

# Business Development in the First Three Months of 2022

## Overview

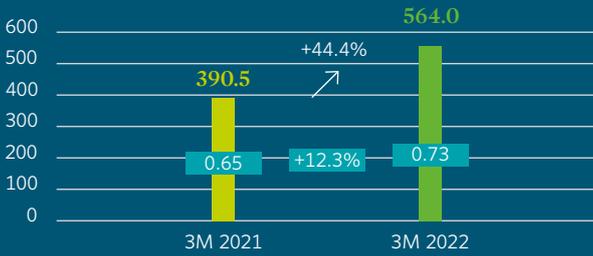
- > Positive business development with continued high customer satisfaction ratings.
- > Refinancing of the Deutsche Wohnen takeover completed.
- > Ongoing assessment of the macroeconomic situation.

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## Sustained Earnings

### Group FFO \*

in € million



■ Group FFO per share (€) 2021 TERP adjusted

## Maintenance and Modernization

### Investments

in € million

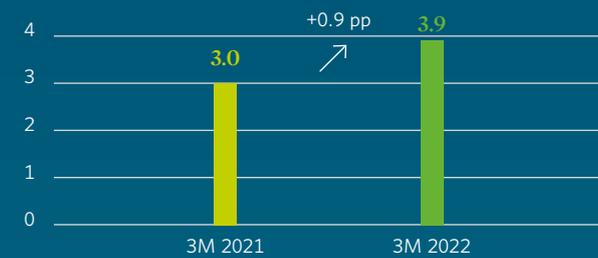


■ Maintenance ■ Modernization ■ New construction ■ Deutsche Wohnen

## Organic Rent Growth

### Organic Rent Growth

in %



## Vacancy

### Vacancy Rate

in %



## Net Assets

### EPRA NTA\*

in € million



■ EPRA NTA per share

\* Based on the new 2022 definition.

## Fair Value of the Real Estate Portfolio

### Fair Value

in € million



# Vonovia SE on the Capital Market

## Shares in Vonovia

The first three months of 2022 were dominated by the ongoing coronavirus pandemic and, first and foremost, by the war in Ukraine and its implications. In addition to the humanitarian catastrophe, the topics of rising inflation and interest rates and central bank monetary policy were the main issues from a capital market perspective. In this environment, it came as little surprise to see negative performance by entire indices and in almost all sectors: DAX -9.2%; EuroStoxx 50 -9.2%; EPRA Europe -5.5%; 15 out of 19 Stoxx Europe 600 sectors with negative performance of between -0.3% and -27.5% in the first quarter of 2022.

Shares in Vonovia lost 12.8% in the first three months, trading at € 42.31 at the end of the first quarter of 2022. This mainly reflects capital market concerns that higher inflation and interest rates could have a negative impact on the business, at least in the short term. There were no signs of any drop in transactions on the residential real estate market comparable to the drop in the share price. Those investors with more of a long-term focus that are active in the direct market remain optimistic about the sector and are still investing almost just as much money into residential real estate in view of higher inflation and interest rates. This trend is likely driven in particular by the favorable supply and demand situation in urban regions. As a result, there is still a strong consensus overall regarding the medium- and long-term development in yields on, and the value of, residential real estate.

Vonovia's market capitalization amounted to around € 32.9 billion as of March 31, 2022.

## Shareholder Structure

The chart displayed below shows the voting rights pursuant to Sections 33 and 34 of the German Securities Trading Act (WpHG) as notified by the shareholders in relation to the current share capital. It is important to note that the number of voting rights reported could have changed within the respective thresholds without triggering an obligation to notify the company.

Based on the German stock exchange's definition of free float, only the interest held by Norges Bank (Ministry of Finance on behalf of Norway) does not count toward the free float. This means that 88.9% of Vonovia's shares were in free float on March 31, 2022. The underlying [voting rights notifications](#) and corresponding financial instruments reported by shareholders or other instruments pursuant to Sections 38, 39 WpHG can be found online.

## Share Price Development

■ Vonovia SE ■ DAX ■ FTSE EPRA Europe ■ EURO STOXX 50

Source: FactSet

in %

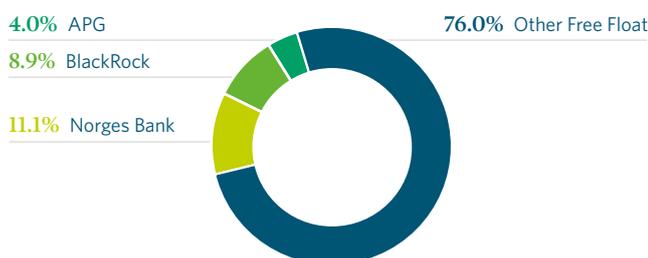


In line with Vonovia's long-term strategic focus, we believe that the majority of its investors also have a long-term focus. The company's investors include pension funds, sovereign wealth funds and international asset managers in particular. There are also a large number of individual shareholders, although they only represent a small proportion of the total capital.

## Investor Relations Activities

Vonovia SE is committed to transparent, ongoing dialogue with its shareholders and potential investors. We have continued with our road shows and meetings in 2022, both as virtual and face-to-face events. In the first three months of 2022, Vonovia participated in a total of seven investors' conference days and organized five roadshow days.

## Major Shareholders (as of March 31, 2022)



In addition, numerous one-on-one meetings, video conferences and conference calls were held with investors and analysts to keep them informed of current developments and special issues. The following topics in particular dominated the meetings held in the first quarter of 2022: inflation, energy prices, interest rates, the capital structure and sustainability.

We will continue to communicate openly with the capital market. Various road shows, conferences and participation in investor forums have already been planned. Information can be found in the Financial Calendar on our [Investor Relations website](#).

## Analyst Assessments

Usually, 23 international analysts publish studies on Vonovia on a regular basis, whereby one analyst suspended their rating temporarily due to their involvement in transactions (as of March 31, 2022). The average target share price was € 60.48 as of March 31, 2022. Of these analysts, 86% issued a “buy” recommendation, with 9% issuing a “hold” recommendation and 5% recommending that investors sell the company’s shares.

### Share Information (as of March 31, 2022)

First day of trading	July 11, 2013
Subscription price	€ 16.50   € 14.71*
Total number of shares	776,597,389
Share capital	€ 776,597,389
ISIN	DE000A1ML7J1
WKN	A1ML7J
Ticker symbol	VNA
Common code	94567408
Share class	Registered shares with no par value
Stock exchange	Frankfurt Stock Exchange
Market segment	Regulated market
Indices	DAX 40, EURO STOXX 50, 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

\* TERP adjusted.

