

## Press Release

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Results as of September 30, 2016

## **Vonovia Remains on a Successful Trajectory and Is Planning an Investment Program for 2017 in the One Billion-Euro Range – Portfolio Quality Results in New Record Figures**

### **Due to its successful portfolio strategy, the 2017 investment program is being expanded to € 1 billion**

- Portfolio strategy a success: Since the IPO in 2013, more than € 1 billion invested in the portfolio and presence expanded in dynamic growth regions
- By the end of the year the EPRA NAV per share is expected to have risen by around 20 % to approximately € 36, due to portfolio valuation uplift
- 2017: Record investments running into the one billion-euro range for space creation and portfolio improvements

### **Upper end of the 2016 forecast range confirmed**

- Maximum value of around € 760 million expected for FFO 1 (forecast H1 2016: € 740 million to € 760 million); FFO 1 per share at around € 1.63 (increase of around 25 % year-over-year)
- Higher 2016 dividend to be proposed to next Annual General Meeting: € 1.12 (+19 % compared to 2015)
- 2017 forecast: Significant increase of FFO 1 to between € 830 million and € 850 million expected

### **Strong Operating Business during first nine month of 2016**

- FFO 1 up by 29.8 % to € 571.6 million; FFO 1 per share at € 1.23 (29.8 % increase year-over-year)
- Profit from property-related services has risen to € 45.1 million, practically doubled over the same period last year (9M 2015: € 24.4 million)

*Bochum, November 3, 2016* – Vonovia SE (“Vonovia”) continued its successful business development in the third quarter of 2016 and has

once again increased its key operating and financial figures. The improvement in earnings was achieved, in particular, thanks to the successful portfolio management strategy that Vonovia has been pursuing since its IPO. Based on this positive development, Vonovia has confirmed its forecast for the year as a whole, which was last lifted in the summer, and intends to increase its dividend proposal for 2016. At the same time, the company has a positive outlook for the coming fiscal year.

“Since 2013, we have invested more than € 1 billion in our real estate portfolio, significantly increasing the quality of living for many of our customers. We are also actively managing our portfolio and have expanded our presence in dynamic growth regions within Germany considerably. Our successful portfolio strategy is paying off and will also form a basis for our future decisions,” says CEO Rolf Buch. “This means that in 2017, we’ll continue to focus on regions with dynamic growth throughout all of Germany. Based on what remains a strong operating business, we are also planning to make record investments running into the billion-euro range in order to finance the construction of new properties and improve our portfolio.”

## **Strong Operating Business**

In the first nine months of the year, the FFO 1 (Funds From Operations; profit from operations after current interest and taxes), the key figure indicating the company’s sustained earnings power, totaled € 571.6 million (9M 2015: €440.4 million), an increase of 29.8 % in comparison to the same period of 2015. This corresponds to an increase in earnings power per share of 29.8 % to € 1.23 (9M 2015: € 0.95). The EPRA NAV (net asset value, real estate assets without liabilities) came to € 13,735.8 million on September 30, 2016. For all of 2016, the EPRA NAV per share is expected to come to € 36, about 20 % higher than 2015, a rise that is also driven by the expected significant increase in the value of the portfolio.

The vacancy rate dropped by 0.6 percentage points to 2.8 % in comparison to the 2015 reporting date. In the first nine months of the year, rental income associated with property management increased by 13.4 % to € 1,156.1 million (9M 2015: € 1,019.4 million). Due to market rent performance, there was a moderate increase in rents of 1.4 %. An addition increase of 1.4 % in rental income came from property value improvements. In addition, Vonovia almost doubled its income from property-related products and services in a nine-month comparison. The adjusted earnings contribution rose by 84.8 % to € 45.1 million.

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## **Successful Portfolio Strategy: Modernization, Space Creation, Targeted Disposal and Acquisition of Housing Stock**

Vonovia spent a total of € 516.7 million on modernization and maintenance measures in the reporting period, 10.4 % more than the amount it spent in the same period of 2015 (€ 468.1 million). The maintenance and modernization measures are performed or coordinated primarily by the company's own craftsmen's organization.

In addition, the third quarter also saw Vonovia complete the preparatory work for a series of measures to add stories to existing residential buildings and for the construction of multifamily residences using modular construction methods. This means the first set of projects will be finished before the end of the year.

Over the last three years, Vonovia has considerably expanded its presence in dynamic growth regions by way of targeted disposals and acquisitions. In the first nine months of 2016, Vonovia sold a total of around 20,000 apartments that had only low growth potential. Today, the portfolio comprises a total of around 338,000 apartments. Vonovia also manages around 60,000 residential units for other owners. In a nine-month comparison, the adjusted EBITDA from the disposal of properties climbed by 92.1 % to € 65.5 million.

## **Financing Stable, Share Price Up, BBB+ Rating Confirmed**

Vonovia repaid CMBS financing in the amount of € 1.8 billion ahead of the contracted maturity in the third quarter of 2016. The company also repaid a bond worth € 700 million, dating back to 2013, as scheduled on the due date in July 2016. This means that the company continues to have stable financing structures in place, as is highlighted by the confirmation of the BBB+ investment grade rating by Standard & Poor's in early September.

In the first nine months of 2016, Vonovia's shares gained around 18 %, closing trading on September 30, 2016, at a closing price of € 33.71. The shares listed on the German Stock Index (DAX) lost an average of 2 % during the same period.

## **Green Light from the Cartel Authorities for Planned Merger with conwert**

At the beginning of September, Vonovia announced that it would be making a takeover offer to the shareholders of conwert Immobilien Invest SE for the acquisition of all outstanding shares in conwert. conwert's portfolio comprises around 24,500 residential units and complements Vonovia's existing portfolio to a considerable extent. The Austrian Federal Competition Authority cleared the planned merger on October 28, 2016.

