

VONOVIA

# Company Presentation

June 2017

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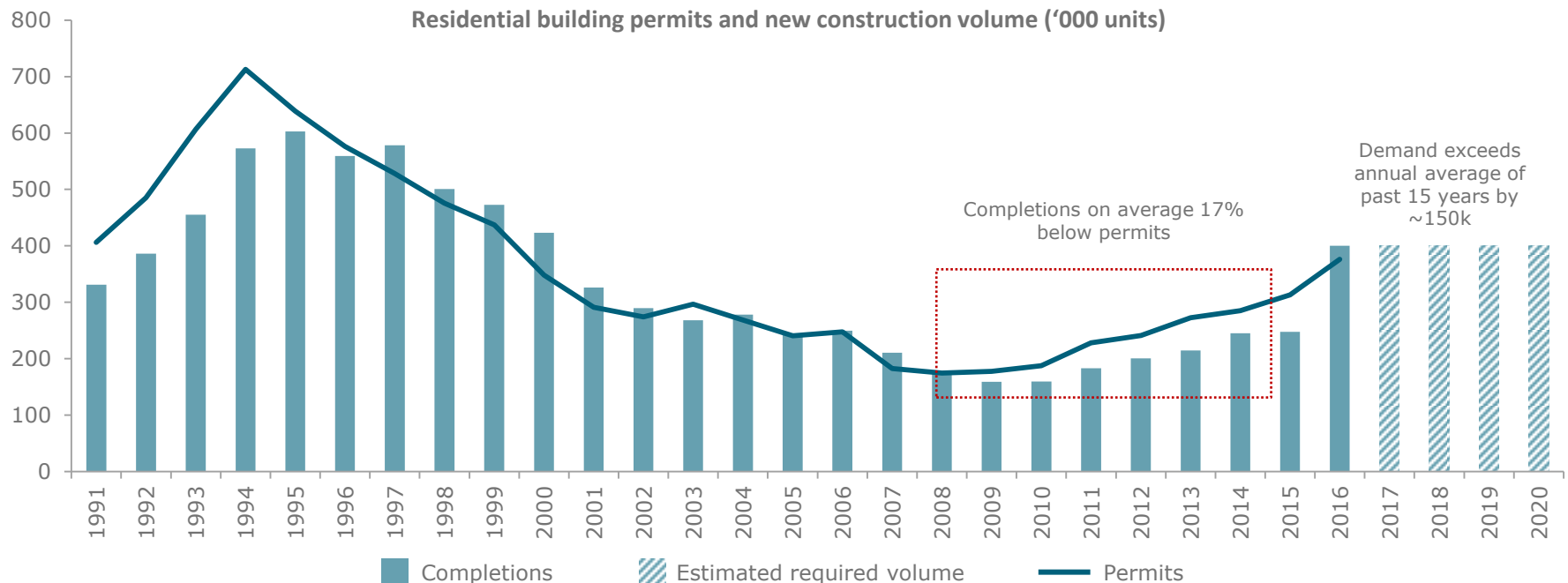
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Tables and diagrams may include rounding effects.

## New Supply falls short of demand

- After record construction volumes in the 1990s, new volumes have plummeted as Germany has reduced its building capacity.
- While volumes have been recovering from all-time lows in 2009 and 2010, the current levels are still short of demand.
- Large gap between building permits and actual new constructions during last seven years.
- Discrepancy between new demand and new supply is forecast to continue and add to supply/demand imbalance already evident in many urban areas.
- Substantial disconnect between in-place values and market replacement cost.



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

## German residential market: important pillar of the German economy

- With a GDP contribution of more than €500bn the German residential real estate industry represents more than 18% of Germany's GDP.
- Germany and its resilient economy provide a comparatively safe harbor for foreign investments.
- Germany is the economic powerhouse and growth engine of Europe.
- Due to its regulatory structure, the German residential rental market is largely immune to macro-economic fluctuations and offers high cash flow visibility.
- Residential market provides superior returns especially in low interest rate environment.

## Germany: regulated market ensures sustainable rent growth



## USA: rent growth is highly volatile

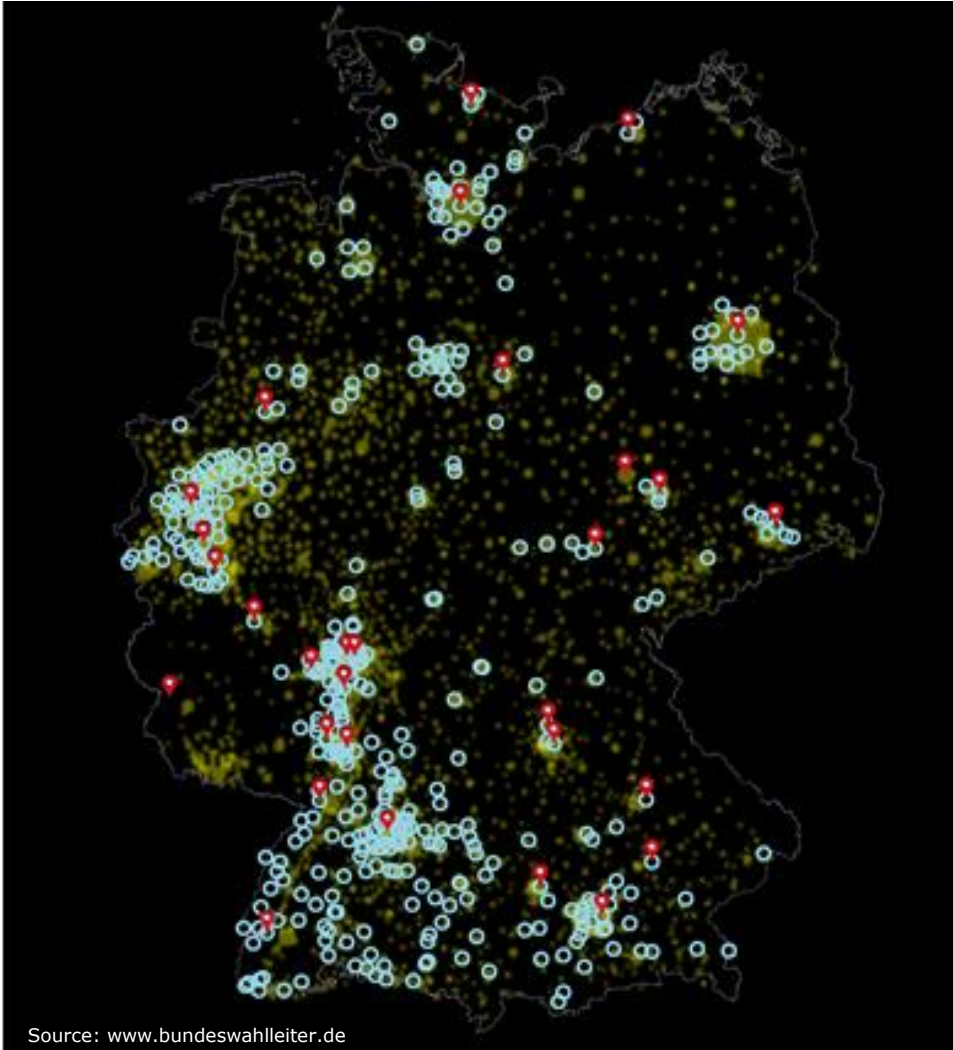


Illustration of Germany at Night



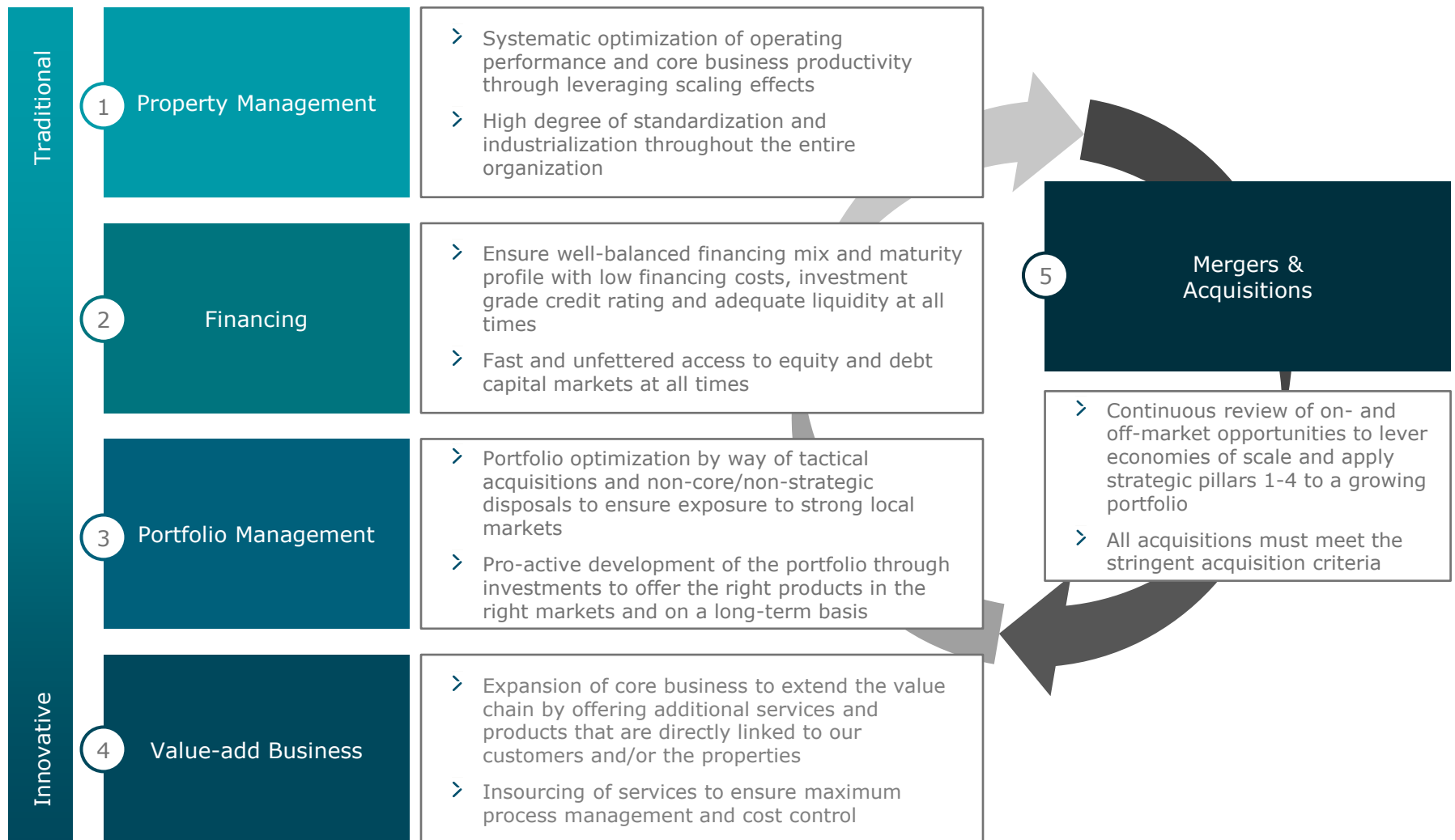
Source: [www.bundeswahlleiter.de](http://www.bundeswahlleiter.de)

Illustration of Germany at Night



Source: [www.bundeswahlleiter.de](http://www.bundeswahlleiter.de)

## Reputation & Customer Satisfaction



# 17.5% FFO growth on Stable Portfolio Size

- While the average portfolio size was similar in Q1 2017 vs. the prior-year period, the Adj. EBITDA Rental grew by 6.4% and the Adj. EBITDA Value-add Business more than doubled for a combined Adj. EBITDA Operations growth of 8.7%.
- Further supported by 10.7% lower interest expenses, the FFO 1 per share was up 17.5%.

