

Press Release

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Financial Year 2021

Economic growth forms the foundation for social and environmental responsibility

- **Substantial rise in key financial and non-financial indicators**
- **Total segment revenues increased by 18.5% (€5.2 billion), EBITDA by 18.8% (approx. €2.3 billion), Group FFO by 24% (approx. €1.7 billion)**
- **Guidance for 2022 shows significant growth of more than 20%**
- **Annual General Meeting: Dividend proposal of €1.66 for 2021**
- **Climate target brought forward: nearly climate-neutral building stock expected as early as 2045; further reduction of carbon footprint; independent energy supply more important for tenants than ever before**
- **2,200 new flats now completed; long-term potential for another 50,000 flats**

Bochum, 18 March 2022 – Vonovia SE (“Vonovia”) can look back to the most successful financial year in its history and is expecting further increases for 2022. All of its key financial and non-financial indicators developed positively in 2021. This sustained economic growth forms the foundation for Vonovia’s acceptance of social and environmental responsibilities. The company has achieved a significant further reduction of its own carbon footprint, while creating new residential space and adapting a large number of existing flats for use by elderly residents.

“We are pleased about our good development. In 2021, we achieved the goals we set ourselves and partly even exceeded them,” says Rolf Buch, CEO. “Likewise, our guidance for 2022 shows significant growth. At the same time, our responsibility is now greater than ever before, as we are under a major obligation to accept the challenges of climate change and also of demographic change and a scarcity of affordable housing in our cities.”

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Vonovia's CEO is horrified at the war in Ukraine: "The war in Ukraine has left all of us stunned. We do hope that it will end soon." Buch is concerned that the war may have a serious impact on tenants. "Horrendous energy prices will lead to an increase in social disparities in Germany, and the consequences of the war must not be allowed to affect tenants in Germany. It is obvious that we must move away from fossil fuels as quickly as possible, so that we are less dependent on imports. As a housing company, we are spending a lot of time and effort on this. For the moment, however, we still need natural gas."

Going forward, Vonovia will be tackling these challenges in the housing market together with Deutsche Wohnen. "So we're now going to act even more decisively and with renewed vigour," says Buch. The merger also involves the sale of flats to the state of Berlin, the construction of new buildings and a cap on rental fees in Berlin. The integration of Deutsche Wohnen is expected to be completed by the beginning of 2023.

Picking up speed on the climate roadmap until 2045

Last year, Vonovia resolutely pressed ahead with its efforts to achieve a climate-neutral building stock. This included speeding up its pace along the climate roadmap, so that the company's building stock should become close to climate-neutral as early as 2045, five years earlier than planned. "We've come a long way in terms of climate neutrality, and so we're now accelerating our pace even further. It's a highly ambitious journey. However, policymakers need to think about climate protection and affordable rents under the same heading," says Rolf Buch.

The carbon intensity of Vonovia's German portfolio has dropped again, down to 38.4 kg CO₂e/m². In 2014, it was still around 56 kg CO₂e/m², showing the ongoing improvement of Vonovia's climate balance. The most important factors are energy upgrades and the use of renewable energies within neighbourhoods. Thanks to its energy modernization, Vonovia has avoided a cumulative total of around 500,000 tons of CO₂ since 2015. This is the carbon output of 62,000 cars circumnavigating planet Earth.

This also includes a new solar panel offensive: By 2045, almost all 30,000 suitable roofs within the company's portfolio are to be equipped with solar panels. Quite soon, therefore, by 2030, Vonovia will be generating around 194 million kW of solar energy per year, avoiding around

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133,000 tons of CO₂. This is roughly the carbon output of 17,000 cars each travelling around the Earth in a single trip.

