

# VONOVIA

## Q1 2024

### Earnings Call Presentation

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April 30, 2024



# Agenda

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Q1 2024 Update pages 3-13

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# Key Highlights

## Return to Growth Track in Sight

Q1 2024 Update

Appendix

### Liquidity

Unfettered access to liquidity. Unsecured risk premia are normalizing compared to secured levels.

### Disposals

~€1.1bn disposals signed 2024 YTD. Capital release through disposals will continue at least until €3bn disposal target for 2024 has been reached.

### Values

Value decline continues to decelerate; value trough expected in 2024. Any remaining value declines are expected to be insignificant for balance sheet risk. We expect to conclude our stabilization phase this year and then return to earnings growth no later than 2025.

### Rent growth

Remaining uncertainty around rental regulation off the table. Organic rent growth 2024E increased to between 3.8% and 4.1%. Expected run rate of ~4% going forward.

### Dividend capacity

2024E dividend capacity of ~€1bn. Additional capacity depends on our ability to grow non-rental segments back to pre-crisis levels and beyond.

### Organic value growth

Starting 2025, estimated organic value growth of ~€3bn p.a. (driven by rental growth; if market yields are stable) creating optionality for shareholder value generation.

### Megatrends

Megatrends continue to provide highly positive environment for Vonovia's strategy, especially in terms of supply/demand imbalance in urban areas and the need to decarbonize residential real estate.

# Disposals 2024 YTD

~€1.1bn Signed and Fully on Track towards €3bn Target for 2024

€3bn disposal target for 2024.

*Own target more ambitious than rating agencies' expectation*

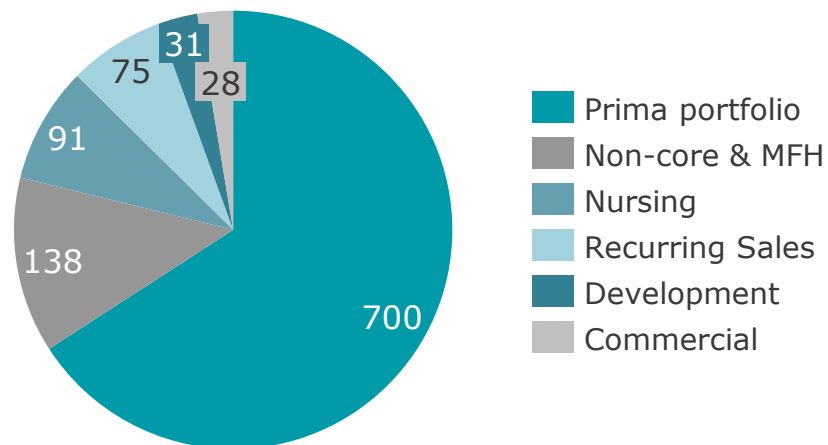
Non-core	Development to Sell	Nursing	MFH	Recurring Sales
more short-to medium-term			more long-term	
(€1.7bn)	(€1.0bn)	(€0.6bn) <sup>3</sup>	(€4.8bn)	(€7.1bn)
Total fair value based on portfolio clustering <sup>1</sup>				

Plus opportunistic disposals from remaining portfolio also under review

2024 YTD disposals include

- Agreement signed to sell ca. 4,500 units ("Prima" portfolio) and a land plot in Berlin to city-owned housing companies.
  - Largely "Plattenbau" assets located in East Berlin.
  - €700m purchase price vs. FY2023 fair value of €698m.<sup>2</sup> The fair value of the land plot represents ~1% of this fair value.
  - Pricing reflects a 3.5% gross yield.
  - Tax efficient share deal, as the ca. €200m deferred taxes are transferred to the buyer → high cash conversion.
- €363m proceeds from other disposals in various transactions and across different sales channels.
  - €244m residential assets sold at or above fair value.
  - €91m nursing assets sold at fair value.
  - €28m commercial assets (part of non-core) slightly below fair value.

Disposal volume 2024 YTD (€m)



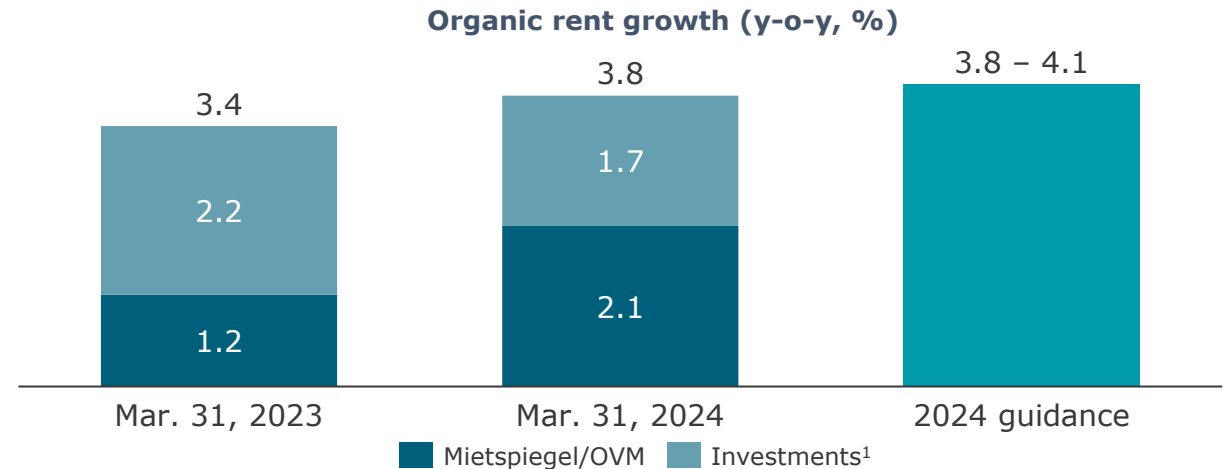
<sup>1</sup> Fair values as of March 31, 2024. <sup>2</sup> Value decline in "Prima" portfolio of 14.4% between peak valuation in 06/2022 and most recent valuation in 12/2023, in line with 14% for total Vonovia portfolio. <sup>3</sup> Excl. nursing assets that were transferred to non-core portfolio as of Dec. 31.2023.

# Rent Growth

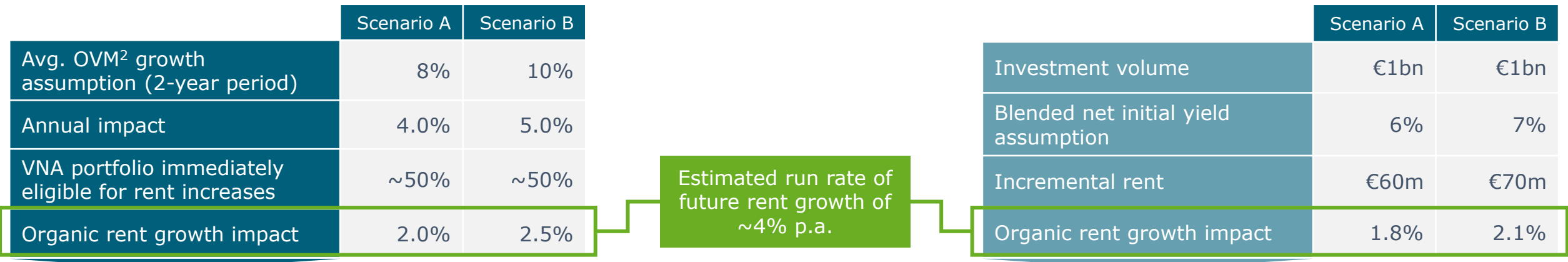
Organic Rent Growth Expected at ~4% Going Forward for Longer Term

**Regulation update**

- Mietpreisbremse extended, as initially agreed in coalition agreement.
- Association of Retail Landlords (Haus & Grund) announced intention to challenge this in the Federal Constitutional Court.
- According to the real estate’s leading association ZIA, other regulatory measures that had been initially agreed by the coalition (e.g. reduction of Kappungsgrenze, extension of Mietspiegel look-back period) are now off the table, i.e. no further regulatory risk.



**Illustrative rent growth dynamics**



Subject to Kappungsgrenze<sup>3</sup>

Full impact after investment completion; not necessarily t+1

<sup>1</sup> Impact from Investment Program (Optimize Apartment, Upgrade Buildings and Space Creation). <sup>2</sup> OVM (=local comparable rent) is defined by the Mietspiegel in most locations. It stipulates the rent level (€/sqm) that landlords are allowed to charge. <sup>3</sup> Maximum increase of 15% over three years (20% in some markets).

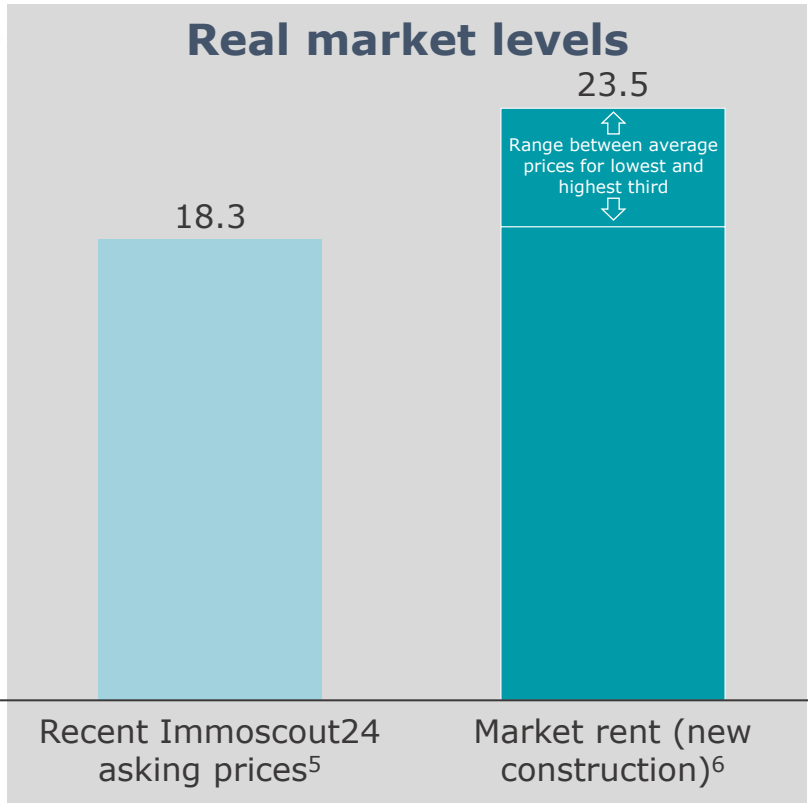
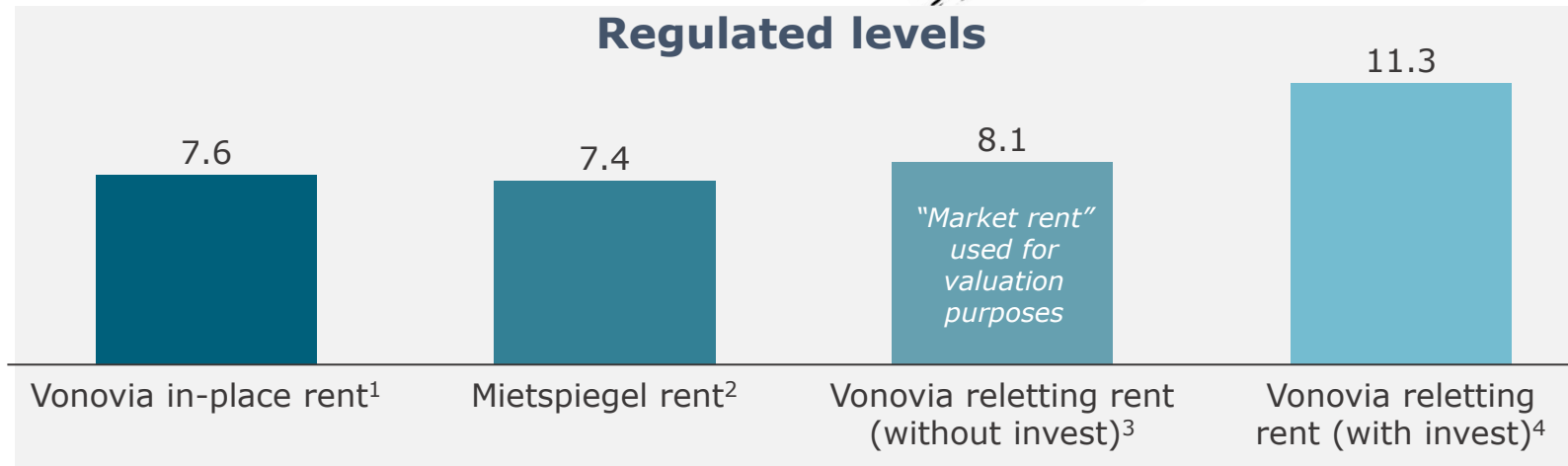


