

# Joining Forces to Manage the Residential Megatrends

## Business Combination of Vonovia and Deutsche Wohnen

May 25, 2021

## Unique Transaction Structure that Addresses All Stakeholders

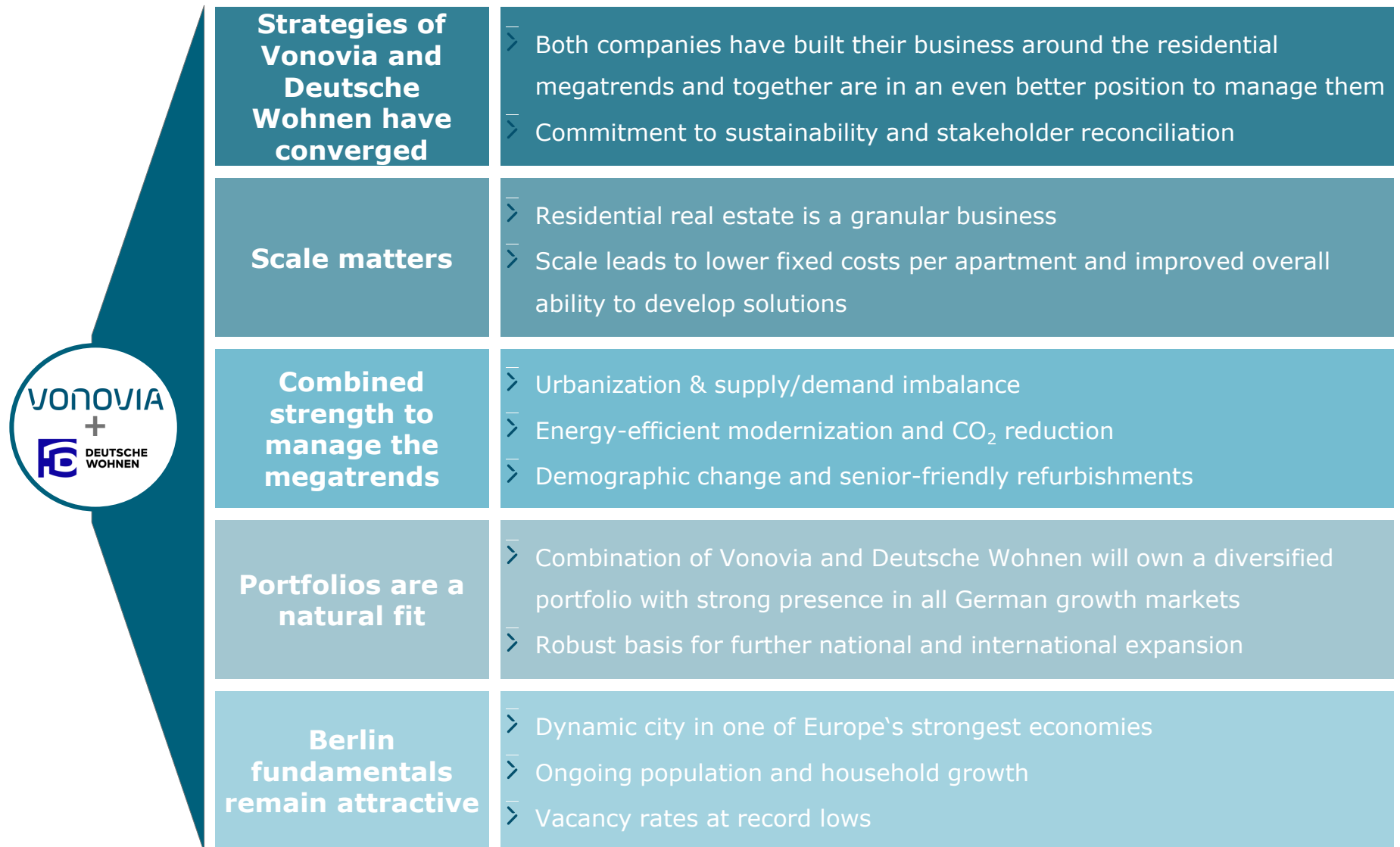
<b>Attractive Offer for Deutsche Wohnen Shareholders</b>	<ul style="list-style-type: none"> <li>➤ All-cash consideration for 100% of the Deutsche Wohnen share capital</li> <li>➤ €53.03 offer consideration per share (cum dividend) resulting in a 17.9% premium to last close of Deutsche Wohnen of €44.99<sup>1</sup> and 25.0% premium to Deutsche Wohnen 3M VWAP of €42.42<sup>1</sup> (including dividends proposed by Deutsche Wohnen for the year 2020)</li> <li>➤ Closing expected for end of August</li> </ul>
<b>Recommended Transaction</b>	<ul style="list-style-type: none"> <li>➤ Mayor of Berlin looks forward to cooperation               <ul style="list-style-type: none"> <li>➤ Purchase option for c. 20,000 apartments for the City of Berlin</li> <li>➤ Agreement to limit overall regulated market rent growth for existing tenants in Berlin to 1% annually for the next 3 years and to inflation thereafter until 2026<sup>2</sup></li> <li>➤ Commitment to build at least 13,000 apartments in Berlin in the coming years</li> </ul> </li> <li>➤ Tender offer supported by Deutsche Wohnen's management and supervisory boards</li> </ul>
<b>Accretive for Vonovia Shareholders</b>	<ul style="list-style-type: none"> <li>➤ Meets all Acquisition Criteria</li> <li>➤ S&amp;P expected to confirm BBB+ rating</li> <li>➤ Moody's expected to initiate coverage with A3 rating</li> <li>➤ EBITDA synergies of €105m expected</li> </ul>

<sup>1</sup> As of May 21, 2021. <sup>2</sup> Does not apply to rent adjustments based on reletting and/or investments.

## Right Timing for the Logical Next Step

<b>The Right Timing</b>	<ul style="list-style-type: none"> <li>➤ Legal certainty in Berlin after Federal Constitutional Court Ruling on rent freeze</li> <li>➤ Positive solution for all stakeholders before elections in Germany and Berlin</li> </ul>
<b>Viable Solution for Berlin and Beyond</b>	<ul style="list-style-type: none"> <li>➤ Substantial de-escalation of the Berlin situation</li> <li>➤ Vonovia and Deutsche Wohnen combination committed to be a reliable partner to help improve the housing market for the benefit of all stakeholders</li> <li>➤ Constructive and beneficial alternative to nationalization efforts</li> <li>➤ Spirit of cooperation and dialogue as potential blueprint for other markets</li> </ul>
<b>Joining Forces to Manage the Residential Megatrends</b>	<ul style="list-style-type: none"> <li>➤ Improved ability to finance and manage the required investments to <ul style="list-style-type: none"> <li>➤ reduce CO<sub>2</sub> and combat climate change</li> <li>➤ ease the housing shortage in urban areas by adding affordable new apartments</li> <li>➤ step-up the pace of senior friendly refurbishments</li> </ul> </li> </ul>
<b>European Champion with Strong German Roots</b>	<ul style="list-style-type: none"> <li>➤ Increased strength through combination of similar business models</li> <li>➤ More than half a million apartments in urban growth markets</li> <li>➤ Rock-solid foundation to continue European expansion</li> </ul>

