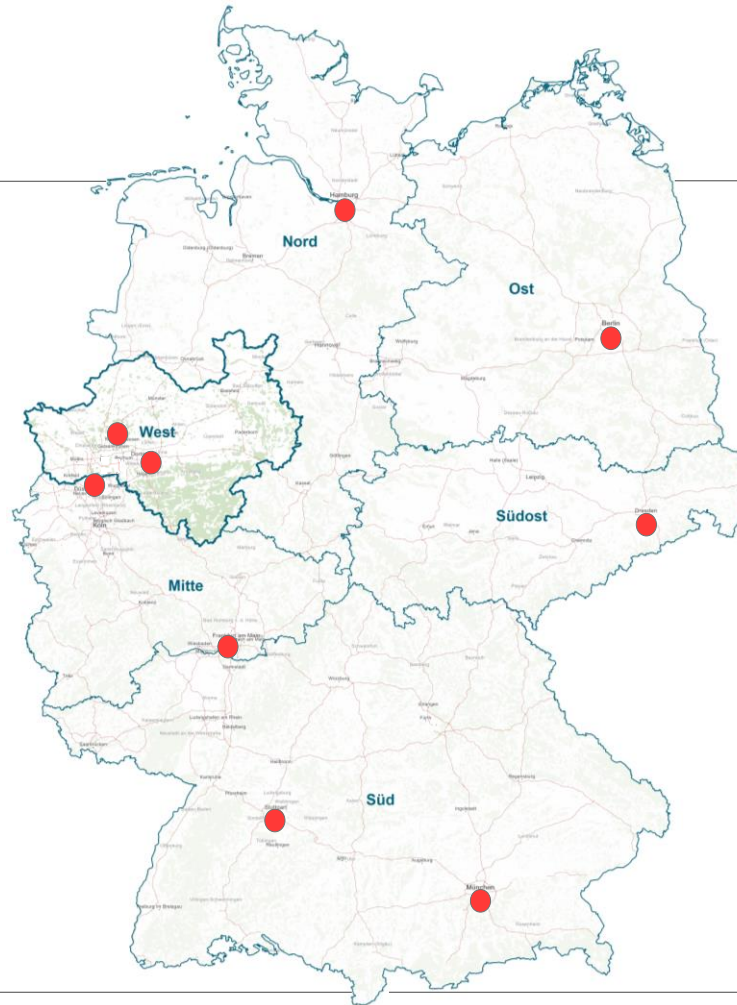
Introducing Vonovia West

Project “Elting District” – Blueprint for Neighborhood Development

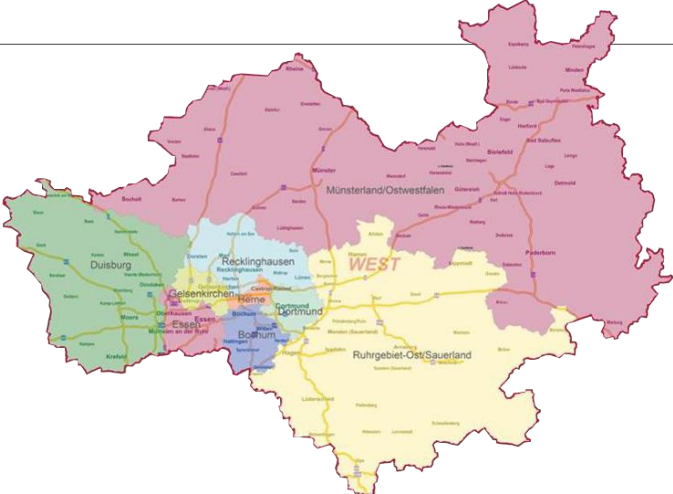
Property Tour

Regional Structure in Germany

VONOVIA



50
cities



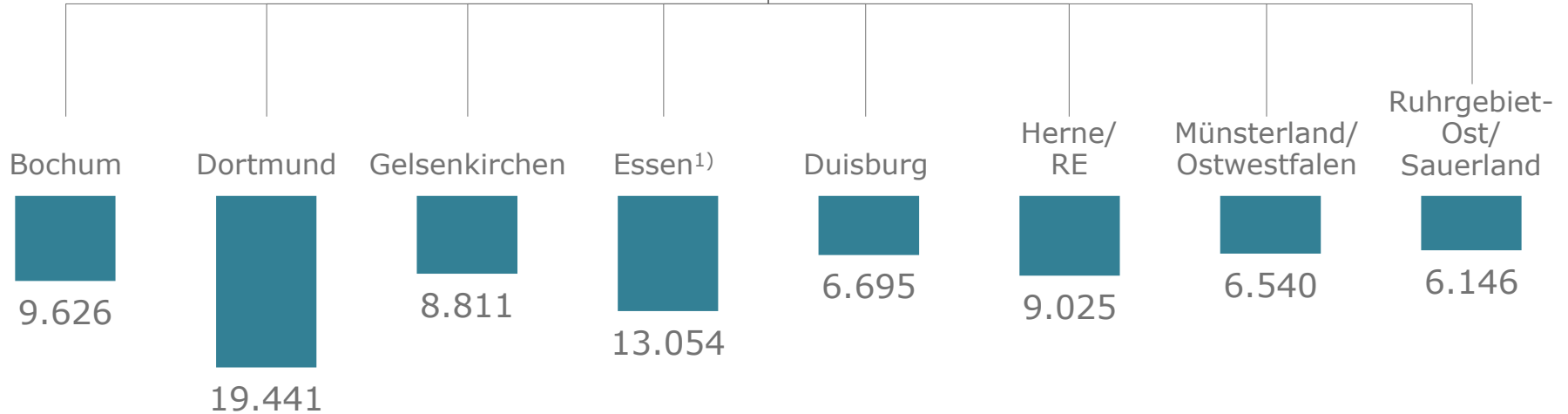
8.7_m
inhabitants

Vonovia West Structure

79,400
units

VONOVIA West

Central Functions
Support



Structure Business Unit

Example: Essen

Essen
Regional Manager

Interface to
Central Customer Service

Rental Agents

