



Fixed Income Investor Presentation

Asia Roadshow December 2019

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We are Europe's Leading Residential Landlord ...

VONOVIA

Company Overview

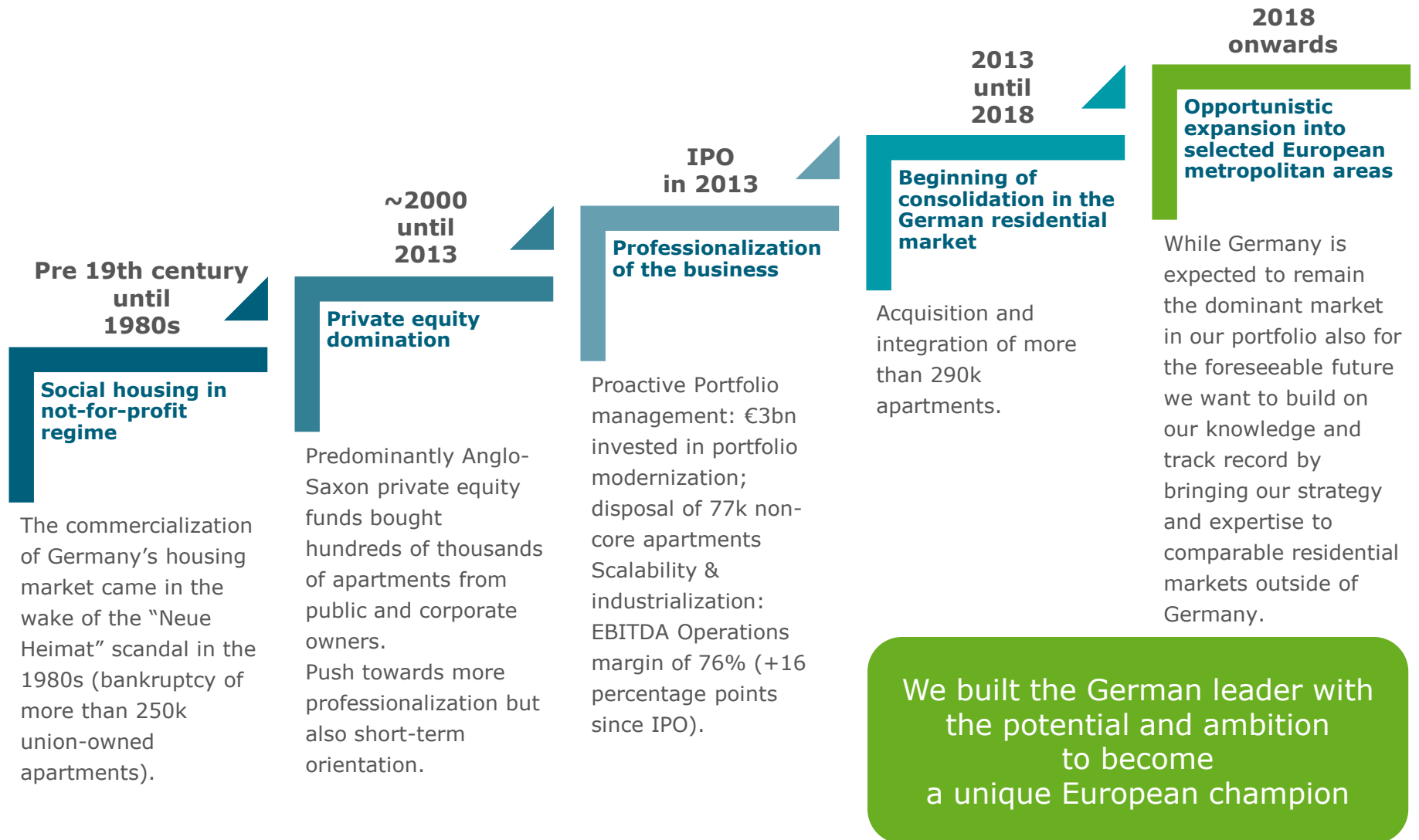
Business Update

Additional Information

- Vonovia was Germany's first and only real estate company to be included in the DAX-30 index
- Owner and full-scale operator of ca. 417k apartments in multifamily homes for medium and smaller income households
- ~85% of the portfolio located across 15 urban growth regions in Germany
- ~15% primarily in Stockholm, Gothenburg, Malmö and Vienna
- ~€50bn fair market value; ~€26bn market capitalization
- Strong Investment Grade Rating: BBB+
- Balanced Maturity Profile: WAL of 8.4 years
- LTV target of 40% - 45% (Q3.2019: 40.3%)
- Over 50% of portfolio unencumbered
- ICR currently at 4.9%



¹¹ Incl. 27k apartments in other strategic locations plus 6k in non-strategic locations that are not shown on the map. Pro forma incl. Hembla
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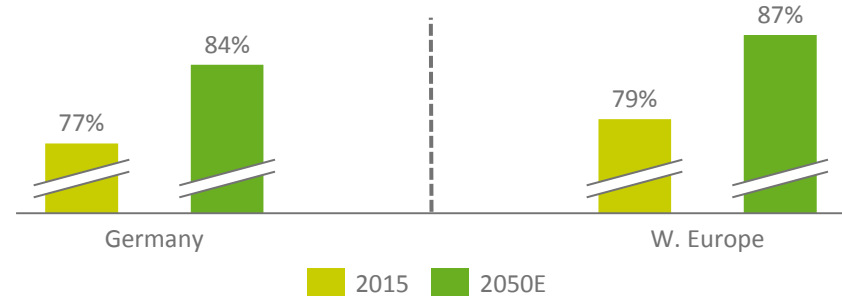




Urbanization

Increasing urbanization in Germany and Europe meets a structural supply/demand imbalance in most European cities. Owning apartments in the right locations is key to sustainable long-term organic growth.

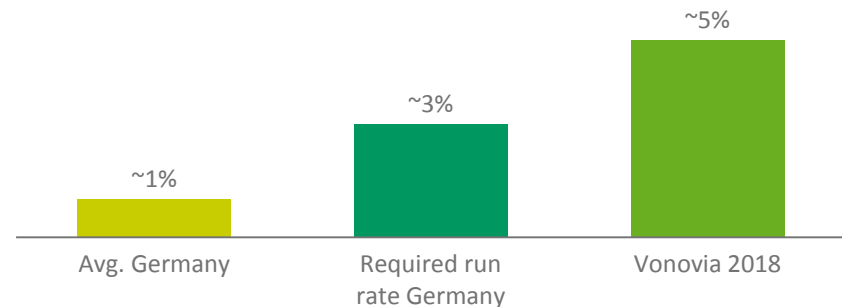
% of population living in cities



Energy efficiency

Ca. 35% of greenhouse gas emissions in Germany originate in real estate. Energy efficient modernization of the housing stock with a view towards reducing CO2 emissions is paramount for Germany to achieve its climate protection targets.

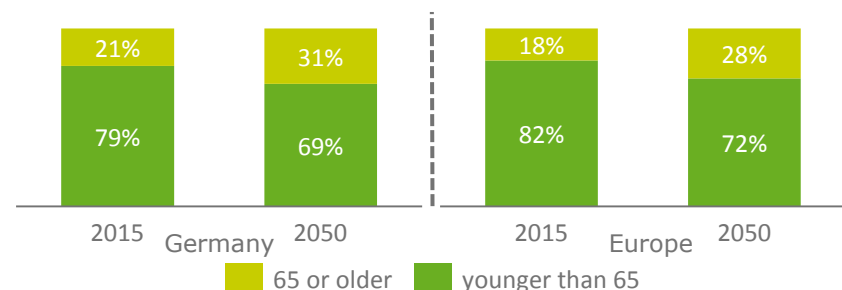
% of modernized housing units



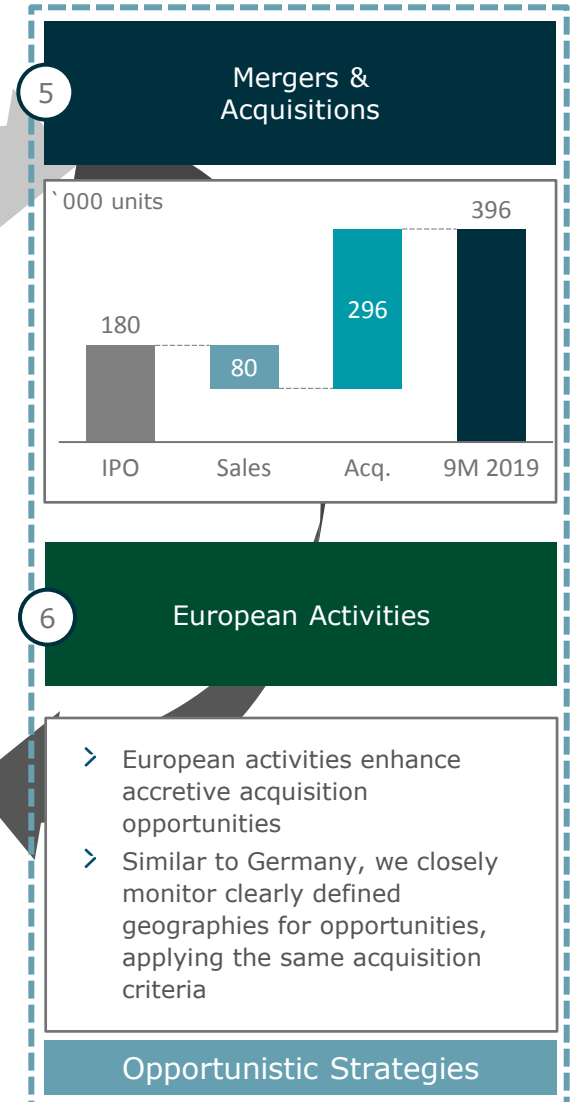
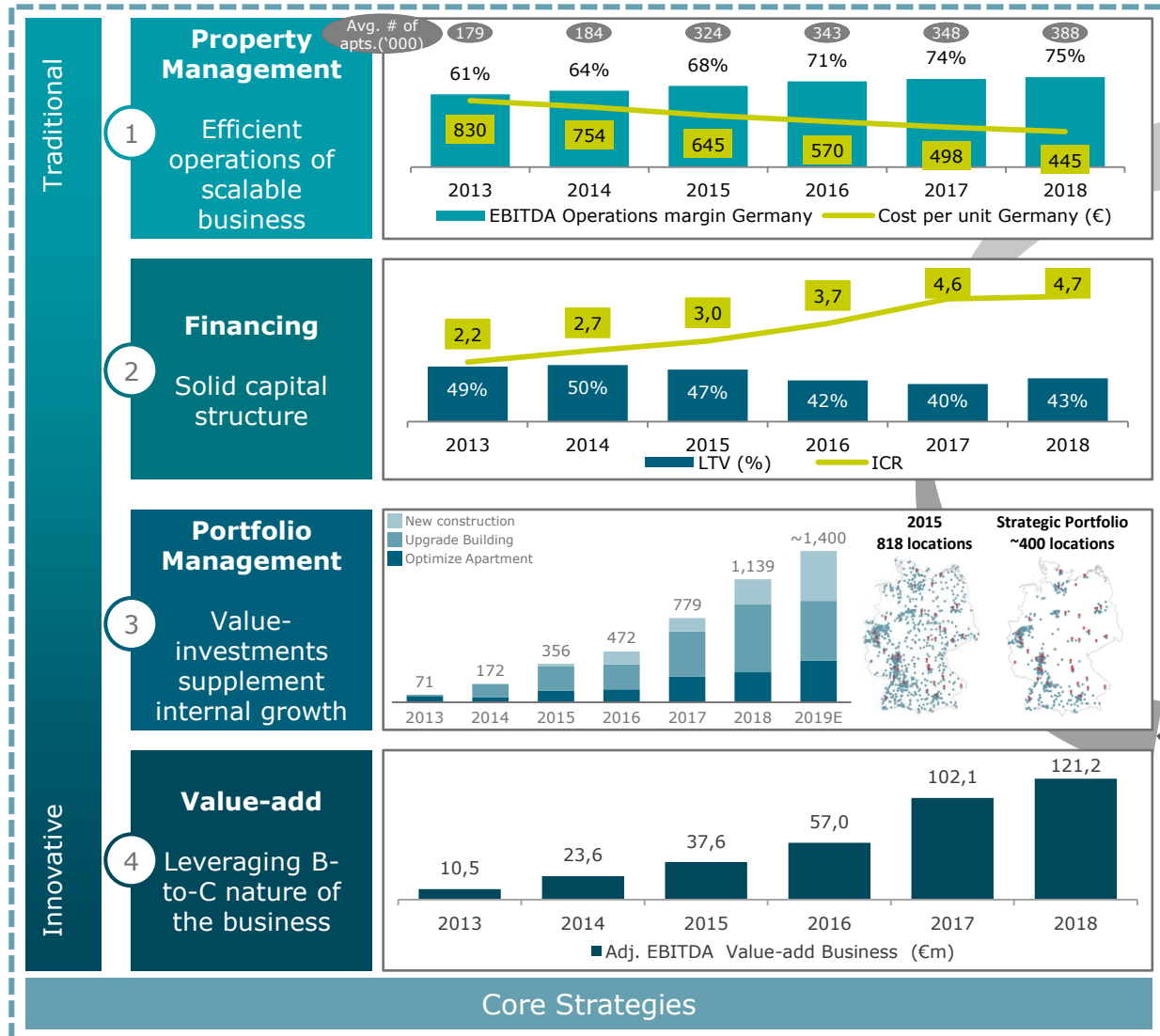
Demographic change

Demographic changes demand the refurbishment of apartments to enable an ageing population to stay in their homes with little or no assistance for longer. Ca. 3 million additional apartments for elderly people will be needed by 2030.

