VONOVIA SE

Annual Report 2023

VONOVIA

Key Figures

Financial Key Figures in € million	2019	2020	2021	2022	2023
Total Segment Revenue (continuing operations)*	4,111.7	4,370.0	5,216.6	5,566.2	5,151.1
Total Segment Revenue from discontinued operations				256.8	266.8
Adjusted EBITDA Total (continuing operations)*	1,760.1	1,909.8	2,254.4	2,606.1	2,583.8
Adjusted EBITDA Rental	1,437.4	1,554.2	1,778.5	2,254.3	2,401.7
Adjusted EBITDA Value-add	146.3	152.3	153.8	126.7	105.5
Adjusted EBITDA Recurring Sales	91.9	92.4	113.2	135.1	63.4
Adjusted EBITDA Development*	84.5	110.9	185.4	90.0	13.2
Adjusted EBITDA Care Business			23.5	–	–
Adjusted EBITDA from discontinued operations	–	–	–	63.8	53.9
Group FFO (continuing operations)*	1,218.6	1,348.2	1,694.4	1,981.6	1,801.6
thereof attributable to Vonovia shareholders	1,165.6	1,292.0	1,624.4	1,895.0	1,717.8
thereof attributable to Vonovia hybrid capital investors	40.0	40.0	30.0	–	–
thereof attributable to non-controlling interests	13.0	16.2	40.0	86.6	83.8
Group FFO after non-controlling interests	1,205.6	1,332.0	1,654.4	1,895.0	1,717.8
Group FFO per share (continuing operations) in €**	2.11	2.23	2.18	2.51	2.23
Group FFO (discontinued operations)*				54.0	45.5
Income from fair value adjustments of investment properties*	4,131.5	3,719.8	7,393.8	-1,177.6	-10,651.2
EBT*	3,138.9	5,014.4	5,092.0	-604.6	-9,185.2
Profit for the period	1,294.3	3,340.0	2,440.5	-669.4	-6,756.2
Cash flow from operating activities	1,555.9	1,430.5	1,823.9	2,084.3	1,901.2
Cash flow from investing activities	-2,505.7	-1,729.9	-19,115.8	938.2	-825.9
Cash flow from financing activities	902.8	402.6	18,125.0	-3,145.1	-961.0
Total cost of maintenance, modernization and new construction*	1,971.1	1,935.9	2,185.6	2,266.3	1,484.5
thereof for maintenance expenses and capitalized maintenance*	481.6	592.0	753.3	856.5	722.5
thereof for modernization*	996.5	908.4	792.4	837.4	470.8
thereof for new construction*	493.0	435.5	639.9	572.4	291.2
LTV (%)	43.1	39.4	45.4	45.1	47.3
Net debt/EBITDA			14.3x	15.8x	16.5x
ICR			5.8x	5.5x	4.0x

Key Balance Sheet Figures in € million	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2023
Fair value of the real estate portfolio	53,316.4	58,910.7	97,845.3	94,694.5	83,927.7
EPRA NTA	29,762.2	35,488.6	48,640.8	45,744.5	38,140.9
EPRA NTA per share in €***	51.44	58.78	62.63	57.48	46.82

Non-financial Key Figures	2019	2020	2021	2022	2023
Number of units managed	494,927	489,709	636,507	621,303	617,343
thereof own apartments	416,236	415,688	565,334	548,524	545,919
thereof apartments owned by others	78,691	74,021	71,173	72,779	71,424
Number of units bought	23,987	1,711	155,145	969	63
Number of apartments sold	4,784	3,677	6,965	19,760	3,838
thereof Recurring Sales	2,607	2,442	2,803	2,710	1,590
thereof Non Core/other	2,177	1,235	4,162	17,050	2,248
Number of new apartments completed	2,092	2,088	2,200	3,749	2,425
thereof own apartments	1,301	1,442	1,373	2,071	1,309
thereof apartments for sale	791	646	827	1,678	1,116
Vacancy rate (in %)	2.6	2.4	2.2	2.0	2.0
Monthly in-place rent in €/m²			7.33	7.49	7.74
Organic rent increase (in %)			3.8	3.3	3.8
Sustainability Performance Index (in %)****			109.0	103.0	111.0
Carbon intensity achieved in Germany (in kg CO_2e/m^2)	47.2	39.5	38.4	33.0	31.7
Number of employees (as of Dec. 31)*	10,345	10,622	15,871	12,117	11,977

* Figures for 2019–2021 as reported, previous year's figures (2022) comparable according to current key figure and segment definition for 2023. -> [A2] Adjustment to Prior-year Figures.
** 2019–2021 based on the shares carrying dividend rights on the reporting date, 2019/2020 prior-year values TERP-adjusted (1.067), 2022/2023 based on the weighted average number of shares carrying dividend rights.
*** Based on the shares carrying dividend rights on the reporting date.
****2021/2022 excluding Deutsche Wohnen. 2023 including Deutsche Wohnen (excluding Care segment and SYNVIA).

Contents

REFERENCES

→ to further contents in the report

🖳 to the website

NOTE

For computational reasons, rounding differences may occur in tables and in explanations compared to the precise values recorded (euros, percent, etc.).

The Company and Its Shares

Megatrends continue to dominate the macroeconomic environment

Excess demand in the residential real estate sector driven by influx of people and short supply

Capital and liquidity discipline as the main levers to combat inflation and higher interest rates

Dear Shareholders, Dear Employees, Dear Readers,

Here at Vonovia, we have adopted a clear stance that has been guiding us in everything we do for many years now. One of our guiding principles is “Seeing the Big Picture – Taking Action.” The message this conveys is that we are masters of our trade. And **we are rising to the challenges associated with it**. We are resolute in the entrepreneurial decisions we make. This has allowed us to evolve into Europe’s leading residential real estate company over the last few years. We are improving the services we offer our tenants, increasing customer satisfaction and cutting costs. We are doing our bit to help solve social issues. We provide safe homes for well over a million people from across the globe. This is a responsibility that we live up to.

Despite the mounting uncertainties in the world around us, our guiding principle remains unchanged. We once again got down to getting things done last year. We took action as opposed to adopting a “wait and see” approach. The intensity of the interest rate turnaround was unusual. It marked the most drastic rise in interest rates in such a short space of time since the Federal Republic of Germany was established.

Our response to this development has been to exercise capital discipline. We adapted our investment strategy, launched an ambitious sale program and entered into new **joint venture partnerships** to take considerable pressure off our balance sheet. We still have good access to capital in an ongoing difficult environment. At the beginning of 2024, we placed a significantly oversubscribed bond on the UK financial market for the very first time, followed by our first bond in Swiss francs. This is testimony to the trust that international investors place in us. Our **ratings** are also stable at a high level.

In 2023, we realized **real estate sales, including joint venture structures,** worth around € 4 billion, doubling our original target for the year. Transactions on this sort of scale are currently a rarity on the market. We sold apartments at prices close to or above the carrying amount; commercial properties were sold at prices slightly below the carrying amount.

While the adjustments we made to our **new construction strategy** in response to the high interest rates and construction costs were urgently required, we did not decide to stop our construction activities altogether. It goes without saying that we will complete all of the projects we have already started. As a result, 2,425 residential units were created in 2023. We will complete a similar number of apartments this year, too. We are also continuing to develop new construction projects, but only until the building permit stage for the time being. This is our way of sending out a clear signal: It remains our aim to provide affordable homes. We want to, and we will, continue to build. In order to do so, however, we need policymakers to create reliable long-term overall conditions and a stable market environment.

We are also continuing to invest heavily in climate protection. Last year saw us invest € 1.5 billion in the **long-term quality of our residential property** as we continue on our climate pathway: By 2045, we will

From left to right: **Daniel Riedl**, Member of the Management Board (CDO); **Arnd Fittkau**, Member of the Management Board (CRO); **Rolf Buch**, Chairman of the Management Board (CEO); **Philip Grosse**, Member of the Management Board (CFO); **Ruth Werhahn**, Member of the Management Board (CHRO)

manage a virtually climate-neutral portfolio. This, too, remains an ambitious task in financial, energy technology and operational terms. In 2024 we will be increasing our investment volume and, in particular, stepping up our energy-efficient refurbishments. We will also be driving ahead with the expansion of photovoltaics and the installation of heat pumps.

One piece of very good news is that we have had **Ruth Werhahn** on board as our CHRO since October 1, 2023. She is a proven expert with a wealth of experience. Over the past ten years, our workforce has quadrupled. They put their talents and skills into practice day after day to serve customers – helping us to live up to our most important service promise. Our independent HR executive division will help us to further boost our appeal as an employer.

Let's take a look at our financial figures:

Our core Rental business continues to perform well. It is supported by a sustained low vacancy rate and synergies resulting from the merger with Deutsche Wohnen. Adjusted EBITDA from our rental activities rose to € 2.4 billion, up 6.5% on the previous year despite disposals.

Adjusted EBITDA Total, including the non-strategic Care business, amounted to € 2.6 billion. Accounting for 92% of our overall business, rental is by far the largest item. The Value-add, Development and Recurring Sales segments fall short of the previous year's figures as was to be expected due to market conditions. Group FFO is down to € 1.8 billion due to interest rate developments. We are reporting Group FFO per share of € 2.23 for 2023. This means we have met our forecast for 2023 for all key figures.

With a vacancy rate of 2.0%, Vonovia's portfolio of residential properties is virtually fully occupied as of the reporting date. Rents increased by 3.8%.

On the reporting date, our portfolio comprised around 546,000 apartments and had a fair value of € 83.9 billion. The residential real estate portfolio value dropped 6.6% in the first half of 2023 and 4.2% in the second half due to the changes in the market environment and disposals. On a positive note, however, this trend weakened as the year progressed. As a result of the development in fair value, the EPRA NTA is 16.6% lower than the December 2022 figure at € 38.1 billion. The EPRA NTA per share came to € 46.82 on the reporting date. The pro forma loan-to-value ratio LTV amounts to 46.7%. The target corridor of 40% to 45% remains the relevant reference value.

Based on this financial development and together with the Supervisory Board, we will be proposing a dividend of € 0.90 per share to you on May 8, 2024. This proposal is around 6% higher than the dividend for 2022. We believe that this strikes a good balance between the ongoing need for cost discipline and appropriate participation in our business results. It goes without saying that the decision on the dividend lies with you, our shareholders. We hope, however, that our proposal gives you a clear basis on which to make a decision.

So what lies ahead for us in 2024?

One thing is certain: It will be an interesting year, and one that we have set ambitious targets for. As usual, we will be passionate in our pursuit of these targets. Following the extremely successful sales in the previous year, we aim to sell residential property worth € 3 billion in 2024 to stabilize the LTV. We will be there for our customers, will continue on our climate path and will again invest heavily in our portfolio.

Going forward, we will be making a clearer distinction in our management system between earnings orientation and liquidity orientation. This is our way of reflecting the current market environment and the resulting need to manage our liquidity. Taking into account what is currently a much more relevant sale segment, Group FFO does not allow us to make a sufficient distinction in this regard. While it reflects the earnings contributions made by disposals, it does not capture the liquidity inflows they generate in full. In this respect, Group FFO is a mixture of earnings and cash flow, meaning that it is not a clear performance indicator.

Going forward, Vonovia will reconcile Adjusted EBITDA to Adjusted earnings before taxes (Adjusted EBT), establishing this as the central measure of earnings. EBT is a standard performance indicator for companies; as such, it offers high levels of transparency and allows for comparisons to be drawn with other industries. Like our existing Adjusted EBITDA, Adjusted EBT is adjusted to reflect effects that do not relate to the period, recur irregularly or are atypical for business operation. Unlike Group FFO, this Adjusted EBT includes depreciation and amortization as a measure of loss in value, but does not include current income taxes, as these are not part of operating value creation.

As the leading indicator of internal financing and, as a result, liquidity management, Vonovia will also be reporting its operating free cash flow (OCFC) in the future.

The overall framework will remain challenging. Nevertheless, we are also witnessing a number of positive trends. The latest inflation data, which reached its lowest level in two and a half years in January 2024, suggests that the investment climate is starting to brighten up. The central banks are signaling stable interest rates at the very least, with a chance of initial interest rate hikes.

The plans we have made are such that we can take action from a position of strength at all times: Our unsecured liabilities are already covered in full, taking into account the latest bond issues, until the end of the third quarter of 2025.

For the financial year, we expect an Adjusted EBITDA contribution in the range of € 2.55 billion to € 2.65 billion, while Adjusted EBT is expected to be in the range of € 1.70 billion to € 1.80 billion. From 2024, we will no longer manage the Care business held for sale as a segment, and will report it under Development to hold in the valuation, but no longer in Adjusted EBITDA. Looking ahead to future developments, we will focus more on increasing our income again once we know for certain that real estate valuations have bottomed out.

The replacement of Group FFO necessitates a new basis for the dividend from 2024. The aim is to ensure a solid dividend based on Adjusted EBT and sufficient financing for investments at all times. As in previous years, shareholders will again have the choice between a cash dividend and a scrip dividend.

I'd like to finish on a personal note:

Since the beginning of the year, more than one million people in Germany have taken to the streets to demonstrate against right-wing extremism. These peaceful demonstrations send out a strong signal for our democracy and for values that are shared by many countries around the world. These are values shared by Ruth Werhahn, Arnd Fittkau, Philip Grosse, Daniel Riedl and myself – as the entire Vonovia Management Board. The determination these people have shown is encouraging.

Vonovia is like Germany itself: diverse, tolerant, humanitarian and reliant on immigration. Just take the example of the Ruhr region: Without immigration, this region could never have established itself as an economic powerhouse and brought prosperity to people throughout Germany.

In this spirit of cohesion and openness, let us address the tasks waiting for us in 2024 with a positive attitude – together with my Management Board team, our employees, our business partners and you, our shareholders.

Bochum, March 2024

Sincerely,

Rolf Buch (CEO)

Chairman of the Management Board

Report of the Supervisory Board

Dear Readers,

Overall conditions on the capital markets have changed significantly over the past two years. The abrupt turnaround in interest rates put the economy – and the real estate market along with it – under severe pressure. Vonovia did not escape these developments unscathed either. The impact was particularly evident in the value adjustments that had to be made to the residential property portfolio and in the Management Board's decision to adjust the company's investment policy, particularly with regard to the new construction business.

In a challenging environment, the Management Board proposed an appropriate solution for the challenges of 2023. Selective portfolio sales and increased cost discipline ensured that the Group remains on a stable foundation. The intact business model, which Vonovia used to provide its customers with reliable support once again over the past year, remains a key pillar.

In the 2023 fiscal year, the Supervisory Board continuously monitored the Management Board's management activities and provided the Management Board with regular advice concerning the running of the company. We were able at all times to establish that their actions were lawful, expedient and regular. The Management Board notified us regularly, promptly and comprehensively, both in writing and verbally, of all circumstances and measures that were relevant to the company. The Management Board fulfilled its information obligations to an appropriate extent at all times.

At our plenary meetings and in our committees, we always had ample opportunity to critically appraise the reports and proposals submitted by the Management Board and to contribute our own suggestions. We discussed and tested the plausibility of all business occurrences of significance to the company, as communicated to us by the Management Board in written and verbal reports, in detail. Where required by law or the Articles of Association, we granted our consent to individual business transactions.

Meetings of Supervisory Board and Committees in the 2023 Fiscal Year

Member	Supervisory Board	Audit Committee	Executive and Nomination Committee	Finance Committee	Governance and Nomination Committee	Audit, Risk and Compliance Committee	Strategy, Finance and Sustainability Committee	Human Resources and Compensation Committee	Participation rate in %
Jürgen Fitschen*	2/2	–	2/2	2/2	–	–	–	–	100
Vitus Eckert	7/7	2/2	–	–	3/3	2/2	–	–	100
Prof. Dr. Edgar Ernst*	2/2	2/2	–	–	–	–	–	–	100
Jürgen Fenk	7/7	2/2	–	–	–	–	5/5	3/3	100
Dr. Florian Funck	7/7	2/2	–	–	–	2/2	–	3/3	100
Dr. Ute Geipel-Faber	7/7	–	–	2/2	–	2/2	–	–	100
Dr. Daniela Gerd tom Markotten**	5/5	–	–	–	–	–	4/5	–	90
Matthias Hünlein	6/7	–	2/2	–	–	2/2	–	–	91
Daniel F. Just*	2/2	–	–	1/2	–	–	–	–	75
Hildegard Müller	6/7	–	2/2	–	–	–	5/5	–	93
Dr. Ariane Reinhart	7/7	–	2/2	–	3/3	–	–	3/3	100
Clara-Christina Streit	7/7	–	2/2	2/2	3/3	–	5/5	3/3	100
Christian Ulbrich	6/7	–	–	2/2	–	–	3/5	–	79

* Member of the Supervisory Board until May 17, 2023.
** Member of the Supervisory Board since May 17,2023.

Cooperation Between the Management Board and the Supervisory Board

The Supervisory Board consisted of twelve members in the past fiscal year, and ten members as of the end of the Annual General Meeting on May 17, 2023. We were on hand to support the Management Board in the various meetings held and also in its key decisions. We also kept a close eye on the company's business development outside of meetings. The Management Board regularly informed us about key events and the company's strategic direction as part of a collaboration based on trust.

My predecessor Jürgen Fitschen and I, as Chair of the Supervisory Board, maintained regular and close dialogue with the Chairman of the Management Board in particular, but also with the other Management Board members, even outside of the Supervisory Board meetings. The employee representative bodies were involved in communications on key company matters via the Management Board.

The Chairman of the Management Board informed me on company-related topics emerging from the Management Board's discussions with representatives of the Group works council, going into an appropriate level of detail. Other members of the Supervisory Board were notified of any important findings promptly, or at the latest by the next board meeting.

Last year, we decided to carry out an effectiveness test within the Supervisory Board with the involvement of an experienced external consultancy firm. The evaluation was performed at the end of 2023. It revealed that our Supervisory Board works efficiently in both its work in plenary sessions and in its committee work. In the first quarter of 2024, we will address the results of the evaluation again separately in order to see how we can implement the recommendations for action they include.

Main Remit

In line with the duties assigned to the Supervisory Board by law, the Articles of Association and the rules of procedure, we once again closely scrutinized the Group's operational, economic and strategic progress in the 2023 fiscal year. The main issues covered included the development of overall conditions on the markets, changes in the capital market environment and their impact on portfolio and new investments. We also discussed the topics of digitalization, portfolio strategy and regulation with the Management Board in detail.

Once again, the topic of governance was a key issue for the Supervisory Board. The regulatory requirements also require us to analyze our business activities and the corresponding implementation. We will be providing close support in this matter.

We also took an in-depth look at the future structure of the Supervisory Board and the Management Board. As far as the Management Board is concerned, we discussed the management structure, including possible succession arrangements. In 2023, the Supervisory Board was faced with the task of (re)appointing candidates for numerous Supervisory Board mandates. Discussions were held and preparations made in this regard as part of the strategic succession planning process.

The Chair of the Supervisory Board is engaged in dialogue with the relevant investors on governance issues as part of a regular Governance Roadshow, the last of which was held at the end of February 2023.

Meetings

In the 2023 fiscal year, the Supervisory Board met a total of seven times to consult and pass resolutions: four times at face-to-face meetings (March, May, September, December) and three times via conference call (February, August, October). The Committee made decisions using a written circular in seven cases (February, April, three times in May, twice in December).

Any individual members absent from the seven meetings had always been excused. Particularly in the case of the extraordinary meetings, these absences were work-related. The absent members looked at the meeting documents in detail and participated in the decisions made by issuing voting instructions to the Chair of the Supervisory Board.

The attendance rate for Supervisory Board and committee meetings averaged 96%. No member of the Supervisory Board took part in less than half of the meetings during their term of office. The same applies to participation in committee meetings. In preparation for the meetings, the Management Board submitted timely, comprehensive and valid written reports and resolution proposals to us.

Information on the Individual Meetings and Written Resolutions

On **February 28, 2023,** the Supervisory Board came together at an extraordinary meeting held as a video conference. The joint venture project with Apollo was the main topic of discussion. Following a detailed discussion of the key economic and legal parameters, we approved the joint venture transaction proposed by the Management Board and authorized the Management Board to conduct the final negotiations and sign the agreement. We also discussed possible dividend scenarios and took the findings from the Governance Roadshow on board. We also discussed HR matters relating to the Management Board and the Supervisory Board. Prior to the discussions on HR matters relating to the Management Board, a resolution regarding amendments to the relevant employment contracts had been adopted using the written procedure on February 20, 2023.

On **March 16, 2023**, we met to adopt the balance sheet. We approved the company's annual and consolidated financial statements as of December 31, 2022, including the combined management report and the Non-financial Declaration. We also approved the ESG Report, the Remuneration Report and the Supervisory Board Report for 2022.

We approved the proposal for the appropriation of profit to be made to the Annual General Meeting as well as the proposal that the dividend be paid either in cash or in the form of shares. Within this context, we transferred the corresponding authorities to utilize the authorized capital 2022 to the Finance Committee. We approved the recommendation made by the Audit Committee to appoint PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft in Essen as the auditor of the annual and consolidated financial statements for the 2023 fiscal year, and as the auditor for the review of interim financial reports for the 2023 fiscal year and the first quarter of 2024. We also engaged PwC to review the Non-financial Group Declaration and ESG reporting, as well as the Sustainability Report for the 2023 fiscal year.

Over and above the Group's overall performance, we discussed the operational and economic situation in the Development, Value-add and Care segments in particular. Other points of discussion included capital market developments, the joint venture project with the potential partner Apollo, and further portfolio disposals.

One extraordinary topic of discussion was a compliance case that led to a search being performed at the corporate headquarters on March 6. The Management Board explained that Vonovia was listed as an injured party in the investigation proceedings. It gave us a detailed account of the context and the measures it had taken/initiated. The Management Board assured us that, based on the information currently available, this would not result in any material impact on Vonovia's net assets, financial position and results of operations. We acknowledged and approved these statements.

Under the "HR-related matters" agenda item, we discussed remuneration issues relating to the Management Board (including target agreements, short-term and long-term incentive plans, the target achievement level under the 2022 short-term incentive plan, payment of the 2019 long-term incentive plan tranche) and passed corresponding resolutions. We discussed and adopted resolutions on the candidates proposed for election to the Annual General Meeting with regard to the composition of the Supervisory Board. As regards the Management Board, we discussed the establishment of a Chief Human Resources Officer (CHRO) position and a corresponding appointment.

We used the written procedure to approve the joint venture with the investor Apollo regarding a stake in the Südewo portfolio on **April 23, 2023.** On May 3, 2023, we passed written resolutions on two contractual provisions with members of the Management Board and an adjustment to the distribution of duties within the Management Board.

After the Annual General Meeting, we held our inaugural meeting on **May 17, 2023**. At this meeting, Clara-Christina Streit was appointed Chair and Vitus Eckert her deputy. We then passed a resolution to amend the rules of procedure for the Supervisory Board and the Management Board, and elected the Supervisory Board committees in accordance with the new rules of procedure. Clara-Christina Streit (as Chair), Vitus Eckert and Dr. Ariane Reinhart were elected to the Governance and Nomination Committee. Dr. Ariane Reinhart (as Chair), Jürgen Fenk, Dr. Florian Funck and Clara-Christina Streit were elected as members of the HR and Remuneration Committee. Dr. Florian Funck (as Chair), Vitus Eckert, Dr. Ute Geipel-Faber and Matthias Hünlein were appointed to the Audit, Risk and Compliance Committee. The Strategy, Finance and Sustainability Committee was elected with Jürgen Fenk (as Chair), Dr. Daniela Gerd tom Markotten, Hildegard Müller, Clara-Christina Streit and Christian Ulbrich. We confirmed these resolutions in a video conference held on **August 3, 2023**.

On **September 6 and 7, 2023,** we held a two-day meeting to discuss the company's strategy in detail. Together with the Management Board, we discussed the changes in the overall conditions on the capital markets and their impact on Vonovia in the first part of the meeting. The Management Board explained the measures taken by the company in response to the lower value of the portfolio in order to safeguard Vonovia's financial stability, and presented scenarios for future action. We encouraged the Management Board in its strategic approach, taking into account the issues of balance sheet stability, cost discipline and perception on the capital market (including rating).

We continued with the strategic discussions in the second part of the meeting, addressing the corporate mission statement, the business model in the context of megatrends, the potential offered by the management platform, optimization of the capital structure and the cost of capital, and the investment program. Further topics of discussion included development opportunities for the Value-add and Development segments, as well as potential courses of action for the companies outside of Germany.

We also took an in-depth look at the reports from the newly established committees: We approved the recommendation made by the Governance and Nomination Committee to seek professional support for succession planning for the Management Board going forward, and to engage an HR consultancy firm for this purpose. We also discussed proposals for external consultancy services for the planned Supervisory Board effectiveness test. The HR and Remuneration Committee reported on the results of the review of the remuneration system to ensure compliance with corporate governance requirements and check that the remuneration components were in line with standard market levels.

On **October 25, 2023**, we held an extraordinary video conference with the Management Board to discuss a further joint venture with Apollo and, within this context, the sale of shares in a selected portfolio of residential properties. We authorized the Management Board to finalize the negotiations and conclude the agreements.

At a face-to-face meeting of the Supervisory Board held on December 5 and 6, 2023, we discussed the 2024 budget presented by the Management Board in detail and addressed, among other things, the reports from the committees: During the first part of the meeting on December 5, 2023, we mainly dealt with matters relating to the Supervisory Board and HR matters concerning the Management Board. In line with the recommendation put forward by the Governance and Nomination Committee, we decided to carry out an effectiveness test within the Supervisory Board with the support of an experienced external consultancy firm.

We also discussed the topics to be addressed in further training sessions for the Supervisory Board and confirmed our decision to continue to include specific topics related to the residential real estate sector and governance in future training. We also took advantage of presentations offered by management and executives within this context. We took a detailed look at rent trends, the rent indices and their application, as well as the effects of application on business development.

As part of our discussions on HR-related matters, we discussed succession planning for the Management Board and Supervisory Board. The Governance and Nomination Committee is supported in this work by an HR consultancy firm. Based on an evaluation of market mapping exercises carried out based on predefined qualifications profiles, we compiled a pool of potential candidates to fill any Board positions that become vacant. These lists of potential candidates are being maintained in order to safeguard succession planning by the Supervisory Board committees.

With the help of an experienced remuneration consultant, we looked at the remuneration paid to the Management Board and found it to be in line with market practice. As a result, we followed the recommendation made by the HR and Remuneration Committee and confirmed the appropriateness of the remuneration paid to the Management Board members. This involved discussing whether an individual performance criterion should be agreed with the members of the Management Board for the purposes of their variable remuneration (short-term incentive).

We also endorsed the recommendation made by the Governance and Nomination Committee to issue an updated Declaration of Conformity.

The second part of the Supervisory Board meeting held on December 6, 2023 focused on the Management Board's budget and medium-term planning. The Management Board provided us with information on current economic developments and explained its key planning assumptions for 2024 and beyond. The Management Board also addressed development opportunities for the Development segment within this context. We approved the 2024 budget presented and acknowledged the five-year plan presented by the Management Board.

On **December 18, 2023,** we used the written procedure to approve the target values for the Sustainability Performance Index (SPI) as part of the 2024 budget.

Also on **December 18, 2023,** we used the written procedure to adopt the agreement of an individual target with the members of the Management Board as part of their variable remuneration. The individual contributions to be made by the members of the Management Board are to be defined in the first quarter of 2024.

Committees and Their Work

We have established committees within the Supervisory Board in order to perform our duties effectively. The committees prepare subjects which are to be discussed and/or resolved by the Supervisory Board. In addition, they pass further resolutions that we have delegated to them instead of passing them on the Supervisory Board as a whole.

Up until the Annual General Meeting held on May 17, 2023, our work was supported by three committees: the Audit Committee, the Finance Committee and the Executive and Nomination Committee.

At the inaugural meeting on May 17, 2023, we split tasks and key topics among four committees. The Executive and Nomination Committee was abolished and two new committees formed, a Governance and Nomination Committee and an HR and Remuneration Committee. Duties were reassigned and additional duties were entrusted to the committees.

> **Governance and Nomination Committee:** This committee holds regular discussions on long-term succession planning for the Management Board and Supervisory Board, as well as the company's corporate governance.

> **Audit, Risk and Compliance Committee:** This committee handles, in particular, the monitoring of the accounting process, issues related to valuation, the effectiveness of the internal control system, risk management system and internal audit system, the audit of the annual financial statements and compliance.

> **Strategy, Finance and Sustainability Committee:** This committee advises the Management Board on corporate and divisional strategy and on sustainability strategy, in particular on planning the strategic framework for all Group-wide sustainability measures and on matters of strategic importance to the company and its affiliated companies. It also advises the Management Board on issues related to the digitalization of society, including the topics of technological innovation and transformation.

> **HR and Remuneration Committee:** This committee prepares resolutions of the Supervisory Board regarding the introduction of, and amendments to, the remuneration system for the Management Board, including key contractual elements, targets and performance, as well as the definition of the specific remuneration to be paid to individual Management Board members. It also advises the Management Board on matters related to HR strategy (including employer branding, human capital development, performance management, remuneration) and restructuring measures.

Details on the establishment of the committees and their tasks were included in the rules of procedure for the Supervisory Board and are explained in the corporate governance declaration.

The Audit Committee, and later the Audit, Risk and Compliance Committee, maintained close contact with the auditors of the financial statements at the quarterly meetings. The Committee, represented by the Chair, and the auditors also maintained close dialogue in the run-up to the quarterly Audit Committee meetings.

In addition to regular dialogue between the Audit Committee/Governance and Nomination Committee and the auditors at the quarterly meeting, there is also regular communication between the Chair of the Audit Committee and the auditors, particularly before the quarterly meetings of the Audit Committee.

Audit Committee (until May 17, 2023)

The Audit Committee had four members up until the 2023 Annual General Meeting. The Chairman was Prof. Dr. Edgar Ernst. The other members were Vitus Eckert, Jürgen Fenk and

Dr. Florian Funck. Jürgen Fitschen and Clara-Christina Streit attended the meetings held in 2023 as permanent guests. The Audit Committee met twice in 2023 (March, May).

At the hybrid meeting held on **March 15, 2023**, the Committee assessed the annual and consolidated financial statements as of December 31, 2022, as well as the combined management report for the 2022 fiscal year. The Committee's review took account of both the company's reports and the reports prepared by the auditor KPMG. The auditor audited the presentation of the consolidated financial statements in ESEF format (European Single Electronic Format), as required in the 2022 fiscal year, and confirmed that it is legally compliant. KPMG also issued an unqualified audit opinion for the Non-financial Declaration, including the taxonomy reporting as part of a limited assurance engagement.

The Committee recommended that the Supervisory Board adopt the annual financial statements and the combined management report for the 2022 fiscal year and that it approve the consolidated financial statements and the combined management report for the 2022 fiscal year. The Committee also recommended that Vonovia SE's Non-financial Declaration and ESG Report be approved. The Audit Committee approved the proposal for the appropriation of profit made by the Management Board.

In line with a decision already made as part of a selection procedure, the Committee recommended that the Supervisory Board appoint PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft in Essen as the auditor of the annual and consolidated financial statements for the 2023 fiscal year, and as the auditor for the review of interim financial reports for the 2023 fiscal year.

The Audit Committee also addressed the 2022 annual report of the Internal Audit function and a compliance case that led to a search being conducted at the corporate headquarters as a result of criminal investigations against current and former employees. It obtained detailed information about the background, the current situation and the measures taken by the company. It acknowledged and approved these measures, asking to be kept up-to-date on further developments at regular intervals. The Committee also acknowledged and approved the Internal Audit reports on the internal control system.

At a hybrid meeting held on **May 3, 2023**, the Audit Committee looked at the condensed consolidated interim financial statements as of March 31, 2023. The new auditor PwC confirmed that the transition to the mandate had gone smoothly. The Committee acknowledged and approved the auditor's report and the condensed consolidated interim financial statements and interim statement as of March 31, 2023. It consulted with the Management Board on the economic development of the Group and the segments, the valuation of the portfolio and planned transactions.

In connection with the compliance report, the Committee also discussed the status of the ongoing investigations into the above-mentioned compliance case in detail at this meeting. The Committee also addressed the Group's risk-bearing capacity, the risk management report, the report on the company's tax situation and the Internal Audit status report.

Audit, Risk and Compliance Committee (as of May 17, 2023)

The Audit, Risk and Compliance Committee had four members in the reporting year. Dr. Florian Funck was Chair of this Committee. The other members were Vitus Eckert, Dr. Ute Geipel-Faber and Matthias Hünlein. Clara-Christina Streit attended the meetings as a permanent guest. The Audit, Risk and Compliance Committee held two meetings in 2023 (August, November).

At its first meeting held on **August 3, 2023** as a hybrid event, the Committee discussed the future organization of collaboration and the future focus of its work. The decision was made to involve the auditing firm even more closely in the topics to be covered at the meetings. The Committee acknowledged and approved the consolidated half-year financial statements, including the interim financial report, as of June 30, 2023. The Committee approved the 2023 audit budget and the additional audit expenses for 2022. Other topics of discussion included real estate valuation and compliance, including the current compliance case.

On **November 2, 2023,** the Audit, Risk and Compliance Committee discussed the condensed consolidated interim financial statements as of September 30, 2023 at a hybrid meeting, acknowledging and approving them. The discussions covered topics including the report of the company and the auditor. The Committee joined the Management Board to discuss the success of sales projects, financing issues and credit ratings as well as the forecast for 2023 and the outlook for 2024.

The auditor presented information on the procedure for the audit of the annual financial statements and quality assurance. The following key audit matters were also explained: the valuation of investment properties, the goodwill impairment test, the valuation of development projects and the valuation of shares in affiliated companies.

The Committee obtained detailed information on the importance of cyber security for the Vonovia Group and the implementation status of the cyber security measures. Other topics covered included risk developments in the second half of 2023, key legal disputes, potential conflicts of interest, the compliance report and the internal audit report on the status of the audits. The Committee approved the Internal Audit department's audit plan for the 2024 fiscal year.

Finance Committee (until May 17, 2023)
In 2023, the Finance Committee comprised five members. The Chairperson was Clara-Christina Streit. The other members were Jürgen Fitschen, Dr. Ute Geipel-Faber, Daniel F. Just and Christian Ulbrich. The Finance Committee met twice in the reporting year (February and May).

In a video conference held on **February 23, 2023,** the Finance Committee discussed the status of negotiations with the joint venture partner Apollo. As well as discussing the contractual details, the Management Board explained to the Committee the financial appeal of the joint venture structure compared with other currently available financing options and explained the likely classification of the investment as equity by the rating agencies. The Committee also discussed possible dividend considerations with the Management Board.

On **May 1, 2023**, the Finance Committee used the written procedure to approve a transaction to sell a real estate portfolio with a volume of € 550 million.

At a hybrid meeting held on May 16, 2023, the Finance Committee addressed the topic of dividends and approved the Management Board's fundamental resolution on the partial use of the 2022 authorized capital in connection with the 2023 scrip dividend.

Strategy, Finance and Sustainability Committee (as of May 17, 2023)
The Strategy, Finance and Sustainability Committee comprised five members in 2023. It was chaired by Jürgen Fenk. The other members were Dr. Daniela Gerd tom Markotten, Hildegard Müller, Clara-Christina Streit and Christian Ulbrich. The Strategy, Finance and Sustainability Committee met five times in the reporting year (twice in August, once in November, twice in December).

On **June 9, 2023,** the Committee used the written procedure to approve the Management Board's resolution on the use of the 2022 authorized capital as part of a non-cash capital increase in connection with the granting of the 2023 scrip dividend.

At its meeting held on **August 3, 2023,** the Committee addressed the preparation of the strategy discussion at a plenary Supervisory Board session in detail. At the meeting, the Management Board explained the importance of the capital market, the general market situation and sustainability for the company's future strategic course.

The Committee continued these discussions in a video conference held on **August 28, 2023**. The interplay between the situation on the real estate and financial markets and Vonovia's business decisions was examined in greater depth.

A committee meeting held on **November 16, 2023** by video conference focused on the development strategy and budget planning for 2024. The Management Board supplied the committee members with information on the company's response to the changes in market conditions and explained its decision to continue to develop construction projects for the future so that they would be ready for construction at the right time.

The video conference held on **December 1, 2023** once again addressed the topic of the budget for 2024. With the support of the Management Board, it went into greater detail during the discussion, taking into account relevant aspects such as earnings, investments, liquidity, debt and dividends.

At its final meeting of the year held on **December 14, 2023,** the Committee discussed the Sustainability Performance Index (SPI) target values, confirmed them for the 2024 budget in line with the Management Board's proposal, and recommended that the Supervisory Board approve them.

Executive and Nomination Committee (until May 17, 2023)
In the fiscal year under review, the Executive and Nomination Committee consisted of five members. The Committee was headed up by Jürgen Fitschen as Chairman of the Supervisory Board. The other members were Matthias Hünlein, Hildegard Müller, Dr. Ariane Reinhart and Clara-Christina Streit. The Executive and Nomination Committee met twice in 2023 (March and April).

At a video conference held on **March 8, 2023,** the Committee discussed the appointment of the position of CHRO on the Management Board and Management Board remuneration issues. Prior to the discussions on HR-related matters relating to the Management Board, a resolution regarding amendments to the relevant employment contracts had been adopted using the written procedure on **February 14, 2023**.

Following a discussion on target achievement for the purposes of variable remuneration under the STIP (Short-Term Incentive Plan) for the 2022 fiscal year and the LTIP (Long-Term Incentive Plan) 2019 tranche, the Committee decided to recommend to the Supervisory Board that the payout amounts be defined in accordance with the results presented.

The Committee also discussed and approved the nomination proposals for appointments to the Supervisory Board to be presented at the Annual General Meeting on May 17, 2023.

On **April 28, 2023,** the Executive and Nomination Committee held a video conference to discuss, among other things, the distribution of duties within the Management Board. The Committee recommended to the Supervisory Board that Ruth Werhahn be appointed to the CHRO position on the Management Board. Another topic was possible succession planning for Supervisory Board mandates at the 2025 Annual General Meeting.

On May 2, 2023, the Committee passed written resolutions on two decisions regarding contractual provisions with members of the Management Board and an adjustment to the distribution of duties. It also made a corresponding recommendation for a resolution to be adopted by the Supervisory Board.

Governance and Nomination Committee (as of May 17, 2023)

The Governance and Nomination Committee consisted of three members in the reporting year. The Committee was headed up by Clara-Christina Streit as Chair of the Supervisory Board. The other members were Vitus Eckert and Dr. Ariane Reinhart. The Governance and Nomination Committee met three times in the fiscal year (July, September, November).

At a video conference held on **July 31, 2023,** the Committee addressed the Supervisory Board effectiveness test conducted with the support of an external consultancy firm. The Committee discussed performance management and mandatory succession planning for the Supervisory Board. The Committee also discussed the involvement of experienced external HR consultants in the mandatory succession planning process for the Management Board. In addition, the Committee addressed the topic of a permanent education agenda in order to be able to recommend a selection of suitable further training events to the Supervisory Board.

At the meeting held on **September 6, 2023,** the Committee addressed the succession planning process for the Management Board. With the support of an HR consultant, the committee members agreed on skills and qualifications profiles to be used in the market mapping process. The Committee recommended that the Supervisory Board draw up a list of names for existing management functions to enable the Supervisory Board to approach potential candidates if need be.

The meeting on **November 30, 2023** involved a discussion of the results of the suitability assessment performed by the Supervisory Board in November. As part of the self-assessment, the Supervisory Board members provided information on their qualifications and skills profile as well as other governance requirements. This was used as a basis to confirm and expand the qualifications and skills profile already stored for the Supervisory Board. The Committee verified the information provided by the members of the Supervisory Board and found that the company complies with the governance regulations. It made a recommendation to the Supervisory Board regarding the issue of the annual Declaration of Conformity. It also recommended that the Supervisory Board appoint a consultancy firm to support the Supervisory Board in its effectiveness test.

The Committee also dealt with the disclosure of a conflict of interest by a member of the Supervisory Board. In the context of a tender for consultancy services, a company in which the Supervisory Board member concerned holds a management position was to be included. The committee acknowledged the Supervisory Board member's declaration stating that he was not involved in the tender process and decided that the company could participate in the tender. This decision did not set any precedent regarding the need for the Committee's approval of any contract that might be concluded. The Committee also dealt with HR matters relating to the Management Board.

HR and Remuneration Committee (as of May 17, 2023)

In the fiscal year under review, the HR and Remuneration Committee consisted of five members. Dr. Ariane Reinhart assumed the position of Chair. The other members were Vitus Eckert, Jürgen Fenk, Dr. Florian Funck and Clara-Christina Streit. The HR and Remuneration Committee met three times during the fiscal year (in September and twice in November).

At the meeting held on **September 6, 2023,** the Committee addressed the Management Board remuneration system. A review assisted by a remuneration consultant confirmed both that the system complied with the German Corporate Governance Code (GCGC) and that the renumeration components were in line with market practice.

Given that the Management Board remuneration system was found to be compliant with the relevant regulations, the Committee used the video conference held on **November 16, 2023** to discuss areas of action that could be taken into account in an adjusted remuneration system to enhance the latter in order to be able to present these findings to the Annual General Meeting for approval in 2025.

The Committee used the meeting on **November 30, 2023** to verify that the Management Board remuneration was in line with market practice. The Committee consulted market data and the expertise of a remuneration consultant as part of this process. The Committee found that the remuneration paid to members of the Management Board does not exceed the standard market remuneration, and recommended that the Supervisory Board confirm the appropriateness of the remuneration for members of the Management Board. The Committee also discussed the variable remuneration paid to the Management Board (STIP and LTIP). As regards the STIP, the Committee recommended to the Supervisory Board that an individual target be agreed with each member of the Management Board.

Corporate Governance

The Management Board and Supervisory Board of Vonovia SE are committed to the principles of good corporate governance. As a result, the members of the Supervisory Board once again looked at the German Corporate Governance Code in the reporting year. On December 12, 2023, the Management Board and the Supervisory Board issued a Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG). The Management Board also reports, including on behalf of the Supervisory Board, on corporate governance at Vonovia in the declaration on corporate governance. Both declarations will be permanently published by the company on its website for perusal.

Audit

After being appointed at the Annual General Meeting on May 17, 2023 to audit the financial statements for the 2023 fiscal year, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Essen, has duly audited the annual financial statements and consolidated financial statements of Vonovia SE as of December 31, 2023, and the combined management report for the 2023 fiscal year and has expressed an unqualified opinion thereon. The Non-financial Group Declaration, which is set out in a separate section of the combined management report, was subjected to a separate limited assurance audit conducted by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Essen, in accordance with ISAE 3000. In accordance with Section 317 (4) of the German Commercial Code (HGB), KPMG also assessed the risk early warning system of Vonovia SE.

The auditor had affirmed its independence to the Chair of the Audit, Risk and Compliance Committee and duly declared that no circumstances exist that could give grounds for assuming a lack of impartiality on its part. The audit assignment was awarded to PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Essen, by the Chair of the Audit Committee in line with the Committee's resolution and the choice of auditor made by the shareholders at the Annual General Meeting.

The annual financial statements were prepared by the Management Board in accordance with the German commercial law and stock corporation law provisions, including the generally accepted accounting practice. The consolidated financial statements were prepared by the Management Board in accordance with the International Financial Reporting Standards (IFRS), as applied in the European Union, as well as the supplementary provisions applicable pursuant to Section 315e (1) HGB.

For the annual financial statements and the consolidated financial statements, Vonovia SE prepared a combined management report based on the requirements set out in Sections 315, 298 (2) HGB. Every member of the Supervisory Board received copies of the annual financial statements, the consolidated financial statements, the combined management report and the auditor's report in good time. On the basis of the preliminary examination and assessment by the Audit, Risk and Compliance Committee, about which the Audit, Risk and Compliance Committee Chair reported to the Supervisory Board, the Supervisory Board has scrutinized in detail the annual financial statements, consolidated financial statements and combined management report of Vonovia SE for the 2023 fiscal year and also considered the Management Board's proposal for the appropriation of profit. With regard to the Non-financial Declaration to be published pursuant to the CSR Directive Implementation Act, the Supervisory Board complied with its review obligation.

At both the joint meeting on March 14, 2024 with the Audit Committee and the Supervisory Board meeting on March 14, 2024, the auditors reported on their findings, including the strategic audit objectives and key audit matters. The strategic audit objectives and the key audit matters set out in the auditor's report had been defined by the auditor within the context of his independent mandate in the second half of 2023, and had already been discussed and agreed upon with the Audit Committee in advance.

In the 2023 fiscal year, with regard to the consolidated financial statements, particularly key audit matters included the valuation of investment properties, the value of goodwill and the valuation of properties in development and construction. One focal point of the audit of the individual financial statements was the valuation of shares in affiliated companies in light of the increased interest rates.

The auditors gave detailed answers to our questions. After an in-depth review of all documentation, we found no grounds for objection. As a result, we concurred with the auditors' findings. On March 14, 2024, we followed the Audit Committee's recommendation and approved the annual financial statements and consolidated financial statements of Vonovia SE, as well as the combined management report. The annual financial statements are thus duly adopted.

Remuneration Report

The Management Board and Supervisory Board prepared a report on the remuneration granted and owed to the members of the Management Board and the Supervisory Board in the 2023 fiscal year. The remuneration report was reviewed by the auditor to check that it included the disclosures required by law under Section 162 (1) and (2) AktG. As well as checking the statutory requirements, Pricewaterhouse-Coopers GmbH Wirtschaftsprüfungsgesellschaft, Essen, also audited the content of the report. The remuneration report, including PwC's audit report, was published on the company's website.

Dividend

The Supervisory Board considered the Management Board's proposal for the appropriation of profit. It gave particular consideration to the liquidity of the company/the Group, tax-related aspects and financial and investment planning. Following the audit, we agree with the proposal for the appropriation of profit set out by the Management Board, namely the proposal that, from the profit for the 2023 fiscal year, a dividend of € 0.90 per share or € 733,180,498.20 in total on the shares of the share capital as of December 31, 2023 be paid to the shareholders and the remaining amount be carried forward to the new account or be used for other dividends on shares carrying dividend rights at the time of the Annual General Meeting that go beyond those as of December 31, 2023.

As in the previous fiscal years, including 2022, the dividend for the 2023 fiscal year, payable after the Annual General Meeting in May 2024, will again include the option of a non-cash dividend in shares, to the extent that the Management Board and the Supervisory Board consider this to be in the interests of the company and its shareholders.

Personnel

The following changes arose on the Management Board in the reporting year: With effect from July 1, 2023, Helene von Roeder left the Management Board at her own request. Ruth Werhahn joined the Management Board with effect from October 1, 2023. In her role as Chief Human Resources Officer (CHRO), she is responsible for the newly established HR executive division.

The following changes arose on the Supervisory Board in the reporting year: At the end of the Annual General Meeting on May 17, 2023, Jürgen Fitschen, who had previously chaired the Supervisory Board, his deputy Prof. Edgar Ernst and Daniel F. stepped down from the Supervisory Board. On behalf of the Supervisory Board as a whole, I would like to thank the members of the Supervisory Board who have left for their long-standing commitment and constructive cooperation in the spirit of trust.

Dr. Daniela Gerd tom Markotten was appointed as a new member of the Supervisory Board at the Annual General Meeting. Clara-Christina Streit took over as Chair of the Supervisory Board at the inaugural Supervisory Board meeting held on May 17, 2023, with Vitus Eckert assuming the position of Deputy Chair. By the end of the Supervisory Board meeting, the number of Supervisory Board members had been reduced from twelve to ten.

Concluding Remarks

On behalf of the Supervisory Board, I would like to thank the Management Board for once again successfully guiding the company through a challenging fiscal year. We would like to thank the company's employees for their considerable commitment and for being there for our customers and partners. We would like to thank the employee representative bodies for another year of constructive collaboration.

Bochum, March 14, 2024

On behalf of the Supervisory Board

Clara-Christina Streit

Management Board

The Management Board of Vonovia SE consisted of five members as of December 31, 2023.

Rolf Buch, Chairman of the Management Board

Rolf Buch has been member of the Management Board and Chief Executive Officer of Vonovia SE since 2013.

After training as a bank clerk and studying mechanical engineering and business management, he began his career as an assistant to the management at Bertelsmann Distribution GmbH in Gütersloh in 1991. In 1996, he was promoted to managing director of Bertelsmann Services France and became a member of the management board of arvato AG in 2002. In 2008, he became Chairman of the Management Board (CEO) of arvato AG and was appointed to the management board of Bertelsmann SE & Co. KGaA.
He was appointed Chairman of the Management Board (CEO) of the company now known as Vonovia SE in 2013. After taking up his office, Rolf Buch led Vonovia as it entered the stock exchange. Vonovia SE was promoted to Germany's leading index, the DAX 30 (now the DAX 40), in 2015. The company is Europe's largest residential real estate company. Rolf Buch is a member of the executive board of the German Association of German Housing and Real Estate Companies (GdW), vice president of the German central real estate committee Zentraler Immobilien Ausschuss (ZIA) and the German Association for Housing, Urban and Spatial Development, member of the Board of Directors of the European Public Real Estate Association ERPA in Brussels and moderator for the Initiative for the Ruhr region (Initiativkreis Ruhr).

Arnd Fittkau, Member of the Management Board

Chief Rental Officer Arnd Fittkau has been member of the Management Board of Vonovia SE since May 2019.

Following completion of a management training program at MAN Gutehoffnungshütte AG (1992–1996), Arnd Fittkau started his career in various controlling functions. After holding positions at MAN AG in Munich and Hochtief AG in Essen, he joined the company now known as Vonovia in 2002. He spent three years as Head of Controlling for the GAGFAH Group starting in 2005. Since 2008, Arnd Fittkau has held several managing directorships at Vonovia subsidiaries in various locations such as Bochum, Munich, Frankfurt and Gelsenkirchen. Most recently, he held the position of chief representative of Vonovia SE from the beginning of March 2018 and chaired the regional management teams.

Philip Grosse, Member of the Management Board

Philip Grosse has been member of the Management Board of Vonovia SE as Chief Financial Officer since January 2022.

After studying business management, he worked in investment banking in Frankfurt and London between 1997 and 2012, most recently as Managing Director and Head of Equity Capital Markets Germany & Austria at Credit Suisse. As of 2013, Philip Grosse worked in leadership roles focusing on corporate finance and investor relations for the Deutsche Wohnen Group. He was appointed to the Management Board of Deutsche Wohnen as CFO in 2016.

Daniel Riedl, Member of the Management Board

Daniel Riedl has been member of the Management Board of Vonovia SE as Chief Development Officer since May 2018.

Daniel Riedl is a graduate in business administration and a Fellow of the Royal Institution of Chartered Surveyors. Daniel Riedl headed BUWOG back between 2004 and 2011, and served on the Executive Board of IMMOFINANZ AG from 2008 to 2014. He was Chairman of the BUWOG Supervisory Board from the start of 2012 until October 2013. Daniel Riedl was appointed CEO of the BUWOG Group in November 2013. He led BUWOG through the spin-off from IMMOFINANZ AG to the successful stock exchange listing and held the position of CEO until the company's delisting at the end of 2018.

Ruth Werhahn, Member of the Management Board

Ruth Werhahn joined the Management Board of Vonovia SE on October 1, 2023, as Chief Human Resources Officer (CHRO).

Starting in 2018, Ruth Werhahn was member of the Executive Board and Labor Relations Director at TÜV Rheinland AG. As well as heading up the HR division, she was responsible for the international regions, coordinating cross-divisional activities of the technical inspection body.

A qualified lawyer, she started her career in HR at Düsseldorfer Veba AG in 2000. Starting in 2001, she held various positions within the newly established E.ON Group. From 2004 until the end of 2007, for example, she headed up the central staff function for the Board of Management and Supervisory Board before moving to the management of E.ON Nordic AB in the Swedish city of Malmö in 2008, where she assumed responsibility for business development and mergers & acquisitions. In the period from 2010 to 2013, she led the establishment of the new electromobility business area within the E.ON Group. Ruth Werhahn returned to HR in 2013 and went on to take over at the helm of the HR division for E.ON SE's German business.

Supervisory Board

The current Supervisory Board consists of ten members. Since the Annual General Meeting held on May 17, 2023, the terms of office have been between one and four years.

Clara-Christina Streit
Chair (since May 17, 2023)
Member of Supervisory and Advisory Boards of German and International Companies

Jürgen Fitschen (until May 17, 2023)
Chair
Senior Advisor at Deutsche Bank AG

Vitus Eckert
Deputy Chair (since May 17, 2023)
Attorney, Partner in Wess Kux Kispert & Eckert Rechtsanwalts GmbH

Prof. Dr. Edgar Ernst (until May 17, 2023)
Deputy Chair
Self-employed management consultant

Jürgen Fenk
Managing Director of Eastdil Secured GmbH

Dr. Florian Funck
Chief Financial Officer of Franz Haniel & Cie. GmbH

Dr. Ute Geipel-Faber
Member of German Supervisory Boards and International Advisory Boards

Dr. Daniela Gerd tom Markotten (since May 17, 2023)
Member of the Management Board for Digitalization and Technology at Deutsche Bahn AG

Matthias Hünlein
Managing Director of Tishman Speyer Properties Deutschland GmbH

Daniel Just (until May 17, 2023)
Retired Chairman of Bayerische Versorgungskammer

Hildegard Müller
President of the German Association of the Automotive Industry (VDA)

Dr. Ariane Reinhart
Member of the Management Board of Continental AG

Christian Ulbrich
President and Chief Executive Officer of Jones Lang LaSalle Incorporated

Supervisory Board Committees

Governance and Nomination Committee (since May 17, 2023)
Clara-Christina Streit, Chair
Mag. Vitus Eckert
Dr. Ariane Reinhart

HR and Remuneration Committee (since May 17, 2023)
Dr. Ariane Reinhart, Chair
Jürgen Fenk
Dr. Florian Funck
Clara-Christina Streit

Executive and Nomination Committee (until May 17, 2023)
Jürgen Fitschen, Chair
Matthias Hünlein
Hildegard Müller
Dr. Ariane Reinhart
Clara-Christina Streit

Audit, Risk and Compliance Committee
Dr. Florian Funck, Chair (since May 17, 2023)
Prof. Dr. Edgar Ernst, Chair (until May 17, 2023)
Mag. Vitus Eckert
Daniel Just (until May 17, 2023)
Dr. Ute Geipel-Faber (since May 17, 2023)
Matthias Hünlein (since May 17, 2023)

Strategy, Finance and Sustainability Committee
Jürgen Fenk, Chair (since May 17, 2023)
Jürgen Fitschen (until May 17, 2023)
Dr. Ute Geipel-Faber (until May 17, 2023)
Dr. Daniela Gerd tom Markotten (since May 17, 2023)
Daniel Just (until May 17, 2023)
Hildegard Müller (since May 17, 2023)
Clara-Christina Streit, Chair (until May 17, 2023)
Christian Ulbrich

Corporate Governance

In the corporate governance declaration (also known as the Corporate Governance Report), we report on the principles of management and corporate governance for the last fiscal year in accordance with Sections 289f and 315d of the German Commercial Code (HGB) and Principle 23 of the German Corporate Governance Code (GCGC, in the current version published on April 28, 2022).

The declaration contains the Declaration of Conformity, information on corporate governance practices, a description of how the Management Board and Supervisory Board work and key corporate governance structures. The declaration is also available to the public on our **website**. Pursuant to Section 317 (2) (6) HGB, the disclosures pursuant to Sections 289f and 315d HGB are not included in the audit performed by the auditor of the annual financial statements.

Foundation

Fundamental Understanding

In order for a company to be successful, its business model has to be accepted by all relevant stakeholder groups, from its customers through to civil society and the public, investors or business partners. Managing with integrity, the sustainability of business models and the extent to which a company is perceived as living up to its social responsibilities are playing an increasingly important role. This applies no less to the real estate sector.

Any misconduct by a company's management also tends to result in the corporate governance regulations being tightened up, as was the case with the Financial Market Integrity Strengthening Act (FISG). Among other measures, the obligation to establish an appropriate and effective internal control system (ICS) as well as a corresponding risk management system (RMS) for listed stock corporations was introduced in a quest to strengthen trust in the German financial market.

This is why, here at Vonovia, we see corporate governance as the responsible management and supervision of a company. The Management Board and the Supervisory Board have made a comprehensive commitment to the principles of corporate governance as set out in the German Corporate Governance Code.

Standards of Corporate Governance

These principles are the basis for the sustainable success of the company and therefore serve as guidelines for conduct in the company's daily management and business. Good corporate governance strengthens the trust of our shareholders, business associates, customers, employees and the general public in Vonovia SE. It increases the company's transparency and strengthens the credibility of our group of undertakings.

With balanced corporate governance, the Management Board and the Supervisory Board wish to safeguard Vonovia SE's competitiveness, strengthen the trust of the capital market and the general public in the company and sustainably increase the company's value. Corporate governance, acting in accordance with the principles of responsible management aimed at increasing the value of the business on a sustainable basis, is an essential requirement for the Vonovia Group, embracing all areas of the business.

As a major real estate company, we are aware of the particular significance of our entrepreneurial actions for society at large. Our corporate culture is founded on transparent reporting and corporate communications, on corporate governance aimed at the interests of all stakeholders, on fair and open dealings between the Management Board, the Supervisory Board and employees as well as on compliance with the law.

The Code of Conduct provides the ethical and legal framework within which we act and want to ensure our commercial success. The focus is on dealing fairly with each other but also in particular on dealing fairly with our customers, business partners and investors. The Code of Conduct specifies how we assume our ethical and legal responsibility as a company and is the expression of our company values.

Information on the Company's Governing Constitution

The designation Vonovia comprises Vonovia SE and its Group companies. Vonovia is a European company (SE) in accordance with the German Stock Corporation Act (AktG), the SE Act and the SE Regulation. Its registered headquarters are in Bochum. It has three governing bodies: the Annual General Meeting, the Supervisory Board and the Management Board. The duties and authority of those bodies derive from the SE Regulation (SE-VO), the German Stock Corporation Act (AktG) and the Articles of Association. Shareholders, as the owners of the company, exercise their rights at the Annual General Meeting.

According to the two-tier governance system, Vonovia SE has a Management Board and a Supervisory Board. In the two-tier governance system, the management of business and the monitoring of business are strictly separated from each other, meaning that individuals cannot be members of both bodies at the same time. The duties and responsibilities of the bodies are clearly specified by law in the German Stock Corporation Act. In accordance with the governing laws, in particular the SE Regulation and the German SE Employee Participation Act (SEBG), the Supervisory Board is only made up of representatives of the shareholders. The highest representative body of the employees is the Group works council. An SE works council was also set up at the level of Vonovia SE.

The Management Board and Supervisory Board of a company listed in Germany are obliged by law (Section 161 of the German Stock Corporation Act) to report once a year on whether the officially published and relevant recommendations issued by the government commission German Corporate Governance Code, as valid at the date of the declaration, have been, and are being, complied with. Companies affected are also required to state which of the recommendations of the Code have not been, or will not be, applied and, if not, why. The most recent Declaration of Conformity is valid for at least the next five years and the Declarations of Conformity that are no longer valid can be found on the company's website. If the auditor finds the Declaration of Conformity to be incorrect, the Supervisory Board is informed and this is also noted in the audit report.

The Management Board reports in its declaration, also on behalf of the Supervisory Board, on important aspects of corporate governance pursuant to Section 289f of the German Commercial Code (HGB) and Principle 23 of the German Corporate Governance Code (GCGC) 2022.

Declaration of Conformity to the GCGC Pursuant to Section 161 of the German Stock Corporation Act (AktG)

On December 12, 2023, the Management Board and the Supervisory Board of Vonovia SE declared that, since the last Declaration of Compliance was issued on December 9, 2022, the company has complied with all the recommendations of the Government Commission on the German Corporate Governance Code (the "Code") as amended on June 27, 2022, published by the German Federal Ministry of Justice in the official section of the Federal Gazette, and will comply in the future with all of these recommendations, with the exception of G.13 sentence 2.

G.13 sentence 2 of the Code specifies that, if post-contractual non-compete clauses apply, the severance payments shall be taken into account in the calculation of any compensation payments. This recommendation has not yet been implemented in one particular case for reasons relating to vested rights. The recommendation set out in G.13 sentence 2 of the Code will be applied to contract extensions and to any contracts concluded in the future.

Shareholders and Annual General Meeting

Shareholder Information: Shareholders can obtain full and timely information about our company on our website and can access current as well as historical company data. Among other information on its website, Vonovia regularly posts all financial reports, important information on the company's governing bodies (including current resumes), its corporate governance documentation (declaration of conformity and governance-related guidelines and voluntary commitments), information requiring ad hoc disclosure and press releases. The company initiates and supports structured dialogue between its stakeholder groups, in particular employees, customers and shareholders of Vonovia (e.g., through customer satisfaction analyses and suitable formats, such as corporate governance roadshows, to involve the various stakeholder groups).

Directors' Dealings: Information on directors' dealings/managers' transactions notifiable pursuant to Article 19 of the Market Abuse Regulation is published by Vonovia without delay in accordance with the Regulation and is made available on the company's website, with information also being provided on the shares held by each member of the company's executive bodies.

Financial Calendar: Shareholders and interested members of the financial community can use the regularly updated financial calendar on the website to obtain information on publication, conference and information dates, roadshows and the timing of the Annual General Meeting early on.

Annual General Meeting and Voting: The Annual General Meeting decides in particular on the appropriation of profit, the ratification of the acts of the members of the Management Board and of the Supervisory Board, the appointment of the external auditor, amendments to the Articles of Association as well as specific capital measures and individually elects the shareholders' representatives to the Supervisory Board.

Our shareholders can exercise their voting rights at the meeting or instruct a proxy of their choice or one of the proxies provided for that purpose by the company. Our shareholders are also able to submit a postal vote. The details regarding the postal voting procedure are in the respective shareholder's invitation to the Annual General Meeting.

The entire documentation for the Annual General Meeting and opportunities to authorize, and issue instructions to, the company's proxies as well as to submit a postal vote are available to shareholders at all times on the Vonovia website.

Based on positive experience in recent years, Vonovia made use of the option provided by law of holding the 2023 Annual General Meeting as a virtual event. Vonovia still considers this to be a very successful concept. In the spirit of digitalization and sustainability, a proposal was made to, and a corresponding resolution passed by, the 2023 Annual General Meeting to authorize the Management Board to hold the Annual General Meeting as a virtual event over the next two years.

Remuneration Paid to Executive Bodies: In line with the German Stock Corporation Act and the GCGC, the Supervisory Board presented the remuneration system it had adopted for the Management Board members to the 2021 Annual General Meeting for approval, which was granted with 87.75% of the votes cast.

The Management Board presented the remuneration report to the 2023 Annual General Meeting. The remuneration report for the 2022 fiscal year, which was audited by the auditor, was approved by 79.9% of the votes cast before being published on Vonovia SE's website.

The remuneration system of the Supervisory Board of Vonovia SE is governed by the Articles of Association. It was confirmed by a 99.34% majority by the 2021 Annual General Meeting in accordance with the statutory requirements.

The Supervisory Board

Duties and Responsibilities

The Supervisory Board appoints, supervises and advises the Management Board and is directly involved in decisions of fundamental importance to the company. The Supervisory Board performs its work in accordance with the legal provisions, the Articles of Association, its rules of procedure and its resolutions. It consists of ten members, eight of whom were elected by the 2023 Annual General Meeting. With the two members elected for a term of three years by the 2022 Annual General Meeting, the term of office of the Supervisory Board members ranges from one to four years.

The Supervisory Board examines and adopts the annual financial statements and the combined management report, which also includes the Non-financial Group Declaration. It assesses and confirms the proposal for the appropriation of profit as well as the consolidated financial statements and the combined management report on the basis of the report prepared by the Audit Committee. The Supervisory Board reports in writing to the shareholders at the Annual General Meeting on the result of its examination.

The Chair of the Supervisory Board is an independent member. The same applies to the chairs of the committees which the Supervisory Board has set up.

The Chair of the Supervisory Board chairs the meetings and coordinates communications. The members of the Supervisory Board generally have the same rights and obligations. Supervisory Board resolutions are above all passed in the Supervisory Board meetings but also, if necessary, using the written procedure or by other communication means. At least two meetings are held every six months. In addition, if necessary and on the basis of the rules of procedure of the Supervisory Board, a meeting of the Supervisory Board or its committees can be convened at any time at the request of a member or the Management Board.

The Supervisory Board is composed in such a way that its members as a group have the knowledge, ability and specialist experience, also in those sustainability matters that are significant to the company, required to properly complete its tasks. All of them are familiar with the real estate sector as the segment in which the company operates. At least one member of the Supervisory Board has expertise in the field of accounting and another member has expertise in the field of auditing.

Each Supervisory Board member shall ensure that they have enough time to carry out their mandate.

At the time at which this declaration was prepared, no Supervisory Board members exercised directorships or advisory tasks for important competitors of the company (see → Conflicts of Interest).

Since 2020, a standard process for related party transactions has been firmly established within the company. This includes reporting on a regular basis to the Annual General Meeting as part of the Supervisory Board report. The Supervisory Board receives information twice a year in the compliance report on the analysis of related party transactions in accordance with the German Stock Corporation Act recorded by Group Accounting. Members of the Supervisory Board, for their part, immediately report any transactions that they or parties related to them conclude with the company. The relevant data is also collected at the end of the fiscal year. In the event that a transaction is subject to approval, the Supervisory Board has decided that the Governance and Nomination Committee is to decide on such approval in the future. Before any relevant transactions are addressed, checks are performed to ensure the due and proper composition of the committee. Once again, no such transactions were recorded in this reporting period.

Supervisory Board Self-assessment

The Supervisory Board performs regular effectiveness reviews that are performed, in alternation, as self-evaluations and with the involvement of a moderator.

At the end of December 2023, the Supervisory Board completed an evaluation with the involvement of an experienced external consulting firm. The Supervisory Board received confirmation that the work of the committees is performed efficiently (see → Report of the Supervisory Board).

Supervisory Board Committees

At its inaugural meeting held after the 2023 Annual General Meeting, the Supervisory Board reorganized the structure of its work in the committees, creating four committees from among its members instead of three: the Governance and Nomination Committee, the HR and Remuneration Committee, the Audit, Risk and Compliance Committee, and the Strategy, Finance and Sustainability Committee. Additional committees are formed as needed. Committees are made up of at least three members of the Supervisory Board (see → Report of the Supervisory Board). The committees prepare topics to be discussed or resolved by the Supervisory Board. In addition, they pass resolutions on behalf of the entire Supervisory Board. The basis for committee work was the delegation of tasks and responsibilities within the scope of statutory requirements.

The **Governance and Nomination Committee** is made up of the Chair of the Supervisory Board and at least two other members to be elected by the Supervisory Board. The Chair of the Supervisory Board is the Chair of the Governance and Nomination Committee. The tasks of this committee are, in particular, to discuss the Declaration of Conformity and succession planning, to prepare the appointment of Management Board members and propose candidates for election as Supervisory Board members, to assign responsibilities and to decide in cases of legal, including loan, transactions with members of the Management Board and conflicts of interest.

The **HR and Remuneration Committee** is made up of the Chair of the Supervisory Board or their deputy and at least two other members to be elected by the Supervisory Board. The Chair of the HR and Remuneration Committee is chosen by the committee members. In particular, this committee is responsible for the preparation of discussions and resolutions on the remuneration system and HR strategy, as well as other Management Board matters.

The Supervisory Board appoints one of the members of the **Audit, Risk and Compliance Committee** as the Chair of the Committee. When electing the committee members, the Supervisory Board shall ensure that the Chair of the Audit Committee has specialist knowledge and experience in the application of accounting principles and internal control and risk management systems and/or in audits. The Committee Chair should be independent and not be a former member of the company's Management Board whose appointment ended less than two years before their appointment as Chair of the Audit Committee. The Supervisory Board Chair should not be the Chair of the Audit Committee. As a result of the FISG provisions, one committee member must have experience in accounting and the other in auditing. With Dr. Florian Funck, as Chief Financial Officer of Franz Haniel & Cie. GmbH, and Vitus Eckert, a long-standing Chair of supervisory and administrative boards at international companies, the Audit Committee has members with the requisite expertise in the fields of accounting and auditing (see table entitled → Supervisory Board Qualifications Profile). The Audit, Risk and Compliance Committee handles, in particular, the monitoring of the accounting process, the effectiveness of the internal control system, risk management system and internal audit system, the audit of the annual financial statements and compliance. Accounting and auditing also include the sustainability report and the auditing of this report. Each member of the Audit, Risk and Compliance Committee can obtain information directly from the heads of those central departments that are relevant to the Audit Committee via the Committee's Chair.

In place of the Supervisory Board, the Audit, Risk and Compliance Committee adopts resolutions approving the handling of currency risks, interest, liquidity and other financial risks, the handling of credit risks and the implementation of external financing principles.

The Audit, Risk and Compliance Committee prepares the resolutions of the Supervisory Board on the annual financial statements (and, if applicable, the consolidated financial statements), and, in place of the Supervisory Board, reaches the agreements with the auditor (in particular the issuing of the audit mandate to the auditor, the determination of strategic audit objectives and the fee agreement). The Committee takes suitable action to assess and monitor the independence of the auditor and the audit quality and is responsible for discussing the assessment of the audit risk, audit strategy, planning and results with the auditor. The Audit, Risk and Compliance Committee also makes decisions on behalf of the Supervisory Board on the approval of contracts with auditors for non-assurance services.

The **Strategy, Finance and Sustainability Committee** is made up of the Chair of the Supervisory Board or their deputy and at least two other members to be elected by the Supervisory Board. The Chair of the Strategy, Finance and Sustainability Committee is chosen by the committee members. The Committee discusses focal issues relating to corporate strategy, financial matters and sustainability issues, and prepares resolutions for the Supervisory Board. It advises and monitors the Management Board with regard to its sustainability strategy, in particular the planning of the strategic framework for all Group-wide sustainability measures, including the interaction between entrepreneurial activities and the challenges associated with climate change. The support provided to the Supervisory Board and Management Board also includes the company's digitalization principles, including technological innovation and transformation. The Strategy, Finance and Sustainability Committee prepares the resolutions of the Supervisory Board on the following matters:

> Financing and investment principles, including the capital structure of the Group companies and dividend payments.
> Principles of the acquisition and disposal policies, including the acquisition and disposal of individual shareholdings of strategic importance.

In place of the Supervisory Board, the Finance Committee adopts resolutions in particular on general guidelines and principles for the implementation of the financial strategy, and also on important transactions regarding the acquisition and disposal of properties and shares in companies as well as corporate financing.

The Management Board

Duties and Responsibilities

The Management Board members are jointly accountable for independently managing the company in the company's best interests while complying with the applicable laws and regulations, the Articles of Association and the rules of procedure. In doing so, they must take the interests of the shareholders, the employees and other stakeholders into account.

The Management Board is monitored and advised by the Supervisory Board. It has adopted the rules of procedure in consultation with the Supervisory Board. The Management Board has a Chair who coordinates the work of the Management Board and represents it in dealings with the Supervisory Board.

The Management Board informs the Supervisory Board regularly, in due time and comprehensively in line with the principles of diligent and faithful accounting in accordance with the law and the reporting duties specified by the Supervisory Board.

The Management Board develops the company's strategy, coordinates it with the Supervisory Board and implements it. It ensures that all statutory provisions and the company's internal policies are complied with. The Management Board also ensures appropriate risk management and risk controlling in the company. The Chief Executive Officer is responsible for the social and environmental factors to be taken into account in this process, as well as for the associated risks, opportunities and impacts.

The CEO submits the corporate planning for the coming fiscal year to the Supervisory Board as well as the midterm and strategic planning, which also includes sustainability targets. The Chair of the Management Board informs the Supervisory Board Chair without delay of important events that are essential for the assessment of the situation and the development of the company or for the management of the company as well as of any shortcomings that occur in the monitoring systems.

Management Board decisions require the approval of the Supervisory Board for certain important transactions. Transactions and measures that require Supervisory Board approval are submitted in good time to the Supervisory Board, or to one of its committees where particular powers are delegated to them. The Management Board members are obliged to disclose any conflicts of interest to the Supervisory Board without delay and to inform the other Management Board members accordingly.

The Management Board members are subject to a comprehensive non-competition obligation. Management Board members may only take up sideline activities, in particular positions on supervisory boards in companies outside the Group, with the approval of the Supervisory Board.

Important transactions between the company, on the one hand, and the Management Board members as well as persons they are close to or companies they have a personal association with, on the other, require the approval of the Supervisory Board. The internal procedure put in place by the Supervisory Board to evaluate these transactions is set out in the section entitled → **The Supervisory Board**

Recruitment of Members of Executive Bodies

In accordance with the German Corporate Governance Code, the Supervisory Board and the Management Board must be composed in such a way that these bodies/their members as a group have the knowledge, ability and specialist experience required to properly complete their tasks. The requirements were extended and set out by law with the entry into force of the CSR Directive Implementation Act. The Supervisory Board has adopted the following criteria and objectives for recruiting individuals to the Management and Supervisory Boards, taking the above-mentioned requirements into account:

Recruitment of Members of the Supervisory Board

Composition: As a listed company that is not subject to codetermination, the Supervisory Board of Vonovia SE is to include ten members, an appropriate number of whom are to be independent within the meaning of the Code. All members should have sufficient time available to perform the duties associated with their mandate with due regularity and care.

When proposing candidates to fill new Supervisory Board positions to the Annual General Meeting, the Supervisory Board should have performed an extensive review to ensure that the candidates standing for election meet the corresponding professional and personal requirements (see table entitled → **Supervisory Board Qualifications Profile**) and must disclose the candidates' personal and business-related relationships with the company, the governing bodies of the company and any shareholders with a material interest in the company. Shareholders are deemed to hold a material interest if they hold more than 10% of the voting shares in the company, either directly or indirectly. The proposals are not based on the candidate's affiliation to any particular party that is interested in the company.

Other general criteria, and criteria defined in the GCGC that applied in the fiscal year under review, governing composition include:

> No more than two former members of the Management Board shall be members of the Supervisory Board.
> Supervisory Board members shall not exercise directorships or similar positions or advisory tasks for important competitors of the company.
> If a (designated) member belongs to the management board of a listed company, this member shall not accept more than a total of two supervisory board mandates in non-Group listed companies or on supervisory bodies of non-Group entities that make similar requirements.
> The age limit has been set at 75 at the time of election to the Supervisory Board.

Skills profile: The Supervisory Board of Vonovia SE should be composed so as to ensure qualified supervision of, and provision of advice to, the Management Board. The candidates nominated for election to the Supervisory Board should be able, on the basis of their knowledge, skills and professional experience, to perform the duties of a Supervisory Board member of a listed real estate company that is active on the international capital market. In terms of their personality, the candidates nominated for election should show integrity, professionalism and commitment. The aim is to ensure that the Supervisory Board as a whole offers all of the knowledge and experience that the Group considers to be important for ensuring Vonovia's operational and financial further development, also from a sustainability perspective.

Independence: The Supervisory Board shall only include members that it considers to be independent. Material conflicts of interest that are not merely of a temporary nature, e.g., arising from functions on executive bodies or advisory roles performed at the company's major competitors, should be avoided. A Supervisory Board member is, in particular, not to be considered independent if they have personal or business relations with the company, its bodies, a controlling shareholder or a company associated with such a shareholder that may cause a substantial and not merely temporary conflict of interest.

Diversity: When nominating candidates for election, the Supervisory Board should also take diversity into account. In accordance with the German Act on the Equal Participation of Women and Men in Leadership Positions in the Private

Sector and the Public Sector (Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in Privatwirtschaft und im öffentlichen Dienst), the Supervisory Board should comprise at least 30% women and 30% men. Vonovia intends for the Nomination Committee to continue to have at least one female member. Vonovia's Supervisory Board should meet both criteria in the current target period leading up to the end of 2026. When assessing potential candidates for reelection or to fill a Supervisory Board position that has become vacant, qualified women are to be included in the selection process and given appropriate consideration when the nominations are made.

Target achievement: The objectives regarding the composition of the Supervisory Board set out above have been met. There are five female members of the Supervisory Board (50%). Clara-Christina Streit and Dr. Ariane Reinhart are members of the Governance and Nomination Committee. All ten members of the Supervisory Board are considered by the latter to be independent within the meaning of C. 6 and C. 7 of the GCGC. No member of the Supervisory Board was a member of the company's Management Board or has a personal relationship with a significant competitor of the company as defined by C. 12 of the GCGC. The Chair of the Audit, Risk and Compliance Committee is an expert in the fields of auditing and accounting. The main knowledge, skills and professional experience of the Supervisory Board members are summarized in the table below.

Supervisory Board Qualifications Profile

					Key skills and areas of experience*							
Name	Independent	Year of birth	Year appointed	Nationality	Finance, accounting, financial planning and analysis	Real estate	Strategy	Legal and regulation	International experience, M&A, capital markets	Investment expertise	Digitalization, cybersecurity	Sustainability
Jürgen Fitschen (Chair of the Board until May 17, 2023)	yes	1948	2018	German	x		x	x	x	x		
Clara-Christina Streit (Chair of the Board since May 17, 2023)	yes	1968	2013	German/U.S.	x		x		x	x	x	
Prof. Dr. Edgar Ernst	yes	1952	2013	German	x		x	x	x	x		
Vitus Eckert	yes	1969	2018	Austrian		x	x	x	x	x		
Jürgen Fenk	yes	1966	2022	German		x	x		x	x		x
Dr. Florian Funck	yes	1971	2014	German	x		x	x	x	x		
Dr. Ute Geipel-Faber	yes	1950	2015	German	x	x			x	x		x
Dr. Daniela Gerd tom Markotten	yes	1974	2023	German			x		x	x	x	x
Matthias Hünlein	yes	1961	2022	German		x	x		x	x		x
Daniel F. Just	yes	1957	2015	German	x	x	x			x		x
Hildegard Müller	yes	1967	2013	German	x		x	x			x	x
Dr. Ariane Reinhart	yes	1969	2016	German			x	x	x		x	x
Christian Ulbrich	yes	1966	2014	German		x	x		x	x	x	

* The members of the Supervisory Board can specify up to five areas of experience.

Recruitment of Members of the Management Board

Composition: In accordance with the Articles of Association, the Management Board of Vonovia SE consists of at least two members. The Supervisory Board appoints the Management Board members in accordance with the Articles of Association and the law. The Supervisory Board can appoint a Chair of the Management Board and a Deputy Chair of the Management Board. The decisions made by the Supervisory Board on the composition of the Management Board should be based on a careful analysis of the existing and future challenges facing the company. The Management Board of Vonovia SE should be composed so as to ensure that, as the management body, it can perform the duties set out above reliably and in full. When taken as a whole, it should combine all of the knowledge and experience required to ensure that the Group can pursue its operational and financial objectives in an effective and sustainable manner in the interests of the shareholders and other stakeholders. While membership of the Management Board is not limited to a certain period of time, the contract of employment of a Management Board member ends when the member turns 67 at the latest.

Skills profile: Newly appointed Management Board members should be able, on the basis of their knowledge, skills and professional experience, to reliably perform the duties assigned to them in a listed real estate company that is active on the international capital market. In addition to having good professional and fundamental general qualifications, they should also show integrity, professionalism and commitment.

Independence: The Management Board should perform its management duties in a manner that is free of any conflicts of interest. Functions on executive bodies or advisory roles performed at major competitors of the company should be avoided.

Diversity: When looking for candidates to fill a Management Board position that has become vacant, the Supervisory Board should include qualified women in the selection process and give them appropriate consideration. Gender should be irrelevant when it comes to filling Management Board positions. The Supervisory Board has adopted a target of at least 20% women on the Management Board for the current period, which is set to run until December 31, 2026. For the two levels of management below the Management Board, the target for the proportion of women is 30%, to be achieved by December 31, 2026.

Target achievement: The objectives regarding the composition of the Management Board set out above have been met in full. The Management Board consists of one female and four male members who are able to manage the Group appropriately on the basis of their experience and skills. At the end of the reporting year, the first two levels of management below Vonovia's Management Board comprise 24.2% women. Achieving the target of 30% women by December 31, 2026, for both management levels will continue to require even more systematic succession planning in order to actively support women and open up opportunities for them to assume technical management roles against the backdrop of the planned expansion of technical services at Vonovia.

Succession planning: The Supervisory Board addresses long-term succession planning for the Management Board and Supervisory Board on an ongoing basis. The Governance and Nomination Committee of the Supervisory Board with a personnel consultancy firm compiled a list of candidates for possible replacement appointments to the committees. The basis for this was the evaluation of market mappings which was performed considering the qualification profiles that were created. The listings of potential candidates will continue to be maintained to enable well-founded succession planning.

Cooperation Between the Management Board and the Supervisory Board

The Management and Supervisory Boards vote on the strategic direction of the company and discuss the current status of implementation of the corporate strategy, which also includes sustainability topics (see → **Strategy**) at regular intervals. Furthermore, the Management Board regularly informs the Supervisory Board in written or verbal reports of topics including the development of business and the situation of the company. In this way, the Supervisory Board receives detailed documents from the Management Board regularly and in a timely manner on the economic development and the company's current situation as well as the half-yearly risk management and compliance reports that deal with the most important risks for the business as well as compliance management at Vonovia SE. On the basis of these reports, the Supervisory Board monitors the company's management by the Management Board as well as via its committees where particular powers are delegated to these committees. The Supervisory Board meets on a regular basis without the Management Board if personnel matters relating to the Management Board are to be discussed. For information on the remuneration agreements that reflect this cooperation, please refer to the **Remuneration Report**.

Avoidance of Conflicts of Interest

In the reporting year, there were no conflicts of interest of Management Board or Supervisory Board members, which are to be reported immediately to the Supervisory Board. There was no need to discuss or make decisions on legal matters, in particular lending transactions with members of executive bodies or individuals related to them.

Accounting and Audits

The Annual General Meeting selected Pricewaterhouse-Coopers GmbH Wirtschaftsprüfungsgesellschaft as auditor for the annual financial statements and consolidated financial statements

We prepare the annual financial statements of Vonovia SE in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG) and the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) to be applied in the EU. In addition, we prepare a combined management report as required by the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

The Management Board is responsible for financial accounting. The Supervisory Board examines and adopts or approves the annual financial statements, the consolidated financial statements and the combined management report.

In addition to our annual financial statements, we also prepare interim statements for the first and third quarters as well as an interim financial report for the first half-year in accordance with the German Securities Trading Act.

Both the interim statements and the interim financial report are presented to, and discussed with, the Audit Committee of the Supervisory Board before they are published.

Under German stock corporation and commercial law, there are special requirements for internal risk management that apply to Vonovia. Therefore, our risk management system covers risk inventory, analysis, handling and limitation. In accordance with Section 317 (4) of the German Commercial Code (HGB) applicable to listed companies, PricewaterhouseCoopers assesses in its audit the risk early warning system as part of the risk management system. Furthermore, we maintain standard documentation of all our internal control mechanisms throughout the Group and continually evaluate their effectiveness.

In the combined management report, we provide comprehensive information on the main features of the internal control and risk management system with regard to the accounting process and the Group accounting process in accordance with our reporting duties pursuant to Sections 289 (4) and 315 (4) of the German Commercial Code (HGB).

Pursuant to Section 315b of the German Commercial Code (HGB), the Management Board is obliged to submit a Non-financial Group Declaration, which in turn has to be reviewed by the Supervisory Board. The Supervisory Board has commissioned the auditor to perform the review.

Overview

> Successful joint ventures and portfolio sales help strengthen capital structure.
> Positive performance in core rental business thanks to excess demand with rising rents/realized synergy potential thanks to integration of Deutsche Wohnen.
> Results down in the other segments.
> Investments adjusted to reflect changes in return requirements and, as a result, capital allocation.

In an environment dominated by difficult overall conditions, Vonovia can look back on a 2023 fiscal year characterized by a **robust core Rental** business. The property management business showed positive economic development, bolstered in particular by sustained high demand and rising rents, as well as synergies realized from the cooperation with Deutsche Wohnen. The environment of higher interest rates and inflation translated into lower results in the other segments.

Due to two successful joint ventures and extensive sales, liquidity was gained to **strengthen the capital structure** . The changes in return requirements – both internally and externally – are having an impact on capital allocation and, as a result, on investments.

In the 2023 fiscal year, a total of **2,425 apartments were completed** in the Development segment.

The **Adjusted EBITDA Total** from continuing operations came to € 2,583.8 million, down slightly against the prior-year figure of € 2,606.1 million. The increase in Adjusted EBITDA Rental almost compensated for the downward trend in the other segments despite the sales made.

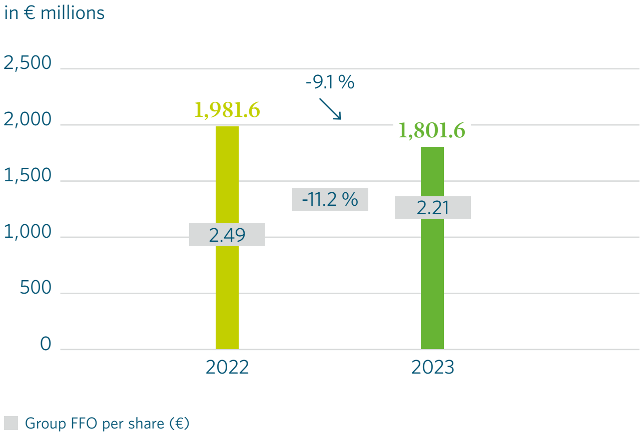
At € 1,801.6 million, the **Group FFO** from continuing operations was 9.1% below the previous year's figure of € 1,981.6 million. mainly due to higher interest rates.

The **EPRA NTA per share** came in at € 46.82, down by 18.5% on the prior-year value of € 57.48.

The **Sustainability Performance Index** stood at 111% in the 2023 fiscal year. This was helped along in particular by the reduction of CO_2 intensity, the development of the average primary energy requirements of new construction and (partial) modernization measures to make apartments fully accessible, as well as by the high levels of employee satisfaction.

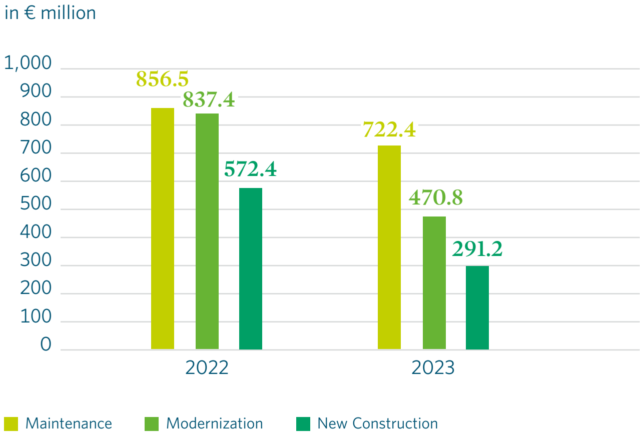
Sustained Earnings

Group FFO (continuing operations)



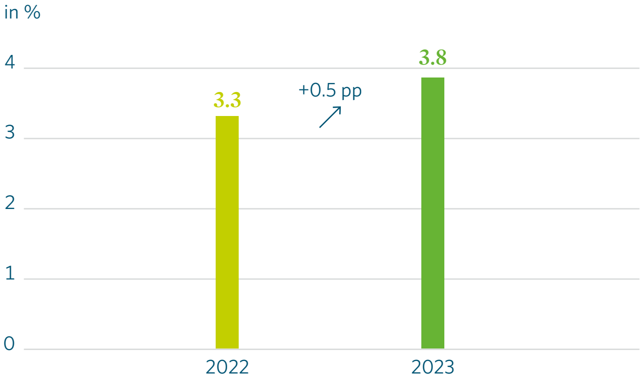
Maintenance, Modernization and New Construction

Investments



Organic Rent Growth

Organic Rent Increase

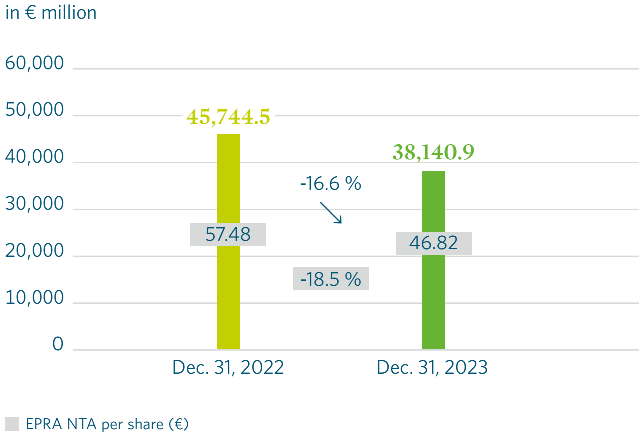


Vacancy

Vacancy Rate

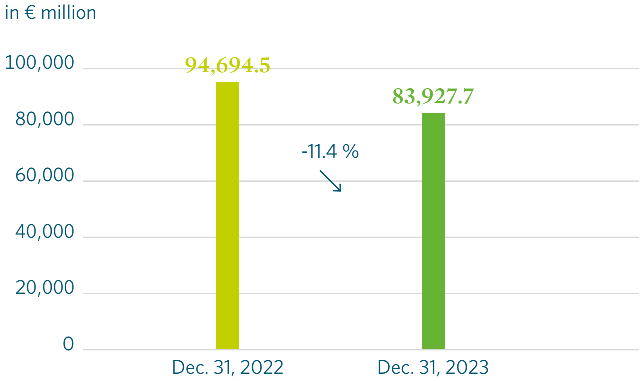
Net Assets

EPRA NTA



Fair Value of the Real Estate Portfolio

Fair Value



Vonovia SE on the Capital Market

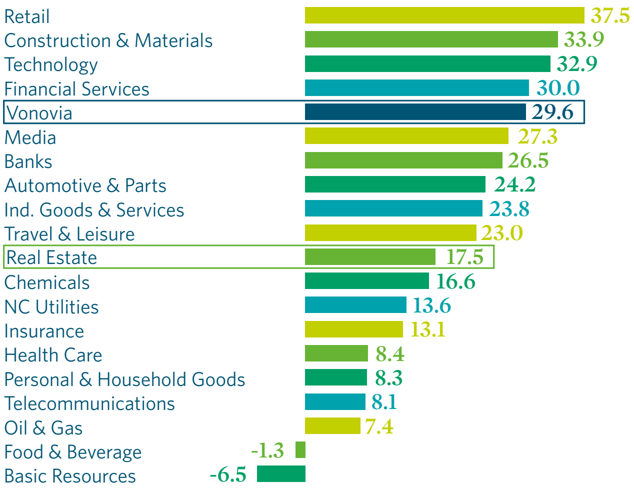
> 2023 sales target of € 2 billion comfortably surpassed with proceeds from sales of around € 4 billion (of which € 0.7 billion cash inflow in 2024). Capital market rewards capital discipline and efforts to further strengthen the balance sheet.

> Likely end to interest rate hikes and prospects of initial rate cuts in 2024 ensure an improved macroeconomic environment.

> Another good positioning in ESG ratings.

Sector Development

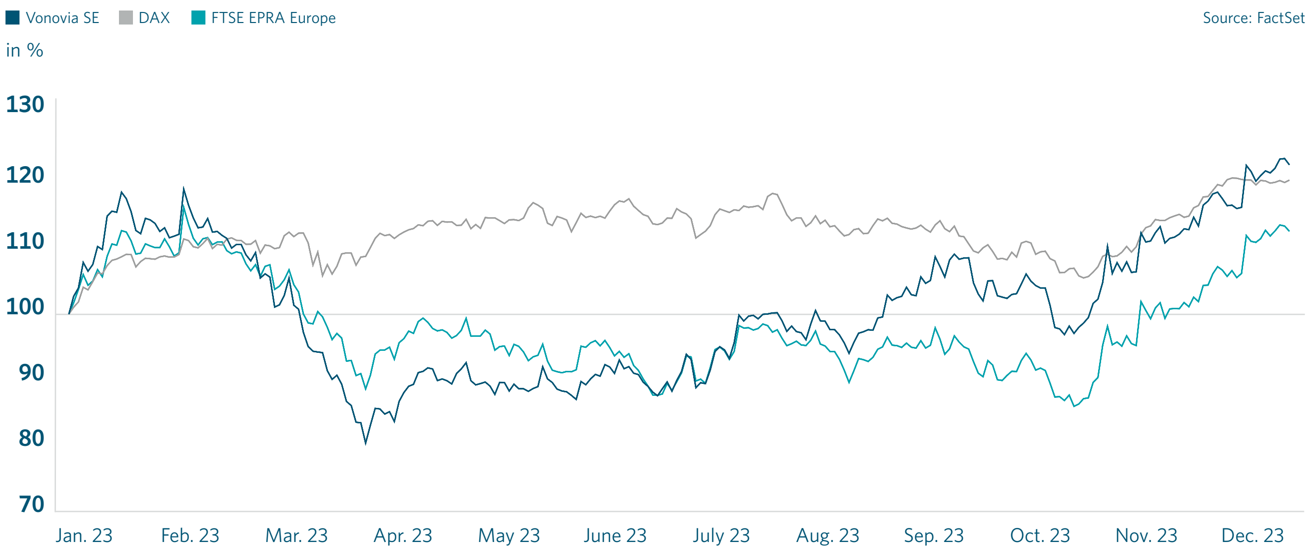
in %



Capital Market Development and Shares in Vonovia

Inflation, interest rates and views on possible recession scenarios continued to dominate the international capital markets in 2023. Market participants paid particular attention to the interest rate policies pursued by the world's major central banks. Following a marked drop in inflation, given that interest rates have now peaked, at least according to capital market assessments, and in light of the prospect of initial rate cuts in 2024, sentiment brightened considerably and led to broad-based price increases, particularly at the end of the year. In this environment, the DAX 40 closed 20.3% up, with the EPRA Europe real estate index up by 12.6%. Vonovia also reaped the benefits of the improved macroeconomic environment, with its shares gaining 29.6%

Share Price Development



over the course of the year. This means that Vonovia's performance in 2023 was significantly above average. Overall, there was once again a strong correlation in the fiscal year under review between Vonovia's share price on the one hand, and the capital market's assessment of future interest rate trends and government bond yields on the other hand.

Despite the positive share price performance in 2023, capital market assessments continue to be subdued, while development on the residential real estate market remains robust. While the capital market is pricing real estate stocks at hefty discounts, the residential property markets in which we operate are relatively robust, with initial signs emerging that prices are starting to stabilize. 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.

We continue to believe that shares in Vonovia can reflect the positive operating development and ultimately the success of our business model as a whole 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 average daily trading volume for shares in Vonovia SE, expressed as the number of shares traded on XETRA, came to 3.6 million in 2023. Expressed in euros, shares in Vonovia worth € 77.3 million were traded every day on average in 2023, down slightly on the previous year.

Vonovia's shares reached their highest daily closing price for the year on December 28, 2023, at € 28.85 and their lowest daily closing price on March 28, 2023, at € 15.66.

Vonovia's market capitalization amounted to around € 23.2 billion as of December 31, 2023.

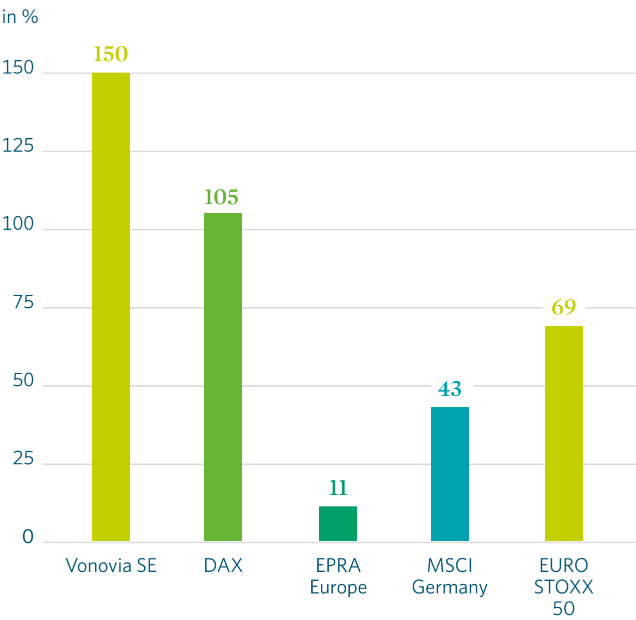
Index Memberships: Vonovia SE member of the DAX 50 ESG and DJSI Europe

Vonovia has been a member of various sustainability indices since 2020, in particular the DAX 50 ESG and the Dow Jones Sustainability Index (DJSI Europe), which confirms Vonovia's successful ESG activities and the progress made in this area.

