

Comments by the Chief Executive Officer
Rolf Buch, Vonovia SE,
on the occasion of the Annual General Meeting on May 16,
2019, in Bochum
- Check against delivery. -

Dear shareholders,
Dear members of the Supervisory Board,
Dear customers,
Ladies and gentlemen,

I would like to cordially welcome you to our Annual General Meeting. I would also like to extend a very warm welcome to everyone watching us on the live stream.

We are meeting in our home town, Bochum, for the third time now. We moved into our new headquarters here last year. 1,000 employees enjoy excellent working conditions here – it is bright and cheerful and yet homely at the same time. You can see from our positive development that this modern working atmosphere is also good for motivation.

2018 was another successful fiscal year for us. Our portfolio has grown. Its value has increased again, and we became more profitable. And we achieved many of the things we were striving to achieve.

But our top priority is our responsibility toward the one million or so people who live in our properties. In this respect, Vonovia plays a central role in society. This explains why our activities are never focused exclusively on financial aspects, but also always take social factors into account.

I would like to briefly explain which developments are having an impact on our company. They are part of the public and political debate and have kept us busy over the past year, as they will continue to do in the future, too.

Social context

More and more people are moving to big cities, where fewer and fewer apartments are available for people earning average incomes. Rents for new leases in metropolitan areas are rising at a higher rate than salaries. Many people are faced with very real worries about not being able to find a suitable apartment. The current discussion is therefore – quite understandably – highly emotional.

In order to continue the debate on an objective level, however, it helps to look at the facts. The most important point is that the overwhelming majority of tenants are not directly affected by the trends on the rental market. Rents for our existing customers rose by 0.9 % in 2018, less than the rate of inflation. This is an extremely moderate increase. Incidentally, wages have risen by around 3.1 % in nominal terms. These facts

also have their place in the debate. Our average rent currently stands at € 6.56 per square meter, hardly in the "premium" category.

So we certainly cannot be accused of driving prices up. In this respect, I have no problem whatsoever comparing our rents to those set by municipalities for their apartments, which often command a similar level of rent, for example in Berlin, Munich, Bremen, but also here in North Rhine-Westphalia.

There is no doubt - the situation is particularly problematic when it comes to new rentals. If you don't earn much money and want, or indeed have, to move to Frankfurt or Munich, for example, you simply won't be able to find an apartment that is even close to affordable. There is no doubt that the situation is particularly difficult for larger families, students and single parents. But rents have also become a burden for many people in the middle-income category.

We're not to blame for this development. Once again, this isn't a trend being driven by Vonovia. Take Berlin, for example, where the average new rent comes in at € 11.70 per square meter. We have affordable flats on offer even in sought-after areas. When it comes to new rentals, however, we are more than 20 % below the market prices, also because we adhere to the rent ceiling.

The fact is there are no longer any straightforward solutions - as much as we would like to find them. But solutions do exist. If there aren't enough apartments, they have to be built. And they have to be built in such a way that good levels of quality can be maintained without the costs spiraling out of control.

This is one area in which the federal states need to take action. North Rhine-Westphalia and Saxony are good examples for subsidy models. Other federal states, on the other hand, have a lot of undeveloped land, but no long-term development plan and no comparable subsidy policies.

But action needs to be taken fast. After all, housing shortages can give rise to social and political developments that will pose a challenge to our democracy. In Germany, we need specific changes to building regulations and building planning law to be ushered in soon.

This would allow us to embark on densification projects, on adding additional stories to existing buildings and on building new apartments more quickly and cost-effectively. In order to make everything faster, planning and approval procedures have to be digitized further.

But we also have to be careful to ensure that new laws do not end up driving rents up even further. The newly calculated land tax will be passed on to tenants as part of their apartment's ancillary expenses. The idea is for the value of the land, in particular, and the average rent to be taken into account in the calculation. Experts predict considerable increases in large cities.

So what are we doing here at Vonovia?

