

May 12, 2016: Annual General Meeting of Vonovia SE

Speech by Rolf Buch CEO of Vonovia SE

Check against delivery.

Dear Shareholders,

Ladies and Gentlemen,

Welcome to the Annual General Meeting of Vonovia SE here at Congress Center Düsseldorf.

On behalf of the entire Management Board, I would like to extend a warm welcome to our shareholders – the people who own our company. We are delighted that so many of you are able to be here today.

We would like to discuss a total of eight agenda items with you. Resolutions will be passed on agenda items 2 to 8. Please refer to your invitation to the Annual General Meeting.

Alongside a review of the previous fiscal year, I would like to address this year's key issues. I would like to begin, however, by going back a little further.

Vonovia has been listed on the stock exchange for three years. While this is a fairly short period of time, there are fundamental differences between the Deutsche Annington at that time and the Vonovia SE of today. And I'm not just talking about the name.

We now manage around 400,000 apartments all over Germany – about 344,000 of which we own ourselves. Today, Vonovia is a real estate company on a European scale. Before I present to you the pleasing results of the first quarter of 2016, I would like to take a look at our long-term development.

We have progressed by leaps and bounds over the past three years. Instead of laboring the point, I would simply like to demonstrate it with five key figures:

1. Since the first quarterly report we published as a listed company back in 2013, our EPRA net asset value has increased by 193 percent to around € 14 billion as of December 31, 2015. This represents a rise of 48 percent per share.
2. Our FFO 1, the key figure in terms of assessing our operating performance, has risen by 172 percent to € 608 million over a three-year comparison (the 2013 fiscal year compared with the 2015 fiscal year). This corresponds to a rise of 37 percent per share.
3. Our maintenance and modernization expenses stood at roughly € 20 per square meter in 2013. This year, we anticipate that we will invest € 38 per square meter – an increase of 90 percent.
4. We have reduced our financing costs from 4.4 percent to 2.6 percent over a four-year period. As a result, we save approximately € 1.8 million a year for every € 100 million of financial liabilities.
5. For my fifth point, I would like to draw attention to our dividend. Since our stock market flotation on July 11, 2013, it has climbed by 40 percent – and our share price by no less than 80 percent since the closing price on the day of the flotation. I will go into more detail about our proposal for this year's dividend distribution later.

As you can see, we have performed extremely strongly over the last three years. This performance has also been rewarded. On September 3, 2015, we not only unveiled our new name of Vonovia, but – on the very same evening – Deutsche Börse announced our promotion to the DAX.

We are therefore the first real estate company to join the ranks of Germany's largest listed corporations. As a DAX company, we also have an increased profile, especially on the international stage. This profile is also good news for our shareholders. Nonetheless, it means an even greater responsibility for the Management and Supervisory Boards, as the capital market and general public are now following the company's progress even more closely.

Ladies and Gentlemen,

Let me take this opportunity to look back over the previous fiscal year.

2015 was another record year for us.

We once again recorded increases in all key figures, even managing to exceed some of our targets. Allow me to outline five operating highlights of the past year:

- EPRA net asset value, which I have already mentioned, rose by 113 percent to around € 14 billion last year. Per share, this represents an increase of more than 30 percent to around € 30.
- We doubled our profit from operations, FFO 1, to € 608 million in the last fiscal year. This corresponds to a rise in FFO 1 per share of 30 percent to € 1.30.
- Rents also developed strongly. As of the end of the 2015 fiscal year, our like-for-like price per square meter stood at € 5.78. This corresponds to an increase of 2.9 percent.
- We once again reduced our vacancy rate. As of the end of 2015, our vacancy rate is at an all-time low of 2.7 percent, which mainly comprises vacancies for technical reasons. In other words, demand for our apartments is higher than ever.
- To keep things this way, we invested € 331 million in the maintenance of our apartments and € 356 million in their modernization in 2015. This works out at a total of about € 33 per square meter and also plays a key role in boosting customer satisfaction.

