DEUTSCHE WOHNEN SE

Annual Report 2023

DEUTSCHE WOHNEN

Key Figures

Financial Key Figures in € million	2022	2023	Change in %
Total Segment Revenue (continuing operations)*	893.8	1,011.2	13.1
Segment Revenue Rental	790.4	811.4	2.7
Segment Revenue Value-add	43.1	29.0	-32.7
Segment Revenue Recurring Sales	45.3	12.8	-71.7
Segment Revenue Development*	15.0	158.0	>100
Total Segment Revenue from discontinued operations	256.8	266.8	3.9
Adjusted EBITDA Total (continuing operations)*	628.5	634.8	1.0
Adjusted EBITDA Rental	600.1	638.1	6.3
Adjusted EBITDA Value-add	14.1	10.6	-24.8
Adjusted EBITDA Recurring Sales	14.6	1.3	-91.1
Adjusted EBITDA Development*	-0.3	-15.2	>100
Adjusted EBITDA Total (discontinued operations)*	73.3	44.6	-39.2
Group FFO (continuing operations)*	539.6	521.8	-3.3
Group FFO (discontinued operations)*	53.9	42.9	-20.4
Group FFO per share (continuing operations) in €**	1.36	1.31	-3.3
Income from fair value adjustments of investment properties	-825.3	-3,722.2	>100
EBT	-600.2	-3,419.3	>100
Profit for the period	-445.7	-2,761.1	>100
Cash flow from operating activities	364.9	384.8	5.5
Cash flow from investing activities	5.2	291.3	>100
Cash flow from financing activities	-862.5	-658.9	-23.6
Total cost of maintenance, modernization and new construction	507.3	448.6	-11.6
thereof for maintenance expenses and capitalized maintenance	167.7	149.0	-11.2
thereof for modernization	144.7	114.4	-20.9
thereof for new construction	194.9	185.2	-5.0

Key Balance Sheet Figures in € million	Dec. 31, 2022	Dec. 31, 2023	
Fair value of the real estate portfolio	28,356.1	24,461.1	-13.7
NAV	20,361.0	16,976.6	-16.6
NAV per share in €**	51.30	42.77	-16.6
LTV (%)	28.1%	30.4%	2.3 pp
Net debt/EBITDA	14.2x	12.7x	-10.1
ICR	8.8x	6.8x	-23.3

Non-financial Key Figures	2022	2023	
Number of own apartments	140,286	139,847	-0.3
Number of apartments sold	11,821	374	-96.8
thereof Recurring Sales	145	57	-60.7
thereof Non Core/other	11,676	317	-97.3
Number of new apartments completed	399	328	-17.8
thereof own apartments	319	113	-64.6
thereof apartments for sale	80	215	>100
Vacancy rate (in %)	1.9	1.5	-0.4 pp
Monthly in-place rent in €/m²	7.48	7.72	3.2
Organic rent increase (in %)	3.0	3.4	0.4 pp
Number of employees (as of Dec. 31)*	1,144	796	-30.4

* Previous year's figures (2022) comparable according to current key figure and segment definition 2023. -> [A2] Adjustment to Prior-year Figures.

** Based on the shares carrying dividend rights on the reporting date.

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NOTE

For mathematical reasons, tables and explanations may contain rounding differences to the precisely stated values (euro, percent, etc.).

The Company and its Shares

Complex overall conditions dominate business progress in 2023 with progress in line with expectations in Rental; challenging situation in Development.

Strategic review of the Care segment completed, market tests initiated in 2023.

Corporate Governance established in the de facto group.

Dear Shareholders, Dear Employees, Dear Readers,

Although the current environment is a challenging one, we have achieved a great deal over the past year. Our day-to-day business went according to plan and our customers remain satisfied with our work. Following the merger with Vonovia SE, our two companies have successfully harmonized their processes.

Given the size of the two organizations and their independent cultures, the latter was anything but a matter of course – and could never have been achieved if every single individual within the company and the Group showed considerable commitment in rising to the task in hand. **Collaboration is a decision based on trust.** We would like to thank our employees for placing their trust in us and for showing such commitment to the successful realization of our numerous projects.

Collaboration is also a strategic decision. We are all currently experiencing the advantages and numerous synergy effects that the business model of our Group as a whole offers: it enables us to join forces to provide our customers with even more comprehensive support than they have enjoyed in the past. We can turn even more ideas into a reality. Coordinated action based on an efficient management platform helps us to keep our costs under control. This ultimately benefits everyone.

At the same time, we are doing our bit to address societal challenges. In January, the global average temperature was 1.5 degrees Celsius above the reference point for the first time in twelve months. This is cause for concern for us as a global community. For us as a company, it reinforces our decision to continue on the Group's climate path and to drive it forward.

The difficult overall conditions, in particular the environment of mounting costs and regulatory requirements, are also having an impact on the nursing care business. Nevertheless, the rental of these facilities continued to show satisfactory development. In order to focus on our core business, however, we have already announced a review of opportunities to sell our nursing care portfolio in 2023, meaning that these activities will no longer be a permanent component of Deutsche Wohnen's strategy. They will instead be wound down as and when the right opportunities present themselves. We have been involved in constructive talks with various parties interested in these activities since last year.

Our residential rental business continued to show stable development. Particularly in Berlin, home to around 75% of our portfolio, apartments that become vacant are immediately relet.

The environment for the Development business is currently more challenging: rising construction costs and higher interest rates are putting considerable pressure on our business figures. Nevertheless, we still managed to complete a total of 328 residential units in 2023. We spent € 299.6 million on new construction and modernization. € 149.0 million was invested in maintenance.

Let's take a look at the key financial indicators:

Total segment revenue for our continuing operations rose by 13.1% to € 1,011.2 million. The corresponding Adjusted EBITDA Total remained stable at € 634.8 million (+1.0%), while Group FFO fell by 3.3% to € 521.8 million.

Our core Rental business showed positive development. With a vacancy rate of 1.5%, the portfolio was once again virtually fully occupied. Revenue rose by 2.7% to € 811.4 million with organic rental growth of 3.4%. The average monthly

Olaf Weber
CFO

Eva Weiß
CDO

Lars Urbansky
CEO

in-place rent showed a moderate increase from € 7.48 to € 7.72 per sqm.

Segment revenue in the Value-add business fell by 32.7% in the past year, contributing € 10.6 million to earnings. Proceeds from sales in the Recurring Sales segment were down by 71.7% on the previous year, making an earnings contribution of € 1.3 million. While the Development segment was able to significantly increase its revenue to € 158.0 million due to additional disposals, the sharp rise in costs and impairment losses meant that the results fell well short of our expectations.

The company continues to have stable financing structures in place. The equity ratio came to 51.5% as of the reporting date, on a par with the previous year's level (53.2%). The LTV ratio remained stable (+2.3 percentage points) and at a low level of 30.4%. The fair value of our real estate portfolio dropped by 13.7% to € 24,461.1 million and the NAV by 16.6% to € 16,976.6 million.

The measurement of our investment properties led to a negative earnings effect of € 3,722.2 million for the 2023 fiscal year.

Dear Shareholders,

Despite all the challenges facing us, we believe we are well positioned for 2024. We predict that our economic development will remain largely stable this year, although rising costs will also have a moderate impact on our business. We expect our Adjusted EBITDA Total to be on a par with the previous year. In addition, we expect the value of our company to increase slightly in 2024 and predict a slight increase in NAV per share, leaving any further market-related changes in value out of the equation.

Going forward, we will be making a clearer distinction in our management system between earnings orientation and liquidity orientation. This is our way of reflecting the current market environment and the resulting need to manage our liquidity. Taking into account what is currently a much more relevant sale segment, Group FFO does not allow us to make a sufficient distinction in this regard. While it reflects the earnings contributions made by disposals, it does not capture the liquidity inflows they generate in full. In this respect, Group FFO is a mixture of earnings and cash flow, meaning that it is not a clear performance indicator.

Going forward, Deutsche Wohnen will reconcile Adjusted EBITDA to Adjusted Earnings Before Taxes (Adjusted EBT), establishing this as the central measure of earnings. EBT is a standard performance indicator for companies; as such, it offers high levels of transparency and allows for comparisons to be drawn with other industries. Like our existing Adjusted EBITDA, Adjusted EBT is adjusted to reflect effects that do not relate to the period, recur irregularly or are atypical for business operation. Unlike Group FFO, this Adjusted EBT includes depreciation and amortization as a measure of the consumption of values, but does not include current income taxes, as these are not part of operating value creation.

As the leading indicator of internal financing and, as a result, liquidity management, Deutsche Wohnen will also be reporting its Operating Free Cash-Flow (OFCF) in the future. How will the capital market develop? How will the overall environment for our sector develop? Rest assured that we will continue to keep a close eye on developments and draw the right conclusions.

We would like to thank you, our shareholders, employees and business partners, for your continued trust and constructive support in the year that lies ahead, too.

Berlin, March 2024

Best regards,

Lars Urbansky
Chief Executive Officer (CEO)

Olaf Weber
Chief Financial Officer (CFO)

Eva Weiß
Chief Development Officer (CDO)

Report of the Supervisory Board

Dear Shareholders,

In a difficult environment, the Management Board led Deutsche Wohnen SE through another successful fiscal year in 2023. Social megatrends continue to provide a solid foundation for our business model.

Developments varied from segment to segment against the backdrop of complex overall conditions in the residential real estate sector: Deutsche Wohnen's Rental business developed largely according to plan. The ongoing high demand in this core business area secured, and continues to secure, a stable cash flow for the company. The results reported by the Development, Value-add and Recurring Sales segments were characterized by what remained complex overall conditions in 2023: specifically, they were impacted by inflation, higher construction costs, higher interest rates and higher return requirements. Results in these areas lagged behind our expectations.

Our nursing care activities were subjected to a strategic review with the result that they will no longer be a permanent component of Deutsche Wohnen's strategy, but rather will be wound down as and when the right opportunities present themselves.

The project dealing with our cooperation with Vonovia was completed successfully. The targeted synergy potential was realized through the joint use of the management and development platform, harmonization in the operating business and the exploitation of economies of scale.

Collaboration Between the Supervisory Board and the Management Board

In the 2023 fiscal year, the Supervisory Board performed the duties incumbent upon it by the law, under the Articles of Association, the German Corporate Governance Code and the rules of procedure, applying the utmost care. It provided the Management Board with regular advice on its management of the company and monitored its activities on an ongoing basis. The Supervisory Board was directly involved in all decisions of fundamental importance to the company early on.

The Management Board provided the Supervisory Board with regular, prompt and comprehensive written and verbal information on all issues relevant to the company relating to business policy, corporate planning and strategy, the company's position, including opportunities and risks, business development, risk management and compliance. Any deviations between actual and planned developments were explained in detail by the Management Board. The Management Board consulted the Supervisory Board on all significant business transactions.

The Chair of the Supervisory Board and the other Supervisory Board members also maintained regular contact with the Management Board members outside of the Supervisory Board and committee meetings. The topics discussed included the company's strategic focus, business development and operational decisions.

Supervisory Board Meetings and Committees

In the 2023 fiscal year, the Supervisory Board met a total of eight times to consult and pass resolutions: three times at face-to-face meetings (March, June and December) and five times via conference call (May, July, August, September and October). The Supervisory Board made decisions using the written procedure in four cases (April, twice in May and November).

Attendance at the total of twelve Supervisory Board meetings and nine committee meetings/resolution sessions was almost 100% in the fiscal year under review, as there was only one case of excused absence. In preparation for the meetings, the Management Board submitted timely, comprehensive and valid written reports and resolution proposals to the Supervisory Board.

Meetings of Supervisory Board and Committees in the 2023 Fiscal Year

Member	Supervisory Board	Executive and Nomination Committee	Audit Committee
Helene von Roeder	2/2	1/1	–
Catrin Coners	6/6	–	2/2
Dr. Fabian Heß	8/8	3/3	2/2
Peter Hohlbein	8/8	1/1	2/2
Simone Schumacher	8/8	2/2	4/4
Christoph Schauerte	8/8	2/2	1/2
Dr. Florian Stetter	8/8	3/3	4/4

The Finance Committee did not hold any meetings in the reporting year. The committee, which only acts when necessary in accordance with the Supervisory Board's rules of procedure, supported the Management Board by making two written decisions in which all members were involved.

Main Remit

In the fiscal year under review, the Supervisory Board's activities focused on business planning and business development, corporate strategy, the handling of ongoing and planned construction measures, the financial and liquidity situation, the further development of sustainability processes and matters related to the company's executive bodies. These focal issues were always evaluated and pursued with the interests of all stakeholders in mind.

The request made by the shareholder Cornwall for the appointment of a special auditor regarding the granting of a loan to Vonovia, and the interests of minority shareholders, were addressed as an extraordinary topic.

Meetings

On March 23, 2023, the Supervisory Board met to adopt the statement of financial position. It approved the company's annual and consolidated financial statements as of December 31, 2022, the dependent company report and the corporate governance declaration. It approved the Audit Committee's proposal to nominate PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Berlin, as the new auditor for the 2023 fiscal year at the Annual General Meeting to be held on June 15, 2023, and adopted the Report of the Supervisory Board. The Supervisory Board discussed the operating income statement and significant intra-Group loans and approved funds for additional construction work in Babelsberg. It also took a detailed look at the strategy for continuing with the Care segment. As far as sustainability is concerned, the committee sought information on the topic of IT-supported sustainable heat supply. In the context of HR matters, the Supervisory Board discussed, and passed a resolution on, the target achievement levels of the Management Board in 2022. It set the target and the target period for the proportion of women on the Supervisory Board.

On April 24, the Supervisory Board discussed and passed resolutions, using the written procedure, on the remuneration report, the format, agenda and proposed resolutions for the Annual General Meeting as well as on the profit and loss transfer agreement with a subsidiary.

At the video meeting held on May 2, the Supervisory Board approved supplementary budgets for three real estate projects in Munich and Böblingen, and granted its approval for the sale of two development projects comprising around 380 apartments.

On May 15, the Supervisory Board used the written procedure to pass a resolution on the submission of a supplementary motion to the Annual General Meeting to elect Catrin Coners to the Supervisory Board to replace Helene von Roeder.

On May 22, the Supervisory Board used the written procedure to pass a resolution to recommend to the Annual General Meeting that the resolution as part of the additional agenda item proposed by the shareholder Cornwall (Luxembourg) S.à r.l. on the appointment of a special auditor (Section 142 of the German Stock Corporation Act (AktG)) be rejected.

After the Annual General Meeting, which reelected two members and elected one new member, the Supervisory Board held its inaugural meeting on June 15. It elected the Chair and selected the committee members.

On July 27 and August 21, the Supervisory Board held video conferences to discuss changes within the Management Board. It made the decision to conclude the cancellation of the contract agreement with Konstantina Kanellopoulos and to appoint Lars Urbansky as sole CEO. The Supervisory Board then appointed Eva Weiß as a further member of the Management Board in the role of Chief Development Officer (CDO) and confirmed the remaining distribution of duties within the Management Board.

The Supervisory Board discussed business development at a video conference held on September 11. It discussed the guidelines and the property valuation process, taking into account the requirements regarding CO_2 neutrality, and reviewed any need for write-downs. It discussed the IT security report with a view to business processes, also addressing the topic of confidential data exchange in the Board's work. Other topics included the status of development projects at the mandated building contractors within the Group and the challenges associated with project realization. With regard to the Care segment, the Supervisory Board discussed the sale strategy that is still being pursued, taking a differentiated look at the individual properties, care operations and the nursing care situation in the context of the regulatory requirements. The topic of ESG was also discussed as part of the Supervisory Board's work.

On October 16, the Supervisory Board approved a supplementary budget for three development projects in Munich, Böblingen and Stuttgart in a video conference.

On November 14, the Supervisory Board passed a resolution to apply to submit an application to the Berlin Regional Court (Landgericht) for an appropriate extension of the deadline for the Supervisory Board's statement on the special audit request made by the shareholder Cornwall (Luxembourg) S.à r.l.

At the meeting held on December 7, the Supervisory Board addressed business developments, the 2024 budget and the five-year plan. It discussed the report on the sales strategy and the residential and commercial sale pipeline. It discussed the current status of the special audit request made by the shareholder Cornwall (request for a special audit requirement to be imposed due to a loan extended to Vonovia SE) and discussed the supplement to the forward (project development) agreements in Cologne, Düsseldorf and Halle/Saale. The Supervisory Board adopted the declaration of conformity with the German Corporate Governance Code, discussed the amendment to the rules of procedure for the Management Board and Supervisory Board, and discussed the report on the value date and conditions of the January 2022 loan granted to Vonovia. The members discussed and assessed the efficiency of the work of the Supervisory Board and its committees in detail using a questionnaire. The last item on the agenda was succession planning for the Management Board and Supervisory Board.

Work of the Committees

In order to perform its duties efficiently, the Supervisory Board has set up committees, the need for which, and activities of which, it assessed on an ongoing basis in the reporting year. The Supervisory Board committees each have four members.

There were three committees in the reporting year:

> The Executive and Nomination Committee with the members Helene von Roeder as Chair (until June 15), Dr. Fabian Heß (Chair as of June 15), Peter Hohlbein (until June 15), Christoph Schauerte (as of June 15), Simone Schumacher (as of June 15), Dr. Florian Stetter.
> The Audit Committee with the members Simone Schumacher as Chair, Catrin Coners (as of June 15), Dr. Fabian Heß (until June 15), Peter Hohlbein (as of June 15), Christoph Schauerte (until June 15), Dr. Florian Stetter.
> The Finance Committee with the members Christoph Schauerte as Chair, Catrin Coners (as of June 15), Dr. Fabian Hess (as of June 15), Peter Hohlbein, Helene von Roeder (until June 15), Simone Schumacher (until June 15).

The remit of the individual committees is described in detail in the corporate governance declaration.

In general, the committees prepare the resolutions of the Supervisory Board and the topics to be discussed by the Supervisory Board at its plenary sessions. To the extent permitted by law, decision-making powers have been delegated to individual committees under the rules of procedure or in accordance with resolutions passed by the Supervisory Board.

The committee chairs provided regular and extensive information at the Supervisory Board meetings on the content and results of the committee meetings held.

Executive and Nomination Committee

The Executive and Nomination Committee met three times in the reporting year (March 23, July 27 and December 7). There was one occasion (February 15) on which the committee passed a resolution using the written procedure. The face-to-face meetings and video conferences focused on the recommendation made to the Supervisory Board to set the target achievement level of the Management Board (STI 2022), the recommendation to set the target (30%) and the target period (June 30, 2025) for the proportion of women on the Supervisory Board, and the proposal to be made to the Annual General Meeting to reelect two Supervisory Board members. The subject of the resolution passed using the written procedure was the approval of a mandate to be assumed by Konstantina Kanellopoulos as a member of the Supervisory Board of a company outside of the Group.

Audit Committee

The Audit Committee held four meetings in the reporting year (March 23, May 5, August 7 and November 6). At the meetings, three of which were held as face-to-face events and one via video conference, the committee addressed topics on the Supervisory Board relevant to its work. These included the preliminary review of the annual financial statements, the consolidated financial statements and the interim reports of Deutsche Wohnen SE as well as the discussion of the risk management and internal audit system. The committee monitored the activities of the auditor and discussed the key audit matters.

In addition to the mandatory topics, the committee took a detailed look at the report on the compliance management system, the inspection guidelines and the Supply Chain Due Diligence Act as well as a legal dispute brought before the ECJ regarding an alleged data protection breach. Another topic was the preparatory discussion of the 2022 dependent company report on legal transactions and measures between Deutsche Wohnen and Vonovia. The committee recommended that the Supervisory Board make use of the Group exemption from CSR reporting/a non-financial declaration.

The members of the Audit Committee have specialist knowledge and experience in the application of accounting principles and internal control processes. The committee chair has expertise in the field of accounting, and the additional committee members Christoph Schauerte (member until June 15) and Florian Stetter (member from June 15) are also experts in the field of auditing (Section 100 (5) AktG).

Finance Committee

The Finance Committee passed two resolutions using the written procedure in the reporting year (July 7 and August 16). These related to the conclusion of interest rate hedges with a nominal volume of € 154 million for several variable-rate loans taken out by Deutsche Wohnen and the prolongation of four bank financing arrangements totaling around € 50 million for ten years.

Corporate Governance

The Management Board and Supervisory Board of Deutsche Wohnen SE are committed to the principles of good corporate governance. The members of the Supervisory Board once again addressed the German Corporate Governance Code carefully in the reporting year. The Board adopted the latest Declaration of Conformity on December 7, 2023. Since the last Declaration of Conformity was made in December 2022, the company has complied with all of the recommendations made by the Government Commission on the German Corporate Governance Code in the version published on June 27, 2022, as published in the official section of the federal gazette by the German Federal Ministry of Justice, with the exception referred to below. It will continue to comply with the recommendations set out in the Code with one exception.

In accordance with recommendation G.10 sentence 1, the variable remuneration amounts granted to a member of the Management Board should be invested by that member predominantly in shares in the company, taking into account the relevant tax obligation, or should be granted by the company as share-based remuneration. In accordance with the remuneration system approved by the Annual General Meeting held on June 2, 2022, the members of the Management Board receive their remuneration entirely in cash.

The current and past declarations of conformity pursuant to Section 161 AktG were permanently published by the company on its website for perusal **(www.deutsche-wohnen.com/declaration-of-conformity)**.

Three out of the six members of the Supervisory Board were considered independent in the reporting year. In the 2023 fiscal year, there were no potential conflicts between the individual interests of members of executive bodies and the interests of the company that the members of the Supervisory Board would have to disclose immediately.

The Supervisory Board has looked at the appropriateness of the internal control system that has been set up and has evaluated its effectiveness. Within this context, the Supervisory Board verified, also based on discussions with the auditor of the annual financial statements – with regard to accounting – and the Internal Audit department, that the technical and organizational safeguards put in place for control purposes are suitable for the purposes of ensuring that the company is protected from material damage resulting from financial losses, fraudulent acts or mismanagement in all key matters. Among other things, the standards set out in the German Corporate Governance Code, based on the most recent publications from 2022, serve as the benchmark here. As a result, the Supervisory Board concluded that the internal control system is appropriate and effective in all key aspects.

Audit of the Annual and Consolidated Financial Statements

The annual financial statements of Deutsche Wohnen SE as of December 31, 2023 prepared by the Management Board and the consolidated financial statements and combined management report of the company were audited by the auditor appointed by the Annual General Meeting held on June 15, 2023 and engaged by the Supervisory Board, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Berlin, which expressed an unqualified opinion thereon. The responsible audit partners were Michael Preiß and Dr. Frederik Mielke, who were responsible for auditing the company and the Group for the first time.

The annual financial statements of Deutsche Wohnen SE and the consolidated financial statements, the combined management report of Deutsche Wohnen SE and the Group as well as the auditor's reports were made available to all members of the Supervisory Board immediately after their preparation. The auditor attended the meetings of the Audit Committee to discuss the documents making up the financial statements in preparation for the Supervisory Board meeting dealing with the financial statements. The auditor reported on the key audit findings, in particular with regard to this year's focal points and/or key audit matters, and provided additional information.

The Chair of the Audit Committee provided the Supervisory Board with a comprehensive report on the annual financial statements and the audit at the latter's meeting held on March 12, 2024. The auditor also explained the key findings of the audit and was available to answer additional questions and provide further information to the members of the Supervisory Board. The Supervisory Board conducted a careful review of the annual financial statements, the consolidated financial statements, the combined management report, the proposal for the appropriation of profit and the auditor's report. It did not raise any objections. In accordance with the recommendation put forward by the Audit Committee, the Supervisory Board then approved the annual and consolidated financial statements prepared by the Management Board as of December 31, 2023. This means that the annual financial statements have been adopted.

The adopted annual financial statements report a net profit. The Supervisory Board concurs with the Management Board's proposal on the appropriation of profit. A proposal will be made to the 2023 Annual General Meeting to distribute a dividend of € 0.04 per bearer share, to allocate a portion to other retained earnings and to carry the remaining net profit for the year forward to the new account.

The Supervisory Board also reviewed the report prepared by the Management Board on relationships with affiliated companies of Deutsche Wohnen SE and the auditor's corresponding report.

No objections were raised. The auditor has issued the following unqualified audit opinion on the Management Board's report on relationships with affiliated companies in accordance with Section 313 (3) AktG:

"Based on our audit and assessment performed in accordance with our professional duties, we confirm that

1. the factual statements made in the report are correct,

2. in respect of the legal transactions included in the report, the consideration paid by the company was not inappropriately high,

3. in respect of the measures listed in the report, there were no circumstances supporting an assessment significantly different to that made by the Management Board."

We concur with this opinion. Based on our own review, there are no objections to be raised to the declaration made by the Management Board at the end of the report on relationships with affiliated companies.

Personnel

Helene von Roeder resigned as a member of the company's Supervisory Board with effect from the end of the Annual General Meeting on June 15, 2023. Catrin Coners was elected as a new member of the Supervisory Board.

At its inaugural meeting held after the Annual General Meeting on June 15, 2023, the Supervisory Board elected Dr. Fabian Heß as its new Chair.

The Supervisory Board appointed Eva Weiß as an additional member of the Management Board with effect from September 1, 2023, after Konstantina Kanellopoulos resigned from her position as member of the Management Board and Co-CEO at the end of August 31, 2023. Lars Urbansky has been leading the company as CEO since that date.

Concluding Remarks

On behalf of the Supervisory Board, I would like to thank the members of the Management Board and all employees of Deutsche Wohnen SE and all Group companies for their active commitment and their performance over the past year.

Berlin, March 19, 2024
On behalf of the Supervisory Board

Dr. Fabian Heß

Management Board

The Management Board of Deutsche Wohnen SE consisted of three members as of December 31, 2023.

Lars Urbansky
CEO

Lars Urbansky was appointed member of the Management Board of Deutsche Wohnen SE effective April 1, 2019 and served as Chief Operating Officer until the end of 2021. He was appointed Chief Executive Officer (CEO) with effect from September 1, 2023.

Lars Urbansky graduated in real estate management from Gelsenkirchen University of Applied Sciences in 2006. He worked at GEHAG GmbH in Berlin from 1996 to 2008, where he also headed up the Controlling department. He has held various management positions within the Deutsche Wohnen Group since 2008. Lars Urbansky was Head of Portfolio Management from 2008 to 2013. In the period from 2009 to 2012, this also included the areas of acquisitions and sales. He has also been Managing Director of Deutsche Wohnen Immobilien Management GmbH since 2014 and is jointly responsible for the Deutsche Wohnen Group's nationwide service network. This network covers the entire rental process as well as commercial and technical neighborhood services.

Olaf Weber
Member of the Management Board (CFO)

Olaf Weber was appointed member of the Management Board (Chief Financial Officer) of Deutsche Wohnen effective January 1, 2022.

After training as a bank clerk, Olaf Weber studied at the Frankfurt School of Finance, graduating in 2002 with a degree in banking business administration. In the period from 1998 to 2007, he held the position of Vice President of Capital Market Sales at Deutsche Bank AG. Mr. Weber joined OBI Group Holding in 2007 as Deputy Head of Group Treasury and then headed up the Treasury and Risk Controlling departments at EDE GmbH from 2011 to 2013. He has been in leadership roles within finance at Vonovia SE since 2013 and was appointed Head of Finance and Treasury in 2017.

Eva Weiß
Member of the Management Board (CDO)

Eva Weiß was appointed member of the Management Board (Chief Development Officer) with effect from September 1, 2023.

Eva Weiß is a trained bank clerk and has been a qualified real estate specialist since 1993. In 2015, Ms. Weiß moved to the real estate project developer BUWOG Bauträger GmbH, initially as Head of Development and then, from 2020 onwards, as Managing Director. Eva Weiß previously held management positions at various residential construction companies, also as an authorized signatory and Head of Development. Ms. Weiß is responsible for BUWOG's successful strategic expansion and positioning as a leading German residential real estate developer. She is a member of the Executive Board of the regional association of the German Property Federation (ZIA) for the East region, member of the BfW Landesverband Berlin-Brandenburg board, and active in the IHK (Chamber of industry and Commerce) General and Budget Assembly and in the German Chamber of industry and Commerce (DIHK) – Construction and Real Estate Industry Committee.

Supervisory Board

The current Supervisory Board consists of six members.

Dr. Fabian Heß
Chair (since June 15, 2023)
General Counsel/Head of Legal, Vonovia SE

Helene von Roeder (until June 15, 2023)
Chair
Member of the Management Board for Digitalization and Innovation, Vonovia SE

Dr. Florian Stetter
Deputy Chair
Self-employed residential real estate investor

Catrin Coners (since June 15, 2023)
Head of Strategy and Sustainability, Vonovia SE

Peter Hohlbein
Managing Partner, Hohlbein & Cie. Consulting

Christoph Schauerte
Head of Accounting, Vonovia SE

Simone Schumacher
Senior Specialist Structured Finance, BMW AG

Supervisory Board Committees

Executive and Nomination Committee
Dr. Fabian Heß, Chair
Christoph Schauerte
Simone Schumacher
Dr. Florian Stetter

Audit Committee
Simone Schumacher, Chair
Catrin Coners
Peter Hohlbein
Dr. Florian Stetter

Finance Committee
Christoph Schauerte, Chair
Catrin Coners
Dr. Fabian Heß
Peter Hohlbein

Corporate Governance

In the corporate governance declaration (also known as the Corporate Governance Report), we report on the principles of management and corporate governance for the last fiscal year in accordance with Sections 289f and 315d of the German Commercial Code (HGB) and Principle 23 of the German Corporate Governance Code (GCGC, in the current version published on April 28, 2022).

The declaration contains the Declaration of Conformity, information on corporate governance practices, a description of how the Management Board and Supervisory Board work and key corporate governance structures. The declaration is also available to the public on our **website**. Pursuant to Section 317 (2) (6) HGB, the disclosures pursuant to Sections 289f and 315d HGB are not included in the audit performed by the auditor of the annual financial statements.

Foundation

Fundamental Understanding

In order for a company to be successful, its business model has to be accepted by all relevant stakeholder groups, from its customers through to civil society and the public, investors or business partners. Managing with integrity, the sustainability of business models and the extent to which a company is perceived as living up to its social responsibilities are playing an increasingly important role. This applies no less to the real estate sector.

Any misconduct by a company's management also tends to result in the corporate governance regulations being tightened up, as was the case with the Financial Market Integrity Strengthening Act (FISG). Among other measures, the obligation to establish an appropriate and effective internal control system (ICS) as well as a corresponding risk management system (RMS) for listed stock corporations was introduced in a quest to strengthen trust in the German financial market.

This is why, here at Deutsche Wohnen, we see corporate governance as the responsible management and supervision of a company. The Management Board and the Supervisory Board have made a comprehensive commitment to the principles of corporate governance as set out in the German Corporate Governance Code.

Standards of Corporate Governance

These principles are the basis for the sustainable success of the company and therefore serve as guidelines for conduct in the company's daily management and business. Good corporate governance strengthens the trust of our shareholders, business associates, customers, employees and the general public in Deutsche Wohnen SE. It increases the company's transparency and strengthens the credibility of our group of undertakings. With balanced corporate governance, the Management Board and the Supervisory Board wish to safeguard Deutsche Wohnen SE's competitiveness, strengthen the trust of the capital market and the general public in the company and sustainably increase the company's value. Corporate governance, acting in accordance with the principles of responsible management aimed at increasing the value of the business on a sustainable basis, is an essential requirement for the Deutsche Wohnen Group embracing all areas of the business.

As a major real estate company, we are aware of the particular significance of our entrepreneurial actions for society at large. Our corporate culture is founded on transparent reporting and corporate communications, on corporate governance aimed at the interests of all stakeholders, on fair and open dealings between the Management Board, the Supervisory Board and employees as well as on compliance with the law.

A Code of Conduct provides the ethical and legal framework within which we act and want to ensure our commercial success. The focus is on dealing fairly with each other but also in particular on dealing fairly with our customers, business partners and investors. The Code of Conduct specifies how we assume our ethical and legal responsibility as a company and is the expression of our company values.

Information on the Company's Governing Constitution

The designation Deutsche Wohnen comprises Deutsche Wohnen SE and its Group companies. Deutsche Wohnen is a European company (SE) in accordance with the German Stock Corporation Act (AktG), the SE Act and the SE Regulation. Its registered headquarters are in Berlin. It has three governing bodies: the Annual General Meeting, the Supervisory Board and the Management Board. The duties and authority of those bodies derive from the SE Regulation (SE-VO), the German Stock Corporation Act (AktG) and the Articles of Association. Shareholders, as the owners of the company, exercise their rights at the Annual General Meeting.

According to the two-tier governance system, Deutsche Wohnen SE has a Management Board and a Supervisory Board. In the two-tier governance system, the management of business and the monitoring of business are strictly separated from each other, meaning that individuals cannot be members of both bodies at the same time. The duties and responsibilities of these two bodies are clearly specified by law in the German Stock Corporation Act. In accordance with the governing laws, in particular the SE Regulation and the German SE Employee Participation Act (SEBG), the Supervisory Board is only made up of representatives of the shareholders. Employee interests are represented by the works councils established by law within Deutsche Wohnen and, since 2023, also by the responsible Group Works Council of the Vonovia Group.

The Management Board and Supervisory Board of a company listed in Germany are obliged by law (Section 161 of the German Stock Corporation Act) to report once a year on whether the officially published and relevant recommendations issued by the government commission German Corporate Governance Code, as valid at the date of the declaration, have been, and are being, complied with. Companies affected are also required to state which of the recommendations of the Code have not been, or will not be, applied and, if not, why. The most recent Declaration of Conformity is valid for at least the next five years and the Declarations of Conformity that are no longer valid can be found on the company's website.

The Management Board reports in its declaration, also on behalf of the Supervisory Board, on important aspects of corporate governance pursuant to Section 289f of the German Commercial Code (HGB) and Principle 23 of the German Corporate Governance Code (GCGC) 2022.

Declaration of Conformity to the GCGC Pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Management Board and the Supervisory Board of Deutsche Wohnen SE carefully assessed compliance with the standards set out in the German Corporate Governance Code (the "Code") and issued the following Declaration of Conformity in December 2023 pursuant to Section 161 (1) AktG:

Since the last Declaration of Conformity was made in December 2022, the company has complied with all of the recommendations made by the Government Commission on the German Corporate Governance Code in the version published on June 27, 2022, as published in the official section of the federal gazette by the German Federal Ministry of Justice, with the exception referred to below, and will comply with the recommendations set out in the Code with the exception referred to below.

Recommendation G.10 has not been, and will not be, complied with. In accordance with recommendation G.10 sentence 1, the variable remuneration amounts granted to a member of the Management Board should be invested by that member predominantly in shares in the company, taking into account the relevant tax obligation, or should be granted by the company as share-based remuneration. In accordance with the remuneration system approved by the Annual General Meeting held on June 2, 2022, the members of the Management Board receive their remuneration entirely in cash.

Shareholders and Annual General Meeting

Shareholder Information: Shareholders can obtain full and timely information about our company on our website and can access current as well as historical company data. Among other information on its website, Deutsche Wohnen regularly posts all financial reports, important information on the company's governing bodies (including current résumés), its corporate governance documentation (declaration of conformity and governance-related guidelines and voluntary commitments), information requiring ad hoc disclosure and press releases.

Directors' Dealings: Information on directors' dealings/managers' transactions notifiable pursuant to Article 19 of the Market Abuse Regulation is published by Deutsche Wohnen without delay in accordance with the Regulation and is made available on the company's website.

Financial Calendar: Shareholders and interested members of the financial community can use the regularly updated financial calendar on the website to obtain information on publication and information dates, and the timing of the Annual General Meeting early on.

Annual General Meeting and Voting: The Annual General Meeting decides in particular on the appropriation of profit, the ratification of the acts of the members of the Management Board and of the Supervisory Board, the appointment of the external auditor, amendments to the Articles of Association as well as specific capital measures and individually elects the shareholders' representatives to the Supervisory Board.

Our shareholders can exercise their voting rights at the meeting or instruct a proxy of their choice or one of the proxies provided for that purpose by the company. Our shareholders are also able to submit a postal vote. The details regarding the postal voting procedure are in the respective shareholder's invitation to the Annual General Meeting.

The entire documentation for the Annual General Meeting and opportunities to authorize, and issue instructions to, the company's proxies as well as to submit a postal vote are available to shareholders at all times on the Deutsche Wohnen website.

Based on positive experience in recent years, Deutsche Wohnen made use of the option provided by law of holding the 2023 Annual General Meeting as a virtual event. Deutsche Wohnen still considers this to be a very successful concept. In the spirit of digitalization and sustainability, a proposal was made to, and a corresponding resolution passed by, the 2023 Annual General Meeting to authorize the Management Board to hold the Annual General Meeting as a virtual event over the next five years.

Remuneration Paid to Executive Bodies: In line with the German Stock Corporation Act and the GCGC, the Supervisory Board presented the amended remuneration system it had adopted for the Management Board members to the 2022 Annual General Meeting for approval, which was granted with 96.8% of the votes cast.

The first remuneration report in accordance with the amended remuneration system was prepared by the Management Board for the 2023 Annual General Meeting. The remuneration report for the 2022 fiscal year, which was audited by the auditor, was approved by 98.5% of the votes cast before being published on Deutsche Wohnen SE's website.

The remuneration system of the Supervisory Board of Deutsche Wohnen SE is governed by the Articles of Association. It was confirmed by a 99.3% majority by the 2021 Annual General Meeting.

The Supervisory Board

Duties and Responsibilities

The Supervisory Board appoints, supervises and advises the Management Board and is directly involved in decisions of fundamental importance to the company. The Supervisory Board performs its work in accordance with the legal provisions, the Articles of Association, its rules of procedure and its resolutions. It consists of six members, three of whom were elected/reelected by the 2023 Annual General Meeting. The terms of office range from one to three years.

The Supervisory Board examines and adopts the annual financial statements and the combined management report, including the Non-financial Group Declaration. It assesses and confirms the proposal for the appropriation of profit as well as the consolidated financial statements and the combined management report on the basis of the report prepared by the Audit Committee. The Supervisory Board reports in writing to the shareholders at the Annual General Meeting on the result of its examination.

Given Deutsche Wohnen SE's status as a dependent company pursuant to Section 17 AktG, the Supervisory Board considers it appropriate for at least half of the members of the Supervisory Board to now be independent. The newly appointed Supervisory Board meets this requirement, as Peter Hohlbein, Simone Schumacher and Dr. Florian Stetter are to be considered independent. The same applies to the Executive and Nomination Committee and the Audit Committee.

The Chair of the Supervisory Board chairs the meetings and coordinates communications. The members of the Supervisory Board generally have the same rights and obligations. Supervisory Board resolutions are above all passed in the Supervisory Board meetings but also, if necessary, using the written procedure or by other communication means. At least two meetings are held every six months. In addition, if necessary and on the basis of the rules of procedure of the Supervisory Board, a meeting of the Supervisory Board or its committees can be convened at any time at the request of a member or the Management Board.

The Supervisory Board is composed in such a way that its members as a group have the knowledge, ability and specialist experience, also in those sustainability matters that are significant to the company, required to properly complete its tasks. All of them are familiar with the real estate sector as the segment in which the company operates. At least one member of the Supervisory Board has expertise in the field of accounting and another member has expertise in the field of auditing.

Each Supervisory Board member shall ensure that they have enough time to carry out their mandate.

At the time at which this declaration was prepared, no Supervisory Board members exercised directorships or advisory tasks for important competitors of the company (see → **Conflicts of Interest**).

Since 2020, a standard process for related party transactions has been firmly established within the company. This includes reporting on a regular basis to the Annual General Meeting as part of the Supervisory Board report. As Deutsche Wohnen SE has been majority-owned by Vonovia SE since September 30, 2021, a system for assessing related party transactions has been established in parallel with the process for recording legal transactions and measures with affiliated companies; this is presented in the dependent company report. Members of the Supervisory Board, for their part, immediately report any transactions that they or parties related to them conclude with the company. The relevant data is also collected at the end of the fiscal year. The Supervisory Board will make a decision itself on any transaction requiring approval or to delegate the decision to one of its committees in line with the statutory requirements. For an overview of transactions between related parties and the Deutsche Wohnen Group, please refer to → **[F42] Related Party Transactions**.

Supervisory Board Self-assessment

The Supervisory Board is committed to conducting regular efficiency reviews in line with the recommendation set out in the GCGC. A self-assessment was most recently conducted using a written survey of its members in December of the reporting year. The Supervisory Board, which has been composed largely of new members since 2022, discussed the nature of its cooperation and the fulfillment of the tasks assigned to it intensively on the basis of a qualified questionnaire. Both the Supervisory Board as a whole and the committees were found to work effectively and comprehensively in accordance with the supervisory and consultancy requirements that its activities have to meet (see → **Report of the Supervisory Board**).

Supervisory Board Committees

The Supervisory Board forms an Executive and Nomination Committee, an Audit Committee and a Finance Committee from among its members. Additional committees are formed as needed. Committees are made up of at least three members of the Supervisory Board (see → **Report of the Supervisory Board**). The committees prepare topics to be discussed or resolved by the Supervisory Board. In addition, they pass resolutions on behalf of the entire Supervisory Board. The basis for committee work was the delegation of tasks and responsibilities within the scope of statutory requirements.

The **Executive and Nomination Committee** is made up of the Chair of the Supervisory Board and at least two other members to be elected by the Supervisory Board. The Chair of the Supervisory Board is the Chair of the Executive and Nomination Committee. The tasks of this committee are, in particular, to prepare the appointment of Management Board members and propose candidates for election as Supervisory Board members, to advise on the remuneration system, to assign responsibilities and to decide in cases of legal and loan transactions with members of the Management Board and conflicts of interest.

The Supervisory Board appoints one of the members of the **Audit Committee as the Chair of the Audit Committee.** When electing the committee members, the Supervisory Board shall ensure that the Chair of the Audit Committee has specialist knowledge and experience in the application of accounting principles and internal control and risk management systems and/or in audits. The Committee Chair should be independent and not be a former member of the company's Management Board whose appointment ended less than two years before their appointment as Chair of the Audit Committee. The Supervisory Board Chair should not be the Chair of the Audit Committee. One committee member must have experience in accounting and one in auditing. With Simone Schumacher, who has long-standing experience in accounting and finance in global multinational companies, Dr. Florian Stetter, who, as CEO and managing director of major corporations subject to mandatory audits, has fundamental and in-depth practical knowledge of auditing, the Audit Committee's members include experts in the field of accounting and auditing (see table → **Supervisory Board Qualifications Profile**). The Audit Committee handles, in particular, the monitoring of the accounting process, the effectiveness of the internal control system, risk management system and internal audit system, the audit of the annual financial statements and – unless another committee is entrusted therewith – compliance. Accounting and auditing also include the sustainability report and the auditing of this report. Each member of the Audit Committee can obtain information directly from the heads of those central departments that are relevant to the Audit Committee via the Committee's Chair.

