

Business Development in the First Nine Months of 2023

Overview

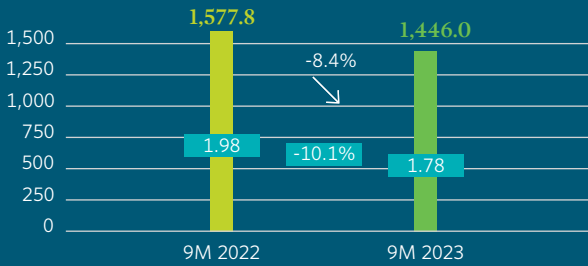
- > High demand for rental apartments, positive rental price development and the realization of synergies promote positive economic development in the core Rental segment.
- > Virtually full occupancy of portfolio of residential properties.
- > Inflation, interest rate and construction cost trends put the brakes on investment and real estate sales.

2	Overview
4	Vonovia SE on the Capital Market
7	Economic Development in the First Nine Months of 2023
21	Business Outlook

Sustained Earnings

Group FFO*

in € million



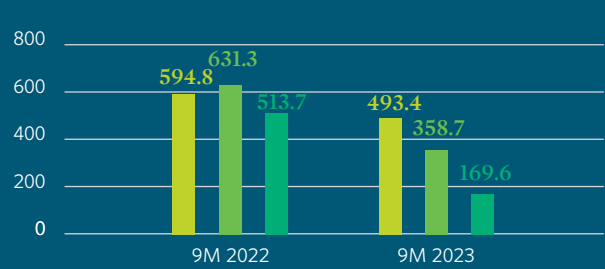
■ Group FFO per share (€)

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

Maintenance and Modernization

Investments

in € million

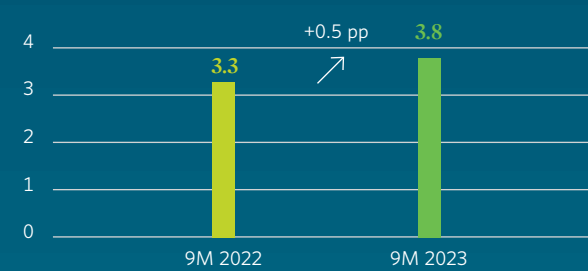


■ Maintenance ■ Modernization ■ New construction

Organic Rent Growth

Organic Rent Increase

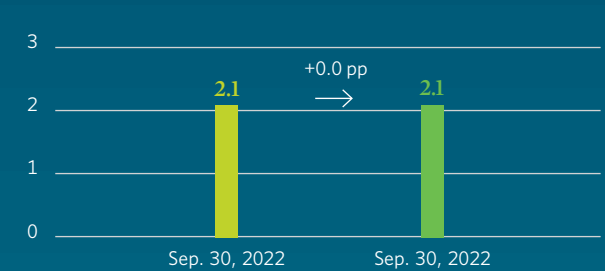
in %



Vacancy

Vacancy Rate

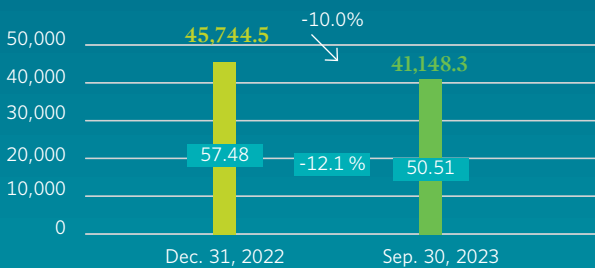
in %



Net Assets

EPRA NTA

in € million

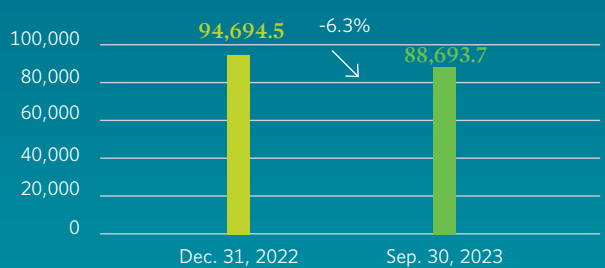


■ EPRA NTA per share

Fair Value of the Real Estate Portfolio

Fair Value

in € million



Vonovia SE on the Capital Market

Shares in Vonovia

The capital markets are continuing to focus on the outlook for the macroeconomic environment and, as a result, on interest rates in particular. There would appear to be an emerging consensus that the interest rate hikes are over, or at least almost over, but that interest rates will presumably remain at an elevated level for longer than originally expected. The question as to which central bank interest rate policies will ultimately result in a recession or will manage to achieve a soft landing will only be answered later on down the line, and the answer could also vary regionally.

Changes in the EURO STOXX 50 were announced at the beginning of September, and Vonovia's shares lost their index membership.

The broad-based DAX (+10.5%) and EuroStoxx 50 (+10.0%) indices reported positive performance. While the real estate sector as a whole, and German residential real estate stocks in particular, showed signs of improvement in the first nine months, the EPRA Europe Index lost 7.0%.

In this exceptionally difficult market, shares in Vonovia gained ground, trading at € 22.81 at the end of the third quarter, up by 3.6% on the closing price for 2022.

We are still observing an ever-wider gap between capital market expectations on the one hand, and what remains relatively stable development on the residential real estate market on the other. While the capital market still appears to be pricing in a marked correction, the residential property markets in which we operate remain relatively robust. The less pronounced real estate value adjustments are also countered by higher rents and much shorter supply.

