

Press Release

Vonovia SE
Universitätsstrasse 133
44803 Bochum

Klaus Markus
Head of Corporate
Communications
Phone +49 234 / 314 – 1149
klaus.markus@vonovia.de

Nina Henckel
Head of Corporate Media
Phone +49 234 / 314 – 1909
nina.henckel@vonovia.de
www.vonovia.de

Results as of June 30, 2020

Solid Business Development in the First Half of 2020 – Continued Focus on Climate Protection, New Construction and Senior-Friendly Apartment Conversion

- Vonovia continues to offer assistance to tenants facing financial difficulties due to the coronavirus.
- Investments in research and development for further CO₂ savings in existing buildings.
- Increase in rent for existing properties due to market-related factors came to 1.0% in the first half of 2020; monthly rent of € 6.88/m² in Germany.
- € 2.3 billion increase in the value of the portfolio thanks to market development and investment.
- 617 new apartments completed; senior-friendly modernization of 7,000 apartments; energy-efficient modernizations completed for 5,000 apartments.
- Vocational training year off to a successful start; 100 additional trainee positions created.

Bochum, August 5, 2020 – Vonovia SE (“Vonovia”) will continue to focus on achieving CO₂ savings in its real estate portfolio. The company’s ongoing positive commercial development forms the basis for investment in research and development and in the expansion of renewable energies. Vonovia achieved all of its financial objectives in the first half of 2020. “We have weathered the coronavirus crisis well so far,” says CEO Rolf Buch. “This means that we can do a lot for our tenants and live up to our social responsibility.”

Back in March 2020, Vonovia promised all of its tenants that there would be solutions available if they ended up experiencing financial difficulties due to the coronavirus. The number of tenants taking the company up on this offer only stands at around 1%. “We are glad to be able to help and offer people a bit of security. But it is still possible for people to be placed on short-time working, or to lose their jobs, due to the coronavirus. We remain committed to working with them to find an individual solution for their rental payments. We want our tenants to be able to stay in their homes”, says Rolf Buch.

The company is also taking responsibility for climate protection. Vonovia is increasing the share of renewable energies in its existing buildings and is in the process of rolling out its “1,000 Roofs” program. Vonovia generates a total of around 10 million kWh of solar power annually, allowing it to save 4,500 metric tons of CO₂ a year in its portfolio. The “1,000 Roofs” program was launched in Dresden and Munich, and Vonovia now plans to continue it in the major cities of Leverkusen, Gelsenkirchen, Bochum and Cologne, all of which are in North Rhine-Westphalia.

In the mid to long term, Vonovia plans to decentralize the energy supply to its own neighborhoods. This means that instead of feeding the solar power into the public grid, which is what happens at the moment, it is to be made directly available to tenants – be it directly in their homes, to generate heat or at electric charging stations. This is the principle that Vonovia also intends to follow at its innovation center in Bochum-Weitmar, where it plans to test the production of hydrogen from renewable electricity as an efficient storage system, as well as the use of fuel cells, power storage facilities and heat pumps.

“The Climate Protection Act calls for the housing stock in Germany to be virtually climate-neutral by 2050. We are investing in energy solutions that our tenants can afford,” says Rolf Buch.

Economic Development Remains Solid

Vonovia’s Adjusted EBITDA Total increased by 8.0% from € 872.8 million in the first half of 2019 to € 942.2 million in the first half of 2020.

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The Housing-Related Services (Value-add), Development and Recurring Sales business areas contributed a combined € 160.8 million (H1 2019: € 148.8 million) to the Adjusted EBITDA Total. Adjusted EBITDA Rental increased by 7.9% from € 724.0 million in the first half of 2019 to € 781.4 million in the first half of 2020.

In the same period, Vonovia increased the Group FFO (operating earnings) by 11.0% to € 676.3 million (H1 2019: € 609.1 million). Above all, the purchase of Hembra as well as organic growth resulting from new construction and modernization have had a positive impact. The project developer Bien-Ries was included for the first time in the second quarter.