The Audit Committee prepares the resolutions of the Supervisory Board on the annual financial statements (and, if applicable, the consolidated financial statements), and, in place of the Supervisory Board, reaches the agreements with the auditor (in particular the issuing of the audit mandate to the auditor, the determination of strategic audit objectives and the fee agreement). The Audit Committee takes suitable action to assess and monitor the independence of the auditor and the audit quality and is responsible for discussing the assessment of the audit risk, audit strategy, planning and results with the auditor. The Audit Committee also makes decisions on behalf of the Supervisory Board on the approval of contracts with auditors for non-assurance services.

The **Finance Committee** consists of the Supervisory Board Chair or the latter's Deputy Chair and at least two other members. The Finance Committee prepares the resolutions of the Supervisory Board on the following matters:

> Financing and investment principles, including the capital structure of the Group companies and dividend payments.
> Principles of the acquisition and disposal policies, including the acquisition and disposal of individual shareholdings of strategic importance.

In place of the Supervisory Board, the Finance Committee adopts resolutions in particular on general guidelines and principles for the implementation of this financial strategy, including the handling of currency risks, interest, liquidity and other financial risks, the handling of credit risks and the implementation of external financing principles, and also on important transactions regarding the acquisition and disposal of properties and shares in companies as well as corporate financing.

The Management Board

Duties and Responsibilities

The Management Board members are jointly accountable for independently managing the company in the company's best interests while complying with the applicable laws and regulations, the Articles of Association and the rules of procedure. In doing so, they must take the interests of the shareholders, the employees and other stakeholders into account.

The Management Board is monitored and advised by the Supervisory Board. It has adopted the rules of procedure in consultation with the Supervisory Board. The Management Board has a Chair who coordinates the work of the Management Board and represents it in dealings with the Supervisory Board.

The Management Board informs the Supervisory Board regularly, in due time and comprehensively in line with the principles of diligent and faithful accounting in accordance with the law and the reporting duties specified by the Supervisory Board.

The Management Board develops the company's strategy, coordinates it with the Supervisory Board and implements it. It ensures that all statutory provisions and the company's internal policies are complied with. The Management Board also ensures appropriate risk management and risk controlling in the company. The Chief Development Officer is responsible for the social and environmental factors to be taken into account in this process, as well as for the associated risks, opportunities and impacts.

The Management Board submits the corporate planning for the coming fiscal year to the Supervisory Board as well as the midterm and strategic planning, which also includes sustainability targets. The Chair of the Management Board informs the Supervisory Board Chair without delay of important events that are essential for the assessment of the situation and the development of the company or for the management of the company as well as of any shortcomings that occur in the monitoring systems.

The Management Board requires the approval of the Supervisory Board for certain important transactions. Transactions and measures that require Supervisory Board approval are submitted in good time to the Supervisory Board, or to one of its committees where particular powers are delegated to them. The Management Board members are obliged to disclose any conflicts of interest to the Supervisory Board without delay and to inform the other Management Board members accordingly.

The Management Board members are subject to a comprehensive non-competition obligation. Management Board members may only take up sideline activities, in particular positions on supervisory boards in companies outside the Group, with the approval of the Supervisory Board.

Important transactions between the company, on the one hand, and the Management Board members as well as persons they are close to or companies they have a personal association with, on the other, require the approval of the Supervisory Board. The internal procedure put in place by the Supervisory Board to evaluate these transactions is set out in the section entitled → **The Supervisory Board**.

Recruitment of Members of Executive Bodies

In accordance with the German Corporate Governance Code, the Supervisory Board and the Management Board must be composed in such a way that these bodies/their members as a group have the knowledge, ability and specialist experience required to properly complete their tasks. The requirements were extended and set out by law with the entry into force of the CSR Directive Implementation Act. The Supervisory Board has adopted the following criteria and objectives for recruiting individuals to the Management and Supervisory Boards, taking the above-mentioned requirements into account:

Recruitment of Members of the Supervisory Board

Composition: As a listed company that is not subject to codetermination, the Supervisory Board of Deutsche Wohnen SE is to include six members, an appropriate number of whom are to be independent within the meaning of the Code. All members should have sufficient time available to perform the duties associated with their mandate with due regularity and care.

When proposing candidates to fill new Supervisory Board positions to the Annual General Meeting, the Supervisory Board should have performed an extensive review to ensure that the candidates standing for election meet the corresponding professional and personal requirements (see below) and must disclose the candidates' personal and business-related relationships with the company, the governing bodies of the company and any shareholders with a material interest in the company. Shareholders are deemed to hold a material interest if they hold more than 10% of the voting shares in the company, either directly or indirectly. The proposals are not based on the candidate's affiliation to any particular party that is interested in the company.

Other general criteria, and criteria defined in the GCGC that applied in the fiscal year under review, governing composition include:

> No more than two former members of the Management Board shall be members of the Supervisory Board.
> Supervisory Board members shall not exercise directorships or similar positions or advisory tasks for important competitors of the company.
> If a (designated) member belongs to the management board of a listed company, this member shall not accept more than a total of two supervisory board mandates in non-Group listed companies or on supervisory bodies of non-Group entities that make similar requirements.
> The age limit has been set at 75 at the time of election to the Supervisory Board.

Skills profile: The Supervisory Board of Deutsche Wohnen SE should be composed so as to ensure qualified supervision of, and provision of advice to, the Management Board. The candidates nominated for election to the Supervisory Board should be able, on the basis of their knowledge, skills and professional experience, to perform the duties of a Supervisory Board member of a listed real estate company that is active on the international capital market. In terms of their personality, the candidates nominated for election should show integrity, professionalism and commitment. The aim is to ensure that the Supervisory Board as a whole offers all of the knowledge and experience that the Group considers to be important for ensuring Deutsche Wohnen's operational and financial further development.

Independence: Given Deutsche Wohnen SE's status as a dependent company pursuant to Section 17 AktG, the Supervisory Board considers it appropriate for at least half of the members of the Supervisory Board to be independent. Material conflicts of interest that are not merely of a temporary nature, e.g., arising from functions on executive bodies or advisory roles performed at the company's major competitors, should be avoided. A Supervisory Board member is, in particular, not to be considered independent if they have personal or business relations with the company, its bodies, a controlling shareholder or a company associated with such a shareholder that may cause a substantial and not merely temporary conflict of interest.

Diversity: When nominating candidates for election, the Supervisory Board should also take diversity into account. In accordance with the German Act on the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector (Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in Privatwirtschaft und im öffentlichen Dienst), the Supervisory Board should comprise at least 30% women and 30% men. Deutsche Wohnen intends for the Nomination Committee to continue to have at least one female member. Deutsche Wohnen's Supervisory Board should meet both criteria in the current target period. When assessing potential candidates for reelection or to fill a Supervisory Board position that has become vacant, qualified women are to be included in the selection process and given appropriate consideration when the nominations are made.

Target achievement: The objectives regarding the composition of the Supervisory Board set out above have been met. There are two female members of the Supervisory Board (33%). Simone Schumacher is a member of the Executive and Nomination Committee. Three out of six members of the Supervisory Board are considered by the latter to be independent within the meaning of C. 6 and C. 7 of the GCGC. No member of the Supervisory Board was a member of the company's Management Board or has a personal relationship with a significant competitor of the company as defined by C. 12 of the GCGC. The Chair of the Audit Committee is an expert in the field of accounting. The main knowledge, skills and professional experience of the Supervisory Board members are summarized in the table below.

Supervisory Board Qualifications Profile

					Key skills & areas of experience*							
Name	Independent	Year of birth	Year appointed	Nationality	Finance, accounting, financial planning and analysis	Real estate	Strategy	Legal and regulation	International experience, M&A, capital markets	Investment expertise	Digitalization	Sustainability
Dr. Fabian Heß (Chair)	no**	1974	2022	German		x	x	x	x			x
Dr. Florian Stetter (Deputy Chair)	yes	1964	2006	German and Austrian	x	x	x			x		x
Catrin Coners	no**	1968	2023	German	x	x	x			x		x
Peter Hohlbein	yes	1959	2022	German		x	x	x		x		x
Christoph Schauerte	no**	1962	2022	German	x		x		x		x	x
Simone Schumacher	yes	1983	2022	German	x				x	x	x	x

* The members of the Supervisory Board can specify up to five areas of experience.
** Independent of the company and the Management Board, not independent of a controlling shareholder.

Recruitment of Members of the Management Board

Composition: In accordance with the Articles of Association, the Management Board of Deutsche Wohnen SE consists of at least two members. The Supervisory Board appoints the Management Board members in accordance with the Articles of Association and the law. The Supervisory Board can appoint a Chair of the Management Board and a Deputy Chair of the Management Board. The decisions made by the Supervisory Board on the composition of the Management Board should be based on a careful analysis of the existing and future challenges facing the company. The Management Board of Deutsche Wohnen SE should be composed so as to ensure that, as the management body, it can perform the duties set out above reliably and in full. When taken as a whole, it should combine all of the knowledge and experience required to ensure that the Group can pursue its operational and financial objectives in an effective and sustainable manner in the interests of the shareholders and other stakeholders. While membership of the Management Board is not limited to a certain period of time, the contract of employment of a Management Board member ends when the member turns 67 at the latest.

Skills profile: Newly appointed Management Board members should be able, on the basis of their knowledge, skills and professional experience, to reliably perform the duties assigned to them in a listed real estate company that is active on the international capital market. In addition to having good professional and fundamental general qualifications, they should also show integrity, professionalism and commitment.

Independence: The Management Board should perform its management duties in a manner that is free of any conflicts of interest. Functions on executive bodies or advisory roles performed at major competitors of the company should be avoided.

Diversity: When looking for candidates to fill a Management Board position that has become vacant, the Supervisory Board should include qualified women in the selection process and give them appropriate consideration. Gender should be irrelevant when it comes to filling Management Board positions. The Supervisory Board has adopted a target of at least 20% women on the Management Board for the current period, which is set to run until June 30, 2025. For the target achievement period running until June 30, 2025, the Management Board has set a target of 30% women for the two levels of management below the Management Board.

Target achievement: The objectives regarding the composition of the Management Board set out above have been met in full. The Management Board consists of one female and two male members who are able to manage the Group appropriately on the basis of their experience and skills. At the time at which this declaration was made, the first two levels of management below Deutsche Wohnen's Management Board comprises 22.2% women. Achieving the target for the proportion of women at both management levels will continue to require even more systematic succession planning and recruitment efforts in order to actively support women and open up opportunities for them to assume both commercial and technical/trade-related leadership roles at Deutsche Wohnen.

Succession planning: The Management Board and the Supervisory Board address long-term succession planning for the Management Board on an ongoing basis. Last year, the Supervisory Board once again discussed positions to be filled in the Management Board and long-term workforce planning, taking the ideas explored by the Management Board into account.

Cooperation Between the Management Board and the Supervisory Board

The Management and Supervisory Boards vote on the strategic direction of the company and discuss the current status of implementation of the corporate strategy, which also includes sustainability topics (see → **Strategy**) at regular intervals. Furthermore, the Management Board regularly informs the Supervisory Board in written or verbal reports on topics including the development of business and the situation of the company.

In this way, the Supervisory Board receives detailed documents from the Management Board regularly and in a timely manner on the economic development and the company's current situation as well as the risk management and compliance reports that deal with the most important risks for the business as well as compliance management at Deutsche Wohnen SE. On the basis of these reports, the Supervisory Board monitors the company's management by the Management Board as well as via its committees where particular powers are delegated to these committees. The Supervisory Board meets on a regular basis without the Management Board if personnel matters relating to the Management Board are to be discussed. For information on the remuneration agreements that reflect this cooperation, please refer to the **Remuneration Report**.

Avoidance of Conflicts of Interest

In the reporting year, there were no conflicts of interest of Management Board or Supervisory Board members, which are to be reported immediately to the Supervisory Board. In matters giving rise to concerns as to the partiality of individual Supervisory Board members, these members always abstained from voting. There was a need to discuss legal matters, in particular lending transactions with members of executive bodies or individuals related to them, in the context of the loan to Vonovia SE published pursuant to Section 111c AktG.

Accounting and Audits

The Annual General Meeting selected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Berlin as auditor for the annual financial statements and consolidated financial statements.

We prepare the annual financial statements of Deutsche Wohnen SE in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG) and the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) to be applied in the EU. In addition, we prepare a combined management report as required by the German Commercial Code and the German Stock Corporation Act (AktG). The Management Board is responsible for financial accounting. The Supervisory Board examines and adopts or approves the annual financial statements, the consolidated financial statements and the combined management report.

In addition to our annual financial statements, we also prepare interim statements for the first and third quarters as well as an interim financial report for the first half-year in accordance with the German Securities Trading Act.

Both the interim statements and the interim financial report are presented to, and discussed with, the Audit Committee of the Supervisory Board by the Management Board. The interim financial report is then published.

Under German stock corporation and commercial law, there are special requirements for internal risk management that apply to Deutsche Wohnen. Therefore, our risk management system covers risk inventory, analysis, handling and limitation. In accordance with Section 317 (4) of the German Commercial Code (HGB) applicable to listed companies, PwC assesses in its audit the risk early warning system as part of the risk management system. Furthermore, we maintain standard documentation of all our internal control mechanisms throughout the Group and continually evaluate their effectiveness.

In the combined management report, we provide comprehensive information on the main features of the internal control and risk management system with regard to the accounting process and the Group accounting process in accordance with our reporting duties pursuant to Sections 289 (4) and 315 (4) of the German Commercial Code (HGB).

The company is obliged to prepare a report pursuant to Section 312 AktG on relationships with affiliated companies (dependent company report) and to have it reviewed by the auditor (see → **Report of the Supervisory Board** and → **Report on Economic Position**).

Deutsche Wohnen SE on the Capital Market

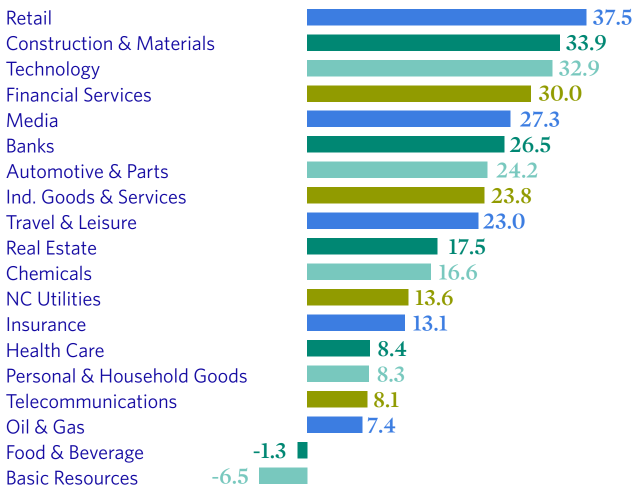
Capital Market Development and Shares in Deutsche Wohnen

Inflation, interest rates and views on possible recession scenarios continued to dominate the international capital markets in 2023. Market participants paid particular attention to the interest rate policies pursued by the world's major central banks. Following a marked drop in inflation, given that interest rates have now peaked, at least according to capital market assessments, and in light of the prospect of initial rate cuts in 2024, sentiment brightened considerably and led to broad-based price increases, particularly at the end of the year. In this environment, the SDAX closed 17.1% up, with the EPRA Europe real estate index up by 12.6%. Deutsche Wohnen also reaped the benefits of the improved macroeconomic environment, with its shares gaining 20.4% over the course of the year. This means that Deutsche Wohnen's performance in 2023 was significantly above average.

Overall, there was once again a strong correlation in the fiscal year under review between Deutsche Wohnen's share price on the one hand, and the capital market's assessment of future interest rate trends and government bond yields on the other.

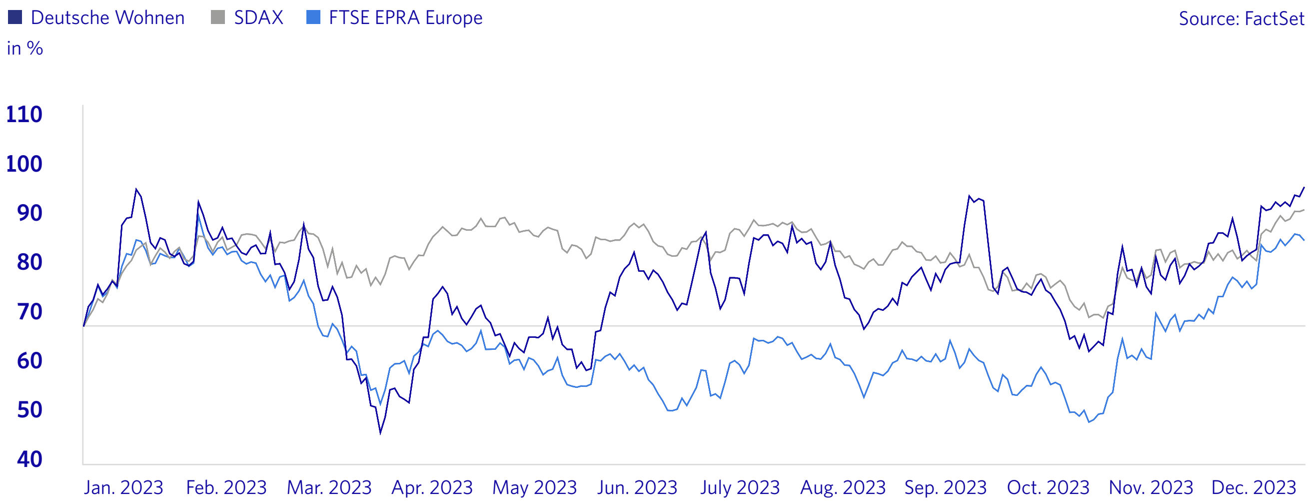
Sector Development

in %



Despite the positive share price performance in 2023, capital market assessments continue to be subdued, while develop-

Share Price Development



ment on the residential real estate market remains robust. While the capital market still appears to be pricing real estate stocks at hefty discounts, the residential property markets in which we operate remain relatively robust, with initial signs emerging that prices are starting to stabilize.

This is due, in particular, to the favorable relationship, from an owner's point of view, between supply and demand in urban regions, which have conventionally been long-term financing arrangements, tax aspects as well as the structural momentum on the revenue side.

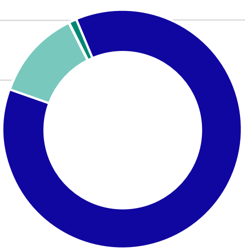
We still believe that shares in Deutsche Wohnen can reflect the positive operating development and ultimately the success of our business model as a whole in the medium to long term. Our responses to key long-term megatrends – climate change, urbanization and demographic change – remain the dominant factors driving our business. We are optimistic as we look ahead to the future and are confident that we will remain financially successful.

Deutsche Wohnen's market capitalization amounted to around € 9.6 billion as of December 31, 2023.

Shareholder Structure

The chart displayed below shows the voting rights pursuant to Sections 33 and 34 of the German Securities Trading Act (WpHG) as notified by the shareholders in relation to the current share capital. It is important to note that the number of voting rights reported could have changed within the respective thresholds without triggering an obligation to notify the company.

Major Shareholders (as of December 31, 2023)



Vonovia SE holds 86.87% of the shares in Deutsche Wohnen as of December 31, 2023. On December 31, 2023, 12.3% of Deutsche Wohnen's shares were in free float as defined by Deutsche Börse. Deutsche Wohnen's own shares account for 0.84%. The underlying voting rights notifications and corresponding financial instruments reported by shareholders or other instruments pursuant to Sections 38, 39 WpHG can be found **online**.

2023 Annual General Meeting

At the Annual General Meeting held on Thursday, June 15, 2023, the shareholders of Deutsche Wohnen SE approved all items on the agenda by a large majority. A total of around 96% of the share capital entitled to voting rights was represented at the Annual General Meeting, which was once again held as a virtual event. The main shareholder is Vonovia SE with a stake of just under 87%. You can find details of the voting results at **www.deutsche-wohnen.com/agm**.

Share Information (as of December 31, 2023)

Total number of shares	400,296,988
Thereof treasury shares	3,362,003
Share capital	€ 400,296,988
ISIN	DE000A0HN5C6
WKN	A0HN5C
Ticker symbol	DWNI
Share class	Bearer shares
Offical market	General Standard, Frankfurt Stock Exchange, Xetra
Indices	SDAX, EPRA/NAREIT, STOXX® Europe 600, GPR 250

Combined Management Report

Social megatrends continue to provide a solid foundation for our business model.

Substantial unmet demand for housing in an environment characterized by higher construction costs, inflation and rising interest rates.

Varied segment development against the backdrop of complex overall conditions in the residential real estate sector.

Fundamental Information About the Group

Ongoing Complex Overall Conditions on the Residential Real Estate Market

Overall **conditions** for the residential real estate sector remained challenging in 2023. The gap between demand for, and the supply of, housing has widened further, with sociological and demographic factors having a particular impact on **housing demand**. This means that up to 400,000 new residential units will have to be built every year over the next 20 years to meet demand. Although this is also what policymakers are striving to achieve, the number of completions is likely to remain well below the target figure in the coming years. As a result, the current completion level will only exacerbate the shortage of housing, meaning that upward pressure on rents will persist.

The **supply side** has been confronted with an ongoing rise in construction costs over the last few years. Driven by the uptick in general inflation over the past two years to as much as 8.8%, i.e., beyond the level of around 6% witnessed back in the early 1990s in the wake of German reunification, the construction cost index rose from a baseline of 100 in 2015 to around 160 in 2023. The increase in construction costs was also accelerated by increasing regulation, with political uncertainty and bureaucratic obstacles also hindering faster implementation of investment projects.

The higher construction costs are compounded by the rise in interest rates. Coming in at over 3% in 2023, the ten-year swap rate had risen to a level last seen around twelve years ago.

Upward trends in interest rates and inflation, macroeconomic volatility and less reliable supply chains led to increased costs of capital and therefore higher yield requirements, with an additional dampening effect on investment behavior. This led to mounting pressure on property values, significantly restricting transaction activity on the real estate market, although Deutsche Wohnen was largely able to buck this trend.

These overall conditions triggered increased pressure on profitability and fair values in the real estate sector, with increased capital discipline the only feasible response. Deutsche Wohnen strengthened its internal financing power, exercised cost discipline and made changes to its investment approach. At the same time, it did not pursue any further acquisitions and offered housing stocks for sale.

With the key **megatrends** facing us, urbanization, demographic change and sustainability, remaining unchanged, and in light of the current overall conditions, Deutsche Wohnen elaborated the key value drivers of its strategy and business model in greater detail and analyzed them with regard to the current overall situation in order to define clear options for action.

The project related to our collaboration with Vonovia was completed successfully in 2023 and the planned **synergy potential** was realized by making joint use of the **management and development platform** and leveraging harmonization effects and economies of scale together.

The principles of good corporate governance are being upheld within this context with a view to the Deutsche Wohnen Group's independent status. This is also ensured by corresponding contractual agreements and is expressed in the dependent company report in this Management Report.

The Company

Deutsche Wohnen's **business model** is based on the provision and rental of good-quality and, most importantly, affordable living space at the right time, as well as the management of these properties.

Deutsche Wohnen continues to develop its real estate portfolio through active portfolio management. In addition to acquisition, sale and modernization, this also includes building new apartments for our own portfolio and for sale to third parties.

This business model is based on a highly **digitalized management platform** and a similarly highly digitalized development platform allowing all stages in the value chain to be managed.

Aspects of Sustainability at Deutsche Wohnen

E Environmental	S Social	G Governance
Contribution to climate protection and reducing CO_2 in both the housing stock and new construction.	Responsibility towards tenants and society through fair prices, housing that meets people's needs and future-fit neighborhood development. Attractive and fair working environment for our diverse workforce.	Sustainable corporate governance and responsible business practices with reliable compliance.

The aim is to make the business model future-fit in the long run by using sustainable new construction and refurbishment approaches and CO_2 reduction in the real estate portfolio through innovations to contribute to solutions for the current climate protection objectives.

The aim is to make the business model future-fit in the long run by using sustainable new construction and refurbishment approaches and CO_2 reduction in the real estate portfolio through innovations to contribute to solutions for the **current climate protection objectives.**

Deutsche Wohnen focuses on the ESG aspects of sustainability, namely climate protection and the environment (E) by contributing to a reduction in carbon emissions; society (S) by acting responsibly towards all stakeholders; and governance (G) through sustainable, reliable and responsible corporate management. The concept of the neighborhood remains an overarching principle.

This means that Deutsche Wohnen's business model makes a positive contribution to the pressing socio-political challenges of housing shortages and climate protection.

Deutsche Wohnen aims to be an attractive employer for its **employees**, ensuring equal opportunities and supporting staff members in their personal and professional development.

Deutsche Wohnen's **roots** go back to 1863, with the real estate held by the pension fund of the company Hoechst. Via the non-profit company GEHAG, which was established in 1924, Deutsche Wohnen has properties that are exceptional examples of architectural history from the Bauhaus and expressionist movements. These included new housing concepts that helped to shape the idea of a neighborhood and were even listed as **UNESCO world heritage sites**. Examples include the "Hufeisensiedlung", "Wohnstadt Carl Legien", "Weiße Stadt" and "Ringsiedlung Siemensstadt" developments.

Our **neighborhoods, the main areas of action** for creating a socially responsible housing industry, are to provide housing that responds to tenants' needs as part of a process aimed at tenant participation so as to boost customer satisfaction and also contribute to the integration of our increasingly diverse society. The **real estate portfolio** with a fair value of around € 24.5 billion includes around 140,000 residential and commercial units.

Our investments focus on residential properties in German urban and metropolitan areas.

Corporate Structure

Deutsche Wohnen SE, the parent company of the Deutsche Wohnen Group, is organized in the legal form of a dualistic European company (SE). Deutsche Wohnen SE is directed by a Management Board, which is responsible for conducting business and defining the Group's strategy. The strategy is implemented in close coordination with the Supervisory Board, which is regularly briefed by the Management Board regarding the development of business, strategy and potential opportunities and risks. The Supervisory Board oversees the activities of the Management Board.

Deutsche Wohnen SE has its **registered headquarters** in Germany. Its registered office is located in Berlin. The head office (principal place of business) is located at Mecklenburgische Strasse 57, 14197 Berlin.

As of December 31, 2023, 155 legal entities/companies (of which 153 in Germany) formed part of the Deutsche Wohnen Group. A detailed list of Deutsche Wohnen SE shareholdings is appended to the Notes to the consolidated financial statements.

Deutsche Wohnen SE performs the function of the **management holding company for the Group**. In this role, it is responsible for determining and pursuing the overall strategy and implementing the company's goals. It also performs overarching property management, financing, service and coordination tasks for the Group. Furthermore, it is responsible for the management, control and monitoring system as well as the risk management system of the Group. There is also a central function responsible for sustainability issues within Deutsche Wohnen SE; it coordinates these matters for the Group as a whole.

To perform its management functions, Deutsche Wohnen uses both its own service companies and external service providers, primarily Vonovia, with which extensive agency agreements have been concluded in accordance with the arm's length principle, particularly for commercial and operational support functions. By pooling the corporate functions on a uniform management and development platform with Vonovia, the Group achieves harmonization, standardization and economies of scale objectives, and the other Group companies thus do not need to perform such functions themselves.

With our **efficient organizational model**, optimized processes, a clear focus on service, and, as a result, on our customers, and a clear investment strategy focusing on climate protection, we are laying the foundation for a sustainable business while safeguarding our legitimate interests as a private-sector company.

In addition, Deutsche Wohnen will be using new construction and development measures, densification and vertical expansion to build new apartments in order to meet the rising demand for living space in metropolitan areas in particular. Since the 2023 fiscal year, new construction activities have been based on an agency agreement via the development activities of Vonovia and the BUWOG brand, as well as via the 40% stake in QUARTERBACK. This gives Deutsche Wohnen extensive product and process expertise in the field of construction and in the development of residential construction projects. The development business is largely managed via project companies.

The management of the operating business is based on the company's strategic approaches and is conducted via the four segments: Rental, Value-add, Recurring Sales and Development.

Strategy

Deutsche Wohnen Has a Sustainable Strategy that is Viable in the Long Term

The corporate strategy that Deutsche Wohnen has been pursuing for years now has proven effective and is both highly **mature** and highly flexible. It has supported the business and the company's growth path over the last few years.

The strategies pursued by Deutsche Wohnen and Vonovia also evidently **complemented** each other very well, which served as the basis for the merger of the two groups. In the Business Combination Agreement, the fundamental agreement on the merger, the companies agreed to harmonize their two complementary strategies in order to allow both groups to tap into potential synergies and create value added by striving for sustainable action together.

Whereas only a few years back, the shareholder value perspective was the main focus, nowadays, a company's actions have to focus on all of its stakeholders. All corporate **stakeholders** have had to deal with significant changes in the recent past. Specific examples of such stakeholder groups include tenants/customers, employees, banks, investors, suppliers, as well as society at large and our natural environment.

Not only the increasingly dynamic development of **megatrends**, but also the ever louder calls made by various stakeholder groups for a sustainable business model and the complex overall conditions we are faced with at present mean that the focal points of the company's strategy have to be reviewed on an ongoing basis and its various components analyzed. The cornerstones of our sustainable strategy are:

> Contribution to climate protection and reducing CO_2 (E)
> Social responsibility for our tenants, customers and employees (S)
> Trustworthy, reliable and transparent corporate governance based on the best-practice guidelines set out in the Corporate Governance Code (G)

Increase in Sustained Earnings

In order to ensure the **future viability** of the strategy and business model, Deutsche Wohnen and Vonovia have agreed to harmonize their strategic approaches as part of the merger in order to meet the requirements of a future-proof and sustainable corporate strategy and to jointly develop solutions.

In view of the challenging conditions for the residential real estate sector since the start of 2022, the Management Board has broken down the strategy and its pillars further into key value drivers. This has not resulted in any changes to our mission statement. People remain at the center of everything we do, and we are committed to living up to this responsibility. Decisions are always made looking at the overall context of sustainability with a view to the future.

The Key Strategic Value Drivers

The following aspects have been elaborated as the **key value drivers** of our business:

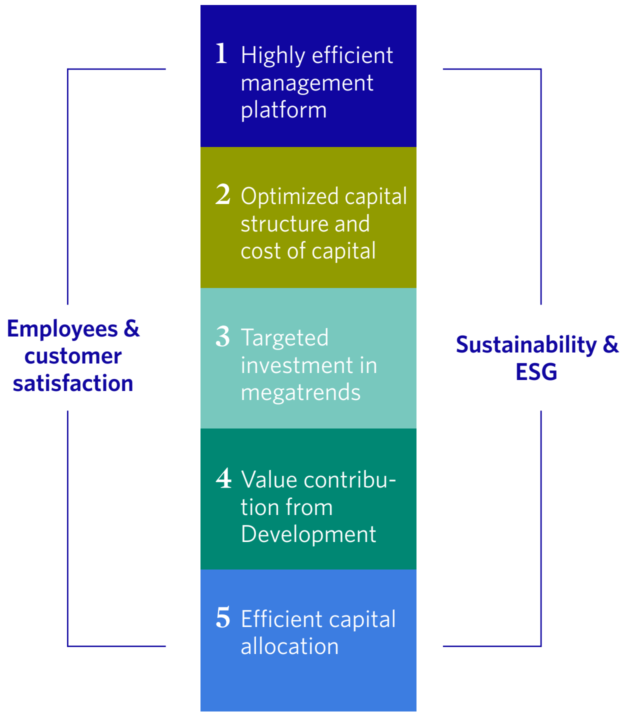
1. The highly efficient management platform
2. The optimized capital structure and advantageous costs of capital
3. Investment focused on megatrends
4. The value contribution made by the development business
5. Efficient capital allocation

Greater attention is also being paid to effects on sustainability-related impacts.

(1) The joint use of the **scalable management platform** with Vonovia and its highly digitalized processes allow for optimized management of residential units exploiting economies of scale and harmonization effects. This system is directly associated with a clear reduction in fixed costs and, at the same time, ensures consistent quality.

Further advances in digitalization will also open up additional efficiency potential in the future, both with regard to processes and in the use of building master data and dynamic building data. The “digital twin” allows buildings to be broken down and mapped in digital form for further use throughout the company.

The Value Drivers of Our Strategy



The range of further processing options for digital building data includes enhanced service for customers, tailored descriptions of sustainable investment measures and predictive maintenance, particularly for heating units and elevators.

(2) An **optimized capital structure** and, as a result, advantageous costs of capital secure the Group’s equity and debt financing in the long run, thereby supporting the capital-intensive business of a residential real estate company in the long run to ensure risk-adjusted yields.

The primary objective of strengthening the company’s internal financing provides the basis for investments to address the challenges arising from the megatrends. Maintaining an investment grade rating remains a key objective. The company opts for debt or equity financing depending on the opportunities that arise under the prevailing equity or debt capital market conditions.

(3) When it comes to making **investments based on megatrends,** a distinction has to be made between

> investments in new construction to ease the shortage of apartments,
> investments to optimize existing properties through modernization and senior-friendly refurbishment,
> investments in climate protection to reduce CO_2 and in neighborhood projects to promote tenant satisfaction.

All of these investments have to take account of the new return criteria.

(4) The Development business is aimed directly at alleviating the shortage of housing through the targeted expansion of the company's own portfolio, as well as the direct generation of income from business with third parties.

The product range includes the sale of individual condominiums and the sale of projects to investors (to sell) on the one hand, and the construction of rental apartments for our own portfolio as well as the construction of new properties on existing land held in the portfolio (to hold) on the other. The Development business is also geared towards the concept of the neighborhood and sustainability aspects.

Efficient project implementation based on the development platform along the entire value chain guarantees the value contribution made by the Development business. The value chain ranges from the acquisition of land to build on to project development, planning, realization and marketing.

The Development business also has to master the current challenges of greater obstacles to returns, such as the need for efficient capital commitment.

(5) Another key value driver is efficient capital allocation. Given the current return requirements based on the increased cost of capital, strengthening the proportion of equity and focusing on internal financing has been identified as a key value driver that optimizes the opportunities for return-oriented sustainable investments. Decisions on the actual capital allocation are made based on the return and Deutsche Wohnen's internal financing power.

Due to the current capital market conditions, which are dominated by inflation and rising interest rates, as well as the resulting higher cost of capital, Deutsche Wohnen is in the process of streamlining its portfolio through sales. The aim is to create an optimized capital structure and sustainable internal financing.

The next phase will be characterized by dynamic portfolio management. What is more, each business activity will have to generate adequate returns and cash surpluses in the interests of efficient capital allocation.

The nursing care activities were subjected to a strategic analysis as part of the merger, with the outcome that these activities will no longer be part of Deutsche Wohnen's strategy. In the Group reporting, the nursing care activities are shown as discontinued/abandoned operations.

Portfolio

Portfolio in the Property Management Business

As of December 31, 2023, the Group had a **total real estate portfolio** comprising 139,847 residential units (2022: 140,286), 25,847 garages and parking spaces (2022: 25,718) and 2,541 commercial units (2022: 2,572) spanning 62 cities, towns and municipalities in Germany. The total living area amounted to 8,315,929 sqm, with the average apartment size coming in at around 59 sqm. With a vacancy rate of 1.5%, an average monthly in-place rent of € 7.72 per sqm was generated. The annualized in-place rent for the residential portfolio as of December 31, 2023 came to € 758 million for apartments.

In terms of fair value, most of the properties (around 76%) are located in the regional market of Berlin. Most of the properties in the Group's portfolio are multifamily homes.

Changes in the Portfolio

There were no major acquisitions in the course of 2023.

Properties from the portfolio earmarked for sale were disposed of in several transactions as part of the implementation of the portfolio management strategy. At the time of each transfer of possession, benefits and encumbrances, the statistics for the portfolios sold were as follows:

				In-place rent	
	Residential units	Living area (in thou. m²)	Vacancy (in %)	Residential (p. a. in € million)	Residential (in €/m²)
Disposal portfolios 2023	303	15.5	1.7	1.2	6.61

Deutsche Wohnen continues to develop its portfolio dynamically. In addition to the sale of larger housing stocks, Deutsche Wohnen's portfolio changed primarily in 2023 as a result of the construction of new apartments and disposals of condominiums and multifamily homes from the portfolio earmarked for sale.

Deutsche Wohnen invests in its strategic holdings in particular in line with its climate path to promote sustainability and in line with its innovation strategy. We act on behalf of neighborhoods with the (new) development of our urban portfolios. The lion's share of the portfolio consists of neighborhoods that we have classified as **urban quarters**.

The remaining existing buildings largely comprise smaller clusters of buildings and solitary properties that we have grouped together as **urban clusters**. Even though, unlike urban quarters, urban clusters do not relate to entire neighborhoods, they are also managed using the same long-term asset and property management strategies based on our operating platform.

Following the implementation of the annual structured reassessment of all available potential, as of December 31, 2023, Deutsche Wohnen's portfolio is as follows:

Portfolio and Fair Value by Strategy

	Portfolio			Fair value*	
	Residential units	Living area (in thou. m²)	Vacancy (in %)	(in € million)	(in €/m²)
Strategic	124,334	7,332	1.3	19,518.7	2,595
Urban Quarters	113,630	6,654	1.2	17,973.5	2,642
Urban Clusters	10,704	678	1.9	1,545.1	2,154
Recurring Sales	2,768	188	2.4	535.6	2,664
MFH Sales	8,406	537	1.4	1,744.9	3,026
Non Core	4,339	258	7.9	696.1	1,712
Total	**139,847**	**8,316**	**1.5**	**22,495.2**	**2,584**

* Fair value of the developed land excluding undeveloped land and inheritable building rights granted, assets under construction, development, care portfolio and other.

Rent and Rental Growth by Strategy

	In-place rent			Rent increase
	Total (p. a. in € million)	Residential (p. a. in € million)	Residential (in €/m²)	Organic (in %)
Strategic	691	666	7.68	3.5
Urban Quarters	626	606	7.68	3.3
Urban Clusters	66	61	7.66	4.8
Recurring Sales	18	16	7.41	3.1
MFH Sales	61	55	8.71	2.5
Non Core	39	20	7.01	2.5
Total	**809**	**758**	**7.72**	**3.4**

In order to boost transparency in portfolio presentation, we also break our portfolio in Germany down into **seven regional markets.** The regional market classification is orientated toward the residential real estate market regions in Germany. These markets are core towns/cities and their surroundings, mainly urban areas. Our decision to focus on the regional markets that are particularly relevant to Deutsche Wohnen is our way of looking ahead to the future and provides an overview of our strategic core portfolio in Germany.

In relation to the fair value, 98% of our total portfolio is located in the seven regional markets. Only a small part of our strategic portfolio is located outside of these seven markets. We have referred to this group as "Other Strategic Locations" (around 1% of the total market value). Our stocks earmarked for sale from the "Recurring Sales"; "MFH Sales" and "Non Core" subportfolios in locations that do not include any strategic stocks are shown as "Non-strategic locations."

As of December 31, 2023, the portfolio is as follows, broken down into regional markets:

Portfolio and Fair Value by Regional Market

	Portfolio			Fair value*		
	Residential units	Living area (in thou. m²)	Vacancy (in %)	(in € million)	(in €/m²)	In-place rent multiplier
Berlin	102,267	5,980	0.8	17,036.3	2,758	29.7
Rhine Main Area	9,638	580	5.4	1,702.2	2,792	24.9
Dresden	6,886	434	2.2	990.7	2,062	24.0
Leipzig	5,490	370	2.9	793.8	1,937	24.7
Hanover	5,758	357	2.2	669.6	1,728	19.7
Rhineland	3,942	237	2.9	666.0	2,716	24.7
Munich	943	54	1.3	230.3	3,675	30.3
Other strategic locations	3,443	211	4.8	264.4	1,218	17.9
Total strategic locations	**138,367**	**8,221**	**1.5**	**22,353.2**	**2,603**	**28.0**
Non-strategic locations	1,480	94	4.4	142.0	1,224	13.4
Deutsche Wohnen total	**139,847**	**8,316**	**1.5**	**22,495.2**	**2,584**	**27.8**

* Fair value of the developed land excluding undeveloped land and inheritable building rights granted, assets under construction, development, care portfolio and other.

Rent and Rental Growth by Regional Market

	In-place rent			Rent increase	
	Total (p. a. in € million)	Residential (p. a. in € million)	Residential (in €/m²)	Organic (in %)	Market rent forecast valuation (in % p. a.)*
Berlin	573	545	7.67	3.6	2.3
Rhine Main Area	68	64	9.71	3.3	2.2
Dresden	41	36	7.10	2.0	2.0
Leipzig	32	29	6.62	2.2	2.0
Hanover	34	30	7.15	3.6	2.0
Rhineland	27	26	9.30	1.8	2.1
Munich	8	7	11.39	3.1	2.2
Other strategic locations	15	14	5.88	1.4	1.7
Total strategic locations	**798**	**751**	**7.74**	**3.4**	**2.2**
Non-strategic locations	11	7	6.22	2.6	1.8
Deutsche Wohnen total	**809**	**758**	**7.72**	**3.4**	**2.2**

* Ten-year horizon higher (see chapter on fair values in the management report).

Real Estate Development Activities

Deutsche Wohnen engages in real estate development activities with the intention of adding the completed projects to its own portfolio or selling them on the market.

In a quest to strengthen its real estate development capabilities, Deutsche Wohnen acquired the real estate developer Isaria back in 2020 and entered into a 40% stake in QUARTERBACK Immobilien AG. Following the integration of the two development platforms, Deutsche Wohnen's development projects had been handled via the QUARTERBACK Immobilien AG platform up until 2022.

Vonovia's acquisition of a majority stake in the Deutsche Wohnen Group added Vonovia's existing project pipeline to the attractive development pipeline. As a result, the pipeline's **regional distribution** covers the core regions of Berlin, the Rhine-Main region, Dresden/Leipzig, Hamburg, Stuttgart and Munich, expanding the development business to cover the whole of Germany.

In the **2023 fiscal year**, Deutsche Wohnen's development activities were integrated into Vonovia's development platform on the basis of an agency agreement, the aim being to benefit from Vonovia's development platform and expertise in particular, as well as leveraging harmonization effects and economies of scale. With the skills of the two companies now bundled and the options available for exploiting synergy potential on both sides, the challenges facing the residential real estate market with regard to real estate development projects can be addressed even more quickly and efficiently. The resources of QUARTERBACK Immobilien AG are also still being used, particularly for projects that are already under way.

