

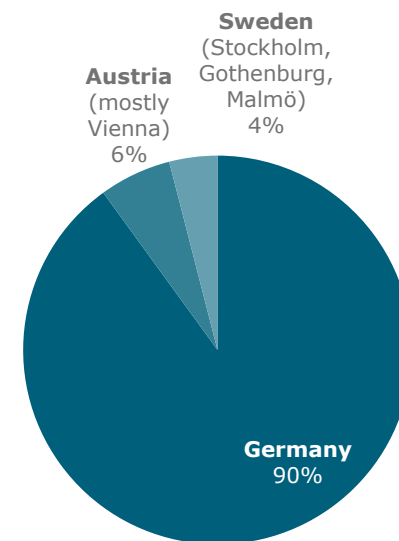
VONOVIA

# Company Presentation

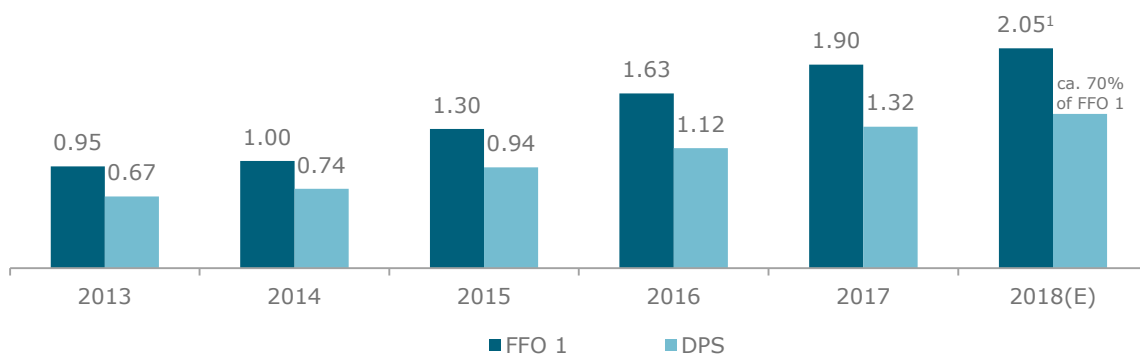
September 2018

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- **Largest listed European residential company** with more than **400k apartments**.
- Bread-and-butter business in German residential market with strong track record of **optimization, standardization** and **industrialization** via organic and acquisition growth.
- Industrialized approach leverages **economies of scale** in a highly homogeneous asset class.
- **B-to-C** business with ca. 13 years average tenant tenure.
- **Strong internal growth profile** via sustainable market rent growth, **additional rent growth** from portfolio investments and dynamic value-add business.
- **Robust business model** delivers highly **stable and growing cash flows (Funds from Operations, "FFO 1")**.
- **Predictable top and bottom line** with downside protection and upside potential.

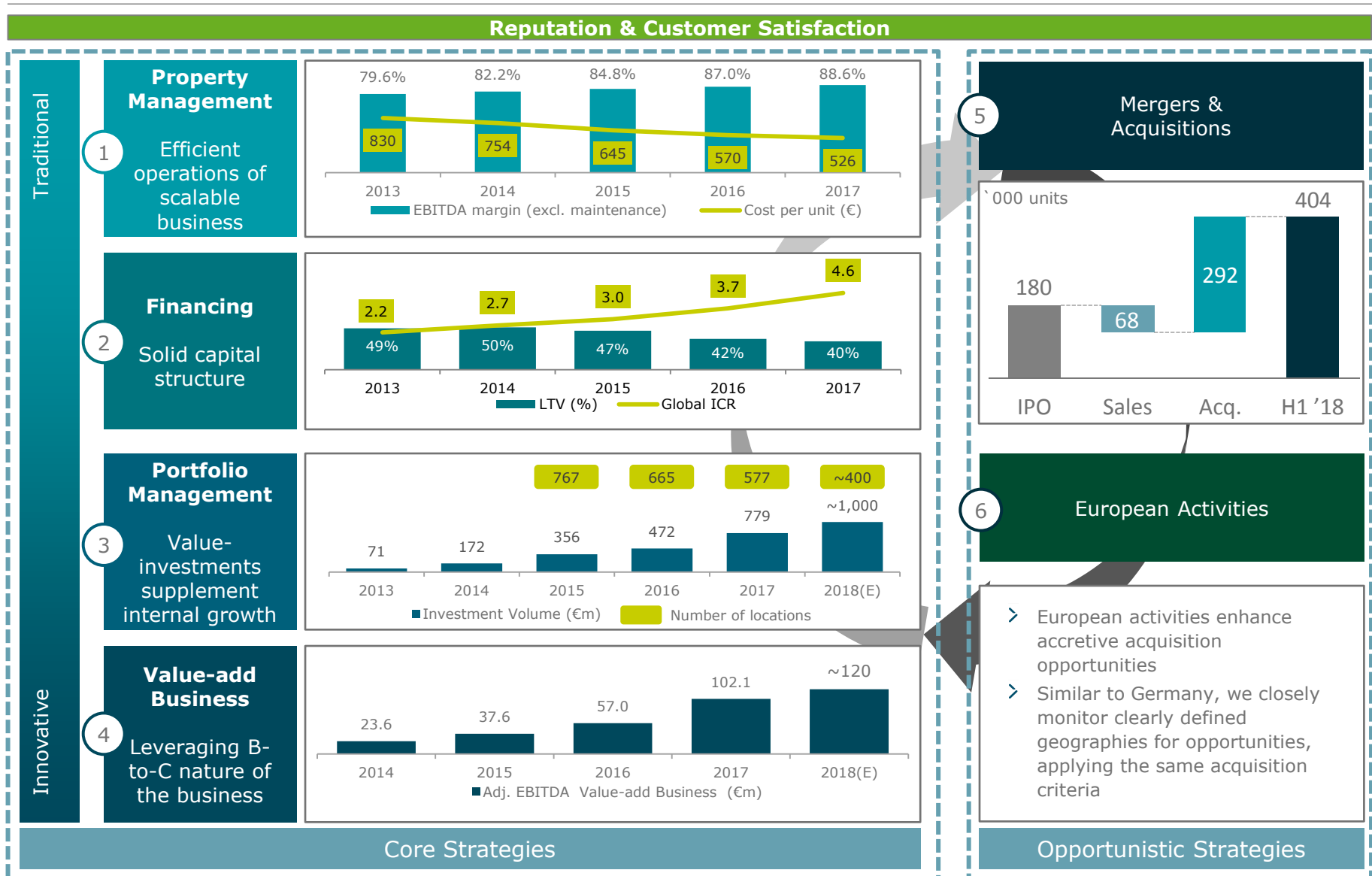


FFO 1 per share and Dividend Track Record



<sup>1</sup> Guidance mid-point for 2018.





Core Strategies

Opportunistic Strategies

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Vonovia stand-alone Excl. Buwog, Victoria Park	Operations	<ul style="list-style-type: none"> <li>➤ <b>Organic rent growth of 4.1%</b> y-o-y.</li> <li>➤ <b>Operating expenses reduced by 16.8%</b> to €110.2m as a result of eliminating the double cost structure from convert included in H1 2017 as well as continued efficiency gains.</li> <li>➤ <b>Adj. EBITDA Operations margin</b> (ex. maintenance) of <b>90.9%</b> (+290bps y-o-y).</li> <li>➤ Vonovia received the EPRA Gold Award for the 2017 Sustainability Report</li> </ul>
	FFO 1	<ul style="list-style-type: none"> <li>➤ <b>FFO 1 increased by 11.5%</b> y-o-y to €510.3m in H1 2018 as a result of better EBITDA Operations and lower interest expenses and income taxes.</li> </ul>
	Valuation	<ul style="list-style-type: none"> <li>➤ H1 valuation comprised ca. 2/3 of portfolio (20 largest German locations plus six additional German locations and Vienna).</li> <li>➤ 6.9% I-f-I value growth on revalued portfolio, of which <b>5.7% I-f-I valuation uplift</b> (performance + yield compression). Total value growth of €1,765m represents 5.3% on the overall portfolio.</li> </ul>
Incl. Buwog, Victoria Park	Adj. NAV	<ul style="list-style-type: none"> <li>➤ <b>Adj. NAV grew by 10.5%</b> to €20,634.4m in H1 2018.</li> <li>➤ On a per-share basis, Adj. NAV was €39.83, up 3.5% ytd (6.8% higher NOSH).</li> </ul>
	Guidance	<ul style="list-style-type: none"> <li>➤ 2018 Guidance now includes Buwog and Victoria Park.</li> <li>➤ <b>FFO 1 guidance of €1,050m - €1,070m or €2.03 – €2.07 p.s. on the new number of 518.1m issued shares.</b></li> <li>➤ Back-of-an-envelope calculation: Assuming Buwog and Victoria Park had fully contributed for the first six months, the pro FFO 1 per share guidance would have been €2.08 – €2.12.</li> </ul>

## KPI Growth in spite of Smaller Portfolio and Higher NOSH

- Rental income slightly up 0.7% on a 3% smaller but higher quality portfolio.
- Adjusted EBITDA Operations up 4.1% because of substantially lower operating expenses and higher contribution from the Value-add Business.
- As a result, and supported by lower interest expenses, FFO grew by 11.5% (2.5% per share due to the 8.7% increase in NOSH from the May ABB and scrip dividend).

		H1 2018	H1 2017	Delta
Average number of residential sqm	'000	21,557	22,226	-3.0%
Average number of residential units	#	344,685	355,570	-3.1%
Organic rent growth (y-o-y)	%	4.1	3.7	+40 bps
In-place rent (eop)	€/month/sqm	6.41	6.12	+4.7%
Vacancy rate (eop)	%	2.8	2.9	-10 bps
Rental income	€m	838.8	833.2	+0.7%
Maintenance expenses	€m	-131.6	-127.3	+3.4%
Operating expenses	€m	-110.2	-132.4	-16.8%
Adj. EBITDA Rental	€m	597.0	573.5	+4.1%
Adj. EBITDA Value-add Business	€m	51.7	45.6	+13.4%
Adj. EBITDA Operations	€m	632.6	607.6	+4.1%
Interest expense FFO 1	€m	-114.3	-138.0	-17.2%
Current income taxes FFO 1	€m	-8.0	-11.9	-32.8%
FFO 1	€m	510.3	457.7	+11.5%
FFO 1 per share (eop NOSH)	€	0.98	0.96	+2.5%
FFO 1 per share (avg. NOSH)	€	1.03	0.98	+5.8%

Portfolio reduction mainly driven by clean-up sales

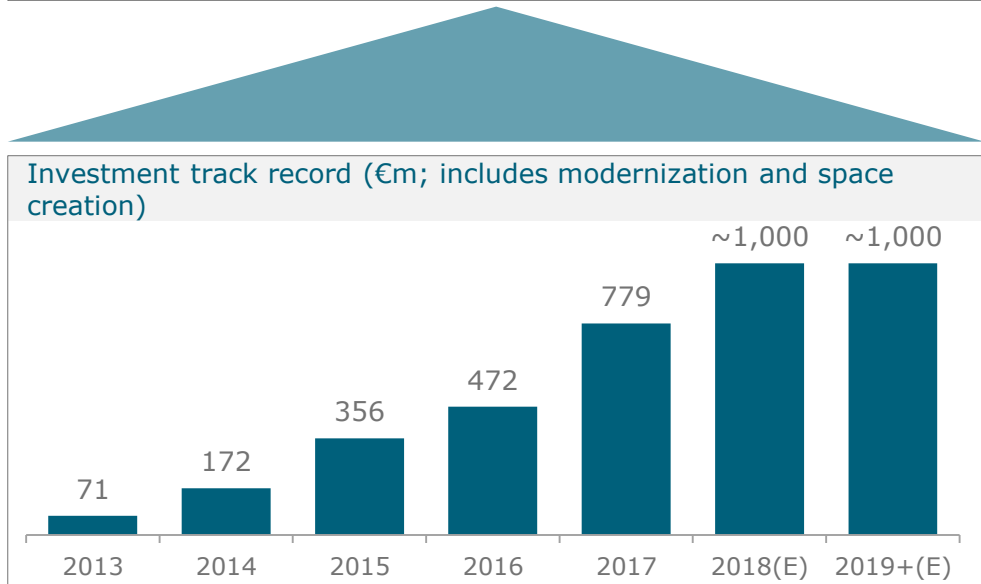
convert synergies and efficiency improvements

- 8.7% higher NOSH y-o-y
- *Back-of-an-envelope calculation: pro forma FFO 1 including full contribution from Buwog and Victoria Park in H1 would be ~€36m or ~7 cents higher*

# Rent Growth Acceleration Set to Continue

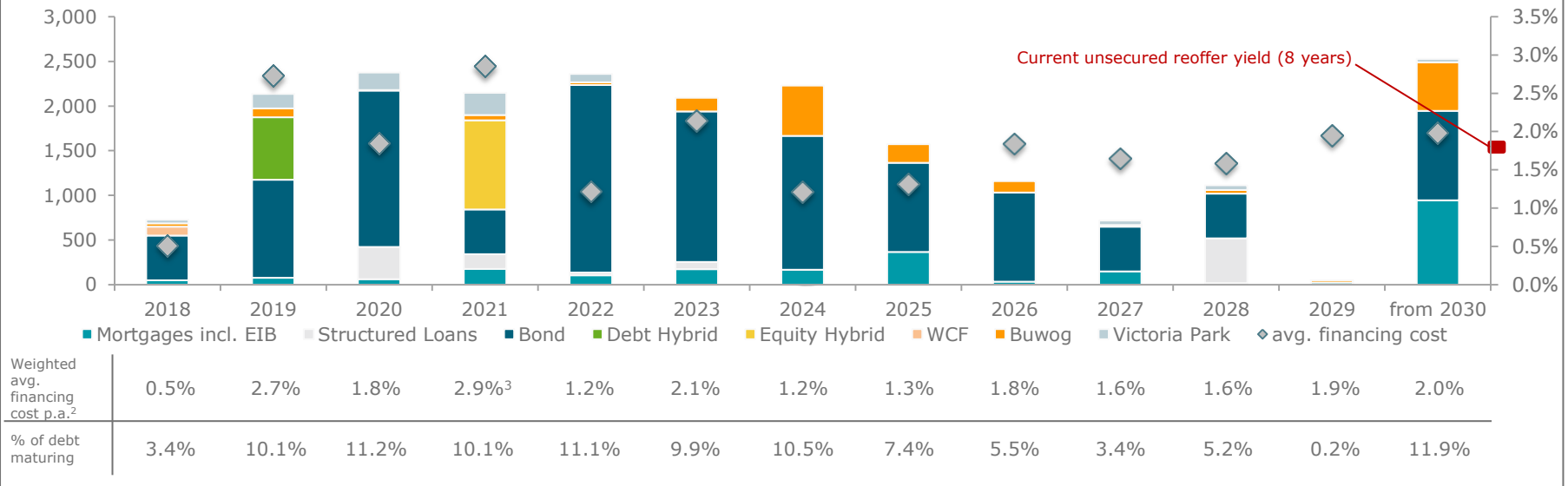
Rent growth drivers (last 12M)	H1 2018	H1 2017	Delta
Sitting tenants (incl. subsidized rents)	1.1%	1.2%	-10bps
New lettings (with no material investment)	0.4%	0.5%	-10bps
<b>Subtotal market-driven rent growth</b>	<b>1.5%</b>	<b>1.7%</b>	<b>-20bps</b>
Modernization (including new lettings with investments → Optimize Apartments)	2.5%	1.9%	+60bps
<b>Subtotal I-f-I rent growth</b>	<b>4.0%</b>	<b>3.6%</b>	<b>+40bps</b>
Space creation	0.1%	0.1%	---
<b>Subtotal organic rent growth</b>	<b>4.1%</b>	<b>3.7%</b>	<b>+40bps</b>

Positive rent growth trajectory							
	2013	2014	2015	2016	2017	2018(E)	2019(E)
Market driven	1.6%	1.6%	1.7%	1.5%	1.6%	≈	≈
Modernization	0.4%	0.9%	1.2%	1.8%	2.5%	↑	↑
Space creation	---	---	---	---	0.1%	↑	↑
<b>Organic rent growth</b>	<b>1.9%</b>	<b>2.5%</b>	<b>2.9%</b>	<b>3.3%</b>	<b>4.2%</b>	<b>~4.4%</b>	<b>↑</b>

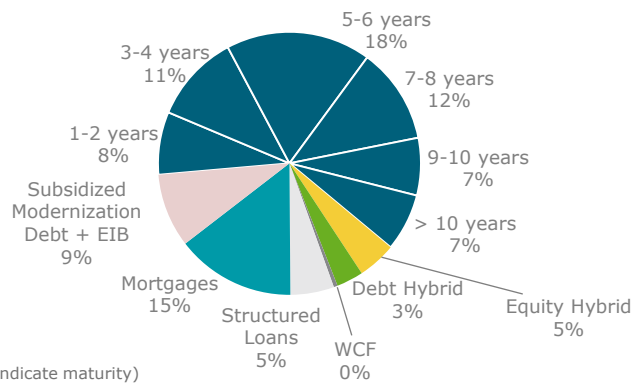




## Debt maturity profile (€ m)<sup>1</sup>



## Debt structure<sup>1</sup>



KPIs	June 30, 2018	Target
LTV <sup>5</sup>	43.9%	Mid-to low forties
Unencumbered assets in %	56.2%	≥50%
Fixed/hedged debt ratio <sup>4</sup>	96%	Ongoing optimization with most economic funding
Global ICR (YTD) <sup>6</sup>	6.0x	
Average cost of debt <sup>4</sup>	1.8%	
Weighted avg. maturity <sup>4</sup>	8.1 years	
Corporate Rating (S&P)	BBB+	

<sup>1</sup> incl. July 2018 Bond, which is not included in KPIs. <sup>2</sup> Average financing cost of debt maturing in the relevant year. <sup>3</sup> Weighted avg. financing costs excl. Equity Hybrid. Including Equity Hybrid, avg. interest rate of debt maturing in 2021 is 3.4%. <sup>4</sup> excl. Equity Hybrid. <sup>5</sup> excl. 2<sup>nd</sup> offer period of Buwog. <sup>6</sup> excl. Buwog and Victoria Park.

