

Memorandum of Understanding Signed with France's Largest
Residential Landlord Société Nationale Immobilière (SNI)
Assessing the Potential of European Metropolitan Areas

- Vonovia has **signed a Memorandum of Understanding (MoU)** with **SNI, the largest landlord in France.**
- Both companies have agreed fields of cooperation, knowledge transfer and the **exchange of best practices.**
- The MoU is part of Vonovia's efforts to analyze the **potential for an expansion** into **European metropolitan areas.**
- **Preliminary analysis** suggests that residential real estate markets in European metropolitan areas function in similar ways and under similar regulatory and operating frameworks; however, a **more thorough and comprehensive analysis is required.**
- To date, **Germany** is the **only sizeable listed market in Europe** that offers **liquid access to the residential real estate** sector.
- Vonovia is in the **early stages of analyzing** ways to **unlock the potential** embedded in European metropolitan areas **for its investor base.**
- The signing of an **MoU** with SNI is a **first step**, following the creation of the leading listed German platform to manage residential real estate in an industrial and scalable format.

Vonovia Today: Residential Market Leader in Germany

VONOVIA

- Over the last 10 years, Vonovia has built a true **German-wide residential company of scale** with more than 350k units and a gross asset value of more than €30bn.
- Since its IPO in 2013, Vonovia has **acquired and swiftly integrated 230k residential units** in a series of transactions and disposed of more than 50k units.
- Vonovia has developed the **leading operational platform** to provide in-house the full range of residential real estate services with a focus on **standardization, industrialization** and **digitization**.
- Vonovia has been addressing **two megatrends** early: **energy efficiency** and **demographic change** by investing in its portfolio, generating attractive organic growth and significant portfolio quality improvements.
- Vonovia's portfolio has materially changed since the IPO and is now located in **15 regional markets** with **above-average future growth potential**.
- Vonovia is today **Germany's only real estate company in the DAX 30** and the **second-largest European listed real estate company** with a market capitalization of ca. €17.5bn.

This development has put Vonovia on a rock solid basis from which further potential can now be cautiously investigated.

