Business Development in the First Three Months of 2023

Overview

> The two megatrends of demand for homes and climate protection continue to support the operational basis of our business and therefore stable cash flows.

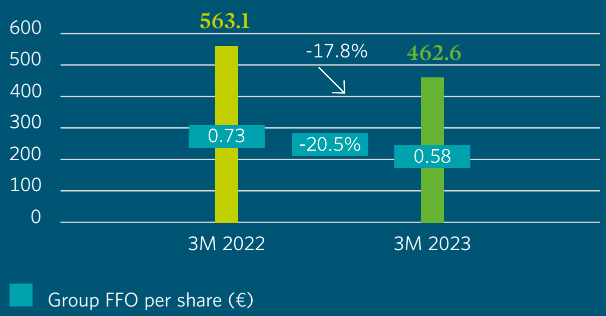
> Positive business development in the core Rental segment.

> Virtually full occupancy with a vacancy rate of 2.2%.

Sustained Earnings

Group FFO*

in € million

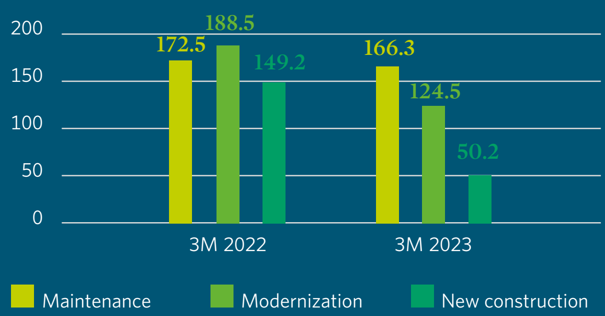


* Based on the new 2022 definition without elimitation IFRS 16 effect and results of assets accounted for using the equity method.

Maintenance, Modernization and New Construction

Investments

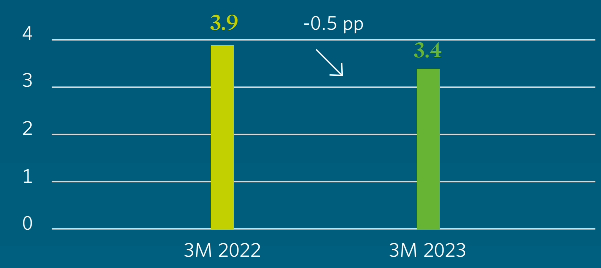
in € million



Organic Rent Growth

Organic Rent Increase

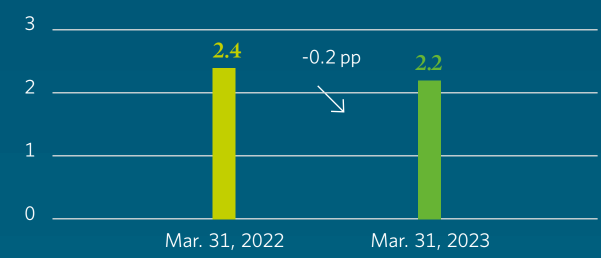
in %



Vacancy

Vacancy Rate

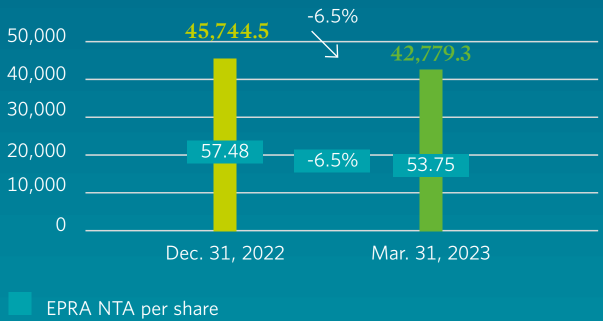
in %



Net Assets

EPRA NTA

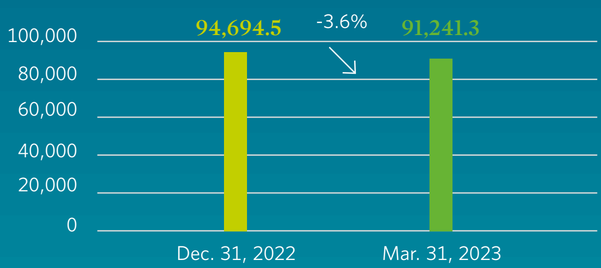
in € million



Fair Value of the Real Estate Portfolio

Fair Value

in € million



Vonovia SE on the Capital Market

Shares in Vonovia

After almost all sectors showed negative capital market performance in 2022, the DAX 40 and EURO STOXX 50 bounced back in the first three months of 2023 (DAX 40 12.2 %; EURO STOXX 50 13.7 %). The index for the real estate industry, EPRA Europe, continued to show below-average development (EPRA Europe -5.5%).

In particular, we put the negative performance of the real estate sector down to the higher interest rates and associated concerns over limited/insufficient access to liquidity and the concern over a drop in real estate values, producing an assessment of the industry that is excessively negative due to its general capital intensity. Rising bond yields also made real estate shares less attractive in relative terms. In this environment, at least the more short-term outlook for shares in German residential real estate was particularly pessimistic, not least against the backdrop of the marked drop in initial yields seen in recent years, and resulted in underperformance in an environment that was already challenging. Shares in Vonovia lost 21.3 % in the first three months of the year and closed the quarter ending on March 31, 2023 at € 17.34 (by way of comparison: EPRA Germany benchmark index -19.8 % in the first quarter of 2023).

This means that we are still observing an ever-wider gap between what remain pessimistic capital market expectations on the one hand, and the largely robust development on the residential real estate market on the other. While the capital market appears to be pricing in a large-scale correction for real estate assets, the residential property markets in which we operate remain relatively stable. This is due, in particular, to the favorable relationship, from an owner's point of view, between supply and demand in urban regions, which have conventionally been long-term financing arrangements, tax aspects as well as the structural momentum on the revenue side.

As a result, even though Vonovia's share price declined in the first three months of 2023, we still believe that our shares can reflect the positive operating development and ultimately the success of our business model as a whole, at least in the medium to long term. Our responses to key long-term megatrends – climate change, urbanization and demographic change – remain the dominant factors driving our business. We are optimistic as we look ahead to the future and are confident that we will remain financially successful.

