

Press Release

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Results as of March 31, 2020

Stability as the Basis for Social Responsibility During the Coronavirus Crisis – Solid Start of the Year for Vonovia

- Protection of the health and jobs of employees ensured.
- Customer services and infrastructure of buildings and apartments guaranteed.
- Early security for tenants: financial support and offers of assistance.
- Vonovia remains well positioned to continue business and act where necessary.
- Economic outlook remains positive, forecast for 2020 confirmed.
- Continued focus on climate protection, the shortage of housing and demographic change.

Bochum, May 5, 2020 – Vonovia SE (“Vonovia”) has ensured the jobs and health of its employees in the coronavirus crisis. The residential real estate company has taken all necessary measures to guarantee customer services and the management of residential property. Vonovia has given tenants early financial security and offers of assistance during the coronavirus crisis. Thanks to its stable business model, Vonovia also had a solid start to 2020.

“We stand by our responsibility as a large residential real estate company. Our economic stability forms the basis for us to assume social responsibility during the coronavirus crisis and to use our strength and capabilities to help,” says Rolf Buch, Chief Executive Officer of Vonovia. “Over the past few weeks, our employees have shown a high degree of flexibility and tremendous commitment and I would like to offer them my cordial thanks.”

Free Face Masks for Tenants

In order to counter the uncertainty of tenants, Vonovia approved extensive measures back in mid-March. "We assured our tenants early on that they do not need to worry about their apartment due to financial difficulties caused by short-time work, job losses or a decline in orders. We are finding individual solutions together with our tenants in case of payment difficulties." Therefore, Vonovia is doing without rent increases until further notice by adjusting the standard local comparative rent and is offering assistance to older tenants, for example with shopping.

For networking in the neighborhood and helping one another, tenants can use the customer app "My Vonovia." Through the app they receive not only information about the rental contract, but also information about coronavirus. "Soon our tenants will be able to order protective masks free of charge by using the app, and we will take care of the logistics," says Rolf Buch. Since the beginning of the year, the app has recorded approximately 28,000 downloads.

"At a time when home has become a place of refuge more than ever before, we are demonstrating that we stand behind our tenants. Our occupancy policy of relying on varied quarters is now distinguishing itself. In the course of providing neighborhood assistance, we are observing significant solidarity among our tenants," says Rolf Buch.

Economic Strength Largely Unaffected by the Coronavirus Crisis

Vonovia remains positioned for financial stability and fully capable of taking action. "Given our financial stability, we need to assume social responsibility particularly now," says Rolf Buch. So far a bit over 1% of the tenants have reported financial hardship. Overall, Vonovia expects only a very low, temporary reduction in rental payments. Together with the tenants, Vonovia is developing individual solutions for deferred rents, such as long-term installment payments.

The adjusted EBITDA Total increased from January to March 2020 by 6.1% to € 456.1 million (Q1 2019: € 429.9 million). The Housing-Related Services (Value-add), Development and Recurring Sales business areas contributed a combined € 75.0 million to the adjusted EBITDA Total. The adjusted EBITDA Rental amounted to € 381.1 million. In the same period, Vonovia increased the Group FFO (operating

earnings) by 10.5% to € 335.5 million (Q1 2019: € 303.6 million). Above all, the purchase of Hembla as well as organic growth resulting from new construction and modernization have had a positive impact.

Standard & Poor's has again confirmed Vonovia's BBB+ rating. Since December 2019, the company also has an "A-" rating from the Scope rating agency. "Once again we have taken precautions. We have continued access to fresh money under good terms in the capital market," says Rolf Buch. In the first quarter, Vonovia concluded a total of € 500 million in financing with mortgage banks and placed two bonds for a total volume of € 1 billion at the end of March. The Loan-to-Value ratio at the end of March 2020 was 43.0% (December 31, 2019: 43.1%) in the target range of 40% to 45%.

"Our comfortable financial situation allows us to continue to assume social responsibility and to devote ourselves to the large megatrends – the shortage of housing in the high-influx cities, demographic change and climate protection." Since the start of its modernization program in 2015, Vonovia has improved the CO₂ profile of its portfolio by around 100,000 metric tons or 9.2%. Without these energy efficiency modernizations, emissions in 2019 would have amounted to around 1.1 million metric tons of CO₂ instead of a provisional figure of roughly 1 million.

Moderate Rental Policy

Compared to the previous year, rental income was € 564.0 million (Q1 2019: € 502.2 million). Above all, the acquisition of Hembla as well as organic growth made themselves noticeable. The development of rents on a market basis amounted to 1.0%. In addition, investments in buildings as part of the modernization program (2.3%) as well as in new construction and vertical expansion (0.6%) contributed to rental development.

"We are continuing to conduct a moderate rental policy. Our average rent of € 6.94 per square meter is no luxury rent and rather reflects our good price-performance ratio," says Rolf Buch. As of March 31, 2020, our portfolio of apartments continued to be nearly fully occupied with a vacancy rate of 2.8% (March 31, 2019: 2.9%). Although the demand for apartments remains at a similar level as in past months, terminations are about 40% lower.

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Investment Program and Expansion of the Development Business

From January to March 2020, Vonovia has continued to make considerable investments in its portfolio as well as new construction for rental and sale. In the first three months of the year, total investments increased compared with the same period of 2019 from € 385.8 million to € 452.7 million (+ 17.3%). In the process, the company spent € 123.0 million (Q1 2019: € 97.6 million) on maintenance and invested € 208.1 million (Q1 2019: € 188.0 million) in modernization measures. Expenditure for new construction rose during the three-month period by 21.4% from € 100.2 million in 2019 to € 121.6 million in 2020.

