

VONOVIA

# 9M 2017 Earnings Call

## November 8, 2017

Rolf Buch, CEO

Dr. A. Stefan Kirsten, CFO

<p><b>Final Guidance 2017</b></p>	<p><b>Confirmed towards upper end</b></p> <ul style="list-style-type: none"> <li>➤ Organic rent growth expected at the top end of the range with ~4%.</li> <li>➤ FFO1 €910m - €920m (€1.88 - €1.90 per share).</li> <li>➤ DPS of €1.32<sup>1</sup> (+18%).</li> </ul>
<p><b>Organic Growth</b></p>	<p><b>Built-in organic growth momentum continues in 9M 2017 and beyond</b></p> <ul style="list-style-type: none"> <li>➤ Organic rent growth of 3.9% y-o-y (prior year: 2.8%).</li> <li>➤ Adj. EBITDA Operations up 10.8% y-o-y.</li> <li>➤ FFO1 per share up 15.4% y-o-y (18.7% on average NOSH).</li> <li>➤ Growth momentum most evident in quarterly comparison.</li> </ul>
<p><b>Valuation</b></p>	<p><b>First indication for full-year valuation shows positive fundamentals remain in place</b></p> <ul style="list-style-type: none"> <li>➤ Continuously improving performance, growing investments and ongoing yield compression drive value growth also in secondary locations.</li> <li>➤ Expected fair value growth between €4.0bn - €4.5bn for full year 2017 (€1.5bn in H1 2017).</li> </ul>
<p><b>Investments</b></p>	<p><b>Investment program on a broad footing supports organic growth potential</b></p> <ul style="list-style-type: none"> <li>➤ Introducing IRR as additional KPI to reflect investment programs' evolution over time.</li> <li>➤ Sufficient investment potential identified for many years to come.</li> </ul>
<p><b>Initial Guidance 2018</b></p>	<p><b>Guidance for 2018 shows internal strength going forward</b></p> <ul style="list-style-type: none"> <li>➤ Organic rent growth 4.6% - 4.8%.</li> <li>➤ Stable top line due to non-core disposals in 2017 and 2018.</li> <li>➤ FFO1 €960m - €980m (€1.98 - €2.02 per share<sup>2</sup>).</li> </ul>

<sup>1</sup> Intended to be proposed to the 2018 Annual General Meeting. <sup>2</sup> Based on current 485.1m shares outstanding.

# Final Guidance 2017 - Confirmed towards Upper End

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	2016 Actuals	2017 Guidance (March 2017, excl. convert)	2017 Guidance (Aug. 2017, incl. convert)	2017 Final Guidance (Nov. 2017, incl. convert)
Organic rent growth (eop)	3.3%	3.5% - 3.7%	3.8% - 4.0%	~4%
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	910 - 920 (towards the upper end)
FFO1 (€/share)	1.63	1.78 - 1.82	1.86 - 1.90	1.88 - 1.90 (towards the upper end)
Maintenance (€m)	320.1	~340	~340	~350
Modernization & Investments (€m)	472.3	700 - 730	~730	~750
Privatization (number of units)	2,701	~2,300	~2,300	~2,600
FV step-up (Privatization)	36.2%	~35%	~30%	~30%
Non-core (number of units)	23,930	opportunistic	opportunistic	up to 10k
FV step-up (Non-Core)	5.4%	>0%	>0%	~7%
Dividend/share	€ 1.12	~70% of FFO1	~70% of FFO1	€1.32 <sup>1</sup>

<sup>1</sup> Intended to be proposed to the 2018 Annual General Meeting.

## Built-in Organic FFO1 Growth Continues in 9M

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- › The average portfolio size was of a broadly similar size y-o-y.
- › Organic rent growth, better average portfolio quality and increased contribution from Value-add Business drove Adj. EBITDA Operations growth to 10.8%.
- › 15.4% FFO1 per share growth despite slight dilution from convert, scrip dividend and Gagfah merger.

		9M 2017	9M 2016	Delta	
Average number of residential sqm	` 000	22,134	21,685	+2.1%	
Average number of residential units	#	354,095	347,690	+1.8%	
Organic rent growth (y-o-y)	%	3.9	2.8	+110bps	
In-place rent (eop)	€/month/sqm	6.19	5.94	+4.2%	
Vacancy rate (eop)	%	2.9	2.8	+10bps	
Rental income	€m	1,249.4	1,156.1	+8.1%	+€93.3m
Maintenance expenses	€m	-192.2	-184.1	+4.4%	
Operating expenses	€m	-191.3	-177.9	+7.5%	
Adj. EBITDA Rental	€m	865.9	794.1	+9.0%	+€71.8m
Adj. EBITDA Value-add business	€m	76.0	45.1	+68.5%	
Adj. EBITDA Operations	€m	922.1	832.3	+10.8%	+€89.8m
FFO interest expenses	€m	-216.5	-249.1	-13.1%	
Current income taxes FFO1	€m	-15.1	-11.6	+30.2%	
FFO1	€m	690.5	571.6	+20.8%	+€118.9m
FFO1 per share (eop NOSH)	€	1.42	1.23	+15.4%	
FFO1 per share (avg. NOSH)	€	1.46	1.23	+18.7%	

# Quarterly Analysis Reveals Organic Growth Momentum **VONOVIA**

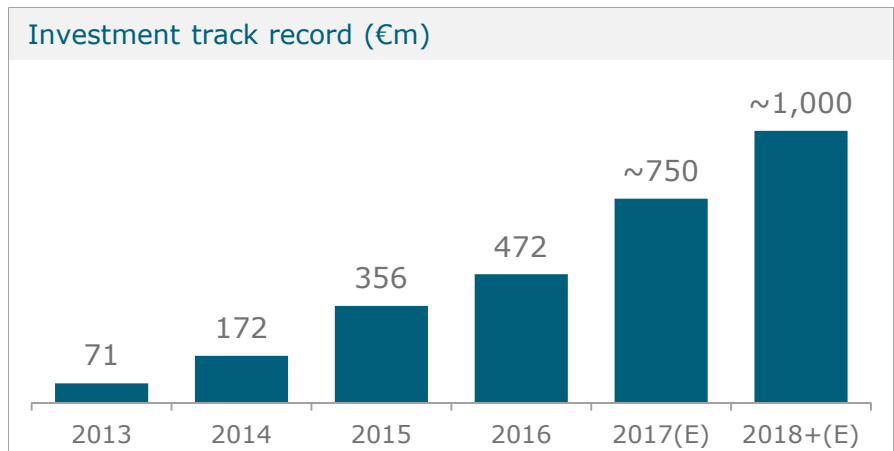
- › Comparing this year's Q3 vs. Q1 emphasizes the organic growth momentum.
- › Adj. EBITDAs and FFO are growing due to operational improvements and an increasing contribution from Value-add Business, in spite of a declining portfolio as a result of non-core disposals.

		Q3 2017	Q1 2017	Delta	
Average number of residential sqm	'000	21,950	22,276	-1.5%	
Average number of residential units	#	351,145	356,411	-1.5%	
Organic rent growth (y-o-y)	%	3.9	3.4	+50bps	
In-place rent (eop)	€/month/sqm	6.19	6.06	+2.1%	
Vacancy rate (eop)	%	2.9	2.7	+20bps	
Rental income	€m	416.2	417.2	-0.2%	-€1.0m
Maintenance expenses	€m	-64.9	-63.1	+2.9%	
Operating expenses	€m	-58.9	-68.5	-14.0%	
Adj. EBITDA Rental	€m	292.4	285.6	+2.4%	+€6.8m
Adj. EBITDA Value-add business	€m	30.4	19.8	+53.5%	
Adj. EBITDA Operations	€m	314.5	300.1	+4.8%	+€14.4m
FFO interest expenses	€m	-78.5	-76.8	+2.2%	
Current income taxes FFO1	€m	-3.2	-5.1	-37.3%	
FFO1	€m	232.8	218.2	+6.7%	+€14.6m
FFO1 per share (eop NOSH)	€	0.46	0.47	-2.1%	
FFO1 per share (avg. NOSH)	€	0.48	0.47	+2.1%	

# Accelerating Rent Growth Momentum

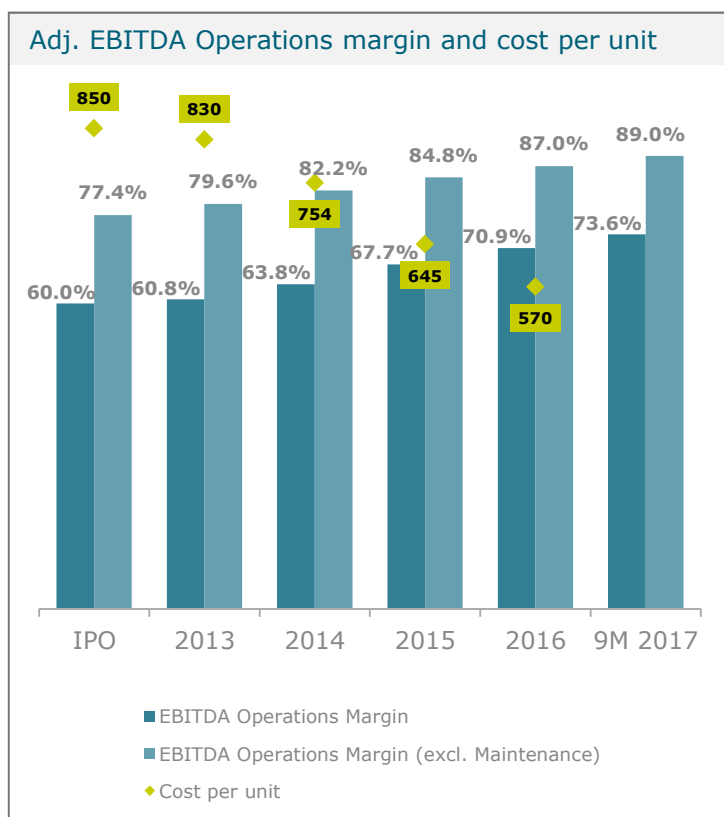
Rent growth drivers (last 12M)	9M 2017	9M 2016	Delta
Sitting tenants (incl. subsidized rents)	1.2%	0.9%	+30 bps
New lettings	0.5%	0.7%	-20 bps
<b>Subtotal market-driven rent growth</b>	<b>1.7%</b>	<b>1.5%</b>	+20 bps
Modernization	2.1%	1.3%	+80 bps
<b>Subtotal I-f-I rent growth</b>	<b>3.8%</b>	<b>2.8%</b>	+100 bps
Space creation	0.1%	0.0%	+10 bps
<b>Subtotal organic rent growth</b>	<b>3.9%</b>	<b>2.8%</b>	+110 bps
Portfolio management (+ acquisitions ./ sales)	0.3%	1.6%	-130 bps
<b>Total rent growth</b>	<b>4.2%</b>	<b>4.4%</b>	-20 bps

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	---	---	---	---	↑	↑
<b>Organic rent growth</b>	<b>1.9%</b>	<b>2.5%</b>	<b>2.9%</b>	<b>3.3%</b>	<b>~4.0%</b>	<b>4.6% - 4.8%</b>



# Continued EBITDA Expansion

- **9.0% EBITDA Rental growth** translates into an **EBITDA Operations growth of 10.8% y-o-y** because of the growing contribution from the Value-add Business.
- EBITDA Operations **margin expansion** (excl. maintenance) continues with **200 bps ytd**.



€m (unless indicated otherwise)	9M 2017	9M 2016	Delta
Rental income	1,249.4	1,156.1	+8.1%
Maintenance expenses	-192.2	-184.1	+4.4%
Operating expenses	-191.3	-177.9	+7.5%
<b>Adj. EBITDA Rental</b>	<b>865.9</b>	<b>794.1</b>	<b>+9.0%</b>
Income	795.4	574.4	+38.5%
of which external	115.1	91.6	+25.7%
of which internal	680.3	482.8	+40.9%
Operating expenses	-719.4	-529.3	+35.9%
<b>Adj. EBITDA Value-add business</b>	<b>76.0</b>	<b>45.1</b>	<b>+68.5%</b>
Adj. EBITDA Other <sup>1</sup>	-19.8	-6.9	>100%
<b>Adj. EBITDA Operations</b>	<b>922.1</b>	<b>832.3</b>	<b>+10.8%</b>

<sup>1</sup> Mainly consolidation

# LTV Well within Target Range Debt/EBITDA Multiple of 10.9x

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› LTV down to 42.4% and well within target range of 40%-45%.

€m (unless indicated otherwise)	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016
Non-derivative financial liabilities	13,921.1	14,257.6	14,435.3	13,371.0
Foreign exchange rate effects	-26.5	-137.2	-194.8	-209.9
Cash and cash equivalents	-339.8	-378.1	-1,007.9	-1,540.8
<b>Net debt</b>	<b>13,554.8</b>	<b>13,742.3</b>	<b>13,232.6</b>	<b>11,620.3</b>
Sales receivables	-177.6	-180.0	-144.4	-135.4
Additional loan amount for outstanding acquisitions	---	---	275.0	---
<b>Adj. net debt</b>	<b>13,377.2</b>	<b>13,562.3</b>	<b>13,363.2</b>	<b>11,484.9</b>
Fair value of real estate portfolio	<b>30,948.1</b>	30,830.2	29,607.6	27,115.6
Shares in other real estate companies	605.4	564.6	520.4	503.1
<b>Adj. fair value of real estate portfolio</b>	<b>31,553.5</b>	<b>31,394.8</b>	<b>30,128.0</b>	<b>27,618.7</b>
<b>LTV</b>	<b>42.4%</b>	<b>43.2%</b>	<b>44.4%</b>	<b>41.6%</b>

Debt/EBITDA multiple is adj. net debt as of Sep 30 over 9M EBITDA Operations annualized.



## FFO1 per Share +15.4%

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- Driven by better operational performance and lower interest expenses, FFO1 per share was up 15.4% y-o-y for eop NOSH and up 18.7% for avg. NOSH<sup>1</sup>.

€m (unless indicated otherwise)	9M 2017	9M 2016	Delta
Adj. EBITDA Operations	922.1	832.2	10.8%
FFO interest expense	-216.5	-249.1	-13.1%
Current income taxes FFO1	-15.1	-11.6	30.2%
FFO1	690.5	571.6	20.8%
of which attributable to Vonovia's shareholders	650.6	536.2	21.3%
of which attributable to Vonovia's hybrid capital investors	30.0	30.0	-
of which attributable to non-controlling interests	9.9	5.4	83.3%
Capitalized maintenance	-50.3	-47.3	6.3%
AFFO	640.2	524.3	22.1%
Current income taxes FFO 2	-23.8	-33.1	-28.1%
Adjusted EBITDA Sales	81.3	65.5	24.1%
FFO2	748.0	604.0	23.8%
FFO1 € / share (eop NOSH)	1.42	1.23	15.4%
FFO1 € / share (avg. NOSH)	1.46	1.23	18.7%

<sup>1</sup> See page 59 for reconciliation of number of shares.

## Adj. NAV per Share Up 9.0% YTD

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- Adj. NAV per share is up 9.0% in the first nine months driven by the operating performance, the inclusion of conwert and the H1 valuation and in spite of the 4.1% increase in the number of shares outstanding<sup>1</sup> following the Gagfah cross-border merger, scrip dividend and conwert squeeze out.

€m (unless indicated otherwise)	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016
Equity attributable to Vonovia's shareholders	13,784.0	13,368.0	12,706.5	12,467.8
Deferred taxes on investment properties and assets held for sale	5,385.4	5,307.9	4,827.4	4,550.3
Fair value of derivative financial instruments <sup>2</sup>	36.2	39.0	29.0	44.4
Deferred taxes on derivative financial instruments	-10.3	-12.1	-14.3	-15.4
EPRA NAV	19,195.3	18,702.8	17,548.6	17,047.1
Goodwill	-2,931.8	-2,931.8	-2,931.8	-2,718.9
Adj. NAV	16,263.5	15,771.0	14,616.8	14,328.2
<b>EPRA NAV €/share</b>	<b>39.57</b>	<b>39.25</b>	<b>37.43</b>	<b>36.58</b>
<b>Adj. NAV €/share</b>	<b>33.53</b>	<b>33.10</b>	<b>31.18</b>	<b>30.75</b>

<sup>1</sup> See page 59 for reconciliation of number of shares. <sup>2</sup> Adjusted for effects from cross currency swaps.

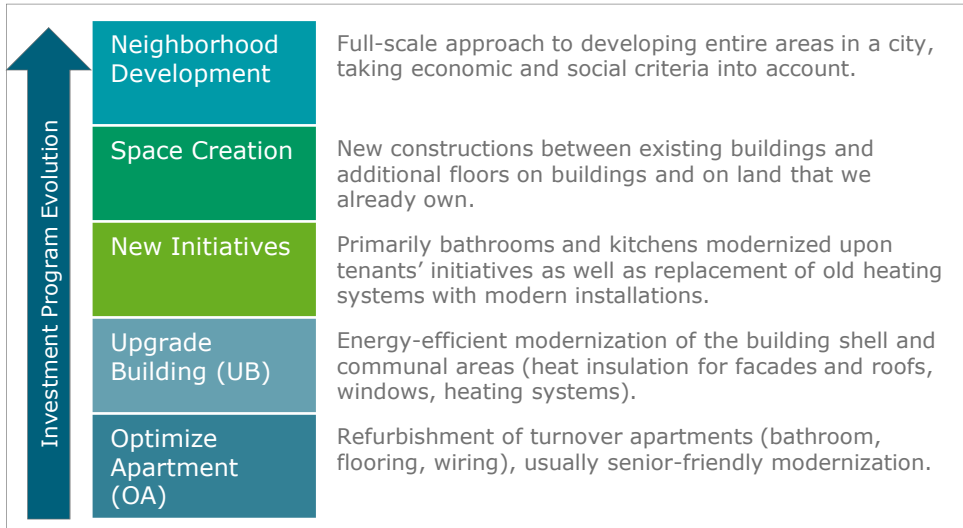
# Outlook FY2017 Valuation

€m	FY2016	H1 2017	H2 2017E	FY2017E
<b>Performance</b>	<b>862</b>	<b>393</b>	<b>550 - 750</b>	<b>940 - 1,140</b>
Rental development		363	450 - 650	810 - 1,010
Investments		30	~ 100	~ 130
<b>Investments</b>	<b>440</b>	<b>290</b>	<b>~ 460</b>	<b>~ 750</b>
VTS margin	9	10	~ 10	~ 20
Investments (cash out)	431	280	~ 450	~ 730
<b>Yield compression</b>	<b>2,470</b>	<b>830</b>	<b>1,500 - 1,800</b>	<b>2,330 - 2,630</b>
<b>Total</b>	<b>3,772</b>	<b>1,513</b>	<b>2,500 - 3,000</b>	<b>4,000 - 4,500</b>

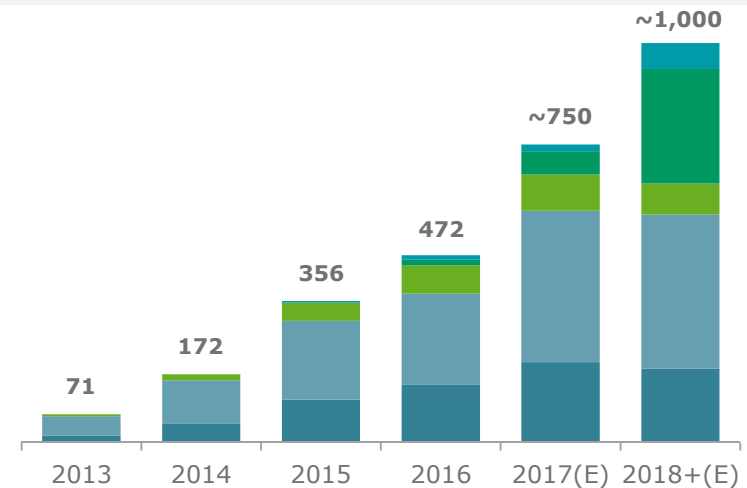
- Strong rental development in Vonovia's portfolio and the market
- Investments with approximately 20% additional valuation uplift
- Effect of Yield Compression more differentiated than in 2015:
  - Less momentum in prime locations (e.g. Berlin, Hamburg, Cologne)
  - Significant increase in secondary locations (e.g. Leipzig, Hanover, Bremen)
  - Considerable yield compression also in formerly weaker markets (e.g. Potsdam, Magdeburg)

Note: Based on recent forecast of Vonovia calculations. Valuation results are subject to change during the ongoing valuation process.