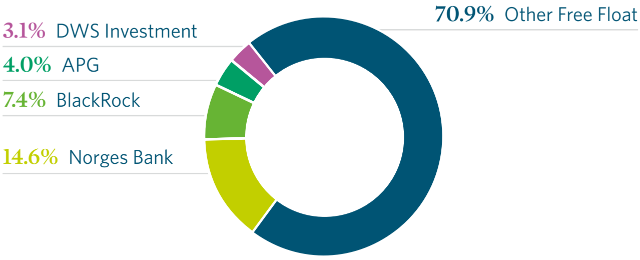
The company's market capitalization amounted to around € 13.8 billion as of March 31, 2023.

Shareholder Structure

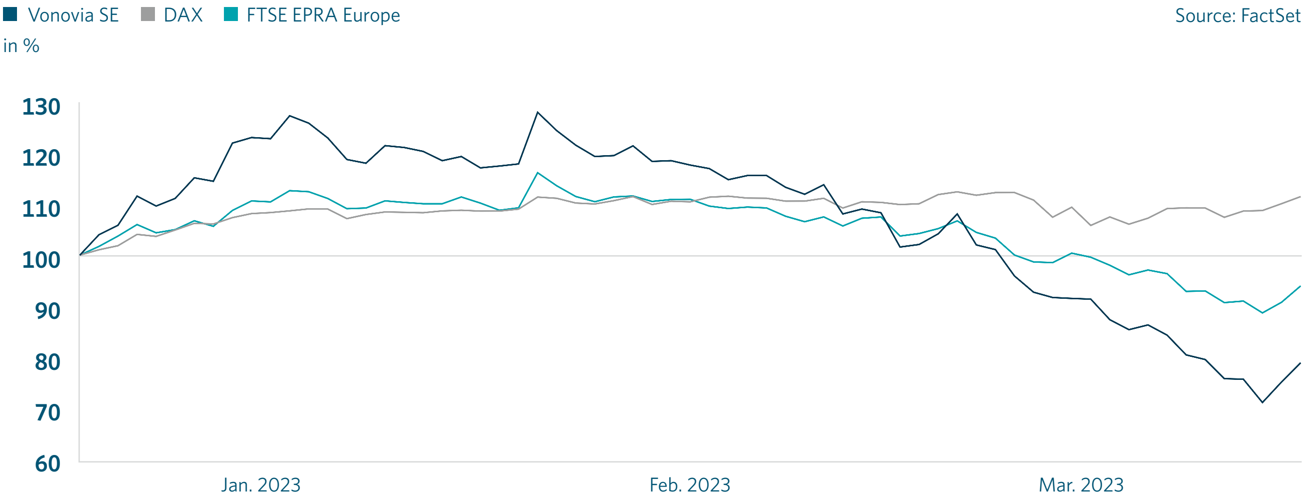
The chart displayed below shows the voting rights pursuant to Sections 33 and 34 of the German Securities Trading Act (WpHG) as notified by the shareholders in relation to the current share capital. It is important to note that the number of voting rights reported could have changed within the respective 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 85.4% of Vonovia's shares were in free float on March 31, 2023. The underlying **voting rights notifications** and corresponding financial instruments reported by

Major Shareholders (as of March 31, 2023)



Share Price Development



shareholders or other instruments pursuant to Sections 38 and 39 WpHG can be found online.

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

Investor Relations Activities

Vonovia SE is committed to a transparent, ongoing dialogue with its shareholders and potential investors. We have continued with our road shows and meetings in 2023, both as virtual and face-to-face events. In the first three months of 2023, Vonovia participated in a total of 7 investors' conference days and organized 9 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 three months of 2023: transaction market, capital structure and sustainability.

We will continue to communicate openly with the capital market. Various road shows, conferences and participation in investor forums have already been planned. Information can be found in the financial calendar on our **Investor Relations website**.

Analyst Assessments

As of March 31, 2023, 24 international analysts were publishing research studies on Vonovia. The average target share price was € 32.10. Of these analysts, 67% issued a "buy" recommendation, with 21% issuing a "hold" recommendation and 12% a "sell" recommendation.

Share Information (as of March 31, 2023)

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, FTSE EPRA/NAREIT Developed Europe and GPR 250 World

* TERP-adjusted.

Economic Development in the First Three Months of 2023

Key Events During the Reporting Period

The two relevant megatrends for us, (i) mounting demand for homes in urban conurbations and (ii) a focus on energy efficiency, particularly in existing buildings, are becoming increasingly important for our business model and in our strategy, also, and particularly, in the current volatile situation on the financial markets and in light of the war in Ukraine. This means that Vonovia is establishing an excellent position for itself looking ahead to the medium and long term, too.

In order to be able to address the key challenges, namely the shortage of housing and climate change, in a targeted manner, Vonovia expanded its strategic partnership with GROPYUS AG in the first quarter of 2023. The investment will support the development of innovative products for sustainable, affordable, wood-hybrid construction and the digitalization of residential buildings in particular.

All in all, our operating business developed in line with our expectations in the first quarter. The sustained stable demand for homes supports the operational basis of our business, particularly in our core Rental segment.

The high customer satisfaction values confirm our efforts in property management and, together with the low vacancy rate, provide a solid foundation for our business. At the same time, this means stable cash flows and, as a result, a stable basis for the income from our portfolio.

The changes in overall financial market conditions are prompting market players to revise their return criteria due to the higher interest rates, impacting investment decisions both at Vonovia itself and at potential transaction partners. This means that the higher interest rates also have a potential impact on the assessment of business models and the valuation of assets, i.e., holdings measured at fair value and goodwill.

Despite demand being there in principle, general transaction activity is currently muted due to these negative influencing factors from the financial markets. In spite of there being no significant transaction volume, Vonovia believes, on account of dedicated market contacts in relation to its own portfolio, that it is appropriate to carry out a write-down amounting to approx. 4% on the portfolio as a whole as of the end of the first quarter. A regular valuation will be performed as of June 30, 2023.

