

# Investor Intelligence Report Vonovia SE

**"Voice of the Shareholder"**

3Q 2023 at September 18th

Brendan Wood International  
First Intelligence

## Notice To Reader

This report contains confidential information which is the exclusive property of Brendan Wood International. Such information shall not be copied, excerpted, disclosed to others, or used for any purpose other than that for which it is expressly given, without the prior written permission of Brendan Wood International.

We wish to emphasize that all reports, evaluations and assessments contained herein, represent Brendan Wood International's subjective judgment and opinions, based on our years of experience and on information obtained by us in the course of our research. Much of the factual information contained in the reports has been obtained by us from third parties on whose responses we have relied in good faith, independent verification by Brendan Wood International being, under the circumstances, impossible. While we believe that you will find our reports to be an invaluable tool in formulating your own strategies and judgments, the foregoing should be borne in mind. Under no circumstances should any ratings or evaluations of individuals' performances in these reports be considered as a sufficient basis for making decisions concerning the careers of individuals, including such matters as promotions, compensation arrangements, terminations, etc.

This report is not meant as investment advice and should not be interpreted as advising on the value of a company's securities, the advisability of investing in, purchasing or selling any company's securities or any other conclusion relating to investment/divestiture of a company's securities. Finally, this report is not intended as an offer or solicitation for the purchase or sale of any of company's securities.

Brendan Wood & Partners

# The Brendan Wood Shareholder Confidence Panel

<p><b>BWI Panel</b></p> <p><b>Institutional &amp; Private Wealth Investors</b></p> <p><b>Secondary Markets Professionals Research, Sales &amp; Trading</b></p>	<p><b>GLOBAL PANEL</b></p> <p>2000+ Debriefs with Decision Makers</p> <p>&gt;\$56 Trillion in Assets</p> <p>70% Sector Specialists</p> <p>30% Generalists</p> <p>Average 9 Yrs Professional Experience, 25% more than 15 Years</p> <p>+/- 600 Professionals, including... +/- 400 TopGuns</p>	<p><b>GLOBAL RESOURCES PANEL</b></p> <p>350+ Debriefs with Decision Makers</p> <p>&gt;\$15 Trillion in Assets</p> <p>80% Sector Specialists</p> <p>20% Generalists</p> <p>Average 11 Yrs Professional Experience, 35% more than 15 Years</p> <p>+/- 100 Professionals, including... +/- 100 TopGuns</p>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

## Geographic Breakdown of the BWI Panel 2023:

US	42%
Canada	21%
Europe/Middle East/Africa	32%
Pacific Rim	4%
Latin America	1%+

## Global Resources Panel:

35%
34%
27%
3%
1%+

# WHAT DO BRENDAN WOOD COMPANY SCORES MEAN?

## METHODOLOGY

The core mission of BWI performance and quality metrics is to illustrate and explain the emerging investor “commitment to own” particular stocks.

Eleven critical performance metrics are used to determine the relative strength of investor commitment to a company as an investment target. To help investors rate companies in a sector on a relative basis “one metric at a time”, a visual technique is used. For example, the visual tool shows investors a consensus vertical hierarchy representing how each investment target company in a sector is rated by investors against a criterion such as “Quality of Strategy” ... AS AN INFLUENCE ON THE INVESTOR COMMITMENT TO OWN THE NAME. The investor is then asked to adjust the consensus rating hierarchy to match their own particular view of how each company scores against the “Quality of Strategy” criterion. They may agree or disagree with the consensus. The investor then makes their personal adjustments which are added to our cumulative data instantly. To make this task fast and accurate the visual scoring hierarchy is broken down into top decile, four quartiles and a bottom decile, therefore six potential levels of performance against each investment selection criterion. The quartile display is instantly recognizable by investors as indicating both absolute and relative bases of the influence of a company’s level of competitive performance against a critical investment selection criterion.

The above methodology forces the (dependent variable) absolute benchmark of “commitment to own” on each quality of a corporate investment target.

## WHY A COMPANY SCORE MAY BE FIRST IN ITS SECTOR BUT RATE IN THE SECOND QUARTILE?

This means that the sector itself (all companies included) ranks in the second quartile or below of investor selection attractiveness against a particular criterion of investability.

## ADVANTAGE OF BRENDAN WOOD INTERNATIONAL METHODOLOGY?

This process identifies the emerging competitiveness of individual sectors, sub-sectors and most importantly of companies as investment targets on both an absolute and relative ‘best in sector’ basis against investors’ selection criteria for the year ahead. Such calibrated data allows BW partners to help corporate management to accurately analyze their company’s attractiveness as a target for the year ahead as an individual story and relative to its comparables and sector. The isolation of performance against individual metrics enables management to identify and address the key metrics which drive the “commitment to own” their particular stock.

## APPARENT CONTRADICTION BETWEEN QUARTERLY RESULTS AND ROLLING YEAR RESULTS?

Quarterly results = the results in the quarter. Rolling years results = the results for a full year of data.