Property
Managers

Technicians

Facility
Managers

Neighborhood
Development

5 local letting offices



12,400 units in Essen – an important Business Unit

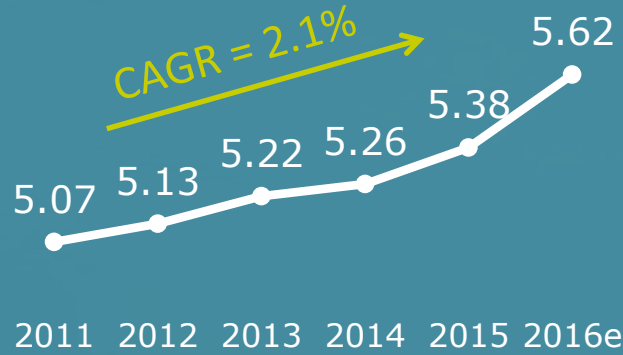


12,400 units in Essen

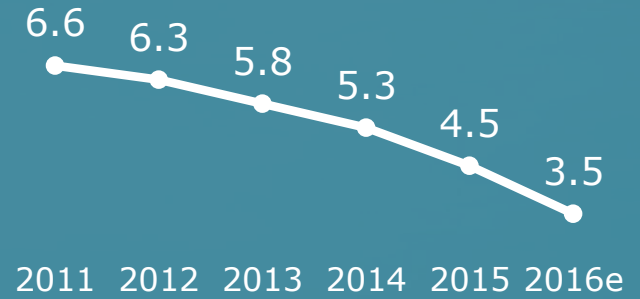
4 % Market share Vonovia

Allbau: 5.2%
Communal Company

Net Rent (€/qm) Vonovia



Vacancy Rate (%) Vonovia



Introducing Vonovia West

Project “Elting District” – Blueprint for Neighborhood Development

Property Tour

Neighborhood Development Why?