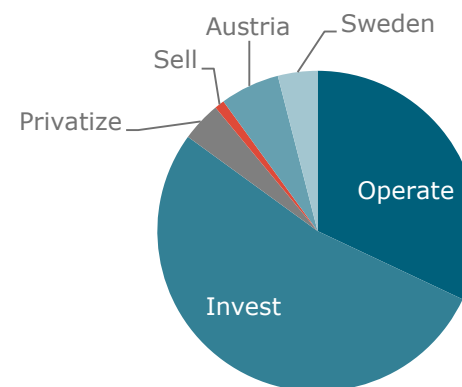
## LTV Remains in Comfort Zone

- LTV as of June 30, 2018 was 43.9%.
- Current pro forma LTV, including 2<sup>nd</sup> offer period for Buwog and €500m bond issued in July, is ~45%.
- Against the background of the stable cash flows and the strong fundamentals in our portfolio locations we see continued upside potential for our property values, and we do not see material long-term downside risks.
- We therefore continue to believe that the LTV target range of 40% - 45% is adequate for our low risk portfolio, and we feel comfortable with this range.
- Based on our internal LTV projections, an extremely bearish scenario with no yield compression in H2 2018 would result in an LTV of ~45%, so any yield compression will bring the LTV even deeper into our comfort zone (€500m of yield compression reduce the LTV level by ca. 50 bps).

€m (unless indicated otherwise)	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017
Non-derivative financial liabilities	19,774.6	18,887.0	14,060.5
Foreign exchange rate effects	-29.6	-17.8	-23.5
Cash and cash equivalents	-865.8	-829.3	-266.2
<b>Net debt</b>	<b>18,879.2</b>	<b>18,039.9</b>	<b>13,770.8</b>
Sales receivables	-239.8	-232.4	-201.2
<b>Adj. net debt</b>	<b>18,639.4</b>	<b>17,807.5</b>	<b>13,569.6</b>
Fair value of real estate portfolio	41,732.3	38,485.6	33,436.3
Shares in other real estate companies	734.5	666.6	642.2
<b>Adj. fair value of real estate portfolio</b>	<b>42,466.8</b>	<b>39,152.2</b>	<b>34,078.5</b>
<b>LTV</b>	<b>43.9%</b>	<b>45.5%</b>	<b>39.8%</b>

# Invest Cluster Offers Long-Term Organic Growth Potential

- 53% of portfolio in Invest Cluster and earmarked for value-enhancing investments in the next years
- Non-core sales almost completed
- 10% of portfolio outside of Germany



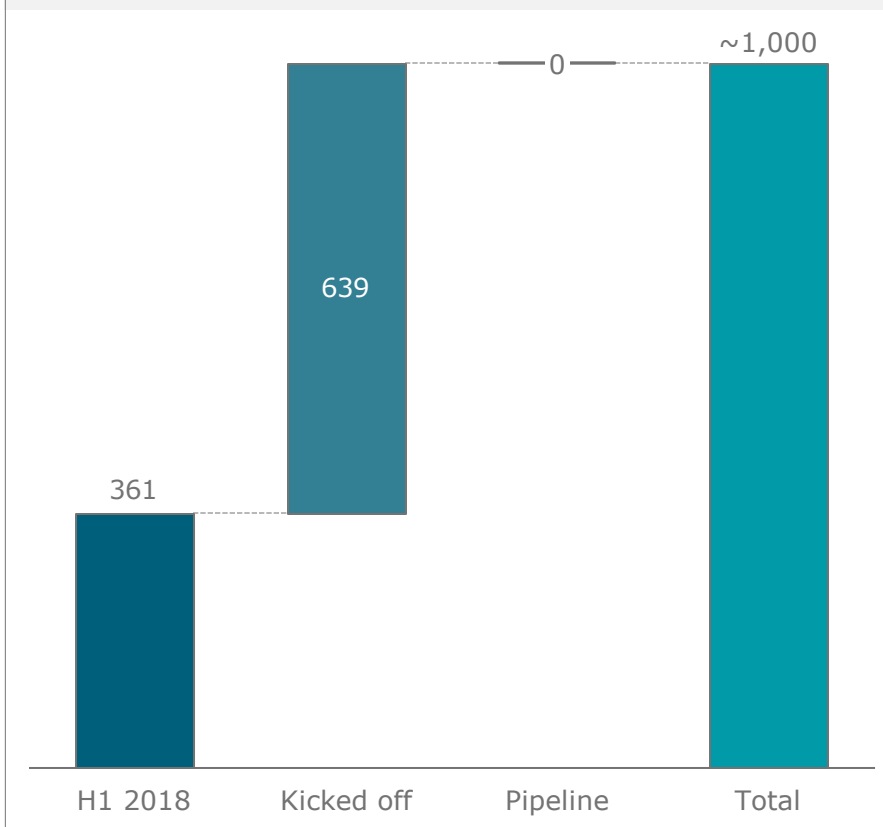
June 30, 2018	Residential	In-place rent	Vacancy rate	Fair value <sup>1</sup>	
	units	(€/sqm/month)	(%)	(€bn)	% of total
Operate	126,039	6.54	2.6	13.0	32%
Invest	217,270	6.35	2.6	21.4	53%
<b>Subtotal Strategic Clusters</b>	<b>343,309</b>	<b>6.42</b>	<b>2.6</b>	<b>34.4</b>	<b>85%</b>
Privatize	13,183	6.22	4.1	1.5	4%
Sell	10,167	5.34	5.1	0.6	1%
<b>Total Germany</b>	<b>366,659</b>	<b>6.38</b>	<b>2.7</b>	<b>36.5</b>	<b>90%</b>
Austria	23,215	4.56	4.2	2.5	6%
Sweden	14,052	8.83	1.4	1.6	4%

Note: In-place rents in Austria and Sweden are not fully comparable to Germany, as Sweden, for example, includes certain ancillary costs. The table above shows the rental level unadjusted to the German definition.  
<sup>1</sup> Fair value of the developed land excluding € 1,205.4 million, of which € 344.5 million for undeveloped land and inheritable building rights granted, € 251.9 million for assets under construction, € 461.7 million for development and € 147.3 million for other.

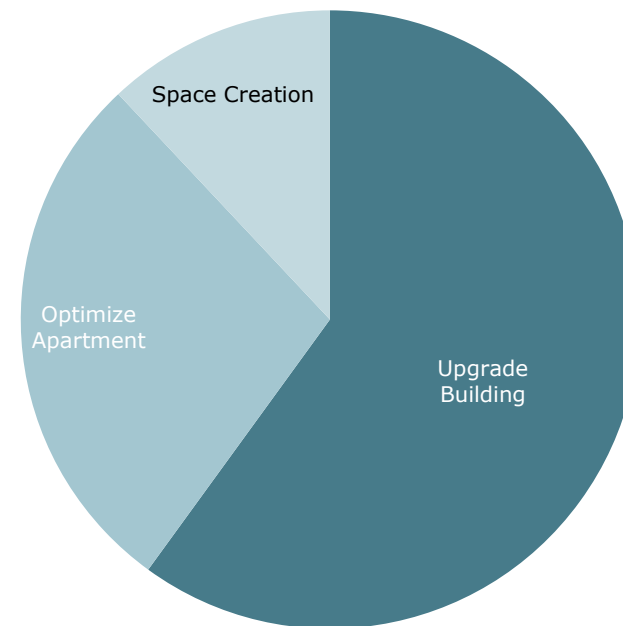
## €1bn Investment Program on Track

- 2018 investment program well underway.
- All investment projects kicked-off or already completed.

Investment program for calendar year 2018 (€m)



Distribution of investment funds for 2018 program year



Including €60m investments into Neighborhood Development which have been allocated to the respective categories.

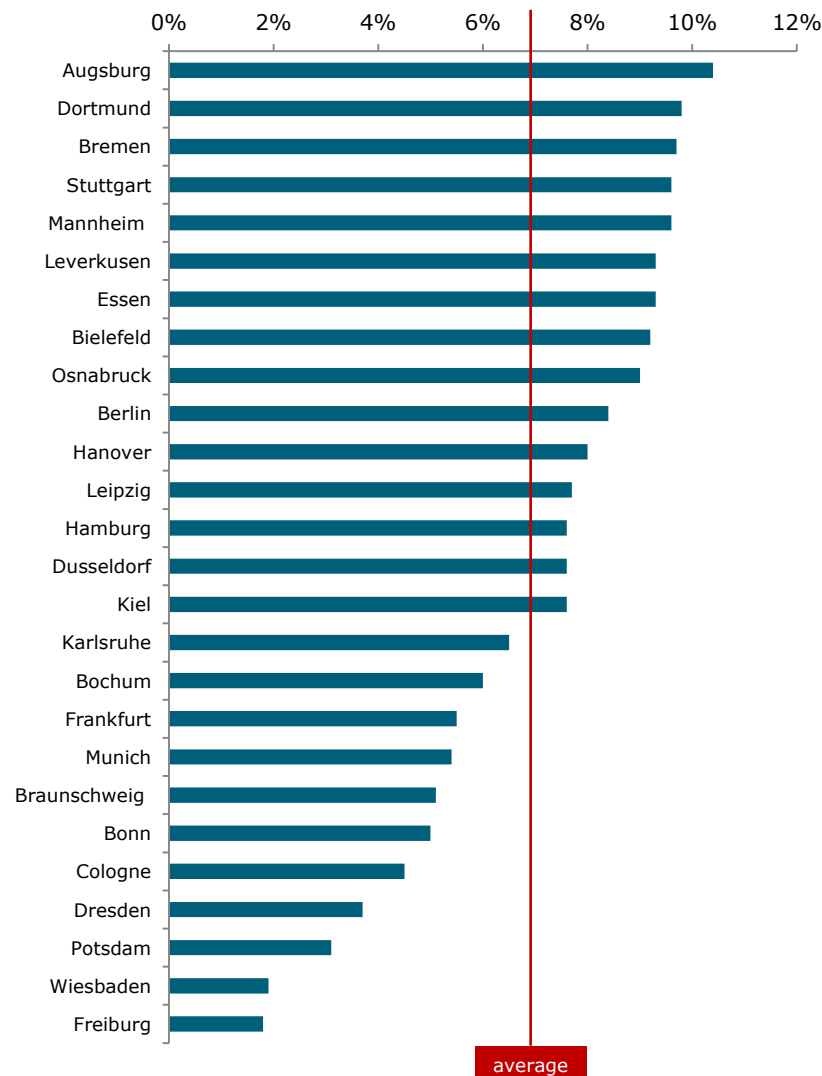
## L-f-I Value Uplift of 5.7%

- Valuation portfolio comprised the 20 largest cities of our German portfolio, plus six additional German locations and Vienna, representing ca. 2/3 of the entire portfolio. All other locations and values were left unchanged and adjusted only for capitalization.
- 6.9% I-f-I value growth on revalued portfolio, of which **5.7% I-f-I valuation uplift** (performance + yield compression).
- Total value growth of €1,765m represents 5.3% on the overall portfolio.
- German portfolio as of June 30, 2018, valued at €1,561/sqm, **20.5x** in-place rent multiple and **4.9% gross yield** (Dec. 31, 2017: €1,475/sqm, 19.7x in-place rent and 5.1% yield).

### Value drivers H1 (€m)

<b>Performance</b>	<b>268</b>
Rental development	228
Investments	40
<b>Investments</b>	<b>347</b>
Investments (within valuation portfolio)	240
Investments (outside of valuation portfolio)	107
<b>Yield compression</b>	<b>1,150</b>
<b>Total value uplift</b>	<b>1,765</b>

### H1 2018 fair value uplift (I-f-I)



- Adj. NAV is up 10.5% ytd or 3.5% per share in spite of 6.8% more issued shares.

€m (unless indicated otherwise)	Jun 30, 2018	Dec 31, 2017
Equity attributable to Vonovia's shareholders	16,916.2	15,080.8
Deferred taxes on investment properties and assets held for sale	7,253.8	6,185.7
Fair value of derivative financial instruments <sup>1</sup>	93.4	26.9
Deferred taxes on derivative financial instruments	-25.1	-8.8
<b>EPRA NAV</b>	<b>24,238.3</b>	<b>21,284.6</b>
Goodwill	-3,603.9	-2,613.5
Adj. NAV	20,634.4	18,671.1
<b>EPRA NAV €/share</b>	<b>46.79</b>	<b>43.88</b>
<b>Adj. NAV €/share</b>	<b>39.83</b>	<b>38.49</b>

<sup>1</sup> Adjusted for effects from cross currency swaps.

## Is Adj. NAV a good proxy for the value of a diverse operating business?

By definition, the Adj. NAV

- reflects the brick and mortar value of the buildings
- applies market terms and assumes the properties are owned by "anyone"

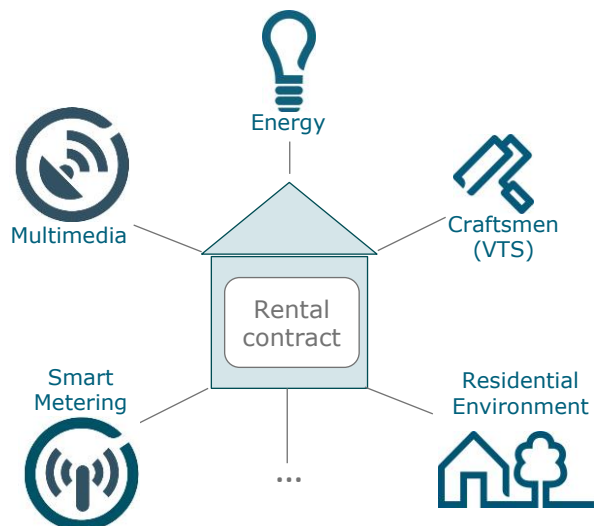
This approach ignores

- the Value-add Business
- the cost advantage and operating platform of a professional owner
- the development business
- the cash flow from privatization

# Growing Contribution from Value-add Business

## Concept

- Expansion of core business to extend the value chain by offering additional services and products that are directly linked to our customers and/or the properties and offer the same cash flow stability as the rental business.
- Insourcing of services to ensure maximum process management and cost control.
- Two types of Value-add Business
  1. External income (e.g. multimedia, smart metering)
  2. Internal savings (e.g. craftsmen, resi environment)
- New initiatives always follow same low risk pattern of
  - Prototype development
  - Proof of concept in pilot phase
  - Roll-out across portfolio

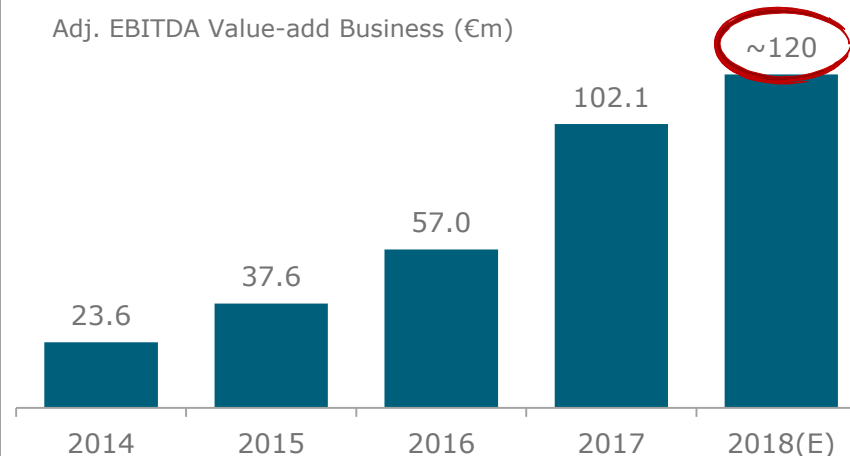


## Economics

- NAV does not account for Vonovia's Value-add Business.
- Applying the impairment test WACC<sup>1</sup> to the 2018E Adj. EBITDA Value-add Business translates into an additional value of ~€5.0 per share (~12% on top of H1 Adj. NAV).

Penetration	
Multimedia	ca. 80%
Smart metering	ca. 23%
Residential environment <sup>2</sup>	ca. 30%
Energy	~1%
Craftsmen VTS	ca. 70% (maintenance) ca. 40% (modernization) target is around 70% to allow for enough flexibility in the volumes and to enable continuous benchmarking to market prices

Adj. EBITDA Value-add Business (€m)



<sup>1</sup> Pre-tax WACC of 4.68% as per Dec. 31, 2017. <sup>2</sup> Gardening and landscaping work

## Sales – Steady Cash Flow at Attractive Margins

- Total sales volume in H1 2018 was **6,115 residential units** (prior-year period: 4,484), of which **1,030 from Privatization portfolio** (prior-year period: 1,160) and **5,085 from Sell portfolio** (prior-year period: 3,324).
- In spite of value growth of the portfolio, privatization fair value step-ups still came out to 30.5% for H1 2018.
- The sell portfolio disposals saw a record fair value step-up of 15.4% in H1 2018, driven largely by two block sales, as we are utilizing the high market liquidity to profitably dispose of our Sell Portfolio.
- The income and fair value figures of the Sell Portfolio for the prior-year period include a substantial amount of commercial property sales.

