

Vonovia to Become the Largest Residential Company in Sweden

Acquisition of ca. 69% of voting rights in Hembla AB

September 23, 2019

<p>Strategic rationale</p>	<ul style="list-style-type: none">› Vonovia entered Sweden through the acquisition of Victoria Park and with a view that Swedish Residential is about scale› The acquisition of the majority of Hembla is the next logical step and opportunity› Through Victoria Park and Hembla, Vonovia becomes the largest residential player in Sweden with unparalleled exposure to Sweden's three large cities
<p>Transaction fulfills all acquisition criteria</p>	<ul style="list-style-type: none">› Strategic fit: Hembla owns 21k flats with €3.1bn GAV and is highly complementary to Victoria Park› The transaction is accretive to Group FFO per share and Adj. NAV per share› No impact on rating or rating outlook expected as a result of this transaction› Estimated operational and financial synergies of ca. €30m can already be realized on the basis of the 69% voting rights acquired from Blackstone
<p>Successful execution of European strategy set to continue</p>	<ul style="list-style-type: none">› Austria: Continue to run scalable operating business› Sweden: Opportunistic approach to further consolidation› France: Actively engage with relevant French players to try and take the next steps› Netherlands: Remain prepared for when an opportunity arises

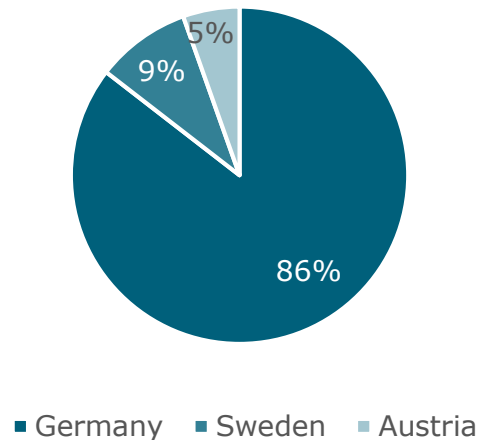
European Expansion Milestones

Q4 2017	<ul style="list-style-type: none">➢ Vonovia presents European expansion strategy with a target list of four countries: Austria, Sweden, France and the Netherlands➢ MoU with CDC Habitat in France➢ Tender offer for Buwog ensures scale in Austria
Q2 2018	<ul style="list-style-type: none">➢ Tender offer for Victoria Park
Q4 2018	<ul style="list-style-type: none">➢ Acquisition of 2,340 units in Sweden➢ Acquisition of 10% stake in 4,000 unit portfolio from SNCF in France



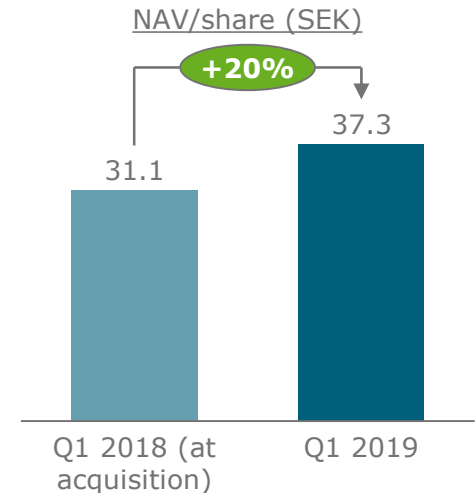
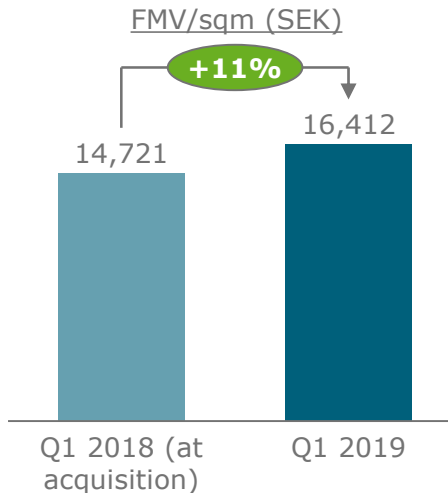
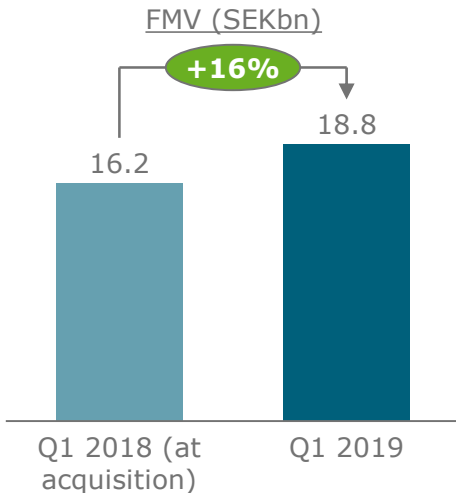
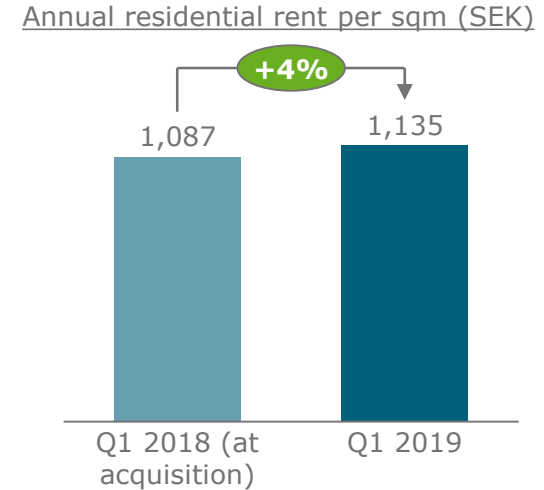
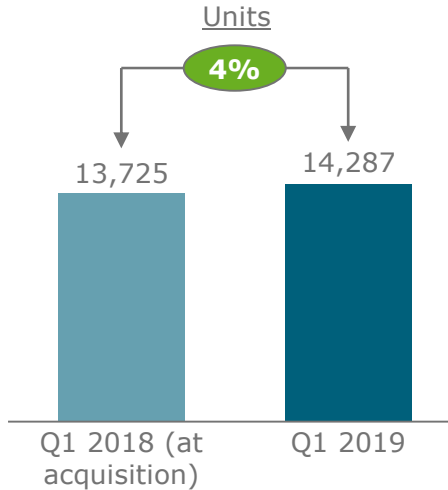
Acquisition of 69% of voting rights in Hembla from Blackstone is the perfect opportunity to take the next step and continue our focused and disciplined approach to European expansion.

