

VONOVIA

Company Presentation

January 2017

Market

Company

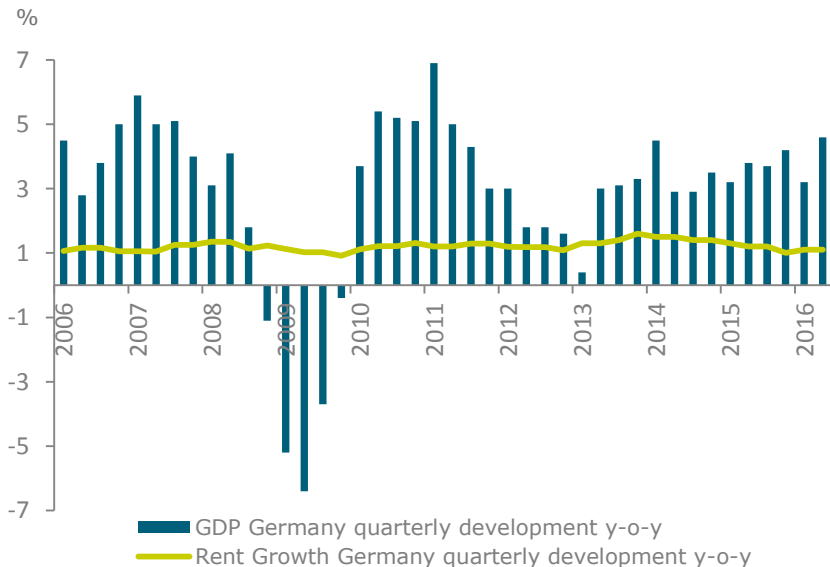
Strategy & Execution

German Residential – Safe Harbor and Low Risk

German residential market: important pillar of the German economy

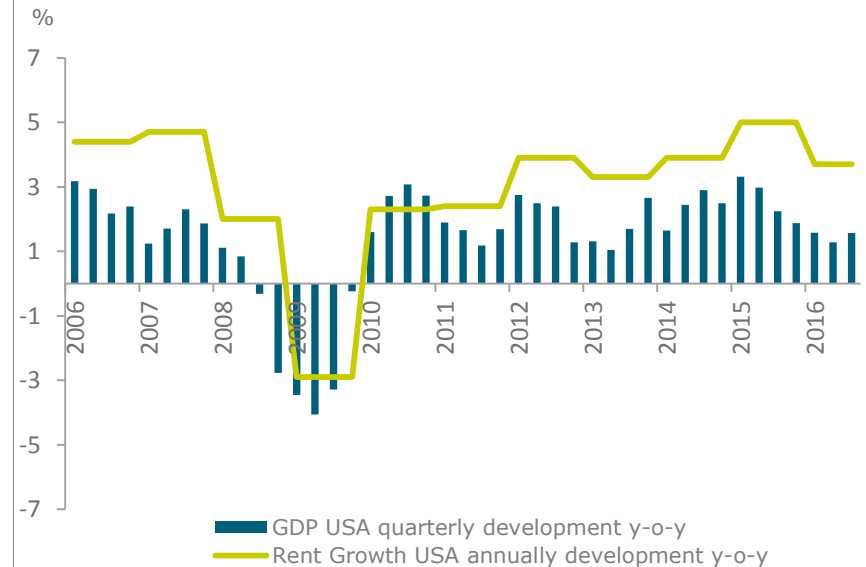
- With a GDP contribution of more than €430bn the German real estate industry represents almost 20% of Germany's GDP.
- Germany and its resilient economy provide a comparatively safe harbor for foreign investments.
- Germany is the economic powerhouse and growth engine of Europe.
- Due to its regulatory 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



Source: Federal Statistics Office

USA: rent growth is highly volatile



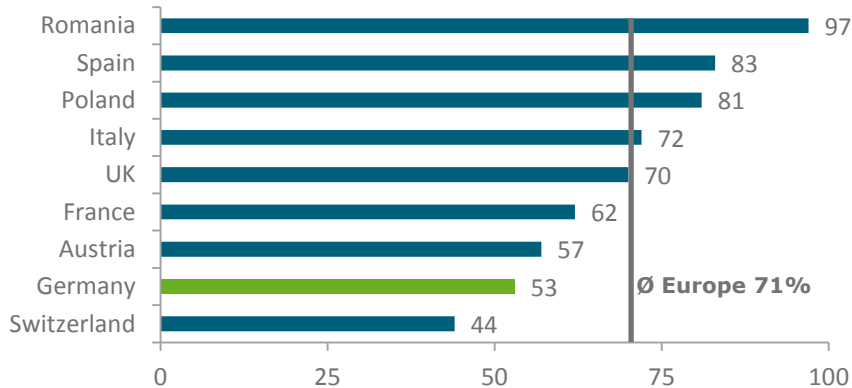
Sources: REIS, BofA Merrill Lynch Global Research; BIP USA: IMF, Statista

Note: Due to lack of q-o-q data, the annual rent growth for a year is assumed to also be the q-o-q rent growth of that year

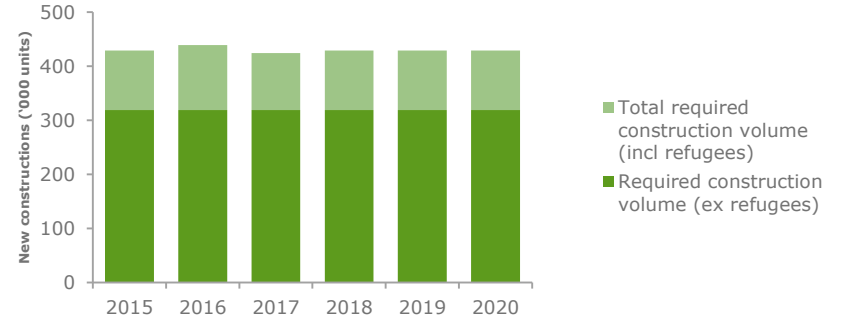
German Residential – Favorable Fundamentals

Low home ownership ratio – Germans prefer to rent

Home ownership rate 2015 in %

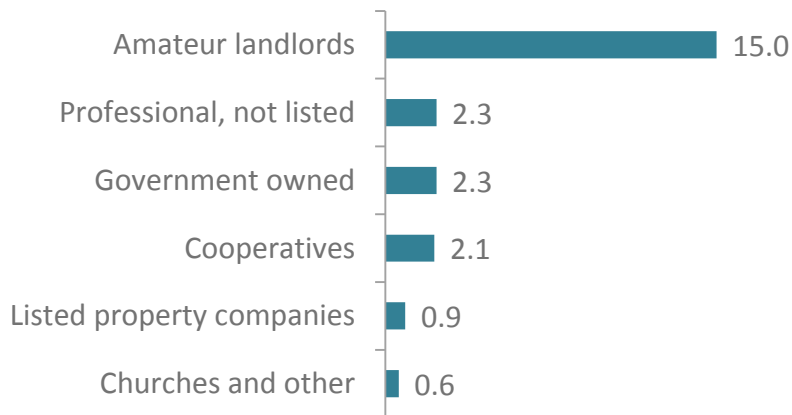


New supply falls short of demand

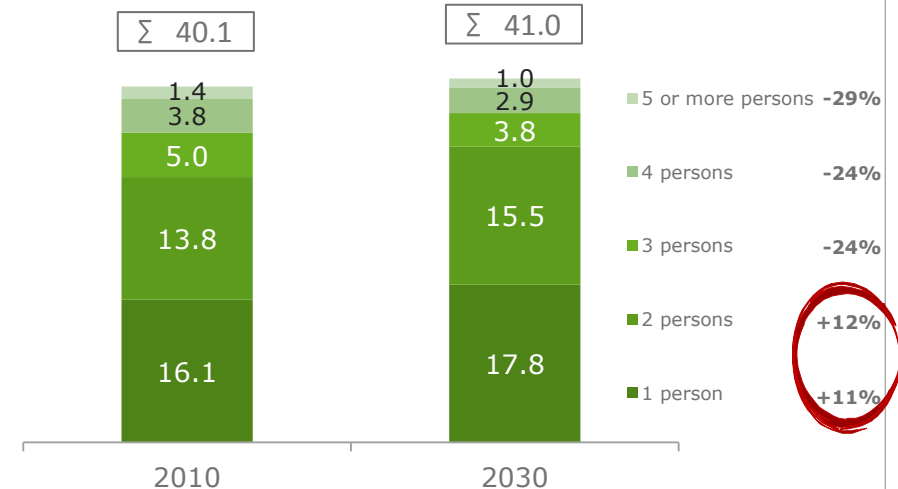


Actual run rate of new constructions is ca. 250k, of which less than 100k are estimated to be in the affordable build-to-let category

Fragmented ownership structure of ~23m rental units



Growing number of smaller households (million)



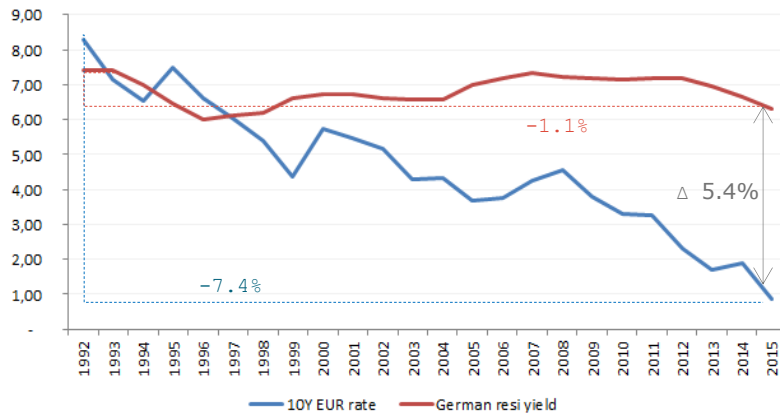
Sources: Federal Statistics Office, IW Köln; GdW (German Association of Professional Homeowners), Eurostat, GdW (German Association of Professional Homeowners).

No Correlation between Interest Rates and Property Values

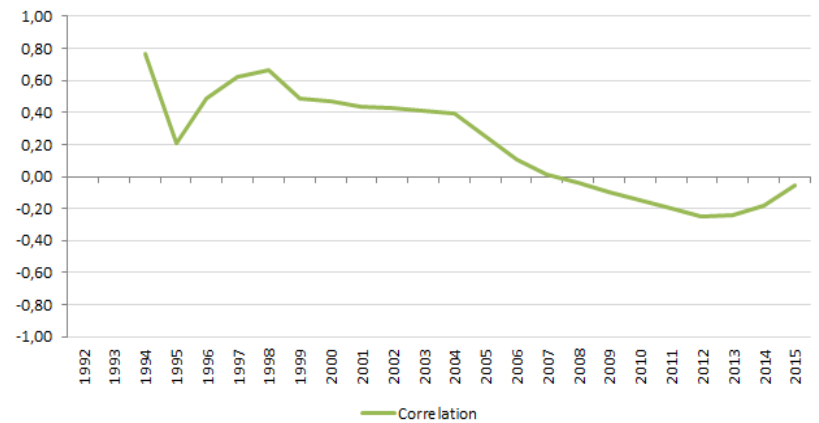
Valuation methodology for German residential properties is primarily based on market prices for assets – not on interest rates

- 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



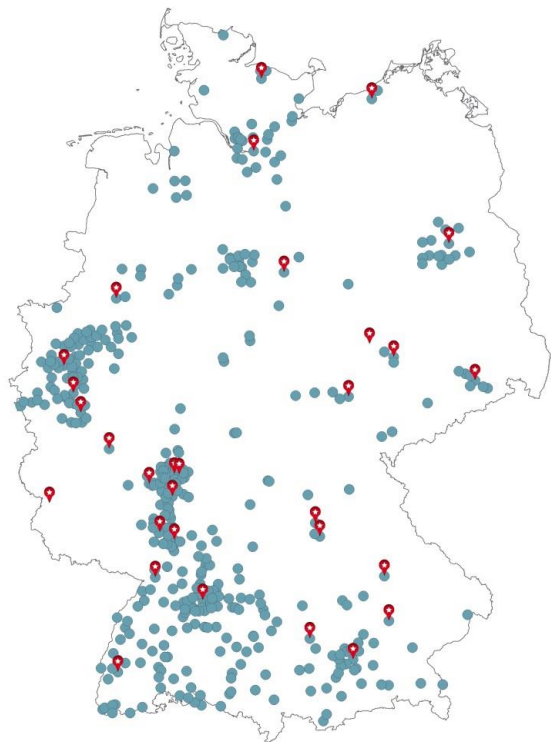
¹ Yearly asset yields vs. rolling 200d average of 10y interest rates
Sources: Thomson Reuters, bulwiengesa

Market

Company

Strategy & Execution

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



Strategic Portfolio

- Vonovia Location
- 📍 Schwarmstädte



Munich



Karlsruhe



Dortmund

- 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.
- 338k apartments
- Average apartment size of ~61 sqm
- Vacancy ~2.5%¹ – almost fully let
- 13.5 years average tenure
- ~ €1,540m¹ stable rental income
- ~ €760m¹ operating profit before sales (FFO 1)
- Dividend policy: approx. 70% of FFO 1

¹ Guidance 2016

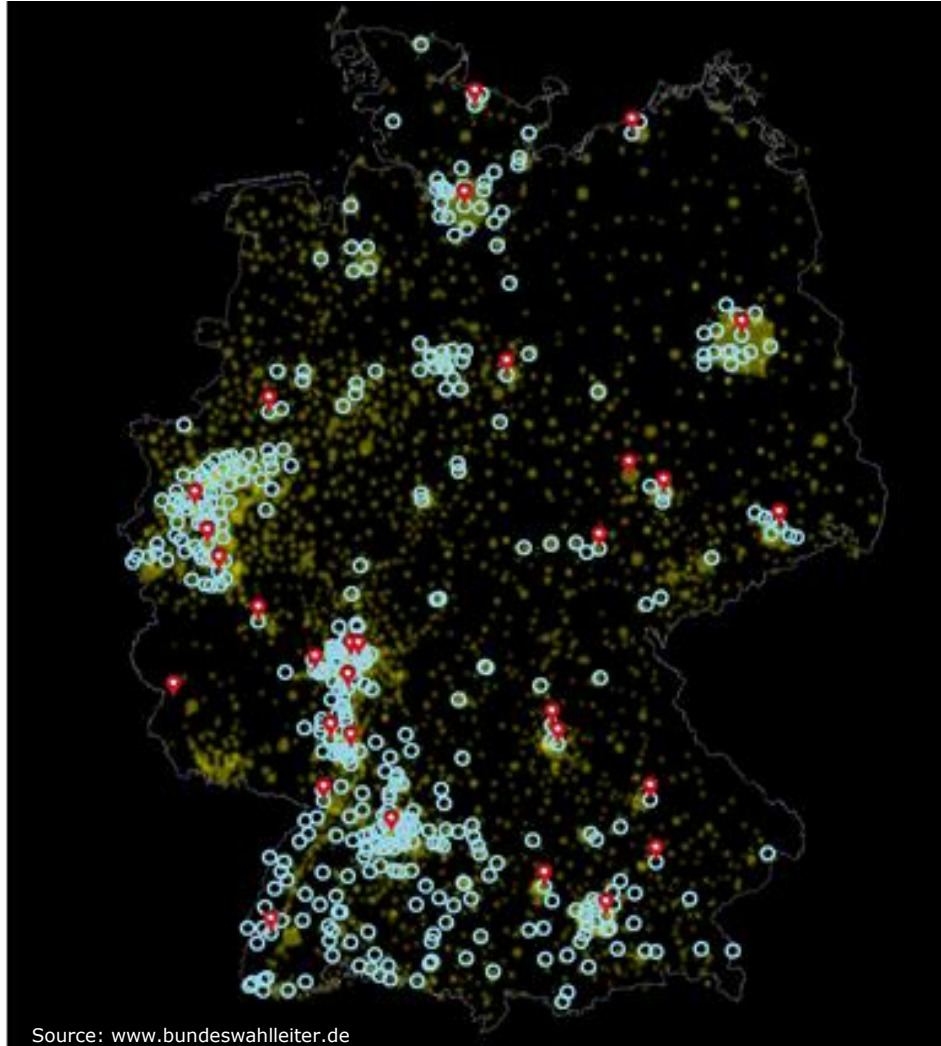
Illustration of Germany at Night



Source: www.bundeswahlleiter.de

Strong Overlap with Vonovia Portfolio

Illustration of Germany at Night



Management Team with Wide Range of Experience



CFO Dr. A. Stefan Kirsten

- Since 2011 CFO of Vonovia
- Former CEO of Majid Al Futtaim Group LLC (real estate development company focusing mainly on retail and entertainment ventures in the Emirates)
- Former CFO of Metro AG and ThyssenKrupp AG in Germany

CEO Rolf Buch

- Since 2013 CEO of Vonovia
- Former management board member of Bertelsmann SE
- Former CEO of Arvato AG (global BPO service provider with more than 60,000 employees in over 40 countries)

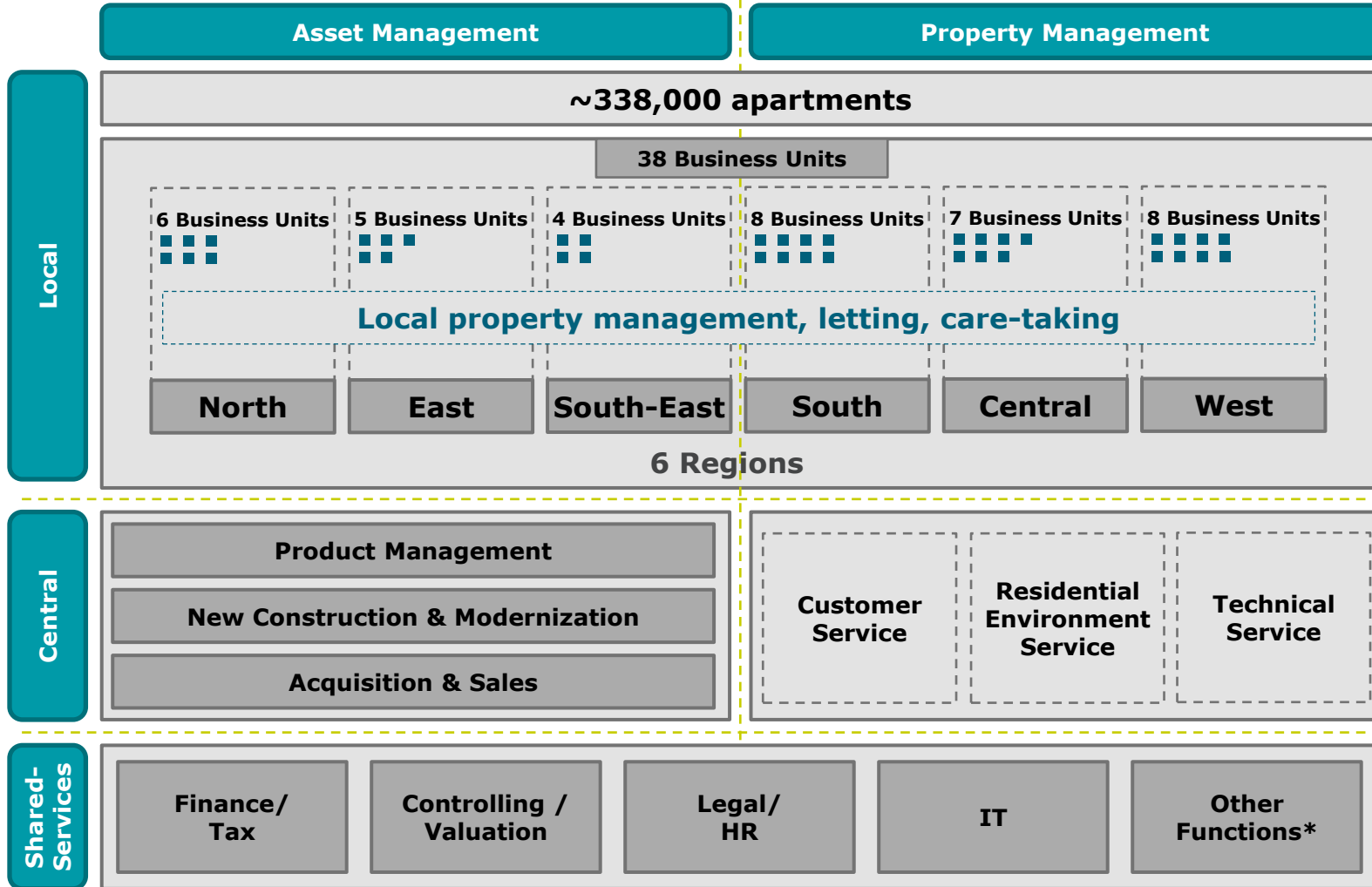
CCO Gerald Klinck

- Board member since 2012
- Former CFO of GAGFAH Group
- 20+ years experience in leading positions in the real estate industry

COO Klaus Freiberg

- Board member since 2010
- Responsible for the property management (customer care service, management and letting of portfolio)
- Former senior manager of Arvato Group; supervised and optimized the service centers of Deutsche Post and Deutsche Telekom