As the BUWOG brand provides Vonovia with an end-to-end development platform spanning the entire **value chain** – from the purchase of land to its development, project planning, construction and sale, Deutsche Wohnen can benefit from this expertise and from economies of scale as a result of the cooperation.

With the skills of the two companies now bundled and the options available for exploiting synergy potential on both sides, the challenges facing the residential real estate market in terms of new construction can be mastered more quickly and efficiently.

With its substantial product pipeline of residential construction projects that are currently being built, planned or prepared, Deutsche Wohnen and Vonovia rank among Germany's leading building contractors.

Conceptual and technical solutions for the resource-light construction and sustainable operation of neighborhoods make up a key component of the development business model. In line with the three focal issues of urbanization, energy efficiency and demographic change, central aspects of **sustainability** are already taken into account in the early stages of project development.

This includes designing socially diverse **neighborhoods** that offer housing for all generations, realizing energy-efficient new construction projects for ecologically sustainable operation by buyers, as well as for a carbon-neutral portfolio, and creating barrier-free and fully accessible housing for an aging society with changing housing needs.

Sustainability is achieved at all stages in the residential real estate value chain – from the selection of ecological and recyclable building materials, to the commissioning of local craftsmen and service providers, and the sustainable operation of the development projects.

Certification is important to ensure that potential improvements can be made back at the planning stage on the basis of criteria for ecological, social and economic sustainability and managed during the construction process.

The prevailing conditions in the residential real estate sector, which are characterized by rising construction costs and higher interest rates, are changing the demands that real estate development projects have to meet in terms of profitability and financing. With this in mind, projects are currently being analyzed on an ongoing basis with regard to their fundamental **allocation** to our own portfolio, and may be reallocated to the portfolio held for sale or stopped if necessary.

The disruption to the financial markets and global economies and the supply and value chains that connect them, triggered in particular by the conflict in the Middle East and the war in Ukraine, meant that the Development business area faced particular challenges in 2023 with regard to sale prices, cost prices and profitability. In the context of these changes in profitability criteria and to strengthen our internal financing power, selected development projects that were previously allocated for our own use have now been designated as "held for sale." Based on these profitability criteria and internal financing requirements, the Potsdam-Krampnitz project was partially reallocated from the "to hold" portfolio to the "to sell" portfolio in 2023.

A total of 328 residential units were completed in 2023.

Management System

Management Model

The management system tools are geared towards implementing the strategy through our sustainable business activities.

The 2023 fiscal year saw Deutsche Wohnen take the first step in **harmonizing its strategy** in the context of the merger with Vonovia. The strategy was then broken down into its key value drivers in the context of the complex overall conditions in the residential real estate sector.

At the same time, the Deutsche Wohnen Management Board subjected the nursing care activities to a **strategic review**. The outcome of this process is that the nursing care activities will no longer form part of the corporate strategy going forward and are to be sold. Towards the end of the 2023 fiscal year, the nursing care activities were subjected to a **market test** and were then reported from the fourth quarter of 2023 onwards as **discontinued operations** for the purposes of Group reporting. This means that the Care management segment has been abolished. Details are set out in the Notes under → **[A2] Adjustment to Prior-year Figures**.

Consequently, Vonovia will manage its business via the **four segments:** Rental, Value-add, Recurring Sales and Development.

The **Rental segment** combines all of the business activities that are aimed at the value-enhancing management of our own residential real estate.

The **Value-add segment** bundles all of the housing-related services that we have expanded our core rental business to include. These services largely include our multimedia services and energy supplies.

The **Recurring Sales** segment includes the regular and sustainable disposals of individual condominiums and single-family houses from our portfolio.

Sales of entire buildings, plots of land or larger portfolios that are not part of the strategically relevant portfolio (MFH Sales/Non Core) are pursued as and when opportunities arise, meaning that they are not part of the Recurring Sales segment. We report these opportunistic sales in the Other column of the segment report.

The **Development** segment includes project development to build new homes. This covers the value chain starting with the purchase of land without any development plan/dedicated purpose, to completion and sale (to sell) or integration into Vonovia's own portfolio (to hold). The Development segment deals with projects in selected attractive locations.

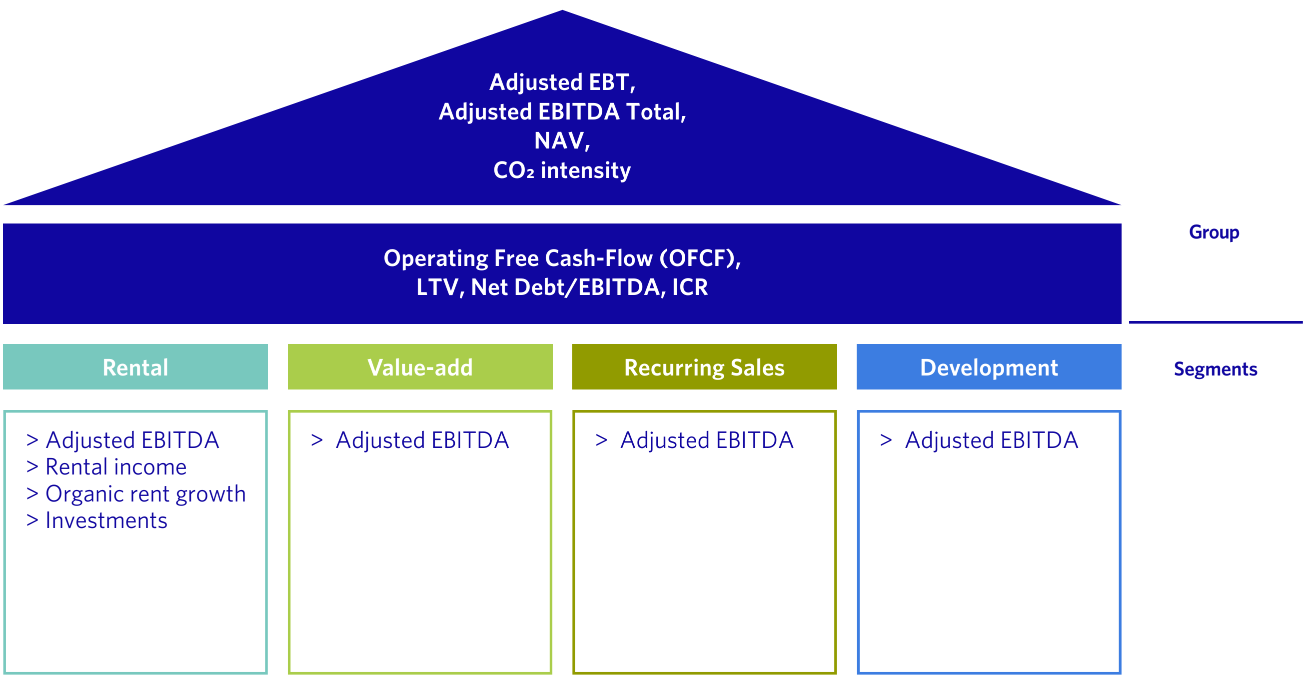
We have an integrated Group-wide **planning and controlling system** in place that is based on central performance indicators. Based on the medium-term plans derived from our strategy, which are subject to an annual review and are updated during the year in the event of significant transactions, we prepare a budget for all areas of the Group. In the course of the fiscal year, current economic developments are compared with these targets and the current forecasts on a regular basis for all key figures that are relevant to control. The business is then steered accordingly in a targeted manner, with any necessary countermeasures being initiated and tracked.

We make a distinction between **financial and non-financial** performance indicators.

2024 Management System

The future focus of the company's business activities on the key value drivers logically requires an adjustment to the management system, as the previous management system no longer ensures the required degree of relevant management information, in the interests of return-oriented and, at the same time, cash flow-oriented management, or the necessary transparency in the current environment.

Our 2024 management system has a **modular** structure and makes a distinction between performance indicators at Group level (most meaningful performance indicators within the meaning of DRS 20) and those at segment level.



As a result, with a view to the future management of the company, the Management Board has designed the following future management system structure.

Performance indicators at Group level as of 2024

Going forward, the IFRS profit for the period will be reconciled to **Earnings Before Taxes (EBT)**, as taxes do not form part of operating value added.

This EBT will be adjusted to reflect **special effects** based on the definition that has applied to date (effects that do not relate to the period, recur irregularly or are atypical for business operation). The net financial result is also adjusted to reflect non-cash and actuarial valuation effects that recur irregularly. The further adjustments to reflect the effects of IAS 40 measurement, write-downs, other (Non Core/Other result), net income from non-current financial assets accounted for using the equity method and effects from residential properties held for sale produce the Group's **Adjusted EBT** and, taking into account minority interests, adjusted EBT after minority interests. Adjusted EBT will be the **leading indicator of profitability**.

The adjusted net financial result, interim profits and depreciation and amortization will be added to the Adjusted EBT to produce the **Adjusted EBITDA Total** as a reconciliation to the total segment results.

Calculation of Adjusted EBT/Adjusted EBITDA

	Profit for the period according to IFRS consolidated financial statements
(+)	Income taxes according to consolidated income statement
=	**Earnings Before Tax (EBT) according to consolidated income statement**
(+/-)	Non-recurring items
(+/-)	Net income from fair value adjustments of investment properties
(+)	Impairment/value adjustments
(+/-)	Valuation effects and special effects in the financial result
(+/-)	Net income from investments accounted for using the equity method
(+/-)	Earnings contribution from Non Core/Other sales
(+/-)	Period adjustments from assets held for sale
=	**Adjusted Earnings Before Taxes of the group (Adjusted EBT)**
/	Number of the weighted average shares carrying dividend rights
=	**Adjusted EBT per share**
	Adjusted EBT
(+)	Straight-line depreciation
(+/-)	Adjusted net financial result
(+/-)	Intragroup profit/losses
=	**Adjusted EBITDA Total**

The Adjusted EBT will be used as a basis for a reconciliation to the Operating Free Cash-Flow (OFCF) as the leading indicator of internal financing. Depreciation and amortization will be added to Adjusted EBT, and the liquidity contribution made by the Recurring Sales segment, as well as the change in working capital, will be taken into account. Capitalized maintenance and dividend payments made to parties outside of the Group, as well as income tax paid, are subtracted from this figure. This Operating Free Cash-Flow is a measure of the Group's operational capacity to generate cash surpluses and, as a result, of its internal financing power.

Calculation of Operating Free Cash-Flow

	Adjusted Earnings Before Taxes of the Group (Adjusted EBT)
(+)	Straight-line depreciation
(+/-)	Change in net current assets (working capital) according to the cash flow statement (adjusted for special payment effects)
(+)	Carrying amount of recurring sales assets sold
(-)	Capitalized maintenance
(-)	Dividends and payouts to non-controlling shareholders (minorities)
(-)	Income tax payments according to cash flow statement (w/o taxes on Non Core sales)
=	**Operating Free Cash-Flow**

The contribution made by discontinued operations will be presented separately.

Other Key Figures at Group Level

The main performance indicator at the level of the Group as a whole is the NAV.

The NAV is used to review how the company's value is developing.

Calculation of NAV

	Total equity attributable to Deutsche Wohnen's shareholders
(+)	Deferred tax in relation to fair value gains of investment properties*
(+)	Fair value of financial instruments
(-)	Goodwill
(-)	Intangible assets
=	**NAV**
/	Number of shares carrying dividend rights on the reporting date
=	**NAV per share**

* Share for hold portfolio.

In addition to our key financial figures, we also focus on non-financial operating performance indicators.

Our business activities are aimed at protecting the environment, ensuring trustworthy, transparent and reliable corporate governance and taking social responsibility for our customers and employees.

As a result of this focus, Deutsche Wohnen's ESG target is to reduce the CO_2 intensity of its portfolio.

Other non-operating financial key figures include the **Loan-to-Value (LTV)** ratio, which is used for monitoring the degree to which debt is covered by the value of the properties, the **Net Debt/EBITDA** ratio, which is used for monitoring the degree to which debt is covered by our sustained operating result and the **Interest Coverage Ratio (ICR)** , which expresses the extent to which interest is covered by our sustained operating result.

Performance Indicators at Segment Level

The main key performance indicator at segment level remains **Adjusted EBITDA**. The Adjusted EBITDA Total reported at Group level is calculated, in turn, as the sum total of the Adjusted EBITDA figures for our segments. This means that Adjusted EBITDA forms the basis for the operational management of the four continuing segments after adjustments to reflect effects that do not relate to the period, recur irregularly or are atypical for business operation.

Calculation of Adjusted EBITDA

	Revenue in the Rental segment
(-)	Expenses for maintenance
(-)	Operating expenses in the Rental segment
=	Adjusted EBITDA Rental
	Revenue in the Value-add segment
	thereof external revenue
	thereof internal revenue
(-)	Operating expenses in the Value-add segment
=	Adjusted EBITDA Value-add
	Revenue in the Recurring Sales segment
(-)	Fair value of properties sold adjusted to reflect effects not relating to the period from assets held for sale in the Recurring Sales segment
=	Adjusted result in the Recurring Sales segment
(-)	Selling costs in the Recurring Sales segment
=	Adjusted EBITDA Recurring Sales
	Revenue from the disposal of "Development to sell" properties
(-)	Cost of Development to sell
=	Gross profit Development to sell
(-)	Operating expenses in the Development segment
=	Adjusted EBITDA Development
Σ	**Adjusted EBITDA Total (continuing operations)**

The **Adjusted EBITDA Rental** reflects the operating profit from residential property management. It can be broken down into three central components: Rental segment revenue, expenses for maintenance and operating expenses in the Rental segment. The latter include all expenses and income that do not relate to expenses for maintenance or rental income in the Rental segment.

The **organic rent increase** refers to the increase in the monthly in-place rent for the residential portfolio that was already held by Deutsche Wohnen twelve months previously and rented as of the reporting date, plus the increase in rent resulting from the construction of new apartments and the addition of stories to existing properties. The monthly in-place rent per m^2 gives information on the average rental income from the portfolio as of the relevant reporting date.

In addition to our operational earnings power, **investments (modernization and new construction work)** are decisive for the further development of our company.

We manage business activities in the Value-add segment using the **Adjusted EBITDA Value-add.**

We measure the success of the Recurring Sales segment using **Adjusted EBITDA Recurring Sales**. The Adjusted EBITDA Recurring Sales compares the proceeds generated from the privatization business with the fair values of properties sold and the related costs of sale. In order to disclose profit and revenue in the period in which they are incurred and to report a sales margin, the fair value of properties sold, valued in accordance with IFRS 5, has to be adjusted to reflect realized/unrealized changes in value.

The Adjusted **EBITDA Development** includes the gross profit from the development activities of "to sell" projects (income from sold development projects less production costs) less the operating expenses from the Development segment.

The Adjusted EBITDA Total is calculated as the sum total of the Adjusted EBITDA figures for our four segments (continuing operations). It expresses the overall performance of our sustainable operating business before interest, taxes, depreciation and amortization.

The key financial figures shown here are known as "non-GAAP" measures or alternative performance measures **(APMs)**, i.e., key figures which cannot be taken directly from the figures in the consolidated financial statements according to IFRS. The financial performance indicators can, however, all be reconciled to the closest-possible key figure in the consolidated financial statements, or can be taken directly from the IFRS consolidated financial statements in the reconciliation.

Performance Indicators for 2023

The previous management system was continued until the end of the fourth quarter of 2023 as presented in the 2022 Annual Report.

Group FFO

Group FFO was still the key figure used for managing the sustained operational earnings power of our business in 2023. In the future, it will be replaced by Adjusted EBT.

Calculation of Group FFO

	Adjusted EBITDA Total (continuing operations)
(-)	FFO interest expense
(-)	Current income taxes FFO
(-/+)	Intragroup profit/losses
=	**Group FFO**

Segment Level

The performance indicators at segment level, as presented in the 2024 management system, also already applied to 2023.

The NAV per share and the reduction in CO_2 intensity in the portfolio also applied at Group level in 2023.

At the end of the fourth quarter of 2023, the presentation of Development to hold was adjusted within the Development segment. Details are set out in the Notes under → **Adjustment to Prior-year Figures**. In the future, all earnings contributions made by Development to hold will be recognized in the valuation results, i.e., outside of Adjusted EBITDA. This brings the management approach into the IFRS standard governing the measurement of investment properties (IAS 40).

Report on Economic Position

Key Events During the Reporting Period

The **2023 fiscal year** was characterized by **challenging overall conditions** in the residential real estate sector. On the one hand, the ongoing shortage of housing pushed rents up, while on the other, it proved impossible to close the macroeconomic **supply gap** due to restrained new construction activity. There was a relatively low volume of transactions on the market in 2023.

The high demand for residential real estate and the positive rental price development promoted positive development in our **core Rental business.** As of December 31, 2023, Deutsche Wohnen's portfolio was virtually fully occupied with a vacancy rate of 1.5%.

The **other business segments** were negatively affected by inflation, in particular by the marked uptick in construction costs, as well as by the higher interest rates in the reporting period.

Higher interest rates and inflation also had clear effects on the assessment of business models and the valuation of assets, in particular holdings measured at fair value.

In 2023, a total value adjustment of around € 3.7 billion was recognized for investment properties. Impairment losses also had to be recognized for development projects.

The higher interest rates also had an impact on potential transaction partners and translated into lower sales in the Recurring Sales segment and projects in the development to sell area.

As part of the **strategic review** of the **Care** segment, the Management Board of Deutsche Wohnen decided to discontinue and sell these operations. Endeavors to sell the Care segment began in 2023 and it is expected to have been sold before December 2024. Accordingly, the majority of the Care segment is presented as discontinued operations.

Higher return requirements meant that investment projects had to be reanalyzed, reassessed accordingly and reprioritized. Requirements related to the company's capital structure and internal financing were also, however, key aspects influencing decisions. As a result, restraint was exercised with plans to launch new projects in particular.

The Adjusted EBITDA Total (continuing operations) came to € 634.8 million, an increase of 1.0% against the prior-year figure of € 628.5 million. At € 638.1 million, EBITDA for the Rental segment was up by 6.3% on the prior-year figure of € 600.1 million, while EBITDA for the Value-add segment fell by 24.8% from € 14.1 million to € 10.6 million. EBITDA for the Recurring Sales segment dropped back by 91.1% from € 14.6 million to € 1.3 million due to sales. The Development segment reported a figure of € -15.2 million (2022: € -0.3 million).

On May 4, 2023, Deutsche Wohnen and Vonovia reached an agreement on the sale of five properties to funds managed by CBRE Investment Management. Two of the properties sold are from Deutsche Wohnen's portfolio.

The Annual General Meeting held on May 15, 2023, resolved to pay a dividend for the 2022 fiscal year in the amount of € 0.04 per share.

Helene von Roeder resigned from the Supervisory Board at the end of the Annual General Meeting on June 15, 2023. At the inaugural meeting of the Supervisory Board that followed the Annual General Meeting on June 15, 2023, Dr. Fabian Hess was elected to succeed her as Chair of the Supervisory Board. Catrin Coners was also elected as a new member of the Supervisory Board by the Annual General Meeting. New committee members were also selected accordingly.

Development of the Economy and the Industry

According to the European Commission, the European economy has lost momentum following its robust expansion in the years following the pandemic in 2021 and 2022 and against the backdrop of the high cost of living, weak foreign demand and tighter monetary policy. For 2024, GDP growth of 0.9% is forecast for Germany (IfW Kiel). Economic activity is expected to recover slightly in the future as consumption picks up thanks to a continued robust labor market, sustained wage growth and a further slowdown in inflation. In light of the challenging underlying conditions, the Federal Statistical Office (Destatis) estimates that the German economy shrank by 0.3% in terms of gross domestic product (GDP) in 2023 compared to the previous year. According to Destatis, this meant that the recovery from the deep slump in the coronavirus year 2020 was not sustained. The economy is being adversely affected by lower real incomes due to inflation and a global industrial downturn.

According to the German Federal Employment Agency, the German labor market also felt the impact of the weak economy. Unemployment and underemployment (excluding short-time work) increased year-on-year. However, employment also increased slightly at the same time. The unemployment rate based on the total civilian labor force rose by 0.4 percentage points to 5.7% on average in 2023. The average unemployment rate expected in 2024 is 5.8% for Germany (IfW Kiel). In Berlin, the unemployment rate came to 9.1%, which is approx. 0.3 percentage points more than in the previous year, one of the weakest increases in a comparison of Germany's federal states. According to IBB, the labor market here is still characterized by the quest to recruit new employees.

Inflation weakened again during 2023, following a noticeable increase in 2022 due to pressure associated with the prices of energy and food. Measured against the Consumer Price Index (CPI), the average inflation rate was likely 5.9% in Germany based on figures from Destatis. It is expected that the price spikes will continue to tail off in 2024 and that inflation will be lower. The declining price trends in energy, food and consumer staples are cited as price dampeners. The IfW Kiel expects the CPI to increase by 2.3% in Germany in 2024. According to the Statistical Office for Berlin-Brandenburg, consumer prices in Berlin rose by an average of 6.2% in 2023. The development in food prices was a significant factor driving inflation.

In a quest to make a timely return to its 2% medium-term inflation target, the European Central Bank (ECB) raised key rates further in several steps in 2023, most recently to 4.50% in September 2023. According to the IfW Kiel, the cycle of interest rate hikes has probably come to an end. In this overall environment, interest rates for construction in Germany were higher on average in 2023 than in the previous year. There were signs of a slight decline in interest rates for construction at the end of the year.

The interest rate environment is having an adverse impact on the real estate markets. The residential property market had already begun to cool down in the course of 2022 and the residential investment market is dominated by price adjustment processes and low transaction figures. Despite this, according to Savills, the underlying conditions on the housing market in Germany are very attractive from an investor's perspective. The correction in prices caused by interest rates in the past year is being counteracted by a further short-term increase in supply shortages. The situation on the rental apartment market is likely to continue to tighten from the tenant perspective, and most owners can expect further rental growth. According to bulwiengesa, demand in this area is also growing due to the shift of potential buyers into the rental market. Quoted rents continued to increase across Germany; empirica reports that they were 5.7% higher on average over all years of construction in the fourth quarter of 2023 (new construction 5.6%) than in the same quarter of the previous year. According to DB Research, new contract rents are expected to grow by around 5% in the current year, and rents for existing contracts by around 2.2%. Quoted rents in Berlin also increased significantly and, according to Value AG, were 17.1% higher in the fourth quarter of 2023 than in the same quarter of the previous year, for example in the existing apartments segment. Rents are likely to climb further, with a new qualified Berlin rent index expected in early summer 2024. In view of high purchase prices and expensive real estate financing, IBB expects more people to remain on the rental market in Berlin for the time being, meaning that demand for housing remains high.

Purchase price momentum cooled noticeably in Germany over the course of 2022 and the general trend towards declining prices continued in 2023. The empirica price index for condominiums (all years of construction) was 5.5% lower in the fourth quarter of 2023 compared to the same period of the previous year. In the new construction segment, the price index was up by 0.2% year-on-year in the fourth quarter of 2023 thanks to a slight increase from the midpoint of the year onwards. DB Research assumes that the market adjustment will soon be complete. According to Value AG, quoted prices for existing condominiums in Berlin fell by 1.3% in the fourth quarter of 2023 compared to the same quarter of the previous year. Prices remained almost stable (-0.1%) in a quarter-on-quarter comparison.

The size of the population in Germany is estimated to have risen again in 2023 and is expected to increase further. There is still a shortage of apartments in many large cities and urban areas. Construction activity, however, is expected to drop. The current mix of high construction prices and increased interest rates is having a noticeable impact. The GdW estimates that only 242,000 apartments will have been completed in Germany in 2023, compared to 295,000 in 2022. This figure could fall to 214,000 in 2024. The German federal government had set itself the goal of building 400,000 new apartments per year in Germany. According to JLL, the declining volume of new construction in years to come will further increase the excess demand on the rental apartment markets in particular. The population in Berlin is also expected to have grown again in 2023 and in its moderate scenario forecast, the Berlin Senate Department for Urban Development, Building and Housing (SenSBW) expects the population to increase by around 5% in the period from 2021 to 2040.According to IBB, the excess demand for housing will remain high. SenSBW estimates suggest that around 16,000 new apartments will be built in Berlin in 2023, as against 17,310 in 2022. The figures could drop further in 2024. This means that the target of building an average of 20,000 new apartments every year will not be reached yet again.

Residential construction is in a difficult phase due to the combination of higher interest rates, less favorable financing conditions and increased construction costs. The government also reduced new construction subsidies and imposed more stringent new construction standards at the start of 2023. In addition, there is uncertainty surrounding housing policy after the 2021 supplementary budget was declared unlawful at the end of 2023, requiring the renegotiation of the 2024 budget. In the current circumstances, new construction developments are barely viable in commercial terms.

The German residential investment market was cautious in 2023. According to CBRE, the transaction volume amounted to € 5.7 billion, 59% lower than in the previous year and the lowest transaction volume since 2011.The main reasons given for this weak development are the difference in price expectations between buyers and sellers, as well as the uncertainties following the German Buildings Energy Act (GEG) and the associated loss of investor confidence. According to CBRE, prime yields in the top seven cities have risen by almost 80 basis points to 3.34% since the end of 2022. CBRE expects the residential transaction market to pick up in 2024 with an investment volume of around € 8 billion. The drivers for this include the ongoing portfolio adjustments of listed real estate companies and the refinancing gap of late-cycle investors. According to JLL, properties worth around € 4.77 billion were traded across all segments on the Berlin transaction market in 2023, with residential properties proving to be the strongest segment with a share of 36%. The overall volume was around 57% lower than in 2022. Nevertheless, Berlin proved to be the most active local transaction market. According to JLL, a slight upturn in transaction activity could emerge from mid-2024 onwards, also due to returns that have already increased and the prospect of a potential drop in interest rates.

Housing policy developments in 2023 and at the start of 2024 in Germany included changes to the GEG, in which the permissible primary energy level for new construction was tightened at the start of 2023. On January 1, 2024, an amendment came into force aimed at increasing the proportion of renewable energies in heating systems and at reducing emissions. Reforms were also made to the Federal Funding for Efficient Buildings (BEG): Since the beginning of 2023, new conditions have applied for refurbishments to achieve energy-efficiency building standards as well as for individual measures. Since March 1, 2023, funding guidelines have been available for climate-friendly new construction, with loans available on more favorable terms for environmentally friendly buildings that meet the KfW Efficiency House 40 standard. However, the funding had been used up by December 2023. Applications should be possible again after the 2024 budget is in force. The new BEG – Individual Measures Directive also came into force on January 1, 2024. This directive promotes the replacement of fossil fuel heating systems with climate-friendly ones by subsidizing investment costs. A law on the division of CO_2 costs between landlord and tenant came into force on January 1, 2023, and the costs per ton of CO_2 emitted increased from the start of 2024. The straight-line rate for the amortization of residential buildings was increased from 2% to 3% as of January 1, 2023, and applies to residential buildings completed from January 2023. A proposed declining balance amortization for new residential construction as part of the German Growth Opportunities Act has been postponed for now. An agreement reached in December on the reform of the EU Buildings Directive provides for, among other things, the reduction of energy consumption in residential buildings. The EU is waiving the obligation to refurbish poorly insulated private residential buildings. The agreement still has to be formally approved by the respective EU institutions. An expert commission convened by the Berlin State Government on the "Socialization of major residential real estate companies" referendum submitted its final report at the end of June 2023, in which it stated that, in its view, the socialization of major residential real estate companies was possible from a legal perspective. The Berlin State Government will now start examining a framework socialization act. According to the responsible senator, a Faster Building Act to combat the housing shortage in Berlin is also to be introduced by mid-2024.

Group’s Business Development

Business Development in 2023 – An Overview

All in all, our **operating business** developed in line with our expectations in the 2023 fiscal year. The sustained stable demand for homes supports the operational basis of our business, particularly in our core Rental segment.

We invested a total of € 299.6 million in our own portfolio for new construction and modernization (2022: € 339.6 million) and spent € 149.0 million on maintenance (2022: € 167.7 billion). We completed 113 apartments (2022: 319) as part of our new construction measures. We also completed 215 apartments that are intended for sale (2022: 80).

The Development segment was faced with a difficult fiscal year due to the complex overall conditions and fell short of expectations. Owing to the increase in construction costs and interest rates as well as the expected sales proceeds, impairment losses on real estate Development to sell projects amounting to € 23.8 million (2022: € 0.0million) had to be recognized at the end of the fiscal year.

The section below provides an overview of the development of our most recently forecast performance indicators for 2023 and the target achievement level for these indicators in the 2023 fiscal year, including discontinued operations.

The **Adjusted EBITDA Total including discontinued operations** amounted to € 679.4 million in the 2023 fiscal year, down 3.2% on the prior-year figure of € 701.8 million, as forecast.

The **Group FFO including discontinued operations** amounted to € 564.7 million, down 4.9% on the previous year’s figure of € 593.6 million, also in line with expectations.

The **NAV per share** came in at € 42.77 in 2023, down by 16.6% on the prior-year value of € 51.30. The development in the net asset value figure was due primarily to the net income from fair value adjustments of investment properties of € -3,722.2 million in 2023 (2022: € -825.3 million). We had predicted a slight increase in NAV per share, leaving any further market-related changes in value out of the equation.

Statement of the Management Board on the Economic Situation

The net assets, financial position and results of operations of the Group are stable, particularly given the solid financing and the resulting balanced maturity profile. The ongoing improvements to the property management processes and the use of new digital software solutions promote ongoing improvement in profitability.

Results of Operations

Overview

The following key figures provide an overview of Deutsche Wohnen's results of operations and the relevant drivers in 2023.

in € million	2022	2023	Change in %
Total Segment Revenue (continuing operations)*	893.8	1,011.2	13.1
Revenue in the Rental segment	790.4	811.4	2.7
Revenue in the Value-add segment	43.1	29.0	-32.7
Revenue in the Recurring Sales segment	45.3	12.8	-71.7
Revenue in the Development segment*	15.0	158.0	>100
Total Segment Revenue from discontinued operations	256.8	266.8	3.9
Adjusted EBITDA Total (continuing operations)*	628.5	634.8	1.0
Adjusted EBITDA Rental	600.1	638.1	6.3
Adjusted EBITDA Value-add	14.1	10.6	-24.8
Adjusted EBITDA Recurring Sales	14.6	1.3	-91.1
Adjusted EBITDA Development*	-0.3	-15.2	>100
Adjusted EBITDA from discontinued operations	73.3	44.6	-39.2
Group FFO (discontinued operations)*	53.9	42.9	-20.4
Group FFO (continuing operations)*	539.6	521.8	-3.3
Group FFO per share (continuing operations) in €**	1.36	1.31	-3.3
Number of own apartments	140,286	139,847	-0.3
Monthly in-place rent in €/m²	7.48	7.72	3.2
Organic rent increase (in %)	3.0	3.4	0.4 pp
Vacancy rate (in %)	1.9	1.5	-0.4 pp
Number of units sold	11,821	374	-96.8
thereof Recurring Sales	145	57	-60.7
thereof Non Core/Other	11,676	317	-97.3
Number of new apartments completed	399	328	-17.8
thereof own apartments	319	113	-64.6
thereof apartments for sale	80	215	>100
Number of employees (as of Dec. 31)*	1,144	796	-30.4

* Previous year's values (2022) adjusted to current key figure and segment definition -> [A2] Adjustment to Prior-year Figures.
** Based on the shares carrying dividend rights on the reporting date.

Within the Deutsche Wohnen Group, total segment revenue (continuing operations) rose from € 893.8 million in 2022 to € 1,011.2 million in 2023. The increase was driven primarily by sales of real estate inventories.

In detail, the development was as follows:

Total Segment Revenue

in € million	2022*	2023	Change in %
Rental income	791.8	814.4	2.9
Other income from property management unless included in the operating expenses in the Rental segment	27.2	25.8	-5.1
Income from disposals Recurring Sales	17.6	8.3	-52.8
Internal revenue Value-add	15.9	2.3	-85.5
Income from disposal of properties	41.3	160.4	>100
Total Segment Revenue (continuing operations)	**893.8**	**1,011.2**	**13.1**

* Previous year's values (2022) adjusted to current key figure and segment definition -> [A2] Adjustment to Prior-year Figures.

The overview below shows the other key figures for the company's results of operations, as well as their reconciliation to the performance indicator Group FFO:

Group FFO

in € million	2022	2023	Change in %
Revenue in the Rental segment	790.4	811.4	2.7
Expenses for maintenance	-101.3	-91.7	-9.5
Operating expenses in the Rental segment	-89.0	-81.6	-8.3
Adjusted EBITDA Rental	**600.1**	**638.1**	**6.3**
Revenue in the Value-add segment	43.1	29.0	-32.7
thereof external revenue	27.2	26.7	-1.8
thereof internal revenue	15.9	2.3	-85.5
Operating expenses in the Value-add segment	-29.0	-18.4	-36.6
Adjusted EBITDA Value-add	**14.1**	**10.6**	**-24.8**
Revenue in the Recurring Sales segment	45.3	12.8	-71.7
Fair value of properties sold adjusted to reflect effects not relating to the period from assets held for sale in the Recurring Sales segment	-29.4	-10.3	-65.0
Adjusted result Recurring Sales	**15.9**	**2.5**	**-84.3**
Selling costs in the Recurring Sales segment	-1.3	-1.2	-7.7
Adjusted EBITDA Recurring Sales	**14.6**	**1.3**	**-91.1**
Revenue from disposal of Development to sell properties	13.6	155.0	>100
Cost of Development to sell	-12.5	-142.0	>100
Gross profit Development to sell	**1.1**	**13.0**	**>100**
Rental revenue Development	1.4	3.0	>100
Operating expenses in the Development segment	-2.8	-31.2	>100
Adjusted EBITDA Development*	**-0.3**	**-15.2**	**>100**
Adjusted EBITDA Total (continuing operations)*	**628.5**	**634.8**	**1.0**
FFO interest expense	-53.7	-66.5	23.8
Current income taxes FFO	-35.2	-46.5	32.1
Group FFO (continuing operations)*	**539.6**	**521.8**	**-3.3**
Group FFO (discontinued operations)	**53.9**	**42.9**	**-20.4**

* Previous year's values (2022) adjusted to current key figure and segment definition -> [A2] Adjustment to Prior-year Figures.

At the end of 2023, Deutsche Wohnen managed a portfolio comprising 139,847 of its own residential units (2022: 140,286), 25,847 garages and parking spaces (2022: 25,718) and 2,541 commercial units (2022: 2,572).

Details on Results of Operations by Segment

Rental Segment

The **Rental segment** showed positive development overall in the 2023 fiscal year. As of the end of 2023, our apartments were virtually fully occupied. The apartment vacancy rate of 1.5% was down on the value of 1.9% seen at the end of 2022.

In the 2023 fiscal year, Rental segment revenue increased by 2.7% to € 811.4 million (2022: € 790.4 million). Of the segment revenue in the Rental segment in the 2023 reporting period, € 22.9 million was attributable to rental income from the former Care segment (2022: € 23.3 million). Specifically, this relates to rental income for 25 properties operated by third parties.

Organic rent growth (twelve-month rolling) totaled 3.4% in 2023 (2022: 3.0%). This is the result of **like-for-like rent increases** of 3.2% (2022: 2.7%) and a 0.2% (2022: 0.3%) increase in rent resulting from the construction of new apartments and the addition of stories to existing properties.

The average monthly in-place rent within the Rental segment in December 2023 came to € 7.72 per m² compared to € 7.48 per m² at the end of December 2022.

We adapted our **modernization, new construction and maintenance strategy** to reflect the current overall financial conditions in the 2023 fiscal year. The overview below provides details on maintenance, modernization and new construction.

Maintenance, Modernization and New Construction

in € million	2022	2023	Change in %
Expenses for maintenance	101.3	91.7	-9.5
Capitalized maintenance	66.4	57.3	-13.7
Maintenance measures	**167.7**	**149.0**	**-11.2**
Modernization measures	144.7	114.4	-20.9
New construction (to hold)	194.9	185.2	-5.0
Modernization and new construction measures	**339.6**	**299.6**	**-11.8**
Total cost of maintenance, modernization and new construction	**507.3**	**448.6**	**-11.6**

Operating expenses in the Rental segment in the 2023 fiscal year were down by 8.3% on the figures for the prior year, from € 89.0 million to € 81.6 million. All in all, the **Adjusted EBITDA Rental** came to € 638.1 million in the 2023 fiscal year, up by 6.3% on the prior-year value of € 600.1 million.

Value-add Segment

Our business activities in the **Value-add segment**, i.e., relating to the provision of cable television, Internet and telephone services to our tenants as well as energy supply services, were down slightly.

All in all, revenue from the Value-add segment came to € 29.0 million in the 2023 fiscal year, down by 32.7% on the value of € 43.1 million seen in 2022. External revenue from our Value-add activities with our end customers in 2023 was down by 1.8% on the 2022 figure, from € 27.2 million to € 26.7 million. Group revenue dropped back considerably from € 15.9 million in 2022 to € 2.3 million in 2023. This is mainly due to the reduced volume of modernization measures in 2023.

In the 2023 fiscal year, operating expenses in the Value-add segment were down on the figures for the prior year, from € 29.0 million to € 18.4 million.

Adjusted **EBITDA Value-add** came to € 10.6 million in 2023, 24.8% lower than the figure of € 14.1 million reported in the previous year.

Recurring Sales Segment

In the **Recurring Sales segment**, income from the disposal of properties in the 2023 fiscal year was down to € 12.8 million, 71.7% lower than the 2022 value of € 45.3 million due to volume-related factors, with 57 units sold (2022: 145). The fair value step-up came in at 24.4% in the 2023 fiscal year, down on the prior-year value of 54.1%.

Selling costs in the Recurring Sales segment came in at € 1.2 million in 2023, down by 7.7% on the value of € 1.3 million seen in 2022 due to volume-related aspects. **Adjusted EBITDA Recurring Sales** came in at € 1.3 million in the 2023 fiscal year, down by 91.1% on the value of € 14.6 million seen in 2022.

In 2023, 317 units from the Non Core/Other portfolio (2022: 11,676) were sold as part of our portfolio adjustment measures, with proceeds totaling € 23.9 million (2022: € 1,725.7 million). At 1.7% in 2023, the fair value step-up for Non Core/Other was lower than for the previous year (-0.6%). The prior-year value was due primarily to the low margin in the Berlin portfolio that was sold.

Development Segment

In the Development to sell area, 215 units were completed in the 2023 fiscal year (2022: 80 units). In the 2023 fiscal year, income from the disposal of "Development to sell" properties amounted to € 155.0 million (2022: € 13.6 million). The resulting gross profit for "Development to sell" came to € 13.0 million in the 2023 fiscal year (2022: € 1.1 million).

Development operating expenses came to € 31.1 million in 2023, above the comparative value of € 2.8 million seen in the previous year. The **Adjusted EBITDA for the Development segment** amounted to € -15.2 million in 2023 as against € -0.3 million in the previous year.

In the Development to hold area, 113 units were completed in the 2023 fiscal year (2022: 319 units). The contribution to earnings made by the initial valuation of these properties (gross profit Development to hold) in the amount of € -6.6 million (2022: € 9.5 million) has been reported in the valuation result since the end of the fourth quarter of 2023, i.e., outside of adjusted EBITDA.

Group FFO

Group FFO was down by 3.3% on the previous year's value of € 539.6 million to € 521.8 million in the 2023 fiscal year. The **Adjusted EBITDA Total (continuing operations)** came to € 634.8 million, an increase of 1.0% against the prior-year figure of € 628.5 million.

In the 2023 fiscal year, the **non-recurring items** eliminated in the Adjusted EBITDA Total (continuing operations) came to € 17.0 million (2022: € 76.5 million).

Reconciliations

The **financial result** (excluding income from other investments) changed from € 3.8 million in the 2022 fiscal year to € -98.5 million in 2023.

FFO interest expense is derived from the financial result as follows:

Reconciliation of Financial Result/FFO Interest Expense

in € million	2022	2023	Change in %
Interest income	77.1	86.5	12.2
Interest expense	-73.6	-185.7	>100
Other financial result excluding income from investments	0.3	0.7	>100
Financial result *	**3.8**	**-98.5**	**-**
Adjustments:			
Other financial result excluding income from investments	-0.3	-0.7	>100
Effects from the valuation of interest rate and currency derivatives	-52.9	24.8	-
Prepayment penalties and commitment interest	1.1	-	-100.0
Effects from the valuation of non-derivative financial instruments	7.8	7.2	-7.7
Interest accretion to provisions	0.8	1.7	>100
Accrued interest/other effects	-38.8	-28.5	-26.5
Net cash interest	**-78.5**	**-94.0**	**19.7**
Adjustment of accrued interest	24.8	27.5	10.9
Interest expense FFO	**-53.7**	**-66.5**	**23.8**

* Excluding income from other investments.

The profit for the period in 2023 came to € -2,761.1 million compared with € -445.7 million in 2022. Net income from fair value adjustments of investment properties of € 3,722.2 million (2022: € 825.3 million) made a key contribution to this in 2023.

The reconciliation of profit for the period to Group FFO is shown below:

Reconciliation of Profit for the Period/Group FFO

in € million	2022	2023	Change in %
Profit for the period	**-445.7**	**-2,761.1**	**>100**
Profit from discontinued operations	32.8	333.5	>100
Profit from continuing operations	-412.9	-2,427.6	>100
Financial result *	-3.8	98.5	–
Income taxes	-187.3	-991.7	>100
Depreciation and amortization (incl. depreciation on financial assets)	160.2	132.6	-17.2
Net income from investments accounted for using the equity method	167.2	75.1	-55.1
Net income from fair value adjustments of investment properties	825.3	3,722.2	>100
Non-recurring items	76.5	17.0	-77.8
Total period adjustments from assets held for sale	-7.5	0.3	–
Other	10.8	8.4	-22.2
Adjusted EBITDA Total (continuing operations)**	**628.5**	**634.8**	**1.0**
Interest expense FFO***	-53.7	-66.5	23.8
Current income taxes FFO	-35.2	-46.5	32.1
Group FFO (continuing operations)*	**539.6**	**521.8**	**-3.3**
Group FFO per share in €****	1.36	1.31	-3.6

* Excluding income from other investments.
** Previous year's values (2022) adjusted to current key figure and segment definition -> [A2] Adjustment to Prior-year Figures.
*** Incl. financial income from investments in other real estate companies.
****Based on the shares carrying dividend rights on the reporting date.

As part of the changes to the **management system 2024** in the 2024 financial year, Group FFO will be replaced by **Adjusted EBT** as the key performance indicator. The reconciliation from Adjusted EBITDA Total (continuing operations) is shown below.