# Economic Development in the First Three Months of 2022

## Key Events During the Reporting Period

The first quarter of 2022 remained impacted by the coronavirus pandemic, and in particular by the impact of the war in Ukraine and its implications. The hostilities in Ukraine have sparked a humanitarian catastrophe and a corresponding wave of refugees. Global economies are confronted with rising commodity prices, as well as increased interest rates and inflation. The international capital markets have been hit by considerable turbulence.

The risk of the war in Ukraine having a potential impact on Vonovia's business is being monitored and evaluated on an ongoing basis. First effects through rising construction costs and energy prices are perceivable.

The Customer Satisfaction Index (CSI) was on a par with the previous quarter and was up by 1.8 percentage points as against the first quarter of 2021.

Vonovia successfully concluded the refinancing of the takeover of Deutsche Wohnen in the first quarter of 2022. It concluded a promissory note transaction with a total volume of € 1 billion on February 16, 2022. The tranches have a maturity of 5 to 30 years with an average weighted maturity of 7.65 years and average weighted interest of 1.13%.

On March 21, 2022, Vonovia also issued social bonds with maturities of between 3.85 and 6.25 years and a green bond with a ten-year maturity as part of its sustainability strategy. These bonds are fully consistent with the new EU Taxonomy – a first in the real estate sector. The total volume is € 2.5 billion with a coupon of 1.875%.

The bridge financing totaling around € 20 billion (of which € 11,450.0 million were drawn) that was made available by a banking consortium as part of the acquisition of Deutsche Wohnen still had a value of € 3,490.0 million as of December 31, 2021. The outstanding bridge financing was repaid in full in the first quarter of 2022.

Control of 20.5% of the shares in the Adler Group, which were previously held by Aggregate Holdings Invest S.A., has passed to Vonovia as part of a debt recovery action. The shares originally served to secure one of Vonovia's loan exposures. The exercise of the voting rights attached to the shares by Vonovia was approved by the Federal Cartel Office. Vonovia also retains all options for action, including the sale of some or all of the shares. In the current market environment, however, the company has ruled out any further purchases, let alone a full takeover.

In September 2021, Vonovia and Deutsche Wohnen sold residential and commercial units to public housing companies in Berlin based on an agreement reached with the Berlin State Government. The transaction with a volume of € 2,339.0 million was largely completed in January 2022.

The work on integrating Deutsche Wohnen was continued as scheduled in the first quarter of the year. The focus was on ensuring that the measures were consistent with the company law requirements and planning the details of the actual integration work.

The Supervisory Board appointed Philip Grosse as member of the Management Board and Chief Financial Officer (CFO) effective January 1, 2022. Helene von Roeder, who was previously responsible for this executive division, was appointed Chief Transformation Officer (CTO) with responsibility for the newly created Digitalization and Innovation executive division at the same time. This means that Vonovia has expanded its Management Board from four to five members.

Following its meeting held on March 1, 2022, the Supervisory Board announced that the contract with the CEO Rolf Buch, which was set to expire in February 2023, will be extended for another five years until February 2028.

## Results of Operations

### Overview

With regard to the business figures reported below, it is important to remember that the quarterly comparison is impaired by the inclusion of Deutsche Wohnen in the consolidated financial statements for the first time as of September 30, 2021. Deutsche Wohnen is not included in the 3M 2021 figures. Deutsche Wohnen is included in the 12M 2021 figures with the earnings contribution from the fourth quarter of 2021.

Vonovia made a successful start to the 2022 fiscal year, with its corporate strategy unchanged.

The ongoing coronavirus pandemic still did not have any significant impact on the company's operational and financial performance.

The first few moderate effects of the war in Ukraine left their mark on energy and construction costs in particular.

In the first quarter of 2022, we observed stable demand for rental apartments and no negative impact on market values. All in all, Vonovia experienced only a very low level of rent losses due to the coronavirus pandemic in the reporting period, and expects defaults to remain low in the future, too. The coronavirus pandemic had only a minor impact on modernization and new construction measures in the first three months of 2022.

As of March 31, 2022, Vonovia managed a portfolio comprising 550,496 of its own residential units (March 31, 2021: 414,715), 163,284 garages and parking spaces (March 31, 2021: 138,796) and 8,946 commercial units (March 31, 2021: 6,552). The locations span 637 cities, towns and municipalities (March 31, 2021: 627) in Germany, Sweden and Austria. 72,434 residential units (March 31, 2021: 72,476) are also managed for other owners. As of March 31, 2022, Vonovia employed 15,900 people (March 31, 2021: 10,684).

Total **segment revenue** increased by 42.6% from € 1,145.5 million in the first quarter of 2021 to € 1,633.4 million in the first quarter of 2022. Deutsche Wohnen was the main contributor to this increase, with a volume of € 286.3 million in 2022.

### Total Segment Revenue

in € million	3M 2021	3M 2022	Change in %	12M 2021
Rental income	582.2	781.8	34.3	2,571.9
Other income from property management unless included in the operating expenses in the Rental segment	13.9	98.8	>100	141.7
Income from disposals Recurring Sales	192.7	141.7	-26.5	477.2
Internal revenue Value-add	259.7	295.6	13.8	1,107.2
Income from disposal of properties	84.2	253.5	>100	519.6
Fair value Development to hold	12.8	62.0	>100	362.3
<b>Total Segment Revenue</b>	<b>1,145.5</b>	<b>1,633.4</b>	<b>42.6</b>	<b>5,179.9</b>

## Group FFO

The following key figures provide an overview of the development in Group FFO and other value drivers in the reporting period.

