

Notes

Section (A): Principles of the Consolidated Financial Statements

1 General Information

Vonovia SE is incorporated and domiciled in Germany. The company has been registered in the commercial register in Bochum under HRB 16879 since 2017. Its registered office is at Universitätsstrasse 133, 44803 Bochum, Germany.

The interim consolidated financial statements as of June 30, 2022, were prepared in line with the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union for interim financial statements in accordance with IAS 34. They include the company and its subsidiaries.

In accordance with IAS 34, the scope of Vonovia's interim consolidated financial statements as of June 30, 2022, is condensed compared with the consolidated financial statements as of December 31, 2021.

2 Business Combinations

Acquisition of Deutsche Wohnen SE

The total number of voting shares held by Vonovia in Deutsche Wohnen SE as of June 30, 2022, is 347,728,483. Of these shares, 198,463,161 were tendered as part of the takeover offer, 141,468,495 were acquired on the market or by way of individual agreements and 7,796,827 were added through the conversion of acquired convertible bonds. As of June 30, 2022, this represents 87.60% of the share capital entitled to voting rights. Deutsche Wohnen SE also holds a further 3,362,003 shares as own shares.

As part of the provisional purchase price allocation, the total consideration for the business combination comprises the following:

in € billion	
Fair value of shares held as of September 30, 2021	7.5
Net cash purchase price component for shares tendered	10.5
Total consideration	18.0

The allocation of the total purchase price to the acquired assets and liabilities (PPA) of the Deutsche Wohnen Group as of the date of first-time consolidation is based on the financial statements of the Deutsche Wohnen Group as of September 30, 2021, and on the known necessary adjustments to the fair values of the assets and liabilities. As of the date on which the financial statements were prepared, the allocation was only provisional.

The assets and liabilities assumed in the course of the business combination had the following preliminary fair values as of the date of first-time consolidation. There were no changes as against the information reported as of December 31, 2021.

in € billion	
Investment properties	28.2
Financial assets	1.0
Cash and cash equivalents	0.8
Assets held for sale	2.2
Fair value of other assets	1.4
Total assets	33.6
Provisions	0.5
Non-derivative financial liabilities	11.2
Deferred tax liabilities	5.4
Non-controlling interests	0.5
Fair value of other liabilities	0.7
Total liabilities	18.3
Fair value net assets	15.3
Consideration	18.0
Non-controlling interests	2.0
Goodwill	4.7

The non-controlling interests are included based on the share of the assets and liabilities of Deutsche Wohnen SE that have been recognized.

The goodwill represents synergies from the future integration of the Deutsche Wohnen Group, in particular through the shared administration and management of the respective residential units. The goodwill was only provisionally allocated to one or several cash-generating units due to the still provisional allocation of the consideration to assets and liabilities.

In the 2022 fiscal year, the Deutsche Wohnen Group contributed € 2,504.7 million to income, as well as € 674.2 million to profit for the period. This amount includes income of € 136.8 million from the business areas nursing and assisted living.

In the 2022 fiscal year, no transaction costs related to the acquisition of the Deutsche Wohnen Group were recognized in other operating expenses affecting net income.

For detailed information on the effects in the 2021 fiscal year, please refer to note (A) Principles of the Consolidated Financial Statements in Vonovia's published 2021 Annual Report.

3 Currency Translation

The exchange rates of the currencies relevant to the Vonovia Group have developed as follows:

	Closing rate		Average for period	
	Dec. 31, 2021	Jun. 30, 2022	Jan. 1-Jun. 30, 2021	Jan. 1-Jun. 30, 2022
Basis: € 1				
SEK – Swedish krona	10.25	10.73	10.13	10.48
USD – US dollar	1.13	1.04	1.21	1.09

4 Accounting Policies

Recognition and measurement, as well as the explanatory information and notes, are generally based on the same recognition and measurement methods that were used to prepare the consolidated financial statements for the 2021 fiscal year. There were no seasonal or economic influences that had an impact on Vonovia's business activities in the reporting period.

The war in Ukraine and the inflation trend prompted a marked increase in interest rates during the reporting period. The observed rise in interest rates meant that an ad hoc impairment test had to be performed on goodwill in the

reporting period. There was no impact on ongoing financing measures during the reporting period.

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 new standards and interpretations to be applied as of January 1, 2022, do not have any material effects on Vonovia's consolidated financial statements.

Section (B): Profit for the Period

The prior-year figures are comparable only to a limited extent due to the acquisition of the Deutsche Wohnen Group effective September 30, 2021.

5 Income from Property Management

in € million	Jan. 1-Jun. 30, 2021	Jan. 1-Jun. 30, 2022
Rental income	1,171.7	1,573.0
Ancillary costs	398.2	598.7
Income from property letting	1,569.9	2,171.7
Other income from property management	37.9	207.5
	1,607.8	2,379.2

Other income from property management includes income of € 136.8 million (H1 2021: € - million) from the nursing and assisted living business area.

6 Profit from Disposal of Properties

in € million	Jan. 1-Jun. 30, 2021	Jan. 1-Jun. 30, 2022
Income from disposal of investment properties	146.5	103.3
Carrying amount of investment properties sold	-100.4	-66.5
Profit from disposal of investment properties	46.1	36.8
Income from sale of assets held for sale	210.4	2,801.8
Retirement carrying amount of assets held for sale	-210.4	-2,796.7
Revaluation of assets held for sale	31.5	38.3
Profit from disposal of assets held for sale	31.5	43.4
	77.6	80.2

The fair value adjustment of residential properties held for sale, for which a purchase contract had been signed but transfer of title had not yet taken place, led to a gain of € 38.3 million as of June 30, 2022 (H1 2021: € 31.5 million). The year-on-year increase in the profit on disposal of assets held for sale is due primarily to the disposal of properties as part of what is known as the Berlin Deal in the first quarter of 2022 (for more information, please refer to note [D18] Assets and Liabilities Held for Sale).

7 Profit from Disposal of Real Estate Inventories

Income from disposal of real estate inventories in the amount of € 380.5 million (H1 2021: € 191.7 million) consisted of € 234.8 million (H1 2021: € 187.0 million) in period-related income together with € 145.7 million (H1 2021: € 4.7 million) in time-related income from disposal of properties. The increase as against the previous year is due to the larger project volume overall, as well as to the transfer of benefits and encumbrances for a project in connection with the sale to an individual investor (global exit).

8 Net Income from Fair Value Adjustment of Investment Properties

The measurement of the investment properties led to a gain as of June 30, 2022, of € 3,115.9 million (H1 2021: € 3,698.6 million; see explanatory information in note [D15] "Investment Properties"). This includes € -5.7 million (H1 2021: € -1.6 million) for the measurement of right-of-use assets (IFRS 16).

The figure also includes the valuation result from buildings under construction (new construction/development to hold) that were completed during the reporting period and were moved to the Rental portfolio. 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 as of 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.

9 Cost of Materials

in € million	Jan. 1-Jun. 30, 2021	Jan. 1-Jun. 30, 2022
Expenses for ancillary costs	388.0	618.7
Expenses for maintenance and modernization	275.6	337.9
Other cost of purchased goods and services	58.2	77.2
	721.8	1,033.8

10 Interest Income

in € million	Jan. 1-Jun. 30, 2021	Jan. 1-Jun. 30, 2022
Income from non-current securities and non-current loans	0.9	24.8
Other interest and similar income	3.0	11.0
	3.9	35.8

The increase in the income from non-current securities and non-current loans results primarily from loans extended to the QUARTERBACK Group.

11 Interest Expenses

in € million	Jan. 1-Jun. 30, 2021	Jan. 1-Jun. 30, 2022
Interest expense from non-derivative financial liabilities	179.7	253.7
Swaps (current interest expense for the period)	9.5	12.1
Effects from the valuation of non-derivative financial instruments	-12.2	-32.2
Effects from the valuation of swaps	-8.9	-94.3
Prepayment penalties and commitment interest	2.0	7.8
Interest accretion to provisions	2.2	8.1
Interest from leases	7.6	8.5
Other financial expenses	-0.1	-11.2
	179.8	152.5

The change in the swap valuation is due to the increase in the swap interest rates observed on the market on which the valuation is based.

12 Other Financial Result

in € million	Jan. 1-Jun. 30, 2021	Jan. 1-Jun. 30, 2022
Income from other investments	24.1	16.7
Transaction costs	-69.1	-0.8
Purchase price liabilities from put options/rights to reimbursement	-19.7	-20.2
Miscellaneous other financial result	-1.9	-0.1
	-66.6	-4.4

Income from investments includes financial income from investments in other housing companies amounting to € 5.0 million (first half of 2021: € 13.6 million). In addition, the item includes financial income resulting from the collection of profits from the investment in AVW GmbH & Co. KG, Hamburg, in the amount of € 11.7 million (H1 2021: € 10.5 million) for the previous fiscal year in each case.

