

# 9M 2016 Earnings Call

## November 3, 2016

Rolf Buch, CEO

Dr. A. Stefan Kirsten, CFO

## **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 uplift<sup>1</sup>; 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.

<sup>1</sup> 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.

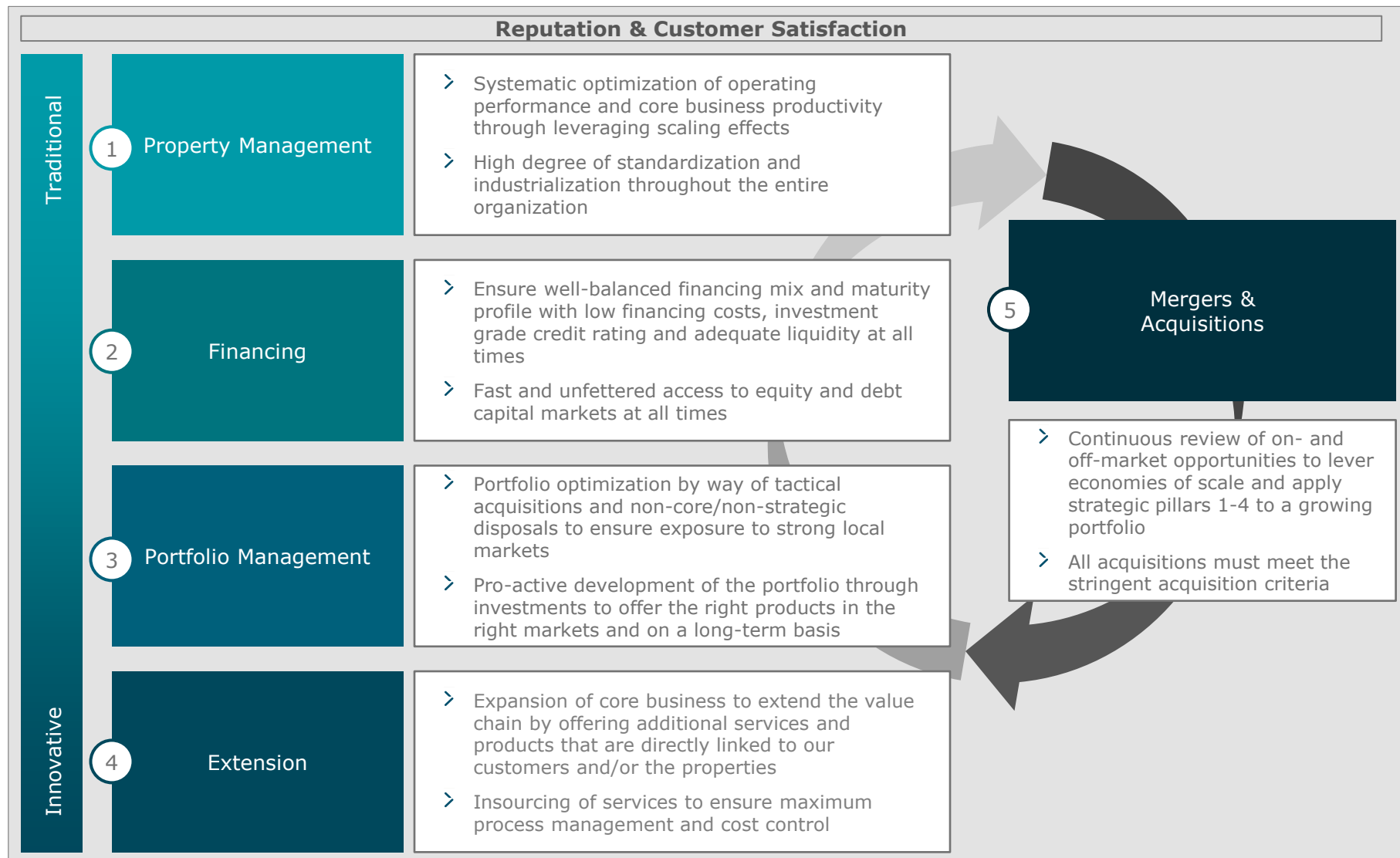
## **2016 guidance confirmed at upper end of range; increase of proposed dividend**

- 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

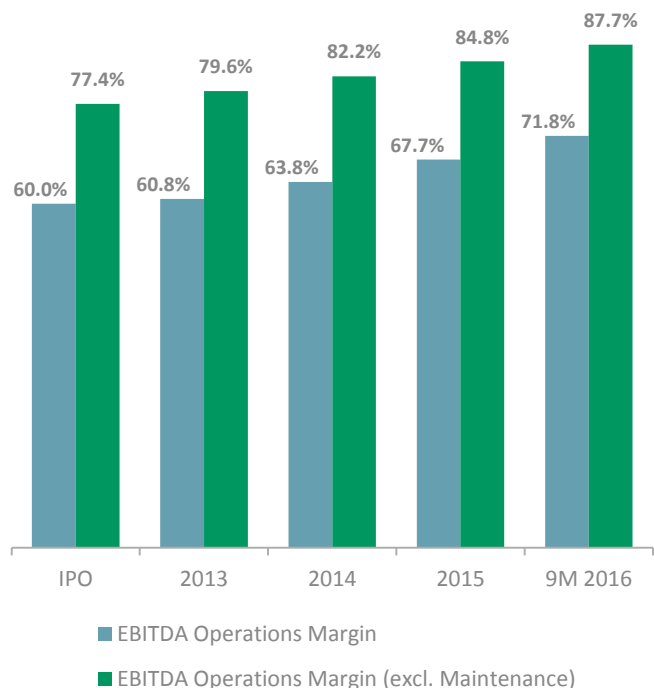
\* Please see Glossary / Sources in the Appendix for further information.

# Growing Adj. EBITDA and EBITDA Operations Margin\*

**VONOVIA**

- 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%
<b>Adj. EBITDA Rental*</b>	<b>794.1</b>	<b>677.5</b>	<b>+17.2</b>
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%
<b>Adj. EBITDA Extension*</b>	<b>45.1</b>	<b>24.4</b>	<b>+84.8%</b>
Adj. EBITDA Other	-6.9	-2.5	>100%
<b>Adj. EBITDA Operations*</b>	<b>832.3</b>	<b>699.4</b>	<b>+19.0%</b>

\* 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%
<b>Net debt</b>	<b>11,726.4</b>	<b>11,652.6</b>	<b>+0.6%</b>
Sales receivables	-233.1	-330.0	-29.4%
Additional loan amount for outstanding acquisitions	---	134.9	---
<b>Adj. net debt</b>	<b>11,493.3</b>	<b>11,457.5</b>	<b>+0.3%</b>
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%
<b>Adj. fair value of real estate portfolio</b>	<b>24,396.5</b>	<b>24,411.4</b>	<b>-0.1%</b>
<b>LTV</b>	<b>47.1%</b>	<b>46.9%</b>	<b>+20bps</b>

## Pro forma LTV\* as of Dec. 31, 2016

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

<sup>1</sup> Assuming mid-point of current valuation uplift expectation for year-end.

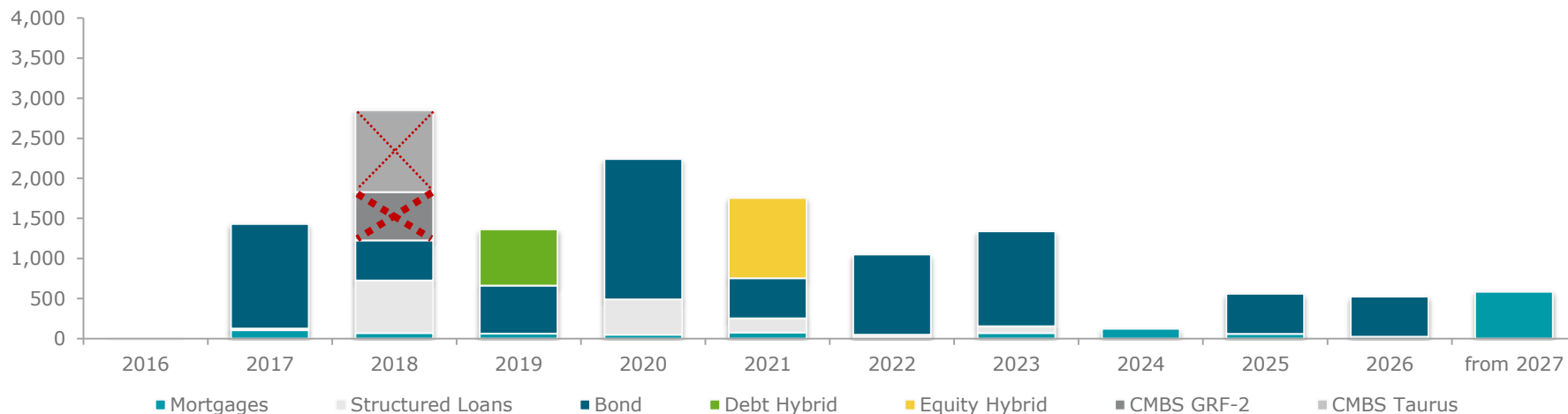
\* Please see Glossary / Sources in the Appendix for further information.



# Well-balanced Debt Maturity Profile & Diverse Funding Mix

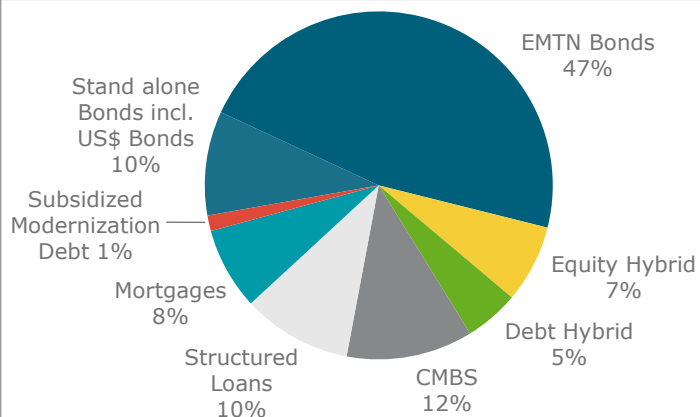


Debt maturity profile (€m)



CMBS included at contractual maturity  
 X see page 43 for CMBS prepayment schedule

Diverse funding mix



KPIs	Current	Target
LTV	47.1%	Mid-to low forties
Unencumbered assets* in %	56%	≥50%
Fixed/hedged debt ratio	99%	Ongoing optimization with most economic funding
Global ICR* (YTD)	3.6x	
Financing cost	2.3%	
Weighted avg. maturity	~7 years	

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

# 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 <sup>1</sup>	€30-31 <sup>1</sup>	~€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 <sup>2</sup>

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

<sup>1</sup> Excluding assumptions for year-end valuation gains.

<sup>2</sup> Intended to be proposed to the 2017 Annual General Meeting.