We invested in our portfolio in 2018. We built new apartments, completed densification projects and converted attics. We will be building more apartments in Germany, ideally using modular construction. This approach is faster and minimizes any inconvenience to local residents. Where modular construction isn't possible, we will be using conventional construction methods in line with our usual high standards. We have a very strong developer on board with BUWOG.

I'd like to give you a brief overview of three examples that we are currently implementing in Germany and Austria. In Berlin-Grünau, 1,000 apartments will be completed in five years. We are building 1,300 in Leipzig and 500 in Vienna. The apartments are all for our own portfolio, but also include condominiums.

This is still not enough to meet the high demand. But that's not because of us or residential real estate companies in general. Nor is it to do with money, a lack of land or the craftsmen involved. Building permits tend to be the problem in the majority of cases, be it because the authorities responsible are not willing, or don't have the resources, to issue them. Looking at Germany as a whole, there is also a seemingly impenetrable hotchpotch of subsidy programs for price-controlled homes. An agreement on a common denominator would help everyone involved.

Contemporary homes

We also need concepts that allow older people to stay in their homes longer. It would help a lot if subsidy programs were directed at effective measures. One example is the installation of accessible showers. After all, the baby boomers are gradually reaching the age at which it is easier to shower than to climb into a bathtub. It sounds trivial, but it's not. For many people, a bathroom that no longer fulfills its purpose is the first step toward an old people's home. This is why we need up to three million senior-friendly apartments in Germany by 2030. We've still got a long way to go.

At Vonovia, our aim is to ensure that senior citizens grow old with dignity in the neighborhoods they have made their home. This means ensuring that apartments are equipped in a manner that makes them accessible. We do not want our tenants above the age of 70 to have to worry about their livelihoods due to rising rent levels. And we certainly don't want them to lose their homes with us. This is why we want to make sure that they can live with us for the rest of their lives, even if the standard local comparative rent changes.

Young people should be able to study or complete their vocational training in the places where they'll have the best development opportunities. They shouldn't be hindered by the local residential property market. Families with children should not be stuck in the apartment one parent moved into back when they were still single because moving into a bigger apartment simply isn't feasible.

We need to form alliances if we want to achieve these objectives. It doesn't make sense to create divisions on the housing market. All of us, the municipalities, cooperatives, private housing companies, the federal states and the German federal government, have to start reading from the same hymn sheet. Because one thing is certain: it will be difficult to rise to the challenges facing us without the expertise, resources, experience and capital of private residential real estate companies.

Refurbishment and maintenance

Climate protection is another social megatrend. We're all familiar with the "Fridays for Future" movement. Schoolchildren are taking to the streets because they are worried about our planet. This is something we should take very seriously. We all want to meet the climate protection objectives. Buildings, in particular, make a major contribution to CO₂ emissions. So energy-efficient building refurbishments are an absolute must. These sorts of measures cost money, however.

Many people have their limits when it comes to being willing, but also able, to pay more in rent. This means that we need to provide the right information and maintain a sense of proportion, while also ensuring a clear determination on the part of all those involved. The governments set clear targets in Paris back in 2015. This means that in Germany, we need our building stock to be virtually climate-neutral by 2050. But how can the costs associated with the energy revolution be fairly distributed?

Residential real estate companies encounter resistance when they modernize their properties and then add part of the costs on to the rents they charge. For example, the costs involved in insulating facades or replacing old windows.

The populations of other European countries, such as the Netherlands or Sweden, are more open to this topic. Our policymakers are also called upon to help change attitudes. They have to clarify how the required measures will be financed. As far as the Climate Change Agreement is concerned, it's as if we've already ordered the food but now don't know who is going to pay the bill.

We have done our homework: We carried out modernization work on around 40,000 of our apartments last year – equivalent to the size of a small town. And we haven't hiked up rents by installing underfloor heating and video intercom systems.

No: First and foremost, it is about preserving and improving the quality of our buildings for the future. This will also enhance the quality of our apartments, there is no doubt about it. But when we perform refurbishments and insulate older buildings, we are always making a contribution to climate protection as well. And our tenants benefit as well because their heating costs go down. And whenever we perform modernization work, it makes sense to carry out maintenance work on the properties at the same time, too. Maintenance generally accounts for around 50 % of larger-scale projects.