Section (C): Other Disclosures on the Results of Operations

13 Segment Reporting

The following table shows the segment information for the reporting period:

in € million	Rental	Value-add	Recurring Sales	Development	Deutsche Wohnen	Segments total	Other*	Consolidation*	Group
Jan. 1-June 30, 2022									
Segment revenue	1,188.7	618.6	268.6	456.9	578.2	3,111.0	3,225.8	-672.0	5,664.8
thereof external revenue	1,188.7	42.2	268.6	359.8	566.0	2,425.3	3,225.8	13.7	5,664.8
thereof internal revenue		576.4		97.1	12.2	685.7	-	-685.7	
Carrying amount of assets sold			-233.0		-3.6	-236.6	-2,626.6		
Revaluation from disposal of assets held for sale			46.1			46.1	30.1		
Expenses for maintenance	-166.8				-51.3	-218.1			
Cost of development to sell				-287.1	-18.2	-305.3			
Cost of development to hold**				-68.2		-68.2		68.2	
Operating expenses	-199.3	-540.1	-7.6	-16.2	-163.7	-926.9	15.0	561.3	
Ancillary costs							-618.7		
Adjusted EBITDA Total	822.6	78.5	74.1	85.4	341.4	1,402.0	25.6	-42.5	1,385.1
Non-recurring items									-7.5
Period adjustments from assets held for sale									-37.9
Income from investments/ amortization in other real estate companies									5.0
Net income from fair value adjustments of investment properties									3,115.9
Depreciation and amortization									-1,268.4
Impairments on financial assets accounted for using the equity method									-281.4
Income from other investments									-16.7
Interest income									35.8
Interest expenses									-152.5
Other financial result									-4.4
EBT									2,773.0
Income taxes									-976.6
Profit for the period									1,796.4

* The revenue for the Rental, Value-add, Recurring Sales, Development and Deutsche Wohnen segments constitutes income that is regularly reported to the Management Board as the chief operating decision-maker and that reflects Vonovia's sustainable business. The revenue/costs in the "Other" and "Consolidation" columns are not part of the Management Board's segment management.

** Excluding capitalized interest on borrowed capital of € 0.0 million.

in € million	Rental	Value-add	Recurring Sales	Development	Deutsche Wohnen	Segments total	Other*	Consolidation*	Group
Jan. 1–June 30, 2021									
Segment revenue	1,170.5	557.4	327.8	256.6	-	2,312.3	427.4	-583.3	2,156.4
thereof external revenue	1,170.5	27.9	327.8	192.2	-	1,718.4	427.4	10.6	2,156.4
thereof internal revenue		529.5		64.4	-	593.9	-	-593.9	
Carrying amount of assets sold			-285.4		-	-285.4	-25.4		
Revaluation from disposal of assets held for sale			49.0			49.0	4.3		
Expenses for maintenance	-163.4				-	-163.4			
Cost of development to sell				-160.2	-	-160.2			
Cost of development to hold**				-45.5		-45.5		45.5	
Operating expenses	-183.3	-478.2	-7.9	-15.6	-	-685.0	-11.7	503.0	
Ancillary costs							-388.0		
Adjusted EBITDA Total	823.8	79.2	83.5	35.3	-	1,021.8	6.6	-34.8	993.6
Non-recurring items									-91.7
Period adjustments from assets held for sale									-21.9
Income from investments in other real estate companies									13.6
Net income from fair value adjustments of investment properties									3,698.6
Depreciation and amortization									-234.3
Income from other investments									-24.1
Interest income									3.9
Interest expenses									-179.8
Other financial result									-66.6
EBT									4,091.3
Income taxes									-1,411.2
Profit for the period									2,680.1

* The revenue for the Rental, Value-add, Recurring Sales and Development segments constitutes income that is regularly reported to the Management Board as the chief operating decision-maker and that reflects Vonovia's sustainable business. The revenue/costs in the "Other" and "Consolidation" columns are not part of the Management Board's segment management.

** Excluding capitalized interest on borrowed capital of € 0.0 million (H1 2021 € 0.0 million).

The year-on-year increase in segment revenue in the “Other” column is primarily due to the sale of portfolios as part of the Berlin Deal.

The creation of the new subportfolio for less profitable strategic holdings also changes the segment definitions in the segment reporting pursuant to IFRS 8. In the future, in addition to the regular and sustainable disposals of individual condominiums and single-family houses, the Recurring Sales segment can also include sales of multifamily residences outside of urban neighborhoods with a low gross yield. Other sales of entire buildings or land will still be reported as Non-core Disposals. The new subportfolio does not result in any changes to the segment allocation of previous sales.

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.

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

in € million	Jan. 1- June 30, 2021	Jan. 1- June 30, 2022
Transactions*	89.2	-3.9
Personnel matters	-0.5	2.1
Business model optimization	3.7	7.0
Research & development	2.2	1.5
Refinancing and equity measures	-2.9	0.8
Total non-recurring items	91.7	7.5

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

The breakdown of non-Group revenue from contracts with customers (pursuant to IFRS 15.114f.) and its allocation to the segments referred to above is as follows:

in € million	Rental	Value-add	Recurring Sales	Development	Deutsche Wohnen	Other	Consolidation	Total
Jan. 1-June 30, 2022								
Revenue from ancillary costs (IFRS 15)	-	-	-	-	-	134.6	-	134.6
Income from the disposal of investment properties	-	-	99.7	-	-	3.6	-	103.3
Income from the disposal of real estate inventories	-	-	-	358.4	22.1	-	-	380.5
Other revenue from contracts with customers	-	41.6	-	-	152.2	-	13.7	207.5
Revenue from contracts with customers	-	41.6	99.7	358.4	174.3	138.2	13.7	825.9
thereof period-related	-	-	-	230.0	4.8	-	-	234.8
thereof time-related	-	41.6	99.7	128.4	169.5	138.2	13.7	591.1
Revenue from rental income (IFRS 16)	1,188.7	0.6	-	1.4	382.3	-	-	1,573.0
Revenue from ancillary costs (IFRS 16)*	-	-	-	-	-	464.2	-	464.2
Income from sale of assets held for sale (IFRS 5)	-	-	168.9	-	9.4	2,623.4	-	2,801.7
Other revenue	1,188.7	0.6	168.9	1.4	391.7	3,087.6	-	4,838.9
Revenue	1,188.7	42.2	268.6	359.8	566.0	3,225.8	13.7	5,664.8
Jan. 1-June 30, 2021						2,623.4		
Revenue from ancillary costs (IFRS 15)	-	-	-	-	-	299.3	-	299.3
Income from the disposal of investment properties	-	-	130.0	-	-	16.5	-	146.5
Income from the disposal of real estate inventories	-	-	-	191.7	-	-	-	191.7
Other revenue from contracts with customers	-	27.3	-	-	-	-	10.6	37.9
Revenue from contracts with customers	-	27.3	130.0	191.7	-	315.8	10.6	675.4
thereof period-related	-	-	-	187.0	-	-	-	187.0
thereof time-related	-	27.3	130.0	4.7	-	315.8	10.6	488.4
Revenue from rental income (IFRS 16)	1,170.5	0.6	-	0.5	-	0.1	-	1,171.7
Revenue from ancillary costs (IFRS 16)*	-	-	-	-	-	98.9	-	98.9
Income from sale of assets held for sale (IFRS 5)	-	-	197.8	-	-	12.6	-	210.4
Other revenue	1,170.5	0.6	197.8	0.5	-	111.6	-	1,481.0
Revenue	1,170.5	27.9	327.8	192.2	0.0	427.4	10.6	2,156.4

* Includes land tax and buildings insurance.

