Report

on the audit of the domination and profit and loss transfer agreement pursuant to § 293b AktG between

Deutsche Wohnen SE,

Berlin,

and

Vonovia SE,

Bochum

THIS IS AN ENGLISH TRANSLATION OF THE GERMAN TEXT, WHICH IS THE SOLE AUTHORITATIVE VERSION. IN CASE OF ANY DISCREPANCY BETWEEN THE ENGLISH AND GERMAN VERSIONS; THE GERMAN-LANGUAGE ORIGINAL SHALL PREVAIL.

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Hint:

Due to technical reasons in calculations, rounding differences in the amount of one

LIST OF ABBREVIATIONS

Act	Actual figure (e.g. 2023 Act = actual figure for the year 2023)
AG	Public limited company
AktG	Stock Corporation Act (AktG)
BaFin	Federal Financial Supervisory Authority
BewP	BewertungsPraktiker (Zeitschrift)
BGB	Civil Code
BGH	Bundesgerichtshof
BVerfG	Federal Court of Justice
cf.	compare
CAGR	Compound Annual Growth Rate
CAPM	Capital Asset Pricing Model
c.p.	ceteris paribus
DCF	Discounted Cash Flow
DPLTA	Domination and profit and loss transfer agreement
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
Et seq	and the following page
Et seqq	and the following pages
€	Euro
FAUB	Technical Committee for Business Valuation and Economics of the IDW
FN-IDW	Professional News of the IDW
GmbH	Limited liability company
HGB	Commercial Code
HIST	Historical
HRB	Commercial Register Department B B

IDW	Institute of Public Auditors in Germany e.V., Düsseldorf
IDW S 1	IDW Standard 1 as amended in 2008
ISIN	International Securities Identification Number
KSt/KStG	Corporation Tax/ German Corporate Income Tax Act
LG	Regional Court
NAV	Net Asset Value
no.	Number
NTA	Net Tangible Assets (NAV-method)
OLG	Higher Regional Court
p.	page
p.a.	per annum
RSM Ebner Stolz	RSM Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart
SolZ	Solidarity surcharge
S&P Global Market Intelligence	S&P Global Market Intelligence LLC, New York City/USA
Tax-CAPM	Capital Asset Pricing Modell (extended to include taxes)
Tz.	Text number
Valuation report	Expert opinion by RSM Ebner Stolz on the determination of the company values, the exchange ratio and the compensation payment as of 23 January 2025
Valuation experts	RSM Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart
WACC	Weighted Average Cost of Capital
WPg	Die Wirtschaftsprüfung (Zeitschrift)
WpÜG	German Securities Acquisition and Takeover Act

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A. Mandate and conduct of the mandate

I. Mandate

1. Vonovia SE, Bochum,[1] as the controlling company and

Deutsche Wohnen SE, Berlin,[2]

as the controlled company, intends to conclude a domination and profit and loss transfer agreement[3] within the meaning of § 291 para. 1 sentence 1 AktG.[4] The effectiveness of the agreement is subject to the approval of the general meeting of Deutsche Wohnen and the approval of the general meeting of Vonovia pursuant to § 293 para. 2 AktG. The agreement shall be submitted for approval to the extraordinary general meeting of Deutsche Wohnen on 23 January 2025 and to the extraordinary general meeting of Vonovia on 24 January 2025.

2. According to §§ 304, 305 AktG, the other shareholders of a controlled stock corporation are to be granted, at their discretion, an adequate compensation payment or an adequate settlement. Since Vonovia is a non-dependent and non-majority-owned European Company (Societas Europaea) with its registered office in a member state of the European Union, it has to offer a settlement payment in shares of Vonovia (§ 305 para. 2 no. 1 AktG) to those minority shareholders of Deutsche Wohnen who wish to leave the company as a result of the DPLTA. In this context, an appropriate exchange ratio for the shares in Deutsche Wohnen in relation to the shares in Vonovia must be determined.

3. The agreement is to be audited by one or more expert auditors, in particular with regard to the appropriateness of compensation and settlement.[5] Accordingly, the subject of our audit is the agreement[6] and the adequacy of the proposed compensation and settlement in the form of the exchange ratio.[7]

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1 Hereinafter „Vonovia“ or „Majority Shareholder“.
2 Hereinafter „Deutsche Wohnen“.
3 DPLTA
4 The following references to the German Stock Corporation Act (AktG) must be seen in conjunction with Art. 9 Para. 1 SE-Regulation. (SE-VO).
5 §§ 293b para. 1, 293e para. 1 sentence 2 AktG.
6 § 293b para. 1 AktG.
7 § 293e para. 1 sentence 2 AktG.

4. Upon the joint proposal of Vonovia and Deutsche Wohnen, the Berlin Regional Court appointed us, I-ADVISE AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, as joint contract auditor for the intended DPLTA by order dated 2 Octobre 2024. [8] The order of the court contains no specific information on the conduct of the audit and the report on the audit.

5. The determination of compensation and settlement is based on the expert opinion on the objectified business value[9] of RSM Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft[10] „On the determination of the business values, the exchange ratio and the compensation payment of Vonovia SE, Bochum and Deutsche Wohnen SE, Berlin, as of 23 January 2025“. The Valuation Report including the determination of the exchange ratio dated December 14, 2024, was prepared by RSM Ebner Stolz in the capacity of neutral Valuation Expert in accordance with IDW Standard "Principles for the Performance of Business Valuations" issued by the Institute of Public Auditors in Germany e. V. (IDW) in the 2008 version[11]. The parties to the Agreement intend to adopt this Valuation Report and the statements contained therein regarding the appropriate compensation and settlement in the form of the exchange ratio in their entirety and to attach it to the joint Contract Report as Appendix.

8 Cf. appendix 1.
9 Hereinafter referred to as "Valuation Report".
10 Hereinafter „RSM Ebner Stolz“ or „Valuation Expert“.
11 Hereinafter „IDW S 1“.

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II. Performance of the mandate

6. We commenced our audit - following the review of our independence and impartiality and the subsequent acknowledgement of our court appointment – on 3 October 2024 and conducted it primarily in our offices in Düsseldorf until 15 December 2024. In addition, we held discussions with the representatives of Vonovia, Deutsche Wohnen and RSM Ebner Stolz at the offices of Vonovia and Deutsche Wohnen.

7. The appointed persons explained to us the market and competitive environment, the business model and strategy, the historical and current business situation and the business plan. In addition, representatives of the valuation expert explained valuation assumptions to us in video and telephone conferences alongside the audit.

8. For our audit, we generally had access to the documents mentioned in the Valuation Report,[12] which we received through the data room set up by the Valuation Expert or directly from the Valuation Expert or the companys.

9. In addition, we used publicly available information and capital market data for our work. Besides the data provided to us, we primarily relied on data provided by the financial information service provider S&P Global Market Intelligence LLC, New York City/USA,[13] when determining capital market data.

10. All of the requested clarifications and supporting documents were provided by the representatives of Vonovia and Deutsche Wohnen and the named respondents. The management boards of Vonovia and Deutsche Wohnen each provided us with a declaration of completeness dated today, stating that all information and documents relevant for our examination of the adequacy of the compensation and settlement have been provided to us completely and correctly.

11. In our audit, we adhered to the IDW Standard 1 “Principles for the Performance of Business Valuations” in the version of 2 April 2008 of the Institute of Public Auditors in Germany, Incorporated Association. In addition, we followed the IDW Practice Note 2/2017 “Evaluation of Business Planning for Valuations, Restructuring, Due Diligence and Fairness Opinions”.

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12 Cf. Valuation Report, Section 1.
13 Hereinafter "S&P Global Market Intelligence".

12. We started our audit work before the valuation expert had completed his work. This approach is common practice in the context of contract audits and is recognised by jurisdiction. [14] It is justified by the need to issue a final audit opinion promptly after completion of the valuation work. We conducted additional data collection and analyses to derive the beta factor. As a result, our audit is not limited in any respect and fully confirms the adequacy of compensation and settlement.

13. The responsibility for the proper content of the contract report lies with the management boards of Deutsche Wohnen and Vonovia.

14. We expressly point out that we have not audited the accounting, the annual financial statements or the management of the participating companies. Such audits are not part of our audit of the adequacy of compensation and settlement payments. Compliance with the respective legal requirements within the framework of the audited financial statements provided and dependency reports has been confirmed without qualification by the auditor in each case.

15. If material changes in the financial position, profit and loss statement or other bases for the determination of the business value of Vonovia or Deutschen Wohnen should occur during the period between the conclusion of our audit and the date of the resolution of the Annual General Meeting of Vonovia on 24 January 2025 or the extraordinary general meeting of Deutsche Wohnen on 23 January 2025 on the conclusion of the Agreement, these shall be taken into account additionally in the assessment of the compensation and settlement. For this purpose, we will obtain reporting date declarations on the day of the Annual General Meeting.

16. This report exclusively serves as information and as a basis for decision-making for the parties involved in the conclusion of the DPLTA including their partners/shareholders as well as the court appointing us. This also includes the provision of the report on the internet prior to the general meeting of Vonovia and Deutsche Wohnen resolving on the conclusion of the Agreement and, in case of any court proceedings in connection with the conclusion of the DPLTA, the submission to the respective court.

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[14] Cf. BGH, decision of 18 September 2006, II ZR 225/04, BB 2006, p. 2,543 et Seqq.

17. Any further disclosure of our audit report may - subject to our written consent - only be made to third parties in full, including a written statement on the purpose of the underlying engagement as well as the disclosure restrictions and liability conditions associated with the engagement, and only if the respective third party has previously agreed in writing to the General Engagement Terms, supplemented by an individual liability agreement, as well as a binding confidentiality obligation.

18. For the performance of the engagement and our responsibility - also in relation to third parties - the General Engagement Terms for German Public Auditors and Public Audit Firms (Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften) in the version dated 1 January 2024, attached as appendix 4 are authoritative. These General Engagement Terms govern - in addition to the statutory limitation of liability in relation to the contracting parties and shareholders pursuant to § 293d para. 2 AktG and § 323 HGB - our responsibility towards third parties as well.

B. Subject, nature and scope of the audit

19. Subject of our audit pursuant to § 293b para. 1 and § 293e para. 1 sentence 2 AktG is the inter-company agreement. Pursuant to § 293e para. 1 sentence 2 AktG, the focus of the audit is the assessment of the appropriateness of compensation[15] and settlement.[16] In this context, the audit report pursuant to § 293e para. 1 sentence 3 AktG must state

- the methods by which compensation and settlement have been determined and the reasons why the application of these methods is appropriate
- what compensation or settlement would result from the application of different methods, if more than one has been applied; at the same time, it shall set out
- the weight given to the various methods in determining the proposed compensation and settlement and the values on which they are based; and
- which particular difficulties arised in the valuation of the contracting companies.

20. Accordingly, our audit is divided into a formal and a substantive part. In the formal part of our audit, we examined whether the contract contains the legally required elements completely and correctly and thus complies with the legal requirements. In the substantive part of our audit, we examined whether the proposed compensation and the proposed settlement are to be regarded as appropriate under consideration of the circumstances of Deutsche Wohnen and Vonovia. Any further legal assessment and an examination of the expediency of the contract and its tax implications are not included in our mandate. Accordingly, the completeness and correctness of the contract report are not subject to the audit.

21. The adequacy of compensation and settlement can be assessed by analysing the valuation of Vonovia and Deutsche Wohnen, on which compensation and settlement payments are based. The auditor has to examine whether the valuation corresponds to recognised methods, whether value-relevant factors have been determined objectively and whether the planned results for the future appear reasonable. As far as stock exchange prices can be determined for the valuation, this shall be assessed.

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15 § 304 AktG.

16 § 305 AktG.

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C. Formal audit of the domination and profit and loss transfer agreement

22. The minimum content of a DPLTA required by corporate law results from § 291 et seq. AktG. The examination of the completeness and correctness of the agreement therefore refers to the general information on the contracting parties, the determination of the subject matter of the agreement, the beginning and the duration of the agreement as well as the agreements on compensation and settlement.

1. Name and registered office of the participating companies

23. The name and registered office of the participating companies[17] are stated in the agreement and correspond to the entries in the commercial registers of Vonovia and Deutsche Wohnen.

2. Management

24. Deutsche Wohnen submits the management of its company to Vonovia from the date of entry of the agreement in the commercial register.[18] Accordingly, Deutsche Wohnen is obliged to follow the instructions of Vonovia in accordance with § 308 AktG.[19] This right to issue instructions does not extend to the amendments, maintenance or termination of the agreement.[20] For reasons of legal certainty, it is contractually regulated that instructions have to be issued in writing, whereby this form is also met by e-mails and faxes.[21]

25. The submission of the management of the company is constitutive for a domination agreement. The corresponding provisions of the agreement comply with the legal requirements.[22]

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17 Cf. preamble of the agreement.
18 Cf. § 1 Para. 1 in conjunction with § 6 Para. 1 2 of the agreement and § 294 Para. 2 AktG.
19 Cf. § 1 Para. 1 of the agreement.
20 Cf. § 1 Para. 1 of the agreement.
21 Cf. § 1 Para. 2 of the agreement.
22 §§ 291 Para. 1 Satz 1, 299 and 308 AktG.

3. Profit transfer

26. Deutsche Wohnen is obligated to transfer its entire profit to Vonovia.[23] This arrangement is constitutive for a profit transfer agreement.[24] The amount to be transferred - conditional on the contractually regulated formation or dissolution of provisions –[25] is the maximum amount permissible pursuant to § 301 AktG, as amended.[26] According to the current legal situation, this is at most the annual net profit arising without the profit transfer, reduced by any loss carried forward from the previous year, the amount to be allocated to the statutory reserves according to § 300 no. 1 AktG and the distribution-restricted amount according to § 268 para. 8 HGB.[27] Deutsche Wohnen may, with the written consent of Vonovia pursuant to § 126b BGB, allocate amounts from the net income for the year to other revenue reserves, provided this is permissible under commercial law and economically justified on the basis of a reasonable commercial assessment.[28] Reserves formed in this way may be dissolved again at the written request of Vonovia in accordance with § 126 BGB and used to offset losses or transferred as profit.[29] Other reserves or profit carried forward from the time before the effectiveness of the agreement may not be used to transfer profits or to compensate losses.[30]

27. The obligation to transfer profits shall applay for the first time upon the entry of the Agreement in the commercial register of Deutsche Wohnen and shall cover the entire profit generated in the then current financial year. [31] In any case, it shall become due upon adoption of the annual financial statements for the relevant financial year. [32]

28. The provisions for the transfer of profits comply with statutory requirements. [33] Linking to the currently valid version of § 301 AktG ensures that the provisions for the transfer of profits are always permissible.

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23 Cf. § 2 Para. 1 of the agreement.
24 § 291 Para. 1 Satz 1, 2nd alternative AktG.
25 Cf. § 2 Para. 3 of the agreement.
26 Cf. § 2 Para. 1 of the agreement.
27 § 301 Satz 1 AktG.
28 Cf. § 2 Para. 2 of the agreement.
29 Cf. § 2 Para. 3 of the agreement.
30 Cf. § 2 Para. 3 of the agreement.
31 Cf. § 2 Para. 1 in conjunction with § 6 Para. 1 of the agreement.
32 Cf. § 2 Para. 4 of the agreement.
33 § 300 no. 1 in conjunction with § 150 para. 2 AktG, § 301 AktG.

4. Assumption of losses

29. Vonovia is obliged to assume losses of Deutsche Wohnen in accordance with § 302 AktG, as amended.[34]

30. According to current legal situation, Vonovia is obliged to compensate for any loss for the financial year that would arise during the term of the agreement, as far as those are not compensated for by withdrawals from other retained earnings that were accrued for during the term of the agreement. [35]

31. The obligation to assume losses applies for the first time for the then current financial year at the time of entry of this Agreement in the commercial register of Deutsche Wohnen.[36] The liability falls due at the end of each financial year of Deutsche Wohnen.[37]

32. The time from which Vonovia is obliged to assume losses corresponds to the regulation that has been made for the transfer of profits. [38]

33. Linking to the statutory regulations in its current version ensures that the loss transfer regulations are always permissible.

5. Compensation payment

34. Vonovia undertakes to pay the minority shareholders of Deutsche Wohnen adequate compensation in the form of an annually recurring cash payment for the duration of the agreement, starting from the financial year in which the obligation to transfer profits takes effect.[39] The gross profit share[40] amounts to € 1.22 per bearer common share of Deutsche Wohnen for each full financial year less any amount for Corporation Tax and the solidarity surcharge at the applicable tax rate for these taxes for the respective financial year. [41]

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34 Cf. § 3 Para. 1 of the agreement
35 § 302 Para. 1 AktG.
36 Cf. § 3 Para. 1 in conjunction with § 6 Para. 1 of the agreement.
37 Cf. § 3 Para. 2 of the agreement.
38 Cf. § 3 Para. 2 and § 6 Para. 1 of the agreement.
39 Cf. § 4 Para. 1 of the agreement.
40 In practice, the terms ‘gross compensation amount’ and ‘net compensation amount’ are also used in this context. The ‘gross compensation amount’ corresponds to the amount designated by the BGH as the ‘gross profit per share’. The ‘net compensation amount’ corresponds to the ‘compensation payment’ according to § 304 para. 2 sentence 1 AktG.
41 Cf. § 4 Para. 2 of the agreement.

35. According to the circumstances at the time of the agreement, the deduction for corporation tax (15.0 %) and solidarity surcharge (5.5 % of corporation tax) amounts to € 0.19 per share. According to the circumstances at the conclusion of this agreement, this results in a compensation payment of € 1.03 per share for a full financial year of Deutsche Wohnen, rounded up or down to the nearest cent.[42]

36. As far as legally required, withholding taxes (e.g. capital gains tax plus solidarity surcharge) will be deducted from the net compensation amount in accordance with § 4 para. 2 of the agreement.[43]

37. The granting of a fixed recurring compensation payment corresponds to the legal regulation.[44]

38. The compensation is due on the first banking day after the Annual General Meeting of Deutsche Wohnen for the respective past financial year, but no later than eight months after the end of that financial year.[45] This provision is customary and appropriate because the compensation, as a replacement for the previous dividend entitlement, is basically due at the same time as the dividend entitlement that no longer exists would otherwise have been due.

39. The compensation payment shall be granted for the first time for the entire financial year of Deutsche Wohnen in which the agreement is entered in the commercial register and thus becomes effective.[46]

40. If this agreement ends during the course of a financial year of Deutsche Wohnen, the recurring compensation payment for the financial year concerned (on any interim financial statements to be prepared) will be granted pro rata temporis with the amounts adjusted accordingly. [47]

41. In the event of capital measures being implemented by the controlling company, e.g. capital increases using company funds, the compensation payment shall be adjusted to the extent required by law, in particular in accordance with § 216 para. 3 AktG.[48]

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[42] Cf. § 4 Para. 2 of the agreement.
[43] Cf. § 4 Para. 2 of the agreement.
[44] § 304 Para. 1 sentence 1, Para. 2 sentence 1 AktG.
[45] Cf. § 4 Para. 3 of the agreement.
[46] Cf. § 4 Para. 1 i.V.m, § 6 Para. 1 of the agreement.
[47] Cf. § 4 Para. 4 of the agreement.
[48] Cf. § 4 Para. 5 of the agreement.

42. Should the court, in appraisal proceedings, set a legally binding higher settlement payment, shareholders who have already been compensated pursuant to § 5 of this agreement may also demand a corresponding supplement in the compensation already received to the extent provided by law. [49] This is in line with the statutory regulation in § 13 SpruchG (German Appraisal Proceedings Act).

6. Settlement payment

43. Vonovia undertakes, upon request by each minority shareholder of Deutsche Wohnen, to exchange the shares of the latter for no-par value bearer shares (no-par shares) with a notional interest in the of the controlling company of EUR 1.00 each (compensation shares) at an exchange ratio of 0.7947 compensation shares against 1 share in the controlled company (exchange ratio).[50] As Vonovia is a non-dependent stock corporation or partnership limited by shares with a registered office in a Member State of the European Union or in another Contracting State to the Agreement on the European Economic Area that is not majority-owned, the settlement payment is to be granted in the form of treasury shares of this company. [51]

44. The obligation of Vonovia to acquire the shares is limited in time. The period ends two months after the day the entry of the existence of this agreement in the commercial register of the registered office of Deutsche Wohnen has been announced in accordance with § 10 HGB. [52] A time limit is also common practice. The corresponding provisions are in line with the statutory provisions. [53]

45. In the event of capital measures being implemented by the controlling company or the controlled company, e.g. capital increases using company funds, the conversion ratio shall be adjusted to the extent required by law, in particular in accordance with § 216 para. 3 AktG. [54]

46. The transfer of shares against settlement payment is free of charge for minority shareholders of Deutsche Wohnen, provided that they have a domestic securities account. [55] There are no corresponding statutory requirements.

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49 Cf. § 4 Para. 5 of the agreement.
50 Cf. § 5 Para. 1 of the agreement.
51 § 305 Para. 2 no. 1 AktG.
52 Cf. § 5 Para. 3 of the agreement.
53 § 305 Para. 4 AktG.
54 Cf. § 5 Para. 4 of the agreement.
55 Cf. § 5 Para. 5 of the agreement.

47. Should the court, in appraisal proceedings, set a legally binding higher settlement payment, shareholders who have already been compensated may also demand a corresponding supplement to the settlement payment.[56] This is in line with the statutory regulation in § 13 SpruchG (German Appraisal Proceedings Act).

48. If this agreement ends due to the termination by the controlling company, the controlling company is obliged, at the request of any other shareholders of the controlled company at that time, to exchange their shares in the controlled company for no-par-value registered shares (shares with no nominal value) with a notional interest in the share capital of the controlling company of registered common shares (shares without nominal value) with a notional interest in the controlling company's share capital of € 1.00 each at the exchange ratio specified in § 5 para. 7 of the agreement. This so-called revival clause reduces the risk for the minority shareholders of being affected by a possible change in the ratio of the values of Deutsche Wohnen and Vonovia that is unfavourable to the minority shareholders in the event of the DPLTA being terminated by the controlling company.

7. Effective date and duration of the agreement

49. In accordance with the statutory provisions,[57] the agreement requires the approval of the general meeting of Deutsche Wohnen and the approval of the general meeting of Vonovia in order to become effective. [58]

50. In accordance with statutory provisions, it is made in written form. [59]

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56 Cf. § 5 Para. 6 of the agreement.
57 § 293 Para. 1 sentence 1 AktG in direct application with regard to the approval of the shareholders‘ meeting of Deutsche Wohnen SE and § 293 para. 2 sentence 2 AktG in corresponding application with regard to the approval of the shareholders’ meeting of Vonovia.
58 Cf. § 6 Para. 1 of the agreement.
59 § 293 Para. 3 AktG.

51. In accordance with the statutory provisions,[60] the agreement shall only become effective after its existence has been entered in the commercial register of the registered office of Deutsche Wohnen.[61] With regard to the obligation to transfer profits and to assume losses, the agreement shall apply for the first time to the entire fiscal year of Deutsche Wohnen in which this agreement becomes effective.[62]

52. The agreement is concluded for an indefinite period of time and can be terminated in writing with six months' notice until the end of a financial year of Deutsche Wohnen.[63] For tax reasons - based on the current legal situation - a minimum term of five years has been agreed.[64]

53. The legal requirements regarding termination for important reasons[65] have been considered.[66]

8. Severability Clause

54. The Severability Clause[67] corresponds to standard contract technique and is not objectionable.

9. Result of formal audit

55. As a result of our audit of the DPLTA, we conclude that the DPLTA contains the components prescribed in §§ 291 et seq. AktG completely and correctly and thus complies with the statutory provisions.

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60 § 294 Para. 2 AktG.
61 Cf. § 6 Para. 1 of the agreement.
62 Cf. § 2 Para. 1 and § 3 Para. 1 of the agreement.
63 Cf. § 6 Para. 3 of the agreement.
64 Cf. § 6 Para. 3 of the agreement.
65 § 297 Para. 1 sentence 1 AktG.
66 Cf. § 6 Para. 3 of the agreement.
67 Cf. § 7 of the agreement.

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D. Material audit of the domination and profit and loss transfer agreement

I. Valuation principles and methods being uses

1. Methods for determining adequate compensation and settlement payments

56. There is no explicit legal method for determining the compensation payment. According to the findings of business administration, case law[68] and valuation practice, the value of the company is the correct basis for determining the compensation payment pursuant to § 305 AktG. Accordingly, the value of each company as a whole is decisive.

57. The shares of Deutsche Wohnen and Vonovia are listed on the stock exchange. Therefore, the stock exchange price must be taken into account as a minimum when calculating the settlement payment or the exchange ratio. However, it must be determined in each individual case whether the stock exchange price actually reflects the market value. [69]

58. According to recent case law of the Federal Court of Justice (BGH), the settlement payment to be granted under § 305 AktG can be determined on the basis of average stock prices, provided that the stock price reflects the true value of the company. [70]

59. Pursuant to § 304, para. 1, sentence 1 AktG, a DPLTA must provide for adequate compensation for the remaining shareholders in the form of a cash payment (compensation payment) based on the shares in the share capital. Pursuant to § 304, para. 2, sentence 1 AktG, the compensation payment must be at least the annual payment of the amount which, according to the company's previous earnings situation and its future earnings prospects, taking into account appropriate depreciation and value adjustments, but without the formation of other revenue reserves, could probably be distributed as an average share of profits to the individual share.

