

Press Release

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Jointly pursuing affordable housing, climate protection and new construction – Vonovia and Deutsche Wohnen decide to combine their resources to tackle the major challenges of the housing market

- **Social and societal responsibility:** By combining their businesses, Vonovia and Deutsche Wohnen want to create a tenant-oriented and socially responsible housing company that will reliably contribute to necessary solutions, notably for Berlin's housing market, in close partnership with policy-makers.
- **Future and Social Pact for Housing:** Vonovia and Deutsche Wohnen offer policy-makers specific measures to address the strained rental market in the German capital:
 - **Limit on rent increases until 2026.**
 - **New apartments for Berlin – supporting housing for young families with new constructions.**
 - **Offering a significant number of apartments from the portfolios of both companies to contribute to the expansion of municipal housing stock.**
- **Combination of Vonovia and Deutsche Wohnen: takeover offer to Deutsche Wohnen shareholders.**
 - **Total consideration per Deutsche Wohnen SE share of EUR 53.03, comprising an offer price of EUR 52 in cash plus**

the dividend of Deutsche Wohnen SE for the 2020 financial year of EUR 1.03 per share.

- **Management Board changes: Michael Zahn will be Deputy CEO, Philip Grosse will assume the CFO position and Helene von Roeder assumes responsibility for Innovation and Digitalisation within the management board.**
- **Deutsche Wohnen will propose two members for the Supervisory Board of Vonovia.**
- **No operational redundancies before the end of 2023.**

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Bochum, 24 May 2021 – Vonovia SE (“Vonovia”) and Deutsche Wohnen SE (“Deutsche Wohnen”) have significantly scaled up investments in energy-efficient modernisation, senior-friendly conversions and the construction of affordable new housing. However, the lack of affordable housing in metropolitan areas, coupled with the need to meet climate protection targets, continues to pose a major challenge for society, policy-makers and businesses alike. In order to tackle both the housing shortage and climate change more robustly and efficiently, Vonovia and Deutsche Wohnen are joining forces. The result will be a tenant-oriented and socially responsible company that will reliably contribute to required solutions for the housing market in close partnership with policy-makers.

Rolf Buch, CEO of Vonovia: “Social responsibility and economic stability are the foundation of our work, because housing is one of people’s fundamental needs. At the same time, the housing market is facing major challenges, especially in the German capital: affordable and senior-friendly apartments are in short supply, many buildings need to be refurbished to improve energy efficiency, and clearly there is a need to build more affordable new housing. The combination with Deutsche Wohnen now gives us the opportunity to effectively tackle these challenges.”

Michael Zahn, CEO of Deutsche Wohnen: “Vonovia and Deutsche Wohnen have come to serve an increasingly similar market setting in recent years with the two companies facing a similar set of challenges. Now is the right moment to combine the proven strengths and abilities of the two companies. Together, we will open up new perspectives for our employees, our tenants and our owners.”

Future and Social Pact for Housing offers specific measures to address Berlin's strained rental market

As part of the combination, the two companies are offering the Berlin Senate a Future and Social Pact for Housing, which provides specific measures to tackle housing market challenges in the German capital.

Vonovia and Deutsche Wohnen are committing to limit their regular rent increases across their combined Berlin portfolio to no more than one percent per year for the next three years and to inflation adjustment for the following two years. At the same time, the financial burden on tenants due to energy-efficient housing modernisation will be minimised by limiting the modernisation allocation to a maximum of 2 euros per square metre – a pledge that goes beyond legal requirements.

Another objective of the pact is to create more affordable, needs-based and climate-friendly housing – both in the privately financed housing market and in the publicly subsidised sector. In addition, they will place a strong focus on providing affordable housing for young families.

Moreover, the combination of Vonovia and Deutsche Wohnen will enable the companies to significantly contribute to the expansion of municipal housing stock by offering the State of Berlin the option to acquire a significant number of apartments from the two companies' portfolios.

Substantial investments in modernisation, senior-friendly conversions and construction of affordable new housing

Vonovia and Deutsche Wohnen complement each other in many respects: both companies invest significantly in energy-efficient modernisation, senior-friendly apartment conversions and the construction of affordable new housing. Customer satisfaction is the basis for their actions. For instance, Vonovia supports tenants with active hardship management and limits the costs they have to bear after a modernisation. In the same vein, Vonovia has waived up to EUR 10 million in rent back payments resulting from the Federal Constitutional Court's overturning of the Berlin rent cap and issued a housing guarantee during the Covid-19 crisis. Deutsche Wohnen has set up a EUR 30 million Covid relief fund and has supported tenants and waived rent payments both during the pandemic and in the wake of the court ruling.