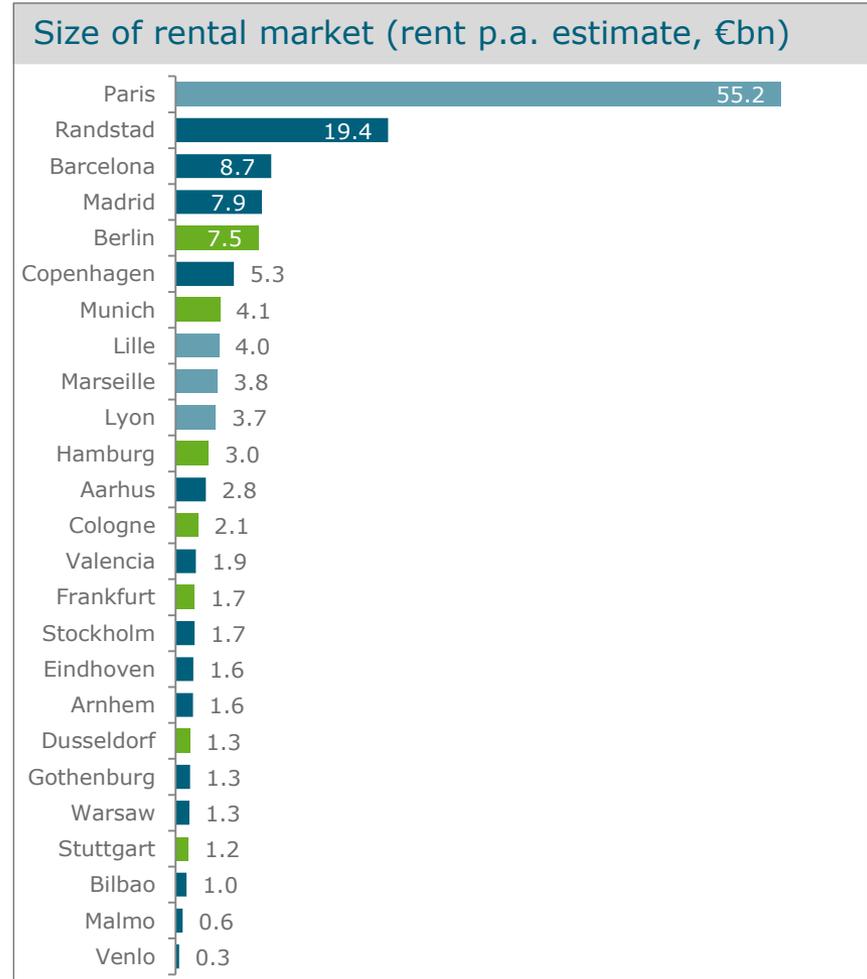
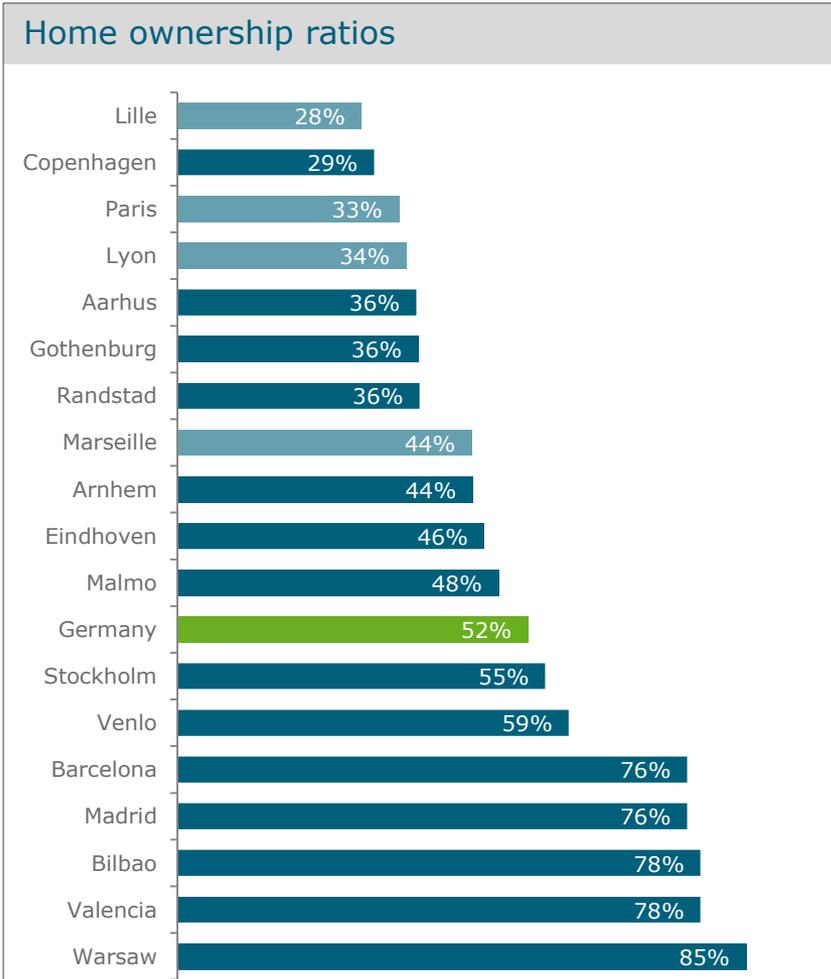
- Question: **Is Germany really unique** and are all other markets really so different from the German residential market? Answer: **No**.
- European and other regulation, demographic change, energy efficiency, urbanization, increasing shortage of low- to mid-income housing, profound social changes, etc. that impact how people live are quite similar across European residential markets.
 - The **home ownership rate** of many European metropolitan areas is below the German average.
 - The **size of** the Paris or Randstad **rental markets** alone is several times as large as the biggest German residential markets.
 - Other European countries see a similar **urbanization trend** but already on a higher level.
 - The **level of tenant protection** in France is broadly similar to Germany. Quite a few European countries have **higher degrees of tenant protection**.
- **Selection criteria** for identifying similar markets across Europe:
 - ✓ Regulatory environment
 - ✓ Size and accessibility of housing market
 - ✓ Favorable fundamentals (urbanization, supply/demand imbalance, low home ownership)

France screens positive on all criteria and exhibits many parallels to the German residential market. The MoU with SNI offers the ideal starting point for gaining a better understanding of the French housing market.

Large Metropolitan Areas with Low Home Ownership Ratios

- Low home ownership is not a phenomenon unique to Germany but can be seen in metropolitan areas across Europe.

- Critical mass of sizeable residential markets in Germany just as in other European metropolitan areas.