% of population above/below 65 years



Sources: United Nations, Prognos AG



Rental



Efficient management of own portfolio

- Average duration of a rental contract is 13 years
- No cluster risk because of B-to-C business granularity
- High degree of insourcing and standardization along our value chain

Value-add



Ancillary service business for internal savings and external income

- Leveraging long-term customer relations to generate additional cash flows from internal savings and external income
- Customer benefit through better service and/or lower cost

Development



Construction of apartments for (i) own portfolio and (ii) disposal to third parties

- Vonovia is one of the largest builders of new homes in Germany
- Size, efficiencies and innovation lead to building costs below fair market values

Recurring Sales



Disposal of individual apartments to retail buyers

- Steady sales volume of ca. 2k apartments p.a.
- Sales prices of 20-30% above fair market value capture the spread between book value and retail value

Property Management



- Ca. 1,500 letting agents and caretakers across our local markets
- Face to the customer and ears and eyes on the ground

✓ Best-in-class service levels

Technical Service



- Ca. 5,000 employees in wholly owned craftsmen subsidiary ("VTS")
- Pooling of entire purchasing power within VTS
- Large share of maintenance and modernization done by own staff

✓ Fully SAP based

Residential Environment



- More than 700 employees primarily for maintenance of gray and green areas and snow/ice removal in the winter

✓ High degree of standardization

Service Center



- Almost 1,000 employees responsible for centralized property management services such as inbound calls and e-mails, ancillary cost billing, contract management, maintenance dispatch and rent growth management

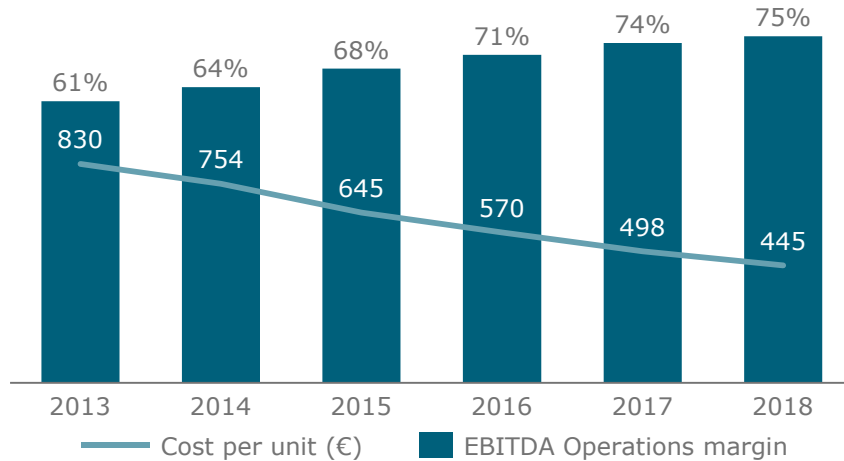
✓ Efficient process management

✓ Optimal cost control

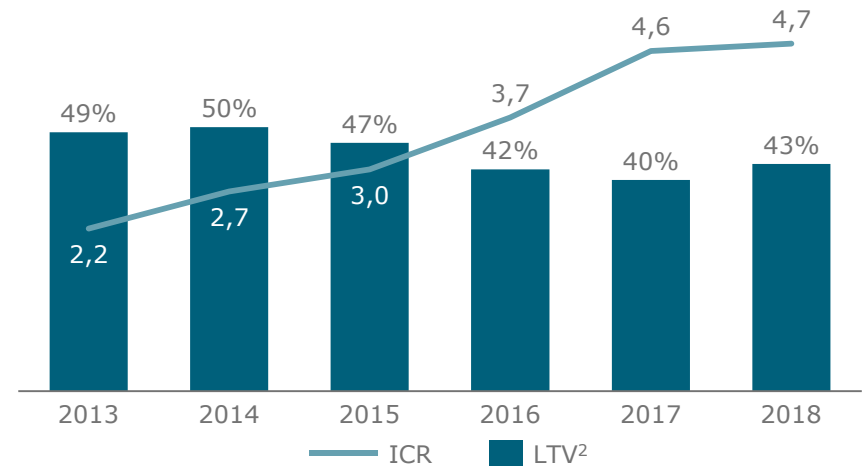
Residential real estate is a granular operating business. Vonovia has built a scalable platform to efficiently manage large portfolios and to provide the full range of services largely in-house.

We are Proud of our Impeccable Trajectory, ...

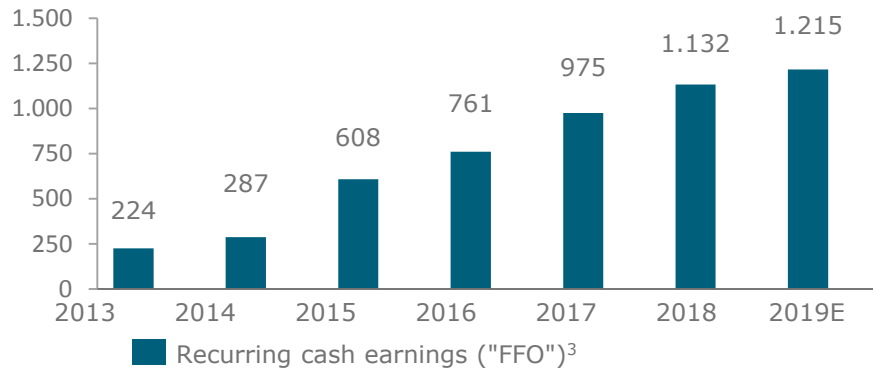
Efficient operations¹



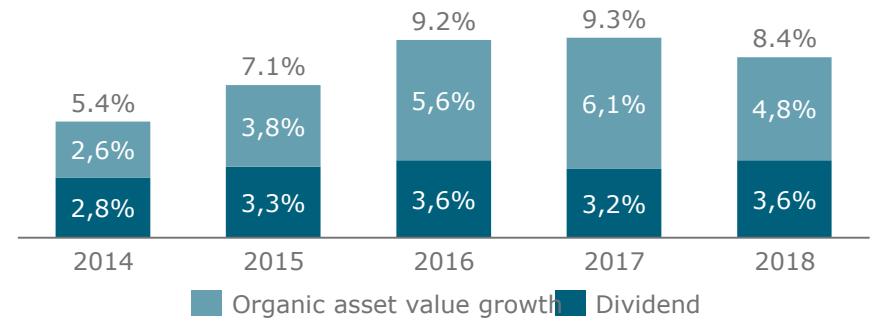
Robust capital structure



Growing recurring cash earnings (in € Mio.)



Sustainable total shareholder value creation⁴

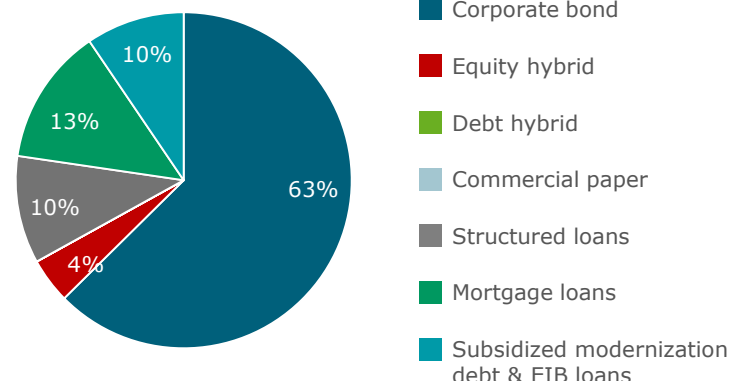
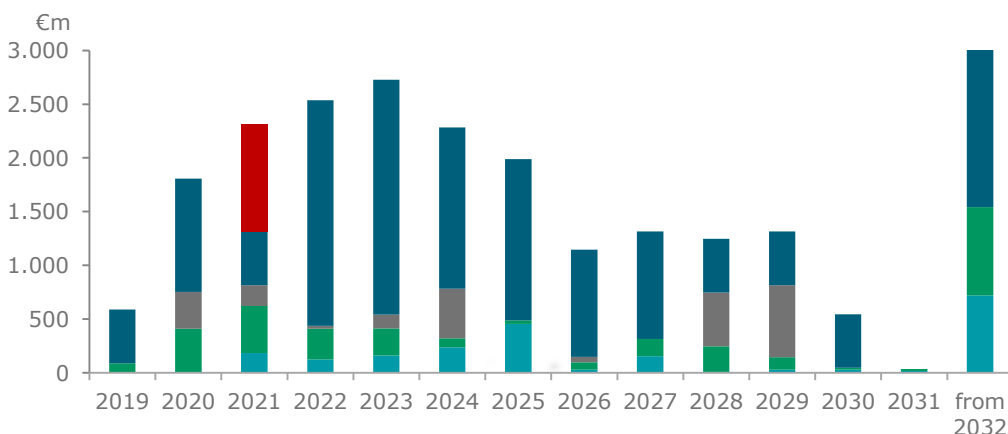


¹ German portfolio. ² LTV = Net debt over fair market value of real estate portfolio. ³ 2013-2018 FFO is "FFO1" and 2019 FFO is "Group FFO." ⁴ Dividend yield plus I-F-I organic asset value growth from operating performance and investments (excluding yield compression).

