

Interim Group Management Report – Business Development in the First Half-Year of 2022

Overview

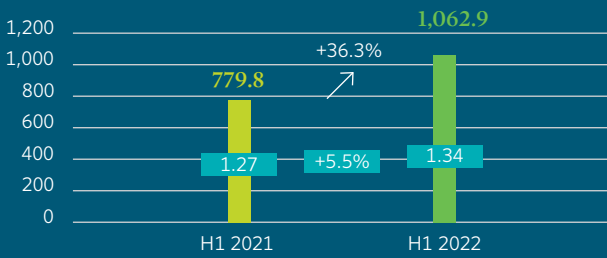
- > Stable business development with continued high customer satisfaction ratings.
- > Ongoing monitoring of the macroeconomic situation.
- > Internal financing of planned investments with no further refinancing needs in 2022.

2	Overview
4	Vonovia SE on the Capital Market
7	Economic Development in the First Half-Year of 2022
24	Opportunities and Risks
25	Business Outlook

Sustained Earnings

Group FFO*

in € million



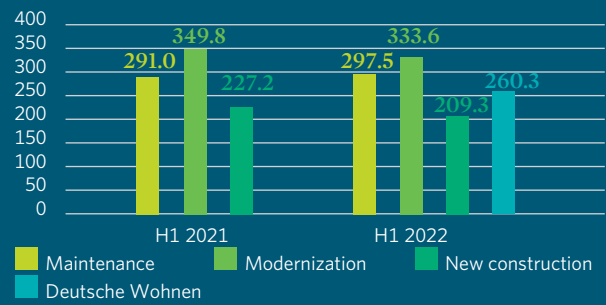
■ Group FFO per share (€) 2021 TERP adjusted

* Based on the new 2022 definition without elimination of IFRS 16 effect.

Maintenance and Modernization

Investments

in € million

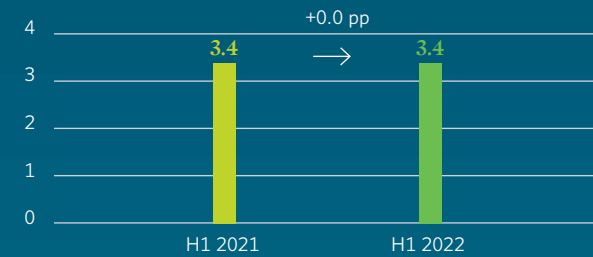


■ Maintenance ■ Modernization ■ New construction ■ Deutsche Wohnen

Organic Rent Growth

Organic Rent Growth

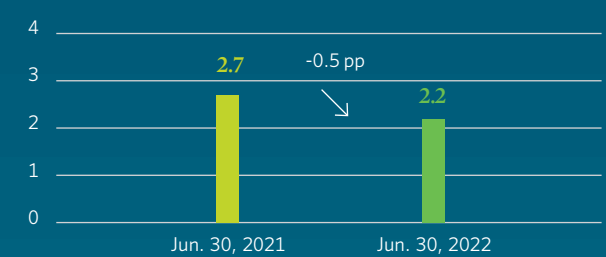
in %



Vacancy

Vacancy Rate

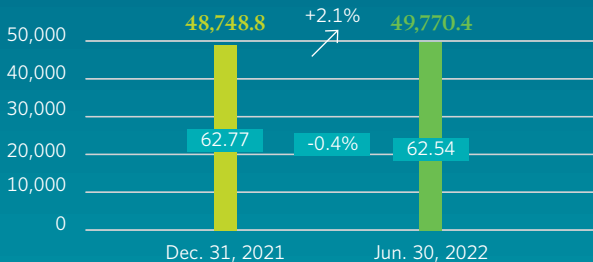
in %



Net Assets

EPRA NTA*

in € million



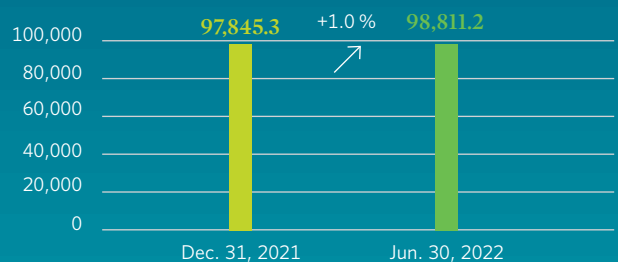
■ EPRA NTA per share

* Based on new 2022 definition excluding real estate transfer tax.

Fair Value of the Real Estate Portfolio

Fair Value

in € million



Vonovia SE on the Capital Market

Shares in Vonovia

The war in Ukraine was the main focus on the capital markets in the first half of the year. The impact on supply chains, consumer prices and, in particular, central bank monetary policy dominated developments on the stock markets. In this environment, it came as little surprise to see negative performance in almost all sectors: DAX -20%; EuroStoxx 50 -20%; EPRA Europe -30%.

In this exceptionally difficult overall market, shares in Vonovia reported above-average losses, trading at € 29.40 at the end of the second quarter. This was due, in particular, to the close negative correlation with government bond yields. Similarly, higher interest rates and the resulting capital market fears of a knock-on effect on earnings and property values likely played a decisive role in the drop in performance.

We are observing an ever-wider gap between capital market expectations on the one hand, and ongoing stable development on the market for direct real estate investments on the other. While the capital market appears to be pricing in a marked correction, the residential property markets in which we operate remain extremely robust.

As a result, we remain confident that the fundamental conditions in our markets will ensure positive development in the long run. These include, in particular, the favorable relationship, from an owner's point of view, between supply and demand in urban regions as well as the structural momentum on the revenue side.

The company's market capitalization amounted to around € 23.4 billion as of June 30, 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.

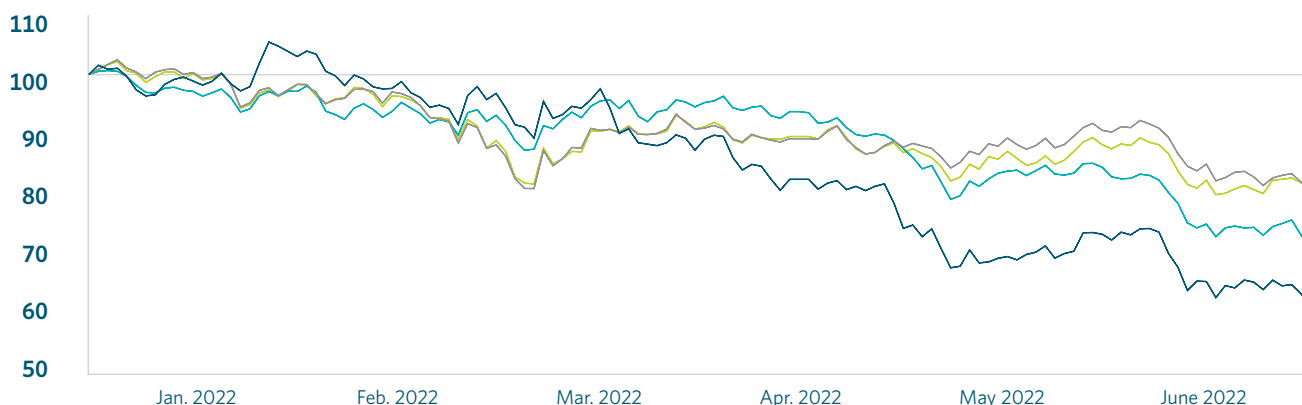
Based on the German stock exchange's definition of free float, only the interest held by Norges Bank (Ministry of Finance on behalf of Norway) does not count toward the free float. This means that 88.9% of Vonovia's shares were in free float on June 30, 2022. The underlying [voting rights notifications](#) 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

