

Transcript  
Q1 2026 Earnings Call  
May 7, 2026



Rene Hoffmann

Thank you, Moritz, and welcome everybody to our update call. The speakers today are Luka Mucic, our CEO, and Philip Grosse, our CFO. They will briefly present the main messages for today before we open up for Q&A where both will be very happy to take your questions.

With that, over to you, Luka.

Luka Mucic

Thank you very much, Rene. – Hello and welcome everybody from my side! Let me start with a brief summary of the main takeaways from the first quarter.

We have had a good start with a strong performance in our core operations.

Adjusted EBITDA grew 6.3% in our Rental segment to 630 million euros, even though we had about 4,000 fewer units compared to the same time last year. This very positive development was underpinned by 4% organic rent growth, around 98% occupancy, and more than 99% rent collection. Unsurprisingly, our largest segment was once again extremely robust and remains on its predictable long-term growth trajectory.

In our Value-add segment we also delivered compelling growth with 30% more than last year for an EBITDA of 50 million. This increase was mainly driven by a higher contribution from our craftsmen organization as well as the continued growth in the energy business. We view this segment as a key differentiator vis-à-vis the broader peer universe.

This clearly demonstrates our momentum, but we won't stop here.

You may have seen the press releases where we entered two strategic partnerships for the mass production of our innovative heat pump cubes and the roll-out of our serial modernization for a faster and more efficient energetic refurbishment of our assets. Both initiatives will further support our growth ambitions in the non-rental business.

Looking at the market fundamentals, they remain supportive, and we are confident not only for the remainder of this year, but also with a view towards our 2028 growth and deleveraging objectives. Our rental business remains a rock-solid foundation and our non-rental activities will continue to accelerate their momentum.

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With that, over to you, Philip, for a more detailed look at our results.

**Philip Grosse**

Thanks, Luka, and also a very warm welcome from my side!

As Luka covered already our Rental and Value-add segments already, let me turn directly to Recurring Sales. I am on page 3. As you can see, we recorded a very high margin of 42% in the first quarter in Recurring Sales, and while the disposal volume was lower than in the previous year, we still delivered a very comparable EBITDA contribution. What you need to bear in mind when you compare the volumes year over year is that last year we had an unusually high number of transactions because of spill-overs of signings which we made in Q4 2024 that only closed in early 2025. If I take the delta for the respective years, it's roughly 250 units and explains most of the differential between those numbers.

In any case, Q1, as you will recall, is traditionally lighter in terms of volume, and we clearly anticipate a ramp-up as the year progresses. For 2026 as a whole, we are confident to grow our performance compared to last year, and as you know, we are targeting 3,000 to 3,500 units in volume overall for the entire year of 2026.

Moving to the fourth segment, Development. The optics are not exactly pretty at a first glance, but you have to remember that of the 75 million EBITDA for the entire year of 2026, 53 million – that is 70% – came in Q1. That was because of the closing, the very profitable closing of a large land sale. So last year was very, very Q1-heavy, whereas for 2026, again, we expect a progression as the year goes on. For the full year 2026, we are confident in our ability to deliver strong growth from the disposals of development projects plus also still opportunistic land sales later in the year.

When we roll it all up to Adjusted EBITDA Total we see 1.4% growth to 712 million euros. Adjusted for the phasing effect related to Q1 I have just explained, Adjusted EBITDA Total grew by almost 10%. I am happy to echo what Luka said: We feel very much on track towards our 2026 guidance and our 2028 growth and deleveraging objectives.

Moving on to Adjusted EBT and Adjusted Shareholder Earnings: The main driver between EBITDA and EBT, of course, are interest expenses and they were around 20 million euros higher in Q1 2026. The reported Adjusted EBT per share number

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is 7% below the prior year but again, to allow for better comparability, EBT per share was up almost 4% when we adjust for the Q1 2025 land sale.

Adjusted Shareholder Earnings are different from Adjusted EBT because of, as you know, two line items: taxes and minorities, on which we now provide full transparency, also in our outlook. Taxes were 8 million lower in Q1 2026, and here you can see the link between a lower sales volume and lower tax expenses, as we have discussed in our last call. Minorities increased as expected because Q1 2026 includes the JV that we set up for the Deutsche Wohnen domination agreement, whereas last year did not include that.

Similar to EBITDA and EBT, the reported number for Adjusted Shareholder Earnings is a bit skewed insofar as that the lighter EBITDA contribution from our sales-related segments distorts the underlying growth momentum overall. Here again, if you were to do the adjustment, you would come out at 3% growth year-on-year.

