

Company Presentation

Morgan Stanley Fixed Income Real Estate Conference

Dr. A. Stefan Kirsten, CFO

Olaf Weber, Head of Finance and Treasury

1. Our Market

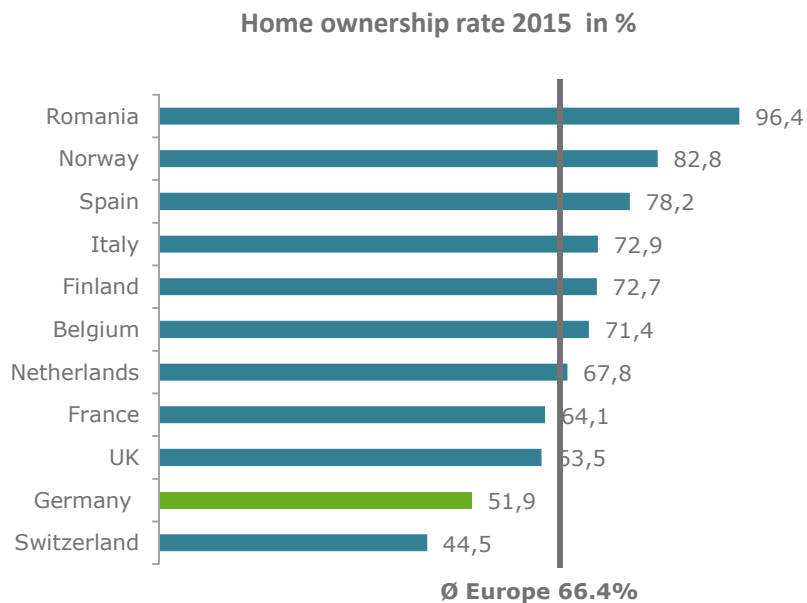
2. Our Company

3. Our Numbers

4. Our Financing

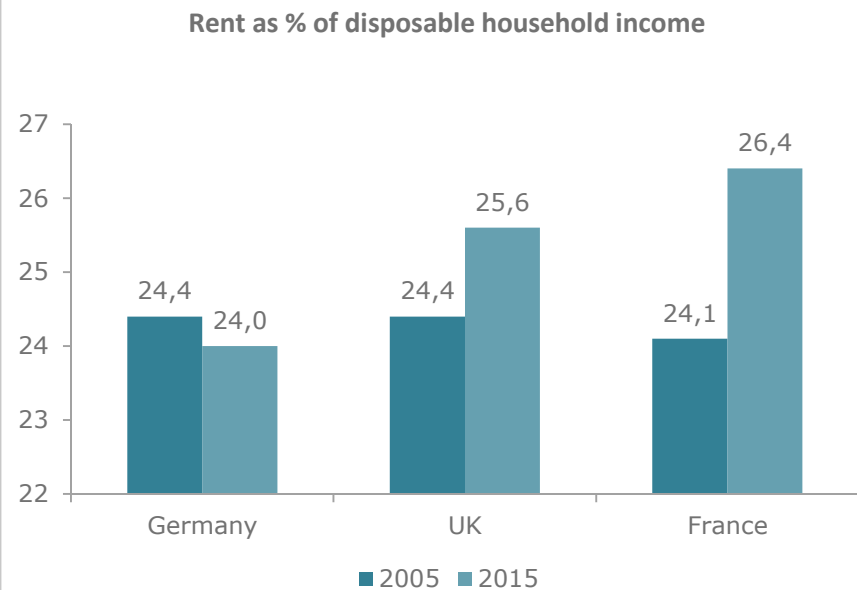
Low home ownership ratio – Germans prefer to rent

- With the exception of Switzerland, Germany has the lowest homeownership ratio in Europe.
- Rental regulation, favorable tenant laws, the general perception that home buying is a life-time decision and comparatively stringent financing requirements are main drivers for low homeownership rate.



Rental housing very affordable in Germany

- Affordability in Germany is higher than in the UK or France.
- Whereas most other European countries saw an increase, the share of rent-related payments in relation to disposable income declined in Germany between 2005 and 2015.



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

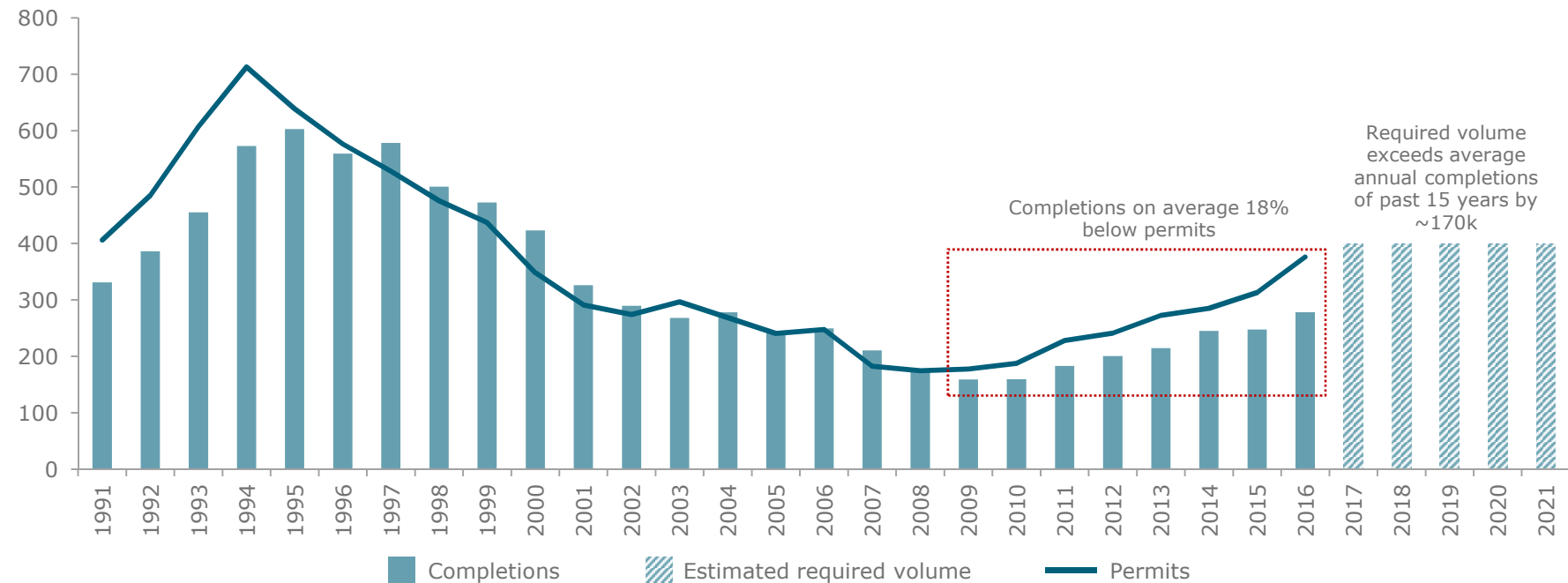
Sources: Federal Statistics Office, Eurostat

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

New supply falls short of demand

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

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



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

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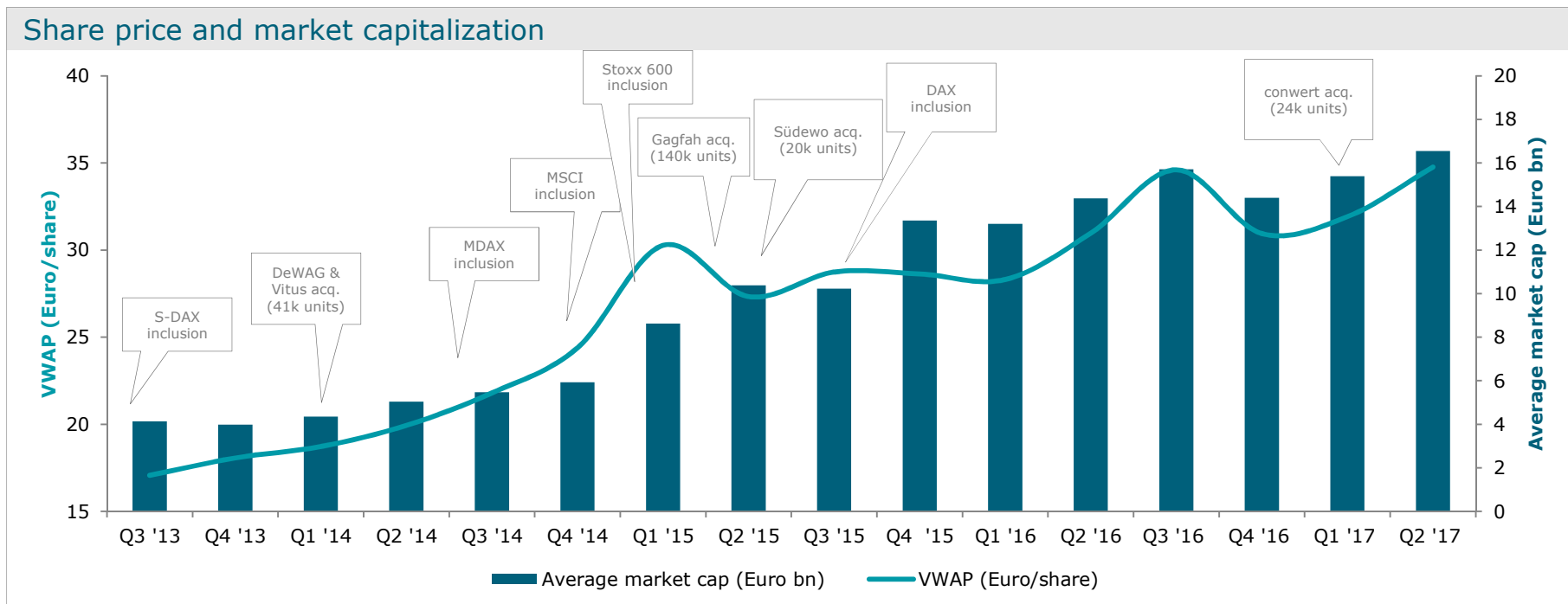
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Vonovia History



- 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.



Source: Factset, company data

Size

- Germany's largest owner and operator of residential real estate.
- Pan-German portfolio with >350k apartments and >€30bn gross asset value across 15 urban regional markets.
- IPO in 2013; DAX 30 constituent since 2015 with a market cap of ~€17bn, 100% free float¹ and ~€45m average daily turnover.

Philosophy

- Full-scale service provider with insourcing strategy and value-add business services to leverage economies of scale in a highly homogeneous asset class.
- Strong internal growth profile via sustainable market rent growth, additional rent growth from portfolio investments and dynamic value-add business.

Investor Benefit

- Predictable top and bottom line offer downside protection; scalable business provides upside potential.
- Robust business model delivers highly stable and growing cash flows.



¹ Free float according to Deutsche Börse is 92.5%, as Norges stake is not counted towards the free float

