

VONOVIA

# Investor Presentation

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Jan. 2025

# Vonovia At A Glance

Best Investment Opportunity in Multi-family Housing



## Europe's largest real estate company and pure-play residential landlord

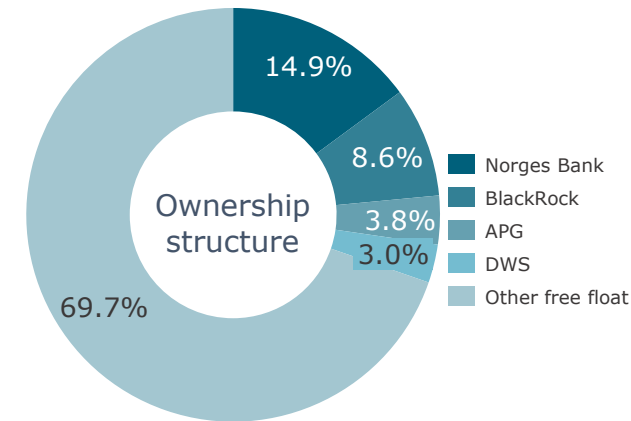
- Providing a home to 540,000 households.
- Business built on long-term megatrends of urbanization, supply/demand imbalance, and decarbonization.
- Superior position of residential assets within real estate sector: No threat of "Kodak effect" or disruptive force.

## Two sources of shareholder returns



## Vonovia shares

- Largest European real estate stock with ~€25bn market cap.
- Only real estate stock in German blue-chip DAX 40 index.
- ADTV of ~€60m.
- Fully independent board.



# Megatrends Offer Great Investment Opportunities

Estimated Volumes Are Much Too High for Government Solutions

Support from megatrends while other real estate sectors fight disruptive changes

**Supply-/  
Demand Imbalance**

**€100bn investment** volume every year to complete 400k apartments per year.<sup>1</sup>

**Climate Change**

Up to **€120bn investment** volume every year to decarbonize Germany's housing stock.<sup>2</sup>

**Demographic Change**

Shortage of **2 million apartments** suitable for elderly people.<sup>3</sup>

- A struggling construction industry and an ever-growing supply/demand gap are not a sustainable situation. Required investment volumes are much too high to be delivered by government or through subsidies.
- Any meaningful investment volume will require an investment and regulatory environment that is sufficiently attractive for private funding.

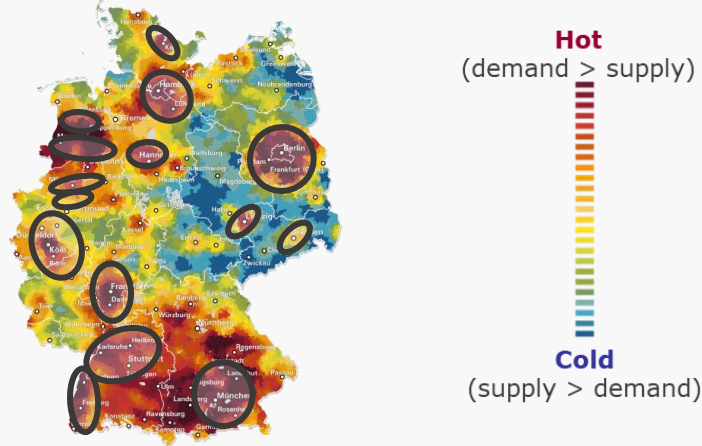
<sup>1</sup> Government target. Investment volume based on assuming 60sqm and €4,000/sqm construction costs. <sup>2</sup> GdW (Association of German Housing Companies). <sup>3</sup> IW German Economic Institute.