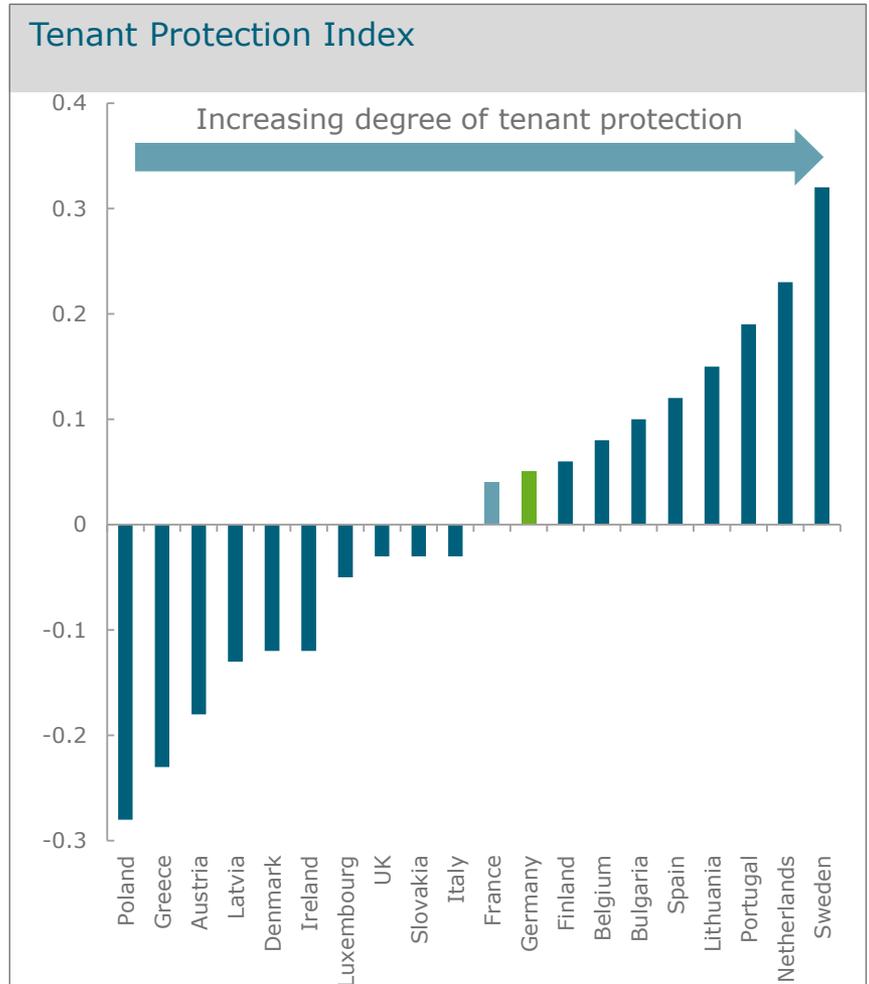
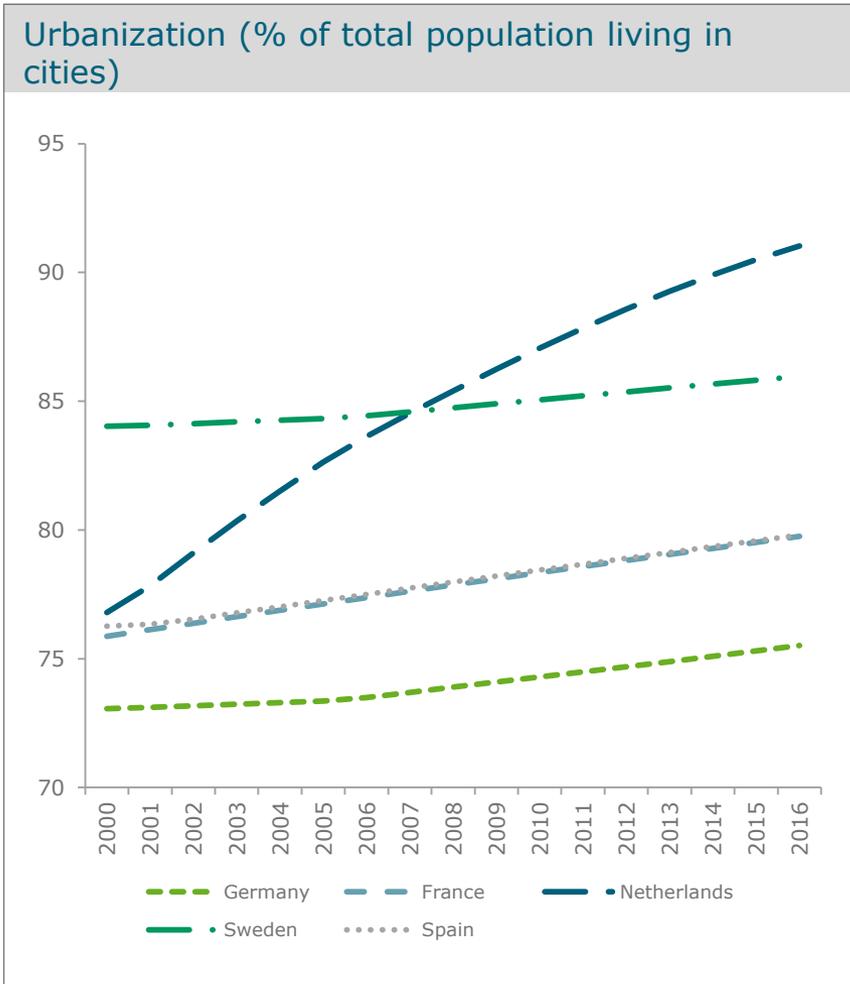
Sources: JLL Research, own calculations.