Geographic split (pro forma, based on units)



Victoria Park – A Success Story

- › Tender offer launched in Q2 2018
- › Tender completed and Starwood stake acquired in Q3 2018
- › 2,340 units signed in Q4 2018 and closed in Q2 2019
- › Squeeze-out proceedings initiated and shares delisted in Q2 2019



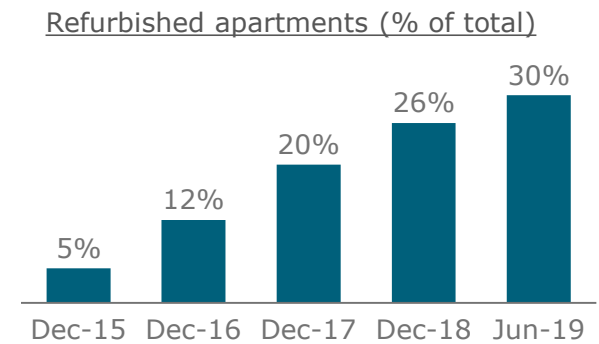
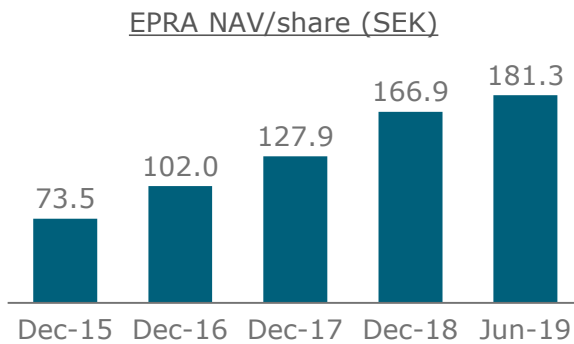
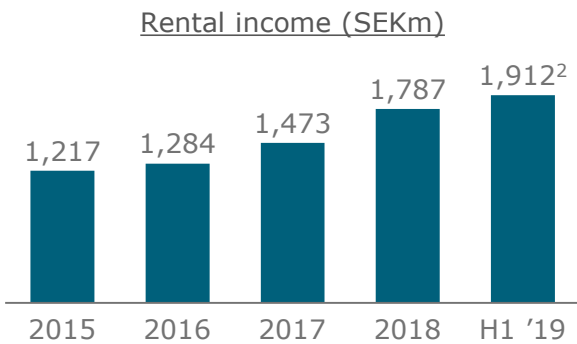
Source: Quarterly reports Victoria Park
 Note: Q1 2019 numbers do not include the Starsign portfolio signed in Q4 2018 as it only closed in Q2 2019

Hembla is a Major Swedish Residential Player with a Portfolio Focused on Stockholm

