

VONOVIA

Capital Markets Day

Rent Growth – Implementation at Vonovia

September 28, 2023

Vonovia's Organizational Set-up

Process Excellence, Centralized Support, and Regional Decision Making

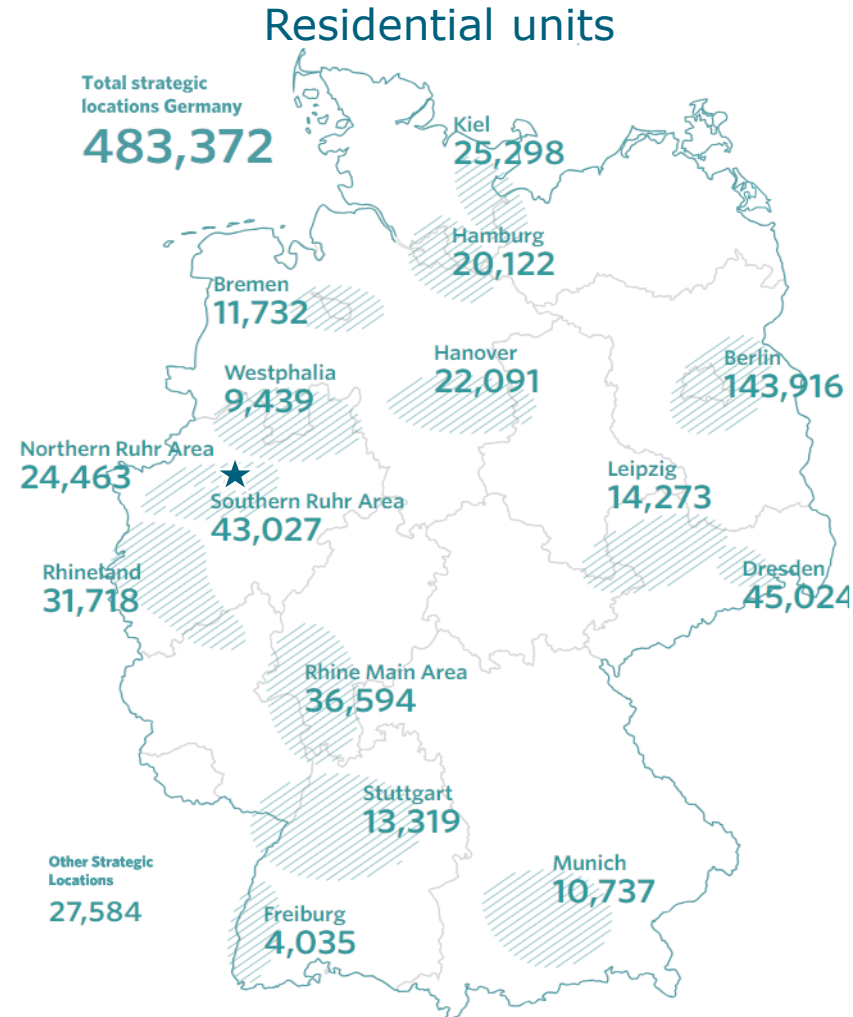
LOCAL RESPONSIBILITIES

Asset Management

- Stakeholder management
- Urban Quarters
- Portfolio development
- Pricing

Property Management

- Reletting
- Rental services
- Technical services
- Facility management



CENTRALIZED RESPONSIBILITIES

Portfolio Management