Scaleable Organization

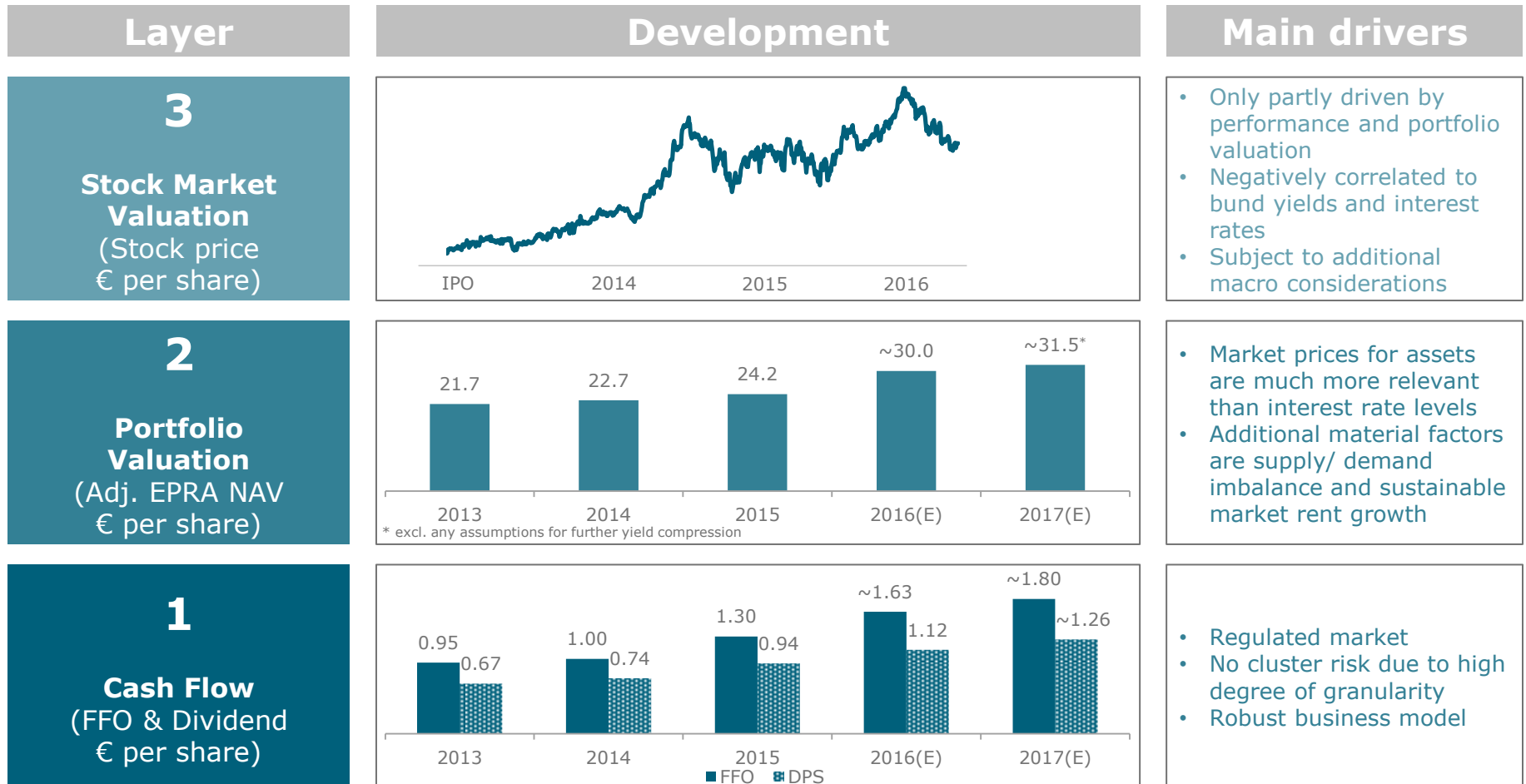


*other shared services: Internal Audit, Communications, Central Procurement, Insurances, Investor Relations, Accounting

as of September 30, 2016

Three Valuation Layers with Different Volatilities

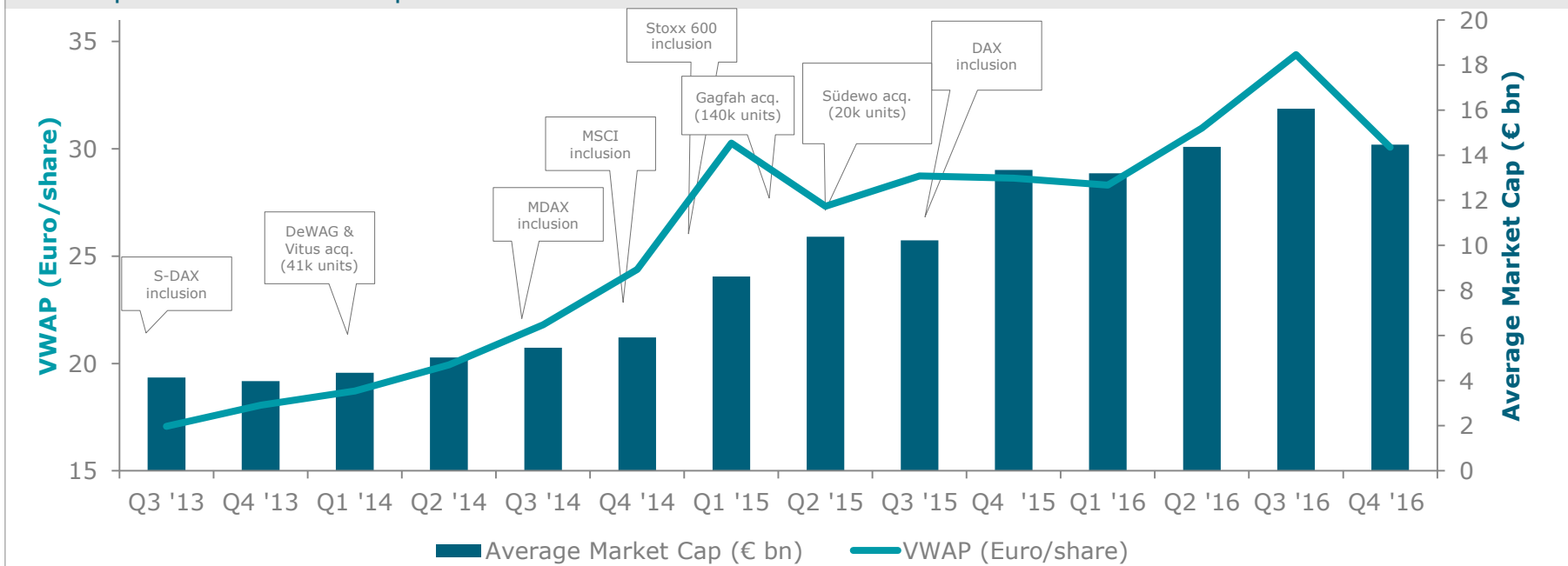
- High degree of stability and predictability of underlying business (layer 1) and portfolio valuation (layer 2) is not reflected in share price development (layer 3), as equity markets appear to apply valuation parameters that are substantially less material for Vonovia's operating performance.



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.

Share price and market capitalization

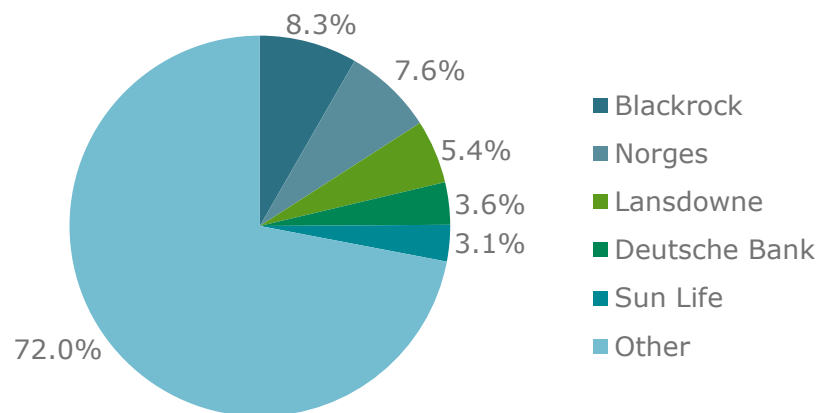


Source: Factset, company data

Liquid Large-cap Stock

VONOVIA

Shareholder structure (as of December 31, 2016)

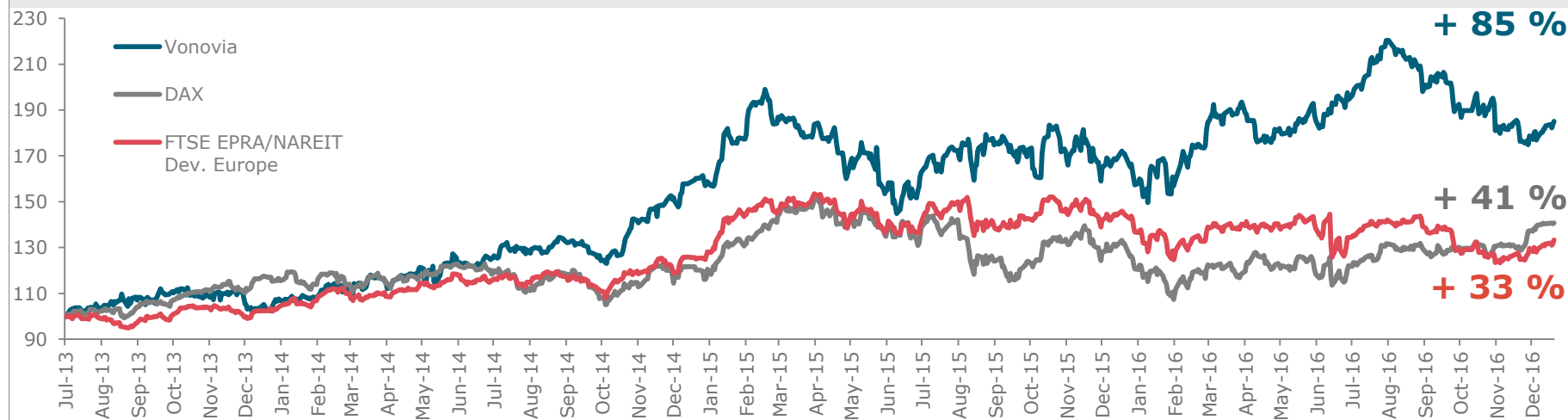


According to German law the lowest threshold for voting rights notifications is at 3%

Share information

First day of trading	July 11, 2013	
Number of shares outstanding	466 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 Sep 30, 2016)		
	DAX	1.8%
	Stoxx Europe 600	0.2%
	MSCI Germany	1.6%
	GPR 250	1.2%
	FTSE EPRA/NAREIT Europe	7.7%

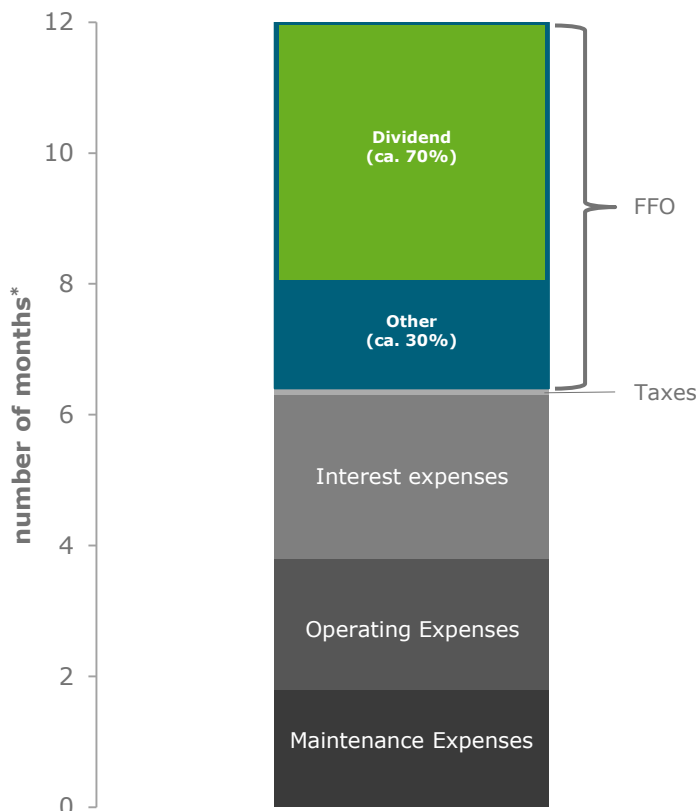
VNA share price performance since IPO vs. DAX and EPRA Europe Index



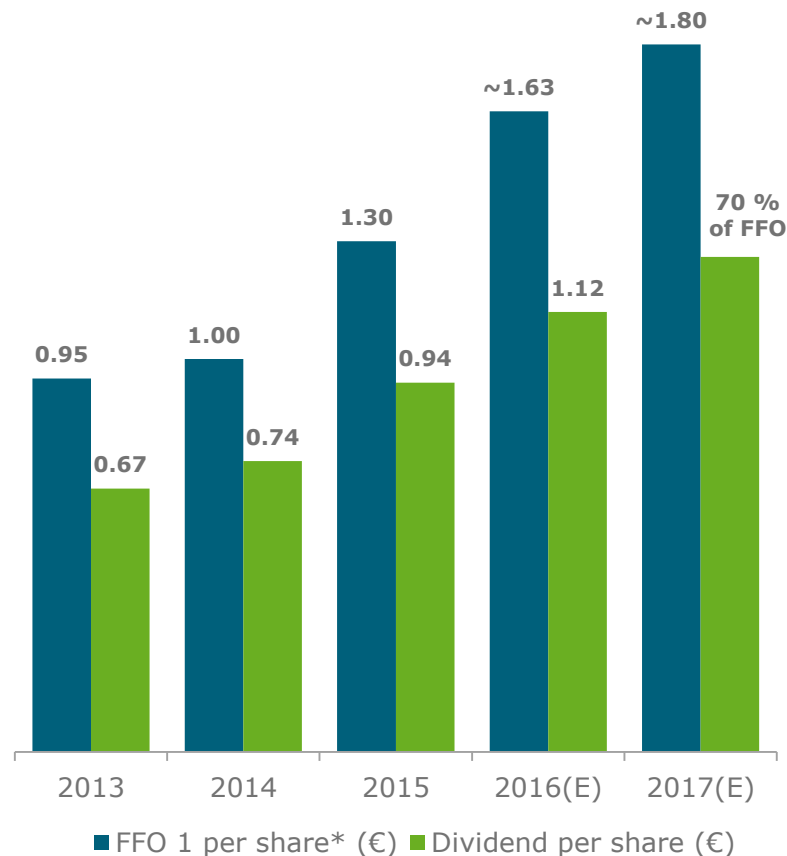
Source: Factset

Attractive Dividend Policy

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
 *Please see Glossary / Sources in the Appendix for further information.

Guidance for 2016 and 2017

(effects from conwert takeover not yet taken into account)

	2015 Actuals	2016 Guidance	2017 Guidance
L-f-I rental growth (eop)	2.9%	3.0-3.2%	3.5%-3.7%
Occupancy (eop)	97.3%	~97.5%	>97.5%
Rental Income (€m)	1,415	1,530-1,550	1,530-1,550
FFO1 (€m)	608	~760	830-850
FFO1/share* (eop NOSH)	€1.30	~€1.63	€1.78-€1.82
EPRA NAV/share* (eop)	€30.02	~€36	€37-€38*
Adj. EPRA NAV/share* (eop)	€24.19	~€30	€31-€32
Dividend/share	€0.94	€1.12	70% of FFO 1

Rent growth expected to continue to accelerate

Stable top line on smaller portfolio

Double-digit organic growth (mid-point)

Including valuation impact from improved performance and investments (~4% NAV growth); excluding any assumptions for yield compression.

Every 1% value uplift from yield compression results in ~€0.60 NAV growth per share.

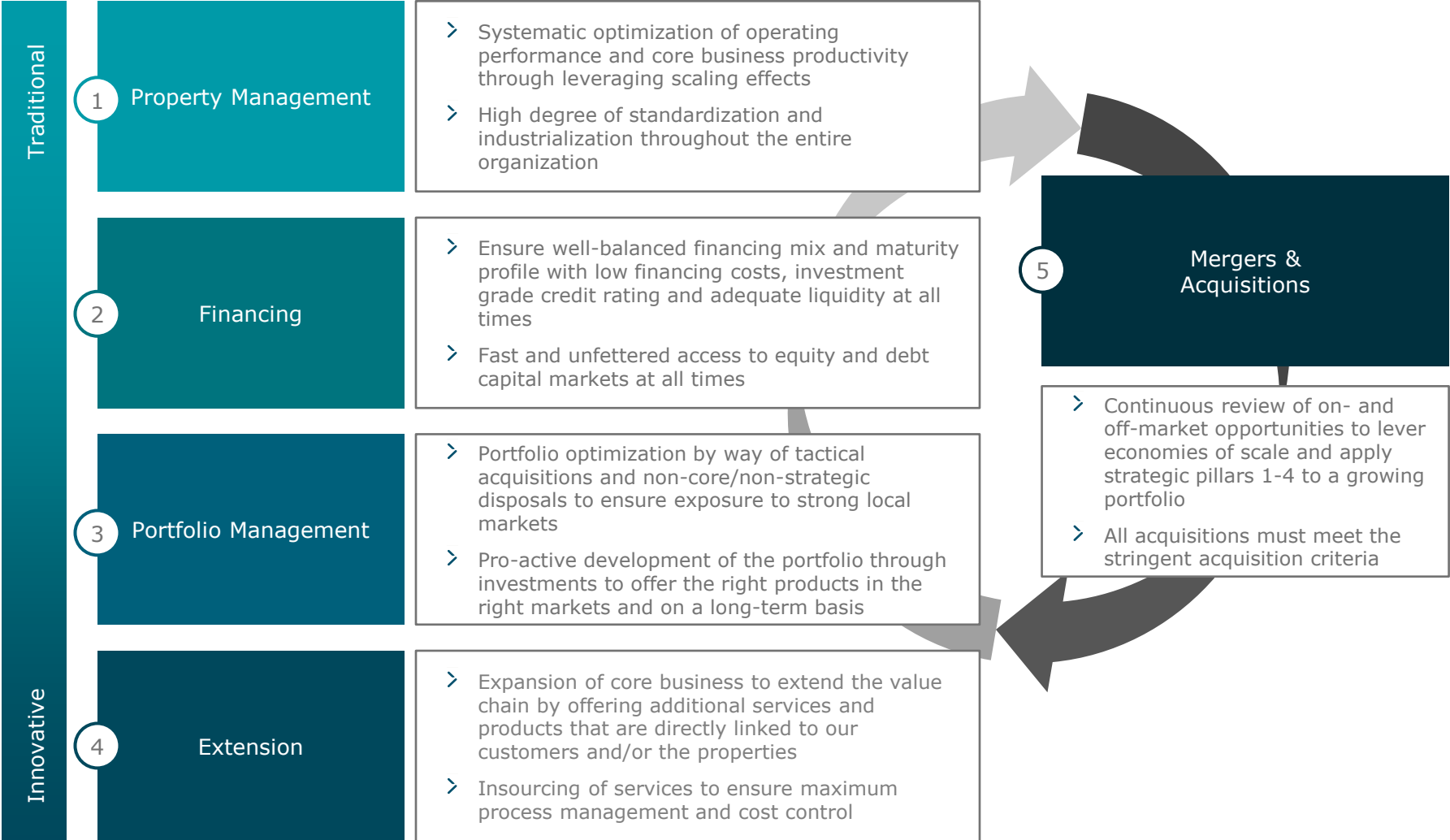
* Please see Glossary / Sources in the Appendix for further information.