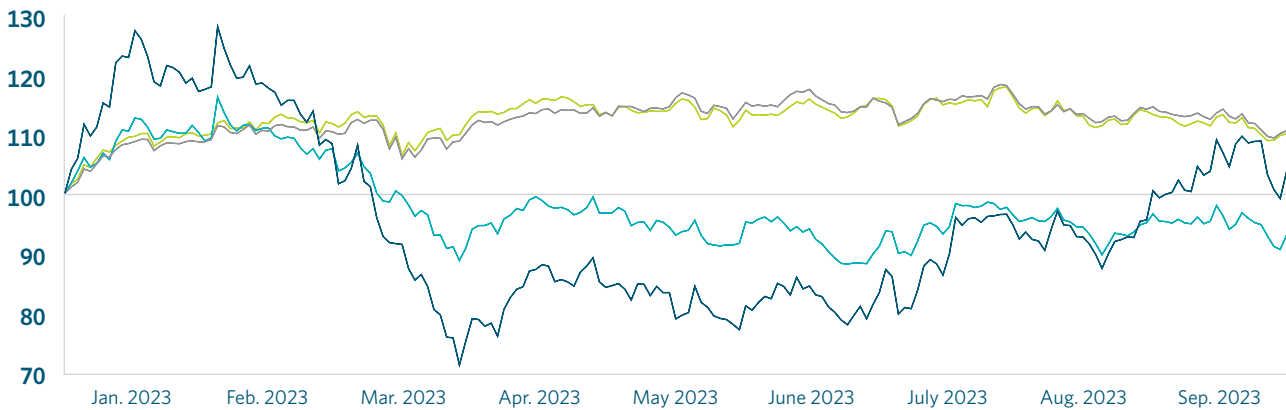
As a result, we remain confident that the fundamental conditions in our markets will ensure positive development in the long run. These include, in particular, the favorable relationship, from an owner's point of view, between supply and demand in urban regions as well as the structural momentum on the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

Vonovia's market capitalization amounted to around € 18.6 billion as of September 30, 2023.

Share Price Development

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

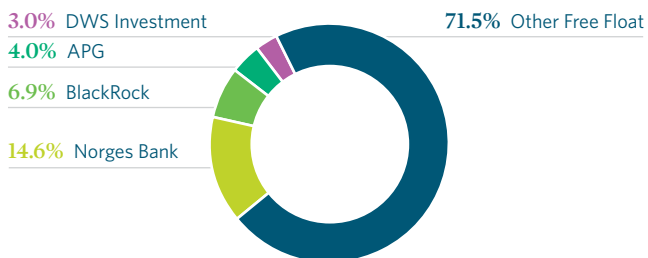
Source: FactSet



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.

Major Shareholders (as of September 30, 2023)



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 September 30, 2023. The underlying [voting rights notifications](#) and corresponding financial instruments reported by 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 continued with our road shows and meetings in the first nine months of 2023, both as virtual and face-to-face events. We took part in a total of 19 investor conferences and organized 15 road-show 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 nine months of 2023: interest rates, inflation, rising rents, energy prices, capital structure and sustainability.

Vonovia's eighth Capital Markets Day was held as a purely face-to-face event in Bochum on September 28, 2023. With an emphasis on the topic of rental price development, approximately 50 of our international analysts and investors took part in breakout sessions on the implementation of rent increases, regulatory issues and Vonovia's approach to sustainable, intelligent and interconnected housing. The event was rounded off with a property tour of our Energiesprong projects in Bochum and Witten.

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

Annual General Meeting

The Annual General Meeting of Vonovia SE was held as a virtual event on May 17, 2023. The shareholders approved all of the resolution proposals put forward by the Supervisory Board and the Management Board as required. They also formally approved the actions of the Supervisory Board and the Management Board for the 2022 fiscal year with a large majority in each case.

The Annual General Meeting approved the dividend proposal of € 0.85 made by the Supervisory Board and the Management Board, which corresponds to a dividend yield of 3.9% based on the closing price for 2022 of € 22.02. Shareholders were free to choose between a cash dividend and a scrip dividend. 44.87% opted for a dividend in the form of shares.

A total of 68.08% of the company's share capital was represented.

Analyst Assessments

As of September 30, 2023, 24 international analysts were publishing research studies on Vonovia. The average target share price was € 29.32. Of these analysts, 67% issued a "buy" recommendation, with 21% issuing a "hold" recommendation and 12% a "sell" recommendation.

Share Information (as of September 30, 2023)

First day of trading	July 11, 2013
Subscription price	€ 16.50 € 14.71*
Total number of shares	814,644,998
Share capital	€ 814,644,998
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, 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 Nine Months of 2023

Key Events During the Reporting Period

The operating business developed as expected overall in the first nine months of the 2023 fiscal year. The high demand for residential real estate, positive rental price development and synergies realized as part of the Deutsche Wohnen integration process promoted positive development in our core Rental business.

In addition, the customer satisfaction values in the reporting period confirmed our efforts in property management and, together with the low vacancy rate, provided a solid foundation for our business. At the same time, this means positive cash flows and, as a result, a stable basis for the income from our real estate portfolio.

The other business segments were significantly negatively affected by inflation, in particular by the marked uptick in construction costs, as well as by the higher interest rates in the reporting period. The investment volume was slashed accordingly and no additional new construction projects were started, as they would not be profitable in the current environment.

The higher interest rates also had an impact on potential transaction partners and translated into lower sales in the Recurring Sales segment and projects in the development to sell area.

There were also effects on the assessment of business models and the valuation of assets, i.e., holdings measured at fair value and goodwill. In the first half of 2023, a total value adjustment of around € 6.4 billion was recognized for investment properties. The value of the investment properties as of September 30, 2023, adjusted to reflect investments, amounts to around € 86.1 billion. Goodwill and the trademark rights for the Development cash-generating unit

were also written off in full in the amount of € 204.8 million back in the first half of the year.

In the first quarter of 2023, Vonovia had 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 the publication dated April 26, 2023, Vonovia, through an investment vehicle that is advised and managed by Apollo Capital Management L.P., agreed to a direct minority stake of 34.5%, or an indirect participation of 27.6%, in a selected Südewo portfolio comprising around 21,000 residential units in the German federal state of Baden-Württemberg. The net consideration amounts to around € 1.0 billion. The transaction was closed in the second quarter of 2023.

On May 4, 2023, Vonovia and Deutsche Wohnen reached an agreement with funds managed by CBRE Investment Management on the sale of five properties in Berlin, Munich and Frankfurt with a total of 1,350 apartments and a purchase price of around € 560 million. The properties are three newly constructed properties belonging to the company's old stock and two new construction projects that are in the final phase of construction.

The Annual General Meeting held on May 17, 2023 resolved to pay a dividend for the 2022 fiscal year in the amount of € 0.85 per share. 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 44.87% of the shares carrying dividend rights opted for the scrip dividend instead of the cash dividend. As a result, 18,795,001 new shares were issued using the company's authorized capital for a total of € 303,539,266.15. The total amount of the dividend distributed in cash therefore came to € 372,933,231.30.

The Annual General Meeting also voted on the election of eight Supervisory Board members. Dr. Daniela Gerd tom Markotten was elected as a new Supervisory Board member. As planned, the size of the Supervisory Board was reduced from twelve to ten members. The Supervisory Board elected Clara C. Streit as its Chair at its inaugural meeting.