		Q1 2017	Q1 2016	Delta	Outlook
Average number of residential sqm	'000	22,276	22,203	+0.3%	
Average number of residential units	#	356,411	355,954	+0.1%	
Organic rent growth	%	3.4%	2.9%	+ 50 bps	➔
In-place rent (eop)	€/month/sqm	6.06	5.84	+3.8%	➔
Vacancy rate (eop)	%	2.7%	2.8%	- 10 bps	➔
Rental income	€m	417.2	392.0	+6.4%	+€25.2m ➔
Maintenance expenses	€m	-63.1	-58.6	+7.7%	➔
Operating expenses	€m	-68.5	-64.4	+6.4%	➔
Adj. EBITDA Rental	€m	285.6	269.0	+6.2%	+€16.6m ➔
Adj. EBITDA Value-add Business	€m	19.8	7.6	+160.5%	➔
Adj. EBITDA Operations	€m	300.1	276.1	+8.7%	+€24.0m ➔
FFO interest expense	€m	-76.8	-86.0	-10.7%	➔
Current income taxes FFO 1	€m	-5.1	-3.8	+34.2%	➔
FFO 1	€m	218.2	186.3	+17.1%	+€31.9m ➔
FFO 1 per share (eop NOSH)	€	0.47	0.40	+17.5%	➔
FFO 1 per share (avg. NOSH)	€	0.47	0.40	+17.5%	➔



# Accelerating Rent Growth Momentum

- Organic rent growth of 3.4% y-o-y with a first-time contribution from space creation.
- Positive momentum for rent growth leads to increased guidance of 3.8% - 4.0% for organic rent growth in 2017.

<b>In-place rent (€/month/sqm, eop)</b>	<b>Q1 2017</b>	<b>Q1 2016</b>	<b>Delta</b>
In-place rent	6.06	5.84	3.8%

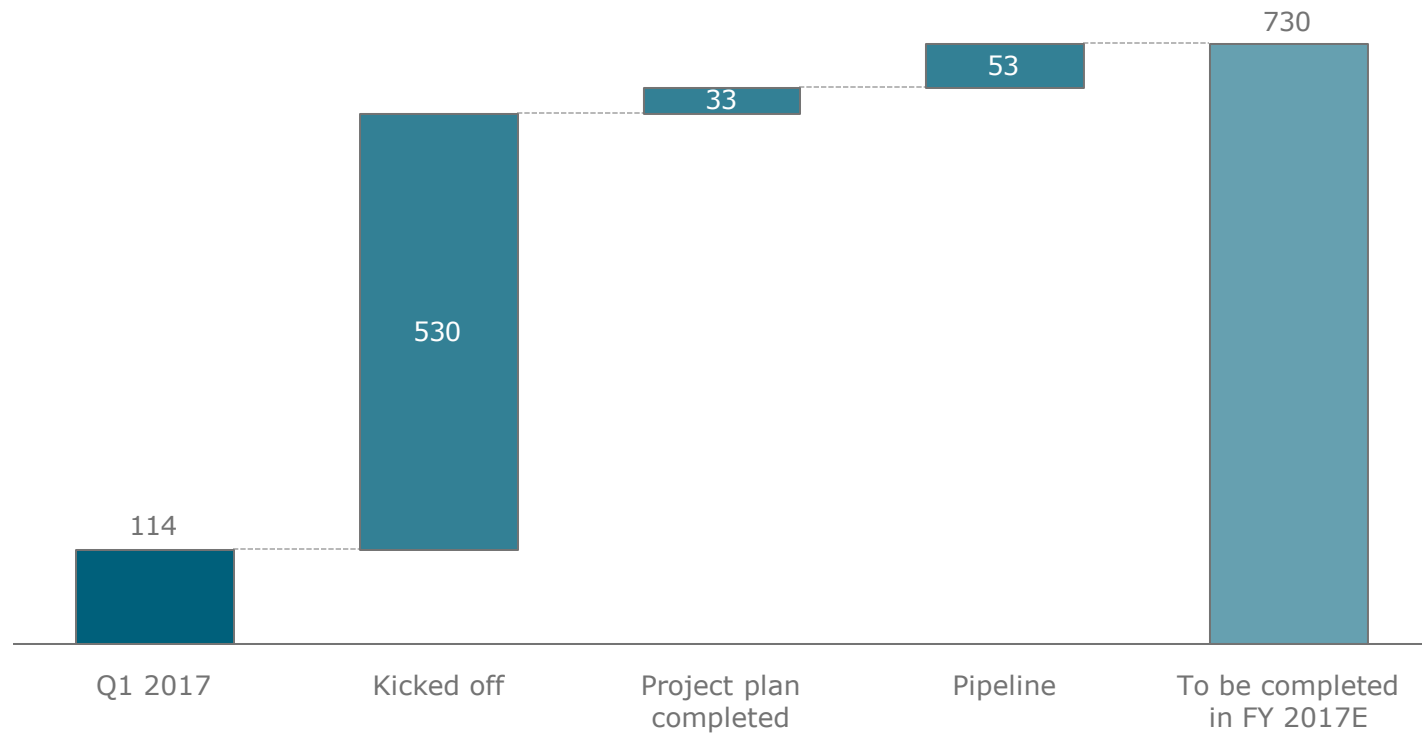
  

<b>Rent growth drivers (last 12M)</b>	<b>Q1 2017</b>	<b>Q1 2016</b>	<b>Delta</b>
Sitting tenants (incl. subsidized rents)	1.1%	1.2%	-10 bps
New lettings	0.5%	0.7%	-20 bps
<b>Subtotal market-driven rent growth</b>	<b>1.6%</b>	<b>1.9%</b>	-30 bps
Modernization	1.7%	1.0%	+70 bps
<b>Subtotal I-f-I rent growth</b>	<b>3.3%</b>	<b>2.9%</b>	+40 bps
Space creation	0.1%	0.0%	+10 bps
<b>Subtotal organic rent growth</b>	<b>3.4%</b>	<b>2.9%</b>	+50 bps
Portfolio management (+ acquisitions ./ sales)	0.4%	2.7%	-230 bps
<b>Total rent growth</b>	<b>3.8%</b>	<b>5.6%</b>	-180 bps

# Investment Program well on Track

- Well underway to execute 2017 investment program at an average yield of ~7%.
- Majority of projects already started.
- Investment program includes Optimize Apartments, Upgrade Buildings, New Initiatives and Space Creation.

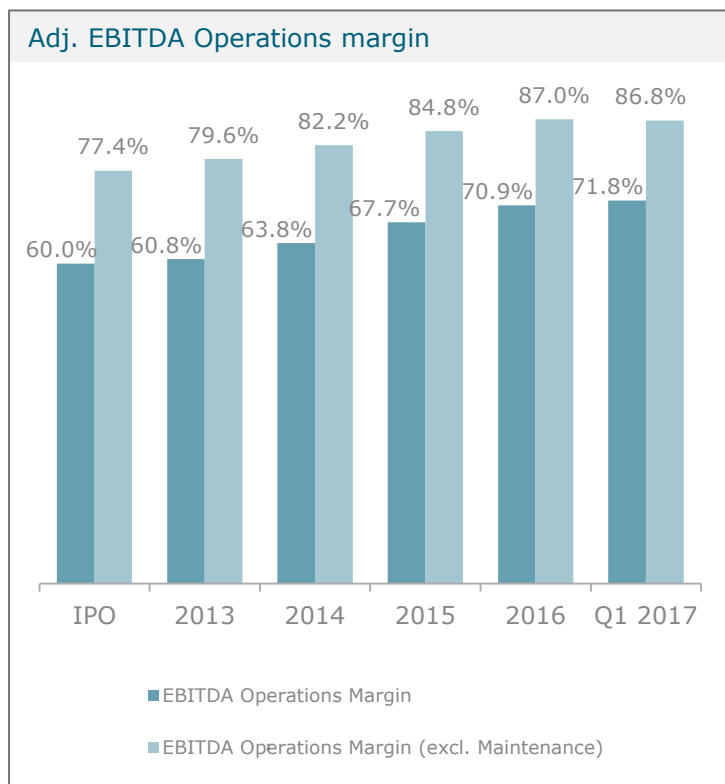
Investment program calendar year 2017 (€m)



Note: Numbers include projects kicked off in 2016.

# Continued EBITDA Expansion

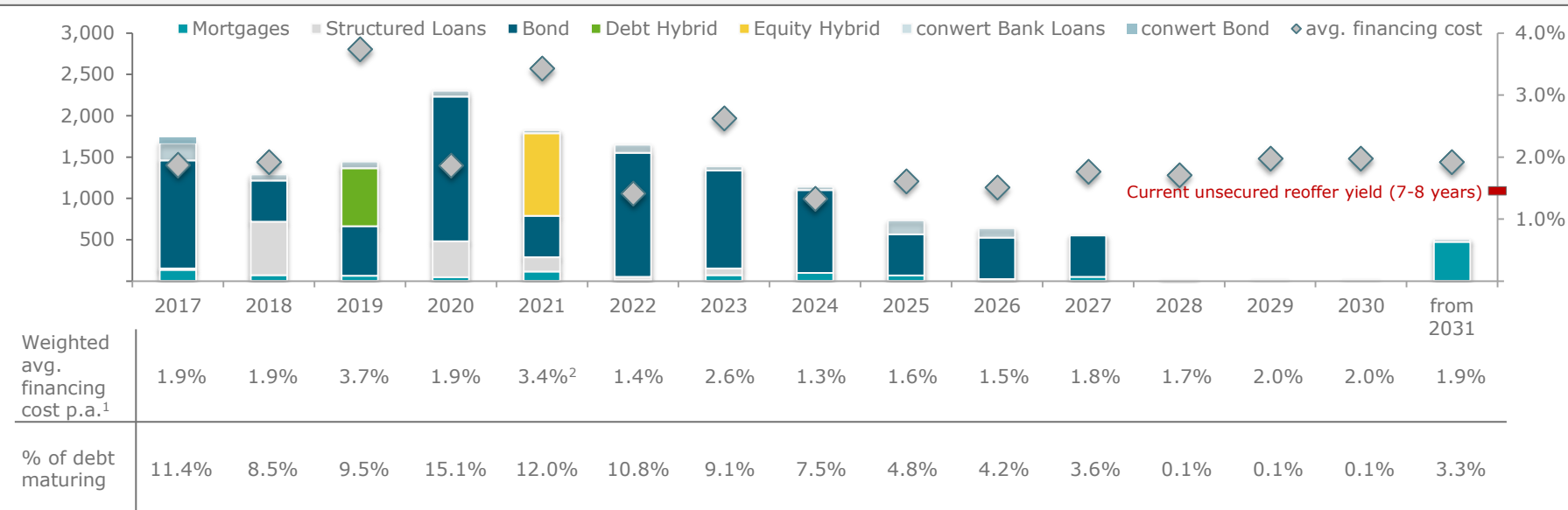
- Rental income growth of 6.4% comes with similar increase in maintenance and operating expenses in the first quarter that fully includes convert but no synergies yet, resulting in 6.2% Adj. EBITDA Rental growth.
- Adj. EBITDA Operations up by 8.7%, driven by 6.2% Adj. EBITDA Rental growth and doubling of Adj. EBITDA Value-add Business contribution.
- EBITDA margin expansion continues with 90 bps improvement in Q1 2017.



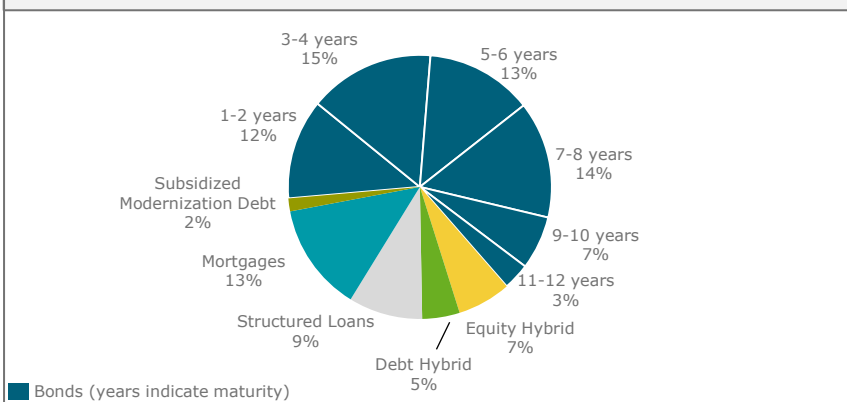
€m (unless indicated otherwise)	Q1 2017	Q1 2016	Delta
Rental income	417.2	392.0	+6.4%
Maintenance expenses	-63.1	-58.6	+7.7%
Operating expenses	-68.5	-64.4	+6.4%
<b>Adj. EBITDA Rental</b>	<b>285.6</b>	<b>269.0</b>	<b>+6.2%</b>
Value-add Business income	215.8	138.7	+55.6%
of which external	51.4	27.2	+89.0%
of which internal	164.4	111.5	+47.4%
Operating expenses	-196.0	-131.1	+49.5%
<b>Adj. EBITDA Value-add Business</b>	<b>19.8</b>	<b>7.6</b>	<b>&gt;100%</b>
Adj. EBITDA Other <sup>1</sup>	-5.3	-0.5	>100%
<b>Adj. EBITDA Operations</b>	<b>300.1</b>	<b>276.1</b>	<b>+8.7%</b>

<sup>1</sup> Mainly consolidation

## Debt maturity profile (€ m)



## Debt structure



KPIs	March 31, 2017	Target
LTV	44.4%	Mid-to low forties
Unencumbered assets in %	61%	≥50%
Debt/EBITDA <sup>3</sup>	11.1x	Ongoing optimization with most economic funding
Fixed/hedged debt ratio	97%	
Global ICR (YTD)	4.2x	
Financing cost	2.1%	
Weighted avg. maturity	6.7 years	

<sup>1</sup> Average financing cost of debt maturing in the relevant year. <sup>2</sup> Weighted avg. financing costs excl. Equity Hybrid. Including Equity Hybrid avg. interest rate of debt maturing in 2021 is 3.7%. <sup>3</sup> Net Debt as of March 31 over Q1 EBITDA Operations annualized.