### Group FFO

in € million	3M 2021	3M 2022	Change in %	12M 2021
Revenue in the Rental segment	581.7	590.4	1.5	2,361.6
Expenses for maintenance	-80.3	-83.1	3.5	-332.7
Operating expenses in the Rental segment	-98.3	-100.5	2.2	-380.9
<b>Adjusted EBITDA Rental</b>	<b>403.1</b>	<b>406.8</b>	<b>0.9</b>	<b>1,648.0</b>
Revenue in the Value-add segment	273.8	313.5	14.5	1,165.8
thereof external revenue	14.1	17.9	27.0	58.6
thereof internal revenue	259.7	295.6	13.8	1,107.2
Operating expenses in the Value-add segment	-228.0	-265.5	16.4	-1,017.0
<b>Adjusted EBITDA Value-add</b>	<b>45.8</b>	<b>48.0</b>	<b>4.8</b>	<b>148.8</b>
Revenue in the Recurring Sales segment	192.7	138.4	-28.2	477.0
Fair value of properties sold adjusted to reflect effects not relating to the period from assets held for sale in the Recurring Sales segment	-141.9	-94.0	-33.8	-343.7
<b>Adjusted result Recurring Sales</b>	<b>50.8</b>	<b>44.4</b>	<b>-12.6</b>	<b>133.3</b>
Selling costs in the Recurring Sales segment	-3.7	-3.4	-8.1	-19.3
<b>Adjusted EBITDA Recurring Sales</b>	<b>47.1</b>	<b>41.0</b>	<b>-13.0</b>	<b>114.0</b>
Revenue from disposal of Development to sell properties	84.2	241.8	>100	503.7
Cost of Development to sell	-71.4	-193.4	>100	-367.2
<b>Gross profit Development to sell</b>	<b>12.8</b>	<b>48.4</b>	<b>&gt;100</b>	<b>136.5</b>
Fair value Development to hold	12.8	62.0	>100	362.3
Cost of Development to hold*	-10.4	-43.3	>100	-277.4
<b>Gross profit Development to hold</b>	<b>2.4</b>	<b>18.7</b>	<b>&gt;100</b>	<b>84.9</b>
Rental revenue Development	0.3	1.0	>100	1.8
Operating expenses in the Development segment	-5.4	-6.5	20.4	-35.5
<b>Adjusted EBITDA Development</b>	<b>10.1</b>	<b>61.6</b>	<b>&gt;100</b>	<b>187.7</b>
<b>Adjusted EBITDA Deutsche Wohnen</b>	<b>-</b>	<b>172.3</b>		<b>170.8</b>
<b>Adjusted EBITDA Total</b>	<b>506.1</b>	<b>729.7</b>	<b>44.2</b>	<b>2,269.3</b>
FFO interest expense	-85.8	-114.3	33.2	-397.7
Current income taxes FFO	-20.3	-24.6	21.2	-65.2
Consolidation**	-9.5	-26.8	>100	-97.1
<b>Group FFO</b>	<b>390.5</b>	<b>564.0</b>	<b>44.4</b>	<b>1,709.3</b>
<b>Group FFO after non-controlling interests</b>	<b>386.0</b>	<b>545.4</b>	<b>41.3</b>	<b>1,669.3</b>

\* Excluding capitalized interest on borrowed capital in 3M 2022 of € 0.0 million (3M 2021 € 0.0 million), 12M 2021: € 0.9 million.

\*\* Based on the new 2022 definition, without elimination of IFRS 16 effect, thereof intragroup profits in 3M 2022: € -8.1 million (3M 2021: € -7.0 million), 12 M 2021: € -37.8 million, gross profit development to hold in 3M 2022: € -18.7 million (3M 2021: € -2.4 million), 12M 2021: € -84.9 million, 12M 2021: FFO-at-equity effect Deutsche Wohnen: € 25.6 million.

As of March 31, 2022, our apartments were once again virtually fully occupied. The apartment vacancy rate of 2.4% was down on the value of 2.8% seen at the end of March 2021. Rental income in the Rental segment rose by 1.5% in total from € 581.7 million in the first three months of 2021 to € 590.4 million in the first three months of 2022, largely due to organic growth resulting from new construction and modernization measures and also taking into account the Berlin portfolio that was disposed of. Of the segment revenue in the Rental segment in the 2022 reporting period, € 475.5 million is attributable to rental income in Germany (3M 2021: € 467.0 million), € 88.2 million to rental income in Sweden (3M 2021: € 88.2 million) and € 26.7 million to rental income in Austria (3M 2021: € 26.5 million).

The current increase in rent due to market-related factors came to 1.6% (3M 2021: 0.7%). We were also able to achieve an increase in rent of 1.6% thanks to property value improvements achieved as part of our modernization program (3M 2021: 1.7%). This includes one-off effects of 0.6% due to the Act Governing the Rent Cap for Residential Premises in Berlin (the "rent freeze") becoming invalid. The corresponding **like-for-like rent increase** came to 3.2% (3M 2021: 2.4%). If we also include the increase in rent due to new construction measures and measures to add extra stories of 0.7% (3M 2021: 0.6%), then we arrive at an **organic increase in rent** totaling 3.9% (3M 2021: 3.0%). The average monthly in-place rent within the Rental segment at the end of March

2022 came to € 7.42 per m<sup>2</sup> compared to € 7.18 per m<sup>2</sup> at the end of March 2021. At the end of March 2022, the monthly in-place rent in the German portfolio (excl. Deutsche Wohnen) came to € 7.23 per m<sup>2</sup> (March 31, 2021: € 6.98 per m<sup>2</sup>), with the figure for the Swedish portfolio coming to € 10.28 per m<sup>2</sup> (March 31, 2021: € 10.18 per m<sup>2</sup>) and the figure for the Austrian portfolio coming to € 4.90 per m<sup>2</sup> (March 31, 2021: € 4.79 per m<sup>2</sup>). The rental income from the portfolio in Sweden reflects inclusive rents, meaning that the amounts contain operating, heating and water supply costs. The rental income from the Austrian property portfolio additionally includes maintenance and improvement contributions (EVB).

We have continued with our modernization, new construction and maintenance strategy in the 2022 fiscal year. The total volume of maintenance, modernization and new construction activity increased by 36.7%, from € 379.9 million in the first three months of 2021 to € 519.3 million in the first three months of 2022. Deutsche Wohnen contributed a volume of € 114.3 million to this figure in the first quarter of 2022. Maintenance measures in the Rental segment came to € 137.4 million in the first three months of 2022, up by 1.3% on the prior-year value of € 135.7 million. At € 158.6 million, modernization measures were down by 3.9% on the prior-year value of € 165.1 million. At € 109.0 million, new construction in the first three months of 2022 was up by 37.8% on the prior-year value of € 79.1 million.