Illustration of Germany at Night

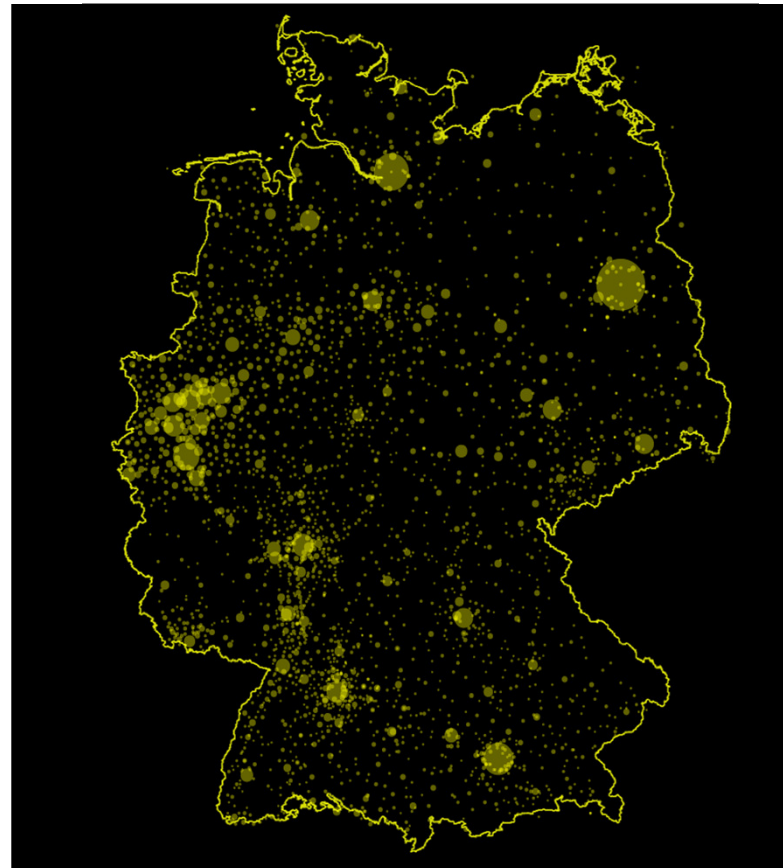
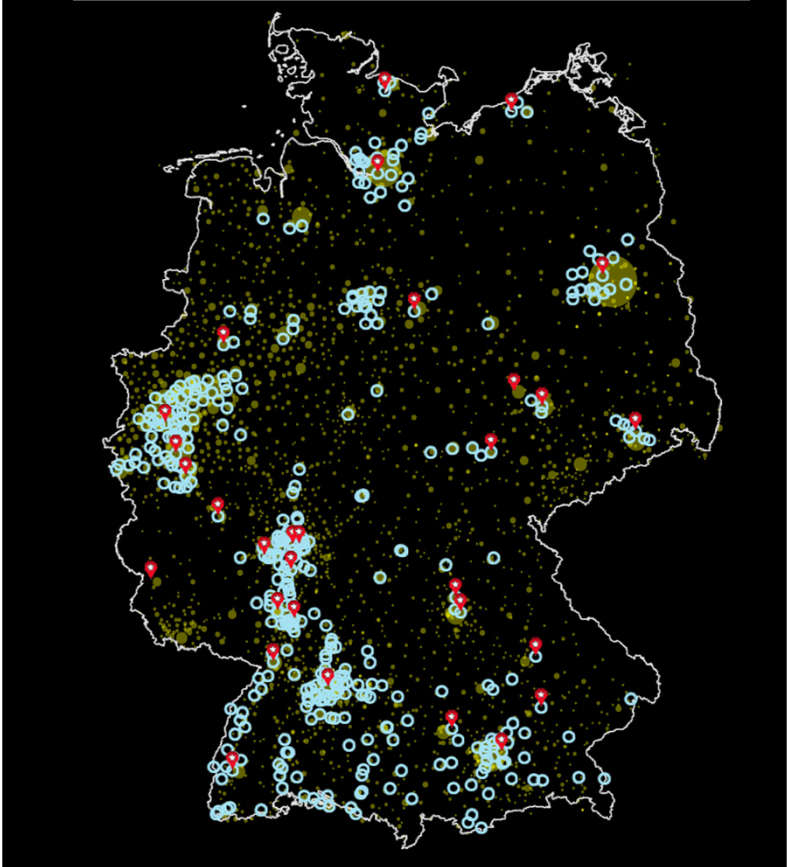
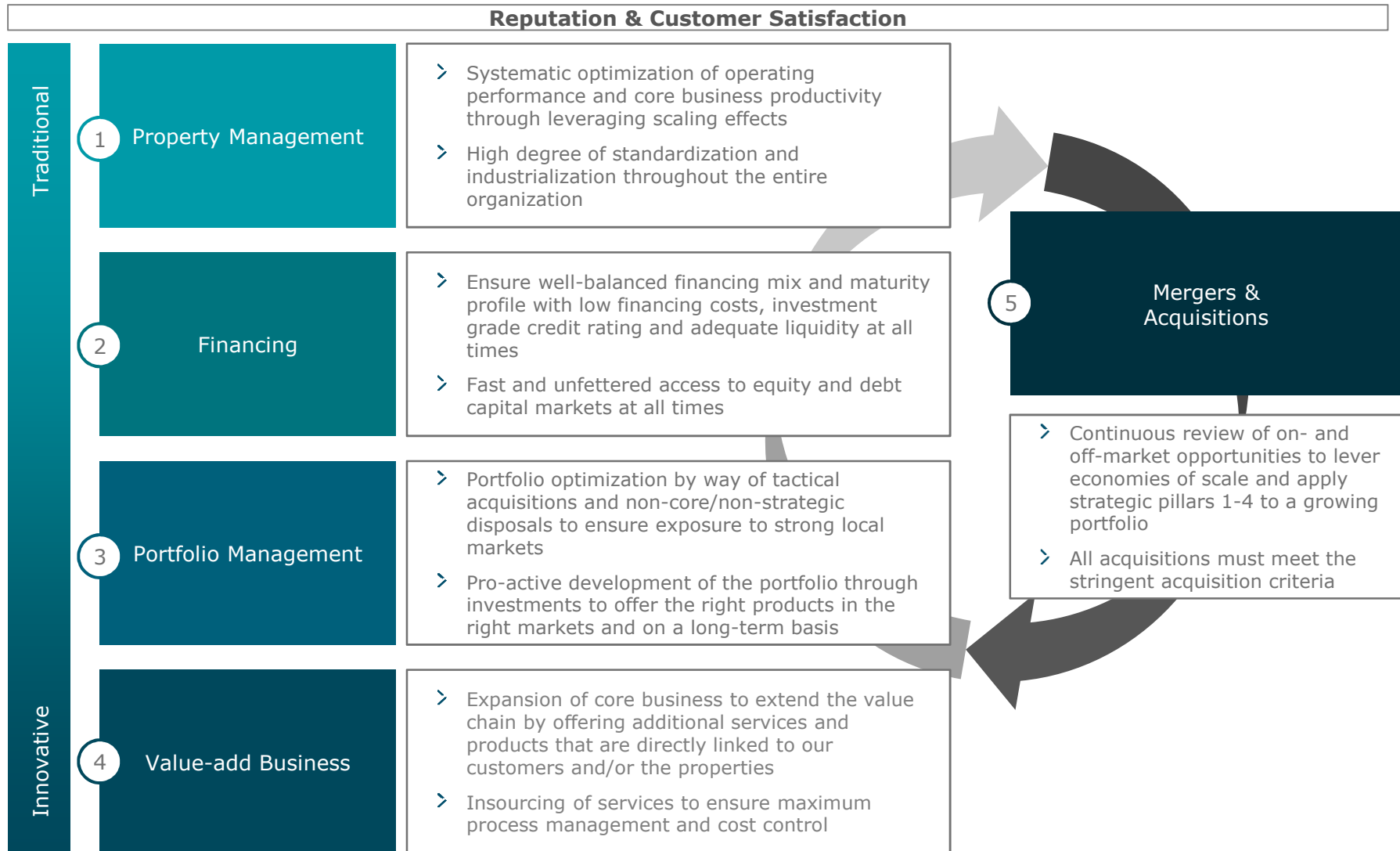