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

# Strong Valuation Uplift Expected for YE2016

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

- 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)

# 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.

## 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.

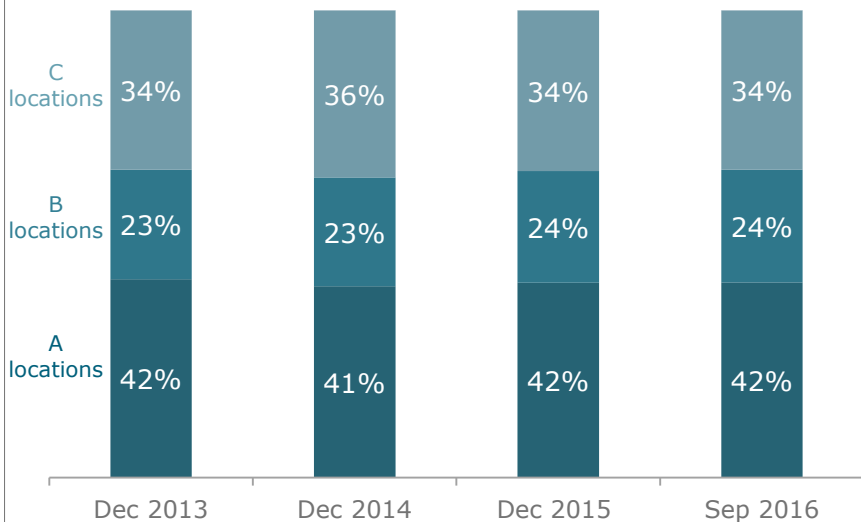
# Successful Sales Programs



## 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

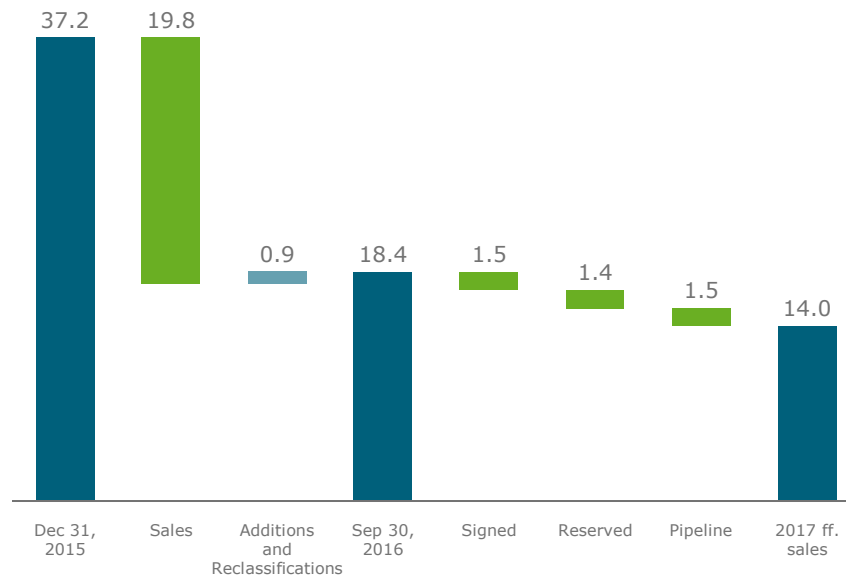


Excluding D locations, which represent less than 1% of Privatization cluster. Locations A-D based on internal ranking of privatization locations with A being the best locations.

## 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.

# Action-driven Portfolio Clustering

- Substantial shift between ratio of Strategic vs. Non-strategic/Non-core portfolio clusters.
- More than 50% of current portfolio in Upgrade Buildings and Optimize Apartments Clusters offer significant investment potential for sustainable organic growth.
- Difference in KPIs of Strategic and Non-strategic/Non-core Clusters underline strength of Vonovia's core portfolio and show potential of the ongoing portfolio improvement through disposals.

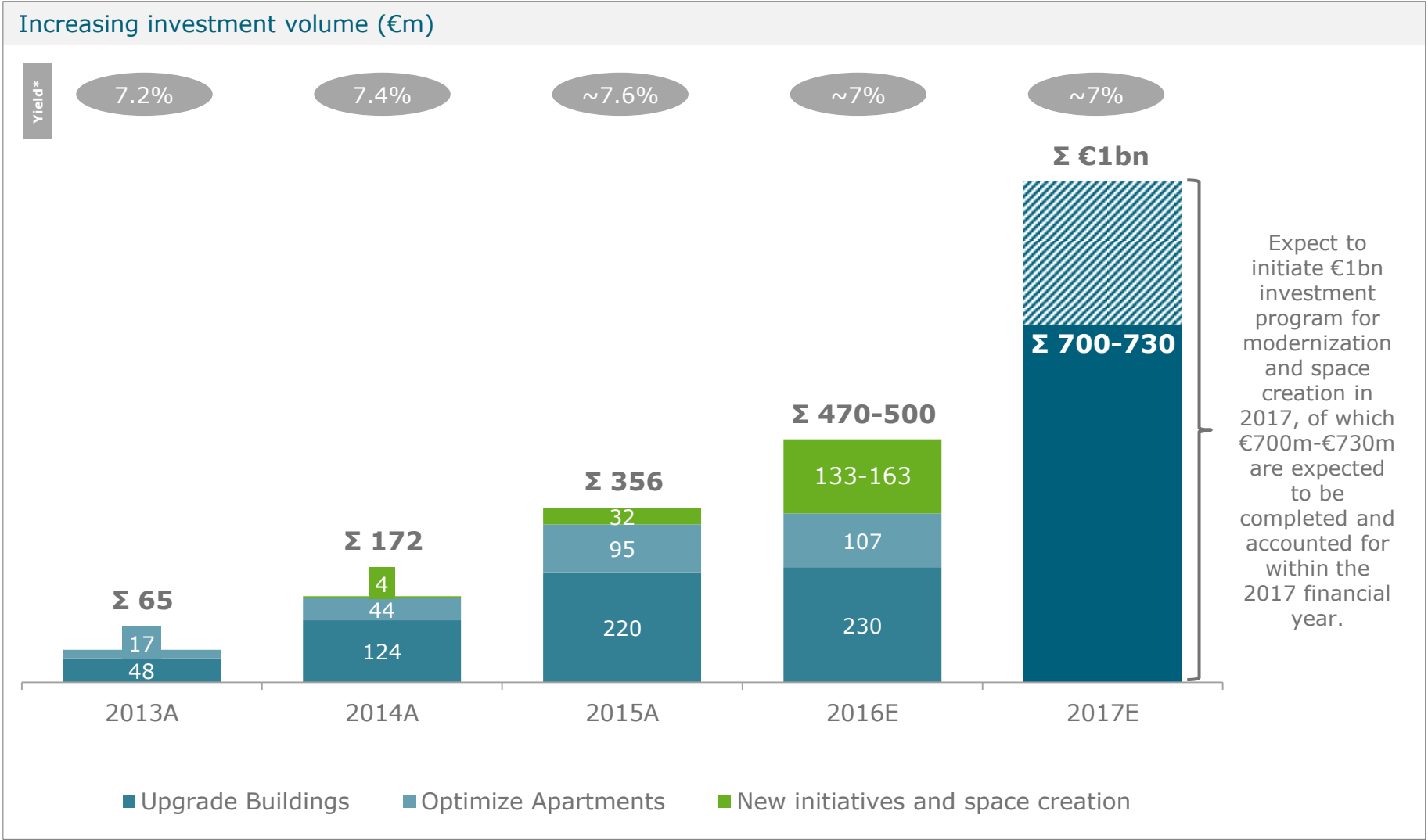
<b>Sep 30, 2016</b> (unless indicated otherwise)	Residential Units	In-place rent (€/sqm)	Vacancy rate	Fair value (€bn)	Fair value (%) at IPO in 2013 <sup>1</sup>	Fair value (%)
Operate	125,566	5.98	2.3%	8.8	38%	37%
Upgrade Buildings	102,781	5.90	2.5%	7.1	22%	30%
Optimize Apartments	73,440	6.22	2.2%	5.7	13%	24%
<b>Subtotal Strategic Clusters</b>	<b>301,787</b>	<b>6.01</b>	<b>2.3%</b>	<b>21.6</b>	<b>73%</b>	<b>91%</b>
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%
<b>Total</b>	<b>337,720</b>	<b>5.94</b>	<b>2.8%</b>	<b>23.7</b>	<b>100%</b>	<b>100%</b>

<sup>1</sup> 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.

# Growing Investment Program



➤ Modernization investments continue to be a valuable organic growth driver.





# Pro-active Portfolio Management

## 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.

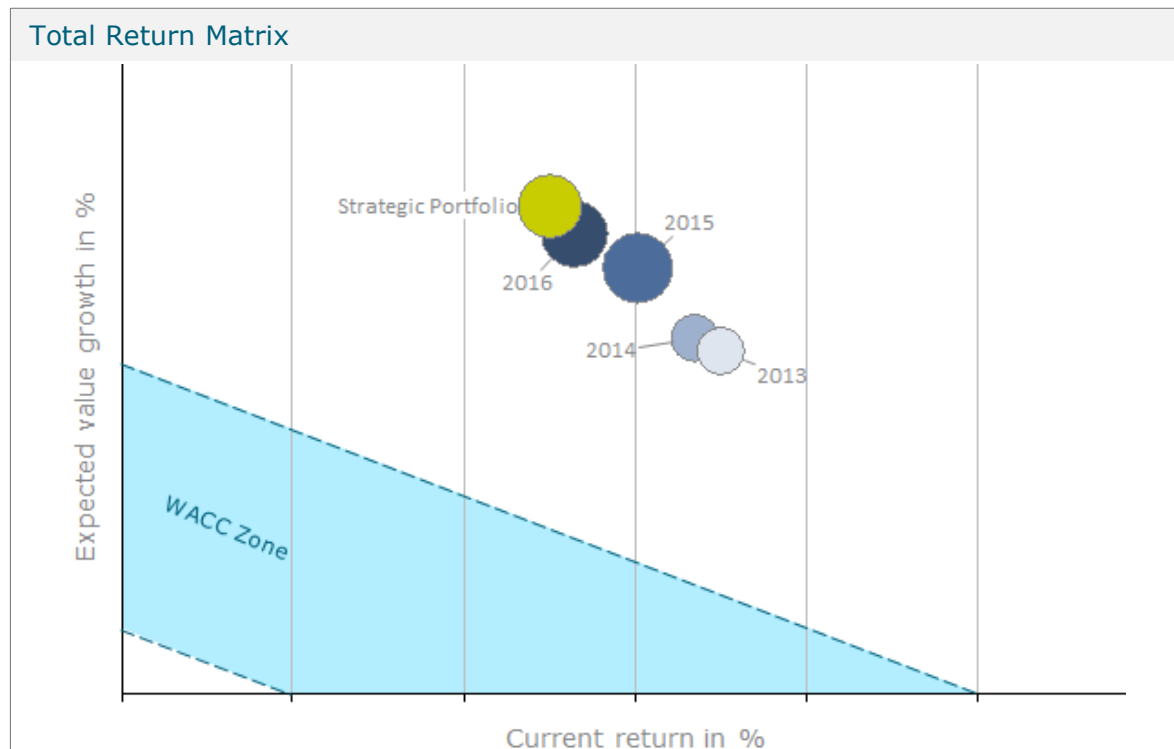
Pro-active portfolio management results in material improvements in quality of assets and locations.

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

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

# The Portfolio Is on a Positive Trajectory

- 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"<sup>1</sup>) and
  - Prognos: "Future Atlas Ranking"<sup>2</sup> of all 402 German cities and counties



<sup>1</sup> 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 page 49 for more details.

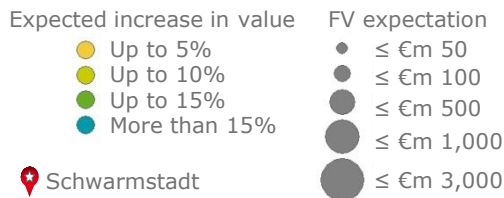
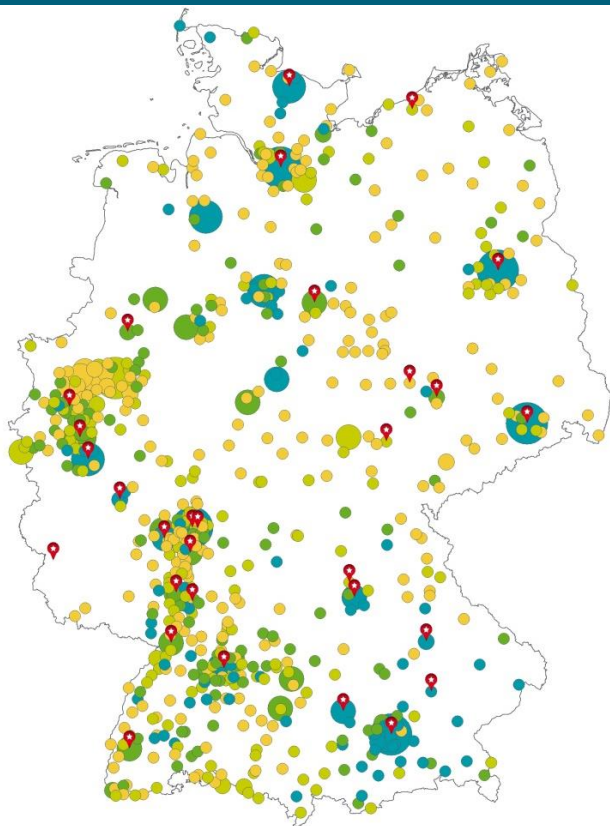
<sup>2</sup> Please see page 50 for more details.