VONOVIA



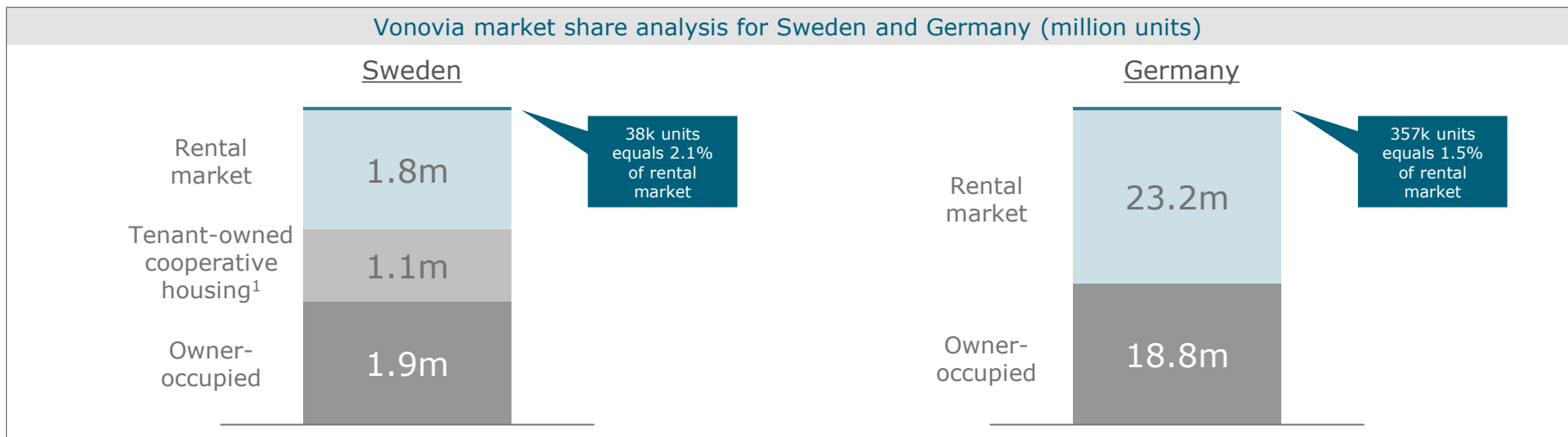
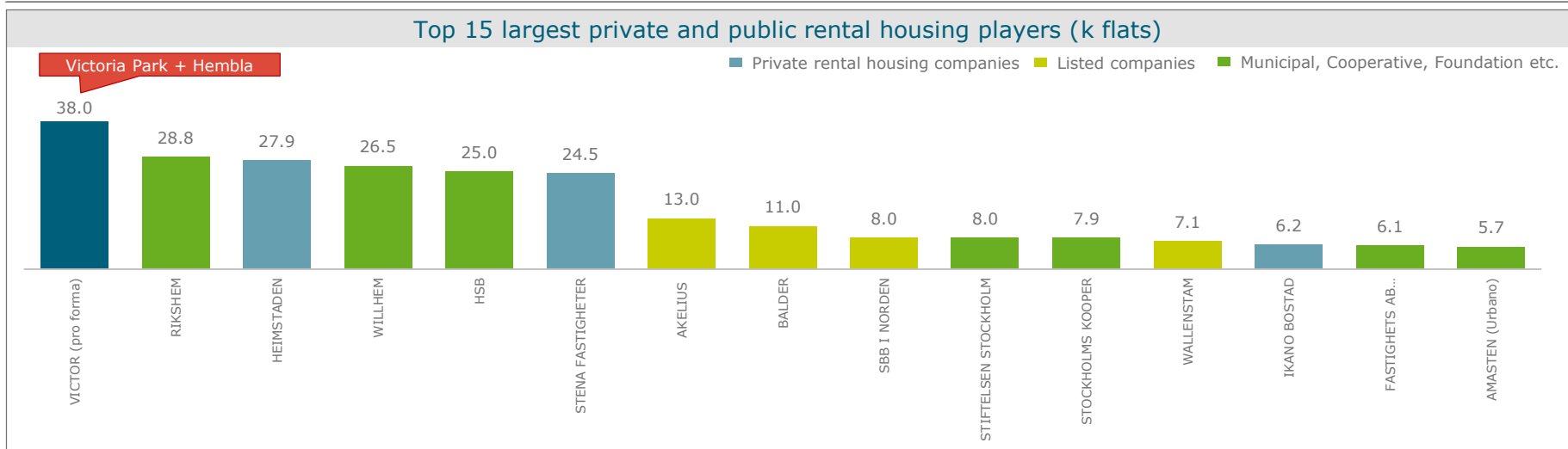
KPIs	
GAV €3.1bn	GLA 1,688,813 sqm
# of flats 21,411	In place rent/sqm/p.m.¹ €9.24
Ann. run rate flat refurb. ca. 1,600	Refurbished apartments 30.0%
LTV (Vonovia def.) 49.8%	Cost of debt 2.0%