Reconciliation of Adjusted EBITDA Total/Adjusted EBT

in € million	2022	2023	Change in %
Adjusted EBITDA Total (continuing operations)	**628.5**	**634.8**	**1.0**
Adjusted net financial result	-52.9	-67.3	27.2
Intragroup profit/losses	–	–	–
Straight-line depreciation*	-36.9	-21.4	-42.0
Adjusted EBT	**538.7**	**546.1**	**1.4**
Adjusted EBT per share**	1.36	1.38	1.4

* Depreciation on concessions/property rights/licenses, self-developed software, self-used real estate, technical equipment and machinery, as well as other equipment/operating and business equipment.
** Based on the weighted average number of shares carrying dividend rights.

The **Operating Free Cash-Flow (OFCF)** is as follows:

Reconciliation of Adjusted EBT/Operating Free Cash-Flow

in € million	2022	2023	Change in %
Adjusted EBT	538.7	546.1	1.4
Straight-line depreciation	36.9	21.4	-42.0
Change in net current assets (working capital) according to the cash flow statement (adjusted for special payment effects)	-81.5	-219.9	>100
Carrying amount of recurring sales assets sold	29.4	10.3	-65.0
Capitalized maintenance	-66.4	-57.3	-13.7
Dividends and payouts to non-controlling shareholders (minorities)	-13.5	-6.2	-54.1
Income tax payments according to cash flow statement (w/o taxes on Non Core sales)	-86.9	-27.2	-68.7
Operating Free Cash-Flow	**356.7**	**267.2**	**-25.1**

Assets

Consolidated Balance Sheet Structure

Consolidated Balance Sheet Structure

	Dec. 31, 2022		Dec. 31, 2023	
	in € million	in %	in € million	in %
Non-current assets	28,920.8	91.7	24,066.4	88.5
Current assets	2,610.0	8.3	3,119.6	11.5
Total assets	**31,530.8**	**100.0**	**27,186.0**	**100.0**
Equity	16,775.1	53.2	13,998.2	51.5
Non-current liabilities	13,815.0	43.8	12,394.3	45.6
Current liabilities	940.7	3.0	793.5	2.9
Total equity and liabilities	**31,530.8**	**100.0**	**27,186.0**	**100.0**

The development in **non-current assets** is decisive with a decline in investment properties of € 4,280.4 million on account of the write-down performed. The € 249.8 million drop in non-current financial assets from € 811.4 million to € 561.6 million is due primarily to the repayment of the non-current portion of the loan to Vonovia SE.

Current assets increased by € 503.3 million from € 2,610.0 million to € 3,113.3 million. This is due primarily to the recognition of the assets attributable to the Care segment, as a **discontinued operation**, in the amount of € 770.1 million. There were also changes in trade receivables, which rose by € 110.3 million, mainly due to higher receivables from the sale of land, real estate inventories and rent receivables.

The € 332.9 million drop in current financial assets from € 1,019.0 million to € 686.1 million is due primarily to the repayment of the current portion of the loan to Vonovia SE. **Cash and cash equivalents** fell to € 157.1 million as against € 184.3 million as of December 31, 2022.

As of December 31, 2023, the **Gross Asset Value (GAV)** of Deutsche Wohnen's property assets came to € 24,658.4 million. This corresponds to 90.7% of total assets, compared to € 28,292.4 million or 89.7% at the end of 2022.

The € 2,748.5 million drop in **total equity** from € 16,775.1 million to € 14,026 million results in particular from the profit for the period in the amount of € -2,761.1 million.

The **equity ratio** comes to 51.6%, compared with 53.2% at the end of 2022.

Liabilities fell by € 1,602.6 million from € 14,755.7 million to € 13,153.1 million. The amount of non-current non-derivative financial liabilities fell by € 225.9 million from € 8,474.2 million to € 8,248.3 million, and current non-derivative financial liabilities fell by € 267.7 million from € 501.7 million to € 234.0 million.

Deferred tax liabilities fell by € 1,107.0 million (2022: € 250.2 million).

Net Assets (NAV)

At the end of 2023, the NAV came to € 16,976.6 million, down by 16.6% on the value of € 20,361.0 million seen at the end of 2022. NAV per share increased from € 51.30 at the end of 2022 to € 42.77 at the end of 2023.

Net Tangible Assets (NAV)

in € million	Dec. 31, 2022	Dec. 31, 2023	Change in %
Total equity attributable to Deutsche Wohnen shareholders	16,299.6	13,611.1	-16.5
Deferred tax in relation to fair value gains of investment properties *	4,272.6	3,398.6	-20.5
Fair value of financial instruments	-46.4	-32.6	-29.7
Goodwill	-140.0	–	-100.0
Intangibles	-24.8	-0.5	-98.0
NAV **	**20,361.0**	**16,976.6**	**-16.6**
NAV per share in € **	**51.30**	**42.77**	**-16.6**

* Proportion of hold portfolio.
** Based on the new 2022 definition excluding real estate transfer tax. NAV per share based on the shares carrying dividend rights on the reporting date.

Fair Values

Major market developments and valuation parameters that have an impact on the fair values of Deutsche Wohnen are assessed every quarter. In addition to the revaluations performed during the year, the entire portfolio was revalued at the end of 2023.

The demand for housing continues to outstrip the supply, which had a positive impact on rent development in 2023. Our assessment is that this trend will continue in the coming years. Based on market data, we therefore assume an average increase in market rents of 2.9% over the next ten years in the valuation. The market values of our properties are also being helped along by the investments made in the energy-efficient modernization of our buildings and improvements to the fittings in our apartments. These positive effects were more than offset by the ongoing rise in return expectations among property buyers. Overall, the fair value of our real estate portfolio was lower than in the previous year and, after adjustments for acquisitions and sales, changed by -13.3%. Over and above the internal valuation, the Deutsche Wohnen residential real estate portfolio was also valued by the independent appraiser Jones Lang LaSalle SE. The market value resulting from the external report was consistent with the internal valuation result.

The fair value for the nursing care properties was calculated by the external appraiser W&P Immobilienberatung GmbH using a DCF method.

Regular Determination of the Fair Values Creates a Transparent Valuation of the Company's Properties
Calculating and showing the fair values provides a control parameter inside the company and also helps to make the development of the value of our assets transparent to people outside the company.

The fair value of the portfolio of residential properties was determined, in accordance with IAS 40 and IFRS 13, on the basis of the International Valuation Standard Committee's definition of market value.

Deutsche Wohnen, in principle, measures its portfolio on the basis of the discounted cash flow (DCF) method. Under the DCF methodology, the expected future income and costs of a residential property are forecasted and discounted to the date of valuation as the net present value. The income in the DCF model mainly comprises expected rental income (current in-place rent, market rents as well as their development) taking vacancy losses into account. The expected rental income is derived for each location from the latest rent indices and rent tables (including Value AG, Immobilienverband Deutschland [IVD] as well as from studies on spatial prosperity (Federal Institute for Research on Building, Urban Affairs and Spatial Development [BBSR], Prognos, Value AG, Federal Statistical Office, etc.).

On the cost side, maintenance expenses and administrative costs are taken into account. Further cost items are, for example, ground rents, non-allocable ancillary costs and rent losses. All cost items are inflated in the reporting period. Modernization measures carried out in the housing stocks are factored in by decreasing the current maintenance expenses and adjusting market rents. The commercial properties in the portfolio are mainly small commercial units for the supply of the local residential environment. Different cost approaches are used to those for residential properties, and the capitalized interest rates were adjusted to reflect the market specifics.

The recognition and valuation of investment properties are explained in detail in the notes to the consolidated financial statements (see → **[D25] Investment Properties**).

The fair value of Deutsche Wohnen's real estate portfolio comprising residential buildings, commercial properties, garages and parking spaces as well as project developments, existing areas with construction potential and land areas with inheritable building rights granted, as well as nursing care facilities, was € 24,461.1 million as of December 31, 2023 (2022: € 28,356.1 million). The determination of fair values led overall to net income from fair value adjustments of investment properties of € -3,722.2 million (2022: € -825.3 million).

Financial Position

Cash Flow

The Group cash flow is as follows:

Key Data from the Statement of Cash Flows

in € million	2022	2023
Cash flow from operating activities	364.9	384.8
Cash flow from investing activities	5.2	291.3
Cash flow from financing activities	-862.5	-658.9
Net changes in cash and cash equivalents	-492.4	17.2
Cash and cash equivalents at the beginning of the period	**676.7**	**184.3**
Cash and cash equivalents at the end of the period (incl. discontinued operations)	184.3	201.5
Less cash and cash equivalents of discontinued operations	–	44.4
Cash and cash equivalents at the end of the period	**184.3**	**157.1**

The cash flow from **operating activities** came to € 384.8 million in 2023, compared with € 364.9 million in 2022.

The cash flow from **investing activities** shows net proceeds of € 291.3 million for 2023. Payments for acquisition of investment properties came to € -356.8 million in 2023, as against € -799.5 million in the previous year. On the other hand, income from portfolio sales in the amount of € 18.6 million was collected (2022: € 1,684.9 million).

The cash flow from **financing activities** includes payments for regular and unscheduled repayments on financial liabilities in the amount of € -472.9 million (2022: € -735.5 million) and, on the other hand, proceeds from issuing financial liabilities in the amount of € – million (2022: € 40.0 million). Interest paid came to € 148.8 million in 2023 (2022: € 118.7 million), with cash paid to shareholders of Deutsche Wohnen SE and non-controlling interests amounting to € -16.5 million (2022: € -15.9 million).

Net changes in **cash and cash equivalents** came to € -17.2 million.

Financing

Repayment of Secured Financing of Deutsche Wohnen

Deutsche Wohnen repaid secured financing in the amount of € 281.8 million as scheduled in March 2023.

On the reporting date, our key debt indicators were as follows:

in € million	Dec. 31, 2022	Dec. 31, 2023	Change in %
Non-derivative financial liabilities	8,975.9	8,518.0	-5.1
Cash and cash equivalents	-184.3	-201.6	9.4
Net debt	**8,791.6**	**8,316.4**	**-5.4**
Sales receivables	-293.0	-495.9	69.2
Adjusted net debt	**8,498.6**	**7,820.5**	**-8.0**
Fair value of the real estate portfolio	**28,356.1**	**24,461.1**	**-13.7**
Loans to companies holding immovable property and land	1,671.9	1,134.3	-32.2
Shares in other real estate companies	208.0	160.1	-23.0
Adjusted fair value of the real estate portfolio	**30,236.0**	**25,755.5**	**-14.8**
LTV	**28.1%**	**30.4%**	**2.3 pp**
Net debt*	8,901.6	8,084.0	-9.2
Adjusted EBITDA total**	628.5	634.8	1.0
Net debt/EBITDA multiple	**14.2x**	**12.7x**	**-1.4x**

* Average over five quarters.
** Previous year's values (2022) adjusted to current key figure definition -> [A2] Adjustment to Prior-year Figures.

The financial covenants (calculation based on the definitions in the financing documentation) have been fulfilled as of the reporting date.

in € million	Threshold	Dec. 31, 2022	Dec. 31, 2023	Change in %
Total financial debt/		8,791.6	8,316.4	-5.4
Total assets		31,530.8	27,186.0	-13.8
LTV	**< 60.0%**	**27.9%**	**30.6%**	**2.7 pp**
LTM Adjusted EBITDA/*		701.8	634.8	-9.5
LTM Net Cash Interest		79.7	94.0	17.9
ICR	**> 1.8x**	**8.8x**	**6.8x**	**-1.5x**

* As reported in 2022.

Economic Development of Deutsche Wohnen SE

(Reporting on the basis of the German Commercial Code [HGB])

Foundation

Deutsche Wohnen SE is entered in the Commercial Register of the Local Court (Amtsgericht) of Charlottenburg under HRB 190322 B. The company has its **registered office** at Mecklenburgische Strasse 57 in 14197 **Berlin.**The company is listed in the regulated market in the General Standard of the Frankfurt Stock Exchange and on Xetra.

Deutsche Wohnen SE's **main shareholder**, with a stake of 87.6%, is **Vonovia SE** (hereinafter referred to as "Vonovia" for short), which has its registered office in Bochum. This means that Deutsche Wohnen SE is a **dependent company**, while Vonovia is the controlling company within the meaning of Section 17 of the German Stock Corporation Act (AktG). There is no intercompany agreement within the meaning of Sections 291 et seq. AktG. As a result, Deutsche Wohnen SE prepares a **dependent company report** in accordance with Section 312 AktG in conjunction with Article 9(1c) ii) of the SE Regulation; the final declaration of this dependent company report is included in the combined management report.

Deutsche Wohnen SE is the **parent company** of the Deutsche Wohnen Group and thus performs the function of **management holding company** for the Group. In this function, it is responsible for determining and pursuing the overall strategy and implementing it in the form of the company's goals. It performs property management, project development, financing, service and coordination tasks for the Group. Furthermore, it is responsible for the management, control and monitoring system as well as risk management.

The description of the company's **net assets, financial position and results of operations** is based largely on the reporting of the **Deutsche Wohnen Group**. The net assets, financial position and results of operations of Deutsche Wohnen SE as the management holding company are ultimately determined by the assets of the Group companies and their ability to make sustainable positive contributions to earnings and generate positive cash flows. The company's risk profile is therefore largely the same as the Group's.

The preceding reporting for the Deutsche Wohnen Group therefore also expresses the company's position.

Similar activities were bundled with Vonovia in an integrated process and system landscape with the aim of generating synergy potential for both companies through corresponding harmonization effects and economies of scale. Within this context, the requirements for good corporate governance in the de facto group were met at all times, with appropriate overall contractual conditions being put in place to ensure this.

These contractual frameworks comprise a nondisclosure agreement, a relationship agreement, accession to the framework agency agreement and various individual agreements.

The **relationship agreement** governing the relationship between the parties and setting out further details on their cooperation was concluded on May 16, 2022. It sets out provisions, in the interests of both parties, on implementation of the principles set out in the Business Combination Agreement of August 1, 2021 to create a leading European real estate company and to boost efficiency and leverage synergy potential (in particular also for the benefit of Deutsche Wohnen) as part of the integration process. The relationship agreement also serves to enable Vonovia to establish effective Group management and compliance in the de facto group so as to ensure compliance with applicable law throughout the Group, among other things.

The Deutsche Wohnen SE annual financial statements have been prepared in accordance with the provisions of the **German Commercial Code** (HGB) taking into account the supplementary regulations of the German Stock Corporation Act (AktG). As a listed company, Deutsche Wohnen SE is classed as a large corporation.

The **annual and consolidated financial statements** as well as the combined management report are published in the electronic business register.

Deutsche Wohnen SE and its subsidiaries are included in the consolidated financial statements of Vonovia SE.

The Management Board of Deutsche Wohnen SE also decided in 2022 that the merger with Vonovia would result in measures to harmonize the management structure, and that Deutsche Wohnen's business would be managed, from 2022 onward, in the segments Rental for residential property management, Value-add for housing-related services, Recurring Sales for sales, Development for new construction and Care.

Business Development in 2023

2023 was also dominated by the **completion of the integration** of processes and systems into the Vonovia system and process platform in order to realize the targeted synergy potential.

As part of these integration measures, a significant volume of business activities was also transferred to Vonovia and its subsidiaries on the basis of agency agreements. This also involved the transfer of employees, meaning that only a core workforce for primary company tasks remained at Deutsche Wohnen SE.

As a result of these changes in the course of the integration process, but also due to non-recurring items, **comparisons with the prior year,** particularly in the income statement, are only of limited informational value.

Deutsche Wohnen's **nursing care activities** were subjected to a strategic analysis as part of the merger, with the outcome that these activities will no longer be part of Deutsche Wohnen's strategy. In the Group reporting, the nursing care activities are shown as discontinued/abandoned operations.

Like Vonovia, Deutsche Wohnen SE holds an investment grade rating from ratings agency S&P, which confirmed the company's BBB+/A-2 rating, with a stable outlook, on September 5, 2023.

On January 4, 2022, Deutsche Wohnen had extended a loan to Vonovia SE in the amount of € 1,450 million in line with the arm's length principle. It had a value of € 320 million as of December 31, 2023.

Results of Operations of Deutsche Wohnen SE

The company regularly generates **income** from the charging of the services it provides, from income from investments in the form of dividend distributions from Group companies and income from the transfer of profits. Profit-and-loss transfer agreements exist with, among other entities, the portfolio and service companies, which themselves generate income by charging the real estate companies for the services they have provided.

The income from investments collected is based on the net profit of the subsidiaries that is eligible for distribution, which is, in turn, calculated **based on the accounting standards** set out in the German Commercial Code. The main difference between these standards and the IFRS accounting principles lies in the fact that, under IFRS accounting, the fair value principle has more of an impact than the cost principle does under HGB accounting.

In the consolidated financial statements under IFRS, the properties are remeasured at periodic intervals. Under HGB, the fixed assets are stated at amortized cost, taking depreciation into account. The capitalization regulations in particular also vary.

Expenses relate largely to personnel and administrative expenses associated with the management holding function, as well as to losses to be compensated for in connection with profit-and-loss transfer agreements.

The **financial result** is characterized by Group financing and the result from profit-and-loss transfer agreements.

Business developments in 2023 and thus the annual result for 2023 were influenced to a very significant degree by non-recurring items, as in the previous year. Deutsche Wohnen SE closed the 2023 fiscal year with a net profit of € 912.9 million.

This high **net profit** for 2023 is mainly due to high income from investments in the financial result due to profit transfers amounting to € 1,335.2 million, in particular due to the distribution of profit carried forward at subsidiaries. The expenses from loss transfers in the amount of € 367.6 million related to non-recurring items such as impairment losses recognized on development projects at GSW Immobilien AG, impairment losses on shares, integration costs and impairment losses on nursing care properties. The financial result also includes impairment losses on shares in affiliated companies, mainly in the Care segment, amounting to € 67.8 million.

As in the previous year, the distribution made by GSW Immobilien AG amounted to around € 74.2 million. Interest income includes € 18.0 million in interest income associated with the loan to Vonovia.

As **business activities were shifted to** Vonovia's platform, revenue from the charging of fees for rental and other services provided to Group companies fell significantly by € 36.6 million, as Vonovia has been charging fees directly to Deutsche Wohnen's subsidiaries for rental and other services rendered since 2023.

Personnel expenses also fell by a total of € 22.8 million to € 7.5 million as a result of the transfer of employees to Vonovia Group companies and lower special payments compared to 2022. By contrast, the calculated costs for the provision of personnel rose to around € 1.0 million.

Depreciation and amortization decreased by € 2.2 million due to volume-related factors and came to € 2.0 million in total for the 2023 fiscal year.

Other operating expenses dipped by € 12.4 million and amounted to € 59.8 million for 2023. In the previous year, these included a non-recurring effect from write-downs on receivables in the context of the sale of a portfolio to CBRE. Other operating expenses also include consultancy costs for the strategic review of the nursing care activities.

Other operating income rose by € 7.9 million due to non-recurring effects such as book profits from the sale of fixed assets and the reversal of provisions.

Tax expenses for 2023 amounted to € 47.6 million as against € 8.6 million in the previous year. As the controlling company in a VAT group, Deutsche Wohnen SE owes the corresponding income taxes.

The Management Board proposes that, in order to strengthen the company's equity base, an amount of € 456,443,705.46 be transferred from the net profit for the year of € 912,887,410.91 in accordance with Section 58 (2) AktG to **other retained earnings** in accordance with Section 158 (1) no. 4d) AktG.

After offsetting the remaining amount of € 456,443,705.46 against the profit carried forward from the previous year in the amount of € 5,000,000.05, the **profit** for the 2023 fiscal year amounts to € 461,443,705.51.

The Management Board and the Supervisory Board propose to the Annual General Meeting that, of the profit of Deutsche Wohnen SE for the 2023 fiscal year of € 461,443,705.51, an amount of € 0.04 per outstanding share, or a total of € 15,877,399.40, be distributed to the shareholders as a dividend, that a further € 440,000,000.00 be added to other retained earnings in line with the strategy to strengthen the company's equity, and that the remaining amount of € 5,566,306.11 be carried forward to the new account.

Income Statement

in € million	2022	2023
Revenues	41.2	4.6
Other operating income	2.4	10.3
Cost of purchased services	–	-1.0
Personnel expenses	-30.2	-7.5
Amortization and impairment of intangible assets and depreciation and impairment of property, plant and equipment	-4.2	-2.0
Other administrative expenses	-72.3	-59.8
Loss (profit) before financial result and tax	-63.1	-55.4
Income from profit transfer	32.2	1,335.2
Income from investments	74.2	74.2
Write-down of financial assets	-0.3	-67.9
Income from other non-current securities and non-current loans	52.2	105.6
Interest and similar income	26.1	118.9
Expense from the assumption of losses	-362.8	-367.6
Interest and similar expense	-63.3	-182.5
Financial result	-241.7	1,015.9
Tax	-8.6	-47.6
Net profit (previous year net loss)	**-313.4**	**912.9**

Net Assets and Financial Position of Deutsche Wohnen SE

The company's **intangible assets** and **tangible fixed assets** fell by € 3.2 million due to a reduction in IT hardware and software as a result of the merger with Vonovia.

Shares in affiliated companies fell by € 67.8 million due to impairment losses.

The **net lending/borrowing position** improved in favor of Deutsche Wohnen SE by € 936.4 million to € 3,971.9 million. Cash and cash equivalents increased by € 37.8 million and financial liabilities to third parties fell by € 495.4 million to € 3,031.1 million, meaning that Deutsche Wohnen SE's net liabilities changed by a total of € 1,469.7 million from € 390.6 million in the previous year to a net investment position.

Provisions came to € 68.7 million at the end of the year (previous year: € 69.2 million). Out of the provisions as of December 31, 2023, provisions for pensions accounted for € 1.0 million (December 31, 2022: € 1.8 million) and income tax provisions for € 22.6 million (December 31, 2022: € 14.6 million). Other provisions fell by a total of € 7.6 million as against December 31, 2022.

Total equity increased to € 4,997.6 million in the 2023 fiscal year, mainly due to the net profit of the year of € 912.9 million.

Assets

in € million	Dec. 31, 2022	Dec. 31, 2023	in € million	Dec. 31, 2022	Dec. 31, 2023
Assets			**Equity and liabilities**		
Financial assets	7,942.3	9,584.0	Equity	4,100.6	4,997.6
Other assets	8.8	5.6	Provisions	69.2	68.7
Receivables from affiliated companies	1,649.2	5,185.3	Loans	3,526.5	3,020.9
Other receivables and assets	229.1	216.2	Liabilities to affiliated companies	2,176.6	6,485.7
Cash and cash equivalents	100.4	138.2	Other liabilities	56.9	556.4
Total assets	**9,929.8**	**15,129.3**	**Total equity and liabilities**	**9,929.8**	**15,129.3**

Cash flow from operating activities is characterized by the income and expenses relating to the performance of the management holding functions. Deutsche Wohnen SE only has appreciable cash flows from investing activities when acquisitions are made. Cash flows from financing activities regularly result from changes in Group financing and from the borrowing/repayment of debt financing.

Employees of Deutsche Wohnen SE

In the 2023 fiscal year, an average of 52 employees (2022: 207) were employed at the company, 45 of whom were full-time employees and 7 of whom were part-time. As part of the merger with Vonovia, employees were transferred to Vonovia's service functions effective January 1, 2023. The remaining employees are responsible for the core functions of Deutsche Wohnen SE as the Group parent.

Opportunities and Risks for Deutsche Wohnen SE

The likely development of Deutsche Wohnen SE in the 2024 fiscal year depends to a considerable extent on the development of the Group as a whole and its opportunity and risk situation. This situation is set out in the Group's opportunity and risk report, meaning that the statements set out there in regard to the opportunity and risk situation of the Group also apply to the annual financial statements of Deutsche Wohnen SE prepared in accordance with German commercial law, where the risks can have an impact on the valuation of long-term financial assets and on the amount of the results of subsidiaries collected/compensated for.

Forecast for Deutsche Wohnen SE

Since the company's net assets, financial position and results of operations are determined solely by the ability of the Group companies to make positive earnings contributions and generate positive cash flows in the long term, we refer at this point to the Forecast Report for the Group. The most important financial performance indicator for the annual financial statements of Deutsche Wohnen SE is the annual result.

The company's **result in 2023** is mainly characterized by non-recurring effects from the upstream distributions made by subsidiaries and impairment losses on the statement of the equity investments in Group companies. Leaving these non-recurring effects out of the equation, the net income for 2023 would be in the positive lower double-digit million range due to the negative operating result but positive financial result thanks to interest income and dividends.

After adjustments to reflect the result from profit-and-loss transfer agreements and the impairment losses on non-current financial assets, the result for 2023 is within the forecast corridor.

The results for the **2024 fiscal year** will in turn be characterized by the results of subsidiaries collected/compensated for on the basis of income from investments and profit-and-loss transfer agreements, income from services, personnel and administrative expenses and the financial result.

Overall, we expect the financial result for the 2024 fiscal year to once again outstrip the operating result – in both cases excluding non-recurring items – and predict that the company will therefore report an annual result for 2024 running into the lower double-digit millions.

Deutsche Wohnen plans to distribute a dividend of € 0.04 per share to the shareholders for the 2023 fiscal year.

Statement of the Management Board on the Economic Situation

The net assets, financial position and results of operations of the company are positive, particularly given the solid financing, the resulting balanced maturity profile and the financing flexibility gained through the rating-backed bond financing with a view to both organic and external growth. The ongoing improvements to the property management processes, the improvements in the Value-add segment, continued Recurring Sales and a successful development business promote ongoing improvement in profitability.

Further Statutory Disclosures

Corporate Governance

In the corporate governance declaration, we report on the principles of management and corporate governance in accordance with Principle 23 of the German Corporate Governance Code and Section 289 et seq. of the German Commercial Code (HGB). The declaration contains the Declaration of Conformity, information on corporate governance practices, a description of how the Management Board and Supervisory Board work and key corporate governance structures. The corporate governance declaration has been published on the website at **www.deutsche-wohnen.com** under Investor Relations and does not form part of the management report.

Corporate governance is the responsible management and supervision of a company.

With balanced corporate governance, the Management Board and the Supervisory Board wish to safeguard Deutsche Wohnen SE's competitiveness, strengthen the trust of the capital market and the general public in the company and sustainably increase the company's value. As a major real estate company, we are also aware of the particular significance of our entrepreneurial actions for society at large.

The Management Board has looked at the appropriateness of the internal control system that has been set up and the risk management system and has evaluated their effectiveness. Within this context, the Management Board verified, also based on discussions with the Internal Audit department, that the technical and organizational safeguards put in place for control purposes are suitable for the purposes of ensuring that the company is protected from material damage resulting from financial losses, fraudulent acts or mismanagement in all key matters. Among other things, the standards set out in the German Corporate Governance Code, based on the most recent publications from 2022, serve as the benchmark here. As a result, the Management Board concluded that the internal control system is appropriate and effective in all key aspects. This was presented accordingly to the Supervisory Board.*

Final Declaration by the Management Board in Accordance With Section 312 (3) AktG

In the 2023 fiscal year, Deutsche Wohnen SE was a dependent company of Vonovia SE, Bochum, as defined by Section 312 AktG. As a result, and in accordance with Section 312 (1) AktG, Deutsche Wohnen's Management Board has prepared a report by the Management Board on relationships with affiliated companies containing the following final declaration:

"We declare that, in the 2023 fiscal year, the company received consideration for the legal transactions and other measures listed in this report on relationships with affiliated companies that was appropriate, based on circumstances known to us at the time the legal transactions were executed or the measures were taken or the decision was made not to take particular measures, and that it was not placed at any disadvantage by the fact that measures were taken or not."

* The content of this paragraph – in particular the statement on the appropriateness and effectiveness of the internal control system – does not form part of the statutory audit of the annual and consolidated financial statements, meaning that it has not been audited.

Explanatory Information on the Non-financial Group Declaration

Deutsche Wohnen SE was included in the Group management report of Vonovia SE and in the Non-financial Group Declaration contained therein in the 2023 fiscal year. Deutsche Wohnen SE made use of the exemption from the obligation to extend the management report to include a Non-financial Declaration pursuant to Sections 289b (2), 315b (2) HGB for the 2023 fiscal year. The Non-financial Group Declaration of Vonovia SE is published on the **Investor Relations website** as part of the Group management report.

Subscribed Capital and Shares

The share capital of Deutsche Wohnen SE as of December 31, 2023 amounted to € 400.3 million (previous year: € 400.3 million), divided into 400,296,988 no-par-value shares with a notional interest in the share capital of € 1.00 per share. Deutsche Wohnen SE only issues bearer shares.

All shares carry the same rights and obligations. Each share grants one vote at the Annual General Meeting and is decisive for the share held by shareholders in the company's profits. The rights and obligations of the shareholders result in detail from the provisions of the German Stock Corporation Act (AktG), in particular from Article 9 (1c) (ii) of the SE Regulation in conjunction with Sections 12, 53a et seq., 118 et seq. and 186 AktG. There are no shares with special rights conferring powers of control.

Shareholdings in the Capital Exceeding 10.0% of the Voting Rights

Pursuant to Section 33 (1) of the German Securities Trading Act (WpHG), shareholders who exceed or fall below the threshold of 10.0% of the voting rights of a listed company, among other criteria, must notify the company and the German Federal Financial Supervisory Authority (BaFin) without delay. These notifications are published by Deutsche Wohnen SE in accordance with Section 40 WpHG. Direct or indirect shareholdings in the share capital of Deutsche Wohnen SE that exceed the threshold of 10.0% of the voting rights have been reported by Vonovia SE, which has its registered headquarters in Bochum. As of December 31, 2023, Vonovia SE had a direct shareholding of 86.87%.

Authority of the Management Board to Issue or Repurchase Shares

On the basis of the resolution passed by the Annual General Meeting on June 15, 2023, entered in the Commercial Register on September 12, 2023, the Management Board was authorized, with the consent of the Supervisory Board, to increase the company's share capital by up to € 120.0 million once or several times on or before June 14, 2028, by issuing up to 120,000,000 new ordinary bearer shares in return for cash contributions and/or contributions in kind (2023 Authorized Capital). Shareholders shall be granted a subscription right in the context of the Authorized Capital. The Management Board is, however, authorized, with the consent of the Supervisory Board, to exclude shareholder subscription rights in certain cases subject to the detailed conditions set out in the Articles of Association.

The company's share capital was originally increased conditionally by up to a further € 15.0 million through the issue of up to 15,000,000 new no-par value bearer shares by way of a resolution passed by the Annual General Meeting held on June 11, 2014 (2014/II Conditional Capital). This conditional capital increase serves to grant compensation in shares of the company to the external shareholders of GSW Immobilien AG ("GSW") in accordance with the provisions of the control agreement concluded between the company and GSW on April 30, 2014, currently at the exchange ratio adjusted, on June 4, 2015 in accordance with Section 5 (4) of the Control Agreement, to three no-par value shares in GSW Immobilien AG in return for 7.0790 no-par value shares in Deutsche Wohnen SE. Where required under Section 5 (2) of the Control Agreement, the company will settle any fractional share rights in cash. By December 31, 2021, this 2014/II Conditional Capital had been utilized in part and the amount that remains available is € 5,719,348.00 as of December 31, 2023. Appraisal proceedings pursuant to Section 1 no. 1 of the German Award Proceedings Act (SpruchG) are now being conducted in the second instance before the Berlin Court of Appeal to review the appropriateness of the compensation and settlement based on corresponding motions filed by individual GSW shareholders. This means that, pursuant to Section 305 (4) sentence 3 AktG, GSW shareholders can exchange their shares in GSW for shares in Deutsche Wohnen in accordance with the terms of the offer, or the decision issued as part of the appraisal proceedings, or an amicable settlement reached within this context, until a period of two months has passed since the announcement of the final decision in the appraisal proceedings in the German federal gazette. If the court or a settlement defines higher compensation and/or a higher settlement, external shareholders of GSW have the right to demand extra compensation or settlement payments in accordance with the statutory provisions. Shares can still be issued within this context.

The company's share capital was increased conditionally by up to a further € 120.0 million through the issue of up to 120 million new no-par value bearer shares by way of a resolution passed by the Annual General Meeting held on June 15, 2023 (2023 Conditional Capital). The conditional capital increase serves to grant shares upon exercise of conversion or option rights or upon the fulfillment of conversion or option obligations to the holders/creditor of convertible bonds, bonds carrying option rights, participating rights and/or participating bonds (or combinations of these instruments) issued by the company or dependent companies or companies in which the company holds a majority interest on the basis of the authorization resolution passed by the Annual General Meeting on June 15, 2023 with effect until June 14, 2028. By way of the resolution passed by the Annual General Meeting on June 15, 2023, the Management Board was authorized, with the consent of the Supervisory Board, to issue convertible bonds, bonds carrying option rights, participating rights and/or participating bonds (or combinations of these instruments) in bearer form with a par value of up to € 4.0 billion and to grant their creditors conversion/option rights relating to shares in the company accounting for a pro rata amount in the share capital of up to € 120.0 million. The share issue will only be implemented to the extent that conversion rights from convertible bonds are exercised, or conversion obligations from the debentures are met, and to the extent that treasury shares, shares from authorized capital or other forms of consideration are not used for settlement purposes.

The powers to acquire treasury shares are based on Article 9(1c) (ii) of the SE Regulation in conjunction with Sections 71 et seq. AktG and, as of the reporting date, on the authorization granted by the Annual General Meeting on June 15, 2023. The Management Board is authorized, with the approval of the Supervisory Board, until June 14, 2028 to acquire and use treasury shares in the company up to a total of 10% of the share capital of the company existing at the time of the resolution or – if this value is lower – at the time the authorization is exercised, in accordance with the conditions granted, while observing the principle of equal treatment (Article 9 (1c) (ii) of the SE Regulation in conjunction with Section 53a AktG). The shares acquired on the basis of this authorization, together with other shares in the company that it has already acquired and still holds or that are attributable to it in accordance with Sections 71a et seq. AktG, may at no time exceed 10% of the respective share capital of the company. The authorization must not be used for the purposes of trading in treasury shares.

On the basis of the authorization granted by the Annual General Meeting held on June 15, 2018, Deutsche Wohnen SE acquired 16,070,566 shares in the period from November 15, 2019 to September 14, 2020 (detailed information is available on the Internet at **www.deutsche-wohnen.com/share-buy-back**). After selling some of these shares, the company still held 3,362,003 treasury shares as of December 31, 2023. These treasury shares account for share capital of € 3,362,003.00.

Appointment and Removal from Office of Members of the Management Board and Amendments to the Articles of Association

Members of the Management Board are appointed and removed from office by the Supervisory Board in accordance with Art. 9 (1), Art. 39 (2) SE Regulation and Sections 84 and 85 AktG. The Supervisory Board appoints members of the Management Board of Deutsche Wohnen SE for a maximum period of five years. Reappointment or extension of the term of office, in each case for a maximum of five years, is permissible. The Articles of Association of Deutsche Wohnen SE further stipulate in Art. 8 (1) and (2) that the Management Board shall consist of at least two members, but that otherwise the Supervisory Board is responsible for determining the number of Management Board members. It can appoint deputy members of the Management Board and one member of the Management Board as CEO or Management Board spokesperson. Pursuant to Art. 59 of the SE Regulation, the Annual General Meeting adopts resolutions on amendments to the Articles of Association. In accordance with Art. 14 (3) sentence 2 of the Articles of Association, amendments to the Articles of Association require a majority of two thirds of the votes cast or, if at least half of the share capital is represented, a simple majority of the votes cast, unless mandatory statutory provisions require a different majority. The Supervisory Board is authorized to make purely formal amendments to the Articles of Association in accordance with Section 179 (1) sentence 2 AktG in conjunction with Art. 14 (5) of the Articles of Association.

Change of Control Clauses and Compensation Agreements in the Event of a Takeover Bid

The main agreements of Deutsche Wohnen SE that are subject to a change of control relate primarily to financing agreements. In the event of a change of control, these provide for the right of termination and early repayment on the part of the lender, as is customary. A change of control could potentially impact debentures issued by Deutsche Wohnen SE, in particular convertible bonds and bearer bonds, existing credit lines and loan agreements that Deutsche Wohnen SE or Group companies have concluded with banks. The relevant terms and conditions comprise standard market agreements that grant the creditors the right of early termination or conversion in the event of a change of control pursuant to these terms and conditions.

Opportunities and Risks

Risk Management Structure and Instruments

The market environment and the overall statutory/regulatory conditions to which Deutsche Wohnen is subject are constantly changing. Deutsche Wohnen is adapting to this environment by developing its strategy and, within this context, its business activities on an ongoing basis. Deutsche Wohnen also reacts to ESG influences from a wide variety of stakeholders by adjusting its corresponding ESG targets. These changes mean that additional opportunities and risks arise on a regular basis, and that the extent of existing opportunities and risks can change at any time.

As a result, Deutsche Wohnen has implemented a comprehensive risk management system that ensures that all of the risks that are relevant to the company (and to the environment and society at large) can be identified, evaluated and managed. This reduces risk potential, secures the company's survival, supports its strategic further development and promotes responsible entrepreneurial action.

Risks are defined as possible events or developments that could have a negative impact on the company's expected economic development and, as a result, could lead to a negative deviation from the short-term plans (budget and forecasts) and the company's medium-term plans (five-year plan). Deviations from the planned ESG targets also constitute risks.

Opportunities are defined as possible events or developments that could have a positive impact on the company's expected economic development and, as a result, could lead to a positive deviation from the short-term plans (budget and forecasts) and the company's medium-term plans (five-year plan). Deviations from the company's ESG objec-

5 Pillars of Risk Management at Deutsche Wohnen

Management Board
(Strategy, Requirements/Goals, Control Environment, Monitoring)

1 Performance Management	2 Compliance Management	3 Risk Management System	4 Internal Control System	5 Internal Audit
Controlling > Budget > Forecast > Results	**Compliance Officer** > Guidelines, regulations > Contracts > Capital market compliance > Data protection	**Controlling** > Risk management process > Risk reporting	**IT** > Process documentation **Accounting** > Accounting-based internal control system	**Internal Audit** > Process-oriented audits > Risk-oriented audits
Operational Areas > Performance management > Technical integrity	**Operational Areas** > Ensuring compliance	**Operational Areas** > Risk identification and evaluation > Risk control	**Operational Areas** > Documentation of core processes > Control activities > Control self-assessment	**Operational Areas** > Process improvements

tives can also give rise to opportunities. Opportunities are not quantified for internal management purposes.

Deutsche Wohnen's risk management system is based on an integrated five-pillar risk management approach.

(1) Performance Management

Detailed corporate planning and appropriate reporting on deviations between the operational and financial key figures from Controlling constitute the backbone of the early warning system used at the company. Analyses are made of the business performance compared with the plans approved by the Supervisory Board and the previous year. Furthermore, forecasts are prepared regularly which take appropriate account of the effect of any potential risks and opportunities on the development of business.

Reporting includes detailed monthly controlling reports to the Management Board and the Supervisory Board. The operational business is described in regular reports on key figures. On the basis of these reports and the deviations that they highlight between the actual and target figures, countermeasures are initiated and implemented and then checked in subsequent reporting periods to ensure they are effective.

(2) Compliance Management

Compliance means that the company, its bodies and employees act in line with the applicable rules and regulations. For the Management Board, compliance with statutory law and the observance of internal guidelines are the basis of corporate management and culture. Compliance is to ensure the integrity of employees, customers and business partners and avoid possible negative consequences for the company (and for the environment and society at large).

The management and monitoring of Deutsche Wohnen is based on the relevant statutory requirements, the Articles of Association and the rules of procedure for the Supervisory Board and the Management Board. They form the basis for the company's internal rules and guidelines, adherence to which is monitored by a central compliance management system and administered by a guideline management team that forms part of the Legal department.

The guidelines describe clear organizational and monitoring structures with specified responsibilities and appropriately installed checks. The legally compliant behavior of all employees in the business processes is ensured by suitable control procedures and supervision by managers. The company has also put in place a compliance management system based on IDW (Institute of Public Auditors in Germany) standard PS 980 and has appointed a central compliance officer, whose remit focuses on identifying compliance risks, taking suitable measures to avoid and detect these risks and taking appropriate action in response to compliance risks (compliance program). This individual also acts as the company's human rights officer.

In terms of specific content, the main features of the compliance management system are the Code of Conduct, which focuses on ethical values and statutory requirements and reinforces the personal responsibility of employees, the Compliance Guidelines and a Business Partner Code setting out requirements that the company's contractual partners have to meet. An external ombudsman is available to all employees and business partners as a confidant with respect to compliance matters. The system also features an anonymous whistleblower hotline in six languages. The hotline is available not only to employees, but also to external groups, such as customers and business partners.

(3) Risk Management System

Deutsche Wohnen's strategy has a sustainable and long-term focus. As a result, Deutsche Wohnen pursues a conservative risk strategy. This does not mean minimizing risks, but rather promoting entrepreneurial and responsible action and ensuring the necessary transparency with regard to any possible risks.

The risk management system supports all employees in their day-to-day work in accordance with Deutsche Wohnen's mission statement. It ensures the early identification, assessment, management and monitoring of all risks within the Group that exceed the short-term financial risks dealt with by the Performance Management pillar and could pose a risk not only to the company's results of operations and net assets, but also to intangible assets.

The risk management system explicitly includes sustainability risks. These are assessed both in terms of their impact on Deutsche Wohnen (outside-in perspective) and also – in line with the concept of ESG due diligence – in terms of their impact on the environment and society (inside-out perspective). This means that potential risks which might impair the value and/or development of the company, or the environment and society, can be identified at an early stage. The risk management system takes account of early warning indicators that are specific to the environment and the company, as well as the observations and regional knowledge of our employees.

In organizational terms, risk management is assigned directly to the Management Board. It has overall responsibility and decides on the organizational structures and workflows of risk management and provision of resources. The operational management of the risk management system falls within the remit of the Head of Controlling, who is responsible for Risk Controlling. The Head of Controlling reports to the Chief Financial Officer (CFO). Risk Controlling initiates the software-supported, periodic risk management process and consolidates and validates the risks reported. It is also responsible for validating the risk management measures and monitoring their implementation. Risk Controlling works with the individual risk owners to define early warning indicators that are used to monitor actual developments with regard to certain risks.

The risk owners are the managers at the level directly below the Management Board, who are also responsible for the corresponding segment/executive division at the level of Vonovia. They are responsible for identifying, evaluating, managing, monitoring, documenting and communicating all risks in their sphere of responsibility. They are also responsible for recording and reporting all risks in the company's risk tool based on the defined reporting cycles.

Based on a half-yearly risk inventory taken in the first and third quarters of a fiscal year, Risk Controlling prepares a risk report for the Management Board and the Supervisory Board. It also simulates major risk developments and their impact on the corporate plans and objectives. The Management Board approves the documented risk management findings, takes account of them in steering the company and reports them to the Supervisory Board. The Audit Committee of the Supervisory Board monitors the effectiveness of the risk management system.