This positive development is also reflected in our dealings with the capital markets; our business model has been very well received.

- One highlight was the successful placement of a bond in the amount of € 3 billion that was oversubscribed more than twice over. This is the world's largest euro bond issue and the largest euro bond ever seen in the real estate industry, not to mention clear proof of the extent to which the capital markets trust in our strategy and business model.
- We further reduced our loan-to-value (LTV) ratio to 46.9 percent at the end of 2015. In turn, we can invest the annual interest savings in our portfolio and the services we offer. Due to the current attractive interest rate environment, we may assume that we will be able to refinance our commitments below our current average financing costs and therefore further reduce future interest payments.
- Last but not least, leading rating agency Standard & Poor's once again confirmed our BBB+ credit rating at the beginning of May this year.

A key driver last year was the successful integration of two companies: GAGFAH and SÜDEWO. In particular, the merger with GAGFAH has significantly cemented our position as the leading nationwide real estate company. With SÜDEWO, we have consolidated our position in southern Germany.

Looking back, we can say that the merger was completed ahead of schedule. We demonstrated that we are in a position to realize anticipated added value.

As a result of the merger between the two companies, we have coherently pooled several competencies. We regard the economies of scale that we now benefit from as a key success factor. Thanks to our size, we can now also offer new services – and therefore have a significant edge on the competition. This is something that I would like to look at in more detail in a moment.

The beneficiaries of the merger are not only our customers, but of course also you, our shareholders. A year ago, we promised you that this would be the case – and our results show that we kept our promise. By the way, keeping our promises is a fundamental part of our business model.

We would like to continue our dividend policy on the basis of our positive course of business. Therefore, the Management and Supervisory Boards propose to you that a significant portion of the company's profit of around € 747 million be appropriated to distribute a dividend of € 0.94 per share carrying dividend rights.

This constitutes an increase of 27 percent compared with the previous year. Our dividend policy reflects our firm belief that we will continue on our successful trajectory in the future.

The figures for the first quarter of 2016 published today reinforce our conviction that we will maintain this positive momentum in the current fiscal year. Allow me to look at four key figures in detail:

- Over a three-month period, we have increased our profit from operations (FFO 1) by about 58 percent, from € 118 million in 2015 to € 186 million in 2016. Per share, this represents an increase from € 0.32 to € 0.40.
- During the same comparative period, we have increased adjusted EBITDA from the property management of our real estate portfolio by about 52 percent, from € 177 million to € 269 million.
- The same applies to our rental income from real estate management. Here too, we have recorded an increase of just under 49 percent over the last quarter.
- Last but not least, we are continuing apace with our ambitious modernization and maintenance program. In the first three months of this year, we invested a total of € 125 million in our portfolio. This corresponds to a rise of 29 percent over a three-month period.
- On account of this highly pleasing course of business, we have improved our forecast for the 2016 fiscal year, which is something I will address in greater detail later on.

Ladies and Gentlemen,

At the extraordinary general shareholders' meeting held on November 30, we asked you to give your support for a takeover offer to enable us to acquire Deutsche Wohnen AG. Our aim was to offer an alternative to the takeover offer of Deutsche Wohnen in respect of LEG Immobilien AG and to merge the complementary portfolios of Deutsche Wohnen and Vonovia for the purpose of

generating synergies that would have benefited tenants and shareholders in equal measure.

You voted overwhelmingly in favor of our plan. I would therefore personally like to thank you for your support on behalf of the Management and Supervisory Boards.

We proceeded in a highly disciplined manner and did not compromise on what we regarded as a fair offer – and one that you had approved. We also took all measures necessary to protect your company from the risks associated with a minority interest in Deutsche Wohnen.

As you are aware, we were not given the opportunity to put our plan into operation. Although the outcome was of course disappointing, we nonetheless allowed LEG to remain independent. This enabled us, for instance, to sell a portfolio of around 13,500 apartments to LEG at the end of 2015.