- Unwavering commitment to BBB+ rating
- Maintain diverse funding mix to preserve best possible optionality
- LTV target range of 40%-45%

KPI / criteria	Sep. 30, 2019	Dec. 31, 2018
Corporate rating (S&P)	BBB+	BBB+
LTV	40.3%	42.8%
Net debt/EBITDA multiple ¹	11.1x	11.4x
ICR	4.9x	4.7x
Fixed/hedged debt ratio ²	97%	96%
Average cost of debt ²	1.6%	1.8%
Weighted average maturity (years) ²	8.4	7.8
Unencumbered assets	53%	56%

Diverse funding mix with no more than 12% of debt maturing annually³



¹ Adj. net debt quarterly average over Total EBITDA (LTM); adj. for IFRS 16 effect. ² Excl. equity hybrid. ³ incl. Bonds 022A, 022B, 022C issue date Oct. 7, 2019

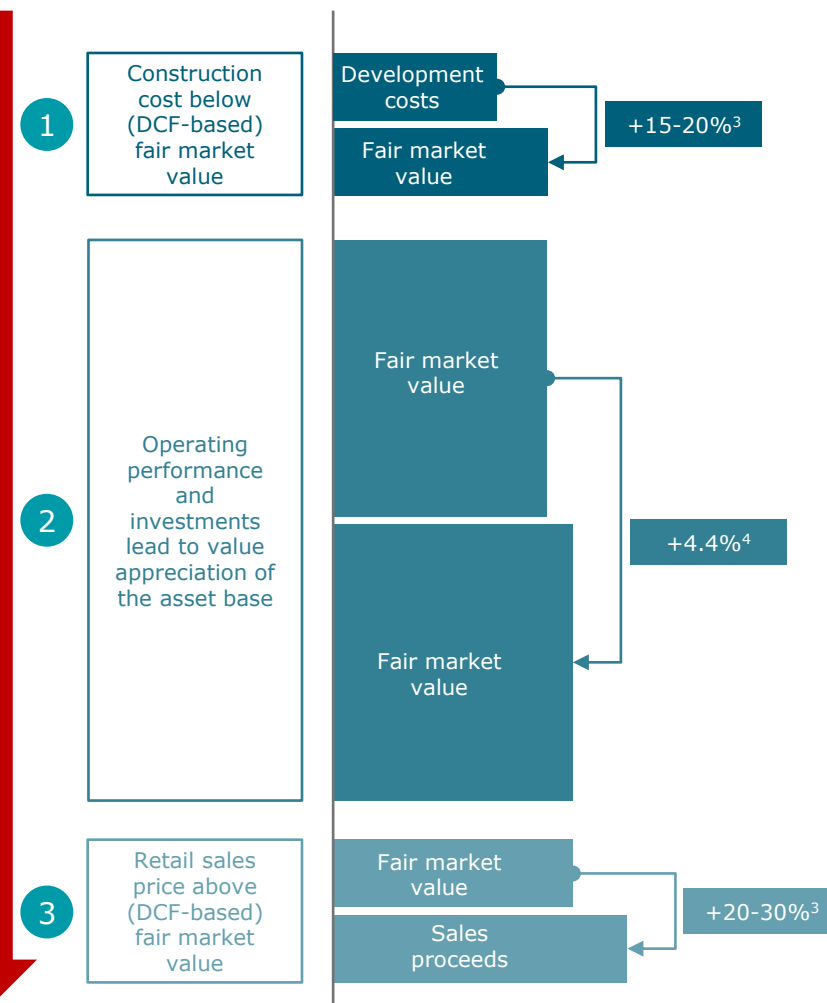
Sustainable cash flow growth

		Trajectory
	Rental income	Growing.
-	Maintenance expenses	Broadly stable. Scalable relative to portfolio size and broadly stable
-	Operating expenses	Broadly stable. Overhead scalable, local cost variable with portfolio size
=	EBITDA Rental	Growing.
+	EBITDA Value-add	Growing. Further roll out of proven businesses and implementation of new initiatives.
+	EBITDA Development	Stable/slightly growing. Increasing completion volume.
+	EBITDA Recurring Sales	Broadly stable. Stable volume of ca. 2,000 apartments p.a.; EBITDA depends on sales mix and locations.
=	Total EBITDA	Growing. Yardstick for cash generation and value creation performance.
-	Interest expenses	Robust top-line growth combined with staggered and smooth maturity profile largely buffers potentially rising interest cost.
-	Current income taxes	Comparatively low cash taxes as deferred tax loss carryforwards can be used to mitigate tax burden.
-	Consolidation effects	Elimination of intragroup profits and non-cash effects.
=	Adj. EPS ("Group FFO")	Growing.
70% Dividend¹		30% Other²

Cash growth

Value growth

3 sources of sustainable value growth



¹ Historic acceptance level of scrip dividend has been between ca. 40% and 50%, so the actual cash out for dividends is usually substantially less than 70% of Group FFO. ² Mainly for one-offs, capitalized maintenance and equity portion of investment program. ³ Historic range. ⁴ CAGR since 2013 fair value uplift through performance and investments (excluding yield compression).

Environment



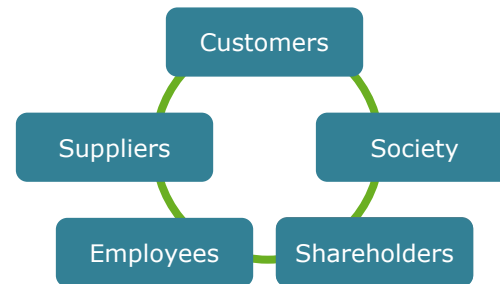
~4%
building
modernization
rate p.a.

**EPRA Gold
Award**
For Vonovia's
Sustainability
Report 2018

We continue to reduce CO2 emissions through energy efficient building modernizations and use alternative energy sources.

We are mindful of the scarcity of natural resources and optimize consumption in all steps along our value chain.

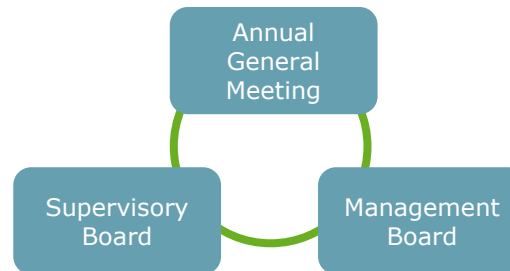
Social



Our product and services are very close to the heart of our customers but also highly relevant in a general public and political context.

In our business activities we are careful to adequately reconcile the different stakeholders' interests.

Governance



Two-tier Board System with independent management and monitoring of the business. 100% independent Supervisory Board; diverse composition of individuals with a well-balanced skillset.

Providing a place where people feel at home while honoring our commitments in terms of environmental, social and governance-related standards and expectations vis-à-vis all stakeholders is our key responsibility.

We Assess Investment Opportunities on the Basis of Non-Discussable Criteria.

- The objective under the criteria is to safeguard discipline in acquisitions and M&A: Stakeholders must be better off with the acquisition than without.
- Residential real estate is a capital-intensive, low-margin business; it is therefore essential not to overpay on a transaction.

Strategic Rationale

Long-term view of the portfolio with a focus on urban growth regions

Financial Discipline

At least neutral to BBB+ investment grade rating (assuming 50% equity/ 50% debt financing)

Accretive to EBITDA Rental yield

Improved profitability for shareholders after the transaction

Earnings Accretion

Acquisition Criteria

Adj. NAV/share or similar

Currency check to ensure we are not overpaying in relation to our own brick-and-mortar value

Value Accretion

Management compensation remains free from any acquisition targets. As in the past, Vonovia does not define quantitative acquisition targets and instead will continue to act purely opportunistic.



Attractive market fundamentals supported by long-term megatrends



Clearly defined strategy successfully and consistently executed since IPO



Resilient business model with stakeholder returns in the form of sustainable cash flow growth and organic asset value appreciation



Strong track record of acquisitions, integrations and efficiency



Uniquely positioned in Germany with ability and ambition to expand into selected European metropolitan areas





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Q3.2019 Business Highlights

VONOVIA

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Performance

- Y-o-y increase across all four segments
- Adj. EBITDA Total **€1,331.1m** (+16.7%)
- Group FFO **€932.8m** (+10.7%) and **€1.72** per share (+5.5%; eop shares)

NAV & Valuation

- Adj. NAV per share **€48.92** (+9.0% since YE 2018)
- **Est. H2 2019 total fair value growth of €2.1bn – €2.8bn** (4.4% - 5.9%) expected
- **YE2019E Adj. NAV per share** estimated to come out between **€51.5 and €53**

Capital Structure

- LTV **40.3%** (-250bps since YE 2018)
- **Pro forma year-end LTV** incl. Hembra acquisition, financing and H2 valuation estimated to be toward the upper end but still **well within our target range**
- Net debt/EBITDA multiple **11.1x**

Guidance 2019 (final) 2020 (initial)

- **Final guidance 2019:** Total EBITDA and Group FFO at the **upper end of the range** leading to a **dividend p.s. of €1.57** to be proposed to the AGM in May 2020
- **Initial guidance 2020:** Total EBITDA of €1,875m – €1,925m and Group FFO of €1,275m – €1,325m

Regulation & political debate

- Berlin-specific rent freeze expected to become law in Q1 2020. **2020E impact on Group FFO: ~€6m**
- Discussions about regulation expected to continue but **risk of rent freeze** or similar regulation **outside Berlin remains extremely low**
- **Well-balanced stakeholder debate** more important than ever and **Vonovia is leading by example**

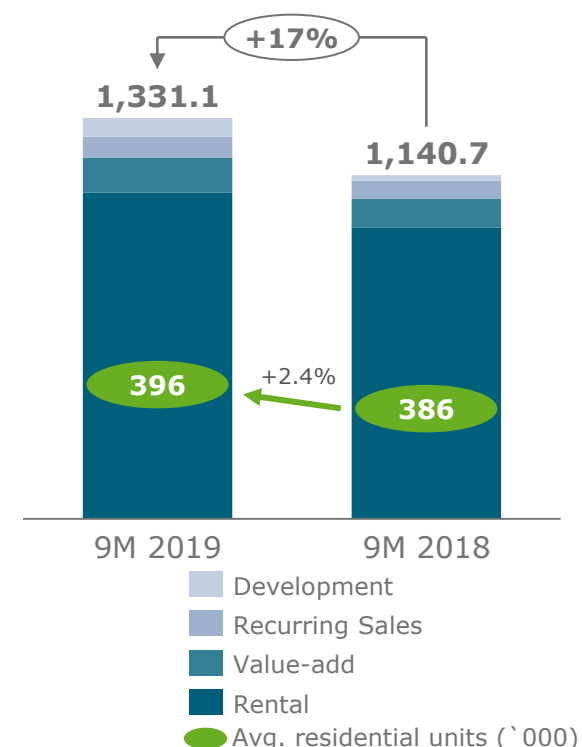
We continue to deliver solid performance and are set to deliver sustainable growth for the remainder of the year and beyond.

Substantial Growth in All Four Segments from Larger Portfolio Volume and Performance Improvements

- 16.7% Adj. EBITDA Total growth and 10.7% Group FFO growth on the back of a 2.4% larger portfolio and performance improvements.
- While the operating business with the rental and value-add segments remains the primary performance driver, recurring sales and development made an increasing contribution in 9M 2019.