Effective October 1, 2023, Ruth Wehrhahn assumed responsibility for Vonovia's new HR executive division and is now a member of the Management Board of Vonovia SE.

Following the close of the third quarter, Vonovia reached an agreement with an investment vehicle, which is advised and managed by Apollo Capital Management L.P., on an equity investment of around 30% in a selected portfolio of around 31,000 units in Northern Germany (signed on October 27, 2023). The net consideration amounts to around € 1.0 billion before transaction costs. The transaction is expected to close on December 31, 2023. The investment vehicle is financed by investment companies, insurance companies and other long-term investors, which are advised and managed by Apollo Capital Management L.P.

In addition, the Mayor of Dresden, Dirk Hilbert, and Rolf Buch, CEO of Vonovia SE, jointly announced in Dresden on October 27, 2023 that the City of Dresden will acquire 1,213 apartments from Vonovia. In addition, Vonovia is selling undeveloped land covering an area of around 12 hectares to the state capital. This includes development sites with capacity for up to around 1,800 additional apartments in the future. The new owner will be the wholly-owned municipal subsidiary Wohnungsgesellschaft WiD Wohnen in Dresden GmbH & Co. KG (WiD). Completion of the purchase agreement is subject to the approval of the City Council of Dresden. The total price for the entire package is € 87.8 million.

On March 7, 2023, the Bochum public prosecutor's office notified Vonovia, as reported, that, due to search measures that had to be conducted in the context of an investigation, former and employees who were at that time still 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 continues to cooperate fully with the work of the investigating authorities. The auditing firm Deloitte and the law firm Hengeler Mueller have been commissioned to perform a forensic assessment of all the facts of the case. It is not currently possible to arrive at any conclusive assessment regarding the amount of any damages. Looking at 2022, it is estimated to come to a maximum of 1% of the order volume awarded by Vonovia.

Results of Operations

Overview

All in all, Vonovia's performance was in line with expectations in the first nine months of 2023.

Core business in the Rental segment showed positive economic development, bolstered by high demand for rental apartments and positive rental price development.

In the other segments, the expected negative impact of the war in Ukraine, particularly with regard to energy and construction costs, as well as higher interest rates, was reflected in the business figures.

Any analysis of the figures reported for 2023 has to consider the fact that the prior-year figures are reported based on the current segmentation.

As of September 30, 2023, Vonovia employed 15,798 people (September 30, 2022: 15,851).

Total segment revenue came to € 4,232.3 million in the first nine months of 2023, down by 8.1% on the figure of € 4,606.3 million reported in the prior-year period. This decline was due primarily to lower sales in the Recurring Sales segment and lower proceeds from the sale of real estate inventories due to volume-related aspects.

Total Segment Revenue

in € million	9M 2022*	9M 2023	Change in %	12M 2022
Rental income	2,367.2	2,416.0	2.1	3,168.1
Other income from property management unless included in the operating expenses in the Rental segment	90.2	93.2	3.3	118.3
Other income from property management from the Care segment	208.0	217.1	4.4	280.1
Income from disposals Recurring Sales	392.6	204.6	-47.9	515.7
Internal revenue Value-add	856.7	809.8	-5.5	1,152.4
Income from disposal of properties	486.9	273.3	-43.9	588.4
Fair value Development to hold	204.7	218.3	6.6	433.9
Total Segment Revenue	4,606.3	4,232.3	-8.1	6,256.9

* Prior-year figures for 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	9M 2022*	9M 2023	Change in %	12M 2022
Revenue in the Rental segment	2,363.7	2,411.6	2.0	3,163.4
Expenses for maintenance	-326.5	-311.2	-4.7	-443.6
Operating expenses in the Rental segment	-351.9	-297.1	-15.6	-486.3
Adjusted EBITDA Rental	1,685.3	1,803.3	7.0	2,233.5
Revenue in the Value-add segment	947.9	904.7	-4.6	1,272.0
thereof external revenue	91.2	94.9	4.1	119.6
thereof internal revenue	856.7	809.8	-5.5	1,152.4
Operating expenses in the Value-add segment	-822.6	-831.4	1.1	-1,145.3
Adjusted EBITDA Value-add	125.3	73.3	-41.5	126.7
Revenue in the Recurring Sales segment	413.5	209.1	-49.4	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	-286.2	-146.3	-48.9	-391.6
Adjusted result Recurring Sales	127.3	62.8	-50.7	151.8
Selling costs in the Recurring Sales segment	-14.5	-11.2	-22.8	-16.7
Adjusted EBITDA Recurring Sales	112.8	51.6	-54.3	135.1
Revenue from disposal of Development to sell properties	466.0	267.9	-42.5	560.6
Cost of Development to sell	-372.0	-233.4	-37.3	-440.4
Gross profit Development to sell	94.0	34.5	-63.3	120.2
Fair value Development to hold	204.7	218.3	6.6	433.9
Cost of Development to hold**	-154.2	-205.2	33.1	-340.6
Gross profit Development to hold	50.5	13.1	-74.1	93.3
Rental revenue in the Development segment	2.5	3.5	40.0	3.5
Operating expenses in the Development segment	-24.9	-23.1	-7.2	-33.8
Adjusted EBITDA Development	122.1	28.0	-77.1	183.2
Revenue in the Care segment	208.0	217.2	4.4	280.1
Expenses for maintenance	-4.7	-4.5	-4.3	-7.0
Operating expenses in the Care segment	-138.7	-158.9	14.6	-188.5
Adjusted EBITDA Care	64.6	53.8	-16.7	84.6
Adjusted EBITDA Total	2,110.1	2,010.0	-4.7	2,763.1
FFO interest expense	-361.9	-460.8	27.3	-493.8
Current income taxes FFO	-97.3	-96.7	-0.6	-145.0
Consolidation***	-73.1	-6.5	-91.1	-88.7
Group FFO	1,577.8	1,446.0	-8.4	2,035.6
Group FFO after non-controlling interests	1,515.8	1,376.4	-9.2	1,944.3

* 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 for 9M 2022 updated accordingly.

** Excluding capitalized interest on borrowed capital in 9M 2023 of € 0.5 million (9M 2022: € 0.0 million), 12M 2022: € 2.5 million.