On March 7, 2023, the Bochum public prosecutor's office notified Vonovia that, due to search measures that had to be conducted in the context of an investigation, former and current technical employees were being investigated due to suspected corruption. The persons under suspicion may also have caused damage for Vonovia by overriding and circumventing controls and compliance policies.

Vonovia is cooperating fully with the work of the investigating authorities. It is not currently possible to arrive at any conclusive assessment regarding the amount of the damage. Looking at 2022, it is estimated to come to a maximum of 1% of the order volume awarded by Vonovia. The auditing firm Deloitte and a law firm have been commissioned to perform a forensic assessment of all the facts of the case.

In the first quarter of the year, Vonovia sold its 10% stake in the French company Vesta SAS for a net amount of € 95.7 million, marking its withdrawal from the French market.

In addition to the opportunities and risks set out in the combined management report for the 2022 fiscal year, there were no significant changes in the assessment of the overall risk position at the end of the first quarter of 2023.

After the first quarter (publication dated April 26, 2023), Vonovia has reached an agreement with an investment vehicle that is advised and managed by Apollo Capital Management L.P. to a direct equity holding of 34.5%, resp. indirect participation of 27.6%, of a selected portfolio comprising around 21,000 residential units in the German federal state of Baden-Württemberg. The transaction values the portfolio at around € 3.3 billion (excluding liabilities and cash funds) and the net consideration amounts to around € 1.0 billion. The transaction is scheduled to be closed by the end of May/beginning of June. The investment vehicle, AP Sunrise S.à.r.l., is financed by holding companies, insurers and other long-term investors that are advised and managed by Apollo Capital Management L.P.

Results of Operations

Overview

All in all, Vonovia started the 2023 fiscal year as was to be expected.

We saw continued rising demand for rental apartments and positive economic development in the core Rental segment in the first three months of the year.

The expected impact of the war in Ukraine and its implications, particularly with regard to energy and construction costs, as well as higher interest rates, were also reflected in the interim financial statements for the reporting period.

Any analysis of the figures for the first three months of 2023 has to consider the fact that the prior-year figures are reported based on the current segmentation, and that the indicators that are relevant from a corporate management perspective, namely Adjusted EBITDA Total and Group FFO, are reported in line with the current definition.

As of March 31, 2023, Vonovia employed 15,924 people (March 31, 2022: 15,900).

Total segment revenue came to € 1,430.7 million in the first three months of 2023, down by 12.2% on the figure of € 1,629.0 million reported in the prior-year period. This decline was due primarily to lower proceeds from the sale of real estate inventories and lower sales in the Recurring Sales segment due to volume-related aspects.

Total Segment Revenue

in € million	3M 2022*	3M 2023	Change in %	12M 2022
Rental income	781.8	801.6	2.5	3,168.1
Other income from property management unless included in the operating expenses in the Rental segment	24.7	35.5	43.7	118.3
Other income from property management from the Care segment	68.1	70.5	3.5	280.1
Income from disposals Recurring Sales	141.7	66.3	-53.2	515.7
Internal revenue Value-add	297.2	309.7	4.2	1,152.4
Income from disposal of properties	253.5	33.7	-86.7	588.4
Fair value Development to hold	62.0	113.4	82.9	433.9
Total Segment Revenue	**1,629.0**	**1,430.7**	**-12.2**	**6,256.9**

* Prior-year figures Deutsche Wohnen adjusted to new segment definition.

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	3M 2022*	3M 2023	Change in %	12M 2022
Revenue in the Rental segment	780.3	800.2	2.6	3,163.4
Expenses for maintenance	-104.4	-116.7	11.8	-443.6
Operating expenses in the Rental segment	-124.7	-103.8	-16.8	-486.3
Adjusted EBITDA Rental	**551.2**	**579.7**	**5.2**	**2,233.5**
Revenue in the Value-add segment	322.1	345.4	7.2	1,272.0
thereof external revenue	24.9	35.7	43.4	119.6
thereof internal revenue	297.2	309.7	4.2	1,152.4
Operating expenses in the Value-add segment	-271.8	-319.0	17.4	-1,145.3
Adjusted EBITDA Value-add	**50.3**	**26.4**	**-47.5**	**126.7**
Revenue in the Recurring Sales segment	151.4	69.8	-53.9	543.4
Fair value of properties sold adjusted to reflect effects not relating to the period from assets held for sale in the Recurring Sales segment	-103.1	-44.7	-56.6	-391.6
Adjusted result Recurring Sales	**48.3**	**25.1**	**-48.0**	**151.8**
Selling costs in the Recurring Sales segment	-4.3	-3.3	-23.3	-16.7
Adjusted EBITDA Recurring Sales	**44.0**	**21.8**	**-50.5**	**135.1**
Revenue from disposal of Development to sell properties	243.9	30.2	-87.6	560.6
Cost of Development to sell	-195.5	-25.0	-87.2	-440.4
Gross profit Development to sell	**48.4**	**5.2**	**-89.3**	**120.2**
Fair value Development to hold	62.0	113.4	82.9	433.9
Cost of Development to hold**	-43.3	-97.2	>100	-340.6
Gross profit Development to hold	**18.7**	**16.2**	**-13.4**	**93.3**
Rental revenue Development	1.2	1.2	–	3.5
Operating expenses in the Development segment	-7.4	-10.9	47.3	-33.8
Adjusted EBITDA Development	**60.9**	**11.7**	**-80.8**	**183.2**
Revenue in the Care segment	68.1	70.5	3.5	280.1
Expenses for maintenance	-1.3	-1.3	–	-7.0
Operating expenses in the Nursing Business segment	-44.5	-51.7	16.2	-188.5
Adjusted EBITDA Care	**22.3**	**17.5**	**-21.5**	**84.6**
Adjusted EBITDA Total	**728.7**	**657.1**	**-9.8**	**2,763.1**
FFO interest expense	-114.2	-146.7	28.5	-493.8
Current income taxes FFO	-24.6	-30.1	22.4	-145.0
Consolidation***	-26.8	-17.7	-34.0	-88.7
Group FFO	**563.1**	**462.6**	**-17.8**	**2,035.6**
Group FFO after non-controlling interests	**544.5**	**443.8**	**-18.5**	**1,944.3**

* Prior-year figures adjusted to new adjusted EBITDA definition (excluding results from at-equity investments), adjustments Adjusted EBITDA Rental: € 0.5 million, adjustments Adjusted EBITDA Value add: € 0.5 million. In the course of the fourth quarter of 2022, the Deutsche Wohnen segment was dissolved and transferred to the Rental, Value-add, Recurring Sales, Development and Care segments. Previous year's values 3M 2022 updated accordingly.

