



VONOVIA

# Investor Presentation

March 2019





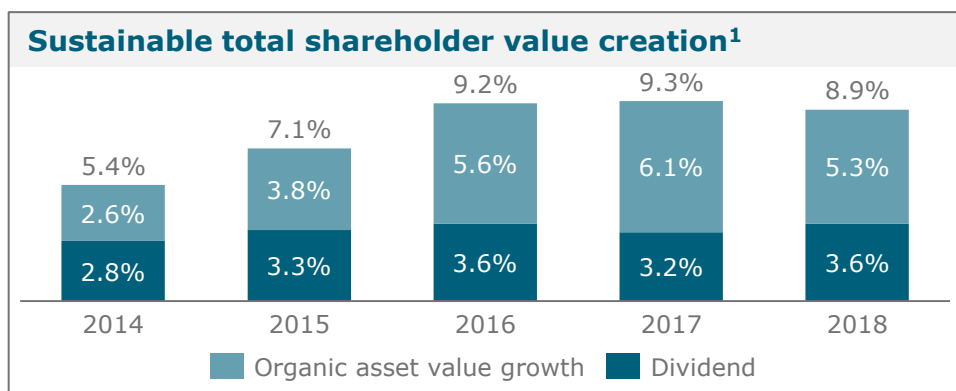
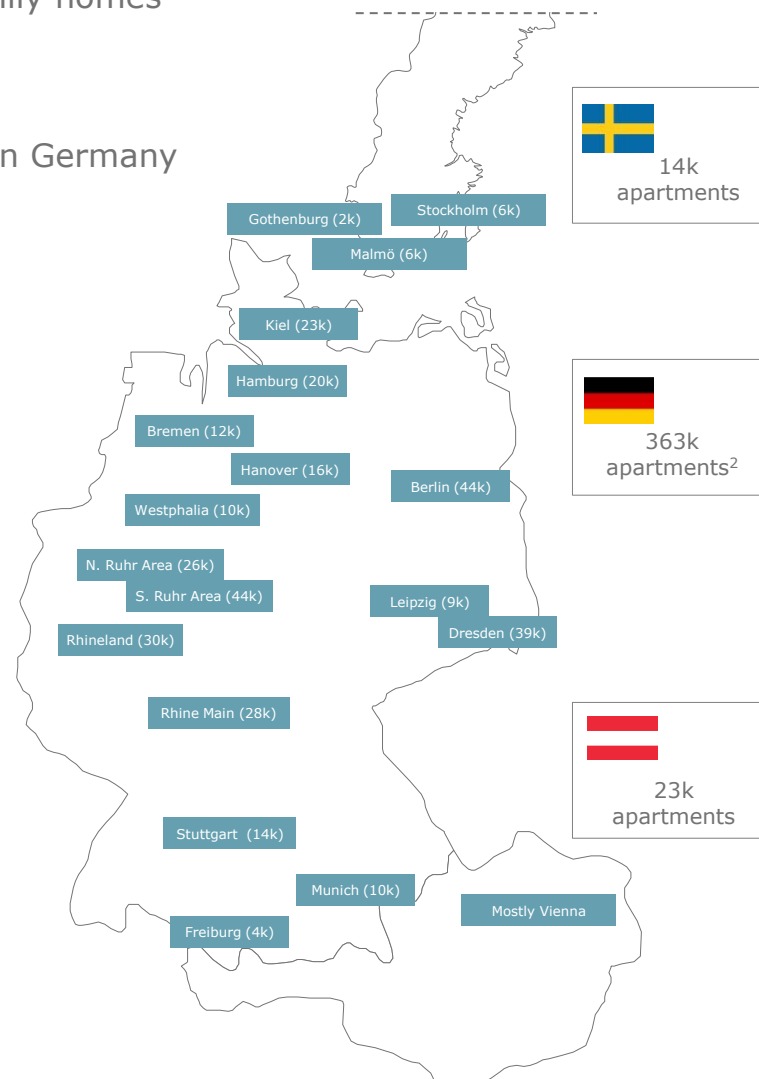
Equity Story

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# Europe's Leading Residential Landlord

- Owner and full-scale operator of 400k apartments in multifamily homes for medium and smaller income households
- 90% of the portfolio located across 15 urban growth regions in Germany
- 10% primarily in Stockholm, Gothenburg, Malmö and Vienna
- ~€44bn fair market value; ~€23bn market capitalization
- Two forms of shareholder returns:
  - **cash via dividends** and
  - **organic value growth of underlying assets**



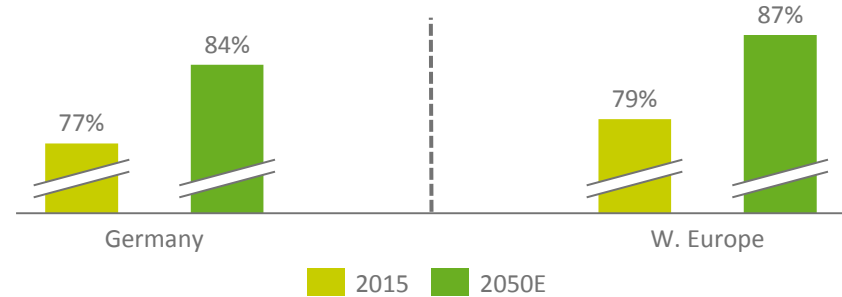
<sup>1</sup> Dividend yield plus I-F-I organic asset value growth from operating performance and investments (excluding yield compression). <sup>2</sup> Incl. 27k apartments in other strategic locations that are not shown on the map.



## 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.

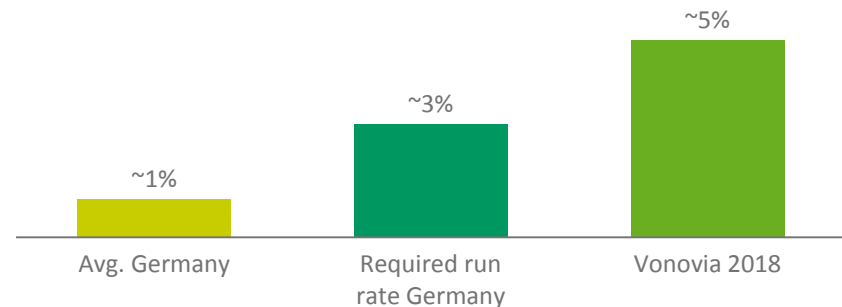
**% of population living in cities**



## 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.

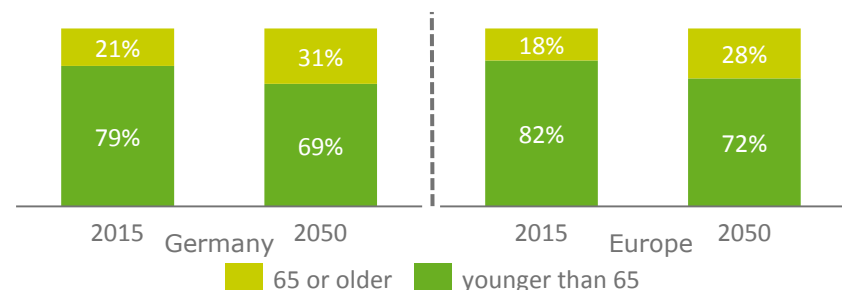
**% of modernized housing units**



## 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. 2 million additional apartments for elderly people will be needed by 2030.

**% of population above/below 65 years**



**Subscription-based B-to-C business on the back of multifamily housing for medium and smaller incomes with ca. 13 years average tenant tenure**

**Robust business model with downside protection plus additional upside potential from acquisition opportunities**

**Resilient and predictable top and bottom line growth in a regulated market**

**Sustainably growing cash generation plus value creation across the entire real estate life cycle**

**Unparalleled track record of optimization, standardization and industrialization of a highly homogeneous and scalable asset class**

**Full service provider with insourcing strategy for best-in-class service levels and maximum control and efficiency**



## Environment



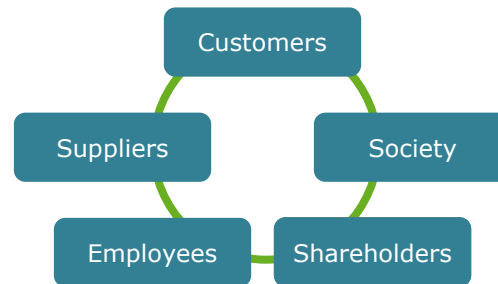
~5%  
building  
modernization  
rate p.a.

**EPRA Gold  
Award**  
For Vonovia's  
Sustainability  
Report 2017

We significantly reduce CO2 emissions through energy efficient building modernizations and by expanding decentralized as well as alternative energy sources.

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

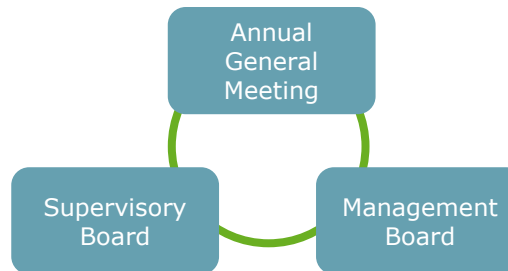
## Social



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.

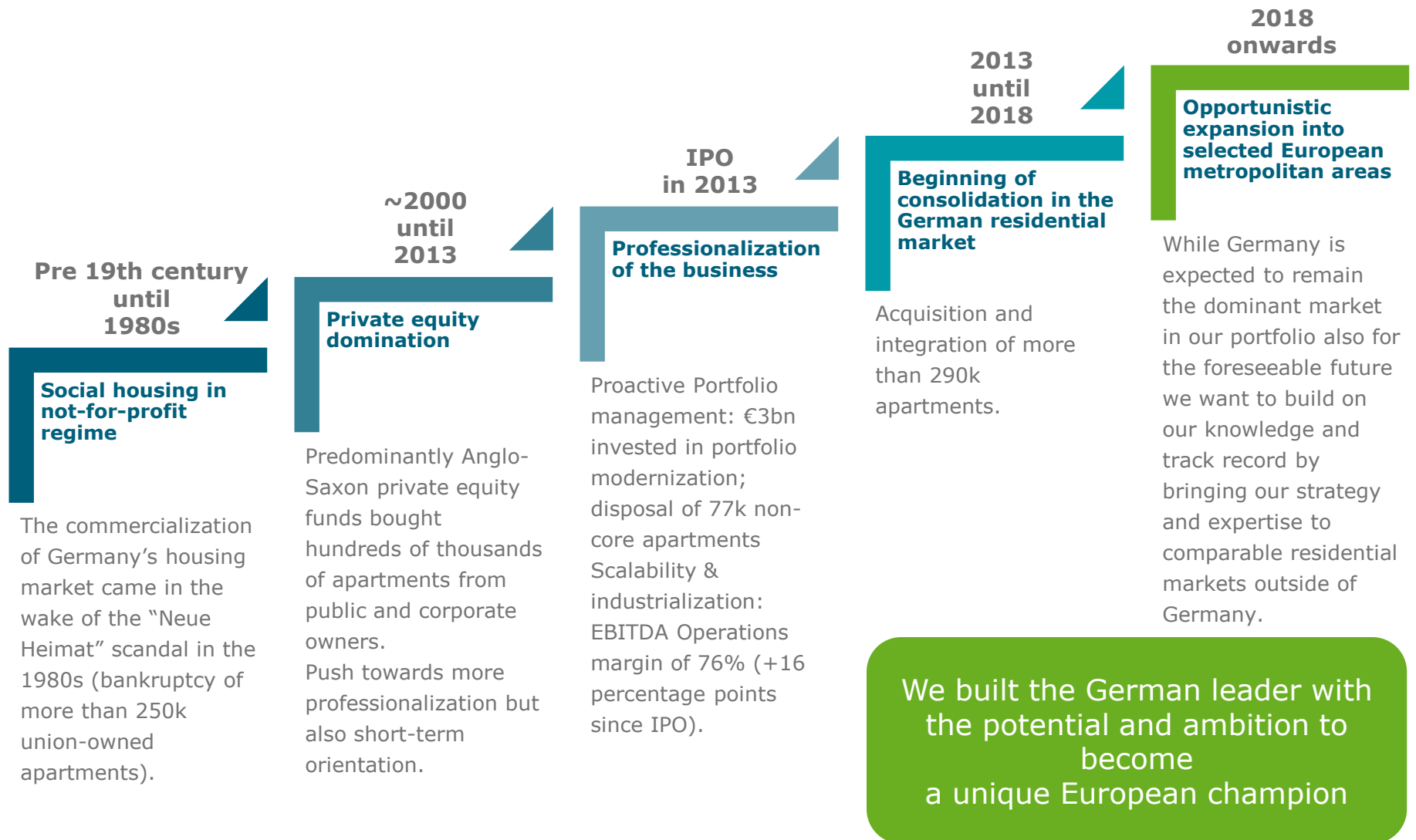
## Governance



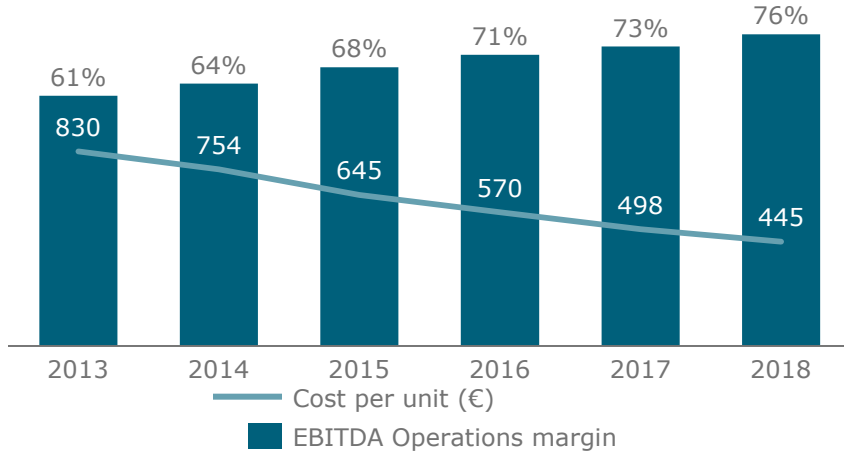
Two-tier Board System with the management and monitoring of the business strictly separated.

100% independent Supervisory Board; diverse and equipped with well-balanced skillset.

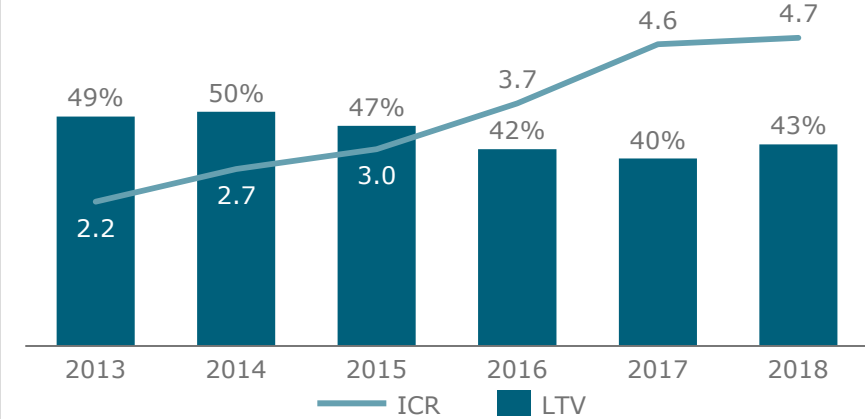
Providing a place where people feel at home while honoring our commitments in terms of environmental, social and governance-related standards and expectations vis-à-vis all stakeholders is our key responsibility.