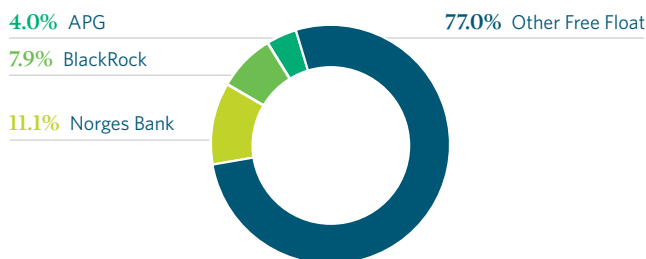
Source: FactSet

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.

Major Shareholders (as of June 30, 2022)



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 six months of 2022, Vonovia participated in a total of 16 investors' conference days and organized 14 roadshow days.

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 half 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](#).

Annual General Meeting

The Annual General Meeting of Vonovia SE was held as a virtual event on April 29, 2022. The shareholders approved all of the resolution proposals put forward by the Supervisory Board and the Management Board as required. They also formally approved the actions of the Supervisory Board (98.03% of the votes) and the Management Board (99.87% of the votes) for the 2021 fiscal year with a large majority.

The Annual General Meeting approved the dividend proposal of € 1.66 made by the Supervisory Board and the Management Board, which corresponds to a dividend yield of 3.4% based on the closing price for 2021 of € 48.50. In a year-on-year comparison, this corresponds to an increase of € 0.08 – taking into account the increased number of shares due to the capital increase. Shareholders were free to choose between a cash dividend and a scrip dividend. 47.85% opted for a dividend in the form of shares.

A total of 72.48% of the company's share capital was represented.

Analyst Assessments

As of June 30, 2022, 24 international analysts were publishing research studies on Vonovia. The average target share price was € 53.30. Of these analysts, 83% issued a “buy” recommendation, with 13% issuing a “hold” recommendation and 4% a “sell” recommendation.

Share Information (as of June 30, 2022)

First day of trading	July 11, 2013
Subscription price	€ 16.50 € 14.71*
Total number of shares	795,849,997
Share capital	€ 795,849,997
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 Half-Year of 2022

Key Events During the Reporting Period

Rising interest and inflation rates, partly due to the war in Ukraine, coupled with uncertainty in the commodity markets and supply chains that remain disrupted, create a highly complex environment for corporate management. The ongoing monitoring of the factors currently prevailing requires a regular reassessment of the raising of capital, capital allocation, the portfolio structure and the operating cost situation in the value chain processes. In addition, uncertainty remains as to how the coronavirus pandemic will develop going forward. These analyses therefore allow measures to be developed for short, medium and long-term action, with the merger with Deutsche Wohnen presenting the opportunity to analyze the portfolio in its entirety with regard to value and yield development.

We remain convinced that the challenges associated with megatrends affecting the housing industry can best be solved by thinking and acting in terms of neighborhoods. As a result, the lion's share of the portfolio in Germany consists of neighborhoods that we have grouped together as urban quarters. The remaining existing buildings largely comprise smaller clusters of buildings and solitary properties that we have grouped together as urban clusters. Even though, unlike urban quarters, urban clusters do not relate to entire neighborhoods, they are also managed using the same long-term asset and property management strategies based on our operating platform.

In addition, the latest portfolio analysis led to the creation of a further sales portfolio for less profitable strategic holdings alongside the sales portfolio for non-strategic holdings (Non-core Disposals) and Recurring Sales within the strategic cluster. In the future, the corresponding income will be reported as part of the Recurring Sales segment and will be used primarily for internal financing.

In February 2022, control of 20.5% of the shares in the Adler Group, which were previously held by Aggregate Holdings Invest S.A., had 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.

Due to the lower price of the Adler Group's shares, an impairment loss on the investment amounting to € 160.6 million was recognized on the fair value of the shares in accordance with IFRS, irrespective of the hidden reserves in the investment with regard to the pro rata equity.

As a result of the higher interest rates, there was a further increase in the cost of capital, meaning that goodwill and the trademark rights in the nursing and assisted living sector were written down by € 121.0 million, with the investment in QBI accounted for using the equity method being written down by € 120.8 million. On the other hand, the increase in the discount rate for the measurement of pension provisions translated into actuarial gains.

The operating business was stable as expected, with moderate effects resulting from the war in Ukraine and the coronavirus pandemic in some areas. These effects related primarily to the procurement of raw materials and to energy costs.

The Customer Satisfaction Index (CSI) was stable in both a quarter-on-quarter and year-on-year comparison in the second quarter of 2022. This means that customers confirm Vonovia's consistently good quality of service.

In the second quarter of 2022, two bonds worth € 500 million each were repaid early before their maturity date of July 9, 2022. Commercial papers in the amount of a further € 500 million were repaid as planned.

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 completed in 2022.

In June 2022, Vonovia signed the agreement of the Alliance for New Housing Construction and Affordable Housing in Berlin (Bündnis für Wohnungsneubau und bezahlbares Wohnen in Berlin). As part of the alliance, Vonovia supports the stated objectives and implementation steps to find a constructive solution to the tense situation on the Berlin housing market together with all of the players involved and, in doing so, to create a basis for reliable construction, renovation and rental.

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

The Annual General Meeting held on April 29, 2022, resolved to pay a dividend for the 2021 fiscal year in the amount of € 1.66 per share. In a year-on-year comparison, this corresponds to an increase of € 0.08 - taking into account the increased number of shares due to the capital increase following the takeover of Deutsche Wohnen. As in previous years, shareholders were offered the option of choosing between being paid the dividend in cash or being granted new shares. During the subscription period, shareholders holding a total of 47.85% of the shares carrying dividend rights opted for the scrip dividend as opposed to the cash dividend. As a result, 19,252,608 new shares were issued using the company's authorized capital for a total of € 616,815,055.10. The total amount of the dividend distributed in cash therefore came to € 672,336,610.64.

Development of the Economic Environment

Two years after the beginning of the pandemic, Russia's war against Ukraine is creating new challenges for the EU economy. The economic outlook for the European economy before the outbreak of the war foresaw a long and robust expansion phase. However, the European Commission now expects lower growth and higher inflation, particularly in 2022. In addition, the outlook could be further hampered by an escalation of the war, a sudden halt of the supply of energy, or a further slowdown of economic activity in the USA or China. According to the Federal Statistical Office (Destatis), the German economy started 2022 with slight GDP growth (GDP in first quarter of 2022 +0.2% compared with the previous quarter) despite the difficult global economic conditions. While GDP in Sweden decreased slightly during the same period (-0.8% compared with the previous quarter), OECD data shows that the increase in Austria was comparatively strong at 1.5% compared with the previous quarter. According to the OECD Economic Outlook (preliminary version) of June 2022, GDP growth of 1.9% in Germany, 2.2% in Sweden and 3.6% in Austria are expected in 2022.