€m (unless indicated otherwise)	PRIVATIZATION		SELL PORTFOLIO		TOTAL	
	H1 2018	H1 2017	H1 2018	H1 2017	H1 2018	H1 2017
Income from disposal	124.2	142.7	230.0	559.2	354.2	701.9
Fair value of disposal	-95.2	-108.7	-199.3	-536.1	-294.5	-644.8
Adj. profit from disposal	29.0	34.0	30.7	23.1	59.7	57.1
Fair value step-up (%)	30.5%	31.3%	15.4%	4.3%		
Selling costs					11.4	-12.8
Adj. EBITDA Sales					48.3	44.3



	BUWOG	Victoria Park
Current Vonovia stake	<ul style="list-style-type: none"> <li>&gt; 90.7% voting rights</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 93.45% voting rights (including call options)</li> </ul>
Impact in 2018	<ul style="list-style-type: none"> <li>&gt; Starting with Q2</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Starting with Q3</li> </ul>
Integration	<ul style="list-style-type: none"> <li>&gt; Operational integration of German operating business fully on track and expected to be completed by the end of 2018.</li> <li>&gt; Synergy realization expected from 2019 onwards.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Victoria Park management and staff remain largely in place, as Victoria Park continues to run its business broadly unchanged.</li> <li>&gt; Feasibility of joint purchasing, modernization work and refinancing opportunities being reviewed.</li> <li>&gt; No integration planned as Victoria Park serves as the platform for Vonovia's potential growth in Sweden.</li> </ul>
Next steps	<ul style="list-style-type: none"> <li>&gt; Buwog EGM to resolve on the Squeeze-out scheduled for Oct. 2.</li> <li>&gt; Cash compensation for minority shareholders of €29.05 per share.</li> </ul>	

## Comments

- > European activities enhance accretive acquisition opportunities.
- > Similar to Germany, we closely monitor these clearly defined geographies for opportunities, applying the same acquisition criteria:
  - > **Austria** – run combined Buwog and convert portfolio as scalable business. Disposals more prominent in Austrian business model because of low exit yields
  - > **Sweden** – build on Victoria Park platform and consolidate Swedish residential market
  - > **France** – largest long-term opportunity. Not material at this point and only a viable long-term option to the extent legislation changes and allows the payout of economic dividends from social housing
  - > **Netherlands** – attractive market but no opportunities or viable partner at this point
- > Other countries are not in our focus due to fundamentals, (lack of) regulation or similar related issues.

# Increased Guidance Suggests ca. 8% FFO per share Growth

	2017 Actuals	2018 Guidance		
		Initial (Nov. 2017) Excl. Buwog & Victoria Park	Update (May 2018) Excl. Buwog & Victoria Park	Update (Aug. 2018) Incl. Buwog & Victoria Park <sup>1</sup>
Organic rent growth (eop)	4.2%	4.6% - 4.8%	4.6% - 4.8%	~4.4% <sup>2</sup> (VNA stand-alone)
Vacancy (eop)	2.5%	<2.5%	<2.5%	<2.5%
Rental Income (€m)	1,667.9	1,660 - 1,680	1,670 - 1,690	1,890 - 1,910
FFO1 (€m)	920.8	960 - 980	1,000 - 1,020 (VNA stand-alone)	1,050 - 1,070
FFO 1 (€/share, eop)	1.90	1.98 - 2.02	2.06 - 2.10 (VNA stand-alone)	2.03 - 2.07
Maintenance (€m)	346.2	~360	~360	~410
Modernization & Investments (€m)	778.6	~1,000	~1,000	~1,000
Privatization (number of units)	2,608	~2,300	~2,300	~2,800
FV step-up (Privatization)	32.7%	~30%	~30%	30% - 35%
Sell portfolio disposals (number of units)	11,780	opportunistic	opportunistic	up to 14,000
FV step-up (Sell Portfolio)	7.9%	>0%	~5%	10% - 15%
Dividend/share	€1.32	~70% of FFO1	~70% of FFO1	~70% of FFO1
Underlying number of shares	485.1	485.1	485.1	518.1

<sup>1</sup> Buwog contribution for 9 months and without synergies and Victoria Park contribution for 6 months and without synergies.

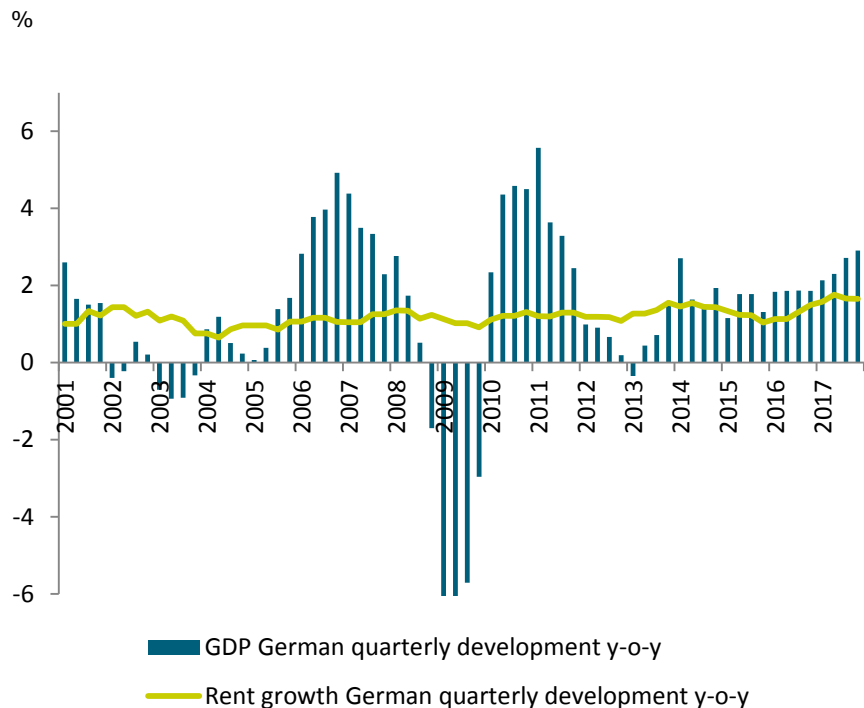
<sup>2</sup> Excl. Buwog & Victoria Park. Adjustment to ~4.4% is purely timing-related and driven by (i) lower-than-anticipated new construction volume as a result of building permits taking too long and (ii) a small share of the rent growth from the modernization investments getting pushed into early 2019, as some projects cannot be fully settled by September, which is the deadline for including the projects in the 2018 organic rent growth. This slight delay is caused by poor weather conditions in the beginning of the year as well as limited craftsmen availability for carrying out the work on time and on budget.

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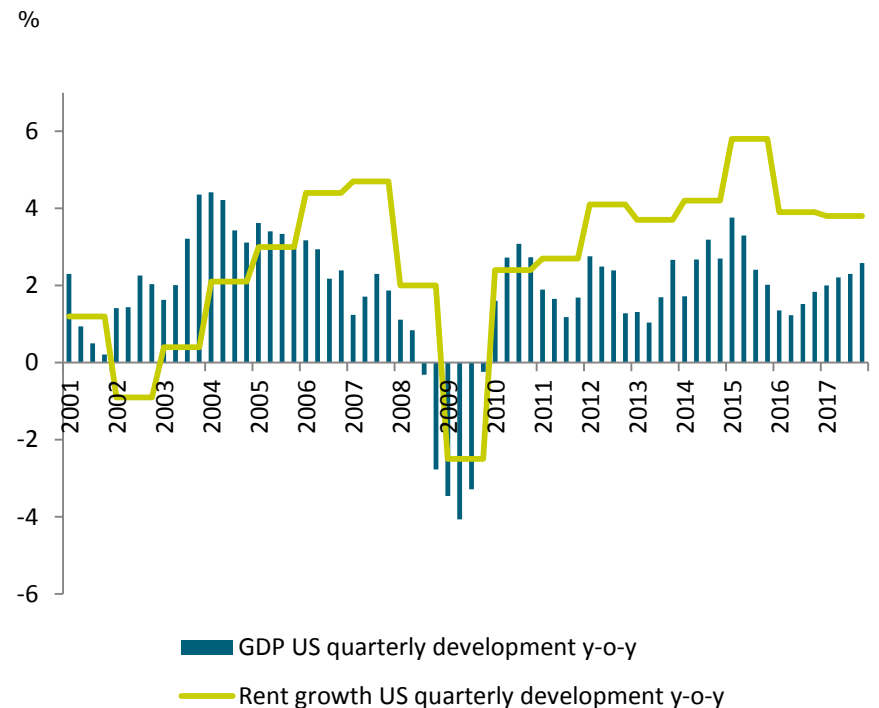
## Rental regulation safeguards high degree of stability

- Contrary to most other jurisdictions such as the USA, rental growth in Germany is regulated and not directly linked to CPI, GDP development etc.
- Rents are regulated via “Mietspiegel” (city-specific rent indices), which look at the asking rents of the previous four years to determine a rent growth level for existing tenants for the next two years.

### Germany: regulated market ensures sustainable rent growth



### USA: rent growth is highly volatile



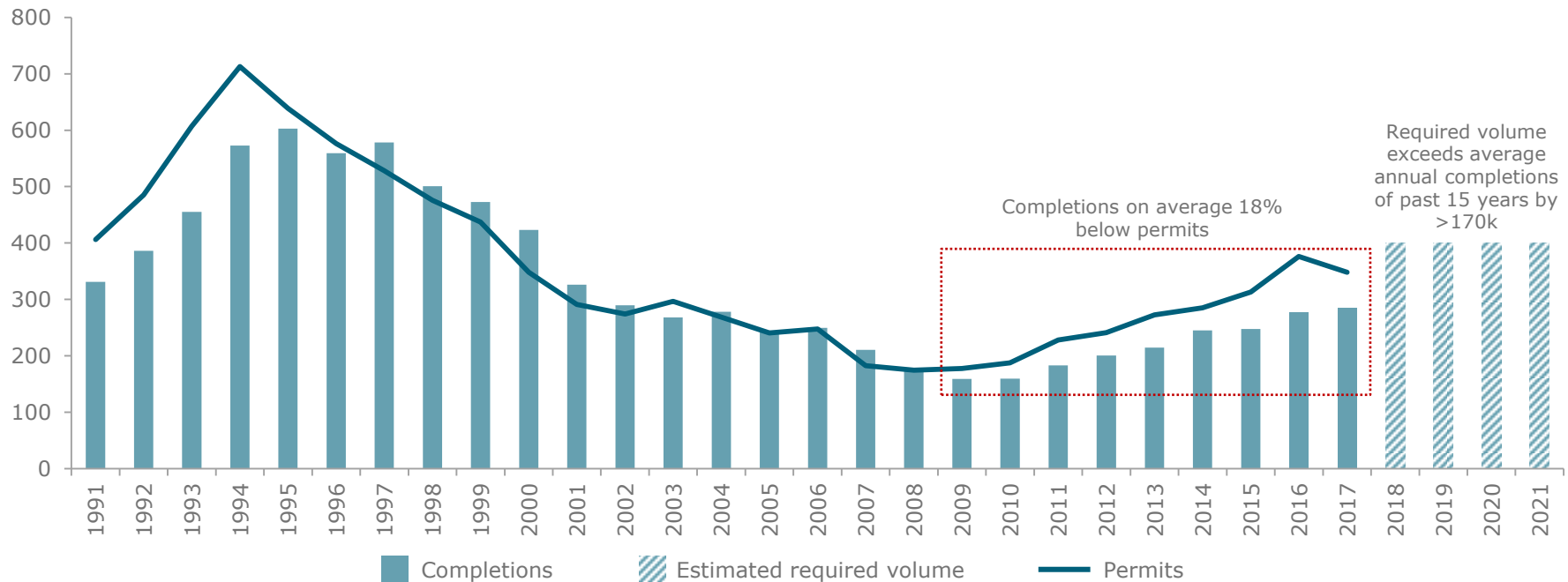
Sources: Federal Statistics Office, GdW (German Association of Professional Homeowners), REIS, BofA Merrill Lynch Global Research, OECD.  
 Note: Due to lack of q-o-q US rent growth data, the annual rent growth for a year is assumed to also be the q-o-q rent growth of that year.

# German Residential – Landlords Benefit from Structural Imbalance between Supply and Demand

## New supply falls short of demand

- Consensus estimates see a current shortage of around 1 million apartments in urban areas. Three main constraints stand in the way of material changes in the short and even medium term:
  - Building permits often take several years because city administrations lack qualified personnel.
  - Severe shortage of building capacity after years of downsizing.
  - Substantial gap between in-place values and market replacement cost render construction in affordable segment economically unfeasible.

## Residential building permits and new construction volume ('000 units)

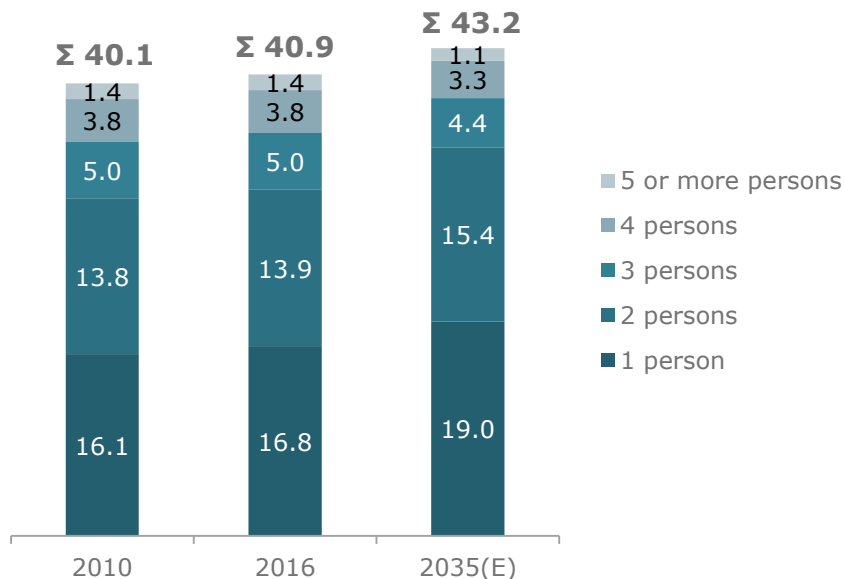


Sources: Federal Statistics Office, IW Köln, GdW (German Association of Professional Homeowners)

## Growing number of smaller households

- While the overall population in Germany is expected to slightly decline, the number of households is forecast to grow until at least 2035 with a clear trend towards smaller households.
- The household growth is driven by various demographic and social trends including divorce rates, employment mobility etc.

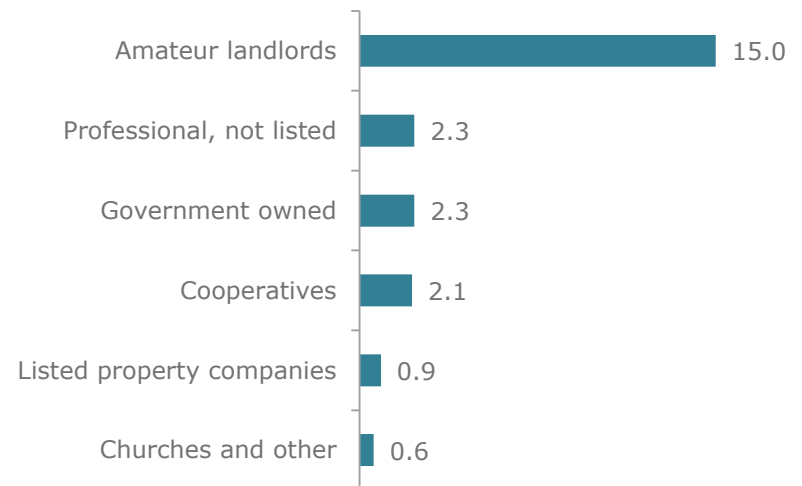
Distribution of household sizes (million)



## Fragmented ownership structure

- Germany is the largest housing market in Europe with ~42m housing units, of which ~23m are rental units.
- Ownership structure is highly fragmented and majority of owners are non-professional landlords.
- Listed sector represents ~4% of total rental market.

Ownership structure (million units)

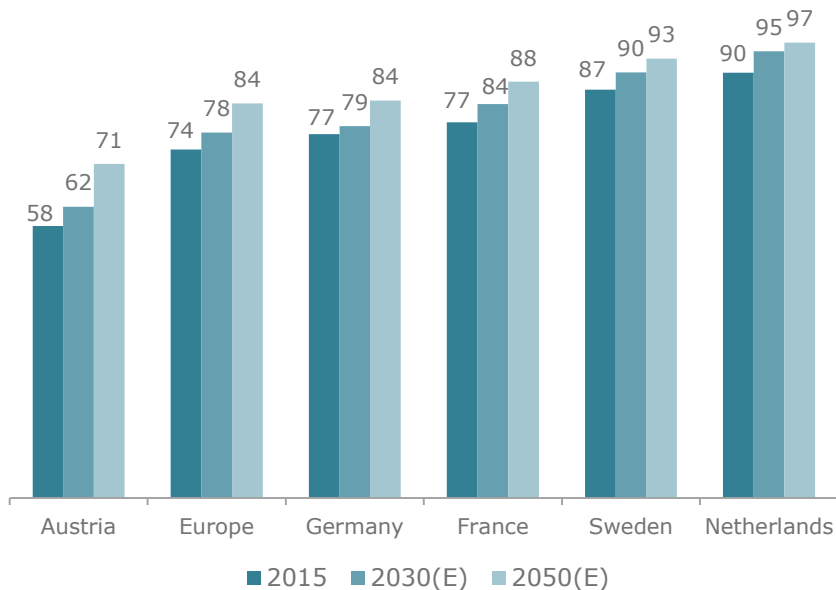


Sources: German Federal Statistics Office, GdW (German Association of Professional Homeowners). 2035(E) household numbers are based on trend scenario of the German Federal Statistics Office.

## Urbanization trend across Europe

- Cities across Europe are on the rise and the population living in cities is expected to grow substantially by 2030 and 2050, respectively.