Market

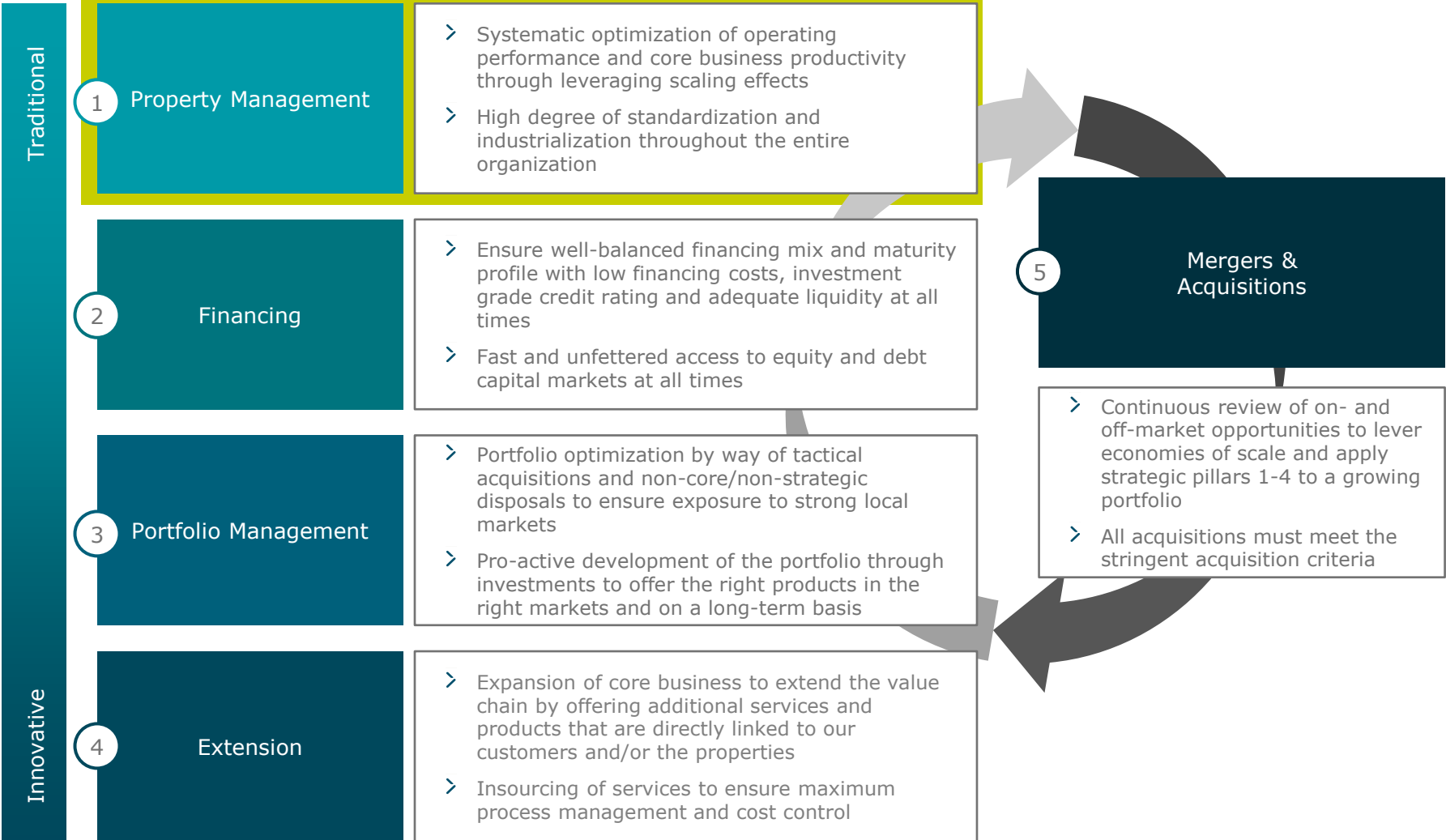
Company

Strategy & Execution

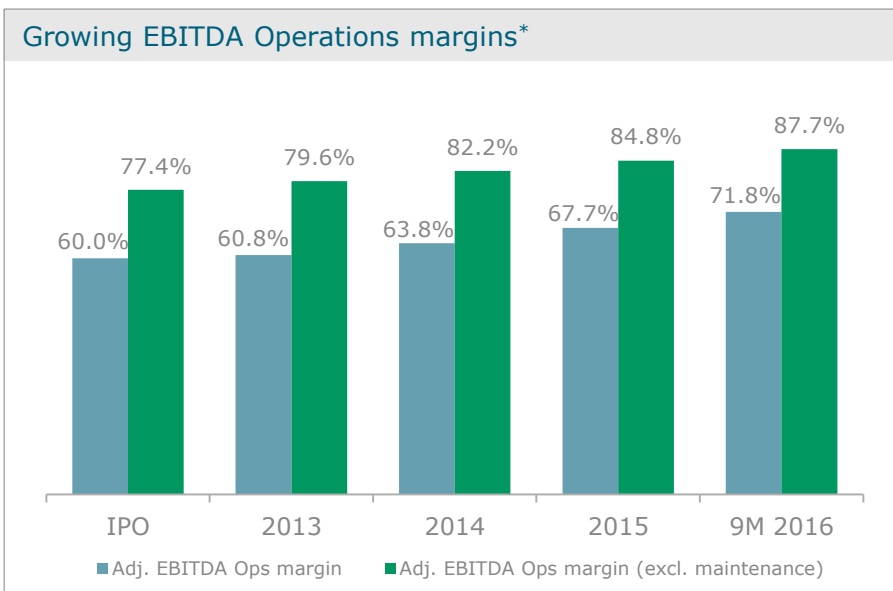
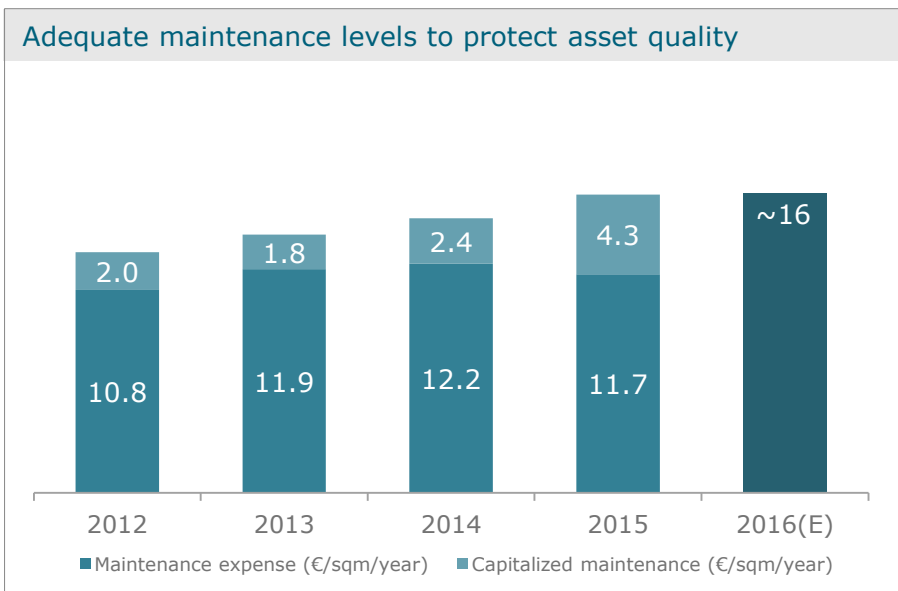
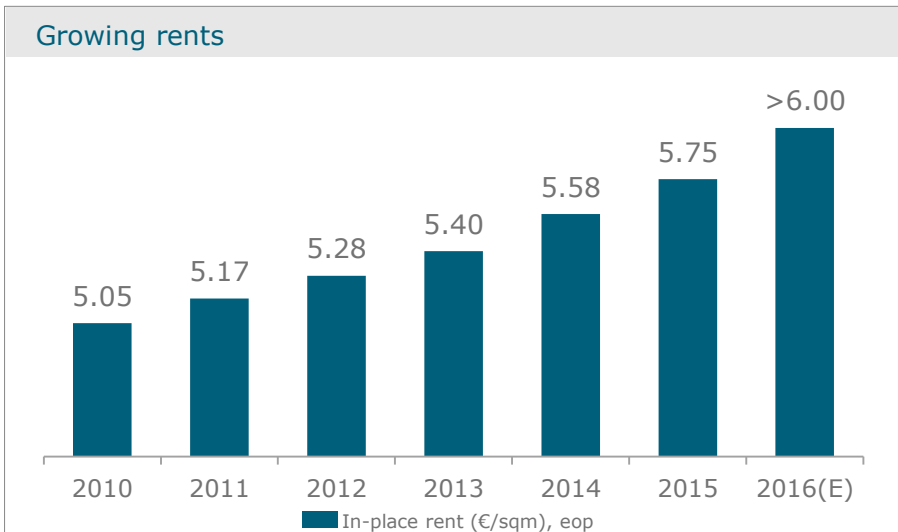
Reputation & Customer Satisfaction



Reputation & Customer Satisfaction

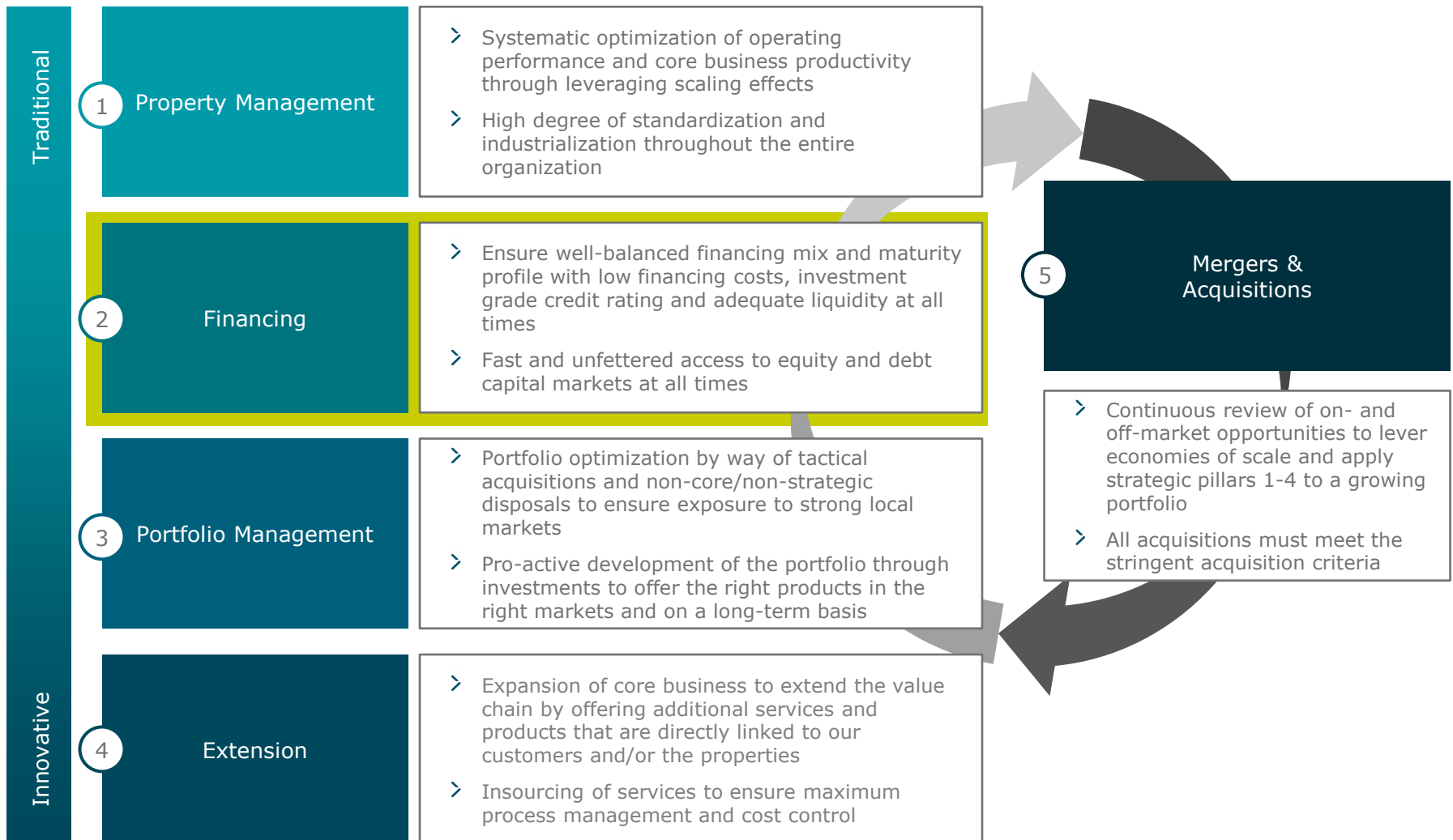


Property Management



* Please see Glossary / Sources in the Appendix for further information.

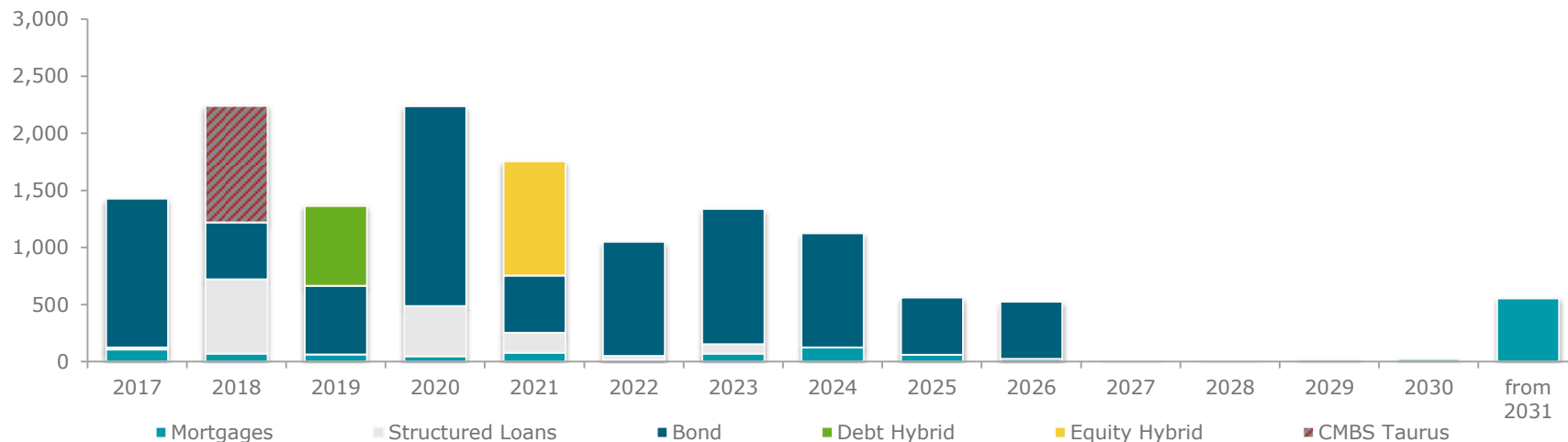
Reputation & Customer Satisfaction



Well-balanced Debt Maturity Profile & Diverse Funding Mix

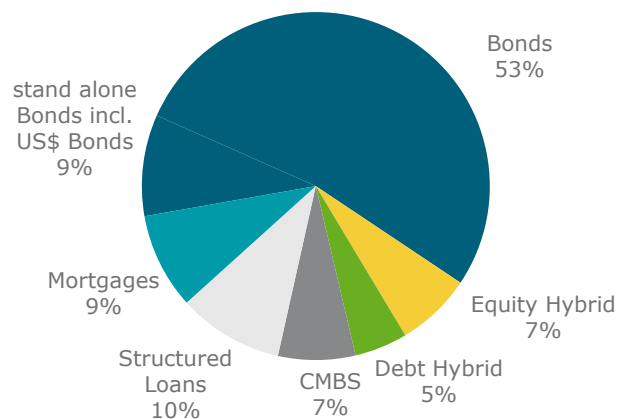
VONOVIA

Current debt maturity profile



CMBS included at contractual maturity

Diverse funding mix

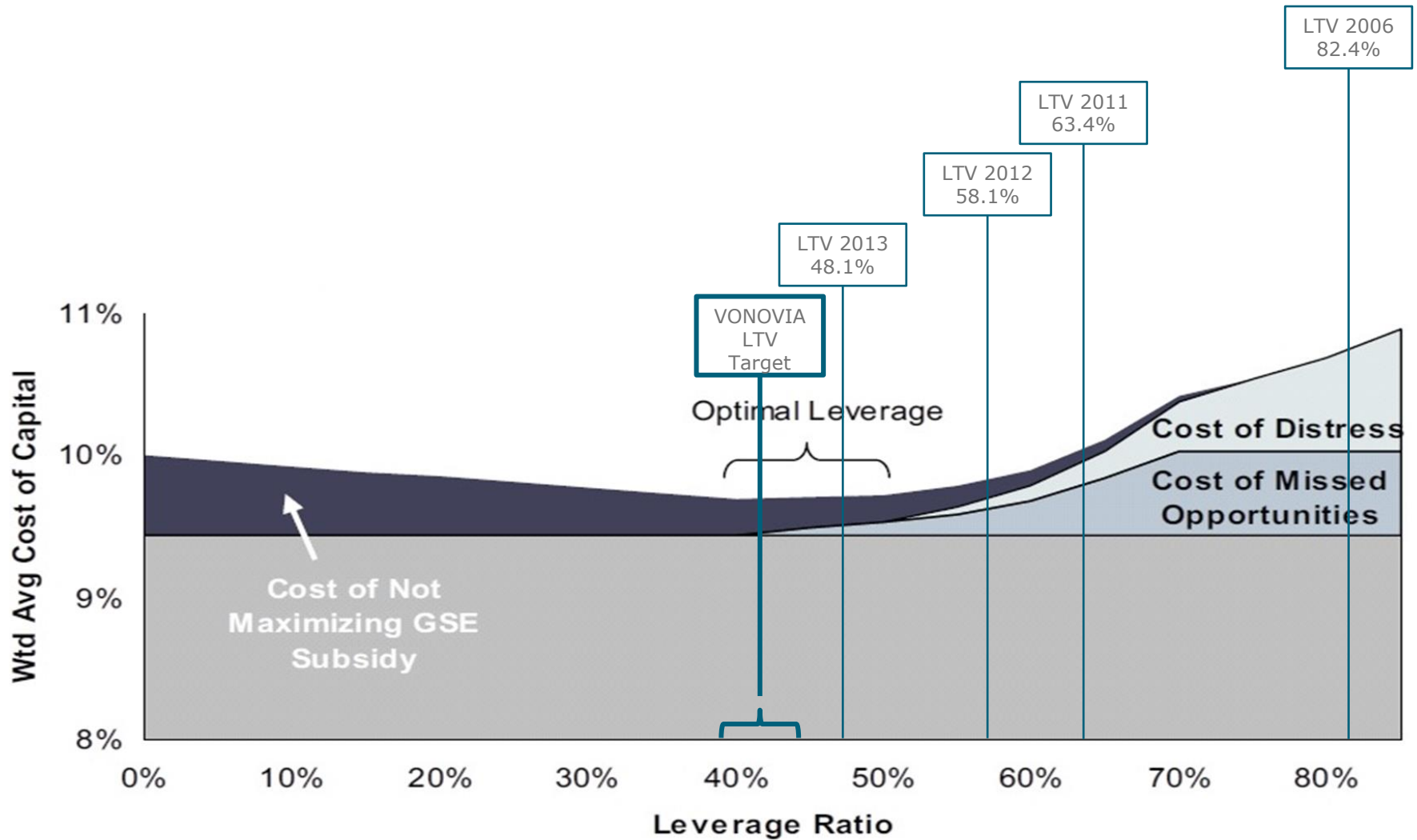


KPIs (Sep 30, 2016)

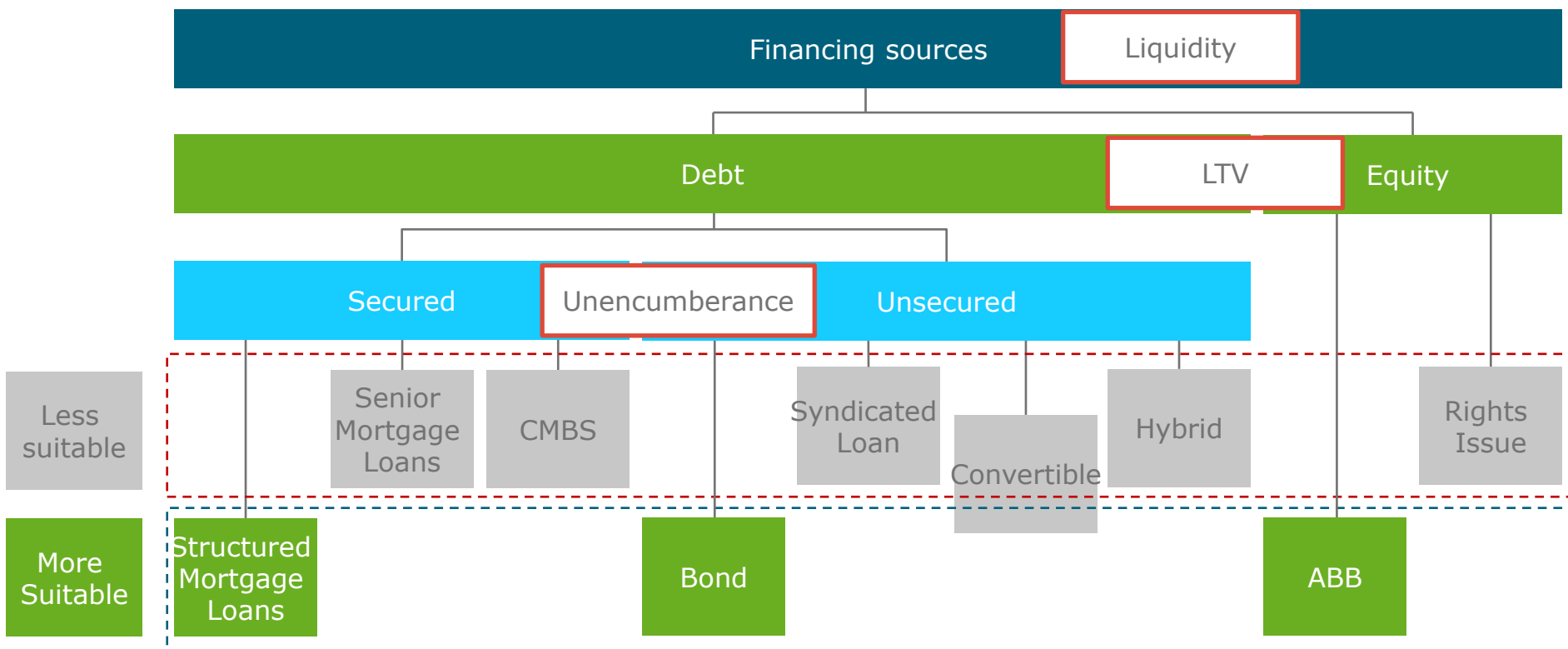
LTV	~ 47.1% (42% pro forma YE2016 incl. yield compression)
Debt/EBITDA*	10.6x
Unencumbered assets* in %	56%
Fixed/hedged debt ratio	99%
Global ICR* (YTD)	3.6x
Financing cost	2.3%
Weighted avg. maturity	~ 7 years

* Please see Glossary / Sources in the Appendix for further information.