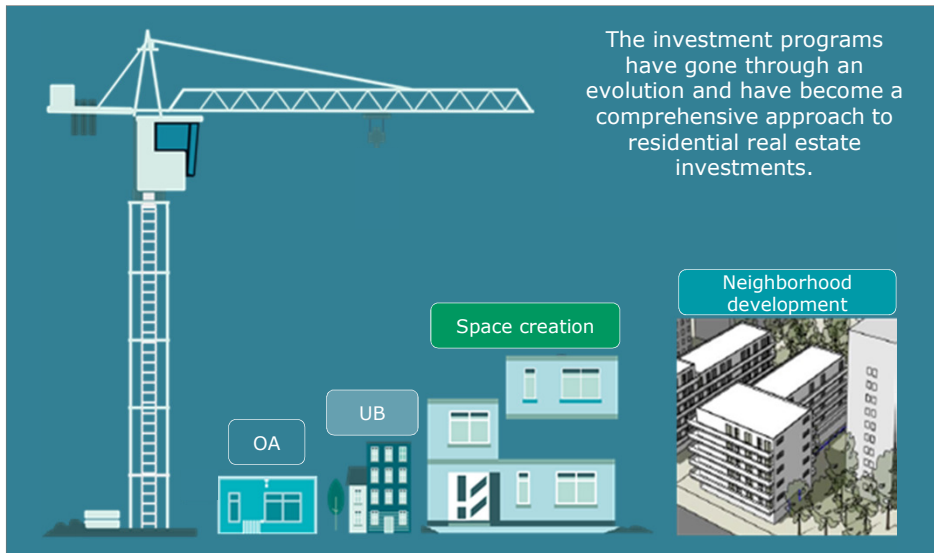
# Investment Program on an Increasingly Broader Footing



Investment Program Track Record (€m)

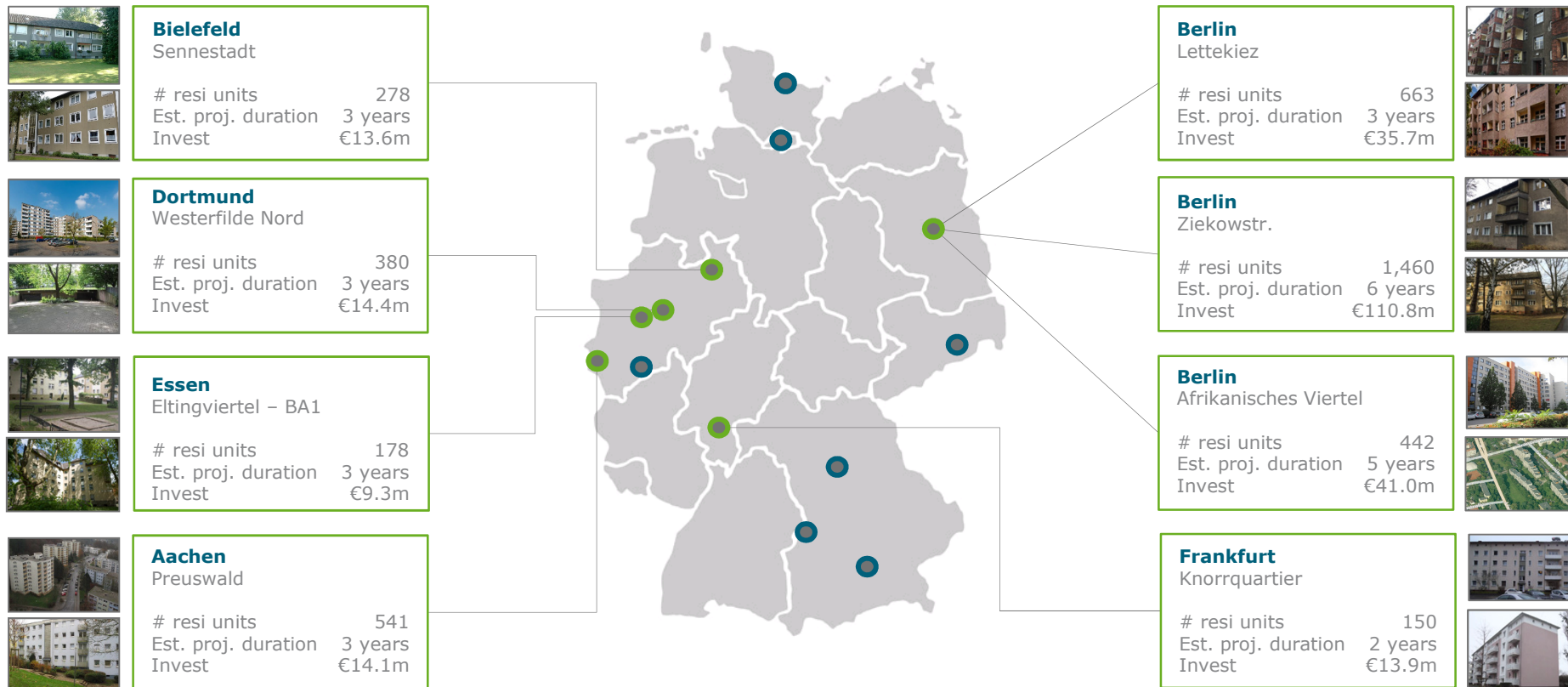


Investment Program Evolution



- > The investment program has not only grown in size but also in complexity.
- > While a **yield-to-cost** calculation is appropriate for investments that generate relatively quick pay-back periods, such as OA or UB, the larger investments space creation and neighborhood development generate value only over a longer period of time.
- > For these types of projects, an **IRR** calculation is more adequate and after using it for internal reporting purposes already from the program inception, we will now use this metric in the external reporting as well.
- > The **target IRR** for the **overall investment** program is **>8%**.
- > OA and UB will continue to be measured against a 7% yield-to-cost target.

# Multitude of Attractive Neighborhood Development Projects Identified and Underway



Additional mid-term potential already identified	<b>Bonn</b> Tannenbusch	<b>Hamburg</b> Wilhelmsburg	<b>Dresden</b> Johannstadt	<b>Kiel</b> Mettenhof	<b>Munich</b> Bauernfeind	<b>Nuremberg</b> Gartenstadt
		<b>Hamburg</b> Steilshoop	<b>Dresden</b> Neustädter Markt	<b>Dresden</b> Altreick	<b>Dresden</b> Altgruna	<b>Kiel</b> Wik

### 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 WACC<sup>1</sup> to the 2017E Adj. EBITDA Value-add Business translates into an additional value of ~€5 per share (~15% on top of current Adj. NAV).

Penetration	
Multimedia	ca. 75%
Smart metering	ca. 15%
Residential environment	ca. 25%
Craftsmen VTS	ca. 70% (maintenance) ca. 30% (modernization) target is around 70% to allow for enough flexibility in the volumes and to enable continuous benchmarking to market prices

Adj. EBITDA Value-add Business (€m)

Year	Value (€m)	Change (%)
2014	23.6	-
2015	37.6	+59%
2016	57.0	+52%
2017E	~100	+~75%

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

## Sales – Steady Cash Flow at Attractive Margins

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- Overall sales volume lower than in prior-year period mostly as a result of portfolio transaction with LEG including privatizations in 9M 2016.
- Non-core / Non-strategic sales include a relatively large share of commercial properties from conwert portfolio.

	<u>PRIVATIZATION</u>		<u>NON-CORE / NON-STRATEGIC</u>		<u>TOTAL</u>	
	9M 2017	9M 2016	9M 2017	9M 2016	9M 2017	9M 2016
€m (unless indicated otherwise)						
Units sold	1,704	2,150	6,600	19,772	8,304	21,922
Income from disposals	214.4	205.5	736.8	782.7	951.2	988.2
Fair value of disposals	-161.6	-151.8	-688.5	-753.0	-850.1	-904.8
Adj. profit from disposals	52.8	53.7	48.3	29.7	101.1	83.4
Fair value step-up (%)	32.7%	35.4%	7.0%	3.9%		
Selling costs					-19.8	-17.9
Adj. EBITDA Sales					81.3	65.5

# 2018 Guidance Underlines Organic Growth Potential

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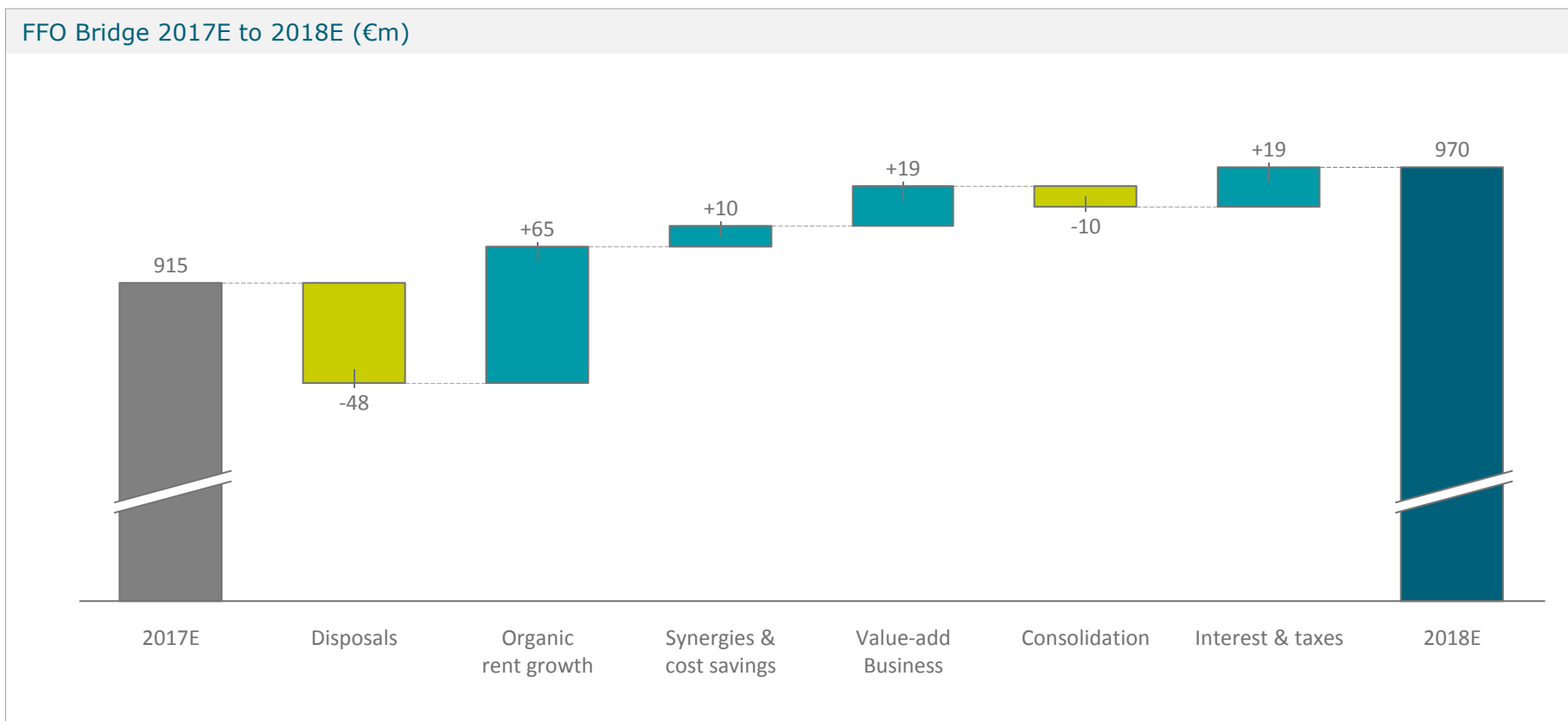
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FV step-up (Non-Core)	5.4%	~7%	>0%
Dividend/share	€ 1.12	€1.32 <sup>1</sup>	~70% of FFO1

<sup>1</sup> Intended to be proposed to the 2018 Annual General Meeting. <sup>2</sup> Based on current number of 485.1m shares outstanding.



# Organic Growth Drives FFO 2018

- ~€55m FFO growth (+6.0%) from organic improvements in spite of €48m less FFO contribution as a result of non-core disposals.



Note: 2017E and 2018E FFO numbers reflect mid points of guidance ranges.

**Gagfah**  
-  
cross-border  
merger

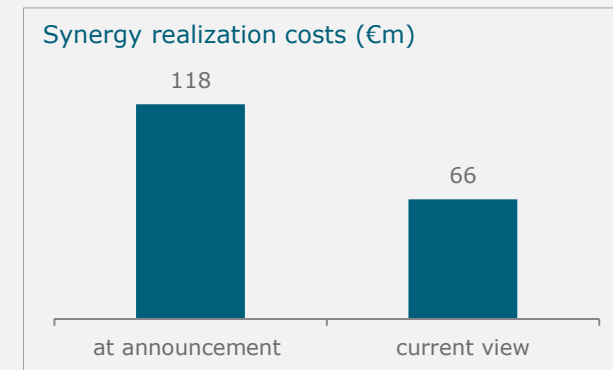
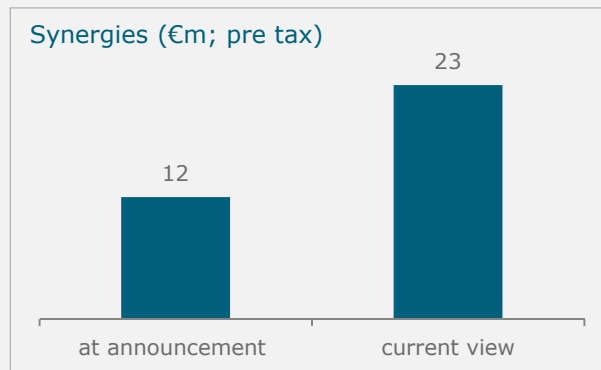
- › On July 12, the capital increase was entered into the commercial register, creating the new Vonovia shares required to exchange against the remaining outstanding shares held by Gagfah minorities, effectively closing the cross border merger and terminating Gagfah as a legal entity.

**conwert**  
-  
squeeze out

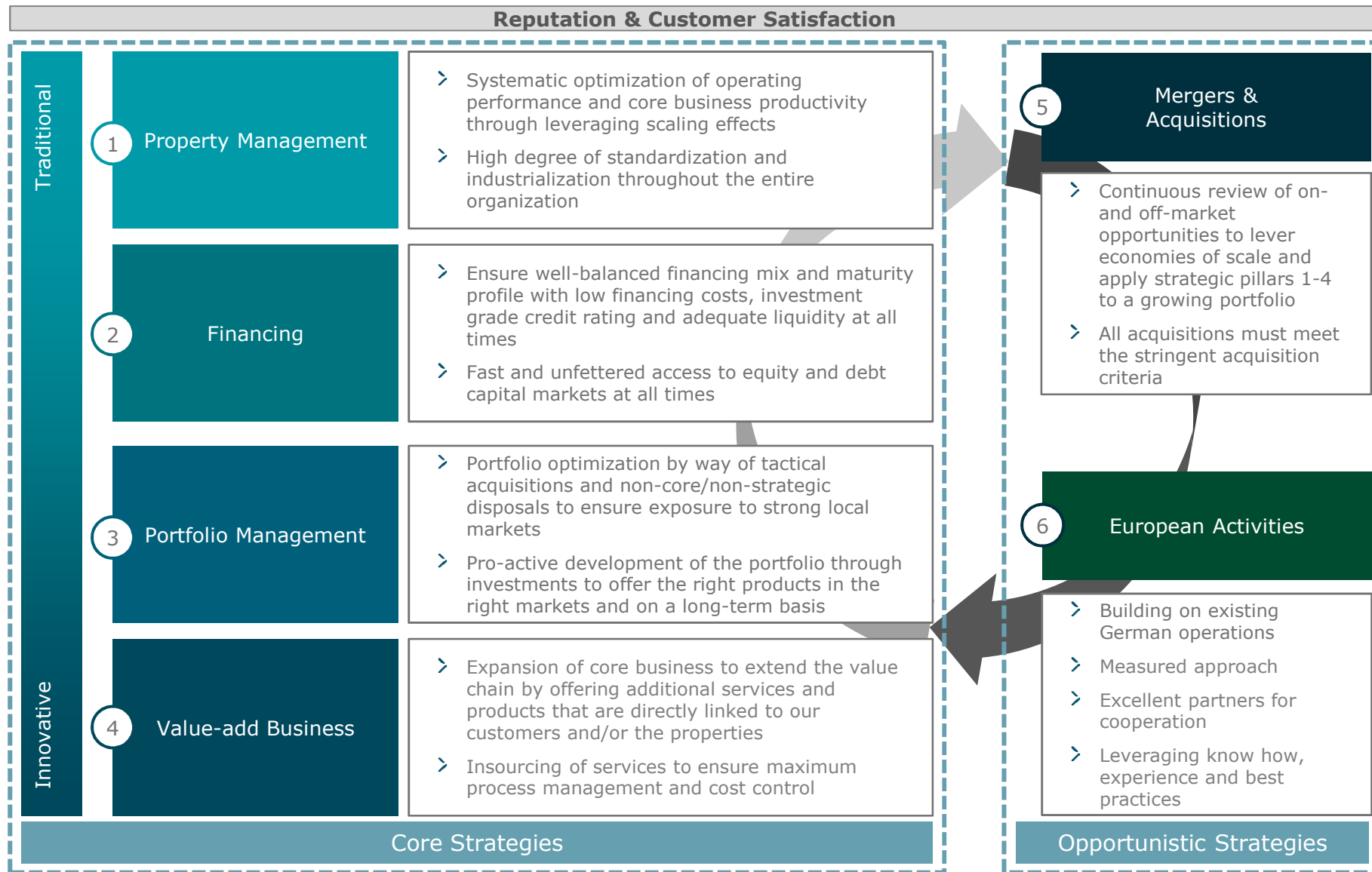
- › On Aug. 29, the conwert EGM resolved to squeeze out the remaining minority shareholders in exchange for a cash consideration of €17.08 per conwert share.
- › The squeeze out was entered into the commercial register in Austria on October 24 and became effective on October 25.
- › As a result, all previously outstanding minority shares in conwert Immobilien Invest SE were transferred to Vonovia SE.
- › The conwert shares were delisted from the Austrian stock exchange as of October 25.

