

Q1 2017 Earnings Call

May 24, 2017

Rolf Buch, CEO

Dr. A. Stefan Kirsten, CFO

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 share¹).

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

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 Extension 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 Extension	€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.

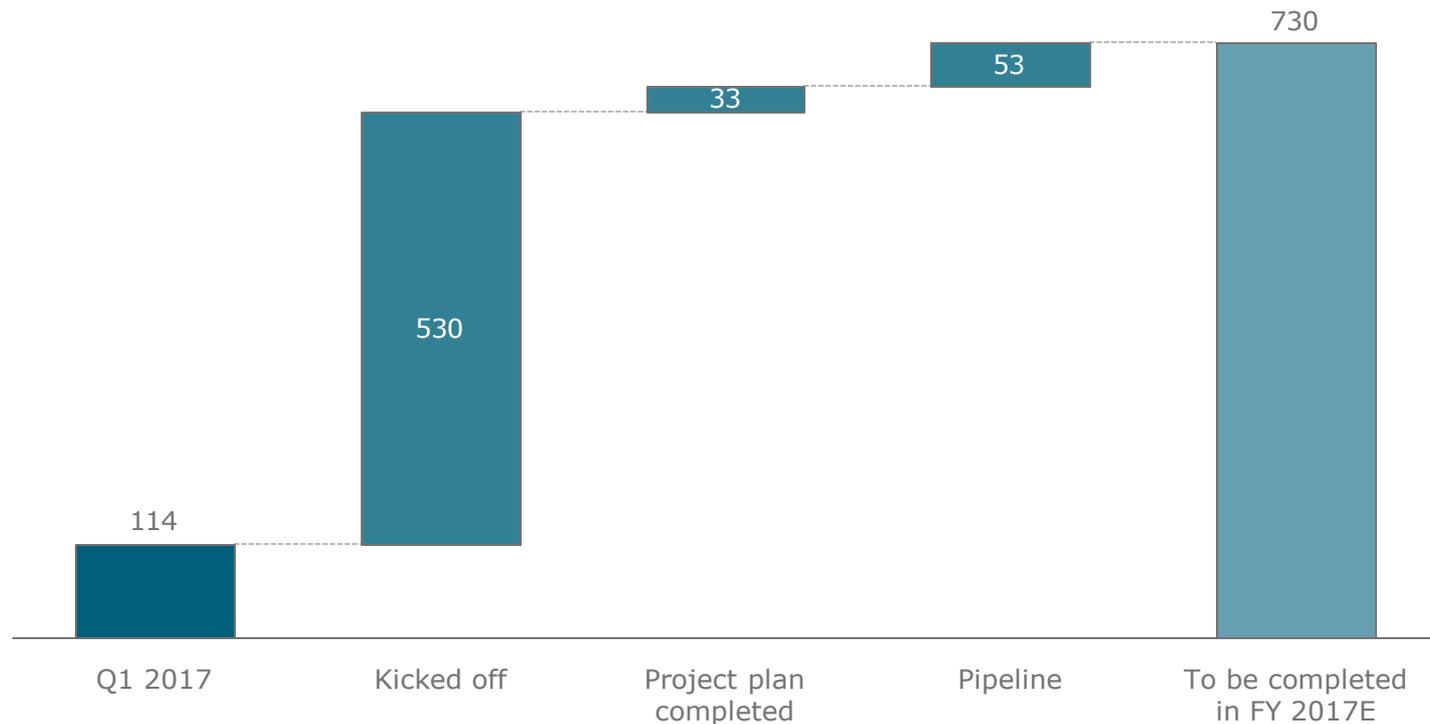
In-place rent (€/month/sqm, eop)	Q1 2017	Q1 2016	Delta
In-place rent	6.06	5.84	3.8%

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

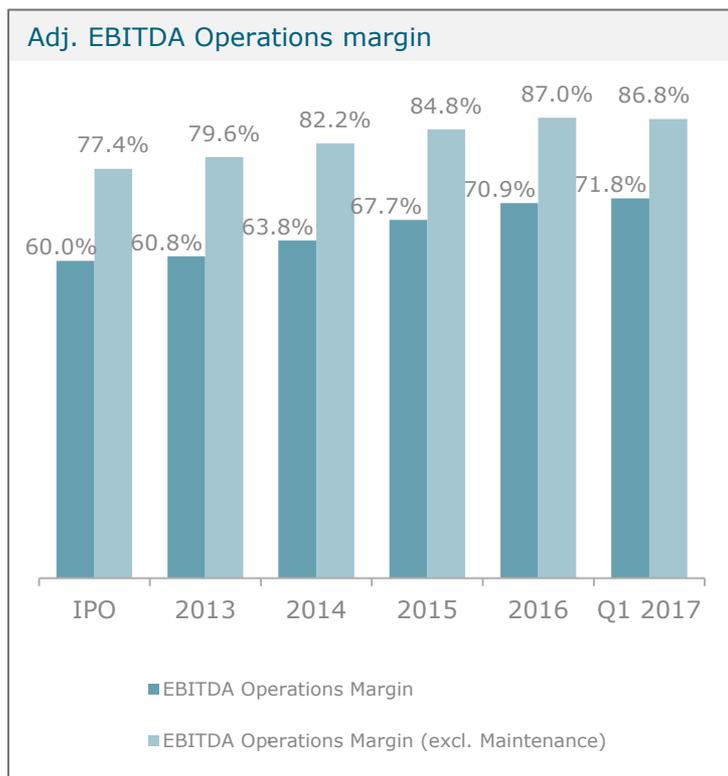
Investment program calendar year 2017 (€m)



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 Extension contribution.
- EBITDA margin expansion continues with 90 bps improvement in Q1 2017.

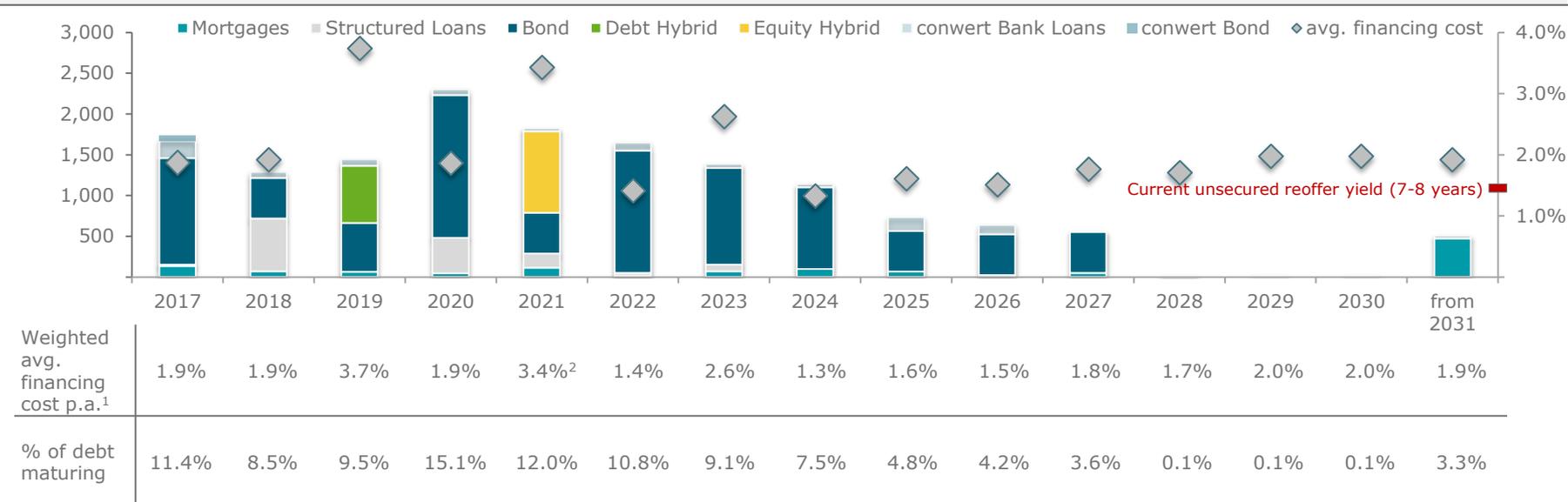


€m (unless indicated otherwise)	Q1 2017	Q1 2016	Delta
Rental income	417.2	392.0	+6.4%
Maintenance expenses	-63.1	-58.6	+7.7%
Operating expenses	-68.5	-64.4	+6.4%
Adj. EBITDA Rental	285.6	269.0	+6.2%
Extension income	215.8	138.7	+55.6%
of which external	51.4	27.2	+89.0%
of which internal	164.4	111.5	+47.4%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

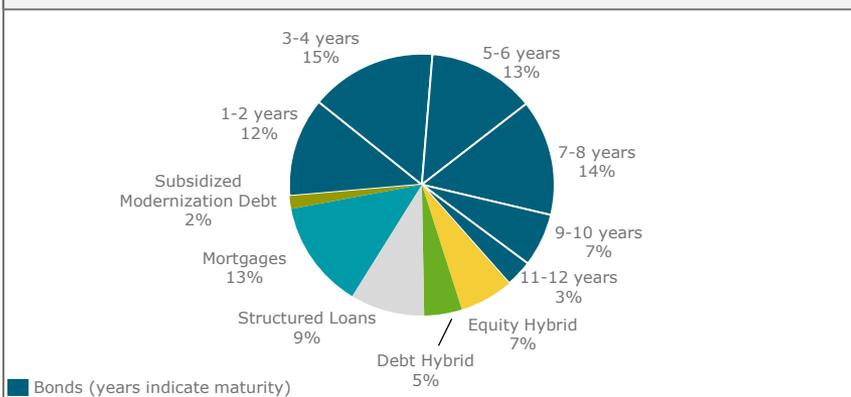
¹ Mainly consolidation

Smooth Maturity Profile with Diverse Funding Mix

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 ³	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	

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

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 11.1x¹

€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%
Net debt	13,232.6	11,620.3	+13.9%
Sales receivables	-144.4	-135.4	+6.6%
Additional loan amount for outstanding acquisitions	275.0	---	
Adj. net debt	13,363.2	11,484.9	+16.4%
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%
Adj. fair value of real estate portfolio	30,128.0	27,618.7	+9.1%
LTV	44.4%	41.6%	+ 280 bps

¹ Net Debt as of March 31 over Q1 EBITDA Operations annualized.