External income and non-current assets, excluding financial instruments, deferred taxes, post-employment benefits and rights under insurance contracts, are distributed among Vonovia's country of origin and other countries as follows. The revenue and the assets are allocated based on the registered office of the unit providing the service.

in € million	External income		Assets	
	Jan. 1- June 3, 2021	Jan. 1- June 30, 2022	Dec. 31, 2021	June 30, 2022
Germany	1,739.9	5,133.4	87,506.6	89,571.3
Austria	236.3	348.2	3,382.7	3,504.0
Sweden	180.1	181.6	7,588.9	7,555.2
France	0.0	0.0	109.7	93.8
Other countries	0.1	1.6	387.9	189.7
Total	2,156.4	5,664.8	98,975.8	100,914.0

Section (D): Assets

14 Intangible Assets

Goodwill and Trademark Rights

Groups of Cash-Generating Units

in € million	Rental segment			Value-add segment	Development segment	Nursing and assisted living sector	Group
	North area	West area	Central area				
Goodwill as of Dec. 31, 2021	304.9	754.9	22.7	1,510.6	138.2	35.2	2,766.5
Impairment	-304.9	-754.9	-22.7	-	-	-35.2	-1,117.7
Goodwill as of Jun. 30, 2022	0.0	0.0	0.0	1,510.6	138.2	0.0	1,648.8
Trademark rights as of Dec. 31, 2021	-	-	-	-	66.6	86.0	152.6
Impairment	-	-	-	-	-	-86.0	-86.0
Trademark rights as of Jun. 30, 2022	-	-	-	-	66.6	0.0	66.6

The carrying amount of goodwill came to € 1,648.8 million as of June 30, 2022. This means that goodwill has dropped by € 1,117.7 million compared with December 31, 2021. The change is due, first of all, to the impairment of € 1,082.5 million identified in the first quarter of 2022 as part of the (ad hoc) impairment test performed. Within the meaning of IAS 36, the triggering event related to further increases in the values of the real estate portfolio during the 2022 fiscal year in combination with the increased cost of capital of the Rental segment's business areas in Germany.

Second, the change is due to the impairment identified in the second quarter of 2022 as part of the (ad hoc) impairment test performed. The increased cost of capital in the nursing and assisted living business area was classified as a triggering event within the meaning of IAS 36. The impairment test conducted as of June 30, 2022, resulted in the goodwill for the nursing and assisted living business area of € 35.2 million being written off in full.

In addition, trademark rights in the nursing and assisted living business area classified as having an indefinite useful life in the amount of € 86.0 million were also written off in full. This led to an impairment of € 121.2 million in the second quarter of 2022 for goodwill and trademark rights.

At the beginning of the fiscal year, the remaining new goodwill arising from the acquisition of Deutsche Wohnen in the amount of € 2,349.8 million was provisionally allocated to the relevant CGUs at Vonovia. The allocation of goodwill to the business areas of the Rental segment, the Value-add segment and the nursing and assisted living sector was performed based on the two indicators that reflect the

synergy effects expected to be generated as a result of the business combination: "direct planned synergies" and "fair values."

In accordance with IAS 36.19, first the value in use was calculated based on the Management Board-approved detailed plan with a planning period of five years. This was derived from the five-year plan at Group level approved by the Management Board and the Supervisory Board. The assumptions used to calculate the value in use match the assumptions used for the purposes of the impairment test at the end of 2021. With regard to the regional business areas of the Rental segment, the main drivers behind the results of the five-year plan are the increase in gross rental income and the planned vacancy rate.

The growth rate for the cash-generating units of the Rental segment and the nursing and assisted living business area was calculated regionally on the basis of Rental in-place rents and limited to 1% for the Rental segment as a whole. The growth rate for the nursing and assisted living business area was also restricted to 1%. The main parameters for calculating the value in use are the sustainable rate of increase, the average total cost of capital (WACC) and the expected cash flows.

Parameters for WACC Calculation for the Rental Segment (Germany)

	Dec. 31, 2021	Mar. 31, 2022
Risk-free interest rate in %	0.08	0.40
Market risk premium in %	7.75	7.75
Levered beta	0.67	0.77
WACC (before tax) in %	4.00	4.30

Parameters for WACC Calculation for the Nursing and Assisted Living Sector (Germany)

	Dec. 31, 2021	Jun. 30, 2022
Risk-free interest rate in %	0.08	1.24
Market risk premium in %	7.75	8.00
Levered beta	0.79	0.83
WACC (before tax) in %	4.30	6.00

The identified need for impairment for the entire fiscal year of € 1,203.7 million relates to the North, West and Central business areas, as well as the nursing and assisted living sector, with the goodwill and trademark rights allocated in each case being completely impaired. With the impairment loss recognized as of March 31 and June 30, 2022, there is no remaining goodwill or trademark rights in the business areas of the Rental segment or in the nursing and assisted living sector.

The impairment loss was recognized in the consolidated income statement under depreciation and amortization.

The value in use for the North business area amounts to € 8.2 billion, with a value of € 10.4 billion for the West business area, € 0.3 billion for the Central business area and € 1.3 billion for the nursing and assisted living business area.

A increase in the cost of capital would result in the following need for impairment:

	Development segment
Goodwill and trading rights as of Jun. 30, 2022 in € million	204.8
Impairment starts with an increase of the WACC in percentage points	0.66
Full write-off in the event of an increase in the WACC in %	1.31
Goodwill and trading rights 2021 in € million	204.8
Impairment starts with an increase of the WACC in percentage points	1.96
Full write-off in the event of an increase in the WACC in %	2.61

15 Investment Properties

in € million

As of Jan. 1, 2022	94,100.1
Additions	529.5
Capitalized modernization costs	611.5
Grants received	-3.6
Transfer from down payments made	35.5
Transfer to assets held for sale	-250.3
Disposals	-90.6
Net income from fair value adjustments of investment properties	3,115.9
Revaluation of assets held for sale	38.3
Revaluation from currency effects	-345.9
As of Jun. 30, 2022*	97,740.4
As of Jan. 1, 2021	58,071.8
Additions due to business combinations	28,181.7
Additions	792.3
Capitalized modernization costs	1,124.2
Grants received	-2.7
Transfer to property, plant and equipment	-12.6
Transfer from property, plant and equipment	11.6
Transfer from real estate inventories	20.0
Transfer to real estate inventories	-27.4
Transfer to assets held for sale	-1,221.6
Other transfers	-0.5
Disposals	-167.7
Net income from fair value adjustments of investment properties	7,393.8
Revaluation of assets held for sale	87.4
Revaluation from currency effects	-150.2
As of Dec. 31, 2021*	94,100.1

* The values as of Jun. 30, 2022 include assets of € 1,286.8 million (Dec. 31, 2021: € 1,270.2 million) that are measured using the acquisition cost model, as their fair value cannot be measured reliably on a continuing basis. As a result of the reassessment of expected income and construction costs, an impairment loss in the amount of € 119.4 million on these portfolios was recognized as of June 30, 2022.

Fair Values

Vonovia determines fair value in accordance with the requirements of IAS 40 in conjunction with IFRS 13. We refer to the detailed information set out in the consolidated financial statements for 2021.

Vonovia measures its portfolio in Germany, Austria and now also for the first time its portfolio in Sweden internally on the basis of the discounted cash flow (DCF) method. Under the DCF methodology, the expected future income and costs of a property are forecast over a period of ten years and discounted to the date of valuation as the net present value. Furthermore, the terminal value of the property at the end of the ten-year period is determined using the expected

stabilized net operating income and again discounted to the date of valuation as the net present value. In addition, the valuation of the portfolio in Austria is based on the assumption of sales strategies for the recurring sales of apartments for a subportfolio. Attainable revenues are calculated based on sales prices for comparable apartments (market approach) and are reported in the appropriate period in the DCF model. In order to take the sales potential into account, the DCF detailed period is extended to 100 years for the Austrian portfolios and no terminal value is used.

Due to the market momentum recognized in the first half of 2022, Vonovia decided, following the valuation for the first quarter, 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. In addition, the ten locations in Sweden with the largest fair value shares were valued, as was Vienna in Austria. The selection includes the lion's share of the portfolio, accounting for roughly three quarters of the total fair value.

The value developments and values for the real estate assets in Germany and Austria were subjected to a plausibility check performed by the experts CBRE GmbH (Vonovia portfolio) and Jones Lang LaSalle SE (Deutsche Wohnen portfolio). They confirmed that the portfolio value as of June 30, 2022, is plausible and consistent with the market. The plausibility of the internal valuation was assessed by an external valuation conducted by Savills Sweden SE. The market value resulting from the external report deviates from the internal valuation result by 0.1%.

For the part of the portfolio that was not revalued, the valuation from the end of 2021 is applied again, with updates to reflect capitalization.