**conwert**  
-  
synergies

- › Based on final estimates, conwert will be delivering higher synergies at lower realization costs as compared to our expectations at announcement in Sep 2016.



# Proven 4+1 Strategy is Evolving into 4+2 Strategy to Include European Metropolitan Areas





2017 guidance confirmed towards upper end.



Built-in organic growth momentum continues in 9M 2017 and beyond.



First indication for full-year valuation shows positive fundamentals remain in place. €4.0bn - €4.5bn value uplift expected for the full year.



Investment Program on a broad footing supports organic growth potential.



Guidance for 2018 shows internal strength going forward.

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## Financial Calendar 2017

### 2017

Nov 8	Interim results 9M 2017
Nov 13-16	Roadshow (Europe)
Nov 17	Roadshow (Brussels)*
Nov 28	UBS Global Real Estate CEO/CFO Conference (London)
Nov 28	Roadshow (Geneva)*
Dec 1	Société Générale The Premium Review Conference (Paris)
Dec 5	Berenberg European Corporate Conference (Pennyhill)*
Dec 11	HSBC Global Real Estate Conference (Cape Town)
Dec 14	Roadshow (Milano)*

### 2018

Jan 9-10	Commerzbank German Investment Seminar (NYC)
Jan 10	J.P.Morgan European Real Estate CEO Conference (London)
Jan 15	Kepler Cheuvreux German Corporate Conference (Frankfurt)
Mar 6	FY 2017 results
May 3	Interim results 3M 2018
May 9	Annual General Meeting
June 4-5	Capital Markets Day
Aug 2	Interim results 6M 2018
Nov 6	Interim results 9M 2018

\*IR only

# Appendix

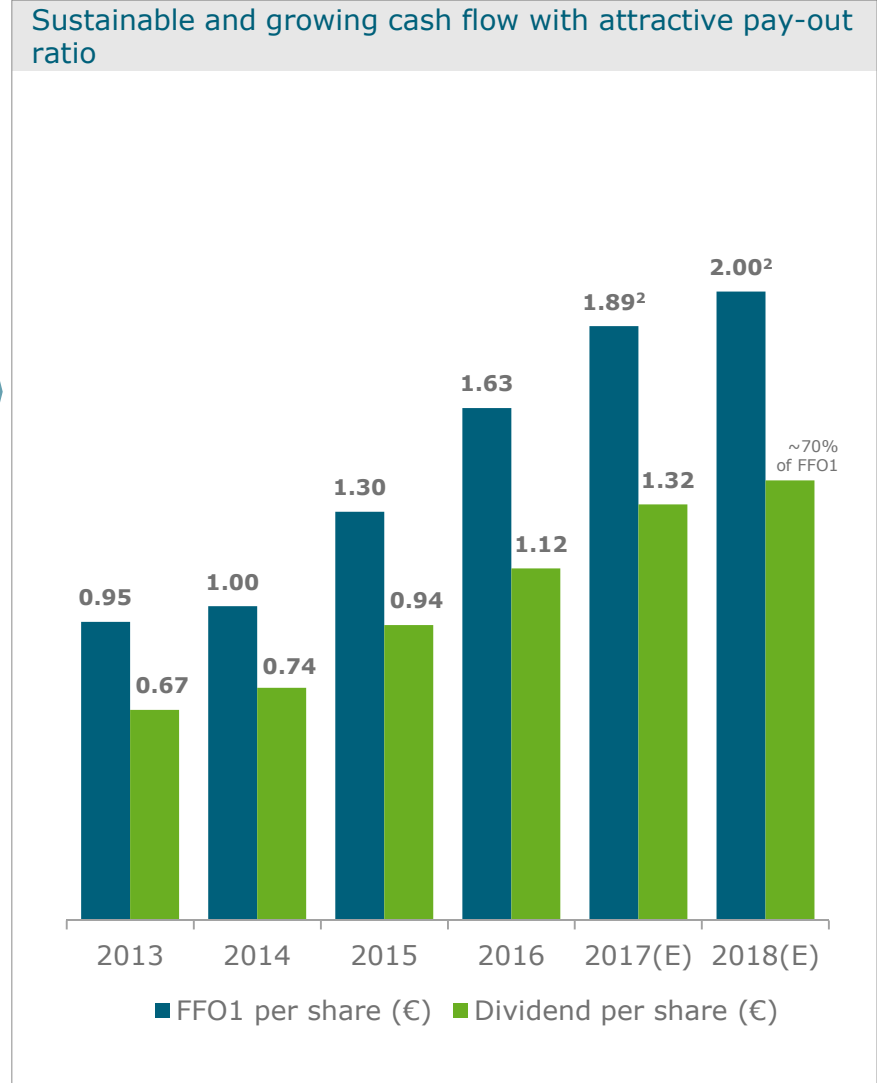
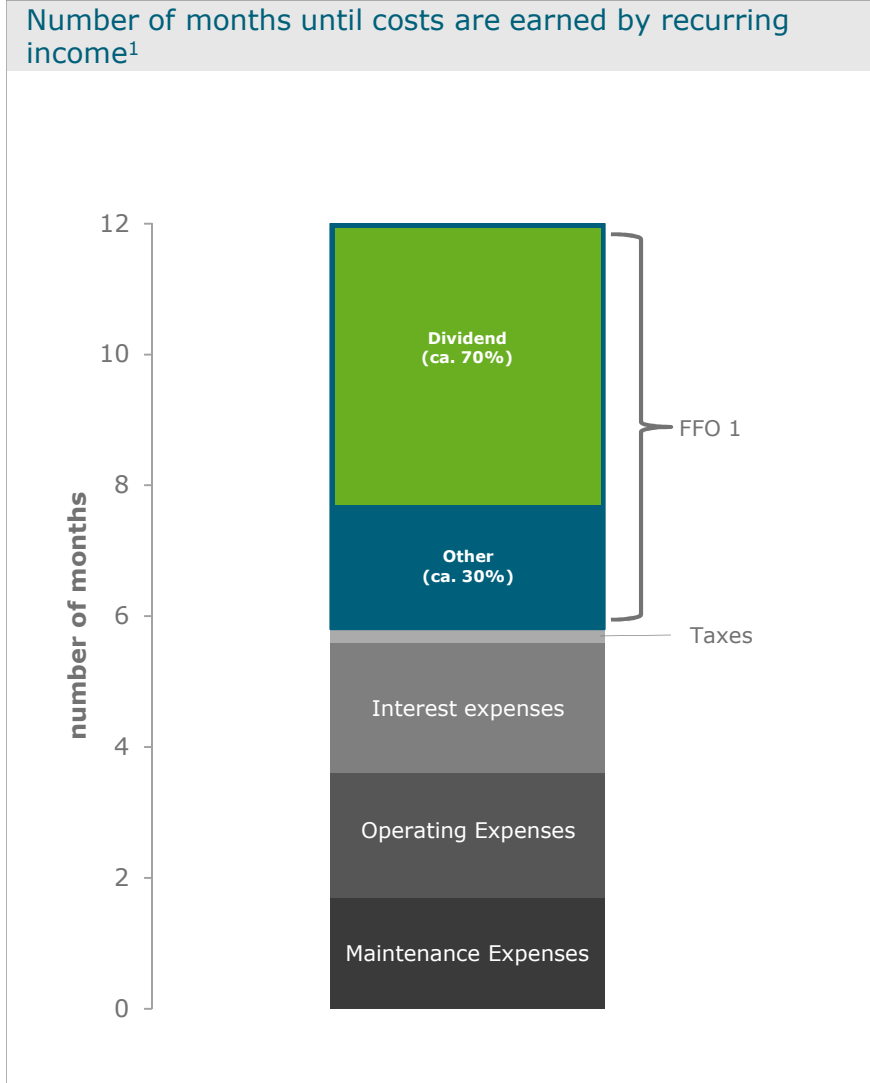
MoU signed  
with SNI on  
Oct. 18,  
2017

- › Agreement on fields of cooperation, knowledge transfer and **exchange of best practices**.
- › Part of Vonovia's efforts to analyze the **potential for an expansion of activities** into **European metropolitan areas**.
- › **This follows Vonovia's preliminary analysis** suggesting that residential real estate markets in European metropolitan areas function in ways and under regulatory and operating frameworks that are similar to the German residential market.
- › The cooperation with SNI forms part of Vonovia's new strategic element "European Activities," which is opportunistic just like "Mergers & Acquisitions" and complimentary to the four core strategies.
- › No impact on German core business.

Recent  
activities

- › 1 workshop with Vonovia and SNI representatives conducted in Montpellier.
- › 7 workshops planned in Paris and Bochum for the remainder of the year.
- › Preliminary findings to be presented to management at the end of January 2018.

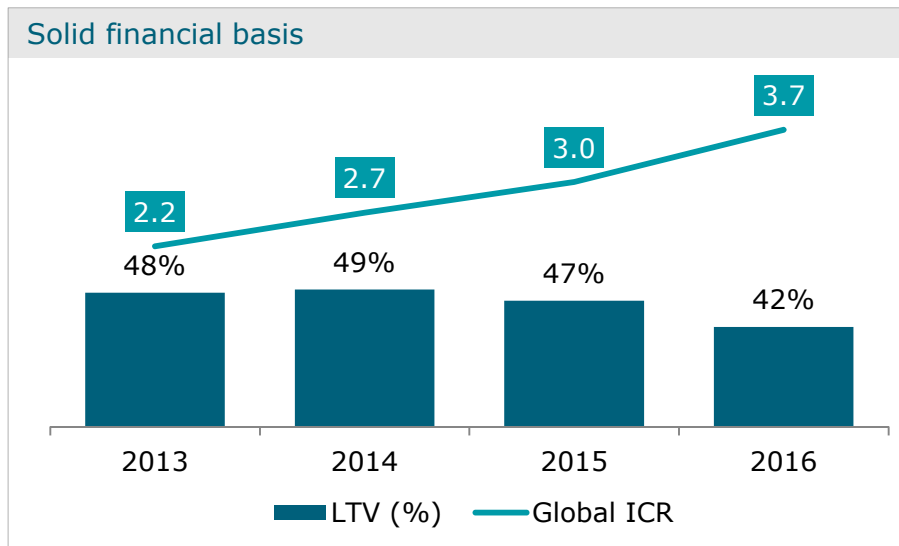
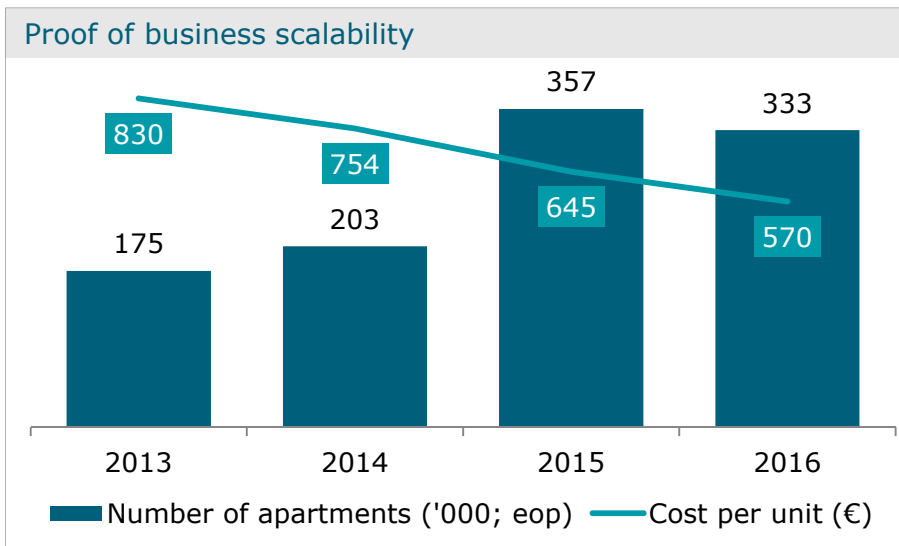
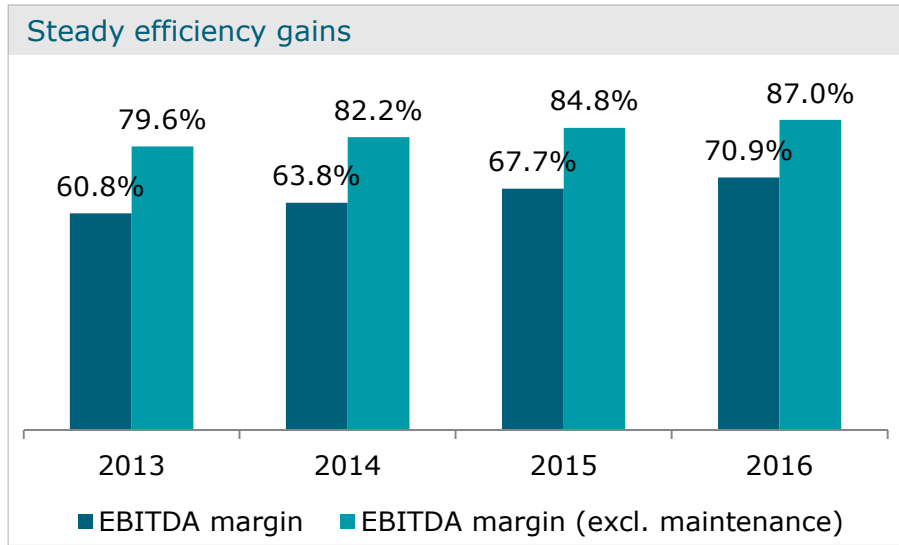
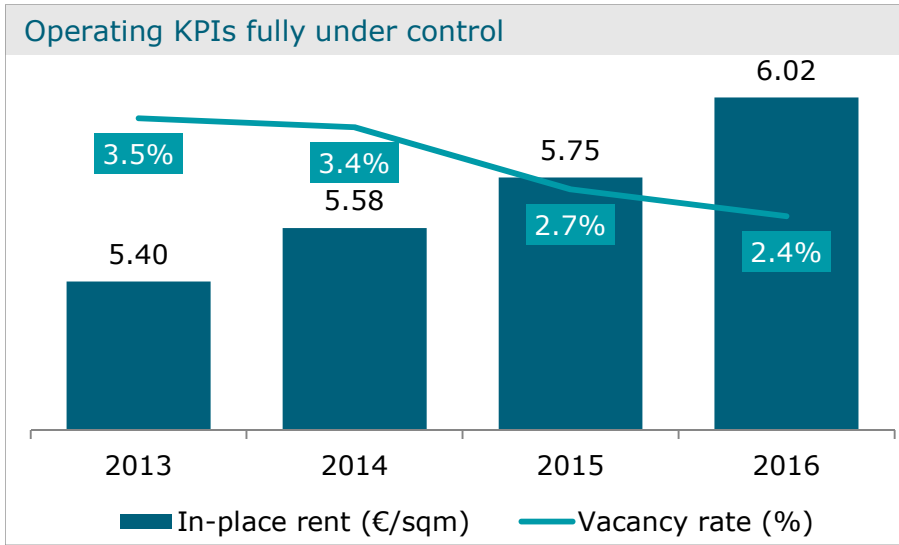
# Attractive Dividend Policy



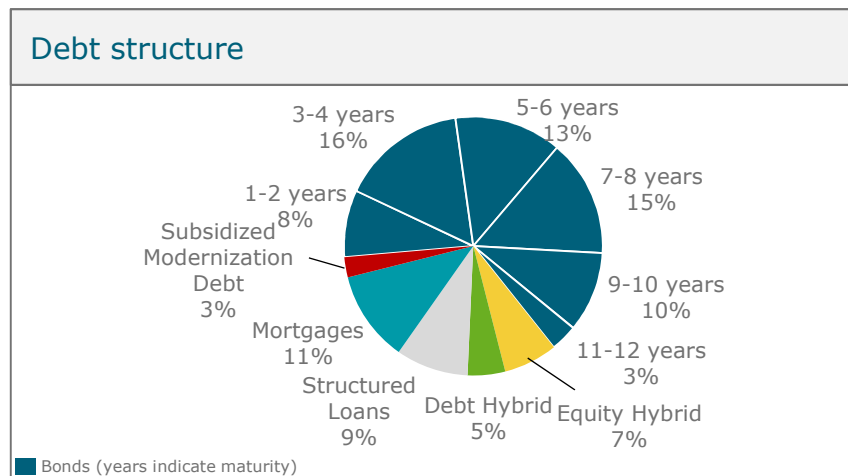
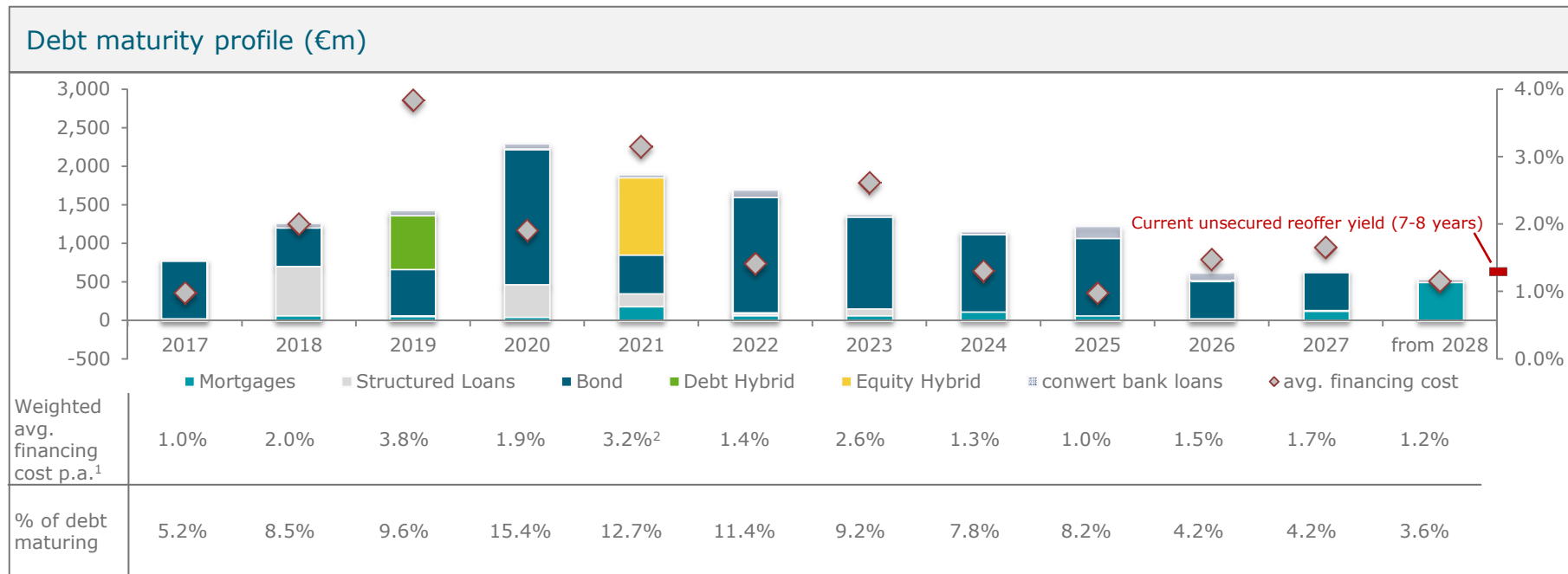
<sup>1</sup> Rental income + EBITDA Value-add Business and Other; excluding sales effects. <sup>2</sup> Midpoint guidance.



