

9M Results Conference Call 3 November 2015

Rolf Buch, CEO

Dr. A. Stefan Kirsten, CFO

Note:

This version excludes the slides on the tender offer to Deutsche Wohnen shareholders.

The extended version of this presentation can be found on the transaction webpage on Vonovia's website.

2015 guidance increased on back of strong 9M performance & faster integration of acquisitions

- FFO1 of €590m-600m (prev. €560m-580m), FFO1/share of €1.27-1.29 (prev. €1.20-1.24)
- EPRA NAV/share €29.00-30.00 (prev. €27.50-28.50)
- Adj. NAV/share (excl. goodwill) €23.50-24.50 (prev. €22.00-23.00)
- Faster integration of Gagfah leading to accelerated crystallization of synergies

Updated portfolio structure reveals potential for significant value-enhancing modernization

- Value-enhancing modernization segments grow from 28% to 50% after allocating Gagfah assets
- 2016 modernization program increasing to €430m-500m (depending on granting of construction permits)

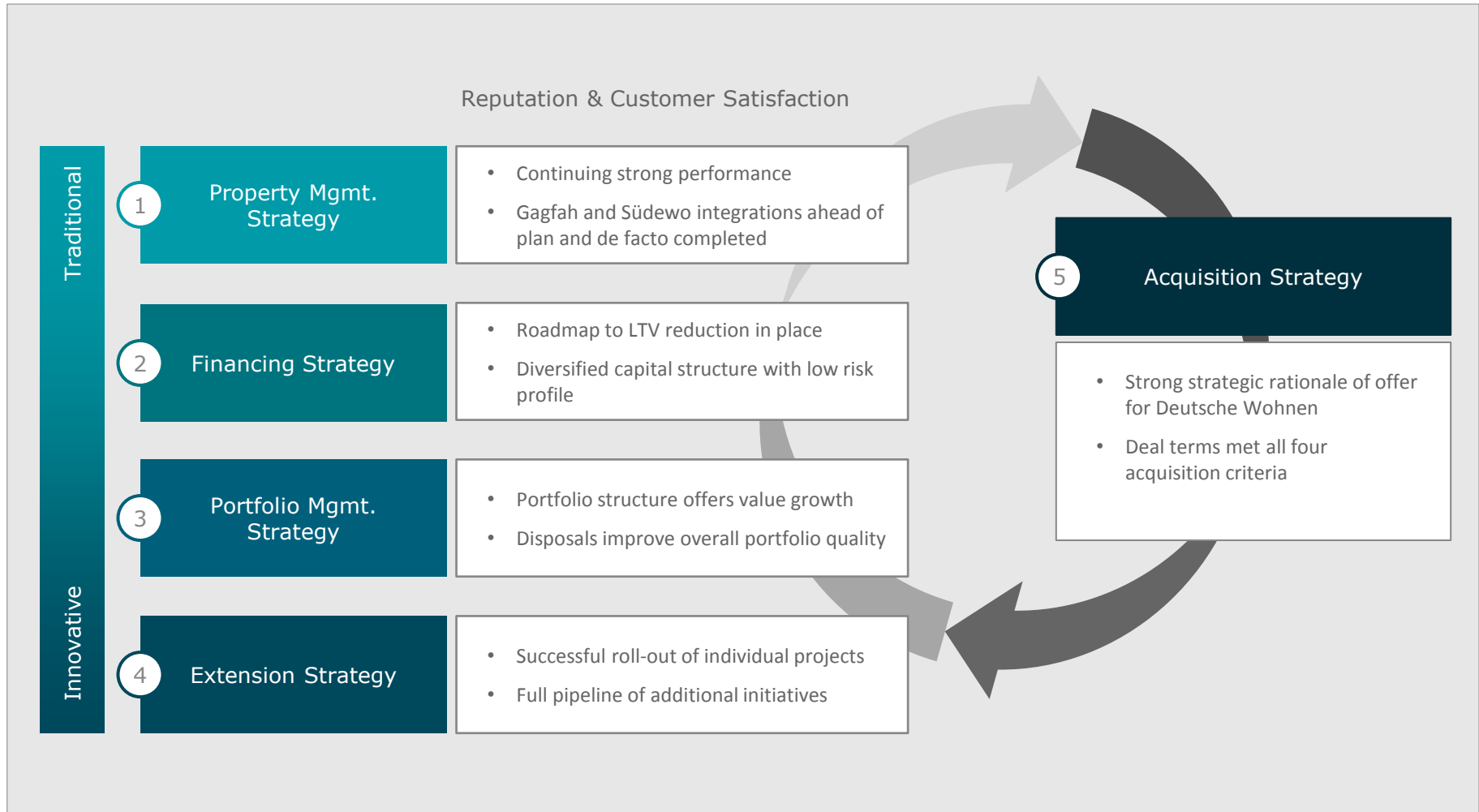
Significant step forward in portfolio optimization through agreed sale of two portfolios

- Two large portfolio sales in NRW (~14k units) and Northern Germany (~6k units)
- Sold or agreed to sell almost 50% of non-strategic and non-core segments since Q1

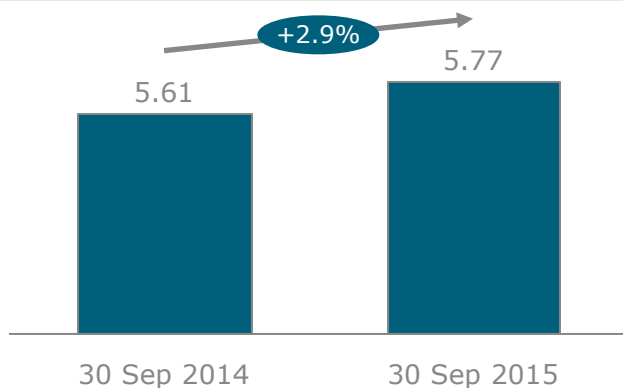
LTV reduction to ~46% (pro forma year-end 2015) expected post disposals and fair value growth

2016 guidance reflects continuing positive momentum

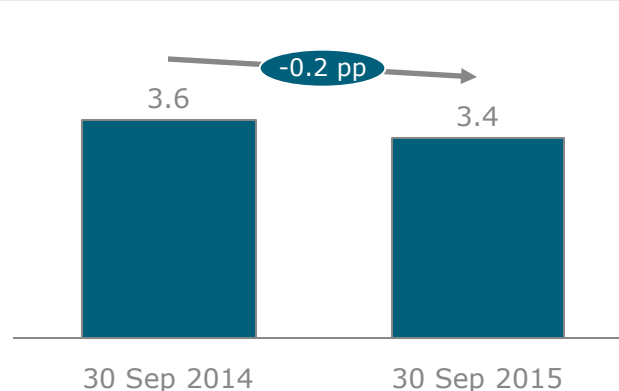
- Rental growth of 2.8-3.0%
- FFO1 of €690m-710m (+18% y-o-y)



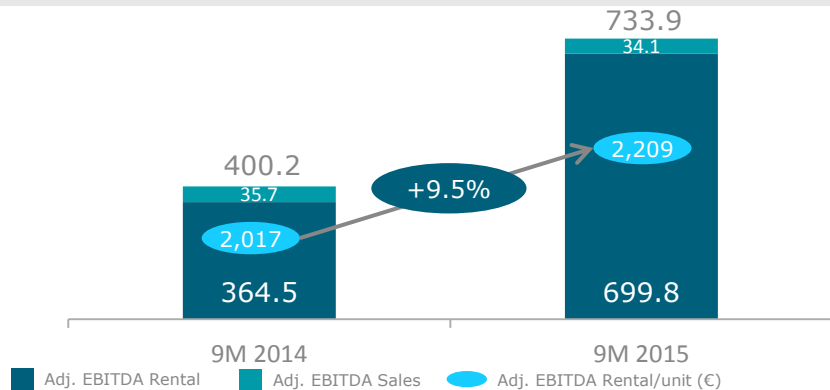
Residential in-place rent (like-for-like, €/sqm)



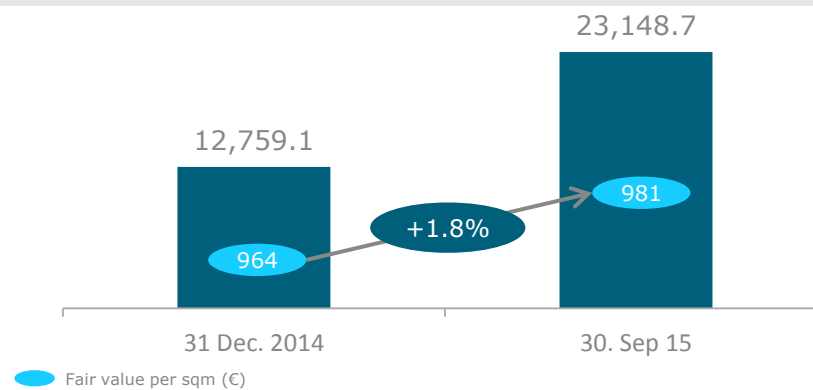
Vacancy rate (total portfolio, %)



Adjusted EBITDA (€m)