# Pro-active Portfolio Management Clustering

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- Strategic units of conwert portfolio have initially all been included in Operate and will be reclassified to UB and OA in the context of the annual portfolio clustering in the fall.
- 96% of total fair value in Strategic and Privatize Clusters.

<b>Mar. 31, 2017</b>	Residential units	In-place rent (€/sqm)	Vacancy rate (%)	Fair value (€bn)	Fair value (%)
Operate	105,895	6.25	2.4	9.2	31%
Upgrade Buildings (UB)	125,067	5.95	2.6	9.5	32%
Optimize Apartments (OA)	89,266	6.18	1.9	7.8	27%
<b>Subtotal Strategic Clusters</b>	<b>320,228</b>	<b>6.12</b>	<b>2.3</b>	<b>26.6</b>	<b>90%</b>
Privatize	16,688	5.99	4.2	1.5	5%
Non-strategic	9,948	4.84	8.1	0.4	1%
Non-core	6,425	5.06	6.7	0.3	1%
<b>Total Germany</b>	<b>353,289</b>	<b>6.06</b>	<b>2.7</b>	<b>28.8</b>	<b>98%</b>
Vienna <sup>1</sup>	2,236	6.11	3.4	0.6	2%
<b>Total Residential Portfolio</b>	<b>355,525</b>	<b>6.06</b>	<b>2.7</b>	<b>29.4</b>	<b>100%</b>

<sup>1</sup> including 3% of units in Austria but outside of Vienna.

# All Strategic Markets Show Upward Potential

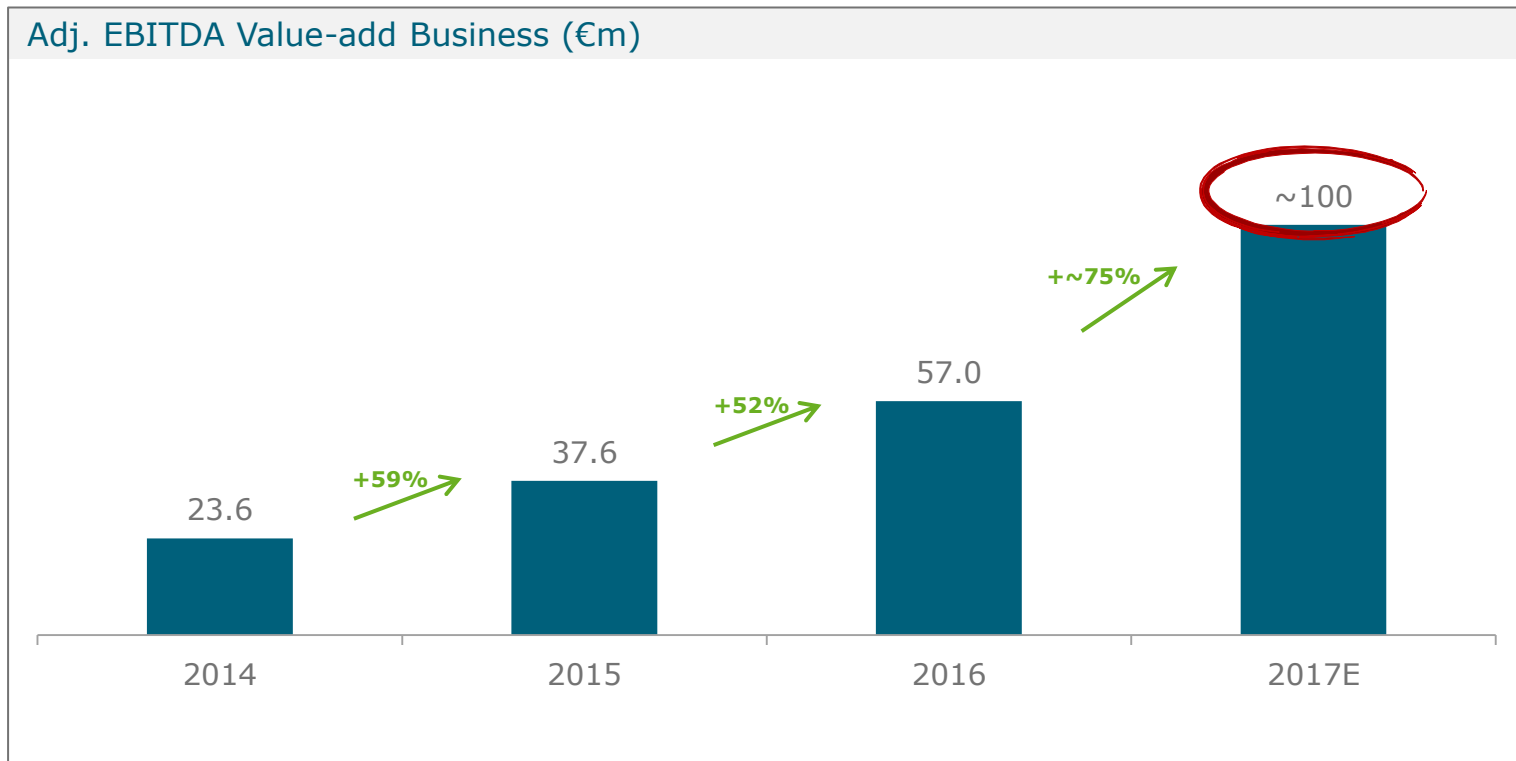
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Regional Market	Fair Value		In-place rent									
	(€m)	(€/sqm)	Residential units	Living area ('000 sqm)	Vacancy (%)	Total (p.a., €m)	Residential (p.a., €m)	(€/sqm)	Change like-for-like (%)	Multiple (in-place rent)	Average annual rent growth forecast CBRE (5 yrs, %)	Average rent growth (%) from Optimize Apartments
Berlin	4,287	1,686	38,609	2,446	1.7	188	178	6.16	3.0	22.7	3.2	42.8
Rhine Main Area (Frankfurt, Darmstadt, Wiesbaden)	3,096	1,697	28,134	1,794	1.8	163	158	7.48	3.7	18.9	3.3	39.5
Rhineland (Cologne, Düsseldorf, Bonn)	2,979	1,407	30,713	2,059	2.7	167	159	6.60	4.3	17.9	2.9	30.1
Dresden	2,506	1,070	38,606	2,196	2.3	152	142	5.52	3.4	16.5	3.2	35.0
Southern Ruhr Area (Dortmund, Essen, Bochum)	2,494	898	44,488	2,716	2.9	179	173	5.47	3.7	13.9	2.0	28.8
Hamburg	1,739	1,601	16,608	1,053	1.9	87	82	6.61	3.5	20.0	3.1	37.4
Munich	1,650	2,495	9,771	643	0.8	62	58	7.55	3.1	26.8	4.6	52.0
Stuttgart	1,580	1,701	14,261	898	1.9	82	78	7.38	1.8	19.3	2.9	37.2
Northern Ruhr Area (Duisburg, Gelsenkirchen)	1,322	764	27,519	1,709	3.7	106	103	5.21	3.5	12.4	1.8	23.5
Hanover	1,042	1,170	13,846	876	2.6	63	61	5.94	2.6	16.5	2.9	33.3
Kiel	864	1,026	13,988	812	1.6	56	53	5.56	2.9	15.4	2.3	35.0
Bremen	789	1,059	11,923	723	3.2	47	44	5.30	2.8	16.9	3.1	33.7
Leipzig	647	1,042	9,185	588	3.6	41	38	5.60	1.1	15.8	2.5	20.2
Westphalia (Münster, Osnabrück)	594	937	9,650	625	2.5	41	40	5.42	3.2	14.6	2.6	30.2
Freiburg	494	1,763	4,060	277	1.5	23	22	6.80	3.7	21.5	3.8	40.1
Other Strategic Locations	1,930	1,239	23,994	1,522	2.6	114	110	6.17	4.1	16.9	3.1	33.5
<b>Total Strategic Locations</b>	<b>28,014</b>	<b>1,298</b>	<b>335,355</b>	<b>20,939</b>	<b>2.4</b>	<b>1,572</b>	<b>1,498</b>	<b>6.11</b>	<b>3.4</b>	<b>17.8</b>	<b>2.9</b>	<b>34.0</b>

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.

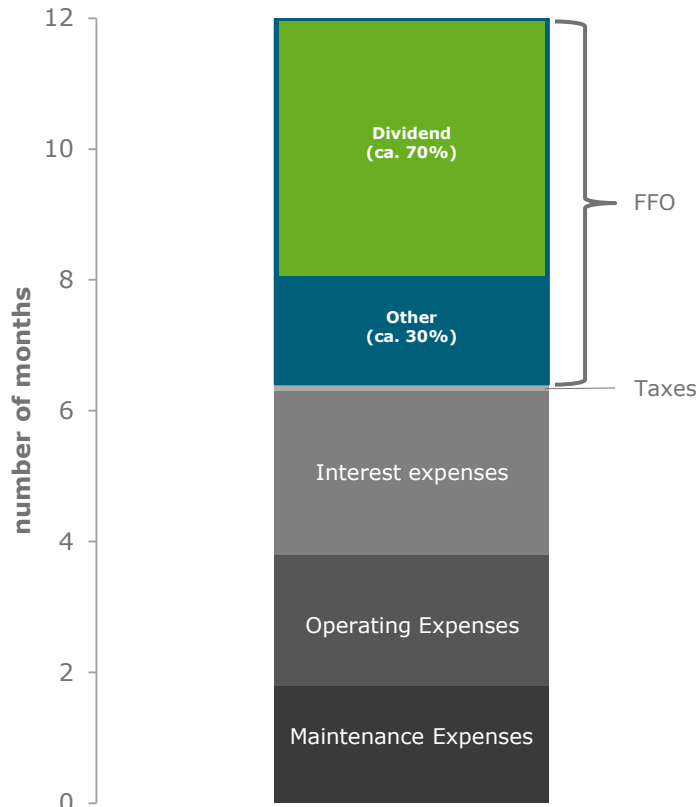
# Additional Growth from Value-add Business

- NAV does not account for Vonovia's Value-add Business.
- Cash flows generated in Value-add Business have the same stability as the rental business, as they are directly linked to the apartment or tenant.
- Applying the impairment test WACC<sup>1</sup> to the 2017E Adj. EBITDA Value-add Business translates into an additional value of **~€5.2 per share (~17% on top of Adj. NAV)**

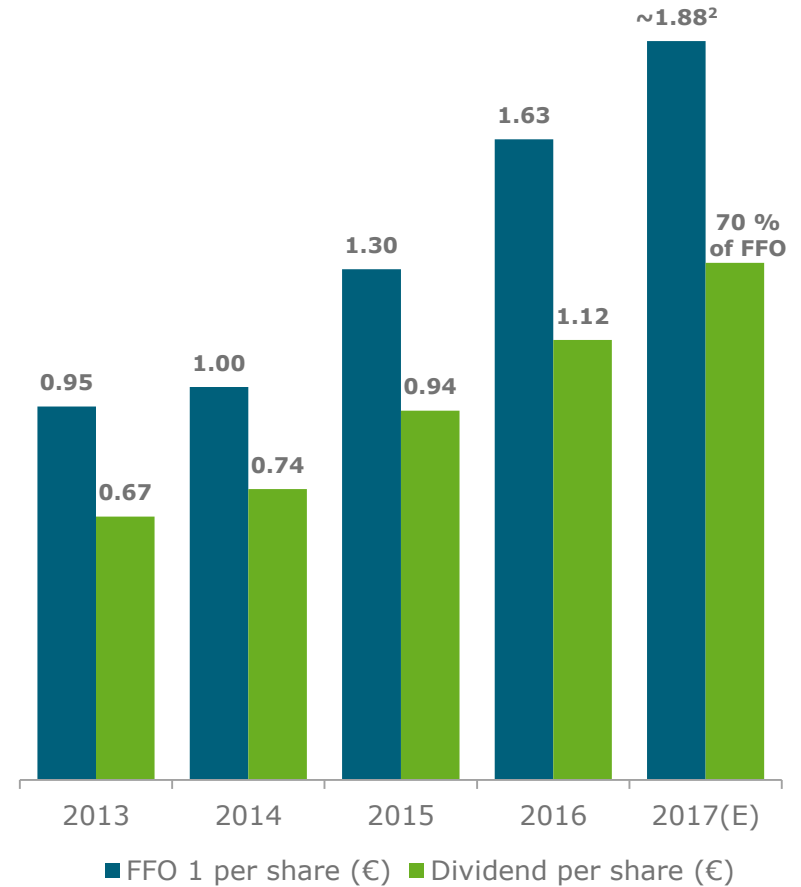


<sup>1</sup> Pre-tax WACC of 4.1% as per Dec. 31, 2016.