# What is Your Commitment to Own This Stock in The Year Ahead?

Vonovia SE

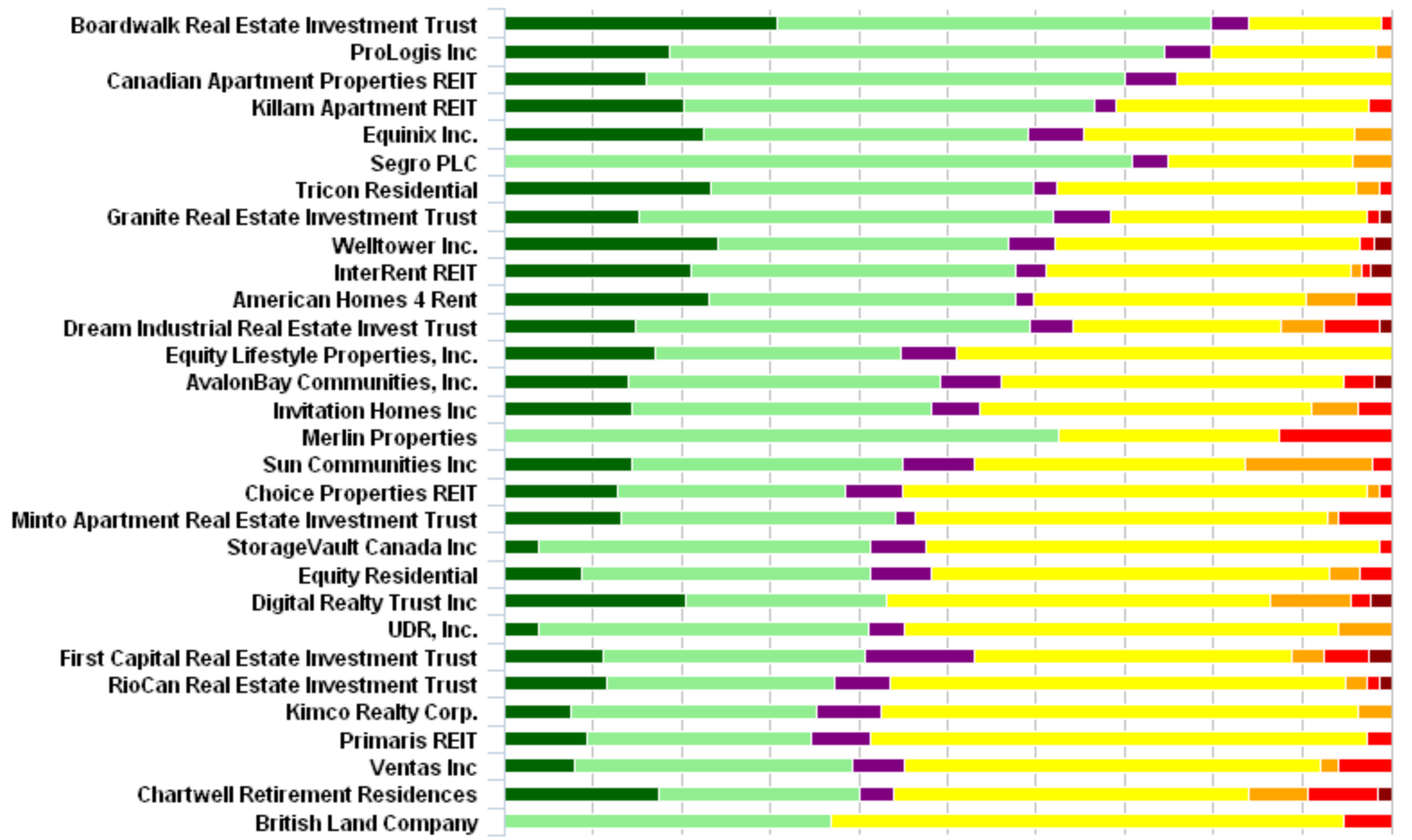


- 1. Do not Own, Serious Lack Confidence in the Company
- 2. Do not Own, Lack Confidence in the Company
- 3. Own it, Selling it due to Decreasing Confidence
- 4. Neutral, Benchmark it but DO NOT see company as a Target
- 5. Own it with Confidence BUT DOWNSIZING to re-weight portfolio
- 6. Own it or Intend to Own it
- 7. Own it with Increasing Confidence

# What is Your Commitment to Own This Stock in The Year Ahead?

Rolling Year Data

## Buyers/Sellers by Sector

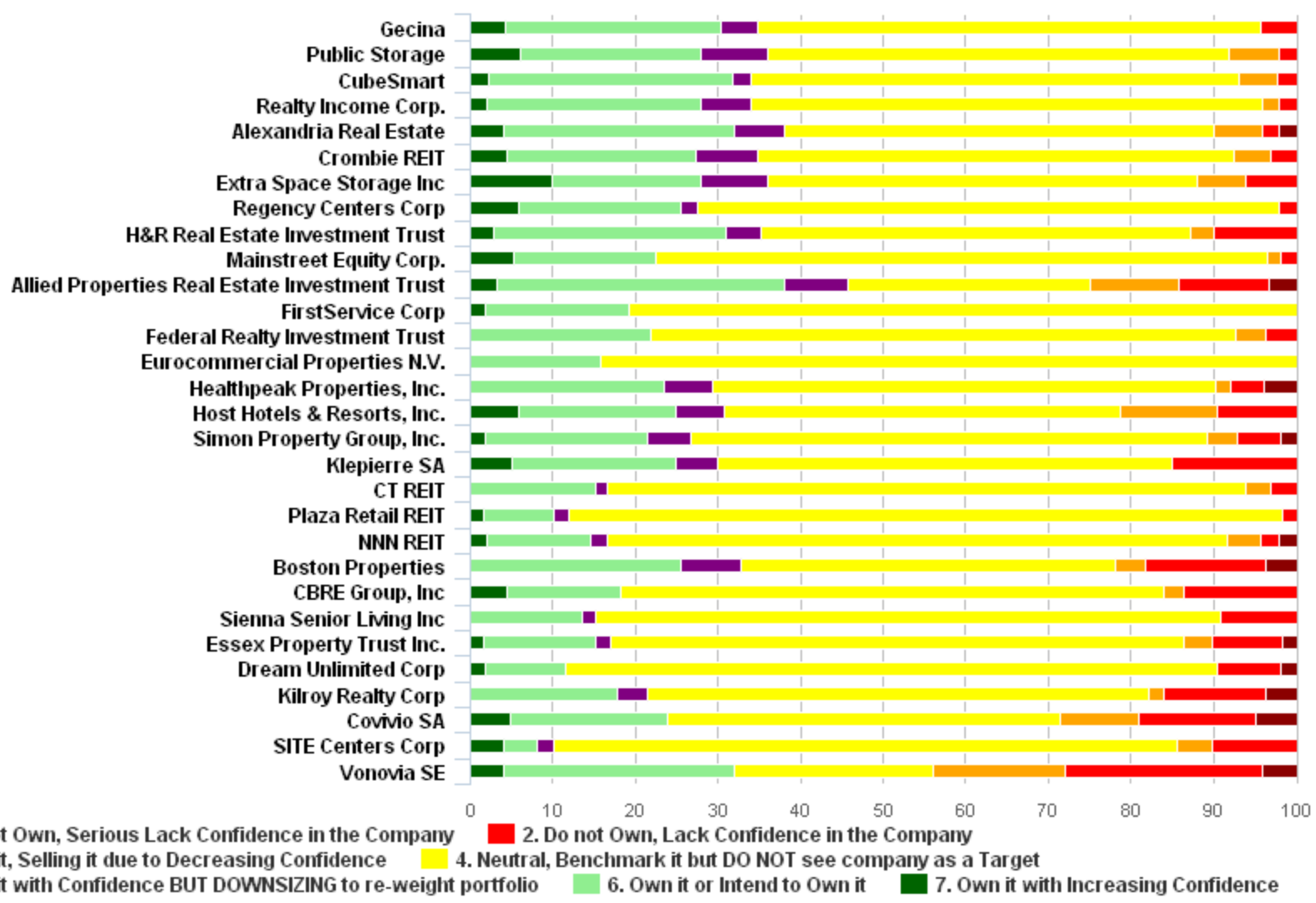


- 1. Do not Own, Serious Lack Confidence in the Company
- 2. Do not Own, Lack Confidence in the Company
- 3. Own it, Selling it due to Decreasing Confidence
- 4. Neutral, Benchmark it but DO NOT see company as a Target
- 5. Own it with Confidence BUT DOWNSIZING to re-weight portfolio
- 6. Own it or Intend to Own it
- 7. Own it with Increasing Confidence

