

Deutsche Wohnen SE  
2023 Annual General Meeting

on 15 June 2023

Speech by the  
Co-Chief Executive Officers

## Konstantina Kanellopoulos, Co-CEO

**Ladies and Gentlemen,  
Dear Shareholders,**

It is my pleasure to welcome you to this year's Annual General Meeting of Deutsche Wohnen SE.

Lars Urbansky and I would like to give you an overview of the past year, take a look at the successful integration with Vonovia SE, outline the strategy for the coming years and give you even more transparency on the loan we granted to Vonovia SE.

The past year was quite an eventful one. 2022 brought new realities and new challenges.

Russia's war against Ukraine, which started in February 2022, continues. That is simply terrible. We continue to be stunned by news from the war zone. Our thoughts continue to be with all those who have to fear for their safety and are in danger.

In addition to the suffering this war is causing so many people, it also has an economic impact. Global supply chains are still disrupted. Prices and interest rates have risen sharply. Just a few months ago, we were all facing into a recession. The meanwhile improved outlook makes us more optimistic again. But many challenges remain.

The difficult environment we now find ourselves in is having an enormous impact on the real estate sector in particular. Construction prices for residential buildings have skyrocketed. In the first quarter, they were up 15 percent on the previous year. In addition, construction interest rates have soared. There is also a shortage of materials due to supply bottlenecks.

This is the environment in which Deutsche Wohnen currently has to operate. It's challenging, but we're in a strong position. Of course, we have had to constantly adjust our planning to respond to these challenges. But we have always found a way. As early as the second quarter of 2022, we reacted with foresight and speed to the imminent energy shortage. In the interest of our tenants, we have secured energy supply at predictable costs, where possible. We also adjusted the heating settings in many rental apartments at an early stage.

We are pleased that Deutsche Wohnen is delivering solid operational performance, even in this environment. Lars Urbansky will give you the key figures in a moment.

The range of external challenges facing us have not stopped us from continuing to drive internal change. Despite the difficult market environment, we worked relentlessly and jointly on the integration with Vonovia. And it was worth it.

Deutsche Wohnen's processes are now synchronised with Vonovia's processes. We have combined similar activities. We now use a common management platform. This allows us to manage portfolios efficiently and to further scale our business. In addition, we now have access to the entire Group's resources – for example, to tradespeoples' capacity or the Group's own cost-efficient energy supplier. This enables us to plan better and this helps our tenants.

The fact that the integration with Vonovia was implemented so successfully is above all thanks to our employees. Our express thanks go to them. They have driven the integration forward at full tilt, while also running the day-to-day business smoothly. This is particularly remarkable in turbulent times like these. A sincere thank you for that.

No one predicted how much the global economy would change in such a short period of time. However, against the backdrop of the current market environment, it is now even clearer than before: The fundamental idea behind the merger with Vonovia is bearing fruit. As one combined company, we are in a better position to overcome and thrive on the challenges facing us.

The integration has allowed us to leverage significant synergies. And it is extremely pleasing to see that they are even higher than expected. As Deutsche Wohnen, we are benefitting from the merger both at an operational and a financial level.

For us, it remains true that we are committed to acting as a reliable player in the interest of all stakeholders and we will honour this commitment. And in doing so we have the needs of our tenants at the forefront of our minds.

By joining forces with Vonovia, we are better equipped to shoulder future investments. Because the real estate market is demanding new solutions.

Climate change is apparent every day. And the acute threat of an energy shortage last autumn also showed: We need environmentally friendly and energy-efficient buildings.

Needs-based housing is also required. Our society will age. More and more people want to stay in familiar surroundings at home when they reach old age. This means coming up with innovative solutions.

And we need affordable housing. The situation on the housing market has continued to get worse. The trend towards urbanisation continues. In addition, the war in Ukraine has naturally triggered the movement of refugees. This is bringing many people to and through Berlin. This is where our commitment is needed, the commitment of Deutsche Wohnen. Believe me when I say: We are well aware of the seriousness of the situation and of our responsibility here.

