Q1 2019 Earnings Call
May 7, 2019

Rolf Buch, CEO
Helene von Roeder, CFO

Agenda

Highlights Q1 2019

Performance	All four segments well on track Adj. EBITDA Total **€429.9m** (+29.3%) Group FFO **€303.6m** (+20.0%) Group FFO per share **€0.59** (+13.5%)
NAV & Valuation	Adj. NAV €23,613.1m or **€45.48 per share** (+1.5% compared to Dec. 31, 2018) Next portfolio valuation end of Q2 2019. **Current indications suggest a stronger valuation uplift than in H1 2018**
Capital Structure	LTV **42.4%** in the middle of our target range Net debt/EBITDA multiple **11.4x**
Guidance Update	**Adj. EBITDA Total: €1,700m - €1,750m**. Guidance increased by €50m, of which ~€30m from IFRS 16 effects **Group FFO: €1,165m - €1,215m (€2.25 - €2.35 per share)**. Guidance increased by €25m from performance growth **IFRS 16 effects are included in Adj. EBITDA Total but excluded from Group FFO**

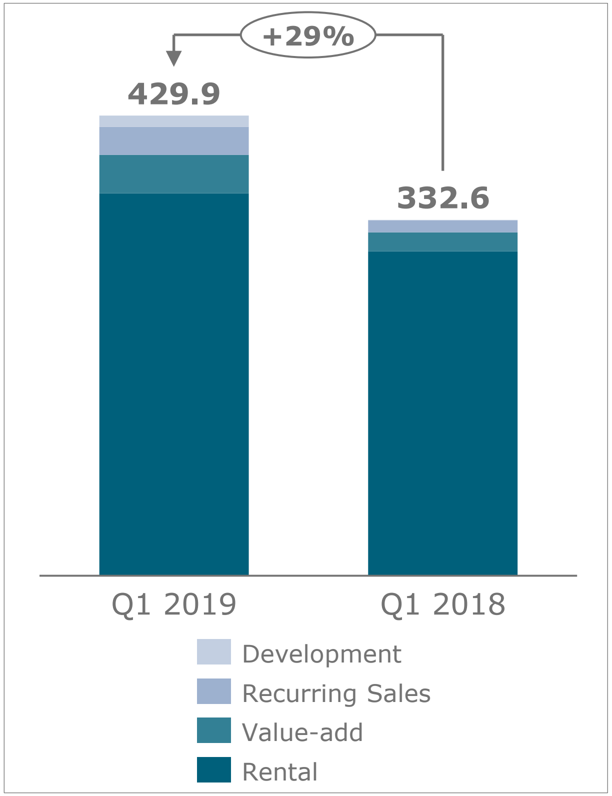
We are off to a good start into the year and remain confident in our upward trajectory and ability to deliver sustainable growth in 2019 and beyond.

2018 Acquisitions and Strong Q1 2019 Performance across all Segments Drive EBITDA and FFO Growth

VONOVIA

- Q1 2019 including and Q1 2018 excluding Buwog and Victoria Park.
- While the operating business via the rental and value-add segments clearly remain the main performance drivers, recurring sales and development made an increasing contribution in Q1 2019 and underline Vonovia's superior earnings and cash flow potential.

€m unless indicated otherwise	Q1 2019	Q1 2018	
Adj. EBITDA Rental	357.4	303.0	
Adj. EBITDA Value-add	35.8	17.8	
Adj. EBITDA Recurring Sales	26.3	11.5	
Adj. EBITDA Development	10.4	0.3	
Adj. EBITDA Total	429.9	332.6	29.3%
FFO interest expenses	-89.8	-67.7	
Current income taxes FFO	-12.6	-6.3	
Consolidation[1]	-23.9	-5.6	
Group FFO	303.6	253.0	20.0%
of which Vonovia shareholders	289.8	240.2	
of which hybrid investors	10.0	10.0	
of which non-controlling interests	3.8	2.8	
Number of shares	518.1	485.1	
Group FFO per share	0.59	0.52	13.5%



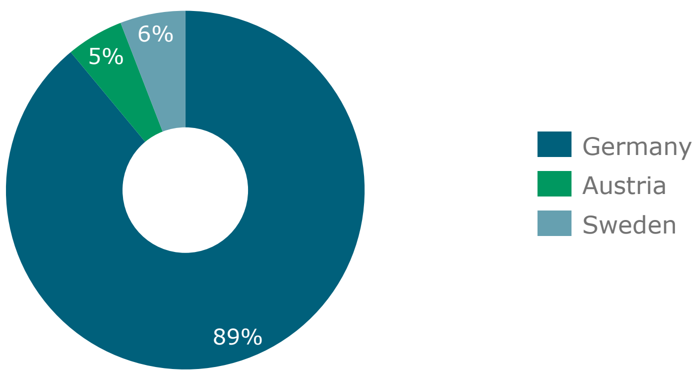
[1] Consolidation in Q1 2019 (Q1 2018) comprises intragroup profits of €11.1m (€5.3m), valuation result of development to hold of €5.3m (€0.3m), and IFRS 16 effects of €7.5m (€0.0m).

Adj. EBITDA Rental Up from Acquisitions and Organic Growth

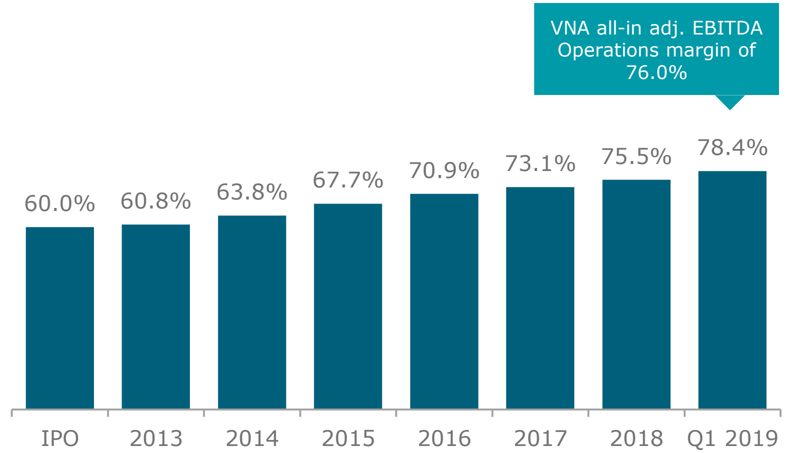
Rental Segment	Q1 2019	Q1 2018	Delta
Rental income	502.2	418.3	20.1%
Maintenance expenses	-72.7	-61.2	18.8%
Operating expenses[1]	-72.1	-54.1	33.3%
Adj. EBITDA Rental	**357.4**	**303.0**	**18.0%**

- Rental income growth in Q1 2019 was driven by the acquisition of Buwog and Victoria Park plus organic rental growth, both of which more than outweighed the rental income dilution from disposals.
- The increase in maintenance expenses is volume driven; per-square-meter levels are in line with last year.
- The increase in operating expenses is mainly attributable to the inclusion of ~€10m (pass-through) ancillary expenses for Victoria Park due to the gross rent accounting in Sweden.

Q1 2019 Rental income by geography



EBITDA Operations margin Germany[2]



[1] Prior-year adjusted to include transaction corporate costs. [2] EBITDA Operations margin for Vonovia Germany (Adj. EBITDA Rental + Adj. EBITDA Value-add – intragroup profits). Q1 2019 includes positive impact from IFRS 16.

Efficiency Analysis: Increasing EBITDA Operations Margin (Germany)

- Average German portfolio in Q1 was 4.1% larger y-o-y but delivered 8.3% Rental income growth and 12.6% EBITDA Operations growth.

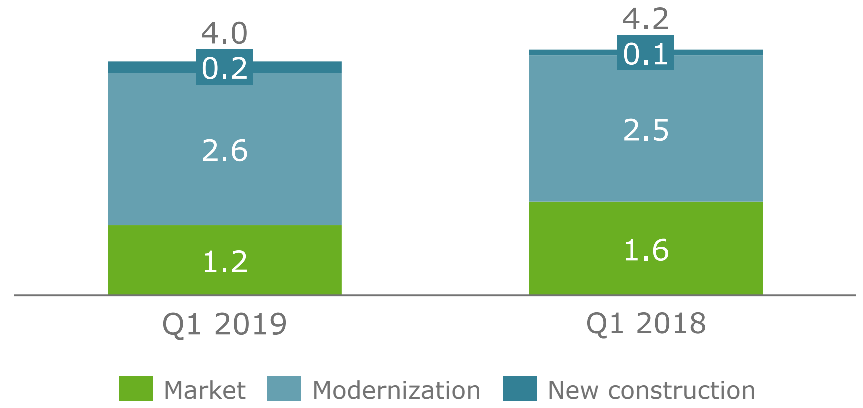
Vonovia Germany		Q1 2019	Q1 2018	Delta (€m | %)	
Average number of residential units	`000	358	344		4.1%
Rental income	€m	446.8	412.4	34.4	8.3%
Maintenance expenses	€m	-66.6	-60.8	-5.8	9.6%
Operating expenses	€m	-53.8	-52.8	-1.0	2.0%
Adj. EBITDA Rental	€m	326.4	298.9	27.5	9.2%
Adj. EBITDA Value-add	€m	35.2	17.8	17.4	97.9%
Adj. EBITDA Operations[1]	€m	350.5	311.4	39.1	12.6%
EBITDA Operations (incl. maintenance)	%	78.4%	75.3%		
EBITDA Operations (excl. maintenance)	%	93.2%	90.0%		

[1] Including consolidation effects, i.e. €11.1m intragroup profits in Q1 2019 and €5.3m in Q1 2018

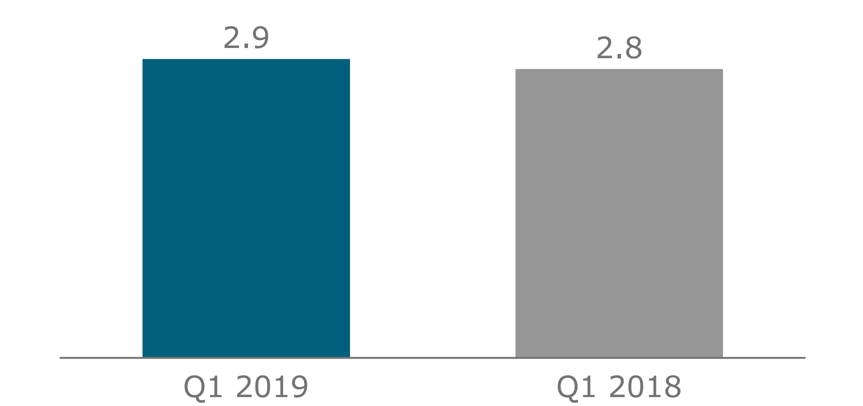
Operating KPIs Rental Segment

- Organic rent growth of 4.0% in line with expectations.
- Average in-place rent of €6.56 per sqm (+6.1%, not like-for-like and largely impacted by non-core disposals).
- Vacancy rate of 2.9%, largely investment related.
- Maintenance expense and capitalized maintenance stable on a per-square-meter basis.