Despite the war in Ukraine, the labor market continued to develop favorably in May. However, the large-scale registration of Ukrainian refugees had a strong influence on unemployment and underemployment in Germany in June. According to the German Federal Employment Agency (Bundesagentur für Arbeit), the unemployment rate based on the total civilian labor force in June 2022 fell by 0.5 percentage points year-on-year to 5.2% (not adjusted for seasonal work). The Ukrainian refugee migration is likely to have increased the unemployment rate by 0.3 percentage points. According to Statistics Sweden, the unemployment rate in Sweden in May 2022 was 8.5%, 1.3 percentage points lower than in the previous year. According to national calculations by the Austrian Public Employment Service (AMS), the unemployment rate in Austria in June 2022 was 5.5% and thus 1.5 percentage points lower than in the previous year. Based on respective national definitions, the average unemployment rate expected in 2022 is 5.1% for Germany (IfW Kiel), 7.6% in Sweden (National Institute of Economic Research) and 6.3% in Austria (WIFO).

Measured against the national Consumer Price Index (CPI), inflation increased further compared to the previous year and likely amounted to 7.6% in Germany, 8.7% in Sweden and 8.7% in Austria in June 2022. This development is being driven by considerably higher energy prices, which have risen in particular since the beginning of the war in Ukraine, but also by recent noticeable increases in food prices. The average inflation rates in 2022 are expected to be somewhat lower. Based on respective national definitions, the expected consumer price index increase is 7.4% in Germany (IfW Kiel), 6.8% in Sweden (National Institute of Economic Research) and 7.8% in Austria (WIFO).

In June, the European Central Bank (ECB) announced the first interest rate hike in more than ten years. The key interest rates for the main refinancing rate will increase by 50 basis points as of July 27, 2022. The ECB ceased to purchase bonds as of July 1, 2022. The high inflation rate also led the Swedish Riksbank to increase the policy rate, first in May 2022 to 0.25% and then to 0.75% at the beginning of July. In the second half of the year, the Riksbank will also purchase fewer bonds than initially decided. Further increases of key interest rates or the policy rate could ensue over the further course of the year. For example, in Germany Qualitypool, which is part of the Hypoport network, reports that the upward trajectory of the average best interest rates for construction financing since the beginning of the year has continued to the end of the month following a short break in early June.

The housing markets in Germany, Sweden and Austria have proven to be robust during the coronavirus pandemic. Rents continue to increase; empirica reports that, across Germany, quoted rents were 5.3% higher on average over all years of construction in the second quarter of 2022 (new construction 5.5%) than in the same quarter of the previous year. Further rent increases are likely in 2022. According to "Hem & Hyra," the member magazine published by the Swedish tenants' association ("Hyresgästföreningen"), 81% of all rents for 2022 had been negotiated as of early April. The average rent increase until that point was 1.71%. Measured against the index for actual rental payments for primary residences as part of the consumer price index, rents in Austria have also seen an overall slight increase since the beginning of the year following a dip over the course of 2021.

Residential property ownership continued to become more expensive compared to the previous year. The empirica price index for condominiums in Germany (all years of construction) increased by 9.2% in the second quarter of 2022

compared to the same period of the previous year (new construction 10.5%). The experts at BayernLB expect a noticeable slowdown of the positive price momentum in Germany over the course of 2022. According to Svensk Mäklarstatistik, prices for tenant-owned apartments (Bostadsrätter) in Sweden increased by 2.0% in June 2022 compared with the same month of last year. However, the price development most recently recorded dips. The values of the current residential real estate price index of the Austrian central bank (OeNB) on the basis of new and used condominiums and single-family residences show an increase in Austria in the first quarter of 2022 of 12.3% compared to the previous year. According to estimates by Raiffeisen Research from March of this year, the second half of the year could show less momentum than the first. Not least due to the widening of the gap between purchase prices and rents, the empirica bubble index for Germany showed a moderate to high risk for 342 out of 400 administrative districts and self-governing cities in the first quarter of 2022. In addition to those factors having a negative impact on demand, however, factors that are helping to stabilize demand and prices are also currently at play, for example, immigration or the dwindling supply of new-build properties. The deviation of the trend for residential real estate prices in Austria from the development of the factors included in the OeNB's fundamental price indicator has accelerated further, suggesting that the residential real estate market is increasingly overheating. Despite the recent dampers on prices, experts currently assess the risk of a real estate bubble in Sweden as being low.

The populations of Germany, Sweden and Austria grew in 2021. There is still a shortage of apartments in many large cities and urban areas. Meanwhile, construction activity declined in Germany. According to Destatis, only 293,393 apartments were completed in 2021 (2020: 306,376). The German federal government set itself the goal of building 400,000 new apartments per year in Germany. In the wake of Russia's war against Ukraine, the German real estate industry expects up to 1.29 million refugees and short-term demand for up to 500,000 additional apartments. Boverket estimates that approximately 63,400 apartments have to be built per year in Sweden by 2030. In 2021, only around 53,000 apartments were completed. According to Bank Austria, residential construction activity in Austria has largely addressed the marked increase in the demand for homes in recent years. However, gaps are likely to be found primarily in the sector comprising low-cost rental apartments in metropolitan areas. In light of the aftermath of the COVID-19 pandemic and the impact of the war in Ukraine, the

construction industries now face higher prices, disrupted supply chains and actual or looming material shortages. In addition, Germany and Austria are suffering from a shortage of skilled labor. DB Research most recently reported positive signs for Germany at the end of June in the form of dropping commodity prices and waning material and staff shortages.

The German residential investment market showed a conservative first half of 2022. According to CBRE, the transaction volume amounted to € 7.7 billion and was thus below the average for the first half-year of each of the last five years. While prime yields increased in the face of the interest rate turnaround, average yields for existing and newly built properties remained stable. According to Newsec, the volume in the residential investment market in Sweden in the first half of 2022 came to approximately SEK 34.9 billion and was thus 7.5% lower than in the previous year. According to EHL, the Austrian real estate investment market saw a transaction volume in the first half of the year of approximately € 2 billion. The share of institutional residential projects amounted to approximately 19% and was thus lower overall than in the same period of the previous year.

Housing policy developments in the first half of the year in Germany included the decision at the end of May to introduce a rent cap in Dresden and Leipzig, and changes to the Federal Funding for Efficient Buildings (BEG). After it once again became possible to apply for BEG renovation programs starting in February, BEG subsidies for new buildings were also reintroduced in April, with amended subsidy conditions. Furthermore, the German cabinet approved a draft bill for dividing CO₂ costs between landlords and tenants. In Sweden, investment subsidies for rental apartments were discontinued at the turn of the year. Applications that are not granted this year depend on there being a political mandate for additional funds in 2023. In Austria, indicative and category-based rents were increased as of April 1, 2022. Moreover, in the first half of the year a revision of real estate law was announced that would make the person who hires an agent responsible for paying their service fee.