We bear the associated costs in full as a company. In 2018 alone, we spent almost € 18 per square meter on maintenance, a figure that was up by around 13 % year-on-year. This is very good value in an industry comparison. On average, rent increased by € 1.50 per square meter after modernization work last year. This is extremely moderate in a market comparison. We have a personal hardship team working on site to help tenants who can no longer afford the increased rent.

Ladies and gentlemen, The acceptance of modernization work within society has recently dipped dramatically. This is why we will no longer be implementing any modernization projects that result in additional costs of more than € 2 per square meter. But this also means that there will be some modernization projects we are no longer able to implement. In order to ensure that this is not at the expense of climate protection, we will be shifting our priorities. We are nevertheless aiming to refurbish 3 % of our building stock every year. This means that we are still well ahead of the nationwide renovation rate of less than 1 %.

Neighborhood development

Another challenge lies in ensuring social cohesion when newcomers join a neighborhood, whether they come from Bavaria, Hesse, London or Aleppo. Our society is changing. Integration is no easy task. Its success takes root in well-functioning neighborhoods. People need neighborhoods with good infrastructure, doctors, local shops, kindergartens and schools. But they also need meeting places and cultural activities. We obviously can't force a doctor to open a practice in our neighborhood. But we can create spaces and lay the right foundations in partnership with the city authorities and local institutions.

We will be spending € 400 million on 11 neighborhoods in Germany over the next few years. In addition to energy efficiency measures, the project focuses primarily on redesigning playgrounds and green spaces. We are also expanding state-of-the-art mobility concepts. Tenants and local residents have contributed their ideas.

What else have we noticed?

Many people are lonely. Selfishness is increasingly drowning out community spirit. This is what makes it so important to develop and maintain neighborhoods, particularly in places where people with different cultural backgrounds are mixing with the native population. This has an impact on social cohesion in, and the image of, the neighborhoods in question.

In addition to the large number of different nationalities living in our apartments, one figure shows how directly we are affected by the issue of migration: During the past two years, we have rented about 10 % of the available apartments to people from Syria, Afghanistan and Iraq. We are making targeted investments in the residential environment, but also in neighborhood and social structures, working hand-in-hand with cooperation partners.

Ladies and gentlemen, When it comes to creating "living neighborhoods" or "livable neighborhoods", there are many areas in which we don't yet have the knowledge we need. In order to change this, we are sponsoring a professorship for "Neighborhood development, in particular residential living within the neighborhood" at the EBZ Business School. The professorship is to research the factors that contribute to successful and forward-looking neighborhood development **and** – and this is the most important aspect from our perspective – what role residential real estate companies can play in this process.

We cannot rise to this challenge alone. We can benefit from experience gleaned abroad.

One very pragmatic example comes from Sweden: Our subsidiary Victoria Park owns a large number of apartments in a difficult neighborhood in Malmö. Here, we have hired one tenant from each ethnic group to assume the role of caretaker. Today, everything is clean and tidy. So why would that be? You don't throw your garbage in front of your friend's house. It is unbelievable what our colleagues in Malmö have achieved. Integrative work has slashed crime there by around 40 %. Vandalism is down by 36 %, while employment and voter turnout in the neighborhood has risen considerably. The amount spent on social benefits has fallen by 18 %. This is only one of many simple models.

These are the ideas we really need – initiatives that allow a country to make progress. Here at Vonovia, we are pursuing similar approaches in a large number of cities. For example, in the Eltingviertel district in Essen or in Westerfilde, Dortmund.

It involves hard work that would be unthinkable without the diligence and commitment shown by our employees day in, day out. And it's hard work that is being destroyed by simplistic slogans and stereotypes, as we are currently experiencing time and again. It is crucial that we do not create divisions – either on a small or on a large scale. Instead, we should learn from each other and work together to find solutions to the challenges that affect each and every one of us.