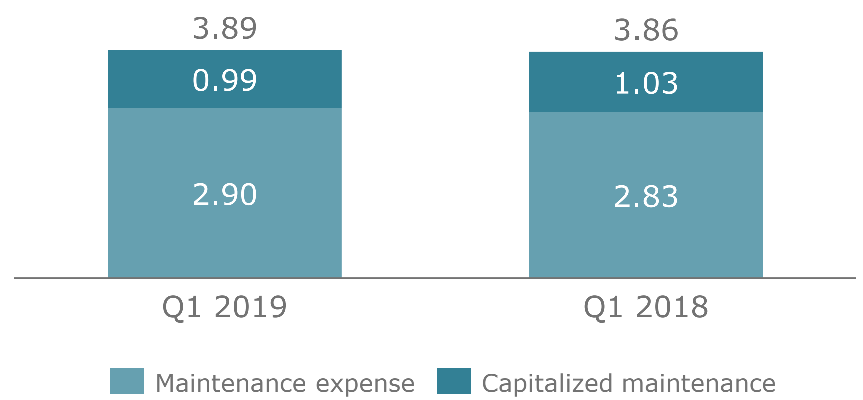
Organic rent growth (y-o-y; %)



Vacancy rate (%)

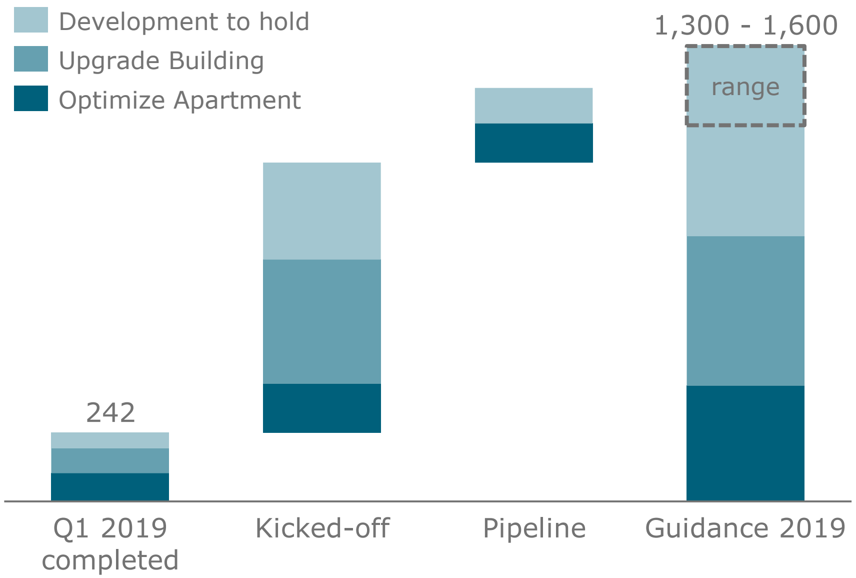


Expensed and capitalized maintenance (€/sqm)



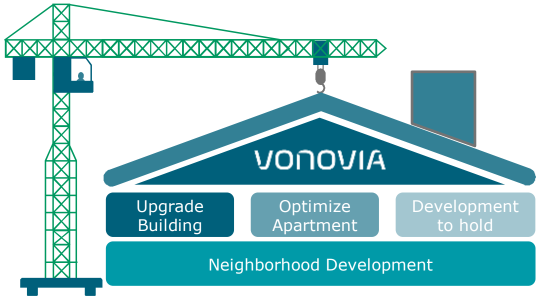
Comprehensive Investment Program Well on Track

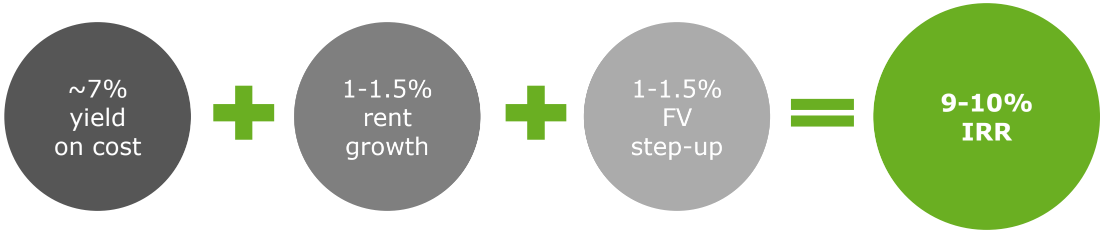
Investment Program 2019 (€m)



- The investment program includes
  - **Development to hold**: New construction of apartments to hold through entirely new buildings or floor additions to existing buildings applying modular and conventional construction methods. (The investment program volume does not include development to sell projects)
  - **Upgrade Building (UB)**: energy efficient building modernization usually including new facades, roofs, windows and heating system.
  - **Optimize Apartment (OA)**: primarily senior-friendly apartment renovation usually including new bathrooms, modern electrical installations and new floors.

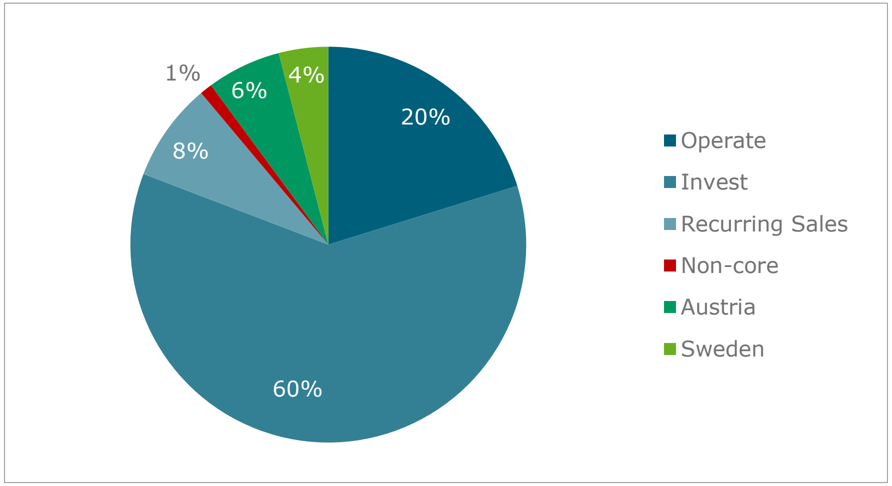
9-10% IRR target for investment program





Portfolio Cluster

- Ca. 60% of German portfolio earmarked for investment strategy, safeguarding long-term sustainability of optimize apartment and upgrade building investment strategy.
- Non-core: 713 units sold in Q1 2019 with a fair value step-up of 15.7%.



Mar. 31, 2019	Fair value[1] (€m)	% of total	(€/sqm)	Residential units	In-place rent (€/sqm/month)
Operate	8,707	20%	1,686	74,920	6.88
Invest	25,896	60%	1,685	248,457	6.51
Strategic	34,603	80%	1,685	323,377	6.60
Recurring Sales	3,610	8%	1,818	28,975	6.74
Non-core	572	1%	1,255	5,321	6.08
Vonovia Germany	**38,785**	**90%**	**1,688**	**357,673**	**6.60**
Vonovia Austria	2,493	6%	1,354	22,649	4.51
Vonovia Sweden	1,781	4%	1,602	14,287	9.10
Vonovia Total	**43,059**	**100%**	**1,661**	**394,609**	**6.56**

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 €1,484.1m, of which €401.0m for undeveloped land and inheritable building rights granted, €364.7m for assets under construction, €537.5m for development and €180.9m for other.

Regional Cluster

Regional Market	Fair value[1] (€m)	Fair value[1] (€/sqm)	Residential units	Vacancy (%)	In-place rent Total (p.a., €m)	In-place rent Residential (p.a., €m)	In-place rent Residential (€/sqm/ month)	In-place rent Organic rent growth (LTM, %)	In-place rent Multiple (in-place rent)	Purchase power index (market data)[2]	Market rent increase forecast Valuation (% p.a.)	Average rent growth (LTM, %) from Optimize Apartments
Berlin	6,583	2,382	42,027	1.5	222	211	6.69	4.4	29.6	80.4	1.8	49.2
Rhine Main Area (Frankfurt, Darmstadt, Wiesbaden)	3,945	2,208	27,537	1.6	173	167	8.11	4.2	22.8	105.0	1.8	39.7
Rhineland (Cologne, Düsseldorf, Bonn)	3,441	1,752	28,818	2.8	165	158	7.07	3.5	20.8	102.0	1.7	29.7
Southern Ruhr Area (Dortmund, Essen, Bochum)	3,379	1,252	43,408	3.8	188	183	5.97	4.7	17.9	88.5	1.5	31.6
Dresden	3,126	1,368	38,452	3.6	162	153	6.06	3.6	19.2	81.8	1.7	29.9
Hamburg	2,466	1,924	19,839	2.1	107	103	6.98	3.5	23.0	98.4	1.6	40.9
Munich	2,050	3,135	9,667	1.1	65	61	8.10	3.9	31.6	121.8	1.8	54.2
Stuttgart	1,936	2,171	13,808	2.0	83	80	7.82	3.0	23.3	104.5	1.8	39.2
Kiel	1,916	1,376	23,377	2.2	103	98	6.20	4.4	18.6	74.8	1.6	40.0
Hanover	1,633	1,559	16,317	3.5	81	78	6.52	4.5	20.2	90.1	1.7	36.7
Northern Ruhr Area (Duisburg, Gelsenkirchen)	1,566	963	26,076	3.7	109	105	5.67	4.0	14.4	81.7	1.2	25.2
Bremen	1,081	1,463	11,860	3.9	49	47	5.69	3.5	21.9	84.2	1.8	28.6
Leipzig	870	1,399	9,190	3.8	43	41	5.97	3.2	20.1	74.5	1.7	22.7
Westphalia (Münster, Osnabrück)	793	1,272	9,495	3.9	44	43	6.00	5.1	18.1	92.4	1.5	40.3
Freiburg	603	2,166	4,034	1.9	25	24	7.34	3.7	24.6	85.4	1.7	47.0
Other Strategic Locations	2,638	1,514	26,838	3.2	136	131	6.60	4.5	19.4	-	1.6	40.1
Total Strategic Locations Germany	38,028	1,698	350,743	2.8	1,756	1,681	6.61	4.1	21.7	-	1.7	36.1
Non-Strategic	756	1,310	6,930	5.9	40	34	6.20	0.6	19.0	-	1.6	22.4
Germany total	38,785	1,688	357,673	2.9	1,796	1,715	6.60	4.0	21.6	100.0	1.7	36.0
Austria	2,493	1,354	22,649	4.6	104	87	4.51	3.1	23.9	-	0.9	-
Sweden	1,781	1,602	14,287	1.4	120	109	9.10	-	14.8	-	2.0	-
Total Vonovia	**43,059**	**1,661**	**394,609**	**2.9**	**2,020**	**1,912**	**6.56**	**4.0**	**21.3**	**-**	**1.6**	**-**

