

## Press Release

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Results as of June 30, 2016

## Vonovia Increases Its 2016 Guidance for the Second Time in a Row

### Significant Efficiency Improvements in the First Six Months

- FFO 1 up by 44.2 % to € 387.8 million; FFO 1 comes to € 0.83 per share (H1 2015: € 0.71).
- Higher rental income through moderate increase and property improvements over H1 2015.
- Profit from property-related services expanded to € 26.0 million (+ 23 % year-over-year).

### Sustainable and Successful Performance Leads to Second Guidance Increase for 2016

- FFO 1 of € 740 million - € 760 million (2015: € 608.0 million).
- FFO 1 per share of € 1.59 - € 1.63 (+ 24 % year-on-year).
- Considerable improvement in the portfolio thanks to investments, sales and acquisitions

### Investments in Existing Properties, New Construction and Customer Service

- Customer service strengthened by concentrating services in Dresden and Duisburg.
- Record investments of up to € 840 million in modernization, new construction and maintenance planned for 2016.
- Vacancy rate of 2.5 % expected by the end of the year (H1 2016: 2.8 %).

*Bochum, Germany, August 2, 2016* – Vonovia SE is once again increasing its guidance for the 2016 fiscal year. Vonovia is continuing on its successful trajectory in the first half of 2016, once again improving its key figures in the areas of property management, portfolio management, the Extension segment and financing.

“The improvements in efficiency and synergies resulting from the acquisitions are proving to be greater than originally anticipated. At the same time, we are improving the quality of our nationwide portfolio by means of investments, sales and acquisitions. On this basis, we are lifting our forecast for 2016 for the second time in succession,” says CEO Rolf Buch. “We will continue to achieve growth on our own steam based on

our tried-and-tested strategy and will systematically exploit the potential for additional value growth.”

## Management Board Increases 2016 Guidance Again

Vonovia is once again increasing its guidance for the current year. FFO 1 (funds from operations, profit from operations after current interest and taxes) is the key figure indicating the company's sustained earnings power. The company expects to achieve FFO 1 of between € 740 million and € 760 million (forecast in Q1 2016: € 720 million to € 740 million). FFO 1 came to € 608.0 million in 2015. This corresponds to a year-over-year increase in FFO 1 per share of 24 %, from € 1.59 to € 1.63 (forecast in Q1 2016: € 1.55 to € 1.59). The vacancy rate is expected to drop further to around 2.5 % by the end of the year.

By the end of the year, Vonovia is currently planning for its EPRA NAV (net asset value, real estate assets without liabilities) per share to have increased to as much as € 31 (2015: € 30.02). This figure does not yet include any yield compression from the expected positive effects of the ongoing increase in transaction prices in many locations in Germany, which is resulting in a higher valuation of the real estate portfolios.

For 2016, Vonovia is currently planning to propose a dividend of at least € 1.05 per share. This corresponds to another increase of around 12 % and a dividend yield of 3.2 % based on the closing price on June 30, 2016.

Vonovia is making faster progress than planned on its investment program for modernization and new construction: In 2016 as a whole, the investment volume is to increase to between € 470 million and € 500 million. Vonovia is planning to add extra stories to existing buildings and build multifamily residences using modular and conventional construction methods. The company is also planning to invest around € 340 million in maintenance.

## Earnings Power Increased Again in First Half of 2016

Vonovia increased its FFO 1 by 44.2 % in the first half of 2016 to a total of € 387.8 million (H1 2015: € 269.0 million). FFO 1 per share rose to € 0.83 (H1 2015: € 0.71). The EPRA NAV came to € 13,671.7 million as of June 30, 2016. The EPRA NAV per share amounted to € 29.34 (H1 2015: 26,77 €). In addition, a dividend of € 0.94 per share was distributed in May 2016.

At € 147.9 million, the profit for the first half of 2016 was up significantly on the value of € 84.9 million recorded in the first half of 2015. This substantial increase of 74.2 % is due primarily to the full integration of

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GAGFAH, Franconia and SÜDEWO.

## **Strong Growth in the Rental and Extension Segments**

Rental income from property management increased by around 23.4 % to € 774.7 million (H1 2015: € 628.0 million). A moderate growth of 1.4 % in rents along property improvements increased the monthly in-place rent per square meter, based on the same housing stocks on the reporting dates of June 30, 2015, and June 30, 2016 (i.e., on a like-for-like basis), by 2.8 % to € 5.81 (H1 2015: € 5.65). The low vacancy rate of 2.8 % and the reletting of renovated apartments also had a positive impact on rental development.

During the reporting period, the company invested a total of € 295.3 million (H1 2015: € 265.2 million) in its portfolio. The expenses for maintenance and capitalized maintenance came to € 148.3 million, up slightly on the prior-year value. The investments in modernization were increased by 24.6 % to € 147.0 million (H1 2015: € 118.0 million). These services have been performed or coordinated almost exclusively by the company's own craftsmen since the beginning of the year.

The Extension segment pools the various housing-related services that Vonovia offers. These include those performed by the company's own craftsmen's organization, the upkeep of the residential environment, the cable TV business, measuring the consumption of water and heating as well as property management for third parties. Adjusted EBITDA in this segment rose by 23.2 % to € 26.0 million in the first six months of the year (H1 2015: € 21.1 million).