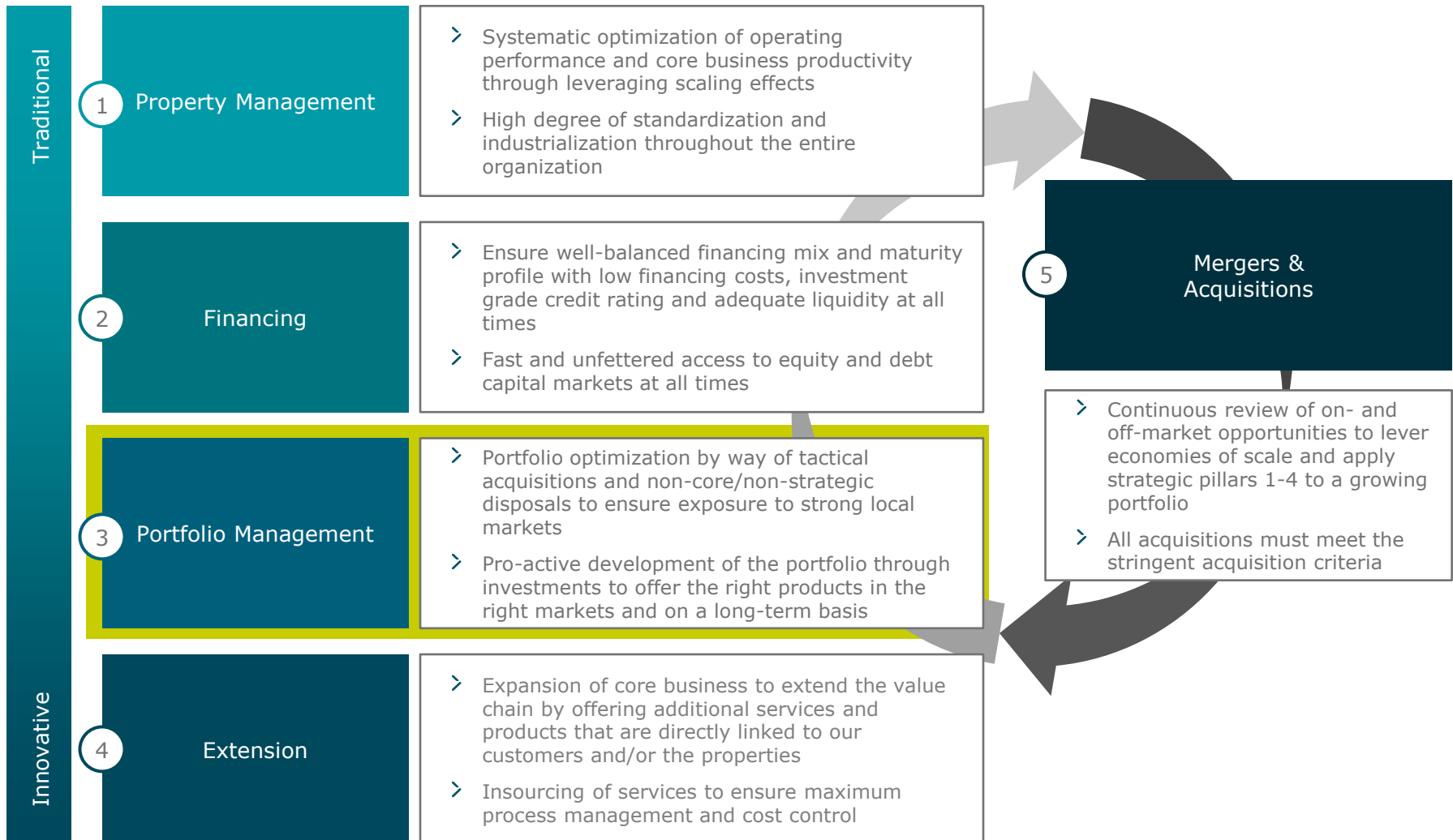
A Simple WACC and LTV Model



Financing Sources – Decision Tree

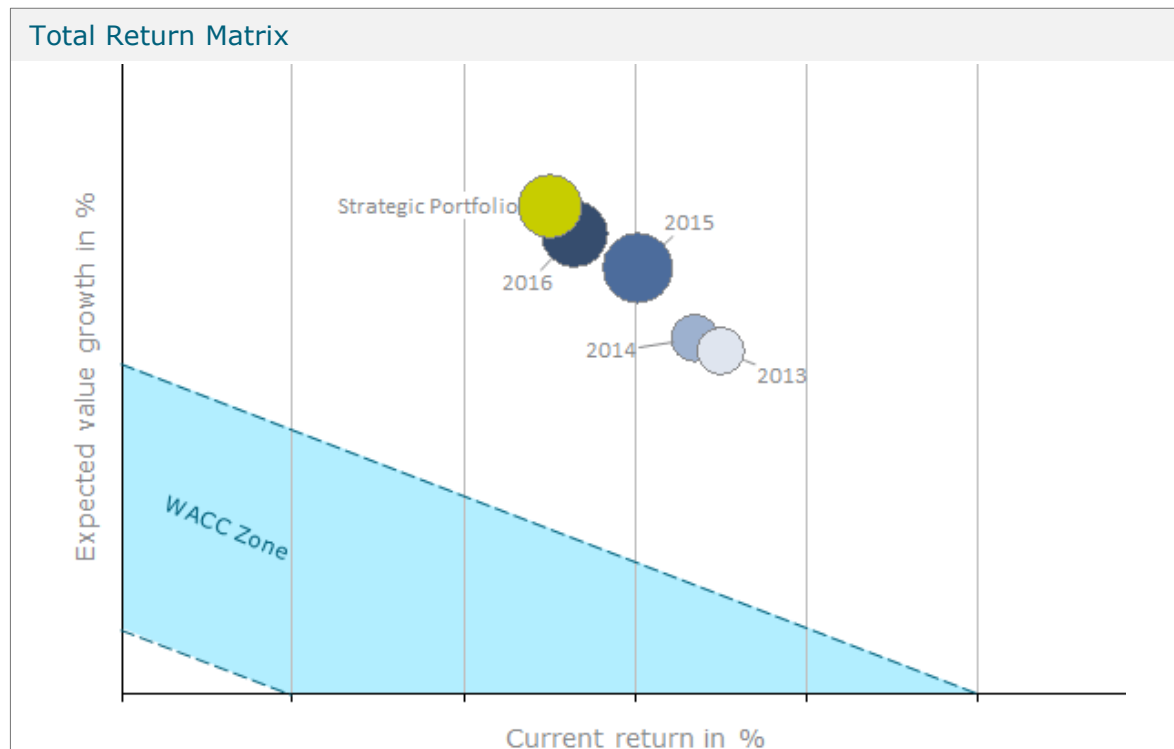


Reputation & Customer Satisfaction



Total Return Matrix

- Continuous improvement of portfolio quality and exposure to attractive markets through acquisitions and sales.
- Increased portfolio size has resulted in lower risk profile.
- Benchmark against independent research confirms that our strategic portfolio is in the right locations and has long-term growth potential.
 - empirica: Growing Metropolitan Areas ("Schwarmstädte"¹) and
 - Prognos: "Future Atlas Ranking"² of all 402 German cities and counties



¹ The word "Schwarmstadt" is a combination of the German words for "flock" and "city," trying to capture the migration movement of large parts of the (especially younger) generations into certain cities. Please see appendix for more details.

² Please see appendix for more details

Pro-active Portfolio Management

VONOVIA

Modernization*

More than €1bn invested in value-enhancing modernization between 2013 and 2016.

Disposal*

Sale of ~42k Non-core and Non-strategic assets (2013-2016) with below-average quality, location and/or potential.

Acquisition*

Acquisition of more than 200k units (2013-2016 ytd) in attractive regions and complementary to the existing portfolio.

Pro-active portfolio management results in material improvements in quality of assets and locations.

Well-positioned to benefit from strong underlying fundamentals of entire German residential market.

Sep 30, 2016 (unless indicated otherwise)	Residential Units	In-place rent (€/sqm)	Vacancy rate	Fair value (€bn)	Fair value (%) at IPO in 2013 ¹	Fair value (%)
Operate	125,566	5.98	2.3%	8.8	38%	37%
Upgrade Buildings	102,781	5.90	2.5%	7.1	22%	30%
Optimize Apartments	73,440	6.22	2.2%	5.7	13%	24%
Subtotal Strategic Clusters	301,787	6.01	2.3%	21.6	73%	91%
Privatize	17,582	5.91	4.8%	1.4	14%	6%
Non-strategic	12,159	4.81	7.4%	0.5	8%	2%
Non-core	6,192	4.65	9.4%	0.2	5%	1%
Total	337,720	5.94	2.8%	23.7	100%	100%

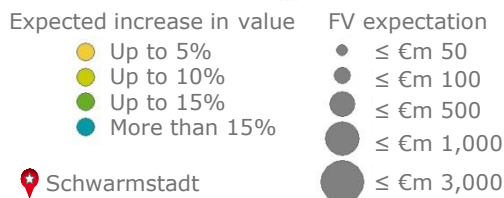
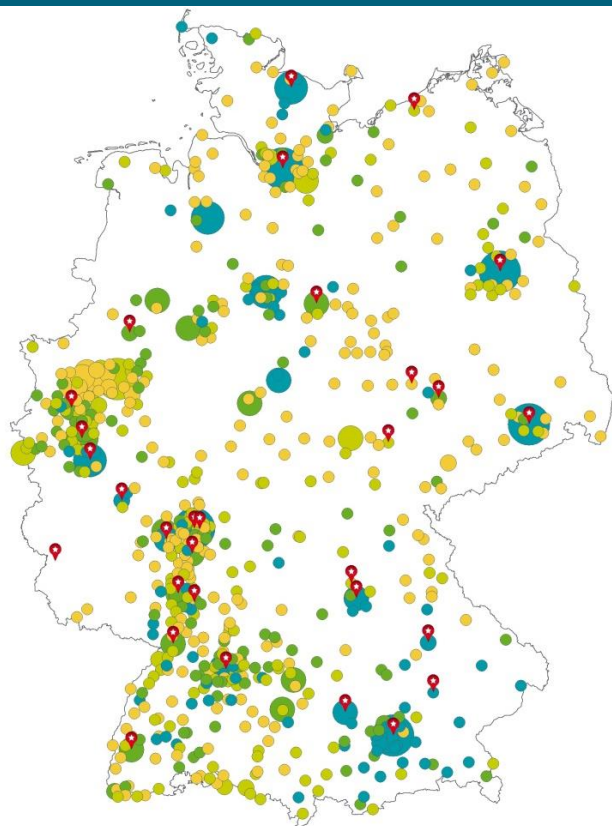
* Please see Glossary / Sources in the Appendix for further information.

¹ The cluster "Non-strategic" was introduced after the IPO. For comparison purposes, locations considered Non-strategic as of Sep 30, 2016, were defined as Non-strategic as of the IPO date as well.

Broad Geographic Basis for Expected Valuation Uplift



Geographic Breakdown of Expected Valuation Uplift



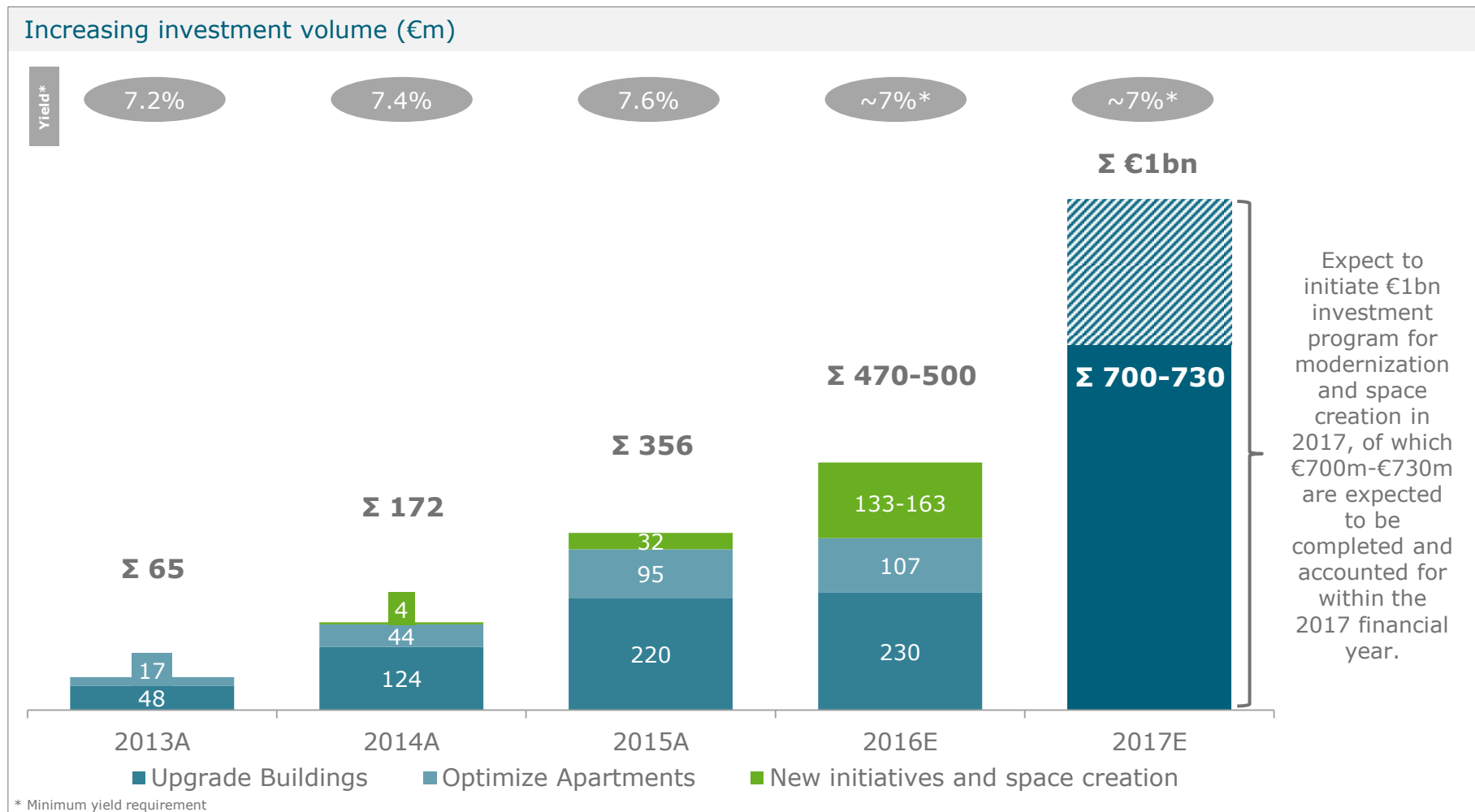
Value driver	Uplift FV (€m)
Performance (rent development, redemption of rent control, etc.)	750 – 950
Investments	450 – 470
Yield compression	2,300 – 2,500
Total	3,500 - 3,900

- Significant increase in Vonovia’s rents and development of market rents / new leases.
- Effect of yield compression higher than in 2015:
 - High additional uplift in prime locations (e.g. Hamburg, Munich, Stuttgart)
 - Considerable yield compression also in secondary locations (e.g. Dresden, Darmstadt, Heidenheim)

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

Growing Investment Program

- Modernization investments continue to be a valuable organic growth driver.
- Investments in year 1 lead to rent growth in year 2 onwards.



Optimize Apartment- Impressions



Optimize Apartment - Before



Optimize Apartment - After

Modernization - Impressions



Addition of new floor plus modernization investment - Before



Addition of new floor plus modernization investment - After



Upgrade Building - Before



Upgrade Building - After

Addition of new Floor- Impressions



Modular Construction- Impressions



Substantial Reduction of Portfolio Locations

VONOVIA

03/2015 (incl. Südewo)