Deutsche Wohnen offers solutions and develops them – and has been doing so for many years. That is our strategy in a nutshell. We provide answers to long-term megatrends - climate change, urbanisation, the demographic issue. We remain convinced that these trends will become increasingly dynamic. They will remain the drivers of our business.

In the future, we want to strengthen the sustainability aspects of our strategy in particular. The real estate sector will play a key role in tackling climate change.

Ultimately, our sector is responsible for a significant proportion of CO<sub>2</sub> emissions. Deutsche Wohnen already has one of the most environmentally friendly portfolios in the industry. We also have a clearly defined sustainability strategy. We are committed to achieving clear environmental targets and a CO<sub>2</sub>-neutral portfolio of buildings by 2045.

We want to achieve this with efficient measures that are implemented in a socially responsible manner. To this end, we are focusing on energy efficiency retrofits and building automation and are increasingly switching to renewable energy. As in many other respects, we agree with Vonovia on the issue of sustainability: Both companies are committed to setting new standards in the industry here. We will maintain and further expand our ESG initiatives despite the turbulences in the current market environment.

Dear Shareholders,

Before I hand over to my colleague Lars Urbansky, I would like to make a statement on behalf of the entire Management Board on the loan that Deutsche Wohnen granted to Vonovia in 2022. Just to warn you: I am afraid this part of my speech goes into quite some detail and is pretty complex. So please forgive me for that. However, it is important to me and my fellow Management Board members that I be as transparent and as precise as possible here. It is our ultimate aim that you can then see for yourselves that there is no reason to appoint a special auditor, as requested by one of our shareholders, Cornwall (Luxembourg) S.à r.l.

The shareholder motion put forward under item 18 of the agenda contains various aspects that accuse us of acting in breach of our duties as members of the Management Board of Deutsche Wohnen.

Such accusations are unfounded and therefore, on behalf of all members of the Management Board, I would like to help clarify this matter and explain the background and circumstances of the loan in more detail. As you know, Vonovia and Deutsche Wohnen had agreed on the main aspects of a takeover of our Company in

the summer of 2021. In the process, the then Management Board negotiated numerous concessions from Vonovia on behalf of our Company.

In particular, Vonovia promised Deutsche Wohnen financial support should any of our Company's loan liabilities fall due for repayment early as a result of the acquisition. At the time, this related to our outstanding bonds and convertible bonds with a volume of around 6.2 billion euros, in particular. In the event that these bonds had been called in by our creditors, Vonovia would have had to grant us a loan in order for us to service these liabilities.

However, the Management Board of Deutsche Wohnen at the time endeavoured to settle Deutsche Wohnen's liabilities primarily with its own funds in order not to burden our Company's debt level, the LTV. The intention was therefore to primarily use our own funds for any repayments, in particular the proceeds from the planned sale of real estate to the State of Berlin.

As you know, the relevant sale to the State of Berlin was successfully completed in the months following the announcement of the takeover bid. However, due to the stable price performance of our bonds following publication of the takeover bid, our bondholders only exercised redemption rights to a limited extent. Of the total volume of up to 6.2 billion euros to be covered by us, and then downstream by Vonovia, a total of only 370.3 million euros became due. .

Of the proceeds from the sale of Berlin real estate amounting to 1.65 billion euros, a total of 1.45 billion euros was therefore still freely available in January 2022, taking into account cash on hand and the early repayments I already mentioned.

At the time of the takeover, Vonovia was not in a position to expect that Deutsche Wohnen would have any free funds at all. In fact, Vonovia had to include capacity for a loan to Deutsche Wohnen of up to 6.2 billion euros in its own acquisition financing. Therefore, it is evident that no financial assistance of any kind was given here by Deutsche Wohnen.

