Vonovia SE, Bochum
WKN: A1ML7J
ISIN: DE000A1ML7J1
Common Code: 094567408

These materials are not an offer or the solicitation of an offer for the sale or subscription of the shares of Vonovia SE in the United States of America. The subscription rights and the shares referred to herein may not, at any time, be offered, sold, exercised, pledged, delivered or otherwise transferred within or into the United States of America except to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act of 1933, as amended ("Securities Act")) in accordance with Section 4(a)(2) of the Securities Act or another applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Vonovia SE has not registered and does not intend to register the subscription rights and/or the shares under the Securities Act or publicly offer the subscription rights and/or shares in the United States of America.

Prospectus Exemption Document

pursuant to § 4 para. 1 no. 4, para. 2 no. 5 *WpPG* and
Article 6 para. 2 lit. e) *WpPG-Luxemburg*
for the public offer and the admission of new shares from the scrip dividend 2018

dated 29 March 2018, amended on 11 May and 25 May 2018.

I. Purpose

The Annual General Meeting of Vonovia SE ("**Vonovia**") decided on 9 May 2018 to partly distribute the net income of the 2017 financial year of Vonovia to the shareholders by paying out a dividend of € 1.32 per no-par value share carrying dividend rights ("**resolution on appropriation of net income**"). The Management Board and the Supervisory Board of Vonovia again give the shareholders of Vonovia the opportunity to choose whether to have the dividend paid out in cash or in the form of shares in Vonovia.

The necessary new shares are to be created through partial use of the Authorized Capital 2016 pursuant to sec. 5b of Vonovia's Articles of Incorporation. The dividend entitlements in connection with the resolution on the appropriation of net income are to be transferred as contributions in-kind by those shareholders who want to receive their dividend in the form of shares.

This document has been created to fulfill the requirements of § 4 para. 1 no. 4, para. 2 no. 5 German Securities Prospectus Act ("**WpPG**") and Article 6 para. 2 lit. e) Luxemburg *Loi relative aux prospectus pour valeurs mobilières* ("**WpPG-Luxemburg**"), which state that there is no obligation to publish a prospectus for the public offering and admission for trading on a regulated market, of dividends paid out to shareholders in the form of shares <u>provided that a document is made available which contains information on the quantity and type of shares and which describes the reasons for and details of the offer</u>

("**Prospectus Exemption Document**"). The document will not be submitted to a public authority or comparable body nor will it be examined or approved by an authority or comparable body. However, the Frankfurt Stock Exchange will only allow the shares to be traded on the regulated market, if this document contains the information required by law.

Neither the subscription rights, nor the new shares are, or will be, registered in accordance with the U.S. Securities Act of 1933 as amended, or with the securities regulators of individual states or other territories of the United States of America. At no time may the subscription rights and new shares be offered, sold, exercised, pledged, transferred or delivered, either directly or indirectly, to the or within the United States of America, except for Qualified Institutional Buyers ("QIBs") as defined in Rule 144A of the U.S. Securities Act of 1933, as amended (the "Securities Act"), as set out in Section 4 (a)(2) of the Securities Act or due to the existence of an exemption from the registration requirements of the Securities Act or in such a transaction that is not covered by them if it does not constitute a breach of applicable securities legislation in the individual states of the United States of America.

II. Reasons

Giving shareholders the choice between a cash dividend and a dividend in the form of shares is common practice at an international level and is chosen by more and more listed companies in Germany. Granting such an option gives shareholders the opportunity for an easy re-investment of their dividends into shares of Vonovia. If shareholders opt to receive the dividend in the form of shares, they can prevent their shareholding in Vonovia being diluted as a result of the rights issue capital increase, without the use of additional financial resources. For Vonovia, dividend payments reduce cash outflow to the extent that otherwise payable dividend entitlements are reinvested in Vonovia by its shareholders and new shares delivered instead of a dividend payments in cash.

At Vonovia's last year's share dividend offer, almost half of all dividend entitlements have been paid out in the form of shares in Vonovia.

III. Details

1. Current share capital and shares of Vonovia

Vonovia's current share capital (25 May 2018) is € 511,100,826.00, divided into 511,100,826 no-par value registered shares (shares without nominal value) with a pro rata capital stock of € 1.00 attributable to each no-par value share.

All issued shares have the same rights and in particular grant one vote in the general meetings of Vonovia. On 11 May 2018, 26 million new shares have been issued through an accelerated bookbuilt offering (ABB), which are not entitled to receive dividends for the past 2017 financial year.