# Megatrend Urbanization & Supply/Demand Imbalance

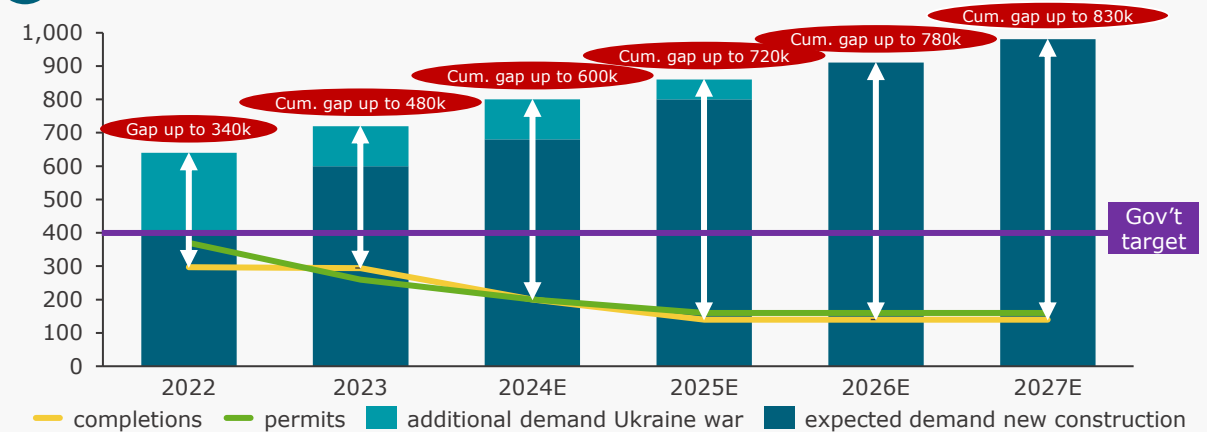
1. Declining levels of new construction meet increasing levels of demand.
2. Vonovia's assets are located in urban markets with a robust long-term growth trajectory.
3. High occupancy and rent collection rates are evidence of extremely tight market conditions.

## 2 Geographic exposure of Vonovia's portfolio in Germany

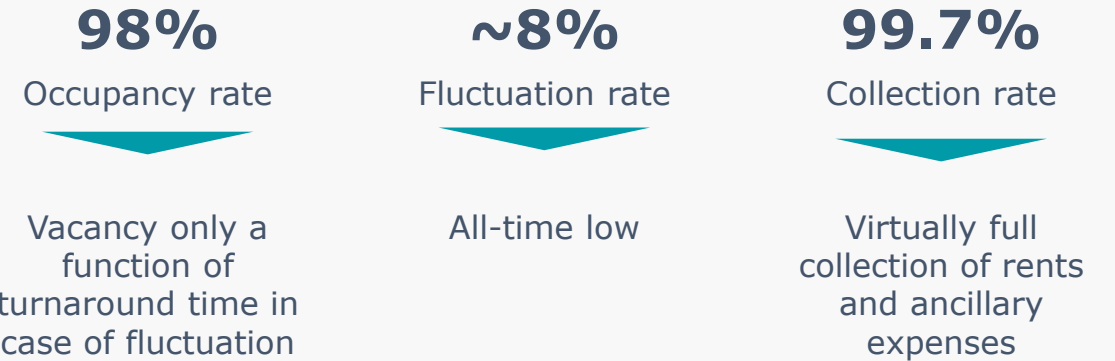
Vonovia's portfolio is located in the right urban markets



## 1 Increasing supply/demand imbalance ('000 units)<sup>1</sup>



## 3 Rental KPIs are evidence of extremely tight market conditions



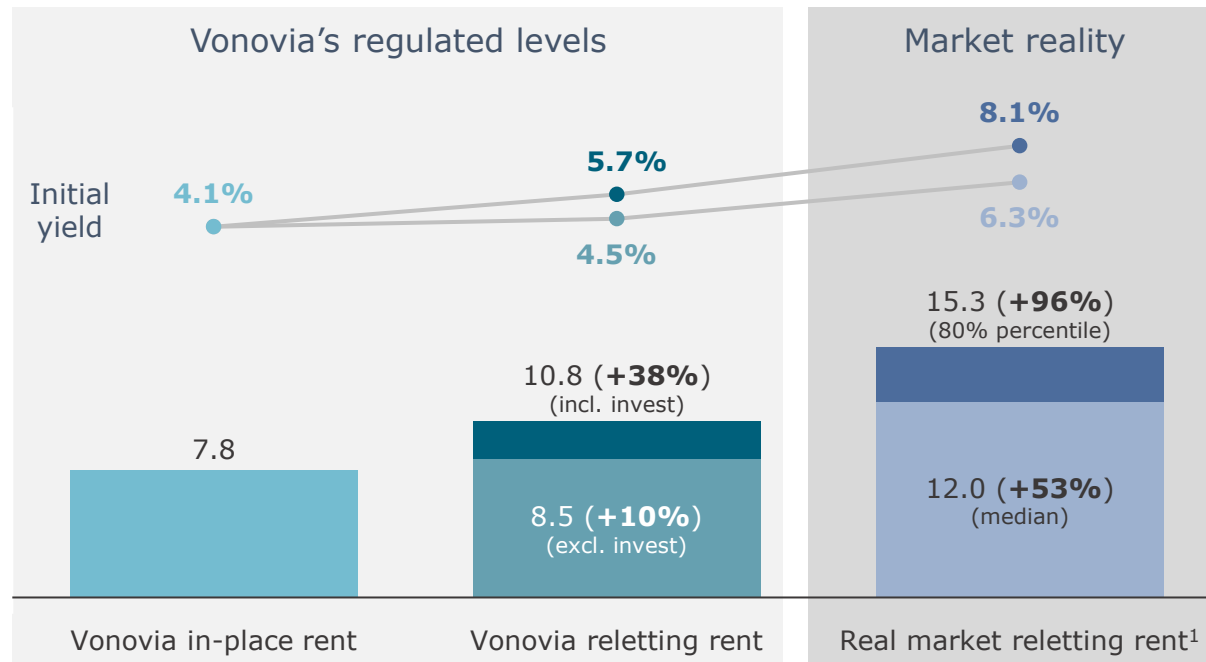
<sup>1</sup> Adapted from ZIA forecast based on Empirica and Pestel Institute.