*** Thereof intragroup losses in 9M 2023: € +6.6 million (intragroup profit 9M 2022: € -22.6 million), 12M 2022 intragroup losses: € +4.8 million, gross profit Development to hold in 9M 2023: € -13.1 million (9M 2022: € -50.5 million), 12M 2022: € -93.3 million.

As of September 30, 2023, Vonovia managed a portfolio comprising 547,998 of its own residential units (September 30, 2022: 549,010), 165,123 garages and parking spaces (September 30, 2022: 163,727) and 8,737 commercial units (September 30, 2022: 8,858). 70,681 residential units (September 30, 2022: 72,386) are also managed for third parties.

Details on Results of Operations by Segment

Rental Segment

At the end of September 2023, the portfolio in the Rental segment had a vacancy rate of 2.1% (end of September 2022: 2.1%), meaning that it was nearly fully occupied.

The **segment revenue in the Rental segment** increased by 2.0% (9M 2022: 1.5%) from € 2,363.7 million in the first nine months of 2022 to € 2,411.6 million in the first nine months of 2023. Of the segment revenue in the Rental segment in the 2023 reporting period, € 2,068.2 million is attributable to rental income in Germany (9M 2022: € 2,014.1 million), € 255.2 million to rental income in Sweden (9M 2022: € 267.6 million) and € 88.2 million to rental income in Austria (9M 2022: € 82.0 million). **Organic rent growth** (twelve-month rolling) totaled 3.8% (9M 2022: 3.3%). The current rent increase due to market-related factors came to 2.0% (9M 2022: 1.0%) and the increase from property value improvements translated into a further

1.1% (9M 2022: 1.6%). All in all, this produces a **like-for-like rent increase** of 3.1% (9M 2022: 2.6%). New construction and vertical expansion also contributed 0.7% (9M 2022: 0.7%) to organic rent growth.

The average monthly in-place rent within the Rental segment at the end of September 2023 came to € 7.67 per sqm compared to € 7.47 per sqm at the end of September 2022 (including Deutsche Wohnen). The monthly in-place rent in the German portfolio at the end of September 2023 came to € 7.58 per sqm (September 30, 2022: € 7.36 per sqm including Deutsche Wohnen), with a figure of € 9.78 per sqm (September 30, 2022: € 9.93 per sqm) for the Swedish portfolio and € 5.42 per sqm for the Austrian portfolio (September 30, 2022: € 5.05 per sqm). The rental income from the portfolio in Sweden reflects all-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 adapted our modernization, new construction and maintenance strategy to reflect the current overall financial conditions in the 2023 fiscal year. The overview below provides details on maintenance, modernization and new construction.

Maintenance, Modernization and New Construction*

in € million	9M 2022	9M 2023	Change in %	12M 2022
Expenses for maintenance	326.5	311.2	-4.7	443.6
Capitalized maintenance	268.3	182.2	-32.1	412.6
Maintenance measures	594.8	493.4	-17.0	856.2
Modernization measures	631.3	358.7	-43.2	837.4
New construction (to hold)	513.7	169.6	-67.0	572.5
Modernization and new construction measures	1,145.0	528.3	-53.9	1,409.9
Total cost of maintenance, modernization and new construction	1,739.8	1,021.7	-41.3	2,266.1

* Without Care segment, 9M 2022 adjusted to the new structure.

In the first nine months of 2023, operating expenses in the Rental segment were down by 15.6% on the figures for the first nine months of 2022, from € 351.9 million to € 297.1 million. This is due primarily to synergies achieved as part of the integration of Deutsche Wohnen. All in all, the **Adjusted EBITDA Rental** came to € 1,803.3 million in the first nine months of 2022, up by 7.0% on the prior-year value of € 1,685.3 million.

Value-add Segment

Developments in the **Value-add segment** were dominated by the new overall conditions for our own craftsmen's organization. The reduced volume of modernization work, general price increases for construction services and materials, as well as productivity losses due to smaller-scale investments and increased costs due to a change to new technology (switch from gas heating to heat pumps) had a negative impact on economic development.

All in all, revenue from the Value-add segment came to € 904.7 million in the 2023 reporting period, down by 4.6% on the value of € 947.9 million seen in the first nine months of 2022. External revenue from our Value-add activities with our end customers in the first nine months of 2023 were up by 4.1% on the first nine months of 2022, from € 91.2 million to € 94.9 million. Group revenue fell by 5.5% in the first nine months of 2023 from € 856.7 million in the first nine months of 2022 to € 809.8 million.

Operating expenses in the Value-add segment in the first nine months of 2023 were up by 1.1% on the figures for the first nine months of 2022, from € 822.6 million to € 831.4 million.

Adjusted EBITDA Value-add came to € 73.3 million in the first nine months of 2023, down significantly on the figure of € 125.3 million reported for the first nine months of 2022.

Recurring Sales Segment

In the **Recurring Sales segment**, income from the disposal of properties in the first nine months of 2023 was down to € 209.1 million, 49.4% lower than the 2022 value of € 413.5 million due to volume-related factors, with 958 units sold (9M 2022: 1,853), 657 of which were in Germany (9M 2022: 1,455) and 301 of which were located in Austria (9M 2022: 398). Income of € 126.5 million is attributable to sales in Germany (9M 2022: € 307.8 million) and € 82.6 million to sales in Austria (9M 2022: € 105.5 million).

The fair value step-up for Recurring Sales came in at 42.9% in the first nine months of 2023, down slightly on the comparative value of 44.5% for the first nine months of 2022. This was due primarily to lower step-ups for sales in Germany.

Selling costs in the Recurring Sales segment came in at € 11.2 million in the first nine months of 2023, down by 22.8% on the value of € 14.5 million seen in the first nine months of 2022. This is largely due to the lower sales volume. **Adjusted EBITDA Recurring Sales** came in at € 51.6 million in the first nine months of 2023, down considerably on the value of € 112.8 million seen in the first nine months of 2022.

In the 2023 reporting period, 755 residential units from the Non Core/Other portfolio (9M 2022: 16,745) were also sold as part of our portfolio adjustment measures, with proceeds totaling € 133.7 million (9M 2022: € 2,704.0 million). At 7.3%, the fair value step-up for Non Core/Other disposals in the 2023 reporting period was higher than for the same period in the previous year (1.4%).

Development Segment

Economic development in the **Development segment** was hit primarily by the increased construction costs and interest rates in the reporting period.