# Track Record



# Smooth Maturity Profile with Diverse Funding Mix



KPIs	September 30, 2017	Target
LTV	42.4%	Mid-to low forties
Unencumbered assets in %	61.9%	≥50%
Secured debt / total assets	9%	Ongoing optimization with most economic funding
Debt/EBITDA <sup>3</sup> multiple	10.9x	
Fixed/hedged debt ratio	98%	
Global ICR (YTD)	4.6x	
Financing cost	2.0%	
Weighted avg. maturity	7.8 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 3.6%. <sup>3</sup> Net Debt as of Sep 30 over 9M EBITDA Operations annualized.

## Corporate Investment grade rating

Rating agency	Rating	Outlook	Last Update
Standard & Poor's	BBB+	Stable	06 Sep 2016

## Bond ratings<sup>1</sup>

Name	Tenor & Coupon	ISIN	Amount	Issue price	Coupon	Final Maturity Date	Rating
Bond 002 (EUR-Bond)	6 years 3.125%	DE000A1HNW52	€ 600m	99.935%	3.125%	25 July 2019	BBB+
Bond 004 (USD-Bond)	10 years 5.000%	US25155FAB22	USD 250m	98.993%	4.580% <sup>2</sup>	02 Oct 2023	BBB+
Bond 005 (EMTN)	8 years 3.625%	DE000A1HRVD5	€ 500m	99.843%	3.625%	08 Oct 2021	BBB+
Bond 006 (Hybrid)	60 years 4.625%	XS1028959671	€ 700m	99.782%	4.625%	08 Apr 2074	BBB-
Bond 007 (EMTN)	8 years 2.125%	DE000A1ZLUN1	€ 500m	99.412%	2.125%	09 July 2022	BBB+
Bond 008 (Hybrid)	perpetual 4%	XS1117300837	€ 1,000m	100.000%	4.000%	perpetual	BBB-
Bond 009A (EMTN)	5 years 0.875%	DE000A1ZY971	€ 500m	99.263%	0.875%	30 Mar 2020	BBB+
Bond 009B (EMTN)	10 years 1.500%	DE000A1ZY989	€ 500m	98.455%	1.5000%	31 Mar 2025	BBB+
Bond 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%	2.2500%	15 Dec 2023	BBB+
Bond 011A (EMTN)	6 years 0.875%	DE000A182VS4	€ 500m	99.530%	0.875%	10 Jun 2022	BBB+
Bond 011B (EMTN)	10 years 1.500%	DE000A182VT2	€ 500m	99.165%	1.5000%	10 Jun 2026	BBB+
Bond 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+
Bond 15 (EMTN)	8 years 1.125%	DE000A19NS93	€ 500m	99.386%	1.125%	08 Sep 2025	BBB+

<sup>1</sup> Bond 003 (USD-Bond) USD 750m repaid 02 Oct 2017 already considered

<sup>2</sup> EUR-equivalent Coupon

## Covenants and KPIs (September 30, 2017)

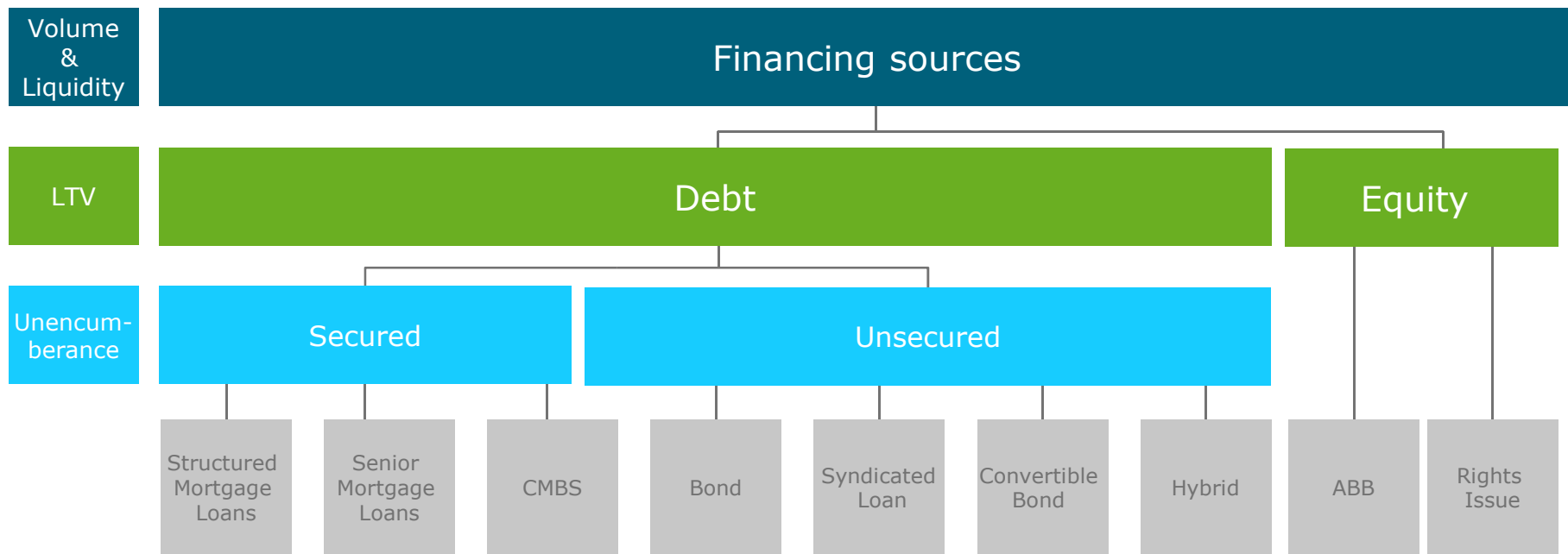
VONOVIA

### > Bond KPIs

Covenant	Level	Sep. 30, 2017
<b>LTV</b>		
Total Debt / Total Assets	<60%	<b>39%</b>
<b>Secured LTV</b>		
Secured Debt / Total Assets	<45%	<b>9%</b>
<b>ICR</b>		
Last 12M EBITDA / Last 12M Interest Expenses	>1.80x	<b>4.5x</b>
<b>Unencumbered Assets</b>		
Unencumbered Assets / Unsecured Debt	>125%	<b>223%</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



# Neighborhood Development Project Berlin Reinickendorf

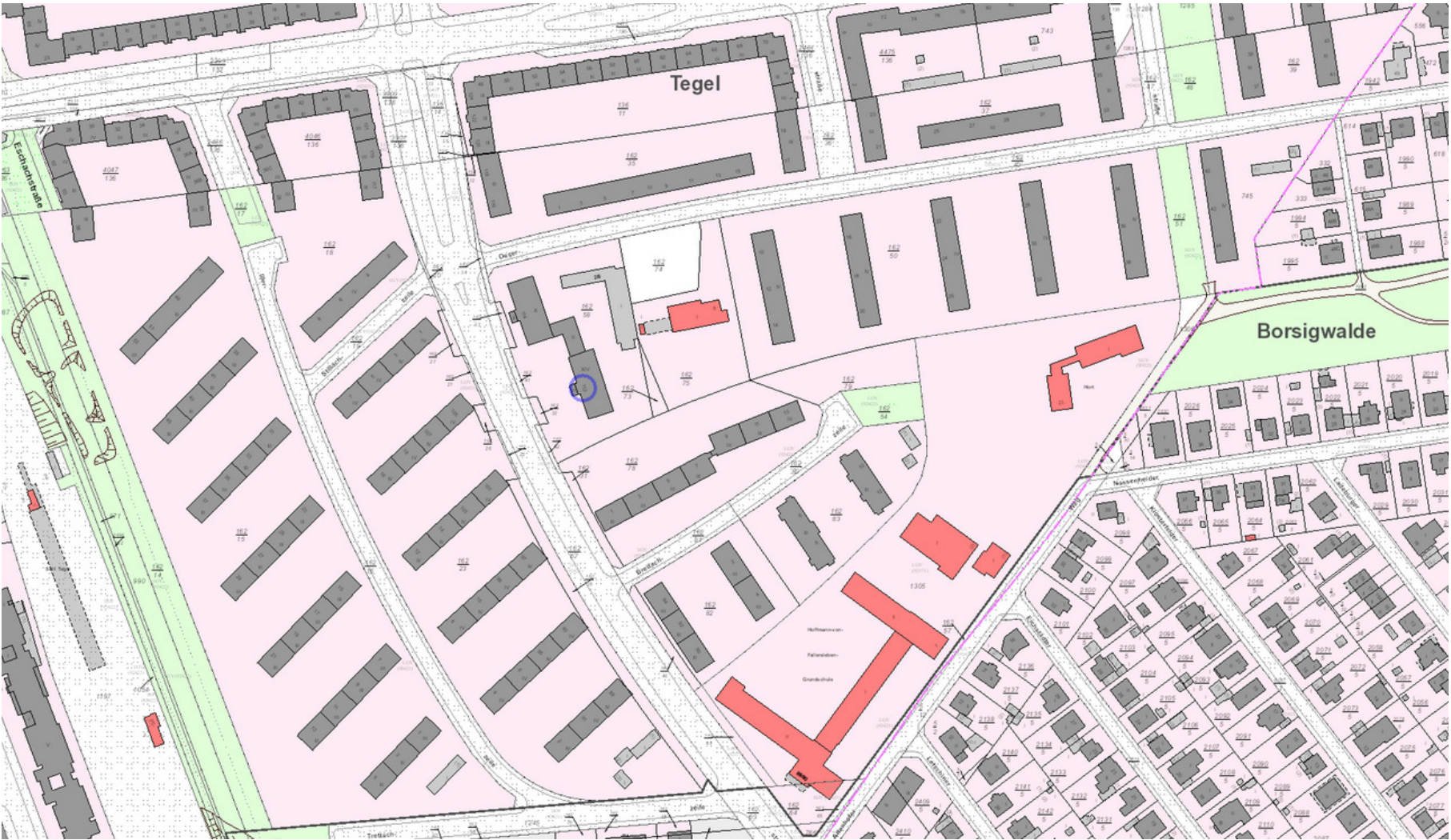
VONOVIA



-  Primary school
-  Secondary school
-  Kindergarten
-  Shopping Center
-  Supermarket
-  Public transport S-Bahn/ subway



- 1,107 resi units built between 1953 and 1956
- Ø in-place rent €5.96/sqm vs. market rent of ~€9.00/sqm
- Ø apt. size 53 sqm
- Excellent infrastructure especially for families and senior citizens
- S-Bahn and subway station immediately adjacent on the west-end side of the property
- High recreational value
- Good supply of shopping and daily amenities

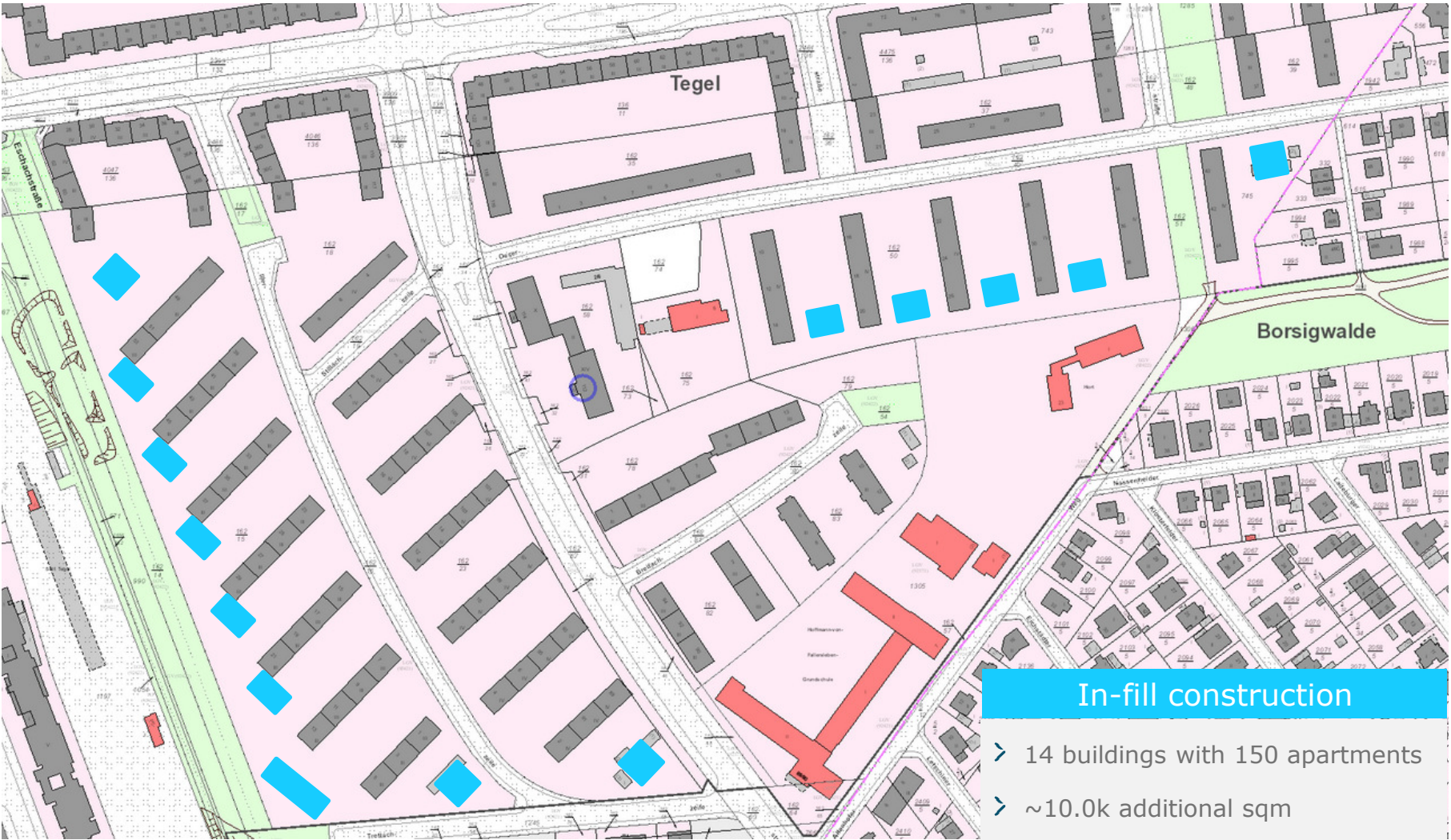


# Adding 210 New Apartments through Floor Additions

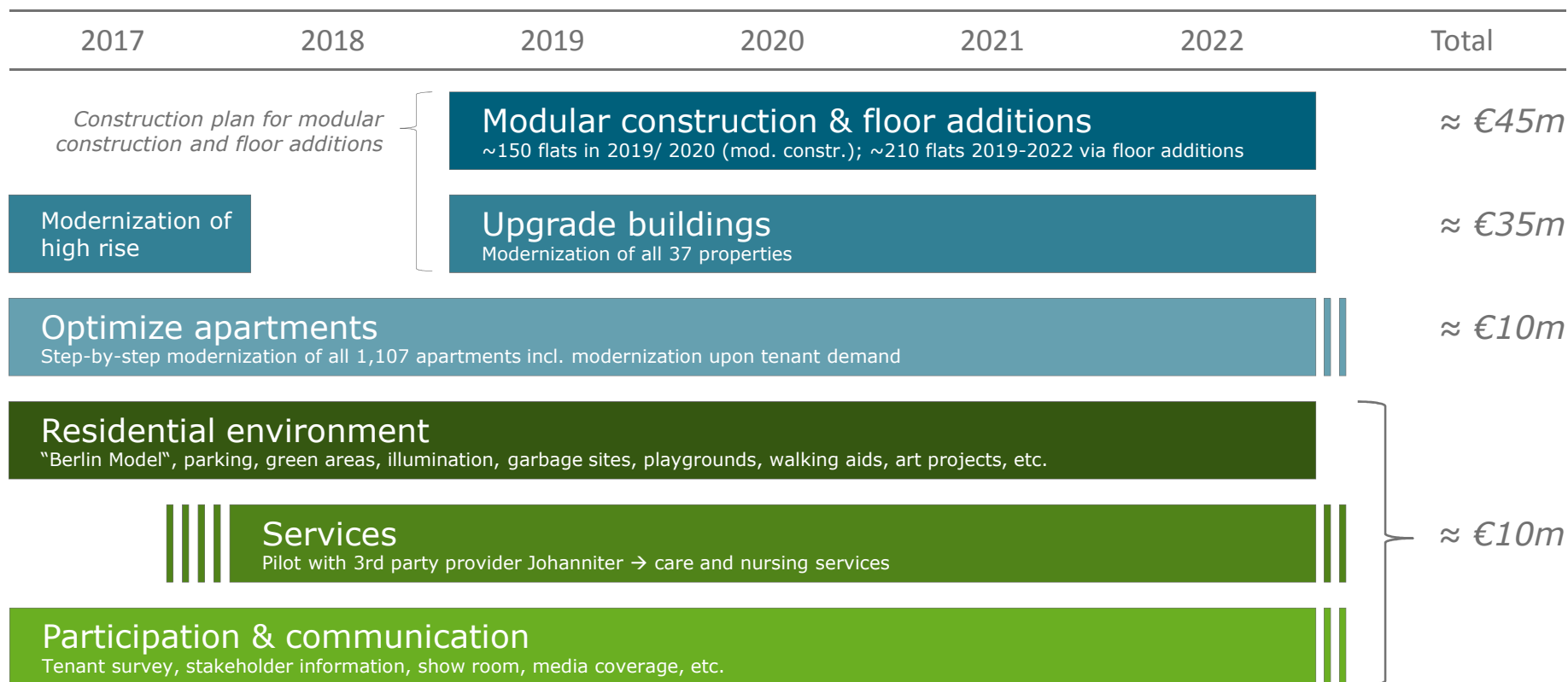




# Adding 150 New Apartments through In-fill Construction



# Indicative Timeline



**Σ investments ~€100m @ IRR > 10%**

# Innovation Example: Residential Environment Services **VONOVIA**

- Innovative approach to a traditional residential business: residential environment services (mowing lawns, trimming trees and bushes, etc.), which form part of the tenants' recoverable expenses.
  - Insourcing of capacities for improved quality control and better cost basis.
  - Digitization of entire process to achieve higher standardization and process control.