Note: Data partly refers to city boundaries; size of rental market is illustrative and based on JLL Research and Vonovia FY2016 numbers (for German cities) incl. an assumed average flat size of 65sqm and an assumed monthly rent per sqm.

Urbanization and Tenant Protection Across Europe

> Clear urbanization trend across Europe.

> Tenant protection in France is on a similar level with Germany; several European countries with higher degrees of protection.

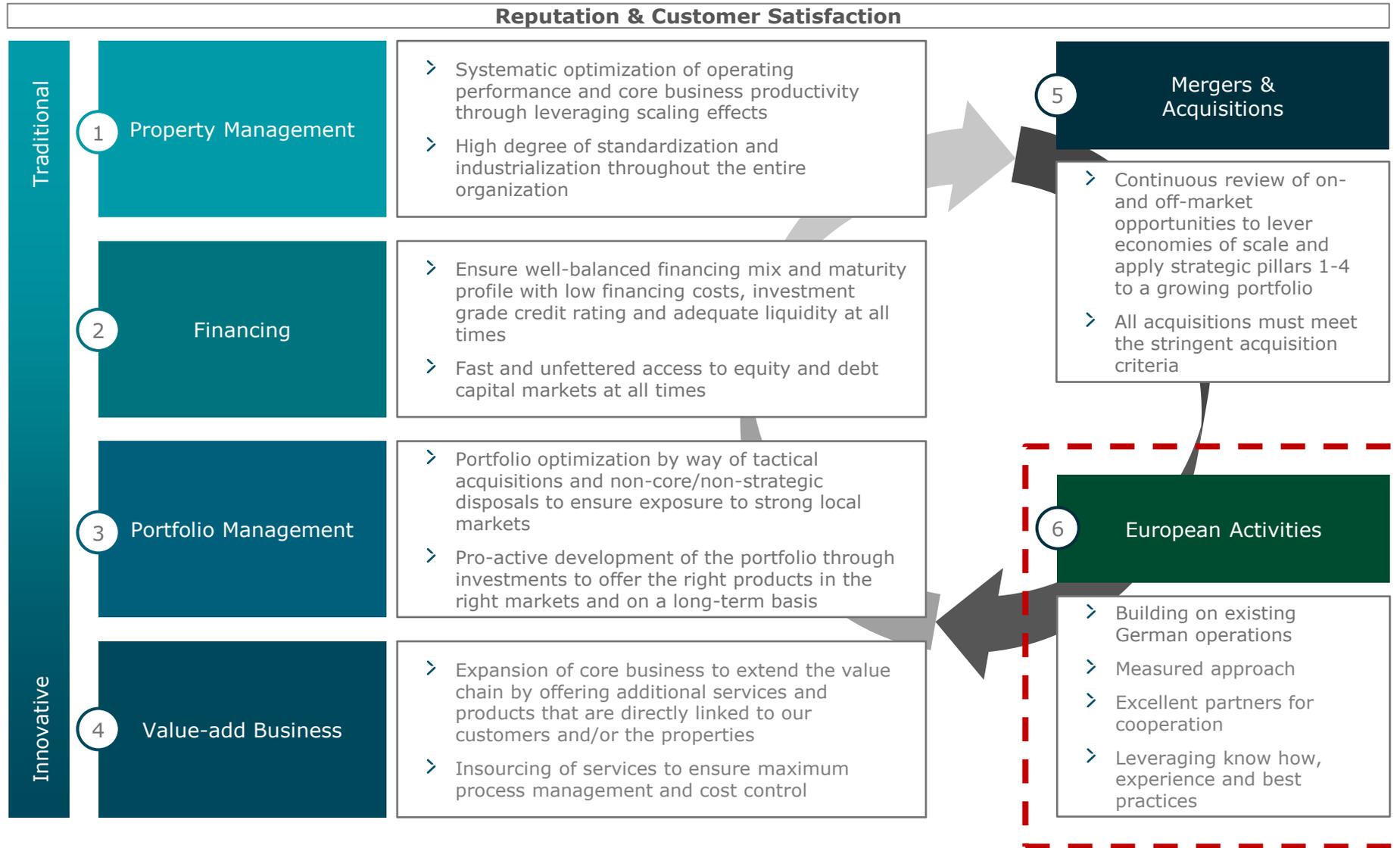


Source: European Commission, JLL

Why Do European Metropolitan Areas Matter to Vonovia's Investor Base?