Long-term Yield

An investor who bought shares in Vonovia when the company went public in 2013 and has held them ever since, reinvesting each dividend in more shares in Vonovia, will have seen the value of their securities deposit account increase by 150% by December 31, 2023, a result that far outstrips the performance of a corresponding investment in the benchmark indices.

Yield since Vonovia IPO

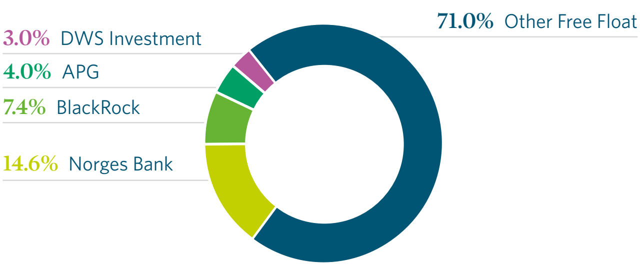


VNA and DAX performance are total shareholder return (share price plus dividends reinvested); EPRA Europe, MSCI Germany and EURO STOXX 50 are share price performance only.

Shareholder Structure

The chart shows the company's shareholdings based on the data it collects itself and/or based on 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 December 31, 2023)

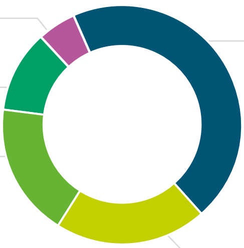


Based on the German stock exchange's definition of free float, only the interest held by Norges Bank (Ministry of Finance on behalf of Norway) does not count toward the free float. As of December 31, 2023, 85.4% of Vonovia's shares were in free float. The underlying **voting rights notifications** and 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, the majority of its investors also has a long-term focus. The company's investors include pension funds, sovereign wealth funds and international asset managers in particular. We determine and update the shareholder structure on a regular basis. In August 2023, we had identified approximately 90% of our shareholder base. Institutional investors account for 90% of our shareholders and private investors for around 10%. The breakdown of the company's shareholders by region at the end of 2023 is as follows:

Regional Distribution of Institutional Investors of Vonovia SE

Source: Own survey by NASDAQ



2023 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.

Since 2018, the **investor portal** has given our shareholders the option to conveniently attend to all formalities relating to registering for and voting at the Annual General Meeting online.

Investor Relations Activities

In 2023, Vonovia participated in a total of 27 investors' conference days and organized 27 roadshow days. In addition, Vonovia took part in various investor forums and numerous one-on-one meetings with investors and analysts to keep them informed of current developments and special issues. In 2023, we held several hundred talks with analysts and investors. The dominant topics included the business outlook in the changed macroeconomic environment, the

Development of Vonovia's Shares Over a Period of Several Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Annual closing price (€)	25.08*	26.76*	28.97*	38.80*	37.11*	45.00*	56.02*	48.5	22.02	28.54
High (€)*	25.08	31.15	34.51	39.26	41.88	45.78	58.33	56.64	51.14	28.85
Low (€)*	16.31	22.68	23.43	28.08	33.94	37.39	36.19	45.85	18.97	15.66
No. of shares as of Dec. 31 (in million)	304.5*	497.1*	497.1*	517.5*	552.6*	578.5*	603.6*	776.6	795.8	814.6
Market cap as of Dec. 31 (€ billion)	7.6	13.3	14.4	20.1	20.5	26.0	33.8	37.7	17.5	23.2
Average transaction volume per day (VWAP in € million)*	12.3	45.2	41.2	47.6	55.8	65.9	85.7	84.2	84.2	80.8
Dividend per share (€)	0.70*	0.88*	1.05*	1.24*	1.35*	1.47*	1.58*	1.66	0.85	0.90**
Dividend yield (%)	2.8	3.3	3.6	3.2	3.6	3.3	2.8	3.4	3.9	3.2

* Values are TERP-adjusted (TERP 2015: 1.051 – capital increase with subscription rights in connection with Südewo acquisition; TERP 2021: 1.067 – capital increase with subscription rights in connection with Deutsche Wohnen acquisition).
** Planned dividend proposed to the 2024 Annual General Meeting.
Source of share prices: FactSet

capital structure, capital allocation and transaction activity in the residential real estate market.

As part of the investor dialogue, the Chair of the Supervisory Board conducts an annual corporate governance roadshow spanning several days, in particular addressing topics specific to the Supervisory Board, such as Management Board remuneration and the work and composition of the Supervisory Board and its committees. In the run-up to the 2023 Annual General Meeting, for example, Jürgen Fitschen, who was Chair of the Supervisory Board at that time, joined forces with Clara-Christina Streit, who had at that time been nominated for election and is now Chair of the Supervisory Board, to carry out this roadshow with our shareholders.

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.

The presentations held at the Capital Markets Day can be downloaded online on the **Investor Relations website**.

We will also continue to communicate openly with the capital market in 2024. Various roadshows, conferences and investor forums have already been planned. Information can be found in the **Financial Calendar** on our Investor Relations website.

Positive Analyst Assessments

As of December 31, 2023, 26 analysts were publishing studies on Vonovia on a regular basis. The average target share price at the end of the year was € 29.39 per share, with 69% of analysts issuing a "buy" recommendation, 12% issuing a "hold" recommendation and 19% issuing a "sell" recommendation.

For information on the research firms that regularly report on Vonovia and value its shares, please visit our **Investor Relations website**.

Dividend

The Management Board and the Supervisory Board propose to the Annual General Meeting that, of the profit of Vonovia SE for the 2023 fiscal year of € 750,000,000.00, an amount of € 733,180,498.20 on the 814,644,998 shares of the share capital as of December 31, 2023 (corresponding to € 0.90 per share) be paid as a dividend to the shareholders, and that the remaining amount of € 16,819,501.80 be carried forward to the new account or be used for other dividends on shares carrying dividend rights at the time of the Annual General Meeting and which go beyond those of the share capital as of December 31, 2023.

Financing Environment

In 2023, the capital markets were hit by increasing volatility, changes in the interest rate environment and further geopolitical events and uncertainties. Market participants were forced to face these key challenges and refocus.

Central banks across the globe responded to historically high inflation witnessed in 2022 and 2023 by raising interest rates, putting an end to their loose monetary policy. After many years with interest rates close to 0%, the key rate hikes are affecting the capital markets. Interest rates have multiplied within a short space of time.

Starting in July 2022, the European Central Bank (ECB) implemented ten consecutive key interest rate hikes to 4.5% – the highest level seen since the start of monetary union back in 1999. In October, the ECB left interest rates in the eurozone unchanged for the first time. The ECB then went on to leave interest rates in the eurozone unchanged for the second time running in December.

Yields on ten-year German government bonds, which had been in negative territory for years, reached a level just under the 3% mark for the first time at the beginning of October. They then made a strong recovery at the end of the year and came in at 2.029% at the end of December.

The ECB also gradually tapered its asset purchases starting in March 2023. Since July 2023, funds from maturing securities as part of its Asset Purchasing Program (APP), introduced back in 2015 with a volume running into the trillions, have no longer been reinvested.

The US Federal Reserve (Fed) raised the key interest rate eleven times in a row since March 2022. In December 2023, the FED left its key rate unchanged for the third time in a row. It ranges from 5.25% to 5.50%.

The UK central bank, the Bank of England (BoE), also took a break for the first time in September 2023 after implementing 14 interest rate hikes in a row, starting at the end of 2022, leaving its key rate at 5.25%. This took the UK key rate to the highest level seen in 15 years. In December, the BoE kept interest rates steady for the third time running.

One of the World's Biggest Capital Market Issuers

The rating agency Standard & Poor's has assigned Vonovia SE and Deutsche Wohnen a long-term corporate credit rating of BBB+ and a short-term credit rating of A-2. The "BBB+ outlook stable" rating was confirmed in November 2023.

The Berlin-based Scope Group has also issued Vonovia SE a rating of A-. The outlook was changed from "stable" to "negative" in June 2023.

Moody's became the third rating agency to publish ratings for Vonovia, with its first rating in May 2021. The "Baa1 outlook stable" rating is also an investment grade rating. The rating was last confirmed in January 2024.

Vonovia's size and market position, increasing diversification across regulated residential real estate markets, strong competitive position, good access to the capital markets, broad mix of financing instruments and diversified maturity profile all contribute to Vonovia's top-tier credit rating.

Following brisk primary market activity in the years from 2013 to 2022, Vonovia (incl. Deutsche Wohnen) was not on the EUR bond market for the first time in 2023, but nevertheless continues to rank among the top five euro-investment grade issuers in 2023 based on analyses performed by Dealogic. The refinancing requirement of just over € 3 billion was covered via the credit market. The secured banking market in particular is characterized by high demand and very attractive conditions.

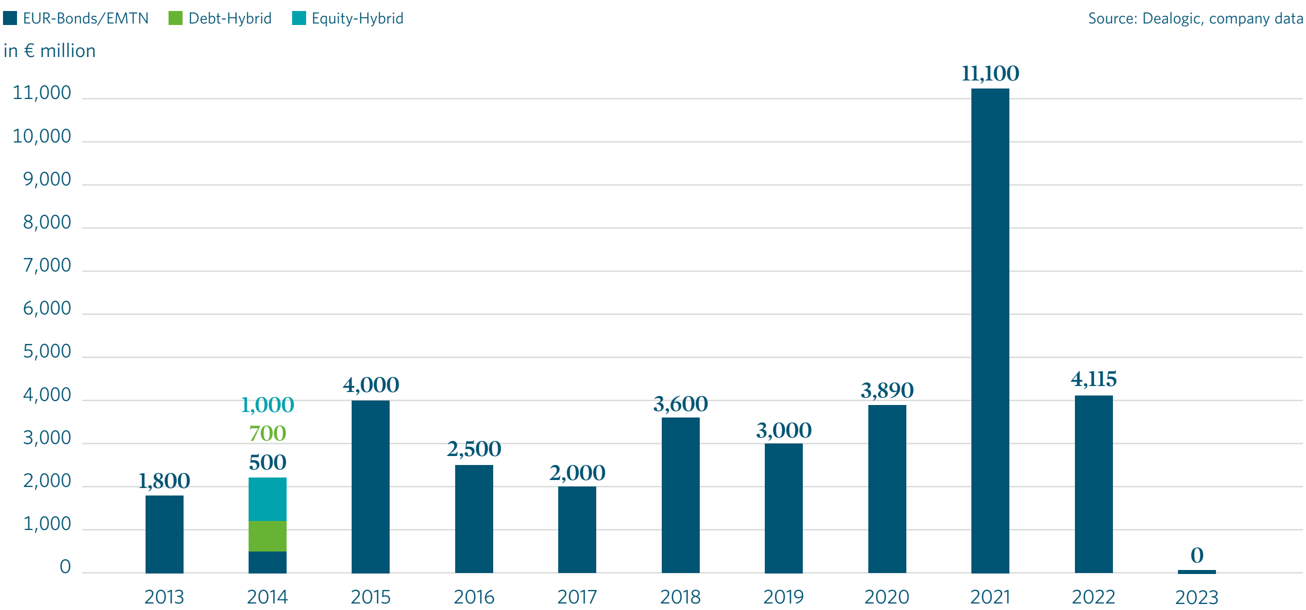
At the beginning of 2023, and in line with a strategy of proactive management of financial liabilities, Vonovia implemented an open market repurchase (OMR) to buy back bonds maturing in 2028, 2029 and 2033. € 53.6 million was bought back early within this context.

Share Information (as of December 31, 2023)

First day of trading	Jul. 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

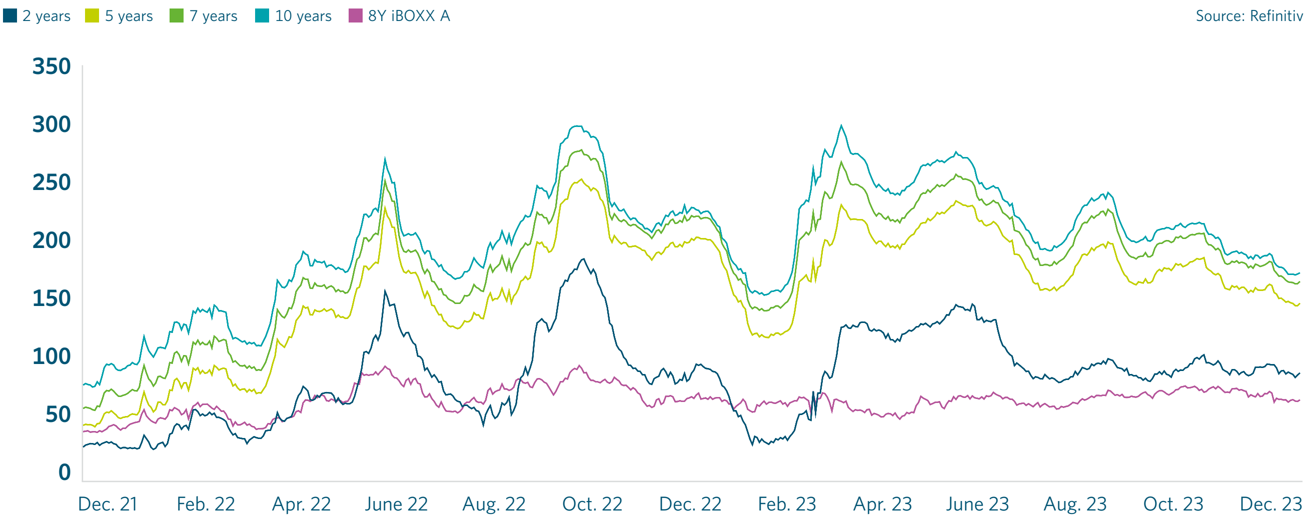
* TERP-adjusted.

Vonovia's Public Bond Issue Volume Per Year (EUR bonds excl. convertible bonds)



Since 2021 incl. Deutsche Wohnen

Spread Development (in Basis Points)



Vonovia also successfully completed a cash offer for a number of bonds in July 2023. Out of the total nominal value offered by the bond investors amounting to approximately € 1.25 billion, Vonovia accepted bonds with a nominal value of € 1.0 billion for a total value of € 892.0 million. This corresponds to a discount of 11%.

Vonovia held its first Lenders Forum as a purely face-to-face event at its headquarters in Bochum on September 20, 2023. The event, which focused exclusively on ESG, was attended by 60 participants from 28 banks and insurance companies. The event was rounded off with a property tour of our energy center of the future in Bochum. The presentations held at the Lenders Forum can be downloaded online on the Investor Relations website **https://www.Vonovia.com/investoren/creditor-relations/lenders-forum**.

Capital Markets Outlook

As inflation stabilizes, interest rates are also starting to stabilize. This should have a positive impact on the capital market and our sector in 2024.

Experts believe that the Federal Reserve could cut key rates for the first time as of the second quarter of 2024. Economists predict a total of three rate cuts of 25 basis points each in the course of 2024. The direction in which the US economy develops will also depend on the outcome of the presidential elections in November 2024.

The ECB is also not expected to cut key rates in the eurozone until the second half of 2024 at the earliest following the recent marked slowdown in inflation.

Combined Management Report

Still on Track Despite Difficult Overall Conditions in the Real Estate Sector

Strategy Split Into Six Key Value Drivers and Refined Further

Adjustments to Capital Structure and Capital Allocation

Fundamental Information About the Group

Challenging overall conditions for the residential real estate sector in 2023

Overall conditions for the residential real estate sector remained challenging in 2023. The gap between demand for, and the supply of, housing has widened further, with sociological and demographic factors having a particular impact on **housing demand**. This means that up to 400,000 new residential units will have to be built every year over the next 20 years to meet demand. Although this is also what policymakers are striving to achieve, the number of completions is likely to remain well below the target figure in the coming years, as it did in 2023 with a figure of around 242,000 apartments. As a result, the current completion level will only exacerbate the shortage of housing, meaning that upward pressure on rents will persist.

The **supply side** has been confronted with an ongoing rise in construction costs over the last few years. Driven by the uptick in general inflation over the past two years to as much as 8.8%, i.e., beyond the level of around 6% witnessed back in the early 1990s in the wake of German reunification, the construction cost index rose from a baseline of 100 in 2015 to around 160 in 2023. The increase in construction costs was also exacerbated by increasing regulation, with political uncertainty and bureaucratic obstacles also hindering faster implementation of investment projects.

The higher construction costs are compounded by the rise in interest rates. Coming in at over 3% in 2023, the 10-year swap rate had risen to a level last seen around twelve years ago.

Upward trends in interest rates and inflation, macroeconomic volatility and less reliable supply chains led to increased costs of capital and therefore higher yield requirements, with an additional dampening effect on investment behavior. This led to mounting pressure on property values, significantly restricting transaction activity on the real estate market, although Vonovia was largely able to buck this trend.

These overall conditions triggered increased pressure on profitability and fair values in the real estate sector, with increased capital discipline the only feasible response. Vonovia strengthened its internal financing power, exercised cost discipline and made changes to its investment approach. At the same time, it did not pursue any further acquisitions and offered housing stocks for sale or inclusion in joint venture structures.

The capital market response to these measures has proved to be encouragingly positive, allowing us to secure our **investment grade rating** while also fueling a visible recovery in our share price in the last few months of 2023.

With the key **megatrends** facing us – urbanization, demographic change and sustainability – remaining unchanged, and in light of the current overall conditions, Vonovia elaborated the key value drivers of its strategy and business model in greater detail and analyzed them with regard to the current overall situation in order to define clear options for action.

The merger with the Deutsche Wohnen Group was completed successfully in 2023 and the planned **synergy potential** was realized by making joint use of the **management and development platform** and leveraging harmonization effects and economies of scale together. The principles of good corporate governance are being upheld within this context with a view to the Deutsche Wohnen Group's independent status. This is also ensured by corresponding contractual agreements.

The Company

Vonovia's business model is based on the provision and rental of good-quality and, most importantly, affordable living space at the right time, as well as the management of these properties. An established in-house craftsmen's, residential neighborhood and caretaker organization, coupled with extensive back-office functions, support us in our management and further development of our housing stocks.

Vonovia continues to develop its real estate portfolio through active portfolio management. In addition to acquisition, sale and modernization, this also includes building new apartments for our own portfolio and for sale to third parties.

Aspects of Sustainability at Vonovia

E Environmental	S Social	G Governance
Contribution to climate protection and reducing CO_2 in both the housing stock and new construction.	Responsibility towards tenants and society through fair prices, housing that meets people's needs and future-fit neighborhood development. Attractive and fair working environment for our diverse workforce.	Sustainable governance and responsible business practices with reliable compliance.

The business model is rounded off by the housing-related services we offer. The focus here is on offering cable TV, energy supply services for electricity and heating, as well as automated meter reading.

This business model is based on a highly **digitalized management platform** and a similarly highly digitalized development platform allowing all stages in the value chain to be managed. These two platforms are the two most important intangible assets within the business model. Another intangible asset is customer loyalty, fostered through the Value-add business.

The aim is to make the business model future-fit in the long run by using sustainable new construction and refurbishment approaches and CO_2 reduction in the real estate portfolio through innovations to contribute to solutions for the **current climate protection objectives.**

Vonovia focuses on the ESG aspects of sustainability, namely climate protection and the environment (E) by contributing to a reduction in carbon emissions; society (S) by acting responsibly towards all stakeholders; and governance (G) through sustainable, reliable and responsible corporate management. The concept of the neighborhood remains an overarching principle.

Around 75% of the real estate portfolio is located in contiguous urban quarters, i.e., neighborhoods that generally include more than 150 apartments. Designing homes that offer real quality of life always involves identifying what the relevant social structures need, taking into account the history of these neighborhoods. Neighborhoods are a key implementation level for the initiatives aimed at climate protection. The development business is also consistent with the sustainable neighborhood concept.

This means that Vonovia's business model makes a positive contribution to the pressing socio-political challenges of housing shortages and climate protection.

Vonovia aims to be an attractive employer for its employees, ensuring equal opportunities and supporting staff members in their personal and professional development.

Vonovia manages a **housing stock** of around 485,000 of its own apartments in almost all of Germany's attractive cities and regions. It also manages a portfolio of around 40,000 units in Sweden and approximately 21,000 in Austria.

The total fair value comes to around € 83.9 billion, with net assets based on the EPRA definition coming to approximately € 38.1 billion (European Public Real Estate Association: EPRA). In addition to its own apartments, Vonovia manages around 71,400 apartments for third parties. This makes Vonovia one of the leading residential real estate companies in Germany, Austria and Sweden, albeit with a low market share of around 2.0% in Germany due to the highly fragmented nature of the market.

Vonovia's roots and those of its predecessor companies extend back into the 19th century and lie in not-for-profit housing and housing for factory workers. This applies to Germany, and also to Austria and Sweden. Consequently, today's strategic direction is consistent with the company's roots.

Even back then, the aim was to provide good-quality, modern and affordable homes, in some cases using innovative concepts. Many of the housing developments and neighborhoods built in that era were model projects of the time and are now covered by preservation orders.

Living in what were known as "workers' settlements" was about much more than just affordable living space. It was also about living in a social network with one's colleagues and their families. The approximately 780 neighborhoods (including Deutsche Wohnen) that the company has today are one of Vonovia's USPs and a focal point of the answers to the megatrends facing us.

Via the non-profit company GEHAG, which was established in 1924, the Group has properties that are exceptional examples of architectural history from the Bauhaus and expressionist movements. These included new housing concepts that helped to shape the idea of a neighborhood and were even listed as UNESCO world heritage sites. Examples include the "Hufeisensiedlung", "Wohnstadt Carl Legien", "Weiße Stadt" and "Ringsiedlung Siemensstadt" developments.

The real estate development business and the property management business in Austria operate under the established BUWOG name. In Sweden, Vonovia operates under the name Victoriahem.

Corporate Structure

Vonovia SE, the parent company of the Vonovia Group, is organized in the legal form of a dualistic European company (SE). Vonovia SE is directed by a Management Board, which is responsible for conducting business and defining the Group's strategy. The strategy is implemented in close coordination with the Supervisory Board, which is regularly briefed by the Management Board regarding the development of business, strategy and potential opportunities and risks. The Supervisory Board oversees the activities of the Management Board.

Vonovia SE has its **registered headquarters** in Germany. Sine 2017, its registered office is located in Bochum. The head office (principal place of business) is located at Universitätsstraße 133, 44803 Bochum.

As of December 31, 2023, 631 legal entities/companies (of which 426 in Germany) formed part of the Vonovia Group. A detailed list of Vonovia SE shareholdings is appended to the Notes to the consolidated financial statements.

Vonovia SE performs the function of the **management holding company** for the Group. In this role, it is responsible for determining and pursuing the overall strategy and implementing the company's goals. It also performs overarching property management, financing, service and coordination tasks for the Group. Furthermore, it is responsible for the management, control and monitoring system as well as the risk management system of the Group. There is also a central function responsible for sustainability issues within Vonovia SE; it coordinates these matters for the Group as a whole.

In order to carry out management functions, Vonovia SE has established a series of service companies, particularly for commercial and operational support functions, which are centralized in shared service centers. By pooling the corporate functions on a uniform management and development platform, Vonovia achieves harmonization, standardization and economies of scale objectives, and the other Group companies thus do not need to perform such functions themselves.

This bundling is a prerequisite for the efficient and effective management of a portfolio of more than 545,000 apartments and the successful implementation of real estate development projects. The platforms also serve as the basis for the successful digitalization of the process chains.

With our **efficient organizational model**, optimized processes, a clear focus on service, and, as a result, on our customers, and a clear investment strategy focusing on climate protection, we are laying the foundation for a sustainable business while safeguarding our legitimate interests as a private-sector company.

A balanced mix of services provided by the central service center, regional caretakers working on-site and our company's own technical and residential environment organization, combined with housing-related services (Value-add), ensures that our tenants' concerns can be attended to in a timely, straightforward and reliable manner. This plays a key role in ensuring that our customers feel that they have good support in their environment.

In addition, Vonovia will be using new construction and development measures, densification and vertical expansion to build new apartments in order to meet the rising demand for living space in metropolitan areas in particular. The development organization operating under the BUWOG name gives Vonovia extensive product and process expertise in the field of construction and in the development of residential construction projects. This means that Vonovia has not only a management platform but also an end-to-end development platform spanning the entire value chain. The development business is largely managed via project companies.

The management of the operating business is based on the company's strategic approaches and is conducted via the four segments: Rental, Value-add, Recurring Sales and Development.

Vonovia's Scalable Organizational Model: Strong Regional Presence and Efficient Central Shared Services

Central

Portfolio Management

> Invest program management
> Rent calculation & management
> Rent performance management

Central Property Management

> 24/7 customer service
> Rental contract management
> Field service disposition
> Property-related accounting services

Regional

Asset Management

> Strategic development of local portfolio
> Stakeholder management

Property Management

> Field services
> Caretaker organization
> Letting organization

Value-add Management

> Technical service
> Modernization
> Residential environment

Development

> Integrated development platform
> Development to sell/to hold

Shared Services

> Purchasing
> Finance/tax
> Accounting
> Controlling
> Legal
> IT
> HR
> Communication

Our Strategy

Successful strategy refined to reflect changes in overall conditions

The strategy established at the time of the IPO with its four pillars has proved effective, supporting Vonovia's business and growth path over the past few years. The overall conditions have changed since the IPO, which has implications for corporate management.

Whereas only a few years back, the shareholder value perspective was the main focus, nowadays, a company's actions have to focus on all of its stakeholders. All corporate stakeholders have had to deal with significant changes in the recent past. Explicit examples of such stakeholder groups include tenants/customers, employees, banks, investors, suppliers, as well as society at large and our natural environment.

Not only the increasingly dynamic development of **megatrends**, but also the ever louder calls made by various stakeholder groups for a **sustainable business model** and the complex overall conditions we are faced with at present mean that the focal points of the company's strategy have to be reviewed on an ongoing basis and its various components analyzed. The cornerstones of our sustainable strategy are:

> Contribution to climate protection and reducing CO_2 (E)
> Social responsibility for our tenants, customers and employees (S)
> Trustworthy, reliable and transparent corporate governance based on the best-practice guidelines set out in the Corporate Governance Code (G).

Vonovia has an **organizational unit** reporting to the CEO to analyze, coordinate and drive the company's strategy and, as a result, explicitly sustainability aspects in the context of the strategy and the business model, on an ongoing basis. A steering group, the Sustainability Committee, has also been set up. It includes the entire Management Board as well as the individuals responsible for strategy & sustainability, corporate communications, investor relations, controlling, accounting and business innovation.

In order to calibrate its sustainability endeavors correctly, Vonovia conducts a regular **materiality analysis** or reviews this analysis to define areas for action and develop a sustainability roadmap based on the results. The materiality analysis is currently being reviewed in light of the requirements of the CSRD Directive.

The megatrends of demographic change, urbanization/shortage of housing, and climate protection/sustainability remain the basic framework underpinning the strategy.

In view of the challenging conditions for the residential real estate sector since the start of 2022, the Management Board has broken down the strategy and its pillars into key value drivers. This has not resulted in any changes to our mission statement. People remain at the center of everything we do, and we are committed to living up to this responsibility. Decisions are always made looking at the overall context of customer centricity, employee satisfaction and sustainability with a view to the future.

The key strategic value drivers

The following aspects have been elaborated as the **key value drivers** of our business:

1. The highly efficient management platform
2. The optimized capital structure and advantageous costs of capital
3. Investment focused on megatrends
4. The Value-add business as a way to create value
5. The value contribution made by the Development business
6. The efficient capital allocation

(1) The **scalable management platform** featuring highly digitalized processes, allows for the optimized management of around 500,000 residential units, organized in five business units with 24 regional business areas and 90 regions. This system is directly associated with a clear reduction in fixed costs and, at the same time, ensures consistent service quality to guarantee customer satisfaction.

Further advances in digitalization will also open up additional efficiency potential in the future, both with regard to processes and in the use of building master data and dynamic building data. The "digital twin" allows buildings to be broken down and mapped in digital form for further use throughout the company.

The range of further processing options for digital building data includes enhanced service for customers, tailored descriptions of sustainable investment measures and predictive maintenance, particularly for heating units and elevators.

(2) An **optimized capital structure** and, as a result, advantageous cost of capital secure the Group's equity and debt financing in the long run, thereby supporting the capital-

intensive business of a residential real estate company in the long run to ensure risk-adjusted yields.

The primary objective of strengthening the company's internal financing provides the basis for investments to address the challenges arising from the megatrends. Maintaining an investment grade rating remains a key objective. The company opts for debt or equity financing depending on the opportunities that arise under the prevailing equity or debt capital market conditions.

(3) When it comes to making **investments based on megatrends,** a distinction has to be made between

> investments in new construction to ease the shortage of apartments,
> investments to optimize existing properties through modernization and senior-friendly refurbishment,
> Investments in climate protection to reduce CO_2 and in neighborhood projects to promote tenant satisfaction.

All of these investments have to take account of the new return criteria.

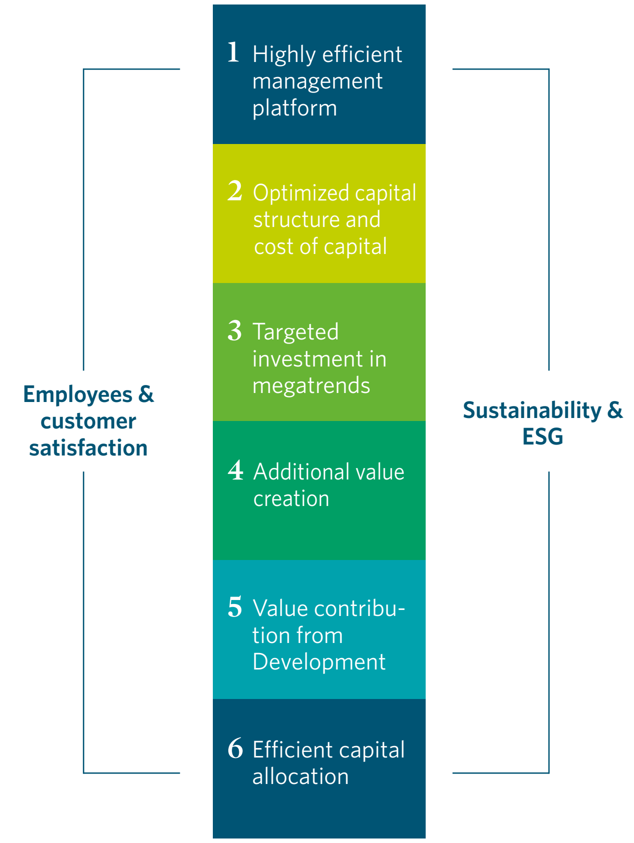
(4) The **value-add business** gives Vonovia the expertise to perform technical construction services, modernization measures and residential environment services. Vonovia uses standardized processes to ensure availability while maintaining a consistently high level of quality throughout the Group.

The Value-add business, our "neighborhood workshop," generates added value for the company by bundling multi-utility services. The aim of the neighborhood workshop is to create an integrated system of housing-related infrastructure services. This includes the ongoing establishment of additional services to complement conventional rental services, the further development and expansion of the existing main product lines, multimedia, energy supply and meter reading technology services, as well as the further implementation of IoT systems, for example for elevator and heating unit monitoring. Further innovations are in the development stages and will be offered once they have been reviewed for their marketability.

(5) The **Development business** is aimed directly at alleviating the shortage of housing through the targeted expansion of the company's own portfolio, as well as the direct generation of income from business with third parties.

The product range includes the sale of individual condominiums and the sale of projects to investors (to sell) on the one hand, and the construction of rental apartments for Vonovia's own portfolio as well as the construction of new properties on existing land held in the portfolio (to hold) on the other. The Development business is also geared towards the concept of the neighborhood and sustainability aspects.

The Value Drivers of Our Strategy



Efficient project implementation based on the development platform along the entire value chain guarantees the value contribution made by the Development business. The value chain ranges from the acquisition of land to build on to project development, planning, realization and marketing.

The Development business also has to consider greater obstacles to returns and the challenges of efficient capital commitment.

The Development business is managed from five locations in Germany, from Vienna, Austria, and Malmö, Sweden.

(6) Another key value driver is **efficient capital allocation**. Given the current return requirements based on the increased cost of capital, strengthening the proportion of

equity and focusing on internal financing has been identified as a key value driver that optimizes the opportunities for return-oriented sustainable investments. Decisions on the actual capital allocation are made based on the return and Vonovia's internal financing power.

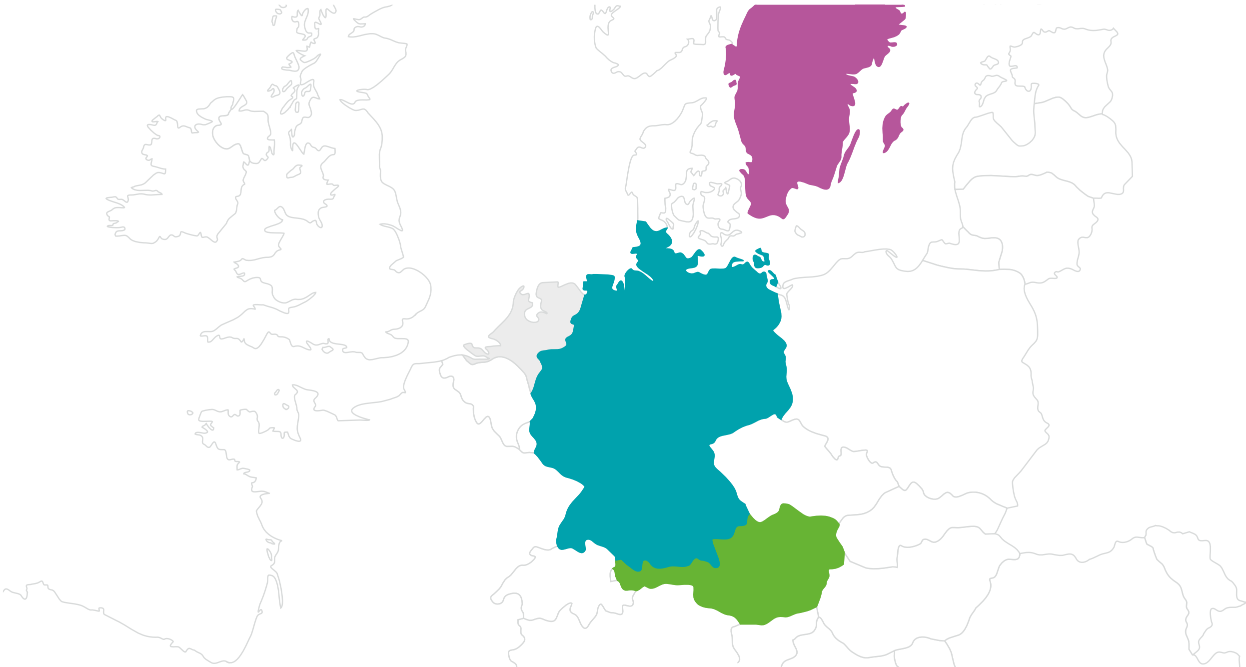
In the period following the IPO, capital allocation focused on external growth through acquisitions and economies of scale given the favorable prevailing capital market conditions.

Due to the current capital market conditions, which are dominated by inflation and rising interest rates, as well as the resulting higher cost of capital, Vonovia is in the process of streamlining its portfolio through sales and the establishment of joint venture structures. The aim is to create an optimized capital structure and sustainable internal financing.

The next phase will be characterized by dynamic portfolio management. What is more, each business activity will have to generate adequate returns and cash surpluses in the interests of efficient capital allocation.

The **nursing care activities** performed under the Deutsche Wohnen umbrella were subjected to a strategic analysis as part of the merger, with the outcome that these activities will no longer be part of Deutsche Wohnen's strategy and, as a result, will no longer be part of Vonovia's strategy either. In the Group reporting, the nursing care activities are shown as discontinued/abandoned operations.

European Markets



Germany	Sweden	Austria
15 urban growth regions	Stockholm, Gothenburg, Malmö	Vienna (mainly)

Non-financial Group Declaration

Explanatory Information on the Content of the Report and the Framework

Vonovia SE (hereinafter referred to as Vonovia) is continuing on its path towards more integrated reporting on the company's sustainability topics. Before reporting switches over to the framework set out in the European Sustainability Reporting Standards (ESRS) for the 2024 fiscal year, the report for the 2023 fiscal year is being published for the last time in accordance with the requirements set out in the Non-financial Reporting Directive (NFRD, Directive 2014/95/EU) in the form of this Non-financial Group Declaration. It has its legal basis in Sections 315b, 315c in conjunction with Section 289c to 289e HGB.

When preparing this report, we use the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), which we describe in the section entitled → **Environmental Issues** and take into account the Global Reporting Initiative (GRI) framework for sustainability reporting in particular when it comes to describing the material topics and management approaches. Explanatory information on the provisions of the delegated act for Regulation (EU) 2020/852, subject to application of Articles 8 and 10 (EU taxonomy), is provided in the → **EU Taxonomy Regulation** section of this Non-financial Group Declaration.

The integrated approach taken by the Non-financial Group Declaration reflects our understanding of sustainability, which is also a key component of our corporate strategy and business processes. Consequently, information on sustainability is not limited to the Non-financial Group Declaration, but can be found throughout this annual report, such as in the description of our business model, in the risk assessment or in our corporate governance structure. Corresponding references point to chapters in the management report in which the required disclosures are reported. As such, we are underscoring our understanding of a sustainable business model in which all three dimensions of sustainability (ESG) are embedded within our sustainability strategy (see → **Fundamental Information About the Group**).

The merger with Deutsche Wohnen SE (hereinafter referred to as Deutsche Wohnen) had been completed by the beginning of the 2023 fiscal year. Since this date, Vonovia and Deutsche Wohnen have been operating using joint systems and structures (see → **Fundamental Information About the Group**). Deutsche Wohnen is therefore fully included in the consolidated financial statements and the Non-financial Group Declaration of Vonovia. Deutsche Wohnen will not be issuing its own non-financial declaration for the 2023 fiscal year, as it is exercising its rights under the simplifying provision for CSR reporting pursuant to Sections 289b (2) and 315b (2) HGB.

The company's activities in Austria and Sweden are also covered by this Non-financial Group Declaration. This includes a full qualitative presentation of the non-financial information of the business entities. Due to the ongoing integration of the corresponding processes, the Group-wide consolidation of a few of the key performance indicators is still in the implementation phase. With respect to each key performance indicator, we make reference to the degree of KPI integration.

One exception is the independent Care segment, which was integrated into the Group as a whole by the Deutsche Wohnen subgroup. This segment was classified as a discontinued operation at the end of 2023 as a result of a strategic review (see → **Management System**). We provide content on this segment as part of the corresponding material topic (see Social Issues: Homes That Meet People's Needs and Demographic Change). The key figures presented in this Non-financial Group Declaration are largely collected and presented excluding the Care segment. This is based on materiality aspects (particularly with regard to the environment), processes that are not consistently established and definitions of key figures with a focus on the real estate sector. The presentation of the key figures in the context of the EU Taxonomy Regulation matches the disclosures in the Notes.

The main relevant non-financial performance indicators are reported – together with information on the underlying concepts and objectives – in the individual chapters covering the content in question. These are allocated to the legally mandated aspects – environmental issues, social issues, employee issues, combating corruption and bribery, and observance of human rights.

Six of the key figures listed in the Non-financial Group Declaration are non-financial performance indicators within the meaning of GAS 20, Paragraph 101 in conjunction with Paragraph 106. These are the key figures that together constitute the Sustainability Performance Index (SPI) since its introduction in 2021. The SPI, which is derived from the material sustainability topics, is a vital instrument in terms of managing, and in terms of the remuneration for, our sustainable activities. The SPI represents the leading non-financial performance indicator for the Vonovia Group (see → **Management System**).

Sustainability reporting for the reporting year is supplemented by other formats outside of this management report:

> Relevant key figures and data on the individual non-financial aspects for the fiscal year will be presented in an ESG Factbook, which is scheduled for publication in the second quarter of 2024.
> We will also once again be publishing a report in accordance with the requirements of the Sustainable Best Practice Recommendations (sBPR) of the European Public Real Estate Association (EPRA) and a reconciliation of our reporting to the Real Estate Sustainability Accounting Standard of the Sustainability Accounting Standards Board (SASB).
> On our Group website (**www.vonovia.com**), which was revamped in the reporting year, you can find further information on our sustainability strategy and topics – such as commitments and guidelines – as well as examples of implementation.
> The final aspect of sustainability reporting is participation in numerous ESG ratings.

The Non-financial Group Declaration is subjected to a separate limited assurance → **audit** conducted by PwC GmbH Wirtschaftsprüfungsgesellschaft, Essen, in accordance with ISAE 3000. All references to content outside the Non-financial Group Declaration are further information and are not covered by the audit performed by the auditor of the annual financial statements. An exception to this rule applies to references to further chapters of the management report. These are covered by the audit.

Sustainability Management at Vonovia

Our Understanding of Sustainability

Our business model – the development and rental of high-quality, modern and affordable living space – means that our relationship with social and environmental change processes is one of great interdependence. Sustainability is thus a key component of our corporate strategy. In recent years, we have made great progress in integrating **sustainability into the company's business processes**. Vonovia's understanding of sustainability is published on our Group website.

With the launch of the non-financial performance indicator SPI in 2021, the strategy is linked to clear and remuneration-relevant targets for the Management Board and senior management (the first tier below the Management Board).

The **SPI** comprises six sub-indicators based on the material topics of Vonovia. They include:

> The CO_2 intensity of our housing stock
> Energy efficiency of new buildings
> The proportion of accessible (partially) modernized newly let apartments
> Increased customer satisfaction
> Increased employee satisfaction
> The proportion of women in top management

The SPI for Vonovia achieved an index value of 111% in the reporting year (see → **Report on Economic Position**). For a more detailed description of our **sustainable business model**, please refer to the chapter entitled Fundamental Information About the Group.

In terms of the direction of its sustainability strategy, Vonovia is also **guided by international standards and frameworks,** such as the Sustainable Development Goals (SDGs), the UN Global Compact and the United Nations Guiding Principles on Business and Human Rights. As a company with international operations, we aim to contribute to achieving these goals with our business in Germany, Austria and Sweden. To this end, we have identified **eight central SDGs that guide our actions (**see also the SDG policy on our **Group website**).

Key SDGs for Vonovia

Sustainability Organization

At Vonovia, sustainability lies at the very top level of management. The individual responsible for the issue of sustainability is the Chief Executive Officer. On the part of the Supervisory Board, the Strategy, Finance and Sustainability Committee, as well as the Audit Committee (for reporting) perform the corresponding control function.

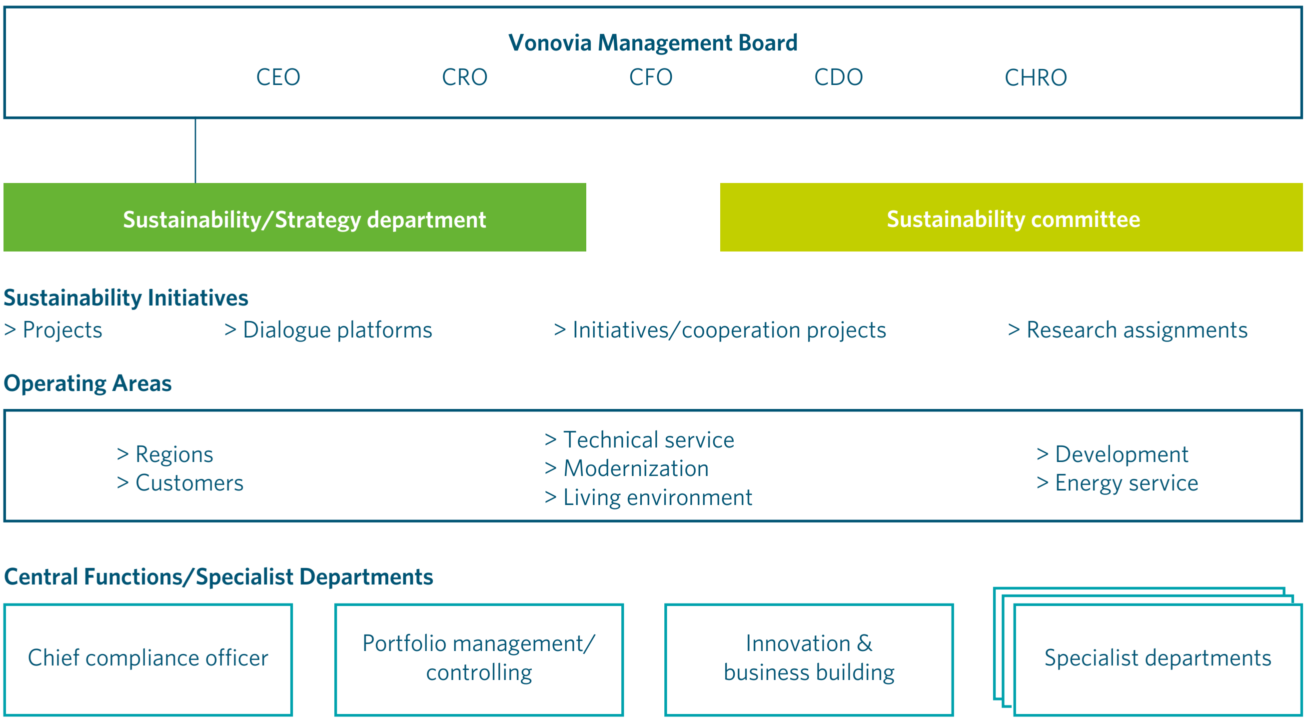
Central coordination of sustainability activities is the responsibility of the Sustainability/Strategy department. Its core duties include, in particular, the further development of the sustainability strategy, the definition and monitoring of sustainability targets, the providing of impetus and the implementation of sustainability projects. It also handles sustainability reporting, which includes not only sustainability reporting within the annual report, but also the preparation of the ESG Factbook and the management of numerous ESG ratings.

A **sustainability committee** meets three to four times a year – as required – to discuss the overall strategic direction and to evaluate the company's sustainability performance. The committee comprises the entire Management Board as well as the heads of Sustainability, Corporate Communications, Controlling, Accounting and Investor Relations. This ensures that decisions on the implementation of our sustainability strategy are borne by all relevant divisions and all the way through to local implementation levels.

The operational implementation of sustainability aspects takes place in all relevant departments and in our local neighborhoods in the various regions.

In Austria and Sweden, sustainability coordination is embedded in the relevant staff positions. They coordinate the interaction between the Sustainability/Strategy department and the individual countries, as well as the country-specific sustainability strategies pursued by the Austrian BUWOG companies and the Swedish company Victoriahem.

Sustainability in Vonovia's Organizational Model



Risk Assessment Based on Sustainability Aspects

The analysis and assessment of risks, taking into account sustainability considerations, have become a key component of risk management for Vonovia. We not only analyze the risks in relation to business operations (outside-in perspective), but also in relation to the possible impacts on the environment and society (inside-out perspective). We provide information on these risks in our → **Risks and Opportunities report**.

In the Non-financial Group Declaration, material risks associated with the Group's own business activities – and business relations or products and services of the Group – which are very likely to occur and which could have very challenging negative effects on non-financial topics must be reported. On the basis of the risk analyses performed and in the opinion of Vonovia's management, there are no non-financial risks subject to a reporting requirement that meet the materiality criteria pursuant to Section 289c (3) Nos. 3 and 4 HGB following application of the net method and taking risk mitigation measures into consideration.

Key Materiality Aspects at Vonovia

A home is a basic human need. We meet this basic need by creating new living space and letting existing living space. We do so responsibly and sustainably by paying attention to the environmental footprint of our buildings and by having committed to the goal of virtually climate-neutral housing stock by 2045 (see → **Environmental Issues**), but also by living up to our social responsibility and offering residential units at fair prices for all different groups within society. We do so through a governance structure that meets high value benchmarks and that is suited to being perceived as trustworthy and reliable by our stakeholders.

Vonovia systematically manages the main sustainability topics for the company based on the double materiality concept on the basis of two dimensions:

> The relevance of social and environmental changes on the business and on value creation (outside-in perspective)
> The impact of the business model and company activities on the environment, society and the economy (inside-out perspective)

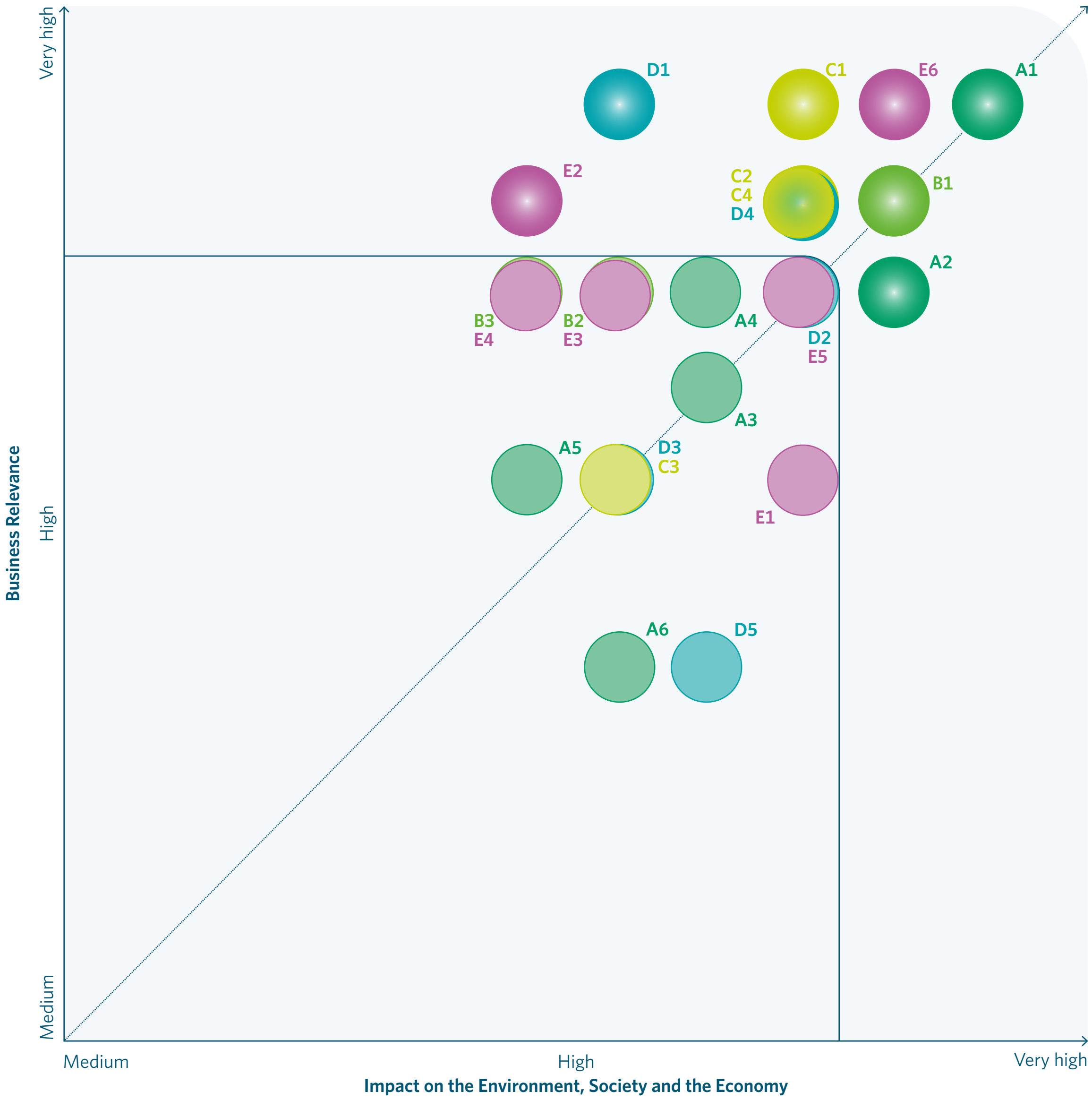
We consider the perspectives of all of our relevant stakeholder groups in the materiality analysis.

The materiality matrix, which builds on this, categorizes (1) ten topics that have been identified as material – which will be explained in more detail in the subsequent chapters of this Non-financial Group Declaration – and (2) 14 further important sustainability topics within five areas for action.

In the 2023 reporting year, we once again performed a critical review of all topics against the backdrop of integration and consolidated reporting, as well as new regulations and changes in general conditions. This did not result in any changes as against the prior year's assessment.

The materiality analysis of sustainability topics that is presented here applies to the entire Group and represents the leading system for the non-financial topics.

Materiality Matrix



Action Area A: Environment and Climate

- A1 **CO_2 reduction in the housing portfolio**
- A2 **Sustainable construction and refurbishment**
- A3 Sustainable materials and products
- A4 Protecting biodiversity
- A5 Water, effluents and waste
- A6 Resource and climate protection in business operations

Action Area B: Society and Contribution to Urban Development

- B1 **Neighborhood development and contribution to infrastructure**
- B2 Inclusion, diversity and social cohesion
- B3 Dialogue with tenants and participation

Action Area C: Homes and Customers

- C1 **Living at fair prices**
- C2 **Homes that meet people's needs and demographic change**
- C3 Maintenance for health and safety
- C4 **Customer satisfaction and service quality**

Action Area D: Corporate Culture and Employees

- D1 **Appeal as an employer**
- D2 Training and personal development
- D3 Remuneration and flexible working models
- D4 **Diversity and equal opportunities**
- D5 Promoting health and safety

Action Area E: Sustainable Governance and Responsible Business Practices

- E1 Sustainable corporate strategy
- E2 **Governance and compliance**
- E3 Digitalization and data security
- E4 Human rights due diligence and supply chain
- E5 Contribution to socio-political dialogue
- E6 **Appeal on the capital market**

Material topics are defined by their high significance for the following dimensions: impact on the business and value creation, and impact of the business model on the environment, society and the economy.
Material topics are marked in bold.

EU Taxonomy Regulation

Identification and Categorization of Economic Activities Eligible for Taxonomy

In accordance with the EU Taxonomy Regulation, we disclose the share of our taxonomy-eligible and taxonomy-aligned turnover, capital expenditure and operating expenses.

Vonovia has identified taxonomy-eligible activities under EU environmental objective 1 (climate change mitigation, CCM) in its business model. Some of these activities would also be taxonomy-eligible under EU environmental objective 4 (transition to a circular economy, CE). In order to avoid double counting, Vonovia allocates these in full to EU environmental objective 1. With regard to EU environmental objective 2 (climate change adaptation, CCA), we do not report any taxonomy-eligible activities, because we do not generate any turnover from eligible activities and do not allocate any separate CapEx (or OpEx) to this EU environmental objective in order to prevent double counting.

The new EU environmental objectives result, to a small extent, in additional taxonomy eligibility for Vonovia under EU environmental objective 4. EU environmental objectives 3 (sustainable use and protection of water and marine resources, WTR), 5 (pollution prevention and control, PPC) and 6 (protection and restoration of biodiversity and ecosystems, BIO) do not result in any further taxonomy eligibility. Accordingly, we have identified the following activities as being taxonomy-eligible:

EU Taxonomy Criteria		Activities undertaken by Vonovia	Turnover	Capital Expenditures	Operating Expenses
CCM 7.1/CE 3.1	Construction of new buildings	Turnover from Development to sell	☑		
CCM 7.2/CE 3.2	Renovation of existing buildings	Investments for energy modernizations (7.2), Investments for refurbishments without energy-related effects (e.g., vacant apartment renovation) (3.2)		☑	
CCM 7.3	Installation, maintenance and repair of energy efficiency equipment	Investments for measures that are not covered by 7.2 (e.g., heating modernization, insulation, window replacement)		☑	
CCM 7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Investments for charging stations and wallboxes		☑	
CCM 7.5	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Investments for metering technology and smart metering		☑	
CCM 7.6	Installation, maintenance and repair of renewable energy technologies	Investments for photovoltaic facilities		☑	
CCM 7.7	Acquisition and ownership of buildings	Turnover from rental income and recurring sales, investments for acquisitions, Development to hold and capitalized internal expenses without energy-related effects (e.g., major maintenance measures and vacant apartment renovations), operating expenses for non-capitalized maintenance (e.g., minor maintenance)	☑	☑	☑
CCM 4.1	Electricity generation using solar photovoltaic technology	Turnover from the sale of self-generated electricity to tenants and/or feed-in to the grid	☑		
CCM 3.3	Manufacture of low carbon technologies for transport	Investments for fleet		☑	
CE 1.2	Manufacture of electrical and electronic equipment	Investments for IT hardware equipment and other electronic operating and business equipment		☑	

As in the previous year, turnover from the condominium administration business, energy sales from energy trading activities, and multimedia are not taxonomy-eligible. The Care segment is no longer reported under turnover for the 2023 fiscal year, but rather separately as a discontinued operation.

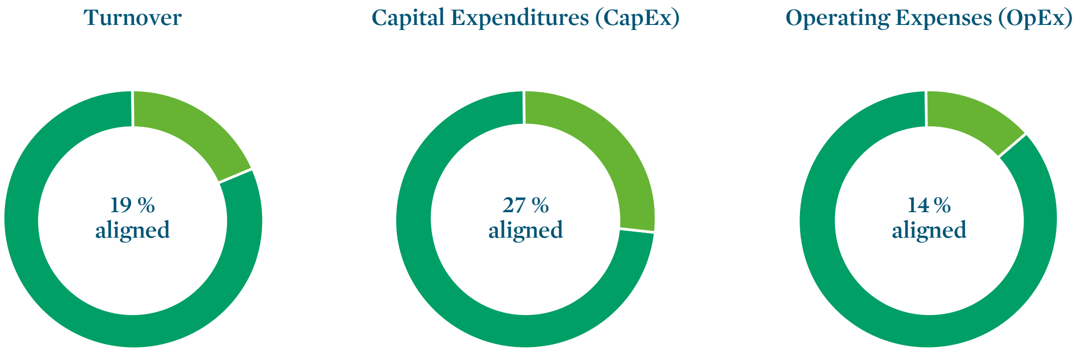
Vonovia is not affected by any economic activities related to energy generation from fossil gas or nuclear energy. As a result, Vonovia does not submit the specific reporting forms for these activities.

Procedure for Determining Taxonomy Alignment

At Group level, the following key figures are obtained from the taxonomy-aligned shares of turnover, capital expenditure and operating expenses for the 2023 reporting year, reported under EU environmental objective 1 (climate change mitigation) as in the previous year.

The largest share of taxonomy-aligned turnover can be attributed to rental income from taxonomy-aligned buildings (activity 7.7). A large share of taxonomy-aligned capital expenditure is accounted for by the renovation of existing buildings (7.2) and investments in the portfolio and Development to hold (7.7 Acquisition and ownership of buildings), in particular.

Taxonomy-aligned Shares of Vonovia's Business Activities



Review of Substantial Contribution
The obligation to review taxonomy alignment for the 2023 reporting year extends exclusively to activities relating to EU environmental objectives 1 and 2.

Turnover associated with **new construction (activity 7.1)** is deemed taxonomy-aligned if the relevant buildings have a primary energy demand that is at least 10% below the national standard for nearly zero-energy buildings. Vonovia checks compliance by obtaining an energy performance certificate for each building. The relevant buildings undergo the thermal integrity and airtightness test. Where required to do so, Vonovia determines the global warming potential for each phase of the building life cycle (for buildings with an area of > 5,000 sqm) using a model calculation of life cycle emissions based on emission factors that have been determined for different types of construction.

Turnover generated from the **acquisition and ownership of buildings (activity 7.7)** is deemed taxonomy-aligned if the buildings constructed before December 31, 2020, have been assigned energy efficiency class A (or better) or, alternatively, are among the top 15 percent of regional or national housing stock in terms of primary energy demand in operation. Vonovia checks compliance by obtaining an energy performance certificate for each building. We base our assessment of the top 15 percent on relevant threshold values for primary energy demand for Germany, Austria and Sweden, which were determined in a recent benchmark study. For buildings constructed after December 31, 2020, the same criteria for substantial contribution to climate change mitigation apply as for new construction (activity 7.1).

Turnover from **electricity generation using solar photovoltaic technology (activity 4.1)** is treated as a direct climate change mitigation measure in the EU Taxonomy Regulation.

In accordance with Vonovia's business model, the **relevant criteria** for determining taxonomy-aligned capital expenditure stem from activities 7.2, 7.3, 7.4, 7.5, 7.6 and 7.7:

At Vonovia, capital expenditure associated with the **renovation of existing buildings (activity 7.2)** always relates to energy-efficient modernization. Vonovia verifies the required 30% reduction in primary energy demand through energy-efficiency assessments or based on energy certificates. Capital expenditure as part of energy-efficient modernization projects is allocated to activity 7.2. Capital expenditure on heating modernization, charging stations and wall boxes, metering technology and smart metering, and photovoltaic systems is generally treated as a direct climate protection measure and is allocated to activities 7.3, 7.4, 7.5, and 7.6.

Activity **7.7 "Acquisition and ownership of buildings"** includes capital expenditure from acquisitions, Development to hold, investments not including energy efficiency measures (e.g., vacant apartment renovations) or other internal expenses that can be capitalized. These qualify as taxonomy-aligned if the building-related technical valuation criteria are met.

The relevant criteria for determining **taxonomy-aligned operating expenses** stem from activity 7.7. This is non-capitalized maintenance (usually minor maintenance). In addition to maintenance services provided by third parties, this also includes services provided internally by the company's own craftsmen's organization.

Capital expenditure on the fleet (3.3) is not subject to any detailed alignment review. Vonovia's fleet is gradually being switched to alternative drive systems; at present, only a small number of vehicles meet the required threshold for CO_2 emissions. Capital expenditure in connection with the purchase of electrical and electronic goods (1.2) is not subject to any mandatory alignment review in the 2023 reporting year.

Assessing Significant Harm on One or Several EU Environmental Objectives ("Do No Significant Harm")

In order to avoid significantly compromising **adaptation to the effects of climate change** (EU environmental objective 2), the EU taxonomy requires that a robust climate risk and vulnerability assessment be carried out for all taxonomy-aligned economic activities. Vonovia uses an IT tool to identify and evaluate physical climate risks for the Group-wide portfolio on a continuous basis using the prescribed climate scenarios (RCP2.6, RCP4.5 and RCP8.5) (see **Environmental Issues**). The risk assessment is based on scenario RCP4.5, which, according to the United Nations (UNEP Emissions Gap Report 2023), represents the probable increase in the global average temperature that will result from the national contributions to climate change mitigation that have currently been defined and implemented. In this scenario, no material risk has been identified for any of the climate-related hazards up to 2045. Therefore, no adaptation plan is required in accordance with the EU Taxonomy Regulation. As part of the neighborhood strategy, potential adaptations are to be defined at portfolio level in the future and subsequently implemented individually for the properties or neighborhoods for which there are material risks at the corresponding level.

With regard to the **sustainable use and protection of water and marine resources** (EU environmental objective 3), no criteria need to be assessed for the taxonomy-eligible economic activities for residential building units.

The requirements for **transitioning to a circular economy** (EU environmental objective 4) are set out in the German Circular Economy Act (KrWG)/national legislation, and are passed on to business partners by Vonovia through the Business Partner Code and the General Terms and Conditions of Contract for Construction Services, as well as being included in framework agreements with waste disposal companies. This ensures that the requirements are implemented for each project. The selected building and construction technology strengthens resource efficiency, adaptability and dismantling capacity, taking into account the requirements set out in the ISO 20887 standard. The photovoltaic systems installed by Vonovia also meet the requirements for preventing significant harm to EU environmental objective 4 on account of their design and service life.

In order to avoid and prevent **environmental pollution** (EU environmental objective 5), compliance with certain EU directives must be ensured (Appendix C to Annex 1 to the Supplement to EU Regulation 2020/852). Compliance with statutory requirements is defined in Vonovia's Business Partner Code that all subcontractors and suppliers have to sign. Vonovia has established a toxic materials management system to ensure the safe handling of toxic materials. Among other measures, safety fact sheets and operating instructions are kept for affected products and the company's own employees are trained on how to handle these products correctly from an occupational safety perspective. Substances of very high concern (SVHC) cannot generally be found in the construction materials used. If these substances are identified in very small quantities in individual cases, Vonovia looks into options for replacing them on an ongoing basis.

Vonovia's economic activities do not significantly harm the achievement of EU environmental objective 6 (**protection and restoration of biodiversity and ecosystems**), as Vonovia only builds in designated areas and with a building permit.

Compliance with Minimum Standards at Group Level ("Minimum Social Safeguards")

We are committed to our human rights due diligence obligations and align our conduct with internationally recognized frameworks such as the OECD Guidelines for Multinational Enterprises, the ILO Core Labour Standards and the UN Guiding Principles on Business and Human Rights.

Vonovia adopts a Group-wide approach to meeting minimum safeguards that address the issues of corruption and bribery, fair competition and taxation in addition to respect for human rights: Comprehensive procedures forming part of the compliance management system, including Group-wide guidelines and complaints mechanisms, have been put in place to prevent and uncover violations (see → **Combating Corruption and Bribery**).
A due diligence process to avoid scenarios in which business activities have negative impacts on people and the environment forms the core of compliance with the minimum safeguards. Taking the OECD Guidelines as a basis, Vonovia has implemented all of the recommended due diligence steps. In the reporting year, we conducted a human rights and environmental risk analysis for our own business area and the supply chain. Further information on the implementation of human rights due diligence at Vonovia can be found in the section → **Respect for Human Rights**.

Performance Indicators

Definition and Calculation Method

In order to determine the key figures (KPIs) that are to be reported, the taxonomy-eligible and taxonomy-aligned net turnover, capital expenditure and operating expenses are calculated as a share of the total net turnover, capital expenditure and operating expenses that are to be taken into account in accordance with EU taxonomy requirements. Duplicate counting is avoided by means of direct allocation of the taxonomy-eligible or taxonomy-aligned turnover, capital expenditure and operating expenses to a taxonomy-eligible or taxonomy-aligned economic activity.

Turnover

The Group's consolidated turnover is taken into account in the denominator (total net turnover). This comprises turnover from property management, income from the sale of properties, income from the disposal of properties held for sale and turnover from the disposal of real estate inventories. For more details on accounting methods, please refer to the accounting and valuation methods within the Notes to the IFRS consolidated financial statements → **[B10] Revenue from Property Management**, → **[B11] Profit on the Disposal of Properties** and → **[B12] Profit on Disposal of Real Estate Inventories**. Taxonomy-aligned net turnover (numerator) is comprised of amounts generated through taxonomy-aligned economic activities.

Rental income from the Rental segment accounts for the largest share of taxonomy-aligned turnover (€ 705 million). In this case, compliance is assessed on a building-by-building basis taking into account the technical criteria for activity 7.7. Turnover from completed residential properties for our own use (Development to hold) has been reported under turnover for 7.7 based on the completion date. The increase is due to a larger proportion of aligned buildings. A further approx. € 226 million of aligned turnover under activity 7.7 is based on the sale of aligned investment properties.

The turnover from the Development to sell segment (€ 250 million), which is shown under activity 7.1, is based on the proceeds from the disposal of new builds. These decline due to the current market situation. The taxonomy-aligned share within activity 7.1, however, rose from 60.2 percent to 70.7 percent. The turnover for activity 4.1 (€ 1.9 million) is generated by the feed-in tariff paid for supplying electricity to the grid as well as the direct sale of electricity to tenants. Total turnover → **[C23] Segment Reporting** is down by € 2,886 million year-on-year. In particular, the portfolio sold to the federal state of Berlin (Berlin deal) had increased total turnover in the 2022 fiscal year, reducing overall alignment.

Completed residential property for our own portfolio (Development to hold) is shown in the consolidated financial statements as capital expenditure under 7.7. No turnover is gained from this. The internal turnover of the Value-add companies, e.g., services provided by craftsmen, is eliminated in the course of Group consolidation and is therefore not taken into account in taxonomy-eligible turnover. If the services provided internally are larger projects, e.g., energy-efficient modernization measures, they are capitalized and shown as capital expenditure (CapEx).

Capital Expenditure

In accordance with the EU taxonomy, the denominator for capital expenditure (CapEx) is composed of additions to property, plant and equipment and intangible assets. For accounting details, please refer to chapters → **[D26] Intangible Assets**, → **[D27] Property, Plant and Equipment** and **[D28] Investment Properties** in the Notes to the IFRS consolidated financial statements. The individual additions and capitalized modernization costs were taken into account when calculating the denominator.

For projects lasting several years in the areas 7.2, 7.3 or 7.7, the capitalized amount for the relevant reporting year is reported as taxonomy-eligible and, provided the relevant criteria are met, taxonomy-aligned capital expenditure. For activities 7.4, 7.5 and 7.6, the capital expenditure is shown in the year of asset capitalization. When it comes to capital expenditure, the EU Taxonomy Regulation makes a distinction between different categories of capital expenditure.

Due to Vonovia's business model, it largely invests (activity 7.2 and 7.7) in assets or processes associated with economic activities that are taxonomy-aligned (category A). It also makes investments (activity 7.3–7.6) relating to individual measures through which the target activities are carried out in a low-carbon manner or the emission of greenhouse gases is lowered (category C). Capital expenditure for the fleet (3.3) and for the purchase of electrical and electronic goods (1.2) also constitutes taxonomy-eligible capital expenditure under category C.

With regard to developed land, the CapEx for buildings and land has been included as additions, as economic activity 7.7 cannot be performed without the relevant land.

Capital expenditure in the context of Vonovia's capitalized internal expenses is reviewed for taxonomy alignment and allocated to 7.2, 7.3 or 7.7 depending on the type of investment. In order to avoid duplicate counting of capital expenditure, the items are allocated to just one activity in each case. Taxonomy alignment is assessed for each building or project. In addition to capitalized internal expenses, the addition of other property, such as Development to hold additions or other acquisitions of investment properties, is reported under 7.7.

With regard to economic activity 7.1, the corresponding properties do not constitute fixed assets but rather are reported within current assets in the real estate inventories (see → **[D36] Real Estate Inventories**) or receivables, and are therefore not included in the denominator of the key figure for taxonomy-relevant capital expenditure.

The taxonomy-aligned capital expenditure (numerator) comprises additions to investment properties (€ 285 million). These comprise aligned Development to hold additions (€ 141 million/7.7), capitalized modernization measures (€ 97 million, with € 95 million in 7.2 and € 2 million in 7.7), additions of purchased real estate (€ 36 million/7.7) and aligned individual measures pursuant to activity 7.3 (€ 11 million). Additions relating to property, plant and equipment came to € 36 million in total. These relate to photovoltaic technology (€ 30 million/7.6), metering technology (€ 5 million/7.5) and charging stations (€ 1 million/7.4). There was an addition to right-of-use assets (€ 5 million) for metering technology (€ 3 million/7.5) and heating systems (€ 2 million/7.3). There were no additions resulting from business combinations during this reporting year.

Compared to the previous year, CapEx fell significantly overall (from € 2,483 million to € 1,203 million). The aligned share fell from € 774 million to € 326 million. This can be traced back to the overall reduction in the investment strategy due to the tense interest rate situation. A large number of development projects were sold as opposed to added to the company's own portfolio. This means that the aligned share of additions to investment properties (7.7) fell from € 443 million to € 141 million. The capitalization of modernization measures (7.2) also fell accordingly from € 239 million to € 97 million. There was also a downward trend in the area of heating modernization (7.3) from € 80 million to € 11 million. By contrast, there was a significant increase from € 6 million to € 30 million in activity 7.6 due to a strong commitment to the expansion of photovoltaic systems.

We have issued green bonds on the capital market based on the **Vonovia Sustainable Finance Framework 2022**. 2023 also saw us take out a green loan. The proceeds from these issues are used exclusively to (re)finance real estate that has been confirmed to be green. We use a portfolio-based approach, which means that funds cannot be allocated to specific properties. As a result, it was not possible to make adjustments for the taxonomy-aligned capital expenditure financed using these bonds or debentures, or corresponding turnover from environmentally sustainable buildings for the purposes of reporting the taxonomy-aligned performance indicators.

Operating Expenses

The operating expenses (OpEx) denominator is an addition to the performance indicator of the recognized capital expenditure values rather than a full presentation of the operating expenses of Vonovia, as shown under → **[B15] Cost of Materials** in the Notes to the consolidated financial statements.

Pursuant to the requirements, we include expenses for upkeep and repair (maintenance) when defining the denominator. At Vonovia, maintenance measures are mainly carried out by the internal craftsmen's organization, which is why we also include these items (technicians' and administrative costs) in the denominator. Duplicate counting is avoided due to the fact that capitalized shares, as capital expenditure, reduce maintenance costs accordingly. As a result, the denominator reflects the non-capitalized maintenance expenses. These maintenance costs and, in particular, the personnel costs associated with the company's own staff cannot be allocated separately to the individual buildings when posting expenses. In addition, the operating expenses incurred for the individual activities 7.2 to 7.7 cannot be attributed individually. Vonovia thus allocates all maintenance costs to activity 7.7. To determine the taxonomy-aligned data, we use an allocation factor for maintenance expenses based on the area of the building (in sqm). This share is multiplied by the taxonomy-eligible operating expenses to calculate the numerator. The non-taxonomy-eligible shares, e.g., condominium administration maintenance expenses, are not taken into account. The share of green sqm in relation to the total area is 14.6%. The increase as against the previous year (12.9%) is due to a higher proportion of taxonomy-aligned buildings.

In this case, operating expenses are comprised of € 534 million for maintenance (see → **[B15] Cost of Materials**), less € 385 million for the capitalized share and € 267 million from our own craftsmen's organization. € 17 million of the maintenance expenses is attributable to condominium administration. This activity is not taxonomy-eligible. As a result, the numerator is calculated as 14.6% of € 396 million.

EU Taxonomy Regulation Reporting Forms

Turnover

				Substantial contribution criteria					
	Code(s)	Turnover	Proportion of Turnover, year 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
Economic Activities		€ million	%	Y; N; N/EL**	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)*									
Construction of new buildings	CCM 7.1	250	4.1	Y	N/EL	N/EL	–	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	931	15.3	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation using solar photovoltaic technology	CCM 4.1	2	0.0	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1,184	19.4	19.4	0.0	–	–	–	–
of which Enabling		0	0.0	0	0	–	–	–	–
of which Transitional		0	0.0	0	0				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL***	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Construction of new buildings	CCM 7.1/CE 3.1	104	1.7	EL	N/EL	N/EL	EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	4,650	76.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4,753	78.0	78.0	0	0	0	0	0
A. Turnover of Taxonomy eligible activities (A1.+A2)		5,937	97.4	97.4	0	0	0	0	0
B. Taxonomy-non-eligible activities									
Turnover of Taxonomy-non-eligible activities		159	2.6						
Total		**6,096**	**100.0**						

* With regard to EU environmental objectives 3 to 6, the disclosure obligation for the 2023 reporting year extends exclusively to taxonomy eligibility.
** "Y": Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant EU environmental objective; "N": No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant EU environmental objective; "N/EL": Taxonomy-non-eligible activity for the relevant EU environmental objective.
*** "EL": Taxonomy-eligible activity for the relevant EU environmental objective; "N/EL": Taxonomy-non-eligible activity for the relevant EU environmental objective.

DNSH criteria ("Does Not Significantly Harm")								Category	
Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) Turnover, year 2022	Category enabling activity	Category transitional activity
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Y	Y	Y	Y	Y	Y	Y	3.9		
Y	Y	Y	Y	Y	Y	Y	6.6		
Y	Y	Y	Y	Y	Y	Y	0.0		
Y	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**10.6**		
Y	Y	Y	Y	Y	Y	Y	0.0	E	
Y	Y	Y	Y	Y	Y	Y	0.0		T
							2.6		
							82.5		
							85.1		
							95.7		

CapEx

Economic Activities	Code(s)	CapEx	Proportion of CapEx, year 2023	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
		€ million	%	Y; N; N/EL**	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)*									
Renovation of existing buildings	CCM 7.2	95	7.9	Y	N/EL	N/EL	–	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	13	1.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	1	0.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	8	0.7	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	30	2.5	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	179	14.9	Y	N/EL	N/EL	N/EL	N/EL	N/EL
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		326	27.1	27.1	0.0	–	–	–	–
of which Enabling		52	4.4	4.4	0	–	–	–	–
of which Transitional		95	7.9	7.9	0				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL***	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Renovation of existing buildings	CCM 7.2/CE 3.2	187	15.6	EL	N/EL	N/EL	EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	577	47.9	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of low carbon technologies for transport	CCM 3.3	26	2.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of electrical and electronic equipment	CE 1.2	8	0.6	N/EL	N/EL	N/EL	EL	N/EL	N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		798	66.3	65.7	0	0	0.6	0	0
A. CapEx of Taxonomy eligible activities (A1.+A2)		1,124	93.4	92.8	0	0	0.6	0	0
B. Taxonomy-non-eligible activities									
CapEx of Taxonomy-non-eligible activities		79	6.6						
Total		**1,203**	**100.0**						

* With regard to EU environmental objectives 3 to 6, the disclosure obligation for the 2023 reporting year extends exclusively to taxonomy eligibility.
** "Y": Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant EU environmental objective; "N": No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant EU environmental objective; "N/EL": Taxonomy-non-eligible activity for the relevant EU environmental objective.
*** "EL": Taxonomy-eligible activity for the relevant EU environmental objective; "N/EL": Taxonomy-non-eligible activity for the relevant EU environmental objective.

DNSH criteria ("Does Not Significantly Harm")								Category	
Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022	Category enabling activity	Category transitional activity
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Y	Y	Y	Y	Y	Y	Y	9.6		T
Y	Y	Y	Y	Y	Y	Y	3.2	E	
Y	Y	Y	Y	Y	Y	Y	0.0	E	
Y	Y	Y	Y	Y	Y	Y	0.3	E	
Y	Y	Y	Y	Y	Y	Y	0.2	E	
Y	Y	Y	Y	Y	Y	Y	17.9		
Y	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**31.2**		
Y	Y	Y	Y	Y	Y	Y	3.7	E	
Y	Y	Y	Y	Y	Y	Y	9.6		T
							10.3		
							0.0		
							0.0		
							0.0		
							0.0		
							54.7		
							–		
							–		
							65		
							96.2		

OpEx

				Substantial contribution criteria					
	Code(s)	OpEx	Proportion of OpEx, year 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
Economic Activities		€ million	%	Y; N; N/EL**	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)*									
Acquisition and ownership of buildings	CCM 7.7	58	14.0	Y	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		58	14.0	14.0	0.0	–	–	–	–
of which Enabling		0	0.0	0	0	–	–	–	–
of which Transitional		0	0.0	0	0				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL***	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Acquisition and ownership of buildings	CCM 7.7	338	81.9	EL	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		338	81.9	81.9	0	0	0	0	0
A. OpEx of Taxonomy eligible activities (A1.+A2)		396	96.0	96.0	0	0	0	0	0
B. Taxonomy-non-eligible activities									
OpEx of Taxonomy-non-eligible activities		17	4.0						
Total		**412**	**100.0**						

* With regard to EU environmental objectives 3 to 6, the disclosure obligation for the 2023 reporting year extends exclusively to taxonomy eligibility.
** "Y": Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant EU environmental objective; "N": No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant EU environmental objective; "N/EL": Taxonomy-non-eligible activity for the relevant EU environmental objective.
*** "EL": Taxonomy-eligible activity for the relevant EU environmental objective; "N/EL": Taxonomy-non-eligible activity for the relevant EU environmental objective.

DNSH criteria ("Does Not Significantly Harm")								Category	
Climate change mitiga- tion	Climate change ad- aptation	Water and marine re- sources	Circular economy	Pollution	Biodiversity and eco- systems	Minimum safeguards	Proportion of Taxono- my aligned (A.1.) or eligible (A.2.) OpEx, year 2022	Category en- abling activity	Category transi- tional activity
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Y	Y	Y	Y	Y	Y	Y	12.3		
Y	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**12.3**		
Y	Y	Y	Y	Y	Y	Y	0.0	E	
Y	Y	Y	Y	Y	Y	Y	0.0		T
							82.9		
							82.9		
							95.3		

Proportion of turnover/Total turnover

	Aligned per objective	Eligible per objective
CCM	19%	97%
CCA	0%	0%
WTR	0%	0%
CE	–	6%
PPC	0%	0%
BIO	0%	0%

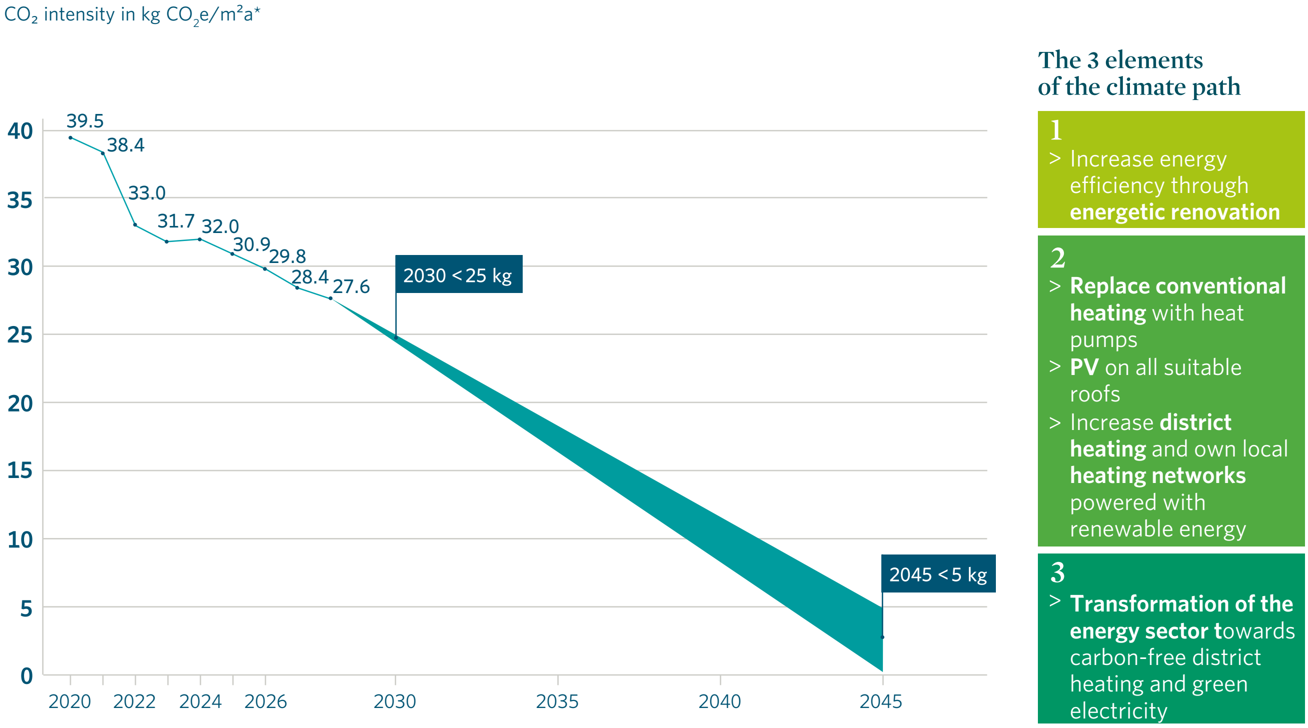
Proportion of CapEx/Total CapEx

	Aligned per objective	Eligible per objective
CCM	27%	93%
CCA	0%	0%
WTR	0%	0%
CE	–	24%
PPC	0%	0%
BIO	0%	0%

Proportion of OpEx/Total OpEx

	Aligned per objective	Eligible per objective
CCM	14%	96%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Vonovia Climate Path: Strategy for Decarbonizing the Housing Stock



* Includes Scopes 1 and 2 as well as Scope 3.3 "Fuel- and energy-related activities upstream"; referring to German building stock. Development of energy sector according to Scenario Agora Energiewende KNDE 20245; For comparison: CRREM pathway MFH 1.5° DE 2045=4kg CO_2e/sqm per year (07/2021); Climate pathway development supported by Fraunhofer ISE.

Reporting on Aspects of the Non-financial Group Declaration

The Non-financial Group Declaration sets out the relevant concepts, the accompanying due diligence processes, the results of the concept and the status of implementation of the measures for each material topic.

Nine out of the ten topics that are material for Vonovia can be allocated to the aspects required under the German Commercial Code (HGB) in the context of the Non-financial Group Declaration:

> Environmental issues: Reducing CO_2 in the real estate portfolio, sustainable new construction and refurbishment
> Social issues: Neighborhood development and contribution to infrastructure, fairly priced housing, homes that meet tenant needs and demographic change, customer satisfaction and service quality
> Employee issues: Appeal as an employer, diversity and equal opportunities
> Combating corruption and bribery: Governance and Compliance

"Appeal on the capital market" has been identified as an additional material topic for Vonovia. Information on the "Respect for human rights" aspect, which is a requirement under the German Commercial Code (HGB), is also reported in the Non-financial Group Declaration.

Environmental Issues

Environmental issues include the following material topics for Vonovia: "Reducing CO_2 in the real estate portfolio" and "Sustainable new construction and refurbishment" (see → **Materiality Matrix**).

The mitigation of global warming and the protection of natural resources for life on earth are some of the most important challenges facing society as a whole in our time. As such, environmental and climate protection is accorded paramount importance within our sustainability strategy. Targets set at international level, such as the Paris Agreement and the European Union Green Deal, as well as those set at national level, such as the goal set by the German Federal Government to achieve climate neutrality by 2045, are of high significance for Vonovia in this regard.

As Europe's housing industry market leader with our own real estate portfolio of 545,919 residential units and our development activities, we possess significant levers for protecting the environmental and climate. Here, our main concern is greenhouse gas emissions that can be largely influenced directly in connection with supplying our buildings with heat and warm water, known as Scope 1 and 2 emissions. Greenhouse gas emissions from the upstream value chain (Scope 3 emissions) and other environmental aspects are also relevant for us, meaning that we are increasingly collecting data on them.

Vonovia has set itself the target of achieving a **virtually greenhouse gas-neutral housing stock by 2045, with carbon intensity of less than 5 kg of CO_2 equivalents per sqm** of rental area (in terms of Scope 1, 2 and 3.3). By 2030, our housing stock in Germany is to have a CO_2 intensity of less than 25 kg CO_2e per sqm. Binding interim targets have been defined for the next five years so that we can achieve this goal.

We had our climate pathway's compatibility with the Paris Agreement target calculated using the XDC model from right.based on science in 2022. The XDC model converts CO_2 emissions based on our climate pathway into a number of degrees that shows by how much the earth's temperature would increase if the entire world's climate performance were identical to that of Vonovia. The 1.5° target path of the Carbon Risk Real Estate Monitor (CRREM) for multifamily residences in Germany (as of July 2021) was used as a benchmark. This calculation revealed that, taking into account long-term sales that are already planned and Recurring Sales, **Vonovia's climate pathway is compatible with global warming of 1.4° Celsius**.

Defining and implementing the climate pathway is part of our systematic way of tackling climate change – with regard to both Vonovia's contribution to mitigating climate change and the effects of climate change on our company's economic development. In continuing to develop and implement our climate pathway, we maintain an overview of the risks, e.g., those resulting from future increases in prices for causing greenhouse gas emissions or the impact of climate change on our buildings, as well as the opportunities, e.g., in the form of climate-resilient and particularly competitive neighborhoods. The recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) constitute important guidance in this regard.

Since 2022, Vonovia has been using an IT tool in accordance with EU taxonomy requirements in order to analyze the **physical risks** associated with climate change. This tool enables physical climate risks to be identified and evaluated for the Group-wide portfolio on a continuous basis using the prescribed climate scenarios (RCP2.6, RCP4.5 and RCP8.5).

This climate risk tool covers Vonovia's portfolio and development projects in Germany, Austria and Sweden and allows material negative impacts on our business activities due to the effects of climate change to be analyzed at portfolio and property level. The climate risks examined using this tool are heat, drought, increases in precipitation, wind and storms, snow loads and flooding. Depending on the granularity of the available data source, we measure climate risks at the building or neighborhood level and are able to identify the climate risks for each building in the portfolio and, as a result, its vulnerability.

The risk assessment at company level is based on scenario RCP4.5, which, according to the United Nations (UNEP Emissions Gap Report 2023), represents an increase of around 2 to 3 degrees Celsius in the global average temperature that will result from the national contributions to climate change mitigation that have currently been defined and implemented. In this scenario, no material risk at portfolio level has been identified for any of the climate-related hazards up to 2045.

Relevant risks could arise at the level of individual neighborhoods or buildings. As part of Vonovia's modernization strategy, potential adaptations are to be defined at portfolio level in the future and then implemented individually for the properties or neighborhoods concerned. **Adaptation measures** include, in particular, insulating buildings and replacing windows to provide protection against heat and cold, creating shade using blinds and shutters, and installing suitable equipment designed to handle the infiltration and absorption of larger amounts of precipitation. In the future, the individual findings from the climate risk analysis will be incorporated into the specific neighborhood profiles that provide the guidelines for managing and developing a neighborhood.

Implementation of the TCFD Recommendations at Vonovia

Content of the Recommendations	Implementation at Vonovia	Additional Information
Governance		
Organizational structure of the company regarding climate-related risks and opportunities	> The entire Management Board bears responsibility for sustainability and climate protection, as well as climate-related risks and opportunities. > In its Strategy, Finance and Sustainability Committee, the Supervisory Board addresses climate protection and relevant risks and opportunities, among other topics. > The Sustainability Committee – comprising the entire Management Board and representatives of the central functional departments Sustainability/Strategy, Controlling, Communication, Investor Relations and Accounting – determines the strategy and targets and monitors progress. > The central department Sustainability/Strategy, within the executive division of the CEO, coordinates and spearheads the development and implementation of relevant measures. > Climate-related risks are calculated and collated on a half-yearly basis as part of the company-wide risk management process; the process is coordinated by Controlling, with the Management Board taking the final decision on the risk assessment. > Energy efficiency modernization and the expansion of renewable energies for heating and powering the existing portfolio in Germany is the responsibility of the CRO (Regions and Portfolio Management); for Austria, the CDO is responsible, for Sweden the CEO of Victoriahem. > The non-financial performance indicator used in the management system is the Sustainability Performance Index (SPI). It includes the carbon intensity of the housing stock in Germany and the average primary energy consumption for development projects.	2023 Annual Report: → The Company → Corporate Structure → Sustainability Management at Vonovia → Management System → Environmental Issues → Opportunities and Risks 2022 Sustainability Report: Environment and Climate Management of Opportunities and Risks
Strategy		
Actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	> As key drivers of long-term business success, climate protection and CO_2 reduction are fundamental components of the corporate strategy. > A binding climate pathway, taking into account various scenarios, defined in cooperation with the scientific community. > The climate pathway and scenarios for the portfolio are stored in the decarbonization tool. > An extensive modernization program to increase energy efficiency, as well as the use of heat pumps and connections to heating networks (fuel switch). > No material physical risks currently determined; transitory risks including through legislation in Germany (CO_2 pricing) and the European Union, as well as through a lack of cost-effectiveness of energy efficiency modernization and the development of renewable energy generation in the current regulatory framework (balance between investments and capacity for passing on costs/affordability for tenants). > Opportunities can be found, in particular, in optimization at neighborhood level and our own decentralized energy generation for supplying heat and providing tenants with electricity from renewable energy sources, especially photovoltaics.	2023 Annual Report: → Strategy → Sustainability Management at Vonovia → Environmental Issues → Risk Assessment Based on Sustainability Aspects 2022 Sustainability Report: Environment and Climate New Construction and Conversions
Risk Management		
How the organization identifies, assesses, and manages climate-related risks	> Climate-related risks form part of the company-wide risk management process; half-yearly evaluation of all risks by the management. > Physical risks are analyzed in a separate climate risk tool using various IPCC scenarios. Material risks are addressed in the further development of the neighborhoods and in the planning for development projects, and appropriate potential adaptations are defined and implemented. > The climate risk analysis performed using the climate risk tool does not indicate any material physical risks for Vonovia's housing stock.	2023 Annual Report: → Environmental Issues → Risk Assessment Based on Sustainability Aspects → Opportunities and Risks 2022 Sustainability Report: Management of Opportunities and Risks
Metrics and Targets		
Metrics and targets used to assess and manage relevant climate-related risks and opportunities	> Extensive data on greenhouse gas emissions based on the GHG emission protocol > GHG emissions in the portfolio (in Germany) in 2023: 973,255 metric tons of CO_2e (Scopes 1, 2, 3*). > Expansion of renewable energies using photovoltaics (PV): 1,353 installations with a nominal output of 53.1 MWp Targets: > Virtually greenhouse gas-neutral housing stock by 2045 (<5 kg CO_2e per sqm rental area). > Reduction of CO_2 intensity to less than 25 kg CO_2e per sqm of rental area by 2030 in Germany. > Installation of photovoltaic systems with a nominal output of around 300 MWp by 2026. > Reduction in average primary energy consumption in completed new buildings to 27 kWh per sqm by 2025.	2023 Annual Report: → Strategy → Management System → Environmental Issues 2022 Sustainability Report: Environment and Climate Sustainable Construction and Development Environmental Key Figures

* Scope 3.3: "Fuel and energy-related activities upstream".

CO_2 Reduction in the Real Estate Portfolio

The CO_2 intensity of the building portfolio represents the central indicator of our climate performance management. It is also an extremely important component of the Sustainability Performance Index (SPI) and therefore of the Management System and the renumeration paid to senior management. In the reporting year, the CO_2 intensity for our housing stock in Germany was 31.7 kg CO_2e per sqm of rental area, down by around 3.9% year-on-year (2022: 33.0 kg CO_2e per sqm). In addition to the modernization measures implemented in the reporting year despite the lower investment volume, this development can also be traced back to numerous energy certificate updates. As the economic conditions remain challenging, for example the increased cost of capital and construction costs and the uncertain subsidy conditions, we have nevertheless kept the medium-term targets of our climate pathway unchanged. For 2024, this equates to a figure that is roughly on a par with the previous year. If, however, we manage to implement our reduction levers successfully, we are confident that we will once again report figures that are below those set out in our climate pathway.

Material performance indicator - SPI

Category	Unit	2022	2023	Target for 2024
Carbon intensity of the housing stock Vonovia SE (in Germany)*	kg CO_2e/ m^2 rental area	33.0	31.7	roughly same level as the previous year

* Total portfolio excl. Care segment, based on final energy figures from energy performance certificates, in some cases including specific CO_2 factors from district heating suppliers.

The transformation plan for our housing stock, our climate pathway, consists of three levers:

1. Saving energy through energy-efficient modernization of the building envelope

2. Increasing the share of renewable energies in the neighborhood

3. Fundamental transformation of the energy sector

In order to operationalize this transformation plan, Vonovia uses the decarbonization tool (DCT), which maps its housing stock with all of the relevant ecological and economic characteristics. The DCT provides an overall plan showing how the housing stock needs to be modernized in detail in order to meet the Group's overall target and the time frame in which this must be done. Individual solution plans are identified for all buildings which are then set out in more specific detail in the plans for energy-efficient modernization and the energy concepts.

In doing so, we adopt a holistic view at neighborhood level, examining both the modernization of the building envelope (insulation of facades, basement ceilings and attics, and replacement of windows) and the conversion of the energy supply to climate-friendly systems in their wider context. We believe that many integrated solutions for energy provision with renewable energies and CO_2 optimization can often be implemented in a more technically feasible and economically viable way within larger neighborhoods. Our approach is shaped by the concept of sequential development. This means that, depending on the efficiency class and existing energy supply, the measures to enhance the individual buildings and advance towards the 2045 targets set in the climate pathway are staggered in some cases. When it comes to the specific implementation process, tailored and economically viable concepts are developed for scalable solutions that focus on linking the heat, electricity and mobility sectors.

Public-sector subsidy programs are being used for many of the modernization measures in order to minimize the costs for our tenants. Here, federal subsidies for energy-efficient buildings (BEG) play a particularly crucial role. Planning in the real estate sector involves long timescales and is complex, especially in a neighborhood context. Uncertainty surrounding the continuation of subsidy programs that have been initiated, or surrounding the structure of programs that have been announced, is currently making it much more difficult for us to plan.

