Transcription
Q1 2018 Results Analyst & Investor Call
May 3, 2018

VONOVIA

Operator

Dear Ladies and Gentlemen. Welcome to the Vonovia's Q1 2018 Analyst and Investor Call. At our customer's request, this conference will be recorded. As a reminder, all participants will be in a listen only mode. After the presentation, there will be an opportunity to ask questions. If any participant has difficulties hearing the conference, please press the * key, followed by 0 on your telephone for operator assistance. May I now hand you over to Rene, who will lead you through this conference. Please go ahead.

Rene Hoffmann

Thank you and welcome everybody to our conference call. Our hosts today are CEO Rolf Buch and CFO Stefan Kirsten. We are in a different locations today, so please bear with us in case we have a slight delay at one point or another. Rolf and Stefan will lead through the Q1 results presentation first and immediately thereafter, through the presentation on our tender offer for the Swedish residential company Victoria Park. Following the two presentations, we will be glad to take your questions. I assume you all had a chance to download both presentations. Just to be sure: The Q1 presentation is available on our IR website under the section 'latest publications'. The presentation on the tender offer for Victoria Park is available on our transaction website, which you can find in the section 'transactions' on our IR website. And with that, let me hand you over to Rolf.

Rolf Buch

Hello everybody, and also a warm welcome from my side. First our Q1 Earnings Call and later to our Swedish residential player Victoria Park. As always, I will guide you a little bit through the highlights and then we will talk about the Q1 results and what this means for our guidance. And we will also have some housekeeping topics and afterwards we will talk about Sweden.

So to the highlights, I think you have seen that we have had a very strong operational result for Q1, which also gives a very good indication for the full year. Rental Growth is up by 4.2% year-on-year. The Rental Operating Expenses have reduced by 21.3%. I think probably some of you are surprised by this big reduction. It is actually not a surprise, because this is now the impact of the synergies of Conwert. It also means, of course, that you will see next year, we will be probably surprised by the impact of synergies made by BUWOG.

The adjusted EBITDA Operation is up by 5.2% and the EBITDA Operation margin is, of course, because of the lower cost increasing to 89.9% from 88.6%.

Consequently FFO 1 increased by 11.6% on a year-on-year basis and BUWOG, to explain BUWOG, there is a change of control, as of 26th of March, so the balance sheet includes the BUWOG in Q1 reporting from the accounts. It does not include the profit and loss. Vonovia took the stake in BUWOG as of April 30th. Our stake in BUWOG was on April 30th of 77.4%. Operational integration already started. The German BUWOG operations will be fully integrated, as you know it from us, at the end of the year 2018. That is why you will see the synergies in the beginning of 2019. And because of the very good performance of the first quarter, we have increased our 2018 FFO 1 guidance more than 7% to €1,030m to € 1,050m. €40m of this is just resulting on a better operating business in Vonovia and 30% is the net contribution from BUWOG, the bridge.

On the next page, as you know, this is my most favorite slide. This is the slide which is the most important for me. This time you can see that we have less rental volume, because we sold so much in the last year. Due to the significant rent increase, our rental income is more or less stable with plus € 1.1 million, but even with a stable rent increase, we have increased our EBITDA operations by € 15.6 million and due to better refinancing, the FFO even by € 25.4 million. So normally I show you that the rental income is passed through 100% to the bottom line, in this quarter it was a fact that we passed through much more than the increase from the top to the bottom line. Keep in mind that we will stop selling in the beginning of next year, because when everything is sold, then you could see this phenomenon much more drastic then you can see it here. And with this I hand over to Stefan.

Stefan Kirsten

Thank you Rolf. A very warm welcome from me - by the way for the last time - to a quarterly call. All the numbers I am presenting to you today are ex-BUWOG, except when I mention it separately. I am now on page 5, our rental growth number. What you can see if you compare the year-on-year numbers for Q1 2018 versus Q1 2017 is a growth of 80 basis points and this growth of 80 basis points stems completely from modernization. Just a quick reminder: We have three sources of rental growth in an organic way. The market-driven rental growth, which oscillates around 1.6% per year as you can see here already. The modernization-driven growth, which does not increase the square-footage, or let us say the number of contracts – that is the more precise definition, but it is driven by the modernization programs which we run. And space creation which creates new space, new tenants and new contracts.

We have already in Q1 2018 4.2% of organic growth. Space creation is naturally low, because of weather conditions in the first quarter. Just as a quick reminder, our guidance for the year is 4.6% to 4.8% based on 2017 investment numbers. That is very important. The investment numbers of X minus 1. We will confirm the guidance for this year as well as the investment volume for this year, so you can assume safely in 2019 a number organically above 5%.

Let us move to page 6. Our EBITDA margin expansion: Rolf already mentioned the elimination of Conwert cost was of course reducing our cost base in the year, in the first quarter. This is out of the two percentage points of EBITDA margin, approximately half. You see our annual cost per unit in numbers, these will drop further and don't be surprised if you see a number below €500 at the end of 2018.

If you go on the right hand side, the value-add business has 2 million less profit contribution in the first quarter. This is not slowing down, this is very simply the way how we calculate this business. We have become more finely attuned in some of the aspects of it and therefore re-allocated some costs, re-allocated some profitability. We stick to our general guidance that this will deliver 120 million contribution of this year. We have just become better in accounting it, not in running it, we are running completely on track.

Our adjusted EBITDA operations has a delta of 15.6 million. 6 to 7 million come from Conwert, one from rent, two from maintenance, the rest from miscellaneous aspects. After business, so the story about improving EBITDA margins is not really changing.

Page seven, FFO 1 per share. It is up 7.9%. It is less up than the 11.6% FFO 1 in total, but that has a lot to do with creating new shares through the scrip dividend, Conwert and Gagfah last year.

Our interest expense for the FFO is significantly improving. This is the benefit from refinancings in 2017. So we had 16 million from EBITDA, 9 million from financing, therefore 25 million FFO 1. You will see the non-controlling interests at the moment here still slightly increasing. In the balance sheet they are increasing more than the outstanding BUWOG shareholders, because we only own 77% for the time being.

Capitalized maintenance, pure phasing issue, no new policy, nothing special to talk about. So in principle, the numbers here are again good, but in line with what you all expected.

On page eight, we are talking about adjusted NAV. Most important message: No revaluation in Q1. So we will have a partial revaluation for the big part of the company after Q2, which we are – Rene will announce this later – I think publish on the 31st August, but no revaluation in Q1.