# What is Your Commitment to Own This Stock in The Year Ahead?

Rolling Year Data

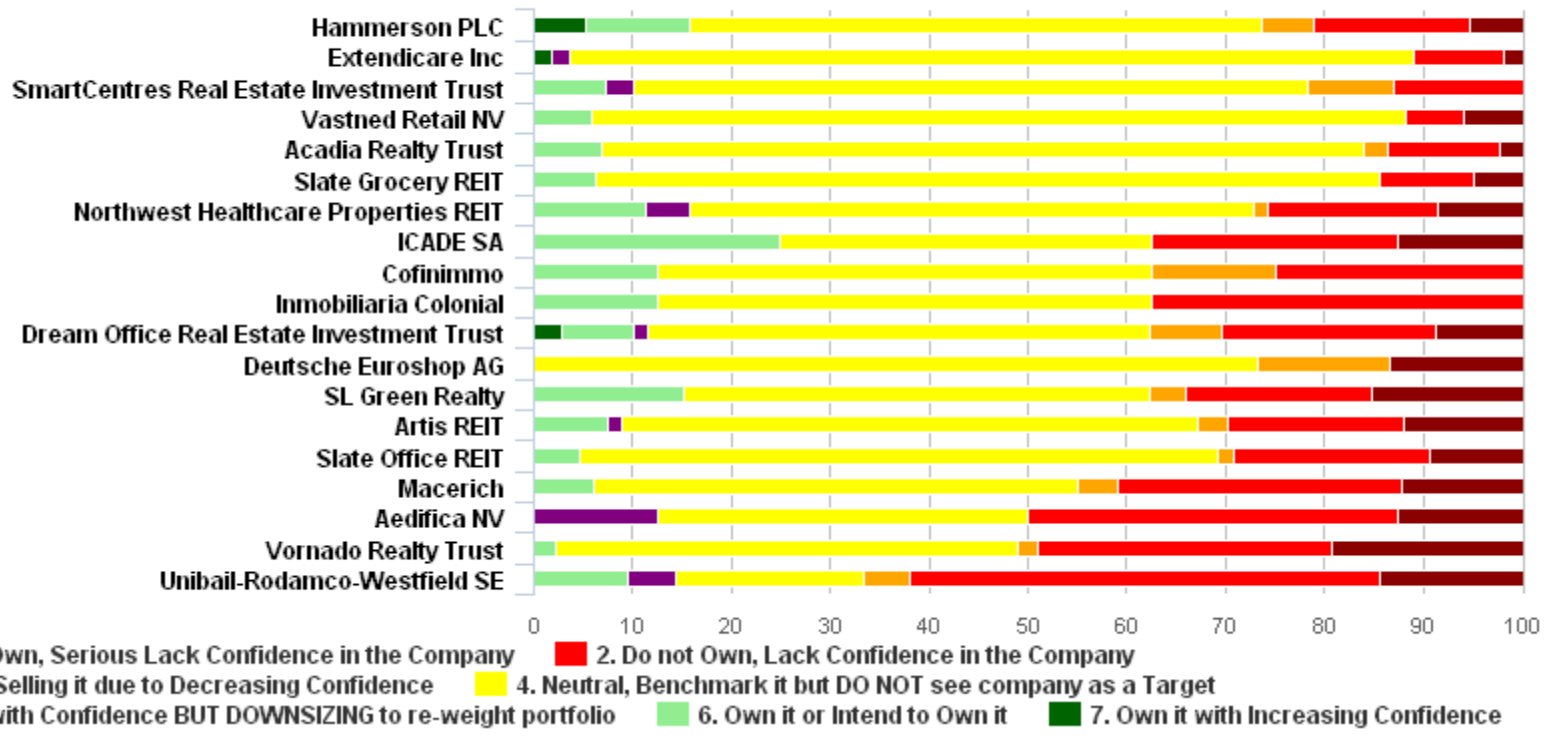
## Buyers/Sellers by Sector



# What is Your Commitment to Own This Stock in The Year Ahead?

Rolling Year Data

## Buyers/Sellers by Sector





## Shareholder Confidence Metrics