We achieved an overall refurbishment rate of 1.2% in the reporting year. The year-on-year decline (2022: 1.8% excluding Deutsche Wohnen) can be traced back to the fact that the 2023 investment volume was lower owing to the sharp rise in the cost of capital. Nevertheless, we exceeded our target corridor of between 0.3% and 0.8%. This was due to numerous modernization projects implemented by Deutsche Wohnen that had already been commenced before the reporting year and were completed in 2023. Looking ahead to 2024, we expect the refurbishment rate to be roughly on the same level as 2023.

Material performance indicator

Category	Unit	2022	2023	Target for 2024
Refurbishment rate (in Germany)*	%	1.8	1.2	same level as the previous year

* Change of the calculation basis to completions per calendar year, corresponding correction of the figure for 2022. 2023 actual incl. Deutsche Wohnen (excl. Care segment).

In order to make energy-efficient building refurbishment even more cost-effective in the medium and long term, we continued to forge ahead further with serial refurbishment in the reporting year. Following on from a pilot project implemented in Bochum in 2022, another refurbishment project based on the Energiesprong principle was carried out in the reporting year. In Witten, four and, for the first time, eight-story apartment buildings including six to 24 apartments were fitted with prefabricated, glass-faced facade elements featuring a honeycomb structure that allows solar radiation to be used to generate heat. Heat is also generated by a highly efficient heat pump powered by green electricity generated by photovoltaics on the roof and facades. The windows have integrated blinds and allow for living area ventilation. Overall, the project will upgrade the buildings from energy efficiency class E to A+ after the refurbishment. The project is cost-neutral for tenants in the medium and long term. Preparations for further serial refurbishment projects are currently underway.

Since as early as 2022, we have been accelerating the electrification of heat generation through our heat pump initiative, a key component in our quest to implement our climate pathway. Based on a pilot batch of 50 heating networks involving 108 buildings in Dortmund, primarily implemented in the reporting year, key challenges related to use of the technology in apartment buildings were identified and addressed with relevant stakeholders. In addition to the installation of the air-to-water heat pumps, the focus was also on replacing radiators wherever this was necessary in order to further reduce the supply temperature to enable efficient heat pump operation. The measure will reduce the carbon emissions from the 50 heating networks by 40%. The findings will be used to expand the initiative to cover other regions.

Another aspect of implementing the climate pathway is increasing energy generation from renewable sources. Vonovia continued the program it had launched back in 2021 to expand electricity generation using photovoltaics in the reporting year. The focus is on ensuring that the electricity generated is used directly in the neighborhood – to supply our tenants and to operate heat pumps. The installation of these systems is therefore also closely interlinked with the heat pump initiative and the modernization program.

At the end of the reporting year, Vonovia owned 1,353 photovoltaic systems with an installed output of 53.1 MWp. This outstripped the target of 43.3 MWp by far (+22.6%). Starting in 2024, the pace of PV expansion is to be accelerated significantly again: Instead of our original plan of having around 280 MWp of installed capacity by 2030, we are aiming to install around 300 MWp of capacity by the end of 2026. We are aiming for additional capacity of 80 MWp in the 2024 fiscal year. In the long term, we intend to fit all suitable roof spaces in the German portfolio with PV panels by 2050.

Material performance indicator

Category	Unit	2022	2023	Target for 2024
Number of photovoltaic plants*	number	527	1,353	
Installed output	MWp	19.1	53.1	133.1

* Photovoltaic systems (feed-in points) owned by the Group as of Dec. 31; adjustment of the figures for FY 2022 (exclusion of six contracting systems in Austria).

The reporting year saw Vonovia set up an integrated system for housing-related infrastructure services under the "Quartierwerk" umbrella. This encompasses activities relating to renewable energies and energy sales, as well as metering services, multimedia and the Internet of Things (IoT).

Vonovia is offering its customers the opportunity to purchase electricity from renewable energy sources via its own energy distribution company (VESG). By providing green energy that has been generated or certified in the neighborhood, we are supplying 45,000 households with around 50 GWh of low-cost electricity and helping them to reduce greenhouse gas emissions. Our objective is to maximize the share of energy we produce ourselves for the benefit of our customers and the environment, and also to use it for our housing-related services, e.g., e-mobility. The purchase of certified green electricity to supply communal areas makes a further contribution to our climate strategy.

Vonovia is also forging ahead with digitalization in the field of heat supply. In the reporting year, more than 1,450 gas-fired heating systems had already been connected to a digital solution developed in collaboration with the start-up Othermo, which detects heating system failures in real time and supports optimized adjustments to the system technology. This system offers the potential to save around 15% in energy and CO_2, with direct benefits for tenants.

The energy innovation team, which is part of the Innovation & Business Building department, actively works to help ensure that climate pathway targets are met by analyzing and testing innovative technologies. Projects in the reporting year focused on the introduction of a simulation tool that allows even complex energy systems and flows in the neighborhood to be mapped in various configurations in a short space of time. This allows the technical and commercial design of new technologies to be analyzed directly in detail, allowing for faster and better decisions in the context of specific neighborhood development. Preparations were also under way for a pilot project for the selection and introduction of an energy management system in the reporting year. The aim is to make a central technical system operational for efficient operational control and optimization as well as flexible marketing of electricity generation from photovoltaics. The energy management system is designed to control energy flows, especially electricity flows, at portfolio level and also prepare forecasts of electricity demand and electricity production depending on user behavior and weather data in order to make optimum use of the spot market for surplus or required electricity. The pilot projects will start at the beginning of 2024. Vonovia is also partnering in two funded research projects. The EU-funded Neutralpath project in Dresden is looking into how the district heating supply temperature can be reduced and the formation of legionella prevented at the same time. Seven different technological systems are being tested are part of the project. The ReFaTEk project is researching what is known as the energy clinker, a technology in which the facade is to serve as an additional heat source for a heat pump via a brine pipeline in the clinker.

A further key lever for our climate pathway is the supply of sufficient quantities of CO_2-free district heating and electricity by the energy sector. This requires the energy sector to implement the targets set by policymakers for phasing out coal and increasing the share of renewable energies in energy or electricity generation. We consider the mandatory municipal heating planning process to be an important step towards this goal. This can provide long-term planning security with respect to the availability of district heating within the municipalities. The German Heat Planning Act (Wärmeplanungsgesetz) also features mandatory targets for the decarbonization of heating networks. One good example in practice is the Bochum heat transition project that Vonovia is involved in. One key element of this project involves adopting an integrated view of heat and electricity generation that takes all stakeholders in the municipality into account. District heating is always an important lever for us where it is economically viable to connect additional properties to a district heating network while making consistent progress in decarbonizing heat generation by public utilities companies. As a result, Vonovia is examining the decarbonization strategies of the most important district heating providers and, based on these conclusions, drawing up potential courses of action for incorporating them into its long-term neighborhood strategy.

The Portfolio Management department, which reports to the Chief Rental Officer (CRO), is responsible for coordinating the energy-efficient modernization activities. The neighborhoods and buildings to be modernized are selected in a targeted manner in cooperation with the regions, and the optimal degree of modernization and modernization roadmap for each building is defined. The investments for the modernization programs and PV expansion are approved by the Management Board. The newly established "Quartierwerk" unit is also part of the Chief Rental Officer's (CRO) executive division, meaning that it is closely linked to the management of the portfolio. Innovation & Business Building with the energy innovation team falls under the CEO's executive division.

In Austria, energy efficiency modernization measures are, just like overall business operations in Austria, the responsibility of the Chief Development Officer (CDO) under the BUWOG umbrella, where they are led by the Real Estate Management division. Since 2011, BUWOG has been a partner of the "klimaaktiv Pakt" climate protection initiative launched by the Austrian Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology. As part of this initiative, BUWOG has defined the goal of achieving a reduction in greenhouse gas emissions of 55% and an increase in energy efficiency of 35% by 2030 compared to the baseline year of 2005. Both targets are likely to be met ahead of time. The highest share of the CO_2 reduction will be accounted for by modernization and improvements to existing stocks, particularly energy-efficient refurbishment, improvements in the efficiency of heating systems and conversion to more environmentally-friendly energy sources, in particular district heating. Furthermore, all oil heating systems are to be replaced by 2030, five years earlier than required by law. BUWOG has had a certified energy management system that is consistent with ISO 50001 standards in place in Austria since 2013/2014 and in Germany since 2018. The system is a tool used voluntarily to systematically manage energy performance and improve it continuously. The corresponding establishment of processes that reflect this policy in the company and clear objectives serve to increase energy efficiency, reduce energy consumption and cut energy costs. The regular review audit was completed successfully in the reporting year.

In Sweden, around 90% of existing Victoriahem buildings are supplied with district heating, the generation of which already produces extremely low CO_2 emissions. Therefore, the road to climate neutrality at Victoriahem will primarily be shaped by further decarbonization of heating supply, coupled with ongoing improvements in energy efficiency. Heat pumps are also being installed in selected buildings during modernization work to support the heat supply and make it more flexible. The aim is to reduce energy consumption (electricity and heat) by 30% per sqm by 2030 compared to 2015. The current reduction level is around 25%. In 2022, Victoriahem also joined the Swedish housing association's "Allmännyttans klimatinitiativ", which aims to achieve an energy supply that does not feature any fossil fuels by 2030.

Sustainable Construction and Refurbishment

Vonovia's new construction activities are helping to create urgently needed new and affordable homes, especially in metropolitan areas. The development business operating under the BUWOG brand is active in both the development of attractive, sustainable and diverse residential neighborhoods in Germany and Austria, and the densification of buildings as part of the development of existing neighborhoods. The activities of the BUWOG development business in Germany and Austria are the responsibility of the Chief Development Officer (CDO), and the individual development projects are approved by the Management Board.

By taking a holistic neighborhood-based approach to developments, we bring together planning expertise and construction. Our focus is on the development of large, inner-city properties in major cities (known as **brownfield projects**) that require a whole range of requirements to be taken into account. This allows us to create additional homes and avoid additional sealing, for example by converting sealed industrial areas into state-of-the-art residential neighborhoods. Our approach is complemented by our Building Information Management (BIM) strategy, which allows us to identify effective measures on the basis of data from across the entire life cycle of our neighborhoods. This reflects our commitment to long-term sustainability, which takes a close look at every stage of a building's life – from finding plots of land through to handing over the keys and demolition – in order to minimize its emissions, the impact it has on the environment and the amount of resources that it consumes.

The average primary energy demand of newly constructed buildings, in relation to rental area, is the most important **non-financial performance indicator** in development. This performance indicator is part of the Sustainability Performance Index (SPI) and planning process and must be made transparent as part of all Management Board approvals of new-build and development projects. In 2023, the average primary energy demand was 25.3 kWh per sqm per year, down considerably on that of the previous year as planned. We anticipate higher primary energy demand for 2024 due to a number of projects resulting from the merger with Deutsche Wohnen.

Material performance indicator - SPI

Category	Unit	2022	2023	Target for 2024
Average primary energy demand – new construction*	kWh/m² p. a.	37.7	25.3	33.7

* Based on energy performance certificates, excluding commercial projects and extensions.

In the reporting year, BUWOG prepared a sustainability strategy for development that is to be implemented starting in 2024. Guides, specifications and tools have been developed in 14 topic areas to address the full range of sustainability aspects in new construction. These include optimized heat supply in the neighborhood, the use of ecological building materials and designs for open spaces. The strategy is based on the use of the German efficiency house standard or the basic criteria of Austria's "klimaaktiv" initiative.

Numerous results from the previous year's "Perspectives on the Future of Construction" dialogue process, in which Vonovia had, among other things, made a commitment to give greater consideration to life cycle assessments and to increase the use of sustainable building materials and the recyclability of constructions, were also incorporated into the elaboration of the Development sustainability strategy. The reporting year saw BUWOG become a member of the Timber Construction Coalition (Koalition für Holzbau), an initiative that brings together academics, planners, architects and project developers with the aim of improving acceptance of, and overall conditions for, timber construction in Germany. Timber construction is already playing an increasingly important role at Vonovia: with the "Hygge Höfe" residential neighborhood that is currently under construction, BUWOG is in the process of building a timber construction neighborhood in Berlin-Kaulsdorf, featuring 166 residential units using an innovative timber hybrid construction method. The method saves around 64% in CO_2 compared to conventional concrete construction. The method also involves unsealing the soil: A site that was previously fully sealed will be largely unsealed and landscaped as part of the neighborhood development plans.

Designing the residential environment and preserving biodiversity are top priorities for us. Numerous buildings feature green spaces that serve as natural habitats for flora and fauna at ground level, on roofs or on facades. In addition to the optical effects, these green spaces also offer a practical added value, for example, by slowing the flow of rainwater into the partially overburdened municipal sewage system and by making a considerable contribution to the microclimate, especially by preventing urban heat islands in built-up areas. We also take care to conserve resources and protect the environment during construction. We also take the neighborhood criteria of the DGNB (German Sustainable Building Council) for biodiversity (ENV2.4) and water cycle systems (ENV2.2) into consideration and already meet these standards in various neighborhoods.

Social Issues

Within the context of the statutory requirements in the Non-financial Group Declaration, social issues include the following material topics: "Neighborhood development and contribution to infrastructure," "Fairly priced housing," "Homes that meet people's needs and demographic change" and "Customer satisfaction and service quality" (see → **Materiality Matrix**).

Neighborhood Development and Contribution to Infrastructure

The social megatrends of climate change, urbanization and demographic change continue to determine the framework conditions within which housing providers must develop their services and solutions. Whether it is climate-neutral housing stock (see → **Environmental Issues**), the provision of sufficient affordable housing in large metropolitan areas (see → **Fairly Priced Housing**) or services for an aging society (see → **Homes that Meet Tenant Needs and Demographic Change**) – the requirements are wide-ranging and call for integrated solutions.

Thinking and acting in terms of neighborhoods is our answer to these crucial megatrends – it is also the approach we adopt to find solutions for the economic, environmental and social development of our urban housing portfolios, which are largely located in urban quarters. We understand a neighborhood– as per the definition of the Association of German Housing and Real Estate Companies (GdW) – as a visually coherent urban development structure that is seen by its residents as a distinct area and that represents an area for action in which the residential real estate company can make a difference and see positive effects. It comprises at least 150 apartments (see → **Portfolio Structure**).

This neighborhood-based, holistic view of the portfolio expands our spectrum of measures for designing our portfolio using networked approaches and new technical capabilities, thereby helping us to develop places of shared living with a socially and environmentally viable future. This is particularly evident in the further development of heat supply, where we are moving away from looking only at individual buildings (wherever possible) and generating synergies via integrated heating networks in order to find the most ecologically and economically viable solution. This process sees us work with stakeholders on location to develop the right concepts. Our neighborhood developments are designed to comply with clear climate protection requirements (see → **Environmental Issues**).

Environmental and social aspects go hand in hand as part of the neighborhood approach. Vonovia is equally committed to both aspects and to promoting social interaction in the local community. Measures to strengthen shared living only become manageable and effective through the neighborhood approach. This is a process involving city and municipal authorities, local stakeholders and our tenants in order to jointly develop solutions for the neighborhood. We use a range of participatory processes, instruments and cooperation initiatives to achieve this, e.g., by making premises available, establishing services, neighborhood meet-ups and day care centers hand in hand with cooperation partners that focus on the greater good. With our "freiRaum" concept, we also offer free, low-threshold locations for local initiatives and groups to allow people to get involved in social events in our neighborhoods. These flexible neighborhood space concepts are already in place in Dresden, Bremen and Hamburg and are designed to serve as a blueprint for the establishment of more central meeting spaces in various Vonovia neighborhoods.

The investment program for neighborhood development defines the scope for operational implementation of Vonovia's neighborhood approach. In 2023, **17 neighborhood developments across Germany, accounting for around 9,500 residential units**, were involved in this program, which is set to run for a period of several years. In response to the gloomy investment climate, we are currently taking a more differentiated approach to our neighborhood development measures, and dividing packages of measures into smaller chunks. For example, we are adapting modernization measures to take account of the limited investment opportunities and reflect demand, without losing sight of the neighborhood as a management level. Our urban quarters are also reaping increasing benefits from further measures from other Vonovia programs (modernization/heating replacement/photovoltaics).

Nevertheless, we are trying to forge ahead with our plans for further multi-year neighborhood developments and are sticking to our commitment to our long-term goal of using modernization measures to optimize all urban quarters in the portfolio in line with our binding climate pathway.

Material performance indicator

Category	Unit	2022	2023	Projection for 2024
Investment volume for neighborhood development in Germany (fiscal year)*	in € million	78.5	28.3	14.9

* 2022 excl. Deutsche Wohnen, from 2023 incl. Deutsche Wohnen (excl. Care segment).

Due to the deterioration in the investment climate and resulting adjustments to this specific investment program, we were only able to use part of the € 62.8 million that had been earmarked for investment in neighborhood developments in Germany for the 2023 fiscal year in full. Depending on how interest rates developed, we also expect a reduced investment volume for this part of the program in 2024 as well.

For us, neighborhood development also means being an **active driver of the infrastructure transition**. By way of example, we are taking targeted measures to upgrade our neighborhoods by establishing key local amenities, building playgrounds and designing green spaces and communal areas. We are also supporting the expansion of the fiber optic network in order to boost digital networking.

One key component is **promoting state-of-the-art mobility concepts**. Our measures support the mobility transition towards lower-emission and less car-heavy mobility in our neighborhoods. When designing new construction projects, we pay attention to good public transport connections, focus increasingly on bicycle parking spaces and consider providing charging facilities for electric mobility from the planning stages.

While the options available to us are more limited in our existing buildings, we want to make an important contribution to greener mobility here, too – e.g., by installing charging infrastructure for electric vehicles. With this aim in mind, we are planning to install 100 neighborhood charging stations in our existing neighborhood in 2024. Car and bike sharing services (including for electric vehicles) round off our offering. We are also working on ideas for similar concepts in Sweden.

In order to do an even better job of integrating affordable and sustainable mobility into our neighborhoods, we are placing particular emphasis on strengthening cycling-related services. We are aiming to gradually connect our neighborhoods to municipal cycle path networks and are seeing increasing demand among our customers for bicycle-related mobility solutions. With the establishment of the Group's own start-up NEARBYK (**https://nearbyk.de**) in 2023, we are offering e-bikes for purchase or hire as well as service points for bike repairs and maintenance. We will be testing this new service for a period of around 16 months, initially at three locations in Essen, Dresden and Bremen. Freely accessible repair stations and the rental of cargo bikes round off our range of services in selected other neighborhoods.

Thanks to the Neighborhood Academy, an internal training and networking format, Vonovia employees are trained as neighborhood development experts, promoting the skills required for a holistic neighborhood approach among our own workforce.

Neighborhood development is planned and managed on a decentralized basis via the regions. The Chief Rental Officer (CRO) is the Management Board member responsible for the property management business as well as for customer service and portfolio management. We are increasingly using our own neighborhood developers for on-site implementation. This allows us to address any specific issues as and when they arise.

The investment and participation formats are also the responsibility of, and are managed by, the regions, just like Vonovia's social commitment. This approach is supplemented, also from a quality assurance perspective, by centrally managed supporting measures via corporate communications.

Living at Fair Prices

As a responsible company, we are committed to providing affordable housing that meets people's needs. As such, we meet the basic human need for housing. In this context, the needs and life circumstances of our customers – as a reflection of society – differ in all kinds of ways. There are also differences in the situations on individual housing markets. In metropolitan areas, in particular, shortages of available housing often go hand in hand with strong demand.

This already high demand resulting from the megatrend of urbanization is exacerbated further by the ongoing influx of refugees due to Russia's war of aggression on Ukraine. This is corroborated by an investment environment that remains unfavorable due to increased construction and land costs, a volatile subsidy landscape, a lack of skilled labor and rapidly rising interest rates – meaning that the construction of new apartments for more affordable segments is not commercially viable at present.

These developments continue to unfold against the background of high climate protection requirements, the fulfillment of which is particularly cost-intensive in the buildings sector. Particularly with regard to modernization, it is therefore important to balance the economic and ecological perspectives without losing sight of what our tenants and those searching for an apartment can actually afford. The significantly higher energy costs associated with the energy crisis are putting further pressure on housing costs for many people.

For us, it is of fundamental importance to be able to offer long-term housing prospects to as many people as possible. The fundamental challenge involves being able to provide a **broad supply of housing at fair and transparent prices, while at the same time achieving a virtually climate-neutral housing stock**, even in a more challenging environment.

As development activities throughout Germany are currently not at a level that is able to alleviate the pressure on demand due to the unfavorable investment environment, our core business – providing homes – is extremely important from a social perspective. Our rental prices are based on the usual local rents and – if available – on qualified rent indices. Rents are only adjusted in line with the statutory parameters. Nevertheless, the average rent including ancillary expenses in our portfolio remains below 30% of the average disposable household income in Germany. We are in favor of regulatory intervention in the housing markets, as we believe that it helps to ensure social balance and creates a stable business environment as a result. When letting, we always observe the applicable country-specific legislation.

In Sweden, rents are generally set as part of a binding, consensual process involving negotiations between tenants' associations and landlords. This means that prices are fixed. Increases tend to occur annually and after modernization to a higher standard. All of our apartments in Sweden are price-controlled.

Material performance indicator

Category	Unit	2022	2023
Average rent	€/m²	7.49	7.74

When passing on modernization costs, we are always mindful to ensure that the burden placed on our tenants is socially just, and offer individual solutions as part of our social management system. That said, reasonable compromises must be made in favor of additional climate change mitigation measures. In the 2023 reporting year, an **average of €1.32 per sqm in modernization costs was passed on**.

In numerous cities and municipalities, we also offer subsidized – in Germany around 38,000 of our homes are currently price-controlled – and independently financed homes for people on low incomes and are responding to location-specific challenges with services tailored to people's needs. The supplementary voluntary agreements that we conclude with municipal authorities include, for example, provisions governing fair rental conditions, the construction of new apartments or the strengthening of municipal housing construction companies and joint neighborhood development. The fundamental concept on which all agreements are based is Vonovia's desire to work in partnership with politicians and society to tackle municipal challenges and that the company takes specific societal and social challenges present within cities into account within its planning.

Individual support programs constitute a further supplementary component of our work to enable fairly priced housing. The aim is to ensure that the people living in our homes have a safety net so that they can stay in their homes for a long time and housing remains affordable for them. We support them in this matter and offer personalized assistance to all tenants who are actively working with us to find a solution. These forms of assistance range from deferring rent and allowing payment to be made in installments, to offering help with housing allowance applications and other dealings with the authorities, relocation assistance and other practical forms of help.

As part of our **established social management system**, we apply uniform standards to hardship cases in the event of modernization work and follow guidelines based on those of charitable associations. These standards and guidelines were agreed with the Tenants' Association and other residential real estate companies in 2021. As such, we are contributing to greater reliability and transparency in cases of hardship.

Also still in place are our special vested rights for people aged over 70 and our active support for people who have fallen into payment difficulties as a result of the coronavirus pandemic.

Energy costs, and heating costs in particular, have shown very dynamic development over the past two years. The heating index published for 2022 estimates that the annual year-on-year increase in costs for consumers in Germany came to 81%. Households with gas-fired heating systems were particularly hard hit. This means that many tenants are worried about high additional heating costs and ancillary expenses. Even though we are generally not the energy supplier ourselves, but rather only pass on the costs charged by the energy providers concerned, we consider it our responsibility to support our tenants. With this in mind, we have developed a comprehensive package of measures to counteract the increase in costs caused by the energy crisis and inflation to the extent that we have the power to do so. These include reducing the nighttime temperature in our properties by one degree Celsius to save energy. Energy-saving tips help with claiming government benefits and individual solutions when tenants find themselves unable to cover energy costs. We provide our tenants with information in various languages, also on our website, about ways of saving energy (see **https://www.vonovia.de/en/mein-zuhause/saving-energy**).

Energy prices have also risen dramatically in Sweden since the start of Russia's war of aggression against Ukraine. Due to the Swedish model of rents that already include ancillary costs, however, tenants only have to bear the price effect associated with electricity themselves, while landlords' ancillary costs are on the rise due to the higher heat supply costs. This also, however, provides incentives for energy-efficient building refurbishment at the same time. We did not identify any critical changes affecting rental or for tenants due to energy prices in the reporting year.

People who are homeless or at risk of becoming homeless are a particularly vulnerable group in society when it comes to housing. Vonovia therefore makes this target group a key focus of its social commitment efforts. As such, we continued to engage in a number of projects and measures in this area in the reporting year. We pursue the **"Housing First"** approach that ensures that homeless people are provided with a standard tenancy agreement with all of the normal rights and obligations, regardless of any mental or physical health conditions that they might have. It is only after this that they are offered help in order to get some stability into their lives. Vonovia provides homes for this purpose across Germany as part of numerous cooperative initiatives.

Rent structures and agreements with municipalities are managed in a decentralized manner via the regions. The individual measures are planned and coordinated in the Portfolio Management department.

Homes That Meet People's Needs and Demographic Change

Our aging society, a result of demographic change, means that our customers' needs are changing, too. This poses new challenges for the real estate market. The demand for senior-friendly housing is expected to outstrip supply in Germany by around two million by 2035.

We are adapting our offering in response to these changing housing needs. Our aim is to ensure that our tenants can stay safe, healthy and independent in their homes over the long term. We want to keep existing customer groups in our properties for as long as possible and attract new ones.

We are already planning to make a large share of our newly built apartments accessible and/or wheelchair-friendly. More important, however, is the **low barrier for equipping and refurbishing apartments for people with impaired mobility.** Homes that are completely barrier-free, according to German industry standard DIN 18040-2, are only necessary in very rare cases. Rather, a small number of measures, such as the fitting of non-slip flooring or flush-to-floor showers, are often sufficient to significantly increase the level of living comfort in old age. New leases in particular offer us a good window of opportunity to carry out appropriate renovation measures without inconveniencing tenants with construction work.

We therefore aim to modernize around 30% of newly rented apartments every year so that they meet the demands of an aging society. To this end, we review existing buildings to determine their potential for accessibility. Due to the limited investment opportunities available, we were only able to (partially) modernize around 6,550 apartments (or 17.5% of newly let apartments) in 2023 to make them fully accessible. We have, however, clearly outstripped our original 2022 forecast of around ten percent for 2023. As far as 2024 is concerned, we expect to be able to return to the original level of around 30%.

The modernization program relates to the German portfolio – there are no equivalent programs in Austria or Sweden, although making homes more accessible is also a consideration there under the relevant building regulations.

Material performance indicator - SPI

Category	Unit	2022	2023	Target for 2024
Proportion of accessible (partially) modernized newly rented apartments (in Germany)*	%	32.4	17.5	≈30

* Includes both measures in the event of a change of tenant and modernizations at the request of the tenant; number of new lettings bases on like-for-like analysis excluding newly constructed living space. Excl. Care segment.

The Care segment comprises Deutsche Wohnen's nursing care and nursing care properties business segments. As of December 31, 2023, we employed a total of 3,825 people in care service or care home management within this segment. Care business operations are based on an independent system and process landscape. 39 retirement and care homes are operated under the brands KATHARINENHOF and PFLEGEN & Wohnen HAMBURG, 38 of which are owned by Deutsche Wohnen. There are also an additional 33 nursing care properties run by other agencies. The nursing care activities are currently being subjected to a strategic review and market tests by the Management Board of Deutsche Wohnen (see → **Care and Assisted Living**).

These facilities provide full residential care, the aim being to maintain an active lifestyle and residents' independence to the greatest possible extent. Demand remained at a consistently high level in the reporting year. Senior citizen-friendly services are also provided within the context of assisted living. With its Care segment, Deutsche Wohnen makes a substantial contribution to addressing demographic change.

In addition to structural measures, the social infrastructure in the neighborhood also plays a key role. Vonovia also works with cooperation partners that focus on the greater good to offer special forms of housing, such as senior-friendly apartments, services and neighborhood meet-ups, for example.

Responsibility for the senior-friendly housing programs lies with the Management Board (CRO). The structure of the renovation program is managed centrally and is implemented via the regions.

Customer Satisfaction and Service Quality

Customer satisfaction is instrumental in the success of a company. For us, this is mainly associated with the question of whether our tenants feel at home in their apartments and neighborhoods and whether they feel that they are treated fairly by us as their landlord.

The challenge facing Vonovia lies in achieving high levels of customer satisfaction and service quality against the backdrop of a large residential portfolio, low vacancy rates – and, as a result, strong demand for homes – and a wide variety of customers with a whole range of different concerns. This requires a good deal of availability and speed, as well as employees who have been trained accordingly. This is both an opportunity and a risk, as the quality of customer care and services plays a central role. Our experience shows that accessibility, speed and transparency in service are decisive factors for achieving customer satisfaction.

Our central, multilingual customer service department acts as the first port of call, whereas our caretakers and craftsmen look after the needs of tenants on location. This allows us to ensure fast and reliable service. We run our own customer service centers in Essen, Dresden, and Berlin. Our employees undergo continuing professional development thanks to a centralized knowledge and training management program. Regular dialogue formats ensure performance and quality. The aim is to be able to guarantee the same level of quality for the entire portfolio in Germany. Our customers can reach our staff of more than 1,100 employees through a variety of channels.

In addition to personal contact, the **digitalization of our services that address customer concerns** is an important field for us in order to make accessibility even faster, more convenient, and flexible. This is why we are continuing to expand self-service functions such as our "My Vonovia" and "DeuWo Digital" tenant apps. Together, the two apps have already been downloaded more than 745,000 times and are actively used by around 215,000 users. We can use the apps to map the full customer journey: from the apartment search process, including arranging viewing appointments, to the digital conclusion of contracts and all other issues affecting existing customers, such as ancillary expense bills, through to the concerns of customers moving out of our properties and former customers. In Austria, the BUWOG customer app was added to the app landscape in 2023.

All of our tenants also have access to our whistleblower and complaints channels (see → **Combating Corruption and Bribery**).

Customer satisfaction is measured using a quarterly customer survey and is reflected in the **Customer Satisfaction Index (CSI).** It is incorporated into the Management Board's remuneration as a direct non-financial indicator and component. In the 2023 fiscal year, the customer survey was extended to the Deutsche Wohnen portfolio (excluding the Care segment). The aim is to consolidate the high level achieved in recent years in the long run within this broader framework. BUWOG in Austria and Victoriahem in Sweden also carry out regular customer satisfaction surveys.

Looking forward, we aim to introduce a harmonized CSI in Germany, Sweden and Austria in order to be able to compare the results of the individual surveys.

Material performance indicator - SPI

Category	Unit	2022	2023	Target for 2024
Increase in customer satisfaction (Customer Satisfaction Index (CSI) in Germany)*	%	+1.3	-3.2	slightly above previous year's level

* Customer Satisfaction Index (CSI) in glossary, 2022 excl. Deutsche Wohnen, from 2023 incl. Deutsche Wohnen (excl. Care segment).

At Vonovia, responsibility for customer service center lies with the CRO. While customer satisfaction is assigned to the customer service center in strategic terms, it affects all customer-facing operating departments and is ensured by each and every Vonovia employee. The design and management of the tenant apps are also the responsibility of customer service.

Employee Issues

Within the context of the statutory requirements in the Non-financial Group Declaration, employee issues include the following material topics: "Appeal as an employer" and "Diversity and equal opportunities" (see → **Materiality Matrix**).

Appeal as an Employer

Over the coming years, it is estimated that the number of employees leaving the workforce will exceed the number that can be recruited after completing school by around 400,000. We have to have a robust long-term HR strategy in place to counter risks relating to the availability of skilled staff, which is also a real one for Vonovia – particularly with regard to the blue-collar occupations that are being hit particularly hard by the shortage of skilled workers, for example in landscape gardening and electrical installation. This strategy involves using **levers related to recruitment, talent management and measures of employee retention** and, going forward, to is create even stronger, smart links between these aspects using state-of-the-art elements related to **corporate culture**.

Vonovia is also committed to an insourcing strategy. By tapping into the synergy potential created as a result – e.g., by employing specialists in our own business areas such as property management, modernization or green space maintenance – we aim to reduce our reliance on external service providers to a minimum and ensure consistently high levels of quality in the process. This creates a huge opportunity for our business success – at the same time, it creates greater responsibility for a much broader and more diverse workforce, which is why the ongoing further development of an HR strategy that is fit for the future is so important to us.

We are also using the annual employee satisfaction survey and the internal reorganization initiated in the reporting year with the appointment of Ruth Werhahn as the new Management Board member responsible for Human Resources (CHRO) to provide key impetus that will allow us to meet the diverse needs and demands of our employees in an even more targeted manner going forward, and to offer them an attractive job by creating the best possible overall conditions for their work at Vonovia. As we progress on the path towards our target, issues relating to the further development of our corporate culture, human capital development and remuneration, in particular, are to be given even more strategic emphasis in the future.

As Europe's biggest residential real estate company, we are particularly reliant on filling our vacancies with individuals from the available applicant pools who meet our requirements and match the relevant skill profiles. This is why our comprehensive package of measures for successful **recruitment** continues to focus on the further development of our application and recruitment process, our training concept, the recruitment of specialists from abroad, and the targeted further training of technical skilled workers and auxiliary staff. In 2023, we launched a revamp of our employer branding strategy and our image as an employer, and conducted broad-based analyses using industry benchmarks and stakeholder interviews in order to further develop our employer brand in a targeted manner. The first set of focal topics are to be elaborated and corresponding target group-oriented measures developed in the coming year.

Following an initial successful recognition process for the initiative to recruit skilled workers from Colombia, which was launched back in 2021, a total of 17 new colleagues are now working for Vonovia in electrical installation and landscape gardening in Kiel, Lübeck and Berlin. Another 26 electronics technicians were recruited from Colombia as part of another round during the reporting year. The new employees will support the expansion of photovoltaic systems within Vonovia's technical service in the future.

Our HR strategy focuses on the entire HR process, from recruitment to the point at which employees leave the company: People have complex and varied reasons for leaving. As a result, we want to better understand why our employees ultimately decide to leave Vonovia. With this goal in mind, we have also been carrying out extensive qualitative staff turnover analyses since this fiscal year over and above our established quantitative analyses. We want to be able to use this information to identify even more targeted retention measures in the future.

With regard to **traineeship programs,** we were able to achieve our goal from the previous reporting year of keeping the number of trainees at a consistently high level in 2023 and increasing the number of trainees further from 617 in 2022 to 632 trainees, a new record for Vonovia. This value corresponds to a training rate of 5.3% (for Germany), above the average value of 4.4% for large companies with more than 500 employees calculated in the government's 2021 Vocational Training Report (Berufsbildungsbericht). To support and create ideal training conditions at Vonovia, we are expanding our training opportunities in 2024, following the merger with Deutsche Wohnen, to include a Berlin-based initial and further training center focusing on vocational training in the trades. Once completed, the building will be equipped in line with state-of-the-art technical and digital standards, and is to serve as a blueprint for the opening of further training sites based on the same model. In 2021, apprenticeship training was newly implemented at our subsidiary BUWOG in Austria, with the very first cohort completing their training in the reporting year. In Sweden, particular emphasis is placed on local recruiting and targeted outreach measures – in schools and within the neighborhood, for example, with 821 young people taking up temporary employment during their vacation (62 of whom at Victoriahem itself) in the reporting year. These activities were expanded to include other vacation periods in some regions in 2023 due to the positive response.

Retaining existing employees is the third key lever in our human resources strategy, and also helps us shape a modern and attractive corporate culture. In this context, Vonovia seeks to continually improve from within and to individually promote the potential and talents that our employees have to offer – this applies both to our employees and to our senior management. The Vonovia Academy is our central element when it comes to **developing** our staff and creating a professional and respectful corporate culture in the long run. By way of example, some of the suggestions made in the employee survey were incorporated into direct measures to design new courses and digital learning formats to expand the Vonovia Academy's offering. This means that we are developing our employees' skills and knowledge in an even more targeted way with a view to specific roles, functions and requirements in the workforce (e.g., learning formats for junior controllers). Further, we have expanded our offer by including new development packages and formats. On-demand and e-learning services, such as specialized digital training courses for managers and employees, for example change consultation sessions, are designed to make further training and additional qualification at Vonovia an even more flexible and personalized experience in the future. This regular short format allows managers to discuss ideas and receive advice from professional coaches on specific aspects and challenges associated with change processes. As part of the merger with Deutsche Wohnen, which was formally completed in January 2023, over 900 employees were also integrated through team-based onboarding processes and were able to take part in process and system training sessions through the Vonovia Academy.

As part of the extensive development program for managers that was rolled out in 2023, core competencies covering all aspects of good leadership and basic knowledge on innovation topics (e.g., on integrating sustainable action into one's own area of responsibility) are to be taught in line with the new leadership philosophy. At our Swedish subsidiary Victoriahem, the fourth cohort will complete the leadership talent development program in the first quarter of 2024. This program aims to prepare tomorrow's managers, using candidates from the existing employee pool, for their future leadership roles.

The **satisfaction of our employees** is a key concern and thus a decisive indicator for allowing us to assess our appeal as an employer. Since the 2021 reporting year, changes in the employee satisfaction level have been a component of the Group's key non-financial performance indicator (SPI) and offer a regular indication of the degree to which Vonovia is an attractive employer. The change in survey service provider in the current reporting year came hand-in-hand with a comprehensive revamp of the questionnaire, the aim being to consolidate and clarify the questions, while the questions themselves were tailored even more specifically to suit specific employee groups – for example, for commercial and technical employees. This is directly and positively reflected in a higher participation rate, which, at 84%, has reached a record level compared to all previous surveys and sends out a signal for us as to just how willing our employees are to engage in dialogue. After a year-on-year decline of eight percentage points (-8 pp) for the first time in the past reporting period with regard to an overarching question on general employee satisfaction, the satisfaction score rose again by one percentage point (+1 pp) compared to the last full survey in 2021 and by as much as nine percentage points (+9 pp) compared to the last interim survey in 2022 (excluding Deutsche Wohnen, Care segment and SYNVIA). With regard to the external benchmark prepared by the software service provider Qualtrics, Vonovia outperforms its peers (all Qualtrics companies in Germany) by three percentage points (+3 pp). The current survey now also includes all Deutsche Wohnen employees (including SYNVIA, excluding the Care segment) for the first time. This year's result means that we have already exceeded our target for 2023 ahead of schedule, which is why we are planning to achieve a result for 2024 that is at least slightly below the previous year's figure and remains within the target corridor of our five-year plan in the medium term. In 2023, BUWOG also received the Leading Employer Award in Austria and ranks among the top 1% of Austrian employers among the 87,000 companies included in the evaluation.

We value feedback from our employees and are aware of the huge importance of co-determination, and opportunities to have one's say, for employee loyalty to our company. Following the successful completion of the division-specific evaluation workshops initiated in the reporting year with the involvement of the first and second levels of management below the Management Board, 2024 will focus on the intensive processing and development of targeted follow-up measures.

Material performance indicator - SPI

Category	Unit	2022*	2023**	Target for 2024
Increase employee satisfaction	percentage points	-8.0	+9.0	slightly below last year's level

* Excl. Deutsche Wohnen.
** Incl. Deutsche Wohnen, Austria and Sweden. Excl. Care segment.

2023 was characterized by sustained high inflation and an associated rise in the cost of living. At the start of the 2023 calendar year, our employees at Vonovia saw a significant increase in their salaries thanks to combined regulations regarding a compensatory inflation bonus totaling up to € 3,000 paid out over 24 months and an income-based pay rise. The majority of Vonovia's and Deutsche Wohnen's workforce in Germany are eligible for these benefits. During this process, we focused on income groups that are particularly strongly affected by rising prices. We are using both additional benefits to recognize our employees' good performance.

The company's HR processes also support workplace flexibility through mobile working, made possible thanks to a works agreement, and the gradual expansion and further development of digital processes at Vonovia. These include a wide range of functionalities that are already firmly established, such as reporting absences due to illness via an app or digital banking of working hours, allowing employees in many of the company's departments to work from a location of their choosing. In order to further develop future collaboration in modern working environments, Vonovia recently launched the "New Work @ Vonovia" project, which focuses on the corporate headquarters in Bochum and aims to offer our employees an attractive working environment that meets their individual needs. The initiative comprises four focal topics that will be used to develop further measures as part of a step-by-step process: structuring various working models, state-of-the-art workplace design, digital tools and technologies, and training concepts for managers and employees alike.

As of December 31, 2023, Vonovia employed a workforce of 15,802 (December 31, 2022: 15,915) as well as 1,017 apprentices (December 31, 2022: 926). Of these, 3,825 employees and 385 trainees belong to the Care segment and 52 employees to SYNVIA. This is not shown in the table below. Further information on the Care segment can be found in the section → **"Homes That Meet People's Needs and Demographic Change".**

Employee Key Figures*

Category	Unit	2022	2023
Total number of employees	number	12,063	11,925
of which female	number	3,404	3,455
of which permanent	number	11,180	10,692
Nationalities**	number	84	87
Average age (total)	years	43.8***	44.3
People with disabilities**	number	346	358
Total number of trainees**	number	617	632
of which commercial	number	215	190
of which technical trade	number	402	442
Training rate**	%	5.1	5.3

* Total number of employees by headcount, incl. Deutsche Wohnen (excl. Care segment and SYNVIA). The Care segment comprises a further 3,825 employees and 385 apprentices – 52 employees are accounted for SYNVIA.
** Not including Sweden. Germany and Austria taken into account.
*** Change in the calculation method in the year 2023 and therefore adjustment of the 2022 value from 43.3 to 43.8.

Diversity and Equal Opportunities

Our workforce at Vonovia is as diverse and international as our tenants: While people from over 145 nations have found a home in our apartments and neighborhoods, our Group as a whole employs people from over 85 different countries. They represent many different age groups, religions and world views, have a variety of physical disabilities, come from varying socio-economic backgrounds, and live their lives with a range of gender identities and sexual orientations.

We regard this **diversity as a great strength and opportunity**, which we support in a targeted manner and whose potential and competitive advantages we aim to harness. If, on the other hand, we fail to adequately meet the growing diversity demands of our increasingly diverse workforce, we risk falling behind in the competition for skilled workers and not being able to retain existing employees in the long term. As a result, we have incorporated this risk into our risk management system and review it at regular intervals in the context of current developments. We currently measure the risk of not meeting diversity requirements as having only a low potential amount of loss and a very low probability of occurrence (<5%).

Even though we conclude from this figure that we have already achieved considerable equality of opportunity and that we embrace and promote diversity within the company, we continuously implement further initiatives in this context and/or adapt existing measures to reflect changes in underlying conditions. For example, we are updating our seminars on discriminatory behavior (e.g., our mandatory sessions on the Code of Conduct & the German General Act on Equal Treatment, AGG) and continue to focus more closely on the integration of foreign skilled workers and displaced persons with our process to recruit specialists from Colombia, as well as a high degree of flexibility in working hours (also using a flex-time model/digital working hours account) so that all employees can structure their working time to suit their current phase in life. Since this year, a new e-learning session on “Recognizing and reducing prejudices and stereotypes” has been available to all employees free of charge. In order to also more firmly anchor the issue of diversity at the strategic level of the company in the future, a comprehensive range of management development courses – focusing, for example, on the topic of “unconscious bias” – was rolled out in 2023, and the topic of diversity was firmly established in the management roadmap as a key sub-criterion.

We see the strengthening of women in the company as a special mission, as they – chiefly due to the technical occupations in the field of skilled trades – are considerably underrepresented with a share of 29% of the workforce as a whole (excluding SYNVIA). The SPI indicator “Proportion of women in leadership roles in the first and second level below the Management Board” and our objective of increasing this figure to 30% by 2026 illustrate that we take care to proactively promote women at the management level and give them opportunities to pursue leadership positions and technical occupations. When setting the target – 30% by 2026 – we were guided by the representation of women in the Group as a whole. In Austria, we were awarded the equalitA certification for the internal promotion of women in 2021 and it remains valid to this day. BUWOG has also held state certification as a family-friendly company since 2017, being most recently recertified in the 2023 reporting year.

At the top level of management, the diversity concept for the composition of the management and control bodies is set out in detail in the corporate governance declaration. In addition, until further notice, all new appointments at the first and second management levels below the Management Board will have to be approved by the Chief Human Resources Officer as a mandatory requirement.

The gradual harmonization of social or non-salary benefits aims to ensure corresponding equal rights for all employees. For example, our employee stock ownership plan (ESOP) and a works agreement on mobile working are also in place in Austria. Following the introduction of a new, standardized company pension scheme in 2021, this offer is also available to all Vonovia employees in Germany (including Deutsche Wohnen, excluding SYNVIA and the Care segment). Reconciling one's family life and professional life is another important issue at BUWOG in Austria, which offers its employees a variety of ways to achieve work-life balance. In 2023, BUWOG successfully achieved recertification as a family-friendly company by the Austrian Federal Ministry for Labor, Family and Youth.

Material performance indicator - SPI

Category	Unit	**2022**	**2023**	**Target for 2024**
Proportion of women in management positions (first and second levels below the Management Board)*	%	25.1	24.2	29.1

* Excl. Care segment and SYNVIA.

Establishment in the Company

The new Chief Human Resources Officer (CHRO) role created in the reporting year has been responsible, since October 1, 2023, for Vonovia's human resources work. The latter has been established centrally as a shared service within the HR department. In 2021, the shared services approach was transformed into an HR business partner model, which is further developed on an ongoing basis. Since the 2023 reporting year, this has also included the Deutsche Wohnen subgroup.

Austria and Sweden have their own HR departments. Austria reports to the HR department in Germany in functional terms, whereas Sweden is still not firmly established in the reporting line. Here, monitoring and reporting takes place as and when required. The Head of HR discusses developments with the CHRO on a regular basis. The objectives and focus of HR work are developed in collaboration with the Management Board and are then cascaded down throughout the organization.

Combating Corruption and Bribery

Within the context of the statutory requirements in the Non-financial Group Declaration, this aspect includes one material topic: "Governance and Compliance" (see → **Materiality Matrix**).

Governance and Compliance

The foundation of our business model is based on reliable, transparent and trustworthy corporate governance, which the company manages and monitors responsibly and independently. Its function as a role model is decisive in terms of building and cementing credibility – and therefore trust among our stakeholders. As a result, our governance endeavors are geared toward the establishment and implementation of, and systematic compliance with, a transparent and modern system of rules. Group-wide policies and business principles serve as a framework: Our **Business Philosophy**, our **Code of Conduct**, the **Business Partner Code** and the **Declaration of Respect for Human Rights** act as the maxims guiding us in our actions. We live up to this attitude with our independent Supervisory Board and our commitment to the principles of the German Corporate Governance Code.

In order to acknowledge the increasing significance of compliance topics, the existing Compliance office became an independent Compliance and Data Protection department in April 2023. The role of Chief Compliance Officer, reporting directly to the Chief Executive Officer at least once a month, was created to head the department. In the reporting year, preparations were also made to establish an additional decentralized compliance structure from 2024. In relevant business areas, individual employees are being trained as local contacts for compliance issues in order to be able to answer initial questions directly on location and provide quick and straightforward support. The Compliance and Data Protection department is training the local contacts, providing technical advice and is maintaining constant contact with them.

The **compliance management system** (CMS) supports the corporate governance's direction and guards the company against misconduct. At Vonovia, the **CMS is based on three pillars: prevention, detection and response.** These pillars are underpinned by an extensive system of measures and processes as part of the compliance program. The basis takes the form of the Compliance Guidelines, which follow the Principles for the Proper Performance of Reasonable Assurance Engagements Relating to Compliance Management Systems (IDW PS 980). The CMS is subject to a periodic audit, which is carried out by an external auditor. Preparations were made in the reporting year for the external CMS certification, which will be completed in 2024.

The Chief Executive Officer (CEO) is responsible for implementation of the CMS. A Compliance Committee comprising the Chief Compliance Officer, compliance managers, the ombudsperson, representatives of the Internal Audit, Risk Management and HR Management departments, the works council and companies outside of Germany meets on a quarterly basis and updates the system in line with current requirements. In this context, the Chief Compliance Officer acts as a central contact point within the company for compliance-related questions and suspicions. The Chief Compliance Officer's activities are supported by the compliance managers and specialists in the individual departments. The Supervisory Board receives comprehensive information about compliance issues and corruption along with existing guidelines and processes on a quarterly basis. The compliance report, which is forwarded to the Audit Committee via the Chief Compliance Officer (following prior consultation with the CEO), provides information about potential breaches, measures and compliance training, as well as relevant data protection issues.

The CMS and whistleblowing system apply to the entire Group. Deutsche Wohnen also maintains its own legal and compliance department, which is supported by Vonovia's Compliance and Data Protection department under the terms of the agency agreements. Whenever legislation in Austria or Sweden conflicts with Group-wide rules, a different rule is adopted for the subgroup in the form of a national guideline. Responsibility for this lies with the respective managing directors. Deutsche Wohnen already had its own established CMS for the Care segment, including a data protection concept that was tailored to, and appropriate for, this business area, which is why the decision was made to keep it in place. This also applies to the Care segment's own whistleblower channel. Access to Vonovia's whistleblower system was also expanded by setting up an additional category for the Care segment.

Regular Group-wide training sessions are the cornerstone for preventing misconduct before it happens. A **comprehensive catalog of regular and mandatory training events** is already firmly established and has been adapted for the various internal target groups. The compliance training program includes mandatory training on topics such as data protection, dealing with conflicts of interest, and combating corruption. The sessions are aimed at all employees with annual refreshers. The target group-specific training sessions are also run every year: The procurement department, for which the issue is particularly relevant, receives special training on corruption and criminal law pertaining to corruption, for example. Sales employees take part in anti-money laundering training, while employees in Development receive special training on concluding sales contracts. Another mandatory training course for the entire management level is dedicated to the topic of corruption and detecting fraud.

In the 2023 fiscal year, we once again carried out a compliance risk analysis at the level of senior company executives in Germany. As part of this analysis, information was requested on the topics of active and passive corruption, money laundering, social compliance and IT/data security. In order to meet the requirements under the German Supply Chain Due Diligence Act, the analysis and evaluation of human rights and environmental risks in the company's own business area was also incorporated into the survey. These results are also being incorporated into the update of the Declaration of Respect for Human Rights. The aim of the survey was to systematically evaluate compliance risks and identify potential areas of focus for further development of the CMS. The compliance management team decided to implement a number of measures on the basis of their responses to the survey: Going forward, the frequency of the compliance risk analysis will be adjusted from every two years to every year, and will also include Austria and Sweden on a regular basis. In the reporting year, preparations were also made for the introduction of annual compliance self-assessments in the individual departments within the Group starting in 2024.

The reporting year saw an update to the **Business Partner Code**, in which Vonovia sets out clear expectations of its business partners, including with regard to respecting human rights and protecting the environment. We expect our business partners to subject their own business partners at all stages in their supply chain to the obligation to comply with the same standards and principles. The Group-wide Guidelines on the Whistleblower System and the Group-wide Guidelines on Approval Thresholds and Decision-Making Powers were also updated. In the 2024 fiscal year, the Anti-Money Laundering Guidelines will also be reviewed to identify any need for updates, and further preventive measures will be implemented in this area. Furthermore, process digitalization continued in the reporting year and preparations were made to introduce a fully digital file management system as of 2024.

Vonovia has a comprehensive system in place for complaints management and protecting whistleblowers that is also intended to meet the requirements of the Whistleblower Protection Act (Hinweisgeberschutzgesetz), which came into force in the reporting year. The anonymous whistleblower portal is available not only to employees, but also to external groups, such as customers and business partners. In the reporting year, six additional languages were added in addition to German and English. The portal complements and extends the existing system of the independent ombudsperson and has been integrated into the Vonovia partner portal. The whistleblower report, prepared externally every six months, is included with the company's compliance report. Information on potential cases of discrimination within Vonovia's own business area can not only be submitted anonymously via the whistleblowing system, but can also be reported via a separate reporting mailbox in the HR department so that any potential violations of the German General Act on Equal Treatment can be recorded. In Germany, this covers four European anti-discrimination directives that have been issued since 2000. Suspected cases of discrimination in the process involved in initiating tenancies can be reported via the anonymous whistleblower portal, to the independent ombudsperson or directly to the Compliance and Data Protection department.

Material performance indicator

Category	Unit	2022	2023
Total number of proven cases of corruption (in Germany)*	number	0**	0**

* A case of corruption is considered proven if a court conviction has taken place. Suspected cases of corruption under investigation during the reporting period are not included.
** Excl. Care segment.

In the 2023 reporting year, 29 suspected cases of corruption or compliance issues in Germany and Austria had been reported via the anonymous whistleblower portal and carefully investigated. The severity of all reported cases was determined to be minor. The reported cases can be assigned to the following categories, among others: incidents with tenants, conflicts of interest involving employees, information regarding allegations of fraud (involving commission) relating to employees, but also external persons, notifications of material theft and vehicle break-ins. One report involved a possible violation of human rights within Vonovia's own business area, which was not confirmed. In Sweden, seven reports were received via the various reporting channels in the reporting year. None of the suspected cases in Germany, Austria or Sweden led to a court conviction. There were no proven cases of corruption, including in the Care segment.

This currently (up to the editorial deadline) also applies to the suspected cases in connection with the search conducted by the public prosecutor's office. As reported, on March 7, 2023, Vonovia was informed by the public prosecutor's office in Bochum during the course of necessary search measures connected to an ongoing investigation that former and, at that time, current technical employees were being investigated on suspicion of 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 currently not possible to arrive at any conclusive assessment regarding the amount of any damages. For 2022, it is estimated to come to a maximum of 1% of the order volume awarded by Vonovia. At the most, this amounts to a low single-digit million amount. Given that only fully completed proceedings are presented under material performance indicator "Total number of confirmed cases of corruption (in Germany)" in the reporting year in question, this incident has no impact on the key figures reported.

Respect for Human Rights

The European legal framework in which Vonovia operates with its business model is strictly regulated and overseen in the markets in Germany, Austria and Sweden. This applies in particular to fundamentally enshrined human rights, to which Vonovia attaches great importance irrespective of the legal framework. Compliance with, and the fostering of, these rights is reflected in our ethos and mission statement. We regularly scrutinize our guidelines and adapt them to reflect changing overall conditions. Due to the Supply Chain Due Diligence Act and the announced European regulation, the way in which supply chains are structured and the due diligence obligations associated with this are of increasing importance to the company.

In our **Declaration of Respect for Human Rights**, which applies throughout the Group, we communicate our clear conviction for a pluralistic democratic society and zero tolerance of human rights violations and our commitment to respect human rights in all aspects of our business. We adhere to the core labor standards of the International Labour Organization (ILO), the UN Guiding Principles on Business and Human Rights, and the principles of the UN Global Compact, which we committed to in 2020. Our Code of Conduct also takes account of our stance regarding respect for human rights.

Vonovia's business model includes the construction, maintenance and modernization of homes. From a human rights perspective, compliance with labor and social standards on construction sites in the course of these activities is of particular relevance. Some trade/construction activities in Germany are carried out by the company's own technical service – and therefore by its own employees. This lessens both dependency on the services of external construction companies and – thanks to the measures established in the company's own business area – the risk of noncompliance with labor and social standards.

Concrete cooperation with external partners and contractors is governed by Vonovia through its Business Partner Code, the general terms and conditions of purchasing, the general terms and conditions of Vonovia SE for building services, and individual contractual agreements (available on the **Vonovia website**) within the scope of structured supplier management. The **Business Partner Code** must be signed prior to the conclusion of a contract. In this document, we set out, among other things, all material requirements necessary for compliance with human rights – from legal conformity and the fulfillment of legal standards for working conditions to an assurance of freedom of association and the exclusion of child labor, forced labor and discrimination. It is updated regularly – most recently in 2023 – and applies for contractual relations in Germany and Austria. A corresponding separate Business Partner Code is in place in Sweden and was also updated in the reporting year. Restructuring measures meant that the procurement department was assigned to the Chief Financial Officer's division in the reporting year.

As part of the regular evaluation of our major suppliers and contractors via our partner portal, we strive to ensure that the criteria stated in the Business Partner Code are complied with. In the event of incidents and breaches, a structured management of measures is activated, which – once all other means have been exhausted – may result in blocks on orders or termination of contract. We also use long-term cooperation in the spirit of partnership to build a close relationship of trust with our contractual partners. This is largely the responsibility of the procurement department and allows any misconduct to be addressed. In Germany, contractual conclusion is preceded by an automatic check against EU sanctions lists, with the compliance department informed immediately in the event of a hit. In Austria, the procurement department reviews all new creditors and regularly reviews existing ones on a half-yearly basis as part of a compliance check that also includes an inspection of sanctions lists (via KSV1870). The procurement department in Austria also implemented a partner portal for suppliers and service providers in the reporting year. The portal is based on its German counterpart and has been adapted to reflect national standards.

Furthermore, we addressed the requirements of the Supply Chain Due Diligence Act, which has been applicable in Germany since January 1, 2023. In the reporting year, we completed a comprehensive risk analysis for our own business area and for our supply chain to identify priority risk areas and develop corresponding measures. We describe our approach to risk analysis and the risk areas in our Declaration of Respect for Human Rights. We have also implemented regular online training courses for employees who come into contact with human rights or environmental risks as part of their work within Vonovia's own business area or along the supply chain. We also conducted specific workshops for our procurement employees in relevant business areas in order to further improve awareness of our human rights and environmental due diligence obligations. We initiated a comprehensive supplier survey to further boost transparency regarding activities in the supply chain and dialogue with our business partners.

The Chief Compliance Officer is also our company's Human Rights Officer and reports to the Management Board at least once a month. He is supported by a committee that brings together due diligence coordinators from relevant departments, namely Procurement, Compliance and Data Protection, Sustainability/Strategy and HR. The committee convened four times in the reporting year and discussed the ongoing fulfillment of Vonovia's human rights and environmental due diligence obligations. Vonovia has set up various procedures to allow potential abuses (such as human rights violations, environmental pollution, other unlawful actions) to be reported by both internal and external parties (see → **Combating Corruption and Bribery**). We conduct in-depth investigations into indications of human rights violations within our own business area or in the supply chain that come to our attention via the various reporting channels. No reports of breaches of our human rights due diligence obligations were confirmed in the reporting year.

Appeal on the Capital Market

Inflation, interest rates and views on possible recession scenarios continued to dominate the international capital markets in 2023. Following a marked drop in inflation, given that interest rates have now peaked, at least according to capital market assessments, and in light of the prospect of initial rate cuts in 2024, sentiment brightened considerably and led to broad-based price increases, particularly at the end of the year. Vonovia's shares also benefited from the improved macroeconomic environment, gaining 29.6% over the course of the year. All in all, we nevertheless observed a widening gap between capital market expectations on the one hand, and ongoing robust development on the residential real estate market on the other (see → **Vonovia SE on the Capital Market**).

The construction and management of residential real estate is a business with a long-term focus. Our aim in this segment is to bring economic activity hand in hand with environmental benefit, living up to the various expectations of stakeholders. It is important to us to provide relevant information on our company and our economic development as well as on the sustainable direction of Vonovia, thereby providing an accurate picture of Vonovia. We want to generate attractive risk-adjusted rates of return for our investors and achieve sustainable revenue and value increases. This strengthens trust in the Vonovia brand.

We are committed to both the principles of the social market economy and the imperative of profitability. Economic success is the prerequisite for further investments in environmental and social sustainability. At the same time, we firmly believe that these investments also pay off in terms of our appeal for investors. This is substantiated by the growing demand for sustainable financial products and the ever greater establishment of ESG criteria as a basis for investment decisions.

In line with the targets we have set, Vonovia uses a broad mix of financial instruments, like bonds, promissory notes, secured real estate loans, commercial papers, working capital facilities and loans from development banks like the German government-owned development bank Kreditanstalt für Wiederaufbau (KfW) and the European Investment Bank (EIB), in order to secure good access to the capital market. Our sustainable bonds, seven of which we placed successfully on the capital market in 2022, meet the demand for both green and social bonds – and play a crucial role in our financing strategy. In 2023, we also raised equity by selling minority interests. These joint ventures have given us access to equity in a manner that is much more cost-effective than implementing capital increases via the stock exchange.

The European Union Sustainable Finance Disclosure Regulation (SFDR) is aimed at providers of financial products and financial advisers such as banks, asset managers, institutional investors and insurance companies. Under the SFDR, these groups are required to align their products, processes and strategies with ESG guidelines. We have made our Sustainable Finance Framework – which has applied since February 2022 – consistent with the EU taxonomy, which was confirmed by an independent third party in a Second Party Opinion (SPO). All green bonds that we issue under this framework are environmentally sustainable as defined in the EU taxonomy (environmental objective 1 – climate change mitigation).

With our **Sustainable Finance Framework**, we have also laid the foundation for the definition and selection of social assets in the real estate sector on the Swedish market. The eligible properties are located in "particularly vulnerable," "high-risk" and "vulnerable" areas identified by the Swedish police, in which Vonovia has also launched initiatives to promote integration and reduce unemployment among its tenants. The criteria we selected in this context have already been adopted by at least three other issuers on the market.

We have published our Sustainable Finance Framework, the annual impact report evaluating the effectiveness of our measures and further information about our sustainable financing strategy on our **Group website**.

Our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for our capital market activities. The Investor Relations department and the Sustainability/Strategy department report to the CEO. The Corporate Finance and Treasury department, which is responsible for the implementation of our financial instruments, reports to the Chief Financial Officer (CFO). The Head of Corporate Finance and Treasury chairs the Sustainable Finance Committee, which comprises representatives from several different departments and is responsible for managing and further developing our sustainable financing activities. The Sustainability/Strategy department is responsible for our participation in ESG ratings, involving the operating departments in this process.

Involving our stakeholders on the capital market is handled by the Investor Relations (IR) division in close consultation with the Management Board. Transparency is the watchword here. Through formats such as investor conferences and roadshows, we seek out dialogue – including and especially on ESG topics – with our shareholders and potential investors. Face-to-face conversations, additional property tours and the participation in conferences for private investors represent additional communication channels.

At the same time, IR acts in an inward-facing way so that the topics communicated to us by capital market actors come to the attention of the right people within the company.

Sustainability ratings and indices serve as valuable indicators of our sustainability performance and key sources of information for the capital market to help with investment decisions. As a result, they are a top priority at Vonovia. The Sustainability Committee decides which ESG ratings we actively use (see → **Sustainability Management at Vonovia**).

The 2023 rating results were influenced, in particular, by their consolidated application for the integrated Group for the very first time – for example through an improved carbon footprint – as well as by the suspected case of bribery involving individual (former) employees in March 2023, which also involved Vonovia's business premises being searched (see → **Combating Corruption and Bribery**). The latter, for example, resulted in an MSCI downgrade. Nevertheless, we once again achieved **good to very good results in all ESG ratings relevant for Vonovia and its investors in 2023.** As such, we continue to be listed on the renowned Dow Jones Sustainability Index Europe (despite the lower number of points in the corresponding S&P rating due to increased requirements and the restructured questionnaire), as well as on sustainability indices such as the DAX 50-ESG or the STOXX Global ESG Leaders, to name but a few examples, and have been awarded Prime status by ISS-ESG. Sustainalytics has assigned us to the lowest risk category and we rank among the top 100 performers of all companies analysed by Sustainalytics (> 15,000 companies worldwide, as of December 31, 2023).

Material Performance Indicator: Performance in relevant ESG Ratings*

Ratings	2022	2023
Sustainalytics ESG risk rating	6.7	7.6
MSCI ESG	AAA	A
CDP Climate Change	B	A-
ISS ESG	C	C
S&P Global CSA	71	63

* 2022 excl. Deutsche Wohnen, from 2023 incl. Deutsche Wohnen (excl. Care segment and SYNVIA).

For 2024, we have set ourselves the goal of maintaining our consistently high performance in the relevant ESG ratings and continuing to present our sustainability performance to the capital market in a comprehensive and transparent way. As well as performing regular checks to see whether we are listed in the relevant indices, we also use the results of the rating process and peer group comparisons to further develop our sustainability measures in a targeted manner.

Portfolio Structure

Portfolio in the Property Management Business

As of December 31, 2023, the Group had a **total real estate portfolio comprising** 545,919 residential units (2022: 548,524), 164,330 garages and parking spaces (2022: 164,330) and 8,691 commercial units (2022: 8,838). Our locations span 616 cities, towns and municipalities in Germany, Sweden and Austria. 71,424 residential units are also managed for other owners. Most of the properties in the Group's portfolio are multifamily homes.

In terms of fair value, around 89% of the real estate portfolio is located in Germany. The Swedish portfolio accounts for around 8% of the fair value, while the share of the Austrian portfolio comes to around 3%. The portfolio is as follows as of December 31, 2023:

Portfolio and Fair Value by Country

	Portfolio			Fair value*		
	Residential units	Living area (in thou. m²)	Vacancy (in %)	(in € million)	(in €/m²)	In-place rent multiplier**
Vonovia Germany	485,074	29,830	1.7	70,618.1	2,297	25.1
Vonovia Sweden	39,629	2,826	3.7	6,402.5	2,088	17.9
Vonovia Austria	21,216	1,560	4.4	2,771.6	1,612	22.5
Vonovia total	**545,919**	**34,215**	**2.0**	**79,792.2**	**2,246**	**24.2**

* Fair value of the developed land excluding € 4,135.4 million, of which € 494.5 million for undeveloped land and inheritable building rights granted, € 226.0 million for assets under construction, € 2,104.2 million for development, € 936.9 million for care portfolio and € 373.8 million for other.
** Shown based on the country-specific definition (see glossary Monthly In-place Rent).

Rent and Rental Growth by Country

	In-place rent*			Rent increase	
	Total (p. a. in € million)	Residential (p. a. in € million)	Residential (in €/m²)	Organic (in %)	Market rent forecast valuation (in % p. a.)**
Vonovia Germany	2,811	2,681	7.63	3.5	2.1
Vonovia Sweden	358	332	10.18	4.9	2.2
Vonovia Austria	123	98	5.47	7.7	1.7
Vonovia total	**3,292**	**3,111**	**7.74**	**3.8**	**2.1**

* Shown based on the country-specific definition (see glossary Monthly In-place Rent).
** 10-year horizon higher (see chapter on fair values in the management report).

As of December 31, 2023, the Group's **real estate portfolio across Germany** comprised 485,074 residential units, 122,330 garages and parking spaces and 5,981 commercial units distributed across 465 cities, towns and municipalities. The total living area amounted to 29,830,046 m², with the average apartment size coming in at around 61 m². With a vacancy rate of 1.7%, an average monthly in-place rent of € 7.63 per m² was generated in Germany. The annualized in-place rent for the residential portfolio as of December 31, 2023, came to € 2,681 million for apartments.

In **Sweden**, the Group's real estate portfolio comprised 39,629 residential units spanning a total living area of 2,825,617 m², 25,459 garages and parking spaces and 2,115 commercial units. With a vacancy rate of 3.7%, the residential portfolio generated annualized in-place rent of € 332 million as of December 31, 2023. The apartments, which average 71 m² in size, generate monthly in-place rent of € 10.18 per m² (inclusive). Most of them are located in the Stockholm, Gothenburg and Malmö regions.

In the **Austrian portfolio**, which is largely located in Vienna, Vonovia achieved an annualized in-place rent of € 98 million as of December 31, 2023, with a vacancy rate of 4.4% in the residential portfolio, which comprises 21,216 units covering total living space of 1,559,542 m². The monthly in-place rent amounted to € 5.47 per m² with an average apartment size of around 74 m². The portfolio also comprised 16,541 garages and parking spaces and 595 commercial units.

Changes in the Portfolio

There were no major acquisitions in the course of 2023.

Properties from the portfolio earmarked for sale were disposed of in several transactions as part of the implementation of the portfolio management strategy. At the time of each transfer of possession, benefits and encumbrances, the statistics for the portfolios sold were as follows:

				In-place rent*	
	Residential units	Living area (in thou. m²)	Vacancy (in %)	Residential (p. a. in € million)	Residential (in €/m²)
Disposal portfolios 2023	2,111	139.3	1.9	17.0	11.43

* Shown based on the country-specific definition (see glossary: monthly in-place rent).

Vonovia continues to develop its portfolio dynamically. In addition to the sale of larger housing stocks, Vonovia's portfolio changed primarily in 2023 as a result of the construction of new apartments and attic extensions on the one hand, and disposals of condominiums and multifamily homes from the portfolio earmarked for sale on the other.

Vonovia invests in its strategic holdings in particular in line with its climate path to promote sustainability and in line with its innovation strategy. We act on behalf of neighborhoods with the (new) development of our urban portfolios.

The lion's share of the portfolio in Germany consists of neighborhoods that we have classified as **urban quarters**. The remaining existing buildings largely comprise smaller clusters of buildings and solitary properties that we have grouped together as **urban clusters**. Even though, unlike urban quarters, urban clusters do not relate to entire neighborhoods, they are also managed using the same long-term asset and property management approaches based on our operating platform.

Following the implementation of the annual structured reassessment of all potential, as of December 31, 2023, Vonovia's portfolio is as follows:

Portfolio and Fair Value by Strategy

	Portfolio			Fair value*	
	Residential units	Living area (in thou. m²)	Vacancy (in %)	(in € million)	(in €/m²)
Strategic	420,604	25,720	1.6	59,807.8	2,280
Urban Quarters	339,941	20,591	1.5	48,927.4	2,334
Urban Clusters	80,663	5,129	1.8	10,880.4	2,064
Recurring Sales	26,996	1,850	2.5	4,383.0	2,322
MFH Sales	22,421	1,420	1.1	4,778.0	3,230
Non Core	15,053	840	4.3	1,649.4	1,452
Vonovia Germany	**485,074**	**29,830**	**1.7**	**70,618.1**	**2,297**

* Fair value of the developed land excluding undeveloped land and inheritable building rights granted, assets under construction, development, Care portfolio and other.

Rent and Rental Growth by Strategy

	In-place rent			Rent increase
	Total (p. a. in € million)	Residential (p. a. in € million)	Residential (in €/m²)	Organic (in %)
Strategic	2,380	2,298	7.57	3.6
Urban Quarters	1,897	1,837	7.56	3.7
Urban Clusters	483	460	7.63	3.5
Recurring Sales	169	163	7.51	2.6
MFH Sales	165	156	9.28	2.5
Non Core	97	65	6.71	2.8
Vonovia Germany	**2,811**	**2,681**	**7.63**	**3.5**

In order to boost transparency in portfolio presentation, we also break our portfolio in Germany down into **15 regional markets**. The regional market classification is orientated toward the residential real estate market regions in Germany. These markets are **core towns/cities and their surroundings**, mainly urban areas. Our decision to focus on the regional markets that are particularly relevant to Vonovia is our way of looking ahead to the future and provides an overview of our strategic core portfolio in Germany.

In relation to the fair value, 95% of our German portfolio is located in 15 regional markets. Only a small part of our strategic portfolios is located outside of these 15 markets. We have referred to this group as "Other strategic locations". Our stocks earmarked for sale from the "Recurring Sales"; "MFH Sales" and "Non Core"subportfolios in locations that do not include any strategic stocks are shown as "Non-strategic locations". The fact that our portfolio is spread nationwide makes us more independent of the circumstances prevailing on individual regional markets.

As of December 31, 2023, the German portfolio is as follows, broken down into regional markets:

Portfolio and Fair Value by Regional Market

	Portfolio			Fair value*		
	Residential units	Living area (in thou. m²)	Vacancy (in %)	(in € million)	(in €/m²)	In-place rent multiplier
Berlin	143,057	8,562	0.8	23,881.0	2,704	29.4
Rhine Main Area	36,528	2,306	2.4	6,610.7	2,794	25.1
Southern Ruhr Area	42,972	2,654	2.5	5,168.6	1,917	22.8
Rhineland	31,578	2,074	1.8	5,045.8	2,367	24.0
Dresden	44,899	2,600	2.3	5,031.5	1,834	22.6
Hamburg	20,108	1,257	1.1	3,229.2	2,505	25.8
Hanover	22,077	1,391	2.0	2,886.6	2,002	22.4
Kiel	25,299	1,455	1.9	2,774.6	1,855	21.1
Munich	10,523	682	1.3	2,743.7	3,884	33.9
Stuttgart	13,323	838	1.6	2,249.5	2,637	24.9
Northern Ruhr Area	24,383	1,503	2.2	2,044.6	1,347	17.4
Leipzig	14,245	936	2.2	1,890.6	1,873	23.6
Bremen	11,714	712	1.6	1,439.3	1,971	24.6
Westphalia	9,435	617	2.0	1,091.3	1,750	20.5
Freiburg	4,033	275	0.5	727.1	2,621	25.5
Other strategic locations	27,515	1,746	2.8	3,394.9	1,909	21.5
Total strategic locations	**481,689**	**29,607**	**1.7**	**70,209.1**	**2,303**	**25.2**
Non-strategic locations	3,385	223	3.3	409.0	1,649	18.1
Vonovia Germany	**485,074**	**29,830**	**1.7**	**70,618.1**	**2,297**	**25.1**

* Fair value of the developed land excluding undeveloped land and inheritable building rights granted, assets under construction, development, Care portfolio and other.

Rent and Rental Growth by Regional Market

	In-place rent			Rent increase	
	Total (p. a. in € million)	Residential (p. a. in € million)	Residential (in €/m²)	Organic (in %)	Market rent forecast valuation (in % p. a.)*
Berlin	813	774	7.60	3.9	2.3
Rhine Main Area	263	253	9.34	2.8	2.2
Southern Ruhr Area	226	220	7.11	4.3	1.8
Rhineland	210	200	8.19	2.7	2.1
Dresden	222	208	6.82	2.8	2.1
Hamburg	125	120	8.07	2.9	2.1
Hanover	129	121	7.42	3.2	2.0
Kiel	132	126	7.40	4.6	2.0
Munich	81	77	9.53	6.0	2.3
Stuttgart	90	88	8.88	3.7	2.2
Northern Ruhr Area	118	114	6.45	2.7	1.6
Leipzig	80	73	6.65	2.9	2.0
Bremen	59	56	6.67	2.9	2.0
Westphalia	53	52	7.18	4.0	2.0
Freiburg	29	28	8.46	2.9	2.0
Other strategic locations	158	152	7.50	2.9	2.0
Total strategic locations	**2,788**	**2,663**	**7.63**	**3.5**	**2.1**
Non-strategic locations	23	18	7.07	2.0	1.9
Vonovia Germany	**2,811**	**2,681**	**7.63**	**3.5**	**2.1**

* 10-year horizon higher (see chapter on fair values in the management report).

Portfolio in the Development Business

Vonovia Development Under the BUWOG Brand Name

It is under the **BUWOG brand** that Vonovia's Development business area has become firmly established, primarily in Vienna and Berlin.

The **regional distribution** of the development activities covers the whole of Germany with a focus on the Berlin, Rhine-Main, Dresden/Leipzig, Hamburg, Stuttgart and Munich regions. The focal region in Austria is Vienna.

BUWOG provides Vonovia with a **development platform** spanning the entire value chain – from the purchase of land to its development, project planning, construction and sale.

With its substantial **product pipeline** of residential construction projects that are currently being built, planned or prepared, Vonovia, with the BUWOG brand, ranks among Germany's leading building contractors and is the most active private building contractor in Austria.

As a major player in the residential real estate segment, Vonovia seeks to use its property development expertise to offer targeted solutions in response to current challenges such as the shortage of housing, climate change, integration and cross-generational housing. The development business allows Vonovia to provide answers to the challenges resulting from **megatrends.**

In the 2022 fiscal year, Deutsche Wohnen's development activities were integrated into BUWOG's structures on the basis of an agency agreement. Deutsche Wohnen's motivation was to benefit from BUWOG's development platform and expertise in particular, as well as leveraging harmonization effects and economies of scale.

With the skills of the two companies now bundled and the options available for exploiting synergy potential on both sides, the challenges facing the residential real estate market in terms of new construction can be mastered more quickly and efficiently.

Development Business Model

Sustainable and Successful Development

Development Business Model

As part of the strategic analysis, Vonovia's development activities were considered to make an important value contribution and the development business was identified as a key **value driver**.

The **range of products** for value creation ranges from the sale of individual new-build condominiums in the context of development projects to new construction projects on land purchased, and land already held, for the company's own portfolio and global sales of large-scale projects to investors.

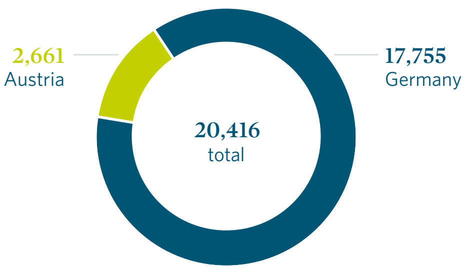
Conceptual and technical solutions for the resource-light construction and sustainable operation of neighborhoods make up a key component of the development business model. In line with the three focal issues of urbanization, energy efficiency and demographic change, central aspects of sustainability are already taken into account in the early stages of project development. This includes designing socially diverse neighborhoods that offer housing for all generations, realizing energy-efficient new construction projects for ecologically sustainable operation by buyers, as well as for a carbon-neutral portfolio, and creating barrier-free and fully accessible housing for an aging society with changing housing needs.

Sustainability is achieved at all stages in the residential real estate value chain – from the selection of ecological and recyclable building materials, to the commissioning of local craftsmen and service providers, and the sustainable operation of the development projects.

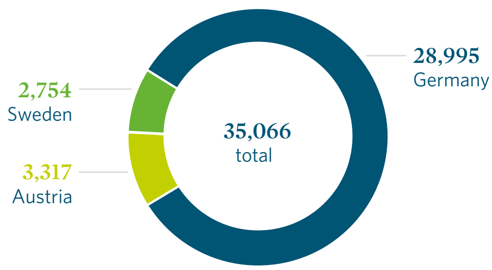
Certification is important to ensure that potential improvements can be made back at the planning stage on the basis of criteria for ecological, social and economic sustainability and managed during the construction process.

Development to Sell and Hold (Number of Residential Units)*

to sell



to hold



* Development to sell incl. existing projects; Development to hold incl. pipeline projects.

Valuable Contributions to Society and the Group

Development

1 Acquisition	2 Development	3 Planning	4 Construction	5 Marketing and sales
> Identification of acquisition opportunities > Assessment of development opportunities > Due diligence (legal, tax, technical, environmental, etc.) > Cross-disciplinary acquisition teams > Development of project pipeline, property database	> Design idea > Analysis of market and regulations > District and city representatives, citizens, service providers and other stakeholders > Construction optimization and city development > Coordination of zoning	> Integral planning and cross-disciplinary project teams > Type and product development > Determination of aesthetic, ecological, functional and economic requirements > Detailed project calculation > Professional planning > Coordination of construction approval process	> Preparing for construction > Procurement and awarding of construction contracts > Trade coordination/construction management > Construction > Quality control	> Development of marketing concepts > Sale > Initial rental > Customer service and aftercare

Value Creation and Project Development

Real estate development activities can be tackled successfully through long-standing experience, extensive **market and sector expertise** and intensive, ongoing market analysis, making a valuable contribution to value creation, sustainability and to alleviating the shortage of housing.

The strategy of incorporating process steps into the company's own value chain allows Vonovia to provide stringent and targeted support to residential construction projects and to exploit cost synergies with regard to technical solutions and the pooling of procurement volumes. Being able to cover the entire real estate development value chain internally makes the company more efficient and, as a result, more profitable.

In the Development segment, we make a distinction between two different areas:

> **Development to sell** includes the units that are sold to investors or to future owner-occupiers directly.

> **Development to hold** refers to those residential construction projects whose apartments will be added to Vonovia's rental portfolio upon their completion.

The prevailing conditions in the residential real estate sector, which are characterized by rising construction costs and higher interest rates, are changing the demands that real estate development projects have to meet in terms of profitability and financing. With this in mind, projects are analyzed with regard to their **allocation** to the two different areas of development, and are reallocated if necessary.

Based on these profitability criteria and internal financing requirements, the Potsdam-Krampnitz project was partially reallocated from the "to hold" portfolio to the "to sell" portfolio in 2023. This reallocation involves a total of 859 units and a project volume of € 481.6 million.

Development Overview

As of December 31, 2023, the **total volume** of the development portfolio was 55,482 residential units (a total of 6,979 units from projects under construction and a total of 48,503 units from the pipeline).

As of December 31, 2023, there were 20,416 residential units in the **"to sell" development portfolio**, 4,998 of which related to projects under construction, 1,173 to projects from the short-term pipeline and 14,245 to projects from the medium-term pipeline. The share attributable to project development in Germany came to 17,755 units (4,998 of which related to projects under construction, 600 to projects from the short-term pipeline and 12,157 to projects from the medium-term pipeline). 6,343 units were attributable to Deutsche Wohnen. The share attributable to project development in Austria came to 2,661 units (573 units from the short-term pipeline and 2,088 from the medium-term pipeline).

As of December 31, 2023, there were 35,066 residential units in the **"Development to hold" portfolio**, 1,981 of which related to projects under construction, 253 to projects from the short-term pipeline and 32,832 to projects from the medium-term pipeline. The share attributable to Germany came to 28,995 units (1,981 units under construction, 253 units from the short-term pipeline and 26,761 units from the medium-term pipeline). The share in Austria came to 3,317 units (3,317 units from the medium-term pipeline). The share in Sweden came to 2,754 units (2,754 units from the medium-term pipeline).

A total of 1,309 residential units were completed in this area with 839 in Germany, 296 in Austria and 174 in Sweden.

Management System

Management Model

The management system tools are geared towards implementing the strategy through our sustainable business activities.

The 2023 fiscal year saw Vonovia break down the strategy that had been in place since the IPO further into its key value drivers. Against the backdrop of the current overall conditions, this process was accompanied by systematic improvements in the capital structure. The new value driver approach is set out and explained in detail under → **"Fundamental Information About the Group"**.

At the same time, the Deutsche Wohnen Management Board subjected the nursing care activities to a strategic review. The outcome of this process is that the nursing care activities will no longer form part of the corporate strategy going forward and are to be sold. Towards the end of the 2023 fiscal year, the nursing care activities were subjected to a market test and were then reported from the fourth quarter of 2023 onwards as discontinued operations for the purposes of Group reporting. This means that the Care management segment has been abolished. Details can be found in the Notes under → **[A2] Adjustment to Prior-year Figures**.

Consequently, Vonovia will manage its business via the **four segments:** Rental, Value-add, Recurring Sales and Development.

The **Rental segment** combines all of the business activities that are aimed at the value-enhancing management of our own residential real estate. It includes our property management activities in Germany, Austria and Sweden.

The **Value-add segment** bundles all of the housing-related services that we have expanded our core rental business to include. These services include both the maintenance and modernization work on our residential properties and services that are closely related to the rental business. We allocate the activities relating to the craftsmen's and residential environment organization, the condominium administration business, the cable TV business, metering services, energy supplies and our insurance services to the Value-add segment.

The **Recurring Sales** segment includes the regular and sustainable disposals of individual condominiums and single-family houses from our portfolio.

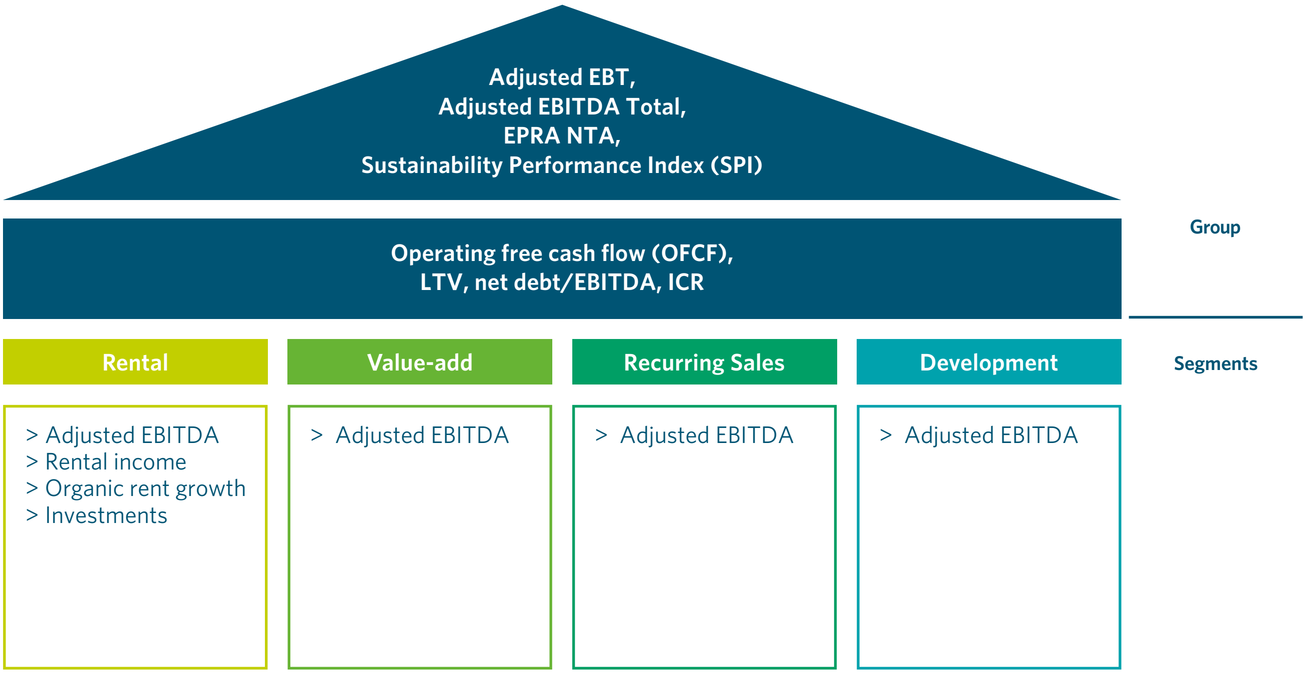
Sales of entire buildings, plots of land or larger portfolios that are not part of the strategically relevant portfolio (MFH Sales/Non Core) are pursued as and when opportunities arise, meaning that they are not part of the Recurring Sales segment. We report these opportunistic sales in the Other column of the segment report.

The **Development segment** includes project development to build new homes. This covers the value chain starting with the purchase of land without any development plan/dedicated purpose, to completion and sale (to sell) or integration into Vonovia's own portfolio (to hold). The Development segment deals with projects in selected attractive locations.

We have an integrated Group-wide **planning and controlling system** in place that is based on central performance indicators. Based on the medium-term plans derived from our strategy, which are subject to an annual review and are updated during the year in the event of significant transactions, we prepare a budget for all areas of the Group. In the course of the fiscal year, current economic developments are compared with these targets and the current forecasts on a regular basis for all key figures that are relevant to control. The business is then steered accordingly in a targeted manner, with any necessary countermeasures being initiated and tracked.

We make a distinction between **financial and non-financial** performance indicators.

2024 Management System



The future focus of the company's business activities on the key value drivers logically requires an adjustment to the management system, as the previous management system no longer provides the required degree of **relevant management information, in the interests of return-oriented and, at the same time, cash flow-oriented management,** or the necessary transparency in the current environment.

Our 2024 management system has a **modular** structure and makes a distinction between performance indicators at Group level (most meaningful performance indicators within the meaning of DRS 20) and those at segment level.

As a result, with a view to the future management of the company, the Management Board has designed the following management system structure.

Performance Indicators at Group Level as of 2024

Going forward, the IFRS profit for the period will be reconciled to **earnings before taxes (EBT)**, as taxes do not form part of operating value added.

This EBT will be adjusted to reflect **special effects** based on the definition that has applied to date (effects that do not relate to the period, recur irregularly or are atypical for business operations). The net financial result is also adjusted to reflect non-cash and actuarial valuation effects that recur irregularly. The further adjustments to reflect the effects of IAS 40 measurement, write-downs, other (Non Core/Other result), net income from non-current financial assets accounted for using the equity method and effects from residential properties held for sale produce the Group's **Adjusted EBT** and, taking into account minority interests, adjusted EBT after minority interests. Adjusted EBT will be the **leading indicator of profitability**.

The adjusted net financial result, interim profits and depreciation and amortization will be added to the Adjusted EBT to produce the **Adjusted EBITDA Total** as a reconciliation to the total segment results.

Calculation of Adjusted EBT/Adjusted EBITDA

	Profit for the period according to IFRS consolidated financial statements
(+)	Income taxes according to consolidated income statement
=	**Earnings before tax (EBT) according to consolidated income statement**
(+/-)	Non-recurring items
(+/-)	Net income from fair value adjustments of investment properties
(+)	Non-scheduled depreciation/value-adjustments
(+/-)	Valuation effects and special effects in the financial result
(+/-)	Net income from investments accounted for using the equity method
(+/-)	Earnings contribution from non-core/other sales
(+/-)	Period adjustments from assets held for sale
=	**Adjusted earnings before taxes of the group (Adjusted EBT)**
/	Number of the weighted average shares carrying dividend rights
=	**Adjusted EBT per share**
	Adjusted EBT
(+)	Straight-line depreciation
(+/-)	Adjusted net financial result
(+/-)	Intragroup profit/losses
=	**Adjusted EBITDA Total**

The Adjusted EBT will be used as a basis for a reconciliation to the **operating free cash flow (OFCF)** as the **leading indicator of internal financing.** Depreciation and amortization will be added to Adjusted EBT, and the liquidity contribution made by the Recurring Sales segment, as well as the change in working capital, will be taken into account. Capitalized maintenance and dividend payments made to parties outside of the Group, as well as income tax paid, are subtracted from this figure. This operating free cash flow is a measure of the Group's operational capacity to generate cash surpluses and, as a result, of its internal financing power.

Calculation of Operating Free Cash-Flow

	Adjusted earnings before taxes of the group (Adjusted EBT)
(+)	Straight-line depreciation
(+/-)	Change in net current assets (working capital) according to the cash flow statement (adjusted for special payment effects)
(+)	Carrying amount of recurring sales assets sold
(-)	Capitalized maintenace
(-)	Dividends and payouts to non-controlling shareholders (minorities)
(-)	Income tax payments according to cash flow statement (w/o taxes on non-core sales)
=	**Operating Free Cash-Flow**

The contribution made by **discontinued operations** will be presented separately.

Other Key Figures at Group Level

At the level of the Group as a whole, the **EPRA Net Tangible Assets (EPRA NTA)** per share and the **Sustainability Performance Index (SPI)** are our most meaningful performance indicators.

The **EPRA Net Tangible Assets (EPRA NTA)** is used to review how the company's value is developing. Our calculations are based on the best practice recommendations of the EPRA (European Public Real Estate Association).

Calculation of EPRA NTA

	Total equity attributable to Vonovia's shareholders
(+)	Deferred tax in relation to fair value gains of investment properties*
(+)	Fair value of financial instruments**
(-)	Goodwill
(-)	Intangible assets
=	**EPRA NTA**
/	Number of shares carrying dividend rights on the reporting date
=	**EPRA NTA per share**

* Share for hold portfolio.
** Adjusted for effects from cross currency swaps.

In addition to our key financial figures, we also focus on non-financial operating performance indicators.

Our business activities are aimed at protecting the environment, ensuring trustworthy, transparent and reliable corporate governance and taking social responsibility for our customers and employees.

Sustainability Performance Index (SPI)

CO_2 intensity in the housing stock →	Sustainability Performance Index
Sustainable and energy-efficient new construction →	
Homes that are (partially) modernized to make them fully accessible →	
Increase in customer satisfaction →	
Increase in employee satisfaction →	
Diversity in the management team →	

In line with this focus, we had already introduced the **Sustainability Performance Index** as a key non-financial control parameter back in the 2021 fiscal year. Indicators used in the new Sustainability Performance Index are the carbon intensity of the housing stock, the energy efficiency of new buildings, the share of accessible (partial) modernization measures in relation to newly let apartments, the increase in customer and employee satisfaction and proportion of female managers in the company's top management team.

Each component is assigned an individual factor and a defined annual target amount. The weighted targets add up to a target of 100% that we aim to achieve every year. In the reporting on the levels of the individual indicators within the Non-financial Group Declaration, the business activities of Deutsche Wohnen are included (excluding the Care segment), unless otherwise stated.

Other non-operating financial key figures include the **loan-to-value (LTV)** ratio, which is used for monitoring the degree to which debt is covered by the value of the properties, the **net debt/EBITDA** ratio, which is used for monitoring the degree to which debt is covered by our sustained operating result and the **Interest Coverage Ratio (ICR)** , which expresses the extent to which interest is covered by our sustained operating result.

Performance Indicators at Segment Level

The main key performance indicator at segment level remains **Adjusted EBITDA**. The Adjusted EBITDA Total reported at Group level is calculated, in turn, as the sum total of the Adjusted EBITDA figures for our segments. This means that Adjusted EBITDA forms the basis for the operational management of the four continuing segments after adjustments to reflect effects that do not relate to the period, recur irregularly or are atypical for business operations.

Calculation of Adjusted EBITDA

	Revenue in the Rental segment
(-)	Expenses for maintenance
(-)	Operating expenses in the Rental segment
=	**Adjusted EBITDA Rental**
	Revenue in the Value-add segment
	thereof external revenue
	thereof internal revenue
(-)	Operating expenses in the Value-add segment
=	**Adjusted EBITDA Value-add**
	Revenue in the Recurring Sales segment
(-)	Fair value of properties sold adjusted to reflect effects not relating to the period from assets held for sale in the Recurring Sales segment
=	Adjusted result in the Recurring Sales segment
(-)	Selling costs in the Recurring Sales segment
=	**Adjusted EBITDA Recurring Sales**
	Revenue from the disposal of "Development to sell" properties
(-)	Cost of Development to sell
=	Gross profit Development to sell
(-)	Operating expenses in the Development segment
=	**Adjusted EBITDA Development**
Σ	**Adjusted EBITDA Total (continuing operations)**

The **Adjusted EBITDA Rental** reflects the operating profit from residential property management. It can be broken down into three central components: Rental segment revenue, expenses for maintenance and operating expenses in the Rental segment. The latter include all expenses and income that do not relate to expenses for maintenance or rental income in the Rental segment.

The **organic rent increase** refers to the increase in the monthly in-place rent for the residential portfolio that was already held by Vonovia twelve months previously and rented as of the reporting date, plus the increase in rent resulting from the construction of new apartments and the addition of stories to existing properties. The monthly in-place rent per m^2 gives information on the average rental income from the portfolio as of the relevant reporting date.

In addition to our operational earnings power, **investments (modernization and new construction work)** are decisive for the further development of our company.

We manage business activities in the Value-add segment using the **Adjusted EBITDA Value-add.**

We measure the success of the Recurring Sales segment using **Adjusted EBITDA Recurring Sales**. The Adjusted EBITDA Recurring Sales compares the proceeds generated from the privatization business with the fair values of properties sold and the related costs of sale. In order to disclose profit and revenue in the period in which they are incurred and to report a sales margin, the fair value of properties sold, valued in accordance with IFRS 5, has to be adjusted to reflect realized/unrealized changes in value.

The **Adjusted EBITDA Development** includes the gross profit from the development activities of "to sell" projects (income from sold development projects less production costs) less the operating expenses from the Development segment.

The Adjusted EBITDA Total is calculated as the sum total of the **Adjusted EBITDA figures** for our four segments (continuing operations). It expresses the overall performance of our sustainable operating business before interest, taxes, depreciation and amortization.

The key financial figures shown here are known as "non-GAAP" measures or alternative performance measures **(APMs)**, i.e., key figures which cannot be taken directly from the figures in the consolidated financial statements according to IFRS. The financial performance indicators can, however, all be reconciled to the closest-possible key figure in the consolidated financial statements, or can be taken directly from the IFRS consolidated financial statements in the reconciliation.

Performance Indicators for 2023

The previous management system was continued until the end of the fourth quarter of 2023 as presented in the 2022 Annual Report.

Group FFO

Group FFO was still the key figure used for managing the sustained operational earnings power of our business in 2023. In the future, it will replaced by Adjusted EBT.

Calculation of Group FFO

	Adjusted EBITDA Total (continuing operations)
(-)	FFO interest expense
(-)	Current income taxes FFO
(-/+)	Intragroup profit/losses
=	**Group FFO**

Segment Level

The performance indicators at segment level, as presented in the 2024 management system, also already applied to 2023.

The Sustainability Performance Index and the EPRA NTA per share also applied at Group level in 2023.