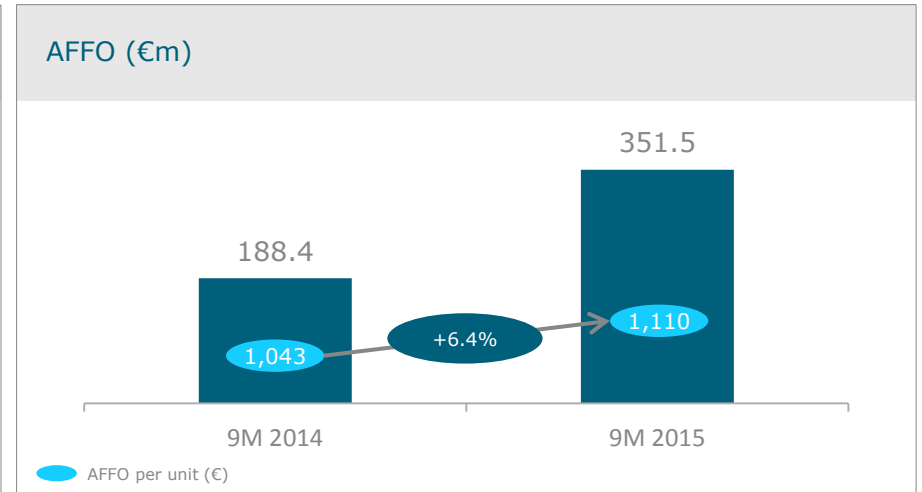
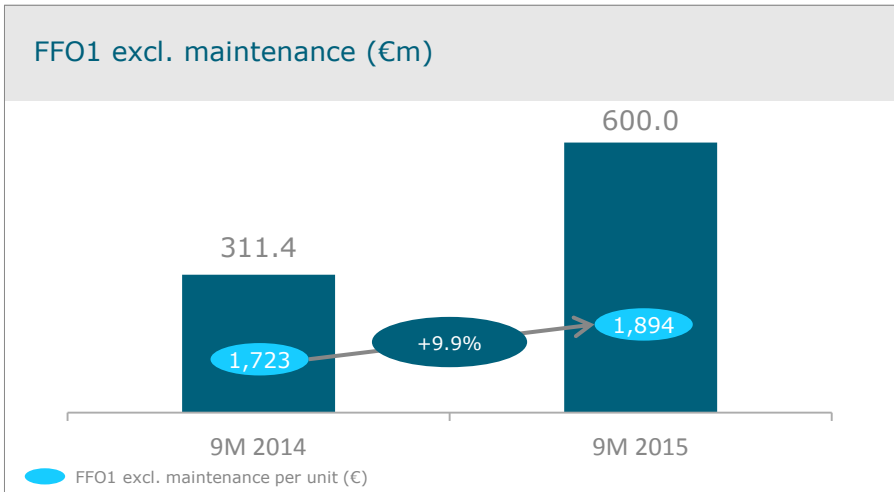
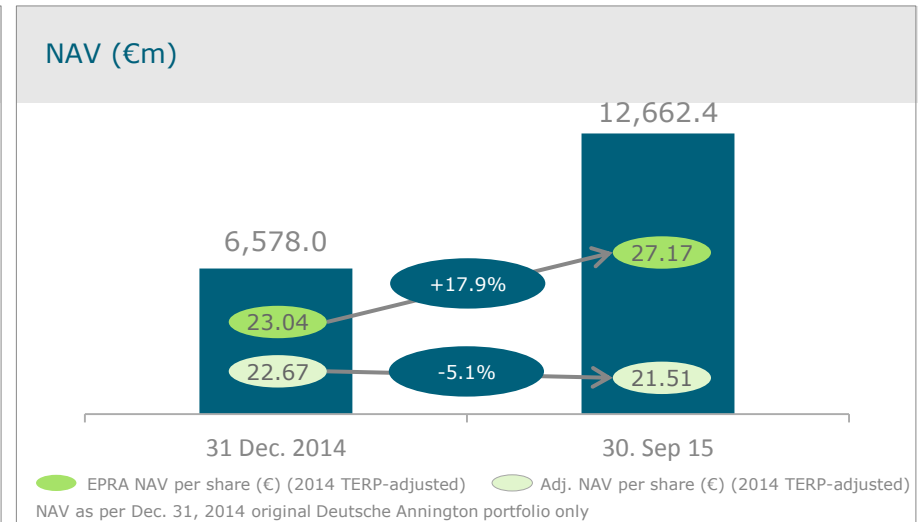
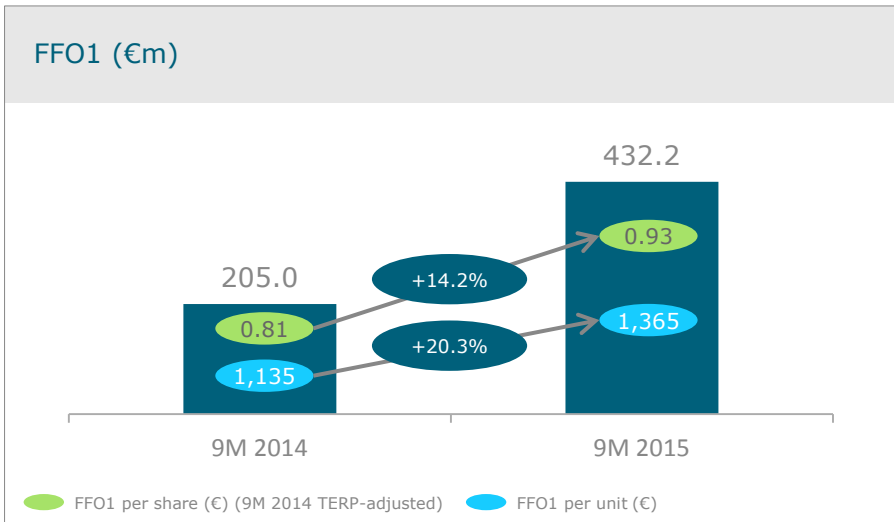
Fair value (€m)



Per unit data based on average number of units over the respective period
 Numbers include seven months of Gagfah and three months of Südewo results

Fair value per sqm as per September 30, 2015 incl. Gagfah
 Dec. 31, 2014 Deutsche Annington portfolio only

Operating Performance (cont'd)



Per share data based on number of shares outstanding as of respective reporting dates (30 Sept. 2014: 240.2m; 31 Dec. 2014: 271.6m; 30 Sept. 2015: 466.0m)
 Per unit data based on average number of units over the respective period
 9M 2015 numbers include seven months of Gagfah and three months of Südewo

2015 Guidance Increased

	FY 2014 (TERP-adjusted)	Guidance 2015 ¹ (August)	Change abs. (on midpoint)	Change % (on midpoint)	Guidance 2015 ¹ (November)
L-f-l rental growth	2.5%	2.6-2.8%	+15bps	+5.5%	2.8-2.9%
Vacancy	3.4%	~3%			~3%
Rental Income	€789.3m	€1,400-1,420m			€1,400-1,420m
FFO1 (incl. hybrid)	€286.6m	€560-580m	+€25m	+4.4%	€590-600m
FFO1/share eop (incl. hybrid)	€1.00	€1.20-1.24	+€0.06	+4.9%	€1.27-1.29
FFO1/share eop (excl. hybrid)	€1.00	€1.13-€1.17	+€0.06	+5.2%	€1.20-€1.22
EPRA NAV/share	€23.04	€27.50-28.50	+€1.50	+5.4%	€29.00-30.00
Adj. NAV/share ²	€22.67	€22.00-23.00	+€1.50	+6.7%	€23.50-24.50
Maintenance	€173.8m	~€340m	-€10m	-2.9%	~€330m
Modernization	€171.7m	€280-300m	+€50m	+17.2%	€330-350m
Privatization (#)	2,238	~2,900			~2,900
FMV step-up (Privatization)	37.6%	~30%			>30%
Non-core (#)	1,843	opportunistic			opportunistic
FMV step-up (Non-Core)	10.9%	~0%			~0%
Dividend/share ³	€0.74	€0.94			€0.94

¹ Incl. acquisitions pro rata (see p. 42); per share numbers based on 466.0 million shares currently outstanding

² Excl. goodwill

³ To be recommended to the AGM. Going forward, the stated dividend policy of ~70% of FFO1 (Group) remains unchanged

FY 2014 is TERP-adjusted (TERP factor=1.051). FY 2014 before TERP adjustment: FFO1 Group/share=€1.06, EPRA NAV/share=€24.22, Dividend/share=€0.78
 FFO 1/share avg (FY 2014 TERP adjusted=€1.12; Guidance August 2015=€1.41-1.47; Guidance November 2015=€1.49-1.52)

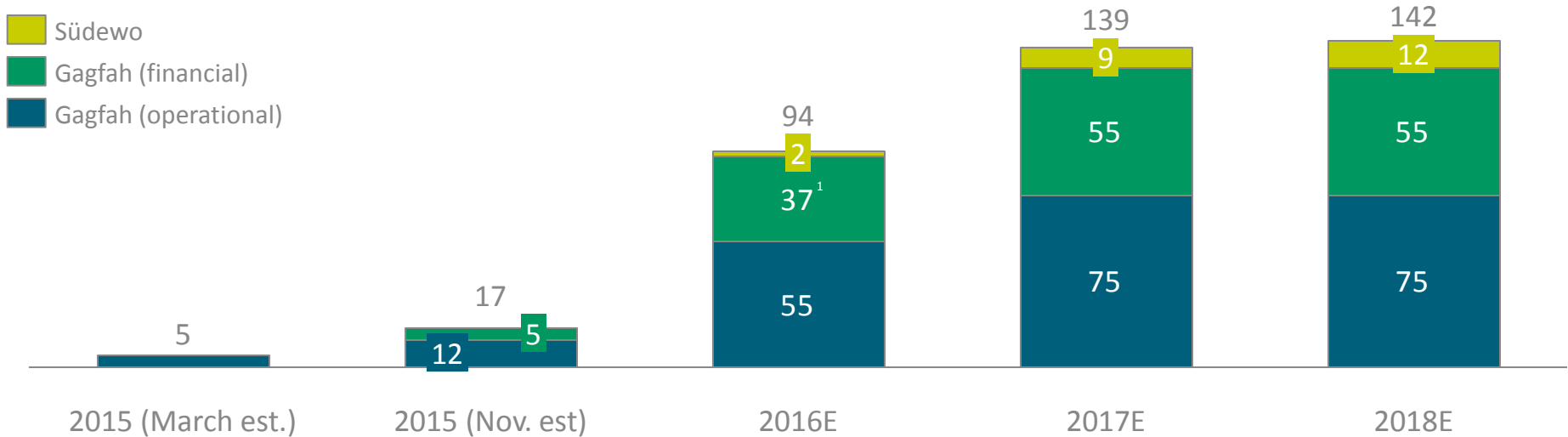
Gagfah and Südewo Synergies

Development of our estimate on total run rate synergies from Gagfah and Südewo

December 2014		June 2015		November 2015	
€84m (only Gagfah)	€47m operational	€130m (only Gagfah)	€75m operational	€142m (Gagfah and Südewo)	€75m op. (Gagfah)
	€37m financial		€55m financial		€12m op. (Südewo)
					€55m financial

<ul style="list-style-type: none"> Initial assessment based on "outside in" view 	<ul style="list-style-type: none"> Initial assessment based on "inside" view Substantially higher synergies at lower one-off cost and in less time 	<ul style="list-style-type: none"> Final leg of integration process Raising of more synergies in less time 86% of financial synergies already secured from 2017 onwards
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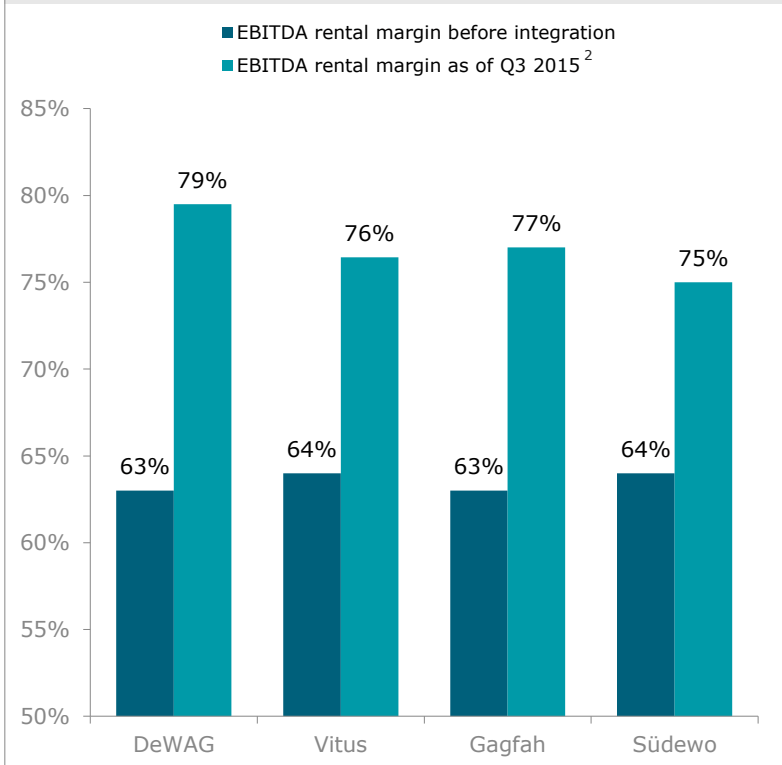
Total synergy build up (€m; cumulative)



¹ Includes €19m financial synergies carried over from 2015 (€19m is the annualized run rate of the €5m collected in 2015)

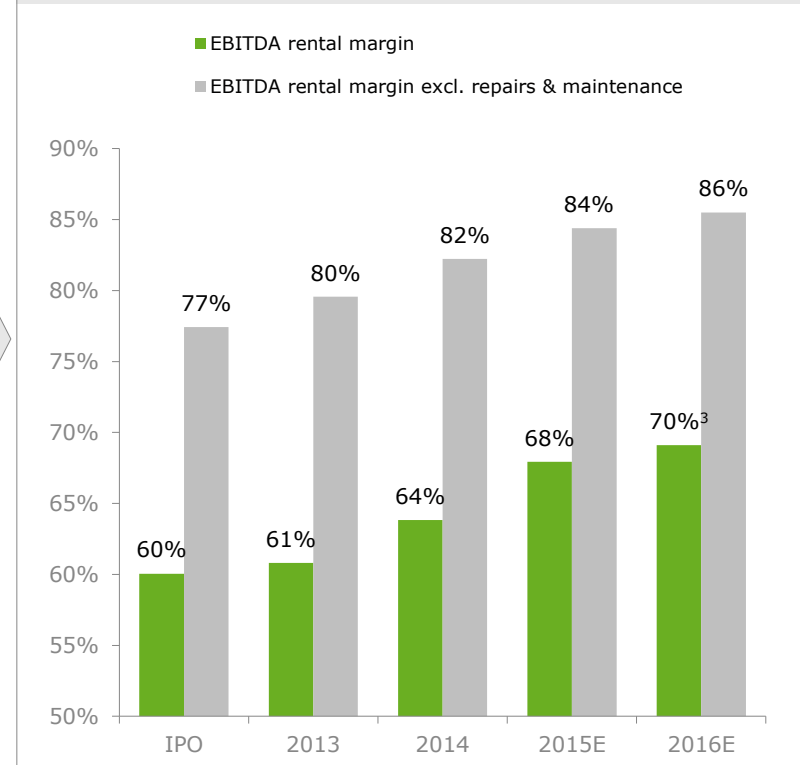
Vonovia's Scale and Platform Benefits Have Been Proven Multiple Times by Now

Incremental margin¹ improvement of our acquisitions due to scalable platform...