Also for a united Europe that provides a stage for diversity and courage. In which private property is something we value and respect. In which we can live in freedom and make our own decisions. In which there is no place, and no tolerance, for nationalistic tendencies.

Ladies and gentlemen, The fact that we live in an open and peaceful Europe is the greatest thing that the European idea has achieved. This makes it all the more important that we never tire in our commitment to uphold these values – as entrepreneurs, as employees, as citizens. This is something we can do next week. Let's all take part in the European elections and live up to our responsibility.

Annual Report

It's not without good reason that this year's annual report is entitled: "Seeing the Big Picture – Taking Action". It's about understanding the broad perspective, but also taking the concerns and needs of the people we work for seriously. They are our customers. But there are also the people who work for us – our employees. And let's not forget the

people we work with: our political partners, but also people working within associations and social institutions. All of these things can only be of value if we take action to address the tasks facing us and also grievances.

As I said, Vonovia acts as part of society. This means that we want, and indeed have, to be part of the solution. How can we achieve this in light of the megatrends I mentioned earlier?

We recently adopted a Code of Conduct setting out binding guidelines that we are committed to following in our work in the future. We build affordable apartments as quickly as possible as soon as we are granted building permits. We do not engage in speculative activity. We perform very high-quality modernization work. But after performing this work, we never increase rents by more than € 2 per square meter. We convert every third apartment that is newly let to make it senior-friendly. We support climate protection. We communicate with our tenants in the spirit of partnership and on an equal footing. Our rents are based on rent indices or standard local rents. We promote a sense of community. We create space for social institutions, diversity and neighborhood life. **And** we work every day to make sure that our tenants' lives are as pleasant and straightforward as possible.

These are all things that are not guided by altruistic intentions. We earn money from these activities. This gives us the leeway we need to continue pursuing our strategy successfully. Not least because we have an obligation toward you, our shareholders. For details on our business developments, please refer to our annual report. You will find a copy in the foyer and you can also read it on our website.

Let me briefly summarize the most important points.

We have boosted our FFO 1 significantly, thanks to the integration of BUWOG and Victoria Park. Per share, this translates into an increase of more than 8 % to € 2.06. We constantly strive to become more efficient, and we strive to use a good business model to generate added value for our customers and shareholders alike. The current overall conditions on the market and the investments we have made in our portfolio result in a marked increase in value. The adjusted net asset value (NAV) per share rose by just under 17 % to € 44.90. The EBITDA margin of the core business once again showed positive development in the reporting period. It rose from 73.2 % to 73.6 %. At the end of the year, Vonovia managed a portfolio of around 396,000 apartments in almost all of Germany's attractive cities and regions, in Sweden and in Austria. In addition to its own apartments, Vonovia manages around 84,000 apartments for third parties. In October

2018, we purchased around 400 residential units from the French railway operator SNCF. This isn't a huge interest, but it represents a step in the quest to better understand the residential property market in our neighboring country. As of the end of December 2018, our apartments were virtually fully occupied. The vacancy rate is low at 2.4 %. Our service business is showing positive development. At around € 44 billion, our portfolio is worth more than it was a year ago. This is thanks, not least, to the successful takeovers of BUWOG in Austria and Victoria Park in Sweden. Our strategy has proven effective.

Additionally, we can refinance Victoria Park's further growth with part of the income from our successful capital increase. As announced on Monday, this brought in around € 744 million without generating new debt. The new shares, with entitlement to dividend as of January 1, 2019, were placed at close to the stock market price for institutional investors in an accelerated bookbuilding procedure. This required excluding the subscription rights of shareholders until that point. The detailed report of the Management Board on this measure is available to you at the request desk.

Communication

With that, let me return to "seeing the big picture". I mentioned this last year. We want to improve our communications with our customers and make them more personal. This is why we spent a lot of time in 2018 looking at what is important to our tenants:

Affordable rents are obviously one aspect. But tenants want to receive information on projects earlier on in particular, and also want to receive more detailed information. Another aspect raised relates to repair work being carried out on time by competent employees. Tenants want a point of contact on site. But they also want to receive letters and ancillary expense statements that they can understand.