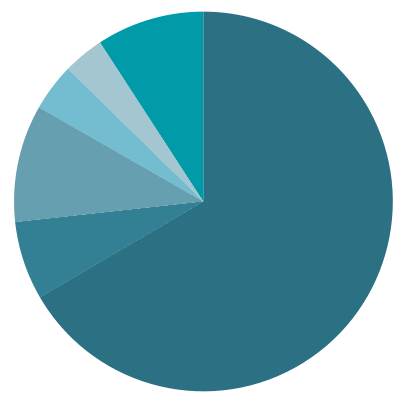
Note: In-place rents in Austria and Sweden are not fully comparable to Germany, as Sweden includes ancillary costs and Austria includes maintenance and property improvement contributions from tenants. The table above shows the rental level unadjusted to the German definition. Data for Strategic Locations also includes Recurring Sales assets in those markets.
[1] Fair value of the developed land excluding €1,484.1m, of which €401.0m for undeveloped land and inheritable building rights granted, €364.7m for assets under construction, €537.5m for development and €180.9m for other. [2] Source: GfK (2018). Data refers to the specific cities indicated in the tables, weighted by the number of households where applicable.

Continued Dynamic Growth in Adj. EBITDA Value-add

- Two types of value-add business: (i) **internal savings** mainly via craftsmen organization and (ii) **additional revenue** through external income by offering services at **market prices but on a lower cost basis due to efficiencies and size**.
- Insourcing of services to ensure **maximum process management** and **cost control**.
- Expansion of core business to generate additional revenues by walking back the value chain and offering services that were previously provided by third parties (**internalization of margin**).
- **Adj. EBITDA Value-add is not included in the EPRA NAV or Adj. NAV**.
- Applying the impairment test discount rate[1] to the 2019E Adj. EBITDA Value-add suggests an **additional value of ~€5 per share** (~10% of top of Q1 2019 Adj. NAV).

Value-add Segment (€m)	**Q1 2019**	**Q1 2018**	Delta
Income	358.8	265.9	34.9%
of which external	80.2	52.0	54.2%
of which internal	278.6	213.9	30.2%
Operating expenses Value-add	-323.0	-248.1	30.2%
Adj. EBITDA Value-add	**35.8**	**17.8**	**>100%**

Value-add EBITDA mostly from internal savings



[1] Pre-tax WACC in impairment test of 5.1%. [2] Distribution based on FY2019 expectations

Strong Adj. EBITDA Contribution from Recurring Sales

- Q1 2019 with higher recurring sales volume, gross proceeds and fair value step-ups.
- Ca. three quarters of the gross proceeds are attributable to recurring sales in Germany and the remaining one quarter to recurring sales in Austria.
- FV step-up partly driven by disposals in Austria.
- Avg. sales prices up 19% y-o-y.

Recurring Sales Segment (€m)	**Q1 2019**	**Q1 2018**	Delta
Units sold	809	594	36.2%
Gross proceeds	109.0	67.1	62.4%
Fair value	-79.4	-52.6	51.0%
Adjusted earnings	29.6	14.5	>100%
Fair-value step-up	37.2%	27.6%	9.6pp
Selling costs[1]	-3.3	-3.0	10.0%
Adj. EBITDA Recurring Sales	**26.3**	**11.5**	**>100%**

[1] Prior-year adjusted to exclude transaction corporate costs.

Ramp-up of Development Business Continues

- The segment includes the contribution of to-sell and to-hold constructions of new buildings. Not included is the construction of new apartments by adding floors on top of existing buildings because this happens in the context of and is accounted for under modernization.
- Entire development-to-hold volume in Q1 2019 was in Germany.
- Ca. one third of Q1 2019 development-to-sell volume in Germany and ca. two thirds in Austria.

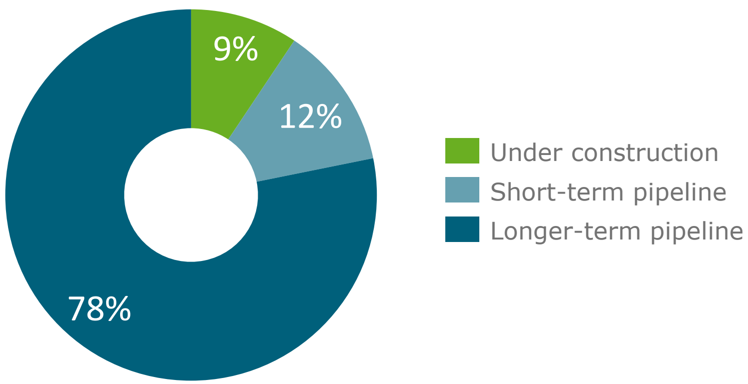
Development Segment (€m)	**Q1 2019**	**Q1 2018**	Delta
Income from disposal of "to sell" properties	59.4	0.0	-
Cost of development to sell	-46.1	0.0	-
Gross profit development to sell	13.3	0.0	-
Fair value development to hold	47.3	6.1	>100%
Cost of development to hold	-42.0	-5.8	>100%
Gross profit development to hold	5.3	0.3	>100%
Operating expenses Development segment	-8.2	0.0	-
Adj. EBITDA Development	**10.4**	**0.3**	**>100%**

Vonovia's Contribution towards Reducing the Housing Shortage

New rental apartments for our own portfolio ("to hold")

- 166 units completed in Q1 2019 (including new units through floor additions that are built in the context of and are accounted for under modernization investments and that are not included in the Development Segment).
- Total pipeline of ca. 29,000 units, of which more than 80% in Germany and the remainder in Austria and Sweden.
- Average apartment size between 60-70 sqm and broadly in line with overall portfolio average.
- The development to-hold investment volume is part of the overall investment program.

Pipeline with ca. 29,000 apartments

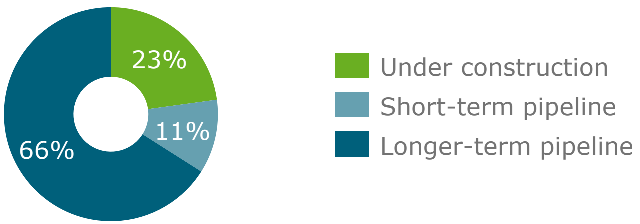


2019 target: 1,500 – 2,000 completions

New apartments for retail disposal ("to sell")

- 36 units completed in Q1 2019.
- Total Pipeline volume of ca. €2.2bn (ca. 6,700 apartments), of which ca. 55% in Germany and ca. 45% in Austria.
- Investment capital for Development to sell is not part of investment program.
- Average apartment size between 70-80 sqm.
- Average investment volume of €4-4.5k per sqm.
- Expected gross margin between 20-25% on average.

Pipeline with ca. 6,700 apartments



2019 target: 800 – 1,000 completions

IFRS 16

- The new IFRS 16 accounting framework is mandatory for companies reporting under IFRS from January 1, 2019, onwards.
- IFRS 16 governs the accounting, valuation and reporting of lease businesses. The objective is to provide more transparency by ending off-balance lease financing and to ensure that lease activities are generally accounted for on the balance sheet. This shall enhance comparability between companies that lease and companies that buy.
- For Vonovia as a lessee (heritable building rights, vehicle and IT leasing, etc.), this means that leasing expenses are capitalized on the balance sheet, representing an asset which in turn leads to a right-of-use on the liabilities side.
- In the profit and loss statement, lease expenses are no longer reported; instead, the P&L only shows the interest expense and any depreciation/fair value adjustments.
- Vonovia applied IFRS 16 in Q1 2019 for the first time and reported an impact of +€7.5m for the first three months 2019. For the full year 2019 the IFRS 16 impact is estimated to be ca. +€30m. Prior-year numbers remain unadjusted.

	IFRS Accounts	Adj. EBITDA Total	Group FFO	LTV
IFRS 16 impact	✓	✓	✗	✗

IFRS 16 changes the accounting for leases but does not have a cash impact. As a consequence, Vonovia will be reporting Group FFO (basis for the dividend) and LTV excluding any IFRS 16 contribution.

Organic NAV Growth of +1.5% in Q1

- No portfolio valuation in Q1.[1]
- Next portfolio valuation end of Q2 2019. Current indications suggest a stronger valuation uplift than in H1 2018.
- Similar to prior years, the H1 valuation will include ca. 2/3 of the portfolio via the 26 largest/most dynamic locations in Germany plus Vienna (plus a full valuation for Sweden).

€m (unless indicated otherwise)	Mar. 31, 2019	Dec. 31, 2018
Equity attributable to Vonovia's shareholders	18,044.9	17,880.2
Deferred taxes on investment properties	8,347.7	8,161.1
Fair value of derivative financial instruments[2]	84.2	87.2
Deferred taxes on derivative financial instruments	-24.1	-23.5
EPRA NAV	26,452.7	26,105.0
Goodwill	-2,839.6	-2,842.4
Adj. NAV	23,613.1	**23,262.6**
EPRA NAV €/share	**51.06**	50.39
Adj. NAV €/share	**45.58**	**44.90**

+1.5%

1 Victoria Park does a quarterly portfolio valuation and the Q1 2019 result was +€51.9m. [2] Adjusted for effects from cross currency swaps.
Per-share numbers are based on number of shares outstanding as of both reporting dates: 518,077,934.

LTV in the Middle of Target Range

VONOVIA

- LTV as of March 31, 2019, was 42.4%; Net debt/EBITDA multiple[1] was 11.4x.
- Against the background of the stable cash flows and the strong long-term fundamentals in our portfolio locations we see continued upside potential for our property values and do not see material long-term downside risks.