Note: Strategic Portfolio includes privatization assets in strategic locations. The chart does not account for asset quality or micro location; the chart is a zoomed view of the full Total Return Matrix.

# 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
<b>Total</b>	<b>3,500 - 3,900</b>

- 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)

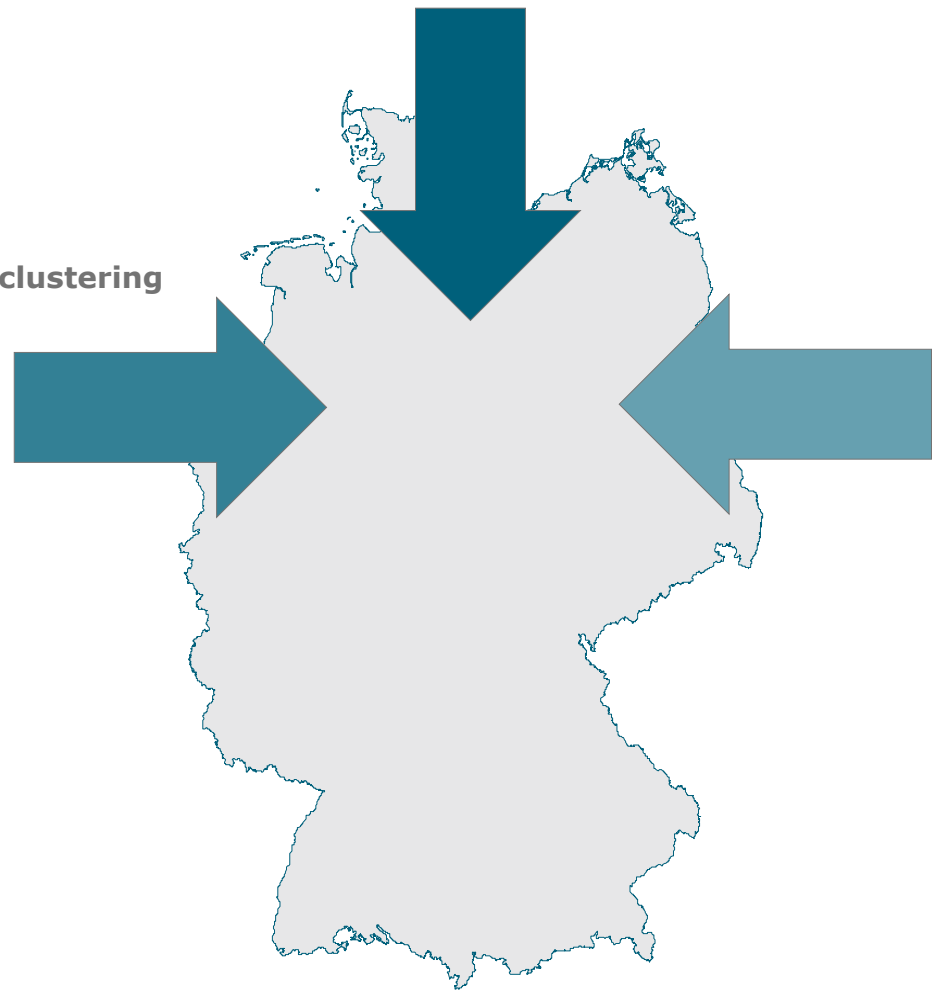
Based on recent forecast of Vonovia calculations. Valuation results are subject to change during the ongoing valuation process.

# 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 portfolio<sup>1</sup>** 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.

<sup>1</sup> Excluding non-core and non-strategic locations and including privatization assets in strategic locations

# Portfolio Metrics for 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-l 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
<b>Total</b>	<b>22,920</b>	<b>1,125</b>	<b>15.7</b>	<b>317,869</b>	<b>1,462</b>	<b>6.01</b>	<b>2.9%</b>	<b>4.4%</b>	<b>2.8%</b>	<b>28</b>	<b>3.3</b>

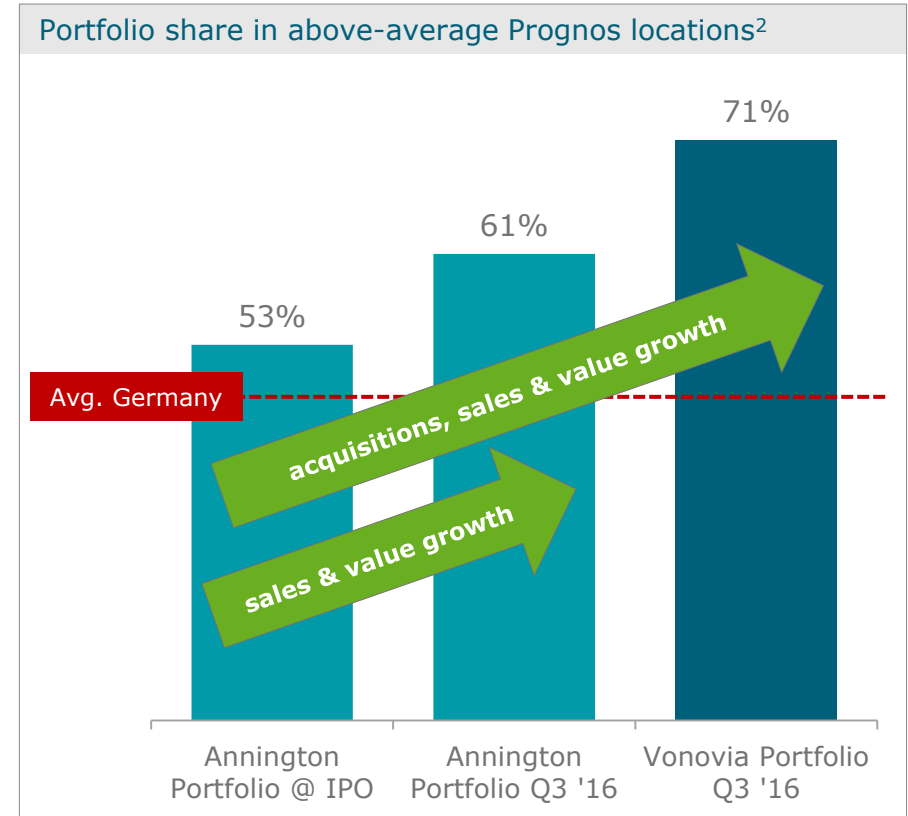
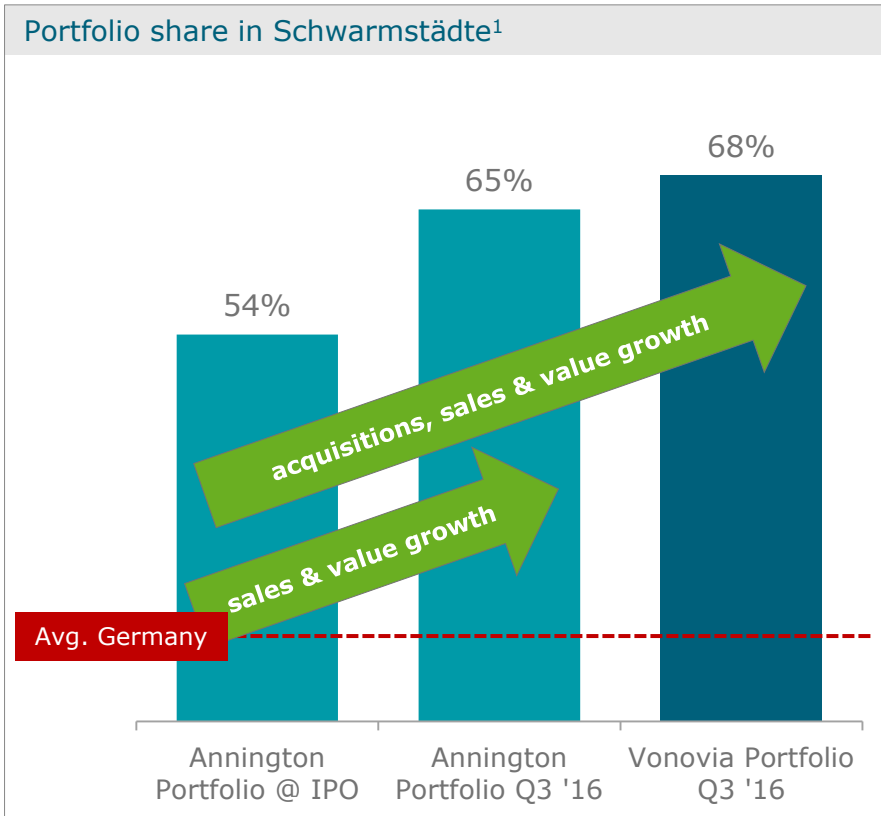
Excluding non-core and non-strategic locations and including privatization assets in strategic locations.

\* 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.

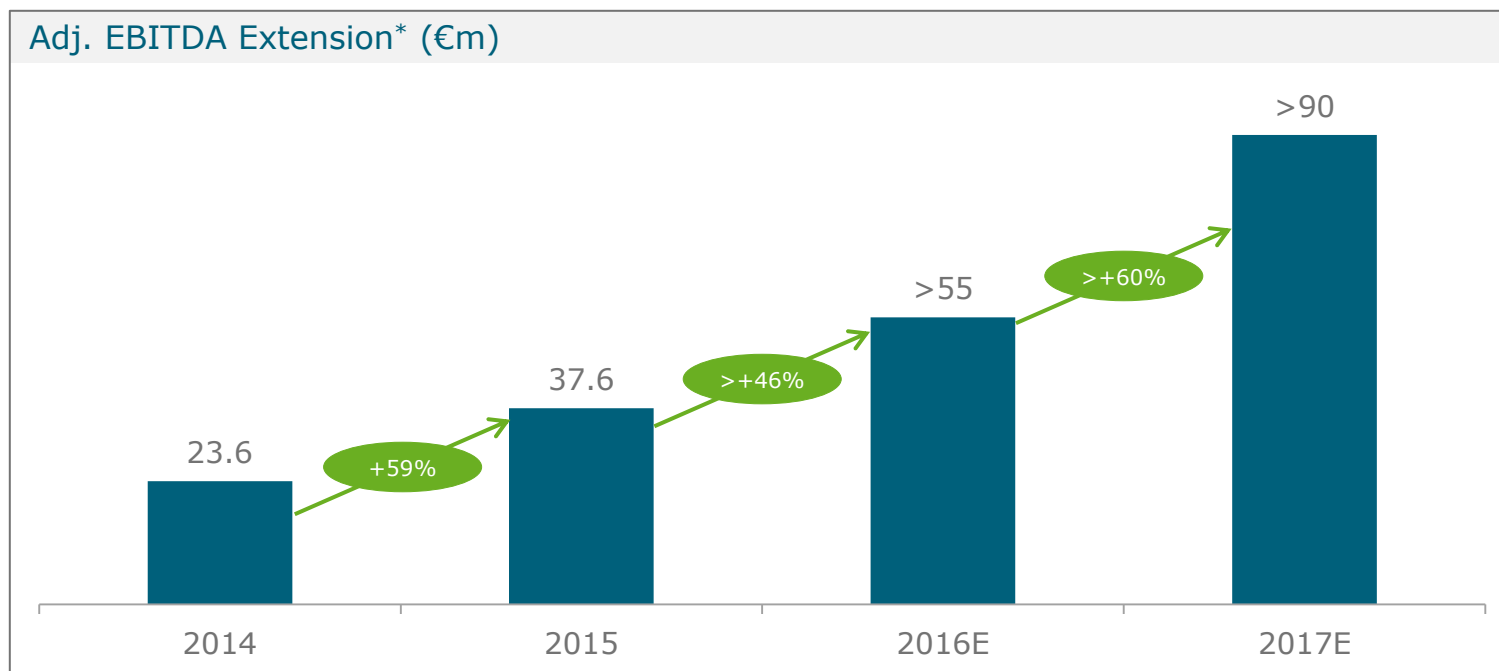


<sup>1</sup> If more than 50% of the fair value of a regional market is in a Schwarmstadt, all of the fair value of that regional market is counted towards the Schwarmstadt; if less than 50% of the fair value of a regional market is in a Schwarmstadt, none of the fair value of that regional market is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