68 Cf. BGH, decision of 12 March 2001, Ref. II ZB 15/00, ZIP 2001, pp. 734-737.

69 Cf. BGH, decision of 21 February 2023, Ref. II ZB 12/21 and BGH, decision of 31 January 2024, Ref. II ZB 5/22.

70 Cf. BGH, decision of 21 February 2023, Ref. II ZB 12/21 and BGH, decision of 31 January 2024, Ref. II ZB 5/22.

60. The wording of the legal regulation is already based on the future earnings value of the company. Accordingly, in valuation practice the compensation is regularly determined by annualization of the capitalised earnings value.[71] This corresponds to the former case law of the Federal Supreme Court (BGH),[72] according to which the compensation by annualisation is derived from the objectified enterprise value. According to the more recent case law of the Federal Court of Justice, the compensation can also be determined by calculating an annuity based on the average Stock Price of the controlled company, provided that the Stock Price reflects the true value and earnings prospects of the company.[73] In the present case, the compensation was not derived from the annuity of the average Stock Price of Deutsche Wohnen, but from the higher capitalised earnings value per share.

2. Valuation principles

61. The value of equity of a commercial company is derived from the future cash flows that the equity investor can expect. Such a business value can therefore be calculated as the present value of all future surpluses of income over expenditures of the enterprise.

62. The basic principles of how such future-related company valuations are to be carried out are presented in standard IDW S 1. In order to determine appropriate compensation and adequate settlement, the valuation expert carried out a capitalised earnings valuation according to IDW S 1 for both Vonovia and Deutsche Wohnen. The principles anchored in this standard, in particular the explanation of the capitalised earnings method, correspond to the prevailing opinion in the business management literature and practice of business valuations. The capitalised earnings method is also recognised by courts in Germany. In this respect, we consider the capitalised earnings method applied here to be appropriate. Accordingly, the business value is derived using risk-adequate discounting of future expected distributions of the enterprise to its shareholders.

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71 Cf. also Fleischer/Hüttemann (eds.), Rechtshandbuch Unternehmensbewertung, 2nd ed. 2019, para. 12.201.

72 Cf. BGH, decision of 21 July 2003, file no. II ZB 17/01, ZIP 2003, p. 1,745 ff, "Ytong decision".

73 Cf. BGH, decision of 21 February 2023, Ref. II ZB 12/21 and BGH, decision of 31 January 2024, Ref. II ZB 5/22.

63. As an alternative to the application of the capitalised earnings method, valuations can in principle also be carried out according to the discounted cash flow (DCF) method within the framework of IDW S 1. According to the DCF method in its usual form in practice (so-called gross, entity, enterprise or WACC approach), a business value is first determined for the operating business. The value of the equity is derived from the total capital value by deducting net financial debt. The capitalised earnings method and the DCF method are both based on the net present value calculation and are thus based on the same conceptual foundations. Given the same premises, both methods lead to the same result.

64. The present value of the projected cash flows calculated using the capitalised earnings method only includes value-forming factors that can be accurately reflected in terms of value by current cash flows. Value-forming factors that cannot be represented at all or only incompletely have to be valued separately and added to the capitalised earnings value as special value. In particular, these may be assets that are not necessary for operations or special tax circumstances.[74]

65. Other valuation methods, such as the net asset value approach or the multiplier methods, do not take into account all expected cash flows or must be adjusted accordingly.

3. Liquidation value and net asset value

66. In both capitalised earnings method and DCF method, the value of a company is derived from the discounted expected cash surpluses of the continuing company. In contrast, the liquidation value represents the payment surplus from liquidation. According to IDW S 1, this value can be considered as the lower limit of the business value if the cash value of the financial surpluses that would result from liquidation exceeds the capitalised earnings value assuming the continuation of the enterprise. In many cases, the determination of (notional) liquidation values is subject to a high degree of estimation uncertainty.

67. The courts call for a differentiated approach when a valuation is required by corporate law. If there is no factual or legal constraint for going concern, it depends on the intention to continue the business in question. If there is an intention to continue and it does not appear unjustifiable or if the earnings prospects are not permanently negative, the liquidation value is not relevant. [75]

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[74] Cf. IDW S 1, para. 59 et Seqq.

[75] Cf. the decisions cited by Fleischer in Fleischer/Hüttemann, Rechtshandbuch Unternehmensbewertung (3rd edition), § 9.23.

68. The net asset value comprises the sum of the payments that would be required to reproduce the company. The valuation of the substance from a procurement point of view leads to the so-called reconstruction value of the enterprise, which is only a partial reconstruction value because of the regular difficulties in determining intangible assets that are not capable of being reported in the balance sheet. The net asset value basically lacks a direct reference to future financial surpluses. Therefore, it has no significance in the determination of the enterprise value.

4. Net Asset Value

69. In the real estate industry, an entity's net asset value is calculated regularly. To determine the net asset value, the fair values of the assets are added up and reduced by the fair values of the liabilities. There is no standard definition of net asset value in practice. In addition to the published guidelines of the European Public Real Estate Association[76], which explain various definitions of NAV, it should be noted that, for example, non-property-related general administrative expenses must also be deducted when the market value of equity is to be determined. In addition, the different approaches to determining the NAV have specific features and assumptions that do not allow for a direct comparison with a procedure based on the capitalised earnings value.[77]

70. An essential component of the net asset value method is the use of properties' market values to determine their value. In this context, it should be noted that the determination of market values follows an individual valuation principle and that the sum of the individual values regularly does not correspond to the possible sales proceeds of all or larger units (with a large number of individual properties). Furthermore, it can be observed that the NAVs of exchange-listed real estate companies in Germany are significantly decoupled from the market capitalisations of these companies. This observation can be attributed in particular to the different approaches to determining the capital costs, which cannot be compared with the capital costs used for the company valuation. The resulting differences in value between the NAV and a capitalised earnings method are thus not comparable without further adjustments and additions. In this regard, we also refer to our analyses of the deviations between market capitalisation and the NAV in Chapter D.V.b.

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76 EPRA, Best Practices Recommendations Guidelines, Sep. 2024.

77 Cf. Valuation Report, Section 3.5.

71. As a result, we consider it appropriate for the Valuation Expert not to carry out a net asset value calculation that has been adapted for the purposes of business valuation.

72. Nevertheless, we considered and assessed the net asset value as part of our plausibility checks in the form of the ratio of the NAVs to the companies' market capitalisations.

5. Comparative valuation

73. For plausibility purposes, it is customary to determine indicative company values or value ranges on the basis of a multiple of a profit or stock figure determined by means of a multiplier, which is regarded as customary in the industry. Suitable multiples are derived either from capital market data of listed comparable companies or from comparable transactions. Such valuations require an analysis of the past and expected earnings situation of the valuation object. However, analysts' estimates are usually only available for a limited forecast period. Secondly, the earnings multiples must be derived from an analysis of the valuations of comparable companies. Company-specific earnings and cost structures may not be sufficiently taken into account here. Furthermore, circumstances that need to be taken into account in particular, such as loss carryforwards, often cannot be adequately taken into account in a multiple valuation. Such multiplier valuations are therefore only simplified, lump-sum valuations. A comprehensive analytical valuation according to the capitalised earnings method - as carried out here - is preferable.

6. Prior Purchases and stock exchange prices

74. According to IDW S 1 para. 13, prices actually paid for companies and company shares can generally be used as a point of reference for the economic plausibility of company and share values, but do not replace a company valuation. Furthermore, they are also influenced by the subjective decision values of the acquirer, e.g. by synergies or package premiums or control premiums that can only be achieved by him.

75. For this reason, it has been established case law since the fundamental decision of the Federal Constitutional Court of 27 April 1999 that pre-acquisition prices have no relevance for the determination of the compensation pursuant to § 305 AktG.[78]

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[78] As stated correctly in the Valuation Report, Section 3.7.

7. Valuation Experts Procedure

76. The valuation expert determined the business value of Vonovia and Deutsche Wohnen according to the capitalised earnings method laid down in IDW S 1. The future earnings value - and thus also the capitalised earnings method as a possible procedure for its determination - is, according to the prevailing opinion in business administration and in the profession of auditors in Germany, the authoritative and recognised method for determining the value of companies where the going-concern value exceeds the liquidation value. The capitalised earnings method is also recognised as standard practice in case law. An alternative valuation using the DCF method could therefore be dispensed with. Nevertheless, we have also determined the business value in parallel using the DCF method and come to the same conclusion. Therefore, an alternative valuation using the DCF method was not necessary.

77. In accordance with the prevailing opinion, the valuation expert determined the capitalised earnings value as an objectified enterprise value, i.e. from the point of view of a typified shareholder. This is based on the assumption of a domestic natural person with unlimited tax liability who, due to his small shareholding, can exert neither financial nor corporate policy influence.

78. According to the requirements of IDW S 1, an objectified business valuation must not reflect any synergies that can only be achieved as a consequence of the DPLTA (‘real Synergy Effects’), while synergies that can be realised without this measure and that are part of the business plan documented as of the valuation date (‘non-genuine Synergy Effects’) must be taken into account. Existing synergy potential with Deutsche Wohnen, which are classified as non-genuine synergies by IDW S 1, were taken into account in particular due to the high level of integration of Deutsche Wohnen into the Vonovia Group and are included in the current planning. Beyond that, no positive synergy potential from the connection with Deutsche Wohnen or its direct and indirect shareholders that can be achieved without a DPLTA can be seen.

79. Against this background, the valuation expert did not take into account any further synergy effects. We consider the approach of the valuation expert to be appropriate.

80. Since the shares of Deutsche Wohnen are listed on the stock exchange, the stock exchange price may serve as a possible lower limit of the settlement according to the case law of the BVerfG.[79] However, under constitutional law, a settlement below the stock exchange price is sufficient in individual cases if the stock exchange price does not reflect the market value of the share.[80] According to the case law of the Federal Supreme Court[81] , this can be the case if there has been practically no trading in shares of the company over a longer period of time and therefore one can speak of an illiquidity of the share or a narrowness of the market or if there are indications of a manipulation of the stock exchange price.

81. In the present case, the Valuation Expert concluded that the liquidation value is not relevant and refrained from deriving a liquidation value, based on the Management Board's intention to continue the company for an indefinite period.[82]

82. We consider the decision not to determine a liquidation value to be reasonable. The liquidation of a company like Deutsche Wohnen represents a largely notional scenario that would be based on very uncertain assumptions regarding achievable purchase prices for large real estate portfolios. Based on our own rough calculations, we estimate that the likely liquidation value of Deutsche Wohnen is below the determined capitalised earnings value. In this context, we have assumed that, in a fictitious liquidation scenario, significant discounts would have to be accepted on the fair values recognised under IFRS if the large number of Deutsche Wohnen properties were to be sold without the administrative and IT function. We have also taken into account that the alternative investment to the acquisition of individual (large) properties is the purchase of shares in property companies, which are also trading at discounts to their reported net asset values.

83. To check the plausibility of the results of the fundamental business valuation based on the capitalised earnings method, the valuation expert carried out a comparative market valuation using stock market multiples.[83] We have verified the data and calculations he used for this and carried out our own additional plausibility checks.

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79 Cf. BVerfG, decision of 27 April 1999, Ref. 1 BvR 1613/94, BVerfGE 100, 289 et Seq.

80 "DAT/Altana" - BverfG, decision of 27 April 1999, Ref. 1 BvR 1613/94, BVerfGE 100, 289 et Seq.

81 Cf. BGH, decision of 12 March 2001, file no. II ZB 15/00, loc. cit.

82 Cf. valuation report, Section 3.4.

83 So-called. trading multipliers.

84. The legislator does not require an explicit valuation method, so that there is basically freedom of method. In the context of structural measures under company law, the capitalised earnings method in accordance with IDW S 1 is regularly used - as in the present case. Other valuation methods, such as the multiplier method, do not cover all expected cash flows or have to be adjusted accordingly. Against this background, we consider the recourse to the generally accepted capitalised earnings value method by the Valuation Expert to be appropriate under consideration of the plausibility analyses performed.

85. As a result, we consider the application of the capitalised earnings method to determine the business value of Deutsche Wohnen and Vonovia as the basis for deriving compensation and settlement to be appropriate. Ableitung

8. Valuation date

86. The relevant legal valuation date for determining the appropriate settlement payment is derived directly from the law. Pursuant to § 305 para. 3 sentence 2 AktG, the circumstances of the dependent or controlled company at the time of the resolution of its Annual General Meeting are to be taken into account.

87. The controlled company's resolution on the DPLTA is planned for the Annual General Meeting of Deutsche Wohnen to be convened on 23 January 2025. The relevant legal valuation date is therefore 23 January 2025. The Valuation Expert discounted the forecasted distributions to the technical valuation date of 31 December 2024 / 1 January 2025 using the discount rate and then appropriately compounded to 23 January 2025.

88. There is no corresponding provision in the law for the determination of the appropriate compensation payment. In literature, jurisprudence and valuation practice, there is, on the one hand, the opinion that the time of the resolution of the general meeting of the dependent company also determines the legal valuation date for the determination of the compensation.[84] On the other hand, there is the opinion that - against the background of the fact that the guaranteed dividend is a substitute for the dividend - the compensation is to be determined from the capitalised earnings value of the company at the beginning of the year in which the domination and profit and loss transfer agreement is to become effective.[85] In the present case, the point in time at the beginning of the year in which the domination and profit and loss transfer agreement is to become effective was taken as the basis.

89. This approach corresponds to a methodology considered appropriate in literature, case law and valuation practice and is the preferable variant. It is therefore appropriate.

84 Cf. Hüttemann/Meyer in Fleischer/Hüttemann (eds.), Rechtshandbuch Unternehmensbewertung, 2nd ed. 2019, para. 14.33.

85 Cf. IDW, WPH Edition, Valuation and Transaction Advice 2018, Chap. C para. 82.

II. Audit of the Valuation of Vonovia

1. Procedure

90. The subject of the audit was the delimitation of the object of valuation and the procedure for the valuation. As a basis for our analyses, we examined the business model and the economic fundamentals of Vonovia. With reference to the business reports, audit reports, internal documents as well as publicly available information and capital market data submitted to us, we further looked at the development of past results.

91. Taking into account the past figures adjusted for special effects, we carried out an analysis of planning plausibility. In doing so, the planning process was explained to us. We assessed the planning for plausibility, consistency and arithmetical correctness on the basis of the analysis of the market and competitive situation of Vonovia as well as the initiated and planned measures.

92. As part of our audit, we examined the valuation method and the valuation parameters defined in detail for their appropriateness. We traced the implementation in the valuation model of the appraiser and built our own valuation model in order to check the correct application of the methods, the processing of the premises and parameters as well as the correctness of the calculations.

93. In addition, we carried out our own investigations and calculations, in particular on the components of the capitalisation rate, the share price and the multipliers.

94. There are no plans to liquidate Vonovia. Based on our analyses regarding a notional liquidation of Vonovia, we have come to the conclusion that a liquidation of Vonovia is not a realistic, plannable scenario that, under consideration of the effects on the respective real estate markets and the discounts on the assets recognised under IFRS accounting that can be derived from the market multipliers of listed real estate companies would lead to a liquidation value that would be higher than the capitalised earnings value. There are no indications that the Vonovia organisation is inefficient and that higher values could be expected in the event of liquidation for this reason.

95. Our audit work also included comparative market valuation and share price studies performed by the valuation expert.

96. We defined the following areas of focus for the audit:

- Plausibility of the representation of the expected business development of Vonovia and Deutsche Wohnen by the planning calculation
- Appropriate transfer of the planning calculation into the valuation model and derivation of distributable results
- Derivation of sustainable result and sustainable retention
- Appropriateness of the derivation of the capitalisation rate
- Appropriate consideration of any items to be valued separately, e.g. non-operating assets
- Valuation methodology
- Appropriate derivation of the annuity interest rate for the determination of the settlement.

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2. Valuation object

a) Legal and financial basis

aa) Legal basis

97. Vonovia has its registered office in Bochum and is registered in the commercial register of the local court of Bochum under HRB 16879. Its business address is: Universitätsstraße 133, 44803 Bochum.

98. The articles of association of the company are available to us in the version dated 31 May 2024. The financial year corresponds to the calendar year.

99. The share capital Vonovia amounts to € 822,852,925.00 and is divided into a total of 822,852,925 registered no-par-value common shares.

100. The authorised capital 2022 according to § 5.1 of the Articles of Association still exists in the amount of € 205,997,072.00 after partial utilisation.

101. Vonovia shares are listed on the stock exchange and the company meets the transparency requirements of the Prime Standard. Vonovia shares are admitted to trading on the regulated market of the Frankfurt Stock Exchange under ISIN DE000A1ML7J1 / WKN A1ML7J. Vonovia shares are also traded over the counter on the stock exchanges in Berlin, Düsseldorf, Hamburg, Hanover, Stuttgart and via Tradegate Exchange. In addition, the shares are tradable on the electronic trading systems (Exchange Electronic Trading System) of Deutsche Börse AG, Frankfurt a.M. ("XETRA"), the Munich Stock Exchange ("Gettex") and the Düsseldorf Stock Exchange ("Quotrix"). By definition of Deutsche Börse AG, the free float as of 4 October 2024 is 85.1 %. The remaining 14.9 % are held by Norges Bank, Oslo/Norway.

ab) Business activity

102. Vonovia, founded in 2015, has a history of more than 100 years through its predecessor companies. Three lines of development form the basis of Vonovia: Gemeinnützige Aktien-Gesellschaft für Angestellten-Heimstätten (GAGFAH), founded in 1918, the first railway housing associations (from 1918) and the housing companies of Vereinigte Stahlwerke AG, founded in 1926.

103. According to the Articles of Association, the company's purpose is to conduct real estate business, in particular to acquire, manage and sell real estate in Germany and abroad. Vonovia can also acquire, hold and sell equity interests in German or foreign real estate companies.

104. Its business activities include managing its own real estate portfolio, developing and constructing new properties for management or sale, selling individual apartments and active portfolio management. In addition, Vonovia operates a service business offering housing-related services, in particular craftsman services, multimedia services and energy supply. According to the value driver approach currently being pursued, Vonovia's business activities are managed across the four segments Rental, Value-add, Recurring Sales and Development.

105. The core segment Rental, with a share of 93 % of total Adjusted EBITDA in 2023, comprises all business activities focused on the value-enhancing management of Vonovia's own residential real estate portfolio. It includes property management activities in Germany, Austria and Sweden.

106. The Value-add segment, which is expected to contribute 4.1 % of total adjusted EBITDA in 2023, combines all housing-related services that supplement the core rental business. These services include, on the one hand, maintenance and modernisation services for the company's own properties and, on the other hand, services that are closely related to the rental business. These include the activities of our own craftsmen's and residential environment organisation, the residential property management business, the cable TV business, metering services, energy supply and insurance services.

107. The Recurring Sales segment, which will account for 2.5 % of total Adjusted EBITDA in 2023, comprises the regular and sustainable sales of individual condominiums and single-family homes from our own portfolio.

108. The Development segment, which will account for 0.5 % of total adjusted EBITDA in 2023, includes project development for the creation of new residential space. This covers the entire value chain, from the purchase of land to completion and sale (to sell) or integration into the company's own portfolio (to hold).

ac) Assets, financial and profit situation

109. The analysis of past performance serves as the starting point for the forecast of future developments and for plausibility considerations. In order to improve comparability between the planning periods and the fiscal years of the past under review, it is common practice in the valuation to analyse past performance with regard to items that are non-recurring or non-recurring, as well as extraordinary items or items relating to other periods.

110. The adjusted EBITDA presented below represents the operating results (earnings before interest, taxes, depreciation and amortisation) adjusted for special items. The special items reported separately correspond to the Vonovia Group's definition and represent items that are not related to the period, recur irregularly or are atypical for operations. In our view, the adjustments made are appropriate and improve the comparability of the historical earnings development with the business plan.

111. In addition, so-called pro forma adjustments are useful if the valuation object has changed significantly compared to the past as a result of restructuring, acquisitions or divestments of companies or business areas. The nursing care business unit, which is being sold, is reported separately as discontinued operations in accordance with IFRS 5. We do not consider any additional adjustments to be necessary.

112. The following table shows the results of operations of the Vonovia Group for the 2022 and 2023 fiscal years based on the audited consolidated income statements in accordance with IFRS and for the 2024 fiscal year based on the 9+3 forecast. The presentation and derivation of the adjusted EBT as a key performance indicator corresponds to the segment reporting and the internal reporting structure in which the planning calculations are also prepared. In addition, a reconciliation of the adjusted EBT to the net profit for the period for the financial years 2022 and 2023 is carried out. With the exception of special items, no forecast is made for items below the adjusted EBT.

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I ADVISE
INDEPENDENT ADVISORY SERVICES

HISTORICAL PROFIT AND LOSS STATEMENTS			
	2022	2023	2024
in € million	HIST	HIST	FC 9+3
Revenue in the Rental segment	3,186.7	3,253.4	3,327.2
Expenses in the Rental segment	-932.4	-851.7	-953.1
Adjusted EBITDA Rental	**2,254.3**	**2,401.7**	**2,374.1**
Revenue in the Value-add segment	1,272.0	1,224.7	1,359.7
Operating expenses in the Value-add segment	-1,145.3	-1,119.2	-1,172.1
Adjusted EBITDA Value-add	**126.7**	**105.5**	**187.7**
Revenue in the Recurring Sales segment	543.4	319.3	455.1
Expenses in the Recurring Sales segment	-408.3	-255.9	-400.6
Adjusted EBITDA Recurring Sales	**135.1**	**63.4**	**54.5**
Revenue from the disposal of "Development to sell" properties	560.6	348.6	972.9
Cost of Development to sell	-440.4	-300.9	-913.9
Gross profit Development to sell	**120.2**	**47.7**	**59.0**
Operating expenses and income in the Development segment	-30.2	-34.5	-30.2
Adjusted EBITDA Development	**90.0**	**13.2**	**28.8**
Adjusted EBITDA Total (continuing operations)	**2,606.1**	**2,583.8**	**2,645.0**
Scheduled depreciation	-127.5	-110.2	-111.9
Intragroup profit/losses	4.7	17.7	-11.5
Adjusted net financial result	-486.0	-625.1	-718.5
Adjusted EBT (continuing operations)	**1,997.3**	**1,866.2**	**1,803.2**
Special items	-127.4	-147.9	-270.7
Other	37.2	-12.2	
Non-scheduled depreciation/value-adjustments	-1,076.8	-334.2	
Total period adjustments from assets held for sale	-52.3	-6.3	
Net income from fair value adjustments of investment properties	-1,177.6	-10,651.2	
Net income from investments accounted for using the equity method	-436.6	-75.7	
Valuation effects and special effects in the financial result	231.6	176.1	
Reported EBT (continuing operations)	**-604.6**	**-9,185.2**	
Income taxes	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**	

113. The key developments in the financial performance of the Vonovia Group can be summarised as follows:

114. Accounting for more than 80 % of the Adjusted EBITDA Total, the Rental segment is the most important driver of the Vonovia Group's earnings performance. Despite a lower number of residential units, Adjusted EBITDA Rental increased in 2023 compared to the previous year. The main drivers were growth in segment revenues due to organic rent increases and an improvement in margins due to an adjustment of maintenance measures to the more difficult financial conditions, as well as a decline in other operating costs due to synergies achieved and positive one-off effects from the integration of the Deutsche Wohnen Group (including the reversal of impairments and provisions, adjustment of capitalisation rules). For the financial year 2024, management expects a slight decline in adjusted EBITDA due to a lower margin, while segment revenues will increase due to organic rent increases as the residential unit portfolio continues to decline. While maintenance measures were stepped up again in 2024, the non-recurrence of the positive one-off effects from 2023, among other things, led to an increase in operating costs to a level comparable to 2022.

115. The Value-add segment recorded a decline in adjusted EBITDA in 2023, mainly due to lower segment revenues from maintenance and modernisation services as a result of reduced investment volumes. In addition, the margin fell due to higher construction costs and productivity losses, as well as cost increases resulting from the switch from gas heating to heat pumps. The increase in adjusted EBITDA expected for 2024 largely reflects an increase in investments in the company's own real estate portfolio and the resulting increase in the company's own craftsmen and technical services, as well as the earnings effect from the leasing of coax networks according to IFRS 16 (€ 62 million) in the multimedia segment.

116. The significant decline in adjusted EBITDA in the recurring sales segment in 2023 is mainly due to a lower number of residential units sold and a lower realised step-up (capital gains in relation to the fair value of disposals). Overall, increased yield expectations, particularly due to the higher interest rate level, led to a decline in demand for condominiums and single-family homes. Management expected a further decline in the fair value step-up for 2024, which will lead to a decline in adjusted EBITDA in 2024 despite volume-related higher segment revenues.

117. The decline in Adjusted EBITDA in the Development segment in 2023 resulted, as in the Recurring Sales segment, from lower sales in the context of higher interest rates. At the same time, the average step-up decreased, reflecting not only the decline in demand but also the increase in construction costs and the temporary prioritisation of liquidity over profitability. For 2024, management expects Adjusted EBITDA to increase, mainly due to a higher number of residential units sold. This reflects both an improvement in the transaction environment due to falling interest rates and the sale of several development projects to a fund launched by HIH Invest Real Estate GmbH, Hamburg. As expected, the high proportion of sales through global exits and a sales offensive for condominiums will lead to a further decline in the step-up.

118. To derive an adjusted EBT, the net financial result was adjusted for irregularly recurring, non-cash-relevant and financial-mathematical valuation items and mainly includes interest expenses in connection with the company's own financial liabilities. The increase in interest expenses essentially reflects developments in the interest rate environment.

119. Exceptional items, according to the Vonovia Group's definition, are continuously recorded separately for accounting purposes and mainly comprise transaction-related one-off costs (2022: € 113.1 million in 2022, € 70.0 million in 2023 and € 55.0 million in 2024), including external consultancy costs and one-time personnel costs (including settlement payments). In 2022 and 2023, a significant portion of the transaction costs resulted from the acquisition of Deutsche Wohnen. One of the main reasons for the high level of exceptional items expected in 2024 is the creation of a provision for a possible claim arising from legal disputes with a social security institution (€ 140.0 million). Furthermore, high one-off costs of € 35.1 million and€ 31.4 million were incurred in 2023 and 2024, respectively, for personnel-related matters, which are almost exclusively due to inflation compensation premiums paid. Management regards some of the items defined as special items (including partial retirement, long-term incentive plan and organisational projects) as recurring and has therefore included expenses of € 33.0 million p.a. in the planning calculation from 2026. The higher exceptional items of € 72.9 million planned for 2025 include items that are already known.