### Maintenance, Modernization and New Construction

in € million	3M 2021	3M 2022	Change in %	12M 2021
Expenses for maintenance	80.3	83.1	3.5	332.7
Capitalized maintenance	55.4	54.3	-2.0	333.7
<b>Maintenance measures</b>	<b>135.7</b>	<b>137.4</b>	<b>1.3</b>	<b>666.4</b>
Modernization measures	165.1	158.6	-3.9	758.6
New construction (to hold)	79.1	109.0	37.8	526.6
<b>Modernization and new construction measures</b>	<b>244.2</b>	<b>267.6</b>	<b>9.6</b>	<b>1,285.2</b>
Cost of maintenance, modernization and new construction Deutsche Wohnen	-	114.3	-	234.0
<b>Total cost of maintenance, modernization and new construction</b>	<b>379.9</b>	<b>519.3</b>	<b>36.7</b>	<b>2,185.6</b>

In the first three months of 2022, operating expenses in the Rental segment were up by 2.2% on the figures for the first three months of 2021, from € 98.3 million to € 100.5 million. All in all, **Adjusted EBITDA Rental** rose by 0.9% from € 403.1 million in the first three months of 2021 to € 406.8 million in the first three months of 2022.

The **Value-add segment** felt a slight impact of the coronavirus pandemic and cost increases sparked by the war in Ukraine. External revenue from our Value-add activities with our end customers in the first three months of 2022 were up by 27.0% on the first three months of 2021, from € 14.1 million to € 17.9 million. Group revenue rose by 13.8% from € 259.7 million in the first three months of 2021 to € 295.6 million in the

first three months of 2022. All in all, revenue from the Value-add segment came to € 313.5 million in the 2022 reporting period, up by 14.5% on the value of € 273.8 million seen in the first three months of 2021. Operating expenses in the Value-add segment in the first three months of 2022 were up by 16.4% on the figures for the first three months of 2021, from € 228.0 million to € 265.5 million. This was due, in particular, to higher energy and construction costs and the use of more third-party services. Adjusted **EBITDA Value-add** came to € 48.0 million in the first three months of 2022, 4.8% higher than the figure of € 45.8 million reported for the first three months of 2021.

We continued to pursue our selective sales strategy in the first quarter of 2022. In the **Recurring Sales segment**, we report all business activities relating to the sale of single residential units (Privatize).

In the **Recurring Sales segment**, the income from disposal of properties came to € 138.4 million in the first three months of 2022, down by 28.2% on the value of € 192.7 million in the first three months of 2021; € 89.1 million of this amount is attributed to sales in Germany (3M 2021: € 149.7 million) and € 49.3 million to sales in Austria (3M 2021: € 43.0 million). We privatized 661 apartments in the first quarter of 2022 (3M 2021: 1,182), thereof 465 in Germany (3M 2021: 982) and 196 in Austria (3M 2021: 200). **Adjusted EBITDA Recurring Sales** came in at € 41.0 million in the first quarter of 2022, down by 13.0% on the value of € 47.1 million seen in the first quarter of 2021. The **fair value step-up for Recurring Sales** came in at 47.2% in the first quarter of 2022, up on the comparative value of 35.8% for the first three months of 2021. This was largely the result of sales in Austria.

Outside of the Recurring Sales segment, we made 4,502 **Non-core Disposals of residential units** as part of our portfolio adjustment measures in the first three months of 2022 (3M 2021: 70) with total proceeds of € 2,526.7 million (3M 2021: € 9.0 million). This also includes the block sale from Vonovia's Berlin portfolio. At 1.4%, the fair value step-up for Non-core Disposals in the 2022 reporting period was lower than for the same period in the previous year (64.1%). Sales of land had contributed to the high step-up in the previous year. The sale of the Berlin portfolio reduced the step-up in the first quarter of 2022.

In the first quarter of 2022, the **Development segment**, with its Development to sell and Development to hold areas, made positive contributions to earnings in Germany, Austria and Sweden, once again allowing it to contribute to Vonovia's successful growth.

The segment revenue from Development (total of income from the sale of Development to sell properties, fair value from Development to hold and rental income in the Devel-

opment segment) rose from € 97.3 million in the first quarter of 2021 to € 304.8 million in the first quarter of 2022. This was driven in particular by higher income from disposal of Development to sell properties. At € 241.8 million, it was up considerably on the prior-year value of € 84.2 million.

In the **Development to sell** area, a total of 511 units were completed in the first quarter of 2022 (3M 2021: 230), thereof 0 in Germany (3M 2021: 230) and 511 units in Austria (3M 2021: 0 units). In the first quarter of 2022, income from the disposal of Development to sell properties amounted to € 241.8 million (3M 2021: € 84.2 million), with € 131.5 million attributable to project development in Germany (3M 2021: € 54.4 million) and € 110.3 million to project development in Austria (3M 2021: € 29.8 million). The increase in proceeds was primarily due to the global exit of a Development to sell project. The resulting gross profit for Development to sell came to € 48.4 million (3M 2021: € 12.8 million).

In the **Development to hold** area, a total of 266 units were completed in the first three months of 2022 (3M 2021: 149 units), thereof 244 in Germany (3M 2021: 68 units) and 22 units in Sweden (3M 2021: 81 units). In the Development to hold area, a fair value of € 62.0 million was achieved in the 2022 reporting period (3M 2021: € 12.8 million), which was fully attributable to project development in Germany (3M 2021: € 2.5 million; project development in Sweden 3M 2021: € 10.3 million). The gross profit for Development to hold came to € 18.7 million in the first three months of 2022 (3M 2021: € 2.4 million). Development operating expenses came to € 6.5 million in the first quarter of 2022, up by 20.4% on the value of € 5.4 million seen in the first quarter of 2021. The increase is due to higher direct project expenses in 2022. The **Adjusted EBITDA for the Development segment** amounted to € 61.6 million in the 2022 reporting period (3M 2021: € 10.1 million).

In the **Deutsche Wohnen segment**, segment revenue in the first quarter of 2022 came to € 286.3 million, with € 190.1 million mainly attributable to rental income, € 68.1 million attributable to income from the nursing and assisted living sector and € 15.0 million to income from disposal of properties. **Adjusted EBITDA Deutsche Wohnen** came to € 172.3 million in the first quarter of 2022. The average monthly in-place rent in the Deutsche Wohnen portfolio came to € 7.34 m<sup>2</sup> at the end of March 2022. In the first quarter of 2022, 10,844 residential units were sold from the Deutsche Wohnen portfolio. The vacancy rate in the Deutsche Wohnen portfolio came to 1.9% at the end of March 2022.

