

Corporate News

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Vonovia to Sell €1.0bn Minority Equity Participation in "Südewo" at around Fair Value

Bochum, April 26, 2023 – Vonovia announces the sale of a minority common equity participation in its "Südewo" portfolio to Apollo, on behalf of its affiliated and third-party insurance clients and other long-term investors, for €1.0bn. The investment represents an ownership of just under 30% adjusted for minorities.

The transaction values the Südewo portfolio at €3.3bn on a debt free and cash free basis, implying a discount below 5% to its fair value as of December 31, 2022, and below 6% to the fair value as of June 30, 2022.

CEO Rolf Buch commented, "We are pleased to have these world-class, long-term insurance and institutional partners for our Südewo portfolio. The transaction demonstrates the attractiveness of German residential rental income in general and our portfolio in particular. It is also a significant step in reaching our full-year disposal targets."

Vonovia retains a long-term call-option to repurchase the participation at an IRR of 6.95%-8.30% (including dividends received), and hence retains 100% of the upside of any outperformance of the portfolio. There is no obligation for Vonovia to exercise the call-option. The minority participation includes a higher-than pro-rata share of the dividend distribution by Südewo, and will have customary minority investor protection rights.

Vonovia will continue to control, operate and consolidate the portfolio, which comprises more than 21k residential units in locations across the southwestern state of Baden-Württemberg.

Closing of the transaction is expected to occur around May 31, 2023 and is subject to further conditions such as the absence of material adverse changes and regulatory clearances.

With the proceeds, Vonovia generates ~50% of the targeted €2bn free cash flow from asset disposals to which the company committed for 2023E. The transaction has no material impact on Vonovia's near term Group FFO per share or NTA per share. Vonovia intends to use the proceeds for liability management and to cover upcoming debt maturities, with the company's LTV expected to be reduced by 1 percentage point to 44.1% and Net debt / EBITDA by 0.3x to 15.5x.

Including this transaction, this year's refinancing requirements are fully covered.

J.P. Morgan and Freshfields Bruckhaus Deringer are acting as exclusive financial advisor and legal counsel to Vonovia, respectively. Latham & Watkins and Paul, Weiss served as legal counsel to Apollo.

About Vonovia

Vonovia SE is Europe's leading private residential real estate company. Vonovia currently owns more than 549,000 residential units in all attractive cities and regions in Germany, Sweden and Austria. It also manages around 72,800 apartments. Its portfolio is worth approximately € 95 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. Since September 2015 Vonovia has been a constituent in the DAX 30 (today DAX 40) and since September 2020 in the EURO STOXX 50. Vonovia SE is also a constituent of additional national and international indices, including DAX 50 ESG, Dow Jones Sustainability Index Europe, STOXX Global ESG Leaders, EURO STOXX ESG Leaders 50, FTSE EPRA/NAREIT Developed Europe, and GPR 250 World. Vonovia has a workforce of approximately 15,900 employees.

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Additional Information:

Approval: Regulated Market/Prime Standard, Frankfurt Stock Exchange

ISIN: DE000A1ML7J1

WKN: A1ML7J

Common code: 094567408

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