120. The ‘other’ item mainly includes earnings effects from opportunistic sales of properties and buildings and associated costs. The positive income in 2022 reflects not only a higher step-up but also a significantly higher number of units sold, including the package sale in Berlin from the Vonovia portfolio as part of the acquisition of Deutsche Wohnen.

121. Non-scheduled depreciation/amortisation and impairment mainly relate to impairment losses on intangible assets such as trademarks and goodwill, as well as impairment losses on financial assets and inventories. The high expenses in 2022 and 2023 are due in particular to the full impairment of the goodwill of the Rental segment (2022) and the full impairment of the goodwill and trademark rights of the Development segment (2023).

122. The net profit or loss for the period in 2022 and 2023 was weighed down by a negative result from the valuation of investment properties. The investment properties are recognised at fair value in accordance with IAS 40. An increase in interest rates led to a significant decline in fair values, especially in 2023.

123. The high negative result from financial investments accounted for using the equity method in 2022 is due in particular to the impairment of the investments in the Adler Group and the QUARTERBACK Immobilien Group. The losses reported for 2023 essentially represent the earnings update for the QUARTERBACK Immobilien Group.

124. The main drivers of the positive valuation and special effects in the financial result in 2022 and 2023 were interest income from partial reversals and redemptions of bonds, effects from the valuation of own financial instruments and interest rate swaps, and the result from the valuation of derivatives in connection with equity instruments (exclusively in 2023).

125. The profit/loss for the period of the large portion of the nursing care business unit available for sale is reported separately as discontinued operations.

126. For further explanations, please refer to the statements in the Valuation Report.

127. The assets as of the balance sheet dates of the financial years 2022 and 2023 based on the audited IFRS consolidated financial statements and as of the interim financial statements as of 30 September 2024 are shown in the following table:

ASSETS			
	Dec 2022	Dec 2023	Sep 2024
in € million	HIST	HIST	HIST
Intangible assets	1,659.5	1,423.7	1,423.9
Property, plant and equipment	673.4	655.1	660.9
Investment properties	92,300.1	81,120.3	78,472.4
Financial assets	745.0	1,456.3	1,353.5
Investments accounted for using the equity method	240.1	157.9	213.3
Other assets	380.2	221.7	127.8
Deferred tax assets	39.6	86.4	86.4
Total non-current assets	**96,037.9**	**85,121.4**	**82,338.2**
Inventories	32.1	19.7	18.9
Trade receivables	161.0	593.2	207.2
Financial assets	768.2	1,007.8	1,059.8
Other assets	621.0	660.3	731.3
Income tax receivables	239.9	178.2	144.2
Cash and cash equivalents	1,302.4	1,374.4	2,104.6
Real estate inventories	2,156.3	1,957.7	2,128.1
Assets held for sale	70.8	313.1	1,604.6
Assets from discontinued operations	-	770.1	693.1
Total current assets	**5,351.7**	**6,874.5**	**8,691.8**
Total assets	**101,389.6**	**91,995.9**	**91,030.0**

Source: Annual Reports, Interim Report 2024/Q3, Business Plan

128. The composition and development of assets in the past can be summarised as follows:

129. The main items of total assets are investment properties, which are measured at fair value in accordance with IAS 40 in conjunction with IFRS 13. The decline in investment properties resulted primarily from impairments, which in turn were due in particular to the higher return expectations of real estate investors. In addition, around 4,500 residential units in Berlin were reclassified as assets held for sale as of 30 September 2024.

130. Intangible assets as of 30 September 2024 relate almost exclusively to the goodwill of the Value-add segment. The decline as of 31 December 2023 compared to the previous year's reporting date resulted from a full impairment of the goodwill and trademark rights of the Development segment.

131. Tangible assets are of minor importance, as the properties held for commercial purposes are recognised under investment properties.

132. Current and non-current financial assets as of 30 September 2024 include derivatives (€ 931.0 million), loan receivables against the QUARTERBACK Immobilien Group (€ 723.1 million including accrued interest) and short-term financial investments in highly liquid money market funds (€ 324.8 million). A large portion of the derivatives, amounting to € 883.0 million, relates to long-term call options that Vonovia received in 2023 in connection with the sale of two minority interests in the so-called Südewo portfolio and the so-called Norddeutschland portfolio.

133. The financial investments accounted for using the equity method include, in particular, the interests in the project developer QUARTERBACK Immobilien AG and eleven affiliated property companies. The increase in the carrying amount as of 30 September 2024 results from the reclassification of the shares in Gropyus AG as financial investments accounted for using the equity method.

134. The fluctuations in trade receivables mainly reflect timing effects in relation to receivables from the sale of investment properties and real estate inventories, while receivables from rental and other trade receivables are of lesser importance.

135. Other current and non-current assets as of 30 September 2024 include advance payments (€ 438.8 million), contract assets from the development business and from operating costs (€ 108.2 million) and receivables from insurance companies (€ 93.7 million). Advance payments almost exclusively comprise advance payments for current real estate project developments by third parties (so-called forward deals).

136. The book values of real estate inventories remained relatively stable as of the three reporting dates and relate to development projects for the construction of residential units intended for sale, which are currently under construction or have already been completed but have not yet been sold.

137. The assets held for sale include only properties for which notarised purchase agreements have already been concluded as of the balance sheet date as part of ordinary sales activities or for which the sale is considered highly likely within the next twelve months. The significant increase in the carrying amount as of 30 September 2020 resulted from the planned sale of a portfolio in Berlin.

138. The assets and liabilities of the discontinued operations relate to the nursing division of the Deutsche Wohnen Group, which is scheduled to be sold by mid-2025. The lower assets and liabilities as of 30 September 2024 result from the sale of nursing real estate in the first nine months of 2024.

139. For further explanations, please refer to the statements in the Valuation Report.

140. The liabilities as of the balance sheet dates of the fiscal years 2022 and 2023 based on the audited IFRS consolidated financial statements and as of the interim financial statements as of 30 September 2024 are shown in the following table:

EQUITY AND LIABILITIES			
	Dec 2022	Dec 2023	Sep 2024
in € million	HIST	HIST	HIST
Total equity	**34,438.8**	**29,944.6**	**28,605.8**
Provisions	655.7	606.9	657.9
Trade payables	5.2	7.0	7.0
Non-derivative financial liabilities	41,269.7	39,636.5	38,729.4
Derivatives	0.0	59.2	67.3
Lease liabilities	641.0	629.3	629.6
Liabilities to non-controlling interests	220.0	167.7	169.4
Financial liabilities from tenant financing	43.0	41.6	44.2
Other liabilities	27.9	51.0	85.9
Deferred tax liabilities	18,612.4	15,713.2	15,377.1
Total non-current liabilities	**61,474.9**	**56,912.4**	**55,767.8**
Provisions	238.0	202.9	297.6
Trade payables	563.3	486.4	463.7
Non-derivative financial liabilities	3,790.0	3,260.6	4,332.7
Derivatives	1.3	0.1	0.0
Put options	270.9	316.2	324.8
Lease liabilities	41.5	43.9	45.3
Liabilities to non-controlling interests	15.9	30.7	25.4
Financial liabilities from tenant financing	112.1	112.5	110.1
Current income taxes	241.3	260.0	214.7
Other liabilities	201.6	283.6	560.6
Liabilities associated with assets classified as held for sale	0.0	0.0	194.6
Liabilities from discontinued operations	-	142.0	86.9
Total current liabilities	**5,475.9**	**5,138.9**	**6,656.4**
Total equity and liabilities	**101,389.6**	**91,995.9**	**91,030.0**

Source: Annual Reports, Interim Report 2024/Q3, Business Plan

141. The composition and development of equity and liabilities in the past can be summarised as follows:

142. The main driver of current and non-current liabilities is the own financial liabilities with a book value of € 43,062.1 million as of 30 September 2024. The Vonovia Group finances itself mainly through unsecured listed corporate bonds (nominal value as of 30 September 2024: € 25,400.5 million) and mortgage loans (nominal value as of 30 September 2024: € 14,587.9 million). A significant share of the bonds comes from the European Medium Term Notes (EMTN) programme, which Vonovia can use to raise new funds quickly at any time by issuing bonds. The prospectus published for the bond, which will mature on 2 April 2024 and is for € 40 billion, is to be updated annually and approved by the financial supervisory authority of the Grand Duchy of Luxembourg. As of 30 September 2024, around 30 % of the nominal liabilities are secured by land charges and other collateral provided to creditors. Overall, the financial liabilities do not include any significant short-term interest rate risk, as they either involve financing with long-term fixed interest rates or variable interest rate liabilities hedged through derivative financial instruments. Between 31 December 2022 and 30 September 2024, own financial liabilities were reduced by a total of € 1,997.6 million. The main driver was the repayment of EMTN bonds.

143. The current and non-current provisions as of 30 September 2024 of € 955.5 million mainly comprise provisions for pensions and similar obligations (€ 493.2 million), provisions for other obligations in the personnel sector (€ 199.9 million), provisions for litigation and legal costs (€ 87.3 million) and other tax provisions excluding deferred taxes (€ 26.7 million). The increase as of 30 September 2024 is mainly due to a reassessment of the probability of occurrence of the claim in connection with ongoing legal disputes with a social insurance agency. As a result, a provision totalling € 140.0 million was recognised in the third quarter of 2024.

144. Liabilities to non-controlling interests relate in particular to obligations to pay guaranteed dividends under profit and loss transfer agreements or co-investor agreements.

145. Rights of tender relate to purchase price liabilities from put options granted for shares held by minority shareholders. The increase as of 31 December 2023 mainly reflects the increase in minority interests in Süddeutsche Wohnen GmbH, Stuttgart.

146. Other current and non-current liabilities as of 30 September 2024 include advance payments received, in particular for utility and heating cost statements (€ 298.8 million), deferred income including the identification of investment grants (€ 96.4 million) and deferred expenses (€ 78.3 million). The significant increase in the reporting period reflects in particular the increase in advance payments received for utility and heating cost billing as well as a purchase price obligation from the purchase of real estate holdings of the QUARTERBACK Immobilien Group (€ 60.0 million) recognised as of 30 September 2024.

147. Deferred taxes are recognised for temporary differences that arise in particular from the fair value measurement of investment properties in accordance with IAS 40 compared to measurement at amortised cost in the tax balance sheet. The significant decline in the reporting period reflects impairment losses recognised on investment properties.

148. Liabilities associated with assets held for sale result from the planned sale of a portfolio in Berlin for which a notarised sales contract has already been concluded and which is expected to be executed on 31 December 2024.

149. For further explanations, please refer to the statements in the Valuation Report.

ad) Market and competitive environment

150. The market and competitive environment are explained in detail in the Valuation Report with regard to general economic development, population development and the development of the residential and investment markets.[86] In addition, individual selected locations are explained in detail.

151. We consider the statements to be comprehensible and sufficient for the presentation of the market and competitive environment and refer to the corresponding statements there.

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[86] Cf. Valuation Report, Section 2.3.b).

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b) **structuring and identification of the valuation object**

152. The Valuation Expert correctly considers Vonovia and its subsidiaries as the valuation object.

153. The valuation of the group can be performed using different methods, either step by step by recognising the results in the investment result of the participating company or simultaneously by aggregating and consolidating as well as adding the values of each individual group company under consideration of the ownership structure (so-called 'sum-of-the-parts'). Provided that they are applied appropriately, the methods lead to identical results.

154. The Valuation Expert used Vonovia's consolidated planning as the basis for his valuation and determined an aggregated value for Vonovia including its subsidiaries. Investments whose income is not included in the planning were taken into account as a special value.

155. In summary, we consider the approach of the Valuation Expert to be appropriate for the structuring and identification of the valuation object.

3. Derivation of the net distributions to be capitalised

a) Planning process

156. The planning of the Vonovia Group used for the valuation of Vonovia was prepared in the period from July to November 2024. It was resolved by the company's Management Board at the Management Board meeting of Vonovia on 28 November 2024. On 10 December 2024, Vonovia's Supervisory Board approved the planning for the 2025 budget year and took note of the planning for the further planning years.

157. The aforementioned planning, which was prepared in accordance with IFRS accounting principles, covers the period from 2025 to 2034. It consists of a detailed plan for the first year, 2025, which was then extrapolated for the subsequent planning periods, 2026 to 2029, primarily on the basis of the main value drivers of the business. The planning for the years 2030 to 2034 is an extrapolation based on the planning for the period 2025 to 2029. The main exception to this approach concerns the Development segment, for which a 10-year planning horizon is applied.

158. The present planning for the period 2025 to 2029 was not carried out on an ad hoc basis, but the underlying planning process is carried out annually. The planning for the period 2030 to 2034 was carried out in the context of the planned conclusion of the domination and profit transfer agreement between Vonovia and Deutsche Wohnen.

159. The main value drivers in the planning are rent development, the extent of modernisation, maintenance expenses and the development of the real estate portfolio, including the corresponding assumptions regarding real estate purchases and sales and the progress of real estate development projects.

160. The planning is basically based on a bottom-up process involving the relevant departments and divisions of the Vonovia Group, to which top-down adjustments are made in several iterative planning loops. The plans for the activities in Austria and Sweden were prepared by the respective local management and integrated into the overall planning of the Vonovia Group.

161. The planning was carried out at the level of the individual segments, with a differentiated view by business area and region being applied in particular to the Rental segment.

162. We have reviewed the planning system and see no reason why the planning calculations should not be used for the purposes of the business valuation.

b) Planning of the operating result

163. The business plans up to EBIT for valuation purposes of the Vonovia Group for the period from 2025 to 2034 and – for comparison purposes – for the current financial year 2024 on the basis of a '9+3' forecast (i.e. actual results until September 2024 and projections for the remaining three months of the 2024 fiscal year) is shown below. The EBIT for valuation purposes does not include any intragroup profit or loss consolidation and any effects on earnings from the valuation of investment properties. The consolidations are not recorded because the corresponding interim results offset investments that are based on intragroup purchases. Furthermore, the valuation effects of investment properties are irrelevant for company valuation purposes due to the lack of cash effects.

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PROJECTED PROFIT AND LOSS STATEMENTS

in € million	2024 FC 9+3	2025 Budget	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2034 Plan
Revenue in the Rental segment	3,327.2	3,363.1	3,485.1	3,644.3	3,771.5	3,884.0	3,997.2	4,128.9	4,258.9	4,396.6	4,526.0
Maintenance costs	-469.0	-479.1	-488.0	-496.4	-501.4	-504.2	-508.5	-514.2	-520.9	-526.9	-531.8
Operating costs Rental	-484.0	-485.0	-496.2	-489.3	-478.3	-465.7	-471.5	-477.7	-482.6	-491.2	-498.1
Expenses Rental	-953.1	-964.0	-984.2	-985.7	-979.7	-969.9	-980.0	-991.8	-1,003.5	-1,018.0	-1,029.8
Adjusted EBITDA Rental	**2,374.1**	**2,399.1**	**2,500.9**	**2,658.6**	**2,791.7**	**2,914.0**	**3,017.3**	**3,137.0**	**3,255.4**	**3,378.6**	**3,496.2**
Revenue in the Value-add segment	1,359.7	1,422.7	1,506.6	1,636.0	1,730.6	1,804.2	1,809.8	1,833.2	1,873.1	1,914.2	1,939.3
Operating expenses in the Value-add segment	-1,172.1	-1,240.2	-1,286.4	-1,324.7	-1,365.6	-1,414.0	-1,460.3	-1,489.5	-1,519.3	-1,549.6	-1,580.6
Adjusted EBITDA Value-add	**187.7**	**182.5**	**220.2**	**311.3**	**365.0**	**390.2**	**349.6**	**343.8**	**353.9**	**364.6**	**358.7**
Revenue in the Recurring Sales segment	455.1	490.0	789.4	1,631.9	1,646.8	1,669.2	1,690.4	1,712.2	1,331.7	1,356.3	1,381.9
Expenses Recurring Sales	-400.6	-414.2	-628.6	-1,383.3	-1,393.4	-1,411.4	-1,428.3	-1,445.7	-1,103.2	-1,122.5	-1,139.2
Adjusted EBITDA Recurring Sales	**54.5**	**75.8**	**160.8**	**248.7**	**253.5**	**257.9**	**262.1**	**266.5**	**228.4**	**233.8**	**242.7**
Revenue from the disposal of "Development to sell" properties	972.9	882.1	1,064.7	1,086.9	1,449.3	1,864.9	2,098.4	2,653.8	2,282.8	2,250.2	2,224.0
Cost of Development to sell	-913.9	-760.8	-943.3	-916.8	-1,236.3	-1,609.6	-1,819.4	-2,375.2	-1,961.1	-1,889.0	-1,847.5
Gross profit Development to sell	**59.0**	**121.3**	**121.4**	**170.2**	**213.0**	**255.3**	**279.0**	**278.6**	**321.7**	**361.2**	**376.5**
Operating Costs and Income Development	-30.2	-37.5	-39.5	-55.6	-65.6	-69.7	-61.3	-37.2	-52.4	-66.5	-61.1
Adjusted EBITDA Development	**28.8**	**83.8**	**81.9**	**114.5**	**147.5**	**185.5**	**217.7**	**241.4**	**269.4**	**294.7**	**315.4**
Adjusted EBITDA Total (continuing operations)	**2,645.0**	**2,741.1**	**2,963.9**	**3,333.1**	**3,557.7**	**3,747.6**	**3,846.7**	**3,988.7**	**4,107.1**	**4,271.6**	**4,413.0**
Other		55.5	-3.9	-4.0	-15.3	-15.3	0.1	0.1	0.1	0.1	0.1
Special items		-72.9	-33.0	-33.0	-33.0	-33.0	-33.0	-33.0	-33.0	-33.0	-33.0
Depreciation and amortization		-121.6	-128.3	-132.7	-137.0	-140.8	-144.2	-147.0	-150.0	-153.0	-156.0
EBIT for valuation purposes		**2,602.1**	**2,798.7**	**3,163.5**	**3,372.4**	**3,558.4**	**3,669.7**	**3,808.8**	**3,924.2**	**4,085.8**	**4,224.1**

Source: Business Plan

164. The € 1,768 million increase in the Vonovia Group's Adjusted EBITDA Total from continuing operations between 2024 and 2034 (+67 % versus 2024) is mainly attributable to the Rental segment, which is expected to contribute € 1,122 million or 63 % of this increase. A further € 287 million (16 %) of the increase is expected to come from the Development segment. In 2024, the core Rental segment is expected to contribute almost 90 % to the Adjusted EBITDA Total of continuing operations.

165. Rental segment revenues, which are expected to grow steadily at a CAGR of 3.1 % from 2024 to 2034, are mainly attributable to residential rental income. Commercial rental income accounts for only a small share of revenues, less than 5 %. The revenues for rental units are essentially a function of the current rent level and its planned increase over time, the vacancy rate, the property portfolio and the corresponding living space.

166. Rental income planning differentiates according to the cause of a rent change. Accordingly, rents are budgeted as rent increases in the core business, among other things, depending on the potential for rent increases due to the legal provisions of § 558 BGB for existing rents and § 556d BGB (so-called ‘rent brake’) for new rentals. With regard to the potential for rent increases in accordance with § 556d BGB, it was assumed that the current legal situation, which remains valid until the end of 2025, will still apply until 2034.

167. Further rent increases are assumed due to the provisions of § 559 BGB in connection with modernisation activities, for example in the context of energy-related measures, as well as due to other optimisation and maintenance projects. Furthermore, increasing rental income from residential properties due to new construction activities is taken into account, especially in connection with development to hold projects.

168. Based on the planning of the individual measures, this results in an organic anual increase in rental income of 4.0 % to 5.0 % for the period from 2025 to 2034, aggregated across all individual drivers.

169. The vacancy rate for residential units was set almost unchanged at between 1.8 % and 1.9 % over the planning period, which corresponds to the level at the end of 2024.

170. The number of residential units in the portfolio is expected to decrease by almost 34,000 units between the end of 2024 and the end of 2034, with a large portion of the decline already planned for 2025 (approximately 10,600 units). This reduction is due, among other things, to the sale of 4,500 units to the city of Berlin, which has already been contracted. Further reductions in the portfolio are planned in particular through the sale of units as recurring sales and non-core transactions. The aforementioned reduction in the residential real estate portfolio basically has the effect of reducing rental income and thus partially offsets the effect of rent increases.

171. The expenses in the Rental segment are attributable to maintenance expenses and operating costs. Maintenance expenses were projected to increase successively at a CAGR of 1.3 % over the period 2024 to 2034, which, given the simultaneous decline in the number of square metres of residential rental space due to the aforementioned reduction in residential real estate units, will lead to a steady increase in maintenance expenses per square metre. The absolute development of maintenance expenses reflects the expected inflation trends in general as well as individual specific factors (e.g. major repairs or regulatory requirements).

172. Operating costs, which include all other cost items attributable to the Rental segment, are expected to fluctuate only slightly in the period from 2024 to 2034 (CAGR of 0.3 %). The main operating cost blocks relate to the operating cost balance (i.e. operating costs that cannot be passed on to tenants) and administrative costs. The development of operating costs in the period under review is largely characterised by inflation-related cost increases and special items such as rising levies for the CO2 tax, which are to be largely offset by efficiency effects, including in the context of new strategic initiatives in the Value-add segment.

173. Due to the planned disproportionately low increase in rental expenses compared to revenues, the adjusted EBITDA margin in the Rental segment is budgeted to improve from 71.4 % in 2024 to 77.2 % in 2034, which is reflected in an absolute increase of € 1,122 million.

174. Revenues in the Value-add segment relate to housing-related services that complement the rental business. These include, in particular, services provided by Vonovia Technical Service ('VTS', which primarily provides craftsmen services), Value-add Operations (e.g. multimedia services) and other services. Revenues are expected to increase by € 580 million between 2024 and 2034, which corresponds to a CAGR of 3.6 %. However, this positive development is mainly attributable to the period up to 2029, during which a large portion (77 %) of the expected revenue growth by 2034 is expected to be realised. This development is driven primarily by technical initiatives in the area of serial modernisation, the 'Energy Cube' and photovoltaic systems.

175. Because the costs allocated to the Value-add segment are expected to increase continuously, but at a lower rate than revenues, until 2034, the Adjusted EBITDA in the Value-add segment improves by € 171 million during the period under review, resulting in an increase in the Adjusted EBITDA margin of 4.7 percentage points.

176. The improvement at the level of adjusted EBITDA is fully attributable to the years 2025 to 2029 and is mainly due to the initiatives mentioned above. After their expiry, a decline in EBITDA is expected in 2030. The decline in EBITDA between 2024 and 2025 is due to the one-time effect of leasing the coax network in the multimedia business, which is presented as a disposal of assets in 2024 in accordance with IFRS.

177. The development of revenues in the recurring sales segment, which records the results from sales of individual properties, is planned to increase successively until 2031. This development is mainly driven by an improved step-up (capital gains in relation to market value of disposals) compared to 2024, increased price expectations based on the assumption that the current (still) restrained real estate market situation will ease in the future due to a recovery in demand, as well as an increase in the number of residential units sold (from 2026) and the development of so-called 'undeveloped/stranded assets'. These are residential units that can be acquired at a favourable price as they are not expected to meet EU energy standards, in order to resell them after targeted further development.

178. The improvement in the step-up is based, among other things, on the assumption that margins will return to a 'normal' level. The increase in units sold is partly due to the acquisition of the above-mentioned 'undeveloped/stranded assets', which are to be sold after energy-related modernisation. The margins from the sale of the undeveloped/stranded assets tend to be below average, which weighs on the step-up from 2027. This individual initiative is scheduled to end in 2031, which is why a subsequent increase in the step-up has been budgeted for the years 2032 to 2034.

179. The costs in the recurring sales segment mainly comprise the fair value of the properties sold and, to a lesser extent, selling costs.

180. Corresponding to the revenue planning, an absolute increase in Adjusted EBITDA in the recurring sales segment is forecasted until 2031. This trend also reflects the effort to place a stronger focus on profitability when selling real estate.

181. The Development segment is heavily project-driven and is therefore subject to greater year-on-year fluctuations than the other segments. These reflect, on the one hand, project mix effects (e.g. the share of so-called ‘global exit’ projects) and, on the other hand, the project development cycle - from project planning and the construction phase to completion and subsequent sale - and thus the annual earnings effect of individual large-scale projects. The planning takes into account specific projects on the one hand and non-specific ‘standard projects’ (pipeline projects) on the other. The earnings effects for specific projects can be spread over several years due to the typical project durations. The planning of pipeline projects is based on historical reference values and key figures.

182. The planned development of the segment, including both project classes, is generally carried out under consideration of capital commitment key figures. The increase in revenue until 2031 is, among other things, due to the development of a real estate portfolio of Deutsche Wohnen, a large portion of which was classified as development to sell.

183. The earnings contribution reflected in the adjusted EBITDA is attributable exclusively to projects categorised as development to sell, as the earnings contribution from the revaluation of development to hold projects is non-cash and therefore not relevant for valuation purposes. The growth in adjusted EBITDA until 2031 is strongly driven by the revenue expansion during this period. The further increase in adjusted EBITDA from 2032 onwards at a lower revenue level compared to 2031 is due, among other things, to the phasing out of development activities with regard to the low-margin Deutsche Wohnen real estate portfolio mentioned above.

184. The ‘Other’ item includes the results from the sale of projects in the non-core portfolio. These include, for example, the sale of entire buildings or complete real estate portfolios. In 2025, the effects from the ongoing sale of parts of the nursing care business, among other things, are recognised in this line.

185. The special items mainly relate to expenses in connection with organisational projects, personnel-related issues (including partial retirement, long-term incentive plan) and transaction costs (until 2025). The cost planning for the years from 2026 onwards was carried out on a flat-rate basis, with the planning approach remaining unchanged until 2034.