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

## 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).

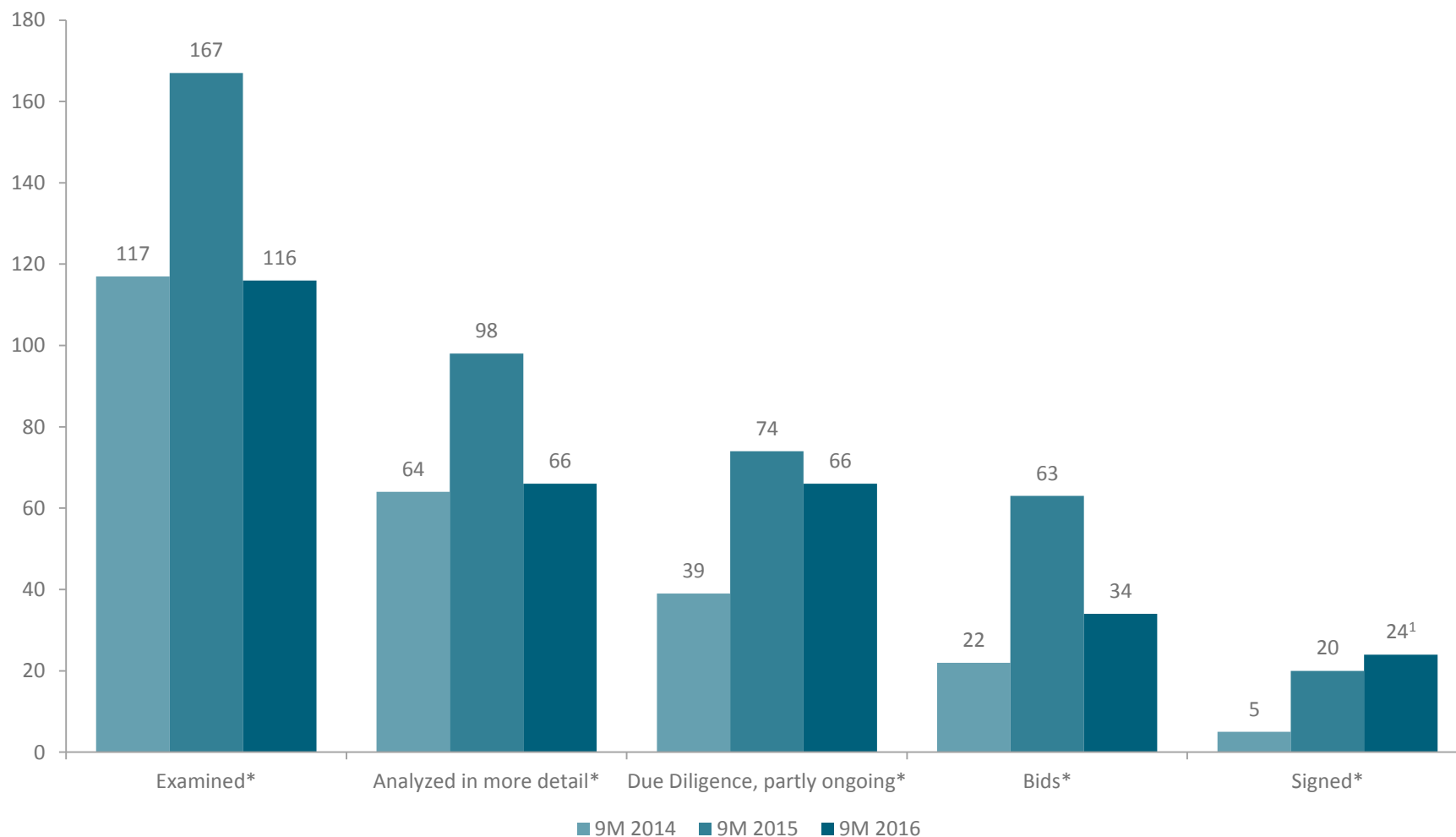


\* Please see Glossary / Sources in the Appendix for further information.



# Acquisitions – Opportunistic but Disciplined

Acquisition pipeline ('000 units) – excl. Gagfah



<sup>1</sup> Subject to successful tender offer to shareholders of convert Immobilien SE.

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

# 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.

# Tender Offer for conwert – Proposed Timeline

## Transaction timeline

5 Sep 2016 ✓	Announcement of the intention to make a voluntary take-over offer Support from conwert board and management Commitment from Adler to tender all its conwert shares
6 October 2016 ✓	Approval from German Federal Cartel Office
28 Oct 2016 ✓	Clearance from Austrian Federal Competition Authority
17 Nov 2016	Publication of the offer document
18 Nov 2016	Start of the acceptance period
19 Dec 2016	End of the acceptance period
22 Dec 2016	Publication of results of acceptance period
End of Dec 2016	Start of secondary acceptance period
Early Jan 2017	Payment and settlement
Second half of Jan 2017	conwert EGM
Mar 2017	End of secondary acceptance period
Apr 2017	Payment and settlement secondary acceptance period

Future dates are indicative and subject to change.

## Contact

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[www.vonovia.de](http://www.vonovia.de)

## Financial Calendar

### 2016

November 3	Interim results 9M 2016
November 4	Management Roadshow Frankfurt
November 7-8	Management Roadshow London
November 9	Management Roadshow Paris
November 10	Management Roadshow Amsterdam
November 11	Management Roadshow Zurich
November 22	IR Roadshow, Brussels
November 30	UBS Global Real Estate CEO/CFO Conference, London
December 5	Joint Management Roadshow, Vienna
December 7	IR Roadshow, Lugano
December 12-13	HSBC Global RE Conference, Cape Town

### 2017

January 9-11	Commerzbank German Investment Seminar, NYC
January 11	JPM European Real Estate CEO Conference, London
January 16	16th Kepler Cheuvreux German Corporate Conf., Frankfurt
February 6-10	Management Roadshow, Asia
March 7	FY 2016 results
May 9 <sup>1</sup>	Interim results 3M 2017
May 9	Estimated record day for dividend entitlement
May 16	Annual General Meeting
May 17	Estimated dividend payment date
August 2 <sup>1</sup>	Interim results 6M 2017
November 8 <sup>1</sup>	Interim results 9M 2017

<sup>1</sup> Dates are indicative and subject to change depending on convert integration



Vonovia Investor  
Relations App

Now available for  
iOS and Android

- ✓ Operational excellence continued in the third quarter with good visibility of growing momentum (flywheel effect).
- ✓ Substantial valuation uplift expected for year-end 2016.
- ✓ Additional transparency through Regional Market Reporting confirms portfolio management strategy and underlines future growth potential.
- ✓ 2016 guidance finalized at top end of FFO range; increased NAV expectations; increased dividend per share intended to be proposed to AGM.
- ✓ Confident 2017 guidance with double-digit organic FFO growth.
- ✓ conwert offer on track.

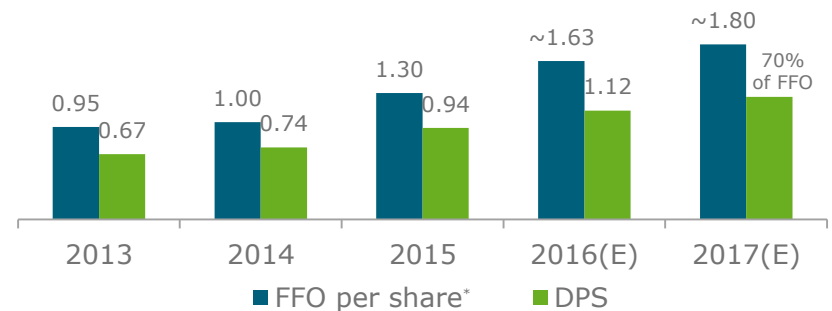
# APPENDIX

# Vonovia at a Glance



**True national footprint with ~338k apartments and €23.9bn gross asset value**

- Only residential company in German Blue Chip Index DAX; ca. €15bn market cap.
- Liquid stock with 92% free float and ca. €40m daily turnover on Xetra.
- Proven track record of sustainable and growing free cash flow from operations ("FFO") and dividends.
- 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.
- Predictable top and bottom line with downside protection and upside potential.
- All assets and transactions denominated in Euro only.

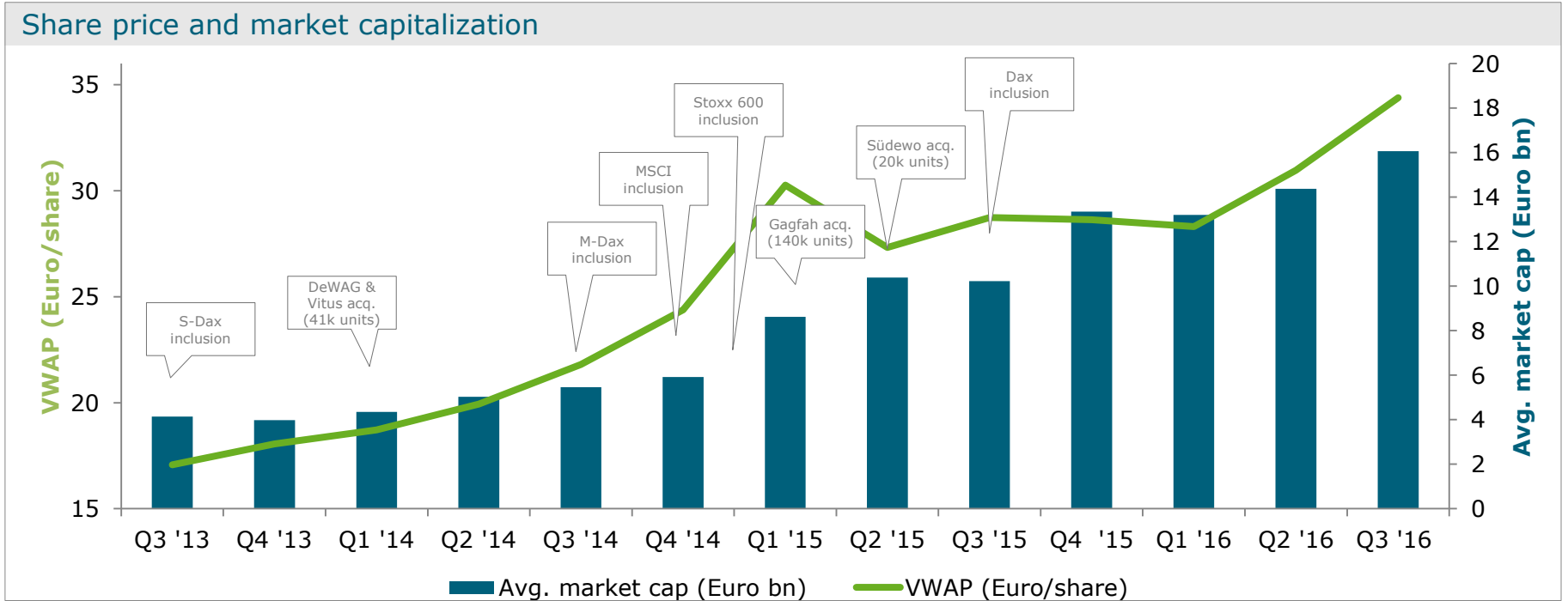


\* Please see Glossary / Sources in the Appendix for further information.