Number of months until costs are earned by recurring income<sup>1</sup>



Sustainable and growing cash flow with attractive pay-out ratio



<sup>1</sup> Rental income + EBITDA Value-add Business and Other; excluding sales effects. <sup>2</sup> Based on eop NOSH and current assumptions for additional shares from GAGFAH cross border merger and scrip dividend acceptance rate.



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

<sup>1</sup> Based on eop NOSH and current assumptions for additional shares from GAGFAH cross border merger and scrip dividend acceptance rate.

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## Financial Calendar 2017

June 22	dBAccess Berlin Conference (Berlin)
<b>Aug 2</b>	<b>Interim results 6M 2017</b>
Sep 13	BoAML Global Real Estate Conference (NYC)
Sep 18	Berenberg / GS German Corporate Conference (Munich)
Sep 19	Baader Investment Conference (Munich)
Sep 29	Societe Generale Pan-European RE Conference (London)
<b>Nov 8</b>	<b>Interim results 9M 2017</b>
Nov 28	UBS Global Real Estate CEO/CFO Conference (London)
Nov 29	Societe Generale The Premium Review Conference (Paris)
Dec 5	Berenberg European Corporate Conference (Pennyhill)
Dec 11	HSBC Global Real Estate Conference (Cape Town)



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Relations Tablet App

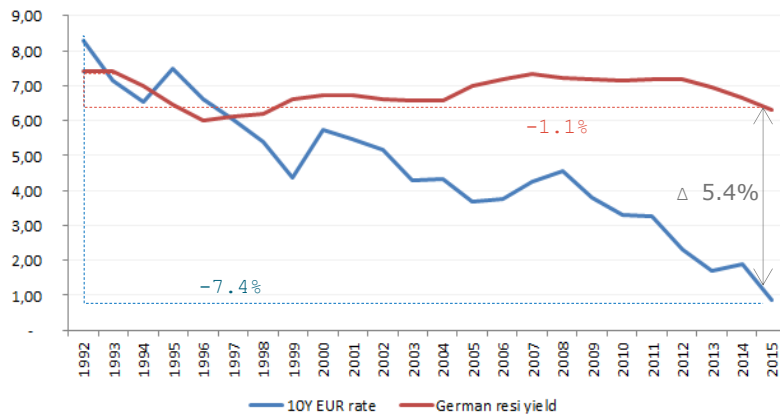
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# Appendix

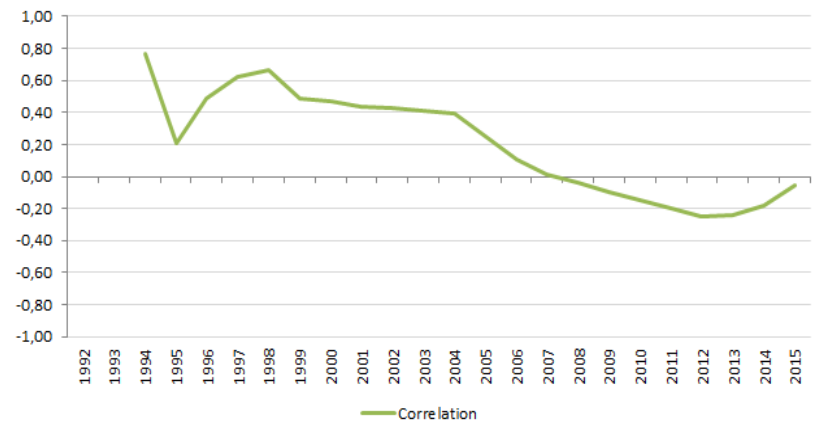
Valuation methodology for German residential properties is primarily based on market prices for assets – not on interest rates

- While market prices are affected by the general interest 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 7.4% since 1992) is **not mirrored by asset yields** (down by 1.1% since 1992).
- Asset yields outperformed interest rates by 2.2% on average since 1992 and 5.4% in June 2015.

### German residential yields vs. EUR interest rates<sup>1</sup>



### No correlation pattern between interest rates and property values<sup>1</sup>



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

# Three Valuation Layers with Different Volatilities

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

Increasing level of perception and judgment

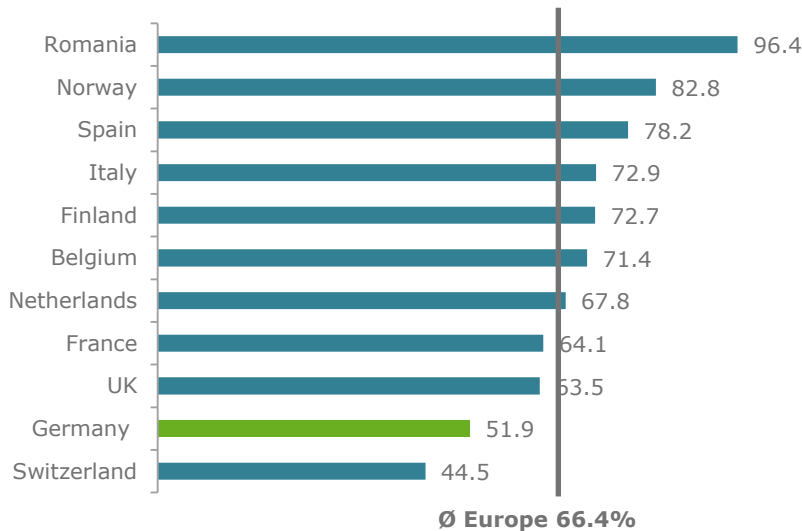
Layer	Development	Main drivers																		
<p><b>3</b></p> <p><b>Stock Market Valuation</b> (Stock price € per share)</p>		<ul style="list-style-type: none"> <li>• Only partly driven by performance and portfolio valuation</li> <li>• Negatively correlated to bund yields and interest rates</li> <li>• Subject to additional macro considerations</li> </ul>																		
<p><b>2</b></p> <p><b>Portfolio Valuation</b> (Adj. NAV € per share)</p>	<table border="1"> <tr><th>Year</th><th>Value</th></tr> <tr><td>2013</td><td>21.7</td></tr> <tr><td>2014</td><td>22.7</td></tr> <tr><td>2015</td><td>24.2</td></tr> <tr><td>2016</td><td>30.7</td></tr> </table>	Year	Value	2013	21.7	2014	22.7	2015	24.2	2016	30.7	<ul style="list-style-type: none"> <li>• Market prices for assets are much more relevant than interest rate levels</li> <li>• Additional material factors are supply/ demand imbalance and sustainable market rent growth</li> </ul>								
Year	Value																			
2013	21.7																			
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<p><b>1</b></p> <p><b>Cash Flow</b> (FFO* &amp; Dividend € per share)</p>	<table border="1"> <tr><th>Year</th><th>FFO</th><th>DPS</th></tr> <tr><td>2013</td><td>0.95</td><td>0.67</td></tr> <tr><td>2014</td><td>1.00</td><td>0.74</td></tr> <tr><td>2015</td><td>1.30</td><td>0.94</td></tr> <tr><td>2016</td><td>1.63</td><td>1.12</td></tr> <tr><td>2017(E)</td><td>~1.88<sup>1</sup></td><td>~70%</td></tr> </table>	Year	FFO	DPS	2013	0.95	0.67	2014	1.00	0.74	2015	1.30	0.94	2016	1.63	1.12	2017(E)	~1.88 <sup>1</sup>	~70%	<ul style="list-style-type: none"> <li>• Regulated market</li> <li>• No cluster risk due to high degree of granularity</li> <li>• Robust business model</li> </ul>
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<sup>1</sup> Based on eop NOSH and current assumptions for additional shares from GAGFAH cross border merger and scrip dividend acceptance rate.

## 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.

Home ownership rate 2015 in %



## 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.

Rent as % of disposable household income

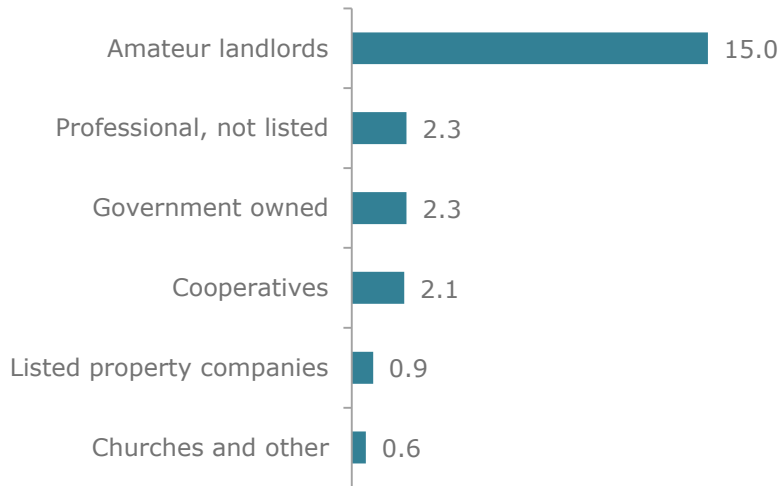


Share of disposable household income spent on rent, water, electricity and fuel

## 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.

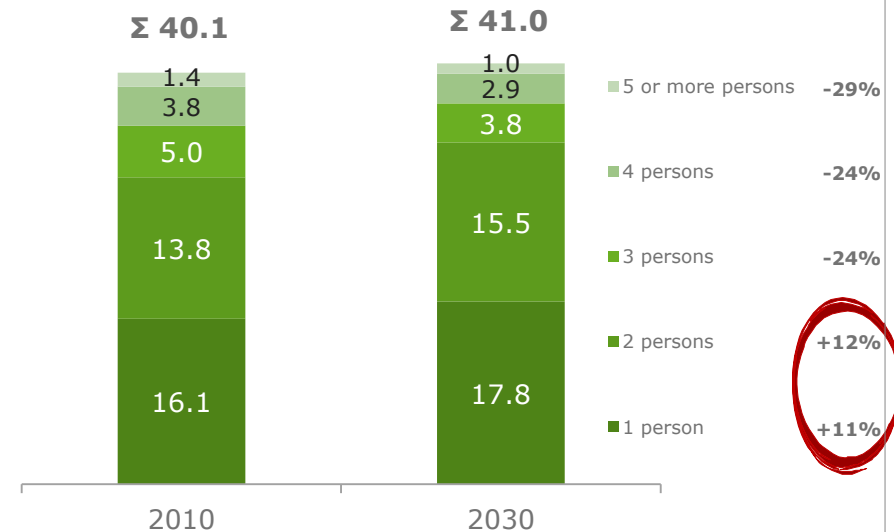
Ownership structure (million units)