At the end of the fourth quarter of 2023, the presentation of Development to hold was adjusted within the Development segment. Details are set out in the Notes under Adjustment to Prior-year Figures. In the future, all earnings contributions made by Development to hold will be recognized in the valuation results, i.e., outside of Adjusted EBITDA. This brings the management approach into the IFRS standard governing the measurement of investment properties (IAS 40).

Report on Economic Position

Key Events During the Reporting Period

The **2023 fiscal year** was characterized by **challenging overall conditions** in the residential real estate sector. On the one hand, the ongoing shortage of housing pushed rents up, while on the other, it proved impossible to close the macroeconomic supply gap due to restrained new construction activity. There was a very low volume of transactions on the market in 2023, not including Vonovia's transactions.

Higher interest rates and inflation also had clear effects on the assessment of business models and the valuation of assets, in particular holdings measured at fair value and goodwill.

In the 2023 fiscal year, total value adjustments of around € 10.7 billion were recognized for investment properties at Vonovia. The value of the investment properties as of December 31, 2023, adjusted to reflect investments, amounts to around € 81.1 billion. As impairment losses were recognized on goodwill and trademark rights in the fiscal year, only the Value-add cash generating unit still reported goodwill in the amount of € 1.4 billion as of December 31, 2023.

As a result, the **capital structure and capital allocation** were the main focal points of the management system due to the changes in return requirements and the interest rate environment. Strengthening the company's internal financing was another priority issue.

Despite the sluggish **transaction market**, Vonovia successfully strengthened its capital structure in the 2023 fiscal year with two joint ventures and two block transactions.

As per a 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 investment vehicle is financed by holding companies, insurers and other long-term investors that are advised and managed by Apollo Capital Management L.P. The net consideration amounted to around € 1.0 billion. The transaction was closed in the second quarter of 2023.

In the fourth quarter (contract signed on October 27, 2023), Vonovia also reached an agreement with an investment vehicle that is advised and managed by Apollo Capital Management L.P. in respect of an equity holding of approx. 30% in a selected portfolio comprising around 31,000 residential units in northern Germany. The investment vehicle is financed by holding companies, insurers and other long-term investors that are advised and managed by Apollo Capital Management L.P. The net consideration amounted to around € 1.0 billion. The transaction was closed on December 31, 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 were three newly constructed properties belonging to the company's old stock and two new construction projects that were in the final phase of construction. The share deal component was closed on May 31, 2023.

On November 3, 2023, another transaction was announced as an asset deal involving Vonovia and Deutsche Wohnen together with funds managed by CBRE Investment Management regarding new construction projects with a volume of € 357 million. The transaction had not yet been completed by December 31, 2023.

Transactions in the other sales categories were also implemented successfully. One transaction particularly worthy of mention is that announced on October 7, 2023 between the City of Dresden and Vonovia relating to a total of 1,213 apartments. The package also includes undeveloped land measuring roughly twelve hectares. This total price amounts to € 87.8 million. The transaction is expected to be closed in the course of 2024.

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.

As part of a strategic review of the Care segment, the Management Board of Deutsche Wohnen decided to discontinue and sell these operations. Endeavors to sell the Care segment have since begun and it is expected to have been sold before December 2024. Accordingly, the majority of the Care segment is presented as discontinued operations.

The high demand for residential real estate, positive rental price development and synergies realized as part of the merger with Deutsche Wohnen promoted positive development in our core Rental business in the 2023 fiscal year.

As of December 31, 2023, Vonovia's portfolio was virtually fully occupied with a vacancy rate of 2.0%. The Customer Satisfaction Index (CSI) was 0.4 percentage points below the value seen in the previous year in the fourth quarter of 2023. Looking at the average for the year as a whole, customer satisfaction was down by 2.4 percentage points year-on-year.

The sustained high customer satisfaction values in the 2023 fiscal year 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 stable positive cash flows in the long run and, as a result, a stable basis for the income from our real estate portfolio.

The other business segments were negatively affected by higher interest rates in the reporting period and by inflation, in particular by the marked uptick in construction costs.

Higher return requirements meant that investment projects had to be reanalyzed, reassessed accordingly and reprioritized. As a result, restraint was exercised with plans to launch new projects in particular. Requirements related to the company's capital structure and internal financing were also, however, key aspects influencing decisions. In this respect, transactions with a focus on reducing the leverage ratio were successfully realized in 2023.

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

The Adjusted EBITDA Total (continuing operations) came to € 2,583.8 million, a drop of 0.9% as against the prior-year figure of € 2,606.1 million. At € 2,401.7 million, Adjusted EBITDA in the Rental segment was up by 6.5% on the previous year's figure of € 2,254.3 million, while Adjusted EBITDA in the other segments fell by 16.7% for Value-add, 53.1% for Recurring Sales and 85.3% for Development.

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-Christina Streit as its Chair at its inaugural meeting.

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

As reported, on March 7, 2023, Vonovia was informed by the public prosecutor's office in Bochum during the course of necessary search measures connected to an ongoing investigation that former and, at that time, current technical employees were being investigated on suspicion of 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. For 2022, it is estimated to come to a maximum of 1% of the order volume awarded by Vonovia. At the most, this amounts to a low single-digit million amount.

Development of the Economy and the Industry

According to the European Commission, the European economy has lost momentum following its robust expansion in the years following the pandemic in 2021 and 2022 and against the backdrop of the high cost of living, weak foreign demand and tighter monetary policy. In its fall forecast, the Commission expects GDP growth of 0.6% in the EU and in the eurozone for 2023. Economic activity is expected to recover slightly in the future as consumption picks up thanks to a continued robust labor market, sustained wage growth and a further slowdown in inflation. In light of the challenging underlying conditions, the Federal Statistical Office (Destatis) estimates that the German economy shrank by 0.3% in terms of gross domestic product (GDP) in 2023 compared to the previous year. According to Destatis, this meant that the recovery from the deep slump in the coronavirus year 2020 was not sustained. According to the National Institute of Economic Research (NIER), gross domestic product in Sweden is estimated to have fallen by 0.2% in 2023. The Swedish economy is running below capacity and the output gap is likely to widen in 2024. According to the Institute of Economic Research, Austrian GDP is expected to have contracted by 0.8%. The economy is being adversely affected by lower real incomes due to inflation and a global industrial downturn. For 2024, GDP growth of 0.9% is forecast for Germany (IfW Kiel), 1.0% for Sweden (National Institute of Economic Research, NIER) and 0.9% for Austria (Institute of Economic Research, WIFO).

According to the German Federal Employment Agency, the German labor market also felt the impact of the weak economy. Unemployment and underemployment (excluding short-time work) increased year-on-year. However, employment also increased slightly at the same time. The unemployment rate based on the total civilian labor force rose by 0.4 percentage points to 5.7% on average in 2023. The NIER estimates the unemployment rate in Sweden at 7.7% in 2023, which is approx. 0.2 percentage points more than in the previous year. According to national calculations by the Austrian Public Employment Service (AMS), the unemployment rate in Austria was 6.4% and thus 0.1 percentage points higher than in the previous year. Based on respective national definitions, the average unemployment rate expected in 2024 is 5.8% for Germany (IfW Kiel), 8.4% in Sweden (NIER) and 6.4% in Austria (WIFO).

Inflation weakened again in 2023, following a noticeable increase in 2022 due to pressure associated with the prices of energy, food and other raw materials. Measured against the respective national Consumer Price Indexes (CPI), the average inflation rate was likely 5.9% in Germany, 8.5% in Sweden and 7.8% in Austria, based on figures from the national statistical offices. It is expected that the price spikes will continue to tail off in 2024 and that inflation will be lower. Among other things, the declining price trends in energy, food and consumer staples are cited as price dampeners for Germany, with lower energy and raw material prices for Sweden and lower fuel prices for Austria. Based on respective national definitions, a CPI increase of 2.3% is expected for Germany (IfW Kiel), 2.9% for Sweden (National Institute of Economic Research) and 4.0% for Austria (WIFO).

In a quest to make a timely return to its 2% medium-term inflation target, the European Central Bank (ECB) raised key rates further in several steps in 2023, most recently to 4.50% in September 2023. According to the IfW Kiel, the cycle of interest rate hikes has probably come to an end. High inflation also prompted the Swedish Riksbank to take further steps to lift its policy rate starting at the beginning of the year, most recently raising it to 4.00% in September 2023. According to the National Institute of Economic Research, the policy rate could fall again from summer 2024. In this overall environment, interest rates for construction in Germany, Sweden and Austria were higher on average in 2023 than in the previous year. In Germany, there were signs of a slight decline in interest rates for construction at the end of the year.

The interest rate environment is having an adverse impact on the real estate markets. The residential property markets had already begun to cool down in the course of 2022 and the residential investment market is dominated by price adjustment processes and low transaction figures. Despite this, according to Savills, the underlying conditions on the housing market in Germany are very attractive from an investor's perspective. The correction in prices caused by interest rates in the past year is being counteracted by a further short-term increase in supply shortages. The situation on the rental apartment market is likely to continue to tighten from the tenant perspective, and most owners can expect further rental growth. According to bulwiengesa, demand in this area is also growing due to the shift of potential buyers into the rental market. Quoted rents continued to increase across Germany; empirica reports that they were 5.7% higher on average over all years of construction in the fourth quarter of 2023 (new construction 5.6%) than in the same quarter of the previous year. According to DB Research, new contract rents are expected to grow by around 5% in the current year, and rents for existing contracts by around 2.2%. According to data supplied by SCB, rents in Sweden rose by an average of 4.1% in 2023. The initial data on rent negotiations for 2024 from "Hem & Hyra," the member magazine published by the Swedish tenants' association ("Hyresgästföreningen"), point towards a further sharp rise in rents. In Austria, rents (including newly let apartments) increased in 2023 compared to the previous year by 7.9% according to the Austrian statistical office. According to RE/MAX, rents not subject to rent restrictions are likely to continue to rise in 2024 due to demand.

The pace of purchase price growth cooled noticeably in Germany, Sweden and Austria in 2022. The trend towards declining prices in Germany generally continued in 2023. The empirica price index for condominiums (all years of construction) was 5.5% lower in the fourth quarter of 2023 compared to the same period of the previous year. In the new construction segment, the price index was up by 0.2% year-on-year in the fourth quarter of 2023 thanks to a slight increase from the mid-point of the year onwards. DB Research assumes that the market adjustment will soon be complete. According to Svensk Mäklarstatistik, prices for tenant-owned apartments (Bostadsrätter) in Sweden were 1.4% higher in December 2023 compared with the same month of the previous year. However, after a noticeable recovery at the start of 2023, prices began to fall again in the last quarter of the year. Swedbank's experts expect residential real estate prices to bottom out in the first half of 2024. The values of the current residential real estate price index of the Austrian central bank (OeNB) on the basis of new and used condominiums and single-family residences show a decrease in Austria in the third quarter of 2023 of 2.9% compared with the previous year. Measured in terms of quarter-on-quarter increases, residential property prices fell by around 2% in the fourth quarter of 2022. In the first to third quarters of 2023, the decline was then much more moderate at between -0.2% and -0.4%. According to RE/MAX, the price trend for residential property in Austria will initially take a downward trajectory in 2024.

The size of the population in Germany, Sweden and Austria is estimated to have risen again in 2023 and is expected to increase further. There is still a shortage of apartments in many large cities and urban areas. Construction activity, however, is expected to drop. The current mix of high construction prices and increased interest rates is having a noticeable impact. The GdW estimates that only 242,000 apartments will have been completed in Germany in 2023, compared to 295,000 in 2022. This figure could fall to 214,000 in 2024. The German federal government had set itself the goal of building 400,000 new apartments per year in Germany. According to JLL, the declining volume of new construction in years to come will further increase the excess demand on the rental apartment markets in particular. Boverket estimates that around 67,000 apartments will have to be built every year in Sweden until 2030. In 2023, only around 60,000 apartments are expected to have been completed. According to Boverket's calculations, completions will fall to around 40,000 apartments in 2024 and around 25,000 apartments in 2025. This means that the additional annual need will not be met. According to the OeNB, Austria is witnessing the end of a pronounced residential construction cycle. According to Bank Austria, residential construction activity there has addressed the marked increase in the demand for homes in recent years. The volume of residential construction will shrink significantly in 2023 and 2024. Although the expected new construction activity should largely meet demand in terms of volume, Bank Austria says it remains to be seen whether demand will be met in all segments, especially in the affordable housing segment.

Residential construction is in a difficult phase in all three countries due to the combination of higher interest rates, less favorable financing conditions and increased construction costs. In Germany, the government had also reduced new construction subsidies, and it imposed more stringent new construction standards at the start of 2023. In addition, there is uncertainty surrounding housing policy after the 2021 supplementary budget was declared unlawful at the end of 2023, requiring the renegotiation of the 2024 budget. Investment subsidies for rental apartments in Sweden were discontinued as of the end of 2022. In the current circumstances, new construction developments are barely viable in commercial terms.

The German residential investment market was cautious in 2023. According to CBRE, the transaction volume amounted to € 5.7 billion, 59% lower than in the previous year and the lowest transaction volume since 2011. The main reasons given for this weak development are the difference in price expectations between buyers and sellers, as well as the uncertainties following the German Buildings Energy Act (GEG) and the associated loss of investor confidence. According to CBRE, prime yields in the top seven cities have risen by almost 80 basis points to 3.34% since the end of 2022. CBRE expects the residential transaction market to pick up in 2024 with an investment volume of around € 8 billion. The drivers for this include the ongoing portfolio adjustments of listed real estate companies and the refinancing gap of late-cycle investors. According to Colliers, properties worth € 7.8 billion were traded across all segments on the Swedish transaction market in 2023, representing a year-on-year decrease of approx. 59%. In terms of transaction volume, residential properties were the second-largest asset class after logistics properties with a share of 23% (2022: 28%). According to CBRE, the Austrian real estate investment market saw a transaction volume of approximately € 2.9 billion across all segments in the 2023 fiscal year, down by around one-third on the previous year. The share of the residential segment stood at only 9%.

Housing policy developments in 2023 and at the start of 2024 in Germany included changes to the GEG, in which the permissible primary energy level for new construction was tightened at the start of 2023. On January 1, 2024, an amendment came into force aimed at increasing the proportion of renewable energies in heating systems and at reducing emissions. Reforms were also made to the Federal Funding for Efficient Buildings (BEG): Since the beginning of 2023, new conditions have applied for refurbishments to achieve energy-efficiency building standards as well as for individual measures. Since March 1, 2023, funding guidelines

have been available for climate-friendly new construction, with loans available on more favorable terms for environmentally friendly buildings that meet the KfW Efficiency House 40 standard. However, the funding had been used up by December 2023. Applications should be possible again after the 2024 budget is in force. The new BEG – Individual Measures Directive also came into force on January 1, 2024. This directive promotes the replacement of fossil fuel heating systems with climate-friendly ones by subsidizing investment costs. A law on the division of CO_2 costs between landlord and tenant came into force on January 1, 2023, and the costs per ton of CO_2 emitted increased from the start of 2024. The straight-line rate for the depreciation of residential buildings was increased from 2% to 3% as of January 1, 2023 and applies to residential buildings completed from January 2023. A proposed declining balance depreciation for new residential construction as part of the German Growth Opportunities Act has been postponed for now. An agreement reached in December on the reform of the EU Buildings Directive provides for, among other things, the reduction of energy consumption in residential buildings. The EU is waiving the obligation to refurbish poorly insulated private residential buildings. The agreement still has to be formally approved by the respective EU institutions. At the end of June 2023, an expert commission convened by the Berlin Senate came to the conclusion that the socialization of major residential real estate companies is possible from a legal perspective. The Berlin State Government is now examining a framework socialization act. In Austria, indicative rents were increased as of April 1, 2023, with category-based rents being increased effective July 1, 2023.
From 2024, a rent cap will apply that limits the increase in indicative rents, category-based rents and rents for non-profit apartments. This does not include unrestricted rental agreements.

Group's Business Development

Business Development in 2023 – An Overview

All in all, our operating business developed in line with our expectations in the 2023 fiscal year. High demand for homes and rising rents supported the operational basis of our business, the core Rental segment.

We invested a total of around € 0.8 billion (2022: € 1.4 billion) in our own portfolio for new construction and modernization measures in the 2023 fiscal year, and around € 0.7 billion (2022: € 0.9 billion) in maintenance. We completed 1,309 apartments (2022: 2,071) as part of our new construction measures. We also completed 1,116 apartments that are intended for sale (2022: 1,678).

The table below provides an overview of the development of our most recently forecast performance indicators for 2023 and the target achievement level for these indicators including discontinued operations in the 2023 fiscal year.

	2022	Forecast for 2023 in the 2023 Q3 report*	2023
Total Segment Revenue (incl. discontinued operations)	€ 6,256.9 million	moderately below previous year	€ 5,638.1 million
Adjusted EBITDA Total (incl. discontinued operations)	**€2,763.1 million**	**lower end of € 2.6–2.85 billion**	**€2,652.4 million**
Group FFO (incl. discontinued operations)	**€ 2,035.6 million**	**mid-point of € 1.75–1.95 billion**	**€ 1,847.1 million**
Group FFO per share (incl. discontinued operations)**	€ 2.58	mid-point of € 2.15–2.39	€ 2.29
EPRA NTA per share* **	**€ 57.48**	**suspended**	**€ 46.82**
Sustainability Performance Index (SPI)****	**103%**	**105–110%**	**111%**

* As reported incl. Care segment and gross profit of Development to hold.
** Based on the weighted average number of shares carrying dividend rights.
*** Based on the shares carrying dividend rights on the reporting date.
****2022 excluding Deutsche Wohnen. 2023 including Deutsche Wohnen (excluding Care segment and SYNVIA).

The sale of the Care business activities has since been initiated and the Management Board of Deutsche Wohnen expects this segment to be sold before December 2024. Accordingly, the majority of the Care segment is presented as discontinued operations. A small part of the Care segment, with a business volume of around € 23 million in segment revenue, was transferred to the Rental segment. Specifically, this relates to rental income for 25 properties operated by third parties.

In addition, at the end of the fourth quarter of 2023, the presentation of contributions to earnings made by the Development to hold sales channel was adjusted within the Development segment. In the future, all earnings contributions made by Development to hold will be recognized in the valuation results, i.e., outside of segment revenue and Adjusted EBITDA.

The previous year's figures were adjusted accordingly.

The key performance indicators for the continuing operations are therefore as follows.

	2022*	2023
Total Segment Revenue (continuing operations)	€ 5,566.2 million	€ 5,151.1 million
Adjusted EBITDA Total (continuing operations)	**€2,606.1 million**	**€2,583.8 million**
Group FFO (continuing operations)	**€ 1,981.6 million**	**€ 1,801.6 million**
Group FFO per share (continuing operations)**	€ 2.51	€ 2.23
EPRA NTA per share* **	**€ 57.48**	**€ 46.82**
Sustainability Performance Index (SPI)** **	**103%**	**111%**

* Previous year's values (2022) adjusted to current key figure and segment definition -> [A2] Adjustment to Prior-year Figures.
** Based on the weighted average number of shares carrying dividend rights.
*** Based on the shares carrying dividend rights on the reporting date.
****2022 excluding Deutsche Wohnen. 2023 including Deutsche Wohnen (excluding Care segment and SYNVIA).

In the 2023 fiscal year, **total segment revenue (continuing operations)** came to € 5,151.1 million, down by 7.5% on the value for the previous year (€ 5,566.2 million). 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.

The **Adjusted EBITDA Total (continuing operations)** amounted to € 2,583.8 million in the 2023 fiscal year (2022: € 2,606.1 million). With the exception of the Rental segment, all other segments reported a drop in Adjusted EBITDA due to market conditions. Adjusted EBITDA Rental rose by 6.5%, from € 2,254.3 million in 2022 to € 2,401.7 million in 2023. The Adjusted EBITDA in the Value-add segment came to € 105.5 million in 2023, 16.7% below the prior-year figure of € 126.7 million. The Adjusted EBITDA Recurring Sales fell from € 135.1 million in 2022 to € 63.4 million in 2023. The Adjusted EBITDA Development came to € 13.2 million 2023, down considerably on the prior-year figure of € 90.0 million.

Group FFO **(continuing operations)** amounted to € 1,801.6 million in the 2023 financial year (2022: € 1,981.6 million). This corresponds to a Group FFO per share of € 2.23 (2022: € 2.51). The Group FFO interest expense came to € 619.6 million in 2023, up by 25.8% on the prior-year value of € 492.6 million. Current income taxes FFO came in at € 180.3 million in 2023, 32.0% higher than in the previous year (€ 136.6 million). At € 17.7 million, intragroup losses in 2023 were up on the prior-year value of € 4.7 million.

The **EPRA NTA per share** in 2023 came in at € 46.82, down by 18.5% on the prior-year value of € 57.48. The development in the net asset value figure was due primarily to the net income from fair value adjustments of investment properties of € -10,651.2 million in 2023 (2022: € -1,177.6 million). The distribution of the cash dividend of € 372.9 million in 2023 (2022: € 672.4 million) and the issue of new shares as part of the scrip dividend also had an impact on this key figure.

The **Sustainability Performance Index** stood at 111% in the 2023 fiscal year (2022: 103%). This was helped along in particular by the reduction of CO_2 intensity, the development of the average primary energy requirements of new construction and (partial) modernization measures to make apartments fully accessible, and high levels of employee satisfaction.

Statement of the Management Board on the Economic Situation

The net assets, financial position and results of operations of the Group are stable, particularly given the solid financing, the resulting balanced maturity profile and the financing flexibility gained through the rating-backed bond financings. The ongoing improvements to the property management processes and the use of new digital software solutions promote ongoing improvement in profitability.

Results of Operations

Overview

The following key figures provide an overview of how Vonovia's results of operations and their drivers developed in the 2023 fiscal year.

in € million	2022*	2023	Change in %
Total Segment Revenue (continuing operations)*	5,566.2	5,151.1	-7.5
Revenue in the Rental segment	3,186.7	3,253.4	2.1
Revenue in the Value-add segment	1,272.0	1,224.7	-3.7
Revenue in the Recurring Sales segment	543.4	319.3	-41.2
Revenue in the Development segment*	564.1	353.7	-37.3
Total Segment Revenue from discontinued operations	256.8	266.8	3.9
Adjusted EBITDA Total (continuing operations)*	2,606.1	2,583.8	-0.9
Adjusted EBITDA Rental	2,254.3	2,401.7	6.5
Adjusted EBITDA Value-add	126.7	105.5	-16.7
Adjusted EBITDA Recurring Sales	135.1	63.4	-53.1
Adjusted EBITDA Development*	90.0	13.2	-85.3
Adjusted EBITDA from discontinued operations	63.8	53.9	-15.5
Group FFO (continuing operations)	1,981.6	1,801.6	-9.1
Monthly in-place rent in €/m²	7.49	7.74	3.3
Average area of own apartments in the reporting period (in thou. m²)	34,525	34,349	-0.5
Average number of own units (number of units)	550,342	547,905	-0.4
Vacancy rate (in %)	2.0	2.0	-
Maintenance expenses and capitalized maintenance (€/m²)	24.81	21.03	-15.2
thereof expenses for maintenance (€/m²)	12.86	12.41	-3.5
thereof capitalized maintenance (€/m²)	11.95	8.62	-27.9
Number of units bought	969	63	-93.5
Number of units sold	19,760	3,838	-80.6
thereof Recurring Sales	2,710	1,590	-41.3
thereof Non Core/other	17,050	2,248	-86.8
Number of new apartments completed	3,749	2,425	29.4
thereof own apartments	2,071	1,309	-36.8
thereof apartments for sale	1,678	1,116	-33.5
Number of employees (as of December 31)	12,117	11,977	-1.2

* Previous year's values (2022) adjusted to current key figure and segment definition -> [A2] Adjustment to Prior-year Figures.

In the 2023 fiscal year, **total segment revenue (continuing operations)** came to € 5,151.1 million, down by 7.5% on the value for the previous year (€ 5,566.2 million). 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	2022*	2023	Change in %
Rental income	3,191.4	3,259.6	2.1
Other income from property management unless included in the operating expenses in the Rental segment	118.2	129.8	9.8
Income from disposals Recurring Sales	515.8	314.8	-39.0
Internal revenue Value-add	1,152.4	1,093.8	-5.1
Income from disposal of properties	588.4	353.1	-40.0
Total Segment Revenue (continuing operations)	**5,566.2**	**5,151.1**	**-7.5**

* Previous year's values (2022) adjusted to current key figure and segment definition -> [A2] Adjustment to Prior-year Figures.

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

Group FFO

in € million	2022*	2023	Change in %
Revenue in the Rental segment	3,186.7	3,253.4	2.1
Expenses for maintenance	-443.9	-426.2	-4.0
Operating expenses in the Rental segment	-488.5	-425.5	-12.9
Adjusted EBITDA Rental	**2,254.3**	**2,401.7**	**6.5**
Revenue in the Value-add segment	1,272.0	1,224.7	-3.7
thereof external revenue	119.6	130.9	9.4
thereof internal revenue	1,152.4	1,093.8	-5.1
Operating expenses in the Value-add segment	-1,145.3	-1,119.2	-2.3
Adjusted EBITDA Value-add	**126.7**	**105.5**	**-16.7**
Revenue in the Recurring Sales segment	543.4	319.3	-41.2
Fair value of properties sold adjusted to reflect effects not relating to the period from assets held for sale in the Recurring Sales segment	-391.6	-239.4	-38.9
Adjusted result Recurring Sales	**151.8**	**79.9**	**-47.4**
Selling costs in the Recurring Sales segment	-16.7	-16.5	-1.2
Adjusted EBITDA Recurring Sales	**135.1**	**63.4**	**-53.1**
Revenue from disposal of Development to sell properties	560.6	348.6	-37.8
Cost of Development to sell	-440.4	-300.9	-31.7
Gross profit Development to sell	**120.2**	**47.7**	**-60.3**
Rental revenue Development	3.5	5.1	45.7
Operating expenses in the Development segment	-33.7	-39.6	17.5
Adjusted EBITDA Development*	**90.0**	**13.2**	**-85.3**
Adjusted EBITDA Total (continuing operations)*	**2,606.1**	**2,583.8**	**-0.9**
FFO interest expense*	-492.6	-619.6	25.8
Current income taxes FFO	-136.6	-180.3	32.0
Intragroup losses*	4.7	17.7	>100
Group FFO (continuing operations)*	**1,981.6**	**1,801.6**	**-9.1**
Group FFO per share (continuing operations) in € **	2.51	2.23	-11.1
Group FFO after non-controlling interests	**1,895.0**	**1,717.8**	**-9.4**
Group FFO after non-controlling interests per share in € **	2.40	2.13	-11.4
Group FFO (discontinued operations)	**54.0**	**45.5**	**-15.7**

* Previous year's values (2022) adjusted to current key figure and segment definition -> [A2] Adjustment to Prior-year Figures.
** Based on the weighted average number of shares carrying dividend rights.

At the end of 2023, Vonovia managed a portfolio comprising 545,919 of its own residential units (2022: 548,524), 164,330 garages and parking spaces (2022: 164,330) and 8,691 commercial units (2022: 8,838). 71,424 residential units (2022: 72,779) were also managed for other owners.

Details on Results of Operations by Segment

Rental Segment

The **Rental segment** showed positive development overall in the 2023 fiscal year. At the end of 2023, the portfolio had a vacancy rate of 2.0% (end of 2022: 2.0%), meaning that it was nearly fully occupied.

In the 2023 financial year, **Rental** segment revenue increased by 2.1% to € 3,253.4 million (2022: € 3,186.7 million). Of the segment revenue in the Rental segment in the 2023 reporting period, € 2,790.1 million is attributable to rental income in Germany (2022: € 2,717.9 million), € 341.6 million to rental income in Sweden (2022: € 354.5 million) and € 121.7 million to rental income in Austria (2022: € 114.3 million).

Organic rent growth (twelve-month rolling) totaled 3.8% (3.3% as of December 31, 2022). The current rent increase due to market-related factors came to 2.3% (1.0% as of December 31, 2022) and the increase from property value improvements translated into a further 1.0% (1.6% as of December 31, 2022). All in all, this produced a like-for-like rent increase of 3.3% (2.6% as of December 31, 2022). New construction measures and measures to add extra stories also contributed 0.5% (0.7% as of December 31, 2022) to organic rent growth.

The average monthly **in-place rent** within the Rental segment at the end of 2023 came to € 7.74 per sqm compared to € 7.49 per sqm as of December 31, 2022. The monthly in-place rent in the German portfolio at the end of December 2023 came to € 7.63 per sqm (December 31, 2022: € 7.40 per sqm), with a figure of € 10.18 per sqm (December 31, 2022: € 9.73 per sqm) for the Swedish portfolio and € 5.47 per sqm for the Austrian portfolio (December 31, 2022: € 5.18 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.

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	2022*	2023	Change in %
Expenses for maintenance	443.9	426.2	-4.0
Capitalized maintenance	412.6	296.3	-28.2
Maintenance measures	**856.5**	**722.5**	**-15.6**
Modernization measures	837.4	470.8	-43.8
New construction (to hold)	572.4	291.2	-49.1
Modernization and new construction measures	**1,409.8**	**762.0**	**-45.9**
Total cost of maintenance, modernization and new construction	**2,266.3**	**1,484.5**	**-34.5**

* Previous year's values (2022) adjusted to current key figure and segment definition -> [A2] Adjustment to Prior-year Figures.

Operating expenses in the Rental segment in the 2023 fiscal year were down by 12.9% on the figures for the prior year, from € 488.5 million to € 425.5 million. This is due primarily to synergies achieved and positive one-off effects as part of the integration of Deutsche Wohnen. All in all, the **Adjusted EBITDA Rental** came to € 2,401.7 million in the 2023 fiscal year, up by 6.5% on the prior-year value of € 2,254.3 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. Energy sales, on the other hand, developed positively.

In the Value-add segment, income totaled € 1,224.7 million in the 2023 fiscal year, down by 3.7% on the prior-year figure of € 1,272.0 million. External revenue from our Value-add activities with our end customers rose by 9.4% from € 119.6 million in 2022 to € 130.9 million in 2023. This was due primarily to higher revenue from energy sales. Group revenue fell by 5.1% in the 2023 fiscal year from € 1,152.4 million in 2022 to € 1,093.8 million. This is mainly due to the reduced volume of modernization measures in 2023.

In the 2023 fiscal year, operating expenses in the Value-add segment were down by 2.3% on the figures for the prior year, from € 1,145.3 million to € 1,119.2 million.

The Adjusted EBITDA Value-add came to € 105.5 million in the 2023 fiscal year, 16.7% below the prior-year figure of € 126.7 million.

Recurring Sales Segment

In the Recurring Sales segment, income from the disposal of properties in the 2023 fiscal year was down to € 319.3 million, 41.2% lower than the 2022 value of € 543.4 million due to volume-related factors, with 1,590 units sold (2022: 2,710), 1,201 of which were in Germany (2022: 2,293) and 389 of which were located in Austria (2022: 417). Income of € 214.6 million is attributable to sales in Germany (2022: € 430.8 million) and € 104.7 million to sales in Austria (2022: € 112.6 million).

The fair value step-up came in at 33.4% in the 2023 fiscal year, down on the prior-year value of 38.8%. This was due primarily to lower step-ups for sales in Germany.

Selling costs in the Recurring Sales segment came in at € 16.5 million in 2023, almost on a par with the previous year.

Adjusted EBITDA Recurring Sales came in at € 63.4 million in the 2023 fiscal year, down significantly on the value of € 135.1 million seen in the prior year.

In the 2023 fiscal year, 2,248 residential units from the Non Core/Other portfolio (2022: 17,050) were sold as part of our portfolio adjustment measures, with proceeds totaling € 553.7 million (2022: € 2,726.8 million). At 1.1% in 2023, the fair value step-up for Non Core/Other was lower than for the previous year at 1.7%.

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 1,116 units were completed in the 2023 fiscal year (2022: 1,678 units), 760 in Germany (2022: 484) and 356 in Austria (2022: 1,194 units). Income from the disposal of development properties to sell came to € 348.6 million in the 2023 fiscal year (2022: € 560.6 million), with € 296.7 million attributable to project development in Germany (2022: € 257.1 million) and € 51.9 million attributable to project development in Austria (2022: € 303.5 million). The prior-year figures included a global exit (Gäblerstrasse). The resulting gross profit from Development to sell came to € 47.7 million in the 2023 financial year with a margin of 13.7% (2022: € 120.2 million, margin 21.4%).

Development operating expenses came to € 39.6 million in the 2023 fiscal year, 17.5% above the prior-year value of € 33.7 million mainly due to non-capitalizable property development expenses.

The Adjusted EBITDA for the Development segment amounted to € 13.2 million in the 2023 reporting period (2022: € 90.0 million).

In the Development to hold area, a total of 1,309 units were completed in 2023 (2022: 2,071 units), 839 in Germany (2022: 1,338 units), 296 in Austria (2022: 592 units) and 174 in Sweden (2022: 141 units).

Group FFO

Group FFO was down by 9.1% on the previous year's value of € 1,981.6 million to € 1,801.6 million in the 2023 fiscal year. This was due first and foremost to higher interest expense. The Group FFO interest expense came to € 619.6 million in 2023, up by 25.8% on the prior-year value of € 492.6 million. Current income taxes FFO came in at € 180.3 million in 2023, 32.0% higher than in the previous year (€ 136.6 million). At € 17.7 million, intragroup losses in 2023 were up on the prior-year value of € 4.7 million.

The **Adjusted EBITDA Total (continuing operations)** amounted to € 2,583.8 million in the 2023 fiscal year (2022: € 2,606.1 million).

In the 2023 fiscal year, the **non-recurring items** eliminated in the Adjusted EBITDA Total (continuing operations) came to € 147.9 million (2022: € 127.4 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	2022**	2023	Change in %
Transactions*	113.1	70.0	-38.1
Personnel matters	-3.1	35.1	–
Business model optimization	12.2	34.9	>100
Research & development	4.2	6.8	61.9
Refinancing and equity measures	1.0	1.1	10.0
Total non-recurring items	**127.4**	**147.9**	**16.1**

* Including one-time expenses in connection with acquisitions, such as HR measures relating to the integration process and other follow-up costs.
** Previous year's values (2022) adjusted to current key figure and segment definition -> [A2] Adjustment to Prior-year Figures.

Reconciliations

The **financial result** (excluding income from other investments) changed from € -262.3 million in the 2022 fiscal year to € -454.9 million in 2023.

FFO interest expense is derived from the financial result as follows:

Reconciliation of Financial Result/FFO Interest Expense

in € million	2022*	2023	Change in %
Interest income	115.5	227.8	97.2
Interest expense	-366.9	-810.2	>100
Other financial result excluding income from investments	-10.9	127.5	–
Financial result**	-262.3	-454.9	73.4
Adjustments:			
Other financial result excluding income from investments	10.9	-127.5	–
Effects from the valuation of interest rate and currency derivatives	-152.5	52.4	–
Prepayment penalties and commitment interest	12.6	8.9	-29.4
Effects from the valuation of non-derivative financial instruments	-77.8	-12.8	-83.5
Interest accretion to provisions	6.4	22.0	>100
Accrued interest/other effects	-38.6	-138.8	>100
Net cash interest	-501.3	-650.7	29.8
Adjustment for IFRS 16 Leases	12.2	14.5	18.9
Adjustment of income from investments in other real estate companies	7.9	5.8	-26.6
Adjustment of interest paid due to taxes	-0.7	–	-100.0
Adjustment of accrued interest	-10.7	10.8	–
Interest expense FFO	**-492.6**	**-619.6**	**25.8**

* Previous year's values (2022) adjusted to current key figure and segment definition -> [A2] Adjustment to Prior-year Figures.
** Excluding income from other investments.

In the 2023 financial year, the **profit for the period** came to € -6,756.2 million (2022: € -669.4 million). This is mainly due to the result from the valuation of investment properties totaling € -10,651.2 million (2022: € 1,177.6 million).

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

Reconciliation of Profit for the Period/Group FFO

in € million	2022**	2023	Change in %
Profit for the period	**-669.4**	**-6,756.2**	**>100**
Profit from discontinued operations	94.6	148.1	56.6
Profit from continuing operations	**-574.8**	**-6,608.1**	**>100**
Financial result*	262.3	454.9	73.4
Income taxes	-29.8	-2,577.1	>100
Depreciation and amortization (incl. depreciation on financial assets/inventory assets)	1,204.3	444.4	-63.1
Net income from investments accounted for using the equity method	436.6	75.7	-82.7
Net income from fair value adjustments of investment properties	1,177.6	10,651.2	>100
Non-recurring items	127.4	147.9	16.1
Total period adjustments from assets held for sale	52.3	6.3	-88.0
Income from investments in other real estate companies	-7.9	-5.8	-26.6
Other	-37.2	12.1	–
Intragroup losses	-4.7	-17.7	>100
Adjusted EBITDA Total (continuing operations)**	**2,606.1**	**2,583.8**	**-0.9**
Interest expense FFO***	-492.6	-619.6	25.8
Current income taxes FFO	-136.6	-180.3	32.0
Intragroup losses	4.7	17.7	>100
Group FFO (continuing operations)**	**1,981.6**	**1,801.6**	**-9.1**
Group FFO per share (continuing operations) in €****	2.51	2.23	-11.1
Group FFO after non-controlling interests	**1,895.0**	**1,717.8**	**-9.4**
Group FFO after non-controlling interests per share in €****	2.40	2.13	-11.4

* Excluding income from other investments.
** Previous year's values (2022) adjusted to current key figure and segment definition -> [A2] Adjustment to Prior-year Figures.
*** Incl. financial income from investments in other real estate companies.
****Based on the weighted average number of shares carrying dividend rights.

In the 2024 financial year, Group FFO will be replaced by **Adjusted EBT** as the key performance indicator. The reconciliation from Adjusted EBITDA Total (continuing operations) is shown below.

Reconciliation of Adjusted EBITDA Total/Adjusted EBT

in € million	2022	2023	Change in %
Adjusted EBITDA Total (continuing operations)	**2,606.1**	**2,583.8**	**-0.9**
Adjusted net financial result	-486.0	-625.1	28.6
Intragroup losses	4.7	17.7	>100
Straight-line depreciation*	-127.5	-110.2	-13.6
Adjusted EBT	**1,997.3**	**1,866.2**	**-6.6**
Adjusted EBT per share**	2.53	2.31	-8.6

* Depreciation on concessions/property rights/licenses, self-developed software, self-used real estate, technical equipment and machinery, as well as other equipment/operating and business equipment.
** Based on the weighted average number of shares carrying dividend rights.

The **Operating Free Cash Flow (OFCF)** is as follows:

Reconciliation of Adjusted EBT/Operating Free Cash-Flow

in € million	2022	2023	Change in %
Adjusted EBT	**1,997.3**	**1,866.2**	**-6.6**
Straight-line depreciation	127.5	110.2	-13.6
Change in net current assets (working capital) according to the cash flow statement (adjusted for special payment effects)	-106.6	-340.2	>100
Carrying amount of recurring sales assets sold	391.6	239.4	-38.9
Capitalized maintenace	-412.6	-296.3	-28.2
Dividends and payouts to non-controlling shareholders (minorities)	-41.7	-40.5	-2.9
Income tax payments according to cash flow statement (w/o taxes on Non Core sales)	-134.1	-124.0	-7.6
Operating Free Cash-Flow	**1,821.4**	**1,414.8**	**-22.3**

Assets

Consolidated Balance Sheet Structure

Consolidated Balance Sheet Structure

	Dec. 31, 2022		Dec. 31, 2023	
	in € million	in %	in € million	in %
Non-current assets	96,037.9	94.7	85,121.4	92.5
Current assets	5,351.7	5.3	6,874.5	7.5
Total assets	**101,389.6**	**100.0**	**91,995.9**	**100.0**
Equity	34,438.8	34.0	29,944.6	32.5
Non-current liabilities	61,474.9	60.6	56,912.4	61.9
Current liabilities	5,475.9	5.4	5,138.9	5.6
Total equity and liabilities	**101,389.6**	**100.0**	**91,995.9**	**100.0**

The Group's **total assets** dropped by € 9,393.7 million as against December 31, 2022, falling from € 101,389.6 million to € 91,995.9 million.

The main development in **non-current assets** is the decline in investment properties of € 11,179.8 million on account of the write-down performed. 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. Goodwill comprises 1.5% of the total assets.

The transaction executed on April 26, 2023 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 € 374.0 million and has been recognized outside profit or loss as an asset. As of December 31, 2023, the option was remeasured as of the reporting date, resulting in a value of € 464.0 million. The adjustment in the amount of € 90.0 million was recognized affecting net income.

Similarly, the transaction concluded on October 27, 2023, again with Apollo Capital Management L.P., regarding the sale of a stake of around 30% in a portfolio of apartments in northern Germany, results in a call option on these shares. They were recognized, without affecting net income, in the amount of € 374.0 million as of December 31, 2023.

Current assets increased by € 1,522.8 million from € 5,351.7 million to € 6,874.5 million. This is due primarily to the recognition of the assets attributable to the Care segment, as a **discontinued operation**, in the amount of € 770.1 million. There were also changes in trade receivables, which rose by € 432.2 million, mainly due to higher receivables from the sale of land, real estate inventories and rent receivables.

As of December 31, 2023, the **gross asset value (GAV)** of Vonovia's property assets came to € 84,545.1 million. This corresponds to 91.9% of total assets, compared to € 95,125.5 million or 93.8% at the end of 2022.

Equity fell by € 4,494.2 million, from € 34,438.8 million to € 29,944.6 million, mainly due to the loss for the period of € -6,756.2 million. Other comprehensive income came to € -106.6 million.

The **equity ratio** as of December 31, 2023 was 32.5% compared to 34.0% at the end of 2022.

Liabilities dropped by € 4,899.5 million from € 66,950.8 million to € 62,051.3 million. The amount of non-current non-derivative financial liabilities fell by € 1,633.2 million from € 41,269.7 million to € 39,636.5 million, and non-derivative financial liabilities fell by € 529.4 million from € 3,790.0 million to € 3,260.6 million.

Deferred tax liabilities fell by € 2,899.2 million, in particular due to the negative valuation result.

Net Assets

Vonovia's net asset value figures are based on the best practice recommendations of the European Public Real Estate Association (EPRA). At the end of 2023, **EPRA NTA** came to € 38,140.9 million, down by 16.6% on the value of € 45,744.5 million seen at the end of 2022. EPRA NTA per share developed from € 57.48 at the end of 2022 to € 46.82 at the end of 2023.

EPRA Net Tangible Assets (EPRA NTA)

in € million	Dec. 31, 2022	Dec. 31, 2023	Change in %
Total equity attributable to Vonovia shareholders	**31,331.5**	**25,682.7**	**-18.0**
Deferred tax in relation to fair value gains of investment properties*	16,190.0	13,895.3	-14.2
Fair value of financial instruments**	-117.5	-13.4	-88.6
Goodwill	-1,529.9	-1,391.7	-9.0
Intangible assets	-129.6	-32.0	-75.3
EPRA NTA	**45,744.5**	**38,140.9**	**-16.6**
EPRA NTA per share in €* **	**57.48**	**46.82**	**-18.5**

* Proportion of hold portfolio.
** 2022 adjusted for effects from cross currency swaps.
*** EPRA NTA per share based on the shares carrying dividend rights on the reporting date.

Over a five-year observation period, Vonovia's property assets showed the following development based on the EPRA NTA and the GAV (gross asset value):

in € million	EPRA NTA	GAV
2023	38,140.9	84,545.1
2022	45,744.5	95,125.5
2021	48,640.8	98,225.3
2020	35,488.6	59,207.1
2019	29,762.2	53,586.3

Fair Values

Major market developments and valuation parameters that have an impact on the **fair values** of Vonovia are assessed every quarter. In addition to the revaluations performed during the year, the entire portfolio was revalued at the end of 2023.

The demand for housing continues to outstrip the supply, which had a positive impact on rent development in 2023. Our assessment is that this trend will continue in the coming years. Based on market data, we therefore assume an average increase in market rents of 2.7% over the next ten years in the valuation of the portfolio. The **market values** of our properties are also being helped along by the investments made in the energy-efficient modernization of our buildings and improvements to the fittings in our apartments. These positive effects were more than **offset** by the ongoing rise in return expectations among property buyers. Overall, the fair value of our real estate portfolio was lower than in the previous year and, after adjustments for acquisitions and sales, and excluding currency effects, changed by −10.8%.

In addition to the internal valuation, Vonovia's residential real estate portfolio was also valued by the **independent property appraisers** CBRE GmbH, Jones Lang LaSalle SE and Savills Sweden AB. The market value resulting from the external report was consistent with the internal valuation result.

Vonovia's project developments for subsequent management within its own portfolio are measured at **acquisition and production costs** until the construction work is complete as the fair value cannot be reliably calculated on a continuing basis particularly in the current environment. This is subject to a review of the values applied if triggering events occur. The fair value for the nursing care properties was calculated by the external appraiser W&P Immobilienberatung GmbH using a DCF method.

Regular Determination of the Fair Values Creates a Transparent Valuation of the Company's Properties

Calculating and showing the fair values provides a control parameter inside the company and also helps to make the development of the value of our assets transparent to people outside the company.

The fair value of the portfolio of residential properties was determined, in accordance with **IAS 40** and IFRS 13, on the basis of the International Valuation Standard Committee's definition of market value.

Vonovia, in principle, measures its portfolio on the basis of the **discounted cash flow (DCF) method**. Under the DCF methodology, the expected future income and costs of a residential property are forecast and discounted to the date of valuation as the net present value. The income in the DCF model mainly comprises expected rental income (current in-place rent, current inclusive rent in Sweden, market rents as well as their development) taking vacancy losses and also sales revenues for an Austrian subportfolio into account. The expected rental income is derived for each location from the latest rent indices and rent tables (including Value AG, Immobilienverband Deutschland [IVD] and the Austrian Economic Chamber [WKÖ]) as well as from studies on spatial prosperity (Federal Institute for Research on Building, Urban Affairs and Spatial Development [BBSR], Prognos, Value AG, Federal Statistical Office, Statistics Austria, etc.). In Sweden, rents and rent increases are defined as part of negotiations with the Swedish tenants' association ("Hyresgästföreningen") and are reflected accordingly in the valuation model. The expected sales revenues in Austria are derived from historical sale prices as well as market data (e.g., the Austrian Economic Chamber [WKÖ], EHL).

On the cost side, maintenance expenses and administrative costs are taken into account. Further cost items are, for example, ground rents, non-allocable ancillary costs, rent losses and, in Austria, selling costs. In the Swedish valuation, further expenses to be borne by the owner are also taken into account in the DCF model due to the inclusive rents that are a special feature of this market. All cost items are inflated in the reporting period. Modernization measures carried out in the housing stocks are factored in by decreasing the current maintenance expenses and adjusting market rents. The commercial properties in the portfolio are mainly small commercial units for the supply of the local residential environment. Different cost approaches are used to those for residential properties, and the capitalized interest rates were adjusted to reflect the market specifics.

The recognition and valuation of investment properties are explained in detail in the notes to the consolidated financial statements (see →[D28] Investment Properties).

The fair value of Vonovia's real estate portfolio comprising residential buildings, commercial properties, garages and parking spaces as well as project developments, existing areas with construction potential and land areas with inheritable building rights granted, as well as nursing care facilities, was € 83,927.7 million as of December 31, 2023 (2022: € 94,694.5 million). Net income from fair value adjustments of investment properties in the income statement comes to € -10,651.2 million (2022: € -1,177.6 million).

Financial Position

Cash Flow

The Group cash flow is as follows:

Key Data from the Statement of Cash Flows

in € million	2022 (adjusted)	2023
Cash flow from operating activities	2,084.3	1,901.2
Cash flow from investing activities	938.2	-825.9
Cash flow from financing activities	-3,145.1	-961.0
Influence of changes in foreign exchange rates	-7.8	2.1
Net changes in cash and cash equivalents	**-130.4**	**116.4**
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 (incl. discontinued operations)	**1,302.4**	**1,418.8**
Cash and cash equivalents of discontinued operations	–	44.4
Cash and cash equivalents at the end of the period	**1,302.4**	**1,374.4**

The cash flow from **operating activities** came to € 1,901.2 million in 2023, compared with € 2,084.3 million in 2022.

The cash flow from **investing activities** shows a payout balance of € -825.9 million for 2023. Payments for the acquisition of investment properties came to € -1,103.7 million (2022: € -2,475.5 million). On the other hand, income from portfolio sales in the amount of € 588.4 million was collected (2022: € 3,033.6 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 € -961.0 million (2022: € -3,145.1 million) includes payments for regular and unscheduled repayments on financial liabilities in the amount of € -6,191.2 million (2022: € -8,540.1 million) and, on the other hand, proceeds from issuing financial liabilities in the amount of € 4,310.3 million (2022: € 6,802.7 million). It also includes € 2,091.6 million (2022: € – million) in proceeds from disposals of shares in consolidated companies, with around € 1.0 billion each resulting from the sale of shares as part of the Südewo transaction and in the Northern Germany portfolio. The transaction costs incurred are already included in this disclosure. Payouts for other transaction and financing costs amounted to € -1.9 million (2022: € -65.2 million). Interest payments amounted to € -719.3 million (2022: € -541.0 million).

Net changes in **cash and cash equivalents** came to € 116.4 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 February 1, 2024, 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 December 31, 2023, Vonovia had placed a total bond volume of € 22.8 billion, € 22.7 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; an amount of € 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.

In March 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 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 in June 2023, with disbursement in August 2023.

In June 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.

Another agreement on secured financing of € 175.0 million was reached with Berliner Sparkasse in July 2023, and was disbursed in the same month.

In July and September 2023, 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 nominal value offered by the bond investors amounting to approximately € 1.25 billion, Vonovia accepted the buyback of a nominal value of € 1.0 billion for a total value of € 892.0 million in July 2023. This corresponds to a discount of around 11%.

In September 2023, Vonovia took out an unsecured loan with UniCredit, BNP Paribas, JP Morgan and Société Générale in the amount of € 600.0 million with a maturity of two years.

The first installment of € 450.0 million from the unsecured loan taken out in 2022 with the European Investment Bank (EIB), in a total amount of € 600.0 million, was disbursed in September 2023.

Vonovia applied for an extension of the Revolving Facility (RCF) in the amount of € 3,000.0 million by two years until 2026, and the application was approved by the bank in September 2023.

In December 2023, the U.S. dollar corporate bond worth € 185.0 million was repaid as planned.

In December 2023, another secured financing arrangement worth € 462.0 million was repaid early.

In December 2023, another bond worth € 876.4 million was repaid as planned.

In December 2023, Vonovia SE concluded a ten-year secured financing arrangement with BayernLB for € 110.0 million, which was disbursed in the same month.

A secured financing agreement with Ärzteversorgung Westfalen Lippe for an amount of € 120.0 million with a term of 15 years was signed in December 2023 and disbursed in the same month.

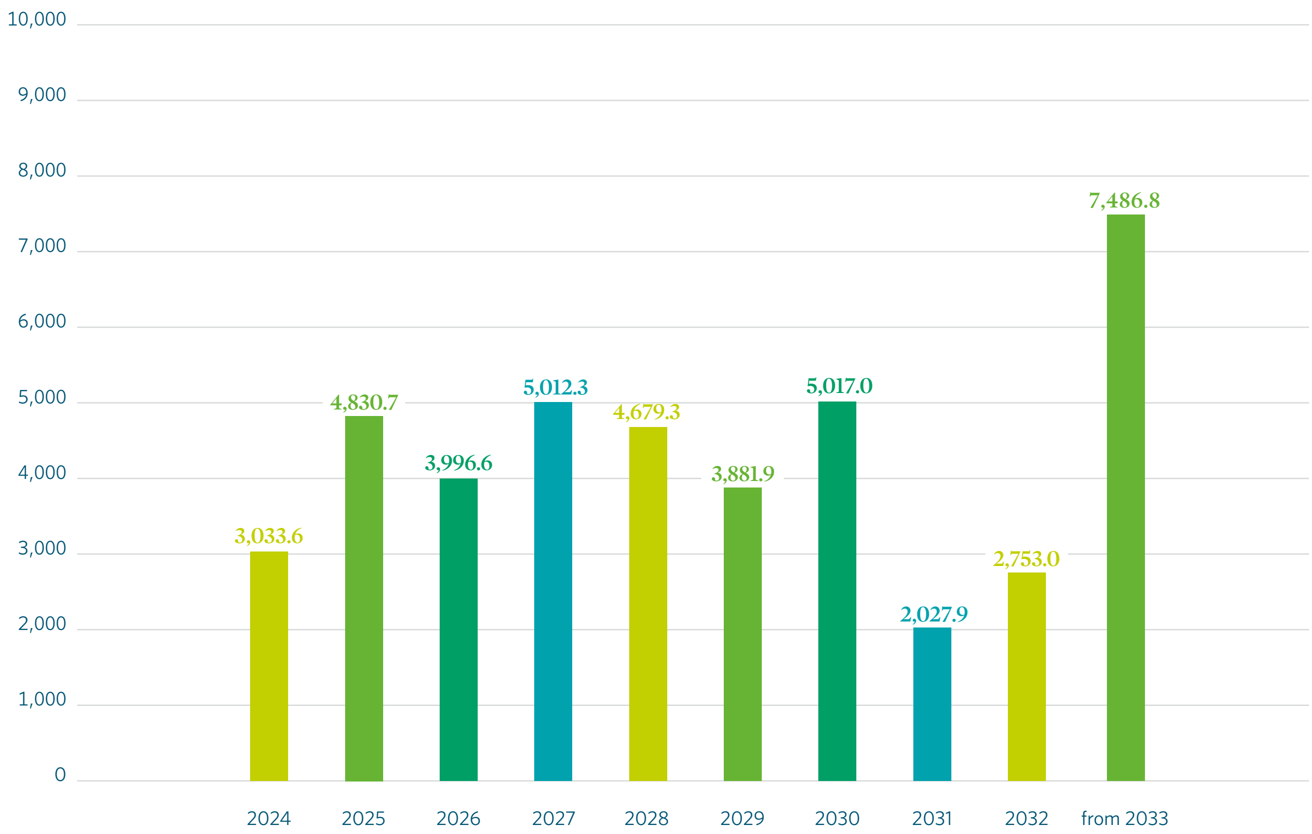
Also in December 2023, a secured financing agreement with NordLB for an amount of € 50.0 million with a term of ten years was signed and again disbursed in the same month.

A secured financing agreement for € 150.0 million was signed with Ergo in December 2023, and will be disbursed over the coming year.

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

Maturity Profile

as of December 31, 2023, in € million (face values)



The key debt ratios are as follows as of the reporting date (calculated based on the definitions used in the financing documentation):

in € million	Dec. 31, 2022***	Dec. 31, 2023	Change in %
Non-derivative financial liabilities	45,059.7	42,933.0	-4.7
Foreign exchange rate effects	-50.0	–	-100.0
Cash and cash equivalents*	-1,302.4	-1,737.1	33.4
Net debt	**43,707.3**	**41,195.9**	**-5.7**
Sales receivables	-387.2	-895.2	>100
Adjusted net debt	**43,320.1**	**40,300.7**	**-7.0**
Fair value of the real estate portfolio	**94,694.5**	**83,927.7**	**-11.4**
Loans to companies holding immovable property and land	809.8	814.3	0.6
Shares in other real estate companies	547.4	479.5	-12.4
Adjusted fair value of the real estate portfolio	**96,051.7**	**85,221.5**	**-11.3**
LTV	**45.1%**	**47.3%**	**2.2 pp**
Net debt**	43,690.9	42,758.4	-2.1
Adjusted EBITDA total	2,763.3	2,583.8	-6.5
Net debt/EBITDA multiple	**15.8x**	**16.5x**	**0.7x**

* Incl. term deposits not classified as cash equivalents.
** Average over five quarters.
*** Previous year's values (2022) as reported.

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:

in € million	Threshold	Dec. 31, 2022	Dec. 31, 2023	Change in %
Total financial debt/		45,059.7	42,933.0	-4.7
Total assets		101,389.6	91,995.9	-9.3
LTV	**< 60.0%**	**44.4%**	**46.7%**	**2.2 pp**
Secured debt/		12,583.0	12,930.1	2.8
Total assets		101,389.6	91,995.9	-9.3
Secured LTV	**< 45.0%**	**12.4%**	**14.1%**	**1.6 pp**
LTM Adjusted EBITDA*/		2,763.1	2,583.8	-6.5
LTM Net Cash Interest		502.6	650.7	29.5
ICR	**> 1.8x**	**5.5x**	**4.0x**	**-1.5x**
Unencumbered assets/		51,051.1	47,296.5	-7.4
Unsecured debt		32,476.7	30,002.9	-7.6
Unencumbered assets	**> 125.0%**	**157.2%**	**157.6%**	**0.4 pp**

* As reported in 2022.

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

The financial covenants (calculation based on the definitions in the financing documentation) have been fulfilled as of the reporting date.

Economic Development of Vonovia SE

(Reporting on the basis of the German Commercial Code [HGB])

Foundation

Vonovia SE has been entered in the commercial register of **Bochum** Local Court under HRB 16879 since 2017. Vonovia SE was established as Deutsche Annington Immobilien GmbH on June 17, 1998, with its registered headquarters in Frankfurt am Main, to serve as an acquisition vehicle for the purchase of residential properties by financial investors. Following its initial listing in 2013 and further successful acquisitions over the course of time, it now forms the Vonovia Group together with its subsidiaries and is one of the leading German, Austrian and Swedish residential real estate management companies. Following the successful integration of the BUWOG Group, Vonovia also ranks among the leading real estate developers in Germany and Austria. Deutsche Wohnen SE and its subsidiaries have also been part of the Vonovia Group since September 2021.

Vonovia SE performs the function of the **management holding company** within the Vonovia Group. In this function, it is responsible for determining and pursuing the overall strategy and implementing it in the form of the company's goals. It performs property management, project development, financing, service and coordination tasks for the Group. Furthermore, it is responsible for the management, control and monitoring system as well as risk management. To carry out these management functions, Vonovia SE also maintains service companies to which it has outsourced selected functions, allowing it to realize corresponding harmonization and standardization effects, as well as economies of scale.

The description of the company's **net assets, financial position and results of operations** is based largely on the reporting of the **Vonovia Group**. The net assets, financial position and results of operations of Vonovia SE as the management holding company are ultimately determined by the assets of the Group companies and their ability to make sustainable positive contributions to earnings and generate positive cash flows. The company's risk profile is therefore largely the same as the Group's.

The preceding reporting for the Group of Vonovia SE therefore also expresses the company's position.

The Vonovia SE **annual financial statements** have been prepared in accordance with the provisions of the German Commercial Code (HGB) taking into account the supplementary regulations of the German Stock Corporation Act (AktG). As a listed company, Vonovia SE is classed as a large corporation.

The annual and consolidated financial statements as well as the combined management report are published in the electronic business register.

Business Development in 2023 – An Overview

The residential real estate sector is currently faced with **complex overall conditions** characterized by high demand for housing and homes that are in short supply due to an insufficient number of real estate development projects. Demand is being driven to a considerable degree by migration and sociological aspects, while supply is being influenced primarily by higher construction costs and interest rates.

Also in light of the current overall conditions, the successful **strategy** defined at the time of the company's IPO has been analyzed to identify the key value drivers and define a more targeted management system.

In the 2023 fiscal year, the foundation was laid for the merger of **Vonovia Finance B.V.**, Amsterdam, Netherlands, with Vonovia SE on a cross-border basis effective January 1, 2024. This merger was completed upon entry in the Bochum Commercial Register on January 23, 2024.

The **operating** rental business of Vonovia SE and its subsidiaries went largely as planned, and proved successful, in the 2023 fiscal year. The results reported by the Development, Value-add and Recurring Sales segments were hit by the overall conditions described earlier, and fell short of expectations.

The **nursing care activities performed under the Deutsche Wohnen umbrella** were subjected to a strategic analysis as part of the merger, with the outcome that these activities will no longer be part of Deutsche Wohnen's strategy and, as a result, will no longer be part of Vonovia's strategy either. In the Group reporting, the nursing care activities are shown as discontinued/abandoned operations.

The 2023 fiscal year was also dominated by refinancing measures in response to falling market values and rising interest rates. These refinancing measures were characterized by income from **block sales** and from key **joint venture agreements.**

Vonovia was able to maintain its **investment grade rating** awarded by the rating agencies S&P and Moody's. S&P confirmed the company's BBB+/A-2 rating, with a stable outlook, in a notification dated November 20, 2023. In an announcement dated November 16, 2023, Moody's awarded Vonovia an unchanged rating of Baa1 with a stable outlook.

As a result of the rise in interest rates and increased volatility on the stock market, there was a further increase in the cost of capital, meaning that impairment losses needed to be taken on shares in affiliated companies.

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. 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-Christina Streit as its Chair at its inaugural meeting.

Effective October 1, 2023, Ruth Werhahn assumed responsibility for Vonovia's new HR executive division and is now a member of the Management Board of Vonovia SE. Helene von Roeder had previously left Vonovia with effect from June 30, 2023 at her own request.

Results of Operations of Vonovia SE

The company regularly generates **income** from the charging of the services it provides, from income from investments in the form of dividend distributions from Group companies and income from the transfer of profits. Profit-and-loss transfer agreements exist with, among other entities, the service companies, which themselves generate income by charging the real estate companies for the services they have provided.

The income from investments collected is based on the net profit of the subsidiaries that is eligible for distribution, which is, in turn, calculated **based on the accounting standards** set out in the German Commercial Code. The main difference between these standards and the IFRS accounting principles lies in the fact that, under IFRS accounting, the fair value principle has more of an impact than the cost principle does under HGB accounting.

In the consolidated financial statements under IFRS, the properties are remeasured at periodic intervals. Under HGB, the fixed assets are stated at amortized cost, taking depreciation into account. The capitalization regulations in particular also vary.

Expenses relate largely to personnel and administrative expenses associated with the management holding function, as well as to losses to be compensated for in connection with profit-and-loss transfer agreements.

The **financial result** is characterized by group financing, impairment losses on non-current financial assets and the result from profit-and-loss transfer agreements.

The **development of business in 2023** and, as a result, the annual result are once again influenced to a very considerable degree by special effects resulting from impairment losses and the reversal of impairment losses on non-current financial assets, expenses linked to the integration process and, with the opposite effect, book gains, meaning that Vonovia closed 2023 with a **net loss for the year of € 2.0 billion**.

Impairment losses on the shares in Deutsche Wohnen SE were reversed in the amount of € 375.8 million following hefty impairment losses of € 8.9 billion in the previous year. Impairment losses of € 484.1 million had to be recognized on shares in other non-current financial assets.

Losses from loss transfers also had an impact of € 1.8 billion. The losses in the subsidiaries mainly resulted from value adjustments on shares in affiliated companies.

Business development was also shaped by the assumption of the activities performed by Vonovia Finance B.V. in anticipation of the planned merger, which shifted debt financing volumes from Vonovia Finance B.V. to Vonovia SE, with a knock-on effect on the financial result.

The 2023 fiscal year was also characterized by the **completion of the process to integrate** Deutsche Wohnen's processes and systems into the Vonovia platform.

In order to provide the profit of € 750.0 million, the Management Board withdrew € 2,754.1 million from the company's capital reserves, which were worth € 2,898.0 million as of December 31, 2023.

The previous year had also been characterized by expenses for impairment losses on shares, as well as integration costs.

Revenue increased by € 55.9 million from € 178.3 million in 2022 to € 234.2 million as a result of the higher fees charged under agency agreements due to the incorporation of the Deutsche Wohnen Group into Vonovia's system and process platform.

Other operating income increased by € 406.0 million in 2023, primarily due to the reversal of impairment losses on the shares in Deutsche Wohnen and book gains from the early repayment of bonds as part of a public buyback offer.

Purchased services, as a key component of the **cost of materials**, increased by € 45.2 million, largely in line with the higher fees charged due to an increase in internally purchased services in the context of the integration of the Deutsche Wohnen Group.

Personnel expenses fell in 2023 by € 6.3 million due to lower additions to retirement benefits and, with the opposite effect, higher remuneration for the long-term incentive program.

Other operating expenses fell by € 14.6 million, due predominantly to lower financing costs and lower impairment losses on receivables. On the other hand, consultancy expenses were higher in connection with the integration of Deutsche Wohnen's processes and systems.

Net financial expenses fell from € 9,375.7 million to € 776.7 million. In the previous year, the main driver had been the impairment losses on the shares in Deutsche Wohnen. Net interest expenses increased by € 25.1 million as a result of the transfer of financing volumes from Vonovia Finance B.V. to Vonovia SE. The balance of interest with affiliated companies came to € 92.9 million as against € 120.9 million in the previous year. Net interest expenses paid to third parties rose by € 53.1 million to € 169.1 million.

Income from investments in the 2023 fiscal year is in negative territory at € 1,538.9 million, € 758.9 million lower than the prior year's figure. This figure was impacted significantly by the result from profit and loss transfers in the amount of € -1,569.9 million, which is also influenced primarily by impairment losses on investment carrying amounts and book losses.

Whereas Vonovia reported tax income of € 9.1 million in 2022, it reported **tax expenses** of € 59.7 million in 2023. Tax expenses in the year include deferred tax expense of € 25.3 million as tax expense of € 15.2 million for previous years.

Vonovia SE closed the 2023 fiscal year with a **net loss** of **€ 2,027,621,705.47** (2022: € 10,239,681,551.72). After offsetting this loss for the year against the profit carried forward from the previous year of € 23,527,502.55, the Management Board withdrew € 2,754,094,202.92 from capital reserves, resulting in a **net profit** for the 2023 fiscal year of **€ 750,000,000.00**.

The Management Board and the Supervisory Board propose to the Annual General Meeting that, of the profit of Vonovia SE for the 2023 fiscal year of € 750,000,000.00, an amount of **€ 733,180,498.20** on the 814,644,998 shares of the share capital as of December 31, 2023 (corresponding to **€ 0.90 per share**) be paid as a **dividend** to the shareholders, and that the remaining amount of € 16,819,501.80 be carried forward to the new account or be used for other dividends on shares carrying dividend rights at the time of the Annual General Meeting and which go beyond those of the share capital as of December 31, 2023.

As in the previous fiscal years, including 2022, the dividend for the 2023 fiscal year, payable after the Annual General Meeting in May 2024, will again include the option of a non-cash dividend in shares, to the extent that the Management Board and the Supervisory Board consider this to be in the interests of the company and its shareholders.

Income Statement

in € million	2022	2023
Revenues	178.3	234.2
Other operating income	90.1	496.2
Cost of purchased services	-82.2	-127.4
Personnel expenses	-44.5	-38.3
Amortization and impairment of intangible assets and depreciation and impairment of property, plant and equipment	-20.5	-17.5
Other operating expenses	-214.1	-199.5
Loss (profit) before financial result and tax	**-92.9**	**347.7**
Income from profit transfer	110.8	213.2
Income from investments	29.9	30.9
Write-down of financial assets	-9,112.6	-484.1
Income from other non-current securities and non-current loans	45.4	140.3
Interest and similar income	43.7	194.3
Expense from the assumption of losses	-920.8	-1,783.0
Interest and similar expense	-352.3	-627.2
Financial result	**-10,155.9**	**-2,315.6**
Tax	9.1	-59.7
Net loss	**-10,239.7**	**-2,027.6**

Net Assets and Financial Position of Vonovia SE

The company's **asset position** is characterized by the **net lending/borrowing position** of € 9.6 billion in favor of Group companies, **debt financing** of € 18.1 billion and **shares in affiliated companies** of € 31.9 billion. **Total equity** amounts to € 4.5 billion.

The company's **non-current assets** in the amount of € 35,308.5 million (December 31, 2022: € 33,994.7 million) are largely characterized by non-current financial assets in the amount of € 35,278.2 million (December 31, 2022: € 33,969.0 million).

The company's intangible assets and tangible fixed assets increased slightly in the normal course of business.

Shares in affiliated companies increased by € 1,824 million in the context of joint venture agreements; by contrast, loans to Group companies fell by € 494.5 million.

Net liabilities comprising bonds, bank loans and liquidity increased by € 4,127.0 million due to the shift in volumes from Vonovia Finance B.V. The **Group's net lending/borrowing position**, which comprises receivables from and liabilities to affiliated companies as well as company loans resulting from the Group financing activity, developed by a total of € 2,520.1 million in favor of Vonovia's Group companies in 2023.

On January 4, 2022, **Deutsche Wohnen** extended a loan to Vonovia SE in the amount of € 1,450 million in line with the arm's length principle. It had a value of **€ 320 million** as of December 31, 2023.

Provisions came to € 223.3 million at the end of the year (December 31, 2022: € 192.5 million), with € 101.4 million attributable to provisions for pensions (December 31, 2022: € 98.3 million) and € 54.2 million attributable to tax provisions (December 31, 2022: € 38.5 million). The € 11.9 million increase in other provisions was mainly due to the pre-retirement part-time work program and outstanding invoices.

Total equity had fallen significantly by € 2,400.6 million by the end of the fiscal year due to the net loss for the year and the cash dividend that was paid out.

Assets

in € million	Dec. 31, 2022	Dec. 31, 2023	in € million	Dec. 31, 2022	Dec. 31, 2023
Assets			**Equity and liabilities**		
Financial assets	33,969.0	35,278.2	Equity	6,863.2	4,462.6
Other assets	25.7	30.3	Provisions	192.5	223.3
Receivables from affiliated companies	1,685.3	1,226.9	Loans	13,351.4	12,977.6
Other receivables and assets	83.4	79.3	Liabilities to banks	3,186.4	5,010.5
Securities	200.0	–	Liabilities to affiliated companies	12,599.3	14,166.5
Cash and cash equivalents	532.8	696.5	Other liabilities	303.4	470.7
Total assets	**36,496.2**	**37,311.2**	**Total equity and liabilities**	**36,496.2**	**37,311.2**

Cash flow from operating activities is characterized by the income and expenses relating to the performance of the management holding functions. Vonovia SE only has appreciable cash flows from investing activities when acquisitions are made. Cash flows from financing activities regularly result from changes in Group financing and from the borrowing/repayment of debt financing in the context of the Group financing function.

Employees of Vonovia SE

In the 2023 fiscal year, an average of **159 employees** (2022: 160) were employed at the company, 125 of whom were full-time employees and 34 of whom were part-time.

Opportunities and Risks for Vonovia SE

The likely development of Vonovia SE in the 2023 fiscal year depends to a considerable extent on the development of the **Group as a whole** and its opportunity and risk situation. This situation is set out in the Group's opportunity and risk report, meaning that the statements set out in regard to the opportunity and risk situation of the Group also apply to the annual financial statements of Vonovia SE prepared in accordance with German commercial law, where the risks can have an impact on the valuation of long-term financial assets and on the amount of the results of subsidiaries collected/compensated for.

Forecast for Vonovia SE

Since the company's net assets, financial position and results of operations are determined solely by the ability of the Group companies to make positive earnings contributions and generate positive cash flows in the long term, we refer at this point to the **Forecast Report for the Group**. The most important financial performance indicator for the annual financial statements of Vonovia SE is the annual result.

The company's **result for 2023** is influenced to a significant degree by special effects due to impairment losses, and the reversal of impairment losses, recognized on investments and shares in affiliated companies, expenses related to joint venture agreements and book gains in the context of the public bond buyback offer. The expenses incurred in connection with the integration measures also had a negative impact on Vonovia SE's annual result.

Without taking these special effects into account, the net loss for 2023 runs into the mid-double-digit millions, in line with the company's forecast.

The results for the **2024 fiscal year** will in turn be characterized by the results of subsidiaries collected/compensated for on the basis of income from investments and profit-and-loss transfer agreements, income from services, personnel and administrative expenses, and the financial result.

All in all, we expect the company to report a net loss in the mid-double-digit million range in the 2024 fiscal year, excluding special effects.

Statement of the Management Board on the Economic Situation

The net assets, financial position and results of operations of the company are positive, particularly given the solid financing, the resulting balanced maturity profile and the financing flexibility gained through the rating-backed bond financing with a view to both organic and external growth. The ongoing improvements to the property management processes, the expansion of the Value-add segment, Recurring Sales and a value-adding development business promote ongoing improvements in profitability and enterprise value. Developments in Germany are complemented by equally positive developments in Sweden and Austria.

Further Statutory Disclosures

Corporate Governance

In the corporate governance declaration, we report on the principles of management and corporate governance in accordance with Principle 23 of the German Corporate Governance Code and Section 289 et seq. of the German Commercial Code (HGB). The declaration contains the Declaration of Conformity, information on corporate governance practices, a description of how the Management Board and Supervisory Board work and key corporate governance structures. The corporate governance declaration, which is not included in the audit conducted by the auditor of the annual financial statements pursuant to Section 317 (2) (6) HGB, has been published on the **Investor Relations website** and does not form part of the management report.

Corporate governance is the responsible management and supervision of a company.

With balanced corporate governance, the Management Board and the Supervisory Board wish to safeguard Vonovia SE's competitiveness, strengthen the trust of the capital market and the general public in the company and sustainably increase the company's value.

As a major real estate company, we are aware of the particular significance of our entrepreneurial actions for society at large.

The Management Board has looked at the appropriateness of the internal control system that has been set up and has evaluated its effectiveness. Within this context, the Management Board verified, also based on discussions with the Internal Audit department, that the technical and organizational safeguards put in place for control purposes are suitable for the purposes of ensuring that the company is protected from material damage resulting from financial losses, fraudulent acts or mismanagement in all key matters. Among other things, the standards set out in the German Corporate Governance Code, based on the most recent publications from 2022, serve as the benchmark here. Ultimately, the Management Board has no reason to believe that the internal control system is not appropriate and effective in all key aspects.

Based on findings from internal or external audits, we make continuous improvements to our internal control system. Another component of our internal control system is regular monitoring, on the basis of which any weak points identified are eliminated. Any weak points identified in the internal control system on the basis of the investigations against individuals who are largely former employees, of which Vonovia was notified on March 7, 2023, will also be eliminated in a timely manner. Initial internal investigations have, however, revealed that the allegations made in the context of the investigations are based primarily on collusion between the defendants, meaning that existing, otherwise effective control mechanisms can be circumvented.*

* The content of this and the previous paragraph – in particular the statement on the appropriateness and effectiveness of the internal control system – does not form part of the statutory audit of the annual and consolidated financial statements, meaning that it has not been audited.

Subscribed Capital and Shares

The share capital of Vonovia SE as of December 31, 2023 amounted to € 814.6 million (previous year: € 795.8 million), divided into 814,644,998 no-par-value shares with a notional interest in the share capital of € 1.00 per share. All shares carry the same rights and obligations. Each share grants one vote at the Annual General Meeting and is decisive for the share held by shareholders in the company's profits. The rights and obligations of the shareholders result in detail from the provisions of the German Stock Corporation Act (AktG), in particular from Article 9 (1c) (ii) of the SE Regulation in conjunction with Sections 12, 53a et seq., 118 et seq. and 186 AktG. There are no shares with special rights conferring powers of control.

Shareholdings in the Capital Exceeding 10.0% of the Voting Rights

Pursuant to Section 33 (1) of the German Securities Trading Act (WpHG), shareholders who exceed or fall below the threshold of 10.0% of the voting rights of a listed company, among other criteria, must notify the company and the German Federal Financial Supervisory Authority (BaFin) without delay. These notifications are published by Vonovia SE in accordance with Section 40 WpHG. Direct or indirect shareholdings in the share capital of Vonovia SE that exceed the threshold of 10.0% of the voting rights have been reported by Norges Bank, which has its registered headquarters in Oslo. As of December 31, 2023, Norges Bank had a direct shareholding of 14.6%.

Authority of the Management Board to Issue or Repurchase Shares

At the Annual General Meeting on April 29, 2022, a resolution was passed to cancel the 2021 authorized capital and create new 2022 authorized capital in the amount of € 233,000,000.00; pursuant to the resolution, the Management Board is authorized, in accordance with Article 5 of the Articles of Association, to raise equity once or multiple times until 2027 by issuing up to 233,000,000 new shares (2022 authorized capital). On June 9, 2023, the Management Board made use of this authorization, with the consent of the Supervisory Board, to issue 18,795,001 shares in return for the contribution of dividend entitlements (scrip dividend) and increased the share capital by € 18.7 million to € 814.6 million, resulting in remaining 2022 authorized capital of € 214.2 million. In order to serve the authorization, passed by the Annual General Meeting of April 16, 2021, to issue convertible bonds, bonds carrying option rights, participating rights, and participating bonds, "2021 conditional capital" was created. On the basis of the resolution of this Annual General Meeting, the share capital is conditionally increased by up to € 282,943,649.00 through the issuing of 282,943,649 new no-par-value registered shares carrying dividend rights. The conditional capital increase shall only be carried out to the extent that the owner (i.e., creditor) of the debt instruments stipulated in the capital increase resolution on 2021 conditional capital is entitled to demand conversion in shares and that the instruments are served in this manner instead of cash payment.

The authority to acquire own shares arises from Article 9 (1) (c) (ii) SE Regulation in conjunction with Sections 71 et seq. AktG and, as of the reporting date, from the authorization passed by the Annual General Meeting on April 29, 2022. The Management Board is authorized, with the approval of the Supervisory Board, until April 28, 2027 to acquire and use own shares in the company up to a total of 10% of the share capital of the company existing at the time of the resolution or – if this value is lower – at the time the authorization is exercised, in accordance with the conditions granted, while observing the principle of equal treatment (Article 9 (1c) (ii) of the SE Regulation in conjunction with Section 53a AktG). The shares acquired on the basis of this authorization, together with other shares in the company that it has already acquired and still holds or that are attributable to it in accordance with Sections 71a et seq. AktG, may at no time exceed 10% of the respective share capital of the company.

Appointment and Removal from Office of Members of the Management Board and Amendments to the Articles of Association

Members of the Management Board are appointed and removed from office by the Supervisory Board in accordance with Art. 9 (1), Art. 39 (2) SE Regulation and Sections 84 and 85 AktG. The Supervisory Board appoints members of the Management Board for a maximum period of six years in accordance with the Articles of Association of Vonovia SE. Reappointment or extension of the term of office, in each case for a maximum of six years, is permissible. The Articles of Association of Vonovia SE further stipulate in Section 8 (1) that the Management Board shall consist of at least two members. It may appoint a member of the Management Board as Chairperson of the Management Board and a Deputy Chairperson. Pursuant to Art. 59 of the SE Regulation, the Annual General Meeting adopts resolutions on amendments to the Articles of Association. In accordance with Art. 17 (4) of the Articles of Association, amendments to the Articles of Association require a majority of two thirds of the votes cast or, if at least half of the share capital is represented, a simple majority of the votes cast, unless mandatory statutory provisions require a different majority.

Change of Control Clauses and Compensation Agreements in the Event of a Takeover Bid

The main agreements of Vonovia SE that are subject to a change of control relate primarily to financing agreements. In the event of a change of control, these provide for the right of termination and early repayment on the part of the lender, as is customary. Under certain circumstances, a change of control would have an impact on the bonds, promissory note loans and mortgages issued by Vonovia SE and on the existing credit lines and loan agreements concluded by Vonovia SE or Group companies with banks. The relevant terms and conditions comprise standard market agreements that grant the creditors the right of early termination or conversion in the event of a change of control pursuant to these terms and conditions. The employment contracts of the members of the Management Board also contain provisions in the event of a change of control. In the event of early termination of duties due to a change of control, the members of the Management Board are entitled to benefits.

Opportunities and Risks

Risk Management Structure and Instruments

The market environment and the overall statutory/regulatory conditions to which Vonovia is subject are constantly changing. Vonovia is adapting to this environment by developing its strategy and, within this context, its business activities on an ongoing basis. Vonovia also reacts to ESG influences from a wide variety of stakeholders by adjusting its corresponding ESG targets. These changes mean that additional opportunities and risks arise on a regular basis, and that the extent of existing opportunities and risks can change at any time.

As a result, Vonovia has implemented a comprehensive risk management system that ensures that all of the risks that are relevant to the company (and to the environment and society at large) can be identified, evaluated and managed. This reduces risk potential, secures the company's survival, supports its strategic further development and promotes responsible entrepreneurial action.

Risks are defined as possible events or developments that could have a negative impact on the company's expected economic development and, as a result, could lead to a negative deviation from the short-term plans (budget and forecasts) and the company's medium-term plans (five-year plan). Any deviations from the company's ESG objectives also pose risks to its economic development.

Opportunities are defined as possible events or developments that could have a positive impact on the company's expected economic development and, as a result, could lead to a positive deviation from the short-term plans (budget and forecasts) and the company's medium-term plans (five-year plan). Deviations from the company's ESG objec-

5 Pillars of Risk Management at Vonovia

Management Board
(Strategy, Requirements/Goals, Control Environment, Monitoring)

1 Performance Management	2 Compliance Management	3 Risk Management System	4 Internal Control System	5 Internal Audit
Controlling > Budget > Forecast > Results	**Compliance Officer** > Guidelines, regulations > Contracts > Capital market compliance > Data protection	**Controlling** > Risk management process > Risk reporting	**IT** > Process documentation **Accounting** > Accounting-based internal control system	**Internal Audit** > Process-oriented audits > Risk-oriented audits
Operational Areas > Performance management > Technical integrity	**Operational Areas** > Ensuring compliance	**Operational Areas** > Risk identification and evaluation > Risk control	**Operational Areas** > Documentation of core processes > Control activities > Control self-assessment	**Operational Areas** > Process improvements

tives can also give rise to opportunities. Opportunities are not quantified for internal management purposes.

Vonovia's risk management system is based on an integrated five-pillar risk management approach.

(1) Performance Management

Detailed corporate planning and appropriate reporting on deviations in the operational and financial key figures from Controlling constitute the backbone of the early warning system used at the company. Analyses are made of the business performance compared with the plans approved by the Supervisory Board and the previous year. Furthermore, forecasts are prepared regularly which take appropriate account of the effect of any potential risks and opportunities on the development of business.

Reporting includes detailed monthly controlling reports for the Management Board and the Supervisory Board. The operational business is described in regular reports on key figures, some of which are drawn up on a weekly or daily basis. On the basis of these reports and the deviations that they highlight between the actual and target figures, countermeasures are initiated and implemented and then checked in subsequent reporting periods to ensure they are effective.

(2) Compliance Management

Compliance means that the company, its bodies and employees act in line with the applicable rules and regulations. For the Management Board, compliance with statutory law and the observance of internal guidelines are the basis of corporate management and culture. Compliance is to ensure the integrity of employees, customers and business partners and avoid possible negative consequences for the company (and for the environment and society at large).

The management and monitoring of Vonovia is based on the relevant statutory requirements, the Articles of Association and the rules of procedure for the Supervisory Board and the Management Board. They form the basis for the company's internal rules and guidelines, adherence to which is monitored by a central compliance management system and administered by a guideline management team that forms part of the Legal department.

The guidelines describe clear organizational and monitoring structures with specified responsibilities and appropriately installed checks. The legally compliant behavior of all employees in the business processes is ensured by suitable control procedures and supervision by managers.

The company has also put in place a compliance management system based on IDW (Institute of Public Auditors in Germany) standard PS 980 and has appointed a central compliance officer, the Chief Compliance Officer, whose remit focuses on identifying compliance risks, taking suitable measures to avoid and detect these risks and taking appropriate action in response to compliance risks (compliance program). This individual also acts as the company's human rights officer.

In terms of specific content, the main features of the compliance management system are Vonovia's Code of Conduct, which focuses on ethical values and statutory requirements and reinforces the personal responsibility of employees, Vonovia's Compliance Guidelines and a Business Partner Code setting out requirements that the company's contractual partners have to meet. An external ombudsperson is available to all employees and business partners as a confidant with respect to compliance matters. The system also features an anonymous whistleblower hotline in six languages. The hotline is available not only to employees, but also to external groups, such as customers and business partners.

(3) Risk Management System

Vonovia's strategy has a sustainable and long-term focus. As a result, Vonovia pursues a conservative risk strategy in its business activities. This does not mean minimizing risks, but rather promoting entrepreneurial and responsible action and ensuring the necessary transparency with regard to any possible risks.

The risk management system supports all employees in their day-to-day work in accordance with Vonovia's mission statement. It ensures the early identification, assessment, management and monitoring of all risks within the Group that exceed the short-term financial risks dealt with by the Performance Management pillar and could pose a risk not only to the company's results of operations and net assets, but also to intangible assets.

The risk management system explicitly includes sustainability risks. These are assessed both in terms of their impact on Vonovia (outside-in perspective) and also – in line with the concept of ESG due diligence – in terms of their impact on the environment and society (inside-out perspective). This means that potential risks which might impair the value and/or development of the company, or the environment and society, can be identified at an early stage. The risk management system takes account of early warning indicators that are specific to the environment and the company, as well as the observations and regional knowledge of our employees.

In organizational terms, risk management is assigned directly to the Management Board. It has overall responsibility and decides on the organizational structures and workflows of risk management and provision of resources. The operational management of the risk management system falls within the remit of the Head of Controlling, who is responsible for Risk Controlling. The Head of Controlling reports to the Chief Financial Officer (CFO). Risk Controlling initiates the software-supported, periodic risk management process and consolidates and validates the risks reported. It is also responsible for validating the risk management measures and monitoring their implementation. Risk Controlling works with the individual risk owners to define early warning indicators that are used to monitor actual developments with regard to certain risks.

The risk owners are the managers at the level directly below the Management Board. They are responsible for identifying, evaluating, managing, monitoring, documenting and communicating all risks in their sphere of responsibility. They are also responsible for recording and reporting all risks in the company's risk tool based on the defined reporting cycles.

Based on a half-yearly risk inventory taken in the first and third quarters of a fiscal year, Risk Controlling prepares a risk report for the Management Board and the Supervisory Board. It also simulates major risk developments and their impact on the corporate plans and objectives. The Management Board approves the documented risk management findings, takes account of them in steering the company and reports them to the Supervisory Board. The Audit Committee of the Supervisory Board monitors the effectiveness of the risk management system.

Should significant risks, i.e., risks with a considerable impact on economic development (risks entailing possible losses in Group FFO of more than € 40 million or a possible balance sheet loss of more than € 600 million) occur unexpectedly, they are reported directly to the Management Board and the Supervisory Board on an ad hoc basis.

As part of the process involved in preparing the annual financial statements, the risks identified in the third quarter are reviewed by Risk Controlling to ensure they are up-to-date and – if necessary – updated, with newly identified risks being added. New risks can arise in the context of the budget and five-year planning process. These are coordinated and evaluated bilaterally between Risk Controlling and the responsible risk owners as part of the planning process.

Vonovia's risk management system includes a simulation model to calculate the company's risk-bearing capacity. As part of this analysis, risk management evaluates the interdependencies between major risks on an annual or ad hoc basis and defines the parameters for risk aggregation. A Monte Carlo simulation model based on the statistical distribution functions relevant to the risks is used to determine the company's overall risk position. The resulting overall risk position is compared to the company's risk-bearing capacity with regard to insolvency and overindebtedness. Extreme scenarios for selected major risks are also simulated as part of the corporate planning process. The effects on the company's performance indicators, as well as key figures related to financing, are always taken into account here. The results of the simulations are discussed with the Management Board. Planning and risk management are managed by the same area within Controlling.

The risk management system is updated and refined on a regular basis and is also adjusted to reflect changes at the company. The effectiveness of the risk management system is analyzed in regular audits.

The risk management system looks at all activities in the risk management process, i.e.,

> Risk identification,
> Risk assessment,
> Risk aggregation,
> Risk control and
> Risk monitoring.

Based on the COSO Framework, a **risk space with the following four main risk categories** has been defined to facilitate risk identification: strategy, regulatory environment and overall statutory framework, operating business and financing (including accounting and tax). A structured risk catalog has been assigned to each of these categories.

When it comes to **assessing risk**, a distinction is made between risks with an impact on profit and loss and those affecting the balance sheet. Risks with an impact on profit and loss have a negative effect on the company's sustained earnings power and, as a result, on Adjusted EBITDA in the individual segments and Group FFO (Adjusted EBT in the future). In general, these risks also have an impact on liquidity. Risks affecting the balance sheet do not impact Group FFO, but they certainly do impact the assets and, in general, also profit for the period and the EPRA NTA. These risks can also not affect liquidity, e.g., because they only impact property values.

If possible, risk assessments are always to be performed in quantitative terms. As a general rule, the risk assessment should always be based on a worst-case scenario. If this is difficult or impossible to achieve, a qualitative assessment is to be performed using a detailed matrix. The expected amount of loss is classified to one of five categories:

Category	Class	Description	Impact on profit and loss*	Impact on statement of financial position*
Very high	5	Threatens the company's existence	Possible loss of > € 750 million in Group FFO	Possible balance sheet loss of > € 12,000 million
High	4	Dangerous impact on business development, previous business situation cannot be restored in the medium term	Possible loss of € 375 million to € 750 million in Group FFO	Possible balance sheet loss of € 6,000 million to € 12,000 million
Consid-erable	3	Temporarily impairs business development	Possible loss of € 150 million to € 375 million in Group FFO	Possible balance sheet loss of € 2,400 million to € 6,000 million
Noticeable	2	Low impact, possibly leaving a mark on business development in one or more years	Possible loss of € 40 million to € 150 million in Group FFO	Possible balance sheet loss of € 600 million to € 2,400 million
Low	1	Minor impact on business development	Possible loss of € 5 million to € 40 million in Group FFO	Possible balance sheet loss of € 80 million to € 600 million

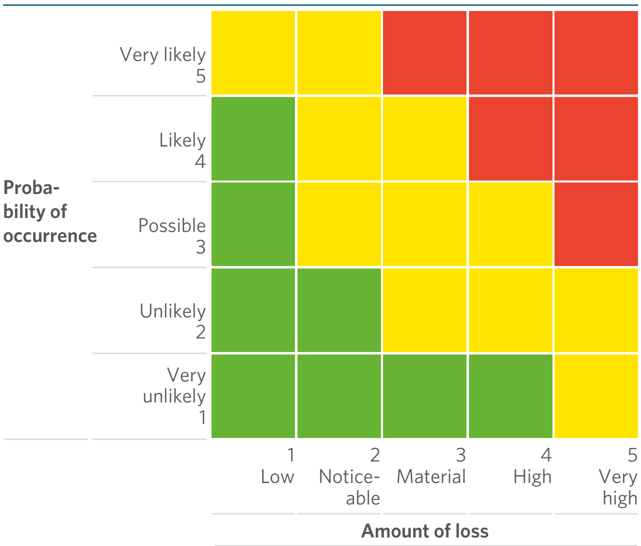
* Understood as the possible financial loss over five years in accordance with the medium-term planning horizon.

Five clusters have been defined for the expected probability of occurrence.

Category	Class	Definition	Probability
Very likely	5	It is to be assumed that the risk will materialize during the observation period.	> 95 %
Likely	4	The risk is likely to materialize during the observation period.	60–95 %
Possible	3	The risk could materialize during the observation period.	40–59 %
Unlikely	2	The risk is unlikely to materialize during the observation period.	5–39 %
Very unlikely	1	It is to be assumed that the risk will not materialize during the observation period.	< 5 %

The expected amount of loss and the probability of occurrence are classified within the set ranges before action (gross) and after action (net) for each risk, documented in a risk tool and transferred to a heatmap there. Risk reporting is based on the net assessment and the assignment of risks in the net heatmap, comprising five categories for both probability of occurrence and the amount of loss.

Net Heatmap



The term "top risks" refers to the risks assigned to the red and amber fields. These are reported to the Supervisory Board and published as part of the external reporting process. The risks assigned to the red fields are classified as threatening or endangering the company or its survival. The risks assigned to the amber fields are significant to the company. Red and amber risks are subject to intensive monitoring by the Management Board and the Supervisory Board. The risks assigned to the green fields are less significant to the current risk assessment.

As part of an active **risk control** process, the focus is on the major (red and amber) risks. Any necessary specific risk management measures were agreed and incorporated into a regular monitoring process to be conducted by Risk Controlling.

Regular **risk monitoring** by Risk Controlling ensures that risk management measures are implemented as planned.

(4) Internal Control System

The Internal Control System (ICS) comprises the basic principles, procedures and regulations aimed at supporting the effectiveness and cost-effectiveness of our business activities, ensuring due and proper, and reliable internal and external accounting, and ensuring compliance with the legal provisions that apply to the company.

All key processes at Vonovia are recorded and documented centrally with the help of a process management software solution. In addition to the relevant process steps, this documentation highlights key risks and controls in the interests of a process-oriented internal control system (ICS). It provides the binding basis for subsequent evaluations, audits and reporting to the executive bodies of Vonovia SE on the effectiveness of the ICS within the meaning of Section 107 (3) sentence 2 of the German Stock Corporation Act (AktG).

Overall responsibility for structuring and implementing the ICS lies with Vonovia's Management Board. The Management Board delegates this responsibility to process and control owners. The Internal Audit department provides support in the further technical development of the ICS in addition to performing its primary audit duties in full. Internal Audit is responsible for providing technical support for the documentation software, with administrative support being provided by IT.

The aim of the accounting-related internal control and risk management system is to ensure due and proper and legally compliant financial reporting pursuant to the relevant regulations. The accounting-related internal control and risk management system is embedded in the overarching Group-wide risk management system.

Organizationally, responsibility for preparing the financial statements lies with the department of the Chief Financial Officer (CFO) and, in particular, with the Accounting department. The Accounting department exercises the authority to lay down guidelines for the application of relevant accounting standards as well as for the content and timing of the steps in the financial statements preparation process.

From the organizational and systems side, the preparation of the financial statements for all companies included in the consolidated financial statements as well as the preparation of the consolidated financial statements themselves are performed in the central shared service centers, which ensures consistent and continual application of accounting principles in a uniform financial statement preparation process. Furthermore, through the shared service center functions it is ensured that both content and organizational changes in the requirements are incorporated in the financial statement preparation process.

The financial statements of the companies included in the consolidated financial statements – with the exception of individual service companies, the operating nursing care companies the companies in Sweden and the investment in the Netherlands – are located in an IT SAP environment. They are subject largely to uniform charts of account, accounting guidelines, processes and process controls. The requirement of separation of functions and the dual-review principle are taken appropriate account of with preventive and also subsequent checks.

The corresponding service companies of the Deutsche Wohnen Group as well as those in Sweden and the investment in the Netherlands, as well as the operating nursing care companies, report their data as part of a structured IT-based data recording process.

The relevant financial statement data of the individual companies are made available to the SAP consolidation module via an integrated, automated interface with comprehensive validation rules for further processing and preparation of the consolidated financial statements. An authorization concept is in place granting access to the financial statements in line with the respective job profile of the employee.

Newly acquired companies are incorporated into the internal control environment as part of a structured integration process, which includes integration in terms of both IT systems and processes relating to financial statements.

Once the financial statements have been drawn up, the annual and consolidated financial statements, including the consolidated management report, are submitted to the Audit, Risk and Compliance Committee of the Supervisory Board. The Audit, Risk and Compliance Committee then makes a recommendation for the Supervisory Board to adopt or approve them. This examination may include discussion with the auditor and is subject to the auditor's report. The Audit, Risk and Compliance is continually involved in the establishment and refinement of the accounting-related internal control and risk management system.

(5) Internal Audit

The system and control environment, business processes and the internal control system (ICS) are audited on a regular basis by Vonovia's Group Audit department. In organizational terms, Group Audit reports to the Chief Executive Officer (CEO). The annual audit plan is based on a risk-oriented evaluation of all relevant audit areas of the Group (audit universe) and is approved by the Management Board and the Supervisory Board's Audit, Risk and Compliance Committee.

The audits conducted throughout the year focus on assessing the effectiveness of the control and risk management systems, identifying process improvements in order to minimize risks and ensuring the sustainability of Vonovia's business activities. Corresponding special ad hoc audits are also performed in consultation with the Management Board.

The internal reports are presented to the Management Board, the individuals responsible for the area reviewed and, in cases involving significant and serious findings, the risk manager and, where relevant, the compliance officer on a regular basis. The Audit, Risk and Compliance Committee receives a quarterly summary of the audit results and measures. The implementation status of the agreed measures is monitored on an ongoing basis after the relevant due dates and is reported to the Management Board and the Audit, Risk and Compliance Committee on a quarterly basis. A follow-up audit is conducted to ensure that any serious findings have been remedied.