Source: Company information; EUR/SEK at 10.71 as of 20 Sep 2019

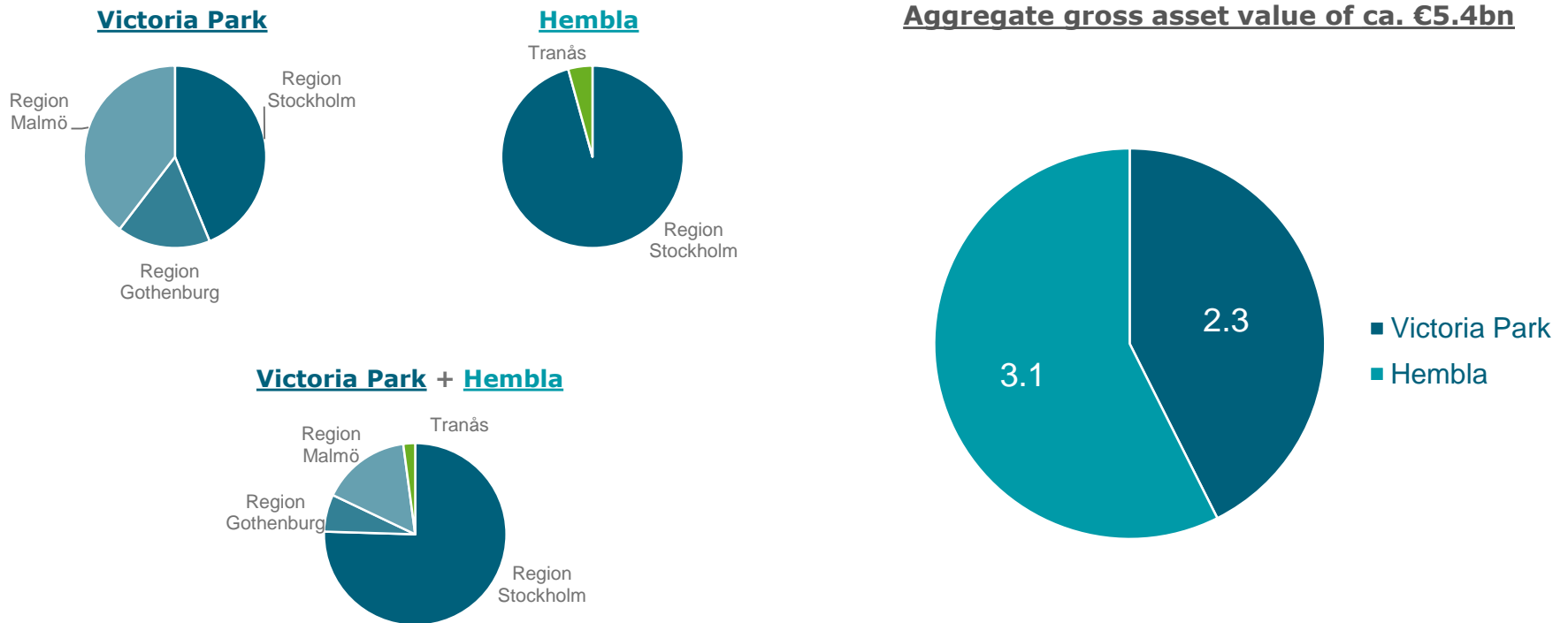
¹In-place rents in Sweden are not comparable to Germany, as Sweden includes ancillary costs. The table above shows the rental levels unadjusted to the German definition. ² H1 2019 annualized.

Vonovia Becomes the Largest Landlord in Sweden with a Market Share Similar to Germany



Source: Sweden: Boverket, SABO, SCB; Germany GdW Jahresstatistik; ¹ Commercially similar to condominium structures but legally owner has usage rights rather than full ownership

- Victoria Park's and Hembla's portfolios are highly complementary, giving the aggregate portfolio of 38k units unrivaled exposure to Sweden's three largest cities Stockholm, Gothenburg and Malmö



Source: Company information
 Note: Region Stockholm also includes Uppsala, Eskilstuna, Strängnäs, Norrköping, Katrineholm, Arboga, Köping and Vasteras

The Transaction Fulfills All of Vonovia's Acquisitions Criteria

Strategic Fit	<ul style="list-style-type: none"> ➤ The transaction follows our 4+2 strategy and is a strategic expansion in the Swedish residential market, adding scale and establishing Vonovia's position as the largest residential company in Sweden 	✓
Accretive to Group FFO per share	<ul style="list-style-type: none"> ➤ €0.12 per share accretive to pro forma 2020E Group FFO 	✓
Accretive to Adj. NAV per share	<ul style="list-style-type: none"> ➤ €0.16 per share accretive to pro forma 2020E Adj. NAV (without capitalization of synergies) 	✓
Rating neutral	<ul style="list-style-type: none"> ➤ No negative impact on rating or rating outlook expected, regardless of whether assessed on 50/50 financing structure or on basis of all debt 	✓

In light of differences between Vonovia's Group FFO and acquisition targets' Rental FFO we are currently reviewing our FFO acquisition criterion to better reflect the accretion impact of future acquisition opportunities.

Accretion based on transaction financing of cash through equity raised in H1 2019 and incremental debt financing, assuming ca. €30m of synergies on FFO (pro forma). NAV accretion excludes capitalized synergies. As per our acquisition criteria we assess the transaction on a theoretical 50% debt and 50% equity basis comparing target FFO to our internal rental FFO estimates for first full year of consolidation

Financial terms	<ul style="list-style-type: none">> Acquisition of Hembla shares from Blackstone at a price of SEK 215 per share (€20.1 per share) and €1,142mm total. The purchase price will be settled predominantly in Euro> Implied Enterprise Value of Hembla at SEK 37.5bn (equivalent to €3.5bn)
Implied premium	<ul style="list-style-type: none">> 11.5% premium to spot> 18.6% premium to LR NAV> 15.6% premium to 3M VWAP> 17.6% premium to 6M VWAP
Transaction features	<ul style="list-style-type: none">> SPA signed with Blackstone to acquire its entire 61% shareholding (and 69% of all voting rights)> Acquisition will, when completed, trigger a mandatory bid obligation for Vonovia> Such mandatory offer will not be subject to reaching a minimum acceptance threshold
Transaction financing	<ul style="list-style-type: none">> May 2019 equity raise allows for an all-debt financing at this point> Pro forma LTV post this transaction is estimated to be towards the upper end but still within our target range of 40% - 45%

Note: Stats based on latest reported company information as of 30 June 2019 for Vonovia and Hembla unless otherwise stated; all SEK figures converted into EUR using an SEK/EUR exchange rate of 10.73

Anticipated Transaction Timeline

VONOVIA

23 Sep 2019

Signing of SPA with Blackstone to acquire control in Hembla, and Vonovia ad-hoc public announcement

Oct – Nov 2019

Merger control clearance, acquisition becomes unconditional
Mandatory bid obligation triggered (min, four-week acceptance period after offer launch)

Dec 2019

Expected end of acceptance period

Note: Indicative expected dates only. Tender offer is subject to closing and antitrust clearance.