In the "Development to sell" area, a total of 507 units were completed in the first nine months of 2023 (9M 2022: 636 units), 380 in Germany (9M 2022: 60 units) and 127 in Austria (9M 2022: 576 units). Income from the disposal of development properties to sell came to € 267.9 million in the first nine months of the 2023 fiscal year (9M 2022: € 466.0 million), with € 227.7 million attributable to project development in Germany (9M 2022: € 222.8 million) and € 40.2 million attributable to project development in Austria (9M 2022: € 243.2 million). The decline in Austria was chiefly due to a lower notarization volume compared to the previous year. The resulting gross profit for "Development to sell" came to € 34.5 million in the first nine months of 2023 with a margin of 12.9% (9M 2022: € 94.0 million, margin of 20.2%).

In the "Development to hold" area, a total of 1,292 units were completed in the first nine months of 2023 (9M 2022: 907 units), of which 822 were in Germany (9M 2022: 807 units), 296 in Austria (9M 2022: 0 units) and 174 in Sweden (9M 2022: 100 units). In the "Development to hold" area, a fair value of € 218.3 million was achieved in the 2023 reporting period (9M 2022: € 204.7 million). € 107.6 million of this amount was attributable to project development in Germany (9M 2022: € 204.7 million), with € 84.2 million attributable to project development in Austria (9M 2022: € 0.0 million) and € 26.5 million attributable to project development in Sweden (9M 2022: € 0.0 million). The resulting gross profit for "Development to sell" came to € 13.1 million in the first nine months of 2023 with a margin of 6.0% (9M 2022: € 50.5 million, margin of 24.7%).

Development operating expenses came to € 23.1 million in the first nine months of 2023, down by 7.2% on the value of € 24.9 million seen in the first nine months of 2022. The **Adjusted EBITDA Development** amounted to € 28.0 million in the 2023 reporting period (9M 2022: € 122.1 million).

Care Segment

The Care segment developed as expected in the first nine months of 2023. At the end of the third 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 € 217.2 million in the first nine months of 2023, 4.4% higher than the value of € 208.0 million for the first nine months of 2022.

Expenses for maintenance came to € 4.5 million in the 2023 reporting period (9M 2022: € 4.7 million).

Operating expenses in the Care segment amounted to € 158.9 million in the first nine months of 2023, as against € 138.7 million in the first nine months of 2022. The increase in 2023 can be traced back first and foremost to higher staff and energy costs, as well as delayed adjustments to long-term care insurance payments and one-off payments associated with the COVID pandemic in the previous year.

The **Adjusted EBITDA Care** came in at € 53.8 million in the 2023 reporting period, down by 16.7% on the prior-year value of € 64.6 million.

Group FFO

In the first nine months of 2023, Group FFO came to € 1,446.0 million (9M 2022: € 1,577.8 million). **Adjusted EBITDA Value-add** came to € 2,010.0 million in the first nine months of 2023, 4.7% lower than the figure of € 2,110.1 million reported for the first nine months of 2022.

In the 2023 reporting period, the non-recurring items eliminated in the adjusted EBITDA total came to € 157.9 million (9M 2022: € 26.0 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 one-off effects linked to the Südewo transaction in the 2023 reporting period.

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

Non-recurring Items

in € million	9M 2022	9M 2023	Change in %	12M 2022
Transactions*	18.0	102.0	>100	113.2
Personnel matters	-6.8	36.7	-	-3.1
Business model optimization	11.2	13.6	21.4	12.2
Research & development	2.6	5.1	96.2	4.2
Refinancing and equity measures	1.0	0.5	-50.0	1.0
Total non-recurring items	26.0	157.9	>100	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 € -204.2 million in the first nine months of 2022 to € -397.0 million in the first nine months of 2023. FFO interest expense is derived from the financial result as follows:

Reconciliation of Financial Result/FFO Interest Expense

in € million	9M 2022	9M 2023	Change in %	12M 2022
Interest income	50.6	193.1	>100	115.5
Interest expense	-234.3	-589.9	>100	-367.6
Other financial result excluding income from investments	-20.5	-0.2	-99.0	-10.9
Financial result*	-204.2	-397.0	94.4	-263.0
Adjustments:				
Other financial result excluding income from investments	20.5	0.2	-99.0	10.9
Effects from the valuation of interest rate and currency derivatives	-137.7	27.1	-	-152.5
Prepayment penalties and commitment interest	10.2	6.3	-38.2	12.6
Effects from the valuation of non-derivative financial instruments	-54.7	-0.5	-99.1	-77.4
Interest accretion to provisions	7.7	13.5	75.3	6.8
Accrued interest/other effects	-49.6	-163.7	>100	-40.0
Net cash interest	-407.8	-514.1	26.1	-502.6
Adjustment for IFRS 16 Leases	8.4	10.3	22.6	12.2
Adjustment of income from investments in other real estate companies	6.6	5.8	-12.1	7.9
Adjustment of interest paid due to taxes	-0.6	0.3	-	-0.6
Adjustment of accrued interest	31.5	36.9	17.1	-10.7
Interest expense FFO	-361.9	-460.8	27.3	-493.8

* Excluding income from other investments.

In the first nine months of 2023, **profit for the period** came to € -3,808.9 million (9M 2022: € 2,211.7 million). This is chiefly due to the negative result from the valuation of investment properties totaling € -6,318.9 million (9M 2022: € 3,137.6 million).

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

Reconciliation of Profit for the Period/Group FFO

in € million	9M 2022*	9M 2023	Change in %	12M 2022
Profit for the period	2,211.7	-3,808.9	-	-669.4
Financial result**	204.2	397.0	94.4	263.0
Income taxes	1,168.0	-1,534.7	-	-63.3
Depreciation and amortization (incl. depreciation on financial assets)	1,140.1	444.9	-61.0	1,303.1
Net income from investments accounted for using the equity method	425.0	24.1	-94.3	436.6
Net income from fair value adjustments of investment properties	-3,137.6	6,318.9	-	1,269.8
Non-recurring items	26.0	157.9	>100	127.5
Total period adjustments from assets held for sale	38.4	8.9	-76.8	52.3
Income from investments in other real estate companies	-6.6	-5.8	-12.1	-7.9
Other	-32.2	1.2	-	-37.2
Intragroup profits/losses	22.6	-6.6	-	-4.7
Gross profit Development to hold	50.5	13.1	-74.1	93.3
Adjusted EBITDA Total	2,110.1	2,010.0	-4.7	2,763.1
Interest expense FFO***	-361.9	-460.8	27.3	-493.8
Current income taxes FFO	-97.3	-96.7	-0.6	-145.0
Consolidation	-73.1	-6.5	-91.1	-88.7
Group FFO****	1,577.8	1,446.0	-8.4	2,035.6
Group FFO after non-controlling interests	1,515.8	1,376.4	-9.2	1,944.3
Group FFO per share in €****	1.98	1.78	-10.1	2.56