## Efficient operations<sup>1</sup>



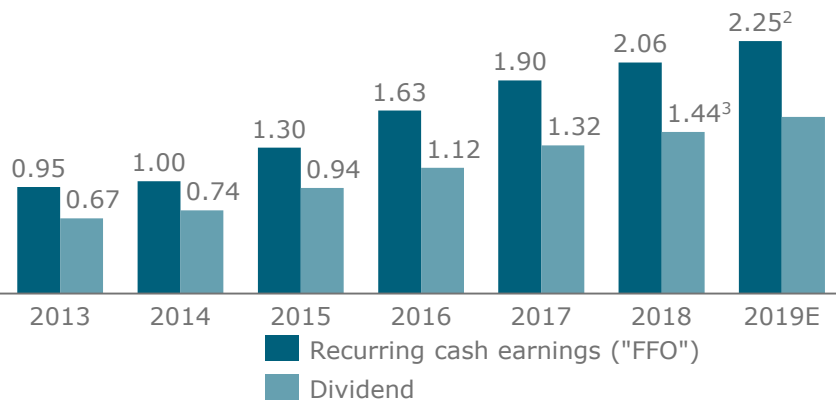
## Robust capital structure



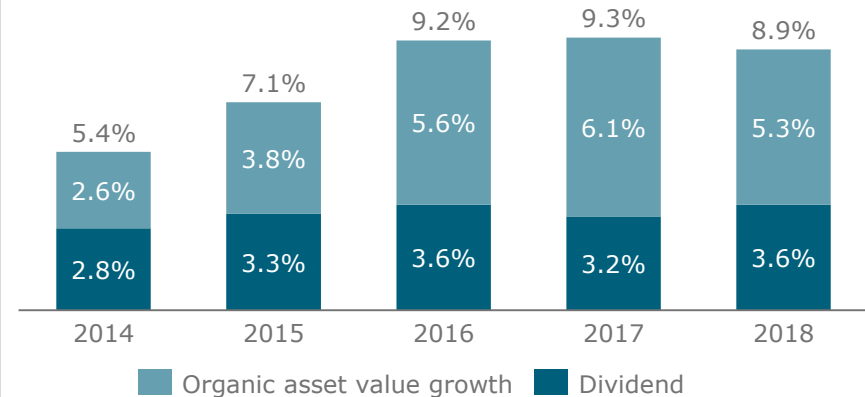
LTV = Net debt over fair market value of real estate portfolio

## Growing recurring cash earnings per share and DPS

Dividend policy: ~70% of recurring cash earnings are distributed as dividends



## Sustainable total shareholder value creation<sup>4</sup>



<sup>1</sup> Excl. 2018 acquisitions of Buwog and Victoria Park. <sup>2</sup> Guidance mid-point. 2013-2018 FFO is "FFO1" and 2019 FFO is "Group FFO." <sup>3</sup> To be proposed to the AGM in May 2019 <sup>4</sup> Dividend yield plus I-f-I organic asset value growth from operating performance and investments (excluding yield compression).



## 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

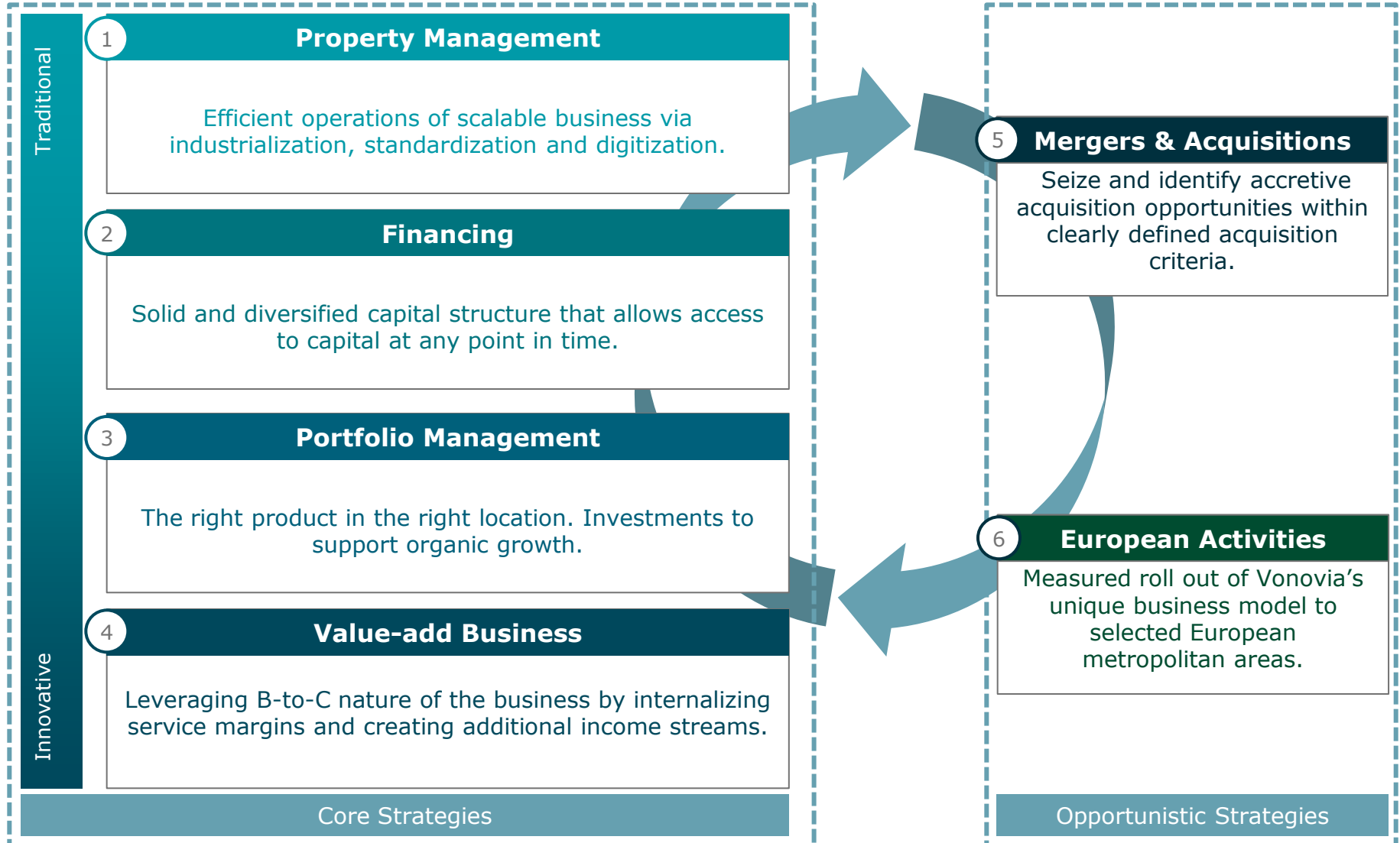
## Recurring Sales



### 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

## Reputation & Customer Satisfaction



## Property Management



- More than 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. 4,000 craftsmen employed by 100% 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 600 employees primarily for maintenance of green areas and snow/ice removal in the winter



High degree of standardization

## Service Center



- Ca. 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

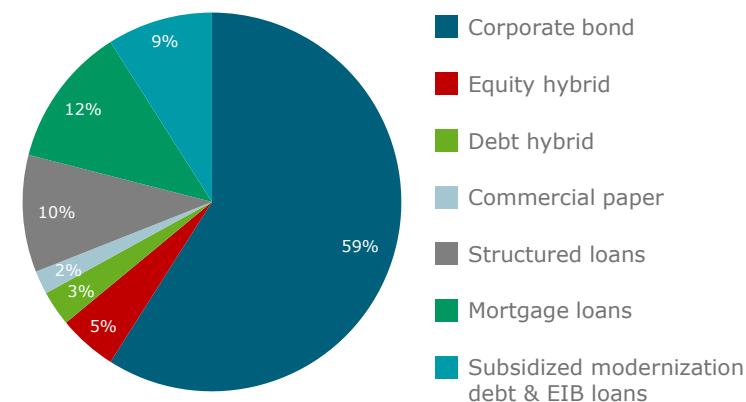
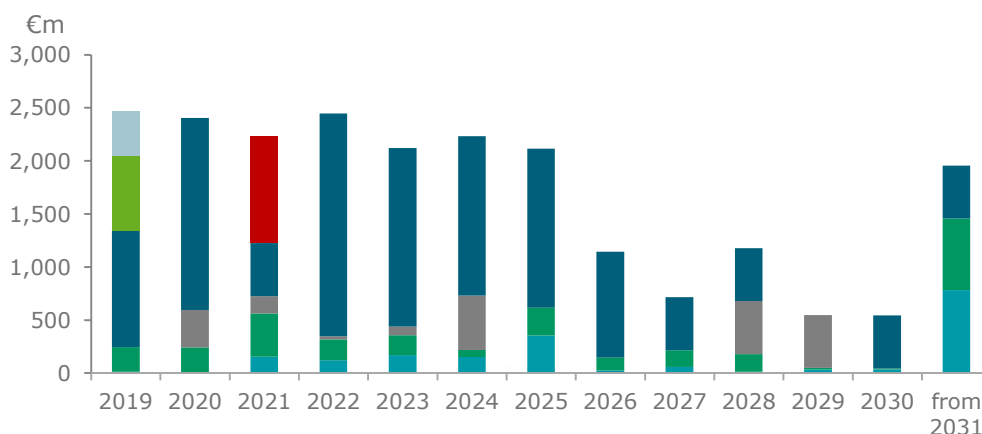
Residential real estate is a granular operating business. Vonovia has built a scalable platform to efficiently manage large portfolios and to provide the full range of services largely in-house.

# 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	Dec. 31, 2018
Corporate rating (S&P)	BBB+
LTV	42.8%
Net debt/EBITDA multiple <sup>1</sup>	11.4x
ICR	4.7
Fixed/hedged debt ratio <sup>2</sup>	96%
Average cost of debt <sup>2</sup>	1.8%
Weighted average maturity <sup>2</sup>	7.8 years
Unencumbered assets	56%

Diverse funding mix with no more than 11% of debt maturing annually<sup>3</sup>



<sup>1</sup> Adj. net debt annual average over Total EBITDA. <sup>2</sup> Excl. equity hybrid. <sup>3</sup> Incl. Jan 2019 Bond and secured loan.

# Shareholders Benefit from Sustainable Cash Flow Generation & Value Growth of Underlying Real Estate

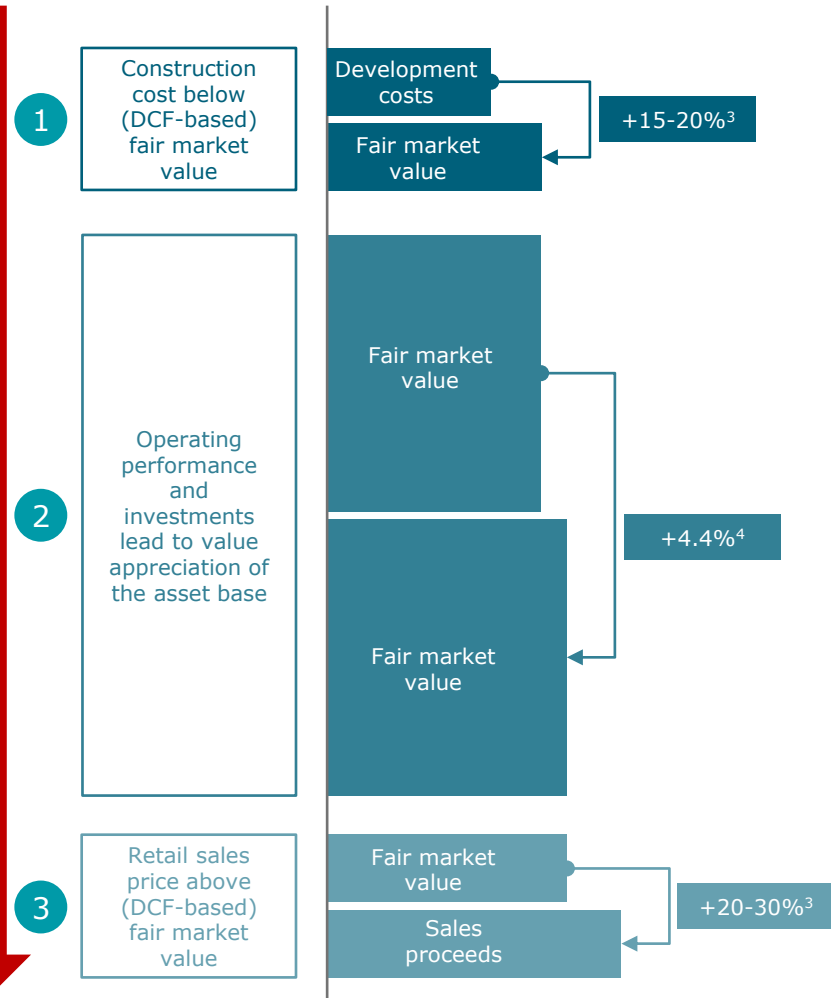
## Sustainable cash flow growth

		Trajectory
	Rental income	<b>Growing.</b>
-	Maintenance expenses	<b>Broadly stable.</b> Scalable relative to portfolio size and broadly stable
-	Operating expenses	<b>Broadly stable.</b> Overhead scalable, local cost variable with portfolio size
=	EBITDA Rental	<b>Growing.</b>
+	EBITDA Value-add	<b>Growing.</b> Further roll out of proven businesses and implementation of new initiatives.
+	EBITDA Development	<b>Stable/slightly growing.</b> Increasing completion volume.
+	EBITDA Recurring Sales	<b>Broadly stable.</b> Stable volume of ca. 2,000 apartments p.a.; EBITDA depends on sales mix and locations.
=	Total EBITDA	<b>Growing.</b> 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")	<b>Growing.</b>
<b>70% Dividend<sup>1</sup></b>		<b>30% Other<sup>2</sup></b>

Cash growth

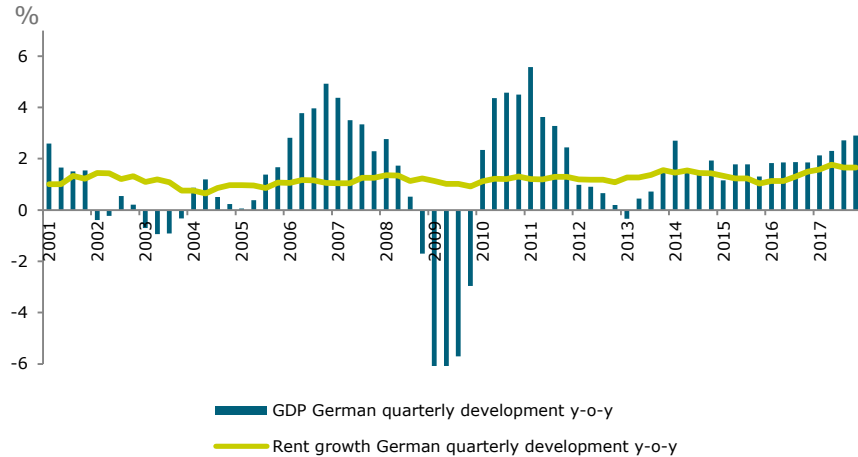
Value growth

## 3 sources of sustainable value growth

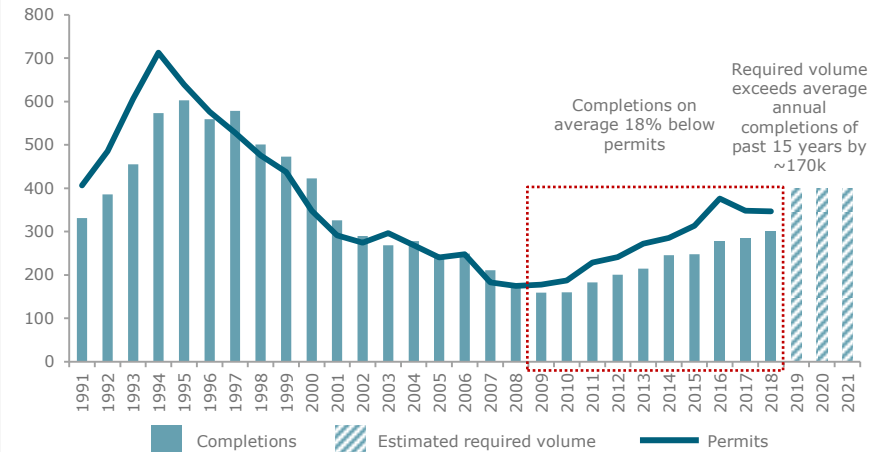


<sup>1</sup> Historic acceptance level of scrip dividend has been between ca. 40% and 50%, so the actual cash out for dividends is usually substantially less than 70% of Group FFO. <sup>2</sup> Mainly for one-offs, capitalized maintenance and equity portion of investment program. <sup>3</sup> Historic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