186. Depreciation and amortisation reflect the corresponding scheduled amortisation of intangible assets and depreciation of tangible assets. This item does not include the effects of the fair value measurement of assets classified as investment properties.

c) Sustainable operating result

187. The Valuation Expert has estimated the future earnings power of Vonovia assuming perpetual continuation in order to derive the sustainable operating earnings (EBIT). He proceeded as follows:

188. Since the last planning year does not represent a steady state, the Valuation Expert has further developed the planning calculation as part of a transition phase until 2044. From 2045, the sustainable earnings were extrapolated using the sustainable price-related growth rate.

189. We verified the transition effects considered in the context of the transition phase from 2035 onwards and consider the approach to be plausible. [87]

190. We discussed the assumptions used to derive the sustainable earnings level with the people responsible at the Valuation Experts and at Vonovia. We consider the long-term assumed earnings growth of 1.5 % used in the business valuation to be adequate.

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[87] Cf. valuation report, Section 5.2.h).

d) Net distributions after personal income tax

da) Derivation of Net distributions after personal income tax

191. We have reproduced the calculation of net distributions after personal taxes in the Valuation Expert's valuation model and verified its plausibility as part of our own valuation model. The calculation is presented in a comprehensible manner in the Valuation Report.[88] We consider the derivation to be appropriate.

db) Financial results, corporate taxes and minority interests

192. Valuation Expert derived the financial result on the basis of an integrated update of the balance sheet and financial planning as of 31 December 2024 under consideration of the planned distributions and investments as well as changes in net working capital and provisions. Net interest includes interest expenses and interest income.[89]

193. We consider the derivation of the financial result and the approach to be appropriate. The parameters used correspond to the company's current and expected financing conditions and are comprehensible.

194. The corporate taxes were determined on the basis of the pre-tax profit under consideration of the trade and corporate tax and the solidarity surcharge as well as the foreign corporate taxes. In doing so, the existing losses carried forward were recognised in the capitalised earnings value. In addition, the Valuation Expert took into account the planned development of the tax deposit account in the planned distributions and, as far as possible, distributed from the tax deposit account, with the tax-reducing effect.

195. We have analysed the calculation of corporate taxes and consider the estimated tax burden to be appropriate.

dc) Dividend policy and personal income tax

196. In general, when determining the distributions in the planning period, primarily the corporate planning is to be used and only for the terminal value a dividend policy equivalent to an investment in a share portfolio is to be assumed.

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88 Cf. Valuation Report, Section 5.2.i).
89 Cf. Valuation Report, Section 5.2.e).

197. Under consideration of the planned dividend policy of the company, the Valuation Expert has assumed, for reasons of simplicity, a distribution of half of the earnings before taxes (EBT) in the detailed planning period and the transitional phase, respectively. In addition, in accordance with the dividend policy of Vonovia, stock dividends were taken into account.[90]

198. For the terminal value, the Valuation Expert has assumed a notional full distribution of net income, which is divided equally between the value contribution from distributions and the value contribution from retained earnings. The Valuation Expert derives a distribution rate of 50 % in relation to net income from the middle of the range of market-average distribution behaviour. [91]

199. According to our analysis, the value of the amount distributed lies within a range that can be regularly observed on the market.

200. For the tax treatment at the shareholder level, the Valuation Expert differentiates between the value contribution from distribution ('distribution') and a value contribution from retained earnings ('retention'). When deriving the personal income tax on the value contribution from distribution, the income tax rate on dividends including the solidarity surcharge was applied at 26.38 % (flat tax) if no distribution from the tax-recognised contribution account is planned.[92]

201. In the terminal value, the valuation expert has assumed, for the sake of simplicity, that the value contribution from retained earnings accrues directly to the shareholders under consideration of the tax consequences at shareholder level. The value contribution from retained earnings was therefore reduced by the standardised capital gains income tax and the inflation-related increase in the company's value. In doing so, the Valuation Expert applied half of the withholding tax rate, including the solidarity surcharge, totalling 13.19 %.[93]

90 Cf. Valuation Report, Section 5.2.j).
91 Cf. Valuation Report, Section 5.2.j).
92 Cf. Valuation Report, Section 5.2.j).
93 Cf. Valuation Report, Section 5.2.j).

202. In the terminal value, the valuation expert considered a reinvestment amount (including the expected internal financing of the transition phase)[94] of around € 19.6 million to be necessary to finance sustainable growth. Since sustainable growth can only be achieved by investments in the broader sense (including changes in working capital, etc.) and the associated financing, we consider this approach to be appropriate.

203. In our opinion, the assumptions made by the Valuation Expert and the approach chosen to determine the distributions and take personal taxes into account are adequate.

94 Cf. Valuation Report, Section 5.4.a).

4. capitalisation rate

204. The capitalised earnings value of a company is determined by discounting the planned future cash flows to the valuation date. The capitalisation rate represents the return on an alternative investment that is adequate for an investment in the company being valued. The cash flow of the alternative investment should be comparable in terms of time structure, risk and taxation with the cash flow to which the shareholders of the company being valued are entitled.

205. The starting point for determining alternative returns is provided, in particular, by capital market rates of return on equity investments. These rates of return can basically be split into a risk-free rate and a risk premium demanded by shareholders for bearing business risk.[95] The cost of equity is calculated according to the following formula:

$$r_{EK} = r_f + (r_M \times \beta_{EK})$$

r_{EK} = cost of equity

r_f = riskfree rate (base rate)

r_M = Market risk premium

β_{EK} = beta factor of the equity (taking into account the debt)

206. Tax effects must be taken into account when determining the base interest rate and risk premium. To capture growth effects in the form of steadily increasing financial surpluses after the end of the detailed planning period, the capitalisation rate is usually reduced by a growth rate (growth discount).

95 Cf. IDW S 1, Tz. 114 et seq. and Tz. 92.

a) Riskfree rate

207. The base rate represents a risk-free and maturity-adequate alternative investment to the investment in the company being valued.

208. According to the prevailing opinion, the base interest rate is calculated on the basis of the expected yields of fixed-interest securities of the public sector.[96] The interest rate structure data published by Deutsche Bundesbank can be used as a data basis. These values are estimated according to the Svensson method. The interest rate structure curve determined using the Svensson method maps maturity-equivalent base interest rates (so-called spot rates). These can be converted into a uniform base interest rate equivalent to the present value using financial mathematics.

209. In order to offset short-term market fluctuations and possible estimation errors, the German Committee on Business Valuation and Economics (FAUB) recommends not using the zero bond yields estimated as of the valuation date, but period specific average yields from the three months preceding the valuation date.[97] Furthermore, the FAUB recommends that for the estimation of zero bond interest rates beyond 30 years, the interest rate determined for a remaining term of 30 years should generally be used as the sustainable estimated value and the uniform base interest rate should be rounded to ¼ percentage point.[98] This approach is recognised in case law.[99] The approach of the FAUB of rounding to tenths of a percentage point rather than to quarter of a percentage point in the case of a base interest rate of less than 1.0% is derived from the interest rate structure data of Deutsche Bundesbank is not relevant in the present case.[100]

210. The Valuation Expert bases the determination of the base rate on the estimates of the daily yield curves published by Deutsche Bundesbank for a three-month period from 6 September 2024 to 5 December 2024. On this basis, interest rates were estimated for hypothetical zero bonds with remaining maturities of up to 30 years. For the estimate beyond 30 years, the zero bond interest rates of the longest available remaining terms were extrapolated as a sustainable forecast value.

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96 Cf. IDW S 1, para. 116.

97 Cf. FN-IDW 2008, p. 491; agreeing on averaging for many e.g. OLG Düsseldorf, decision of 6 June 2016, I-26 W 4/12 [AktE], AG 2017, p. 487 et seq.; OLG Frankfurt am Main, decision of 20 July 2016, 21 W 21/14, https://www.lareda.hessenrecht.hessen.de/bshe/document/LARE190018674 (last accessed, 30 November 2021).

98 Cf. FAUB, FN-IDW 2008, p. 490 f.

99 E.g. OLG Saarbrücken, decision of 11 June 2014, 1 W 18/13, ZIP 2014, p. 1784 et seq.

100 Cf. IDW Life 2016, p. 731 et seq.

211. The valuation expert rounded a present value-equivalent, uniform base interest rate before income taxes for all plan years to full 1/4 percentage points and derived a rate of of 2.50 %. This rounded basic interest rate before income taxes was converted into an after-tax rate of rounded 1,84 % using a personal income tax rate (final withholding tax including solidarity surcharge) of 26.38 %.[101]

212. We have verified the derivation of the base rate and convinced ourselves of its arithmetical correctness.

213. When reviewing whether the risk-free rate is still valid as of the valuation date, it should be noted that under the method recommended by the FAUB, the risk-free rate would basically have to be redetermined under consideration of the then past three-month period. This does not necessarily have to result in a change in the business value, as the effects on the other valuation parameters would have to be reviewed accordingly.

214. The base interest rate used in the valuation of Vonovia of 2.50 % before and 1.84 % after deduction of the income tax rate was determined correctly.

101 Cf. Valuation Report, Section 5.3.a)..

b) Risk premium

ba) Application of the Tax-CAPM

215. The risk premium serves to compensate for the risk being accepted when investing in shares of the company to be valued. The assumption is that market participants give higher weight to future risks than to future opportunities (risk aversion).[102] This risk aversion can be taken into account through a deduction from the expected surpluses (safety equivalence method) or through a risk premium on the capitalisation interest rate (risk premium method).[103] Both methods can be converted into each other. In practice, however, risk aversion is almost exclusively taken into account by adding a premium to the interest rate.[104]

216. Within the framework of objectified valuations, capital market models such as the Capital Asset Pricing Model (CAPM) and the Tax-CAPM based on it are suitable for deriving the risk premium, because these capital market models indirectly derive risk premiums from observable capital market prices.[105] The prices obervable on the capital market are a result of investors' actions. Share prices reflect investors' risk preferences as investors consciously and freely decide to buy or sell certain securities. This market valuation of risks of shares by rational and risk-averse investors is modelled theoretically by the CAPM and the Tax-CAPM. According to the CAPM or Tax-CAPM, the amount of the risk premium is determined as the product of the model parameters market risk premium and beta factor.

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102 Cf. IDW S 1, para. 88.
103 Cf. IDW S 1, para. 89.
104 Cf. IDW S 1, para. 90.
105 Cf. IDW S 1, para. 92, 118.

217. In its standard form, the CAPM represents a capital market model in which the cost of capital and risk premiums are explained without taking into account the effects of personal income taxes. However, since share returns and risk premiums are fundamentally affected by income taxes, a more realistic explanation of empirically observable share returns is provided by the Tax-CAPM, which extends the CAPM by explicitly taking into account the effects of personal income taxes.[106] The different tax treatment of interest income, dividends and price gains is directly captured in the valuation of the Tax-CAPM by loading the base interest rate and market risk premium with the relevant tax rates. The tax CAPM provides a comprehensible, objective explanatory context for the quantification of an appropriate risk premium. This is one of the reasons why the CAPM continues to be the preferred model in valuation practice for deriving the risk premium, despite all the criticism. This view is shared to a large extent in recent case law.[107]

218. The application of the Tax-CAPM by the valuer is therefore appropriate.

bb) Market risk premium

219. The market risk premium is the average excess return demanded by investors on equity investments over the return on risk-free securities. The equity market can be represented by a broad equity index, such as CDAX or MSCI World Index. According to the Tax-CAPM, the capitalisation rate consists of the base interest rate reduced by the typified personal income tax and the risk premium after personal income taxes determined on the basis of the Tax-CAPM, which is transformed into an individual company risk premium by means of the company-specific beta factor. [108]

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106 Cf. IDW S 1, para. 119.

107 Cf. OLG Düsseldorf, order of 30 April 2018, ref. 26 W 4/16 [AktE], https://www.justiz.nrw.de/nrwe/olgs/duesseldorf/j2018/26_W_4_16_AktE_Beschluss_20180430.html (retrieved last 6 December 2021; OLG Frankfurt of 17 January 2017, 21 W 37/12, AG 2017, 626 et seq. as well as of 5 February 2016, 21 W 69/14, AG 2016, p. 588 et seq.; OLG Karlsruhe, order of 12 September 2017, 12 W 1/17, para. 76, http://lrbw.juris.de/cgi-bin/laender_rechtsprechung/document.py?Gericht=bw&nr= 22730 (last accessed 30 November 2021) and of 23 July 2015, 12a W 4/15, AG 2016, p. 220 et seq.; OLG Düsseldorf, order of 12. November 2015, I-26 W 9/14, loc. cit.; OLG Munich, order of 18 February 2014, 31 Wx 211/13, OLG Munich, order of 18.02.2014 - 31 Wx 211/2013 - openJur (last accessed 30 November 2021).

108 Cf. IDW S 1, para. 120.

220. The valuation expert has set the market risk premium after personal taxes at 5.75 % with reference to the current recommendation of FAUB.[109]

221. FAUB regularly analyses the factors influencing the measurement of the capitalisation rate in business valuations for various reasons. Based on this, it makes quantitative recommendations for the market risk premium before and after personal taxes. In doing so, it follows a pluralistic approach, the elements and calculations of which it has disclosed and explained in detail.[110]

222. At the valuation date, FAUB continued to consider it reasonable to apply a market risk premium after personal tax of between 5.0% and 6.5% for business valuations that take into personal taxes, considering current market conditions and using the Tax-CAPM.[111] The mean value of this range is 5.75%. The value of the market risk premium determined by the valuation expert therefore corresponds to the mean value of the proposed range.

223. In addition to the considerations and determinations of FAUB, we have prepared our own studies on the implicit market risk premium for various markets. [112] Since the market risk premium should adequately reflect the development of capital markets, not only the historical market risk premiums (excess returns) actually achieved over periods of several decades are relevant for capital market participants, but also the expected implicit market risk premiums from current periods.

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109 Cf. Valuation Report, Section 5.3.b).

110 Cf. Castedello/Jonas/Schieszl/Lenckner, WPg 2018, p. 806 ff.

111 Cf. IDW (FAUB), Report on the 160th meeting of the FAUB on 22 November 2022.

112 Cf. Beumer, CF 2015, p. 340 ff., Implizite Marktrisikoprämien – Konsistente Ermittlung und Anwendung; Beumer/Jürgens/Kämmerling, M&A Review 9/2022, p. 376 ff., Negative Entwicklung an den Kapitalmärkten – steigt die Marktrisikoprämie?; Beumer/Jürgens, Implizite Marktrisikoprämien und Marktrenditen von 2008 bis 2018, BewP 2019, p. 71 ff. bzw. Update Marktrisikoprämien von 2008 bis 2019, BewP 2020, S. 9 ff.; Beumer/Jürgens, Optimistische Erwartungen – aber steigende Marktrisikoprämien, in M&A Review 7/8 2020, S. 228-231;

224. Recent case law also considers it appropriate to follow the recommendations of FAUB, pointing out that FAUB is an expert body of auditors involved in business valuations. In particular, it was not evident that a deviation from these recommendations would lead to "more correct" company values.[113] The OLG Düsseldorf considers the FAUB's pronouncements to be a "recognised expert opinion", which is a source of knowledge for the methodically correct procedure in determining the enterprise value.[114] The Munich Regional Court (LG München I) and the Munich Higher Regional Court (OLG München) also follow the recommendations of FAUB, giving more detailed consideration to the total expected return from the base interest rate and the market risk premium.[115]

Based on the results of our surveys, we consider the determination of the market risk premium after tax at 5.75 % in the middle of the range to be adequate for the purpose of measuring the settlement.

bc) Beta factor

225. According to the CAPM valuation, the beta factor reflects the extent of the systematic risk of a share that cannot be diversified by capital market transactions. The higher the beta factor, the higher the risk premium demanded by capital market participants. The company-specific beta factor is calculated as the covariance between historical stock returns of the company being valued or comparable companies and the historical return of a stock index, divided by the variance of the returns of the stock index.[116] Technically, it is also possible to perform a linear regression of share price returns and index returns to determine the beta factor. The beta factor then corresponds to the slope parameter of the regression equation.

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113 Cf. OLG Frankfurt a.M., decision of 26 January 2017, 21 W 75/15, https://betriebs-berater.ruw.de/bilanzrecht/urteile/Beschluss-vom-26.1.2017-21-W-7515-35929 (last accessed 30 November 2021).

114 Cf. OLG Düsseldorf, decision of 30 April 2018, 26 W 4/16 [AktE], https://www.justiz.nrw.de/nrwe/olgs/duesseldorf/j2018/26_W_4_16_AktE_Beschluss_20180430.html (last accessed 30 November 2021).

115 Cf. LG München I, decision of 16 April 2021, 5HK O 5711/19 and OLG München of 12 May 2020, 31 Wx 361/18, https://openjur.de/u/2275119.html (accessed 12 November 2021).

116 Cf. IDW S 1, para. 121.

226. The shares of Vonovia are listed on a stock exchange. Accordingly, a proprietary historical beta factor can be determined. The determination of a valid beta factor suitable for forecasts requires, among other things, frequent trading of shares. The requirements for liquidity are much higher than for the assessment of whether an average share price should be used as the value threshold for the settlement.

227. The average daily trading volume and the average bid-ask spread, i.e. the relative spread between the bid and ask price of the share, are used as common measures of the liquidity of the share under consideration.[117] In the literature and case law, no absolute limits are generally recognised with regard to the requirements for the liquidity measures of a share to derive a reliable beta factor, so that no clear conclusions can be drawn on the basis of these analyses.

228. Based on his analyses, the Valuation Expert concludes that Vonovia's proprietary beta factor is sufficiently predictive.[118]

229. We were able to understand the statements and explanations of the Valuation Expert and, on the basis of the analyses carried out, we also recognise an undistorted pricing of Vonovia's shares.

230. The Valuation Expert determines unlevered beta factors for Vonovia over a two-year observation period with weekly return intervals and for a five-year observation period with monthly return intervals by regression against the local C-Dax and the global MSCI All Country World Index. The Valuation Expert calculates the unlevered beta factors under consideration of uncertain tax shields and under consideration of debt capital subject to default risk (the so-called ‘debt beta’).[119]

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117 Cf. Dörschell/Franken/Schulte, Der Kapitalisierungszinssatz in der Unternehmensbewertung, 2nd edition, p. 167 et seqq.

118 Cf. Valuation Report, Section 5.3.b).

119 Cf. Valuation Report, Section 5.3.b).

231. The Valuation Expert selects observation periods that end no later than the day of the announcement of the intended corporate contract on 18 September 2024.[120] According to prevailing opinion, the period after the announcement of the intended corporate contract is basically unsuitable for deriving the proprietary beta factor of the controlled company.

232. We therefore consider the approach of the Valuation Experts to be appropriate overall, under consideration of various time periods and indices, as well as under consideration of uncertain tax shields and debt capital subject to default risk.[121] The periods and parameters used are generally accepted in practice and take into account a sufficient range of possible variants.

UNLEVERED BETAS

	2 years (weekly)		5 years (monthly)	
Company	C-DAX	MSCI ACWI	C-DAX	MSCI ACWI
Vonovia SE	0.40	0.46	0.45	0.49

Source: Valuation Expert

233. Based on the consideration of all factors and analyses, the valuation expert derives an unlevered beta factor of 0.44 for the valuation of Vonovia (expert derivation).[122]

234. Under consideration of the different approaches for determining the beta factors, we are of the opinion that there is no evidence that the selected beta factor was not chosen appropriately.

235. We consider the risk premium of 2.53% (unlevered) resulting from the applied value of the market risk premium (5.75%) and the unlevered beta factor (0.44) to be adequate.

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120 Cf. Valuation Report, Section 5.3.b). Last trading day: Friday, 13 September 2024.
121 Cf. IDW, WPH Edition, Bewertung und Transaktionsberatung, Kap A, Tz. 413.
122 Cf. Valuation Report, Section 5.3.b).

c) Growth discount

236. In business valuations, the growth of the expected future business results must also be taken into account.[123] In the detailed planning period, any growth in the items of the profit and loss account and the individual balance sheet items for the individual periods is taken into account in the planning calculation.

237. The value contribution of payment surpluses that occur after the detailed planning period is recorded in the valuation as the cash value of a perpetual annuity. The perpetual annuity in the capitalised earnings value formula is initially the expected sustainably achievable result. If it can be assumed that the company to be valued is in a position to sustainably increase its results in the period after the detailed planning period, the corresponding growth in results can be taken into account financially by means of a discount on the capitalisation rate.[124] It should be noted that the value contribution from retained earnings, which is added to the result to be capitalised, already accounts for growth prospects related to expansion investments.

238. In order to determine the growth of income statement and balance sheet items for the period after the detailed planning period, an analysis of long-term growth trends and associated investment requirements is necessary.[125]

239. The starting point for the valuation expert's determination of the sustainable growth is an analysis of the long-term general price increase rates, which are expected to be in line with the ECB's inflation target of 2.0 % from 2025 onwards, as well as the expected long-term price-related development on the residential and investment market.[126] In the overall assessment and under consideration of the growth already refleted in the 10-year planning period and the sustainable result, the valuation expert applies a sustainable growth discount of 1.5 %.[127]

240. The valuation expert has appropriately reflected Vonovia's specific situation in the valuation report. Based on these considerations, we see no indications that would justify a higher growth discount than 1.5% and consider the growth discount applied for Vonovia to be adequate.

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123 Cf. IDW S 1, para. 94 et seqq.
124 Cf. IDW S 1, para. 98.
125 Cf. IDW S 1, para. 97.
126 Cf. Valuation Report, Section 5.3.c).
127 Cf. Valuation Report, Section 5.3.c).

d) Period-specific capitalisation rates

241. The derivation of capitalisation rates after personal taxes of Vonovia calculated by the valuation expert for specific periods is shown below:

PERIOD-SPECIFIC COST OF CAPITAL DERIVED BY EBNER STOLZ

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	TV
Risk-free rate before personal taxe	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Personal taxes	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%
Risk-free rate after personal taxe	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**
Market risk premium after personal	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%
Unlevered beta	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44
Gearing	1.55	1.48	1.47	1.44	1.32	1.27	1.20	1.14	1.10	1.02	0.56
Levered beta	0.74	0.74	0.75	0.76	0.75	0.75	0.74	0.71	0.71	0.69	0.58
Risk surcharge	**4.27%**	**4.27%**	**4.31%**	**4.35%**	**4.30%**	**4.34%**	**4.23%**	**4.09%**	**4.10%**	**3.95%**	**3.32%**
TV growth rate											-1.50%
Cost of capital	**6.11%**	**6.11%**	**6.15%**	**6.19%**	**6.14%**	**6.18%**	**6.07%**	**5.94%**	**5.94%**	**5.79%**	**3.66%**

Source: Analysis of Ebner Stolz

242. In conclusion, we consider the respective levels of the period-specific capitalisation rates applied to be adequate.

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5. Special values

243. Vonovia has no non-operating assets.

244. As part of the business valuation, the Valuation Expert has recognised those investments that were not considered in the business planning as a special value. The underlying financial planning used to determine the capitalised earnings value thus contains no financial income from these investments.[128] The Valuation Expert has set the book value as the lower limit for the investments and also considered a simplified valuation based on the results of past years. Where the latter leads to a higher value compared to the book value, has applied this.

245. Furthermore, the Valuation Expert has not identified any non-operating assets.[129] In the course of our audit, we did not become aware of any material non-operating assets.

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128 Cf. Valuation Report, Section 5.4.c).
129 Cf. Valuation Report, Section 5.4.c).

6. Business value and value per share

246. The discounted earnings value of Vonovia's operating business is calculated by discounting the sum of the net distributions, including the value contributions from retained earnings, using the discount rate specific to the period. The valuation expert calculated the discounted earnings value correctly in mathematical terms as of the technical valuation date of 1 January 2025. As of the valuation date of 23 January 2025, the valuation expert determined the following equity value and value per share for Vonovia:

PRESENT VALUE DERIVATION PROVIDED BY EBNER STOLZ

in € million	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	TV
Net income	**1,377**	**1,551**	**1,747**	**1,762**	**1,883**	**1,902**	**1,889**	**1,917**	**1,957**	**2,009**	**2,248**
Internal financing	-481	-598	-665	-635	-713	-709	-644	-639	-613	-600	-196
Distribution potential	896	953	1,082	1,127	1,170	1,193	1,244	1,278	1,345	1,409	2,053
Value proposition from distribution	896	953	1,082	1,127	1,170	1,193	1,244	1,278	1,345	1,409	1,249
Personal tax on dividends	0	0	0	0	0	0	0	0	0	0	207
Value proposition from profit accum	0	0	0	0	0	0	0	0	0	0	804
Personal tax on capital gains	0	0	0	0	0	0	0	0	0	0	175
Personal tax on capital gains	448	476	541	2,402	585	597	622	639	672	705	220
Net earnings	**448**	**476**	**541**	**-1,275**	**585**	**597**	**622**	**639**	**672**	**705**	**1,452**
Capitalisation rate	6.11%	6.11%	6.15%	6.19%	6.14%	6.18%	6.07%	5.94%	5.94%	5.79%	3.66%
Discount factor	0.94	0.89	0.84	0.79	0.74	0.70	0.66	0.62	0.59	0.56	15.16
Present value	**422**	**423**	**453**	**-1,004**	**434**	**417**	**410**	**398**	**395**	**391**	**22,009**
Special value	532										
Present value as of 1 January 20	**25,280**										
Compounding factor	1.0037										
Present value as of 23 January 2025	**25,375**										

Source: Analysis of Ebner Stolz

247. The valuation expert used the specific capitalisation rate of the first planning year to discount the value as of the technical valuation date to the valuation date and discounted the sum of the present values as of 31 December/1 January 2025 by 23 days to 23 January 2025.

248. Vonovia's value per share is € 30.84. This is calculated by dividing the capitalised earnings value as of 23 January 2025 by the number of Vonovia shares (822,852,925 shares).