Our NAV per share is down 1.1%. This is as expected, because we have BUWOG in in an all debt deal, therefore we were actually expecting 40 cents, whether it is 40 or 42 cents - is rather irrelevant. What is important is the 38.07, because the 38.07 is a threshold for us, whether or not to propose a scrip dividend and you will see later, that our supervisory board has approved yesterday that we will offer the same choice as last year on the dividend between cash and scrip.

On page nine, we once again included the maturity profile and debt profile. Two reasons for that, one is that Olaf Weber, our head of treasury and I are at the moment on a non-deal related debt roadshow which we did not want to shift, just because we had a couple of issues here. But also, to show you that our refinancing program with a secured loan extension by 10 years and 200 basis points left. 500 million with Berlin Hyp was successful, two 500 million tranches in January. Three 500 million and one 600 million tranche in March. An active CP program plus acquisition bridges is not derailing or putting out of balance our maturity profile.

You see in the debt structure a certain dominance of bonds. This is natural as long as we have the commercial securities purchasing program from the ECB?.

You see our loan-to-value number, I will address that later. Unencumbrance is slightly coming down. This is a BUWOG effect, because BUWOG is nearly 100% encumbered in its financing. Average cost of debt is safely below to the 2% mark and we have increased our weighted average maturity. There was, by the way, end of March, when we took control of BUWOG, a technical note which we sent out, so that you can calibrate your models, what debt is allocated to BUWOG and how the interest numbers moved there.

Let us move to page ten. Page ten is our loan-to-value calculation with which most of your agree. At the moment we are at 45.5%. This is outside of our comfort zone. Our comfort zone is 40 to 45%. If you include the perpetual hybrid to this, it would even be at 48%. Let us assume we take the 45.5, which is our definition and we will finance BUWOG, the outstanding shares, with 100% debt. We would end up at around 47%. And this would call for mitigants like more yield compression, asset sales, not getting all the shares in, etc. So the company is clearly committed to reach its target zone again about the financing of Victoria Park we talk about later.

Let us talk about our investment clusters on page 11. This chart is unfortunately a little bit misleading. You know that we are running our budget round usually in summer and therefore we are re-clustering all our respective units. Until then, BUWOG's German properties are all in Operate. So we have not distinguished what is 'operatable', what is 'investable', what is 'privatizable'. Everything has been categorized in 'Operate' and we will do this exercise during the course of this summer. So if we say that only half of our portfolio with 217,281 flats is investable, this is understating it. But the key indication is that we have enough room for the next years to have our modernization programme, which is very successfully applied. So the opportunities are plentiful. And with that, back to Rolf please.

Rolf Buch

Thank you Stefan. So, the next page, page 12, I think looks very familiar for you. I do not have to go too much into detail. I just wanted to confirm that this value-add business will deliver at least 120 million of adjusted EBITDA this year. And please keep in mind – I will repeat it again and again, but I think also my colleagues from LEG are now repeating it – is valued zero in the NAV calculation.

So we will go on, we will develop new solutions. I think we have a high pipeline. I think today we should not spend too much on this, because we have enough other things to discuss.

On the next page is also housekeeping. You see that we also have been very successful in the first quarter in the 'privatization' and in the 'sell' portfolio. The sell portfolio is the old non-strategic portfolio. The sell portfolio is the one which we want to sell because we do not like the assets. The privatization portfolio is a portfolio where we sell individual apartments, because we get a significant margin.

Our privatization margin remains strong with 27.6%, as you can see in the slide. We have done two small portfolio transactions for privatization portfolios where we are selling Vonovia apartments not one by one but in a small package. If you exclude this the figure would be 32.8%, so very comparable to the figure to Q1. Keep in mind, that we have seen a significant value uplift in this portfolio also, by the year-end valuation so you see that the trend of very high demand for this type of apartment is completely intact. For your information, we have close to 14,000 apartments left in the privatization portfolio, so enough for the next years to come.

In our sell portfolio, we are disposing our non-core assets. Normally there is a target range of zero percent value uplift. In the first quarter we have gone a significant higher value uplift of 15.9%. Also due to the fact that we have sold two significant packages, because we are using the high market liquidity and the high demand in the market of course to get rid of this portfolio as fast as possible.

As Stefan showed you earlier, only 10,000 units are left in our sell portfolio, so we think that we could close this portfolio nearly to the end of the year and this means that we will not have negative disposal effects on the FFO from the next year onward. And with this, Stefan, you will give the guidance.

Stefan Kirsten

It is guidance time and housekeeping. Due to the avalanche of facts we have confronted you with, I will talk you very slowly through the guidance, so that we avoid misunderstandings.

Let us take the guidance without BUWOG. Vonovia as it is. Let us take it as it is. Organic rent growth: we stick to our guidance. 4.6% to 4.8%, Q1 4.2% – as you have already seen.

Vacancy end-of-period smaller than 2.5%. It is more and more difficult to squeeze the vacancy number for very simple and obvious reasons. It is already at a technical minimum.

Rental income: we see 10 million more rental income. The lightest guidance number was from November. We see now reality kicking in. This is at this time of the year, so let us see how the year progresses. Again, this is without BUWOG.

FFO 1 – and now I am taking the number without BUWOG – we would like to add 40 million to the guidance, so it will end up between 1 billion and 1 billion 20 on Vonovia stand-alone. This will lead at the existing number of 485 million shares to an FFO 1 per share between €2.06 and €2.10.

Maintenance - we have no new indications. Modernization - we can confirm and I am sure end of August we will show you the completion ratios again, as last year. Privatization: we stick to our target. Fair Value step-up – you have just seen the numbers which Rolf was presenting, 30%. Non-core opportunistic – now comes a number which I like a lot, which is only 5% step-up in the sell portfolio, but it gives you a clear indication that the yield compression story and the value increasing story in Germany is not over, if even a sell portfolio delivers 5%.

Dividend per share is again 70% of FFO 1. So this is Vonovia as it is.

What can we tell you about BUWOG at the moment? - Well what we know for sure is the interest expenses and what we may know a little bit, is actually an FFO contribution. And this is a guestimate. And please remember what we did last year, when we were talking about Conwert. We gave you an outside-in view and then we hardened the number once we had the accounting policies aligned etc. Keep in mind that we took control of BUWOG only on 26th of March. So we only have the balance sheet in the quarterly numbers. We have to get used to their definitions. They have a different business year etc.

So our first guestimate on BUWOG is that it adds another 30 million of FFO contribution and this is in very rough numbers, approximately 60 million of FFO contribution for FFO 1 and approximately 30 million of interest cost which we have. I think our number is 34 or 33, which is what we allocated to the non-development part, to the core part of BUWOG. If you accept these numbers, it will end up at an FFO 1 per share between €2.12 and €2.16. So I hope I made it clear: Vonovia alone, significant increase in the guidance. BUWOG overlay, lower quality of data, but again 30 million contribution this year net. Next year, as Rolf said, we will have a full year in. We will have synergies realized etc. So the number will of course look different next year.

