

Press Release

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Results as of June 30, 2019

Vonovia Continues With Solid Business Development and Emphasizes Social Commitment

- Social responsibility emphasized with rent guarantee for tenants over 70 years of age.
- "1,000 roofs" climate protection project launched.
- Investment in maintenance and modernization increased to € 804.3 million (H1 2018: € 565.5 million).
- Investment in new construction increased sixfold to € 163.5 million.
- Group FFO of € 609.1 million achieved (H1 2018: € 539.4 million).
- New equity reduces level of debt.
- Confirmation of forecast for year as a whole demonstrates stability.

Bochum, Germany, August 2, 2019 – Vonovia SE ("Vonovia") continued its positive performance in the first half of 2019. At the same time, the residential real estate company underscores its responsibility for the environment and society at large.

"We are using our financial strength to continuously improve the appeal of the properties in our portfolio and to actively forge ahead with the construction of the sort of affordable, senior-friendly and environmentally sound apartments that are urgently required in Germany," said Rolf Buch, Chief Executive Officer of Vonovia. "For us, success is never focused exclusively on financial aspects, but always takes social factors into account as well. This is a general principle that we have incorporated into our business philosophy as a binding guideline for our actions, which is also how we like to be measured."

The number of building permits granted in Germany between January and May 2019 was down by 2.4 % on the same period of the previous year, with the number of apartments in multifamily residences falling by

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as much as 4.1 %. "The high demand for housing and the demographic change present us with huge challenges – even on a regulated housing market like Germany," said Buch. "We have stepped up our efforts to achieve more new construction considerably, increasing our investment volume sixfold."

Vonovia Rules out Termination because of own Needs

One common reason why tenants end up losing their apartments is because landlords terminate their contracts so they can use the apartments themselves. One approach involves splitting buildings containing rental apartments into individual condominiums, increasing the risk that, when the property is sold, the lease agreements will be terminated by landlords who want to use the apartment themselves. The systematic conversion of rental apartments into condominiums is increasing the pressure on the rental market. "This is exactly why we make sure, as a responsible landlord, that we do not convert any buildings containing rental apartments into condominiums. The termination of lease agreements to meet our own needs is something we categorically rule out."

Vonovia is committed to affordable rents. Individuals aged 70 or above enjoy particular protection: They do not have to worry about their livelihoods due to rising rent levels. Vonovia offers them a guarantee that their apartment will remain affordable even if the standard local comparative rents change. Hardship managers are on hand to provide support by proposing solutions. This is an aspect that Vonovia recently incorporated into its business philosophy. The company has also made a commitment to limiting the modernization allocation to a maximum of € 2 per square meter and refurbishing every third apartment that becomes vacant to make it senior-friendly.

Debt-Equity Ratio Reduced Further Thanks to new Equity and Increase in Value

Vonovia manages apartments in Germany, Austria and Sweden. As of June 30, 2019, Vonovia's portfolio contained 396,739 apartments owned by the company itself (H1 2018: 403,926), as well as 79,015 apartments that the company manages for third parties (H1 2018: 82,605). Vonovia increased its Group FFO (operating result after interest and taxes) to € 609.1 million in the first six months of the year (H1 2018: € 539.4 million). The result was boosted by the acquisitions of BUWOG and Victoria Park last year, as well as by the development

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business, new construction activity and further efficiency gains. The vacancy rate of 2.9 % (H1 2018: 2.8 %) was largely due to investments. Vonovia's portfolio is virtually fully occupied.

Rental income came to € 1,014.8 million in the first half of 2019 (incl. BUWOG and Victoria Park), as against € 890.7 million in the same period of 2018. The increase in rent due to market-related factors came to 1.2 %. The effects resulting from investment in new construction, vertical expansion and modernization came to 2.8 %. The average monthly net rent (excluding ancillary expenses) rose to € 6.64 per square meter (H1 2018: € 6.36).