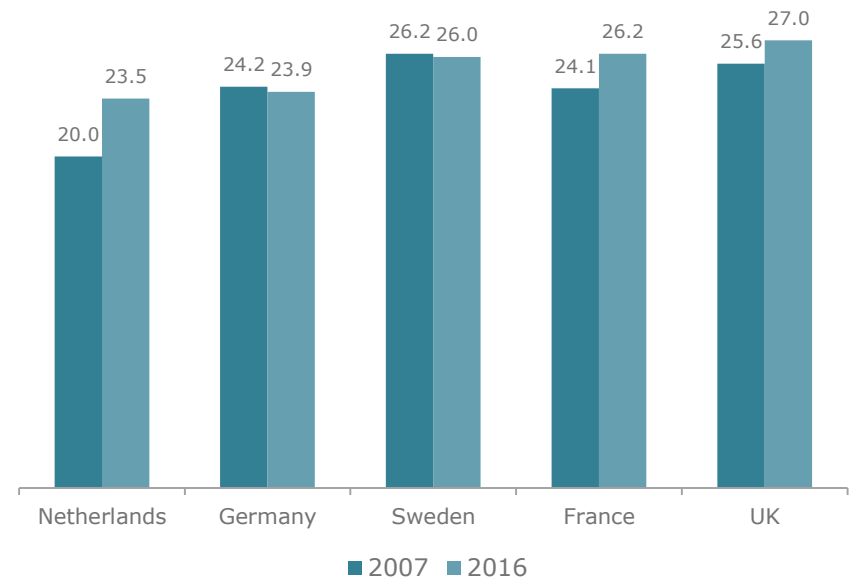
% of population living in urban areas



## Increasing affordability in Germany

- Affordability in Germany is higher than France, UK, Spain and the Netherlands.
- Whereas most other European countries saw an increase, the share of rent-related payments in relation to disposable income declined in Germany between 2007 and 2016.

Rent as % of disposable household income\*



\*Share of disposable household income spent on rent, water, electricity and fuel

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## Financial Calendar

Sep 24	GS/Berenberg German Corporate Conference, Munich
Sep 25	Baader Investment Conference, Munich <sup>1</sup>
Sep 26	BofAML Global Real Estate Conference, New York
Sep 28	Societe Generale Pan-European Real Estate Conference, London
Oct 10-11	Roadshow Scandinavia, Copenhagen & Stockholm <sup>1</sup>
Nov 12-16	Roadshow Asia (Tokyo, Seoul, HK, Kuala Lumpur, Singapore)
<b>Dec 6</b>	<b>Interim results 9M 2018</b>
Dec 7-13	Roadshow Europe (Zurich, Paris, London, Amsterdam)
Dec 12	EPRA Corporate Access Day, London
<b>Mar 7, 2019</b>	<b>FY2018 Results</b>
<b>May 7, 2019</b>	<b>Interim results 3M 2019</b>
May 16, 2019	Annual General Meeting
Jun 4-5, 2019	Capital Markets Day
<b>Aug 2, 2019</b>	<b>Interim results 6M 2019</b>
<b>Nov 5, 2019</b>	<b>Interim results 9M 2019</b>

<sup>1</sup> IR only



Pages	Content
26-38	H1 Results – Additional Data
39-40	Maintenance ≠ Capex ≠ Modernization Investments
41-45	Financing
46-47	Acquisitions
48	Dividend Track Record
49	Fair Value per sqm Evolution
50	Portfolio Evolution
51-53	Vonovia Shares
54-59	Sustainability
60	No Correlation between German Residential Yields and Interest Rates
61	Three Layers of Perception
62-64	Management Compensation
65-69	Pictures
70	Disclaimer

## Continued EBITDA Margin Expansion

- Adj. EBITDA Operations is up 4.1% to €632.6m.
- EBITDA Operations margin (excl. maintenance) expanded to 90.9%.



€m	H1 2018	H1 2017	Delta
Rental income	838.8	833.2	+0.7%
Maintenance expenses	-131.6	-127.3	+3.4%
Operating expenses	-110.2	-132.4	-16.8%
<b>Adj. EBITDA Rental</b>	<b>597.0</b>	<b>573.5</b>	<b>+4.1%</b>
Income	610.4	483.8	+26.2%
of which external	88.3	80.1	+10.2%
of which internal	522.1	403.7	+29.3%
Operating expenses	-558.7	-438.2	+27.5%
<b>Adj. EBITDA Value-add Business</b>	<b>51.7</b>	<b>45.6</b>	<b>+13.4%</b>
Adj. EBITDA Other <sup>1</sup>	-16.1	-11.5	+40.0%
<b>Adj. EBITDA Operations</b>	<b>632.6</b>	<b>607.6</b>	<b>+4.1%</b>

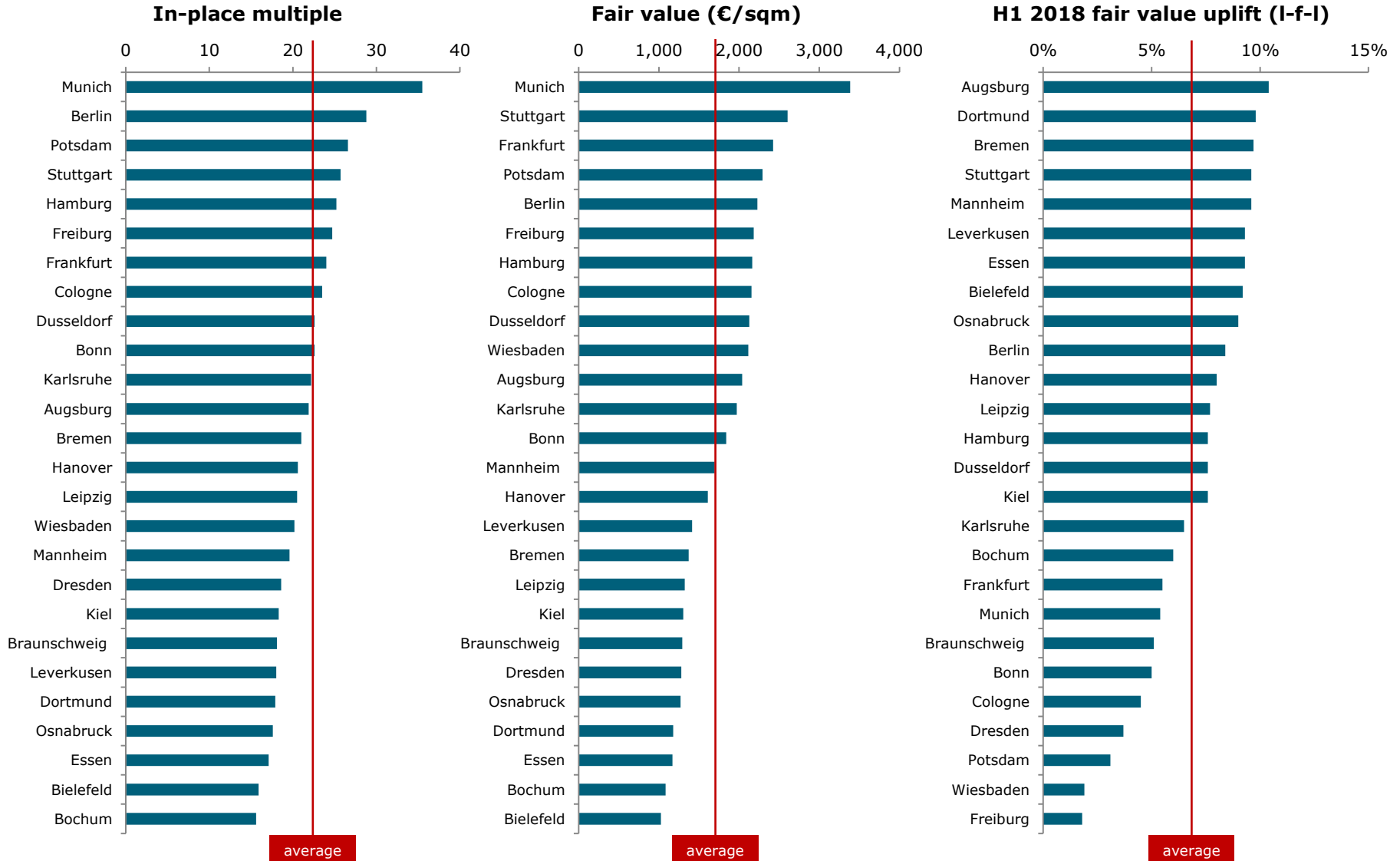
<sup>1</sup> Mainly consolidation

## Continued FFO Growth

- Driven by better operational performance and lower interest expenses, FFO1 was up 11.5% y-o-y or 2.5% per share (eop) in spite of 8.7% more issued shares.

€m (unless indicated otherwise)	H1 2018	H1 2017	Delta
Adj. EBITDA Operations	632.6	607.6	4.1%
Interest expense FFO 1	-114.3	-138.0	-17.2%
Current income taxes FFO 1	-8.0	-11.9	-32.8%
FFO 1	510.3	457.7	11.5%
of which attributable to Vonovia's shareholders	484.7	431.1	12.4%
of which attributable to Vonovia's hybrid capital investors	20.0	20.0	0.0%
of which attributable to non-controlling interests	5.6	6.6	-15.2%
Capitalized maintenance	-49.1	-30.5	61.0%
AFFO	461.2	427.2	8.0%
Adjusted EBITDA Sales	48.3	44.3	9.0%
Current income taxes FFO 2	-13.8	-20.1	-31.3%
FFO 2	544.8	481.9	13.1%
FFO 1 € / share (eop NOSH) (H1 2018: 518.1m; H1 2017: 476.5m)	0.98	0.96	2.5%
FFO 1 € / share (avg. NOSH) (H1 2018: 493.2m; H1 2017: 468.2m)	1.03	0.98	5.8%

- 8.7% higher NOSH y-o-y
- Back-of-an-envelope calculation: **pro forma FFO 1 including full contribution from Buwog and Victoria Park in H1 would be ~€36m or ~7 cents higher**

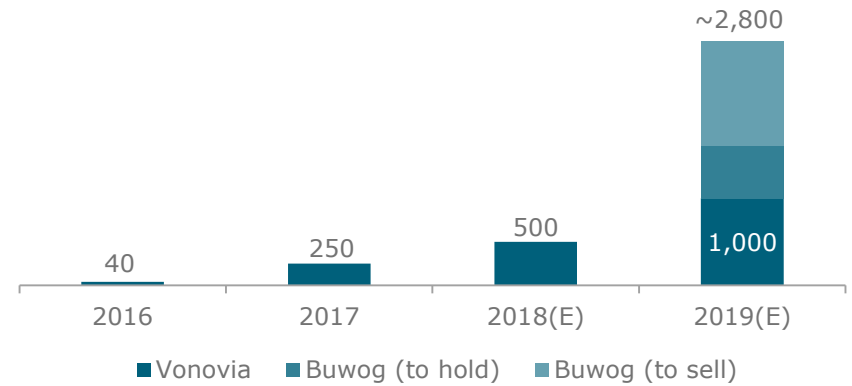


# New Construction Update

## Commentary

- The obstacle to higher construction volumes remains building permits, which continue to take very long in most cities.
- In aggregate, the Vonovia Space Creation plus the Buwog Development Business are expected to deliver ca. 2,800 completions next year.

## Evolution of completions



## Geographic split of Vonovia completions since 2016



## Sample floor plan



# Buwog Development Projects Approved since Takeover

Location	Project	Completion (est.)	Investment volume	Hold vs. sell (est.)
Berlin 	"Kompasshäuser" (50 resi units) "Haus an der Dahme" (33 resi units) (Part of 52° Nord Project with a total of 1,019 residential units of which 216 have been completed)	05/2020	ca. €30m	 ■ Hold ■ Sell
Vienna 	Marina Tower (486 resi units, 7 commercial units)  Marina Plaza (409 resi units, Rezoning required)	3/2021  10/2023	ca. €114m  ca. €140m	 ■ Hold ■ Sell
Vienna 	ERnteLAA (191 resi units, 3 commercial units)	05/2020	Ca. €36m	 ■ Hold ■ Sell

# Reconciliation IFRS Profit to FFO

€m (unless indicated otherwise)	H1 2018	H1 2017	Delta
<b>IFRS PROFIT FOR THE PERIOD</b>	<b>1,200.0</b>	<b>1,064.6</b>	+12.7%
Financial result <sup>1</sup>	195.7	148.6	+31.7%
Income taxes	646.7	588.0	+10.0%
Depreciation and amortization	23.3	14.9	+56.4%
Net income from fair value adjustments of investment properties	-1,372.9	-1,164.7	+17.9%
<b>= EBITDA IFRS</b>	<b>692.8</b>	<b>651.4</b>	+6.4%
EBITDA IFRS BUWOG	-40.7	-	-
Non-recurring items	50.5	46.3	+9.1%
Total period adjustments from assets held for sale	-7.8	-32.9	-76.3%
Financial income from investments in other real estate companies	-13.9	-12.9	+7.8%
<b>= ADJUSTED EBITDA</b>	<b>680.9</b>	<b>651.9</b>	+4.4%
Adjusted EBITDA Sales	-48.3	-44.3	+9.0%
<b>= ADJUSTED EBITDA OPERATIONS</b>	<b>632.6</b>	<b>607.6</b>	+4.1%
FFO interest expense <sup>2</sup>	-114.3	-138.0	-17.2%
Current income taxes FFO1	-8.0	-11.9	-32.8%
<b>= FFO1</b>	<b>510.3</b>	<b>457.7</b>	+11.5%
Capitalized maintenance	-49.1	-30.5	+61.0%
<b>= AFFO</b>	<b>461.2</b>	<b>427.2</b>	+8.0%
Current income taxes Sales	-13.8	-20.1	-31.3%
<b>FFO2 (FFO1 incl. Adjusted EBITDA Sales / Current income taxes Sales)</b>	<b>544.8</b>	<b>481.9</b>	+13.1%
FFO1 per share in € (eop NOSH)	0.98	0.96	+2.5%
AFFO per share in € (eop NOSH)	0.89	0.90	-0.8%
Number of shares (million) eop	518.1	476.5	

<sup>1</sup> Excluding income from investments. <sup>2</sup> Including financial income from investments in other real estate companies.

€m (unless indicated otherwise)	H1 2018	H1 2017	Delta
Income from property letting	1,258.6	1,171.6	+7.4%
Other income from property management	24.3	20.8	+16.7%
<b>Income from property management</b>	<b>1,282.9</b>	<b>1,192.4</b>	<b>+7.6%</b>
Income from disposal of properties	386.4	701.9	-44.9%
Carrying amount of properties sold	-340.5	-664.9	-48.8%
Revaluation of assets held for sale	34.6	53.1	-34.8%
<b>Profit on disposal of properties</b>	<b>80.5</b>	<b>90.1</b>	<b>-10.7%</b>
Income from the disposal of properties (Development)	73.5	-	-
Cost of sold properties	-60.6	-	-
Profit on the disposal of properties (Development)	12.9	-	-
<b>Net income from fair value adjustments of investment properties</b>	<b>1,372.9</b>	<b>1,164.7</b>	<b>+17.9%</b>
Capitalized internal expenses	255.7	199.5	+28.2%
Cost of materials	-627.3	-569.5	+10.1%
Personnel expenses	-236.9	-207.6	+14.1%
Depreciation and amortization	-23.3	-14.9	+56.4%
Other operating income	50.4	51.5	-2.1%
Other operating expenses	-146.8	-124.4	+18.0%
Financial income	26.6	43.7	-39.1%
Financial expenses	-200.9	-172.9	+16.2%
<b>Earnings before taxes</b>	<b>1,846.7</b>	<b>1,652.6</b>	<b>+11.8%</b>
Income taxes	-646.7	-588.0	+10.0%
<b>Profit for the period</b>	<b>1,200.0</b>	<b>1,064.6</b>	<b>+12.7%</b>
Attributable to:			
Vonovia's shareholders	1,143.4	993.2	+15.1%
Vonovia's hybrid capital investors	14.8	14.8	0%
Non-controlling interests	41.8	56.6	-26.1%
<b>Earnings per share (basic and diluted) in €</b>	<b>2.30</b>	<b>2.12</b>	<b>+8.5%</b>



# IFRS Balance Sheet (1/2 – Total Assets)

€m (unless indicated otherwise)	Jun. 30, 2018	Dec. 31, 2017	Delta
<b>Assets</b>			
Intangible assets	3,705.7	2,637.1	40.5%
Property, plant and equipment	222.1	177.6	25.1%
Investment properties	40,992.2	33,182.8	23.5%
Financial assets	808.4	698.0	15.8%
Other assets	18.9	13.8	37.0%
Deferred tax assets	10.5	10.3	1.9%
<b>Total non-current assets</b>	<b>45,757.8</b>	<b>36,719.6</b>	24.6%
Inventories	6.6	6.2	6.5%
Trade receivables	441.0	234.9	87.7%
Financial assets	14.2	0.5	>100%
Other assets	193.3	98.4	96.4%
Income tax receivables	44.2	47.9	-7.7%
Cash and cash equivalents	865.8	266.2	>100%
Real estate inventories	309.7	-	-
Assets held for sale	155.0	142.6	8.7%
<b>Total current assets</b>	<b>2,029.8</b>	<b>796.7</b>	>100%
<b>Total assets</b>	<b>47,787.6</b>	<b>37,516.3</b>	27.4%

# IFRS Balance Sheet (2/2 – Total Equity and Liabilities)

VONOVIA

€m (unless indicated otherwise)	Jun. 30, 2018	Dec. 31, 2017	Delta
<b>Equity and liabilities</b>			
Subscribed capital	518.1	485.1	+6.8%
Capital reserves	7,182.2	5,966.3	+20.4%
Retained earnings	8,978.8	8,471.6	+6.0%
Other reserves	237.1	157.8	+50.3%
<b>Total equity attributable to Vonovia's shareholders</b>	<b>16,916.2</b>	<b>15,080.8</b>	+12.2%
Equity attributable to hybrid capital investors	1,021.4	1,001.6	+2.0%
<b>Total equity attributable to Vonovia's shareholders and hybrid capital investors</b>	<b>17,937.6</b>	<b>16,082.4</b>	+11.5%
Non-controlling interests	937.7	608.8	+54.0%
<b>Total equity</b>	<b>18,875.3</b>	<b>16,691.2</b>	+13.1%
Provisions	603.5	607.2	-0.6%
Trade payables	1.0	2.4	-58.3%
Non derivative financial liabilities	17,848.6	12,459.4	+43.3%
Derivatives	68.8	8.7	>100%
Liabilities from finance leases	94.5	94.7	-0.2%
Liabilities to non-controlling interests	31.7	24.9	+27.3%
Financial liabilities from tenant financing	54.7	-	-
Other liabilities	49.9	65.3	-23.6%
Deferred tax liabilities	6,388.4	5,322.6	+20.0%
<b>Total non-current liabilities</b>	<b>25,141.1</b>	<b>18,585.2</b>	+35.3%
Provisions	405.1	376.5	+7.6%
Trade payables	207.4	130.7	+58.7%
Non derivative financial liabilities	1,926.0	1,601.1	+20.3%
Derivatives	362.2	4.4	>100%
Liabilities from finance leases	4.8	4.6	+4.3%
Liabilities to non-controlling interests	6.7	9.0	-25.6%
Financial liabilities from tenant financing	100.2	7.7	>100%
Other liabilities	758.8	105.9	>100%
<b>Total current liabilities</b>	<b>3,771.2</b>	<b>2,239.9</b>	+68.4%
<b>Total liabilities</b>	<b>28,912.3</b>	<b>20,825.1</b>	+38.8%
<b>Total equity and liabilities</b>	<b>47,787.6</b>	<b>37,516.3</b>	+27.4%