Why am I dancing so much around the issue? - Let us have a look at page 15. When we IPOed, the FFO 1 was the basis for our dividend level. Why? - Because we said, all other FFOs coming in will be used for capital recycling, so that they feed the equity portion of our modernization program. Since then, the company has tripled in its size, partly internationalized and receives income streams from completely different corners, like FFOs from disposals in Germany, disposals in Austria and also in future from development.

These are at the moment ignored in the current dividend policy and we have therefore set up a project to revisit these FFO definitions and the way how we want to communicate to the market. Knowing us and knowing that we will simulate our five-year plan first with it, if we change anything, you will hear about it early November with our Q3 numbers, but at the moment we stick to the guidance which we have, even if it is to a certain degree imperfect with the world which has changed around us. Good.

Housekeeping. Page 16. Annual General Meeting will take place in Bochum on May 9th. By the way, this will also be the handover between me and Helene von Roeder. We will offer you a choice of a scrip dividend and a cash dividend. Cash dividend proposal at 1.32 is already out. This is what the Annual General Meeting will agree upon. Afterwards, the time line is that on May 11th, we will give the rights issue dividend announcement and start the subscription period. You will then have to decide until May 28th with final reference prices and subscription prices published on May 25th. Cash dividend recipients will receive on June 7th. Share dividend a week later, because it takes a bit of time to create these shares. Just as a reminder, we were the most successful scrip dividend last year in Germany with a 50% acceptance and I am very much looking forward to giving new investors the same choice this year again.

Page 17: tender offer for Victoria Park. That was a little bit our May surprise. We will come to the more detailed presentation later, so allow me to skip this one here.

Page 18: BUWOG. We own 77.4% already. We have 99.8% of the convertibles in, which we already translated into shares. The mandatory second acceptance period ends June 18th. That is very important. And there we will see whether or not we reach the 90% threshold or not.

We are able to realize our communicated synergies on the basis of the current stake already. The current stake is fully financed through. And this is the technical load I was referring to with 3.6 billion of cash stemming mainly from our bonds.

Our operational integration is well on track. It started end of March with taking control. BUWOG's German operating business is expected to be fully completed by the end of this year. Tomorrow we have an extraordinary General Meeting in Vienna, where hopefully Rolf, I and some colleagues of ours will be voted into the supervisory board of BUWOG, so also show legally, that BUWOG is now a group company.

You may have also seen that Mr. Riedl will become a new colleague of ours after the AGM and join our management board. Mr. Eckert, the current chairman of BUWOG will join our supervisory board. That is of course dependent on the shareholders' vote. So BUWOG is fully on track, as Conwert was before, and we keep on going there.

Thank you and back to Rolf.

Rolf Buch

Thank you Stefan. So to wrap it up before we are coming to Sweden, I think you have seen, and this is a very stabling element, that our operation remains very strong. We had a strong start in the year, which makes us very positive for the full year and for the years which will come. As Stefan mentioned, the story of increasing EBITDA margin is not over, that is why we were able to give you an increased guidance which reflects our full, strong business fundamentals. BUWOG integration, as Stefan mentioned, is fully on track and will deliver results mainly in the year 2019. So please do not be surprised if you still see a significant cost reduction in the year 2019. And these are the parameters of the communicated strategy. Vonovia is continuing to seek shareholder value creation in Germany, which is our core market, but also as described during the last summer, in some selected European metropolitan areas. With this I think I pass on to the next presentation, which is called 'Tender Offer for Swedish Residential Player Victoria Park'. I am going immediately to page two, to give you an executive summary. So what happened in the last five years, and I think this is important to understand, because what we want to do in Sweden is actually what we have done in Germany in the last five years to sum it up. Of course I will go a little bit more in detail.

We have today a company with 394,000 units and a gross asset value of 39 billion. Since the IPO in 2013, I think you have seen Vonovia working on a scale to build a scalable business model and you have seen in the presentation our cost per unit, which is actually the showcase, the KPI plus scalability is really going down. At the same time, we have established an efficient large-scale modernization platform. I think we have talked a lot about this in the last five years. We have developed a meaningful dynamic growing value-add business and we have acquired in the meantime 280,000 units, including BUWOG, and of course very important, we have a developed and diversified funding structure and diversification of our funding mix.

Since summer last year, actually I think we have started to exploit opportunities in some other European metropolitan areas, which is what we call influx cities. We have told you in summer, that there are actually three interesting countries: France, because of its size, Sweden, because of its proximity to the German regulation, and the Netherlands because of its proximity to Bochum. And of course we have started – as you know – the partnership with SNE, CDC habitat today in France, to understand the French market better and we have acquired meanwhile, but this is more a German acquisition, Conwert and later BUWOG in Austria.

Sweden as a residential market is very similar in terms of regulation to the operating framework in Germany. In Sweden you find, like in Germany, a mixture of private companies, private listed companies and municipality companies. We have in Sweden, like in Germany, a strong organization trend in mainly three big cities such as Stockholm, Malmo and Gothenborg. You have in these cities actually a significant supply and demand imbalance, especially in the part of the buildings which are for normal people. You have a strong increase of population in the cities which actually has a strong price pressure on this type of product.

That is why we see that this is an attractive investment opportunity. And do not forget one thing which we will mention at the end of the page: There was a 1 million home program in Sweden between 1965 and 1975. So you might wonder why this is relevant in the year 2018? It is very relevant, because at this time Sweden actually constructed around 25% to 30% of its full housing stock in only ten years and now more important, this housing stock has technically the same structure and was partly constructed by the same companies than the East-German housing stock, which we operate for example successfully in Dresden and in Leipzig. And now the news is coming, actually this stock is now, because it was condemned in a very short period, is now coming to modernization potential. Also in a very short period. And that is why we do not see only similar buildings. We do not see similar challenges, we do not see only similar advantages, but we also see the fact that in Sweden municipality companies are selling significant portfolios to private companies to have enough money to invest in the remaining. So that is why there is a much better acquisition possibility for a smaller portfolio which Victoria Park was using in the past.

We were actually following Victoria Park's business model for the last 12 months. We have seen that there is the same phenomenon like with us but they are doing a much faster renovation speed and they can increase rent a little bit more than we can do in Germany. They have a qualified portfolio of 14,000 units, actually in these three big cities: Stockholm, Gothenborg and Malmo. I think there have been some managers in place which have done a really good job. They know exactly what they have done, they have well understood the market and they have prepared actually a best–in-class platform to develop on further now. And which actually also from our point of view, can become the market consolidator in the future for the next ten years.