# Vonovia SE's Performance Vs Vonovia SE Peer Group

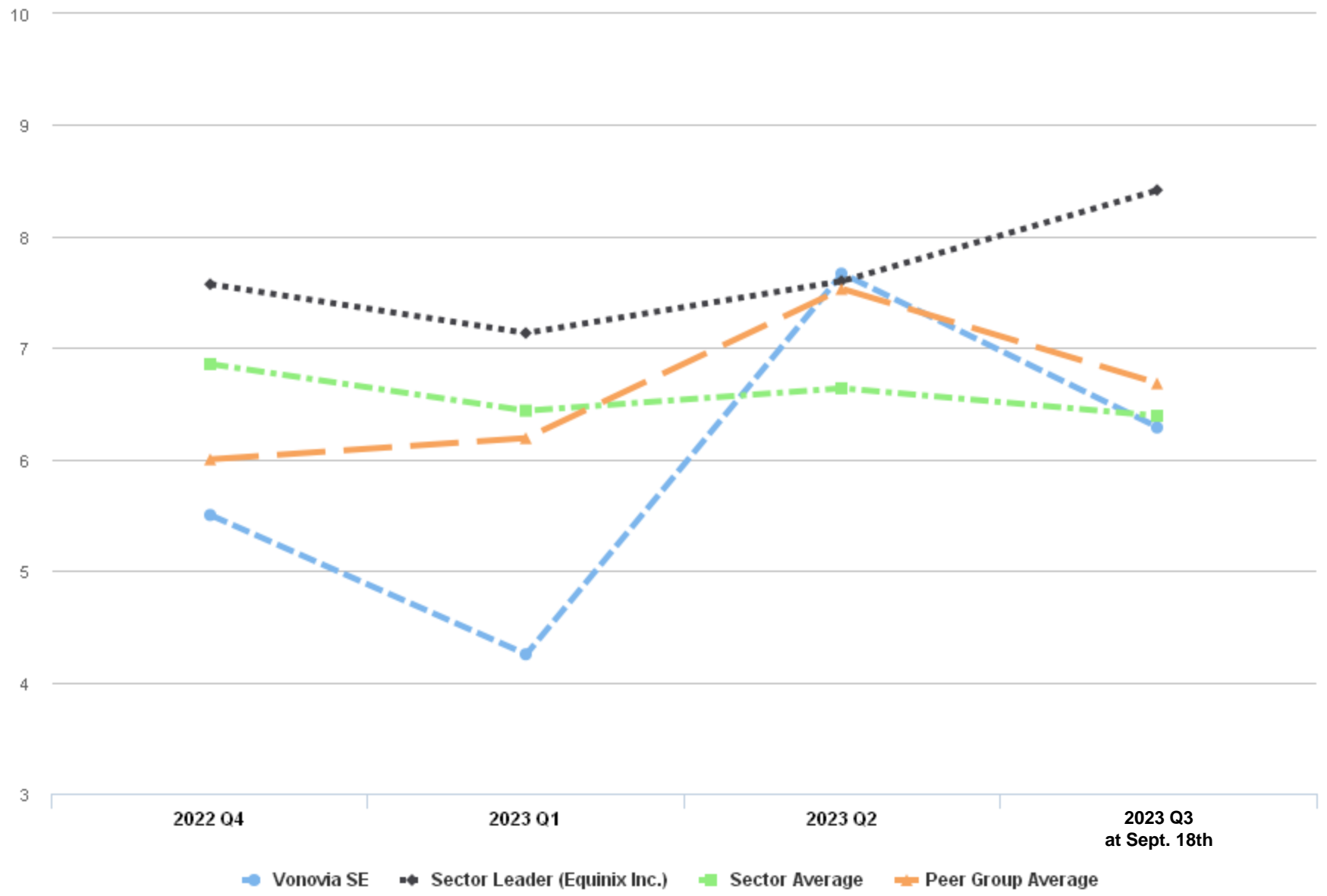
### Vonovia SE Peer Group

Gecina

Segro PLC

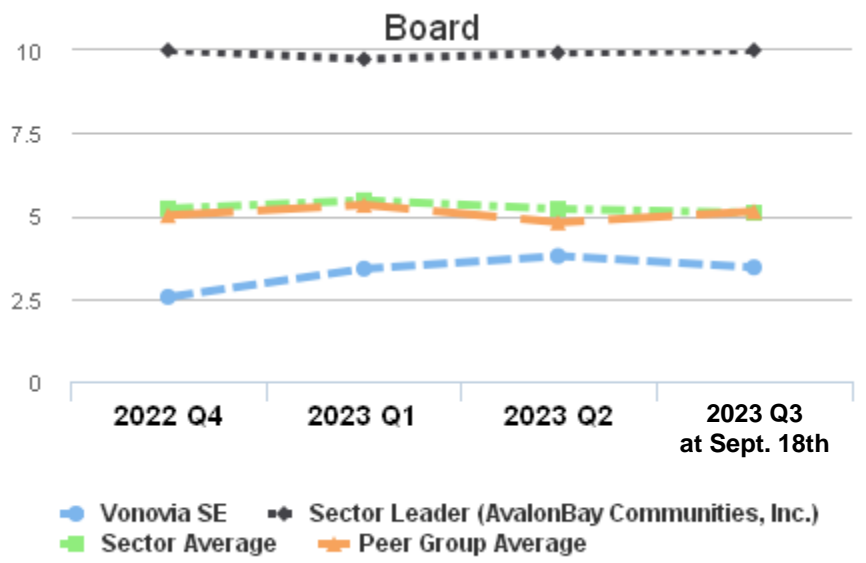
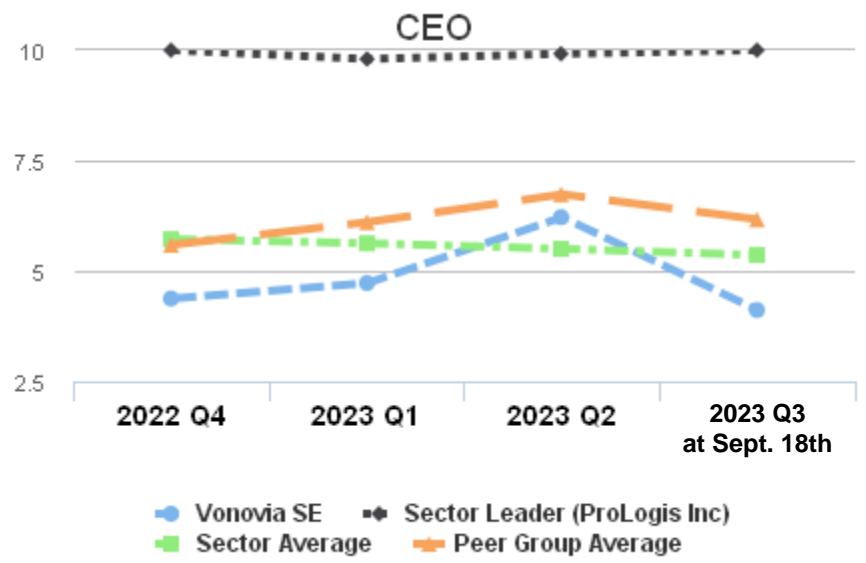
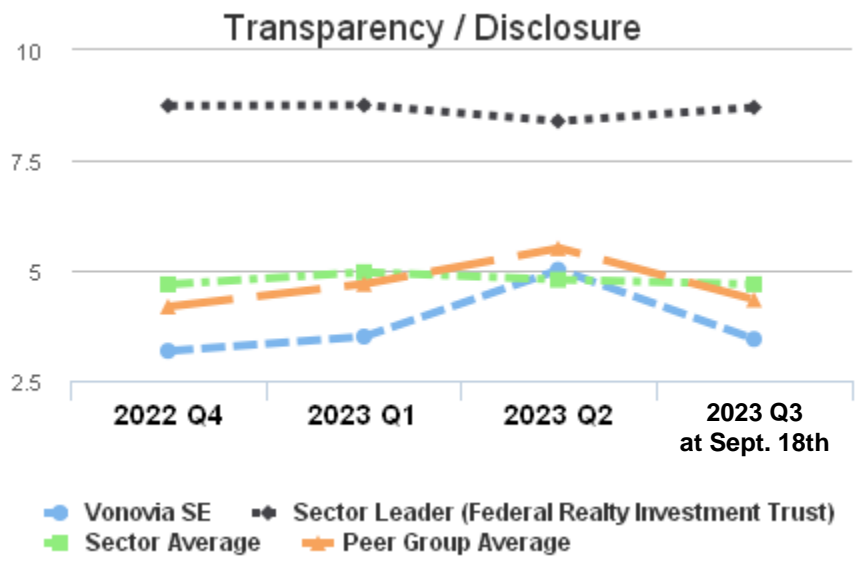
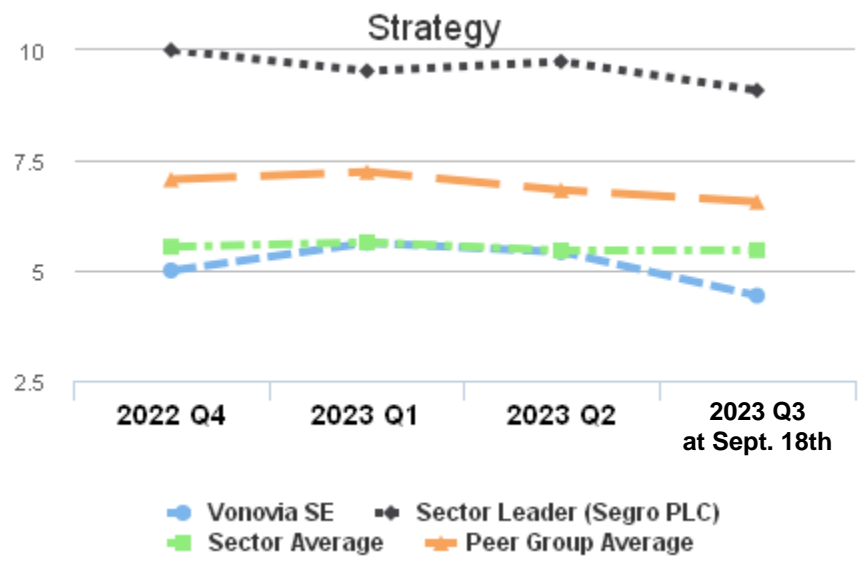
Vonovia SE