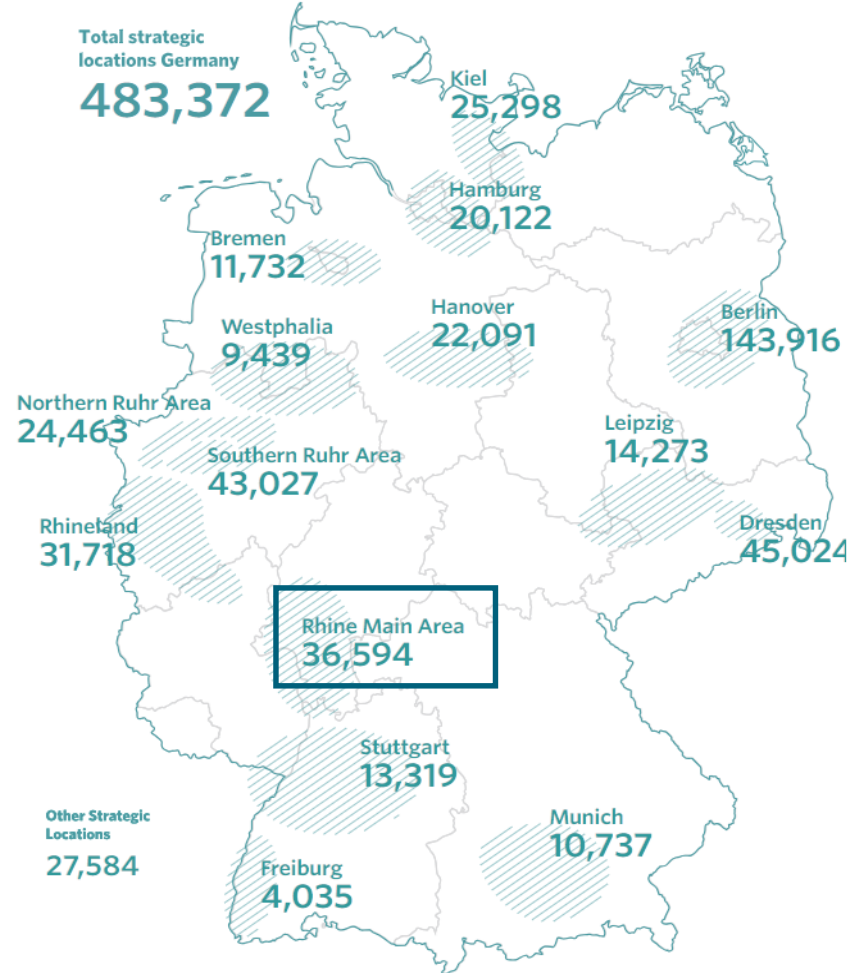
- Climate path
- Investment program
- Rental Management
- Strategic development

Customer Care

- 24/7 customer service
- Tenant change process
- Ancillary costs
- Accounts payable
- Accounts receivable

Overview Rhine Main Region

Residential units



- 36,594 residential units
- 2.6% vacancy rate
- 87% subject to "Mietpreisbremse"



Fair value

- €6.9bn
- 2,924 €/sqm



Rent

- € 261m total (p.a.)
- € 250m residential (p.a.)
- € 9.25/sqm/month (resi)
- 3.4% organic rent growth (y-o-y)