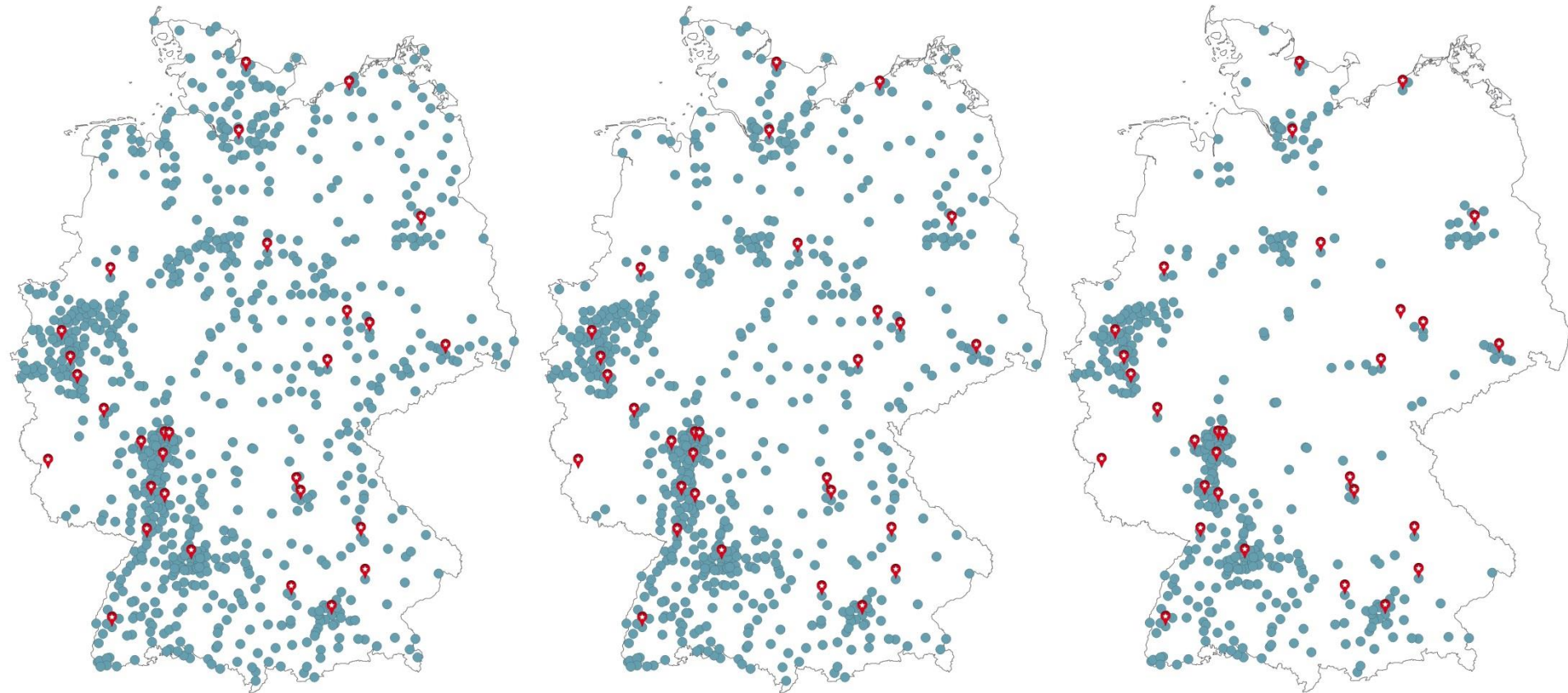
818 locations

FC 12/2016

665 locations

Strategic Portfolio

~400 locations

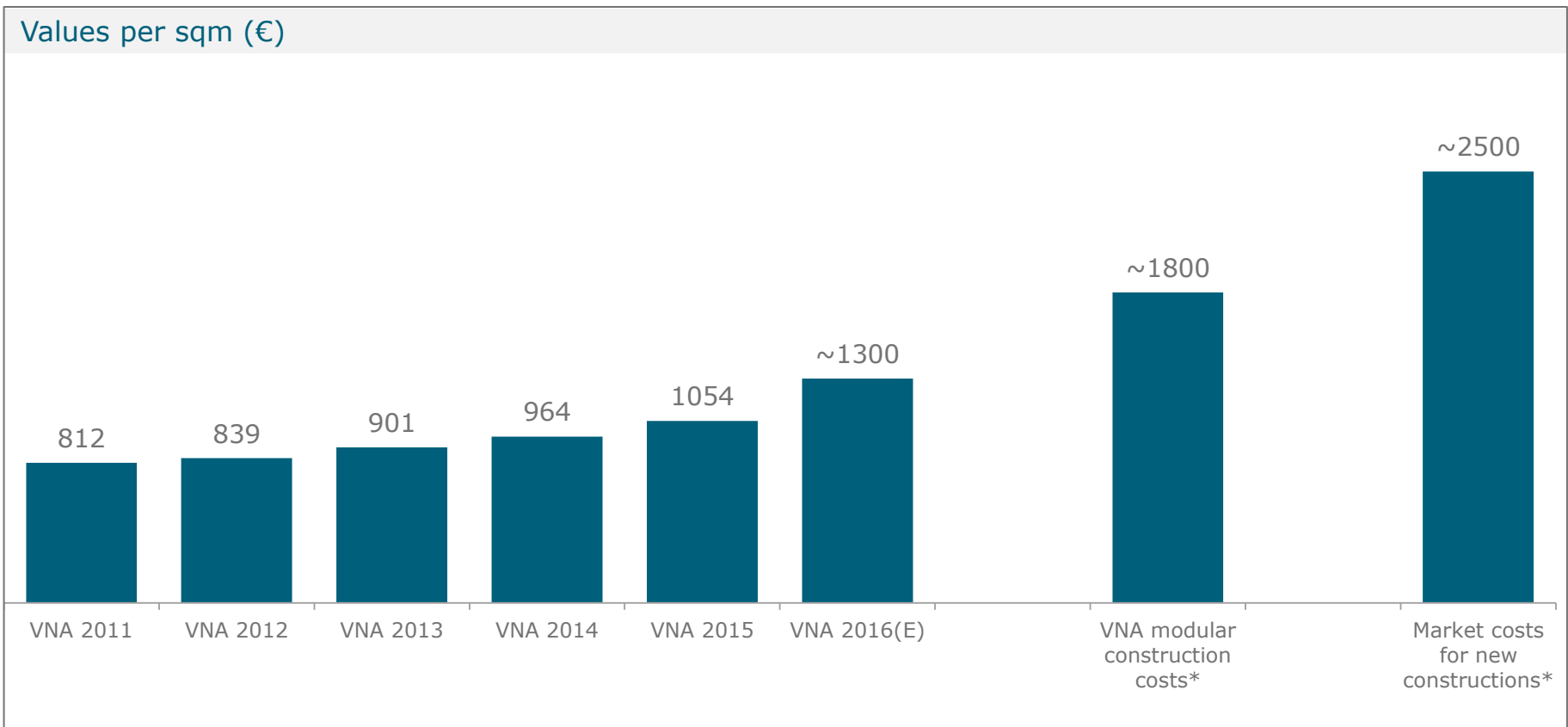


● Vonovia location

📍 Schwarmstädte

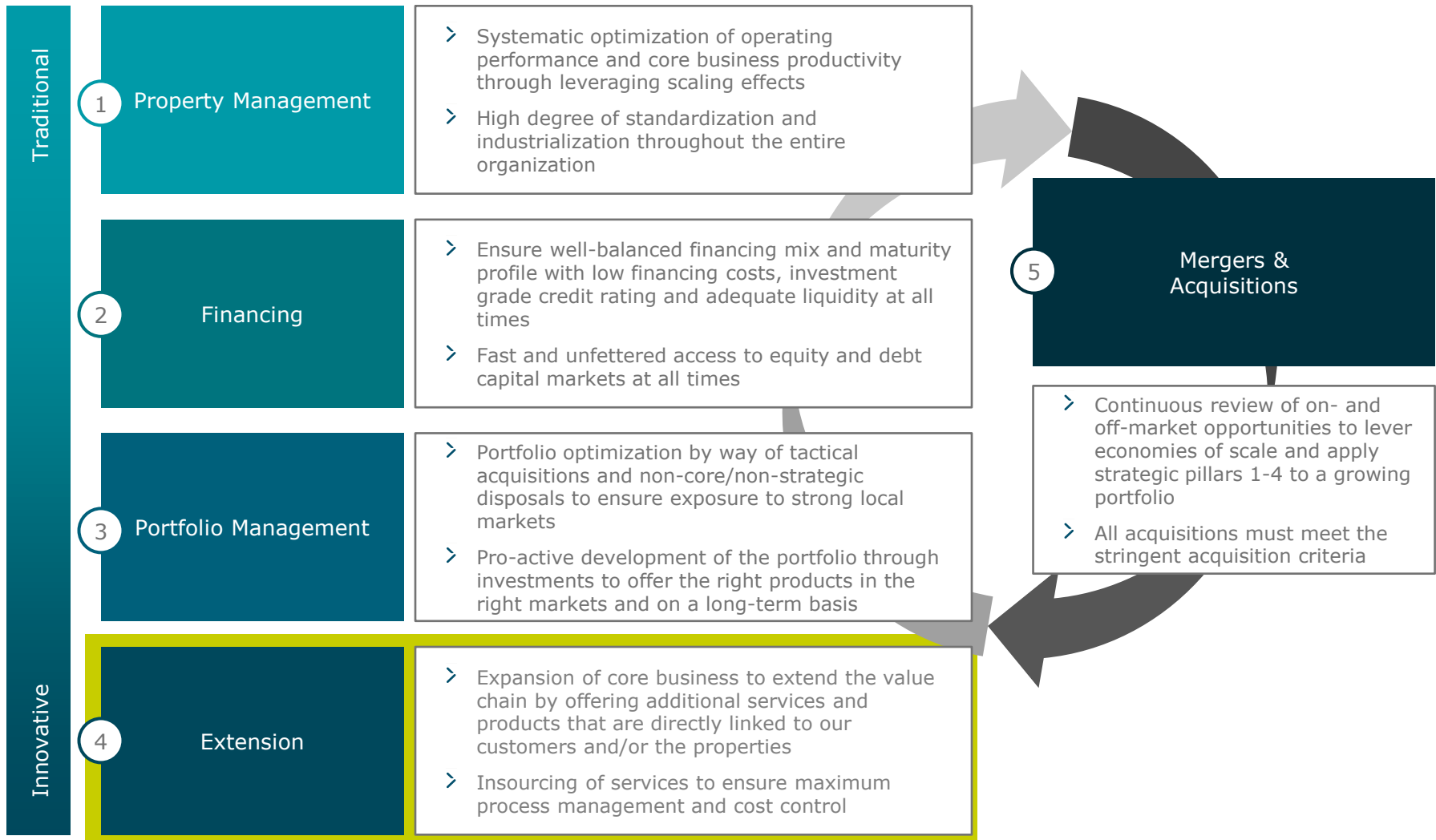
Conservative Valuation

- In-place valuations are still only half of replacement values, in spite of accelerating valuation growth in 2015 and 2016.



* Please see Glossary / Sources in the Appendix for further information.

Reputation & Customer Satisfaction



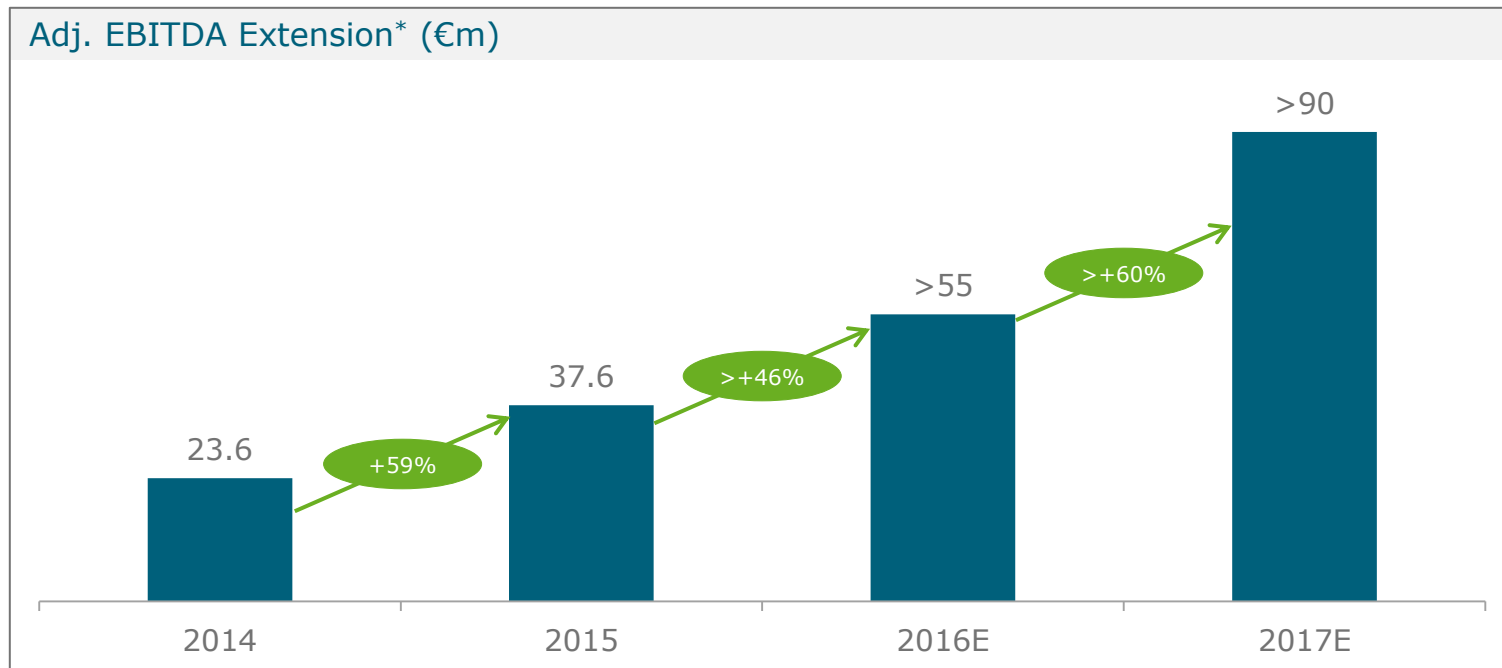
Extension - Innovation as Growth Driver

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



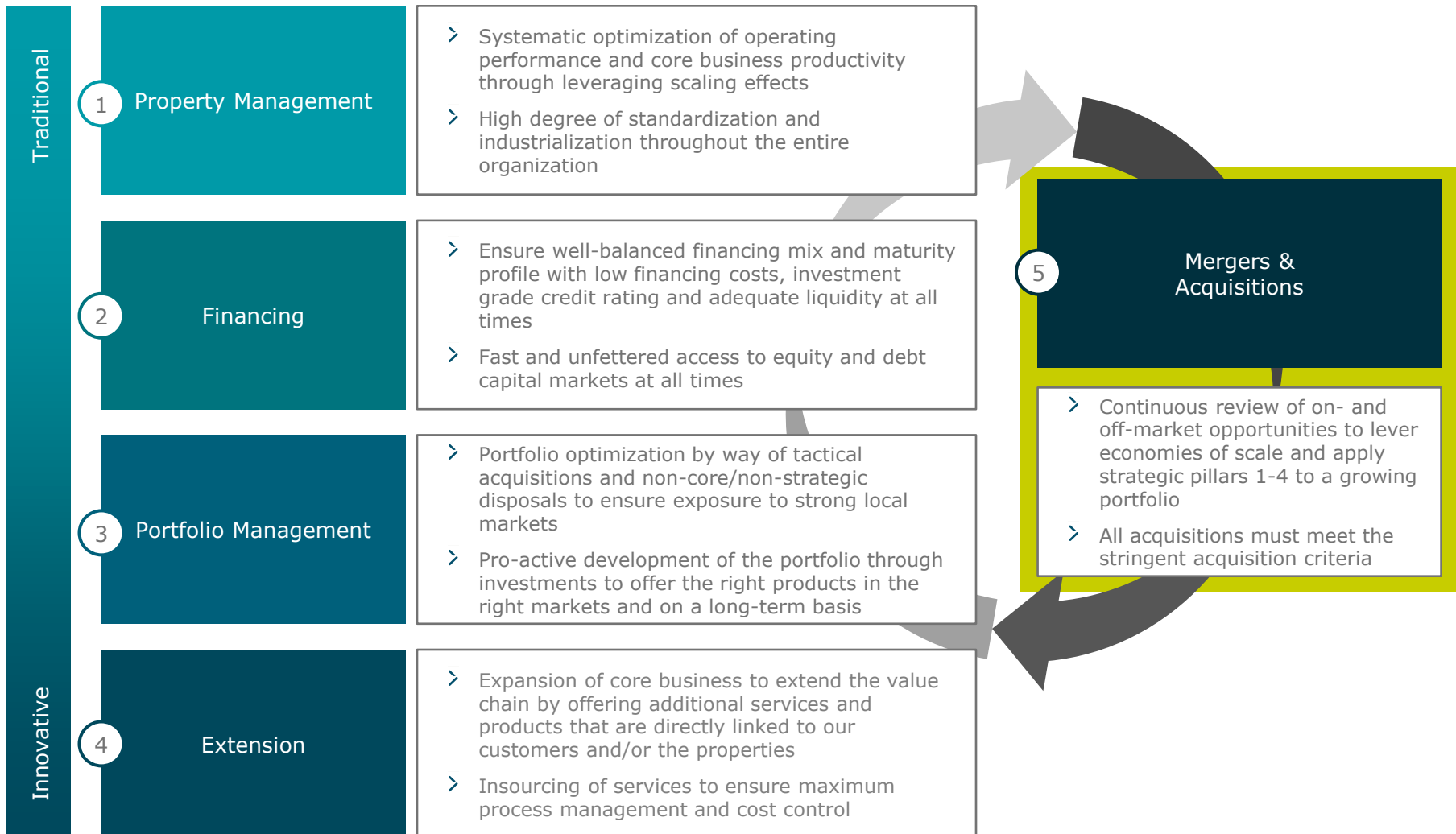
Extension – Increasing Organic Growth

- Extension business with increasing significance and **compelling growth rates**.
- Vonovia, through its subsidiaries, now employs ca. **3,600 craftsmen and gardeners**.
- Subsidiary for **Third-party and condo management*** now with 22 local offices in Germany managing a total of 77k units.
- **Multimedia service contracts*** are expected to be rolled out to 270k units by the end of 2016 (+145% since year-end 2015).



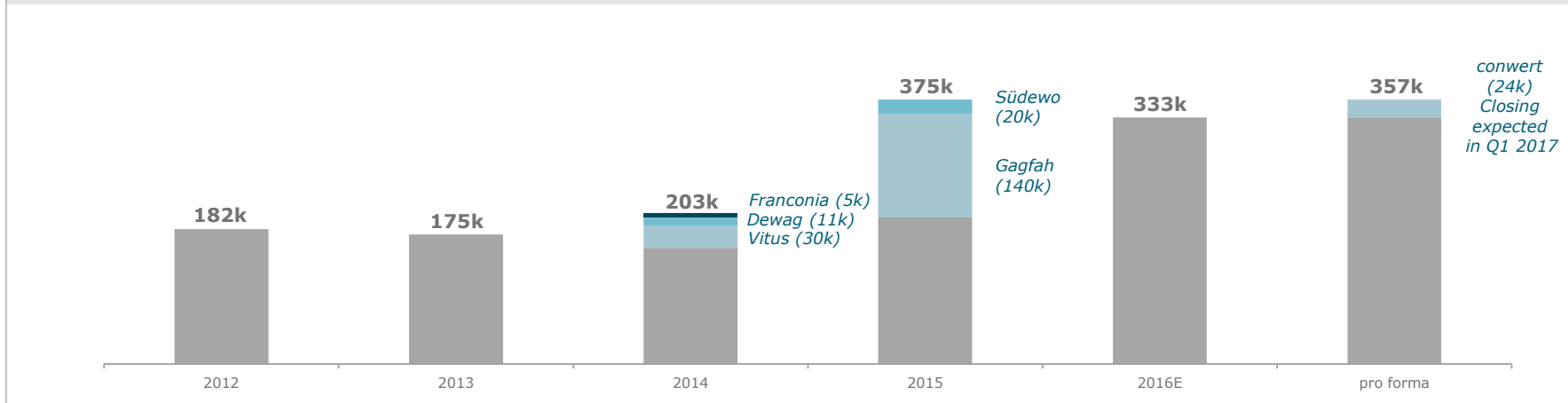
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Reputation & Customer Satisfaction

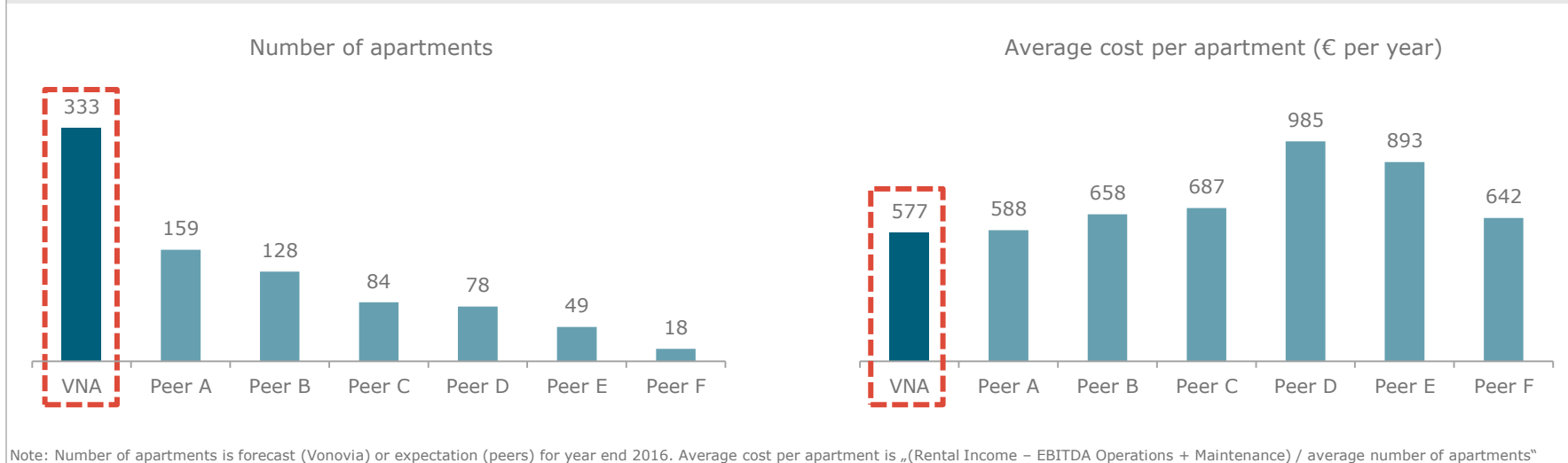


Acquisition

Track record (Total number of units incl. impact from disposals)



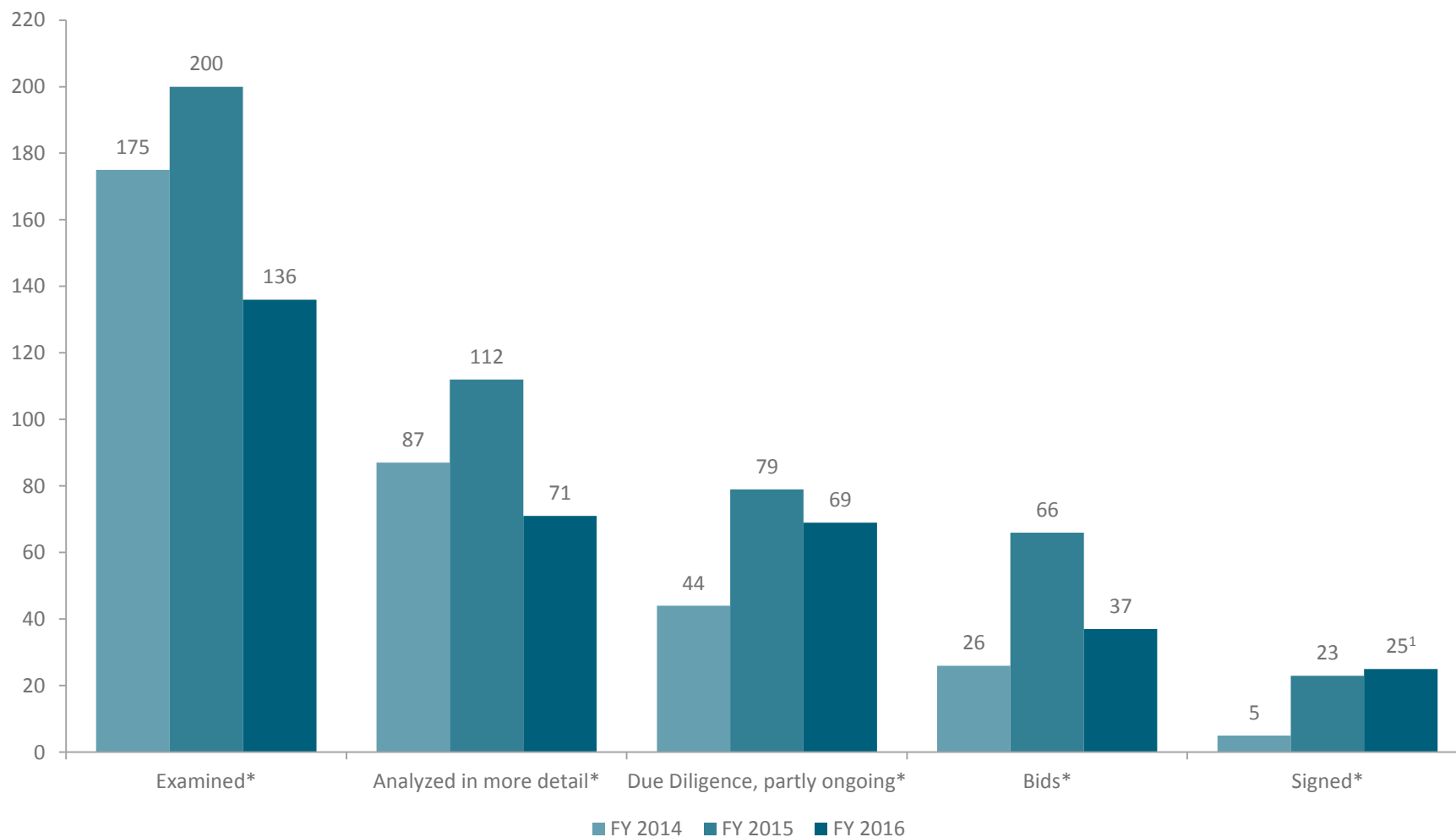
Vonovia is the largest and most diverse player with the lowest average cost



* Please see Glossary / Sources in the Appendix for further information.

Acquisitions – Opportunistic but Disciplined

Acquisition pipeline ('000 units) – excl. Gagfah



¹ Closing of convert Immobilien SE transaction expected in Q1 2017.

* Please see Glossary / Sources in the Appendix for further information.

- **Predictable top and bottom line** with downside protection and upside potential.
- Only residential company in German Blue Chip Index **DAX**; ca. €14bn market cap.
- Liquid stock with **92% free float** and ca. €40m daily turnover on Xetra.
- **Market leadership** with nationwide footprint offers additional growth opportunities.
- **Strong internal growth profile** via sustainable market rent growth, **additional rent growth** from portfolio investments and dynamic extension business.
- Industrialized approach leverages **economies of scale** in a highly homogeneous asset class.
- Proven track record of sustainable and **growing** free cash flow from operations (“FFO”) and **dividends**.