The bottom line: we're happy with the start into this year. The growth momentum is clearly there and evident in Rental and Value-add, as Luka explained. For Recurring Sales and Development the phasing of last year versus this year might make it a bit harder to see, but here again we're confident that as the year progresses the growth in these two segments will become more evident as well.

A quick word also on Operating Free Cash Flow. When you compare the first quarter of last year with this quarter, there are two key differences. One is the lower Recurring Sales volume; that made up about 50 million less contribution from that. And the other is around 200 million less working capital, which is related to our investments in future growth by ramping up the portfolio investments and the acquisition of our manage-to-green portfolio. We said it all along: This very nice piece of business will require an initial capital ramp-up.

EPRA NTA in Q1 is traditionally less eventful in the absence of a portfolio valuation. That is why the EPRA NTA per share was up only 0.6% to 46 euros and 57 cents. We will, as usual, do a full revaluation of our portfolio with H1 numbers. Here, the positive development of fair values that we have observed during the last 18 months should continue in H1 2026 as well.

Finally, on the debt KPIs: Here we saw equally a continued trend in the right direction with Net debt to EBITDA down 0.1 times to 13.7 times and LTV down 30 basis points, standing now at 45.1%. ICR declined by 0.1 times, but is and will remain in absolutely safe territory.

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The next four pages are dedicated to our four segments, but since I already mentioned the main points I will be quite brief and will only add a few remarks regarding our Rental segment. That is on page 4.

All operating KPIs are very much in line with what one would expect, and they highlight the rock-solid robustness of our largest segment.

When you look at the rent growth, I wouldn't put too much emphasis from one year to the next when we talk about the general trajectory towards approximately 5% by 2028. First of all, the challenge with comparing one year to the next is that the "Mietspiegel", the rent indices, are always every two years, so you are not comparing the same underlying asset base. Second, 20 or 30 basis points one way or the other is nothing that changes the general direction of travel and our expectation for that non-investment-driven rental growth is that it sits between 2.5% and 3%, which is the case.

In terms of growth trajectory you need to also bear in mind what we call irrevocable rent increase claim, where the rent growth is already reliably in the pipeline, but we have to wait for the three-year period to lapse before we can implement additional rental increases. This should always be seen in connection with the reported market rent growth. The Berlin rent index will be a good case in point, as we're still very much within those caps in Berlin. So whatever the outcome is going to be, we continue to expect some mid to higher single-digit growth. We will see rent growth from the rent index only in the subsequent years. I think I made that point also very clear previously.

And finally, one key driver is investments and here we're still in the phase of ramping up, so no surprise that this is progressing over time.

With that, Luka, back to you.

## Luka Mucic

Thank you, Philip. – Let me just spend a few additional words on our deleveraging ambitions then.

In our Full-Year 2025 call and during the roadshow we obviously had a lot of conversations around these more ambitious leverage targets that we unveiled at the Full-Year call and how we intend to get there. On page 8 of our presentation, we've laid out the different drivers to hopefully create a better understanding.

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First, the organic value growth from rent growth will carry us part of the way, and we expect this to get us to around 43% LTV by 2028. The remainder will then come from disposals that will probably be around a mid-single-digit billion amount and come from four sources:

- Non-core
- Non-strategic minority positions
- Opportunistic core disposals and
- Recurring Sales

As we said in Q4 2025, in this respect really everything is on the table and our decision-making will be guided by what is the most sustainable way to delever and not solely by what is the fastest solution.

And since the LTV reduction will also be driven by an absolute debt reduction, so improvements not just in the denominator but also a smaller numerator, the net debt to EBITDA will probably land quite a bit below the less than 12 times that we target.

The guidance on page 9 is our last page actually before we go to Q&A. As you can see there, we're confirming both our guidance 2026 and our objectives 2028. We're really well on track against both.

In some of our investor conversations and also, as I recall it well, on the last Earnings Call, the question has come up how we can deliver growth and delever at the same time.

I think it is actually quite straightforward. When we talk about earnings growth, there are two levels to look at: First, EBT. If we sell core properties, we will lose EBITDA, of course, but we will regain basically the same amount in terms of interest savings because when we retire debt with the disposal proceeds, we save around the 2% average cost that we pay today plus another 2% that it would cost to refinance this debt at today's levels. So selling a 4% yield and paying debt down with it is basically a wash on the EBT level.