In the first three months of the year, the primary key figure for the sustained earnings power, **Group FFO** rose by 44.4% from € 390.6 million (based on the new 2022 definition without the elimination of IFRS 16 effects) in 2021 to € 564.0 million in 2022. This was mainly fueled by the

positive development in **Adjusted EBITDA Total**, which increased by 44.2% from € 506.1 million in the first quarter of 2021 to € 729.7 million in the first quarter of 2022. In the first quarter of 2022, Deutsche Wohnen contributed a total of € 143.5 million to Group FFO.

In the 2022 reporting period, the **non-recurring items** eliminated in the **Adjusted EBITDA Total** came to € -2.3 million compared to € 4.4 million in the first quarter of 2021. This was largely due to special effects resulting from the debt recovery action in connection with the loan granted to the Adler Group. The following table gives a detailed list of the non-recurring items:

### Non-recurring Items

in € million	3M 2021	3M 2022	Change in %	12M 2021
Transactions*	4.2	-11.5	-	14.1
Personnel matters	0.1	3.9	>100	1.6
Business model optimization	2.3	4.7	>100	24.2
Research & development	1.1	0.5	-54.5	3.6
Refinancing and equity measures	-3.3	0.1	-	-6.4
<b>Total non-recurring items</b>	<b>4.4</b>	<b>-2.3</b>	<b>-</b>	<b>37.1</b>

\* Including one-time expenses in connection with acquisitions, such as HR measures relating to the integration process and other follow-up costs.

### Reconciliations

The **financial result** changed from € -82.2 million in the first three months of 2021 to € -39.8 million in the first three

months of 2022. FFO interest expense is derived from the financial result as follows:

### Reconciliation of Financial Result/FFO Interest Expense

in € million	3M 2021	3M 2022	Change in %	12M 2021
Interest income	2.2	21.5	>100	21.5
Interest expense	-79.0	-59.9	-24.2	-411.6
Other financial result excluding income from investments	-5.4	-1.4	-74.1	-164.8
<b>Financial result*</b>	<b>-82.2</b>	<b>-39.8</b>	<b>-51.6</b>	<b>-554.9</b>
Adjustments:				
Other financial result excluding income from investments	5.4	1.4	-74.1	164.8
Effects from the valuation of interest rate and currency derivatives	-7.0	-52.7	>100	-20.4
Prepayment penalties and commitment interest	1.5	4.6	>100	22.7
Effects from the valuation of non-derivative financial instruments	-16.1	-14.9	-7.5	-43.3
Interest accretion to provisions	1.0	0.8	-20.0	9.8
Accrued interest/other effects	-4.9	-34.5	>100	30.9
<b>Net cash interest</b>	<b>-102.3</b>	<b>-135.1</b>	<b>32.1</b>	<b>-390.4</b>
Adjustment for IFRS 16 Leases	2.4	2.5	4.2	10.3
Adjustment of income from investments in other real estate companies	-	-	-	15.7
Adjustment of interest paid due to taxes	0.7	-0.7	-	-1.8
Adjustment of accrued interest	13.4	19.0	41.8	-31.5
<b>Interest expense FFO</b>	<b>-85.8</b>	<b>-114.3</b>	<b>33.2</b>	<b>-397.7</b>

\* Excluding income from other investments.

The **profit for the period** in the first three months of 2022 came to € -29.1 million as against € 247.0 million in the first three months of 2021. This is due first and foremost to the impairment of goodwill of € 1,082.5 million in the first three months of 2022 (3M 2021: € 0.0 million) and the valuation result of € 404.8 million (3M 2021: € 2.4 million).

### Reconciliation of Profit for the Period/Group FFO

in € million	3M 2021	3M 2022	Change in %	12M 2021
<b>Profit for the period</b>	247.0	-29.1	-	2,830.9
Financial result*	82.2	39.8	-51.6	554.9
Income taxes	127.4	-25.6	-	2,651.5
Depreciation and amortization (incl. depreciation on financial assets)	21.2	1,118.0	>100	3,498.2
Net income from fair value adjustments of investment properties	-2.4	-404.8	>100	-7,393.8
Non-recurring items	4.4	-2.3	-	37.1
Total period adjustments from assets held for sale	20.0	38.5	92.5	-6.0
Financial income from investments in other real estate companies	-	-	-	-15.7
Other (mainly Non-core Disposals)	-3.1	-31.6	>100	-10.5
Intragroup profits	7.0	8.1	15.7	37.8
Gross profit Development to hold	2.4	18.7	>100	84.9
<b>Adjusted EBITDA Total</b>	<b>506.1</b>	<b>729.7</b>	<b>44.2</b>	<b>2,269.3</b>
Interest expense FFO**	-85.8	-114.3	33.2	-397.7
Current income taxes FFO	-20.3	-24.6	21.2	-65.2
Consolidation	-9.5	-26.8	>100	-97.1
<b>Group FFO***</b>	<b>390.5</b>	<b>564.0</b>	<b>44.4</b>	<b>1,709.3</b>
<b>Group FFO after non-controlling interests</b>	<b>386.0</b>	<b>545.4</b>	<b>41.3</b>	<b>1,669.3</b>
Group FFO per share in €***	0.65	0.73	12.3	2.20

\* Excluding income from other investments.

\*\* Incl. financial income from investments in other real estate companies.

\*\*\* Based on the new 2022 definition without elimination of IFRS 16 effect, Group FFO per share based on the shares carrying dividend rights on the reporting date, prior-year values TERP-adjusted (1.067).