- + Portfolio density
- + Industrialized modernization
- + Services extension
- + Overhead optimization

... resulting in significant enhancement of overall margins



Vonovia with multi-year track record of capturing significant synergies in all acquisitions

¹ Standalone margin reporting of acquisitions not always fully in line with Vonovia reporting;

² Gagfah and Südewo 2015 pro forma incl. synergies

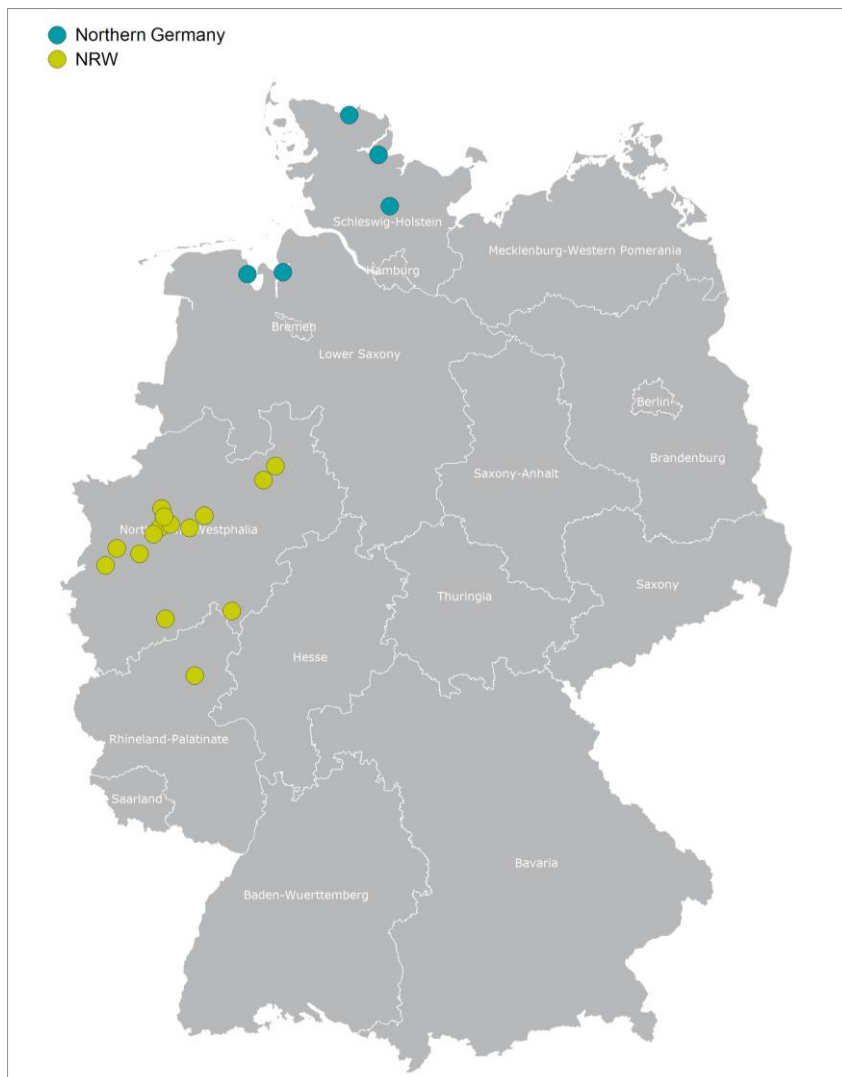
³ Pro forma excluding disposals 2015/2016

Sales Results 2015 YTD

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Privatization				
	9M 2014	9M 2015	Change (€m)	Change (%)
# units sold	1,778	1,748	-30.0	-1.7
Income from disposal of properties (€m)	184.4	183.2	-1.2	-0.7
Fair value disposals (€m)	-134.9	-133.6	1.3	-1.0
Adjusted profit from disposal of properties (€m)	49.5	49.6	0.1	0.2
Fair value step-up	36.7%	37.1%		+0.4pp
	Target ~30-35%	>30%		
Non-core disposals				
	9M 2014	9M 2015	Change (€m)	Change (%)
# units sold	873	3,574	2,701	309.4
Income from disposal of properties (€m)	28.6	132.4	103.8	362.9
Fair value disposals (€m)	-26.9	-130.3	-103.4	384.4
Adjusted profit from disposal of properties (€m)	1.7	2.1	0.4	23.5
Fair value step-up	6.6%	1.6%		-5pp
	Target = 0%	Target = 0%		

Two Significant Portfolio Transactions Agreed since September 30, 2015

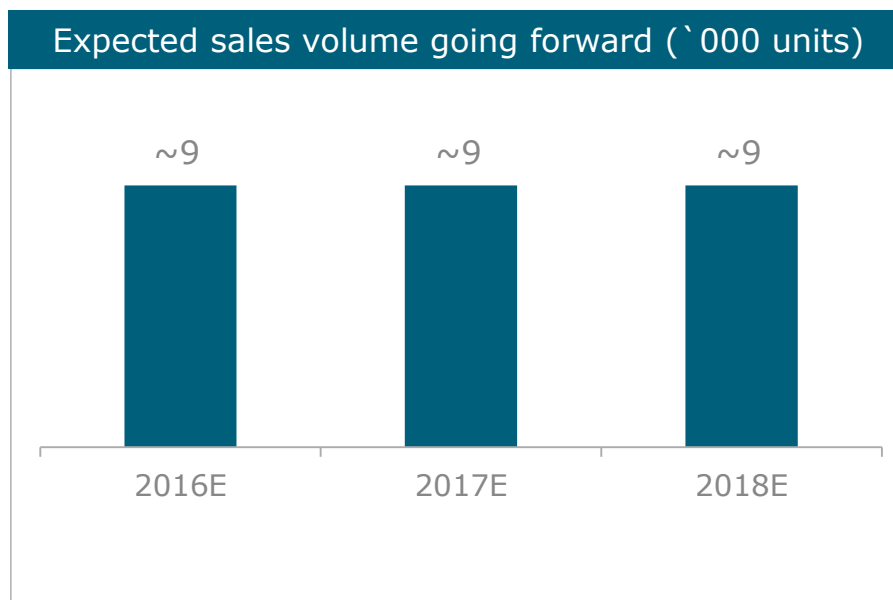


	Transaction 1	Transaction 2
Location	NRW	Northern Germany
No. of units	Ca. 14k	Ca. 6k
Vacancy rate	6.4%	9.4%
NCR	€4.84	€4.77
Expected Closing	Q1 2016	Q4 2015

- LoI signed with two separate buyers for a combined volume of ca. 20k units from the non-core and non-strategic segments
- Expected combined single digit fair market value uplift
- Disposals are in line with ongoing portfolio optimization, as underlying portfolios had a higher vacancy rate and lower NCR
- Both portfolio transactions are strategically beneficial to seller and buyer as Vonovia improves its overall portfolio quality and geographic balance while it puts the buyers in the best owner position

Substantial Reduction of Sales Portfolio

Non-strategic and Non-core (` 000 units)	
49	Q1 2015 volume of non-core + non-strategic
- 4	Changes between Q1 and Q3 ¹
= 45	Q3 2015 volume of non-core + non-strategic
- 12	NRW portfolio (adj. for 2k units from operate clusters)
- 6	Northern Germany portfolio
= 27	Pool of non-core and non-strategic units as of November 2, 2015



- Including the additional non-core and non-strategic sales agreed until 2nd Nov. 2015, the active pool of non-core and non-strategic assets going forward is c. 27k units after c. 49k as of Sep 30, 2015
- Share of non-core and non-strategic assets is down from 8% to 4% of total portfolio on a pro forma basis
- Including the contribution from privatizations, the total free cash² from closed and agreed transactions year to date will amount to €930m

¹ Disposals and reclassifications into strategic cluster

² Gross proceeds minus debt repayment

Updated Portfolio Clustering Offers Strong Potential for Value-enhancing Modernization

Q2 2015¹

	Residential units	In-place rent (€/sqm residential)	Vacancy	Share in terms of FV
Operate	192,106	5.64	2.5%	56%
Optimize apartments	36,849	6.19	2.5%	13%
Upgrade buildings	49,411	5.69	2.6%	15%
Strategic	278,366	5.72	2.5%	84%
Non-Strategic	31,676	4.81	6.9%	6%
Privatize	21,477	5.60	4.7%	7%
Non-core	16,697	4.50	11.4%	2%
Total	348,216	5.58	3.5%	100%

28%

➤ In-depth portfolio review of Gagfah portfolio has identified further value-enhancing organic growth potential for both individual apartments and buildings

Q3 2015 (pro forma)²

	Residential units	In-place rent (€/sqm residential)	Vacancy	Share in terms of FV
Operate	121,308	5.99	2.5%	38%
Optimize apartments	89,841	5.83	2.1%	27%
Upgrade buildings	86,649	5.61	3.1%	23%
Strategic	297,798	5.83	2.6%	88%
Non-Strategic	14,220	4.70	8.5%	2%
Privatize	22,606	5.75	4.5%	8%
Non-core	12,544	4.53	10.1%	2%
Total	347,168	5.74	3.2%	100%

50%

➤ Modernization segments significantly increasing from 28% to 50% of total fair value

¹ Excluding Südewo portfolio; Gagfah strategic portfolio only in operate without breakdown into optimize apartments and upgrade buildings

² Including Südewo and allocation of strategic Gagfah portfolio into optimize apartments and upgrade buildings; excluding agreed portfolio sales

Portfolio KPIs by Segments (Q3 2015 pro forma)

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Cluster Vonovia Forecast	Residential units	in-place rent (€/sqm residential)	new letting rent (€/sqm residential in 2015)	Vacancy	Fair Value in m€	Share in terms of FV	Fair Value [€/sqm]	Multiple in-place rent	Share rent controlled
Operate	121,308	5.99	6.62	2.5%	8,367	38%	1,101	15.0	25.9%
Optimise apartments	89,841	5.83	6.61	2.1%	6,038	27%	1,154	16.8	1.9%
Upgrade buildings	86,649	5.61	6.40	3.1%	5,197	23%	1,032	15.8	13.1%
Strategic	297,798	5.83	6.55	2.6%	19,602	88%	1,033	14.8	14.9%
Non-Strategic	14,220	4.70	4.72	8.5%	554	2%	597	11.4	13.1%
Privatise	22,606	5.75	6.49	4.5%	1,670	8%	1,123	16.9	5.2%
Non-Core	12,544	4.53	4.85	10.1%	398	2%	507	10.4	13.7%
Total	347,168	5.74	6.36	3.2%	22,224	100%	1,000	14.7	14.2%

Including Südewo and allocation of strategic Gagfah portfolio into optimize apartments and upgrade buildings; excluding agreed portfolio sales