# 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 resi 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.



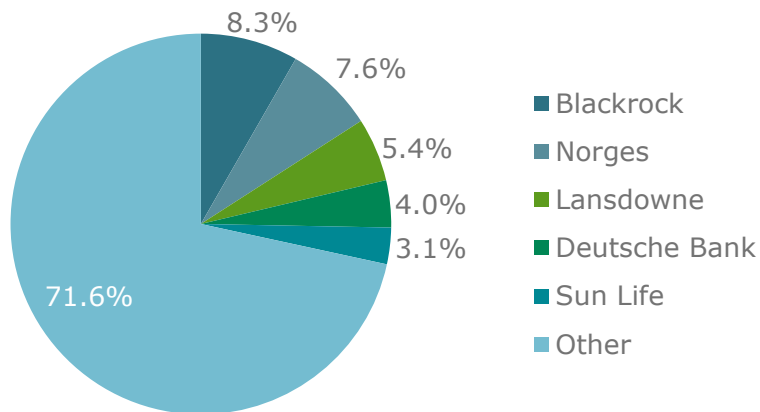
Source: Factset, company data



# Liquid Large-cap Stock



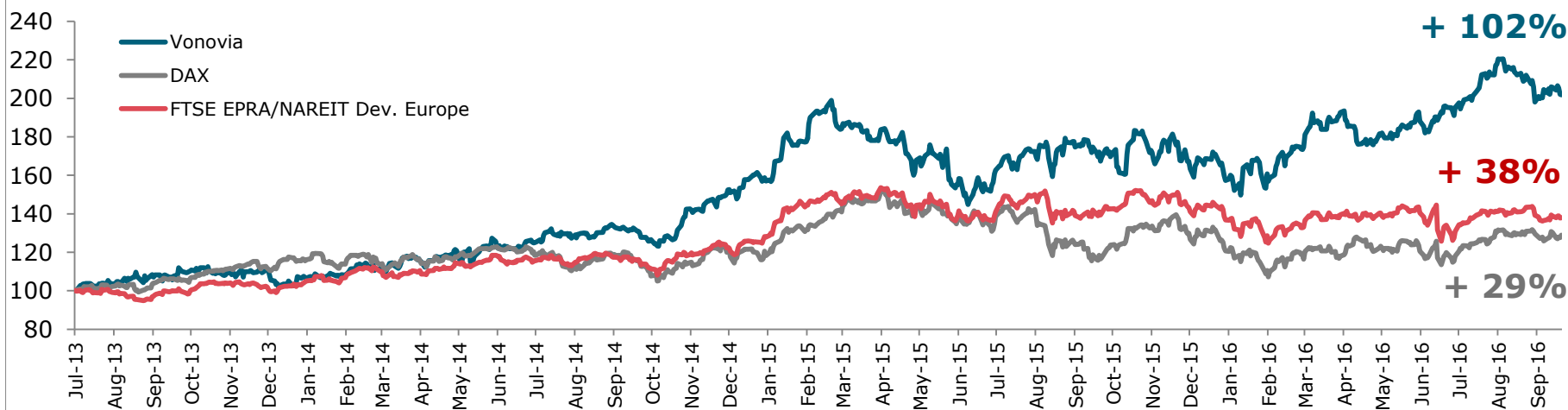
Shareholder structure (as of November 1, 2016)



## Share information

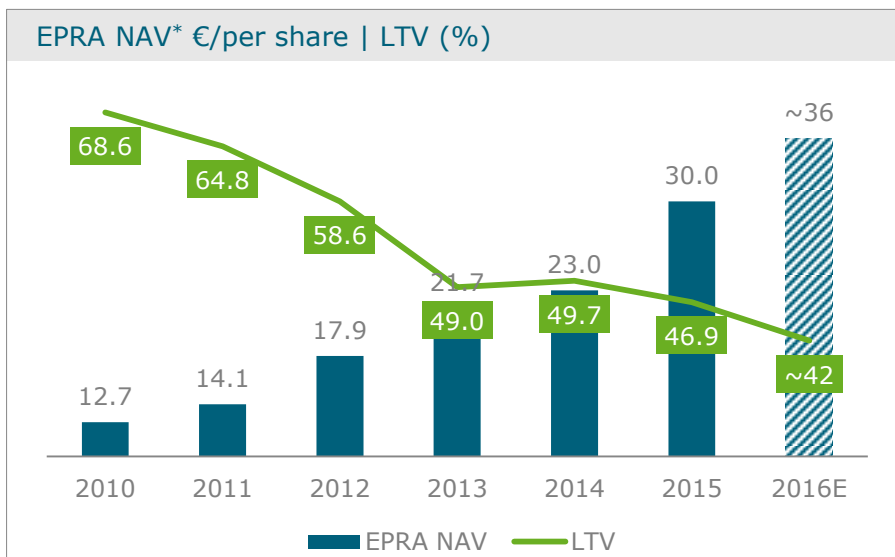
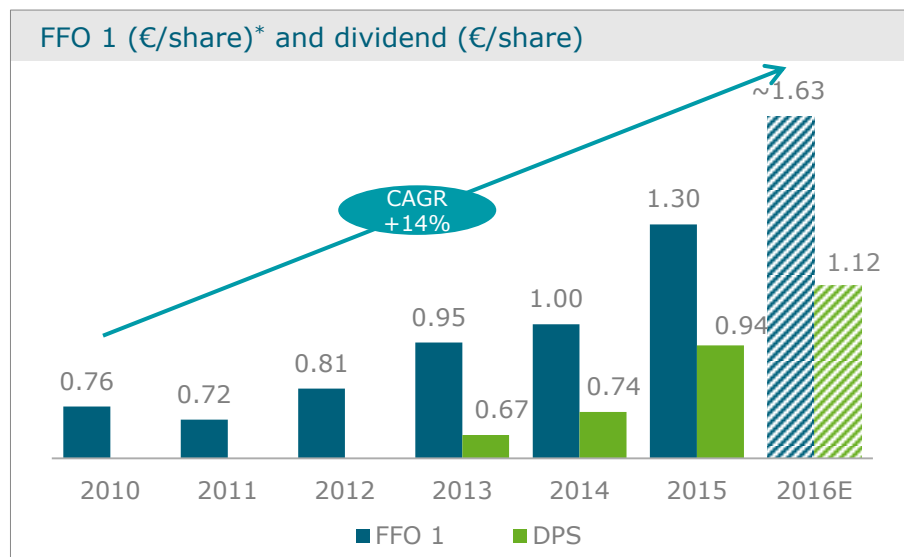
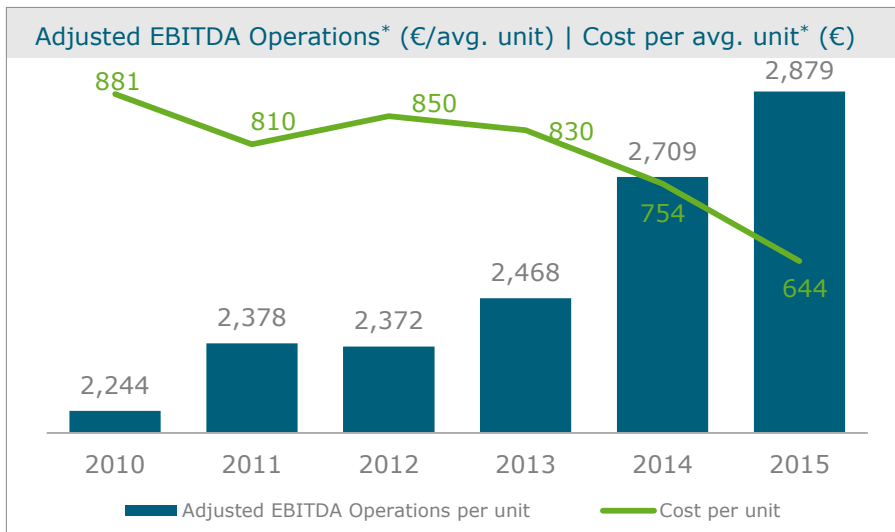
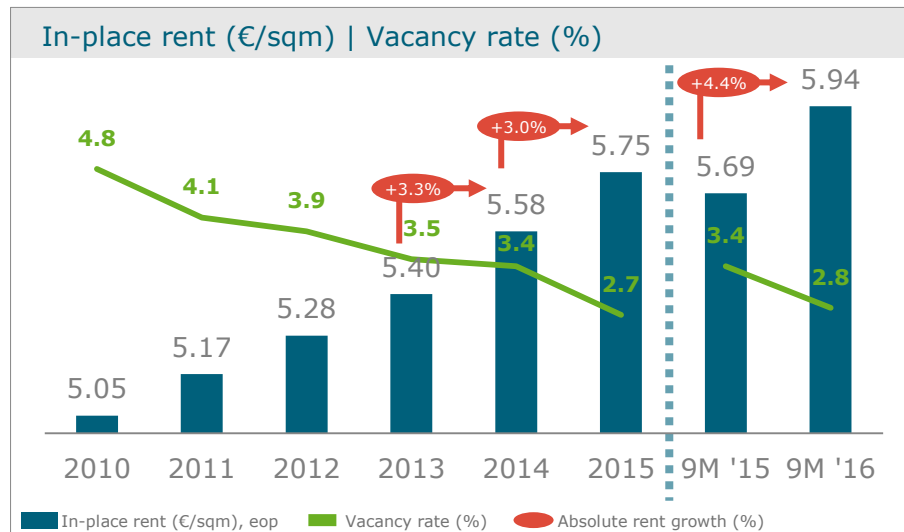
First day of trading	July 11, 2013										
Number of shares outstanding	466 million										
Free float based on Deutsche Börse definition	92.4%										
ISIN	DE000A1ML7J1										
Ticker symbol	VNA										
Share class	Registered shares with no par value										
Listing	Frankfurt Stock Exchange										
Market segment	Regulated Market, Prime Standard										
Major indices and weight (as of Sep 30, 2016)	<table border="0"> <tr> <td>DAX</td> <td>1.8%</td> </tr> <tr> <td>Stoxx Europe 600</td> <td>0.2%</td> </tr> <tr> <td>MSCI Germany</td> <td>1.6%</td> </tr> <tr> <td>GPR 250</td> <td>1.2%</td> </tr> <tr> <td>FTSE EPRA/NAREIT Europe</td> <td>7.7%</td> </tr> </table>	DAX	1.8%	Stoxx Europe 600	0.2%	MSCI Germany	1.6%	GPR 250	1.2%	FTSE EPRA/NAREIT Europe	7.7%
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

# Strong Track Record Across All KPIs



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

# German Residential – Safe Harbor and Low Risk



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

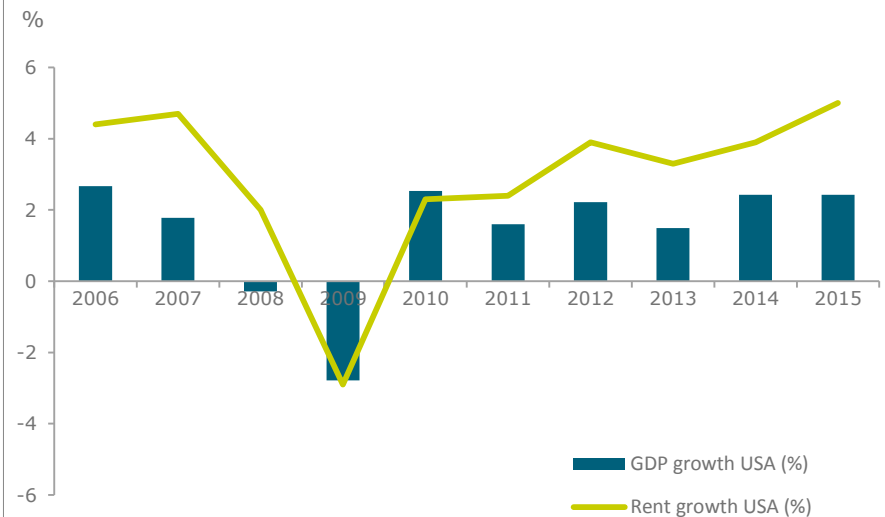
- With a GDP contribution of more than €430bn the German real estate industry represents almost 20% of Germany's GDP.
- Germany and its resilient economy provide a comparatively safe harbor for foreign investments.
- Germany is the economic powerhouse and growth engine of Europe.
- Due to its regulatory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