The existing Vonovia shares are evidenced in several global certificates deposited with Clearstream Banking AG, Mergenthalerallee 61, 65760

Eschborn (the “**Clearstream**”). Pursuant to sec. 4.3 of Vonovia’s Articles of Incorporation, the right of shareholders to certification of their shares is precluded unless certification is required by the regulations for a stock exchange on which the stock is listed.

The existing Vonovia shares are admitted to the regulated market for trading on the Frankfurt am Main and Luxembourg stock exchanges as well as to the regulated market subsection with additional post-admission obligations (Prime Standard) on the Frankfurt stock exchange.

Vonovia’s shares are freely transferable.

Announcements of Vonovia are published in the German Federal Gazette in accordance with the Articles of Incorporation of Vonovia. Notifications relating the shares of Vonovia are also published in the German Federal Gazette or, as the case may be, in media suitable for distribution across the European Economic Area.

The paying agent pursuant to § 48 par. 1 no. 4 WpHG is Deutsche Bank AG.

2. Rights issue capital increase

a) Rights issue capital increase for non-cash contributions from Authorized Capital 2016

The Management Board and the Supervisory Board intend to create the new shares which are the subject of this Prospectus Exemption Document and which are to be issued against contribution of dividend entitlements during the rights issue capital increase by partially using the Authorized Capital 2016.

For reasons of practicality, COMMERZBANK Aktiengesellschaft, Kaiserstraße 16, 60311 Frankfurt am Main (“**COMMERZBANK**”) is handling the execution of the capital increase (indirect subscription right).

Each shareholder will only be able to exercise his subscription right by assigning his dividend entitlements to COMMERZBANK as third-party trustee within the subscription period in accordance with the terms of the rights offer while at the same time commissioning and authorizing it to subscribe, to the extent of such assigned dividend rights, for new shares in its own name but for the account of the shareholder. The subscription by COMMERZBANK is made at the subscription ratio and subscription price stated below. Following subscription and registration of the execution of the rights issue capital increase with the commercial register, COMMERZBANK will transfer the new shares acquired in this process to the shareholders. If applicable, COMMERZBANK, with the assistance of the depository banks, will also transfer any dividend entitlements that are not required or sufficient to subscribe for one share back to the shareholders. COMMERZBANK is also obliged to handle the process as described above vis-à-vis Vonovia. Shares which are not entitled to receive dividends for the 2017 financial year are excluded from the subscription offer.

b) Subscription period / Subscription agent

The subscription period is 11 May 2018 to 28 May 2018 (inclusively). Subscription rights that are not timely exercised will expire without compensation. In such case, shareholders will receive the dividend in cash.

The subscription agent is COMMERZBANK.

c) Subscription ratio / subscription price; residual balance

The Management Board has not determined the subscription ratio, i.e., the number of shares granting a subscription right for one full new share and the subscription price, i.e., the value that a shareholder must invest in Vonovia in order to obtain one new share, at the time the subscription offer was published. Initially, the Management Board only announced the basis for such determinations.

The subscription price and the subscription ratio have been published in the German Federal Gazette and on the website of Vonovia (http://investoren.vonovia.de/hv) on the third last day of the subscription period, i.e., 25 May 2018.

Basis of calculation of the subscription ratio and the subscription price was the volume-weighted average price of Vonovia shares in Euro in the Xetra trading system on the Frankfurt stock exchange on the last trading day before the date on which the subscription price was set ("**reference price**"), i.e., on 24 May 2018. The reference price was € 38.7488.

The subscription ratio is the relationship between the result of dividing the reference price by the nominal amount of a dividend entitlement (€ 1.32), less a discount of 3.0% and rounded to one decimal place, and one new share ("**subscription ratio**"). The subscription ratio is 28.4 : 1.

The subscription price is the subscription ratio multiplied by the nominal amount of one dividend entitlement (€ 1.32) ("**subscription price**"), i.e., € 37.488.

To the extent the number of dividend entitlements or portions thereof, for which a shareholder has opted to receive the dividend in the form of shares, is not sufficient to cover the subscription of one (additional) full new share, such shareholder will receive this part of their dividend in cash (the "**residual balance**"). The amount of the residual balance is calculated by multiplying the number of dividend entitlements, or portions thereof, that are not sufficient to cover the subscription of one (additional) full new share by nominal amount of one dividend entitlement (€ 1.32), rounded down to the nearest whole cent. Any commercial rounding, which Clearstream and/or the depository banks may apply due to technical reasons, remains unaffected and shall not be accrued on the account of Vonovia nor on the account of COMMERZBANK.