# Improvements Across All KPIs

VONOVIA

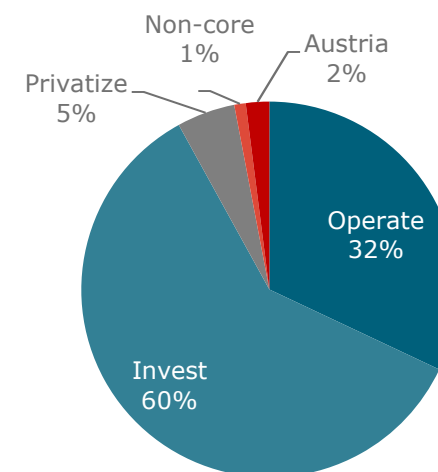
		9M 2017	9M 2016	Delta
Average number of residential sqm	` 000	22,134	21,685	+2.1%
In-place rent (eop)	€/month/sqm	6.19	5.94	+4.2%
Organic rent growth	%	3.9	2.8	+1.1pp
Vacancy rate (eop)	%	2.9	2.8	+0.1pp
Rental income	€m	1,249.4	1,156.1	+8.1%
Cost per average unit	€	381	402	-5.2%
Adj. EBITDA Operations	€m	922.1	832.3	+10.8%
Rental	€m	865.9	794.1	+9.0%
Value-add Business	€m	76.0	45.1	+68.5%
Other (i.e. consolidation)	€m	-19.8	-6.9	>100%
FFO1	€m	690.5	571.6	+20.8%
FFO1 per share (eop NOSH)	€	1.42	1.23	+15.4%
FFO1 per share (avg. NOSH)	€	1.46	1.23	+18.7%
AFFO	€m	640.2	524.3	+22.1%
Adj. EBITDA Sales	€m	81.3	65.5	+24.1%
Adj. EBITDA (Total)	€m	1,003.4	897.8	+11.8%
FFO 2	€m	748.0	604.0	+23.8%

		Sep. 30, 2017	Dec. 31, 2016	Delta
Fair value of real estate portfolio	€m	30,948.1	27,115.6	+14.1%
EPRA NAV	€/share	39.57	36.58	+8.2%
Adj. NAV	€/share	33.53	30.75	+9.0%
LTV	%	42.4	41.6	+80bps

# Pro-active Portfolio Management Clustering

- As the investment program continues to evolve beyond the two original categories Optimize Apartments and Upgrade Buildings, an unambiguous allocation of properties into these two clusters becomes increasingly meaningless. Going forward, we will therefore distinguish only between Operate and Invest for the Strategic Portfolio.
- Similarly, as the Non-strategic and Non-core portfolios continue to shrink, there is no longer a need to distinguish between the two. Going forward, we will merge and report them as one cluster under Non-core.



Sep. 30, 2017	Residential	In-place rent	Vacancy rate	Fair value	
	units	(€/sqm/month)	(%)	(€bn)	% of total
Operate	106,126	6.32	2.7	9.7	32%
Invest	215,313	6.20	2.6	18.5	60%
<b>Subtotal Strategic Clusters</b>	<b>321,439</b>	<b>6.24</b>	<b>2.6</b>	<b>28.2</b>	<b>92%</b>
Privatize	15,719	6.04	4.3	1.5	5%
Non-core	10,829	4.85	9.2	0.4	1%
<b>Total Germany</b>	<b>347,987</b>	<b>6.19</b>	<b>2.9</b>	<b>30.2</b>	<b>98%</b>
Austria	2,147	6.35	2.4	0.6	2%
<b>Total Residential Portfolio</b>	<b>350,134</b>	<b>6.19</b>	<b>2.9</b>	<b>30.8</b>	<b>100%</b>

Fair value of the developed land excluding €182.4 million for undeveloped land, inheritable building rights granted and other.

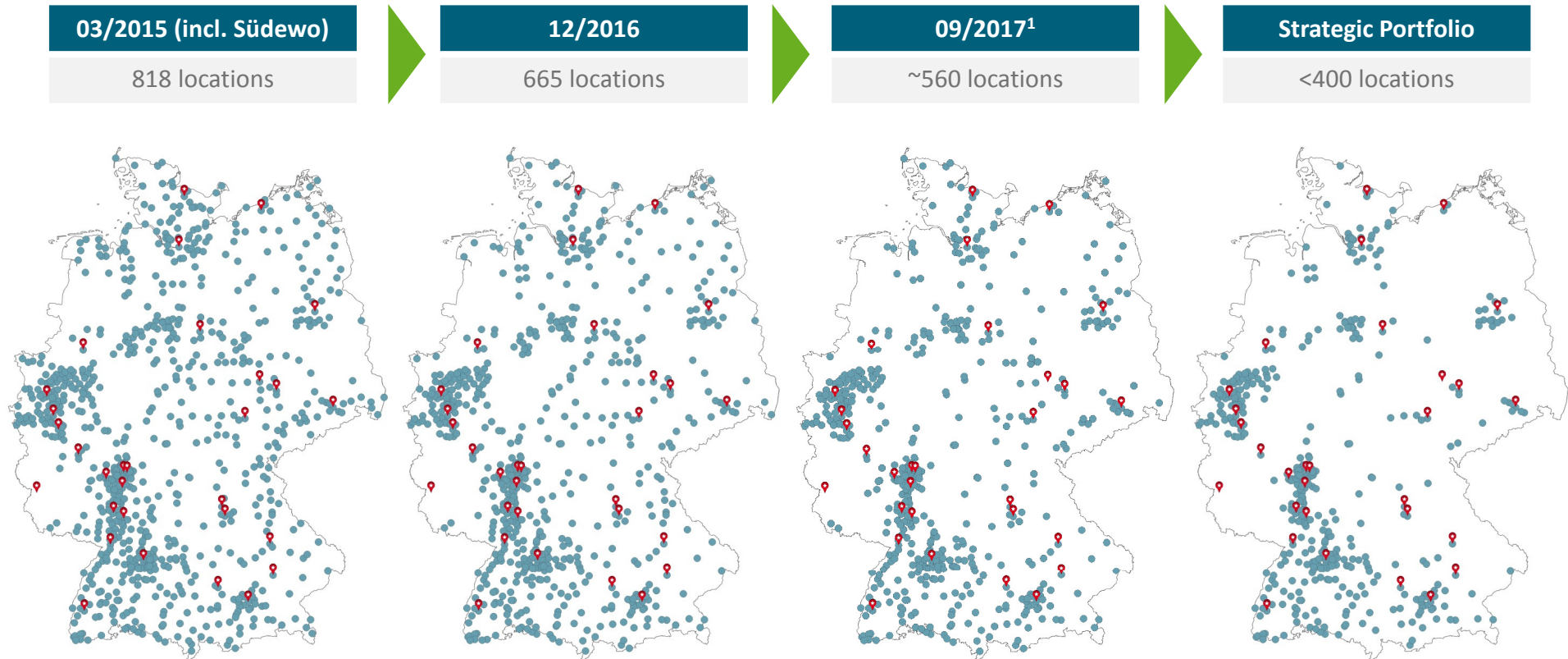
# All Strategic Markets Show Upward Potential



Regional Market	Fair value		In-place rent									
	(€m)	(€/sqm)	Residential units	Living area ('000 sqm)	Vacancy (%)	Total (p.a., €m)	Residential (p.a., €m)	Residential (€/sqm/month)	Organic rent growth (%)	Multiple (in-place rent)	Average rent growth forecast CBRE (5 yrs) (%)	Average rent growth (%) from Optimize Apartments
Berlin	4,657	1,828	38,678	2,450	1.7	192	181	6.26	3.3	24.3	3.3	48.5
Rhine Main Area (Frankfurt, Darmstadt, Wiesbaden)	3,206	1,765	27,994	1,785	1.7	166	160	7.60	3.5	19.4	3.2	40.5
Rhineland (Cologne, Düsseldorf, Bonn)	3,120	1,472	30,720	2,060	3.0	169	161	6.71	4.6	18.5	2.8	28.0
Dresden	2,712	1,159	38,603	2,196	2.7	157	147	5.75	6.1	17.2	3.6	35.8
Southern Ruhr Area (Dortmund, Essen, Bochum)	2,712	975	44,489	2,719	3.7	181	175	5.57	3.9	14.9	2.0	28.9
Hamburg	1,796	1,659	16,561	1,049	2.1	88	84	6.75	4.3	20.3	3.0	39.7
Munich	1,687	2,565	9,722	640	1.1	62	58	7.63	2.8	27.3	4.5	48.3
Stuttgart	1,593	1,722	14,212	895	1.8	83	79	7.46	2.1	19.3	2.8	39.1
Northern Ruhr Area (Duisburg, Gelsenkirchen)	1,339	784	27,181	1,686	4.2	106	103	5.31	4.2	12.6	1.7	23.0
Hanover	1,203	1,273	14,610	927	3.0	69	66	6.12	4.1	17.5	2.7	36.5
Kiel	936	1,112	13,982	811	1.7	57	54	5.65	3.4	16.4	2.2	38.1
Bremen	859	1,154	11,922	723	3.3	47	45	5.38	2.0	18.2	2.9	30.4
Leipzig	680	1,097	9,169	587	4.1	41	39	5.72	1.9	16.4	2.4	24.6
Westphalia (Münster, Osnabrück)	622	981	9,669	627	2.3	41	40	5.50	2.8	15.0	2.5	32.1
Freiburg	512	1,829	4,051	277	1.7	23	22	6.87	3.0	22.1	3.7	44.0
Other Strategic Locations	1,974	1,268	23,968	1,522	2.9	116	112	6.29	4.9	17.0	3.1	36.3
<b>Total Strategic Locations</b>	<b>29,608</b>	<b>1,371</b>	<b>335,531</b>	<b>20,953</b>	<b>2.7</b>	<b>1,599</b>	<b>1,524</b>	<b>6.23</b>	<b>3.9</b>	<b>18.5</b>	<b>2.9</b>	<b>35.0</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.

# Substantial Reduction of Portfolio Locations



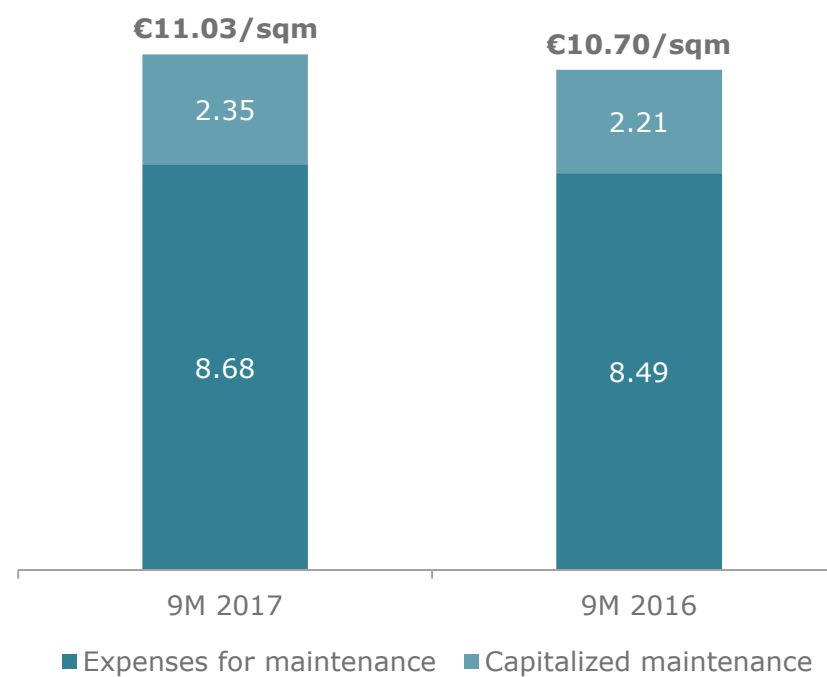
● Vonovia location

★ 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)

<sup>1</sup> Excluding locations for which the disposal is planned or has already been approved by the management board to be executed within 2017. The actual disposal will take place later than 2017 for some of these transactions.

# Maintenance

€m (unless indicated otherwise)	9M 2017	9M 2016	Delta
Expenses for maintenance	192.2	184.1	4.4%
Capitalized maintenance	52.0	48.0	8.3%
Total	244.2	232.1	5.2%
Maintenance capitalization ratio	21%	21%	





# Reconciliation IFRS Profit to FFO

VONOVIA

€m (unless indicated otherwise)	9M 2017	9M 2016	Delta
<b>IFRS PROFIT FOR THE PERIOD</b>	<b>1,205.2</b>	<b>278.3</b>	>100%
Financial result <sup>1</sup>	218.2	354.1	-38.4%
Income taxes	663.8	177.1	>100%
Depreciation and amortization	23.0	16.4	+40.2%
Income from fair value adjustments of investment properties	-1,164.7	-	-
<b>= EBITDA IFRS</b>	<b>945.5</b>	<b>825.9</b>	<b>+14.5%</b>
Non-recurring items	75.9	70.3	+8.0%
Total period adjustments from assets held for sale	-5.0	11.2	>-100%
Income from investments in other real estate companies	-13.0	-9.6	+35.4%
<b>= ADJUSTED EBITDA</b>	<b>1,003.4</b>	<b>897.8</b>	<b>+11.8%</b>
Adjusted EBITDA Sales	-81.3	-65.5	+24.1%
<b>= ADJUSTED EBITDA OPERATIONS</b>	<b>922.1</b>	<b>832.3</b>	<b>+10.8%</b>
Interest expenses FFO <sup>2</sup>	-216.5	-249.1	-13.1%
Current income taxes FFO1	-15.1	-11.6	+30.2%
<b>= FFO1</b>	<b>690.5</b>	<b>571.6</b>	<b>+20.8%</b>
Capitalized maintenance	-50.3	-47.3	+6.3%
<b>= AFFO</b>	<b>640.2</b>	<b>524.3</b>	<b>+22.1%</b>
Current income taxes FFO2	-23.8	-33.1	-28.1%
<b>FFO2 (FFO1 incl. Adjusted EBITDA Sales / Current income taxes sales)</b>	<b>748.0</b>	<b>604.0</b>	<b>+23.8%</b>
FFO1 per share in € (eop NOSH)	1.42	1.23	+16.0%
AFFO per share in € (eop NOSH)	1.32	1.13	+17.3%
Number of shares (million) eop	485.1	466.0	+4.1%

<sup>1</sup> Excluding income from investments. <sup>2</sup> Including financial income from investments in other real estate companies.

