



Facts and Figures

Investment Market for Residential Portfolios Germany
Q1 2018

“The next best thing to knowing something is knowing where to find it. “

Quote from Samuel Johnson

If you require any further information, please do not hesitate to contact us. We can put you in touch with our specialists who are always happy to provide you with expert support. We look forward to hearing from you!



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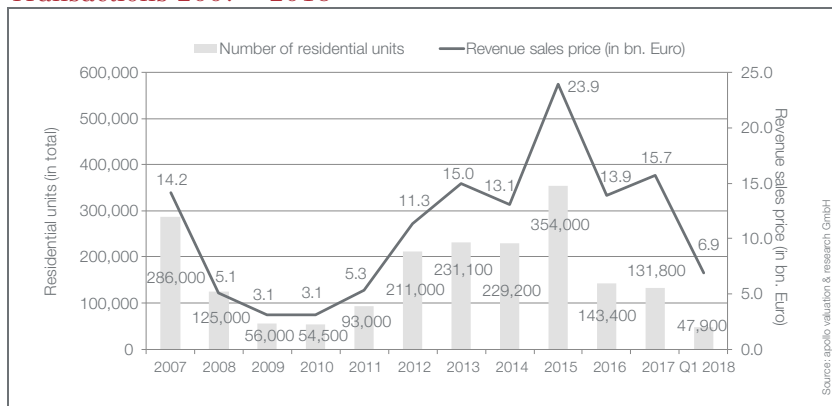


Market overview Q1 2018

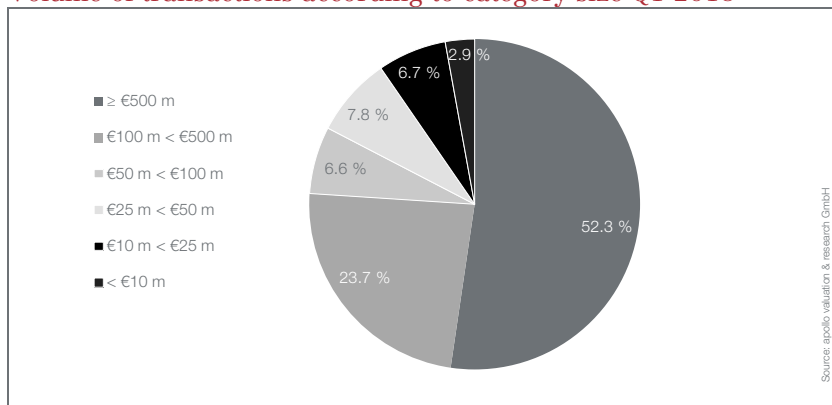
Transaction volume	€6.9 billion, 86.6 % above the volume of the previous year
Sales of residential units	108 transactions with approx. 47,900 units
Regional focus	Berlin is the most popular investment target among the metropolises (19.1 % of the transactions), investment activity in secondary and tertiary locations is rising
Type of investors	dominant investors are listed property companies / REIT's (€3.0 billion)
Origin of investors	German investors are strongest market players with purchases of €5.7 billion

Source: apollo valuation & research GmbH

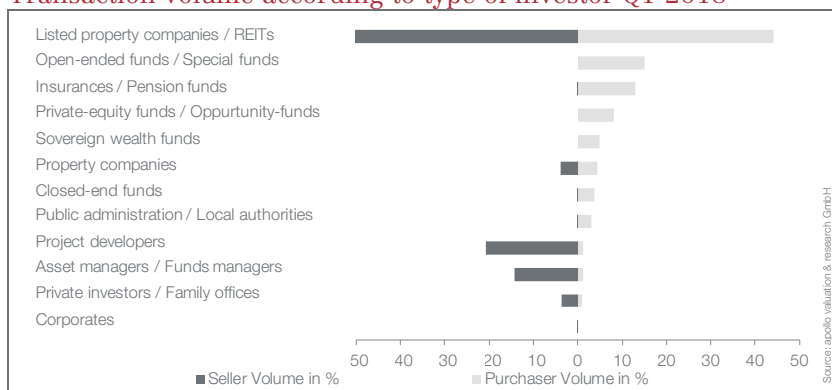
Transactions 2007 – 2018



Volume of transactions according to category size Q1 2018



Transaction volume according to type of investor Q1 2018



*Sale of residential property portfolios or residential complexes with at least 30 units each as well as the sale of corporate shares which give the purchaser a controlling interest; without consideration of IPOs