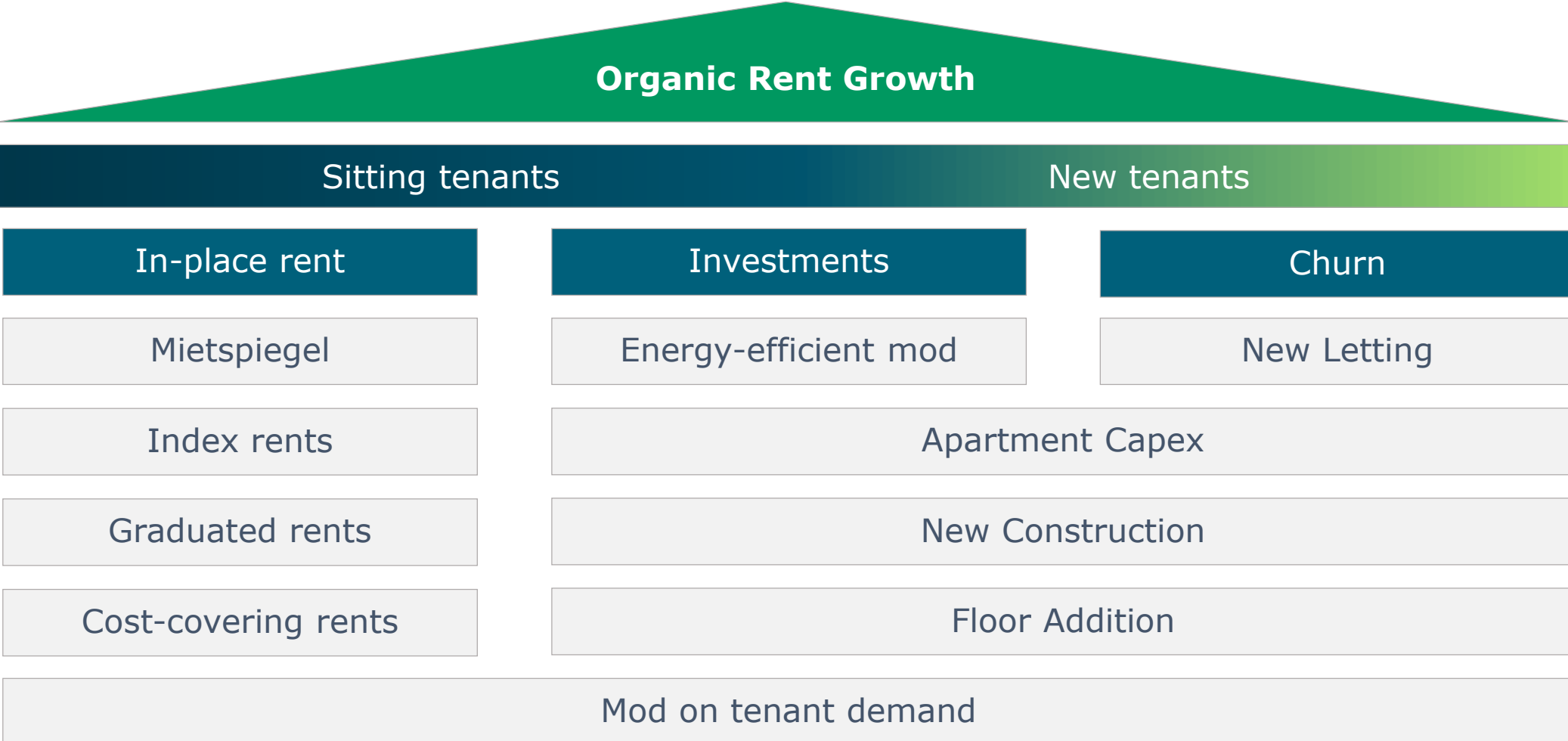


Major cities

- Frankfurt
- Darmstadt
- Mainz


















Organic Rent Growth

Three Pillars of Rental Growth



Active Asset Management

The Right Type of Contract for Every Apartment

	Increase intervals	Modernization Allowance	Voluntary adjustment	Mietpreisbremse 10% cap <i>(new letting)</i>	Kappungsgrenze 15%/20% cap <i>(over 3 years)</i>
					
“Classic” Contract	15 months				
Index Contract	12 months				
Graduated Contract	12 months				



The German rules-based rental system requires clearly defined and fully integrated processes plus expertise from local asset management to take the right decision on a case-by-case basis.