Of course we have always announced that we have to meet all of Vonovia's acquisition criteria, so as you know there is first of all strategic fit, as we increased our strategy to European metropolitan cities. I think Malmo, Gothenborg and Stockholm fit very well. I have talked a lot about the building substance, which fits 100% to our building substance, so we do not have to really rethink anything. We can use all the things that we have learned in the German buildings with the Swedish buildings. Of course, you know, they have two very hard criteria, which is NAV accretive or neutral and FFO accretive for the Vonovia shareholders by share. This is both achieved, as you will see later, and of course we have to finance the transaction as a rating neutral, also Stefan will give you some more insight there.

So the transaction, actually, of course the timing was not completely made by us. On April 1st, as you know, Starwood Capital has made an unsolicited offer to Vonovia Park for Swedish Krona 34. And this offer was rejected by the supervisory board of Victoria Park. At the same time we were made aware of the situation by advisors of Victoria Park and we were asked to think about an alternative bid. So we actually made a cash offer for Swedish Krona 38 for Class A and B shares and a cash offer of 316 Swedish Krona for Preference Shares, which do not have a significant magnitude.

The implied value of our offer is around 17.8 billion Swedish Krona based on the cash consideration. The offer will have a minimum acceptance threshold of more than 50%, so that we can control the company. The independent bid committee of the board of Victoria Park has recommended the offer. The chairman Peter Strand, who is one of the architects of the company, who just moved to his chairmanship, he was the CEO before and other board members have to decide to give us an irrevocable as part of the offer. I am in agreement with Peter Strand if shareholders accept if he will stay chairman and we also like the CEO and the CFO very much, so we are really building on a very strong management team here. We have irrevocables and call options in place of 37.3% of the voting rights. It is significantly more than what Starwood has.

On page four, I think you see a little bit the story. You have seen on this page our four main pillars of the strategy plus the acquisition part. You have seen that we have increased from 2013 to 2017 the EBITDA margin by 12.4 percentage points. You see that Victoria Park is in the magnitude of Vonovia in the year 2013 and of course I am not giving a guidance for the next years, but I think my assumption is that we will also continue to do the same what we have done in Germany and increase EBITDA margins in the next years. The same is the financing mix in 2013, this was IPO time. In the beginning of 2013 Stefan still knows it, everything was secured, but inclusively on the IPO time, 56 was secured and we moved it to 21. Victoria Park is now still 88 secured, so I think also here is some potential to get better and cheaper financing. Keep in mind that our marginal cost is 1.5 and their cost is 2.

Portfolio management: We have looked exactly at what they are doing in the housing modernization, which is exactly what we are doing, what we call 'optimize apartment'. They are doing more or less the same. I went with Klaus to their CEO, we really looked in detail what they are doing. We think maximum they have the same quality as we have, probably, Klaus thinks, we have a little bit better, but I do not think we should go into this discussion. At least we are spending for the same amount 30% lower cost per unit, which actually shows you also the scalability in purchasing is an important factor and I think we can at least partly repeat this in Sweden.

And then of course value-add business, they also started to do some value-add business which is very attractive. You see today, after five years of doing it, we have 8% of full EBITDA contribution, they are only at 1.

I think there are enough indicators that with our help this great management team can develop and repeat our success story in Sweden. And of course, as you know, we have an integrated more than 270,000 units in the last year, which was of course part of the scale business, so also there I think in Sweden is enough potential to grow the company.

So overall, this is what we want. We want to repeat the success story. I have to be very clear also, we have not calculated in the FFO and NAV calculation any synergies. So if this is successful, it will be highly accretive for our shareholders in the next years.

Talking a little bit about the market. I think some of you have already seen the Swedish market. There is the same demand and supply pattern as in Germany. High demand for rental units. Production costs are going up, so I can really repeat what I have told you about Germany. Production costs are going up so that it is more difficult to afford an apartment. We have historically low vacancy, for example we have done the due diligence in Victoria Park. Actually we were not even able to see an empty apartment, because all apartments were full, so we really had to go to apartments where sitting tenants are living, so that was even a new experience for me and we also have the housing market and the rental growth. You can see there is a significant rental growth in all types of rooms. And post-regulation, the municipality companies, as I have already said, are now selling down their stock to finance rebuild or modernization of the remaining stock, so there is also significant potential. And because of the production costs a significant increasing actually, the value of the building is automatically increasing as well.

On the next page I am describing again the 1 million program. I think I have described it already in the summary. Half of this stock is located in the city of Stockholm and Gothenborg and Malmo. 70% of the stock today is suitable for renovation, which is of course a huge opportunity for the industry. This will take the industry roughly 10 to 20 years, and as you can imagine, I am convinced that this can only be done as an industrialized modernization department like our VTS, so that is why I think we have all the knowledge in place. We know exactly what to do to handle this mass in Sweden and to handle the mass also to receive cost efficiency.

On the lower part of the slide, you actually see the three main big cities are actually the cities where you have to look on. This is where the Swedish people are living.

Also coming back to our M&As. Acquisition: of course on this slide you see that there is a significant part of the whole housing stock owned by private financial owners, so it is already on the private side. I also told you that there part of the municipalities are selling down their housing stock. So this is different and actually better than in Germany, and you see that there is also a possibility to consolidate and to accept a better efficiency gain in the future. Of course now our first step is to actually get control on the 50 plus one share on Victoria Park, then to help the management team to get more profit from our knowledge and our experience and our cost structure. And then probably later, we can also prolong our opportunist growth strategy in Sweden to repeat the story of Vonovia in Germany.

I think on the next page you see what was impressive, because of this high speed of modernization, which is much faster than in Germany. They have shown a CAGR of EPRA NAV of 66% and of course, if you look in the business plan, because this EPRA NAV growth is coming completely from performance, modernization and following rental increase, you can see this CAGR will continue in the next years, this is just a matter of mathematics and not a matter of facts. So that is why we will deliver a strong growth in FFO and NAV and I do not admit it nicely, but it is unfortunately the case that this company is growing faster than Vonovia in terms of NAV per share and FFO per share.