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%

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.

Mar. 31, 2017	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%
Subtotal Strategic Clusters	320,228	6.12	2.3	26.6	90%
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%
Total Germany	353,289	6.06	2.7	28.8	98%
Vienna ¹	2,236	6.11	3.4	0.6	2%
Total Residential Portfolio	355,525	6.06	2.7	29.4	100%

¹ 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							Multiple (in-place rent)	Average annual rent growth forecast CBRE (5 yrs, %)	Average rent growth (%) from Optimize Apartments
	(€m)	(€/sqm)	Residential units	Living area ('000 sqm)	Vacancy (%)	Total (p.a., €m)	Residential (p.a., €m)	(€/sqm)	Change like-for-like (%)			
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
Total Strategic Locations	28,014	1,298	335,355	20,939	2.4	1,572	1,498	6.11	3.4	17.8	2.9	34.0

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.

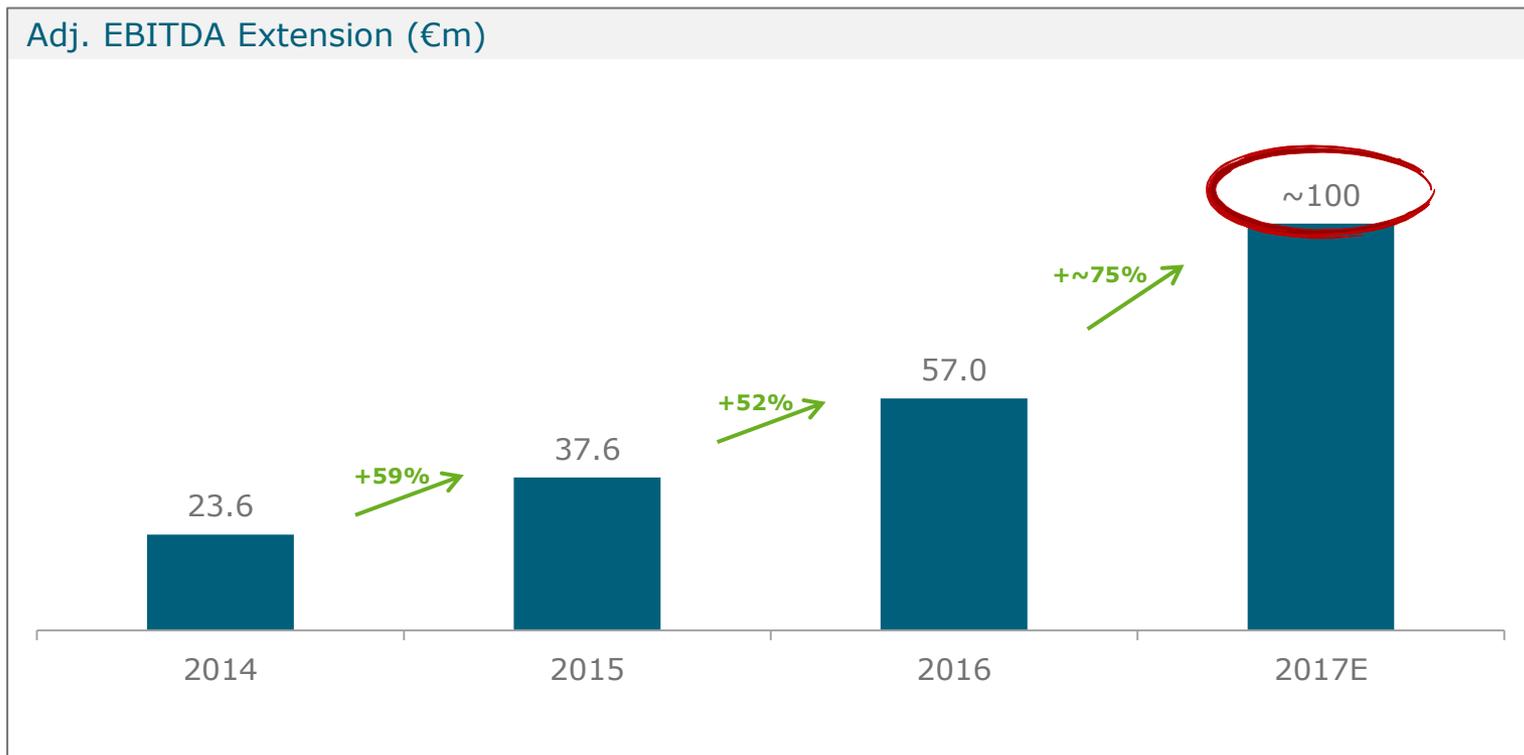
- Adj. NAV up 1.4% driven by Q1 results plus first-time consolidation of convert.
- Valuation update with Q2 2017 numbers.

€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 ¹	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%
EPRA NAV €/share	37.43	36.58	+2.3%
Adj. NAV €/share	31.18	30.75	+1.4%

¹ Adjusted for effects from cross currency swaps.

Additional Value from Extension Business

- NAV does not account for Vonovia's Extension Segment.
- Cash flows generated in Extension Segment have the same stability as the rental business, as they are directly linked to the apartment or tenant.
- Applying the impairment test WACC¹ to the 2017E Adj. EBITDA Extension translates into an additional value of **~€5.2 per share (~17% on top of Adj. NAV)**