€m (unless indicated otherwise)	Mar. 31, 2019	Dec. 31, 2018
Non-derivative financial liabilities	20,879.7	20,136.0
Foreign exchange rate effects	-38.2	-33.5
Cash and cash equivalents	-1,873.2	-547.7
Net debt	18,968.3	19,554.8
Sales receivables	-24.6	-256.7
Adj. net debt	**18,943.7**	**19,298.1**
Fair value of real estate portfolio	44,543.0	44,239.9
Shares in other real estate companies	127.4	800.3
Adj. fair value of real estate portfolio	**44,670.4**	**45,040.2**
LTV	**42.4%**	**42.8%**
LTV (incl. perpetual hybrid)	44.6%	45.1%
Net debt/EBITDA multiple[1]	**11.4x**	**11.4x**

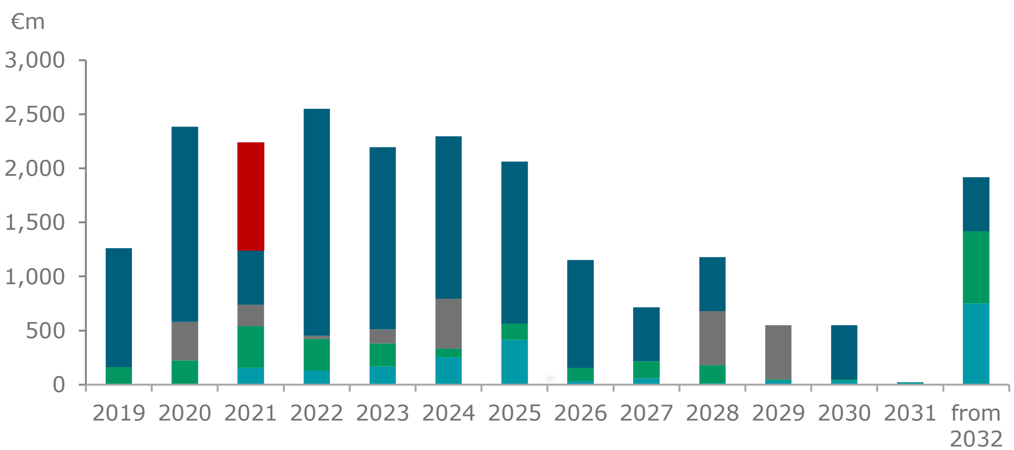
[1] Adj. net debt quarterly average over Total EBITDA (LTM); adj. for IFRS 16 effect.

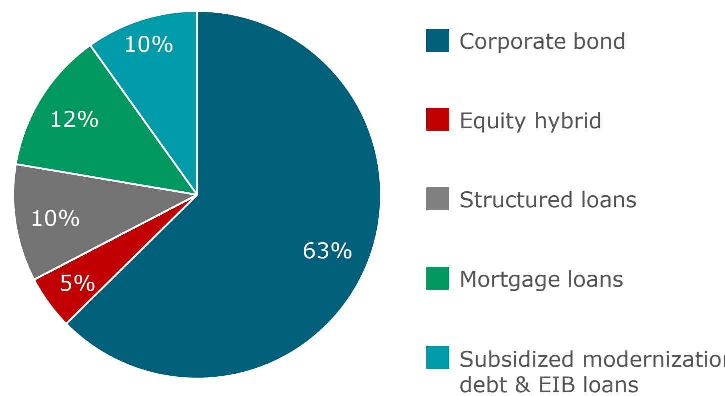
Solid Capital Structure with Smooth Maturity Profile and Diverse Funding Mix

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

KPI / criteria	Mar. 31, 2019
Corporate rating (S&P)	BBB+
LTV	42.4%
Net debt/EBITDA multiple[1]	11.4x
ICR	4.7
Fixed/hedged debt ratio[2]	96%
Average cost of debt[2]	1.8%
Weighted average maturity[2]	8.2 years
Unencumbered assets	54%

Diverse funding mix with no more than 12% of debt maturing annually[3]





[1] Adj. net debt quarterly average over Total EBITDA (LTM); adj. for IFRS 16 effect. [2] Excl. equity hybrid. [3] Repayment of €700m debt hybrid bond already considered.

2019 Guidance Increase

- **~€50m Adj. EBITDA Total guidance increase** (of which ~€30m from IFRS 16 effects).
- **~€25m Group FFO guidance increase** driven by performance growth.
- **IFRS 16 accounting changes have an impact on earnings but not on cash flow and are included in Adj. EBITDA Total but excluded from Group FFO.**

	initial 2019 Guidance	**2019 Guidance update**	
Organic rent growth (eop)	~4.4%	~4.4%	✓
Rental Income (€m)	2,020 – 2,070	2,020 – 2,070	✓
Recurring Sales (# of units)	~2,500	~2,500	✓
FV step-up Recurring Sales	~30%	~30%	✓
Adj. EBITDA Total (€m)	1,650 – 1,700	1,700 – 1,750	↑
Group FFO (€m)	1,140 – 1,190	1,165 – 1,215	↑
Group FFO (€/share)	2.20 – 2.30	2.25 – 2.35	↑
Dividend (€/share)	~70% of Group FFO	~70% of Group FFO	↑
Modernization & New Construction (€m)	1,300 - 1,600	1,300 - 1,600	✓
Underlying number of shares (million)	518.1	518.1	

Management Board Changes

- **Klaus Freiberg** (57) has decided to step down from Vonovia's Management Board, effective from the end of the Annual General Meeting scheduled for May 16, 2019. He joined the Vonovia Management Board in 2010 from Arvato (Bertelsmann Group) where he had served in various senior positions between 1995 and 2010. Klaus Freiberg's entrepreneurial skills and his strategic vision were instrumental to Vonovia's success story. During his tenure Vonovia's workforce grew to more than 10,000 employees with a responsibility for almost 400k apartments.
- **Arnd Fittkau** (46) has been appointed by Vonovia's Supervisory Board and will assume the position of Chief Rental Officer (CRO). He started his career with the company in 2002 and has been serving as Executive Director for Vonovia's rental operations for the last three years. Prior to that, he held various senior positions in financial controlling, third-party management and rental operations. Arnd Fittkau is an experienced real estate specialist with an excellent nationwide network in the housing industry and political community.

New Vonovia Management Board[1]

Rolf Buch	Helene von Roeder	Arnd Fittkau	Daniel Riedl
Chief Executive Officer	**Chief Financial Officer**	**Chief Rental Officer**	**Chief Development Officer**

[1] Effective from the end of the Annual General Meeting scheduled for May 16, 2019.

IR Contact & Financial Calendar

Contact

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App & Website

Available on the App Store

GET IT ON Google Play

https://investors.vonovia.de

Financial Calendar 2019

May 8 & 9	Roadshow London (Morgan Stanley)
May 14	Roadshow Paris (UBS)
May 16	**Annual General Meeting**
May 17	Conference in Paris (Kepler Cheuvreux)[1]
May 21 & 22	Roadshow US (Berenberg)
May 23	Conference in Tarrytown, New York (Berenberg)[1]
May 22	Conference in Amsterdam (Kempen)
May 24	Conference in Frankfurt (HSBC)[1]
Jun 4-5	**Capital Markets Day**
Jun 6	Conference in Berlin (Deutsche Bank)
Jun 12	Conference in Paris (Exane BNP Paribas)
Jun 27	Issuer & Investor Debt Forum in Frankfurt (Deutsche Bank)
Jul 2 & 3	Roadshow Milan, Lugano, Geneva (Berenberg)[1]
Jul 16 & 17	Roadshow Israel[1]
Aug 2	**Interim results 6M 2019**
Sep 10 & 11	Conference in New York (BAML)
Sep 20	Conference in London (Société Generale)
Sep 23	Conference in Munich (Goldman Sachs / Berenberg)
Sep 24	Conference in Munich (Baader)[1]
Sep 26	Fixed Income RE Conference in London (Morgan Stanley)
Nov 5	**Interim results 9M 2019**

The most up-to-date financial calendar is always available online.

[1] IR only

Appendix

4+1 Strategy Has Evolved into 4+2 Strategy

VONOVIA

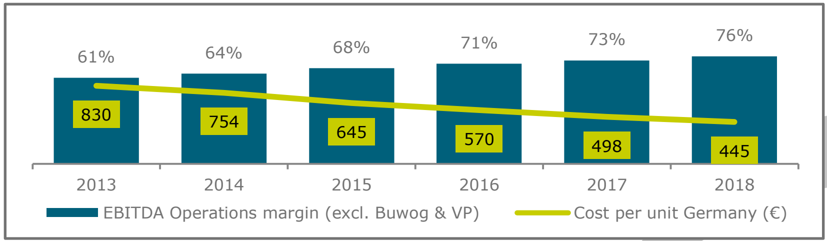
Reputation & Customer Satisfaction

Traditional

Innovative

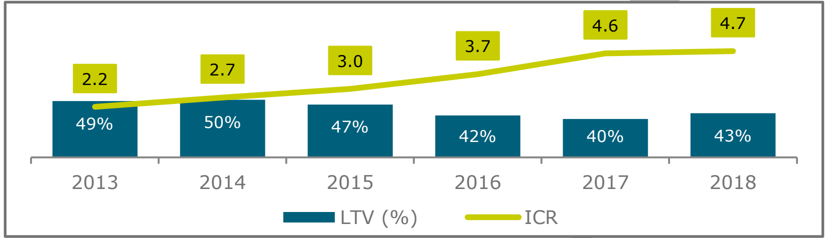
1 **Property Management**

Efficient operations of scalable business



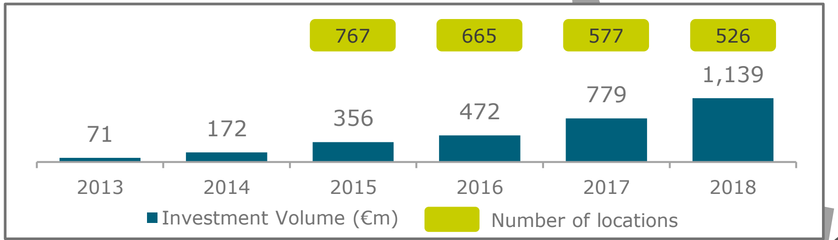
2 **Financing**

Solid capital structure



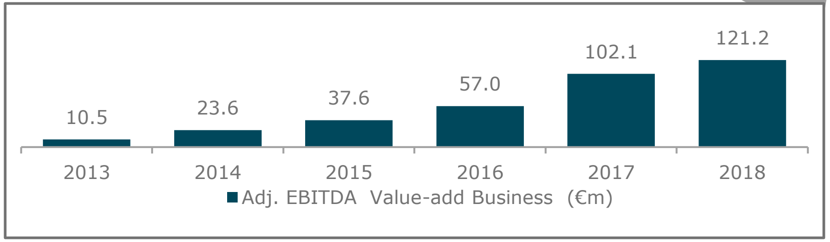
3 **Portfolio Management**

Value-investments supplement internal growth



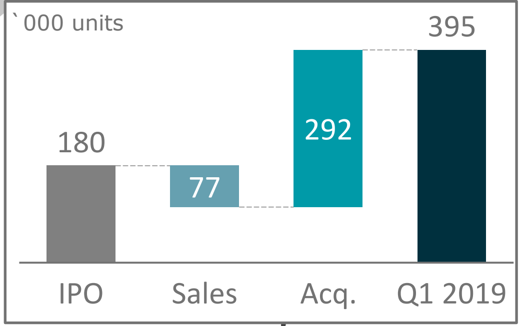
4 **Value-add**

Leveraging B-to-C nature of the business



Core Strategies

5 Mergers & Acquisitions



6 European Activities

- European activities enhance accretive acquisition opportunities
- Similar to Germany, we closely monitor clearly defined geographies for opportunities, applying the same acquisition criteria

Opportunistic Strategies

Across the Full Life Cycle

VONOVIA

Vonovia's business model has evolved to encompass value creation across the full residential real estate life cycle of our assets

BUILD

Construction of new apartments

~2,000 units to hold p.a.