Current Risk Assessment

A scheduled risk inventory was performed in both the first and second half of the 2023 fiscal year. The risk report was presented to the Management Board and the Audit Committee. The risk inventory for the second half of the year was adjusted/updated at the end of 2023. There were no unscheduled ad hoc risk reports in the 2023 fiscal year or up until the time at which the balance sheet was prepared.

Overall Assessment of the Risk Situation

A total of 118 (2022: 107) individual risks were identified for Vonovia at the end of 2023.

All in all, and based on the current assessment, there were no signs of any risks threatening or endangering Vonovia or its survival at the end of 2023. At the time this report was prepared, Vonovia's Management Board had not identified any risks associated with future business development that the company cannot suitably overcome, or which could jeopardize the position of Vonovia SE, a major company included in the scope of consolidation or the Group as a whole in terms of revenue, assets and/or finances.

The outcome of the risk-bearing capacity analysis performed in 2023 revealed that there is no current threat to Vonovia's survival over the five-year period. This means that there is no change as against the risk assessment performed at the end of 2022 overall.

The risks to be modeled were quantified and the interaction between individual top risks and selected green risks analyzed in detail at the end of 2023.

10 (2022: 11) amber risks to the company and 108 (2022: 96) other green risks were identified. Specifically, the picture that emerges for each risk category is as follows (prior-year figures in brackets):

Risk	Strategy	Operating business	Regulatory environment	Financing	Total
(red)					0 (0)
(amber)		3 (4)	2(2)	5 (5)	10 (11)
(green)	10 (9)	56 (51)	31 (27)	11 (9)	108 (96)
Total	**10 (9)**	**59 (55)**	**33 (29)**	**16 (14)**	**118 (107)**

Risks Related to Operating Business

In the operating business, we identified the three amber risks (2022: four) explained below at the end of 2023.

The residential properties held in the Rental segment are subject to a regular valuation process. Details can be found in the notes to the consolidated financial statements in chapter → [D28] Investment Properties. Changing overall conditions on the real estate and capital markets mean that future market developments, such as inflation and a further increase in interest rates, could reduce the value of the properties further. Lower property values would push up the company's loan-to-value ratio (LTV), which could have a negative impact on its ability to raise capital. The balance sheet operating risk **"future market development leads to a drop in property values,"** which was already classed as an amber risk in 2022, was once again classified as an amber risk in 2023 with an expected amount of loss of € 2,400–6,000 million (2022: >€ 12,000 million) and an expected probability of occurrence of 5–39% (2022: 5–39%). In order to limit risk, Vonovia is committed to maintaining the current diversification of its portfolio.

The development in the supply of, and demand for, residential properties has a significant influence on the home prices that can be achieved and, as a result, a direct impact on both Adjusted EBITDA in the Recurring Sales segment and the success of Non Core sales. A decline in real estate prices was recorded in the 2023 fiscal year. A scenario in which interest rates were to remain permanently high and/or increase further could lead to buyers no longer being able to finance the home prices asked for on the market. This could reduce demand and result in lower home prices, which could represent a risk with an impact on profit and loss for the Recurring Sales segment. The amber operating risk with an impact on profit and loss **"deteriorating residential property market situation with regard to apartment sales/buyer behavior"** was assessed, at the end of the reporting period, as having an expected amount of loss of € 375–750 million (2022: € 375–750 million) and an expected probability of occurrence of 5–39% (2022: 5–39%). In order to limit and monitor risk, regular reporting on sales volumes and prices and regular monitoring of target prices and sales volume targets by the portfolio controlling team has been implemented alongside a process for identifying ideal prices.

As regards the sale of our development projects, we have identified a risk that the sale and letting of newly built apartments will become more difficult to achieve, particularly as a result of significantly increased construction costs and, as a result, considerably higher sale prices or rents. We have adjusted our plans for investments in new builds accordingly. The operating risk with an impact on profit and loss **"Development sale risk,"** which was classified as an amber risk in 2022, was downgraded in terms of its potential amount of loss to € 150-375 million at the end of 2023 as opposed to the original level of € 375–750 million The expected probability of occurrence was assessed as being 40–59% (2022: 40-59%). In order to be able to respond to market changes early on, in-depth market studies and analyses are prepared at regular intervals and are analyzed in connection with reports prepared by renowned real estate experts. Any market changes that are identified are taken into account when analyzing the real estate portfolio, meaning that they have a significant impact on sales planning.

Russia's war of aggression on Ukraine once again had an impact on the energy and construction materials markets in 2023. Rising energy costs also translated into higher costs for construction materials and led to bottlenecks in the procurement of construction materials in a large number of places. This has resulted in deteriorating overall conditions for construction and modernization projects in our Development and Value-add segments, with negative knock-on effects on Adjusted EBITDA in the segments. We have adjusted our investment strategy accordingly and expect the increase in costs to slow as of 2024. The operating risk with an impact on profit and loss **"Higher construction costs than planned due to increases in the price of construction materials & services, as well as supply bottlenecks,"** which was classified as an amber risk in 2022, was downgraded to green in 2023 and evaluated as having an expected probability of occurrence of 5–39% (2022: 60–95%). The expected amount of loss was evaluated at € 40–150 million (2022: € 40–150 million). In order to limit this risk, Vonovia monitors the market systematically while simultaneously developing alternatives, e.g., revising specifications and using standardization to reduce material usage. In addition, critical materials are secured early on and, where appropriate, stored where possible.

Risks Related to Regulatory Environment & Overall Statutory Framework

Changes in the regulatory environment and in the overall statutory framework could give rise to risks for all of Vonovia's business segments. At present, 2 (2022: 2) key amber risks have been identified.

In Germany, the regulations governing the handling and identification of toxic materials are to be tightened up through a specific amendment to the German Hazardous Substances Ordinance (Gefahrstoffverordnung). Any amendment will have an impact on all of Vonovia's technical processes (including small-scale repairs, vacant apartment refurbishment, major maintenance measures, modernization). Regarding the process involved in the refurbishment of vacant apartments, an initial rough quantification has been carried out, although this process has still to be completed for all of the other technical processes. The risk associated with an **"Amendment to the Hazardous Substances Ordinance"** was therefore subjected to a qualitative assessment as an initial step, and was found to be associated with a significant loss amount and a probability of occurrence of 60–95%. A project involving all of the specialist departments involved has been launched to ensure the definitive quantitative assessment of this risk in relation to all of Vonovia's technical processes in 2024. A final assessment of the risk will depend on the specific content of the proposed legislation.

Changes to, or the application of, legal provisions that are beyond Vonovia's control, and inadequate documentation of management decisions can lead to legal disputes and give rise to the risk of material implications. The total number of legal disputes ongoing at Vonovia is small. In addition to cases related to the core Rental business, such as announced modernization projects or the appropriateness of ancillary expense bills, these include other operating, labor law and corporate law disputes, some of which are material, particularly in connection with transactions. At the end of the 2023 reporting period, the amber risk with an impact on profit and loss associated with "Material impact of legal disputes" was assessed as having an expected loss amount of € 150–375 million (2022: € 40–150 million) and an expected probability of occurrence of 5–39% (2022: 5–39%). The increased amount of loss in 2023 as against the prior-year assessment is due to the additional inclusion of a legal dispute with a social insurance provider. In a quest to limit this risk, internal and external experts are analyzing the individual scenarios and the current situation on an ongoing basis, and the Legal department is involved in all key management decisions.

The two amber regulatory risks identified in 2022, namely "unfavorable carbon tax" and "unfavorable exchange rate developments" were downgraded to green in 2023.

The risk associated with an "unfavorable carbon tax" has changed to a "substantial increase in the CO_2 price". As the expected increase in the CO_2 price is now largely reflected in the company's updated plans, the assessment of the probability of occurrence was reduced from 60–95% to 40–59%, and the assessment of the potential amount of loss was reduced from € 40–150 million to € 5–40 million.

The risk "unfavorable exchange rate developments" was downgraded from amber to green given what is already a weak Swedish krona. With an unchanged potential amount of loss of € 40–150 million, the expected probability of occurrence of a further negative trend was reduced from 40–59% to 5-39%.

Risks Related to Financing

With regard to financing, we identified the five amber risks (2022: five) explained below at the end of 2023.

Restricted access to the bond market and a poorer rating could give rise to refinancing risks for Vonovia, meaning that too little liquidity might be available temporarily.

Vonovia implemented extensive refinancing measures successfully in the 2023 fiscal year. Ratings also met the company's expectations. Details can be found in the chapter → The Company and Its Shares in the management report. The financing risk with an impact on profit and loss classified as amber in 2022, "restricted access to the bond market" was consolidated with the risk formerly assessed as a green risk, "loss of the BBB+ (S&P) or A3 (Moody's) rating," in 2023 to create a new amber risk with an impact on profit and loss, "higher refinancing costs due to changes in risk profile." At the end of the reporting period, we expect the loss associated with this risk to amount to € 375–750 million and assess the expected probability of occurrence as 5–39%. The higher probability of occurrence reflects developments on the real estate market, which has come under pressure due to supply problems, inflation and the associated higher refinancing interest rates. In 2022, the risk "restricted access to the bond market" was still assessed with a potential amount of loss of >€ 750 million and an expected probability of occurrence of <5%. In 2022, the risk "loss of the BBB+ (S&P) or A3 (Moody's) rating" was assessed with a potential amount of loss of € 25-100 million and an expected probability of occurrence of <5%.

The active and timely management of refinancing maturities allows Vonovia to ensure a balanced maturity profile so as to avoid cluster risks. Vonovia continues to use all financing instruments that are used as standard on the market and has the internal expertise to place these instruments. This prevents any one-sided reliance on specific types of financing. Being awarded an investment-grade rating is the very top priority in all strategic decisions. As a result, we remain in close dialog with our rating agencies. In the very unlikely event that refinancing via the capital market is temporarily impossible, Vonovia can resort to existing available credit lines.

A further increase in capital market interest rates could give rise to risks for Vonovia's growth and result in planned investments being cut back, suspended or canceled completely. In addition, an increasing interest burden due to unfavorable interest rate developments could translate into lower growth or even a drop in Group FFO. As the updated interest rates have been taken into account for planning purposes, the financing risk with an impact on profit and loss classified as amber "unfavorable interest rate developments" was downgraded in 2023 in terms of the expected amount of loss to € 375–750 million based on the latest assessment (2022: >€ 750 million). The expected probability of occurrence remained unchanged at 5–39%. As well as diversifying debt capital instruments and maintaining a balanced maturity profile, risks are limited by ensuring a long-term average maturity/fixed-interest period of around six years. Debt reduction by freeing up liquidity is another measure used to limit risk.

Vonovia is obliged to report certain key figures and adhere to certain covenants in connection with bonds, secured loans and transactions. If these covenants are not adhered to or these reporting obligations are not fulfilled on time, Vonovia could be subject to payment obligations and additional negative effects on earnings could result from new financing arrangements. The amber financial risk with an impact on profit and loss associated with a "**failure to fulfill obligations (from bonds, secured loans, transactions)**" was assessed, at the end of the 2023 reporting period, as having an expected amount of loss of >€ 750 million (2022: >€ 750 million) and an expected probability of occurrence of <5% (2022: <5%). In order to counter this risk, Vonovia has implemented standardized processes for monitoring and managing its obligations.

The amendments to the German Real Estate Transfer Tax Act that came into force on July 1, 2021, lowering the participation threshold from 95% to 90% and increasing the observation period from five to ten years, could give rise to a subsequent liability to pay real estate transfer tax. The amber risk with an impact on profit and loss associated with an **"amendment to the German Real Estate Transfer Tax Act due to share deals"** was assessed, at the end of the reporting period, as having an expected amount of loss of >€ 750 million (2022: >€ 750 million) and an expected probability of occurrence of <5% (2022: <5%). In addition to monitoring court decisions and legislation on an ongoing basis, Vonovia also limits this risk by raising awareness among decision-makers in the context of share deals. This ensures the involvement of the internal Tax department, which then helps monitor the acquisition process.

Goodwill arose in the context of acquisitions in the past because the purchase price exceeded the value of the assets acquired less all liabilities. **Goodwill** is subjected to regular impairment testing, at least once a year. This involves comparing the recoverable amount with the carrying amount of the group of cash-generating units (CGUs). The recoverable amount of the group of CGUs is either its value in use or fair value less costs of sale, whichever is higher. If the carrying amount of a CGU is higher than the recoverable amount, impairment losses need to be recognized. This can have an impact on our covenants. At present, we consider this amber risk affecting the balance sheet to have an expected amount of loss of € 600–2,400 million (2022: € 600–2,400 million) and a probability of occurrence of 40–59% (2022: 40–59%). In order to counter this risk, an ongoing performance reporting system has been implemented to identify and monitor deviations from our plans. This allows us to take any corrective action required to be able to stick to our plans. Within this context, a dedicated synergy monitoring process also ensures that planned synergies from acquisition projects are actually leveraged.

At the end of 2023 (previous years in parentheses), the net risks identified can be summarized as follows:

Net Risks

Probability of occurrence over the next 5 years (in %)						
	>95					
	60-95	1 (2)	0 (2)	1 (0)		
	40-59	6 (2)	1 (2)	1 (0)	0 (1)	
	5-39	28(24)	8 (9)	2(0)	3 (1)	0 (2)
	<5	43 (40)	11 (10)	6 (5)	5 (4)	2 (3)
Impact on profit and loss		5–40	40–150	150–375	375–750	>750
Impact on statement of financial position		80–600	600–2,400	2,400–6,000	6,000–12,000	>12,000
Qualitative		very low	low	medium	high	very high
		Amount of loss over the next 5 years (in € million)				

Sustainability Risks

In addition to the amber risks set out above, Vonovia also reports on selected green risks that relate explicitly to sustainability in order to reflect the growing importance of this risk consideration:

Environmental Risks

The need to consider climate-related aspects is playing an increasingly important role in Vonovia's business model and strategy, in line with the mounting importance of climate issues in society at large. The resulting climate transition risks describe the effects that can arise for companies due to the process of transformation towards a sustainable economic system. Vonovia has set itself an intensity target equating to a roughly 35% reduction in GHG emissions in its German portfolio by 2030 compared to 2021, in order to achieve its climate objectives and meet the associated regulatory requirements. We are sticking to this climate target despite limited investments in modernization and new construction over the coming year. As a result, we continue to consider the **"risk of non-compliance with our climate path"** to be associated with a low (2022: low) amount of loss and consider its materialization to be improbable (2022: improbable).

What is more, crisis situations or catastrophes, such as floods, earthquakes, extreme weather events etc., could have an impact on our real estate portfolio and require specific crisis management measures. These physical climate risks can be traced back to longer-term shifts in overall climatic conditions. We have assessed the corresponding **"risk of business continuity in disasters/crisis situations"** as being associated with an amount of loss of € 5–40 million (2022: € 5–40 million) and a probability of occurrence of 5–39% (2022: 5–39%). To allow us to analyze and assess potential long-term implications of climate change (i.e., those extending beyond the usual risk management observation period of five years), we have developed a climate risk tool that maps the internationally recognized climate change scenarios developed by the Intergovernmental Panel on Climate Change (IPCC).

Transition risks and physical climate risks could potentially have a negative impact on the Group's net assets, financial position and results of operations and could make the estimates used in an accounting context less certain. We do not believe that climate change gives rise to any significant **direct risks** (2022: also no significant direct risks) for the period covered by the risk management system at the moment, e.g., caused by extreme weather conditions such as heavy rain with the potential for floods. Based on our current knowledge of future developments, this will not have any impact on Vonovia's balance sheet. This relates, among other things, to the fair values of investment properties, useful lives and the value of assets and provisions for environmental risks, for which no significant need for adjustment emerges (see → **Environmental Issues**).

When it comes to the development of new and sustainable fields of business in the Value-add segment – particularly with regard to renewable energies – **risks can arise from the design and implementation of the business models.** Procurement prices can also develop differently than expected. At present, we have assigned this **"procurement price risk in our energy services area"** an amount of loss of € 40–150 million (2022: € 40–150 million) and a probability of occurrence of <5% (2022: <5%). With regard to the planned **"expansion of renewable energies using photovoltaic systems,"** we have assessed the related risks as having a low (2022: low) amount of loss and a probability of occurrence of 5–39% (2022: 5–39%).

Social Risks

As a result of its insourcing strategy, qualified specialists are in high demand at Vonovia, particularly in comparison with its peers in the sector. Inability to fill vacant positions could lead to a lack of growth, restricted quality and lower levels of customer satisfaction, as well as rising costs due to the need to use subcontractors. Thanks to effective strategies for recruitment and staff retention, we assess the risk associated with a **"shortage of skilled workers"** as having a potential amount of loss of € 5–40 million (2022: low) and believe that this risk is unlikely (2022: unlikely) to materialize.

Failure to comply with statutory occupational health and safety and occupational safety management provisions could have a long-term impact for Vonovia and its employees. We currently assess these risks as being associated with a considerable (2022: considerable) amount of loss but believe that they are very unlikely (2022: very unlikely) to materialize.

Similarly, we have also assessed the risk associated with **"hazardous materials"**, which includes, in particular, potential health risks for tenants, employees and third parties due to the improper use or disposal of hazardous materials (e.g., asbestos), as having a low (2022: low) potential amount of loss thanks to the clearly defined processes and requirements, and consider this risk unlikely (2022: unlikely) to materialize.

"Risks associated with breaches of provisions concerning special contractual rights (Social Charters)", which are related to tenant protection and, as a result, to the aim of providing "homes at fair prices", have been assessed as having a substantial potential amount of loss of € 150–375 million (2022: € 150–375 million), although we believe these risks are very unlikely (2022: very unlikely) to materialize.

The annual financial burden for tenants (in the form of ancillary expenses) could increase significantly due to external factors, such as price increases and changes in overall conditions. Reliable market forecasts are virtually impossible due to the ongoing war in Ukraine. In light of the measures already taken, we now believe that the risk associated with **"rising energy costs"** is unlikely (2022: very likely) to materialize, and have predicted a low (2022: low) amount of loss.

Governance Risks

On March 7, 2023, investigators seized documents from Vonovia premises; they were acting on the suspicion of problematic procedures in the awarding of contracts to subcontractors, to the detriment of Vonovia. Although the final results of the investigations are not yet available, Vonovia assumes that its compliance management system is functioning and effective. As a result, there is no change in the assessment of the risk associated with **"bribery and corruption"** in a year-on-year comparison. The probability of occurrence (very unlikely) and the amount of loss (low) remain unchanged.

Vonovia is exposed to the **"risk of losing the basis for sustainable financing"**. Sustainable "green" financing is becoming increasingly relevant. Failure by Vonovia to meet its sustainability targets, for example, could jeopardize the basis for this financing. At present, we have assigned this risk an amount of loss of € 150-375 million (2022: € 375–

750 million) and a probability of occurrence of <5% (2022: <5%).

In addition, Vonovia could be exposed to risks **associated with non-compliance with statutory requirements and investor or analyst expectations regarding ongoing sustainability reporting**. We currently assess this risk as being associated with a noticeable (2022: noticeable) amount of loss, but believe that it is very unlikely (2022: very unlikely) to materialize.

Current Assessment of the Main Opportunities

Assessment of Opportunities Inherent in the Business Model

Vonovia has identified earnings potential as part of the strategy it has defined and its medium-term planning. The assumptions applied within this context regarding the economic environment and market-related factors, and the company's operating business, are associated with potential for deviations. These deviations do not necessarily have to be negative (risks). Favorable business developments (opportunities) that deviate from the company's plans are also a possibility. Besides the economic opportunities, opportunities also arise from primary sustainability objectives that extend beyond the initiatives included in the company's plans.

Strategy-related Opportunities

Renting out contemporary and affordable housing in the long run, creating new homes, improving our customers' quality of living and significantly reducing the greenhouse gas emissions originating from our properties are at the core of Vonovia's corporate strategy. Our business model is designed to take into account the megatrends that are relevant to us (urbanization/shortage of housing, demographic change, climate protection) and the exploitation of economies of scale. By managing larger contiguous stocks, we can not only manage the homes we offer in a particularly cost-effective manner, but can also make an effective contribution to social tasks – first and foremost by reducing the shortage of homes in conurbations and achieving the climate transition. If social pressure to find solutions to social challenges continues to mount, the overall conditions for implementing our business model could also improve further.

According to the Federal Climate Change Act (Klimaschutzgesetz), Germany is aiming to be greenhouse gas-neutral by 2045. We can, and indeed want, to make a significant contribution to improving greenhouse gas emissions by building new homes in line with the latest energy and material standards, and by energy-efficient modernization. We made a commitment to a **climate path** that will enable us to achieve virtually greenhouse gas-neutral management of our portfolio by 2045. Homes with positive energy concepts not only protect the climate, but also reduce heating costs. This makes them more attractive to our customers. What is more, the improved structural specifications increase property values. If we make faster progress than planned on our climate path, this could have a knock-on positive impact on earnings and value development.

Low-emission refurbishment and new construction measures entail substantial investment. In this respect, we benefit from the fact that optimizing the energy efficiency of our portfolio has been at the core of our climate strategy since as long ago as 2017. Since then, our modernization/refurbishment rate has consistently outstripped the German average. In order to keep costs at a minimum, we make use of **innovations** (e.g., Energiesprong) and focus on tried-and-tested urban quarter approaches in the implementation process. We reduce construction times and conserve resources through efficient construction methods and the use of sustainable, ecological building materials. Should the overall economic conditions (interest rates, subsidy conditions, construction prices) improve, we could make even greater use of the opportunities open to us in the area of low-emission refurbishment and new construction, with a positive impact on rental income.

As we transition towards climate-neutral neighborhoods offering real quality of life, we expect opportunities to arise for us from the targeted digital networking of electricity, heat and mobility. Our company is in an excellent position, with its contiguous portfolios, to successfully implement what is known as **sector coupling**. We are cooperating with relevant research institutions and implementing successful pilot projects within this context. The concept of a networked supply to the neighborhood could be implemented on a larger scale more quickly than expected. This would then have positive implications for long-term earnings development.

Relevant opportunities are also arising for us from the expansion of **renewable energies**; this refers to the direct sale of green electricity to our tenants, as well as the production (and sale) of electricity from renewable sources at our properties. With this in mind, we are forging ahead with the expansion of photovoltaics programs and the sale of electricity to tenants (tenant electricity), among other things. Photovoltaics systems can be connected to the heat supply (heat pumps). The implementation of concepts for energy self-generation could be realized faster than planned with a corresponding positive impact on the earnings situation. The Power Purchase Agreement concluded between Vonovia and RWE Supply & Trading enables alternative ways of generating and purchasing energy and opens up further growth potential. The Power Purchase Agreements (PPA) has initially been concluded for a term of one year. The electricity will come from the Wust-Fischbeck onshore wind farm near Stendal. This makes Vonovia one of the first residential real estate companies to conclude a PPA for green electricity. Green electricity has been supplied since January 2024. The electricity is generated by ten wind turbines.

Research data on projected demographic trends suggest that **population growth** will continue both in Germany and in parts of Europe over the coming years. Immigration is a key growth driver. This means that demand for affordable housing will remain high or even continue to grow. As things stand at present, the fundamental need for housing is unlikely to be met in full by general new construction measures, either in the short or medium term. This translates directly into opportunities for us for the rental, development and new construction business.

Demographic change towards an aging society continues, and is increasingly leaving its mark. Demand for senior-friendly and affordable homes is expected to increase further over the coming years. As a result, opportunities could arise from senior-friendly modernization of our apartments and investment in new and innovative housing concepts. This is expected to come hand-in-hand with further rental growth.

In a quest to master the current social challenges, policymakers are also seeking to improve **overall conditions on the housing market**. The coalition agreement concluded by the current German government promised initiatives to both significantly increase the supply of affordable homes through new construction and transform existing properties in a manner that is as climate-neutral as possible. Implementation of these projects is currently stalling – with a marked adverse effect on the housing markets (drop in new construction, growing shortage of housing). As soon as short-term solutions can be found to address this problem in terms of improved subsidy conditions and price developments, corresponding opportunities will also emerge for us.

The **capital required** to solve the challenges facing the housing industry cannot be raised without private sector involvement. As a result, policymakers are increasingly being called upon to create an investment climate that encourages long-term equity and debt capital providers to make substantial investments in the residential real estate markets. A positive investment climate also means making the necessary ecological construction and modernization measures commercially viable, making additional land available for construction, cutting back on red tape and generally promoting acceptance of private-sector real estate investors. The increasing acceptance of long-term investors for projects in the German residential construction sector is likely to open up further development opportunities for Vonovia.

With our management platform, we pursue an efficient business model that is scalable at all times. This also makes it suitable for managing new portfolios that we add to our portfolio through **acquisitions**. Vonovia pursues acquisitions as and when opportunities present themselves in light of the current opportunities for returns and financing. If overall conditions improve, there is an opportunity for us to have a positive impact on our business development by resuming acquisitions.

Levels of satisfaction among our customers are closely linked to the performance and motivation of our **employees** working in customer service. Our corporate strategy also focuses on our employees' further development and on employee satisfaction. We aim to make use of new HR development concepts and actively shape the recruitment of new staff to fill vacant positions. We are aiming to increase the proportion of women at the first and second levels of management. All in all, further opportunities could arise for Vonovia due to the advantages associated with diversity and as a result of our increased appeal as an employer, namely higher levels of production and lower staff turnover rates.

Economic Environment and Market-related Opportunities

The housing industry is being influenced to a considerable degree by social trends. One key trend involves the influx of people from rural regions to urban areas. The infrastructure in urban areas is well developed, with extensive healthcare services available. People do not have to travel far to work and can enjoy varied leisure activities. According to analyses released by the German Federal Statistical Office, **domestic migration to the country's large metropolitan areas** will continue unchanged over the next few years. The current slowdown in construction activity is likely to result in an even greater imbalance between the supply of and demand for housing in conurbations. 350,000 to 400,000 new residential units will have to be built every year over the next twenty years. The shortage of housing in urban areas could be exacerbated further by the effects of migration from global crisis hotspots and the trend toward smaller households.

In response to the shortage of (skilled) workers, the German government has set itself the goal of promoting immigration from non-EU countries specifically. The German Federal Employment Agency (Bundesagentur für Arbeit) expects Germany to require around 400,000 immigrants a year to close the gaps on the labor market resulting from demographic changes. According to the Cologne Institute for

Economic Research, this would translate into a potential shortfall of as much as 308,000 apartments a year in the medium term.

Our company can reap considerable benefits from these trends: With our existing real estate portfolio, we focus primarily on small and medium-sized apartments in urban areas. This means that we offer the right homes in the right places. Vonovia is also in a position to counter the increasing shortage of affordable housing through our development and new construction business (to sell and to hold). This is subject to the proviso that the overall economic and political conditions and the investment environment improve. This will not be possible without deregulation measures and the provision of additional land for construction, which could, in turn, create opportunities for Vonovia.

Opportunities Arising from the Operating Business

Vonovia manages its housing portfolios throughout Germany using standardized systems and processes. Our **management platform** has been improved as part of a step-by-step process in recent years and is now highly efficient: The vacancy rate is very low. Property management costs per residential unit have been reduced considerably over the years. Customer satisfaction has risen significantly over the same period. Together with the range of housing-related services and active neighborhood management, we offer our customers a service package that is extremely competitive on the housing market.

We have our own craftsman's organization (VTS), which provides repair, maintenance and servicing for some of our residential properties. We purchase additional craftsman's services. We are aiming to continually increase the proportion of building and apartment optimizing services we provide ourselves via our craftsmen's organization as well as new building construction over the coming years. Due to the shortage of workers with the desired skills and the availability of corresponding capacities, we also intend to extend the scope of these services to cover all kinds of technical work and thus bring added value from these services to Vonovia. This is being supported by corresponding HR management concepts.

This also includes the operationalization and rapid implementation of our PV and tenant electricity capacities, for which we are establishing the corresponding staff resources to ensure that the required expertise is available. The company's own tenant electricity and heat pump tariffs and the considerable roof areas available could open up operational earnings opportunities for the company and make a relevant contribution to the energy and climate transition.

The **Value-add Business** offers our customers services that are closely related to the rental business. Opportunities associated with additional earnings potential could also arise here at all stages in the value chain – be it through the company's development of its own innovative services or through the acquisition of start-ups or other companies. In the Value-add Business, promising opportunities could arise both from entry into the B2B business and from moves to expand existing business models to include customer groups outside of Vonovia.

In tandem with our moves to expand our existing housing-related services (also by way of potential third-party business), we believe that digitalization offers the potential to further increase customer loyalty to our business model, e.g., through customer loyalty programs, communication platforms or networking.

Digitalization opens up considerable development opportunities for the real estate industry and, as a result, also for Vonovia – in terms of both technology and process optimization. We are still making systematic investments in testing and expanding new technologies. Two of the areas we are focusing on are articifical intelligence and robotics.

We expect opportunities to arise from the systematic roll-out of concepts such as predictive maintenance, process automation, building information modeling (digital modeling of real estate projects), home automation (setting up smart information systems and interfaces at the level of the customer) and a closer digital connection to the customer. One key component for the implementation of our digital strategy is the digital twin. In the future, it will mirror each of our buildings with all its various systems, enabling optimum management.

Predictive maintenance, for example, could allow potential damage to elevators or heating units to be recognized and prevented in a timely manner in the future. Smart home systems allow tenants to consciously manage their energy costs. Digital communication platforms have the potential to improve dialog with tenants, but also to support loyalty to the company and links within the neighborhood. These opportunities for the company's operating business resulting from digitalization should also have an impact on and through customer satisfaction. Targeted acquisitions and collaboration initiatives with suitable start-ups at all stages in the value chain to enable the further implementation of digital solutions within Vonovia's processes, but also at the various interfaces, could open up further earnings and expertise potential for the company.

One factor that Vonovia cannot control itself, but which is important for successful and, most importantly, efficient project implementation, is the digitalization of public administration. The streamlining of administrative processes could accelerate, and have a positive impact on, Vonovia's development and new construction business by allowing building permits to be approved faster.

Financial Opportunities

Vonovia has benefited from good conditions on the capital and banking market in recent years to establish a very stable capital structure. We now have a broad range of financing instruments that are balanced and stable in the long term. This is reflected in a consistently high credit rating. The latest bond issues show that our company still has good opportunities available to it, even in a difficult capital market environment, to successfully realize upcoming (re)financing measures or to raise necessary liquidity. During this phase, we are responding to the continued high level of trust placed in us by investors by paying particular attention to cost discipline and a forward-looking capital structure policy. Together with the diversification strategy for liquidity procurement that we have been pursuing for many years now, we still have the opportunity in the current capital market environment to optimize the structure and conditions of our financial liabilities.

Rising inflation and interest rates recently forced us to reassess the profitability of our investments. Ongoing pursuit of our sustainability targets remained non-negotiable during this process. As a result, we are currently focusing more on financing using our own funds (internal financing). In order to generate the necessary funds, we are continuing with the program involving the sale of selected portfolios, as announced. We are also tapping into new sources of financing. These include private equity joint ventures in which long-term investors acquire minority stakes in selected portfolios, with Vonovia retaining a buy-back option for these properties. More intensive sales efforts for our development projects will also have a positive effect on our internal financing power. All in all, stronger internal financing potential could allow for investment decisions, where appropriate opportunities arise, to boost the company's overall profitability or to allow it to pursue more sustainability initiatives and earnings potential.

By strengthening the proportion of equity and focusing on internal financing, we have achieved optimum capital allocation. This is a significant value driver that opens up opportunities for return-oriented sustainable investment.

Strengthening of financial position, boosting the profitability of our (sustainability) investments and expanding our market share in urban areas could have a positive impact on how our investors and ratings agencies assess us, resulting in a further improvement in our attractive financing options.

Our investments in affordable homes are associated with a cash flow that is largely independent of economic factors. The resulting stability allows us to service our financial liabilities with a relative degree of certainty, even in times of economic or political crisis. This is evident, in particular, from the fact that our rent default rate, which was already low to begin with, has not increased to any significant degree, even in the year dominated by Russia's war of aggression against Ukraine and supply chain disruption that was 2022.

Forecast Report

Business Outlook for 2024

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 2024 fiscal year is based on determined and updated corporate planning for the Vonovia Group as a whole and considers current business developments as well as possible opportunities and risks. 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 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 → **Opportunities and Risks**).

We expect the price increases on the construction and commodity markets, in particular, continue to have a moderate 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. Unchanged high interest rates and inflation continue to create increased volatility on the equity and debt capital markets. 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.

The EBITDA contribution for our core **Rental** business is expected to more or less match the previous year's level. In a year-on-year comparison, organic rent increases and associated higher rental income will be offset by higher rent losses stemming from sales resulting in a smaller portfolio. As far as the **Value-add** segment is concerned, we expect to see a pronounced increase in Adjusted EBITDA in 2024, mainly as a result of us ramping our investment activity back up. We also predict a marked increase in the EBITDA contribution for our **Development** segment thanks to higher demand for new condominiums. Depending on how the demand for existing apartments develops going forward, we expect Adjusted EBITDA in the **Recurring Sales** segment to be up slightly year-on-year. The **Care** segment was reported as a discontinued operation at the end of the 2023 fiscal year and is therefore no longer included in the 2024 forecast. At Group level, we therefore expect to see an **Adjusted EBITDA Total** that is roughly on a par with the previous year overall.

The rise in interest rates over the last two years is resulting in a marked increase in borrowing costs and the associated adjusted net financial result. Based on stable depreciation and amortization, we therefore expect **Adjusted EBT** to be slightly below the previous year's level.

Due in particular to heavier investment in our existing portfolio, we expect our **investment activity** to increase in 2024. In addition, we expect the value of our company to increase further and, as a result, predict a slight increase in **EPRA NTA per share**, leaving any further market-related changes in property value out of the equation.

The values for the individual weighted targets for the 2024 fiscal year produce a standardized forecast of 100% for the **Sustainability Performance Index**.

The table below provides an overview of the development of our forecast performance indicators and the target achievement level for these indicators in the 2023 fiscal year.

	Actual 2022	Forecast for 2023	Forecast for 2023 in the 2023 Q3 Report***	Actual 2023
Total segment revenue (incl. discontinued operations)	€ 6.3 billion	€ 6.4–7.2 billion	moderately below previous year	€5,638.1 million
Adjusted EBITDA total (incl. discontinued operations)	**€2,763.1 million**	**€ 2.6–2.85 billion**	**lower end of € 2.6–2.85 billion**	**€2,652.4 million**
Group FFO (incl. discontinued operations)	**€ 2,035.6 million**	**€ 1.75–1.95 billion**	**mid-point of € 1.75–1.95 billion**	**€ 1,847.1 million**
Group FFO per share (incl. discontinued operations)*	€ 2.58	suspended	mid-point of € 2.15–2.39	€ 2.29
EPRA NTA per share**	**€ 57.48**	**suspended**	**suspended**	**€ 46.82**
Sustainability Performance Index (SPI)******	**103%**	**~100%**	**105–110%**	**111%**
Rental income	€ 3,168.1 million	€ 3.15–3.25 billion	upper end of € 3.15–3.25 billion	€ 3,253.4 million
Organic rent growth (eop)	3.3%	above previous year	3.7–3.8 %	3.8%
Modernization/portfolio investments	€ 837.4 million	~€ 0.5 billion	~€ 0.5 billion	€ 470.8 million
New construction/space creation	€ 607.1 million	~€ 0.35 billion	~€ 0.35 billion	€ 291.2 million
Number of units sold Recurring Sales	2,710	3,000–3,500	suspended	1,590
Fair value step-up Recurring Sales	38.8%	~25%	suspended	33.4%

* Based on the weighted average number of shares carrying dividend rights.
** Based on the shares carrying dividend rights on the reporting date.
*** As reported incl. Care segment and gross profit Development to hold.
****Up to and incl. 2022, excl. Deutsche Wohnen. 2023 forecast, incl. Deutsche Wohnen (excl. Care segment and SYNVIA).

The 2024 fiscal year forecast is based on the adjusted management system and does not take discontinued operations into account.

	Actual 2023	Forecast for 2024
Adjusted EBT	€ 1,866.2 million	€ 1.70–1.80 billion
Adjusted EBITDA total	€2,538.8 million	€ 2.55–2.65 billion
EPRA NTA per share*	€ 46.82	suspended
Sustainability Performance Index (SPI)	111%	100%
Rental income	€ 3,253.4 million	~€ 3.3 billion
Organic rent growth	3.8%	3.4–3.6%
Additional rent increase claim**	1.8%	>2%

* Based on the shares carrying dividend rights on the reporting date.
** For Germany: additional rent increase claim regarding the apartment in relation to the local comparable rent (OVM) that is guaranteed by law but can only be implemented once the three-year period for maximum rent growth ("Kappungsgrenze") has lapsed. The percentage value refers to the cumulative rent increase claim at the respective point in time and -for that period- cannot be added to the organic rent growth as the implementation occurs in subsequent years.

Bochum, February 28, 2024

The Management Board

Rolf Buch
(CEO)

Arnd Fittkau
(CRO)

Philip Grosse
(CFO)

Daniel Riedl
(CDO)

Ruth Werhahn
(CHRO)

Consolidated Financial Statements

Group's net assets, financial position and results of operations robust thanks to solid capital structure.

Total assets down considerably by € 9.5 billion to € 91.5 billion due to drop in residential property values.

Earnings per share down to € -7.80, the deciding factor in this trend being the non-cash earnings contribution made by the valuation of investment properties in the amount of € -10.7 billion.

Consolidated Income Statement

for the period from January 1 until December 31

in € million	Notes	2022 (adjusted)	2023
Revenue from property letting		4,747.4	4,706.9
Other revenue from property management		147.1	167.6
Revenue from property management	B10	**4,894.5**	**4,874.5**
Income from disposal of properties		3,242.4	867.7
Carrying amount of properties sold		-3,172.0	-808.0
Revaluation of assets held for sale		68.0	18.4
Profit from the disposal of properties	B11	**138.4**	**78.1**
Revenue from disposal of real estate inventories		588.4	354.0
Cost of sold real estate inventories		-460.9	-304.6
Profit from disposal of real estate inventories	B12	**127.5**	**49.4**
Net income from fair value adjustments of investment properties	B13	-1,177.6	-10,651.2
Capitalized internal expenses	B14	673.1	470.4
Cost of materials	B15	-2,445.8	-2,100.5
Personnel expenses	B16	-713.7	-766.3
Depreciation and amortization	D26	-1,180.2	-410.8
Other operating income	B17	190.1	242.9
Impairment losses on financial assets		-49.8	-27.6
Net income from the derecognition of financial assets measured at amortized cost		-2.9	-1.7
Other operating expenses	B18	-380.5	-434.0
Net income from investments accounted for using the equity method		-436.6	-75.7
Interest income	B19	115.5	227.8
Interest expenses	B20	-366.9	-810.2
Other financial result	B21	10.3	149.7
Earnings before tax		**-604.6**	**-9,185.2**
Income taxes	B22	29.8	2,577.1
Profit for the period from continuing operations		**-574.8**	**-6,608.1**
Profit for the period from discontinued operations		**-94.6**	**-148.1**
Profit for the period		**-669.4**	**-6,756.2**
Attributable to:			
Vonovia's shareholders		-643.8	-6,285.1
Non-controlling interests		-25.6	-471.1
Earnings per share from continuing operations (diluted) in €		**-0.72**	**-7.64**
Earnings per share from continuing operations (basic) in €		**-0.72**	**-7.64**
Earnings per share total (diluted) in €	C24	**-0.82**	**-7.80**
Earnings per share total (basic) in €	C24	**-0.82**	**-7.80**

Consolidated Statement of Comprehensive Income

for the period from January 1 until December 31

in € million	2022	2023
Profit for the period	-669.4	-6,756.2
Change in unrealized gains/losses	77.9	-136.7
Taxes on the change in unrealized gains/losses	-23.9	43.7
Net realized gains/losses	-5.0	43.9
Taxes due to net realized gains/losses	4.1	-12.2
Profit on cash flow hedges	53.1	-61.3
Changes in the period	-408.8	-0.5
Tax effect	11.7	–
Profit on currency translation differences	-397.1	-0.5
Items which will be recognized in profit or loss in the future	-344.0	-61.8
Changes in the period	-17.1	-28.5
Taxes on changes in the period	0.6	0.8
Profit on equity instruments at fair value in other comprehensive income	-16.5	-27.7
Change in actuarial gains/losses, net	165.8	-27.5
Tax effect	-52.2	10.4
Profit on actuarial gains and losses from pensions and similar obligations	113.6	-17.1
Items which will not be recognized in profit or loss in the future	97.1	-44.8
Other comprehensive income	-246.9	-106.6
Total comprehensive income	**-916.3**	**-6,862.8**
Attributable to:		
Vonovia's shareholders	-894.5	-6,390.1
thereof from continuing operations	-824.5	-6,263.6
thereof from discontinued operations	-70.0	-126.5
Non-controlling interests	-21.8	-472.7

Consolidated Balance Sheet

Assets

in € million	Notes	Dec. 31, 2022 (adjusted)	Dec. 31, 2023
Intangible assets	D26	1,659.5	1,423.7
Property, plant and equipment	D27	673.4	655.1
Investment properties	D28	92,300.1	81,120.3
Financial assets	D29	745.0	1,456.3
Investments accounted for using the equity method	D30	240.1	157.9
Other assets	D31	380.2	221.7
Deferred tax assets	D32	39.6	86.4
Total non-current assets		**96,037.9**	**85,121.4**
Inventories	D33	32.1	19.7
Trade receivables	D34	161.0	593.2
Financial assets	D29	768.2	1,007.8
Other assets	D31	621.0	660.3
Income tax receivables	D32	239.9	178.2
Cash and cash equivalents	D35	1,302.4	1,374.4
Real estate inventories	D36	2,156.3	1,957.7
Assets held for sale	D37	70.8	313.1
Assets from discontinued operations	D37	–	770.1
Total current assets		**5,351.7**	**6,874.5**
Total assets		**101,389.6**	**91,995.9**

Equity and Liabilities

in € million	Notes	Dec. 31, 2022 (adjusted)	Dec. 31, 2023
Subscribed capital		795.8	814.6
Capital reserves		5,151.6	2,681.2
Retained earnings		25,605.1	22,505.1
Other reserves		-221.0	-318.3
Total equity attributable to Vonovia shareholders		**31,331.5**	**25,682.6**
Non-controlling interests		3,107.3	4,262.0
Total equity	E38	**34,438.8**	**29,944.6**
Provisions	E39	655.7	606.9
Trade payables	E40	5.2	7.0
Non-derivative financial liabilities	E41	41,269.7	39,636.5
Derivatives	E42	–	59.2
Lease liabilities	E44	641.0	629.3
Liabilities to non-controlling interests	E45	220.0	167.7
Financial liabilities from tenant financing	E46	43.0	41.6
Other liabilities	E47	27.9	51.0
Deferred tax liabilities	B22	18,612.4	15,713.2
Total non-current liabilities		**61,474.9**	**56,912.4**
Provisions	E39	238.0	202.9
Trade payables	E40	563.3	486.4
Non-derivative financial liabilities	E41	3,790.0	3,260.6
Derivatives	E42	1.3	0.1
Put options	E43	270.9	316.2
Lease liabilities	E44	41.5	43.9
Liabilities to non-controlling interests	E45	15.9	30.7
Financial liabilities from tenant financing	E46	112.1	112.5
Current income taxes		241.3	260.0
Other liabilities	E47	201.6	283.6
Liabilities from discontinued operations	D37	–	142.0
Total current liabilities		**5,475.9**	**5,138.9**
Total liabilities		**66,950.8**	**62,051.3**
Total equity and liabilities		**101,389.6**	**91,995.9**

Consolidated Statement of Cash Flows

for the period from January 1 until December 31

in € million	Notes	2022	2023
Profit for the period		-669.4	-6,756.2
Net income from fair value adjustments of investment properties	B13	1,269.8	10,844.5
Revaluation of assets held for sale	B11	-68.0	-18.4
Depreciation and amortization	D26	1,279.1	464.7
Interest expenses/income and other financial result	B19/B20/B21	263.0	456.1
Income taxes	B22	-63.3	-2,622.8
Profit on the disposal of investment properties	B11	-70.4	-59.7
Results from disposals of other non-current assets		-1.6	-0.1
Other expenses/income not affecting cash		439.9	87.6
Change in working capital		-106.6	-340.2
Income tax paid		-188.2	-154.3
Cash flow from operating activities		**2,084.3**	**1,901.2**
Proceeds from disposals of investment properties and assets held for sale		3,033.6	588.4
Proceeds from disposals of other assets		75.7	651.6
Proceeds from the disposal of other financial assets		2,399.6	–
Payments for investments in investment properties	D28	-2,475.5	-1,103.7
Payments for investments in other assets	D26/D27/D29	-228.2	-716.7
Payments for acquisition of other financial assets		-1,900.0	-314.0
Interest received		33.0	68.5
Cash flow from investing activities		**938.2**	**-825.9**

in € million	Notes	2022	2023
Cash paid to shareholders of Vonovia SE	E38	-672.3	-372.9
Cash paid to non-controlling interests		-41.7	-40.5
Proceeds from issuing financial liabilities	E41	6,802.7	4,310.3
Cash repayments of financial liabilities	E41	-8,540.1	-6,191.2
Cash repayments of lease liabilities	E44	-41.6	-36.8
Payments for transaction costs in connection with capital measures	E41	-45.9	-2.7
Payments for other financing costs	E41	-12.6	0.8
Payments in connection with the disposal of shares in non-controlling interests		-52.6	-0.3
Proceeds for the sale of shares of ongoing consolidated companies	E38	–	2,091.6
Interest paid		-541.0	-719.3
Cash flow from financing activities	A4	**-3,145.1**	**-961.0**
Influence of changes in foreign exchange rates on cash and cash equivalents		-7.8	2.1
Net changes in cash and cash equivalents		**-130.4**	**116.4**
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 (incl. discontinued operations)	D35	**1,302.4**	**1,418.8**
Less cash and cash equivalents from discontinued operations		–	44.4
Cash and cash equivalents at the end of the period*	D35	**1,302.4**	**1,374.4**

* Includes € 0.0 million (Dec. 31, 2022: € 200.6 million) in current securities classified as cash equivalents and total restricted cash of € 415.8 million (Dec. 31, 2022: € 104.1 million).

Consolidated Statement of Changes in Equity

in € million	Subscribed capital	Capital reserves	Retained earnings	Other reserves: Cash flow hedges	Other reserves: Equity instruments at fair value in other comprehensive income
As of Jan. 1, 2023	**795.8**	**5,151.6**	**25,605.1**	**41.2**	**63.9**
Profit for the period			**-6,285.1**		
Changes in the period			-16.4	-93.0	-26.8
Reclassification affecting net income				31.7	
Other comprehensive income			**-16.4**	**-61.3**	**-26.8**
Total comprehensive income			**-6,301.5**	**-61.3**	**-26.8**
Capital increase	18.8				
Premium on the issue of new shares		284.7			
Withdrawal from the capital reserves		-2,754.1	2,754.1		
Dividend distributed by Vonovia SE			-676.5		
Transactions with minority shareholders			1,076.6		
Changes recognized directly in equity		-1.0	47.3		-8.7
As of Dec. 31, 2023	**814.6**	**2,681.2**	**22,505.1**	**-20.1**	**28.4**
As of Jan. 1, 2022	**776.6**	**15,458.4**	**16,535.5**	**-11.9**	**80.7**
Profit for the period			**-643.8**		
Changes in the period			110.0	54.0	-16.8
Reclassification affecting net income				-0.9	
Other comprehensive income			**110.0**	**53.1**	**-16.8**
Total comprehensive income			**-533.8**	**53.1**	**-16.8**
Capital increase	19.2				
Premium on the issue of new shares		597.6			
Transaction costs in connection with the issue of shares		-0.7			
Withdrawal from the capital reserves		-10,903.8	10,903.8		
Dividend distributed by Vonovia SE			-1,289.2		
Changes recognized directly in equity		0.1	-11.2		
As of Dec. 31, 2022	**795.8**	**5,151.6**	**25,605.1**	**41.2**	**63.9**

Currency translation differences	Total	Equity attributable to Vonovia's shareholders	Non-controlling interests	Total equity
-326.1	**-221.0**	**31,331.5**	**3,107.3**	**34,438.8**
		-6,285.1	**-471.1**	**-6,756.2**
-0.5	-120.3	-136.7	-1.6	-138.3
	31.7	31.7		31.7
-0.5	-88.6	-105.0	-1.6	-106.6
-0.5	-88.6	-6,390.1	-472.7	-6,862.8
		18.8		18.8
		284.7		284.7
		0.0		0.0
		-676.5		-676.5
		1,076.6	1,669.2	2,745.8
	-8.7	37.6	-41.8	-4.2
-326.6	**-318.3**	**25,682.6**	**4,262.0**	**29,944.6**
57.4	**126.2**	**32,896.7**	**3,242.4**	**36,139.1**
		-643.8	**-25.6**	**-669.4**
-397.0	-359.8	-249.8	3.8	-246.0
	-0.9	-0.9		-0.9
-397.0	-360.7	-250.7	3.8	-246.9
-397.0	-360.7	-894.5	-21.8	-916.3
		19.2		19.2
		597.6		597.6
		-0.7		-0.7
				0.0
		-1,289.2		-1,289.2
13.5	13.5	2.4	-113.3	-110.9
-326.1	**-221.0**	**31,331.5**	**3,107.3**	**34,438.8**

Notes

(A): Principles of the Consolidated Financial Statements

1 General Information

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

The consolidated financial statements as of and for the year ended December 31, 2023, have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the EU. In addition, the supplementary commercial law provisions under Section 315e (1) of the German Commercial Code (HGB) have been observed. Changes due to the change in presentation of contract assets from ancillary costs and the development business, changes in presentation for provisions, which were moved to current liabilities, and changes in the presentation of the Care segment, as a discontinued operation, are set out in chapter → **[A2] Adjustment to Prior-year Figures.**

The consolidated financial statements have been prepared on the basis of amortized cost except for investment properties, assets held for sale, derivative financial instruments, plan assets and equity instruments at fair value in other comprehensive income. These are measured at their fair value. The income statement has been prepared using the nature of expense method.

These consolidated financial statements are presented in euros, which is the Group's functional currency. Unless stated otherwise, all figures are shown in million euros (€ million).

The following overview indicates the chapters on the individual topics containing disclosures on accounting policies, judgments and estimates:

Chapter	Accounting policies, judgments, estimates
A6	Currency translation
A7	Government grants
B	Profit for the period
B12	Profit on the disposal of properties
B22	Income taxes
C24	Earnings per share
D26	Intangible assets/goodwill
D27	Property, plant and equipment
D28	Investment properties
D29	Financial assets
D33	Inventories
D34	Trade receivables
D35	Cash and cash equivalents
D36	Real estate inventories
D37	Assets and liailities held for sale and discontinued operations
E38	Total equity
E39	Provisions
E41	Non-derivative financial liabilities
E44	Leases
E45	Liabilities to non-controlling interests
E46	Financial liabilities from tenant financing
F49	Share-based payment
G53	Additional financial instrument disclosures
G54	Information on the consolidated statement of cash flows

2 Adjustment to Prior-year Figures

Changes in Presentation

There were various changes in presentation in the 2023 fiscal year that also required adjustments to the prior-year figures.

The two tables below illustrate the changes as against the prior-year presentation in the balance sheet:

in € million	Dec. 31, 2022	Adjustment	Dec. 31, 2022 (adjusted)
Intangible assets	1,659.5		1,659.5
Property, plant and equipment	673.4		673.4
Investment properties	92,300.1		92,300.1
Financial assets	745.0		745.0
Investments accounted for using the equity method	240.1		240.1
Other assets	380.2		380.2
Deferred tax assets	39.6		39.6
Total non-current assets	**96,037.9**		**96,037.9**
Inventories	146.4	-114.3	32.1
Trade receivables	330.2	-169.2	161.0
Financial assets	768.2		768.2
Other assets	337.5	283.5	621.0
Income tax receivables	239.9		239.9
Cash and cash equivalents	1,302.4		1,302.4
Real estate inventories	2,156.3		2,156.3
Assets held for sale	70.8		70.8
Total current assets	**5,351.7**	**0.0**	**5,351.7**
Total assets	**101,389.6**	**0.0**	**101,389.6**

The change in presentation under assets relates to contract assets from ancillary costs (€ 114.3 million) and from the development business (€ 169.2 million). Starting in the 2023 fiscal year, these will be reported under other assets as opposed to under inventories or trade receivables as in the past.

in € million	Dec. 31, 2022	Adjustment	Dec. 31, 2022 (adjusted)
Subscribed capital	795.8		795.8
Capital reserves	5,151.6		5,151.6
Retained earnings	25,605.1		25,605.1
Other reserves	-221.0		-221.0
Total equity attributable to Vonovia shareholders	**31,331.5**		**31,331.5**
Non-controlling interests	3,107.3		3,107.3
Total equity	**34,438.8**		**34,438.8**
Provisions	655.7		655.7
Trade payables	5.2		5.2
Non-derivative financial liabilities	41,269.7		41,269.7
Derivatives	–		–
Lease liabilities	641.0		641.0
Liabilities to non-controlling interests	220.0		220.0
Financial liabilities from tenant financing	43.0		43.0
Other liabilities	27.9		27.9
Deferred tax liabilities	18,612.4		18,612.4
Total non-current liabilities	**61,474.9**		**61,474.9**
Provisions	549.7	-311.7	238.0
Trade payables	563.3		563.3
Non-derivative financial liabilities	3,790.0		3,790.0
Derivatives	1.3		1.3
Put options	270.9		270.9
Lease liabilities	41.5		41.5
Liabilities to non-controlling interests	15.9		15.9
Financial liabilities from tenant financing	112.1		112.1
Current income taxes	–	241.3	241.3
Other liabilities	131.2	70.4	201.6
Total current liabilities	**5,475.9**	**0.0**	**5,475.9**
Total liabilities	**66,950.8**	**0.0**	**66,950.8**
Total equity and liabilities	**101,389.6**	**0.0**	**101,389.6**

On the liabilities side, current provisions for bonuses and current provisions for personnel expenses amounting to € 70.4 million in total were reclassified from current provisions to other liabilities, as they are classed as accruals.

The new balance sheet line item “Current income taxes” comprises current tax liabilities and current income tax liabilities, which were recognized at € 241.3 million under current provisions in the previous year.

Disclosure of the Care Segment

As part of a strategic review of the Care segment, the management decided to discontinue and sell these operations. Endeavors to sell the Care segment have begun and it is expected to have been sold before December 2024.

The criteria for presentation as a disposal group held for sale are met. At the same time, the criteria for definition as a discontinued operation are also met. Accordingly, the majority of the segment is presented separately in the balance sheet as a disposal group held for sale/discontinued operation, and the results from the discontinued operation are shown separately in the income statement. Pursuant to IFRS 5, retrospective adjustments were made to presentation in the income statement; IFRS 5 does not provide for the restatement of the prior-year figures in the balance sheet.

The share of revenue from nursing care properties that are not part of the disposal group (2022: € 23.3 million) was reclassified from other revenue from property management to revenue from property letting, as these properties will make a long-term contribution to revenue in the Rental segment by being let to third parties. The other adjustments represent the profit share attributable to the disposal group to be hived off.

Intra-Group transactions were eliminated from the consolidated financial results in full. The eliminations were allocated to continuing operations and discontinued operations so as to take account of the decision not to continue these transactions after the disposal, as the Management Board considers this type of presentation to be useful.

For this purpose, the Management Board has eliminated the revenue resulting from transactions with continuing operations generated prior to the reclassification in the result from continuing operations, as no services will be exchanged between the continuing operations and the discontinued operations after the sale.

Income Statement

The table below illustrates the changes as against the prior-year presentation in the income statement:

in € million	2022	Adjustment	2022 (adjusted)
Revenue from property letting	4,724.6	22.8	4,747.4
Other revenue from property management	427.2	-280.1	147.1
Revenue from property management	**5,151.8**	**-257.3**	**4,894.5**
Income from disposal of properties	3,242.4		3,242.4
Carrying amount of properties sold	-3,172.0		-3,172.0
Revaluation of assets held for sale	68.0		68.0
Profit from the disposal of properties	**138.4**		**138.4**
Revenue from disposal of real estate inventories	588.4		588.4
Cost of sold real estate inventories	-460.9		-460.9
Profit from disposal of real estate inventories	**127.5**		**127.5**
Net income from fair value adjustments of investment properties	-1,269.8	92.2	-1,177.6
Capitalized internal expenses	673.3	-0.2	673.1
Cost of materials	-2,501.5	55.7	-2,445.8
Personnel expenses	-863.8	150.1	-713.7
Depreciation and amortization	-1,279.1	98.9	-1,180.2
Other operating income	218.8	-28.7	190.1
Impairment losses on financial assets	-49.8		-49.8
Net income from the derecognition of financial assets measured at amortized cost	-2.6	-0.3	-2.9
Other operating expenses	-397.5	17.0	-380.5
Net income from investments accounted for using the equity method	-436.6		-436.6
Interest income	115.5		115.5
Interest expenses	-367.6	0.7	-366.9
Other financial result	10.3		10.3
Earnings before tax	**-732.7**	**128.1**	**-604.6**
Income taxes	63.3	-33.5	29.8
Profit for the period from continuing operations	**-669.4**	**94.6**	**-574.8**
Profit for the period from discontinued operations		-94.6	-94.6
Profit for the period	**-669.4**	**0.0**	**-669.4**
Attributable to:			
Vonovia's shareholders	-643.8		-643.8
Non-controlling interests	-25.6		-25.6
Earnings per share (diluted) in €	**-0.82**		**-0.82**
Earnings per share (basic) in €	**-0.82**		**-0.82**

Segment Report

In the 2023 fiscal year, Vonovia continued with the 2022 management system unchanged for the time being. Vonovia's business was managed via the five segments: Rental, Value-add, Recurring Sales, Development and Care. For detailed information, please refer to the chapter entitled Corporate Governance in Vonovia's published 2022 Annual Report.

At the end of the fourth quarter of 2023, the presentation of earnings contributions from the Development to hold sales channel was adjusted within the Development segment. In the 2023 annual financial statements, the earnings contributions from development to hold are recognized exclusively in net income from fair value adjustments of investment properties, i.e., outside of the Adjusted EBITDA Total. The adjusted presentation is due to the greater transparency and traceability of the key figures that are relevant to governance. Furthermore, the adjustment results in a more balanced presentation of the earnings situation in the Development segment now that market conditions have changed.

The majority of the current Care segment, which is to be discontinued, is presented as a discontinued operation. This means that the Care segment is no longer included in the segment reporting.

As part of a strategic review of the Care segment, the management decided to discontinue and sell these operations. Endeavors to sell the Care segment have since begun and it is expected to have been sold before December 2024. A small part of the segment, with a business volume of € 23.3 million in segment revenue, was transferred to the Rental segment. Specifically, this relates to rental income for 25 properties operated by third parties. The previous year's figures were adjusted accordingly:

in € million	Rental	Value-add	Recurring Sales	Develop-ment	Care Business	Segments total	Other*	Consolida-tion*	Group
Jan. 1–Dec. 31, 2022 changes									
Segment revenue	**23.3**			**-433.9**	**-280.1**	**-690.7**	**-0.5**	**433.9**	**-257.3**
thereof external revenue	23.3			–	-280.1	-256.8	-0.5		-257.3
thereof internal revenue				-433.9		-433.9		433.9	
Carrying amount of assets sold							-20.5		
Revaluation from disposal of assets held for sale									
Expenses for maintenance	-0.3				7.0	6.7			
Cost of development to sell									
Cost of development to hold**				340.6		340.6		-340.6	
Operating expenses	-2.2			0.1	188.5	186.4	9.5	–	
Ancillary costs							11.5		
Adjusted EBITDA Total	**20.8**			**-93.2**	**-84.6**	**-157.0**	**–**	**93.3**	**-63.7**
Non-recurring items									0.1
Period adjustments from assets held for sale									
Income from investments/ amortization in other real estate companies									
Net income from fair value adjustments of investment properties									92.2
Depreciation and amortization (incl. depreciation on financial assets)									98.8
Net income from investments accounted for using the equity method									
Income from other investments									
Interest income									
Interest expenses									0.7
Other financial result									
EBT									**128.1**
Income taxes									**-33.5**
Profit from continuing operations									94.6
Profit from discontinued operations									-94.6
Profit for the period									

* The revenue for the Rental, Value-add, Recurring Sales and Development segments constitutes income that is regularly reported to the Management Board as the chief operating decision-maker and that reflects Vonovia's sustainable business. The revenue/costs in the "Other" and "Consolidation" columns are not part of the Management Board's segment management.
** Excluding capitalized interest on borrowed capital of € 2.5 million.

3 Consolidation Principles

Business Combinations

An entity shall account for each business combination by applying the acquisition method if it obtains control. All hidden reserves and charges of the company acquired are disclosed as part of the necessary remeasurement. Any excess of the cost of a business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities, following the disclosure of hidden reserves and charges, is recognized as goodwill in the balance sheet. The consideration transferred at the time of the acquisition and the identifiable net assets that are acquired are measured at fair value as a general rule. Transaction costs are recognized as an expense immediately insofar as they do not relate to costs pertaining to the raising of capital or the issue of debt capital.

Subsidiaries

Subsidiaries are companies that are controlled by the Group. The Group controls a company if it is exposed to risks or has rights to variable returns from its involvement with the company and has the ability to use its power of control over the company to influence the level of these returns. In the process of full consolidation, the assets and liabilities of a subsidiary are included in the consolidated financial statements in their entirety. Subsidiaries are included in the consolidated financial statements from the date on which Vonovia SE obtains control until the day control ceases.

Non-controlling Interests

The equity of a subsidiary that is not attributable to Vonovia is shown as a separate component of equity under non-controlling interests. Non-controlling interests are measured based on their share of the identified net assets of the acquired company at the time of acquisition.

Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions. Transaction costs that are directly attributable to these equity transactions are reported in retained earnings without affecting net income.

Loss of Control

If Vonovia loses control over a subsidiary, the assets and liabilities of the subsidiary in question as well as any corresponding non-controlling interests are derecognized. The result is recognized in the income statement. Any investment retained is recognized at fair value when control is lost.

Associates and Joint Arrangements

Associates and joint arrangements classified as joint ventures are accounted for using the equity method. An associate is an entity over which the investor has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. If the arrangement involves rights to the assets and obligations for the liabilities of a joint arrangement instead, then these are recognized using quota consolidation.

Business Transactions Eliminated on Consolidation

The effects of the business transactions between the entities included in the Vonovia consolidated financial statements are eliminated.

Results from business transactions with companies accounted for using the equity method are only eliminated in line with the Group's share in the investee.

The financial statements of Vonovia SE and all subsidiaries are consistently prepared according to uniform accounting policies.

4 Scope of Consolidation and Business Combinations

All in all, and including Vonovia SE, 631 companies (December 31, 2022: 654) – thereof 426 (December 31, 2022: 429) domestic companies and 205 (December 31, 2022: 225) foreign companies – have been included in the consolidated financial statements as of December 31, 2023. In addition, 16 (December 31, 2022: 25) domestic companies and one (December 31, 2022: one) foreign company were included as joint ventures and nine domestic companies (December 31, 2022: five) and two (December 31, 2022: three) foreign companies were included as associates accounted for using the equity method.

Two domestic (December 31, 2022: three foreign) companies are no longer included in the scope of consolidation as they are no longer considered to be material. These companies are shown as non-consolidated affiliated companies.

For all subsidiaries included in the consolidated financial statements, the reporting date is December 31.

The → list of Vonovia shareholdings is appended to the Notes to the consolidated financial statements as an integral part thereof.

Companies that have made use of the exemption provision set out in Section 264 (3) of the German Commercial Code (HGB) are marked accordingly in the list of shareholdings.

The year-on-year changes in the consolidated companies as of December 31, 2023, result from four companies that were established, 22 mergers, two sales, two accruals and a liquidation.

The change in joint ventures in 2023 is due to three sales, one merger and five disposals resulting from the conversion of these joint ventures into what are now associates. The number of associates changed by five additions in 2023 due to conversions, one sale and one disposal due to a loss of control resulting from a reduction in the stake held.

The number of unconsolidated affiliated companies dropped in 2023 after one acquisition, the establishment of one company, and three sales.

5 Financial Reporting of Financial Assets and Financial Liabilities

Loans and Receivables

Loans and receivables are first recognized as incurred, other non-derivative financial assets as of the day of trading. The day of trading is the date on which Vonovia becomes a contracting party of the financial instrument. All financial instruments are initially measured at fair value, taking account of transaction costs. Trade receivables are stated at the transaction price. A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire, or the financial asset is transferred and Vonovia neither retains control nor retains material risks and rewards associated with ownership of the financial asset.

Loans and receivables are stated at amortized cost using the effective interest method.

Vonovia determines whether there is an objective indication of an impairment at the level of individual financial instruments if they are material, and, for financial instruments for which no impairments have been identified at the level of the individual financial instruments or such impairments are immaterial, grouped according to risk profile. Impairments are identified for individual financial instruments when the counterparty has defaulted or breached a contract or there are indications of risks of impairments due to a rating downgrade and general information (loss event). For groups of financial instruments with similar risks, historical default probabilities in relation to the time overdue are drawn upon (loss event). An impairment is calculated after the occurrence of a loss event as the difference between the carrying amount and the value of the discounted estimated future cash flow. The original effective interest rate is taken as the discount rate. Impairment losses are recognized with effect on net income and offset directly with the carrying amount of the financial instrument. Any interest income on impaired financial instruments is still recognized. If there are indications that the amount of the impairment loss will be smaller, this reduction is credited to the financial instrument affecting net income to the extent that the sum does not exceed the amortized cost that would have been recognized if the impairment had not occurred.

Derivative Financial Instruments and Put Options

Derivative financial instruments are stated at their fair value on the day of trading when they are recognized for the first time. The fair values of the derivative financial instruments are calculated using standard market valuation methods for such instruments on the basis of the market data available on the valuation date.

With derivatives that are not designated as a hedging instrument in the balance sheet, changes in the fair value are recognized in profit or loss with effect on net income.

Compared with IAS 39, the IFRS 9 regulations relating to hedge accounting include, among other things, an expanded range of eligible hedged items, changes regarding the posting approach for certain undesignated value components of hedging instruments, the abolition of the fixed effectiveness ranges and retrospective effectiveness testing as well as the first-time introduction of "recalibration." The less restrictive provisions compared with IAS 39 make it easier to reflect economic risk management in the balance sheet, which can, in turn, reduce artificial volatility in the income statement.

At the time of application of IFRS 9, Vonovia will opt to continue to apply the hedge accounting provisions set out in IAS 39 as opposed to the provisions of IFRS 9. Vonovia applies this accounting method to all hedge relationships.

Contracts concluded for the purpose of receiving or supplying non-financial items in accordance with the company's expected purchase, sale, or use requirements (own-use contracts) are not recognized as derivative financial instruments, but rather as pending transactions under IAS 37.

With derivatives designated as hedging instruments, the recognition of changes in the fair value depends on the type of hedge:

> With a fair value hedge, the changes in the fair value of the derivative financial instruments and of the underlying hedged items attributable to the hedged risk are recognized affecting net income.
> With a cash flow hedge, the unrealized gains and losses are initially recognized in other comprehensive income to the extent that the hedge is effective. Amounts accumulated in other comprehensive income are reclassified to the income statement at the same time the underlying hedged item affects net income. To the extent that the hedge is ineffective, the change in fair value is immediately recognized in net interest.

Embedded derivative financial instruments that are combined with a non-derivative financial instrument (host contract) to form a hybrid financial instrument are to be separated from the host contract pursuant to IFRS 9 as a general rule and accounted for separately if (i) its economic risks and characteristics are not closely related to those of the host contract, (ii) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and (iii) the hybrid instrument is not measured at fair value affecting net income with changes in fair value recognized in the income statement. As soon as the derivative is to be separated from its host contract, the individual components of the hybrid financial instrument are to be accounted for based on the provisions that apply to the individual financial instruments.

In order to measure interest rate swaps, future cash flows are calculated and then discounted. The calculated cash flows result from the contract conditions. The contract conditions regularly refer to the EURIBOR/STIBOR reference rates (3M and 6M EURIBOR/STIBOR). Discounting is based on market interest rate data as of the reporting date for comparable instruments (EURIBOR/STIBOR rate of the same tenor). The fair value contains the credit risk of the interest rate swaps and therefore allows for adjustments for the company's own credit risk or for the counterparty credit risk.

To measure the cross currency swaps, future cash flows are calculated and then discounted. The calculated cash flows result from the contract conditions and the forward rates (development of exchange rates expected by the market). Discounting is based on market interest rate data as of the reporting date for comparable instruments (EURIBOR rate of the same tenor). The fair value contains the credit risk of the cross currency swaps and therefore allows for adjustments for the company's own credit risk or for the counterparty credit risk.

The fair value of the purchase price liabilities from put options/rights to reimbursement granted to minority shareholders is generally based on the going concern value of the respective company; if a contractually agreed minimum purchase price is higher than this amount, this purchase price is recognized.

Equity Instruments to Be Recognized at Fair Value in Other Comprehensive Income

In general, the equity instruments to be recognized at fair value in other comprehensive income are shares in companies that were acquired with long-term strategic intentions.

These equity instruments to be recognized at fair value in other comprehensive income are initially stated at their fair value, plus the directly attributable transaction costs. Subsequent measurement is at fair value as a general rule. Changes in the fair value are recognized in other comprehensive income.

The fair value of equity instruments to be recognized at fair value in other comprehensive income is based on quoted market prices as of the reporting date where they are available. If no market price is available, the fair value is calculated using a discounted cash flow model. If these equity instruments are derecognized, the cumulative gain or loss recognized in other comprehensive income is transferred to retained earnings, not affecting net income. Interest on interest-bearing financial instruments of this category is calculated using the effective interest method. Dividends on equity instruments in this category are shown in the income statement.

6 Currency Translation

Accounting Policies

Foreign currency transactions involving Group companies are converted into the functional currency, in accordance with the temporal method, at the exchange rate that applies on the day of the transaction. Monetary balance sheet items denominated in a foreign currency are converted at the exchange rate that applies on each reporting date. Any exchange differences are recognized affecting net income. Non-monetary items that are measured in terms of historical cost are recorded on the reporting date at the exchange rate on the date they were first recognized. Non-monetary items that are measured at fair value are translated on the reporting date using the exchange rate on the date the fair value was determined. Exchange differences relating to non-monetary items are recognized affecting net income insofar as a profit or loss on the corresponding line item is also recognized affecting net income. Otherwise, they are disclosed in other comprehensive income.

The main foreign subsidiaries included in the consolidated financial statements operate their business independently in line with functional theory. The annual financial statements of those subsidiaries whose functional currency is not the euro are converted into the reporting currency using the modified closing rate method. The functional currency of individual foreign units is always the respective local currency. Any resulting exchange differences are disclosed as a separate item in other comprehensive income. When a foreign subsidiary leaves the scope of consolidation, the cumulative exchange differences are reversed and recognized in profit or loss.

Vonovia applies the concept of functional currency translation in accordance with IAS 21 “Effects of Changes in Foreign Exchange Rates” to its consolidated financial statements. The functional currency of Vonovia SE and the reporting currency of the Vonovia Group is the euro.

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

	Closing rate		Average for period	
Basis: € 1	Dec. 31, 2022	Dec. 31, 2023	2022	2023
SEK — Swedish krona	11.12	11.10	10.63	11.48
USD — US dollar	1.07	1.11	1.05	1.08

7 Government Grants

Accounting Policies

Government grants are recognized when there is reasonable assurance that the relevant conditions will be fulfilled and that the grants will be awarded.

Government grants that do not relate to investments are regularly recognized as income in the periods in which the relevant expenses are incurred.

Expenses subsidies granted in the form of rent, interest and other expenses subsidies are recorded as income in the periods in which the expenses are incurred and shown within other revenue from property management.

Low-interest loans are government grants that are recognized at their present value within the non-derivative financial liabilities on the basis of the market interest rate at the time the loans are taken out. The difference between face value and present value is recognized as deferred income with an effect on net income over the maturity term in the line with the fixed-interest-rate period of the corresponding loans.

Where the low-interest loans are granted in the context of capitalized modernization measures, the deferred income item is reversed in proportion to depreciation, or, with investment properties that are measured based on the fair value model, over 12.5 years.

The companies that belong to the Group receive government grants in the form of construction subsidies, expenses subsidies, expenses loans and low-interest loans. In the 2023 fiscal year, Vonovia was granted low-interest loans of € 580.6 million (2022: € 109.7 million).

8 Changes in Accounting Policies, Estimates, Assumptions, Options and Judgments

Changes to Key Accounting Methods

As of January 1, 2023, the Group did not have to apply any interest rate benchmark reform.

Approach to the Interest Rate Benchmark Reform and Associated Risks

General Information

A fundamental reform of the main interest rate benchmarks is under way across the globe, including the replacement of some “Interbank Offered Rates” (IBORs) with alternative, almost risk-free interest rates (referred to as the “IBOR reform”).

Group financial instruments are exposed to IBORs that are not being replaced or reformed as part of these market-wide initiatives. The biggest risk for the Group in connection with the IBOR as of December 31, 2023, was the link to the EURIBOR and STIBOR. As these are expected to remain valid until at least 2025, no changes had to be made to the financial instruments in the period leading up to December 31, 2023, meaning that no new interest rate benchmarks have to be reflected here.

The LIBOR administrator regulated and licensed by the UK Financial Conduct Authority (FCA), the ICE Benchmark Administration (IBA), ceased publication of the USD LIBOR at the end of June 2023. The Group does not hold any financial instruments that are subject to the USD LIBOR.

The IBOR risks to which the Group was exposed as of December 31, 2023, largely relate to corporate bonds and loans linked to the EURIBOR/STIBOR. As explained above, the Group has not had to make any changes to the contractual terms for risks resulting from a link to the EURIBOR/STIBOR.

The EURIBOR calculation method changed in the course of 2019.

In July 2019, the Belgian Financial Services and Markets Authority approved the EURIBOR in accordance with the European Union Benchmarks Regulation. This allows market participants to keep using the EURIBOR for both existing and new contracts for the time being. Vonovia is keeping an eye on current developments related to the introduction of a potential EURIBOR successor, the ESTR-based EFTERM.

Derivatives

The Group holds interest rate swaps and other derivatives designated in hedging relationships to hedge cash flows for risk management purposes. The variable amounts of the interest rate swaps are linked to EURIBOR/STIBOR.

Hedge Accounting

The Group’s hedged items and hedging instruments are linked to the EURIBOR as of the reporting date. These reference rates are quoted daily and the IBOR cash flows are exchanged with the counterparties as usual.

Changes in Accounting Policies Due to New Standards and Interpretations

The following new or amended standards and interpretations became mandatory for the first time in the 2023 fiscal year. With the exception of the adjustments explained below related to IAS 12, this did not have any material effects on Vonovia’s consolidated financial statements.

- IFRS 17 “Insurance Contracts”
- IAS 1 “Presentation of Financial Statements”
- IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”
- IAS 12 “Income Taxes”

IAS 12/International Tax Reform Pillar 2

The Organization for Economic Cooperation and Development (OECD) has launched a project, BEPS (Base Erosion and Profit Shifting), to combat unfair tax competition at international level and tax loopholes, particularly in light of our digitalized economy. A two-pillar solution was developed as part of this international tax reform, with the second pillar (Pillar 2) addressing global effective minimum taxation, in particular.

The implementation status of the Pillar 2 tax regulations in terms of their transposition into national law varies considerably from country to country. The IASB published amendments to IAS 12 in May 2023 in order to avoid inconsistent accounting during this transition phase, as well as to provide users of financial statements with information that would be as useful as possible for their decisions regarding the expected impact of the tax reform. These were adopted by the EU in November 2023 and already apply for the 2023 reporting year.

In addition to a mandatory exception from the recognition of deferred taxes in connection with the Pillar 2 rules, the amendments include, in particular, extended disclosures in the notes. While the exception is designed explicitly as a temporary one, the IASB has not yet set any expiration date.

Vonovia is applying the extended regulations set out in IAS 12 as planned as of the 2023 fiscal year. The impact on the Group and the required disclosures in the notes are set out in note → **[B22] Income Taxes**.

New Standards and Interpretations Not Yet Applied

Application of the following standards, interpretations and amendments to existing standards was not yet mandatory for the 2023 fiscal year. Vonovia also did not choose to apply them in advance. It is expected that the application of the new or amended standards and interpretations will have no material effects on Vonovia's consolidated financial statements. Their application will be mandatory for the fiscal years following the dates stated in the following table:

Relevant New Standards, Interpretations and Amendments to Existing Standards and Interpretations		Effective date for Vonovia
Amendments to Standards		
IFRS 16	"Leases"	Jan. 1, 2024
IAS 1	"Presentation of Financial Statements"	Jan. 1, 2024
IAS 7	"Statement of Cash Flows"	Jan. 1, 2024*
IAS 21	"The Effects of Changes in Foreign Exchange Rates"	Jan. 1, 2025*

* Not yet endorsed.

Estimates and Assumptions

To a certain extent, the preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the reporting date as well as reported amounts of income and expenses during the reporting year. The actual amounts may differ from the estimates as the business environment may develop differently than assumed. In this case, the assumptions and, where necessary, the carrying amounts of the assets or liabilities affected are prospectively adjusted accordingly. Specific estimates and assumptions relating to individual elements of financial statements are also explained in the corresponding notes to the consolidated financial statements.

Assumptions and estimates are reviewed on an ongoing basis and are based on experience and other factors, including expectations regarding future events that appear reasonable under the given circumstances.

The estimates and assumptions that may have a material risk of causing an adjustment to the carrying amounts of assets and liabilities mainly relate to the determination of the fair value of investment properties.

The best evidence of fair value of investment properties is current prices in an active market for comparable residential properties. As such information is not completely available, however, Vonovia uses standard valuation techniques.

A detailed description of the discounted cash flow (DCF) method used can be found in chapter → **[D28] Investment Properties.**

In accordance with IAS 40 in conjunction with IFRS 13, the respective market values of the investment properties owned by Vonovia are determined. Changes in certain market conditions such as prevailing rent levels and vacancy rates may affect the valuation of investment properties. Any changes in the fair value of the investment portfolio are recognized as part of the profit for the period in the income statement and can thus substantially affect Vonovia's results of operations.

The statement of financial liabilities at amortized cost using the effective interest method takes the expected contractual cash flows into account. In some cases, the agreements do not have any fixed maturity terms. As a result, the cash flows included in the valuation are subject to management assumptions in terms of amount and term.

As explained in chapter → **[D26] Intangible Assets**, Vonovia checks for goodwill impairments on an annual basis, or if there is any reason to suspect such impairments. The next step involves determining the recoverable amount of the group of cash-generating units (CGU). This corresponds to either the fair value less costs of sale or the value in use, whichever is higher. Determining the value in use includes adjustments and estimates regarding the forecast and discounting of the future cash flow. Although the management believes that the assumptions used to determine the recoverable amount are appropriate, any unforeseeable changes in these assumptions could result in impairment losses, with a detrimental impact on the net assets, financial position and results of operations.

When determining the volume of current and deferred taxes, the Group takes into account the effects of uncertain tax items and whether additional taxes and interest may be due. This assessment is made on the basis of estimates and assumptions about future events. New information may become available that causes the Group to change its discretionary decisions regarding the appropriateness of existing tax liabilities; such changes to tax liabilities will affect the tax expense in the period in which such a change is made.

Deferred tax assets are recognized to the extent that it can be demonstrated that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that there will be sufficient future taxable profits to realize the tax benefit in the future.

In connection with the application of IFRS 15, it is assumed with respect to determining progress in relation to revenue recognition over time that the costs incurred appropriately reflect the progress as a share of total costs.

Additional estimates and assumptions mainly relate to the uniform definition of useful lives, the assumptions made on the value of land and buildings, the recognition and measurement of provisions as well as the realization of future tax benefits.

Climate risks have an impact on Vonovia's business model and strategy. They are addressed in particular by the climate path that the company has mapped out, but also by appropriate estimates and assumptions in key items of the company's net assets, financial position and results of operations. Climate risks can have a potentially negative impact and result in increased estimation uncertainties.

Physical climate risks refer to longer-term shifts in general climatic conditions. Climate events such as floods, earthquakes, extreme weather events, etc. could have an impact on our real estate portfolio and require specific crisis management measures. Climate transition risks describe the effects that can arise for companies due to the process of transformation towards a more sustainable economic system.

As part of its sustainability strategy, Vonovia has made a commitment to climate protection targets and a virtually carbon-neutral housing stock by 2045. Based on our current knowledge and expectations regarding future developments, this will not have any impact on Vonovia's balance sheet. This relates, among other things, to the fair values of investment properties, specific useful lives and the value of assets, as well as provisions for environmental risks, for which no significant need for adjustment emerges.

Options and Judgments

Options exercised and judgments made by Vonovia's management in the process of applying the entity's accounting policies that may have a significant effect on the amounts recognized in the consolidated financial statements include the following:

> The group of investments accounted for using the equity method is determined by assessing significant influence or whether there is joint control.
> Determining whether the acquisition of investment properties as part of a business combination constitutes the acquisition of a "business" or the acquisition of an individual asset or group of assets can involve discretionary judgments.
> Vonovia measures investment properties at fair value. If management had opted to use the acquisition costs model as permitted under IAS 40, the carrying amounts of the investment properties as well as the corresponding income and expense items in the income statement would differ significantly.
> The criteria for assessing in which category a financial asset is to be classified may involve discretionary judgments.
> Within the scope of revenue recognition in accordance with IFRS 15, discretionary decisions relating to the expected revenue, the total costs of a project and the degree of completion may be necessary. These have an impact on the amount and timing of revenue.
> When accounting for leases in accordance with IFRS 16, the assessment of the exercise or non-exercise of unilaterally granted termination or renewal options may involve discretionary judgment, particularly if there is no economic incentive for the exercise or non-exercise of options.
> The need to include information concerning the future in the valuation of expected defaults results in discretionary decisions regarding the impact that changes in economic factors will have on the expected defaults.
> The decision on how to define a group of cash-generating units to which goodwill is allocated may involve discretionary judgments.
> Allocating the goodwill to the group of individual cash-generating units may also involve discretionary judgments. The parameters used in the impairment test, such as the determination of undiscounted cash flows, the weighted average cost of capital and the growth rate, may also involve discretionary judgments. Due to a lack of any detailed definition of the term "operation" (IAS 36.86), the disposal of goodwill within the context of real estate sales may involve discretionary decisions.
> Defining a disposal group when selling properties can involve a discretionary decision. Due to a lack of any detailed definition of the term "a separate major line of business or geographical area of operations" (IFRS 5), classification as a discontinued operation may involve discretionary decisions. Assessing whether a sale is deemed to be highly probable within the space of a year can also involve a discretionary decision.
> At the moment, there are no definitive provisions on how to reflect a mandatory acquisition of non-controlling interests following the acquisition of control as part of a voluntary public takeover offer. In general, the acquisition of shares as part of a public offer during the second offer period is based on exactly the same conditions as those that applied in the first offer period, and the two acquisitions are closely related in terms of content and timing. This means that, even if it is executed in two offer periods, the acquisition constitutes one and the same transaction (linked transaction). Following the completion of the later acquisition, the original purchase price allocation is to be adjusted with retroactive effect from the acquisition date, resulting in a change in the consideration transferred, the fair value of net assets transferred and, consequently, the resulting goodwill.

9 Subsequent Events

On January 11, 2024, Vonovia issued a twelve-year bond worth GBP 400 million and with a coupon of 5.5%.

On January 24, 2024, Vonovia issued a five-year bond worth CHF 150 million and with a coupon of 2.565%.

With entry in the commercial register of Bochum on January 23, 2024, the cross-border merger of Vonovia Finance B.V., Amsterdam (entered in the Netherlands Chamber of Commerce under no. 58224416) was completed by absorption and backdated to January 1, 2024.

Section (B): Profit for the Period

Accounting Policies

Revenue from property management includes income from the rental of investment properties and assets held for sale, which is recognized, net of discounts, over the duration of the contracts when the remuneration is contractually fixed or can be reliably determined and collection of the related receivable is probable.

In Vonovia's financial statements, the corresponding income for all the services for **ancillary costs** performed by the end of the year is also recognized in the year in which the service is performed. This amount is recognized on a non-netted basis using the principal method, in particular due to Vonovia's business model, which provides for a large proportion of services relevant to ancillary costs being performed by Vonovia itself as Vonovia is considered by the tenant to be the primary party responsible for providing the service. For all services that it does not perform itself, Vonovia also bears an inventory risk due to the settlement method (based on rentable area), as is standard practice in the real estate sector.

In cases involving **property sales** and project developments for sale, the profit is recognized over time or at a specific point in time, depending on the contractual structure. As far as any remaining obligations are concerned, a provision is recognized for the probable risk.

Expenses are recognized when they arise or at the time they are incurred. Interest is recognized as income or expense in the period in which it is incurred using the effective interest method.

10 Revenue from Property Management

in € million	2022 (adjusted)	2023
Rental income	3,191.3	3,259.6
Ancillary costs	1,556.1	1,447.3
Revenue from property letting	**4,747.4**	**4,706.9**
Other revenue from property management	147.1	167.6
	4,894.5	**4,874.5**

11 Profit on the Disposal of Properties

in € million	2022	2023
Income from the disposal of properties	195.4	369.1
Carrying amount of properties sold	-126.2	-310.6
Profit from the disposal of investment properties	**69.2**	**58.5**
Income from the sale of assets held for sale	3,047.0	498.6
Retirement carrying amount of assets held for sale	-3,045.8	-497.4
Change in value from properties sold	68.0	18.4
Profit from the disposal of assets held for sale	**69.2**	**19.6**
	138.4	**78.1**

The fair value adjustment of residential properties held for sale, for which a purchase contract had been signed but for which transfer of title had not yet taken place as of December 31, 2023, led to a gain of € 18.4 million (2022: € 68.0 million).

In the previous year, the assets held for sale had been dominated primarily by the disposal of properties as part of the Berlin Deal (for more information, please refer to note → **[D37] Assets and Liabilities Held for Sale in the 2022 Annual Report**).

12 Profit on Disposal of Real Estate Inventories

Accounting Policies

Revenue from disposal of real estate inventories is realized either over time or at a specific point in time as soon as the customer obtains control over the asset in question. If, upon conclusion of the certified purchase agreement, control within the meaning of IFRS 15.35 (c) passes to the customer before or during the construction phase, the revenue is to be recognized as of this point in time based on the degree of completion of the construction project. Disclosure of the contract assets that fall within the scope of IFRS 15 occurs on a net basis with the corresponding advance payments received under trade receivables.

Contractual balances with an expected term of less than one year are not adjusted to reflect the time value of money.

No separate agreements are reached, in the contracts on the sale of apartments as part of the development business, on extraordinary rights of return or rescission, meaning that such rights are based on the relevant legal provisions. The same applies to warranty commitments, which are not to be treated as a separate contractual component within the meaning of IFRS 15 as a result. Existing warranty claims are always accounted for in line with the provisions of IAS 37.

In accordance with IFRS 15.94, costs for the initiation of the contracts with customers are recognized as an expense as soon as they are incurred, as the depreciation period generally would not amount to more than a year. The costs relate primarily to brokerage commission.

In cases involving **revenue recognition over time**, the percentage of completion/progress made has to be assessed. Vonovia uses the cost-to-cost method, as an input-based procedure, for this purpose. The progress made is determined based on the ratio of the capitalized contract costs incurred up until the reporting date to the estimated total contract costs that can be capitalized.

Revenue from the disposal of real estate inventories amounting to € 354.0 million (2022: € 588.4 million) comprises € 206.5 million (2022: € 407.6 million) in period-related revenue from the disposal of real estate inventories together with € 147.5 million (2022: € 180.8 million) in time-related revenue from the disposal of real estate inventories. As of the reporting date, contract assets of € 70.1 million (2022: € 169.2 million) are recognized within miscellaneous other assets in connection with the period-related revenue recognition. As of the reporting date, this amount includes advance payments received of € 76.4 million (2022: € 172.6 million). The previous year was dominated by the transfer of benefits and encumbrances for a project in Berlin in connection with the sale to an individual investor (global exit).

A transaction price of € 45.4 million (2022: € 93.3 million) is allocated to the remaining performance obligations that had not yet been satisfied (in full) at the end of the current reporting period. These amounts are expected to be recognized, affecting net income, within the next two fiscal years, with an amount of € 39.2 million attributable to 2024 and an amount of € 6.2 million to 2025.

13 Net Income from Fair Value Adjustment of Investment Properties

Investment properties are generally measured by the in-house valuation department according to the fair value model. The fair value for the nursing care properties are calculated by independent experts using a DCF method and are adjusted, where appropriate, based on findings from market observation and transactions. Any gains or losses from a change in fair value are recognized in the income statement affecting net income.

The measurement of the investment properties led to a valuation loss of € -10,651.2 million in the 2023 fiscal year (2022: € -1,177.6 million) (see → **[D28] Investment Properties**). This includes € -14.8 million (2022: € 22.6 million) for the measurement of right-of-use assets (IFRS 16).

The figure also includes the valuation result from buildings under construction (new construction/development to hold) that were completed during the reporting period and were moved to the Rental portfolio. A fair value measurement is performed for the first time when the properties are completed. This resulted in a valuation effect of € 14.2 million in the 2023 fiscal year (2022: € 90.8 million).

14 Capitalized Internal Expenses

Capitalized internal expenses in the fiscal year amount to € 470.4 million (2022: € 673.1 million) and mainly relate to the expenses of the Group's own craftsmen's organization contained in the capitalized modernization costs as well as the management costs for major modernization projects.

15 Cost of Materials

in € million	2022 (adjusted)	2023
Expenses for ancillary costs	1,568.0	1,385.5
Expenses for maintenance and modernization	722.4	533.4
Other cost of purchased goods and services	155.4	181.6
	2,445.8	**2,100.5**

16 Personnel Expenses

in € million	2022 (adjusted)	2023
Wages and salaries	591.0	628.2
Social security, pensions and other employee benefits	122.7	138.1
	713.7	**766.3**

The personnel expenses include expenses for severance payments in the amount of € 17.2 million (2022: € 11.5 million), allocations to the provisions for pre-retirement part-time work arrangements in the amount of € 13.5 million (2022: € 3.3 million) and expenses for the long-term incentive plan (LTIP) at € 4.5 million (2022: € -1.1 million) (see → **[E39] Provisions**).

In the fiscal year under review, employers' contributions to statutory pension insurance amounted to € 52.1 million (2022: € 51.3 million).

As of December 31, 2023, Vonovia had a workforce of 11,977 employees (December 31, 2022: 12,117). 3,474 employees were female as of December 31, 2023 (December 31, 2022: 3,220), and 8,503 were male (December 31, 2022: 8,897). The average figure for the year was 11,954 employees (2022: 12,077). Vonovia also employed 632 apprentices as of December 31, 2023 (December 31, 2022: 617).

17 Other Operating Income

in € million	2022 (adjusted)	2023
Compensation paid by insurance companies	87.2	90.9
Reversal of provisions	23.4	67.3
Compensation for damages and cost reimbursements	15.8	17.8
Income from previous years	9.1	7.2
Disposal of other property, plant and equipment	3.8	5.1
Dunning and debt collection fees	4.3	4.8
Miscellaneous	46.5	49.8
	190.1	**242.9**

18 Other Operating Expenses

in € million	2022 (adjusted)	2023
Consultants' and auditors' fees	84.8	100.7
Vehicle and traveling costs	38.4	39.6
Advertising costs	33.0	28.9
Communication costs and work equipment	27.4	25.5
Rents, leases and ground rents	19.5	23.1
Impairment losses on real estate inventories		21.6
Additions to provisions	7.8	19.7
Losses and reimbursements of ancillary costs	2.6	14.7
Administrative services	15.1	14.1
Non-capitalizable expenses from real estate development	13.1	13.0
Unrecognized insured losses	10.5	10.5
Other taxes	0.7	9.3
Expenses from previous years	5.1	7.8
Seminar fees	5.8	6.8
Other contribution and fees	5.1	6.6
Impairment losses on receivables	2.5	6.0
Sales incidentals	4.0	5.8
Costs of sale associated with real estate inventories	4.8	4.9
Legal and notary costs	2.4	3.7
Miscellaneous	97.9	71.7
	380.5	**434.0**

As the biggest item, miscellaneous included expenses for process adjustments and standardization as part of the integration of Deutsche Wohnen in the amount of € 21.4 million (2022: € 37.8 million), as well as a large number of smaller individual items.

19 Interest Income

in € million	2022 (adjusted)	2023
Income from non-current securities and non-current loans	50.1	60.6
Interest income from partial redemptions and repurchases of bonds	32.9	127.6
Interest received and similar income	5.5	22.9
Other interest and similar income	27.0	16.7
	115.5	**227.8**

The income from non-current securities and non-current loans relates primarily to income from loans extended to the QUARTERBACK Immobilien Group.

The interest income from partial repayments and buybacks of bonds corresponds, in the reporting year, to bonds with maturities starting in 2024 with a face value of around € 1.1 million.

Other interest and similar income in the reporting year includes income of € 0.3 million (2022: € 4.8 million) from the discounting of provisions.

20 Interest Expenses

in € million	2022 (adjusted)	2023
Interest expense from non-derivative financial liabilities	565.0	765.1
Swaps (current interest expense for the period)	10.7	-49.3
Effects from the valuation of non-derivative financial instruments	-77.8	-12.8
Effects from the valuation of swaps	-152.5	52.4
Capitalization of interest on borrowed capital re Development	-25.6	-0.6
Prepayment penalties and commitment interest	12.6	8.9
Interest accretion to provisions	11.3	22.3
Interest from leases	17.5	19.9
Other financial expenses	5.6	4.3
	366.8	**810.2**

The interest expenses mainly relate to interest expense on financial liabilities. The prepayment penalties include the fees for the unscheduled repayment of loans during the fixed interest period. The effects from the valuation of swaps reflect the opposing development in the interest rate environment in the reporting periods.

A reconciliation of net interest to net interest to be classified in accordance with IFRS 9 is shown in the following table:

in € million	2022 (adjusted)	2023
Interest income	115.5	227.8
Interest expense	-366.8	-810.2
Net interest	**-251.3**	**-582.4**
Less:		
Net interest from provisions for pensions in acc. with IAS 19	7.0	17.5
Net interest from other provisions in acc. with IAS 37	-0.6	4.5
Net interest from leases	17.5	19.9
Net interest to be classified	**-227.4**	**-540.5**

The net interest classified pursuant to IFRS 9 is as follows:

in € million	2022 (adjusted)	2023
Financial assets measured at (amortized) cost	110.7	227.5
Derivatives measured at FV through P&L	141.8	-3.1
Financial liabilities measured at (amortized) cost	-479.9	-764.9
Classification of net interest	**-227.4**	**-540.5**

21 Other Financial Result

in € million	2022 (adjusted)	2023
Income from other investments	21.2	22.1
Transaction costs	-1.4	-3.6
Purchase price liabilities from put options/rights to reimbursement	-9.3	37.9
Result from derivative valuation in connection with equity instruments	–	90.0
Miscellaneous other financial result	-0.2	3.3
	10.3	**149.7**

The income from investments includes financial income resulting from the deferred collection of profits from the investments in AVW GmbH & Co. KG, Hamburg, in the amount of € 14.4 million (2022: € 11.7 million) and WoWi Media GmbH & Co. KG, Hamburg, in the amount of € 1.1 million (2022: € 1.1 million), both in connection with housing-related services in the Value-add segment.

It also comprises financial income from investments in other residential real estate companies in the amount of € 5.8 million (2022: € 7.9 million).

Net income from the valuation of derivatives in connection with equity instruments can be attributed to the valuation of a call option that Vonovia received as part of the sale of a minority stake in the Südewo portfolio.

22 Income Taxes

Accounting Policies

Income taxes for the current and prior fiscal years are recognized as current income tax liabilities to the extent that they have not yet been paid. The current tax expense is determined on the basis of the taxable income for the fiscal year.

Deferred tax assets and liabilities are recognized using the liability method under the temporary concept, providing for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are only recognized for temporary differences and on loss carryforwards to the extent that there are deferred tax liabilities that can be netted against them – regarding deferred tax assets on loss carryforwards taking the minimum taxation into account – or, based on the predictable profits in the foreseeable future, it can be verified that they will be realized.

