

Comments by the Chief Executive Officer

**Rolf Buch, Vonovia SE,
on the occasion of the virtual Annual General Meeting on June 30,
2020, in Bochum
- Check against delivery -**

Dear shareholders,
Dear members of the Supervisory Board,
Dear customers,
Ladies and gentlemen,

I would like to cordially welcome you to the 2020 Annual General Meeting of Vonovia SE. I hope that you are in good health and that your mood is one of confidence as you look ahead to the future. Given all that has happened over the last few weeks, that is the most important thing. In the interest of protecting everyone, we have opted for a virtual Annual General Meeting, taking advantage of the opportunities offered by digitalization and complying with the current legislation. Also, North Rhine-Westphalia does not currently allow for an event involving such a large number of participants to be held on location.

We have come together today under memorable circumstances. Many people are still worried: worried about their health, their jobs, the future. We are faring better than a large number of other countries. The German government took determined action that was marked by a sense of proportion at the same time.

While we welcome the latest measures to relax the restrictions, nobody knows when the pandemic will be over. And no one knows what our lives will look like afterward.

The coronavirus crisis is a real stroke of bad luck. But it also opens up opportunities. We should use this pause provided by nature. We should make our society better – more humble, more understanding, more sustainable.

Do you know what the most important thing in our business is? Trust.

We need the trust of our employees and our tenants, especially in times like the present. We are a company that is of systemic importance. Vonovia provides homes for one million people.

We need the trust of policymakers and the general public. We need your trust, dear shareholders. Because without you, we would not be able to do all the things that are important to us.

Trust is something that we have to earn, time and time again. By having courage and confidence. By listening. By showing that we are taking responsibility. By making our decisions comprehensible to others. And by keeping our promises.

Let's start with this very aspect. The promises we have kept are documented in our annual report for 2019. I will focus on the main points in this speech.

Vonovia is Europe's leading private residential real estate company. I have been here for seven years now. I can't pretend that I'm not a bit proud of that – proud of my colleagues on the Management Board, of our great team in Bochum, Duisburg, Berlin and Dresden and, of course, of all of our employees working in our various locations. Our colleagues in Austria and Sweden also deserve the very highest recognition.

We owe the increase in our EBITDA to our four business areas: In the largest segment, Rental, this is due to a combination of the larger portfolio and investments. In the Value-add segment, the increase can be traced back to additional services and greater efficiency. In the Recurring Sales segment, the development is due to the high demand for residential real estate, while in the Development segment, it is due to the large number of newly built apartments.

FFO, our operating earnings power, increased for the sixth time running.

We boosted our efficiency yet again last year. We have become more digital. We have optimized our portfolio, halving the number of locations since 2015. The costs per apartment have been cut in half since 2013. The bigger and more concentrated we are, the less it costs us to manage each of our apartments.

We own more than 400,000 residential units in all attractive cities and regions in Germany, Sweden and Austria. Our portfolio is worth around 53 billion euros. Only a small number of our apartments are lying vacant, and this is mainly because we are in the process of refurbishing and modernizing them.

This is testimony to the considerable demand for housing and shows that our properties are in the right locations.

Our debt level has been in the target corridor for years now. We enjoy an extremely solid position in terms of financing and good access to the international capital market. This gives us a clear competitive advantage. Recently, we were once again able to raise 1 billion euros in fresh capital.

Two renowned international rating agencies confirmed our excellent credit standing.

Dear shareholders,

we have achieved everything that we set out to achieve.

Vonovia is well positioned – even for turbulent times. We are aware, however, that we would not have made it this far without your support. On behalf of my colleagues on the Management Board, I would like to take this opportunity to thank you most sincerely for this support.

It is important to us that you continue to place your trust in us. Therefore, we want to properly share the success of 2019 with you.

Based on our FFO, we will be proposing a dividend of 1.57 euros per share to the Annual General Meeting today, up by around 9 percent year-on-year.

As was the case last year, we are also offering you the option of a scrip dividend. Many of you have been happy to make use of this alternative in the past, leaving your money within the company. Thank you for placing your trust in us. We have done a good job of managing your money, and we will continue to do so in the future.