# Compelling Strategic Rationale






## Key Offer Terms

<b>Financial Terms</b>	<ul style="list-style-type: none"> <li>➤ All-cash consideration for 100% of the share capital of Deutsche Wohnen</li> <li>➤ Deutsche Wohnen shareholders will receive €53.03 cash per share (incl. dividend of €1.03 to be approved by upcoming AGM)</li> <li>➤ 17.9% premium to last close of Deutsche Wohnen of €44.99 as of May 21, 2021, and 25.0% premium to Deutsche Wohnen 3M VWAP of €42.42 as of May 21, 2021</li> <li>➤ Tender offer to Deutsche Wohnen shareholders will include customary conditions, including a &gt;50% acceptance threshold</li> <li>➤ Deutsche Wohnen convertible bonds expected to be cash-settled in case bond holders exercise their change-of-control option</li> </ul>
<b>Recommended Transaction</b>	<ul style="list-style-type: none"> <li>➤ Mayor of Berlin looks forward to cooperation</li> <li>➤ Tender offer supported by Deutsche Wohnen's management and supervisory boards</li> <li>➤ Vonovia and Deutsche Wohnen have executed a business combination agreement setting out the core principles of the combination</li> <li>➤ Within the Vonovia management board, Helene von Roeder will assume responsibility for innovation &amp; digitalization to drive future growth in this important area. Michael Zahn will be appointed deputy chairman of the management board of Vonovia, and Philip Grosse will be appointed CFO of Vonovia.</li> <li>➤ Deutsche Wohnen will recommend two members to be newly appointed to the supervisory board of Vonovia. Michael Zahn and Helene von Roeder will be appointed to the supervisory board of Deutsche Wohnen</li> </ul>
<b>Purchase Option for City of Berlin</b>	<ul style="list-style-type: none"> <li>➤ The combination of Vonovia and Deutsche Wohnen commits to an option for the City of Berlin to acquire c. 20,000 units after closing of the transaction (closing expected for end of August)</li> <li>➤ This disposal will be made at current value</li> </ul>

## Key Offer Terms (cont'd)

<b>Substantial Synergies</b>	<ul style="list-style-type: none"> <li>➤ Deutsche Wohnen and Vonovia have largely similar business models and a strong portfolio overlap</li> <li>➤ We expect significant EBITDA synergies of €105m p.a. to be achieved by the end of 2024</li> </ul>
<b>Commitment to Financial Policy</b>	<ul style="list-style-type: none"> <li>➤ Continued commitment to 40-45% LTV target range</li> <li>➤ Clear financing and de-leveraging strategy following settlement of the transaction including rights issue and selected disposals</li> <li>➤ S&amp;P and Scope expected to affirm their BBB+ (S&amp;P) and A- (Scope) ratings</li> <li>➤ We expect Moody's to initiate coverage with an A3 rating</li> </ul>
<b>Meets all Acquisition Criteria</b>	<ul style="list-style-type: none"> <li>➤ Meets all of Vonovia's acquisition criteria applying the standard leverage-neutral (50:50) underwriting</li> </ul>
<b>Timeline</b>	 <p>The timeline diagram illustrates the sequence of events for the business combination. It is structured as follows:</p> <ul style="list-style-type: none"> <li><b>May:</b> 24 May Announcement</li> <li><b>June:</b> Mid Jun BaFin Filing</li> <li><b>July:</b> 1st Offer Period (4-5 Weeks)</li> <li><b>August:</b> 2nd Offer Period (2 Weeks), End of Aug Tender Offer Closing</li> </ul>

## €105m EBITDA Synergies Expected from Combined Operations

- No financial synergies factored in
- Synergies are assumed to be fully rolled out by the end of 2024
- Estimated synergy implementation cost of c. €0.2bn

Category	Description	Expected Synergies
<b>Operational and Overhead</b>	<ul style="list-style-type: none"> <li>➤ Vonovia runs operating platform on a lower cost-per-unit basis</li> <li>➤ Synergies from lower staff and general corporate expenses</li> </ul>	~ €58m p.a.
<b>Value Add</b>	<ul style="list-style-type: none"> <li>➤ Intensified roll out of value-add strategy to Deutsche Wohnen portfolio</li> </ul>	~ €14m p.a.
<b>Craftsmen and Cost Advantage</b>	<ul style="list-style-type: none"> <li>➤ Increased maintenance and modernization work with internal craftsmen organization</li> <li>➤ Cost savings from combined purchasing</li> <li>➤ Significant scope for cost advantages through standardization of maintenance and modernization</li> </ul>	~ €33m p.a.
<b>Total Expected EBITDA Synergies (excl. c. 20,000 units offered to City of Berlin)</b>		~ €105m p.a.

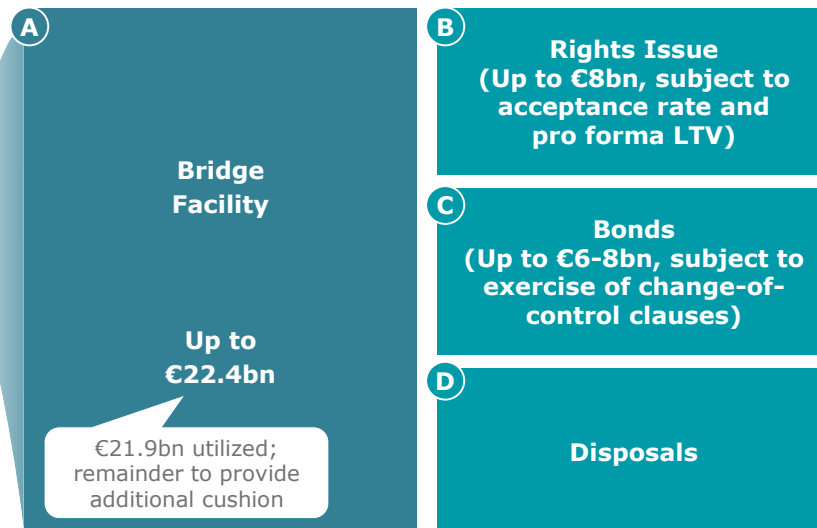
# Overview of Sources & Uses and Expected Take-out of Bridge Financing

## Sources & Uses Based on c. 90% Acceptance Rate

Uses	€bn	Sources	€bn
Purchase price of Deutsche Wohnen shares <sup>1</sup>	<b>1</b> 16.0	Bridge Financing	<b>4</b> 21.9
Deutsche Wohnen net debt Q1 2021	<b>2</b> 11.8	Rollover of debt	<b>5</b> 6.4
Transaction Costs	<b>3</b> 0.6		
<b>Total<sup>2</sup></b>	<b>28.4</b>	<b>Total<sup>2</sup></b>	<b>28.4</b>