Deferred tax assets and liabilities are not recognized where the temporary difference arises from initial recognition of goodwill in connection with a business combination or the initial recognition (other than a business combination) of other assets and liabilities in a transaction that neither affects taxable income nor net income.

The carrying amount of a deferred tax asset is reviewed at each reporting date. If necessary, the carrying amount of the deferred tax asset is reduced to the extent that it is no longer offset by deferred tax liabilities that can be netted against it or that it is no longer probable that sufficient taxable profit will be available in the future.

Deferred taxes are measured at the tax rates that apply, or are expected to apply, to the period when the tax asset is realized or the liability is settled based on the current legislation in the countries in question. As in 2022, the combined tax rate of corporate income tax and trade tax of 33.1% was used to calculate domestic deferred taxes for 2023. The corporate income tax rate for the companies based in Austria is 23.0% based on the expectation announced for 2024, while the rate for companies based in Sweden is 20.6%.

Deferred tax assets and liabilities are netted against each other only if Vonovia has a legally enforceable right to set off the recognized amounts, when the same tax authority is involved and when the realization period is the same. In accordance with the regulations of IAS 12 “Income Taxes,” deferred tax assets and liabilities are not discounted.

in € million	2022 (adjusted)	2023
Current income tax	191.0	228.8
Prior-year current income tax	-12.1	16.6
Deferred tax – temporary differences	-285.2	-2,959.3
Deferred tax – unutilized loss carryforwards	76.5	136.8
	-29.8	**-2,577.1**

For the 2023 fiscal year, the combined tax rate of corporate income tax and solidarity surcharge for domestic companies is 15.8% (2022: 15.8%). Including trade tax at a rate of about 17.3% (2022: 17.3%), the combined domestic tax rate is 33.1% in 2023 (2022:33.1%). The corporate income tax rate for the companies based in Austria is 24.0% (2022: 25.0%), while the rate for the companies in Sweden comes to 20.6% (2022: 20.6%). The income generated by Vonovia Finance B.V. is subject to Dutch tax law; current taxes of € 1.4 million (2022: € 2.4 million) were incurred there. The other companies that hold properties and are based in the Netherlands have limited corporation tax liability in Germany. These companies, together with the other foreign companies, pay tax that is of a negligible amount from the Group’s perspective in the countries in which they are domiciled.

For deductible temporary differences (excl. loss carryforwards) in the amount of € 90.9 million (December 31, 2022: € 88.2 million), no deferred corporate income taxes or deferred trade taxes were recognized, because they are not likely to be used in the future.

As of December 31, 2023, there were corporate income tax loss carryforwards amounting to € 4,290.2 million (December 31, 2022: € 4,549.9 million), as well as trade tax loss carryforwards amounting to € 2,548.3 million (December 31, 2022: € 2,850.2 million), for which deferred tax assets have been recognized to the extent that their realization is sufficiently probable. As of December 31, 2023, there were corporate income tax loss carryforwards abroad amounting to € 348.1 million (December 31, 2022: € 435.6 million), as well as trade tax loss carryforwards amounting to € 14.4 million (2022: € 15.3 million), for which deferred tax assets have been recognized to the extent that their realization is sufficiently probable. The drop in tax loss carryforwards resulted from current tax gains at individual companies and the associated utilization of the loss carryforwards.

No deferred taxes were recognized in the balance sheet for domestic and foreign corporate income tax loss carryforwards amounting to € 1,461.5 million (December 31, 2022: € 1,342.7 million). Of this amount, € 25.9 million arose for the first time in the 2023 fiscal year (2022: € 23.4 million). Under current tax law, these loss carryforwards are not subject to restrictions either with regard to time or the amount of the loss carryforward. The fact that no deferred tax assets were recognized on the new corporate income tax loss carryforwards results in a tax effect of € 4.2 million (2022: € 3.7 million). In addition, there are further trade tax loss carryforwards subject to no restrictions with regard to how they can be carried forward in the amount of € 728.5 million in total (December 31, 2022: € 624.4 million). These did not give rise to any deferred tax assets. Of this amount, € 21.2 million arose for the first time in the 2023 fiscal year (2022: € 22.2 million) and the resulting tax effect is € 3.5 million (2022: € 3.7 million).

The remeasurement of deferred tax assets on temporary differences and loss carryforwards from the previous year led to tax expense amounting to € 31.6 million in the 2023 fiscal year (2022: income of € 8.2 million). The increase is mainly due to the remeasurement of the tax loss carryforward of a company that was included in a tax group for income tax purposes in 2023.

Deferred taxes on interest carryforwards are recognized if the interest carryforward is likely to be able to be used in the future. Due to the Group's capital structure, no interest carryforwards are likely to be able to be used in the future. As a result, no deferred tax assets have been recognized on domestic interest carryforwards in the amount of € 1,598.0 million (December 31, 2022: € 1,340.7 million). € 257.3 million of this amount arose for the first time in the reporting year (2022: € 223.9 million). The fact that no deferred tax assets were recognized on the new interest carryforward generated a tax effect of € 87.6 million in Germany (2022: € 71.4 million). Sweden has had a regulation similar to the German interest threshold since 2019. As a result, no deferred tax assets have been recognized on interest carryforwards in the amount of € 162.3 million in Sweden (2022: € 144.7 million). Of this amount, € 33.0 million (2022: € 32.7 million) arose for the first time in the reporting year. The fact that no deferred taxes were recognized generated a tax effect of € 6.8 million in Sweden (2022: € 6.7 million).

A reconciliation between disclosed effective income taxes and expected tax expense, which is the product of the accounting profit for the period multiplied by the average tax rate applicable in Germany, is shown in the table below.

in € million	2022	2023
Earnings before tax	-604.6	-9,185.2
Income tax rate in %	33.1	33.1
Expected tax expense	-200.1	-3,044.9
Trade tax effects	-1.6	170.8
Non-deductible operating expenses	149.6	236.5
Tax-free income	-42.4	-171.9
Change in the deferred tax assets on loss carryforwards and temporary differences	-8.2	31.6
New loss and interest carryforwards not recognized and utilization of interest carryforwards	22.3	102.1
Prior-year income tax and taxes on guaranteed dividends	-224.6	-20.2
Tax effect from goodwill impairment	316.3	45.9
Differing foreign tax rates	-38.4	89.3
Other tax effects (net)	-2.7	-16.3
Effective income taxes	**-29.8**	**-2,577.1**
Effective income tax rate in %	**4.9**	**28.1**

The deferred taxes refer to temporary differences in balance sheet items and unutilized loss carryforwards as follows:

in € million	Dec. 31, 2022	Dec. 31, 2023
Intangible assets	6.2	10.7
Investment properties	75.7	76.0
Inventories	142.0	116.3
Assets held for sale	0.0	5.9
Property, plant and equipment	42.3	8.3
Financial assets	6.0	2.5
Other assets	55.3	156.8
Provisions for pensions	65.4	64.3
Other provisions	45.3	55.0
Liabilities	242.4	268.1
Loss carryforwards	1,042.9	906.3
Deferred tax assets	**1,723.5**	**1,670.2**

in € million	Dec. 31, 2022	Dec. 31, 2023
Intangible assets	32.8	10.6
Investment properties	19,795.5	16,817.3
Inventories	61.1	136.5
Assets held for sale	34.9	58.3
Property, plant and equipment	48.1	9.1
Financial assets	5.1	54.5
Other assets	188.4	135.2
Provisions for pensions	2.9	0.5
Other provisions	78.0	15.4
Liabilities	49.5	59.6
Deferred tax liabilities	**20,296.3**	**17,297.0**
Excess deferred tax liabilities	**18,572.8**	**15,626.8**

Deferred tax assets and liabilities are netted against each other when the same company and the same tax authority are involved and the realization period is the same. As a result, the following deferred tax assets and liabilities are stated:

in € million	Dec. 31, 2022	Dec. 31, 2023
Deferred tax assets	39.6	86.4
Deferred tax liabilities	18,612.4	15,713.2
Excess deferred tax liabilities	**18,572.8**	**15,626.8**

The drop in deferred tax liabilities can be attributed primarily to investment properties.

The change in deferred taxes is as follows:

in € million	2022	2023
Excess deferred tax liabilities as of Jan. 1	**18,674.1**	**18,572.8**
Deferred tax expense in income statement	-208.7	-2,822.5
Deferred tax due to first-time consolidation and deconsolidation	156.5	0.2
Change in deferred taxes recognized in other comprehensive income due to equity instruments measured at fair value	-0.6	-0.8
Change in deferred taxes recognized in other comprehensive income on actuarial gains and losses from pensions and similar obligations	52.2	-10.6
Change in deferred taxes recognized in other comprehensive income on derivative financial instruments	19.8	-31.5
Balance sheet reclassification to assets and liabilities held for sale with regard to discontinued operations	–	-23.2
Deferred taxes recognized in the capital reserve on capital procurement costs of capital increases	0.1	-0.3
Currency translation differences	-77.1	-6.3
Reclassification to result from discontinued operations	-44.1	-51.3
Other	0.6	0.3
Excess deferred tax liabilities as of Dec. 31	**18,572.8**	**15,626.8**

No deferred tax liabilities are recognized for profits accumulated at subsidiaries of € 50,966.9 million (December 31, 2022: € 57,216.9 million), as these profits are to remain invested for an indefinite period or are not subject to taxation. In the event of distribution or disposal of the subsidiaries, 5% of the distributed amounts or the capital gains would be subject to German taxation so that there would normally be an additional tax obligation.

The BEPS (Base Erosion and Profit Shifting) Pillar 2 regulations (Minimum Tax Directive Implementation Act (MinBestRL-UmsG)) had already been transposed into German law (German Minimum Tax Act (MinStG)) by the balance sheet date, but had not yet entered into force. The Group falls within the scope of these regulations.

Vonovia carried out an initial indicative analysis as of the reporting date to identify the general impact of the legislation and the jurisdictions from which the Group is exposed to potential effects in connection with a Pillar 2 top-up tax.

The first step involved checking whether the CbCR (Country-by-Country Reporting) safe harbor regulations were relevant. If a country was not exempt from the Pillar 2 calculation based on a review of the safe harbor regulations, the effective tax rate was calculated on a simplified basis.

This initial indicative analysis did not identify any countries in connection with which Vonovia would be affected by a Pillar 2 top-up tax. As a result, Vonovia currently assumes that the Pillar 2 top-up tax does not apply. This means that the average effective Group tax rate would not have changed had the Pillar 2 legislation already been in force on the balance sheet date.

The Group monitors progress made in the legislative process in every country in which Vonovia operates.

Vonovia applies the exception provided for in IAS 12, based on which no deferred tax assets or liabilities are recognized in connection with OECD Pillar 2 income taxes and no disclosures are made in this regard either.

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

23 Segment Reporting

Vonovia is an integrated residential real estate company with operations across Europe. The company's strategy is focused on sustainably increasing the value of the company. This is achieved by managing the company's own portfolio sustainably and with a view to enhancing its value, investing in existing residential properties in order to create value, building new residential buildings and selling individual apartments as well as by engaging in active portfolio management and offering property-related services. For the purposes of managing the company, we make a distinction between four segments **Rental, Value-add, Recurring Sales** and **Development at the end of 2023.** We also report the **Other** segment, which is not relevant from a corporate management perspective, in our segment reporting. This includes the sale, only as and when the right opportunities present themselves, of entire buildings or land (Non Core/Other) that are likely to have below-average development potential in terms of rent growth in the medium term and are located in areas that can be described as peripheral compared with Vonovia's overall portfolio and in view of future acquisitions. Ancillary costs are also reported under "Other."

The majority of the current Care segment, which is to be discontinued, is presented as a discontinued operation. As part of the strategic review of the Care business area, the management had already adopted a plan to sell the Care segment back in the 2021 fiscal year. Endeavors to sell the Care segment have since begun and it is expected to have been sold before December 2024. A small part of the Care segment, with a business volume of € 23.3 million in segment revenue, was transferred to the Rental segment. Specifically, this relates to rental income for 25 properties operated by third parties. The previous year's figures were adjusted accordingly.

The **Rental** segment combines all of the business activities that are aimed at the value-enhancing management of our own residential real estate. It includes our property management activities in Germany, Austria and Sweden. The consolidation of our property management activities in Germany, Austria and Sweden to form one single reporting segment is based on the similarities that we see in the property management business in these three countries. This applies to the way in which services are provided and the individual service processes that form part of the property management business as well as to the customers in the residential rental market and the type of customer acquisition used.

Overall, the residential rental market in all three countries is characterized by a shortage of housing and is regulated by statutory requirements, resulting in return expectations that are similar in the long term.

The **Value-add** segment bundles all of the housing-related services that we have expanded our core rental business to include. These services include both the maintenance and modernization work on our residential properties and services that are closely related to the rental business. We allocate the activities relating to the craftsmen's and residential environment organization, the condominium administration business, the cable TV business, metering services, energy supplies and our insurance services to the Value-add segment.

The **Recurring Sales** segment includes the regular and sustainable disposals of individual condominiums and single-family houses from our portfolio. The consolidation of our sales activities in Germany and Austria to form one single reporting segment is based on the similarities that we see in the property management business in these two countries. It does not include the sale of entire buildings or land (Non Core/Other). These properties are only sold as and when the right opportunities present themselves, meaning that the sales do not form part of the Recurring Sales segment. We report these opportunistic sales in the **Other** column of the segment report.

The **Development** segment combines cross-country development activities and includes the project development of new residential buildings. The consolidation of our development activities in Germany, Austria and Sweden to form one single reporting segment is based on the similarities that we see in the business in these three countries. The business covers the value chain starting with the purchase of land without any development plan/dedicated purpose and ending with the completion and sale of new buildings and new construction measures on our own properties. These properties are either incorporated into our own portfolio or sold to third parties.

In the previous years, the Adjusted EBITDA of the Development segment included the fair value step-up for properties that were completed in the reporting period and had been added to our own portfolio. At the end of the fourth quarter of 2023, the presentation of contributions to earnings made by the Development to hold sales channel was adjusted within the Development segment. Details are set out in the Notes under Adjustment to Prior-year Figures. In the future, all earnings contributions made by Development to hold will be recognized in the valuation results, i.e., outside of segment revenue and Adjusted EBITDA.

This brings the management approach into the IFRS standard governing the measurement of investment properties (IAS 40). The previous year's figures were adjusted accordingly.

Planning and controlling systems ensure that resources are efficiently allocated and their successful use is monitored on a regular basis. Reporting to the chief decision-makers and thus the assessment of economic performance as well as the allocation of resources are performed on the basis of this segmentation. Asset and liability items are not reported separately by segment. Internal reporting is based on the IFRS reporting standards in general.

As chief decision-makers of Vonovia, the Management Board members monitor the contribution made by the segments to the company's performance on the basis of the segment revenue as well as the Adjusted EBITDA.

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

in € million	Rental	Value-add	Recurring Sales	Develop-ment	Segments total	Other*	Consolida-tion*	Group
Jan. 1–Dec. 31, 2023								
Segment revenue (continuing operations)**	**3,253.4**	**1,224.7**	**319.3**	**353.7**	**5,151.1**	**2,001.0**	**-1,055.9**	**6,096.2**
thereof external revenue	3,253.4	130.9	319.3	353.7	4,057.3	2,001.0	37.9	6,096.2
thereof internal revenue		1,093.8			1,093.8		-1,093.8	
Carrying amount of assets sold**			-258.9		-258.9	-552.8		
Revaluation from disposal of assets held for sale			19.5		19.5	5.2		
Expenses for maintenance	-426.2				-426.2			
Cost of Development to sell				-300.9	-300.9			
Operating expenses	-425.5	-1,119.2	-16.5	-39.6	-1,600.8	-80.1	1,073.6	
Ancillary costs						-1,385.5		
Adjusted EBITDA total (continuing operations)	**2,401.7**	**105.5**	**63.4**	**13.2**	**2,583.8**	**-12.2**	**17.7**	**2,589.3**
Non-recurring items								-147.9
Period adjustments from assets held for sale								-6.3
Income from investments/ amortization in other real estate companies								5.8
Net income from fair value adjustments of investment properties								-10,651.2
Depreciation and amortization (incl. depreciation on financial assets)								-444.4
Net income from investments accounted for using the equity method								-75.7
Income from other investments								-22.1
Interest income								227.8
Interest expenses								-810.2
Other financial result								149.7
EBT								**-9,185.2**
Income taxes								**2,577.1**
Profit from continuing operations								**-6,608.1**
Profit from discontinued opera-tions								-148.1
Profit for the period								**-6,756.2**

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

in € million	Rental	Value-add	Recurring Sales	Develop-ment	Segments total	Other*	Consolida-tion*	Group
Jan. 1–Dec. 31, 2022 (adjusted)								
Segment revenue (continuing operations)**	**3,186.7**	**1,272.0**	**543.4**	**564.1**	**5,566.2**	**4,282.8**	**-1,123.7**	**8,725.3**
thereof external revenue	3,186.7	119.6	543.4	564.1	4,413.8	4,282.8	28.7	8,725.3
thereof internal revenue		1,152.4			1,152.4	–	-1,152.4	
Carrying amount of assets sold***			-471.1		-471.1	-2,721.4		
Revaluation from disposal of assets held for sale			79.5		79.5	40.8		
Expenses for maintenance	-443.9				-443.9			
Cost of Development to sell				-440.4	-440.4			
Operating expenses	-488.5	-1,145.3	-16.7	-33.7	-1,684.2	3.0	1,128.4	
Ancillary costs						-1,568.0		
Adjusted EBITDA total (continuing operations)**	**2,254.3**	**126.7**	**135.1**	**90.0**	**2,606.1**	**37.2**	**4.7**	**2,648.0**
Non-recurring items								-127.4
Period adjustments from assets held for sale								-52.3
Finance income from investments in other real estate companies								7.9
Net income from fair value adjustments of investment properties								-1,177.6
Depreciation and amortization (incl. depreciation on financial assets)								-1,204.3
Net income from investments accounted for using the equity method								-436.6
Income from other investments								-21.2
Interest income								115.5
Interest expenses								-366.9
Other financial result								10.3
EBT								**-604.6**
Income taxes								**29.8**
Profit from continuing operations								**-574.8**
Profit from discontinued operations								-94.6
Profit for the period								**-669.4**

* The revenue for the Rental, Value-add, Recurring Sales and Development segments constitutes income that is regularly reported to the Management Board as the chief operating decision-maker and that reflects Vonovia's sustainable business. The revenue/costs in the "Other" and "Consolidation" columns are not part of the Management Board's segment management.
** Previous year's values (2022) adjusted to current key figure and segment definition -> [A2] Adjustment to Prior-year Figures.
*** Incl. cost of sold real estate inventories in the Recurring Sales segment.

To show the development of operating performance and to ensure comparability with previous periods, we calculate adjusted EBITDA for each of our segments: Rental, Value-add, Recurring Sales and Development. The sum of these key figures produces the Group's Adjusted EBITDA Total (continuing operations).

The adjustments made include items that are not related to the period, items that recur irregularly and items that are atypical for business operation. The non-recurring items include the expenses for pre-retirement part-time work arrangements and severance payments, the development of new fields of business and business processes, acquisition projects including integration costs, research and development and expenses for refinancing and equity increases (where not treated as capital procurement costs).

In the 2023 fiscal year, the **non-recurring items** eliminated in the Adjusted EBITDA Total (continuing operations) came to € 147.9 million (2022: € 127.4 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:

in € million	Jan. 1– Dec. 31, 2022**	Jan. 1– Dec. 31, 2023
Transactions*	113.1	70.0
Personnel matters	-3.1	35.1
Business model optimization	12.2	34.9
Research & development	4.2	6.8
Refinancing and equity measures	1.0	1.1
Total non-recurring items	**127.4**	**147.9**

* Including one-time expenses in connection with acquisitions, such as HR measures relating to the integration process and other follow-up costs.
** Previous year's values (2022) adjusted to current key figure and segment definition -> [A2] Adjustment to Prior-year Figures.

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

in € million	Rental	Value-add	Recurring Sales	Development	Other	Total
Jan. 1–Dec. 31, 2023						
Revenue from ancillary costs (IFRS 15)					1,169.3	1,169.3
Income from the disposal of real estate inventories			4.5	348.6	0.9	354.0
Other revenue from contracts with customers	37.3	129.5		0.8		167.6
Revenue from contracts with customers	**37.3**	**129.5**	**4.5**	**349.4**	**1,170.2**	**1,690.9**
thereof period-related				206.5		206.5
thereof time-related	37.3	129.5	4.5	142.9	1,170.2	1,484.4
Revenue from rental income (IFRS 16)	3,253.4	1.1		5.1		3,259.6
Revenue from ancillary costs (IFRS 16)**					278.0	278.0
Other revenue	**3,253.4**	**1.1**	**–**	**5.1**	**278.0**	**3,537.6**
Revenue	**3,290.7**	**130.6**	**4.5**	**354.5**	**1,448.2**	**5,228.5**
Jan. 1–Dec. 31, 2022 (adjusted)*						
Revenue from ancillary costs (IFRS 15)					1,334.5	1,334.5
Income from the disposal of real estate inventories			27.7	560.7		588.4
Other revenue from contracts with customers	27.8	118.4	–	0.8		147.0
Revenue from contracts with customers	**27.8**	**118.4**	**27.7**	**561.5**	**1,334.5**	**2,069.9**
thereof period-related				407.6		407.6
thereof time-related	27.8	118.4	27.7	153.9	1,334.5	1,662.3
Revenue from rental income (IFRS 16)	3,186.7	1.2		3.5		3,191.4
Revenue from ancillary costs (IFRS 16)*					221.6	221.6
Other revenue	**3,186.7**	**1.2**	**–**	**3.5**	**221.6**	**3,413.0**
Revenue	**3,214.5**	**119.6**	**27.7**	**565.0**	**1,556.1**	**5,482.9**

* According to current definition.
** Includes land tax and buildings insurance.

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

in € million	Revenue Jan. 1– Dec. 31, 2022*	Revenue Jan. 1– Dec. 31, 2023	Assets Dec. 31, 2022**	Assets Dec. 31, 2023
Germany	4,644.2	4,643.6	84,426.0	73,702.5
Austria***	474.4	236.6	3,512.8	3,148.9
Sweden	360.6	348.3	7,074.3	6,569.3
Other countries	3.7	0.0	0.2	0.0
Total	**5,482.9**	**5,228.5**	**95,013.3**	**83,420.7**

* Previous year's values (2022) adjusted to current key figure and segment definition -> [A2] Adjustment to Prior-year Figures.
** Previous year adjusted to exclude financial assets.
*** Revenue in Austria in 2022 incl. Global Exit (Gäblerstrasse).

24 Earnings per Share

Accounting Policies

The basic **earnings per share** are calculated by dividing the profit for the period attributable to the shareholders by the weighted average number of ordinary shares in circulation during the reporting period. The diluted earnings per share are obtained by adjusting the profit for the period and the number of outstanding shares on the basis of the assumption that convertible instruments will be converted, options or warrants will be exercised or ordinary shares will be issued under certain conditions. Potential ordinary shares will only be included in the calculation if the conversion into ordinary shares would reduce the earnings per share.

in € million	2022	2023
Profit for the period attributable to Vonovia's shareholders (in € million)	-643.8	-6,285.1
Weighted average number of shares	788,254,448	806,251,614
Earnings per share (basic and diluted) in €	**-0.82**	**-7.80**

At the end of the reporting period, no diluting financial instruments were in circulation. The basic earnings per share correspond to the diluted earnings per share.

25 Management Board's Proposal for the Appropriation of Profit

The Management Board and the Supervisory Board propose to the Annual General Meeting that, of the profit of Vonovia SE for the 2023 fiscal year of € 750,000,000.00, an amount of € 733,180,498.20 on the 814,644,998 shares of the share capital as of December 31, 2023 (corresponding to € 0.90 per share) be paid as a dividend to the shareholders, and that the remaining amount of € 16,819,501.80 be carried forward to the new account or be used for other dividends on shares carrying dividend rights at the time of the Annual General Meeting and which go beyond those as of December 31, 2023.

As in the previous fiscal years, including 2022, the dividend for the 2023 fiscal year, payable after the Annual General Meeting in May 2024, will again include the option of a non-cash dividend in shares, to the extent that the Management Board and the Supervisory Board consider this to be in the interests of the company and its shareholders.

Section (D): Assets

26 Intangible Assets

in € million	Concessions, industrial property rights, license and similar rights	Self-developed software	Customer relationships and non-competition clause	Trademark rights	Goodwill	Total
Cost						
As of Jan. 1, 2023	138.1	10.9	54.4	152.6	9,304.3	9,660.3
Additions	10.4	4.2				14.6
Disposals	-5.6					-5.6
Changes in value from currency translation					3.3	3.3
Transfers	-1.9		-0.8			-2.7
Transfer into discontinued operations	-5.2		-42.4	-86.0		-133.6
As of Dec. 31, 2023	135.8	15.1	11.2	66.6	9,307.6	9,536.3
Accumulated amortization						-
As of Jan. 1, 2023	107.6	7.7	25.1	86.0	7,774.4	8,000.8
Amortization in reporting year	13.5	2.4	0.1	66.6		82.6
Amortization in reporting year for discontinued operations	0.3		6.5			6.8
Impairment					138.2	138.2
Disposals	-5.4					-5.4
Changes in value from currency translation					3.3	3.3
Transfers	-2.7					-2.7
Transfer into discontinued operations	-4.2		-20.8	-86.0		-111.0
As of Dec. 31, 2023	109.1	10.1	10.9	66.6	7,915.9	8,112.6
Carrying amounts						-
As of Dec. 31, 2023	26.7	5.0	0.3	-	1,391.7	1,423.7
Cost						
As of Jan. 1, 2022	143.5	8.1	57.5	152.6	9,372.1	9,733.8
Additions	12.9	2.9				15.8
Disposals	-20.0		-3.1			-23.1
Changes in value from currency translation		-0.1			-67.8	-67.9
Transfers	1.7					1.7
As of Dec. 31, 2022	138.1	10.9	54.4	152.6	9,304.3	9,660.3
Accumulated amortization						-
As of Jan. 1, 2022	99.0	6.0	18.0	-	6,887.9	7,010.9
Amortization in reporting year	20.7	1.7	7.8	86.0		116.2
Impairment					954.3	954.3
Disposals	-13.0		-0.7			-13.7
Changes in value from currency translation					-67.8	-67.8
Transfers	0.9					0.9
As of Dec. 31, 2022	107.6	7.7	25.1	86.0	7,774.4	8,000.8
Carrying amounts						-
As of Dec. 31, 2022	30.5	3.2	29.3	66.6	1,529.9	1,659.5

Accounting Policies

Acquired other intangible assets are stated at amortized cost. **Internally generated other intangible assets** are stated at amortized cost provided that the requirements of IAS 38 for the capitalization of internally generated intangible assets are met. Acquired trademark rights that are identified have an indefinite useful life and are subject to regular impairment testing. All of Vonovia's miscellaneous other intangible assets have definite useful lives and are amortized on a straight-line basis over their estimated useful lives. Software and licenses are amortized on the basis of a useful life of three years.

In accordance with IAS 36 "Impairment of Assets," other intangible assets are tested for impairment whenever there is an indication of an impairment. Impairment testing is performed at least once a year. An impairment loss is recognized when an asset's recoverable amount is less than its carrying amount. If the recoverable amount cannot be determined for the individual asset, the impairment test is conducted on the cash generating unit (CGU) to which the asset belongs. Impairment losses are recognized as expenses in the income statement affecting net income.

An impairment loss recognized for prior periods is reversed if there has been a change in the estimates used to determine the asset's (or the CGU's) recoverable amount since the last impairment loss was recognized. The carrying amount of the asset (or the CGU) is increased to the newly estimated recoverable amount. The carrying amount is limited to the amount that would have been determined if no impairment loss had been recognized in prior years for the asset (or the CGU).

Customer Relationships and Similar Values

Customer relationships for activities in the Care segment with definite useful lives of between five and six years were allocated to the assets of the discontinued operations in the fiscal year under review.

The acquired "BUWOG" brand name for the development business was written off in full in the amount of € 66.6 million as part of an (ad hoc) impairment test conducted in the second quarter of 2023 for the Development segment. Information on the approach to impairment testing can be found in the subchapter → **"Goodwill"**.

Goodwill

Accounting Policies

Goodwill results from a business combination and is defined as the amount by which the total consideration for shares in a company or group of companies exceeds the pro rata net assets acquired. The net assets are the total of the identifiable assets acquired that are valued at fair value in accordance with IFRS 3 as well as the assumed liabilities and contingent liabilities.

Goodwill is not subject to amortization, but rather is subjected to impairment testing on an annual basis. It is also tested for impairment whenever events or circumstances indicating an impairment arise.

The impairment testing of goodwill is performed at the level of cash generating units (CGUs) or a group of CGUs. A CGU is the smallest group of assets which generates cash inflows that are largely independent of the cash inflows generated by other assets or other groups of assets. Goodwill purchased as part of a business combination is allocated to the CGUs or groups of CGUs that are expected to produce benefits resulting from the synergy effects of the combination.

At Vonovia, each property meets the requirements for classification as a CGU as a general rule. As part of operational management, these properties are grouped first of all to form geographically structured business units and then to form regional business areas. Since the regional business areas are the lowest level within the company at which goodwill is monitored for internal management purposes, the impairment test is performed at business area level and, as a result, in accordance with IAS 36.80 for a group of CGUs. The acquired assets are allocated to the business areas based on the geographical location of the properties. A further group of CGUs for which goodwill is monitored for internal management purposes relates to the Value-add Business segment. The third group of CGUs, to which goodwill was allocated and monitored for management purposes, relates to the Development segment. As a result of the acquisition of Deutsche Wohnen SE, the Care segment was added as a further CGU, which was also monitored for internal management purposes. The corresponding balance sheet items are presented as a discontinued operation and have been reclassified to the assets of discontinued operations.

The group of CGUs to which goodwill has been allocated are tested for impairment on a regular basis. This involves comparing the recoverable amount with the carrying amount of the group of CGUs. The recoverable amount of the group of CGUs is either its value in use or fair value less costs of sale, whichever is higher. When calculating the value in use, the estimated future cash flows are discounted to their cash value. Discount rates before tax are used that reflect the current market assessment of the interest rate effect and the specific risks associated with the regional business areas and the Value-add, Development and Care segments.

If goodwill has been allocated to a group of CGUs and its carrying amount exceeds the recoverable amount, the goodwill is to be written down in the amount of the difference in the first instance. Any need for impairment in excess of this amount is distributed among the other assets in the group of CGUs in proportion to their carrying amount. The individual fair value less costs to sell, value in use or zero must not be undercut in this regard.

Impairment losses that have been realized as part of the valuation of goodwill are not reversed in the following years.

Groups of Cash-Generating Units

in € million	Value-add segment	Development segment	Group
Goodwill as of Dec. 31, 2022	1,391.7	138.2	1,529.9
Impairment	–	-138.2	-138.2
Goodwill as of Dec. 31, 2023	1,391.7	0.0	1,391.7
Trademark rights as of Dec. 31, 2022	–	66.6	66.6
Impairment	–	-66.6	-66.6
Trademark rights as of Dec. 31, 2023	–	0.0	0.0

The carrying amount of goodwill came to € 1,391.7 million as of December 31, 2023. This means that goodwill has dropped by € 138.2 million compared with December 31, 2022. The change is due to the impairment of € 138.2 million in the second quarter of 2023 identified as part of the (ad hoc) impairment test performed in the second quarter of 2023. The increased cost of capital in the Development business area and adjusted cash flow planning in the Development business area to reflect the current market situation were classified as triggering events within the meaning of IAS 36. The impairment test conducted as of June 30, 2023, resulted in the goodwill for the Development business area of € 138.2 million being written off in full.

In addition, trademark rights in the Development business area classified as having an indefinite useful life in the amount of € 66.6 million were also written off in full. This led to an impairment of € 204.8 million in the second quarter of 2023 for goodwill and trademark rights.

In accordance with IAS 36.19, first the value in use was calculated based on the Management Board-approved detailed plan with a planning period of five years. This was derived from the five-year plan at Group level approved by the Management Board and acknowledged by the Supervisory Board. The assumptions used to calculate the value in use match the assumptions used for the purposes of the impairment test at the end of 2022.

The main parameters for calculating the value in use are the sustainable rate of increase, the average total cost of capital (WACC) and the expected cash flows.

Parameters for WACC Calculation for the Development Segment

	Dec. 31, 2022	Jun. 30, 2023
Risk-free interest rate in %	2.00	2.50
Market risk premium in %	7.00	7.00
Levered beta	0.92	0.90
Country-specific premium in %	0.12	0.19
WACC (before tax) in %	8.13	9.92

For the purposes of the regular annual impairment test on goodwill as of December 31, 2023, the five-year plan for the Value-add segment for the fiscal years from 2024 to 2028 was taken as a basis. This also forms part of the five-year plan for the Group as a whole as approved by the Management Board and acknowledged by the Supervisory Board. The plan is based on assessments regarding the development of the operating business areas in terms of future revenue, expenses and margins, and taking current market developments into account.

The regular annual impairment test was performed for the Value-add group of CGUs as of December 31, 2023. The value of the goodwill for the Value-add group of CGUs was ultimately confirmed. Developments in the Value-add segment are characterized primarily by the extension of existing business areas (craftsmen's organization, multimedia, management of residential property, smart metering, energy service, etc.). On the other hand, there is an increase in operating expenses, taking into account the rate of inflation. The development in these values is in line with past experiences of business model development.

The cash flows from the last detailed planning year were derived to calculate the perpetual annuity.

A constant growth rate of 1.0% was assumed for the Value-add group of CGUs.

The weighted average cost of capital before tax is based on the risk-free interest rate calculated as a three-month average using the Svensson method, a market risk premium and a levered beta. The levered beta and the equity ratios used are determined on the basis of a peer comparison. The main parameters are shown in the following table:

Parameters for WACC Calculation for the Value-add Segment

	Dec. 31, 2022	Dec. 31, 2023
Risk-free interest rate in %	2.00	2.75
Market risk premium in %	7.00	7.00
Levered beta	0.76	0.73
WACC (before tax) in %	6.10	7.12

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

	Value-add segment
Goodwill and trading rights as of Dec. 31, 2023 in € million	1,391.7
Headroom in € million	101.6
Impairment starts with an increase of the WACC in percentage points	0.18
Full impairment in the event of an increase in the WACC in %	8.51
Goodwill and trading rights as of Dec. 31, 2022 in € million	1,391.7
Headroom in € million	830.6
Impairment starts with an increase of the WACC in percentage points	1.19
Full impairment in the event of an increase in the WACC in %	10.18

In the event of a drop of 0.25 percentage points in the planned sustainable growth rate, there would be impairment losses of € 19.2 million in the Value-add segment.

In the previous year, a drop of 0.25 percentage points in the planned sustainable growth rate would not have resulted in any impairment losses in the Value-add segment.

27 Property, Plant and Equipment

in € million	Owner-occupied properties	Technical equipment, plant and machinery	Other equipment, fixtures, furniture and office equipment	Total
Cost				
As of Jan. 1, 2023	283.8	171.1	573.2	1,028.1
Additions	1.9	24.8	90.9	117.6
Capitalized modernization costs	1.6	19.7	0.4	21.7
Disposals	-10.4	-3.3	-49.4	-63.1
Transfer from investment properties	45.1	0.8	–	45.9
Transfer to investment properties	-48.5	–	–	-48.5
Other transfers	–	3.2	2.3	5.5
Transfer into discontinued operations	0.0	-9.9	-41.5	-51.4
As of Dec. 31, 2023	273.5	206.4	575.9	1,055.8
Accumulated depreciation				
As of Jan. 1, 2023	27.3	66.7	260.7	354.7
Depreciation in reporting year for continuing operations	4.4	14.9	75.0	94.3
Depreciation in reporting year for discontinued operations	0.0	0.8	1.7	2.5
Impairment	10.2	–	–	10.2
Reversal of impairments	-0.2	–	–	-0.2
Disposals	-5.7	-1.2	-32.2	-39.1
Other transfers	–	4.6	-3.8	0.8
Transfer into discontinued operations	0.0	-4.0	-18.5	-22.5
As of Dec. 31, 2023	36.0	81.8	282.9	400.7
Carrying amounts				
As of Dec. 31, 2023	237.5	124.6	293.0	655.1
Cost				
As of Jan. 1, 2022	273.3	83.7	590.9	947.9
Additions	4.1	23.1	113.0	140.2
Capitalized modernization costs	4.9	5.4	1.0	11.3
Disposals	-0.6	-2.6	-80.9	-84.1
Transfer from investment properties	31.5	–	–	31.5
Transfer to investment properties	-29.4	–	–	-29.4
Other transfers	–	61.7	-50.2	11.5
Revaluation from currency effects	–	-0.2	-0.6	-0.8
As of Dec. 31, 2022	283.8	171.1	573.2	1,028.1
Accumulated depreciation				
As of Jan. 1, 2022	21.9	39.5	232.4	293.8
Depreciation in reporting year	4.5	13.5	87.1	105.1
Impairment	1.6	–	–	1.6
Reversal of impairments	-0.2	–	–	-0.2
Disposals	-0.6	-0.9	-55.7	-57.2
Other transfers	–	14.7	-2.8	11.9
Revaluation from currency effects	0.1	-0.1	-0.3	-0.3
As of Dec. 31, 2022	27.3	66.7	260.7	354.7
Carrying amounts				
As of Dec. 31, 2022	256.5	104.4	312.5	673.4

Accounting Policies

Items of property, plant and equipment are carried at amortized cost less accumulated depreciation and are depreciated over their respective estimated useful lives on a straight-line basis. In accordance with IAS 36 "Impairment of Assets," impairment tests are performed whenever there is an indication of an impairment.

Subsequent costs of replacing part of an item of property, plant and equipment are capitalized provided it is probable that future economic benefits associated with the item will flow to Vonovia and the cost can be estimated reliably.

The properties used by the company itself are subject to depreciation over a term of 50 years, with fixtures, furniture and office equipment subject to depreciation over a period of 3–13 years and technical equipment, plant and machinery over a period of 5–20 years.

Carrying amounts of owner-occupied properties amounting to € 92.0 million as of December 31, 2023 (December 31, 2022: € 79.5 million) are encumbered with land charges in favor of various lenders.

28 Investment Properties

in € million	
As of Jan. 1, 2023	**92,300.1**
Additions	228.7
Capitalized modernization costs	820.5
Grants received	-66.0
Transfer to property, plant and equipment	-45.9
Transfer from property, plant and equipment	48.5
Transfer to down payments made	-1.6
Transfer from down payments made	161.9
Transfer from real estate inventories	649.8
Transfer to real estate inventories	-384.5
Transfer from assets held for sale	0.9
Transfer to assets held for sale	-740.4
Transfer to discontinued operations	-619.4
Other transfers	-14.2
Disposals	-319.5
Net income from fair value adjustments of investment properties	-10,844.2
Impairment of investment properties measured at cost	-68.4
Revaluation of assets held for sale	18.4
Revaluation from currency effects	-4.4
As of Dec. 31, 2023	**81,120.3**
As of Jan. 1, 2022	**94,100.1**
Additions	961.8
Capitalized modernization costs	1,248.9
Grants received	-12.1
Transfer to property, plant and equipment	-31.5
Transfer from property, plant and equipment	29.4
Transfer to down payments made	-417.2
Transfer from down payments made	105.0
Transfer from real estate inventories	143.3
Transfer to real estate inventories	-1,450.1
Transfer to assets held for sale	-416.5
Other transfers	-8.4
Disposals	-153.7
Net income from fair value adjustments of investment properties	-1,269.8
Revaluation of assets held for sale	68.0
Revaluation from currency effects	-597.1
As of Dec. 31, 2022	**92,300.1**

Accounting Policies

When Vonovia acquires properties, whether through a business combination or as part of a separate transaction, the intended use determines whether such properties are classified as investment properties or as owner-occupied properties.

Investment properties are properties that are held for the purpose of earning rental income or for capital appreciation or both and are not owner-occupied or held for sale in the ordinary course of business. Investment properties include undeveloped land, land and land rights including buildings and land with hereditary building rights of third parties. Investment properties also include right-of-use assets from rented, developed and undeveloped land (hereditary building rights) and from rented residential and commercial properties (interim leasing) within the meaning of IFRS 16 that are classified as investment properties.

Investment properties are initially measured at cost. Related transaction costs, such as fees for legal services or real estate transfer taxes, are included in the initial measurement. If properties are purchased as part of a business combination and if the transaction relates to a "business," then IFRS 3 applies as far as recognition is concerned. Transaction costs are recognized as an expense.

Following initial recognition, investment properties are measured at fair value. Any change therein is recognized as affecting net income in the income statement. If, during the land or project development phase, reliable measurement at fair value is not possible due to the lack of marketability and the lack of comparable transactions, recognition is at acquisition cost. In such cases, the cost model is continued until a reliable measurement can be carried out, but at the latest until the property in question is completed.

Investment properties are transferred to property, plant and equipment when there is a change in use evidenced by the commencement of owner-occupation. The properties' deemed cost for subsequent measurement corresponds to the fair value at the date of reclassification.

The values as of December 31, 2023, include assets of € 304.1 million (December 31, 2022: € 663.7 million) that are measured at cost, as their fair value cannot be reliably calculated on a continuing basis. In the reporting period, a need for impairment identified as part of the ad hoc goodwill impairment test resulted in impairment losses of € 47.6 million being recognized on these project developments. These were reported under depreciation and amortization losses.

The additions in the 2023 reporting year include € 291.2 million (2022: € 572.4 million) in production costs for new construction activities.

The total amount reported for investment properties as of December 31, 2023, includes right-of-use assets from recognized hereditary building rights and interim leasing arrangements in the amount of € 1,798.5 million (December 31, 2022: € 2,019.8 million). In this respect, we also refer to chapter → **[E44] Leases**.

The majority of € 1,798.0 million is attributable to right-of-use assets from hereditary building rights (December 31, 2022: € 2,016.8 million). This includes right-of-use assets amounting to € 124.1 million (December 31, 2022: € 97.3 million) relating to the Spree-Bellevue (Spree-Schlange) property in Berlin, which comprises the leasehold land and the rented properties. The properties have been leased from the fund company DB Immobilienfonds 11 Spree-Schlange von Quistorp KG until 2044. The lease agreement includes an obligation to pay compensation for loss of use as agreed by contract. At the end of 2028, each fund subscriber is entitled to return their share to the property fund at a fixed redemption price. If all of the fund investors make use of this option, Vonovia is obliged to acquire the properties at a fixed purchase price after deduction of borrowings. If more than 75% of the shares are returned in this way, Vonovia has a call option for the purchase of all fund shares.

For the investment properties encumbered with land charges in favor of various lenders, see chapter → **[E41] Non-derivative Financial Liabilities**.

Directly Attributable Operating Expenses

Rental income from investment properties amounted to € 3,259.6 million during the fiscal year (2022: € 3,191.4 million). Operating expenses directly relating to these properties amounted to € 395.3 million during the fiscal year (2022: € 415.5 million). These include expenses for maintenance, ancillary costs that cannot be passed on to the tenants, personnel expenses from the caretaker and craftsmen's organizations, and capitalized internal expenses from charges passed on from the internal craftsmen's organization. The capitalized internal expenses relate to the work performed by the Group's own craftsmen's organization and the management costs for major modernization projects.

Long-term Leases

Vonovia as a lessor has concluded long-term leases on commercial properties. These are non-cancelable leases. The minimum future lease receipts from these leases are due as follows:

in € million	Dec. 31, 2022	Dec. 31, 2023
Total minimum lease payments	95.6	167.4
Due within 1 year	29.3	49.0
Due in 1 to 5 years	59.9	104.6
Due after 5 years	6.4	13.8

Fair Values

Accounting Policies

The **fair values** of the portfolio of residential properties were determined on the basis of the International Valuation Standard Committee's definition of market value. Portfolio premiums and discounts, which can be observed when portfolios are sold in market transactions, were not included. Nor were time restrictions in the marketing of individual properties. Vonovia determines fair value in accordance with the requirements of IAS 40 in conjunction with IFRS 13.

Vonovia, in principle, measures its portfolio on the basis of the discounted cash flow (DCF) method. Under the DCF methodology, the expected future income and costs of a property are forecast over a detailed period of ten years and discounted to the date of valuation as the net present value. Due to the particular market situation in Austria and in order to reflect the extensive Austrian rent restrictions, a sales scenario involving the recurring sales of apartments is assumed for a subportfolio. In order to present these sales in the correct accounting period, the detailed period for the Austrian DCF model has been extended to 100 years.

The income in the DCF model mainly comprises expected rental income (current net rent excl. ancillary costs, current incl. rent in Sweden, market rents as well as their development) taking vacancy losses and also sales revenues for an Austrian subportfolio into account. The expected rental income is derived for each location from the latest rent indices and rent tables (including Value AG, IVD, the Austrian Economic Chambers [WKÖ]) as well as from studies on spatial prosperity (Federal Institute for Research on Building, Urban Affairs and Spatial Development [BBSR], Prognos, Value AG, the Federal Statistical Office of Germany, the Austrian statistical office, Statistik Austria, etc.). In Sweden, rents and rent increases are defined as part of negotiations with the Swedish tenants' association ("Hyresgästföreningen") and are reflected accordingly in the valuation model. The expected sales revenues in Austria are derived from historical sale prices as well as market data (e.g., WKÖ, EHL).

On the cost side, maintenance expenses and administrative costs are taken into account. In Germany, these are taken into account in accordance with the II. Berechnungsverordnung. The II. Berechnungsverordnung (BV) is the German Regulation on Calculations for Residential Buildings in accordance with the Second Housing Construction Law, which stipulates how economic viability calculations for homes are to be performed. These cost approaches are also transferred to the Austrian market. Further cost items are, for example, ground rents, non-allocable ancillary costs, rent losses and, in Austria, selling costs. In the Swedish valuation model, further expenses to be borne by the owner are also taken into account in the DCF model due to the inclusive rents that are a special feature of this market. All cost items are inflated in the reporting period. Modernization measures carried out in the housing stocks are factored in by decreasing the current maintenance expenses and adjusting market rents.

On this basis, the forecast cash flows are calculated on an annual basis and discounted to the date of valuation as the net present value. Furthermore, the terminal value of the property at the end of the ten-year period is determined using the expected stabilized net operating income and again discounted to the date of valuation as the net present value. The discount rate applied reflects the market situation, location, type of property, special property features (e.g., hereditary building rights, rent restrictions), the yield expectations of a potential investor and the risk associated with the forecast future cash flows of the property. The present value calculated in this way is reconciled to the market value by deducting standard market transaction costs, such as real estate transfer taxes, agent and notary costs. As the detailed period in the Austrian DCF model has been extended to 100 years in order to present the sales scenarios in the correct accounting period, no terminal value is applied here.

The commercial properties in the portfolio are mainly small commercial units for the supply of the local residential environment. Different cost approaches are used to those for residential properties, and discount rates were adjusted to reflect the market specifics.

The valuation is, in principle, performed on the basis of homogeneous valuation units. These meet the criteria of economically cohesive and comparable land and buildings. They include:

> Geographical location (identity of the microlocation and geographical proximity)
> Comparable types of use, building class, construction year class and condition of property
> Same property features such as rent restrictions, hereditary building rights and full or part ownership

The Vonovia portfolio also contains project developments, existing areas with construction potential and land areas with inheritable building rights granted, as well as nursing care facilities. Project developments for subsequent management within its own portfolio are measured using the cost approach until the construction work is complete – subject to a review of the values applied if triggering events occur. Once the construction work is complete, measurement is at fair value using the DCF procedure described above. Existing areas with construction potential are valued using a comparable method on the basis of the local standard land value evaluated. Deductions are taken into account in particular for the readiness for construction and potential use as well as for likelihood of development and the development situation. Inheritable building rights granted are valued in the same way as the property portfolio using a DCF method. The input parameters here are the duration and amount of ground rent and the value of the land. The right-of-use assets from leasehold contracts are recognized at their fair value. The fair value of the leasehold contracts corresponds to the present value of the standard market leasehold fee payments up until the end of the term of the hereditary building right in question. These are calculated based on the current amount of the ground rent. In order to calculate the present value, the leasehold fee payments are discounted using a property-specific interest rate.

Vonovia determines the fair values of its real estate portfolio in Germany, Sweden and Austria in its in-house valuation department on the basis of the methodology described above.

In addition to the internal valuation, Vonovia's real estate portfolio was also valued by the independent property appraisers CBRE GmbH, Jones Lang LaSalle SE and Savills Sweden AB. The market value resulting from the external report was consistent with the internal valuation result.

The fair value for the nursing care properties was calculated by the independent expert W&P Immobilienberatung GmbH using a DCF method.

The contractually fixed remuneration for the valuation report is not linked to the valuation results.

The real estate portfolio of Vonovia is to be found in the items investment properties, property, plant and equipment (owner-occupied properties), real estate inventories, contract assets and assets held for sale. The fair value of the portfolio comprising residential buildings, commercial properties, garages and parking spaces, project developments and undeveloped land, hereditary building rights granted and nursing care facilities was € 83,927.7 million as of December 31, 2023 (December 31, 2022: € 94,694.5 million). This corresponds to a net initial yield for the real estate portfolio of 2.8% (total portfolio including Sweden and Austria; December 31, 2022: 2.5%). For Germany, this results in an in-place rent multiplier of 25.1 for the portfolio (December 31, 2022: 29.2) and a fair value per m² of € 2,297 (December 31, 2022: € 2,590 per m²). The in-place rent multiplier and fair value for the Austrian portfolio come to 22.5 and € 1,612 per m² (December 31, 2022: 25.8 and

€ 1,742 per m²), with the figures for Sweden coming to 17.9 and € 2,088 per m² (December 31, 2022: 20.1 and € 2,248 per m²). We report the net rents excluding ancillary expenses, as well as other key indicators relevant to the valuation of our portfolio in the Portfolio Structure section of the management report, broken down by regional market.

The material valuation parameters for the investment properties (Level 3) in the real estate portfolio are as follows as of December 31, 2023, broken down by regional markets:

	Valuation results*		
Regional market	Fair value (in € million)	thereof investment properties (in € million)	thereof other asset classes (in € million)
Dec. 31, 2023			
Berlin	23,881.0	23,782.6	98.4
Rhine Main Area	6,610.7	6,587.0	23.7
Southern Ruhr Area	5,168.6	5,157.5	11.1
Rhineland	5,045.8	5,022.0	23.9
Dresden	5,031.5	4,902.7	128.9
Hamburg	3,229.2	3,221.0	8.2
Hanover	2,886.6	2,868.0	18.6
Kiel	2,774.6	2,759.5	15.1
Munich	2,743.7	2,736.8	6.9
Stuttgart	2,249.5	2,243.1	6.5
Northern Ruhr Area	2,044.6	2,038.7	6.0
Leipzig	1,890.6	1,863.4	27.2
Bremen	1,439.3	1,435.6	3.6
Westphalia	1,091.3	1,086.3	4.9
Freiburg	727.1	717.2	9.9
Other strategic locations	3,394.9	3,387.1	7.8
Total strategic locations	**70,209.1**	**69,808.4**	**400.6**
Non-strategic locations	409.0	390.8	18.2
Vonovia Germany	**70,618.1**	**70,199.3**	**418.9**
Vonovia Sweden**	6,402.5	6,402.5	0.0
Vonovia Austria**	2,771.6	2,724.3	47.2

* Fair value of the developed land excl. € 4,135.4 million for development, undeveloped land, inheritable building rights granted and other; € 1,343.1 million of this amount relates to investment properties. The investment properties balance sheet item also includes the present value in connection with payments for right-of-use assets in the amount of € 451.1 million.
** The valuation methods used for the portfolio in Austria and Sweden use and provide valuation parameters that are only partially comparable.

Valuation parameters for investment properties (Level 3)						
Management costs residential (€/residential unit p. a.)	Maintenance costs total residential (€/m² p. a.)	Market rent residential (€/m² per month)	Market rent increase residential	Stabilized vacancy rate residential	Discount rate total	Capitalized interest rate total
307	16.67	8.62	2.3%	0.9%	4.9%	2.8%
331	16.30	10.17	2.2%	1.2%	5.1%	3.2%
326	14.39	7.79	1.8%	2.6%	4.8%	3.3%
328	15.86	9.16	2.1%	1.7%	5.2%	3.4%
295	15.97	7.20	2.1%	2.2%	5.1%	3.3%
317	15.97	9.24	2.1%	1.2%	5.0%	3.2%
316	15.85	8.11	2.0%	2.0%	5.2%	3.5%
319	16.65	8.47	2.0%	1.6%	5.4%	3.7%
318	16.44	13.07	2.3%	0.6%	5.2%	3.1%
333	16.86	9.98	2.2%	1.3%	5.3%	3.4%
328	14.95	6.93	1.6%	3.2%	5.1%	3.9%
312	16.87	7.29	2.0%	2.7%	4.9%	3.2%
325	14.99	7.61	2.0%	2.0%	4.9%	3.2%
324	14.81	7.99	2.0%	2.0%	5.4%	3.7%
331	16.73	9.42	2.0%	0.9%	4.9%	3.1%
324	16.02	8.16	2.0%	2.5%	5.3%	3.6%
316	**16.05**	**8.53**	**2.1%**	**1.7%**	**5.0%**	**3.2%**
341	16.96	7.99	1.9%	2.2%	6.0%	4.2%
317	**16.06**	**8.53**	**2.1%**	**1.7%**	**5.1%**	**3.2%**
373	14.03	10.23	2.2%	1.6%	6.1%	4.0%
n.a.	21.04	6.32	1.7%	2.5%	6.1%	n.a.

Regional market	Valuation results* Fair value (in € million)	thereof investment properties (in € million)	thereof other asset classes (in € million)
Dec. 31, 2022			
Berlin	27,793.9	27,424.6	369.3
Rhine Main Area	7,545.4	7,452.2	93.2
Southern Ruhr Area	5,509.3	5,499.1	10.1
Rhineland	5,631.7	5,624.8	6.9
Dresden	5,769.2	5,730.4	38.9
Hamburg	3,653.7	3,648.7	5.0
Hanover	3,211.9	3,209.0	2.9
Kiel	3,137.3	3,132.0	5.3
Munich	3,062.1	3,047.6	14.5
Stuttgart	2,514.2	2,509.5	4.7
Northern Ruhr Area	2,227.0	2,219.7	7.4
Leipzig	2,161.3	2,160.0	1.3
Bremen	1,559.5	1,557.0	2.5
Westphalia	1,235.8	1,234.5	1.3
Freiburg	802.1	800.5	1.6
Other strategic locations	3,750.2	3,740.5	9.7
Total strategic locations	**79,564.5**	**78,990.1**	**574.4**
Non-strategic locations	504.6	496.5	8.1
Vonovia Germany	**80,069.1**	**79,486.6**	**582.5**
Vonovia Sweden**	6,876.3	6,876.3	-
Vonovia Austria**	3,026.5	2,972.0	54.6

* Fair value of the developed land excl. € 4,722.5 million for development, undeveloped land, inheritable building rights granted and other; € 2,502.2 million of this amount relates to investment properties. The investment properties balance sheet item also includes the present value in connection with payments for right-of-use assets in the amount of € 463.0 million.

** The valuation methods used for the portfolio in Austria and Sweden use and provide valuation parameters that are only partially comparable.

The inflation rate applied to the valuation procedure comes to 2.0%. For the Austrian portfolio, a sales strategy with an average selling price of € 2,426 per m² was assumed for 48.9% of the portfolio.

Net income from the valuation of investment properties amounted to € -10,651.2 million in the 2023 fiscal year (December 31, 2022: € -1,177.6 million).

Sensitivity Analyses

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

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

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

Valuation parameters for investment properties (Level 3)						
Management costs residential (€ per residential unit p. a.)	Maintenance costs total residential (€/m² p. a.)	Market rent residential (€/m² per month)	Market rent increase residential	Stabilized vacancy rate residential	Discount rate total	Capitalized interest rate total
287	15.92	8.24	2.0%	1.0%	4.1%	2.3%
311	15.74	9.92	1.9%	1.1%	4.4%	2.8%
305	13.74	7.43	1.6%	2.6%	4.2%	3.0%
308	15.21	8.89	1.8%	1.7%	4.5%	3.0%
276	15.29	6.93	1.8%	2.3%	4.3%	2.9%
297	15.45	8.95	1.7%	1.2%	4.2%	2.7%
296	15.27	7.87	1.7%	2.0%	4.4%	3.1%
299	15.92	8.06	1.7%	1.7%	4.5%	3.1%
298	15.63	12.45	2.0%	0.6%	4.4%	2.7%
312	16.03	9.67	1.9%	1.2%	4.6%	3.0%
307	14.35	6.73	1.3%	3.3%	4.4%	3.6%
292	16.26	7.07	1.7%	3.1%	4.1%	2.7%
304	14.38	7.42	1.8%	2.0%	4.3%	2.9%
303	14.31	7.72	1.7%	2.0%	4.5%	3.2%
309	16.58	9.03	1.7%	0.9%	4.2%	2.7%
303	15.44	7.91	1.7%	2.5%	4.5%	3.2%
296	**15.39**	**8.22**	**1.8%**	**1.7%**	**4.3%**	**2.7%**
323	16.11	7.64	1.6%	2.6%	5.0%	3.6%
296	**15.40**	**8.21**	**1.8%**	**1.7%**	**4.3%**	**2.7%**
379	12.83	9.78	2.1%	1.5%	5.6%	3.6%
n.a.	21.34	5.88	1.7%	2.6%	5.5%	n.a.

In addition, factors other than demand can have an impact on these parameters. Examples include changes in the portfolio, in seller and buyer behavior, political decisions and developments on the capital market. Due to the effect that changes in inflation will have on future rent increases in Sweden, it has been assumed, for the purposes of calculating sensitivities, that one-third of any change in inflation will spill over into rental growth.

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

	Change in value as a % under varying parameters		
	Management costs residential	Maintenance costs residential	Cost increase/inflation
Regional market	-10%/10%	-10%/10%	-0.5%/+0.5% points
Dec. 31, 2023			
Berlin	0.6/-0.6	1.9/-1.9	5.2/-5.3
Rhine Main Area	0.5/-0.5	1.6/-1.6	3.6/-3.7
Southern Ruhr Area	0.9/-0.9	2.4/-2.4	5.5/-5.5
Rhineland	0.6/-0.6	1.9/-1.9	4.1/-4.2
Dresden	0.8/-0.8	2.4/-2.4	5.4/-5.4
Hamburg	0.6/-0.6	1.8/-1.8	4.2/-4.3
Hanover	0.7/-0.7	2.2/-2.2	4.7/-4.8
Kiel	0.8/-0.8	2.2/-2.3	4.5/-4.6
Munich	0.4/-0.4	1.2/-1.2	3.2/-3.4
Stuttgart	0.6/-0.5	1.7/-1.7	3.5/-3.7
Northern Ruhr Area	1.2/-1.1	3.1/-3.1	5.9/-5.9
Leipzig	0.8/-0.8	2.7/-2.7	6.0/-6.0
Bremen	0.9/-0.9	2.4/-2.4	5.8/-5.8
Westphalia	0.8/-0.8	2.3/-2.3	4.8/-4.8
Freiburg	0.6/-0.6	1.9/-1.9	4.2/-4.3
Other strategic locations	0.8/-0.8	2.3/-2.3	4.6/-4.7
Total strategic locations	0.7/-0.7	2.0/-2.0	4.8/-4.9
Non-strategic locations	0.7/-0.7	2.2/-2.2	3.9/-4.0
Vonovia Germany	**0.7/-0.7**	**2.0/-2.0**	**4.8/-4.9**
Vonovia Sweden*	0.6/-0.6	1.7/-1.7	4.5/-4.8
Vonovia Austria*	n.a./n.a.	0.4/-0.4	0.3/-0.4

* The valuation methods used for the portfolio in Austria and Sweden use and provide valuation parameters that are only partially comparable.

Change in value as a % under varying parameters			
Market rent residential	Market rent increase residential	Stabilized vacancy rate residential	Discounting and capitalized interest rates total
-2%/+2%	-0.2%/+0.2% points	-1%/+1% points	-0.25%/+0.25% points
-2.4/2.4	-8.7/10.4	1.5/-1.8	10.3/-8.6
-2.4/2.3	-7.1/8.2	1.2/-1.6	8.6/-7.3
-2.6/2.6	-7.8/9.1	2.0/-2.0	8.5/-7.3
-2.4/2.4	-7.2/8.3	1.7/-1.7	8.4/-7.2
-2.6/2.5	-7.5/8.7	1.9/-1.9	8.5/-7.3
-2.4/2.3	-7.5/8.8	1.3/-1.7	9.0/-7.6
-2.5/2.5	-7.2/8.4	1.9/-1.9	8.1/-7.0
-2.5/2.5	-6.9/7.8	1.9/-1.9	7.5/-6.5
-2.1/2.1	-7.3/8.5	0.8/-1.5	9.5/-8.0
-2.4/2.4	-6.8/7.9	1.5/-1.6	8.1/-7.0
-2.8/2.8	-7.0/8.0	2.3/-2.3	7.0/-6.1
-2.5/2.5	-7.9/9.2	2.0/-2.0	8.8/-7.5
-2.5/2.5	-8.0/9.4	1.9/-2.0	8.8/-7.6
-2.4/2.4	-6.9/7.9	1.8/-1.9	7.4/-6.5
-2.5/2.4	-7.6/8.9	1.2/-1.7	8.9/-7.5
-2.6/2.5	-7.0/8.0	1.8/-1.9	7.7/-6.7
-2.4/2.4	**-7.8/9.1**	**1.6/-1.8**	**9.0/-7.6**
-2.3/2.3	-6.0/6.8	1.7/-1.7	6.9/-6.1
-2.4/2.4	**-7.8/9.1**	**1.6/-1.8**	**9.0/-7.6**
-2.8/2.8	-7.8/8.9	0.6/-1.1	7.1/-6.2
-0.5/0.4	-0.9/1.0	0.9/-1.0	4.0/-3.7

	Change in value as a % under varying parameters		
	Management costs residential	Maintenance costs residential	Cost increase/inflation
Regional market	-10%/10%	-10%/10%	-0.5%/+0.5% points
Dec. 31, 2022			
Berlin	0.7/-0.7	2.2/-2.2	6.5/-6.4
Rhine Main Area	0.6/-0.6	1.7/-1.7	4.1/-4.2
Southern Ruhr Area	1.0/-1.0	2.6/-2.6	6.2/-6.2
Rhineland	0.7/-0.7	2.0/-2.0	4.7/-4.8
Dresden	0.9/-0.9	2.7/-2.7	6.4/-6.3
Hamburg	0.7/-0.7	2.1/-2.1	5.2/-5.3
Hanover	0.8/-0.8	2.4/-2.4	5.4/-5.4
Kiel	0.9/-0.9	2.5/-2.5	5.5/-5.5
Munich	0.4/-0.4	1.4/-1.4	3.9/-4.0
Stuttgart	0.6/-0.6	1.8/-1.8	4.1/-4.2
Northern Ruhr Area	1.2/-1.2	3.4/-3.4	6.6/-6.6
Leipzig	0.9/-0.9	3.0/-3.0	7.4/-7.2
Bremen	0.9/-0.9	2.6/-2.6	6.6/-6.4
Westphalia	0.9/-0.9	2.6/-2.6	5.7/-5.8
Freiburg	0.7/-0.6	2.2/-2.2	5.1/-5.1
Other strategic locations	0.8/-0.8	2.5/-2.5	5.3/-5.3
Total strategic locations	**0.7/-0.8**	**2.3/-2.3**	**5.7/-5.7**
Non-strategic locations	0.8/-0.8	2.4/-2.4	4.7/-4.8
Vonovia Germany	**0.8/-0.8**	**2.3/-2.3**	**5.7/-5.7**
Vonovia Sweden*	0.7/-0.7	1.6/-1.7	4.7/-5.1
Vonovia Austria*	n.a.	0.4/-0.4	0.4/-0.5

* The valuation methods used for the portfolio in Austria and Sweden use and provide valuation parameters that are only partially comparable.

Contractual Obligations

In connection with major acquisitions, Vonovia entered into contractual obligations or assumed such obligations indirectly via acquired companies, among other things in the form of Social Charters, which could limit its ability to freely sell parts of its portfolio, increase rents or terminate existing rent agreements for certain units and which, in the event of a breach, could give rise to substantial contractual penalties in some cases.

In many cases, in the event that all or part of a portfolio is transferred or individual residential units are sold, the aforementioned obligations are to be assumed by the buyers, who are in turn subject to the obligation to pass them on to any future buyers. After a certain period of time, the obligations often cease to apply either in full or in part.

All contractual obligations that have a material impact on the market value were taken into account accordingly in the valuation.

Under financing agreements, Vonovia may be subject to fundamental restrictions regarding mandatory investments for maintenance or improvements, or on the use of excess property disposal proceeds, such restrictions being particularly in the form of mandatory minimum capital repayments.

Although the non-current financial liabilities are subject to certain covenants, Vonovia is not subject to any restrictions regarding how it can use its investment properties.

Excess cash from property management is restricted to a certain extent.

Change in value as a % under varying parameters			
Market rent residential	Market rent increase residential	Stabilized vacancy rate residential	Discounting and capitalized interest rates total
-2%/+2%	-0.2%/+0.2% points	-1%/+1% points	-0.25%/+0.25% points
-2.6/2.5	-10.3/12.7	1.6/-1.8	12.5/-10.1
-2.4/2.4	-8.0/9.5	1.0/-1.6	10.0/-8.3
-2.6/2.6	-8.6/10.2	2.1/-2.1	9.5/-8.0
-2.5/2.5	-8.1/9.5	1.7/-1.8	9.6/-8.1
-2.6/2.6	-8.6/10.2	1.9/-2.0	9.9/-8.3
-2.5/2.4	-8.7/10.6	1.3/-1.8	10.7/-8.8
-2.5/2.5	-8.0/9.4	1.9/-1.9	9.2/-7.8
-2.6/2.5	-7.9/9.3	1.9/-1.9	8.9/-7.6
-2.2/2.2	-8.4/10.1	0.8/-1.5	11.1/-9.1
-2.4/2.4	-7.8/9.1	1.5/-1.7	9.3/-7.9
-2.8/2.8	-7.7/8.9	2.3/-2.3	7.8/-6.7
-2.6/2.7	-9.1/11.1	2.0/-2.0	10.6/-8.8
-2.5/2.5	-8.7/10.4	2.0/-2.0	9.8/-8.2
-2.5/2.5	-7.9/9.3	1.9/-2.0	8.8/-7.5
-2.5/2.5	-8.6/10.3	1.2/-1.8	10.3/-8.5
-2.6/2.6	-7.8/9.1	1.9/-1.9	8.7/-7.5
-2.5/2.5	**-9.0/10.8**	**1.6/-1.9**	**10.7/-8.8**
-2.3/2.3	-6.7/7.8	1.7/-1.8	8.0/-6.9
-2.5/2.5	**-8.9/10.8**	**1.6/-1.9**	**10.6/-8.8**
-2.9/2.8	-8.8/10.2	0.6/-1.2	8.3/-7.1
-0.4/0.4	-1.0/1.1	0.9/-0.9	4.4/-4.0

29 Financial Assets

in € million	Dec. 31, 2022 non-current	Dec. 31, 2022 current	Dec. 31, 2023 non-current	Dec. 31, 2023 current
thereof due between 2 and 3 years	165.5	49.4	906.2	4.5
Loans to associated companies	109.7	672.1	149.5	664.8
Other current financial receivables from financial transactions	–	–	–	318.1
Other investments	396.1	–	317.3	–
Other non-current loans	11.5	44.1	21.6	18.1
Loans to other investments	33.1	–	38.0	–
Receivables from finance leases	21.1	2.6	13.4	2.3
Non-consolidated subsidiaries	2.5	–	4.4	–
Securities	5.5	–	5.9	–
	745.0	**768.2**	**1,456.3**	**1,007.8**

Accounting Policies

Financial assets are recognized in the balance sheet when Vonovia becomes a contracting party of the financial instrument. A financial asset is derecognized when the contractual rights to the cash flows from a financial asset expire, or the financial asset is transferred and Vonovia neither retains control nor retains material risks and rewards associated with ownership of the financial asset.

In accordance with IFRS 9, the **classification of financial assets** takes into account both the business model in which financial assets are held and the characteristics of the cash flows of the assets in question. These criteria determine whether the assets are measured at amortized cost using the effective interest method or at fair value.

With regard to the business model criterion, all financial investments at Vonovia are to be assigned to the "hold to collect" model pursuant to IFRS 9.4.1.2(a). Whenever financial investments are categorized as equity instruments, Vonovia has exercised the irrevocable option to state future changes to the fair value in other comprehensive income in equity. Gains and losses recognized in other comprehensive income are never reclassified from total equity to the income statement on their disposal.

The carrying amount of financial assets corresponds to maximum risk of loss as of the reporting date.

The increase in financial assets is due primarily to the initial recognition of two new derivatives in the form of long-term options to buy back shares. The first call option arose in the amount of € 374.0 million in connection with the sale of shares in the Südewo portfolio in the first half of 2023 and was adjusted to € 464.0 million, affecting net income, as of the reporting date. The second call option was added to this at the end of the year. It arose in the context of the sale of shares in the northern Germany portfolio and was recognized in the amount of € 374.0 million upon initial recognition.

In a sensitivity analysis, the WACC, as the main influencing factor, was changed by +0.5%/-0.5% for the call options, which would result in a change in equity affecting net income of € -97.0 million/€ +114.0 million. In addition, positive market values from interest rate derivatives in the amount of € 68.2 million (December 31, 2022: € 165.5 million) were reported under non-current derivatives.

The loans to associates relate exclusively to loan receivables from the QUARTERBACK Immobilien Group that are recognized after taking account of an expected credit loss. The loans were granted in line with standard market conditions. The change is due to loan repayments and, on the other hand, new loans taken out with a maturity of more than twelve months.

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

Other investments comprise shares in Vesteda Residential Fund FGR, Amsterdam, in the amount of € 165.9 million (December 31, 2022: € 188.2 million) and shares in Gropyus AG, Vienna, in the amount of € 78.7 million (December 31, 2022: € 32.1 million). The investment in OPPCI JUNO, Paris, was sold in the first quarter of 2023.

The loans to other investments not yet due largely relate to a loan to the property fund DB Immobilienfonds 11 Spree-Schlange von Quistorp KG.

The receivables from finance leases are mainly due to the rental of certain broadband cable networks. There were receivables of € 15.7 million (December 31, 2022: € 23.7 million) and interest income of € 0.7 million on the reporting date (December 31, 2022: € 1.1 million). The debt maturity profile of the receivables is as follows:

in € million	Dec. 31, 2022	Dec. 31, 2023
Nominal value of outstanding lease payments	28.2	17.2
thereof due within one year	3.5	2.6
thereof due between 1 and 2 years	3.6	2.2
thereof due between 2 and 3 years	3.0	2.2
thereof due between 3 and 4 years	3.0	2.1
thereof due between 4 and 5 years	3.0	2.1
thereof due after more than 5 years	12.1	6.0
plus unguaranteed residual values	0.2	0.2
less unrealized financial income	-4.7	-1.7
Present value of outstanding lease payments	**23.7**	**15.7**

30 Financial Assets Accounted for Using the Equity Method

As of the reporting date, Vonovia held interests in 17 joint ventures and eleven associates (December 31, 2022: 26 joint ventures and eight associates).

The capital increase implemented at the Adler Group on April 29, 2023, means that Vonovia's stake in the Adler Group has fallen to 15.88%. As a result, Vonovia no longer has a significant influence and the interest was classified as an "other non-current equity investment."

Vonovia also holds 40% of the non-listed QUARTERBACK Immobilien AG with registered office in Leipzig, which was classed as an associate as of December 31, 2023. QUARTERBACK Immobilien AG is a project developer with operations throughout Germany focusing on the central German region. The investment strengthens Vonovia's development business.

Vonovia also holds interests in eleven (December 31, 2022: eleven) non-listed financial investments of QUARTERBACK Immobilien AG, with equity interests of between 44% and 50% (QUARTERBACK property companies), that were classified as joint ventures.

The 40% interest in the non-listed QUARTERBACK Immobilien AG and QUARTERBACK Immobilien AG's eleven non-listed financial investments was adjusted on the basis of the financial information as of December 31, 2023, that was available on the preparation cut-off date.

in € million	Dec. 31, 2022 QUARTER-BACK Immobilien AG	Dec. 31, 2023 QUARTER-BACK Immobilien AG	Dec. 31, 2022 QUARTER-BACK-Objektge-sellschaften	Dec. 31, 2023 QUARTERBACK-Objektge-sellschaften
Non-current assets	764.0	752.3	229.5	235.0
Current assets				
Cash and cash equivalents	104.9	90.1	21.1	16.1
Other current assets	1,510.3	1,494.5	589.3	480.3
Total non-current assets	1,615.2	1,584.6	610.4	496.4
Total non-current liabilities	841.6	595.7	86.6	139.1
Total current liabilities	1,186.2	1,537.1	510.3	409.0
Non-controlling interests	42.5	39.5	12.0	10.9
Equity (100%)	**308.9**	**164.6**	**231.0**	**172.3**
Group share in %	40%	40%	44% to 50%	44% to 50%
Group share of net assets	123.6	65.8	106.6	79.9
Group adjustments	-49.5	-51.3	-5.4	7.7
Carrying amount of share in joint venture	**74.1**	**14.5**	**101.2**	**87.6**
Revenues	311.1	427.5	59.0	101.6
Change in inventories	302.2	94.5	17.7	6.9
Interest income	20.6	6.0	8.4	7.8
Depreciation and amortization	-4.3	-6.1	-0.2	-0.2
Interest expenses	-78.2	-101.6	-23.2	-28.6
Income taxes	-18.1	37.9	-0.6	6.6
Total gain and comprehensive income for the fiscal year (100%)	**7.8**	**-147.4**	**-3.1**	**-58.6**

The at-equity adjustment of the investments in the QUARTERBACK Group results in a negative result of € 73.2 million as of December 31, 2023 (2022: € 8.5 million).

A regular impairment test was performed on the interest in QUARTERBACK Immobilien AG as of December 31, 2023. No further need for impairment arose.

In addition to these investments, Vonovia also holds interests in 16 (December 31, 2022: 21) other entities that are accounted for using the equity method and are currently of minor importance; quoted market prices are not available.

The further drop in the number of entities that are accounted for using the equity method is due, on the one hand, to the sale of the shares in B & O Service Berlin GmbH as of June 30, 2023, the sale of the shares in DWA Beteiligungs-gesellschaft mbH and KIWI.KI GmbH as of November 9, 2023, and the sale of the shares in Funk Schadensmanagement GmbH as of December 6, 2023. On the other hand, Vonovia purchased the remaining shares in Deutsche KIWI.KI GmbH. Following the increase in the stake in Deutsche KIWI.KI GmbH to 100% in the first half of 2023, the company was merged with Deutsche Wohnen Technology GmbH.

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

in € million	Dec. 31, 2022	Dec. 31, 2023
Carrying amount of shares in companies accounted for using the equity method	64.8	55.8
Group share of net income from companies not accounted for using the equity method	10% to 50%	10% to 50%
Pro rata total comprehensive income	**-6.6**	**-2.5**

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

With regard to the other 17 entities, Vonovia has no significant financial obligations or guarantees with respect to joint ventures and associates.

31 Other Assets

	Dec. 31, 2022 (adjusted)		Dec. 31, 2023	
in € million	non-current	current	non-current	current
Advance payments for real estate projects	363.0	104.5	203.5	318.6
Right to reimbursement for transferred pensions	2.6	–	2.5	–
Receivables from insurance claims	1.6	29.3	1.5	63.2
Contract assets development	–	169.2	–	70.1
Contract assets relating to ancillary cost bills	–	114.3	–	46.2
Miscellaneous other assets	13.0	203.7	14.2	162.2
	380.2	**621.0**	**221.7**	**660.3**

The advance payments made for real estate projects include ongoing project developments by third parties (forward deals) in which the purchase price is paid in installments during the project development phase.

The right to reimbursement for transferred pensions is in connection with the indirect obligation shown under provisions for pensions arising from pension entitlements transferred to former affiliated companies of the Viterra Group.

The receivables from insurance claims include the recognition of the excess of the fair value of plan assets over the corresponding pension obligations amounting to € 1.5 million (December 31, 2022: € 1.6 million).

The contract assets from ancillary costs comprise the excess of ancillary cost payments made during the year and the payments made by tenants in advance before billing. The value in the 2022 fiscal year reflects the higher energy prices and the increase in other ancillary costs.

Miscellaneous other assets include the entitlement to the additional purchase price payment as part of the ongoing judicial review proceedings in connection with the control agreement concluded in 2014 between Deutsche Wohnen SE and GSW Immobilien AG in the amount of € 67.8 million (2022: € 66.0 million).

32 Income Tax Receivables

The income tax receivables disclosed relate to corporate income tax and trade tax receivables for the current fiscal year and prior years as well as capital gains tax.

The drop in the income tax receivables disclosed in the 2023 fiscal year can be traced back to the settlement of reimbursement claims by the tax authorities, in some cases in a far from insignificant amount, and to adjusted tax prepayments.

33 Inventories

Accounting Policies

Inventories are valued at cost or at their net realizable value, whichever is lower.

Inventories largely include repair materials for our craftsmen's organization.

34 Trade Receivables

The trade receivables break down as follows:

in € million	Impaired: Gross amount	Impaired: Impairment losses	Not impaired: Neither impaired nor past due at the end of the reporting period	Not impaired, overdue in the following time bands as of the reporting date: less than 30 days	between 30 and 90 days	between 91 and 180 days	between 181 and 360 days	more than 360 days	Carrying amount: Corresponds to maximum risk of loss*
Receivables from the sale of investment properties	1.2	-1.2	309.0	15.0	1.1	1.2	–	1.0	327.3
Receivables from the sale of real estate inventories	–	–	117.6	0.1	0.5	0.6	1.3	1.4	121.5
Receivables from property letting	151.5	-52.5	–	–	–	–	–	–	99.0
Receivables from other supplies and services	25.3	-5.8	21.2	3.1	0.5	0.5	0.6	–	45.4
As of Dec. 31, 2023	**178.0**	**-59.5**	**447.8**	**18.2**	**2.1**	**2.3**	**1.9**	**2.4**	**593.2**
Receivables from the sale of investment properties	1.4	-1.3	33.1	10.2	2.5	0.8	0.5	–	47.2
Receivables from the sale of real estate inventories	–	–	18.2	0.1	4.8	3.8	0.3	0.3	27.5
Receivables from property letting	102.1	-57.2	–	–	–	–	–	–	44.9
Receivables from other supplies and services	9.5	-2.8	31.6	2.2	0.1	0.1	0.7	–	41.4
As of Dec. 31, 2022 (adjusted)	**113.0**	**-61.3**	**82.9**	**12.5**	**7.4**	**4.7**	**1.5**	**0.3**	**161.0**

* The maximum default risk on the receivables from the sale of properties is limited to the margin and the transaction unwinding costs as the title to the properties remains with Vonovia as security until receipt of payment.

Accounting Policies

Impairment losses on financial assets are determined based on the expected credit loss model. The guiding principle of the model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments, taking losses that are already expected into account.

The IFRS 9 approach includes the following measurement levels:

> Level 1: Twelve-month expected credit losses (ECLs), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
> Level 2: Lifetime ECLs (homogeneous debtor portfolios), which applies when a significant increase in credit risk has occurred on an individual or a collective basis of financial instruments.
> Level 3: Lifetime ECLs (based on an individual assessment): If an individual assessment of assets produces objective indications of a need for impairment, then an assessment of the entire maturity of the financial instrument is decisive.

The simplified impairment approach is used with regard to **trade receivables** (e. g., rent receivables, receivables from ancillary costs, receivables from the sale of properties) and for **contract assets** pursuant to IFRS 15. This means that there is no need to track the changes in credit risk. Instead, Vonovia has to set up loan loss provisions in the amount of the lifetime expected credit losses both at the time of initial recognition and on each following reporting date.

The carrying amounts of current trade receivables correspond to their fair values.

In principle, all impaired trade receivables are due and payable. As regards the trade receivables that are neither impaired nor past due, there was no indication on the reporting date that the debtors would not meet their payment obligations.

Receivables from the sale of properties arise on economic transfer of ownership. The due date of the receivable may, however, depend on the fulfillment of contractual obligations. Some purchase contracts provide for the purchase price to be deposited in an escrow account. Impairment losses for doubtful debts are recorded up to the amount of the posted proceeds from sales.

Vonovia's receivables from property letting generally arise at the beginning of the month, are of a short-term nature and result from claims in relation to tenants relating to operating business activities. Due to the (subsequent) measurement at amortized cost, an impairment test has to be performed. The receivables fall under the scope of the calculation of expected credit losses.

In accordance with the general provisions set out in IFRS 9, expected credit losses are to be recognized using the simplified approach for current trade receivables without any significant financing component.

Vonovia uses a credit loss matrix when calculating expected credit losses for trade receivables. The matrix is based on historical default rates and takes current expectations into account, including macroeconomic indicators (e.g., GDP). The matrix can be used to calculate the expected credit losses for various homogeneous portfolios.

In order to create portfolios for the purpose of assessing the probability of default, the individual clusters of receivables need to have homogeneous credit risk characteristics. As far as receivables from its operating business activities are concerned, i.e., the letting of rental properties, Vonovia makes a distinction between receivables from existing tenants and receivables from former tenants. Both portfolios include current receivables that are exposed to a low level of volatility, as the company's core operating business is hardly exposed to any major fluctuations.

Calculation Method for Receivables from Former Tenants

The calculation of the probability of default is based on the results of an analysis of the historical probability of default. Cash flows relating to outstanding receivables over the last three years have been analyzed and an average amount of incoming payments for the year in question was calculated on a monthly basis. The average monthly incoming payments were compared against the average monthly receivables for the year in question. Ultimately, Vonovia has been able to collect approx. 4.5% of the average receivables over the last three years. This means that Vonovia sets up risk provisions corresponding to a rounded total of 95% for its receivables from former tenants.

The loss given default comprises the following:

The receivables of former tenants that are being analyzed (amount of the receivable at the time of default) are corrected to reflect retained deposits that serve as security for Vonovia. This is already taken into account as part of the calculation method used for the probability of default.

The average receivables taken as a basis do not include receivables subject to specific valuation allowances that were written off in full.

Receivables from Existing Tenants

When it comes to determining the probability of default with regard to receivables associated with ongoing lease agreements, Vonovia analyzes those receivables that have actually been derecognized over the last three years.

This is performed systematically by way of a receivables management system according to the aspects receivables relating to ancillary expenses, those connected to the product, rent adjustments and payment difficulties.

Impairment losses on trade receivables developed as follows:

in € million	
Impairment losses as of Jan. 1, 2023	**61.3**
Addition	17.0
Utilization	-17.3
Reversal	-1.5
Impairment losses as of Dec. 31, 2023	**59.5**
Impairment losses as of Jan. 1, 2022	**60.2**
Addition	28.1
Utilization	-24.7
Reversal	-2.3
Impairment losses as of Dec. 31, 2022	**61.3**

Within the impairment losses on receivables from property letting, the risk provisions are generally taken into account as follows: For existing tenants, a risk provision corresponding to between 18% and 40% of the receivables, in a total amount of € 10.7 million (December 31, 2022: € 7.5 million), was set up depending on the term. In cases involving payment difficulties, the provision corresponded to between 40% and 95% of the receivables and amounted to € 9.7 million in total (December 31, 2022: € 18.2 million).
The risk provisions for former tenants correspond to 95% of the receivables and amount to € 32.1 million in total (December 31, 2022: € 31.5 million).

For contracts with customers who are assigned to Vonovia's development business, the payment terms pursuant to Section 3 (2) of the Real Estate Agent and Commercial Contractor Regulation (MaBV) generally apply in Germany. Customers also have a contractual obligation to present a financing commitment issued by a credit institution for the entire purchase price. Otherwise, Vonovia is entitled to withdraw from the agreement. In Austria, the installment plan pursuant to Section 10 (2) of the Austrian Property Development Contract Act (BTVG) is normally applied, with customers obliged to pay the entire purchase price into an escrow account. Due to the structure of the standard payment terms in the development business, no separate impairment losses are taken into account on corresponding receivables from customer contracts.

For example, receivables are derecognized if tenants die and have no heirs, if they move to an unknown location or move abroad, if execution is impossible for the court bailiff, in cases involving bankruptcy or if a settlement was reached.

The following table shows the expenses for the full derecognition of receivables as well as income from the receipt of derecognized receivables:

in € million	2022 (adjusted)	2023
Expenses for the derecognition of receivables	8.9	8.2
Income from the receipt of derecognized receivables	6.0	6.5

35 Cash and Cash Equivalents

Accounting Policies

Cash and cash equivalents include cash on hand, checks and deposits at banking institutions as well as marketable securities with an original term of up to three months.

Cash and cash equivalents are measured using the general impairment approach in accordance with IFRS 9.

Cash and cash equivalents include cash on hand, checks and deposits at banking institutions totaling € 1,374.4 million (December 31, 2022: € 1,101.8 million), as well as current securities in the previous year in the amount of € 200.6 million.

€ 415.8 million (December 31, 2022: € 104.1 million) of the bank balances are restricted with regard to their use.

36 Real Estate Inventories

Accounting Policies

Properties from the sales-related development business and land and buildings intended for sale are reported within real estate inventories. The **sales-related development business** refers to subsidized or independently financed condominiums that are under construction or have already been completed. These properties are not held with the aim of generating rental income or achieving increases in value within the meaning of IAS 40, but rather are developed and constructed to be sold at a later date. These development projects are recognized depending on whether there is a customer contract for the residential units that are intended for sale. If this is not the case, the valuation is performed, due to the intention to sell according to IAS 2 at amortized cost or at net realizable value, whichever is lower, with a corresponding disclosure under real estate inventories.

Recognized real estate inventories in the amount of € 1,957.7 million (December 31, 2022: € 2,156.3 million) concern development projects. These are projects to construct residential units planned for sale that are currently being built or that have been completed but have not yet been sold.

37 Assets and Liabilities Held for Sale and Discontinued Operations

Accounting Policies

Assets **held for sale** include those non-current assets that can, and are extremely likely to be, sold at standard conditions in their current state. A sale is deemed to be highly probable if there is a commitment to a plan to sell the asset, an active program to locate a buyer and complete the plan has been initiated, the asset is being actively marketed for sale at a reasonable price, and a sale is expected to be completed within one year of the date on which the asset is classified as held for sale.

This item not only includes individual non-current assets that are to be sold, but also groups of assets (disposal groups). Discontinued operations are reported separately as an item in their own right. In cases involving disposal groups and discontinued operations, all liabilities to be sold together with the corresponding assets as part of one and the same transaction are also reclassified to the items "Liabilities associated with assets classified as held for sale" or "Liabilities of discontinued operations."

Vonovia accounts for investment properties as assets held for sale when notarized purchase contracts have been signed or a declaration of intent to purchase has been signed by both parties as of the reporting date but transfer of title will, under the contract, not take place until the subsequent reporting period. Initially they are recognized at the contractually agreed selling price and subsequently at fair value following deductions for costs to sell, if the latter is lower.

A **discontinued operation** refers to a scenario in which a separate major line of business or a geographical area of operations is classed as held for sale, or if a business activity is part of a single coordinated plan for such a sale. A line of business has to be distinct from the other activities for accounting purposes before it can be classified as a discontinued operation. The result from the discontinued operations are presented separately from the continuing operations in the consolidated income statement. The comparative year is restated as if the discontinued operation had been classified as such from the start of that year.

Assets Held for Sale

The assets held for sale include only properties for which notarized purchase contracts had already been signed as of the reporting date as part of Vonovia's ordinary sales activities totaling € 313.1 million. The value as of December 31, 2022, was € 70.8 million.

Discontinued Operations

As part of the strategic review, the management decided to sell the Care segment. The sale process has begun and it is expected to have been concluded before December 2024. Accordingly, the majority of the Care segment is presented as discontinued operations.

Impairment Losses on the Disposal Group

At present, the management expects the group to be sold at the relevant carrying amounts.

As a result, the valuation of the disposal group at the lower of carrying amount and fair value less costs to sell has not produced any valuation effects.

As of December 31, 2023, the disposal group comprised the following assets and liabilities:

in € million	Dec. 31, 2023
Intangible assets	22.6
Property, plant and equipment	28.9
Investment properties	619.4
Other assets	40.3
Total non-current assets of discontinued operations	711.2
Inventories	0.9
Trade receivables	9.0
Other assets	2.0
Income tax receivables	2.6
Cash and cash equivalents	44.4
Total current assets of discontinued operations	58.9
Total assets of discontinued operations	**770.1**

in € million	Dec. 31, 2023
Provisions	30.7
Non-derivative financial liabilities	35.6
Lease liabilities	3.6
Deferred tax liabilities	23.2
Total non-current liabilities of discontinued operations	93.1
Provisions	1.0
Trade payables	11.2
Non-derivative financial liabilities	0.8
Lease liabilities	1.0
Current income taxes	11.4
Other liabilities	23.5
Total current liabilities of discontinued operations	48.9
Total liabilities of discontinued operations	**142.0**

The earnings contribution from discontinued operations is comprised as follows.

in € million	2022	2023
Revenue from property letting	0.5	0.6
Other revenue from property management	256.8	266.7
Revenue from property management	**257.3**	**267.3**
Net income from fair value adjustments of investment properties	-92.2	-193.3
Capitalized internal expenses	0.2	-
Cost of materials	-55.7	-55.4
Personnel expenses	-150.1	-164.3
Depreciation and amortization	-98.9	-53.9
Other operating income	28.7	27.3
Net income from the derecognition of financial assets measured at amortized cost	0.3	0.4
Other operating expenses	-17.0	-20.7
Interest expenses	-0.7	-1.2
Earnings before tax	**-128.1**	**-193.8**
Income taxes	33.5	45.7
Profit for the period from discontinued operations	**-94.6**	**-148.1**

As of December 31, 2023, Vonovia had 3,825 employees (December 31, 2022: 3,798) working in the business area belonging to the discontinued operations. 2,949 were female as of December 31, 2023 (December 31, 2022: 2,934) and 876 were male (December 31, 2022: 864). The average figure for the year was 3,869 employees (2022: 3,801). As of December 31, 2023, Vonovia had 385 apprentices (December 31, 2022: 305) working in the business area belonging to the discontinued operations.

Cumulative Income or Expenses Included in Other Comprehensive Income

Taking into account deferred tax effects, the cumulative result from the measurement of actuarial gains and losses in connection with the disposal group in the amount of € -12.8 million is included in other comprehensive income. € 1.1 million of the gains and losses are attributable to Vonovia's shareholders and € 0.2 million to non-controlling shareholders.

Earnings per Share

The earnings per share attributable to the profit for the period of the discontinued operations came to € -0.16 (2022: € -0.10) for the 2023 fiscal year. Due to the small amount of cumulative income and expenses included in other comprehensive income, this also matches the earnings per share for total comprehensive income.

Cash Flows from the Discontinued Operation

Key Data from the Statement of Cash Flows

in € million	2022	2023
Cash flow from operating activities	62.3	57.1
Cash flow from investing activities	-41.3	-43.2
Cash flow from financing activities	-10.7	-11.1
Net changes in cash and cash equivalents of discontinued operations	10.3	2.8
Cash and cash equivalents at the beginning of the period	**31.3**	**41.6**
Cash and cash equivalents at the end of the period of discontinued operations	**41.6**	**44.4**

Section (E): Capital Structure

38 Total Equity

Accounting Policies

Other comprehensive income includes changes in total comprehensive income not affecting net income except that resulting from capital transactions with equity holders (e.g., capital increases or dividend distributions). Vonovia includes under this item unrealized gains and losses from the fair value measurement of equity instruments and derivative financial instruments that are designated as cash flow hedges. The item also includes actuarial gains and losses from defined benefit pension commitments as well as certain currency translation differences.

The **other reserves** contain cumulative changes in equity not affecting income. At Vonovia, the effective portion of the net change in the fair value of cash flow hedging instruments, the equity instruments at fair value as well as currency translation differences are recognized in other comprehensive income.

The other reserves from cash flow hedges and from currency translation differences can be reclassified. When the underlying hedged item of the cash flow hedge affects net income, the reserves attributable thereto are reclassified to profit or loss. If a foreign business is disposed of, the reserves attributable thereto are reclassified.

Development of the Subscribed Capital

in €

As of Jan. 1, 2023	795,849,997.00
Capital increase against non-cash contributions on June 13, 2023 (scrip dividend)	18,795,001.00
As of Dec. 31, 2023	**814,644,998.00**

Development of the Capital Reserves

in €

As of Jan. 1, 2023	5,151,544,376.12
Premium from capital increase for scrip dividend on June 13, 2023	284,744,265.15
Transaction costs on the issue of new shares (after allowing for deferred taxes)	-572,376.86
Withdrawal from capital reserve	-2,754,094,202.92
Other changes not affecting net income	-383,429.66
As of Dec. 31, 2023	**2,681,238,631.83**

Dividend

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, or € 676,472,497.45 in total.

As in previous years, shareholders were offered the option of choosing between being paid the dividend in cash or being granted new shares. During the subscription period, shareholders holding a total of 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 pursuant to Section 5.1 of the Articles of Association ("2022 authorized capital") at a subscription price of € 16.15, i.e., a total amount of € 303,539,266.15. The total amount of the dividend distributed in cash therefore came to € 372,933,231.30.

Authorized Capital

After being used in connection with the capital increase in 2023, the 2022 authorized capital fell by € 18,795,001.00 from € 233,000,000.00 to € 214,204,999.00 as of December 31, 2023. Shareholder subscription rights for the 2022 authorized capital can be excluded.

Retained Earnings

Retained earnings of € 19,751.0 million (December 31, 2022: € 25,605.1 million) were reported as of December 31, 2023. This figure includes actuarial gains and losses of € -3.4 million (December 31, 2022: € 22.7 million), which cannot be reclassified and therefore may no longer be recognized in profit or loss in subsequent reporting periods.

Other Reserves

Changes in other comprehensive income during the period in the amount of € -120.3 million (2022: € -359.8 million) are mainly the result of the development of cash flow hedges in the amount of € -93.0 million(2022: € 54.0 million).

Non-controlling Interests

Shares of third parties in Group companies are recognized under non-controlling interests.

On May 31, 2023, Vonovia sold shares of 34.5%, or calculated approximately 27.6%, in a selected portfolio to Apollo Capital Management L.P. for € 986.8 million (Südewo transaction). This resulted in the addition of non-controlling interests of € 760.4 million. The corresponding difference increased the company's retained earnings by € 226.4 million.

A call option that Vonovia can exercise to buy the shares back was agreed as part of the transaction. The initial measurement as of the transaction date produced a market value of € 374.0 million. As this option was agreed as part of the transaction, it was also recognized outside profit or loss in retained earnings upon initial recognition.

Directly attributable transaction costs associated with the Südewo transaction in the amount of € 30.1 million were recognized under retained earnings, not affecting net income.

On December 31, 2023, Vonovia sold shares of 30.12%, or calculated approximately 25.0%, in a selected portfolio to Apollo Capital Management L.P. for € 1,000.0 million (northern Germany transaction). This resulted in the addition of non-controlling interests of € 821.5 million. The corresponding difference increased the company's retained earnings by € 178.5 million.

A call option that Vonovia can exercise to buy the shares back was agreed as part of the transaction. The initial measurement as of the transaction date produced a market value of € 374.0 million. As this option was agreed as part of the transaction, it was also recognized outside profit or loss in retained earnings upon initial recognition.

Directly attributable transaction costs associated with the northern Germany transaction in the amount of € 45.4 million were recognized under retained earnings, not affecting net income.

Non-controlling interests rose by € 1,154.7 million in the 2023 fiscal year, from € 3,107.3 million as of January 1, 2023, to € 4,262.0 million as of December 31, 2023. This increase is primarily attributable to the sale of shares to Apollo Capital Management L.P. and, with the opposite effect, to the profit for the period attributable to non-controlling interests.