Second, when it comes to EBITDA: On an EBITDA level, we see some 200 million euros EBITDA growth run rate per year. And if you extrapolate that, we're very well underway towards the upper end of our 2028 objectives. So there is clearly some buffer for disposals. Plus I think it is fair to assume that for a good chunk of

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the assets that we sell, we will actually continue to manage them under our B2B offering and so some EBITDA remains in our accounts even after the disposal.

On top of that, not to forget that some of the non-rental initiatives are still in ramp-up, so their potential is not adequately reflected in the 200 million EBITDA per-year trajectory yet.

Finally, the development towards an AI-first organization and the management on behalf of third parties, outside of the sale of our own assets, both of which were not part of the original ambition, will bring additional EBITDA.

So there is really a lot to play with and a lot to be excited about if we look to the future. We couldn't be more confident.

With that, we're happy to take your questions.

## QUESTION AND ANSWER SESSION

### Operator

The first question comes from Jonathan Kownator from Goldman Sachs. – Please go ahead.

### Jonathan Kownator

Good afternoon! Two questions, if I may, please. The first question is on Development and Recurring Sales. What is the impact that you're seeing on Development from the lower construction costs? And for both indicators, do you have advanced indicators that can help us, give us confidence essentially in the ramp-up of these activities throughout the year? That's the first question.

And the second question on the Value-add business: Can you give us a bit more details on the energy business, obviously, in the current environment? Are you seeing improved pricing? Are you seeing improved volumes? How big is that business going to be by 2028? – Thank you.

### Luka Mucic

Perhaps I can take that. And if you want to add anything, Philip, please, by all means do so.

Development: I think you have to really segregate the results in the quarter and also what we expect for the full year between what we do in the ongoing operational business, which is characterized by the ramp-up of our new development projects, and then the additional impact from opportunistic land sales that Philip has already hinted at as well.

If you think back a year ago where we had the 52 million actually of Development segment results, that was all driven by one big land sale. The rest and the ongoing business did not deliver anything yet. Now we're already at 13.6 million. Yes, admittedly, not yet enough in a given quarter to make up for this significant one-off effect. But you can clearly see that the work is ramping up again. And this effect will, of course, continue. And that growth, as we work to close additional projects, bring units into the sale, will continue to build up.

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You have highlighted that we've worked hard on bringing down the construction cost. We are resorting more and more to serial means of construction. We see that already today we can deliver successful projects at full costs of 3,500 euros. There would actually be even opportunities to go significantly below that if the municipalities play along with us and don't bring up exaggerated demands for additional architectural features and if we are able to stick to the standards.

Now, of course, going forward, the question is: What will the war in Iran do to the evolution of cost inflation due to higher energy prices and so on? I think, in the short term, we are kind of shielded from that to a good extent, because in the serial construction work that we do, we operate with frame agreements that lock in a significant part of the cost. Whether that would continue, so to say, for the long run, if a stubbornly high cost environment would continue to be around, that, of course, would remain to be seen. But for now, we are operating actually in a relatively controlled environment due to that strategic shift towards serial construction.

So, we expect a supportive environment for the continued ramp-up of our activities in the full year. And then, as Philip has noted, later in the year, we are also planning for additional land sales from the quite sizeable land bank, as you know. Therefore, you should expect that the seasonality patterns this year will be very different from last year where we had essentially a Q1 and then were kind of fading to a much lower contribution in the Development segment.

If you want to look at it from the other side, Q1 actually produced already more than half of the entire operational contribution from the Development segment that we had in the entire year 2025. And that shows the really underlying growth in the operational business.

When it comes to the Value-add business, I mean, as we are highlighting, we have strong growth in that segment, 30%. But you can see that actually this quarter, the external revenue contribution is significantly higher in terms of growth compared to the internal revenue contribution. Make no mistake, we also see great continued progress in our craftsmen organization and the ramp-up of EBITDA contributions there is quite impressive as well. But what you see in the external revenue growth, that is obviously driven by the energy business.

So, wherever we have in particular the ability to offer our green energy, directly produced from the rooftops with our photovoltaic installations, increasingly

coupled in the future with the continued roll-out of our heat pump cubes, it's a very attractive offer because it provides price stability at an attractive price point, and we have the ability to steer our tenants to this offer at the moments that matter, for example, with new tenants moving in. And what we see, therefore, is that at the moment it's an offer that attracts a lot of interest, for obvious reasons. And it will certainly be, in terms of our revenue contribution outside of the craftsmen organization, by far the biggest contributor to the growth that we expect until 2028. So if you think about the 9 to 12% that we want to have reached by 2028 as a relative contribution, a lot of that will actually come from the energy business.

