

## Press Release

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Results as of 30 June 2022

### **Vonovia remained a guarantor of stability in turbulent times during the first half of 2022**

- **Adjusted EBITDA Total grew by 37.2% – Group FFO per share increased by 5.5% to €1.34**
- **Forecast for 2022 confirmed – Proof of stability of the business model**
- **Investments adjusted to reflect changes in general conditions**
- **Responsibility for climate and community: energy savings in existing buildings and major push to set up heat pumps and solar panels**
- **Peace of mind for tenants: protection against terminations due to rising energy prices**

*Bochum, 3 August 2022* – Despite the turbulent times and the challenges of a volatile capital market, Vonovia SE (“Vonovia”) continued to record robust economic growth in the first half of 2022. At the same time, the housing company consequently pursued its path and accepted responsibility for the community and the environment. In particular, Vonovia continued as planned with the construction of new residential units and the climate-friendly modernisation of its existing stock, especially buildings dating from the 1960s and 1970s. This dependability was honoured by the company’s tenants, and customer satisfaction continued to develop positively.

“Once again, we have proved that Vonovia stands for stability. It’s an important message, especially in turbulent times – for our tenants, our workforce and our investors,” says Rolf Buch, CEO of Vonovia. “Based on the sound development of our business, we will continue to fulfil our

responsibility for the climate and the community. Many people are extremely worried that, due to the current energy crisis, they might no longer be able to afford the increasing cost of heating. However, we can assure our tenants that if anyone can no longer afford their flat because of price increases in heating and hot water, we will help them find a solution. We've been finding similar solutions since the start of the Covid pandemic."

### **Economic development during the first half of 2022**

Vonovia's segment revenue total rose by 34.5%, from €2,312.3m in the first half of 2021 to €3,111m in the first half of 2022. This was mainly due to the fiscal consolidation of Deutsche Wohnen.

The EBITDA of Deutsche Wohnen and the EBITDA of the Rental business combined resulted in an EBITDA of €1,164m (Vonovia EBITDA Rental 1st half of 2021: €823.8 m). The vacancy rate was at 2.2% (1st half of 2021: 2.7%). The market-driven increase in rental income was 1.0% (1st half of 2021: 0.9%). Investments in energy-efficient modernisation led to a 1.7% increase in rent (1st half of 2021: 2.0%), while investments in new builds and additional floors created a further 0.7% (1st half of 2022: 0.5%). The average monthly rent in the German portfolio was €7.32 per square metre (including Deutsche Wohnen).

The EBITDA in the Value-add segment was €78.5m (1st half of 2021: €79.2m). This value was especially affected by rises in energy prices, construction costs and higher prices for external services due to an increase in Covid-related sicknesses. The segment includes, in particular, installation services required for housing upgrades.

During the first half of 2022, Vonovia sold 1,253 flats (1st half of 2021: 1,865) in the Recurring Sales segment. Due to the lower volume and despite an improved gross margin, the Recurring Sales EBITDA was only €74.1m and thus 11.3% below the first half of 2021 (€83.5m).

In the Development segment, Vonovia completed a total of 1,088 flats both for its own portfolio and for sale in Germany, Austria and Sweden (1st half of 2021: 841). The EBITDA rose to €85.4m (1st half of 2021: €35.3m).

In total, the EBITDA rose by 37.2%, from €1,021.8m to €1,402.0m, mainly due to the acquisition of Deutsche Wohnen and the development business. This rise led to a higher Group FFO. Comparing the two six-month periods, this key figure, which determines the Group's operating

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profitability, increased by 36.3% to €1,062.9m (1st half of 2021: €779.8m). The FFO per share rose by 5.5% to €1.34, a figure which covers the higher number of shares resulting from the capital increase.

## **Further value increase of €3.8 billion**

As at 30 June 2022, Vonovia was managing 549,484 of its own flats (1st half of 2021: 414,068), including around 490,000 flats in Germany. The net asset value (EPRA NTA) was €49.8 billion and thus 2.1% higher than at the end of 2021 when it had been €48.7 billion. At €62.54, the NTA per share was at the level of the same quarter a year earlier, allowing for the higher number of shares resulting from the scrip dividend.

Due to market dynamics, Vonovia revalued around three quarters of its portfolio, including the largest and most dynamic German and Swedish locations as well as Vienna. The increase in property values of around €3.8 billion (including investments) during the 1st half of 2022 can be attributed primarily to the continually high demand for housing, though also to the investment scheme for modernisation and new builds.

Vonovia takes a conservative approach in its valuations, factoring in the market situation, location (e.g. urban regions) and the age, structural design and special features of its buildings (e.g. heritable building rights, rental price control) and future rental income. The results of the valuations are checked for plausibility by independent valuers such as CBRE, Savills and JLL and are then compared with current market prices.