We have faced isolated criticism of the fact that we are sticking to our dividend policy in these times of coronavirus. My position on this is very clear: the dividend proposal is based on the good performance achieved in the 2019 fiscal year. That's one side of the coin.

The other is that we are not making use of state aid during the coronavirus crisis. Our employees have not been furloughed. We're not firing, we're hiring. And we are still

providing vocational training. As a residential real estate company, we will continue to live up to our responsibility for our tenants and for society at large.

We are in a position to pay a dividend because we have the liquidity available to pay one using our own resources. It is essential that you can also rely on us. Many of you use the dividends to pay your pensions. Or, for example, they are used to fund research into a coronavirus vaccine via the Wellcome Trust. This is a source of motivation for both my colleagues and me in particular.

This brings me to the end of my comments on the appropriation of profit. I do not need to explain the other items on the agenda in any greater detail. We would ask you to pass resolutions on the ratification of the acts of the members of the Management Board and of the Supervisory Board for the 2019 fiscal year. We would also ask you to select the auditor for our upcoming financial reports and financial statements.

Let us now turn our attention to our responsibility for our employees. At times like the present, our top priority is clearly the protection of health. I would like to take this opportunity to thank everyone working for us as they help to keep things going.

I'm talking about the craftsmen with their repair work, the neighborhood managers and caretakers taking care of our properties and the customer service employees who have been very busy in recent weeks. Sometimes, all they have to do is listen and allow people to share their concerns. It is at times like these that we realize just how important a job they all do, be it at their desks at home or on location as they deal with our customers.

Their commitment has allowed us to safeguard the infrastructure and safety of our buildings at all times, even during the shutdown. We have done a lot to ensure that things keep running smoothly.

Incidentally, none of our employees need to worry about their jobs. Our workforce has trebled within the last seven years. We are still taking people on, building on a culture of diversity in the process. We offer prospects for young people as well, as is evident not least from our training rate. With a rate of five percent, we outstrip the average for the DAX companies. And on top of that, we have just decided to hire 100 more trainees this year. We train the next generation in a broad range of occupations, including roofers, plant engineers, electricians and real estate agents.

Our mission statement says: "We embody a culture of trust and respect." But mission statements are only credible after they are actually applied in practice. This is something that we can find out when we survey our employees. We commissioned the independent service provider "Great Place to Work" to conduct this survey.

I'm delighted that so many employees took part and that so many of them mention the fact that people look after each other at Vonovia as a positive aspect. More than 80 percent of our employees want to keep working with us for a long time to come. This shows that we are on the right track and that our team trusts us.

Ladies and gentlemen,

that brings me to our customers – our tenants. We are talking about something that might actually be even more important in these times than it usually is: Our home – the place of refuge for the whole family and now also the place where we work.

But it is not only our own home, but also the neighborhood around us that has taken on a new significance. After work, our employees called our older tenants to offer support. While they were happy to hear from us and thanked us for the gesture, most of them did not need our help because the neighborhood had already stepped in. This sense of solidarity in times of crisis is really impressive and encouraging. Our society is better than we may think.

Of course, we have also thought about what else we can do to help our tenants. Let me start with one very important aspect: nobody who is experiencing hardship because of the coronavirus will have to move out of their home. And this is not because of a decision made by our policymakers, but rather because we believe that this sort of promise is self-evident, and because we want to take some of the worry off our tenants' shoulders.

In the lockdown phase, we generally avoided rent increases. And there will also be no rent increases following modernization work until September.

We have written to all of our 350,000 households in Germany and promised them financial support. This saw us assume a pioneering role in our industry. Just over one percent of our tenants have contacted us to date. The total amount of rent deferrals is small. While it is a drop in the ocean for you as shareholders, it is most certainly relevant for our society in Germany.

We can see that our social safety net is working, but we are on hand to help if we need to. We are there for our tenants. Incidentally, this is not only true in times of crisis. This is a general stance that has characterized our actions over the past few years, too. Vonovia pursues a moderate rental policy.