€m (unless indicated otherwise)	9M 2017	9M 2016	Delta
Income from property letting	1,753.9	1,640.3	+6.9%
Other income from property management	34.0	29.1	+16.8%
<b>Income from property management</b>	<b>1,787.9</b>	<b>1,669.4</b>	<b>+7.1%</b>
Income from disposal of properties	951.2	988.2	-3.7%
Carrying amount of properties sold	-905.6	-953.9	-5.1%
Revaluation of assets held for sale	60.5	37.9	+59.6%
<b>Profit on disposal of properties</b>	<b>106.1</b>	<b>72.2</b>	<b>+47.0%</b>
<b>Net income from fair value adjustments of investment properties</b>	<b>1,164.7</b>	<b>-</b>	
Capitalized internal expenses	326.8	227.7	+43.5%
Cost of materials	-866.8	-790.6	+9.6%
Personnel expenses	-307.1	-267.1	+15.0%
Depreciation and amortization	-23.0	-16.4	+40.2%
Other operating income	75.8	70.5	+7.5%
Other operating expenses	-196.7	-166.7	+18.0%
Financial income	46.2	22.4	>100%
Financial expenses	-244.9	-366.0	-33.1%
<b>Earnings before taxes</b>	<b>1,869.0</b>	<b>455.4</b>	<b>&gt;100%</b>
Income taxes	-663.8	-177.1	>100%
<b>Profit for the period</b>	<b>1,205.2</b>	<b>278.3</b>	<b>&gt;100%</b>
Attributable to:			
Vonovia's shareholders	1,117.6	182.7	>100%
Vonovia's hybrid capital investors	22.4	22.4	
Non-controlling interests	65.2	73.2	-10.9%
<b>Earnings per share (basic and diluted) in €</b>	<b>2.36</b>	<b>0.39</b>	<b>&gt;100%</b>

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

VONOVIA

€m (unless indicated otherwise)	Sep. 30, 2017	Dec. 31, 2016	Delta
<b>Assets</b>			
Intangible assets	2,956.5	2,743.1	+7.8%
Property, plant and equipment	145.3	115.7	+25.6%
Investment properties	30,760.2	26,980.3	+14.0%
Financial assets	665.3	585.9	+13.6%
Other assets	21.9	15.2	+44.1%
Deferred tax assets	24.9	19.6	+27.0%
<b>Total non-current assets</b>	<b>34,574.1</b>	<b>30,459.8</b>	<b>+13.5%</b>
Inventories	6.0	5.0	+20.0%
Trade receivables	221.0	164.4	+34.4%
Financial assets	0.0	153.2	-100.0%
Other assets	148.8	102.7	+44.9%
Income tax receivables	30.9	34.6	-10.7%
Cash and cash equivalents	339.8	1,540.8	-77.9%
Assets held for sale	95.8	61.6	+55.5%
<b>Total current assets</b>	<b>842.3</b>	<b>2,062.3</b>	<b>-59.2%</b>
<b>Total assets</b>	<b>35,416.4</b>	<b>32,522.1</b>	<b>+8.9%</b>

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

VONOVIA

€m (unless indicated otherwise)	Sep. 30, 2017	Dec. 31, 2016	Delta
<b>Equity and liabilities</b>			
Subscribed capital	485.1	466.0	+4.1%
Capital reserves	5,965.1	5,334.9	+11.8%
Retained earnings	7,212.8	6,665.4	+8.2%
Other reserves	121.0	1.5	>100%
<b>Total equity attributable to Vonovia's shareholders</b>	<b>13,784.0</b>	<b>12,467.8</b>	+10.6%
Equity attributable to hybrid capital investors	1,031.5	<b>1,001.6</b>	+3.0%
<b>Total equity attributable to Vonovia's shareholders and hybrid capital investors</b>	<b>14,815.5</b>	<b>13,469.4</b>	+10.0%
Non-controlling interests	660.6	419.0	+57.7%
<b>Total equity</b>	<b>15,476.1</b>	<b>13,888.4</b>	+11.4%
Provisions	609.9	607.9	+0.3%
Trade payables	0.6	1.3	-53.8%
Non derivative financial liabilities	11,769.5	11,643.4	+1.1%
Derivatives	14.1	19.1	-26.2%
Liabilities from finance leases	94.4	94.7	-0.3%
Liabilities to non-controlling interests	26.6	9.9	>100%
Other liabilities	70.7	83.3	-15.1%
Deferred tax liabilities	4,557.2	3,769.5	+20.9%
<b>Total non-current liabilities</b>	<b>17,143.0</b>	<b>16,229.1</b>	+5.6%
Provisions	343.0	370.8	-7.5%
Trade payables	130.9	138.8	-5.7%
Non derivative financial liabilities	2,151.6	1,727.6	+24.5%
Derivatives	8.2	57.5	-85.7%
Liabilities from finance leases	4.9	4.5	+8.9%
Liabilities to non-controlling interests	4.5	2.7	+66.7%
Other liabilities	154.2	102.7	+50.1%
<b>Total current liabilities</b>	<b>2,797.3</b>	<b>2,404.6</b>	+16.3%
<b>Total liabilities</b>	<b>19,940.3</b>	<b>18,633.7</b>	+7.0%
<b>Total equity and liabilities</b>	<b>35,416.4</b>	<b>32,522.1</b>	+8.9%

# Cash Flow

VONOVIA

€m	9M 2017	9M 2016	Delta
Cash flow from operating activities	719.0	636.7	12.9%
Cash flow from investing activities	-1,165.2	326.5	>-100%
Cash flow from financing activities	-754.8	-2,953.0	-74.4%
<b>Net changes in cash and cash equivalents</b>	<b>-1,201.0</b>	<b>-1,989.8</b>	<b>-39.6%</b>
Cash and cash equivalents at the beginning of the period	1,540.8	3,107.9	-50.4%
<b>Cash and cash equivalents at the end of the period</b>	<b>339.8</b>	<b>1,118.1</b>	<b>-69.6%</b>

# Maintenance and Modernization



€m (unless indicated otherwise)	9M 2017	9M 2016	Delta
Expenses for maintenance	192.2	184.1	4.4%
Capitalized maintenance	52.0	48.0	8.3%
Modernization work	508.6	284.6	78.7%
<b>Maintenance and modernization total<sup>1</sup></b>	<b>752.8</b>	<b>516.7</b>	<b>45.7%</b>

<sup>1</sup> Incl. intra-Group profits for 9M 2017: €53.3m (thereof €1.7m capitalized maintenance and €16.8m modernization); 9M 2016: €36.1m (thereof €0.7m capitalized maintenance and €5.8m modernization); new construction in 9M 2017 €22.8m, new construction in 9M 2016: €11.8m (included in modernization measures).

# Income from Property Management

VONOVIA

€m (unless indicated otherwise)	9M 2017	9M 2016	Delta
Rental income	1,252.5	1,159.3	8.0%
Ancillary cost	501.4	481.0	4.2%
<b>Income from Property Letting</b>	<b>1,753.9</b>	<b>1,640.3</b>	6.9%
Other income from property management	34.0	29.1	16.8%
<b>Income from property management</b>	<b>1,787.9</b>	<b>1,669.4</b>	7.1%

Rental income under IFRS definition. Includes €3.1m of rental income attributable to Value-add Business.

# Cost of Materials

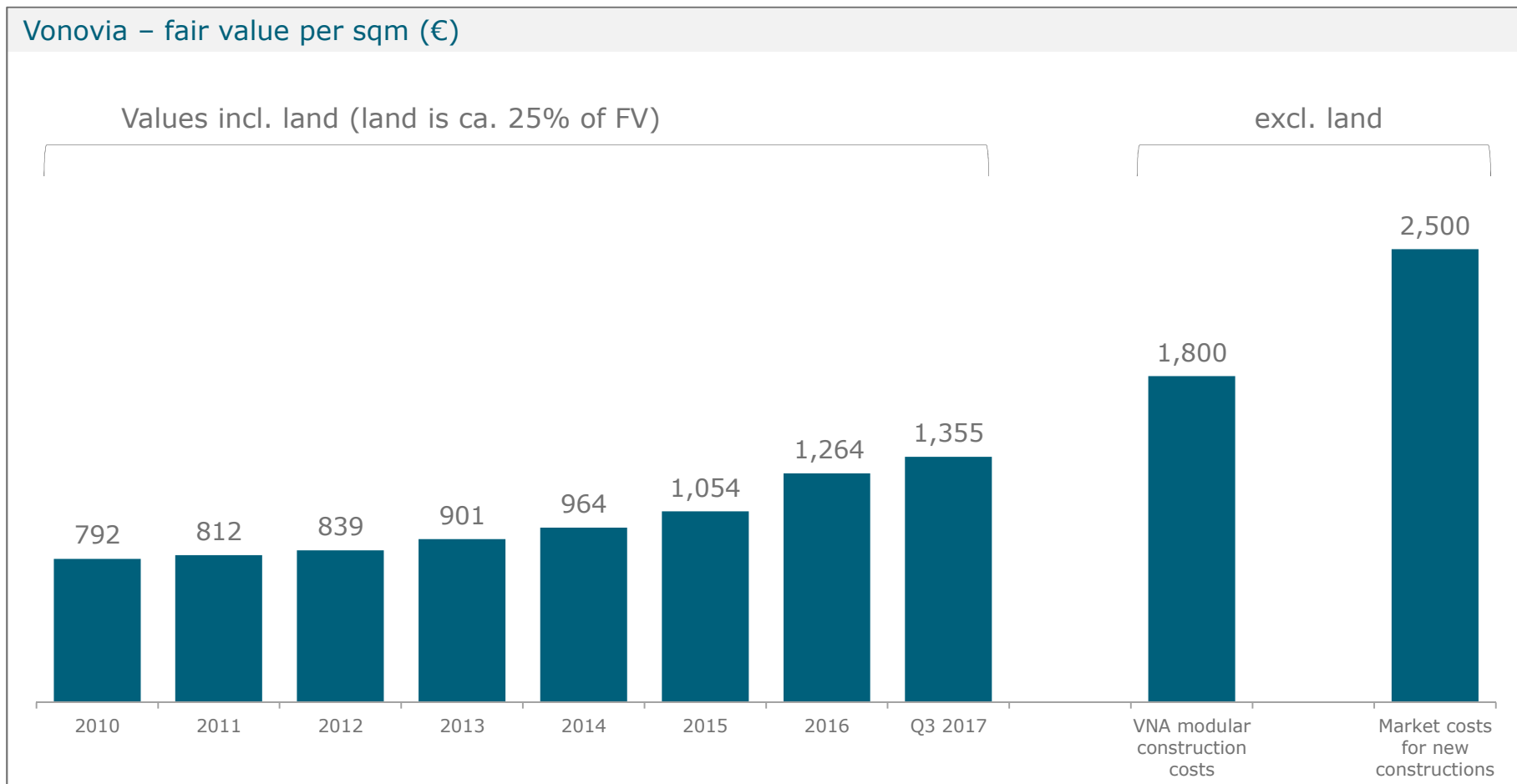


€m (unless indicated otherwise)	9M 2017	9M 2016	Delta
Expenses for ancillary costs	472.0	461.8	+2.2%
Expenses for maintenance	322.0	266.4	+20.9%
Other cost of purchased goods and services	72.8	62.4	+16.7%
<b>Total cost of materials</b>	<b>866.8</b>	<b>790.6</b>	<b>+9.6%</b>



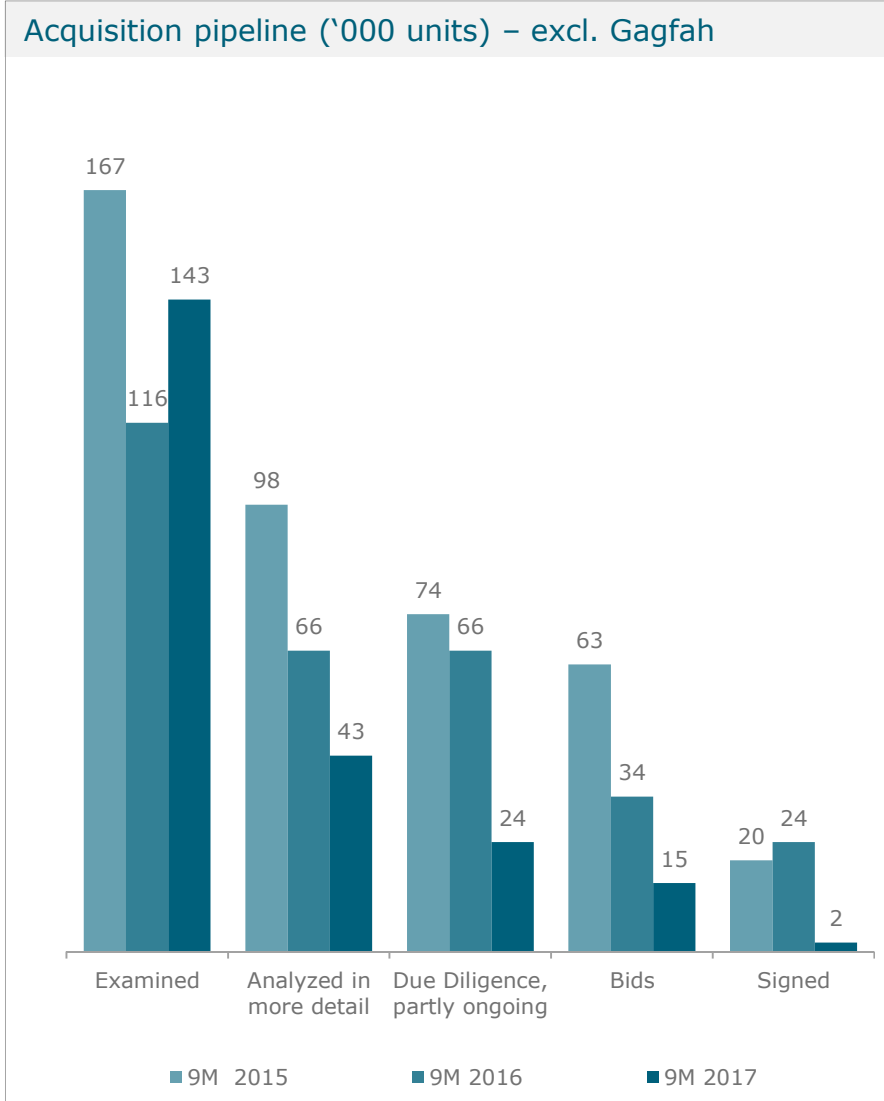
# Conservative Valuation

- In-place values are still less than 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 criteria

- No quantitative acquisition target.
- No management incentive for external growth.
- Any potential acquisition must meet all four stringent acquisition criteria assuming a 50/50 equity/debt financing.

**Strategic fit**

**FFO/share accretive**      **NAV/share non-dilutive**

**BBB+ Rating (stable)**

# Historical Key Figures (1/2)

VONOVIA

Financial Key Figures (€m, unless stated otherwise)	9M2017	2016	2015	2014	2013
Rental income	1,249.4	1,538.1	1,414.6	789.3	728.0
Adjusted EBITDA Operations	922.1	1,094.0	957.6	503.4	442.4
Adjusted EBITDA Rental	865.9	1,046.2	924.4	482.6	433.0
Adjusted EBITDA Value-add Business	76.0	57.0	37.6	23.6	10.5
Adjusted EBITDA Other	-19.8	-9.2	-4.4	-2.8	-1.1
Income from disposal of properties	951.3	1,227.9	726.0	287.3	353.5
Adjusted EBITDA Sales	81.3	92.5	71.1	50.1	27.7
Adjusted EBITDA	1,003.4	1,186.5	1,028.7	553.5	470.1
EBITDA IFRS	945.5	1,083.7	838.4	500.3	431.0
FFO1	690.5	760.8	608.0	286.6	223.5
thereof attributable to Vonovia shareholders	650.6	713.4	555.5	275.1	218.4
thereof attributable to Vonovia hybrid capital investors	30.0	40.0	33.0	-	-
thereof attributable to Non-controlling interests	9.9	7.4	19.5	11.5	5.1
FFO2	748.0	823.8	662.1	336.7	251.2
AFFO	640.2	689.2	520.5	258.3	203.5
FFO1 per share in €	1.42	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	1,869.0	3,859.8	1,734.5	589.1	689.6
Profit for the period	1,205.2	2,512.9	994.7	409.7	484.2
Cash flow from operating activities	719.0	828.9	689.8	453.2	259.6
Cash flow from investing activities	-1,165.2	416.4	-3,239.8	-1,177.9	171.3
Cash flow from financing activities	-754.8	-2,812.4	4,093.1	1,741.7	-353.2
Maintenance and modernization	752.8	792.4	686.3	345.5	228.4
thereof for maintenance expenses and capitalized maintenance	244.2	320.1	330.7	173.8	157.6
thereof for modernization	508.6	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)	Sep. 30, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec 31, 2014	Dec 31, 2013
Fair value of real estate portfolio	30,948.1	27,115.6	24,157.7	12,759.1	10,326.7
Adjusted NAV	16,263.5	14,328.2	11,273.5	6,472.0	5,123.4
Adjusted NAV per share in €	33.53	30.75	24.19	22.67	21.74
LTV (%)	42.4	41.6	46.9	49.3	48.1
<b>Non-Financial Key Figures</b>	<b>9M 2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Number of units managed	413,703	392,350	397,799	232,246	201,737
thereof own apartments	350,134	333,381	357,117	203,028	175,258
thereof apartments owned by others	63,569	58,969	40,682	29,218	26,479
Number of units bought	24,847	2,815	168,632	31,858	0
Number of units sold	8,304	26,631	15,174	4,081	6,720
thereof Privatize	1,704	2,701	2,979	2,238	2,576
thereof Non-Core	6,600	23,930	12,195	1,843	4,144
Vacancy rate (in %)	2.9	2.4	2.7	3.4	3.5
Monthly in-place rent in €/sqm	6.19	6.02	5.75	5.58	5.40
Monthly in-place rent organic growth (%)	3.9	3.3	-	-	-
Number of employees	8,378	7,437	6,368	3,850	2,935
<b>EPRA Key Figures</b>	<b>9M 2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
EPRA NAV	19,193.3	17,047.1	13,988.2	6,578.0	5,123.4
EPRA NAV per share in €**	39.57	36.58	30.02	23.04	21.74
EPRA NNAV	---	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 – Quarterly Comparison