** Excluding capitalized interest on borrowed capital in 3M 2023 of € 0.5 million (3M 2022 € 0.0 million), 12M 2022: € 2.5 million.

*** Thereof intragroup profits in 3M 2023: € -1.5 million (3M 2022: € -8.1 million), 12 M 2022 intragroup losses: € +4.8 million, gross profit development to hold in 3M 2023: € -16.2 million (3M 2022: € -18.7 million), 12M 2021: € -93.3 million.

At the end of March 2023, Vonovia managed a portfolio of 548,368 of its own apartments (March 31, 2022: 550,496), 164,985 garages and parking spaces (March 31, 2022: 163,284) and 8,817 commercial units (March 31, 2022: 8,946). 70,583 residential units (March 31, 2022: 72,434) are also managed for other owners.

Details on Results of Operations by Segment

Rental Segment

At the end of March 2023, the portfolio in the Rental segment had a vacancy rate of 2.2% (March 31, 2022: 2.4%), meaning that it was once again virtually fully occupied.

The segment revenue in the Rental segment increased by 2.5% year-on-year in total in the first three months of 2023 (previous year incl. Deutsche Wohnen, 3M 2022: 1.5%) to € 800.2 million (3M 2022: € 780.3 million), mainly due to organic growth resulting from new construction and refurbishment and also taking into account the Berlin portfolio that was sold at the start of 2022. Of the segment revenue in the Rental segment in the 2023 reporting period, € 685.9 million is attributable to rental income in Germany (3M 2022: € 665.4 million), € 85.7 million to rental income in Sweden (3M 2022: € 88.2 million) and € 28.6 million to rental income in Austria (3M 2022: € 26.7 million).

Organic rent growth (twelve-month rolling) totaled 3.4% (3.9% as of March 31, 2022). The current rent increase due to market-related factors came to 1.2% (1.6% as of March 31, 2022; this includes one-off effects of 0.6% due to the Act Governing the Rent Cap for Residential Premises in Berlin (the "rent freeze") becoming invalid) and the increase from property value improvements translated into a further 1.5% (1.6% as of March 31, 2022). All in all, this produced a like-for-like rent increase of 2.7% (3.2% as of March 31, 2022). New construction measures and measures to add extra stories also contributed 0.7% (0.7% as of March 31, 2022) to organic rent growth.

The average monthly in-place rent within the Rental segment at the end of March 2023 came to € 7.54 per m² compared to € 7.40 per m² at the end of March 2022 (incl. Deutsche Wohnen). The monthly in-place rent in the German portfolio at the end of March 2023 came to € 7.46 per m² (March 31, 2022: € 7.26 per m² incl. Deutsche Wohnen), with the figure for the Swedish portfolio down from € 10.28 per m² as of March 31, 2022 to € 9.70 per m², mainly due to reasons related to the exchange rate, and the figure for the Austrian portfolio amounting to € 5.26 per m² (March 31, 2022: € 4.90 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 real estate portfolio additionally includes maintenance and improvement contributions (EVB).

We have continued with our refurbishment, new construction and maintenance strategy, which has been adjusted to reflect the current overall conditions, in the 2023 fiscal year. The overview below provides details on maintenance, modernization and new construction in the Rental segment.

Maintenance, Modernization and New Construction*

in € million	3M 2022	3M 2023	Change in %	12M 2022
Expenses for maintenance	104.4	116.7	11.8	443.6
Capitalized maintenance	68.1	49.6	-27.2	412.6
Maintenance measures	**172.5**	**166.3**	**-3.6**	**856.2**
Modernization measures	188.5	124.5	-34.0	837.4
New construction (to hold)	149.2	50.2	-66.4	572.5
Modernization and new construction measures	**337.7**	**174.7**	**-48.3**	**1,409.9**
Total cost of maintenance, modernization and new construction	**510.2**	**341.0**	**-33.2**	**2,266.1**

* Without Care segment.

In the first three months of 2023, operating expenses in the Rental segment were down by 16.8% on the figures for the first three months of 2022, from € 124.7 million to € 103.8 million. All in all, the Adjusted EBITDA Rental came to € 579.7 million in the first three months of 2023, up by 5.2% on the prior-year value of € 551.2 million.

Value-add Segment

Developments in the Value-add segment remained dominated by the new overall conditions for our own craftsmen's organization. General price increases for construction services and materials, as well as productivity losses due to the shortage of skilled labor, had a negative impact on economic development. In addition, short-term changes in the technology for heating modernization measures resulted in lower service provision.

All in all, revenue from the Value-add segment came to € 345.4 million in the 2023 reporting period, up by 7.2% on the value of € 322.1 million seen in the first three months of 2022. € 35.7 million of this amount was attributable to external revenue from our Value-add activities with our end customers (3M 2022: € 24.9 million), with € 309.7 million attributable to intra-Group income (3M 2022: € 297.2 million).

Operating expenses in the Value-add segment in the first three months of 2023 were up by 17.4% on the figures for the first three months of 2022, from € 271.8 million to € 319.0 million. This was due, in particular, to higher construction costs, the use of more third-party services and higher energy costs. **Adjusted EBITDA Value-add** came in at € 26.4 million in the first three months of 2023, down considerably on the value of € 50.3 million seen in the first three months of 2022.

Recurring Sales Segment

In the **Recurring Sales segment**, income from the disposal of properties in the first three months of 2023 was down to € 69.8 million, 53.9 % lower than the 2022 value of € 151.4 million due to volume-related factors, with 282 units sold (3M 2022: 700), 143 of which were in Germany (3M 2022: 504) and 139 of which were located in Austria (3M 2022: 196). Income of € 31.8 million is attributable to sales in Germany (3M 2022: € 102.1 million) and € 38.0 million to sales in Austria (3M 2022: € 49.3 million).