# Supply/Demand Trumps Rental Regulation

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

- Positive momentum of accelerating rent growth continues, especially with strong increases in re-letting rents in urban markets.
- As long as demand exceeds supply, the upward pressure on rents will remain strong, and the regulated rents are expected to follow the higher real market levels on a robust upward trajectory.

## Rental levels in Berlin (€/sqm/month)



<sup>1</sup> Vonovia average in-place rent in Berlin as of Q1 2024. <sup>2</sup> Average Mietspiegel Berlin based on Vonovia's portfolio in Berlin. Vonovia's rent level for parts of the portfolio are higher than the Mietspiegel because of recent modernizations or relettings in the respective assets. <sup>3</sup> Average Mietspiegel rent +10% based on *Mietpreisbremse* regulation. <sup>4</sup> Based on Vonovia's average increase across all relettings with Optimize Apartment investments in Berlin (48% LTM). <sup>5</sup> Weighted average across all 13 offers advertised for search criteria (i) Berlin, (ii) 60-70 sqm, (iii) 1950-1980 construction year; (iv) EPC E or better; as published on [www.immobilienscout24.de](http://www.immobilienscout24.de) on March 11, 2024. <sup>6</sup> Value Data Insights (formerly *empirica-systeme*), Q1 2024.

# Investment Program

Average net initial yield of 6-7%



- Ca. 4% of balance sheet total committed
- ~€700m to be invested in 2024
- 15-20% gross margin in normalized markets

## Development to Sell

New construction sold to third parties

- owner-occupier
- retail investor
- institutional investor



# Two Sources of Shareholder Return

TSR from Dividends & Organic Value Growth

Q1 2024 Update

Appendix

Dividends



Organic value growth

~€1bn

dividend capacity

~€3bn

organic value creation from rent growth<sup>1</sup>

50% of EBT

plus

surplus liquidity from recurring operations after equity portion of investment program.

Yield compression and yield expansion have overshadowed the steady value growth that the underlying business generates.

<sup>1</sup> If market yields are stable.



# Earnings & Cash Flow Summary

Q1 2024 Update

Appendix

€m (unless indicated otherwise)	Q1 2024	Q1 2023	Delta (%)
Adj. EBITDA Rental	592.9	584.2	1.5
Adj. EBITDA Value-add	11.5	26.4	-56.4
Adj. EBITDA Recurring Sales	9.1	21.8	-58.3
Adj. EBITDA Development	-6.5	-4.5	44.4
<b>Adj. EBITDA Total</b>	<b>607.0</b>	<b>627.9</b>	<b>-3.3</b>
Adj. Net Financial Result	-160.8	-150.3	7.0
Depreciation	-27.8	-27.0	3.0
Intragroup profit (-)/loss (+)	-1.9	-1.5	28.4
<b>Adj. Earnings before Taxes (EBT)</b>	<b>416.5</b>	<b>449.1</b>	<b>-7.3</b>
<b>Adj. Earnings before Taxes (EBT) p.s.</b>	<b>0.51</b>	<b>0.56</b>	<b>-9.4</b>
<i>Adj. EBT attributable to minorities</i>	<i>41.3</i>	<i>27.6</i>	<i>49.6</i>
<i>Adj. Earnings before Taxes (EBT) after minorities</i>	<i>375.2</i>	<i>421.5</i>	<i>-11.0</i>
<i>Adj. Earnings before Taxes (EBT) after minorities p.s.</i>	<i>0.46</i>	<i>0.53</i>	<i>-13.0</i>
Depreciation	27.8	27.0	3.0
Capitalized maintenance	-47.4	-51.5	-8.0
Cash taxes	-24.1	3.2	-
Book value of sold assets (Recurring Sales only)	60.9	44.7	36.2
Development to Sell   Net working capital	67.6	-68.3	-
Dividends paid to JV minorities & other	-0.3	-0.2	50.0
<b>Operating Free Cash Flow (OFCF) ("Vonovia AFFO")</b>	<b>501.0</b>	<b>404.0</b>	<b>24.0</b>

- Rental Segment: 3.8% organic rent growth; occupancy (97.8%) and collection rate (99.6%) continuously high.
- Profitability in non-rental segments remained negatively impacted by strategy to prioritize cash generation over profitability.
- Net financial result was down by €10m, largely driven by the full year effect of 2023 financings.
- Increase in EBT minorities was attributable to the two Apollo JVs.
- Operating Free Cash Flow was positively impacted by positive net working capital movements in Q1 2024.

# Rental Segment

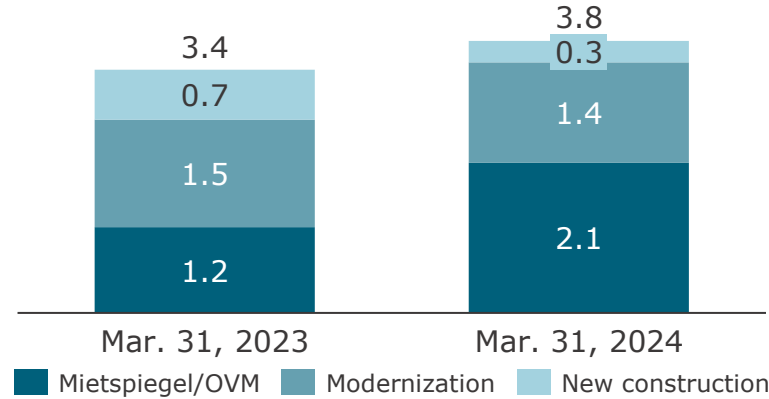
## Highly Robust Development of Rental KPIs

Q1 2024 Update

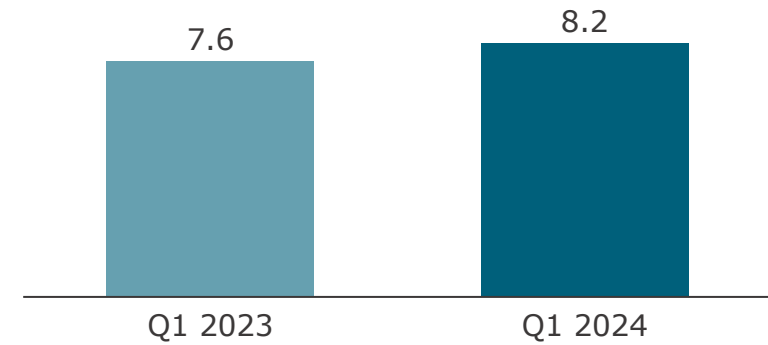
Appendix

- Accelerating market rent growth but fluctuation remains low.
- Vacancy rate only a function of turnaround time in case of fluctuation.
- Virtually full rent collection.

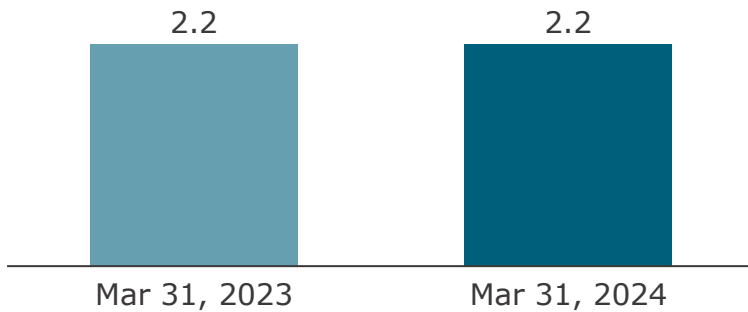
Organic rent growth (y-o-y, %)



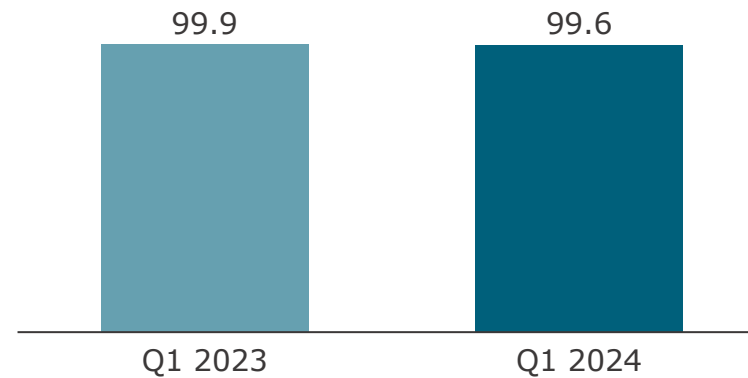
Fluctuation rate (%)<sup>1,2</sup>



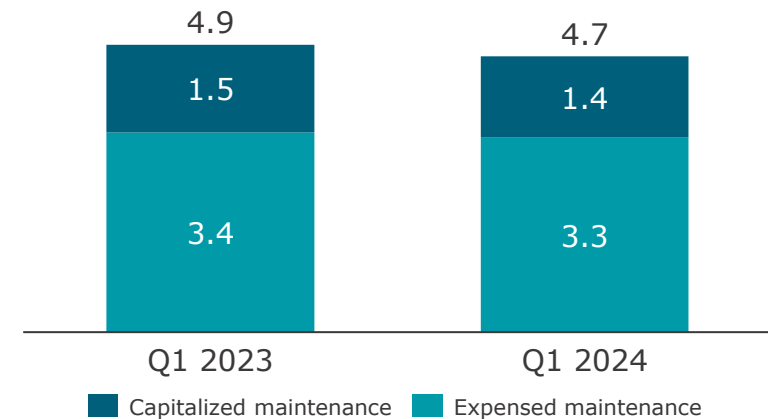
Vacancy rate (eop, %)



Collection rate for rental income and all ancillary expenses (%)<sup>1</sup>



Expensed and capitalized maintenance (€/sqm)



<sup>1</sup> German portfolio. <sup>2</sup> Fluctuation at IPO was ca. 11%.