Reduced carbon emissions have contributed to boosting Vonovia's Sustainability Performance Index (SPI) to 109%. "We're proud that we've exceeded our original forecast on this point. This could also be achieved because our tenants can depend on us," says Rolf Buch. The positive development of Vonovia's Customer Satisfaction Index (CSI) is an important driver of its SPI. Vonovia's CSI improved by 4.5% compared with the previous year. Customer satisfaction had already risen in 2020, and this ongoing development underlines that the housing company's tenants are honouring Vonovia's efforts to look after them.

Vonovia also conducted a satisfaction survey among its workforce in Germany, Austria and Sweden. Compared with the previous survey (2019), satisfaction had risen by 5 percentage points. Thanks to this excellent overall result, Vonovia was certified as a "Great Place to Work" by the consultancy firm of the same name. "We offer exciting jobs in a dynamic, up-and-coming industry," says Rolf Buch.

2021: Further increase in operational earning power

Growth during the last financial year can be illustrated by the company's economic key figures. The earnings contributed by Deutsche Wohnen are only included for the fourth quarter of 2021.

Total segment revenues improved from €4.37 billion to €5.1799 billion. The Adjusted EBITDA in Rental was €1.648 billion (2020: €1.5542 billion). The Rental result was mainly driven by organic growth through modernization, new builds and greater efficiency in management, which more than compensated for higher maintenance costs.

The three business segments Recurring Sales, Development and Value-add contributed €450.5 million to the Adjusted EBITDA (2020: €355.6 million), with a significant increase in Sales and Development, in particular. "Our profit from sales reflects the robust valuation of our property portfolio and also the high-level dynamics of the market," says Rolf Buch. In Development, the Adjusted EBITDA rose by almost 70%. At Deutsche Wohnen, the Adjusted EBITDA for the fourth quarter was €170.8 million. The Adjusted EBITDA Total increased from €1.9098 billion to €2.2693 billion.

This rise in the Adjusted EBITDA has led to a higher Group FFO.

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“Vonovia has increased its earnings through its own efforts. In FFO, we’re at the upper end of our forecast,” says Rolf Buch. The key figure for operational profitability increased from €1.3482 billion to €1.672 billion.

A good financial position

A capital increase of around €8.1 billion in December 2021 generated new liquid funds, which helped Vonovia with its takeover of Deutsche Wohnen. It was the biggest European rights issue for an acquisition since 2015. Factoring in the sale of the Berlin portfolio, Vonovia’s loan-to-value ratio (LTV) is around 44% and, thus, remains in the target corridor of 40 to 45%.

Where borrowed capital is concerned, Vonovia is continuing to pursue diversification. Last year, Vonovia raised around €10 billion in the bond market. In this connection, ESG criteria are playing an increasingly important role in financing: for the first time, Vonovia issued a €600 million green bond for sustainable investments and expanded its sustainable bond framework in February 2022. Philip Grosse, CFO, emphasized that “the new program is supplementing our funding and our sustainability strategy in the best possible way.” The program now also includes the funding of social projects, i.e. housing set aside for holders of state subsidy entitlements and low-barrier housing. Furthermore, February 2022 was the first time that Vonovia transacted a widely marketed promissory note loan of €1 billion.

Net asset value rising

Vonovia’s portfolio is continuing to develop extremely positively. As at 31 December 2021, it had over 565,000 rental flats, including the Deutsche Wohnen portfolio. With 505,000 flats in Germany, Vonovia has a market share of 2.1%.

Thanks to extensive investments in its own portfolio and the continuing high demand for housing, Vonovia’s portfolio has been rising sharply in value year-on-year. The increase determined under revaluation was about €8.2 billion, i.e. 14.3% higher than in 2020 and thus considerably more than in the previous year. The highest growth figures were recorded in Sweden, at 21%. “This continuous growth in value” says Rolf Buch, “shows that we’re providing flats in places where people actually want to live.”