Fair market value

./. Development costs

= **EBITDA Development**

MANAGE

Rental Portfolio

Efficient management of portfolio incl. Value-add

Rents
./. Costs
+ Value add

= EBITDA Operations

SELL

Recurring Sales

~2,000 units to retail customers to capture the spread between rental value and B-to-C retail price

Sales proceeds
./. Fair value
./. Costs

= **EBITDA Rec. Sales**

Total EBITDA

Development costs → +15-20%[1] → Fair market value

Fair market value → +4.4%[2] → Fair market value

Fair market value → +20-30%[1] → Sales proceeds

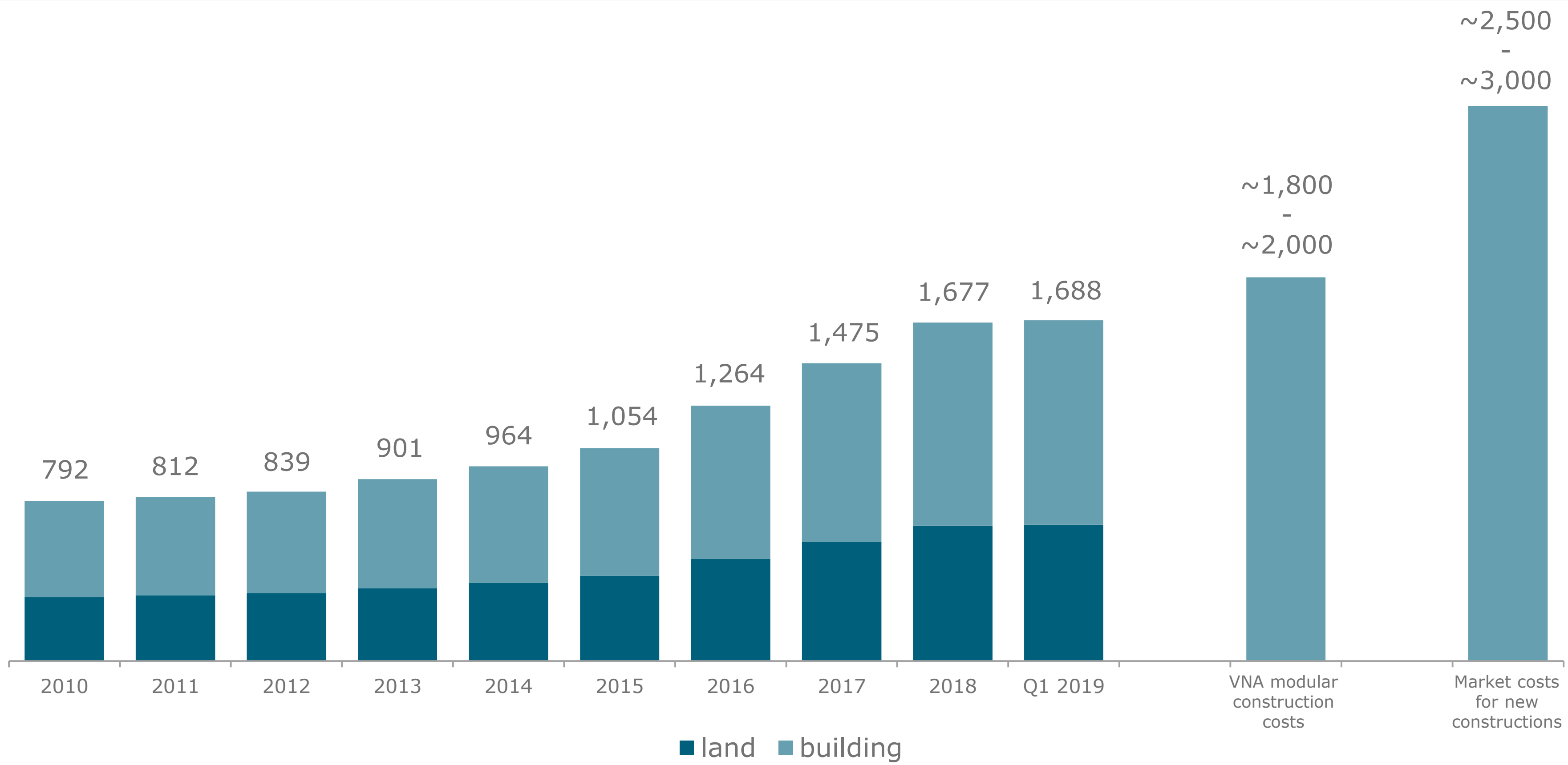
NAV impact

[1] Historic range. [2] CAGR since 2013 fair value uplift through performance and investments (excluding yield compression).

Conservative Valuation Levels

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

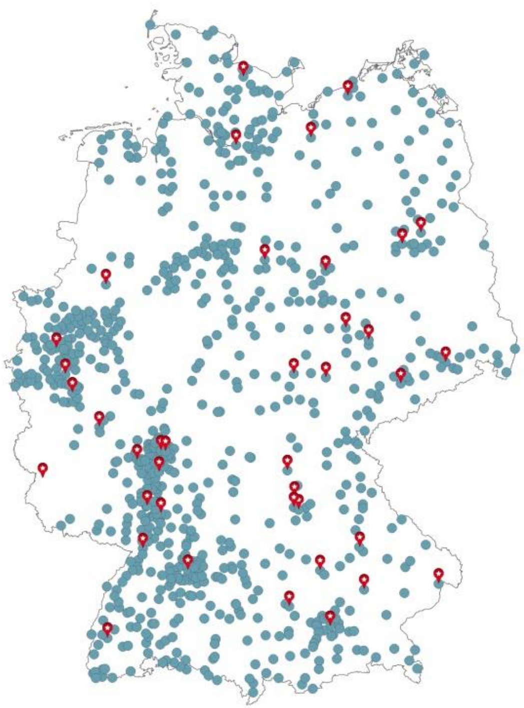
Vonovia (German portfolio) – fair value per sqm (€; total lettable area) vs. modular and traditional construction costs

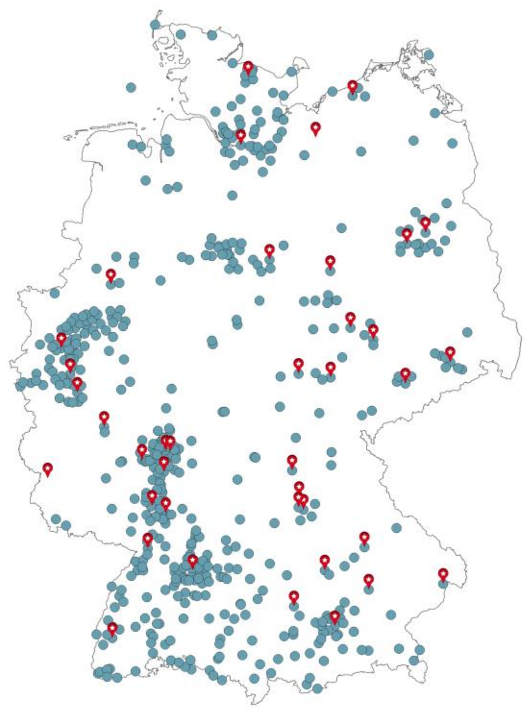


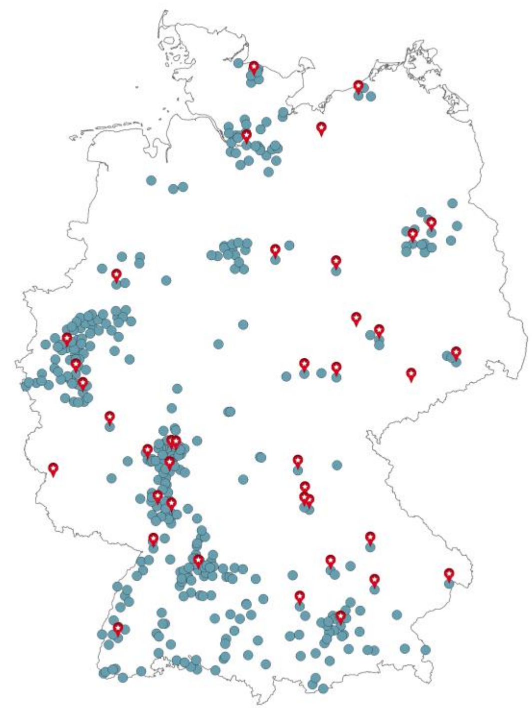
Note: VNA 2010 – 2014 refers to Deutsche Annington Portfolio at the time; construction costs excluding land. The land value refers to the share of total fair value allocated to land.