We have often been asked about future acquisition plans. I can confirm that we have no plans to acquire another listed company in the near future. However, we expect further consolidation of the German residential real estate market, in which approximately two million apartments from large-scale portfolios will change hands in the coming years. Whenever we identify additional growth opportunities, we will scrutinize these closely, always subject to the proviso that an acquisition is a good geographical fit and that it generates added value in line with our acquisition criteria.

But it is also clear that we are not solely reliant on external growth through acquisitions. With our nationwide platform, we also focus systematically on organic growth, i.e. on growth from within our company. We have already proved on several occasions that we are capable of doing just that. This approach is a USP of Vonovia.

Ladies and Gentlemen,

Let me take this opportunity to illustrate how we implement this competitive edge in strategic terms. We remain committed to the following five principles:

- Firstly, we increase our key operating figures by means of efficient portfolio management.
- Secondly, we optimize our financing costs and therefore strengthen our financing structure.
- Thirdly, we generate sustainable added value by means of proactive portfolio management.
- Fourthly, we expand our housing-related services step by step.
- And fifthly, we make targeted use of opportunities to acquire additional portfolios.

I have already discussed our achievements in terms of portfolio management and our financing structure. Therefore, I would now like to report on the progress we have made in our services segment. The approach we take in this area is unique.

Over the past few months, we have considerably strengthened our on-site presence. We now have around 3,700 caretakers and craftsmen at a total of 750 sites. We therefore boast one of the largest craftsmen's organizations in Germany, not to mention our own team of gardeners. We make more than 32,000 appointments a month with our customers – on average, more than 1,000 appointments every single day.

With our craftsmen's organization, we are there where our customers need us. We control the quality and cost of our services ourselves. Our customer satisfaction index shows that we are on the right track, as customer satisfaction has increased by more than 20 percent in the past three years.

However, the potential for housing-related services is far from exhausted. We feel that there are still plenty of openings, such as fitting apartments with state-of-the-art fiber-optic technology for Internet use and cable TV, as well as smart metering – i.e. the remote recording of consumption data. Demographic change also opens up opportunities in the long term – which is something I will come back to later.

With the services just described, we generate both customer loyalty and additional income, which we report in a separate segment. With the Extension segment, we generated EBITDA of roughly € 38 million in the 2015 fiscal year. This corresponds to a rise of 59 percent. We are confident that our services will become ever more important as growth drivers.

Dear Shareholders,

I would like to conclude my speech by looking at our forecast for 2016.

On the basis of the pleasing figures for the first quarter, we have improved our forecast for 2016. I would like to take this opportunity to go over some of our targets.

- As far as FFO 1 is concerned, we anticipate an increase of 20 percent this year, taking the figure from € 720 million to € 740 million.
- This works out at an expected FFO 1 per share of between € 1.55 and € 1.59.
- Our company policy of allowing you to share in our success remains unchanged. For 2016, we plan to distribute a dividend of € 1.05 per share, a further rise of about 12 percent on 2015.
- We plan to further increase our maintenance and modernization expenses. In absolute terms, we aim to spend a total of between € 430 and 500 million on modernization and new construction, as well as about € 330 million on maintenance.
- As I have already mentioned, our vacancy rate is at a record low – and we intend to keep it as it is. After all, we do need a certain number of vacant units in order to press ahead with our comprehensive maintenance and modernization program.
- In terms of rental income, we expect an increase of between 2.8 percent and 3.0 percent. Overall, we anticipate that our rental income will rise to more than € 1.5 billion this year.
- We also want to create new housing for our customers. 400,000 apartments a year are needed in Germany, with the situation growing more acute day by day. We are not only witnessing the population shift to urban areas (which has been going on for several years), but large numbers of migrants from other countries will soon enter the real estate market. And in cities such as Frankfurt, Munich, Cologne and Hamburg,

the number of completed new units is already failing to keep pace with the demand caused by demographic change.