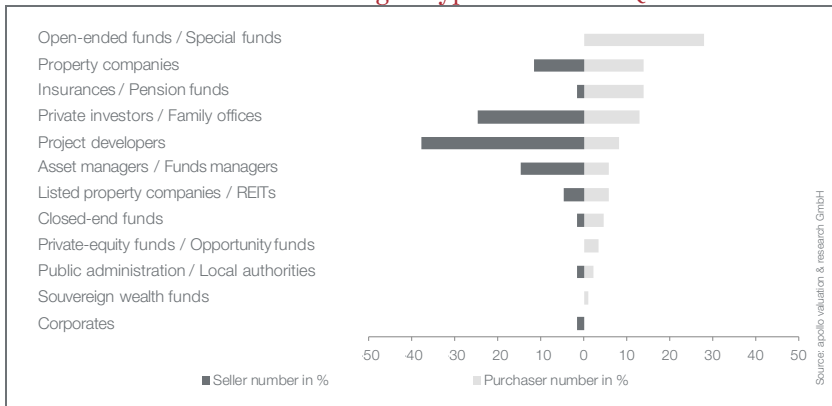
The residential portfolio investment market in Germany has maintained the strong momentum that was already evident at the end of 2017. In the first quarter of 2018, the transaction volume increased by as much as 86.6 % to about €6.9 billion compared to the same period of the previous year (2017: €3.7 billion). This therefore marks the best start to a year since the record result in 2015. A total of 47,900 residential units changed hands (Q1 2017: 27,700).

The acquisition of BUWOG by Vonovia was the primary reason for this excellent result. The German part of the German-Austrian portfolio comprised 27,000 units and contributed an estimated €2.9 billion to the overall volume. That represents 42.0 % of the transaction volume in the first three months.

The sharp increase in the purchase price of existing properties and project developments – a trend that has become increasingly evident over the last two years – will continue during 2018. In addition, high-priced project development sales have risen strongly by 72.7 % to €1.9 billion compared to the first quarter of 2017 (€1.1 billion).

One noticeable development is the large number of micro-apartment complexes and student residences that were sold before or shortly after completion. Overall, this led to an increase in the average purchase price of traded residential units by 7.9 % or around €10,500 to €143,400 per residential unit compared to the first three months of 2017.

Transaction number according to type of investor Q1 2018



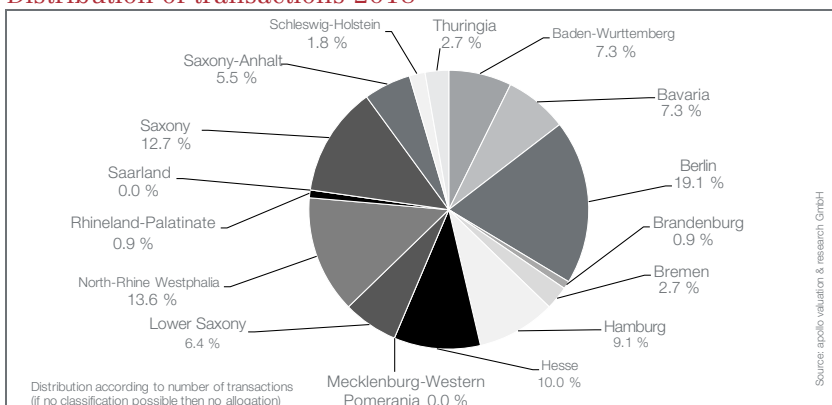
Transaction volume according to investors' origin 2007 - 2018



Transaction number according to investors' origin 2007 - 2018



Distribution of transactions 2018



As a result of the BUWOG acquisition for around €2.9 billion (German part) and the purchase of an apartment portfolio for the Bayerische Versorgungskammer (BVK) with a volume of €670 million, deals in the “€500m-plus” category accounted for the bulk of the transaction volume with a 52.3 % share in the first quarter of 2018. In the first three months of 2017, only one transaction amounting to €655 million took place in this size segment, while there were none at all in the first three months of 2016.

The “€100m-€500m” segment was in second place with a 23.7 % share and a transaction volume of about €1.6 billion. The categories “below €100m” accounted for between 2.9 % and 7.8 % of the volume and generated a total transaction volume of about €1.6 billion. This corresponds to a decline of 28.4 % compared to the same quarter of the previous year (Q1 2017: €2.3 billion). This means that large portfolios in excess of €100 million have tended to dominate the market at the beginning of the year. Compared to the previous year, such deals increased their market share from 38.6 % to 76.0 %, or in absolute terms from €1.4 billion to €5.2 billion.

In terms of the different types of investors, “insurances and pension funds” have been particularly active this year. Including BVK’s purchase of the apartment portfolio, this group of investors has increased its transaction volume almost nine-fold compared to the beginning of 2017. This corresponds to an invested capital of just under €900 million or a 13.0 % share. However, “listed property companies and REITs” remained at the top of the ranking.