Substantial Reduction of Portfolio Locations

03/2015 (incl. Südewo)	12/2018	Strategic Portfolio
818 locations	526 locations	~400 locations



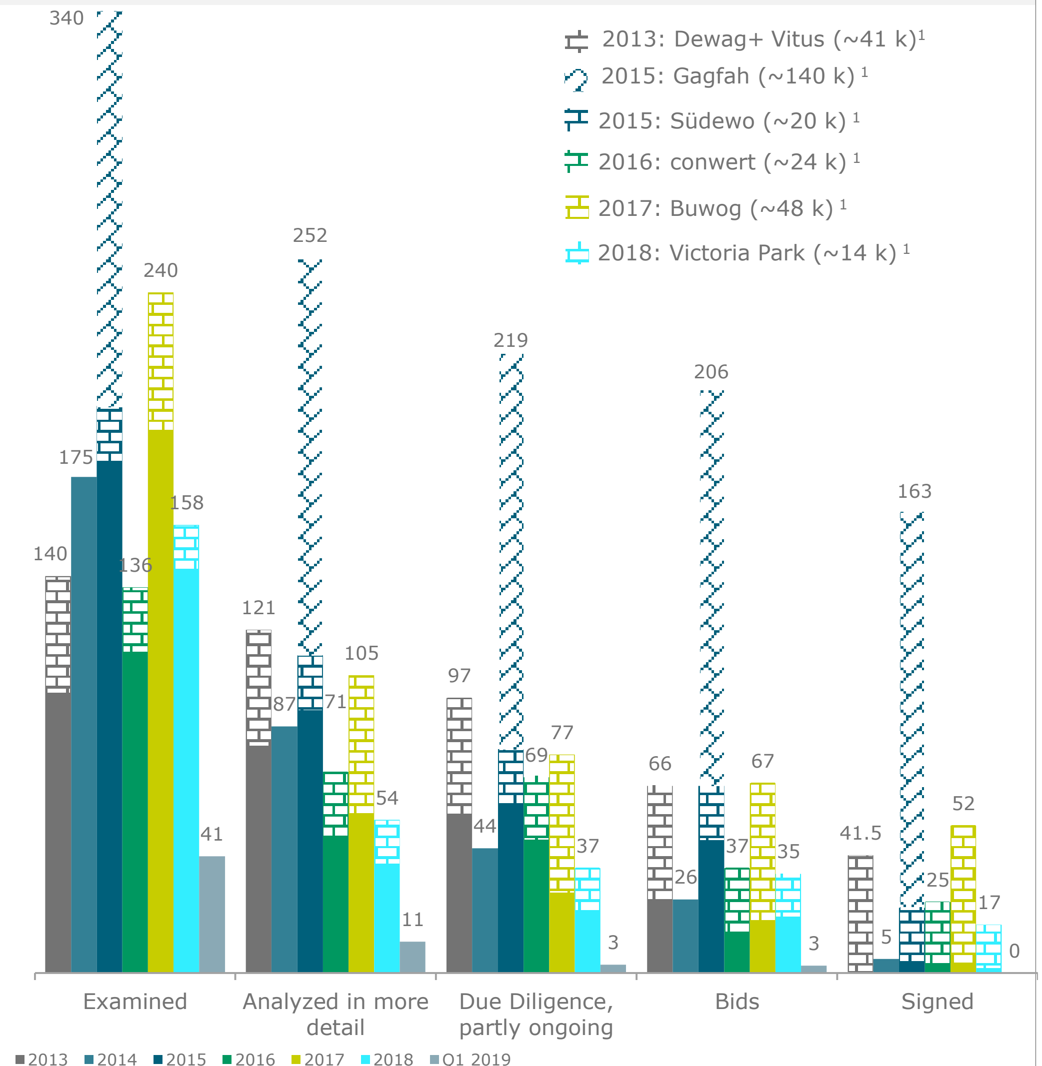




- Vonovia location
- High-influx cities ("Schwarmstädte"). For more information: http://investoren.vonovia.de/websites/vonovia/English/4050/financial-reports-_-presentations.html

Acquisitions – Opportunistic but Disciplined

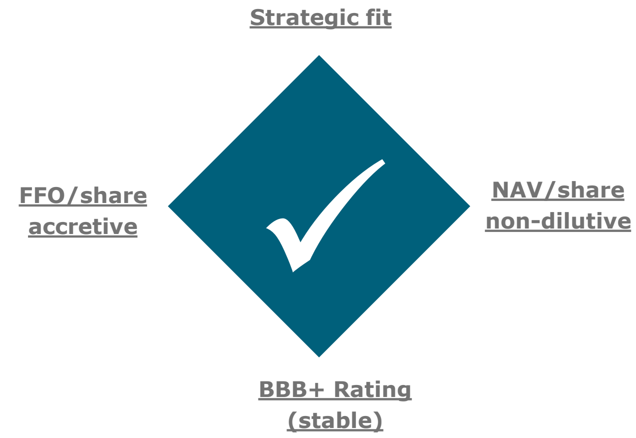
Acquisition pipeline ('000 units)



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

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.



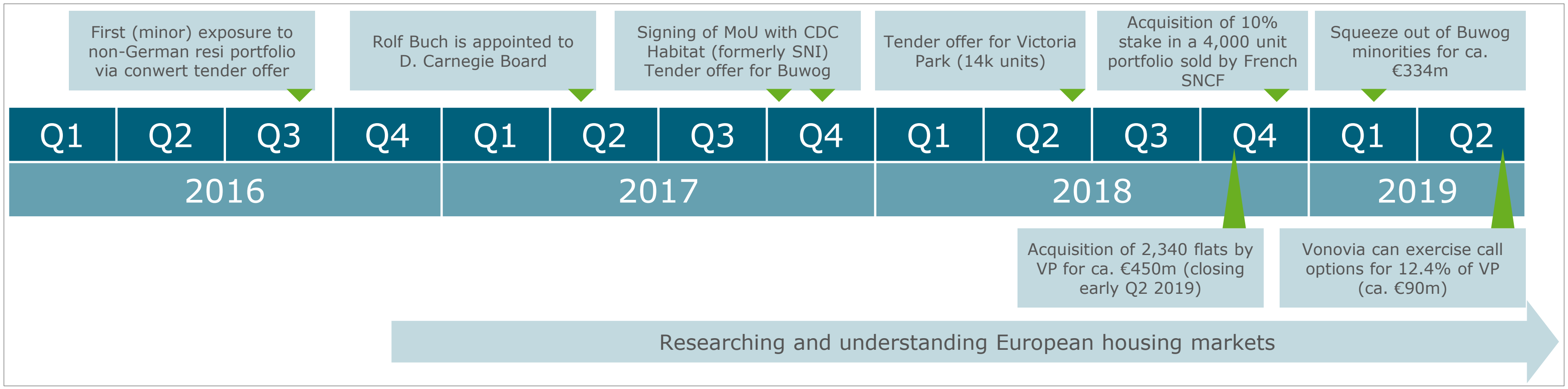
Acquisition Track Record

Year	Deal	Residential units #	TOP Locations	Fair Value (€/sqm) @ Acquisition	Fair Value (€/sqm) Dec. 31, 2018	Fair Value (€/sqm) Δ	In-place rent (€/sqm) @ Acquisition	In-place rent (€/sqm) Dec. 31, 2018	In-place rent (€/sqm) Δ
2014	DEWAG	11,300	Berlin, Hamburg, Cologne, Frankfurt/Main	1,344	2,227	66%	6.76	7.88	17%
	VITUS	20,500	Bremen, Kiel	807	1,383	71%	5.06	5.81	15%
2015	GAGFAH	144,600	Dresden, Berlin, Hamburg	889	1,602	80%	5.40	6.35	17%
	FRANCONIA	4,100	Berlin, Dresden	1,044	1,859	78%	5.82	6.70	15%
	SÜDEWO	19,400	Stuttgart, Karlsruhe, Mannheim, Ulm	1,380	1,993	44%	6.83	7.45	9%
2016	GRAINGER	2,400	Munich, Mannheim	1,501	2,202	47%	7.09	7.95	12%
2017	CONWERT (Germany & Austria)	23,400	Berlin, Leipzig, Potsdam, Vienna	1,353	1,826	35%	5.88	6.34	8%
	thereof Germany	21,200	Berlin, Leipzig, Potsdam	1,218	1,710	40%	5.86	6.29	7%
	thereof Austria	2,200	Vienna	1,986	2,436	23%	6.11	6.69	10%
	PROIMMO	1,000	Hanover	1,617	1,671	3%	6.63	6.77	2%
2018	BUWOG (Germany & Austria)	48,300	Berlin, Lübeck, Vienna, Villach	1,244	1,354	9%	5.10	5.25	3%
	thereof Germany	27,000	Berlin, Lübeck, Kiel	1,330	1,530	15%	5.96	6.19	4%
	thereof Austria	21,300	Vienna, Villach, Graz	1,157	1,190	3%	4.21	4.34	3%
	VICTORIA PARK (Sweden)	14,000	Stockholm, Malmö, Gothenburg	1,462	1,563	7%	8.83	9.11	3%
Total		**289,000**							

Note: Excluding smaller tactical acquisitions

European Activities

- Cautious step-by-step approach to minimize risk. Currently ca. 10% of the portfolio are located outside Germany. We will 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 also in the foreseeable future. No specific target rate or ratios in terms of German vs. non-German exposure but highly opportunistic approach as is the case for our German M&A activities.



	Austria **(run a scalable business)**	Sweden **(main focus)**	France **(biggest long-term potential)**	The Netherlands **(no active role)**
% of total portfolio	~6%	~4%	Not meaningful	0%
Next steps	• 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	• 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	• 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 • Pursue accretive acquisition opportunities on an opportunistic basis if and when legislation changes and allows the payout of economic dividends from social housing	• Continue market research • Be prepared for accretive acquisition opportunities on an opportunistic basis

Covenants and KPIs (March 31, 2019)

Bond KPIs

Covenant	Level	Mar 31, 2019
LTV Total Debt / Total Assets	<60%	**41%**
Secured LTV Secured Debt / Total Assets	<45%	**12%**
ICR Last 12M EBITDA / Last 12M Interest Expense	>1.80x	**4.7x**
Unencumbered Assets Unencumbered Assets / Unsecured Debt	>125%	**204%**

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

Bonds / Rating

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%[1]	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%	repaid on 08 Apr 2019	BBB-
Bond 007 (EMTN)	8 years 2.125%	DE000A1ZLUN1	€ 500m	99.412%	2.125%	09 July 2022	BBB+
Bond 008 (Hybrid)	perpetual 4%	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 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	99.439%	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+
Bond 020 (EMTN)	6.5 years 1.800%	DE000A2RWZZ6	€ 500m	99.836%	1.800%	29 Jun 2025	BBB+

[1] EUR-equivalent Coupon

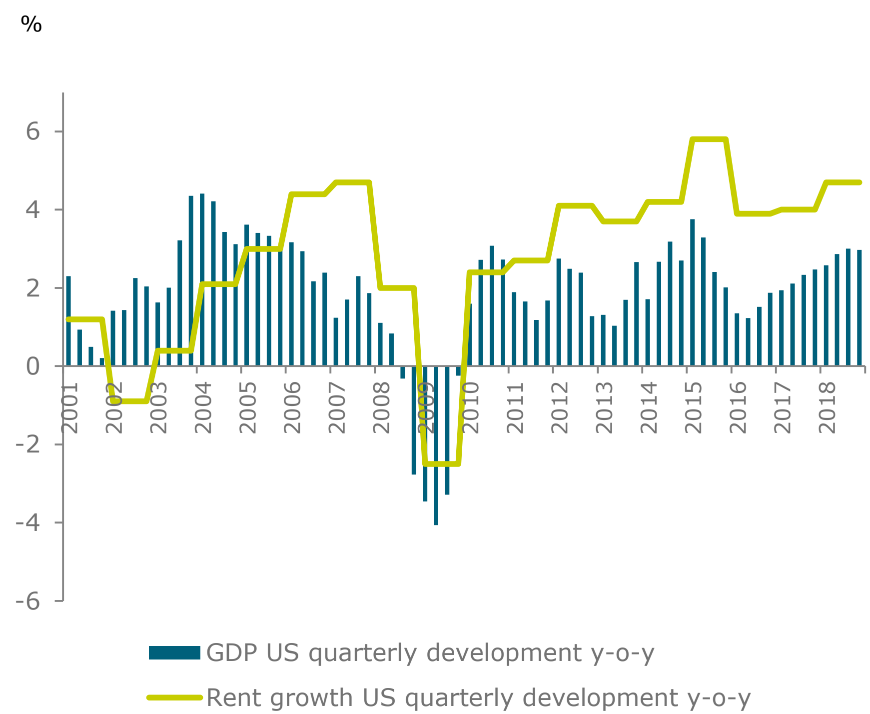
German Residential – Safe Harbor and Low Risk

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.