€m (unless indicated otherwise)	H1 2018	H1 2017	Delta
Cash flow from operating activities	513.5	475.4	8.0%
Cash flow from investing activities	-3,158.7	-1,179.0	>100%
Cash flow from financing activities	3,244.8	-459.1	---
<b>Net changes in cash and cash equivalents</b>	<b>599.6</b>	<b>-1,162.7</b>	<b>---</b>
Cash and cash equivalents at the beginning of the period	266.2	1,540.8	-82.7%
<b>Cash and cash equivalents at the end of the period</b>	<b>865.8</b>	<b>378.1</b>	<b>&gt;100%</b>

€m (unless indicated otherwise)	H1 2018	H1 2017	Delta
Expenses for ancillary costs	334.1	317.5	5.2%
Expenses for maintenance	247.4	204.0	21.3%
Other cost of purchased goods and services	45.8	48.0	-4.6%
<b>Total cost of materials</b>	<b>627.3</b>	<b>569.5</b>	<b>10.1%</b>

# All Strategic Markets Show Upward Potential

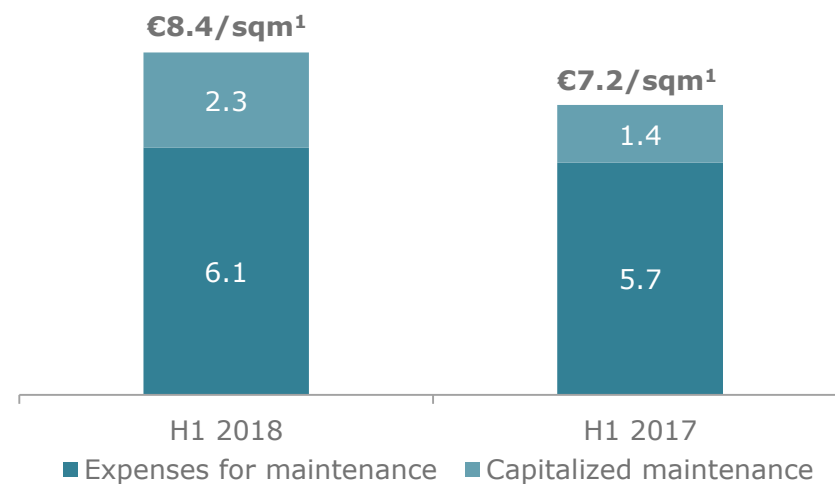
Regional Market	Fair value <sup>1</sup>		In-place rent								Average rent growth forecast CBRE (5 yrs) (%)	Reversionary potential <sup>2</sup> (%) from Optimize Apartments
	(€m)	(€/sqm)	Residential units	Living area ('000 sqm)	Vacancy (%)	Total (p.a., €m)	Residential (p.a., €m)	Residential (€/sqm/month)	Organic rent growth (%)	Multiple (In-place rent)		
Berlin	6,328	2,183	44,010	2,806	1.9	225	214	6.46	3.9	28.2	4.3	47.7
Rhine Main Area (Frankfurt, Darmstadt, Wiesbaden)	3,650	2,022	27,821	1,775	2.4	170	164	7.83	3.9	21.5	3.5	41.7
Rhineland (Cologne, Düsseldorf, Bonn)	3,376	1,650	29,699	1,989	3.0	168	160	6.91	3.3	20.1	3.1	27.1
Southern Ruhr Area (Dortmund, Essen, Bochum)	3,124	1,140	43,836	2,680	3.4	185	179	5.76	4.5	16.9	2.9	30.4
Dresden	2,980	1,275	38,576	2,194	2.8	161	151	5.88	3.8	18.5	3.7	33.2
Hamburg	2,348	1,796	20,095	1,274	1.7	107	102	6.80	4.6	22.0	3.3	43.7
Munich	1,902	2,900	9,695	637	0.9	64	60	7.88	3.7	29.9	4.8	55.1
Stuttgart	1,826	1,989	14,116	889	1.9	84	80	7.65	3.1	21.8	3.1	40.3
Kiel	1,816	1,289	23,475	1,351	2.0	101	95	6.00	5.6	18.0	3.2	39.9
Hanover	1,511	1,448	16,261	1,023	2.8	78	75	6.31	5.1	19.3	2.9	40.6
Northern Ruhr Area (Duisburg, Gelsenkirchen)	1,442	873	26,394	1,631	3.6	107	103	5.49	4.5	13.5	2.4	25.8
Bremen	1,036	1,365	12,090	733	3.5	50	47	5.54	3.1	20.9	3.6	29.7
Leipzig	809	1,303	9,166	587	5.1	42	39	5.85	3.0	19.4	2.9	25.5
Westphalia (Münster, Osnabrück)	723	1,164	9,475	614	2.5	42	41	5.77	5.1	17.0	3.0	40.0
Freiburg	554	1,984	4,044	276	1.7	24	23	7.12	4.3	23.2	4.1	44.6
Other Strategic Locations	2,348	1,359	26,648	1,690	2.8	131	126	6.40	4.8	17.9	3.3	40.2
<b>Total Strategic Locations Germany</b>	<b>35,772</b>	<b>1,567</b>	<b>355,401</b>	<b>22,149</b>	<b>2.7</b>	<b>1,738</b>	<b>1,659</b>	<b>6.41</b>	<b>4.1</b>	<b>20.6</b>	<b>3.4</b>	<b>36.4</b>
Austria	2,468	1,299	23,215	1,733	4.2	108	91	4.56	n/a	22.8	n/a	n/a
Sweden	1,599	1,462	14,052	997	1.4	115	104	8.83	n/a	14.0	n/a	n/a

Note: In-place rents in Austria and Sweden are not fully comparable to Germany, as Sweden, for example, includes certain ancillary costs. The table above shows the rental level unadjusted to the German definition.

<sup>1</sup> Fair value of the developed land excluding € 1,205.4 million, of which € 344.5 million for undeveloped land and inheritable building rights granted, € 251.9 million for assets under construction, € 461.7 million for development and € 147.3 million for other.

<sup>2</sup> Average spread between new rents and old rents for all relettings under Optimize Apartment investment strategy.

€m (unless indicated otherwise)	H1 2018	H1 2017	Delta
Expenses for maintenance	131.6	127.3	3.4%
Capitalized maintenance	50.5	31.5	60.3%
Total	182.1	158.8	14.7%
Maintenance capitalization ratio	28%	20%	4,0%



<sup>1</sup> All numbers stand-alone Vonovia, excluding Buwog and Victoria Park.

## Modernization is not capex

- Capex is a maintenance expense that is capitalized on the balance sheet because it has a value-enhancing element.
- In contrast to modernization investments, capex does not result in rent growth.
- Capex is not discretionary.

## Modernization is NAV accretive

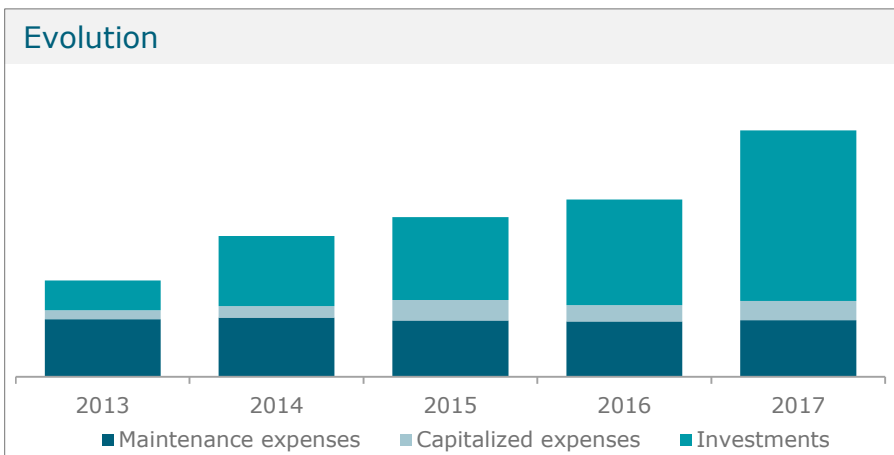
- Our annual €1bn modernization program does not require new equity.
- The equity portion comes from the FFO 1 funds that are not paid out as dividends.
- The remainder is funded with debt (often specific debt facilities dedicated to modernization work and at very favorable terms).
- The value rerating following the modernization work renders the investment program LTV neutral.
- Modernization investment leads to rent growth and increases performance (and dividend potential).

## In terms of cash, modernization is similar to an acquisition

- Equity or organic cash flow is invested (usually supplemented with debt) for a return.
- The yield on that investment contributes to future rent growth / cash flows.

# Maintenance ≠ Capitalized Expenses ≠ Modernization Investments

	Description	Relevant for FFO and P&L	Relevant for AFFO	Relevant for cash flow	Comes with a yield and generates rent growth	Capitalized on the balance sheet	German Civil Code Regulation
Three clearly distinguishable categories in German Resi	Maintenance expenses	• Required to broadly maintain the property value	✓	✓	✓	✗	§558
	Capitalized expenses	• <u>Protect</u> future EBITDAs • Reactive, non-discretionary	✗	✓	✓	✗	
	Modernization investments	• Changes character of a building or flat • <u>Enhance</u> future EBITDAs • Pro-active, discretionary	✗	✗	✓	✓	✓

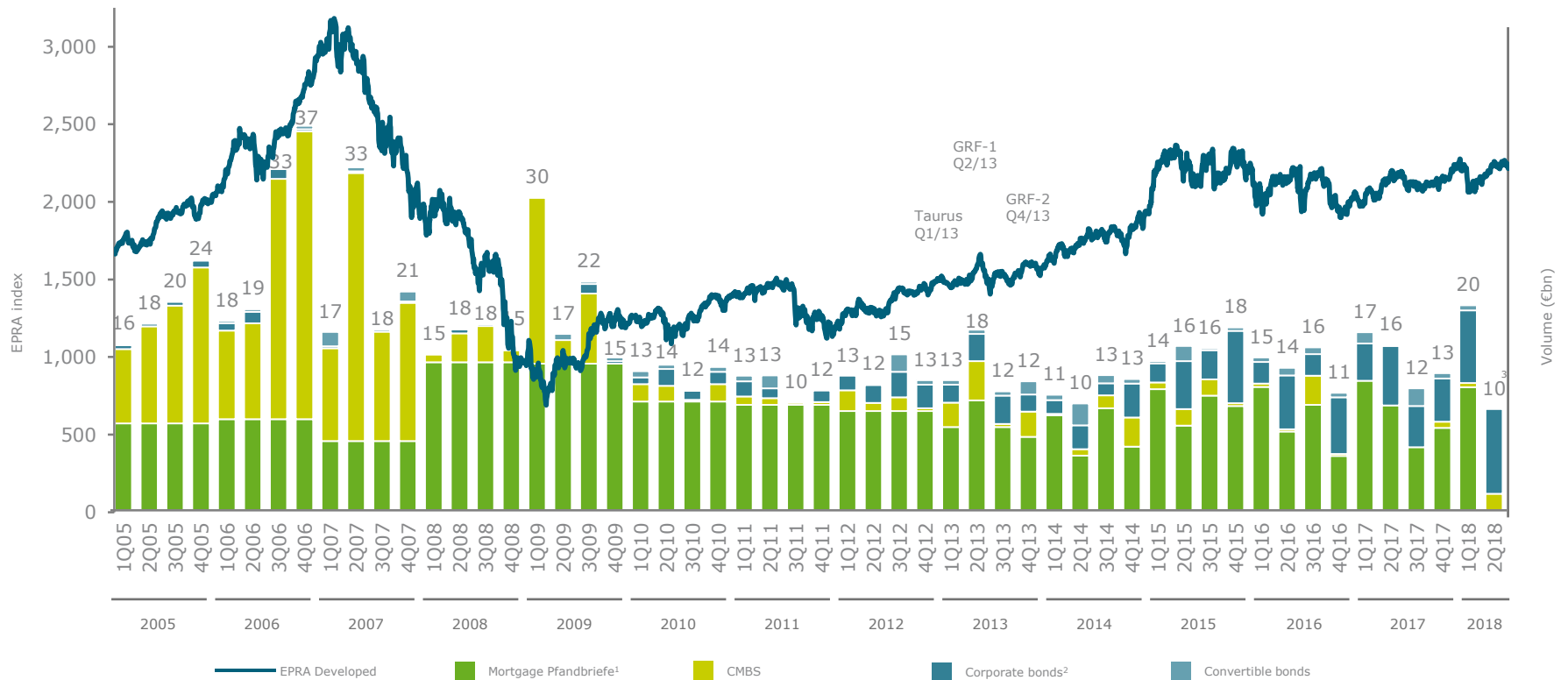


Note: "Modernization investments" on this page also includes space creation investments.

- Disclosure differs within German Resi Sector, as capitalized expenses and modernization investments are often disclosed as one even though German Civil Code Regulation allows for and even requires separate treatment of capitalized expenses and modernization investments.
- Subtracting modernization investment in Vonovia's AFFO is questionable, as modernization investments are, similar to an acquisition,
  - partly debt-financed
  - discretionary
- Impact of modernization investments on rent growth is similar to an acquisition, hence the inclusion in organic rent growth.



## Debt-Issuances in the European Real Estate Sector 2005 – 2018 YTD (€bn)

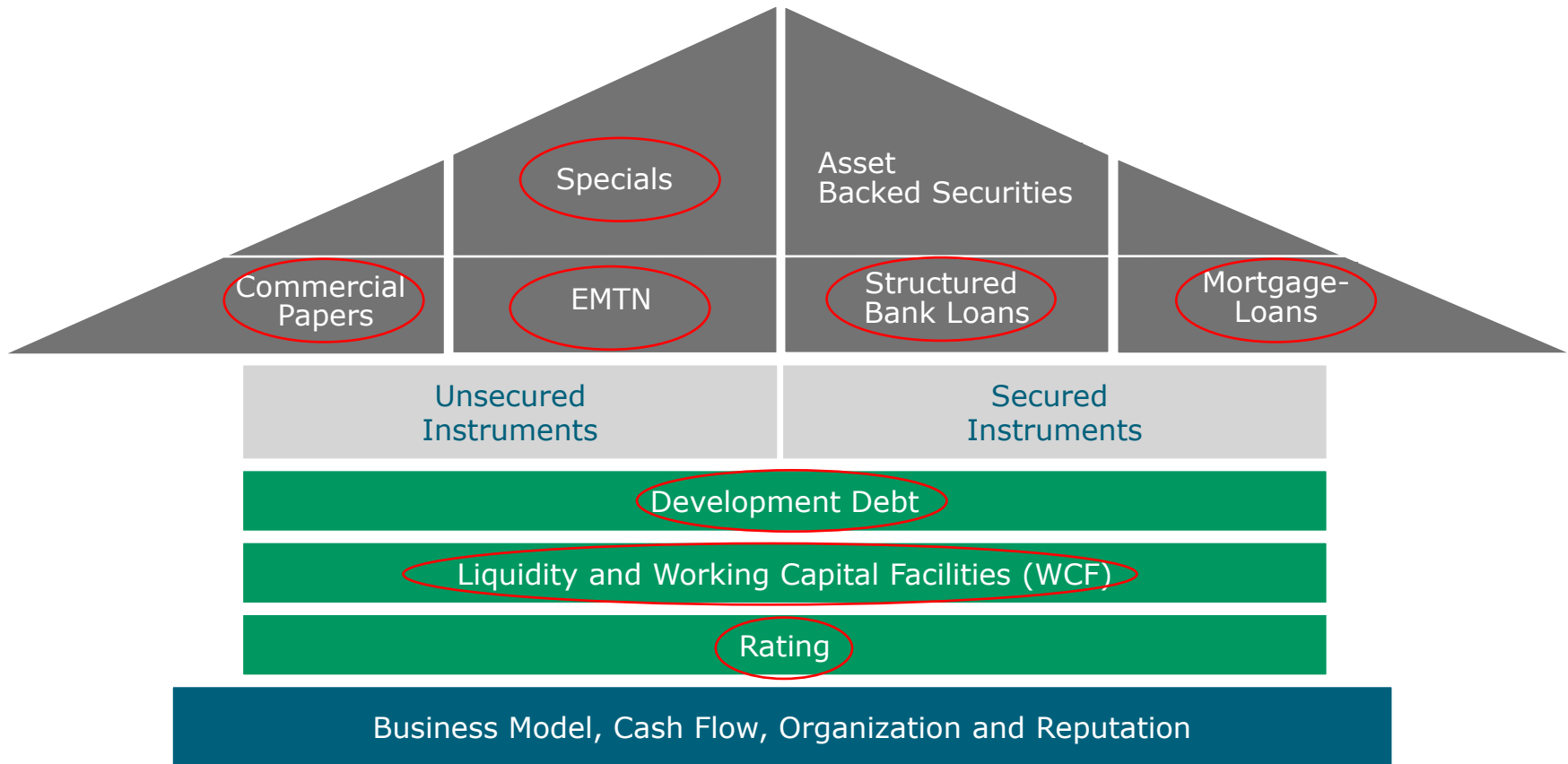


Source: Dealogic, Bloomberg, Broker research, Deutsche Bundesbank, Verband deutscher Pfandbriefbanken (VdP), FactSet.