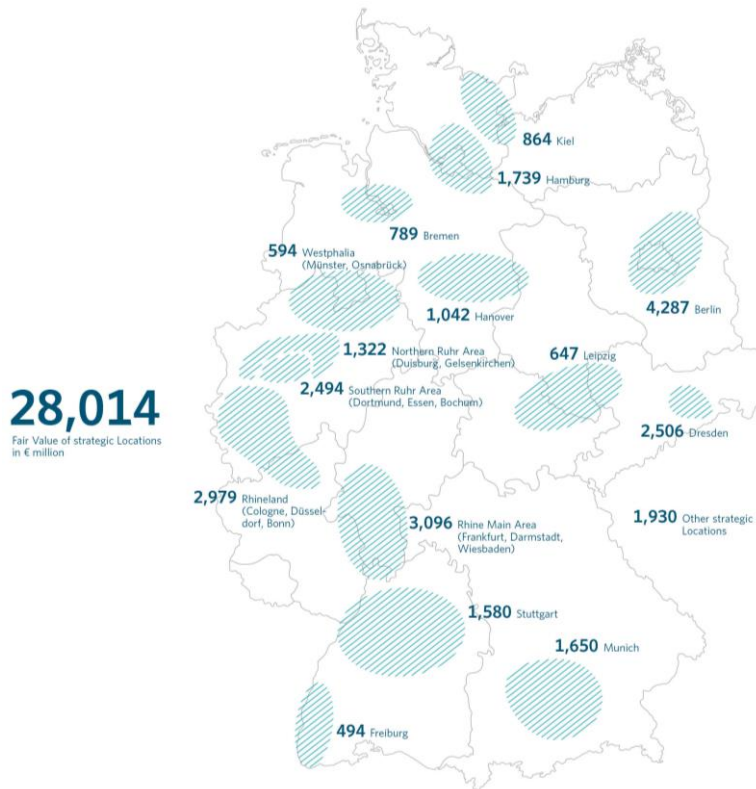
## Growing number of smaller households

- 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)



## Germany's largest residential landlord with national footprint in urban regional markets



- Residential real estate company with **B-to-C characteristics**.
- Industrialized approach leverages **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.
- **Market leadership** with nationwide footprint offers additional growth opportunities.
- **Robust business model** delivers highly **stable and growing cash flows**.
- **Predictable top and bottom line** with downside protection and upside potential.
- 355k apartments
- Average apartment size of ~61 sqm
- Vacancy ~2.7% – almost fully let
- 13.5 years average tenure
- ~ €1,670m stable rental income<sup>1</sup>
- ~ €910m operating profit before sales (FFO 1)<sup>1</sup>
- Dividend policy: approx. 70% of FFO 1



Munich



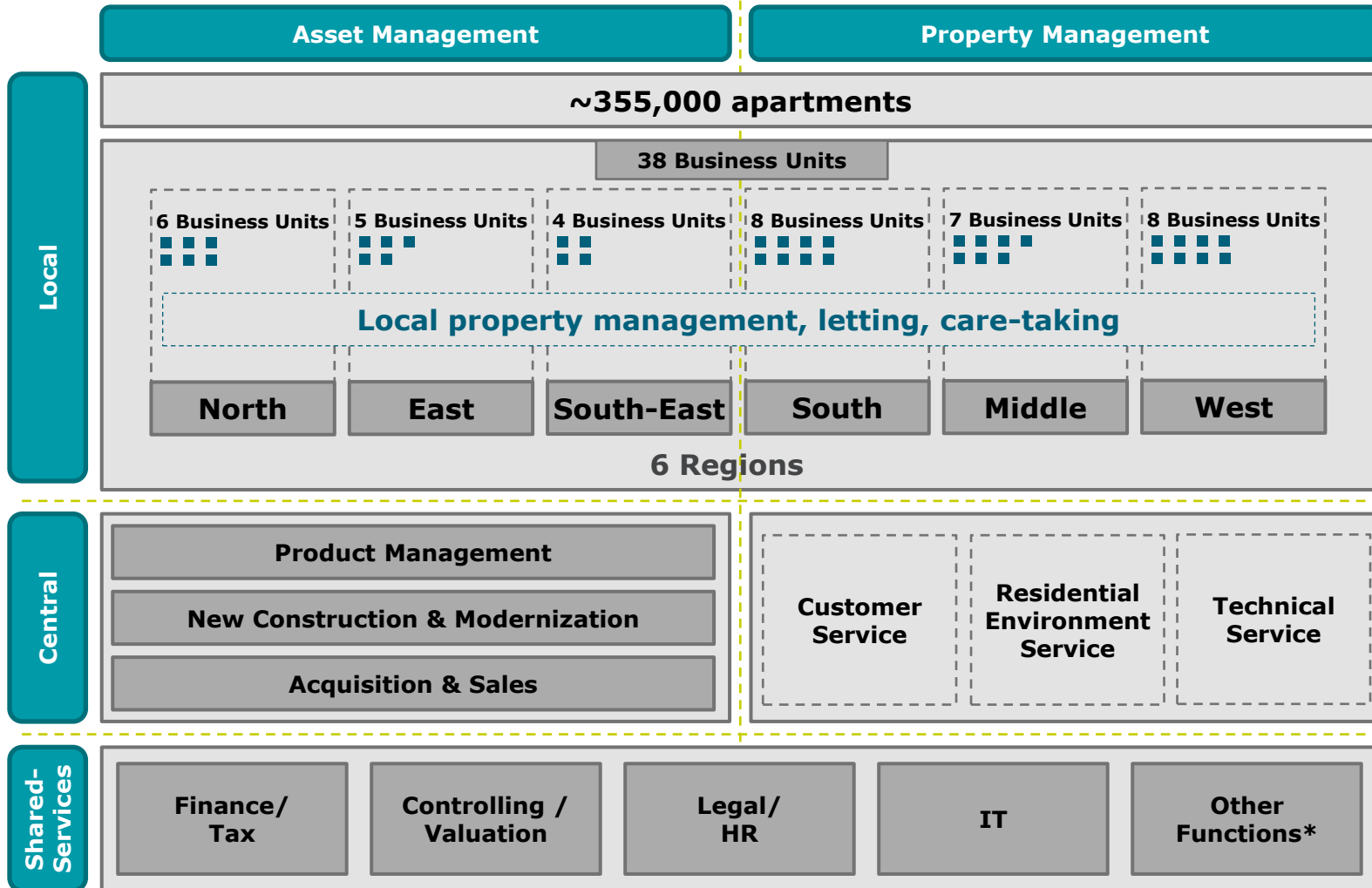
Karlsruhe



Dortmund

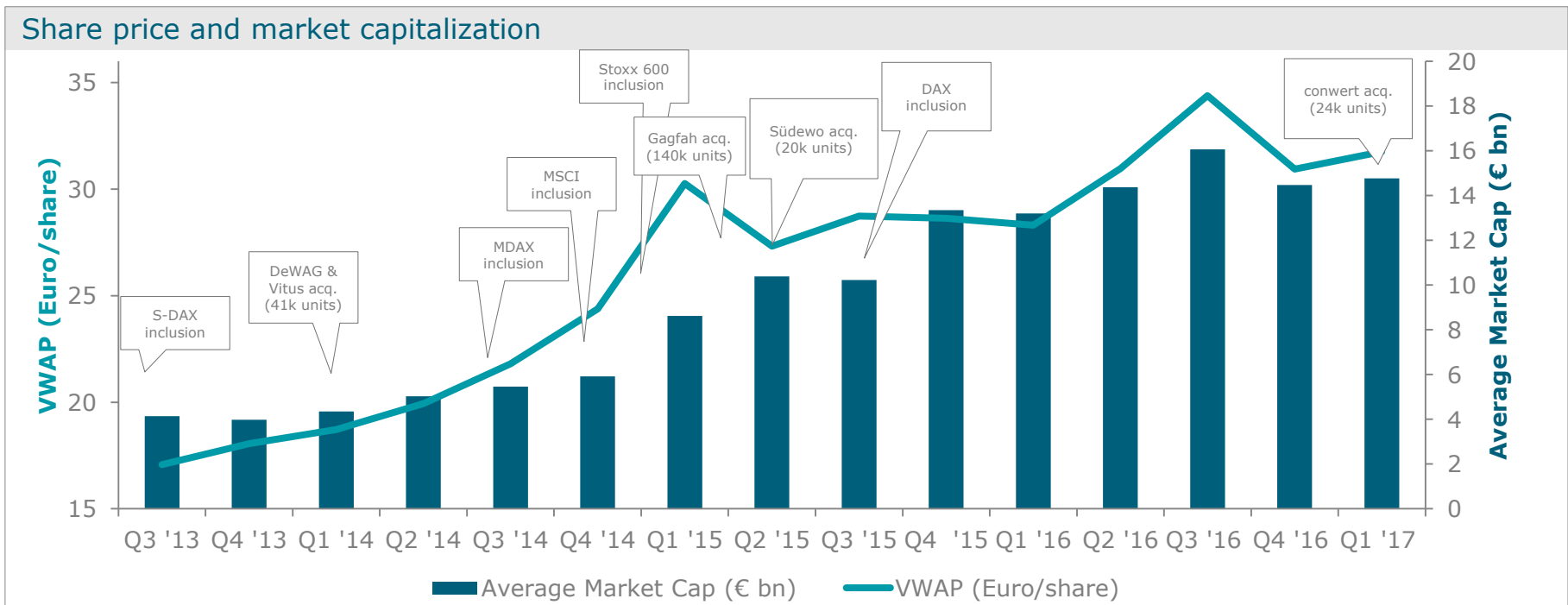
<sup>1</sup> Midpoint 2017 guidance.





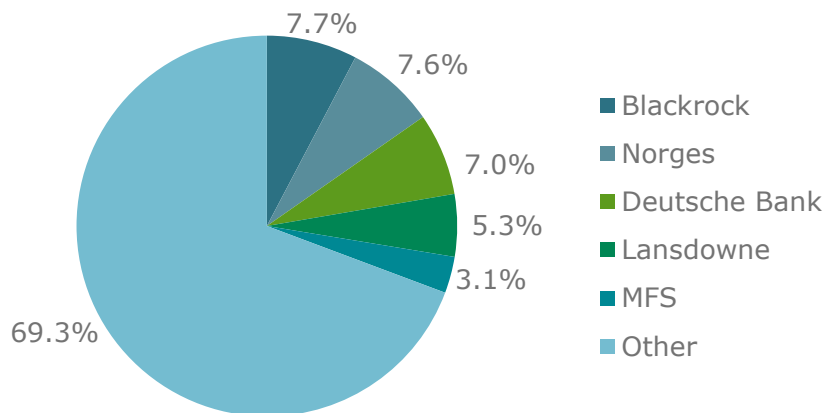
\*Other shared services: Internal Audit, Communications, Central Procurement, Insurances, Investor Relations, Accounting

- 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

## Shareholder structure (as of March 31, 2017)

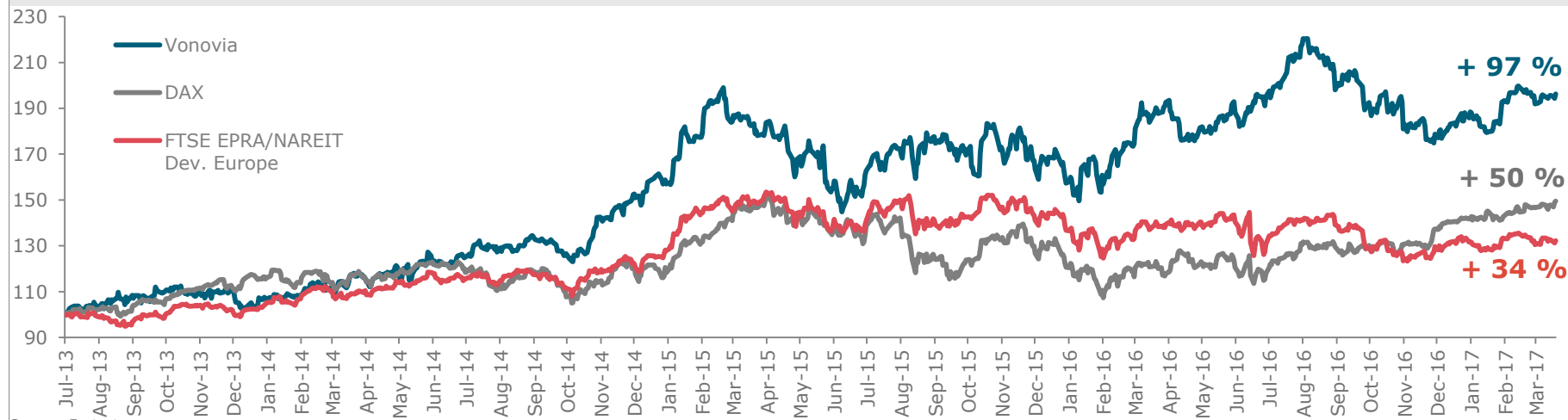


According to German law the lowest threshold for voting rights notifications is at 3%

## Share information

First day of trading	July 11, 2013	
Number of shares outstanding	468.8 million	
Free float based on Deutsche Börse definition	92.4%	
ISIN	DE000A1ML7J1	
Ticker symbol	VNA	
Share class	Registered shares with no par value	
Listing	Frankfurt Stock Exchange	
Market segment	Regulated Market, Prime Standard	
Major indices and weight (as of Mar. 31, 2017)		
	DAX	1.4%
	Stoxx Europe 600	0.2%
	MSCI Germany	1.3%
	GPR 250	1.2%
	FTSE EPRA/NAREIT Europe	7.6%

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



Source: Factset

- Continuous flow of innovative projects that are all immediately linked to the apartment or customer/rental contract.