Should significant risks, i.e., risks with a considerable impact on economic development (risks entailing possible losses in Group FFO of more than € 12 million or a possible balance sheet loss of more than € 180 million) occur unexpectedly, they are reported directly to the Management Board and the Supervisory Board on an ad hoc basis.

As part of the process involved in preparing the annual financial statements, the risks identified in the third quarter are reviewed by Risk Controlling to ensure they are up-to-date and – if necessary – updated, with newly identified risks being added. New risks can arise in the context of the budget and five-year planning process. These are coordinated and evaluated bilaterally between Risk Controlling and the responsible risk owners as part of the planning process.

Deutsche Wohnen's risk management system includes a simulation model to calculate the company's risk-bearing capacity. As part of this analysis, risk management evaluates the interdependencies between major risks on an annual or ad hoc basis and defines the parameters for risk aggregation. A Monte Carlo simulation model based on the statistical distribution functions relevant to the risks is used to determine the company's overall risk position. The resulting overall risk position is compared to the company's risk-bearing capacity with regard to insolvency and over-indebtedness. Extreme scenarios for selected major risks are also simulated as part of the corporate planning process. The effects on the company's performance indicators, as well as key figures related to financing, are always taken into account here. The results of the simulations are discussed with the Management Board. Planning and risk management are managed by the same area within Controlling.

The risk management system is updated and refined on a regular basis and is also adjusted to reflect changes at the company. The effectiveness of the risk management system is analyzed in regular audits.

Risk management looks at all activities forming part of the risk management process, i.e.,

> Risk identification
> Risk assessment
> Risk aggregation
> Risk control
> Risk monitoring

Based on the COSO Framework, a **risk space with the following four main risk categories** has been defined to facilitate risk identification: strategy, regulatory environment and overall statutory framework, operating business and financing (including accounting and tax). A structured risk catalog has been assigned to each of these categories.

When it comes to **assessing risk**, a distinction is made between risks with an impact on profit and loss and those affecting the balance sheet. Risks with an impact on profit and loss have a negative effect on the company's sustained earnings power and, as a result, on Adjusted EBITDA in the individual segments and Group FFO (Adjusted EBT in the future). In general, these risks also have an impact on liquidity. Risks affecting the balance sheet do not impact

Group FFO, but they certainly do impact the assets and, in general, also profit for the period and the NAV. These risks can also not affect liquidity, e.g., because they only impact property values.

If possible, risk assessments are always to be performed in quantitative terms. As a general rule, the risk assessment should always be based on a worst-case scenario. If this is difficult or impossible to achieve, a qualitative assessment is to be performed using a detailed matrix. The expected amount of loss is classified to one of five categories:

Category	Class	Description	Impact on profit and loss*	Impact on statement of financial position*
Very high	5	Threatens the company's existence	Possible loss of > € 225 million in Group FFO	Possible balance sheet loss of > € 3,600 million
High	4	Dangerous impact on business development, previous business situation cannot be restored in the medium term	Possible loss of € 112.5 million to € 225 million in Group FFO	Possible balance sheet loss of € 1,800 million to € 3,600 million
Consid-erable	3	Temporarily impairs business development	Possible loss of € 45 million to € 112.5 million in Group FFO	Possible balance sheet loss of € 720 million to € 1,800 million
Noticeable	2	Low impact, possibly leaving a mark on business development in one or more years	Possible loss of € 12 million to € 45 million in Group FFO	Possible balance sheet loss of € 180 million to € 720 million
Low	1	Minor impact on business development	Possible loss of € 1.5 million to € 12 million in Group FFO	Possible balance sheet loss of € 24 million to € 180 million

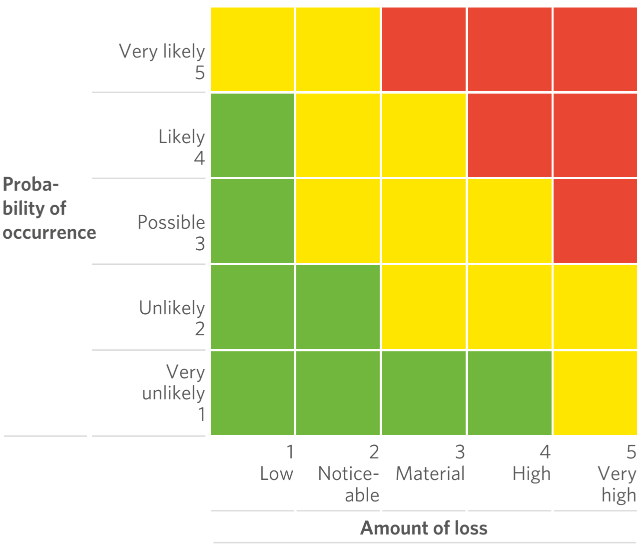
* Understood as the possible financial loss over five years in accordance with the medium-term planning horizon.

Five clusters have been defined for the expected probability of occurrence.

Category	Class	Definition	Probability
Very likely	5	It is to be assumed that the risk will materialize during the observation period.	>95%
Likely	4	The risk is likely to materialize during the observation period.	60–95%
Possible	3	The risk could materialize during the observation period.	40–59%
Unlikely	2	The risk is unlikely to materialize during the observation period.	5–39%
Very unlikely	1	It is to be assumed that the risk will not materialize during the observation period.	<5%

The expected amount of loss and the probability of occurrence are classified within the set ranges before action (gross) and after action (net) for each risk, documented in a risk tool and transferred to a heatmap there. Risk reporting is based on the net assessment and the assignment of risks in the net heatmap, comprising five categories for both probability of occurrence and the amount of loss.

Net Heatmap



The term "top risks" refers to the risks assigned to the red and amber fields. These are reported to the Supervisory Board and published as part of the external reporting process. The risks assigned to the red fields are classified as threatening or endangering the company or its survival. The risks assigned to the amber fields are significant to the company. Red and amber risks are subject to intensive monitoring by the Management Board and the Supervisory Board. The risks assigned to the green fields are less significant to the company.

As part of an active **risk control** process, the focus is on the major (red and amber) risks. Any necessary specific risk management measures were agreed and incorporated into a regular monitoring process to be conducted by Risk Controlling.

Regular **risk monitoring** by Risk Controlling ensures that risk management measures are implemented as planned.

(4) Internal Control System

The Internal Control System (ICS) comprises the basic principles, procedures and regulations aimed at supporting the effectiveness and cost-effectiveness of our business activities, ensuring due and proper, and reliable internal and external accounting, and ensuring compliance with the legal provisions that apply to the company.

All key processes at Deutsche Wohnen are recorded and documented centrally with the help of a process management software solution. In addition to the relevant process steps, this documentation highlights key risks and controls in the interests of a process-oriented internal control system (ICS). It provides the binding basis for subsequent evaluations, audits and reporting to the executive bodies of Deutsche Wohnen SE on the effectiveness of the ICS within the meaning of Section 107 (3) sentence 2 of the German Stock Corporation Act (AktG).

Overall responsibility for structuring and implementing the ICS lies with Deutsche Wohnen's Management Board. The Management Board delegates this responsibility to process and control owners. The Internal Audit department provides support in the further technical development of the ICS in addition to performing its primary audit duties in full. Internal Audit is responsible for providing technical support for the documentation software, with administrative support being provided by IT.

The aim of the accounting-related internal control and risk management system is to ensure due and proper and legally compliant financial reporting pursuant to the relevant regulations. The accounting-related internal control and risk management system is embedded in the overarching Group-wide risk management system.

Organizationally, responsibility for preparing the financial statements lies with the department of the Chief Financial Officer (CFO) and, in particular, with the Accounting department. The Accounting department accordingly exercises the authority to lay down guidelines for the application of relevant accounting standards as well as for the content and timing of the steps in the financial statements preparation process.

From the organizational and systems side, the preparation of the financial statements for all companies included in the consolidated financial statements as well as the preparation of the consolidated financial statements themselves are performed in the central shared service centers, which ensures consistent and continual application of accounting principles in a uniform financial statement preparation process. Furthermore, through the shared service center functions it is ensured that both content and organizational changes in the requirements are incorporated in the financial statement preparation process.

The financial statements of the companies included in the consolidated financial statements are largely located in an IT SAP environment. A small number of Group companies have their own accounts and corresponding IT systems. They are subject largely to uniform charts of account, accounting guidelines, processes and process controls. The requirement of separation of functions and the dual-review principle are taken appropriate account of with preventive and also subsequent checks. The subsidiaries of the Deutsche Wohnen Group report their data to Group Accounting as part of a structured IT-based data recording process.

The relevant financial statement data of the individual companies is made available to the SAP consolidation module via an integrated, automated interface with comprehensive validation rules for further processing and preparation of the consolidated financial statements. An authorization concept is in place granting access to the financial statements in line with the respective job profile of the employee.

Newly acquired companies are incorporated into the internal control environment as part of a structured integration process, which includes integration in terms of both IT systems and processes relating to financial statements.

Once the financial statements have been drawn up, the annual and consolidated financial statements, including the consolidated management report, are submitted to the Audit, Risk and Compliance Committee of the Supervisory Board. The Audit, Risk and Compliance Committee then makes a recommendation for the Supervisory Board to adopt or approve them. This examination may include discussion with the auditor and is subject to the auditor's report. The Audit, Risk and Compliance Committee is continually involved in the establishment and refinement of the accounting-related internal control and risk management system.

(5) Internal Audit

Internal audits are conducted by Group Audit at Vonovia on behalf of Deutsche Wohnen. In organizational terms, Group Audit reports to Vonovia's Chief Executive Officer (CEO). Internal Audit at Deutsche Wohnen reports to the CDO. The annual audit plan is based on a risk-oriented evaluation of relevant audit areas of the Deutsche Wohnen Group and is approved by the Management Board and the Supervisory Board's Audit Committee.

The audits conducted throughout the year focus on assessing the effectiveness of the control and risk management systems, identifying process improvements in order to minimize risks and ensuring the sustainability of Deutsche Wohnen's business activities. Corresponding special ad hoc audits are also performed in consultation with the Management Board.

The internal reports are presented to the Management Board, the individuals responsible for the area reviewed and, in cases involving significant and serious findings, the risk manager and, where relevant, the compliance officer on a regular basis. The Audit Committee receives a quarterly summary of the audit results and measures. The implementation status of the agreed measures is monitored on an ongoing basis after the relevant due dates and is reported to the Management Board and the Audit Committee on a quarterly basis. A follow-up audit is conducted to ensure that any serious findings have been remedied.

Current Risk Assessment

A scheduled risk inventory was performed in both the first and second half of the 2023 fiscal year. The risk report was presented to the Management Board and the Audit Committee. The risk inventory for the second half of the year was adjusted/updated at the end of 2023. There were no unscheduled ad hoc risk reports in the 2023 fiscal year or up until the time at which the balance sheet was prepared.

Overall Assessment of the Risk Situation

A total of 73 (2022: 70) individual risks were identified for Deutsche Wohnen at the end of 2023. All in all, and based on the current assessment, there were no signs of any risks threatening or endangering Deutsche Wohnen or its survival at the end of 2023.

At the time this report was prepared, Deutsche Wohnen's Management Board had not identified any risks associated with future business development that the company cannot suitably overcome, or which could jeopardize Deutsche Wohnen's position in terms of revenue, assets and/or finances.

The outcome of the risk-bearing capacity analysis performed in 2023 revealed that there is no current threat to Deutsche Wohnen's survival over the five-year period. This means that there is no change as against the risk assessment performed at the end of 2022 overall.

The risks to be modeled were quantified and the interaction between individual top risks and selected green risks analyzed in detail at the end of 2023.

Nine (2022: nine) amber risks to the company and 64 (2022: 61) other green risks were identified. Specifically, the picture that emerges for each risk category is as follows:

Risk	Strategy	Operating business	Regulatory environment	Financing	Total
					0 (0)
		5 (5)	1 (1)	3 (3)	9 (9)
	8 (6)	28 (30)	19 (15)	9 (10)	64 (61)
Total	**8 (6)**	**33 (35)**	**20 (16)**	**12 (13)**	**73 (70)**

Risks Related to Operating Business

In the operating business, we identified the five amber risks (2022: five) explained below at the end of 2023.

Deutsche Wohnen's business relationship with Vonovia SE could give rise to a **"service provider/default risk."** This includes operational risks resulting from the handling of business as well as risks from energy services and risks associated with financing/shareholder loans. The risk with an impact on profit and loss was assessed at the end of the 2023 reporting period as being associated with an amount of loss of >€ 225 million (2022: >€ 225 million) and an expected probability of occurrence of <5% (2022: <5%).

The residential properties held in the Rental segment are subject to a regular valuation process. Details can be found in chapter → **[D2 5] Investment Properties.** Changing overall conditions on the real estate and capital markets mean that future market developments, such as inflation and rising interest rates, could reduce the value of the properties. Lower property values would push up the company's loan-to-value ratio (LTV), which could have a negative impact on its ability to raise capital. The balance sheet operating risk **"future market development leads to a drop in property values"** was assessed as being associated with an expected amount of loss of € 720–1,800 million (2022: >€ 3,600 million) and an expected probability of occurrence of 5–39% (2022: 5–39%).

The development in the supply of, and demand for, residential properties has a significant influence on the home prices that can be achieved and, as a result, a direct impact on both Adjusted EBITDA in the Recurring Sales segment and the success of Non Core sales. A decline in real estate prices was recorded in the 2023 fiscal year. A scenario in which interest rates were to remain permanently high and/or increase further could lead to buyers no longer being able to finance the home prices asked for on the market. This could reduce demand and result in lower home prices, which could represent a risk with an impact on profit and loss for the Recurring Sales segment. The operating risk with an impact on profit and loss **"deteriorating residential property market situation with regard to apartment sales/buyer behavior"** was assessed as having an expected amount of loss of € 112.5–225 million (2022: € 112.5–225 million) and an expected probability of occurrence of 5–39% (2022: 5–39%). In order to limit and monitor risk, regular reporting on sales volumes and prices and regular monitoring of target prices and sales volume targets by the portfolio controlling team has been implemented alongside a process for identifying ideal prices.

As regards the sale of our development projects, we have identified a risk that the sale and letting of newly built apartments will become more difficult to achieve, particularly as a result of significantly increased construction costs and, as a result, considerably higher sale prices or rents. We have adjusted our plans for investments in new builds accordingly. The amber operating risk with an impact on profit and loss **"Development sale risk"** was assessed as having an expected amount of loss of € 112.5–225 million (2022: € 112.5–225 million) and an expected probability of occurrence of 40–59% (2022: 40–59%). In order to be able to respond to market changes early on, in-depth market studies and analyses are prepared at regular intervals and are analyzed in connection with reports prepared by renowned real estate experts. Any market changes that are identified are taken into account when analyzing the real estate portfolio, meaning that they have a significant impact on sales planning.

In 2023, the **"Development project cost risk"**, which, in addition to a cost increase risk, also includes a calculation risk for specific development projects, was upgraded from green to amber and was assessed as being associated with an expected amount of loss of € 45–112.5 million (2022: € 12–45 million) and an expected probability of occurrence of 5–39 % (2022: 5–39 %). In order to identify risks of this nature before new properties are acquired and to assess all risks in connection with legal, tax, economic, technical and social issues, varying levels of due diligence reviews involving independent experts are planned as part of the acquisition process within the Development segment. The Development segment also minimizes these risks by only starting projects after intensive reviews (register of contaminated sites) and profitability analyses have been conducted, and by monitoring these risks for the entire duration of the project with regular cost controls and associated deviation analyses.

Russia's war of aggression on Ukraine once again had an impact on the energy and construction materials markets in 2023. Rising energy costs also translated into higher costs for construction materials and led to bottlenecks in the procurement of construction materials in a large number of places. This has resulted in deteriorating overall conditions for construction and modernization projects in our Development and Value-add segments, with negative knock-on effects on Adjusted EBITDA in the segments. We have adjusted our investment strategy accordingly and expect the increase in costs to slow as of 2024. The operating risk with an impact on profit and loss **"Higher construction costs than planned due to increases in the price of construction materials & services, as well as supply bottlenecks,"** which was classified as an amber risk in 2022, was downgraded to green in 2023 and evaluated as having an expected amount of loss of € 12–45 million (2022: € 12–45 million) and expected probability of occurrence of 5–39% (2022: 60–95%). In order to limit this risk, Vonovia monitors the market systematically while simultaneously developing alternatives, e.g., revising specifications and using standardization to reduce material usage. In addition, critical materials are secured early on and, where appropriate, stored where possible.

Risks Related to Regulatory Environment & Overall Statutory Framework

Changes in the regulatory environment and in the overall statutory framework could give rise to risks for all of Deutsche Wohnen's business segments. At present, one (2022: one) key amber risk has been identified.

In Germany, the regulations governing the handling and identification of toxic materials are to be tightened up through a specific amendment to the German Hazardous Substances Ordinance (Gefahrstoffverordnung). Any amendment will have an impact on all of Vonovia's technical processes (including small-scale repairs, vacant apartment refurbishment, major maintenance measures, modernization). Regarding the process involved in the refurbishment of vacant apartments, an initial rough quantification has been carried out, although this process still has to be completed for all of the other technical processes. The risk associated with an **"Amendment to the Hazardous Substances Ordinance"** was therefore subjected to a qualitative assessment as an initial step, and was found to be associated with a significant loss amount and a probability of occurrence of 60–95%. A project involving all of the specialist departments involved has been launched to ensure the definitive quantitative assessment of this risk in relation to all of Vonovia's technical processes in 2024. A final assessment of the risk will depend on the specific content of the proposed legislation.

The regulatory risk **"Unfavorable carbon tax"** that was classified as an amber risk in 2022 was downgraded to green in 2023. The risk associated with an **"unfavorable carbon tax"** has changed to a **"substantial increase in the CO_2 price."** As the expected increase in the CO_2 price is now largely reflected in the company's updated plans, the assessment of the probability of occurrence was reduced from 60–95% to 40–59%, and the assessment of the potential amount of loss was reduced from € 12–45 million to € 1.5–12 million.

Risks Related to Financing

With regard to financing, we identified the three amber risks (2022: three) explained below at the end of 2023.

A further increase in capital market interest rates could give rise to risks for Deutsche Wohnen's growth and result in planned investments being cut back, suspended or canceled completely. In addition, an increasing interest burden due to unfavorable interest rate developments could translate into lower growth or even a drop in Group FFO. As the updated interest rates have been taken into account for planning purposes, the financing risk with an impact on profit and loss classified as amber **"unfavorable interest rate developments"** was downgraded in 2023 in terms of the expected amount of loss to € 112.5–225 million (2022: >€ 225 million) based on the latest assessment, with an expected probability of occurrence of 5–39% (2022: 5–39%). As well as diversifying debt capital instruments and maintaining a balanced maturity profile, risks are limited by ensuring a long-term average maturity/fixed-interest period of around six years. Debt reduction by freeing up liquidity is another measure used to limit risk.

Deutsche Wohnen is obliged to report certain key figures and adhere to certain covenants in connection with bonds, secured loans and transactions. If these covenants are not adhered to or these reporting obligations are not fulfilled on time, Deutsche Wohnen could be subject to payment obligations and additional negative effects on earnings could result from new financing arrangements. The amber financial risk with an impact on profit and loss associated with a **"failure to fulfill obligations (from bonds, secured loans, transactions)"** was assessed, at the end of the 2023 reporting period, as having an expected amount of loss of >€ 225 million (2022: >€ 225 million) and an expected probability of occurrence of <5% (2022: <5%). In order to counter this risk, Deutsche Wohnen has implemented standardized processes for monitoring and managing its obligations.

The amendments to the German Real Estate Transfer Tax Act that came into force on July 1, 2021, lowering the participation threshold from 95% to 90% and increasing the observation period from 5 to 10 years, could give rise to a subsequent liability to pay real estate transfer tax. The amber risk with an impact on profit and loss associated with an **"amendment to the German Real Estate Transfer Tax Act due to share deals"** was assessed, at the end of the 2023 reporting period, as having an expected amount of loss of >€ 225 million (2022: >€ 225 million) and an expected probability of occurrence of <5% (2022: <5%). In addition to monitoring court decisions and legislation on an ongoing basis, Deutsche Wohnen also limits this risk by raising awareness among decision-makers in the context of share deals. This ensures the involvement of the internal Tax department, which then helps monitor the acquisition process.

At the end of 2023, the net risks identified can be summarized as follows:

Net Risks

Probability of occurrence over the next 5 years (in %)						
	>95					
	60–95	0 (1)	0 (2)	1 (0)		
	40–59	4 (2)			1 (1)	
	5–39	14 (13)	9 (10)	2 (0)	2 (1)	0 (2)
	<5	26 (23)	6 (7)	5 (4)	0 (1)	3 (3)
Impact on profit and loss		1.5–12	12–45	45–112.5	112.5–225	>225
Impact on statement of financial position		24–180	180–720	720–1,800	1,800–3,600	>3,600
Qualitative		very low	low	medium	high	very high
		Amount of loss over the next 5 years (in € million)				

Sustainability Risks

In addition to the amber risks set out above, Deutsche Wohnen also reports on selected green risks that relate explicitly to sustainability in order to reflect the growing importance of this risk consideration:

Environmental Risks

The need to consider climate-related aspects is playing an increasingly important role in Deutsche Wohnen's business model and strategy, in line with the mounting importance of climate issues in society at large. The resulting climate transition risks describe the effects that can arise for companies due to the process of transformation towards a sustainable economic system.

Deutsche Wohnen has set itself an intensity target to reduce its CO_2 emissions by 2030 in order to achieve its climate objectives. We currently consider the **"risk of non-compliance with the company's own climate targets"** to be low (2022: low) and improbable (2022: improbable).

What is more, crisis situations or catastrophes, such as floods, earthquakes, extreme weather events, etc. could have an impact on our real estate portfolio and require specific crisis management measures. Physical climate risks like these refer to longer-term shifts in general climatic conditions. We have assessed the **"risk of business continuity in disasters/crisis situations"** as being associated with an amount of loss of € 1.5–12 million (2022: € 1.5–12 million) and a probability of occurrence of 5–39% (2022: 5–39%). To allow us to analyze and assess potential long-term implications of climate change (i.e., those extending beyond the usual risk management observation period of five years), we have developed a climate risk tool that maps the internationally recognized climate change scenarios developed by the Intergovernmental Panel on Climate Change (IPCC).

Transition risks and physical climate risks could potentially have a negative impact on the Group's net assets, financial position and results of operations and could make the estimates used in an accounting context less certain. We do not believe that climate change gives rise to any significant **direct risks** for the period covered by the risk management system at the moment, e.g., caused by extreme weather conditions such as heavy rain with the potential for floods. Based on our current knowledge of future developments, this will not have any impact (2022: no impact) on Deutsche Wohnen's balance sheet. This relates, among other things, to the fair values of investment properties, useful lives and the value of assets and provisions for environmental risks, for which no significant need for adjustment emerges (see → Environmental Issues).

When it comes to the development of new and sustainable fields of business in the Value-add segment – particularly with regard to renewable energies – **risks can arise from the design and implementation of the business models.** With regard to the planned **"expansion of renewable energies using photovoltaic systems"**, we have assessed the related risks as having a low (2022: low) amount of loss and a probability of occurrence of 5–39% (2022: 5–39%).

Social Risks

"Risks associated with breaches of provisions concerning special contractual rights (Social Charters)", which are related to tenant protection and, as a result, to the aim of providing "homes at fair prices", have been assessed as having a substantial potential amount of loss of € 45–112.5 million (2022: € 45–112.5 million), although we believe these risks are very unlikely (2022: very unlikely) to materialize.

Failure to comply with statutory occupational health and safety and occupational safety management provisions could have a long-term impact for Deutsche Wohnen and its employees. We currently assess these risks as being associated with a substantial (2022: substantial) amount of loss but believe that they are very unlikely (2022: very unlikely) to materialize.

Governance Risks

Deutsche Wohnen is exposed to the risk **of losing sustainable financing.** Sustainable "green" financing is becoming increasingly relevant. Failure by Deutsche Wohnen to meet its sustainability targets, for example, could jeopardize the basis for this financing. At present, we have assigned this risk an amount of loss of € 12–45 million (2022: € 45–112.5 million) and a probability of occurrence of <5% (2022: <5%).

In addition, Deutsche Wohnen could be exposed to risks **associated with non-compliance with statutory requirements and investor or analyst expectations regarding ongoing sustainability reporting.** We currently assess this risk as being associated with a substantial (2022: substantial) amount of loss, but believe that it is very unlikely (2022: very unlikely) to materialize.

Current Assessment of the Main Opportunities

Assessment of Opportunities Inherent in the Business Model

In the process of defining its strategy and preparing its short and medium-term plans, Deutsche Wohnen has identified earnings potential. The assumptions applied within this context regarding the corporate strategy, economic environment and market-related factors, and the company's operating business are not only associated with risks. Rather, Deutsche Wohnen's business development can also end up being more favorable than in the assumptions included in the company's plans.

In particular, the bundling of business activities and use of Vonovia's systems and platforms open up further opportunities. This also includes focusing development activities on the BUWOG development platform, Vonovia's Development segment, under the agency agreements and, where opportunities present themselves, on the platform of the participating interest QUARTERBACK Immobilien AG.

Strategy-related Opportunities

The decision to focus our business activities on sustainable and ecological action remains at the core of our corporate strategy. Over and above the rental of good-quality, modern and, most importantly, affordable living space and the development of new homes, the company's stated aim is also to improve quality of living and significantly reduce the CO_2 emissions originating from our residential properties.

By focusing our new construction and modernization activities on the latest ecological standards in a targeted manner, we can make a further contribution to alleviating the shortage of housing and improving our ecological footprint, and stick to the binding climate path that we made a commitment to in the 2020 fiscal year.

Deutsche Wohnen is using sustainable, ecological building materials and sustainable energy concepts to help conserve scarce resources and make targeted use of renewable energy. Within this context, we see our neighborhoods as a strong link for sector coupling. As a result, we expect opportunities to arise from the targeted digital networking of electricity, heat and mobility.

Further opportunities are also arising from the ecological transformation of the residential environment, such as the creation of tenant gardens and flower meadows and the installation of insect hotels so as to make a contribution to biodiversity.

Deutsche Wohnen will be sticking to its voluntary commitments regarding its climate path and climate objectives and exploiting opportunities from the expansion of renewable energies that will arise from the direct sale of green electricity to our tenants, as well as the production (and sale) of electricity from renewable sources on/at our properties. With this in mind, Deutsche Wohnen will also be forging ahead with the expansion of PV programs and the sale of electricity to tenants (tenant electricity), supporting a change in consumer behavior (use of green electricity).

The challenges that climate change creates with regard to entrepreneurial action are also associated with strategic potential. As we move towards a climate-neutral housing stock, energy-efficient refurbishments are a key lever. The goal of reducing heating costs and, in doing so, cutting energy consumption is consistent with our goal of reducing emissions and makes a contribution to energy security in the current context of the war in Ukraine.

Sociological and economic research data suggests that the population in Germany and parts of Europe will continue to grow as a result of migration. This will result in sustained high demand for affordable housing which cannot be satisfied in full by the expected levels of new construction activity, not even in the medium term. On the one hand, this translates directly into opportunities for the development and new construction business. On the other hand, the housing market will be faced not only with quantitative challenges due to the flow of migrants, but also with challenges relating to integration that Vonovia can counter using its experience of strategic and sustainable neighborhood development.

Another key factor in this regard is the demographic change toward an aging society, as we are likely to see a steady increase in the demand for senior-friendly and affordable homes over the coming years. As a result, further opportunities could arise from senior-friendly modernization of our apartments and investment in new and innovative housing concepts. This is expected to come hand-in-hand with further rental growth.

Demographic change also, however, has an impact on the nursing care business, opening up opportunities for further development via an aging society. As a result, the associated strategic opportunities are currently being assessed as part of a strategic review.

The German government coalition agreement promised initiatives to both significantly increase the supply of affordable homes through new construction and transform existing properties in a manner that is as climate-neutral as possible. This can only be achieved with private-sector investment and related incentives. Creating a positive investment climate for the residential real estate markets also, however, means making the required ecological construction and modernization measures cost-effective, making additional land available for construction, reducing the amount of red tape and promoting the acceptance of private-sector real estate investors in general, which can, in turn, create opportunities for Deutsche Wohnen.

Making acquisitions within the value chain as and when opportunities present themselves, also with regard to the business with housing-related services, could open up additional earnings potential. Promising opportunities could also arise both from entry into the B2B business and from moves to expand existing business models to include other customer groups. In addition to the further expansion of the company's existing housing-related services, also via possible third-party business, the megatrend of digitalization also creates expansion potential for forging even closer links between customers and the business model, e.g., through customer loyalty programs, communication platforms or networking. Potential efficiency gains in the Value-add processes and systems are a source of additional earnings potential.

Our corporate strategy also focuses on our employees' further development and on employee satisfaction. We aim to make use of new HR development concepts and actively shape the recruitment of new staff to fill vacant positions. We are also aiming to increase the proportion of women at the first and second levels of management. All in all, further opportunities could arise for Deutsche Wohnen due to the advantages associated with diversity and as a result of our increased appeal as an employer, also in the interests of employee satisfaction.

Economic Environment and Market-related Opportunities

The housing industry is being influenced to a considerable degree by social trends. One key trend involves the influx of people from rural regions to urban areas. The infrastructure in urban areas is well developed, with extensive healthcare services available. People do not have to travel far to work and can enjoy varied leisure activities. According to analyses released by the German Federal Statistical Office, **domestic migration to the country's large metropolitan areas** will continue unchanged over the next few years. The current slowdown in construction activity is likely to result in an even greater imbalance between the supply of and demand for housing in conurbations. 350,000 to 400,000 new residential units will have to be built every year over the next twenty years. The shortage of housing in urban areas could be exacerbated further by the effects of migration from global crisis hotspots and the trend toward smaller households.

In response to the perceived shortage of (skilled) workers and the dwindling population, the German government has set itself the goal of promoting immigration from non-EU countries specifically. The German Federal Employment Agency (Bundesagentur für Arbeit) expects Germany to require around 400,000 immigrants a year to close the gaps on the labor market resulting from demographic changes. According to the Cologne Institute for Economic Research, this translates into a potential shortfall of as much as 308,000 apartments a year in the medium term. This development trend could benefit our existing real estate portfolio, which focuses primarily on small and medium-sized apartments in urban areas. Deutsche Wohnen is also in a position to counter the increasing shortage of affordable housing through its development and new construction business. The German government coalition agreement has set a target involving the construction of 400,000 new apartments per year. This will not be possible without deregulation measures and the provision of additional land for construction, which could, in turn, create opportunities for Deutsche Wohnen.

One megatrend that enjoys a particularly prominent position in the coalition agreement is undoubtedly climate protection. Within this context, the decision taken very early on to focus on energy-efficiency refurbishments could prove to be advantageous. After all, almost one-third of CO_2 emissions in Germany can currently be attributed to residential property. Aside from this, however, Deutsche Wohnen, together with Vonovia, also sees itself as a driver of innovation. Increased environmental awareness could therefore result in the Vonovia brand taking on increasingly positive connotations in the future and in greater demand for Deutsche Wohnen's energy-efficient apartments. The Ukraine war has flagged up just how dependent Europe is on energy imports. The current energy shortages caused by the war in Ukraine will increase investment and the use of renewable energies. Vonovia's "1,000 roofs" program, which fits PV systems to the roofs of Vonovia buildings, will benefit from further tailwind as a result. This investment program, for which sufficient funds from internal financing have been set aside, will open up further potential opportunities through the tenant electricity initiative.

The merger of Vonovia and Deutsche Wohnen offers further opportunities for implementing the approaches described thanks to what is now a larger existing and development portfolio.

Opportunities Arising from the Operating Business

In addition to harmonization effects and economies of scale, the merger of Deutsche Wohnen and Vonovia also allows experience in housing-related services, primarily in metering services, multimedia services and energy supply, to be bundled. This creates economic potential on the one hand, but also potential with regard to the services offered to customers and, as a result, customer satisfaction on the other.

Deutsche Wohnen is making systematic investments in testing and expanding new technologies. We expect the systematic rollout of these and other technologies within the company, for example aimed at "predictive maintenance," "home automation," "process automation" and "building information system," and at the interface with our customers, to create additional opportunities.

"Predictive maintenance," for example, could allow damage to elevators or heating units to be prevented before it arises. Smart home systems could allow tenants to consciously manage their energy costs. Digital communication platforms have the potential to improve dialogue with tenants, but also to support loyalty to the company and links within the neighborhood. These opportunities for the company's operating business resulting from digitalization should also have an impact on and through customer satisfaction.

Targeted acquisition opportunities and collaboration initiatives with suitable start-ups at all stages in the value chain to enable the further implementation of digital solutions within Deutsche Wohnen's processes, but also at the various interfaces, could open up further earnings and expertise potential for the company in this area.

The digitalization of public administration could promote the much-called-for streamlining of administrative and, in particular, approval processes, with a positive impact, for example, on Deutsche Wohnen's modernization, development and new construction business thanks to the quicker approval of building applications.

We also see the potential acquisition of larger portfolios in Germany, as well as the targeted small-scale "tactical" acquisitions of single or multiple buildings in specific locations and targeted measures in the residential environment as an opportunity to improve the nature and quality of whole residential districts and thus increase the appeal of our apartments for our customers and the value of our residential properties. In the current market environment, acquisition opportunities can certainly arise where the required internal financing is available.

Deutsche Wohnen manages its housing stocks using standardized systems and processes. The acquisition of further residential real estate portfolios therefore offers the opportunity to generate additional value through harmonization effects and economies of scale on the property management side, in development and with regard to housing-related services by reducing the costs per residential unit. This approach is also reflected in the merger with Vonovia, which was expected to generate synergies of € 105 million a year. Due to Vonovia's extensive experience in integrating companies into its systems and processes, operating efficiency gains for both groups extending beyond the conservative synergy expectations that have been applied to date could well arise.

Financial Opportunities

Deutsche Wohnen has benefited from extremely favorable conditions on the capital and banking markets in recent years thanks to its favorable ratings, allowing it to establish a financing foundation that is stable and balanced in the long run. This continues to offer the opportunity to access relatively more advantageous (re)financing options, even in market environments that may be more disadvantageous in the future.

Together with the diversification strategy for liquidity procurement that we have been pursuing for many years now, we also have the opportunity, particularly given the current capital market environment, to optimize the equity and debt financing structure and the conditions of our financial liabilities on an ongoing basis.

Rising inflation rates and interest rates in the current market environment have forced us to reevaluate investments in terms of their profitability against the backdrop of our sustainability objectives. Within this context, we are paying more attention to strengthening our internal financing. More intensive sales efforts for our development projects will also have a positive effect on our internal financing power. All in all, stronger internal financing potential could allow for investment decisions, where appropriate opportunities arise, to boost the company's overall profitability or to allow it to pursue more sustainability initiatives and earnings potential.

The strengthening of our financial position and the profitability of our (sustainability) investments could, as a result, also have a positive impact on how our investors and ratings agencies assess us, strengthening our relatively more advantageous financing options.

Our investments in affordable homes are associated with a cash flow that is largely independent of economic factors. The resulting stability allows us to service our financial liabilities with a relative degree of certainty, even in times of economic or political crisis. This is evident, in particular, from the fact that our rent default rate, which was already low to begin with, has not increased to any significant degree, even in the year dominated by the war in Ukraine and the supply chain disruption that was 2023.

Forecast Report

Business Outlook

The forecast was based on the accounting principles used in the consolidated financial statements, with the adjustments described elsewhere in the management report being made. The forecast does not take account of any larger acquisitions of real estate portfolios.

Our forecast for the 2024 fiscal year is based on determined and updated corporate planning for the Deutsche Wohnen Group as a whole and considers current business developments, possible opportunities and risks, as well as the effects of the conflict in the Middle East and the war in Ukraine. It also includes the key overall macroeconomic developments and the economic factors that are relevant to the real estate industry and our corporate strategy. Further information is provided in the sections entitled → **Development of the Economy and the Industry** and → **Fundamental Information About the Group.** Beyond this, the Group's further development remains exposed to general opportunities and risks (see → **Opportunities and Risks**).

We expect the price increases on the construction and commodity markets, in particular, to continue to have a moderate impact on Deutsche Wohnen and our customers. While these will have a direct impact on ancillary expenses, they will also have an indirect effect on all areas of the economy due to general price increases. We also expect prices for construction materials to remain high, which will affect our construction projects as well. Unchanged high interest rates and inflation continue to create increased volatility on the equity and debt capital markets, also due to, or exacerbated by, the war in Ukraine and the conflict in the Middle East. We therefore assess the overall economic situation and developments on an ongoing basis, particularly with regard to the return requirements for investment and divestment decisions.

This means that the classification of development projects as "to hold" or "to sell", decisions on the start of construction, the implementation of portfolio investments and decisions on the sale of property portfolios are reassessed.

The Care segment was reported as a discontinued operation at the end of the 2023 fiscal year and is therefore no longer included in the 2024 forecast.

All in all, we expect **Adjusted EBITDA Total** to be on a par with the previous year. The rise in interest rates over the last two years is resulting in a marked increase in borrowing costs and the associated adjusted net financial result. Based on stable depreciation and amortization, we therefore expect **Adjusted EBT** to be slightly below the previous year's level. Both key figures are influenced to a considerable degree by the sales risks on the transaction market.

In addition, we expect the value of our company to increase further and, as a result, predict a slight increase in **NAV per share**, leaving any further market-related changes in property value out of the equation.

Based on the investments we plan to make in our real estate portfolio, we expect the **CO_2 intensity** of our portfolio to be down slightly year-on-year in 2024.

Berlin, March 7, 2024

The Management Board

Lars Urbansky (CEO)	Olaf Weber (CFO)	Eva Weiß (CDO)

Consolidated Financial Statements

Group reports solid net assets, financial position and results of operations in a complex environment.

EPS impacted by impairment losses.