## Operator

The next question comes from Bart Gysens from Morgan Stanley. – Please go ahead.

## Bart Gysens

Hi, good afternoon! I had a quick question on the revaluation guidance that you gave. So in the past, you've guided on revaluation, but a meaningful part of that revaluation was CapEx. So when you say that you believe that the trend for the last 18 months will continue into the first half of 2026, first of all, is that including or excluding the effect of CapEx?

And secondly, is that your conviction as a management team, or have you already been explicitly guided on this by your external valuers? – Thank you.

## Philip Grosse

Hi, Bart! First, in our reporting going forward, you will always see both figures, including and excluding CapEx. My guidance was explicitly referring to what I expect in the net valuation result, so not accounting for the impact of valuation increases bought by CapEx. Here, as I said, we will see the trend continuing, which we have seen over the past 18 months. And if I were to take a full-year perspective, I would not contradict to what our appraisers are saying, that they do expect something between 2 to 4% net valuation gains. That's kind of a short summary on that point.

## Bart Gysens

Great. Thank you. And then my other question is on slide 4, the expensed and capitalized maintenance. Last year, we saw a small increase in the capitalization rate over the year, right? I think you spent about 24 euros a square meter, up from 22, and 40% of that was capitalized versus 30 the year before. I appreciate numbers over a quarter cannot always be extrapolated. But we've seen the increase. I mean, it's small numbers in the first quarter, but should we expect a higher portion of capitalization again 2026 on 2025, or how should we think about that? – Thank you.

## Philip Grosse

Bart, you will see most likely a slight increase in capitalized maintenance. And that is still the outcome of some backlog, so to speak, because in the years of the crisis, we have been a bit more rigorous on keeping the cash in-house. But it's only a slight increase.

Probably you were doing the math for the Operating Free Cash Flow, where that number is embedded. Here, not considering the ramp-up in the net working capital, we kind of expect overall also a flattish development.

## Bart Gysens

Great. Thank you very much.

## Operator

Then the next question comes from Charles Boissier from UBS. – Please go ahead.

## Charles Boissier

Good afternoon! Two questions from my side: Going back to what you mentioned about Development, it sounds like you are very confident about one of the two drivers you mentioned, the sales of new build, owner-occupied units. Well, I think understandably, on the disposal of undeveloped land, it probably would be slightly less clear in the current environment in terms of the timing of those closings.

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So, my question is: Could you help us split these two drivers in terms of how much of the growth that you see in the Development EBITDA is from the land sales specifically? – Thank you.

Luka Mucic

Just in very rough terms, because I don't think that we can give you a precise number here, we would certainly for this year not count on an impact on the land sales side that would equal the land sale of last year. So while we expect a contribution, it would be smaller and hence more impact would come from the ramp-up of our operational activities – in terms of growth, not in terms of the absolute contribution.

Philip Grosse

Charles, let me just add one point here: When we talk about land sales, it's actually less the profitability we focus on because that obviously goes often to the disadvantage of future profitability. What we are focused on is releasing capital, because we feel that the capital deployed in the Development space is still a bit too high.

Charles Boissier

Right, very clear. Thank you.

And my second question is: Luka, since joining you have added about 200 employees net calculated. I just was wondering if you could talk about where you've been adding resources. I assume it's linked to some of the prior questions around the Development ramp-up and the Value-add. But if you could just give us some insights into where you've been adding resources across the business. – Thank you.

Luka Mucic

Thanks for the question. I have certainly not hired incrementally in the CEO area, I can assure you of that. The ivory tower stays nimble. Where we have hired is really in the Value-add business and in particular in our craftsmen and facility management organizations, because this is where every new FTE is straightaway from day one adding additional EBITDA. This is where we have the tremendous growth that you have seen from the additional investments that we're bringing in. In facility management, we have also external clients to serve. And we're happy

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to say that these external clients also tend to expand their business with us over time. And that's where the growth is coming from. In the central functions, there is actually no growth at all.

**Charles Boissier**

Thank you.

**Operator**

The next question comes from Valerie Jacob from Bernstein. – Please go ahead.

**Valerie Jacob**

Hello, good afternoon! Thank you for taking my question. I've just got a question about the comment you made of seeing no impact from the conflict in the Middle East on your business. This morning, one of your competitors said they were seeing an impact on sales. So I just wanted to confirm in terms of your momentum in the Development business and in the Recurring Sales business: How is March compared to January and February in the number? I just wanted to confirm that you didn't see any slowdown there.