* 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 for 9M 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 elimination 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		Sep. 30, 2023	
	in € million	in %	in € million	in %
Non-current assets	96,037.9	94.7	89,941.5	94.1
Current assets	5,351.7	5.3	5,660.7	5.9
Total assets	101,389.6	100.0	95,602.2	100.0
Equity	34,438.8	34.0	31,400.3	32.8
Non-current liabilities	61,474.9	60.6	58,890.6	61.6
Current liabilities	5,475.9	5.4	5,311.3	5.6
Total equity and liabilities	101,389.6	100.0	95,602.2	100.0

The **Group's total assets** dropped by € 5,787.4 million as against December 31, 2022, falling from € 101,389.6 million to € 95,602.2 million.

The main development in non-current assets is the decline in investment properties of € 6,183.3 million on account of the write-down performed in the first half of the year. The disposal of the non-current equity investments in the French residential portfolio is reflected in non-current financial assets. Goodwill and the trademark rights for the Development segment were written off in full in the combined amount of € 204.8 million.

The transaction with Apollo Capital Management L.P. on the sale of a 27.6% stake in the Südewo residential portfolio in Baden-Württemberg resulted in a call option on these shares, which is measured at € 359.0 million and has been recognized outside profit or loss as an asset. As of September 30, 2023, the option was remeasured as of the reporting date, resulting in a value of € 348.0 million. The adjustment in the amount of € 11.0 million was recognized affecting net income.

The increase in other current assets as of the reporting date is due largely to an accrual in connection with the planned repayment of the USD bond. While funds had already been paid to the agent for repayment on September 30, 2023, the repayment was not executed until October 2, 2023, in accordance with the contract. Including the terminated hedge and interest, this resulted, as of the reporting date, in prepaid expenses within other assets in the amount of € 432.3 million and deferred income within other liabilities in the amount of € 253.3 million. On the other hand, current assets fell by € 41.5 million, mainly as a result of the drop in the current financial assets. This includes a reclassification due to the new long-term loans granted to QUARTERBACK Immobilien AG, which is reflected accordingly in non-current financial assets.

Goodwill comprised 1.5% of the total assets.

As of September 30, 2023, the **gross asset value (GAV)** of Vonovia's property assets came to € 89,098.5 million. This corresponds to 93.2% of total assets, compared to € 95,125.5 million or 93.8% at the end of 2022.

Equity fell by € 3,038.5 million, from € 34,438.8 million to € 31,400.3 million, mainly due to the profit for the period of € -3,808.9 million. The other comprehensive income of € -174.0 million was influenced to a significant degree by currency effects amounting to € -170.3 million.

The **equity ratio** stood at 32.8% as of September 30, 2023, compared with 34.0% at the end of 2022.

Liabilities dropped by € 2,748.9 million from € 66,950.8 million to € 64,201.9 million. The amount of non-current non-derivative financial liabilities fell by € 879.4 million, from € 41,269.7 million to € 40,390.3 million, and non-derivative financial liabilities fell by € 340.4 million from € 3,790.0 million to € 3,449.6 million.

Deferred tax liabilities fell by € 1,666.1 million.

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

Net Assets

At the end of the third quarter of 2023, the EPRA NTA came to € 41,148.3 million, down by 10.0% on the value of € 45,744.5 million seen at the end of 2022. EPRA NTA per share increased from € 57.48 at the end of 2022 to € 50.51 at the end of the third quarter of 2023.

EPRA Net Tangible Assets (EPRA NTA)

in € million	Dec. 31, 2022	Sep. 30, 2023	Change in %
Total equity attributable to Vonovia shareholders	31,331.5	27,854.5	-11.1
Deferred tax in relation to fair value gains of investment properties*	16,190.0	14,880.6	-8.1
Fair value of financial instruments**	-117.5	-139.4	18.6
Goodwill as per the IFRS balance sheet	-1,529.9	-1,391.7	-9.0
Intangibles as per the IFRS balance sheet	-129.6	-55.7	-57.0
EPRA NTA	45,744.5	41,148.3	-10.0
EPRA NTA per share in €***	57.48	50.51	-12.1

* 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.

The evaluation of the market trend with a view to September 30, 2023, showed a general sideways trend in fair values for Vonovia's real estate portfolios in the third quarter. The fair values recalculated at the end of the first half of the year have been adjusted to reflect the investments made up to September 30, 2023.

In addition, buildings under construction (new construction/development to hold) were completed during the nine-month period. A fair value measurement is performed for the first time when the properties are completed. This resulted in a valuation effect of € 12.6 million for the period from January 1 to September 30, 2023 (9M 2022: € 50.5 million).

A complete remeasurement of the entire portfolio, taking into account the updated portfolio data, market developments and in particular the discounting and capitalized interest rates, will be performed again for the annual financial statements.

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	9M 2022	9M 2023
Cash flow from operating activities	1,488.9	1,282.7
Cash flow from investing activities	923.2	-584.1
Cash flow from financing activities	-2,483.0	-1,044.2
Influence of changes in foreign exchange rates	-5.4	-3.3
Net changes in cash and cash equivalents	-76.3	-348.9
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	1,356.5	953.5

The cash flow from **operating activities** came to € 1,282.7 million for the first nine months of 2023, compared with € 1,488.9 million for the first nine months of 2022.

The cash flow from **investing activities** shows a payout balance of € 584.1 million for the first nine months of 2023. Payments for the acquisition of investment properties came to € 780.4 million in the first nine months of 2023 (9M 2022: € 1,749.2 million). On the other hand, income from portfolio sales in the amount of € 300.1 million was collected (9M 2022: € 2,900.9 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 € -1,044.2 million (9M 2022: € -2,483.0 million) includes payments for regular and unscheduled repayments on financial liabilities in the amount of € 4,275.8 million (9M 2022: € 6,444.3 million) and, on the other hand, proceeds from issuing financial liabilities in the amount of € 3,299.1 million (9M 2022: € 5,208.2 million). It also includes € 1,083.2 million (9M 2022: € - million) in proceeds from disposals of shares in consolidated companies, with around € 1.0 billion resulting from the sale of shares as part of the Südewo transaction. Payouts for transaction and financing costs amounted to € 5.4 million (9M 2022: € 47.3 million). Interest paid in the first nine months of 2023 amounted to € 545.3 million (9M 2022: € 424.7 million).