- 1** Acquisition of Deutsche Wohnen's outstanding shares at offer price of €52.00 (ex expected dividend of €1.03 to be paid by Deutsche Wohnen in June 2021, resulting in total consideration of €53.03 per share)
- 2** Net debt of €11.8bn includes €2.1bn of convertible bonds<sup>3</sup>, €4.1bn of straight bonds (pro forma)<sup>4</sup>, €6.4bn of secured debt and less dividends<sup>5</sup>
- 3** Transaction costs of €0.6bn including synergy implementation cost of c. €0.2bn and for setup of final financing structure incl. rights issue
- 4** Total bridge financing of €21.9bn covers shares acquired, convertible bonds and all unsecured bonds
- 5** Secured debt of €6.4bn assumed to be rolled over

## Illustrative Take-out of Bridge Financing

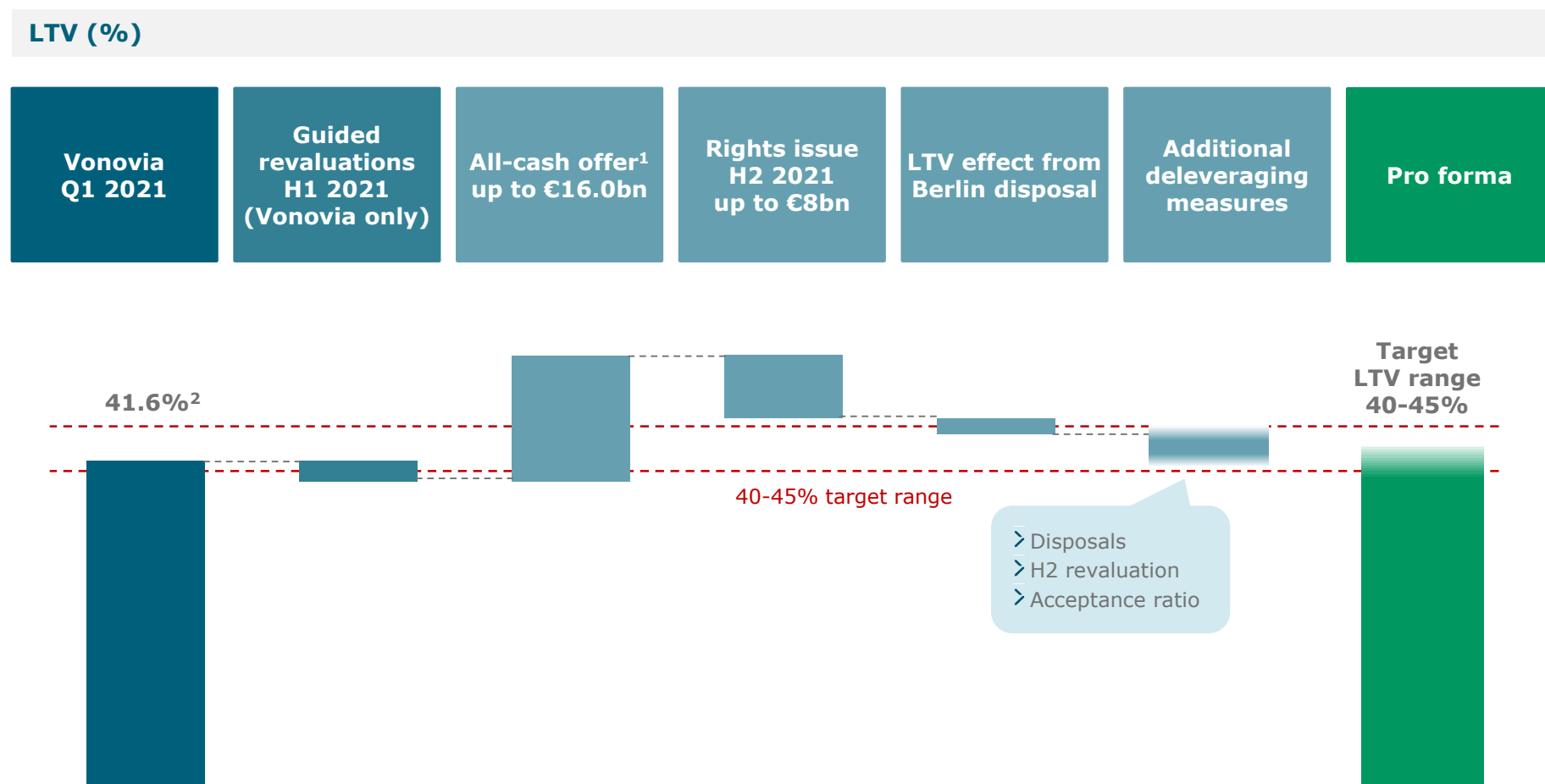


- A Bridge financing:** Secured prior to announcement of the transaction
- B Rights Issue:** Expected to be completed in H2 2021
- C Bonds:** Senior and hybrid bonds; expected volume excludes ordinary course of refinancing activities
- D Disposals:**
  - c. 20,000 units to City of Berlin
  - Up to 25,000 units and selected development projects in markets where Vonovia has very large exposure in relation to local market size. Portfolio selection based on Vonovia's regular strategic portfolio management optimization. Expected to be sold at or above fair value

<sup>1</sup> Based on assumed acquisition of c. 307m shares (c. 90% acceptance rate); including GSW free float conversion and management options. <sup>2</sup> Differences due to rounding. <sup>3</sup> Based on book value of €1.7bn adjusted for change-of-control provision. <sup>4</sup> Pro forma adjusted for €1bn Green Bond issuance in March 2021 (issue proceeds were received in April 2021). <sup>5</sup> Pro forma adjusted for dividend of €0.4bn / €1.03 p.s.



# Combined Entity Will Remain Committed to a 40-45% LTV Policy



<sup>1</sup> Based on assumed acquisition of c. 307m shares (c. 90% acceptance rate); including GSW free float conversion and management options. <sup>2</sup> Incl. Perpetual hybrid, pro forma for dividend pay-out, with 49% scrip dividend take-up.

# Expected Transaction Timeline

## Expected Transaction Timeline<sup>1</sup>

**24 May 2021**

Announcement of the intention to make a voluntary take over offer

**Mid June 2021**

Publication of offer document and start of the initial acceptance period

**Mid July 2021**

End of the initial acceptance period

**End of July 2021**

Publication of results of initial acceptance period

**End of July 2021**

Start of the additional acceptance period

**Mid August 2021**

End of the additional acceptance period

**End of August 2021**

Tender offer closing

<sup>1</sup> Indicative dates, subject to change.

# Joining Forces For the Benefit of All Stakeholders



- Attractive consideration of €53.03 per Deutsche Wohnen share in a recommended all-cash transaction (including dividends proposed by Deutsche Wohnen for the year 2020)
- 17.9% premium to last close of Deutsche Wohnen of €44.99 as of May 21, 2021, and 25.0% premium to Deutsche Wohnen 3M VWAP of €42.42 as of May 21, 2021



- Rock-solid foundation to continue European expansion
- Transaction meets all acquisition criteria and is expected to deliver €105m of EBITDA synergies
- Clear pathway to return to 40%-45% LTV target range; S&P expected to confirm BBB+ rating; Moody's expected to initiate A3 rating

## Government and Tenants in Berlin and Beyond

- Purchase option for c. 20,000 apartments for the City of Berlin
- Agreement to limit regulated market rent growth for existing tenants in Berlin to 1% on average annually for the next 3 years and to inflation thereafter until 2026<sup>1</sup>
- Commitment to build at least 13,000 apartments in Berlin in the coming years
- Vonovia and Deutsche Wohnen combination committed to be a reliable partner to help improve the housing market for the benefit of all stakeholders
- Constructive and beneficial alternative to expropriation efforts

<sup>1</sup> Does not apply to rent adjustments based on reletting and/or investments.