## **Portfolio Strategy Successfully Continued**

Vonovia continued with its value-enhancing portfolio strategy. As of the reporting date June 30, 2016, Vonovia managed a total of about 394,000 apartments in attractive cities and regions in Germany, around 340,000 of which it owned itself and approximately 54,000 of which it managed on behalf of third parties. The 340,000 or so apartments the company owns itself have a portfolio value of approximately € 24 billion. These include around 2,400 apartments, primarily in Baden-Württemberg and Bavaria, that Vonovia acquired with effect from January 1, 2016.

In the first half of the year, Vonovia sold a total of around 19,000 apartments. These include three portfolio deals comprising a total of around 2,900 apartments located primarily in northern Germany and North Rhine-Westphalia. Around 1,440 apartments were privatized through our condominium sales channel.

Adjusted EBITDA Sales increased by 138.5 % from € 19.5 million in the

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first half of 2015 to € 46.5 million in the first half of 2016.

## **Customer Service Expanded in Dresden and Duisburg**

The company aims to boost customer satisfaction further. As a result, Vonovia has not only expanded the on-site support it offers, but has also increased the telephone availability offered by its central customer service team. This has been achieved by expanding the customer service team and hiring new employees in two central locations. In April, around 300 employees moved into the new customer service premises in Dresden. In the third quarter of the year, a further 650 employees currently working in various locations will move into the new offices in Duisburg. The total number of employees has increased again. Vonovia currently employs a workforce of around 6,900 in Germany.

## **Financing Strategy Successfully Continued**

As part of its European bond program, the company issued two tranches of € 500 million each in June. In July, a bond of € 700 million was repaid on its maturity date. In August, a structured loan of € 1.8 billion on the GAGFAH portfolio will be repaid ahead of time. The company is thereby systematically continuing to optimize its financing structure.

So far, four of the bonds issued by Vonovia have been partially bought up as part of the ECB's purchase program.

## **Positive Share Price Performance**

Vonovia's shares gained 15 % in the first six months of the year, trading at € 32.75 on June 30, 2016. The shares outperformed the DAX in particular due to the stable value development and the ongoing low interest rates.

With its long-term business model, the company is virtually independent of economic fluctuations. Although the outcome of the British referendum on the UK's membership of the EU is associated with economic and political uncertainty, it has not had any negative impact on the performance of Vonovia's shares. Vonovia is an attractive investment in the eurozone's equity and debt capital markets.

Its market capitalization of around € 15.3 billion puts Vonovia in 23rd place among the most valuable listed companies in Germany.

**The 2016 H1 report: [www.vonovia.de](http://www.vonovia.de).  
Further information can be found in the press section.**

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**2016/2017 Financial Calendar**

*November 3, 2016: Interim report for the first nine months of 2016*

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

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in € million

<b>Key Financial Figures</b>	H1 2016	H1 2015	Change in %
Rental income from property management	774.7	628.0	23.4
Adjusted EBITDA Rental	535.6	406.0	31.9
Adjusted EBITDA Extension	26.0	21.1	23.2
Adjusted EBITDA Sales	46.5	19.5	138.5
Adjusted EBITDA	604.6	445.7	35.7
Modernization and maintenance services	295.3	265.2	11.3
thereof for maintenance and capitalized maintenance	148.3	147.2	0.7
thereof for modernization	147.0	118.0	24.6
FFO 1	387.8	269.0	44.2
FFO 2	409.3	283.8	44.2
FFO 1 per share in €*	0.83	0.71	16.6
Profit for the period	147.9	84.9	74.2

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in € million

<b>Key Balance Sheet Figures</b>	June 30, 2016	Dec. 31, 2015	Change in %
Fair value of the real estate portfolio	23,794.1	24,157.7	-1.5
EPRA NAV	13,671.7	13,988.2	-2.3
EPRA NAV per share in €**	29.34	30.02	-2.3
Adjusted EPRA NAV	10,952.8	11,273.5	-2.8
Adjusted EPRA NAV per share in €**	23.50	24.19	-2.8
LTV in %**	47.4	46.9	0.5 pp

<b>Key Non-Financial Figures</b>	H1 2016	H1 2015	Change in %
Number of units managed	394,285	389,950	1.1
thereof own apartments	340,442	348,216	-2.2
thereof apartments owned by others	53,843	41,734	29.0
Number of units bought	2,440	148,709	-98.4
Number of units sold	19,135	4,050	372.5
thereof Privatize	1,441	1,221	18.0
thereof Non-Core	17,694	2,829	525.5
Vacancy rate in %	2.8	3.5	-0.7 pp
Monthly in-place rent in €/m <sup>2</sup> (like for like)***	5.81	5.65	2.8
Number of employees (as of June 30)	6,909	5,877	17.6

\*Based on the shares carrying dividend rights on the reporting date: June 30, 2016: 466,000,624; June 30, 2015: 358,462,018; prior-year value TERP-adjusted

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

\*\*\*Incl. GAGFAH, Franconia/excl. SÜDEWO

## About Vonovia

Vonovia SE is Germany's leading nationwide residential real estate company. Vonovia currently owns and manages around 340,000 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 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, GPR 250 and EPRA/NAREIT Europe. Vonovia has a workforce of 6,900 employees.

### Additional Information:

Approval: Regulated Market / Prime Standard, Frankfurt Stock Exchange

ISIN: DE000A1ML7J1

WKN: A1ML7J

Common code: 094567408

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