Illustration of Germany at Night



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



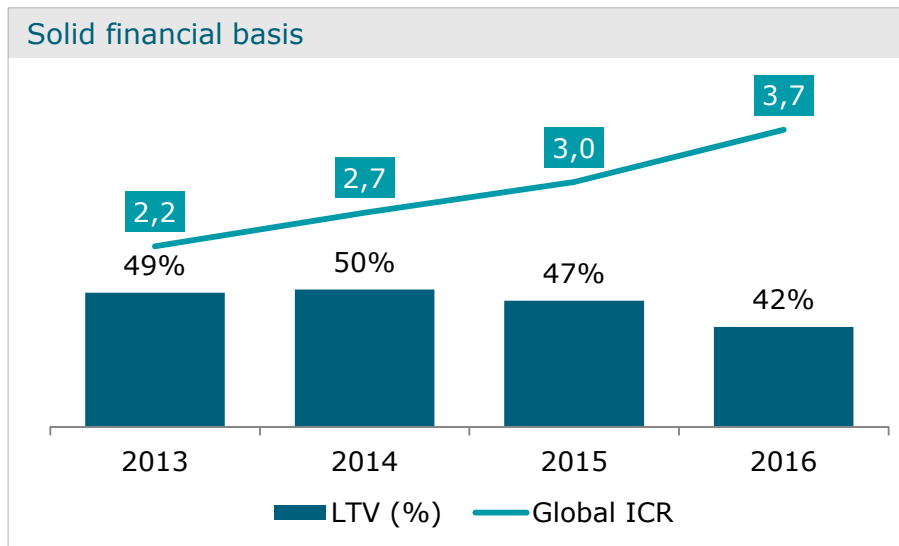
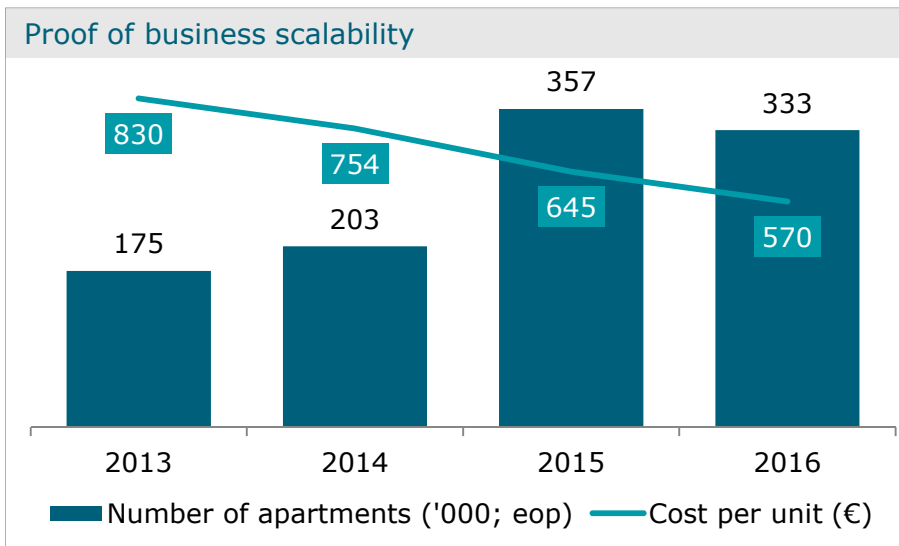
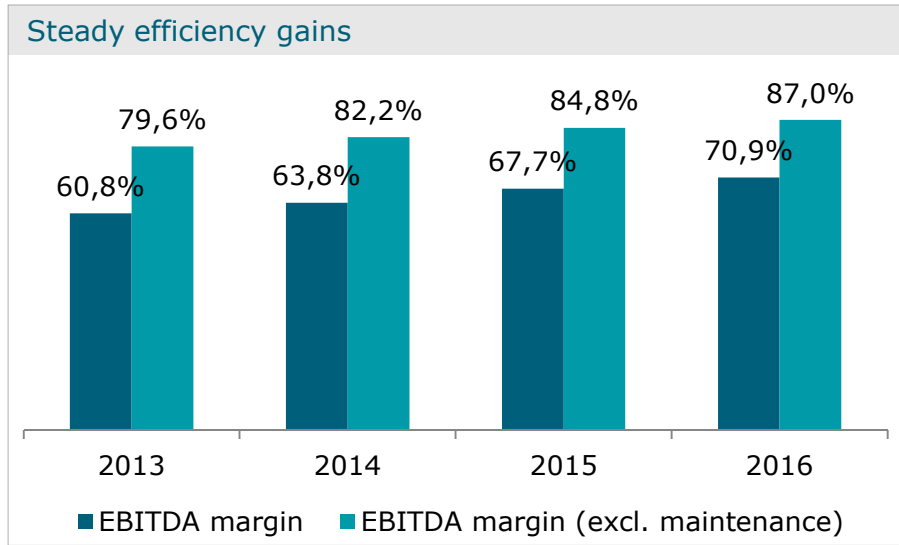
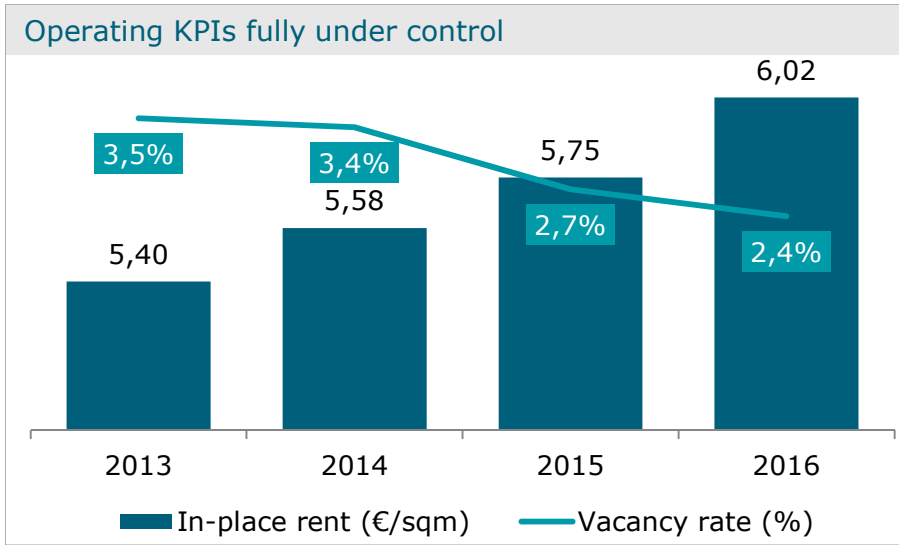
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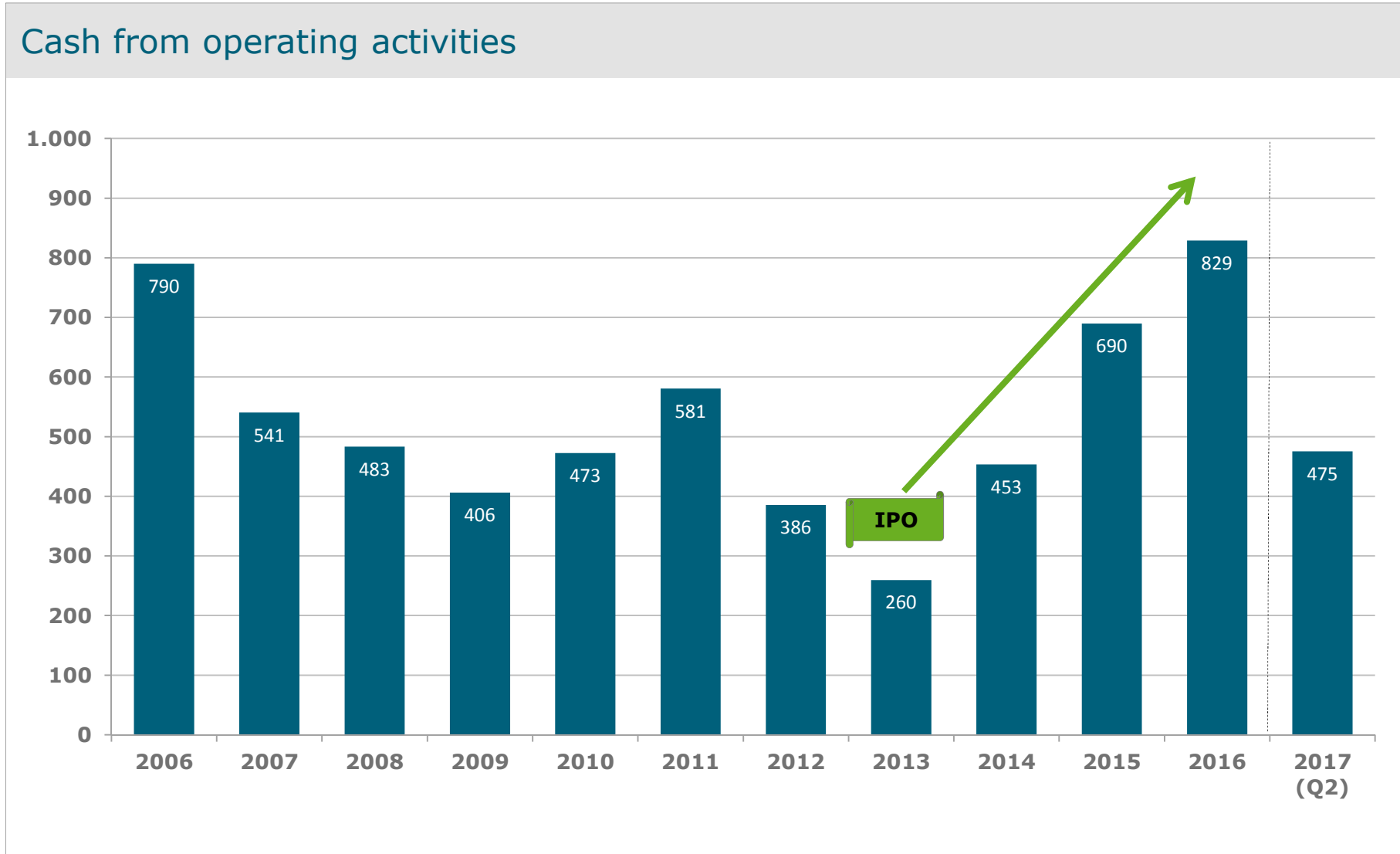
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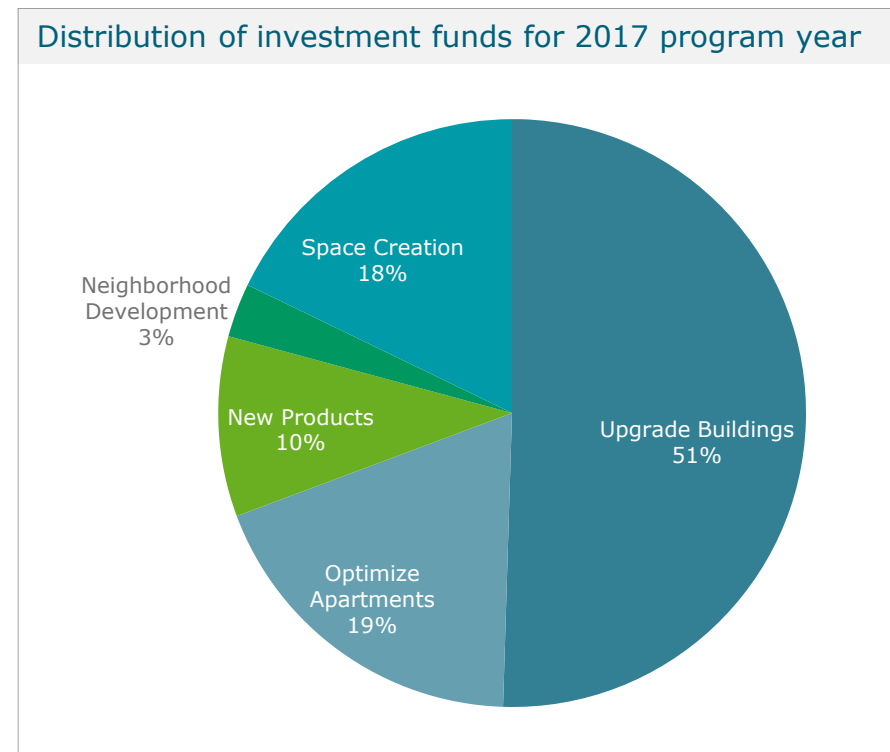
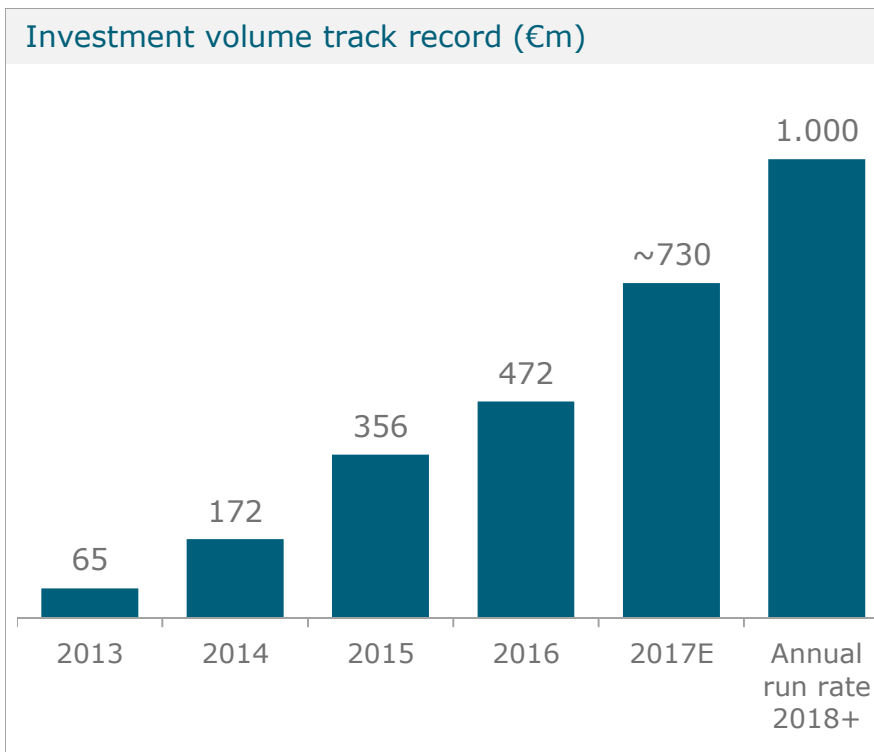
Track Record





Growing Investment Volume

- Investments into the portfolio are increasingly meaningful organic growth drivers and provide independence from acquisition opportunities.
- Average 7% hurdle rate (unlevered) for each program year with investments in year one generally lead to rent growth in year two.
- Increasing scope of work from single apartment over whole building to entire neighborhoods including modular space creation.



Accelerating Rent Growth Momentum

Rent growth drivers (last 12M)	H1 2017	H1 2016	Delta
Sitting tenants (incl. subsidized rents)	1.2%	1.0%	+20 bps
New Lettings	0.5%	0.7%	-20 bps
Subtotal market-driven rent growth	1.7%	1.7%	---
Modernization	1.9%	1.1%	+80 bps
Subtotal I-f-I rent growth	3.6%	2.8%	+80 bps
Space creation	0.1%	0.0%	+10 bps
Subtotal organic rent growth	3.7%	2.8%	+90 bps
Portfolio management (+ acquisitions ./ sales)	0.2%	2.8%	-260 bps
Total rent growth	3.9%	5.6%	-170 bps

- Continuously sustainable rent growth contribution from market rent growth plus accelerated rent growth from modernization with an increase by 80 bps y-o-y.
- 3.8-4.0% organic rent growth for 2017 partly driven by ca. €470m investment volume in 2016. This year's investment volume of ca. €730m is expected to push organic rent growth above 4% starting in 2018.

Positive rent growth trajectory						
	2013	2014	2015	2016	2017 (E)	2018+ (E)
Market driven	1.6%	1.6%	1.7%	1.5%	↑	↑
Modernization	0.4%	0.9%	1.2%	1.8%	↑	↑
Space creation	---	---	---	---	↑	↑
Organic rent growth	1.9%	2.5%	2.9%	3.3%	3.8% - 4.0%	>4%

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4. Our Financing

Our financing strategy pursues various goals:

- The maintenance of our investment grade credit rating.
- A balanced structure and maturity of our debt capital.
- The optimisation of our financing costs.
- To obtain adequate liquidity at all times.
- An open and transparent relationship with our financing partners.

The de-risking character of our financing strategy is reflected in the following achievements:

- Balanced and weighted maturity profile with max. 15% of total debt matures in one year.
- Balanced debt composition through
 - unsecured corporate bonds,
 - hybrid instruments,
 - securitisations and structured loans,
 - low-interest mortgages (e.g. KfW and EIB loans).
- Investment grade rating of "BBB+" from Standard & Poor's (S&P)

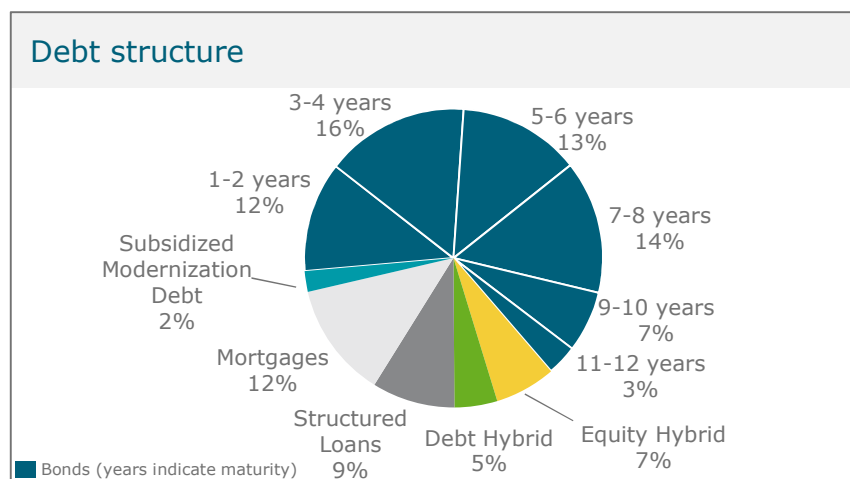
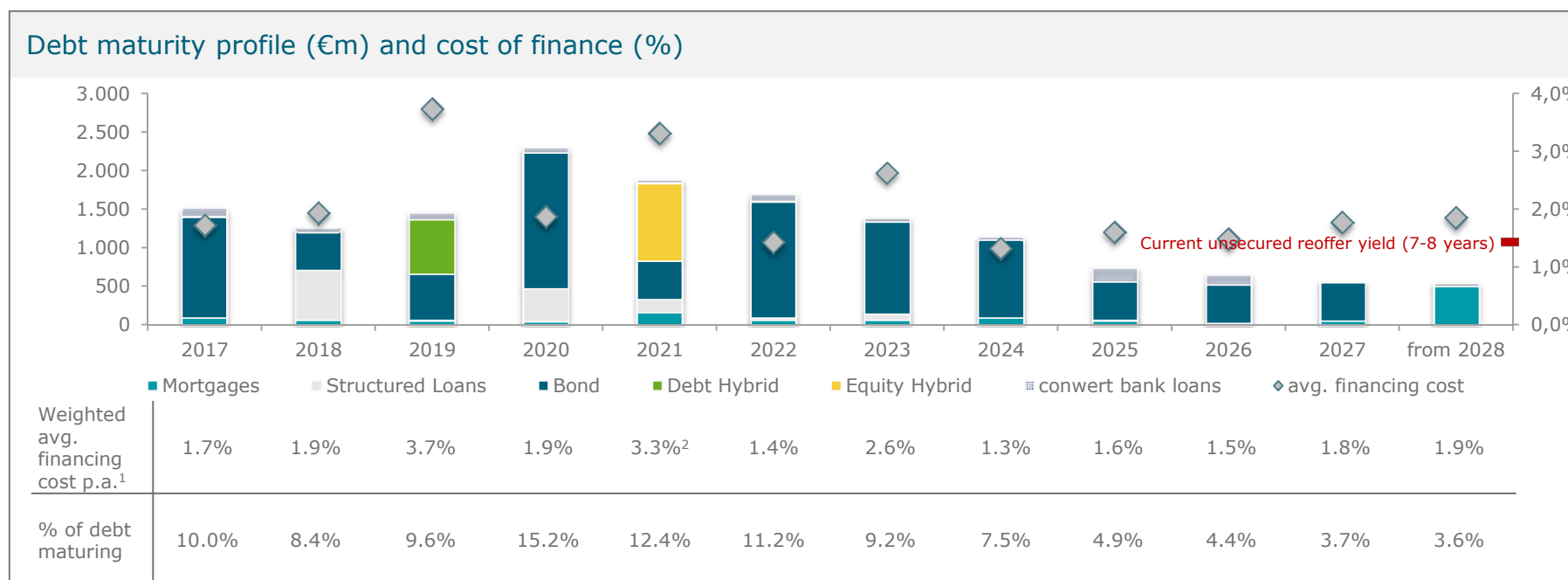
S&P's view on Vonovia