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Boards of both companies agree on key terms of the combination – Deutsche Wohnen welcomes and supports the offer

- **Attractive premium for Deutsche Wohnen shareholders: The shareholders of Deutsche Wohnen will receive a total consideration of EUR 53.03 per Deutsche Wohnen share, comprising of an offer price of EUR 52 in cash plus the dividend for the 2020 financial year of EUR 1.03 per Deutsche Wohnen share, payable in early June, providing that the relevant resolution is passed at the Deutsche Wohnen AGM to be held on 1 June 2021.**
- **Vonovia is offering a premium of 17.9% on Deutsche Wohnen's closing price on 21 May 2021 and of 25% based on the volume-weighted average price of the Deutsche Wohnen share over the three months up to 21 May 2021.**
- **Significant and predictable cost savings: The two housing portfolios are a very good strategic and geographical fit. Their joint management will enable significant economies of scale that are expected to bring wide-ranging cost savings of EUR 105 million per year.**

The combination of Vonovia and Deutsche Wohnen will give rise to a housing company with over 500,000 apartments. Management and supervisory board of Deutsche Wohnen welcome the strategic benefits of the combination, the added value to be generated for all stakeholders and therefore support Vonovia's offer. Subject to their review of the offer document, they will recommend the offer to their shareholders.

The two companies have agreed on the following key terms in a Business Combination Agreement:

- **Composition of the Management Board: Rolf Buch, Chief Executive Officer; Michael Zahn, Deputy CEO; Philip Grosse, CFO; Arnd Fittkau, Chief Rental Officer; Daniel Riedl, Development.**
- **The combination forms the basis for additional growth opportunities. Helene von Roeder is therefore assuming overall responsibility for the new Management Board function of Innovation and Digitalisation. This unit combines responsibility for IT and data infrastructure together with Vonovia's Service business, which will also offer its services externally on the market in the medium-term future.**

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- Deutsche Wohnen will propose two members for Vonovia's Supervisory Board; Helene von Roeder and Michael Zahn are to become members of Deutsche Wohnen's Supervisory Board.
- Vonovia is a growing company; no operational redundancies before the end of 2023.

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Joint property management brings considerable cost advantages

In recent years, Vonovia and Deutsche Wohnen have risen to the challenges of the housing market – by investing billions in the construction of new apartments, in energy-efficient modernisations and in senior-friendly conversions. The portfolios of Vonovia and Deutsche Wohnen complement each other almost ideally in terms of geography and weighting. The result is a very well-balanced portfolio with a strong presence in strategic growth regions.

Around 70% of Deutsche Wohnen's housing stock is located in Berlin, a robust and attractive real estate market with one of the highest rates of population growth in Germany (0.7% per year up to 2025) and a resulting growth in households of 1.9%.

The joint property management and the regionally complementary portfolios are expected to generate cost savings of EUR 105 million per year. These are expected to result primarily from the joint operational management of the portfolio, the accelerated implementation of Vonovia's value add strategy, now also applied to the Deutsche Wohnen portfolio, lower costs as a result of additional service provision by Vonovia's own technical service organisation, and from joint purchasing and further standardisation measures in modernisation and maintenance. cost savings do not yet include benefits from joint financing. The full realisation of all potential cost savings is expected by the end of 2024.

Strict compliance with all acquisition criteria – Extremely robust business model

Vonovia has defined strict criteria for acquisitions, all of which will be met by the proposed transaction: The combination of the portfolios will generate cost savings in property management; is rental EBITDA yield and NTA per share accretive; the credit rating will remain strong following the acquisition. The rating agency S&P is expected to affirm Vonovia's current rating of BBB+. It is expected that Moody's will initiate coverage with a rating of A3. The financing of the takeover offer is secured through an acquisition financing bridge of approximately EUR 22 billion. With regard to refinancing, planned measures

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include a rights issue of up to EUR 8 billion, to be completed in the second half of 2021, following the closing of the transaction. Vonovia's shareholders will remain owners of a strong company with a solid LTV ratio.

A cash takeover offer for all outstanding shares is to be made to the shareholders of Deutsche Wohnen at the end of June 2021. The takeover offer is expected to be completed by the end of August. As it currently stands, the offer will be subject to a minimum acceptance threshold of over 50% of the outstanding shares of Deutsche Wohnen, the granting of necessary antitrust clearance(s) and other closing conditions.