And my second question was: In terms of the higher step-up in the Recurring Sales business, do you think this is sustainable or is it just a one-off in Q1? – Thank you.

**Philip Grosse**

Hi, Valerie! I go with that. First of all, on the Development space: What we typically do before we start a development project is that we secure the cost base, which is why for our running projects we are not really facing any headwinds.

Having said that, more broadly, we see an increase in construction prices. So for everything which has been starting since the crisis in the Middle East, we need to focus more on projects where we can earn the respective yields based on higher rent levels. So it's kind of specific markets in which we are forced into.

**Valerie Jacob**

I think I was more talking about the purchasing decision of the customer rather than the cost.

## Philip Grosse

The purchasing decision is a function of yield requirements. Here we continue to see 4, 4.5%, with a very strong bias towards individuals, which take a slightly different approach. The market for global exit is a bit more challenging because it's more relying on a higher portion of financing.

And to be clear: On the financing side, even long term, we do see some impact of the Middle East crisis. We have seen elevated swap levels, roughly 40 basis points. Since the outbreak of the crisis, spread levels remained more or less stable. But here, for a ten-year tenure, we are facing 4.4% currently. And that is having an impact on that market.

## Luka Mucic

Just to add on your question around the step-up, because I think you have not covered that yet.

## Philip Grosse

On the step-up: We have seen very little activity actually in Germany, but that's kind of a seasonal pattern, not untypical, which is why the step-up is also a bit impacted by the proportionately higher contribution of Austria, which is, as you know, going along with step-ups more in the region of 70%.

So, for the entire year of 2026, it remains with the guidance that we are targeting a step-up of 30% plus.

## Luka Mucic

Just to conclude quickly on your March pattern question: We have not really seen a different pattern in March compared to January and February. I think the key feature in the quarter was just that we had a lower spillover of end-of-year transactions into the new year in 2026 compared to 2025. That drove the differential and not kind of a meltdown in March, not at all.

## Valerie Jacob

Thank you.

## Operator

The next question comes from Thomas Rothäusler from Deutsche Bank. – Please go ahead.

## Thomas Rothäusler

Hi! Two questions: The first one is on Berlin and the increasing noise on the expropriation topic, basically, I would say, ahead of the election in September. I am just wondering if you could share your thoughts on this. Do you see a risk that this might really become effective law at some point?

## Luka Mucic

Well, I can give you my thoughts. I've actually expressed them already in different forums with the media.

What we can absolutely expect is that the noise level will undoubtedly go up in the coming months. As you know, the Left Party is campaigning on it. Underneath, there is a civil campaign that is also very loudly campaigning for this and advocating for it. Behind that is a problem that we take very seriously, and that is the shortage of available supply in the Berlin market, plus some dysfunctional features in the market, such as, for example, illegal subletting and other aspects that make this market very challenging.

And we try to be part of the solution there, both with a very cost-conscious offer that we have in place. Actually, if you have looked into the details, our Berlin average rent sits in the quarter at 8.23. Our average across Germany is 8.26. So we are clearly not part of the problem, but part of the solution there. Plus, we are also engaged in new development projects that are ongoing in the city of Berlin.

Do we believe that this will ever become effective law? Absolutely not, because we would consider what is currently proposed as evidently unconstitutional. It would not meet the test of any challenge against that. Might there be an attempt nevertheless? This is too early to call. It depends also a little bit on the political constellation there.

But in any event, it's not going to be part of the solution. Of course, in all available forums, we and many others, actually, trade associations, industry

representatives, are making that point. I'm actually counting on this coming through loud and clear as well.

What this city and what the entire country actually needs is affordable new housing construction. If you take away the very economic substance for making this a viable endeavor, then you're only going to aggravate the issue and not going to improve anything. And that is ultimately also why something like this will not become an effective, valid law, because it fails to attack the reason for its existence from the go.

### Thomas Rothäusler

Thanks. My second question is on rental growth. Recent market data suggests somewhat slower momentum recently, but could this put your long-term organic rent growth at risk?

### Philip Grosse

The clear answer is no. What you're referring to, Thomas, is that we see in some markets a slowdown in market rents – as a reminder, market rents really driven by grey market activity, being on average twice as high as our in-place rents, in very tight markets like Berlin even 150% higher than our current in-place rents.