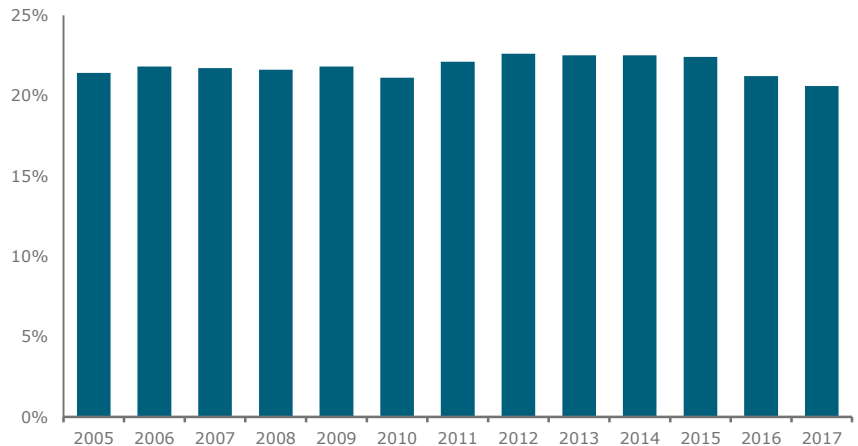
## Regulated market ensures sustainable rent growth



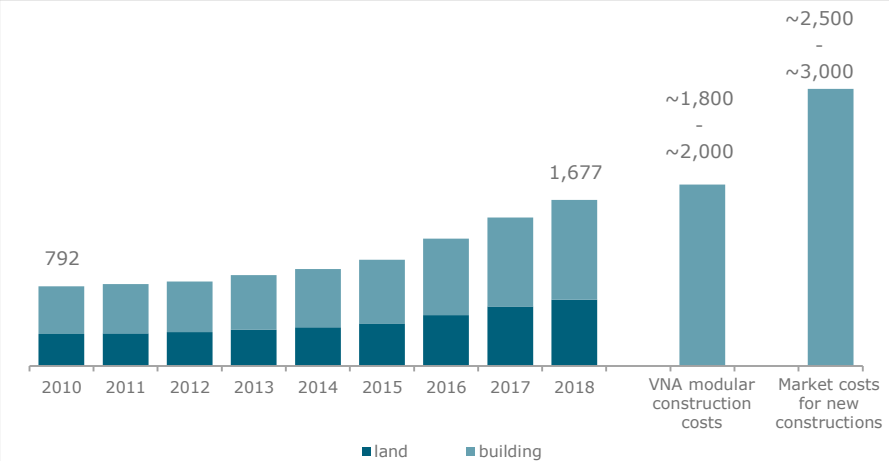
## Structural supply/demand imbalance ('000 units; Germany)



## Net cold rent as % of a household's disposable income (Germany)



## Vonovia Germany – fair value €/sqm evolution vs. modular and conventional construction costs<sup>1</sup>



<sup>1</sup> 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.  
 Sources: Thomson Reuters, bulwiengesa, Federal Statistics Office, GdW (German Association of Professional Homeowners)

# Why Vonovia?

VONOVIA

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**Attractive market fundamentals supported by long-term megatrends**



**Clearly defined strategy successfully and consistently executed since IPO**



**Resilient business model with shareholder 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**





We are  
Vonovia

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2018 is Vonovia's sixth set of full-year results since the IPO. As in each prior year, all important KPIs have improved over the preceding year, underlining the stability of Vonovia's business model and the sustainability of our performance.

<h2>Operations</h2>	<ul style="list-style-type: none"> <li>➤ Organic rent growth of <b>4.4%</b></li> <li>➤ EBITDA Rental <b>€1,315.1m</b> (+14.5%)</li> <li>➤ EBITDA Value-add <b>€121.2m</b> (+18.7%)</li> </ul>
<h2>Cash Earnings &amp; Dividend</h2>	<ul style="list-style-type: none"> <li>➤ FFO 1 <b>€1,064.7m</b> (+15.8%)</li> <li>➤ FFO 1 <b>€2.06</b> (+8.4%) per end-of-period NOSH</li> <li>➤ Dividend per share of <b>€1.44</b> to be proposed to the AGM on May 16</li> </ul>
<h2>Valuation</h2>	<ul style="list-style-type: none"> <li>➤ Adj. NAV per share <b>€44.90</b> as of Dec. 31, 2018</li> <li>➤ L-f-l portfolio value growth of <b>13%</b> <ul style="list-style-type: none"> <li>➤ 2.2% performance</li> <li>➤ 3.1% investments</li> <li>➤ 7.7% yield compression</li> </ul> </li> </ul>
<h2>Capital Structure</h2>	<ul style="list-style-type: none"> <li>➤ LTV <b>42.8%</b> as of YE2018</li> <li>➤ Net debt/EBITDA multiple of <b>11.4x</b></li> </ul>

We are well-positioned to continue on our upward trajectory and confident in our ability to deliver sustainable growth in 2019 and beyond.

# Continuing Efficiency Gains

- Average portfolio volume excluding Buwog and Victoria Park declined by 3.2%
  - Rental income: +0.7%
  - Adj. EBITDA Operations: +4.0%
  - FFO 1: +9.8%

<b>Vonovia excl. Buwog &amp; Victoria Park</b>		<b>2018</b>	<b>2017</b>	<b>Delta</b>	
Average number of residential units	#	341,589	352,848	-3.2%	
Rental income	€m	1,680.4	1,667.9	+0.7%	+€12.4m
Maintenance expenses	€m	-262.1	-258.0	+1.6%	
Operating expenses	€m	-227.9	-261.3	-12.8%	
Adj. EBITDA Rental	€m	1,190.3	1,148.7	+3.6%	
Adj. EBITDA Value-add	€m	120.3	102.1	+17.9%	
Adj. EBITDA Operations	€m	1,271.8	1,222.9	+4.0%	+€48.9m
Interest expense FFO 1	€m	-248.9	-287.5	-13.4%	
Current income taxes FFO 1	€m	-13.5	-15.9	-15.4%	
FFO 1	€m	1,009.4	919.5	+9.8%	+€89.9m

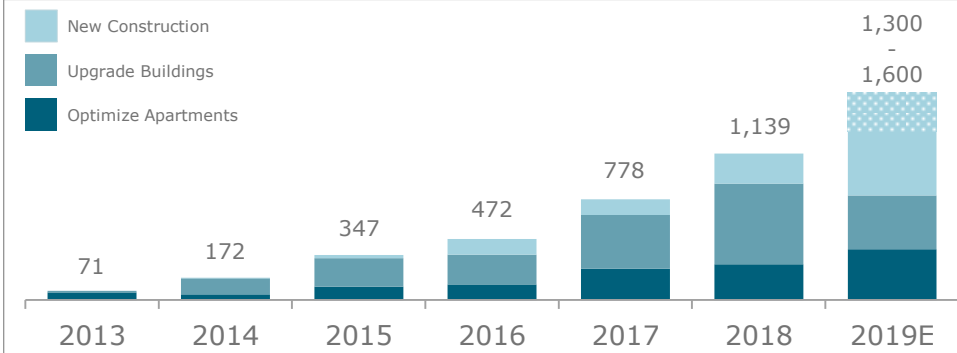
# Rent Growth Acceleration

Rent growth drivers (last 12M)	2018	2017	Delta
Sitting tenants (incl. subsidized rents)	0.9%	1.2%	-30bps
New lettings (with no material investment)	0.4%	0.4%	---
<b>Subtotal market-driven rent growth</b>	<b>1.3%</b>	<b>1.6%</b>	-30bps
Modernization (including new lettings with investments → Optimize Apartments)	2.9%	2.5%	+40bps
<b>Subtotal I-f-I rent growth</b>	<b>4.2%</b>	<b>4.1%</b>	+10bps
Space creation	0.2%	0.1%	+10bps
<b>Organic rent growth</b>	<b>4.4%</b>	<b>4.2%</b>	+20bps

## Positive rent growth trajectory

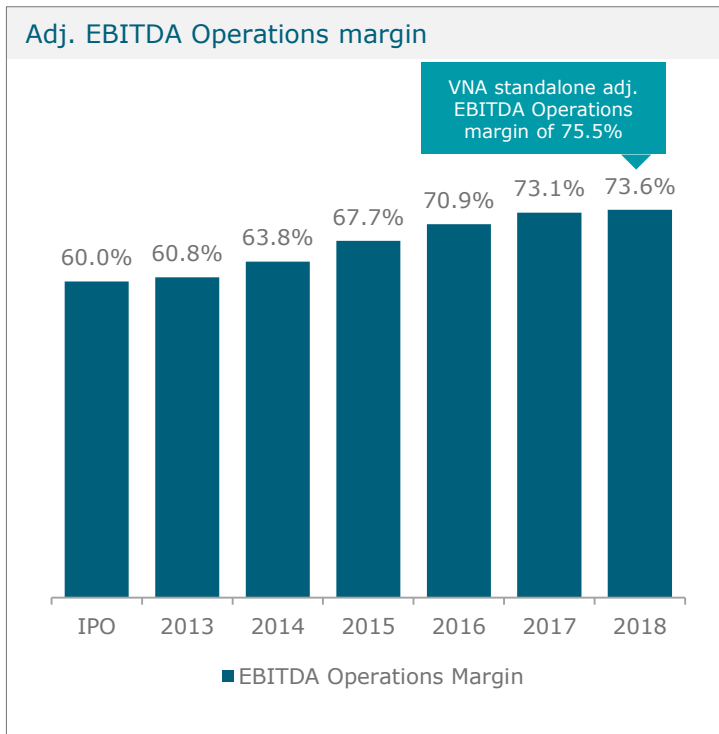
	2013	2014	2015	2016	2017	2018
Market driven	1.6%	1.6%	1.7%	1.5%	1.6%	1.3%
Modernization	0.4%	0.9%	1.2%	1.8%	2.5%	2.9%
Space creation	---	---	---	---	0.1%	0.2%
<b>Organic rent growth</b>	<b>1.9%</b>	<b>2.5%</b>	<b>2.9%</b>	<b>3.3%</b>	<b>4.2%</b>	<b>4.4%</b>

## Investment track record (€m)



# EBITDA Operations Growth

- Adj. EBITDA Operations increased 14.3% to €1,397.5m.
- EBITDA Operations margin was up 50bps to 73.6%.
- Excluding Buwog and Victoria Park the VNA standalone margin grew by 240bps to 75.5%.



€m	FY 2018	FY 2017	Delta
Rental income	1,894.2	1,667.9	+13.6%
Maintenance expenses	-289.7	-258.0	+12.3%
Operating expenses	-289.4	-261.2	+10.8%
<b>Adj. EBITDA Rental</b>	<b>1,315.1</b>	<b>1,148.7</b>	+14.5%
Income	1,462.2	1,170.5	+24.9%
of which external	203.9	161.6	+26.2%
of which internal	1,258.3	1,008.9	+24.7%
Operating expenses	-1,341.0	-1,068.4	+25.5%
<b>Adj. EBITDA Value-add</b>	<b>121.2</b>	<b>102.1</b>	+18.7%
Adj. EBITDA Other (Consolidation)	<b>-38.8</b>	<b>-27.9</b>	+39.1%
<b>Adj. EBITDA Operations</b>	<b>1,397.5</b>	<b>1,222.9</b>	+14.3%

# FFO 1 Growth

- FFO 1 was up ca. €145m (15.8%) y-o-y or 8.4% per share (eop) based on 6.8% more issued shares.
- Approx. €90m growth come from VNA organic growth and the remaining ca. €55m from the contribution of Buwog (three quarters) and Victoria Park (two quarters).

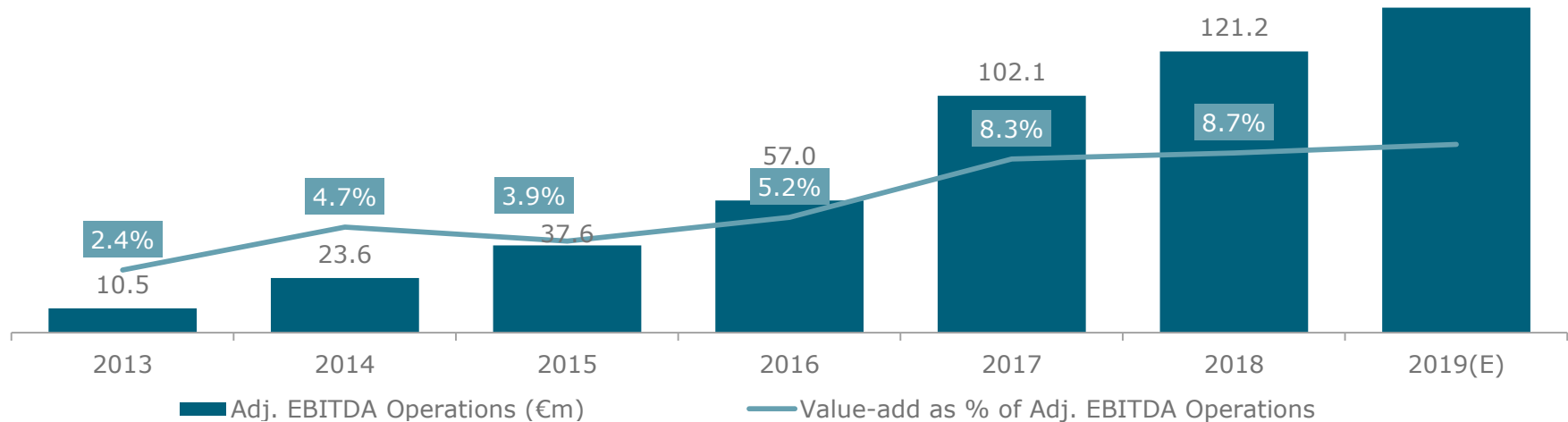
€m (unless indicated otherwise)	FY 2018	FY 2017	Delta
Adj. EBITDA Operations	1,397.5	1,222.9	14.3%
Interest expense FFO 1	-317.4	-287.5	10.4%
Current income taxes FFO 1	-15.4	-15.9	-3.1%
FFO 1	1,064.7	919.5	15.8%
of which attributable to Vonovia's shareholders	1,002.4	864.9	15.9%
of which attributable to Vonovia's perpetual hybrid capital investors	40.0	40.0	0.0%
of which attributable to non-controlling interests	22.3	14.6	52.7%
Capitalized maintenance	-137.7	-85.7	60.7%
AFFO	927.0	833.8	11.2%
Adjusted EBITDA Sales	208.3	112.1	85.8%
Current income taxes FFO 2	-53.9	-19.2	>100%
FFO 2	1,219.1	1,012.4	20.4%
FFO 1 € / share (eop NOSH) (2018: 518m; 2017: 485m)	2.06	1.90	8.4%
FFO 1 € / share (avg. NOSH) (2018: 506m; 2017: 476m)	2.11	1.93	9.1%

## Concept

- 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).
- Two types of Value-add
  1. Internal savings (craftsmen) → **ca. 75%**
  2. External income (e.g. multimedia, smart metering, energy) → **ca. 25%**

## Value-add and NAV

- NAV does not account for Vonovia's Value-add Segment.
- Applying the impairment test discount rate<sup>1</sup> to the 2019E Adj. EBITDA Value-add suggests an additional value of ~€5 per share (~11% on top of 2018 Adj. NAV).