In the first quarter, Vonovia concluded a total of € 500 million in financing with mortgage banks and placed two bonds with a volume of € 1 billion at the end of March. Two further bonds with a total volume of € 1.5 billion were placed on July 3, 2020. The funds will be used for the early repayment of various loans in Sweden. The transaction will allow Vonovia to achieve the intended financial synergies at Hembra, which form part of the acquisition synergies with a total volume of € 30 million.

The Loan-to-Value ratio at Vonovia at the end of June 2020 was 41.8% (December 31, 2019: 43.1 %) and therefore within the target range of 40% to 45%. Including the dividend payment of € 1.57 per share for 2019, Vonovia's pro forma debt level comes to 42.7%. Around 41% of shareholders opted for the scrip dividend as opposed to a cash dividend.

Moderate Rental Policy and € 2.3 Billion Increase in Value

Vonovia managed around 415,000 of its own rental apartments as of June 30, 2020 (H1 2019: 397,000). With around 354,000 apartments in Germany, Vonovia has a market share of around 1.5 %.

The value of the company without liabilities (adjusted NAV) rose to € 29.7 billion. This is an increase of 5.4% on the end of 2019. The increase of around € 2.3 billion in the value of Vonovia's properties can be attributed to the sustained high demand for apartments and the investments made.

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With a vacancy rate of 2.8 % (June 30, 2019: 2.9%), the portfolio was still virtually fully occupied. Rental income in the Rental segment came to € 1,132.9 million (H1 2019: € 1,014.8 million). Above all, the acquisition of Hembra as well as organic growth made themselves noticeable. Market rent performance came to +1.0% compared with the prior-year period. 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. The monthly rent in Germany came to € 6.88 per square meter at the end of June 2020.

Customer satisfaction (CSI) rose by 3.7 percentage points in the second quarter of 2020 compared with the first quarter of the year. The main reasons behind the improvement included, in particular, an improved assessment of the service provided, ancillary costs bills that are easy to understand, Vonovia's response to tenant concerns and the manner in which it complies with any agreements reached. Measures to design both interior and outdoor areas also had a positive impact on the CSI.

Construction of Around 600 Apartments in the First Half of the Year

Vonovia has continued with its modernization, new construction and maintenance strategy in the 2020 fiscal year. The increased safety precautions introduced due to the coronavirus pandemic put the brakes on construction measures slightly in the second quarter of 2020, too. Rolf Buch: "When it comes to new construction and modernization, our projects are now starting to pick up speed again." In the first six months of the year, Vonovia completed 617 apartments (H1 2019: 817) for its own portfolio (534) and for sale (83). Senior-friendly modernization measures were carried out on 7,000 apartments, while energy-efficient modernizations were completed for 5,000. The total volume of maintenance, modernization and new construction activity (excl. to sell) rose by 6.8%, from € 804.3 million in the first half of 2019 to € 859.1 million in the first six months of 2020.

The company spent € 9.33 per square meter or € 247.9 million (H1 2019: € 8.31 per square meter or € 208.7 million) on maintenance and € 437.1 million (H1 2019: € 432.1 million) on modernization measures. Investments in new construction for Vonovia's own portfolio rose by 6.5% from € 163.5 million in 2019 to € 174.1 million in 2020.

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Training at Vonovia – Prospects for Young People

At a time when career prospects for young people are looking uncertain, Vonovia set an example when its training year started at the beginning of August 2020, creating 100 additional trainee positions in the trades across Germany. This brings the total number of positions to 210, twice as many as originally planned. Vonovia is training additional career entrants in all regions as plant engineers, tilers, electronics technicians, painters and gardeners, with a particular focus on the Ruhr region (24 new positions) and the North region (26). Including the company's commercial trainees, 265 career entrants are embarking on their vocational training at Vonovia in the new training year. Vonovia is still accepting applications for candidates looking to start on September 1 or October 1, 2020. Young people who cannot complete their vocational training due to their previous company going insolvent have the opportunity to continue their training at Vonovia, regardless of the starting date.