Results of Operations

Overview

In analyzing Vonovia's results of operations, it is important to remember that the figures for the first half of 2022 only allow a comparison with the previous year to a limited extent, as Deutsche Wohnen was not included in Vonovia's consolidated financial statements until September 30, 2021.

In the first six months of 2022, the first few moderate effects of the war in Ukraine were reflected in the interim financial statements, particularly in energy and construction costs.

The ongoing coronavirus pandemic also had a minor impact, especially in the Value-add segment

All in all, Vonovia reported stable business development in the first half of 2022.

As of June 30, 2022, Vonovia employed 15,845 people (June 30, 2021: 10,793).

The following key figures provide an overview of Vonovia's results of operations and the relevant drivers in the first half of 2022.

in € million	H1 2021	H1 2022	Change in %	12M 2021
Total Segment Revenue	2,312.3	3,111.0	34.5	5,179.9
Revenue in the Rental segment	1,170.5	1,188.7	1.6	2,361.6
Revenue in the Value-add segment	557.4	618.6	11.0	1,165.8
Revenue in the Recurring Sales segment	327.8	268.6	-18.1	477.0
Revenue in the Development segment	256.6	456.9	78.1	867.8
Revenue in the Deutsche Wohnen segment	-	578.2	-	307.7
Adjusted EBITDA Total	1,021.8	1,402.0	37.2	2,269.3
Adjusted EBITDA Rental	823.8	822.6	-0.1	1,648.0
Adjusted EBITDA Value-add	79.2	78.5	-0.9	148.8
Adjusted EBITDA Recurring Sales	83.5	74.1	-11.3	114.0
Adjusted EBITDA Development	35.3	85.4	>100	187.7
Adjusted EBITDA Deutsche Wohnen	-	341.4	-	170.8
Group FFO	779.8	1,062.9	36.3	1,672.0
Monthly in-place rent Vonovia in €/m ²	7.29	7.44	2.1	7.33
Monthly in-place rent Vonovia without Deutsche Wohnen in €/m ²	7.29	7.44	2.1	7.38
Monthly in-place rent Deutsche Wohnen in €/m ²	-	7.42	-	7.20
Average area of own apartments in the reporting period (in thou. m ²)	26,500	34,616	30.6	28,784
Average number of own units (number of units)	414,798	551,390	32.9	452,868
Vacancy rate Vonovia (in %)	2.7	2.2	-0.5 pp	2.2
Vacancy rate Vonovia without Deutsche Wohnen (in %)	2.7	2.4	-0.3 pp	2.4
Vacancy rate Deutsche Wohnen (in %)	-	1.8	-	1.7
Maintenance expenses and capitalized maintenance Rental segment (€/m ²)	10.99	11.36	3.4	25.18
thereof expenses for maintenance (€/m ²)	6.17	6.37	3.2	12.57
thereof capitalized maintenance (€/m ²)	4.82	4.99	3.5	12.61
Number of units bought	166	893	>100	155,145
Number of units sold	2,184	17,551	>100	6,870
thereof Recurring Sales	1,865	1,253	-32.8	2,747
thereof Non-core Disposals	319	4,540	>100	723
thereof Deutsche Wohnen	-	11,758	-	3,400
Number of new apartments completed	841	1,088	29.4	2,200
thereof own apartments	389	496	27.5	1,373
thereof apartments for sale	452	592	31.0	827
thereof Deutsche Wohnen	-	-	-	-
Number of employees (as of June 30/December 31)	10,793	15,845	46.8	15,871

The **total segment revenue** of the Vonovia Group increased by 34.5% from € 2,312.3 million in the first half of 2021 to € 3,111.0 million in the first half of 2022. Deutsche Wohnen was the main contributor to this increase, with a volume of € 578.2 million in 2022.

Total Segment Revenue

in € million	H1 2021	H1 2022	Change in %	12M 2021
Rental income	1,171.7	1,572.9	34.2	2,571.9
Other income from property management unless included in the operating expenses in the Rental segment	27.2	206.2	>100	141.7
Income from disposals Recurring Sales	327.8	278.0	-15.2	477.2
Internal revenue Value-add	529.5	576.4	8.9	1,107.2
Income from disposal of properties	191.7	380.5	98.5	519.6
Fair value Development to hold	64.4	97.0	50.6	362.3
Total Segment Revenue	2,312.3	3,111.0	34.5	5,179.9

The overview below shows the other key figures for the company's results of operations, as well as their reconciliation to the performance indicator Group FFO:

Group FFO

in € million	H1 2021	H1 2022	Change in %	12M 2021
Revenue in the Rental segment	1,170.5	1,188.7	1.6	2,361.6
Expenses for maintenance	-163.4	-166.8	2.1	-332.7
Operating expenses in the Rental segment	-183.3	-199.3	8.7	-380.9
Adjusted EBITDA Rental	823.8	822.6	-0.1	1,648.0
Revenue in the Value-add segment	557.4	618.6	11.0	1,165.8
thereof external revenue	27.9	42.2	51.3	58.6
thereof internal revenue	529.5	576.4	8.9	1,107.2
Operating expenses in the Value-add segment	-478.2	-540.1	12.9	-1,017.0
Adjusted EBITDA Value-add	79.2	78.5	-0.9	148.8
Revenue in the Recurring Sales segment	327.8	268.6	-18.1	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	-236.4	-186.9	-20.9	-343.7
Adjusted result Recurring Sales	91.4	81.7	-10.6	133.3
Selling costs in the Recurring Sales segment	-7.9	-7.6	-3.8	-19.3
Adjusted EBITDA Recurring Sales	83.5	74.1	-11.3	114.0
Revenue from disposal of Development to sell properties	191.7	358.4	87.0	503.7
Cost of Development to sell	-160.2	-287.1	79.2	-367.2
Gross profit Development to sell	31.5	71.3	>100	136.5
Fair value Development to hold	64.4	97.1	50.8	362.3
Cost of Development to hold*	-45.5	-68.2	49.9	-277.4
Gross profit Development to hold	18.9	28.9	52.9	84.9
Rental revenue Development	0.5	1.4	>100	1.8
Operating expenses in the Development segment	-15.6	-16.2	3.8	-35.5
Adjusted EBITDA Development	35.3	85.4	>100	187.7
Adjusted EBITDA Deutsche Wohnen	-	341.4	-	170.8
Adjusted EBITDA Total	1,021.8	1,402.0	37.2	2,269.3
FFO interest expense	-163.8	-236.4	44.3	-397.7
Current income taxes FFO	-43.3	-60.1	38.8	-65.2
Consolidation**	-34.9	-42.6	22.1	-97.1
Group FFO	779.8	1,062.9	36.3	1,709.3
Group FFO after non-controlling interests	769.3	1,021.9	32.8	1,669.3

* Excluding capitalized interest on borrowed capital in H1 2022 of € 0.0 million (H1 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 H1 2022: € -13.7 million (H1 2021: € -16.0 million), 12M 2021: € -37.8 million, gross profit Development to hold in H1 2022: € -28.9 million (H1 2021: € -18.9 million), 12M 2021: € -84.9 million, 12M 2021: FFO-at-equity effect Deutsche Wohnen: € 25.6 million.