In the first three months of 2023, the fair value step-up in the portfolio came to 56.0%, up on the value of 46.7% seen in the first three months of 2022.

Selling costs in the Recurring Sales segment came in at € 3.3 million in the first three months of 2023, down by 23.3% on the value of € 4.3 million seen in the first three months of 2022.

Adjusted EBITDA Recurring Sales came in at € 21.8 million in the first three months of 2023, down considerably on the value of € 44.0 million seen in the first three months of 2022.

In the 2023 reporting period, 381 residential units from the Non-core/Other portfolio (3M 2022: 15,714) were also sold as part of our portfolio adjustment measures, with proceeds totaling € 46.0 million (3M 2022: € 2,526.7 million). At 19.7%, the fair value step-up for Non-core Disposals in the 2023 reporting period was higher than for the same period in the previous year (1.4%).

Development Segment

In the "Development to sell" area, a total of 104 residential units were completed in Germany in the first three months of 2023 (3M 2022: 0 units). No units were completed in Austria in the reporting period (3M 2022: 511 units). Income from the disposal of development properties to sell came to € 30.2 million in the first three months of the 2023 fiscal year (3M 2022: € 243.9 million), with € 18.3 million attributable to project development in Germany (3M 2022: € 133.6 million) and € 11.9 million attributable to project development in Austria (3M 2022: € 110.3 million). In Germany, the decline was chiefly due to a global exit in the previous year and, in Austria, to a lower notarization volume compared to the previous year. The resulting gross profit for "Development to sell" came to € 5.2 million in the first three months of 2023 (3M 2022: € 48.4 million).

In the "Development to hold" area, a total of 675 units were completed in the first three months of 2023 (3M 2022: 266 units), 307 in Germany (3M 2022: 244 units), 296 in Austria (3M 2022: 0 units) and 72 in Sweden (3M 2022: 22 units). In the Development to hold area, a fair value of € 113.4 million was achieved in the 2023 reporting period (3M 2022: € 62.0 million). € 22.0 million of this amount was attributable to project development in Germany (3M 2022: € 62.0 million), with € 81.3 million attributable to project development in Austria and € 10.1 million attributable to project development in Sweden. The gross profit for Development to hold came to € 16.2 million in the first three months of 2023 (3M 2022: € 18.7 million).

Development operating expenses came to € 10.9 million in the first three months of 2023, 47.3% above the comparative value of € 7.4 million seen in the first three months of 2022. The **Adjusted EBITDA for the Development segment** amounted to € 11.7 million in the 2023 reporting period (3M 2022: € 60.9 million).

Care Segment

The **Care segment** developed as expected in the first three months of 2023. At the end of the first quarter of 2023, there were still 72 care properties in the Rental portfolio, 71 of which were still owned by Vonovia. Segment revenue came to € 70.5 million in the first three months of 2023, up by 3.5% on the € 68.1 million reported for the same period of the previous year.

Expenses for maintenance came to € 1.3 million in the 2023 reporting period (3M 2022: € 1.3 million).

Operating expenses in the Care segment amounted to € 51.7 million in the first three months of 2023, as against € 44.5 million in the first three months of 2022. This is due primarily to higher personnel and energy costs.

The **Adjusted EBITDA Care** came in at € 17.5 million in the 2023 reporting period, down by 21.5% on the prior-year value of € 22.3 million.

Group FFO

Group FFO came to € 462.6 million in the first three months of 2023 (3M 2022: € 563.1 million).

Adjusted EBITDA Total came to € 657.1 million in the first three months of 2023, 9.8% lower than the figure of € 728.7 million reported for the first three months of 2022.

In the 2023 reporting period, the **non-recurring items** eliminated in the Adjusted EBITDA Total came to € 29.7 million (3M 2022: € -2.3 million). The change is mainly attributable to positive non-recurring items in the previous year, as well as higher expenses for pre-retirement part-time work arrangements and higher integration costs in the 2023 reporting period.

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

Non-recurring Items

in € million	3M 2022	3M 2023	Change in %	12M 2022
Transactions*	-11.5	13.0	–	113.2
Personnel matters	3.9	12.7	>100	-3.1
Business model optimization	4.7	2.2	-53.2	12.2
Research and development	0.5	1.8	>100	4.2
Refinancing and equity measures	0.1	–	-100.0	1.0
Total non-recurring items	**-2.3**	**29.7**	**–**	**127.5**

* 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 € -39.8 million in the first three months of 2022 to € -152.0 million in the first three months of 2023, mainly due to higher interest expenses. FFO interest expense is derived from the financial result as follows:

Reconciliation of Financial Result/FFO Interest Expense

in € million	3M 2022	3M 2023	Change in %	12M 2022
Interest income	21.5	33.3	54.9	115.5
Interest expense	-59.9	-195.9	>100	-367.6
Other financial result excluding income from investments	-1.4	10.6	–	-10.9
Financial result*	**-39.8**	**-152.0**	**>100**	**-263.0**
Adjustments:				
Other financial result excluding income from investments	1.4	-10.6	–	10.9
Effects from the valuation of interest rate and currency derivatives	-52.7	20.3	–	-152.5
Prepayment penalties and commitment interest	4.6	2.3	-50.0	12.6
Effects from the valuation of non-derivative financial instruments	-14.9	-3.8	-74.5	-77.4
Interest accretion to provisions	0.8	4.5	>100	6.8
Accrued interest/other effects	-34.5	-38.1	10.4	-40.0
Net cash interest	**-135.1**	**-177.4**	**31.3**	**-502.6**
Adjustment for IFRS 16 Leases	2.5	2.9	16.0	12.2
Adjustment of income from investments in other real estate companies	–	–	–	7.9
Adjustment of interest paid due to taxes	-0.4	-1.0	>100	-0.6
Adjustment of accrued interest	18.8	28.8	53.2	-10.7
Interest expense FFO	**-114.2**	**-146.7**	**28.5**	**-493.8**

* Excluding income from other investments.