<sup>1</sup> Pre-tax WACC in impairment test of 5.1% as per Dec. 31, 2018.

# Strong Sales Results

- Total sales volume in 2018 was **15,102 residential units** (prior-year period: 11,780), of which **2,818 were Recurring Sales** (prior-year period: 2,608) and **12,284 Non-core Disposals** (prior-year period: 9,172).
- In spite of value growth of the portfolio, Recurring Sales fair value step-ups were 35.5% in 2018 after 32.7% in 2017. The 2018 financial year includes for the first time also Austrian disposals.
- The Non-core Disposals saw a record fair value step-up of 23% in 2018, as we utilized the high market liquidity to profitably dispose of our Non-core Portfolio. The Non-core Disposal Program is now basically completed.

€m (unless indicated otherwise)	RECURRING SALES		NON-CORE DISPOSALS		TOTAL	
	2018	2017	2018	2017	2018	2017
Income from disposal	356.1	305.9	741.4	900.5	1,097.5	1,206.4
Fair value of disposal	-262.8	-230.6	-602.9	-834.9	-865.7	-1,065.5
Adj. profit from disposal	93.3	75.3	138.5	65.6	231.8	140.9
Fair value step-up (%)	35.5%	32.7%	23.0%	7.9%		
Selling costs					-23.4	-28.8
Adj. EBITDA Sales					208.3	112.1

➤ Adj. NAV increased by 24.6% (16.7% per share).

€m (unless indicated otherwise)	Dec. 31, 2018	Dec 31, 2017	
Equity attributable to Vonovia's shareholders	17,880.2	15,080.8	
Deferred taxes on investment properties	8,161	6,185.7	
Fair value of derivative financial instruments <sup>1</sup>	87.2	26.9	
Deferred taxes on derivative financial instruments	-23.5	-8.8	
EPRA NAV	26,105.0	21,284.6	
Goodwill	-2,842.4	-2,613.5	
<b>Adj. NAV</b>	<b>23,262.6</b>	<b>18,671.1</b>	<b>+24.6%</b>
EPRA NAV €/share <sup>2</sup>	50.39	43.88	
<b>Adj. NAV €/share<sup>2</sup></b>	<b>44.90</b>	<b>38.49</b>	<b>+16.7%</b>

## 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"

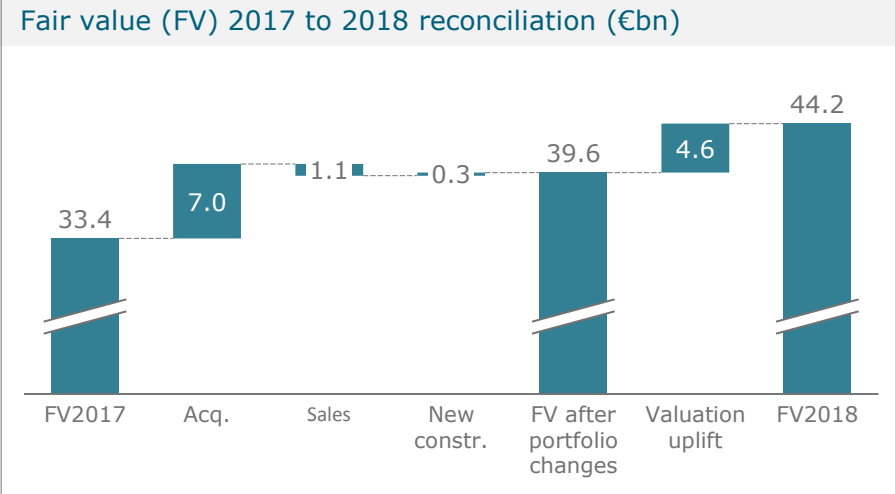
This approach does not adequately account for

- the Value-add Segment
- the cost advantage and operating platform of a professional owner
- the Development profit
- the Recurring Sales profit

<sup>1</sup> Adjusted for effects from cross currency swaps. <sup>2</sup> Based on the number of shares on the reporting dates Dec. 31, 2018 (518.1m) and Dec 31, 2017 (485.1m).



- > 13.0% overall I-f-I value uplift in 2018
  - > 2.2% performance
  - > 3.1% investments and
  - > 7.7% yield compression.



Valuation KPIs	Vonovia Total	Germany	Sweden	Austria
In-place rent multiple	<b>21.2x</b>	21.5x	14.6x <sup>1</sup>	23.6x <sup>1</sup>
Fair value €/sqm	<b>1,648</b>	1,677	1,563	1,346
Fair value €bn	<b>44.2</b>	39.5	1.8	2.9
Market rent growth assumption <sup>2</sup>	---	1.7%	2.0%	0.9%

Value growth drivers (€m)	FY2018	FY2017
Performance	972 <sup>3</sup>	1,079
Investments	944	695
Yield compression	2,665	2,455
<b>Total</b>	<b>4,581</b>	<b>4,229</b>

<sup>1</sup> In-place rents in Austria and Sweden are not fully comparable to Germany, as Sweden, for example, includes certain ancillary costs. <sup>2</sup> Market rent growth assumption in valuation model. <sup>3</sup> Includes a small positive currency impact from a value increase in Swedish Krona.

# Broad-based Value Growth in All Our Regional Markets VONOVIA

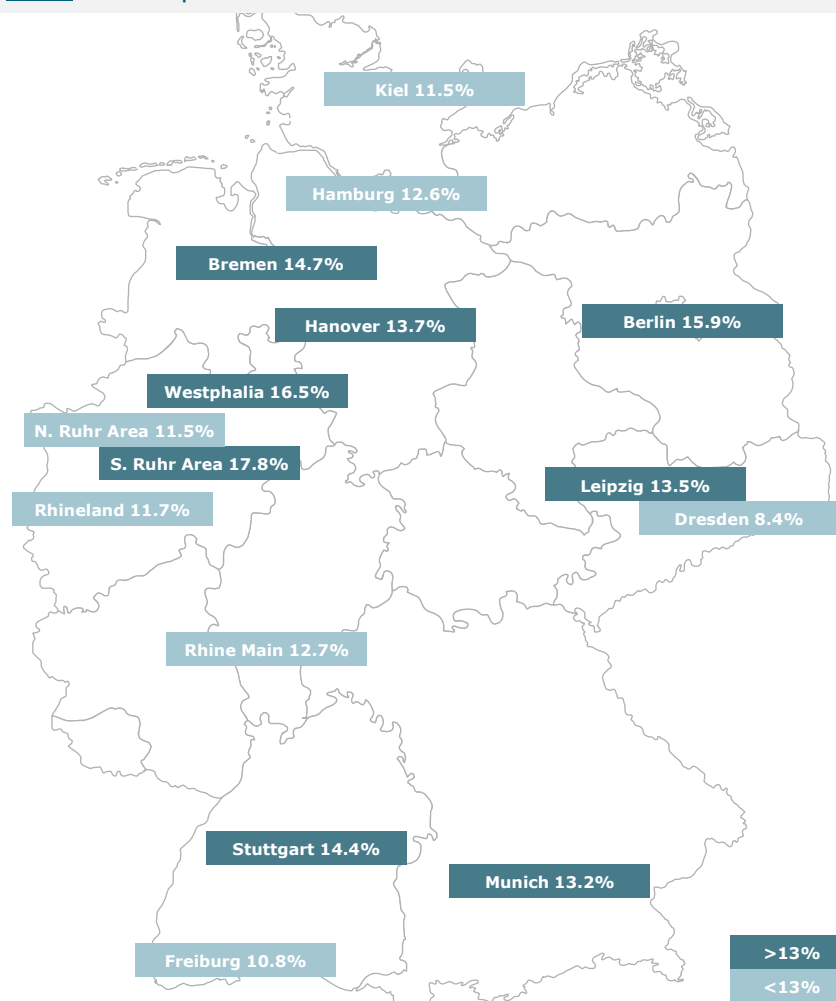
Equity Story

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Regional Market	Fair value (€/sqm)	Multiple (in-place rent)	Impact from yield compression
Southern Ruhr Area (Dortmund, Essen, Bochum)	1,240	17.8	12.1%
Bremen	1,451	21.6	10.1%
Berlin	2,370	29.7	9.8%
Stuttgart	2,166	23.3	8.7%
Freiburg	2,162	24.5	8.5%
Leipzig	1,395	19.9	8.0%
Rhineland (Cologne, Düsseldorf, Bonn)	1,743	20.8	7.9%
Hamburg	1,915	22.9	7.7%
Kiel	1,371	18.7	7.6%
Rhine Main Area (Frankfurt, Darmstadt, Wiesbaden)	2,199	22.8	7.5%
Westphalia (Münster, Osnabrück)	1,257	17.9	6.9%
Hanover	1,549	20.1	6.6%
Munich	3,132	31.7	6.4%
Northern Ruhr Area (Duisburg, Gelsenkirchen)	956	14.3	5.0%
Dresden	1,360	19.1	3.8%
Other Strategic Locations	1,508	19.4	6.0%
Total Strategic Locations	1,683	21.5	7.9%
<b>Vonovia Germany<sup>1</sup></b>	<b>1,677</b>	<b>21.5</b>	<b>7.8%</b>

## Total value uplift

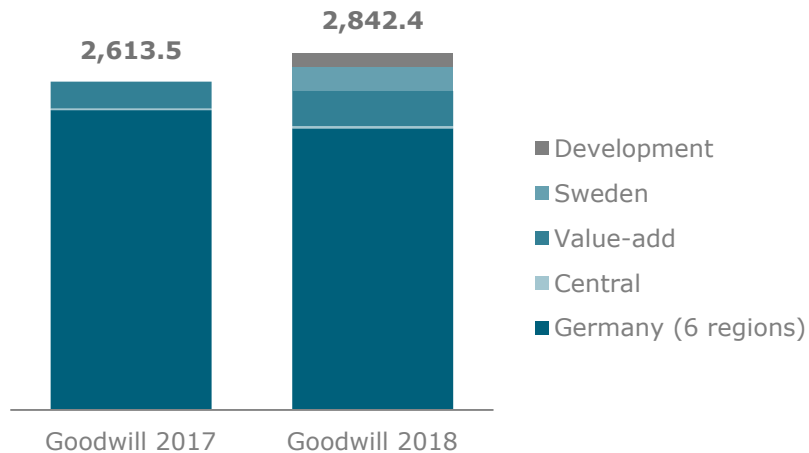


While value growth was broad-based and largely homogeneous across the different regional markets, supportive of our strategy to focus on Germany's urban growth regions, underlying valuation levels differ significantly.

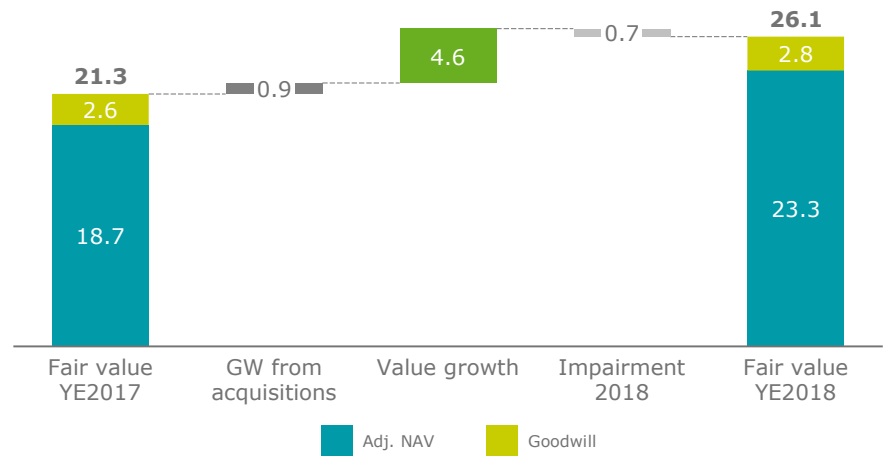
<sup>1</sup> Including Non-strategic locations.

- Predominantly as a result of yield compression in 2018, the impairment test resulted in a goodwill impairment of €681.2m across different regions.
- The acquisition of Buwog and Victoria Park led to an additional goodwill of €910.1m, resulting in a net goodwill increase of €228.9m.
- The 2018 discount rate for the purpose of the impairment test was 3.6% (post-tax) and unchanged compared to 2017.
- The underlying fundamentals of urban residential markets remain strong; and while we cannot guide the magnitude of further yield compression, at least parts of the remaining goodwill might be impacted by the 2019 impairment test, which in turn would have an effect on the EPRA NAV.

Goodwill composition (€m)



Year-on-year comparison (€bn)



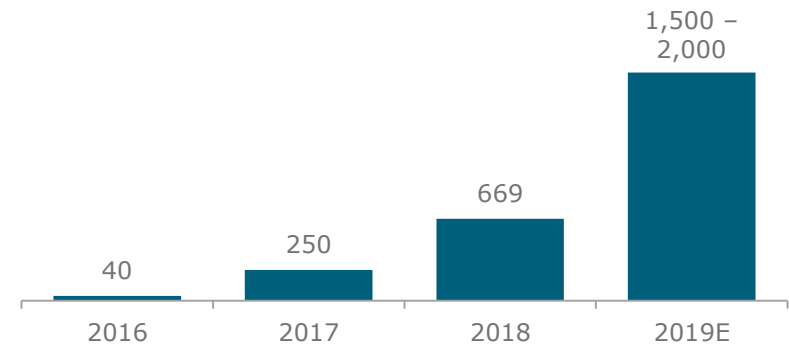
No impact on Adj. NAV, as the impairment only affects the goodwill and hence the EPRA NAV.

## New construction via Vonovia Space Creation and Buwog Development

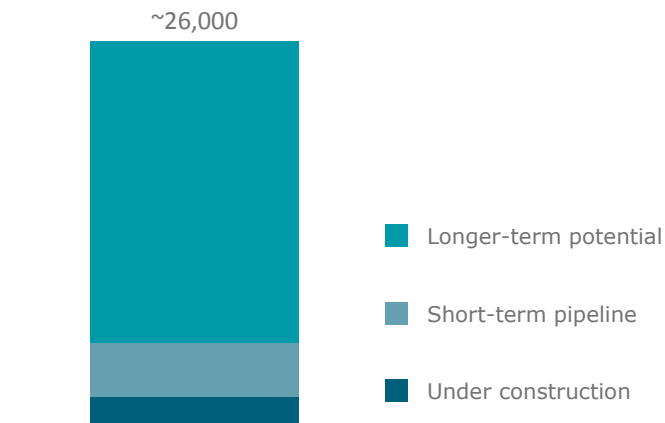
Vonovia constructs new apartments through

- (i) **Vonovia’s Space Creation Program**; apartments are built on open spaces in between buildings we own or as a floor addition on top of our own buildings. All new constructions are to hold.
- (ii) **Buwog Development Business**; apartments are built on land that has been or will be acquired with a view towards developing it for residential construction. New constructions are to hold and to sell.