249. We have mathematically and methodically verified the derivation of the equity value with no objections to make.

III. Audit of the Valuation of Deutsche Wohnen SE

1. Procedure

251. The subject of the audit was the delimitation of the object of valuation and the procedure for the valuation. As a basis for our analyses, we examined the business model and the economic fundamentals of Deutsche Wohnen. With reference to the business reports, audit reports, internal documents as well as publicly available information and capital market data submitted to us, we further looked at the development of past results.

252. Taking into account the past figures adjusted for special effects, we carried out an analysis of planning plausibility. In doing so, the planning process was explained to us. We assessed the planning for plausibility, consistency and arithmetical correctness on the basis of the analysis of the market and competitive situation of Deutsche Wohnen as well as the initiated and planned measures.

253. As part of our audit, we examined the valuation method and the valuation parameters defined in detail for their appropriateness. We traced the implementation in the valuation model of the appraiser and built our own valuation model in order to check the correct application of the methods, the processing of the premises and parameters as well as the correctness of the calculations.

254. In addition, we carried out our own investigations and calculations, in particular on the components of the capitalisation rate, the share price and the multipliers.

255. A liquidation of Deutsche Wohnen is not intended. Based on our own analyses with regard to a fictitious liquidation of Deutsche Wohnen, we have come to the conclusion that a liquidation of Deutsche Wohnen is not a realistic, plannable scenario that, under consideration of the effects on the respective real estate markets and the discounts on the assets recognised under IFRS that can be derived from the market multipliers of listed real estate companies, would lead to a liquidation value that would be higher than the capitalised earnings value. There are no indications that the Vonovia organisation used by Deutsche Wohnen is inefficient and that higher values could therefore be realised in the event of a liquidation.

256. Our audit work also included the comparative market valuation and share price studies performed by the valuation expert.

257. We defined the following areas of focus for the audit:

- Plausibility of the representation of the expected business development of Vonovia and Deutsche Wohnen by the planning calculation
- Appropriate transfer of the planning calculation into the valuation model and derivation of distributable results
- Derivation of sustainable result and sustainable retention
- Appropriateness of the derivation of the capitalisation rate
- Appropriate consideration of any items to be valued separately, e.g. non-operating assets
- Valuation methodology
- Appropriate derivation of the annuity interest rate for the determination of the settlement.

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2. Valuation object

a) Legal and financial basis

aa) Legal basis

258. Deutsche Wohnen has its registered office in Berlin and is registered in the commercial register of the local court of Berlin (Charlottenburg) under HRB 190322. Its business address is: Mecklenburgische Straße 57, 14197 Berlin.

259. The articles of association of the company are available to us in the version dated 12 April 2024. The financial year corresponds to the calendar year.

260. The share capital Deutsche Wohnen amounts to € 400,296,988.00 and is divided into a total of 400,296,988 bearer shares with a notional share in the share capital of € 1.00 per share. Of these, 3,362,003 are treasury shares

261. By resolution of the Annual General Meeting on 15 June 2023, the Management Board of Deutsche Wohnen is authorised, with the approval of the Supervisory Board, to increase the share capital by up to € 120,000,000 by issuing up to 120,000,000 new bearer shares of common stock against cash and/or contributions in kind, either in a single amount or in partial amounts (Authorised Capital 2023).

262. The share capital of Deutsche Wohnen was originally increased by a further amount of up to €15,000,000 through the issue of up to 15,000,000 new bearer common shares (Contingent Capital 2014/II) by resolution of the Annual General Meeting on 11 June 2014. This conditional capital increase serves to grant a settlement payment in the form of treasury shares to the other shareholders of GSW Immobilien AG in accordance with the provisions of the domination agreement between the Company and GSW Immobilien AG dated 30 April 2014 at the exchange ratio specified in § 5 para. 1 of the Domination Agreement or an adjusted exchange ratio in accordance with § 5 para. 4 or § 5 para. 5 of the Domination Agreement. To the extent required under § 5 para. 2 of the Domination Agreement, Deutsche Wohnen will pay cash in settlement of the share-based rights. This Conditional Capital 2014/II was partially utilised by 31 December 2021 and remains in force in the amount of €5,719,348 as of 31 December 2023.

263. Appraisal cases are currently pending in the Berlin Court of Appeal in the second instance in accordance with § 1 no. 1 SpruchG (German Appraisal Proceedings Act) to examine the adequacy of compensation and settlement payments based on corresponding applications by individual shareholders of GSW Immobilien AG. If the court or the parties settle on a higher compensation and/or higher settlement payment, minority shareholders and shareholders of GSW Immobilien AG can demand that their compensation and settlement payments be supplemented.

264. By resolution of the Annual General Meeting on 15 June 2023, the share capital of Deutsche Wohnen was conditionally increased by up to a further € 120,000,000 by issuing up to 120,000,000 new bearer common shares (Conditional Capital 2023). The conditional capital increase serves to grant shares upon the exercise of conversion or option rights or upon the fulfilment of conversion or option obligations to the holder or creditor of convertible bonds, bonds with warrants, participation rights and/or participating bonds (or combinations of these instruments) that are issued on the basis of the authorisation resolution of the Annual General Meeting of 15 June 2023 up to 14 June 2028. The Board of Management was authorised by resolution of the Annual General Meeting on 15 June 2023, with the consent of the Supervisory Board, to issue bearer convertible bonds, bonds with warrants, profit participation rights and/or participating bonds (or combinations of these instruments) with a nominal amount of up to € 4.0 billion and to grant the creditors of these bonds conversion or option rights to shares in the company with a notional interest in the share capital of up to € 120,000,000.

265. Deutsche Wohnen shares are listed on the stock exchange and the company meets the transparency requirements of the Prime Standard. Deutsche Wohnen shares are admitted to trading on the regulated market of the Frankfurt Stock Exchange under ISIN DE000A0HN5C6 / WKN A0HN5C. Deutsche Wohnen shares are also traded over the counter on the stock exchanges in Berlin, Düsseldorf, Hamburg, Hanover, Munich, Stuttgart and via Tradegate Exchange. In addition, the shares are tradable on the electronic trading systems (Exchange Electronic Trading System) of Deutsche Börse AG, Frankfurt a. M. ("XETRA"), the Munich Stock Exchange ("Gettex") and the Düsseldorf Stock Exchange ("Quotrix"). As of 4 October 2024, the free float is 12.29 %. The main shareholder is Vonovia with 86.87 %. The remaining 0.84 % are treasury shares.

266. Vonovia and Deutsche Wohnen have entered into a framework agreement for material administrative activities that arise as part of the management, purchase and sale of the portfolio, as well as in certain central administrative and staff functions. Alongside key administrative services, this includes, among others, finance, new real estate construction, portfolio management, planning and project management services, investor relations and real estate management.

267. Deutsche Wohnen is organisationally integrated into the Vonovia Group and there is a fiscal unity for VAT purposes with Vonovia.

ab) Business activity

268. Deutsche Wohnen was founded in 1998 as a subsidiary of Deutsche Bank AG and combined the bank's residential properties. In 2007, it merged with GEHAG (Gemeinnützige Heimstätten-, Spar- und Bau-Aktiengesellschaft), whose history goes back to 1924 and which owned an extensive residential portfolio in Berlin.

269. According to the articles of association, the object of the company is the acquisition, management and lease as well as the sale of residential property, care facilities and other real estate. The company can operate in the aforementioned business areas itself or through subsidiaries or associated companies and can also establish or acquire such companies.

270. The business activities include, among other things, managing the company's own real estate portfolio, developing and constructing new properties for management or for sale, selling individual apartments and active portfolio management. In addition, Deutsche Wohnen operates a service business providing housing-related services, in particular multimedia services and energy supplies.

271. Similar to Vonovia, Deutsche Wohnen's business activities are managed through the four segments Rental, Value-add, Recurring Sales and Development.

272. The core Rental segment, which has historically generated more than 95% of total adjusted EBITDA, includes all business activities geared towards the value-adding management of the company's own residential property holdings in Germany.

273. At Deutsche Wohnen, the Value-add segment includes the areas of multimedia and energy sales. In contrast to Vonovia, Deutsche Wohnen does not have an internal craftsmen's organisation that carries out modernisations or repairs.

274. For a detailed discussion of the activities in the segments Recurring Sales, please refer to our discussion of Vonovia's business activities.

275. Deutsche Wohnen does not have its own development organisation, but instead mainly uses the Vonovia Group's development units operating under the name BUWOG to implement its development projects.

ac) Assets, financial and profit situation

276. The analysis of past performance serves as the starting point for the forecast of future developments and for plausibility considerations. In order to improve comparability between the planning periods and the fiscal years of the past under review, it is common practice in the valuation to analyse past performance with regard to items that are non-recurring or non-recurring, as well as extraordinary items or items relating to other periods.

277. The adjusted EBITDA presented below represents the operating results (earnings before interest, taxes, depreciation and amortisation) adjusted for special items. The special items reported separately correspond to the der Deutsche Wohnen Group's definition and represent items that are not related to the period, recur irregularly or are atypical for operations. In our view, the adjustments made are appropriate and improve the comparability of the historical earnings development with the business plan.

278. In addition, so-called pro forma adjustments are useful if the valuation object has changed significantly compared to the past as a result of restructuring, acquisitions or divestments of companies or business areas. The nursing care business unit, which is being sold, is reported separately as discontinued operations in accordance with IFRS 5. We do not consider any additional adjustments to be necessary.

279. The following table shows the results of operations of the Deutsche Wohnen Group for the 2022 and 2023 fiscal years based on the audited consolidated income statements in accordance with IFRS and for the 2024 fiscal year based on the 9+3 forecast. The presentation and derivation of the adjusted EBT as a key performance indicator corresponds to the segment reporting and the internal reporting structure in which the planning calculations are also prepared. In addition, a reconciliation of the adjusted EBT to the net profit for the period for the financial years 2022 and 2023 is carried out. With the exception of special items, no specific forecast is made for items below the adjusted EBT.

HISTORICAL PROFIT AND LOSS STATEMENTS

in € million	2022 HIST	2023 HIST	2024 FC 9+3
Revenue in the Rental segment	790.4	811.4	828.5
Expenses in the Rental segment	-190.3	-173.3	-206.5
Adjusted EBITDA Rental	**600.1**	**638.1**	**622.1**
Revenue in the Value-add segment	43.1	29.0	37.1
Operating expenses in the Value-add segment	-29.0	-18.4	-17.7
Adjusted EBITDA Value-add	**14.1**	**10.6**	**19.4**
Revenue in the Recurring Sales segment	45.3	12.8	30.0
Expenses in the Recurring Sales segment	-30.7	-11.5	-26.9
Adjusted EBITDA Recurring Sales	**14.6**	**1.3**	**3.1**
Revenue from the disposal of "Development to sell" properties	13.6	155.0	317.7
Cost of Development to sell	-12.5	-142.0	-322.1
Gross profit Development to sell	**1.1**	**13.0**	**-4.4**
Operating expenses and income in the Development segment	-1.4	-28.2	1.9
Adjusted EBITDA Development	**-0.3**	**-15.2**	**-2.4**
Adjusted EBITDA Total (continuing operations)	**628.5**	**634.8**	**642.1**
Scheduled depreciation	-36.9	-21.4	-22.5
Adjusted net financial result	-52.9	-67.3	-126.1
Adjusted EBT (continuing operations)	**538.7**	**546.1**	**493.4**
Special items	-76.5	-17.0	-10.7
Other	-14.0	-1.9	
Non-scheduled depreciation/value-adjustments	-123.3	-111.2	
Total period adjustments from assets held for sale	7.5	-0.3	
Net income from fair value adjustments of investment properties	-825.3	-3,722.2	
Net income from investments accounted for using the equity method	-167.2	-75.1	
Valuation effects and special effects in the financial result	59.9	-37.7	
Reported EBT (continuing operations)	**-600.2**	**-3,419.3**	
Income taxes	187.3	991.7	
Profit for the period from continuing operations	**-412.9**	**-2,427.6**	
Profit for the period from discontinued operations	**-32.8**	**-333.5**	
Profit for the period	**-445.7**	**-2,761.1**	

Source: Annual Reports, Business Plan

280. The key developments in the financial performance of the Deutsche Wohnen Group can be summarised as follows:

281. With a share of more than 95 % of the Adjusted EBITDA Total, the Rental segment is the most important driver of the earnings development of the Deutsche Wohnen Group. With a portfolio of apartments that remained largely unchanged compared to the previous year, Adjusted EBITDA Rental increased in 2023. The main drivers were growth in segment revenues due to organic rent increases and a slight decline in the vacancy rate. In addition, expenses decreased due to lower maintenance measures in the context of more difficult financial conditions as well as positive one-time effects as part of the

integration of the Deutsche Wohnen Group into the Vonovia Group (including the reversal of impairments and provisions, adjustment of asset recognition rules). For the 2024 fiscal year, management expects a slight decline in adjusted EBITDA due to a narrowing of the margin to a level comparable to 2022. Despite a smaller number of residential units, segment revenue is expected to continue to grow due to organic rent increases in line with actual developments in the first nine months. The disproportionate increase in expenses compared to revenues reflects, in particular, an intensification of maintenance measures and the absence of positive one-off effects from 2023.

282. The Value-add segment showed a decline in Adjusted EBITDA in 2023 due to lower segment revenues, while the margin increased slightly. The main driver of this development was exceptionally high intercompany revenues in 2022 from the expansion of multimedia services, which also led to a higher level of operating costs. The increase in adjusted EBITDA expected for 2024 reflects in particular a positive earnings effect in the multimedia business from the lease of coax networks in accordance with IFRS 16 (around € 9 million).

283. The significant decline in Adjusted EBITDA in the Recurring Sales segment in 2023 is mainly due to a lower number of residential units sold and a lower fair value step-up (profits from sales in relation to the market value of properties sold). Overall, increased yield expectations, particularly due to the higher interest rate level, led to a decline in demand for condominiums and single-family homes. For 2024, management expects a further decline in the fair value step-up, particularly due to a temporary prioritisation of liquidity over profitability, which, with volume-related higher segment revenues, will only lead to a slight increase in Adjusted EBITDA in 2024.

284. The performance of the Development segment in 2023 was largely characterised by a decision taken in 2022 to reclassify development projects for own management as development projects for sale. In 2023, this led to a significant increase in the number of residential units sold and segment revenues. However, the gross profit generated was not sufficient to cover the operating costs and, in particular, the higher selling costs of the Development segment, which led to an increase in the negative Adjusted EBITDA. For 2024, management expects a reduction in the negative Adjusted EBITDA with a volume-related significant growth in segment revenues. This reflects both an improvement in the transaction environment due to falling interest rates and the sale of several development projects to a fund launched by HIH Invest Real Estate GmbH, Hamburg. As expected, the high proportion of sales through global exits and the temporary prioritisation of liquidity over profitability will lead to a slightly negative step-up. Overall, in 2024, income from

interim leases and subsidies exceeds operating costs, mainly due to the low sales costs associated with a high proportion of global exits.

285. To derive an adjusted EBT, the net financial result was adjusted for irregular, non-cash-relevant and financial-mathematical issues of financial mathematics. It mainly includes proprietary interest expenses and income. The significant increase in the negative financial result expected for 2024 primarily reflects the decline in interest income due to lower income from loans to the QUARTERBACK Immobilien Group as a result of the restructuring of the QUARTERBACK Immobilien Group and the repayment of a loan from Deutsche Wohnen to Vonovia.

286. Special items, as defined by the Deutsche Wohnen Group, are continuously and separately recorded in the accounts and mainly relate to transaction-related one-off costs (2022: € 76.5 million, 2023: € 15.7 million, 2024: € 9.0 million) including external consulting costs and one-time personnel costs (including settlement payments). In 2022 and 2023, the transaction costs resulted exclusively or primarily from the takeover of Deutsche Wohnen by Vonovia. The special items expected for 2024 include, in particular, transaction costs in connection with the ongoing sale of the nursing division and the restructuring of the QUARTERBACK Immobilien Group. Management views some of the items defined as special items (including partial retirement, long-term incentive plan, organisational and strategy projects) as recurring and has therefore included an expense of € 3.0 million p.a. in the planning calculation from 2026. The higher special items of € 7.1 million planned for 2025 include already known items.

287. The ‘Other’ item mainly includes earnings effects from opportunistic sales of land and buildings and related costs. The significantly negative Adjusted EBITDA in 2022 was characterised by the package sale in Berlin, which was realised at a below-average fair value step-up.

288. In 2022 and 2023, impairment losses were recognised primarily on real estate inventories.

289. The net profit or loss for the period in 2022 and 2023 was weighed down by a negative result from the valuation of investment properties. The investment properties are recognised at fair value in accordance with IAS 40. An increase in interest rates led to a significant decline in fair values, especially in 2023.

290. The high negative result from financial investments accounted for using the equity method in 2022 is mainly due to the impairment of the investment in the QUARTERBACK Immobilien Group. The losses reported for 2023 essentially represent the earnings update for the QUARTERBACK Immobilien Group.

291. The valuation and special effects in the financial results in 2022 and 2023 mainly relate to effects from the valuation of interest rate swaps.

292. The net profit or loss for the period of a large portion of the nursing care business available for sale is reported separately as discontinued operations.

293. For further explanations, please refer to the statements in the Valuation Report.

294. The assets as of the balance sheet dates of the financial years 2022 and 2023 based on the audited IFRS consolidated financial statements and as of the interim financial statements as of 30 September 2024 are shown in the following table:

ASSETS			
	Dec 2022	Dec 2023	Sep 2024
in € million	HIST	HIST	HIST
Intangible assets	164.8	0.5	0.4
Property, plant and equipment	219.6	151.5	148.0
Investment properties	27,301.9	23,021.5	22,532.2
Financial assets	811.4	561.6	90.7
Investments accounted for using the equity method	208.0	126.3	100.5
Other assets	214.9	203.9	109.2
Deferred tax assets	0.2	1.1	1.1
Total non-current assets	**28,920.8**	**24,066.4**	**22,982.1**
Inventories	13.6	2.7	2.3
Trade receivables	30.0	140.3	57.8
Financial assets	1,019.0	686.1	726.6
Other assets	247.6	391.1	429.0
Income tax receivables	187.1	145.6	114.9
Cash and cash equivalents	184.3	157.1	472.0
Real estate inventories	926.0	752.6	800.9
Assets held for sale	2.4	74.0	280.3
Assets from discontinued operations	0.0	770.1	693.1
Total current assets	**2,610.0**	**3,119.6**	**3,576.9**
Total assets	**31,530.8**	**27,186.0**	**26,559.0**

Source: Annual Reports, Interim Report 2024/Q3, Business Plan

295. The composition and development of assets in the past can be summarised as follows:

296. The main items under total assets are investment properties, which are valued at fair value in accordance with IAS 40 in conjunction with IFRS 13. The decline in investment properties is mainly due to write-downs, which in turn are due in particular to the higher returns expected by real estate investors.

297. As of 31 December 2023, the goodwill of the nursing care segment in the amount of € 140.0 million was written off in full, which led to a corresponding decline in intangible assets.

298. The tangible fixed assets are of minor importance, as the properties held for investment purposes are recognised under investment properties.

299. Current and non-current financial assets as of 30 September 2024 include loan receivables against the QUARTERBACK Immobilien Group (€ 723.1 million including interest accruals). The significant decline in financial assets in the reporting period resulted from the repayment of a loan issued to Vonovia and a write-down of the receivables against the QUARTERBACK Immobilien Group.

300. The financial investments accounted for using the equity method primarily include interests in the project developer QUARTERBACK Immobilien AG and eleven affiliated property companies. The decline in the carrying amount is mainly due to the negative earnings performance of the QUARTERBACK interests.

301. The fluctuations in trade receivables mainly reflect timing effects in relation to receivables from the sale of real estate inventories, while receivables from rental and other deliveries and services are of rather minor significance.

302. Other current and non-current assets as of 30 September 2024 of € 538.2 million mainly include advance payments (€ 406.5 million) for ongoing real estate project developments by third parties (so-called forward deals). In addition, the claim for a supplement to the settlement payment from the ongoing appraisal case in connection with the domination agreement concluded in 2024 between Deutsche Wohnen and GSW Immobilien AG, Berlin, is shown under other current assets (30 September 2024: € 69.3 million).

303. Real estate inventories relate to development projects for the construction of residential units intended for sale, which are currently under construction or have already been completed but not yet sold.

304. The assets held for sale consist exclusively of real estate for which notarised purchase agreements have already been concluded as of the balance sheet date in the ordinary course of sales or for which the sale is considered highly probable within the next twelve months. The significant increase in the carrying amount as of 30 September 2024 results from the planned sale of 1,089 residential units and six commercial units.

305. The assets and liabilities of the discontinued operations relate to the nursing division, which is scheduled to be sold by mid-2025. The lower assets and liabilities as of 30 September 2024 result from the sale of nursing real estate in the first nine months of 2024.

306. For further explanations, please refer to the statements in the Valuation Report.

307. The liabilities as of the balance sheet dates of the fiscal years 2022 and 2023 based on the audited IFRS consolidated financial statements and as of the interim financial statements as of 30 September 2024 are shown in the following table:

EQUITY AND LIABILITIES			
in € million	Dec 2022 HIST	Dec 2023 HIST	Sep 2024 HIST
Total equity	**16,775.1**	**13,998.2**	**13,746.0**
Provisions	104.6	63.9	53.4
Trade payables	19.4	2.6	2.6
Non-derivative financial liabilities	8,474.2	8,248.3	6,876.4
Derivatives	0.0	7.7	8.4
Lease liabilities	114.1	91.3	83.6
Liabilities to non-controlling interests	196.3	181.0	154.7
Other liabilities	0.0	0.1	4.1
Deferred tax liabilities	4,906.4	3,799.4	3,650.7
Total non-current liabilities	**13,815.0**	**12,394.3**	**10,833.9**
Provisions	110.0	90.4	83.7
Trade payables	147.7	174.7	172.6
Non-derivative financial liabilities	501.7	234.0	1,448.5
Derivatives	0.1	0.0	0.0
Lease liabilities	14.5	13.8	13.5
Liabilities to non-controlling interests	0.0	9.5	4.7
Current income taxes	99.4	92.1	61.0
Other liabilities	67.3	37.0	108.2
Liabilities from discontinued operations	0.0	142.0	86.9
Total current liabilities	**940.7**	**793.5**	**1,979.1**
Total equity and liabilities	**31,530.8**	**27,186.0**	**26,559.0**

Source: Annual Reports, Interim Report 2024/Q3, Business Plan

308. The composition and development of liabilities in the past can be summarised as follows:

309. A significant component of the debt are the proprietary financial liabilities with a book value of € 8,324.9 million as of 30 September 2024. Deutsche Wohnen Group is financed primarily by mortgage loans (nominal value as of 30 September 2024: € 4,798.2 million) and unsecured listed corporate bonds (nominal value as of 30 September 2024: € 1,760.7 million). Overall, the financial liabilities do not include any significant short-term interest rate risk, as they either relate to financing with long-term interest rates or variable interest rate liabilities hedged through derivative financial instruments. In particular, the repayment of mortgage loans led to a decline in proprietary financial liabilities during the reporting period.

310. Current and non-current provisions as of 30 September 2024 mainly comprise provisions for pensions and similar obligations (€ 47.9 million), provisions for litigation and legal costs (€ 38.3 million) and other tax provisions excluding deferred taxes (€ 17.3 million). The decline in provisions in the reporting period resulted mainly from the reclassification of the pension provisions of the nursing care segment to the liabilities of the discontinued operations and from a decline in tax provisions.

311. The liabilities to non-controlling interests are primarily obligations to pay guaranteed dividends under profit and loss transfer agreements or co-investor agreements.

312. The significant increase in current other liabilities as of 30 September 2020 resulted from a purchase price obligation from the acquisition of real estate holdings from the QUARTERBACK Immobilien Group (€ 60.0 million).

313. Deferred taxes are recognised for temporary differences that arise in particular from the fair value measurement of investment properties in accordance with IAS 40 compared to measurement at amortised cost in the tax balance sheet. The significant decline in the period under review reflects impairment losses recognised on investment properties.

314. For further details, please refer to the statements in the Valuation Report.

ad) Market and competitive environment

315. The market and competitive environment is explained in detail in the Valuation Report with regard to general economic development, population development and the development of the residential and investment markets.[130]

316. We consider the statements to be comprehensible and sufficient for the presentation of the market and competitive environment.

130 Cf. Valuation Report, Section 2.3.b).

b) structuring and identification of the valuation object

317. The Valuation Expert correctly considers Deutsche Wohnen and its subsidiaries as the valuation object.

318. The valuation of the group can be performed using different methods, either step by step by recognising the results in the investment result of the participating company or simultaneously by aggregating and consolidating as well as adding the values of each individual group company under consideration of the ownership structure (so-called 'sum-of-the-parts'). Provided that they are applied appropriately, the methods lead to identical results.

319. The Valuation Expert used Deutsche Wohnen's consolidated planning as the basis for his valuation and determined an aggregated value for Deutsche Wohnen including its subsidiaries. Investments whose income is not included in the planning were taken into account as a special value.

320. In summary, we consider the approach of the Valuation Expert to be appropriate for the structuring and identification of the valuation object.

3. Derivation of the net distributions to be capitalised

a) Planning process

321. The planning process for the Deutsche Wohnen Group is basically comparable to the approach taken by the Vonovia Group. In this regard, we refer to the corresponding statements in section II.3.a) in this report. The planning is largely carried out using the planning systems and tools that are used for the planning of the Vonovia Group. The planning for the Deutsche Wohnen Group is based on assumptions that specifically apply to the Deutsche Wohnen Group.

322. The planning was resolved by the Management Board of Deutsche Wohnen on 29 November 2024 and approved by the Supervisory Board of Deutsche Wohnen on 3 December 2024 for the budget year 2025 and the planning for the further planning years was noted.

323. The approach taken by the Vonovia Group for the driver-based extrapolation of the 2025 budget for the further planning years 2026 to 2029 and the subsequent extrapolation for the years 2030 to 2034 based on the previous five-year plan corresponds to the approach taken by the Deutsche Wohnen Group.