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The EPRA NTA (net tangible assets) as the control parameter for the net asset value increased year-on-year from €35.4886 billion to €51.8261 billion. Vonovia's housing stock was almost fully let at the end of 2021, with a further drop in vacancy rates to 2.2%. Due to market conditions, rental fees increased by 1.6% within one year (2020: 0.6%). Investments in housing (modernization) led to a 1.6% rent increase (2020: 1.6%), while investments in new builds and the creation of additional floors led to a further 0.6% increase (2020: 0.6%). The average effective monthly rent across the Group was €7.33 per square meter as at 31 December 2021. In the German portfolio this figure was €7.19 per square meter.

2,200 new flats; potential for 50,000

Vonovia continued to pursue its strategy during the second year of the pandemic, with an intensive focus on maintenance, modernization and new builds – and even increasing its pace in these areas. Between January and December 2021, the housing company completed 2,200 new flats in Germany, Austria and Sweden. In 2022 Vonovia is planning to build 3,600 new flats. In the long term, Vonovia can potentially add around 50,000 new flats and thus make a major contribution to the German government's new-build offensive. Furthermore, in 2021, Vonovia adapted more than 10,000 flats for the needs of elderly tenants and added energy efficiency to over 11,000 flats. "We are keeping an eye on the prevailing megatrends, and we are continuing to be ambitious on this point," says Rolf Buch.

In total, Vonovia invested a substantial €2.1856 billion in modernization, new builds and maintenance, i.e. 12.9% more than in 2020. Maintenance services increased significantly by 12.6% to €666.4 million, so that maintenance cost amounted to €25.18 per square meter (2020: €22.31). "As we have our own repair workforce, we're in a position to invest swiftly and widely in the maintenance of our properties. This has been reflected in greater customer satisfaction," says Rolf Buch. Investments in new builds totalled €526.6 million and were thus 20.9% higher than the year before. A higher level was also recorded for Vonovia's modernization volume, at €758.6 million. This figure would have been even higher if there had not been various restrictions for Covid-19 and also lower investments due to Berlin's rental cap, which was recently withdrawn.

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Annual General Meeting: Dividend proposal of €1.66

Given the robust development of Vonovia's business, the Executive and Supervisory Boards will propose a dividend of €1.66 per share to the shareholders at the virtual AGM in April 2022. If the increase in shares, caused by the capital increase, is taken into account for the dividend of the previous year as well, this amounts to an increase of €0.08. "We're confident that we can continue to deliver secure growth in earnings and value, while being largely independent of macroeconomic developments," says Rolf Buch.

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Guidance 2022: Growth of more than 20% to be expected

In the 2022 financial year, Vonovia will continue to invest heavily in modernization and new builds, with a volume between €2.1 billion and €2.5 billion. "We're anticipating to increase our turnover, EBITDA and Group FFO by more than 20%," says Rolf Buch. Total segment revenues are likely to be between €6.2 and 6.4 billion. Vonovia is expecting its Adjusted EBITDA Total to range between €2.75 billion and €2.85 billion. This will also lead to an increase in its Group FFO, which range between €2.0 billion and €2.1 billion. Moreover, Vonovia is anticipating an overall target achievement of 100% on its Sustainability Performance Index.

The full Annual Report 2021 can be found at the following web addresses:

DE: <https://report.vonovia.de/2021/q4/de/>

EN: <https://report.vonovia.de/2021/q4/en/>

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

2022 Financial Calendar:

29 April 2022: Annual General Meeting

5 May 2022: Interim Statement for the First Three Months of 2022

3 August 2022: Interim Statement for the First Half of 2022

4 November 2022: Interim Statement for the First Nine Months of 2022

About Vonovia

Vonovia SE is Europe's leading private residential real estate company. Vonovia currently owns around 565,000 residential units in all attractive cities and regions in Germany, Sweden and Austria. It also manages around 71,200 apartments. Its portfolio is worth approximately € 97.8 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 16,000 employees.

Additional Information:

Approval: Regulated Market/Prime Standard, Frankfurt Stock Exchange

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