So Victoria Park has a proven business model, as you can see on page nine. They have significant potential for renovation still left, 70% is still for renovation. They receive a 40% rent increase, so their regulation in Sweden is a little bit better than what we can achieve in Germany. The CAGR of 60% EPRA NAV we have already talked about. And what is very important for us and for them, is that they have understood like us, that it is very important that you, if you are this company, at this side, and with this portfolio, that you take your social responsibility very seriously, so they have done – as we are doing and as you have seen – also a lot of social investment to increase residential area attractiveness. So these are all the same approaches which you have seen in

Vonovia in the last years, so you can see the same things and I think this is very good, because we do not have to convince people. And I think this was also a reason why the management preferred Vonovia as a shareholder, because they believed that they could continue their right way, which might be more difficult with private equity.

On the lower right side you see that actually they are doing the same what we are doing, but today they are doing it 30% more expensive than we are doing it in Germany. Of course I know, there is a higher VAT in Sweden than in Germany and of course they have lower purchasing power, but we can probably help with this in the future.

As you can see on page ten, on the left side we see the elements. Vonovia Park is already accomplished. They are doing an optimized-apartment program like ours. They have a value enhancing innovation strategy. They have close relationships with tenant associations and municipalities and they have grown the company by acquisitions in the last years.

What we will bring to the table is industrialization and standardization, financing, optimize apartment with lower cost. The same program with lower cost. Programs like upgrade building, neighborhood development and space creation, value-add strategy and of course the willingness to consolidate the Swedish market if possible, if prices allow under acquisition criteria. And with this I hand over to Stefan. I think he will go more into specifics.

Stefan Kirsten

A few numbers on page 11. You will see that our market capitalization will of course increase. We will talk later about financing. This is something which we will feed with equity. Reasons will come in a second.

Rental income, more than a 100 million more. FFO contribution of course in a very early stage to think about. Close to 40 million more.

You know what is striking? - When you look under these German, Austrian and Swedish flags that except for the cost per unit, where we do not know whether we calculate everything correctly, we notice it is bigger than ours. All these numbers look very similar. Germany has, from the multiples, from the in-place cold rent, from the vacancy rates, more similarities with Sweden than with

Austria actually. And buying Victoria Park is 17.5 times multiple is also quite interesting for us.

On the valuation side, you see again €1,300 per square meter for Austria, €1,400 for Sweden, €1,450 for Germany. So when Rolf says that the whole environment is very similar to what we know in Germany, we can add the numbers and see that this is also broadly the same thing.

Let me go through the data again from a perspective of Victoria Park's shareholder and also from a perspective of how to finance the whole matter. The financial terms are clear: 38 Swedish Krona for Class A and Class B shares and 316 for the preferential equity shares. The enterprise value equivalent is €1.7 billion. This shows to various premia, whether or not you have Class A, Class B or Preference shares. It is a 22.3% premium to the last reported EPRA NAV. Keep in mind that the Swedish company has a very high NAV trajectory. It is still 12% premium to the Starwood offer. Ladies and Gentlemen, you have seen us acquiring a lot. It is actually great to be invited once and not kicking in the door. So I must actually say, we liked to be called into it. The independent bid committee of the board of Victoria Park has recommended the offer. Rolf has already articulated the views and the current chairman is one of the irrevocables we are having.

We are having 37.3% of the voting rights, nearly 32% of the shares. What is important for us, you know that Starwood has something like 30%. We are not going into a bidding war here. This would not be Vonovia's style and therefore we have a minimum acceptance threshold of more than 50% and have to see that we come to a decent arrangement with everybody else who has stock out there.

Sweden has two peculiarities. One is that you can do a due diligence on a listed company, which you could not do for instance in Austria or in Germany in a meaningful way. And the second one is that your offer is valid the moment you announce it, not when you put the paper out. So that is one of the reasons why we had the necessary bridge financing in place this morning already. And by the way, we have a contingent hedging plan also in place since this morning, so that the offer is from that perspective financed.

You have seen over the last two years, that with Conwert and with BUWOG, we are in the range of €8 to €8.5 billion enterprise value debt finance to acquisitions, so do not be surprised that in connection with this transaction, we expect to raise equity, approximately a billion. Timing is dependent of course on market conditions.

This transaction, and this is on page 13 already, meets all our acquisition criteria, but I have to make you aware where it is tight and where it is not. So from a strategic fit, we like it a lot and I don't want to repeat myself, or Rolf. He has shown very clearly where we are on these things. So let us keep in mind, and these are the questions we had today in our one-on-one meetings and over our lunch, whatever we invest in Sweden or in Austria, our core market is and stays Germany and we will not leave out any opportunities to invest there too, if it fits to our strategy.

The FFO per share accretion is between 1 and 2 Cents for the first full year of consolidation, so that will be in 2019. On the NAV we see the same. We will be marginally by a Cent dilutive, if we would take the NAV of 2018. They have strong NAV growth, therefore we believe first full year we can justify with 2019, so this is in line with our transaction parameters.

We have not asked the rating agencies in a rating evaluation service, because the transaction is from the size not big enough, but it has no impact from our calculations on the rating or on the outlook. We have informed, of course, the rating agencies yesterday evening, after close of trade, so that they are not getting surprised.

We had a business due diligence and we were able to validate our business plan for Victoria Park, and as Rolf stated, there are no synergies included in the numbers we are giving you at the moment, so the worst day is the first day, and from that moment onward it improves. We believe that it is at least NAV neutral and FFO accretive, so we are happy with that and this is calculated on enterprise value 50/50 equity and debt.

So all in all, I must actually say we are very happy with having an acquisition like this one abroad and I would like to focus your attention on page 14, which is a transaction timeline.

3rd May is today. We will need a good three weeks to get the offer ready and start the acceptance period. Good news is, that the acceptance period is not too long, so 18th June, end of acceptance period, three days later publication of outcome, 28th June, because it is a cash offer payment and settlement which means, if we are successful, which I am expecting at the end of Q2, we have Victoria Park already in our books.

That concludes my remarks, for the wrap up. Back to Rolf.

Rolf Buch

Thank you very much Stefan. So, as I think we have shown you, that we have done an attractive offer for the Victoria Park shareholders, offering them a significant premium and I think this is also the reason why this is supported by the management board and also by the chairman and by the supervisory board.

We are meeting all acquisition criteria, which is of course important, because this is in reality our first real international expansion, because I consider the acquisition in Austria more or less German-Austrian acquisition. Here we are doing a real outside Germany acquisition, so that is why I think this is our first step outside Germany. I think that Sweden is the best country for us to start with, because this is a country where we have the most similarity.