Net changes in **cash and cash equivalents** came to € -348.9 million.

Financing

According to the publication dated September 5, 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+.

In an announcement dated October 23, 2023, the rating agency Moody's confirmed Vonovia's rating of Baa1 with a stable outlook.

Vonovia received an A- investment grade rating from the rating agency Scope, although the outlook was changed from stable to negative in a publication dated June 29, 2023.

Vonovia SE has launched an **EMTN** (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 effort, 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 September 30, 2023, Vonovia had placed a total bond volume of € 23.9 billion, € 23.6 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. A bond in the amount of € 403.4 million was repaid as planned in April 2023.

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. The financing was disbursed in April 2023.

On April 19, 2023, Vonovia took out unsecured financing with Caixabank in the amount of € 150.0 million with a maturity of five years. The financing was disbursed in April 2023.

June 2023 saw Vonovia repay a secured financing arrangement in the amount of € 75.9 million on the final maturity date.

Vonovia also reached an agreement on secured financing of € 125.0 million with NordLB on June 29, 2023, with disbursement in August 2023.

On June 30, 2023, Vonovia concluded a secured financing agreement with a volume of € 130.0 million with UniCredit. A disbursement was made in the third quarter of 2023.

Additional secured financing of € 175.0 million was agreed with Berliner Sparkasse on July 5, 2023, and was disbursed in the same month.

In July and September, two bonds in the amount of € 391.6 million and € 351.9 million, respectively, were repaid as planned.

As part of its ongoing efforts to be proactive in managing its financial liabilities, Vonovia successfully completed a cash offer for a number of bonds. Out of the total face value offered by the bond investors amounting to approximately

€ 1.25 billion, Vonovia accepted the buyback of a face value of € 1.0 billion for a total value of € 892.0 million in July. This corresponds to a discount of around 11%.

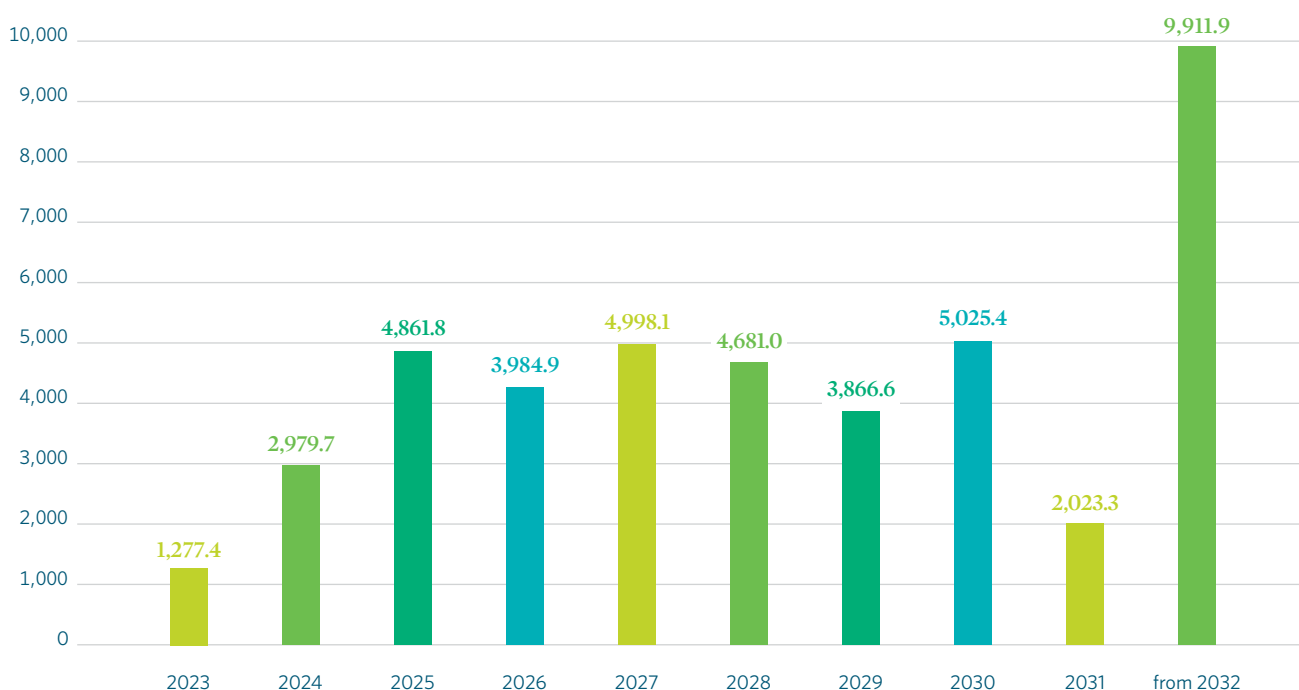
Since November 2021, an agreement has been in place between Vonovia SE and a banking consortium led by Commerzbank AG for a syndicated credit facility with a volume of € 3,000.0 million. This credit line had not been used as of September 30, 2023. As a contractual extension option was exercised at the end of September, the agreement will end in 2025.

In September, a general loan agreement for around € 600 million was concluded between Vonovia SE and a consortium of four banks led by Unicredit Bank AG. It can be used exclusively to refinance liabilities and any drawdowns must be repaid using the proceeds subsequently received from capital market transactions or sales. This agreement will end after a two-year term.

The **debt maturity profile** of Vonovia's financing was as follows as of September 30, 2023:

Debt Maturity Profile on September 30, 2023 (face values)

in € million



The maturity profile also includes regular repayments.

The key debt ratios are as follows as of the reporting date:

in € million	Dec. 31, 2022	Sep. 30, 2023	Change in %
Non-derivative financial liabilities	45,059.7	43,839.9	-2.7
Foreign exchange rate effects	-50.0	-233.8	>100
Cash and cash equivalents*	-1,302.4	-1,093.8	-16.0
Net debt	43,707.3	42,512.3	-2.7
Sales receivables	-387.2	-363.1	-6.2
Adjusted net debt	43,320.1	42,149.2	-2.7
Fair value of the real estate portfolio	94,694.5	88,693.7	-6.3
Loans to companies holding immovable property and land	809.8	803.3	-0.8
Shares in other real estate companies	547.4	538.1	-1.7
Adjusted fair value of the real estate portfolio	96,051.7	90,035.1	-6.3
LTV	45.1%	46.8%	1.7 pp
Net Debt**	43,690.9	42,910.0	-1.8
Adjusted EBITDA Total***	2,763.1	2,662.9	-3.6
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.