Consolidated Income Statement

for the period from January 1 until December 31

in € million	Notes	2022 (adjusted)	2023
Revenue from property letting		1,235.1	1,224.4
Other revenue from property management		33.2	89.4
Revenue from property management	**B8**	**1,268.3**	**1,313.8**
Income from disposal of properties		1,743.2	31.4
Carrying amount of properties sold		-1,738.2	-31.4
Revaluation of assets held for sale		-1.5	0.8
Profit from the disposal of properties	**B9**	**3.5**	**0.8**
Revenue from disposal of real estate inventories		41.3	160.4
Cost of sold real estate inventories		-30.8	-145.6
Profit from disposal of real estate inventories	**B10**	**10.5**	**14.8**
Net income from fair value adjustments of investment properties	B11	-825.3	-3,722.2
Capitalized internal expenses		6.3	0.9
Cost of materials	B12	-580.5	-529.6
Personnel expenses	B13	-98.1	-55.3
Depreciation and amortization	D23	-140.1	-107.5
Other operating income	B14	43.7	67.2
Impairment losses on financial assets		-24.7	-13.7
Net income from the derecognition of financial assets measured at amortized cost		-0.1	-3.5
Other operating expenses	B15	-104.0	-205.6
Net income from investments accounted for using the equity method		-167.2	-75.1
Interest income	B16	77.1	86.5
Interest expenses	B17	-73.6	-185.7
Other financial result	B18	4.0	-5.1
Earnings before tax		**-600.2**	**-3,419.3**
Income taxes	B19	187.3	991.7
Profit for the period of continuing operations		**-412.9**	**-2,427.6**
Profit for the period of discontinued operations		-32.8	-333.5
Profit for the period		**-445.7**	**-2,761.1**
Attributable to:			
Deutsche Wohnen's shareholders		-434.1	-2,697.6
Non-controlling interests		-11.6	-63.5
Earnings per share of continuing operations (diluted) in €		**-1.05**	**-5.96**
Earnings per share of continuing operations (basic) in €		**-1.05**	**-5.96**
Earnings per share total (diluted) in €	**C22**	**-1.09**	**-6.80**
Earnings per share total (basic) in €	**C22**	**-1.09**	**-6.80**

Consolidated Statement of Comprehensive Income

for the period from January 1 until December 31

in € million	2022	2023
Profit for the period	-445.7	-2,761.1
Change in unrealized gains/losses	34.5	-11.1
Taxes on the change in unrealized gains/losses	-10.5	3.4
Profit on cash flow hedges	24.0	-7.7
Items which will be recognized in profit or loss in the future	24.0	-7.7
Change in actuarial gains/losses, net	30.7	-2.3
Tax effect	-7.0	1.0
Profit on actuarial gains and losses from pensions and similar obligations	23.7	-1.3
Items which will not be recognized in profit or loss in the future	23.7	-1.3
Other comprehensive income	47.7	-9.0
Total comprehensive income	**-398.0**	**-2,770.1**
Attributable to:		
Deutsche Wohnen's shareholders	-387.4	-2,706.4
thereof from continuing operations	-359.5	-2,373.9
thereof from discontinued operations	-27.9	-332.5
Non-controlling interests	-10.6	-63.7

Consolidated Balance Sheet

Assets

in € million	Notes	Dec. 31, 2022 (adjusted)	Dec. 31, 2023
Intangible assets	D23	164.8	0.5
Property, plant and equipment	D24	219.6	151.5
Investment properties	D25	27,301.9	23,021.5
Financial assets	D26	811.4	561.6
Investments accounted for using the equity method	D27	208.0	126.3
Other assets	D28	214.9	203.9
Deferred tax assets	D29	0.2	1.1
Total non-current assets		**28,920.8**	**24,066.4**
Inventories		13.6	2.7
Trade receivables	D30	30.0	140.3
Financial assets	D26	1,019.0	686.1
Other assets	D28	247.6	391.1
Income tax receivables	D29	187.1	145.6
Cash and cash equivalents	D31	184.3	157.1
Real estate inventories	D32	926.0	752.6
Assets held for sale	D33	2.4	74.0
Assets of discontinued operations	D33	–	770.1
Total current assets		**2,610.0**	**3,119.6**
Total assets		**31,530.8**	**27,186.0**

Equity and Liabilities

in € million	Notes	Dec. 31, 2022 (adjusted)	Dec. 31, 2023
Subscribed capital		396.9	396.9
Capital reserves		4,174.7	4,174.7
Retained earnings		11,715.6	9,034.6
Other reserves		12.4	4.9
Total equity attributable to Deutsche Wohnen shareholders		**16,299.6**	**13,611.1**
Non-controlling interests		475.5	387.1
Total equity	**E34**	**16,775.1**	**13,998.2**
Provisions	E35	104.6	63.9
Trade payables	E36	19.4	2.6
Non-derivative financial liabilities	E37	8,474.2	8,248.3
Derivatives	E38	–	7.7
Lease liabilities	E39	114.1	91.3
Liabilities to non-controlling interests	E40	196.3	181.0
Other liabilities	E41	–	0.1
Deferred tax liabilities	B19	4,906.4	3,799.4
Total non-current liabilities		**13,815.0**	**12,394.3**
Provisions	E35	110.0	90.4
Trade payables	E36	147.7	174.7
Non-derivative financial liabilities	E37	501.7	234.0
Derivatives	E38	0.1	–
Lease liabilities	E39	14.5	13.8
Liabilities to non-controlling interests	E40	–	9.5
Current income taxes		99.4	92.1
Other liabilities	E41	67.3	37.0
Liabilities of discontinued operations	D33		142.0
Total current liabilities		**940.7**	**793.5**
Total liabilities		**14,755.7**	**13,187.8**
Total equity and liabilities		**31,530.8**	**27,186.0**

Consolidated Statement of Cash Flows

for the period from January 1 until December 31

in € million	Notes	2022	2023
Profit for the period		-445.7	-2,761.1
Net income from fair value adjustments of investment properties	B11	917.5	3,915.5
Revaluation of assets held for sale	B9	1.5	-0.8
Depreciation and amortization	D23	146.8	305.0
Interest expenses/income and other financial result	B16/B17/B18	-6.6	106.6
Income taxes	B19	-190.0	-998.9
Profit on the disposal of investment properties	B9	-5.0	–
Results from disposals of other non-current assets		-1.3	-2.1
Other expenses/income not affecting cash		187.0	87.2
Change in working capital		-81.5	-219.9
Income tax paid		-157.8	-46.7
Cash flow from operating activities		364.9	384.8
Proceeds from disposals of investment properties and assets held for sale		1,684.9	18.6
Proceeds from disposals of other assets		87.9	1,116.8
Payments for investments in investment properties	D25	-799.5	-356.8
Payments for investments in other assets	D23/D24/D26	-1,005.1	-547.8
Interest received		37.0	60.5
Cash flow from investing activities		5.2	291.3

in € million	Notes	2022	2023
Cash paid to shareholders of Deutsche Wohnen SE	E34	-15.9	-16.5
Cash paid to non-controlling interest	E40	-13.5	-6.2
Proceeds from issuing financial liabilities	E37	40.0	–
Cash repayments of financial liabilities	E37	-735.5	-472.9
Cash repayments of lease liabilities	E39	-18.9	-14.5
Interest paid		-118.7	-148.8
Cash flow from financing activities	**A4**	**-862.5**	**-658.9**
Net changes in cash and cash equivalents		**-492.4**	**17.2**
Cash and cash equivalents at the beginning of the period		676.7	184.3
Cash and cash equivalents at the end of the period (incl. discontinued operations)	D31	184.3	201.5
Less cash and cash equivalents of discontinued operations		–	44.4
Cash and cash equivalents at the end of the period	**D31**	**184.3**	**157.1**

Consolidated Statement of Changes in Equity

in € million	Subscribed capital	Capital reserves	Retained earnings	Other reserves: Equity instruments at fair value in other comprehensive income	Other reserves: Cash flow hedges
As of Jan. 1, 2023	396.9	4,174.7	11,715.6	-3.5	15.9
Profit for the period			-2,697.6		
Changes in the period			-1.3		-7.5
Other comprehensive income			-1.3		-7.5
Total comprehensive income			-2,698.9		-7.5
Dividend distributed by Deutsche Wohnen SE			-15.9		
Changes recognized directly in equity			33.8		
As of December 31, 2023	**396.9**	**4,174.7**	**9,034.6**	**-3.5**	**8.4**
As of Jan. 1, 2022	396.9	4,433.4	11,907.6	-3.5	-7.1
Profit for the period			-434.1		
Changes in the period			23.7		23.0
Other comprehensive income			23.7		23.0
Total comprehensive income			-410.4		23.0
Withdrawal from the capital reserves		-258.7	258.7		
Dividend distributed by Deutsche Wohnen SE			-15.9		
Changes recognized directly in equity			-24.4		
As of December 31, 2022	**396.9**	**4,174.7**	**11,715.6**	**-3.5**	**15.9**

Equity attributable to Deutsche Wohnen shareholders	Non-controlling interests	Total equity
16,299.6	**475.5**	**16,775.1**
-2,697.6	**-63.5**	**-2,761.1**
-8.8	-0.2	-9.0
-8.8	**-0.2**	**-9.0**
-2,706.4	**-63.7**	**-2,770.1**
-15.9		-15.9
33.8	-24.7	9.1
13,611.1	**387.1**	**13,998.2**
16,727.3	**476.1**	**17,203.4**
-434.1	**-11.6**	**-445.7**
46.7	1.0	47.7
46.7	**1.0**	**47.7**
-387.4	**-10.6**	**-398.0**
0.0	0.0	
-15.9		-15.9
-24.4	10.0	-14.4
16,299.6	**475.5**	**16,775.1**

Notes

(A): Principles of the Consolidated Financial Statements

1 General Information

Deutsche Wohnen SE is based in Germany and is entered in the Commercial Register of Berlin-Charlottenburg under HRB 190322 B. The company has its registered office at Mecklenburgische Strasse 57, 14197 Berlin. The company operates in the real estate sector.

The consolidated financial statements as of and for the year ended December 31, 2023, have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the EU. In addition, the supplementary commercial law provisions under Section 315e (1) of the German Commercial Code (HGB) have been observed. Changes due to the change in presentation of contract assets from ancillary costs, the reclassification of provisions and changes in the presentation of the Care segment, as a discontinued operation, are set out in chapter → **[A2] Adjustment to Prior-year Figures.**

The consolidated financial statements have been prepared on the basis of amortized cost except for investment properties, assets held for sale, derivative financial instruments, plan assets and equity instruments at fair value in other comprehensive income. These are measured at their fair value. The income statement has been prepared using the nature of expense method.

These consolidated financial statements are presented in euros, which is the Group's functional currency. Unless stated otherwise, all figures are shown in million euros (€ million).

The following overview indicates the chapters on the individual topics containing disclosures on accounting policies, judgments and estimates:

Chapter	Accounting policies, judgments, estimates
A6	Government grants
B	Profit for the period
B10	Profit on the disposal of properties
B19	Income taxes
C21	Earnings per share
D23	Intangible assets/goodwill
D24	Property, plant and equipment
D25	Investment properties
D26	Financial assets
D30	Trade receivables
D31	Cash and cash equivalents
D32	Real estate inventories
D33	Assets and liabilities held for sale and discontinued operations
E34	Total equity
E35	Provisions
E37	Non-derivative financial liabilities
E39	Leases
E40	Liabilities to non-controlling interests
F43	Share-based payment
F47	Additional financial instrument dislosures
F48	Information on the Consolidated Statement of Cash Flows

2 Adjustment to Prior-year Figures

Changes in Presentation

There were various changes in presentation in the 2023 fiscal year that also required adjustments to the prior-year figures.

The tables below illustrate the key changes as against the prior-year presentation in the balance sheet:

in € million	Dec. 31, 2022	Adjustment	Dec. 31, 2022 (adjusted)
Intangible assets	164.8	–	164.8
Property, plant and equipment	219.6	–	219.6
Investment properties	27,301.9	–	27,301.9
Financial assets	811.4	–	811.4
Investments accounted for using the equity method	208.0	–	208.0
Other assets	214.9	–	214.9
Deferred tax assets	0.2	–	0.2
Total non-current assets	**28,920.8**	**–**	**28,920.8**
Inventories	62.8	-49.2	13.6
Trade receivables	30.0	–	30.0
Financial assets	1,019.0	–	1,019.0
Other assets	198.4	49.2	247.6
Income tax receivables	187.1	–	187.1
Cash and cash equivalents	184.3	–	184.3
Real estate inventories	926.0	–	926.0
Assets held for sale	2.4	–	2.4
Total current assets	**2,610.0**	**–**	**2,610.0**
Total assets	**31,530.8**	**0.0**	**31,530.8**

The change in presentation under assets relates to contract assets from ancillary costs (€ 49.2 million). Starting in the 2023 fiscal year, these are reported under other assets as opposed to under inventories as in the past.

in € million	Dec. 31, 2022	Adjustment	Dec. 31, 2022 (adjusted)
Subscribed capital	396.9	–	396.9
Capital reserves	4,174.7	–	4,174.7
Retained earnings	11,715.6	–	11,715.6
Other reserves	12.4	–	12.4
Total equity attributable to Deutsche Wohnen shareholders	**16,299.6**	**–**	**16,299.6**
Non-controlling interests	475.5	–	475.5
Total equity	**16,775.1**	**–**	**16,775.1**
Provisions	104.6	–	104.6
Trade payables	19.4	–	19.4
Non-derivative financial liabilities	8,474.2	–	8,474.2
Derivatives	–	–	–
Lease liabilities	114.1	–	114.1
Liabilities to non-controlling interests	196.3	–	196.3
Deferred tax liabilities	4,906.4	–	4,906.4
Total non-current liabilities	**13,815.0**	**–**	**13,815.0**
Provisions	220.1	-110.1	110.0
Trade payables	147.7	–	147.7
Non-derivative financial liabilities	501.7	–	501.7
Derivatives	0.1	–	0.1
Lease liabilities	14.5	–	14.5
Current income taxes	–	99.4	99.4
Other liabilities	56.6	10.7	67.3
Total current liabilities	**940.7**	**0.0**	**940.7**
Total liabilities	**14,755.7**	**0.0**	**14,755.7**
Total equity and liabilities	**31,530.8**	**0.0**	**31,530.8**

In addition, current provisions for acquisition fees and current provisions for personnel expenses amounting to € 10.7 million in total were reclassified from current provisions to other liabilities as they are classed as accruals.

The new balance sheet line item “Current income taxes” comprises current tax liabilities which were recognized at € 99.4 million under other current provisions in the previous year.

Disclosure of the Care Segment

As part of a strategic review of the Care segment, the management decided to discontinue and sell these operations. Endeavors to sell the Care segment have begun and it is expected to have been sold before December 2024. Accordingly, the majority of the segment is presented as a disposal group held for sale. This resulted in retrospective changes to presentation in the income statement. The share of revenue from nursing care properties that are not part of the disposal group (2022: € 23.3 million) was reclassified from other revenue from the real estate sector to revenue from rental, as these properties will make a long-term contribution to revenue in the Rental segment by being let to third parties. The other adjustments represent the profit share attributable to the disposal group to be hived off.

The Care segment was not previously classified as a discontinued operation or as held for sale. The prior-year figures in the consolidated income statement and the consolidated statement of cash flows have been restated accordingly in order to present the discontinued operations separately from the continuing operations.

Intra-Group transactions were eliminated from the consolidated financial results in full. The eliminations were allocated to continuing operations and discontinued operations so as to take account of the decision not to continue these transactions after the disposal, as the Management Board considers this type of presentation to be useful.

For this purpose, the Management Board has eliminated the revenue resulting from transactions with continuing operations generated prior to the reclassification in the result from continuing operations, as no services will be exchanged between the continuing operations and the discontinued operations after the sale.

Income Statement

The table below illustrates the changes as against the prior-year presentation in the income statement:

in € million	2022	Adjustment	2022 (adjusted)
Revenue from property letting	1,212.3	22.8	1,235.1
Other revenue from property management	313.3	-280.1	33.2
Revenue from property management	**1,525.6**	**-257.3**	**1,268.3**
Income from the disposal of properties	1,743.2	–	1,743.2
Carrying amount of properties sold	-1,738.2	–	-1,738.2
Revaluation of assets held for sale	-1.5	–	-1.5
Profit from the disposal of properties	**3.5**	**–**	**3.5**
Revenue from disposal of real estate inventories	41.3	–	41.3
Cost of sold real estate inventories	-30.8	–	-30.8
Profit from disposal of real estate inventories	**10.5**	**–**	**10.5**
Net income from fair value adjustments of investment properties	-917.5	92.2	-825.3
Capitalized internal expenses	6.5	-0.2	6.3
Cost of materials	-636.2	55.7	-580.5
Personnel expenses	-248.2	150.1	-98.1
Depreciation and amortization	-146.8	6.7	-140.1
Other operating income	72.4	-28.7	43.7
Impairment losses on financial assets	-24.7	–	-24.7
Net income from the derecognition of financial assets measured at amortized cost	0.2	-0.3	-0.1
Other operating expenses	-121.0	17.0	-104.0
Net income from investments accounted for using the equity method	-167.2	–	-167.2
Interest income	77.1	–	77.1
Interest expenses	-73.9	0.3	-73.6
Other financial result	4.0	–	4.0
Earnings before tax	**-635.7**	**35.5**	**-600.2**
Income taxes	190.0	-2.7	187.3
Profit for the period of continuing operations	**-445.7**	**32.8**	**-412.9**
Profit for the period of discontinued operations	–	-32.8	-32.8
Profit for the period	**-445.7**	**–**	**-445.7**
Attributable to:			
Deutsche Wohnen's shareholders	-434.1		-434.1
Non-controlling interests	-11.6		-11.6
Earnings per share (diluted) in €	**-1.1**		**-1.1**
Earnings per share (basic) in €	**-1.1**		**-1.1**

Segment Report

In the 2023 fiscal year, Deutsche Wohnen continued with the 2022 management system unchanged for the time being. Vonovia's business was managed via the five segments: Rental, Value-add, Recurring Sales, Development and Care. For detailed information, please refer to the chapter entitled Corporate Governance in Deutsche Wohnen's published 2022 Annual Report.

At the end of the fourth quarter of 2023, the presentation of earnings contributions from the Development to hold sales channel was adjusted within the Development segment. In the 2023 annual financial statements, the earnings contributions from development to hold are recognized exclusively in net income from fair value adjustments of investment properties, i.e., outside of the Adjusted EBITDA Total. On the one hand, the adjusted presentation is due to the greater transparency and traceability of the key figures that are relevant to control. On the other hand, the adjusted presentation results in a more balanced presentation of the earnings situation in the Development segment now that market conditions have changed.

The majority of the current Care segment, which is to be discontinued, is presented as a disposal group held for sale. As part of a strategic review of the Care segment, the management decided to discontinue and sell these operations. Endeavors to sell the Care segment have since begun and it is expected to have been sold before December 2024. A small part of the segment, with a business volume of € 23.3 million in segment revenue, was transferred to the Rental segment. Specifically, this relates to rental income for 25 properties operated by third parties. The previous year's figures were adjusted accordingly:

in € million	Rental	Value-add	Recurring Sales	Develop-ment	Care	Segments total	Other *	Consolida-tion *	Group
Jan. 1–Dec. 31, 2022									
Segment revenue (continuing operations)**	**23.3**			**-34.4**	**280.1**	**269.0**	**-0.5**	**34.4**	**-257.3**
thereof external revenue	23.3				-280.1	-256.8	-0.5	0.0	-257.3
thereof internal revenue				-34.4		-34.4	–	34.4	
Carrying amount of assets sold***							-18.3		
Revaluation from disposal of assets held for sale							–		
Expenses for maintenance	-0.2				7.0	6.8	–		
Cost of development to sell						–	–		
Cost of development to hold**				24.9		24.9	–	-24.9	
Operating expenses	-2.3				188.5	186.2	7.3	–	
Ancillary costs							11.5		
Adjusted EBITDA total (continuing operations)**	**20.8**			**-9.5**	**-84.6**	**-73.3**	**0.0**	**9.5**	**-63.8**
Non-recurring items									0.1
Period adjustments from assets held for sale									–
Net income from fair value adjustments of investment properties									92.2
Depreciation and amortization (incl. depreciation on financial assets)									6.7
Net income from investments accounted for using the equity method									–
Income from other investments									–
Interest income									–
Interest expenses									0.3
Other financial result									–
EBT									**35.5**
Income taxes									**-2.7**
Profit from continuing operations									**32.8**
Profit from discontinued operations									-32.8
Profit for the period									**–**

* The revenue for the Rental, Value-add, Recurring Sales and Development segments constitutes income that is regularly reported to the Management Board as the chief operating decision-maker and that reflects Deutsche Wohnen's sustainable business. The revenue/costs in the "Other" and "Consolidation" columns are not part of the Management Board's segment management.
** Previous year's values (2022) adjusted to current key figure and segment definition -> [A2] Adjustment to Prior-year Figures.
*** Incl. cost of sold real estate inventories in the Recurring Sales segment.

3 Consolidation Principles

Business Combinations

An entity shall account for each business combination by applying the acquisition method if it obtains control. All hidden reserves and charges of the company acquired are disclosed as part of the necessary remeasurement. Any excess of the cost of a business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities, following the disclosure of hidden reserves and charges, is recognized as goodwill in the balance sheet. The consideration transferred at the time of the acquisition and the identifiable net assets that are acquired are measured at fair value as a general rule. Transaction costs are recognized as an expense immediately insofar as they do not relate to costs pertaining to the raising of capital or the issue of debt capital.

Subsidiaries

Subsidiaries are companies that are controlled by the Group. The Group controls a company if it is exposed to risks or has rights to variable returns from its involvement with the company and has the ability to use its power of control over the company to influence the level of these returns. In the process of full consolidation, the assets and liabilities of a subsidiary are included in the consolidated financial statements in their entirety. Subsidiaries are included in the consolidated financial statements from the date on which Vonovia SE obtains control until the day control ceases.

Non-Controlling Interests

The equity of a subsidiary that is not attributable to Deutsche Wohnen is shown as a separate component of equity under non-controlling interests. Non-controlling interests are measured based on their share of the identified net assets of the acquired company at the time of acquisition.

Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions.

Loss of Control

If Deutsche Wohnen loses control over a subsidiary, the assets and liabilities of the subsidiary in question as well as any corresponding non-controlling interests are derecognized. The result is recognized in the income statement. Any investment retained is recognized at fair value when control is lost.

Associates and Joint Arrangements

Associates and joint arrangements classified as joint ventures are accounted for using the equity method. An associate is an entity over which the investor has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. If the arrangement involves rights to the assets and obligations for the liabilities of a joint arrangement instead, then these are recognized using quota consolidation.

Business Transactions Eliminated on Consolidation

The effects of the business transactions between the entities included in the Deutsche Wohnen consolidated financial statements are eliminated.

Results from business transactions with companies accounted for using the equity method are only eliminated in line with the Group's share in the investee.

The financial statements of Deutsche Wohnen SE and all subsidiaries are consistently prepared according to uniform accounting policies.

4 Scope of Consolidation

All in all, and including Deutsche Wohnen SE, 155 companies (December 31, 2022: 160) – thereof 153 (December 31, 2022: 158) domestic companies and two (December 31, 2022: two) foreign companies – have been included in the consolidated financial statements as of December 31, 2023. In addition, 16 (December 31, 2022: 22) domestic companies were included as joint ventures and six domestic companies (December 31, 2022: five) were included as associates accounted for using the equity method.

For all subsidiaries included in the consolidated financial statements, the reporting date is December 31.

The → List of Deutsche Wohnen Shareholdings is appended to the Notes to the consolidated financial statements as an integral part thereof.

Companies that have made use of the exemption provision set out in Section 264 (3) of the German Commercial Code (HGB) are marked accordingly in the list of shareholdings.

The year-over-year changes in the consolidated companies as of December 31, 2023, result from four mergers and one sale. The change in joint ventures in 2023 is due to two conversions into what are now associates and four sales. The number of associates changed by the two conversions from joint ventures and one sale in 2023.

5 Financial Reporting of Financial Assets and Financial Liabilities

Loans and Receivables

Loans and receivables are first recognized as incurred, other non-derivative financial assets as of the day of trading. The day of trading is the date on which Deutsche Wohnen becomes a contracting party of the financial instrument. All financial instruments are initially measured at fair value, taking account of transaction costs. A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire, or the financial asset is transferred and Deutsche Wohnen neither retains control nor retains material risks and rewards associated with ownership of the financial asset.

Loans and receivables are stated at amortized cost using the effective interest method.

Deutsche Wohnen determines whether there is an objective indication of an impairment at the level of individual financial instruments if they are material, and, for financial instruments for which no impairments have been identified at the level of the individual financial instruments or such impairments are immaterial, grouped according to risk profile. Impairments are identified for individual financial instruments when the counterparty has defaulted or breached a contract or there are indications of risks of impairments due to a rating downgrade and general information (loss event). For groups of financial instruments with similar risks, historical default probabilities in relation to the time overdue are drawn upon (loss event). An impairment is calculated after the occurrence of a loss event as the difference between the carrying amount and the value of the discounted estimated future cash flow. The original effective interest rate is taken as the discount rate. Impairment losses are recognized with effect on net income and offset directly with the carrying amount of the financial instrument. Any interest income on impaired financial instruments is still recognized. If there are indications that the amount of the impairment loss will be smaller, this reduction is credited to the financial instrument affecting net income to the extent that the sum does not exceed the amortized cost that would have been recognized if the impairment had not occurred.

Derivative Financial Instruments

Derivative financial instruments are stated at their fair value on the day of trading when they are recognized for the first time. The fair values of the derivative financial instruments are calculated using standard market valuation methods for such instruments on the basis of the market data available on the valuation date.

With derivatives that are not designated as a hedging instrument in the balance sheet, changes in the fair value are recognized in profit or loss with effect on net income.

Compared with IAS 39, the IFRS 9 regulations relating to hedge accounting include, among other things, an expanded range of eligible hedged items, changes regarding the posting approach for certain undesignated value components of hedging instruments, the abolition of the fixed effectiveness ranges and retrospective effectiveness testing as well as the first-time introduction of "recalibration." The less restrictive provisions compared with IAS 39 make it easier to reflect economic risk management in the balance sheet, which can, in turn, reduce artificial volatility in the income statement.

Contracts concluded for the purpose of receiving or supplying non-financial items in accordance with the company's expected purchase, sale, or use requirements (own-use contracts) are not recognized as derivative financial instruments, but rather as pending transactions under IAS 37.

With derivatives designated as hedging instruments, the recognition of changes in the fair value depends on the type of hedge:

> With a fair value hedge, the changes in the fair value of the derivative financial instruments and of the underlying hedged items attributable to the hedged risk are recognized affecting net income.
> With a cash flow hedge, the unrealized gains and losses are initially recognized in other comprehensive income to the extent that the hedge is effective. Amounts accumulated in other comprehensive income are reclassified to the income statement at the same time the underlying hedged item affects net income. To the extent that the hedge is ineffective, the change in fair value is immediately recognized in net interest.

Embedded derivative financial instruments that are combined with a non-derivative financial instrument (host contract) to form a hybrid financial instrument are to be separated from the host contract pursuant to IFRS 9 as a general rule and accounted for separately if (i) its economic risks and characteristics are not closely related to those of the host contract, (ii) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and (iii) the hybrid instrument is not measured at fair value affecting net income with changes in fair value recognized in the income statement. As soon as the derivative is to be separated from its host contract, the individual components of the hybrid financial instrument are to be accounted for based on the provisions that apply to the individual financial instruments.

In order to measure interest rate swaps, future cash flows are calculated and then discounted. The calculated cash flows result from the contract conditions. The contract conditions regularly refer to the EURIBOR reference rates (3M and 6M EURIBOR). Discounting is based on market interest rate data as of the reporting date for comparable instruments (EURIBOR rate of the same tenor). The fair value contains the credit risk of the interest rate swaps and therefore allows for adjustments for the company's own credit risk or for the counterparty credit risk.

Equity Instruments to be Recognized at Fair Value Affecting Net Income

In general, the equity instruments to be recognized at fair value affecting net income are shares in companies that were acquired with long-term strategic intentions.

These equity instruments to be recognized at fair value affecting net income are initially stated at their fair value, plus the directly attributable transaction costs. Subsequent measurement is at fair value as a general rule. Changes in the fair value are recognized affecting net income.

6 Government Grants

Accounting Policies

Government grants are recognized when there is reasonable assurance that the relevant conditions will be fulfilled and that the grants will be awarded.

Government grants that do not relate to investments are regularly recognized as income in the periods in which the relevant expenses are incurred.

Expenses subsidies granted in the form of rent, interest and other expenses subsidies are recorded as income in the periods in which the expenses are incurred and shown within other revenue from property management.

Low-interest loans are government grants that are recognized at their present value within the non-derivative financial liabilities on the basis of the market interest rate at the time the loans are taken out. The difference between face value and present value is recognized as deferred income with an effect on net income over the maturity term in line with the fixed-interest-rate period of the corresponding loans.

Where the low-interest loans are granted in the context of capitalized modernization measures, the deferred income item is reversed in proportion to depreciation, or, with investment properties that are measured based on the fair value model, over 12.5 years.

The companies that belong to the Group receive government grants in the form of expenses subsidies, expenses loans and low-interest loans. In the 2023 fiscal year, Deutsche Wohnen was granted low-interest loans of € 0.0 million (2022: € 39.8 million).

7 Changes in Accounting Policies, Estimates, Assumptions, Options and Judgments

Changes to Key Accounting Methods

As of January 1, 2023, the Group did not have to apply any interest rate benchmark reform.

Approach to the Interest Rate Benchmark Reform and Associated Risks

General Information

A fundamental reform of the main interest rate benchmarks is under way across the globe, including the replacement of some "Interbank Offered Rates" (IBORs) with alternative, almost risk-free interest rates (referred to as the "IBOR reform").

Group financial instruments are exposed to IBORs that are not being replaced or reformed as part of these market-wide initiatives. The biggest risk for the Group in connection with the IBOR as of December 31, 2023, was the link to the EURIBOR. As this is expected to remain valid until 2025, no changes had to be made to the financial instruments in the period leading up to December 31, 2023, meaning that no new interest rate benchmarks have to be reflected here.

The LIBOR administrator regulated and licensed by the UK Financial Conduct Authority (FCA), the ICE Benchmark Administration (IBA), ceased publication of the USD LIBOR at the end of June 2023. The Group does not hold any financial instruments that are subject to the USD LIBOR.

The IBOR risks to which the Group was exposed as of December 31, 2023 relate to corporate bonds linked to the EURIBOR. As explained above, the Group has not had to make any changes to the contractual terms for any risks resulting from a link to the EURIBOR.

The EURIBOR calculation method changed in the course of 2019.

In July 2019, the Belgian Financial Services and Markets Authority approved the EURIBOR in accordance with the European Union Benchmarks Regulation. This allows market participants to keep using the EURIBOR for both existing and new contracts. Deutsche Wohnen is keeping an eye on current developments related to the introduction of a potential EURIBOR successor, the ESTR-based EFTERM.

Derivatives

The Group holds interest rate swaps designated in hedging relationships to hedge cash flows for risk management purposes. The variable amounts of the interest rate swaps are linked to the EURIBOR.

Hedge Accounting

The Group's hedged items and hedging instruments are linked to the EURIBOR as of the reporting date. These reference rates are quoted daily and the IBOR cash flows are exchanged with the counterparties as usual.

Changes in Accounting Policies Due to New Standards and Interpretations

The following new or amended standards and interpretations became mandatory for the first time in the 2023 fiscal year. They did not have any material effects on Deutsche Wohnen's consolidated financial statements.

> IFRS 17 Insurance Contracts
> IAS 1 Presentation of Financial Statements
> IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
> IAS 12 Income Taxes

IAS 12 / International Tax Reform Pillar 2

The Organization for Economic Cooperation and Development (OECD) has launched a project, BEPS (Base Erosion and Profit Shifting), to combat unfair tax competition at international level and tax loopholes, particularly in light of our digitalized economy. A two-pillar solution was developed as part of this international tax reform, with the second pillar (Pillar 2) addressing global effective minimum taxation, in particular.

The implementation status of the Pillar 2 tax regulations in terms of their transposition into national law varies considerably from country to country. The IASB published amendments to IAS 12 in May 2023 in order to avoid inconsistent accounting during this transition period, as well as to provide users of financial statements with information that would be as useful as possible for their decisions regarding the expected impact of the tax reform.

These were adopted by the EU in November 2023 and already apply for the 2023 reporting year.

In addition to a mandatory exception from the recognition of deferred taxes in connection with the Pillar 2 rules, the amendments include, in particular, extended disclosures in the notes. While the exception is designed explicitly as a temporary one, the IASB has not yet set any expiration date.

Deutsche Wohnen is applying the extended regulations set out in IAS 12 as planned as of the 2023 fiscal year. The impact on the Group and the required disclosures in the notes are set out in note → **[B19] Income Taxes**.

New Standards and Interpretations Not Yet Applied

Application of the following standards, interpretations and amendments to existing standards was not yet mandatory for the 2023 fiscal year. Deutsche Wohnen also did not choose to apply them in advance. It is expected that the application of the new or amended standards and interpretations will have no material effects on Deutsche Wohnen's consolidated financial statements. Their application will be mandatory for the fiscal years following the dates stated in the following table:

Relevant New Standards, Interpretations and Amendments to Existing Standards and Interpretations		Effective date for Deutsche Wohnen
Amendments to Standards		
IFRS 16	Leases	Jan. 1, 2024
IAS 1	Presentation of Financial Statements	Jan. 1, 2024
IAS 7	Statement of Cash Flows	Jan. 1, 2024*
IAS 21	The Effects of Changes in Foreign Exchange Rates	Jan. 1, 2025*

* Not yet endorsed.

Estimates and Assumptions

To a certain extent, the preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the reporting date as well as reported amounts of income and expenses during the reporting year. The actual amounts may differ from the estimates as the business environment may develop differently than assumed. In this case, the assumptions and, where necessary, the carrying amounts of the assets or liabilities affected are prospectively adjusted accordingly. Specific estimates and assumptions relating to individual elements of financial statements are also explained in the corresponding notes to the consolidated financial statements.

Assumptions and estimates are reviewed on an ongoing basis and are based on experience and other factors, including expectations regarding future events that appear reasonable under the given circumstances.

The estimates and assumptions that may have a material risk of causing an adjustment to the carrying amounts of assets and liabilities mainly relate to the determination of the fair value of investment properties.

The best evidence of fair value of investment properties is current prices in an active market for comparable residential properties. As such information is not completely available, however, Deutsche Wohnen uses standard valuation techniques.

A detailed description of the discounted cash flow (DCF) method used can be found in the chapter → **[D25] Investment Properties.**

In accordance with IAS 40 in conjunction with IFRS 13, the respective market values of the investment properties owned by Deutsche Wohnen are determined. Changes in certain market conditions such as prevailing rent levels and vacancy rates may affect the valuation of investment properties. Any changes in the fair value of the investment portfolio are recognized as part of the profit for the period in the income statement and can thus substantially affect Deutsche Wohnen's results of operations.

The statement of financial liabilities at amortized cost using the effective interest method takes the expected contractual cash flows into account. In some cases, the agreements do not have any fixed maturity terms. As a result, the cash flows included in the valuation are subject to management assumptions in terms of amount and term.

As explained in the chapter → **[D23] Intangible Assets**, Deutsche Wohnen checks for goodwill impairments on an annual basis, or if there is any reason to suspect such impairments. The next step involves determining the recoverable amount of the group of cash-generating units (CGU). This corresponds to either the fair value less costs of sale or the value in use, whichever is higher. Determining the value in use includes adjustments and estimates regarding the forecast and discounting of the future cash flow. Although the management believes that the assumptions used to determine the recoverable amount are appropriate, any unforeseeable changes in these assumptions could result in impairment losses, with a detrimental impact on the net assets, financial position and results of operations.

When determining the volume of current and deferred taxes, the Group takes into account the effects of uncertain tax items and whether additional taxes and interest may be due. This assessment is made on the basis of estimates and assumptions about future events. New information may become available that causes the Group to change its discretionary decisions regarding the appropriateness of existing tax liabilities; such changes to tax liabilities will affect the tax expense in the period in which such a change is made.

Deferred tax assets are recognized to the extent that it can be demonstrated that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that there will be sufficient future taxable profits to realize the tax benefit in the future.

In connection with the application of IFRS 15, it is assumed with respect to determining progress in relation to revenue recognition over time that the costs incurred appropriately reflect the progress as a share of total costs.

Additional estimates and assumptions mainly relate to the uniform definition of useful lives, the assumptions made on the value of land and buildings, the recognition and measurement of provisions as well as the realization of future tax benefits.

Climate risks have an impact on Deutsche Wohnen's business model and strategy. They are addressed in particular by the climate path that the company has mapped out, but also by appropriate estimates and assumptions in key items of the company's net assets, financial position and results of operations. Climate risks can have a potentially negative impact and result in increased estimation uncertainties.

Physical climate risks refer to longer-term shifts in general climatic conditions. Climate events such as floods, earthquakes, extreme weather events, etc. could have an impact on our real estate portfolio and require specific crisis management measures. Climate transition risks describe the effects that can arise for companies due to the process of transformation towards a more sustainable economic system.

As part of its sustainability strategy, Deutsche Wohnen has made a clear and explicit commitment to climate protection targets and a virtually carbon-neutral housing stock by 2045. Based on our current knowledge and expectations regarding future developments, this will not have any impact on Deutsche Wohnen's balance sheet. This relates, among other things, to the fair values of investment properties, specific useful lives and the value of assets, as well as provisions for environmental risks, for which no significant need for adjustment emerges.

Options and Judgments

Options exercised and judgments made by Vonovia's management in the process of applying the entity's accounting policies that may have a significant effect on the amounts recognized in the consolidated financial statements include the following:

> The group of investments accounted for using the equity method is determined by assessing significant influence or whether there is joint control.
> Determining whether the acquisition of investment properties as part of a business combination constitutes the acquisition of a "business" or the acquisition of an individual asset or group of assets can involve discretionary judgments.
> Deutsche Wohnen measures investment properties at fair value. If management had opted to use the acquisition costs model as permitted under IAS 40, the carrying amounts of the investment properties as well as the corresponding income and expense items in the income statement would differ significantly.
> The criteria for assessing in which category a financial asset is to be classified may involve discretionary judgments.
> Within the scope of revenue recognition in accordance with IFRS 15, discretionary decisions relating to the expected revenue, the total costs of a project and the degree of completion may be necessary. These have an impact on the amount and timing of revenue.
> When accounting for leases in accordance with IFRS 16, the assessment of the exercise or non-exercise of unilaterally granted termination or renewal options may involve discretionary judgment, particularly if there is no economic incentive for the exercise or non-exercise of options.
> The need to include information concerning the future in the valuation of expected defaults results in discretionary decisions regarding the impact that changes in economic factors will have on the expected defaults.
> The decision on how to define a group of cash-generating units to which goodwill is allocated may involve discretionary judgments.
> Allocating the goodwill to the group of individual cash-generating units may also involve discretionary judgments. The parameters used in the impairment test, such as the determination of undiscounted cash flows, the weighted average cost of capital and the growth rate, may also involve discretionary judgments. Due to a lack of any detailed definition of the term "operation" (IAS 36.86), the disposal of goodwill within the context of real estate sales may involve discretionary decisions.
> Defining a disposal group when selling properties can involve a discretionary decision. Due to a lack of any

detailed definition of the term “a separate major line of business or geographical area of operations” (IFRS 5), classification as a discontinued operation may involve discretionary decisions. Assessing whether a sale is deemed to be highly probable within the space of a year can also involve a discretionary decision.

> At the moment, there are no definitive provisions on how to reflect a mandatory acquisition of non-controlling interests following the acquisition of control as part of a voluntary public takeover offer. In general, the acquisition of shares as part of a public offer during the second offer period is based on exactly the same conditions as those that applied in the first offer period, and the two acquisitions are closely related in terms of content and timing. This means that, even if it is executed in two offer periods, the acquisition constitutes one and the same transaction (linked transaction). Following the completion of the later acquisition, the original purchase price allocation is to be adjusted with retroactive effect from the acquisition date, resulting in a change in the consideration transferred, the fair value of net assets transferred and, consequently, the resulting goodwill.

Section (B): Profit for the Period

Accounting Policies

Revenue from property management includes income from the rental of investment properties and assets held for sale, which is recognized, net of discounts, over the duration of the contracts when the remuneration is contractually fixed or can be reliably determined and collection of the related receivable is probable.

In Deutsche Wohnen's financial statements, the corresponding income for all the services for **ancillary costs** performed by the end of the year is also recognized in the year in which the service is performed. This amount is recognized on a non-netted basis using the principal method, in particular due to Deutsche Wohnen's business model, which provides for a proportion of services relevant to ancillary costs being performed by Deutsche Wohnen itself as Deutsche Wohnen is considered by the tenant to be the primary party responsible for providing the service. For all services that it does not perform itself, Deutsche Wohnen also bears an inventory risk due to the settlement method (based on rentable area), as is standard practice in the real estate sector.

In cases involving property sales and project developments for sale, the profit is recognized over time or at a specific point in time, depending on the contractual structure. As far as any remaining obligations are concerned, a provision is recognized for the probable risk.

Expenses are recognized when they arise or at the time they are incurred. Interest is recognized as income or expense in the period in which it is incurred using the effective interest method.

8 Revenue from Property Management

in € million	2022 (adjusted)	2023
Rental income	791.8	814.4
Ancillary costs	443.3	410.0
Revenue from property letting	**1,235.1**	**1,224.4**
Other revenue from property management	33.2	89.4
	1,268.3	**1,313.8**

Other revenue from property management includes income of € 61.1 million (2022: € 0.0 million) from the allocation of costs to Vonovia Group companies.

9 Profit on the Disposal of Properties

in € million	2022 (adjusted)	2023
Income from the disposal of properties	4.0	17.1
Carrying amount of properties sold	–	-17.1
Profit from the disposal of investment properties	**4.0**	**–**
Income from the sale of assets held for sale	1,739.2	14.3
Retirement carrying amount of assets held for sale	-1,738.2	-14.3
Change in value from properties sold	-1.5	0.8
Profit from the disposal of assets held for sale	**-0.5**	**0.8**
	3.5	**0.8**

The change in fair value of residential properties held for sale, for which a purchase contract had been signed but for which transfer of title had not yet taken place, led to a gain of € 0.8 million as of December 31, 2023 (2022: € -1.5 million). The year-on-year drop in the profit on, and retirement carrying amount from, the disposal of assets held for sale is due primarily to the disposal of properties as part of the Berlin Deal in the first quarter of 2022 (see further information in the 2022 Annual Report in note **[D33] Assets and Liabilities Held for Sale**).

10 Profit on Disposal of Real Estate Inventories

Accounting Policies

Revenue from disposal of real estate inventories is realized either over time or at a specific point in time as soon as the customer obtains control over the asset in question. If, upon conclusion of the certified purchase agreement, control within the meaning of IFRS 15.35 (c) passes to the customer before or during the construction phase, the revenue is to be recognized as of this point in time based on the degree of completion of the construction project. Disclosure of the contract assets that fall within the scope of IFRS 15 occurs on a net basis with the corresponding advance payments received under trade receivables.

Contractual balances with an expected term of less than one year are not adjusted to reflect the time value of money.

No separate agreements are reached, in the contracts on the sale of apartments as part of the development business, on extraordinary rights of return or rescission, meaning that such rights are based on the relevant legal provisions. The same applies to warranty commitments, which are not to be treated as a separate contractual component within the meaning of IFRS 15 as a result. Existing warranty claims are always accounted for in line with the provisions of IAS 37.

In accordance with IFRS 15.94, costs for the initiation of the contracts with customers are recognized as an expense as soon as they are incurred, as the depreciation period generally would not amount to more than a year. The costs relate primarily to brokerage commission.

In cases involving **revenue recognition over time**, the percentage of completion/progress made has to be assessed. Deutsche Wohnen uses the cost-to-cost method, as an input-based procedure, for this purpose. The progress made is determined based on the ratio of the capitalized contract costs incurred up until the reporting date to the estimated total contract costs that can be capitalized.

Revenue from the disposal of real estate inventories amounting to € 160.4 million (2022: € 41.3 million) comprises € 68.3 million (2022: € 13.6 million) in period-related revenue together with € 92.1 million (2022: € 27.7 million) in time-related revenue from the disposal of real estate inventories.

11 Net Income from Fair Value Adjustment of Investment Properties

Investment properties are generally measured according to the fair value model. The fair value for the nursing care properties and undeveloped land are calculated by independent experts using a DCF method and are adjusted, where appropriate, based on findings from market observation and transactions. Any gains or losses from a change in fair value are recognized in the income statement affecting net income.

The measurement of the investment properties led to a valuation loss of € 3,722.2 million in the 2023 fiscal year (2022: € -825.3 million) (see → **[D25] Investment Properties**).

12 Cost of Materials

in € million	2022 (adjusted)	2023
Expenses for ancillary costs	446.4	410.8
Expenses for maintenance and modernization	109.7	91.9
Other cost of purchased goods and services	24.4	26.9
	580.5	**529.6**

13 Personnel Expenses

in € million	2022 (adjusted)	2023
Wages and salaries	83.9	46.0
Social security, pensions and other employee benefits	14.2	9.3
	98.1	**55.3**

The personnel expenses include expenses for severance payments in the amount of € 2.3 million (2022: € 8.8 million), allocations to the provisions for pre-retirement part-time work arrangements in the amount of € 0.3 million (2022: € 0.0 million) and expenses for the long-term incentive plan (LTIP) at € -0.1 million (2022: € 0.2 million) (see → **[E35] Provisions**).

In the fiscal year under review, employers' contributions to statutory pension insurance amounted to € 3.7 million (2022: € 5.7 million).

As of December 31, 2023, Deutsche Wohnen had a workforce of 796 employees (December 31, 2022: 1,144). 389 were female as of December 31, 2023 (December 31, 2022: 552) and 407 were male (December 31, 2022: 592). The average figure for the year was 835 employees (2022: 1,193). Deutsche Wohnen also employed 28 apprentices as of December 31, 2023 (December 31, 2022: 360).

14 Other Operating Income

in € million	2022 (adjusted)	2023
Compensation paid by insurance companies	21.5	23.6
Reversal of provisions	8.1	22.0
Disposal of other property, plant and equipment	2.3	1.9
Compensation for damages and cost reimbursements	2.2	1.7
Income from previous years	1.6	1.2
Dunning and debt collection fees	1.1	0.6
Miscellaneous	6.9	16.2
	43.7	**67.2**

15 Other Operating Expenses

in € million	2022 (adjusted)	2023
Administrative services	4.2	102.5
Non-capitalizable expenses from real estate development	7.5	38.2
Consultants' and auditors' fees	16.7	14.7
Other taxes	-0.1	8.8
Additions to provisions	–	6.8
Advertising costs	2.6	3.6
Rents, leases and ground rents	1.5	3.0
Costs of sale associated with real estate inventories	0.1	2.0
Losses and reimbursements of ancillary costs	–	2.0
Legal and notary costs	0.3	1.9
Insured losses	–	1.8
Sales incidentals	2.7	1.0
Other contribution and fees	0.8	1.3
Vehicle and traveling costs	0.6	1.1
Costs of sale associated with real estate inventories	–	1.1
Impairment losses	0.2	0.8
Communication costs and work equipment	2.7	0.7
Dunning and debt collection fees	–	0.5
Miscellaneous	64.2	13.8
	104.0	**205.6**

The increase in other operating expenses in administrative services is due to the cost allocation from Vonovia Group companies in the amount of € 101.3 million (2022: € 1.5 million).