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Positive Outlook – Focus on New Construction, Climate Protection and Senior-Friendly Apartment Conversion

The positive start to the year in commercial terms looks set to continue. Adjusted EBITDA Total is expected to be within the range of the most recently published guidance, between € 1.875 billion and € 1.925 billion. Group FFO is likely to come in the range of between around € 1.275 billion and € 1.325 billion.

Climate protection, demographic change and the lack of affordable homes remain the key challenges driving Vonovia's activities. The company aims to complete more than 1,600 new apartments this year and to continue to forge ahead with senior-friendly conversion measures in vacant apartments. It plans to have refurbished a total of around 13,000 apartments by the end of 2020.

Vonovia continues to stand by its own target of completing energy-efficient refurbishment measures for at least 3 % of its own portfolio every year in Germany. This means plans to perform energy-efficiency refurbishment measures on around 11,000 apartments in 2020. All in all, investments in modernization and new construction will once again reach a high level, with an expected volume of between around € 1.3 billion and € 1.6 billion.

Interim Financial Report for 2020:
<https://reports.vonovia.de/2020/q2/en/>

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

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

2020/2021 Financial Calendar:

October 1, 2020: "Outlook for climate-neutral living" (Perspektiven klimaneutralen Wohnens) conference, both in digital form and on the EUREF Campus in Berlin

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

March 4, 2021: Annual Report 2020

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Financial Key Figures in € million	H1 2019	H1 2020	Change in %
Rental income in the Rental segment	1,014.8	1,132.9	11.6
Adjusted EBITDA Total	872.8	942.2	8.0
Adjusted EBITDA Rental	724.0	781.4	7.9
Adjusted EBITDA Value-add	75.7	67.6	-10.7
Adjusted EBITDA Recurring Sales	42.4	48.1	13.4
Adjusted EBITDA Development	30.7	45.1	46.9
EBITDA IFRS	811.9	877.4	8.1
Group FFO	609.1	676.3	11.0
Profit for the period	125.3	1,618.1	>100
Maintenance, modernization and new construction (excl. to sell)	804.3	859.1	6.8
thereof maintenance	208.7	247.9	18.8
thereof modernization	432.1	437.1	1.2
thereof new construction (excl. to sell)	163.5	174.1	6.5

Key Balance Sheet Figures in € million	Jun. 30, 2019	Jun. 30, 2020	Change in %
Fair value of the real estate portfolio	47,449.0	55,698.6	17.4
Adjusted NAV	26,305.0	29,673.2	12.8
Adjusted NAV per share in €* LTV in %	48.51 40.4	54.72 41.8	12.8 1.4 pp

Non-financial Key Figures	H1 2019	H1 2020	Change in %
Number of units managed	475,754	488,367	2.7
thereof own apartments	396,739	414,879	4.6
thereof apartments owned by others	79,015	73,488	-7.0
Number of newly constructed apartments	817	617	-24.5
thereof for own portfolio	438	534	21.9
thereof for sale to third parties	379	83	-78.1
Vacancy rate in %	2.9	2.8	-0.1 pp
Monthly in-place rent in €/m ²	6.64	7.03	5.9
Employees, number (reporting date: June 30)	10,024	10,440	4.2

EPRA Key Figures in € million	Jun. 30, 2019	Jun. 30, 2020	Change in %
EPRA NAV	27,240.6	31,078.2	14.1
EPRA NAV per share in €* LTV in %	50.23 40.4	57.31 41.8	14.1 1.4 pp

*Based on the shares carrying dividend rights on the reporting date in question: Jun. 30, 2019: 542,273,611; Jun. 30, 2020: 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 € 55.7 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 over 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

Business address of Vonovia SE: Universitätsstrasse 133, 44803 Bochum, Germany

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