# Robust Long-term Upward Trajectory for Vonovia's Rent Levels

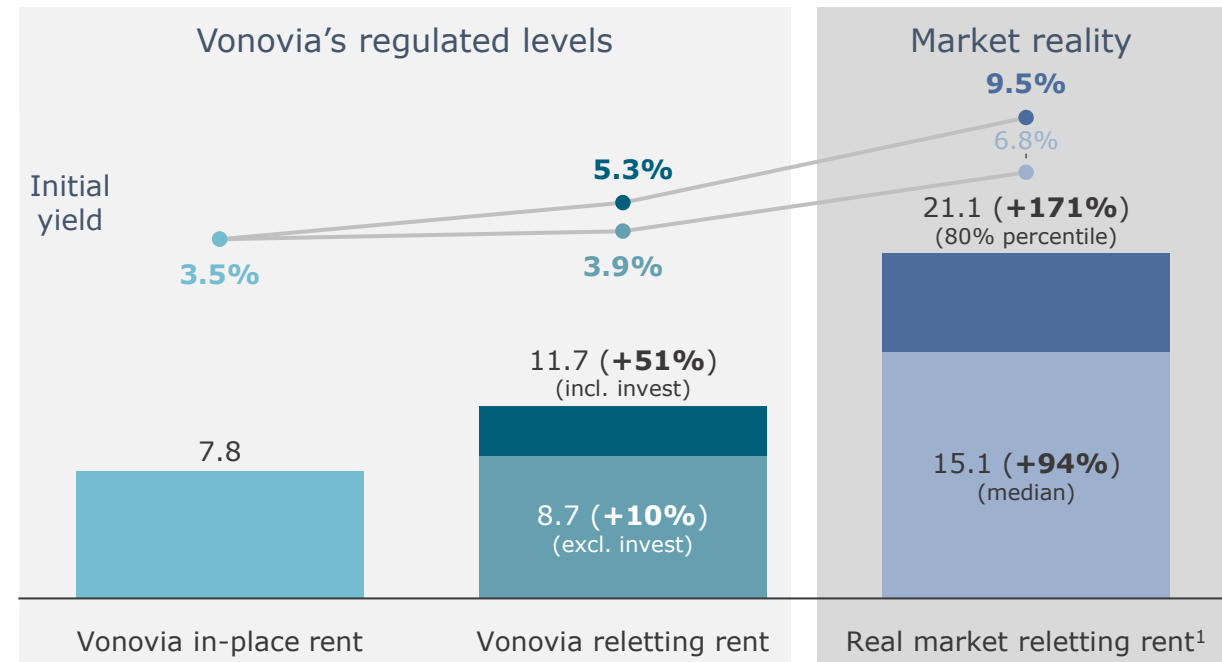
Increasing Real Market Levels As Supply/Demand Imbalance Trumps Regulation

- Average reversionary potential for Vonovia's current in-place rent of up to 38% vs. Vonovia reletting rent and 96% vs. real market reletting rents.
- For Vonovia's largest market, Berlin, average reversionary potential of up to 51% vs. Vonovia reletting rent and 171% vs. real market reletting rents.
- Wide disparity of gross initial yields based on in-place values.
- Structural supply/demand imbalance keeps upward pressure on real market rents, and Vonovia's rents are expected to follow on a robust long-term upward trajectory at an annual rate of ca. 4%.