You know that I like the French market, but the French market will take much longer and that is why I think it is the best possibility for us to show that we can also generate value outside Germany. Of course that is why we are lucky that we got this possibility, because Starwood has made the offer and that is why we started the process. And I think we will now help Victoria Park to become a leading company in the market. They are already leading, can even become better, and probably follow the same success story that we have had in the last eight or ten years. So that is why I hope in five years from now you will look backward in Sweden and say: This was the year 2018 and now in 23 we have achieved the same achievements and the same success which we have seen with Vonovia in 2013. And with this I hand over to Rene.

Rene Hoffmann

Thank you very much Rolf. And we are good to go in the Q&A. If you could please start the Q&A session?

QUESTION AND ANSWER SECTION

Operator

Yes, of course. Thank you. Now we will begin our question and answer session. If you have a question for our speakers, please dial 01 on your telephone keypad now to enter the queue. Once your name has been announced, you can ask a question. If you find your question has been answered before it is your turn to speak, you can dial 02 to cancel your question. If you are using speaker equipment today, please lift the handset before making your selection. One moment please for the first question. The first question is from Thomas Neuhold. Your line is now open.

Thomas Neuhold

Thank you very much for taking my questions. Good afternoon Gentlemen. I have a couple of questions and I think it is best to take them one by one. Firstly I wanted to start with the operational outlook for Victoria Park. Can you provide us with more details on the potential for revenue growth of Victoria Park in the next couple of years? It seems that on the one hand there is still a lot of modernization potential and the turnover in the portfolio seems relatively high, so how quickly do you think you can roll out the modernization strategy?

Secondly, on page nine of the Victoria presentation, there is a chart showing that there is a potential to build up to 3,000 additional units. Can you already comment on potential plans, how quickly to roll out these additional units?

On the cost of Victoria Park, you have mentioned that some of the costs are significantly higher than Vonovia's costs. Can you give us some indication how quickly and how strongly you can bring down costs and if it is possible in the long run to get close to the EBITDA margin level Vonovia is currently having? And then I have a couple of other questions. Thank you.

Rolf Buch

Thomas, I will start and Stefan can help me a little bit. Of course you know Victoria Park is a listed company. So we have seen a bit their books for the next years, but of course we cannot disclose it, because we are under NDA. What I think is fair to assume, is that they continue to do the same modernization speed as they have done in the last years, which also translates actually for the same type of development of growth, which you can see on page eight, which I think is a fair assumption. As this is an assumption I think also given to the other management through the stock market.

Keep in mind, we have not put any synergies and any costs reductions in our calculations and we are still FFO accretive, so I think that is why we have not disclosed any FFO potential. As I have told you in the presentation: we are 30% cheaper than Victoria Park today in terms of modernization spending. Of course keep in mind the VAT in Sweden is 25%, so a little bit higher than what we know in Germany, so part is just VAT, but the rest is just purchasing driven. I think we can help, but again, we do not have put anything in writing yet.

Then of course in Victoria Park, we have seen the same phenomenon like in Germany. They have also built buildings and then there is a lot of land, so actually, they have done the same exercise that we do, so they actually have land for around 3,000 empty new flats and they are going in the process to build this, so this is more or less our space creation program, which you know from Vonovia, but I do not want to commit at the moment, because I am not a shareholder at all on the speed of Victoria Park for this space creation programme. Here you also see the same phenomenon, and of course there we can think we are also doing it with pre-fabricated buildings which then of course can add additional value. But this is all potential. It is still too early.

And the last question I think I forgot?

Thomas Neuhold

About the cost development. But I understand that you cannot be more specific.

Rolf Buch

We are going international. So it is more difficult for us to predict synergies. That is why we are not calculating the synergies to explain the case. And now I think we have a lot of upside potential, which is I think much better for our shareholders, and if we have downside potential. So now we have to try to start again and to work on this and this can probably come to positive surprises in the next years, but I think it would not have been good to put these synergies in already to calculate the purchasing price, because these synergies are of course with more uncertainty than if I buy a portfolio in Bremen.

Thomas Neuhold

Understood. The next question is on BUWOG and especially on the development business. BUWOG seems to have quite a strong and attractive development pipeline in good locations. Can you give us an update how the integration of the development pieces of BUWOG could impact your development strategy? Do you want to increase your mid-term development pipeline? Is build-to-sell still a core portion of the business model of BUWOG in the long run, or do you want to rather focus on building more apartments in your existing portfolio?

Rolf Buch

I think I now know the BUWOG development portfolio very well, so Daniel Riedl explained it to me. You know the people continue to be responsible for it, because he is the one on our board who knows development best, so that is why he will be responsible besides Austria for the whole development activities.

Yes, if we find land, if we find potential, we will expand the development business, because it is a relatively attractive business and yes if feasible, then we will do more for hold, but this was actually already happening in BUWOG. So this is not a change in the strategy. Probably what is a slight change in the strategy is that BUWOG was forced to sell, because for liquidity and of course now the development in BUWOG is not forced to sell just to get the cash in. I think Vonovia has enough cash to finance this relatively small development business. So now we can do what is best for Vonovia.

As you know, in all big cities we have this one third, one third, one third rule today in Germany, so you have to build one third for restrictive rent, one third for free rent and one third for privatization. This will say, you cannot stop the privatization, because this is actually subsidizing the rest of the show, so we will continue to also build for sell and of course again, I repeat myself here, trying to do the best for the company and not the best for the cash short term, cash needs.

In Austria the business model is a little bit different. Actually here you are building by accepting a lower rent. That is why you see the rental yield in Austria is smaller than in Germany, but the big uplift comes later because they are selling the apartments later with 60% premium to the book value. So in the end it is all build in this book value, the lower rent, actually lowers the book value and then in the end you will realize.

So in theory, and this is what we want to do and this is what BUWOG did in the past, we always have to build has many apartments as we are selling. So we keep a constant flow and then of course we are coming to the debate about the recurring FFO in this business, because then to look on the FFO only in Austria and just looking on the rental FFO it is probably jumping a little bit too short, because you have a continuous inflow of cash by disposing apartments of course under the condition that you construct the same amount of apartments every year which you are selling. Does this answer your question?

Thomas Neuhold

Yes.

Rolf Buch

We now have two cases where I am the person who was in contact with mayors, to help BUWOG already, to get construction permission or to participate in competitions for new land. Because we know sometimes it is tough to be the last one who gets it and you can realize actual development. So I think this helps. It is a lot of fun for me. I am learning here new. I am happy to have Daniel on my side because he can help me that I am not making mistakes, but together I think we can develop further and of course this is also a very positive impact on our reputation to the mayors, because if you are coming to a mayor and saying, I am helping you to make the city nicer, I am helping you to build and I am taking the responsibility that there is also enough apartments for rent, because that is our core business, I think this is a very good proposal for the mayors and this is something which we should not ignore, which is also very helpful.