In connection with the issue of unsecured bonds and financing, as well as structured secured financing, Vonovia has undertaken to comply with the following standard market covenants (calculation based on the definitions in the financing documentation).

in € million	Threshold	Dec. 31, 2022	Sep. 30, 2023	Change in %
Total financial debt/		45,059.7	43,839.9	-2.7
Total assets		101,389.6	95,602.2	-5.7
LTV	< 60.0%	44.4%	45.9%	1.5 pp
Secured debt/		12,583.0	13,077.6	3.9
Total assets		101,389.6	95,602.2	-5.7
Secured LTV	< 45.0%	12.4%	13.7%	1.3 pp
LTM Adjusted EBITDA/		2,763.1	2,663.0	-3.6
LTM Net Cash Interest		502.6	608.9	21.2
ICR	> 1.8x	5.5x	4.4x	-1.1x
Unencumbered assets/		51,051.1	47,132.8	-7.7
Unsecured debt		32,476.7	30,762.3	-5.3
Unencumbered assets	> 125.0%	157.2%	153.2%	-4.0 pp

Any failure to meet the agreed financial covenants could have a negative effect on the liquidity status. The financial covenants have been fulfilled as of the reporting date.

Business Outlook

The forecast was based on the accounting principles used in the consolidated financial statements, with the adjustments described elsewhere in the Group 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 corporate planning that is determined and updated 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 sections titled Development of the Economy and the Industry and Fundamental Information About the Group in the 2022 Annual Report.

Compared to the opportunities and risks set out in the interim report for H1 2023, the following changes in the assessment of the overall risk position had arisen at the end of the third quarter of 2023: The overall number of risks increased from 104 in H1 2023 to 115 at the end of the third quarter due to additional green risks that are not significant. The number of significant amber risks remained at 9, with the risk "unfavorable exchange rate developments" being downgraded from amber to green. With an unchanged potential amount of loss of € 40-150 million, the expected probability of occurrence was reduced from 40-59% to 5-39%. The risk "material impact of legal disputes," previously green, was upgraded to amber. This takes account of a legal dispute with a social insurance provider. The expected potential amount of loss of originally € 40-150 million was adjusted to € 150-375 million with an unchanged probability of occurrence of 5-39%. For the amber risk "unfavorable exchange rate developments," the expected potential amount of loss was reduced from originally >€ 750 million to € 375-750 million with an unchanged probability of occurrence of 5-39%.

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, which will affect our construction projects as well.

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 a moderate drop in total segment revenue in 2023. We also expect Adjusted EBITDA Total to be 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 moderately given the further increase in demand for rental apartments. In the Value-add segment, we expect to see a significant year-on-year drop in results due to the reduced investment volume. Due to the strong result in the 2022 fiscal year, the updated project valuations and the sales risks on the transaction market, we expect to see a very sharp drop in EBITDA in the Development segment. We also expect to see a very sharp drop in EBITDA in the Recurring Sales segment due to a similar situation on the transaction market. As far as the Care segment is concerned, we predict a significant drop in EBITDA in 2023 due to positive one-off effects in 2022.

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

As a result, we expect a moderate decline in Group FFO.

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.

Due to our extended sales efforts and the associated lower share of Recurring Sales in relation to the total sales volume, we are not providing any forecast as to the number of units sold and the step-up Recurring Sales from H1 2023 onwards.

Based on the individual weighted targets and the values planned for the 2023 fiscal year in each case, we predict a total value of 105-110% for the Sustainability Performance Index.

The following table, which presents material and selected key figures, provides an overview of our forecast for 2023.

	Actual 2022	Forecast for 2023	Forecast for 2023 in the 2023 H1 Report	Forecast for 2023 in the 2023 Q3 Report
Total Segment Revenue	€ 6.3 billion	€ 6.4-7.2 billion	€ 6.4-7.2 billion	moderately below previous year
Adjusted EBITDA Total	€2,763.1 million	€ 2.6-2.85 billion	€ 2.6-2.85 billion	lower end of € 2.6-2.85 billion
Group FFO	€ 2,035.6 million	€ 1.75-1.95 billion	€ 1.75-1.95 billion	mid-point of € 1.75-1.95 billion
Group FFO per share*	€ 2.56	suspended	€ 2.15-2.39	mid-point of € 2.15-2.39
EPRA NTA per share*	€ 57.48	suspended	suspended	suspended
Sustainability Performance Index (SPI)**	103.0%	-100%	-100%	105-110%
Rental income	€ 3,168.1 million	€ 3.15-3.25 billion	€ 3.15-3.25 billion	upper end of € 3.15-3.25 billion
Organic rent growth (eop)	3.3%	above previous year	3.6-3.9 %	3.7-3.8 %
Modernization/portfolio investments	€ 837.4 million	-€ 0.5 billion	-€ 0.5 billion	-€ 0.5 billion
New construction/space creation	€ 607.1 million	-€ 0.35 billion	-€ 0.35 billion	-€ 0.35 billion
Number of units sold Recurring Sales	2,710	3,000-3,500	suspended	suspended
Fair value step-up Recurring Sales	38.8%	-25%	suspended	suspended

* Based on the shares carrying dividend rights on the reporting date.

** Up to and including 2022, excluding Deutsche Wohnen. From 2023 forecast, including Deutsche Wohnen (excluding Care segment and SYNVIA).

For the new 2024 financial year, we expect our key performance indicator "Adjusted EBITDA Total" to be at the same level as in 2023. We expect Group FFO and Group FFO per share to be moderately lower in 2024 than in the 2023 financial year due to higher sales-related taxes and higher interest rates.

Taking the sales into account, we expect rental income to remain at the same level as in 2023. We expect investments in the refurbishment of our housing stock, as well as investments in new construction and densification, to be moderately above the level of the 2023 financial year.

The sustainability performance index is forecast at 100%. The organic rental growth expected for 2024 will be published in the Q4 reporting.

Bochum, Germany, November 1, 2023

The Management Board