- Initial analysis suggests that **Germany is not unique**. MoU with SNI to validate this thesis for France.
- Many of Germany's residential **attractions** are **also found elsewhere** in Europe.
- There appear to be a number of attractive markets in **metropolitan areas** throughout Europe.
- What sets Germany apart is that it has a **sizeable and liquid market** of listed residential companies in which to invest. This is not yet the case in any other European residential market.
- In contrast to business-to-business real estate asset classes (e.g. office or retail), direct investments in residential properties are more challenging, as they require an operating platform because of their granular **business-to-consumer** nature.
- **Investors** therefore cannot allocate funds themselves but **require a platform to unlock the potential of residential markets outside of Germany**.
- **Vonovia** intends to be the **platform of choice** for these investors.

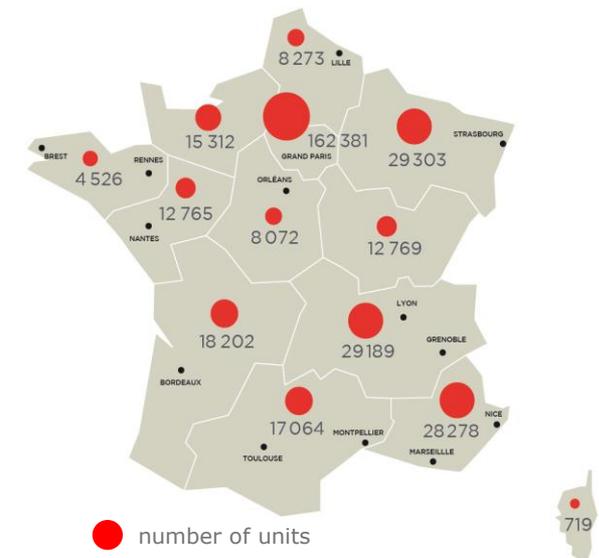
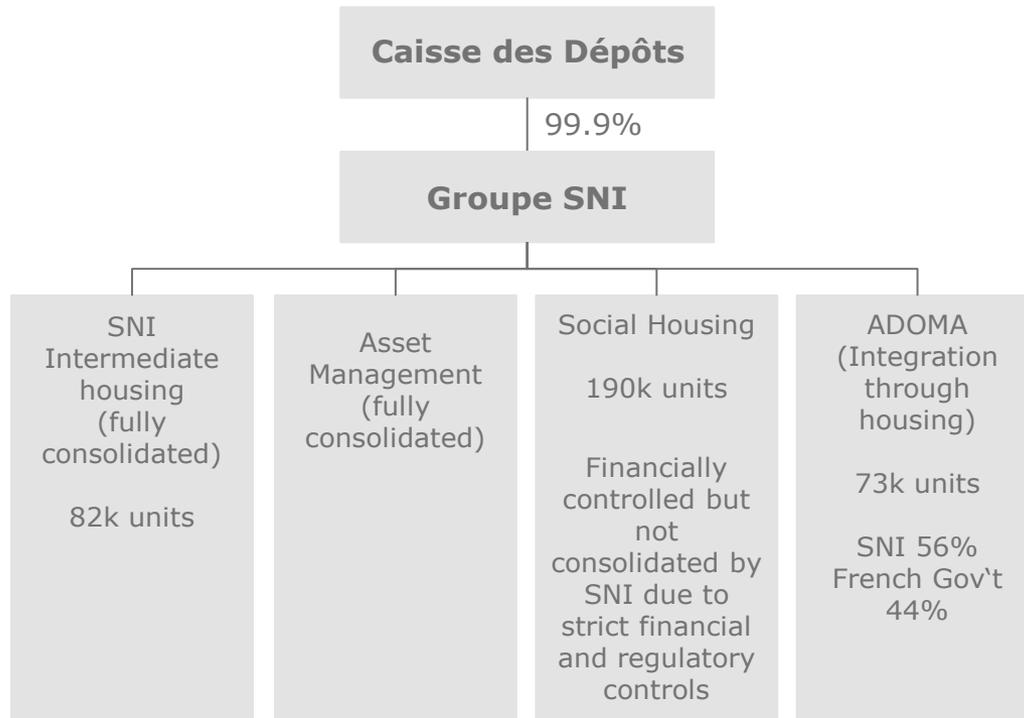
Proven 4+1 Strategy is Evolving into 4+2 Strategy to Include European Metropolitan Areas



About SNI

- > Founded in 1961, SNI was directly owned by the French Government until 2004, when it became a 99.9% subsidiary of CDC (Caisse des Dépôts).
- > SNI is France's largest residential real estate company with ~345k residential units owned and managed.
- > SNI's primary business is the managing and developing of affordable housing.
- > The company is governed by a two-tier system with a Board of Directors and a Supervisory Board.