# Substantial Reduction of Portfolio Locations

VONOVIA

03/2015 (incl. Südewo)

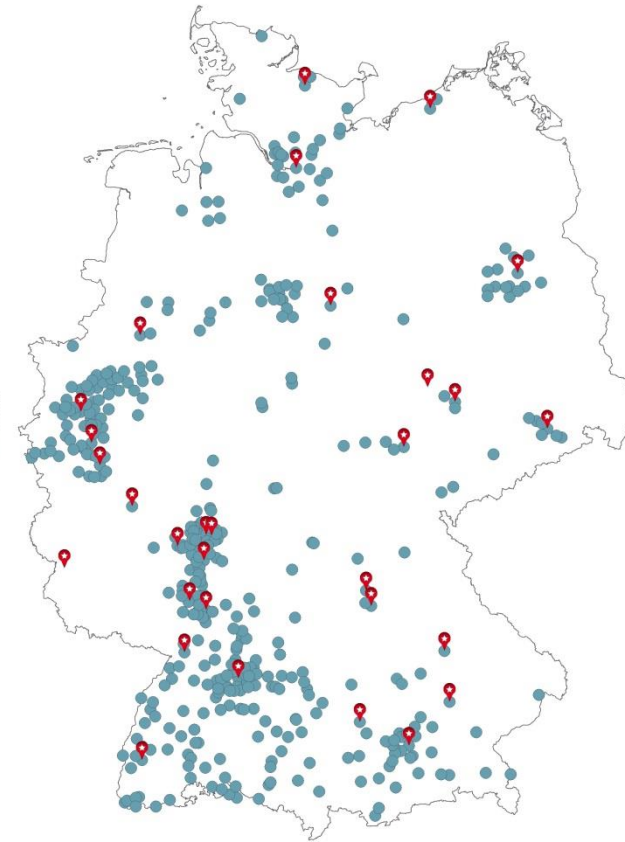
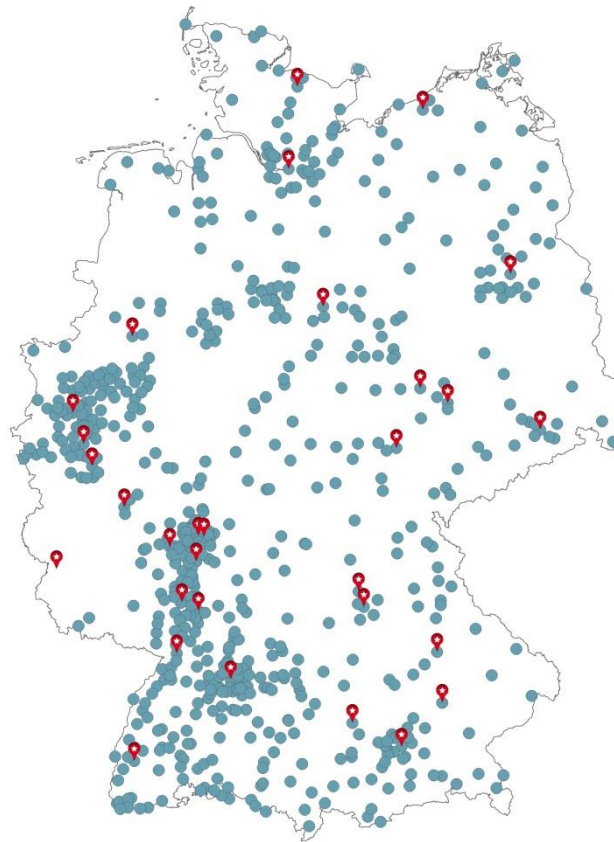
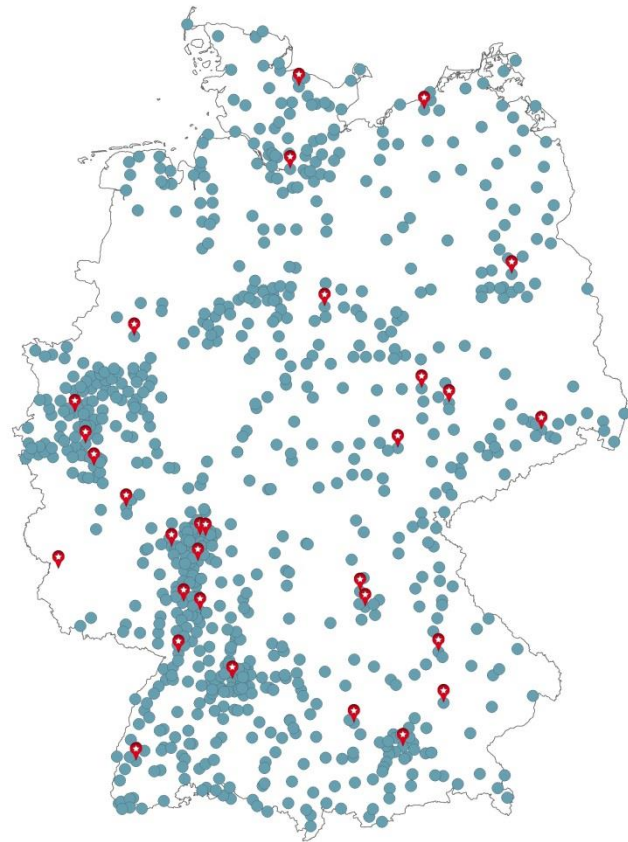
818 locations

12/2016

665 locations

Strategic Portfolio

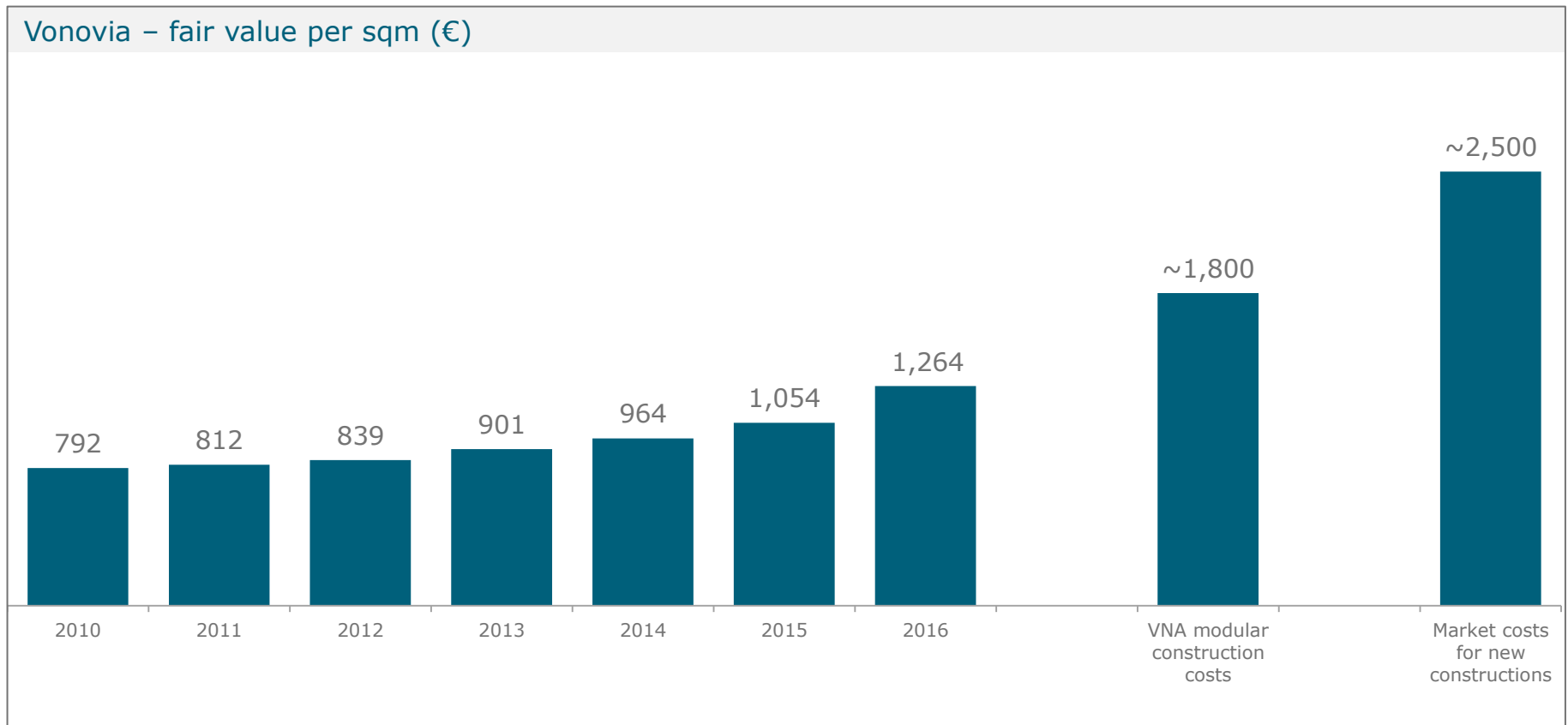
~400 locations



● Vonovia location

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

- In-place valuations are still only half of replacement values, in spite of accelerating valuation growth in recent years.



Note: VNA 2010 – 2014 refers to Deutsche Annington Portfolio at the time; construction costs excluding land.

## **Built-in organic growth momentum will continue**

- › Accelerated organic rent growth of 3.4% y-o-y.
- › Adj. EBITDA Operations up 8.7% y-o-y.
- › FFO 1 per share up 17.5% y-o-y.

## **Execution of 2017 investment program well underway**

- › Majority of projects already kicked off; target investment volume of ~€730m in FY2017 confirmed.
- › Pipeline of space creation projects for ~2,000 new units to be initiated in 2017.

## **conwert included in the results for the first time**

- › conwert is fully consolidated in the Q1 numbers.
- › FFO and NAV accretion already visible in Q1.

## **Compelling guidance for 2017 including conwert**

- › Organic rent growth of 3.8% - 4.0%.
- › FFO 1 between €900m - €920m (~€1.88 per share<sup>1</sup>).

<sup>1</sup> Based on eop NOSH and current assumptions for additional shares from GAGFAH cross border merger and scrip dividend acceptance rate.

# FFO 1 per Share +17.5%

- Adj. EBITDA Operations growth combined with lower interest expenses translates into 17.5% FFO per share growth.

€m (unless indicated otherwise)	Q1 2017	Q1 2016	Delta
Adj. EBITDA Operations	300.1	276.1	8.7%
FFO interest expense	-76.8	-86.0	-10.7%
Current income taxes FFO 1	-5.1	-3.8	34.2%
FFO 1	218.2	186.3	17.1%
of which attributable to Vonovia's shareholders	206.2	173.3	19.0%
of which attributable to Vonovia's hybrid capital investors	10.0	10.0	0.0%
of which attributable to non-controlling interests	2.0	3.0	-33.3%
Capitalized maintenance	-13.6	-14.6	-6.8%
AFFO	204.6	171.7	19.2%
Current income taxes FFO 2	-11.0	-26.2	-58.0%
Adjusted EBITDA Sales	19.1	35.0	-45.4%
FFO 2	226.3	195.1	16.0%
FFO 1 € / share (eop NOSH)	0.47	0.40	17.5%
FFO 1 € / share (avg. NOSH)	0.47	0.40	17.5%



- Adj. NAV up 1.4% driven by Q1 results plus first-time consolidation of convert.
- Valuation update with Q2 2017 numbers.