## Appendix

# Transaction Meets All Acquisition Criteria

## ✓ Strategic Rationale

- Vonovia and Deutsche Wohnen strategies have converged creating an excellent strategic fit
- Additional scale in key regions

## ✓ Financial Discipline

- Combined entity expected to be firmly within target LTV range following rights issue and Berlin disposal
- S&P and Scope expected to affirm their BBB+ (S&P) and A- (Scope) ratings and Mood's expected to initiate coverage with an A3 rating

## ✓ Earnings Accretion

- Accretive to Rental EBITDA
- Increased scale, synergies and investment opportunities will result in superior FFO generation

## ✓ Value Accretion

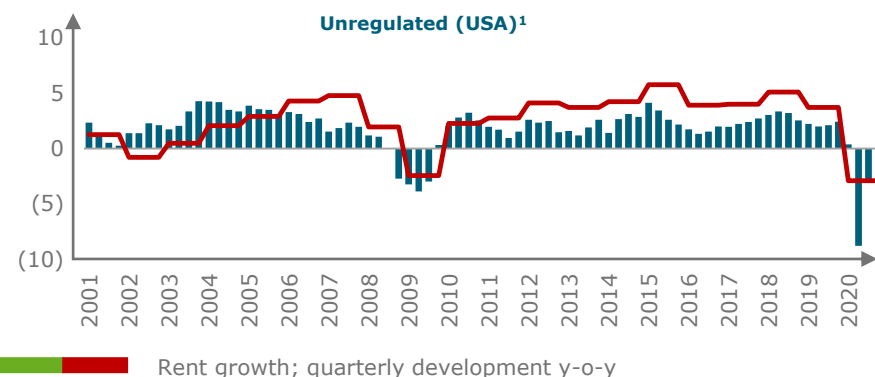
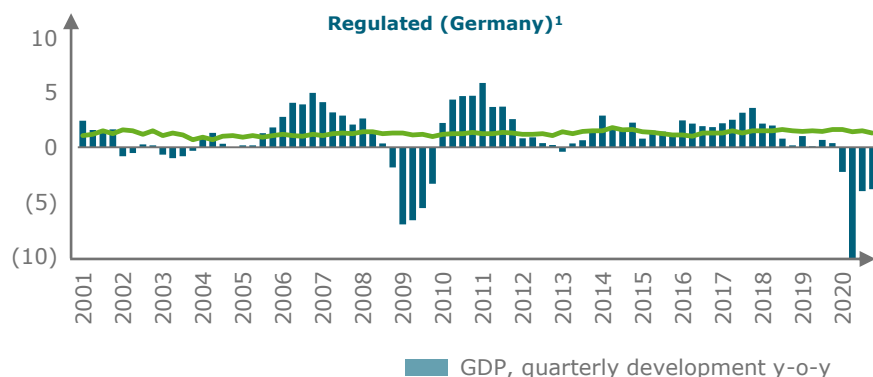
- Accretive to pro forma EPRA NTA per share in first year of full consolidation (without capitalization of synergies)<sup>1</sup>
- Investment capabilities and opportunities of combined entity substantially improve organic value growth profile

ACQUISITION  
CRITERIA

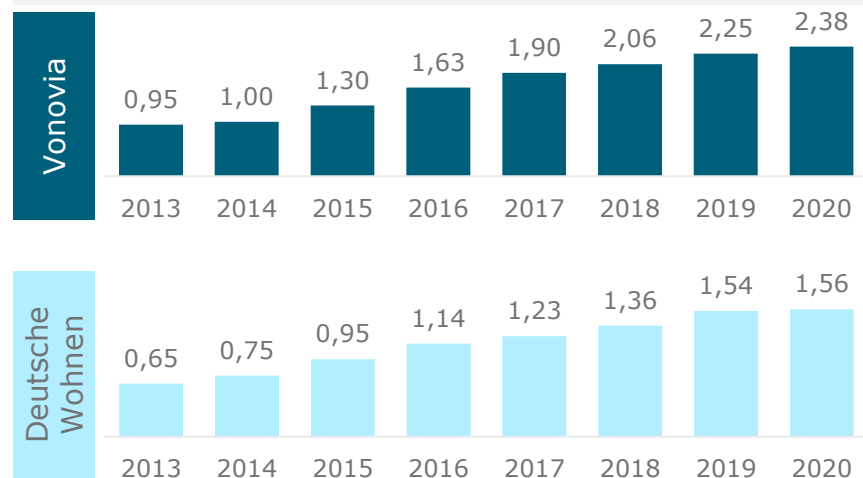
<sup>1</sup> Vonovia acquisition criteria assume a theoretical 50/50 Debt/Equity funding mix.

## Low-risk Business with Stable Growth

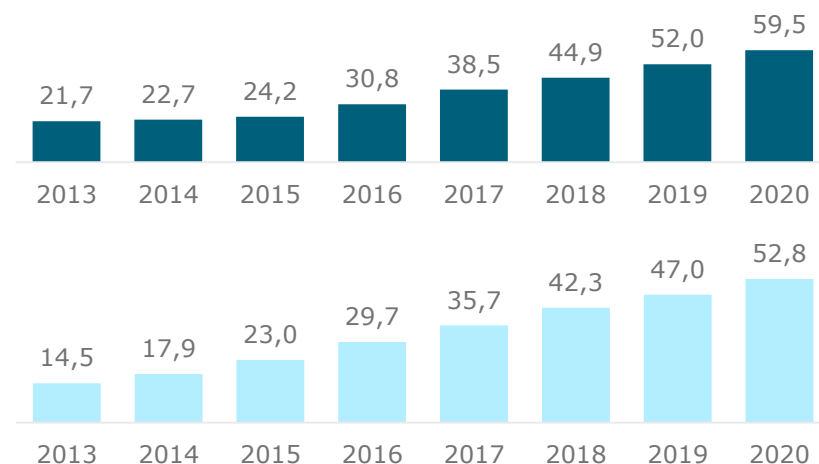
Rent growth in **regulated markets** follows a sustainable upward trajectory and is largely independent from GDP developments; rents in **unregulated markets go up and down** broadly in line with the GDP development



### FFO (€/share)<sup>2</sup>



### NAV (€/share)<sup>3</sup>



<sup>1</sup> Sources: Federal Statistics Office, GdW (German Association of Professional Homeowners), REIS, BofA Merrill Lynch Global Research, OECD, Note: Due to lack of q-o-q rent growth data for the US, the annual rent growth for a year is assumed to also be the q-o-q rent growth of that year. <sup>2</sup> Sources: Figures as latest reported, based on prevailing internal management KPI, which was FFO1 from 2013-2018 and Group FFO in 2019-2020 for Vonovia and FFO 1 for Deutsche Wohnen for all years. <sup>3</sup> Sources: Figures as reported, Vonovia: 2013-2020 Adj. NAV per share (undiluted); Deutsche Wohnen: 2013-2015 Adj. NAV per share (undiluted), 2016-2020 EPRA NAV per share (undiluted) as Deutsche Wohnen stopped to report Adj. NAV in 2015.