Compelling strategic rationale

- Through Victoria Park and Hembla, Vonovia becomes the largest landlord in Sweden and gains **unparalleled exposure to Sweden's three large cities**

Meets all acquisition criteria

- The transaction **meets all our acquisition criteria** and is **accretive** for Vonovia shareholders

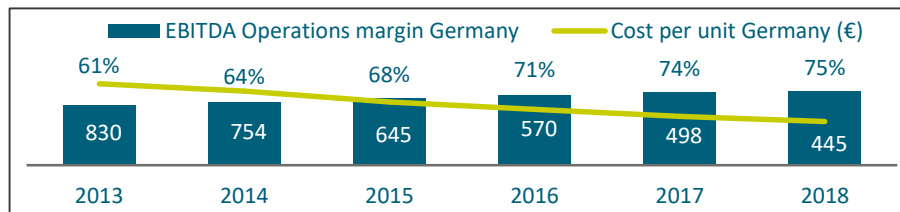
Successful execution of European strategy and expansion

- **Sweden:** Use scale and continue to seek accretive acquisition opportunities
- **Austria:** Continue to run scalable operating business
- **France:** Actively engage with relevant French players to try and take the next steps
- **Netherlands:** Remain prepared for when an opportunity arises

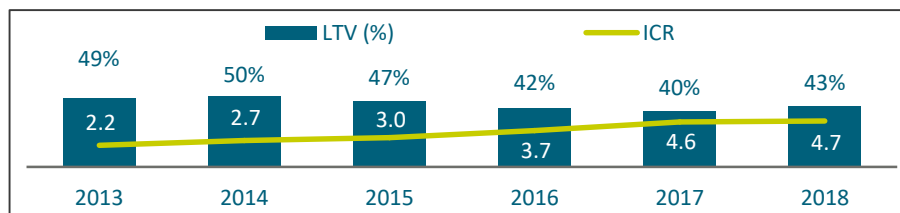
Reputation & Customer Satisfaction

Traditional

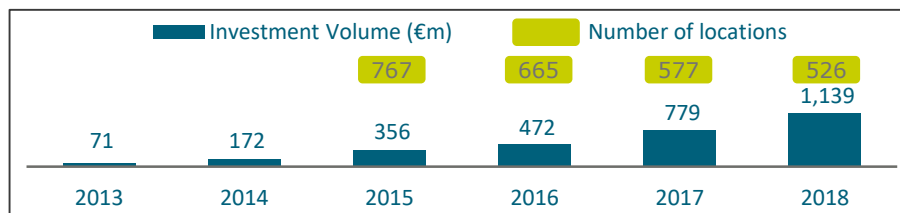
1 **Property Management**
Efficient operations of scalable business