## Assets

### Consolidated Balance Sheet Structure

	Dec. 31, 2021		Mar. 31, 2022	
	in € million	in %	in € million	in %
Non-current assets	99,544.5	93.6	98,956.4	93.5
Current assets	6,775.8	6.4	6,848.6	6.5
<b>Total assets</b>	<b>106,320.3</b>	<b>100.0</b>	<b>105,805.0</b>	<b>100.0</b>
Equity	36,545.1	34.4	36,490.4	34.5
Non-current liabilities	60,713.2	57.1	63,704.5	60.2
Current liabilities	9,062.0	8.5	5,610.1	5.3
<b>Total equity and liabilities</b>	<b>106,320.3</b>	<b>100.0</b>	<b>105,805.0</b>	<b>100.0</b>

The Group's **total assets** fell by € 515.3 million as against December 31, 2021, down from € 106,320.3 million to € 105,805.0 million. The development in non-current assets is dominated by the impairment of goodwill of € 1,082.5 million. By contrast, investment properties rose by € 770.3 million, primarily as a result of the revaluation. The value of non-current financial assets accounted for using the equity method rose by € 253.2 million as against December 31, 2021, due almost entirely to the first-time inclusion of the Adler Group as an associate. Before Vonovia obtained control of 20.5% of the shares in the Adler Group as part of the debt recovery action, a loan to Aggregate Holdings Invest S.A. was reported under non-current financial assets.

Goodwill and trademark rights made up 1.7% of total assets, taking into account the purchase price allocation from the business combination with Deutsche Wohnen, which is still provisional.

The development in current assets is characterized first of all by the disposal of assets held for sale in the amount of € 2,459.9 million. This relates largely to the parts of the portfolio that were sold to Berlin public housing companies. Second, cash and cash equivalents increased by € 2,090.6 million from € 1,432.8 million to € 3,523.4 million.

As of March 31, 2022, the **gross asset value (GAV)** of Vonovia's property assets came to € 96,360.1 million. This corresponds to 91.1% of total assets, as against € 98,225.3 million or 92.4% at the end of 2021.

**Equity** fell by € 54.7 million from € 36,545.1 million to € 36,490.4 million. The negative profit for the period of € -29.1 million was more than offset by other comprehensive income of € 42.0 million. Equity was reduced by € 67.3 million not affecting net income, largely due to the disposal

of non-controlling interests via purchases of shares in GSW Immobilien AG and the sale of companies in the context of the Berlin Deal.

This brings the **equity ratio** to 34.5%, compared with 34.4% at the end of 2021.

**Liabilities** fell by € 460.6 million from € 69,775.2 million to € 69,314.6 million. The amount of non-current non-derivative financial liabilities increased by € 3,085.3 million, in particular due to a promissory note transaction and the issue of social bonds and green bonds, whereas current non-derivative financial liabilities fell by € 3,055.5 million at the same time.

Deferred tax liabilities increased by € 50.3 million.

#### Net Assets

Vonovia's net asset value figures are based on the best practice recommendations of the EPRA (European Public Real Estate Association).

As of March 31, 2022, the EPRA NTA, based on the new definition for 2022, came to € 49,350.7 million, up by 1.2% on the value of € 48,748.8 million seen at the end of 2021. EPRA NTA per share increased from € 62.77 at the end of 2021 to € 63.55 at the end of the first quarter of 2022.

## EPRA Net Tangible Assets (EPRA NTA)

in € million	Dec. 31, 2021	Mar. 31, 2022	Change in %
Total equity attributable to Vonovia shareholders	33,287.1	33,256.2	-0.1
Deferred tax in relation to fair value gains of investment properties*	18,438.4	18,021.2	-2.3
Fair value of financial instruments**	28.6	-9.0	-
Goodwill as per the IFRS balance sheet	-2,766.5	-1,684.0	-39.1
Intangibles as per the IFRS balance sheet	-238.8	-233.7	-2.1
<b>EPRA NTA***</b>	<b>48,748.8</b>	<b>49,350.7</b>	<b>1.2</b>
<b>EPRA NTA per share in €***</b>	<b>62.77</b>	<b>63.55</b>	<b>1.2</b>

\* Proportion of hold portfolio.

\*\* Adjusted for effects from cross currency swaps.

\*\*\* Based on the new 2022 definition excluding real estate transfer tax and taking into account the total deferred taxes on investment properties of Deutsche Wohnen. EPRA NTA per share based on the shares carrying dividend rights on the reporting date.

### Fair Values

Major market developments and valuation parameters that have an impact on the fair values of Vonovia are assessed on an ongoing basis. A positive market momentum was noticeable in the first quarter of 2022, indicating an impact on fair values.

The remeasurement for the first quarter of 2022, which covered around three quarters of the portfolio in Germany, involved updating the valuation parameters that can be reliably determined. This led to net income from the valuation of € 386.1 million for the first three months of 2022. This means that parameters for which no reliable market evidence was available within the first quarter were not taken into account for the purposes of the valuation.

A remeasurement taking into account any yield compression and the development of the discounting and capitalized interest rates is performed for the purposes of the half-yearly financial statements based on the market evidence at the time, which is then sufficiently reliable.

In addition, buildings under construction (new construction/development to hold) were completed during the reporting period. A fair value measurement is performed for the first time when the properties are completed. This resulted in a valuation effect of € 18.7 million for the period from January 1 to March 31, 2022 (3M 2021: € 2.4 million).

The recognition and valuation of investment properties are explained in detail in the consolidated financial statements for 2021.

## Financial Position

### Cash Flow

The Group cash flow is as follows:

#### Key Data from the Statement of Cash Flows

in € million	3M 2021	3M 2022
Cash flow from operating activities	299.9	513.8
Cash flow from investing activities	-107.1	1,716.6
Cash flow from financing activities	1,347.4	-138.7
Influence of changes in foreign exchange rates	-3.0	-1.1
Net changes in cash and cash equivalents	1,537.2	2,090.6
<b>Cash and cash equivalents at the beginning of the period</b>	<b>613.3</b>	<b>1,432.8</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2,150.5</b>	<b>3,523.4</b>

The cash flow from **operating activities** came to € 513.8 million for the first three months of 2022, compared with € 299.9 million for the first three months of 2021. In particular, this reflects the higher operating result, measured in the Adjusted EBITDA key figures.

The cash flow from **investing activities** shows net proceeds of € 1,716.6 million for the first three months of 2022. This figure is characterized primarily by the sale of residential and commercial units to public housing companies in Berlin based on the agreement reached with the Berlin State Government in 2021. Payments for the acquisition of investment properties came to € 628.2 million in the first three months of 2022 (3M 2021: € 309.6 million). On the other hand, income from portfolio sales in the amount of

€ 2,548.9 million was collected (3M 2021: € 213.6 million). Payments for investments in other assets amounted to € 19.8 million in the first three months of 2022 (3M 2021: € 15.6 million).