## **Forecast for 2022 confirmed; internal investment financing has been secured**

Vonovia has adjusted its investment policy to the new parameters in the capital market and the rise in interest rates. The loan-to-value (LTV) ratio at the end of June 2022 was 43.3%, lower than the year-end figure of 45.3% for 2021. Due to the early repayment of the bridging loan and other loans, there is now no further need for refinancing in the capital market this year, as the planned investments are protected through internal financing.

During the first half of 2022, Vonovia invested €1,100.7m in maintenance, modernisation and new builds (1st half of 2021: €868.0m). €260.3m was contributed by Deutsche Wohnen. Maintenance work at Vonovia was €297.5m and thus higher than in the previous year (1st half of 2021: €291.0m), i.e. €11.36 per square metre (1st half of 2021:

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€10.99). The modernisation volume of €333.6m remained at the level of the prior-year period.

Vonovia had already announced at the beginning of the year that it would update its construction strategy to suit the new market conditions. So Vonovia is now building more residential units for the market and fewer for its own portfolio. As a result of this decision, investments in new buildings for its own portfolio dropped by 7.9% to €209.3m. At the same time, 592 residential units were completed for sale to third parties (1st half of 2021: 452 units).

The outlook for 2022 (full year) confirms the values forecast in the first quarter – a proof of the stability of the business model. Vonovia is not planning any acquisitions for the current financial year.

## **Reducing pressure on tenants and the environment**

Vonovia continues to accept its social responsibility in these times of conflict. To save as much gas as possible in its existing properties, Vonovia has decided to lower the night-time temperature of its gas central heating systems within the legally specified parameters. In this way, Vonovia is relieving the burden on the environment and also on tenants who are facing a sharp rise in energy costs, caused by the current energy crisis. The hot water temperature, however, will not be lowered. Also, based on the annual statements, Vonovia will be applying reasonable economic criteria in adjusting monthly on-account utility payments, so that it can prevent high top-up payments at the end of the year.

“We haven’t got much time,” says Rolf Buch, “and it’s important to speed up the move to renewables and towards climate neutrality. We need to look at construction, climate protection and affordable rents under a single heading. Also, to increase the use of renewable energies, we need a major initiative to encourage the use of solar panels and heat pumps, and we also need funding for storage systems. We need to ensure that solar panels and heat pumps can access the electric power grid in a way that is non-discriminatory, fast and simple. This is the only way we can protect tenants from further increases in the cost of housing and energy prices.”

Despite rising construction costs, Vonovia is working year-on-year to reduce the carbon footprint of its existing buildings and to achieve an almost climate-neutral building stock by 2045. Vonovia is aiming to equip 30,000 roofs with solar panels by 2050.

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## **Protection against terminations due to rising energy prices**

As part of its social responsibility, Vonovia offers tenants security. "Our tenants," says Rolf Buch, "can rely on us. The current energy crisis is threatening to become a major burden on society in Germany and throughout Europe. We want our tenants to stay with us over the long term. Set against this background, we welcome the approach of the German government as it seeks to issue a temporary moratorium on terminations of tenancy agreements. However, this needs to be coupled with measures to ensure adequate support for financially strained households."

The rising cost of housing (e.g. energy) is posing a burden on low-income households, in particular. Again, this is an area where Vonovia is acting as an advocate. In June 2022, the housing company therefore signed an agreement in Berlin, set up by the Alliance for the Construction of New Residential Units and Affordable Housing. The purpose of this alliance is to find a collaborative and constructive way out of the tense situation in Berlin's housing market over the next few years. What's especially important is that construction, renovation and rental arrangements should be reliable and affordable and also that additional solutions should be offered to low-income tenants, in particular.

## **Further increase in customer satisfaction**

Vonovia's tenants have honoured the housing company's social commitment to the community. And they are confirming its good service quality. In the second quarter of 2022, its Customer Satisfaction Index (CSI) was above the level of the previous quarter and also of the same quarter a year earlier. Tenants are particularly satisfied with their residential units. Top marks were also given for the friendliness of Vonovia's staff.

The high CSI had a positive impact on the company's Sustainability Performance Index (SPI), the most important non-financial performance indicator to reflect Vonovia's sustainability strategy. Another aspect of the SPI, the reduction of Vonovia's carbon footprint, turned out to be better than expected. The result was also positively impacted by senior-friendly building upgrades. Between January and June 2022, Vonovia partially or fully upgraded more than 4,800 flats.

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## **Market conditions are affecting the allocation of capital**

In view of the changing market environment, Vonovia is adopting a new strategy in the allocation of capital and is also exploring possible new structures. In this process, Vonovia has identified a range of portfolios that are suitable for sale. These flats and multi-dwelling units are to be sold over a fairly long period of time. In addition, the company is currently analysing the possibility of new investor groups as potential partners – investors with a long-term perspective who can only invest directly in a portfolio. The economic and legal parameters are currently being assessed for this purpose, bearing in mind that Vonovia wants to continue as the majority owner and manager, relying on its own proven online management platform.