The real estate portfolio of Vonovia is to be found in the items investment properties, property, plant and equipment (owner-occupied properties), real estate inventories, contractual assets and assets held for sale. The fair value of the portfolio comprising residential buildings, commercial properties, garages and parking spaces, project developments, as well as undeveloped land and any inheritable building rights granted was € 98,811.2 million as of June 30, 2022 (Dec. 31, 2021: € 97,845.3 million). This corresponds to a net initial yield for the developed land (excluding the Deutsche Wohnen subportfolio) of 2.5% (Dec. 31, 2021: 2.6%). For Germany, this results in an in-place-rent multiplier of 28.9 for the Vonovia portfolio excluding Deutsche Wohnen (Dec. 31, 2021: 28.0) and a fair value per m² of € 2,508 (Dec. 31, 2021: € 2,401 per m²). The in-place-rent multiplier for the Austrian portfolio comes to 26.3 (Dec. 31, 2021: 26.5) and a fair value per m² of € 1,709 (Dec. 31, 2021:

€ 1,674 per m²), while the in-place-rent multiplier for Sweden amounts to 20.8 (Dec. 31, 2021: 20.6) and a fair value per m² of € 2,395 (Dec. 31, 2021: € 2,475 per m²).

The net initial yield for the developed land in the subportfolio comprising Deutsche Wohnen's stock comes to 2.1% (Dec. 31, 2021: 2.1%), which corresponds to a market value of € 3,120 per m² (Dec. 31, 2021: € 2,894 per m²) and an in-place-rent multiplier of 35.0 (Dec. 31, 2021: 33.5).

The inflation rate applied to the valuation procedure comes to 1.5%. For the Austrian portfolio, a sales strategy with an average selling price of € 2,349 per m² was assumed for 51.5% of the portfolio.

Net income from the valuation of investment properties amounted to € 3,115.9 million in the first half of 2022 (H1 2021: € 3,698.6 million).

The material valuation parameters for the investment properties (Level 3) in the real estate portfolio are as follows as of June 30, 2022, broken down by regional markets/shown separately for the portfolio of Deutsche Wohnen: Explanatory information on the prior-year figures can be found in the 2021 Annual Report of Vonovia SE.

Regional market	Valuation results*			
	Fair value (in € million)	thereof assets held for sale (in € million)	thereof owner-occupied properties (in € million)	thereof investment properties (in € million)
June 30, 2022				
Berlin	8,667.9	74.6	6.5	8,586.7
Rhine Main Area	5,670.6	7.2	10.2	5,653.1
Southern Ruhr Area	5,657.2	5.8	9.9	5,641.5
Rhineland	4,965.3	12.2	5.9	4,947.2
Dresden	4,789.3	0.0	7.7	4,781.6
Hamburg	3,859.6	2.9	4.7	3,851.9
Kiel	3,335.2	5.9	5.6	3,323.8
Munich	2,847.4	7.0	6.5	2,833.9
Stuttgart	2,609.8	3.1	2.2	2,604.6
Hanover	2,512.8	1.8	2.7	2,508.3
Northern Ruhr Area	2,195.8	3.9	7.0	2,184.8
Bremen	1,613.9	0.6	2.7	1,610.6
Leipzig	1,302.1	1.1	1.5	1,299.5
Westphalia	1,288.6	0.2	2.2	1,286.2
Freiburg	791.1	0.3	1.5	789.3
Other strategic locations	3,623.2	3.2	6.1	3,613.9
Total strategic locations	55,729.7	129.8	82.9	55,516.9
Non-strategic locations	215.1	13.0	0.0	202.0
Vonovia Germany	55,944.8	142.8	83.0	55,718.9
Vonovia Sweden**	7,322.7	0.0	0.0	7,322.7
Vonovia Austria**	2,954.3	6.8	51.2	2,896.4
Deutsche Wohnen	27,162.4	4.6	55.0	27,102.8

* Fair value of the developed land excluding € 5,427.1 million for development, undeveloped land, inheritable building rights granted and other; € 4,346.0 million of this amount relates to investment properties. The investment properties balance sheet item also includes the present value in connection with payments for right-of-use assets in the amount of € 353.6 million.

** The valuation methods used for the portfolio in Austria and Sweden provide valuation parameters that are only partially comparable. Administrative and maintenance expenses are not shown separately.

Valuation parameters for investment properties (Level 3)

	Management costs residential (€ per residential unit p.a.)	Maintenance costs total residential (€/m ² p.a.)	Market rent residential (€/m ² per month)	Market rent increase residential	Stabilized vacancy rate residential	Discount rate total	Capitalized interest rate total
	267	14.18	8.10	1.8%	1.0%	3.9%	2.2%
	287	14.11	9.68	1.8%	1.0%	4.2%	2.6%
	281	12.83	7.32	1.4%	2.6%	4.2%	2.9%
	284	13.81	8.55	1.6%	1.7%	4.4%	2.9%
	253	14.04	6.78	1.6%	2.4%	4.3%	2.9%
	272	14.57	8.91	1.6%	1.3%	4.0%	2.5%
	275	14.92	7.90	1.6%	1.7%	4.2%	2.8%
	276	14.27	12.20	1.9%	0.6%	4.3%	2.6%
	286	14.86	9.52	1.8%	1.2%	4.5%	2.8%
	274	14.11	7.88	1.6%	1.9%	4.3%	2.9%
	281	13.28	6.56	1.1%	3.3%	4.6%	3.7%
	280	13.34	7.25	1.6%	2.2%	4.2%	2.8%
	266	14.98	7.00	1.6%	2.6%	4.1%	2.8%
	279	13.33	7.59	1.5%	2.1%	4.3%	3.0%
	282	15.45	8.85	1.6%	0.9%	4.2%	2.7%
	281	14.25	7.89	1.5%	2.3%	4.6%	3.2%
	275	13.99	8.04	1.6%	1.9%	4.2%	2.7%
	316	15.18	7.89	1.5%	2.1%	4.6%	3.2%
	275	13.99	8.04	1.6%	1.9%	4.2%	2.7%
	n.a.	n.a.	10.04	1.7%	1.4%	5.0%	3.3%
	n.a.	19.69	5.79	1.5%	2.4%	5.2%	n.a.
	270	15.02	8.25	1.8%	1.2%	4.1%	2.4%

Regional market	Valuation results*			
	Fair value (in € million)	thereof assets held for sale (in € million)	thereof owner-occupied properties (in € million)	thereof investment properties (in € million)
Dec. 31, 2021				
Berlin	8,964.6	817.4	6.4	8,140.8
Rhine Main Area	5,605.9	17.6	10.2	5,578.1
Southern Ruhr Area	5,267.0	9.7	9.5	5,247.9
Rhineland	4,963.1	152.3	5.7	4,805.1
Dresden	4,656.1	0.4	7.6	4,648.1
Hamburg	3,611.8	3.3	4.5	3,604.1
Kiel	3,005.5	1.5	5.1	2,998.8
Munich	2,742.7	7.9	6.3	2,728.5
Stuttgart	2,551.9	3.2	2.1	2,546.6
Hanover	2,392.3	3.1	2.6	2,386.6
Northern Ruhr Area	2,179.9	8.1	7.0	2,164.8
Bremen	1,484.2	0.5	2.5	1,481.3
Leipzig	1,229.6	8.9	1.4	1,219.3
Westphalia	1,173.3	0.9	2.0	1,170.4
Freiburg	788.7	0.9	1.5	786.3
Other strategic locations	3,611.2	3.5	6.1	3,601.6
Total strategic locations	54,227.8	1,039.2	80.5	53,108.3
Non-strategic locations	236.6	16.4	-	220.2
Vonovia Germany	54,464.5	1,055.7	80.5	53,328.3
Vonovia Sweden**	7,386.0	-	-	7,386.0
Vonovia Austria**	2,932.5	9.7	50.0	2,872.8
Deutsche Wohnen	27,628.7	1,633.3	-	25,995.4

* Fair value of the developed land excluding € 5,433.6 million for development, undeveloped land, inheritable building rights granted and other; € 4,141.1 million of this amount relates to investment properties. The investment properties balance sheet item also includes the present value in connection with payments for right-of-use assets in the amount of € 376.5 million.

** The valuation methods used for the portfolio in Austria and Sweden provide valuation parameters that are only partially comparable. Administrative and maintenance expenses are not shown separately.

Sensitivity Analyses

The sensitivity analyses performed on Vonovia's real estate portfolio show the impact of value drivers dependent upon market developments. Those influenced in particular are the market rents and their development, the amount of recognized administrative and maintenance expenses, cost increases, the vacancy rate and interest rates. The effect of possible fluctuations in these parameters is shown separately below for each parameter by regional market.