2 **Financing**
Solid capital structure

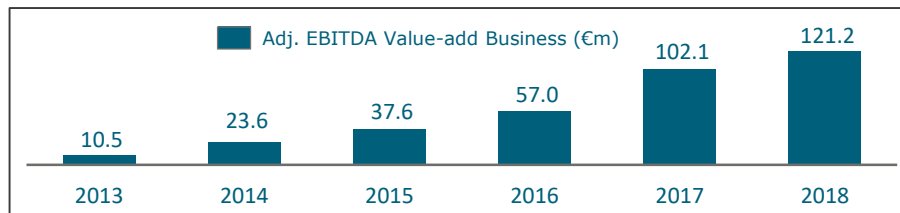


3 **Portfolio Management**
Value investments supplement internal growth



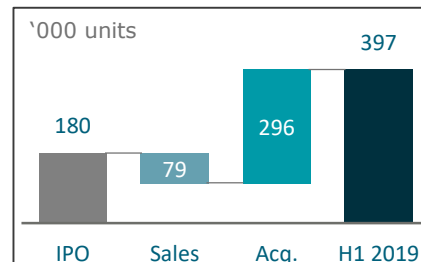
Innovative

4 **Value-add**
Leveraging B-to-C nature of the business



Core Strategies

5 **Mergers & Acquisitions**



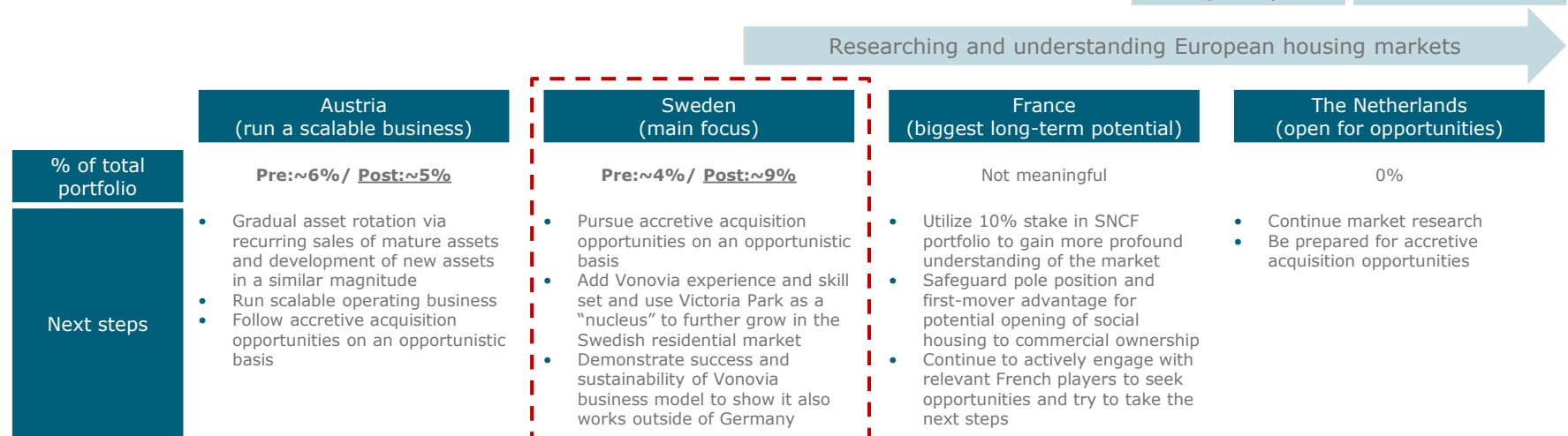
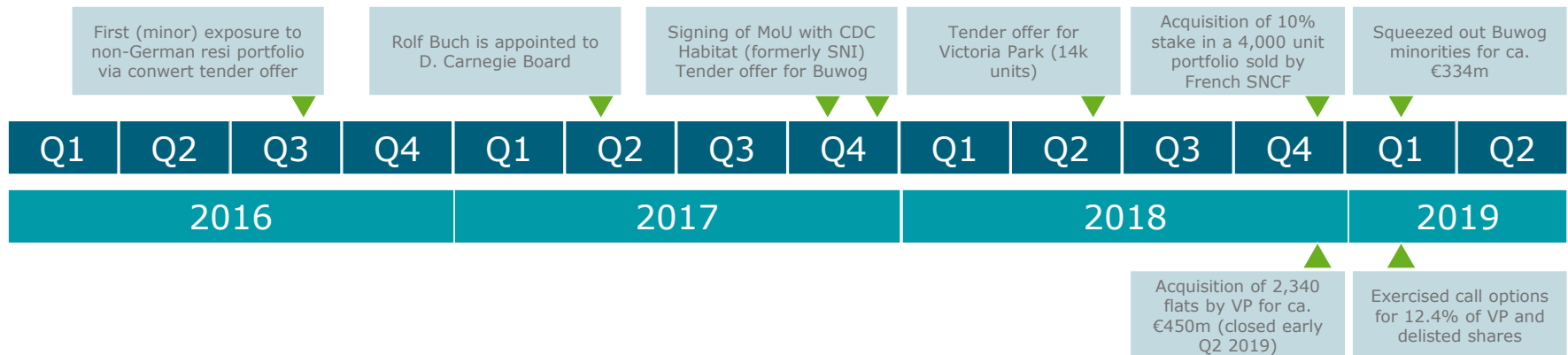
6 **European Activities**

- European activities enhance accretive acquisition opportunities
- Similar to Germany, we closely monitor clearly defined geographies for opportunities, applying the same acquisition criteria