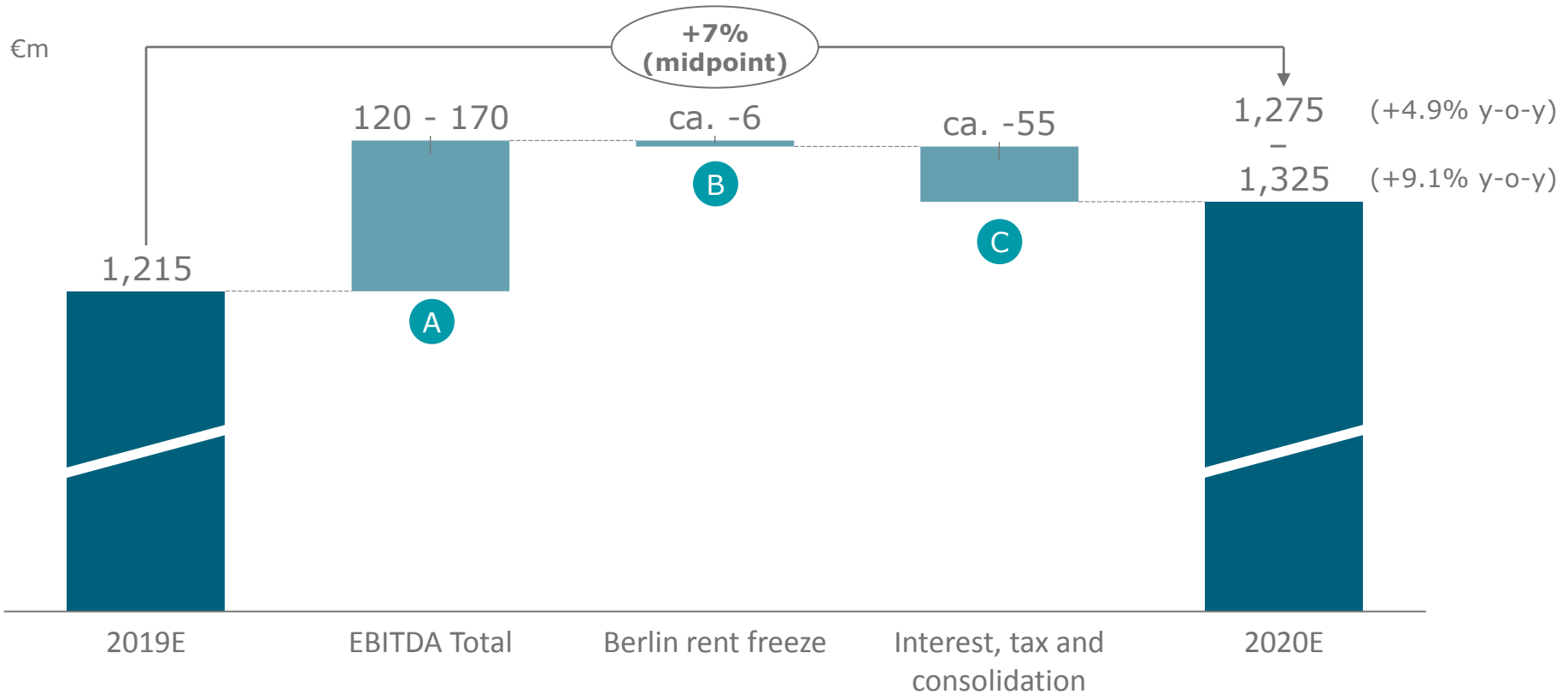
€m (unless indicated otherwise)	9M 2019	9M 2018	
Adj. EBITDA Rental	1,082.5	966.7	
Adj. EBITDA Value-add	117.5	96.8	
Adj. EBITDA Recurring Sales	69.1	59.7	
Adj. EBITDA Development	62.0	17.5	
Adj. EBITDA Total	1,331.1	1,140.7	16.7%
FFO interest expenses	-265.6	-237.7	
Current income taxes FFO	-43.1	-23.5	
Consolidation ¹	-89.6	-36.8	
Group FFO	932.8	842.7	10.7%
of which Vonovia shareholders	892.2	804.3	
of which hybrid investors	30.0	30.0	
of which non-controlling interests	10.6	8.4	
Number of shares (eop)	542.3	518.1	
Group FFO per share (eop NOSH)	1.72	1.63	5.5%
Group FFO per share (avg. NOSH)	1.76	1.68	

Adj. EBITDA Total (€m)



¹ Consolidation in 9M 2019 (9M 2018) comprised intragroup profits of €34.3m (€26.5m), the valuation result of new construction/development to hold of €33.1m (€10.2m), and IFRS 16 effects of €22.2m (€0.0m).

Bridge from Group FFO 2019E to 2020E



- A** Organic EBITDA growth plus acquisitions (incl. Hembla)
- B** Reversal of rent increases made after June 18, 2019, and unrealized rent growth as a result of the Berlin-specific rent freeze
- C** Additional interest for Hembla, higher consolidation amount from non-cash EBITDA growth



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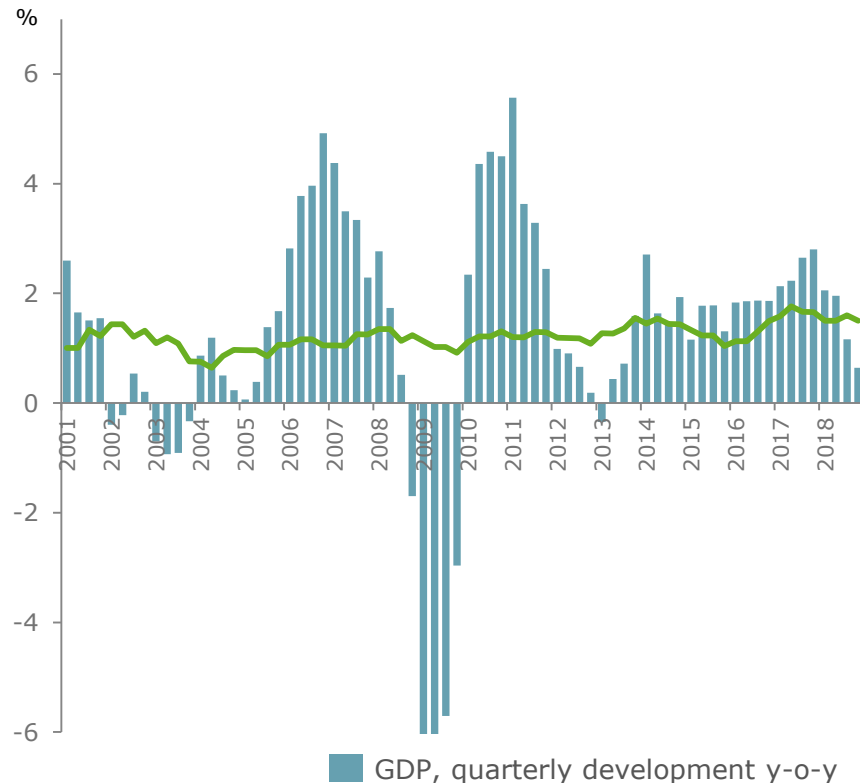
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Residential Market Fundamentals (Germany)

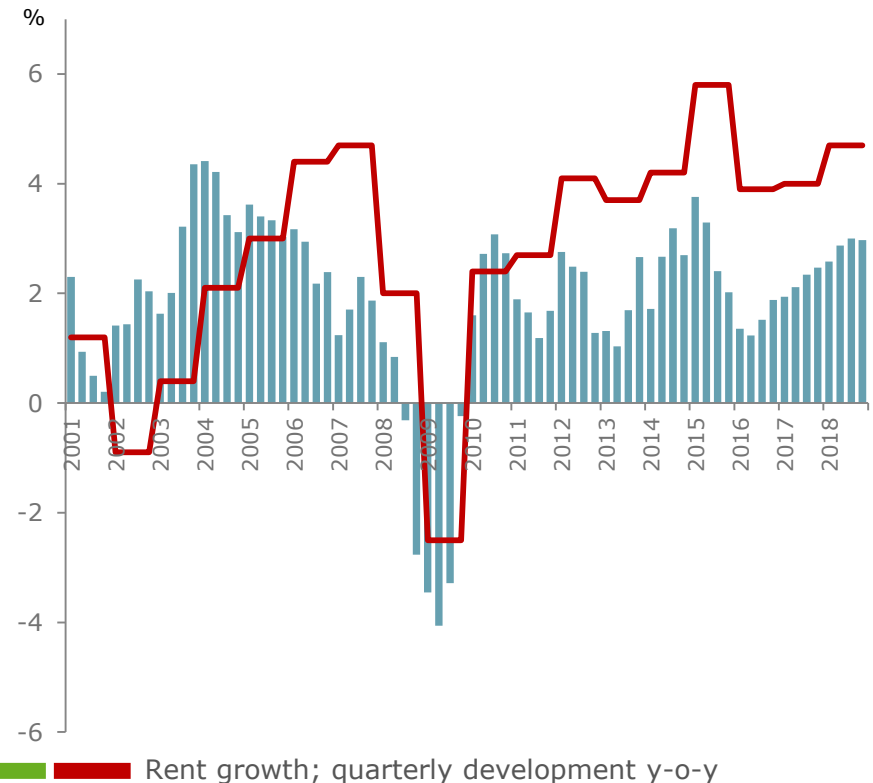
Robust Rent Growth in Regulated Environments

- In **regulated markets like Germany**, rent growth is stable and largely independent from GDP developments
- In **unregulated markets like the USA**, rent growth fluctuates broadly in line with GDP development

Germany: regulated market ensures sustainable rent growth



USA: lack of regulation results in highly volatile rent growth



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.

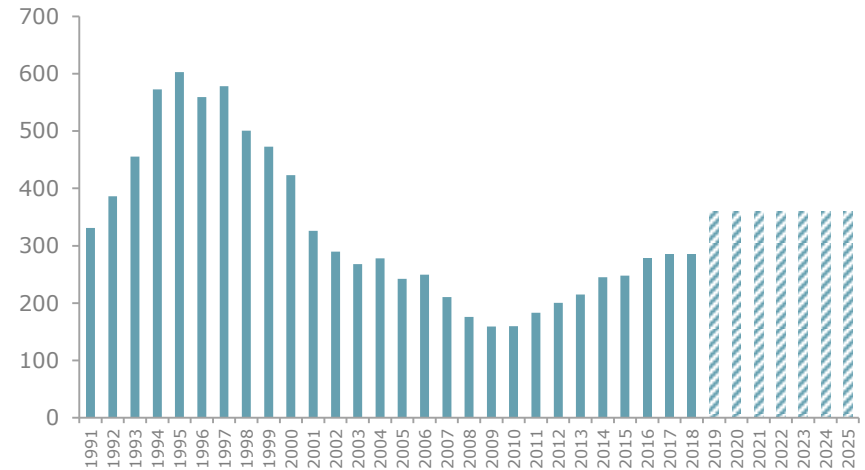
Residential Market Fundamentals (Germany)

Completions Substantially below Required Volumes

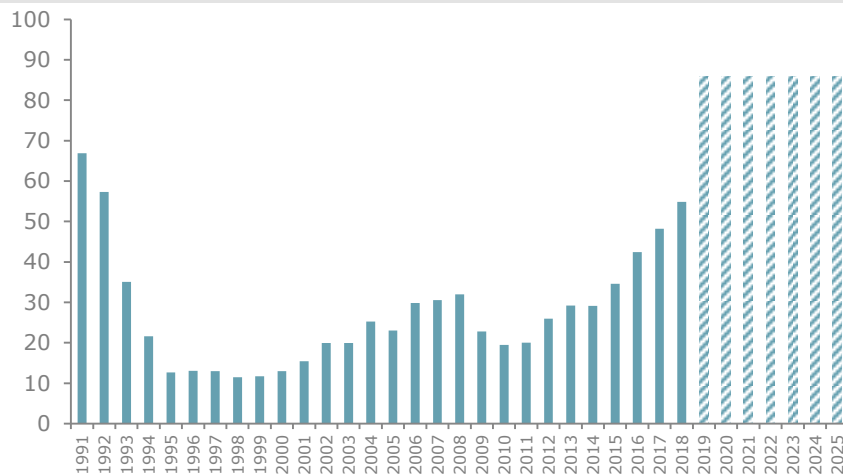
Average annual residential completions of the last five years fall short of estimated required volumes:

- Germany: only 75% of required volumes completed
- Sweden: only 49% of required volumes completed
- France: only 77% of required volumes completed

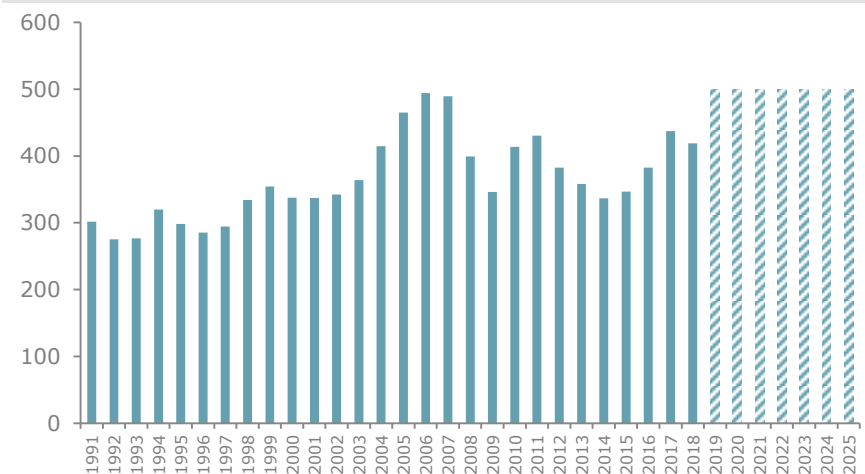
Germany ('000 units)



Sweden ('000 units)



France ('000 units)