€m (unless indicated otherwise)	Mar. 31, 2017	Dec. 31, 2016	Delta
Equity attributable to Vonovia's shareholders	12,706.5	12,467.8	+1.9%
Deferred taxes on investment properties and assets held for sale	4,827.4	4,550.3	+6.1%
Fair value of derivative financial instruments <sup>1</sup>	29.0	44.4	-34.7%
Deferred taxes on derivative financial instruments	-14.3	-15.4	-7.1%
EPRA NAV	17,548.6	17,047.1	+2.9%
Goodwill	-2,931.8	-2,718.9	+7.8%
Adj. NAV	14,616.8	14,328.2	+2.0%
<b>EPRA NAV €/share</b>	<b>37.43</b>	<b>36.58</b>	<b>+2.3%</b>
<b>Adj. NAV €/share</b>	<b>31.18</b>	<b>30.75</b>	<b>+1.4%</b>

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

# LTV Well within Target Range

## Debt/EBITDA Multiple of 11.1x

- LTV temporarily up by 280 bps towards upper end of low to mid forties target range as a result of cash settlement of convert acquisition.
- Portfolio valuation as of Q2 is expected to positively impact the LTV.
- Debt/EBITDA multiple of 11.1x<sup>1</sup>

€m (unless indicated otherwise)	Mar. 31, 2017	Dec. 31, 2016	Delta
Non-derivative financial liabilities	14,435.3	13,371.0	+8.0%
Foreign exchange rate effects	-194.8	-209.9	-7.2%
Cash and cash equivalents	-1,007.9	-1,540.8	-34.6%
<b>Net debt</b>	<b>13,232.6</b>	<b>11,620.3</b>	<b>+13.9%</b>
Sales receivables	-144.4	-135.4	+6.6%
Additional loan amount for outstanding acquisitions	275.0	---	
<b>Adj. net debt</b>	<b>13,363.2</b>	<b>11,484.9</b>	<b>+16.4%</b>
Fair value of real estate portfolio	29,607.6	27,115.6	+9.2%
Shares in other real estate companies	520.4	503.1	+3.4%
<b>Adj. fair value of real estate portfolio</b>	<b>30,128.0</b>	<b>27,618.7</b>	<b>+9.1%</b>
<b>LTV</b>	<b>44.4%</b>	<b>41.6%</b>	<b>+ 280 bps</b>

<sup>1</sup> Net Debt as of March 31 over Q1 EBITDA Operations annualized.

# Sales Continue to Provide Steady Cash Flow at Attractive Margins

- Overall sales volume lower than in Q1 2016, largely because the prior year included the portfolio sale to LEG, which also included privatization units. Adjusted for this effect the sales volume is broadly stable.
- Slightly improved privatization margin in Q1 2017 in spite of increased fair values.

€m (unless indicated otherwise)	PRIVATIZATION		NON-CORE / NON-STRATEGIC		TOTAL	
	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Q1 2017	Q1 2016
No. of residential units sold	535	890	1,157	14,661	1,692	15,551
Income from disposal	72.0	73.8	420.2	616.7	492.2	690.5
Fair value of disposal	-54.9	-56.4	-410.9	-594.3	-465.8	-650.7
Adj. profit from disposal	17.1	17.4	9.3	22.4	26.4	39.8
Fair value step-up (%)	31.1%	30.9%	2.3%	3.8%		
Selling costs					-7.3	-4.8
Adj. EBITDA Sales					19.1	35.0



**Built-in organic growth momentum will continue**



**High degree of visibility on investment program 2017 including space creation**



**conversion integration fully on track**

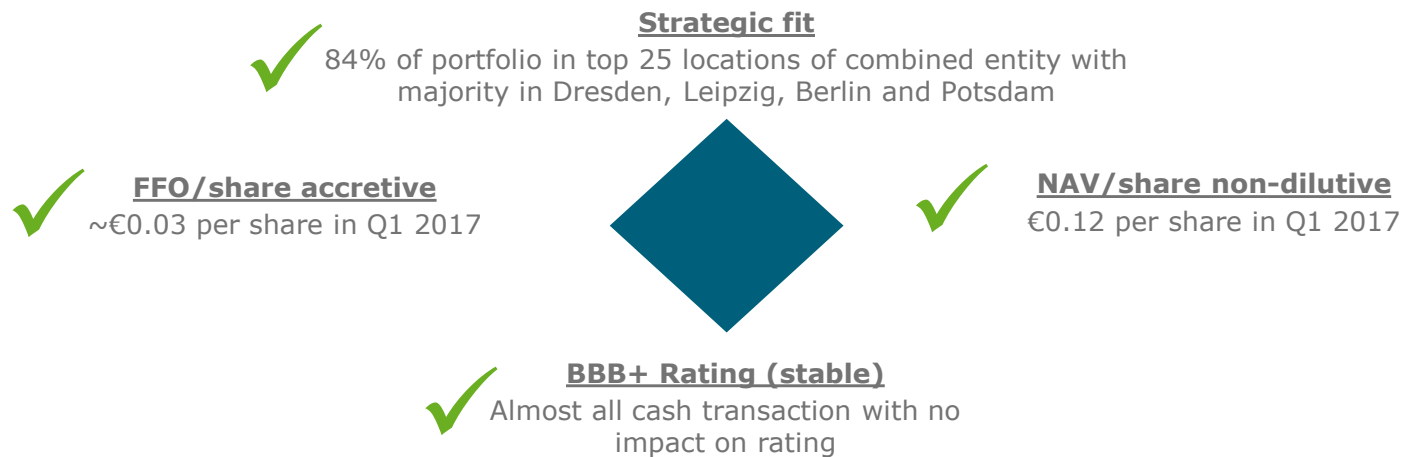


**Compelling guidance for 2017**



**Valuation update with Q2 reporting on August 2**

## Acquisition criteria



# Improvements Across All KPIs

VONOVIA

		Q1 2017	Q1 2016	Delta
Average number of residential sqm	'000	22,276	22,203	+0.3%
In-place rent (eop)	€/month/sqm	6.06	5.84	+3.8%
Organic rent growth	%	3.4%	2.9%	+ 50 bps
Vacancy rate (eop)	%	2.7%	2.8%	- 10 bps
Rental income	€m	417.2	392.0	+6.4%
Cost per average unit	€	151	161	-6.2%
Adj. EBITDA Operations	€m	300.1	276.1	+8.7%
Rental	€m	285.6	269.0	+6.2%
Value-add Business	€m	19.8	7.6	>100%
Other (i.e. consolidation)	€m	-5.3	-0.5	>100%
FFO 1	€m	218.2	186.3	+17.1%
FFO 1 per share (eop NOSH)	€	0.47	0.40	+17.5%
FFO 1 per share (avg. NOSH)	€	0.47	0.40	+17.5%
AFFO	€m	204.6	171.7	+19.2%
Adj. EBITDA Sales	€m	19.1	35.0	-45.4%
Adj. EBITDA (Total)	€m	319.2	311.1	+2.6%
FFO 2	€m	226.3	195.1	+16.0%

+8.6%  
per avg. unit  
(€842 vs. €776)

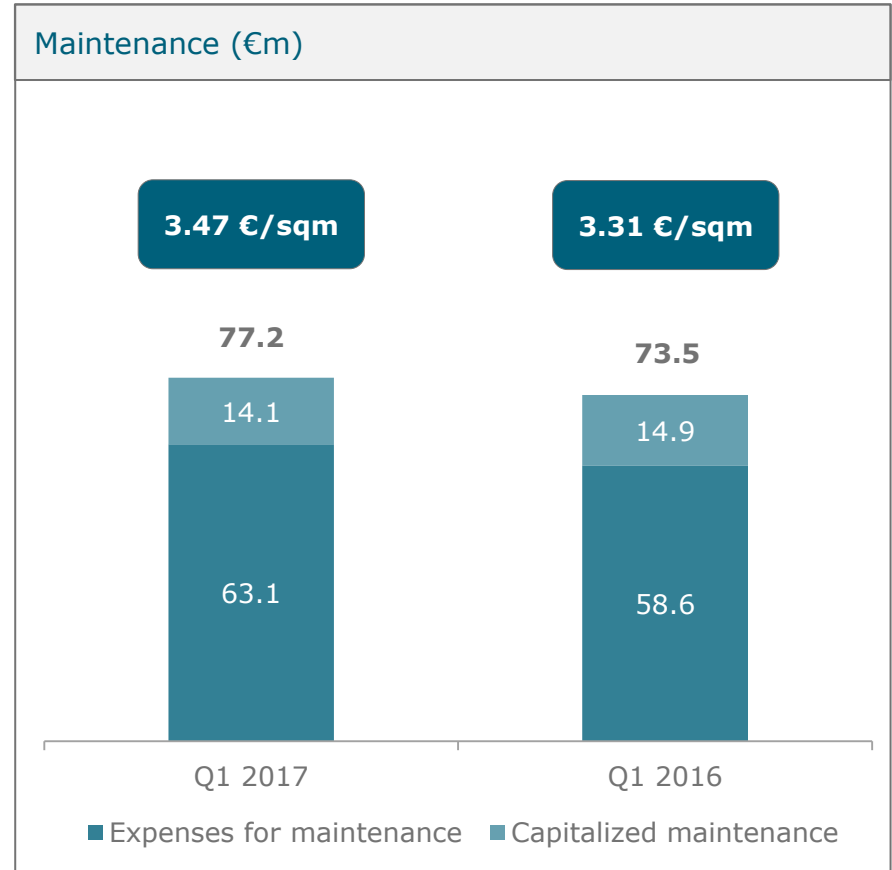
+16.8%  
per unit  
(€612 vs. €524)

+0.9%  
per sqm  
(€1,276 vs.  
€1,264)

		Mar. 31, 2017	Dec. 31, 2016	Delta
Fair value of real estate portfolio	€m	29,607.6	27,115.6	+9.2%
EPRA NAV	€/share	37.43	36.58	+2.3%
Adj. NAV	€/share	31.18	30.75	+1.4%
LTV	%	44.4%	41.6%	+280 bps

- Nominal increase as a result of larger portfolio
- Stable maintenance on a per-sqm basis

€m (unless indicated otherwise)	Q1 2017	Q1 2016	Delta
Expenses for maintenance	63.1	58.6	7.7%
Capitalized maintenance	14.1	14.9	-5.4%
Total	77.2	73.5	5.0%
Maintenance capitalization ratio	18%	20%	



# Reconciliation IFRS Profit to FFO

VONOVIA

€m (unless indicated otherwise)	Q1 2017	Q1 2016	Delta
<b>PROFIT FOR THE PERIOD</b>	130.7	79.2	+65.0%
Financial result	83.0	131.3	-36.8%
Income taxes	83.0	42.8	+93.9%
Depreciation and amortization	7.1	4.4	+61.4%
<b>= EBITDA IFRS</b>	303.8	257.7	+17.9%
Non-recurring items	13.9	26.7	-47.9%
Total period adjustments from assets held for sale	1.5	26.7	-94.4%
<b>= ADJUSTED EBITDA</b>	319.2	311.1	+2.6%
Adjusted EBITDA Sales	-19.1	-35.0	-45.4%
<b>= ADJUSTED EBITDA OPERATIONS</b>	300.1	276.1	+8.7%
Interest expense FFO	-76.8	-86.0	-10.7%
Current income taxes FFO 1	-5.1	-3.8	+34.2%
<b>= FFO 1</b>	218.2	186.3	+17.1%
Capitalized maintenance	-13.6	-14.6	-6.8%
<b>= AFFO</b>	204.6	171.7	+19.2%
Current income taxes FFO2	-11.0	-26.2	-58.0%
<b>FFO 2 (FFO 1 incl. Adjusted EBITDA Sales/current income taxes Sales)</b>	226.3	195.1	+16.0%
FFO 1 per share in € (eop NOSH)	0.47	0.40	+17.5%
AFFO per share in € (eop NOSH)	0.44	0.37	+17.7%
Number of shares (million) eop	468.8	466.0	+0.6%