	Rating	Outlook
Corporate Credit Rating (LT)	BBB+	Stable
Corporate Credit Rating (ST)	A-2	Stable
Senior Unsecured Rating (LT)	BBB+	Stable
Senior Unsecured (ST)	A-2	Stable
Subordinated	BBB-	Stable

Rational:

- Good asset allocation mainly in German cities that enjoy healthy economic and demographic trends.
- Strong rental income supported by highly diversified asset and tenant base.
- Low cost of debt and strong capacity to cover interest.
- High investment and leverage policy.

Smooth Maturity Profile with Diverse Funding Mix

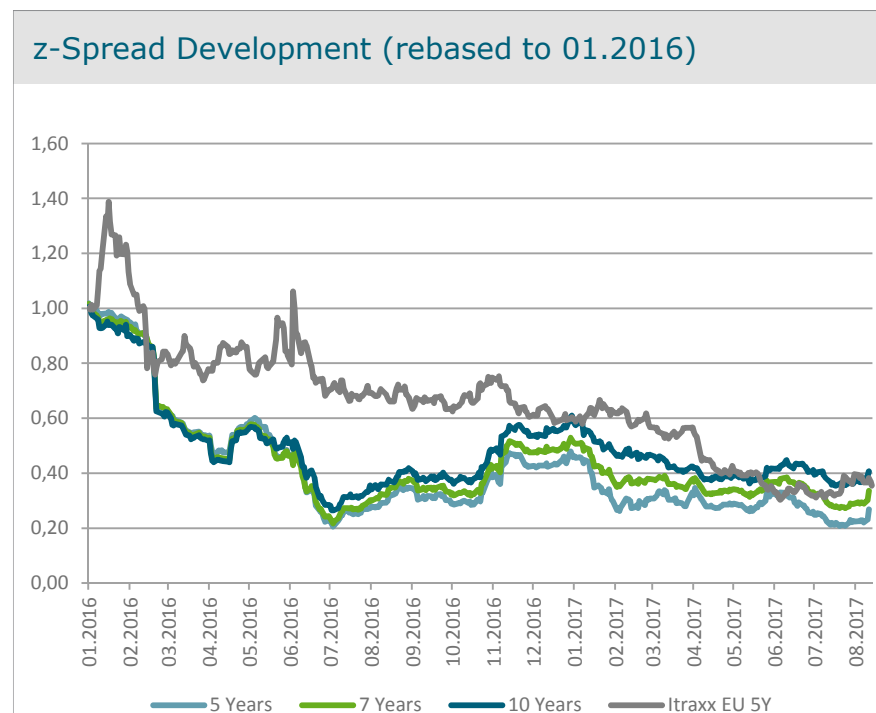
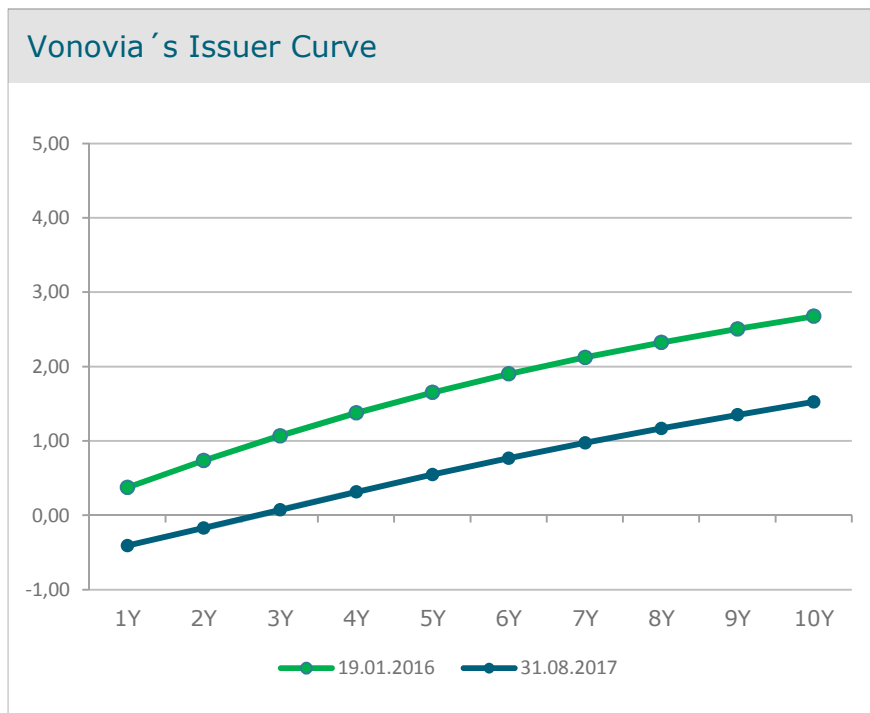


KPIs	June 30, 2017	Target
LTV	43.2%	Mid-to low forties
Unencumbered assets in %	61.7%	≥50%
Debt/EBITDA ³	11.2x	Ongoing optimization with most economic funding
Total debt / total assets	40%	
Fixed/hedged debt ratio	97%	
Global ICR (YTD)	4.7x	
Financing cost	2.1%	
Weighted avg. maturity	6.7 years	

¹ Average financing cost of debt maturing in the relevant year. ² Weighted avg. financing cost excl. Equity Hybrid. Including Equity Hybrid the avg. interest rate of debt maturing in 2021 is 3.7%. ³ Net Debt as of June 30 over H1 EBITDA Operations annualized.

Well established Issuer Curve

- Well established Issuer Curve supports pricing efficiency and risk management approaches (e.g. for creditors).
- Secondary spreads trade stable within tight borders for a long period of time.



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Financial Calendar 2017

2017

Sep 29	Societe Generale The Pan-European RE Conference (London)
Nov 8	Interim results 9M 2017
Nov 13-16	Management Roadshow (Europe)
Nov 28	UBS Global Real Estate CEO/CFO Conference (London)
Dec 1	Societe Generale The Premium Review Conference (Paris)
Dec 5	Berenberg European Corporate Conference (Pennyhill)*
Dec 11	HSBC Global Real Estate Conference (Cape Town)

2018

Mar 6	FY 2017 results
May 3	Interim results 3M 2018
May 9	Annual General Meeting
Aug 2	Interim Results 6M 2018
Nov 6	Interim Results 9M 2018

*IR only

Appendix

Guidance Unchanged and Confirmed

- Half way into the year we can fully confirm the 2017 guidance.
- Final 2017 guidance and initial 2018 guidance with 9M results in November.

	2016 Actuals	2017 Guidance (March 2017, <u>excl. convert</u>)	2017 Guidance (May 2017, <u>incl. convert</u>)	2017 Guidance (Aug. 2017, <u>incl. convert</u>)
Organic rent growth (eop)	3.3%	3.5%-3.7%	3.8%-4.0%	3.8%-4.0% ✓
Vacancy (eop)	2.4%	<2.5%	<2.5%	<2.5% ✓
Rental Income (€m)	1,538.1	1,530-1,550	1,660-1,680	1,660-1,680 ✓
FFO1 (€m)	760.8	830-850	900-920	900-920 ✓
FFO1 (€/share)	1.63	1.78-1.82	~1.88	1.86 – 1.90 ✓
Maintenance (€m)	320.1	~340	~340	~340 ✓
Modernization & Investments (€m)	472.3	700-730	~730	~730 ✓
Privatization (#)	2,701	~2,300	~2,300	~2,300 ✓
FV step-up (Privatization)	36.2%	~35%	~30%	~30% ✓
Non-core (#)	23,930	opportunistic	opportunistic	opportunistic ✓
FV step-up (Non-Core)	5.4%	>0%	>0%	>0% ✓
Dividend/share	€1.12	~70% of FFO 1	~70% of FFO1	~70% of FFO1 ✓

Covenants and KPIs (June 30, 2017)

VONOVIA

> Bond KPIs

Covenant	Level	Jun. 30, 2017
LTV		
Total Debt / Total Assets	<60%	40%
Secured LTV		
Secured Debt / Total Assets	<45%	10%
ICR		
Last 12M EBITDA / Last 12M Interest Expense	>1.80x	4,1x
Unencumbered Assets		
Unencumbered Assets / Unsecured Debt	>125%	224%

> 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

Overview of bonds



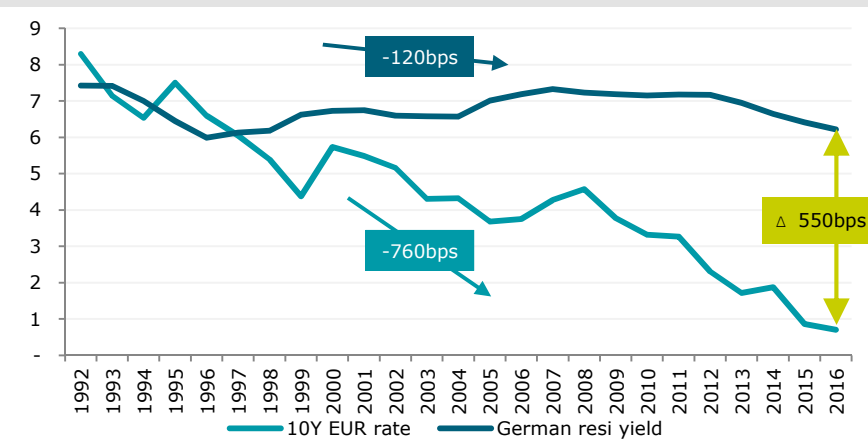
Issuer	ISIN	Currency	Amount	Cupon	Maturity
Vonovia Finance	DE000A18V120	EUR	750.000.000	0,619	15.12.2017
Vonovia Finance	DE000A185WC9	EUR	500.000.000	0,049	13.09.2018
Vonovia Finance	DE000A1HNV52	EUR	600.000.000	3,125	25.07.2019
Vonovia Finance	DE000A1ZY971	EUR	500.000.000	0,875	30.03.2020
Vonovia Finance	DE000A18V138	EUR	1.250.000.000	1,625	15.12.2020
Vonovia Finance	DE000A1HRVD5	EUR	500.000.000	3,625	08.10.2021
Vonovia Finance	DE000A19B8D4	EUR	500.000.000	0,750	25.01.2022
Vonovia Finance	DE000A182VS4	EUR	500.000.000	0,875	10.06.2022
Vonovia Finance	DE000A1ZLUN1	EUR	500.000.000	2,125	09.07.2022
Vonovia Finance	DE000A18V146	EUR	1.000.000.000	2,250	15.12.2023
Vonovia Finance	DE000A189ZX0	EUR	1.000.000.000	1,250	06.12.2024
Vonovia Finance	DE000A1ZY989	EUR	500.000.000	1,500	31.03.2025
Vonovia Finance	DE000A19NS93	EUR	500.000.000	1,125	08.09.2025
Vonovia Finance	DE000A182VT2	EUR	500.000.000	1,500	10.06.2026
Vonovia Finance	DE000A19B8E2	EUR	500.000.000	1,750	25.01.2027
Vonovia Finance	US25155FAA49	USD	750.000.000	3,200	02.10.2017
Vonovia Finance	US25155FAB22	USD	250.000.000	5,000	02.10.2023
Vonovia Finance	XS1028959671	EUR	700.000.000	4,625	08.04.2019 ⁽¹⁾
Vonovia Finance	XS1117300837	EUR	1.000.000.000	4,000	17.12.2021 ⁽¹⁾