# Financial KPIs

## Balance Sheet Risk Well under Control

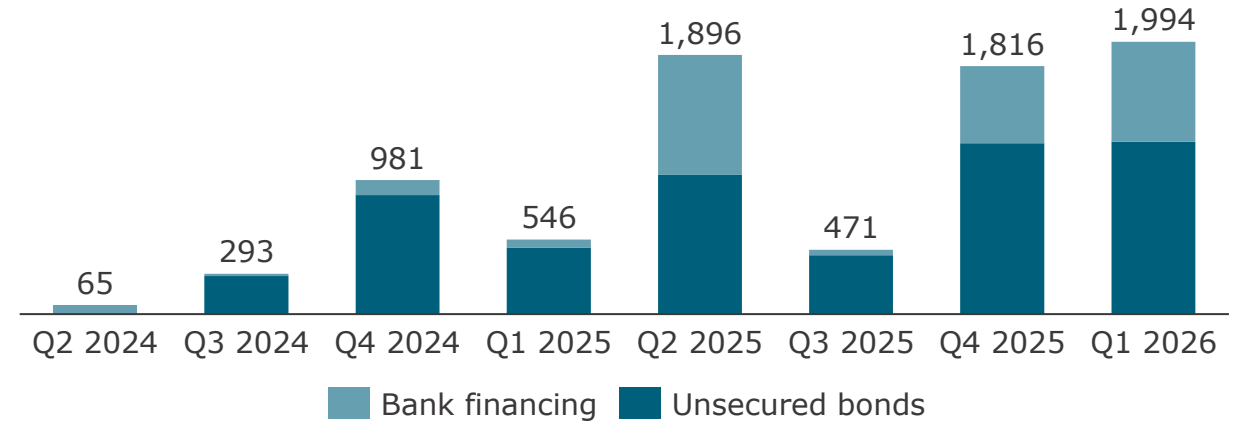
Q1 2024 Update

Appendix

- Pro forma cash position of €3.9bn covers all near-term maturities.<sup>1</sup>
- Debt KPIs under control to safeguard good investment grade rating.
- ~€1.5bn bond financing ytd attracted huge demand.

KPI / criteria	Mar. 31, 2024	Dec. 31, 2023	Target range
LTV (pro forma)	45.9%	46.7%	40-45%
ND / EBITDA multiple (pro forma)	15.3x	15.3x	14-15x
ICR	4.0x	4.0x	At least 3.5x
Fixed/hedged debt ratio	99%	98%	
Average cost of debt	1.8%	1.7%	
Weighted average maturity (years)	6.9	6.9	
Average fair market value of debt	89%	89%	

Maturity profile for the next 24 months (€m)



Rating Agency	Rating	Outlook	Last update
S&P	BBB+	Stable	Nov. 20, 2023
Moody's	Baa1	Stable	Feb. 1, 2024
<b>new</b> Fitch	BBB+	Stable	Mar. 28, 2024
Scope	A-	Negative	Jun. 29, 2023

<sup>1</sup> In addition, Vonovia has €3bn RCF/CP (undrawn).

# 2024 Guidance Update

Organic Rent Growth Guidance Increased to 3.8% - 4.1%

Q1 2024 Update

Appendix

	<b>Actuals 2023</b>	<b>Initial Guidance 2024</b> (FY 2023 reporting)	<b>Guidance 2024</b> (Q1 2024 reporting)
Rental Revenue	€3,253m	~€3.3bn	~€3.3bn
Rent growth	Organic rent growth: 3.8% Additional irrevocable rent increase claim: 1.8% <sup>1</sup>	Organic rent growth: 3.4 – 3.6% Additional irrevocable rent increase claim: >2% <sup>1</sup>	Organic rent growth: 3.8 – 4.1% Additional irrevocable rent increase claim: ~2% <sup>1</sup>
Adj. EBITDA Total	€2,584m	€2.55bn – €2.65bn	€2.55bn – €2.65bn
Adj. EBT	€1,866m <i>of which €136m attributable to minorities</i>	€1.7bn – €1.8bn	€1.7bn – €1.8bn <i>of which ~10% attributable to minorities</i>
Dividend	€0.90 <sup>2</sup>	n/a	~€1bn dividend capacity
Sustainability Performance Index (SPI)	111%	100%	100%
Capital release through disposals	~4bn	at least €3bn	at least €3bn

<sup>1</sup> Additional irrevocable rent increase claim on the apartment level in relation to the local comparable rent (OVM) that is guaranteed by law but can only be implemented once the three-year period for maximum rent growth ("Kappungsgrenze") has lapsed. Additional rent increase claims cannot be added y-o-y, as the % figure always refers to the total cumulative additional irrevocable rent increase claim at the time. <sup>2</sup> Proposal to AGM on May 8, 2024.



- Unfettered access to **liquidity**
- Well on track for €3bn **disposal** target
- **Value** trough expected for 2024; any remaining value declines expected to be insignificant for balance sheet risk
- Expected run rate of ~4% **rent growth** going forward
- 2024E **dividend** capacity of ~€1bn
- Estimated **organic value growth** p.a. of ~€3bn<sup>1</sup>
- **Megatrends** continue to provide highly positive environment

<sup>1</sup> If market yields are stable.

# Agenda

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# Appendix

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<b>27-31</b>	Portfolio data
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<b>39</b>	Disclaimer

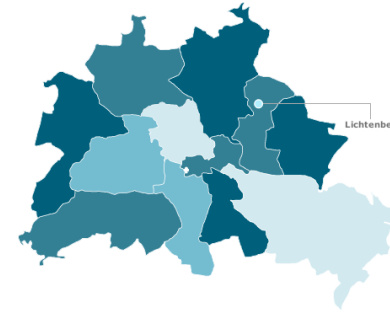


# 4,500 Apartments Sold to City of Berlin

Q1 2024 Update

Appendix

- Agreement signed to sell ca. 4,500 units ("Prima" portfolio) and a land plot in Berlin to city-owned housing companies
- Largely "Plattenbau" assets
- Located in East Berlin
- €700m purchase price vs. FY2023 fair value of €698m.<sup>1</sup> The fair value of the land plot represents ~1% of this fair value.
- €7.04 in-place rent/sqm/month (€24.3m rental income p.a.)
- Pricing reflects a 3.5% gross yield
- 0.6% vacancy rate
- Tax efficient share deal, as the ca. €200m deferred taxes are transferred to the buyer → maximum cash conversion
- Closing expected for year-end 2024



<sup>1</sup> Value decline in "Prima" portfolio of 14.4% between peak valuation in 06/2022 and most recent valuation in 12/2023, in line with 14% for total Vonovia portfolio.

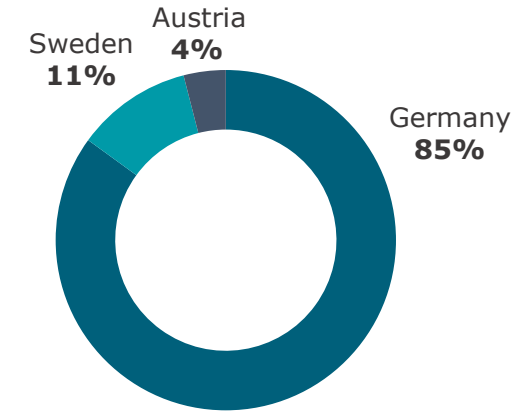


# Rental Segment

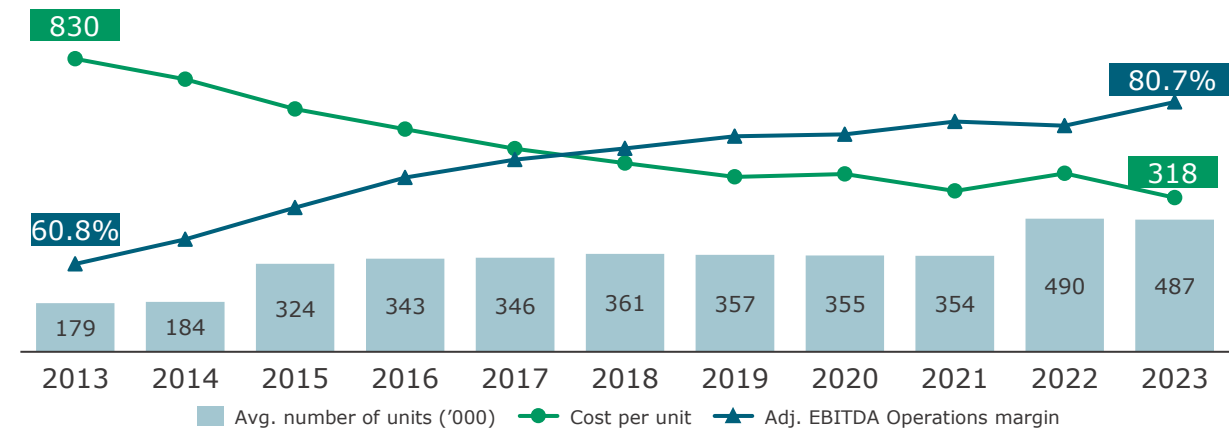
- Increased revenue driven by rental growth on a marginally smaller portfolio.
- Operating expenses temporarily driven by standard provisions relating to receivables for ancillary expenses. No changes observed in tenants' payment behavior.

Rental Segment (€m)	Q1 2024	Q1 2023 <sup>1</sup>	Delta
Rental revenue	824.2	806.3	+2.2%
Maintenance expenses	-113.6	-117.4	-3.2%
Operating expenses	-117.7	-104.7	+12.4%
<b>Adj. EBITDA Rental<sup>1</sup></b>	<b>592.9</b>	<b>584.2</b>	<b>+1.5%</b>

Rental revenue by geography



Scale and efficiency gains in Germany<sup>2</sup>



<sup>1</sup> Previous year's figures for Q1 2023 adjusted to current key figures and segment definition. <sup>2</sup> Adj. EBITDA Operations margin (Adj. EBITDA Rental + Adj. EBITDA Value-add - intragroup profits) / Rental revenue. Margin 2019 and beyond includes positive impact from IFRS 16. Cost per unit is defined as (Rental revenue - EBITDA Operations + Maintenance) / average no. of units. 2022 and onwards incl. Deutsche Wohnen.

# Value-add Segment

EBITDA reduction driven by challenges in craftsmen organization

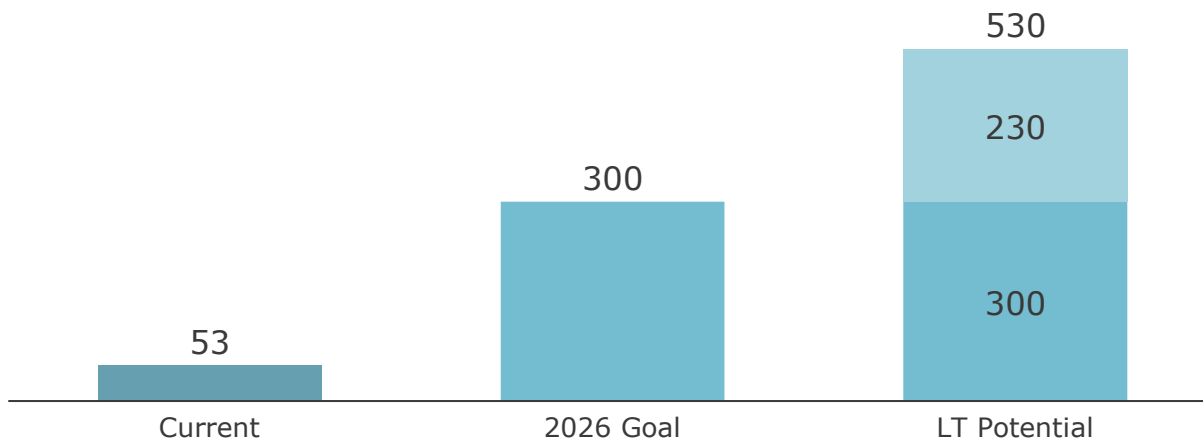
- reduced investment volume weighed on profitability;
- increased cost base.