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About Vonovia

Vonovia SE is Europe's leading private residential real estate company. Vonovia currently owns around 415,000 residential units in all attractive cities and regions in Germany, Sweden and Austria. It also manages around 72,500 apartments. Its portfolio is worth approximately € 59.0 billion. As a modern service provider, Vonovia focuses on customer orientation and tenant satisfaction. Offering tenants affordable, attractive and livable homes is a prerequisite for the company's successful development. Therefore, Vonovia makes long-term investments in the maintenance, modernization and senior-friendly conversion of its properties. The company is also creating more and more new apartments by realizing infill developments and adding to existing buildings.

The company, which is based in Bochum, has been listed on the stock exchange since 2013. Since September 2015 Vonovia has been a constituent in the DAX 30 and since September 2020 in the EURO STOXX 50. Vonovia SE is also a constituent of additional national and international indices, including DAX 50 ESG, Dow Jones Sustainability Index Europe, STOXX Global ESG Leaders, EURO STOXX ESG Leaders 50, STOXX Europe ESG Leaders 50, FTSE EPRA/NAREIT Developed Europe, and GPR 250 World. Vonovia has a workforce of more than 10,000 employees.

Additional Information:

Approval: Regulated Market/Prime Standard, Frankfurt Stock Exchange

ISIN: DE000A1ML7J1

WKN: A1ML7J

Common code: 094567408

Registered headquarters of Vonovia SE: Bochum, Germany, Bochum Local Court, HRB 16879

Business address of Vonovia SE: Universitaetsstrasse 133, 44803 Bochum, Germany

Important information:

This announcement is neither an offer to exchange or purchase nor a solicitation of an offer to exchange or purchase shares. Moreover, this announcement is neither an offer to purchase nor a solicitation to purchase Vonovia SE shares. The final terms and further provisions regarding the takeover offer will be in the offer document once its publication has been approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht). Vonovia SE reserves the right to deviate from the basic terms presented herein in the final terms and provisions. Investors and holders of Deutsche Wohnen Shares are strongly recommended to read the offer document and all other documents in connection with the public takeover offer as soon as they are published, as they will contain important information.

Subject to the exceptions described in the offer document and any exceptions granted by the relevant regulatory authorities, a public takeover offer is not being made directly or indirectly, in or into those jurisdictions where to do so would constitute a violation pursuant to the laws of such jurisdiction.

The offer is being made for the securities of a German company and is subject to German disclosure requirements, which are different from those of the United States. The offer will be made in the United States pursuant to the applicable US tender offer rules and otherwise in accordance with the requirements of German law. Accordingly, the offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, that are different from those applicable under US domestic tender offer procedures and law.

The receipt of cash pursuant to the offer by a US holder of Deutsche Wohnen Shares may be a taxable transaction for US federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Deutsche Wohnen Shares is urged to consult his independent professional advisor immediately regarding the tax consequences of acceptance of the offer.

It may be difficult for US holders of Deutsche Wohnen Shares to enforce their rights and claims arising out of the US federal securities laws, since Vonovia SE and Deutsche Wohnen SE are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. US holders of Deutsche Wohnen Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

To the extent permissible under applicable law or regulation, and in accordance with German market practice, Vonovia SE or its brokers may purchase, or conclude agreements to purchase, Deutsche Wohnen Shares, directly or indirectly, outside of the scope of the public takeover offer, before, during or after the acceptance period. This applies to other securities that are directly convertible into, exchangeable for, or exercisable for Deutsche Wohnen Shares. These purchases may be completed via the stock exchange at market prices or outside the stock exchange at negotiated conditions. Any information on such purchases will be disclosed as required by law or regulation in Germany or any other relevant jurisdiction.

If any announcements in this document contain forward-looking statements, such statements do not represent facts and are characterized by the words "will", "expect",

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“believe”, “estimate”, “intend”, “aim”, “assume” or similar expressions. Such statements express the intentions, opinions or current expectations and assumptions of Vonovia SE. Such forward-looking statements are based on current plans, estimates and forecasts which Vonovia SE has made to the best of its knowledge, but which do not claim to be correct in the future (in particular where such forward looking information is in relation to matters outside the control of Vonovia SE. Forward-looking statements are subject to risks and uncertainties that are difficult to predict and usually cannot be influenced by Vonovia SE. It should be kept in mind that the actual events or consequences may differ materially from those contained in or expressed by such forward-looking statements. It is possible that Vonovia SE will change its intentions and assumptions reflected in the documents and announcements or in the yet to be published offer document after the publication of these documents, announcements or the offer document.

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