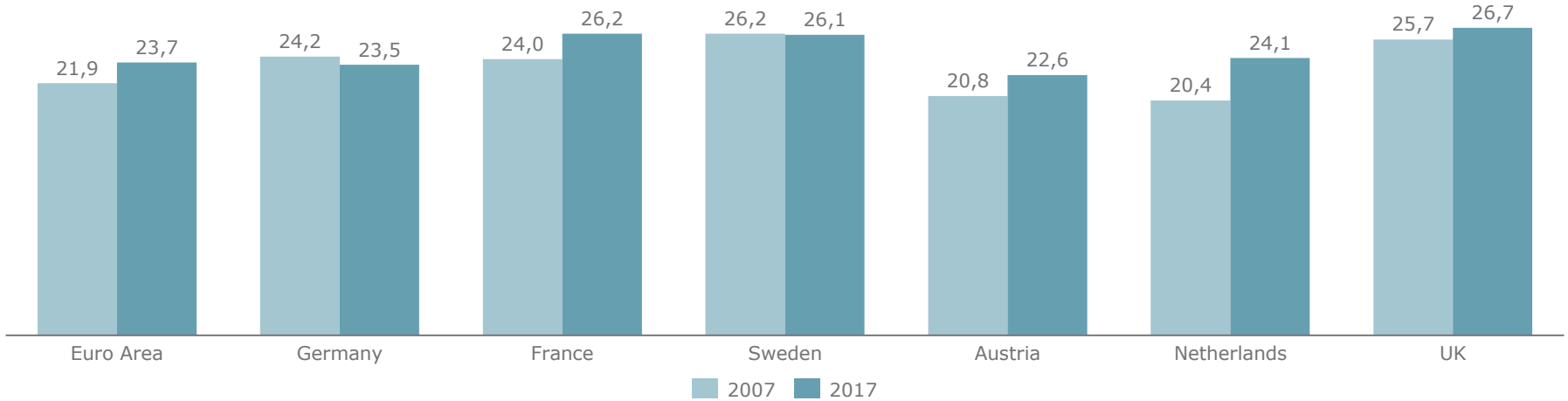
■ Completions ('000) ▨ Est. required volume ('000)

Sources: German Federal Statistics Office, GdW (German Association of Professional Homeowners). Swedish National Board of Housing, Building and Planning, Statistics Sweden, Le service de la donnée et des études statistiques (SDES), Abbé Pierre Foundation

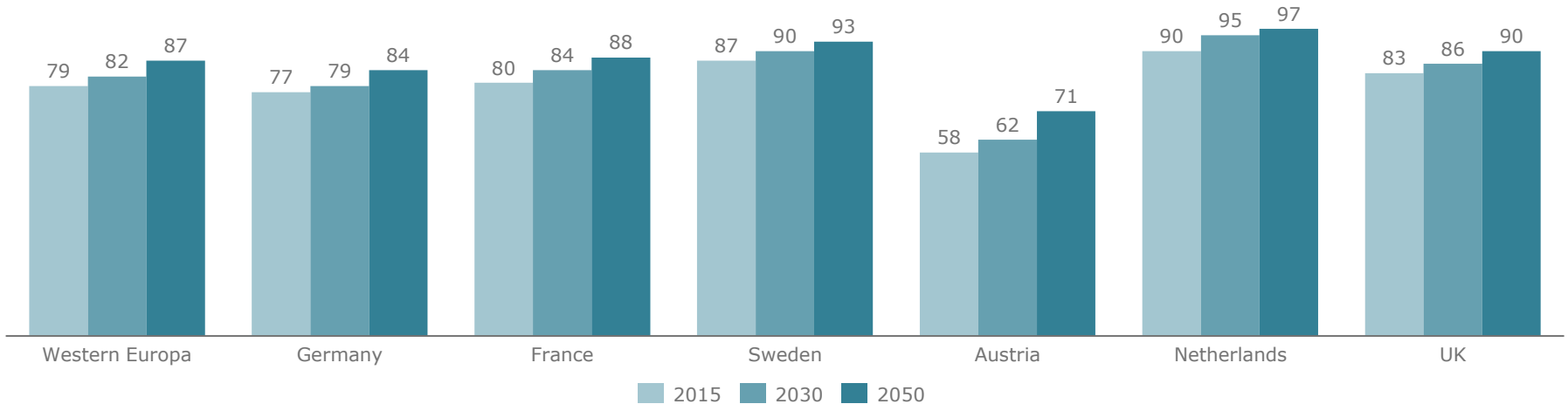
Residential Market Fundamentals (Germany)

Housing Affordability and Urbanization

Housing affordability¹ (%)



Population living in urban areas (%)



¹ Share of disposable household income spent on housing, water, electricity, gas and other fuels

Sources: Eurostat, United Nations

Residential Market Fundamentals (Germany)

Household Sizes and Ownership Structure

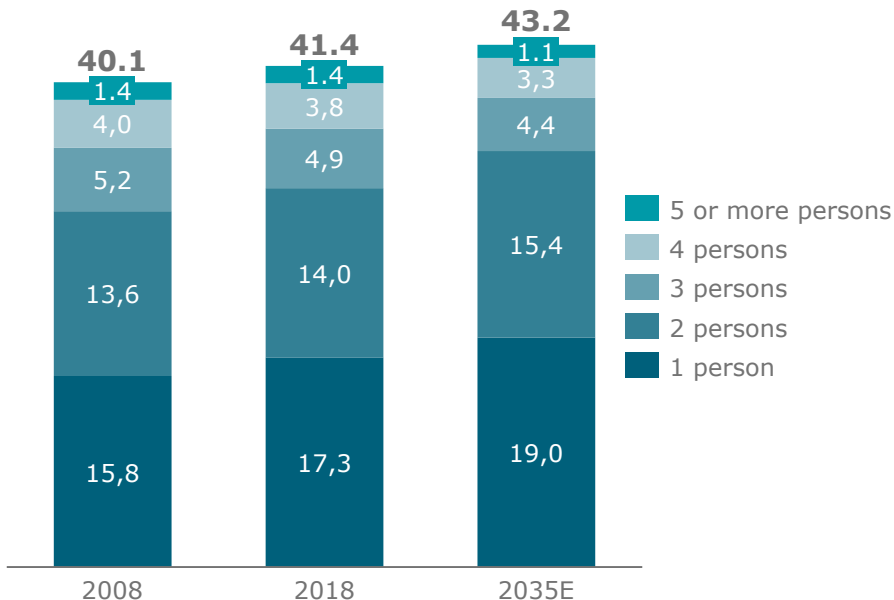
Growing number of smaller households

- > 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.

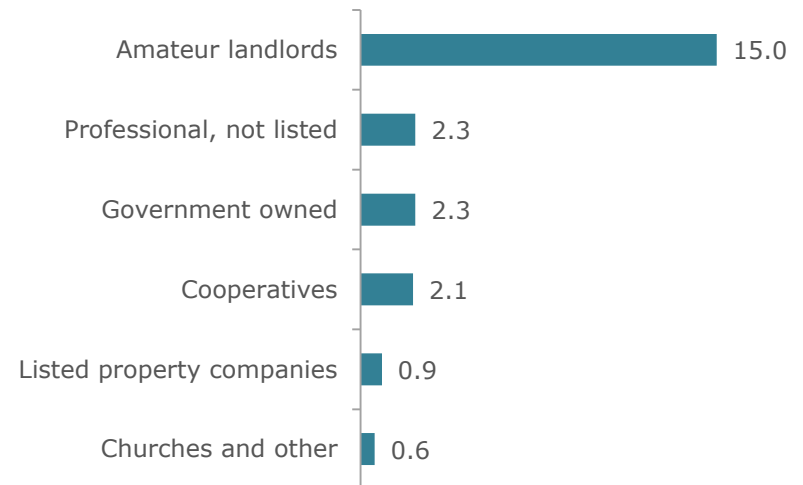
Fragmented ownership structure

- > 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.

Distribution of household sizes (million)



Ownership structure (million units)

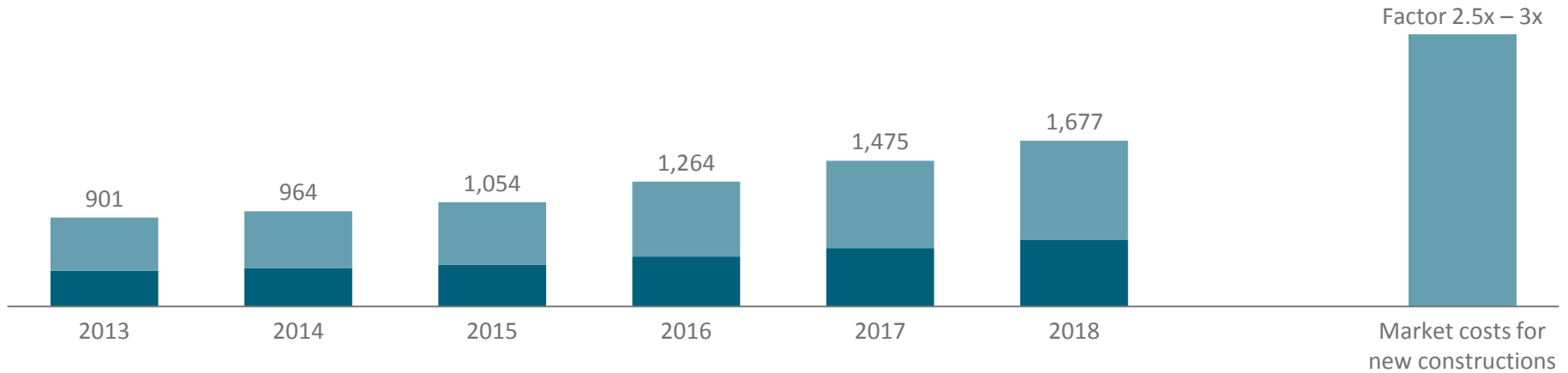


Sources: German Federal Statistics Office, GdW (German Association of Professional Homeowners). 2035(E) household numbers are based on trend scenario of the German Federal Statistics Office.

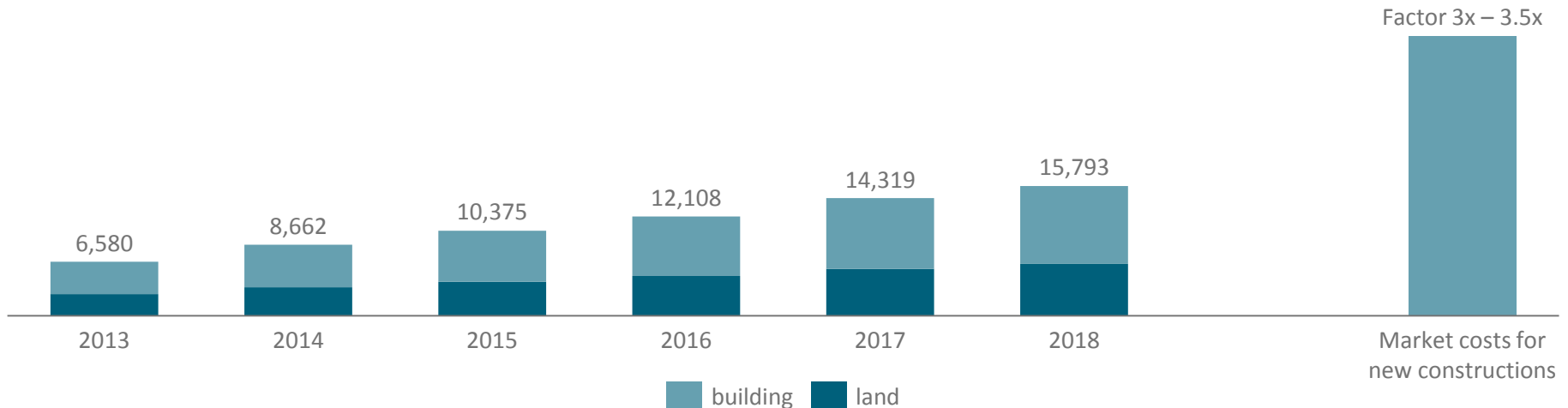
Residential Market Fundamentals (Germany)

Large Gap between In-place Values and Replacement Costs

Vonovia (German portfolio) – fair value per sqm (€; total lettable area) vs. construction costs



Victoria Park – fair value per sqm (SEK; total lettable area) vs. construction costs



Note: VNA 2010 – 2014 refers to Deutsche Annington Portfolio at the time; construction costs excluding land. The land value refers to the share of total fair value allocated to land. Allocation between building and land in Sweden assumed to be similar to Germany.