As of June 30, 2022, Vonovia (incl. Deutsche Wohnen) managed a portfolio comprising 549,484 of its own residential units (June 30, 2021: 414,068), 163,558 garages and parking spaces (June 30, 2021: 138,650) and 8,873 commercial units (June 30, 2021: 6,515). The locations span 636 cities, towns and municipalities (June 30, 2021: 625) in Germany, Sweden and Austria. 72,362 residential units (June 30, 2021: 71,671) are also managed for other owners.

Details on results of operations by segment

Rental segment

At the end of the first half of 2022, the portfolio in the Rental segment had a vacancy rate of 2.4% (end of H1 2021: 2.7%), meaning that our apartments were once again virtually fully occupied.

The segment revenue in the Rental segment increased by 1.6% year-on-year in the first six months of 2022, mainly due to organic growth resulting from new construction and modernization, also taking into account the Berlin portfolio that was sold (H1 2021: 3.3%). Of the segment revenue in the Rental segment in the 2022 reporting period, € 956.2 million is attributable to rental income in Germany (H1 2021: € 939.4 million), € 178.5 million to rental income in Sweden (H1 2021: € 177.4 million) and € 54.0 million to rental income in Austria (H1 2021: € 53.7 million).

The **organic increase in rent** totaled 3.4%, as in the prior-year period. The current rent increase due to market-related factors came to 1.0% (H1 2021: 0.9%) and the increase from property value improvements translated into a further 1.7% (H1 2021: 2.0%). All in all, this produces a **like-for-like rent increase** of 2.7% (H1 2021: 2.9%). New construction measures and measures to add extra stories also contributed 0.7% (H1 2021: 0.5%) to the organic increase in rent.

The average monthly in-place rent within the Rental segment at the end of June 2022 came to € 7.44 per m² (excluding Deutsche Wohnen) compared to € 7.29 per m² at the end of June 2021. The monthly in-place rent in the German portfolio at the end of June 2022 came to € 7.28 per m² (June 30, 2021: € 7.09 per m²), with the figure for the Swedish portfolio coming to € 10.00 per m² (June 30, 2021: € 10.32 per m²) and the figure for the Austrian portfolio coming to € 5.01 per m² (June 30, 2021: € 4.82 per m²). 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 overview below provides details on maintenance, modernization and new construction.

Maintenance, Modernization and New Construction

in € million	H1 2021	H1 2022	Change in %	12M 2021
Expenses for maintenance	163.4	166.8	2.1	332.7
Capitalized maintenance	127.6	130.7	2.4	333.7
Maintenance measures	291.0	297.5	2.2	666.4
Modernization measures	349.8	333.6	-4.6	758.6
New construction (to hold)	227.2	209.3	-7.9	526.6
Modernization and new construction measures	577.0	542.9	-5.9	1,285.2
Cost of maintenance, modernization and new construction Deutsche Wohnen	-	260.3	-	234.0
Total cost of maintenance, modernization and new construction	868.0	1,100.7	26.8	2,185.6

Operating expenses in the Rental segment in the first half of 2022 were up by 8.7% on the figures for the first half of 2021, from € 183.3 million to € 199.3 million. This was due, in particular, to higher administrative expenses. All in all, the

Adjusted EBITDA Rental came to € 822.6 million in the first six months of 2022, down slightly on the prior-year value of € 823.8 million.

Value-add segment

The **Value-add segment** felt a slight impact of the coronavirus pandemic and cost increases sparked by the war in Ukraine. All in all, revenue from the Value-add segment came to € 618.6 million in the 2022 reporting period, up by 11.0% on the value of € 557.4 million seen in the first six months of 2021. External revenue from our Value-add activities with our end customers in the first six months of 2022 were up by 51.3% on the first six months of 2021, from € 27.9 million to € 42.2 million. Group revenue rose by 8.9% from € 529.5 million in the first six months of 2021 to € 576.4 million in the first six months of 2022.

Operating expenses in the Value-add segment in the first six months of 2022 were up by 12.9% on the figures for the first six months of 2021, from € 478.2 million to € 540.1 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 € 78.5 million in the first six months of 2022, slightly lower than the figure of € 79.2 million reported for the first six months of 2021.

Recurring Sales segment

In the **Recurring Sales segment**, income from the disposal of properties in the first six months of 2022 were down to € 268.6 million, 18.1% lower than the 2021 value of € 327.8 million due to volume-related factors, with 1,253 units sold (H1 2021: 1,865), thereof 951 in Germany (H1 2021: 1,527) and 302 in Austria (H1 2021: 338). Income of € 190.0 million is attributable to sales in Germany (H1 2021: € 253.0 million) and € 78.6 million to sales in Austria (H1 2021: € 74.8 million).

In the first half of 2022, the fair value step-up in the portfolio came to 43.7%, up on the value of 38.7% seen in the first half of 2021. This was due primarily to much higher step-ups for sales in Austria.

Selling costs in the Recurring Sales segment came in at € 7.6 million in the first half of 2022, down by 3.8% on the value of € 7.9 million seen in the first half of 2021. **Adjusted EBITDA Recurring Sales** came in at € 74.1 million in the first half of 2022, down by 11.3% on the value of € 83.5 million seen in the first half of 2021 due to volume-related factors, despite an improved margin.

In addition, we made 4,540 Non-core Disposals of residential units as part of our portfolio adjustment measures in the first half of 2022 (H1 2021: 319) with total proceeds of € 901.1 million (H1 2021: € 29.2 million). This also includes the block sale from Vonovia's Berlin portfolio. At 4.9%, 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 (38.2%, driven by the low margin in the Berlin portfolio that was sold).

Development segment

In the Development to sell area, a total of 592 units were completed in the first half of 2022 (H1 2021: 452), thereof 16 in Germany (H1 2021: 368 units), 576 units in Austria (H1 2021: 84 units). In the first half of 2022, income from the disposal of Development to sell properties amounted to € 358.4 million (H1 2021: € 191.7 million), with € 169.0 million attributable to project development in Germany (H1 2021: € 115.8 million) and € 189.4 million to project development in Austria (H1 2021: € 75.9 million). The increase in proceeds in 2022 was primarily due to a global exit (Gäblerstrasse). The resulting gross profit for Development to sell came to € 71.3 million in the first half of 2022 (H1 2021: € 31.5 million).

In the Development to hold area, a total of 496 units were completed in the first half of 2022 (H1 2021: 389), thereof 433 in Germany (H1 2021: 297 units) and 63 units in Sweden (H1 2021: 92 units). In the Development to hold area, a fair value of € 97.1 million was achieved in the 2022 reporting period (H1 2021: € 64.4 million), which was fully attributable to project development in Germany (H1 2021: € 54.1 million, Sweden H1 2021: € 10.3 million). The gross profit for Development to hold came to € 28.9 million in the first six months of 2022 (H1 2021: € 18.9 million).