# What is Your Commitment to Own This Stock in The Year Ahead?



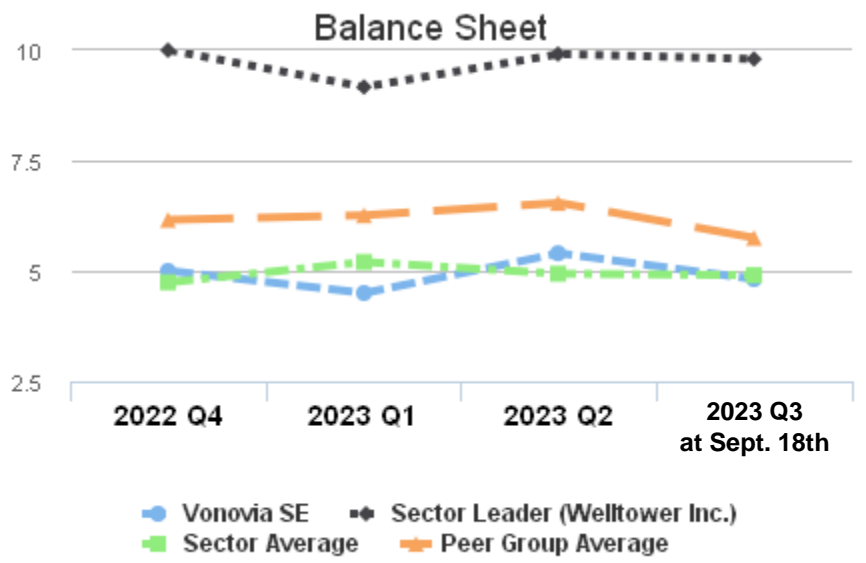
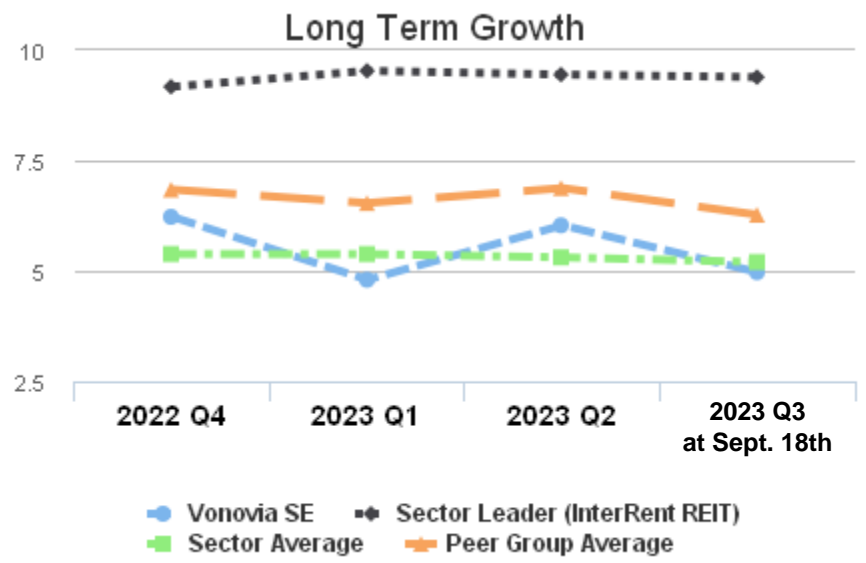
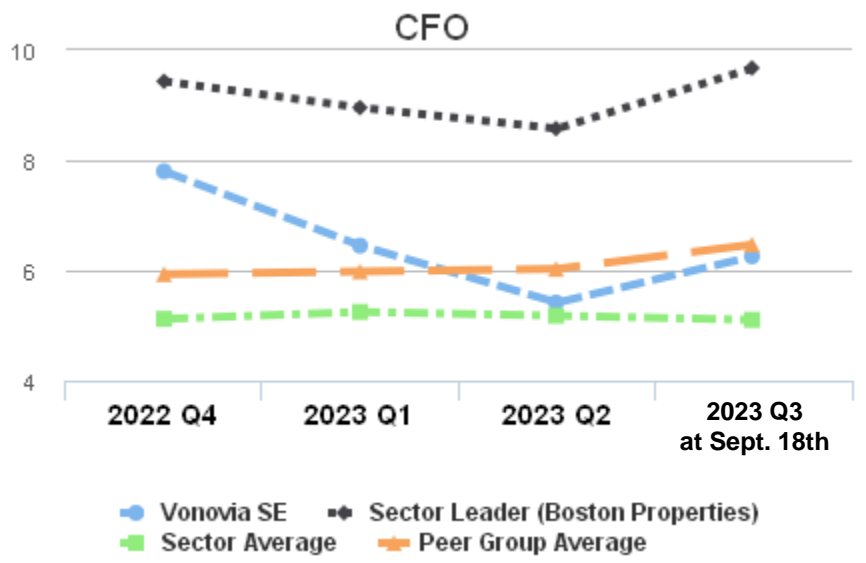
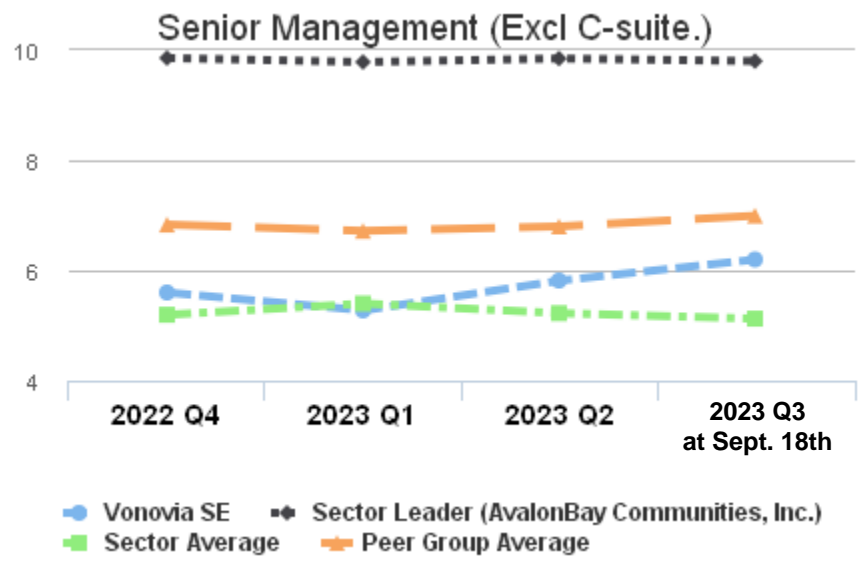
# Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results



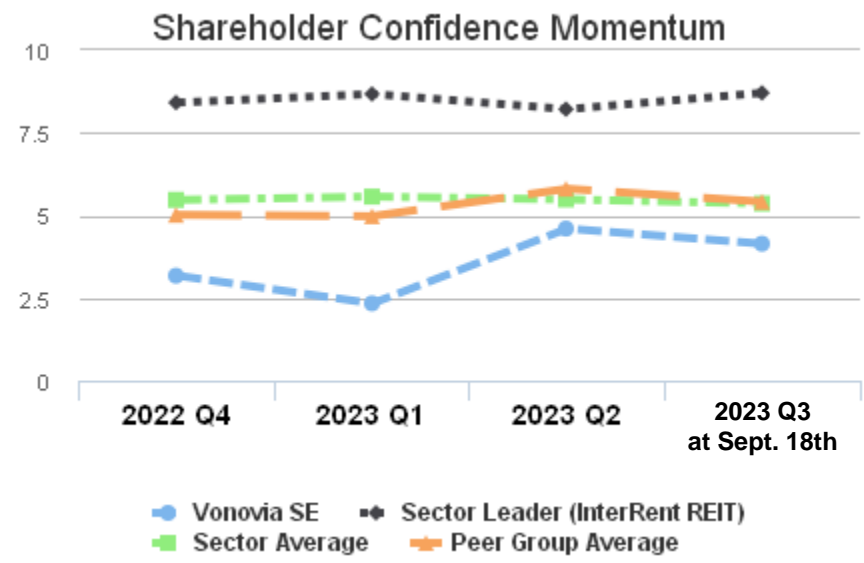
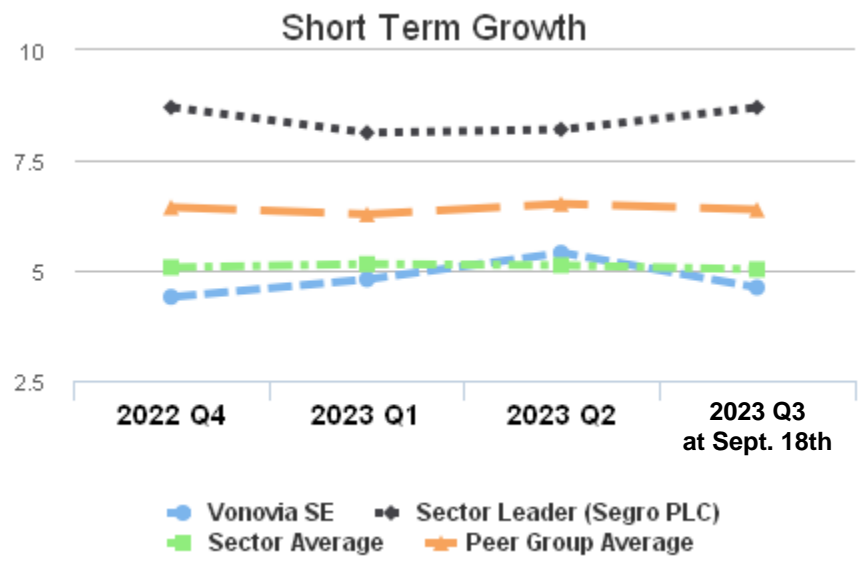
# Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results