Active Asset Management

Target-rent Strategy: "Urban Quarter Rent" as Long-term Target

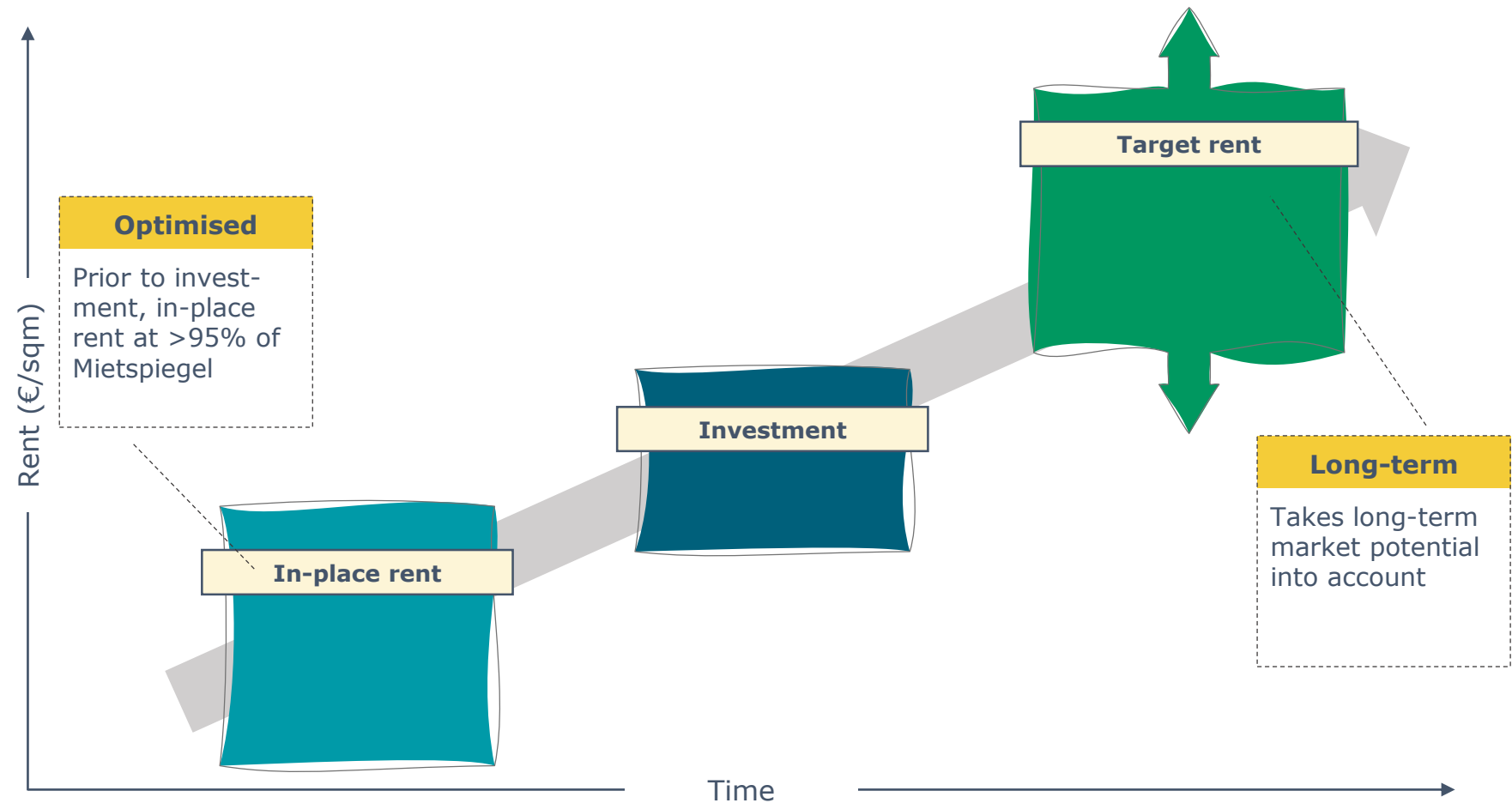
Definition

- Long-term rent potential on a unit-by-unit basis
- Transparent target level for regional rent development

Determination




- Initial level determined by Centralized Portfolio Management and based on market data
- Fine-tuning and definition of target level with input from regional asset manager

Target-rent Strategy (Illustration)