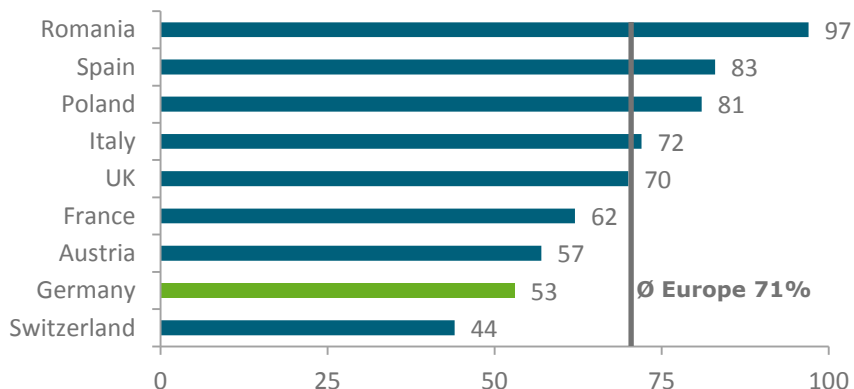


Sources: REIS, BofA Merrill Lynch Global Research  
BIP USA: IMF, Statista

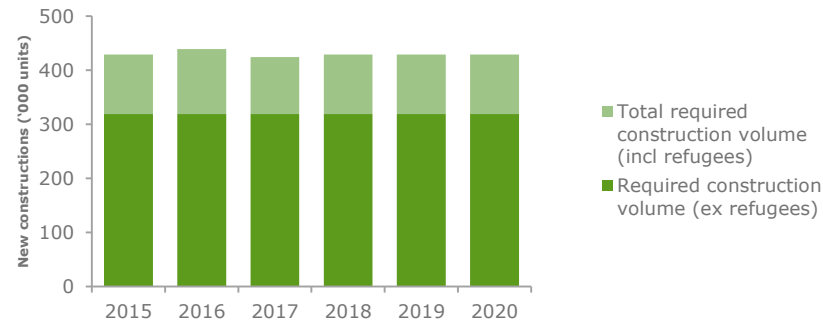
# German Residential – Favorable Fundamentals

## Low home ownership ratio – Germans prefer to rent

Home ownership rate 2015 in %

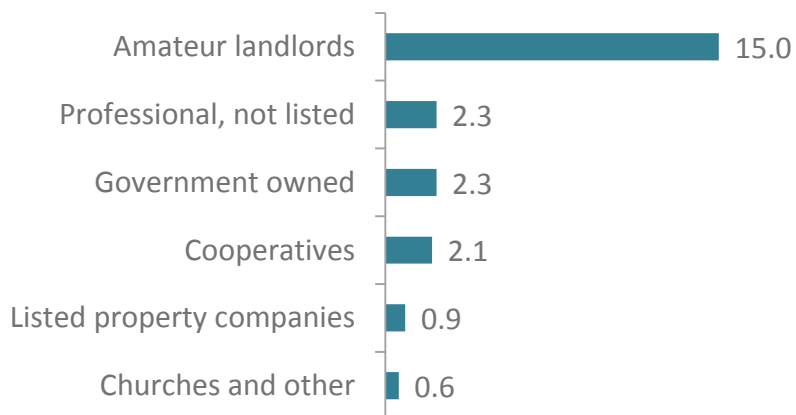


## New supply falls short of demand

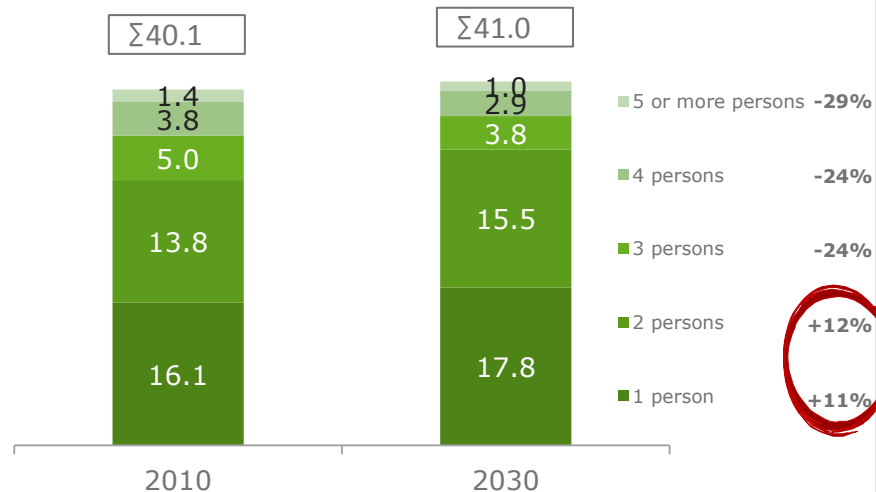


Actual run rate of new constructions is ca. 250k, of which less than 100k are in the affordable build-to-let category

## Fragmented ownership structure of ~23m rental units

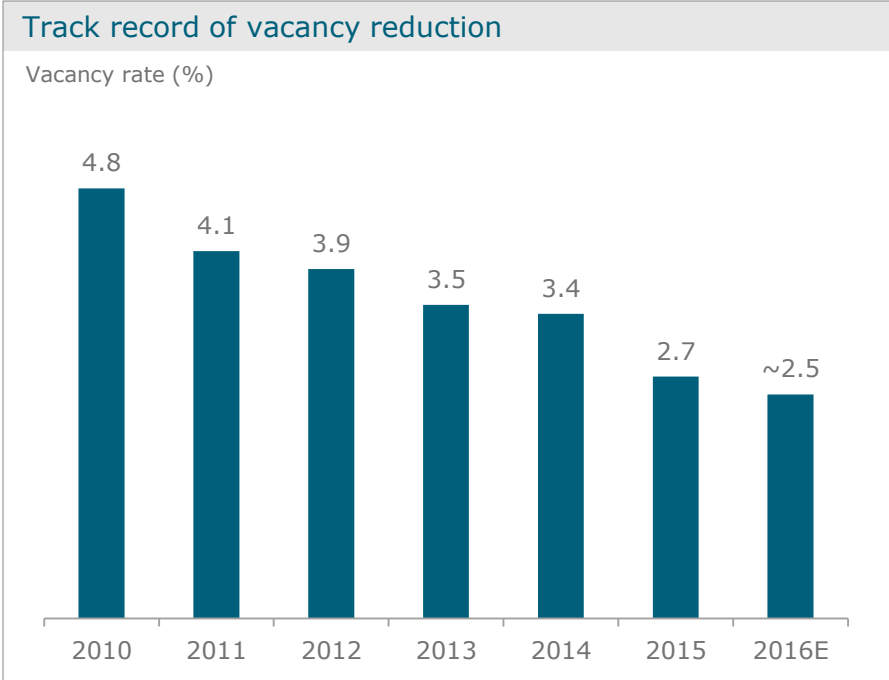
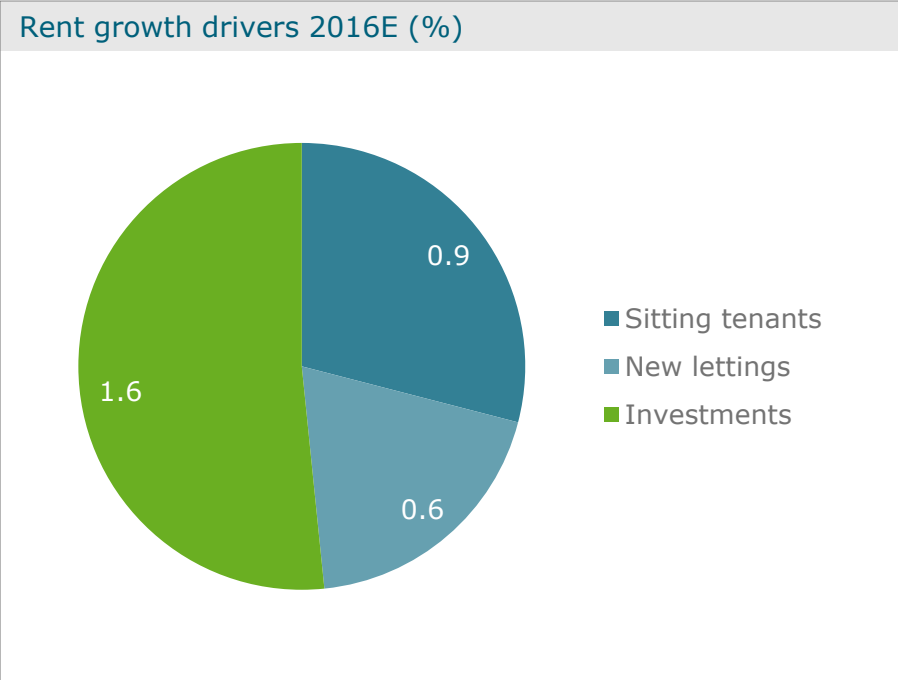


## Growing number of smaller households (million)



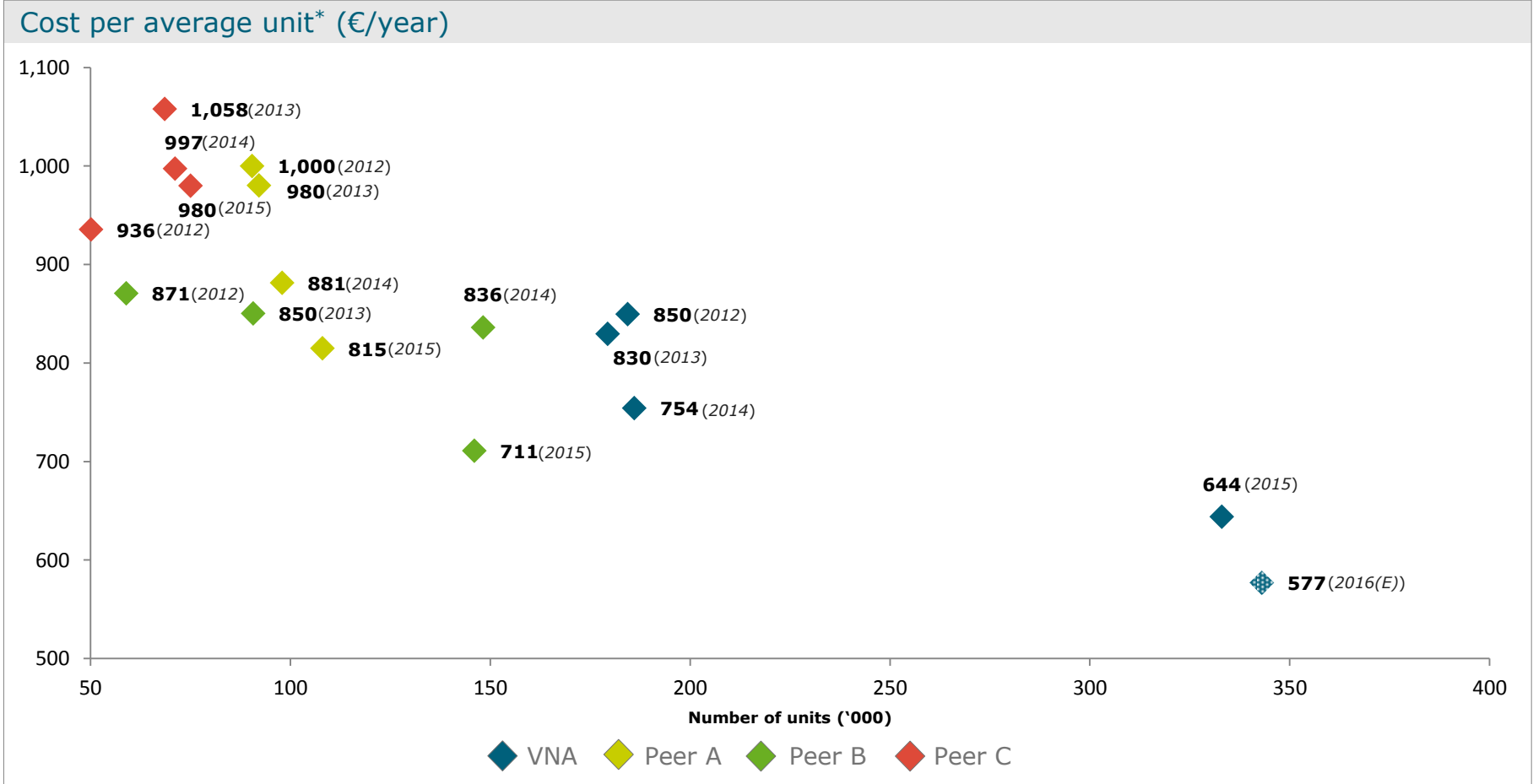
Sources: Federal Statistics Office, IW Köln; GdW (German Association of Professional Homeowners), Eurostat, GdW (German Association of Professional Homeowners).