Reorganization process well underway.

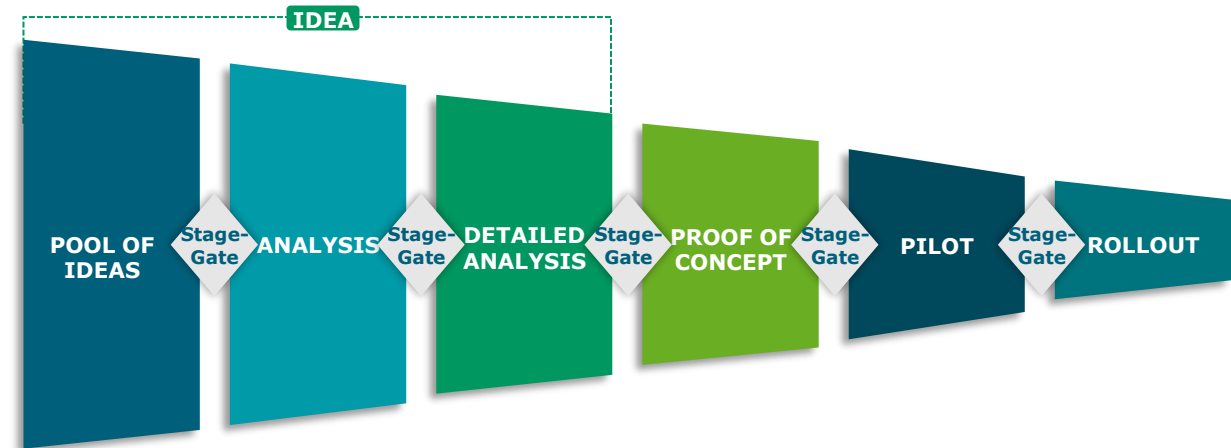
Expansion of solar energy expected to be a key driver of external revenue growth.

Value-add Segment (€m)	Q1 2024	Q1 2023	Delta
Revenue Value-add	325.1	345.4	-5.9%
of which external	28.2	35.7	-21.0%
of which internal	296.9	309.7	-4.1%
Operating expenses Value-add	-313.6	-319.0	-1.7%
<b>Adj. EBITDA Value-add</b>	<b>11.5</b>	<b>26.4</b>	<b>-56.4%</b>

Potential from Energy generation capacity (MWp)



Extensive testing and measured rollout of value-add initiatives to minimize risk

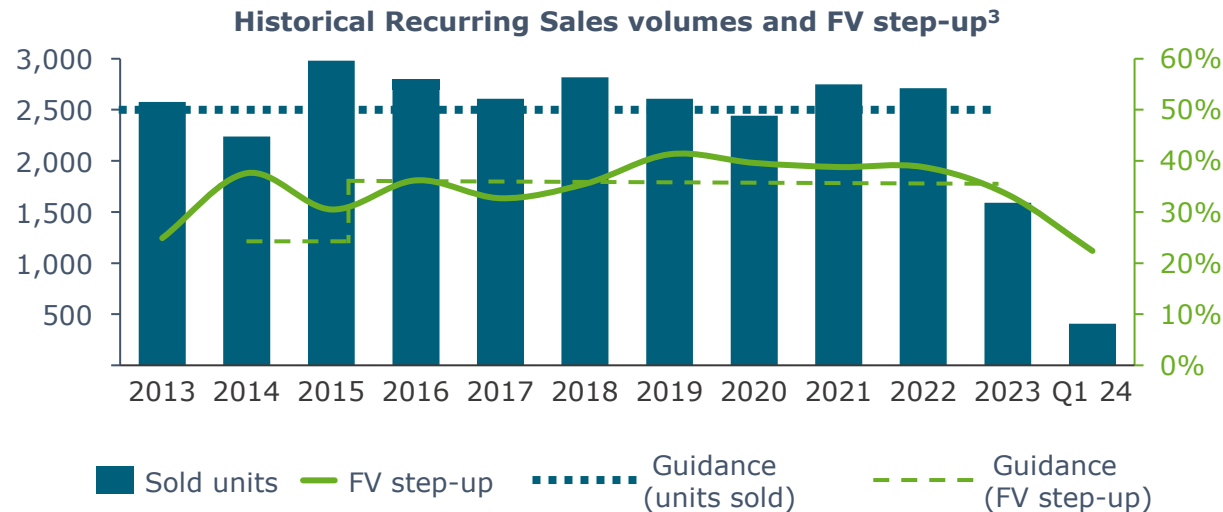


# Recurring Sales Segment

Q1 2024 Update

Appendix

- Volumes largely back to pre-crisis level.
- High demand in the context of housing shortage.
- Prioritization of volume and capital release over profitability.



Recurring Sales Segment (€m)	Q1 2024	Q1 2023	Delta
Units sold	407	282	+44.3%
Revenue from recurring sales	74.6	69.8	+6.9%
Fair value	-60.9	-44.7	+36.2%
Gross profit	13.7	25.1	-45.4%
<b>Fair value step-up</b>	<b>22.4%</b>	<b>56.0%</b>	<b>-33.6pp</b>
Selling costs	-4.6	-3.3	+39.4%
<b>Adj. EBITDA Recurring Sales</b>	<b>9.1</b>	<b>21.8</b>	<b>-58.3%</b>
<b>Free Cash<sup>1</sup></b>	<b>63.4</b>	<b>58.5</b>	<b>+8.4%</b>
<b>Cash conversion<sup>2</sup></b>	<b>85%</b>	<b>84%</b>	<b>+1.0pp</b>

<sup>1</sup> Revenue minus selling costs minus taxes. <sup>2</sup> Free cash in relation to revenue. <sup>3</sup> 2018 onwards also including Recurring Sales in Austria.

# Development Segment

Q1 2024 Update

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- Gross margin of almost 11% in a challenging market.
- Focus remains on liquidity generation over price optimization.
- Investments of ~€700m in 2024 to finish ongoing development to sell projects.
- Development to sell projects worth ~€1bn to be completed and up for sale in 2024.

Development Segment (€m)	Q1 2024	Q1 2023 <sup>1</sup>	Delta
Revenue from disposal of to-sell properties	30.6	30.2	+1.3%
Cost of Development to sell	-27.3	-25.0	+9.2%
Gross profit Development to sell	3.3	5.2	-36.5%
<b>Gross margin Development</b>	<b>10.8%</b>	<b>17.2%</b>	<b>-6.4pp</b>
Rental revenue Development	1.7	1.2	+41.7%
Operating expenses Development	-11.5	-10.9	+5.5%
<b>Adj. EBITDA Development</b>	<b>-6.5</b>	<b>-4.5</b>	<b>+44.4%</b>

<sup>1</sup> In prior years, the Adjusted EBITDA Development included the fair value step-up for properties completed in the reporting period that were transferred to Vonovia's own portfolio. At the end of the fourth quarter of 2023, the reporting of earnings contributions from Development to Hold was changed and is now excluded from the Development Segment. All earnings contributions from Development to Hold are recognized in the valuation result and therefore outside of the Adjusted EBITDA. This change ensures alignment with the IFRS standard on the fair value measurement of investment properties (IAS40). The previous year's figures were adjusted accordingly.

## EPRA NTA (€m) (unless indicated otherwise)

	Mar. 31, 2024	Dec. 31, 2023	Delta
Total equity attributable to Vonovia shareholders	25,839.3	25,682.7	+0.6%
Deferred tax in relation to FV gains of investment properties <sup>1</sup>	13,673.6	13,895.3	-1.6%
FV of financial instruments	-26.3	-13.4	+96.3%
Goodwill as per IFRS balance sheet	-1,391.7	-1,391.7	-
Intangibles as per IFRS balance sheet	-32.0	-32.0	-
<b>EPRA NTA</b>	<b>38,062.9</b>	<b>38,140.9</b>	<b>-0.2%</b>
NOSH (million)	814.6	814.6	-
<b>EPRA NTA (€/share)</b>	<b>46.72</b>	<b>46.82</b>	<b>-0.2%</b>

<sup>1</sup> Hold portfolio only.

# Financing Update 2024YTD

Strong Cash Position. Unfettered Access to Debt Markets

Q1 2024 Update

Appendix

€3.9bn pro forma cash position:

- €1.4bn cash on hand (Mar. 31, 2024).
- €0.8bn loans signed but undrawn.<sup>1</sup>
- €1.7bn disposals signed but not yet closed.<sup>2</sup>

Cash position is sufficient to cover all near-term maturities.

Financing activities Q1 2024:

- GBP400m (€456m) bond with 4.55% coupon and 12-year maturity. 8.3x oversubscribed.
- CHF150m (€159m) bond with 4.2% coupon and 5-year maturity. Strong demand.
  - Arbitrage opportunity and funding diversification. Both transactions fully currency hedged.
- €850m bond with 4.25% coupon and 10-year maturity. 4.8x oversubscribed. Negative new issuer premium.
  - Positive repricing of Eurobond curve as a consequence.

<sup>1</sup> Excl. €3bn RCF/CP (undrawn). <sup>2</sup> As of end of April 2024.