Interactions between the parameters are possible but cannot be quantified owing to the complexity of the interrelationships. The vacancy and market rent parameters, for example, can influence each other. If rising demand for housing is not met by adequate supply developments, then this can result in lower vacancy rates and, at the same time, rising market rents. If, however, the rising demand is com-

pensated for by a high vacancy reserve in the location in question, then the market rent level does not necessarily change.

Changes in the demand for housing can also impact the risk associated with the expected cash flows, which is then reflected in adjusted discounting and capitalizing rates. However, the effects do not necessarily have to have a favorable impact on each other, for example, if the changes in the demand for residential real estate are overshadowed by macroeconomic developments.

In addition, factors other than demand can have an impact on these parameters. Examples include changes in the portfolio, in seller and buyer behavior, political decisions and developments on the capital market.

Valuation parameters for investment properties (Level 3)

	Management costs residential (€ per residential unit p. a.)	Maintenance costs total residential (€/m ² p. a.)	Market rent residential (€/m ² per month)	Market rent increase residential	Stabilized vacancy rate residential	Discount rate total	Capitalized interest rate total
	265	14.12	8.08	1.8%	1.0%	4.1%	2.3%
	286	14.03	9.67	1.8%	1.1%	4.3%	2.6%
	279	12.78	7.27	1.5%	2.6%	4.3%	3.0%
	283	13.73	8.52	1.6%	1.8%	4.5%	2.9%
	251	14.03	6.74	1.6%	2.4%	4.4%	2.9%
	271	14.49	8.78	1.6%	1.3%	4.1%	2.7%
	273	14.93	7.75	1.6%	1.6%	4.5%	3.0%
	275	14.14	12.03	1.9%	0.6%	4.4%	2.6%
	286	14.73	9.50	1.8%	1.2%	4.5%	2.9%
	273	14.06	7.77	1.6%	2.0%	4.3%	2.9%
	281	13.29	6.56	1.1%	3.3%	4.6%	3.7%
	278	13.32	7.21	1.6%	2.1%	4.4%	3.0%
	265	14.93	6.88	1.6%	2.7%	4.3%	2.9%
	277	13.32	7.48	1.5%	2.0%	4.6%	3.3%
	282	15.45	8.84	1.6%	0.9%	4.2%	2.7%
	282	14.26	7.89	1.5%	2.3%	4.6%	3.2%
	274	13.94	8.00	1.6%	1.9%	4.4%	2.8%
	314	15.05	7.67	1.5%	2.8%	4.6%	3.2%
	274	13.95	7.99	1.6%	1.9%	4.4%	2.8%
	n.a.	n.a.	10.59	2.0%	0.8%	5.3%	3.2%
	n.a.	19.72	5.80	1.7%	2.4%	5.2%	n.a.
	299	13.49	9.31	1.3%	1.4%	4.0%	2.8%

Due to the special situation in Sweden, where changes in inflation will have a considerable impact on future rent increases, it has been assumed that at least one-third of any change in inflation will spill over into rental growth.

The table below shows the percentage impact on values in the event of a change in the valuation parameters. The absolute impact on values is calculated by multiplying the percentage impact by the fair value of the investment properties.

	Change in value as a % under varying parameters		
	Management costs residential	Maintenance costs residential	Cost increase/inflation
	-10%/10%	-10%/10%	-0.5%/+0.5% points
Regional market			
June 30, 2022			
Berlin	0.5/-0.5	1.6/-1.6	5.7/-5.8
Rhine Main Area	0.4/-0.4	1.3/-1.3	3.5/-3.7
Southern Ruhr Area	0.7/-0.7	2.0/-2.0	5.3/-5.4
Rhineland	0.5/-0.5	1.6/-1.6	4.1/-4.2
Dresden	0.7/-0.7	2.1/-2.1	5.4/-5.5
Hamburg	0.5/-0.5	1.6/-1.6	4.6/-4.7
Kiel	0.7/-0.7	2.0/-2.0	5.1/-5.2
Munich	0.3/-0.3	1.0/-1.0	3.4/-3.5
Stuttgart	0.4/-0.4	1.4/-1.4	3.5/-3.6
Hanover	0.6/-0.6	1.8/-1.8	4.7/-4.7
Northern Ruhr Area	1.0/-1.0	2.7/-2.7	5.3/-5.3
Bremen	0.7/-0.7	2.0/-2.0	5.8/-5.8
Leipzig	0.7/-0.7	2.3/-2.2	6.0/-6.0
Westphalia	0.7/-0.7	2.0/-2.0	4.9/-4.9
Freiburg	0.5/-0.5	1.7/-1.7	4.1/-4.3
Other strategic locations	0.6/-0.6	1.9/-1.9	4.2/-4.3
Total strategic locations	0.6/-0.6	1.7/-1.7	4.7/-4.8
Non-strategic locations	0.6/-0.6	1.9/-1.9	4.2/-4.4
Vonovia Germany	0.6/-0.6	1.7/-1.7	4.7/-4.8
Vonovia Sweden*	n.a.	n.a.	3.4/-3.7
Vonovia Austria*	n.a.	0.3/-0.3	0.4/-0.5
Deutsche Wohnen	0.5/-0.5	1.6/-1.6	5.1/-5.1

* The valuation methods for the portfolio in Austria and Sweden use valuation parameters that are only partially comparable. Administrative and maintenance expenses are not shown separately.

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	Change in value as a % under varying parameters		
	Management costs residential	Maintenance costs residential	Cost increase/inflation
Regional market	-10%/10%	-10%/10%	-0.5%/+0.5% points
Dec. 31, 2021			
Berlin	0.5/-0.5	1.6/-1.6	5.5/-5.5
Rhine Main Area	0.4/-0.4	1.3/-1.3	3.5/-3.6
Southern Ruhr Area	0.7/-0.7	2.0/-2.0	5.1/-5.1
Rhineland	0.5/-0.5	1.6/-1.6	4.0/-4.1
Dresden	0.7/-0.7	2.1/-2.1	5.4/-5.4
Hamburg	0.5/-0.5	1.7/-1.7	4.5/-4.6
Kiel	0.7/-0.7	2.0/-2.0	4.8/-4.9
Munich	0.3/-0.3	1.1/-1.1	3.4/-3.5
Stuttgart	0.5/-0.5	1.4/-1.4	3.4/-3.6
Hanover	0.6/-0.6	1.9/-1.9	4.7/-4.7
Northern Ruhr Area	1.0/-1.0	2.7/-2.7	5.3/-5.3
Bremen	0.7/-0.7	2.0/-2.0	5.4/-5.4
Leipzig	0.7/-0.7	2.3/-2.3	5.8/-5.8
Westphalia	0.7/-0.7	2.0/-2.0	4.6/-4.7
Freiburg	0.5/-0.5	1.7/-1.7	4.1/-4.3
Other strategic locations	0.6/-0.6	1.9/-1.9	4.2/-4.3
Total strategic locations	0.6/-0.6	1.8/-1.8	4.6/-4.7
Non-strategic locations	0.6/-0.6	2.0/-2.0	4.4/-4.5
Vonovia Germany	0.6/-0.6	1.8/-1.8	4.6/-4.7
Vonovia Sweden*	n.a.	n.a.	1.3/-1.3
Vonovia Austria*	n.a.	0.3/-0.3	0.4/-0.5
Deutsche Wohnen	0.6/-0.6	1.3/-1.3	4.0/-4.0

* The valuation methods for the portfolio in Austria and Sweden use valuation parameters that are only partially comparable. Administrative and maintenance expenses are not shown separately.

16 Financial Assets

The drop in non-current financial assets is due primarily to the debt recovery action relating to a Lombard loan in the amount of around € 250.0 million (see note [C 17] Long-term Financial Assets Accounted for Using the Equity Method).

The other current loans reported under financial assets include loan receivables of € 845.5 million from the QUARTERBACK Immobilien Group granted in line with standard market conditions.

Other current financial receivables from financial transactions include time deposits and short-term financial investments in highly liquid money market funds that have an original term of more than three months.

17 Long-term Financial Assets Accounted for Using the Equity Method

As of the reporting date, Vonovia held interests in 26 joint ventures and eight associates (Dec. 31, 2021: 26 joint ventures and seven associates).

The change is due to control of 20.5% of the shares in Adler Group S.A., which were previously held by Aggregate Holdings Invest S.A., passing to Vonovia as part of a debt recovery action on February 22, 2022.

The shares had been pledged to secure a loan that Vonovia had granted on October 7, 2021, to replace a bank loan of Aggregate Holdings Invest.