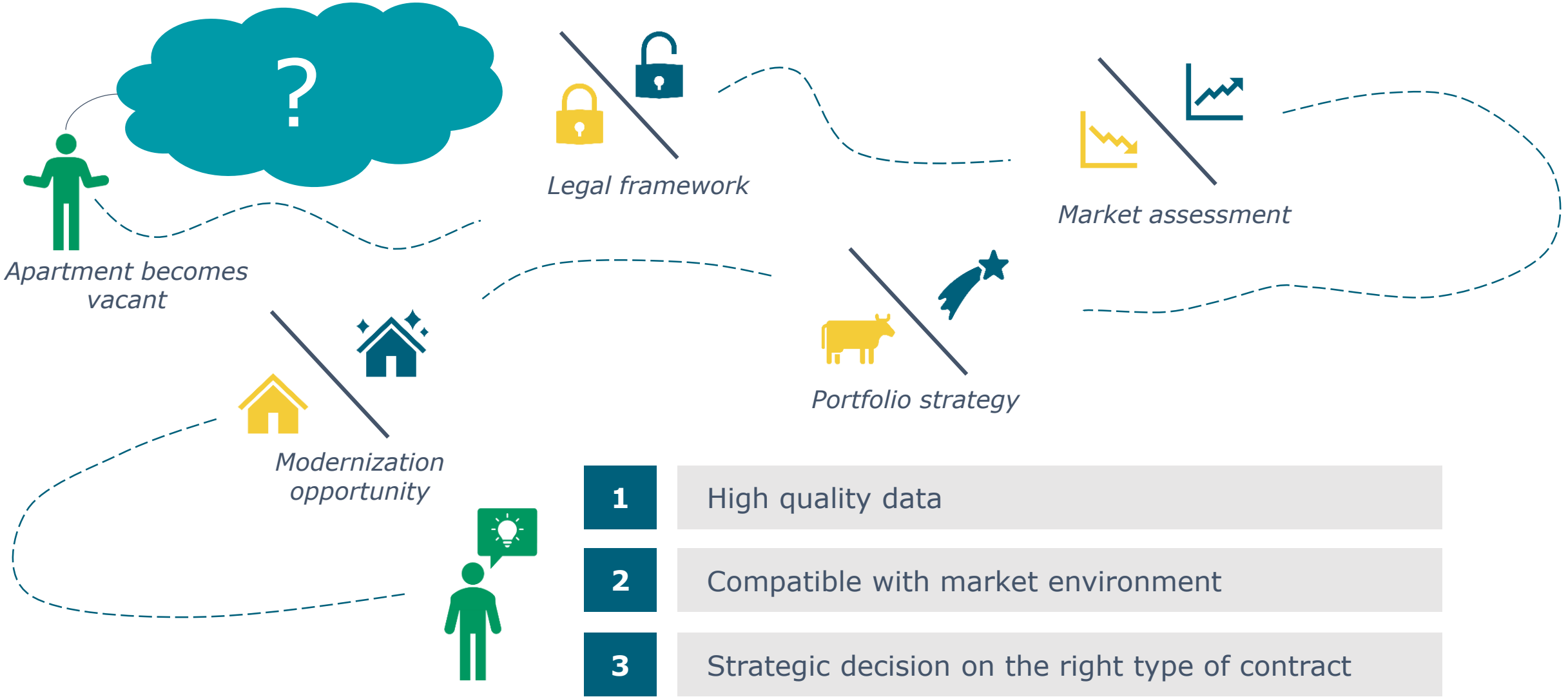
Active Asset Management

Investments: Room to Maneuver; Frankfurt as an Example

<i>Apartment Modernization (OA)</i>		<i>Mietspiegel (€/sqm)</i>	<i>Classic (€/sqm)</i>
Bathroom		+ 0.97	+ 0.91
Kitchen		+ 1.65	+ 0.96
Flooring		+ 0.00	+ 0.34

Active Asset Management

Summary: Decision-Making alongside Tenant Fluctuation



Rent Growth – Implementation at Vonovia

Summary of Key Messages



Interconnected workflow between asset and portfolio management with close cooperation



Fully integrated, system-based implementation of all aspects of rental regulation



Strategic planning with long-term targets for the portfolio



Most suitable course of action case-by-case and based on market conditions



Continuous adjustments to prevailing market conditions

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