Residential Market Fundamentals (Germany)

Quick Guide to Key Real Estate Regulation Terminology

- While German rental regulation has a variety of special terms there are a few that are particularly relevant to understand rental regulation. While there are different translations used by different people, the following is a short overview of the key terms and their English equivalent used by Vonovia.

	German term	English term	Comment
National (encoded in German Civil Code, "BGB")	Mietspiegel	Rent index or Mietspiegel	Based on federal legislation and implemented by individual municipalities. Updates are usually made every two years and based on market rent growth data of the last four years.
	Mietpreisbremse	Rent cap	Unless comprehensive modernizations are made in the apartment, the rent for an incoming tenant must not be more than 10% above the local comparable rent.
Berlin-specific (draft law)	Mietendeckel	Rent freeze	Term used to refer to the planned Berlin-specific rental regulation. It has (i) a rent freeze element based on which rents cannot grow (subject to certain provisions included in the legislation) and (ii) a rent reduction element based on which in-place rents need to be reduced under certain circumstances.
	Mietenobergrenze	Rent ceiling	New maximum rental levels included in the Berlin draft bill that are essentially based on 2013 Mietspiegel levels plus wage inflation. They form the basis for various provisions of the draft bill.

Residential Market Fundamentals (Germany)

Berlin-specific Rent Legislation: Freeze & Reduction

Legislation

- On Oct. 22, the Berlin Senate agreed on the draft bill for a Berlin-specific rent freeze law; parliamentary hearings are expected to take place in November and December. **The bill is expected to become law in Q1 2020.**
- The proposed rent freeze legislation also includes **rent-reducing elements**
 - Once the law is enacted, **reversal of all rent increases implemented since June 18, 2019**, back to rent level legally agreed as of that date
 - **New lettings** at same rental level as previous rent but in no case above the respective **rent ceilings (Mietobergrenzen)**
 - **Reduction of in-place rents that are >120% of rent ceilings**
→ This part is expected to be enforced nine months after the rent freeze legislation goes into effect

Group FFO impact 2020 for Vonovia

- The estimated impact is **ca. €6m** from the reversal rent increases made after June 18, 2019, and unrealized rent growth because of the rent freeze

Assessment

- Vonovia remains fully convinced that the planned rent freeze legislation is not only **unconstitutional** but also a **large step in the wrong direction**. It will not serve to solve the housing shortage. Instead it will **disincentivize** homeowners and investors in Berlin to make much needed **investments** in **new constructions** and the **modernization** of Berlin's existing housing stock. Notwithstanding this ill-conceived legislation, we will, of course, act in accordance once it is enacted and for as long as it is upheld.
- Vonovia will complete the construction and modernization projects that are underway and **carefully review any future investments into Berlin.**

Spillover?

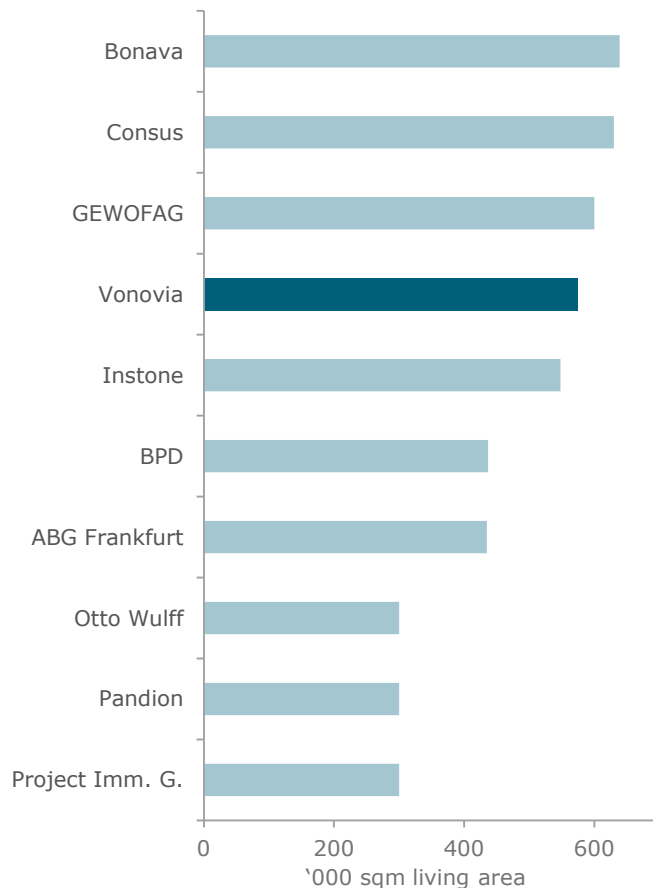
- With ca. 10% of our portfolio located in Berlin, the **impact on our performance and portfolio** is clearly **manageable**. Unchanged from previous statements we continue to see the **spillover risk into other areas outside Berlin as extremely low.**

As the market leader, Vonovia leads by example when it comes to stakeholder reconciliation

- **We offer our customers a product that is very close to their heart.** The importance of accommodation is probably only surpassed by other elementary needs such as oxygen and food.
- As a consequence, affordable housing and rising rents have been among the most **prominent topics of the national debate.**
- Operating in the residential market brings with it a **special responsibility** that **we take very seriously.**
- That is why we
 - developed our **business philosophy** which goes above and beyond what is legally required (<https://www.vonovia.de/en/geschaeftsverstaendnis>);
 - **limit ourselves** to a maximum rent increase of €2/sqm following modernization even in cases where the law would allow for €3/sqm;
 - have **made a promise** to our tenants who are 70 years or older by giving them a **guarantee** that their apartment will continue to **remain affordable** even if the standard local comparative rents change;
 - decided in August 2019 to **not implement the 2019 Berlin Mietspiegel** in order to (i) not increase the uncertainty among our tenants any further and (ii) not add fuel to an already heated debate.

While this is a never-ending responsibility, we have come a long way in our effort to be part of the solution

Largest homebuilders in Germany¹

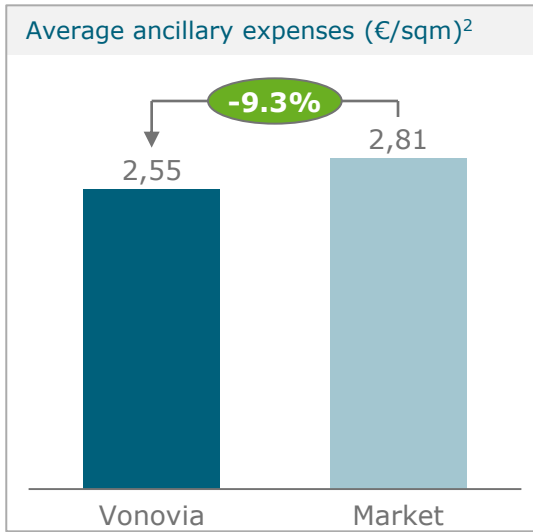


“We welcome this project because it creates new smaller apartments for students and senior citizens and larger apartments for families in a very popular location.”
Dorothee Dubrau, Director for Housing and Urban Development in Leipzig.
 Source: Bild (German daily)

“Let’s check out how subsidies are being put to use. Especially when you not only think of a single building but of the whole neighborhood. This is how Essen’s run-down northern neighborhood has been turned into the *Elting Viertel*. Great!”
Jan Heinisch, CDU and Deputy Minister of Construction and Urban Development in NRW.
 Source: Facebook

“More affordable housing in NRW, right where people need it. Vonovia is adding a floor in Essen using modular timber construction. Our NRW building code provides the legal framework. Thanks to the modular approach the construction period for the new apartments is only a few weeks.”
Stephen Paul, Liberal Party FDP and Member of the NRW State Parliament.
 Source: Facebook

Q: “Do you see private owners [...] as a partner or an enemy?”
 A: “Actually, in their role as landlords they are natural partners, and we have a pretty good working relation with Vonovia. However, when a company [...] does not even accept the Mietspiegel we have a massive conflict.”
Interview with Berlin’s Senator for Housing and Urban Development, Katrin Lompscher.
 Source: Tagesspiegel (Berlin daily) on Sep. 30, 2019



¹ Top 7 cities, includes projects completed between 2016 and 2023 (expected), Data source: bulwiengesa, company data. ² 2017 data, source for market is German Tenant Association (published Oct. 3, 2019)

Substantial Reduction of Portfolio Locations

Company Overview

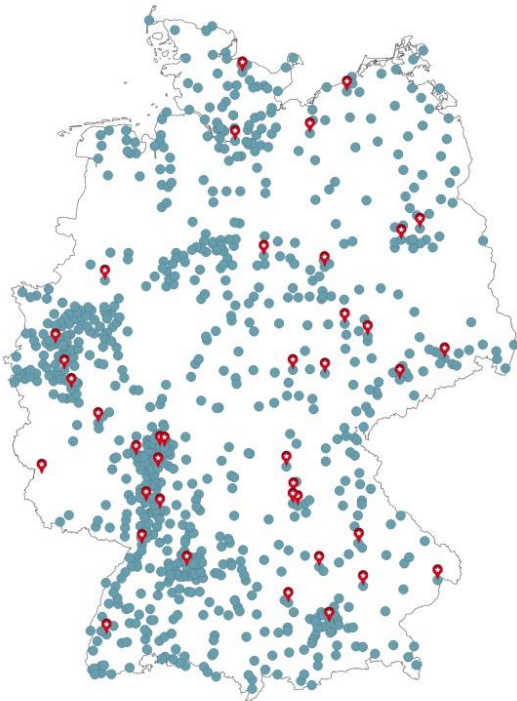
Business Update

Additional Information

03/2015 (incl. Südevo)

818 locations

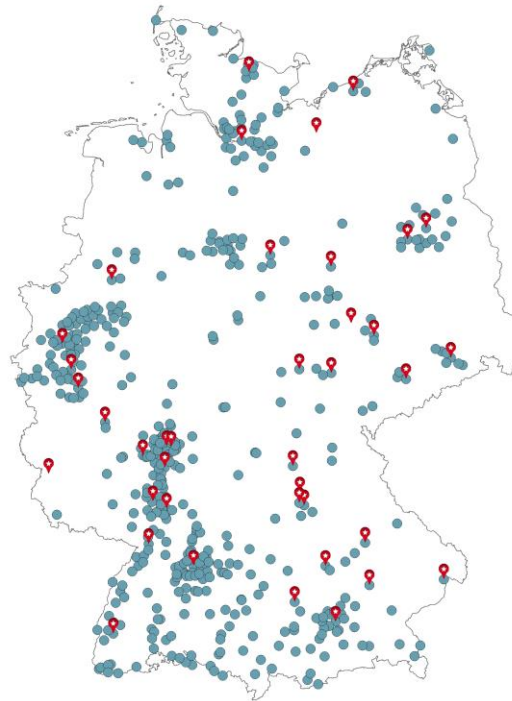
347k units



09/2019

498 locations

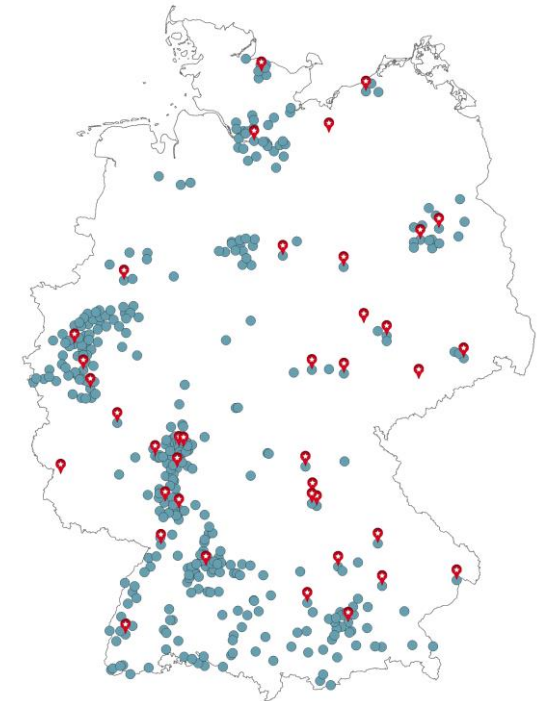
356k units



Strategic Portfolio

~400 locations

350k units



● Vonovia location

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

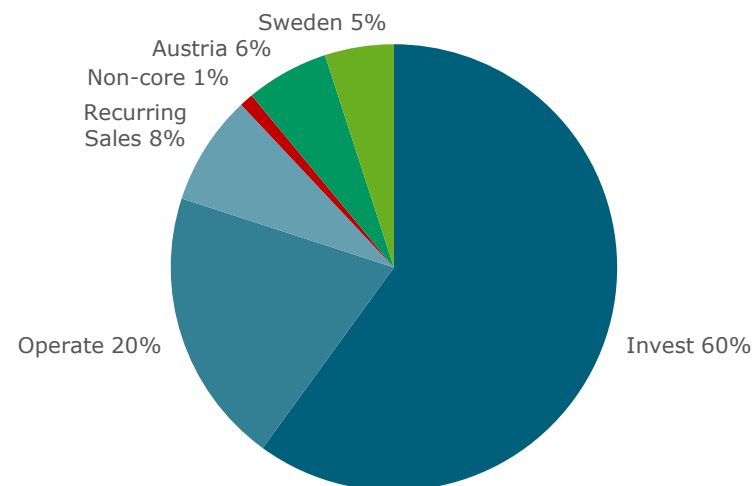
Portfolio Cluster

Company Overview

Business Update

Additional Information

- **Ca. 60% of German portfolio earmarked for investment strategy**, safeguarding long-term sustainability of our Optimize Apartment and Upgrade Building investment strategy.
- **1,679 non-core units sold in 9M 2019 with a fair value step-up of 15.2%.**