⁽¹⁾ First Call Date of Hybrid Bonds

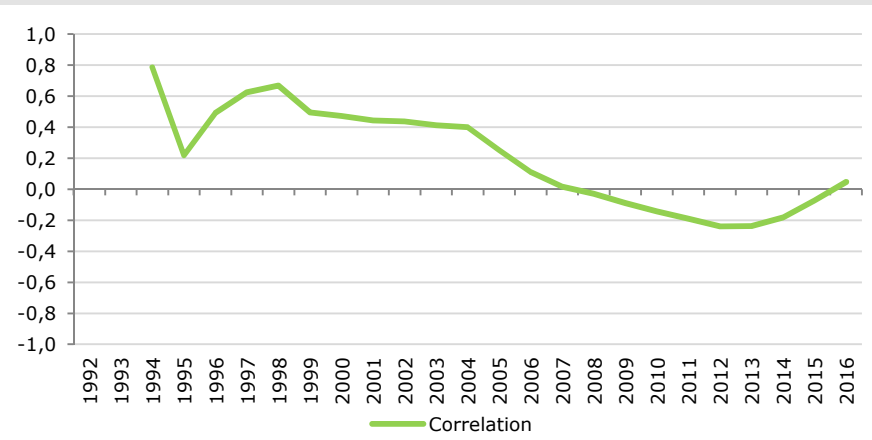
Valuation methodology for German residential properties is primarily based on market prices for assets – not on interest rates

- While market prices are affected by general interest rate levels, there is **no significant correlation**.
- **Other factors** such as supply/demand imbalance, rental regulation, market rent growth, location of assets etc. **outweigh the impact of interest rates** when it comes to pricing residential real estate.
- The **steep decline in interest rates** (down by 760bps since 1992) is **not mirrored by asset yields** (down by 120bps since 1992).
- Asset yields outperformed interest rates by 240bps on average since 1992 and 550bps in June 2016.

German residential asset yields (%) vs. EUR interest rates (%)¹



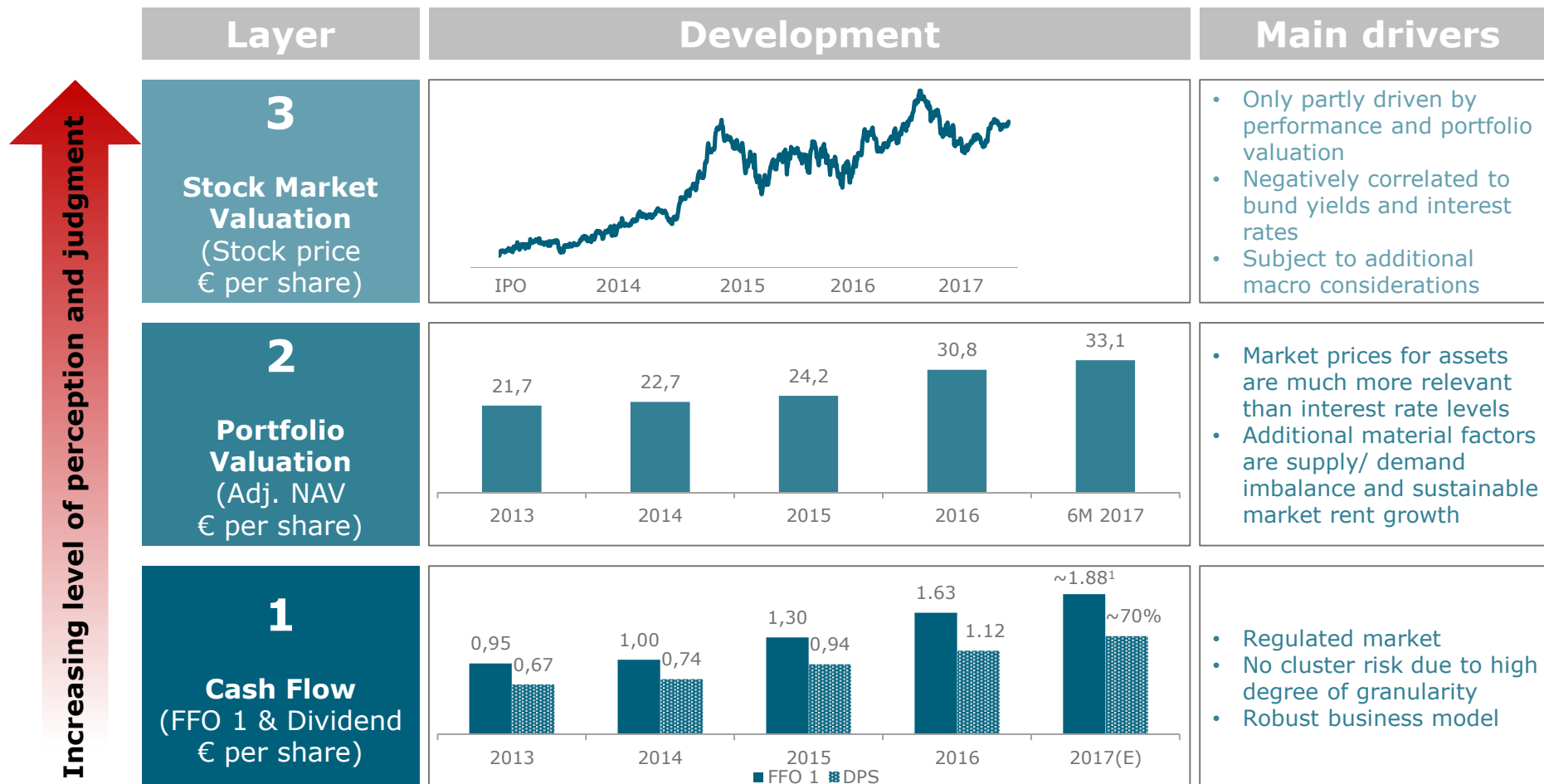
No correlation pattern between interest rates and asset yields¹



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

Three Valuation Layers with Different Volatilities

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



¹ Mid point guidance.

LTV Well within Target Range Debt/EBITDA Multiple of 11.2x

VONOVIA

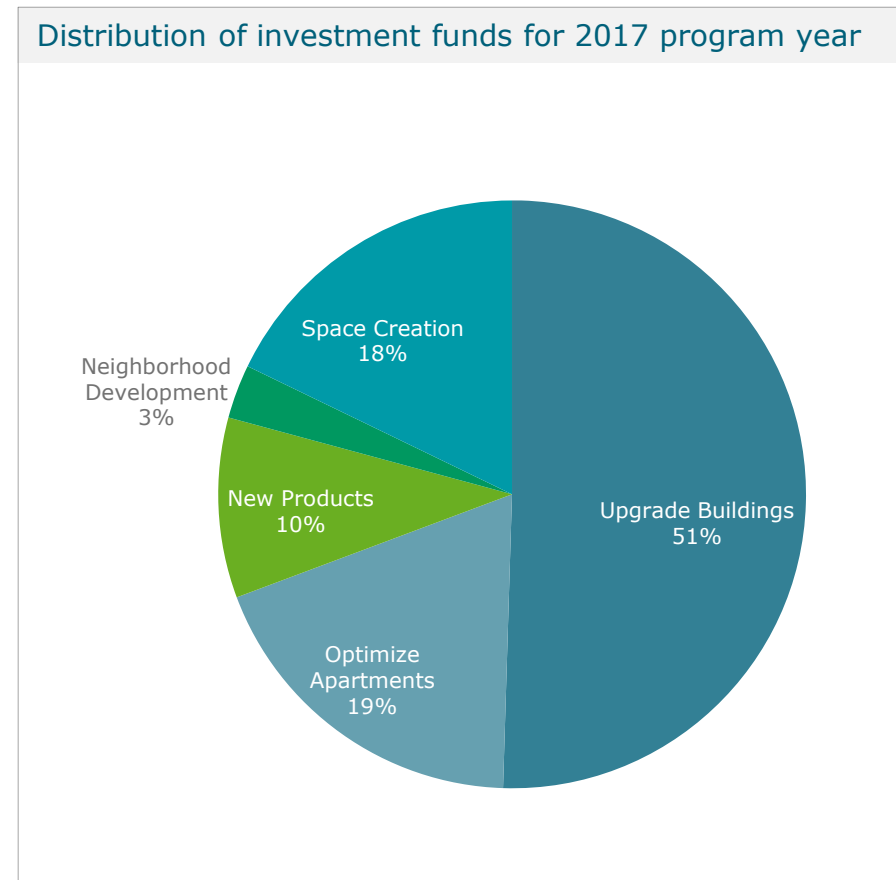
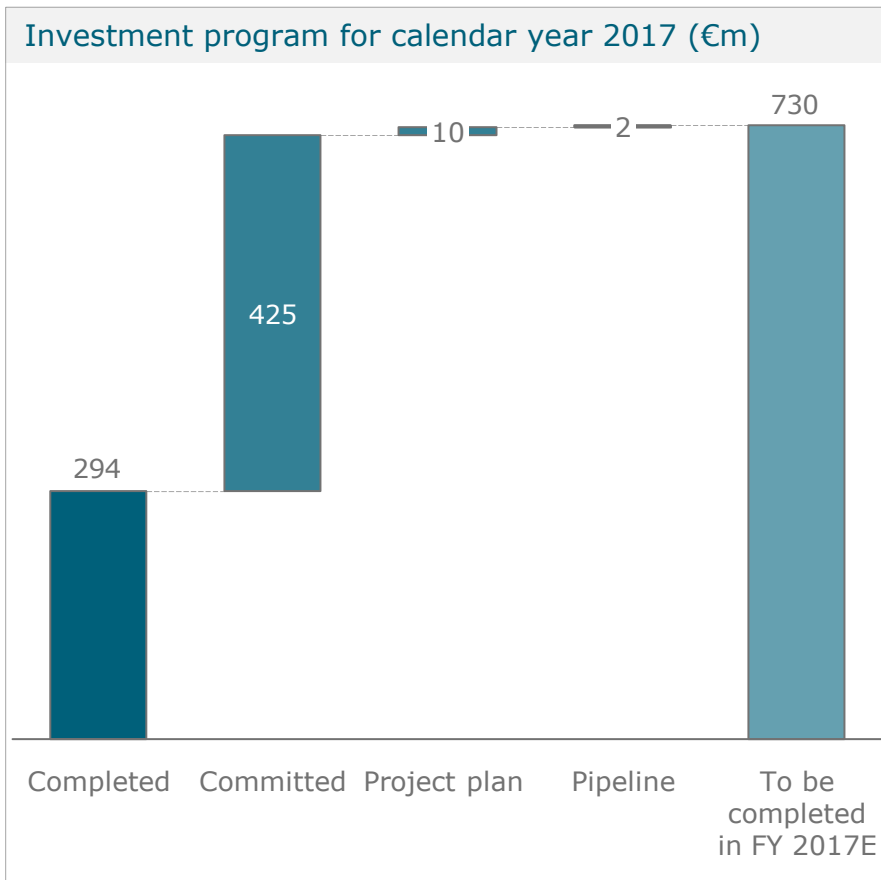
› LTV down to 43.2% and well within target range of 40%-45%.

€m (unless indicated otherwise)	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016
Non-derivative financial liabilities	14,257.6	14,435.3	13,371.0
Foreign exchange rate effects	-137.2	-194.8	-209.9
Cash and cash equivalents	-378.1	-1,007.9	-1,540.8
Net debt	13,742.3	13,232.6	11,620.3
Sales receivables	-180.0	-144.4	-135.4
Additional loan amount for outstanding acquisitions	---	275.0	---
Adj. net debt	13,562.3	13,363.2	11,484.9
Fair value of real estate portfolio	30,830.2	29,607.6	27,115.6
Shares in other real estate companies	564.6	520.4	503.1
Adj. fair value of real estate portfolio	31,394.8	30,128.0	27,618.7
LTV	43.2%	44.4%	41.6%

Debt/EBITDA multiple is net debt as of June 30 over H1 EBITDA Operations annualized.