Vonovia was able to further drive its level of debt down to 40.4 % in the reporting period, putting it at the lower end of the target corridor. The company raised equity of around € 1 billion in the first six months of the year. Around € 400 million was paid out as a cash dividend during the same period. "We have strengthened our balance sheet again and we are in an excellent financial position," said Buch. This development was also helped along by the € 2,258.7 million increase in the value of the portfolio. "This highlights the fact that our apartments are in the right locations."

Vonovia Rents to Cross-section of Society

Vonovia concluded around 32,000 lease agreements in 2018, collecting data on the age, marital status, occupation, income and nationality of its new tenants. The conclusion: Even when it comes to new rentals, Vonovia offers affordable and attractive homes to broad sections of the population. "We enjoy a position at the heart of society and are committed to neighborhoods in which diversity is respected and applied in practice," said Buch with regard to the tenant structure.

The data shows that more than 89 % of the tenants that signed agreements with Vonovia in 2018 are aged between 20 and 60. The largest group is the 20 to 29 age group, which accounts for a share of around 40 %. Just under 27 % of the company's new tenants are aged between 30 and 39. The over-60s age group makes up around 7 % of the company's tenants. Salaried employees make up the biggest occupational group among the new tenants (around 51 %), followed by manual laborers, the self-employed and civil servants. More than 79 % of the company's new customers have their own income, with 5 % receiving a pension and 16 % drawing social benefits. There is a wide range of incomes in all income categories. The biggest tenant group

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(44 %) has disposable income of between € 1,251 and € 2,500. "Anyone currently looking to move from Kiel to Konstanz or from Düsseldorf to Dresden will be able to find an affordable apartment in Vonovia's portfolio, even as an average earner," said Buch.

Investment Program Expanded

Vonovia invested € 163.5 million in new construction and densification in the first half of 2019 (H1 2018: € 26.4 million). Around 2,500 apartments in Germany, Austria and Sweden are to have been completed/be under construction by the end of the year, including apartments classified as social housing in Germany with rent of € 6.50 per square meter. "Expropriation and rent caps will not create a single new apartment. New construction is the only option. This will require everyone involved to pull together: policymakers, the housing industry and citizens. There are a large number of creative solutions but they can only be developed if we join forces instead of fighting each other. Our experience has been positive and we want to see a nationwide, pragmatic consensus for more contemporary and affordable homes," said Buch.

Investments in maintenance and modernization came to € 804.3 million in the first half of 2019, compared with € 565.5 million in the same period of 2018. When properties are modernized, Vonovia adds an average of € 1.30 per square meter and month to the rent, with the additional costs for tenants capped at € 2. "Around 70 % of our portfolio in Germany was built between 1945 and 1980. A further 15 % of our properties are even older. This means that energy-efficiency refurbishments will remain a key strategic item on our agenda," said Buch.

1,000 Roofs for Photovoltaic Facilities and Climate Protection

This is what motivated Vonovia to launch the "1,000 Roofs" program. The aim is to equip at least 1,000 suitable roofs with photovoltaic facilities. The plan is to expand the program across Germany in several stages. The Group is starting the initiative in Dresden and Munich, where photovoltaic modules with a total output of 2,200 kWp have been installed on around 210 buildings since June. This is enough to generate more than 2,100,000 kWh of green electricity a year (enough to supply 1,200 households). Vonovia has identified a further 182 buildings for the second stage of the "1,000 Roofs" program, with a third equally large stage planned for the period leading up to the end of the year. The roofs

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are selected based on solar radiation simulations using geodata on the buildings, a process that is supported by on-site inspections conducted by trained photovoltaic construction managers. Together with the existing photovoltaic portfolio, which boasts an installed total output of 5,700 kWp, the expansion volume planned for this year leaves Vonovia set to double the volume of solar electricity that it generates. The "1,000 Roofs" program spans a period of several years, the idea being to see it evolve into a long-term expansion program.

"Neighborhood solutions to promote climate protection require the decentralized generation of electricity. This is why we hope to see a marked reduction in the obstacles to landlord-to-tenant electricity models, which sadly remain manifold," said Buch with a view to the amendment to the German Landlord-to-Tenant Electricity Act that is expected to be adopted in the fall of this year. "The solar electricity generated on our roofs is not just to be fed into the grid, but is also designed to be used directly by our tenants, be it in their homes or at charging stations." Vonovia installed the first public charging station for electric cars in the Eltingviertel District in Essen in August 2018. The Group will be equipping 36 locations with charging stations in 2019.

