

Press Release

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Results as of June 30, 2018

Vonovia Operationally Strong in the First Six Months of the Year – Improvement to Customer Management During Modernization

- FFO 1 (without BUWOG and Victoria Park) up by 11.5 % to € 510.3 million.
- Earnings contribution in Value-add Business increased by 13.4 % in total to € 51.7 million; car sharing launched.
- Integration of BUWOG proceeding according to plan; takeover offer to Victoria Park shareholders successful.
- Increase in FFO 1 compared to 2017 expected of approximately 15 % to reach € 1,050 million to € 1,070 million; forecast for 2018 fiscal year supplemented to include earnings contribution from Victoria Park.
- Hardship management for modernization work is being further expanded; Vonovia passes along an average of only 7 % instead of 11 % of modernization costs to tenants.

Bochum, August 31, 2018 – The first half of the 2018 fiscal year was successful for Vonovia SE (hereafter “Vonovia”). The investment program went as planned, services closely connected to real estate were expanded and efficiency in property management again increased. The successful takeovers of BUWOG and Victoria Park made it possible to diversify the portfolio on a European level.

“Vonovia is in an excellent position. One contributing factor is our financial structure: In the first half of the year, we took on equity capital and borrowed capital in the amount of approximately € 5 billion, and yet in the same period, paid out dividends of only around € 380 million.

We invest a majority of these funds here in Germany in order to provide those who live in our neighborhoods with attractive and modern homes for the long term," said Rolf Buch, Chairman of the Management Board.

"Through our many modernization projects we have learned that we need to work to gain acceptance from our customers before we begin modernization. We want to give them certainty and make it clear that we are not going to modernize anyone out of their homes."

Vonovia Also Operationally Strong in the First Half of the Year

Vonovia increased FFO 1 (Funds from operations; operating result after interest and taxes; without BUWOG and Victoria Park) as against the same period of 2017 by 11.5 % to € 510.3 million (H1 2017: € 457.7 million). FFO 1 per share rose by 2.5 % to € 0.98 (H1 2017: € 0.96).

The apartment vacancy rate dropped slightly to 2.8 % (H1 2017: 2.9 %). Rental income was € 838.8 million (without BUWOG and Victoria Park). An increase in rents due to market-related factors (1.5 %) and the effects from property value improvements and new construction (2.6 %) increased the monthly rent per square meter to € 6.41 (H1 2017: € 6.12). The loan-to-value ratio came to 43.9 % in the first half of 2018 (H1 2017: 43.2 %). Profit for the period came to € 1,200.0 million (H1 2017: € 1,064.6 million). This reflects, among other things, the valuation of the properties undertaken as of the first half of the year with an increase in value of nearly € 1.4 billion.

Investment Program 2018 On Track – Customer Management Improved for Modernization

The investment program for new construction and modernization continued successfully in the first half of the year. All measures of the project to invest billions have either been completed, started or commissioned. In addition, around € 182.1 million and thus costs that are approximately 14.7 % higher compared to the previous year's period (H1 2017: € 158.8 million) have been put into the maintenance of the housing stock.

Vonovia is already preparing for the legal change being pursued in the coalition agreement of the German federal government of lowering the modernization allocation for tenants to 8 %. In its modernization projects, the company already passes on an average of only 7 % of its

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modernization costs to tenants and thus generally stays significantly under the maximum allocation of € 3 per square meter.

Vonovia takes criticism of individual modernizations seriously and is working continuously to improve dialogue with tenants. To prepare for comprehensive modernization measures, tenant assemblies are increasingly being held in addition to formally announcing the measures. Moreover, the company has begun to hire employees who exclusively address tenant concerns individually on site.

Vonovia has likewise also restructured its customer management during modernization work and provided additional personnel in order to allow tenants who demonstrate personal or economic hardship to stay in their accustomed surroundings. The aim is to reach a good and mutual solution with tenants before construction begins.

Neighborhood Development Driven Forward

Vonovia is committed to the holistic development of neighborhoods, including the Ziechow district in Berlin-Reinickendorf. Here the plan is to invest around € 140 million in total by 2023. The first major step was to create a neighborhood community center in which older residents can find support services. The services are being offered by the "Johanniter-Unfall-Hilfe" (Order of St. John charitable organization). In addition, Vonovia is successively renovating two apartment buildings to make them suitable for senior living in order to meet the high need for accessible apartments in the neighborhood.

Vonovia is also changing floor plans in other districts so that central locations have smaller, affordable apartments for seniors, couples and single people. The company can thus offer moves within a neighborhood when needed. This especially makes sense when living circumstances change and occurs only when requested by the tenant. In these cases, Vonovia usually covers the costs.

Moreover, Vonovia is carrying out new construction: The company plans to complete construction on approximately 550 apartments by the end of the year, and construction on another 500 will be started or commissioned. Looking ahead to the future, the company wants to increase the yearly volume to up to 2,000 apartments; in 2019, the target is 1,200. However, this mainly depends on external conditions. The biggest obstacle for new construction is a lack of construction permits; another bottleneck lies in available construction capacity.