Profit for the period in the first three months of 2023 came to € -2,088.1 million (3M 2022: € 58.3 million). This is chiefly due to the negative result from the valuation of investment properties totaling € -3,612.2 million (3M 2022: € 404.8 million).

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

Reconciliation of Profit for the Period/Group FFO

in € million	3M 2022*	3M 2023	Change in %	12M 2022
Profit for the period	**58.3**	**-2,088.1**	**–**	**-669.4**
Financial result**	39.8	152.0	>100	263.0
Income taxes	51.3	-1,095.9	–	-63.3
Depreciation and amortization (incl. depreciation on financial assets)	949.7	29.9	-96.9	1,303.1
Net income from investments accounted for using the equity method	-1.0	0.1	–	436.6
Net income from fair value adjustments of investment properties	-404.8	3,612.2	–	1,269.8
Non-recurring items	-2.3	29.7	–	127.5
Total period adjustments from assets held for sale	38.5	4.4	-88.6	52.3
Income from investments in other real estate companies	–	–	–	-7.9
Other	-27.6	-4.9	-82.2	-37.2
Intragroup profits/losses	8.1	1.5	-81.5	-4.7
Gross profit Development to hold	18.7	16.2	-13.4	93.3
Adjusted EBITDA Total	**728.7**	**657.1**	**-9.8**	**2,763.1**
Interest expense FFO***	-114.2	-146.7	28.5	-493.8
Current income taxes FFO	-24.6	-30.1	22.4	-145.0
Consolidation	-26.8	-17.7	-34.0	-88.7
Group FFO******	**563.1**	**462.6**	**-17.8**	**2,035.6**
Group FFO after non-controlling interests	**544.5**	**443.8**	**-18.5**	**1,944.3**
Group FFO per share in €****	0.73	0.58	-20.5	2.56

* Prior-year figures adjusted to new adjusted EBITDA definition (excluding results from at-equity investments), adjustments Adjusted EBITDA Total/Group FFO: € 1.0 million. In the course of the fourth quarter of 2022, the Deutsche Wohnen segment was dissolved and transferred to the Rental, Value-add, Recurring Sales, Development and Care segments. Previous year's values 3M 2022 updated accordingly.

** Excluding income from other investments.

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

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

Assets

Consolidated Balance Sheet Structure

	Dec. 31, 2022		Mar. 31, 2023	
	in € million	in %	in € million	in %
Non-current assets	96,037.9	94.7	92,742.1	94.9
Current assets	5,351.7	5.3	4,997.0	5.1
Total assets	**101,389.6**	**100.0**	**97,739.1**	**100.0**
Equity	34,438.8	34.0	32,253.5	33.0
Non-current liabilities	61,474.9	60.6	59,573.3	61.0
Current liabilities	5,475.9	5.4	5,912.3	6.0
Total equity and liabilities	**101,389.6**	**100.0**	**97,739.1**	**100.0**

The Group's **total assets** dropped by € 3,650.5 million as against December 31, 2022, falling from € 101,389.6 million to € 97,739.1 million. The main development in non-current assets is the decline in investment properties of € 3,319.5 million on account of the write-down performed. The disposal of the French non-current equity investments is reflected in non-current financial assets.

Current assets changed due in particular to a decline in current financial assets by € 189.6 million, a development that is attributable almost in full to a reclassification due to the granting of new long-term loans to QUARTERBACK Immobilien AG. In addition, trade receivables fell by € 83.9 million and real estate inventories by € 61.1 million.

Goodwill and trademark rights comprised 1.6% of the total assets. This share is unchanged as against December 31, 2022.

As of March 31, 2023, the **gross asset value (GAV)** of Vonovia's property assets came to € 91,701.4 million. This corresponds to 93.8 % of total assets, as against € 95,125.5 million or 93.8 % at the end of 2022.

Equity fell by € 2,185.3 million, from € 34,438.8 million to € 32,253.5 million, mainly due to the profit for the period of € -2,088.1 million. The other comprehensive income of € -97.0 million was influenced to a significant degree by currency effects amounting to € -70.0 million.

The **equity ratio** stood at 33.0% as of March 31, 2023, compared with 34.0 % at the end of 2022.

Liabilities dropped by € 1,465.2 million from € 66,950.8 million to € 65,485.6 million. The amount of non-current non-derivative financial liabilities fell by € 737.7 million, whereas current non-derivative financial liabilities rose by € 410.1 million.

Deferred tax liabilities fell by € 1,148.9 million.

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 quarter of 2023, the EPRA NTA came to € 42,779.3 million, down by 6.5% on the value of € 45,744.5 million seen at the end of 2022. EPRA NTA per share decreased from € 57.48 at the end of 2022 to € 53.75 at the end of the first quarter of 2023. It is important to note that the creation of a new Multifamily Residence Sales subportfolio has reduced the amounts added for deferred taxes, as these are only intended to be recognized for properties to be held in the portfolio in the long term.

EPRA Net Tangible Assets (EPRA NTA)

in € million	Dec. 31, 2022	Mar. 31, 2023	Change in %
Total equity attributable to Vonovia shareholders	**31,331.5**	**29,272.5**	**-6.6**
Deferred tax in relation to fair value gains of investment properties*	16,190.0	15,253.6	-5.8
Fair value of financial instruments**	-117.5	-88.7	-24.5
Goodwill as per the IFRS balance sheet	-1,529.9	-1,530.0	0.0
Intangibles as per the IFRS balance sheet	-129.6	-128.1	-1.2
EPRA NTA	**45,744.5**	**42,779.3**	**-6.5**
EPRA NTA per share in €* **	**57.48**	**53.75**	**-6.5**

* Proportion of hold portfolio.
** Adjusted for effects from cross currency swaps.
*** 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. On the one hand, high financing costs mean that real estate values are coming under pressure. On the other, reduced new construction activity, the need for homes in the short and medium term due to migration, and demand among households that were previously setting their sights on the home ownership market are translating into further rises in demand for housing and therefore increasing rent levels.