# Property Management – Rent Growth & Vacancy



# Property Management – Declining Cost per Average Unit\* VONOVIA

- Economies of scale evident in cost per average unit.
- Incremental cost per average unit for new acquisitions tend to be substantially lower.



Peer values based on own calculations on the basis of peer disclosure.  
 \* Please see Glossary / Sources in the Appendix for further information.

# Bonds / Rating

## 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)	DE000A1HNNW52	€ 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+

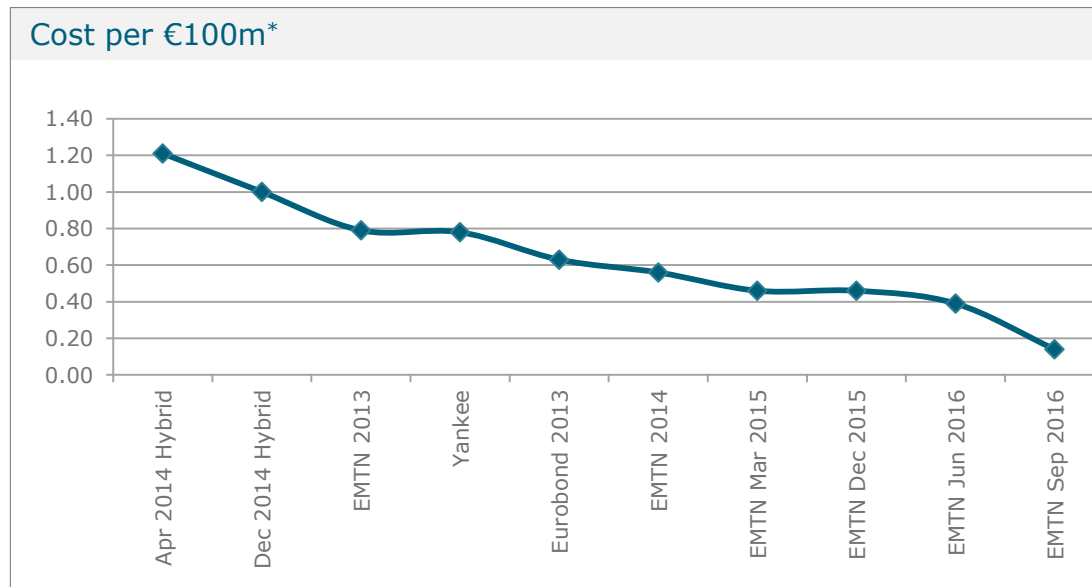
\* EUR-equivalent re-offer yield

# Financing – Economies of Scale in EMTN Issuance Costs

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

Cost per €100m *	€m
Apr 2014 Hybrid	1.21
Dec 2014 Hybrid	1.00
EMTN 2013	0.79
Yankee	0.78
Eurobond 2013	0.63
EMTN 2014	0.56
EMTN Mar 2015	0.46
EMTN Dec 2015	0.46
EMTN Jun 2016	0.39
EMTN Sep 2016 (private placement)	0.14

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

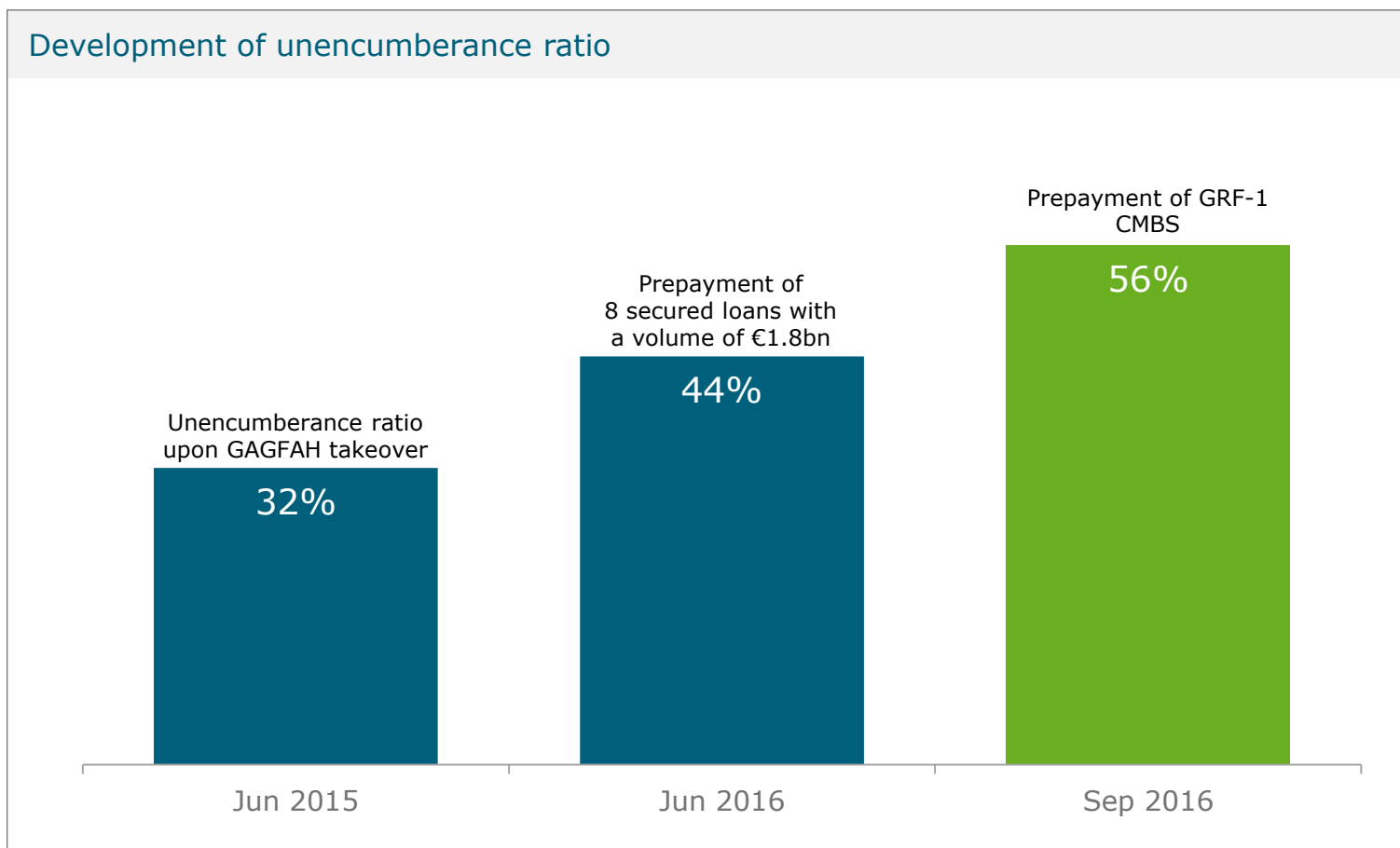
## > Rating KPIs

Covenant	Level (BBB+)
<b>Debt to Capital</b>	
Total Debt / Total Equity + Total Debt	<60%
<b>ICR</b>	
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 September 30, 2016

Name	Amount	Coupon	Maturity Date
German Residential Funding 2013-2 Limited ("GRF-2")	€ 603 m	2.78%	27 Nov 2018
Taurus 2013 (GMF1) PLC ("WOBA")	€ 1,024 m	2.38%	21 May 2018

## Expected prepayment fees for early CMBS redemption (€m)

IPD	GRF-2	WOBA
Nov 2016	9.5	6.7
Feb 2017	7.2	2.8
May 2017	5.0	1.4
Aug 2017	2.7	0.1
Nov 2017	1.1	0.0
Feb 2018	0.4	0.0
May 2018	0.0	0.0
Aug 2018	0.0	na
Nov 2018	0.0	na

Hedge break costs not considered.

Values may differ in case of deviation from sales plan.

# Substantial Reduction of Portfolio Locations

VONOVIA

03/2015 (incl. Südewo)

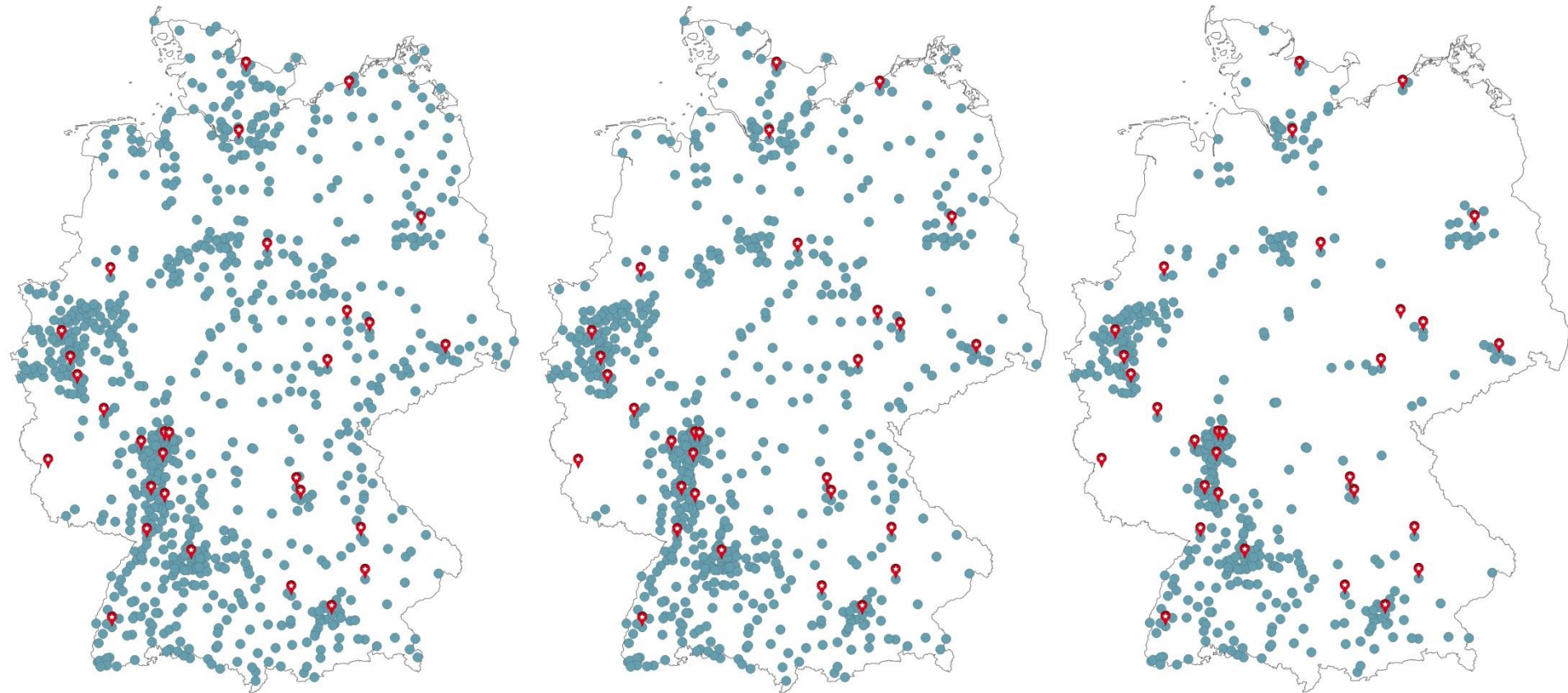
818 locations

FC 12/2016

665 locations

Strategic Portfolio

~400 locations



● Vonovia location

📌 Schwarmstädte

# Action-driven Portfolio Clustering

- More than 50% of current portfolio in Upgrade Buildings and Optimize Apartments Clusters offer significant investment potential for sustainable organic growth.
- Difference in KPIs of Strategic and Non-strategic/Non-core Clusters underline strength of Vonovia's core portfolio and show potential of the ongoing portfolio improvement through disposals.