At the time of the debt recovery action, the shares in the Adler Group had been reported at their market value of

Change in value as a % under varying parameters				
	Market rent residential	Market rent increase residential	Stabilized vacancy rate residential	Discounting and capitalized interest rates total
	-2%/+2%	-0.2%/+0.2% points	-1%/+1% points	-0.25%/+0.25% points
	-2.4/2.4	-10.0/12.4	1.4/-1.7	12.7/-10.2
	-2.3/2.3	-8.2/9.7	1.0/-1.5	10.5/-8.6
	-2.5/2.5	-8.1/9.5	1.9/-1.8	9.3/-7.8
	-2.4/2.3	-7.9/9.2	1.6/-1.7	9.6/-8.1
	-2.5/2.5	-8.3/9.8	1.8/-1.8	9.8/-8.2
	-2.4/2.3	-8.7/10.5	1.2/-1.6	11.0/-8.9
	-2.4/2.4	-7.9/9.3	1.8/-1.8	9.2/-7.8
	-2.1/2.1	-8.4/10.1	0.7/-1.4	11.3/-9.3
	-2.3/2.3	-7.8/9.0	1.3/-1.6	9.6/-8.1
	-2.4/2.4	-8.1/9.5	1.7/-1.7	9.6/-8.1
	-2.6/2.6	-7.1/8.1	2.1/-2.1	7.5/-6.5
	-2.4/2.4	-8.3/9.8	1.8/-1.8	9.7/-8.1
	-2.5/2.5	-8.5/10.1	1.8/-1.8	9.9/-8.3
	-2.4/2.3	-7.5/8.8	1.7/-1.8	8.6/-7.3
	-2.4/2.3	-8.4/9.9	1.1/-1.6	10.2/-8.5
	-2.4/2.4	-7.4/8.7	1.7/-1.7	8.7/-7.4
	-2.4/2.4	-8.3/9.9	1.5/-1.7	10.2/-8.4
	-2.3/2.3	-7.2/8.4	1.6/-1.7	9.0/-7.6
	-2.4/2.4	-8.3/9.9	1.5/-1.7	10.2/-8.4
	-3.0/3.0	-1.3/1.3	0.8/-1.3	7.8/-6.8
	-0.4/0.4	-1.0/1.1	0.9/-0.9	4.9/-4.4
	-1.3/1.3	-7.0/8.2	1.2/-1.6	10.3/-8.5

€ 251.4 million as investments in associates accounted for using the equity method.

As the value of the assets offered in the form of the call option of € 25.3 million and the other loan of € 215.3 million was lower than the value of the shares acquired, taking into account costs and interest this resulted in a negative difference of € 9.4 million, which was disclosed as other operating income in profit or loss.

Given the proximity to the preparation date for the financial reports, no adjustments were made in connection with the remeasurement of the assets and liabilities.

As of June 30, 2022, an impairment loss of € 160.6 million was recognized for the shares in the Adler Group as part of an ad hoc impairment test. The development of the Adler Group's share price was identified as a triggering event within the meaning of IAS 28.

The impairment loss was recognized in the consolidated income statement under net income from non-current financial assets accounted for using the equity method.

Vonovia also holds 40% of the non-listed QUARTERBACK Immobilien AG with registered office in Leipzig, which was classed as an associate as of June 30, 2022.

Vonovia also holds interests in 11 non-listed financial investments of QUARTERBACK Immobilien AG, with equity interests of between 44% and 50% QUARTERBACK property companies), that were classified as joint ventures (previous year: 11).

The 40% stake in the non-listed QUARTERBACK Immobilien AG and QBI's eleven non-listed financial investments in which Vonovia holds a stake of between 44% and 50% in each case was adjusted on the basis of the financial information as of March 31, 2022, that was available on the preparation cut-off date. The allocation of the total purchase price to the acquired assets and liabilities was on a preliminary basis as of the reporting date.

in € million	Dec. 31, 2021 QUARTERBACK Immobilien AG	June 30, 2022 QUARTERBACK Immobilien AG	Dec. 31, 2021 QUARTERBACK- Objektgesellschaften	June 30, 2022 QUARTERBACK- Objektgesellschaften
Non-current assets	774.3	763.8	234.3	237.8
Current assets				
Cash and cash equivalents	112.7	108.9	15.7	17.3
Other current assets	1,133.6	1,245.3	567.9	574.4
Total non-current assets	1,246.3	1,354.2	583.6	591.7
Non-current liabilities				
Financial liabilities (without trade payables)	353.7	413.7	83.0	84.2
Other liabilities	416.2	414.7	28.9	105.3
Total non-current liabilities	769.9	828.4	111.9	189.5
Current liabilities				
Financial liabilities (without trade payables)	203.2	214.3	75.9	81.5
Other liabilities	705.5	737.7	386.3	316.7
Total current liabilities	908.7	952.0	462.2	398.2
Non-controlling interests	40.9	43.4	11.9	11.8
Equity (100%)	301.1	294.2	231.9	230.0
Group share in %	40%	40%	44% to 50%	44% to 50%
Group share of net assets in EUR	120.4	117.7	108.8	107.9
Group adjustments	-1.6	-2.3	-4.6	-4.1
Goodwill	252.2	131.4	-	-
Carrying amount of share in joint venture	371.0	246.8	104.2	103.8
Net revenue	891.6	130.2	85.2	11.0
Interest income	4.3	0.9	9.1	2.2
Depreciation and amortization	-3.0	-0.9	-0.2	-0.1
Interest expenses	-48.3	-15.8	-17.1	-5.2
Income taxes	-13.7	-2.9	-1.9	-1.2
Total gain and comprehensive income for the fiscal year (100%)	16.5	-7.4	7.2	-3.3

The at-equity adjustment of the investments in the QUARTERBACK Group results in a negative result of € 4.9 million as of June 30, 2022 (H1 2021: € - million).

As of June 30, 2022, an impairment loss of € 120.8 million was recognized for QUARTERBACK Immobilien AG as part of an ad hoc impairment test. The increased cost of capital

was identified as a triggering event within the meaning of IAS 28.

The impairment loss was recognized in the consolidated income statement under net income from non-current financial assets accounted for using the equity method.

In addition to these investments, Vonovia also holds interests in 21 (Dec. 31, 2021: 21) other entities that are accounted for using the equity method and are currently of minor importance; quoted market prices are not available.

The following table shows, in aggregated form, the carrying amount and the share of profit and other comprehensive income of these companies:

in € million	Dec. 31, 2021	June 30, 2022
Carrying amount of shares in companies accounted for using the equity method	73.7	74.2
Group share of net income from companies not accounted for using the equity method	10% to 50%	10% to 50%
Pro rata total comprehensive income	12.0	1.0

The interests were adjusted for these entities provided that corresponding financial information was available.

With regard to the other entities, Vonovia has no significant financial obligations or guarantees with respect to joint ventures and associates.

18 Assets and Liabilities Held for Sale

Ownership of the residential and commercial units sold to municipal housing companies in Berlin in the previous year was transferred in the first quarter of 2022. This reduced assets held for sale by a total of € 2.3 billion. As of the reporting date, the value of the assets held for sale that have not yet been transferred in connection with this sale came to € 60.3 million.

The assets held for sale also include properties totaling € 96.3 million (Dec. 31, 2021: € 302.6 million) for which notarized purchase contracts had already been signed as of the reporting date as part of Vonovia's ordinary sales activities.

Section (E): Capital Structure

19 Total Equity

Development of the Subscribed Capital

in €

As of Jan. 1, 2022	776,597,389.00
Capital increase against non-cash contributions on May 17, 2021 (scrip dividend)	19,252,608.00
As of June 30, 2022	795,849,997.00

Development of the Capital Reserves

in €

As of Jan. 1, 2022	15,458,430,362.98
Premium from capital increase for scrip dividend on May 25, 2022	597,562,447.10
Transaction costs on the issue of new shares (after allowing for deferred taxes)	-438,890.99
Other changes not affecting net income	-2,122,621.20
As of June 30, 2022	16,053,431,297.89

Dividend

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, € 1,289.2 million in total.

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 instead of the cash dividend. As a result, 19,252,608 new shares were issued using the company's authorized capital pursuant to Section 5b of the Articles of Association (2018 authorized capital) at a subscription price of € 32.038, i.e., a total amount of € 616,815,055.10. The total amount of the dividend distributed in cash therefore came to € 672,336,610.64.

Authorized Capital

After being used in connection with the capital increase in 2022, the 2021 authorized capital fell by € 19,252,608.00 from € 81,603,587.00 to € 62,350,979.00 as of June 30, 2022. Shareholder subscription rights for the 2021 authorized capital can be excluded.