€m (unless indicated otherwise)	Q1 2017	Q1 2016	Delta
Income from property letting	586.7	556.6	5.4%
Other income from property management	10.0	9.3	7.5%
<b>Income from property management</b>	<b>596.7</b>	<b>565.9</b>	<b>5.4%</b>
Income from disposal of properties	492.2	690.5	-28.7%
Carrying amount of properties sold	-476.7	-683.0	-30.2%
Revaluation of assets held for sale	9.4	5.6	67.9%
<b>Profit on disposal of properties</b>	<b>24.9</b>	<b>13.1</b>	<b>90.1%</b>
<b>Net income from fair value adjustments of investment properties</b>	<b>n/a</b>	<b>n/a</b>	
Capitalized internal expenses	85.4	49.4	72.9%
Cost of materials	-274.3	-244.1	12.4%
Personnel expenses	-102.0	-92.9	9.8%
Depreciation and amortization	-7.1	-4.4	61.4%
Other operating income	26.5	23.6	12.3%
Other operating expenses	-59.7	-57.3	4.2%
Financial income	7.3	9.5	-23.2%
Financial expenses	-84.0	-140.8	-40.3%
<b>Earnings before tax</b>	<b>213.7</b>	<b>122.0</b>	<b>75.2%</b>
Income taxes	-83.0	-42.8	93.9%
<b>Profit for the period</b>	<b>130.7</b>	<b>79.2</b>	<b>65.0%</b>
Attributable to:			
Vonovia's shareholders	116.6	56.5	106.4%
Vonovia's hybrid capital investors	7.4	7.4	0.0%
Non-controlling interests	6.7	15.3	-56.2%
<b>Earnings per share (basic and diluted) in €</b>	<b>0.25</b>	<b>0.12</b>	<b>108.3%</b>

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

VONOVIA

€m (unless indicated otherwise)	Mar 31, 2017	Dec. 31, 2016	Delta
<b>Assets</b>			
Intangible assets	2,958.8	2,743.1	7.9%
Property, plant and equipment	129.2	115.7	11.7%
Investment properties	29,463.0	26,980.3	9.2%
Financial assets	618.0	585.9	5.5%
Other assets	14.9	15.2	-2.0%
Deferred tax assets	24.9	19.6	27.0%
<b>Total non-current assets</b>	<b>33,208.8</b>	<b>30,459.8</b>	<b>9.0%</b>
Inventories	6.7	5.0	34.0%
Trade receivables	183.3	164.4	11.5%
Financial assets	166.5	153.2	8.7%
Other assets	171.7	102.7	67.2%
Income tax receivables	39.1	34.6	13.0%
Cash and cash equivalents	1,007.9	1,540.8	-34.6%
Assets held for sale	64.1	61.6	4.1%
<b>Total current assets</b>	<b>1,639.3</b>	<b>2,062.3</b>	<b>-20.5%</b>
<b>Total assets</b>	<b>34,848.1</b>	<b>32,522.1</b>	<b>7.2%</b>

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

VONOVIA

€m (unless indicated otherwise)	Mar 31, 2017	Dec. 31, 2016	Delta
<b>Equity and liabilities</b>			
Subscribed capital	468.8	466.0	0.6%
Capital reserves	5,421.9	5,334.9	1.6%
Retained earnings	6,784.8	6,665.4	1.8%
Other reserves	31.0	1.5	>100%
<b>Total equity attributable to Vonovia's shareholders</b>	<b>12,706.5</b>	<b>12,467.8</b>	<b>1.9%</b>
Equity attributable to hybrid capital investors	1,011.5	1,001.6	1.0%
<b>Total equity attributable to Vonovia's shareholders and hybrid capital investors</b>	<b>13,718.0</b>	<b>13,469.4</b>	<b>1.8%</b>
Non-controlling interests	552.6	419.0	31.9%
<b>Total equity</b>	<b>14,270.6</b>	<b>13,888.4</b>	<b>2.8%</b>
Provisions	612.1	607.9	0.7%
Trade payables	0.6	1.3	-53.8%
Non derivative financial liabilities	12,003.9	11,643.4	3.1%
Derivatives	23.3	19.1	22.0%
Liabilities from finance leases	94.6	94.7	-0.1%
Liabilities to non-controlling interests	10.0	9.9	1.0%
Other liabilities	81.2	83.3	-2.5%
Deferred tax liabilities	4,002.3	3,769.5	6.2%
<b>Total non-current liabilities</b>	<b>16,828.0</b>	<b>16,229.1</b>	<b>3.7%</b>
Provisions	378.9	370.8	2.2%
Trade payables	137.0	138.8	-1.3%
Non derivative financial liabilities	2,431.4	1,727.6	40.7%
Derivatives	69.3	57.5	20.5%
Liabilities from finance leases	11.4	4.5	153.3%
Liabilities to non-controlling interests	0.3	2.7	-88.9%
Other liabilities	721.2	102.7	602.2%
<b>Total current liabilities</b>	<b>3,749.5</b>	<b>2,404.6</b>	<b>55.9%</b>
<b>Total liabilities</b>	<b>20,577.5</b>	<b>18,633.7</b>	<b>10.4%</b>
<b>Total equity and liabilities</b>	<b>34,848.1</b>	<b>32,522.1</b>	<b>7.2%</b>

## Corporate Investment grade rating

Rating agency	Rating	Outlook	Last Update
Standard & Poor's	BBB+	Stable	06. Sep 16

## Bond ratings

Name	Tenor & Coupon	ISIN	Amount	Issue price	Coupon	Final Maturity Date	Rating
Bond 002 (EUR-Bond)	6 years 3.125%	DE000A1HNNW52	€ 600m	99.935%	3.125%	25 July 2019	BBB+
Bond 003 (USD-Bond)	4 years 3.200%	US25155FAA49	USD 750m	100.000%	2.970% <sup>1</sup>	02 Oct 2017	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 74	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%	1.500%	31 Mar 2025	BBB+
Bond 010A (EMTN)	2 years 0.950%+3M EURIBOR	DE000A18V120	€ 750m	100.000%	0.835% hedged	15 Dec 2017	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%	2.250%	15 Dec 2023	BBB+
Bond 011A (EMTN)	6 years 0.875%	DE000A182VS4	€ 500m	99.530%	0.875%	10 June 2022	BBB+
Bond 011B (EMTN)	10 years 1.500%	DE000A182VT2	€ 500m	99.165%	1.500%	10 June 2026	BBB+
Bond 012 (EMTN)	2 years 0.380%+3M EURIBOR	DE000A185WC9	€ 500m	100.000%	0.140% hedged	13 Sep 2018	BBB+
Bond 013 (EMTN)	8 years 1.250%	DE000A189ZX0	€ 1,000m	99.037%	1.250%	06 Dec 2024	BBB+
Bond 14A (EMTN)	5 years 0.750%	DE000A19B8D4	€ 500m	99.863%	0.750%	25 Jan 2022	BBB+
Bond 14B (EMTN)	10 years 1.750%	DE000A19B8E2	€ 500m	99.266%	1.750%	25 Jan 2027	BBB+
conwert Bond	5 years 5.75%	AT0000A0VAL3	€ 65m	99.936%	5.750%	19 June 2017	not rated

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

> Bond KPIs

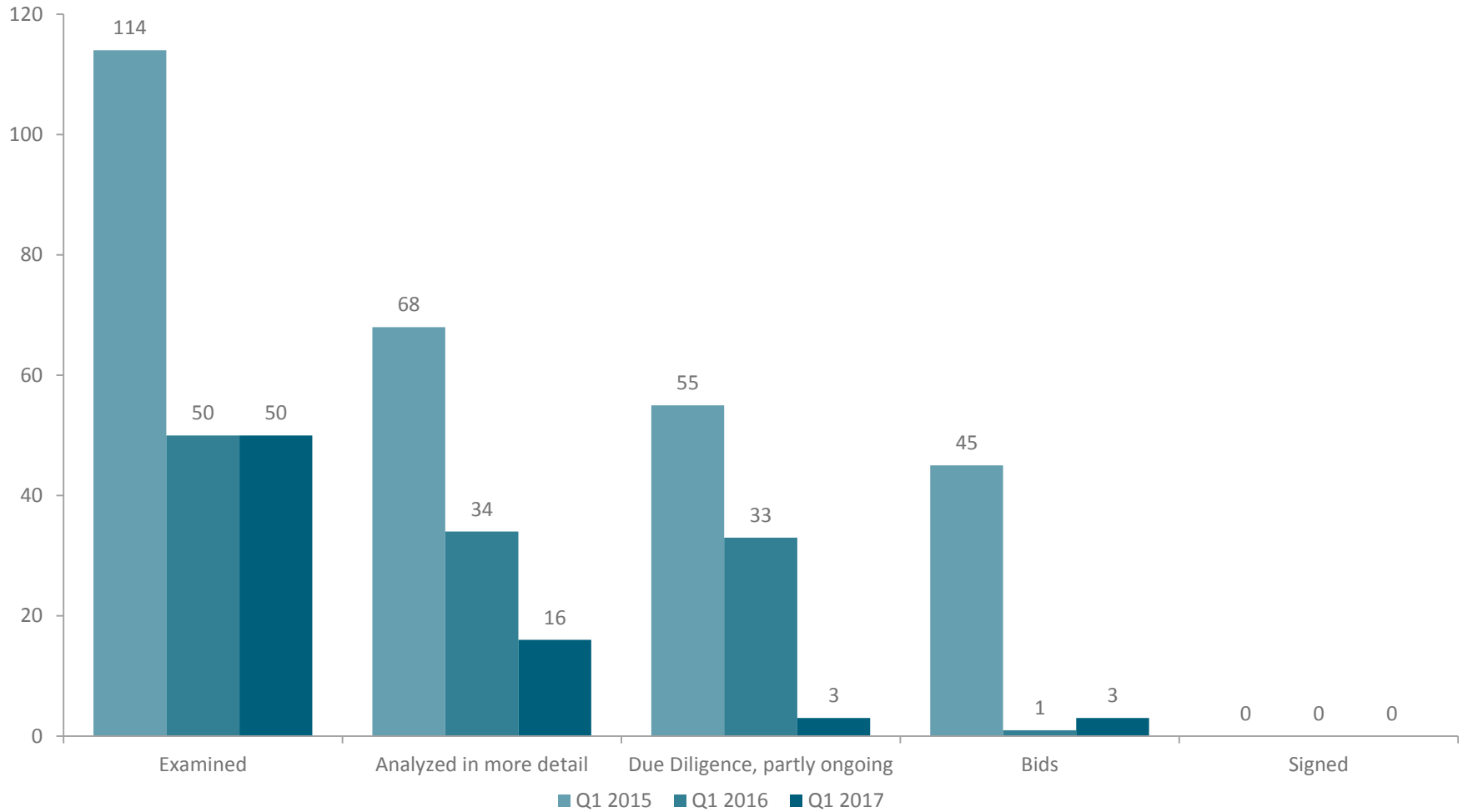
Covenant	Level	Mar. 31, 2016
<b>LTV</b>		
Total Debt / Total Assets	<60%	<b>41%</b>
<b>Secured LTV</b>		
Secured Debt / Total Assets	<45%	<b>11%</b>
<b>ICR</b>		
Last 12M EBITDA / Last 12M Interest Expense	>1.80x	<b>3.81x</b>
<b>Unencumbered Assets</b>		
Unencumbered Assets / Unsecured Debt	>125%	<b>219%</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

# Acquisitions – Opportunistic but Disciplined

Acquisition pipeline ('000 units) – excl. Gagfah



# Historical Key Figures (1/2)

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

Key Balance Sheet Figures in € million	Dec. 31, 2016	Dec. 31, 2015	Dec 31, 2014	Dec 31, 2013
Fair value of the real estate portfolio	27,115.6	24,157.7	12,759.1	10,326.7
Adjusted NAV	14,328.2	11,273.5	6,472.0	5,123.4
Adjusted NAV per share in €	30.75	24.19	22.67	21.74
LTV (%)	41.6	46.9	22.67	48.1
<b>Non-Financial Key Figures</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Number of units managed	392,350	397,799	232,246	201,737
thereof own apartments	333,381	357,117	203,028	175,258
thereof apartments owned by others	58,969	40,682	29,218	26,479
Number of units bought	2,815	168,632	31,858	0
Number of units sold	26,631	15,174	4,081	6,720
thereof Privatize	2,701	2,979	2,238	2,576
thereof Non-Core	23,930	12,195	1,843	4,144
Vacancy rate (in %)	2.4	2.7	3.4	3.5
Monthly in-place rent in €/sqm	6.02	5.75	5.58	5.40
Monthly in-place rent in €/sqm like-for-like	6.01	5.82	-	-
Number of employees (as at Dec. 31)	7,437	6,368	3,850	2,935
<b>EPRA Key Figures</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
EPRA NAV	17,047.1	13,988.2	6,578.0	5,123.4
EPRA NAV per share in €**	36.58	30.02	23.04	21.74
EPRA NNNAV	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.