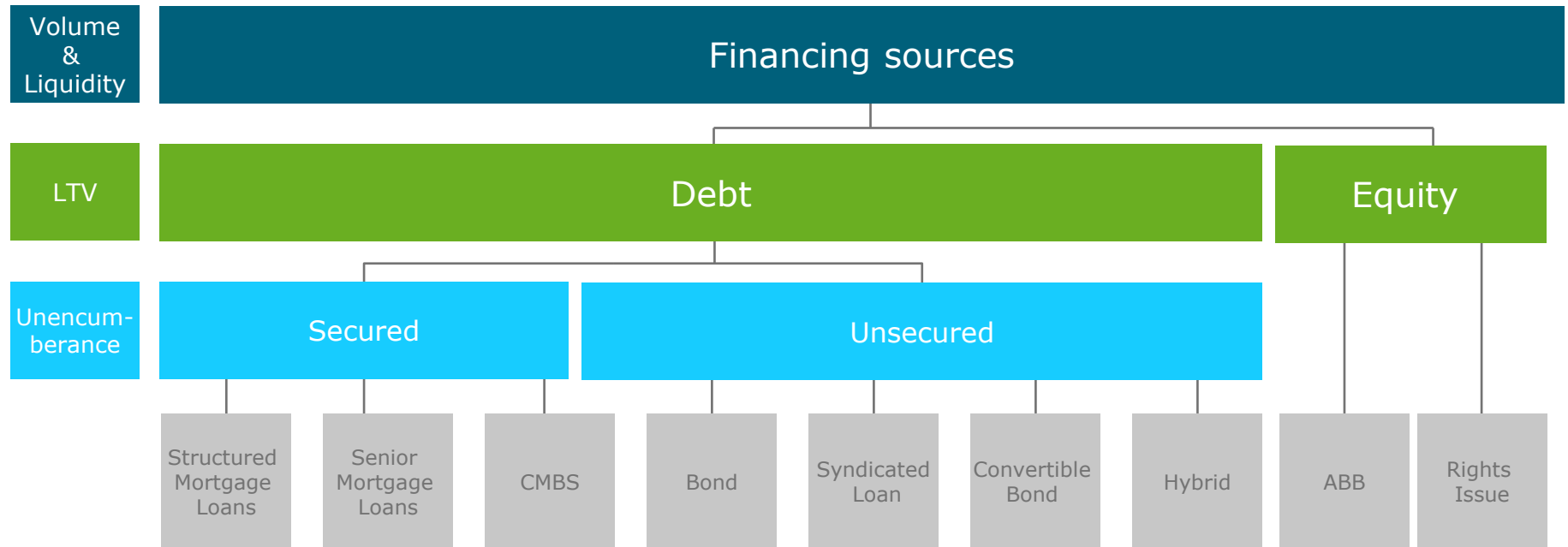
<sup>1</sup> Quarterly Mortgage Pfandbrief issuances for 2005-2012 based on equal distribution of annual issuances based on VdP data; 2013 -3Q2017 figures based on Deutsche Bundesbank

<sup>2</sup> Corporate bond issuance volume includes senior unsecured and hybrid bonds ≥ €50m, issued in EUR in Western Europe

<sup>3</sup> Excludes Mortgage Pfandbriefe in Q2 2018 as data not yet available.



Currently used by Vonovia



> Bond KPIs

Covenant	Level	Jun 30, 2018
<b>LTV</b>		
Total Debt / Total Assets	<60%	<b>41%</b>
<b>Secured LTV</b>		
Secured Debt / Total Assets	<45%	<b>12%</b>
<b>ICR<sup>1</sup></b>		
Last 12M EBITDA / Last 12M Interest Expense	>1.80x	<b>5.1x</b>
<b>Unencumbered Assets</b>		
Unencumbered Assets / Unsecured Debt	>125%	<b>215%</b>

> Rating KPIs

Covenant	Level (BBB+)
<b>Debt to Capital</b>	
Total Debt / Total Equity + Total Debt	<60%
<b>ICR</b>	
Last 12M EBITDA / Last 12M Interest Expense	>1.80x

<sup>1</sup> excl. Buwog and Victoria Park.

## Corporate Investment grade rating

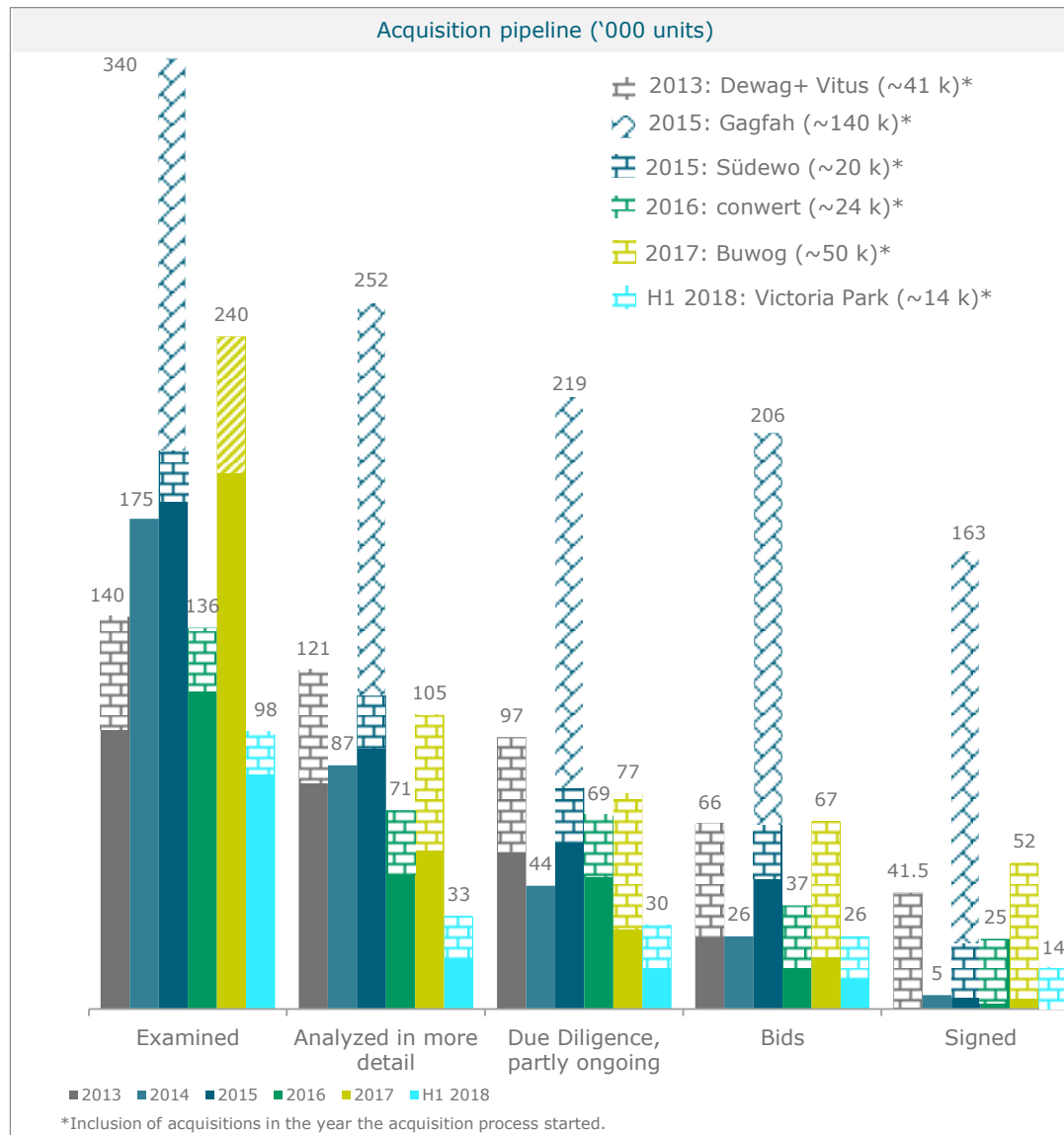
Rating agency	Rating	Outlook	Last Update
Standard & Poor's	BBB+	Stable	02 Aug 2018

## Bond ratings

Name	Tenor & Coupon	ISIN	Amount	Issue price	Coupon	Final Maturity Date	Rating
Bond 002 (EUR-Bond)	6 years 3.125%	DE000A1HNW52	€ 600m	99.935%	3.125%	25 July 2019	BBB+
Bond 004 (USD-Bond)	10 years 5.000%	US25155FAB22	USD 250m	98.993%	4.580% <sup>1</sup>	02 Oct 2023	BBB+
Bond 005 (EMTN)	8 years 3.625%	DE000A1HRVD5	€ 500m	99.843%	3.625%	08 Oct 2021	BBB+
Bond 006 (Hybrid)	60 years 4.625%	XS1028959671	€ 700m	99.782%	4.625%	08 Apr 2074	BBB-
Bond 007 (EMTN)	8 years 2.125%	DE000A1ZLUN1	€ 500m	99.412%	2.125%	09 July 2022	BBB+
Bond 008 (Hybrid)	perpetual 4.000%	XS1117300837	€ 1,000m	100.000%	4.000%	perpetual	BBB-
Bond 009A (EMTN)	5 years 0.875%	DE000A1ZY971	€ 500m	99.263%	0.875%	30 Mar 2020	BBB+
Bond 009B (EMTN)	10 years 1.500%	DE000A1ZY989	€ 500m	98.455%	1.5000%	31 Mar 2025	BBB+
Bond 010B (EMTN)	5 years 1.625%	DE000A18V138	€ 1,250m	99.852%	1.625%	15 Dec 2020	BBB+
Bond 010C (EMTN)	8 years 2.250%	DE000A18V146	€ 1,000m	99.085%	2.2500%	15 Dec 2023	BBB+
Bond 011A (EMTN)	6 years 0.875%	DE000A182VS4	€ 500m	99.530%	0.875%	10 Jun 2022	BBB+
Bond 011B (EMTN)	10 years 1.500%	DE000A182VT2	€ 500m	99.165%	1.5000%	10 Jun 2026	BBB+
Bond 012 (EMTN)	2 years 3M EURIBOR+0.380%	DE000A185WC9	€ 500m	100.000%	0.140% hedged	13 Sep 2018	BBB+
Bond 013 (EMTN)	8 years 1.250%	DE000A189ZX0	€ 1,000m	99.037%	1.250%	06 Dec 2024	BBB+
Bond 014A (EMTN)	5 years 0.750%	DE000A19B8D4	€ 500m	99.863%	0.750%	25 Jan 2022	BBB+
Bond 014B (EMTN)	10 years 1.750%	DE000A19B8E2	€ 500m	99.266%	1.750%	25 Jan 2027	BBB+
Bond 015 (EMTN)	8 years 1.125%	DE000A19NS93	€ 500m	99.386%	1.125%	08 Sep 2025	BBB+
Bond 016 (EMTN)	2 years 3M EURIBOR+0.350%	DE000A19SE11	€ 500m	100.448%	3M EURIBOR+0.350%	20 Nov 2019	BBB+
Bond 017A (EMTN)	6 years 0.750%	DE000A19UR61	€ 500m	99.330%	0.750%	15 Jan 2024	BBB+
Bond 017B (EMTN)	10 years 1.500%	DE000A19UR79	€ 500m	100.805%	1.500%	14 Jan 2028	BBB+
Bond 018A (EMTN)	4.75 years 3M EURIBOR+0.450%	DE000A19X793	€ 600m	100.000%	0.793% hedged	22 Dec 2022	BBB+
Bond 018B (EMTN)	8 years 1.500%	DE000A19X8A4	€ 500m	99.188%	1.500%	22 Mar 2026	BBB+
Bond 018C (EMTN)	12 years 2.125%	DE000A19X8B2	€ 500m	98.967%	2.125%	22 Mar 2030	BBB+
Bond 018D (EMTN)	20 years 2.750%	DE000A19X8C0	€ 500m	97.896%	2.750%	22 Mar 2038	BBB+
Bond 019 (EMTN)	5 years 0.875%	DE000A192ZH7	€ 500m	99.437%	0.875%	03 Jul 2023	BBB+

<sup>1</sup> EUR-equivalent Coupon

# Acquisitions – Opportunistic but Disciplined



## Acquisition criteria

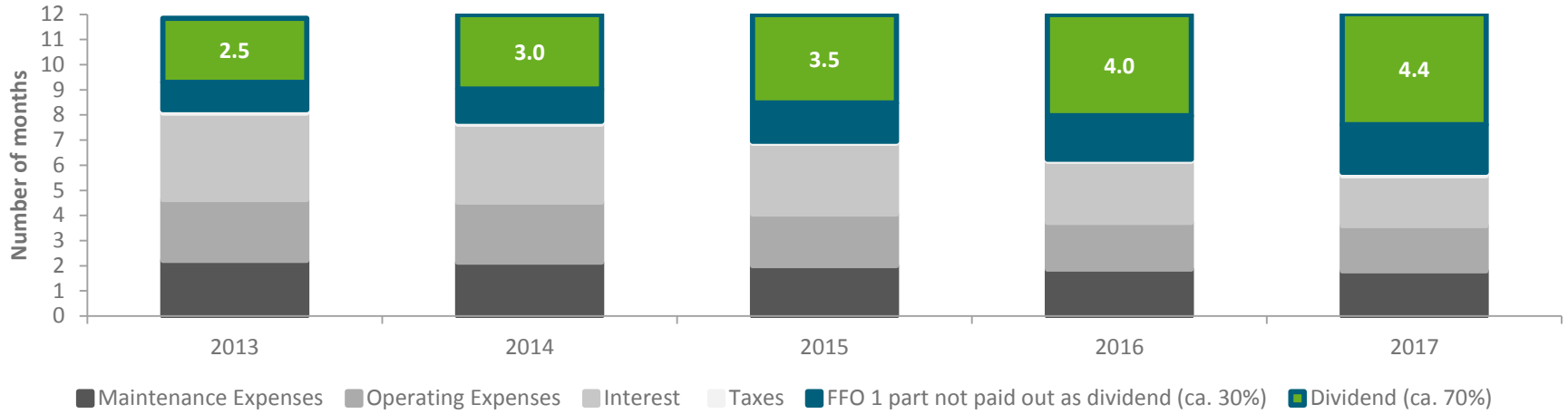
- No quantitative acquisition target.
- No management incentive for external growth.
- Any potential acquisition must meet all four stringent acquisition criteria assuming a 50/50 equity/debt financing.



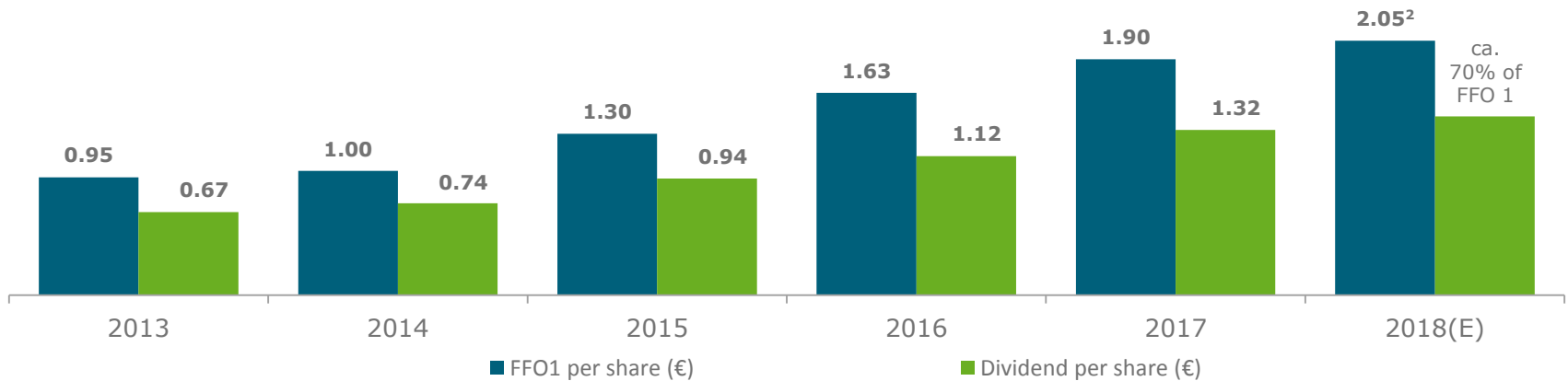
Larger acquisitions (>1,000 units deal size)				Fair Value in EUR/sqm			In-place rent in EUR/sqm		
Year	Deal	Residential units #	TOP Locations	@ Acquisition	30.06.2018	Δ	@ Acquisition	30.06.2018	Δ
2014	DEWAG	11,300	Berlin, Hamburg, Cologne, Frankfurt/Main	1,344	2,014	50%	6.76	7.61	13%
	VITUS	20,500	Bremen, Kiel	807	1,334	65%	5.06	5.66	12%
2015	GAGFAH	144,600	Dresden, Berlin, Hamburg	889	1,493	68%	5.40	6.17	14%
	FRANCONIA	4,100	Berlin, Dresden	1,044	1,727	65%	5.82	6.44	11%
	SÜDEWO	19,400	Stuttgart, Karlsruhe, Mannheim, Ulm	1,380	1,836	33%	6.83	7.34	8%
2016	GRAINGER/Heitman	2,400	Munich, Mannheim	1,501	2,020	35%	7.09	7.74	9%
2017	conwert (Germany & Austria)	23,400	Berlin, Leipzig, Potsdam, Wien	1,353	1,694	25%	5.88	6.25	6%
	thereof Germany	21,200	Berlin, Leipzig, Potsdam	1,218	1,586	30%	5.86	6.15	5%
	thereof Austria	2,200	Vienna	1,986	2,243	13%	6.11	7.16	17%

Note: Without most recent acquisitions in 2018

Months per year until costs are earned by recurring income<sup>1</sup> and months exclusively worked for dividend