When it emerged that the redemption rights would only be exercised to quite a limited extent, initial talks were held between Deutsche Wohnen and Vonovia on the use of these funds by way of a loan to Vonovia. This was after the takeover bid was completed at the beginning of November, and thus several months after Vonovia's decision to take over Deutsche Wohnen in the summer of 2021.

The loan agreement was made at the beginning of January 2022 and provided for a loan of up to 2 billion euros with a term of three years. The mechanism of an agreed maximum loan amount was used to give us flexibility in the event of any further liquidity surpluses. This facility was, however, not "maxed out". Thus, the loan amount of 1.45 billion euros originally granted to Vonovia was not exceeded at any time. The term of three years, simply put, was based on the expected minimum annual investment volume in our portfolios and new buildings.

As a so-called "related-party transaction", the agreement required the approval of the Supervisory Board, which was unanimously given, with Supervisory Board members with ties to Vonovia being excluded from the decision. In addition, we published the terms and conditions of the loan agreement without undue delay in accordance with the relevant legal requirements, thereby creating immediate transparency.

The loan agreement stipulated a variable interest rate of 0.6 percentage points above the 1-month EURIBOR, with a minimum interest rate of 0.6 percent. Since there seems to be some misunderstanding in the public domain in this regard, let me clarify how this works: The interest rate for the loan is determined on a rolling monthly basis. This means that the monthly rate is based on the 1-month EURIBOR published at the relevant time and then the margin of 0.6 percent is added. If this calculation results in a value of less than 0.6 percent, the minimum interest rate of 0.6 percent is applied. This was the case until August 2022. The 1-month EURIBOR then rose in subsequent months and Deutsche Wohnen benefited from this. In December 2022, the interest rate was already at around 2.1 percent per annum with a 1-month EURIBOR of almost 1.5 percent; currently it is at over 3.8 percent per annum, following a further increase in the 1-month EURIBOR.

This interest rate was and is very attractive primarily because the loan agreement entitles us to demand full or partial repayment at any time with two weeks' notice. Thus, the form of investment chosen is equivalent to a term deposit with a term of two weeks.

Of course, the reasonableness of the agreed interest rate arrangement was confirmed in advance, and then re-confirmed after 12 months, by Ernst & Young Wirtschaftsprüfungsgesellschaft, following a customary review in line with the OECD Guidelines for Financial Transactions and with general transfer pricing rules.

In the case of loans, there is also always the matter of securing the material lending decision once it has been made: We initially achieved this for the loan agreement by agreeing certain financial covenants. These are minimum financial requirements that Vonovia must meet throughout the entire term of the loan. In particular, these requirements put a cap on the maximum level of debt and are identical to those that professional capital market investors have accepted for a number of years when purchasing Vonovia bonds. In the event that the risk increases during the term of the loan, we may also require the provision of loan collateral in addition to being able to demand immediate repayment of the loan. Vonovia must confirm compliance with key performance indicators in writing on a quarterly basis. The Management Board of Deutsche Wohnen is also included in the Vonovia Group's weekly financial risk reporting and is therefore kept up to date on Vonovia's liquidity at all times.

The motion for a special audit raises the question of whether there were better uses for this free liquidity. I would now like to address this question.

The Management Board and Supervisory Board decided to grant this loan because it enabled us to make a short-term investment of the funds available at the time in Vonovia at an attractive interest rate, while also retaining full flexibility with respect to their repayment, as already mentioned.

It was not in Deutsche Wohnen's interests to tie up our funds in any other way for the longer term, if only because it was always clear to us that we would need the funds in



the foreseeable future for scheduled investments in our portfolio and to settle maturing liabilities.

There were no appropriate alternative investment opportunities at the time the contract was made and, first and foremost, all of them were significantly less attractive from a financial point of view. This continues to be the case.