VONOVIA

Screening of underdeveloped urban districts with potential

High potential to change image of neighborhood and increase value of assets

Blueprint for neighborhood development, Vonovia wide competence

Establish Vonovia as strong communal partner for improvement

Neighborhood Development

Main Topics

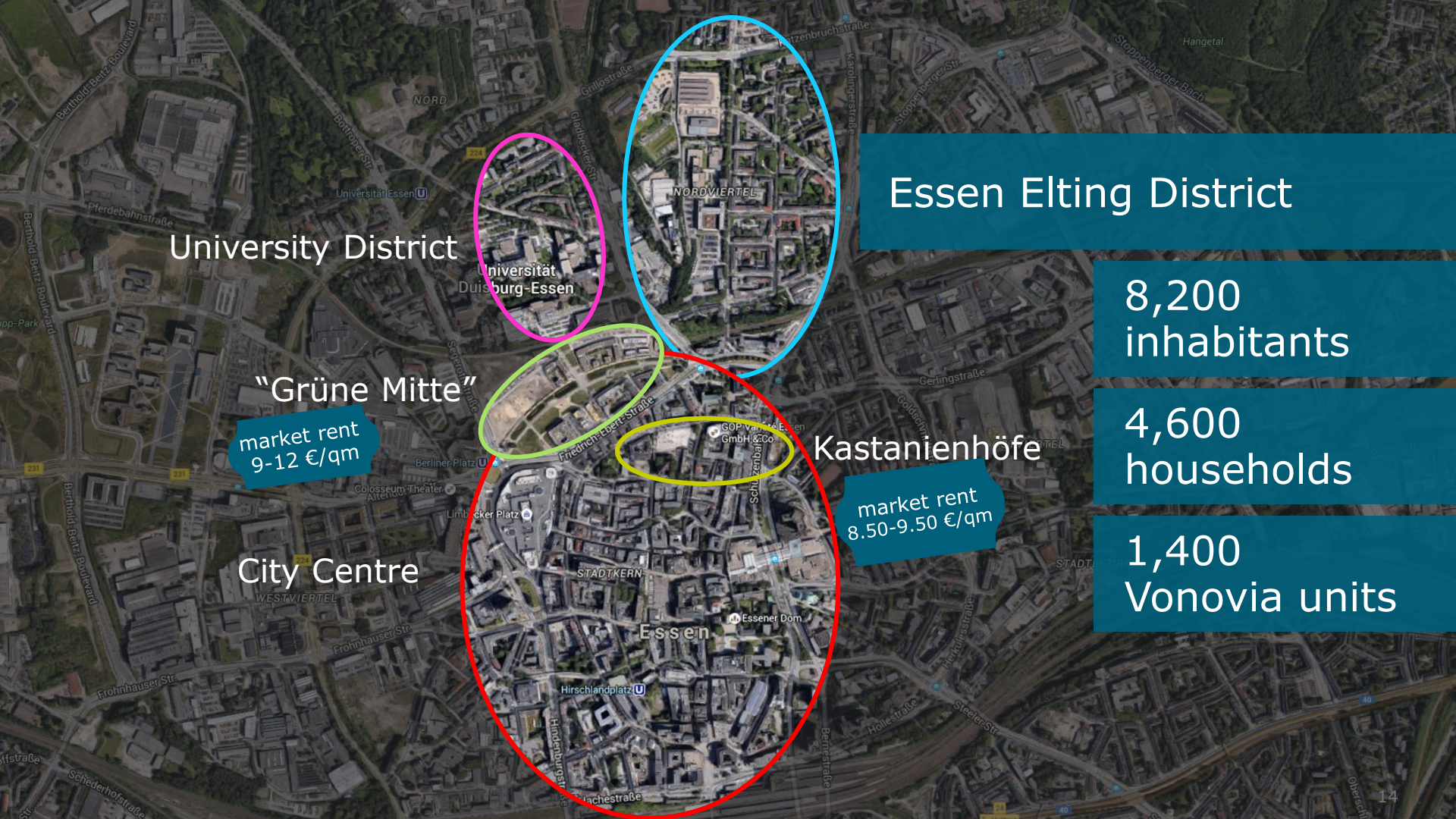
- Conflicting stakeholder interests
- Public interest-groups and cooperation with city and municipality
- Active impact on urban development
- Improvement of existing infrastructure
- Strengthening local retail supply
- Customer mix today and tomorrow: target-group development, image change



Neighborhood Development

Vonovia potentials all over Germany





University District

Universität
Duisburg-Essen

NORDVIERTEL

"Grüne Mitte"

market rent
9-12 €/qm

Kastanienhöfe

market rent
8.50-9.50 €/qm

City Centre

Essen

Essen Elting District

8,200
inhabitants

4,600
households

1,400
Vonovia units

Elting District Impressions

VONOVIA



Phase 1

Start in 2014

Concept

- Early involvement and discussion with Essen City Authorities
- Urban development concept including infrastructure and district public areas
- Refurbishment concepts for Vonovia properties
- Evaluate different energy concepts

