

## Disposal of €1.0bn Minority Common Equity Participation in Südewo Portfolio

Transaction Overview & Update on Financial Maturities Cover

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# Transaction Overview

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- €1.0bn minority common equity participation in “Südewo” portfolio to be sold to Apollo, on behalf of its affiliated and third-party insurance clients and other long-term investors. The investment represents an ownership of just under 30% adjusted for minorities.
- The transaction values the Südewo portfolio at €3.3bn on a debt free and cash free basis, implying a discount below 5% to its fair value as of December 31, 2022, and below 6% to the fair value as of June 30, 2022.
- Vonovia retains a long-term call-option to repurchase the participation at an IRR of 6.95%-8.30% (including dividends received), and hence retains 100% of the upside of any outperformance of the portfolio. There is no obligation for Vonovia to exercise the call-option.
- The minority participation includes a higher-than pro-rata share of the dividend distribution by Südewo and will have customary minority investor protection rights.
- Vonovia will continue to control, operate and consolidate the portfolio, which comprises more than 21k residential units in locations across the southwestern state of Baden-Württemberg.
- Closing of the transaction is expected to occur around May 31, 2023 and is subject to further conditions such as the absence of material adverse changes and regulatory clearances.
- With the proceeds, Vonovia generates ~50% of the targeted €2bn free cash flow from asset disposals to which the company committed for 2023E.
- The transaction has no material impact on Vonovia’s near term Group FFO per share or NTA per share. Vonovia intends to use the proceeds for liability management and to cover upcoming debt maturities, with the company’s LTV expected to be reduced by 1 percentage point to 44.1% and Net debt / EBITDA by 0.3x to 15.5x.

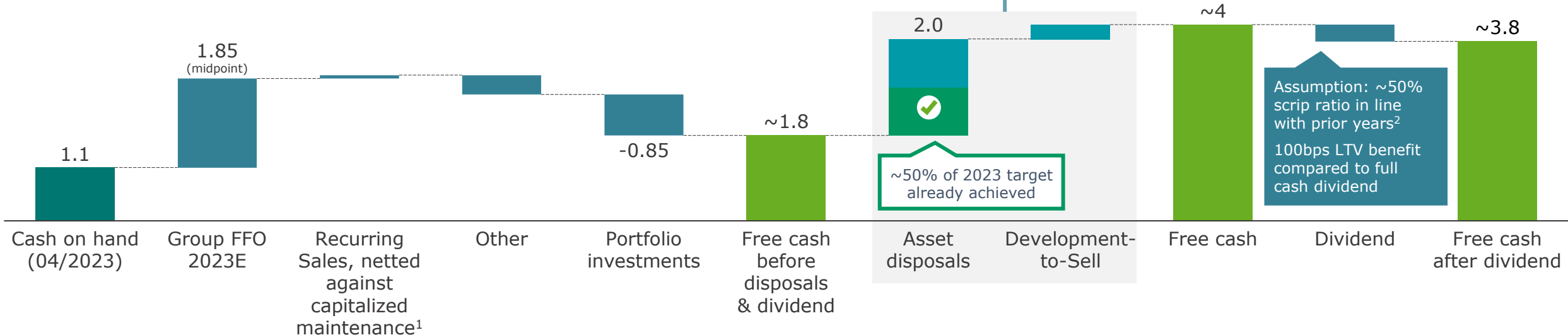
# Update on 2023E Free Cash (as of 04/2023)

~50% of Asset Disposal Target Already Achieved

- With the proceeds from the Südewo transaction, Vonovia generates ~50% of the targeted free cash flow from asset disposals to which the company committed for 2023E (at least €2bn).
- All disposal efforts communicated with FY2022 results will continue.