- The following can be said of acquisitions: The real estate market was already hesitant at the beginning of 2022 and then became even more so following the war against Ukraine, with very few major deals being done. That being said, we still analyse all portfolios offered to us with at least 100 units in areas we have defined as core regions for us. The properties available on the market did not meet our requirements, for instance because they were not attractive in terms of quality or price or could not be managed efficiently. If, on the other hand, there had been a portfolio that matched our investment criteria, we could have easily demanded repayment of the loan at short notice in order to use the resulting liquidity for the purchase price if that option had made economic sense. - Against the backdrop of currently declining property values, it has been confirmed that acquisitions of further portfolios would have tended to destroy value and would thus certainly not have been in the interest of our Company and its shareholders.
- With regard to further investments in the nursing segment, it should be noted that at the beginning of 2022 we had initiated a review of our strategy in this area – as communicated at the time – in order to examine, with an open mind, whether doing business in this segment was still in the interests of the Company. Making investments while this review was being carried out would have clearly been misguided. In this strategic review the Management Board came to the conclusion that the nursing segment does not fit into Deutsche Wohnen's core strategic business as a residential real estate company and is now up for sale, in principle. We are managing the sale process from a position of strength. We are under no pressure to sell and will only move forward with a transaction if we think it makes financial

sense. Share buybacks or special dividends would have resulted in a cash outflow that would have certainly made value-enhancing investments later in the year more difficult, if not impossible.

- Like the majority of real estate companies, we sought to maintain capital discipline and reduce our debt in 2022. Rapidly rising interest rates have changed the market environment substantially, and we have responded to this appropriately, rather than investing money and taking risks in uncertain times. As a real estate company, we are also able to assess the risks in the real estate market, and thus the credit risk of companies such as Vonovia, much better than the risks in other sectors.

However, even after the loan was granted, we have, of course, continuously examined other options for investing the funds. Where this made financial sense, we demanded repayments and used the liquidity for other purposes.

As you can see from the management report, we invested around 800 million euros in our Company's portfolios in 2022. In addition to the positive effects on the quality of the buildings and the development of rents, we are thus addressing one of the most important issues of our time: climate change. Investments in this area are not only important for the climate path we have adopted, but also make economic sense. The IRRs achieved as part of energy efficiency retrofits continue to be attractive despite the increased cost of capital and are therefore in the Company's interests.

In addition, we repaid more than 700 million euros of our financial liabilities either on or ahead of schedule. As a result, despite declining property valuations, we were able to keep our debt level at an almost constant level compared to the previous year and avoid having to take out follow-up financing at significantly higher interest rates.

These value-creating measures could only be taken thanks to our stable cash flow and the ability to flexibly call in liquidity from Vonovia. The Management Board remains committed to this strategy in 2023. Having already invested 580 million euros of the loan amount by the 31st of December 2022, in addition to our cash flow,

a further 500 million euros has also been reclaimed and invested to date. This puts the current value of the loan at 370 million euros.

Due to it being included in the Vonovia Group's weekly financial risk reporting, the Management Board was able to continuously verify that the funds at Vonovia are being safely invested and available at any time. There have never been any doubts about Vonovia's performance or creditworthiness since the loan was granted. A credit line of 3 billion euros, very successful bond issues with a volume of 4.1 billion euros in 2022 alone, and the conclusion of a financing agreement with the European Investment Bank in the amount of 600 million euros, which has not been utilised to date, all serve as a lasting confirmation of this assessment. This view is shared by three international rating agencies, which consistently see Vonovia's credit rating at a stable level in the investment grade range and attest to its excellent access to liquidity. The hardest evidence for the Management Board lies in the substantial repayments made smoothly at any given time, and in some cases even earlier than contractually stipulated, at our request.

Against this backdrop, the Management Board and the Supervisory Board remain convinced that both the original decision to grant the loan to Vonovia and its continued existence in the relevant amount were and are fully in line with their duties and that all of this was, and continues to be, in the best interest of Deutsche Wohnen.