Selected residential portfolio transactions Q1 2018 > €300 m

Buwog takeover	
Purchaser	Vonovia
Purchase price (approx.)*	€2,925,000,000
Residential units*	27,000
Project portfolio with micro-apartment buildings in Dresden, Düsseldorf, Köln, Leipzig & Frankfurt / Offenbach	
Purchaser	Corestate for a fund of funds for Bayerische Versorgungskammer (BVK)
Purchase price (approx.)*	€670,000,000
Residential units*	approx. 1,800
Student housing portfolio with Neon Wood (Berlin), Tannhaus (Berlin), Navale (Hamburg) and Urbanum (Frankfurt)	
Purchaser	Global Student Accommodation (GSA) within the partnership with GIC, sovereign wealth fund of Singapore
Purchase price (approx.)*	€330,000,000
Residential units*	1,900

*partly includes data concerning commercial shares / partly estimated

Source: Apollo valuation & research GmbH

After regaining pole position from the "open-ended funds and special funds" last year, these market players have held their ground in the first quarter of 2018 — mainly owing to Vonovia's acquisition of BUWOG. "Listed property companies and REITs" now account for an investment volume of €3.0 billion, or 44.2 %. "Open-ended funds and special funds" are ranked in second place with a share of 15.1 %, and increased their sales volume from €600 million in the first three months of 2017 to €1.0 billion this year. "Insurances and pension funds" were next in line, as mentioned above.

"Listed property companies and REITs" are also the most active sellers with a 56.7 % share of the sales volume. This corresponds to an absolute sales volume of €3.9 billion. Without the BUWOG acquisition, they are just as strong in the current quarter as they were in the previous year with around €1.0 billion. "Project developers" were ranked second with a share of 20.7 % and a sales volume of €1.4 billion.

German buyers increased their share to 83.5 % (Q1 2017: 81.9 %), mainly owing to the BUWOG takeover. This equates to an increase in the transaction volume from €2.7 billion to €5.7 billion.

In absolute terms, international investors also invested over €400 million more than in the same period of the previous year, thus achieving a purchase volume of €1.1 billion.

As in previous years, most transactions (by number) took place in Berlin (19.1 % share) and North Rhine-Westphalia (13.6 %). The focus is still on the German metropolitan centres. However, due to the short supply, investments in secondary and tertiary locations also remain a priority for investors. Cities in Saxony (including Dresden and Leipzig) are again well represented as investment locations in the first quarter of 2018, as are cities in and around the Ruhr area. A major transaction again took place in this area during the first quarter with 2,000 residential units mostly located in Dortmund and Bochum.

The outlook for 2018 remains positive. Although no further corporate takeovers are currently on the horizon, high-priced project development sales as well as medium-sized and small portfolio deals will have an even stronger influence on the market. Based on the successful start to the year the 2017 annual result of €15.7 billion — which also represents the second-highest result in the last ten years — is expected to be reached again or even to be slightly exceeded in the year as a whole.

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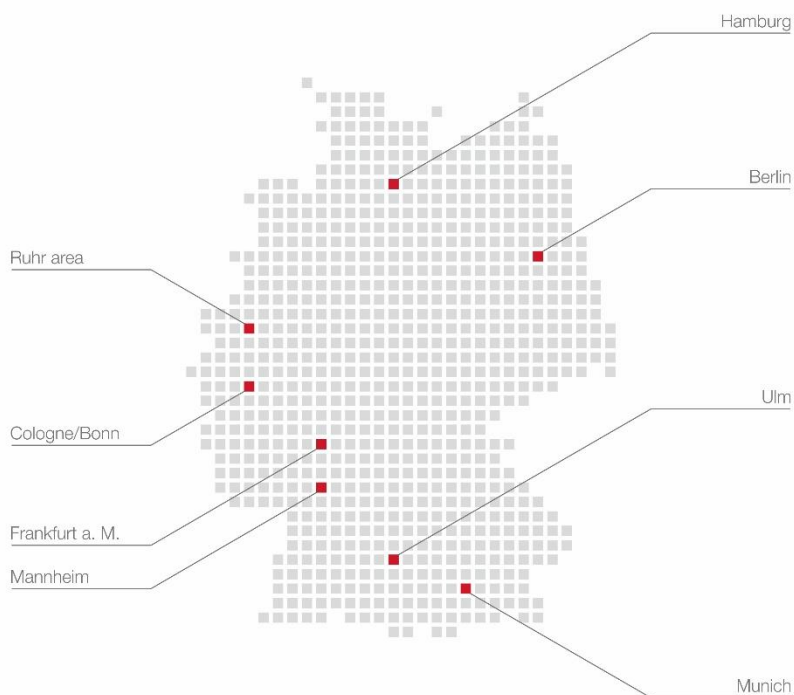
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