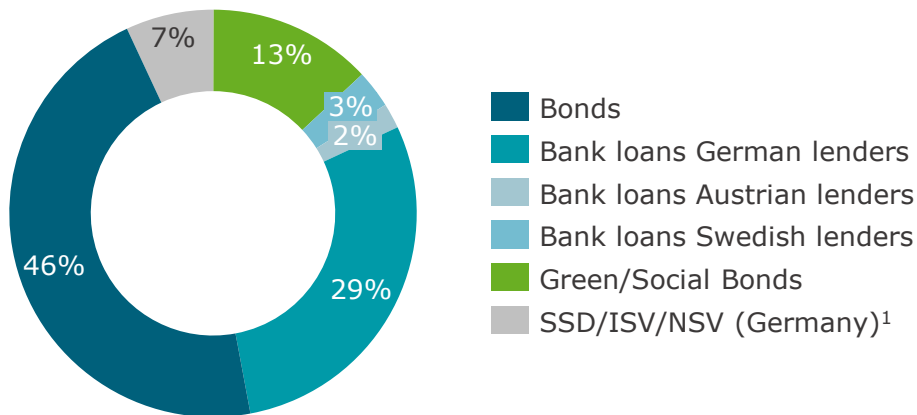
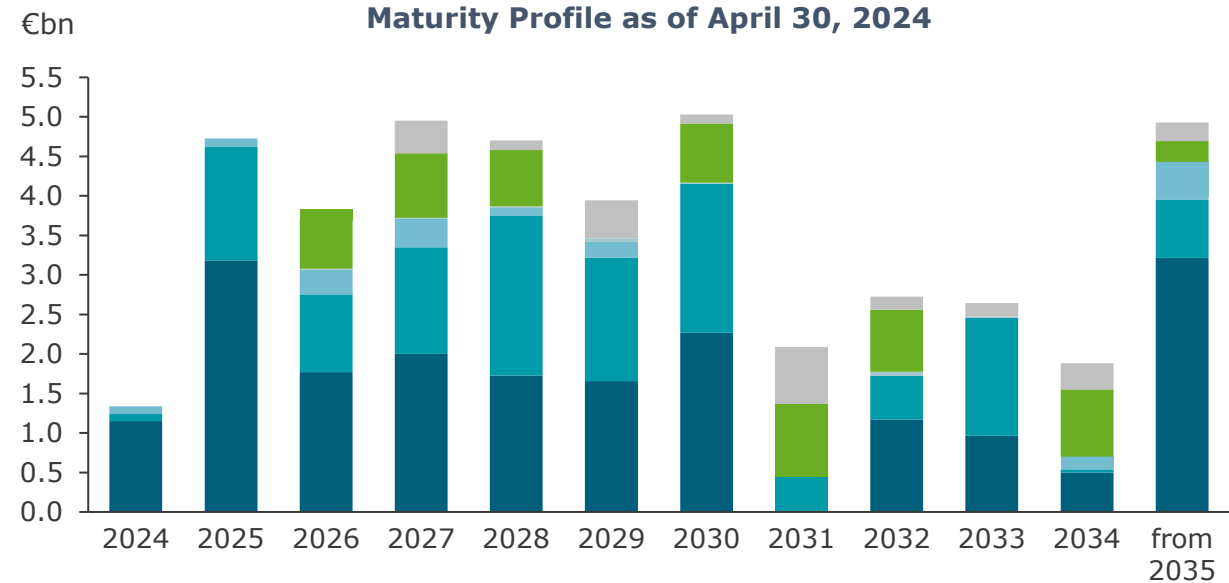
# Debt Structure

Well-balanced and Long-term Maturity Profile with Diverse Funding Mix

Q1 2024 Update

Appendix

- Diverse funding mix with no more than 12% of debt maturing annually.
- Combination of debt KPIs, fixed/hedged debt ratio and maturity profile remains key in overall funding strategy.
- Well-balanced maturity profile and the heterogeneous funding mix safeguard sufficient flexibility for future refinancings.



Rating Agency	Rating	Outlook	Last update
S&P	BBB+	Stable	Nov. 20, 2023
Moody's	Baa1	Stable	Feb. 1, 2024
<b>new</b> Fitch	BBB+	Stable	Mar. 28, 2024
Scope	A-	Negative	Jun. 29, 2023





<sup>1</sup> SSD = Schuldscheindarlehen (promissory notes), ISV = Inhaberschuldverschreibungen (bearer bonds), NSV = Namensschuldverschreibungen (registered bonds); Bond-Overview: <https://www.vonovia.com/en/investors/creditor-relations/bonds>

# Bond Covenants

## Substantial Headroom for All Covenants

Q1 2024 Update

Appendix

Bond covenants	Required level	Current level (Mar. 31, 2024)			Headroom
<b>LTV</b> (Total financial debt / total assets)	<60%	42.5bn 91.8bn	→ 46.3%		On the current total financial debt level, fair values would have to drop ~26% for the LTV to cross 60%. <sup>1</sup>
<b>Secured LTV</b> (Secured debt / total assets)	<45%	12.8bn 91.8bn	→ 14.0%		On the current secured debt volume, fair values would have to drop ~79% for the secured LTV to cross 45%. <sup>1</sup>
<b>ICR</b> (LTM Adj. EBITDA / LTM net cash interest)	>1.8x	2,534m 662m	→ 3.8x		On the current EBITDA level, interest expenses would have to increase 113% to ca. €1.5bn for the ICR to fall below 1.8x. <sup>2</sup>
<b>Unencumbered assets</b> (Unencumbered assets / unsecured debt)	>125%	47.2bn 29.6bn	→ 159%		On the current unsecured debt level, fair values would have to drop 26% for the unencumbered assets ratio to fall below 125%. <sup>3</sup>

<sup>1</sup> Headroom calculations are based on sensitivities regarding changes in investment properties, not total assets, while all other variables are kept unchanged. <sup>2</sup> Headroom calculations are based on sensitivities regarding changes in net cash interest in relation to Adj. EBITDA, while all other variables are kept unchanged. <sup>3</sup> Headroom calculations are based on sensitivities regarding changes in unencumbered investment properties.



# EBT, OFCF and Dividend Expectations

## New KPIs at a Glance

Q1 2024 Update

Appendix

EBT, OFCF and dividend funding excluding any disposal proceeds outside Recurring Sales & Development to Sell segments.

€m			2024E	2023	2022
	<b>Adj. Earnings before Taxes (EBT)</b>	50% paid as base dividend	~1,700 to ~1,800	1,866	1,997
+	Depreciation		Similar to prior years	110	128
-	Capitalized maintenance		Slightly higher than 2023	-296	-413
-	Cash taxes		3-5% of rental income	-124	-134
+	Book value of sold assets (Recurring Sales only)		Largely pre-crisis level	239	392
+/-	Development to Sell   Net working capital		Assuming at least neutral contribution from DtS	-340	-107
-	Dividends paid to JV minorities & other		Increase by ~€100m due to Apollo JVs	-41	-42
=	<b>Operating Free Cash Flow (OFCF)</b>			<b>1,415</b>	<b>1,821</b>
-	Ca. 60% equity contribution for investment program		ca. -600	-457	-846
-	Free liquidity available for distribution			958	975
=	Average over 3 years			3yr-avg.	
-	50% EBT dividend (assuming all cash and 0% scrip ratio)				
=	Surplus liquidity from recurring operations				

Paid as additional dividend

# Yield Dispersion between Reported and Implied Numbers

Q1 2024 Update

Appendix

	Based on P&L and balance sheet (Q1 2024)	Based on share price (March 31, 2024)
Gross rental yield	<b>4.1%</b> Rental income <sup>1</sup> / FV	<b>5.3%</b> Rental income <sup>1</sup> / implied EV <sup>2</sup>
Net rental yield	<b>3.3%</b> Gross yield * 80% margin	<b>4.2%</b> Gross yield * 80% margin
Adj. EBITDA yield	<b>3.3%</b> Adj. EBITDA Total <sup>1</sup> / FV	<b>4.2%</b> Adj. EBITDA Total <sup>1</sup> / implied EV <sup>2</sup>
Adj. EBT Yield	<b>4.6%</b> Adj. EBT <sup>1</sup> / EPRA NTA	<b>7.8%</b> Adj. EBT <sup>1</sup> / market cap
Dividend Yield	<b>1.9%</b> FY2023 dividend / EPRA NTA	<b>3.3%</b> FY2023 dividend / share price
TSR	<b>10.5%</b> (Dividend + organic value growth) <sup>3</sup> / NTA	<b>17.9%</b> (Dividend + organic value growth) <sup>3</sup> / market cap
FV (€/sqm)	<b>2,247</b> Fair value / sqm	<b>1,760</b> Implied EV <sup>2</sup> / sqm

<sup>1</sup> Based on 2024 guidance. <sup>2</sup> EV = enterprise value (calculated as Net debt plus market cap). <sup>3</sup> Calculated as ~€1bn dividend capacity plus ~€3bn organic value growth (from rental growth; if market yields are stable).

# Population Growth In Germany In Urban Areas

Vonovia Has Actively Managed Its Geographic Exposure to Urban Areas

Q1 2024 Update

Appendix

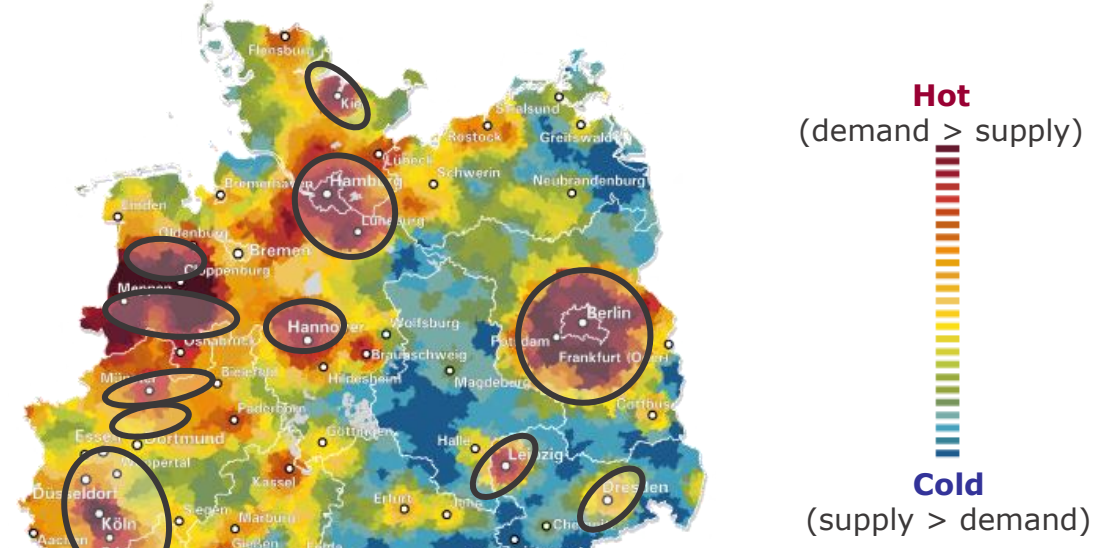
The Future of housing is in urban areas...



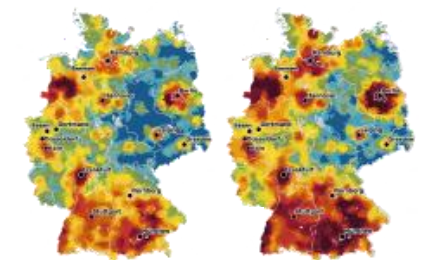
...and that is where Vonovia has concentrated its portfolio

- Current demographic forecasts estimate an overall **population growth of as much as 6% by 2050<sup>1</sup>** including the required 400k labor immigrants p.a. to balance the negative impact from Germany's adverse age demographics<sup>2</sup>.
- However, the **demographic development is very different between urban and rural areas.**
- Following the IPO in 2013, Vonovia pro-actively managed its geographic exposure, and today's portfolio of 550k<sup>3</sup> apartments is located in urban growth areas as a result of
  - nine large acquisitions and the seamless integration of >450k<sup>3</sup> apartments;
  - >100k units sold to focus the portfolio on urban growth regions.

## Germany's rental market<sup>4</sup> and Vonovia's exposure



The temperature is increasing



<sup>1</sup> German Federal Statistics Office. Scenario 3, assuming moderate development for birth & life expectancy and high migration balance. <sup>2</sup> Federal Labor Agency. <sup>3</sup> Of which 60k outside Germany. <sup>4</sup> www.wohnwetterkarte.de by bpd and bulwiengesa.