20 Non-derivative Financial Liabilities

in € million	Dec. 31, 2021		Jun. 30, 2022	
	non-current	current	non-current	current
Non-derivative financial liabilities				
Liabilities to banks	16,997.3	4,266.1	17,433.0	1,691.0
Liabilities to other creditors	23,174.6	2,418.3	25,278.5	1,146.9
Deferred interest from non-derivative financial liabilities	-	172.7	-	144.8
	40,171.9	6,857.1	42,711.5	2,982.7

The U.S. dollar bond issued in 2013 is translated at the exchange rate at the end of the reporting period in line with applicable IFRS provisions. Allowing for the hedging rate prescribed through the interest hedging transaction entered into, this financial liability would be € 56.3 million lower than the recognized value (Dec. 31, 2021: € 36.1 million).

The nominal obligations of the liabilities to banks and the liabilities to other creditors developed as follows:

in € million	Dec. 31, 2021	Jun. 30, 2022
Bond (USD)*	185.0	185.0
Bond (SEK)*	-	121.2
Bond (EMTN)*	24,300.0	22,800.0
Bond (EMTN Green Bond)*	600.0	1,450.0
Bond (EMTN Social Bond)*	-	1,650.0
Bridge financing	3,490.0	-
Promissory note loan*	230.0	1,240.0
Mortgages**	8,142.3	8,599.9
Deutsche Wohnen		
Other financing***	9,704.1	9,344.7
	46,651.4	45,390.8

* Under the conditions of existing loan agreements, Vonovia is obliged to fulfill certain financial covenants, which it fulfilled.

** For a portion of the mortgages, Vonovia is obliged to fulfill certain financial covenants, which it fulfilled.

*** This includes mortgages, bonds, registered bonds and bearer bonds. For a portion of the financing, Deutsche Wohnen is obliged to fulfill certain financial covenants, which it fulfilled.

Of the nominal obligations to creditors, € 12,759.5 million (Dec. 31, 2021: € 13,060.3 million) are secured by land charges and other collateral (account pledge agreements, assignments, pledges of company shares and guarantees of Vonovia SE or other Group companies). In the event that payment obligations are not fulfilled, the securities provided are used to satisfy the claims of the banks.

Repayment of Bonds Under the European Medium-Term Notes Program (EMTN)

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

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.

Repayment of Bonds and Bearer Bonds of Deutsche Wohnen

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.

Issue of Bonds Under the European Medium-Term Notes Program (EMTN)

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.

Promissory Note Loans

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%.

Commercial Paper

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

Secured Financing

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 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.

Unsecured Financing

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.

Bridge Financing

The bridge facility taken out in connection with the acquisition of Deutsche Wohnen was valued at € 3,490.0 million and repaid in full as of March 1, 2022.

21 Leases

The following table shows the development of right-of-use assets arising from leases within the meaning of IFRS 16 as of June 30, 2022, compared with December 31, 2021.

Development of Right-of-use Assets

in € million	Dec. 31, 2021	Jun. 30, 2022
Right-of-use assets		
Leasehold contracts	1,685.3	1,623.0
Interim rental agreements	3.8	3.6
Right-of-use assets within investment properties	1,689.1	1,626.6
Leasing of land for the construction of owner-occupied commercial properties	27.4	28.1
Lease agreements	45.1	48.8
Contracting	56.8	52.8
Vehicle leases	4.8	4.5
License agreements	0.5	0.5
Leases of IT equipment	2.1	1.9
Metering technology	38.2	35.4
Right-of-use assets within property, plant and equipment	174.9	172.0
	1,864.0	1,798.6

The following table shows the development of current and non-current liabilities arising from leases within the meaning of IFRS 16 as of June 30, 2022, compared with December 31, 2021.

Development of Lease Liabilities

in € million	Dec. 31, 2021		Jun. 30, 2022	
	non-current	current	non-current	current
Lease liabilities				
Leasehold contracts (IAS 40)	486.4	11.5	463.0	12.0
Interim rental agreements	2.6	1.4	2.1	1.4
Leasing of land for the construction of owner-occupied commercial properties	28.0	0.1	28.5	0.1
Lease agreements	34.9	10.4	38.2	11.0
Contracting	46.2	11.8	43.6	10.4
Vehicle leases	2.6	2.2	2.4	2.1
License agreements	0.5	-	0.5	0.0
Leases of IT equipment	1.0	1.2	1.0	1.0
Metering technology	32.7	5.6	30.3	5.3
	634.9	44.2	609.7	43.2

Section (F): Corporate Governance Disclosures

22 Related Party Transactions

Vonovia had business relationships with related parties in the first half of 2022. These transactions resulted from the normal exchange of deliveries and services.

In the first six months of 2022, Vonovia's significant business relations related to the QUARTERBACK Group. As of June 30, 2022, loan receivables were recognized in the amount of € 845.5 million (December 31, 2021: € 806.5 million), payable at the latest twelve months after the reporting date. The average interest rate for the loans is 5.05%.

There are real estate project sales of the QUARTERBACK Group to Vonovia in the amount of € 876.0 million as of June 30, 2022 (December 31, 2021: € 876.0 million), in respect of which Vonovia made advance payments of € 53.7 million in the first half of 2022 (December 31, 2021: € 135.8 million).

In connection with agency services contracted by the QUARTERBACK Group in the amount of € 29.6 million, Vonovia has outstanding balances on liabilities of € 2.2 million as of June 30, 2022 (December 31, 2021: € 0.9 million). There is also a guarantee for the QUARTERBACK Group in the amount of € 12.3 million for the fiscal year (December 31, 2021: € 12.3 million).

Vonovia also has outstanding balances on liabilities of € 2.0 million vis-à-vis B&O Service Berlin GmbH, Berlin, as of June 30, 2022 (December 31, 2021: € 2.8 million) for services purchased in the first half of 2022 in the amount of € 65.7 million (December 31, 2021: € 34.9 million).

As of June 30, 2022, Vonovia has outstanding balances on receivables of € 1.5 million vis-à-vis G+D Gesellschaft für Energiemanagement mbH, Magdeburg (December 31, 2021: € 2.3 million). In the reporting period, services worth € 2.2 million (December 31, 2021: € 2.6 million) were provided to G+D Gesellschaft für Energiemanagement mbH, Magdeburg, while services worth € 41.6 million (December 31, 2021: € 15.5 million) were purchased.

Section (G): Additional Financial Management Disclosures

23 Additional Financial Instrument Disclosures

Measurement categories and classes:

in € million

Carrying amounts
Jun. 30, 2022

Assets

Cash and cash equivalents

Cash on hand and deposits at banking institutions

1,569.2

Trade receivables

Receivables from the sale of properties

60.8

Receivables from property letting

65.7

Other receivables from trading

30.1

Receivables from the sale of real estate inventories

243.5

Financial assets

Investments valued at equity

515.6

Finance lease receivables

25.1

Other current financial receivables from financial transactions*

600.0

Loans to other investments

33.2

Other non-current loans

9.4

Other non-current loans to associates and joint ventures

885.2

Non-current securities

5.3

Other investments

379.2

Derivative financial assets

Cash flow hedges

72.7

Stand-alone interest rate swaps and interest rate caps

55.9

Liabilities

Trade payables

330.9

Non-derivative financial liabilities

45,694.2

Derivative financial liabilities

Purchase price liabilities from put options/rights to reimbursement

281.8

Stand-alone interest rate swaps and interest rate caps

6.2

Cash flow hedges

5.9

Lease liabilities

652.9

Liabilities from tenant financing

156.1

Liabilities to non-controlling interests

238.8

* This includes time deposits and short-term investments in highly liquid money market funds with an original maturity of more than three months.