The increase in rent in the portfolio due to market-related factors in 2019 was lower than the rate of inflation in Germany. Our rents for new leases are also 14 percent lower on average than the quoted rents on the market in Germany's conurbations. Vonovia's ancillary expenses have also been stable for years now, despite inflation and improved performance.

So what do we do with the rental income? We invest 1.5 times the profit back in our portfolio. Around three quarters of this amount is invested in energy efficiency modernizations and senior-friendly apartment conversions. Our aim is to rent out state-of-the-art, energy-efficient apartments. This is certainly a goal that we can achieve. After all, we do want our tenants to live with us for the long term, which is why we are keen to make sure that rents are affordable. After modernization work, too, we only increase rents by a maximum of two euros per square meter, even though the legislation would, in theory, allow us to charge more. We invest around one quarter of the profit in new construction and vertical expansion measures in our own portfolio.

Construction work is always a source of disruption for the surrounding area. The important thing is that we get residents on board. We have to explain what we are doing and why we are doing it in a transparent manner. That's not to say that we never make mistakes. But we are making progress little by little. This is an area in which we have to earn trust time and again. We can only achieve this by listening and finding individual solutions.

Speaking of listening: at the last Annual General Meeting, I promised a tenant that I would stop by for coffee. You might remember. I brought cake. We had a nice chat that gave me a valuable insight. I was once again reminded that we have to take each and every concern seriously. This is really important to the people whose concerns are playing on their minds day in, day out. We are committed to addressing these issues and changing things wherever we can.

Speaking of solutions: last year, we promised to find solutions for cases of hardship, for example if tenants no longer have the money to pay their rent following modernization measures. This is when our hardship management team steps in. We have 30 employees working in this department. With 13,200 modernization measures last year, there were 1,600 hardship cases. We were able to help out there.

The response to our regulation for the over-70s was also positive. The regulation allows us to guarantee a lifelong right of residence for tenants over 70 years of age, even if the rent is more than the individual can afford. I have been genuinely moved by the many personal words of thanks I have received.

Ladies and gentlemen,

you might ask yourself, why should I invest in a company that does not get the most it can out of the market situation? The answer is a simple one: because we have to live up to our social responsibility. Because we have to maintain trust. Because we are part of the community with our business model.

This is not a position that we can evade and it's not one that we want to evade either. So we have to help to ensure that our country remains stable. You, our shareholders, also think and act in the long term.

There is one thing that we cannot afford to forget: Our business philosophy is to offer affordable homes to broad sections of the population. Our new customers last year come from 140 different nations. We also make a very conscious point of offering homes to refugees.

We have rented out around 35 percent of our vacant apartments to people with migrant backgrounds. This is the clear signal we are sending out against discrimination. Because integration starts in the place where we live.

We had promised that every third newly let apartment would be renovated to make it senior-friendly. In actual fact, we managed to renovate every second one last year, which equates to 15,000 modernized apartments.

A roof over your head is one thing. The other is the residential environment. We want to develop living and livable neighborhoods. This is the only way to prevent areas with high levels of social problems. We are currently developing 13 neighborhoods across the country, investing 500 million euros and preparing development plans spanning a period of several years.

Let us look at one of the most pressing social problems – the shortage of housing. This is another area in which we have made a contribution. More than 2,000 apartments were completed last year. This puts us in line with the upward trajectory being witnessed across Germany. In the long term, we aim to build many more, because there is still a lack of affordable homes, particularly in conurbations.

New construction means that we have to interfere with the environment. But we are not shirking our responsibility here, either. We have entered into close collaboration with the environmental organization Naturschutzbund Deutschland e.V. (NABU). NABU experts will advise us on how we can design our neighborhoods to bring them into harmony with nature and how we can achieve greater biodiversity. This is within the realms of possibility – despite the further densification of cities.

Let me now turn to the major issue of CO₂ emissions and the energy revolution. We spent just shy of one billion euros on modernization.