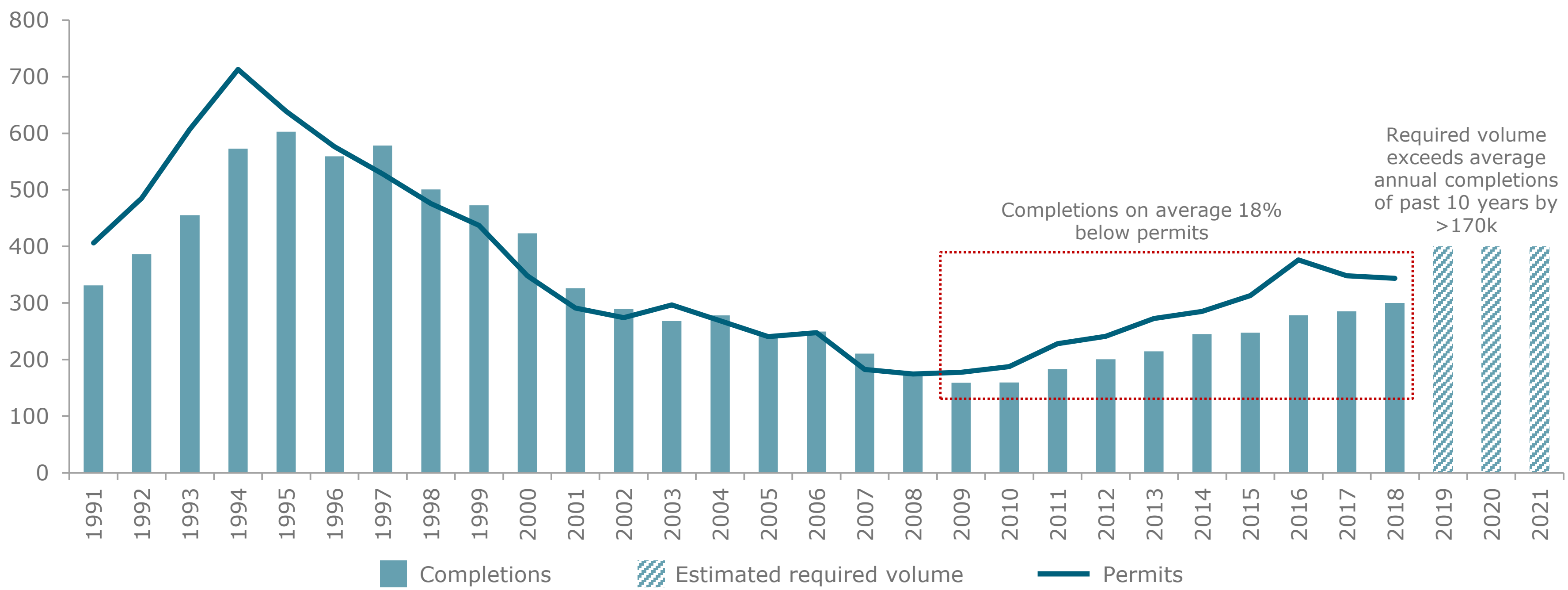
German Residential – Landlords Benefit from Structural Imbalance between Supply and Demand

VONOVIA

New supply falls short of demand

- Consensus estimates see a **shortage of at least 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 costs often render construction in affordable segment economically unfeasible.

Residential building permits and new construction volume (‘000 units)



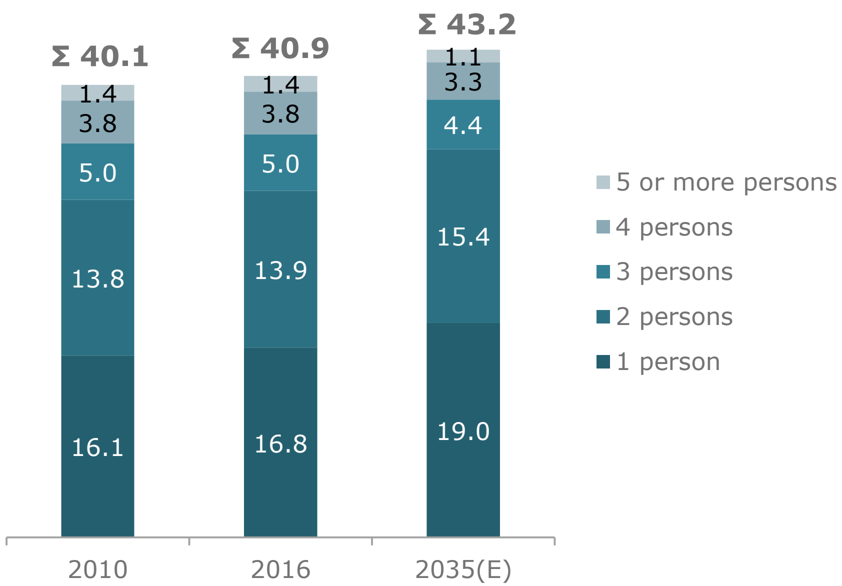
Sources: Federal Statistics Office, IW Köln, GdW (German Association of Professional Homeowners)

German Residential – Favorable Fundamentals

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.

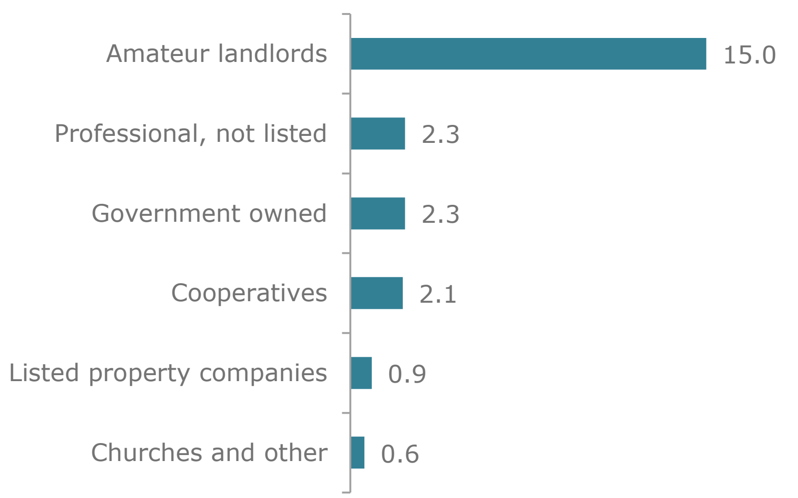
Distribution of household sizes (million)



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)



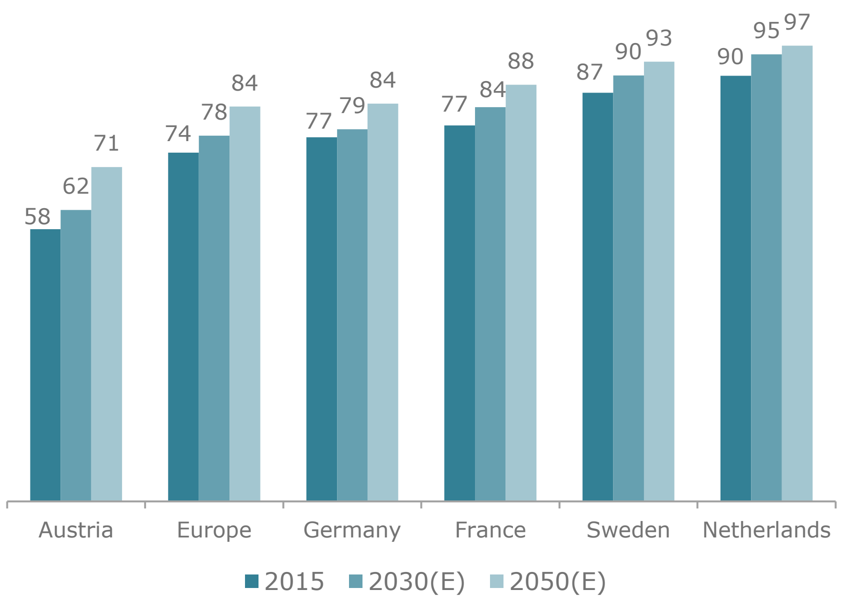
Sources: German Federal Statistics Office, GdW (German Association of Professional Homeowners). 2035(E) household numbers are based on trend scenario of the German Federal Statistics Office.

European Residential Markets – Favorable Fundamentals

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.