Units (k)	345k
Rental income (€bn)	1.8
Vacancy rate (%)	1.7
EBITDA margin (%) (incl. maintenance)	55
Rating	AA- (Fitch)
LTV (%)	44



Main Points of the MoU and Next Steps

- Based on the MoU, Vonovia and SNI will **explore common ground** for future cooperation.
- Both will **pool their respective expertise**, market intelligence and leadership in the affordable housing segment to the mutual benefit of both companies.
- Both seek to cooperate in order to potentially create a European housing model to **address the challenges related to increasing urbanization as well as demographic and environmental changes**.
- Both intend to discuss opportunities for cross-border investments and **explore areas of potential investment partnerships**.
- There will be **workshops with key experts from both sides** on topics such as portfolio management & capex, property management & customer service, space creation & modular designs, information technology, financing, etc.

What to expect

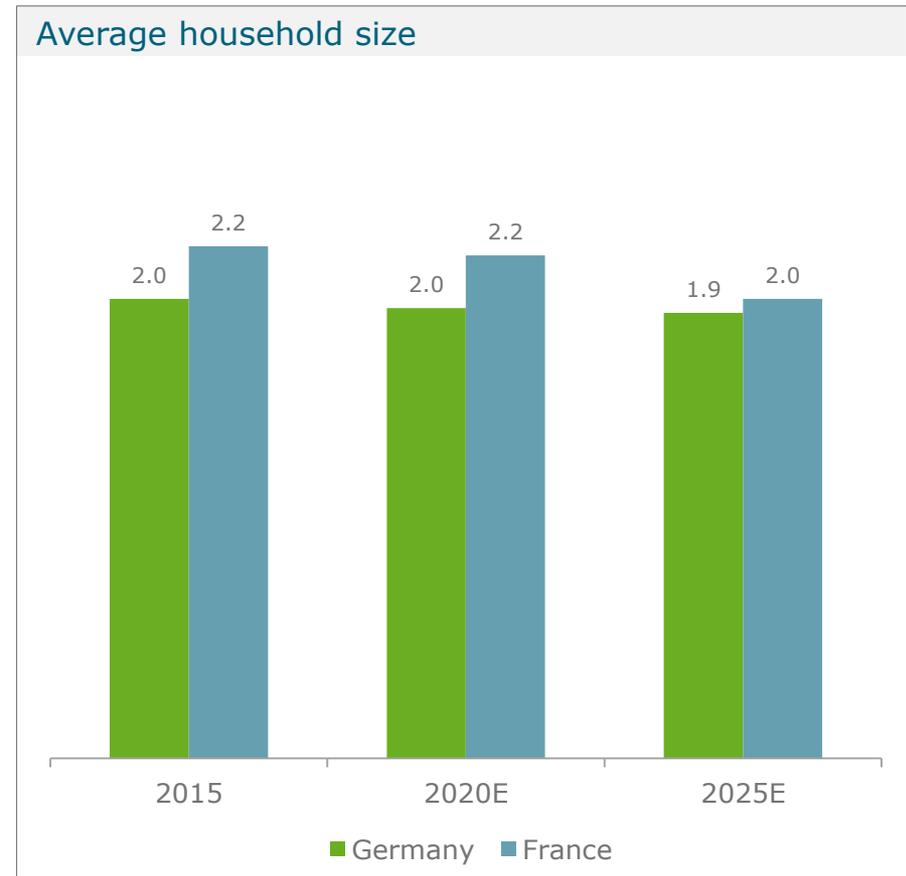
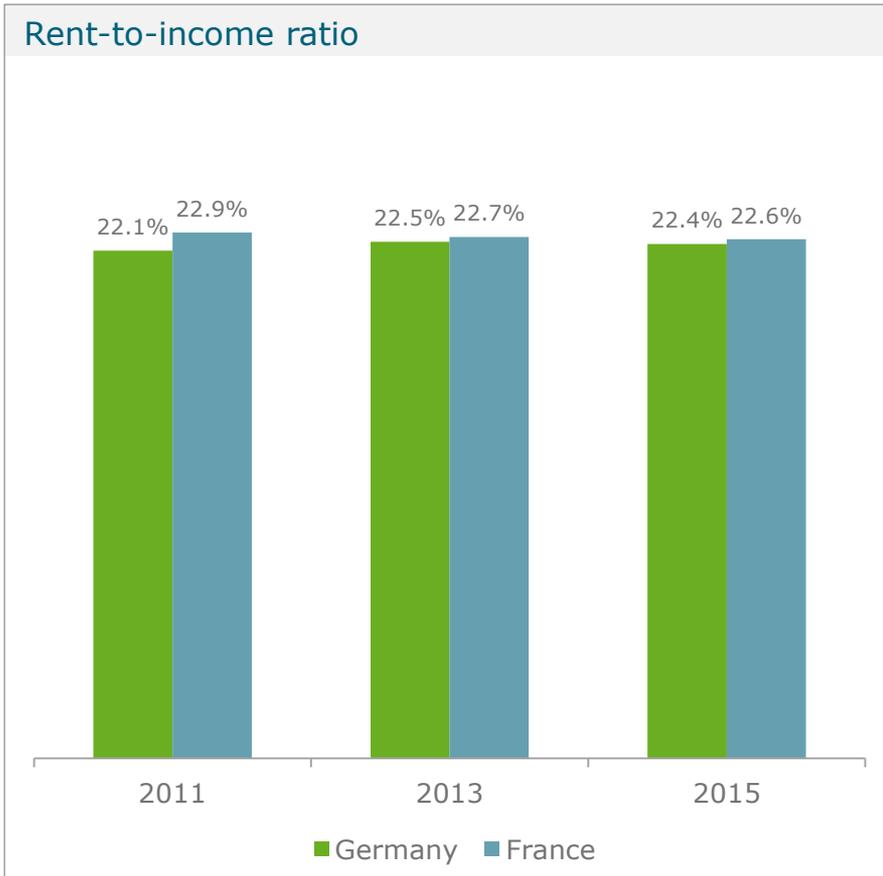
- ✓ Careful, systematic and orderly approach as with all other new parts of the business in the past (modernization program, insourcing, value-add business, space creation, etc.).
- ✓ Open-minded approach to seek potential opportunities.
- ✓ Taking one step at a time and learning along the way.