Development operating expenses came to € 16.2 million in the first half of 2022 due to increased project expenses, up by 3.8% on the value of € 15.6 million seen in the first half of 2021. The **Adjusted EBITDA for the Development segment** amounted to € 85.4 million in the 2022 reporting period (H1 2021: € 35.3 million).

Deutsche Wohnen segment

At the end of the first half of 2022, Deutsche Wohnen's portfolio was virtually fully occupied with a vacancy rate of 1.8%.

In the first half of 2022, the Deutsche Wohnen Group generated segment revenue of € 578.2 million, of which € 382.3 million was mainly attributable to rental income and € 136.8 million to income from the nursing and assisted living sector.

Adjusted EBITDA Deutsche Wohnen came to € 341.4 million in the first half of 2022.

At the end of June 2022, the average monthly in-place rent in the Deutsche Wohnen portfolio came to € 7.42 per m².

In the first half of 2022, a total of 11,758 residential units were sold from the Deutsche Wohnen portfolio.

Group FFO

In the first six months of the year, Group FFO rose by 36.3% from € 779.8 million (based on the new 2022 definition, without eliminating IFRS 16 effects) in the first half of 2021 to € 1,062.9 million in the first half of 2022. In the first half of 2022, Deutsche Wohnen contributed a total of € 289.9 million to Group FFO.

Adjusted EBITDA Total rose by 37.2% from € 1,021.8 million in the first half of 2021 to € 1,402.0 million in the first half of 2022.

In the 2022 reporting period, the non-recurring items eliminated in the Adjusted EBITDA Total came to € 7.5 million compared to € 91.7 million in the first half 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, as well as the elimination of an earn-out clause that had a positive earnings effect.

The following table gives a detailed list of the non-recurring items:

Non-recurring Items

in € million	H1 2021	H1 2022	Change in %	12M 2021
Transactions*	89.2	-3.9	-	14.1
Personnel matters	-0.5	2.1	-	1.6
Business model optimization	3.7	7.0	89.2	24.2
Research & development	2.2	1.5	-31.8	3.6
Refinancing and equity measures	-2.9	0.8	-	-6.4
Total non-recurring items	91.7	7.5	-91.8	37.1

* 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 € -266.6 million in the first half of 2021 to € -137.8 million in the first half of 2022. FFO interest expense is derived from the financial result as follows:

Reconciliation of Financial Result/FFO Interest Expense

in € million	H1 2021	H1 2022	Change in %	12M 2021
Interest income	3.9	35.8	>100	21.5
Interest expense	-179.8	-152.5	-15.2	-411.6
Other financial result excluding income from investments	-90.7	-21.1	-76.7	-164.8
Financial result*	-266.6	-137.8	-48.3	-554.9
Adjustments:				
Other financial result excluding income from investments	90.7	21.1	-76.7	164.8
Effects from the valuation of interest rate and currency derivatives	-8.9	-94.3	>100	-20.4
Prepayment penalties and commitment interest	2.0	7.8	>100	22.7
Effects from the valuation of non-derivative financial instruments	-12.2	-32.2	>100	-43.3
Interest accretion to provisions	2.0	5.8	>100	9.8
Accrued interest/other effects	15.4	-61.7	-	30.9
Net cash interest	-177.6	-291.3	64.0	-390.4
Adjustment for IFRS 16 Leases	4.8	5.5	14.6	10.3
Adjustment of income from investments in other real estate companies	13.6	5.0	-63.2	15.7
Adjustment of interest paid due to taxes	-0.6	-0.5	-16.7	-1.8
Adjustment of accrued interest	-4.0	44.9	-	-31.5
Interest expense FFO	-163.8	-236.4	44.3	-397.7

* Excluding income from other investments.

In the first six months of 2022, the **profit for the period** came to € 1,796.4 million (H1 2021: € 2,680.1 million). It is determined to a degree by impairment losses, also due to the increase in interest rates and inflation. The impairment losses recognized in the second quarter of the year due to the increased cost of capital were attributable to goodwill and trademark rights in the nursing and assisted living sector in the amount of € 121.0 million, and to the investment in QUARTERBACK Immobilien AG in the amount of € 120.8 million. The investment in the Adler Group was written down by € 160.6 million due to the lower share price. On the other hand, the profit for the period was positively affected by the valuation result of € 3,115.9 million (H1 2021: € 3,698.6 million).

The reconciliation of profit for the period to Group FFO is shown below:

Reconciliation of Profit for the Period/Group FFO

in € million	H1 2021	H1 2022	Change in %	12M 2021
Profit for the period	2,680.1	1,796.4	-33.0	2,830.9
Financial result*	266.6	137.8	-48.3	554.9
Income taxes	1,411.2	976.6	-30.8	2,651.5
Depreciation and amortization (incl. depreciation on financial assets)	234.3	1,268.4	>100	3,498.2
Impairments on financial assets accounted for using the equity method	-	281.4	-	-
Net income from fair value adjustments of investment properties	-3,698.6	-3,115.9	-15.8	-7,393.8
Non-recurring items	91.7	7.5	-91.8	37.1
Total period adjustments from assets held for sale	21.9	37.9	73.1	-6.0
Income from investments in other real estate companies	-13.6	-5.0	-63.2	-15.7
Other	-6.7	-25.7	>100	-10.5
Intragroup profits	16.0	13.7	-14.4	37.8
Gross profit Development to hold	18.9	28.9	52.9	84.9
Adjusted EBITDA Total	1,021.8	1,402.0	37.2	2,269.3
Interest expense FFO**	-163.8	-236.4	44.3	-397.7
Current income taxes FFO	-43.3	-60.1	38.8	-65.2
Consolidation	-34.9	-42.6	22.1	-97.1
Group FFO***	779.8	1,062.9	36.3	1,709.3
Group FFO after non-controlling interests	769.3	1,021.9	32.8	1,669.3
Group FFO per share in €***	1.27	1.34	5.5	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		Jun. 30, 2022	
	in € million	in %	in € million	in %
Non-current assets	99,544.5	93.6	101,449.4	95.6
Current assets	6,775.8	6.4	4,704.0	4.4
Total assets	106,320.3	100.0	106,153.4	100.0
Equity	36,545.1	34.4	37,523.0	35.3
Non-current liabilities	60,713.2	57.1	63,983.8	60.3
Current liabilities	9,062.0	8.5	4,646.6	4.4
Total equity and liabilities	106,320.3	100.0	106,153.4	100.0

The Group's **total assets** fell by € 166.9 million as against December 31, 2021, down from € 106,320.3 million to € 106,153.4 million. The development in non-current assets is dominated by the impairment of goodwill of € 1,117.7 million. By contrast, investment properties rose by € 3,640.3 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 in the first quarter of 2022, due largely to the first-time inclusion of the Adler Group as an associate. Primarily due to the impairment losses recognized in the second quarter of 2022 on the investments in QUARTERBACK Immobilien AG in the amount of € 120.8 million and in the Adler Group in the amount of € 160.6 million, however, it was down as against December 31, 2021, by a total of € 33.3 million. 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.