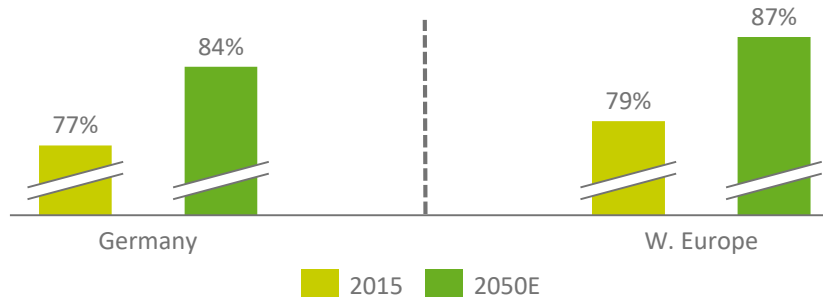


# Three Megatrends Must Be Successfully Managed



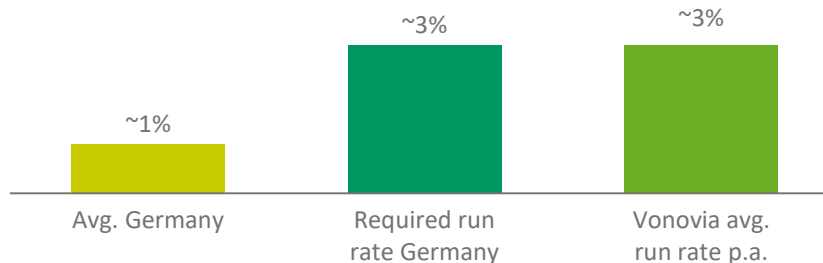
## Urbanization

% of population living in cities<sup>1</sup>



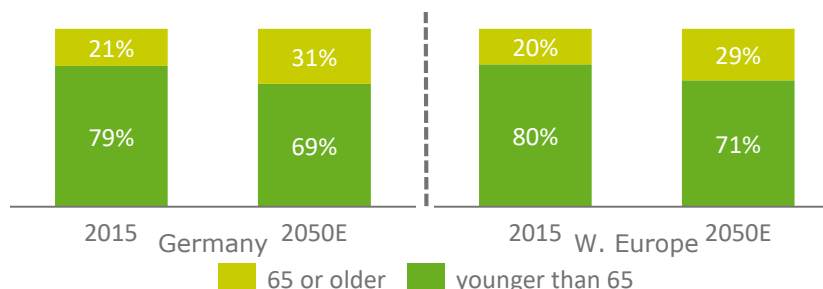
## Energy efficiency

% of modernized housing units<sup>2</sup>



## Demographic change

% of population above/below 65 years<sup>3</sup>



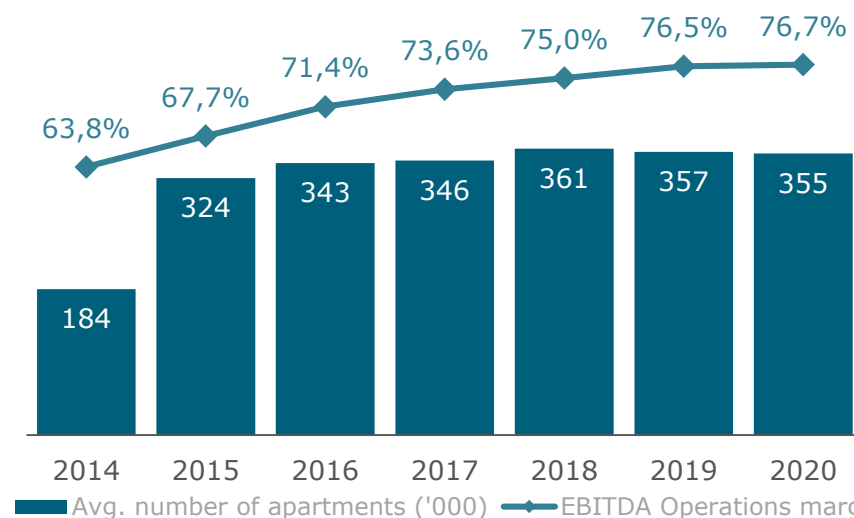
- > The dominant megatrends represent a **challenge and an opportunity** at the same time
- > The key to solving the residential market's problems lies in finding **workable solutions** for these megatrends in the interest of **all stakeholders**
- > The **investments required** to meet these challenges **are enormous**. The German Housing Association GdW estimates the investment volume required until 2030 to be around €800bn<sup>4</sup>
- > **Large residential** players with sustainable business models and access to capital market funding **play an important role** in finding and implementing solutions

Sources: <sup>1</sup> United Nations, Department of Economic and Social Affairs, Population Division (2018). World Urbanization Prospects: The 2018 Revision, Online Edition. <sup>2</sup> dena Gebäudereport 2016, Statistiken und Analysen zur Energieeffizienz im Gebäudebestand. <sup>3</sup> United Nations, Department of Economic and Social Affairs, Population Division (2019), World Population Prospects 2019, Online Edition. Rev. 1 (Medium Variant Scenario). <sup>4</sup> German Housing Association GdW, GdW Jahres-Presskonferenz Juni 2019. Daten und Trends der Wohnungs- und Immobilienwirtschaft.

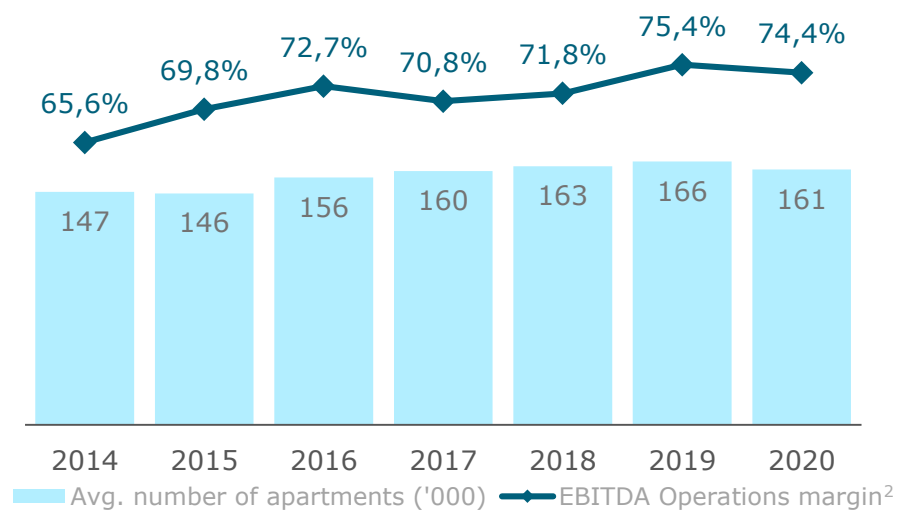
## Scale Matters

- Larger portfolio volume allows for lower fixed costs per apartment and leads to higher efficiencies.
- Large organization better positioned to offer wider and better tenant services including own craftsmen, customer app, value-add services, 24/7 emergency hotline etc.
- Large scale provides capacity and funds to engage in research and development in CO<sub>2</sub> reduction strategies and other areas.