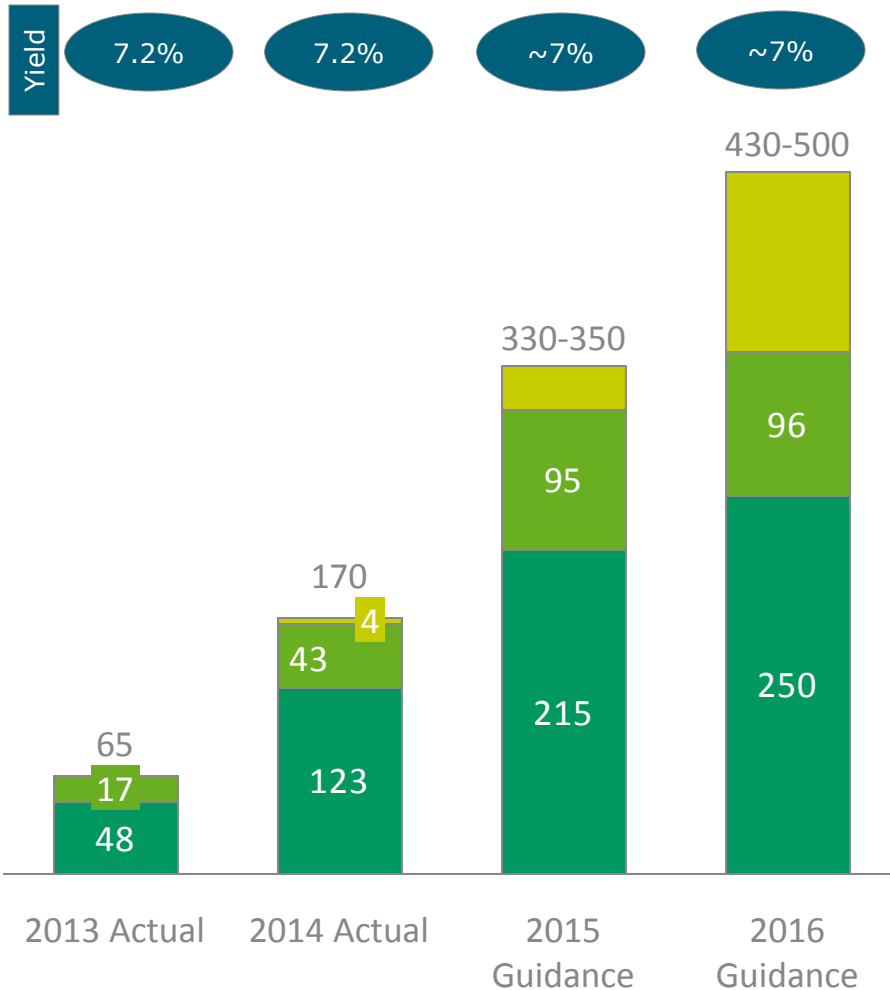
Portfolio KPIs by Top 25 Cities (Q3 2015 pro forma)

City	Residential units	In-place rent (€/sqm residential)	New letting rent (€/sqm residential in 2015)	Vacancy rate	Fair Value (€m)	Share in terms of FV	Fair Value (€/sqm)	Multiple in-place rent	Share rent controlled
Berlin	30,613	5.76	7.11	1.6%	2,166	10%	1,097	15.8	9.6%
Dresden	37,919	5.25	5.97	3.1%	2,047	9%	899	14.5	0.0%
Frankfurt am Main	11,753	7.60	9.35	1.2%	1,128	5%	1,541	16.9	1.8%
Hamburg	10,988	6.39	8.23	1.1%	982	4%	1,368	17.4	18.4%
Dortmund	19,486	5.04	5.68	2.8%	933	4%	776	13.0	16.5%
Munich	5,196	6.79	9.32	0.5%	731	3%	2,047	23.9	42.9%
Essen	12,157	5.37	5.67	4.9%	626	3%	796	12.7	15.9%
Cologne	6,367	7.01	7.99	1.4%	624	3%	1,368	16.2	10.5%
Bremen	11,103	5.11	5.49	4.0%	597	3%	858	14.3	26.0%
Kiel	11,986	5.31	5.89	1.5%	588	3%	809	12.7	34.9%
Stuttgart	4,644	8.04	9.99	1.1%	540	2%	1,788	18.4	25.6%
Hanover	7,227	6.02	6.62	1.9%	478	2%	1,011	14.0	22.4%
Bonn	5,187	6.40	7.04	2.2%	458	2%	1,246	16.4	25.8%
Dusseldorf	3,521	7.23	8.32	3.0%	356	2%	1,443	16.4	19.7%
Bochum	7,549	5.36	5.72	2.8%	338	2%	772	12.2	9.4%
Wiesbaden	2,620	7.73	8.54	3.1%	281	1%	1,516	16.2	6.0%
Freiburg im Breisgau	2,711	6.69	7.94	1.1%	255	1%	1,376	16.9	23.9%
Duisburg	5,547	5.15	5.55	5.3%	252	1%	724	12.0	3.4%
Heidenheim an der Brenz	3,997	5.95	6.26	5.3%	230	1%	926	13.3	9.0%
Osnabrück	3,915	5.39	6.09	3.9%	216	1%	857	13.6	18.4%
Bielefeld	4,488	5.03	5.47	2.3%	205	1%	683	11.4	31.9%
Nürnberg	2,469	6.24	7.26	0.7%	199	1%	1,180	15.9	6.1%
Gelsenkirchen	4,654	4.71	5.01	6.7%	192	1%	622	11.7	7.0%
Mannheim	2,535	6.44	7.36	3.2%	189	1%	1,121	14.8	10.6%
Karlsruhe	1,617	6.87	7.71	1.3%	173	1%	1,486	17.4	18.1%
Subtotal TOP 25	220,249	5.83	6.56	2.6%	14,784	67%	1,053	15.1	14.4%
Remaining Cities	126,919	5.58	6.06	4.3%	7,441	33%	908	13.9	13.9%
Total	347,168	5.74	6.36	3.2%	22,224	100%	1,000	14.7	14.2%

Sorting by Fair Value. Including Südevo and allocation of strategic Gagfah portfolio into optimize apartments and upgrade buildings; excluding agreed portfolio sales.

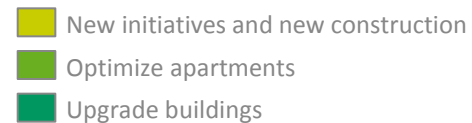
Modernization Program as Important Value Driver

Investment Track Record



Modernization as a Continued Focus

- Yield target unchanged (~7% unlevered)
- Successful roll-out to Gagfah assets
- Preparations for 2016 program to start in Q1/2016 well advanced and on track
- Growing contribution from new initiatives (e.g. heating system upgrades, bathrooms)
- Guidance for new initiatives and new construction volumes depends on timely granting of construction permits



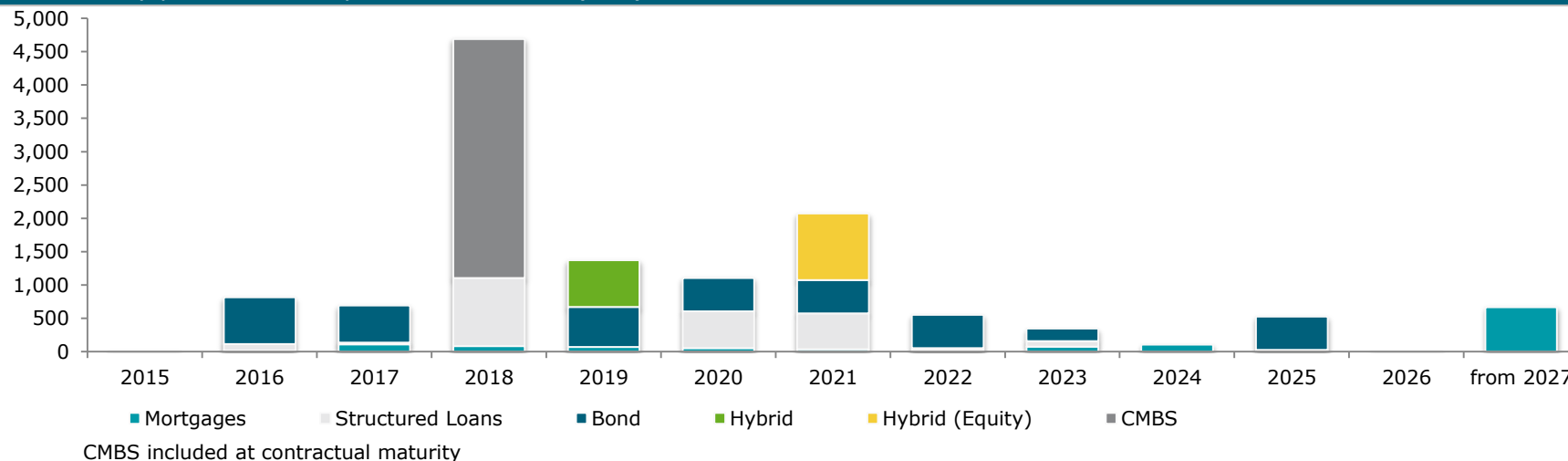
Significant Fair Value Growth Expected for End of 2015

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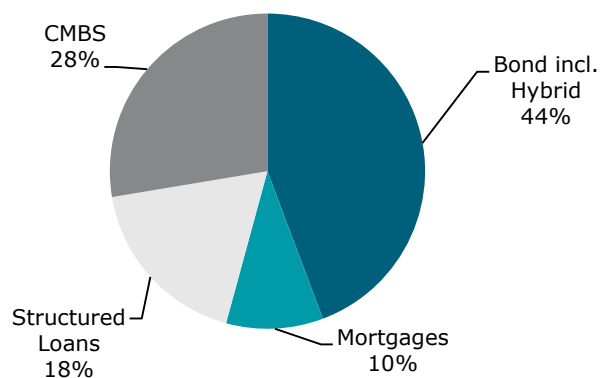
Value driver	Fair value growth*
Operating performance (rent, redemption of rent control, etc.)	€250-300m
Investments (effects of modernization program)	€330-350m
Market development / yield compression	€900-1,050m
Total	€1,500-1,700m

* Represents the recent forecast of Vonovia calculations and expected value growth for year-end 2015 valuation as compared to previous valuation. The value is subject to change during the ongoing valuation process.