The development in current assets is characterized first of all by the disposal of assets held for sale in the amount of € 2,562.8 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 € 136.4 million from € 1,432.8 million to € 1,569.2 million.

Goodwill and trademark rights made up 1.6% of total assets, taking into account the purchase price allocation from the business combination with Deutsche Wohnen, which is still provisional.

As of June 30, 2022, the **gross asset value (GAV)** of Vonovia's property assets came to € 99,147.6 million. This corresponds to 93.4% of total assets, as against € 98,225.3 million or 92.4% at the end of 2021.

Total equity rose by € 977.9 million from € 36,545.1 million to € 37,523.0 million, due in particular to the profit for the period of € 1,796.4 million and the cash dividend distribution of € 672.3 million, which had the opposite effect. Equity was reduced by € 74.7 million not affecting net income, largely due to the disposal of non-controlling interests via purchases of shares in GSW Immobilien AG, the sale of companies in the context of the Berlin Deal and the actuarial gains from provisions for pensions.

This brings the **equity ratio** to 35.3%, compared with 34.4% at the end of 2021.

Liabilities fell by € 1,144.8 million from € 69,775.2 million to € 68,630.4 million. The amount of non-current non-derivative financial liabilities increased by € 2,539.6 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 € 3,874.4 million at the same time.

Deferred tax liabilities increased by € 1,025.0 million, in particular as a result of the revaluation of investment properties.

Net Assets

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

At the end of the first half of 2022, the EPRA NTA came to € 49,770.4 million, up by 2.1% on the value of € 48,748.8 mil-

lion seen at the end of 2021 (based on the new 2022 definition). EPRA NTA per share increased from € 62.77 at the end of 2021 to € 62.54 at the end of the first half of 2022. It must be noted that the creation of the new Recurring Sales (MFH) subportfolio for low-yielding properties has led to reduced additions for deferred taxes as these are only intended for properties that are to be held in the portfolio over the long term.

EPRA Net Tangible Assets (EPRA NTA)

in € million	Dec. 31, 2021	June 30, 2022	Change in %
Total equity attributable to Vonovia shareholders	33,287.1	34,173.7	2.7
Deferred tax in relation to fair value gains of investment properties*	18,438.4	17,429.8	-5.5
Fair value of financial instruments**	28.6	-43.5	-
Goodwill as per the IFRS balance sheet	-2,766.5	-1,648.8	-40.4
Intangibles as per the IFRS balance sheet	-238.8	-140.8	-41.0
EPRA NTA***	48,748.8	49,770.4	2.1
EPRA NTA per share in €***	62.77	62.54	-0.4

* Proportion of hold portfolio.

** Adjusted for effects from cross currency swaps.

*** Based on the new 2022 definition excluding real estate transfer tax. 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. Due to the market momentum recognized again in the first half of 2022, Vonovia decided to perform a new valuation on the 20 German locations that account for the largest fair value shares. The list of the locations to be valued was extended to include three additional German locations in which considerable changes in value had been observed, as well as Vienna and the ten locations in Sweden that account for the largest fair value shares of the Swedish portfolio. This means that around three-quarters of the portfolio, in terms of portfolio value, was revalued in total. This revaluation led to net income from the valuation of € 3,115.9 million (H1 2021: € 3,698.6 million).

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 € 28.9 million for the period from January 1 to June 30, 2022 (H1 2021: € 18.9 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	H1 2021	H1 2022
Cash flow from operating activities	692.6	1,039.6
Cash flow from investing activities	-3,737.6	1,399.9
Cash flow from financing activities	4,685.9	-2,298.6
Influence of changes in foreign exchange rates	-0.6	-4.5
Net changes in cash and cash equivalents	1,640.3	136.4
Cash and cash equivalents at the beginning of the period	613.3	1,432.8
Cash and cash equivalents at the end of the period	2,253.6	1,569.2

The cash flow from **operating activities** came to € 1,039.6 million for the first six months of 2022, compared with € 692.6 million for the first six months of 2021. In particular, this reflects the higher operating result due to the inclusion of Deutsche Wohnen, measured in the Adjusted EBITDA key figures.

The cash flow from **investing activities** shows net proceeds of € 1,399.9 million for the first six 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 € 1,138.5 million in the first six months of 2022 (H1 2021: € 718.9 million). On the other hand, income from portfolio sales in the amount of € 2,699.4 million was collected (H1 2021: € 359.6 million). Payments for investments in other assets amounted to € 77.7 million in the first six months of 2022 (H1 2021: € 3,384.3 million). The prior-year value was dominated by the acquisition of the shares in Deutsche Wohnen SE.

The cash flow from **financing activities** includes payments for regular and unscheduled repayments in the amount of € 6,361.5 million (H1 2021: € 308.0 million) and, on the other hand, proceeds from issuing financial liabilities in the amount of € 5,172.9 million (H1 2021: € 5,780.8 million). Payouts for transaction and financing costs amounted to € 44.8 million (H1 2021: € 91.8 million). Interest paid in the first six months of 2022 amounted to € 298.8 million (H1 2021: € 183.0 million).

Net changes in **cash and cash equivalents** came to € 136.4 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 July 8, 2022.

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 finan-

cial supervisory authority of the Grand Duchy of Luxembourg (CSSF).

As of the reporting date of June 30, 2022, Vonovia had placed a total bond volume of € 26.2 billion, € 26.0 billion of which relates to the EMTN program. Deutsche Wohnen bonds worth a further € 1.7 billion were also assumed.

On January 18, 2022, Vonovia SE took out a commercial paper of € 500.0 million with a maturity of 3 months. This was repaid in full on April 21, 2022.

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

Deutsche Wohnen repaid registered 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 registered 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 facility 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 amount of € 2,500.0 million, bear interest at a rate of 1.375%, 1.875% and 2.375%.

On March 30, 2022, Vonovia issued two variable-rate SEK bonds worth SEK 1,250.0 million with maturities of 2 and 5 years that were disbursed on April 8, 2022.

On April 1, 2022, Vonovia took out secured financing with Berlin Hyp in the amount of € 175.0 million with a maturity of ten years.