The combined subgroup financial information, prepared in accordance with Vonovia's accounting policies, for the Deutsche Wohnen Group as a major subsidiary with non-controlling interests and its registered headquarters in Berlin is as follows:

in € million	Dec. 31, 2022 Deutsche Wohnen Group (adjusted)	Dec. 31, 2023 Deutsche Wohnen Group
Revenue	1,307.3	1,410.0
Profit for the period	-424.8	-2,526.8
attributale to non-controlling interests	-59.2	-361.7
Other comprehensive income	21.5	-5.8
attributale to non-controlling interests	2.3	-0.8
Total non-current assets	28,151.7	23,749.7
Total current assets	2,394.7	3,082.5
thereof cash and cash equivalents	184.3	157.1
Total non-current liabilities	14,584.5	12,987.6
Total current liabilities	44.2	419.2
Total equity	**15,917.7**	**13,425.4**
Cash flow from operating activities	364.9	384.8
Cash flow from investing activities	5.2	291.3
Cash flow from financing activities	-862.5	658.9
Net changes in cash and cash equivalents of discontinued operations	–	44.4
Net changes in cash and cash equivalents	-492.4	17.2
Dividend	0.04	0.04

39 Provisions

in € million	Dec. 31, 2022 (adjusted) non-current	Dec. 31, 2022 (adjusted) current	Dec. 31, 2023 non-current	Dec. 31, 2023 current
Provisions for pensions and similar obligations	**512.5**	**–**	**512.4**	**–**
Other provisions for taxes (excl. deferred taxes)	**–**	**49.6**	**–**	**32.9**
Other provisions				
Environmental remediation	25.0	–	14.4	–
Personnel obligations	24.2	14.7	45.4	17.0
Miscellaneous other provisions	94.0	173.7	34.7	153.0
Total other provisions	**143.2**	**188.4**	**94.5**	**170.0**
Total provisions	**655.7**	**238.0**	**606.9**	**202.9**

Provisions for Pensions and Similar Obligations

Accounting Policies

When valuing the **provisions for pensions**, the company pension obligations are determined using the projected unit credit method pursuant to IAS 19 "Employee Benefits," whereby current pensions and vested pension rights as of the reporting date as well as expected future increases in salaries and pensions, are included in the valuation. An actuarial valuation is performed at every reporting date.

The amount shown in the balance sheet is the total present value of the defined benefit obligations (DBO) after offsetting against the fair value of plan assets.

Actuarial gains and losses are accounted for in full in the period in which they occur and recognized in retained earnings as a component of other comprehensive income and not in profit or loss. The actuarial gains and losses are also no longer recognized affecting net income in subsequent periods.

Service cost is shown in personnel expenses. The service cost is the increase in the present value of a defined benefit obligation resulting from employee service in the reporting period.

The interest expense is recognized in the financial result. Interest expense is the increase during a period in the present value of a defined benefit obligation that generally arises due to the fact that the benefit obligation is one period closer to being discharged.

Reinsurance contracts that qualify as plan assets have been taken out to cover the pension obligations toward particular individuals. Where the value of those reinsurance contracts exceeds the related pension obligations, the excess is recognized as an asset and shown under other assets.

Obligations from joint defined benefit multi-employer plans at Versorgungsanstalt des Bundes und der Länder (VBL), a pension institution of the Federal Republic of Germany and the Federal States, are stated, in line with IAS 19.34, in the same way as obligations from defined contribution plans. The data and information required for recognition as defined benefit plans for accounting purposes are not available (in particular information on the individual vested rights and the plan assets assigned to the member company), meaning that the plan is treated as a defined contribution plan in line with IAS 19.34.

Vonovia has pension obligations towards various employees which are based on the length of service.

Vonovia pays contributions to state pension insurance providers under defined contribution pension systems based on statutory provisions. The current contribution payments are reported as social security contributions under personnel expenses in the amount of € 52.1 million (2022: € 51.3 million).

Defined benefit and defined contribution obligations – for which Vonovia guarantees a certain level of benefit – are financed through provisions for pensions. Vonovia has taken out reinsurance contracts for individual people.

Generally, they are pension benefits that depend on the final salary with percentage increases depending on the number of years of service.

The pension commitments cover 6,524 (December 31, 2022: 7,657) vested rights. The increase results mainly from first-time inclusion of the participants in the deferred compensation scheme that was newly agreed in 2021 in the pension valuation.

The new "BAV 2021" deferred compensation scheme applies as standard for all defined employee groups within the Vonovia Group in Germany (current number of participants: 1,482). In addition to deferred compensation, the employer subsidies (matching contributions) are also contributed to the new employee retirement benefit plan. The matching contributions made in each case correspond to the amount of the deferred compensation contribution made, and are limited to 1% of the employee's monthly gross basic salary.

Executives currently working for companies belonging to Vonovia have the opportunity to participate in the "Pension Instead of Cash Remuneration" model (Versorgungsbezüge anstelle von Barbezügen) (eligible persons: 1,790, including persons no longer active). Retirement, invalidity and surviving dependent benefits in the form of a lifelong pension are offered under this deferred compensation model. The retirement benefits can also be paid out as a one-time capital sum.

Overview of the most important basic data for existing pension plans (all of which have already been closed):

	VO 1/VO 2 Veba Immobilien	VO 60/VO 91 Eisenbahnges.	Bochumer Verband
Type of benefit	Retirement, invalidity and surviving dependent benefits	Retirement, invalidity and surviving dependent benefits	Retirement, invalidity and surviving dependent benefits
Pensionable remuneration	Final salary	Final salary	Not applicable
Max. pension level	Yes	Yes	Depends on individual grouping
Total pension model based on final salary	Yes	No	No
Net benefit limit incl. state pension	None	Yes	None
Gross benefit limit	Yes	None	None
Adjustment of pensions	Section 16 (1, 2) BetrAVG	Section 16 (1, 2) BetrAVG	Adjustment every 3 years by Bochumer Verband (Management Board resolution)
Supplementary periods	Age of 55	Age of 55	Age of 55 (half)
Legal basis	Works agreement	Works agreement	Commitment to executives in individual contracts
Number of eligible persons	336	706	350

	VO 1991/VO 2002 Gagfah	VO guideline Gagfah M	VO 2017 VBL-Ersatzversorgung
Type of benefit	Retirement, invalidity and surviving dependent benefits	Retirement, invalidity and surviving dependent benefits	Retirement, invalidity and surviving dependent benefits
Pensionable remuneration	Salary for September of each year	Final salary	Salary of each year
Max. pension level	Module p.a.	Yes	Module p.a.
Total pension model based on final salary	No	Yes	No
Net benefit limit incl. state pension	None	None	None
Gross benefit limit	None	Yes	None
Adjustment of pensions	1% p.a.	Section 16 (1, 2) BetrAVG	1% p.a.
Supplementary periods	Age of 55	Age of 55	None
Legal basis	Works agreement	Works agreement	Individual agreement
Number of eligible persons	1,100	323	116

The current pensions according to the classic pension benefit regulations of Bochumer Verband are adjusted in line with Section 20 of those regulations. Section 20 is a rule which is based on Section 16 (1,2) of the German Occupational Pensions Improvement Act (BetrAVG) but which, according to a ruling of the Federal Labor Court of Germany, is an independent rule. Other company pensions are reviewed and adjusted under the terms of the agreement according to Section 16 (1,2) BetrAVG. On every review date, the development of the cost of living since the individual retirement date is reviewed and compensated for. Only in the aforementioned deferred compensation model is the option, available since January 1, 1999, used to raise the current pensions every year by 1% (Section 16 (3) No. 1 BetrAVG). No further risks are seen.

The company has decided to use the internal financing effect of the provisions for pensions and only to back a relatively small portion of the pension obligations with plan assets. Reinsurance policies have been taken out for former Management Board members against payment of a one-time insurance premium in order to provide additional protection against insolvency; these reinsurance policies were pledged to the eligible persons. They constitute plan assets, which are offset against the gross obligation. The fair value of the reinsurance policies for individual persons is higher than the extent of the obligations towards the respective person. This surplus of the fair values of the assets over the obligation is shown under non-current other assets. The conclusion of further personal liability insurance reinsurance policies is not planned.

Pension plan obligations and the expenses necessary to cover these obligations are determined using the projected unit credit method prescribed by IAS 19. Both pensions known on the reporting date and vested rights as well as expected future increases in salaries and pensions are included in the measurement. The following actuarial assumptions were made at the reporting date – in each case related to the end of the year and with economic effect for the following year.

Actuarial Assumptions

in %	Dec. 31, 2022	Dec. 31, 2023
Actuarial interest rate	3.73	3.17
Pension trend	2.19	2.25
Salary trend	3.00	3.00

In order to take into account the extraordinary inflation prevalent as of the reporting date, a one-time increase of 5.45% (December 31, 2022: 8%) was applied to current pensions for the calculation of pension obligations.

The 2018 G mortality tables of Prof. Dr. Klaus Heubeck have been taken for the biometric assumptions without any changes.

The defined benefit obligation (DBO) developed as follows:

in € million	2022	2023
DBO as of Jan. 1	**711.8**	**539.8**
Interest expense	7.7	19.6
Current service cost	16.0	9.1
Actuarial gains and losses:		
Experience-based adjustment of the obligation	31.3	-7.1
Changes in the financial assumptions	-196.9	34.6
Transfer	0.1	-
Benefits paid	-30.2	-27.0
Transfer into discontinued operations	-	-27.8
DBO as of Dec. 31	**539.8**	**541.2**

The present value of the pension obligation is divided among the groups of eligible persons as follows:

in € million	Dec. 31, 2022	Dec. 31, 2023
Active employees	97.9	94.5
Former employees with vested pension rights	85.5	93.0
Pensioners	356.4	353.7
DBO as of Dec. 31	**539.8**	**541.2**

Plan assets primarily comprise pension liability insurance reinsurance contracts and long-term contributions made by Vonovia, which are managed by trustees, in the context of the deferred compensation scheme that was closed in the 2021 fiscal year. The following table provides a breakdown of the plan assets:

in %	Dec. 31, 2022	Dec. 31, 2023
Shares	4.00	5.73
Fixed-interest securities	0.00	4.50
Cash assets	0.00	1.68
Insurance contracts	96.00	88.09

The fair value of the plan assets has developed as follows:

in € million	2022	2023
Fair value of plan assets as of Jan. 1	**28.3**	**28.7**
Return calculated using the actuarial interest rate	0.2	1.0
Actuarial gains:		
Income from plan assets not already included in interest income	0.2	0.1
Benefits paid	-1.6	-1.7
Employer contributions	1.6	1.9
Fair value of plan assets as of Dec. 31	**28.7**	**30.0**

The actual return on plan assets amounted to € 1.1 million during the fiscal year (2022: € 0.4 million).

The net liability recognized in the balance sheet developed as follows:

in € million	2022	2023
Net pension obligation as of January 1	**683.6**	**511.1**
Interest expense	7.4	18.5
Current service cost	16.0	9.1
Actuarial gains and losses:		
Experience-based adjustment of the obligation	30.1	-7.1
Changes in the financial assumptions	-195.7	34.6
Income from plan assets not already included in interest income	-0.2	-0.1
Transfer	0.1	–
Employer contributions	-1.6	-1.9
Benefits paid	-28.6	-25.3
Transfer into discontinued operations	–	-27.8
Net pension obligation as of January 31	**511.1**	**511.1**

The following table shows a reconciliation of the defined benefit obligation to the pension obligation recognized in the balance sheet:

in € million	Dec. 31, 2022	Dec. 31, 2023
Present value of funded obligations	33.5	42.0
Present value of unfunded obligations	506.3	499.1
Total present value of defined benefit obligations	**539.8**	**541.1**
Fair value of plan assets	-28.7	-30.0
Net liability recognized in the balance sheet	**511.1**	**511.1**
Other assets to be recognized	1.4	1.3
Provisions for pensions recognized in the balance sheet	**512.5**	**512.4**

In 2023, actuarial losses of € 27.5 million (excluding deferred taxes) were recognized in other comprehensive income (2022: actuarial gains of € 165.8 million).

The weighted average term of the defined benefit obligations is 12.82 years (December 31, 2022: 12.5 years).

The following table contains the estimated, undiscounted pension payments of the coming five fiscal years and the total of those in the subsequent five fiscal years:

in € million	Projected pension payments
2024	31.7
2025	31.2
2026	31.4
2027	31.0
2028	30.5
2029–2033	150.6

Sensitivity Analyses

An increase or decrease in the material actuarial assumptions would have led to the following defined benefit obligation, providing the other assumptions did not change:

in € million		**Dec. 31, 2022**	**Dec. 31, 2023**
Actuarial interest rate	Increase of 0.5%	507.7	509.5
	Decrease of 0.5%	575.1	576.4
Pension trend	Increase of 0.25%	549.7	550.3
	Decrease of 0.25%	529.0	531.0

An increase in life expectancy of 4.8% would have resulted in an increase in the DBO of € 21.9 million as of December 31, 2023 (December 31, 2022: € 17.8 million). This percentage rise corresponds to a one-year increase in the life expectancy of a man who was 65 at the reporting date.

If several assumptions are changed simultaneously, the cumulative effect is not necessarily the same as if there had been a change in just one of the assumptions.

The provisions for pensions include € 2.5 million (December 31, 2022: € 2.6 million) for pension obligations which were transferred to third parties as part of an assumption of debt and which relate to vested rights and the payment of current pensions. A corresponding non-current receivable relating to the reimbursement of these payments is shown under miscellaneous other assets.

Other Provisions

Accounting Policies

Other provisions are recognized when there is a present obligation, either legal or constructive, vis-à-vis third parties as a result of a past event if it is probable that a claim will be asserted and the probable amount of the required provision can be reliably estimated. Provisions are discounted if the resulting effect is material. The carrying amount of discounted provisions increases in each period to reflect the passage of time and the unwinding of the discount is recognized within interest expense. The discount rate is a pre-tax rate that reflects current market assessments.

Provisions for restructuring expenses are recognized when the Group has set up and communicated a detailed formal plan for restructuring and has no realistic possibility of withdrawing from these obligations.

Provisions for onerous contracts are recognized when the expected benefits from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is stated at the lower of the present value of the fulfillment obligation and the cost of terminating the contract, i.e., a possible indemnity or fine for breach or non-fulfillment of contract.

Provisions are reviewed regularly and adjusted to reflect new information or changed circumstances.

The **provisions for pre-retirement part-time work arrangements** are basically to be classified as other long-term employee benefits that are to be accrued over the employees' service periods.

The assets of the insolvency policy to secure fulfillment shortfalls arising from pre-retirement part-time work arrangements are offset against the amounts for fulfillment shortfalls contained in the provisions for pre-retirement part-time work arrangements.

A contingent liability is a possible obligation toward third parties that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events or a present obligation that arises from past events for which an outflow of resources is not probable or the amount of which cannot be estimated with sufficient reliability. According to IAS 37, contingent liabilities are not generally recognized.

Development of Other Provisions During the Fiscal Year

in € million	As of Jan. 1, 2023	Changes in scope of consolidation	Additions	Reversals	Netting plan assets	Interest accretion to provisions	Revaluation from currency effects	Transfer	Transfer into discontinued operations	Utilization	As of Dec. 31, 2023
Other provisions											
Environmental remediation	25.0	-	-	-0.3	-	0.5	-	-9.3	0.4	-1.9	14.4
Personnel obligations	39.0	-	44.2	-0.8	0.0	0.2	-	3.4	-1.2	-22.4	62.4
Miscellaneous other provisions	267.7	0.0	55.4	-86.4	-	3.8	0.0	14.4	-3.1	-64.1	187.7
	331.7	**0.0**	**99.6**	**-87.5**	**0.0**	**4.5**	**0.0**	**8.5**	**-3.9**	**-88.4**	**264.5**

Development of Other Provisions During the previous year

in € million	As of Jan. 1, 2022	Changes in scope of consolidation	Additions	Reversals	Netting plan assets	Interest accretion to provisions	Revaluation from currency effects	Transfer	Utilization	As of Dec. 31, 2022 (adjusted)
Other provisions										
Environmental remediation	36.6	-	-	-0.5	-	-2.2	-	-7.3	-1.6	25.0
Personnel obligations	123.4	-	70.0	-5.0	-0.2	-	-0.7	-71.2	-77.3	39.0
Outstanding trade invoices	267.2	-	-	-	-	-	-	-267.2	-	-
Miscellaneous other provisions	248.6	0.0	58.8	-22.1	-	1.6	-0.1	21.3	-40.4	267.7
	675.8	**0.0**	**128.8**	**-27.6**	**-0.2**	**-0.6**	**-0.8**	**-324.4**	**-119.3**	**331.7**

Reversals of provisions are generally offset against the expense items for which they were originally established.

The provisions for environmental remediation primarily refer to site remediation of locations of the former Raab Karcher companies. Remediation has either already begun or an agreement has been reached with the authorities as to how the damage is to be remedied. The cost estimates are based on expert opinions detailing the anticipated duration of the remediation work and the anticipated cost.

The personnel obligations are provisions for pre-retirement part-time work arrangements, provisions for bonuses, severance payments not relating to restructuring and other personnel expenses. The other personnel expenses include a provision for the long-term incentive plan (LTIP) determined in accordance with IFRS 2 of € 9.1 million (December 31, 2022: € 9.3 million) (see → [F49] Share-based Payments).

The material individual cost items under miscellaneous other provisions include costs associated with legal disputes in the amount of € 49.3 million (December 31, 2022: € 39.4 million), litigation costs in the amount of € 38.0 million (December 31, 2022: € 20.0 million), costs associated with company tax audits in the amount of € 2.3 million (December 31, 2022: € 7.3 million) and provisions for other contractually agreed guarantees in the amount of € 2.3 million (December 31, 2022: € 3.9 million).

The Group expects to settle the lion's share of the provision over the coming year.

40 Trade Payables

	Dec. 31, 2022		Dec. 31, 2023	
in € million	non-current	current	non-current	current
Liabilities				
Outstanding trade invoices	–	242.8	–	189.5
From property letting	–	127.7	–	120.2
From other supplies and services	5.2	192.8	7.0	176.7
	5.2	**563.3**	**7.0**	**486.4**

41 Non-derivative Financial Liabilities

	Dec. 31, 2022		Dec. 31, 2023	
in € million	non-current	current	non-current	current
Non-derivative financial liabilities				
Liabilities to banks	17,086.4	1,021.4	14,283.2	632.4
Liabilities to other creditors	24,183.3	2,558.4	25,353.3	2,397.7
Deferred interest from non-derivative financial liabilities	–	210.2	–	230.5
	41,269.7	**3,790.0**	**39,636.5**	**3,260.6**

Accounting Policies

Vonovia recognizes **non-derivative financial liabilities**, which mainly include liabilities to banks and to investors, at their fair value on the day of trading, less the directly attributable transaction costs (this generally corresponds to the acquisition cost). These liabilities are subsequently measured at amortized cost using the effective interest method. Financial liabilities are derecognized when Vonovia's obligations specified in the contract expire or are discharged or canceled.

Liabilities bearing no interest or interest below market rates in return for occupancy rights at rents below the prevailing market rates are recorded at present value.

Deferred interest is presented as current in order to show the cash effectiveness of the interest payments transparently. In principle, the deferred interest is part of the non-derivative financial liability. Of the deferred interest from non-derivative financial liabilities, € 178.6 million (December 31, 2022: € 173.8 million) is from bonds reported under non-derivative financial liabilities to other creditors.

The non-derivative financial liabilities developed as follows in the fiscal year under review:

in € million	As of Jan. 1, 2023	New loans	Scheduled repayments	Unscheduled repayments	Adjusted for effective interest method	Transfer into discontinued operations	Other adjustments	Exchange rate differences	As of Dec. 31, 2023
Bond (US dollar)	233.2		-185.0		-48.2	0.0	0.0		–
Bond (SEK)	112.8				0.3				113.1
Bond (EMTN)	20,994.4		-2,023.7	-581.7	27.4		-85.9		18,330.5
Bond (EMTN Green Bond)	2,179.8			-51.8	2.8		-11.3	0.0	2,119.5
Bond (EMTN Social Bond)	2,380.0			-293.5	6.3		-30.8	0.0	2,062.0
Bond (Deutsche Wohnen)	1,811.6				-8.1				1,803.5
Bearer bond	1,361.0				-8.8				1,352.2
Registered bond	503.1				-3.8		125.0		624.3
Promissory note loan	1,289.9		-120.0		2.7		-125.0		1,047.6
Commercial paper		1,980.0	-1,480.0		-2.6				497.4
Mortgages*	13,983.7	2,330.9	-763.5	-692.0	-111.3	-35.4	2.0	2.1	14,716.5
Deferred interest	210.2						20.3		230.5
	45,059.7	**4,310.9**	**-4,572.2**	**-1,619.0**	**-143.3**	**-35.4**	**-105.7**	**2.1**	**42,897.1**

* New loans include capitalized interest not affecting cash in the amount of € 0.6 million.

The non-derivative financial liabilities developed as follows in the previous year:

in € million	As of Jan. 1, 2022	New loans	Scheduled repayments	Unscheduled repayments	Adjusted for effective interest method	Other adjustments	Exchange rate differences	As of Dec. 31, 2022
Bond (US dollar)	219.3				13.9			233.2
Bond (SEK)		121.2			-8.4			112.8
Bond (EMTN)	24,110.3		-1,600.0	-1,511.8	28.8	-32.9		20,994.4
Bond (EMTN Green Bond)	596.6	1,600.0			-16.8	0.0		2,179.8
Bond (EMTN Social Bond)		2,400.0			-20.0	0.0		2,380.0
Bond (Deutsche Wohnen)*	1,907.0			-65.0	-19.1	-11.3		1,811.6
Bearer bond*	1,472.0		-100.0		-11.0			1,361.0
Registered bond*	508.0				-4.9			503.1
Promissory note loan*	279.9	1,010.0						1,289.9
Bridge financing*	3,481.6		-3,490.0		8.4			–
Commercial paper*	150.0	500.0	-650.0					–
Mortgages*; **	14,131.6	1,172.0	-566.6	-560.6	-85.4	-0.7	-106.6	13,983.7
Deferred interest*	172.7					37.5		210.2
	47,029.0	**6,803.20**	**-6,406.60**	**-2,137.4**	**-114.5**	**-7.4**	**-106.6**	**45,059.7**

* Starting in the 2023 fiscal year, the non-derivative financial liabilities of Deutsche Wohnen and Vonovia will be presented in the same category. For increased comparability, the presentation of the previous year's figures has been adjusted according to this format.
** New loans include capitalized interest not affecting cash in the amount of € 0.5 million. Repayments include debt servicing not yet rendered not affecting cash in the amount of € 3.9 million.

The maturities and average interest rates of the nominal obligations of the liabilities to banks and the liabilities to other creditors are as follows during the fiscal year:

in € million	Nominal obligation Dec. 31, 2023	Maturity	Average interest rate	Repayment of the nominal obligations is as follows: 2024	2025	2026	2027	2028	from 2029
Bond (SEK)*	121.2	2026	5.29%	48.5			72.7		
Bond (EMTN)*	18,464.0	2030	1.05%	1,814.0	2,594.4	1,800.3	2,000.0	1,724.9	8,530.4
Bond (EMTN Green Bond)*	2,136.9	2031	2.80%						2,136.9
Bond (EMTN Social Bond)*	2,075.7	2027	2.77%			610.5	750.0	715.2	
Bond (Deutsche Wohnen)*	1,760.7	2030	1.12%		589.7				1,171.0
Registered bond*	600.0	2031	1.68%			100.0	70.0	50.0	380.0
Bearer bond*	1,260.2	2032	1.77%				33.5	10.0	1,216.7
Promissory note loan*	1,045.0	2029	2.57%			50.0	309.0	60.0	626.0
Commercial paper	500.0	2024	4.16%	500.0					
Mortgages**	14,755.4	2030	2.24%	671.1	1,646.6	1,435.8	1,777.1	2,119.2	7,105.6
	42,719.1			**3,033.6**	**4,830.7**	**3,996.6**	**5,012.3**	**4,679.3**	**21,166.6**

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

In the previous year, the maturities and average interest rates of the nominal obligations were as follows:

in € million	Nominal obligation Dec. 31, 2022	Maturity	Average interest rate	Repayment of the nominal obligations is as follows: 2023	2024	2025	2026	2027	from 2028
Bond (US dollar)*	185.0	2023	4.58%	185.0					
Bond (SEK)*	121.2	2026	2.94%		48.5			72.7	
Bond (EMTN)*	21,155.3	2029	1.09%	2,023.7	1,931.6	2,750.0	1,950.0	2,000.0	10,500.0
Bond (EMTN Green Bond)*	2,200.0	2031	2.80%						2,200.0
Bond (EMTN Social Bond)*	2,400.0	2027	2.60%				850.0	750.0	800.0
Bond (Deutsche Wohnen)*; **	1,760.7	2030	1.12%			589.7			1,171.0
Registered bond*; **	475.0	2029	1.53%				100.0	70.0	305.0
Bearer bond*; **	1,260.2	2032	1.77%					33.5	1,226.7
Promissory note loan*; **	1,290.0	2028	1.23%	120.0			50.0	309.0	811.0
Mortgages**; ***	13,911.8	2029	1.33%	1,251.5	1,202.9	1,759.4	1,282.6	1,566.5	6,848.9
	44,759.2			**3,580.2**	**3,183.0**	**5,099.1**	**4,232.6**	**4,801.7**	**23,862.6**

* Under the conditions of existing loan agreements, Vonovia is obliged to fulfill certain financial covenants, which it fulfilled.
** Starting in the 2023 fiscal year, the non-derivative financial liabilities of Deutsche Wohnen and Vonovia will be presented in the same category. For increased comparability, the presentation of the previous year's figures has been adjusted according to this format.
*** For a portion of the mortgages, Vonovia is obliged to fulfill certain financial covenants, which it fulfilled.

The loan repayments shown for the following years contain contractually fixed minimum repayment amounts.

Of the nominal obligations to creditors, € 12,682.1 million (December 31, 2022: € 12,287.4 million) are secured by land charges and other collateral (account pledge agreements, assignments, pledges of company shares and guarantees of Vonovia SE or other Group companies). In the event that payment obligations are not fulfilled, the securities provided are used to satisfy the claims of the banks.

Financial liabilities to banks and other creditors have an average interest rate of approximately 1.75%. The financial liabilities as a whole do not contain any significant short-term interest rate risks as they relate either to loans with long-term fixed interest rates or variable-interest liabilities that are hedged using suitable derivative financial instruments (see → **[G55] Financial Risk Management**).

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

In January 2023, Vonovia implemented an open market repurchase to buy back bonds maturing in 2028, 2029 and 2033. An amount of € 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.

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 nominal value offered by the bond investors amounting to approximately € 1.25 billion, Vonovia accepted the buyback of a nominal value of € 1.0 billion for a total value of € 892.0 million in July 2023. This corresponds to a discount of around 11%.

In July and September 2023, two bonds in the amount of € 391.6 million and € 351.9 million, respectively, were repaid as planned.

In December 2023, another bond worth € 876.4 million was repaid as planned.

Repayment of the U.S. Dollar Bond

In December 2023, the U.S. dollar corporate bond worth € 185.0 million was repaid as planned.

Repayment of Secured Financing of Deutsche Wohnen

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

Repayment of Secured Financing of Vonovia

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

In December 2023, another secured financing arrangement worth € 462.0 million was repaid early.

Repayment of Promissory Note Loans

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

Extension of the Revolving Credit Facility (RCF)

Vonovia applied for an extension of the RCF in the amount of € 3,000.0 million by two years until 2026, and the application was approved by the bank in September 2023.

Secured Financing

In March 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.

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

In June 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.

Another agreement on secured financing of € 175.0 million was reached with Berliner Sparkasse in July 2023, and was disbursed in the same month.

In December 2023, Vonovia SE concluded a ten-year secured financing arrangement with BayernLB for € 110.0 million, which was disbursed in the same month.

A secured financing agreement with Ärzteversorgung Westfalen Lippe for an amount of € 120.0 million with a term of 15 years was signed in December 2023 and disbursed in the same month.

Also in December 2023, a secured financing agreement with NordLB for an amount of € 50.0 million with a term of ten years was signed and again disbursed in the same month.

A secured financing agreement for € 150.0 million was signed with Ergo in December 2023, and will be disbursed over the coming year.

Unsecured Financing

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

In September 2023, Vonovia took out an unsecured loan with UniCredit, BNP Paribas, JP Morgan and Société Générale in the amount of € 600.0 million with a maturity of two years.

The first installment of € 450.0 million from the unsecured loan taken out in 2022 with the European Investment Bank (EIB), in a total amount of € 600.0 million, was disbursed in September 2023.

Commercial Paper

Issues in the amount of € 500 million were outstanding under Vonovia SE's commercial paper program as of December 31, 2023.

42 Derivatives

	Dec. 31, 2022		Dec. 31, 2023	
in € million	non-current	current	non-current	current
Derivatives				
Cash flow hedges			48.6	
Stand-alone derivatives			10.6	
Deferred interest from derivatives		1.3		0.1
		1.3	**59.2**	**0.1**

For more information on derivative financial liabilities please refer to chapters → **[G53] Additional Financial Instrument Disclosures** and → **[G57] Cash Flow Hedges and Stand-alone Hedging Instruments**.

43 Put Options

In the 2023 fiscal year, the previous 5.1% non-controlling interest in Süddeutsche Wohnen GmbH, Stuttgart, was increased to 10.1%. This sale of shares increased the put option reported by € 83.2 million. The other change in the amount of € -37.9 million results from adjustments to (reductions in) the current IFRS value of the put options.

44 Leases

Accounting Policies

IFRS 16 "Leases," which has applied as a mandatory requirement since January 1, 2019, introduces only one accounting model (right-of-use model) for lessees, based on which all leases are to be recognized in the balance sheet as a matter of principle. The distinction between operating and finance leases only remains in place for accounting as the lessor.

All contracts that give the Vonovia Group the right to control the use of an identified asset over a certain period of time in return for consideration are considered leases within the meaning of IFRS 16.

For all lease contracts that meet the definition of leases according to IFRS 16, Vonovia recognizes lease liabilities equal to the present value of the future lease payments, discounted using the term-specific incremental borrowing rate. Correspondingly, right-of-use assets are recognized in the amount of the lease liabilities, plus any advance payments or any initial direct costs.

The lease liabilities are adjusted in line with financial principles. They are increased by the periodic interest expenses and reduced by the lease payments made.

The right-of-use assets are generally recognized at amortized cost, taking depreciation and impairments into account. Right-of-use assets that meet the definition of investment properties (IAS 40) are recognized at fair value in line with the recognition and measurement rules set out in IAS 40.

Changes within the lease term or within the lease payments lead to a remeasurement of the present value and, as a result, to an adjustment of the lease liability and the right-of-use asset.

Periods resulting from extension or termination options granted on a unilateral basis are assessed on a lease-by-lease basis and are only taken into account if their use is sufficiently probable – for example, due to financial incentives.

There is an accounting option available for short-term leases and leases of low-value assets. Vonovia makes use of this option, meaning that such leases are not recognized. As far as rented IT equipment and metering technology is concerned, portfolios are set up for leases with similar terms and a single discount rate is applied to these portfolios.

Such variable lease payments, which are not included in the measurement of the lease liabilities, as well as lease payments associated with short-term leases, with leases of low-value assets and with lease contracts that do not meet the definition of leases according to IFRS 16 are recognized as expenses on a straight-line basis over the lease term.

In addition to conventional vehicle leasing over a fixed lease term of three to five years, the Vonovia Group also leases IT equipment (IT leasing), rented residential, commercial and nursing care properties for subleasing (interim rental agreements; rented nursing care properties reported under the assets/liabilities of discontinued operations as of December 31, 2023), heat generation plants to supply the Group's own properties with heat (contracting), water and heat meters (metering technology), leasing of land for the construction of owner-occupied commercial properties, as well as office buildings, office spaces, warehouse spaces and parking spaces (lease agreements for commercial premises). Under license agreements with public-sector institutions, Vonovia is granted the right to use public properties as storage locations or parking spaces, to lay heating pipes or cables, or to construct playgrounds. Long-term leasehold contracts have the biggest impact on the company's net assets, financial position and results of operations. These involve Vonovia leasing land for the rental of constructed residential and commercial properties. These contracts generally have a term of 99 years.

Development of Right-of-use Assets

in € million	Dec. 31, 2022	Dec. 31, 2023
Right-of-use assets		
Leasehold contracts	2,016.8	1,798.0
Interim rental agreements	3.0	0.5
Right-of-use assets within investment properties	**2,019.8**	**1,798.5**
Leasing of land for the construction of owner-occupied commercial properties	30.9	32.2
Lease agreements for commercial premises	41.7	48.3
Contracting	91.8	78.0
Vehicle leases	4.7	4.9
License agreements	0.5	0.0
Leases of IT equipment	1.5	1.0
Metering technology	22.6	22.1
Right-of-use assets within property, plant and equipment	**193.7**	**186.5**
	2,213.5	**1,985.0**

As of December 31, 2023, the right-of-use assets resulting from leases amount to € 1,985.0 million (2022: € 2,213.5 million).

The majority of the right-of-use assets amounting to € 1,798.5 million is reported under investment properties and does not only result from interim lease agreements (leased and subleased residential and commercial properties), but mainly from leasehold contracts (€ 1,798.0 million). The other right-of-use assets totaling € 186.5 million are reported under property, plant and equipment and mainly include right-of-use assets resulting from heat contracting (€ 78.0 million), concluded lease agreements for commercial premises (€ 48.3 million), the leasing of land for the construction of owner-occupied commercial properties (€ 32.2 million), contracts connected with leased metering technology (€ 22.1 million) and vehicle leases (€ 4.9 million).

Development of Lease Liabilities

in € million	Dec. 31, 2022 Due within one year	Dec. 31, 2022 Due in 1 to 5 years	Dec. 31, 2022 Due after 5 years	Dec. 31, 2023 Due within one year	Dec. 31, 2023 Due in 1 to 5 years	Dec. 31, 2023 Due after 5 years
Lease liabilities						
Leasehold contracts (IAS 40)	12.2	39.5	430.6	12.2	40.4	428.9
Interim rental agreements	1.4	1.7	–	0.5	0.0	0.0
Leasing of land for the construction of owner-occupied commercial properties	0.1	0.6	31.3	0.2	0.7	32.7
Lease agreements for commercial premises	10.3	21.3	10.7	11.7	28.8	9.7
Contracting	11.4	40.1	41.8	11.8	30.7	36.4
Vehicle leases	2.2	2.5	–	2.4	2.6	0.0
License agreements	–	–	0.5	0.0	0.0	0.0
Leases of IT equipment	0.7	0.8	–	0.5	0.5	0.0
Metering technology	3.2	12.4	7.2	4.7	13.8	4.0
	41.5	**118.9**	**522.1**	**43.9**	**117.5**	**511.8**

As of December 31, 2023, the lease liabilities amount to € 673.2 million (2022: € 682.5 million).

The year-on-year decrease in lease liabilities of € -9.3 million is mainly due to lower lease liabilities from heating supply contracts (€ -14.3 million), especially as a result of repayments made and prematurely terminated contracts in the 2023 reporting year. On the contrary, lease liabilities from lease agreements for commercial premises increased (€ +7.9 million), mainly due to index-based price increases and newly concluded leases, thereof € 7.0 million in connection with an office building in Berlin leased in January 2023 for Vonovia's customer service.

Totaling € 511.8 million, the majority of the lease liabilities recognized as of December 31, 2023 are due after more than five years. Of this amount, € 428.9 million is attributable to lease liabilities from leasehold contracts. € 43.9 million is due within the next year. € 12.2 million of this amount is attributable to leasehold contracts, € 11.8 million is attributable to heating supply contracts.

The following table shows the development of the right-of-use assets reported under property, plant and equipment:

in € million	Carrying amount of right-of-use assets Jan. 1, 2023	Additions 2023	Depreciation 2023	Transfer into discontinued operations	Carrying amount of right-of-use assets Dec. 31, 2023	Interest expenses 2023
Leasing of land for the construction of owner-occupied commercial properties	30.9	1.8	-0.4	–	32.2	0.9
Lease agreements for commercial premises	41.7	20.7	-12.4	-1.2	48.3	1.0
Contracting	91.8	4.5	-13.3	-0.7	78.0	2.1
Vehicle leases	4.7	3.6	-2.7	-0.3	4.9	0.1
License agreements	0.5	–	–	–	–	–
Leases of IT equipment	1.5	0.5	-0.7	–	1.0	0.1
Metering technology	22.6	14.8	-3.7	–	22.1	0.7
	193.7	**45.9**	**-33.2**	**-2.2**	**186.5**	**4.9**

in € million	Carrying amount of right-of-use assets Jan. 1, 2022	Additions 2022	Depreciation 2022	Carrying amount of right-of-use assets Dec. 31, 2022	Interest expenses 2022 (adjusted)
Leasing of land for the construction of owner-occupied commercial properties	27.4	4.0	-0.4	30.9	0.8
Lease agreements for commercial premises	45.1	16.4	-12.2	41.7	0.4
Contracting	56.8	49.4	-12.2	91.8	1.3
Vehicle leases	4.8	2.7	-2.5	4.7	0.0
License agreements	0.5	0.0	-0.0	0.5	0.0
Leases of IT equipment	2.1	1.7	-1.0	1.5	0.0
Metering technology	38.2	0.8	-5.4	22.6	0.2
	174.9	**75.0**	**-33.7**	**193.7**	**2.7**

The interest expenses recognized in the 2023 fiscal year resulting from leases pursuant to IFRS 16 amounted to € 19.9 million in total (2022: € 17.6 million), mainly from leasehold contracts (€ 15.0 million).

In the 2023 fiscal year, a total of 207 lease contracts (2022: 161) were classified as short-term leases and thus were not recognized in line with the accounting option available. The corresponding expenses, recognized in the 2023 fiscal year, amounted to € 0.9 million (2022: € 0.6 million). Expenses relating to leases of low-value assets amounting to € 2.7 million in the 2023 fiscal year (2022: € 1.2 million) mostly result from leased bicycles/e-bikes. Expenses totaling € 38.8 million were incurred in connection with variable lease payments in the 2023 fiscal year (2022: € 33.1 million), basically due to energy costs under heat supply contracts. Variable lease payments have not been included in the measurement of lease liabilities.

In addition to variable lease payments as well as payments resulting from short-term leases and leases of low-value assets, each included in the cash flow from operating activities, interest payments and repayments of lease liabilities totaling € 58.8 million were incurred in the 2023 fiscal year (2022: € 59.2 million). Thus, the total cash outflow for leases in the reporting period amounted to € 101.2 million (2022: € 94.1 million).

Total income from subleasing, mostly from subleasing of right-of-use assets in connection with rented residential, commercial and care home properties, amounted to € 15.0 million in the reporting period (2022: € 14.4 million). As of the reporting date, there were no significant non-cancelable subleases on the Spree-Bellevue property.

The loss arising from the rental of the sold Spree-Bellevue property (sale and leaseback transaction) in fiscal year 2023 amounted to € 1.2 million (2022: loss of € 1.2 million). This does not have any material impact on the Group's cash flows.

45 Liabilities to Non-controlling Interests

Accounting Policies

Liabilities to non-controlling interests, which include obligations from the guaranteed dividend agreements, in particular, are stated at fair value when they are recognized for the first time. The fair value is, in principle, determined by the value of the respective company; if a contractually agreed minimum purchase price is higher than this amount, this purchase price is recognized.

The liabilities to non-controlling interests relate especially to the obligations to pay several guaranteed dividends under valid profit-and-loss transfer agreements or co-investor agreements in an amount of € 198.4 million (December 31, 2022: € 235.9 million).

46 Financial Liabilities from Tenant Financing

Accounting Policies

Financial liabilities from tenant financing include tenant financing contributions. The financing contributions relate to the contributions collected from tenants in Austria for subsidized apartments. These are reimbursed upon the termination of the rental contract following the deduction of a depreciation amount. The amount refunded can be collected again relating to new tenants. As these are generally rental contracts that can be terminated at any time, these liabilities are reported as current liabilities.

Financial liabilities from tenant financing also include maintenance and improvement contributions deposited by tenants (EVB). These contributions are paid by tenants in Austria to finance the costs associated with modernization work. The payment depends on the age of the building and must be used up for modernization work within 20 years of their receipt. Otherwise, the contributions have to be refunded to the tenant.

First-time recognition is at fair value. Subsequent measurement is at amortized cost.

The financial liabilities from tenant financing as of the reporting date include € 112.1 million (December 31, 2022: € 111.9 million) in tenant financing contributions. Financial liabilities from tenant financing also include € 42.0 million in maintenance and improvement contributions deposited by tenants (EVB) (December 31, 2022: € 43.2 million).

47 Other Liabilities

	Dec. 31, 2022 (adjusted)		Dec. 31, 2023	
in € million	non-current	current	non-current	current
Advance payments received	–	40.3	–	141.1
Accruals	–	78.6	–	75.7
Other taxes	–	30.8	–	26.8
Miscellaneous other liabilities	27.9	51.9	51.0	40.0
	27.9	**201.6**	**51.0**	**283.6**

Section (F): Corporate Governance Disclosures

48 Related Party Transactions

Vonovia had business relationships with unconsolidated investees and subsidiaries in the 2023 fiscal year. These transactions resulted from the normal exchange of deliveries and services and are shown in the table below:

	Provided services		Purchased services		Receivables		Liabilities		Advance payments	
in € million	2022	2023	2022	2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023
Subsidiaries (not consolidated)	0.0	0.0	–	0.2	1.8	–	–	0.0	–	–
Associates	44.8	47.5	25.7	16.2	646.5	666.2	0.1	2.8	290.1	422.2
Joint ventures	9.8	11.6	265.8	118.0	173.1	171.1	6.3	0.2	17.3	22.3
Other non-consolidated subsidiaries	–	–	–	–	–	0.3	–	–	–	57.4
	54.6	**59.1**	**291.5**	**134.2**	**821.4**	**837.6**	**6.4**	**3.0**	**307.4**	**501.9**

As of December 31, 2023, Vonovia's significant business relations were with the QUARTERBACK Group. As of December 31, 2023, loan receivables were recognized in the amount of € 814.3 million (December 31, 2022: € 781.8 million), with € 664.8 million (December 31, 2022: € 672.1 million) repayable in twelve months and € 149.5 million (December 31, 2022: € 109.7 million) repayable in 24 months. The average interest rate for the loans is 7.9%. The interest income from the loans extended to the Quarterback Group amounted to € 58.1 million (2022: € 46.0 million) in the 2023 fiscal year. As of December 31, 2023, there were also interest receivables in the amount of € 17.0 million (December 31, 2022: € 28.0 million).

There are real estate project sales of the QUARTERBACK Group to Vonovia in the amount of € 876.0 million (December 31, 2022: € 876.0 million), for which Vonovia had made advance payments of € 501.9 million in total as of December 31, 2023 (December 31, 2022: € 307.4 million). In connection with agency services contracted by the QUARTERBACK Group in the amount of € 12.4 million (2022: € 24.2 million), Vonovia has outstanding balances on liabilities of € 2.8 million as of December 31, 2023 (December 31, 2022: € 0.1 million).

As of December 31, 2023, there is also a guarantee to secure non-current loan liabilities of the QUARTERBACK Group in the amount of € 12.3 million (December 31, 2022: € 12.3 million).

As of December 31, 2023, Vonovia has outstanding balances on receivables of € 0.0 million (December 31, 2022: € 0.6 million) vis-à-vis G+D Gesellschaft für Energiemanagement mbH, Magdeburg. In the reporting period, services worth € 0.3 million (2022: € 3.7 million) were provided to G+D Gesellschaft für Energiemanagement mbH, Magdeburg, while services worth € 116.6 million (2022: € 144.2 million) were purchased.

In addition, Vonovia purchased services worth € 2.6 million in 2023 (2022: € 1.1 million) from Comgy GmbH and services worth € 1.6 million (2022: € 1.0 million) from GSZ Gebäudeservice und Sicherheitszentrale GmbH, Berlin.

There were also loan receivables of € 5.7 million from OLYDO Projektentwicklungsgesellschaft mbH, Berlin, as of December 31, 2023 (December 31, 2022: € 13.5 million), which are to be repaid within 24 months. The loan has a fixed interest rate of 3.0%.

At Vonovia, the individuals in key positions pursuant to IAS 24 include the members of the Management Board and the Supervisory Board of Vonovia SE.

The emoluments to key management personnel, which are subject to a disclosure requirement under IAS 24, include the remuneration of the active members of the Management Board and Supervisory Board in the reporting year.

The active members of the Management Board and Supervisory Board received the following remuneration:

in € million	2022	2023
Short-term benefits (without share-based payment)	10.2	8.9
Post-employment benefits	2.6	1.2
Share-based payment	-0.8	2.9
	12.0	**13.0**

The balances vis-à-vis the Management Board and the Supervisory Board are as follows:

	Provisions for outstanding remuneration	
	2022	**2023**
Short-term benefits (without share-based payment)	5.0	3.5
Share-based payment	6.6	6.7
Pension obligation according to IFRS (DBO)	8.3	8.8
	19.9	**19.0**

The payments due in the short term include the relevant basic remuneration and fringe benefits for members of the Supervisory Board.

The payments due in the short term for the members of the Management Board include the basic remuneration, the short-term variable remuneration, the fringe benefits and the pension payment/pension contribution. Management Board members who were appointed for the first time before January 1, 2021 may participate in a Vonovia SE company retirement benefit plan. It includes the option of making the contractually agreed annual pension contribution to the "pension benefits in lieu of cash benefits" deferred compensation scheme as amended from time to time. Management Board members who were appointed for the first time as of January 1, 2021 receive a non-performance-related lump sum (pension) in cash in addition to their fixed remuneration. One Management Board member receives his retirement benefits from a Group subsidiary based on another employment relationship in the form of contributions to a foreign pension fund and a pension payment as additional fixed remuneration; this can also be paid into the pension fund under certain circumstances at the discretion of the Management Board member.

The service cost resulting from provisions for pensions for the active Management Board members is reported under post-employment benefits.

The disclosure on share-based payments is based on the expenses in the fiscal year, which are also reported in chapter → **[F49] Share-based Payments**.

The Management Board and Supervisory Board members were not granted any loans or advances.

49 Share-based Payments

Accounting Policies

The obligations arising from share-based payments are calculated using standard valuation methods based on option pricing models (Monte Carlo simulation). Calculation of the fair value on the reporting date is based on various parameters for the Monte Carlo simulation (risk-free rate, annualized volatilities, correlations). The annualized volatility and the correlation are calculated based on historical volatility and historical correlation in the period matching the residual term based on daily returns. The risk-free rate is calculated using the interest rate structure curve based on the Svensson method. As the LTIP provides for the granting of a dividend equivalent, there is no need to include the dividend yield.

Equity-settled share-based payments are recognized at the grant date at the fair value of the equity instruments vested by that date. The fair value of the obligation is therefore recognized as personnel expenses proportionally over the vesting period and is offset directly against the capital reserves.

The cash-settled share-based payments are shown under other provisions and remeasured at fair value at each reporting date. The expenses are also recognized as personnel expenses over the vesting period (see → **[E39] Provisions**).

Vonovia Management Board

As part of the LTIP in place since 2015, the Management Board members are granted a fixed number of phantom stocks (performance share units or "PSU") annually, which are paid out at the end of a four-year performance period based on the target achievement level for targets defined at the beginning of the performance period and on the development of the share price. The pre-defined target achievement level is based on the targets Relative Total Shareholder Return (RTSR), the development of EPRA Net Tangible Assets (NTA) per share, the development of the Group FFO per share, and the Sustainability Performance Index (SPI), with each target weighted equally at 25%. As a result, this LTIP constitutes a cash-settled plan pursuant to IFRS 2; in turn, the payout claim can be lost entirely if the defined target achievement level has not been reached.

The value of the total phantom stocks that had been granted but not paid out from the LTIP as of December 31, 2023, was calculated by an external expert based on recognized actuarial principles (Monte Carlo simulation). The obligation disclosed as of the reporting date breaks down as follows:

Tranche in €	End of performance period	Number of shares	Average fair value per share at Dec. 31, 2023 in €	Earned provision as of Dec. 31, 2023
2020–2023	Dec. 31, 2023	97,115	28.03	2,904,555
2021–2024	Dec. 31, 2024	88,524	18.39	1,301,250
2022–2025	Dec. 31, 2025	138,742	18.27	1,265,779
2023–2026	Dec. 31, 2026	262,026	20.09	1,273,282

The LTIP program resulted in expenses pursuant to IFRS 2 totaling € 2.9 million in the 2023 reporting year (2022: € -0.8 million).

Vonovia Executives Below Management Board Level

The LTIP was implemented for the first level of management in 2016. This LTIP plan is based largely on the LTIP in place for the Management Board, also regarding the performance objectives and the calculation of the objective values with regard to the minimum value, the “target achievement value,” and the maximum value.

The value of the total phantom stocks that had been granted but not paid out from the LTIP as of December 31, 2023, was calculated by an external expert based on recognized actuarial principles (Monte Carlo simulation). The obligation disclosed as of the reporting date breaks down as follows:

Tranche in €	End of performance period	Number of shares	Average fair value per share at Dec. 31, 2023 in €	Earned provision as of Dec. 31, 2023
2020–2023	Dec. 31, 2023	37,580	28.03	1,052,835
2021–2024	Dec. 31, 2024	33,565	18.39	462,168
2022–2025	Dec. 31, 2025	33,354	18.27	304,164
2023–2026	Dec. 31, 2026	83,223	20.09	416,846

The LTIP program results, in accordance with IFRS, in expenses of € 0.9 million in the 2023 reporting year (2022: € -0.5 million).

Employees

The Group works council agreement “Employee Share Program” was concluded in 2014. The program started in the 2015 calendar year, with the shares granted subject to a vesting period of six months. The costs associated with the securities deposit account are borne by Vonovia. All employees that had at least one full year of service as of December 31 of the calendar year concerned are eligible to participate. Shares with a value of between € 90 and € 360 at the most are granted to employees, depending on their gross annual salary, without the employees having to make any contribution of their own.

In accordance with IFRS, the new employee share program results in total expenses of € 2.5 million in the 2023 reporting year (2022: € 2.4 million), which have been offset directly against the capital reserves.

50 Remuneration

Remuneration of the Supervisory Board

The members of the Supervisory Board received total remuneration of € 2.1 million for their work during the 2023 fiscal year (2022: € 2.5 million).

Total Remuneration of the Management Board

The total remuneration paid to the members of the Management Board comprises the following:

Total remuneration of the Management Board in €	Total remuneration	
	2022	**2023**
Fixed remuneration and short-term variable remuneration	9,150,872	7,741,958
Total long-term variable share-based remuneration	6,807,249	5,686,326
of which		
2022–2025	6,807,249	–
2023–2026	–	5,686,326
(number of shares)	138,742	262,026
Total remuneration	**15,958,121**	**13,428,284**

The remuneration paid to the Management Board members includes the remuneration for all mandates at Vonovia Group companies, subsidiaries and participating interests.

Remuneration of Former Management Board Members and Their Surviving Dependents

Total remuneration of former Management Board members and their surviving dependents amounts to € 0.4 million for the 2023 fiscal year (2022: € 0.4 million).

The defined benefit obligation (DBO) to former members of the Management Board and their surviving dependents amounts to € 18.3 million (2022: € 14.8 million).

51 Auditors' Fees

KPMG AG Wirtschaftsprüfergesellschaft was appointed as the auditor of the consolidated financial statements until the end of the 2022 fiscal year. Due to the mandatory legal rotation of the auditor required by law, a new auditor was appointed in the 2023 fiscal year. In the 2023 fiscal year, the Annual General Meeting elected PricewaterhouseCoopers GmbH (PwC) as the new auditor of the consolidated financial statements.

In the fiscal year, the following fees (including expenses and excluding VAT) have been recorded for the services rendered by the Group auditors PwC GmbH Wirtschaftsprüfungsgesellschaft and its network companies:

in € million	2023
Audits	10.3
thereof network company	0.8
Other confirmation services	1.3
thereof network company	0.1
Other services	0.0
	11.6

The fee paid for auditing services performed by PwC GmbH Wirtschaftsprüfungsgesellschaft relates to the audit of the consolidated financial statements and annual financial statements of Vonovia SE, as well as to various audits of annual financial statements and a review of the subsidiaries included in the consolidated financial statements. The consolidated interim financial statements were reviewed and the financial statements were audited in accordance with audit standard IDW PS 490.

The fees for other confirmation services comprise all confirmation services that are not services relating to the audit and are not used in the context of the audit. These mainly include reviews of reconciliations on the interest threshold based on audit standard IDW PS 900, audits pursuant to Section 16 of the of the Real Estate Agent and Commercial Contractor Regulation (MaBV), business audits pursuant to ISAE 3000 relating to the non-financial report, and various housing assistance reports and reports on the appropriation of loans granted by the German government-owned development bank KfW. Other confirmation services also include services associated with the issue of comfort letters and the issue of valuation certificates.

52 Declaration of Conformity with the German Corporate Governance Code

In December 2023, the Management Board and the Supervisory Board of Vonovia SE and Deutsche Wohnen issued a Declaration of Conformity with the recommendations of the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG) and made it permanently available on the **Vonovia** and **Deutsche Wohnen** websites.

Section (G): Additional Financial Management Disclosures

53 Additional Financial Instrument Disclosures

Measurement categories and classes:

in € million	Carrying amounts Dec. 31, 2023
Assets	
Cash and cash equivalents	
Cash on hand and deposits at banking institutions	1,374.4
Trade receivables	593.2
Financial assets	
Investments valued at equity	157.9
Finance lease receivables	15.7
Other current financial receivables from financial transactions*	318.1
Loans to other investments	187.6
Other non-current loans	21.6
Other non-current loans to associates and joint ventures	682.9
Non-current securities	5.9
Other investments	321.7
Derivative financial assets	
Cash flow hedges – no classification in accordance with IFRS 9	8.9
Call option on equity instruments	838.0
Stand-alone interest rate swaps and interest rate caps	63.8
Liabilities	
Trade payables	493.4
Bonds	24,428.7
Other non-derivative financial liabilities	18,468.4
Derivatives and put options	
Purchase price liabilities from put options/rights to reimbursement	316.2
Stand-alone interest rate swaps and interest rate caps	10.6
Cash flow hedges – no classification in accordance with IFRS 9	48.7
Lease liabilities	673.2
Liabilities from tenant financing	154.1
Liabilities to non-controlling interests	198.4

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

Amounts recognized in balance sheet in accordance with IFRS 9						
Amortized cost	Fair value affecting net income	Fair value recognized in equity without reclassification	Hedge accounting – no classification in accordance with IFRS 9	Amounts recognized in balance sheet in acc. with IAS 28/IFRS 16	Fair value Dec. 31, 2023	Fair value hierarchy level
1,374.4					1,374.4	n.a.
593.2					593.2	n.a.
				157.9		n.a.
				15.7		n.a.
318.1					318.1	2
187.6					191.5	2
21.6					21.6	2
682.9					682.9	2
		5.9			5.9	1
		321.7			321.7	2
	-2.8		11.7		8.9	2
	838.0				838.0	3
	63.8				63.8	2
493.4					493.4	n.a.
24,428.7					21,386.5	1
18,468.4					17,087.8	2
316.2					220.9	3
	10.6				10.6	2
	0.1		48.6		48.7	2
				673.2		n.a.
154.1					154.1	n.a.
198.4					198.4	n.a.

Measurement categories and classes:

in € million	Carrying amounts Dec. 31, 2022
Assets	
Cash and cash equivalents	
Cash on hand and deposits at banking institutions	1,101.8
Money market funds	200.6
Trade receivables	
Receivables from the sale of properties	47.2
Receivables from property letting	44.9
Other receivables from trading	41.3
Receivables from the sale of real estate inventories	196.8
Financial assets	
Investments valued at equity	240.1
Finance lease receivables	23.7
Loans to other investments	33.1
Other non-current loans	11.5
Other non-current loans to associates and joint ventures	825.9
Non-current securities	5.5
Other investments	398.6
Derivative financial assets	
Cash flow hedges – no classification in accordance with IFRS 9	115.1
Stand-alone interest rate swaps and interest rate caps	99.8
Liabilities	
Trade payables	568.5
Bonds	25,900.2
Other non-derivative financial liabilities	19,159.5
Derivatives and put options	
Purchase price liabilities from put options/rights to reimbursement	270.9
Cash flow hedges – no classification in accordance with IFRS 9	1.3
Lease liabilities	682.5
Liabilities from tenant financing	155.1
Liabilities to non-controlling interests	235.8

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

> Employee benefits in accordance with IAS 19: Gross presentation of right to reimbursement arising from transferred pension obligations in the amount of € 2.5 million (December 31, 2022: € 2.6 million).
> Amount by which the fair value of plan assets exceeds the corresponding obligation of € 1.5 million (December 31, 2022: € 1.6 million).
> Provisions for pensions and similar obligations: € 512.4 million (December 31, 2022: € 512.5 million).

	Amounts recognized in balance sheet in accordance with IFRS 9						
	Amortized cost	Fair value affecting net income	Fair value recognized in equity without reclassification	Hedge accounting – no classification in accordance with IFRS 9	Amounts recognized in balance sheet in acc. with IAS 28/IFRS 16	Fair value Dec. 31, 2022	Fair value hierarchy level
	1,101.8					1,101.8	n.a.
	200.6					200.6	n.a.
	47.2					47.2	n.a.
	44.9					44.9	n.a.
	41.3					41.3	n.a.
	196.8					196.8	n.a.
					240.1		n.a.
					23.7		n.a.
	33.1					33.2	2
	11.5					11.5	2
	825.9					825.9	2
			5.5			5.5	1
			398.6			398.6	2
		-10.1		125.2		115.1	2
		99.8				99.8	2
	568.5					568.5	n.a.
	25,900.2					21,229.2	1
	19,159.5					16,554.2	2
	270.9					189.6	3
		1.3				1.3	2
					682.5		n.a.
	155.1					155.1	n.a.
	235.8					235.8	n.a.

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

in € million	Dec. 31, 2023	Level 1	Level 2	Level 3
Assets				
Investment properties	81,120.3			81,120.3
Financial assets				
Non-current securities	5.9	5.9		
Other investments	321.7			321.7
Assets held for sale				
Investment properties (contract closed)	313.1		313.1	
Derivative financial assets				
Cash flow hedges	8.9		8.9	
Call option on equity instruments	838.0			838.0
Stand-alone interest rate swaps and caps	63.8		63.8	
Liabilities				
Derivative financial liabilities				
Cash flow hedges	48.7		48.7	
Stand-alone interest rate swaps and caps	10.6		10.6	

in € million	Dec. 31, 2022	Level 1	Level 2	Level 3
Assets				
Investment properties	92,300.1			92,300.1
Financial assets				
Non-current securities	5.5	5.5		
Other investments	398.6			398.6
Assets held for sale				
Investment properties (contract closed)	70.8		70.8	
Derivative financial assets				
Cash flow hedges	115.1		115.1	
Stand-alone interest rate swaps and caps	99.8		99.8	
Liabilities				
Derivative financial liabilities				
Cash flow hedges	1.3		1.3	
Stand-alone interest rate swaps and caps	–		–	

Accounting Policies

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

The investment properties classified as assets held for sale are recognized at the time of their transfer to assets held for sale at their new fair value, the agreed purchase price (**Level 2**).

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

All **investments in equity instruments** that do not relate to associates or call options to buy back shares (Level 3) are measured at fair value in other comprehensive income. The Group's primary aim is to hold its investments in equity instruments in the long term for strategic purposes. Measurement is at Level 3, as the share price of the relevant investments and the partly underlying cash flows are not directly observable. They are measured either directly via the share price or using a discounted cash flow model.

The fair value of the **bonds** listed on the market is calculated based on the market prices that apply on the reporting date **(Level 1)**.

The fair value of the **other non-derivative financial liabilities** is calculated by means of a discounted cash flow (DCF) model. In addition to the tenor-specific EURIBOR/STIBOR rates (3M; 6M), Vonovia's own credit risk is also used here **(Level 2)**.

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

As part of the valuation of the **cross currency swaps**, the USD cash flows were converted into EUR using the EUR/USD FX forward curve, after which all EUR cash flows are discounted using the 6M EURIBOR curve (Level 2).

The amount of the estimated **impairment loss on cash and cash equivalents** was calculated based on the losses expected over a period of twelve months.

No financial instruments were reclassified to different hierarchy levels vis-à-vis the comparative period.

Due to the current interest rate environment (and the return to more positive market values as a result), counterparty risk premiums were relevant for the interest rate swaps in the consolidated financial statements alongside Vonovia's own credit risk. As with Vonovia's own risk, they are derived from rates observable on the capital markets and ranged from 10 to 160 basis points, depending on the residual maturities. Vonovia's own risk premiums were trading at between 70 and 190 basis points on the same cut-off date, depending on the maturities.

The fair values of the cash and cash equivalents, trade receivables and other financial receivables approximate their carrying amounts at the reporting date owing to their mainly short maturities. It was determined that the cash and cash equivalents have a low risk of default due to the external ratings and short residual maturities and that there is no need for any material impairment of cash and cash equivalents.

in € million	From interest	Income from other non-current loans	Measurement of call options	Dividends from other investments	From subsequent measurement: Impairment losses	From subsequent measurement: Expected credit loss: Other non-current loans to associates	From subsequent measurement: Derecognized receivables	From subsequent measurement: Derecognized liabilities	Financial result affecting income 2023	Measurement of cash flow hedges	Measurement of financial instruments categorized as equity instruments	Total financial result 2023
2023												
Debt instruments carried at (amortized) cost	227.5	60.6		–	-15.6	-12.0	-1.7	–	258.8	–	–	258.8
Derivatives measured at FV through P&L	-3.1	–	90.0	–	–	–	–	–	86.9	–	–	86.9
Effective hedge accounting – no classification in accordance with IFRS 9	–	–	–	–	–	–	–	–	–	-93.0	–	-93.0
Equity instruments measured at FVOCI without reclassification	–	–	–	22.1	–	–	–	–	22.1	–	-28.5	-6.4
Financial liabilities measured at (amortized) cost	-764.9	–	–	–	–	–	–	1.3	-763.6	–	–	-763.6
	-540.5	**60.6**	**90.0**	**22.1**	**-15.6**	**-12.0**	**-1.7**	**1.3**	**-395.8**	**-93.0**	**-28.5**	**-517.3**

in € million	From interest	Income from other non-current loans	Dividends from other investments	From subsequent measurement: Impairment losses	From subsequent measurement: Expected credit loss: Other non-current loans to associates	From subsequent measurement: Derecognized receivables	From subsequent measurement: Derecognized liabilities	Financial result affecting income 2022	Measurement of cash flow hedges	Measurement of financial instruments categorized as equity instruments	Total financial result 2022
2022											
Debt instruments carried at (amortized) cost	110.7	50.1	–	-25.8	-24.1	-2.9	–	108.0	–	–	108.0
Derivatives measured at FV through P&L	141.8	–	–	–	–	–	–	141.8	–	–	141.8
Effective hedge accounting – no classification in accordance with IFRS 9	–	–	–	–	–	–	–	–	72.9	–	72.9
Equity instruments measured at FVOCI without reclassification	–	–	21.2	–	–	–	–	21.2	–	-17.1	4.1
Financial liabilities measured at (amortized) cost	-479.9	–	–	–	–	–	-0.2	-480.1	–	–	-480.1
	-227.4	**50.1**	**21.2**	**-25.8**	**-24.1**	**-2.9**	**-0.2**	**-209.1**	**72.9**	**-17.1**	**-153.3**

54 Information on the Consolidated Statement of Cash Flows

Accounting Policies

The **statement of cash flows** shows how Vonovia's cash has changed during the reporting year as a result of cash inflows and outflows. In accordance with IAS 7 (Statement of Cash Flows), a distinction is made between changes in cash flow from operating activities, investing activities and financing activities.

The cash flow from operating activities is determined from the profit for the period using the indirect method, the profit for the period being adjusted for effects of transactions that are not cash-effective, any deferrals or accruals of past or future operating cash receipts or payments as well as items of income or expense associated with investing or financing cash flows.

The effects of changes in the scope of consolidation are shown separately. Therefore, direct comparison with the corresponding changes in the items of the consolidated balance sheet is not possible. The proceeds from the disposal of intangible assets, property, plant and equipment and investment properties are shown in cash flow from investing activities.

Exercising the IAS 7 option, interest received is shown under cash flow from investing activities and interest paid is shown under cash flow from financing activities.

The item "Payments for acquisition of investment properties" mainly shows expenses for modernization measures.

55 Financial Risk Management

In the course of its business activities, Vonovia is exposed to various financial risks. The Group-wide financial risk management system aims to identify any potentially negative impact on the financial position of the Group early on and take suitable measures to limit this impact. For the structure and organization of financial risk management, we refer to the management report (see → **Risk Management Structure and Instruments**). This system was implemented on the basis of Group guidelines, which were approved by the Management Board and which are continually reviewed. The risks associated with financial instruments and the corresponding risk management are described in detail as follows:

Market Risks

Currency Risks

Liquidity transfers from the German subgroup to Swedish subsidiaries are usually secured through the conclusion of foreign currency forwards. Nevertheless, currency fluctuations are expected to result from financing relationships. By way of example, Vonovia SE issued two bonds denominated in Swedish krona in a total amount of SEK 1,245.4 million in 2022. Based on the exchange rate as of December 31, 2023, a -5% change in the value of the Swedish krona against the euro would result in currency gains of € 5.9 million, while a change of +5% would result in a currency loss of € 5.3 million. Vonovia is subject to no further material currency risks in the scope of its usual business activities.

Interest Rate Risks

The investments measured at fair value are subject, in particular, to a price risk resulting from fluctuations in expected returns, market interest rates and expectations based on the operating business development of the investments. Other investments are long-term investments that are closely related to Vonovia's operating business areas. As a result, short-term realization of the price fluctuations cannot generally be assumed.

In the course of its business activities, Vonovia is exposed to cash-effective interest rate risks as a result of floating-rate debt as well as new and follow-on loans. Within this context, the interest markets are continually monitored by the Finance and Treasury department. Its observations are incorporated into the financing strategy.

As part of its financing strategy, Vonovia uses derivative financial instruments, in particular interest rate swaps and caps, to limit or manage interest rate risks. Vonovia's policies permit the use of derivatives only if they are associated with underlying assets or liabilities, contractual rights or obligations and planned, highly probable transactions.

A sensitivity analysis for cash flow hedges is provided under chapter → **[G57] Cash Flow Hedges and Stand-alone Hedging Instruments**.

Other Risks

Vonovia also acts as an energy supply company through its subsidiary Vonovia Energie Service GmbH. Contracts used for procurement and in the context of sales do not constitute financial instruments under IFRS 9 as a general rule due to the own use exemption. However, because the contracts used are managed in a comparable manner, this business area is also presented below. Due in particular to the current fluctuations in energy procurement conditions, there is a risk that planned energy procurement prices may not be realized. This indirectly results in the risk of the energy sales business becoming loss-making. Vonovia hedges against these risks with a broad range of risk management instruments, which, in addition to a structured multi-year procurement strategy and systematic risk monitoring, also offers the option of price adjustments during the year. This has significantly reduced market price risks in the current dynamic situation on the energy procurement markets.

For all material equity instruments categorized at FVOCI, a 5% increase (reduction) in the share price would have increased (reduced) total equity by € 14.1 million (€ -14.1 million) (December 31, 2022: € 19.5 million (€ -19.5 million). With regard to the impact of the change in equity instruments at fair value in other comprehensive income during the reporting period, we refer to the statement of comprehensive income.

Credit Risks

Vonovia is exposed to a default risk resulting from the potential failure of a counterparty to fulfill its part of the contract. In order to minimize risks, financial transactions are generally only executed with banks and partners whose credit rating has been found by a rating agency to be at least equivalent to Vonovia's. These counterparties are assigned volume limits set by the Management Board. The counterparty risks are managed and monitored centrally by the Corporate Finance and Treasury department.

Liquidity Risks

The companies of Vonovia are financed by borrowings to a notable degree. Due to their high volume, the loans are in some cases exposed to a considerable refinancing risk. The liquidity risks arising from financing transactions with high volumes (volume risks) have become apparent in the financial sector, especially in the wake of the financial crisis. In order to limit these risks, Vonovia is in constant contact with many different market players, continuously monitors all financing options available on the capital and banking markets and uses these options in a targeted manner. Moreover, Vonovia subjects its existing financings to an early review prior to the respective final maturity date in order to ensure refinancing.

Under the conditions of existing loan agreements, Vonovia is obliged to fulfill certain financial covenants such as the debt service coverage ratio or debt-equity ratio. If financial covenants are violated, the breach is not rectified within so-called cure periods and no mutually acceptable agreement can be reached with the lenders, the financing may be restructured and the cost structure changed. Should all commonly practiced solutions be unsuccessful, the lenders could call in the loan. The fulfillment of these financial covenants is continually monitored by the Corporate Finance and Treasury department on the basis of current actual figures and budgetary accounting.

In order to ensure its ability to pay at all times, Vonovia has put a system-supported cash management system in place. This system monitors and optimizes Vonovia's cash flows on an ongoing basis and provides the Management Board with regular reports on the Group's current liquidity situation. Liquidity management is supplemented by short-term rolling, monthly liquidity planning for the current fiscal year, of which the Management Board is also promptly notified. In order to minimize credit risks, large amounts of cash on hand are avoided wherever possible. In the event that large reserves are necessary on a short-term basis due to pending investments or refinancing, these are distributed among various instruments and banking partners with good credit ratings.

The following table shows the forecast for undiscounted cash flows of the non-derivative financial liabilities and derivative financial instruments for the 2023 reporting year. The loan repayments shown for the following years contain only contractually fixed minimum repayment amounts:

		2024		2025		2026 to 2030		from 2031	
in € million	Carrying amount as of Dec. 31, 2023	Interest	Repayment	Interest	Repayment	Interest	Repayment	Interest	Repayment
Non-derivative financial liabilities									
Liabilities to banks	14,915.6	344.5	632.7	369.9	1,628.6	1,100.8	9,727.9	350.9	2,950.0
Liabilities to other creditors	27,751.0	212.3	2,400.9	367.3	3,202.1	1,353.6	12,859.2	876.7	9,317.7
Deferred interest from other non-derivative financial liabilities	230.5	230.5	–	–	–	–	–	–	–
Lease liabilities	673.2	19.8	38.9	18.9	31.6	84.0	101.8	131.9	500.9
Financial liabilities from tenant financing	154.1	–	114.4	–	1.9	–	9.5	–	28.3
Derivative financial assets and liabilities									
Purchase price liabilities from put options/rights to reimbursement	316.2	–	–	–	–	–	95.9	–	220.3
Cash flow hedges/stand-alone interest rate derivatives	-53.2	-42.0		-30.7		-66.3		-14.6	
Cash flow hedges – hedge accounting	44.2	-4.1		-4.0		-12.1		-5.7	
Deferred interest from swaps	-4.4	-4.4							

Another maturity band for the remaining term was added to the information from the 2023 fiscal year onwards. The prior-year figures have not been restated.

in € million	Carrying amount as of Dec. 31, 2022	2023 Interest	2023 Repayment	2024 Interest	2024 Repayment	2025 to 2029 Interest	2025 to 2029 Repayment
Non-derivative financial liabilities							
Liabilities to banks	18,107.8	213.2	1,344.5	241.2	1,163.6	797.0	9,085.1
Liabilities to other creditors	26,741.7	242.2	2,235.7	385.1	2,019.4	1,461.0	13,492.6
Deferred interest from other non-derivative financial liabilities	210.2	210.2	-	-	-	-	-
Lease liabilities	682.5	18.7	38.5	18.1	31.7	83.6	103.2
Financial liabilities from tenant financing	155.1	-	114.1	-	2.0	-	9.7
Derivative financial assets and liabilities							
Purchase price liabilities from put options/rights to reimbursement	270.9	-	-	-	-	-	195.4
Cash flow hedges/stand-alone interest rate derivatives	-165.5	-23.5	-	-14.2	-	-23.5	-
Cash flow hedges (cross currency swap) USD in €	-47.0	-10.8	-185.0				
Cash flow hedges (cross currency swap) in €		8.4	185.0				
Deferred interest from swaps	-1.1	-1.1	-	-	-	-	-

Credit Facilities

Vonovia has concluded framework agreements with various banks with respect to accessing KfW funds. The vast majority of these loans are not secured by way of land charges. As of December 31, 2023, the total volume of these loan framework agreements stood at € 959.0 million (December 31, 2022: € 926.0 million), with € 678.0 million (December 31, 2022: € 835.0 million) drawn.

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. Drawdowns can be made in euros or Swedish krona under the agreement, which originally ended in 2024, with interest based on the EURIBOR or STIBOR, plus an additional margin. This credit line had not been used as of December 31, 2023. As a contractual extension option was exercised at the end of September, the agreement will end in 2026.

A commercial paper master program with a total volume of € 3,000.0 million, in which Vonovia SE acts as the issuer, has also been in place since November 2021. Issues in an amount of € 500.0 million were outstanding as of December 31, 2023.

In September, a general loan agreement for around € 600.0 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.

As of December 31, 2023, the total volume available under guarantee loan agreements in the Group as a whole amounted to € 245.0 million. A total of € 117.2 million of this amount had been drawn down by the reporting date.

Revolving guarantee lender	Master agreement volume	Utilization 2023	Note
Commerzbank AG	€ 60.0 million	€ 29.3 million	
Atradius Kreditversicherung	€ 70.0 million	€ 36.0 million	
Swiss Re International SE	€ 50.0 million	€ 11.6 million	
Berliner Volksbank eG	no framework	€ 0.1 million	project-specific development financing
Frankfurter Sparkasse	no framework	€ 0.2 million	individual guarantees
Kreissparkasse Gelnhausen	no framework	€ 0.2 million	individual guarantees
Hypo Vereinsbank	no framework	€ 0.2 million	individual guarantees
VHV Allgemeine Versicherung AG	no framework	€ 0.2 million	framework agreement cancelled
Euler Hermes	€ 50.0 million	€ 39.9 million	
UniCredit Bank Austria AG	€ 10.0 million	€ 8.3 million	
Raiffeisen Bank International AG	€ 5.0 million	–	

All in all, Vonovia has cash on hand and deposits at banking institutions of € 1,374.4 million as of the reporting date (December 31, 2022: € 1,302.4 million). The master credit agreements/the commercial paper program, together with the cash on hand, guarantee Vonovia's ability to pay at all times.

We refer to the information on financial risk management in the management report.

56 Capital Management

Vonovia's management aims to achieve a long-term increase in value in the interests of customers, employees and investors. Within this context, maintaining a degree of financial flexibility in order to be able to achieve strategic objectives is crucial. This is why Vonovia's capital management focuses on ensuring our investment grade rating. The priority is to ensure sufficient liquidity resources and maintain an efficient ratio between secured and non-secured capital components.

As part of the opportunities and risk management of Vonovia, the members of the Management Board are given monthly reports on the development of results and their potential effects on the capital structure.

The equity situation of the subsidiaries is regularly examined.

Vonovia's equity developed as follows:

in € million	Dec. 31, 2022	Dec. 31, 2023
Total equity	34,438.8	29,944.6
Total assets	101,389.6	91,995.9
Equity ratio	34.0%	32.5%

In order to protect itself against changes in exchange rates and interest rates, Vonovia regularly contracts derivative hedging transactions in the case of liabilities with variable interest rates or liabilities in foreign currencies. The Corporate Finance and Treasury department is responsible for implementing the approved financing strategy.

57 Cash Flow Hedges and Stand-alone Hedging Instruments

On the reporting date, the nominal volume of cash flow hedges held in euros, including pre-hedges, amounts to € 1,165.0 million (December 31, 2022: € 1,501.7 million). Interest rates on hedging instruments are between 1.505% and 3.513% with original swap periods of between 3.5 and 20 years.

In order to manage its interest rate risk, Vonovia concluded five float-to-fix interest rate swaps in the period between June 30, 2023 and July 6, 2023. These were supplemented by a forward starting interest rate swap concluded on July 5, 2023. All of the transactions concluded by Vonovia SE were included in a hedge, while two interest rate swaps concluded by Deutsche Wohnen SE remain stand-alone interest rate swaps. The float-to-fix interest rate swaps will run for between 3.5 years and 6.25 years, hedge a total nominal amount of € 775 million and took effect between

July 4, 2023 and July 10, 2023. The forward swap, with a nominal value of € 500 million and a term of ten years, will take effect on April 16, 2024; cash settlement was agreed. The new interest rate hedges exchange a 3M or 6M EURIBOR for a fixed interest rate of between 2.989% and 3.513%.

All of the zero-cost swaption collars discussed at this point in the report in the previous year were settled in cash in the reporting year.

For the hedging instruments that are maintained through passive hedge accounting, € 6.6 million was reclassified affecting net income in the reporting year in line with the expected cash flows from the underlying hedged items.

This reduced the value recognized in other comprehensive income to € 4.2 million.

All derivatives are included in netting agreements with the issuing banks.

With the exception of one transaction, the euro interest rate swaps are reported with negative market values as of the reporting date.

No economic or accounting offsetting was performed in the reporting year.

Key parameters of the interest rate swaps were as follows:

in € million	Carrying amount Dec. 31, 2023	Balance sheet item including the hedging instrument	Face value	Beginning of term	End of term
Goldmann Sachs (Forward-starting swap)					
Hedged item					
Forward	-24.2	Derivatives	500.0	Apr. 16, 2024	Apr. 16, 2034
Société Générale (Floating-to-fixed hedge)					
Hedged item			142.0	Mar. 1, 2022	Mar. 1, 2027
Interest rate swap	-4.0	Derivatives	142.0	Jul. 4, 2023	Mar. 1, 2027
Société Générale (Floating-to-fixed hedge)					
Hedged item			156.0	Feb. 28, 2022	Mar. 1, 2027
Interest rate swap	-4.4	Derivatives	156.0	Jul. 4, 2023	Mar. 1, 2027
Morgan Stanley (Floating-to-fixed hedge)					
Hedged item			325.0	Feb. 28, 2022	Feb. 28, 2029
Interest rate swap	-16.0	Derivatives	325.0	Jul. 10, 2023	Feb. 28, 2029
UniCredit Bank AG					
Hedged item			42.0	Oct. 1, 2018	Nov. 30, 2038
Interest rate swaps	4.4	Financial assets	42.0	Oct. 1, 2018	Nov. 30, 2038

Current average interest rate (incl. margin)	Changes in the value of the hedging instrument recognized in other comprehensive income	Ineffectiveness of the hedging instrument recognized in profit or loss	Profit or loss item including hedge ineffectiveness	Reporting year reclassification	Profit or loss item including the reclassification of the hedge	Change in fair value of the hedged item
	(+) Increase of equity (-) Decrease of equity	(+) Increase of equity (-) Decrease of equity				
6-M-EURIBOR margin 0.0%						
2.989%	-24.2	–	Interest expenses	–	n.a.	
3-M-EURIBOR margin 0.6%						4.0
3.426%	-4.0	–	Interest expenses	-0.3	Interest expenses	
6-M-EURIBOR margin 0.6%						4.4
3.504%	-4.4	–	Interest expenses	-0.3	Interest expenses	
6-M-EURIBOR margin 0.7%						16.0
3.513%	-16.0	–	Interest expenses	-0.6	Interest expenses	
3-M-EURIBOR margin 1.32%						4.8
1.505%	-5.3	0.5	Interest expenses	-0.7	Interest expenses	

The two USD 175.0 million cross-currency swaps, which were contracted in equal amounts with each of JP Morgan Limited and Morgan Stanley Bank International Limited with an original maturity of ten years, matured on October 2, 2023, in line with the bonds.

As of the reporting date, Deutsche Wohnen Group recognized 18 stand-alone interest rate swaps. The nominal value hedged came to € 853.0 million as of December 31, 2023 (December 31, 2022: € 704.8 million); three transactions result in a negative market value of € 7.7 million, while the positive market values of the other interest rate swaps total € 39.4 million (December 31, 2022: only positive market values of € 66.4 million).

The hedged nominal volume of currently twelve stand-alone interest rate swaps of BUWOG amounted to € 335.0 million as of December 31, 2023 (December 31, 2022: € 299.9 million), while positive market values of € 16.6 million were offset by negative market values totaling € 1.6 million (December 31, 2022: only positive market values of € 27.1 million).

On the reporting date, the Victoriahem Group recognized nine stand-alone interest rate swaps, one forward and one interest rate cap. The nominal value hedged in Swedish krona amounted to € 809.4 million as of December 31, 2023 (December 31, 2022: € 1,296.9 million), while positive market values of € 7.7 million were offset by negative market values totaling € 1.2 million (December 31, 2022: only positive market values of € 23.8 million).

The designation of the cash flow hedges as hedging instruments is prospectively determined on the basis of a sensitivity analysis, retrospectively on the basis of the accumulated dollar offset method. The fair value changes of the hedged items are determined on the basis of the hypothetical derivative method. In the reporting year – as in the prior year – the impact of default risk on the fair values is negligible and did not result in any adjustments of the balance sheet item.

In 2023, two new derivatives in the form of long-term call options to buy back shares were recognized for the first time in the amount of € 838.0 million. For details on the call options, please refer to the chapter entitled → **[D29] Financial Assets**

All in all, the positive market values of cash flow hedges in the amount of € 4.4 million were offset in the reporting year by negative market values of € 48.6 million (December 31, 2022: only positive market values of € 65.7 million).

At the same time, positive market values from stand-alone interest rate derivatives of Deutsche Wohnen, BUWOG and Victoriahem were recognized in the amount of € 63.8 million (December 31, 2022: € 99.8 million) and were offset in the reporting year by negative market values of € 10.6 million.

The positive deferred interest balance across the board came to € 4.4 million in the reporting year (December 31, 2022: € 1.1 million).

The impact of the cash flow hedges (after income taxes) on the development of other reserves is shown below:

		Changes in the period		Reclassification affecting net income		
in € million	As of Jan. 1	Changes in CCS	Other	Currency risk	Interest risk	As of Dec. 31
2023	**41.2**	**-42.7**	**-50.3**	**33.9**	**-2.2**	**-20.1**
2022	**-11.9**	**9.0**	**45.0**	**-9.4**	**8.5**	**41.2**

The impact of the cash flow hedges (including income taxes) on total comprehensive income is shown below:

Cash Flow Hedges

in € million	2022	2023
Change in unrealized gains/losses	77.9	-136.7
Taxes on the change in unrealized gains/losses	-23.9	43.7
Net realized gains/losses	-5.0	43.9
Taxes due to net realized gains/losses	4.1	-12.2
Total	**53.1**	**-61.3**

In the reporting year, after allowing for deferred taxes, negative cumulative ineffectiveness for cash flow hedges amounted to € 0.3 million (2022: € -0.4 million), meaning that net interest deteriorated by € 0.7 million.

On the basis of the valuation as of December 31, 2023, Vonovia used a sensitivity analysis for all interest rate swaps to determine the change in equity given a parallel shift in the interest rate structure of 50 basis points in each case:

	Change in equity		
in € million	Other reserves not affecting net income	Income statement affecting net income	Total
2023			
+50 basis points	24.3	17.4	41.7
-50 basis points	-24.5	-17.3	-41.8
2022			
+50 basis points	31.8	10.9	42.7
-50 basis points	-16.9	-20.9	-37.8

Another sensitivity analysis revealed that, for a minority of variable-rate loans not designated as hedges, a parallel shift of 50 basis points in each case would have an effect in the income statement of € 15.3 million (or € -15.3 million), as against an effect of € 18.4 million (or € -18.4 million) in the previous year.

58 Contingent Liabilities

Contingent liabilities exist for cases in which Vonovia SE and its subsidiaries give guarantees to various contractual counterparts. The terms are in many cases limited to an agreed time. In some cases, the term is unlimited.

Contingent liabilities of Vonovia are as follows:

in € million	Dec. 31, 2022	Dec. 31, 2023
Guarantees in connection with Development	86.0	147.6
Rent surety bonds	2.9	2.4
Other	3.9	3.6
	92.8	**153.6**

Vonovia is involved in a number of legal disputes resulting from normal business activities. In particular, these involve tenancy, construction and sales law disputes and, in individual cases, company law disputes (mainly following squeeze-out processes). Furthermore, there are legal disputes with a social insurance provider. None of the legal disputes, taken in isolation, will have any material effects on the net assets, financial position or results of operations of Vonovia. The expected potential amount of loss of originally € 40–150 million relating to this was adjusted to € 150–375 million with an unchanged probability of occurrence of 5-39%.

59 Other Financial Obligations

The other financial obligations are as follows:

in € million	Dec. 31, 2022	Dec. 31, 2023
Other financial obligations		
Investment obligations	757.7	1,239.5
Commitments under purchase orders for modernization and new construction	580.2	819.6
IT service contracts	43.4	46.9
Cable TV service contracts	173.4	20.3
Surcharges under the German Condominium Act	0.3	2.7
Obligations resulting from acquisition	798.6	–
Other	12.0	11.5
	2,365.6	**2,140.5**

The obligations under cable TV service contracts are set against future income from the marketing of the cable TV service.

Bochum, February 28, 2024

Rolf Buch
(CEO)

Arnd Fittkau
(CRO)

Philip Grosse
(CFO)

Daniel Riedl
(CDO)

Ruth Werhahn
(CHRO)

Information

To offer a high degree of transparency, we publish detailed information in line with the requirements of the European Public Real Estate Association (EPRA).