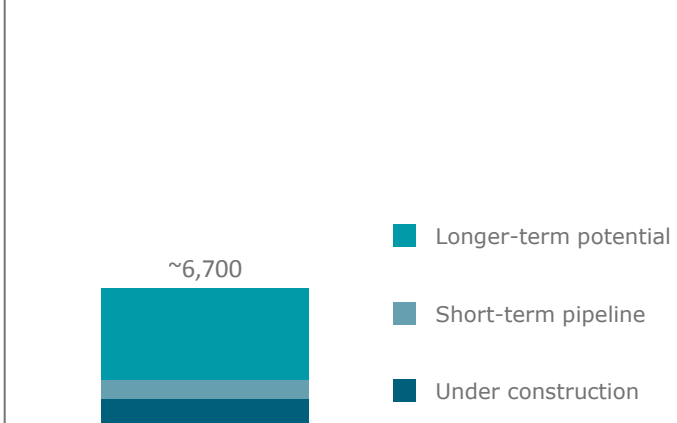
Evolution of completions (number of apartments to hold)<sup>1</sup>



## New construction to hold



## New construction to sell



<sup>1</sup> 2018 and 2019 incl. Buwog.

# LTV Remains in Comfort Zone

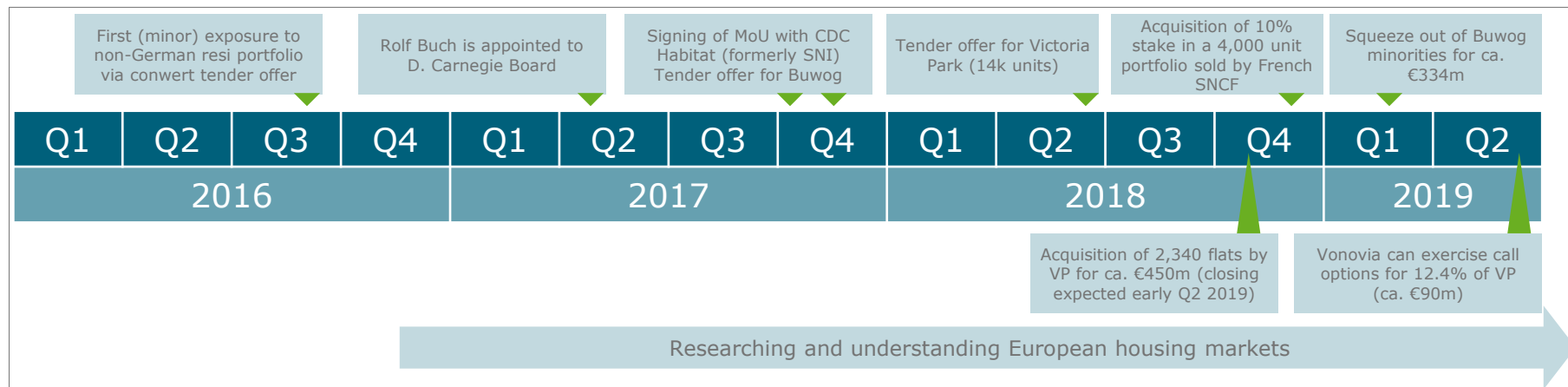
- LTV as of December 31, 2018, was 42.8%; Net debt/EBITDA multiple<sup>1</sup> was 11.4x.
- Against the background of the stable cash flows and the strong long-term fundamentals in our portfolio locations we see continued upside potential for our property values and do not see material long-term downside risks.
- We therefore continue to believe that the LTV target range of 40% - 45% is adequate for our low risk portfolio and feel generally comfortable with this range.

€m (unless indicated otherwise)	Dec. 31, 2018	Sep. 30, 2018	Dec. 31, 2017
Non-derivative financial liabilities	20,136.0	20,053.2	14,060.5
Foreign exchange rate effects	-33.5	-31.5	-23.5
Cash and cash equivalents	-547.7	-507.3	-266.2
Net debt	19,554.8	19,514.4	13,770.8
Sales receivables	-256.7	-273.2	-201.2
<b>Adj. net debt</b>	<b>19,298.1</b>	<b>19,241.2</b>	<b>13,569.6</b>
Fair value of real estate portfolio	44,239.9	41,948.6	33,436.3
Shares in other real estate companies	800.3	733.6	642.2
<b>Adj. fair value of real estate portfolio</b>	<b>45,040.2</b>	<b>42,682.2</b>	<b>34,078.5</b>
<b>LTV</b>	<b>42.8%</b>	<b>45.1%</b>	<b>39.8%</b>
LTV (incl. perpetual hybrid)	45.1%	47.5%	42.8%
<b>Net debt/EBITDA multiple<sup>1</sup></b>	<b>11.4x</b>	---	<b>9.9x</b>

<sup>1</sup> Adj. net debt quarterly average over Total EBITDA.

# European Activities Update

- 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	<ul style="list-style-type: none"> <li>Gradual asset rotation via recurring sales of mature assets and development of new assets in a similar magnitude</li> <li>Run scalable operating business</li> <li>Follow accretive acquisition opportunities on an opportunistic basis</li> </ul>	<ul style="list-style-type: none"> <li>Pursue accretive acquisition opportunities on an opportunistic basis</li> <li>Add Vonovia experience and skill set and use Victoria Park as a platform to further grow in the Swedish residential market</li> <li>Demonstrate success and sustainability of Vonovia business model to show it also works outside of Germany</li> </ul>	<ul style="list-style-type: none"> <li>Utilize 10% stake in SNCF portfolio to gain more profound understanding of the market</li> <li>Safeguard pole position and first-mover advantage for potential opening of social housing to commercial ownership</li> <li>Pursue accretive acquisition opportunities on an opportunistic basis if and when legislation changes and allows the payout of economic dividends from social housing</li> </ul>	<ul style="list-style-type: none"> <li>Continue market research</li> <li>Be prepared for accretive acquisition opportunities on an opportunistic basis</li> </ul>

	2018 Actuals <sup>1</sup>	2019 Guidance <sup>1</sup>
Organic rent growth (eop)	4.4%	~4.4%
Rental Income (€m)	1,894.2	2,020 – 2,070
Recurring Sales (# of units)	2,818	~2,500
FV step-up Recurring Sales	35.5%	~30%
EBITDA (€m)	1,397.5	1,650 – 1,700
FFO (€m)	1,064.7	1,140 – 1,190
FFO (€/share)	2.06	2.20 – 2.30
Dividend (€/share)	1.44 <sup>2</sup>	~70% of Group FFO
Modernization & New Construction (€m)	1,139.0	1,300 - 1,600
Underlying number of shares (million)	518.1	518.1

<sup>1</sup> Based on the financial KPIs employed by management (2018: EBITDA Operations and FFO 1. 2019: Total EBITDA and Group FFO). <sup>2</sup> To be proposed to the 2019 AGM in May and based on the current number of outstanding shares.



## Contact

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## App & Website



<https://investors.vonovia.de>



## Financial Calendar 2019

Mar 25	Roadshow in Amsterdam (Kempen)
Mar 18-19	Roadshow in London (Bankhaus Lampe) <sup>1</sup>
Mar 28	Conferences in London (Commerzbank & BAML) <sup>1</sup>
Apr 3	Conference in Baden-Baden (Bankhaus Lampe) <sup>1</sup>
Apr 10-12	Roadshow in Asia (Seoul, Hong Kong, Singapore)
<b>May 7</b>	<b>Interim results 3M 2019</b>
<b>May 16</b>	<b>Annual General Meeting</b>
May 17	Conference in Paris (Kepler Cheuvreux) <sup>1</sup>
May 21	Conference in Tarrytown, New York (Berenberg) <sup>1</sup>
May 22	Conference in Amsterdam (Kempen)
May 24	Conference in Frankfurt (HSBC) <sup>1</sup>
<b>Jun 4-5</b>	<b>Capital Markets Day</b>
Jun 6	Conference in Berlin (Deutsche Bank)
Jun 7	Conference in Paris (Goldman Sachs)
Jun 12	Conference in Paris (Exane BNP Paribas)
Jun 27	Issuer & Investor Debt Forum in Frankfurt (Deutsche Bank)
<b>Aug 2</b>	<b>Interim results 6M 2019</b>
Sep 20	Conference in London (Société Generale)
Sep 23	Conference in Munich (Goldman Sachs / Berenberg)
Sep 24	Conference in Munich (Baader) <sup>1</sup>
Sep 26	Fixed Income RE Conference in London (Morgan Stanley)
<b>Nov 5</b>	<b>Interim results 9M 2019</b>

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

<sup>1</sup> IR level





We are  
Vonovia

Business  
update

Additional  
information

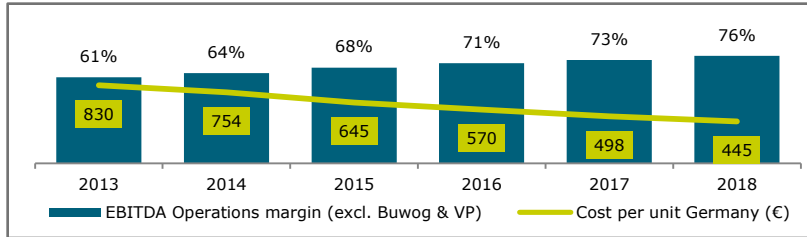
# 4+1 Strategy Has Evolved into 4+2 Strategy

## Reputation & Customer Satisfaction

Traditional

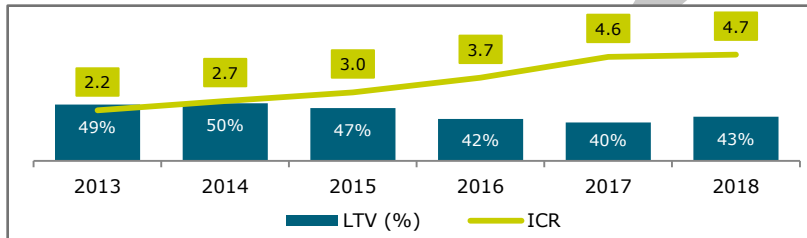
### Property Management

1 Efficient operations of scalable business



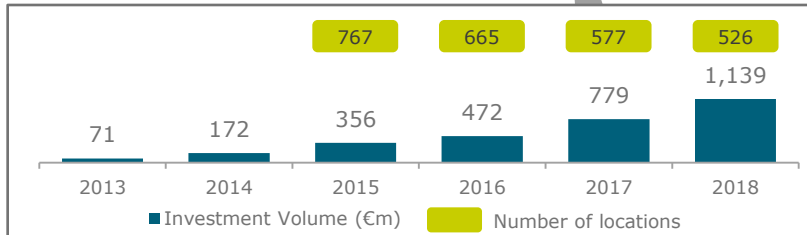
### Financing

2 Solid capital structure



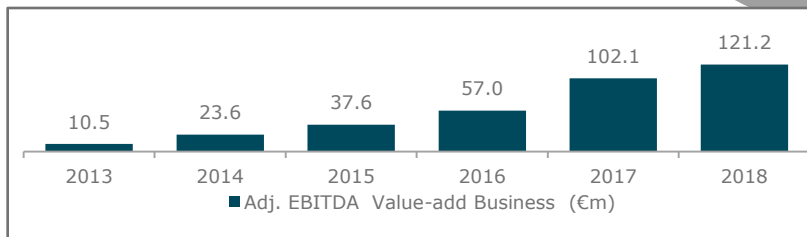
### Portfolio Management

3 Value-investments supplement internal growth



### Value-add

4 Leveraging B-to-C nature of the business

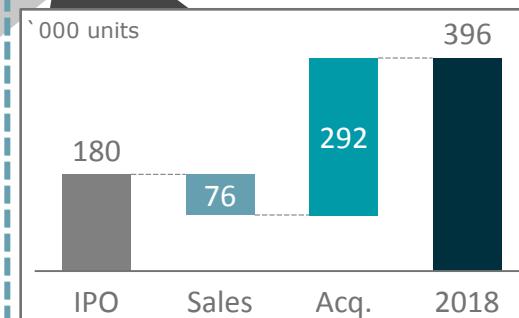


Core Strategies

Innovative

5

### Mergers & Acquisitions



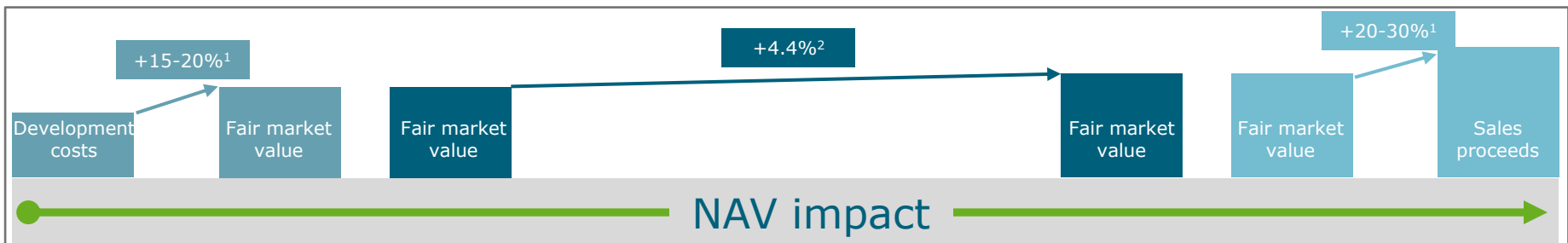
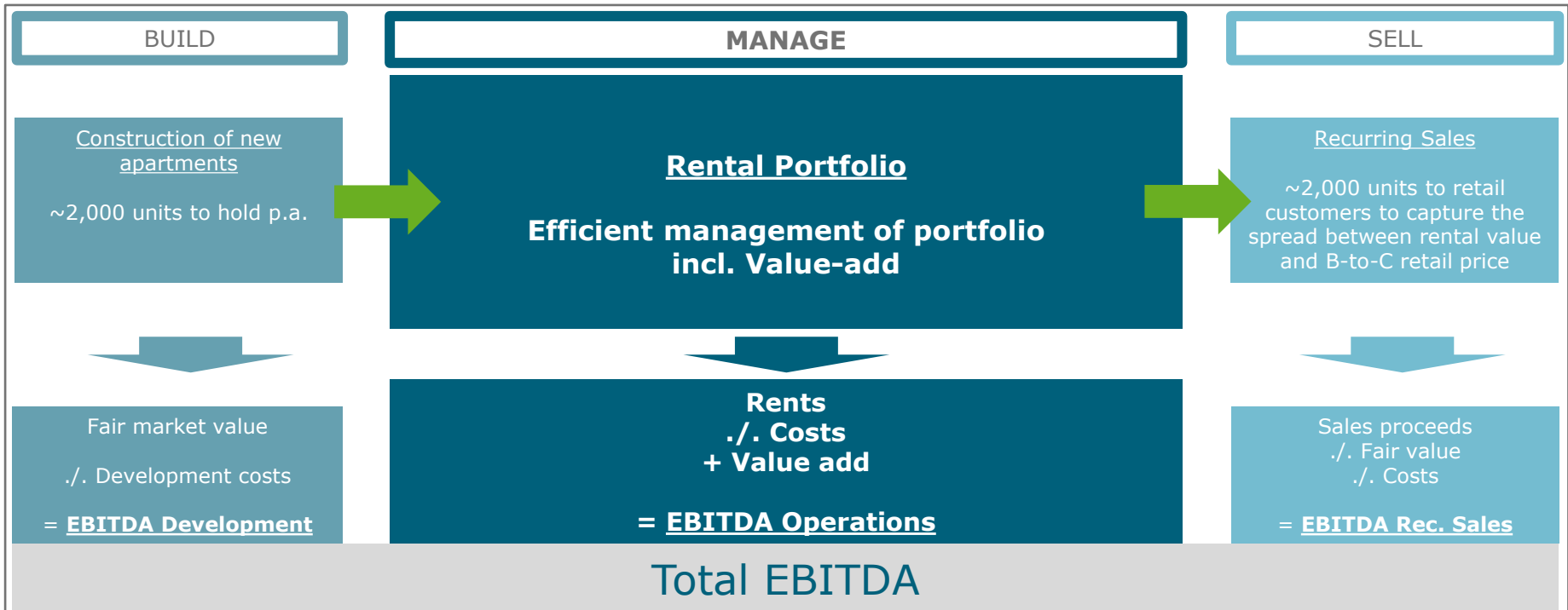
6

### 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

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



<sup>1</sup> Historic range. <sup>2</sup> CAGR since 2013 fair value uplift through performance and investments (excluding yield compression).