324. The Vonovia Group's affiliated companies not belonging to the Deutsche Wohnen Group were treated as external third parties in the planning and taken into account.

325. We have verified the planning system and see no reason why the planning calculations should not be used for business valuation purposes.

b) Planning of the operating result

326. The business plans up to EBIT for valuation purposes of the Deutsche Wohnen Group for the period from 2025 to 2034 and – for comparison purposes – for the current financial year 2024 on the basis of a ‘9+3’ forecast (i.e. actual results until September 2024 and projections for the remaining three months of the 2024 fiscal year) is shown below. EBIT for valuation purposes does not include any effects on earnings from the valuation of investment properties due to the lack of cash effects.

PROJECTED PROFIT AND LOSS STATEMENTS											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
in € million	FC 9+3	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
Revenue in the Rental segment	828.5	848.6	863.7	900.2	937.8	974.0	1,016.0	1,067.1	1,116.5	1,169.1	1,223.2
Expenses Rental	-206.5	-193.7	-192.2	-190.1	-189.0	-187.4	-191.1	-196.3	-201.1	-206.3	-211.4
Adjusted EBITDA Rental	**622.1**	**654.9**	**671.5**	**710.2**	**748.7**	**786.6**	**824.9**	**870.8**	**915.4**	**962.8**	**1,011.8**
Revenue in the Value-add segment	37.1	32.2	39.3	41.1	44.2	47.6	48.5	49.5	50.5	51.5	52.5
Operating expenses in the Value-add segment	-17.7	-19.2	-25.1	-26.5	-28.6	-30.7	-31.3	-31.9	-32.6	-33.2	-33.9
Adjusted EBITDA Value-add	**19.4**	**13.0**	**14.2**	**14.6**	**15.5**	**16.9**	**17.2**	**17.6**	**17.9**	**18.3**	**18.6**
Revenue in the Recurring Sales segment	30.0	48.4	48.4	49.9	51.3	52.9	54.4	56.0	57.7	59.4	61.2
Expenses Recurring Sales	-26.9	-44.1	-40.8	-42.0	-43.2	-44.5	-45.8	-47.1	-48.5	-49.9	-51.4
Adjusted EBITDA Recurring Sales	**3.1**	**4.3**	**7.6**	**7.9**	**8.1**	**8.4**	**8.7**	**8.9**	**9.2**	**9.5**	**9.8**
Revenue from the disposal of "Development to sell" properties	317.7	557.1	440.1	501.4	489.2	854.1	851.2	1,252.4	414.0	593.0	437.6
Cost of Development to sell	-322.1	-488.9	-385.4	-441.2	-411.8	-718.0	-753.2	-1,134.8	-377.5	-486.7	-344.3
Gross profit Development to sell	**-4.4**	**68.2**	**54.6**	**60.3**	**77.3**	**136.2**	**98.0**	**117.6**	**36.5**	**106.3**	**93.3**
Operating Costs and Income Development	1.9	-5.4	-13.6	-6.1	-10.5	-12.8	-8.7	14.0	-2.0	-14.2	-8.1
Adjusted EBITDA Development	**-2.4**	**62.8**	**41.0**	**54.2**	**66.8**	**123.4**	**89.3**	**131.6**	**34.5**	**92.1**	**85.1**
Adjusted EBITDA Total (continuing operatic	**642.1**	**735.0**	**734.4**	**786.8**	**839.2**	**935.3**	**940.1**	**1,028.9**	**977.1**	**1,082.7**	**1,125.4**
Other		121.9	-1.2	-1.3	-1.3	-1.3	-1.4	-1.4	-1.4	-1.4	-1.5
Special items		-7.1	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0
Depreciation and amortization		-23.4	-24.0	-24.3	-24.1	-23.9	-24.4	-24.8	-25.3	-25.8	-26.4
EBIT for valuation purposes		**826.5**	**706.1**	**758.3**	**810.8**	**907.1**	**911.4**	**999.7**	**947.3**	**1,052.4**	**1,094.6**

Source: Business Plan

327. The € 483 million increase in the adjusted EBITDA total from continuing operations of the Deutsche Wohnen Group between 2024 and 2034 (+75 % versus 2024) is mainly attributable to the Rental segment, which is expected to contribute €390 million or 81% of this increase. A further € 88 million (18 %) of the increase is expected to come from the Development segment. The Adjusted EBITDA Total of continuing operations budgeted for 2024 is almost exclusively (97 %) attributable to the core Rental segment.

328. The Rental segment's revenues, which are expected to grow steadily at a CAGR of 4.0 % between 2024 and 2034, are mainly attributable to rental income from residential properties. Rental income from commercial properties accounts for only a small share of revenues, at a maximum of 5.0 %. The revenues for rental units are essentially a function of the current rent level and its planned increase over time, the vacancy rate, the property portfolio and the corresponding living space.

329. The planning of rental income differentiates according to the cause of a rent change. Accordingly, rents are budgeted as rent increases in the core business, among other things, depending on the rent increase potential based on the legal provisions of § 558 BGB for existing rents and § 556d BGB (so-called ‘rent brake’) for new rentals. With regard to the potential for rent increases in accordance with § 556d BGB, it was assumed that the current legal situation, which remains valid until the end of 2025, will remain unchanged until 2034.

330. Further rent increases are assumed due to the provisions of § 559 BGB in connection with modernisation activities, for example in the context of energy-related measures, as well as due to other optimisation and maintenance projects. Furthermore, increasing rental income from residential properties due to new construction activities is taken into account, especially in connection with development to hold projects.

331. Based on the planning of the individual measures, this results in an organic anual increase in rental income of 4.1 % to 6.0 % for the period from 2025 to 2034, aggregated across all individual drivers.

332. The vacancy rate for residential properties was set at a constant 1.3 % over the planning period, which is slightly below the level of 1.5 per cent at the end of 2024.

333. The number of residential units in the portfolio is expected to increase only slightly by around 5,200 units between the end of 2024 and the end of 2034. This development will be driven by additions from development to hold projects and disposals due to recurring sales and non-core disposals.

334. Expenses in the Rental segment relate to maintenance expenses and operating costs, with the former accounting for around two-thirds of total costs.

335. Maintenance expenses were projected to increase gradually at a CAGR of 2.7 % over the period 2024 to 2034, which, with a simultaneously almost constant (2025 to 20 2029) and a slight annual increase (2030 to 2034) in the residential rental area from 2025, this will lead to a steady slight increase in maintenance expenses per square meter. The absolute development of maintenance expenses reflects the expected inflation trends in general as well as specific individual circumstances (e.g. major repairs or regulatory requirements), analogous to the Vonovia Group.

336. Operating costs, which comprise all of the cost items attributable to the Rental segment, are expected to fall slightly in the period from 2024 to 2029, before rising again slightly in the following periods through to 2034.

337. Due to the disproportionately low increase in total rental expenses (CAGR of 0.2 % between 2024 and 2034) compared to revenues, a steady improvement in the Adjusted EBITDA margin margin in the Rental segment from 75.1 % in 2024 to 82.7 % in 2034, which is reflected in the absolute increase of € 390 million.

338. The activities of the Value-add segment relate to housing-related services that complement the rental business. The revenues and earnings contribution of the Value-add segment of the Deutsche Wohnen Group are relatively low compared to their importance at the level of the Vonovia Group. The revenues are mainly attributable to multimedia services. The rental of the coax network in 2024 has a correspondingly positive - but one-off - impact on revenues and adjusted EBITDA for that year. Excluding this effect, both revenues and earnings at the adjusted EBITDA level are forecasted to increase slightly each year for the periods 2025 to 2034.

339. The recurring sales segment, which records the results from sales of individual properties, is of minor importance for the Deutsche Wohnen Group. A positive earnings effect is forecasted in 2026 from the increase in the step-up (Profit from sales in relation to fair value of disposals), assuming revenues remain constant. The step-up percentage rate applied in this year was retained for the following planning periods.

For this reason, the adjusted EBITDA develops - in line with the development of revenues - in absolute values slightly increasing annually from 2027 onwards.

340. The Development segment is highly project-driven and is therefore subject to greater fluctuations over the course of the year than the other segments. In the past, the Deutsche Wohnen Group only carried out such activities to a limited extent, as, among other things, the necessary internal resources and expertise are only partially available. In order to carry out development activities, a stake in the QUARTERBACK Immobilien Group was acquired.

341. Due to the acquisition of real estate from the QUARTERBACK Immobilien Group by the Deutsche Wohnen Group, which was agreed in September 2024, its further development can now be forecast and reflected in the planning. The portfolio consists mainly of building plots that are being developed for the Deutsche Wohnen Group by the BUWOG development units of the Vonovia Group, which are not part of the Deutsche Wohnen Group. The corresponding development activities are to be largely completed by 2031, which is why a sharp decline in revenues from 2031 to 2032 has been budgeted, as no further new projects are planned.

342. The contribution to earnings reflected in the adjusted EBITDA relates exclusively to projects categorised as development to sell, as the contribution to earnings from the valuation of development to hold projects is non-cash and therefore not relevant for valuation purposes. The adjusted EBITDA for the segment has been budgeted in line with the fluctuating nature of the gross profits from development to sell due to the project-based nature of the operating activities. Accordingly, the planned step-up for the segment shows strong fluctuations across the years.

343. The ‘Other’ item includes the results from the sale of projects in the non-core portfolio. These include, for example, the sale of entire buildings or complete real estate portfolios. In 2025, the effects of the ongoing sale of parts of the care business, among other things, are recognised in this line.

344. The special items mainly relate to transaction costs. The cost planning for the years from 2026 was carried out on a flat-rate basis, with the planning approach remaining unchanged until 2034.

345. The depreciation and amortisation reflect the corresponding scheduled amortisation of intangible assets and depreciation of property, plant and equipment. This item does not include the effects of the fair value measurement of assets classified as investment properties.

c) Sustainable operating result

346. The Valuation Expert has estimated the future earnings power of Deutsche Wohnen assuming perpetual continuation in order to derive the sustainable operating earnings (EBIT). He proceeded as follows:

347. Since the last planning year does not represent a steady state, the Valuation Expert has further developed the planning calculation as part of a transition phase until 2044. From 2045, the sustainable earnings were extrapolated using the sustainable price-related growth rate.

348. We verified the transition effects considered in the context of the transition phase from 2035 onwards and consider the approach to be plausible. [131]

349. We consider the long-term assumed earnings growth of 1.5 % used in the business valuation to be adequate.

131 Cf. valuation report, Section 5.2.h) and Section 6.2.h).

d) Net distributions after personal income tax

da) Derivation of Net distributions after personal income tax

350. We have reconstructed the derivation of the net distributions after personal taxes in the Valuation Expert's valuation model and verified it in terms of reasonableness in the context of our own valuation model.

351. The derivation is clearly presented in the Valuation Report.[132] We consider the derivation to be appropriate.

db) Financial results, corporate taxes and minority interests

352. The Valuation Expert derived the financial result on the basis of an integrated extrapolation of the balance sheet and financial planning as of 31 December 2024 under consideration of the planned distributions and investments as well as changes in net working capital and provisions. Net interest includes interest expenses and interest income.[133]

353. We consider the derivation of the financial result and the approach to be appropriate. The parameters used correspond to the company's current and expected financing conditions and are comprehensible.

354. The corporate taxes were determined on the basis of the earnings before taxes under consideration of the trade and corporate tax and the solidarity surcharge as well as the foreign corporate taxes. The existing losses carried forward were recorded integrated in the capitalised earnings value. In addition, the Valuation Expert took into account the planned development of the tax deposit account in the planned distributions and, to the extent possible, distributed from the tax deposit account with a tax-reducing effect.

355. We have verified the calculation of the corporate taxes in terms of content and arithmetic and consider them to be properly derived.

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132 Cf. Valuation Report, Section 6.2.j).
133 Cf. Valuation Report, Section 6.2.3).

dc) Dividend policy and personal income tax

356. Basically, when determining the distributions in the planning period, the business planning should be used primarily and only for the terminal value should a distribution behaviour equivalent to an investment in an equity portfolio be assumed.

357. In line with the distribution policy planned by the company, the valuation expert has, for reasons of consistency, set a distribution of 50% of the earnings before taxes (EBT) on which the valuation is based in the detailed planning period and the transition phase for reasons of simplification.[134]

358. For the terminal value, the Valuation Expert has assumed a notional full distribution of net income, which is divided equally between the value contribution from distributions and the value contribution from retained earnings. The Valuation Expert derives a distribution rate of 50% in relation to net income from the middle of the range of market-average distribution behaviour. [135]

359. According to our analysis, the value of the amount distributed lies within a range that can be regularly observed on the market.

360. For the tax treatment at the shareholder level, the Valuation Expert differentiates between the value contribution from distribution ('distribution') and a value contribution from retained earnings ('retention'). When deriving the personal income tax on the value contribution from distribution, the income tax rate on dividends including the solidarity surcharge was applied at 26.38 % (flat tax) if no distribution from the tax-recognised contribution account is planned.[136]

361. In the terminal value, the valuation expert has assumed, for the sake of simplicity, that the value contribution from retained earnings accrues directly to the shareholders under consideration of the tax consequences at shareholder level. The value contribution from retained earnings was therefore reduced by the standardised capital gains income tax and the inflation-related increase in the company's value. In doing so, the Valuation Expert applied half of the withholding tax rate, including the solidarity surcharge, totalling 13.18 %.[137]

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[134] Cf. Valuation Report, Section 6.2.j).
[135] Cf. Valuation Report, Section 6.2.j).
[136] Cf. Valuation Report, Section 6.2.j).
[137] Cf. Valuation Report, Section 6.2.j).

362. In the terminal value, the valuation expert considered a reinvestment amount (including the expected internal financing of the transition phase)[138] of around € 60 million to be necessary to finance sustainable growth. Since sustainable growth can only be achieved by investments in the broader sense (including changes in working capital, etc.) and the associated financing, we consider this approach to be appropriate.

363. In our opinion, the assumptions made by the Valuation Expert and the approach chosen to determine the distributions and take personal taxes into account are adequate.

138 Cf. Valuation Report, Section 6.4.a).

4. capitalisation rate

364. The capitalisation rate represents, in line with the approach taken by Vonovia, the return on an alternative investment adequate to the investment in the company being valued.

365. For further information, we refer to the statements in section II.4.

a) Riskfree rate

366. When calculating the equity value of Deutsche Wohnen, the Valuation Expert applies a risk-free rate of 2.50 % before personal taxes and 1.84 % after personal taxes, which is analogous to the risk-free rate applied to the equity value of Vonovia.[139]

367. For further information, we refer to the statements in section II.4.a)

368. The riskfree rate of 2.50 % before personal taxes and 1.84% after deduction of the standardised income tax burden used in the valuation of Deutsche Wohnen was correctly determined.

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[139] Cf. Valuation Report, Section 5.3.a) and Section 6.3.a).

b) Risk premium

ba) Application of the Tax-CAPM

369. The application of the Tax-CAPM by the Valuation Expert is analogous to the procedure applied for Vonovia and is therefore appropriate. We refer to our statements in section D. II. 4.

bb) Market risk premium

370. In determining the equity value of Deutsche Wohnen, the Valuation Expert applies a market risk premium after personal taxes of 5.75 %, analogous to the determination of the equity value of Vonovia.[140]

371. We accordingly refer to our statements in section D. II. 4.

bc) Beta factor

372. For a general discussion of the derivation of beta factors and the criteria for determining a valid and predictable beta factor, please refer to our statements in section D. II. 4.

373. The shares of Vonovia are listed on a stock exchange. Accordingly, an proprietary historical beta factor can be determined. The Valuation Expert concludes that the development of the Deutsche Wohnen share price was significantly influenced by takeover rumours and offers by Vonovia in the past. Furthermore, Deutsche Wohnen has to be considered a de facto controlled company since 30 September 2021.[141] Therefore, the Valuation Expert concludes that the use of Deutsche Wohnen's proprietary beta for the purpose of determining the objectified business value is not possible due to its lack of forecasting suitability.[142]

374. We were able to understand the statements and explanations of the Valuation Expert and confirm them.

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140 Cf. Valuation Report, Section 5.3.a) and Section 6.3.a).
141 Cf. Valuation Report, Section 6.3.b).
142 Cf. Valuation Report, Section 6.3.b).

375. In order to validate and verify the plausibility of the exclusion of the proprietary beta factor carried out by the Valuation Expert for the purposes of determining an objectified business value, we have additionally carried out our own analyses to derive the proprietary beta factor of Deutsche Wohnen and its forecast suitability.

376. We agree with the Valuation Expert's assessment and believe that it cannot be assumed that the equity yields of Deutsche Wohnen properly and timely reflect changes in the economic environment.[143] Therefore, the proprietary beta of Deutsche Wohnen is not a suitable basis for determining the risk premium. For further explanations in this regard, please also refer to our statements in section **Fehler! Verweisquelle konnte nicht gefunden werden. Fehler! Verweisquelle konnte nicht gefunden werden.**.

377. In this context, the Valuation Expert determines beta factors on the basis of a group of comparable listed companies. This is in line with the requirements of IDW S 1.[144]

378. Using the beta factors of a peer group has the statistical advantage of a significantly larger number of observations compared to the approach of using the beta factor of only one company. By calculating an average of several peer group beta factors, fluctuations and differences in beta factors that cannot be explained by the operating activities and capital structure are smoothed, so that the beta factor derived from an appropriate peer group is highly relevant for forecasting.

379. In order to determine a beta factor suitable for forecasting Deutsche Wohnen, the Valuation Expert analyses four companies that are active in comparable business areas:

- Vonovia SE, Germany
- LEG Immobilien SE, Germany
- TAG Immobilien AG, Germany
- Grand City Properties S.A., Luxembourg.

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143 Cf. Dörschell/Franken/Schulte, Der Kapitalisierungszinssatz in der Unternehmensbewertung, 2. Aufl. 2012, p. 167.

144 Cf. IDW S 1, Tz. 121 and further IDW, WPH Edition, Bewertung und Transaktionsberatung 2018, Kap. A Tz. 402 ff.

380. We have verified the selection of the peer group companies by the valuation expert in terms of content and checked it on the basis of the information provided to us and our own research. All companies used are active in similar business areas to Deutsche Wohnen and are therefore basically suitable as peer group companies.[145]

381. For this peer group, the valuation expert determines unlevered beta factors for a two-year observation period at weekly return intervals and for a five-year observation period at monthly return intervals by regressing against the broad local C-DAX and against the global MSCI World Total Return Index. The Valuation Expert calculates the unlevered beta factors under consideration of uncertain tax shields and under consideration of debt capital subject to default risk (the so-called 'debt beta'). [146]

382. We consider the approach under consideration of different time periods and indices and under consideration of the debt beta to be appropriate.[147] Even though other possible time periods (e.g. three years) or other parameters (other indices or return intervals) are also conceivable, the periods and parameters used are generally accepted in practice and take into account a sufficient range of possible variants.

UNLEVERED BETAS

	2 years (weekly)		5 years (monthly)	
Company	C-DAX	MSCI ACWI	C-DAX	MSCI ACWI
Vonovia SE	0.40	0.46	0.45	0.49
LEG Immobilien SE	0.42	0.52	0.48	0.51
TAG Immobilien AG	0.59	0.61	0.53	0.58
Grand City Properties S.A.	0.46	0.46	0.45	0.48
Average	**0.47**	**0.51**	**0.48**	**0.52**

Source: Valuation Expert

383. Based on the consideration of all factors and analyses, the valuation expert derives an unlevered beta factor of 0.44 for the valuation of Deutsche Wohnen (expert derivation).[148]

145 Cf. the description of the peer group companies in the appendix.
146 Cf. Valuation Report, Section 6.3.a) and Section 5.3.b).
147 Cf. IDW, WPH Edition, Bewertung und Transaktionsberatung, Kap A, Tz. 413.
148 Cf. Valuation Report, Section 6.3.b).

384. Under consideration of the different approaches for determining the beta factors, we are of the opinion that there is no evidence that the selected beta factor was not chosen appropriately. In particular, the comparable risk profiles of Deutsche Wohnen and Vonovia and the advanced stage of the integration of Deutsche Wohnen into the Vonovia group, we consider it appropriate to use a uniform unlevered beta factor for both companies.

385. We consider the risk premium of 2.53% (unlevered) resulting from the applied value of the market risk premium (5.75%) and the unlevered beta factor (0.44) to be adequate.

c) Growth discount

386. For a general discussion, we refer to our statements in section D. II. 4.

387. The Valuation Expert correctly states that the sustainable price-related growth rate of the Deutsche Wohnen Group is subject to the same factors as that of the Vonovia Group. On this basis, the Valuation Expert applies a sustainable growth discount of 1.5 %.[149]

388. The valuation expert has appropriately reflected Deutsche Wohnen's specific situation in the valuation report. Based on these considerations, we see no indications that would justify a higher growth discount than 1.5 % and consider the growth discount applied for Deutsche Wohnen to be adequate.

d) Period-specific capitalisation rates

389. The derivation of capitalisation rates after personal taxes of Deutsche Wohnen calculated by the valuation expert for specific periods is shown below:

PERIOD-SPECIFIC COST OF CAPITAL DERIVED BY EBNER STOLZ

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	TV
Risk-free rate before personal tax	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Personal taxes	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%
Risk-free rate after personal tax	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**
Market risk premium after personal	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%
Unlevered beta	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44
Gearing	0.81	0.73	0.74	0.74	0.77	0.80	0.76	0.70	0.69	0.66	0.45
Levered beta	0.61	0.60	0.61	0.59	0.62	0.64	0.64	0.61	0.61	0.61	0.55
Risk surcharge	**3.51%**	**3.44%**	**3.48%**	**3.42%**	**3.57%**	**3.66%**	**3.66%**	**3.49%**	**3.50%**	**3.54%**	**3.17%**
TV growth rate											-1.50%
Cost of capital	**5.35%**	**5.28%**	**5.32%**	**5.26%**	**5.41%**	**5.50%**	**5.50%**	**5.33%**	**5.34%**	**5.38%**	**3.51%**

Source: Analysis of Ebner Stolz

149 Cf. Valuation Report, Section 5.3.c) and Section 6.3.c).

390. In conclusion, we consider the respective levels of the period-specific capitalisation rates applied to be adequate.

5. Special values

391. Deutsche Wohnen Vonovia has no non-operating assets.

392. As part of the business valuation, the Valuation Expert has recognised those investments that were not considered in the business planning as a special value. The underlying financial planning used to determine the capitalised earnings value thus contains no financial income from these investments. [150] The Valuation Expert has set the book value as the lower limit for the investments and also considered a simplified valuation based on the results of past years. Where the latter leads to a higher value compared to the book value, has applied this.

393. We have verified the explanations and calculations of the Valuation Expert and consider the approach to be reasonable.

394. Furthermore, the Valuation Expert has not identified any non-operating assets. [151] In the course of our audit, we did not become aware of any material non-operating assets.

150 Cf. Valuation Report, Section 6.4.b).
151 Cf. Valuation Report, Section 6.4.b).

6. Business value and value per share

395. The discounted earnings value of Deutsche Wohnen's operating business is calculated by discounting the sum of the net distributions, including the value contributions from retained earnings, using the discount rate specific to the period. The valuation expert calculated the discounted earnings value correctly in mathematical terms as of the technical valuation date of 1 January 2025. As of the valuation date of 23 January 2025, the valuation expert determined the following equity value and value per share for Deutsche Wohnen:

PRESENT VALUE DERIVATION PROVIDED BY EBNER STOLZ

in € million	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	TV
Net income	**561**	**509**	**543**	**542**	**589**	**563**	**622**	**564**	**627**	**651**	**620**
Internal financing	-222	-233	-254	-243	-257	-242	-260	-235	-255	-261	-60
Distribution potential	339	276	289	299	332	321	361	329	373	389	560
Value proposition from distribution	339	276	289	299	332	321	361	329	373	389	333
Personal tax on dividends	90	73	76	79	87	85	14	12	8	13	64
Value proposition from profit accun	0	0	0	0	0	0	0	0	0	0	226
Personal tax on capital gains	0	0	0	0	0	0	0	0	0	0	49
Personal tax on capital gains	0	0	0	0	0	0	0	0	0	0	0
Net earnings	**250**	**203**	**213**	**220**	**244**	**237**	**347**	**317**	**364**	**377**	**446**
Capitalisation rate	5.35%	5.28%	5.32%	5.26%	5.41%	5.50%	5.50%	5.33%	5.34%	5.38%	3.51%
Discount factor	0.95	0.90	0.86	0.81	0.77	0.73	0.69	0.66	0.62	0.59	16.88
Present value	**237**	**183**	**182**	**179**	**188**	**173**	**241**	**209**	**228**	**223**	**7,532**
Special value	122										
Present value as of 1 January 20	**9,697**										
Compounding factor	1.0033										
Present value as of 23 January 2025	**9,729**										

Source: Analysis of Ebner Stolz

396. The valuation expert used the specific capitalisation rate of the first planning year to discount the value as of the technical valuation date to the valuation date and discounted the sum of the present values as of 31 December/1 January 2025 by 23 days to 23 January 2025.

397. Deutsche Wohnen's value per share is € 24.51. This is calculated by dividing the capitalised earnings value as of 23 January 2025 by the number of Deutsche Wohnen shares, excluding treasury shares (396,934,985 shares).

398. We have mathematically and methodically verified the derivation of the equity value with no objections to make.

IV. Stock market price

1. Assessment of the stock market price as a lower value limit

399. As the shares of Vonovia and Deutsche Wohnen are traded on stock exchanges. Therefore, case law of the Federal Constitutional Court[152] applies, according to which the share price generally represents the lower limit of compensation for minority shareholders in the case of company agreements and incorporations.