Sep 30, 2016	Residential Units	In-place rent (€/sqm)	Vacancy rate	Fair value (€bn)	Fair value (%)	Fair value (€/sqm)	Multiple (in-place rent)
Operate	125,566	5.98	2.3%	8.8	37%	1,067	14.7
Upgrade Buildings	102,781	5.90	2.5%	7.1	30%	1,119	15.9
Optimize Apartments	73,440	6.22	2.2%	5.7	24%	1,216	16.7
<b>Subtotal Strategic Clusters</b>	<b>301,787</b>	<b>6.01</b>	<b>2.3%</b>	<b>21.6</b>	<b>91%</b>	<b>1,121</b>	<b>15.6</b>
Privatize	17,582	5.91	4.8%	1.4	6%	1,177	17.1
Non-strategic	12,159	4.81	7.4%	0.5	2%	608	11.3
Non-core	6,192	4.65	9.4%	0.2	1%	557	11.2
<b>Total</b>	<b>337,720</b>	<b>5.94</b>	<b>2.8%</b>	<b>23.7</b>	<b>100%</b>	<b>1,095</b>	<b>15.5</b>

## Portfolio KPIs - Top 25 Cities by No. of Units

City	Residential units	In-place rent (€/sqm)	Vacancy rate, Sep 30, 2016	Vacancy rate, Sep 30, 2015	Share rent controlled
Dresden	37,894	5.41	2.0%	3.1%	0.0%
Berlin	30,487	5.95	1.5%	1.6%	8.7%
Dortmund	19,217	5.20	2.5%	2.8%	14.0%
Essen	12,082	5.51	4.8%	5.0%	14.8%
Kiel	11,973	5.43	1.6%	1.5%	32.3%
Frankfurt am Main	11,670	7.92	1.1%	1.2%	12.9%
Bremen	11,271	5.29	3.8%	4.0%	23.2%
Hamburg	10,966	6.64	1.2%	1.1%	15.5%
Bochum	7,504	5.55	2.0%	2.8%	9.4%
Hanover	7,180	6.11	2.4%	1.9%	21.9%
Cologne	6,401	7.24	1.8%	1.4%	10.3%
Duisburg	5,504	5.26	3.8%	5.3%	3.4%
Munich	5,463	7.21	0.7%	0.5%	40.8%
Bonn	5,162	6.50	2.2%	2.2%	25.9%
Stuttgart	4,639	8.17	2.0%	1.1%	25.9%
Bielefeld	4,622	5.11	2.2%	2.3%	34.2%
Heidenheim an der Brenz	3,928	6.07	4.8%	5.3%	9.0%
Osnabrück	3,915	5.66	2.5%	3.9%	17.2%
Gelsenkirchen	3,858	4.98	5.2%	7.9%	7.6%
Düsseldorf	3,531	7.37	2.8%	3.0%	19.7%
Braunschweig	3,489	5.56	1.5%	0.6%	0.3%
Gladbeck	3,118	5.19	3.0%	3.7%	9.2%
Zwickau	3,106	4.31	10.9%	10.4%	0.0%
Herne	2,902	5.15	2.6%	4.9%	6.3%
Mannheim	2,747	6.74	3.6%	3.2%	9.8%
<b>Subtotal TOP 25</b>	<b>222,629</b>	<b>5.92</b>	<b>2.4%</b>	<b>2.9%</b>	<b>13.0%</b>
Remaining cities	115,091	5.99	3.4%	4.3%	13.8%
<b>Total</b>	<b>337,720</b>	<b>5.94</b>	<b>2.8%</b>	<b>3.4%</b>	<b>13.3%</b>

Note: Residential portfolio only; as of Sep 30, 2016

## Portfolio KPIs - Top 25 Cities by No. of Units

City	Fair value (€m)	Share in terms of FV	Fair value (€/sqm)	Annualized in- place rent (€m)	Multiple (in-place rent)
Dresden	2,123	9.0%	932	146.3	14.5
Berlin	2,578	10.9%	1,311	141.1	18.3
Dortmund	982	4.1%	829	73.2	13.4
Essen	642	2.7%	821	50.4	12.7
Kiel	618	2.6%	853	47.2	13.1
Frankfurt am Main	1,223	5.2%	1,682	69.2	17.7
Bremen	645	2.7%	916	43.8	14.7
Hamburg	1,057	4.5%	1,475	58.8	18.0
Bochum	359	1.5%	827	28.7	12.5
Hanover	513	2.2%	1,089	34.5	14.9
Cologne	724	3.1%	1,576	39.8	18.2
Duisburg	254	1.1%	741	21.4	11.9
Munich	887	3.7%	2,379	33.9	26.1
Bonn	505	2.1%	1,380	28.3	17.9
Stuttgart	567	2.4%	1,881	29.6	19.2
Bielefeld	221	0.9%	715	18.8	11.8
Heidenheim an der Brenz	227	1.0%	931	17.2	13.2
Osnabrück	227	1.0%	897	17.0	13.3
Gelsenkirchen	169	0.7%	656	14.3	11.8
Düsseldorf	401	1.7%	1,600	22.6	17.7
Braunschweig	204	0.9%	946	14.3	14.2
Gladbeck	145	0.6%	759	11.8	12.3
Zwickau	71	0.3%	400	8.1	8.7
Herne	144	0.6%	783	11.4	12.7
Mannheim	232	1.0%	1,251	14.8	15.6
<b>Subtotal TOP 25</b>	<b>15,720</b>	<b>66.3%</b>	<b>1,115</b>	<b>996.6</b>	<b>15.8</b>
Remaining cities	8,002	33.7%	1,058	534.4	15.0
<b>Total</b>	<b>23,721</b>	<b>100.0%</b>	<b>1,095</b>	<b>1,531.0</b>	<b>15.5</b>

Note: as of Sep 30, 2016

# Portfolio KPIs by Federal States

Federal State	Fair value (€m)	Share in terms of FV	Fair value (€/sqm)	Annualized in- place rent (€m)	Multiple (in-place rent)
North Rhine-Westphalia	6,346	26.8%	918	457.1	13.9
Saxony	2,353	9.9%	874	167.6	14.0
Baden-Württemberg	2,968	12.5%	1,330	180.2	16.5
Berlin	2,578	10.9%	1,311	141.1	18.3
Hesse	2,361	10.0%	1,476	140.1	16.8
Lower Saxony	1,421	6.0%	966	100.4	14.2
Schleswig-Holstein	1,109	4.7%	905	81.1	13.7
Bavaria	2,060	8.7%	1,616	103.0	20.0
Bremen	650	2.7%	912	44.2	14.7
Hamburg	1,057	4.5%	1,475	58.8	18.0
Rhineland Palatinate	375	1.6%	1,091	24.1	15.5
Thuringia	161	0.7%	950	11.5	14.0
Brandenburg	168	0.7%	996	11.6	14.5
Saxony-Anhalt	46	0.2%	503	4.7	9.9
Mecklenburg Western Pomerania	69	0.3%	789	5.5	12.5
Saarland	1	0.0%	491	0.1	9.3
<b>Subtotal TOP 25</b>	<b>23,721</b>	<b>100.0%</b>	<b>1,095</b>	<b>1,531.0</b>	<b>15.5</b>

Note: as of Sep 30, 2016



# 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 (“Schwarmstädte<sup>1</sup>”)** 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

<sup>1</sup> 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.

# 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 <sup>1</sup>	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%
<b>EPRA NAV €/share*</b>	<b>29.48</b>	<b>30.02</b>	<b>-1.8%</b>
<b>Adj. EPRA NAV €/share*</b>	<b>23.64</b>	<b>24.19</b>	<b>-2.3%</b>

<sup>1</sup> 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
<b>PROFIT FOR THE PERIOD</b>	<b>278.3</b>	<b>193.5</b>	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	---	---	---
<b>= EBITDA IFRS</b>	<b>825.9</b>	<b>629.7</b>	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%
<b>= ADJUSTED EBITDA</b>	<b>897.8</b>	<b>733.5</b>	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%
<b>= ADJUSTED EBITDA RENTAL*</b>	<b>794.1</b>	<b>677.5</b>	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%
<b>= FFO 1</b>	<b>571.6</b>	<b>440.4</b>	29.8%
Capitalised maintenance	-47.3	-80.7	-41.4%
<b>= AFFO</b>	<b>524.3</b>	<b>359.7</b>	45.8%
Current income taxes Sales	-33.1	-8.2	>100%
<b>FFO 2 (FFO 1 incl. Adjusted EBITDA Sales*/current income taxes Sales)</b>	<b>604.0</b>	<b>466.3</b>	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%
<b>Income from property management</b>	<b>1,669.4</b>	<b>1,491.6</b>	<b>11.9%</b>
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%
<b>Profit on disposal of properties</b>	<b>72.2</b>	<b>51.1</b>	<b>41.3%</b>
<b>Net income from fair value adjustments of investment properties</b>	<b>---</b>	<b>---</b>	<b>---</b>
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%
<b>Earnings before tax</b>	<b>455.4</b>	<b>324.6</b>	<b>40.3%</b>
Income taxes	-177.1	-131.1	35.1%
<b>Profit for the period</b>	<b>278.3</b>	<b>193.5</b>	<b>43.8%</b>
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%
<b>Earnings per share (basic and diluted) in €</b>	<b>0.39</b>	<b>0.42</b>	<b>-5.7%</b>

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
<b>Assets</b>			
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%
<b>Total non-current assets</b>	<b>27,344.0</b>	<b>26,678.6</b>	<b>2.5%</b>
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%
<b>Total current assets</b>	<b>1,618.0</b>	<b>4,280.5</b>	<b>-62.2%</b>
<b>Total assets</b>	<b>28,962.0</b>	<b>30,959.1</b>	<b>-6.5%</b>

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
<b>Equity and liabilities</b>			
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%
<b>Total equity attributable to Vonovia's shareholders</b>	<b>10,356.5</b>	<b>10,620.5</b>	-2.5%
Equity attributable to hybrid capital investors	1,031.5	1,001.6	3.0%
<b>Total equity attributable to Vonovia's shareholders and hybrid capital investors</b>	<b>11,388.0</b>	<b>11,622.1</b>	-2.0%
Non-controlling interests	319.4	244.8	30.5%
<b>Total equity</b>	<b>11,707.4</b>	<b>11,866.9</b>	-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%
<b>Total non-current liabilities</b>	<b>16,311.8</b>	<b>17,405.0</b>	-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%
<b>Total current liabilities</b>	<b>942.8</b>	<b>1,687.2</b>	-44.1%
<b>Total liabilities</b>	<b>17,254.6</b>	<b>19,092.2</b>	-9.6%
<b>Total equity and liabilities</b>	<b>28,962.0</b>	<b>30,959.1</b>	-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



	<b>9M 2016 / Sep 30, 2016</b>	<b>9M 2015 / Sep 30, 2015</b>
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



Well positioned to benefit from favorable fundamentals of the German residential market



Classical business accompanied by value-enhancing innovations and industrialization along the value chain



Proven track-record in operational excellence and shareholder return



Unique investment vehicle to participate in German residential growth and value enhancement due to Vonovia's size and liquidity

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
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)
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
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

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