# New Reporting Structure Q1 2019 onwards

- Starting with Q1 2019 we will be amending our external reporting to better reflect the internal management of the Company and the advanced evolution of the business.
- The 2018 results, based on the new reporting structure, were as follows:

2018	Rental	Value-add	Development	Recurring Sales	Total
Revenues	1,894.2	1,462.2	323.1	356.1	
Costs	-579.1	-1,341.0	-283.7	-277.0	
Adj. EBITDA	1,315.1	121.2	39.4	79.1	1,554.8
Interest					-328.8
Taxes					-36.5
Consolidation					-57.5
Group FFO					1,132.0
Group FFO (€/share)					2.18



Minus ~€20m impact from 2018 disposals  
 Minus ~€20m Customer First Program included in 2019  
 Minus ~€10m from normalizing 2018 sales margin to 30%

# All Strategic Markets Show Upward Potential

VONOVIA

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Regional Market	Fair value <sup>1</sup>		In-place rent							Purchase power index (market data) <sup>2</sup>	Market rent increase forecast Valuation (% p.a.)	Average rent growth LTM (%) from Optimize Apartments
	(€m)	(€/sqm)	Residential units	Vacancy (%)	Total (p.a., €m)	Residential (p.a., €m)	Residential (€/sqm/month)	Organic rent growth LTM (%)	Multiple (in-place rent)			
Berlin	6,536	2,370	41,943	1.4	220	209	6.62	4.1	29.7	80.4	1.8	48.6
Rhine Main Area (Frankfurt, Darmstadt, Wiesbaden)	3,950	2,199	27,673	1.3	173	168	8.05	4.4	22.8	105.0	1.8	40.9
Rhineland (Cologne, Düsseldorf, Bonn)	3,424	1,743	28,839	2.4	165	157	7.02	3.7	20.8	102.0	1.7	29.2
Southern Ruhr Area (Dortmund, Essen, Bochum)	3,354	1,240	43,498	3.2	189	183	5.93	5.5	17.8	88.5	1.5	31.5
Dresden	3,104	1,360	38,424	2.9	163	153	6.02	3.9	19.1	81.8	1.7	30.4
Hamburg	2,456	1,915	19,842	1.3	107	103	6.93	3.9	22.9	98.4	1.6	40.9
Munich	2,051	3,132	9,679	0.7	65	61	8.04	4.4	31.7	121.8	1.8	54.5
Stuttgart	1,936	2,166	13,840	1.7	83	80	7.78	3.2	23.3	104.5	1.8	40.4
Kiel	1,910	1,371	23,376	1.9	102	97	6.14	4.7	18.7	74.8	1.6	39.8
Hanover	1,623	1,549	16,322	2.8	81	78	6.49	4.9	20.1	90.1	1.7	37.6
Northern Ruhr Area (Duisburg, Gelsenkirchen)	1,567	956	26,277	3.1	110	106	5.63	4.7	14.3	81.7	1.2	25.5
Bremen	1,071	1,451	11,846	3.3	49	47	5.67	3.8	21.6	84.2	1.8	29.7
Leipzig	868	1,395	9,191	2.8	44	41	5.96	3.9	19.9	74.5	1.7	22.4
Westphalia (Münster, Osnabrück)	783	1,257	9,495	3.3	44	43	5.96	6.0	17.9	92.4	1.5	39.9
Freiburg	602	2,162	4,036	1.3	25	24	7.31	4.6	24.5	85.4	1.7	44.9
Other Strategic Locations	2,605	1,508	26,670	2.6	135	129	6.55	4.9	19.4	-	1.6	40.8
<b>Total Strategic Locations Germany</b>	<b>37,839</b>	<b>1,689</b>	<b>350,951</b>	<b>2.3</b>	<b>1,754</b>	<b>1,679</b>	<b>6.56</b>	<b>4.4</b>	<b>21.6</b>	<b>-</b>	<b>1.7</b>	<b>36.2</b>
Non-Strategic	790	1,250	7,500	4.8	43	37	6.16	0.9	18.5	-	1.7	20.7
<b>Germany total</b>	<b>38,628</b>	<b>1,677</b>	<b>358,451</b>	<b>2.4</b>	<b>1,796</b>	<b>1,716</b>	<b>6.55</b>	<b>4.3</b>	<b>21.5</b>	<b>-</b>	<b>1.7</b>	<b>36.1</b>
Austria	2,517	1,346	23,030	4.4	107	90	4.53	-	23.6	-	0.9	-
Sweden	1,738	1,563	14,288	1.2	119	110	9.11	-	14.6	-	2.0	-
<b>Total Vonovia</b>	<b>42,883</b>	<b>1,648</b>	<b>395,769</b>	<b>2.4</b>	<b>2,022</b>	<b>1,915</b>	<b>6.52</b>	<b>4.4</b>	<b>21.2</b>	<b>-</b>	<b>1.6</b>	<b>n/a</b>

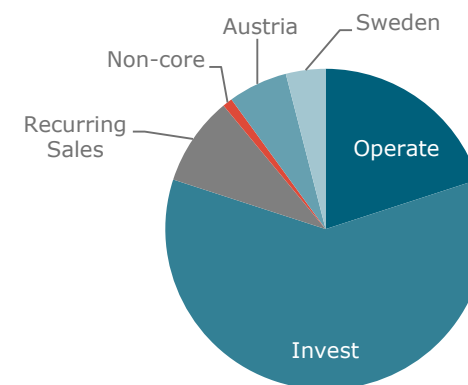
Note: In-place rents in Austria and Sweden are not fully comparable to Germany, as Sweden, for example, includes certain ancillary costs. The table above shows the rental level unadjusted to the German definition. Data for Strategic Locations also includes Recurring Sales assets in those markets.

<sup>1</sup> Fair value of the developed land excluding €1,356.8m, of which €405.1m undeveloped land and inheritable building rights granted, €302.5m assets under construction, €492.6m development and €156.6m other.

<sup>2</sup> Source: GfK (2018). Data refers to the specific cities indicated in the tables, weighted by the number of households where applicable.

# Invest Cluster Offers Long-Term Organic Growth Potential

- 60% 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

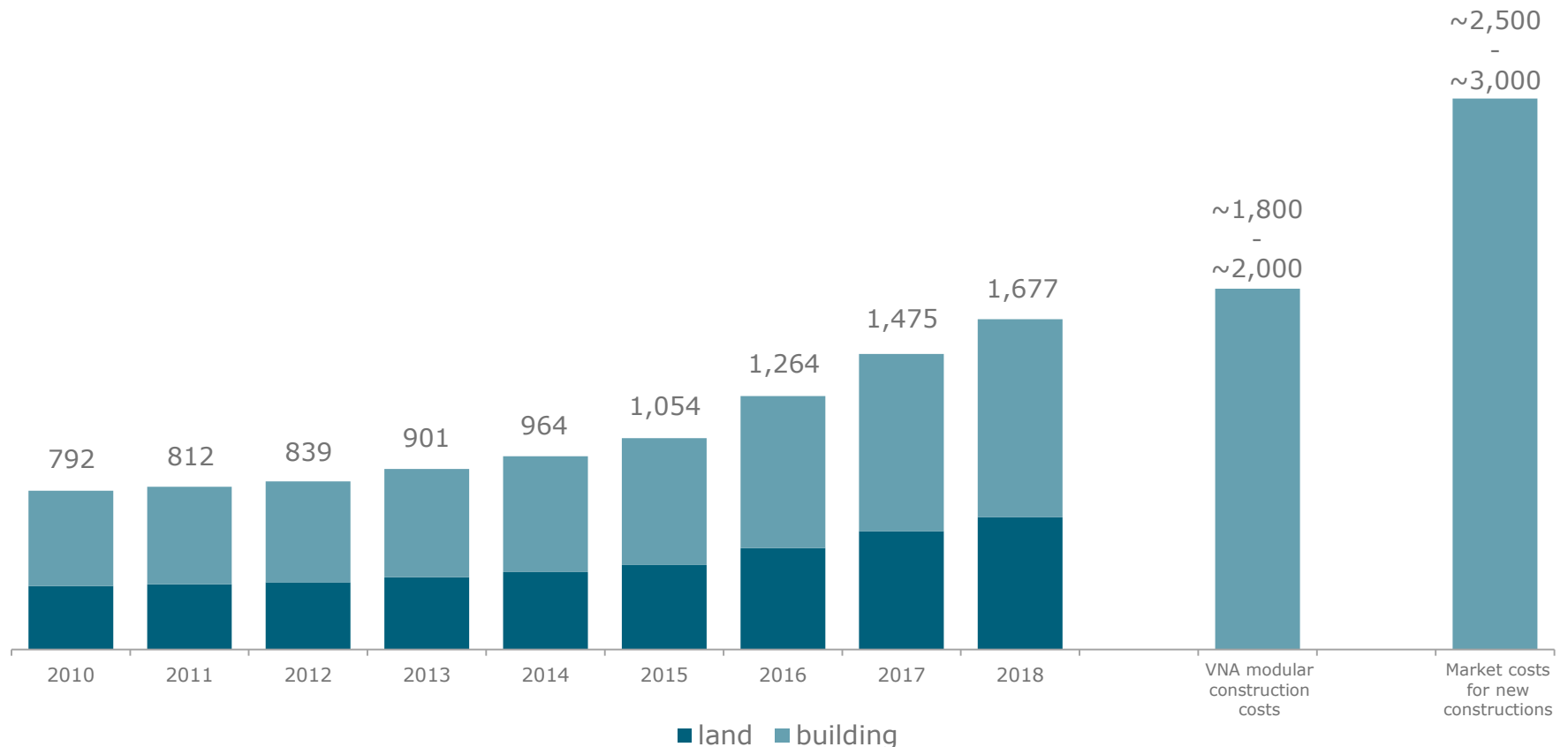


Dec. 31, 2018	Residential	In-place rent	Fair value		
	units	(€/sqm/month)	(€m)	% of total	(€/qm)
Operate	74,775	6.83	8,594	20%	1,669
Invest	248,281	6.47	25,766	60%	1,678
Strategic	323,056	6.55	34,360	80%	1,676
Recurring Sales	29,563	6.70	3,670	9%	1,811
Non-core	5,832	6.04	598	1%	1,184
<b>Vonovia Germany</b>	<b>358,451</b>	<b>6.55</b>	<b>38,628</b>	<b>90%</b>	<b>1,677</b>
Vonovia Austria	23,030	4.53	2,517	6%	1,346
Vonovia Sweden	14,288	9.11	1,738	4%	1,563
<b>Vonovia Total</b>	<b>395,769</b>	<b>6.52</b>	<b>42,883</b>	<b>100%</b>	<b>1,648</b>

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 €1,356.8m, of which €405.1m undeveloped land and inheritable building rights granted, €302.5m assets under construction, €492.6m development and €156.6m other.

- 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

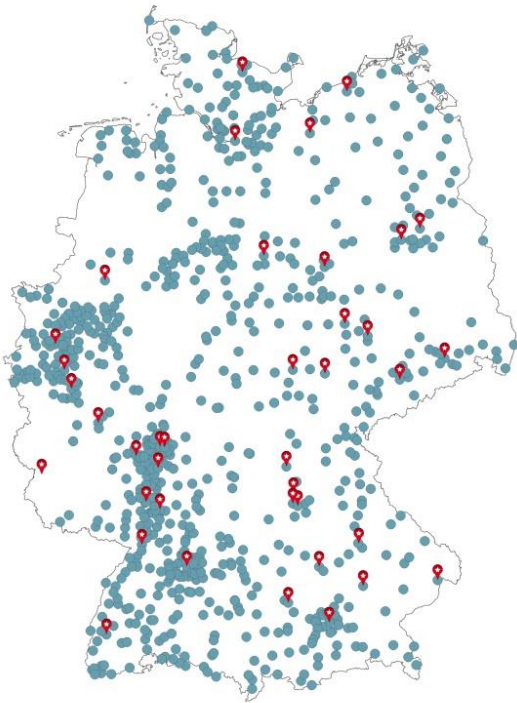
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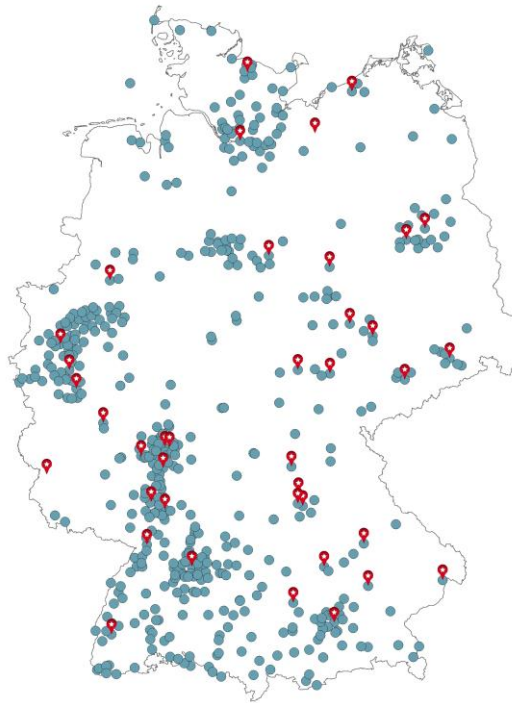
03/2015 (incl. Südevo)

818 locations



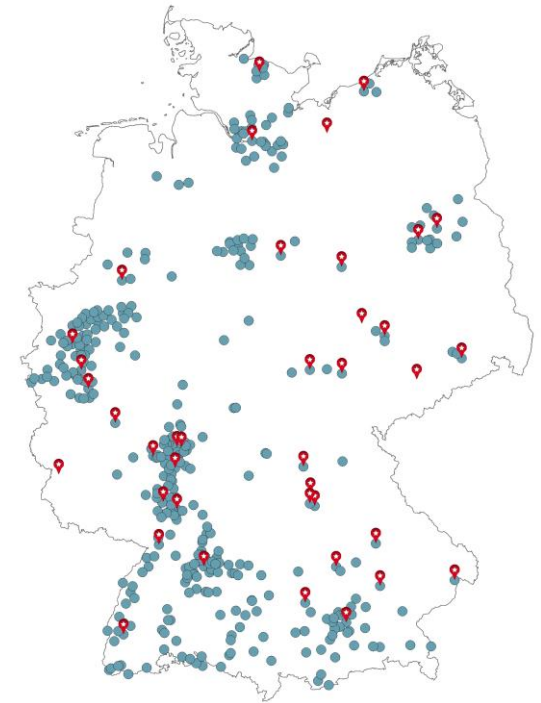
12/2018

526 locations



Strategic Portfolio

~400 locations



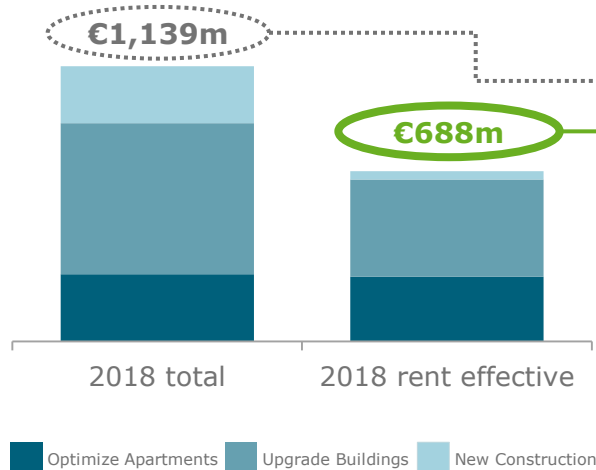
● Vonovia location

📍 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)



# €700m of Investments Fully Completed in 2018 for an Incremental Rent of ~€50m in 2018

## Two ways to look at the 2018 Investments



We invested a total amount of €1,139m in 2018. This includes all work carried out incl. measures for which the rent growth will come in subsequent years.