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

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

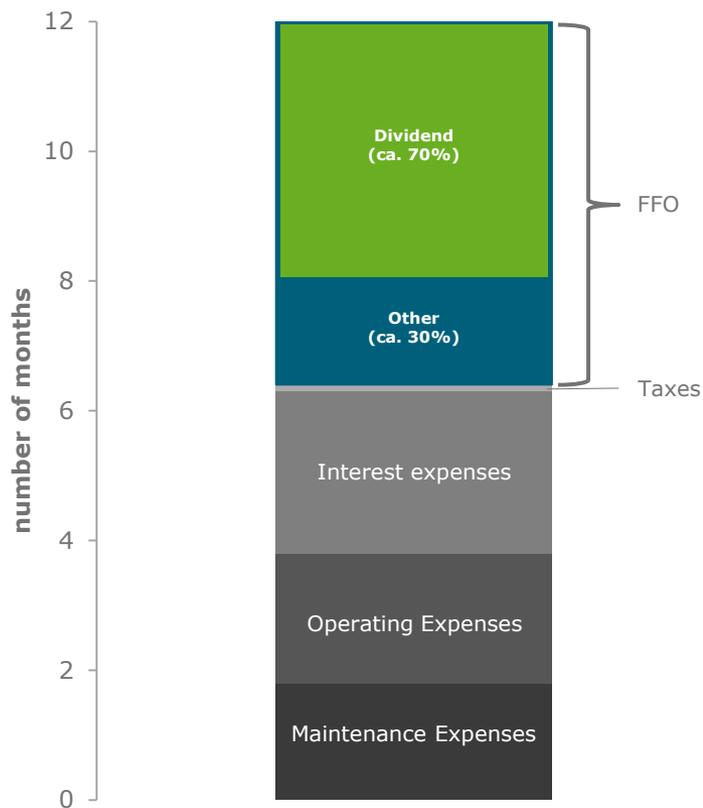
Acquisition criteria



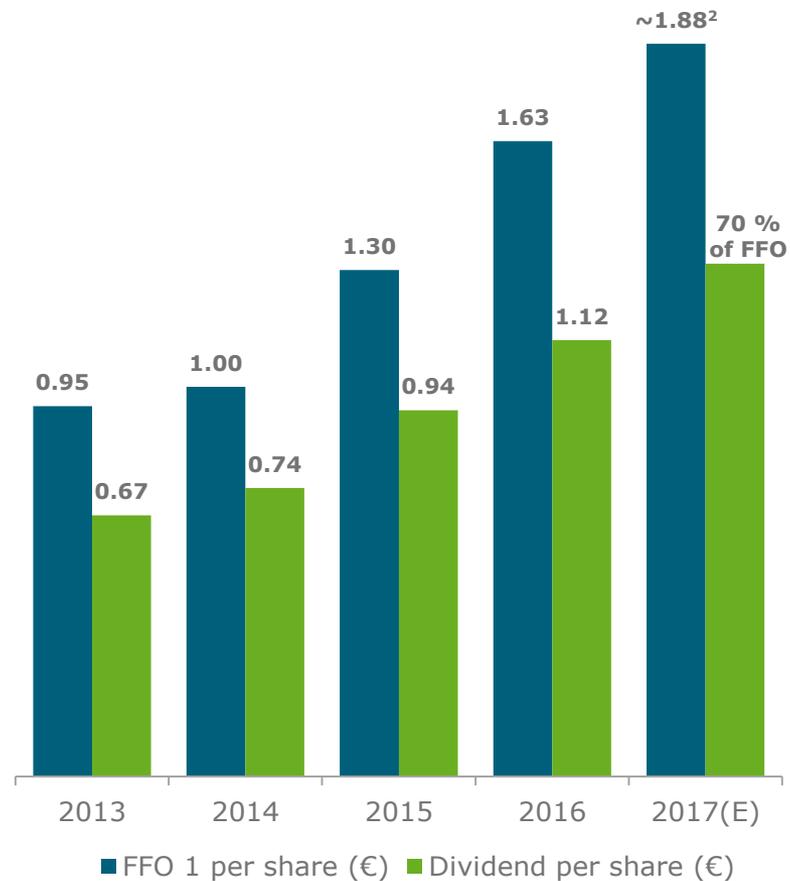
	2016 Actuals	2017 Guidance (March 2017, excl. convert)	2017 Guidance (May 2017, incl. convert)
Organic rent growth (eop)	3.3%	3.5%-3.7%	3.8%-4.0%
Vacancy (eop)	2.4%	<2.5%	<2.5%
Rental Income (€m)	1,538.1	1,530-1,550	1,660-1,680
FFO1 (€m)	760.8	830-850	900-920
FFO1 (€/share)	1.63	1.78-1.82	~1.88 ¹
Maintenance (€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

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

Number of months until costs are earned by recurring income¹



Sustainable and growing cash flow with attractive pay-out ratio



¹ Rental income + EBITDA Extension and Other; excluding sales effects. ² Based on eop NOSH and current assumptions for additional shares from GAGFAH cross border merger and scrip dividend acceptance rate.

- We invite capital market participants from the buy-side investment and sell-side research communities for an extensive view into Vonovia's machine room and a better understanding on how we run our operating platform.
- Schedule:
 - Monday, June 19: Welcome dinner in Bochum starting at 19:00.
 - Tuesday, June 20: Management presentation and break-out sessions in the morning and site visits to a modular construction project and our state-of-the-art service center in the afternoon. CMD finishes by around 5:00 p.m.
- Please contact the Investor Relations team no later than May 26 to register for the event.





Built-in organic growth momentum will continue



High degree of visibility on investment program 2017 including space creation



conwert integration fully on track



Compelling guidance for 2017



Valuation update with Q2 reporting on August 2

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Financial Calendar 2017

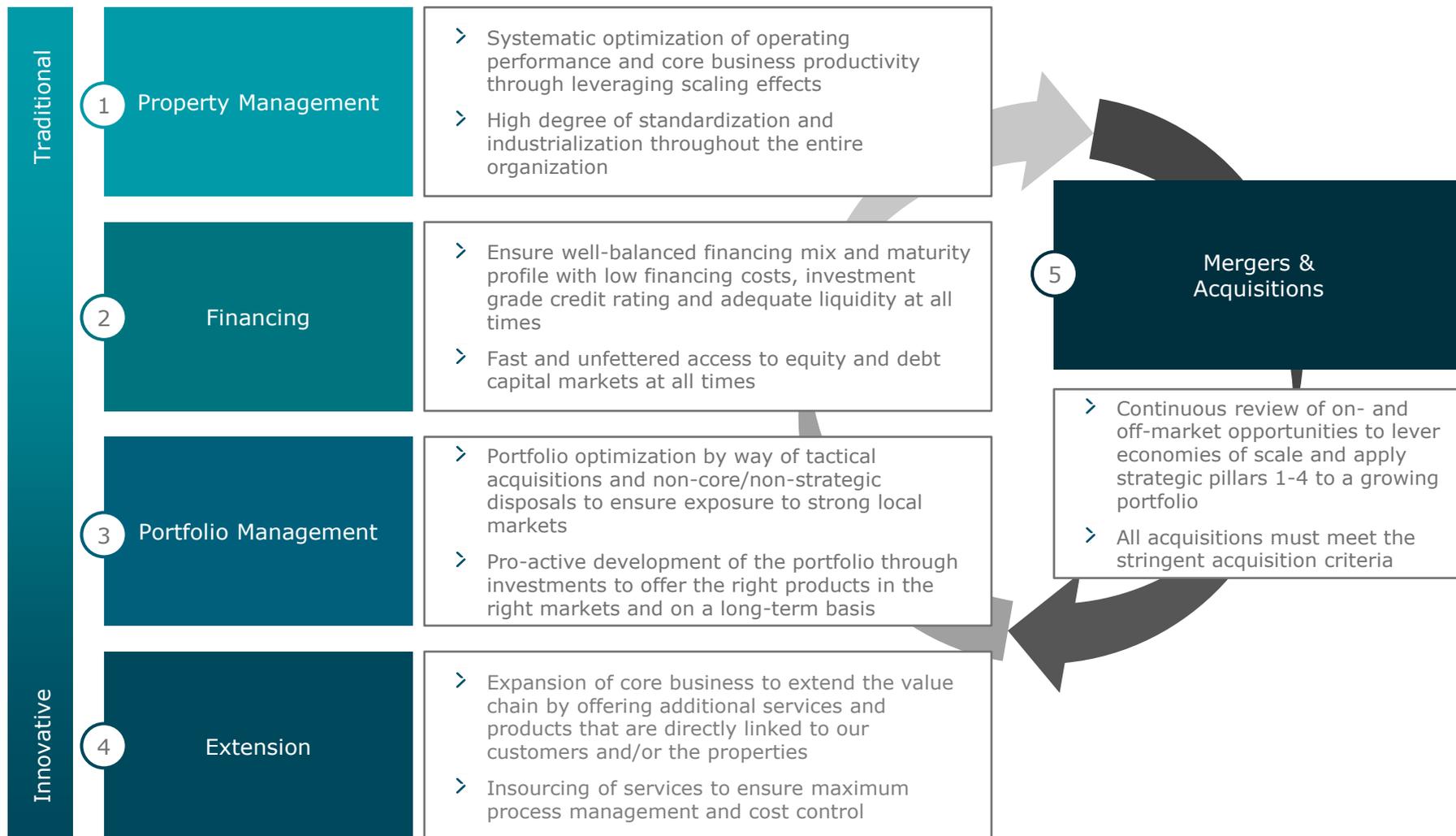
May 29	Management Roadshow, Frankfurt
May 30	Management Roadshow, London
Jun 1	Kepler Cheuvreux German Property Day (Paris)
Jun 7	Kepler Cheuvreux European One Stop Shop Tour (Dublin)
Jun 7	Goldman Sachs European Financials Conference (Madrid)
Jun 8	Kempen European Property Seminar (Amsterdam)
Jun 16	Estimated dividend payment date (cash option)
Jun 21	Estimated dividend payment date (share option)
Jun 19-20	Vonovia Capital Markets Day (Bochum)
June 22	dBAccess Berlin Conference (Berlin)
Aug 2	Interim results 6M 2017
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)
Nov 8	Interim results 9M 2017
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)

Vonovia Investor
Relations Tablet App

Now available for
iOS and Android

Appendix

Reputation & Customer Satisfaction



Improvements Across All KPIs

		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%
Extension	€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)

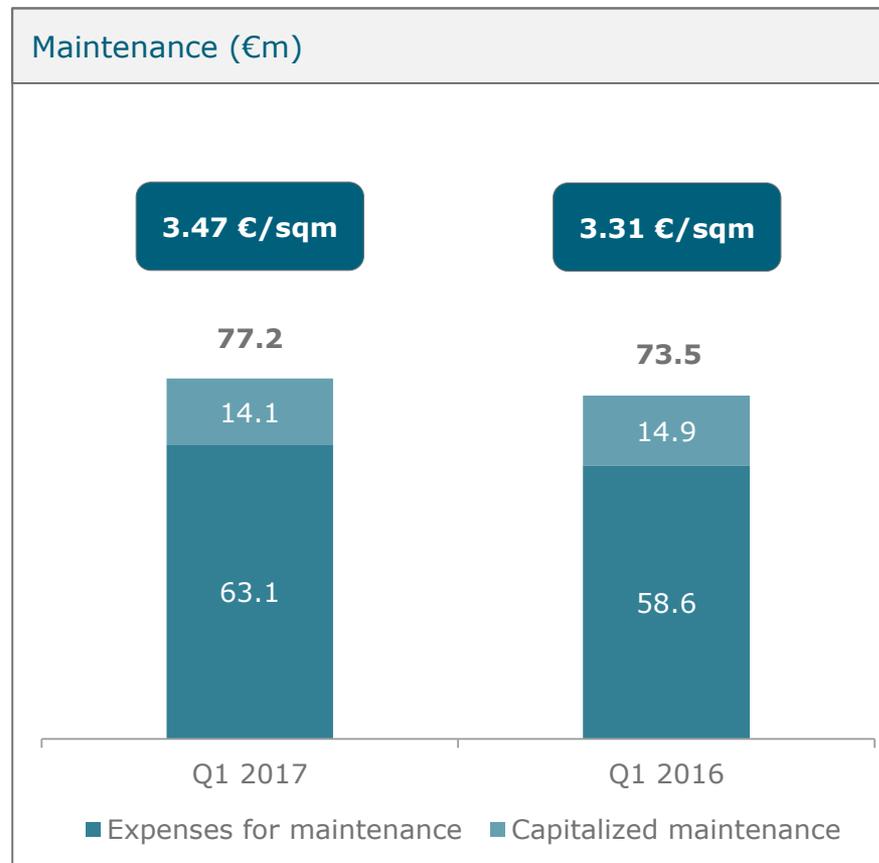
+16.8%
per unit
(€612 vs. €524)