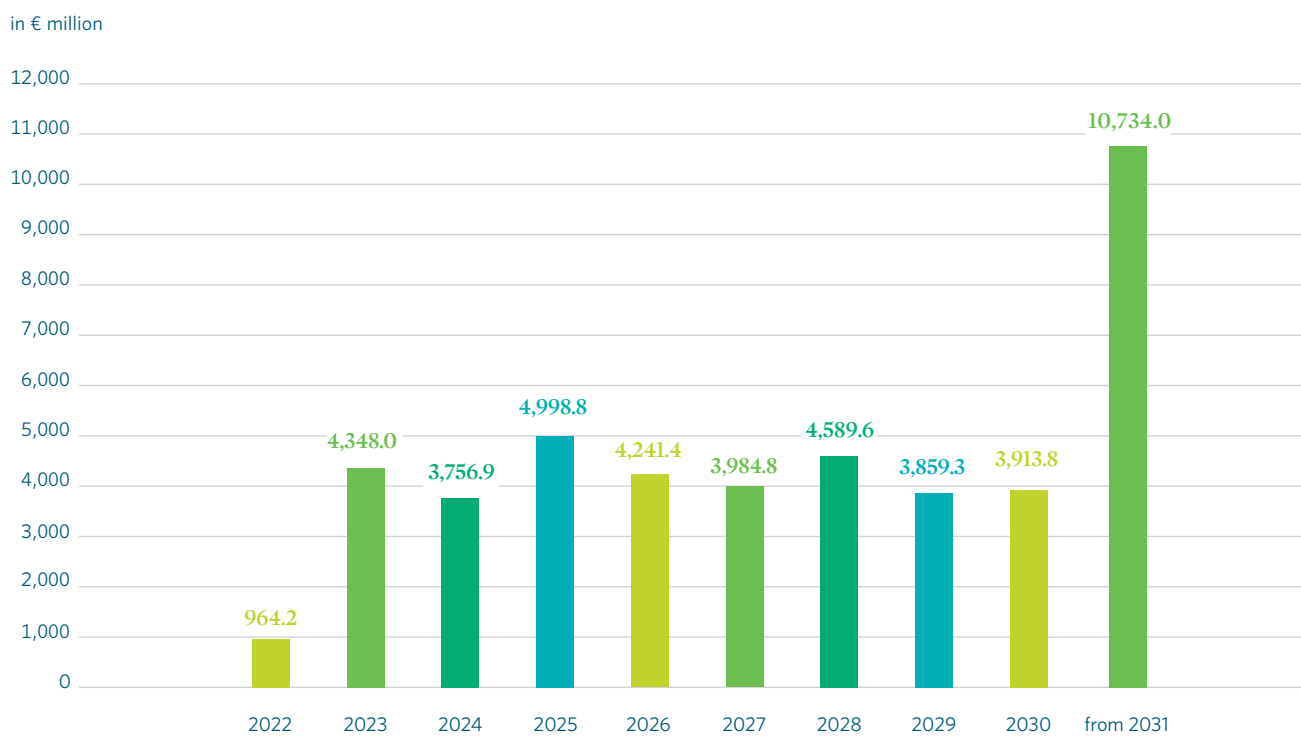
On April 12, 2022, Vonovia took out secured financing with Bayern LB in the amount of € 150.0 million with a maturity of ten years.

May 2022 saw the early repayment of a € 500 million bond from 2014 that was set to mature in July 2022.

In June 2022, a € 500.0 million bond from 2016 was repaid as scheduled.

The **debt maturity profile** of Vonovia's financing was as follows as of June 30, 2022:

Debt Maturity Profile on June 30, 2022 (face values)



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	June 30, 2022	Change in %
Non-derivative financial liabilities	47,229.5	45,709.2	-3.2
Foreign exchange rate effects	-36.1	-56.3	56.0
Cash and cash equivalents	-1,932.4	-2,169.2	12.3
Net debt	45,261.0	43,483.7	-3.9
Sales receivables	-69.9	11.4	-
Adjusted net debt	45,191.1	43,495.1	-3.8
Fair value of the real estate portfolio	97,845.3	98,811.2	1.0
Loans to companies holding immovable property and land	1,042.1	845.5	-18.9
Shares in other real estate companies	876.0	840.8	-4.0
Adjusted fair value of the real estate portfolio	99,763.4	100,497.5	0.7
LTV	45.3%	43.3%	-2.0 pp

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

in € million	Dec. 31, 2021	June 30, 2022	Change in %
Non-derivative financial liabilities	47,229.5	45,709.2	-3.2
Total assets	106,320.3	106,153.4	-0.2
LTV bond covenants	44.4%	43.1%	-1.3 pp

Opportunities and Risks

In addition to the opportunities and risks set out in the combined management report for the 2021 fiscal year, the main changes in the first half of 2022 related to the assessment of the overall risk position due to the war in Ukraine and the resulting consequences, such as the development in commodity prices, rising interest rates and higher inflation.

The number of overall risks fell from 108 at the end of 2021 to 106 at the end of the first six months of 2022.

The number of amber risks rose from 6 to 9.

The amber risk associated with “unfavorable interest rate developments” was upgraded from the original potential net damage of € 100-250 million and a probability of occurrence of 5-39% to potential net damage of € 250-500 million and a probability of occurrence of 40-59%.

A new amber risk, “rising energy costs,” was included with potential net damage of € 5-25 million and a probability of occurrence of >95%.

The risks “increase in construction costs” and “economic risk” were upgraded from green to amber.

The risk “increase in construction costs” was unchanged with regard to the original potential net damage of € 25-100 million, while its probability of occurrence was increased from 5-39% to >95%.

The “economic risk” was unchanged with regard to the original potential net damage of € 25-100 million, while its probability of occurrence was increased from 5-39% to 40-59%.

There are currently no indications of any risks that could pose a threat to the company's existence, and – as things stand at present – no such risks are expected to arise in the future.

Business Outlook

The forecast for the 2022 fiscal year was based on the accounting principles used in the consolidated financial statements. The current forecast does not take account of any larger acquisitions of real estate portfolios.

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 yields. This relates in particular to the classification of

development projects as to-hold or to-sell, but also to other real estate portfolio sale decisions and 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.

In 2022, we expect 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	Forecast for 2022 in the 2022 H1 Report
Total Segment Revenue	€ 5.2 billion	€ 6.2-6.4 billion	€ 6.2-6.4 billion	€ 6.2-6.4 billion
Adjusted EBITDA Total	€ 2,269.3 million	€ 2.75-2.85 billion	€ 2.75-2.85 billion	€ 2.75-2.85 billion
Group FFO*	€ 1,709.3 million	€ 2.0-2.1 billion	€ 2.0-2.1 billion	€ 2.0-2.1 billion
Group FFO per share*	€ 2.20	suspended	suspended	suspended
EPRA NTA per share**	€ 62.77	suspended	suspended	suspended
Sustainability Performance Index (SPI)***	109%	-100%	-100%	-100%
Rental income Rental segment/Deutsche Wohnen	€ 2,568.7 million	€ 3.1-3.2 billion	€ 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%	Increase of at least 3.3%
Modernization/portfolio investments****	€ 758.6 million	€ 1.1-1.3 billion	€ 1.0-1.1 billion	€ 1.0-1.1 billion
New construction/space creation****	€ 639.7 million	€ 1.0-1.2 billion	€ 0.3-0.4 billion	€ 0.3-0.4 billion
Number of units sold Recurring Sales/Deutsche Wohnen core	2,748	-3,000	-3,300	-3,300
Fair value step-up Recurring Sales/Deutsche Wohnen core	38.8%	-30%	-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.

*** Excluding Deutsche Wohnen.

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

Bochum, July 27, 2022

The Management Board