- In terms of new construction, we strive to achieve construction costs of € 1,800 per m². This puts us well below the market average of approx. € 2,500 per m². One factor in our favor is that we can harness existing sites and infrastructure, especially when adding new stories to buildings.
- Alongside our commercial objectives, it is just as important to us to be a reliable partner. A close, trust-based working relationship with politicians at all levels is of great importance to us. Therefore, we will continue to maintain our regular dialogue with key city officials and tenants' associations at both the regional and national level.

Continued growth will always be our overarching aim. As a result, we want to increase the value of the company for you, our shareholders. This is a promise that we have made and kept in the past – and one that I wish to renew today.

Before I finish my speech by looking at the growth trends in our industry, I would like to briefly address the proposed authorizations that are subject to resolution today.

Under agenda items 7 and 8, we propose that authorization be granted for the issuance of new shares and debentures. Our aim is to preserve our flexibility so as to be able to quickly and comprehensively cover any future financing need in a favorable market environment.

First and foremost, we wish to use the authorizations to optimize our financing costs and to take advantage of any opportunities to acquire further real estate portfolios that may present themselves. In doing so, we will always be guided by the principles I have already outlined.

For further information on these authorizations, please refer to the detailed reports that are enclosed with your invitation to this Annual General Meeting.

Ladies and Gentlemen,

Before bringing this speech to a close, I would like to briefly address the two most important trends affecting our business: demographic change and the energy transition.

Demographic change in our society is already clearly reflected in our tenant structures. People are getting older and their lifestyles are becoming more diverse. Almost 40 percent of our customers are already over 60 years of age. Many of them wish to remain in their homes for as long as possible.

We are responding accordingly as a company. We are carrying out senior-friendly conversion work on more and more of our apartments. In the future, we want to offer our older customers useful services such as in-home care in conjunction with partner organizations.

We see the energy transition as the second key trend. We support the German federal government's aim to reduce household energy consumption by around 80 percent by 2050.

We are modernizing heating systems, replacing windows and updating building insulation. Energy efficiency is becoming ever more important. The advantages to our customers speak for themselves, as they benefit directly from the cost savings of an energy-efficient apartment.

Whether senior-friendly or energy-efficient living or the creation of attractive living space for the middle class – these are all major challenges facing society. We see ourselves as pioneers and recognize opportunities created by this change – opportunities that we want to seize as a company.

I have already spoken about the figures in relation to new construction and modernization work. I would therefore just like to make a general comment at this point. We will only be able to reach the goals concerning further energy modernization and the development of new housing, in particular, if the political and regulatory conditions allow it. We want to offer affordable housing. Therefore, the costs of new construction and modernization work have to be kept in check. Cost drivers such as tightened energy requirements, protracted approvals procedures and the race to increase property taxes and real estate transfer taxes are not conducive to creating affordable housing. I and many of my colleagues are active in real estate industry associations to enable us to talk about these issues openly with politicians and the general public.

We can only be successful with satisfied customers. Therefore, I and my colleagues will be measured personally on customer satisfaction, which is once again set to rise this year. The quality of our customer service helps determine the variable component of our remuneration. We firmly believe that we will be successful in the long term if our customers are satisfied.

So let me end my speech with this: We can look back on an exciting and eventful period. Your company has gone from strength to strength in the past three years. We are in an excellent position with our strategy. We are already paving the way to enable us to reap the rewards of key growth drivers in the future.

Working with my leadership team and the company's almost 6,700 employees, I look forward to once again steering your company to success in the future.

I would like to take this opportunity to thank our employees for all their hard work. Without their tireless dedication, none of this would have been possible.

On behalf of the entire Management Board, I would like to thank you, our shareholders, for placing your trust in us and accompanying us on this journey.

Thank you for your time. I am now going to hand you back to Dr. Bernotat.