The increase can also be traced back to impairment losses recognized on real estate inventories in the amount of € 13.1 million (2022: € 7.5 million) and impairment losses on development projects in the amount of € 23.8 million (2022: € 0.0 million).

16 Interest Income

in € million	2022 (adjusted)	2023
Income from non-current securities and non-current loans	46.6	58.6
Other interest and similar income from affiliated companies	11.3	18.0
Interest received and similar income	–	3.3
Other interest and similar income	19.2	6.6
	77.1	**86.5**

The income from non-current securities and non-current loans primarily includes income from loans extended to the QUARTERBACK Group. The other interest and similar income of affiliated companies includes interest income from the granting of loans to Vonovia SE.

17 Interest Expenses

in € million	2022 (adjusted)	2023
Interest expense from non-derivative financial liabilities	127.5	165.3
Swaps (current interest expense for the period)	4.5	-17.1
Effects from the valuation of non-derivative financial instruments	7.8	7.2
Effects from the valuation of swaps	-52.9	24.8
Capitalization of interest on borrowed capital Development	-20.7	-0.3
Prepayment penalties and commitment interest	1.3	–
Interest accretion to provisions	0.7	1.7
Interest from leases	1.8	3.1
Other financial expenses	3.6	1.0
	73.6	**185.7**

The interest expenses mainly relate to interest expense on financial liabilities. The effects from the valuation of swaps reflect the opposing development in the interest rate environment in the reporting periods.

The drop in capitalized interest on borrowed capital results from the reclassification of properties from fixed assets to current assets.

A reconciliation of net interest to net interest to be classified in accordance with IFRS 9 is shown in the following table:

in € million	2022 (adjusted)	2023
Interest income	77.1	86.5
Interest expense	-73.6	-185.7
Net interest	**3.5**	**-99.2**
Less:		
Net interest from provisions for pensions in acc. with IAS 19	0.7	1.7
Net interest from leases	1.8	3.1
Net interest to be classified	**6.0**	**-94.4**

The net interest classified pursuant to IFRS 9 is as follows:

in € million	2022 (adjusted)	2023
Financial assets measured at (amortized) cost	77.1	86.5
Derivatives measured at FV through P&L	48.3	-7.7
Financial liabilities measured at (amortized) cost	-119.4	-173.3
Classification of net interest	**6.0**	**-94.4**

18 Other Financial Result

in € million	2022 (adjusted)	2023
Income from other investments	0.5	0.7
Transaction costs	0.2	–
Miscellaneous other financial result	3.3	-5.8
	4.0	**-5.1**

The miscellaneous other financial result includes the result from the measurement of other non-current equity investments in the amount of € -5.8 million (2022: € 3.2 million; see → **[D26] Financial Assets**).

19 Income Taxes

Accounting Policies

Income taxes for the current and prior fiscal years are recognized as current income tax liabilities to the extent that they have not yet been paid. The current tax expense is determined on the basis of the taxable income for the fiscal year.

Deferred tax assets and liabilities are recognized using the liability method under the temporary concept, providing for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are only recognized for temporary differences and on loss carryforwards to the extent that there are deferred tax liabilities that can be netted against them – regarding deferred tax assets on loss carryforwards taking the minimum taxation into account – or, based on the predictable profits in the foreseeable future, it can be verified that they will be realized.

Deferred tax assets and liabilities are not recognized where the temporary difference arises from initial recognition of goodwill in connection with a business combination or the initial recognition (other than a business combination) of other assets and liabilities in a transaction that neither affects taxable income nor net income.

The carrying amount of a deferred tax asset is reviewed at each reporting date. If necessary, the carrying amount of the deferred tax asset is reduced to the extent that it is no longer offset by deferred tax liabilities that can be netted against it or that it is no longer probable that sufficient taxable profit will be available in the future.

Deferred taxes are measured at the tax rates that apply, or are expected to apply, to the period when the tax asset is realized or the liability is settled based on the current legislation in the countries in question. The combined tax rate of corporate income tax and trade tax of 30.2% was generally used to calculate domestic deferred taxes.

Deferred tax assets and liabilities are netted against each other only if Vonovia has a legally enforceable right to set off the recognized amounts, when the same tax authority is involved and when the realization period is the same. In accordance with the regulations of IAS 12 "Income Taxes," deferred tax assets and liabilities are not discounted.

in € million	2022	2023
Current income tax	66.9	90.7
Prior-year current income tax	–	-0.5
Deferred tax – temporary differences	-307.8	-1,106.3
Deferred tax – unutilized loss carryforwards	53.6	24.4
	-187.3	**-991.7**

For the 2023 fiscal year, the combined tax rate of corporate income tax and solidarity surcharge for domestic companies is 15.8% (2022: 15.8%). Including trade tax at a rate of about 14.4% (2022: 14.4%), the combined domestic tax rate is 30.2% in 2023 (2022: 30.2%). Companies that hold properties based in the Netherlands and Luxembourg have limited corporation tax liability in Germany. These companies pay tax that is of a negligible amount from the Group's perspective in the countries in which they are domiciled.

For deductible temporary differences (excl. loss carryforwards) in the amount of € 42.8 million (December 31, 2022: € 54.8 million), no deferred corporate income taxes or deferred trade taxes were recognized, because they are not likely to be used in the future.

As of December 31, 2023, there were corporate income tax loss carryforwards amounting to € 372.7 million (December 31, 2022: € 345.1 million), as well as trade tax loss carryforwards amounting to € 426.6 million (December 31, 2022: € 406.5 million), for which deferred tax assets have been recognized to the extent that their realization is sufficiently probable. The increase in tax loss carryforwards resulted from current tax losses at individual companies.

No deferred taxes were recognized in the balance sheet for domestic and foreign corporate income tax loss carryforwards amounting to € 268.1 million (December 31, 2022: € 160.2 million). Of this amount, € 5.5 million arose for the first time in the 2023 fiscal year (2022: € 13.2 million). Under current tax law, these loss carryforwards are not subject to restrictions either with regard to time or the amount of the loss carryforward. The fact that no deferred tax assets were recognized on the new corporate income tax loss carryforwards results in a tax effect of € 0.9 million (2022: € 2.1 million). In addition, there are further trade tax loss carryforwards subject to no restrictions with regard to how they can be carried forward in the amount of € 191.9 million in total (December 31, 2022: € 89.8 million). These did not give rise to any deferred tax assets. Of this amount, € 5.5 million arose for the first time in the 2023 fiscal year (2022: € 11.9 million) and the resulting tax effect is € 0.8 million (2022: € 1.9 million).

The remeasurement of deferred tax assets on temporary differences and loss carryforwards from the previous year led to tax income amounting to € 25.1 million in the 2023 fiscal year (2022: € 12.5 million). The increase is mainly due to the remeasurement of the tax loss carryforward of a company that was included in a tax group for income tax purposes in 2023.

Deferred taxes on interest carryforwards are recognized if the interest carryforward is likely to be able to be used in the future. Due to the Group's capital structure, no interest carryforwards are likely to be able to be used in the future. As a result, no deferred tax assets have been recognized on domestic interest carryforwards in the amount of € 32.0 million (December 31, 2022: € 16.7 million). € 15.3 million of this amount arose for the first time in the 2023 fiscal year (2022: € 7.6 million).

A reconciliation between disclosed effective income taxes and expected tax expense, which is the product of the accounting profit for the period multiplied by the average tax rate applicable in Germany, is shown in the table below.

in € million	2022	2023
Earnings before tax	-600.2	-3,419.3
Income tax rate in %	30.2	30.2
Expected tax expense	**-181.3**	**-1,032.6**
Trade tax effects	-23.8	-7.1
Non-deductible operating expenses	56.1	63.5
Tax-free income	–	-19.2
Change in the deferred tax assets on loss carryforwards and temporary differences	-12.5	25.1
New loss and interest carryforwards not recognized and utilization of interest carryforwards	6.0	1.7
Prior-year income tax and taxes on guaranteed dividends	-56.9	-14.6
Other tax effects (net)	25.1	-8.5
Effective income taxes	**-187.3**	**-991.7**
Effective income tax rate in %	**31.2**	**29.0**

The deferred taxes refer to temporary differences in balance sheet items and unutilized loss carryforwards as follows:

in € million	Dec. 31, 2022	Dec. 31, 2023
Intangible assets	3.2	6.3
Investment properties	42.0	45.5
Property, plant and equipment	–	32.4
Financial assets	–	1.7
Other assets	7.6	57.7
Provisions for pensions	9.2	6.1
Other provisions	11.4	16.5
Liabilities	31.4	125.3
Loss carryforwards	74.9	50.5
Deferred tax assets	**179.7**	**342.0**

in € million	Dec. 31, 2022	Dec. 31, 2023
Intangible assets	3.6	–
Investment properties	5,013.5	3,961.0
Inventories		53.1
Assets held for sale	0.6	31.4
Property, plant and equipment	29.0	–
Financial assets	–	7.3
Other assets	4.6	82.8
Provisions for pensions	2.9	–
Other provisions	–	1.5
Liabilities	31.7	3.2
Deferred tax liabilities	**5,085.9**	**4,140.3**
Excess deferred tax liabilities	**4,906.2**	**3,798.3**

Deferred tax assets and liabilities are netted against each other when the same company and the same tax authority are involved and the realization period is the same. As a result, the following deferred tax assets and liabilities are stated:

in € million	Dec. 31, 2022	Dec. 31, 2023
Deferred tax assets	0.2	1.1
Deferred tax liabilities	4,906.4	3,799.4
Excess deferred tax liabilities	**4,906.2**	**3,798.3**

The drop in deferred tax liabilities can be attributed primarily to investment properties.

The change in deferred taxes is as follows:

in € million	2022	2023
Excess deferred tax liabilities as of Jan. 1	5,156.5	4,906.2
Deferred tax expense in income statement	-267.6	-1,081.9
Change in deferred taxes recognized in other comprehensive income on actuarial gains and losses from pensions and similar obligations	6.9	-1.0
Change in deferred taxes recognized in other comprehensive income on derivative financial instruments	10.4	-3.4
Balance sheet reclassification to assets and liabilities held for sale with regard to discontinued operations	–	-9.0
Other	–	-12.6
Excess deferred tax liabilities as of Dec. 31	**4,906.2**	**3,798.3**

No deferred tax liabilities are recognized for profits accumulated at subsidiaries of € 12,254.7 million (December 31, 2022: € 11,623.9 million), as these profits are to remain invested for an indefinite period or are not subject to taxation. In the event of distribution or disposal of the subsidiaries, 5% of the distributed amounts or the capital gains would be subject to German taxation so that there would normally be an additional tax obligation.

The BEPS (Base Erosion and Profit Shifting) Pillar 2 regulations (Minimum Tax Directive Implementation Act (MinBestRL-UmsG)) had already been transposed into German law (German Minimum Tax Act (MinStG)) by the balance sheet date, but had not yet entered into force. The Group falls within the scope of these regulations.

Deutsche Wohnen carried out an initial indicative analysis as of the reporting date to identify the general impact of the legislation and the jurisdictions from which the Group is exposed to potential effects in connection with a Pillar 2 top-up tax.

The first step involved checking whether the CbCR (Country-by-Country Reporting) safe harbor regulations were relevant. If a country was not exempt from the Pillar 2 calculation based on a review of the safe harbor regulations, the effective tax rate was calculated on a simplified basis.

This initial indicative analysis did not identify any countries in connection with which Deutsche Wohnen would be affected by a Pillar 2 top-up tax. As a result, Deutsche Wohnen currently assumes that the Pillar 2 top-up tax does not apply. This means that the average effective Group tax rate would not have changed had the Pillar 2 legislation already been in force on the balance sheet date.

The Group keeps a close eye on progress made in the legislative process in every country in which Deutsche Wohnen operates.

Deutsche Wohnen applies the exception provided for in IAS 12, based on which no deferred tax assets or liabilities are recognized in connection with OECD Pillar 2 income taxes and no disclosures are made in this regard either.

Section (C): Other Disclosures on the Results of Operations

20 Segment Reporting

Deutsche Wohnen is a real estate company with a German real estate portfolio. The portfolio is focused on Berlin. The company's strategy is focused on sustainably increasing the value of the company. This is achieved by managing the company's own residential portfolio sustainably and with a view to enhancing its value, investing in existing properties in order to create value, building new residential buildings and selling individual apartments as well as by engaging in active portfolio management and operating a service business comprising multimedia services and energy supplies. For the purposes of managing the company, we made a distinction between four segments at the end of 2023 **Rental, Value-add, Recurring Sales and Development**. We also report the **Other** segment, which is not relevant from a corporate management perspective, in our segment reporting. This includes the sale, only as and when the right opportunities present themselves, of entire buildings or land (Non Core/Other) that are likely to have below-average development potential in terms of rent growth in the medium term and are located in areas that can be described as peripheral compared with Vonovia's overall portfolio and in view of future acquisitions. Ancillary costs are also reported under "Other."

The **Rental segment** combines all of the business activities that are aimed at the value-enhancing management of our own residential real estate.

The **Value-add segment** bundles all of the housing-related services that we have expanded our core rental business to include. These services largely include our multimedia services and energy supplies.

The **Recurring Sales** segment includes the regular and sustainable disposals of individual condominiums and single-family houses from our portfolio. It does not include the sale of entire buildings or land (Non Core/Other). These properties are only sold as and when the right opportunities present themselves, meaning that the sales do not form part of the Recurring Sales segment. We report these opportunistic sales in the Other column of the segment report.

The **Development** segment includes project development to build new homes. This covers the value chain starting with the purchase of land without any development plan/dedicated purpose and ending with the completion and sale of new buildings and new construction measures on our own properties. These properties are either incorporated into our own portfolio or sold to third parties. The Development segment deals with projects in selected attractive locations.

In the previous years, the Adjusted EBITDA of the Development segment included the fair value step-up for properties that were completed in the reporting period and had been added to our own portfolio. At the end of the fourth quarter of 2023, the presentation of Development to hold was adjusted within the Development segment. Details are set out in the Notes under → **Adjustment to Prior-year Figures**. In the future, all earnings contributions made by Development to hold will be recognized in the valuation results, i.e., outside of segment revenue and Adjusted EBITDA. This brings the management approach into the IFRS standard governing the measurement of investment properties (IAS 40). The previous year's figures were adjusted accordingly.

The majority of the current Care segment, which is to be discontinued, is presented as a discontinued operation. As part of the strategic review of the Care business area, the management had already adopted a plan to sell the Care segment back in the 2021 fiscal year. Endeavors to sell the Care segment have since begun and it is expected to have been sold before December 2024. A small part of the Care segment, with a business volume of € 23.3 million in segment revenue, was transferred to the Rental segment. Specifically, this relates to rental income for 25 properties operated by third parties. The previous year's figures were adjusted accordingly.

Planning and controlling systems ensure that resources are efficiently allocated and their successful use is monitored on a regular basis. Reporting to the chief decision-makers and thus the assessment of economic performance as well as the allocation of resources are performed on the basis of this segmentation. Asset and liability items are not reported separately by segment. Internal reporting is based on the IFRS reporting standards in general.

The Management Board as chief decision-makers of Deutsche Wohnen monitor the contribution made by the segments to the company's performance on the basis of the Adjusted EBITDA.

The following table shows the segment information for the reporting period:

in € million	Rental	Value-add	Recurring Sales	Develop-ment	Segments total	Other*	Consolida-tion*	Group
Jan. 1–Dec. 31, 2023								
Segment revenue (continuing operations)	**811.4**	**29.0**	**12.8**	**158.0**	**1,011.2**	**496.1**	**-1.7**	**1,505.6**
thereof external revenue	811.4	26.7	12.8	158.0	1,008.9	496.1	0.6	1,505.6
thereof internal revenue		2.3			2.3		-2.3	
Carrying amount of assets sold**			-11.1		-11.1	-23.8		
Revaluation from disposal of assets held for sale			0.8		0.8	0.3		
Expenses for maintenance	-91.7				-91.7			
Cost of Development to sell				-142.0	-142.0			
Operating expenses	-81.6	-18.4	-1.2	-31.2	-132.4	-63.9	1.8	
Ancillary costs						-410.7		
Adjusted EBITDA total (continuing operations)**	**638.1**	**10.6**	**1.3**	**-15.2**	**634.8**	**-2.0**	**0.1**	**632.9**
Non-recurring items								-17.0
Period adjustments from assets held for sale								-0.3
Net income from fair value adjustments of investment properties								-3,722.2
Depreciation and amortization (incl. depreciation on financial assets)								-132.6
Net income from investments accounted for using the equity method								-75.1
Income from other investments								-0.7
Interest income								86.5
Interest expenses								-185.7
Other financial result								-5.1
EBT								**-3,419.3**
Income taxes								**991.7**
Profit from continuing operations								-2,427.6
Profit from discontinued operations								-333.5
Profit for the period								**-2,761.1**

* The revenue for the Rental, Value-add, Recurring Sales and Development segments constitutes income that is regularly reported to the Management Board as the chief operating decision-maker and that reflects Deutsche Wohnen's sustainable business. The revenue/costs in the "Other" and "Consolidation" columns are not part of the Management Board's segment management.
** Incl. cost of sold real estate inventories in the Recurring Sales segment.

in € million	Rental	Value-add	Recurring Sales	Develop-ment	Segments total	Other*	Consolida-tion*	Group
Jan. 1–Dec. 31, 2022 (adjusted)								
Segment revenue (continuing operations)**	**790.4**	**43.1**	**45.3**	**15.0**	**893.8**	**2,168.9**	**-9.9**	**3,052.8**
thereof external revenue	790.4	27.2	45.3	15.0	877.9	2,168.9	6.0	3,052.8
thereof internal revenue		15.9			15.9	–	-15.9	
Carrying amount of assets sold***			-29.4		-29.4	-1,727.1		
Revaluation from disposal of assets held for sale					–	-9.0		
Expenses for maintenance	-101.3				-101.3			
Cost of Development to sell				-12.5	-12.5			
Operating expenses	-89.0	-29.0	-1.3	-2.8	-122.1	-0.5	10.0	
Ancillary costs						-446.4		
Adjusted EBITDA total (continuing operations)**	**600.1**	**14.1**	**14.6**	**-0.3**	**628.5**	**-14.1**	**0.1**	**614.5**
Non-recurring items								-76.5
Period adjustments from assets held for sale								7.5
Net income from fair value adjustments of investment properties								-825.3
Depreciation and amortization (incl. depreciation on financial assets)								-160.2
Net income from investments accounted for using the equity method								-167.2
Income from other investments								-0.5
Interest income								77.1
Interest expenses								-73.6
Other financial result								4.0
EBT								**-600.2**
Income taxes								**187.3**
Profit from continuing operations								**-412.9**
Profit from discontinued operations								-32.8
Profit for the period								**-445.7**

* The revenue for the Rental, Value-add, Recurring Sales, Development and Care segments constitutes income that is regularly reported to the Management Board as the chief operating decision-maker and that reflects Deutsche Wohnen's sustainable business. The revenue/costs in the "Other" and "Consolidation" columns are not part of the Management Board's segment management.
** Previous year's values (2022) adjusted to current key figure and segment definition -> [A2] Adjustment to Prior-year Figures.
*** Incl. cost of sold real estate inventories in the Recurring Sales segment.

To show the development of operating performance and to ensure comparability with previous periods, we calculate adjusted EBITDA for each of our segments: Rental, Value-add, Recurring Sales and Development. The sum of these key figures produces the Group's Adjusted EBITDA Total (continuing operations).

The adjustments made include items that are not related to the period, items that recur irregularly and items that are atypical for business operations. The non-recurring items include severance payments and the development of new fields of business and business processes.

In the 2023 fiscal year, the **non-recurring items** eliminated in the Adjusted EBITDA Total (continuing operations) came to € 17.0 million (2022: € 76.5 million).

The breakdown of non-Group revenue from contracts with customers (pursuant to IFRS 15.114f.) and its allocation to the segments referred to above is as follows:

in € million	Rental	Value-add	Recurring Sales	Development	Other	Total
Jan. 1–Dec. 31, 2023						
Revenue from ancillary costs (IFRS 15)					309.6	309.6
Income from the disposal of real estate inventories			4.5	155.0	0.9	160.4
Other revenue from contracts with customers	61.9	27.5				89.4
Revenue from contracts with customers	**61.9**	**27.5**	**4.5**	**155.0**	**310.5**	**559.4**
thereof period-related		–	–	68.3		68.3
thereof time-related		27.5	4.5	86.7	310.5	429.2
Revenue from rental income (IFRS 16)	811.4			3.0	–	814.4
Revenue from ancillary costs (IFRS 16)*					100.4	100.4
Other revenue	**811.4**			**3.0**	**100.4**	**914.8**
Revenue	**873.3**	**27.5**	**4.5**	**158.0**	**410.9**	**1,474.2**
Jan. 1–Dec. 31, 2022 (adjusted)**						
Revenue from ancillary costs (IFRS 15)					374.5	374.5
Income from the disposal of real estate inventories			27.7	13.6		41.3
Other revenue from contracts with customers	5.5	27.6				33.1
Revenue from contracts with customers	**5.5**	**27.6**	**27.7**	**13.6**	**374.5**	**448.9**
thereof period-related				13.6		13.6
thereof time-related	–	27.6	27.7		374.5	429.8
Revenue from rental income (IFRS 16)	790.4			1.4		791.8
Revenue from ancillary costs (IFRS 16)*					68.8	68.8
Other revenue	**790.4**	**–**	**–**	**1.4**	**68.8**	**860.6**
Revenue	**795.9**	**27.6**	**27.7**	**15.0**	**443.3**	**1,309.5**

* Includes land tax and buildings insurance.
** Previous year's values (2022) adjusted to current key figure and segment definition -> [A2] Adjustment to Prior-year Figures.

21 Earnings per Share

Accounting Policies

The basic **earnings per share** are calculated by dividing the profit for the period attributable to the shareholders by the weighted average number of ordinary shares in circulation during the reporting period. The diluted earnings per share are obtained by adjusting the profit for the period and the number of outstanding shares on the basis of the assumption that convertible instruments will be converted, options or warrants will be exercised or ordinary shares will be issued under certain conditions. Potential ordinary shares will only be included in the calculation if the conversion into ordinary shares would reduce the earnings per share.

in € million	2022	2023
Profit for the period attributable to Deutsche Wohnen shareholders (in € million)	-434.1	-2,697.6
Weighted average number of shares	396,934,985	396,934,985
Earnings per share (basic and diluted) in €	**-1.09**	**-6.80**

* Not including 3,362,003 treasury shares held by Deutsche Wohnen.

At the end of the reporting period, no diluting financial instruments were in circulation. The basic earnings per share correspond to the diluted earnings per share.

22 Management Board's Proposal for the Appropriation of Profit

The Management Board and the Supervisory Board propose to the Annual General Meeting that, of the profit of Deutsche Wohnen SE for the 2023 fiscal year of € 461,443,705.51, an amount of € 0.04 per outstanding share, or a total of € 15,877,399.40, be distributed to the shareholders as a dividend, that a further € 440,000,000.00 be added to other retained earnings in line with the strategy to strengthen the company's equity, and that the remaining amount of € 5,566,306.11 be carried forward to the new account.

Section (D): Assets

23 Intangible Assets

in € million	Concessions, industrial property rights, license and similar rights	Customer relationships	Trademark rights	Goodwill	Total
Cost					
As of Jan. 1, 2023	14.6	31.2	15.6	148.1	209.5
Additions	0.2				0.2
Disposals	-8.2				-8.2
Transfer into discontinued operations	-5.3	-31.2	-15.6	-148.1	-200.2
As of Dec. 31, 2023	1.3	–	–	–	1.3
Accumulated amortization					–
As of Jan. 1, 2023	13.0	23.6	–	8.1	44.7
Depreciation in reporting year for continuing operations	0.2				0.2
Depreciation in reporting year for discontinued operations	0.3	1.8			
Disposals	-7.6				-7.6
Transfers	-0.9	0.8			-0.1
Transfer into discontinued operations	-4.2	-26.2		-8.1	-38.5
As of Dec. 31, 2023	0.8	–	–	–	0.8
Carrying amounts					–
As of Dec. 31, 2023	0.5	–	–	–	0.5
Cost					
As of Jan. 1, 2022	25.2	31.2	15.6	148.1	220.1
Additions	5.3				5.3
Disposals	-19.2				-19.2
Transfers	3.3				3.3
As of Dec. 31, 2022	14.6	31.2	15.6	148.1	209.5
Accumulated amortization					–
As of Jan. 1, 2022	17.3	22.0	–	–	39.3
Amortization in reporting year	4.8	1.6	–	–	6.4
Impairment	–	–	–	8.1	8.1
Disposals	-12.3	–	–	–	-12.3
Transfers	3.2	–	–	–	3.2
As of Dec. 31, 2022	13.0	23.6	–	8.1	44.7
Carrying amounts					–
As of Dec. 31, 2022	1.6	7.6	15.6	140.0	164.8

Goodwill

Accounting Policies

Acquired other intangible assets are stated at amortized cost. **Internally generated other intangible assets** are stated at amortized cost provided that the requirements of IAS 38 for the capitalization of internally generated intangible assets are met. Acquired trademark rights that are identified have an indefinite useful life and are subject to regular impairment testing. The customer base recognized has a definite useful life of eight years. All of Deutsche Wohnen's miscellaneous other intangible assets have definite useful lives and are amortized on a straight-line basis over their estimated useful lives. Software and licenses are amortized on the basis of a useful life of three years.

In accordance with IAS 36 "Impairment of Assets," other intangible assets are tested for impairment whenever there is an indication of an impairment. Impairment testing is performed at least once a year. An impairment loss is recognized when an asset's recoverable amount is less than its carrying amount. If the recoverable amount cannot be determined for the individual asset, the impairment test is conducted on the cash generating unit (CGU) to which the asset belongs. Impairment losses are recognized as expenses in the income statement affecting net income.

An impairment loss recognized for prior periods is reversed if there has been a change in the estimates used to determine the asset's (or the CGU's) recoverable amount since the last impairment loss was recognized. The carrying amount of the asset (or the CGU) is increased to the newly estimated recoverable amount. The carrying amount is limited to the amount that would have been determined if no impairment loss had been recognized in prior years for the asset (or the CGU).

Accounting Policies

Goodwill results from a business combination and is defined as the amount by which the total consideration for shares in a company or group of companies exceeds the pro rata net assets acquired. The net assets are the total of the identifiable assets acquired that are valued at fair value in accordance with IFRS 3 as well as the assumed liabilities and contingent liabilities.

Goodwill is not subject to amortization, but rather is subjected to impairment testing on an annual basis. It is also tested for impairment whenever events or circumstances indicating an impairment arise.

The impairment testing of goodwill is performed at the level of cash generating units (CGUs) or a group of CGUs. A CGU is the smallest group of assets which generates cash inflows that are largely independent of the cash inflows generated by other assets or other groups of assets. Goodwill purchased as part of a business combination is allocated to the CGUs or groups of CGUs that are expected to produce benefits resulting from the synergy effects of the combination.

At Deutsche Wohnen, each property meets the requirements for classification as a CGU as a general rule. As part of operational management, these properties are grouped first of all to form geographically structured business units and then to form regional business areas. Since the regional business areas are the lowest level within the company at which goodwill is monitored for internal management purposes, the impairment test is performed at business area level and, as a result, in accordance with IAS 36.80 for a group of CGUs. The CGU for which goodwill is monitored for internal management purposes relates to the former Care and Assisted Living segment.

The groups of CGUs to which goodwill has been allocated are tested for impairment on a regular basis. This involves comparing the recoverable amount with the carrying amount of the group of CGUs. The recoverable amount of the group of CGUs is either its value in use or fair value less costs of sale, whichever is higher. When calculating the value in use, the estimated future cash flows are discounted to their cash value. Discount rates before tax are used that reflect the current market assessment of the interest rate effect and the specific risks associated with the Care segment.

If goodwill has been allocated to a group of CGUs and its carrying amount exceeds the recoverable amount, the goodwill is to be written down in the amount of the difference in the first instance. Any need for impairment in excess of this amount is distributed among the other assets in the group of CGUs in proportion to their carrying amount. The individual fair value less costs to sell, value in use or zero must not be undercut in this regard.

Impairment losses that have been realized as part of the valuation of goodwill are not reversed in the following years.

In the fourth quarter, the annual regular impairment test was performed on the goodwill attributable to the former Care segment in the amount of € 140.0 million (2022: € 140.0 million) before the segment was reclassified to discontinued operations.

In accordance with IAS 36.19, first the value in use was calculated for the purposes of the impairment test based on the Management Board-approved detailed plan with a planning period of five years. This was derived from the five-year plan at Group level approved by the Management Board and the Supervisory Board. The main parameters for calculating the value in use are the sustainable rate of increase, the average total cost of capital (WACC) and the expected cash flows. A constant growth rate of 1.0% (2022: 1.0%) was assumed for the Care CGU.

The weighted average cost of capital before tax is based on the risk-free interest rate calculated as a three-month average using the Svensson method, a market risk premium and a levered beta. The levered beta and the equity ratios used are determined on the basis of a peer comparison. They amount to 6.82% (2022: 6.48%) for the Care CGU.

In the former Care segment, impairment losses would have to be recognized if the WACC increased by 0.95 percentage points. Were the WACC to increase by 1.76 percentage points, this would trigger a full write-off. In the event of a drop in the planned sustainable rate of increase by 0.5 percentage points, there would be no impairment losses in the former Care segment.

24 Property, Plant and Equipment

in € million	Owner-occupied properties	Technical equipment, plant and machinery	Other equipment, fixtures, furniture and office equipment	Total
Cost				
As of Jan. 1, 2023	47.4	240.7	48.0	336.1
Additions	0.4	15.4	14.2	30.0
Capitalized modernization costs	0.7	0.4	1.6	2.7
Disposals	-5.3	-27.0	-16.0	-48.3
Transfer to investment properties	-40.1	–	–	-40.1
Other transfers	14.4	7.9	12.8	35.1
Transfer into discontinued operations	-1.8	-12.2	-35.7	-49.7
As of Dec. 31, 2023	15.7	225.2	24.9	265.8
Accumulated depreciation				
As of Jan. 1, 2023	10.5	77.7	28.3	116.6
Depreciation in reporting year for continuing operations	–	20.2	1.0	21.2
Depreciation in reporting year for discontinued operations	–	0.4	2.7	3.1
Impairment	2.9	–	–	2.9
Disposals	-1.3	-4.8	-6.1	-12.2
Transfer to investment properties	-8.6	–	–	-8.6
Other transfers	-1.0	6.1	7.0	12.1
Transfer into discontinued operations	-0.6	-5.6	-14.6	-20.8
As of Dec. 31, 2023	2.0	94.0	18.3	114.3
Carrying amounts				
As of Dec. 31, 2023	13.7	131.2	6.6	151.5
Cost				
As of Jan. 1, 2022	54.0	203.4	53.1	310.5
Additions	0.5	56.2	4.6	61.4
Capitalized modernization costs	2.9	4.8	0.8	8.5
Disposals	-10.0	-26.3	-7.8	-44.0
Other transfers	–	2.6	-2.7	-0.2
As of Dec. 31, 2022	47.4	240.7	48.0	336.1
Accumulated depreciation				
As of Jan. 1, 2022	11.6	68.6	27.9	108.1
Depreciation in reporting year	3.0	21.8	7.3	32.1
Disposals	-4.0	-12.7	-6.9	-23.6
Other transfers	–	–	–	–
As of Dec. 31, 2022	10.5	77.7	28.3	116.6
Carrying amounts				
As of Dec. 31, 2022	36.9	162.9	19.7	219.6

Accounting Policies

Items of property, plant and equipment are carried at amortized cost less accumulated depreciation and are depreciated over their respective estimated useful lives on a straight-line basis. In accordance with IAS 36 “Impairment of Assets,” impairment tests are performed whenever there is an indication of an impairment.

Subsequent costs of replacing part of an item of property, plant and equipment are capitalized provided it is probable that future economic benefits associated with the item will flow to Deutsche Wohnen and the cost can be estimated reliably.

The properties used by the company itself are subject to depreciation over a term of 50 years, with fixtures, furniture and office equipment subject to depreciation over a period of 3–13 years and technical equipment, plant and machinery over a period of 5–20 years.

In the 2023 fiscal year, owner-occupied properties in the amount of € 31.5 million were reclassified to investment properties after they were rented out. The reclassification related primarily to the Deutsche Wohnen headquarters → [D25] Investment Properties.

Carrying amounts of owner-occupied properties amounting to € 0.0 million as of December 31, 2023 (December 31, 2022: € 30.1 million) are encumbered with land charges in favor of various lenders.

25 Investment Properties

in € million	
As of Jan. 1, 2023	**27,301.9**
Additions	85.2
Capitalized modernization costs	199.4
Transfer from property, plant and equipment	31.5
Transfer from real estate inventories	96.2
Transfer to assets held for sale	-85.9
Transfer to discontinued operations	-619.4
Disposals	-19.6
Net income from fair value adjustments of investment properties	-3,915.5
Impairment of investment properties measured at cost	-52.3
As of Dec. 31, 2023	**23,021.5**
As of Jan. 1, 2022	**28,730.5**
Additions	363.9
Capitalized modernization costs	213.1
Transfer to assets held for sale	-107.6
Disposals	-23.3
Net income from fair value adjustments of investment properties	-917.5
Revaluation of assets held for sale	-1.5
As of Dec. 31, 2022	**27,301.9**

Accounting Policies

When Deutsche Wohnen acquires properties, whether through a business combination or as part of a separate transaction, the intended use determines whether such properties are classified as investment properties or as owner-occupied properties.

Investment properties are properties that are held for the purpose of earning rental income or for capital appreciation or both and are not owner-occupied or held for sale in the ordinary course of business. Investment properties include undeveloped land, land and land rights including buildings and land with hereditary building rights of third parties. Investment properties also include right-of-use assets from rented, developed and undeveloped land (hereditary building rights) and from rented residential and commercial properties (interim leasing) within the meaning of IFRS 16 that are classified as investment properties.

Investment properties are initially measured at cost. Related transaction costs, such as fees for legal services or real estate transfer taxes, are included in the initial measurement. If properties are purchased as part of a business combination and if the transaction relates to a "business," then IFRS 3 applies as far as recognition is concerned. Transaction costs are recognized as an expense.

Following initial recognition, investment properties are measured at fair value. Any change therein is recognized as affecting net income in the income statement. If, during the land or project development phase, reliable measurement at fair value is not possible due to the lack of marketability and the lack of comparable transactions, recognition is at acquisition cost. In such cases, the cost model is continued until a reliable measurement can be carried out, but at the latest until the property in question is completed.

Investment properties are transferred to property, plant and equipment when there is a change in use evidenced by the commencement of owner-occupation. The properties' deemed cost for subsequent measurement corresponds to the fair value at the date of reclassification.

The values as of December 31, 2023, include assets of € 155.5 million (December 31, 2022: € 358.8 million) that are measured at cost, as their fair value cannot be reliably calculated on a continuing basis.

The total amount reported for investment properties as of December 31, 2023 includes right-of-use assets from recognized hereditary building rights and interim leasing arrangements in the amount of € 71.2 million (2022: € 62.2 million). In this respect, we also refer to chapter → **[E39] Leases**.

As of December 31, 2023, the right-of-use assets in the amount of € 71.2 million relate entirely to right-of-use assets from hereditary building rights (2022: € 60.1 million).

For the investment properties encumbered with land charges in favor of various lenders, see → **[E37] Non-derivative Financial Liabilities**.

Directly Attributable Operating Expenses

Rental income from investment properties amounted to € 814.4 million during the fiscal year (2022: € 791.8 million). Operating expenses directly relating to these properties amounted to € 80.9 million during the fiscal year (2022: € 91.2 million). These include expenses for maintenance, ancillary costs that cannot be passed on to the tenants, personnel expenses from the caretaker and craftsmen's organizations, and capitalized internal expenses.

Long-term Leases

Deutsche Wohnen as a lessor has concluded long-term leases on commercial properties. These are non-cancelable leases. The minimum future lease receipts from these leases are due as follows:

in € million	Dec. 31, 2022	Dec. 31, 2023
Total minimum lease payments	**16.2**	**92.3**
Due within 1 year	5.1	27.0
Due in 1 to 5 years	10.5	59.0
Due after 5 years	0.6	6.3

Fair Values

Accounting Policies

The **fair values** of the portfolio of residential properties were determined on the basis of the International Valuation Standard Committee's definition of market value. Portfolio premiums and discounts, which can be observed when portfolios are sold in market transactions, were not included. Nor were time restrictions in the marketing of individual properties. Deutsche Wohnen determines fair value in accordance with the requirements of IAS 40 in conjunction with IFRS 13.

Deutsche Wohnen, in principle, measures its portfolio on the basis of the discounted cash flow (DCF) method. Under the DCF methodology, the expected future income and costs of a property are forecast over a detailed period of ten years and discounted to the date of valuation as the net present value.

The income in the DCF model mainly comprises expected rental income (current in-place rent, market rents as well as their development) taking vacancy losses into account. The expected rental income is derived for each location from the latest rent indices and rent tables (including Value AG, IVD) as well as from studies on spatial prosperity (Federal Institute for Research on Building, Urban Affairs and Spatial Development [BBSR], Prognos, Value AG, the Federal Statistical Office of Germany, etc.).

On the cost side, maintenance expenses and administrative costs are taken into account. These are taken into account in accordance with II. Berechnungsverordnung (BV) – the German Regulation on Calculations for Residential Buildings in accordance with the Second Housing Construction Law, which stipulates how economic viability calculations for homes are to be performed. Further cost items are, for example, ground rents, non-allocable ancillary costs and rent losses. All cost items are inflated in the reporting period. Modernization measures carried out in the housing stocks are factored in by decreasing the current maintenance expenses and adjusting market rents.

On this basis, the forecast cash flows are calculated on an annual basis and discounted to the date of valuation as the net present value. Furthermore, the terminal value of the property at the end of the ten-year period is determined using the expected stabilized net operating income and again discounted to the date of valuation as the net present value. The discount rate applied reflects the market situation, location, type of property, special property features (e.g., hereditary building rights, rent restrictions), the yield expectations of a potential investor and the risk associated with the forecast future cash flows of the property. The present value calculated in this way is reconciled to the market value by deducting standard market transaction costs, such as real estate transfer taxes, agent and notary costs.

The commercial properties in the portfolio are mainly small commercial units for the supply of the local residential environment. Different cost approaches are used to those for residential properties, and discount rates were adjusted to reflect the market specifics.

The valuation is, in principle, performed on the basis of homogeneous valuation units. These meet the criteria of economically cohesive and comparable land and buildings. They include:

> Geographical location (identity of the microlocation and geographical proximity)
> Comparable types of use, building class, construction year class and condition of property
> Same property features such as rent restrictions, hereditary building rights and full or part ownership

The Deutsche Wohnen portfolio also contains project developments, existing areas with construction potential and land areas with inheritable building rights granted, as well as nursing care facilities. Project developments for subsequent management within its own portfolio are measured using the cost approach until the construction work is complete – subject to a review of the values applied if triggering events occur. Once the construction work is complete, measurement is at fair value using the DCF procedure described above. Inheritable building rights granted are valued in the same way as the property portfolio using a DCF method. The input parameters here are the duration and amount of ground rent and the value of the land. The right-of-use assets from leasehold contracts are recognized at their fair value. The fair value of the leasehold contracts corresponds to the present value of the standard market leasehold fee payments up until the end of the term of the hereditary building right in question. These are calculated based on the current amount of the ground rent. In order to calculate the present value, the leasehold fee payments are discounted using a property-specific interest rate.

Deutsche Wohnen determines the fair values of its real estate portfolio in its in-house valuation department on the basis of the methodology described above.

Over and above the internal valuation, the Deutsche Wohnen real estate portfolio was also valued by the independent appraiser Jones Lang LaSalle SE. The market value resulting from the external report was consistent with the internal valuation result.

The fair value for the nursing care properties was calculated by the independent expert W&P Immobilienberatung GmbH using a DCF method.

The contractually fixed remuneration for the valuation report is not linked to the valuation results.

The real estate portfolio of Deutsche Wohnen is to be found in the items investment properties, property, plant and equipment (owner-occupied properties), real estate inventories, contract assets and assets held for sale. The fair value of the portfolio comprising residential buildings, commercial properties, garages and parking spaces, project developments and undeveloped land, hereditary building rights granted and nursing care facilities was € 24,461.1 million as of December 31, 2023 (December 31, 2022: € 28,356.1 million). This corresponds to a net initial yield for the real estate portfolio* of 2.5% (December 31, 2022: 2.2%), an in-place-rent multiplier of 27.8 (December 31, 2022: 33.2) and fair value per m² of € 2,584 (December 31, 2022: € 2,982). We report the net rents excluding ancillary expenses, as well as other key indicators relevant to the valuation of our portfolio in the Portfolio Structure section of the management report, broken down by regional market.

* Comprising developed land, excluding Care and Development.

The material valuation parameters for the investment properties (Level 3) in the residential real estate portfolio are as follows as of December 31, 2023, broken down by regional markets:

Regional market	Valuation results* Fair value (in € million)	thereof investment properties (in € million)	thereof other asset classes (in € million)
Dec. 31, 2023			
Berlin	17,036.3	16,992.4	43.9
Rhine Main Area	1,702.2	1,694.4	7.9
Dresden	990.7	989.6	1.1
Leipzig	793.8	781.5	12.2
Hanover	669.6	653.6	15.9
Rhineland	666.0	665.9	0.1
Munich	230.3	230.2	0.1
Other strategic locations	264.4	264.1	0.3
Total strategic locations	22,353.2	22,271.6	81.6
Non-strategic locations	142.0	136.2	5.8
Deutsche Wohnen Total**	**22,495.2**	**22,407.8**	**87.4**

* Fair value of the developed land excl. development, Care portfolio, undeveloped land, inheritable building rights granted and other; thereof € 1,213.2 million relating to investment properties.
** Care facilities are not included in this overview.