€688m of modernization investments (partially including prior-year programs) were finalized to become rent effective no later than December 2018.

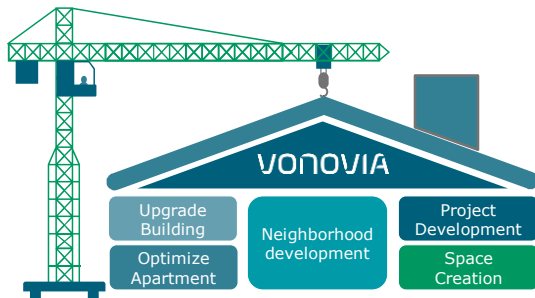
The ~7% yield on this amount results in incremental rental growth of €48.2m for 2018, plus an additional smaller effect from vacancy reduction.

Reconciliation with reported 2018 organic rent growth of 3.1% from modernization (2.9%) and new construction (0.2%):

✓ €48.2m over €1,534m residential rent p.a. (YE2017) = 3.1%

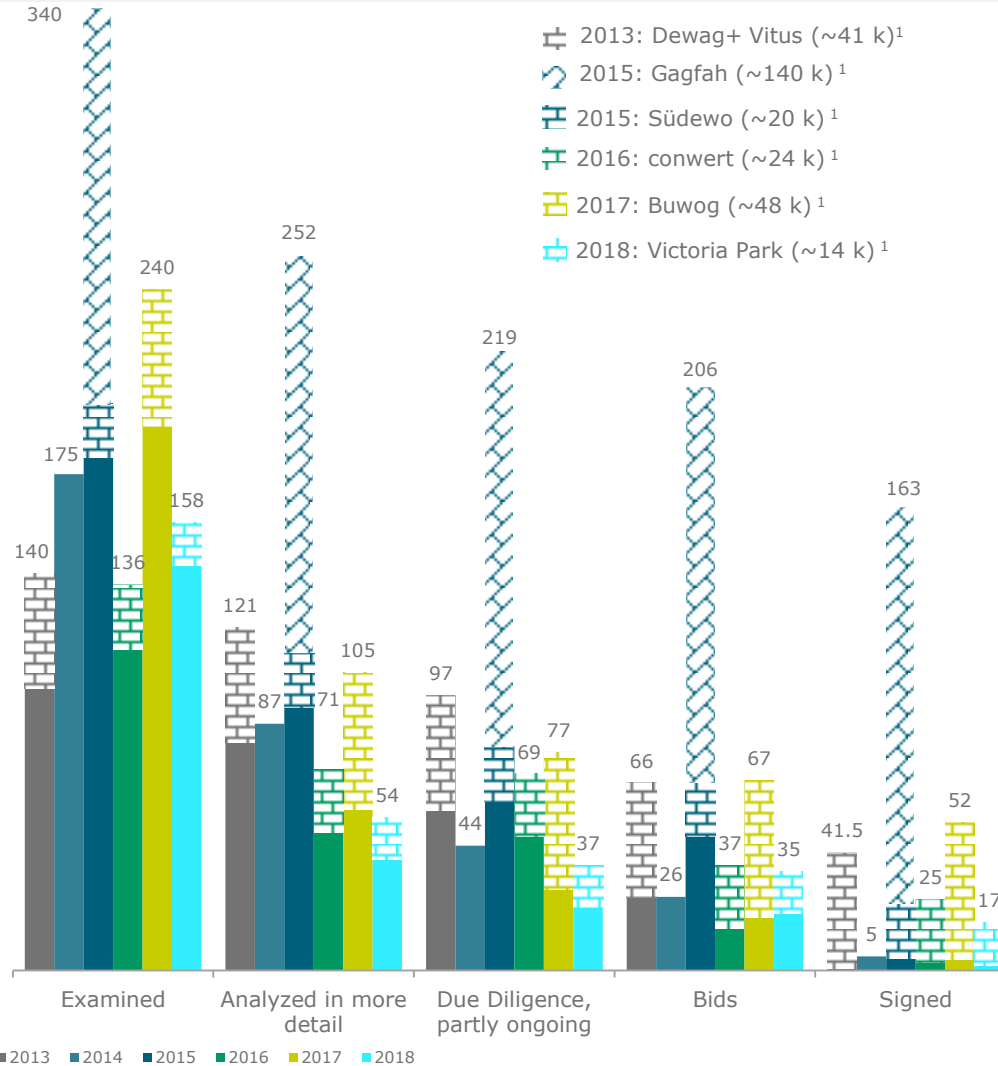
## Measurement for Success

Yield on cost is a substantial element in the overall return on investment. Especially more complex investments such as comprehensive upgrade building modernizations, new constructions and neighborhood developments, however, which are more long-term in nature, are measured based on an IRR. Our target IRR for the investment program is between 9-10%. For the 2015 and 2016 investment programs the IRR was 10.3% and 10.1%, respectively.



# Acquisitions – Opportunistic but Disciplined

Acquisition pipeline ('000 units)



<sup>1</sup>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

VONOVIA

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Year	Deal	Residential units #	TOP Locations	Fair Value (€/sqm)			In-place rent (€/sqm)		
				@ Acquisition	Dec. 31, 2018	Δ	@ Acquisition	Dec. 31, 2018	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%
<b>Total</b>		<b>289,000</b>							

Note: Excluding smaller tactical acquisitions

[> Bond KPIs](#)

Covenant	Level	Dec. 31, 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</b>		
Last 12M EBITDA / Last 12M Interest Expense	>1.80x	<b>4.7x</b>
<b>Unencumbered Assets</b>		
Unencumbered Assets / Unsecured Debt	>125%	<b>208%</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

## Corporate Investment grade rating

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

## Bond ratings

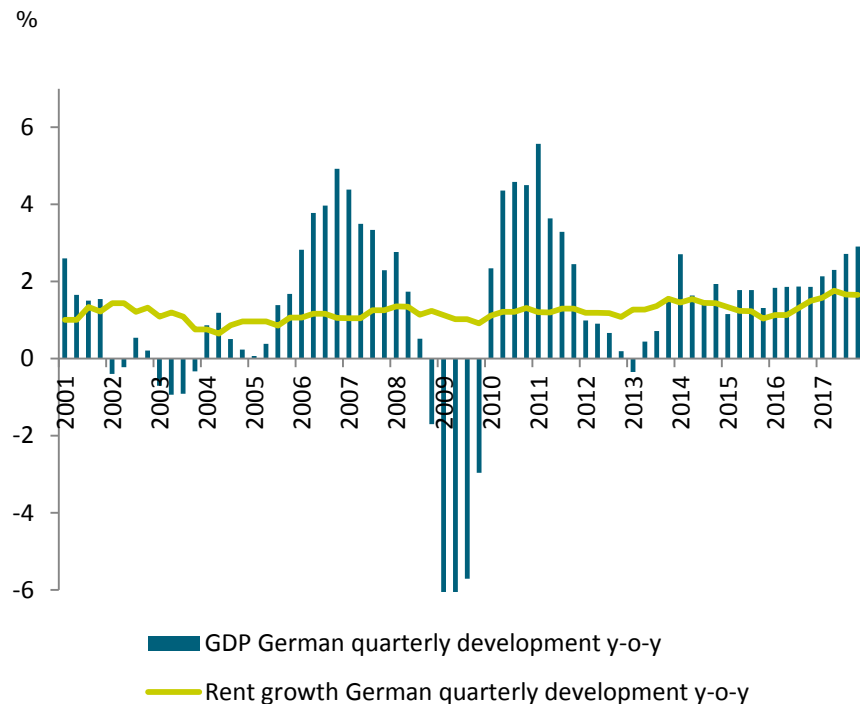
Name	Tenor & Coupon	ISIN	Amount	Issue price	Coupon	Final Maturity Date	Rating
Bond 002 (EUR-Bond)	6 years 3.125%	DE000A1HNW52	€ 600m	99.935%	3.125%	25 July 2019	BBB+
Bond 004 (USD-Bond)	10 years 5.000%	US25155FAB22	USD 250m	98.993%	4.580% <sup>1</sup>	02 Oct 2023	BBB+
Bond 005 (EMTN)	8 years 3.625%	DE000A1HRVD5	€ 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%	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+

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

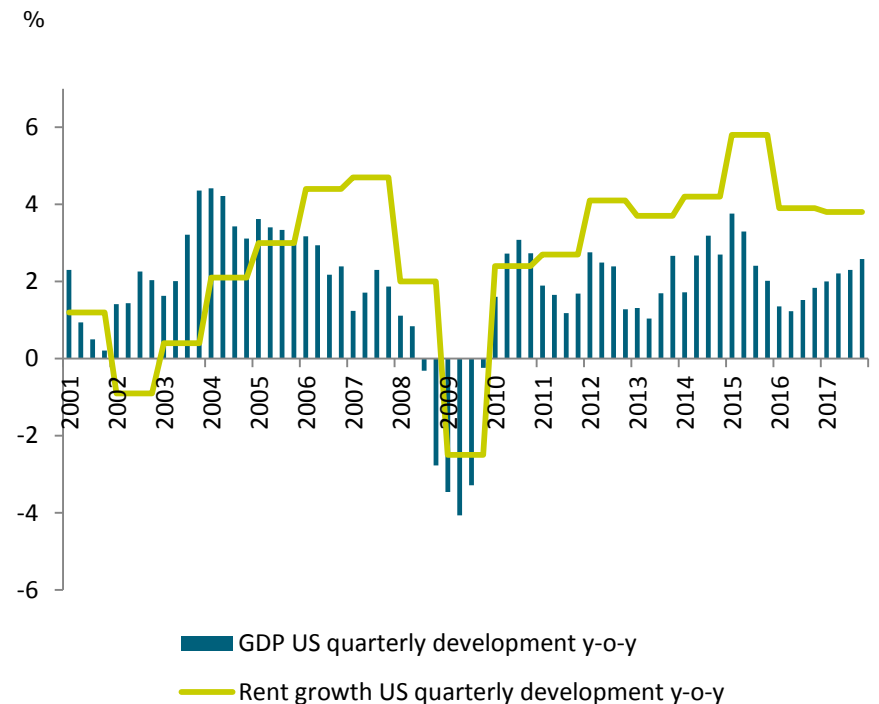
## Rental regulation safeguards high degree of stability

- 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



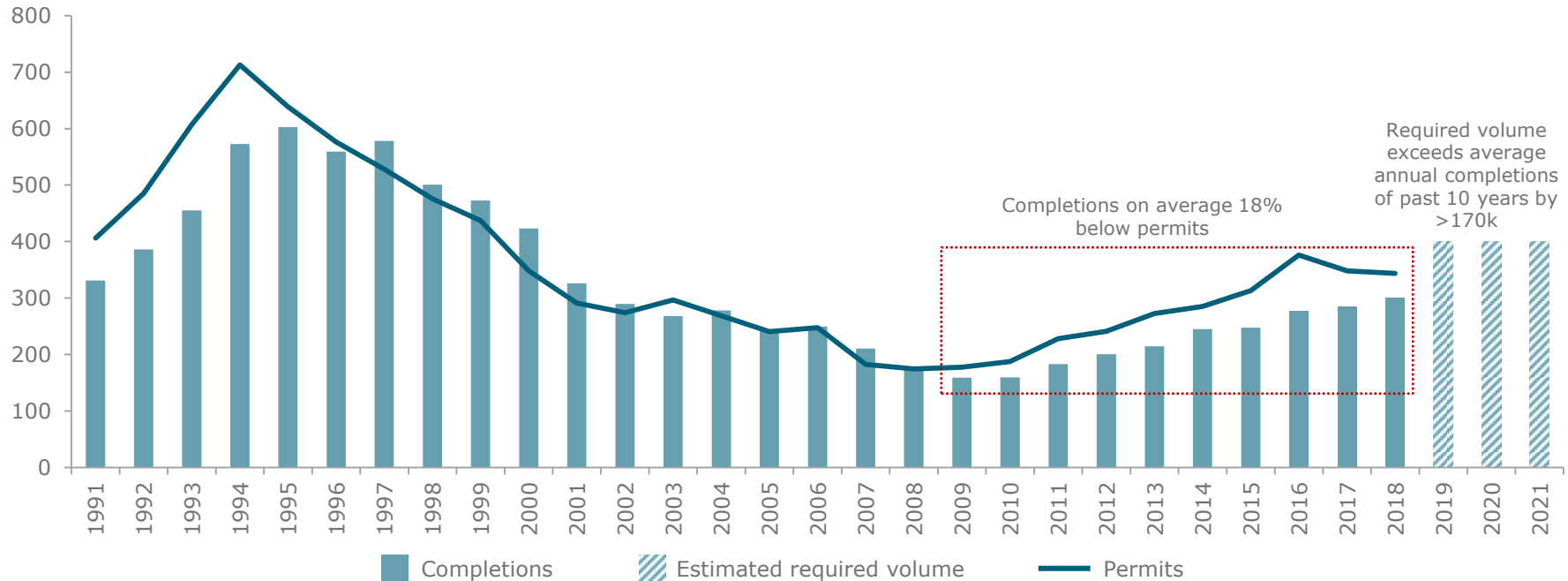
Sources: Federal Statistics Office, GdW (German Association of Professional Homeowners), REIS, BofA Merrill Lynch Global Research, OECD.  
 Note: Due to lack of q-o-q US rent growth data, the annual rent growth for a year is assumed to also be the q-o-q rent growth of that year.

# 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 costs often render construction in affordable segment economically unfeasible.