We also see no evidence to suggest that an independent special auditor would reach any different conclusion. We consider that the resources and expected costs of conducting such an audit would be unnecessary and that the associated distraction from day-to-day business would be disruptive. Therefore, a special audit, which would ultimately be paid for by you, dear shareholders, cannot be in your interests.

Should you have any further questions about the loan, please feel free to ask them in the general debate shortly.

With that, let me finish my part of the speech and emphasise once again: We are convinced that our strategy puts us in a strong position to face the challenges of the

future. We look forward, with optimism, to taking on and thriving on these challenges. And we are confident that Deutsche Wohnen will continue to be financially successful.

My colleague Lars Urbansky will now provide a review of developments in 2022.

Thank you very much for your attention.

**Lars Urbansky, Co-CEO**

**Ladies and Gentlemen,  
Dear Shareholders,**

I, too, would like to welcome you to this year's Annual General Meeting.

As you know: 2022 saw a great deal of economic upheaval. In spite of that, Deutsche Wohnen was steered safely through a turbulent market environment.

The operating business showed solid performance in 2022. All key performance indicators were in line with our expectations.

Just to give you a brief overview:

- At around 594 million euros, Group FFO was on a par with the previous year.
- The NAV dropped slightly to just over 20 billion euros or 51.30 euros per share.
- The Total Adjusted EBITDA was slightly below the previous year at around 702 million euros.
- Our loan-to-value ratio has remained generally constant at just over 28 percent, which is very good and well below the cap of 40 percent we set ourselves.

The start to the current financial year was also very satisfactory for Deutsche Wohnen.

As you can see: Our core business continues to perform well. At the end of last year, Deutsche Wohnen's portfolios were virtually all fully leased. Our vacancy rate is currently 1.9 percent. This gives us an excellent basis to generate stable income from our properties.

Our financial position is pleasing. We have a balanced maturity profile and a stable capital structure. In addition, we currently have liquidity headroom that continues to give us security in meeting investment obligations. But this resource is also finite, of course. Until the situation eases, we will continue to be conservative in our capital planning.

Just a reminder: We strengthened our liquidity position through sales. One example is the sale of around 10,600 apartments and 230 commercial units to three public enterprises owned by the State of Berlin, HOWOGE, degewo, and Berlinovo in January 2022. The sale was part of the Future and Social Housing Pact ("Zukunft- und Sozialpakt Wohnen"), which underscores our long-standing commitment to social and sustainable housing in Berlin.

The sale to the State of Berlin allowed us to give our portfolio better focus. In addition, we continue to work on optimising our portfolio in order to position our assets and our business in the best way possible. In this context, we also conducted an open-ended review process some time ago on the strategic alignment of our nursing segment. The result of our review is: The segment in which we manage nursing properties and offer nursing and assisted living services is well positioned. However, we have also concluded that we can use our resources more effectively in other segments over the long term and, as a result, that we are not the best-placed owner for our nursing assets. At the same time, we do not see any immediate need for action here but will target opportunities as they arise.

We are also optimising our portfolio through new construction projects. However, the changed market environment has had a negative impact on our construction projects.

As you know, raw materials and energy prices have risen sharply. For this reason, we unfortunately have to hold back with the start of new construction projects for now. As soon as the conditions are right, we will again push ahead with the projects at full speed. We are committed to completing ongoing construction projects.

We are aware that in tight real estate markets hopes are pinned on new construction projects. That's why the pause on new construction projects is anything but ideal. The low vacancy rate of our portfolio also illustrates the high demand for housing. In Berlin, where three quarters of our portfolio is located, our vacancy rate is as low as 1.2 percent. This shows: The demand for housing in Berlin is particularly high. And the public's interest for the issue of affordable housing is just as high.

This is where the politicians need to step in. We need regulation that opens up opportunities instead of creating hurdles. In other words: We need framework conditions that facilitate the construction of affordable housing. Because the housing industry cannot solve the problem on its own.