In addition to it, the buildings they are building are great. It is really fun. They are looking nice and emotionally it is fine. But this is probably less for investors.

Thomas Neuhold

Okay, the next question is regarding your comments on slide 15 about your dividend policy and then composition of various cash flow streams. Is it fair to assume that you might consider starting paying out also a part of the cash flow generated by developments and asset disposables as dividends in the long-run?

Stefan Kirsten

No, that is not fair to consider. We just wanted to make you aware that our world has become more complicated. Until further notice we stick to our current policy and I really do not want to pre-determine also the thoughts which Helene has on the matter. Therefore please keep the current dividend policy in place. This is just a heads up that we started to think that there are no results out there and we have to calculate this through very much in detail. I am grateful for this question that I can clarify that.

Rolf Buch

You know that at Buwog, they have this recurring FFO, and they were actually mixing all FFOs. I am speaking to the principal that the market knows FFO 1, and FFO 1 is very well defined. It is EDITDA coming from rental business, minus the related finance cost and minus the tax. This leads to the FFO 1. The other FFOS which are coming from, for example, disposals of assets which we are building in Austria. So we are building every year the same amount and we are selling the same amount. It is not FFO 1, and we do not want to call it FFO 1. But it has a sense of coming every year, as long as you construct. Then you have disposals in Germany where we are selling out of the stock which is diminishing, but it is diminishing over the next 10 or 15 years. So this is not forever but it is for a longer term. Then we have disposals. Then we have FFO coming out of disposing non-core units for a very short-term because you are disposing it and one day it is over, because you do not have any non-core units left. And then you have FFO from development. It is probably more similar to the Austrian where you are building and you are selling. So this is the debate we have. We say we cannot just look at Vonovia only on the FFO out of the pure rental business and consider this as the only measurement of success of the company. There are also other FFOs which are also becoming more important. We do not want to change the definition but I think we have to come to a profound discussion internally, together with Helene and my board. And then to you, how we actually describe what we are doing, how we are being as maximum transparent as we can. And in the end, of course there might be some people arguing saying 'Dear guys, if you can show that FFO is coming every year, why are you not paying dividend on this?' This is later, after we have explained and updated very clear, then we can come to this discussion. And this will happen at the end of the year.

Thomas Neuhold

Okay. Thank you very much.

Operator

Thank you. The next question is from Robert Woerdemann. Your line is now open.

Robert Woerdemann

Good afternoon. This is Robert Woerdemann from Kempen. One question on Sweden and what house prices have done over the past decade. I think it is fair to state that the Swedish house prices have increased faster than for the rest of Europe and therefore one could argue there is a little room left for additional value growth. I was just wondering what your view is on this?

Rolf Buch

It is a funny debate. It is the same debate we had in France. In France you told me the house prices are so expensive and then you are talking about the inner circles of Paris. It seems to me, from my time of 1 year in the supervisory board of D. Carnegie, that house prices that you are talking about is the development price for single houses or flats to own. We are talking here about the price of a flat to rent. And here you can see, and I think Stefan has shown it to you on page 11, it is very easy. Rent is more or less the same as in Germany. A little bit higher. The cost per square meter, and this is after all this imminent or reality existing rental price, is a little bit lower than in Germany. This leads to a lower multiple for the same type of substance, for the same type of building, for the same type of underlying stability, for the same type of underlying economical stability of the country, for the same type of legal stability of the country. So I personally, if I look at this figure I cannot see that that there is a higher stock price for this type of product in Sweden. I am actually considering in Sweden this type of apartment is cheaper than in Germany. I am not saying that the general trend of individual houses, high cost flats in the center of Stockholm are following a different route. I just do not know about this because this is not my product. I am not telling you what the price of future shopping centers in Stockholm is. I have no idea about it.

Robert Woerdemann

Okay, that is clear. So you mentioned that 70% still needs to be renovated a couple of times. Would you be able to run us through the potential value creation here, and what you have been applying in your underwriting of the deal? I am talking in terms of what is the yield on completion that you expect? You also mentioned yourself, a 40% uplift. But how much needs to be invested to actually get that 40% uplift? If you could give us some guidance here, that would be much appreciated.

Rolf Buch

Let me refer to the published figures of Victoria Park. There they show very interestingly, that the unlevered yield and you know our unlevered yield for the modernization is 7. Their unlevered yield is 8. So even though their apartments are cheaper there, they are delivering a little bit higher unlevered yield than we do. And they actually show that they have an auto-finance because they have a value uplift of 40%. It is all coming from their figures. And that is why we actually have an auto-financing function for what they are spending in the business. But is all very well described in the Victoria Park presentations. Please have an understanding. I am not even a shareholder. I should not comment on what Victoria Park is doing. But in Germany it is 8, and we have the same, 7. And what is important and which is probably more difficult to understand is that this rent for the newly renovated apartment is agreed with the Tenant Association. So you will see rental growth on this apartment also over the next years, which not all players in Sweden are doing, but Victoria Park is doing it.

Robert Woerdemann

Okay that is helpful. Great. And with the focus on Sweden now, what is the positon now with the partnership with SNI. Is that temporarily on hold or what is your view?

Rolf Buch

Very good question. Thank you very much for the question. The partnership with SNI is up and running. I think we as a company, even if I personally like France very much, we have already made clear that France is a longer story. Of course the thrilling element in France is the much bigger market than Sweden. So for the long-term we cannot exclude France from our thinking, remember the big size of the Paris region. But also as you know, to be a big player in France, so I am not talking about small test cases, but a big player, we need a change of regulation because today we are not allowed to own this type of product, which we are for example talking about Sweden here. Or we could, only we cannot distribute dividends so actually we are not allowed to own. So that is why in France, together with SNI and a lot of other people, we are lobbying to get the legislation changed, because this would lead us to much more massive increase on potential, and this would lead actually to the market opportunity for Vonovia, but it will take a little bit longer. So we are not spending money in France except on some meetings and some lobbying. I am very positive about what my discussions with politicians, even in the *Élysée* that one day they will change. But of course this is quiet a question because they have to move one step forward. They have moved a lot of steps and there is one step missing, which allows actually the non-social housing companies to sell to privates whole blocks. Today they are allowed to sell apartments but not blocks. If this element is changing, there will be a huge market in France. As we know politicians take a while and also in Germany it took us a while, from 1982 to 1989, to get rid of the non-profit housing market. We are not putting France away, but we always said we should probably not expect a big move in France immediately, and in Sweden we have no restrictions, so we can draw a completely comparable environment to Germany. So this is a different story. Fortunately, in Sweden, there is only 10 million people and there is competition, which is not in France.