# Regional Markets

Balanced Exposure to Relevant Growth Regions

Q1 2024 Update

Appendix

Regional Markets (Mar. 31, 2024)	Fair value <sup>1</sup>		In-place rent								Purchase power index (market data) <sup>2</sup>	Market rent increase forecast Valuation (% p.a.)	Average rent growth (LTM, %) from Optimize Apartment
	(€bn)	(€/sqm)	Residential units	Vacancy (%)	Total (p.a., €m)	Residential (p.a., €m) <sup>3</sup>	Residential (€/sqm/month) <sup>3</sup>	Organic rent growth (y-o-y, %)	Multiple (in-place rent)				
Berlin	23.9	2,714	143,150	0.8	815	777	7.64	3.9	29.4	86.0	2.3	48.4	
Rhine Main Area (Frankfurt, Darmstadt, Wiesbaden)	6.6	2,800	36,485	2.5	266	253	9.38	2.5	25.0	102.2	2.2	32.5	
Southern Ruhr Area (Dortmund, Essen, Bochum)	5.2	1,926	42,953	2.7	227	221	7.14	3.6	22.9	89.2	1.8	34.1	
Rhineland (Cologne, Düsseldorf, Bonn)	5.1	2,367	31,511	2.0	213	200	8.21	2.1	23.8	100.5	2.1	35.1	
Dresden	4.9	1,861	43,311	2.6	216	201	6.86	3.0	22.8	86.5	2.1	22.4	
Hamburg	3.2	2,510	20,099	1.4	127	121	8.13	2.9	25.6	96.8	2.1	38.5	
Hanover	2.9	2,009	22,071	2.2	128	122	7.49	2.8	22.4	90.1	2.0	33.5	
Kiel	2.8	1,865	25,139	1.8	132	127	7.45	4.3	21.0	75.9	2.0	39.5	
Munich	2.7	3,889	10,522	1.4	81	77	9.59	4.9	33.7	119.2	2.3	48.8	
Stuttgart	2.3	2,639	13,225	1.7	91	87	8.92	3.4	24.7	102.0	2.2	29.8	
Northern Ruhr Area (Duisburg, Gelsenkirchen)	2.0	1,351	24,345	2.5	117	114	6.49	2.5	17.4	80.5	1.6	28.9	
Leipzig	1.9	1,868	14,220	2.9	79	73	6.68	2.9	23.7	79.5	2.0	28.4	
Bremen	1.4	1,973	11,697	1.9	59	56	6.71	2.7	24.6	83.2	2.0	26.1	
Westphalia (Münster, Osnabrück)	1.1	1,760	9,417	2.3	53	52	7.22	3.4	20.6	89.8	2.0	29.2	
Freiburg	0.7	2,646	3,850	0.8	29	27	8.57	2.5	25.3	86.5	2.0	37.9	
Other Strategic Locations	3.4	1,903	27,454	3.1	162	152	7.53	2.6	21.2		2.0	32.2	
Total Strategic Locations	70.3	2,312	479,449	1.9	2,795	2,661	7.67	3.3	25.1		2.1	36.8	
Non-Strategic Locations	0.5	1,646	3,197	4.4	31	17	7.15	2.0	16.3		1.9	33.3	
<b>Total Germany</b>	<b>70.8</b>	<b>2,305</b>	<b>482,646</b>	<b>1.9</b>	<b>2,826</b>	<b>2,678</b>	<b>7.67</b>	<b>3.3</b>	<b>25.1</b>		<b>2.1</b>	<b>36.8</b>	
Vonovia Sweden	6.2	2,016	39,631	4.2	357	331	10.21	7.9	17.3		2.2	-	
Vonovia Austria	2.8	1,614	21,150	4.9	124	98	5.51	6.1	22.4		1.7	-	
<b>Total</b>	<b>79.7</b>	<b>2,247</b>	<b>543,427</b>	<b>2.2</b>	<b>3,306</b>	<b>3,107</b>	<b>7.78</b>	<b>3.8</b>	<b>24.1</b>		<b>2.1</b>	<b>n/a</b>	

<sup>1</sup> Fair value of the developed land excluding €3.9bn, of which €0.5bn for undeveloped land and inheritable building rights granted, €0.2bn for assets under construction, €2.2bn for development, €0.6bn for nursing portfolio and €0.4bn for other.

<sup>2</sup> Source: GfK (2024). Data refers to the specific cities indicated in the table, weighted by the number of households where applicable. <sup>3</sup> Based on the country-specific definition. In-place rents in Austria and Sweden are not fully comparable to Germany, as Sweden includes ancillary costs and Austria includes maintenance and property improvement contributions from tenants. The table above shows the rental level unadjusted to the German definition.

# Portfolio Clustering

Q1 2024 Update

Appendix

	Mar. 31, 2024	Resi units	In-place rent (€m p.a.) <sup>3</sup>	In-place rent (€/sqm) <sup>3</sup>	Vacancy rate	Fair value (€bn)	Fair value (€/sqm)	Gross yield	
Included in Segment Results	Strategic	Urban quarters & clusters (Germany)	420,758	2,388	7.61	1.8	60.0	2,285	4.0%
		Sweden	39,631	357	10.21	4.2	6.2	2,016	5.8%
	Recurring Sales	Germany	26,656	167	7.55	2.8	4.3	2,326	3.9%
		Austria	21,150	124	5.51	4.9	2.8	1,614	4.5%
Disposals not included in Segment Results	Additional Disposals	MFH Sales	22,413	166	9.32	1.3	4.8	3,233	3.5%
		Non Core	12,819	105	6.81	4.9	1.7	1,515	6.2%
		DW Nursing					0.6 <sup>4</sup>	n/a	8.7% <sup>1</sup>
<b>Total<sup>2</sup></b>	<b>543,427</b>	<b>3,306</b>	<b>7.78</b>	<b>2.2</b>	<b>79.7</b>	<b>2,247</b>	<b>4.1%</b>		

- German portfolio comprises of strategic assets in 15 urban growth regions that are held in larger urban quarters (~ 3/4) and smaller urban clusters (~ 1/4).
- Swedish Properties are located in Sweden's three large urban areas Stockholm, Gothenburg, and Malmö.

- EBITDA contribution is shown in Recurring Sales Segment.
- Single-unit disposals to owner-occupiers and retail investors.

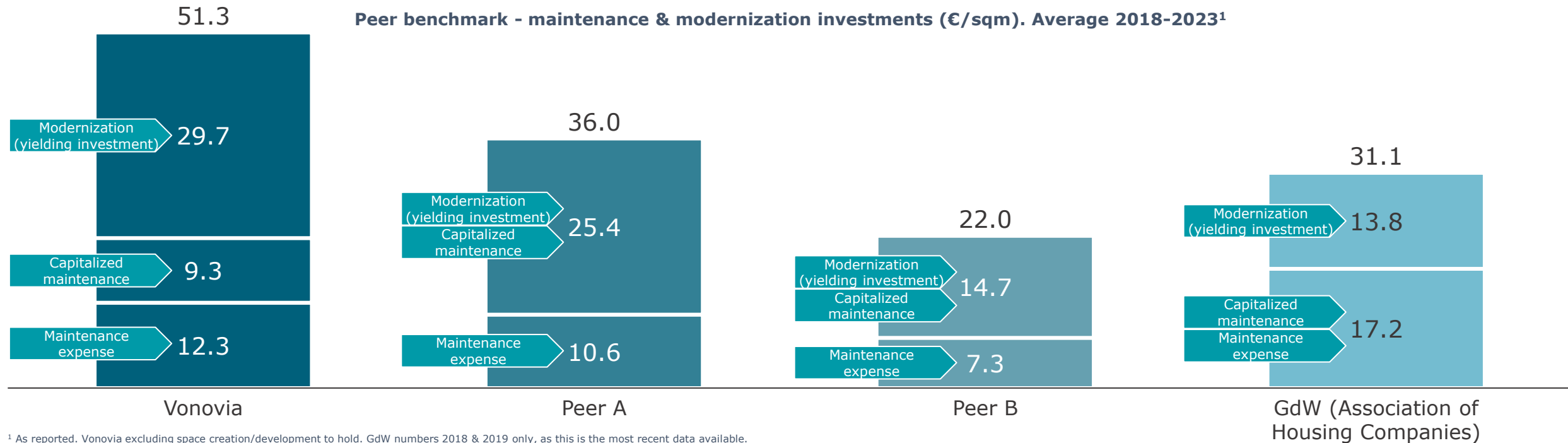
- Outside of Core Business Segments and included in Other Income.
- Focus on cash generation.
- MFH: low yielding assets outside urban quarters.
- Non-core: non-strategic residential and commercial properties.
- DW Nursing: Vonovia is supportive of disposal efforts at acceptable terms.

<sup>1</sup> Calculated as Segment EBITDA / fair value. <sup>2</sup> Excl. DW Nursing. <sup>3</sup> Based on the country-specific definition. In-place rents in Austria and Sweden are not fully comparable to Germany, as Sweden includes ancillary costs and Austria includes maintenance and property improvement contributions from tenants. The table above shows the rental level unadjusted to the German definition. <sup>4</sup> Excl. nursing assets that were transferred to non-core portfolio as of Dec. 31.2023.

# Maintenance vs. Investments

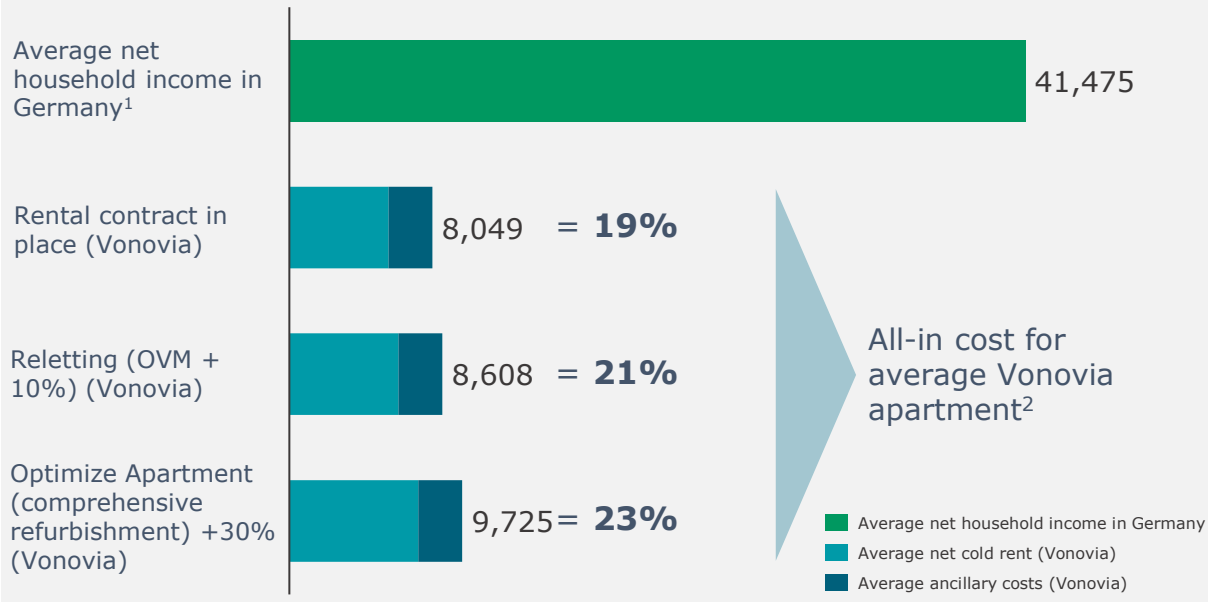
- Heterogeneous disclosure in the sector.
- Vonovia provides best-in-class transparency and distinguishes between
  - A. Maintenance expense
  - B. Capitalized maintenance
  - C. Modernization (yielding investments)

		P&L	Balance sheet	Rent growth	Value growth	Letter to tenant
A	Maintenance expense	✓	✗	✗	✗	✗
B	Capitalized maintenance	✗	✓	✗	(✓)	✗
C	Yielding investments	✗	✓	✓	✓	✓



<sup>1</sup> As reported. Vonovia excluding space creation/development to hold. GdW numbers 2018 & 2019 only, as this is the most recent data available.