Debt maturity profile as of September 30, 2015 (€ m)



Debt structure as of September 30, 2015

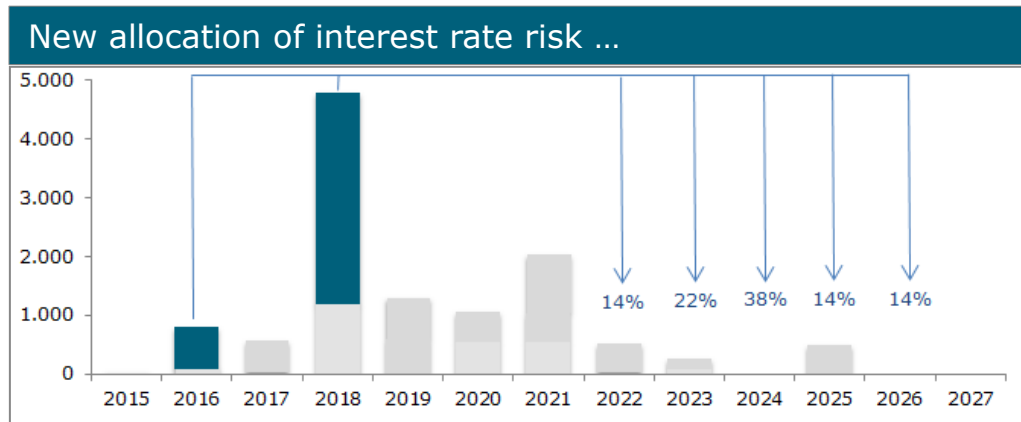


KPIs as of September 30, 2015

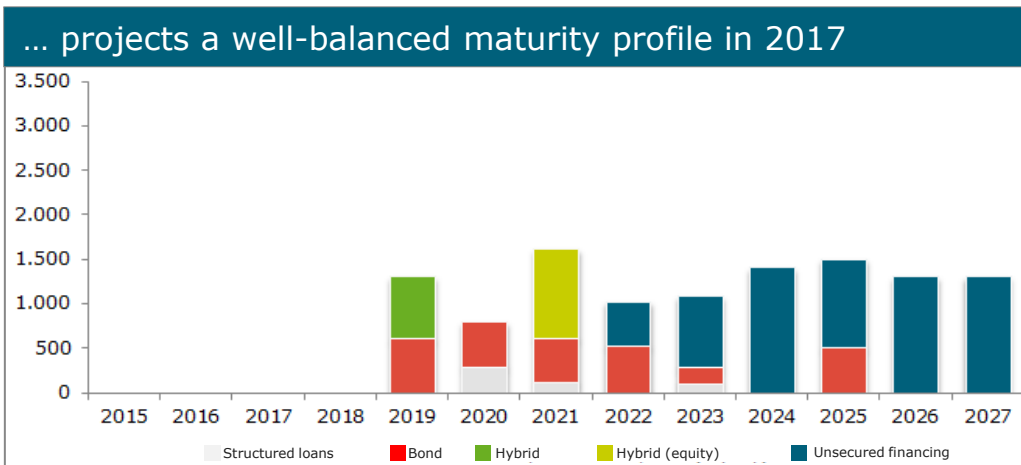
	Current	Target
LTV	50.0%	<50%
Unencumbered assets in %	38.9%	≥ 50%
Global ICR	3.0x	
Financing Cost	2.9%	

Ongoing optimization with most economic funding

- > Current maturity of around 7 years
- > Refinancing of €1.9bn to increase unencumbrance



Rounded % figures



- Standardized market-instruments have been used
- Closed forward hedges in the total amount of EUR 2.7bn assure 86% of the financial synergies of the Gagfah transaction as promised for 2017
- The remaining 14% will be realized by opportunities within the risk-spreads of the liquidity instruments and/ or additional projects
- On the back of these measures our financing costs will decrease to approximately 2.3% from 2017

2016 Stand-alone Guidance Demonstrates Increasingly Positive Momentum

	Guidance 2015 ¹ (November)	Change abs. (on midpoint)	Change % (on midpoint)	Guidance 2016 (November)
L-f-l rental growth	2.8-2.9%	+5bps	+1.8%	2.8-3.0%
Vacancy	~3%			~3%
Rental Income	€1,400-1,420m	+€100m	+7.1%	€1,500-1,520m
FFO1 (incl. hybrid)	€590-600m	+€105m	+17.6%	€690-710m
FFO1/share eop (incl. hybrid)	€1.27-1.29	+€0.22	+17.1%	€1.48-1.52
FFO1/share eop (excl. hybrid)	€1.20-€1.22	+€0.20	+16.5%	€1.39-€1.44
EPRA NAV/share	€29.00-30.00	+€1.00	+3.4%	€30.00-31.00
Adj. NAV/share ²	€23.50-24.50	+€0.50	+2.1%	€24.00-25.00
Maintenance	~€330m	-	-	~€330m
Modernization	€330-350m	+€130m	+38.2%	€430-500m ³
Privatization (#)	~2,900	-500	-17.2%	~2,400
FMV step-up (Privatization)	>30%			~30%
Non-core (#)	opportunistic			opportunistic
FMV step-up (Non-Core)	~0%			~0%
Dividend/share ⁴	€0.94			~70% of FFO1

¹ Incl. acquisitions pro rata (see p. 42); per share numbers based on 466.0 million shares currently outstanding

² Excl. goodwill

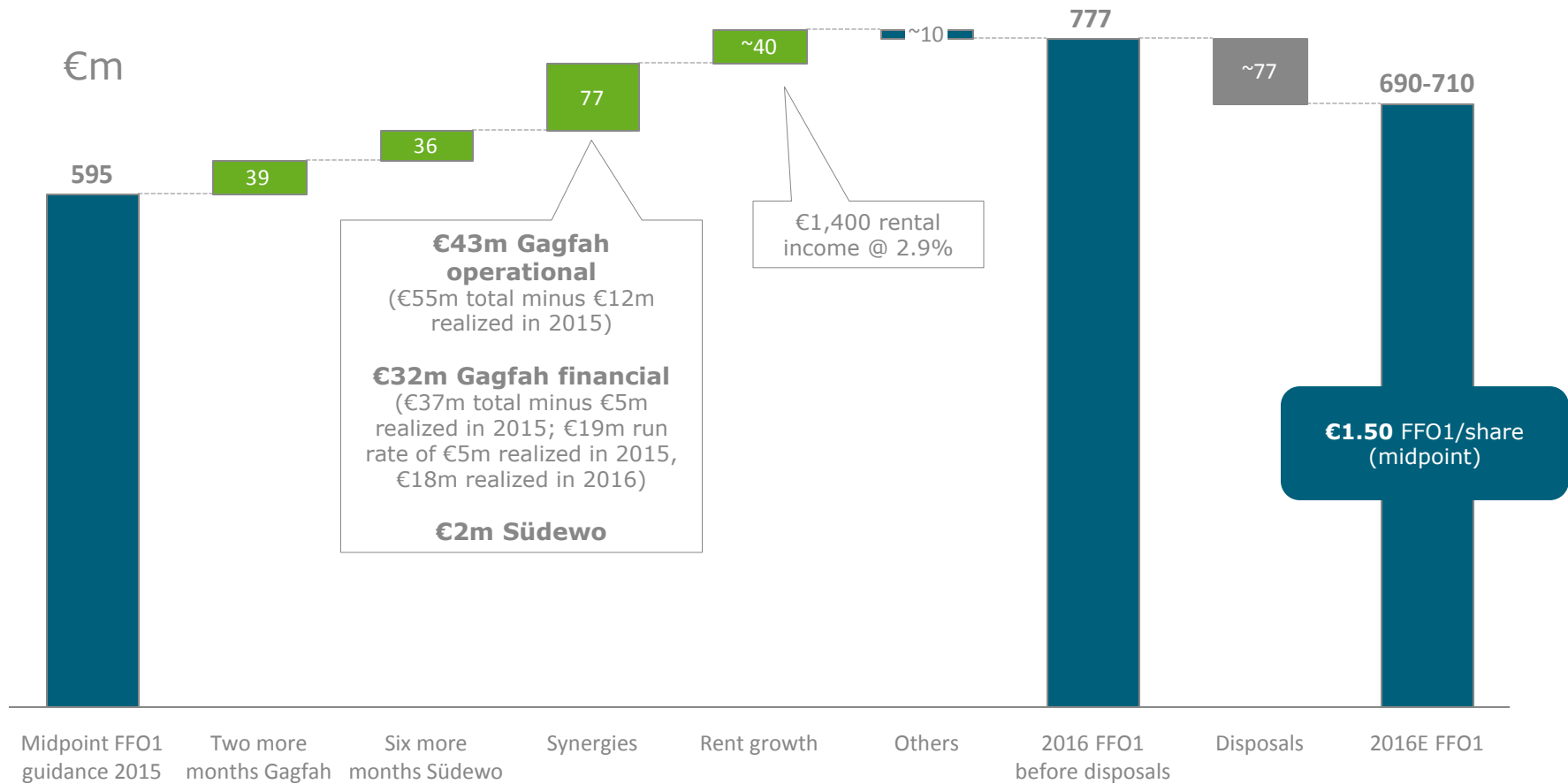
³ Modernization volume beyond €430m in 2016 guidance depends on availability of building permits

⁴ To be recommended to the AGM. Going forward, the stated dividend policy of ~70% of FFO1 (Group) remains unchanged
Guidance 2016 is excluding impacts from potential tender offer for Deutsche Wohnen shares

FFO Bridge 2015E to 2016E

Q3 2015 LTV 50%

Q4 2016 LTV <46%



€bn	Sep. 30, 2015	Operational effects Q4	Valuation effect	Portfolio Sales	Dec. 31, 2015 pro forma incl. expected valuation uplift and disposals
Non-derivative financial liabilities	12.2	-0.3		-0.2	11.8
Foreign currency effects	-0.2				-0.2
Cash and cash equivalents	-0.5	+0.2		-0.5	-0.8
Adjusted net debt	11.6	-0.1		-0.7	10.8
FV of Vonovia portfolio ¹	23.1				23.1
Disposals		-0.3		-0.7	-0.9
Valuation growth ²			+1.3		+1.3
Fair value of Vonovia portfolio	23.1	-0.3	+1.3	-0.7	23.5
LTV	50.0%	c. 50%	c. 48%	c. 46%	c. 46%

¹ Incl. capitalized modernization investments

² Excl. capitalized modernization investments (see p. 16)

Including debt hybrid

Numbers include rounding effects

-
- Underlying business performance remains strong with increasing momentum, as reflected in raised-again 2015 guidance as well as in new 2016 stand-alone guidance
 - Completed portfolio management structure provides ample opportunity for organic value-enhancing growth
 - Disposals of non-strategic and non-core assets improve overall portfolio quality and generate substantial free cash flow
 - LTV reduction to ~46% expected by year-end 2015 (pro forma and including impact from agreed sales)

APPENDIX

	Description	Calculation
FFO1	<p>FFO1 is calculated as the profit or loss for the period adjusted for sales-related, non-recurring, non-cash or similar items. It approximates the sustainable, recurring operating cash flow to the Group before payments to equity hybrid investors and minorities. This FFO1 is not determined on the basis of a specific international reporting standard but is to be regarded as a supplement to other performance indicators determined in accordance with IFRS. The FFO1 per share is calculated on the basis of all outstanding, dividend-bearing shares.</p>	<p>IFRS profit or loss for the period adjusted by</p> <ul style="list-style-type: none"> • the profit or loss from sales • the effects from property held for sale • specific effects which do not relate to the period, are non-recurring or do not relate to the objective of the Company • the net income from fair value adjustments of investment properties, • depreciation and amortization • deferred and prior-year current taxes (tax expenses/income), • transaction costs • prepayment penalties and commitment interest • valuation effects on financial instruments • the unwinding of discounting for provisions, particularly pension provisions • and other prior-year interest expenses • income that is not of a long-term nature
EPRA NAV	<p>EPRA NAV is used as an indicator of the Group's long-term equity and is calculated according to EPRA's Best Practice Recommendations. The adjusted NAV represents the EPRA NAV less goodwill.</p>	<p>Group equity (including goodwill),</p> <ul style="list-style-type: none"> + deferred taxes on properties and assets held for sale + fair value of derivative financial instruments - deferred taxes on derivative financial instruments <p>+ Non-derivative financial liabilities (excluding equity hybrid)</p> <ul style="list-style-type: none"> - Foreign currency effects - Cash and cash equivalents <p>= Net debt</p>
LTV	<p>The LTV shows the ratio of net debt (excluding equity hybrid) to property value.</p>	<ul style="list-style-type: none"> + Fair value of investment property + Fair value of trading properties and assets held for sale + Fair value of properties used by the Group <p>= Fair value</p>

Consolidation Scope

	DAIG	DeWAG	Vitus	Gagfah	Franconia	Südewo
9M 2014	9 months	6 months	-	-	-	-
FY 2014	12 months	9 months	3 months	-	-	-
9M 2015	9 months	9 months	9 months	7 months	6 months	3 months
FY 2015 Guidance	12 months	12 months	12 months	10 months	9 months	6 months
FY 2016 Guidance	12 months	12 months	12 months	12 months	12 months	12 months

9M 2015 Key Figures

VONOVIA

€m	9M 2015	9M 2014	Change (€)	Change (%)
Residential units (k)	366,918	183,983	182,935	99.4
Rental income	1,019.4	572.7	446.7	78.0
Vacancy rate (%)	3.4	3.6	-0.2	-0.2 pp
Monthly in-place rent/ sqm (like-for-like, €)	5.77	5.61	0.16	2.9
Adjusted EBITDA Rental	699.8	364.5	335.3	92.0
Adjusted EBITDA Rental /unit (€)	2,209	2,017	192.1	9.5
Income from disposal of properties	315.6	213.0	102.6	48.2
Adjusted EBITDA Sales	34.1	35.7	-1.6	-4.5
Adjusted EBITDA	733.9	400.2	333.7	83.4
FFO1	432.2	205.0	227.2	110.8
FFO2	466.3	240.7	225.6	93.7
FFO1 before maintenance	600.0	311.4	288.6	92.7
AFFO	351.5	188.4	163.1	86.6
Fair value market properties ³	23,148.7	12,759.1	10,389.6	81.4
EPRA NAV ³	12,662.4	6,578.0	6,084.4	92.5
LTV (%) ⁴	50.0	49.7	0.3	0.3 pp
FFO1/ share (€) ¹	0.93	0.81	0.12	14.2
EPRA NAV / share (€) ²	27.17	23.04	4.13	17.9

¹ Based on the number of shares as of the reporting date: 09/30/2015: 466.0m and 09/30/2014: 240.2m. 9M 2014 TERP-adjusted.