Robert Woerdemann

Okay. That is great. Thank you. Well you know D. Carnegie very well. What is the biggest difference between D. Carnegie and Victoria Park? And why have you chosen to go for Victoria Park and for instance not D. Carnegie?

Rolf Buch

Now we are coming on a very slippery slope. I am sitting here as CEO of Vonovia so I probably cannot tell you anything from my role on the supervisor from D.

Carnegie. So please allow me that I cannot comment on D. Carnegie. But to answer your question very simply, D. Carnegie is not for sale and Victoria Park was not for sale until 1st April. And then they called us if we want to buy that. So this is what I think we call actually white knight, and this is what we have done.

Robert Woerdemann

Okay. Put it differently. If D. Carnegie was up for sale would you also consider buying D. Carnegie then?

Rolf Buch

I will tell you very clearly. If you take our 4-plus-1 strategy which we have in Germany, I would support the management of Victoria Park to apply exactly the same strategy. It also means the plus 1, which is a turbo by acquisition and this actually means according to a very strict rule set of criteria, which I think is very important, this means they should look for acquisitions and they should not exclude anything. This is the same that we are doing in Germany. Does this answer the question? But of course I think next month and the following next 2 years, the potential which you can get from the municipality is huge.

Robert Woerdemann

Okay this is very helpful. Many thanks.

Operator

Thank you. We have received another question from Christopher Fremantle from Morgan Stanley. Your line is now open.

Christopher Fremantle

Hi. Good afternoon. I just wanted to ask about rental growth and the organic rental growth guidance. Firstly, can you just clarify that the reason that you have chosen not to add in the rental growth guidance for BUWOG is just because the deal has not completed and you are very early in that process of getting inside the company? And just confirm that you intend to provide some organic rental growth guidance that incorporates BUWOG when that transaction completes? That is my first question. And then secondly you talked a lot about NAV growth at Victoria Park. I wonder if you can talk more about organic rental growth for that sort of portfolio? How it compares to the rental growth trajectory that you have in the existing German portfolio that you own. What is it going to do to your rental growth readings, and just reassure us that it is not because the rental growth is diluted by that number?

Stefan Kirsten

I would like to take both. On BUWOG I can confirm both statements that you made. We do not have enough in-depth insight to have a fully-fledged guidance ready for BUWOG. We have to align the time access, we have to align the definitions and this will take time. So you will get a fully-fledged guidance when we come out with the Q2 numbers. And that is the reason why we have not included it in our rental growth number. With regard to Victoria Park, as Rolf just pointed out, we do not even have one single piece of stock. Do us a big favor, it is a listed company, they are publishing the same stuff and being under NDA we also will not disclose our business plans to you. So you have to live with what is in the presentation. Sorry that is a bit disappointing but I think it is fair.

Rolf Buch

Probably to add one thing for the future of growth, we will disclose a step-up rental growth for Austria and a step-up rental growth for Sweden. This is a matter of fact, because as I explained, Austrian rental growth will have a different rental growth dynamic but also different privatization uplift dynamic. So that is why we have to differentiate both, so we should not show our privatization uplift in a mixed way, Austria and Germany, and this is the same for the rental growth. Of course what we will include is the Austrian portfolio of BUWOG and Conwert's remaining portfolio in Austria because this is the same market, but you will see rental growth by country of course. This is a matter of fact. And we will report it in an additional segment, so you will see the full show for the Austrian segment. Because all KPIs which we are reporting including cost per unit, including EBITDA margins have to be separately reported for Austria. And for Sweden of course.

Operator

Thank you. We have received another question from Georg Kanders. Your line is now open.

Georg Kanders

Hi, good afternoon from Düsseldorf. I have one question regarding the contribution from the value-add business. Because it has been going down, and you have mentioned that you have changed your cost benefit allocation to the segment. Is it right to assume that without this change there would have been growth in the EBITDA contribution or are their seasonal effects, probably due to winter and this modernization work?

Stefan Kirsten

No seasonal effects. You are absolutely right. What we have done is we have changed the way how we allocate cost to specific tasks when they modernize or maintain. The German word would be "feinstreifig". So we are slicing in a finer way. Of course there would have been growth because we are delivering a 20% growth on the whole year.

Rolf Buch

To be very concrete the difference we would assume exactly the same matter would be about 10 million more.

Georg Kanders

Okay. Thank you very much.

Operator

Thank you. There are no more questions. I hand back to Rene.

Rene Hoffmann

Thanks very much, Martha and thanks everyone for dialing in. Before I hand back to Stefan for final comments today, let me remind you that our Q2 numbers will be out on August 31st, and with that, back to you, Stefan.

Stefan Kirsten

Well, thank you. Ladies and Gentlemen and dear friends, I must actually just say this sweet endeavor is opening a new chapter for Vonovia today. And for me a professional chapter is here to close. I am stepping down on 9th May as you know, after the AGM. And I must tell you it was an absolute pleasure and privilege to serve in this company for 7 and a half years. There are a couple of stations in there like the grand restructuring, the IPO, moving the financing bays to unsecured. Becoming Germany's market leader, going into Europe, just to mention a few. I would like to take the opportunity to thank you all. All stakeholders and all colleagues who accompanied me. The sell side, the buy side, the investors. So not only the analyst side, the banks, agencies including rating agencies, media. I nearly always felt well treated. Helene von Roeder will join us in due course after the AGM. We have worked together in the last months to get her acquainted with the company. There is a lot of trust, intelligence. More charm than I have, definitely. She is the best successor I can wish for and I would like to ask you to extend your trust to her as you have extended your trust to me over the last years. With that I would like to wish you a good day and all the best for Vonovia, its people, all of you here on the line, and your loved ones. Thank you very much.

Rolf Buch

Thank you Stefan. I think that was not planned but I think most important that I also have to thank you here in public and we will have a lot of parties still going on in the next week. But I also think that not only us, but the audience here on the phone will miss you. Miss you not only for your very profound knowledge and your detailed analysis of what you are doing, but also sometimes of your floppy remarks, which were always entertaining, and of course it was high quality but also entertaining, and that is why of course this company will be a little bit more boring without you and less entertaining, but we will promise that we will do our best, Stefan to at least keep some feeling a little bit. Not everything will change without you in this presentation. So thank you very much Stefan and thank you very much for the audience as well for supporting Stefan. And I can remember a lot of very heavy debates that we had about hybrids and all of these things. And you treated us well. Thank you very much.

Operator

Ladies and gentleman, thank you for your attendance. This call has been concluded. You may disconnect.