## Shareholder Confidence Metrics Forecast for the Year Ahead

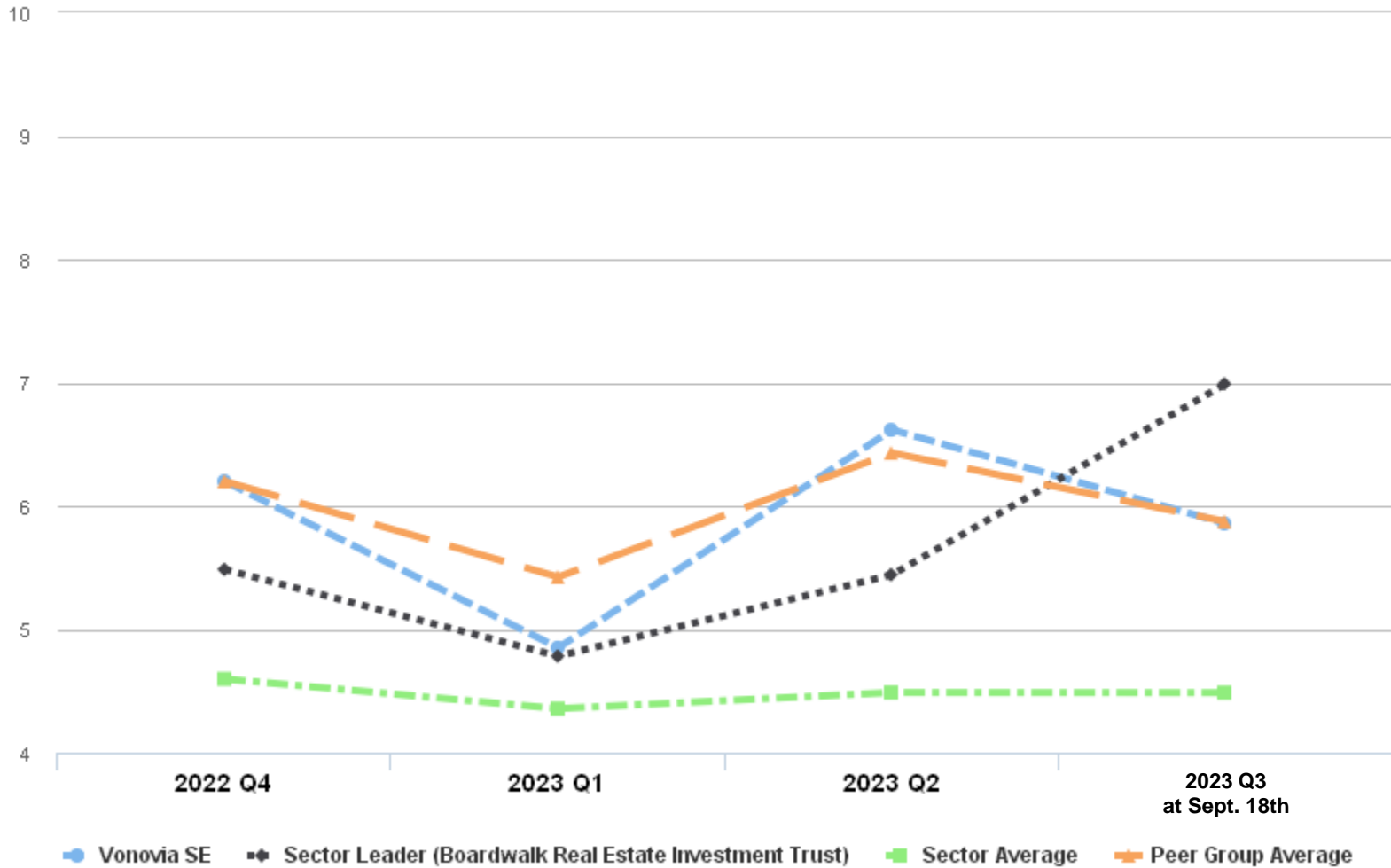
**Quarter over Quarter Results**



# Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results

## Price Appreciation Potential



## Typical Investor Verbatim

### Positive Momentum Verbatim

"Vonovia's CFO, Philip Grosse, has done a good job. Although people might not always agree with how he communicates, he's improving the direction of the company's financial position and balance sheet."

"Vonovia will get rent rolls, which may be a concern, but the rent should improve."

"Vonovia has a great IR program, despite all my views on the company. Rene Hoffman can answer all the questions very well and he communicates exactly what the CEO does. He is a very detailed and sharp guy."

"Vonovia's CEO, Rolf Buch, is a very smart guy. He's doing the best he can in this challenging environment."

"I have confidence in Vonovia's senior management given the operations they are running and that they are a member of the DAX."

"Vonovia's board is well-connected with decision makers in Germany, which is important for the company. They have a good amount of expertise on the board despite the little scandal they had with bribery."

"Vonovia has the most extensive reporting of the German companies. They are also doing well on a Pan-European basis."

"Vonovia's CFO, Philip Grosse, does a good job despite the challenging situation we're in."

"Vonovia announced a very interesting deal, so that was positive. However, the street doesn't understand some nuances of the deal regarding income allocation. However, it will help, albeit only very modestly, with respect to easing some pressure on their balance sheet. It brings down loan devaluation and it brings down debt to EBITA. There's still a lot of wood to chop in terms of the balance sheet."

## Typical Investor Verbatim

### Positive Momentum Verbatim

"The perception around Philip Grosse at Vonovia is certainly positive."

"Vonovia is more contrarian and has better prospects if they can execute on these sales; there's real upside."

"Vonovia's IR, Rene Hoffmann, does a good job."

"UDR and Vonovia CFOs are TopGun CFOs."