² NAV / share based on the number of outstanding shares as of the reporting date: 09/30/2015: 466.0m and 12/31/2014: 271.6m. Number as of 31 Dec 2014 TERP-adjusted.

³ 09/30/2015 vs. 12/31/2014

⁴ LTV at 12/31/2014 adjusted for effects of capital measures

€m	9M 2015	9M 2014	Change (€m)	Change (%)	Comments
Income from property letting	1,470.3	823.5	646.8	78.5	
Rental income	1,019.4	572.7	446.7	78.0	Increase mainly acquisition-related (residential units 367k vs 184k), additionally in-place rent on a like-for-like basis increased by 2.9%
Ancillary costs	450.9	250.8	200.1	79.8	Increase mainly reflects increased portfolio size, additionally vacancy rate decreased by 0.2pp
Other income from property management	21.3	13.2	8.1	61.4	
Income from property management	1,491.6	836.7	654.9	78.3	Slight increase due to higher Non-core Sales volume, partially offset by slightly lower Non-core Step-up
Income from sale of properties	315.6	213.0	102.6	48.2	
Carrying amount of properties sold	-288.9	-180.6	-108.3	60.0	Major market developments and measurement parameters that have an impact on Vonovia's fair values are assessed every quarter. Since a sufficient valid set of data was not yet available for major measurement parameters as of September 30, 2015, no adjustment was made to the fair values in the third quarter of 2015.
Revaluation of assets held for sale	24.4	16.5	7.9	47.9	
Profit on disposal of properties	51.1	48.9	2.2	4.5	
Net income from fair value adjustments of investment properties	0.0	26.9	-26.9	-100.0	
Capitalized internal modernization expenses	115.1	59.8	55.3	92.5	2015 increase reflects larger portfolio size and in-sourcing effect of craftsmen organization
Cost of materials	-683.0	-382.7	-300.3	78.5	Increase mainly acquisition-related
Expenses for ancillary costs	-439.0	-246.6	-192.4	78.0	
Expenses for maintenance	-169.7	-100.7	-69.0	68.5	
Other costs of purchased goods and services	-74.3	-35.4	-38.9	109.9	Ramp-up from 3,436 to 6,125 employees leads to increased personnel expenses which primarily result from Gagfah merger & TGS growth
Personnel expenses	-234.5	-130.2	-104.3	80.1	
Depreciation and amortisation	-7.3	-5.1	-2.2	43.1	
Other operating income	60.1	34.7	25.4	73.2	Increase mainly due to acquisitions (Gagfah and Südewo) and increased recurring income / cost reimbursements
Other operating expenses	-171.8	-110.7	-61.1	55.2	Increase mainly related to additional expenses of acquisitions as well as consulting and audit fees for Gagfah merger, other effects comprise vehicle and travelling costs which mainly increased due to insourcing
Financial income	3.5	4.2	-0.7	-16.7	
Financial expenses	-300.2	-206.7	-93.5	45.2	
Profit before tax	324.6	175.8	148.8	84.6	Strongly impacted by additional financings as a result of acquisitions and by transaction costs for Gagfah deal financing
Income tax	-131.1	-53.8	-77.3	143.7	
Current income tax	-15.4	5.5	-	-	
Other (incl. deferred tax)	-115.7	-59.3	-56.4	95.1	
Profit for the period	193.5	122.0	71.5	58.6	

EBITDA

Bridge to Adjusted EBITDA (€m)	9M 2015	9M 2014	Change (€)	Change (%)
Profit for the period	193.5	122.0	71.5	58.6
Net interest result	297.8	203.4	94.4	46.4
Income taxes	131.1	53.8	77.3	143.7
Depreciation	7.3	5.1	2.2	43.1
Net income from fair value adjustments of investment properties	0	-26.9	NA	NA
EBITDA IFRS	629.7	357.4	272.3	76.2
Non-recurring items	103.6	40.5	63.1	155.8
Period adjustments	0.6	2.3	-1.7	-73.9
Adjusted EBITDA	733.9	400.2	333.7	83.4
Adjusted EBITDA Rental	699.8	364.5	335.3	92.0
Adjusted EBITDA Sales	34.1	35.7	-1.6	-4.5

Rental Segment (€m)	9M 2015	9M 2014	Change (€)	Change (%)
Average number of units over the period	316,735	180,685	136,050	75.3
Rental income	1,019.4	572.7	446.7	78.0
Maintenance	-167.8	-106.4	-61.4	57.7
Operating costs	-151.8	-101.8	-50.0	49.1
Adjusted EBITDA Rental	699.8	364.5	335.3	92.0

Sales Segment (€m)	9M 2015	9M 2014	Change (€)	Change (%)
Number of units sold	5,322	2,651	2,671	100.8
Income from disposal of properties	315.6	213.0	102.6	48.2
Carrying amount of properties sold	-288.9	-180.6	-108.3	60.0
Revaluation of assets held for sale	24.4	16.5	7.9	47.9
Profit on disposal of properties (IFRS)	51.1	48.9	2.2	4.5
Revaluation (realized) of assets held for sale	-24.4	-16.5	-7.9	47.9
Revaluation from disposal of assets held for sale	25.0	18.8	6.2	33.0
Adjusted profit from disposal of properties	51.7	51.2	0.5	1.0
Selling costs	-17.6	-15.5	-2.1	13.5
Adjusted EBITDA Sales	34.1	35.7	-1.6	-4.5

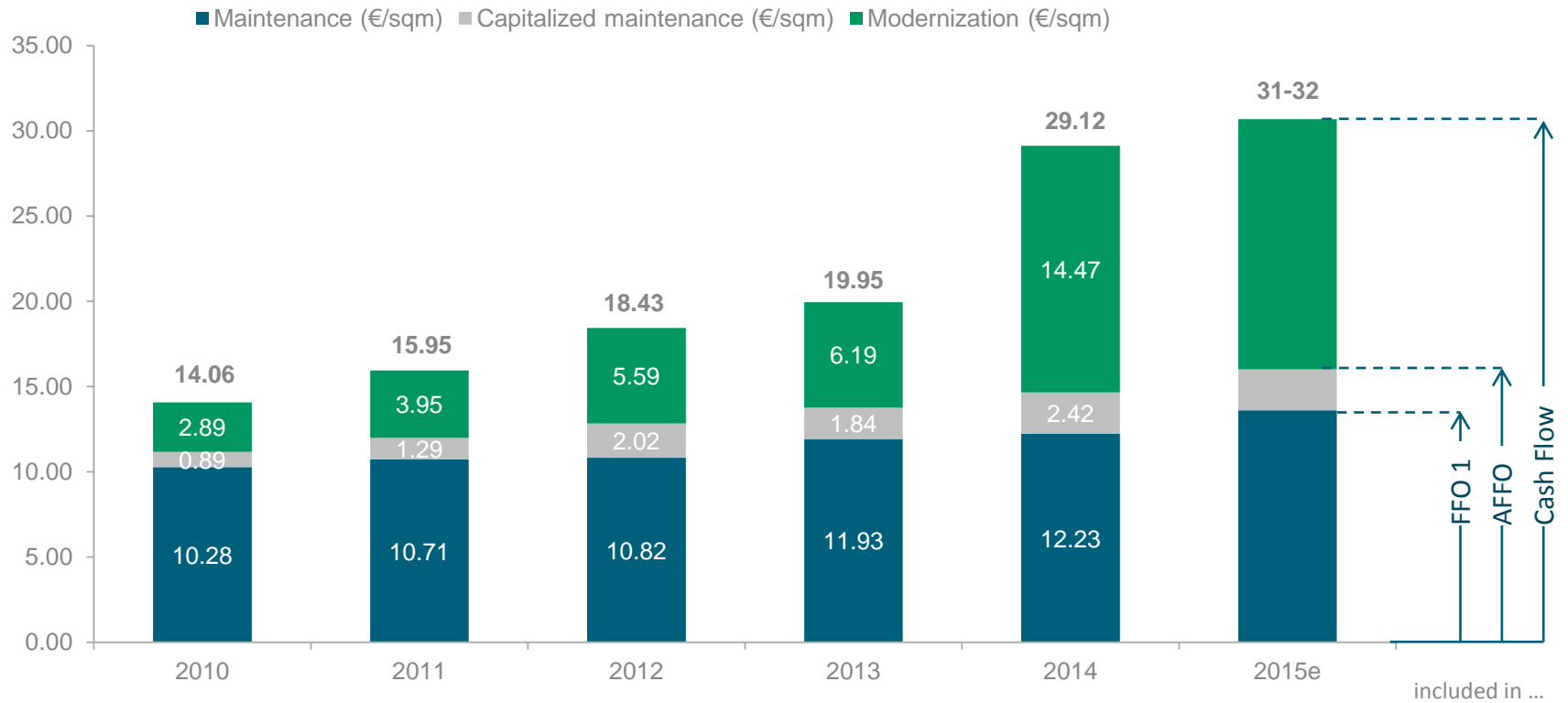
- EBITDA increase driven by rental business
- Adjusted EBITDA Rental reflects acquisitions as well as operational performance
- Adjusted EBITDA Sales slightly below previous year level: higher Non-core sales volumes offset by lower Non-core step-ups, also higher selling costs due to increased sales volumes

€m	Actuals		Change	
	9M 2015	9M 2014	€m	%
Adjusted EBITDA	733.9	400.2	333.7	83.3%
(-) Interest expense FFO	-251.8	-153.5	-98.3	64.4%
(-) Current income taxes	-15.8	-6.0	-9.8	163.3%
(=) FFO2	466.3	240.7	225.6	93.7%
(-) Adjusted EBITDA Sales	-34.1	-35.7	1.6	-4.5%
(=) FFO1	432.2	205.0	227.2	110.8%
thereof attributable to shareholders	409.3	205.0	204.3	99.7%
thereof attributable to equity hybrid investors	22.9	-	-	-
(-) Capitalized maintenance	-80.7	-16.6	-64.1	386.1%
(=) AFFO	351.5	188.4	163.1	86.6%
(+) Capitalized maintenance	80.7	16.6	64.1	386.1%
(+) Expenses for maintenance	167.8	106.4	67.0	63.0%
(=) FFO1 excl. maintenance	600.0	311.4	298.5	95.9%

