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Public disclosure of an inside information according to Article 17 para. 1 of the Regulation (EU) No 596/2014 on market abuse and announcement pursuant to Section 5 of the Austrian Takeover Act.

## **Vonovia SE: Publication of the intention to launch a voluntary takeover offer to the shareholders of BUWOG AG and conclusion of a business combination agreement**

Bochum, 18 December 2017

Vonovia SE (Vonovia) and BUWOG AG, with seat in Vienna (BUWOG), the shares of which are, *inter alia*, traded on the Vienna Stock Exchange, have signed a *Business Combination Agreement*. On the basis of this agreement, Vonovia announces, in accordance with § 5 of the Austrian Takeover Act (ÜbG), its intention to make a voluntary public takeover offer to all shareholders of BUWOG regarding all BUWOG shares (ISIN AT00BUWOG001) in order to acquire a controlling interest in accordance with § 25a ÜbG.

Shareholders are to be offered a price of € 29.05 in cash per BUWOG share. This cash offer, which is expected to be published at the beginning of February 2018, values BUWOG at around € 5.2 bn (enterprise value), taking into account potential newly issued shares from a conversion of the convertible bonds issued by BUWOG (ISIN AT0000A1NQH2).

Vonovia's envisaged offer of € 29.05 per BUWOG share represents a premium of 18.1% on the closing price of the BUWOG share on the prime market (Amtlicher Handel) of the Vienna Stock Exchange on Friday, 15 December 2017.

The offer will also be addressed to the holders of BUWOG's convertible bonds. For the convertible bonds Vonovia intends to offer a cash payment of € 115,753.65 in the initial acceptance period for each € 100,000 nominal amount and, in accordance with market practice, a reduced offer price per convertible bond in the three month additional acceptance period.

The aim is to combine Vonovia's residential portfolio (around 350,000 apartments) with BUWOG's residential portfolio (around 49,000 apartments).

Following the integration, Vonovia expects cost benefits of approximately € 30m per year from the joint management of both portfolios in Germany and Austria; a substantial part of these are to be realized by the end of 2019. The combination will also have a positive effect for Vonovia's FFO 1 per share and adjusted NAV per share.

The completion of the takeover offer will be subject to the statutory minimum acceptance threshold of 50% plus 1 share of all BUWOG shares subject of the offer, merger clearance in Germany and Austria as well as other customary closing conditions, such as no material adverse changes at BUWOG and of capital market conditions, the details of which will be set out in the offer document. Vonovia can withdraw from the transaction prior to the launch of the offer if the EPRA/NAREIT Germany Index falls below 999.74 points.

### **Important Information**

This ad hoc announcement has been issued by Vonovia SE (Vonovia) solely for the purpose of disclosing inside information and publishing the intention to make a voluntary public takeover offer to acquire a controlling interest. Moreover, it is neither an offer to purchase nor a solicitation to sell securities of BUWOG AG (BUWOG). The final conditions and further provisions relating to the takeover offer will be published in the offer document which will be published subject to the

Austrian Takeover Commission not prohibiting its publication. Vonovia as bidder reserves the right to deviate from the basic terms presented herein in the final terms and provisions of the takeover offer. Investors and holders of shares or convertible bonds in BUWOG are strongly recommended to review the offer document and all other documents related to the takeover offer, as they will contain important information. In accordance with Austrian and European law, the takeover offer to acquire a controlling interest will be conducted solely on the basis of the applicable provisions of the Austrian law, in particular the Austrian Takeover Act (Takeover Act). The intended takeover offer is not made or intended to be made pursuant to the laws of any jurisdiction other than those of Austria. With regard to the takeover offer Vonovia and the persons acting in concert with Vonovia within the meaning of section 1 no. 6 of the Takeover Act do not assume any responsibility for compliance with laws other than the laws of Austria. Notifications and the publication of information on the intended takeover offer are intended to be in Austria only, unless a notification or other publication is required or permitted under the respective laws of other jurisdictions.

To the extent permissible under applicable law or regulation, Vonovia or its brokers may purchase, or conclude agreements to purchase, shares in BUWOG, directly or indirectly, outside of the scope of the intended takeover offer, before, during or after the period in which the takeover offer remains open for acceptance. This also applies to other securities which are directly convertible into, exchangeable for, or exercisable for BUWOG shares, such as convertible bonds. 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 Austria.

This ad hoc announcement may contain statements, assumptions, opinions and predictions about the anticipated future development of Vonovia or BUWOG (forward-looking statements) that reproduce various assumptions regarding results derived from Vonovia's or BUWOG's current business or from publicly available sources that have not been subject to an independent audit or in-depth evaluation by Vonovia and that may turn out to be incorrect at a later stage. All forward-looking statements express current expectations based on the current business plan and various other assumptions and therefore come with risks and uncertainties that are not insignificant. All forward-looking statements should not therefore be taken as a guarantee for future performance or results and, furthermore, do not necessarily constitute appropriate indicators that the forecast results will be achieved. All forward-looking statements relate solely to the day on which this ad hoc announcement was issued to its recipients. It is the responsibility of the recipients of this ad hoc announcement to conduct a more detailed analysis of the validity of forward-looking statements and the underlying assumptions.