At the same time, I assure you: We take people's concerns seriously. Our "promise to tenants" ("Mietersprechen") still applies. In making this promise, we have made a commitment that rent should be kept within affordable limits for the tenant, even after the property is modernised or in the event of rent index adjustments.

We are pleased that this commitment is appreciated by our tenants. This is shown by the positive results of our latest tenant survey: Around 87 percent are satisfied with their home. 84 percent are satisfied with Deutsche Wohnen overall. This result makes us particularly proud, given that we also successfully managed the integration with Vonovia last year on top of our day-to-day business. Our team has done a great job here.

To keep tenants' satisfaction levels high, we are continuously working on the quality of our properties and services. Here also, the positive effects of the merger with Vonovia are becoming apparent. Using Vonovia's technology, we can now provide even better digital services. One example of this is the digital lease agreement, which saves time and makes it easier for a tenant to move into their new home.

Having your own apartment – a home – means having security. Many of us take that for granted. But Deutsche Wohnen also has an eye on those who do not have this security at the moment. As a result, we support a number of projects and associations in this respect.

I just want to mention the “Housing First” project as an example here. We are proud that we have been supporting this initiative as a partner since 2019 and have already placed 30 apartments with those for whom it would otherwise be almost impossible to obtain an apartment on the open market. With our commitment, we are helping to tackle homelessness.

As you can see: We are aware of our social responsibility here.

Before I get to the end of my speech, I just have one more formal point. Under item 17 of the agenda for today’s Annual General Meeting, we will ask you, our shareholders, to approve the formation of a profit transfer agreement between Deutsche Wohnen and Rhein-Pfalz Wohnen GmbH. Let me give you a short explanation on this:

Rhein-Pfalz Wohnen GmbH is a wholly-owned subsidiary of Deutsche Wohnen. A domination agreement has existed between these two companies since 2006. The consequence of this domination agreement is that Deutsche Wohnen can issue instructions to Rhein-Pfalz Wohnen GmbH with regard to its management and is also obliged to cover the latter’s annual losses in return. This means that if Rhein-Pfalz Wohnen GmbH generates a net loss for a financial year, this must be offset by Deutsche Wohnen.

The two companies have now also entered into what is known as a profit and loss transfer agreement on the 20th of April 2023. However, the validity of this agreement is subject to the approval at today’s Annual General Meeting and to its subsequent entry in the Commercial Register (*Handelsregister*).

In particular, the profit and loss transfer agreement means that Rhein-Pfalz Wohnen GmbH would have to transfer its entire profit to Deutsche Wohnen with retroactive effect from the beginning of the 2023 financial year. In return, Deutsche Wohnen takes on the obligation to cover any losses. However, due to the domination agreement I just mentioned, there was already an obligation to cover losses in any case. This means that the profit and loss transfer agreement does not change anything in this respect.

The formation of the profit and loss transfer agreement is intended to create corporate and trade tax unity (*steuerliche Organschaft*) between the two entities. This allows tax benefits to be realised.

A detailed explanation of the profit and loss transfer agreement, including a presentation of the associated advantages and disadvantages for Deutsche Wohnen, can be found in the joint report by the management of the two companies involved. This report has been available on our website, in the Investor Relations section, since the day this Annual General Meeting was convened. You will also find further materials on the formation of the profit and loss transfer agreement there.

Following this – admittedly quite dry – digression, I now come to the end of my speech.

So let me give a brief recap on the key points here: Our business model has proven itself to be successful and our financial position is at times the envy of our industry. On top of that, we are following a long-term strategy, while also meeting our social responsibility.

None of this would be possible without our employees. And that is why I would like to once again express a sincere, warm and big thank you for the performance and tireless efforts of our team. Thank you very much.

I just want to emphasise here: We are aware that these are challenging times for you, our shareholders. However, Deutsche Wohnen is well positioned and we look to the



future with optimism. You can rest assured: We will continue to work hard to ensure that Deutsche Wohnen goes in the right direction.

Thank you for your attention.