List of Vonovia Shareholdings

as of December 31, 2023, according to Section 313 (2) HGB

Company	Company domicile	Interest %
Vonovia SE	Bochum/DE	
Consolidated Companies		
Germany		
AGG Auguste-Viktoria-Allee Grundstücks GmbH	Berlin	100.00 [1)]
Alboingärten Bauvorhaben Bessemerstraße GmbH	Schönefeld	100.00
Alpha Asset Invest GmbH	Berlin	100.00 [1)]
alt+kelber Immobilienverwaltung GmbH	Berlin	100.00 [1)]
Amber Dritte VV GmbH	Berlin	94.90 [1)]
Amber Erste VV GmbH	Berlin	94.90 [1)]
Amber Zweite VV GmbH	Berlin	94.90 [1)]
Aragon 13. VV GmbH	Berlin	94.90 [1)]
Aragon 14. VV GmbH	Berlin	94.90 [1)]
Aragon 15. VV GmbH	Berlin	94.90 [1)]
Aragon 16. VV GmbH	Berlin	94.90 [1)]
Aufbau-Gesellschaft der GEHAG mit beschränkter Haftung	Berlin	100.00 [1)]
Barmer Wohnungsbau GmbH	Wuppertal	92.03
Barmer Wohnungsbau Grundbesitz I GmbH	Wuppertal	100.00
Barmer Wohnungsbau Grundbesitz IV GmbH	Wuppertal	100.00
Barmer Wohnungsbau Grundbesitz V GmbH	Wuppertal	100.00
Bau- und Siedlungsgesellschaft Dresden mbH	Dresden	94.73 [1)]
BauBeCon BIO GmbH	Berlin	100.00 [1)]
BauBeCon Immobilien GmbH	Berlin	100.00 [1)]
BauBeCon Wohnwert GmbH	Berlin	100.00 [1)]
Baugesellschaft Bayern mbH	Munich	94.90 [1)]
Beamten-Baugesellschaft Bremen Gesellschaft mit beschränkter Haftung	Bremen	89.90 [1)]
Beragon VV GmbH	Berlin	94.90 [1)]
Börsenhof A Besitz GmbH	Bremen	94.00 [1)]
Bremische Gesellschaft für Stadterneuerung, Stadtentwicklung und Wohnungsbau mit beschränkter Haftung	Bremen	89.90 [1)]
Bundesbahn-Wohnungsbaugesellschaft Kassel Gesellschaft mit beschränkter Haftung	Kassel	94.90 [1)]
Bundesbahn-Wohnungsbaugesellschaft Regensburg mbH	Regensburg	94.90 [1)]
BUWOG – Bauen und Wohnen Deutschland 1 GmbH	Schönefeld	100.00

Company	Company domicile	Interest %
BUWOG – Bauen und Wohnen Deutschland 2 GmbH	Berlin	100.00
BUWOG – Bauen und Wohnen Deutschland 3 GmbH	Berlin	100.00
BUWOG – Bauen und Wohnen Leipzig GmbH	Leipzig	100.00
BUWOG – Bauen und Wohnen Süd GmbH	Lindau (Bodensee)	100.00
BUWOG – Berlin I GmbH & Co. KG	Bochum	94.90 [2) 3)]
BUWOG – Berlin II GmbH	Kiel	94.90
BUWOG – Berlin Kreuzberg I GmbH & Co. KG	Bochum	94.90 [2) 3)]
BUWOG – Berlin Wohnen GmbH	Kiel	94.90
BUWOG – Berlin Wohnen II GmbH	Kiel	94.90 [1)]
BUWOG – Berlin Wohnen III GmbH	Kiel	94.90
BUWOG – Braunschweig I GmbH	Kiel	94.90 [1)]
BUWOG – Gartenfeld Development GmbH	Berlin	94.90
BUWOG – Gartenfeld Wohnen GmbH	Kiel	94.90
BUWOG – Gervinusstraße Development GmbH	Berlin	100.00
BUWOG – Goethestraße Development GmbH	Berlin	94.90
BUWOG – Grundstücks- und Betriebs GmbH	Kiel	94.90
BUWOG – Hamburg Süd GmbH	Kiel	94.90 [1)]
BUWOG – Hamburg Umland I GmbH	Kiel	89.90 [1)]
BUWOG – Hamburg Umland II GmbH	Kiel	89.90 [1)]
BUWOG – Hamburg Wohnen GmbH	Kiel	100.00
BUWOG – Harzer Straße Development GmbH	Berlin	94.90
BUWOG – Hausmeister GmbH	Kiel	100.00
BUWOG – Heidestraße Development GmbH	Berlin	94.90
BUWOG – Herzogtum Lauenburg GmbH	Kiel	89.90 [1)]
BUWOG – Immobilien Management GmbH	Kiel	100.00
BUWOG – Jahnstraße Development GmbH	Berlin	94.90
BUWOG – Kassel Verwaltungs GmbH	Kiel	100.00
BUWOG – Kiel I GmbH & Co. KG	Bochum	94.90 [2) 3)]
BUWOG – Kiel II GmbH	Kiel	89.90 [1)]
BUWOG – Kiel III GmbH	Kiel	89.90 [1)]
BUWOG – Kiel IV GmbH	Kiel	89.90 [1)]
BUWOG – Kiel Meimersdorf GmbH	Kiel	94.90 [1)]
BUWOG – Kiel V GmbH	Kiel	89.90 [1)]
BUWOG – Lübeck Hanse I GmbH	Kiel	89.90 [1)]
BUWOG – Lübeck Hanse II GmbH	Kiel	89.90 [1)]
BUWOG – Lübeck Hanse III GmbH	Kiel	89.90 [1)]
BUWOG – Lübeck Hanse IV GmbH	Kiel	89.90 [1)]
BUWOG – Lückstraße Development GmbH	Berlin	94.90
BUWOG – Lüneburg GmbH	Kiel	94.90 [1)]
BUWOG – Mariendorfer Weg Development GmbH	Berlin	94.90
BUWOG – NDL I GmbH	Kiel	100.00 [1)]
BUWOG – NDL II GmbH	Kiel	100.00 [1)]
BUWOG – NDL III GmbH	Kiel	100.00 [1)]
BUWOG – NDL IV GmbH	Kiel	100.00 [1)]

Company	Company domicile	Interest %
BUWOG – NDL IX GmbH	Kiel	100.00 [1)]
BUWOG – NDL V GmbH	Kiel	100.00
BUWOG – NDL VI GmbH	Kiel	100.00 [1)]
BUWOG – NDL VII GmbH	Kiel	100.00 [1)]
BUWOG – NDL VIII GmbH	Kiel	100.00 [1)]
BUWOG – NDL X GmbH	Kiel	100.00 [1)]
BUWOG – NDL XI GmbH	Kiel	100.00 [1)]
BUWOG – NDL XII GmbH	Kiel	100.00 [1)]
BUWOG – NDL XIII GmbH	Kiel	100.00 [1)]
BUWOG – Niedersachsen/Bremen GmbH	Kiel	94.90 [1)]
BUWOG – Parkstraße Development GmbH	Berlin	94.90
BUWOG – Regattastraße Development GmbH	Berlin	100.00
BUWOG – Region Ost Development GmbH	Berlin	100.00
BUWOG – Rhein-Main Development GmbH	Hanau	100.00
BUWOG – Schleswig-Holstein GmbH	Kiel	94.90 [1)]
BUWOG – Spandau Primus GmbH	Kiel	100.00
BUWOG – Weidenbaumsweg Development GmbH	Berlin	94.90
BUWOG Bauträger GmbH	Berlin	94.90
BUWOG Immobilien Treuhand GmbH	Bochum	100.00 [1)]
BUWOG Kassel I GmbH & Co. KG	Bochum	94.90 [2) 3)]
BUWOG Kassel II GmbH & Co. KG	Bochum	94.90 [2) 3)]
BUWOG Projektmanagement GmbH	Berlin	100.00
BUWOG Spandau 1 GmbH & Co. KG	Kiel	100.00 [2) 3)]
BUWOG Spandau 2 GmbH & Co. KG	Kiel	100.00 [2) 3)]
BUWOG Spandau 3 GmbH & Co. KG	Kiel	100.00 [2) 3)]
BUWOG Syke GmbH	Kiel	100.00
BUWOG-Lindenstraße Development GmbH	Berlin	100.00
BUWOG-Westendpark Development GmbH	Berlin	100.00
BWG Frankfurt am Main Bundesbahn-Wohnungsgesellschaft mbH	Frankfurt am Main	94.90 [1)]
C. A. & Co. Catering KG	Wolkenstein	100.00
Ceragon VV GmbH	Berlin	94.90 [1)]
Communication Concept Gesellschaft für Kommunikationstechnik mbH	Leipzig	100.00
conwert & kelber Besitz 10/2007 GmbH	Berlin	94.80 [1)]
conwert & kelber Besitz 11/2007 GmbH	Zossen	94.80
conwert & kelber Bestand 10/2007 GmbH	Berlin	94.80 [1)]
conwert Alfhild II Invest GmbH	Berlin	94.90 [1)]
conwert Alfhild Invest GmbH	Berlin	94.90 [1)]
conwert Berlin 2 Immobilien Invest GmbH	Zossen	94.90
conwert Capricornus Invest GmbH	Zossen	100.00 [1)]
conwert Carina Invest GmbH	Berlin	100.00 [1)]
conwert Centaurus Invest GmbH	Zossen	94.90 [1)]
conwert delta Invest GmbH	Berlin	100.00 [1)]
conwert Deutschland Beteiligungsholding GmbH	Berlin	100.00 [1)]
conwert Deutschland GmbH	Berlin	100.00 [1)]

Company	Company domicile	Interest %
conwert Deutschland Holding GmbH	Berlin	94.90
conwert Dresden Vier Invest GmbH	Berlin	100.00
conwert Eisa Invest GmbH	Zossen	94.90 [1)]
conwert Epitaurus Invest GmbH	Zossen	94.00
conwert gamma Invest GmbH	Berlin	94.90 [1)]
conwert Grazer Damm Development GmbH	Zossen	94.90 [1)]
conwert Grundbesitz Leipzig Besitz GmbH	Berlin	94.90
conwert Grundbesitz Leipzig Bestand GmbH	Zossen	94.90 [1)]
conwert Immobilien Development GmbH	Berlin	94.90 [1)]
conwert lambda Invest GmbH	Berlin	100.00 [1)]
conwert Lepus Invest GmbH	Berlin	100.00
conwert omega Invest GmbH	Zossen	94.90 [1)]
conwert Pegasus Invest GmbH	Berlin	94.90 [1)]
conwert Sachsen Invest GmbH	Zossen	100.00 [1)]
conwert Tizian 1 Invest GmbH	Berlin	94.90 [1)]
conwert Tizian 2 Invest GmbH	Berlin	94.90 [1)]
conwert Wali Invest GmbH	Berlin	94.90 [1)]
conwert Wohn-Fonds GmbH	Zossen	100.00 [1)]
DA EB GmbH	Nuremberg	100.00
DA Jupiter Wohnanlage GmbH	Düsseldorf	94.00 [1)]
DAIG 1. Objektgesellschaft mbH	Düsseldorf	100.00 [1)]
DAIG 2. Objektgesellschaft mbH	Düsseldorf	100.00 [1)]
DAIG 3. Objektgesellschaft mbH	Düsseldorf	100.00 [1)]
DAIG 4. Objektgesellschaft mbH	Düsseldorf	100.00 [1)]
DAIG 12. Objektgesellschaft mbH	Düsseldorf	94.00 [1)]
DAIG 13. Objektgesellschaft mbH	Düsseldorf	94.00 [1)]
DELTA VIVUM Berlin I GmbH	Berlin	94.90 [1)]
DELTA VIVUM Berlin II GmbH	Berlin	94.90 [1)]
Deutsche Annington Acquisition Holding GmbH	Düsseldorf	100.00 [1)]
Deutsche Annington Beteiligungsverwaltungs GmbH	Düsseldorf	100.00 [1)]
Deutsche Annington DEWG GmbH & Co. KG	Bochum	100.00 [2) 3)]
Deutsche Annington DEWG Verwaltungs GmbH	Düsseldorf	100.00
Deutsche Annington DMB Eins GmbH	Bochum	100.00 [1)]
Deutsche Annington Fundus Immobiliengesellschaft mbH	Cologne	100.00 [1)]
Deutsche Annington Fünfte Beteiligungsgesellschaft mbH	Düsseldorf	100.00
Deutsche Annington Haus GmbH	Kiel	100.00
Deutsche Annington Heimbau GmbH	Kiel	100.00 [1)]
Deutsche Annington Holdings Drei GmbH	Bochum	100.00 [1)]
Deutsche Annington Holdings Eins GmbH	Düsseldorf	100.00 [1)]
Deutsche Annington Holdings Fünf GmbH	Düsseldorf	100.00 [1)]
Deutsche Annington Holdings Sechs GmbH	Bochum	100.00 [1)]
Deutsche Annington Holdings Vier GmbH	Düsseldorf	100.00 [1)]
Deutsche Annington Holdings Vier GmbH & Co. KG	Bochum	100.00 [2) 3)]
Deutsche Annington Holdings Zwei GmbH	Düsseldorf	100.00 [1)]

Company	Company domicile	Interest %
Deutsche Annington Immobilien-Dienstleistungen GmbH	Düsseldorf	100.00 [1]
Deutsche Annington Interim DAMIRA GmbH	Düsseldorf	100.00 [1]
Deutsche Annington Kundenservice GmbH	Bochum	100.00 [1]
Deutsche Annington McKinley Eins GmbH & Co. KG	Bochum	100.00 [2] [3]
Deutsche Annington McKinley Eins Verwaltungs GmbH	Düsseldorf	100.00
Deutsche Annington McKinley-Holding GmbH & Co. KG	Bochum	100.00 [2] [3]
Deutsche Annington Rhein – Ruhr GmbH & Co. KG	Bochum	100.00 [2] [3]
Deutsche Annington Rheinland Immobiliengesellschaft mbH	Cologne	100.00 [1]
Deutsche Annington Sechste Beteiligungs GmbH	Düsseldorf	100.00
Deutsche Annington WOGE Sieben Verwaltungs-GmbH	Düsseldorf	100.00
Deutsche Annington WOGE Vier Bestands GmbH & Co. KG	Bochum	100.00 [2] [3]
Deutsche Annington WOGE Vier GmbH & Co. KG	Bochum	100.00 [2] [3]
Deutsche Annington Wohnungsgesellschaft I mbH	Essen	100.00 [1]
Deutsche Annington Zweite Beteiligungsgesellschaft mbH	Düsseldorf	100.00
Deutsche Eisenbahn-Wohnungs-Gesellschaft mbH	Leipzig	100.00 [1]
Deutsche Multimedia Service GmbH	Düsseldorf	100.00 [1]
Deutsche TGS GmbH	Düsseldorf	100.00 [1]
Deutsche Wohnen Asset Immobilien GmbH	Frankfurt am Main	100.00 [1]
Deutsche Wohnen Berlin 5 GmbH	Berlin	94.90 [1]
Deutsche Wohnen Berlin 6 GmbH	Berlin	94.90 [1]
Deutsche Wohnen Berlin 7 GmbH	Berlin	94.90 [1]
Deutsche Wohnen Berlin I GmbH	Berlin	94.00 [1]
Deutsche Wohnen Berlin II GmbH	Berlin	94.90 [1]
Deutsche Wohnen Berlin III GmbH	Berlin	94.90 [1]
Deutsche Wohnen Berlin X GmbH	Berlin	94.80 [1]
Deutsche Wohnen Berlin XII GmbH	Berlin	94.80 [1]
Deutsche Wohnen Berlin XIII GmbH	Berlin	94.80 [1]
Deutsche Wohnen Berlin XV GmbH	Berlin	94.80 [1]
Deutsche Wohnen Berlin XVI GmbH	Berlin	94.80 [1]
Deutsche Wohnen Berlin XVII GmbH	Berlin	94.80 [1]
Deutsche Wohnen Beteiligungen Immobilien GmbH	Frankfurt am Main	100.00 [1]
Deutsche Wohnen Beteiligungsverwaltungs GmbH & Co. KG	Berlin	100.00 [2] [3]
Deutsche Wohnen Care SE	Berlin	100.00
Deutsche Wohnen Construction and Facilities GmbH	Berlin	100.00 [1]
Deutsche Wohnen Corporate Real Estate GmbH	Berlin	100.00 [1]
Deutsche Wohnen Direkt Immobilien GmbH	Frankfurt am Main	100.00 [1]
Deutsche Wohnen Dresden I GmbH	Berlin	100.00 [1]
Deutsche Wohnen Dresden II GmbH	Berlin	100.00 [1]
Deutsche Wohnen Fondsbeteiligungs GmbH	Berlin	100.00 [1]
Deutsche Wohnen Immobilien Management GmbH	Berlin	100.00 [1]
Deutsche Wohnen Kundenservice GmbH	Berlin	100.00 [1]
Deutsche Wohnen Management GmbH	Berlin	100.00 [1]
Deutsche Wohnen Management- und Servicegesellschaft mbH	Frankfurt am Main	100.00 [1]
Deutsche Wohnen Multimedia Netz GmbH	Berlin	100.00 [1]

Company	Company domicile	Interest %
Deutsche Wohnen Reisholz GmbH	Berlin	100.00 [1)]
Deutsche Wohnen SE	Berlin	87.60
Deutsche Wohnen Technology GmbH	Berlin	100.00 [1)]
Deutsche Wohnen Zweite Fondsbeteiligungs GmbH	Berlin	100.00 [1)]
Deutsche Wohn-Inkasso GmbH	Bochum	100.00 [1)]
Diak-Nd Pflege-Altenheime Besitz GmbH	Berlin	100.00
DW Pflegeheim Dresden Grundstücks GmbH	Munich	100.00 [1)]
DW Pflegeheim Eschweiler Grundstücks GmbH	Munich	100.00 [1)]
DW Pflegeheim Frankfurt am Main Grundstücks GmbH	Munich	100.00 [1)]
DW Pflegeheim Friesenheim Grundstücks GmbH	Munich	100.00 [1)]
DW Pflegeheim Glienicke Grundstücks GmbH	Munich	100.00 [1)]
DW Pflegeheim Konz Grundstücks GmbH	Munich	100.00 [1)]
DW Pflegeheim Meckenheim Grundstücks GmbH	Munich	100.00 [1)]
DW Pflegeheim Potsdam Grundstücks GmbH	Munich	100.00
DW Pflegeheim Weiden Grundstücks GmbH	Munich	100.00 [1)]
DW Pflegeheim Würselen Grundstücks GmbH	Munich	100.00 [1)]
DW Pflegeresidenzen Grundstücks GmbH	Munich	100.00 [1)]
DW Property Invest GmbH	Berlin	100.00 [1)]
DWRE Alpha GmbH	Berlin	100.00 [1)]
DWRE Braunschweig GmbH	Berlin	100.00 [1)]
DWRE Dresden GmbH	Berlin	100.00 [1)]
DWRE Halle GmbH	Berlin	100.00 [1)]
DWRE Hennigsdorf GmbH	Berlin	100.00 [1)]
DWRE Leipzig GmbH	Berlin	100.00 [1)]
ecowo GmbH	Bochum	100.00 [1)]
Eisenbahn-Siedlungsgesellschaft Augsburg mbH (Siegau)	Augsburg	94.90 [1)]
Eisenbahn-Siedlungs-Gesellschaft Berlin mit beschränkter Haftung	Berlin	94.90 [1)]
Eisenbahn-Siedlungsgesellschaft Stuttgart, gemeinnützige Gesellschaft mit beschränkter Haftung	Stuttgart	94.87 [1)]
Eisenbahn-Wohnungsbau-Gesellschaft Karlsruhe GmbH	Karlsruhe	94.90 [1)]
Eisenbahn-Wohnungsbaugesellschaft Köln mbH	Cologne	94.90 [1)]
Eisenbahn-Wohnungsbaugesellschaft Nürnberg GmbH	Nuremberg	94.90 [1)]
EMD Energie Management Deutschland GmbH	Berlin	100.00 [1)]
Eragon VV GmbH	Berlin	94.90 [1)]
FACILITA Berlin GmbH	Berlin	100.00 [1)]
Faragon V V GmbH	Berlin	94.90 [1)]
Fjord Immobilien GmbH	Kiel	94.90 [1)]
Fortimo GmbH	Berlin	100.00 [1)]
Franconia Invest 1 GmbH	Düsseldorf	94.90 [1)]
Franconia Wohnen GmbH	Düsseldorf	94.90 [1)]
Frankfurter Siedlungsgesellschaft mbH (FSG)	Düsseldorf	100.00 [1)]
FSG-Holding GmbH	Düsseldorf	94.80
GAG Grundstücksverwaltungs-GmbH	Berlin	94.90 [1)]
GAGFAH Acquisition 1 GmbH	Bochum	94.80 [1)]
GAGFAH Acquisition 2 GmbH	Bochum	94.80 [1)]

Company	Company domicile	Interest %
GAGFAH Asset Management GmbH	Bochum	100.00 [1]
GAGFAH Dritte Grundbesitz GmbH	Bochum	94.80 [1]
GAGFAH Erste Grundbesitz GmbH	Bochum	94.80 [1]
GAGFAH GmbH	Bochum	94.90 [1]
GAGFAH Griffin GmbH	Bochum	94.90 [1]
GAGFAH Griffin Holding GmbH	Bochum	100.00 [1]
GAGFAH Hausservice GmbH	Essen	94.90 [1]
GAGFAH Holding GmbH	Bochum	100.00 [1]
GAGFAH M Immobilien-Management GmbH	Bochum	94.90 [1]
GAGFAH Zweite Grundbesitz GmbH	Bochum	94.80 [1]
GBH Acquisition GmbH	Bochum	94.80 [1]
GBH Service GmbH	Heidenheim an der Brenz	100.00
Gehag Acquisition Co. GmbH	Berlin	100.00 [1]
GEHAG Beteiligungs GmbH & Co. KG	Berlin	100.00 [2] [3]
GEHAG Dritte Beteiligungs GmbH	Berlin	100.00 [1]
GEHAG Erste Beteiligungs GmbH	Berlin	100.00 [1]
GEHAG Erwerbs GmbH & Co. KG	Berlin	99.99 [2] [3]
GEHAG GmbH	Berlin	100.00 [1]
GEHAG Grundbesitz I GmbH	Berlin	100.00 [1]
GEHAG Grundbesitz II GmbH	Berlin	100.00 [1]
GEHAG Grundbesitz III GmbH	Berlin	100.00 [1]
GEHAG Vierte Beteiligung SE	Berlin	100.00 [1]
GEHAG Zweite Beteiligungs GmbH	Berlin	100.00 [1]
Geragon VV GmbH	Berlin	94.90 [1]
GGR Wohnparks Kastanienallee GmbH	Berlin	100.00 [1]
GGR Wohnparks Nord Leipziger Tor GmbH	Berlin	100.00 [1]
GGR Wohnparks Süd Leipziger Tor GmbH	Berlin	100.00 [1]
Grundstücksgesellschaft Karower Damm mbH	Berlin	100.00 [1]
Grundwert Living GmbH	Berlin	100.00
GSW Acquisition 3 GmbH	Berlin	100.00 [1]
GSW Corona GmbH	Berlin	100.00 [1]
GSW Gesellschaft für Stadterneuerung mbH	Berlin	100.00
GSW Grundvermögens- und Vertriebsgesellschaft mbH	Berlin	100.00 [1]
GSW Immobilien AG	Berlin	94.90
GSW Immobilien GmbH & Co. Leonberger Ring KG	Berlin	94.00 [2] [3]
GSW Pegasus GmbH	Berlin	100.00 [1]
GSW-Fonds Weinmeisterhornweg 170–178 GbR	Berlin	81.75
Hamburger Ambulante Pflege- und Physiotherapie "HAPP" GmbH	Hamburg	100.00
Hamburger Senioren Domizile GmbH	Hamburg	100.00
Haragon VV GmbH	Berlin	94.90 [1]
Haus- und Boden-Fonds 38	Essen	69.05
Haus und Heim Wohnungsbau-GmbH	Berlin	100.00 [1]
HESIONE Vermögensverwaltungsgesellschaft mbH	Frankfurt am Main	100.00
Holzmindener Straße/Tempelhofer Weg Grundstücks GmbH	Berlin	100.00 [1]

Company	Company domicile	Interest %
HPE Hausbau GmbH	Zossen	94.90 [1)]
HPE Sechste Hausbau Portfolio GmbH	Zossen	100.00 [1)]
HPE Siebte Hausbau Portfolio GmbH	Berlin	100.00 [1)]
HSI Hamburger Senioren Immobilien GmbH	Hamburg	100.00 [1)]
HSI Hamburger Senioren Immobilien Management GmbH	Hamburg	100.00
HvD I Grundbesitzgesellschaft mbH	Berlin	100.00
IESA Immobilien Entwicklung Sachsen GmbH	Berlin	100.00 [1)]
Immo Service Dresden GmbH	Dresden	100.00 [1)]
Iragon VV GmbH	Berlin	94.90 [1)]
ISABELL GmbH	Berlin	100.00
ISARIA Dachau Entwicklungsgesellschaft mbH	Munich	100.00
ISARIA Hegeneck 5 GmbH	Munich	100.00
ISARIA Objekt Achter de Weiden GmbH	Munich	100.00
Isaria Objekt Erminoldstraße GmbH	Munich	100.00
ISARIA Objekt Garching GmbH	Munich	100.00
ISARIA Objekt Hoferstraße GmbH	Munich	100.00
ISARIA Objekt Norderneyer Straße GmbH	Munich	100.00
ISARIA Objekt Preußenstraße GmbH	Munich	100.00
ISARIA Stuttgart GmbH	Munich	100.00
IWA GmbH Immobilien Wert Anlagen	Berlin	100.00 [1)]
JANANA Grundstücksgesellschaft mbH & Co. KG	Grünwald	94.90
KADURA Grundstücksgesellschaft mbH & Co. KG	Grünwald	94.91
Karagon VV GmbH	Berlin	94.90 [1)]
KATHARINENHOF Seniorenwohn- und Pflegeanlage Betriebs-GmbH	Berlin	100.00
KATHARINENHOF Service GmbH	Berlin	100.00
Kieler Wohnungsbaugesellschaft mit beschränkter Haftung	Kiel	89.90 [1)]
KKS Projektentwicklung GmbH	Berlin	94.80
KWG Grundbesitz CI GmbH & Co. KG	Berlin	99.57 [2) 3)]
KWG Grundbesitz CIII GmbH & Co. KG	Berlin	92.00 [2) 3)]
KWG Grundbesitz I Verwaltungs GmbH	Berlin	100.00
KWG Grundbesitz III GmbH	Berlin	100.00
KWG Grundbesitz VI GmbH	Berlin	100.00
KWG Grundbesitz X GmbH	Berlin	100.00
KWG Immobilien GmbH	Berlin	100.00
KWG Kommunale Wohnen GmbH	Berlin	94.14
Laragon VV GmbH	Berlin	94.90 [1)]
Larry I Targetco (Berlin) GmbH	Berlin	100.00 [1)]
Larry II Targetco (Berlin) GmbH	Berlin	100.00 [1)]
LebensWerk GmbH	Berlin	100.00
LEMONDAS Grundstücksgesellschaft mbH & Co. KG	Grünwald	94.90
LEVON Grundstücksgesellschaft mbH & Co. KG	Grünwald	94.90
Liegenschaften Weißig GmbH	Dresden	94.75 [1)]
Living Innovations- & Beteiligungsgesellschaft mbH	Bochum	100.00
Main-Taunus Wohnen GmbH	Eschborn	100.00 [1)]

Company	Company domicile	Interest %
MAKANA Grundstücksgesellschaft mbH & Co. KG	Grünwald	94.90
MANGANA Grundstücksgesellschaft mbH & Co.KG	Grünwald	94.90
Maragon VV GmbH	Berlin	94.90 [1)]
MELCART Grundstücks-Verwaltungsgesellschaft mbH	Grünwald	94.80
MIRA Grundstücksgesellschaft mbH	Düsseldorf	94.90 [1)]
MIRIS Grundstücksgesellschaft mbH & Co. KG	Grünwald	94.90
Neues Schweizer Viertel Betriebs+Service GmbH & Co. KG	Berlin	94.99
NILEG Immobilien Holding GmbH	Hanover	100.00 [1)]
NILEG Norddeutsche Immobiliengesellschaft mbH	Hanover	94.86 [1)]
Norddeutsche Immobilien Holding GmbH	Bochum	69.88
Objekt Gustav-Heinemann-Ring GmbH	Munich	100.00
Olympisches Dorf Berlin GmbH	Berlin	100.00
Osnabrücker Wohnungsbaugesellschaft mit beschränkter Haftung	Osnabrück	94.09 [1)]
PFLEGEN & WOHNEN HAMBURG GmbH	Hamburg	100.00
PFLEGEN & WOHNEN Service GmbH	Hamburg	100.00
PFLEGEN & WOHNEN Textil GmbH	Hamburg	100.00
Planungsgemeinschaft "Das-Neue-Gartenfeld" GmbH & Co. KG	Berlin	59.25 [3)]
Planungsgemeinschaft "Das-Neue-Gartenfeld" Verwaltungs GmbH	Berlin	100.00
PRIMA Wohnbauten Privatisierungs-Management GmbH	Berlin	100.00 [1)]
PUW AcquiCo GmbH	Hamburg	100.00
PUW OpCo GmbH	Hamburg	100.00
PUW PFLEGENUNDWOHNEN Beteiligungs GmbH	Hamburg	100.00
Rhein-Main Wohnen GmbH	Frankfurt am Main	100.00 [1)]
Rhein-Mosel Wohnen GmbH	Mainz	100.00 [1)]
Rhein-Pfalz Wohnen GmbH	Mainz	100.00 [1)]
RMW Projekt GmbH	Frankfurt am Main	100.00 [1)]
RPW Immobilien GmbH & Co. KG	Berlin	94.00 [2)] [3)]
RSTE Objektgesellschaft Wohnanlagen für Chemnitz mbH	Wuppertal	94.73
RVG Rheinauhafen-Verwaltungsgesellschaft mbH	Cologne	74.00
SEED 1 GmbH	Berlin	100.00
Seniorenresidenz "Am Lunapark" GmbH	Leipzig	100.00
SGG Scharnweberstraße Grundstücks GmbH	Berlin	100.00 [1)]
"Siege" Siedlungsgesellschaft für das Verkehrspersonal mbH Mainz	Mainz	94.90 [1)]
Sophienstraße Aachen Vermögensverwaltungsgesellschaft mbH	Berlin	100.00 [1)]
Stadtentwicklungsgesellschaft Buch mbH	Berlin	100.00
Süddeutsche Wohnen Gebäude GmbH	Stuttgart	100.00 [1)]
Süddeutsche Wohnen GmbH	Stuttgart	90.91 [1)]
Süddeutsche Wohnen Grundstücksgesellschaft mbH	Stuttgart	100.00 [1)]
Süddeutsche Wohnen Holding GmbH	Bochum	65.50
Süddeutsche Wohnen Management Holding GmbH	Stuttgart	100.00 [1)]
SÜDOST WOBA DRESDEN GMBH	Dresden	94.90 [1)]
SWG Siedlungs- und Wohnhausgesellschaft Sachsen GmbH	Berlin	100.00
SYNVIA energy GmbH	Magdeburg	100.00
SYNVIA media GmbH	Magdeburg	100.00

Company	Company domicile	Interest %
SYNVIA mobility GmbH	Magdeburg	100.00
SYNVIA technology GmbH	Magdeburg	100.00
TELE AG	Leipzig	100.00
Tempelhofer Feld GmbH für Grundstücksverwertung	Kiel	94.90 [1)]
VIH GmbH	Bochum	100.00
Viterra Holdings Eins GmbH	Düsseldorf	100.00 [1)]
Viterra Holdings Zwei GmbH	Düsseldorf	100.00 [1)]
Vonovia Dritte Berlin GmbH	Schönefeld	94.90 [1)]
Vonovia Eigentumsservice GmbH	Bochum	100.00 [1)]
Vonovia Eigentumsverwaltungs GmbH	Bochum	100.00 [1)]
Vonovia Elbe Berlin II GmbH	Nuremberg	94.90 [1)]
Vonovia Elbe Berlin III GmbH	Nuremberg	94.90 [1)]
Vonovia Elbe Dresden I GmbH	Nuremberg	94.90 [1)]
Vonovia Elbe GmbH	Nuremberg	94.90 [1)]
Vonovia Elbe Ost GmbH	Nuremberg	94.90 [1)]
Vonovia Elbe Wannsee I GmbH	Nuremberg	94.90 [1)]
Vonovia Elbe Wohnen GmbH	Bochum	100.00 [1)]
Vonovia Energie Service GmbH	Bochum	100.00 [1)]
Vonovia Engineering GmbH	Bochum	100.00 [1)]
Vonovia Immobilienmanagement GmbH	Bochum	100.00 [1)]
Vonovia Immobilienmanagement one GmbH	Frankfurt am Main	94.90 [1)]
Vonovia Immobilienmanagement two GmbH	Frankfurt am Main	94.90 [1)]
Vonovia Immobilienservice GmbH	Munich	100.00 [1)]
Vonovia Kundenservice GmbH	Bochum	100.00 [1)]
Vonovia Managementverwaltung GmbH	Nuremberg	100.00 [1)]
Vonovia Mess Service GmbH	Essen	100.00 [1)]
Vonovia Modernisierungs GmbH	Düsseldorf	100.00 [1)]
Vonovia Operations GmbH	Bochum	100.00 [1)]
Vonovia Pro Bestand Nord GmbH	Bochum	100.00
Vonovia Pro Bestand Nord Invest GmbH	Bochum	94.90 [1)]
Vonovia Pro Bestand Nord Real Estate GmbH	Bochum	94.90 [1)]
Vonovia Technischer Service Nord GmbH	Essen	100.00 [1)]
Vonovia Technischer Service Süd GmbH	Dresden	100.00 [1)]
Vonovia Wohnumfeld Service GmbH	Düsseldorf	100.00 [1)]
WIK Wohnen in Krampnitz GmbH	Berlin	100.00 [1)]
WOBA DRESDEN GMBH	Dresden	100.00 [1)]
WOBA HOLDING GMBH	Dresden	100.00 [1)]
Wohnanlage Leonberger Ring GmbH	Berlin	100.00 [1)]
WOHNBAU NORDWEST GmbH	Dresden	94.90 [1)]
Wohnumfeld Hausservice GmbH	Bochum	100.00 [1)]
Wohnungsbau Niedersachsen Gesellschaft mit beschränkter Haftung	Hanover	94.85 [1)]
Wohnungsgesellschaft Norden mit beschränkter Haftung	Hanover	94.88 [1)]
Wohnungsgesellschaft Ruhr-Niederrhein mbH Essen.	Essen	94.90 [1)]
Zisa Grundstücksbeteiligungs GmbH & Co. KG	Berlin	94.90 [2) 3)]
Zisa Verwaltungs GmbH	Berlin	100.00

Company	Company domicile	Interest %
Austria		
Anton Baumgartner-Straße 125, 1230 Wien, Besitz GmbH	Vienna	100.00
Brunn am Gebirge Realbesitz GmbH	Vienna	100.00
BUWOG – Bauen und Wohnen Gesellschaft mbH	Vienna	100.00
BUWOG – Penzinger Straße 76 GmbH	Vienna	100.00
BUWOG – Projektholding GmbH	Vienna	100.00
BUWOG – PSD Holding GmbH	Vienna	100.00
BUWOG Altprojekte GmbH	Vienna	100.00
BUWOG Baranygasse 7 GmbH	Vienna	100.00
BUWOG Bernreiterplatz 13 GmbH	Vienna	100.00
BUWOG Bestands und Projektentwicklungs GmbH	Vienna	100.00
BUWOG Breitenfurterstraße 239 GmbH	Vienna	100.00
BUWOG Breitenfurterstraße Eins, GmbH & Co KG	Vienna	100.00
BUWOG cw Handelsges.m.b.H.	Vienna	100.00
BUWOG cw Invest GmbH	Vienna	100.00
BUWOG Demophon Immobilienvermietungs GmbH	Vienna	100.00
BUWOG Diesterweggasse 27 GmbH	Vienna	100.00
BUWOG Diesterweggasse 27 GmbH & Co KG	Vienna	100.00
BUWOG Döblerhofstraße GmbH	Vienna	100.00
BUWOG Gewerbeimmobilien Eins GmbH	Vienna	100.00
BUWOG Group GmbH	Vienna	100.00
BUWOG Handelskai 346 GmbH	Vienna	100.00
BUWOG HANDWERKEREI GmbH	Vienna	100.00
BUWOG Heiligenstädter Lände 29 GmbH & Co KG	Vienna	100.00
BUWOG Himberger Straße GmbH	Vienna	100.00
BUWOG Holding GmbH	Vienna	100.00
BUWOG Laaer-Berg-Straße 45 GmbH	Vienna	100.00
BUWOG Linke Wienzeile 280 GmbH	Vienna	100.00
BUWOG Pfeiffergasse 3–5 GmbH	Vienna	100.00
BUWOG Projektentwicklung GmbH	Vienna	100.00
BUWOG Rathausstraße GmbH	Vienna	100.00
BUWOG Seeparkquartier GmbH	Vienna	100.00
BUWOG Seeparkquartier Holding GmbH	Vienna	100.00
BUWOG Süd GmbH	Villach	99.98
BUWOG Turnergasse 9 GmbH	Vienna	100.00
CENTUM Immobilien GmbH	Vienna	100.00
Con Tessa Immobilienverwertung GmbH	Vienna	100.00
Con value one Immobilien GmbH	Vienna	100.00
DATAREAL Beteiligungsgesellschaft m.b.H. & Co. Gablenzgasse 60 KG	Vienna	100.00
DATAREAL Beteiligungsgesellschaft m.b.H.& Co. Heiligenstädter Straße 9 OG	Vienna	100.00
EB Immobilien Invest GmbH	Vienna	100.00
EBI Beteiligungen GmbH	Vienna	100.00
EBI Beteiligungen GmbH & Co, 1190 Wien, Rampengasse 3–5, KG	Vienna	100.00

Company	Company domicile	Interest %
ECO Business-Immobilien GmbH	Vienna	100.00
"G1" Immobilienbesitz GmbH	Vienna	100.00
GENA ZWEI Immobilienholding GmbH	Vienna	100.00
Gewerbepark Urstein Besitz GmbH	Vienna	100.00
Gewerbepark Urstein Besitz GmbH & Co KG	Vienna	100.00
GGJ Beteiligungs GmbH	Vienna	100.00
GGJ Beteiligungs GmbH & Co Projekt Eins OG	Vienna	100.00
GJ-Beteiligungs GmbH	Vienna	100.00
GJ-Beteiligungs GmbH & Co Projekt Fünf OG	Vienna	100.00
G-Unternehmensbeteiligung GmbH	Vienna	100.00
"Heller Fabrik" Liegenschaftsverwertungs GmbH	Vienna	100.00
Kapital & Wert Immobilienbesitz GmbH	Vienna	100.00
MARINA TOWER Holding GmbH	Vienna	51.00
Roßauer Lände 47–49 Liegenschaftsverwaltungs GmbH	Vienna	100.00
Stubenbastei 10 und 12 Immobilien GmbH	Vienna	100.00
TP Besitz GmbH	Vienna	100.00
TPI Immobilien Holding GmbH	Vienna	100.00
TPI Tourism Properties Invest GmbH	Vienna	96.00
T-Unternehmensbeteiligung GmbH	Vienna	100.00
Verein "Social City" – Verein zur Förderung der sozialen Kontakte und der sozialen Infrastruktur in Stadterneuerungsgebieten	Vienna	100.00
WZH WEG Besitz GmbH	Vienna	100.00
Sweden		
HomeStar InvestCo AB	Stockholm	100.00
Victoriahem AB	Malmö	100.00
Victoriahem Alby AB	Stockholm	100.00
Victoriahem Albyberget AB	Stockholm	100.00
Victoriahem Arboga AB	Stockholm	100.00
Victoriahem Beethoven I AB	Malmö	100.00
Victoriahem Bergen 1 Kommanditbolag	Stockholm	100.00
Victoriahem Bergen II AB	Stockholm	100.00
Victoriahem Bergsjön AB	Malmö	100.00
Victoriahem Björkriset AB	Malmö	100.00
Victoriahem Boliger AB	Malmö	100.00
Victoriahem Borås AB	Malmö	100.00
Victoriahem Brandbergen NO AB	Malmö	100.00
Victoriahem Bredbykvarn AB	Stockholm	100.00
Victoriahem Bredbykvarn Garage AB	Stockholm	100.00
Victoriahem Bromsten AB	Stockholm	100.00
Victoriahem Bygg och Projekt AB	Malmö	100.00
Victoriahem Duvholmen 1 AB	Stockholm	100.00
Victoriahem Eskilstuna Bostad AB	Eskilstuna	100.00
Victoriahem Eskilstuna Skiftinge AB	Malmö	100.00

Company	Company domicile	Interest %
Victoriahem Fastigheter AB	Malmö	100.00
Victoriahem Fastigheter Göteborg AB	Malmö	100.00
Victoriahem GF AB (former Graflunds Fastighets Aktiebolag)	Eskilstuna	100.00
Victoriahem Grevgatan 20 AB (former Hyresbostäder Grevgatan 20 Zenithegie AB)	Stockholm	100.00
Victoriahem Gröna Lund 35 AB	Malmö	100.00
Victoriahem Gulsparven AB	Malmö	100.00
Victoriahem Holding Eskilstuna AB	Malmö	100.00
Victoriahem Holding Karlskrona AB	Malmö	100.00
Victoriahem Holding Kristianstad AB	Malmö	100.00
Victoriahem Holding Landskrona AB	Malmö	100.00
Victoriahem Holding Lövgärdet AB	Malmö	100.00
Victoriahem Holding Nyköping AB	Malmö	100.00
Victoriahem Holding Örebro AB	Malmö	100.00
Victoriahem Holding Rosengård AB	Malmö	100.00
Victoriahem Holding Tensta AB	Malmö	100.00
Victoriahem Holding Växjö AB	Malmö	100.00
Victoriahem Holmiensis Bostäder AB	Stockholm	100.00
Victoriahem Holmiensis II AB	Stockholm	100.00
Victoriahem Huddinge Fyra AB	Stockholm	100.00
Victoriahem Husby Sollentuna AB	Stockholm	100.00
Victoriahem i Söderort AB	Stockholm	100.00
Victoriahem i Sverige Fyra AB	Stockholm	100.00
Victoriahem i Sverige II AB	Stockholm	100.00
Victoriahem i Sverige III AB	Stockholm	100.00
Victoriahem i Sverige V AB	Stockholm	100.00
Victoriahem Inanis Alba I AB	Stockholm	100.00
Victoriahem Inanis Alba II AB	Stockholm	100.00
Victoriahem Inanis Holdco AB	Stockholm	100.00
Victoriahem Industrivägen 19 AB (former Hyresbostäder Industrivägen 19 Zenithegie AB)	Stockholm	100.00
Victoriahem Järnvägsgatan 28 AB (former Hyresbostäder Järnvägsgatan 28 AB)	Stockholm	100.00
Victoriahem Jordbro AB	Stockholm	100.00
Victoriahem Jordbro Västra Kommanditbolag	Stockholm	100.00
Victoriahem Karlskrona AB	Malmö	100.00
Victoriahem Katrineholm AB	Stockholm	100.00
Victoriahem Kista Förvaltning AB	Stockholm	100.00
Victoriahem Kista Kommandit AB	Stockholm	100.00
Victoriahem Köping AB	Stockholm	100.00
Victoriahem Kristianstad AB	Malmö	100.00
Victoriahem Kullerstensvägen AB	Stockholm	100.00
Victoriahem Landskrona AB	Malmö	100.00
Victoriahem Linrepan AB	Stockholm	100.00
Victoriahem Living AB	Malmö	100.00
Victoriahem Lövgärdet Ctr Kommanditbolag	Malmö	100.00
Victoriahem Lövgärdet Handelsbolag	Malmö	100.00

Company	Company domicile	Interest %
Victoriahem Malmö Centrum AB	Malmö	100.00
Victoriahem Markaryd AB	Malmö	100.00
Victoriahem Mozart AB	Malmö	100.00
Victoriahem Mozart Fastighets AB	Malmö	100.00
Victoriahem M-ryd Holding AB	Stockholm	100.00
Victoriahem M-ryd Södertälje AB	Södertälje	100.00
Victoriahem Nidarosgatan Kommanditbolag	Stockholm	100.00
Victoriahem Nordkapsgatan Kommanditbolag	Stockholm	100.00
Victoriahem Norrköping Hageby AB	Stockholm	100.00
Victoriahem Norrköping Navestad AB (former Östgötafastigheter i Norrköping AB)	Norrköping	100.00
Victoriahem Nyfors City AB	Stockholm	100.00
Victoriahem Nygård AB	Malmö	100.00
Victoriahem Nyköping AB	Malmö	100.00
Victoriahem NYKR AT AB	Stockholm	100.00
Victoriahem NYKR FH AB	Stockholm	100.00
Victoriahem NYKR Holdco AB	Stockholm	100.00
Victoriahem Nynäsvägen 24 och 26 AB (former Hyresbostäder Nynäsvägen 24 och 26 AB)	Stockholm	100.00
Victoriahem Nynäsvägen 27 AB (former Hyresbostäder Nynäsvägen 27 AB)	Stockholm	100.00
Victoriahem Nyproduktion AB	Stockholm	100.00
Victoriahem Ösmo AB	Stockholm	100.00
Victoriahem Ostbrickan AB	Malmö	100.00
Victoriahem Råbergstorp AB (former Victoria Park Råbergstorp AB)	Malmö	100.00
Victoriahem Rinkeby AB	Stockholm	100.00
Victoriahem Ronna AB	Stockholm	100.00
Victoriahem Rosengård AB	Malmö	100.00
Victoriahem Servicecenter AB	Malmö	100.00
Victoriahem Smaragden 2 AB	Malmö	100.00
Victoriahem Söderby 23 AB	Malmö	100.00
Victoriahem Söderby 68 AB	Malmö	100.00
Victoriahem Sten AB	Stockholm	100.00
Victoriahem Strängnäs AB	Stockholm	100.00
Victoriahem Svart AB	Stockholm	100.00
Victoriahem Tallriset AB	Malmö	100.00
Victoriahem Telemark Kommanditbolag	Stockholm	100.00
Victoriahem Tensta AB	Malmö	100.00
Victoriahem Tönsbergsgatan Kommanditbolag	Stockholm	100.00
Victoriahem Tranås AB	Stockholm	100.00
Victoriahem Tranås Två Handelsbolag	Tranås	100.00
Victoriahem Trelleborg AB (former Victoria Park Myran 30 AB)	Malmö	100.00
Victoriahem Trojeborgsfastigheter AB	Stockholm	100.00
Victoriahem Turbinen och Zenith VI AB	Stockholm	100.00
Victoriahem Uppsala Bro Märsta AB	Upplands-Bro	100.00
Victoriahem Uthyrning Tranås AB	Stockholm	100.00
Victoriahem Valsätra Galaxen AB	Stockholm	100.00

Company	Company domicile	Interest %
Victoriahem Våmmedal AB	Malmö	100.00
Victoriahem Vårby Visättra AB	Stockholm	100.00
Victoriahem Västerås AB	Stockholm	100.00
Victoriahem Växjö AB	Malmö	100.00
Victoriahem Veningen AB	Stockholm	100.00
Victoriahem Vivaldi I AB	Malmö	100.00
Victoriahem Vivaldi III AB	Malmö	100.00
Victoriahem Vivaldi IV AB	Malmö	100.00
Victoriahem Vivaldi V AB	Malmö	100.00
Victoriahem Zenithegie I AB	Stockholm	100.00
Victoriahem Zenithegie II AB	Stockholm	100.00
Victoriahem Zenithegie III AB	Stockholm	100.00
Other Countries		
Algarobo Holding B.V.	Amsterdam/NL	100.00
Buwog Lux I S.à r.l.	Esch-sur-Alzette/LU	94.00
BUWOG Wohnwerk S.A.	Luxembourg/LU	94.84
DA DMB Netherlands B.V.	Eindhoven/NL	100.00
DA Jupiter NL JV Holdings 1 B.V.	Amsterdam/NL	100.00
DAIG 10. Objektgesellschaft B.V.	Amsterdam/NL	94.44
DAIG 11. Objektgesellschaft B.V.	Amsterdam/NL	94.44
DAIG 14. Objektgesellschaft B.V.	Amsterdam/NL	94.44
DAIG 15. Objektgesellschaft B.V.	Amsterdam/NL	94.44
DAIG 17. Objektgesellschaft B.V.	Amsterdam/NL	94.44
DAIG 18. Objektgesellschaft B.V.	Amsterdam/NL	94.44
DAIG 19. Objektgesellschaft B.V.	Amsterdam/NL	94.44
DAIG 20. Objektgesellschaft B.V.	Amsterdam/NL	94.44
DAIG 21. Objektgesellschaft B.V.	Amsterdam/NL	94.44
DAIG 22. Objektgesellschaft B.V.	Amsterdam/NL	94.44
DAIG 23. Objektgesellschaft B.V.	Amsterdam/NL	94.44
DAIG 24. Objektgesellschaft B.V.	Amsterdam/NL	94.44
DAIG 25. Objektgesellschaft B.V.	Amsterdam/NL	94.44
DAIG 9. Objektgesellschaft B.V.	Amsterdam/NL	94.44
Long Islands Investments S.A.	Luxembourg/LU	100.00
Vonovia Finance B.V.	Amsterdam/NL	100.00
VONOVIA FRANCE SAS	Paris/FR	100.00
Affiliated companies not consolidated		
Dr. Schönberger GmbH	Erfurt	100.00
NEARBYK GmbH	Bochum	100.00
Joint ventures consolidated using the equity method		
Casa Nova 2 GmbH	Grünwald	50.00
Casa Nova 3 GmbH	Grünwald	50.00

Company	Company domicile	Interest %
Casa Nova GmbH	Grünwald	50.00
G+D Gesellschaft für Energiemanagement mbH	Magdeburg	49.00
GSZ Gebäudeservice und Sicherheitszentrale GmbH	Berlin	33.33
LE Property 2 GmbH & Co. KG	Leipzig	49.00
LE Quartier 1 GmbH & Co. KG	Leipzig	46.50
LE Quartier 1.1 GmbH & Co. KG	Leipzig	49.00
LE Quartier 1.4 GmbH	Leipzig	50.00
LE Quartier 1.5 GmbH	Leipzig	44.00
LE Quartier 1.6 GmbH	Leipzig	50.00
LE Quartier 5 GmbH & Co. KG	Leipzig	44.00
MARINA CITY Entwicklungs GmbH	Vienna	50.00
OLYDO Projektentwicklungsgesellschaft mbH	Berlin	50.00
Projektgesellschaft Jugendstilpark München mbH	Munich	50.00
Siwoge 1992 Siedlungsplanung und Wohnbauten Gesellschaft mbH	Berlin	50.00
WB Wärme Berlin GmbH	Schönefeld	49.00
Associated companies consolidated using the method equity method		
Comgy GmbH	Berlin	10.28
IOLITE IQ GmbH	Berlin	33.33
Krampnitz Energie GmbH	Potsdam	25.10
Malmö Mozart Fastighets AB	Malmö	41.89
othermo GmbH	Alzenau in Unterfranken	24.00
QUARTERBACK Immobilien AG	Leipzig	40.00
Rosengård Fastighets AB	Malmö	25.00
Schaeffler-Areal 1. Liegenschaften GmbH	Bad Heilbrunn	30.00
Schaeffler-Areal 2. Liegenschaften GmbH (in liquidation)	Bad Heilbrunn	30.00
Telekabel Riesa GmbH	Riesa	26.00
Zisa Beteiligungs GmbH	Berlin	49.00

1) Exemption according to Section 264 (3) HGB.
2) Exemption according to Section 264b HGB.
3) The unlimited liable shareholder of this company is a company which is integrated in the financial consolidated statement.

	Company domicile	Interest %	Equity € k Dec. 31, 2023	Net income for the year € k Dec. 31, 2023
Other investments with more than 10% of Vonovia's share in the capital				
ADLER Group S.A.	Luxembourg/LU	15.88	-289,470	-1,131,101 [3)]
blackprint Booster Fonds GmbH & Co KG	Frankfurt am Main	10.35	1,691	182
Entwicklungsgesellschaft Erfurt-Süd Am Steiger mbH	Leipzig	11.00	-776	-71
Erste JVS Real Estate Verwaltungs GmbH	Leipzig	11.00	7,098	256
GbR Fernheizung Gropiusstadt	Berlin	46.10	572	-79
GETEC mobility solutions GmbH	Hanover	10.00	-66	-32
Gropyus AG	Vienna	13.53	88,767	-32
GSB Gesellschaft zur Sicherung von Bergmannswohnungen mit beschränkter Haftung	Essen	12.50	60	0 [2)]
Hellerhof GmbH	Frankfurt am Main	13.17	87,305	8,513
Implementum II GmbH	Leipzig	11.00	-701	-136
LE Central Office GmbH	Leipzig	11.00	-617	-591
QUARTERBACK Premium 1 GmbH	Leipzig	11.00	-474	-76
QUARTERBACK Premium 10 GmbH	Munich	11.00	-13,399	-242
QUARTERBACK Premium 4 GmbH	Leipzig	11.00	-98	5
QUARTERBACK Premium 6 GmbH (former Havelaue Birkenwerder GmbH)	Leipzig	11.00	-311	-120
QUARTERBACK Premium 7 GmbH (former GLB Projekt 1 S.à r.l.)	Leipzig	11.00	1,417	-549 [3)]
QUARTERBACK Premium 8 GmbH (former GLB Projekt 7 S.à r.l.)	Leipzig	11.00	-354	-796 [3)]
QUARTERBACK Premium 9 GmbH (former WasE-2 GmbH)	Leipzig	11.00	-1,740	-512
Quartier 315 GmbH	Leipzig	15.00	5,589	372
Roobeo GmbH	Berlin	17.19	-565	-653
Sea View Projekt GmbH	Leipzig	11.00	6,111	163
Seniorenwohnen Heinersdorf GmbH	Berlin	10.10	n.a.	n.a.
SIAAME Development GmbH	Leipzig	20.00	92	320
VBW Bauen und Wohnen GmbH	Bochum	19.87	128,332	11,933
VRnow GmbH	Berlin	10.00	1,960	342
VSK Software GmbH	Bochum	15.00	158	-166
Westside Living GmbH	Leipzig	11.00	2,065	2,592
WirMag GmbH	Grünstadt	14.85	789	-415 [1)]
WoWi Media GmbH & Co. KG	Hamburg	10.50	2,755	8
Zuckerle Quartier Investment S.à r.l.	Luxembourg/LU	11.00	-2,887	-1,054 [3)]

1) Equity and net income/loss are conform to December 31, 2020.
2) Equity and net income/loss are conform to December 31, 2021.
3) Equity and net income/loss comply with local GAAP .

Further Information About the Bodies

Management Board

The Management Board of Vonovia SE consisted of five members as of December 31, 2023.

Rolf Buch, Chairman of the Management Board

Function: Chief Executive Officer Responsible for: Sustainability/strategy, transactions, general counsel, investor relations, compliance and data protection, auditing, IT, Value-add, innovation & business building and corporate communications.

Appointments:
> Kötter Group (Member of the Council of Shareholders)[2]
> Apleona GmbH (Member of the Supervisory Board and Member of the Shareholder Board)[2]

Arnd Fittkau, Member of the Management Board

Function: Chief Rental Officer Responsible for: Rental segment with the North, East, South, and West business areas, as well as for customer service, neighborhood workshop, condominium administration and the management of properties for third parties, as well as portfolio and tenant management.

Appointment:
> STEAG Fernwärme GmbH (Member of the Advisory Board)[2]

Philip Grosse, Member of the Management Board

Function: Chief Financial Officer
Responsible for: Accounting, controlling, finance, valuation and portfolio controlling, taxes, insurance and procurement.

Appointments
> AVW Versicherungsmakler GmbH (Member of the Supervisory Board) (since July 7, 2023)[2]
> QUARTERBACK Immobilien AG (Member of the Supervisory Board)[1, 5]

Daniel Riedl, Member of the Management Board

Function: Chief Development Officer
Responsible for: Development in Austria, development in Germany and operating property management business in Austria.

Appointments:
> QUARTERBACK Immobilien AG (Member of the Supervisory Board)[1, 5]
> GROPYUS AG (since January 26, 2023) (Member of the Supervisory Board)[2]

Helene von Roeder, Member of the Management Board (until June 30, 2023)

Function: Chief Transformation Officer
Responsible for: Value-add (incl. insurance), innovation & business building, IT and procurement as well as condominium administration and the management of properties for third parties.

Appointments:
> AVW Versicherungsmakler GmbH (Member of the Supervisory Board) (until June 30, 2023)[2]
> E. Merck KG (Member of the Council of Shareholders)[2]
> Merck KGaA (Member of the Supervisory Board)[1, 4]
> Deutsche Wohnen SE (Chairwoman of the Supervisory Board) (until June 15, 2023)[3, 4]

1 Supervisory Board mandates in accordance with Section 100 of the German Stock Corporation Act (AktG).
2 Membership in comparable German and foreign supervisory bodies of commercial enterprises.
3 Exempted Group mandates in accordance with Section 100 (2) no. 2 of the German Stock Corporation Act (AktG).
4 Listed.
5 Related party of the Deutsche Wohnen Group.

Ruth Werhahn, Member of the Management Board (since October 1, 2023)

Function: Chief Human Resources Officer
Responsible for: HR

Appointments:
> LVM Lebensversicherungs-AG (Member of the Supervisory Board)[1]
> LVM Pensionsfonds-AG (Member of the Supervisory Board; the company is affiliated with LVM Lebensversicherungs-AG)[1]
> Oras Invest Ltd. (Member of the Supervisory Board)[2]
> Wilh. Werhahn KG (Member of the Administrative Board)[2]

Supervisory Board

The current Supervisory Board consists of ten members. Since the Annual General Meeting held on May 17, 2023, the terms of office have been between one and four years.

Clara-Christina Streit, Chairwoman (since May 17, 2023)

Member of Supervisory/Administrative Boards

Appointments:
> Jerónimo Martins SGPS S.A. (Member of the Administrative Board)[2, 4]
> Vontobel Holding AG (Member of the Administrative Board)[2, 4]
> Deutsche Börse AG (Member of the Supervisory Board)[1, 4]

Jürgen Fitschen, Chairman (until May 17, 2023)

Senior Advisor at Deutsche Bank AG

Appointments:
> CURA Vermögensverwaltung GmbH & Co. KG (Member of the Administrative Board)[2]
> Syntellix AG (Member of the Supervisory Board)[2]
> ESG Book GmbH (Member of the Advisory Board)[2]

Prof. Dr. Edgar Ernst, Deputy Chairman (until May 17, 2023)

Self-employed management consultant

Appointments:
> METRO AG (Member of the Supervisory Board)[1, 4]
> TUI AG (Member of the Supervisory Board)[1, 4]

Vitus Eckert, Deputy Chairman (since May 17, 2023)

Attorney, Partner in Wess Kux Kispert & Eckert Rechtsanwalts GmbH

Appointments:
> STANDARD Medien AG (Chairman of the Supervisory Board)[2]
> S. Spitz GmbH (Deputy Chairman of the Supervisory Board)[2]
> Vitalis Food Vertriebs-GmbH (Deputy Chairman of the Supervisory Board, group company of S. Spitz GmbH)[2]
> Simacek Holding GmbH (Chairman of the Supervisory Board)[2]
> Simacek GmbH (Chairman of the Supervisory Board, group company of Simacek Holding GmbH)[2]
> Echo Partner AG (Deputy Chairman of the Supervisory Board)[2]

Jürgen Fenk

Managing Director Eastdil Secured GmbH

Dr. Florian Funck

Chief Financial Officer of Franz Haniel & Cie. GmbH

Appointments:
> CECONOMY AG (Member of the Supervisory Board) (non-current equity investment of Franz Haniel & Cie. GmbH)[1, 4]
> TAKKT AG (Member of the Supervisory Board) (group company of Franz Haniel & Cie. GmbH)[3, 4]
> Innovation City Management GmbH (Member of the Supervisory Board) (until November 15, 2023)[2]

Dr. Ute Geipel-Faber

Membership of German Supervisory Boards and International Advisory Boards

Appointment:
> Bayerische Landesbank (Member of the Supervisory Board)[1] (until May 2023)

Dr. Daniela Gerd tom Markotten (since May 17, 2023)

Member of the Management Board for Digitalization and Technology at Deutsche Bahn AG

Appointments:
> DEVK Rückversicherung AG (Member of the Supervisory Board)[1]
> Schenker AG (Member of the Supervisory Board) (group company of Deutsche Bahn AG)[1, 3]
> DB Fahrzeuginstandhaltung GmbH (Chair of the Supervisory Board) (group company of Deutsche Bahn AG)[1, 3]
> DB Systel GmbH (Chair of the Supervisory Board) (group company of Deutsche Bahn AG)[1, 3]
> DB Systemtechnik GmbH (Chair of the Supervisory Board) (group company of Deutsche Bahn AG)[1, 3]
> DB broadband GmbH (Chair of the Supervisory Board) (group company of Deutsche Bahn AG)[2]

Matthias Hünlein

Managing Director of Tishman Speyer Properties Deutschland GmbH

Appointment:
> Tishman Speyer Investment GmbH (Deputy Chair of the Supervisory Board) (group company of Tishman Speyer Properties Deutschland GmbH)[2]

Daniel Just (until May 17, 2023)

Chairman of Bayerische Versorgungskammer

Appointments:
> DWS Grundbesitz GmbH (1st Deputy Chairman of the Supervisory Board)[2]
> Universal Investment GmbH (Member of the Supervisory Board)[2]

Hildegard Müller

President of the German Association of the Automotive Industry (VDA)

Appointments:
> Siemens Energy AG (Member of the Supervisory Board)[1, 4]
> Siemens Energy Management GmbH (Member of the Supervisory Board) (group company of Siemens Energy AG)[1]
> RAG-Stiftung (Member of the Board of Trustees)[2]

Dr. Ariane Reinhart

Member of the Management Board of Continental AG[4]

Appointment:
> SUSE S.A. (Member of the Supervisory Board) (until March 31, 2023)[2, 4]
> Evonik AG (Member of the Supervisory Board) (since May 31, 2023)[1, 4]

Christian Ulbrich

Global CEO & President of Jones Lang LaSalle Incorporated[4]

1 Supervisory Board mandates in accordance with Section 100 of the German Stock Corporation Act (AktG).
2 Membership in comparable German and foreign supervisory bodies of commercial enterprises.
3 Exempted Group mandates in accordance with Section 100 (2) no. 2 of the German Stock Corporation Act (AktG).
4 Listed.

Independent Auditor's Report

To Vonovia SE, Bochum

Report On The Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of Vonovia SE, Bochum, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2023, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of Vonovia SE, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

> the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, and

> the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

> Measurement of investment properties

> Measurement of property in development or under construction

> Recoverability of goodwill

Our presentation of these key audit matters has been structured in each case as follows:

> Matter and issue

> Audit approach and findings

> Reference to further information

Hereinafter we present the key audit matters:

Measurement of investment properties

Investment properties amounting to EUR 81,120.3 million are reported in the consolidated financial statements as at 31 December 2023 of Vonovia SE. Vonovia SE exercises the option set out in IAS 40.30 of accounting for investment properties amounting to EUR 80,816.2 million using the fair value model in accordance with IFRS 13. Accordingly, changes in market value realized when properties are sold, as well as unrealized changes in market value, are recognized at fair value through profit or loss. In the past financial year, impairment losses of EUR 10,844.2 million in unrealized changes in market value were recognized through profit or loss in the consolidated statement of comprehensive income.

When determining the fair value of investment property, it is assumed that the current use corresponds to the highest and best use of the property. Fair values are determined using a measurement model developed internally by the Company which uses the discounted cash flow method. Under that model, expected net cash inflows from the management of the properties (e.g., actual rent and market rent per m², planned maintenance per m²) are estimated, taking into account future vacancy rates, among other things, and corresponding present values are determined based on the discount and capitalization rates as derived from the real estate market. A market value is determined for properties with no positive net cash inflows (usually vacant buildings) using a liquidation valuation method. Undeveloped land is usually measured based on an indirect comparison of indicative land values.

To the extent possible, the Company uses data directly observable on the market to determine fair value (sources include property market reports prepared by expert committees and public and subscriptions-based market databases). In addition, a valuation report for the entire portfolio is prepared by independent appraisers and is used to verify the plausibility of internal calculations.

The fair value of the care homes is determined based on valuation reports prepared by an external appraiser. This appraiser determines the fair value analogously using the discounted cash flow method as well as, to the extent possible, information that is observable on the market. The measurement of investment properties is based on a large number of relevant parameters which are normally subject in some respects to uncertainties with regard to estimates and judgments by the executive directors. Even small changes in the measurement parameters can result in material changes in fair value. Against this background, this matter was of particular significance in the context of our audit.

As part of our audit, with the collaboration of our specialists for process audits we recorded the internal controls in place relating to the measurement of investment property and assessed their appropriateness and effectiveness, among other things. In addition, in collaboration with our specialists for property valuation, we assessed the measurement models used by the Company with respect to their compliance with IAS 40 in conjunction with IFRS 13, the homogeneity of the properties being valued, the accuracy and completeness of the property portfolio data used and the appropriateness of the valuation parameters used, such as the expected net cash inflows, the assumed vacancy rate as well as the discount and capitalization rate. We also carried out analytical audit procedures and tests of details with respect to the material parameters having an influence on value. Furthermore, we checked the results at the portfolio level by comparing them against our expectations as regards changes in value.

As part of our audit, we furthermore prepared a property-specific comparison calculation on a test basis using the discounted cash flow method and conducted inspections of selected properties.

With regard to the care homes, we furthermore assessed the valuation reports obtained and the professional qualifications of the external experts and the calculation of fair value. We also assessed the respective valuation technique applied and the valuation parameters used.

The valuation technique applied by the executive directors of the Company is appropriately designed as a whole and suitable in general the measurement of investment property.

The Company's disclosures relating to investment property are contained in section D28 of the notes to the consolidated financial statements.

Measurement of property in development or under construction

In the consolidated financial statements of Vonovia SE as at 31 December 2023 properties in development or under construction are reported as investment property at an amount of EUR 304.1 million and as property inventories at an amount of EUR 1,957.7 million. Inventories comprise properties in connection with the sales-related project development business.

Properties in development or under construction are classified as investment property in accordance with IAS 40 if they are intended to be used as a financial investment upon completion, and are initially recognized at cost. The fair value model is generally applied for the purposes of subsequent measurement, provided a reliable fair value can be determined for the properties. Due to the inherent risks that exist during the construction phase, development projects are generally carried at cost (cost model) until completion. The recoverability of development projects is generally assessed in accordance with the value in use concept. The option also provided for in accordance with IAS 36 to use fair value less costs to sell is not considered due to the uncertainty in relation to fair value. Upon completion of the construction phase, the property is initially recognized in accordance with the fair value model.

Due to the intention to sell inventories stemming from the sales-related project development business, these are carried at the lower of amortized cost and net realizable values in accordance with IAS 2 as part of subsequent measurement if there are no customer orders for the residential units held for sale.

Regardless of whether the respective development projects are classified as investment property or as inventory, the cost for every project is determined on the basis of an individual project calculation that includes the planned costs yet to be incurred as well as the actual costs incurred at the level of the individual trades.

The net realizable values and the values in use are determined depending on the use of the development project upon completion on the basis of a sales estimate regarding the sales prices per square meter that are expected to be realized or based on the projected net cash inflows from the management of the properties which are derived using the discounted cash flow method. Undeveloped land is usually measured based on an indirect comparison of indicative land values.

The measurement of properties in development and under construction is based on a large number of relevant parameters that are generally subject to specific uncertainties with regard to estimates and judgments. Significant measurement parameters include in particular the planned costs yet to be incurred as well as for the purposes of determining the net realizable values and/or values in use the expected cash flows as well as discount and capitalization rate. Even small changes in the measurement parameters can result in material changes in the net disposal proceeds and/or the value in use. In our view, this matter was of particular significance in the context of our audit because the measurement of properties in development and under construction is generally subject to substantial judgments and estimation uncertainties, and there is the risk that the planned net disposal proceeds and/or value in use do not fall within an appropriate range and no corresponding impairment loss is recognized.

As part of our audit, in collaboration with specialists for process audits, we recorded the internal controls in place and assessed their appropriateness and effectiveness, among other things. In addition, in collaboration with our specialists for property valuation, we assessed the accuracy and completeness of the development project data used in the individual project calculations by Vonovia as well as the appropriateness of the measurement parameters used, such as the expected market rent per m^2, on the one hand, and the planned net disposal proceeds for the inventories and the determination of fair values for the investment properties on the other. We also carried out analytical audit procedures and tests of details with respect to the material parameters having an influence on value. We also analyzed the assumed production costs for various cost groups and compared these against external benchmarks. Furthermore, we conducted inspections of a selected sampling of development projects. During those visits, we noted the location and surroundings, including access, infrastructure, etc., in order to categorize the project. We also obtained an impression of the existence of the project and the current state of the buildings. For the purposes of assessing their plausibility, we compared the actual costs submitted and reviewed to the planned total investment costs. For larger projects, which are broken down into different construction areas and phases, the inspection served to better delimit and validate the calculation data. Impressions of quality (floors, tiles, sanitary facilities, outdoor facilities, etc.) were also possible, particularly in instances where construction work was at an advanced stage. In addition, the projects in the sampling were presented by the respective project managers at various meetings and key issues (schedule, construction status, award status of costs, changes to plans, leasing and sales status, etc.) were discussed with us.

The valuation technique applied by the executive directors of the Company is appropriately designed as a whole and suitable in general for accounting in accordance with IAS 40 and IAS 2.

The Company's disclosures related to property in development or under construction reported as investment property are contained in section D28 of the notes to the consolidated financial statements and to inventories in section D36 of the notes to the consolidated financial statements.

Recoverability of goodwill

In the Company's consolidated financial statements goodwill amounting in total to EUR 1,392 million is reported under the "Intangible assets" balance sheet item. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. The impairment test is carried out at the level of the groups of cash-generating units to which the relevant goodwill is allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the respective group of cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the respective group of cash-generating units. If the need to recognize a write-down is identified based on the value in use, it is analyzed whether the use of fair value less costs of disposal would result in a higher recoverable amount. The annual impairment test determined that no need to recognize a write-down. The impairment test triggered as of June 30, 2023 resulted in write-downs totaling EUR 138 million in respect of the groups of cash-generating units in the segment Development.
The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash flows from the respective group of cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash flows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value in use calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we reproduced the sensitivity analyses performed by the Company. We verified that the necessary disclosures were made in the notes to the consolidated financial statements relating to groups of cash-generating units for which a reasonably possible change in an assumption would result in the recoverable amount falling below the carrying amount of the cash-generating units including the allocated goodwill.

The valuation parameters and assumptions used by the executive directors are within the ranges considered by us to be reasonable.

The Company's disclosures relating to the "Intangible assets" balance sheet item and the impairment test are contained in section D 26 "Intangible assets" of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

> the non-financial group statement to comply with §§ 315b to 315c HGB included in section "Non-financial Group Decleration" of the group management report

> the disclosures marked as unaudited included in subsection "Management Model" of section "Management System" of the group management report

The other information comprises further

> the statement on corporate governance pursuant to § 289f HGB and § 315d HGB

> the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon. In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

> is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

> otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report. The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

> Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

> Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

> Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

> Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

> Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

> Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

> Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

> Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file Vonovia_SE_KA+LB_ESEF-2023-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

> Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

> Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

>

> Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

> Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

> Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 17 May 2023. We were engaged by the supervisory board on 27 October 2023. We have been the group auditor of the Vonovia SE, Bochum, without interruption since the financial year 2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to an other Matter– Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Michael Preiß.

Essen, March 13, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Michael Preiß Wirtschaftsprüfer	Martin Flür Wirtschaftsprüfer

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting[1]

To Vonovia SE, Bochum

We have performed a limited assurance engagement on the non-financial group statement of Vonovia SE, Bochum, (hereinafter the "Company") for the period from 1 January to 31 December 2023 (hereinafter the "Non-financial Group Statement") included in section "Non-financial Group Declaration" of the combined management report.

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement.

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Group Statement in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "EU Taxonomy Regulation" of the Non-financial Group Statement.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a Non-financial Group Statement that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "EU Taxonomy Regulation" of the Non-financial Group Statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Audit Firm's Independence and Quality Management

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Management 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany;

1 PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the non-financial group statement and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

IDW): Requirements to quality management for audit firms (IDW Qualitätsmanagementstandard 1: Anforderungen an das Qualitätsmanagement in der Wirtschaftsprüferpraxis – IDW QMS 1 (09.2022)), which requires the audit firm to design, implement and operate a system of quality management that complies with the applicable legal requirements and professional standards.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the Non-financial Group Statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Non-financial Group Statement, other than the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "EU Taxonomy Regulation" of the Non-financial Group Statement.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

> Gain an understanding of the structure of the Group's sustainability organisation and stakeholder engagement
> Inquiries of the executive directors and relevant employees involved in the preparation of the Non-financial Group Statement about the preparation process, about the internal control system relating to this process and about disclosures in the Non-financial Group Statement
> Identification of likely risks of material misstatement in the Non-financial Group Statement
> Analytical procedures on selected disclosures in the Non-financial Group Statement
> Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report
> Evaluation of the presentation of the Non-financial Group Statement
> Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Non-financial Group Statement
> Inquiries on the relevance of climate-risks

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Non-financial Group Statement of the Company for the period from 1 January to 31 December 2023 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "EU Taxonomy Regulation" of the Non-financial Group Statement.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Cologne, 13 March 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Theres Schäfer
Wirtschaftsprüferin

ppa. Thomas Groth

Responsibility Statement

Balance Sheet Oath

"To the best of our knowledge and belief, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the Group's net assets, financial position and results of operations, and the combined management report includes a fair review of the business development and position of the Group, including the results, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remainder of the fiscal year."

Bochum, February 28, 2024

Rolf Buch
(CEO)

Arnd Fittkau
(CRO)

Philip Grosse
(CFO)

Daniel Riedl
(CDO)

Ruth Wehrhahn
(CHRO)

EPRA Reporting

Vonovia SE has been a member of EPRA since 2013. The eponymous European Public Real Estate Association (EPRA) is a non-profit organization that has its registered headquarters in Brussels and represents the interests of listed European real estate companies. Its mission is to raise awareness of European listed real estate companies as a potential investment destination that offers an alternative to conventional investments.

In order to make it easier to compare real estate companies and to reflect special features that apply to the real estate sector, EPRA has developed a framework for standardized reporting that goes beyond the scope of the IFRS.

Vonovia reports the EPRA key figures based on the EPRA Best Practice Recommendations (BPRs). Vonovia only uses some of the EPRA key figures as performance indicators, which is why they are reported outside of the management report. They are non-GAAP measures or also APMs (alternative performance measures).

We would like to point out that the EPRA BPRs refer generally to both residential and commercial real estate companies. On the other hand, Vonovia is active almost exclusively in the area of housing. Vonovia's business model is based on the development and construction of new apartments, both for its own portfolio and for sale to third parties, the letting of homes, the provision of housing-related services and the sale of apartments. Unlike companies with a commercial real estate portfolio and, as a result, a relatively small number of properties, Vonovia's portfolio features a large number of fairly similar residential units. This means that it does not make sense for a company specializing in residential real estate to report much of the information recommended in the EPRA BPRs, which focus in particular on significant individual properties.

This is why, with regard to the current real estate portfolio, we have opted not to report an overview of lease agreement terms (the lease agreements tend to be concluded for an indefinite period), the estimated market rent upon the expiry of the lease or the ten biggest tenants in terms of rental income.

The Development segment relates almost exclusively to residential units. Further information on the Development segment can be found in the chapter → **Portfolio in the Development Business.**

EPRA Key Figures

in € million			2022*	2023	Change in %
EPRA-Performance Measure	Definition	Purpose			
EPRA Earnings	Earnings from operational activities.	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	1,801.5	1,465.3	-18.7
EPRA Net Reinstatement Value (NRV)	Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	The EPRA NAV set of metrics make adjustments to the NAV per IFRS financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under different scenarios.	57,426.9	48,198.0	-16.1
EPRA Net Tangible Assets (NTA)	Assumes that entities buy and sell assets, thereby crystallizing certain levels of unavoidable deferred tax.		45,744.5	38,140.9	-16.6
EPRA Net Disposal Value (NDV)	Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the extent of their liability, net of any resulting tax.		34,669.5	27,252.4	-21.4
EPRA Net Initial Yield in %	Annualized rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with purchasers' costs.	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge for themselves how the valuation of portfolio X compares with portfolio Y.	2.7	3.1	0.4 pp
EPRA Topped-up Net Initial Yield in %	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).		2.7	3.2	0.5 pp
EPRA Vacancy Rate in %	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	A "pure" (%) measure of investment property space that is vacant, based on ERV.	2.0	1.9	-0.1 pp
EPRA Cost Ratio (incl. direct vacancy costs) in %	Administrative & operating costs (including costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs.	25.1	22.4	-2.7 pp
EPRA Cost Ratio (excl. direct vacancy costs) in %	Administrative & operating costs (excluding costs of direct vacancy) divided by gross rental income.		24.1	21.3	-2.8 pp
EPRA LTV in %	Debt divided by market value of the property.	A key (shareholder-gearing) metric to determine the percentage of debt compared to the appraised value of the properties.	45.8	48.4	2.6 pp

* Previous year adjusted.

EPRA Earnings

EPRA Earnings is a measure of the operating result. It indicates the extent to which current dividend payments are supported by the operating result. Based on the profit for the period, adjustments are made to reflect changes in the value of assets and liabilities affecting net income, and to reflect sale effects and costs for acquisition/integration.

EPRA Earnings were down by 18.7% year-on-year in 2023.

As far as company-specific adjustments are concerned, we include the earnings contributions made by the Development and Recurring Sales segments. Prior-year and non-recurring interest expenses, depreciation and amortization, other non-recurring items and taxes that do not correspond to current income taxes are also eliminated. The adjusted earnings are calculated after adjustments to reflect effects of using the equity method. This corresponds to the Group FFO, which was down by 9.1% year-on-year.

As there were no diluting financial instruments on the reporting dates, the undiluted EPRA Earnings match the diluted figure.

in € million	**2022***	**2023**	**Change in %**
Earnings per IFRS income statement	**-669.4**	**-6,756.2**	**>100**
Profit from discontinued operations	94.6	148.1	56.6
Profit from continuing operations	**-574.8**	**-6,608.1**	**>100**
Changes in value of investment properties, development properties held for investment and other interests	1,725.2	10,770.3	>100
Profits or losses on disposal of investment properties, development properties held for investment and other interests	-138.4	-78.1	-43.6
Profits or losses on sales of trading properties including impairment charges in respect of trading properties	-127.5	-49.4	-61.3
Selling costs	55.9	69.3	24.0
Tax on profits or losses on disposals	131.5	38.5	-70.7
Negative goodwill/goodwill impairment	954.3	138.2	-85.5
Changes in fair value of financial instruments and associated close-out costs	-129.2	-62.9	-51.3
Acquisition costs	113.2	70.0	-38.2
Deferred tax in relation to EPRA adjustments	-208.7	-2,822.5	>100
EPRA earnings	**1,801.5**	**1,465.3**	**-18.7**
EPRA earnings per share in €**	**2.26**	**1.80**	**-20.4**
Adjustment – development	89.9	13.2	-85.3
Adjustment – recurring sales	135.1	63.4	-53.1
Adjustments – other non-recurring items	14.2	77.9	>100
Adjustment – depreciation and amortization	124.1	187.1	50.8
Adjustments of prior-year/one-time interest expense	-109.0	-107.5	-1.4
Adjustments for tax on profits or losses on disposals and other/prior-year taxes	-89.2	26.6	–
Adjustment – at-equity	15.0	75.7	>100
Adjusted earnings (Group FFO)	**1,981.6**	**1,801.6**	**-9.1**

* Previous year adjusted.
** Based on the shares carrying dividend rights on the reporting date.

EPRA NAV Key Figures

The EPRA NAV key figures make adjustments based on the IFRS equity to provide stakeholders with information that is as clear as possible on the fair value of a real estate company's assets and liabilities in various scenarios.

The EPRA Net Reinstatement Value (NRV) is calculated based on the assumption that properties are never sold. It represents the asset value that would be required to rebuild the company from scratch. The equity attributable to Vonovia's shareholders is adjusted by the deferred taxes in relation to fair value gains of investment properties and the fair value of derivative financial instruments after taking deferred taxes into account. In addition, the real estate transfer tax and other purchasers' costs, deducted as part of the property valuation process, are added back. No fair value is recognized for intangible assets. As a result, the NRV does not include any additional value contribution, not recognized in the balance sheet, from the Development and Value-add platform.

The EPRA NTA (Net Tangible Assets) is calculated based on the assumption that properties are purchased and sold. This means that part of the deferred taxes on real estate assets is inevitably realized as a result of the sale process. At Vonovia, the Recurring Sales, Non Core and MFH Sales portfolio clusters, as well as the portfolio in Austria, are not to be allocated to the real estate portfolio that is held in the long term. The deferred taxes on these portfolios are calculated in proportion to the fair values and reduce the total deferred taxes recognized. The pro rata real estate transfer tax and other purchasers' costs for the portfolio held in the long term are not reported. The fair value of derivative financial instruments, after taking deferred taxes into account, is adjusted and the intangible assets (goodwill and other intangible assets) are eliminated in full.

The EPRA Net Disposal Value (NDV) determines the value of the equity in a sale scenario. The fair values of the deferred taxes and financing instruments are realized as in IFRS equity. Goodwill is eliminated and the fixed-interest financial liabilities are stated at fair value, taking the resulting tax effects into account.

The tables below show the NAV key figures as of December 31, 2023, and the corresponding prior year.

Dec. 31, 2023 (in € million)	EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to Vonovia shareholders	**25,682.7**	**25,682.7**	**25,682.7**
Deferred tax in relation to fair value gains of IP	16,741.3	13,895.3	–
Fair value of financial instruments	-13.4	-13.4	–
Goodwill as per the IFRS balance sheet	–	-1,391.7	-1,391.7
Intangibles as per the IFRS balance sheet	–	-32.0	–
Fair value of fixed interest rate debt	–	–	2,961.5
Real estate transfer tax	5,787.4	–	–
NAV	**48,198.0**	**38,140.9**	**27,252.4**
Fully diluted number of shares (millions)	814.6	814.6	814.6
NAV per share (in €)	**59.16**	**46.82**	**33.45**

Dec. 31, 2022 (in € million)	EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to Vonovia shareholders	**31,331.5**	**31,331.5**	**31,331.5**
Deferred tax in relation to fair value gains of IP	19,719.8	16,190.0	–
Fair value of financial instruments*	-117.5	-117.5	–
Goodwill as per IFRS balance sheet	–	-1,529.9	-1,529.9
Intangibles as per IFRS balance sheet	–	-129.6	–
Fair value of fixed interest debt	–	–	4,867.9
Real estate transfer tax	6,493.1	–	–
NAV	**57,426.9**	**45,744.5**	**34,669.5**
Fully diluted number of shares (millions)	795.8	795.8	795.8
NAV per share (in €)	**72.16**	**57.48**	**43.56**

* Adjusted for effects from cross currency swaps.

EPRA Net Initial Yield

EPRA Net Initial Yield shows the ratio of annualized rental income minus property outgoings (annualized net rent) to the gross fair values of the residential properties. The fair values are increased by the purchasers' costs.

The topped-up net initial yield eliminates the rental incentives in the annualized net rental income. Rental incentives are of only minor importance to a company specializing in residential real estate.

The EPRA Net Initial Yield rose from 2.7% in 2022 to 3.1% in 2023. The increase is due both to higher annualized net rents and lower fair values.

in € million	2022	2023	Change in %
Fair value of the real estate portfolio (net)*	**89,971.9**	**79,792.2**	**-11.3**
Allowance for estimated purchasers' costs	6,493.1	5,787.4	-10.9
Fair value of the real estate portfolio (gross)	**96,465.0**	**85,579.6**	**-11.3**
Annualized cash passing rental income	3,202.3	3,291.8	2.8
Property outgoings	-618.4	-597.0	-3.5
Annualized net rents	**2,583.9**	**2,694.8**	**4.3**
Adjustments for rental incentives	4.2	2.6	-38.1
Topped-up net annualized rent	**2,588.1**	**2,697.4**	**4.2**
EPRA Net Initial Yield in %	**2.7**	**3.1**	**0.4 pp**
EPRA Topped-up Net Initial Yield in %	**2.7**	**3.2**	**0.5 pp**

* Fair value of the developed land excl. IFRS 16, development, undeveloped land, inheritable building rights granted, care portfolio.

EPRA Vacancy Rate

The calculation of the EPRA Vacancy Rate is based on the ratio of the estimated market rent for the vacant residential properties to the estimated market rent of the residential property portfolio, i.e., the vacancy rate shown in the management report is valued based on the market rent for the residential properties.

As of the end of 2023, our apartments were again virtually fully occupied. The EPRA Vacancy Rate fell to 1.9% (previous year: 2.0%).

in € million	Dec. 31, 2022	Dec. 31, 2023	Change in %
Market rent of vacant apartments	66.9	66.9	-
Market rent of residential property portfolio	3,398.1	3,512.5	3.4
EPRA Vacancy Rate in %	**2.0**	**1.9**	**-0.1 pp**

EPRA Cost Ratio

As the ratio of EPRA costs to gross rental income, the EPRA Cost Ratio provides information on the cost efficiency of a real estate company. The EPRA Cost Ratio is reported including and excluding direct vacancy costs. In 2023, the EPRA Cost Ratio was down by 2.7 percentage points (incl. direct vacancy costs) and 2.8 percentage points (excluding direct vacancy costs) year-on-year.

in € million	2022*	2023	Change in %
Operating expenses Rental	488.5	425.5	-12.9
Maintenance expenses	443.9	426.2	-4.0
Adjusted EBITDA Value-add	-126.7	-105.5	-16.7
Intragroup profits/losses	-4.7	-17.7	>100
EPRA Costs (including direct vacancy costs)	**801.0**	**728.5**	**-9.1**
Direct vacancy costs	-33.4	-34.5	3.3
EPRA Costs (excluding direct vacancy costs)	**767.6**	**694.0**	**-9.6**
Gross rental income	**3,186.7**	**3,253.4**	**2.1**
EPRA Cost Ratio including direct vacancy costs in %	**25.1**	**22.4**	**-2.7 pp**
EPRA Cost Ratio excluding direct vacancy costs in %	**24.1**	**21.3**	**-2.8 pp**

Costs are only capitalized in connection with internally generated capitalized maintenance or value-enhancing investments.
* Previous year adjusted.

EPRA LTV

The aim of the EPRA LTV is to allow an assessment of the debt-to-equity ratio of a real estate company. This involves comparing net debt based on the EPRA definition with total assets.

The EPRA LTV is reported without information based on the proportionate consolidation of companies that are not fully consolidated.

The EPRA LTV rose from 45.8% in 2022 to 48.4% in 2023. A drop in net debt is countered by a disproportionately marked drop in assets.

in € million	2022	2023	Change in %
Borrowings from financial institutions	16,937.0	17,660.6	4.3
Commercial paper		500.0	–
Hybrids	–	–	–
Bond loans	27,822.2	24,558.5	-11.7
Foreign currency derivatives	–	–	–
Net payables	–	–	–
Owner-occupied property (debt)	–		–
Current accounts (equity characteristic)	–		–
Cash and cash equivalents	-1,302.4	-1,374.4	5.5
Net debt	**43,456.8**	**41,344.7**	**-4.9**
Owner-occupied properties	285.8	221.7	-22.4
Investment properties	92,300.1	81,120.3	-12.1
Properties held for sale	70.8	313.1	>100
Properties under development*	–	–	–
Intangible assets	129.6	32.0	-75.3
Net receivables	769.9	2,468.6	–
Financial assets	1,357.2	1,293.9	-4.7
Total property value	**94,913.4**	**85,449.6**	**-10.0**
EPRA LTV in %	**45.8**	**48.4**	**2.6 pp**

* Included in Investment properties at fair value.

Property-related Capital Expenditure

The table below provides an overview of the property-related capital expenditure made by the company throughout the fiscal year.

Investments in new construction fell by 52.0% year-on-year in 2023. Investments in the existing portfolio were reduced by 34.3 %.

in € million	2022	2023	Change in %
Acquisitions	354.7	6.5	-98.2
Development*	607.1	291.2	-52.0
Investment properties	1,248.9	820.5	-34.3
Incremental lettable space	–	–	
No incremental lettable space	1,248.9	820.5	-34.3
Other	–	–	
Property-related capital expenditure	**2,210.7**	**1,118.2**	**-49.4**

* Incl. attic conversions.

Like-for-like Rent Increases

The in-place rent increase on a like-for-like basis refers to the in-place rent increase for the residential portfolio that was already held by Vonovia twelve months previously and let on the reporting date. Portfolio changes during this period are not included in the calculation of the in-place rent increase on a like-for-like basis.

A marked like-for-like rent increase was achieved in all portfolio clusters. The like-for-like rent increases were between 2.0% and 4.5% in the regional markets, too.

The following tables provide an overview of the like-for-like rent increases in the company's residential property portfolio:

Dec. 31, 2023	Residential units	Living area (in thou. m²)	Residential in-place rent like-for-like* Dec. 31, 2022 (p. a. in € million)	Dec. 31, 2023 (p. a. in € million)	Change (in %)
Strategic	412,436	25,230	2,218.8	2,291.3	3.3
Urban Quarters	333,658	20,220	1,774.1	1,832.6	3.3
Urban Clusters	78,778	5,010	444.8	458.6	3.1
Recurring Sales	26,290	1,802	158.4	162.6	2.6
MFH Sales	22,147	1,403	152.6	156.3	2.4
Non Core	14,344	803	62.6	64.4	2.8
Vonovia Germany	**475,217**	**29,238**	**2,592.4**	**2,674.6**	**3.2**
Vonovia Sweden	37,959	2,707	316.2	330.1	4.4
Vonovia Austria	19,735	1,461	90.8	94.0	3.5
Total	**532,911**	**33,406**	**2,999.5**	**3,098.6**	**3.3**

* The underlying portfolio has a fair value of € 74,482.5 million.

Regional Market	Residential units	Living area (in thou. m²)	Residential in-place rent like-for-like* Dec. 31, 2022 (p. a. in € million)	Dec. 31, 2023 (p. a. in € million)	Change (in %)
Berlin	141,530	8,466	744.8	770.6	3.5
Rhine Main area	35,516	2,248	246.0	252.0	2.4
Southern Ruhr area	41,736	2,577	211.8	219.9	3.8
Rhineland	30,937	2,034	194.8	199.9	2.6
Dresden	43,846	2,540	202.3	208.0	2.8
Hamburg	19,731	1,243	117.3	120.6	2.8
Hanover	21,634	1,363	117.9	121.5	3.1
Kiel	24,693	1,421	120.9	126.3	4.5
Munich	10,263	665	72.6	75.7	4.2
Stuttgart	12,976	817	84.6	87.1	3.0
Northern Ruhr area	23,821	1,469	111.0	113.9	2.6
Leipzig	13,847	912	70.6	72.5	2.6
Bremen	11,523	701	54.7	56.3	2.9
Westphalia	9,248	605	50.2	52.2	4.0
Freiburg	4,011	273	26.9	27.7	2.9
Other strategic locations	26,645	1,689	148.0	152.2	2.9
Total strategic locations Germany	**471,957**	**29,023**	**2,574.6**	**2,656.3**	**3.2**
Non-strategic locations	3,260	215	17.9	18.2	2.0
Vonovia Germany	**475,217**	**29,238**	**2,592.4**	**2,674.6**	**3.2**
Vonovia Sweden	37,959	2,707	316.2	330.1	4.4
Vonovia Austria	19,735	1,461	90.8	94.0	3.5
Total	**532,911**	**33,406**	**2,999.5**	**3,098.6**	**3.3**

* The underlying portfolio has a fair value of € 74,482.5 million.

Glossary

Adjusted EBT

Adjusted EBT is the Group's leading indicator of profitability as of 2024. The IFRS profit for the period is reconciled to earnings before taxes (EBT). This EBT is adjusted to reflect special effects based on the definition that has applied to date (effects that do not relate to the period, recur irregularly or are atypical for business operations). The net financial result is also adjusted to reflect non-cash and actuarial valuation effects that recur irregularly. The further adjustments to reflect the effects of IAS 40 measurement, write-downs, other (Non Core/Other result), net income from non-current financial assets accounted for using the equity method and effects from residential properties held for sale produce the Group's Adjusted EBT.

Adjusted EBITDA Development

The Adjusted EBITDA Development includes the gross profit from the development activities of "to sell" projects (income from sold development projects, rental income less production costs), less the operating expenses from the Development segment.

Adjusted EBITDA Recurring Sales

Adjusted EBITDA Recurring Sales compares the proceeds generated from the privatization business with the fair values of assets sold and also deducts the related costs of sale. In order to disclose profit and revenue in the period in which they are incurred and to report a sales margin, the fair value of properties sold, valued in accordance with IFRS 5, has to be adjusted to reflect realized/unrealized changes in value.

Adjusted EBITDA Rental

The Adjusted EBITDA Rental is calculated by deducting the operating expenses of the Rental segment and the expenses for maintenance in the Rental segment from the Group's rental income.

Adjusted EBITDA Total (Earnings Before Interest, Taxes, Depreciation and Amortization)

Adjusted EBITDA Total is the result before interest, taxes, depreciation and amortization (including income from other operational investments and intragroup profits/losses) adjusted for effects that do not relate to the period, recur irregularly and that are atypical for business operations, and for net income from fair value adjustments to investment properties. These non-recurring items include the development of new fields of business and business processes, acquisition projects, expenses for refinancing and equity increases (where not treated as capital procurement costs), IPO preparation costs and expenses for pre-retirement part-time work arrangements and severance payments.
The Adjusted EBITDA Total is derived from the sum of the Adjusted EBITDA Rental, Adjusted EBITDA Value-add, Adjusted EBITDA Recurring Sales and Adjusted EBITDA Development.

Adjusted EBITDA Value-add

The Adjusted EBITDA Value-add is calculated by deducting operating expenses from the segment's income.

COSO

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) is a private-sector U.S. organization. It was founded in 1985. In 1992, COSO published the COSO model, an SEC-recognized standard for internal controls. This provided a basis for the documentation, analysis and design of internal control systems. In 2004, the model was further developed and the COSO Enterprise Risk Management Framework was published. Since then, it has been used to structure and develop risk management systems.

Covenants

Requirements specified in loan agreements or bond conditions containing future obligations of the borrower or the bond obligor to meet specific requirements or to refrain from undertaking certain activities.

EPRA Key Figures
For information on the EPRA key figures, we refer to the chapter on → **EPRA Reporting**.

EPRA NTA
The presentation of the NAV based on the EPRA definition aims to show the net asset value in a long-term business model. NTA stands for Net Tangible Assets. The equity attributable to Vonovia's shareholders is adjusted by deferred taxes in relation to the existing portfolio and the fair value of derivative financial instruments after taking deferred taxes into account. Stated goodwill and other intangible assets are also deducted.

European Public Real Estate Association (EPRA)
The European Public Real Estate Association (EPRA) is a non-profit organization that has its registered headquarters in Brussels and represents the interests of listed European real estate companies. Its mission is to raise awareness of European listed real estate companies as a potential investment destination that offers an alternative to conventional investments. EPRA is a registered trademark of the European Public Real Estate Association.

Fair Value
Fair value is particularly relevant with regard to valuation in accordance with IAS 40 in conjunction with IFRS 13. The fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

GAV
The Gross Asset Value (GAV) of the recognized real estate investments. This consists of the owner-occupied properties, the investment properties including development to hold, the assets held for sale and the development to sell area. In the latter, both residential properties for which a purchase contract has been signed and those with the intention to sell – i.e., a purchase contract has not yet been signed – are included.

Group FFO
Group FFO reflects the recurring earnings from the operating business and was a key performance indicator for the Group until the end of 2023. In addition to the adjusted EBITDA for the Rental, Value-add, Recurring Sales and Development segments, Group FFO allows for recurring current net interest expenses from non-derivative financial instruments as well as current income taxes and consolidation effects. This key figure is not determined on the basis of any specific international reporting standard but is to be regarded as a supplement to other performance indicators determined in accordance with IFRS.

ICR (Interest Coverage Ratio)
The Interest Coverage Ratio is the ratio of Adjusted EBITDA Total to net cash interest.

Maintenance
Maintenance covers the measures that are necessary to ensure that the property can continue to be used as intended over its useful life and that eliminate structural and other defects caused by wear and tear, age and weathering effects.

Vacancy Rate
The vacancy rate is the number of empty units as a percentage of the total units owned by the company. The vacant units are counted at the end of each month.

LTV Ratio (Loan-to-Value Ratio)
The LTV ratio shows the extent to which financial liabilities are covered. It shows the ratio of non-derivative financial liabilities pursuant to IFRS, less foreign exchange rate effects, cash and cash equivalents less advance payments received by Development (period-related), receivables from disposals, plus purchase prices for outstanding acquisitions to the total fair values of the real estate portfolio, fair values of the projects/land currently under construction as well as receivables from the sale of real estate inventories (period-related) plus the fair values of outstanding acquisitions and investments in other real estate companies, as well as loans to companies with holdings of real estate and land.

MFH Sales
We also report on the Other segment, which is not relevant from a corporate management perspective, in our segment reporting. This portfolio involves the sale of multifamily homes that are not proving profitable (MFH Sales).

Rental Income
Rental income refers to the current gross income for rented units as agreed in the corresponding lease agreements before the deduction of non-transferable ancillary costs. The rental income from the Austrian property portfolio additionally includes maintenance and improvement contributions (EVB). The rental income from the portfolio in Sweden reflects inclusive rents, meaning that the amounts contain operating and heating costs.

Modernization Measures
Modernization measures are long-term and sustainable value-enhancing investments in housing and building stocks. Energy-efficient refurbishments generally involve improvements to the building shell and communal areas as well as the heat and electricity supply systems. Typical examples are the installation of heating systems, the renovation of balconies and the retrofitting of prefabricated balconies as well as the implementation of energy-saving projects, such as the installation of double-glazed windows and heat

insulation, e.g., facade insulation, insulation of the top story ceilings and basement ceilings. In addition to modernization of the apartment electrics, the refurbishment work upgrades the apartments, typically through the installation of modern and/or accessible bathrooms, the installation of new doors and the laying of high-quality and non-slip flooring. Where required, the floor plans are altered to meet changed housing needs.

Monthly In-place Rent

The monthly in-place rent is measured in euros per square meter and is the current gross rental income per month for rented units as agreed in the corresponding rent agreements at the end of the relevant month before deduction of non-transferable ancillary costs divided by the living area of the rented units. The rental income from the Austrian property portfolio additionally includes maintenance and improvement contributions (EVB). The rental income from the portfolio in Sweden reflects inclusive rents, meaning that the amounts contain operating and heating costs.

The in-place rent is often referred to as the "Nettokaltmiete" (net rent excl. ancillary costs such as heating, etc.). The monthly in-place rent increase on a like-for-like basis refers to the monthly in-place rent increase for the residential portfolio that had already been held by Vonovia twelve months previously and let on the reporting date. Portfolio changes during this period are not included in the calculation of the monthly in-place rent increase on a like-for-like basis. If we also include the increase in rent due to new construction measures and measures to add extra stories, then we arrive at the organic increase in rent.

Sustainability Performance Index (SPI)

Index to measure non-financial performance. Vonovia's sustainable activities are geared toward the top sustainability topics that we have identified, which are bundled in the Sustainability Performance Index. The Customer Satisfaction Index (CSI) is included in the calculation of the Sustainability Performance Index. The CSI is determined at regular intervals in systematic customer surveys conducted by an external service provider and shows the effectiveness and sustainability of our services for the customer. Other indicators used in the Sustainability Performance Index are the carbon savings achieved annually in housing stock, the energy efficiency of new buildings, the share of accessible (partial) modernization measures in relation to newly let apartments, the increase in employee satisfaction and diversity in the company's top management team.

Net Debt/EBITDA

Net Debt/EBITDA reflects average adjusted net debt in relation to the Adjusted EBITDA Total.

Non Core

We also report on the Other segment, which is not relevant from a corporate management perspective, in our segment reporting. This includes the sale, only as and when the right opportunities present themselves, of entire buildings or land (Non Core) that are likely to have below-average development potential in terms of rent growth in the medium term and are located in areas that can be described as peripheral compared with Vonovia's overall portfolio and in view of future acquisitions.

Operating Free Cash Flow

The Adjusted EBT will be used as a basis for a reconciliation to the Operating Free Cash Flow (OFCF) as the leading indicator of internal financing. Depreciation and amortization will be added to Adjusted EBT, and the liquidity contribution made by the Recurring Sales segment, as well as the change in working capital, will be taken into account. Capitalized maintenance and dividend payments made to parties outside of the Group, as well as income tax paid, are subtracted from this figure. This operating free cash flow is a measure of the Group's operational capacity to generate cash surpluses and, as a result, of its internal financing power.

Rating

Classification of debtors or securities with regard to their creditworthiness or credit quality according to credit ratings. The classification is generally performed by rating agencies.

Recurring Sales

The Recurring Sales segment includes the regular and sustainable disposals of individual condominiums and single-family houses from our portfolio. It does not include the sale of entire buildings or land (MFH Sales/Non Core). These properties are only sold as and when the right opportunities present themselves, meaning that the sales do not form part of our operating business within the narrower sense of the term. Therefore, these sales will be reported under "Other" in our segment reporting.

Fair Value Step-up

Fair value step-up is the difference between the income from selling a unit and its current fair value in relation to its fair value. It shows the percentage increase in value for the company on the sale of a unit before further costs of sale.

Cash-generating Unit (CGU)

In connection with the impairment testing of goodwill, the cash-generating unit refers to the smallest group of assets that generates cash inflows and outflows independently of the use of other assets or other cash-generating units (CGUs).

Financial Calendar

March 15, 2024
Publication of the 2023 Annual Report

April 30, 2024
Publication of the interim statement for the first three months of 2024

May 8, 2024
Annual General Meeting (virtual)

August 2, 2024
Publication of the interim financial report for the first half of 2024

November 6, 2024
Publication of the interim statement for the first nine months of 2024

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Note
This Annual Report is published in German and English. The German version is always the authoritative text. The Annual Report can be found on the website at www.vonovia.de.
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Disclaimer
This report contains forward-looking statements. These statements are based on the current experiences, assumptions and forecasts of the Management Board as well as information currently available to the Management Board. The forward-looking statements are not guarantees of the future developments and results mentioned therein. The future developments and results depend on a large number of factors. They involve certain risks and uncertainties and are based on assumptions that may prove to be inaccurate. These risk factors include but are not limited to those discussed in the risk report of the 2023 Annual Report. We do not assume any obligation to update the forward-looking statements contained in this report. This financial report does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any securities of Vonovia SE.

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As of: March 2024

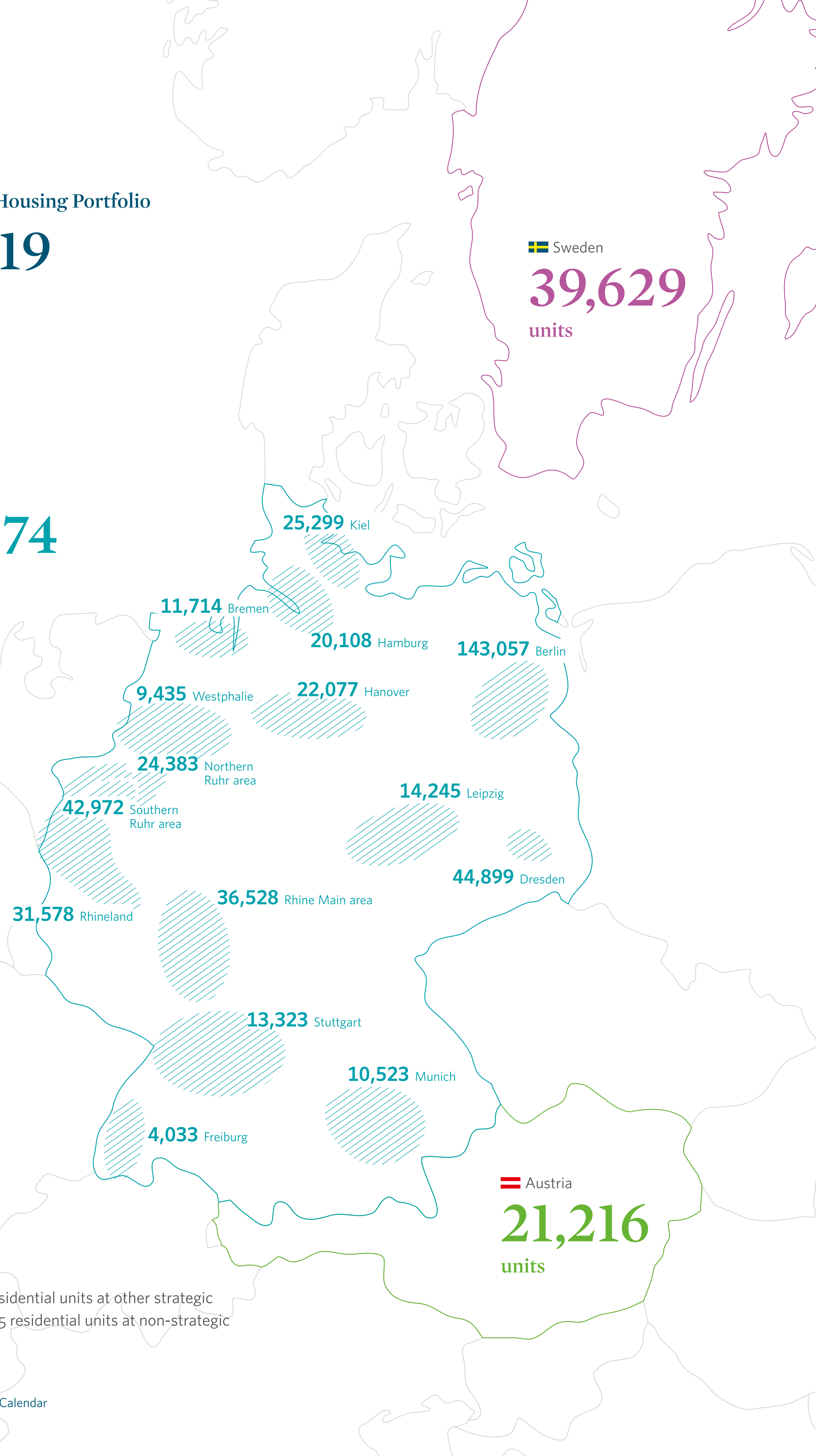
Total Vonovia Housing Portfolio

545,919

Germany

485,074

units*



* Including 27,515 residential units at other strategic locations and 3,385 residential units at non-strategic locations.

www.vonovia.com