And to bring me back to "taking action". Tenant satisfaction is a decisive issue for us. We don't just listen. We work on being able to provide what they want every day. We are employing neighborhood managers to attend to tenants' needs across Germany. The first 30 team members are already on board and are doing a great job. We now hold more tenant meetings, particularly before major modernization projects begin.

We have done a lot of things right. But we obviously haven't been perfect. We recently came under fire in the public arena for our ancillary expenses. Let me say one thing very clearly: every incorrect or misleading ancillary expense bill that we send out is one too many. But let's also look at the facts: The reimbursement rate comes in at around 0.7 %. We correct any errors that arise on our side in the interests of our tenants. Often,

however, the criticism doesn't relate to the billing process, but rather to the services rendered by our suppliers. A large portion of ancillary expenses is outside our control. Heating, hot water and electricity have become more expensive in recent years. They also depend on a tenant's individual consumption. We charge standard market prices for the services we provide in-house, including caretaker activities, garden maintenance and building cleaning services.

As you see, ladies and gentlemen, the housing market is complex. In 2016, the ancillary expenses charged by Vonovia averaged € 2.61 per square meter per month in total. In 2017, this figure came to € 2.55. This means that Vonovia's tenants pay less than the amount in the nationwide operating cost survey, as published by the German Tenants' Association (Deutscher Mieterbund) on a regular basis.

The assertion that ancillary expenses have been rising at Vonovia for years and that our tenants face higher ancillary expenses than other tenants is unfounded. Since 2015, ancillary expenses at Vonovia in Germany have been at an almost constant level. Since 2015, ancillary expenses at Vonovia in Germany have been at an almost constant level.

And let me add a word or two about the accusations of fraud: This is something we have zero tolerance for. The accusations not only call the honor of our employees into question; they also do not reflect their performance. What would an employee have to gain from fraud? Nothing. And as a listed company, fraud is not something we can afford to become embroiled in either. This does not fit with my self-image either: that of an honest businessman.

Incidentally, all of the criminal complaints lodged against us to date based on claims of fraud have been dropped. This applies to Cologne Bayenthal, Witten and Osnabrück.

Services

Ladies and gentlemen, We are continually expanding the range of services we offer our tenants. We are offering more and more services covering all aspects of their homes. The main services we offer involve our caretakers, the craftsmen's organization and the residential environment organization. We also offer multimedia services, metering services and car sharing. Energy supply is a new service. We have been offering new customers electricity contract that uses 100 % green electricity based on attractive terms and conditions since last year. Hundreds of buildings already have their own mailboxes for packages, making it easier for tenants to accept parcels. This figure is set to increase in the future.

Employees

Vonovia has grown considerably over the past few years. I welcomed the company's 10,000th employee at the start of the year. This means that we have trebled our team in the space of five years. We have advertised another 500 jobs. Around 5,000 of our employees work for our in-house craftsmen's organization, assuming responsibility for almost all repair and maintenance work. They also handle some of our building and apartment modernization work. Try to find a craftsman who can give your walls a quick lick of paint out there on the market. Or who has time to tile your bathroom. No chance. We can count ourselves lucky that we have our own craftsmen. They can be on site fast and work to high quality standards.

Promoting up-and-coming young talents is particularly important to us: We offer training in 22 locations in 14 different occupations and dual-degree programs. The Group's training rate recently came to 4.9 %. This rate means that Vonovia is among the top training companies among the DAX 30 companies. Of the trainees, 6.5 % have refugee backgrounds. This is another way in which we are living up to our social responsibility.

Agenda items and dividend

I'm now reaching the end of my speech. There is no need to provide any special explanation for the items on today's agenda. Today's agenda includes the resolutions on the ratification of the acts of the members of the Management Board and of the Supervisory Board for the 2018 fiscal year. We would also like to ask you to select the auditor of the annual financial statements and consolidated financial statements for 2019 and the interim statement for the first quarter of 2020. Another important point will be the resolution on the appropriation of profit.