Vonovia EBITDA Operations<sup>1</sup> (Germany)



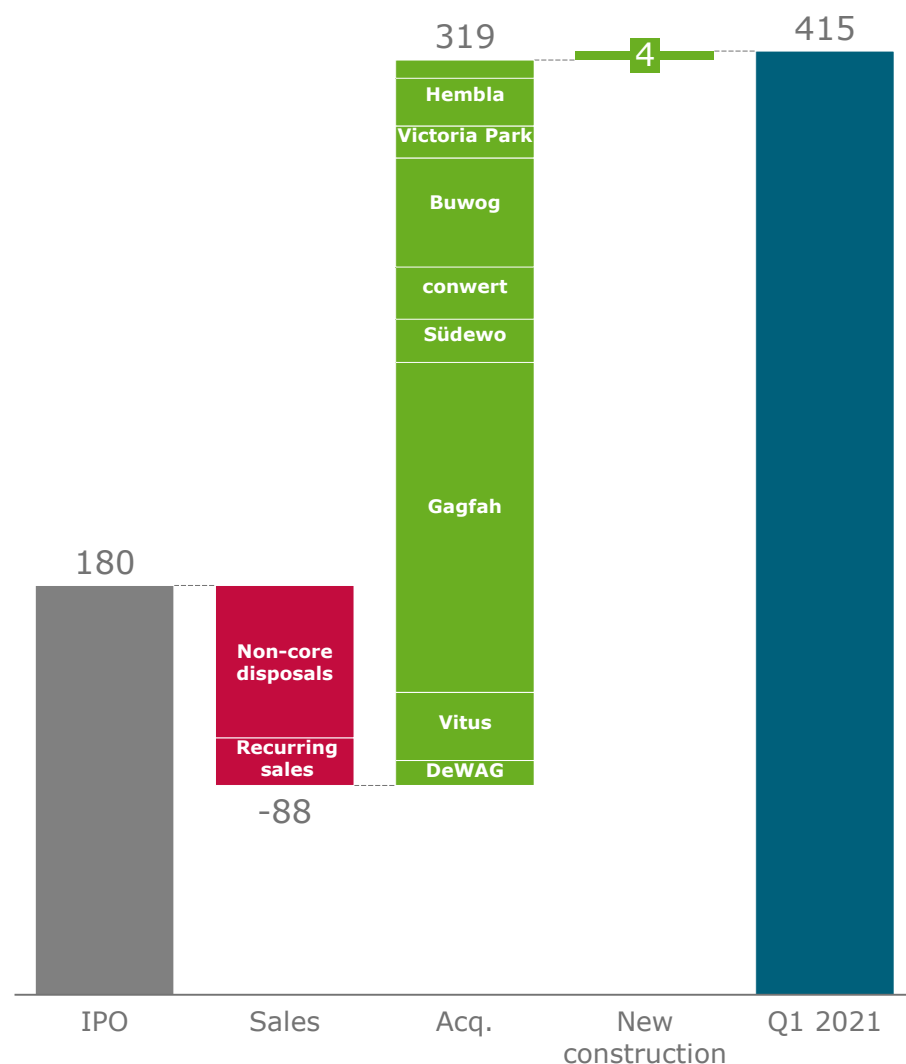
Deutsche Wohnen EBITDA Operations<sup>4</sup>



<sup>1</sup> Vonovia EBITDA Operations = Adj. EBITDA Rental + Adj. EBITDA Value-add – Intragroup Profits. <sup>2</sup> EBITDA Operations Margin = EBITDA Operations / Rental Income. <sup>3</sup> EBITDA Operations margin (Adj. EBITDA Rental + Adj. EBITDA Value-add – intragroup profits) / Rental revenue. Margin 2019 and beyond includes positive impact from IFRS 16. <sup>4</sup> Figures as reported, Deutsche Wohnen EBITDA Operations = EBITDA Total – EBITDA Disposals – EBITDA Nursing.

# Strong M&A Track Record

## Portfolio evolution ('000 units)



## Major transactions

Target	Units ('000)	Strategic rationale	Synergies (over-) delivered
DeWAG  2014	11 	adding scale and additional exposure to growth regions	
vitus  2014	30 	adding scale and additional exposure to growth regions	
GAGFAH  2015	145 	adding scale and establishing the German champion	
SUDEWO  2015	19 	adding scale and additional exposure to growth regions	
conwert  Immobilien Invest SE 2017	23  	adding scale and additional exposure to growth regions	
BUWOG  group 2018	48  	adding scale in Germany and Austria; acquiring development capabilities	
VICTORIA PARK'  2018	14 	entry into Swedish market	no synergies in Swedish nucleus
hembla  2019	21 	adding scale in Sweden	 <sup>1</sup>

<sup>1</sup> Financial synergies from Hembla acquisition already realized. Operating synergies to come mostly in 2021.

## Strategies of Vonovia And Deutsche Wohnen Have Converged

### VONOVIA



<b>Urbanization</b>	<ul style="list-style-type: none"> <li>➤ Focus on high influx cities and surrounding regions</li> </ul>	<ul style="list-style-type: none"> <li>➤ Focus on top 8 metropolitan areas</li> </ul>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>➤ Clearly defined path for a CO<sub>2</sub> neutral portfolio by 2050</li> </ul>	<ul style="list-style-type: none"> <li>➤ Committed to a CO<sub>2</sub> neutral portfolio by 2040</li> </ul>
<b>Demographic Change</b>	<ul style="list-style-type: none"> <li>➤ Dedicated investment program for senior-friendly refurbishments</li> </ul>	<ul style="list-style-type: none"> <li>➤ Nursing home business</li> </ul>
<b>New construction</b>	<ul style="list-style-type: none"> <li>➤ Pipeline with ca. 47k apartments</li> </ul>	<ul style="list-style-type: none"> <li>➤ Pipeline with ca. 18k apartments</li> </ul>
<b>Stakeholder Reconciliation</b>	<ul style="list-style-type: none"> <li>➤ Business philosophy</li> <li>➤ €2 rent increase limit after modernization</li> <li>➤ Guarantee for tenants 70+ years</li> </ul>	<ul style="list-style-type: none"> <li>➤ Voluntary hardship scheme for modernization and rent rises</li> <li>➤ €30m hardship fund</li> </ul>
<b>Reaction to Court Ruling</b>	<ul style="list-style-type: none"> <li>➤ No clawback of foregone rents</li> </ul>	<ul style="list-style-type: none"> <li>➤ Rent claim settlements to be handled with greatest social responsibility</li> </ul>