So the visibility and outlook we gave on the non-investment-driven rental growth of 2.5 to 3% remains. Here, also keep in mind that already as of today, roughly 3% of irrevocable rent increase is sitting on each apartment on average. So if we were to be allowed to monetize that instantly because there's no rent cap legislation, our guidance would not be 4.2%, but more like 7% plus.

So there is very, very confident long-term visibility on that. And the other element, as you know, is investment-driven. And that is a function of our investment program, so also very confident on that end.

### Luka Mucic

If I may, just to complement this: You have also a detailed chart in the back part of the presentation that actually shows very clearly how large our opportunity is because of the significant gap of in-place rent towards reletting rent. In particular after the modernization and refurbishment of apartments, this range is actually anywhere from above 50% to more than 30% and shows you how far apart we

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are between our in-place rent and where the "Mietspiegel" and then the 10% above "Mietspiegel" and then the additional modernization charges are. That gives us obviously an abundance in terms of room to grow over the coming many years. And that is totally independent from any short-term fluctuations on rents offered in the market.

### Thomas Rothäusler

Okay. Thank you.

### Operator

And the next question comes from Andrew McCreath from Green Street. – Please go ahead.

### Andrew McCreath

Hi, good afternoon! Thank you for the presentation. Two questions from my side, please. Firstly, just coming back to Development and an extension, I guess, to Charles's question: You've guided to opportunistic land sales weighted to the back end of the year. But as you ramp up to your 2028 Development EBITDA target, how should we think about land sales as a recurring feature of the P&L going forward from beyond there, or will these just start to taper off? That is the first question.

### Luka Mucic

Look, as Philip has said, we are still looking at the size of our land bank as something that we want to trim down a bit, less in terms of a means to push short-term EBITDA realization, but more in terms of releasing some of the capital that is currently tied up in the total land bank, which is actually around 3.5 billion, as we will not in the foreseeable future put all of that to bear as part of ongoing development projects.

So you should expect also in the future that some land sales may occur. Having said that, in terms of the build-up of our Development business, you've seen year-over-year now that we went from 0 to the 13.5 million in Q1 in terms of the underlying contribution. That will continue to ramp up, of course. Hence, you should actually think about that trajectory as the main source of growth in EBITDA. The land bank sales is more something that we do primarily from a capital release

perspective. It may then, depending on where the values sit, result in additional EBITDA contributions. But that's not the starting point of how we look at land bank opportunities.

### Andrew McCreath

That's clear. Thank you. And then my second question was on the Apollo call option. As I understand it, the window opens in May 2028. Can you maybe share your current thinking and give us a sense of where the strike sits today alongside then your cash distribution to Apollo? That would help us understand the trade-off between the impact to Adjusted Shareholder Earnings and then also your deleveraging targets. – Thank you.

### Philip Grosse

A lot of questions in one. First of all, we have two relevant Apollo transactions, one in spring, one later this year. We have for the first time in 2028, as you rightly pointed out, the opportunity to call it.

As a reminder, these are transactions which are based on a fixed IRR level, which is essentially capped around 8%, whereby the dividend is disproportionate to the equity share and is obviously counting towards that IRR threshold. That means that the implied cost of equity financially is increasing over time. And our incentive to call it back increases equally.

In 2028, it will be a very rational decision we are going to take in that we compare the opportunity cost of refinancing that minority stake. That is a function of our capital structure and how much progress we have made, whether we can refinance the equity with debt. If that is not the case, it's a cost of equity comparison. If that should not be favorable, we have the optionality to hold onto the stake. And that possibility to call the stakes back, we have on a yearly basis thereon.

Now, what is the impact? The impact is kind of depending on how you refinance that. I mean, for sure you reduce complexity because you reduce the share of minorities. That in itself is a value and will be considered when making that decision. The reminder is really a function of how that is going to be refinanced, at what terms. Is it equity? Is it debt? So it's either the share count which increases for refinancing that equity or it's more interest expenses. But that really depends on the circumstances in 2028.

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**Andrew McCreath**

That makes sense. Very helpful. Thank you.

**Operator**

Ladies and gentlemen, this was the last question. I would now like to turn the conference back over to Rene for any closing remarks.

**Rene Hoffmann**

Thank you, Moritz, and thanks everybody for dialing in and joining this call. As always, if you have any follow-ups, you know where to find me and the team. Please do feel free to ask.

Luka, Philip, and I will be on the road quite a bit now, and we are looking forward to connecting with you in the days and weeks ahead.

That concludes today's call. As always: Stay safe, happy and healthy!

Bye-bye!

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