The cash flow from **financing activities** includes payments for regular and unscheduled repayments in the amount of € 4,525.4 million (3M 2021: € 152.6 million) and, on the other hand, proceeds from issuing financial liabilities in the amount of € 4,636.2 million (3M 2021: € 1,641.9 million). Payouts for transaction and financing costs amounted to € 40.6 million (3M 2021: € 25.0 million). Interest paid in the first three months of 2022 amounted to € 139.3 million (3M 2021: € 106.1 million).

Net changes in **cash and cash equivalents** came to € 2,090.6 million.

### Financing

According to the publication dated December 17, 2021, Vonovia's credit rating as awarded by the agency Standard & Poor's is unchanged at **BBB+** with an outlook for the long-term issuer credit rating that has now been lifted from stable to positive and A-2 for the short-term issuer credit rating. At the same time, the credit rating for the issued and unsecured bonds is **BBB+**.

Vonovia received an A- investment grade rating from the rating agency Scope, which was most recently confirmed in a publication dated June 14, 2021.

In addition, Vonovia was awarded an A3 long-term issuer rating with a stable outlook by the rating agency Moody's for the first time on May 31, 2021.

Vonovia SE has launched an **EMTN program** (European medium-term notes program). This program, which was originally launched via Vonovia Finance B.V., allows funds to be raised quickly at any time, without any major administrative outlay, using bond issues. The prospectus for the € 40 billion program, which was published on March 18, 2022, is to be updated annually and approved by the financial supervisory authority of the Grand Duchy of Luxembourg (CSSF).

As of the reporting date of March 31, 2022, Vonovia had placed a total bond volume of € 27.1 billion, € 26.9 billion of which relates to the EMTN program.

On January 18, 2022, Vonovia SE took out a commercial paper of € 500.0 million with a maturity of 3 months.

A bond in the amount of € 500.0 million issued in 2017 was repaid as scheduled in January 2022.

Deutsche Wohnen repaid corporate bonds worth € 150.0 million and a bearer bond in the amount of € 100.0 million as scheduled in January 2022.

In addition, an unscheduled repayment was made on a corporate bond in the amount of € 76.3 million in February 2022.

On February 16, 2022, Vonovia SE issued promissory note loans of € 1,010.0 million with terms of between 5 and 30 years and an average interest rate of 1.13%.

On February 25, 2022, Vonovia took out secured financing with Landesbank Baden-Württemberg in the amount of € 175.0 million with a maturity of ten years.

On February 25, 2022, Vonovia SE took out an unsecured loan with Caixabank S.A. in the amount of € 142.0 million with a maturity of five years.

On February 25, 2022, Vonovia SE took out an unsecured loan with DZ Bank AG in the amount of € 250.0 million with a maturity of seven years.

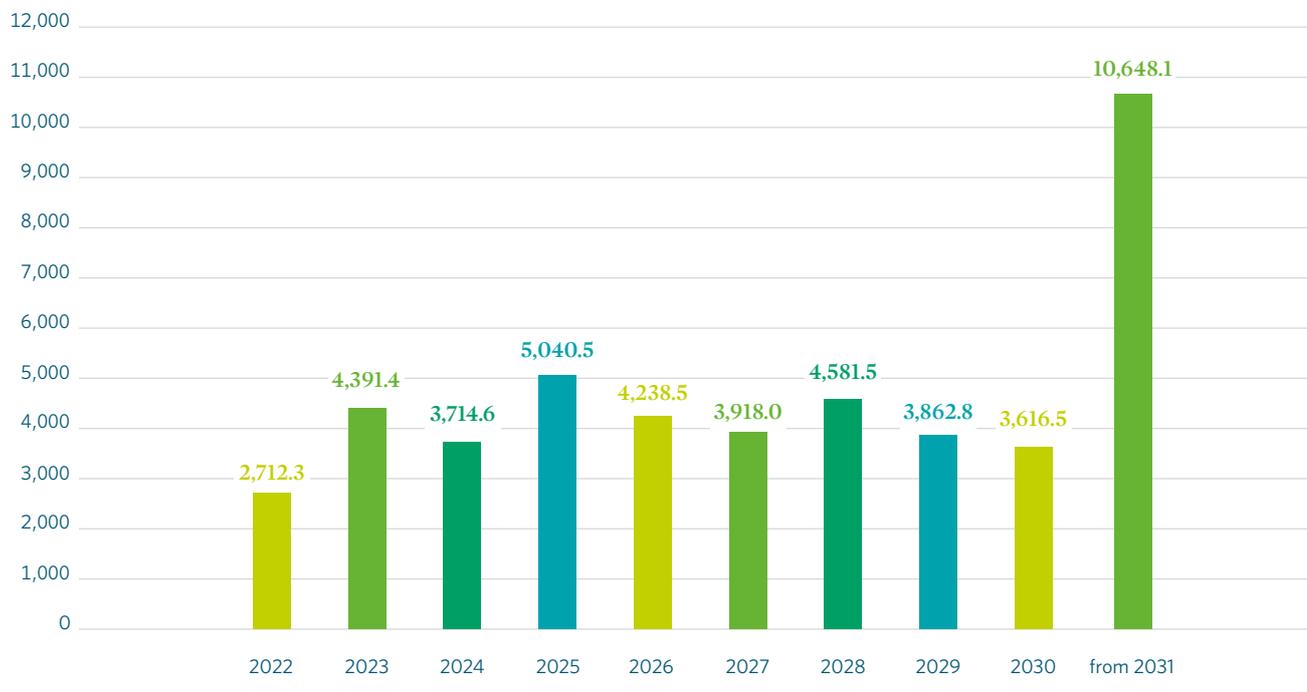
The bridge financing taken out in connection with the acquisition of Deutsche Wohnen was repaid in full as of March 1, 2022.

On March 21, 2022, Vonovia SE placed two social bonds in a total amount of € 1,650.0 million with maturities of 3.85 and 6.25 years, as well as a green bond worth € 850.0 million with a maturity of ten years. The bonds, which have a total volume of € 2,500.0 million, bear interest at a rate of 1.375%, 1.875% and 2.375%.

The **debt maturity profile** of Vonovia's financing was as follows as of March 31, 2022:

### Debt Maturity Profile on March 31, 2022 (face values)

in € million



In connection with the issue of unsecured bonds, Vonovia has undertaken to comply with the following standard market covenants:

- > Limitations on incurrence of financial indebtedness
- > Maintenance of consolidated coverage ratio
- > Maintenance of total unencumbered assets

The existing structured and secured financing arrangements also require adherence to certain standard market covenants. Any failure to meet the agreed financial covenants could have a negative effect on the liquidity status.