Investment Program well on Track

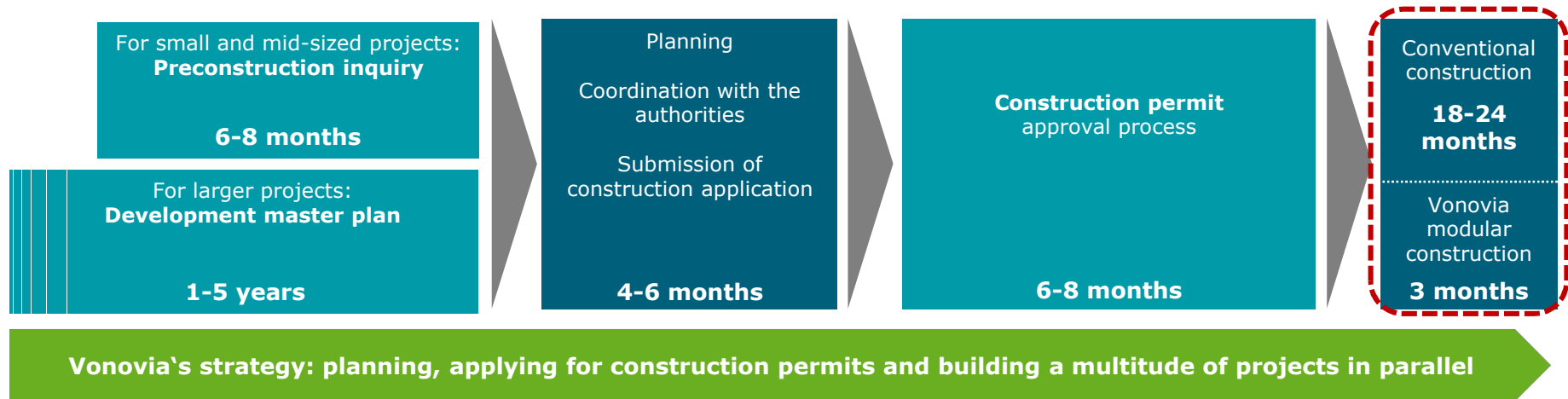
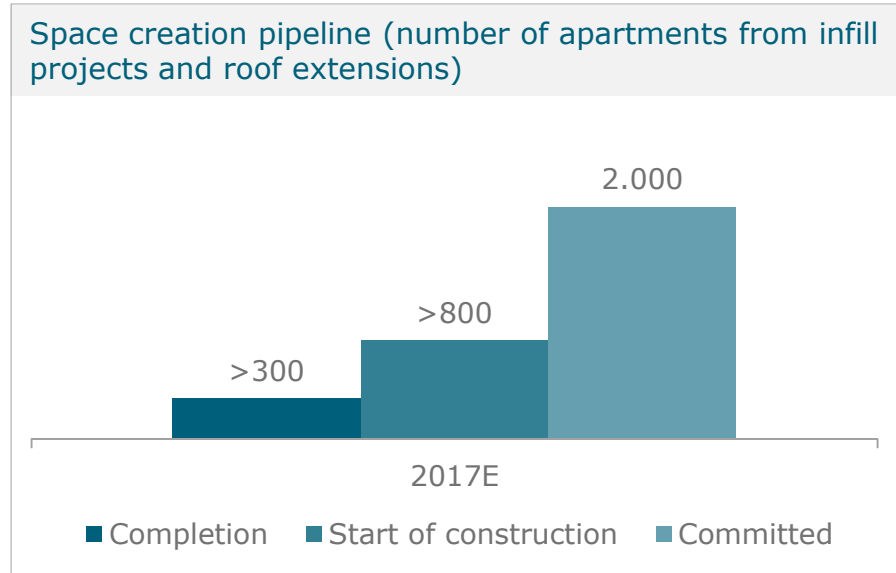
- Fully on track to execute 2017 investment program at an average yield on cost of ~7% unlevered.
- 98% of projects committed or already completed.



Note: Numbers include projects kicked off in 2016.

Ramping Up Space Creation

- > The **bottleneck** is not availability of projects, building capacity or financing but **construction permits** including all preliminary approvals necessary.
- > By way of **planning, applying for building permits and doing construction work** for different projects **in parallel**, Vonovia is **developing a pipeline** to ensure a steady flow of project completions going forward to achieve a target run rate of 2,000 new apartments p.a.



Note: indicated durations are averages based on Vonovia's experience and can vary between different projects.

Concept

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

Economics

- NAV does not account for Vonovia's Value-add Business.
- Applying the impairment test WACC¹ to the 2017E Adj. EBITDA Value-add Business translates into an additional value of ~€5.1 per share (~16% on top of Adj. NAV).

Penetration	
Multimedia	ca. 75%
Smart metering	ca. 15%
Residential environment	ca. 20%
Craftsmen VTS	ca. 70% (maintenance) ca. 20% (modernization) target is around 70% to allow for enough flexibility in the volumes and to enable continuous benchmarking to market prices

€m

Year	Value-add Business (€m)	Change (%)
2014	23,6	-
2015	37,6	+59%
2016	57,0	+52%
2017E	~100	+~75%

¹ Pre-tax WACC of 4.1% as per Dec. 31, 2016.

Sales – Steady Cash Flow at Attractive Margins

VONOVIA

- Overall sales volume lower than in prior-year period mostly as a result of portfolio transaction with LEG including privatizations in H1 2016.
- Non-core / Non-strategic sales include a relatively large share of commercial properties from conwert portfolio.

€m (unless indicated otherwise)	PRIVATIZATION		NON-CORE / NON-STRATEGIC		TOTAL	
	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016
No. of units sold	1,160	1,441	3,324	17,694	4,484	19,135
Income from disposal	142.7	133.3	559.2	717.2	701.9	850.5
Fair value of disposal	-108.7	-99.1	-536.1	-693.1	-644.8	-792.2
Adj. profit from disposal	34.0	34.2	23.1	24.1	57.1	58.3
Fair value step-up (%)	31.3%	34.5%	4.3%	3.5%		
Selling costs					-12.8	-11.8
Adj. EBITDA Sales					44.3	46.5

Improvements Across All KPIs

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		H1 2017	H1 2016	Delta
Average number of residential sqm	` 000	22,226	21,938	+1.3%
In-place rent (eop)	€/month/sqm	6.12	5.89	+3.9%
Organic rent growth	%	3.7	2.8	0.9pp
Vacancy rate (eop)	%	2.9	2.8	+0.1pp
Rental income	€m	833.2	774.7	+7.6%
Cost per average unit	€	276	277	-0.4%
Adj. EBITDA Operations	€m	607.6	558.1	+8.9%
Rental	€m	573.5	535.6	+7.1%
Value-add Business	€m	45.6	26.0	+75.4%
Other (i.e. consolidation)	€m	-11.5	-3.5	+>100%
FFO 1	€m	457.7	387.8	+18.0%
FFO 1 per share (eop NOSH)	€	0.96	0.83	+15.7%
FFO 1 per share (avg. NOSH)	€	0.98	0.83	+18.1%
AFFO	€m	427.2	358.7	+19.1%
Adj. EBITDA Sales	€m	44.3	46.5	-4.7%
Adj. EBITDA (Total)	€m	651.9	604.6	+7.8%
FFO 2	€m	481.9	409.3	+17.7%

		Jun. 30, 2017	Dec. 31, 2016	Delta
Fair value of real estate portfolio	€m	30,830.2	27,115.6	+13.7%
EPRA NAV	€/share	39.25	36.58	+7.3%
Adj. NAV	€/share	33.10	30.75	+7.6%
LTV	%	43.2	41.6	-4.2pp

All Strategic Markets Show Upward Potential



Regional Market	Fair Value		In-place rent									
	(€m)	(€/sqm)	Residential units	Living area ('000 sqm)	Vacancy (%)	Total (p.a., €m)	Residential (p.a., €m)	(€/sqm)	Organic rent growth (%)	Multiple (in-place rent)	Average rent growth forecast CBRE (5 yrs) (%)	Average rent growth (%) from Optimize Apartments
Berlin	4,625	1,820	38,582	2,444	1.7	189	179	6.21	3.2	24.4	3.3	45.5
Rhine Main Area (Frankfurt, Darmstadt, Wiesbaden)	3,196	1,757	28,052	1,789	1.8	164	159	7.54	3.9	19.5	3.2	40.3
Rhineland (Cologne, Düsseldorf, Bonn)	3,105	1,464	30,756	2,063	3.1	167	159	6.65	4.3	18.5	2.8	29.4
Dresden	2,697	1,153	38,603	2,196	2.5	156	146	5.67	5.5	17.3	3.6	35.2
Southern Ruhr Area (Dortmund, Essen, Bochum)	2,678	963	44,528	2,721	3.3	181	174	5.52	4.1	14.8	2.1	29.1
Hamburg	1,787	1,648	16,584	1,051	2.2	87	83	6.67	3.7	20.5	3.0	38.6
Munich	1,692	2,564	9,752	642	0.8	62	58	7.60	3.4	27.3	4.5	46.5
Stuttgart	1,592	1,717	14,235	896	1.8	82	78	7.42	1.9	19.3	2.8	38.4
Northern Ruhr Area (Duisburg, Gelsenkirchen)	1,326	774	27,281	1,693	4.1	105	102	5.24	3.4	12.6	1.7	22.9
Hanover	1,100	1,236	13,826	875	3.0	63	61	6.01	3.2	17.3	2.7	34.1
Kiel	928	1,103	13,983	811	1.8	56	54	5.60	3.0	16.5	2.2	35.9
Bremen	854	1,147	11,921	723	3.7	47	44	5.34	1.8	18.2	2.9	33.6
Leipzig	680	1,096	9,171	587	4.2	41	38	5.69	1.6	16.5	2.4	21.7
Westphalia (Münster, Osnabrück)	613	968	9,651	625	2.2	41	40	5.46	2.8	14.9	2.5	30.9
Freiburg	508	1,816	4,055	277	1.8	23	22	6.83	3.4	22.1	3.7	45.6
Other Strategic Locations	1,967	1,261	24,012	1,524	2.9	115	111	6.22	4.4	17.1	3.1	34.6
Total Strategic Locations	29,349	1,361	334,992	20,916	2.6	1,582	1,508	6.17	3.7	18.6	2.9	34.4

Note: Difference between number of resi units in strategic locations and number of resi units in strategic clusters is due to privatization units that are included in the strategic locations but not in the strategic clusters.

Substantial Reduction of Portfolio Locations

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03/2015 (incl. Südevo)

818 locations



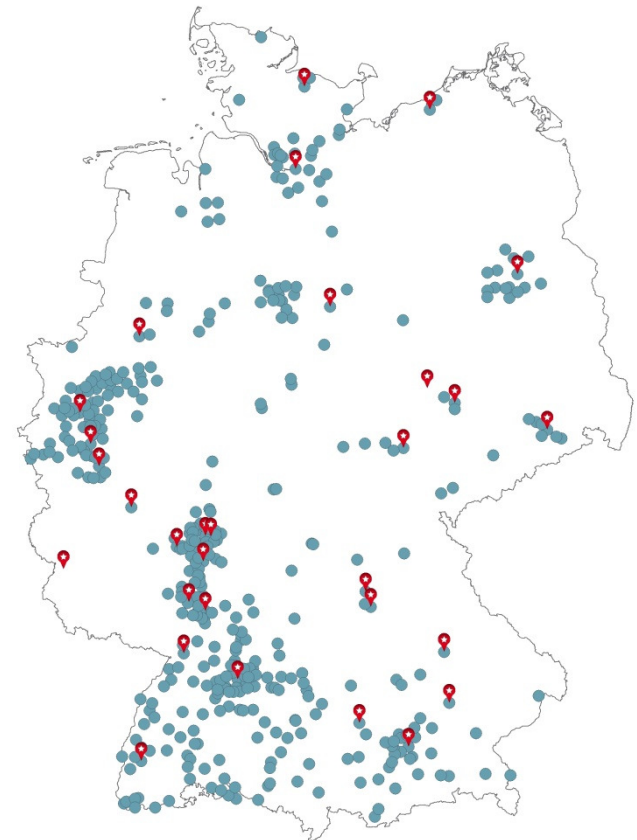
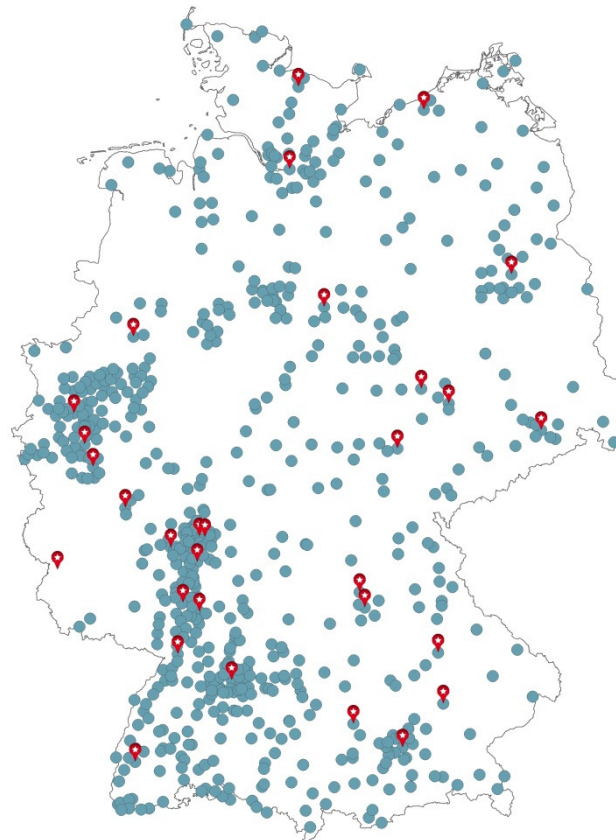
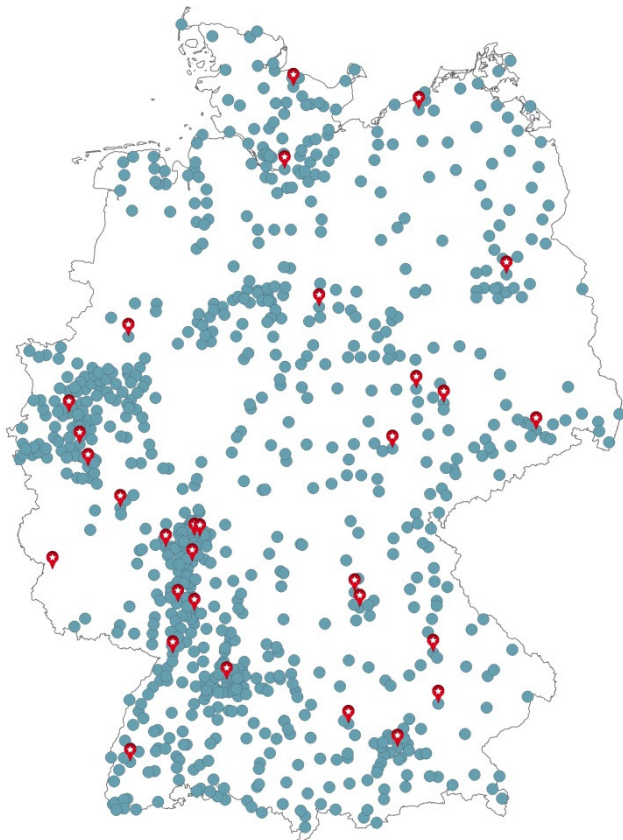
12/2016