The calculation of the subscription ratio and the subscription price is to be illustrated by the following calculation:

- ***Subscription ratio:***
  - Reference price (€ 38.7488) divided by the nominal amount of a dividend entitlement (€ 1.32) less 3.0% rounded down to one decimal place after the decimal point = 28.4.
  - The subscription ratio is therefore: 28.4 : 1, i.e., for each 28.4 old shares (and a corresponding number of dividend entitlements as contribution in-kind), one new share can be acquired.
- ***Subscription price:***
  - Subscription ratio (28.4) multiplied by the nominal amount of a dividend entitlement (€ 1.32) = 37.488.
  - The subscription price is therefore: € 37.488, i.e., for each new share, one shareholder must file dividend entitlements of € 37.488.
- ***Example residual balance:*** If a shareholder transfers dividend entitlements from, for example, 29 shares, he transfers 0.6 dividend entitlements too many pursuant to this example calculation. 0.6 dividend entitlements are equal to a nominal amount of € 0.792 (0.6 x € 1.32 = € 0.792). This amount will be rounded down to the nearest whole cent (€ 0.79) and shall be paid out to the shareholder in cash. In this example, the shareholder therefore receives one new share and € 0.79 in cash in exchange for 29 dividend entitlements. The rounding difference of € 0.002 will not be paid out.

d) Features of the new shares

The new shares, which are the subject matter of this Prospectus Exemption Document, will be created after the Annual General Meeting on 9 May 2018. They will feature the same rights as all other shares in Vonovia and will not be vested with any additional rights or benefits. Each new share entitles the holder to one vote at the General Meetings of Vonovia. There are no restrictions on voting rights, except in specific cases prescribed by law, nor are there any different voting rights for specific shareholders. The new shares will carry full dividend entitlements as from 1 January 2018.

The new shares participate in any liquidation proceeds according to their mathematical share of the capital stock.

The new shares will be evidenced in a global certificate, without an owner's global profit share certificate, and deposited with Clearstream. The new shares will be delivered via collective safe custody credit. The new shares will be freely transferable.

e) Booking and stock exchange treatment

The dividend entitlements and the inseparably linked subscription rights from the existing shares of Vonovia, all of which are held in collective safe custody, have been booked automatically to the depository banks on 14 May 2018, with effect on 11 May 2018 (24:00 hours) (Record Day) by Clearstream. The posting of the dividend entitlements (ISIN DE000A2LQ132/WKN A2L Q13) automatically includes the associated subscription rights.

The existing shares of Vonovia were listed "*ex* dividend" and hence also "*ex* subscription right" on the regulated markets of the Frankfurt am Main and Luxembourg stock exchanges, from 10 May 2018 onwards.

The subscription rights are only transferable together with the dividend entitlement because the subscription right can only be exercised if the corresponding dividend entitlement is assigned. Stock exchange trading of the subscription rights is not envisaged.

f) Maximum / minimum number of shares offered

The maximum number of new shares that will be created is not yet set. It depends on the extent to which shareholder exercise their right to choose.

If no shareholder should choose the dividend in the form of shares, no new shares would be issued.

If all shareholders choose the dividend in the form of shares with their entire stock of shares, then at a number of 485,100,826 shares entitled to dividends for the 2017 financial year and a subscription ratio of 28.4: 1 (and assuming all shareholders hold an integer multiple of 28.4 shares) a maximum of 17,081,015 new shares would be created.

3. Costs and benefits of the offer for Vonovia

Vonovia will not acquire new cash assets as a result of the rights issue. Object of the contribution at the capital increase will be the dividend entitlements of the shareholders who have opted for the share dividend and which will hence be contributed in-kind. Since Vonovia is the debtor of the dividend entitlements, the respective payment obligation lapses due to the contribution (*Konfusion*).

Each dividend entitlement that a shareholder brings to Vonovia by COMMERZBANK reduces Vonovia's liabilities to its shareholders. Due to the resolution on the appropriation of profits, Vonovia is obliged to pay a total of € 640,333,090.32. The more shareholders choose the dividend in the form of shares, the less cash Vonovia has to pay-out to the shareholders. If, for example, all dividend entitlements are brought into Vonovia, Vonovia would not have to pay any dividends in cash.

The costs of executing the share dividend must be deducted from these savings for Vonovia. These costs, including the remuneration to be paid to COMMERZBANK, who are supporting the transaction, will amount to around € 1 million (net).

4. Information about exercising the right to choose

a) Entitled shareholders

The right to opt to receive the dividend in cash or in new shares exists for all shareholders who owned no-par value registered shares of Vonovia with dividend entitlements for the 2017 financial year on the evening of 9 May 2018 (24:00 hours) and have not sold them before. These shareholders received dividend entitlements which are inseparably linked to subscription rights for shares.

b) Exercise of the right to choose

Shareholders do not need to make the choice for all their shares uniformly but are free to choose for each share whether they want to receive the dividend entitlement in cash or new shares. This also applies if the share are booked in the same account.