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Financial Calendar

Jan 9-11	Commerzbank German Investment Seminar, NYC
Jan 11	JPM European Real Estate CEO Conference, London
Jan 16	16th Kepler Cheuvreux German Corporate Conf., Frankfurt
Feb 2	Bankhaus Lampe German Equity Forum, London (IR only)
Feb 6-10	Management Roadshow, Asia (excl. China)
Mar 7	FY 2016 results
Mar 8-10	Roadshow London, Frankfurt, Amsterdam
Mar 13	Roadshow Paris
Mar 22	Commerzbank Resi Property Forum, London (IR only)
Mar 23	HSBC Real Estate Conference, Frankfurt (IR only)
Mar 28-30	Management Roadshow, China
Mar 29	BofAML European Real Estate Conference (IR only)
Mar 30	Bankhaus Lampe Deutschlandkonferenz, Baden Baden (IR only)
May 9	Estimated record day for dividend entitlement
May 16	Annual General Meeting
May 24 ¹	Interim results 3M 2017
May 24	Berenberg European Conference, USA
June 1	German Property Day, Paris
June 8	Kempen European Property Seminar, Amsterdam
~ June 12	Estimated dividend payment date
June 19-20	Capital Markets Day, Bochum
June 22	dBAccess Berlin Conference, Berlin
Aug 2	Interim results 6M 2017
Nov 8	Interim results 9M 2017



Vonovia Investor
 Relations Tablet App

Now available for
 iOS and Android

¹ Dates are indicative and subject to change depending on convert integration

Appendix

Operating business running smoothly with strong momentum

- › In-place rent of €5.94 per sqm per month (+4.4% y-o-y). L-f-l rent growth of 2.8% y-o-y.
- › Adj. EBITDA Operations* of €832.3m or €2,394 per average unit* (+8.4% y-o-y).
- › FFO 1 of €571.6m or €1.23 per share* (up 29.8% y-o-y on an eop per-share basis).

Currently ongoing valuation work indicates strong uplift¹; growth potential across strategic portfolio

- › Annual valuation work underway indicates a valuation uplift between €3.5bn and €3.9bn (+15% to 17%) on the back of better performance, investments and yield compression.
- › Break-down of Strategic Portfolio into 15 Markets and benchmarking against external sources shows growth potential across strategic portfolio.
- › Portfolio management strategy confirmed with regards to investments, acquisitions and disposals.

¹ Recent forecast of Vonovia calculations. The value is subject to change during the ongoing valuation process.

* Please see Glossary / Sources in the Appendix for further information.

2016 guidance confirmed at upper end of range; increase of proposed dividend

- FFO 1 now expected at higher end of the range with ~€760m or ~€1.63 per share*.
- Dividend of €1.12 per share (19.1% increase y-o-y) intended to be proposed to the 2017 Annual General Meeting; dividend proposal not dependent on acceptance level of tender offer for convert shares. New shares from convert offer fully eligible for dividends.
- EPRA NAV per share* of ~€36 and adj. EPRA NAV per share* of ~€30 expected for year-end 2016.

Confident 2017 guidance (effects from potential convert takeover not yet taken into account)

- L-f-I rent growth expected to accelerate to 3.5%-3.7%.
- Expected double-digit organic FFO 1 growth to €830m to €850m or €1.78-€1.82 per share*.
- Expect to initiate €1bn investment program for modernization and space creation in 2017, of which €700m-€730m are expected to be completed and accounted for within the 2017 financial year.
- EPRA NAV per share* expected to grow to €37-€38 based on increased performance and higher investments. Does not include any assumptions for yield compression.

* Please see Glossary / Sources in the Appendix for further information.

Strong Development of KPIs

VONOVIA

Higher overall in-place rent growth as a result of successful action-driven portfolio management and acquisitions

+8.4% per avg. unit* (€2,394 vs. €2,208)

+18.3% per avg. unit* (€1,644 vs. €1,390)

+11.6% per sqm (€1,095 vs. €981)

		9M 2016	9M 2015	Delta
In-place rent (eop)	€/month/sqm	5.94	5.69	+4.4%
In-place rent l-f-l (eop)	€/month/sqm	5.94	5.77	+2.8%
Vacancy rate (eop)	%	2.8	3.4	-60 bps
Rental income	€m	1,156.1	1,019.4	13.4%
Cost per average unit*	€	402	481	-16.4%
Adj. EBITDA Operations*	€m	832.3	699.4	+19.0%
Rental*	€m	794.1	677.5	+17.2%
Extension*	€m	45.1	24.4	+84.8%
Other (i.e. consolidation)	€m	-6.9	-2.5	n/a
FFO 1	€m	571.6	440.4	29.8%
FFO 1 per share* (eop NOSH)	€	1.23	0.95	+29.8%
FFO 1 per share* (avg. NOSH)	€	1.23	1.15	+6.7%
AFFO*	€m	524.3	359.7	+45.8%
Adj. EBITDA Sales*	€m	65.5	34.1	+92.1%
Adj. EBITDA (Total)	€m	897.8	733.5	+22.4%
FFO 2	€m	604.0	466.3	+29.5%

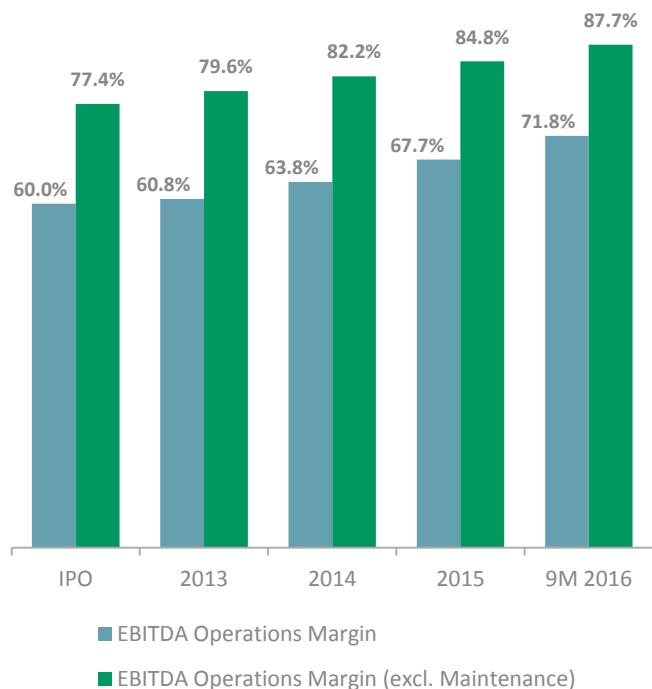
		Sep. 30, 2016	Dec. 31, 2015	Delta
Fair value of real estate portfolio	€m	23,851.1	24,157.7	-1.3%
EPRA NAV*	€/share	29.48	30.02	-1.8%
Adj. EPRA NAV*	€/share	23.64	24.19	-2.3%
LTV	%	47.1%	46.9%	+20bps
Dividend paid	€m	438.0	276.2	€161.8m

* Please see Glossary / Sources in the Appendix for further information.

Growing Adj. EBITDA and EBITDA Operations Margin*

- Adj. EBITDA Operations margin of 71.8% in 9M 2016, up from 68.6% in 9M 2015.
- Expensed vs. capitalized maintenance varies between companies and is a major discretionary swing factor in the EBITDA margin, which is why Vonovia reports Adj. EBITDA margins incl. and excl. maintenance.
- Excluding expensed maintenance and including operating costs and corporate SG&A the margin was 87.7% after 85.1% in 9M 2015.

Adj. EBITDA Operations margin*



€m	9M 2016	9M 2015	Delta
Rental income	1,156.1	1,019.4	+13.4%
Maintenance expenses	-184.1	-167.8	+9.7%
Operating expenses	-177.9	-174.1	+2.2%
Adj. EBITDA Rental*	794.1	677.5	+17.2
Income	574.4	291.6	97.0%
of which external	91.6	38.5	>100%
of which internal	482.8	253.1	+90.8%
Operating expenses	-529.3	-267.2	+98.1%
Adj. EBITDA Extension*	45.1	24.4	+84.8%
Adj. EBITDA Other	-6.9	-2.5	>100%
Adj. EBITDA Operations*	832.3	699.4	+19.0%

* Please see Glossary / Sources in the Appendix for further information.

Maintenance and Modernization

- Stable maintenance expenses on a per sqm basis y-o-y.
- The maintenance capitalization ratio* is not an input factor but an outcome; i.e. what type of work is expensed vs. capitalized is determined on the basis of a pre-defined SAP-based catalogue agreed with the auditors.

€m	9M 2016	9M 2015	Delta
Expenses for maintenance	184.1	167.8	+9.7%
Capitalized maintenance	48.0	81.3	-41.0%
Total	232.1	249.1	-6.8%
Maintenance capitalization ratio *	21%	33%	

€/sqm	9M 2016	9M 2015	Delta
Expenses for maintenance	8.49	8.49	0%
Capitalized maintenance	2.21	4.11	-46.2%
Total	10.70	12.60	-15.1%
Maintenance capitalization ratio *	21%	33%	

Investments (modernization, new initiatives, space creation)	284.6	219.0	+30.0%
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* Please see Glossary / Sources in the Appendix for further information.

Substantial LTV Reduction Expected for YE 2016

VONOVIA

€m (unless indicated otherwise)	Sep. 30, 2016	Dec. 31, 2015	Delta
Non-derivative financial liabilities	13,000.0	14,939.9	-13.0%
Foreign exchange rate effects	-155.5	-179.4	-13.3%
Cash and cash equivalents	-1,118.1	-3,107.9	-64.0%
Net debt	11,726.4	11,652.6	+0.6%
Sales receivables	-233.1	-330.0	-29.4%
Additional loan amount for outstanding acquisitions	---	134.9	---
Adj. net debt	11,493.3	11,457.5	+0.3%
Fair value of real estate portfolio	23,851.1	24,157.7	-1.3%
Fair value of outstanding acquisitions	---	240.0	---
Shares in other real estate companies	545.4	13.7	>100%
Adj. fair value of real estate portfolio	24,396.5	24,411.4	-0.1%
LTV	47.1%	46.9%	+20bps

Pro forma LTV* as of Dec. 31, 2016

Net debt (€bn)	11.6
Adj. fair value of real estate portfolio ¹ (€bn)	27.6
LTV	~42%

¹ Assuming mid-point of current valuation uplift expectation for year-end.

* Please see Glossary / Sources in the Appendix for further information.

Corporate Investment grade rating

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

Bond ratings

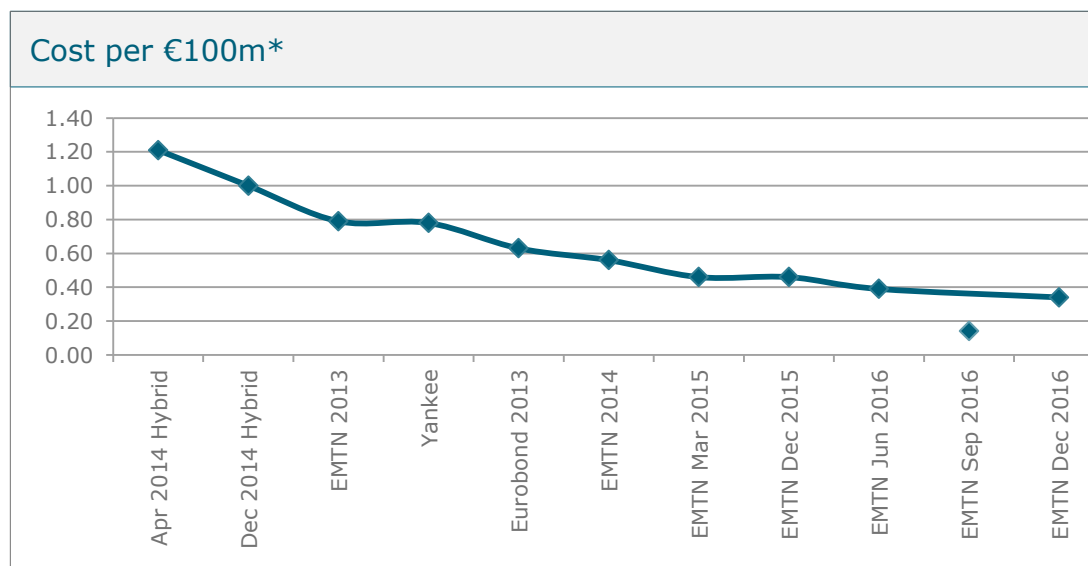
	ISIN	Amount	Issue price	Coupon	Final Maturity Date	Rating
6 years 3.125% Bond 002 (EUR-Bond)	DE000A1HNW52	€ 600m	99.935%	3.125%	25 July 2019	BBB+
4 years 3.200% Bond 003 (USD-Bond)	US25155FAA49	USD 750m	100.000%	3.200% (2.970%)*	2 Oct 2017	BBB+
10 years 5.000% Bond 004 (USD-Bond)	US25155FAB22	USD 250m	98.993%	5.000% (4.580%)*	2 Oct 2023	BBB+
8 years 3.625% Bond 005 (EMTN)	DE000A1HRVD5	€ 500m	99.843%	3.625%	8 Oct 2021	BBB+
60 years 4.625% Bond 006 (Hybrid)	XS1028959671	€ 700m	99.782%	4.625%	8 Apr 2074	BBB-
8 years 2.125% Bond 007 (EMTN)	DE000A1ZLUN1	€ 500m	99.412%	2.125%	9 July 2022	BBB+
perpetual 4% Bond 008 (Hybrid)	XS1117300837	€ 1,000m	100.000%	4.000%	perpetual	BBB-
5 years 0.875% Bond 009A (EMTN)	DE000A1ZY971	€ 500m	99.263%	0.875%	30 Mar 2020	BBB+
10 years 1.500% Bond 009B (EMTN)	DE000A1ZY989	€ 500m	98.455%	1.5000%	31 Mar 2025	BBB+
2 years 0.950%+3M EURIBOR Bond 010A (EMTN)	DE000A18V120	€ 750m	100.000%	0.950%+3M EURIBOR (0.835% hedged)	15 Dec 2017	BBB+
5 years 1.625% Bond 010B (EMTN)	DE000A18V138	€ 1,250m	99.852%	1.625%	15 Dec 2020	BBB+
8 years 2.250% Bond 010C (EMTN)	DE000A18V146	€ 1,000m	99.085%	2.2500%	15 Dec 2023	BBB+
6 years 0.875% Bond 011A (EMTN)	DE000A182VS4	€ 500m	99.530%	0.875%	10 Jun 2022	BBB+
10 years 1.500% Bond 011B (EMTN)	DE000A182VT2	€ 500m	99.165%	1.5000%	10 Jun 2026	BBB+
2 years 0.380%+3M EURIBOR Bond 012 (EMTN)	DE000A185WC9	€ 500m	100.000%	0.380%+3M EURIBOR (0.140% hedged)	13 Sep 2018	BBB+
8 years 1.250% Bond 013 (EMTN)	DE000A189ZX0	€ 1,000m	99.037%	1.250%	6 Dec 2024	BBB+

* EUR-equivalent Coupon

- We have managed to establish ourselves as a first class frequent issuer on the capital markets since our IPO.
- The September 2016 issuance was structured as a private bond.
- 8 of our bonds so far have been purchased through the ECB's Corporate Sector Purchase Program.

Cost per €100m ⁽¹⁾	€m
April 2014 Hybrid	1.21
December 2014 Hybrid	1.00
EMTN 2013	0.79
Yankee	0.78
Eurobond 2013	0.63
EMTN 2014	0.56
EMTN March 2015	0.46
EMTN December 2015	0.46
EMTN June 2016	0.39
EMTN September 2016	0.14
EMTN December 2016	0.34

(1) Excluding contingency; including some cost estimates for the most recent transactions as not all bills have been fully settled yet.



* Please see Glossary / Sources in the Appendix for further information.

Bond and Rating KPIs - as per September 30, 2016

> Bond KPIs

Covenants*	Level	Actual
LTV		
Total Debt / Total Assets	<60%	45%
Secured LTV		
Secured Debt / Total Assets	<45%	15%
ICR		
Last 12 months EBITDA / Last 12 months Interest Expense	>1.80x	3.54x
Unencumbered Assets		
Unencumbered Assets / Unsecured Debt	>125%	215%

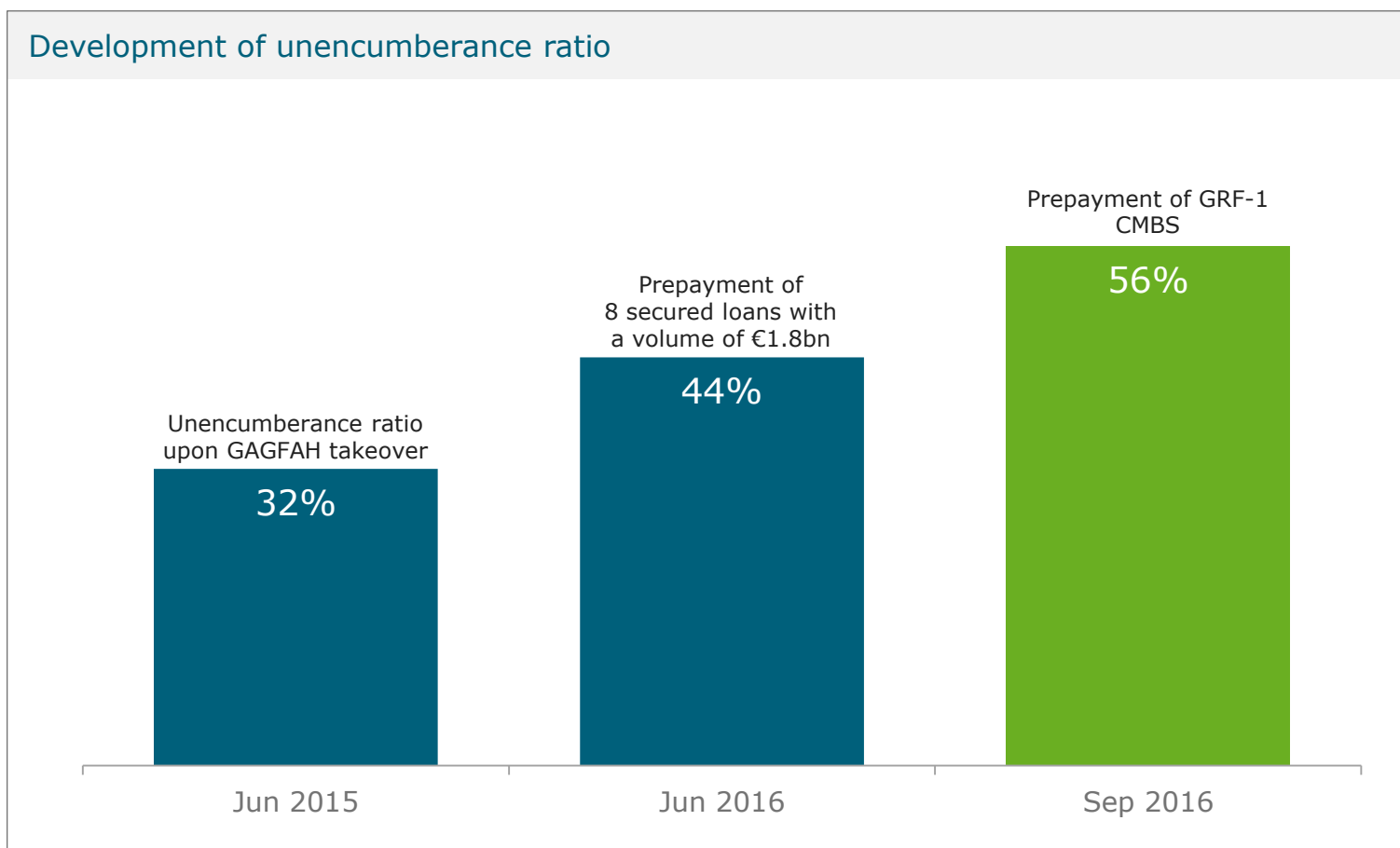
> Rating KPIs

Covenant	Level (BBB+)
Debt to Capital	
Total Debt / Total Equity + Total Debt	<60%
ICR	
Last 12 months EBITDA / LTM Interest Expense	>1.80x

* Please see Glossary / Sources in the Appendix for further information

Development of Unencumberance Ratio

- Unencumberance ratio dropped from 49.6% pre GAGFAH down to 32.1% including GAGFAH in 2015.
- S&P provided 18 months (i.e. 30 September 2016) to reach an unencumberance ratio of > 50%.
- Upon GRF-1 prepayment in August 2016, the unencumberance ratio increased to 56%.