+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

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€m (unless indicated otherwise)	Q1 2017	Q1 2016	Delta
PROFIT FOR THE PERIOD	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%
= EBITDA IFRS	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%
= ADJUSTED EBITDA	319.2	311.1	+2.6%
Adjusted EBITDA Sales	-19.1	-35.0	-45.4%
= ADJUSTED EBITDA OPERATIONS	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%
= FFO 1	218.2	186.3	+17.1%
Capitalized maintenance	-13.6	-14.6	-6.8%
= AFFO	204.6	171.7	+19.2%
Current income taxes FFO2	-11.0	-26.2	-58.0%
FFO 2 (FFO 1 incl. Adjusted EBITDA Sales/current income taxes Sales)	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%
Income from property management	596.7	565.9	5.4%
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%
Profit on disposal of properties	24.9	13.1	90.1%
Net income from fair value adjustments of investment properties	n/a	n/a	
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%
Earnings before tax	213.7	122.0	75.2%
Income taxes	-83.0	-42.8	93.9%
Profit for the period	130.7	79.2	65.0%
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%
Earnings per share (basic and diluted) in €	0.25	0.12	108.3%

IFRS Balance Sheet (1/2 – Total Assets)

VONOVIA

€m (unless indicated otherwise)	Mar 31, 2017	Dec. 31, 2016	Delta
Assets			
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%
Total non-current assets	33,208.8	30,459.8	9.0%
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%
Total current assets	1,639.3	2,062.3	-20.5%
Total assets	34,848.1	32,522.1	7.2%

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

VONOVIA

€m (unless indicated otherwise)	Mar 31, 2017	Dec. 31, 2016	Delta
Equity and liabilities			
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%
Total equity attributable to Vonovia's shareholders	12,706.5	12,467.8	1.9%
Equity attributable to hybrid capital investors	1,011.5	1,001.6	1.0%
Total equity attributable to Vonovia's shareholders and hybrid capital investors	13,718.0	13,469.4	1.8%
Non-controlling interests	552.6	419.0	31.9%
Total equity	14,270.6	13,888.4	2.8%
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%
Total non-current liabilities	16,828.0	16,229.1	3.7%
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%
Total current liabilities	3,749.5	2,404.6	55.9%
Total liabilities	20,577.5	18,633.7	10.4%
Total equity and liabilities	34,848.1	32,522.1	7.2%

Substantial Reduction of Portfolio Locations

VONOVIA

03/2015 (incl. Südewo)

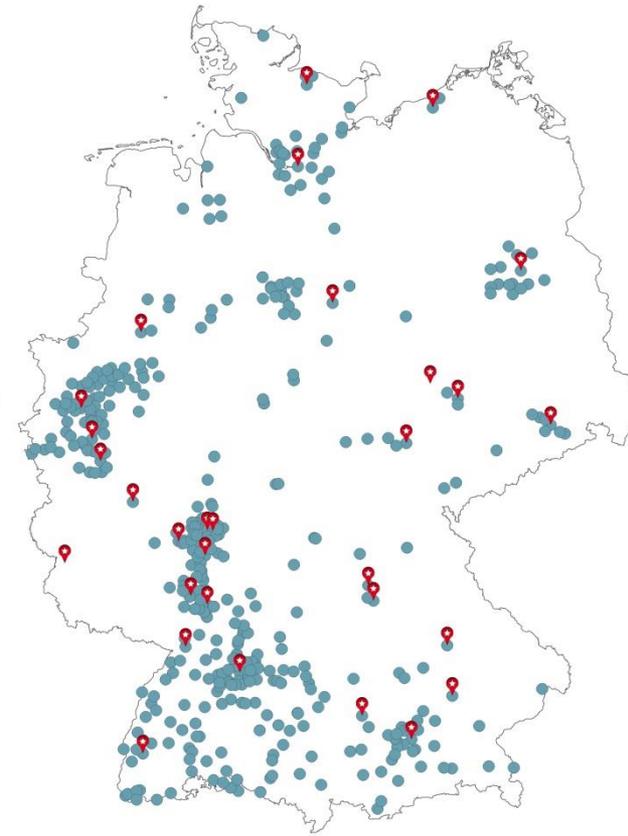
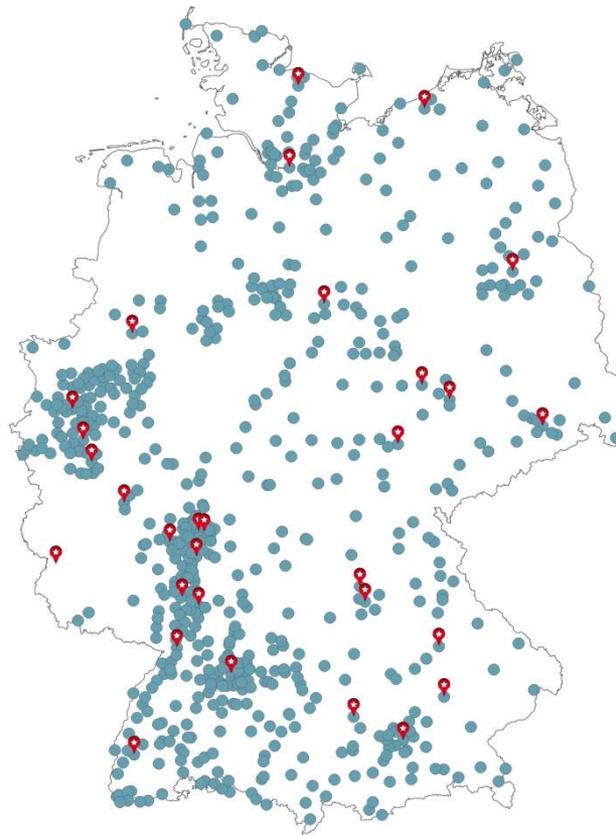
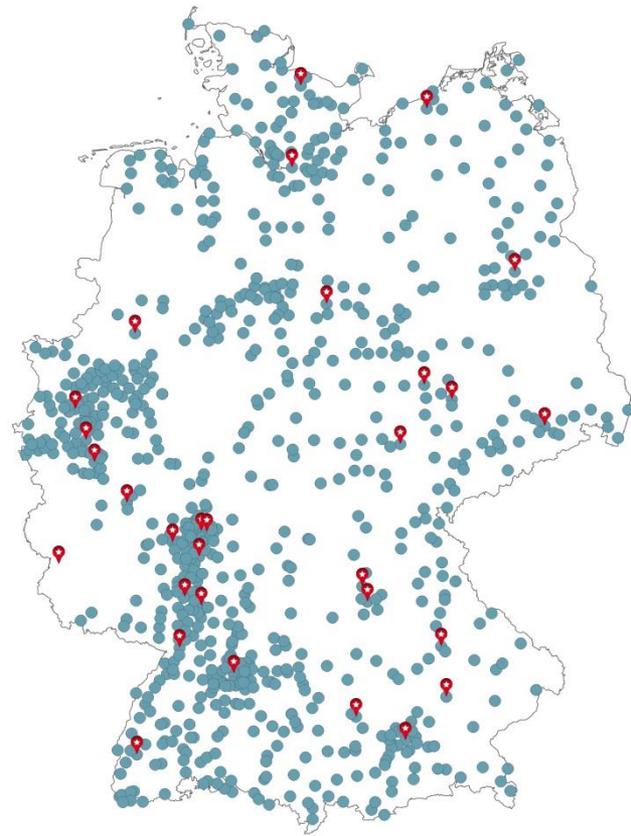
818 locations

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

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% ¹	02 Oct 2017	BBB+
Bond 004 (USD-Bond)	10 years 5.000%	US25155FAB22	USD 250m	98.993%	4.580% ¹	02 Oct 2023	BBB+
Bond 005 (EMTN)	8 years 3.625%	DE000A1HRVD5	€ 500m	99.843%	3.625%	08 Oct 2021	BBB+
Bond 006 (Hybrid)	60 years 4.625%	XS1028959671	€ 700m	99.782%	4.625%	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