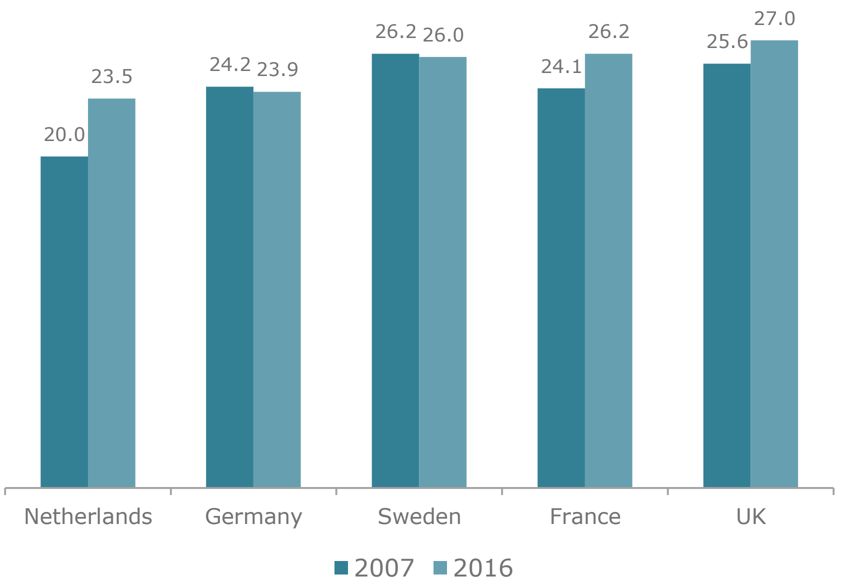
% of population living in urban areas



Increasing affordability in Germany

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

Rent as % of disposable household income*



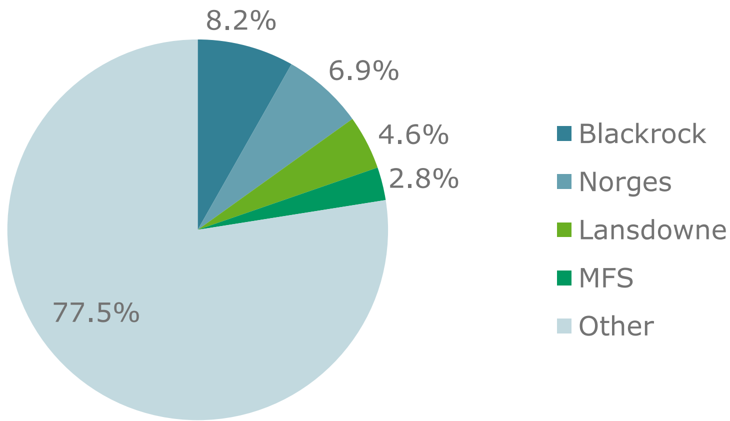
*Share of disposable household income spent on rent, water, electricity and fuel

Sources: United Nations, JLL Research, European Commission, Federal Statistics Office, Eurostat

Liquid Large-cap Stock

Highlights | Segment results | NAV & Valuation | Financing & LTV | Guidance | Appendix

Shareholder Structure (March 31, 2019)

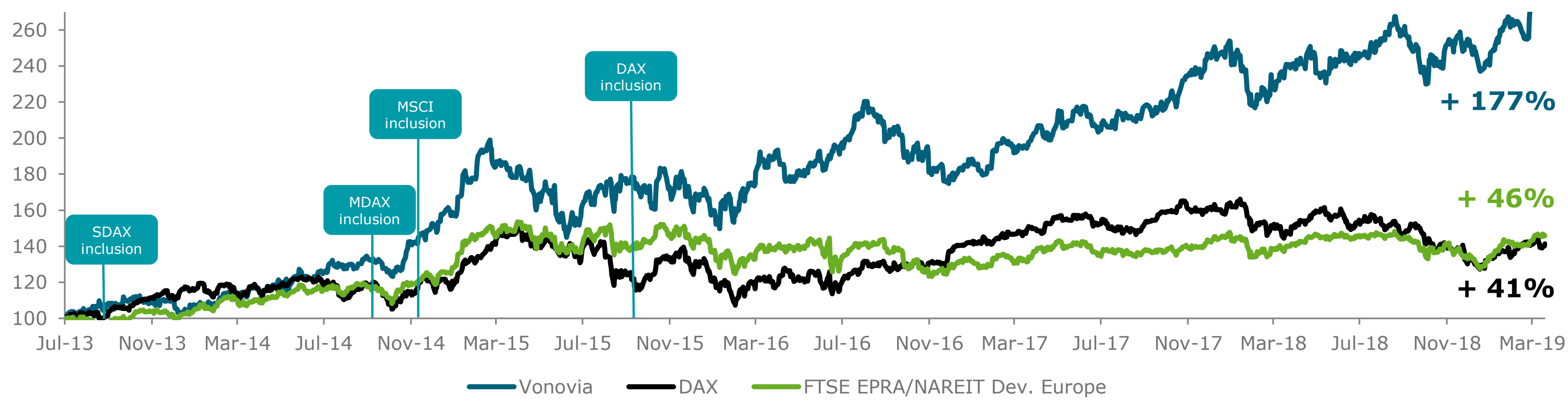


Free-float factor according to Deutsche Börse definition: 93.1%
According to German law the lowest threshold for voting rights notifications is at 3%

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 Mar 31, 2019)	DAX 2.3% Stoxx Europe 600 0.3% MSCI Germany 2.1% GPR 250 World 1.8% FTSE EPRA/NAREIT Europe 10.0% GPTMS150 2.7%

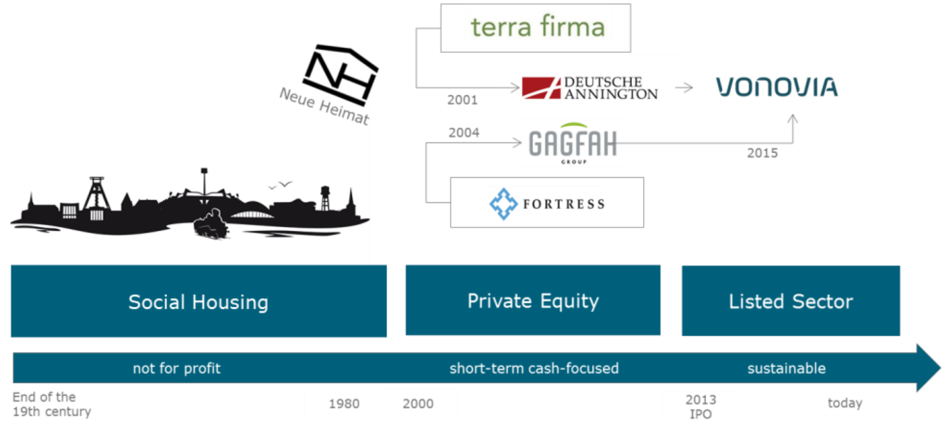
VNA share price performance since IPO vs. DAX and EPRA Europe Index



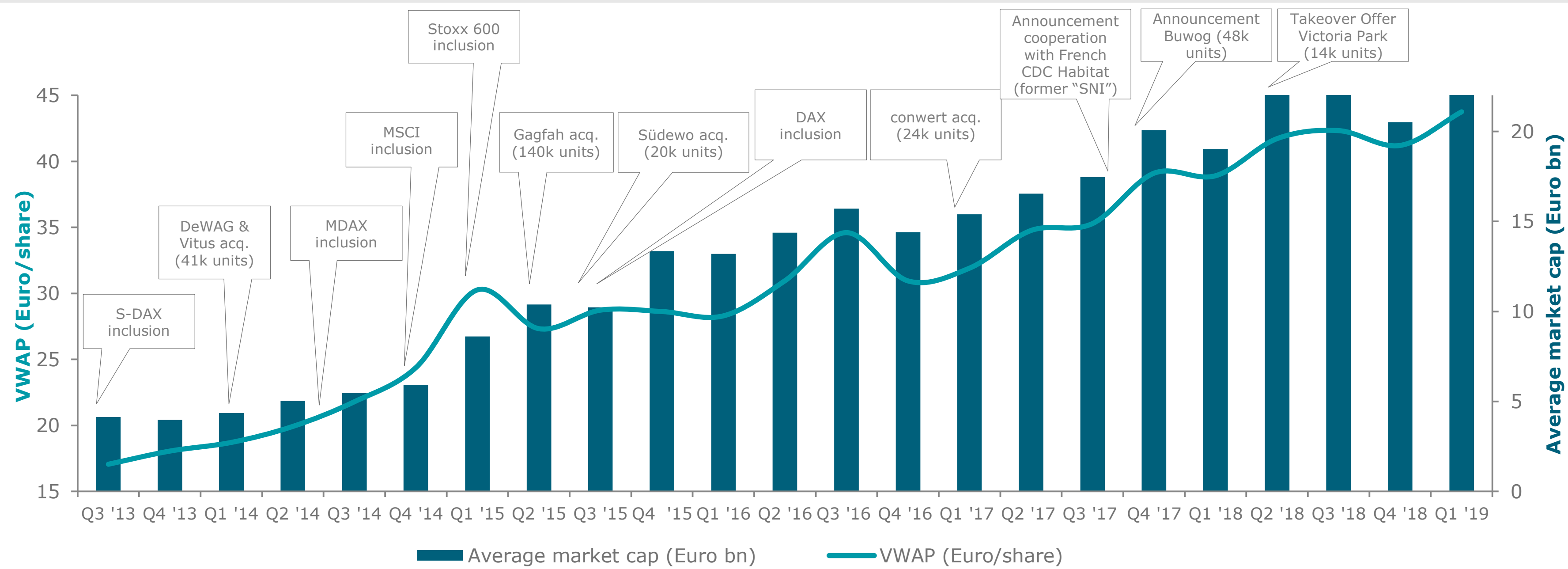
Source: Factset

Vonovia History

- 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

Reconciliation of Shares Outstanding

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
September 30, 2018	518.1	
December 31, 2018	518.1	
March 31, 2019	518.1	

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

Management Board Compensation - Overview

Management Board compensation is based on three pillars

Fixed Remuneration (incl. Pension)

- Monthly fixed compensation paid in 12 equal installments
- Annual pension contribution (alternative: cash payout)

Bonus / STIP

- Criteria/Targets: FFO1, adj. NAV/share, EBITDA Sales, personal targets agreed with SVB
- Bonus Cap at predetermined amount
- Payout: Cash

LTIP

- Annually granted remuneration component in the form of virtual shares
- Criteria/Targets: relative TSR, EPRA NAV/share, FFO1/share, Customer Satisfaction Index (CSI)
- Performance Period: 4 years
- Payout: Cash
- Cap: 250% of grant value

Total remuneration cap

Share Holding Provision

- Mandatory share ownership
- 100% of annual fixed remuneration (excl. pension) (accumulation on a pro rata basis during first 4 years)

Note: In line with the new KPI structure, especially Group FFO, the STIP and LTIP criteria will be changed accordingly from 2019 onwards.

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/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).

Note: In line with the new KPI structure, especially Group FFO, the STIP and LTIP criteria will be changed accordingly from 2019 onwards.

Management Board Compensation – LTIP

VONOVIA

LTIP
Annually granted long-term remuneration component in the form of virtual shares (“performance shares”)

Contractually defined target amount granted for each year (“grant value”)

Initial number of perf. shares = grant value / initial share price

4 years performance period
Targets set by SVB
(equally weighted)

- Relative TSR
- EPRA NAV/share
- FFO1/share
- Customer Satisfaction Index

Target achievement level between 50% (min) and 200% (max)

Final number of perf. shares = initial number of perf. shares * overall target achievement level

Cash payout = final number of perf. shares * final share price + dividends (Cap: 250% of grant value)

Rationale

- **LTIP** 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 share return, relative to a selected peer group. Hence, it is adequate for comparison with relevant competitors.
- **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/share and EPRA NAV/share) as well as (ii) calculation method which takes actual share price performance into account.

Note: In line with the new KPI structure, especially Group FFO, the STIP and LTIP criteria will be changed accordingly from 2019 onwards.

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For Your Notes

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