Comparison suggests that affordability remains high compared to other jurisdictions. This view is further confirmed by the fact that the number of hardship cases in our portfolio is declining from an already low level.



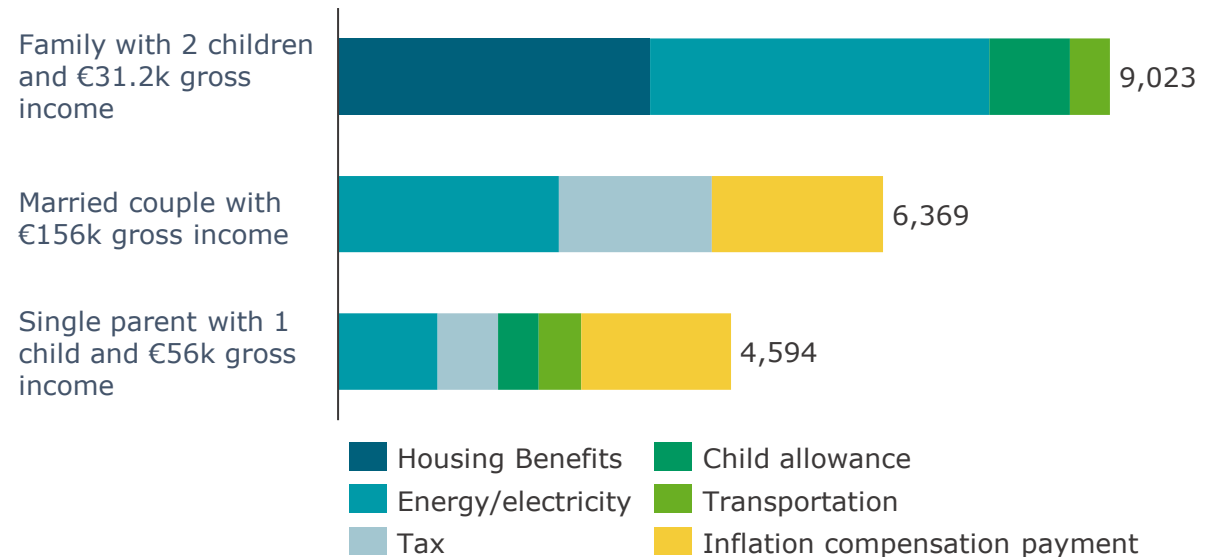
## Wage and salary increases have provided additional compensation. Examples

+24%	Minimum wage
+10.5%	Temp workers
+10.5%	Civil servants
+15%	Deutsche Post
+12%	Deutsche Bahn
+13%	Union for wholesale and export industry

In an effort to mitigate the financial burden from increased cost of living, the government has put in place various support schemes and subsidies with an aggregate amount of ca. €300bn.

The Federal Finance Ministry calculated the financial benefit of different types of households to show what the impact of the government assistance is on individual families.

## Average subsidies & benefits<sup>3</sup>



<sup>1</sup> Average household income net of taxes (source: Federal Statistics Office; 2022 data based on microcensus). Average number of persons per household in Germany is 2.03 (Federal Statistics Office). <sup>2</sup> Calculated as €7.63/sqm/month (+10% for reletting case and +30% for optimize apartment case, respectively) plus €2,464 average total ancillary costs. <sup>3</sup> Source: Handelsblatt based on data provided by the Federal Finance Ministry.

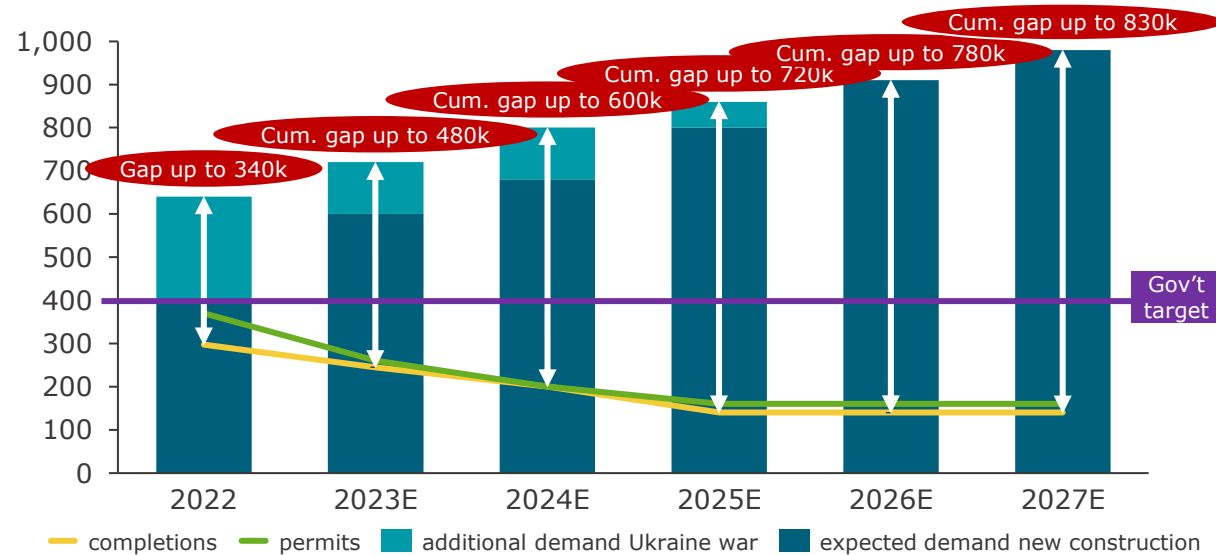
# Our Business Is Supported by Two Dominant Megatrends...

...But the Current Environment is a Short-term Challenge

- In addressing the consequences of the Russian war on Ukraine, central banks around the world had increased interest rates at an unprecedented speed.
- The drawback of Vonovia’s stable business model in a regulated market is that it reacts only slowly to the new environment, and the initial impact on our KPIs has been negative.
- However, the new environment also accelerates the relevant megatrends around which we have built our business, leading to even stronger fundamentals in the medium- and long-term.

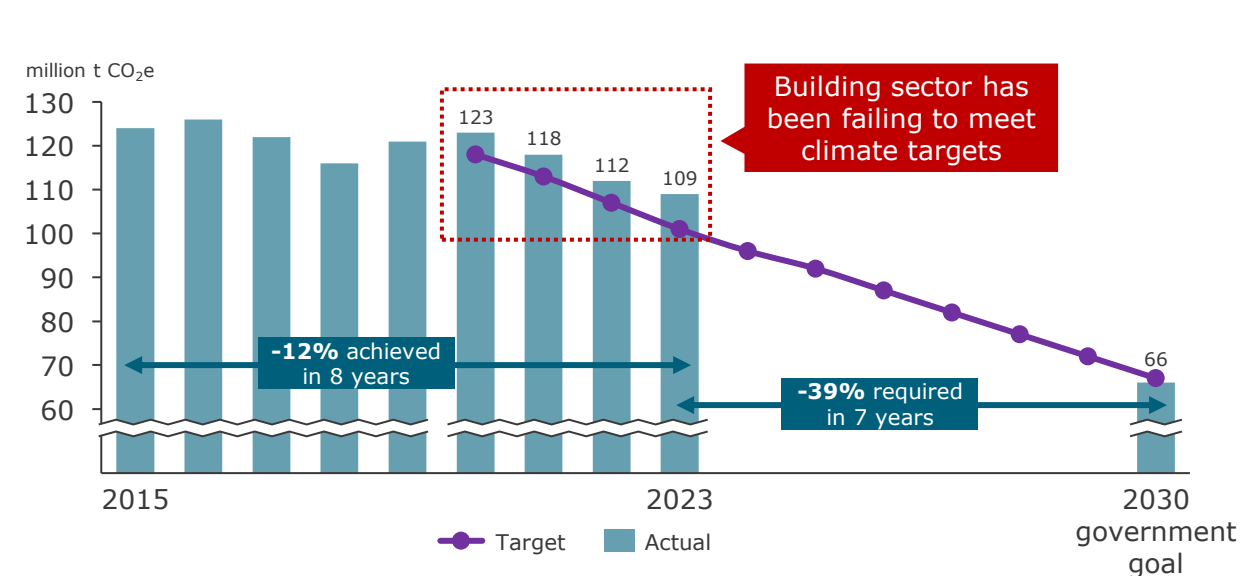
## Urbanization & Supply/Demand Imbalance

Expected demand, permits, completions ('000 units)<sup>1</sup>



## Climate Change

Development of green house gas emissions in the building sector (Germany)<sup>2</sup>



<sup>1</sup> Adapted from ZIA forecast based on Empirica and Pestel Institute. <sup>2</sup> Agora Energiewende (2023): "Die Energiewende in Deutschland: Stand der Dinge 2022. Rückblick auf die wesentlichen Entwicklungen sowie Ausblick auf 2023."



# Megatrends

## Three Dominant Megatrends in Residential Real Estate

Q1 2024 Update

Appendix

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>

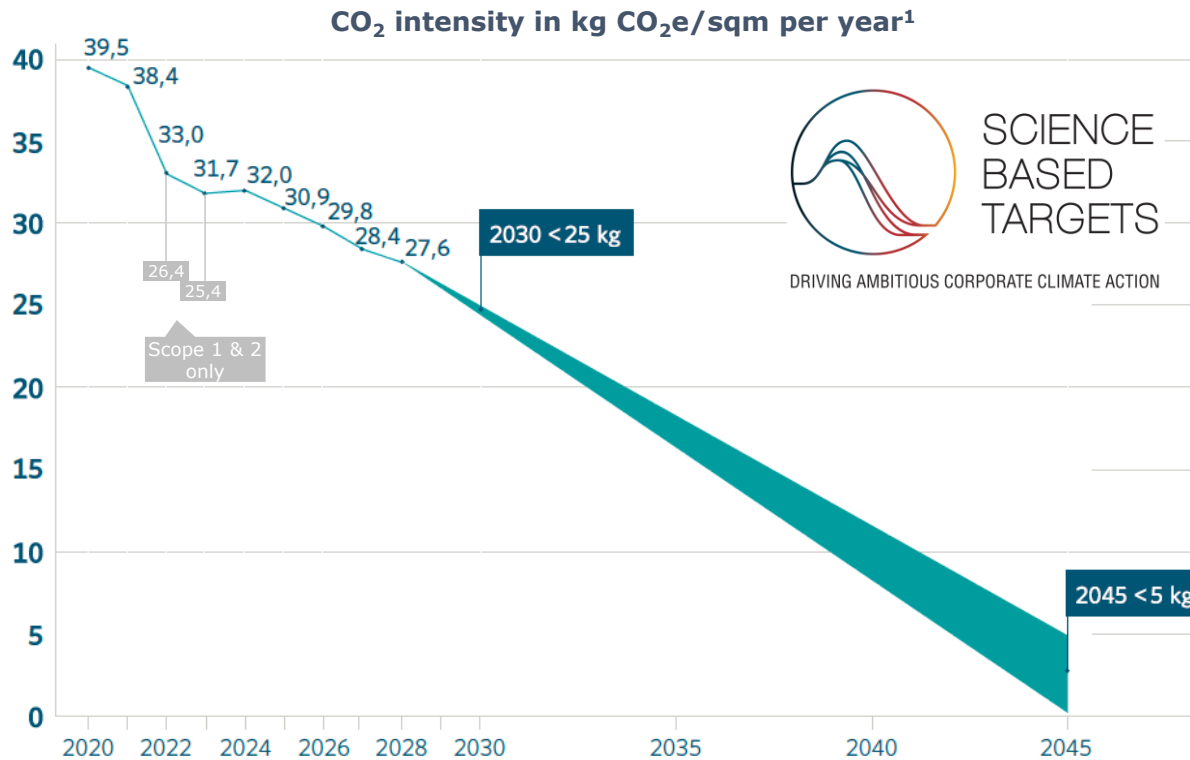
- A decaying construction industry and an ever-growing supply/demand gap are not a sustainable situation. Required investment volumes are much too high to be delivered by government or through subsidies.
- Any meaningful investment volume will require an investment and regulatory environment that is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

# Commitment to Sustainability

## Science-based Decarbonization Roadmap with Measurable Interim Targets

- Accelerated decarbonization with near CO<sub>2</sub> neutrality by 2045.
- Following CRREM MFH 1.5 degree pathway.
- Including Scope 1, 2 and 3.3.