There is currently no sufficient general transaction evidence available to assess the impact on the development in real estate values. In spite of there being no significant transaction volume, Vonovia believes, on account of dedicated market contacts in relation to its own portfolio, that it is appropriate to carry out a write-down as of March 31, 2023, resulting in a negative valuation result of € -3,612.2 million (Q1 2022: € 404.8 million).

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 € 15.7 million (Q1 2022: € 18.7 million) for the period from January 1 to March 31, 2023, with this valuation effect included in the aforementioned result.

The recognition and valuation of investment properties are explained in detail in the consolidated financial statements for 2022.

Financial Position

Cash Flow

The Group cash flow is as follows:

Key Data from the Statement of Cash Flows

in € million	3M 2022	3M 2023
Cash flow from operating activities	513.8	516.4
Cash flow from investing activities	1,716.6	-61.1
Cash flow from financing activities	-138.7	-460.3
Influence of changes in foreign exchange rates	-1.1	-0.9
Net changes in cash and cash equivalents	2,090.6	-5.9
Cash and cash equivalents at the beginning of the period	**1,432.8**	**1,302.4**
Cash and cash equivalents at the end of the period	**3,523.4**	**1,296.5**

The cash flow from **operating activities came** to € 516.4 million for the first three months of 2023, compared with € 513.8 million for the first three months of 2022.

The cash flow from **investing activities** shows a payout balance of € 61.1 million for the first three months of 2023. Payments for the acquisition of investment properties came to € 247.3 million in the first three months of 2023 (3M 2022: € 628.2 million). On the other hand, income from portfolio sales in the amount of € 134.5 million was collected (3M 2022: € 2,548.9 million). The prior-year figure was influenced to a considerable degree by the sale of residential and commercial units to public housing companies in Berlin.

The cash flow from **financing activities** of € -460.3 million (3M 2022: € -138.7 million) includes payments for regular and unscheduled repayments in the amount of € 516.3 million (3M 2022: € 4,525.4 million) and, on the other hand, proceeds from issuing financial liabilities in the amount of € 256.2 million (3M 2022: € 4,636.2 million). Payouts for transaction and financing costs amounted to € 3.1 million (3M 2022: € 40.6 million). Interest paid in the first three months of 2023 amounted to € 185.2 million (3M 2022: € 139.3 million).

Net changes in **cash and cash equivalents** came to € -5.9 million.

Financing

According to the publication dated March 21, 2023, Vonovia's credit rating as awarded by the agency Standard & Poor's is unchanged at BBB+ with a stable outlook for the long-term issuer credit rating 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+.

Furthermore, in an announcement dated November 2, 2022, Vonovia was awarded a rating of Baa1 with a stable outlook by the rating agency Moody's.

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 24, 2023, is to be updated annually and approved by the financial supervisory authority of the Grand Duchy of Luxembourg (CSSF).

As of the reporting date of March 31, 2023, Vonovia had placed a total bond volume of € 26.0 billion, € 25.7 billion of which relates to the EMTN program. Deutsche Wohnen bonds worth a further € 1.8 billion were also assumed.

In January 2023, Vonovia implemented an open market repurchase to buy back bonds maturing in 2028, 2029 and 2033. € 53.6 million was bought back early within this context.

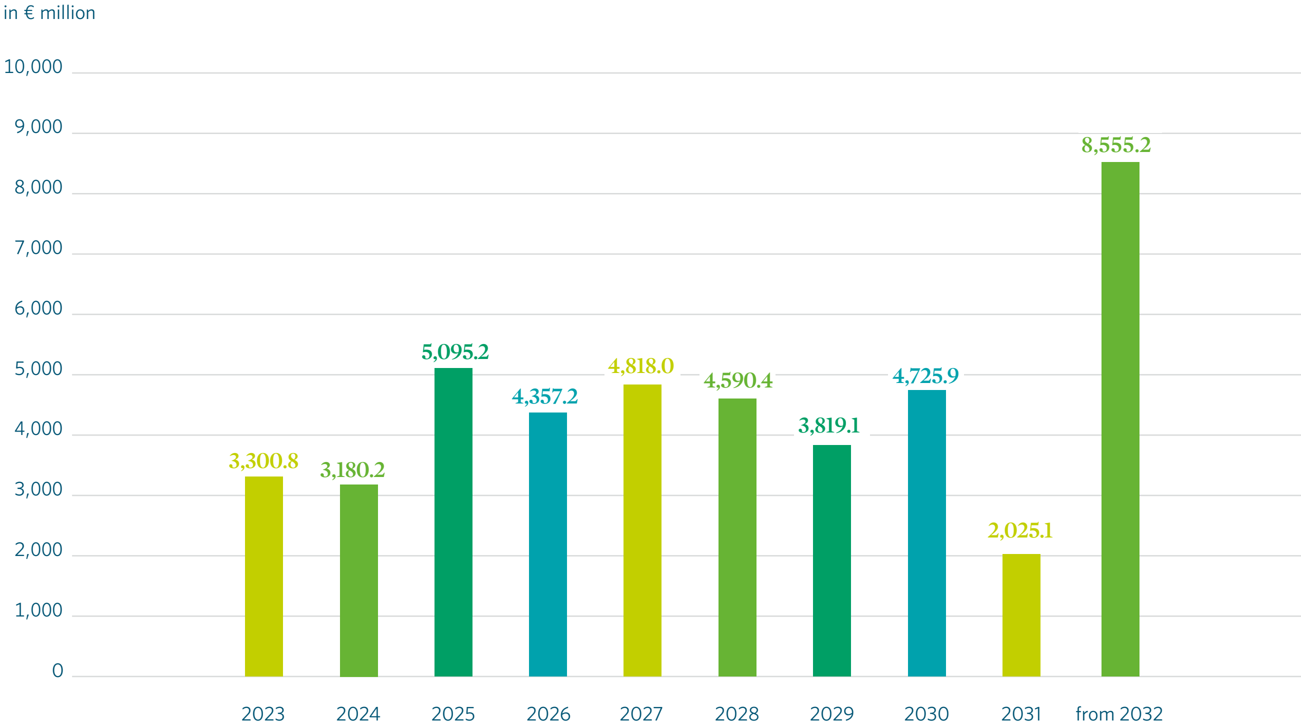
Deutsche Wohnen repaid secured financing in the amount of € 281.8 million as scheduled in March 2023.