Amounts recognized in balance sheet in accordance with IFRS 9

Amortized cost	Fair value affecting net income	Fair value recognized in equity with reclassification	Fair value recognized in equity without reclassification	Amounts recognized in balance sheet in acc. with IFRS 16/IAS 28	Fair value Jun. 30, 2022	Fair value hierarchy level
1,569.2					1,569.2	1
60.8					60.8	2
65.7					65.7	2
30.1					30.1	2
243.5					243.5	2
				515.6	515.6	n.a.
				25.1	25.1	n.a.
600.0					600.0	2
33.2					38.8	2
9.4					9.4	2
885.2					885.2	2
			5.3		5.3	1
			379.2		379.2	2
	-23.3	96.0			72.7	2
	55.9				55.9	2
330.9					330.9	2
45,694.2					-39,627.1	2
281.8					281.8	3
	6.2				6.2	2
	3.7	2.2			5.9	2
				652.9		
156.1					156.1	2
238.8					238.8	2

Measurement categories and classes:

in € million

Carrying amounts
Dec. 31, 2021**Assets**

Cash and cash equivalents		
Cash on hand and deposits at banking institutions	1,134.0	
Money market funds	298.8	
Trade receivables		
Receivables from the sale of properties	104.6	
Receivables from property letting	48.6	
Other receivables from trading	32.7	
Receivables from the sale of real estate inventories	264.0	
Financial assets		
Investments valued at equity	548.9	
Finance lease receivables	23.7	
Other current financial receivables from financial transactions*	499.6	
Loans to other investments	33.2	
Other non-current loans	511.8	
Other non-current loans to associates and joint ventures	563.1	
Non-current securities	5.2	
Other investments	377.0	
Derivative financial assets		
Cash flow hedges (cross currency swaps)	35.8	
Stand-alone interest rate swaps and interest rate caps	30.6	

Liabilities

Trade payables	449.8	
Non-derivative financial liabilities	47,029.0	
Derivative financial liabilities		
Purchase price liabilities from put options/rights to reimbursement	264.0	
Stand-alone interest rate swaps and interest rate caps	53.9	
Cash flow hedges	14.3	
Lease liabilities	679.1	
Liabilities from tenant financing	157.5	
Liabilities to non-controlling interests	240.5	

* This includes time deposits and short-term investments in highly liquid money market funds with an original maturity of more than three months.

The section below provides information on the financial assets and financial liabilities not covered by IFRS 9:

- > Employee benefits in accordance with IAS 19: gross presentation of right to reimbursement arising from transferred pension obligations in the amount of € 2.9 million (Dec. 31, 2021: € 3.5 million).
- > Amount by which the fair value of plan assets exceeds the corresponding obligation of € 0.7 million (Dec. 31, 2021: € 1.0 million).
- > Provisions for pensions and similar obligations: € 482.0 million (Dec. 31, 2021: € 684.5 million).

Amounts recognized in balance sheet in accordance with IFRS 9

	Amortized cost	Fair value affecting net income	Fair value recognized in equity with reclassification	Fair value recognized in equity without reclassification	Amounts recognized in balance sheet in acc. with IFRS 16/IAS 28	Fair value Dec. 31, 2021	Fair value hierarchy level
	1,134.0					1,134.0	1
	298.8					298.8	2
	104.6					104.6	2
	48.6					48.6	2
	32.7					32.7	2
	264.0					264.0	2
					548.9	548.9	n.a.
					23.7	23.7	n.a.
	499.6					499.6	2
	33.2					54.8	2
	511.8					511.8	2
	563.1					563.1	2
				5.2		5.2	1
				377.0		377.0	2
		-14.0	49.8			35.8	2
		30.6				30.6	2
	449.8					449.8	2
	47,029.0					47,596.5	2
	264.0					264.0	3
		53.9				53.9	2
		11.4	2.9			14.3	2
					679.1		
	157.5					157.5	2
	240.5					240.5	2

The following table shows the assets and liabilities that are recognized in the balance sheet at fair value and their classification according to the fair value hierarchy:

in € million	Jun. 30, 2022	Level 1	Level 2	Level 3
Assets				
Investment properties	97,740.4			97,740.4
Financial assets				
Non-current securities	5.3	5.3		
Other investments	379.2		379.2	
Assets held for sale				
Investment properties (contract closed)	96.3		96.3	
Derivative financial assets				
Cash flow hedges	72.7		72.7	
Stand-alone interest rate swaps and caps	55.9		55.9	
Liabilities				
Derivative financial liabilities				
Cash flow hedges	5.9		5.9	
Stand-alone interest rate swaps and caps	6.2		6.2	

in € million	Dec. 31, 2021	Level 1	Level 2	Level 3
Assets				
Investment properties	94,100.1			94,100.1
Financial assets				
Non-current securities	5.2	5.2		
Other investments	377.0		377.0	
Assets held for sale				
Investment properties (contract closed)	1,661.5		1,661.5	
Derivative financial assets				
Cash flow hedges (cross currency swaps)	35.8		35.8	
Stand-alone interest rate swaps and caps	30.6		30.6	
Liabilities				
Derivative financial liabilities				
Cash flow hedges	14.3		14.3	
Stand-alone interest rate swaps and caps	53.9		53.9	

In general, Vonovia measures its investment properties on the basis of the discounted cash flow (DCF) methodology (Level 3). The material valuation parameters and valuation results can be found in chapter [D28] Investment Properties of the consolidated financial statements as of December 31, 2021.

The investment properties classified as assets held for sale are recognized at the time of their transfer to assets held for

sale at their new fair value, the agreed purchase price (Level 2).

No financial instruments were reclassified to different hierarchy levels as against the comparative period.

Securities are generally measured using the quoted prices in active markets (Level 1).

For the measurement of financial instruments, cash flows are initially calculated and then discounted. In addition to the tenor-specific EURIBOR/STIBOR rates (3M; 6M), the respective credit risk is taken as a basis for discounting. Depending on the expected cash flows, either Vonovia's own credit risk or the counterparty risk is taken into account in the calculation.

Due to the current interest rate environment (and the return to more positive market values as a result), counterparty risk premiums were relevant for the interest rate swaps in the consolidated financial statements alongside Vonovia's own credit risk. As with Vonovia's own risk, they are derived from rates observable on the capital markets and ranged from 35 to 260 basis points, depending on the residual maturities. Vonovia's own risk premiums were trading at between 35 and 310 basis points on the same cut-off date, depending on the maturities. Regarding the positive market values of the cross currency swaps, a counterparty risk of 60 basis points was taken into account.

In the context of the valuation of the currency swaps, the USD cash flows are converted into EUR using the EUR/USD FX forward curve and then all EUR cash flows are discounted using the 6M EURIBOR curve (Level 2).

The fair values of the cash and cash equivalents, trade receivables and other financial receivables approximate their carrying amounts at the reporting date owing to their mainly short maturities. The amount of the estimated impairment loss on cash and cash equivalents was calculated based on the losses expected over a period of twelve months. It was determined that the cash and cash equivalents have a low risk of default due to the external ratings and short residual maturities and that there is no need for any material impairment of cash and cash equivalents.

Risk in the area of rent receivables was examined through an analysis of the reduced general creditworthiness (as a special forward-looking parameter of impairment losses for financial assets as defined by IFRS 9). As Vonovia receives rent payments mostly in advance, only deferred rents and similar receivables are affected. Since these receivables are in any case very quickly subject to a specific valuation allowance, an additional need for impairment loss is currently not foreseeable. The further development of the receivables is continuously monitored.

In the area of receivables from the sale of properties, the credit risk is compensated for by Vonovia retaining ownership of the property until the purchase price is paid.

Vonovia is involved in a number of legal disputes resulting from normal business activities.

In particular, these involve tenancy, construction and sales law disputes and, in individual cases, company law disputes (mainly following squeeze-out processes). None of the legal disputes, taken in isolation, will have any material effects on the net assets, financial position or results of operations of Vonovia.

Bochum, July 27, 2022



Rolf Buch
(CEO)



Arnd Fittkau
(CRO)



Philip Grosse
(CFO)



Daniel Riedl
(CDO)



Helene von Roeder
(CTO)

Review Report

For the condensed interim consolidated financial statements and interim group management report we have issued an unqualified review report. The English language text below is a translation of the review report.

We have reviewed the condensed interim consolidated financial statements – comprising consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and selected explanatory notes to the condensed interim consolidated financial statements – together with the interim group management report of Vonovia SE, Bochum, for the period from January 1 to June 30, 2022, that are part of the half year financial report according to § 115 WpHG [“Wertpapierhandelsgesetz”: “German Securities Trading Act”]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) as well as in supplementary compliance with the International Standard on Review Engagements “Review of Interim Financial Information performed by the Independent Auditor of the Entity” (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude

through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the International Accounting Standard IAS 34 “Interim Financial Reporting” as adopted by the EU and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” as adopted by the EU or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Düsseldorf, August 1, 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Salzmann	Cremer
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Responsibility Statement

"To the best of our knowledge and in accordance with the applicable reporting principles, the interim consolidated financial statements give a true and fair view of the Group's net assets, financial position and results of operations, and the combined Group management report includes a fair view of the business development including the results and the

position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remainder of the fiscal year."

Bochum, Germany, July 27, 2022



Rolf Buch
(CEO)



Arnd Fittkau
(CRO)



Philip Grosse
(CFO)



Daniel Riedl
(CDO)



Helene von Roeder
(CTO)