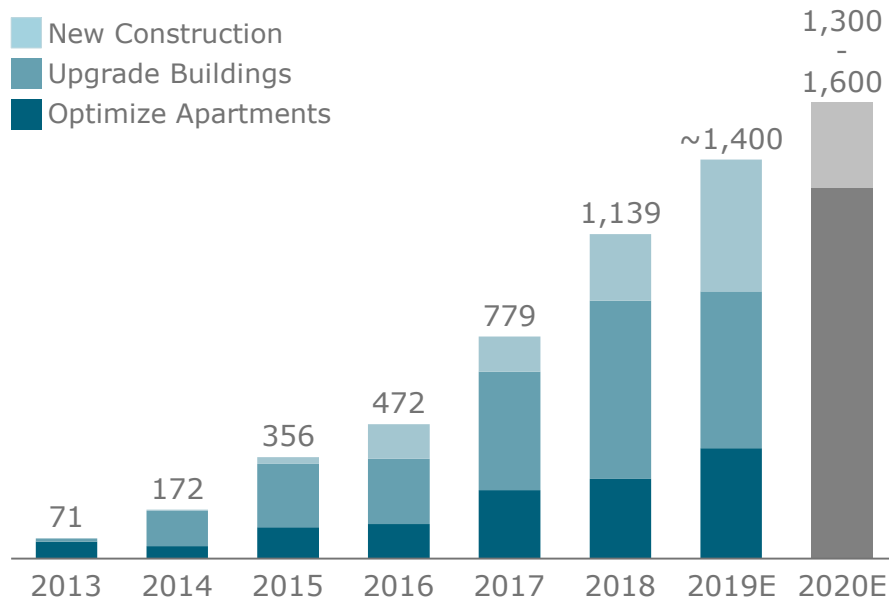


Sep 30, 2019	Fair value ¹			Residential	In-place rent
	(€bn)	% of total	(€/sqm)	units	(€/sqm/month)
Operate	9.3	20%	1,794	75,209	6.96
Invest	27.8	60%	1,805	248,432	6.62
Strategic	37.1	80%	1,802	323,641	6.70
Recurring Sales	3.7	8%	1,927	28,321	6.84
Non-core	0.5	1%	1,299	4,242	6.32
Vonovia Germany	41.3	89%	1,804	356,204	6.71
Vonovia Austria	2.6	6%	1,415	22,764	4.63
Vonovia Sweden	2.3	5%	1,739	16,647	9.15
Vonovia Total	46.2	100%	1,773	395,615	6.69

Note: In-place rents in Austria and Sweden are not fully comparable to Germany, as Sweden includes ancillary costs and Austria includes maintenance and property improvement contributions from tenants. The table above shows the rental level unadjusted to the German definition.

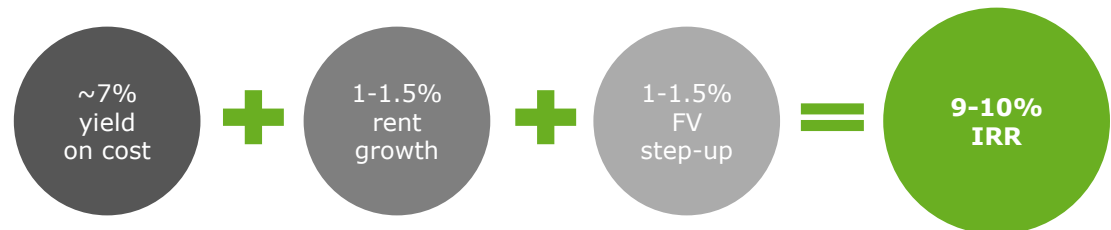
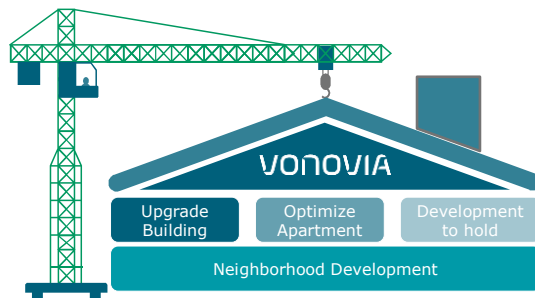
¹ Fair value of the developed land excluding €1,849.5m, of which €471.2m for undeveloped land and inheritable building rights granted, €392.5m for assets under construction, €514.4m for development, €274.1m IFRS 16 effect, and €197.4m for other.

Evolution of Investment Program (€m)



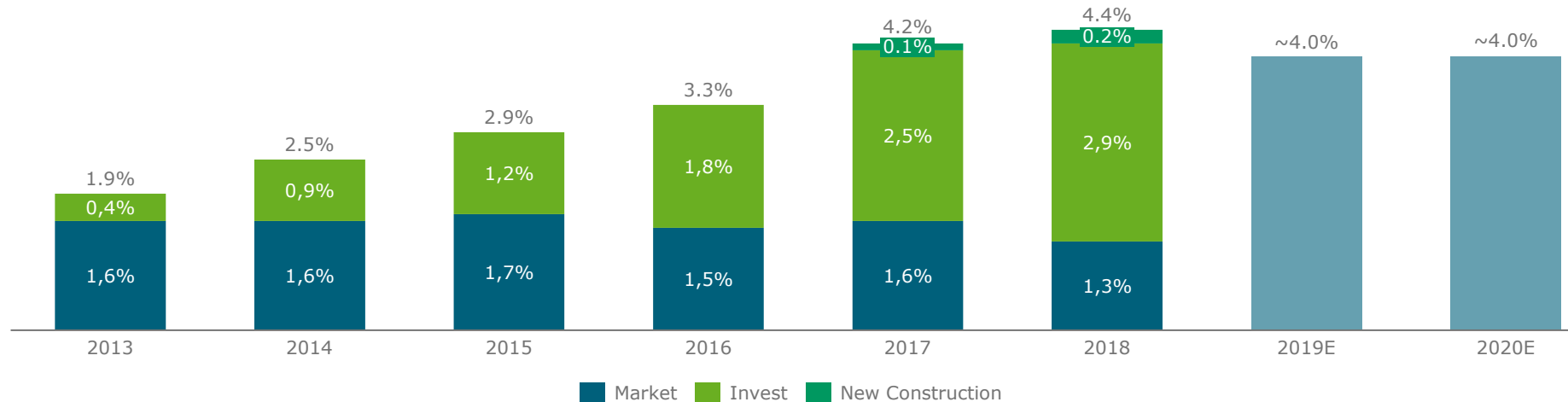
- > In contrast to reactive maintenance (expensed and capitalized) which is spent to *protect* future EBITDAs, investments are **pro-active and discretionary to grow future EBITDAs**
- > Investment programs are **funded by retained cash** (mainly Group FFO not paid out as dividends and sales proceeds) and **debt**
- > **Size** of investment program is **calibrated to ensure we remain within LTV target range**

9-10% IRR target for investment program



Three Sources of Rent Growth

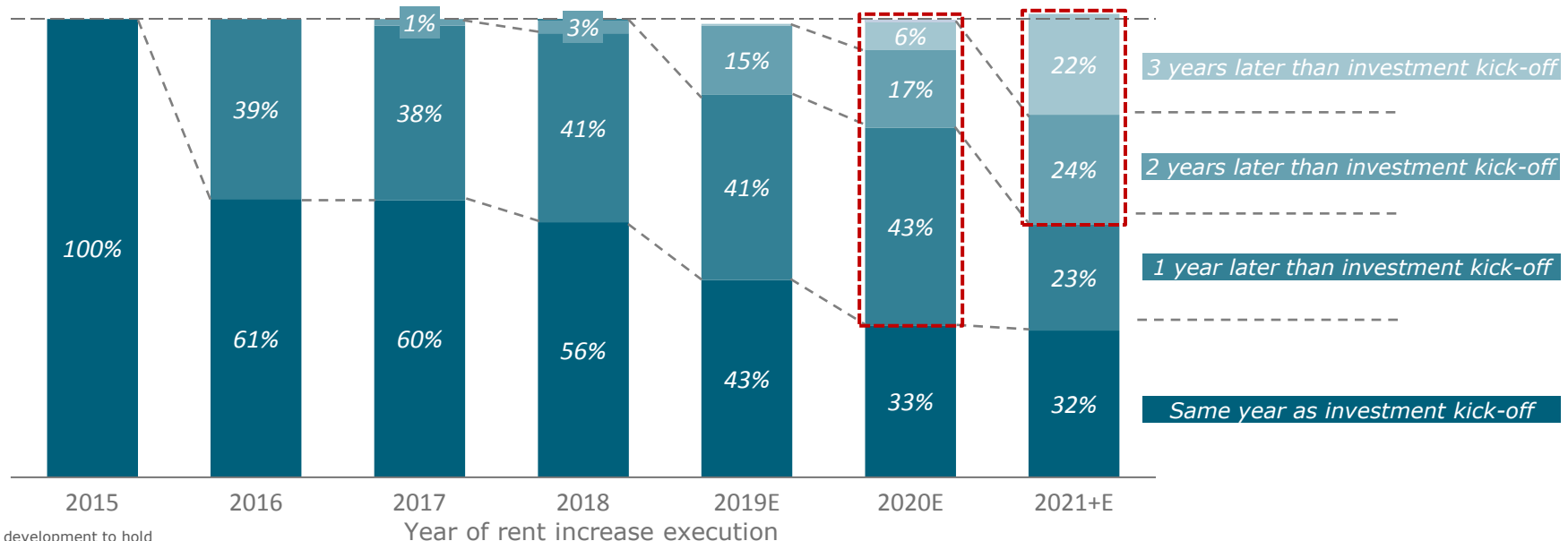
- > Vonovia's **investment program proactively addresses the challenges** of a more sensitive rent growth environment and enables us to **largely compensate for the slight decline in market rent growth** opportunities which is due to increasing political influence on Mietspiegel and impacts from the Mietpreisbremse.
- > Added benefit: In contrast to market rent growth from Mietspiegel adjustments, investment-driven rent growth results in a **tangible benefit for tenants and addresses the social challenges of climate protection, CO2 reduction and senior friendly refurbishments**