## Germany (current rent level €/sqm)



## Berlin (current rent level €/sqm)



<sup>1</sup> Source: Value Marktdatenbank (formerly empirica-systeme), Q3 2024. Asking rents excluding furnished apartments and new constructions. Market data reflects the weighted average for Vonovia's German portfolio.

# Megatrend Climate Change

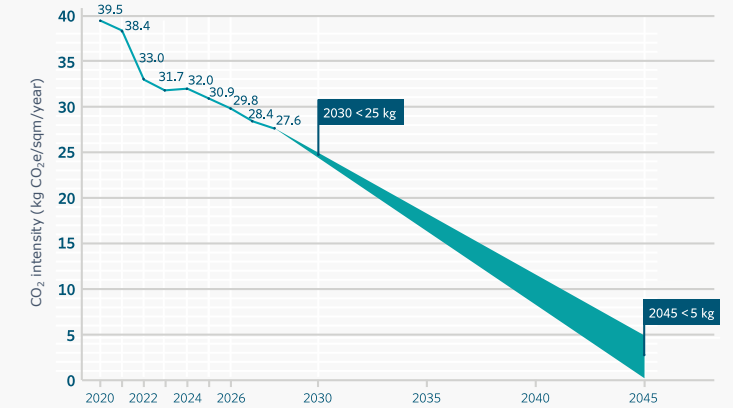
1. Vonovia has a science-based climate path for CO<sub>2</sub> neutrality by 2045.
2. Vonovia's share of worst-performing buildings is <3% vs. 16% for the German market.
3. Vonovia's unparalleled expertise can be a meaningful value driver in the context of Germany's real estate decarbonization needs.

1

Vonovia will be CO<sub>2</sub> neutral by 2045<sup>4</sup>



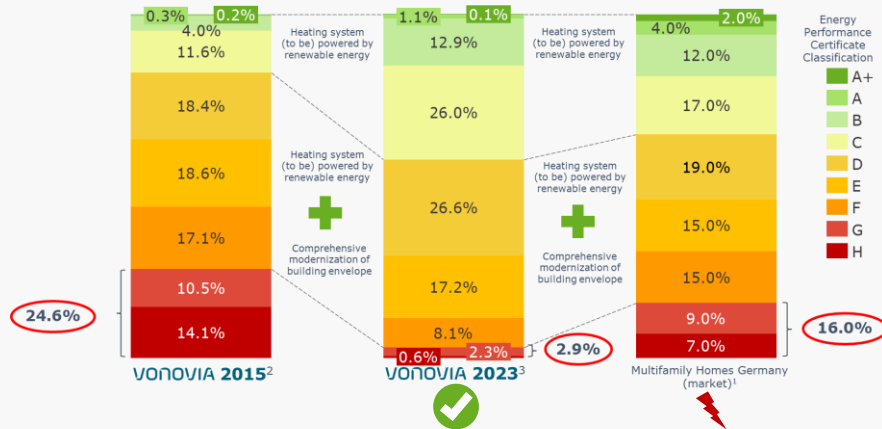
Vonovia's Climate Targets Align with 1.5-degree Target of Paris Climate Agreement



2

Energy efficiency classes Vonovia vs. German market

Strong track record of yielding investments (6-7% NIY; >10% IRR) have put Vonovia's portfolio far ahead of the market



3

- Comprehensive and unparalleled expertise in decarbonizing residential real estate.
- Competitive advantage through substantial economies of scale, superior purchasing power, R&D capabilities and track record.

<sup>1</sup> Agora Energiewende (2023): "Die Energiewende in Deutschland: Stand der Dinge 2022. Rückblick auf die wesentlichen Entwicklungen sowie Ausblick auf 2023." <sup>2</sup> Vonovia Sustainability Report 2016. Vonovia German resi portfolio. 5.0% of portfolio without EPCs not included. <sup>3</sup> Vonovia 2023 data. 5.0% of portfolio without EPCs not included. <sup>4</sup> Includes scopes 1 & 2 as well as scope 3.3 "Fuel- and energy-related activities upstream;" referring to German building stock (incl. Deutsche Wohnen) and using market-based emission factors where available. Development of energy sector according to Scenario Agora Energiewende KNDE 20245; For comparison: CRREM pathway MFH 1.5° DE 2045=5.4kg CO<sub>2</sub>e/sqm per year (07/2021); Climate pathway development supported by Fraunhofer ISE. Per-sqm values based on rental area, not total floor space. Data refers to year end.