What not to expect

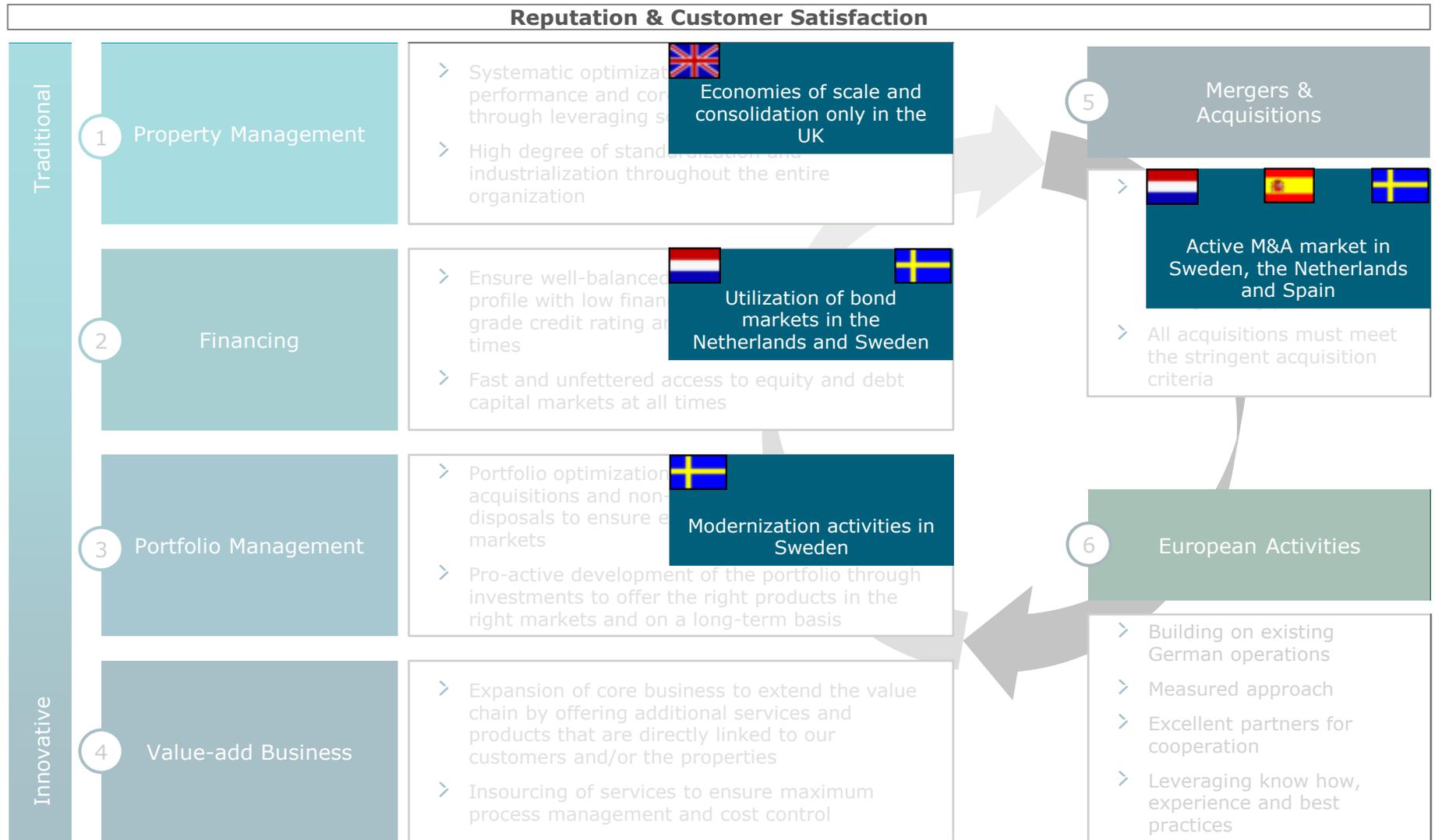
- ✗ Lack of focus on the German market.
- ✗ Premature capital allocation.
- ✗ Key Vonovia personnel dedicating unreasonable amount of time and energy.

