

Press Release

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Vonovia Begins Year Very Successfully – Economies of Scale with Impact Lead to Improved Forecast for 2016

Consolidation Effects Make Faster Impact Than Expected – Profit From Operations Significantly Increased in the First Quarter of 2016

- FFO 1 up by 58 % to € 186 million; FFO 1 comes to € 0.40 per share (Q1 2015: € 0.32).
- EPRA NAV stands at € 14 billion; EPRA NAV per share at € 30.15.
- Vacancy rate further down to 2.8 % as of the end of the quarter (Q1 2015: 3.4 %); moderate rental increases of 2.9 % compared to Q1 2015.

Successful Start Leads to Improved Forecast for the 2016 Fiscal Year

- FFO 1 expected to increase by 20 % compared to 2015 to between € 720 million and € 740 million (Forecast March 2016: between € 690 million and € 710 million); FFO 1 per share of between € 1.55 and € 1.59.
- Dividend of € 1.05 per share planned in 2016; 12 % higher than in 2015.

Further Increase in Investments in Real Estate Portfolio

- Investment in maintenance and modernization services climbs to € 125 million in Q1 2016 (Q1 2015: € 98 million).
- Record investments of up to € 830 million in modernization, new construction and maintenance planned for 2016.

Bochum, Germany, May 12, 2016 – Vonovia SE (“Vonovia”) is building on the extremely strong performance of the previous year and has improved all key figures in the first three months of the year. On the basis of these results, Vonovia is improving its forecast for the 2016 fiscal year.

“The successful start to the 2016 fiscal year shows that we can excellently realize economies of scale on the basis of our platform. We are very confident about developments in the remainder of the fiscal year and that is why we have improved our forecast,” says Rolf Buch, CEO.

Profit From Operations Increases Once Again in the First Quarter of 2016

As a key figure, FFO 1 (funds from operations, profit from operations after current interest and taxes) rose by 58 % to € 186.3 million in the first quarter of 2016 (Q1 2015: € 118.0 million). This represents a figure per share of € 0.40 (Q1 2015: € 0.32). EPRA NAV (net asset value, real estate assets without liabilities) stood at € 14,048.2 million at the end of the first quarter of 2016, up slightly on the end of the 2015 fiscal year. The EPRA NAV per share amounted to € 30.15 (Dec. 31, 2015: € 30.02). As of March 31, 2016, the LTV (loan-to-value) ratio was down to 45.8 % (46.9 % as of the end of 2015). Due to the current attractive interest rate environment, Vonovia believes that it will be able to refinance its commitments below its current average financing costs and therefore further reduce future interest payments.

Profit for the period increased to € 79.2 million (previous year: € 30.3 million).

The Extension segment pools the various housing-related services that Vonovia offers its approximately one million customers. These include those performed by our own craftsmen's organization, the upkeep of the residential environment, the cable TV business, measuring the consumption of water and heating as well as condominium administration. Vonovia successfully integrated two companies that it acquired with effect from January 1, 2016 – IVV Immobilien Verwaltung GmbH and O-TEC Hausverwaltung GmbH – into the Extension segment. Adjusted EBITDA in this segment rose by 38 % to € 7.6 million (Q1 2015: € 5.5 million).

Further Successful Optimizations to the Real Estate Portfolio

With effect from January 1, 2016, Vonovia acquired some 2,400 apartments, primarily in the German states of Baden-Württemberg and Bavaria. As of the end of the quarter, Vonovia managed a total of about 400,000 apartments in attractive cities and regions in Germany, around 344,000 of which it owned itself and around 54,000 it managed on behalf of third parties. The 344,000 or so apartments the company owns itself have a portfolio value of approximately € 24 billion. The vacancy rate in the company's own portfolio fell by 0.6 percentage points in comparison with the reporting date for the prior period and was at a very low level of 2.8 % on March 31, 2016.

In the reporting period, Vonovia sold a total of some 15,550 apartments, 13,570 as a total portfolio to the LEG Group. Vonovia strives to continuously enhance its real estate portfolio and prefers to sell apartments from the "Non-Strategic" and "Non-Core" portfolios.

By virtue of the disposals and the low vacancy rate, rental income in the Rental segment increased by 49 % to € 392.0 million in the reporting period (Q1 2015: € 263.6 million). As an objective key figure used to compare the same housing stocks, monthly in-place rent developed positively, increasing by 2.9 % on a like-for-like basis to € 5.76 (Q1 2015: € 5.60).

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Forecast Improved for the 2016 Fiscal Year

On the basis of the positive course of business in the first three months of the current year, Vonovia is improving its forecast for 2016. Before the adjustment, the FFO 1 target corridor for the fiscal year was between € 690 million and € 710 million. In respect of FFO 1, now an increase of 20 % is expected compared with 2015, taking the total to between € 720 million and € 740 million. This works out at an expected FFO 1 per share of between € 1.55 and € 1.59. By the end of the year, Vonovia also expects the EPRA NAV per share to have risen to up to € 31.