¹ EUR-equivalent Coupon

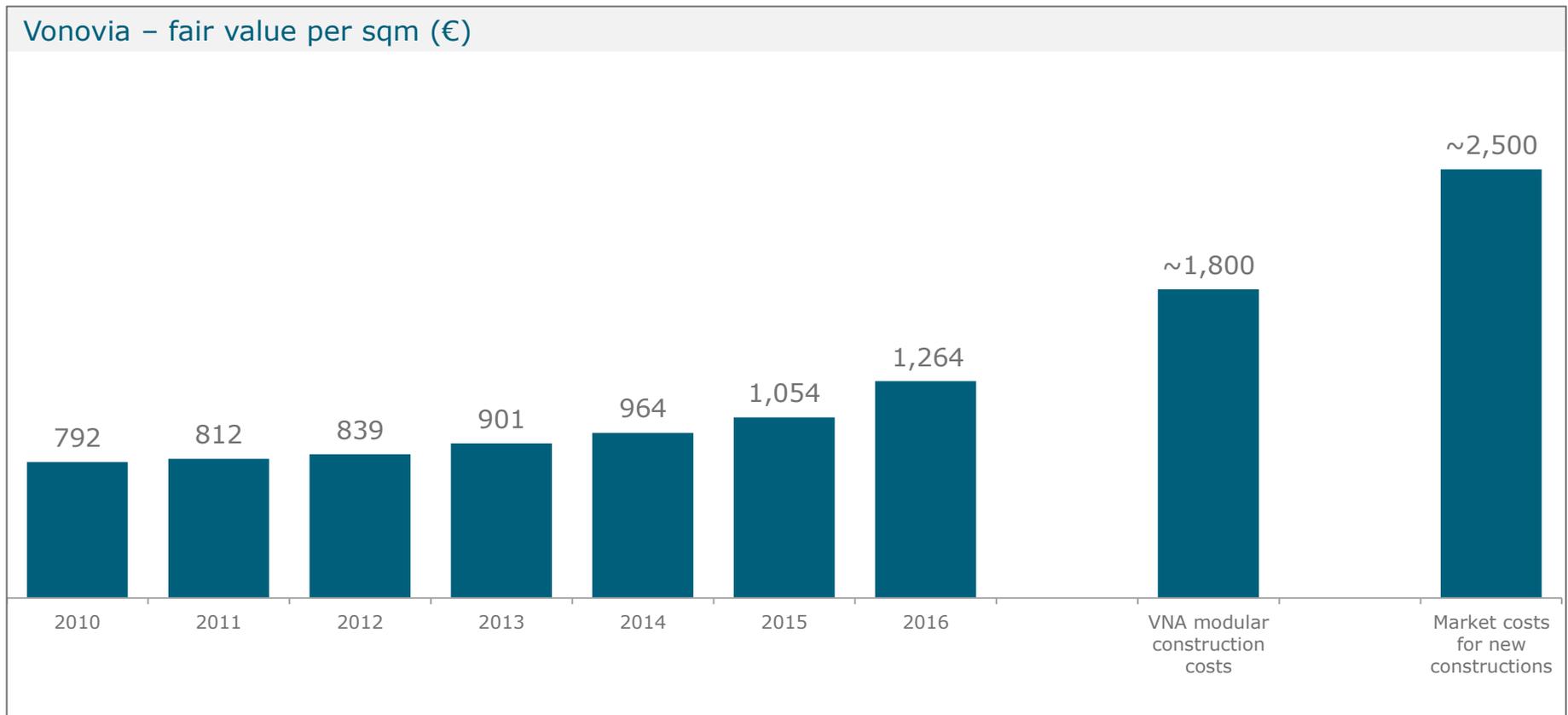
> Bond KPIs

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

> 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

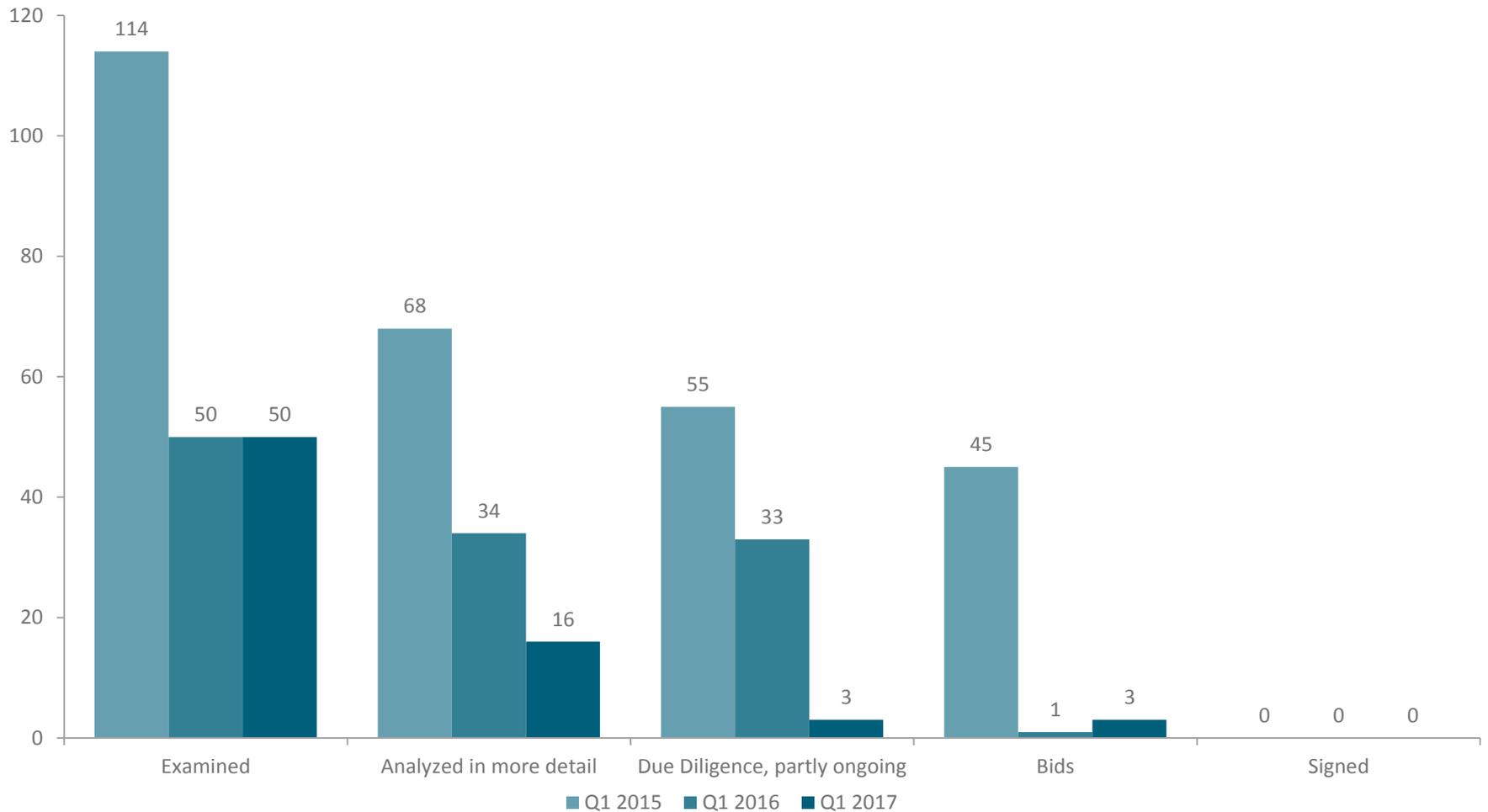
- In-place valuations are still only half of replacement values, in spite of accelerating valuation growth in recent years.



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

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 Extension	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

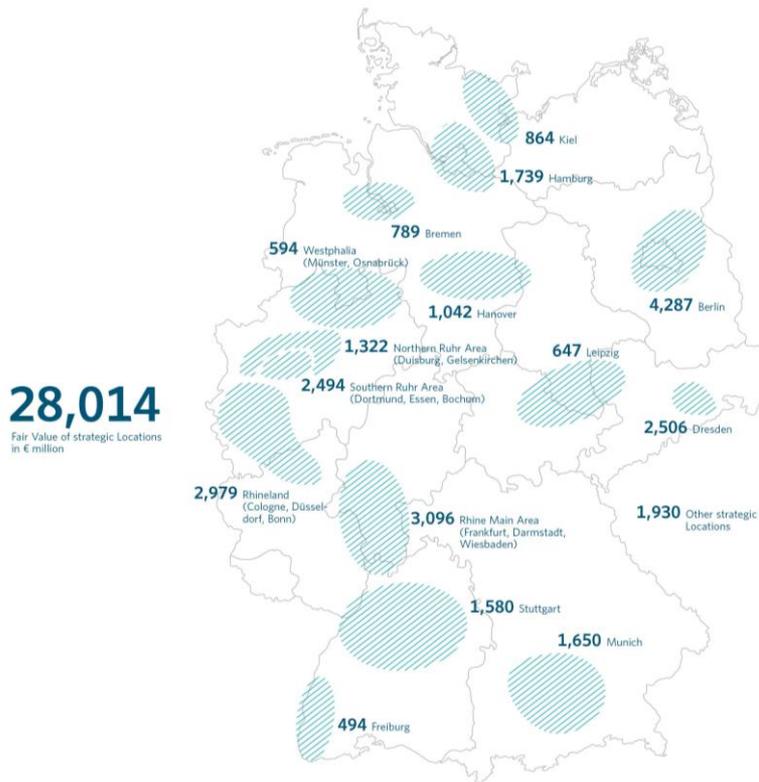
The key figures of prior years have been adjusted to match the definitions of the 2016 fiscal year. The key figures per share are based on the shares carrying dividend rights on the corresponding reporting date. Values for 2013 and 2014 are TERP-adjusted.

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
Non-Financial Key Figures	2016	2015	2014	2013
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
EPRA Key Figures	2016	2015	2014	2013
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.

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 extension 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 income¹
- ~ €910m operating profit before sales (FFO 1)¹
- Dividend policy: approx. 70% of FFO 1



Munich



Karlsruhe



Dortmund

¹ Midpoint 2017 guidance.