The French Housing Market

- Strong similarities between the French and German residential markets.
- Majority of rental units are owned by local or state government entities.
- Almost no listed institutional owner of French residential real estate.



Aspects of Vonovia's Comprehensive Strategy Found in other European Residential Markets



This presentation has been specifically prepared by Vonovia SE and/or its affiliates (together, "Vonovia") for internal use. Consequently, it may not be sufficient or appropriate for the purpose for which a third party might use it.

This presentation has been provided for information purposes only and is being circulated on a confidential basis. This presentation shall be used only in accordance with applicable law, e.g. regarding national and international insider dealing rules, and must not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by the recipient to any other person. Receipt of this presentation constitutes an express agreement to be bound by such confidentiality and the other terms set out herein.

This presentation includes statements, estimates, opinions and projections with respect to anticipated future performance of Vonovia ("forward-looking statements") which reflect various assumptions concerning anticipated results taken from Vonovia's current business plan or from public sources which have not been independently verified or assessed by Vonovia and which may or may not prove to be correct. Any forward-looking statements reflect current expectations based on the current business plan and various other assumptions and involve significant risks and uncertainties and should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved. Any forward-looking statements only speak as at the date the presentation is provided to the recipient. It is up to the recipient of this presentation to make its own assessment of the validity of any forward-looking statements and assumptions and no liability is accepted by Vonovia in respect of the achievement of such forward-looking statements and assumptions.

Vonovia accepts no liability whatsoever to the extent permitted by applicable law for any direct, indirect or consequential loss or penalty arising from any use of this presentation, its contents or preparation or otherwise in connection with it.

No representation or warranty (whether express or implied) is given in respect of any information in this presentation or that this presentation is suitable for the recipient's purposes. The delivery of this presentation does not imply that the information herein is correct as at any time subsequent to the date hereof.

Vonovia has no obligation whatsoever to update or revise any of the information, forward-looking statements or the conclusions contained herein or to reflect new events or circumstances or to correct any inaccuracies which may become apparent subsequent to the date hereof.

This presentation does not, and is not intended to, constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of an offer to purchase, subscribe for or otherwise acquire, any securities of the Company nor shall it or any part of it form the basis of or be relied upon in connection with or act as any inducement to enter into any contract or commitment or investment decision whatsoever.

This presentation is neither an advertisement nor a prospectus and is made available on the express understanding that it does not contain all information that may be required to evaluate, and will not be used by the attendees/recipients in connection with, the purchase of or investment in any securities of the Company. This presentation is selective in nature and does not purport to contain all information that may be required to evaluate the Company and/or its securities. No reliance may or should be placed for any purpose whatsoever on the information contained in this presentation, or on its completeness, accuracy or fairness.

This presentation is 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.

Neither this presentation nor the information contained in it may be taken, transmitted or distributed directly or indirectly into or within the United States, its territories or possessions. This presentation is not an offer of securities for sale in the United States. The securities of the Company have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States. Consequently, the securities of the Company may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States unless registered under the Securities Act.

Tables and diagrams may include rounding effects.