We will continue to deliver best-in-class organic rent growth

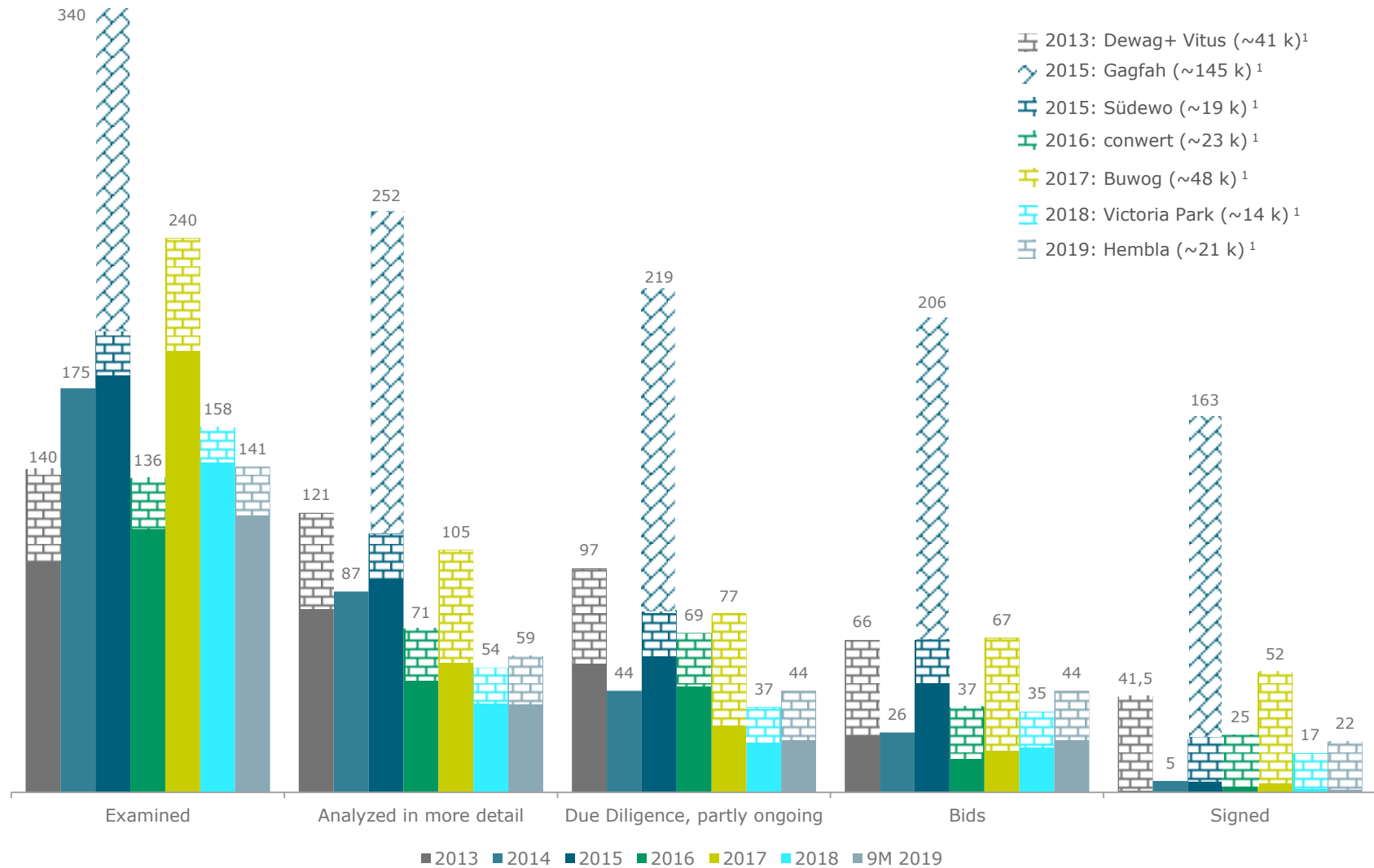
- Increasingly **comprehensive investment projects** incl. neighborhood developments and new construction result in **more extended periods between investment and full rent growth realization.**
- 6% of 2017 investment program rent growth, 39% of 2018 investment program rent growth and 67% of 2019 investment program rent growth for an **aggregate incremental rental income of ~ €63m p.a.** are **still in the pipeline** as investments are underway but not fully completed.

Year-by-year rent growth materialization from investment programs



Acquisitions – Opportunistic but Disciplined

Acquisition pipeline ('000 units)



¹Acquisitions are shown for all categories in the year the acquisition process started.

Acquisition Track Record

VONOVIA

Company Overview

Business Update

Additional Information

Year	Deal	Residential units #	TOP Locations	Fair Value (€/sqm) ¹			In-place rent (€/sqm) ¹		
				@ Acquisition	Sep 30, 2019	Δ	@ Acquisition	Sep 30, 2019	Δ
2014	DEWAG	11,300	Berlin, Hamburg, Cologne, Frankfurt/Main	1,344	2,356	75%	6.76	8.05	19%
	VITUS	20,500	Bremen, Kiel	807	1,486	84%	5.06	5.97	18%
2015	GAGFAH	144,600	Dresden, Berlin, Hamburg	889	1,745	96%	5.40	6.50	20%
	FRANCONIA	4,100	Berlin, Dresden	1,044	2,025	94%	5.82	6.85	18%
	SÜDEWO	19,400	Stuttgart, Karlsruhe, Mannheim, Ulm	1,380	2,071	50%	6.83	7.60	11%
2016	GRAINGER	2,400	Munich, Mannheim	1,501	2,331	55%	7.09	8.10	14%
2017	CONWERT (Germany & Austria)	23,400	Berlin, Leipzig, Potsdam, Wien	1,353	1,970	46%	5.88	6.51	11%
	thereof Germany	21,200	Berlin, Leipzig, Potsdam	1,218	1,869	53%	5.86	6.47	10%
	thereof Austria	2,200	Vienna	1,986	2,486	25%	6.11	6.83	12%
	PROIMMO	1,000	Hanover	1,617	1,801	11%	6.63	6.93	4%
2018	BUWOG (Germany & Austria)	48,300	Berlin, Lübeck, Vienna, Villach	1,244	1,447	16%	5.10	5.38	5%
	thereof Germany	27,000	Berlin, Lübeck, Kiel	1,330	1,646	24%	5.96	6.37	7%
	thereof Austria	21,300	Vienna, Villach, Graz	1,157	1,259	9%	4.21	4.43	5%
	VICTORIA PARK (Sweden)	14,000	Stockholm, Malmö, Gothenburg	15,286	18,598	22%	92.25	97.89	6%
Total		289,000							

¹Germany & Austria in €, Sweden in SEK
Note: Excluding smaller tactical acquisitions.

<p>Acquisition from Blackstone</p>	<ul style="list-style-type: none"> ➤ Agreement to acquire ca. 69% of voting rights and ca. 61% of shares announced on Sep. 23, 2019 (subject to merger clearance, which we expect to receive shortly) ➤ Closing expected for the first half of Nov. 2019, when Vonovia will acquire Blackstone’s stake and trigger a mandatory tender offer to acquire the outstanding shares
<p>Vonovia stake in Hembla</p>	<ul style="list-style-type: none"> ➤ The aggregate of the Hembla stake and the shares acquired between Sep. 25 and Oct. 31, 2019, will be 71.7% of the voting rights and 64.2% of the shares
<p>Tender Offer</p>	<ul style="list-style-type: none"> ➤ Once the mandatory offer has been triggered by the closing of the Blackstone transaction, the offer will be announced and the offer document will be published ➤ The offer period of four weeks is expected to run in Nov. and Dec. 2019 ➤ Following the publication of the offer document, minority shareholders will be able to tender their shares for SEK215 per share
<p>Strategy</p>	<ul style="list-style-type: none"> ➤ Building on the knowhow and experience from our German operations, Vonovia intends to continue to consolidate the Swedish market and build an efficient and scalable operating platform ➤ Vonovia is a long term investor and holder of properties. It is not part of our strategy to realize value through the future sale of buildings for our own benefit or that of minority shareholders. Instead we will focus on expansion and further investment in Hembla’s properties ➤ Hembla’s current dividend policy is to not distribute dividends to shareholders but to reinvest earnings into the properties. Vonovia agrees with this strategy and currently has no intention to amend Hembla’s dividend policy

- Cautious approach to minimize risk. Currently ca. 14%¹ of the portfolio located outside Germany. We continue to monitor the German market and our defined European target markets in accordance with our acquisition criteria.
- Germany is expected to remain the dominant market in the foreseeable future. We have no target rate or ratios in terms of German vs. non-German exposure. We approach M&A opportunities in both German and non-German markets with the same robust criteria.

2016	2017	2018	2019
<ul style="list-style-type: none"> • First (minor) exposure to non-German resi portfolio via conwert tender offer 	<ul style="list-style-type: none"> • Rolf Buch is appointed to the Board of D. Carnegie (today: Hembla); he resigned in 2018 when Vonovia made an offer for Victoria Park • Signing of MoU with CDC Habitat (formerly SNI) • Tender offer for Buwog 	<ul style="list-style-type: none"> • Tender offer for Victoria Park (14k units) • Acquisition of 2,340 flats by VP for ca. €450m (closed early Q2 2019) 	<ul style="list-style-type: none"> • Acquisition of 10% stake in a 4,000 unit portfolio sold by French SNCF • Squeezed out Buwog minorities for ca. €334m • Exercised call options for 12.4% of VP, delisted shares and initiated squeeze-out proceedings • Acquisition of ca. 61% of shares and 69% of voting rights in Hembla from Blackstone • Tender offer for remaining shares in Hembla

	Austria (run a scalable business)	Sweden (main focus)	France (biggest long-term potential)	The Netherlands (open for opportunities)
% of total portfolio	~5% ¹	~9% ¹	Not meaningful	0%
Next steps	<ul style="list-style-type: none"> • Gradual asset rotation via recurring sales of mature assets and development of new assets in a similar magnitude • Run scalable operating business • Follow accretive acquisition opportunities on an opportunistic basis 	<ul style="list-style-type: none"> • Pursue accretive acquisition opportunities on an opportunistic basis • Add Vonovia experience and skill set and use Victoria Park as a platform to further grow in the Swedish residential market • Demonstrate success and sustainability of Vonovia business model to show it also works outside of Germany 	<ul style="list-style-type: none"> • Utilize 10% stake in SNCF portfolio to gain more profound understanding of the market • Safeguard pole position and first-mover advantage for potential opening of social housing to commercial ownership • Continue to actively engage with relevant French players to seek opportunities for taking the next steps 	<ul style="list-style-type: none"> • Continue market research • Be prepared for accretive acquisition opportunities on an opportunistic basis

¹ Pro forma incl. Hembla

LTV at Lower End of Target Range

- LTV as of Sep. 30, 2019, was 40.3%; Net debt/EBITDA multiple was 11.1x.
- Against the background of the **stable cash flows** and the **strong long-term fundamentals** in our portfolio locations, largely driven by a **structural supply/demand imbalance**, we see continued upside potential for our property values.
- **Pro forma year-end LTV** incl. Hembla acquisition, financing and H2 2019 valuation estimated to be toward the upper end but still **well within our target range**.

€m (unless indicated otherwise)	Sep 30, 2019	Dec 31, 2018
Non-derivative financial liabilities	20,505.6	20,136.0
Foreign exchange rate effects	-45.4	-33.5
Cash and cash equivalents	-1,157.4	-547.7
Net debt	19,302.8	19,554.8
Sales receivables	-10.4	-256.7
Adj. net debt	19,292.4	19,298.1
Fair value of real estate portfolio	47,763.9	44,239.9
Shares in other real estate companies	114.0	800.3
Adj. fair value of real estate portfolio	47,907.9	45,040.2
LTV	40.3%	42.8%
LTV (incl. perpetual hybrid)	42.4%	45.1%
Net debt/EBITDA multiple¹	11.1x	11.4x

¹ Adj. net debt quarterly average over Total EBITDA (LTM); adj. for IFRS 16 effect.

> Bond KPIs

Covenant	Level	Sep 30, 2019
LTV		
Total Debt / Total Assets	<60%	40%
Secured LTV		
Secured Debt / Total Assets	<45%	13%
ICR		
Last 12M EBITDA / Last 12M Interest Expense	>1.80x	4.9x
Unencumbered Assets		
Unencumbered Assets / Unsecured Debt	>125%	203%

> Rating KPIs

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

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