Vonovia repaid promissory note loans of € 120.0 million as scheduled in March 2023.

On March 16, 2023, Vonovia took out secured financing with Berlin Hyp in the amount of € 550.0 million with a maturity of ten years, disbursement of which is scheduled for April 2023.

The **debt maturity profile** of Vonovia's financing was as follows as of March 31, 2023:

Debt Maturity Profile on March 31, 2023 (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.

On the reporting date, our key debt indicators were as follows:

in € million	Dec. 31, 2022	Mar. 31, 2023	Change in %
Non-derivative financial liabilities	45,059.7	44,732.1	-0.7
Foreign exchange rate effects	-50.0	-44.9	-10.2
Cash and cash equivalents*	-1,302.4	-1,296.5	-0.5
Net debt	**43,707.3**	**43,390.7**	**-0.7**
Sales receivables	-387.2	-233.3	-39.7
Adjusted net debt	**43,320.1**	**43,157.4**	**-0.4**
Fair value of the real estate portfolio	**94,694.5**	**91,241.3**	**-3.6**
Loans to companies holding immovable property and land	809.8	820.4	1.3
Shares in other real estate companies	547.4	454.1	-17.0
Adjusted fair value of the real estate portfolio	**96,051.7**	**92,515.8**	**-3.7**
LTV	**45.1%**	**46.6%**	**1.5 pp**
Net Debt**	43,690.9	43,284.2	-0.9
Adjusted EBITDA Total***	2,763.1	2,691.5	-2.6
Net Debt/EBITDA multiple	**15.8x**	**16.1x**	**0.3x**

* Incl. term deposits not classified as cash equivalents.
** Average over 5 quarters.
*** Total over 4 quarters.

The financial covenants were fulfilled on the reporting date.

in € million	Dec. 31, 2022	Mar. 31, 2023	Change in %
ICR bond covenants	**5.5x**	**4.9x**	**-0.6x**
LTV bond covenants	**44.4%**	**45.8%**	**1.4 pp**

Business Outlook

The forecast was based on the accounting principles used in the consolidated financial statements, with the adjustments described elsewhere in the management report being made. The forecast does not take account of any larger acquisitions of real estate portfolios.

Our forecast for the 2023 fiscal year is based on determined and updated corporate planning for the Vonovia Group as a whole and considers current business developments, the completed integration of Deutsche Wohnen, possible opportunities and risks, potential after-effects of the coronavirus pandemic and the effects of the war in Ukraine. It 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 2022 Annual Report in the sections entitled Development of the Economy and the Industry and Fundamental Information About the Group. Beyond this, the Group's further development remains exposed to general opportunities and risks (see chapter of the 2022 Annual Report on Opportunities and Risks). In addition to the opportunities and risks set out in the combined management report for the 2022 fiscal year, there were essentially no changes in the assessment of the overall risk position at the end of the first quarter of 2023.

We expect price increases triggered by the Ukraine crisis, 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 also expect prices for construction materials to remain high, with a knock-on effect on our construction projects, too.

Rising interest rates and inflation continue to create increased volatility on the equity and debt capital markets, also due to, or exacerbated by, the war in Ukraine. We therefore assess the overall economic situation and developments on an ongoing basis, particularly with regard to the return requirements for investment and divestment decisions.

We expect total segment revenue to increase further in 2023. We also expect Adjusted EBITDA Total to be on a par with, or slightly below, the prior-year level. Both key figures are currently being influenced to a considerable degree by the sales risks on the transaction market.

We expect the EBITDA contribution for the Rental segment to increase slightly with rising demand for rental apartments. We predict a result that is roughly on a par with the previous year for Value-add and Recurring Sales. Due to the strong result in the 2022 fiscal year and the updated project valuations in the 2022 annual financial statements, we expect to see a marked drop in EBITDA in the Development segment. As far as the Care segment is concerned, we predict a slight drop in EBITDA in 2023 due to positive one-off effects in 2022.

We also expect borrowing costs to increase further, and current income taxes to increase due to the higher transaction volume.

As a result, we expect Group FFO to decline slightly.

In addition, we expect the value of our company to increase further in 2023 and predict a slight increase in EPRA NTA per share, leaving any further market-related changes in value out of the equation.

Due to the increased cost of capital as described above, we anticipate a decline in modernization/portfolio investments and new construction/densification in 2023.

Based on the individual weighted targets and the values planned for the 2023 fiscal year in each case, we predict a total value of around 100% for the Sustainability Performance Index.

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

	Actual 2022	Forecast for 2023	Forecast for 2023 in the 2023 Q1 Report
Total Segment Revenue	€ 6.3 billion	€ 6.4–7.2 billion	€ 6.4–7.2 billion
Adjusted EBITDA Total	**€2,763.1 million**	**€ 2.6–2.85 billion**	**€ 2.6–2.85 billion**
Group FFO	**€ 2,035.6 million**	**€ 1.75–1.95 billion**	**€ 1.75–1.95 billion**
Group FFO per share*	€ 2.56	suspended	suspended
EPRA NTA per share*	**€ 57.48**	**suspended**	**suspended**
Sustainability Performance Index (SPI)**	**103.0%**	**~100%**	**~100%**
Rental income	€ 3,168.1 million	€ 3.15–3.25 billion	€ 3.15–3.25 billion
Organic rent growth (eop)	3.3%	above previous year	above previous year
Modernization/portfolio investments	€ 837.4 million	~€ 0.5 billion	~€ 0.5 billion
New construction/space creation	€ 607.1 million	~€ 0.35 billion	~€ 0.35 billion
Number of units sold Recurring Sales	2.71	3,000–3,500	3,000–3,500
Fair value step-up Recurring Sales	38.8%	~25%	~25%

* Based on the shares carrying dividend rights on the reporting date.
** Up to and including 2022 exclusive Deutsche Wohnen. From forecast 2023 including Deutsche Wohnen (excluding segment care and SYNVIA).

Bochum, April 27, 2023

The Management Board