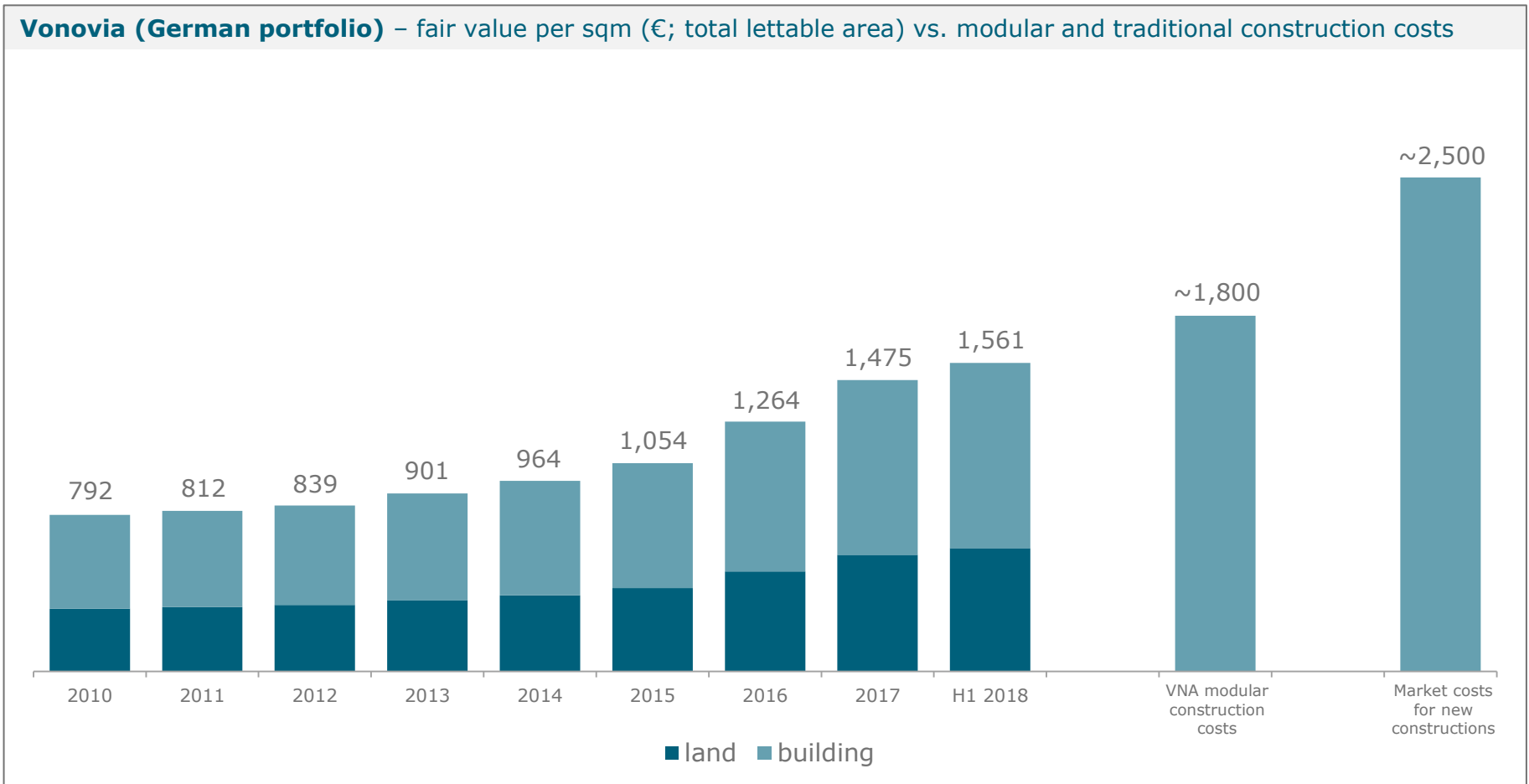
Sustainable and growing cash flow with attractive pay-out ratio



<sup>1</sup> Rental income + EBITDA Value-add Business and Other; excluding sales effects. <sup>2</sup> Midpoint guidance.

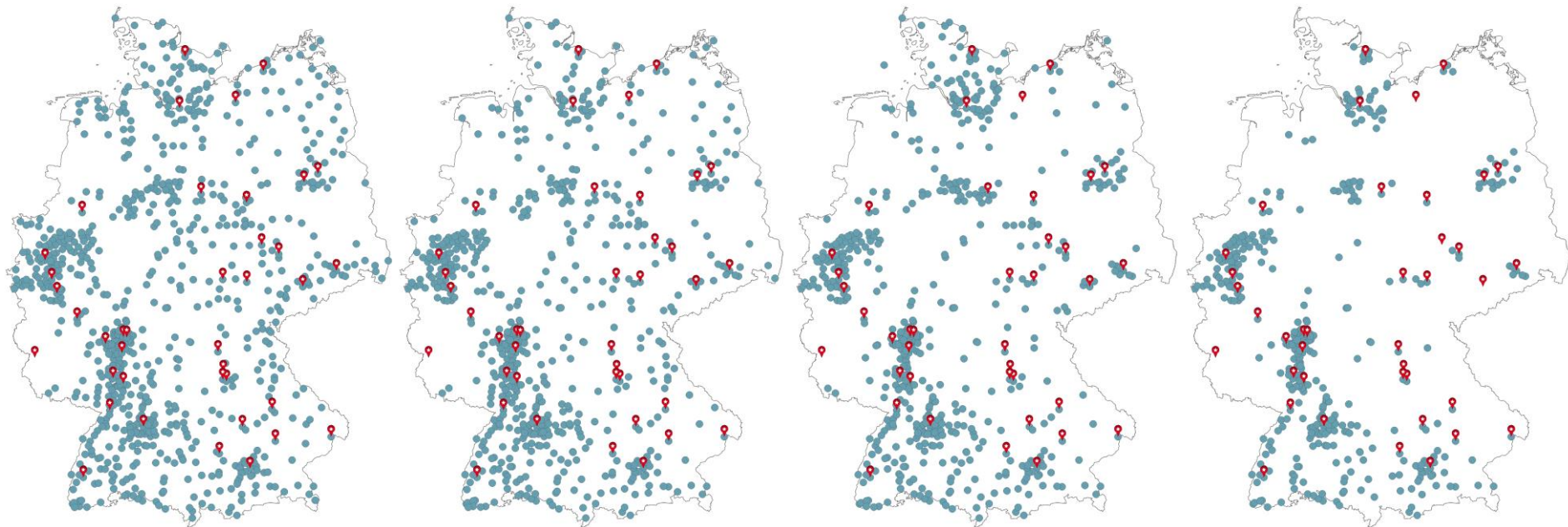


- In-place values are still way below replacement values, in spite of accelerating valuation growth in recent years.



Note: VNA 2010 – 2014 refers to Deutsche Annington Portfolio at the time; construction costs excluding land. The land value refers to share of total fair value allocated to land.  
 Source for market costs: Arbeitsgemeinschaft für zeitgemäßes Bauen e.V.

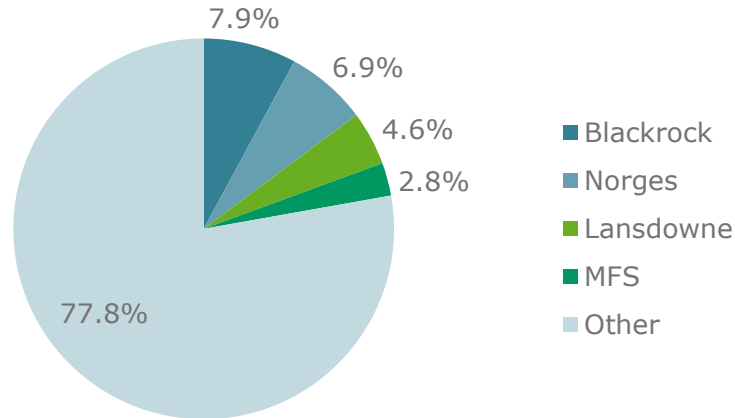
# Substantial Reduction of Portfolio Locations



● Vonovia location

📍 High-influx cities ("Schwarmstädte"). For more information: [http://investoren.vonovia.de/websites/vonovia/English/4050/financial-reports\\_-\\_presentations.html](http://investoren.vonovia.de/websites/vonovia/English/4050/financial-reports_-_presentations.html)

## Shareholder Structure (June 30, 2018)

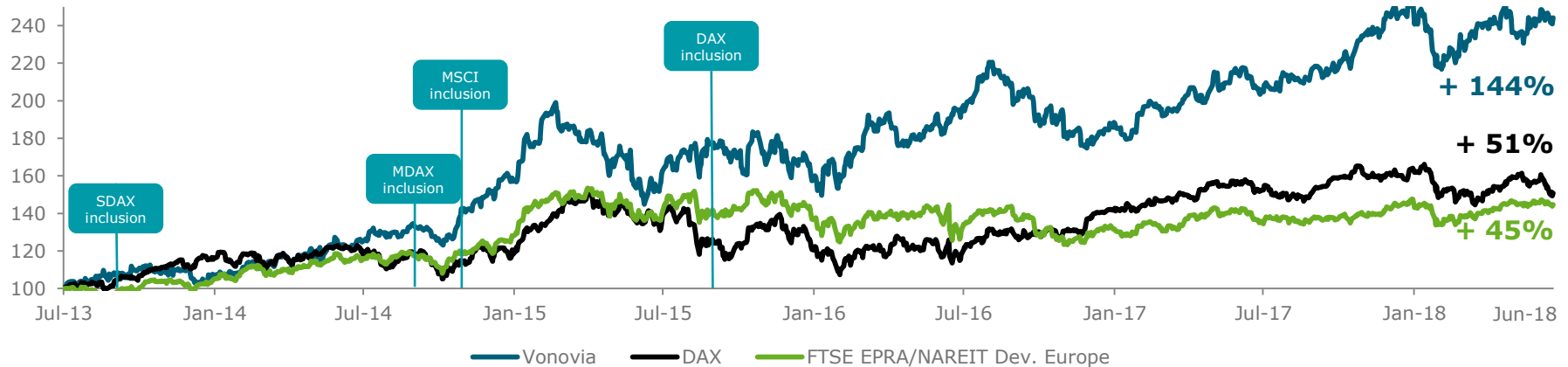


Free-float factor according to Deutsche Börse definition: 93.1%  
According to German law the lowest threshold for voting rights notifications is at 3%

## Share Information

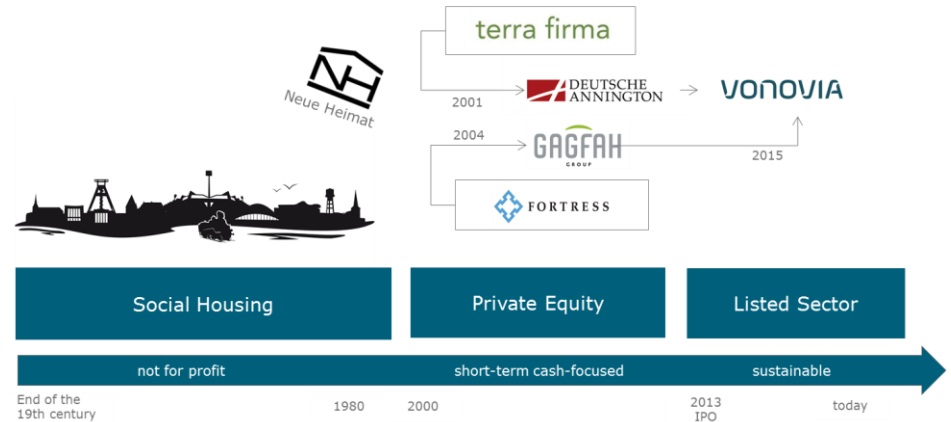
First day of trading	July 11, 2013										
Number of shares outstanding	518.1 million										
Free float based on Deutsche Börse definition	93.1%										
ISIN	DE000A1ML7J1										
Ticker symbol	VNA										
Share class	Registered shares with no par value										
Main listing	Frankfurt Stock Exchange										
Market segment	Regulated Market, Prime Standard										
Major indices and weight (as of June 30, 2018)	<table border="1"> <tbody> <tr> <td>DAX</td> <td>1.8%</td> </tr> <tr> <td>Stoxx Europe 600</td> <td>0.2%</td> </tr> <tr> <td>MSCI Germany</td> <td>1.7%</td> </tr> <tr> <td>GPR 250 World</td> <td>1.7%</td> </tr> <tr> <td>FTSE EPRA/NAREIT Europe</td> <td>9.0%</td> </tr> </tbody> </table>	DAX	1.8%	Stoxx Europe 600	0.2%	MSCI Germany	1.7%	GPR 250 World	1.7%	FTSE EPRA/NAREIT Europe	9.0%
DAX	1.8%										
Stoxx Europe 600	0.2%										
MSCI Germany	1.7%										
GPR 250 World	1.7%										
FTSE EPRA/NAREIT Europe	9.0%										

## VNA share price performance since IPO vs. DAX and EPRA Europe Index

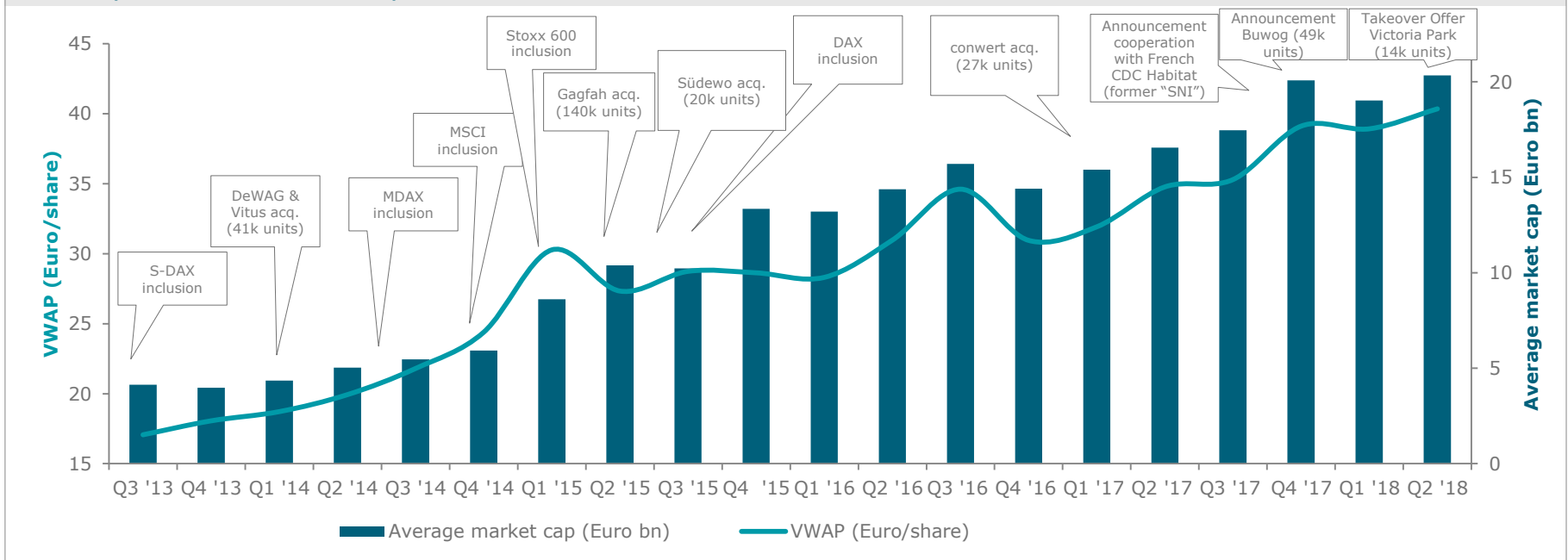


Source: Factset

- Seed portfolios of today's Vonovia have origin in public housing provided by government, large employers and similar landlords with a view towards offering affordable housing.
- At beginning of last decade, private equity invested in German residential on a large scale including into what is Vonovia today (mainly Deutsche Annington and Gagfah then).
- IPO in 2013.
- Final exit of private equity in 2014.



## Share price and market capitalization



Source: Factset, company data

Date	NOSH (million)	Comment
December 31, 2016	466.0	
March 31, 2017	468.8	conwert acquisition
June 30, 2017	476.5	Scrip dividend
September 30, 2017	485.1	Gagfah cross-border merger
December 31, 2017	485.1	
March 31, 2018	485.1	
June 30, 2018	518.1	€1bn ABB in 05/2018; scrip dividend

The number of outstanding shares is always available at <http://investoren.vonovia.de/websites/vonovia/English/2010/key-share-information.html>

## Integrated element of Vonovia's business model

- With almost 400,000 apartments throughout Germany, Vonovia is the country's leading residential real estate company. This role in the housing landscape imposes on us a particular responsibility to actively shape the development of the housing industry.
- We aim to live up to the responsibility by pursuing a continuous dialogue with our stakeholder groups, and by considering social and ecological issues in our core activities. A key priority for us is to use our business model and our holistic approach to help resolve the most urgent challenges in the housing industry and make a positive contribution to social development.

## Sustainability reporting at Vonovia

- Separate Sustainability Reporting Unit at Vonovia.
- Started Sustainability Reporting in 2015 with our first sustainability report published in 2016, based on GRI G4 guidelines.
- Publication of third Sustainability Report in 2018, in accordance with the core option of the GRI standards, including the voluntary sector-specific disclosures for "Construction and Real Estate". The report is available at: <http://reports.vonovia.de/2017/sustainability-report/>
- Vonovia received the EPRA Gold Award for the 2017 Sustainability Report.
- Sustainability Report for 2018 to be published in April 2019.



## Achievements since last report

- ✓ Expansion of the key figures base
- ✓ Clearer definition of boundaries for CO2 calculation
- ✓ Adaptation of the structure to the requirements of the CSR guidelines implementation law
- ✓ Online only: Sustainability Report only available online

## Highlights

- ✓ Vonovia achieves renovation ratio of 5%
- ✓ Achieved energy savings of more than 45% for refurbished buildings
- ✓ Annual CO2 savings of approx. 50,000 tons
- ✓ Quarters development supports good neighborhood
- ✓ Company strengthens diversity
- ✓ Trainee rate of 5.5% emphasizes high significance

"The most important thing we can do as the housing sector to tackle climate change is to upgrade our portfolio,"  
Rolf Buch, CEO Vonovia.