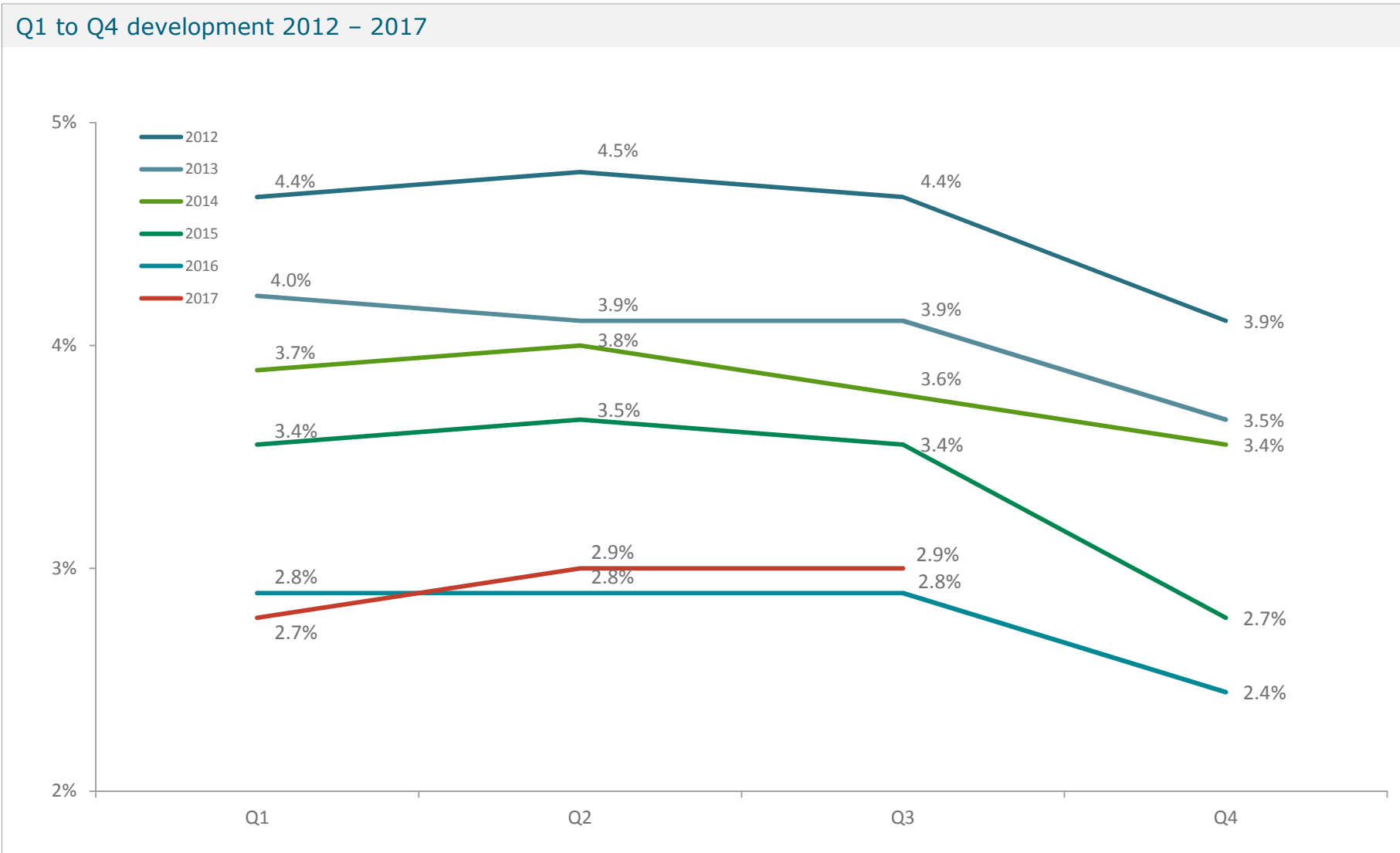
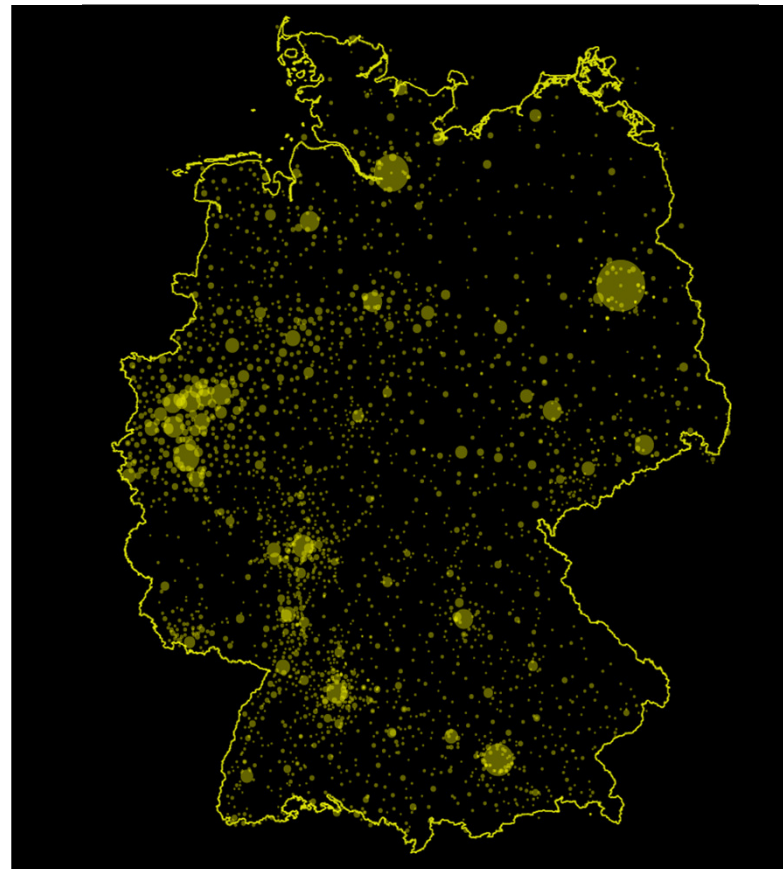
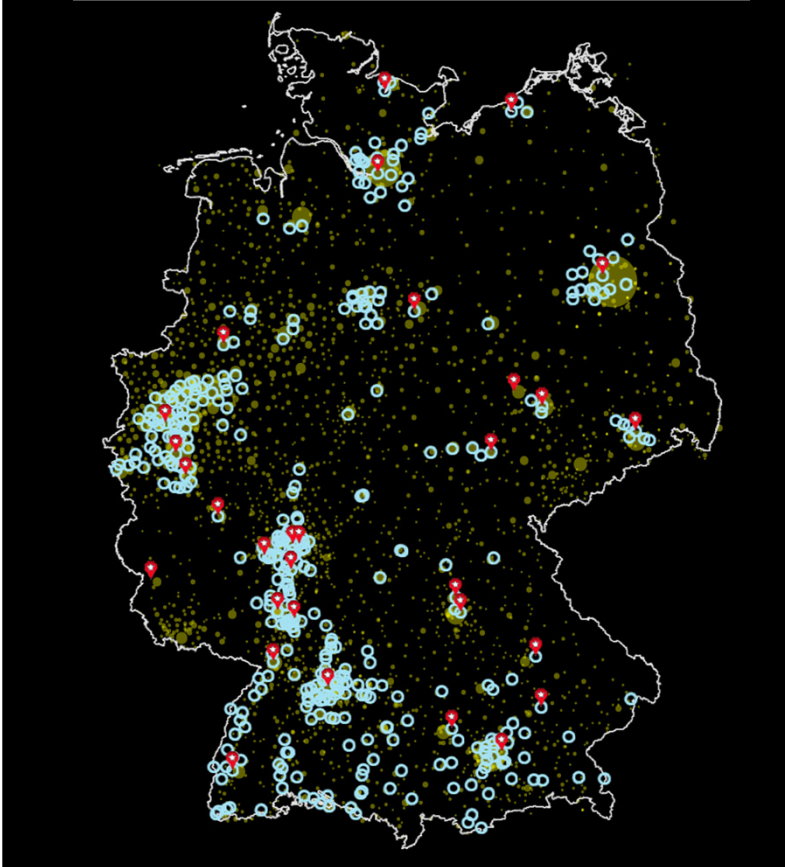


Illustration of Germany at Night

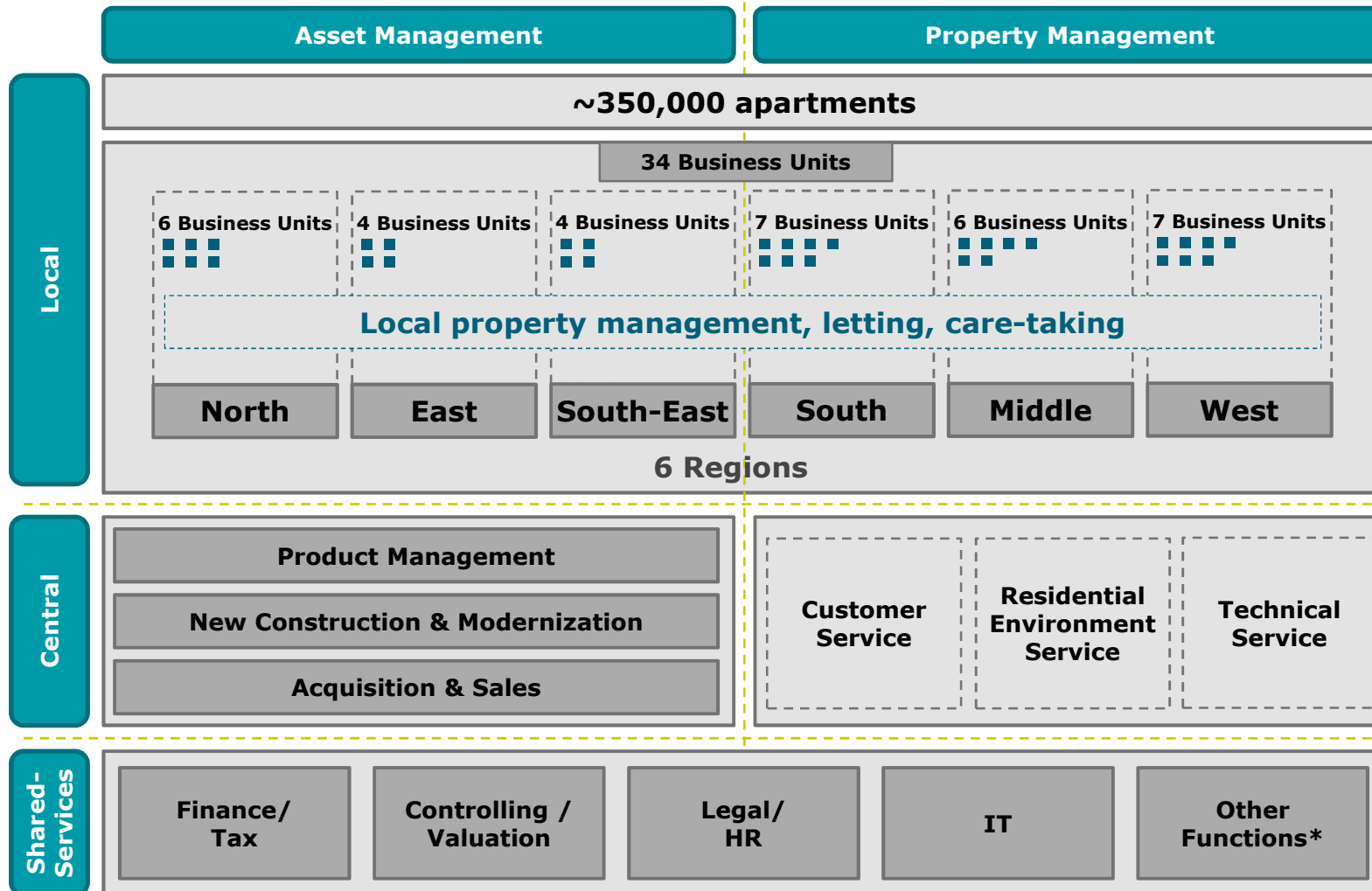


## Illustration of Germany at Night



Note: Vonovia Strategic Portfolio

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



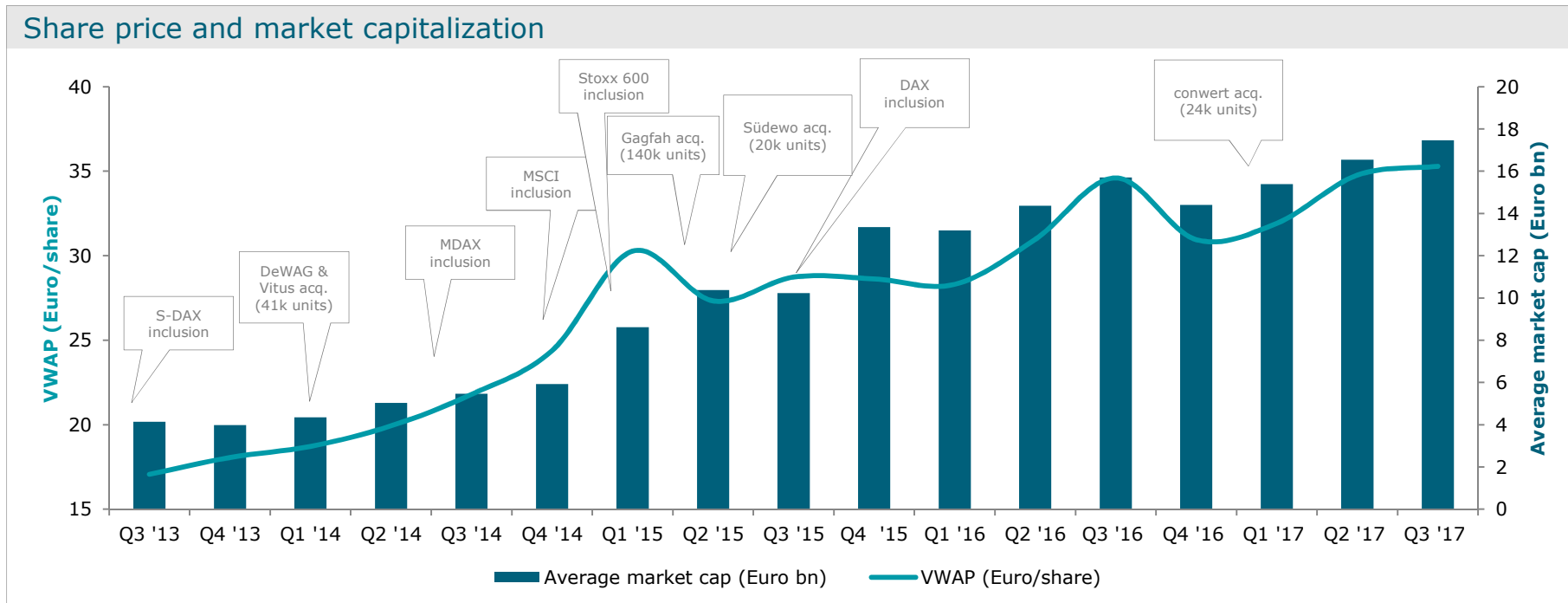
\*Other shared services: Internal Audit, Communications, Central Procurement, Insurances, Investor Relations, Accounting



# Vonovia History



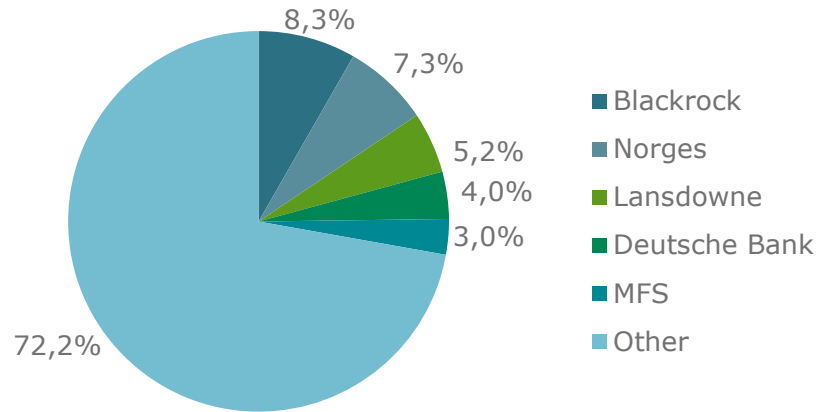
- Seed portfolios of today's Vonovia have origin in public housing provided by government, large employers and similar landlords with a view towards offering affordable housing.
- At beginning of last decade, private equity invested in German residential on a large scale including into what is Vonovia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



Source: Factset, company data

# Liquid Large-cap Stock

## Shareholder Structure (September 30, 2017)

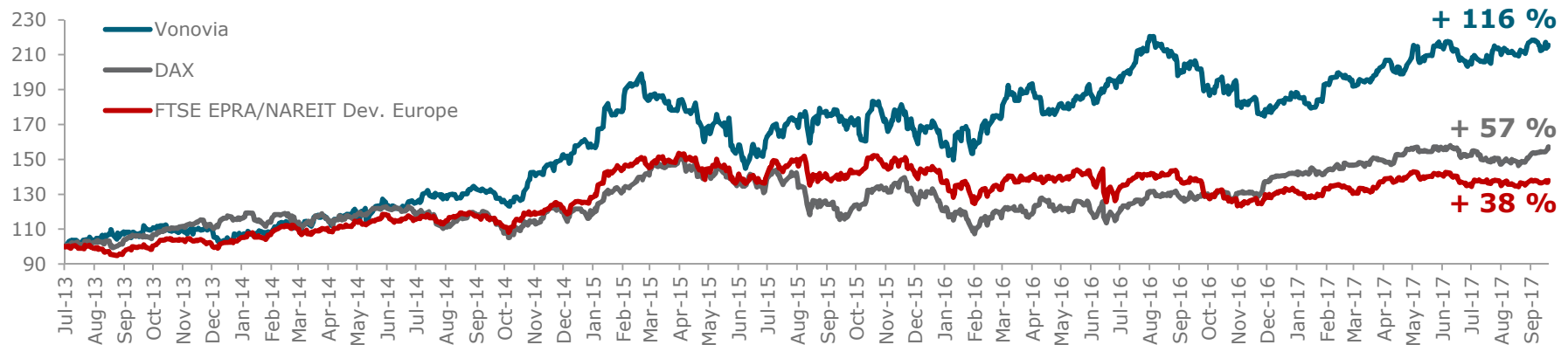


According to German law the lowest threshold for voting rights notifications is at 3%

## Share Information

First day of trading	July 11, 2013	
Number of shares outstanding	485.1 million	
Free float based on Deutsche Börse definition	92.7%	
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 September 30, 2017)		
	DAX	1,6%
	Stoxx Europe 600	0,2%
	MSCI Germany	1,4%
	GPR 250 World	1,4%
	FTSE EPRA/NAREIT Europe	8,3%

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



Source: Factset

## Reconciliation of Shares Outstanding

VONOVIA

Date	NOSH (million)	Comment
December 31, 2016	466.0	
March 31, 2017	468.8	conwert acquisition
June 30, 2017	476.5	Scrip dividend
September 30, 2017	485.1	Gagfah cross-border merger

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

# German Residential – Safe Harbor and Low Risk



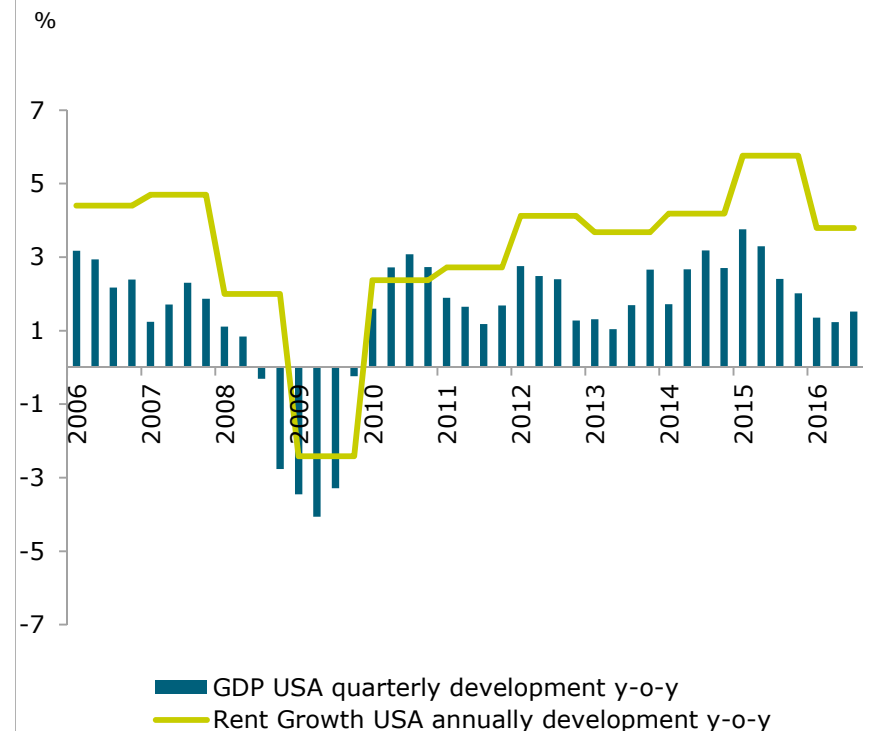
## Rental regulation safeguards high degree of stability

- Contrary to most other jurisdictions such as the USA, rental growth in Germany is regulated and not directly linked to CPI, GDP development etc.
- Rents are regulated via "Mietspiegel" (city-specific rent indices), which look at the asking rents of the previous four years to determine a rent growth level for existing tenants for the next two years.