JV structures	Südewo portfolio and portfolio in Sweden
Municipalities	Clear interest from social democrat gov'ts with tight markets
DW healthcare	Vonovia is supportive of a disposal but only at the right terms
Non-core	Residential assets with little strategic relevance
MFH	Low-yielding assets in top locations; few deals as market is slow
Commercial assets	~€1bn across granular asset base. First tranche in the market
Development	Sales primarily to owner occupiers; global exits also possible

Estimated Free Cash Flow for 2023 (€bn)

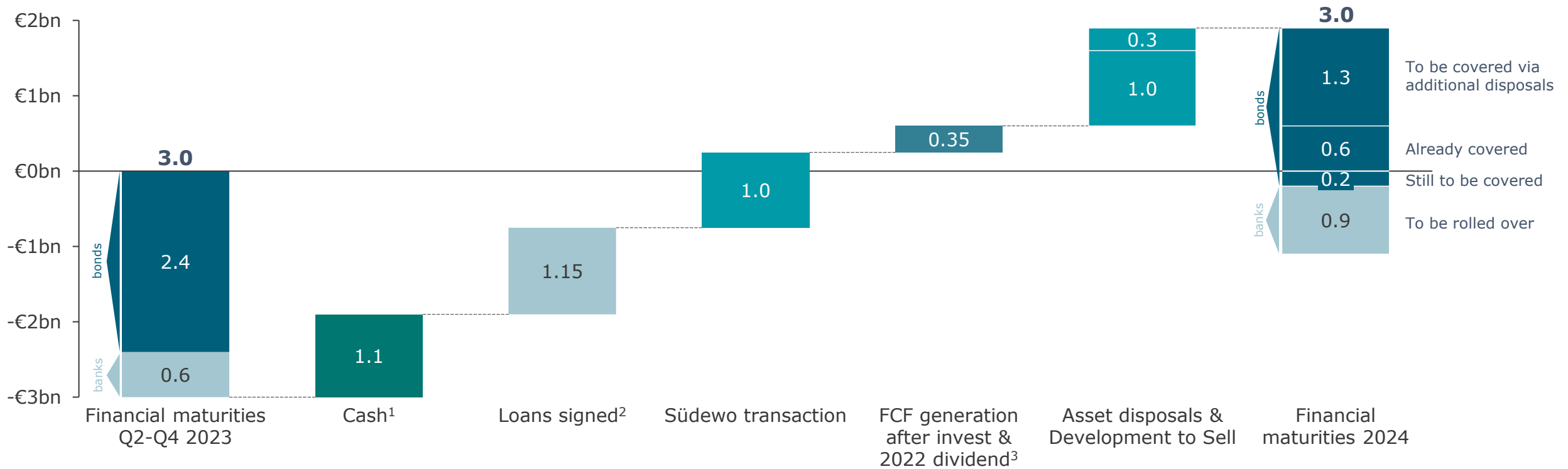


<sup>1</sup> Cash from selling 3,000 units @25% FV step-up (to the extent it is not yet accounted for in EBITDA) netted against capitalized maintenance of ~€12/sqm. <sup>2</sup> 46% average acceptance rate over last six years.

# 2023 & 2024 Financial Maturities vs. Cash Flow (as of 04/23)

This Year Is Fully Covered; 2024 Is Partially Covered

- Secured debt to be rolled over. Continued appetite in the banking market at comparatively attractive terms.
- Additional liquidity to be used for delevering and liability management.



<sup>1</sup> Net of Commercial Paper. <sup>2</sup> European Investment Bank and Berlin Hyp. <sup>3</sup> 2023E Group FFO accounting for Recurring Sales, capitalized maintenance, investments, FY2022 dividend (assuming ca. 50% scrip ratio) and other.

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Tables and diagrams may include rounding effects.

Per share numbers for 2013-2014 are TERP adjusted (TERP factor: 1.051). Subscription rights offering in 2015 due to Südewo acquisition.

Per share numbers for 2013-2020 are TERP adjusted (TERP factor: 1.067). Subscription rights offering in 2021 due to Deutsche Wohnen acquisition.