The LTV (loan to value) is as follows as of the reporting date:

in € million	Dec. 31, 2021	Mar. 31, 2022	Change in %
Non-derivative financial liabilities	47,229.5	47,088.7	-0.3
Foreign exchange rate effects	-36.1	-41.1	13.9
Cash and cash equivalents	-1,932.4	-4,223.4	>100
<b>Net debt</b>	<b>45,261.0</b>	<b>42,824.2</b>	<b>-5.4</b>
Sales receivables	-69.9	-67.0	-4.1
<b>Adjusted net debt</b>	<b>45,191.1</b>	<b>42,757.2</b>	<b>-5.4</b>
<b>Fair value of the real estate portfolio</b>	<b>97,845.3</b>	<b>96,016.6</b>	<b>-1.9</b>
Loans to companies holding immovable property and land	1,042.1	747.0	-28.3
Shares in other real estate companies	876.0	1,129.2	28.9
<b>Adjusted fair value of the real estate portfolio</b>	<b>99,763.4</b>	<b>97,892.8</b>	<b>-1.9</b>
<b>LTV</b>	<b>45.3%</b>	<b>43.7%</b>	<b>-1.6 pp</b>

The financial covenants have been fulfilled as of the reporting date.

in € million	Dec. 31, 2021	Mar. 31, 2022	Change in %
Non-derivative financial liabilities	47,229.5	47,088.7	-0.3
<b>Total assets</b>	<b>106,320.3</b>	<b>105,805.0</b>	<b>-0.5</b>
<b>LTV bond covenants</b>	<b>44.4%</b>	<b>44.5%</b>	<b>0.1 pp</b>

# Business Outlook

Vonovia made a successful start to the 2022 fiscal year. Despite the ongoing coronavirus pandemic and the first significant effects of the war in Ukraine on the energy and construction materials markets, Vonovia reported positive business development overall. With the exception of Recurring Sales, all segments showed positive development in a year-on-year comparison. The integration of Deutsche Wohnen went as planned.

The forecast for the 2022 fiscal year was based on the accounting principles used in the consolidated financial statements.

Our forecast for the 2022 fiscal year is based on determined and updated corporate planning for the Vonovia Group as a whole, and considers current business developments, possible opportunities and risks, the potential impact of the coronavirus pandemic and, to the extent that it can be forecast, potential effects of the war in Ukraine. The forecast also includes the key overall macroeconomic developments and the economic factors that are relevant to the real estate industry and our corporate strategy. Further information is provided in the sections of the 2021 Group management report entitled “Fundamental Information About the Group” and “Development of the Economy and the Industry.”

The war in Ukraine has started to have an impact on the global markets. We expect price increases, particularly on the energy markets, to have a substantial impact on Vonovia and our customers. While these will have a direct impact on ancillary expenses, they will also have an indirect effect on all areas of the economy due to general price increases. We expect to see further price increases on the construction materials markets, with a knock-on effect on our construction projects, too. To the extent that the statutory provisions allow, we plan to pass these price increases in the context of our modernization measures on to our tenants as well.

Rising interest rates and inflation are currently resulting in increased volatility on the equity and debt capital markets, also due to, or exacerbated by, the war in Ukraine. As a result, the macroeconomic situation and developments are being assessed on an ongoing basis. In light of the above, investment decisions are being reviewed with regard to their returns. This relates in particular to the classification of development projects as to-hold or to-sell, but also to the implementation of modernization decisions.

We expect segment revenue to increase further in 2022. We are also currently observing stable demand for rental apartments and no negative impact on market values.

We also expect to see a considerable increase in Adjusted EBITDA Total and Group FFO, in particular due to the acquisition of Deutsche Wohnen.

We expect the value of our company to increase in 2022 and predict a slight increase in EPRA NTA per share, leaving any further market-related changes in value out of the equation.

The current forecast yet again confirms the positive development in the Sustainability Performance Index (SPI). We expect the high level of customer satisfaction to continue. The reduction of carbon emissions is working better than expected.

The following table provides an overview of our forecast and presents material and selected key figures.

	Actual 2021	Forecast for 2022	Forecast for 2022 in the 2022 Q1 Report
Total Segment Revenue	€ 5.2 billion	€ 6.2–6.4 billion	€ 6.2–6.4 billion
<b>Adjusted EBITDA Total</b>	<b>€2,269.3 million</b>	<b>€ 2.75–2.85 billion</b>	<b>€ 2.75–2.85 billion</b>
<b>Group FFO*</b>	<b>€ 1,709.3 million</b>	<b>€ 2.0–2.1 billion</b>	<b>€ 2.0–2.1 billion</b>
Group FFO per share*	€ 2.20	suspended	suspended
<b>EPRA NTA per share**</b>	<b>€ 62.77</b>	<b>suspended</b>	<b>suspended</b>
<b>Sustainability Performance Index (SPI)***</b>	<b>109%</b>	<b>-100%</b>	<b>-100%</b>
Rental income Rental segment/Deutsche Wohnen	€ 2,568,7 million	€ 3.1–3.2 billion	€ 3.1–3.2 billion
Organic rent growth (eop)	3.8%	Increase of -3.3%	Increase of at least 3.3%
Modernization/portfolio investments****	€ 758.6 million	€ 1.1–1.3 billion	€ 1.0–1.1 billion
New construction/space creation****	€ 639.7 million	€ 1.0–1.2 billion	€ 0.3–0.4 billion
Number of units sold Recurring Sales/Deutsche Wohnen core	2,748	-3,000	-3,300
Fair value step-up Recurring Sales/Deutsche Wohnen core	38.8%	-30%	-30%

\* Based on the new 2022 definition without elimination of IFRS 16 effect, Group FFO per share based on the shares carrying dividend rights on the reporting date.

\*\* Based on the shares carrying dividend rights on the reporting date, excluding real estate transfer tax and taking into account the total deferred taxes on investment properties of Deutsche Wohnen (previously only 50% included).

\*\*\* Excl. Deutsche Wohnen.

\*\*\*\* Previously shown as modernization and new construction.

Bochum, Germany, April 27, 2022

The Management Board