# Deutsche Wohnen – High Quality Portfolio in Vonovia’s Strategic Markets

VONOVIA

## Business Overview

- Deutsche Wohnen is a listed German real estate company with a portfolio of c. 155k owned residential units and a nursing homes portfolio worth c. €1.2bn
- The residential portfolio is mostly located in Berlin (c. 73%)
- Deutsche Wohnen is also present in the attractive Dresden/Leipzig (7%), Frankfurt (6%), and Hannover/Brunswick (4%) regions

## KPIs as per Q1 2021

**GAV<sup>1</sup>**  
**€30bn**

**Units**  
**155k**

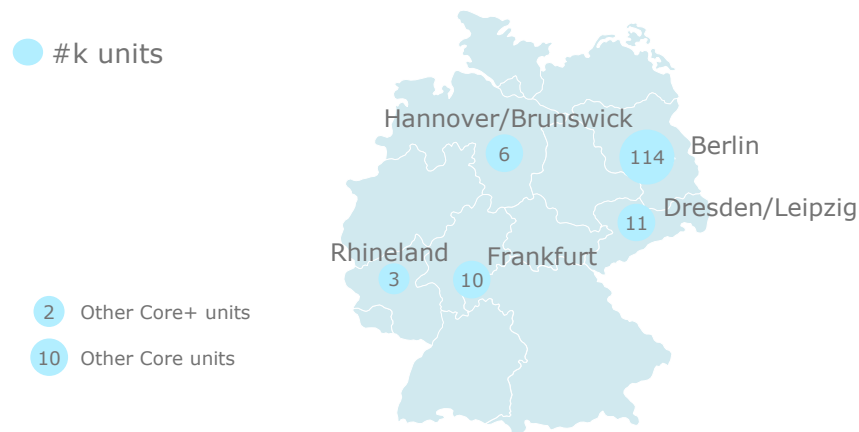
**Rent/sqm<sup>2</sup>**  
**€7.12**

**Vacancy Rate**  
**1.6%**

**Net LTV**  
**37%**

**Ratings**  
**S&P: A- (negative)**  
**Moody's: A3 (negative)**

## Deutsche Wohnen – Residential Portfolio Overview



## Berlin – Footprint

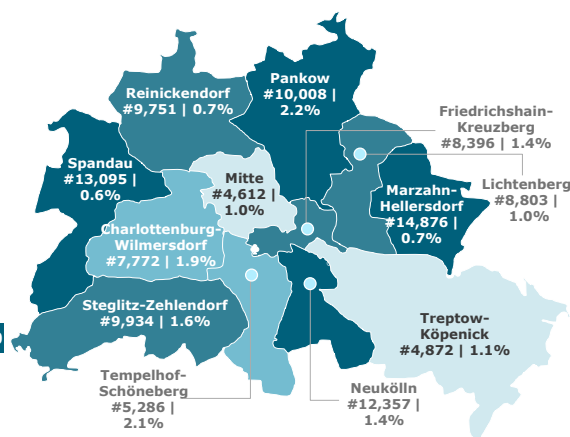
Figures as of 31 Mar 2021

Berlin  
#109,762 | 1.3%

Greater Berlin  
#113,542 | 1.2%

#Units | Vacancy (%)

>3,000 >5,000 >8,000 >10,000



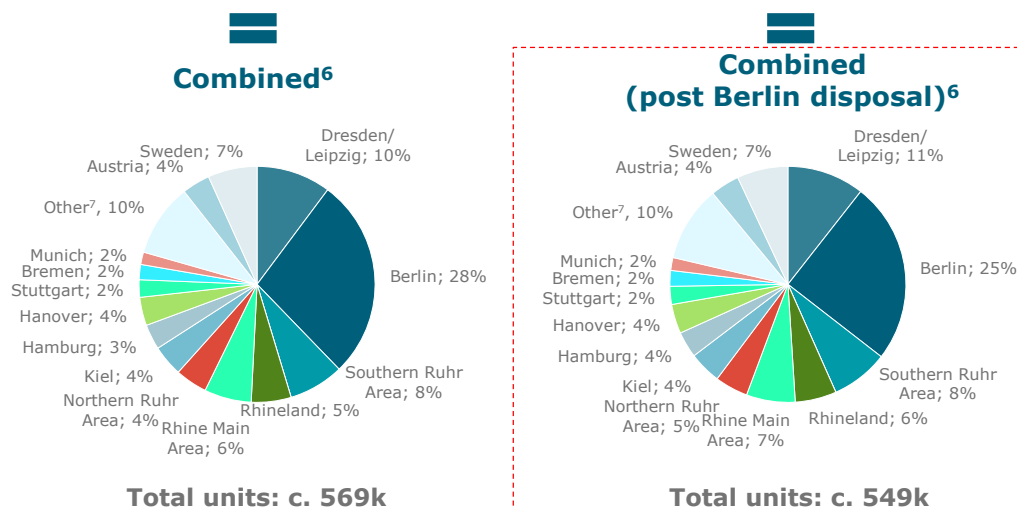
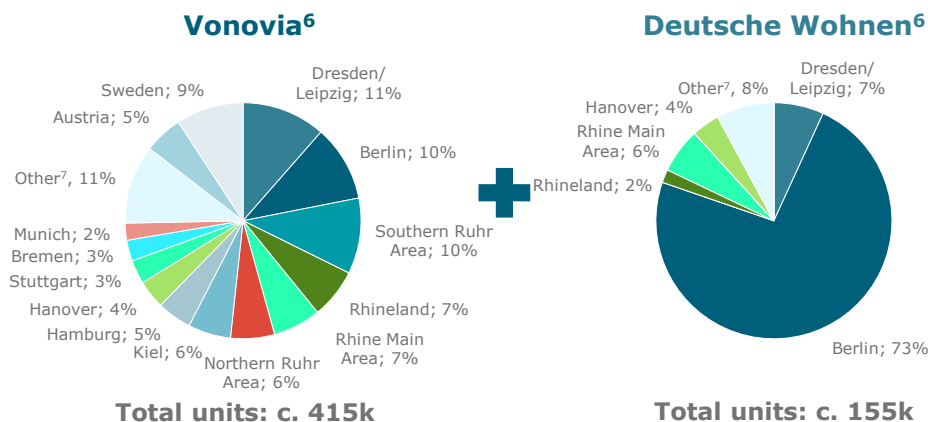
Sources: Company Information, last reported financials. <sup>1</sup> Includes fair value of the real estate portfolio, comprising investment properties, less right of use assets, including assets held for sale, investments in and loans to property and land companies. <sup>2</sup> In-place rent based on residential units.

# Strong Portfolio Overlap in Urban Growth Regions

## Geographical Overview of Vonovia and Deutsche Wohnen Portfolio<sup>1</sup>



## Combined Portfolio<sup>1</sup>



<sup>1</sup> Company Information, Q1 2021. Classification according to Vonovia Regional Market definition, for Dresden / Leipzig, combination of both regional markets. <sup>2</sup> Assets located outside of regional markets. <sup>3</sup> Assets earmarked for sale from "Non-Core Disposal" and "Recurring Sales" subportfolios. <sup>4</sup> High-Influx Cities ("Schwarmstädte"), empirica AG (2015): High influx cities in Germany. Causes and sustainability of the new migration patterns. Berlin. <sup>5</sup> Only Other Strategic Regions located around High-Influx Cities shown. <sup>6</sup> Deutsche Wohnen units in Greater Berlin allocated to Vonovia regional market Berlin; Deutsche Wohnen units in Frankfurt area allocated to Vonovia regional market Rhine-Main; Deutsche Wohnen Other Core and Core+ units allocated to Vonovia Other Strategic Locations, and Deutsche Wohnen Non-Core units (not shown on this page) allocated to Vonovia Non-Strategic Locations. <sup>7</sup> Other includes Regional Markets Westphalia and Freiburg; Other Strategic Locations and Non-Strategic Locations.