Maintenance and Modernization

Maintenance and modernization (€m)	9M 2015	9M 2014	Change (€m)	Change (%)	Comments
Maintenance expenses	167.8	106.4	61.4	57.7	Compared to 9M 2014 significant increase due to measures in Gagfah Portfolio
Capitalized Maintenance	81.3	16.9	64.4	381.1	
Modernization work	219.0	120	99.0	82.5	Modernization program mainly addressing investments in buildings or apartments regarding energy efficiency, senior living and high-standard refurbishments
Total cost of modernization and maintenance	468.1	243.3	224.8	92.4	
Thereof sales of own craftsmen's organisation	274.1	129.8	144.3	111.2	Compared to 9M 2014, revenues of in-house craftsmen organisation increased significantly due to successful TGS implementation and increased portfolio size
Thereof bought-in services	194.0	113.5	80.5	70.9	
Modernization and maintenance / sqm (€)	23.67	21.07	2.6	12.4	

Maintenance & Modernization Development



Balance Sheet

€m	Sep 30, 2015	Dec 31, 2014	Comments
Investment Properties	23,018.2	12,687.2	Increase driven by Gagfah acquisition € 8,184.8m, SÜDEWO acquisition € 1,742.1m as well as the "Franconia" acquisition € 298.1m
Other non-current assets	2,938.5	292.8	
Total non-current assets	25,956.7	12,980.0	
Cash and cash equivalents	512.2	1,564.8	Increase mainly driven by Gagfah acquisition Preliminary Goodwill of € 2,192.4m (Gagfah) and € 338.2m (Südewo) included
Other financial assets		2.0	
Other current assets	318.9	212.4	Decrease basically driven by cash consideration Gagfah € 2,022.5m
Total current assets	831.1	1,779.2	
Total Assets	26,787.8	14,759.2	
Total equity attributable to DA shareholders	9,853.7	4,932.6	Capital increase of € 5,011.2m included
Equity attributable to hybrid capital investors	1,031.5	1,001.6	
Non-controlling interests	176.5	28.0	Increase of non controlling interest by consolidation of Gagfah €139.3m
Total equity	11,061.7	5,962.2	
Provisions	575.5	422.1	
Trade payables	0.9	1.0	
Non derivative financial liabilities	11,323.1	6,539.5	Increase driven by consolidation of Gagfah, as well as issuing EMTN Bonds of € 1.0bn.
Derivative financial liabilities	139.9	54.5	
Liabilities from finance leases	94.5	88.1	
Liabilities to non-controlling interests	38.2	46.3	
Other liabilities	29.7	8.6	
Deferred tax liabilities	1,897.1	1,132.8	Increase generally driven by Gagfah acquisition € 455.2m and by Südewo acquisition €227.1m
Total non-current liabilities	14,098.9	8,292.9	
Provisions	379.7	211.3	
Trade payables	93.8	51.5	
Non derivative financial liabilities	909.2	125.3	
Derivative financial liabilities	122.8	21.9	
Liabilities from finance leases	4.8	4.4	
Liabilities to non-controlling interests	8.0	7.5	
Other liabilities	108.9	82.2	
Total current liabilities	1,627.2	504.1	
Total liabilities	15,726.1	8,797.0	
Total equity and liabilities	26,787.8	14,759.2	

€m	Actuals		Change	
	September 30, 2015	December 31, 2014	€m	%
Equity attributable to shareholders	9,853.7	4,932.6	4,921.1	99.8
Deferred taxes on investment property/ properties for sale	2,697.6	1,581.0	1,116.6	70.6
Fair value of derivative financial instruments ¹	150.5	88.1	62.4	70.8
Deferred taxes on derivative financial instruments	-39.4	-23.7	-15.7	66.2
EPRA NAV	12,662.4	6,578.0	6,084.4	92.5
Goodwill	-2,636.6	-106.0	-2,530.6	na
Adjusted NAV	10,025.8	6,472.0	3,553.8	54.9
EPRA NAV per share (€)²	27.17	23.04	4.13	17.9
Adjusted NAV per share (€)²	21.51	22.67	-1.16	-5.1

¹ Adjusted for effects from cross-currency swaps

² Based on number of shares outstanding as of respective reporting dates (31 Dec. 2014: 271.6m; 30 Sept. 2015: 466.0m). 31 Dec 2014 numbers TERP-adjusted.

€m	Actuals	
	Sep. 30, 2015	Dec. 31, 2014
Goodwill DeWAG	10.7	10.7
Goodwill Vitus	95.3	95.3
Goodwill Gagfah	2,192.4	-
Goodwill Südewo	338.2	-
Total Goodwill (as of reporting date)	2,636.6	106.0

Bond and Rating KPIs as per September 30, 2015

> Bond KPIs

Covenant	Level	Actual
LTV Total Debt / Total Assets	<60%	46%
Secured LTV Secured Debt / Total Assets	<45%	28%
ICR LTM ¹ EBITDA / LTM Interest Expense	>1.80x	2.89x
Unencumbered Assets Unencumbered Assets / Unsecured Debt	>125%	260%

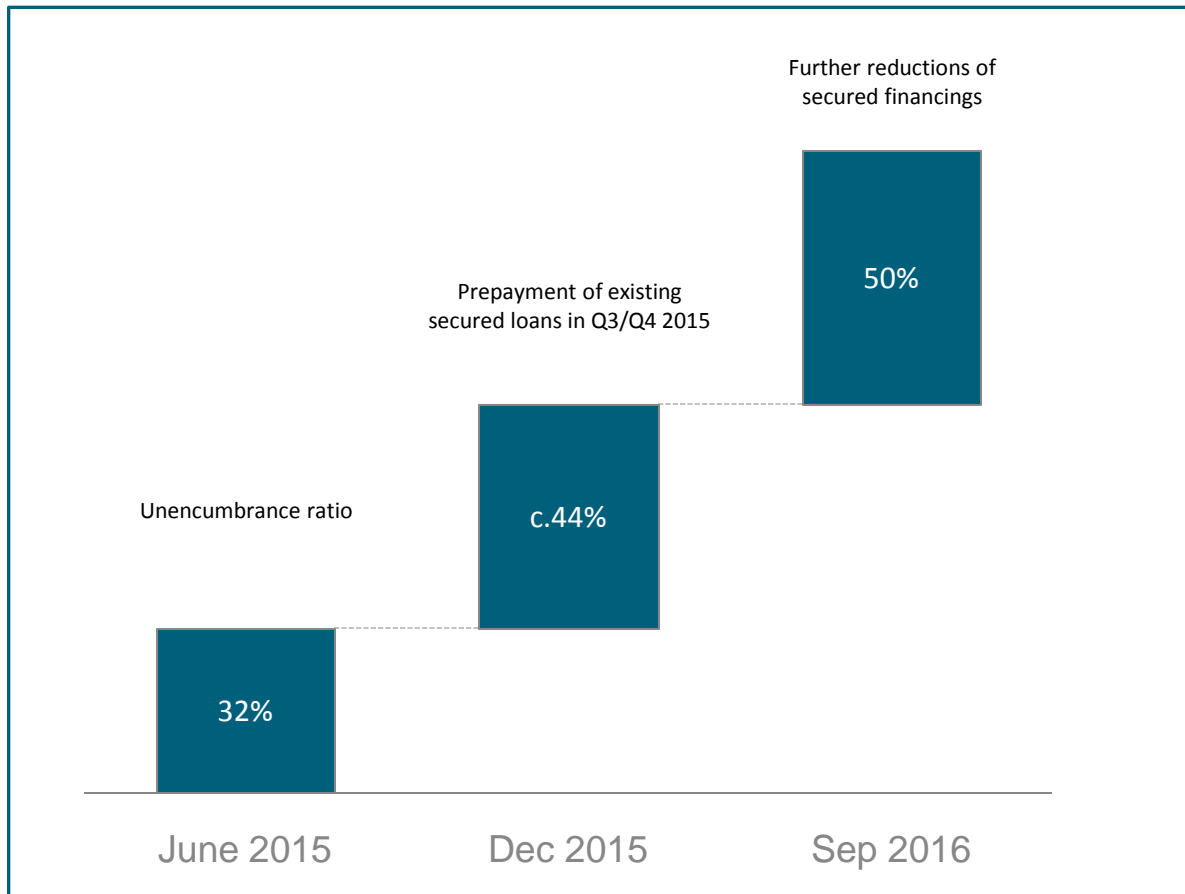
> Rating KPIs

Covenant	Level
Debt to Capital Total Debt / Total Equity + Total Debt	<60%
ICR LTM ¹ EBITDA / LTM Interest Expense	>1.80%

¹ LTM = last 12 months

Development of Unencumbrance Ratio

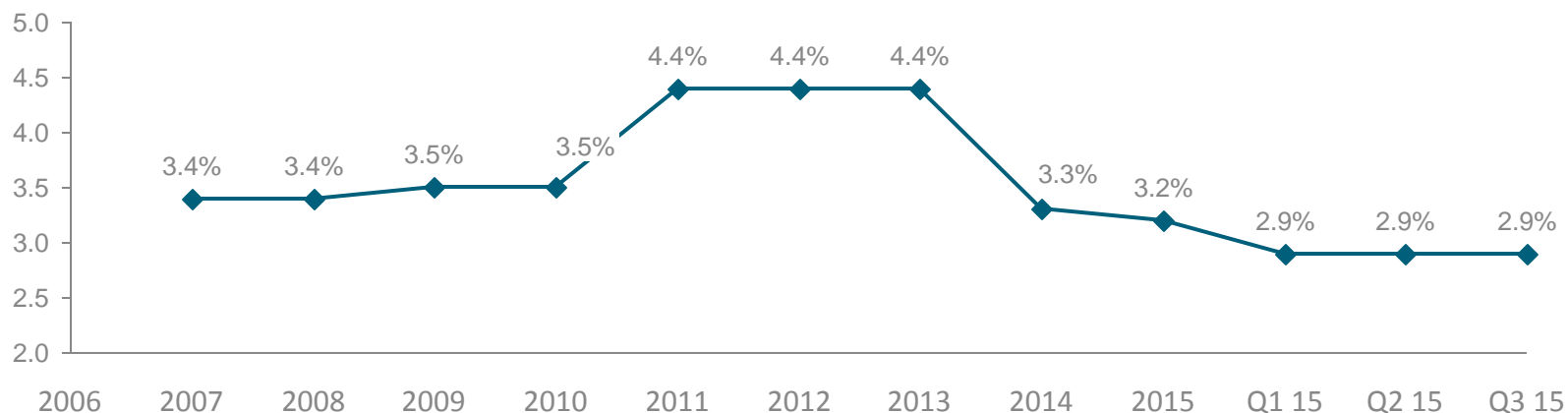
- Unencumbrance ratio dropped from 50% pre GAGFAH down to 32% including GAGFAH
- S&P provides up to 18 months (i.e. 30 Sept 2016) to reach 50% unencumbrance ratio



Evolution of Average Interest Costs/ Interest Rate Sensitivity

VONOVIA

Evolution of average interest costs



Development

- **Reduction** of average **interest costs** since 2012, with **extended and smoothened** maturity profile at the same time
- **Balanced mix of secured and unsecured** refinancing sources to **reduce risk** and **maximise funding options**
- Included a **€700m Hybrid with 4.6% coupon** to our capital structure for the 2014 acquisitions instead of convertibles to avoid **FFO dilution**

Outlook

- Further optimization of capital structure as well as debt profile in terms of costs and maturity. Focus is on more than minimizing the average interest costs. Also considering the optimal product mix, the overall economic benefit and the shareholder interests to support **long term growth**.
- Next goal is to reduce the refinancing volume for 2018

Corporate Investment grade rating

Rating agency	Rating	Outlook	Last Update
Standard & Poor's	BBB+	Stable	10 Mar 2015

