

Press Release

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Results as of March 31, 2019

Vonovia Makes a Successful Start to the 2019 Fiscal Year With Solid Overall Development

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- Vonovia is socially responsible.
- Portfolio investments expanded: Maintenance and modernization increased significantly compared to the first quarter of 2018 (Q1 2018: € 221.1 million; Q1 2019: € 339.7 million).
- Significant increase in investments in new construction to € 54.1 million compared to the prior-year quarter (Q1 2018: € 7.2 million).
- Analysis shows that ancillary expenses at Vonovia in Germany have been at a consistently good level for years; Vonovia is below the nationwide operating cost survey.
- Average rent for Vonovia properties is € 6.56 per square meter in Germany.

Bochum, Germany, May 7, 2019 – Vonovia SE (“Vonovia”) is making a successful start to 2019. All relevant key figures were improved in the first three months. Vonovia plays a central role in society, which is currently discussing the housing shortage, demographic development, migration and climate protection.

“In big cities, the lack of housing has become increasingly noticeable in recent years. Vonovia takes its responsibility seriously. Our positive economic development allows us to invest heavily in new construction and climate protection, better quality of life, senior-friendly homes and good neighborhoods,” says Rolf Buch, Chairman of the Management Board.

In the first three months of 2019, Vonovia increased its Group FFO (operating result after interest and taxes) to € 303.6 million (Q1 2018: € 253.0 million). This development is due largely to the acquisition of Victoria Park in Sweden and BUWOG in Austria.

Good Price/Performance Ratio

As of March 31, the housing portfolio was almost fully rented out, with vacancy at 2.9 % (Q1 2018: 2.8 %). Rental income rose year-on-year to € 502.2 million, mainly due to the acquisitions of BUWOG and Victoria Park (Q1 2018: € 418.3 million). The development of rents due to market conditions came to 1.2 %. Investments in buildings for more climate protection and better quality of life (2.6 %) and in new construction and vertical expansion (0.2 %) also contributed. "At € 6.56 per square meter, we offer a good price/performance ratio," says Rolf Buch.

Surpluses in Rental Income in Germany Are Completely Reinvested in the German Portfolio

The repeatedly expressed statement that 39 cents out of every euro in rental income flows to shareholders is inaccurate and fails to consider that Vonovia operates in several business areas in Germany besides the rental business. The following apply to the rental business in Germany: Rental income consists of € 1.68 billion, plus earnings from housing-related services of around € 120 million. Of the total amount, which comes to € 1.8 billion, around € 230 million is expended on HR and material costs. An additional amount of around € 370 million is expended on maintenance, which means Vonovia bears these costs in full. An additional sum of around € 260 million is spent on interest and taxes. Around € 840 million flows as investments back into the buildings – € 90 million flows into new construction and so is invested in providing more homes. Thus, all surpluses from rental income in Germany are reinvested in the portfolio in Germany.

Vonovia also has additional income from sales and development and from Austria and Sweden of around € 1.56 billion. There is a surplus of around € 1 billion after deducting the relevant costs, interest and taxes, which come to around € 550 million. In 2018, Vonovia paid out a cash dividend of € 380 million; the rest remained in the company.

The dividend yield amounts to about 3.5 % on average.

€ 800 Billion Required by Housing Market

"I have great sympathy for the worries that people have about no longer being able to move to the neighborhood they want to live in, and for the emotions that are currently being experienced," says Rolf Buch. "As a company, we will continue to contribute in the future to solving this problem. It's clear that without the construction of new apartments, further regulatory measures aimed at the housing market will have no effect."

"With a market share of less than 2 % of the German housing market, we cannot solve the tense situation of people looking for housing by ourselves," says Rolf Buch. "We need constructive social dialogue and a joint effort. Extraordinary investments are required in new construction, more senior-friendly housing and – very importantly – more climate protection; according to estimates, up to € 800 billion will need to be invested nationwide by 2030. The private residential real estate companies are particularly in demand because of their investment power. We definitely need the capital of investors and the performance of large companies – independent of their ownership structures."

Vonovia Invests Significantly More in 2019 Than in the Previous Year

In the first three months of 2019, the company successfully expanded its activities, particularly in the area of new construction and investments in its portfolio. The total volume rose from € 221.1 million in the first three months of 2018 to € 339.7 million in the first quarter of 2019. This was driven by an increase in the modernization volume and new construction by 75.8 % from € 137.7 million to € 242.1 million. In the long term, Vonovia could build 36,000 new apartments. Over the same period, maintenance expenditure rose to € 3.89 per square meter (Q1 2018: € 3.86).

Around 70 % of Vonovia SE's German portfolio dates from 1945 to 1980. Another 15 % are even older. Energy-efficiency measures and improvements in living standards will therefore continue to be an important task in bringing the existing portfolio up to date.

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Vonovia expanded its business with craftsmen, TV and metering services as well as insurance and value-add services. Beginning in 2018, the company has offered new tenants the option of being supplied with green electricity and natural gas.