"Vonovia's CFO is very good. I know they have a lot of issues with the balance sheet, but he's been trying to fix it. He's very disciplined and has done a good job trying to manage it."



## Typical Investor Verbatim

### Neutral Momentum Verbatim

"Vonovia has very stable assets regardless of the capitalist structure. However, Boardwalk Real Estate offers more growth than Vonovia."

"Vonovia will have steady long-term growth in the German resident central sector; Vonovia should be well positioned in the long term. In the short term, they have a balance sheet problem that will get in the way of growth."

## Typical Investor Verbatim

### Negative Momentum Verbatim

"Vonovia's strategy depends on selling a ton of assets, so things will be tough for them."

"Vonovia's CEO, Rolf Buch has put that company in trouble. He did so many deals that have broken their balance sheet."

"Vonovia has been very painful for a while. They have a lot of debt to fund."

"I don't have confidence in Vonovia's short-term growth potential. Their near-term growth is challenging with the inflation backdrop and their inability to push rents because of government limitations."

"When it comes to Vonovia, we have some concerns just regarding the broad market. It's up 25%-year, year to date, so it's done extremely well. However, it's tough, given the current economic environment and the headwinds they face. They got caught with making a heavy acquisition before everything started falling apart, so they have a lot of debt that they have to work through. They haven't been able to monetize some of those assets, so that's slow. We take more of a neutral position on that until we get some clarity."

"We don't know Vonovia's strategy. We don't know if they are going to cut the dividend or sell assets. They don't need to make a wholesale change, but they need to do something."

"The gearing is a bit elevated at Vonovia, and nobody is happy about that."

"Vonovia's execution of the Deutsche Wohnen portfolio was very poor. They've touched the balance sheet at the wrong time."

"Nobody believes in Vonovia's current strategy."

## Typical Investor Verbatim

### Negative Momentum Verbatim

"Vonovia has been disappointing. If you look at the transcript of their nine months' results, they said they wouldn't do scrip dividends. Then they came out with scrip dividends. Years ago, they said they were not looking at Berlin because Berlin is too low-yielding. Later, they bought Deutsche Wohnen. You can't really trust what they are saying. They did play the market very well when interest rates were coming down. Vonovia never went through a crisis because they weren't listed in 2008, so we don't know what the management can actually do in a crisis. At the moment, they are not really demonstrating that they are leading well in a time of crisis."

"Vonovia has made a couple of missteps."

"Vonovia is interestingly facing some criticism from activists."

"Given their need to raise capital through sales, it's hard to see Vonovia having positive short-term growth ahead of them. Even Covivio has plans to sell assets, so they're guiding to flat. The short-term growth prospects across Europe are not good, it's hard to find somebody with short-term growth."

"Vonovia's CFO is looking to deleverage, but the leverage is still too high. Being the CFO is a difficult position, but he could have done a bit better."

"Vonovia needs to make some asset sales to lower their debt, that's the biggest hurdle right now."

"Vonovia has been very public about the need to sell a good portion of its portfolio. I don't have much confidence in their long-term growth potential; they're more in the shrinking than the growing phase, particularly given the environment."

"Some of Vonovia's mistakes are becoming more apparent."

## Typical Investor Verbatim

### Negative Momentum Verbatim

"Vonovia is not going to execute well in the short-term."

"Some companies rely on getting rid of assets to reduce their debt. This can be a difficult approach for companies like Vonovia and Unibail, who face challenges in selling their assets due to low market demand."

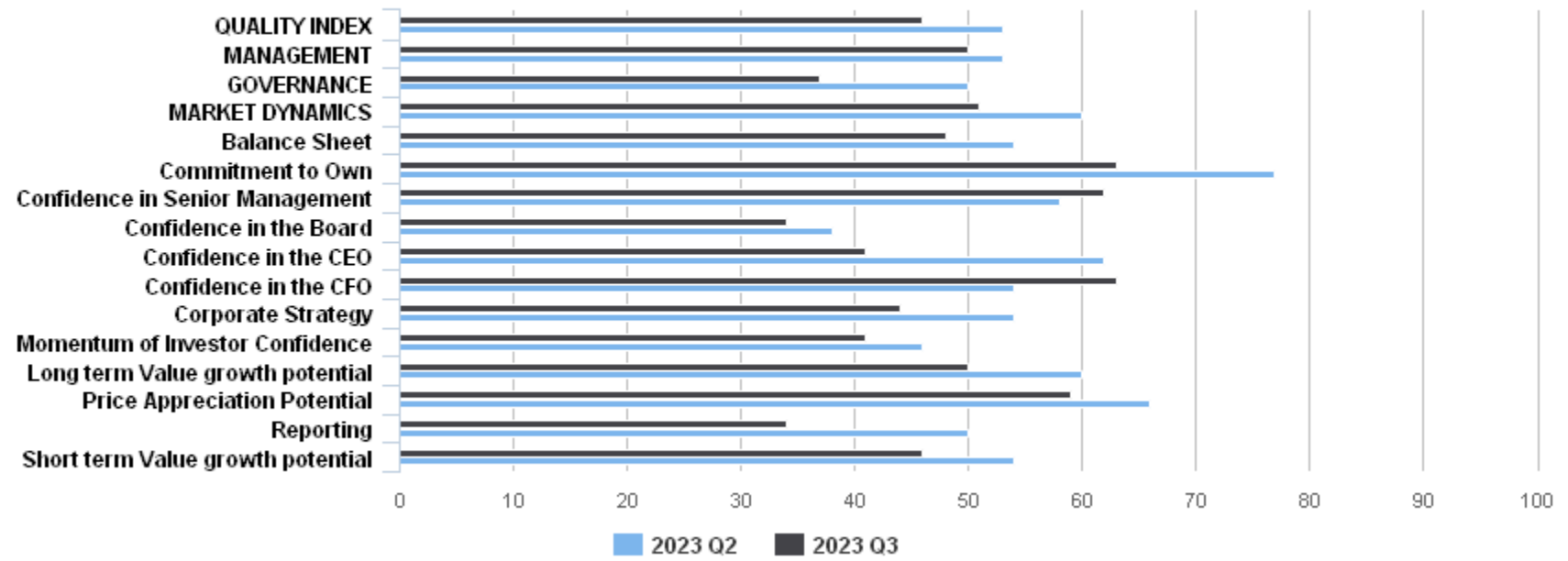
"Vonovia has levered up its balance sheet too much. The Deutsche Wohnen acquisition was not great."

"Vonovia's board is not strong."