Vonovia has expanded its development business in Germany with the acquisition of the project developer Bien-Ries in early April 2020. Bien-Ries operates primarily in the Rhine-Main region. With the acquisition, Vonovia is expanding from its previous locations of Vienna, Berlin, Hamburg and Leipzig. In sum, Vonovia has completed 122 apartments in the first quarter of this year. Safety precautions during the coronavirus pandemic will delay several of the new construction projects originally planned for 2020 until 2021. Therefore, the completion of more than 1,600 apartments instead of 2,000 apartments is planned this year.

Positive Business Outlook – 2020 Forecast Confirmed

According to the company's forecast, the positive financial start to the year will continue despite the effects of the coronavirus on public life. The Adjusted EBITDA Total is expected to range between about € 1.875 billion and € 1.925 billion. Group FFO is expected to range between around € 1.275 billion and € 1.325 billion.

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Vonovia employees have been mostly working from home for the last several weeks. In view of the easing of coronavirus restrictions, Vonovia has also organized a gradual return to day-to-day life, whereby a large proportion of employees will continue to work from home at first. All protective measures, such as social distancing rules and hygienic guidelines, will be maintained in the office. Current occupational safety standards will also continue to apply to work in the apartments, on the portfolio and on the construction sites.

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Focus on Social Development Also in 2020

Despite several delays caused by the coronavirus crisis, the company remains committed to its social targets. To be sure, for example, the senior-friendly conversion of vacant apartments cannot be maintained in the current situation at the same level as before the pandemic. Nevertheless, climate protection, demographic change and the lack of affordable homes remain decisive megatrends for Vonovia.

“In general, the coronavirus months have hardly been helpful for overcoming the challenges in the residential property market. The conversion and new construction of apartments must proceed so that Germany will have access to sufficient suitable housing over the long term,” says Rolf Buch. “We remain very ambitious.” Vonovia continues to stand by its target of completing energy-efficient refurbishment measures for at least 3% of its own portfolio every year in Germany. Investments for modernization and new construction will thus once again reach a high level, with an expected volume of between around € 1.3 billion and € 1.6 billion.

Virtual Annual General Meeting Will be Held on June 30, 2020

Vonovia has postponed this year’s ordinary Annual General Meeting to June 30, 2020. It will likely be held virtually. The targeted dividend payment of € 1.57 per share remains intact. Maintaining the dividend signifies reliability, for Vonovia needs the trust and support of the shareholders in order to continue to devote itself to the challenges in the residential property market in the future.

Interim Statement for the First Quarter of 2020:
<https://reports.vonovia.de/2020/q1/>

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

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

2020 Financial Calendar:

June 30, 2020: Virtual Annual General Meeting

August 5, 2020: Interim Financial Report for 2020

November 4, 2020: Interim Statement for the first nine months of 2020

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Financial Key Figures in € million	3M 2019	3M 2020	Change in %
Rental income in the Rental segment	502.2	564.0	12.3
Adjusted EBITDA Rental	357.4	381.1	6.6
Adjusted EBITDA Value-add	35.8	37.2	3.9
Adjusted EBITDA Recurring Sales	26.3	26.4	0.4
Adjusted EBITDA Development	10.4	11.4	9.6
Adjusted EBITDA Total	429.9	456.1	6.1
EBITDA IFRS	388.2	428.1	10.3
Group FFO	303.6	335.5	10.5
Profit for the period	201.4	211.6	5.1
Maintenance, modernization and new construction (incl. to sell)	385.8	452.7	17.3
thereof maintenance	97.6	123.0	26.0
thereof modernization	188.0	208.1	10.7
thereof new construction (incl. to sell)	100.2	121.6	21.4

Key Balance Sheet Figures in € million	Mar. 31, 2019	Mar. 31, 2020	Change in %
Fair value of the real estate portfolio	44,543.0	53,199.7	19.4
Adjusted NAV	23,613.1	28,320.8	19.9
Adjusted NAV per share in €* LTV in %	45.58 42.4	52.23 43.0	14.6 1.4

Non-financial Key Figures	3M 2019	3M 2020	Change in %
Number of units managed	473,393	488,294	3.1
thereof own apartments	394,609	415,323	5.2
thereof apartments owned by others	78,784	72,971	-7.4
Number of newly constructed apartments	224	122	-45.5
thereof for own portfolio	188	122	-35.1
thereof for sale to third parties	36	-	-100.0
Vacancy rate in %	2.9	2.8	-0.1 pp
Monthly in-place rent in €/m ²	6.56	6.94	5.8
Employees, number (reporting date: March 31)	9,925	10,499	5.8

EPRA Key Figures in € million	Mar. 31, 2019	Mar. 31, 2020	Change in %
EPRA NAV	26,452.7	29,761.0	12.5
EPRA NAV per share in €* LTV in %	51.06 42.4	54.88 43.0	7.5 1.4

* Based on the shares carrying dividend rights on the reporting date Mar. 31, 2019: 518,077,934, Mar. 31, 2020: 542,273,611,
Dec. 31, 2019: 542,273,611

About Vonovia

Vonovia SE is Europe's leading private residential real estate company. Vonovia currently owns around 415,000 residential units in all attractive cities and regions in Germany, Sweden and Austria. It also manages around 73,000 apartments. Its portfolio is worth approximately € 53.2 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. Therefore, 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

ISIN: DE000A1ML7J1

WKN: A1ML7J

Common code: 094567408

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

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