Sustainability Report Published

Investments in neighborhood development, climate protection and senior-friendly homes are also the focus of the current Sustainability Report. Modernization measures and new heating systems saved an additional amount of around 27,300 t CO₂ in 2018. The supply of neighborhoods with energy also plays an increasingly important role. There are 211 photovoltaic systems in the portfolio; an additional 450 apartments are supplied by biomass district heating systems.

The Group's training rate recently came to 4.9 %. This rate means that Vonovia remains among the top training companies among the DAX 30 companies. Of the trainees, 6.5 % have refugee backgrounds. Integration is important not only to us as an employer, but also as a rental company: During the past two years, the company rented about 10 % of its available apartments to people from Syria, Afghanistan and Iraq.

Ancillary Expenses at Vonovia Under the National Operating Cost Survey

Vonovia has evaluated more than 700,000 operating and heating cost bills for each of 2016 and 2017. The result: In terms of ancillary expenses, Vonovia's tenants pay less than the amount in the nationwide operating cost survey as conducted by the German Tenants' Association (Deutscher Mieterbund), which comes to € 2.79/m² per month. Since 2015, ancillary expenses at Vonovia in Germany have been at an almost constant level.

In 2016, Vonovia calculated an average of € 2.61/m² per month in ancillary expenses, while in 2017 it was € 2.55 €/m² per month. The comparison is based on the 14 ancillary expense items that are listed in the ancillary expenses survey. An analysis of individual ancillary expense items also shows that their development is subject to numerous factors that cannot be influenced by a landlord. More than 40 % of ancillary expenses depend on consumption, particularly of heat and water.

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In addition, there are large regional differences in government levies, including street cleaning and waste disposal.

Positive Outlook for 2019

The positive development is expected to continue in the 2019 fiscal year. In light of the dynamic development in the German, Austrian and Swedish housing market, Vonovia expects a further increase in the value of its residential property. Vonovia is also raising its forecast for profitability; Group FFO is expected to reach approximately € 1.17 billion to € 1.22 billion, mainly due to further improvements in efficiency and activities in Sweden. This represents an increase of around 5 % against the previous year. At the same time, Vonovia plans to further increase investments in 2019 as a whole to between approximately € 1.3 billion and € 1.6 billion.

As published previously, Klaus Freiberg, the Chief Operating Officer, decided to leave the Management Board of Vonovia as of the end of the Annual General Meeting on May 16, 2019. Arnd Fittkau, currently a chief representative, will be appointed to the Management Board at the same time. Konstantina Kanellopoulos will be named as the chief representative of the value-add business, in which Vonovia's services are bundled.

Interim Statement for the First Quarter of 2019:

<http://reports.vonovia.de/2019/q1/en>

Media center: <https://www.vonovia.de/ueber-vonovia/presse/mediathek>

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

2019 Financial Calendar:

May 16, 2019 Annual General Meeting

August 2, 2019 Interim Financial Report for 2019

November 5, 2019 Interim Statement for the first nine months of 2019

March 5, 2020 Annual Press Conference 2019

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Financial Key Figures in € million	Q1 2018	Q1 2019
Rental income	418.3	502.2
Adjusted EBITDA Rental	303.0	357.4
Adjusted EBITDA Value-add	17.8	35.8
Adjusted EBITDA Recurring Sales	11.5	26.3
Adjusted EBITDA Development	0.3	10.4
Adjusted EBITDA total	332.6	429.9
EBITDA IFRS	299.4	388.2
Group FFO	253.0	303.6
Profit for the period	129.2	201.4
Maintenance and modernization	221.1	339.7
thereof maintenance expenses and capitalized maintenance	83.4	97.6
thereof modernization (incl. new construction)	137.7	242.1
	Mar. 31, 2018	Mar. 31, 2019
Key Balance Sheet Figures in € million		
Fair Value of the Real Estate Portfolio	38,485.6	44,543.0
Adjusted NAV	18,467.5	23,613.1
Adjusted NAV per share in €*	38.07	45.58
LTV in %	45.5	42.4
	Q1 2018	Q1 2019
Non-financial Key Figures		
Number of own apartments	393,639	394,609
Number of apartments owned by third-parties	58,497	78,784
Vacancy rate in %	2.8	2.9
Monthly in-place rent in €/m ²	6.18	6.56
Employees, number (as of March 31/ December 31)	9,544	9,925
	Mar. 31, 2018	Mar. 31, 2019
EPRA Key Figures in € million		
EPRA NAV	21,916.2	26,452.7
EPRA NAV per share in €*	45.18	51.06

* Based on the shares carrying dividend rights on the reporting date in question: Mar. 31, 2018: 485,100,826, Mar. 31, 2019, and Dec. 31, 2018: 518,077,934.

About Vonovia

Vonovia SE is Europe's leading private residential real estate company. Vonovia currently owns around 395,000 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 € 44.5 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 10,000 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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