Shareholders who have exercised their right to choose cannot revoke their choice once it has been made.

c) Information on choosing the dividend in cash

Shareholders who choose to receive their dividend in cash do not need to take any actions. Payment of the dividend is expected to be made via the depository bank on 7 June 2018.

d) Information of the choice of the dividend in the form of shares

Shareholders who opt to receive their dividend in new shares must notify their depository bank no later than 28 May 2018, during normal business hours. For this, a form available via the depository bank (the "**declaration of subscription and assignment**") must be used. On this form, shareholders can indicate how many subscription rights they would like to exercise, i.e., how many dividend entitlements they would like to assign to COMMERZBANK in order to obtain new shares.

The dividend entitlements are transferred by the shareholders to COMMERZBANK as third-party trustee. COMMERZBANK will transfer the transferred dividend entitlements as contribution in kind to Vonovia and will subscribe for a corresponding number of new shares in its own name but on the shareholder's account. After the new shares have been created by entry in the commercial register, COMMERZBANK will transfer the shares to the entitled shareholder. It is expected that the new shares will be transferred to the depository banks on 14 June 2018.

Vonovia reimburses the depository banks for their services with a payment of € 0.60 per depository client and an additional € 3.00 per depository client who opted for the share dividend.

Shareholders who opt to receive the dividend in new shares may incur additional depository bank fees which will neither be paid by Vonovia nor COMMERZBANK. Shareholders are kindly asked to inquire about the details regarding fees at their depository bank in advance.

For the settlement of subscription rights COMMERZBANK, in its function as settlement agent, does not charge an additional commission to the shareholders.

5. Admission of the new shares to trading on the stock exchange

The new shares will be admitted to the regulated market for trading on the Frankfurt am Main and Luxembourg stock exchanges as well as to the regulated market subsection with additional post-admission obligations (Prime Standard) on the Frankfurt stock exchange, and incorporated in the listing for existing shares at these stock exchanges upon delivery to the shareholders.

6. Expected schedule

- 9 May 2018 — Annual General Meeting of Vonovia.
- 9 May 2018 — Resolution, in principle, by the Management Board and the financial committee of the Supervisory Board concerning a capital increase.
- from 10 May 2018 — *Ex* dividend Vonovia share trading.
- 11 May 2018 — Publication of the subscription offer.
- 14 May 2018 — Dividend entitlements are posted to securities deposit account of shareholders.
- 25 May 2018 — Announcement of the subscription price and the subscription ratio.
- 28 May 2018 — End of the subscription period, i.e. the end of the period during which shareholders have the right to exercise a choice.
- 30 May 2018 — Announcement of the acceptance rate of the share dividend.
- 4 June 2018 — Resolution of the Management Board and the financial committee of the Supervisory Board regarding the details of the partial use of Authorized Capital.
- 7 June 2018 — Payout of the cash dividend and the residual balance.
- 12 June 2018 — Creation of the new shares by entry in the commercial register.
- 12 June 2018 — Admission of the new shares to the regulated market for trading on the Frankfurt am Main (Prime Standard) and Luxembourg stock exchanges.
- 14 June 2018 — Incorporation of the new shares in the listing for existing shares.
- 14 June 2018 — Transfer of the new shares to the shareholders.

- 14 June 2018 First day of trading, incorporation of the new shares in the existing listing.

7. Tax treatment

The following concise statement does not claim to provide all the necessary information on tax treatment of the dividend and is no substitute for consultation with a tax advisor.

Since the dividend for the 2017 financial year will be paid in full from the tax contribution account in accordance with § 27 Corporation Tax Act (*Körperschaftsteuergesetz* – KStG) (contributions other than into nominal capital), no capital gains tax, solidarity surcharge or possible church tax will be deducted. This applies both to the contribution of the dividend in cash and in new shares.

Dividends paid out in cash or in new shares to shareholders in Germany are not subject to taxation.

Dividends do not entitle recipients to tax refunds or tax credits. In the German tax authorities' view the dividend payment reduces the acquisition costs of the shares for tax purposes.

8. Later submission of confidential information

The details which were initially left open in this Prospectus Exemption Document, in particular the subscription ratio and the subscription price, have been or will be published in the German Federal Gazette and on the Vonovia's website at http://investoren.vonovia.de/hv.

Bochum, 25 May 2018

Vonovia SE

The Management Board