

## Press Release

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**Results as of September 30, 2019**

### **Vonovia Posts Solid Results; Positive Outlook for 2020**

- In the first nine months of 2019, Group FFO grew by around 11% to € 932.8 million (9M 2018: € 842.7 million); the main reasons for this stem from international and development business.
- Ancillary expenses 9% below operating cost survey of the German Tenants' Association.
- Committed to climate protection with the "1,000 Roofs" program and the model neighborhood in Bochum.
- Investments in new construction increased in 2019 to around € 624 million (2018: € 416 million).
- Investment in maintenance, modernization and new construction increased to € 1,301.3 million (9M 2018: € 983.0 million).
- Forecast: Group FFO for 2019 confirmed at the upper end of the range and further growth of 7% in 2020 to around € 1.275 billion to € 1.325 billion expected.

*Bochum, Germany, November 5, 2019* – Vonovia SE ("Vonovia") continues its positive business performance. In the first nine months of the current fiscal year, Vonovia increased Group FFO (operating result after income and taxes) by approximately 11% to € 932.8 million (9M 2018: € 842.7 million). In particular, the result was boosted by the acquisitions of BUWOG and Victoria Park last year, as well as by the development business, new construction activity and further efficiency gains.

"Vonovia's successful development is based on our strategic decision to expand our presence outside Germany and extend our business model to include the area of development by acquiring BUWOG. In combination

with our decision to focus on dynamic growth regions in Germany, we now have a very well balanced portfolio that stands independent of individual regional economic fluctuations,” says Rolf Buch, Chief Executive Officer of Vonovia. “Our business model is forward-looking and stable.”

## **Investment Program Expanded; More new Construction to Combat the Housing Shortage**

Investment in maintenance, modernization and construction increased to € 1,301.3 million in the first nine months of the year (9M 2018: € 983.0 million), even though there was a decline in investments in energy-efficient modernizations. The reason for the decline is the voluntary commitment not to carry out any modernizations that would lead to a rent increase of more than € 2 per square meter for our tenants. During this period, Vonovia added an average of € 1.25 per square meter and month in the case of modernization. The Group is planning for an investment volume of € 1.4 billion for 2019 as a whole and will thus achieve a renovation rate of around 4% (2018: 5%). “We expect this rate to decline again in 2020. It is all the more important that we find other solutions for more climate protection in the housing stock,” says Rolf Buch.

Vonovia is focusing more on new construction: Vonovia is increasing its investments in the construction of new apartments for the full year 2019 to around € 624 million (2018: € 416 million). Around 2,150 residential units in Germany, Austria and Sweden are expected 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. “We need more homes, especially affordable ones. Alongside social housing, this also includes apartments for the middle class,” explains Buch.

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As of September 30, 2019, Vonovia managed a portfolio comprising 395,615 own residential units in Germany, Austria and Sweden (9M 2018: 400,735). Rental income amounted to € 1,527.0 million, compared with € 1,393.3 million in the prior-year period. This increase is also chiefly attributable to the acquisitions of BUWOG and Victoria Park. 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) of Vonovia rose to € 6.69 per square meter (9M 2018: € 6.43). The vacancy rate of 2.9% (9M 2018: 2.7%) was largely due to investments. Vonovia's portfolio is virtually fully occupied.

Ancillary expenses at Vonovia are below the amount in the nationwide operating cost survey conducted by the German Tenants' Association (DMB). Whereas Vonovia charged an average of € 2.55 per square meter and month in 2017, the average operating costs determined by the DMB stood at € 2.81 per square meter and month. This difference of about 9 % confirms the efforts of Vonovia to keep ancillary expenses to a minimum for tenants. The comparison is based on a total of 14 ancillary expense items. The DMB published its 2017 figures on October 3, 2019.

## **Operations Strengthened in Sweden**

With the acquisition of a majority stake of 69.3 % in Hembla AB, Vonovia will be significantly expanding its operations in Sweden. Vonovia expects the merger control authorities to approve the transaction anytime soon, obligating Vonovia to submit a public takeover offer for the remaining Hembla shares. Following the acquisition of Victoria Park in 2018, Hembla represents the second step on the Swedish market for Vonovia. The two portfolios complement each

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other: "We are also planning to implement our business model, which creates greater efficiency through our proven management platform, in Sweden," says Rolf Buch.

## **Committed to Climate Protection**

The "1,000 Roofs" program was launched in summer 2019. The aim is to equip at least 1,000 suitable roofs with photovoltaic facilities. Vonovia got the ball rolling in Dresden and Munich. Photovoltaic facilities have already been fitted on 224 gabled and flat roofs, which represents an installed output of 2,663 kWp. The roofs produce around 2,500,000 kWh of green energy per year. The CO<sub>2</sub> saving from the 224 roofs amounts to 1,200 metric tons per year. The 1,000 Roofs program spans a period of several years.