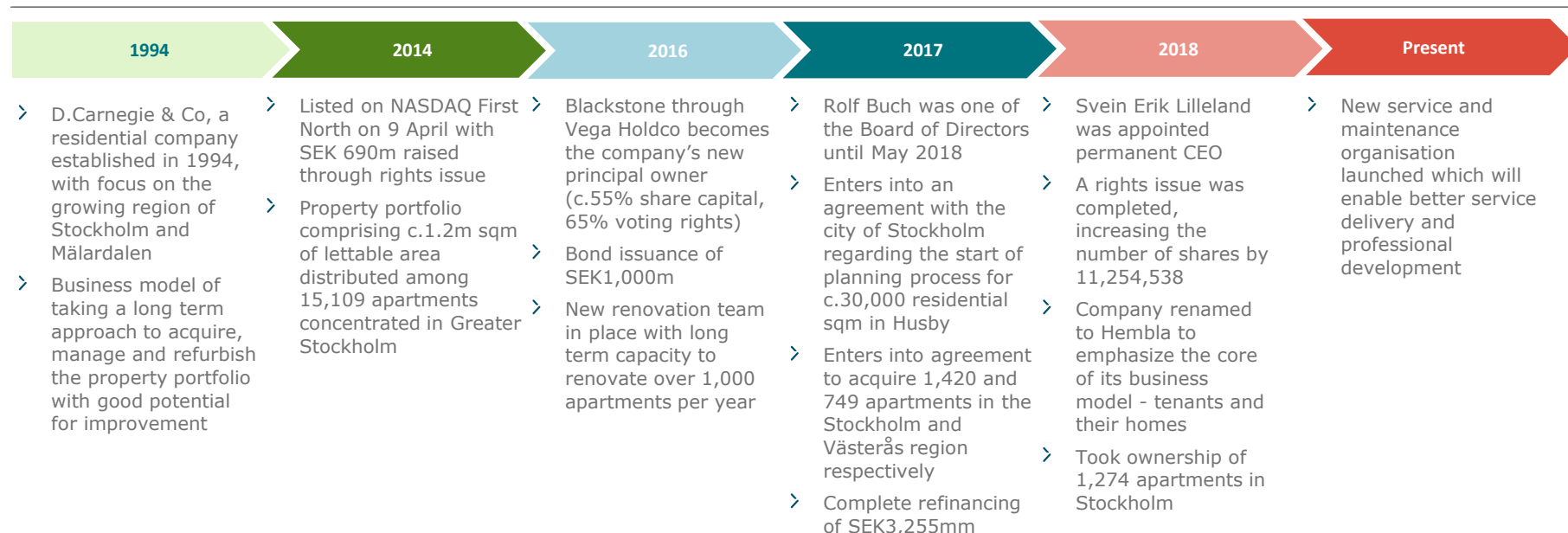
Opportunistic Strategies

Measured and Disciplined Approach to European Expansion

- > Cautious step-by-step approach to minimize risk. Currently ca. 14% of the portfolio are located outside Germany. We will continue to monitor the German market and our defined European target markets in accordance with our acquisition criteria
- > Germany is expected to remain the dominant market also in the foreseeable future. No specific target rate or ratios in terms of German vs. non-German exposure but highly opportunistic approach as is the case for our German M&A activities



Hembla's Road to Become a Major Swedish Residential Player



















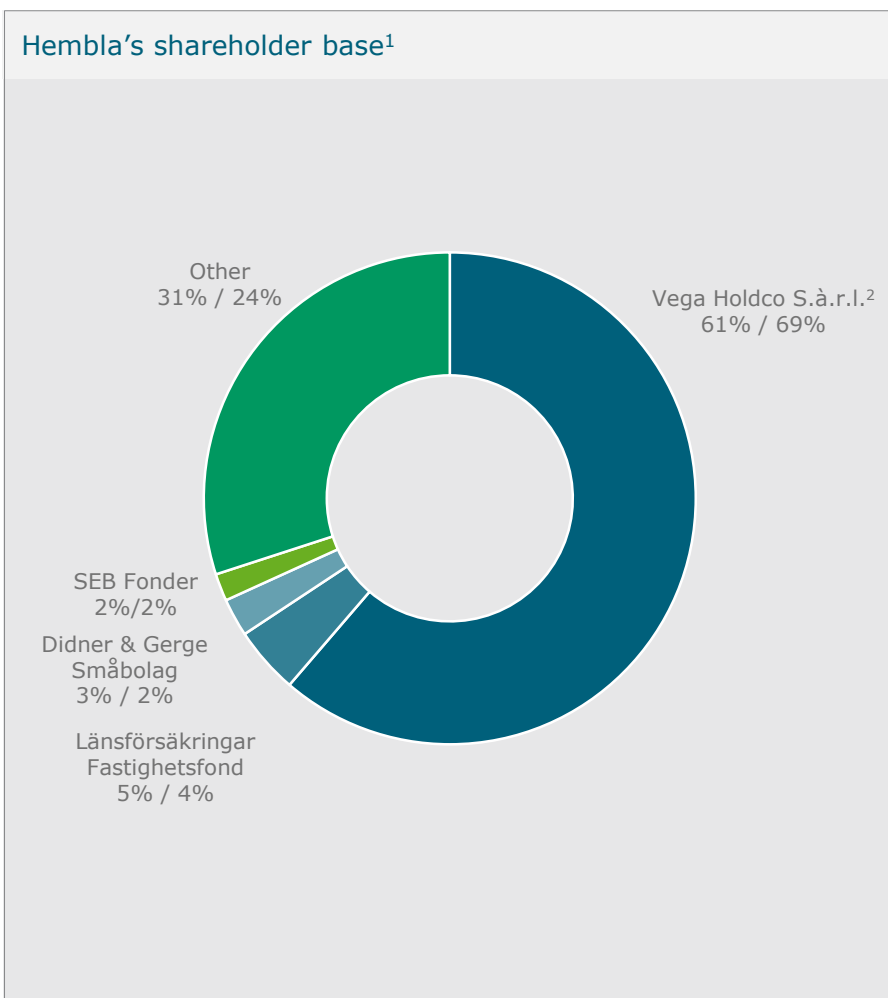
Hembla's growth since 2014

SEKmm	2015	2016	2017	2018	1H2019
Market value properties	13,826	16,998	21,456	31,091	32,964
Rental income	1,217	1,284	1,473	1,787	956
Net operating income (NOI)	554	631	774	931	488
Area ('000 sqm)	1,266	1,275	1,427	1,690	1,689
EPRA NAV per share (SEK)	73.50	101.96	127.90	166.88	181.25