Vonovia as initiator together with:
team **Innovation City**

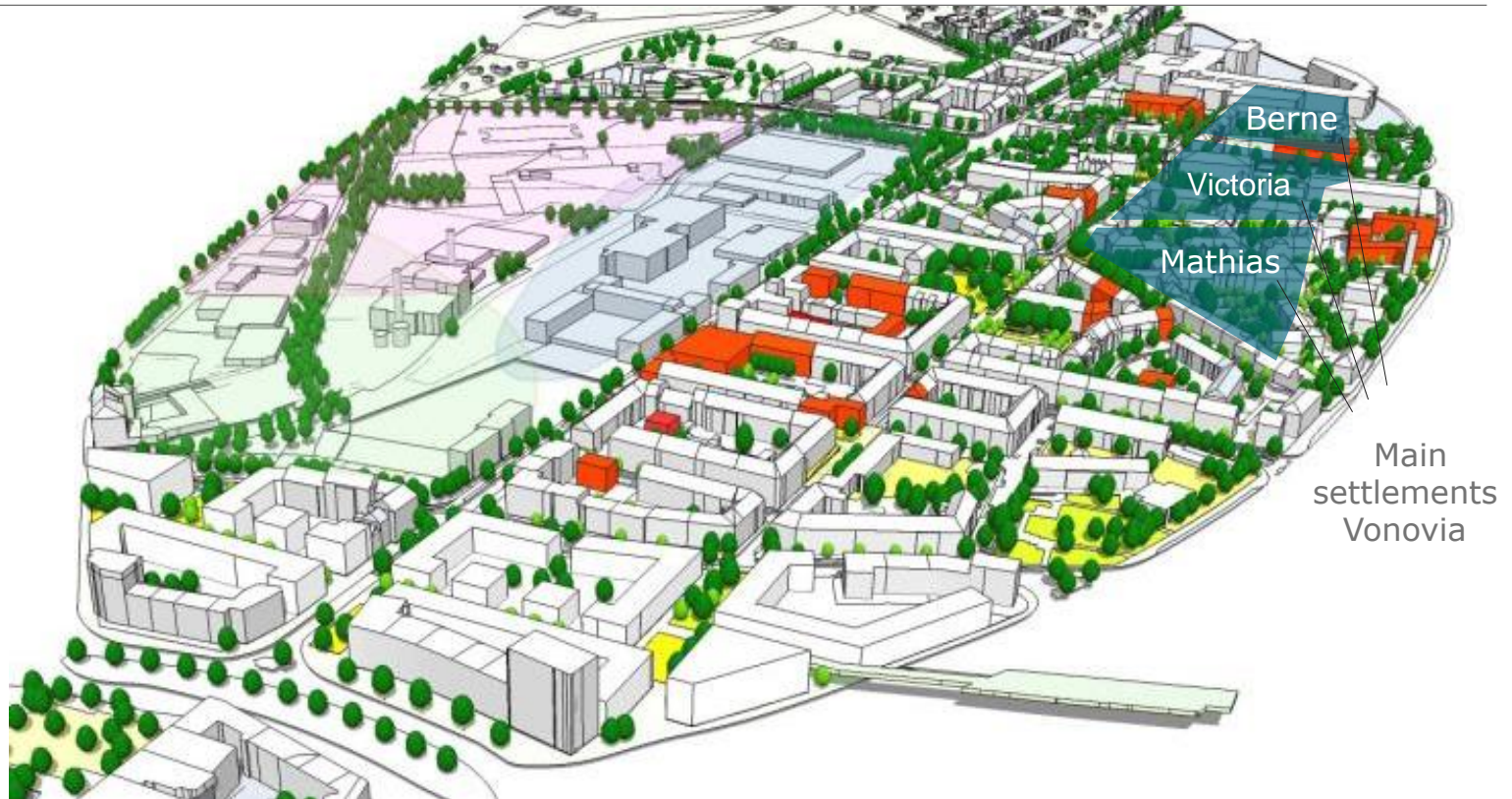
Implementation

- Cooperation with Essen City Authorities and other partners
- Implementation „project table“, local networks, project team
- Establish neighborhood management
- Evaluate options of subsidies (public)
- Masterplan