665 locations



Strategic Portfolio

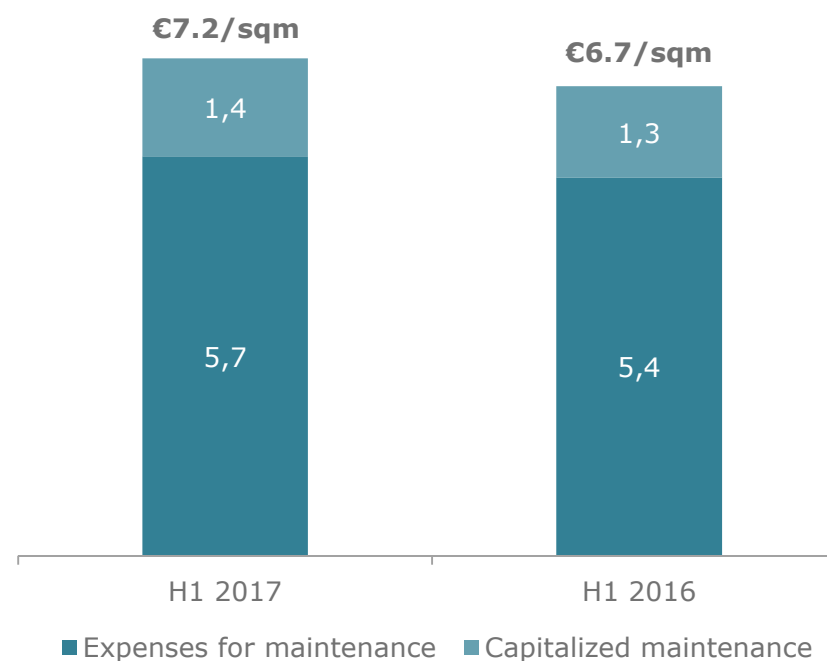
<400 locations



● Vonovia location

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

€m (unless indicated otherwise)	H1 2017	H1 2016	Delta
Expenses for maintenance	-127.3	-119.0	7.0%
Capitalized maintenance	-31.5	-29.3	7.5%
Total	-158.8	-148.3	7.1%
Maintenance capitalization ratio	20%	20%	



Reconciliation IFRS Profit to FFO

VONOVIA

Cm (unless indicated otherwise)	H1 2017	H1 2016	Delta
IFRS PROFIT FOR THE PERIOD	1,064.6	147.9	+>100%
Financial result	148.6	276.1	-46.2%
Income taxes	588.0	109.9	+>100%
Depreciation and amortization	14.9	10.0	+49.0%
Income from fair value adjustments of investment properties	-1,164.7	---	---
= EBITDA IFRS	651.4	543.9	+19.8%
Non-recurring items	46.3	49.1	-5.7%
Total period adjustments from assets held for sale	-32.9	21.1	->100%
Income from investments in other real estate companies	-12.9	-9.5	->100%
= ADJUSTED EBITDA	651.9	604.6	+7.8%
Adjusted EBITDA Sales	-44.3	-46.5	-4.7%
= ADJUSTED EBITDA OPERATIONS	607.6	558.1	+8.9%
Interest expense FFO	-138.0	-162.8	-15.2%
Current income taxes FFO 1	-11.9	-7.5	+58.7%
= FFO 1	457.7	387.8	+18.0%
Capitalized maintenance	-30.5	-29.1	+4.8%
= AFFO	427.2	358.7	+19.1%
Current income taxes FFO2	-20.1	-25.0	-19.6%
FFO 2 (FFO 1 incl. Adjusted EBITDA Sales/current income taxes Sales)	481.9	409.3	+17.7%
FFO 1 per share in € (eop NOSH)	0.96	0.83	+15.7%
AFFO per share in € (eop NOSH)	0.90	0.77	+16.5%
Number of shares (million) eop	476.5	466.0	+2.2%

€m (unless indicated otherwise)	H1 2017	H1 2016	Delta
Income from property letting	1,171.6	1,100.0	6.5%
Other income from property management	20.8	19.4	7.2%
Income from property management	1,192.4	1,119.4	6.5%
Income from disposal of properties	701.9	850.5	-17.5%
Carrying amount of properties sold	-664.9	-830.4	-19.9%
Revaluation of assets held for sale	53.1	17.0	>100%
Profit on disposal of properties	90.1	37.1	>100%
Net income from fair value adjustments of investment properties	1,164.7	-	
Capitalized internal expenses	199.5	125.0	59.6%
Cost of materials	-569.5	-506.6	12.4%
Personnel expenses	-207.6	-184.6	12.5%
Depreciation and amortization	-14.9	-10.0	48.4%
Other operating income	51.5	49.8	3.4%
Other operating expenses	-124.4	-106.4	17.0%
Financial income	43.7	21.6	>100%
Financial expenses	-172.9	-287.5	-39.9%
Earnings before taxes	1,652.6	257.8	>100%
Income taxes	-588.0	-109.9	>100%
Profit for the period	1,064.6	147.9	>100%
Attributable to:			
Vonovia's shareholders	993.2	110.0	>100%
Vonovia's hybrid capital investors	14.8	14.8	0.0%
Non-controlling interests	56.6	23.1	>100%
Earnings per share (basic and diluted) in €	2.12	0.24	>100%

IFRS Balance Sheet (1/2 – Total Assets)

VONOVIA

€m (unless indicated otherwise)	Jun. 30, 2017	Dec. 31, 2016	Delta
Assets			
Intangible assets	2,957.8	2,743.1	7.8%
Property, plant and equipment	130.5	115.7	12.8%
Investment properties	30,495.7	26,980.3	13.0%
Financial assets	648.4	585.9	10.7%
Other assets	109.4	15.2	>100%
Deferred tax assets	24.9	19.6	27.0%
Total non-current assets	34,366.7	30,459.8	12.8%
Inventories	5.8	5.0	16.0%
Trade receivables	220.7	164.4	34.2%
Financial assets	102.1	153.2	-33.4%
Other assets	165.1	102.7	60.8%
Income tax receivables	28.4	34.6	-17.9%
Cash and cash equivalents	378.1	1,540.8	-75.5%
Assets held for sale	254.1	61.6	>100%
Total current assets	1,154.3	2,062.3	-44.0%
Total assets	35,521.0	32,522.1	9.2%

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

€m (unless indicated otherwise)	Jun. 30, 2017	Dec. 31, 2016	Delta
Equity and liabilities			
Subscribed capital	476.5	466.0	2.3%
Capital reserves	5,673.4	5,334.9	6.3%
Retained earnings	7,136.3	6,665.4	7.1%
Other reserves	81.8	1.5	>100%
Total equity attributable to Vonovia's shareholders	13,368.0	12,467.8	7.2%
Equity attributable to hybrid capital investors	1,021.4	1,001.6	2.0%
Total equity attributable to Vonovia's shareholders and hybrid capital investors	14,389.4	13,469.4	6.8%
Non-controlling interests	885.7	419.0	>100%
Total equity	15,275.1	13,888.4	10.0%
Provisions	595.4	607.9	-2.1%
Trade payables	0.6	1.3	-53.8%
Non derivative financial liabilities	11,771.1	11,643.4	1.1%
Derivatives	18.0	19.1	-5.8%
Liabilities from finance leases	94.5	94.7	-0.2%
Liabilities to non-controlling interests	4.9	9.9	-50.5%
Other liabilities	80.8	83.3	-3.0%
Deferred tax liabilities	4,492.6	3,769.5	19.2%
Total non-current liabilities	17,057.9	16,229.1	5.1%
Provisions	360.8	370.8	-2.7%
Trade payables	123.5	138.8	-11.0%
Non derivative financial liabilities	2,486.5	1,727.6	43.9%
Derivatives	29.9	57.5	-48.0%
Liabilities from finance leases	11.2	4.5	>100%
Liabilities to non-controlling interests	0.4	2.7	-85.2%
Other liabilities	175.7	102.7	71.1%
Total current liabilities	3,188.0	2,404.6	32.6%
Total liabilities	20,245.9	18,633.7	8.7%
Total equity and liabilities	35,521.0	32,522.1	9.2%

Historical Key Figures (1/2)

VONOVIA

Financial Key Figures (€m, unless stated otherwise)	H1 2017	2016	2015	2014	2013
Rental income	833.2	1,538.1	1,414.6	789.3	728.0
Adjusted EBITDA Operations	607.6	1,094.0	957.6	503.4	442.4
Adjusted EBITDA Rental	573.5	1,046.2	924.4	482.6	433.0
Adjusted EBITDA Value-add Business	45.6	57.0	37.6	23.6	10.5
Adjusted EBITDA Other	-11.5	-9.2	-4.4	-2.8	-1.1
Income from disposal of properties	701.9	1,227.9	726.0	287.3	353.5
Adjusted EBITDA Sales	44.3	92.5	71.1	50.1	27.7
Adjusted EBITDA	651.9	1,186.5	1,028.7	553.5	470.1
EBITDA IFRS	651.4	1,083.7	838.4	500.3	431.0
FFO 1	457.7	760.8	608.0	286.6	223.5
thereof attributable to Vonovia shareholders	431.1	713.4	555.5	275.1	218.4
thereof attributable to Vonovia hybrid capital investors	20.0	40.0	33.0	-	-
thereof attributable to Non-controlling interests	6.6	7.4	19.5	11.5	5.1
FFO 2	481.9	823.8	662.1	336.7	251.2
AFFO	427.2	689.2	520.5	258.3	203.5
FFO 1 per share in €	0.96	1.63	1.30	1.00	0.95
Income from fair value adjustments of investment properties	1,164.7	3,236.1	1,323.5	371.1	553.7
EBT	1,652.6	3,859.8	1,734.5	589.1	689.6
Profit for the period	1,064.6	2,512.9	994.7	409.7	484.2
Cash flow from operating activities	475.4	828.9	689.8	453.2	259.6
Cash flow from investing activities	- 1,179.0	416.4	-3,239.8	-1,177.9	171.3
Cash flow from financing activities	-459.1	-2,812.4	4,093.1	1,741.7	-353.2
Maintenance and modernization	456.4	792.4	686.3	345.5	228.4
thereof for maintenance expenses and capitalized maintenance	158.8	320.1	330.7	173.8	157.6
thereof for modernization	297.6	472.3	355.6	171.7	70.8

The key figures of prior years have been adjusted to match the definitions of the 2016 fiscal year. The key figures per share are based on the shares carrying dividend rights on the corresponding reporting date. Values for 2013 and 2014 are TERP-adjusted.