Illustration of Germany at Night

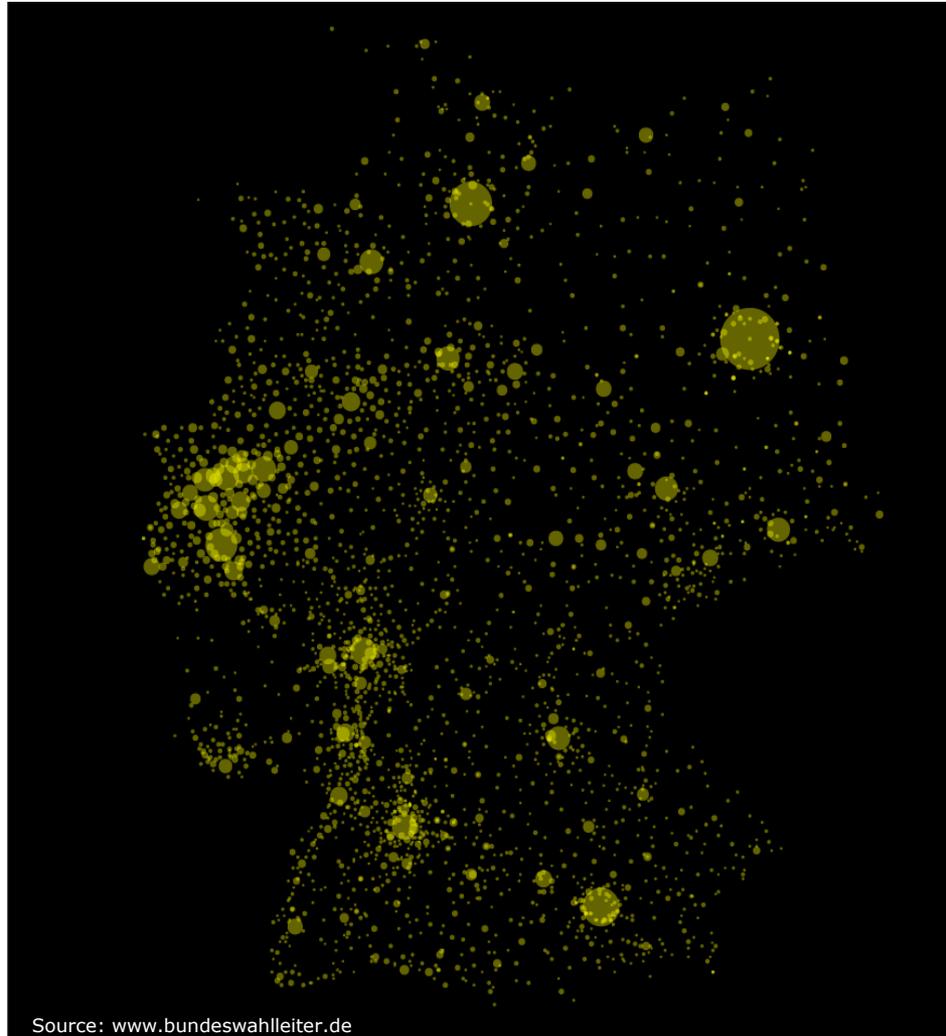
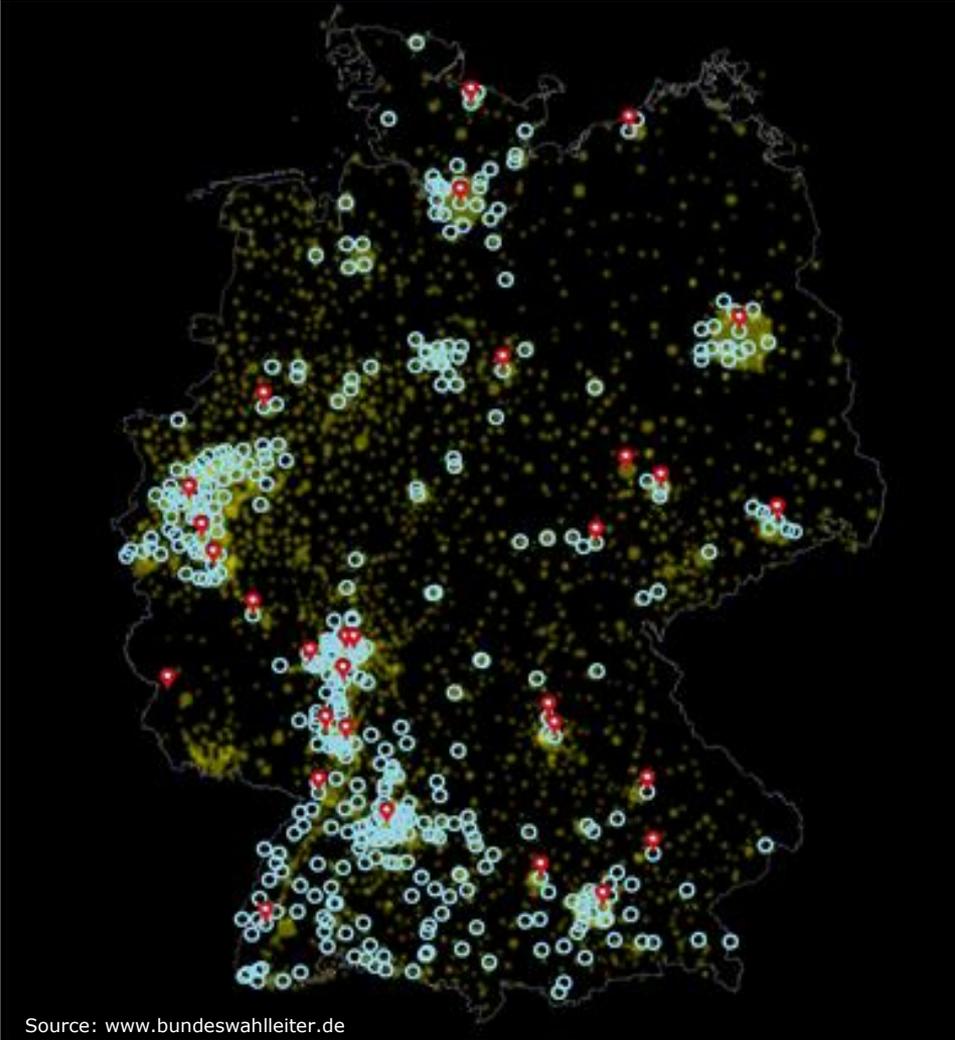
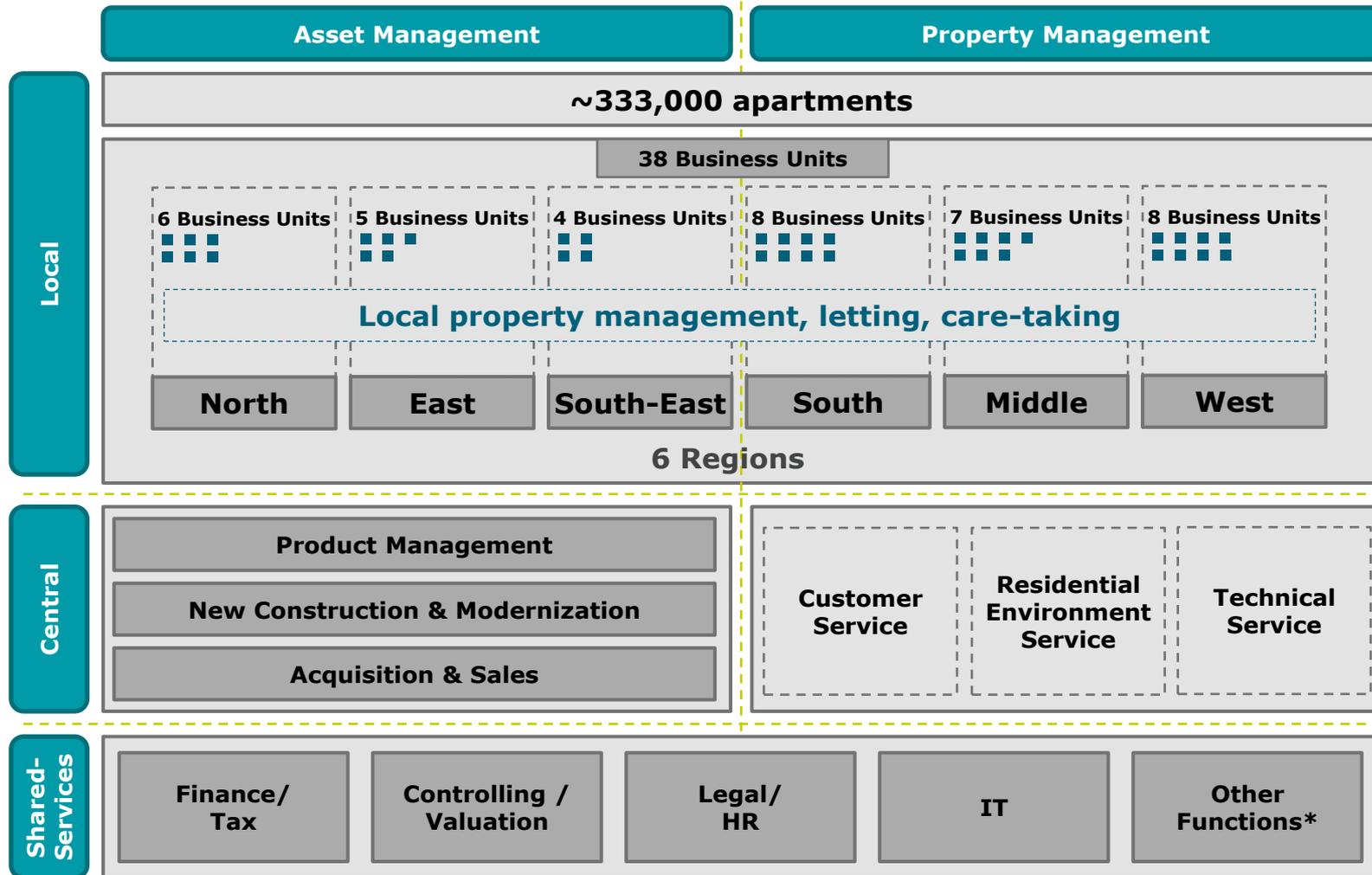