The housing company wants to ensure that it continues to have all the necessary resources for a reasonable balance between the interests of all stakeholders – tenants, investors, employees and the community. It is paying particular attention to three major trends: climate protection, the housing shortage and demographics, with its main focus on climate-friendly progress and social development in urban neighbourhoods.

## **The full half-year report can be found at the following web addresses:**

DE: <https://report.vonovia.de/2022/q2/de/>

EN: <https://report.vonovia.de/2022/q2/en/>

***Further details, photographic material and video footage can be found [in the Press section](#) and the [Media Library](#)***

## **Financial calendar 2022:**

***4 November 2022:*** Interim Statement for the first nine months of 2022

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<b>Financial Key Figures</b> in € million	H1 2021	H1 2022	Change in %
Total Segment Revenue	2,312.3	3,111.0	34.5
Adjusted EBITDA Total	1,021.8	1,402.0	37.2
Adjusted EBITDA Rental	823.8	822.6	-0.1
Adjusted EBITDA Value-add	79.2	78.5	-0.9
Adjusted EBITDA Recurring Sales	83.5	74.1	-11.3
Adjusted EBITDA Development	35.3	85.4	>100
Adjusted EBITDA Deutsche Wohnen	-	341.4	-
Group FFO*	779.8	1,062.9	36.3
thereof attributable to non-controlling interests	10.5	41.0	>100
Group FFO per share in €* <sup>*</sup>	1.27	1.34	5.5
Profit for the period	2,680.1	1,796.4	-33.0
Total cost of maintenance, modernization and new construction (to hold)	868.0	1,100.7	26.8
thereof for maintenance expenses and capitalized maintenance	291.0	297.5	2.2
thereof for modernization	349.8	333.6	-4.6
thereof for new construction (to hold)	227.2	209.3	-7.9
thereof Deutsche Wohnen	-	260.3	-

<b>Key Balance Sheet Figures</b> in € million	Dec. 31,2021	June 30, 2022	Change in %
Fair value of the real estate portfolio	97,845.3	98,811.2	1.0
EPRA NTA**	48,748.8	49,770.5	2.1
EPRA NTA pro Aktie in €* <sup>**</sup>	62.77	62.54	-0.4
LTV (%)	45.3	43.3	-2,0 pp

<b>Non-financial Key Figures</b>	H1 2021	H1 2022	Change in %
Number of units managed	485,739	621,846	28.0
thereof own apartments	414,068	549,484	32.7
thereof apartments owned by others	71,671	72,362	1.0
Number of new apartments completed	841	1,088	29.4
thereof own apartments	389	496	27.5
thereof apartments for sale	452	592	31.0
thereof Deutsche Wohnen	-	-	-
Vacancy rate (in %)	2.7	2.2	-0,5 pp
Monthly in-place rent in €/m <sup>2</sup>	7.29	7.44***	-
Number of employees (as of June 30)	10,793	1,845	46.8

\* Based on the new 2022 definition, therefore without elimination of IFRS 16 effect, line "thereof attributable to non-controlling interests" includes non-controlling interests of Deutsche Wohnen, Group FFO per share based on the shares carrying dividend rights on the reporting date, H1 2021 prior-year values TERP-adjusted (1.067)..

\*\* Based on the new 2022 definition, therefore excluding real estate transfer tax, EPRA NTA per share based on the shares carrying dividend rights on the reporting date.

\*\*\* Deutsche Wohnen included. No disclosure of rent increases in the portfolio.

## About Vonovia

Vonovia SE is Europe's leading private residential real estate company. Vonovia currently owns around 550,000 residential units in all attractive cities and regions in Germany, Sweden and Austria. It also manages around 72,400 apartments. Its portfolio is worth approximately € 99 billion. As a modern service provider, Vonovia focuses on customer orientation and tenant satisfaction. Offering tenants affordable, attractive and livable homes is a prerequisite for the company's successful development. Therefore, Vonovia makes long-term investments in the maintenance, modernization and senior-friendly conversion of its properties. The company is also creating more and more new apartments by realizing infill developments and adding to existing buildings.

The company, which is based in Bochum, has been listed on the stock exchange since 2013. Since September 2015 Vonovia has been a constituent in the DAX 30 (today DAX 40) and since September 2020 in the EURO STOXX 50. Vonovia SE is also a constituent of additional national and international indices, including DAX 50 ESG, Dow Jones Sustainability Index Europe, STOXX Global ESG Leaders, EURO STOXX ESG Leaders 50, STOXX Europe ESG Leaders 50, FTSE EPRA/NAREIT Developed Europe, and GPR 250 World. Vonovia has a workforce of approximately 15,900 employees.

### Additional Information:

Approval: Regulated Market/Prime Standard, Frankfurt Stock Exchange

ISIN: DE000A1ML7J1

WKN: A1ML7J

Common code: 094567408

Registered headquarters of Vonovia SE: Bochum, Germany, Bochum Local Court, HRB 16879

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drawn in this press release or to include subsequent events or circumstances or to report inaccuracies that become known after the date of this press release.

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