# Successful Balance Sheet Stabilization in spite of Challenging Times

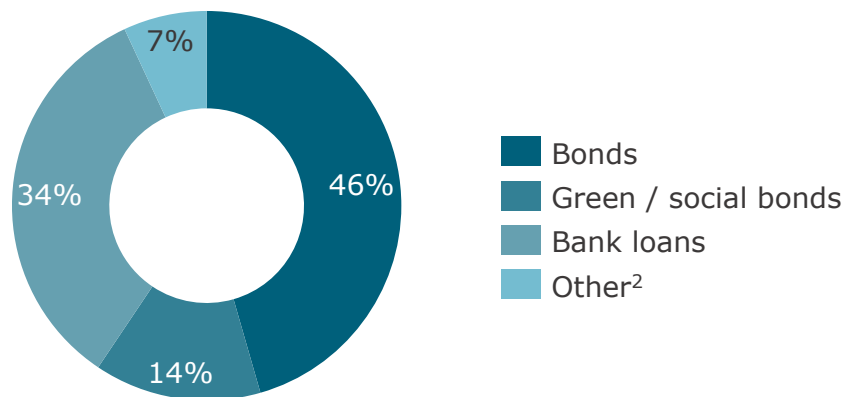
Debt KPI Targets Reflective of Low Business Risk Profile

- Diverse funding mix and solid investment grade rating
- Pro forma cash position of €4.6bn<sup>1</sup> covers all near-term maturities.
- Debt KPIs under control to safeguard good investment grade rating.

	Current	Internal target
LTV <sup>1</sup>	46.0%	40-45%
ND/EBITDA <sup>1</sup>	15.1x	14-15x
ICR	3.7x	>3.5x

Pro-active management of debt KPIs safeguards solid investment grade rating and unfettered access to debt capital

Diverse funding mix



Rating Agency	Rating	Outlook	Last update
S&P	BBB+	Stable	Aug. 23, 2024
Moody's	Baa1	Stable	Feb. 1, 2024
Fitch	BBB+	Stable	Mar. 28, 2024
Scope	A-	Negative	Jul. 2, 2024

<sup>1</sup> Q3 2024 cash on hand + disposals signed but not closed yet. <sup>2</sup> Promissory notes, bearer bonds, registered bonds.

# Strong Structural Market Drivers for Vonovia

## Structural Market Drivers



### Supply/Demand Imbalance

Cumulative housing shortage up to 830k by 2027E, government target of €100bn investment volume p.a.



### Climate Change

39% reduction in GHG emissions required to reach government goal by 2030. Required investment volume of €120bn p.a.



### Demographic Change

>31% of German population 65 or older by 2050.



### Fragmented Market

Market opportunity from inefficiencies and lack of consolidation.

# VONOVIA

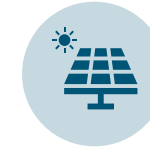
**Is uniquely positioned  
for all market trends**

## Vonovia's Right to Win



### Focus on Urban Growth Areas

Pro-active geographic focus on urban areas with greatest supply/demand imbalance.



### Market-leading in Modernization

Energy efficiency of portfolio significantly ahead of German average.



### Unparalleled Scale

Industry-leading number of apartments ready for senior citizens, through vacant unit refurbishments.