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Range of Services Closely Connected to Real Estate Expanded

The adjusted EBITDA Value-add Business improved overall as against the same period of the previous year from € 45.6 million to € 51.7 million in the first half of 2018. Vonovia has further expanded its range of services and offers car sharing in several neighborhoods. Various vehicle models are available in Stuttgart, Berlin, Frankfurt, Dresden and Düsseldorf. Approximately ten further sites will follow by the end of the year, including Essen and Frankfurt.

International Growth for More Diversity

The integration of BUWOG is proceeding as planned. The takeover of Victoria Park has been successful. The Swedish housing company operates in an environment that is very similar to the German housing market and owns approximately 14,000 apartments in the metropolitan regions of Stockholm, Malmö and Gothenburg. By the end of the third quarter of 2018, BUWOG and Victoria Park will be completely integrated into Vonovia's performance key indicators.

Forecast Improved for the 2018 Fiscal Year

Vonovia is supplementing its forecast for the 2018 fiscal year with the expected earnings contribution from Victoria Park. The company forecasts FFO 1 of between € 1,050 million and € 1,070 million. (Earnings contributions in the amount of approximately € 30 million from BUWOG and approximately € 20 million from Victoria Park are included; forecast as of March 31, 2018, including BUWOG: € 1,030 million to € 1,050 million). This is likely to put the FFO 1 around 15 % above the previous year's figure (2017: € 920.8 million). In light of the dynamic development in the German housing market, the company expects a further increase in the value of its real estate.

The 2018 H1 report: <http://reports.vonovia.de/2018/q2/en>
Further information can be found in the [Press Section](#).

2018/2019 Financial Calendar

December 6, 2018: Interim Report for the first nine months of 2018

March 7, 2019: Publication of 2018 Annual Report

May 7, 2019: Interim Report for the first three months of 2019

May 16, 2019: Annual General Meeting

August 2, 2019: Interim Financial Report for 2019

November 5, 2019: Interim Report for the first nine months of 2019

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Financial Key Figures in € million	H1 2018	H1 2017	Change in %	12M 2017
Rental income	838.8	833.2	0.7	1,667.9
Adjusted EBITDA Operations	632.6	607.6	4.1	1,224.2
Adjusted EBITDA Rental	597.0	573.5	4.1	1,150.0
Adjusted EBITDA Value-add Busi- ness	51.7	45.6	13.4	102.1
Adjusted EBITDA Other	-16.1	-11.5	40.0	-27.9
Adjusted EBITDA Sales	48.3	44.3	9.0	110.8
Adjusted EBITDA	680.9	651.9	4.4	1,335.0
EBITDA IFRS*	692.8	651.4	6.4	1,271.8
thereof EBITDA IFRS BUWOG*	40.7	-	-	-
FFO 1	510.3	457.7	11.5	920.8
FFO 1 per share in €**	0.98	0.96	2.5	1.90
Profit for the period*	1,200.0	1,064.6	12.7	2,566.9
Maintenance and modernization	542.4	456.4	18.8	1,124.8
thereof for maintenance expenses and investments in maintenance	182.1	158.8	14.7	346.2
thereof modernization (incl. new construction)	360.3	297.6	21.1	778.6

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Key Balance Sheet Figures in € million	Jun. 30, 2018	Jun. 30, 2017	Change in %	Dec. 31, 2017
Fair value of the real estate portfo- lio*	41,732.3	30,830.2	35.4	33,436.3
Adjusted NAV*	20,634.4	15,771.0	30.8	18,671.1
Adjusted NAV per share in €**	39.83	33.10	20.3	38.49
LTV in %*	43.9	43.2	0.7 pp	39.8

Non-financial Key Figures	H1 2018	H1 2017	Change in %	12M 2017
Number of own apartments*	403,926	352,815	14.5	346,644
Vacancy rate in %	2.8	2.9	-0.1 pp	2.5
Number of employees (as of June 30/ December 31)*	9,685	8,257	17.3	8,448

EPRA Key Figures in € million	Jun. 30, 2018	Jun. 30, 2017	Change in %	Dec. 31, 2017
EPRA NAV*	24,238.3	18,702.8	29.6	21,284.6
EPRA NAV per share in €**	46.79	39.25	19.2	43.88

* All values without BUWOG and without Victoria Park except key figures marked separately with *

** Based on the shares carrying dividend rights on the reporting date: Jun. 30, 2018: 518,077,934, Jun. 30, 2017: 476,460,248, Dec. 31, 2017: 485,100,826

About Vonovia

Vonovia SE is Europe's leading housing company. Vonovia currently owns around 400,000 residential units in all attractive cities and regions in Germany and Austria. Its portfolio is worth approximately € 41.7 billion. 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 is also creating more and more new apartments by realizing infill developments and adding 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 approximately 9,700 employees.

Additional Information:

Approval: Regulated Market/Prime Standard, Frankfurt Stock Exchange

ISIN: DE000A1ML7J1

WKN: A1ML7J

Common code: 094567408

Registered headquarters of Vonovia SE: Bochum, Germany, Bochum Local Court, HRB 16879

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