Vonovia is planning a "neighborhood of the future" in Bochum-Weitmar. In conjunction with the Fraunhofer Society and Ampeers Energy GmbH – and with the support of the State of North Rhine-Westphalia – a digital ecosystem is currently being developed that will pave the way for an integrated sector coupling. The goal is the full integration and sectoral coupling of electricity and heating supplies (which currently rely on stand-alone solutions within the neighborhood) via a central platform. Together with Open District Hub e.V., Vonovia has developed trailblazing business models for residential neighborhoods, with their initial implementation planned for Bochum-Weitmar. "We anticipate that this pilot project will provide us with valuable insights into the challenges and opportunities associated with developing the neighborhood of the future."

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## **Level of Debt Decreased Even More**

Vonovia was able to further drive its level of debt down to 40.3% in the reporting period, putting it at the lower end of the target corridor. The company raised equity of around € 1 billion in the period from January to September. 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," says Buch.

This was partly driven by the measurement gains of € 2.3 billion of June 30. Vonovia expects a further increase in value from valuations and investments of € 2.1 billion to € 2.8 billion in the second half of 2019. "The recent increase in value shows that we have optimized our portfolio successfully. Our housing stocks are in the right locations," remarks Buch.

## **Positive Outlook for 2019 as a Whole**

On account of the strong operational performance in first nine months of 2019, Vonovia confirms that results for the year as a whole will be at the upper end of the forecast range. It is anticipated that Group FFO will climb to somewhere between € 1.165 billion and € 1.215 billion (2018: € 1.132 billion). Vonovia plans to propose a dividend in the amount of € 1.57 per share to the shareholders at the Annual General Meeting in May 2020. This corresponds to an increase of around € 0.13 and a dividend yield of 3.3% based on the closing price on October 31, 2019.

For 2020, Vonovia expects a further increasing Group FFO (incl. BUWOG, Victoria Park and Hembla) of between around € 1.275 billion and € 1.325 billion. This is an increase of around 7% on 2019.

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**Report on the first nine months of 2019:**

<http://reports.vonovia.de/2019/q3/de>

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

**2020 Financial Calendar**

**March 5, 2020:** 2019 Annual Press Conference

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

**Wednesday, May 13, 2020:** Annual General Meeting

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<b>Financial Key Figures in € million</b>	9M 2018	9M 2019
Rental income in the Rental segment	1,393.3	1,527.0
Adjusted EBITDA Rental	966.7	1,082.5
Adjusted EBITDA Value-add	96.8	117.5
Adjusted EBITDA Recurring Sales	59.7	69.1
Adjusted EBITDA Development	17.5	62.0
Adjusted EBITDA Total	1,140.7	1,331.1
Group FFO	842.7	932.8
Group FFO per share in €	1.63	1.72
Income from fair value adjustments of investment properties	1,386.7	2,283.3
Profit for the period*	1,399.0	63.4
Maintenance and modernization	983.0	1,301.3
thereof for maintenance expenses and capitalized maintenance	326.7	337.4
thereof for modernization (incl. new construction)	656.3	963.9

<b>Key Balance Sheet Figures in € million</b>	Sep 30, 2018	Sep 30, 2019
Fair value of the real estate portfolio	41,948.6	47,763.9
Adjusted NAV	20,967.2	26,525.8
Adjusted NAV per share in €**	40.47	48.92
LTV (%)	45.1	40.3

<b>Non-financial Key Figures</b>	9M 2018	9M 2019
Number of units managed	484,363	473,966
thereof own apartments	400,735	395,615
thereof apartments owned by others	83,628	78,351
Vacancy rate (in %)	2.7	2.9
Monthly in-place rent in €/m <sup>2</sup>	6.43	6.69
Number of employees (as at Sep 30 / Dec. 31)	9,876	10,003

<b>EPRA Key Figures in € million</b>	Sep 30, 2018	Sep 30, 2019
EPRA NAV	24,467.1	27,256.4
EPRA NAV per share in €**	47.23	50.26

\* Includes correction of goodwill in the amount of € 2,103.5 million

\*\* based on the shares carrying dividend rights on the reporting date in question: Sept. 30, 2018: 518,077,934, Sept. 30, 2019: 542,273,611, Dec. 31, 2018: 518,077,934.

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## About Vonovia

Vonovia SE is Europe's leading private residential real estate company. Vonovia currently owns around 395,600 residential units in all attractive cities and regions in Germany, Austria and Sweden. It also manages around 78,350 apartments. Its portfolio is worth approximately € 47.8 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

ISIN: DE000A1ML7J1

WKN: A1ML7J

Common code: 094567408

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

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