### Unparalleled Moat

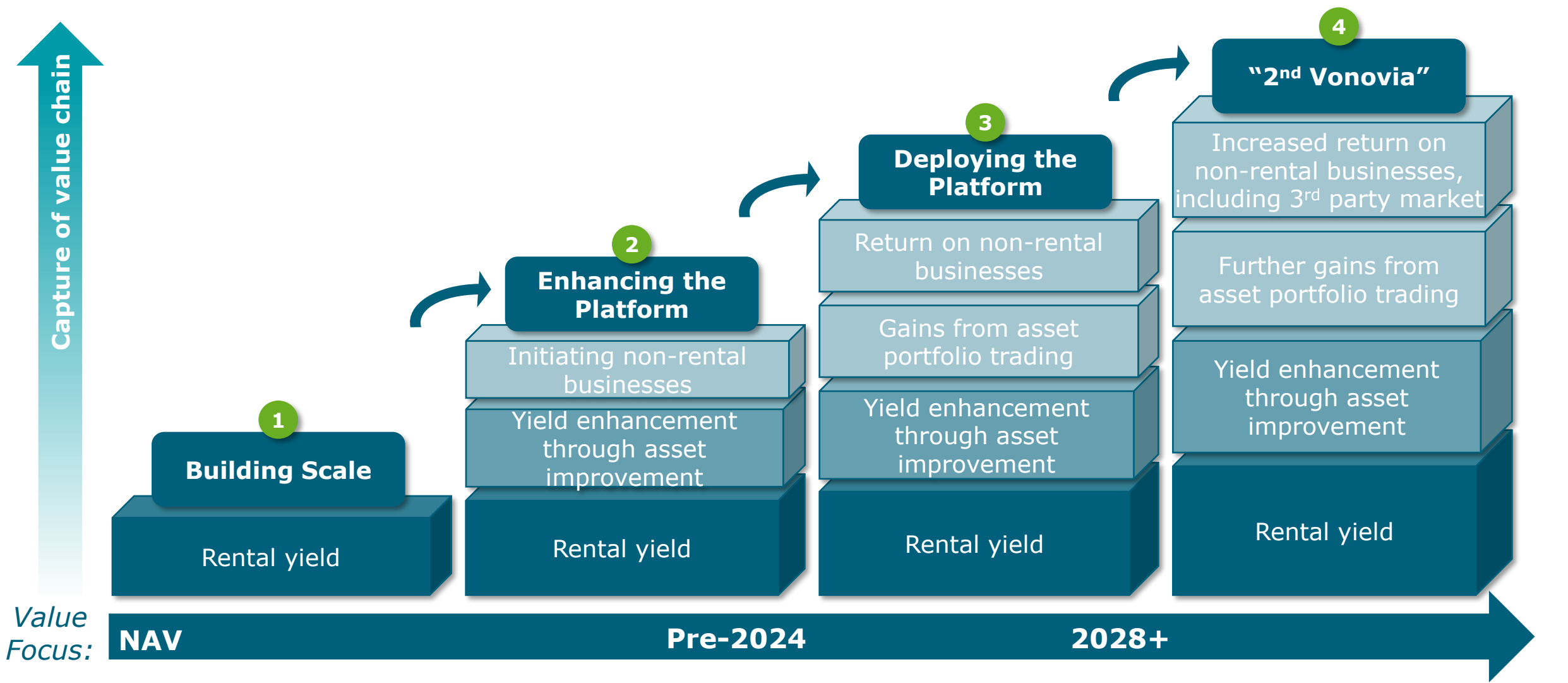
Most efficient platform and proven best-in-class ability to roll up market.

**... giving long-running, recurring and growing income for Vonovia**



# Vonovia's Evolving Value Proposition

Developing and Growing the Building Blocks of Value Creation



# Broad-based Business Across Entire Value Chain

Sector-leading Earnings and Value Generation

## Rental business

*Rock solid, low risk, and highly predictable*



~4% organic rent growth p.a. (based on €1bn investments; higher rent growth from increasing investments)



Full occupancy (except for apartments undergoing refurbishment during tenant turnover)



>99.5% rent collection

## Non-rental business

**(Value-add, Recurring Sales, Development)**

*Additional earnings & value generation not reflected in NTA*

Return to Performance

- Wholly-owned VTS craftsmen organization & increasing investment volume
- Recurring Sales
- Development to Sell

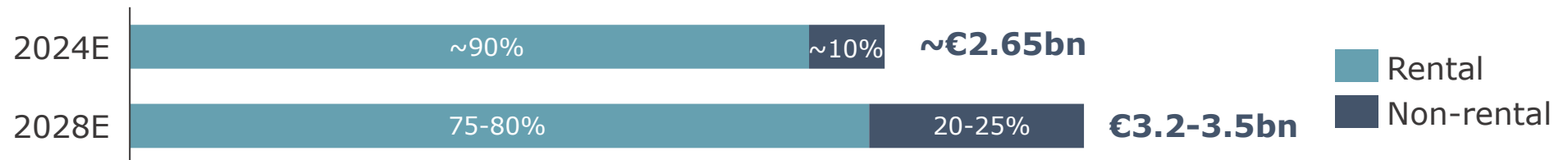
Accelerated Tech-Supported Investments

- Serial Modernization
- Energy Cube heat pump & PV

Expanded Business Areas

- Energy Operations
- Stranded Assets
- Occupancy Rights
- 3<sup>rd</sup> Party Market/2<sup>nd</sup> Vonovia

Adj. EBITDA Total



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