### The 3 levers of our climate path

- 1 Continue deep renovation.**
- 2 Replace conventional heating** with hybrid systems and heat pumps.  
**PV** on all suitable roofs.  
**Own local heating networks in Urban Quarters** powered with renewable energy.
- 3 Transformation of the energy sector** towards carbon-free district heating and green electricity.

<sup>1</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.

# SBTi Confirms

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

Q1 2024 Update

Appendix

- SBTi has classified Vonovia's scope 1 and 2 target ambition and has determined that it is in line with a 1.5°C trajectory.
- SBTi commends our 1.5°C-aligned target, currently the most ambitious designation available through the SBTi process.
- Vonovia is one of six companies in Germany's property sector to be validated by the Science Based Targets initiative (SBTi).
- According to CDP, Vonovia is recognized as one of the world's leading companies in climate protection measures and has been awarded an A- rating for best practices.



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

2021

2030

scope 1+2

scope 3<sup>1</sup>

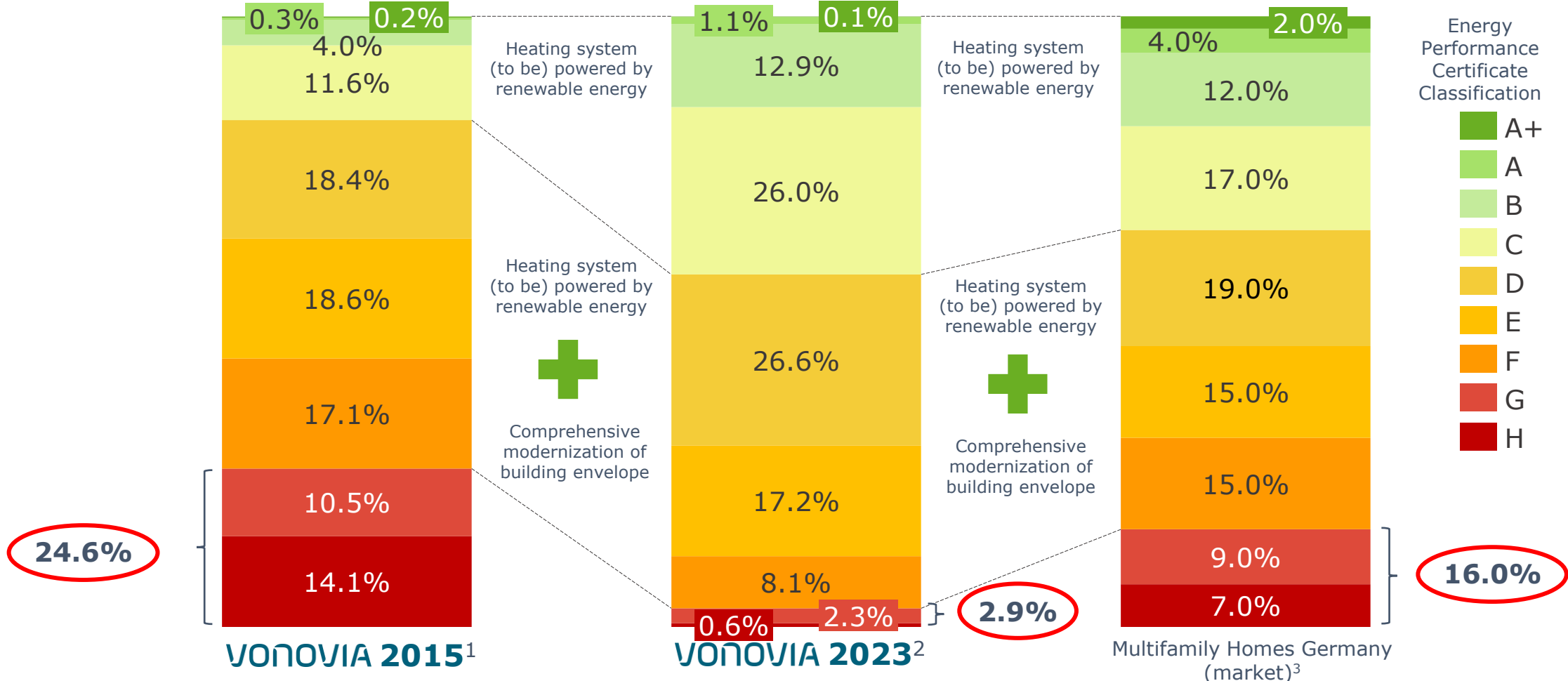
-42%

-25%

<sup>1</sup> Scope 3.3, 3.11, 3.13

# Energy Efficiency Classes

Vonovia Is Ahead of the Market with Substantial Progress since IPO



<sup>1</sup> Vonovia Sustainability Report 2016. 5.3% of portfolio without EPCs not included. <sup>2</sup> Vonovia 2023 data. 5.0% of portfolio without EPCs not included. <sup>3</sup> Agora Energiewende (2023): "Die Energiewende in Deutschland: Stand der Dinge 2022. Rückblick auf die wesentlichen Entwicklungen sowie Ausblick auf 2023."

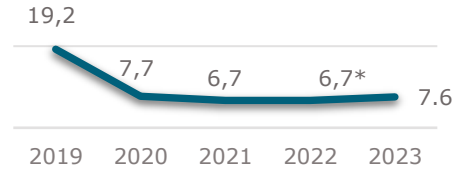
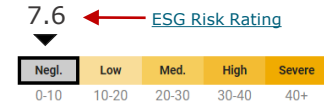
# Recognition of ESG Performance

## ESG Ratings and Indices

### ESG Ratings



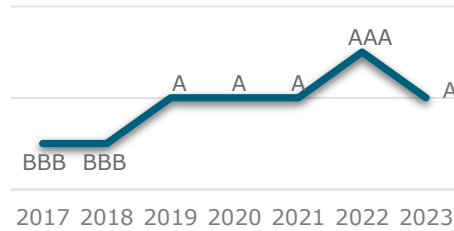
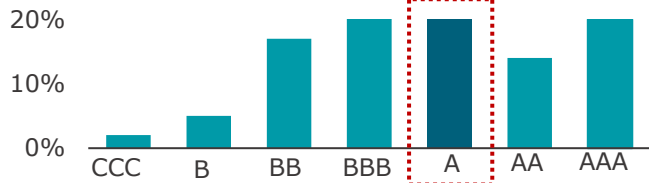
Slight increase by 0.8 in 2023, still negligible risk



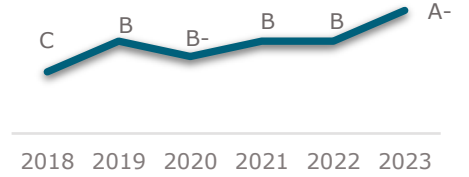
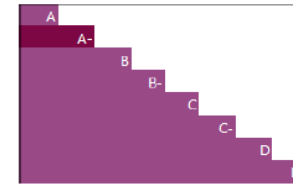
\*rating results from 2021, remain valid for 2022



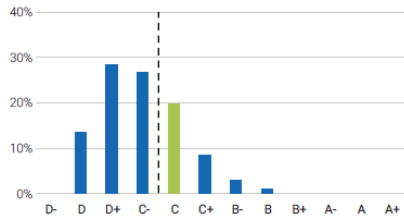
A-Rating since 2019



Rating improved to A- (Leadership band)



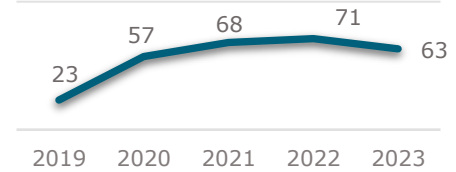
Prime Status maintained since 2020



Member of **Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA

DJSI Europe membership continues despite decline from 71 to 63 points in 2023

Sustainability Yearbook  
Member 2022  
**S&P Global**



### ESG Indices

Vonovia is included in various ESG indices such as: DAX 50 ESG, STOXX Global ESG Leaders, EURO STOXX ESG Leaders 50, Dow Jones Sustainability Index Europe.

Note: No GRESB participation since 2021 due to methodological rating challenges for large residential portfolios. Participation in the Public Disclosure since 2021 with an A rating.

# IR Contact & Financial Calendar

<https://www.vonovia.com/en/investors>

Q1 2024 Update

Appendix

## Contact

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## Financial Calendar 2024

May 6	Q1 Roadshow with Deutsche Bank, virtual
May 7	Q1 Roadshow with Deutsche Bank, virtual
<b>May 8</b>	<b>Annual General Meeting</b>
May 9	Q1 Roadshow with Deutsche Bank, London
May 14	North America Roadshow with Kepler, New York
May 15	North America Roadshow with Kepler, Boston
May 16	North America Roadshow with Kepler, Toronto
May 22	DB Investor & Issuer Bond Forum, London (IR only)
May 23	DB Access European Champions Conference, Frankfurt
Jun 5	BNP Paribas Exane CEO Conference, Paris
Jun 6	Goldman Sachs European Financials Conference, Madrid
Jun 12	Morgan Stanley European Real Estate Capital Markets Conference, London (IR only)
<b>Aug 2</b>	<b>H1 2024 Results</b>
Sep 3	CoBa & ODDO BHF Corporate Conference, Frankfurt (IR only)
Sep 5	SocGen Pan European Real Estate Conference, London (IR only)
Sep 11&12	BofA Securities 2024 Global Real Estate Conference, New York
Sep 26	Goldman Sachs European Real Estate Equity & Debt Conference, London
<b>Nov 6</b>	<b>9M 2024 Results</b>
Nov 13	UniCredit & Kepler Pan-European Real Estate Conference, London

Dates are subject to change. The most up-to-date [financial calendar](#) is always available online.

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