Quarter over Quarter Results

### Forecast for the Year Ahead

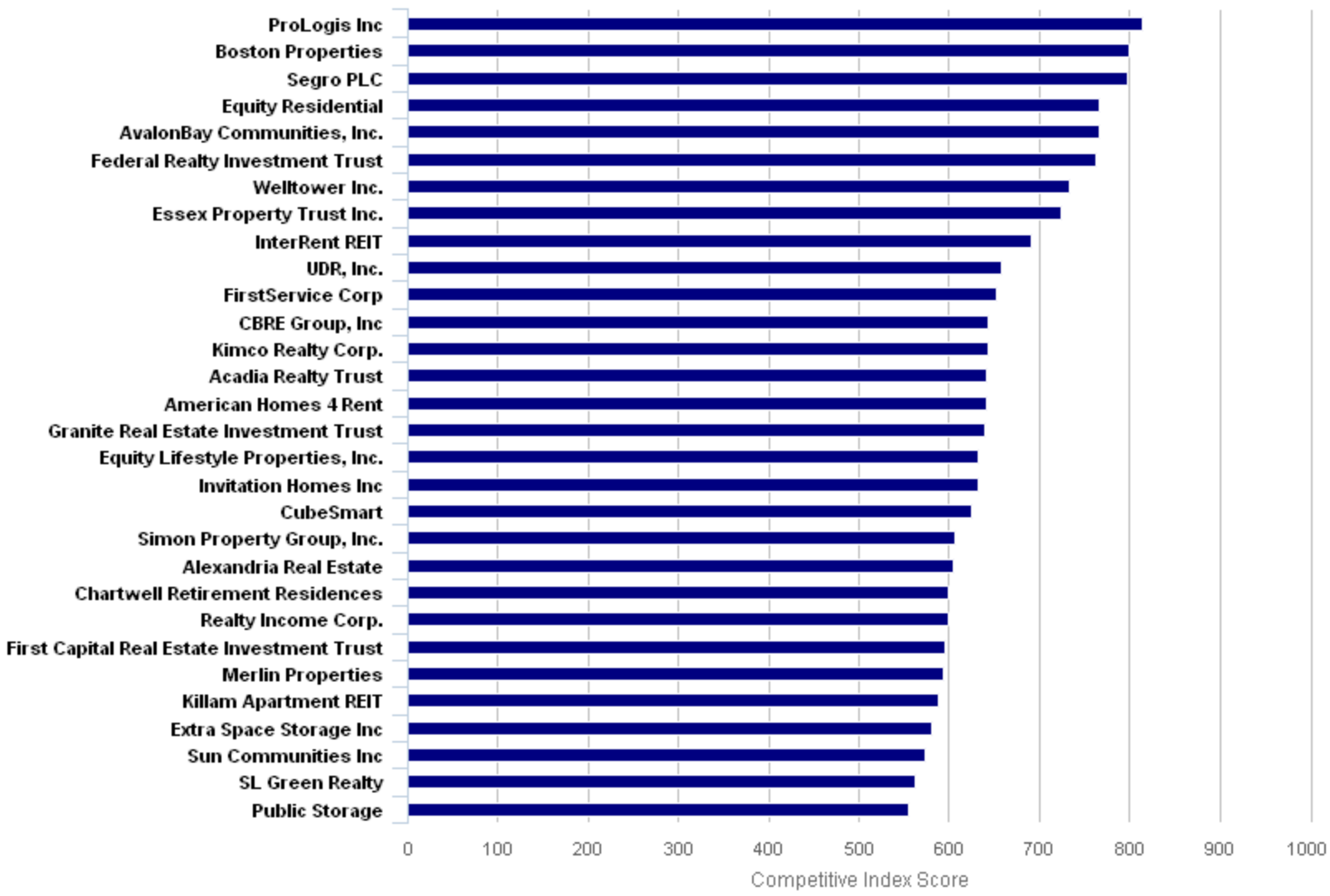
#### Vonovia SE



# Shareholder Confidence Competitive Index

Rolling Year Data

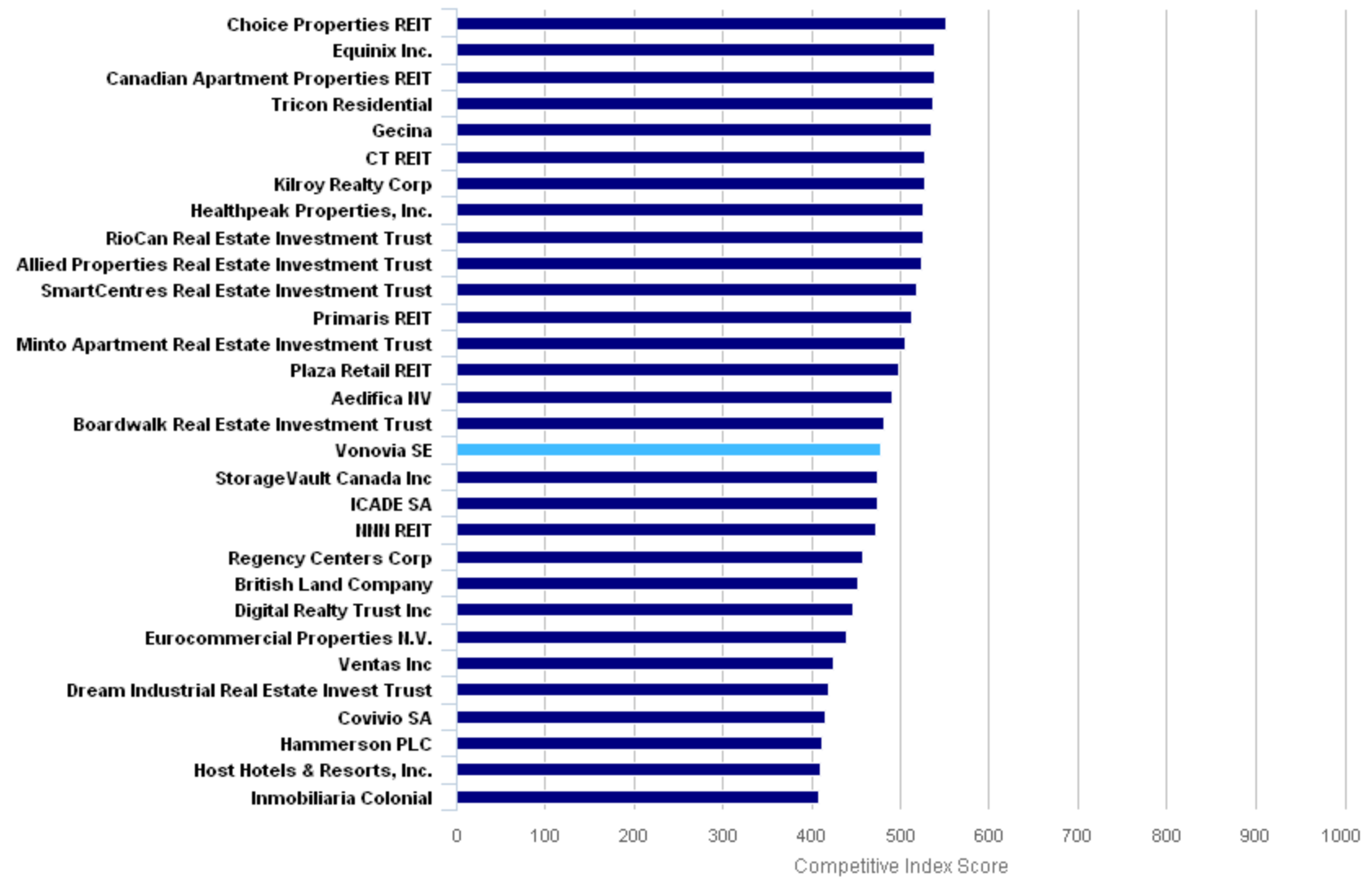
## Global Investors - Investment Quality Index



# Shareholder Confidence Competitive Index

Rolling Year Data

## Global Investors - Investment Quality Index



# Shareholder Confidence Competitive Index

Rolling Year Data

## Global Investors - Investment Quality Index