Bond ratings

	Amount	Issue price	Coupon	Final Maturity Date	Rating
3 years 2.125% Euro Bond	€ 700m	99.793%	2.125%	25 July 2016	BBB+
6 years 3.125% Euro Bond	€ 600m	99.935%	3.125%	25 July 2019	BBB+
4 years 3.200% Yankee Bond	USD 750m	100.000%	3.200% (2.970%)*	2 Oct 2017	BBB+
10 years 5.000% Yankee Bond	USD 250m	98.993%	5.000% (4.580%)*	2 Oct 2023	BBB+
8 years 3.625% EMTN (Series No. 1)	€ 500m	99.843%	3.625%	8 Oct 2021	BBB+
60 years 4.625% Hybrid Bond	€ 700m	99.782%	4.625%	8 Apr 2074	BBB-
8 years 2.125% EMTN (Series No. 2)	€ 500m	99.412%	2.125%	9 July 2022	BBB+
perpetual 4% Hybrid Bond	€ 1,000m	100.000%	4.000%	perpetual	BBB-
5 years 0.875% EMTN (Series No. 3)	€ 500m	99.263%	0.875%	30 Mar 2020	BBB+
10 years 1.500% EMTN (Series No. 4)	€ 500m	98.455%	1.5000%	31 Mar 2025	BBB+

* EUR-equivalent re-offer yield

Overview as of September 30, 2015

Name	Amount	Coupon	Final Maturity Date
German Residential Funding 2013-1 Limited	€ 1,865m	2.80%	27 Aug 2018
German Residential Funding 2013-2 Limited	€ 682m	2.67%	27 Nov 2018
Taurus 2013 (GMF1) PLC	€1,035m	3.35%	21 May 2018

Expected prepayment fees for early CMBS redemption (€ m)

IPD	GRF-1	GRF-2	WOBA
Feb 2016	75.5	28.5	50.5
May 2016	67.0	25.6	14.6
Aug 2016	27.2	22.6	10.6
Nov 2016	19.8	10.1	6.7
Feb 2017	12.9	7.6	2.8
May 2017	6.3	5.3	1.4
Aug 2017	2.9	2.9	0.1
Nov 2017	0.6	1.2	0.0
Feb 2018	0.0	0.4	0.0
May 2018	0.0	0.0	0.0
Aug 2018	0.0	0.0	na
Nov 2018	na	0.0	na

Hedge break costs not considered.

Values may differ in case of deviation from sales plan.

Portfolio Management Strategy

Value-driven asset management approach in locations with above-average development potential

STRATEGIC

Operate: rent growth, vacancy reduction, effective and sustainable maintenance spending and cost savings.

Upgrade buildings: comprehensive investments with a focus on energy efficiency

Optimize apartments: selective investments in individual flats (focus on senior living and high-end modernization in strong markets that allow a rental premium for fully refurbished apartments)

NON STRATEGIC

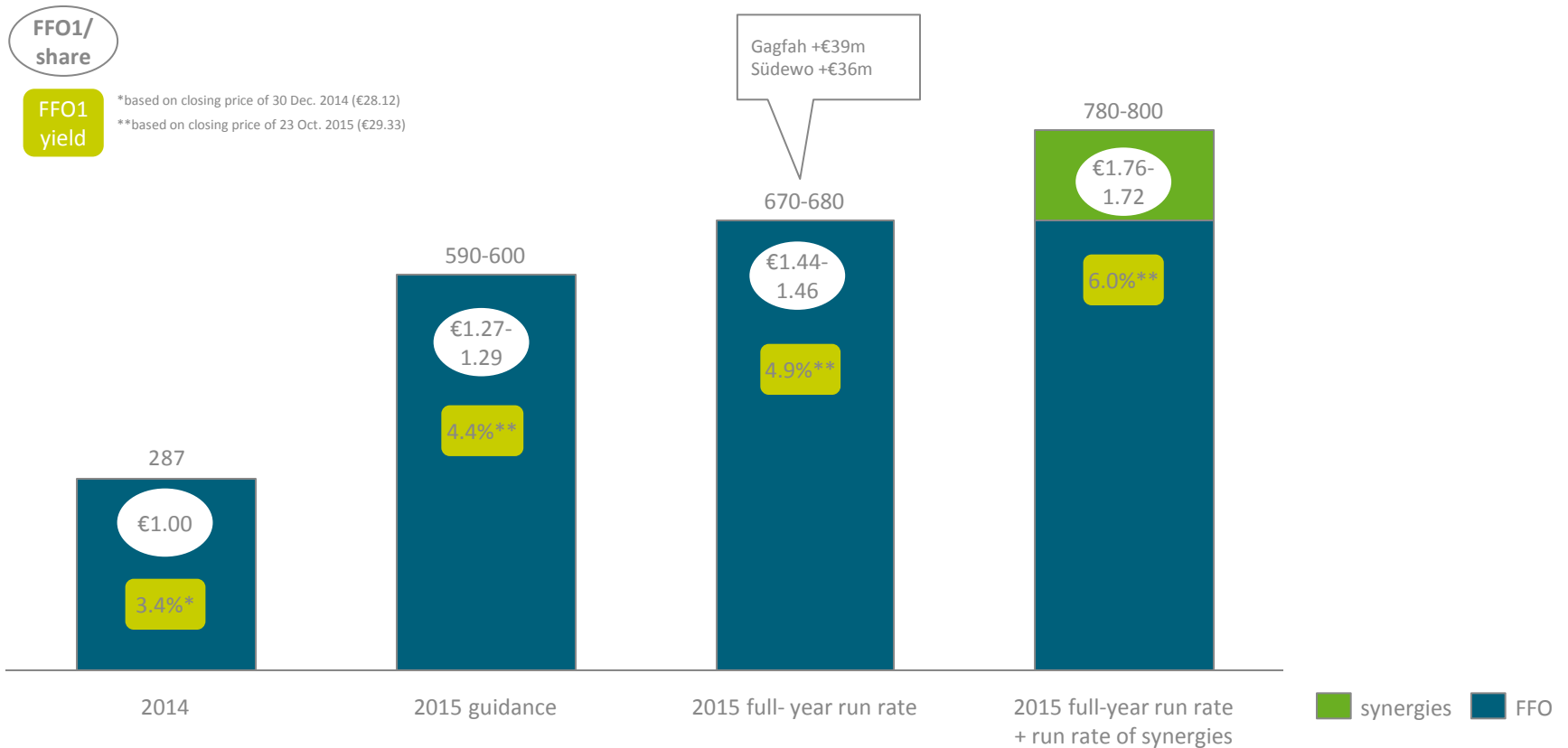
Locations and assets that do not form an integral part of Vonovia's strategy. Mostly average location and asset quality with stable cash flows. Under permanent review.

Privatize/
Non-core

Privatize: opportunistic retail sales at attractive premiums above current valuation

Non-core: portfolio optimization through sale of assets that have limited development potential in terms of condition and/or location

FFO 1 (€m)



> Dividend policy: ~70% of FFO1

Without operating FFO growth and after 2015, excl. disposals

2015 guidance incl. pro rata contribution of acquisitions: Gagfah (10 months), Franconia (9 months), Südewo (6 months)

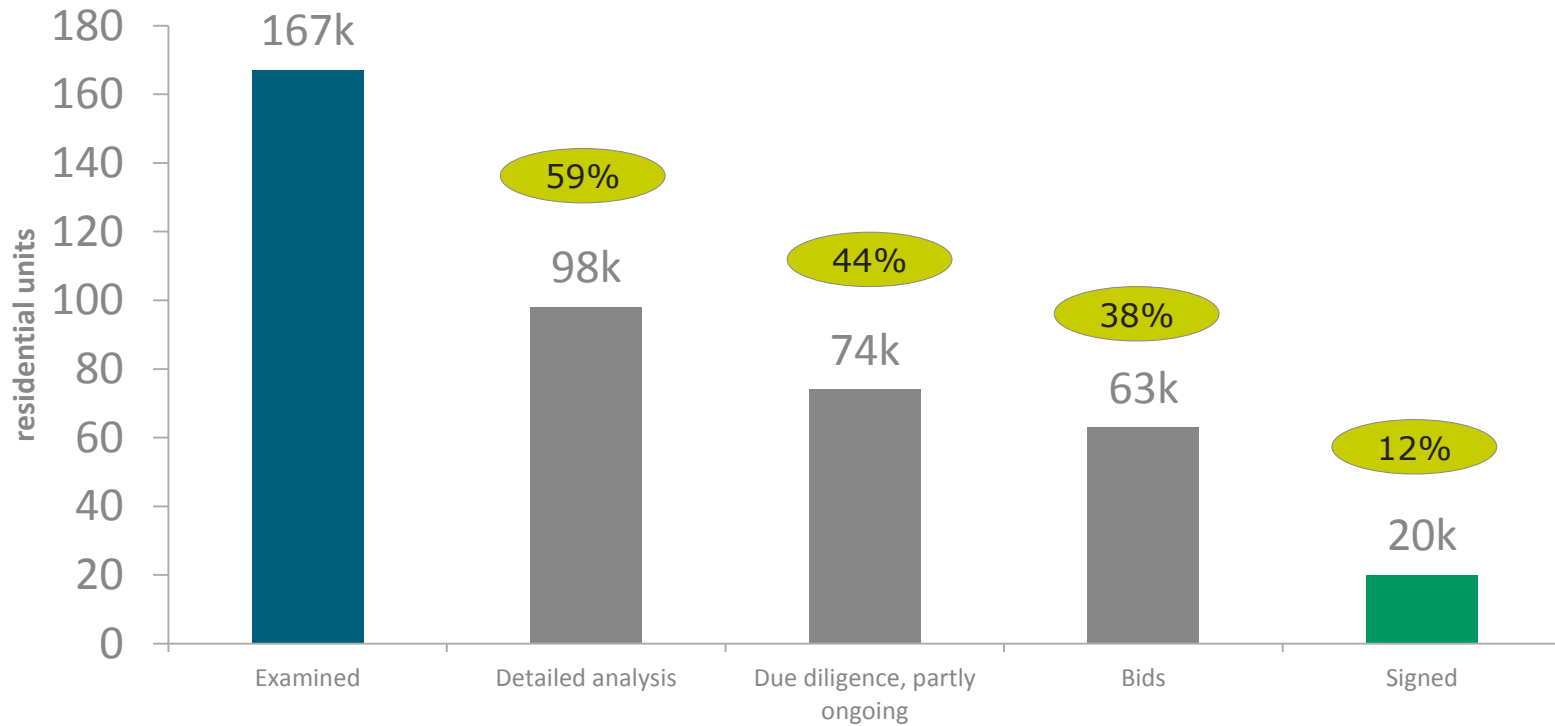
Based on number of outstanding shares per 31 Dec. 2014 = 271.6m and current = 466.0m

- Granular integration processes finalized
- Segmentation of combined portfolio completed
- Bottom-up synergy analysis completed
- All functions agreed with works council
- IT integration of financial data completed / one integrated SAP-IT platform for the entire Group (since 1 July 2015)
- Successful dry run for rent collection (go-live on 15 December 2015)
- Organizational integration of operational units (regions, TGS etc.) done
- Successful dry-run for all processes
- Training sessions in all processes almost completed
- Budgeting and planning processes completely integrated

- Integration ahead of schedule with higher synergies and lower one-off costs than planned
- Substantially increased economies of scale (purchasing, extension strategy)
- Increased scale de-risking the platform

Acquisition Pipeline Update

Acquisition Pipeline 2015 (as of 30 September 2015)



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Financial Calendar

2015

March 5	Full year results 2014 ✓
Apr 30	Annual General Meeting ✓
Jun 01	Interim report Q1 2015 ✓
Aug 19	Interim report H1 2015 ✓
Nov 3	Interim report 9M 2015 ✓
Nov 30	EGM

2016

March 3	Full year results 2015
May 12	Annual General Meeting
May 12	Interim report Q1 2016
Aug 2	Interim report H1 2016
Nov 3	Interim report 9M 2016

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