Vonovia together with:
Innovation City, Stadt Essen and
further neighborhood **partners**

Phase 1

Vision from Architect



Phase 1

Refurbishment Concept Vonovia → “Elting Standard”



- Balconies
- Central heating system
- Windows
- Entrances
- Stairways
- Cellar ceiling and roof insulation
- Facades
- Green spaces and Vonovia courtyard
- Vacant flat modernization

Phase 1

Important Module: Forming of the Green Spaces

Our Vision

Renewal of the inner courtyards in addition to the upscale refurbishment and forming livable green spaces to attract new groups of customers



Drafts: Scape (Düsseldorf)

Phase 2

From Concept to Implementation in 2015

- Discussion results and implementation concepts with Essen city authorities
- Handed over the urban development concept to the city of Essen
- LOI for common neighborhood development is signed (City of Essen, ICM, Steag and Vonovia)
- Establish process of neighborhood development with City of Essen
- Media conference April 2015



Mr Drabig (RWE), Mr Freiberg (Vonovia), Mr Wichert (steag), Mr Pass (Major City of Essen), Minister Groschek, Mr Buch (Vonovia), Mr Best (Director City of Essen), Mr Drescher (ICM)

Phase 2

First Construction Stage

- Start with Victoriahof in 2015 (178 flats)
- Involving tenants within several tenant assemblies and information workshops
- Participation at the federal state initiative „Starterquartier Ruhrgebiet-energetische Sanierung plus“
- Use of public subsidies in the amount of 30% as contribution to affordable accommodation within the quarter



Mr Fittkau (Vonovia West), Mr Wichert (steag), Mr Drescher (ICM)

Phase 2

Impressions



TGS & Vonovia Residential Environment

Insourcing to reduce Construction Costs

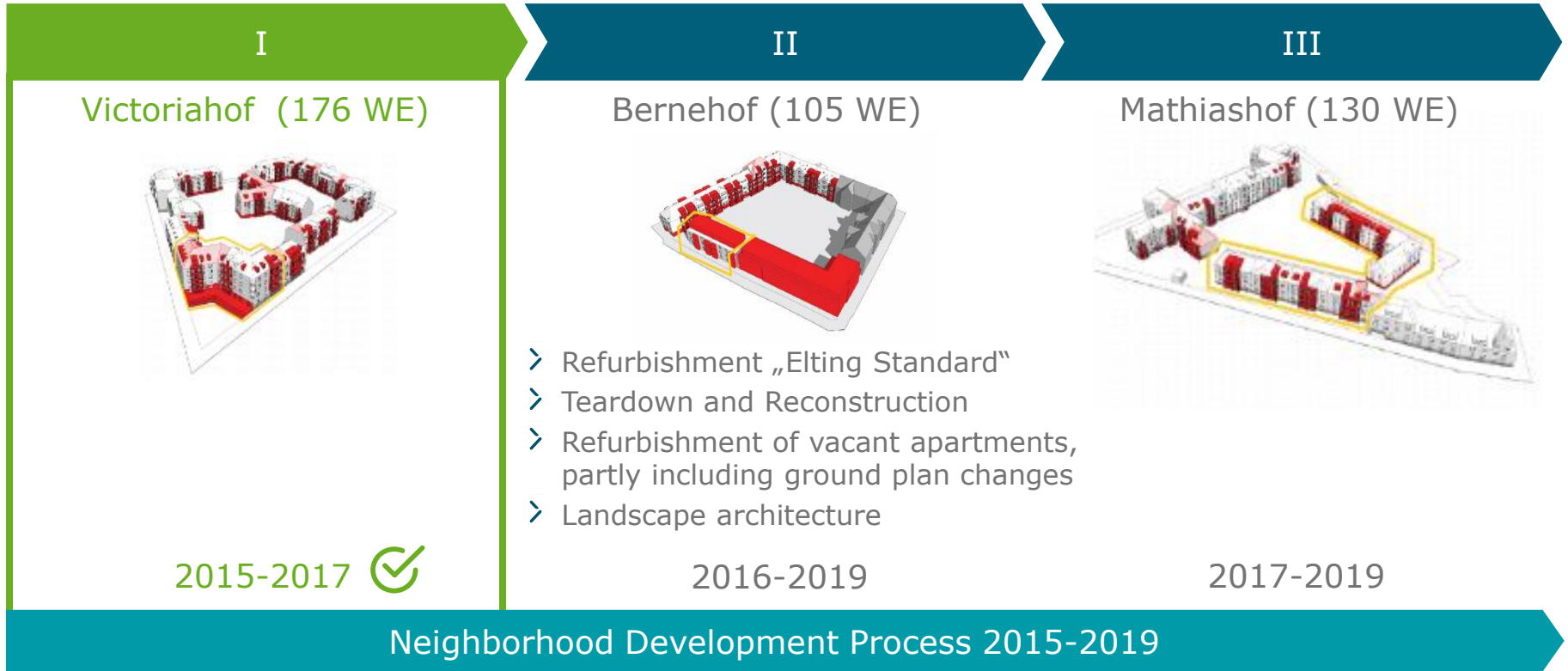
- High efficiency through own TGS construction-team at construction site
- Insourcing refurbishment and flat maintenance
- Insourcing services for residential environment to revitalize and modernize courtyards