### Germany: regulated market ensures sustainable rent growth



### USA: rent growth is highly volatile



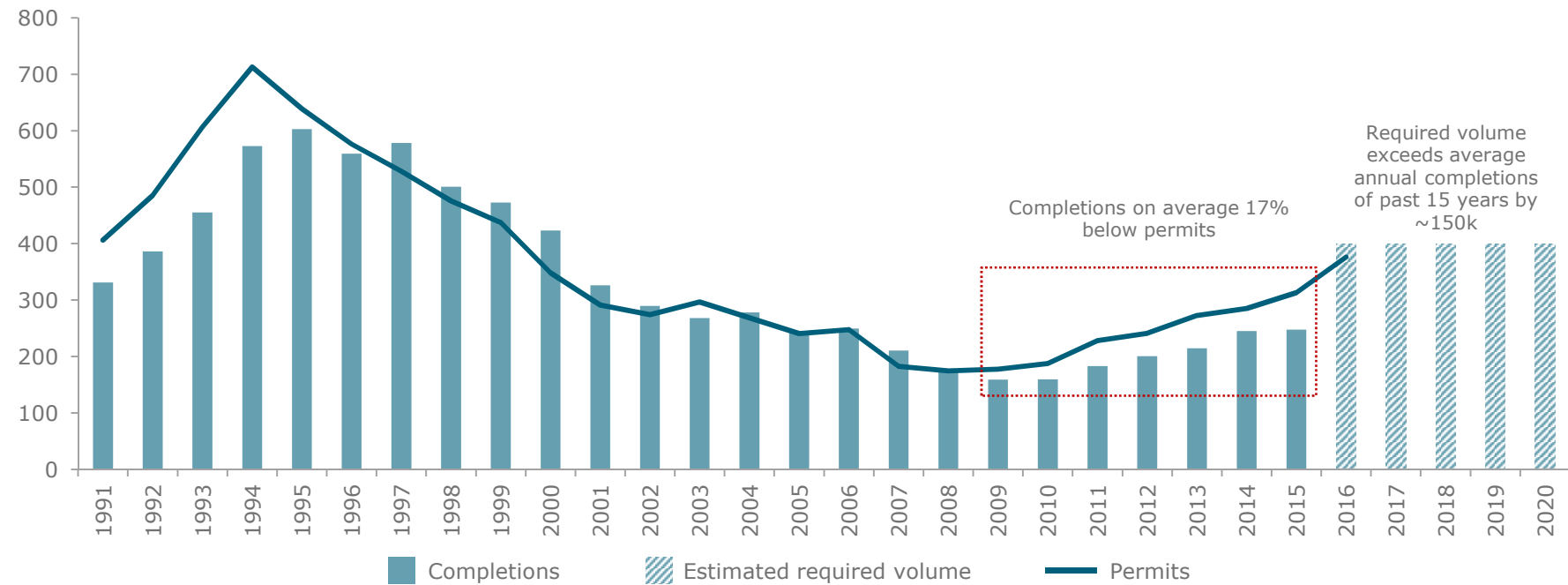
Sources: Federal Statistics Office, GdW (German Association of Professional Homeowners), REIS, BofA Merrill Lynch Global Research, OECD.  
 Note: Due to lack of q-o-q US rent growth data, the annual rent growth for a year is assumed to also be the q-o-q rent growth of that year.

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

## New supply falls short of demand

- Consensus estimates see 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 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

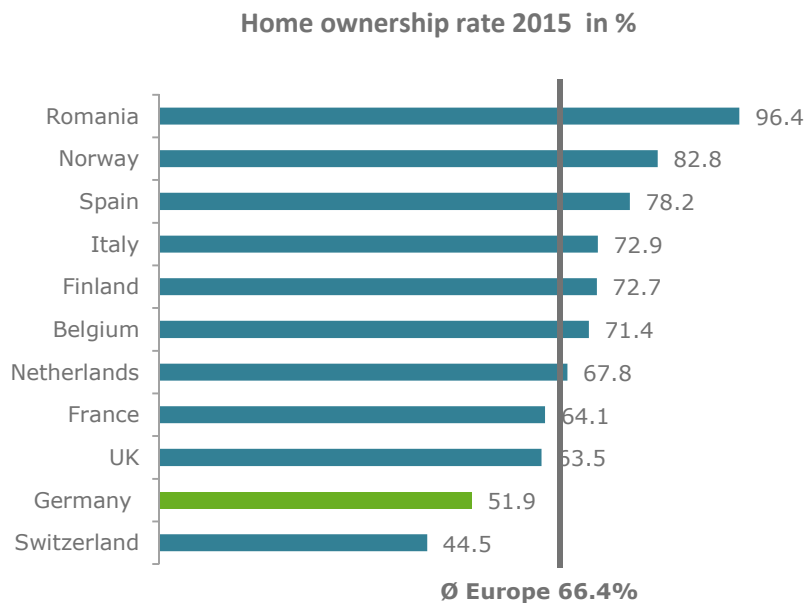
## Residential building permits and new construction volume ('000 units)



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

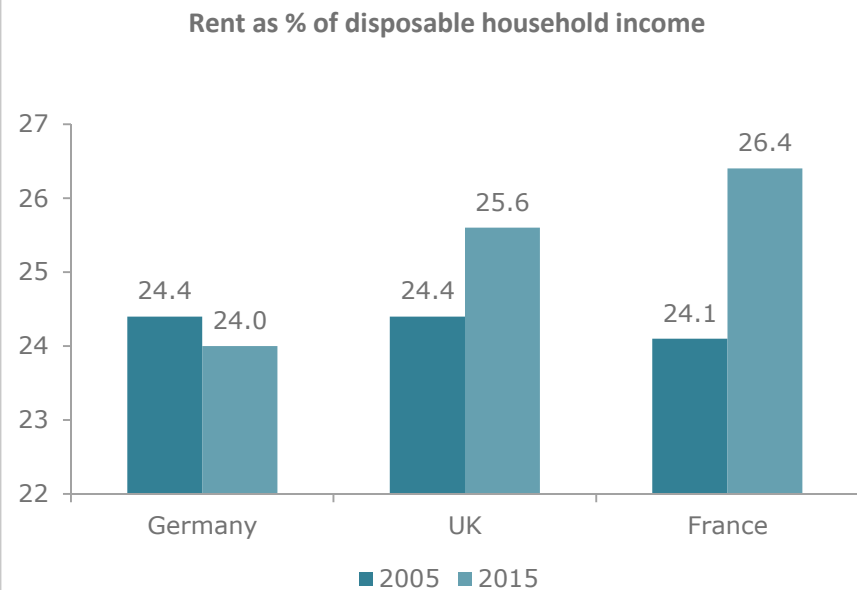
## Low home ownership ratio – Germans prefer to rent

- 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.



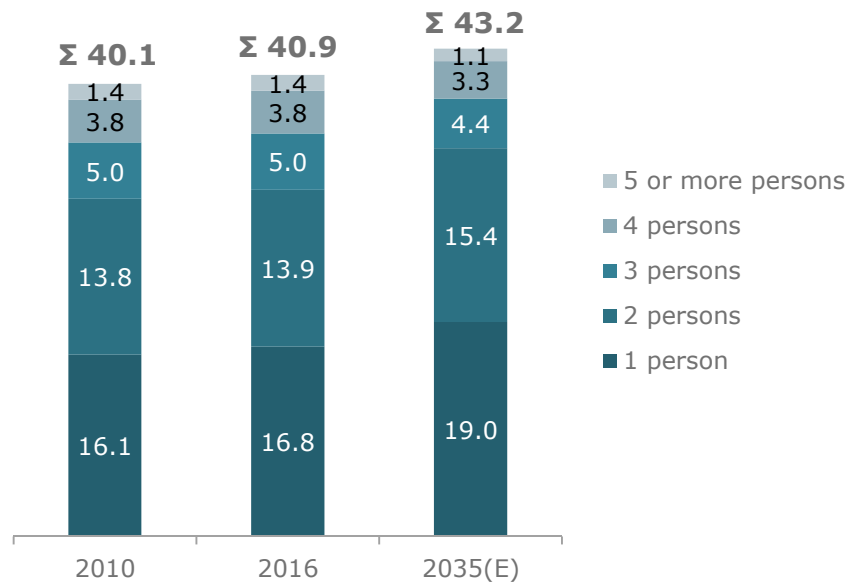
Share of disposable household income spent on rent, water, electricity and fuel

Sources: Federal Statistics Office, Eurostat

## 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.

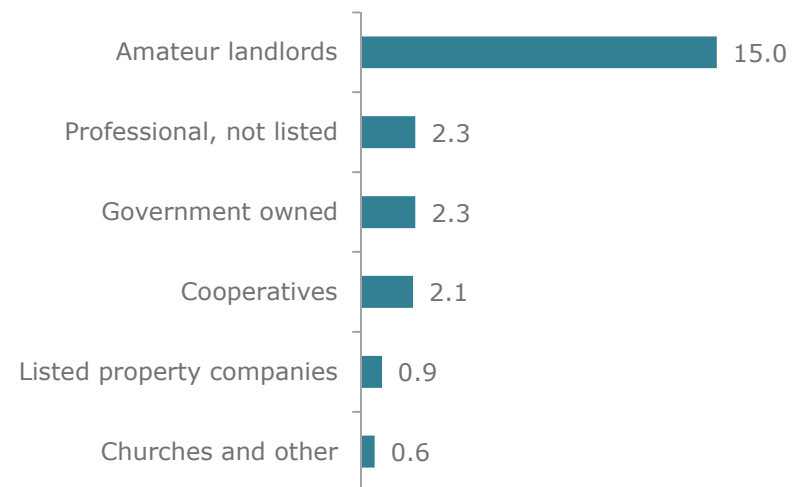
Distribution of household sizes (million)



## Fragmented ownership structure

- Germany is the largest housing market in Europe with ~42m housing units, of which ~23m are rental units.
- Ownership structure is highly fragmented and majority of owners are non-professional landlords.
- Listed sector represents ~4% of total rental market.

Ownership structure (million units)

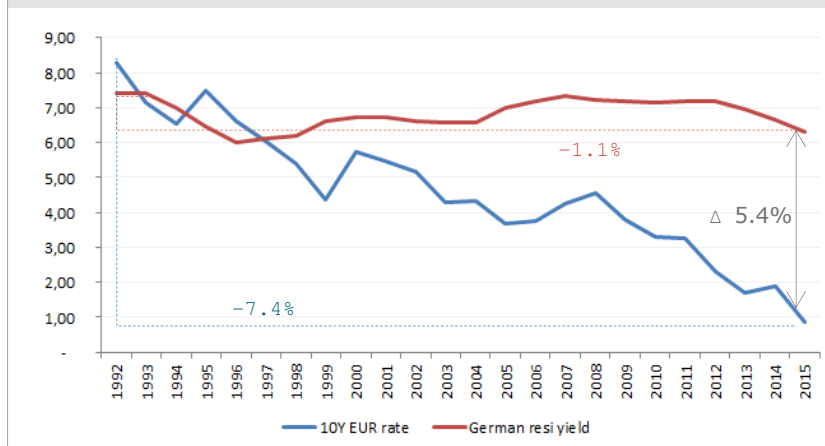


Sources: German Federal Statistics Office, GdW (German Association of Professional Homeowners). 2035(E) household numbers are based on trend scenario of the German Federal Statistics Office.

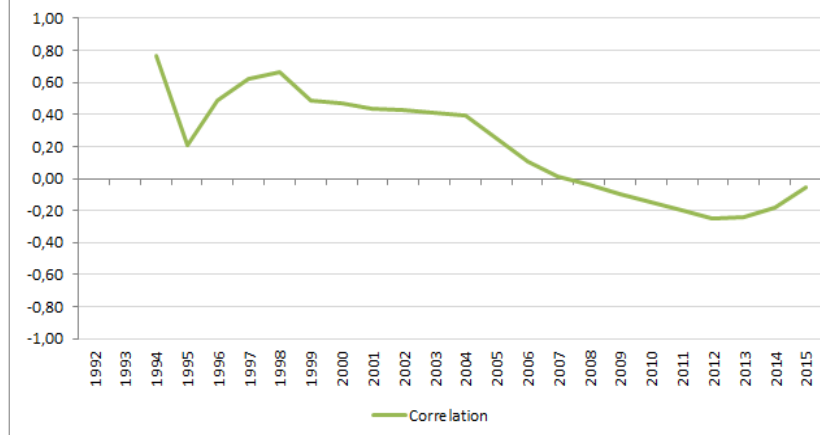
Valuation methodology for German residential properties is primarily based on market prices for assets – not on interest rates

- 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>

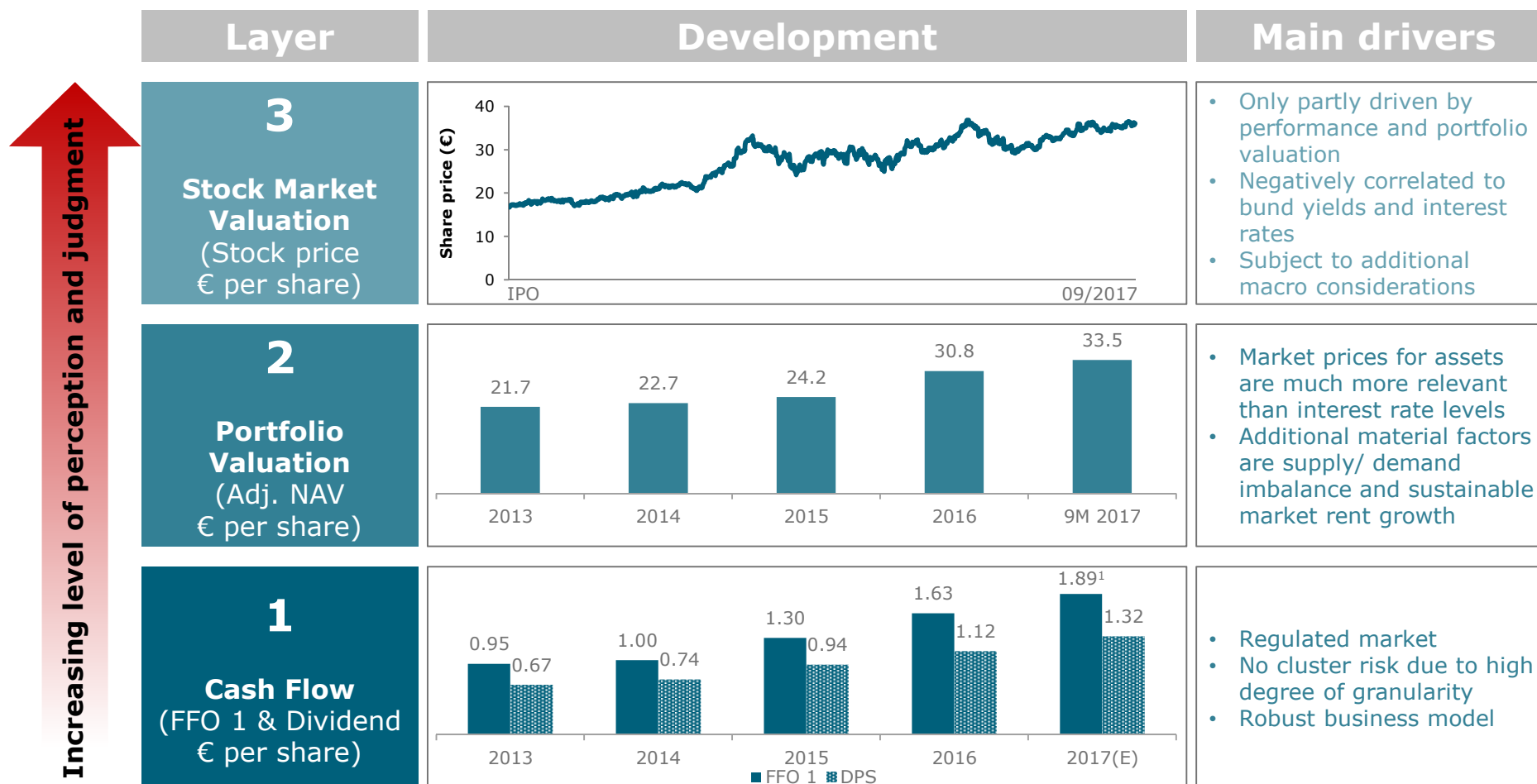


<sup>1</sup> Yearly asset yields vs. rolling 200d average of 10y interest rates  
Sources: Thomson Reuters, bulwiengesa



# 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.



<sup>1</sup> Midpoint guidance.

# Impressions



Dresden



Leverkusen



Berlin



Nuremberg



Dortmund



Bremen



Frankfurt



Essen



Berlin



Berlin



# Optimize Apartment



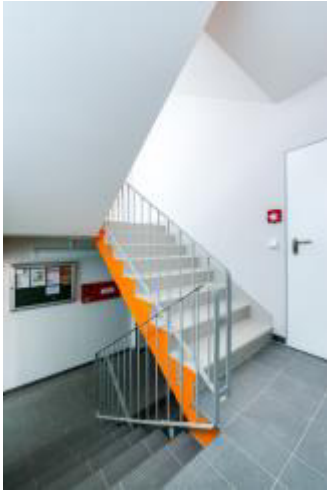
# Upgrade Building



# Upgrade Building







# Floor Addition





# Modular Construction



Dortmund

# Modular Construction



Dortmund



Dortmund







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