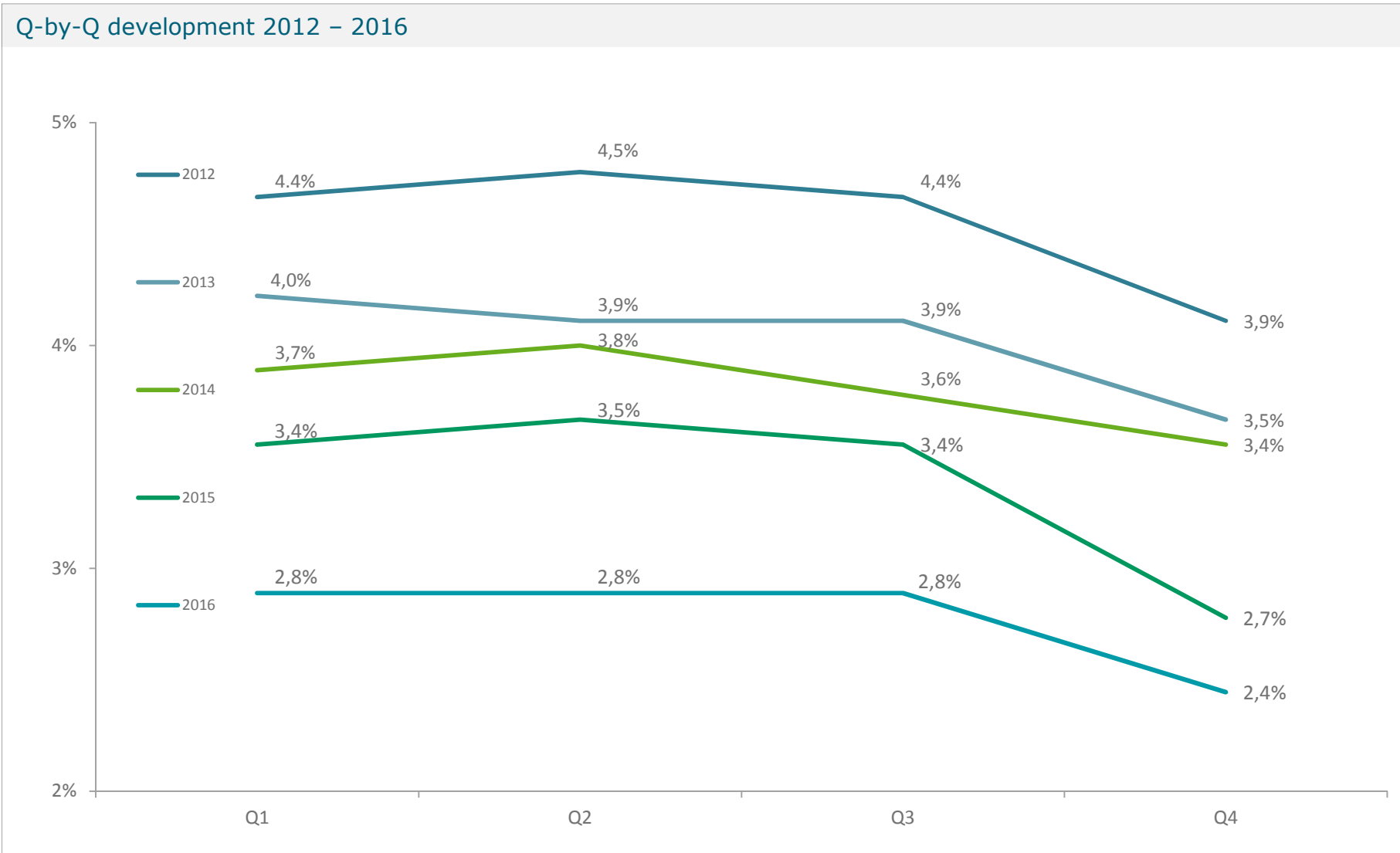
Historical Key Figures (2/2)

VONOVIA

Key Balance Sheet Figures (€m, unless stated otherwise)	Jun. 30, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec 31, 2014	Dec 31, 2013
Fair value of real estate portfolio	30,830.2	27,115.6	24,157.7	12,759.1	10,326.7
Adjusted NAV	15,771.0	14,328.2	11,273.5	6,472.0	5,123.4
Adjusted NAV per share in €	33.10	30.75	24.19	22.67	21.74
LTV (%)	43.2	41.6	47.3	49.7	49.0
Non-Financial Key Figures	H1 2017	2016	2015	2014	2013
Number of units managed	416,282	392,350	397,799	232,246	201,737
thereof own apartments	352,815	333,381	357,117	203,028	175,258
thereof apartments owned by others	63,467	58,969	40,682	29,218	26,479
Number of units bought	23,745	2,815	168,632	31,858	0
Number of units sold	4,484	26,631	15,174	4,081	6,720
thereof Privatize	1,160	2,701	2,979	2,238	2,576
thereof Non-Core	3,324	23,930	12,195	1,843	4,144
Vacancy rate (in %; eop)	2.9	2.4	2.7	3.4	3.5
Monthly in-place rent in €/sqm	6.12	6.02	5.75	5.58	5.40
Monthly in-place rent organic growth (%)	3.7	3.3	-	-	-
Number of employees	8,257	7,437	6,368	3,850	2,935
EPRA Key Figures	H1 2017	2016	2015	2014	2013
EPRA NAV	18,702.8	17,047.1	13,988.2	6,578.0	5,123.4
EPRA NAV per share in €**	39.25	36.58	30.02	23.04	21.74
EPRA NNNNAV		12,034.4	9,739.8	-	-
EPRA Earnings		448.5	329.2	-	-
EPRA Net Initial Yield in %		4.1	4.5	-	-
EPRA "topped-up" Net Initial Yield in %		4.1	4.5	-	-
EPRA Vacancy rate in %		2.2	2.5	3.0	3.1
EPRA Cost Ratio (incl. direct vacancy costs) in %		28.4	31.9	-	-
EPRA Cost Ratio (excl. direct vacancy costs) in %		27.0	30.2	-	-

The key figures of prior years have been adjusted to match the definitions of the 2016 fiscal year. The key figures per share are based on the shares carrying dividend rights on the corresponding reporting date. Values for 2013 and 2014 are TERP-adjusted.

Vacancy Rates – Annual Comparison



German Residential – Safe Harbor and Low Risk



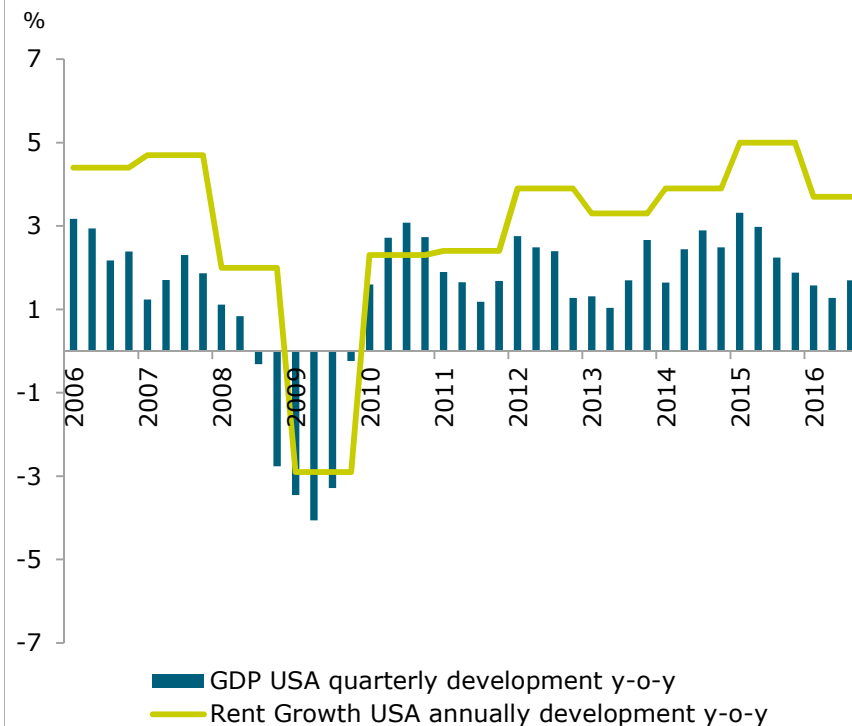
Evergreen contracts in a regulated market safeguard sustainable growth

- Contrary to most other jurisdictions such as the USA, residential lease agreements are evergreen contracts; rental growth 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

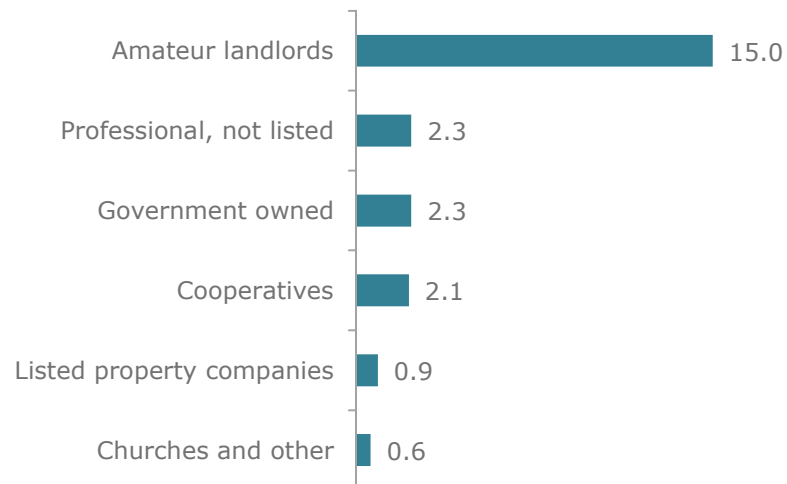


Sources: Federal Statistics Office, GdW (German Association of Professional Homeowners), REIS, BofA Merrill Lynch Global Research; BIP USA: IMF, Statista
 Note: Due to lack of q-o-q US rent growth data, the annual rent growth for a year is assumed to also be the q-o-q rent growth of that year

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.

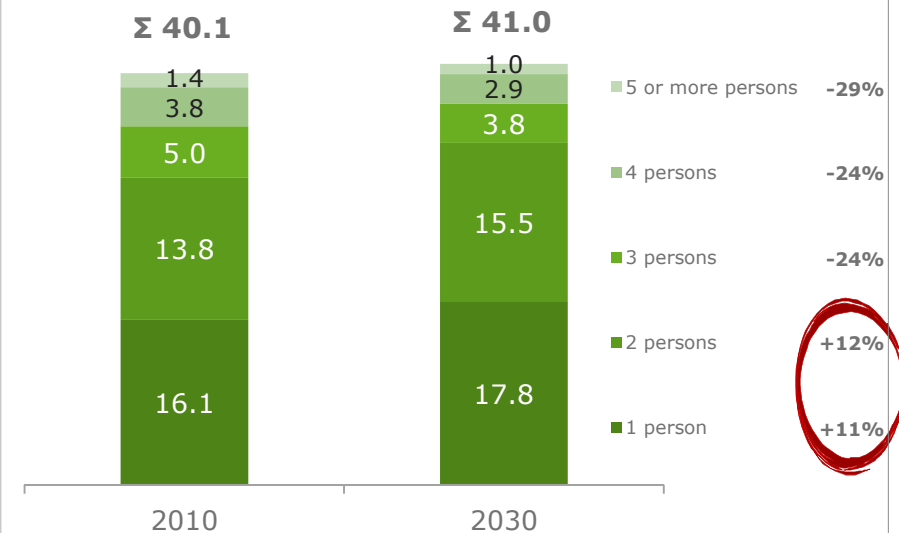
Ownership structure (million units)



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 2030 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)



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



Frankfurt



Frankfurt



Frankfurt



Essen



Dortmund



Dresden



Dresden



Dresden



Essen



Dortmund



Dortmund



Essen

Optimize Apartment

Before



After



Optimize Apartment

VONOVIA

Before



After



Upgrade Building

Before



After



Upgrade Building

Before



After



Upgrade Building

Before



After



Before



Addition of new floor plus modernization investment

After



Addition of new floor plus modernization investment



Upgrade Building



Upgrade Building



Floor Addition



Before



After



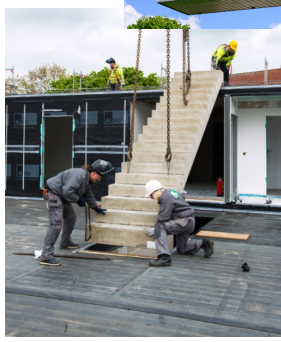
Pictures taken at the production site of our cooperation partner Modulbau Lingen.







Modular Construction



Neighbourhood Development "Eltlingviertel"

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VTS Van



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