CMBS - Overview as of December 31, 2016

Name	Amount	Coupon	Maturity Date
Taurus 2013 (GMF1) PLC	€ 1,020 m	2.38%	21 May 2018

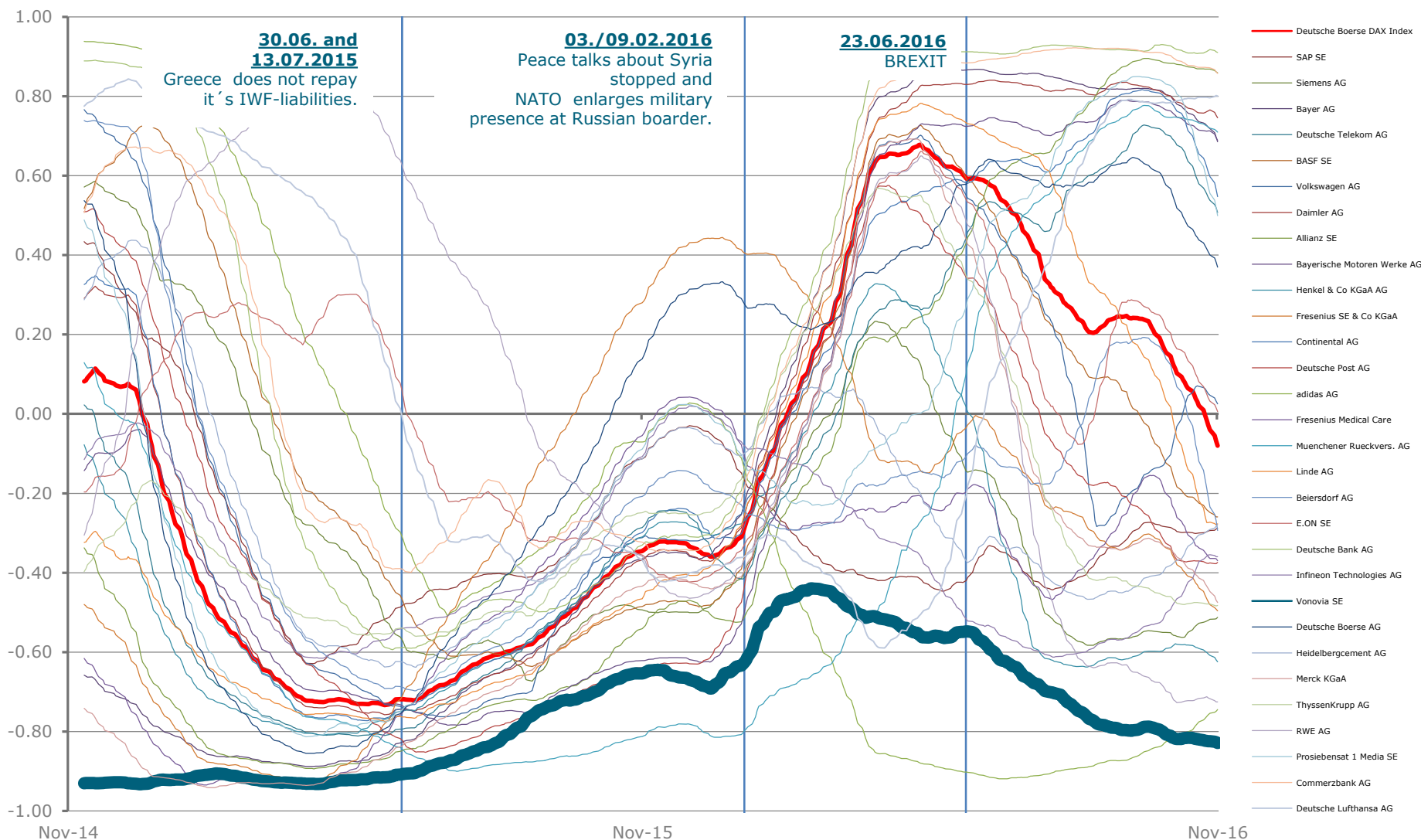
Expected prepayment fees for early CMBS redemption (€ m)

IPD	WOBA
Feb 2017	2.9
May 2017	1.4
Aug 2017	0.1
Nov 2017	0.0
Feb 2018	0.0
May 2018	0.0

Hedge break costs not considered.

Values may differ in case of deviation from sales plan.

Interest Rate Correlation DAX 30 Stocks



Note: A correlation of +1 indicates a synchronized development.
Source: Thomson Reuters

Adj. EBITDA Sales*

VONOVIA

- Privatization volume slightly higher y-o-y partly as a result of privatization sales in the context of portfolio transactions; excluding this impact the margin for the first nine months 2016 was 38.5%.
- Increased non-core and non-strategic sales largely driven by three larger portfolio transactions with an aggregate volume of ca. 17k units.

€m (unless indicated otherwise)	9M 2016		9M 2015		9M 2016		9M 2015	
	<u>Privatization</u>		<u>Non-core/Non-strategic</u>		<u>Total</u>			
No. of units sold	2,150	1,748	19,772	3,574	21,922	5,322		
Income from disposal	205.5	183.2	782.7	132.4	988.2	315.6		
Fair value of disposal*	-151.8	-133.6	-753.0	-130.3	-904.8	-263.9		
Adj. profit from disposal	53.7	49.6	29.7	2.1	83.4	51.7		
Fair value step-up* (%)	35.4%	37.1%	3.9%	1.6%				
Selling costs					-17.9	-17.6		
Adj. EBITDA Sales*					65.5	34.1		

* Please see Glossary / Sources in the Appendix for further information.

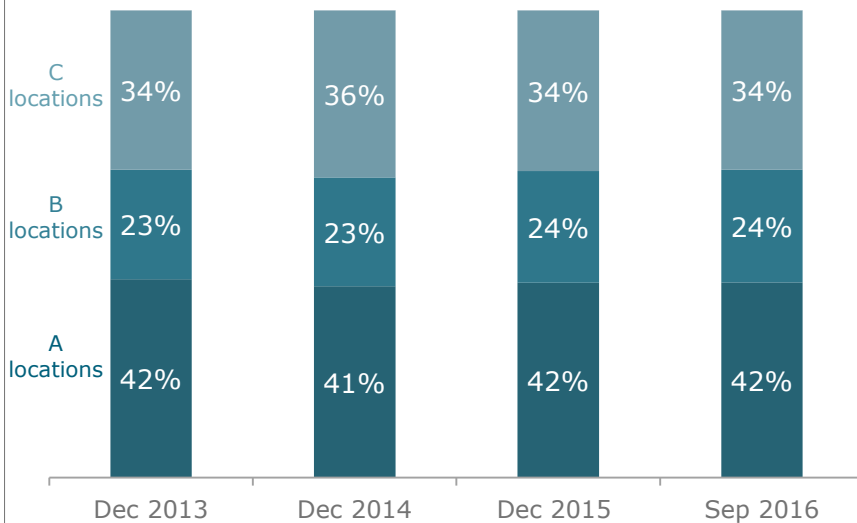
Successful Sales Programs



Privatization

- Y-o-y growth of per sqm sales prices
 - 2015 vs. 2014: **+3.6%**
 - 2016 ytd vs. 2015: **+22.2%**
- Privatization sales of prior years have left the location mix of the privatization cluster unchanged.

Location mix of Privatization cluster



Excluding D locations, which represent less than 1% of Privatization cluster. Locations A-D based on internal ranking of privatization locations with A being the best locations.

Non-core & Non-strategic

- Reduced Non-core and Non-strategic volume by more than half in nine months.

Non-core and Non-strategic disposal pipeline ('000 units)



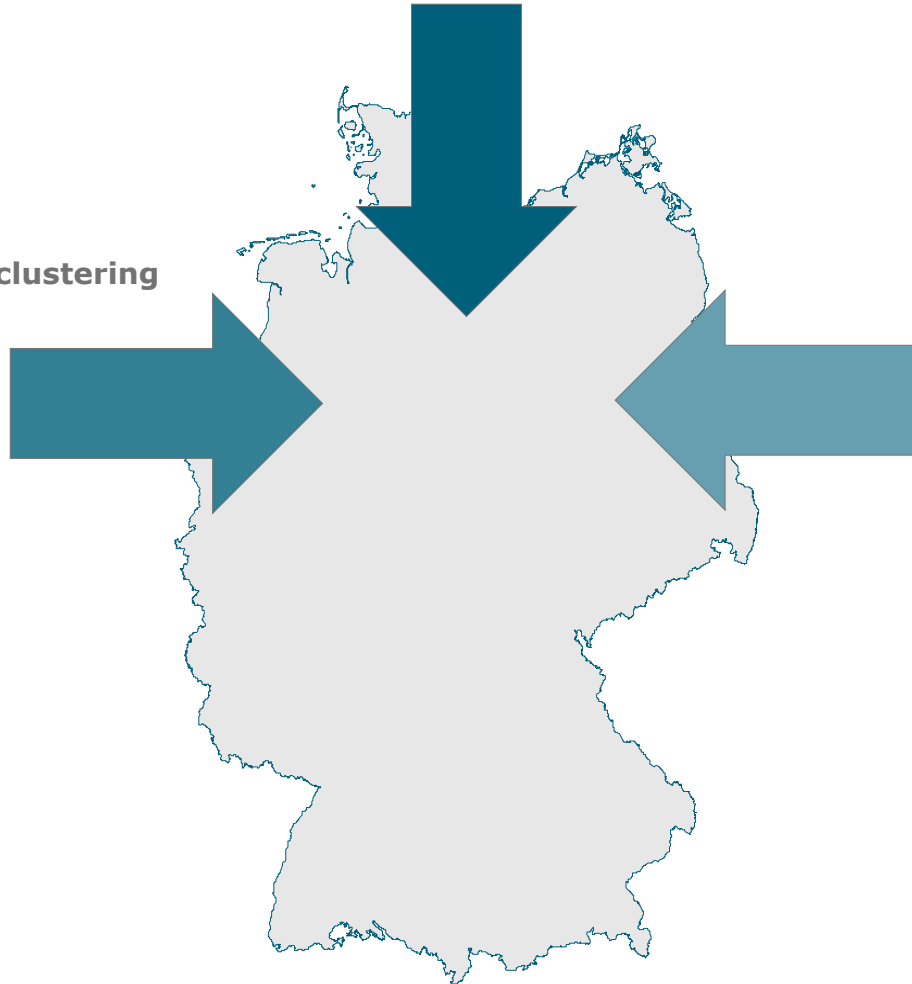
2017ff. sales include ca. 3.8k units with sales restrictions in place.

3 Angles to Look on the Portfolio

- 1 **Geographic**
 - > Federal states
 - > **Markets**
 - > Individual cities

- 2 **Action-driven portfolio clustering**
 - > Operate
 - > Upgrade Buildings
 - > Optimize Apartments
 - > Privatization
 - > Non-strategic
 - > Non-core

- 3 **Operating platform**
 - > 6 Regions
 - > 38 Business Units



Enhanced Transparency on Portfolio Structure

- Given its **numerous larger and mid-sized urban areas** and its **heterogeneous local markets**, Germany is quite different from countries such as France or the UK where the capital city tends to overshadow the rest.
- The relevance of the catchment area and the appeal that a striving urban area has on its vicinity can be better assessed if the focus is shifted away from federal states and the data for individual cities.

EXAMPLE	State	City
	Saxony ≠ Dresden ≠ Chemnitz	Berlin ≈ Potsdam
	NRW ≠ Cologne ≠ Gelsenkirchen	Essen ≈ Bochum ≈ Dortmund
	Lower Saxony ≠ Hanover ≠ Salzgitter	Munich ≈ locations connected via local train

- We have prepared a supplemental **reporting structure for our strategic portfolio¹** that
 - cuts the portfolio into **15 Markets**, each of which represents a **homogeneous area** with similar characteristics and **future development potential**, geographic proximity, commuter relations, etc.;
 - **benchmarks the Markets** against external sources (empirica on Growing Metropolitan Areas ("Schwarmstädte") and "Prognos Future Atlas" ranking) to systematically measure their relative attractiveness;
 - is **primarily forward-looking**;
 - **supplements** our action-driven portfolio clustering and **confirms** our portfolio management strategy.

¹ Excluding non-core and non-strategic locations and including privatization assets in strategic locations

15 Regional Markets

- Balanced Strategic Portfolio with high exposure and material footprint in strong Markets.
- Well positioned to benefit from a dynamic development across the country.
- Market data on future development shows attractive growth rates across all Markets.

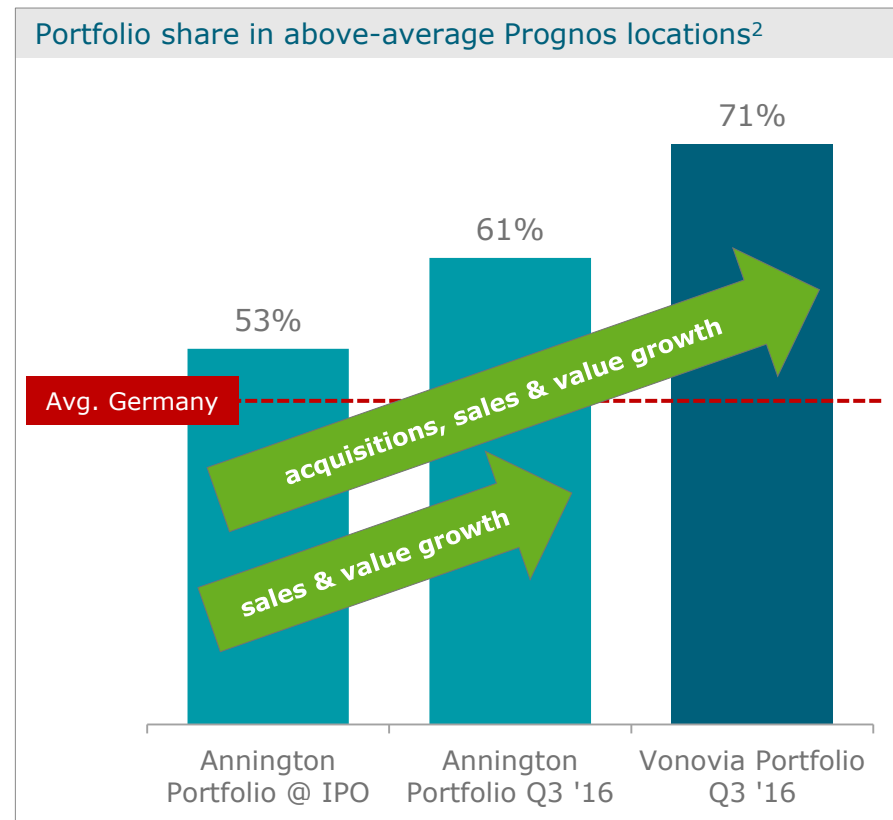
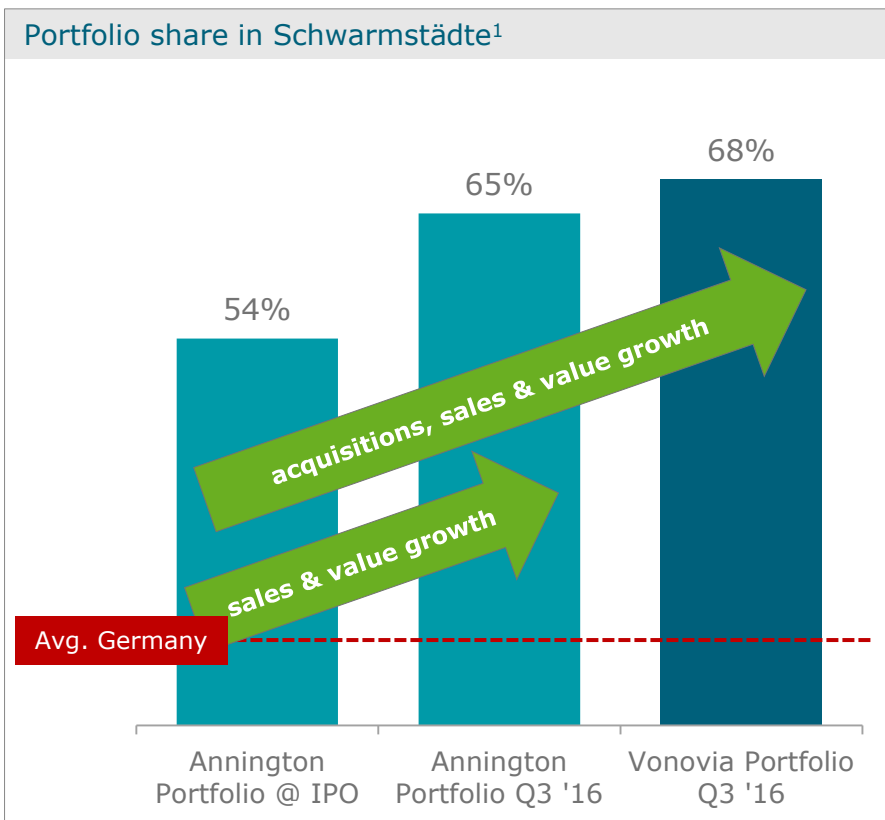
Regional Market	Fair value (€m)	Fair value (€/sqm)	Multiple (in-place rent)	Residential units	Annualized in-place rent (€m)	In-place rent (€/sqm)	L-f-I rent growth (y-o-y)	Re-letting rent growth (y-o-y)*	Avg. rent growth forecast CBRE (5yrs)*	Schwarmstadt?	Prognos ranking
Berlin	2,716	1,296	18.1	32,272	150	5.96	3.2%	6.7%	3.1%	yes	4.0
Rhineland (Cologne, Düsseldorf, Bonn)	2,515	1,273	16.4	28,434	153	6.47	2.6%	5.4%	2.6%	yes	2.9
Rhine Main Area (Frankfurt, Darmstadt, Wiesbaden)	2,303	1,578	17.4	22,500	133	7.57	3.7%	5.6%	3.4%	yes	1.8
Southern Ruhr Area (Dortmund, Essen, Bochum)	2,172	829	13.0	42,149	167	5.38	3.0%	6.1%	1.9%		5.0
Dresden	2,136	931	14.5	38,192	147	5.40	2.9%	7.1%	3.0%	yes	2.0
Stuttgart	1,821	1,432	16.9	19,418	108	7.11	2.5%	0.1%	3.0%	yes	2.2
Hamburg	1,468	1,359	17.2	16,544	85	6.50	3.4%	5.3%	3.2%	yes	2.7
Munich	1,374	2,071	22.5	9,800	61	7.43	3.4%	5.9%	4.9%	yes	1.5
Northern Ruhr Area (Duisburg, Gelsenkirchen)	1,210	734	12.3	26,127	99	5.10	2.2%	4.3%	1.7%		6.3
Hanover	912	1,014	14.5	13,892	63	5.83	2.1%	6.7%	2.2%	yes	2.8
Kiel	726	859	13.1	13,995	55	5.46	2.5%	7.0%	2.3%	yes	5.1
Bremen	652	922	14.7	11,212	44	5.29	3.0%	5.5%	2.8%		5.0
Westphalia (Münster, Osnabrück)	515	826	13.0	9,501	40	5.37	3.2%	4.9%	2.4%	yes	4.2
Freiburg	393	1,399	17.4	4,071	23	6.67	3.1%	3.2%	3.6%	yes	3.1
Leipzig	234	905	13.8	4,094	17	5.60	1.8%	1.0%	2.1%	yes	4.2
Other Strategic Locations	1,771	1,071	15.2	25,668	117	5.97	2.7%	3.3%	2.7%	5	3.6
Total	22,920	1,125	15.7	317,869	1,462	6.01	2.9%	4.4%	2.8%	28	3.3

Excluding non-core and non-strategic locations and including privatization assets in strategic locations.

* Please see Glossary / Sources in the Appendix for further information.

Exposure to Attractive Regional Markets has Grown

- The strategy of portfolio investments, disposals of weaker markets and acquisitions in stronger markets has resulted in a substantially more attractive portfolio due to higher-quality assets and locations.



¹ If more than 50% of the fair value of a regional market is in a Schwarmstadt, all of the fair value of that regional market is counted towards the Schwarmstadt; if less than 50% of the fair value of a regional market is in a Schwarmstadt, none of the fair value of that regional market is counted towards the Schwarmstadt

² Above average = ranking 1-4
Portfolio weighting based on fair value; average for Germany based on number of units

Maintenance or Modernization?

Illustrative Flow of Funds	
	Rental Income
-	Maintenance Expense
-	Operating expenses ("Platform costs")
+	adj. EBITDA Extension and Other
=	Adj. EBITDA Operations
-	Interest
-	Current Income Tax Rental
=	FFO 1
-	Capitalized Maintenance
=	AFFO

-	dividends, one-offs, perpetual hybrid interest, misc.
+	cash from sales, financing



Investments

Modernization & Space Creation

MAINTENANCE

- > Allocation between expensed maintenance and capitalized maintenance is a major swing factor in operating margin
- > Regardless of the capitalization rate, however, both combined are largely governed by German Civil Code §558 and essentially protect future EBITDAs as they are reactive, non-discretionary measures.
- > Represent what is required to broadly maintain the property value.

MODERNIZATION

- > Changes the character of a building
- > Generates a measurable return on investment (rent growth / value growth)
- > Grows future EBITDAs
- > Modernization governed by German Civil Code §559
- > Discretionary & pro-active

Schwarmstädte

- While the actual demographic development has not deviated materially from past projections, the **regional distribution of the population** is seeing a **comprehensive shift** as especially the younger generation moves **into more urban settings**. This results in a certain number of **growing metropolitan areas (“Schwarmstädte¹”)** and large parts of the country that see a substantial outflow of their population.
- empirica has identified **30 Schwarmstädte** across Germany that are the **beneficiaries of the regrouping of the German population**. Comparing 2008 and 2013 demographic data across all 402 cities and counties in Germany shows material population declines in large parts of the country at the expense of a few growing locations to which parts of the population have migrated.
- Among the **reasons for the geographic shift** of the population are
 - Germany’s declining birth-rate results in lower density of similarly-aged persons, which in turn narrows the options for these age groups as points of interest disappear due to lack of demand.
 - Increasing economic and social appeal of urban settings vs. rural areas.
- These **trends are enforced** by
 - Increasing unattractiveness of places of origin as more people move out and growing attractiveness of Schwarmstädte as more people move in.
 - Increasing number of households in urban areas as a result of more single households, longer life expectancy etc.

Schwarmstädte	Demographic development 2008-2013	
	Total population	Age group 20 to 34
Frankfurt/M.	7.8%	11.3%
Leipzig	7.6%	14.6%
Munich	7.1%	11.7%
Offenbach	7.0%	15.0%
Freiburg	6.7%	10.3%
Dresden	6.1%	6.6%
Darmstadt	5.7%	16.3%
Landshut	5.6%	11.8%
Münster	5.4%	8.9%
Regensburg	5.2%	11.8%
Berlin	5.0%	11.1%
Karlsruhe	4.9%	15.1%
Stuttgart	4.4%	9.1%
Heidelberg	4.3%	6.7%
Cologne	4.2%	8.6%
Augsburg	3.9%	11.2%
Bonn	3.7%	10.2%
Kiel	3.5%	10.8%
Mainz	3.4%	6.1%
Braunschweig	3.3%	12.4%
Jena	3.2%	3.2%
Nuremberg	3.2%	8.9%
Hamburg	3.2%	4.5%
Düsseldorf	3.0%	8.4%
Mannheim	2.9%	12.4%
Erlangen	2.4%	8.8%
Rostock	2.4%	4.5%
Koblenz	2.3%	13.7%
Trier	1.9%	6.9%
Halle	0.8%	5.1%
Germany	0.3%	3.4%

Schwarmstädte with stronger growth of young generation and stronger overall population growth

¹ The word “Schwarmstadt” is a combination of the German words for “flock” and “city,” trying to capture the migration movement of large parts of the (especially younger) generations into certain cities

Prognos Methodology

- Prognos is an independent research institute that benchmarks all 402 cities and counties in Germany (“Prognos Future Atlas Ranking”).
- Cities and counties are ranked across 8 categories ranging from 1 (“excellent potential”) to 8 (“extreme future risks”).
- Analysis comprises 29 socioeconomic indicators across four categories
 - Demographics
 - Labor market
 - Innovation
 - Prosperity
- The analysis looks at both the current strength and the dynamic development, allowing an assessment of the positive/negative momentum.
- The first Prognos ranking was published in 2004; updates have been made in 2007, 2010, 2013 and most recently in 2016.