~5%

Modernization ratio 2017

ratio above the  
annual goal of 3%



206

Photovoltaic plants in 2017

+47 against 2016

5,510 MWh

Electricity generated annually  
by photovoltaic plants

2,900 metric tons

CO<sub>2</sub> reduction  
through PV

- ✓ In 2017, Vonovia invested >€1 bn in its properties, including maintenance. Volume of modernization ~€779 m, almost 65% above 2016.
- ✓ **Vonovia exceeded the German government's targets for the energy efficient renovation** of housing stock: 3 % of apartments are to be modernized p.a., **Vonovia has hit 5 %**. Nationwide, this rate is around 1 %.
- ✓ For new constructions, Vonovia considers feasibility of photovoltaics; within 2 years, volume of electricity generated by our own photovoltaic systems has grown from 0 to a total of 5,510 MWh, resulting in an annual saving of 2,900 metric tons of carbon dioxide.
- ✓ We are currently working on equipping existing units with photovoltaic systems and explore further possibilities: e.g. additional use of battery storage systems, cogeneration units and corresponding e-mobility concepts for tenants. The first charging stations for e-cars are to be built on Vonovia premises before the end of 2018.



- ✓ One of the focus points of our modernization efforts has been the Ruhr area, in particular Dortmund and Essen.
- ✓ In 2017 alone, CO2 emissions were reduced by around 23,000 metric tons due to energy efficient modernization. **This corresponds to calculated energy savings of more than 45% for refurbished buildings, depending on the individual consumption** (Determination of these values is based on the standards of the international Greenhouse Gas Protocol).
- ✓ The company explicitly supports the goals of the **Paris Climate Protection Agreement** and the **German Federal Government's Climate Protection Plan** – housing stock should be almost climate-neutral by 2050.
- ✓ The related energy savings also result in significant benefits for the tenants through lower heating costs.

“It is our social responsibility to act sustainably in order to support requirements by the German federal government. However, we also see declining acceptance for modernization measures, in particular in cities with a shortage in housing. That is why, with our projects, we have to pay even greater attention to ensuring that there is no displacement and that people can stay in their homes. We want to provide security to our tenants.”

## Neighborhood development measures

### Structural measures

- Maintenance
- Modernization
- Residential environment design
- New construction/Floor additions

### Participation concepts

- Workshops
- Informational events
- Active cooperation
- Tenant assemblies

### Social support activities

- Financial support
- Donations in kind
- Employee commitment

- ✓ Vonovia is committed to good neighborhoods and actively supports initiatives to enable a peaceful and enjoyable environment for our tenants.
- ✓ One example is our cooperation with the City of Cologne, the Lukas Podolski Foundation and the non-profit youth welfare organization RheinFlanke e.V., a district in Cologne Gremberghoven which focuses on the support of young people with a special focus on immigrants.
- ✓ The overall focus is a new modern and functional sports ground. In addition, a new youth center has been created, where sports activities, career counselling, holiday programs, and handicraft courses take place.



2013

Diversity  
Charter  
signed

- ✓ 33% women on Vonovia's Supervisory Board.
- ✓ 25% women on Vonovia's Management Board.
- ✓ Vonovia aims to improve compatibility of family and career. Out of 219 employees who took parental leave in 2017, more than 40% were male.



60

countries

Our Employees come  
from various nations.

- ✓ Vonovia focuses on employees with different qualifications and backgrounds. This also includes the integration of refugees into the labor market: In 2017, 14 refugees completed on-the-job training at Vonovia, we also support young refugees through internships or by offering to initially work in supportive activities.



170

nations

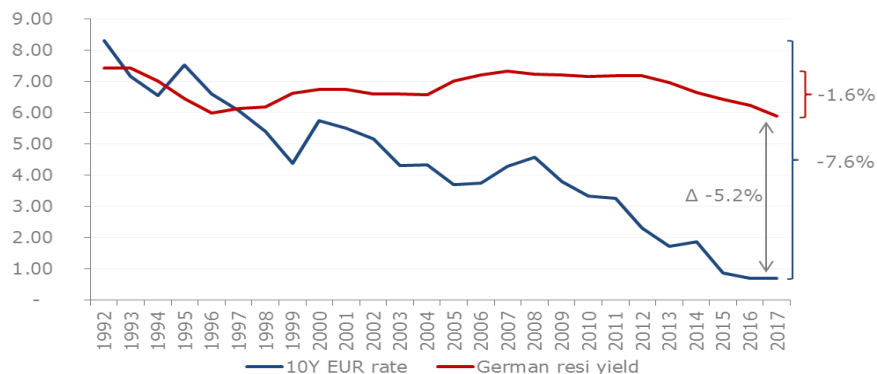
Our Customers come  
from 170 nations.

- ✓ Trainees at Vonovia: 5.5% of total workforce. Vonovia is above average: According to the Federal Institute for Vocational Education and Training, the number for larger companies is at 4.5%.

Valuation methodology for German residential properties is primarily based on market prices for assets – not on interest rates

- While market prices are affected by general interest rate levels, there is **no significant correlation**.
- **Other factors** such as supply/demand imbalance, rental regulation, market rent growth, location of assets etc. **outweigh the impact of interest rates** when it comes to pricing residential real estate.
- The **steep decline in interest rates** (down by 760bps since 1992) is **not mirrored by asset yields** (down by 160bps since 1992).
- Asset yields outperformed interest rates by ca. 240bps on average since 1992 and 520bps in June 2016.

German residential asset yields (%) vs. EUR interest rates (%)<sup>1</sup>



No correlation pattern between interest rates and asset yields<sup>1</sup>



<sup>1</sup> Yearly asset yields vs. rolling 200d average of 10y interest rates  
Sources: Thomson Reuters, bulwiengesa

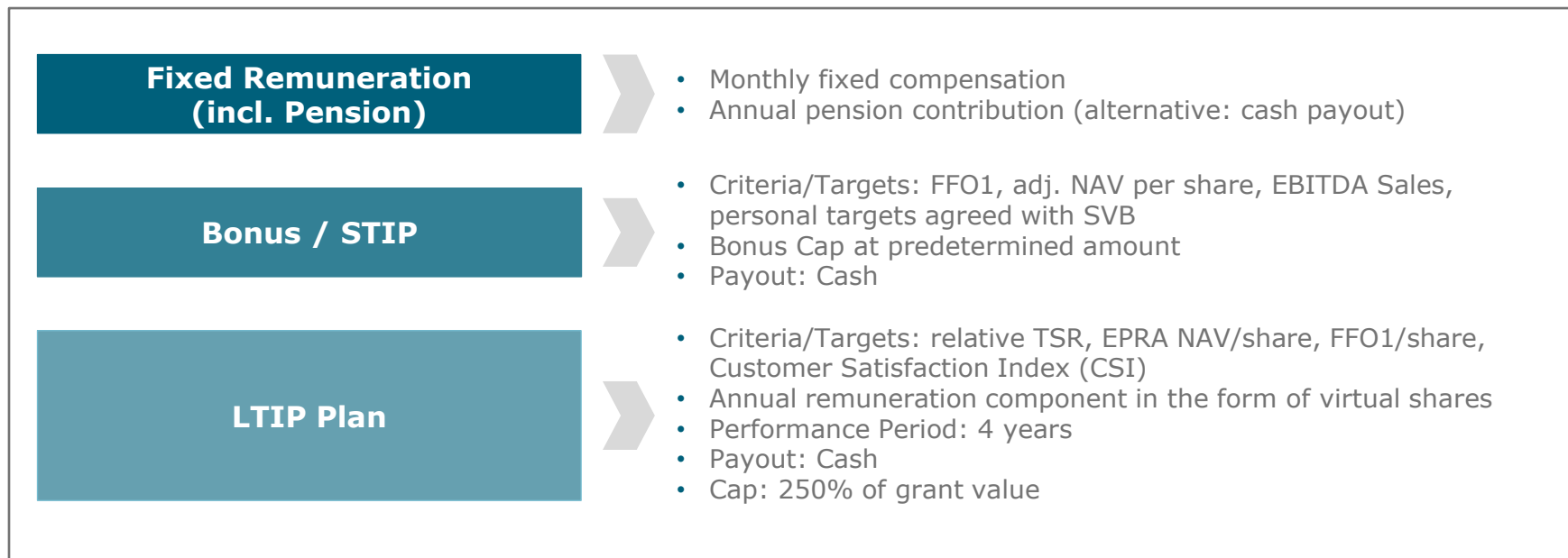
# Three Valuation Layers with Different Volatilities

- High degree of stability and predictability of underlying business (layer 1) and portfolio valuation (layer 2) is not reflected in share price development (layer 3), as equity markets appear to apply valuation parameters that are substantially less material for Vonovia's operating performance.

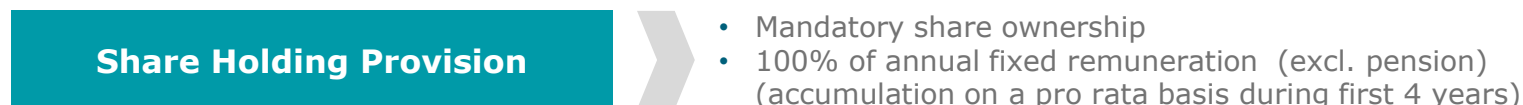
Increasing level of perception and judgment

Layer	Development	Main drivers																					
<p><b>3</b></p> <p><b>Stock Market Valuation</b> (Stock price € per share)</p>		<ul style="list-style-type: none"> <li>Only partly driven by performance and portfolio valuation</li> <li>Negatively correlated to bund yields and interest rates</li> <li>Subject to additional macro considerations</li> </ul>																					
<p><b>2</b></p> <p><b>Portfolio Valuation</b> (Adj. NAV € per share)</p>	<table border="1"> <tr><th>Year</th><td>2013</td><td>2014</td><td>2015</td><td>2016</td><td>2017</td></tr> <tr><th>Value</th><td>21.7</td><td>22.7</td><td>24.2</td><td>30.8</td><td>38.5</td></tr> </table>	Year	2013	2014	2015	2016	2017	Value	21.7	22.7	24.2	30.8	38.5	<ul style="list-style-type: none"> <li>Market prices for assets are much more relevant than interest rate levels</li> <li>Additional material factors are supply/ demand imbalance and sustainable market rent growth</li> </ul>									
Year	2013	2014	2015	2016	2017																		
Value	21.7	22.7	24.2	30.8	38.5																		
<p><b>1</b></p> <p><b>Cash Flow</b> (FFO 1 &amp; Dividend € per share)</p>	<table border="1"> <tr><th>Year</th><td>2013</td><td>2014</td><td>2015</td><td>2016</td><td>2017</td><td>2018(E)</td></tr> <tr><th>FFO 1</th><td>0.95</td><td>1.00</td><td>1.30</td><td>1.63</td><td>1.90</td><td>2.05<sup>1</sup></td></tr> <tr><th>DPS</th><td>0.67</td><td>0.74</td><td>0.94</td><td>1.12</td><td>1.32</td><td>ca. 70% of FFO1</td></tr> </table>	Year	2013	2014	2015	2016	2017	2018(E)	FFO 1	0.95	1.00	1.30	1.63	1.90	2.05 <sup>1</sup>	DPS	0.67	0.74	0.94	1.12	1.32	ca. 70% of FFO1	<ul style="list-style-type: none"> <li>Regulated market</li> <li>No cluster risk due to high degree of granularity</li> <li>Robust business model</li> </ul>
Year	2013	2014	2015	2016	2017	2018(E)																	
FFO 1	0.95	1.00	1.30	1.63	1.90	2.05 <sup>1</sup>																	
DPS	0.67	0.74	0.94	1.12	1.32	ca. 70% of FFO1																	

<sup>1</sup> Midpoint guidance.



Total remuneration cap



## Bonus / STIP

### Targets set by Supervisory Board

FFO1 target  
40%

Adj. NAV/share target  
15%

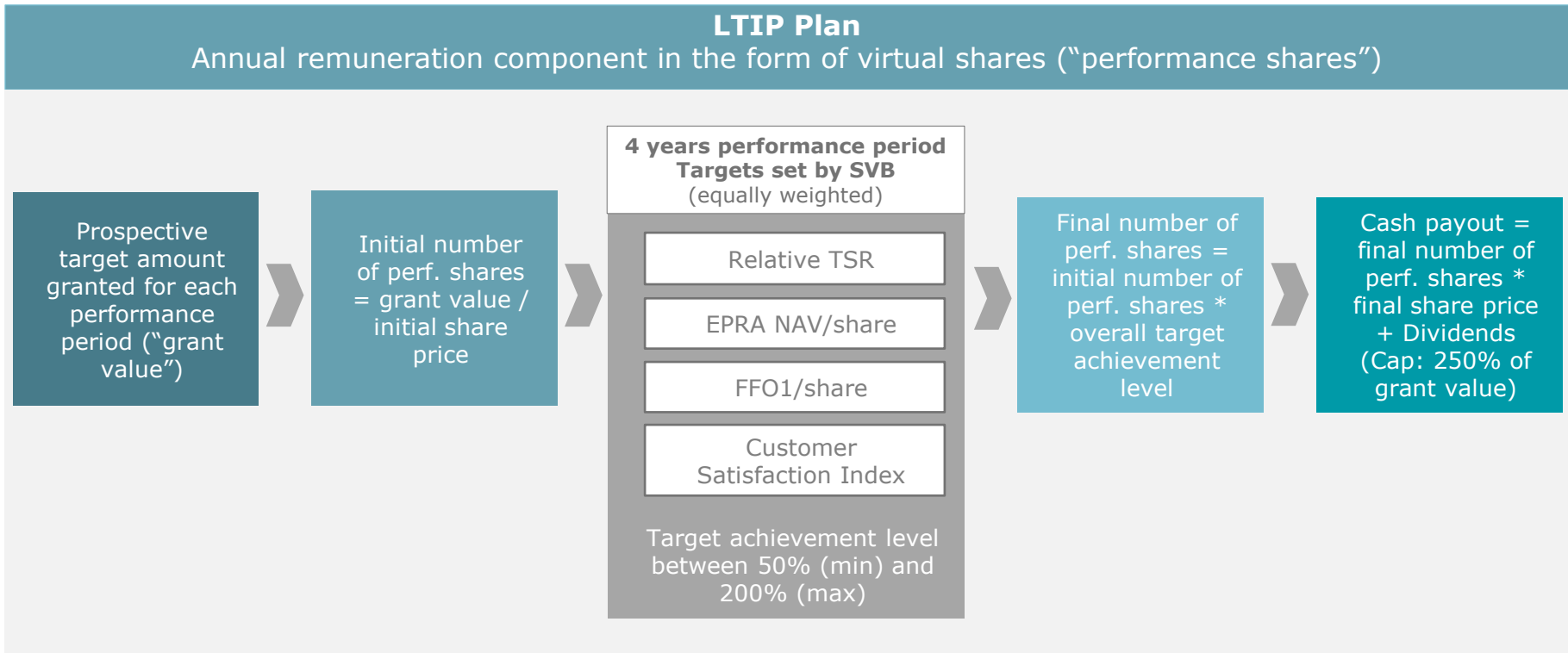
EBITDA Sales target  
15%

Personal targets  
agreed with SVB  
30%

- Bonus cap at predetermined amount
- Cash payout

### Rationale

- **FFO1** is key figure in the industry for managing the sustained operational earnings power of our business.
- **Adj. NAV per share** as standard figure for the value of our property assets (calculation according to EPRA best practice standards, after corrections for goodwill).
- **EBITDA Sales:** Measure of success of our sales activities.
- **Personal targets** related to individual department responsibilities or overlapping targets (e.g. integration projects).



## Rationale

- **LTIP plan** which aims to ensure that remuneration structure focuses on sustainable corporate development.
- **Relative TSR** is from an investor perspective a well established and accepted performance measure, focusing on absolute share price performance and easily comparable with peers.
- **Customer Satisfaction Index (CSI):** Based on customer surveys and reflects how our services are perceived and accepted by our customers.
- **Shareholder alignment** safeguarded by (i) relative performance targets (FFO per share and NAV per share) as well as (ii) calculation method which takes actual share price performance into account.



**Dortmund**



**Berlin**



**Bielefeld**



**Essen**



**Dortmund**



**Bremen**



**Freiburg**



**Dresden**



**Munich**



**Frankfurt**

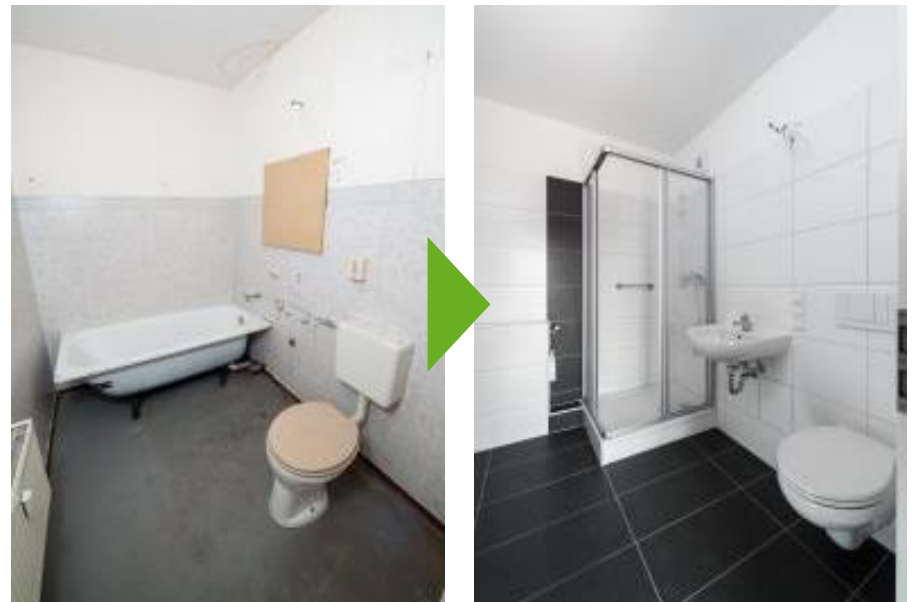


**Malmö**



**Vienna**

















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