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

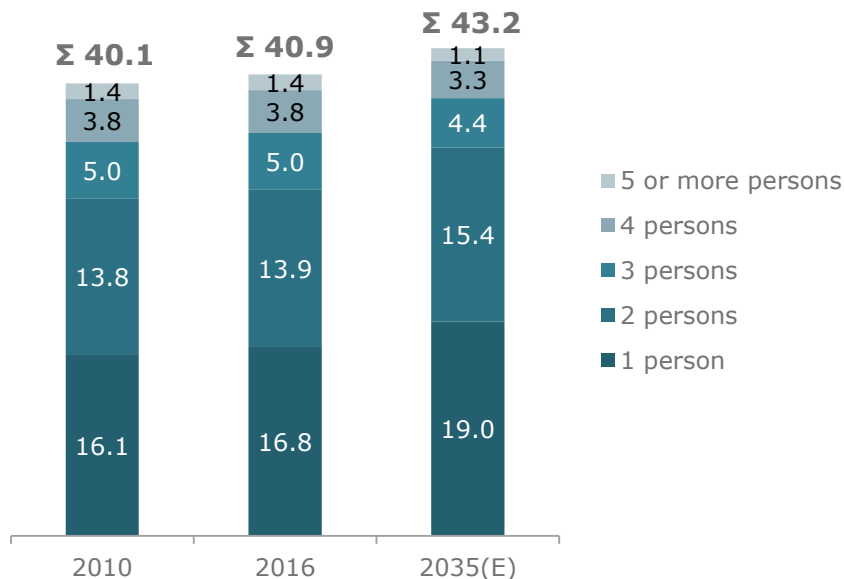


Sources: Federal Statistics Office, IW Köln, GdW (German Association of Professional Homeowners)

## 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.

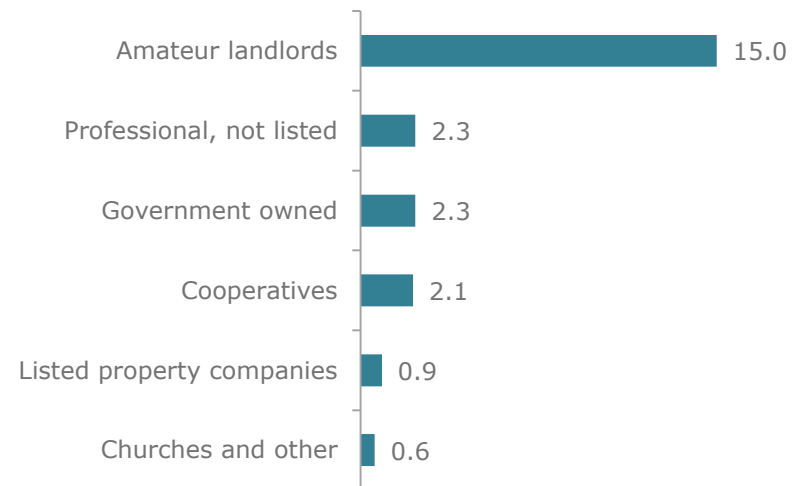
Distribution of household sizes (million)



## 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)



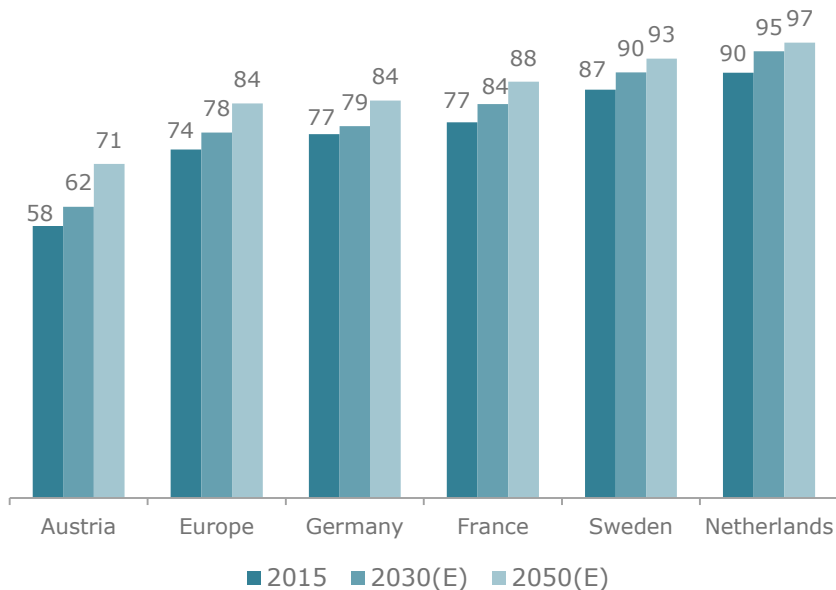
Sources: German Federal Statistics Office, GdW (German Association of Professional Homeowners). 2035(E) household numbers are based on trend scenario of the German Federal Statistics Office.



## 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.

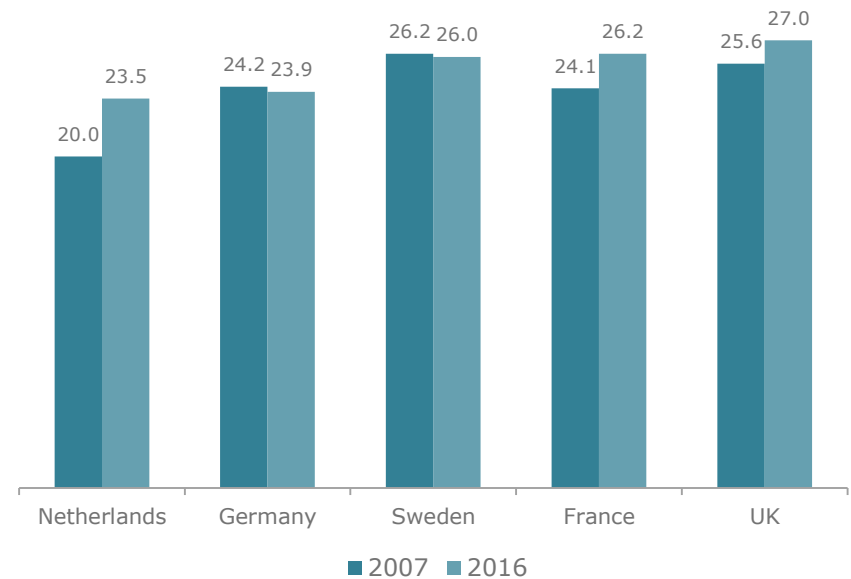
% of population living in urban areas



## Increasing affordability in Germany

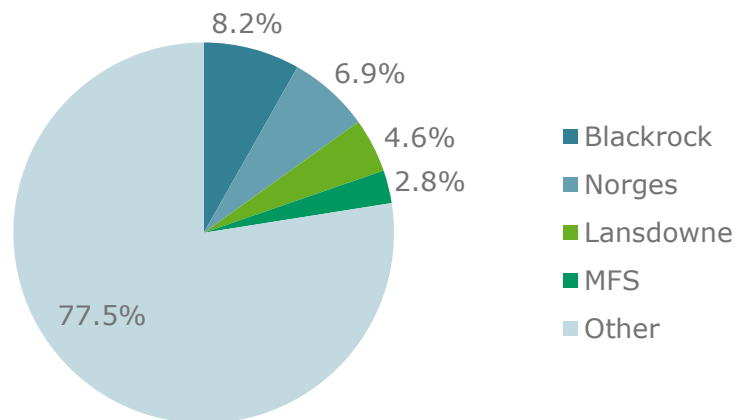
- > Affordability in Germany is higher than France, UK and Sweden.
- > Whereas most other European countries saw an increase, the share of rent-related payments in relation to disposable income declined in Germany and in Sweden between 2007 and 2016.

Rent as % of disposable household income\*



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

## Shareholder Structure (December 31, 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 Dec 31, 2018)		
	DAX	2.4%
	Stoxx Europe 600	0.3%
	MSCI Germany	2.0%
	GPR 250 World	1.7%
	FTSE EPRA/NAREIT Europe	9.8%
	GPTMS150	2.6%

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



Source: Factset

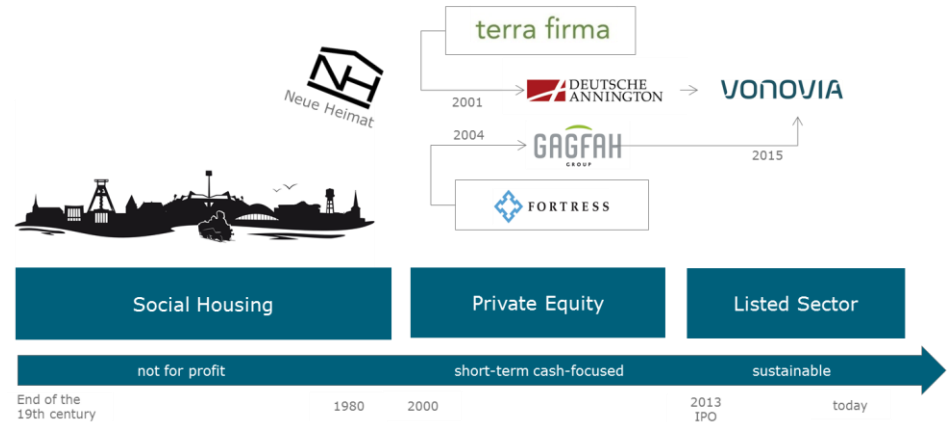
# Vonovia History

## Equity Story

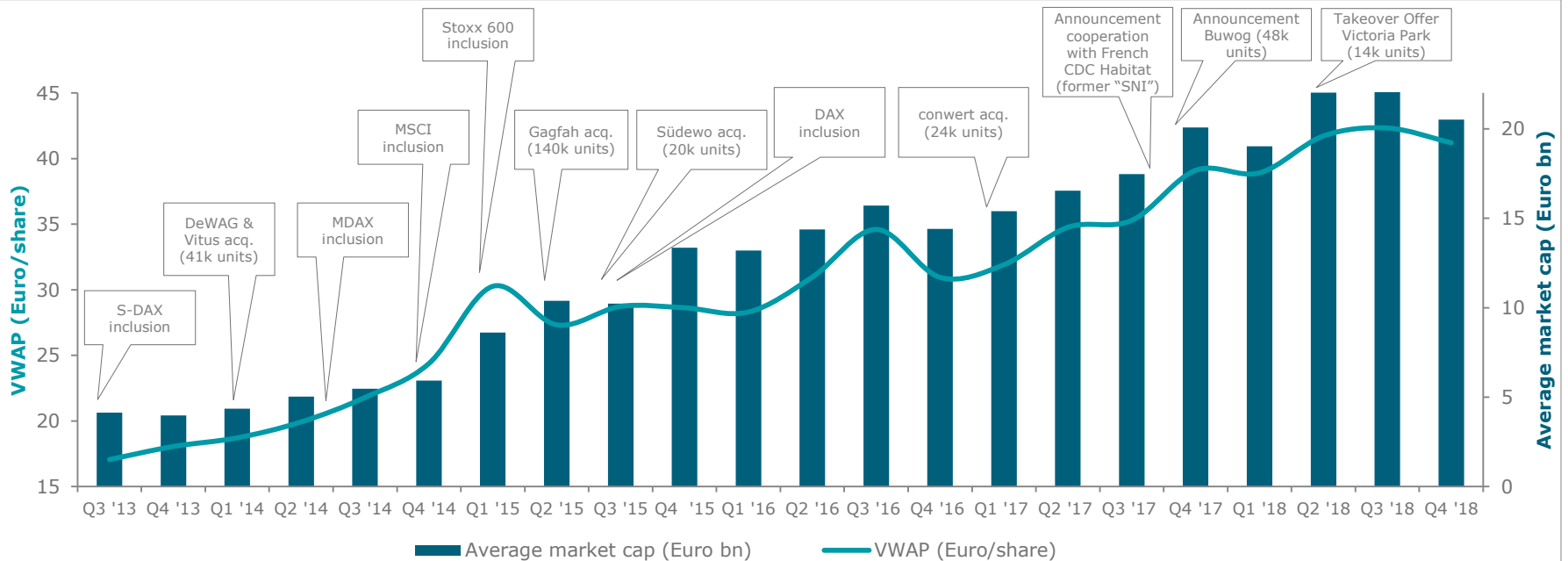
- Seed portfolios of today's Vonovia have origin in public housing provided by government, large employers and similar landlords with a view towards offering affordable housing.
- At beginning of last decade, private equity invested in German residential on a large scale including into what is Vonovia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

## Business Update

## Additional Information



## Share price and market capitalization



Source: Factset, company data

# Reconciliation of Shares Outstanding

VONOVIA

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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	

The number of outstanding shares is always available at

<http://investoren.vonovia.de/websites/vonovia/English/2010/key-share-information.html>

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)

## 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%

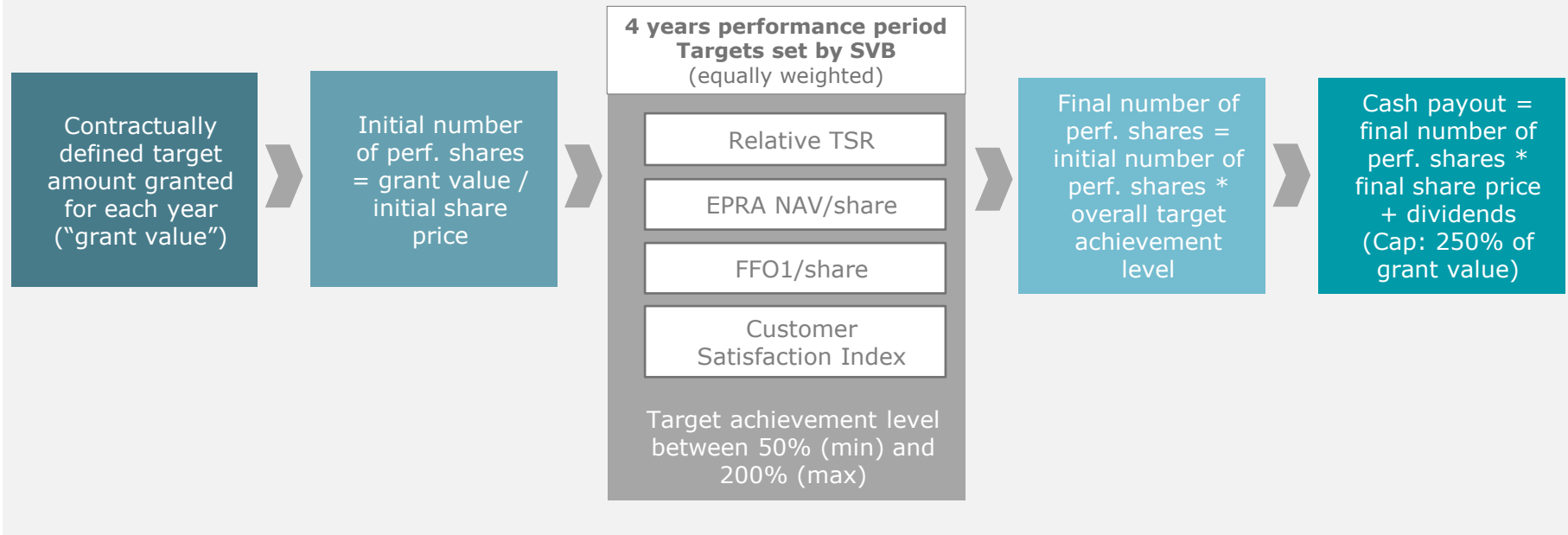
- Bonus cap at predetermined amount
- Cash payout

### 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).

## LTIP

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



### 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.

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