For the 2015 fiscal year, the Management Board will propose a dividend in the amount of € 0.94 per share at the Annual General Meeting. This corresponds to an attractive dividend yield of 3.3 %, based on the closing share price in 2015. The policy of allowing shareholders to share in the company's success remains unchanged. For 2016, Vonovia plans to distribute a dividend of € 1.05 per share. This represents a further increase of roughly 12 %.

Vonovia Share Price Increases

As of the balance sheet date of March 31, 2016, the price of the Vonovia share stood at € 31.63 and therefore increased by about 11 % in the first quarter of 2016, based on a closing price of € 28.55 on December 31, 2015. This means that Vonovia's shares deviated positively from the overall trend on the DAX, which fell by around 7 %, from 10,743 to 9,965 points, during the same period. Its market capitalization of around € 14.7 billion puts Vonovia in 23rd place among the most valuable listed companies in Germany.

Renewed High Investments in the Real Estate Portfolio

Vonovia improves the quality of its properties on an ongoing basis and invested a total of € 125.4 million in its portfolio in the first quarter of 2016 (Q1 2015: € 97.5 million). € 73.5 million of this was attributable to maintenance (Q1 2015: € 62.3 million) and € 51.9 million to modernization (Q1 2015: € 35.2 million).

An investment volume of about € 330 million is planned for maintenance in the 2016 fiscal year. The investment program for modernization and new construction is set to grow to between € 430 million and € 500 million. Our focus will once again lie on energy efficiency measures, improving the standard of comfort that our apartments offer and senior-friendly apartment renovations. We will be doing more in terms of modernization at the tenant's request and neighborhood development, as well as in the area of infill developments and adding on to existing developments. In total, this means an investment volume of up to € 38 per m² for modernization and maintenance alone (2015: € 33 per m²).

The company also wishes to further improve customer satisfaction in the current year; the aim is to increase the relevant index (CSI) by up to 5 % compared to the 2015 level.

The 2016 Q1 report can be accessed at www.vonovia.de. Further information can be found in the press section of the company's website.

2016/2017 Financial Calendar

August 2, 2016: Interim Report H1 2016

November 3, 2016: Interim Report Q3 2016

March 7, 2017: Publication of 2016 Annual Report

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in € million

Financial Key Figures	3M 2016	3M 2015	Change in %
Rental income from property management	392.0	263.6	48.7
Income from disposal of properties	690.5	123.0	461.4
Adjusted EBITDA Rental	269.0	177.1	51.9
Adjusted EBITDA Extension	7.6	5.5	38.2
Adjusted EBITDA Sales	35.0	9.5	268.4
Adjusted EBITDA	311.1	192.0	62.0
Modernization and maintenance services	125.4	97.5	28.6
thereof for maintenance and capitalized maintenance	73.5	62.3	18.0
thereof for modernization	51.9	35.2	47.4
FFO 1	186.3	118.0	57.9
FFO 2	195.1	125.2	55.8
FFO 1 per share in €*	0.40	0.32	26.1
Profit for the period	79.2	30.3	161.4

in € million

Key Balance Sheet Figures	Mar. 31, 2016	Dec. 31, 2015	Change in %
Fair value of the real estate portfolio	23,814.4	24,157.7	-1.4
EPRA NAV	14,048.2	13,988.2	0.4
EPRA NAV per share in €*	30.15	30.02	0.4
Adjusted EPRA NAV	11,331.6	11,273.5	0.5
Adjusted EPRA NAV per share in €*	24.32	24.19	0.5
LTV in %**	45.8	46.9	-1.1 pp

Non-Financial Key Figures	3M 2016	3M 2015	Change in %
Number of units managed	398,331	387,712	2.7
thereof own apartments	343,967	345,629	-0.5
thereof apartments owned by others	54,364	42,083	29.2
Number of units bought	2,417	144,602	-98.3
Number of units sold	15,551	2,489	524.8
thereof Privatize	890	553	60.9
thereof Non-Core	14,661	1,936	657.3
Vacancy rate in %	2.8	3.4	-0.6 pp
Monthly in-place rent in €/m ²	5.84	5.53	5.6
Monthly in-place rent in €/m ² (like for like)***	5.76	5.60	2.9
Number of employees (as of March 31)	6,683	5,737	16.5

*Based on the shares carrying dividend rights on the reporting date Mar. 31, 2016: 466,000,624; Mar. 31, 2015: 354,106,228; prior-year value TERP-adjusted

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

*** Incl. GAGFAH excl. Franconia/SÜDEWO

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About Vonovia

Vonovia SE is Germany's leading nationwide residential real estate company. Vonovia currently owns and manages around 344,000 residential units in all of Germany's attractive cities and regions. Its portfolio is worth approximately € 24 billion. An additional 54,000 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 continued successful development. Accordingly, Vonovia makes long-term investments in the maintenance, modernization and senior-friendly conversion of its properties. The creation of new residences by way of infill development is also gaining in importance.

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 6,700 employees.

Additional Information:

Approval: Regulated Market / Prime Standard, Frankfurt Stock Exchange

ISIN: DE000A1ML7J1

WKN: A1ML7J

Common code: 094567408

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