400. According to the Federal Supreme Court, the average share price for the three-month period ending prior to the announcement of the structural measure is to be used .[153] If a longer period of time is between the announcement of the structural measure and the day of the general meeting and the development of share prices makes an adjustment appear necessary, the share price is to be extrapolated in accordance with the general or industry-typical development of the value, taking into account the general development of stocks since then.[154] The question of when such a "longer period" exists has not been conclusively clarified in case law. However, a period of up to six months is considered uncritical in literature and case law.[155]

401. Deutsche Wohnen's and Vonovia‘s ad hoc notification of Vonovia‘s intention to conclude a DPLTA with Deutsche Wohnen was made on 18 September 2024. [156] Thus, there will be approximately four months until the date of the Annual General Meeting to be held on 23 January 2025. This does not represent a longer period of time within the meaning of the case law of BGH.

402. In determining the reference period, the valuation expert used a reference period ending on 5 November 2022.[157] We consider this approach to be appropriate for the stock market price of Deutsche Wohnen.

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152 Cf. decision of BVerfG, 1 BvR 1613/94 of 27 April 1999, BVerfGE 100, 289.
153 Cf. BGH, decision of 19 July 2010, AG 2010, p. 629 ff, "Stollwerck".
154 Cf. BGH, decision of 19 July 2010, AG 2010, p. 629 ff, "Stollwerck", repeated by decision of 28 June 2011, II ZB 2/00, AG 2011, p. 590 f.
155 Cf. for example Koch in Koch, AktG, 16th ed. 2022, § 305 marginal no. 44 with further references; OLG Stuttgart of 05.06.2013 - 20 W 6/10, para. 250.
156 Cf. https://ir.deutsche-wohnen.com/websites/dewohnen/German/6100/news.html?newsID=0670845b-07bf-4062-8731-d2735a04d547 (Last accessed on 9 December 2024)
157 Cf. Valuation Report, Section 4.1.

403. According to the case-law of the Federal Constitutional Court, the share price cannot be used as a lower limit if the shares of the company are only traded to a small extent or do not reflect the market value of shares due to special influences.[158] This is particularly the case if there has been practically no trading in the company's shares over a longer period of time, if the individual shareholder is not able to sell his shares at the stock exchange price due to a narrow market or if the share price is manipulated.[159]

404. As a basis for the assessment of whether a narrow market exists, the requirements of § 5 para. 4 WpÜG-Angebotsverordnung can be used, according to which a narrow market exists if, during the last three months prior to the publication of the structural measures under company law, share prices were recorded on less than one third of the stock exchange days and several successively determined stock exchange prices deviate from each other by more than 5 %.

405. Based on our analyses we also come to the conclusion that there is no narrow market within the meaning of § 5 para. 4 WpÜG-Angebotsverordnung and the share price can thus be seen as a lower value limit.

406. For the three month reference period up to and including the cut-off date of 17 September 2024, the valuation expert calculates an average share price of € 19.81.[160] We have verified these values by inspecting the BaFin notification and analysing the stock market price ourselves.

2. Assessment of the stock market price in terms of the 'true value'

a) General

407. According to the recent case law of the Federal Court of Justice (BGH), the settlement payment under § 305 AktG can be determined on the basis of stock market prices and the compensation under § 304 AktG can also be determined by annuitising the average stock market price of the controlled company, provided that the stock market price reflects the true value and earnings expectations of the company. [161] The assessment of the stock market price in terms of its consideration as a divestment value and thus as a

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158 Cf. BVerfG, decision of 27 April 1999, 1 BvR 1613/94, BVerfGE 100, 289.
159 Cf. BGH, decision of 12 March 2001, II ZB 15/00, loc. cit.
160 Cf. Valuation Report, Section 4.2.b).
161 Cf. BGH, decision of 21 February 2023, Ref. II ZB 12/21 and BGH, decision of 31 January 2024, Ref. II ZB 5/22.

lower value limit must be distinguished from the assessment of whether the stock market price reflects the 'true value' in the sense of the 'full (economic) value equalisation' required by case law. In this context, the adequacy is to be assessed in terms of whether the future earnings power of the company is appropriately reflected in the stock market price.[162]

408. The standard for judging the informative value of the share price with regard to the 'true' value is stricter than for judging the 'lower limit of value'. In the context of this, the Valuation Expert has carried out additional analyses with regard to the liquidity and the liquidity measures of the shares of Deutsche Wohnen.

b) Liquidity measures and economic assessment

409. As a liquidity measure, the valuation expert analysed the average trading volume and the average bid-ask spreads. Based on this analysis, it can be seen that both the average trading volume and the average bid-ask spread of Deutsche Wohnen shares have significantly deteriorated in the last five years prior to the cut-off date of 17 September 2024, whereas the Vonovia share has shown significantly more stable values and the Deutsche Wohnen share has significantly less liquidity compared to Vonovia.[163]

410. Under consideration of the liquidity criteria in Article 22 of the Commission Regulation (EC) No 1287/2006 of 10 August 2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards record-keeping obligations for investment firms , transaction reporting, market transparency, admission of financial instruments to trading, the share of Deutsche Wohnen is to be considered illiquid in the relevant three-month period based on our analyses, as it shows an average of fewer than 500 transactions per day and less than € 2 million in daily trading. The Vonovia share is to be categorised as a liquid share even under consideration of these criteria. Although the EU regulation mentioned above is not directly applicable in the present case, it represents a relevant benchmark for defining minimum requirements for the liquidity of stock trading in our opinion.[164]

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162 Cf. BGH, decision of 21 February 2023, Ref. II ZB 12/21 and BGH, decision of 31 January 2024, Ref. II ZB 5/22.

163 Cf. Valuation Report, Section 4.3.b).

164 The securities acquisition and takeover senate of the Higher Regional Court of Frankfurt (reference number WpÜG 1/20) has also applied the criteria of the aforementioned EU regulation to assess the liquidity of a share.

411. With an average daily trading volume of less than € 1.5 million and an average daily trading volume of around 75,000 shares in the three months up to the stock market reporting date, only a very small proportion (approximately 0.02 %) of Deutsche Wohnen shares are traded daily. A professional investor who wants to buy or sell a significantly larger number of shares has to expect that this would only be possible over a longer period of time and with a significant influence on the share price, so that a significant disadvantage would arise in the event of a larger purchase (with the consequence of a price increase) and a later sale (with the consequence of a price decrease) of a larger number of shares. This usually makes such shares less attractive to larger investors, such as funds, for example, with the result that demand for these shares falls, without there being any connection with the inherent profitability of the company.

412. In addition to the liquidity measures, economic considerations must also be taken into account to determine the extent to which the pricing of Deutsche Wohnen shares can reflect actual profitability in terms of ‘true’ value.

413. The shares of Deutsche Wohnen have a low free float of around 12.29% and are therefore not available as an investment opportunity for potential investors seeking to achieve a blocking minority or to exert further influence on the business activities of the company. Due to the already significant integration of Deutsche Wohnen into the Vonovia Group, a sale of Deutsche Wohnen by Vonovia is not expected, at least in the medium term. However, minority shareholders could have expected the conclusion of a DPLTA before 18 September 2024.

414. Deutsche Wohnen has acceded to the revised framework service agreement between Vonovia Group companies with effect from 1 January 2023. Under the framework service agreement, Deutsche Wohnen transferred numerous tasks and activities that it had previously performed itself to other Vonovia Group companies. This was accompanied by the transfer of employees (partly as personnel leasing).[165] Deutsche Wohnen is organisationally integrated into the Vonovia Group and there is a fiscal unity for VAT purposes with Vonovia.

415. The high degree of integration of Deutsche Wohnen into Vonovia already in place may make the share less attractive for investors compared to Vonovia and other peer group companies, without the inherent profitability of Deutsche Wohnen being affected.

165 Cf. Annual Report 2023 of Deutsche Wohnen SE, Combined Management Report p. 54.

416. Deutsche Wohnen has only made distributions of € 0.04 per share for each of the years 2021 to 2023. This corresponds to the minimum distribution according to § 254 para. 1 AktG. As far as investors expect that only small dividend payments will be made in the future, regardless of the profitability and cash flows of Deutsche Wohnen, this is likely to affect the performance of the Deutsche Wohnen share price. By contrast, Vonovia intends to propose a dividend of 50 % of adjusted EBT plus excess liquidity from the operating free cash flow after deducting the equity component for the profitable investment programme. An investment in Deutsche Wohnen could therefore be considered less advantageous than an investment in Vonovia (which includes the majority of the shares in Deutsche Wohnen) in terms of dividend payments, irrespective of the earnings prospects of the company.

417. The capitalised earnings value of Deutsche Wohnen determined by the Valuation Expert is higher than the three-month average share price of Deutsche Wohnen of €1 9.81. This is also an indication that the share price does not fully reflect the earnings prospects and the ‘true value’ of the company.

c) Conclusion

418. In conclusion, based on the liquidity criteria we have applied and the other circumstances, it cannot be assumed that the share price of Deutsche Wohnen reflects the actual (full) profitability and the ‘true value’ of Deutsche Wohnen.

419. In our view, the relevant valuation metric for Deutsche Wohnen is thus the capitalised earnings value.

420. By contrast, Vonovia's share price basically appears suitable to reflect Vonovia's full earnings power.

V. Plausibility check of the equity value

a) Trading-Multiples

421. A comparative market valuation can be carried out by determining value ranges on the basis of multiple analyses or industry-specific valuation methods.

422. In multiple analyses, the value of the company can be derived as the product of a reference value of the company (often a turnover or profit figure) and the corresponding multiple of listed peer companies ("trading multiples") or derived from comparable transactions ("transaction multiples").

423. Simplified valuation methods, e.g. methods based on earnings or turnover multiples, can be used as a plausibility check of the equity value determined according to the capitalised earnings method.[166] However, a multiple analysis cannot replace a more detailed business valuation. Nonetheless, it can provide supplementary indications for an assessment of the value determined using the capitalised earnings method.

424. The valuation expert has checked the plausibility of the capitalised earnings values of Vonovia and Deutsche Wohnen, by using EBITDA- multiples of the peer group that was also used to derive the beta factor.

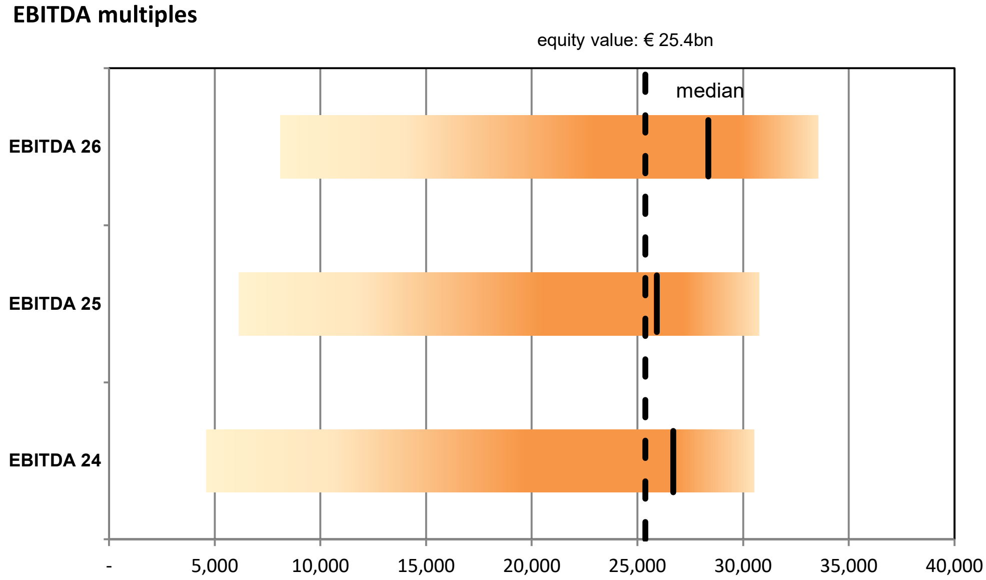
425. We have retraced the derivation of multiples using our own analyses, which we conducted on the basis of data from S&P Global Market Intelligence. Due to the multitude of professional analyst estimates regarding the economic development of the peer group companies, deviations from the comparative values determined by the Valuation Expert may arise in individual cases in our analyses. In order to exclude possible distortions due to the selection of individual analyst estimates, we based our analysis on the aggregated expectations of the so-called consensus estimates, which we determined using data from the information provider S&P Global Market Intelligence. Based on our analyses, we have not gained any insights that would lead us to a different conclusion.[167]

166 Cf. IDW S 1, section 8.3.4.

167 The larger ranges compared to the Valuation Expert are due to the lower multipliers of the Grand City Properties and - as far as can be seen - are due to different data from the database providers.

426. The bandwidth of the equity values of Vonovia resulting from EBITDA-Multipliers compared to the capitalised earnings value is shown in the following chart:

Equity value of VONOVIA
EBITDA multiples



Equity value in €m; source: S&P Global Market Intelligence, own analyses.

427. The range of equity values for Vonovia resulting from the EBITDA multiples is between € 4,591 million and € 3,550 million.

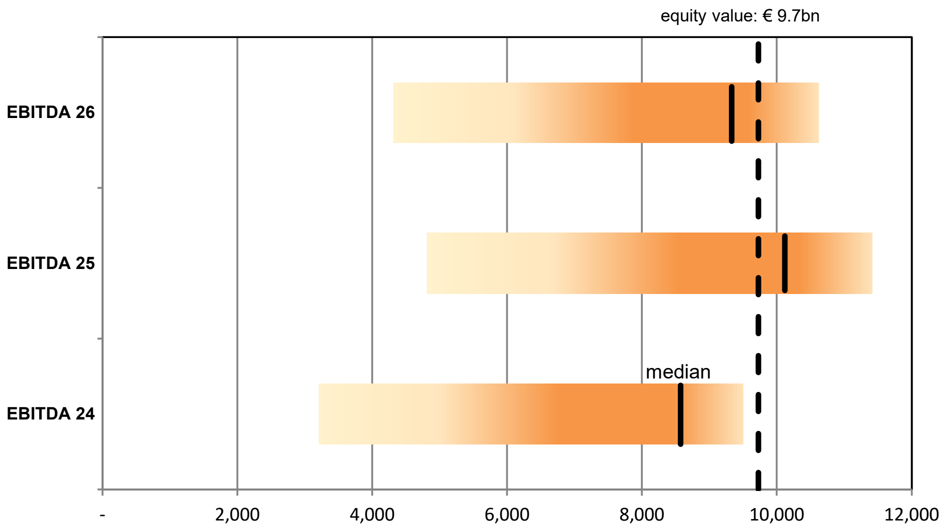
428. The multiple-based valuation shows that the capitalised earnings value of € 25,374,7 million determined by the valuation expert is within the range determined by the EBITDA multiples analysis.

429. In line with the approach taken for Vonovia, the Valuation Expert checked the plausibility of the equity value of Deutsche Wohnen determined using the capitalised earnings method with the help of EBITDA multiples based on the peer group that was also used to determine the beta factor (including Vonovia).

430. We verified the derivation of the multipliers and, in line with the approach taken for Vonovia, checked their plausibility based on our own analyses, which we performed using data from the information provider S&P Global Market Intelligence. Based on our own analyses, we did not gain any insights that would lead us to a different conclusion. [168]

431. The bandwidth of the equity values of Deutsche Wohnen resulting from EBITDA-Multipliers compared to the capitalised earnings value is shown in the following chart:

Equity value of DEUTSCHE WOHNEN SE - EBITDA multiples



Equity value in €m; source: S&P Global Market Intelligence, own analyses.

432. The range of equity values for Vonovia resulting from the EBITDA multiples is between € 3,208 million and € 11,411 million.

433. The multiple-based valuation shows that the capitalised earnings value of € 9,728 million determined by the valuation expert is within the range determined by the EBITDA multiples analysis.

434. Our results are thus comparable with those of the Valuation Experts in terms of their informative value. In our view, there is no reason to believe that the capitalised earnings value does not represent a plausible result.

435. Overall, we conclude that the equity values of Vonovia and Deutsche Wohnen are within the range of values derived from the trading multiples for the respective market value of equity. The plausibility check provides no reason to doubt the adequacy of the equity

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168 The larger ranges compared to the Valuation Expert are due to the lower multipliers of the Grand City Properties and - as far as can be seen - are due to different data from the database providers.

values of Vonovia and Deutsche Wohnen determined using the capitalised earnings method.

b) NAV - Multiples

436. In valuation practice, in particular for asset management companies, the net asset value ('NAV') is considered a supplementary measure. [169] The Valuation Expert correctly states that the NAV method is only of limited use for business valuation purposes and is only applicable to purely asset management companies without operating business.

437. Notwithstanding this, we have analysed multiples based on the NAV[170] as an industry-standard measure in relation to the market capitalisations of these companies for plausibility purposes. In doing so, we also used the peer group described above.

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169 Cf. Valuation Report, Section 3.5.

170 Under consideration of the EPRA-NTA (as far as explicitly stated in the respective annual report), i.e. the Net Tangible Assets. According to the EPRA definition, the NTA is determined, among other things, under the assumption that real estate is bought and sold and that deferred taxes are partially realised.

EPRA-NTA

in € million	12/2023 ACT	06/2024 ACT	09/2024 ACT
Deutsche Wohnen SE	16,977	16,676	16,606
Vonovia SE	38,141	36,604	36,746
LEG Immobilien SE	9,380	9,129	9,265
TAG Immobilien AG	3,212	3,216	3,266
Grand City Properties SA	4,014	3,944	3,985

Source: Annual reports

Market capitalisation

in € million	12/2023 ACT	06/2024 ACT	09/2024 ACT
Vonovia SE	23,250	21,847	26,932
LEG Immobilien SE	5,878	5,679	6,984
TAG Immobilien AG	2,316	2,399	2,915
Grand City Properties SA	1,755	1,862	2,179

Source: Annual reports, S&P Global Market Intelligence.

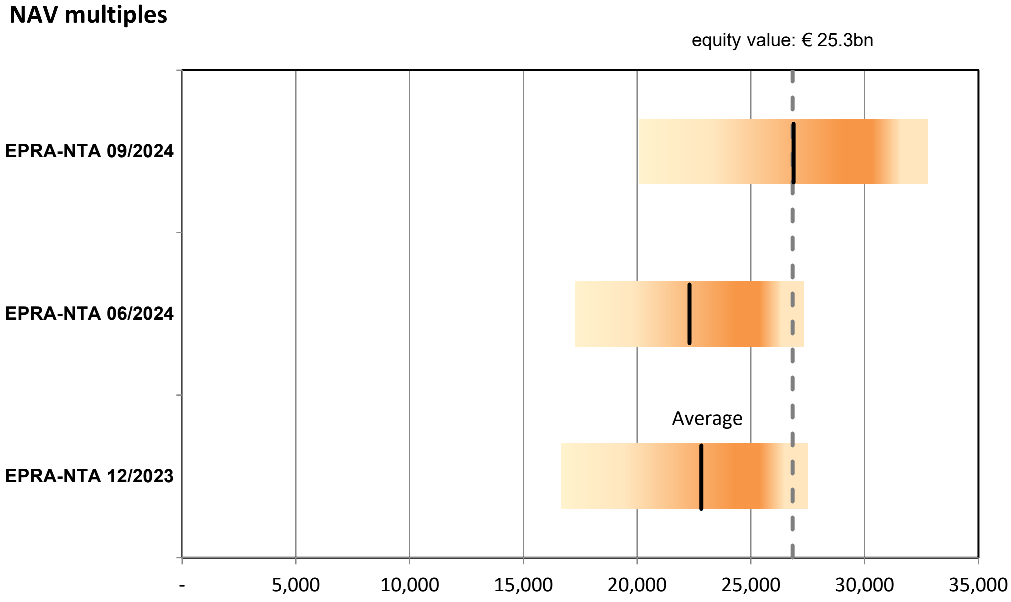
EPRA-NTA / market capitalisation

	12/2023 ACT	06/2024 ACT	09/2024 ACT
Vonovia SE	0.61	0.60	0.73
LEG Immobilien SE	0.63	0.62	0.75
TAG Immobilien AG	0.72	0.75	0.89
Grand City Properties SA	0.44	0.47	0.55
Min	**0.44**	**0.47**	**0.55**
Max	**0.72**	**0.75**	**0.89**
Average	**0.60**	**0.61**	**0.73**
Median	**0.62**	**0.61**	**0.74**

Source: Own calculation

438. The bandwidth of the equity values of Vonovia resulting from NAV-Multipliers compared to the capitalised earnings value is shown in the following chart:

Equity value of VONOVIA -
NAV multiples

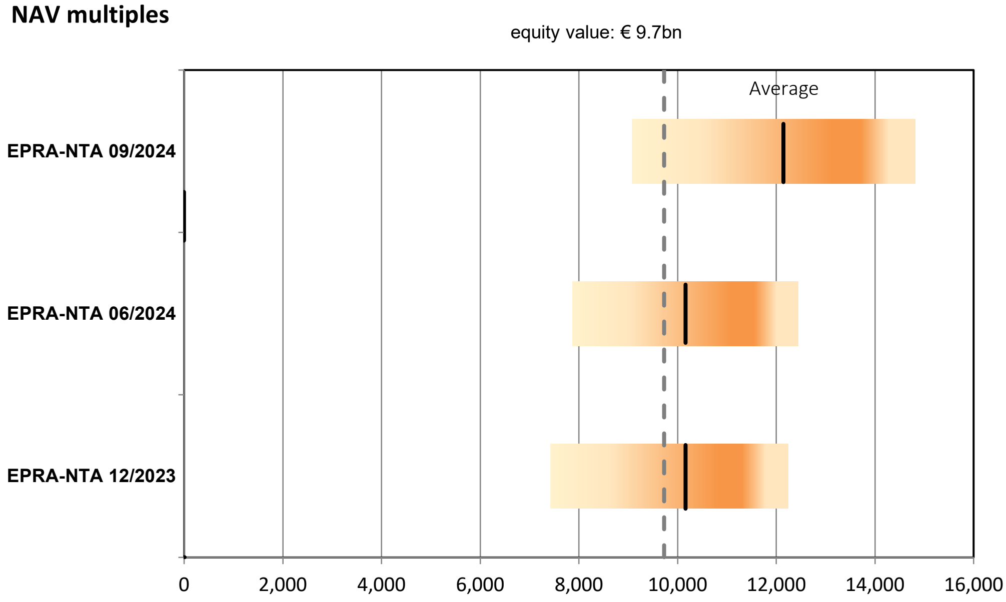


Equity value in €m; source: Annual reports of peer group, own analyses.

439. The range of equity values for Vonovia resulting from the NAV multiples is between € 16,673 million and € 32,794 million. The multiple-based valuation shows that the capitalised earnings value of € 25,374 million determined by the valuation expert is within the range determined by the NAV multiples analysis.

440. The bandwidth of the equity values of Deutsche Wohnen resulting from NAV-Multipliers compared to the capitalised earnings value is shown in the following chart:

Equity value of DEUTSCHE WOHNEN SE - NAV multiples



Equity value in €m; source: Annual reports of peer group, own analyses.

441. The range of equity values for Vonovia resulting from the NAV multiples is between € 7,421 million and € 14,820 million. The multiple-based valuation shows that the capitalised earnings value of € 9,728 million determined by the valuation expert is within the range determined by the NAV multiples analysis.

442. Overall, we conclude that the equity values of Vonovia and Deutsche Wohnen are within the range of values derived from the NAV multiples for the respective market value of equity. The plausibility check provides no reason to doubt the adequacy of the equity values of Vonovia and Deutsche Wohnen determined using the capitalised earnings method.

VI. Derivation of appropriate settlement and compensation

a) Appropriate settlement payment in accordance with § 305 AktG in the form of the exchange ratio

443. The value per share of Deutsche Wohnen using the capitalised earnings method on a pro rata basis, i.e. by dividing the resulting equity value by the number of shares issued (withour treasury shares)[171], amounts to € 24.51. The stock exchange price of € 19.81, which is to be considered the minimum value for Deutsche Wohnen, lies below the proportional value per share determined on the basis of the capitalised earnings method, so that the stock exchange price is not to be used as the minimum value in this case.

444. In the context of the shareholders of Deutsche Wohnen being offered shares in Vonovia as a settlement payment, it must be ensured that the exchange ratio ensures that the value does not fall below this lower limit.

445. The value per share determined on the basis of the equity value of Vonovis SE, i.e. by dividing the equity value determined according to the capitalised earnings method by the number of common shares issued, [172] is € 30.84.

446. The stock exchange price, which is to be considered the minimum value for Vonovia, amounts to € 29.36 lies below the proportional value per share determined on the basis of the capitalised earnings method, so that the stock exchange price is not to be used as the minimum value in this case.

447. To determine the settlement payment to be granted to the exiting shareholders of Deutsche Wohnen in form of the exchange ratio, the capitalised earnings value of € 30.84[173] per share of Vonovia was used in relation to the capitalised earnings value of € 24.51 per share of Deutsche Wohnen. This results in an exchange ratio of 0.7947 Vonovia shares for one Deutsche Wohnen share.

448. Based on an exchange ratio of 0.7947 Vonovia shares for one Deutsche Wohnen share and Vonovia's three-month average price of € 29.36, the value of one Deutsche Wohnen share is € 23.33. This value lies above the lower limit of € 19.81.

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171 396.934.985 shares excluding treasury shares.
172 822.852.925 shares.
173 Cf. § 31 Para. 7 WpÜG i.V.m. § 5 Para. 3 WpÜG-AngVO.

449. As a result of our audit, we conclude that the settlement payment offered in the form of an exchange ratio of 0.7947 Vonovia shares for one Deutsche Wohnen share is adequate.

450. During the valuation of Deutsche Wohnen and Vonovia, no special difficulties as defined by § 293e para. 1 sentence 3 no. 3 AktG arose.