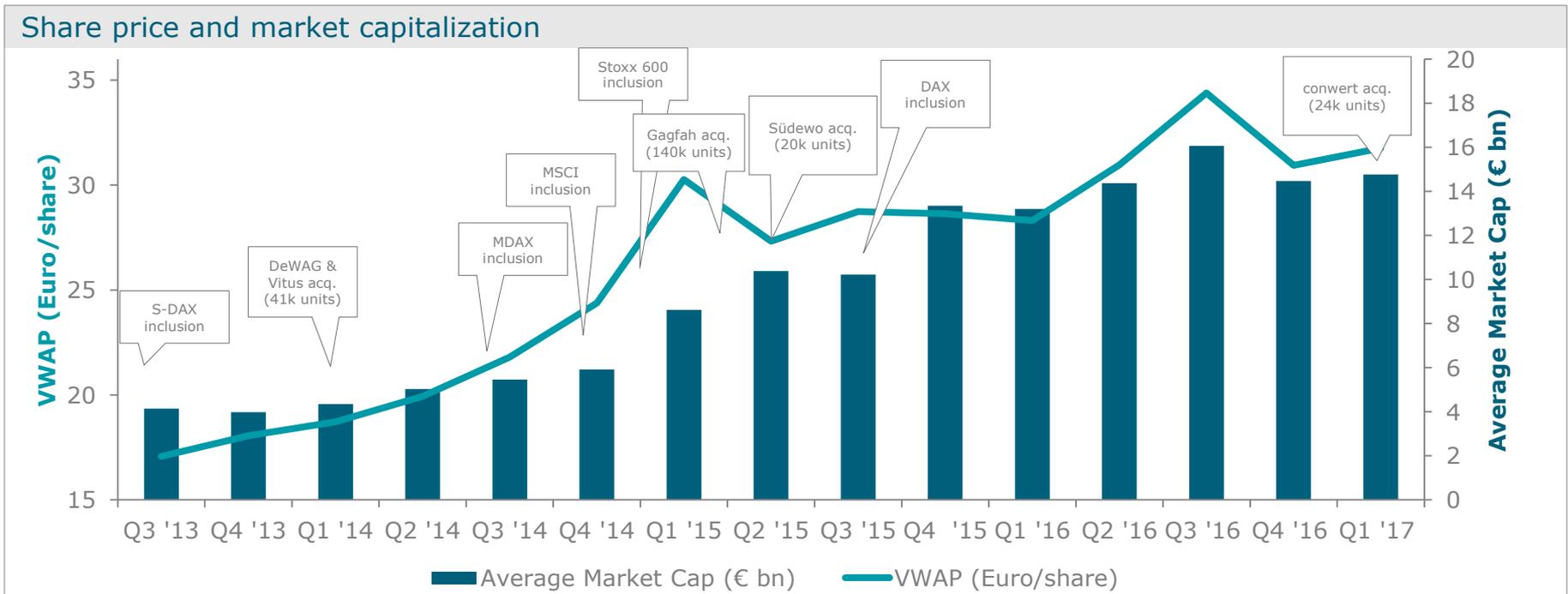
Illustration of Germany at Night





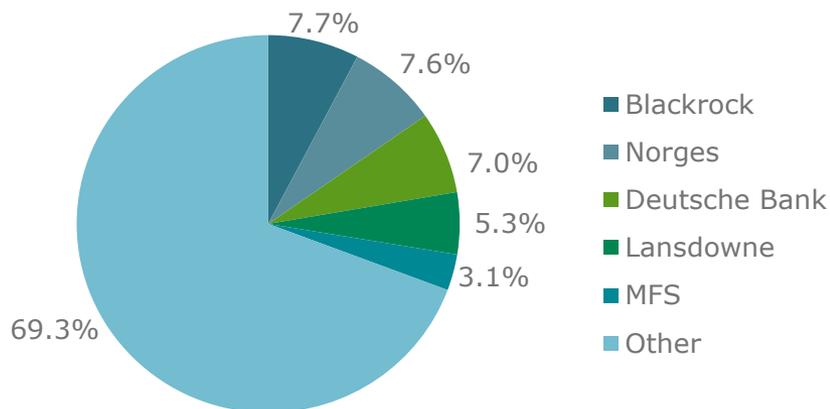
*Other shared services: Internal Audit, Communications, Central Procurement, Insurances, Investor Relations, Accounting

- 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)

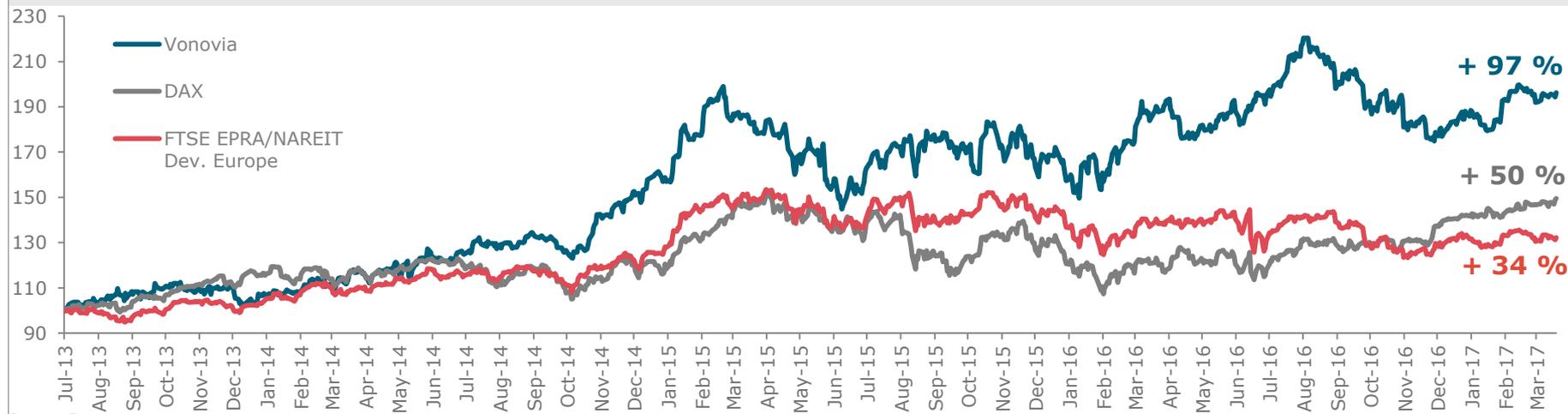


According to German law the lowest threshold for voting rights notifications is at 3%

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.



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



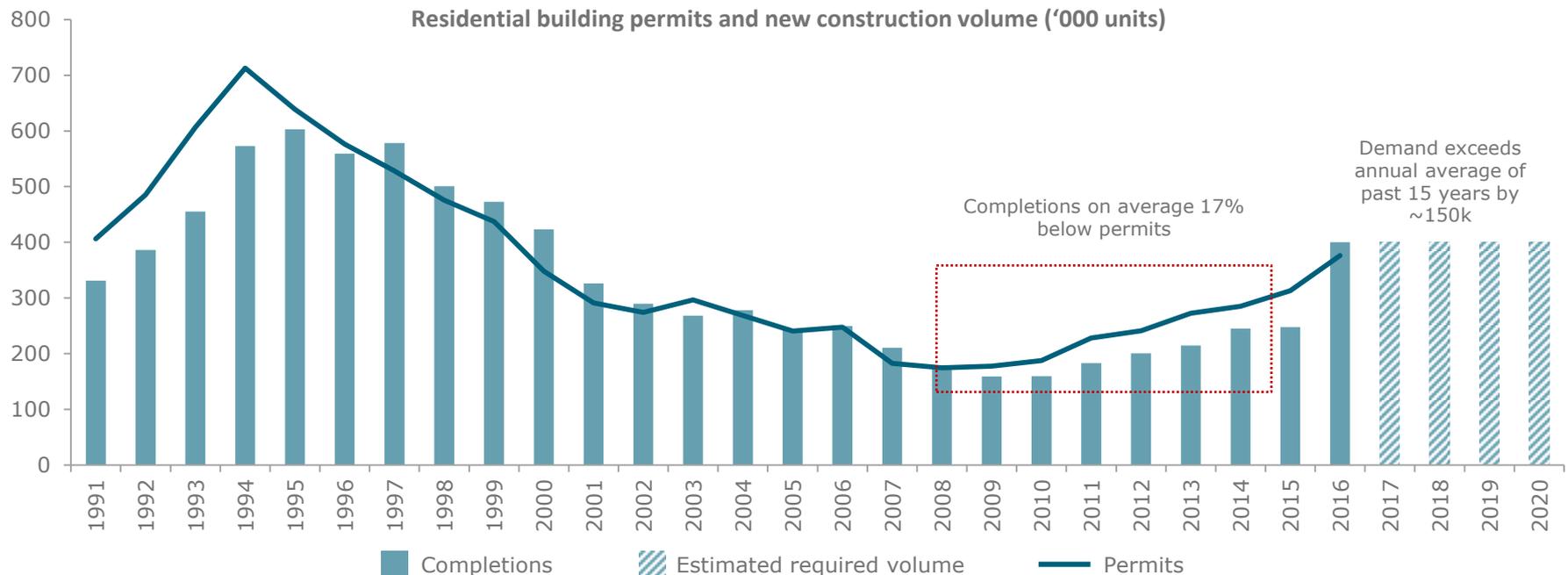
USA: rent growth is highly volatile



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

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.