# Significant Shift in Scale

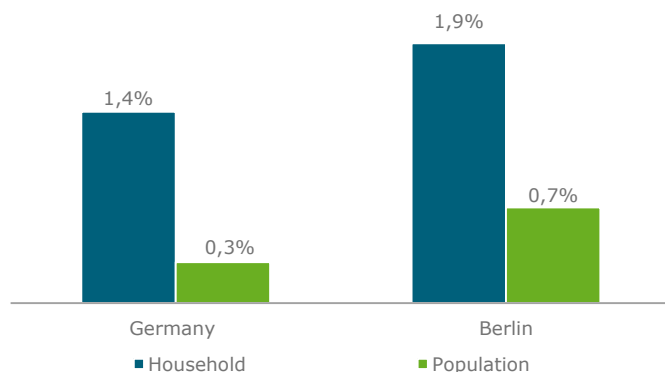
Key Financial Data <sup>1</sup>	Vonovia		Deutsche Wohnen		Combined <sup>2</sup>
<b>Gross Asset Value</b> (Q1 2021)	~€59bn <sup>3</sup>	+	~€30bn <sup>3</sup>	=	~€89bn
<b>Rental Income</b> (Q1 2021, annualized)	~€2.3bn	+	~€0.8bn	=	~€3.1bn
<b>FFO<sup>4</sup></b> (Q1 2021, annualized)	~€1.5bn	+	~€0.6bn	=	~€2.1bn
<b>LTV</b> (Q1 2021)	~42% <sup>6</sup>	+	~37%	=	Target LTV: 40-45%
Portfolio (Q1 2021)	Vonovia		Deutsche Wohnen		Combined <sup>2</sup>
<b>Residential Units</b> (o/w Berlin (%))	~415k (10%)	+	~155k (73%)	=	~569k (28%)
<b>Vacancy</b>	~2.8%	+	~1.6%	=	~2.5% <sup>5</sup>
<b>In-place Rent</b> (€ / sqm)	€7.18	+	€7.12	=	~€7.16 <sup>5</sup>

<sup>1</sup> Prior to selling c. 20,000 units to City of Berlin and disposal of up to 25,000 additional units. <sup>2</sup> Illustrative calculations for combination; includes rounding effects. <sup>3</sup> Includes fair value of the real estate portfolio, comprising investment properties, less right of use assets, including assets held for sale, investments in and loans to property and land companies for Deutsche Wohnen and adjusted fair value of real estate portfolio, incl. shares in other real estates companies for Vonovia. <sup>4</sup> FFO I for Deutsche Wohnen and Group FFO for Vonovia. <sup>5</sup> Weighted average by lettable area for residential units. <sup>6</sup> Incl. Perpetual hybrid, pro forma for dividend pay-out, with 49% scrip dividend take-up.

# Berlin Fundamentals Remain Attractive

## Berlin Expected to Remain One of the Fastest Growing Cities

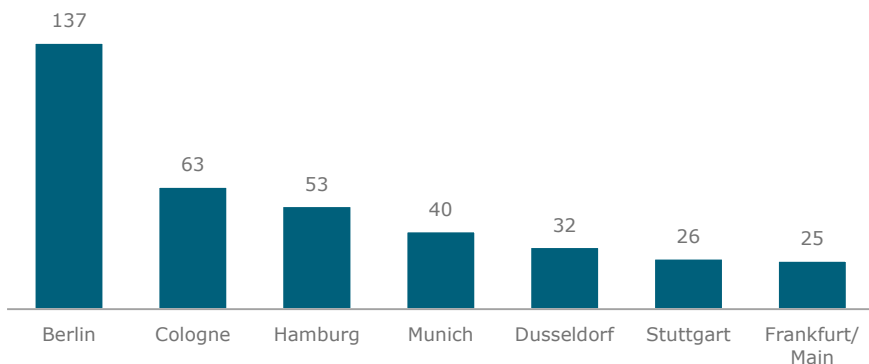
Expected Population and Household Growth 2020-2025



Source: Euromonitor International

## Berlin Housing Shortage More Severe Than in Other Cities

Applicants per Advertised Apartment



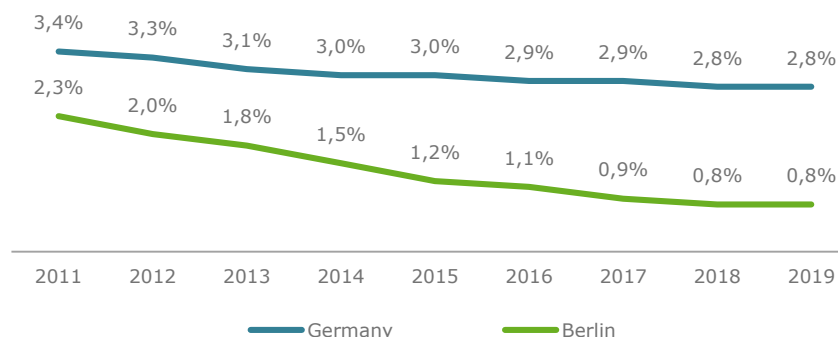
Source: ImmoScout24 Nachfrage Check (2021)

## Summary

- Berlin continues to have very attractive macro fundamentals for residential real estate with households expected to grow by 1.9% from 2020 to 2025 and GDP per capita expected to increase by 3.6% p.a. from 2020 to 2028
- The "rent-freeze" limited rental growth for a while, but it did not improve the supply/demand imbalance in Berlin; consequently vacancy rates remain low and long-term rental growth is expected to continue
- Combined group is expected to benefit from the strong Berlin fundamentals

## Vacancy Rates Consistently Below German Average

Vacancy Rates



Source: Empirica

## Vonovia Is A Long-term Partner for Municipalities

### A home at a fair rent level



Fair rental levels for low- to mid-income households

Self-imposed obligation to cap modernization rent increases to max.  
€2 per sqm;  
Guarantee to tenants 70+ years that rents will remain affordable even if market rents change

Hardship case management to effectively assist tenants in financial distress;  
No claw back of foregone rents after Berlin rent freeze was ruled unconstitutional

COVID-19 – special promise that we will find individual solutions for tenants who struggle financially; no one to lose the roof over their head

### Contribution to society and stability of local neighborhoods



242 social projects in our neighborhoods;  
Cooperation with non-profit organizations to support tenants in need

Vonovia Foundation supports multitude of social projects

34 Neighborhood managers and social workers to assist tenants and promote unity in diversity in our neighborhoods

Customers from ca. 150 different countries and tenants from all walks of life

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