We are aiming to carry out energy-efficiency refurbishment measures on around 3 percent of our portfolio every year. We managed to exceed this rate in recent years. Easily said, but it really is an outstanding achievement. This is another area in which we have kept our promises and can check off another item on the list.

Ladies and gentlemen,

you can see how relevant your company is to society. And you can also see that Vonovia is true to its word. You can also rely on us concerning transparency and governance.

Many shareholders are now pointing out to us how important it is to see us taking responsibility – for people, for a sense of community, but increasingly also for our environment. This is an area in which views on our performance have changed over the years.

Responsibility is something that you have to be able to afford. Vonovia is in good health, giving it the resources it needs to live up to its responsibility. Why not take a look at our fifth sustainability report which we published on June 4.

Ladies and gentlemen,

There are many reasons why it is worthwhile to live in a Vonovia property. But there are also many good reasons to have invested in Vonovia and to remain a Vonovia shareholder. If, at the end of the day, Vonovia stands for trust, then you have invested your money well.

I am certain that this will continue to hold true in the future, too. The first half of the year is testimony to the fact that we can continue on the successful path we have carved out despite the coronavirus crisis.

We are aiming to increase our EBITDA again in 2020. We also expect to see an increase in FFO. This outlook includes our most recent acquisitions. We took over Hembla at the end of 2019. The Swedish company has around 21,000 apartments in its portfolio. Since April, the project developer Bien-Ries has been part of Vonovia. And a few days ago, we got involved in the Netherlands for the first time. This step was preceded by a careful analysis and the investment volume is small. But we have secured a good starting position for future growth.

Another reason why I am confident is because our business model gives us certain advantages. We can get through the crisis faster and better. We can already start investing in the future today. That is definitely a luxury.

So what puts us in a position to do so? The coronavirus pandemic has done nothing to change the megatrends that are shifting our society.

Take urbanization: our major cities will continue to grow. There are already not enough affordable apartments. We can only increase the supply of housing by embarking on extension, refurbishment and new construction measures. This will, in turn, help to ensure social harmony.

Then, there is the issue of demography: demographic change will create a need for three million senior-friendly apartments over the next ten years. A lot more needs to be done to ensure that people do not have to go into care homes prematurely.

Another key issue is integration: we have to take care of the people who have come, or will come, to our country from abroad. Many of them are out of work, quite simply because they are not allowed to work. In order to ensure that they are welcomed into our community nonetheless, we have to give them a home.

Then, there is climate change: buildings are responsible for 30 percent of CO₂ emissions. This is an area in which progress needs to be made so as not to jeopardize the energy revolution.

As the market leader, we certainly have a special responsibility. But with a market share in Germany of around 1.5 percent, we have to work with others.

That brings me to the end of my speech. The coronavirus will remain with us as a society over the coming months or even years. We have seen an incredible wave of solidarity in recent weeks – across the globe, in Europe, in Germany, in our neighborhoods. I wish that this willingness to help others will continue even if the situation continues to ease. The recent past has shown us what is really important. And that nothing can be taken for granted.

In its current economic stimulus package, the German government is aiming to promote climate protection. This is the right approach. It offers a huge opportunity for all of us to make our country better than it was prior to the crisis. Because when we reboot the economic engine again, the engine has to be a “green” one.

I hope that in Europe, we manage not to succumb to national self-interest. I am delighted that the borders are now open again – it took us 30 years to get rid of them. Our common European identity is a guarantee for peace and prosperity. I spent a long time living in France and I am convinced that Europe is worth every effort! This is the only way in which we can rise to global challenges. Finding solutions to advance climate protection is a pan-European task. A joint economic program would be a good start.

I would like to thank you who are watching on your screens, our shareholders and friends of Vonovia, for listening so patiently. Take care of yourself, take care of those around you. Help if you can. Use the German government's voluntary coronavirus tracing app. Individual efforts are not enough: all of us have to be sensible. Be grateful that you live in such a well-organized country. Let every one of us grasp the opportunity to make our world that little bit better, both with and after the coronavirus.

I will now hand over to the Chairman of the Supervisory Board, Mr. Fitschen.