Source: Company information

Unparalleled Acquisition Track Record

 <p>~11k units acquired</p>	<ul style="list-style-type: none"> > Transaction announcement: February 2014 > Transaction closing: April 2014 > Integration completion: June 2014 > Achieved synergies: €10m p.a. 		<p><i>First sizeable portfolio acquisition</i></p>
 <p>~30k units acquired</p>	<ul style="list-style-type: none"> > Transaction announcement: February 2014 > Transaction closing: October 2014 > Integration completion: December 2014 > Achieved synergies: €15m p.a. 		<p><i>First sizeable corporate acquisition</i></p>
 <p>~140k units acquired</p>	<ul style="list-style-type: none"> > Transaction announcement: December 2014 > Transaction closing: March 2015 > Integration completion: December 2015 > Achieved synergies: €76m operational + €61m financial p.a. 		<p><i>Mixed cash/stock public takeover</i></p>
 <p>~20k units acquired</p>	<ul style="list-style-type: none"> > Transaction announcement: June 2015 > Transaction closing: July 2015 > Integration completion: September 2015 > Achieved synergies: €12m p.a. 		<p><i>Sizeable all equity financed portfolio acquisition</i></p>
 <p>Immobilien Invest SE ~27k units acquired</p>	<ul style="list-style-type: none"> > Transaction announcement: September 2016 > Transaction closing: January 2017 > Integration completion: June 2017 > Achieved synergies: €23m p.a. 		<p><i>Public takeover and first acquisition outside Germany</i></p>
 <p>~49k units acquired</p>	<ul style="list-style-type: none"> > Transaction announcement: December 2017 > Transaction closing: June 2018 > Integration completion: YE 2018 for German operating business > Announced synergies: €30m p.a. 		<p><i>Public takeover and acquisition of critical mass in Austria</i></p>
 <p>~14k units</p>	<ul style="list-style-type: none"> > Transaction announcement: May 2018 > Transaction closing: July 2018 		<p><i>Public takeover and acquisition of "nucleus" in Sweden</i></p>
 <p>~21k units</p>	<ul style="list-style-type: none"> > Transaction announcement: September 2019 > Transaction closing: Q4 2019 (est.) > Announced synergies: ca. €30m p.a. 		<p><i>Acquisition of critical mass in Sweden</i></p>



- Comments
- Hembla has two share classes:
 - Class A (five votes per share)
 - Class B (one vote per share)
 - Hembla's latest total number of outstanding ordinary shares: 92,924,306
 - Class A shares: 6,136,989
 - Class B shares: 86,787,317

Source: Company information

¹ Ownership as % of share capital / % of voting rights; ² Vega Holdco S.à.r.l., an entity wholly owned by real estate funds advised by affiliates of The Blackstone Group L.P

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION (IN WHOLE OR IN PART) IN, INTO OR FROM ANY JURISDICTION WHERE THIS WOULD VIOLATE THE LAWS OR REGULATIONS OF SUCH JURISDICTION

The facts and information contained herein are as up to date as is reasonably possible and nothing herein shall imply that the facts and information presented are accurate or applicable at any time other than on the date of this presentation. Neither Vonovia SE (the "Company") nor any of its directors, officers, employees or advisors, or any other person makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this presentation nor does the information herein constitute a recommendation to any person to acquire any securities. Neither the Company nor any of its directors, officers, employees or advisors, or any other person shall have any liability whatsoever for losses howsoever arising, directly or indirectly, from any use of this presentation or its contents or otherwise arising in connection therewith.

This document is selective in nature and is intended to provide an introduction to, and overview of, the business of the Company and its subsidiaries and for the potential transaction. The information relating to the Company does not constitute a complete overview of the Company and must be supplemented by the reader wishing such completeness. Any opinions expressed in this document reflect the Company's current views and are subject to change without notice and neither the Company nor any other person is under any obligation to update or keep current the information contained herein. A significant portion of the information contained in this document, including market data and trend information, is based on estimates or expectations of the Company, and there can be no assurance that these estimates or expectations are or will prove to be accurate. Certain facts stated herein are derived from public sources and notwithstanding that such information has been correctly reproduced and the Company considers the sources to be reliable, the Company has not independently verified the information and such information should not be interpreted as having been adopted or endorsed by the Company as being accurate or complete.

This presentation contains forward-looking statements relating to the business, financial performance and results of the Company or the industry in which the Company operates. These statements may be identified by words such as "expectation", "guidance", "belief", "estimate", "plan", "target" or "forecast" and similar expressions, or by their context. These statements are made on the basis of current knowledge and assumptions and involve risks and uncertainties. Various factors could cause actual future results, performance or events to differ materially from those described in these statements and neither the Company nor any other person accepts any responsibility for the accuracy of the opinions expressed in this presentation or the underlying assumptions. No obligation is assumed to update any forward-looking statements.

The information contained herein does not constitute an offer, nor a solicitation of an offer, to buy any securities, and it does not constitute any form of commitment or recommendation in relation thereto. This presentation does not constitute an offer document and has not been approved or registered with any supervisory authority. In connection with the proposed combination of Vonovia and Victoria Park, an offer document relating to the offer will be filed with and published by the Swedish Financial Supervisory Authority (the "SFSA"). Shareholders of Victoria Park should read the offer document carefully when it becomes available, since it will contain important information about the transaction. Shareholders of Victoria Park may obtain free copies of the offer document, any amendments or supplements thereto and other documents containing important information about the transaction, from Vonovia's website <http://en.Vonovia-k.de>

This document and any materials distributed in connection with this document are not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction, in particular, but not limited to Australia, Canada, Hong Kong, Japan, New Zealand or South Africa.

This presentation speaks as of its date. Neither the delivery of this presentation nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or its subsidiaries since such date.