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The German Federal Cartel Office had already approved the merger on October 6, 2016.

## **Confirmation of Outlook for 2016 at Top End, Higher Dividend Proposal**

The company has confirmed its forecast for 2016, which it raised after the end of the first half of the year. The FFO 1 guidance is finalized at the top end of the FFO 1 range of around € 760 million (Forecast H1 2016: € 740 million to € 760 million), which equates to an FFO 1 per share of around € 1.63 and an increase of 25 % over the previous year. Vonovia plans to propose a dividend in the amount of € 1.12 per share to the Annual General Meeting in May 2017. This corresponds to an increase of around 19 % over 2015 and to a dividend yield of 3.3 % based on the closing price on September 30, 2016.

The increase in EPRA NAV per share to around € 36 (an increase of approximately 20 % over 2015), which is forecast for 2016 as a whole, is based, in addition to the continued strong operating business and value-increasing investments in the housing stock, on an expected value increase in the portfolio as a result of dynamic market performance in most locations. Consequently, the loan-to-value ratio is expected to have fallen to around 42 % by the end of the year.

The modernization and new construction program planned for 2016 is expected to comprise a volume of € 470 to 500 million. Vonovia also expects maintenance measures to account for a volume of around € 340 million. All in all, this corresponds to an investment volume of up to € 840 million.

## **Outlook for 2017: Further Growth and Record Investments**

Vonovia also expects to see strong operating performance for 2017 – without taking the effects from the planned takeover of conwert into account at the moment. The company expects its FFO 1 to increase to somewhere in the range of € 830 million to € 850 million, or between € 1.78 and € 1.82 per share. An investment program in the amount of € 1 billion was decided upon for 2017. This program will emphasize new constructions measures, moves to add extra stories to existing buildings and improvements to existing building stock. Based on the expected investments and the continued positive business performance, the EPRA NAV per share is expected to come in at between € 37 and € 38. Not yet included in this forecast are possible value increases as a result of further dynamic developments at our locations (yield compression).

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**You can find the nine-month report for 2016 at: [www.vonovia.de](http://www.vonovia.de).  
Further information can be found in the press section.**

**March 7, 2017** – *Publication of 2016 Annual Report*

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in € million

<b>Key Financial Figures</b>	9M 2016	9M 2015	Change in %
Rental income from property management	1,156.1	1,019.4	13.4
Adjusted EBITDA Rental	794.1	677.5	17.2
Adjusted EBITDA Extension	45.1	24.4	84.8
Adjusted EBITDA Sales	65.5	34.1	92.1
Adjusted EBITDA	897.8	733.5	22.4
Modernization and maintenance services	516.7	468.1	10.4
thereof for maintenance and capitalized maintenance	232.1	249.1	-6.8
thereof for modernization	284.6	219.0	30.0
FFO 1	571.6	440.4	29.8
FFO 2	604.0	466.3	29.5
FFO 1 per share in €*	1.23	0.95	29.8
Profit for the period	278.3	193.5	43.8

in € million

<b>Key Balance Sheet Figures</b>	Sep. 30, 2016	Dec. 31, 2015	Change in %
Fair value of the real estate portfolio	23,851.1	24,157.7	-1.3
EPRA NAV	13,735.8	13,988.2	-1.8
EPRA NAV per share in €**	29.48	30.02	-1.8
Adjusted EPRA NAV	11,016.9	11,273.5	-2.3
Adjusted EPRA NAV per share in €**	23.64	24.19	-2.3
LTV in %***	47.1	46.9	0.2 pp

<b>Key Non-Financial Figures</b>	9M 2016	9M 2015	Change in %
Number of units managed	397,254	407,609	-2.5
thereof own apartments	337,720	366,918	-8.0
thereof apartments owned by others	59,534	40,691	46.3
Number of units bought	2,440	168,632	-98.6
Number of units sold	21,922	5,322	311.9
thereof Privatize	2,150	1,748	23.0
thereof Non-Core	19,772	3,574	453.2
Vacancy rate in %	2.8	3.4	-0.6 pp
Number of employees (as of September 30)	7,074	6,125	15.5

\* Based on the shares carrying dividend rights on the reporting date Sep. 30, 2016: 466,000,624; Sep. 30, 2015: 466,000,624

\*\* Based on the shares carrying dividend rights on the reporting date Sep. 30, 2016: 466,000,624; Dec. 31, 2015: 466,000,624

\*\*\* Value as of Dec. 31, 2015, adjusted: full disclosure of outstanding purchase price payments from disposals and separate disclosure of investments in the adjusted fair value.

## About Vonovia

Vonovia SE is Germany's leading nationwide residential real estate company. Vonovia currently owns and manages around 338,000 residential units in all of Germany's attractive cities and regions. Its portfolio is worth approximately € 24 billion. An additional 60,000 or so third-party apartments are also managed by Vonovia. As a modern service company, Vonovia focuses on customer orientation and tenant satisfaction. Offering tenants affordable, attractive and livable homes is a prerequisite for the company's successful development. Accordingly, Vonovia makes long-term investments in the maintenance, modernization and senior-friendly conversion of its properties. The company will also be creating more and more new apartments by realizing infill developments and adding on to existing buildings.

The company, which is based in Bochum, has been listed on the stock exchange since 2013 and on the DAX 30 since September 2015. Vonovia SE is also listed on the international indices STOXX Europe 600, MSCI Germany, MSCI Germany, GPR 250 and EPRA/NAREIT Europe. Vonovia has a workforce of 7,100 employees.

### Additional Information:

Approval: Regulated Market/Prime Standard, Frankfurt Stock Exchange

ISIN: DE000A1ML7J1

WKN: A1ML7J

Common code: 094567408

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