Positive Outlook for 2019 as a Whole Confirmed

The positive trend is expected to continue over the coming months. Looking at the year as a whole, Vonovia predicts that its Group FFO will rise to between around € 1.17 billion and € 1.22 billion (2018 as a whole: € 1.13 billion). At the same time, the Group is planning to increase its investments further to between around € 1.30 billion and € 1.60 billion in 2019 as a whole.

The 2019 H1 report:

<http://reports.vonovia.de/2019/q2/en/index.html>

Further information can be found in the [Press Section](#).

2019/2020 Financial Calendar

November 5: Interim Statement for the Third Quarter of 2019

March 5, 2020: 2019 Annual Press Conference

May 5, 2020: Interim Statement for the First Quarter of 2020

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Financial Key Figures in € million	H1 2018	H1 2019	Change in %	12M 2018
Rental income	890.7	1,014.8	13.9	1.894.2
Adjusted EBITDA Rental	616.9	724.0	17.4	1.315.1
Adjusted EBITDA Value-Add	54.4	75.7	39.2	121.2
Adjusted EBITDA Recurring Sales	34.9	42.4	21.5	79.1
Adjusted EBITDA Development	7.9	30.7	>100	39.4
Adjusted EBITDA Total	714.1	872.8	22.2	1,554.8
Group FFO	539.4	609.1	12.9	1,132.0
Group FFO per share in €	1.04	1.12	7.7	2.18
Income from fair value adjustments of investment properties	1,372.9	2,258.7	64.5	3,517.9
Profit for the period*	1,200.0	125.3	-89.6	2,402.8
Maintenance and modernization	565.5	804.3	42.2	1,569.4
thereof for maintenance expenses and capitalized maintenance	205.3	208.7	1.7	430.4
thereof for modernization (incl. new construction)	360.2	595.6	65.4	1,139.0

Key Balance Sheet Figures in € million	June 30, 2018	June 30, 2019	Change in %	Dec. 31, 2018
Fair value of the real estate portfolio	41,732.3	47,449.0	13.7	44,239.9
Adjusted NAV	20,634.4	26,305.0	27.5	23,262.6
Adjusted NAV per share in €*	39.83	48.51	21.8	44.90
LTV in %	43.9	40.4	-3.5 pp	42.8

Non-financial Key Figures	H1 2018	H1 2019	Change in %	12M 2018
Number of units managed	486,531	475,754	-2.2	480,102
thereof own apartments	403,926	396,739	-1.8	395,769
thereof apartments owned by others	82,605	79,015	-4.3	84,333
Vacancy rate in %	2.8	2.9	0.1 pp	2.4
Monthly in-place rent in €/m ²	6.36	6.64	4.4	6.52

Number of employees (as of June 30/Dec. 31)	9,685	10,024	3.5	9,923
EPRA Key Figures in € million	June 30, 2018	June 30, 2019	Change in %	Dec. 31, 2018
EPRA NAV	24,238.3	27,240.6	12.4	26,105.0
EPRA NAV per share in €**	46.79	50.23	7.4	50.39

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* Includes correction of goodwill in the amount of € 1,901.0 million.

** Based on the shares carrying dividend rights on the reporting date June 30, 2018: 518,077,934, June 30, 2019: 542,273,611 and Dec. 31, 2018: 518,077,934.

About Vonovia

Vonovia SE is Europe's leading private residential real estate company. Vonovia currently owns around 396,700 residential units in all attractive cities and regions in Germany, Austria and Sweden. It also manages around 79,000 apartments. Its portfolio is worth approximately € 47.4 billion. As a modern service provider, 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, MSCI Germany, GPR 250 and EPRA/NAREIT Europe. Vonovia has a workforce of more than 10,000 employees.

Additional Information:

Approval: Regulated Market/Prime Standard, Frankfurt Stock Exchange

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Common code: 094567408

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