451. Should significant changes in the asset, financial and profit situation or other fundamental parameters of the business valuation of the respective companies or the exchange ratio occur in the period between the completion of our audit on 14 December 2024 and the date of the resolution on the DPLTA on the shareholders' meeting of Deutsche Wohnen on 23 January 2025or Vonovia on 24 January 2025, these would have to be reflected in the calculation of the compensation.

b) Adequacy of compensation in accordance with § 304 AktG

452. The basis for the determination of the compensation payment is the equity value of Deutsche Wohnen as of 31 December 2024 / 1 January 2025 in the amount of € 9,696.6 million including special values. In order to determine the compensation payment, the valuation expert derived the equity value per share of € 24.43 per common share. [174]

453. In case of the annualisation of the equity value, the valuation expert assumed a risk- and term-equivalent interest rate, which was determined by considering the specific risk situation of the remaining shareholders resulting from the DPLTA. Given that the DPLTA includes a clause that (temporarily) reinstates the compensation offer pursuant to § 305 AktG upon termination of the agreement, the main risk remaining is the credit risk for Vonovia as the debtor of the compensation payment.

454. Accordingly, the valuation expert did not use the (full) capitalisation rate to determine the compensation, but the riskfree base rate increased by the credit spread of Vonovia in the amount of 1.70 %, which reflects the three-month average of Vonovia's longer-term bond yields.[175] The annuitisation rate before personal taxes is thus 4.20 %.

455. This approach is accepted in case law and common in valuation practice for cases where the DPLTA contains a clause for the revival of the settlement offer in case of termination of the DPLTA.

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174 Cf. Valuation Report, Section 7.2.d).
175 Cf. Valuation Report, Section 7.2.).

456. The annuity interest rate derived by the valuation expert does not include a growth discount. Since it is a constant (non-growing) amount, the valuation expert's approach is appropriate.

457. In view of the decision of the BGH on 21 July 2003[176], the Valuation Expert has determined the so-called gross profit share in order to allow for the effects of potential changes in the corporate income tax burden on the amount of the compensation payments. The gross compensation is equal to the annualisation of the equity value before deduction of corporate taxes and amount to € 1.22 per share. To derive the compensation payment, the amount of corporate taxes incl. solidarity surcharge has to be deducted from the gross compensation. At the time of this valuation, the corporate taxes incl. solidarity surcharge amounts to 15.825 %,[177] which results in a corporate tax deduction of € 0.19 per share.

458. As a result, the valuation expert has determined a compensation payment of € 1.03 per share of Deutsche Wohnen.

459. Should significant changes in the asset, financial and profit situation or other fundamental parameters of the business valuation of Deutsche Wohnen occur in the period between the completion of our audit on 14 December 2024 and the date of the resolution on the DPLTA on the shareholders' meeting of Deutsche Wohnen on 23 January 2025, these would have to be reflected in the calculation of the compensation.

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176 Cf. BGH decision of 21. Juli 2003, II ZB 17/01, WM 2003, S. 1859 et seqq.

177 In the event of a change in KSt/SolZ tax rates, the compensation payment according to Kst/SolZ shall change accordingly in accordance with § 4.2 of the DPLTA.

E. Final declaration

460. Following the final result of our mandatory audit pursuant to §§ 293b para. 1, 293e para. 1 sentence 2 AktG on the basis of the documents and writings submitted to us and the information and evidence provided to us, we declare the following:

461. The domination and profit transfer agreement between Vonovia and Deutsche Wohnen complies with statutory regulations.

462. The calculated settlement in the form of an exchange ratio of 0.7947 Vonovia shares for one Deutsche Wohnen share is appropriate.

463. The determined compensation payment before personal taxes is € 1.03 and is appropriate.

464. The appropriate gross compensation pursuant to § 304 AktG amounts to € 1.22 per share less any amount to be paid by Deutsche Wohnen for corporate income tax plus solidarity surcharge. This amount has to be determined by considering the corporate income tax rate applicable for the respective financial year. The corporate tax rate applicable at the time of the conclusion of the agreement (15 % KSt plus 5.5 % SolZ)[178] results in a deduction of € 0.19 per common share. The compensation payment thus amounts to € 1.03 per share of Deutsche Wohnen.

465. The value per share of Deutsche Wohnen resulting from the capitalised earnings method, i.e. by dividing the equity value by the number of shares[179], amounts to € 24.43. As the shares are publicly traded, the average share price during the reference period of € 19.81 had to be considered as a lower limit.

466. The determination of the exchange ratio and the compensation per share by the valuation expert RSM Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, has been carried out appropriately. We consider the determination of the exchange ratio based on the capitalised earnings values of Deutsche Wohnen and Vonovia to be adequate.

467. No special difficulties as defined by § 293e para. 1 sentence 3 no. 3 AktG arose during the valuation by Deutsche Wohnen and Vonovia.

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178 In the event of a change in the KSt/SolZ tax rates, the compensation payment according to KSt/SolZ shall change accordingly in accordance with 4.2 of the DPLTA.

179 396,934,985 shares without treasury shares.

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468. We therefore state the concluding declaration pursuant to § 293e AktG as follows

"In our opinion, for the reasons set forth above, the proposed settlement of 0.7947 registered non-par-value common shares of Vonovia SE for one common share of Deutsche Wohnen SE is appropriate. Likewise, the gross compensation pursuant to § 304 AktG in the amount of € 1.22 per common share less any amount to be paid by Deutsche Wohnen for corporate income tax plus solidarity surcharge is appropriate. Given the tax rate of 15.0 % KSt plus 5.5 % SolZ applicable at the time of the conclusion of the agreement, this results in a deduction amount of € 0.19 per common share. The compensation payment thus amounts to € 1.03 per common share of Deutsche Wohnen for a full financial year and is appropriate."

Düsseldorf, 15 December 2024

I-ADVISE AG
Wirtschaftsprüfungsgesellschaft

Dr. Jochen Beumer	Frank Sichau
Wirtschaftsprüfer	Wirtschaftsprüfer

APPENDICES

Appendix 1: Brief description of the peer group

Deutsche Wohnen SE, Germany develops and manages residential properties in Germany. The company operates through Rental, Value-add, Recurring Sales, Development, and Care segment. The Rental segment offers value-enhancing management to residential real estate portfolio. The Value- add segment engages in the core business of letting. This segment includes multimedia services and the supply of energy. The Recurring Sales segment includes sales of individual condominiums and single-family homes. The Development segment includes project development to create new living space. The care segment includes all activities related to the management of care facilities and the leasing of care properties. Deutsche Wohnen SE was founded in 1924 and is headquartered in Berlin, Germany. Deutsche Wohnen SE operates as a subsidiary of Vonovia SE.

Vonovia SE, Germany operates as an integrated residential real estate company in Europe. It operates through four segments: Rental, Value-Add, Recurring Sales, and Development. The company offers property management services; property-related services; and value-added services, including maintenance and modernization of residential properties, craftsmen and residential environment organization, condominium administration, cable TV, metering, energy supply, and insurances services. It also engages in the sale of individual condominiums and single-family houses; and project development activities. The company was formerly known as Deutsche Annington Immobilien SE and changed its name to Vonovia SE in August 2015. Vonovia SE was founded in 1998 and is headquartered in Bochum, Germany.

LEG Immobilien SE, Germany together with its subsidiaries, operates as an integrated property company in Germany. The company engages in the performance of services and management of equity investments; property management and location development; performance of services for third parties and housing industry services; and generation of electricity and heat activities. It also provides information technology (IT) services for third parties; and management services for third-party properties. The company's property portfolio consisted of residential units; commercial units; and garages and parking spaces in North Rhine-Westphalia. LEG Immobilien SE was founded in 1970 and is headquartered in Düsseldorf, Germany.

TAG Immobilien AG, Germany, a real estate company, engages in the acquisition, development, and management of residential real estate properties in Germany. The company operates residential flats and apartments. It also rents commercial real estate properties. The company was formerly known as TAG Tegernsee Immobilien-und Beteiligungs-Aktiengesellschaft and changed its name to TAG Immobilien AG in September 2008. TAG Immobilien AG was founded in 1882 and is headquartered in Hamburg, Germany.

Grand City Properties S.A., Luxembourg engages in the residential real estate business in Germany, the United Kingdom, and internationally. The company invests in, manages, and rents real estate properties in North Rhine-Westphalia and Berlin; metropolitan regions of Dresden, Leipzig, and Halle; and the cities in the north of Germany, Bremen, Hamburg, and Hannover, as well as other major urban centers, such as Nuremberg, Munch, Mannheim, Frankfurt, and London. Grand City Properties S.A. was founded in 2004 and is based in Luxembourg, Luxembourg. Grand City Properties S.A. is a subsidiary of Aroundtown SA.

Landgericht Berlin II
Az.: 102 AR 9/24 AktG

Beschluss

In dem Verfahren
nach §§ 293b, 293c AktG, Art. 9 Abs. 1 SE-VO

Beteiligte:

1) **Deutsche Wohnen SE**, vertreten durch d. Vorstand, Mecklenburgische Straße 57, 14197 Berlin
- Antragstellerin -

2) **Vonovia SE**, vertreten durch d. Vorstand, Universitätsstraße 133, 44803 Bochum
- Antragstellerin -

hat das Landgericht Berlin II - Kammer für Handelssachen 102 - durch den Vorsitzenden Richter am Landgericht Pade als Einzelrichter am 02.10.2024 beschlossen:

Auf den Antrag der Antragstellerinnen vom 18. September 2024 wird die

I-ADVISE AG Wirtschaftsprüfungsgesellschaft, vertreten durch d. Vorstand, Klaus-Bungert-Straße 5 a, 40468 Düsseldorf

zur gemeinsamen Prüferin des zwischen den Beteiligten beabsichtigten Beherrschungs- und Gewinnabführungsvertrages bestellt.

Die Wirtschaftsprüfungsgesellschaft erfüllt nach der dem Gericht gegenüber abgegebenen Erklärung vom 5. September 2024 die Bedingungen des § 327 c Abs. 2 AktG und ist insbesondere nicht nach § 319 Abs. 2 und 3 HGB von der Prüfertätigkeit ausgeschlossen.

Der sachverständigen Prüferin wird aufgegeben, je ein Exemplar ihres Prüfberichtes in gedruckter sowie elektronischer Form für das Gericht zu den Akten zu reichen.

Ansprüche, die auf Gebühren- und/oder Auslagenerstattung gegen das Land Berlin gerichtet sind, kann die Prüferin aus der Bestellung nicht herleiten.

Die Antragstellerinnen haben die Kosten dieses Bestellungsverfahrens nach einem Verfahrenswert von 20.000,00 € zu tragen.

Pade
Vorsitzender Richter am Landgericht

LANDGERICHT BERLIN II

Für die Richtigkeit der Abschrift
Berlin, 10.10.2024

Weber, JBesch
Urkundsbeamter der Geschäftsstelle
Durch maschinelle Bearbeitung beglaubigt
- ohne Unterschrift gültig

Domination and Profit and Loss Transfer Agreement

by and between

Vonovia SE (Bochum Local Court (*Amtsgericht*), HRB 16879)

- hereinafter ***Controlling Company*** -

and

Deutsche Wohnen SE (Charlottenburg Local Court (*Amtsgericht*), HRB 190322 B)

- hereinafter ***Controlled Company*** -

- The Controlling Company and the Controlled Company hereinafter jointly referred to as the ***Parties*** -

§ 1
Management Control

(1) The Controlled Company subordinates the management (*Leitung*) of its company to the Controlling Company. Accordingly, the Controlling Company is entitled to issue instructions (*Weisungen*) to the Management Board of the Controlled Company regarding the management of the Controlled Company, which the Management Board of the Controlled Company is obliged to follow. The Controlling Company is not entitled to issue the instruction to amend, maintain or terminate this Agreement to the Management Board of the Controlled Company.

(2) Instructions must be issued in text form (section 126b of the German Civil Code (*Bürgerliches Gesetzbuch – **BGB***)), whereas this form shall be deemed complied with in particular by email and fax. Where instructions are issued orally, they must be confirmed in text form without undue delay, whereas such form shall also in this case be deemed complied with in particular by email and fax.

§ 2
Transfer of profit

(1) The Controlled Company undertakes, for the first time for the financial year in which this Agreement is registered in the commercial register of the Controlled Company, to transfer its entire profits to the Controlling Company (*Gewinnabführung*). The provisions of section 301 of the German Stock Corporation Act (*Aktiengesetz* – ***AktG***) (maximum amount of profit transfer) apply as amended from time to time; should, in the event of future amendments to section 301 AktG, the wording of the Agreement be in conflict with that statute, the latter will take precedence.

(2) The Controlled Company may, with the consent of the Controlling Company given in text form, allocate parts of its annual net income to profit reserves (section 272(3) of the German Commercial Code (*Handelsgesetzbuch* - ***HGB***)) if and to the extent permitted under commercial law and as economically justified by reasonable commercial judgement.

(3) Other profit reserves in accordance with section 272(3) HGB established while this Agreement is in effect shall – as far as permitted by law – be dissolved at the request of the Controlling Company in text form and transferred as profit in accordance with the requirements of section 301 AktG as amended from time to time. Other reserves and profits carried forward and profit reserves from the period prior to the effectiveness of this Agreement may neither be transferred as profit to the Controlling Company nor be used to compensate for any annual net loss. The same applies to capital reserves, regardless of whether they were established before or after this Agreement came into effect.

(4) The claim for the transfer of profit arises at the end of the financial year of the Controlled Company (balance sheet date). It becomes due upon approval of the annual financial statements for the relevant financial year of the Controlled Company.

§ 3
Assumption of losses

(1) The Controlling Company undertakes, for the first time for the financial year in which this Agreement is registered in the commercial register of the Controlled Company, to assume losses in accordance with the provisions of section 302 AktG, as amended from time to time.

(2) The obligation pursuant to subsection (1) becomes due in any event at the end of the financial year of the Controlled Company (balance sheet date).

§ 4
Recurring compensation payments

(1) The Controlling Company guarantees and will pay, for the first time for the financial year in which this Agreement is registered in the commercial register of the Controlled Company an annually recurring cash payment to the minority shareholders (*außenstehenden Aktionären*) of the Controlled Company for each full financial year of the Controlled Company throughout the duration of the Agreement (***Recurring Compensation Payment***) (*Ausgleichszahlung*).

(2) The Recurring Compensation Payment amounts for each full financial year of the Controlled Company for each no-par value bearer share in the Controlled Company with a notional interest in the share capital of gross EUR 1.00 to a gross sum of EUR 1,22 (***Gross Amount of Recurring Compensation***) minus the amount of any corporate income tax and the solidarity surcharge payable by the Controlled Company thereon in accordance with the tax rate applicable to these taxes for the relevant financial year, whereby the entire Gross Amount of Recurring Compensation results from Deutsche Wohnen's profits being subject to corporate income tax. Thus, based on the situation at the time of conclusion of this Agreement, the portion of the Gross Amount of Recurring Compensation which relates to profits made by the Controlled Company being subject to German corporate income tax and which is equal to EUR 1,22 per share of the Controlled Company, is subject to a deduction of 15% corporate income tax plus 5.5% solidarity surcharge thereon, that is EUR 0,19. The Recurring Compensation Payment amounts to EUR 1,03 per share of the Controlled Company for each full financial year, based on the situation at the time of conclusion of this Agreement (***Net Amount of Recurring Compensation***). For the avoidance of doubt, any withholding tax (such as withholding tax on investment income (*Kapitalertragsteuer*) plus solidarity surcharge thereon) will be withheld from the Net Amount of Recurring Compensation to the extent required by statutory law.

(3) The Recurring Compensation Payment is due on the first banking day following the annual general meeting of the Controlled Company for the preceding financial year, but no later than eight months following the end of the relevant financial year.

(4) If the Agreement ends during the current financial year of the Controlled Company, the Recurring Compensation Payment will be granted *pro rata temporis* with a corresponding adjustment of the relevant amounts.

(5) In the event of capital measures by the Controlled Company, the Recurring Compensation Payment will be adjusted if and to the extent required by law.

(6) If appraisal proceedings (*Spruchverfahren*) according to the German Act on Appraisal Proceedings (*Spruchverfahrensgesetz* - ***SpruchG***) are initiated and the court adjudicates a legally binding higher Recurring Compensation Payment, the minority shareholders, even if they have already been compensated according to section 5, are entitled to demand payment of a corresponding amount in addition to the Recurring Compensation Payments received by them if and to the extent provided for by law.

§ 5
Compensation

(1) The Controlling Company undertakes to purchase, at the request of any minority shareholder of the Controlled Company, the shares of such shareholder in the Controlled Company in exchange for no-par-value registered shares with a notional interest in the share capital of the Controlling Company of EUR 1.00 each (***Compensation Shares***) at an exchange ratio of 0.7947 Compensation Shares per share of the Controlled Company (***Exchange Ratio***).

(2) Fractional shares of Compensation Shares (***Fractional Shares***) will be compensated in cash. For the purposes of compensation in cash, Fractional Shares attributable to individual shareholders will first be consolidated into full share rights for all shares issued on a delivery date, and the resulting Compensation Shares will be sold by Deutsche Bank AG (***Settlement Agent***) on the stock exchange; the holders of Fractional Shares will receive compensation in cash amounting to the portion of the relevant sales proceeds corresponding to their Fractional Shares. If Fractional Shares still exist after the consolidation of Fractional Shares, compensation in cash will be issued in the amount of the *pro rata* closing price of the Compensation Shares in XETRA trading (or a corresponding successor system) on the Frankfurt Stock Exchange two days before the relevant compensation in cash is credited by the Settlement Agent.

(3) The Controlling Company's obligation to purchase the shares in the Controlled Company ends two months after the date on which the registration of this Agreement in the commercial register of the Controlled Company has been made known (*bekannt gemacht*). An extension of the period pursuant to section 305(4) sentence 3 AktG due to a motion for determination of the Recurring Compensation Payment or the compensation by the court determined according to section 2 SpruchG remains unaffected. In this case, the period ends

two months after the date on which the decision on the last motion ruled on has been published in the Federal Gazette (*Bundesanzeiger*).

(4) If capital measures are implemented by the Controlling Company or the Controlled Company prior to the end of the period specified in subsection (3), the Exchange Ratio will be adjusted if and to the extent required by law.

(5) The transfer of the shares of the Controlled Company in exchange for the Compensation Shares to be granted is free of charge for the minority shareholders of the Controlled Company, provided that they possess a domestic securities account.

(6) If appraisal proceedings pursuant to the SpruchG are initiated and the court adjudicates a legally binding higher compensation, the minority shareholders, even if they have already received the compensation, are entitled to demand payment of a corresponding amount in addition to the compensation if and to the extent provided by law.

(7) If this Agreement ends upon termination by the Controlling Company at a time when the period specified in subsection (3) for accepting the compensation pursuant to subsection (1) has already expired, the Controlling Company will be obliged, at the request of any minority shareholder of the Controlled Company at that time, to purchase the shares of such shareholder in the Controlled Company in return for no-par-value registered shares with a notional interest in the share capital of the Controlling Company of EUR 1.00 each at the Exchange Ratio stated in subsection (1). In the event the compensation payable for each share of the Controlled Company under subsection (1) is increased as a result of a legally binding court decision in appraisal proceedings, the Controlling Company will purchase the shares in the Controlled Company offered by the minority shareholder at the exchange ratio determined in the appraisal proceedings. This obligation of the Controlling Company under this subsection (7) is subject to a time limit. The obligation ends two months after the day on which registration of the termination of this Agreement in the commercial register of the Controlled Company has been announced in accordance with section 10 HGB. Subsections (4) and (5) will apply *mutatis mutandis*.

§ 6
Effectiveness and term

(1) This Agreement is made subject to the approval being granted by both the Controlling Company's general meeting and the Controlled Company's general meeting. The Agreement becomes effective upon its entry in the commercial register at the seat (*Sitz*) of the Controlled Company and – with the exception of the right to issue instructions under

section 1 – will apply retroactively as of the beginning of the financial year in which this Agreement is registered in the commercial register at the seat of the Controlled Company. The right to give instructions will only apply as and from the time of the entry of the Agreement in the commercial register at the seat of the Controlled Company.

(2) The Controlling Company may rescind this Agreement in writing at any time until its entry in the commercial register of the Controlled Company without stating any reasons.

(3) The Agreement is made for an indefinite period. The Agreement can be ordinarily terminated upon six months' prior notice, to the end of the Controlled Company's financial year. Notwithstanding the right to terminate for good cause (*aus wichtigem Grund*), the Agreement may be terminated for the first time with effect as of the end of the Controlled Company's financial year in which the minimum term for tax purposes pursuant to section 14(1) sentence 1 no. 3 in conjunction with section 17 of the German Corporate Income Tax Act (*Körperschaftsteuergesetz* - ***KStG***) and section 2(2) sentence 2 of the German Trade Tax Act (*Gewerbesteuergesetz*), each as amended from time to time, has been completed (according to current legislation, after five calendar years' (*Zeitjahre*) time (60 months); hereinafter ***Minimum Term***).

(4) The Parties are entitled to terminate the Agreement, in particular, if

(a) as a result of the sale of shares or for other reasons, the requirements for the financial integration of the Controlled Company into the Controlling Company for tax purposes are no longer met as a result of such measure;

(b) the Controlling Company transfers its investment in the Controlled Company to a different entity;

(c) insolvency proceedings have been initiated regarding the Controlling Company's assets;

(d) the other Party is likely unable to satisfy its obligations existing under the Agreement (section 297(1) sentence 2 AktG);

(e) the Controlling Company or the Controlled Company is merged, split, or liquidated; or

(f) the Controlling Company or the Controlled Company changes its legal form to that of a partnership (*Personengesellschaft*); or

(g) there exists a reason recognized by the tax authorities as constituting good cause for the early termination of a profit and loss transfer agreement.

(5) If the validity of this Agreement or its due and proper implementation is not, either in whole or in part, recognised for tax purposes, the Parties agree that the Minimum Term will in any case begin on the first day of the financial year of the Controlled Company in relation to which the requirements for the recognition of the Agreement's validity or due and proper implementation for tax purposes are first met or are met again for the first time.

§ 7
Severability

(1) Amendments and additions to this Agreement will be subject to section 295 AktG, as amended from time to time.

(2) Furthermore, amendments and additions to this Agreement must be made in writing, unless notarisation is required. This also applies to a waiver of this written form requirement.

(3) In the event that any provision of this Agreement is, or proves to be, invalid, inoperative or unenforceable, in whole or in part, then the validity, operability and enforceability of the remaining provisions of the Agreement will not be affected thereby. The invalid, inoperative or unenforceable provision shall be deemed replaced by a provision which, to the extent permitted by law, comes as close as possible to the economic result of the invalid, inoperative or unenforceable provision. In the event that this Agreement is found to contain any gap, a provision shall apply that would have been agreed by the Parties in light of their economic intent if they had been aware of the gap.

(4) The Parties agree that the foregoing provisions not only lead to a reversal of the burden of proof but also exclude the applicability of section 139 BGB. The Parties expressly declare that this Agreement is not intended to form legal unit (*rechtliche Einheit*) (section 139 BGB) with any other legal transactions or agreements entered into or made between the Parties in the past or in the future.

(5) In case of any doubt, the preceding provisions shall be interpreted in light of the validity requirements for forming a consolidated tax group (sections 14 et seq. KStG).

Vonovia SE
The Executive Board
Bochum, 15 December 2024

Rolf Buch	Philip Grosse
Member of the Executive Board, CEO	Member of the Executive Board, CFO

Deutsche Wohnen SE
The Executive Board
Berlin, 15 December 2024

Lars Urbansky	Olaf Weber
Member of the Executive Board, CEO	Member of the Executive Board, CFO

[Translator's notes are in square brackets]

General Engagement Terms

for
Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2024

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (Wirtschaftsprüferinnen/Wirtschaftsprüfer) or German Public Audit Firms (Wirtschaftsprüfungsgesellschaften) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing (Textform) or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties. A German Public Auditor is also entitled to invoke objections (Einwendungen) and defences (Einreden) arising from the contractual relationship with the engaging party to third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (Grundsätze ordnungsmäßiger Berufsausübung). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (betriebswirtschaftliche Prüfungen), the consideration of foreign law requires an express agreement in writing (Textform).

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information submitted as well as the explanations and statements provided in a statement as drafted by the German Public Auditor in a legally accepted written form (gesetzliche Schriftform) or any other form determined by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in a legally accepted written form (gesetzliche Schriftform) or in writing (Textform) as part of the work in executing the engagement, only that presentation is authoritative. Drafts of such presentations are non-binding. Except as otherwise provided for by law or contractually agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing (Textform). Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's consent be issued in writing (Textform), unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for subsequent performance (Nacherfüllung) in writing (Textform) without delay. Claims for subsequent performance pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: Handelsgesetzbuch], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: Wirtschaftsprüferordnung], § 203 StGB [German Criminal Code: Strafgesetzbuch]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, claims for damages due to negligence arising out of the contractual relationship between the

engaging party and the German Public Auditor, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: Produkthaftungsgesetz], are limited to € 4 million pursuant to § 54 a Abs. 1 Number 2 WPO. This applies equally to claims against the German Public Auditor made by third parties arising from, or in connection with, the contractual relationship.

(3) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(4) The maximum amount under paragraph 2 relates to an individual case of damages. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million.

(5) A claim for damages expires if a suit is not filed within six months subsequent to the written statement (Textform) of refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

(6) § 323 HGB remains unaffected by the rules in paragraphs 2 to 5.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report (Bestätigungsvermerk), he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's consent, issued in a legally accepted written form (gesetzliche Schriftform), and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any material errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing (Textform), ongoing tax advice encompasses the following work during the contract period:

a) preparation and electronic transmission of annual tax returns, including financial statements for tax purposes in electronic format, for income tax, corporate tax and business tax, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
b) examination of tax assessments in relation to the taxes referred to in (a)
c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing (Textform).

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (Steuerberatungsvergütungsverordnung) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (Textform).

(6) Work relating to special individual issues for income tax, corporate tax, business tax and valuation assessments for property units as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax and real estate sales tax;
b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (Textform) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (Verbraucherschlichtungsstelle) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (Verbraucherstreitbeilegungsgesetz).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.