Ladies and gentlemen, I've spent a lot of time today talking about our responsibility to our customers and society at large. That is proper and important. But we are also aware that we need your support in everything we do. We want you to enjoy an adequate return on the capital you invest. As a result, we will be proposing the distribution of a dividend of € 1.44 per share today. We explicitly encourage you to opt for the scrip dividend. This would mean that you would be leaving your money within the company. This is precisely what many of you have done over the past two years. On behalf of my colleagues on the Management Board, I would like to thank you most sincerely for the

trust you place in us. We will continue to make sure that we don't disappoint you in the future and promise to use your money responsibly.

Outlook for 2019

Ladies and gentlemen, Let me give you one last brief summary:

With a current average rent of € 6.56 per square meter, Vonovia offers affordable homes. As we recognize the qualified rent indices, the rent we charge even in major cities is on a par with the rents charged by municipal companies. Vonovia does not drive prices up when properties are newly let, either. Rather, we adhere to the rent ceiling. In Berlin, for example, our rents for new tenants are more than 20 % below the market rent. Ancillary expenses at Vonovia have been stable for years and are lower than the amount in the nationwide operating cost survey conducted by the German Tenants' Association. It is simply not true that ancillary expenses are constantly climbing at Vonovia. Vonovia does not terminate tenancy agreements because it wants to use the apartments itself. We have capped the additional costs for tenants following modernization at € 2 per square meter. The average increase is around € 1.50 per square meter. We have set up an extensive hardship management system to ensure that nobody has to move out of their apartment after modernization work. At Vonovia in Germany, the rental income is reinvested in the portfolio in full after costs and taxes have been deducted.

Germany is facing major challenges on the residential property market, in the area of environmental protection, the construction of homes for older people and with regard to integration. If we do not finally unite to tackle these challenges together, then I really fear that cracks will start to appear in the foundation on which our free, peaceful and democratic society is built. We should engage in constructive social dialogue to make sure that exactly this does not happen. We should start making brave political decisions instead of populist demands. Germany has a highly efficient housing industry comprising major municipal companies, cooperatives and private companies that have the power to solve the problems facing us. This is something we should all focus on.

As you have seen, Vonovia is financially sound. We have expanded to include activities in Austria and Sweden alongside our core market in Germany. We have stepped up our new construction activities and want to continue to expand these activities. At the same time, we are committed to holistic, sustainable neighborhood development. We plan to invest just under € 2 billion in total in 2019. With our 10,000 employees and committed

management team, we have the potential to make our contribution to solving these problems.

Thank you and closing words

The dedication shown by these employees and the extent to which they identify with the company form the basis for our success. We would like to extend a very special thank you to them. At this point, I would also like to mention that I feel very lucky to have my Management Board colleagues. We are the sort of team that makes it fun to come to work.

A lot of this is thanks to Klaus Freiberg. I would like to thank him personally and on behalf of my Management Board colleagues for his steadfast cooperation over the past few years. He is directly associated with key strategic moves toward the company's customer-oriented focus. His considerable personal commitment, his flair for picking up on social trends and his enterprising initiative have prepared Vonovia to rise to the challenges posed by the residential property market. I am delighted that Klaus Freiberg will continue to be at our side with his valuable advice.

These are optimal conditions for a frictionless transfer to Arnd Fittkau, who will subsequently be called to the Management Board in this Annual General Meeting. It is the first time that a member of the Management Board has joined from the company's own ranks. Arnd Fittkau is not just our first choice because of his expertise and character, but also because he guarantees a level of continuity. I look forward to working with him."

I would also like to thank all stakeholder groups and tenants' associations. Your suggestions once again helped us to improve even further. Let's make sure that we continue to collaborate constructively but also fairly in the future, too. To our shareholders gathered here today, thank you for your trust and ongoing support, and thank you for listening patiently to me today.

I will now hand over to the Chairman of the Supervisory Board, Mr. Fitschen.