Internal Businessplan – Victoriahof

-1st construction Phase-

Key Value Drivers (EUR/sqm per month)		2015 Starting	2018 Plan	2018 vs. 2015	2020 Opport.	2020 vs. 2015
KPI's	New letting rent	4.55	7.50		8.50	
	Vacancy rate	12%	2.0%		1.0%	
	Fluctuation rate	18%	10%		9%	
Financials	In-place-rent	4.55	7.26	+60%	8.33	+83%
	Vacancy losses	-0,54	-0,13		-0,07	
	Bad Debt/ recovery losses/ Repairs and Maint./Other cost	-2.13	-1.00		-1.00	
	EBITDA	1.88	6.13	+4.25	7.26	+5.38
	EBITDA Margin	41%	84%		87%	
Value	Fair Value €/m ²	645	1,481		~1,600	
	Invest €/m ²		703			
	Total		1,348	+10% Value uplift		
	EBITDA-Yield (Additional EBITDA / Investment volume)				7.3%	9.2%

(actual numbers after finishing the first 123 units of 176 units)





Introducing Vonovia West

Project “Elting District” – Blueprint for Neighborhood Development

Property Tour

Disclaimer



This presentation has been specifically prepared by Vonovia SE and/or its affiliates (together, "Vonovia") for internal use. Consequently, it may not be sufficient or appropriate for the purpose for which a third party might use it.

This presentation has been provided for information purposes only and is being circulated on a confidential basis. This presentation shall be used only in accordance with applicable law, e.g. regarding national and international insider dealing rules, and must not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by the recipient to any other person. Receipt of this presentation constitutes an express agreement to be bound by such confidentiality and the other terms set out herein.

This presentation includes statements, estimates, opinions and projections with respect to anticipated future performance of Vonovia ("forward-looking statements") which reflect various assumptions concerning anticipated results taken from DA's current business plan or from public sources which have not been independently verified or assessed by Vonovia and which may or may not prove to be correct. Any forward-looking statements reflect current expectations based on the current business plan and various other assumptions and involve significant risks and uncertainties and should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved. Any forward-looking statements only speak as at the date the presentation is provided to the recipient. It is up to the recipient of this presentation to make its own assessment of the validity of any forward-looking statements and assumptions and no liability is accepted by Vonovia in respect of the achievement of such forward-looking statements and assumptions.

Vonovia accepts no liability whatsoever to the extent permitted by applicable law for any direct, indirect or consequential loss or penalty arising from any use of this presentation, its contents or preparation or otherwise in connection with it.

No representation or warranty (whether express or implied) is given in respect of any information in this presentation or that this presentation is suitable for the recipient's purposes. The delivery of this presentation does not imply that the information herein is correct as at any time subsequent to the date hereof.

Vonovia has no obligation whatsoever to update or revise any of the information, forward-looking statements or the conclusions contained herein or to reflect new events or circumstances or to correct any inaccuracies which may become apparent subsequent to the date hereof.

Tables and diagrams may include rounding effects.