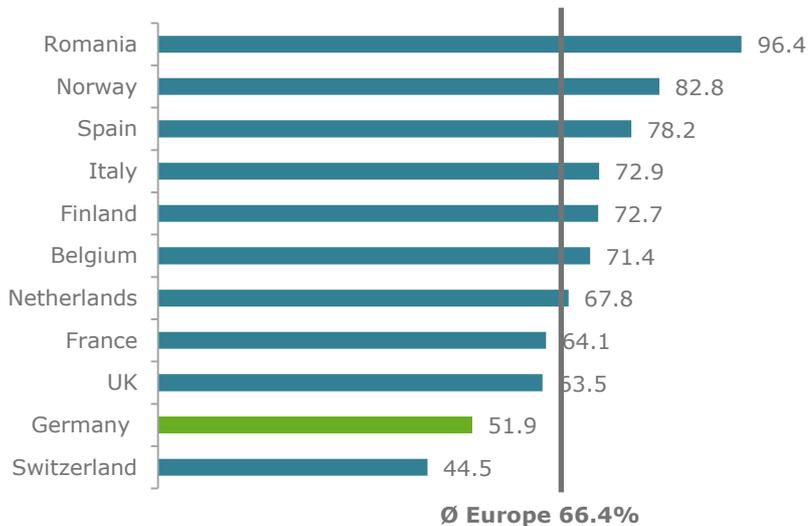


Sources: Federal Statistics Office, IW Köln, GdW (German Association of Professional Homeowners)

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

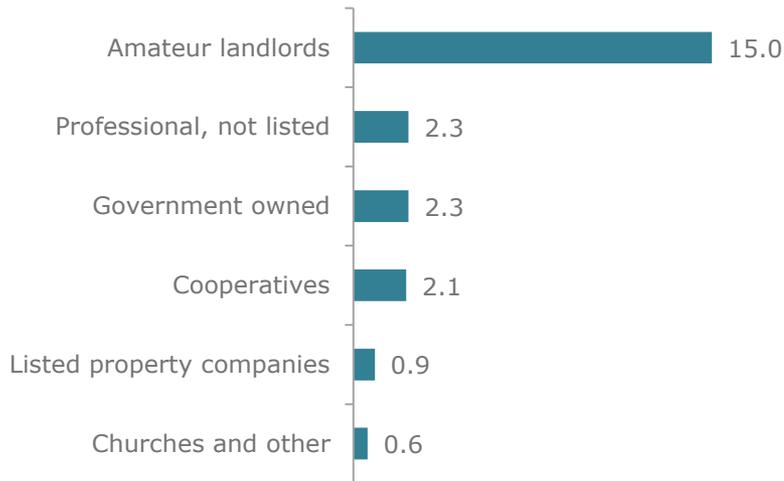


Share of disposable household income spent on rent, water, electricity and fuel

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.

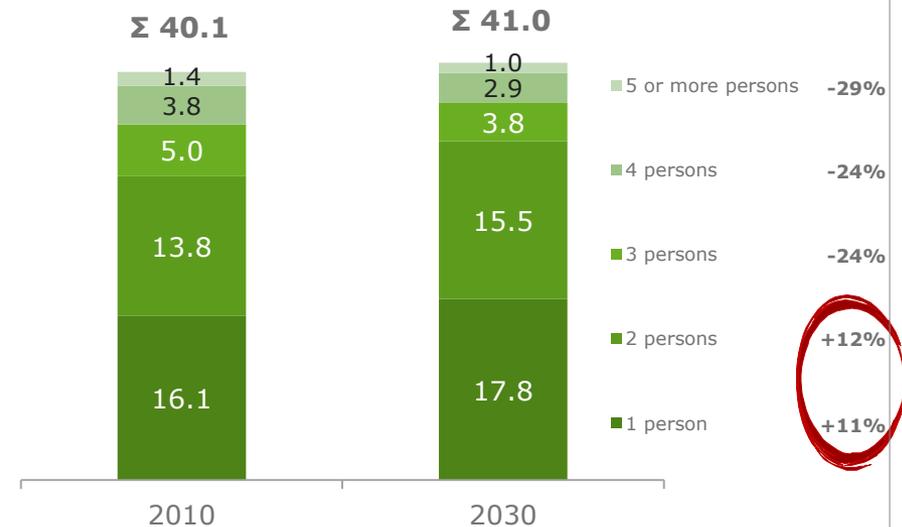
Ownership structure (million units)



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.

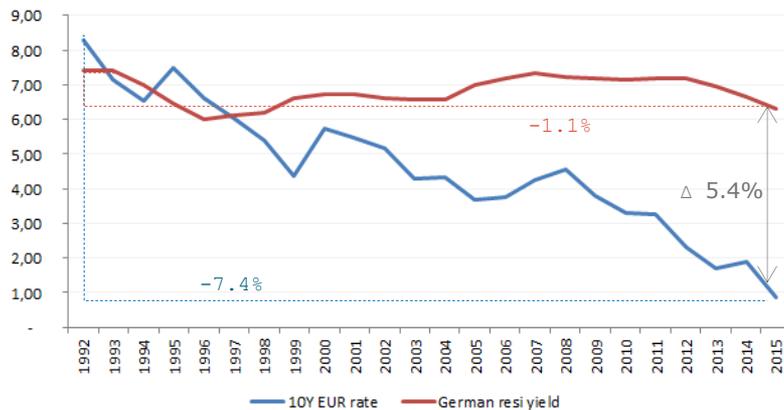
Distribution of household sizes (million)



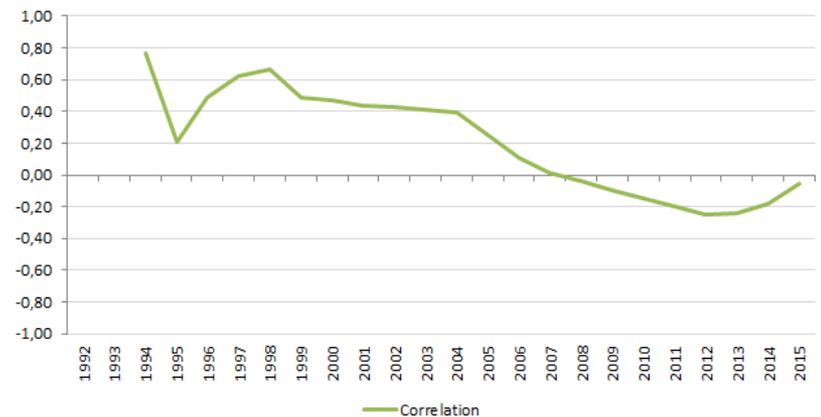
Valuation methodology for German residential properties is primarily based on market prices for assets – not on interest rates

- 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 rates¹



No correlation pattern between interest rates and property values¹



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.

Increasing level of perception and judgment

Layer	Development	Main drivers																		
3 Stock Market Valuation (Stock price € per share)		<ul style="list-style-type: none"> • Only partly driven by performance and portfolio valuation • Negatively correlated to bund yields and interest rates • Subject to additional macro considerations 																		
2 Portfolio Valuation (Adj. NAV € per share)	<table border="1"> <tr><th>Year</th><td>2013</td><td>2014</td><td>2015</td><td>2016</td></tr> <tr><th>Value (€)</th><td>21.7</td><td>22.7</td><td>24.2</td><td>30.7</td></tr> </table>	Year	2013	2014	2015	2016	Value (€)	21.7	22.7	24.2	30.7	<ul style="list-style-type: none"> • Market prices for assets are much more relevant than interest rate levels • Additional material factors are supply/ demand imbalance and sustainable market rent growth 								
Year	2013	2014	2015	2016																
Value (€)	21.7	22.7	24.2	30.7																
1 Cash Flow (FFO* & Dividend € per share)	<table border="1"> <tr><th>Year</th><td>2013</td><td>2014</td><td>2015</td><td>2016</td><td>2017(E)</td></tr> <tr><th>FFO (€)</th><td>0.95</td><td>1.00</td><td>1.30</td><td>1.63</td><td>~1.88¹</td></tr> <tr><th>DPS (€)</th><td>0.67</td><td>0.74</td><td>0.94</td><td>1.12</td><td>~70%</td></tr> </table>	Year	2013	2014	2015	2016	2017(E)	FFO (€)	0.95	1.00	1.30	1.63	~1.88 ¹	DPS (€)	0.67	0.74	0.94	1.12	~70%	<ul style="list-style-type: none"> • Regulated market • No cluster risk due to high degree of granularity • Robust business model
Year	2013	2014	2015	2016	2017(E)															
FFO (€)	0.95	1.00	1.30	1.63	~1.88 ¹															
DPS (€)	0.67	0.74	0.94	1.12	~70%															

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

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