Final Guidance for 2016

	2015 actuals	Initial Guidance for 2016 (in Nov. '15)	Updated Guidance for 2016 (in Aug. '16)	Final Guidance for 2016
L-f-l rental growth (eop)	2.9%	2.8-3.0%	3.0-3.2%	3.0-3.2%
Vacancy (eop)	2.7%	~3%	~2.5%	~2.5%
Rental Income (€m)	1,415	1,500-1,520	1,530-1,550	1,530-1,550
FFO1 (€m)	608	690-710	740-760	~760
FFO1/share* (eop NOSH)	€1.30	€1.48-1.52	€1.59-1.63	~€1.63
EPRA NAV/share* (eop)	€30.02	€30-31 ¹	€30-31 ¹	~€36
Adj. EPRA NAV/share* (eop)	€24.19	€24-25	€24-25	~€30
Maintenance (€m)	331	~330	~340	~340
Modernization (€m)	356	430-500	470-500	470-500
Privatization (#)	2,979	~2,400	~2,400	~2,500
FMV step-up (Privatization)	30.5%	~30%	>35%	>35%
Non-core (#)	12,195	opportunistic	opportunistic	Up to 24,000 continuously opportunistic
FMV step-up (Non-Core)	9.2%	~0%	~5%	~5%
Dividend/share	€0.94	~70% of FFO1	€1.05	~€1.12 ²

Upper end of the guidance range; ~25% per-share growth y-o-y

Final 2016 guidance includes current expectations for year-end portfolio valuation uplift (mid-point)

19% increase y-o-y; not subject to acceptance level in convert tender

¹ Excluding assumptions for year-end valuation gains.

² Intended to be proposed to the 2017 Annual General Meeting.

* Please see Glossary / Sources in the Appendix for further information.

Reconciliation of 2016 Dividend

- Dividend of €1.12 per share (19.1% increase y-o-y) intended to be proposed to the 2017 Annual General Meeting; dividend proposal not dependent on acceptance level of tender offer for convert shares. New shares from convert offer fully eligible for dividends.
- This proposal is irrespective of the convert tender offer result, as we would pass the convert dividend amount we would receive on to Vonovia shareholders.

Dividend Reconciliation	In case of <u>0%</u> acceptance ratio	In case of <u>75%</u> acceptance ratio
Vonovia FFO 1 Guidance (€m)	760	760
convert dividend (€m)	0	34
New shares (m)	0	38
New total shares (m)	466	504
FFO 1 (€/share)*	1.63	1.51
Payout ratio	69%	70%
DPS (€)	1.12	1.12
Dividend payout (€m)	522	566

€75m FFO(E) for 2016
 *60% payout ratio
 *75% acceptance ratio
 =€34m

€760m*70% = €532m
 + convert dividend €34m
 = €566m dividend amount
 → €566m/504m shares
 = 1,12€

* Please see Glossary / Sources in the Appendix for further information.

FFO per Share* Up 29.8% y-o-y

- The 19% Adj. EBITDA Operations* growth combined with reduced financing expenses and continuously low current income taxes translate into an absolute FFO growth of 29.8% on a per-share* basis.
- Prior-year current income taxes of €15.8m are now broken down between "Operations" and "Sales."

€m (unless indicated otherwise)	9M 2016	9M 2015	Delta
Adj. EBITDA Operations*	832.3	699.4	+19.0%
FFO interest expense	-249.1	-251.4	-0.9%
Current income tax (Operations)	-11.6	-7.6	+52.6%
FFO 1	571.6	440.4	+29.8%
of which attributable to Vonovia's shareholders	536.2	402.9	+33.1%
of which attributable to Vonovia's hybrid capital investors	30.0	22.9	+31.0%
of which attributable to non-controlling interests	5.4	14.6	-63.0%
Capitalized maintenance	-47.3	-80.7	-41.4%
AFFO*	524.3	359.7	+45.8%
Current income tax (Sales)	-33.1	-8.2	>100%
Adjusted EBITDA Sales*	65.5	34.1	+92.1%
FFO 2	604.0	466.3	+29.5%
FFO 1 € / share* (eop NOSH)	1.23	0.95	+29.8%
FFO 1 € / share* (avg. NOSH)	1.23	1.15	+6.7%
AFFO € / share* (eop NOSH)	1.13	0.77	+45.7%
AFFO € / share* (avg. NOSH)	1.13	0.94	+19.5%

* Please see Glossary / Sources in the Appendix for further information.

EPRA NAV* Impacted by Dividend Payout

- Accounting for €0.94 dividend (€438m) paid in May 2016 the EPRA NAV is stable.
- Portfolio valuation will be accounted for in the Q4/FY 2016 results.

€m (unless indicated otherwise)	Sep. 30, 2016	Dec. 31, 2015	Delta
Equity attributable to Vonovia's shareholders	10,356.5	10,620.5	-2.5%
Deferred taxes on investment properties and assets held for sale	3,293.5	3,241.2	+1.6%
Fair value of derivative financial instruments ¹	114.2	169.9	-32.8%
Deferred taxes on derivative financial instruments	-28.4	-43.4	-34.6%
EPRA NAV*	13,735.8	13,988.2	-1.8%
Goodwill	-2,718.9	-2,714.7	+0.2%
Adj. EPRA NAV*	11,016.9	11,273.5	-2.3%
EPRA NAV €/share*	29.48	30.02	-1.8%
Adj. EPRA NAV €/share*	23.64	24.19	-2.3%

¹ Adjusted for effects from cross currency swaps

* Please see Glossary / Sources in the Appendix for further information.

Reconciliation IFRS Profit to FFO

VONOVIA

€m (unless indicated otherwise)	9M 2016	9M 2015	Delta
PROFIT FOR THE PERIOD	278.3	193.5	43.8%
Financial result	354.1	297.8	18.9%
Income taxes	177.1	131.1	35.1%
Depreciation	16.4	7.3	>100%
Income from fair value adjustments of investment properties	---	---	---
= EBITDA IFRS	825.9	629.7	31.2%
Non-recurring items	70.3	103.6	-32.1%
Total period adjustments from assets held for sale	11.2	0.6	>100%
Income from investments in other real estate companies	-9.6	-0.4	>100%
= ADJUSTED EBITDA	897.8	733.5	22.4%
Adjusted EBITDA Sales*	-65.5	-34.1	92.1%
Adjusted EBITDA Other	6.9	2.5	>100%
Adjusted EBITDA Extension*	-45.1	-24.4	84.8%
= ADJUSTED EBITDA RENTAL*	794.1	677.5	17.2%
Adjusted EBITDA Extension*	45.1	24.4	84.8%
Adjusted EBITDA Other	-6.9	-2.5	>100%
Interest expense FFO	-249.1	-251.4	-0.9%
Current income taxes FFO 1	-11.6	-7.6	52.6%
= FFO 1	571.6	440.4	29.8%
Capitalised maintenance	-47.3	-80.7	-41.4%
= AFFO	524.3	359.7	45.8%
Current income taxes Sales	-33.1	-8.2	>100%
FFO 2 (FFO 1 incl. Adjusted EBITDA Sales*/current income taxes Sales)	604.0	466.3	29.5%
FFO 1 per share in € (eop NOSH)*	1.23	0.95	29.8%
AFFO per share in € (eop NOSH)*	1.13	0.77	45.7%
Number of shares (million)	466	466	---

EBITDA increase mainly driven by rental business

Increase of adjusted EBITDA Sales* mainly due to higher Non-core sales volume, higher Non-core step-ups

Increase of adjusted EBITDA Extension* (+85%) reflects expansion strategy to the extent it is not accounted for under rental business

Adjusted EBITDA Rental* reflects operational performance as well as acquisitions

Note: 9M 2016 includes 9 months of GAGFAH and SÜDEWO contributions, while 9M 2015 only includes 7 months of GAGFAH, 6 months of Franconia and 3 months of SÜDEWO contributions

* Please see Glossary / Sources in the Appendix for further information.

€m (unless indicated otherwise)	9M 2016	9M 2015	Delta
Income from property letting	1,640.3	1,470.3	11.6%
Other income from property management	29.1	21.3	36.6%
Income from property management	1,669.4	1,491.6	11.9%
Income from disposal of properties	988.2	315.6	>100%
Carrying amount of properties sold	-953.9	-288.9	>100%
Revaluation of assets held for sale	37.9	24.4	55.3%
Profit on disposal of properties	72.2	51.1	41.3%
Net income from fair value adjustments of investment properties	---	---	---
Capitalized internal expenses	227.7	115.1	97.8%
Cost of materials	-790.6	-683.0	15.8%
Personnel expenses	-267.1	-234.5	13.9%
Depreciation and amortization	-16.4	-7.3	>100%
Other operating income	70.5	60.1	17.3%
Other operating expenses	-166.7	-171.8	-3.0%
Financial income	22.4	3.5	>100%
Financial expenses	-366.0	-300.2	21.9%
Earnings before tax	455.4	324.6	40.3%
Income taxes	-177.1	-131.1	35.1%
Profit for the period	278.3	193.5	43.8%
Attributable to:			
Vonovia's shareholders	182.7	159.3	14.7%
Vonovia's hybrid capital investors	22.4	22.4	0.0%
Non-controlling interests	73.2	11.8	>100%
Earnings per share (basic and diluted) in €	0.39	0.42	-5.7%

Increase mainly acquisition-related; additionally in-place rent on a like-for-like basis increased by 2.8%; additionally vacancy rate decreased by 0.6pp

Increase mainly due to higher Non-core sales volume in 9M 2016 19,772 units vs. 3,574 in 9M 2015

Increase due to in-sourcing effect of craftsmen organization and larger volume of maintenance and modernization work

Ramp-up from 6,125 to 7,074 employees leads to increased personnel expenses which primarily result from TGS growth

Increase mainly driven by issuing EMTN Bond of €3.0bn in December 2015; higher prepayment fees and commitment interest

Note: 9M 2016 includes 9 months of GAGFAH and SÜDEWO contributions, while 9M 2015 only includes 7 months of GAGFAH, 6 months of Franconia and 3 months of SÜDEWO contributions

Balance Sheet (1/2 – Total Assets)

€m (unless indicated otherwise)	Sep. 30, 2016	Dec. 31, 2015	Delta
Assets			
Intangible assets	2,741.0	2,724.0	0.6%
Property, plant and equipment	87.5	70.7	23.8%
Investment properties	23,696.9	23,431.3	1.1%
Financial assets	729.7	221.7	>100%
Other assets	16.5	158.5	-89.6%
Income tax receivables	0.1	0.1	0.0%
Deferred tax assets	72.3	72.3	0.0%
Total non-current assets	27,344.0	26,678.6	2.5%
Inventories	4.6	3.8	21.1%
Trade receivables	257.9	352.2	-26.8%
Financial assets	-	2.0	-100%
Other assets	114.0	113.4	0.5%
Income tax receivables	20.6	23.1	-10.8%
Cash and cash equivalents	1,118.1	3,107.9	-64.0%
Assets held for sale	102.8	678.1	-84.8%
Total current assets	1,618.0	4,280.5	-62.2%
Total assets	28,962.0	30,959.1	-6.5%

Increase mainly due to the acquisition and valuation of Deutsche Wohnen shares

2015 including advance payments made on acquisitions of companies and real estate

Decrease mainly due to scheduled and unscheduled loan repayments, mainly GRF 1 and 3-yr 2013 bond

2015 including 13,570 units sale to LEG

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

VONOVIA

€m (unless indicated otherwise)	Sep. 30, 2016	Dec. 31, 2015	Delta
Equity and liabilities			
Subscribed capital	466.0	466.0	0.0%
Capital reserves	5,891.4	5,892.5	0.0%
Retained earnings	3,961.2	4,309.9	-8.1%
Other reserves	37.9	-47.9	>100%
Total equity attributable to Vonovia's shareholders	10,356.5	10,620.5	-2.5%
Equity attributable to hybrid capital investors	1,031.5	1,001.6	3.0%
Total equity attributable to Vonovia's shareholders and hybrid capital investors	11,388.0	11,622.1	-2.0%
Non-controlling interests	319.4	244.8	30.5%
Total equity	11,707.4	11,866.9	-1.3%
Provisions	661.4	612.9	7.9%
Trade payables	0.8	0.9	-11.1%
Non derivative financial liabilities	12,737.4	13,951.3	-8.7%
Derivatives	87.4	144.5	-39.5%
Liabilities from finance leases	94.3	94.9	-0.6%
Liabilities to non-controlling interests	8.0	46.3	-82.7%
Other liabilities	88.6	25.9	>100%
Deferred tax liabilities	2,633.9	2,528.3	4.2%
Total non-current liabilities	16,311.8	17,405.0	-6.3%
Provisions	386.0	429.5	-10.1%
Trade payables	113.8	91.6	24.2%
Non derivative financial liabilities	262.6	988.6	-73.4%
Derivatives	56.0	58.8	-4.8%
Liabilities from finance leases	4.9	4.4	11.4%
Liabilities to non-controlling interests	---	9.8	-100%
Other liabilities	119.5	104.5	14.4%
Total current liabilities	942.8	1,687.2	-44.1%
Total liabilities	17,254.6	19,092.2	-9.6%
Total equity and liabilities	28,962.0	30,959.1	-6.5%

Increase mainly results from the valuation of the Deutsche Wohnen shares

Mainly repayment of GRF 1, and repayments of portfolio loans

Bond repayment €700m

Guidance for 2017

(effects from potential conwert takeover not yet taken into account)

	2015 Actuals	2016 Guidance	2017 Guidance
L-f-l rental growth (eop)	2.9%	3.0-3.2%	3.5%-3.7%
Vacancy (eop)	2.7%	~2.5%	<2.5%
Rental Income (€m)	1,415	1,530-1,550	1,530-1,550
FFO1 (€m)	608	~760	830-850
FFO1/share* (eop NOSH)	€1.30	~€1.63	€1.78-€1.82
EPRA NAV/share* (eop)	€30.02	~€36	€37-€38*
Adj. EPRA NAV/share* (eop)	€24.19	~€30	€31-€32
Maintenance (€m)	331	~340	~340
Modernization (€m)	356	470-500	700-730
Privatization (#)	2,979	~2,500	~2,300
FMV step-up (Privatization)	30.5%	>35%	~35%
Non-core (#)	12,195	Up to 24,000 continuously opportunistic	opportunistic
FMV step-up (Non-Core)	9.2%	~5%	>0%
Dividend/share	€0.94	€1.12	70% of FFO 1

Rent growth expected to continue to accelerate

Stable top line on smaller portfolio

Double-digit organic growth (mid-point)

Including valuation impact from improved performance and investments (~4% NAV growth); excluding any assumptions for yield compression.
Every 1% value uplift from yield compression results in ~€0.60 NAV growth per share.

Expect to initiate €1bn investment program for modernization and space creation in 2017, of which €700m-€730m are expected to be completed and accounted for within the 2017 financial year.

* Please see Glossary / Sources in the Appendix for further information.

	9M 2016 / Sep 30, 2016	9M 2015 / Sep 30, 2015
Headcount (eop)	7,074	6,125
EPRA vacancy rate (eop)	2.6%	3.2%
IFRS profit for the period	278.3	193.5
Number of units acquired	2,440	168,632
Number of units sold	21,922	5,322
Total residential sqm ('000; eop)	21,064	22,863

Item	Comment / Description / Source
Acquisition	200k units include the acquisition of Vitus (30k), Dewag (11k), Franconia (5k), Südewo (20k), and Gagfah (140k)
Acquisition pipeline: "Analyzed in more detail"	Generally interesting and reviewed by central Acquisitions Department
Acquisition pipeline: "Bids"	Submission of indicative or binding offer following a due diligence
Acquisition pipeline: "Due Diligence"	Thorough review of promising transactions of "Analyzed in more detail" category, including support from respective Vonovia Regions
Acquisition pipeline: "Examined"	Offers received (duplicates excluded)
Acquisition pipeline: "Signed"	Signed purchase agreement after successful bid
Adj. EBITDA Extension	(Income not related to EBITDA Rental or EBITDA Sales) - (Operating expenses not related to EBITDA Rental or EBITDA Sales); 2016E and 2017E estimates are based on the Internal Management Report
Adj. EBITDA Operations	Adj. EBITDA - Adj. EBITDA Sales
Adj. EBITDA Operations margin	Adj. EBITDA Operations / Total rental income
Adj. EBITDA Operations margin (excl. Maintenance)	(Adj. EBITDA Operations + Maintenance expenses) / Total rental income
Adj. EBITDA Operations per average unit	Adj. EBITDA Operations / average number of own apartments in the reporting period
Adj. EBITDA Rental	Rental income - Maintenance expenses - Operating expenses
Adj. EBITDA Sales	IFRS profit on disposal of properties - revaluation (realized) of assets held for sale + revaluation from disposal of assets held for sale - Selling costs
Adj. EPRA NAV	Net Asset Value as defined by the European Public Real Estate Association (EPRA) minus goodwill amount
Adj. EPRA NAV per share	Net Asset Value as defined by the European Public Real Estate Association (EPRA) minus goodwill amount divided by the number of shares at the end of the reporting period
AFFO	FFO 1 - Capitalized Maintenance
AFFO per share (avg. NOSH)	AFFO / average number of shares in the reporting period (9M 2016: 466.0m; 9M 2015: 383.0m)
AFFO per share (eop NOSH)	AFFO / number of shares at the end of the reporting period (466m shares for both Sep. 30, 2016 and Sep. 30, 2015)
Avg. rent growth forecast CBRE (5yrs)	Average rent growth CAGR 5 years forecast in the current CBRE market valuation.
Cost per €100m (bond issuance)	Legal fees, bookrunner fees, rating agency fee, others
Cost per average unit	(Operating expenses of the Rental segment + Adj. EBITDA Extension/Other) / average number of own apartments in the reporting period
Covenant: ICR	Adj. EBITDA (total) / FFO interest expense (each calculated for the last twelve months)
Covenant: LTV	Total non derivative financial liabilities / total assets (as shown in the balance sheet)

Item	Comment / Description / Source
Covenant: Secured LTV	Total secured non derivative financial liabilities / total assets (as shown in the balance sheet)
Covenant: Unencumbered assets	Total unencumbered assets / total unsecured non derivative financial liabilities
Debt/EBITDA	Net Debt/EBITDA operations; based on internal forecast for 2016 on the basis of 9M actuals
Disposal	42k units sold includes reported sales of 4.1k in 2013, 1.8k in 2014, 12.2k in 2015 and the estimate of around 24k for 2016
EPRA NAV	Net Asset Value as defined by the European Public Real Estate Association (EPRA)
EPRA NAV per share	Net Asset Value as defined by the European Public Real Estate Association (EPRA) divided by the number of shares at the end of the reporting period (466m shares for both Sep. 30, 2016 and Sep. 30, 2015)
EPRA NAV per share 2017 guidance	Based on current EPRA NAV per share forecast for 2016 and then adjusted for estimates: (i) 2017 FFO 1, (ii) disposals, (iii) fair value gain through rent growth, (iv) dividend payout; does not include any impact from yield compression
Fair value of disposal	Carrying amount of properties sold + Revaluation from sale of assets held for sale
Fair value step-up	Income from disposal / fair value of disposal
FFO1 per average unit	FFO 1 / average number of own apartments in the reporting period (9M 2015: 316.7k; 9M 2015: 347.7k)
FFO1 per share	Unless indicated otherwise, FFO per share is calculated on the basis of the number of shares as of the end of the reporting period (466m shares for both Sep. 30, 2016 and Sep. 30, 2015)
FFO1 per share (avg. NOSH)	FFO1 / average number of shares in the reporting period (9M 2016: 466.0m; 9M 2015: 383.0m)
FFO1 per share (eop NOSH)	FFO1 / number of shares at the end of the reporting period (466m shares for both Sep. 30, 2016 and Sep. 30, 2015)
ICR	Adj. EBITDA (total) / FFO interest expense (each calculated for the last twelve months)
Maintenance capitalization ratio	Capitalized maintenance / (Expenses for maintenance + Capitalized maintenance)
Market costs for new constructions	Average market costs for building German multifamily houses
Modernization	Reported investment amounts for 2013 (€65m), 2014 (€172m) and 2015 (€356m) + estimated volume for 2016 of €470m-€500m
Multimedia Service Contracts 270k at YE 2016	Source: Internal Management Report
Number of months until costs are earned by rental income	Based on Forecast 3+9 2016
Pro forma LTV	Source: Internal Management Report
Re-letting rent growth (y-o-y)	(Re-letting rent current period - Re-letting rent prior period) / Re-letting rent prior period
Third party and condo management with 77k units	Includes 3rd-party owned and Vonovia owned condos plus 3rd-party managed units that were acquired in the context of buying 3rd-party management companies IVV, Haase and MVG; Source: Internal Management Report
Unencumbered assets	Total unencumbered assets / total unsecured non derivative financial liabilities
VNA modular construction costs	Actual costs for pilot project for modular construction in Bochum

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