Regional market	Valuation results* Fair value (in € million)	thereof investment properties (in € million)	thereof other asset classes (in € million)
Dec. 31, 2022			
Berlin	19,623.0	19,362.5	260.5
Rhine Main Area	2,012.8	1,933.7	79.1
Dresden	1,168.0	1,168.0	-0.0
Leipzig	919.0	919.0	0.0
Hanover	742.3	742.3	0.0
Rhineland	771.2	771.2	0.0
Munich	271.1	271.1	0.0
Other strategic locations	303.9	303.9	0.0
Total strategic locations	25,811.4	25,471.8	339.6
Non-strategic locations	197.8	197.0	0.8
Deutsche Wohnen Total**	**26,009.2**	**25,668.8**	**340.5**

* Fair value of the developed land excl. development, Care portfolio, undeveloped land, inheritable building rights granted and other; thereof € 1,633.1 million relating to investment properties.
** Care facilities are not included in this overview.

The inflation rate applied to the valuation procedure comes to 2.0%. Net income from the valuation of investment properties amounted to € -3,722.2 million in the 2023 fiscal year (2022: € -917.5 million).

The main input factors used for the valuation of nursing care properties are average market rent (2023: € 9.61/sqm; 2022: € 9.37/sqm), discount rates (2023: 5.8%; 2022: 4.8%) and maintenance costs (2023: € 12.72/sqm; 2022: € 12.32/sqm).

Management costs residential (€ per residential unit p. a.)	Maintenance costs total residential (€/m² p. a.)	Market rent residential (€/m² per month)	Market rent increase residential	Stabilized vacancy rate residential	Discount rate total	Capitalized interest rate total
306	16.90	8.70	2.3%	0.9%	4.9%	2.8%
326	17.93	10.48	2.2%	1.5%	5.3%	3.4%
305	17.30	7.68	2.0%	2.1%	5.0%	3.3%
319	17.46	7.32	2.0%	3.0%	4.7%	3.1%
310	16.84	7.87	2.0%	2.5%	5.5%	3.9%
323	18.45	10.14	2.1%	1.9%	5.2%	3.3%
301	18.65	12.70	2.2%	0.7%	5.6%	3.5%
292	16.84	6.28	1.7%	5.1%	4.9%	3.7%
308	**17.07**	**8.68**	**2.2%**	**1.3%**	**4.9%**	**2.9%**
328	17.00	7.02	1.8%	2.6%	6.9%	5.5%
308	**17.07**	**8.66**	**2.2%**	**1.3%**	**5.0%**	**2.9%**

Valuation parameters for investment properties (Level 3)

Management costs residential (€ per residential unit p. a.)	Maintenance costs total residential (€/m² p. a.)	Market rent residential (€/m² per month)	Market rent increase residential	Stabilized vacancy rate residential	Discount rate total	Capitalized interest rate total
286	16.24	8.28	2.0%	0.9%	4.1%	2.3%
306	17.45	10.25	1.9%	1.2%	4.6%	3.0%
285	16.37	7.52	1.8%	2.1%	4.2%	2.8%
298	16.73	7.11	1.7%	4.1%	3.9%	2.6%
289	15.84	7.58	1.7%	2.2%	4.7%	3.4%
300	18.18	10.05	1.8%	1.8%	4.5%	2.9%
281	16.44	12.06	1.9%	1.2%	4.7%	2.9%
271	16.26	6.24	1.4%	4.5%	4.2%	3.4%
288	**16.39**	**8.32**	**2.0%**	**1.3%**	**4.2%**	**2.5%**
314	15.98	6.90	1.4%	3.1%	5.4%	4.4%
288	**16.39**	**8.30**	**2.0%**	**1.3%**	**4.2%**	**2.5%**

A 5% reduction in the average market rent results in a -6% adjustment to the carrying amount of the nursing care facilities (2022: -5%), an increase in the discount rate by 0.1pp produces a value adjustment of -2% (2022: -2%) and a 10% increase in maintenance costs results in a value adjustment of -1% (2022: -1%).

Sensitivity Analyses

The sensitivity analyses performed on Deutsche Wohnen's real estate portfolio show the impact of value drivers dependent upon market developments. Those influenced in particular are the market rents and their development, the amount of recognized administrative and maintenance expenses, cost increases, the vacancy rate and interest rates. The effect of possible fluctuations in these parameters is shown separately for each parameter according to regional market in the following.

Interactions between the parameters are possible but cannot be quantified owing to the complexity of the interrelationships. The vacancy and market rent parameters, for example, can influence each other. If rising demand for housing is not met by adequate supply developments, then this can result in lower vacancy rates and, at the same time, rising market rents. If, however, the rising demand is compensated for by a high vacancy reserve in the location in question, then the market rent level does not necessarily change.

	Change in value as a % under varying parameters		
	Management costs residential	Maintenance costs residential	Cost increase/inflation
Regional market	-10%/10%	-10%/10%	-0.5%/+0.5% points
Dec. 31, 2023			
Berlin	0.6/-0.6	1.9/-1.9	5.1/-5.2
Rhine Main Area	0.5/-0.5	1.6/-1.6	3.3/-3.5
Dresden	0.7/-0.7	2.3/-2.3	5.0/-5.1
Leipzig	0.8/-0.8	2.7/-2.7	6.3/-6.3
Hanover	0.8/-0.8	2.4/-2.4	4.6/-4.7
Rhineland	0.6/-0.6	1.8/-1.8	3.8/-3.9
Munich	0.4/-0.4	1.2/-1.2	2.6/-2.7
Other strategic locations	1.3/-1.3	4.0/-4.1	8.2/-8.0
Total strategic locations	**0.6/-0.6**	**1.9/-1.9**	**5.0/-5.1**
Non-strategic locations	0.7/-0.7	2.3/-2.3	3.3/-3.4
Deutsche Wohnen total*	**0.6/-0.6**	**1.9/-2.0**	**5.0/-5.1**

* Care facilities are not included in this overview.

	Change in value as a % under varying parameters		
	Management costs residential	Maintenance costs residential	Cost increase/inflation
Regional market	-10%/10%	-10%/10%	-0.5%/+0.5% points
Dec. 31, 2022			
Berlin	0.7/-0.7	2.2/-2.2	6.4/-6.4
Rhine Main Area	0.6/-0.6	1.7/-1.7	3.8/-3.9
Dresden	0.8/-0.7	2.5/-2.5	5.9/-5.9
Leipzig	0.9/-0.9	3.1/-3.1	7.8/-7.5
Hanover	0.8/-0.8	2.4/-2.4	5.0/-5.1
Rhineland	0.6/-0.6	1.9/-1.9	4.1/-4.2
Munich	0.4/-0.4	1.1/-1.1	3.0/-3.1
Other strategic locations	1.3/-1.3	4.1/-4.1	8.5/-8.2
Total strategic locations	**0.7/-0.7**	**2.2/-2.2**	**6.1/-6.1**
Non-strategic locations	0.8/-0.8	2.4/-2.4	4.0/-4.1
Deutsche Wohnen total*	**0.7/-0.7**	**2.2/-2.2**	**6.1/-6.1**

* Care facilities are not included in this overview.

Changes in the demand for housing can also impact the risk associated with the expected cash flows, which is then reflected in adjusted discounting and capitalized interest rates. The effects do not, however, necessarily have to have a favorable impact on each other, for example, if the changes in the demand for residential real estate are overshadowed by macroeconomic developments. In addition, factors other than demand can have an impact on these parameters. Examples include changes in the portfolio, in seller and buyer behavior, political decisions and developments on the capital market.

The table below shows the percentage impact on values in the event of a change in the valuation parameters. The absolute impact on values is calculated by multiplying the percentage impact by the fair value of the investment properties.

Change in value as a % under varying parameters			
Market rent residential	Market rent increase residential	Stabilized vacancy rate residential	Discounting and capitalized interest rates total
-2%/+2%	-0.2%/+0.2% points	-1%/+1% points	-0.25%/+0.25% points
-2.4/2.4	-8.6/10.3	1.5/-1.7	10.3/-8.6
-2.4/2.3	-7.0/8.0	1.2/-1.6	8.4/-7.2
-2.4/2.3	-7.2/8.3	1.7/-1.8	8.6/-7.4
-2.5/2.5	-8.0/9.4	2.0/-1.9	9.2/-7.8
-2.5/2.5	-6.7/7.6	1.9/-1.9	7.4/-6.4
-2.4/2.4	-7.2/8.2	1.6/-1.6	8.5/-7.3
-2.1/2.0	-6.3/7.3	0.7/-1.3	8.7/-7.4
-3.1/3.1	-8.1/9.4	2.6/-2.6	7.6/-6.7
-2.4/2.4	**-8.3/9.8**	**1.5/-1.7**	**9.8/-8.2**
-1.9/1.9	-4.0/4.5	1.6/-1.6	5.1/-4.6
-2.4/2.4	**-8.3/9.8**	**1.5/-1.7**	**9.8/-8.2**

Change in value as a % under varying parameters			
Market rent residential	Market rent increase residential	Stabilized vacancy rate residential	Discounting and capitalized interest rates total
-2%/+2%	-0.2%/+0.2% points	-1%/+1% points	-0.25%/+0.25% points
-2.6/2.5	-10.3/12.7	1.6/-1.8	12.6/-10.1
-2.4/2.4	-7.9/9.2	0.9/-1.6	9.8/-8.2
-2.4/2.4	-8.2/9.8	1.8/-1.8	10.4/-8.6
-2.6/2.7	-9.3/11.4	2.0/-2.0	11.1/-9.2
-2.5/2.4	-7.2/8.3	1.8/-1.8	8.4/-7.2
-2.4/2.4	-7.9/9.3	1.6/-1.6	9.8/-8.2
-2.0/2.0	-7.0/8.4	1.2/-1.3	10.2/-8.4
-3.0/3.0	-8.6/10.1	2.6/-2.5	8.5/-7.3
-2.6/2.5	**-9.8/11.9**	**1.6/-1.8**	**11.9/-9.6**
-2.0/1.9	-4.8/5.3	1.6/-1.6	6.3/-5.7
-2.6/2.5	**-9.7/11.9**	**1.6/-1.8**	**11.9/-9.6**

26 Financial Assets

in € million	Dec. 31, 2022 non-current	Dec. 31, 2022 current	Dec. 31, 2023 non-current	Dec. 31, 2023 current
Other investments	39.6	–	33.8	–
Loans to related companies	570.0	300.0	320.0	–
Loans to associated companies and joint ventures	114.2	716.2	154.4	682.9
Other non-current loans	–	–	0.6	
Receivables from finance leases	21.2	2.6	13.4	2.3
Derivatives	66.4	0.2	39.4	0.9
	811.4	**1,019.0**	**561.6**	**686.1**

Accounting Policies

Financial assets are recognized in the balance sheet when Deutsche Wohnen becomes a contracting party of the financial instrument. A financial asset is derecognized when the contractual rights to the cash flows from a financial asset expire, or the financial asset is transferred and Deutsche Wohnen neither retains control nor retains material risks and rewards associated with ownership of the financial asset.

In accordance with IFRS 9, the **classification of financial assets** takes into account both the business model in which financial assets are held and the characteristics of the cash flows of the assets in question. These criteria determine whether the assets are measured at amortized cost using the effective interest method or at fair value.

With regard to the business model criterion, all financial investments at Deutsche Wohnen are to be assigned to the “hold to collect” model pursuant to IFRS 9.4.1.2(a). Whenever financial investments are categorized as equity instruments, Deutsche Wohnen has exercised the irrevocable option to state future changes to the fair value in other comprehensive income in equity. Gains and losses recognized in other comprehensive income are never reclassified from total equity to the income statement on their disposal.

The carrying amount of financial assets corresponds to maximum risk of loss as of the reporting date.

The other investments include shares in the QUARTERBACK Immobilien Group in the amount of € 33.4 million (December 31, 2022: € 39.2 million).

The other loans include loan receivables with a nominal value of € 834.4 million (December 31, 2022: € 801.9 million) from the QUARTERBACK Immobilien Group in respect of loans granted in line with standard market conditions. The other loans also include loan receivables with a nominal value of € 320.0 million (December 31, 2022: € 870.0 million) from Vonovia SE in respect of loans granted in line with standard market conditions.

The receivables from finance leases are mainly due to the rental of certain broadband cable networks. There were receivables of € 15.7 million (December 31, 2022: € 23.8 million) and interest income of € 0.7 million on the reporting date (December 31, 2022: € 1.1 million). The debt maturity profile of the receivables is as follows:

in € million	Dec. 31, 2022	Dec. 31, 2023
Nominal value of outstanding lease payments	28.2	17.2
thereof due within 1 year	3.5	2.6
thereof due between 1 and 2 years	3.6	2.2
thereof due between 2 and 3 years	3.0	2.2
thereof due between 3 and 4 years	3.0	2.1
thereof due between 4 and 5 years	3.0	2.1
thereof due after more than 5 years	12.1	6.0
plus unguaranteed residual values	0.2	0.2
less unrealized financial income	-4.6	-1.7
Present value of outstanding lease payments	**23.8**	**15.7**

Non-current derivatives include positive market values of € 39.4 million (December 31, 2022: € 66.4 million) from other interest rate derivatives.

27 Financial Assets Accounted for Using the Equity Method

As of the reporting date, Deutsche Wohnen held interests in 16 joint ventures and six associates (December 31, 2022: 22 joint ventures and five associates).

Deutsche Wohnen holds 40% of the non-listed QUARTERBACK Immobilien AG with registered office in Leipzig, which was classed as an associate as of December 31, 2023. QUARTERBACK Immobilien AG is a project developer with operations throughout Germany focusing on the central German region. The investment strengthens the Deutsche Wohnen Group's development business.

Deutsche Wohnen also holds interests in 11 (December 31, 2022: 11) non-listed financial investments of QUARTERBACK Immobilien AG, with equity interests of between 44% and 50% (QUARTERBACK property companies), that were classified as joint ventures.

The table below summarizes the financial information for QUARTERBACK Immobilien AG and the QUARTERBACK property companies as of December 31, 2023. The table also shows a reconciliation of the combined financial statements with the carrying amount of Deutsche Wohnen's interest in QUARTERBACK Immobilien AG and the combined QUARTERBACK property companies.

in € million	Dec. 31, 2022 QUARTER-BACK Immobilien AG	Dec. 31, 2023 QUARTER-BACK Immobilien AG	Dec. 31, 2022 QUARTER-BACK-Objektge-sellschaften	Dec. 31, 2023 QUARTER-BACK-Objektge-sellschaften
Non-current assets	764.0	752.3	229.5	235.0
Current assets				
Cash and cash equivalents	104.9	90.1	21.1	16.1
Other current assets	1,510.3	1,494.5	589.3	480.3
Total current assets	1,615.2	1,584.6	610.4	496.4
Non-current liabilities	841.6	595.7	86.6	139.1
Current liabilities	1,186.2	1,537.1	510.3	409.0
Non-controlling interests	42.5	39.5	12.0	10.9
Equity (100%)	308.9	164.6	231.0	172.3
Group share in %	40%	40%	44% to 50%	44% to 50%
Group share of net assets	123.6	65.8	106.6	79.9
Group adjustments	-49.5	-51.3	-5.4	7.7
Carrying amount of share in joint venture	74.1	14.5	101.2	87.6
Revenues	311.1	427.5	59.0	101.6
Change in inventories	302.2	94.5	17.7	6.9
Interest income	20.6	6.0	8.4	7.8
Depreciation, amortization and impairment	-4.3	-6.1	-0.2	-0.2
Interest expenses	-78.2	-101.6	-23.2	-28.6
Income taxes	-18.1	37.9	-0.6	6.6
Profit from continuing operations (100%) and total comprehensive income for the fiscal year	**7.8**	**-147.4**	**-3.1**	**-58.6**

The adjustment of the investments in the QUARTERBACK Group using the equity method results in a negative result of € 73.2 million as of December 31, 2023 (2022: € 8.5 million).

A regular impairment test was performed on the interest in QUARTERBACK Immobilien AG as of December 31, 2023. No further need for impairment arose.

In addition to these investments, Deutsche Wohnen also holds interests in 10 (2022: 15) other entities that, when taken individually, are of minor importance and that are accounted for using the equity method; quoted market prices are not available. Deutsche Wohnen holds less than 20% of the voting rights in one of these companies, but has classified its influence as significant due to further contractual relationships.

The further drop in the number of entities that are accounted for using the equity method is due, on the one hand, to the sale of the shares in B & O Service Berlin GmbH as of June 30, 2023, the sale of the shares in DWA Beteiligungsgesellschaft mbH and KIWI.KI GmbH as of November 9, 2023, and the sale of the shares in Funk Schadensmanagement GmbH as of December 6, 2023. On the other hand, Deutsche Wohnen purchased the remaining shares in Deutsche KIWI.KI GmbH. Following the increase in the stake in Deutsche KIWI.KI GmbH to 100% in the first half of 2023, the company was merged with Deutsche Wohnen Technology GmbH.

The following table shows, in aggregated form, the carrying amount and the share of profit and other comprehensive income of these companies.

in € million	Dec. 31, 2022	Dec. 31, 2023
Carrying amount of shares in companies accounted for using the equity method	32.6	24.2
Group share of net income of non-material companies accounted for using the equity method	10% to 50%	10% to 50%
Pro rata total comprehensive income	**-0.7**	**-1.9**

The interests were adjusted for these entities provided that corresponding financial information was available.

With regard to the other entities, Deutsche Wohnen has no significant financial obligations or guarantees with respect to joint ventures and associates.

28 Other Assets

in € million	Dec. 31, 2022 (adjusted) non-current	Dec. 31, 2022 (adjusted) current	Dec. 31, 2023 non-current	Dec. 31, 2023 current
Advance payments for real estate projects	214.7	104.5	203.7	246.1
Receivables from insurance claims	0.2	0.1	0.2	15.9
Work in progress relating to ancillary costs bills	–	49.2	–	39.3
Miscellaneous other assets	–	93.8	–	89.8
	214.9	**247.6**	**203.9**	**391.1**

The advance payments made for real estate projects include ongoing project developments by third parties (forward deals) in which the purchase price is paid in installments during the project development phase.

The contract assets from ancillary costs comprise the excess of ancillary cost payments made during the year and the payments made by tenants in advance before billing. The value in the 2023 fiscal year reflects the higher energy prices and the increase in other ancillary costs.

Miscellaneous other assets include the entitlement to the additional purchase price payment as part of the ongoing judicial review proceedings in connection with the control agreement concluded in 2014 between Deutsche Wohnen SE and GSW Immobilien AG in the amount of € 67.8 million (2022: € 66.0 million).

29 Income Tax Receivables

The income tax receivables disclosed relate to corporate income tax and trade tax receivables for the current fiscal year and prior years as well as capital gains tax.

The drop in the income tax receivables disclosed in the 2023 fiscal year can be traced back to the settlement of reimbursement claims by the tax authorities, in some cases in a far from insignificant amount, and to adjusted tax prepayments.

30 Trade Receivables

The trade receivables break down as follows:

in € million	Impaired: Gross amount	Impaired: Impairment losses	Not impaired: Neither impaired nor past due at the end of the reporting period	Not impaired – Overdue in the following time bands as of the reporting date: less than 30 days	between 30 and 90 days	between 91 and 180 days	between 181 and 360 days	more than 360 days	Carrying amount: Corresponds to maximum risk of loss*
Receivables from the sale of investment properties	–	–	11.1	2.0	–	–	–	–	13.1
Receivables from the sale of real estate inventories	–	–	68.9	–	–	–	–	–	68.9
Receivables from property letting	56.3	-15.5	–	–	–	–	–	–	40.8
Receivables from other supplies and services	–	–	2.3	0.6	–	–	–	–	2.9
Receivables from affiliated companies	–	–	14.6	–	–	–	–	–	14.6
As of Dec. 31, 2023	**56.3**	**-15.5**	**96.9**	**2.6**	**–**	**–**	**–**	**–**	**140.3**
Receivables from the sale of investment properties	–	–	0.4	–	–	–	–	–	0.4
Receivables from property letting	40.6	-25.6		–	–	–	–	–	15.0
Receivables from other supplies and services	–	–	14.2	–	–	–	–	–	14.2
Receivables from affiliated companies			0.4	–	–	–	–	–	0.4
As of Dec. 31, 2022	**40.6**	**-25.6**	**15.0**	**–**	**–**	**–**	**–**	**–**	**30.0**

Accounting Policies

Impairment losses on financial assets are determined based on the expected credit loss model. The guiding principle of the model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments, taking losses that are already expected into account.

The IFRS 9 approach includes the following measurement levels:

> Level 1: Twelve-month expected credit losses (ECLs), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
> Level 2: Lifetime ECLs (homogeneous debtor portfolios), which applies when a significant increase in credit risk has occurred on an individual or a collective basis of financial instruments.
> Level 3: Lifetime ECLs (based on an individual assessment): If an individual assessment of assets produces objective indications of a need for impairment, then an assessment of the entire maturity of the financial instrument is decisive.

The simplified impairment approach is used with regard to **trade receivables** (e.g., rent receivables, receivables from ancillary costs, receivables from the sale of properties) and for **contract assets** pursuant to IFRS 15. This means that there is no need to track the changes in credit risk. Instead, Deutsche Wohnen has to set up loan loss provisions in the amount of the lifetime expected credit losses both at the time of initial recognition and on each following reporting date.

The carrying amounts of current trade receivables correspond to their fair values.

In principle, all impaired trade receivables are due and payable. As regards the trade receivables that are neither impaired nor past due, there was no indication on the reporting date that the debtors would not meet their payment obligations.

Receivables from the sale of properties arise on economic transfer of ownership. The due date of the receivable may, however, depend on the fulfillment of contractual obligations. Some purchase contracts provide for the purchase price to be deposited in an escrow account. Impairment losses for doubtful debts are recorded up to the amount of the posted proceeds from sales.

Deutsche Wohnen's receivables from property letting generally arise at the beginning of the month, are of a short-term nature and result from claims in relation to tenants relating to operating business activities. Due to the (subsequent) measurement at amortized cost, an impairment test has to be performed. The receivables fall under the scope of the calculation of expected credit losses.

In accordance with the general provisions set out in IFRS 9, expected credit losses are to be recognized using the simplified approach for current trade receivables without any significant financing component.

Irrespective of their term, Deutsche Wohnen initially assigns receivables to Level 2 of the impairment model. In the further course, they need to be moved to Level 3 of the impairment model if there is objective evidence of impairment. The transfer from Level 2 to Level 3 is to be made at the latest when the contractual payments have been overdue for more than 90 days. This assumption can, however, be refuted in individual cases if there are no other objective indications pointing towards a default. Receivables always have to be transferred to the next level if a legally enforceable instrument has been obtained against the tenant as part of a dunning procedure. If the objective evidence of impairment ceases to apply, the receivable is transferred (back) to Level 2 of the impairment model.

If Deutsche Wohnen becomes aware of any major changes in market conditions and/or a debtor's circumstances, it reevaluates the expected credit losses without delay. This procedure ensures that receivables are transferred to the right level in the impairment model as soon as possible.

Deutsche Wohnen uses a credit loss matrix when calculating expected credit losses for trade receivables. The matrix is based on historical default rates and takes current expectations into account, including macroeconomic indicators (e.g., GDP). The matrix can be used to calculate the expected credit losses for various homogeneous portfolios.

In order to create portfolios for the purpose of assessing the probability of default, the individual clusters of receivables need to have homogeneous credit risk characteristics. As far as receivables from its operating business activities are concerned, i.e., the letting of rental properties, Deutsche Wohnen makes a distinction between receivables from existing tenants and receivables from former tenants. Both portfolios include current receivables that are exposed to a low level of volatility, as the company's core operating business is hardly exposed to any major fluctuations. Main effects on receivables in the past are attributable to corporate takeovers by Deutsche Wohnen.

Calculation Method for Receivables from Former Tenants

The calculation of the probability of default is based on the results of an analysis of the historical probability of default. Cash flows relating to outstanding receivables over the last three years have been analyzed and an average amount of incoming payments for the year in question was calculated on a monthly basis. The average monthly incoming payments were compared against the average monthly receivables for the year in question. Ultimately, Deutsche Wohnen sets up risk provisions corresponding to a rounded total of 95% for its receivables from former tenants.

The loss given default comprises the following:

The receivables of former tenants that are being analyzed (amount of the receivable at the time of default) are corrected to reflect retained deposits that serve as security for Deutsche Wohnen. This is already taken into account as part of the calculation method used for the probability of default.

The average receivables taken as a basis do not include receivables subject to specific valuation allowances that were written off in full.

Receivables from Existing Tenants

When it comes to determining the probability of default with regard to receivables associated with ongoing lease agreements, Deutsche Wohnen analyzes those receivables that have actually been derecognized over the last three years.

This is performed systematically by way of a receivables management system according to the aspects of receivables relating to ancillary expenses, those connected to the product, rent adjustments and payment difficulties.

Impairment losses on trade receivables developed as follows:

in € million	
Impairment losses as of Jan. 1, 2023	25.6
Addition	2.6
Utilization	-11.7
Reversal	-1.1
Impairment losses as of Dec. 31, 2023	**15.5**
Impairment losses as of Jan. 1, 2022	21.9
Addition	5.6
Utilization	-0.9
Reversal	-1.0
Impairment losses as of Dec. 31, 2022	**25.6**

The following table shows the expenses for the full derecognition of receivables as well as income from the receipt of derecognized receivables:

in € million	2022 (adjusted)	2023
Expenses for the derecognition of receivables	0.1	4.9
Income from the receipt of derecognized receivables	0.0	1.4

31 Cash and Cash Equivalents

Accounting Policies

Cash and cash equivalents include cash on hand, checks and deposits at banking institutions as well as marketable securities with an original term of up to three months.

Cash and cash equivalents are measured using the general impairment approach in accordance with IFRS 9.

Cash and cash equivalents include cash on hand, checks and deposits at banking institutions totaling € 157.1 million (December 31, 2022: € 184.3 million).

€ 1.6 million (December 31, 2022: € 0.0 million) of the bank balances are restricted with regard to their use.

32 Real Estate Inventories

Accounting Policies

Properties from the sales-related development business and land and buildings intended for sale are reported within real estate inventories. The **sales-related development business** refers to subsidized or independently financed condominiums that are under construction or have already been completed. These properties are not held with the aim of generating rental income or achieving increases in value within the meaning of IAS 40, but rather are developed and constructed to be sold at a later date. These development projects are recognized depending on whether there is a customer contract for the residential units that are intended for sale. If this is not the case, the valuation is performed, due to the intention to sell according to IAS 2 at amortized cost or at net realizable value, whichever is lower, with a corresponding disclosure under real estate inventories.

Recognized real estate inventories in the amount of € 752.6 million (December 31, 2022: € 926.0 million) mainly concern development projects. These are projects to construct residential units planned for sale that are currently being built or that have been completed but have not yet been sold.

33 Assets and Liabilities Held for Sale, and Discontinued Operations

Accounting Policies

Assets held for sale include those non-current assets that can be, and are extremely likely to be, sold at standard conditions in their current state. A sale is deemed to be highly probable if there is a commitment to a plan to sell the asset, an active program to locate a buyer and complete the plan has been initiated, the asset is being actively marketed for sale at a reasonable price, and a sale is expected to be completed within one year of the date on which the asset is classified as held for sale.

This item not only includes individual non-current assets that are to be sold, but also groups of assets (disposal groups). Discontinued operations are reported separately as an item in their own right. In cases involving disposal groups and discontinued operations, all liabilities to be sold together with the corresponding assets as part of one and the same transaction are also reclassified to the items “Liabilities in connection with assets held for sale” or “Liabilities of discontinued operations.”

Deutsche Wohnen accounts for investment properties as assets held for sale when notarized purchase contracts have been signed or a declaration of intent to purchase has been signed by both parties as of the reporting date but transfer of title will, under the contract, not take place until the subsequent reporting period. Initially they are recognized at the contractually agreed selling price and subsequently at fair value following deductions for costs to sell, if the latter is lower.

A **discontinued operation** refers to a scenario in which a separate major line of business or a geographical area of operations is classed as held for sale, or if a business activity is part of a single coordinated plan for such a sale. A line of business has to be distinct from the other activities for accounting purposes before it can be classified as a discontinued operation. The result/cash flow from the discontinued operations are presented separately from the continuing operations in the consolidated income statement and the consolidated statement of cash flows. The comparative year is restated as if the discontinued operation had been classified as such from the start of that year.

Assets Held for Sale

The assets held for sale include properties totaling € 74.0 million (December 31, 2022: € 2.4 million) for which notarized purchase contracts had already been signed as of the reporting date.

Discontinued Operations

As part of the strategic review, the management decided to sell the Care segment. The sale process has begun and it is expected to have been concluded before December 2024. Accordingly, the majority of the Care segment is presented as discontinued operations.

Impairment Losses on the Disposal Group

The valuation of the disposal group at the lower of carrying amount and fair value less costs to sell produced impairment losses of € 149.4 million, which are recognized under depreciation, amortization and impairment losses. The impairment losses relate to the impairment of the entire goodwill of the former Care segment in the amount of € 140.0 million, other intangible assets and property, plant and equipment within the disposal group.

As of December 31, 2023, the disposal group was stated at fair value less costs to sell, and comprised the following assets and liabilities.

in € million	Dec. 31, 2023
Intangible assets	22.6
Property, plant and equipment	28.9
Investment properties	619.4
Other assets	40.3
Deferred tax assets	–
Total non-current assets of discontinued operations	711.2
Inventories	0.9
Trade receivables	9.0
Other assets	1.9
Income tax receivables	2.6
Cash and cash equivalents	44.5
Total current assets	58.9
Total assets of discontinued operations	**770.1**

in € million	Dec. 31, 2023
Provisions	30.7
Non-derivative financial liabilities	35.6
Lease liabilities	3.6
Deferred tax liabilities	23.2
Total non-current liabilities	93.1
Provisions	1.0
Trade payables	11.2
Non-derivative financial liabilities	0.8
Lease liabilities	1.0
Current income taxes	11.4
Other liabilities	23.5
Total current liabilities	48.9
Total equity and liabilities of discontinued operations	**142.0**

The earnings contribution from discontinued operations is comprised as follows.

in € million	2022	2023
Revenue from property letting	0.5	0.6
Other revenue from property management	256.8	266.7
Revenue from property management	**257.3**	**267.3**
Net income from fair value adjustments of investment properties	-92.2	-193.3
Capitalized internal expenses	0.2	–
Cost of materials	-55.7	-55.4
Personnel expenses	-150.1	-164.3
Depreciation and amortization	-6.7	-197.5
Other operating income	28.7	24.8
Net income from the derecognition of financial assets measured at amortized cost	0.3	0.4
Other operating expenses	-17.0	-20.9
Interest income	–	–
Interest expenses	-0.3	-1.8
Earnings before tax	**-35.5**	**-340.7**
Income taxes	2.7	7.2
Profit for the period from discontinued operations	**-32.8**	**-333.5**

As of December 31, 2023, Deutsche Wohnen had 3,825 employees (December 31, 2022: 3,798) working in the business areas belonging to the discontinued operations. 2,949 were female as of December 31, 2023 (December 31, 2022: 2,934) and 876 were male (December 31, 2022: 864). The average figure for the year was 3,869 employees (2022: 3,801). As of December 31, 2023, Deutsche Wohnen had 385 apprentices (December 31, 2022: 305) working in the business areas belonging to the discontinued operations.

Cumulative Income or Expenses Included in Other Comprehensive Income

The cumulative result from the measurement of actuarial gains and losses in connection with the disposal group in the amount of € -7.5 million is included in other comprehensive income. € 1.0 million of the gains and losses are attributable to Deutsche Wohnen's shareholders and € 0.0 million to non-controlling shareholders.

Earnings per Share

The earnings per share attributable to the profit for the period of the discontinued operations came to € -0.84 (2022: € -0.04) for the 2023 fiscal year. Due to the small amount of cumulative income and expenses included in other comprehensive income, this also matches the earnings per share for total comprehensive income.

Cash Flow from Discontinued Operations

in € million	2022	2023
Cash flow from operating activities	62.3	57.1
Cash flow from investing activities	-41.3	-43.2
Cash flow from financing activities	-10.7	-11.1
Net changes in cash and cash equivalents of discontinued operations	10.3	2.8
Cash and cash equivalents at the beginning of the period	**31.3**	**41.6**
Cash and cash equivalents of discontinued operations at the end of the period	**41.6**	**44.4**

Section (E): Capital Structure

34 Total Equity

Accounting Policies

Other comprehensive income includes changes in total comprehensive income not affecting net income except that resulting from capital transactions with equity holders (e.g., capital increases or dividend distributions). Under this item, Deutsche Wohnen includes unrealized gains and losses from the fair value measurement of equity instruments and derivative financial instruments that are designated as cash flow hedges. The item also includes actuarial gains and losses from defined benefit pension commitments as well as certain currency translation differences.

The **other reserves** contain cumulative changes in equity not affecting income. At Deutsche Wohnen, the effective portion of the net change in the fair value of cash flow hedging instruments, the equity instruments at fair value as well as currency translation differences are recognized in other comprehensive income.

The other reserves from cash flow hedges and from currency translation differences can be reclassified. When the underlying hedged item of the cash flow hedge affects net income, the reserves attributable thereto are reclassified to profit or loss. If a foreign business is disposed of, the reserves attributable thereto are reclassified.

Subscribed Capital

The subscribed capital as of December 31, 2023 was unchanged at € 396.9 million. Share capital was unchanged as against the previous year at € 400,296,988.00. The company also still holds 3,362,003 own shares, as in the previous year. These shares account for share capital of € 3,362,000.00.

Capital Reserves

Capital reserves as of December 31, 2023 were unchanged at € 4,174.7 million.

Dividend

The Annual General Meeting held on June 15, 2023 resolved to pay a dividend for the 2022 fiscal year in the amount of € 0.04 per share.

The total amount of the dividend distributed in cash therefore came to € 15,877,399.40.

Authorized Capital

On the basis of the resolution passed by the Annual General Meeting on June 15, 2023, entered in the Charlottenburg Commercial Register on September 12, 2023, the Management Board is authorized, pursuant to Article 5 of the Articles of Association, with the consent of the Supervisory Board, to increase the company's share capital by up to € 120 million once or several times on or before June 14, 2028, by issuing up to 120 new ordinary bearer shares in return for cash contributions and/or contributions in kind (2023 Authorized Capital). Shareholders shall be granted a subscription right.

The deadline for the use of the 2018/I Authorized Capital has expired.

Conditional Capital

In accordance with the resolution passed by the Annual General Meeting on June 15, 2023, entered in the Charlottenburg Commercial Register on September 12, 2023, Article 6 of the Articles of Association was amended with regard to conditional capital. Based on this amendment, conditional capital was created in order to satisfy convertible bonds, bonds with warrants, participating rights and/or participating bonds (or a combination of these instruments) (hereinafter collectively "debentures") to be issued. The share capital is conditionally increased by up to € 120 million through the issuance of up to 120,000,000 new no-par-value registered shares with an entitlement to dividend ("2023 Conditional Capital").

The conditional capital increase will only be implemented to the extent that the holders/creditors of debentures issued/guaranteed by the company or dependent companies or companies in which the company holds a majority interest directly or indirectly on the basis of the authorization resolution passed by the Annual General Meeting as referred to above, make use of their conversion or option rights or fulfill their conversion or option obligations under these debentures, or to the extent that the company grants shares in the company instead of paying the monetary amount due and to the extent that the conversion or option rights, or conversion or option obligations, are not satisfied using own shares, shares from authorized capital or other forms of payment.

The Conditional Capitals 2014/III, 2015/I, 2017/I and 2018/I on which resolutions were passed in 2014, 2015, 2017 and 2018 no longer exist based on the resolution passed by the Annual General Meeting on June 15, 2023. The corresponding amendment to Articles 6, 6a, 6c, 6d, 6e and 6f of the Articles of Association was entered in the Charlottenburg Commercial Register on September 12.

The Conditional Capital 2014/II is still in force. The Conditional Capital 2014/II serves to grant compensation in shares of the company to the external shareholders of GSW AG in accordance with the provisions of the control agreement dated April 30, 2014.

Retained Earnings

Retained earnings of € 9,063.0 million (December 31, 2022: € 11,715.6 million) were reported as of December 31, 2023. This figure includes actuarial gains and losses of € -6.0 million (December 31, 2022: € -4.7 million), which cannot be reclassified and therefore may no longer be recognized in profit or loss in subsequent reporting periods.

Other Reserves

Changes in other comprehensive income during the period in the amount of € 12.3 million (2022: € 23.0 million) are mainly the result of the difference from the development of cash flow hedges.

Non-controlling Interests

Shares of third parties in Group companies are recognized under non-controlling interests.

Non-controlling interests fell by € 88.4 million in the 2023 fiscal year, from € 475.5 million as of January 1, 2023 to € 387.1 million as of December 31, 2023.

35 Provisions

in € million	Dec. 31, 2022 (adjusted) non-current	Dec. 31, 2022 (adjusted) current	Dec. 31, 2023 non-current	Dec. 31, 2023 current
Provisions for pensions and similar obligations	73.2	–	50.2	–
Other provisions for taxes (excl. deferred taxes)	–	33.3	–	19.1
Other provisions				
Environmental remediation	9.6	–	–	–
Personnel obligations	1.9	12.7	0.7	6.9
Miscellaneous other provisions	19.9	64.0	13.0	64.4
Total other provisions	31.4	76.7	13.7	71.3
Total provisions	**104.6**	**110.0**	**63.9**	**90.4**

Provisions for Pensions and Similar Obligations

Accounting Policies

When valuing the provisions for pensions, the company pension obligations are determined using the projected unit credit method pursuant to IAS 19 "Employee Benefits," whereby current pensions and vested pension rights as of the reporting date as well as expected future increases in salaries and pensions are included in the valuation. An actuarial valuation is performed at every reporting date.

The amount shown in the balance sheet is the total present value of the defined benefit obligations (DBO) after offsetting against the fair value of plan assets.

Actuarial gains and losses are accounted for in full in the period in which they occur and recognized in retained earnings as a component of other comprehensive income and not in profit or loss. The actuarial gains and losses are also no longer recognized affecting net income in subsequent periods.

Service cost is shown in personnel expenses. The service cost is the increase in the present value of a defined benefit obligation resulting from employee service in the reporting period.

The interest expense is recognized in the financial result. Interest expense is the increase during a period in the present value of a defined benefit obligation that generally arises due to the fact that the benefit obligation is one period closer to being discharged.

Reinsurance contracts that qualify as plan assets have been taken out to cover the pension obligations toward particular individuals. Where the value of those reinsurance contracts exceeds the related pension obligations, the excess is recognized as an asset and shown under other assets.

Obligations from joint defined benefit multi-employer plans at Versorgungsanstalt des Bundes und der Länder (VBL), a pension institution of the Federal Republic of Germany and the Federal States, are stated, in line with IAS 19.34, in the same way as obligations from defined contribution plans, insofar as the information required for the statement of defined benefit plans is not available. The obligations are based on the amounts to be paid for the current period.

Deutsche Wohnen's company pension scheme consists of defined benefit and defined contribution pension plans. The pension commitments – for which Deutsche Wohnen guarantees a certain level of benefit – are financed through provisions for pensions. The pension commitments granted to specific individuals are financed via the fund assets of the provident fund ufba – Unterstützungskasse.

The pension commitments cover 798 (December 31, 2022: 2,046) vested rights.

The expenses for the benefits paid out under defined benefit plans are calculated using the projected unit credit method. Actuarial gains and losses are recognized in the Group's total comprehensive income, not affecting net income.

Deutsche Wohnen pays contributions to state pension insurance providers under defined contribution plans based on statutory provisions. The current contribution payments are reported as social security contributions under personnel expenses in the amount of € 3.7 million (2022: € 5.7 million). The Group has no further performance obligations upon payment of the contributions.

There is also a pension plan based on the regulations governing the public-sector supplementary pension scheme. It is based on the membership of a group company of Bayerische Versorgungskammer (hereinafter referred to as BVK) – pension institution of the Federal Republic of Germany and the Federal States (VBL). The supplementary pension scheme includes a partial or full pension for reduced earnings capacity. The levy charged by BVK and the VBL is calculated based on the employee remuneration that is subject to supplementary pension insurance. Structural changes or a decision to leave the VBL can result in significant claims for the equivalent amount. As a result, BVK and the VBL both constitute a defined benefit multi-employer plan. The data and information required for recognition as defined benefit plans for accounting purposes are not, however, available (in particular information on the individual vested rights and the plan assets assigned to the member company), meaning that the plan is treated as a defined contribution plan in line with IAS 19.34.

The pension obligations assumed as part of the BauBeCon acquisition are financed via the provident fund ufba – Unterstützungskasse zur Förderung der betrieblichen Altersversorgung e. V. – and recognized as fund assets.

The following actuarial assumptions were made at the reporting date – in each case related to the end of the year and with economic effect for the following year.

Actuarial Assumptions

in %	Dec. 31, 2022	Dec. 31, 2023
Actuarial interest rate	3.73	3.17
Pension trend	1.85	2.25
Salary trend	3.00	3.00

In order to take into account the extraordinary inflation prevalent as of the reporting date, a one-time increase of 5.45% (December 31, 2022: 8%) was applied to current pensions for the calculation of pension obligations.

The 2018 G mortality tables of Prof. Dr. Klaus Heubeck have been taken for the biometric assumptions without any changes.

The defined benefit obligation (DBO) developed as follows:

in € million	2022	2023
DBO as of Jan. 1	112.3	80.6
Interest expense	1.2	2.9
Current service cost	1.6	0.8
Actuarial gains and losses:		
Experience-based adjustment of the obligation	0.9	-0.4
Changes in the financial assumptions	-31.5	2.7
Transfer	–	-0.3
Benefits paid	-3.9	-1.1
Transfer into discontinued operations	–	-27.8
DBO as of Dec. 31	**80.6**	**57.4**

The present value of the pension obligation is divided among the groups of eligible persons as follows:

in € million	Dec. 31, 2022	Dec. 31, 2023
Active employees	16.7	4.7
Former employees with vested pension rights	13.6	11.3
Pensioners	50.2	41.4
DBO as of Dec. 31	**80.6**	**57.4**

The plan assets consist exclusively of fund assets from the provident fund and relate primarily to reinsurance contracts.

The fair value of the plan assets has developed as follows:

in € million	2022	2023
Fair value of plan assets as of Jan. 1	7.5	7.4
Return calculated using the actuarial interest rate	–	0.2
Actuarial gains:		
Income from plan assets not already included in interest income	0.3	–
Benefits paid	-0.4	-0.5
Fair value of plan assets as of Dec. 31	**7.4**	**7.1**

The actual return on plan assets amounted to € 0.2 million during the fiscal year (2022: € 0.3 million).

The net liability recognized in the balance sheet developed as follows:

in € million	2022	2023
Net pension obligation as of January 1	**99.9**	**73.2**
Interest expense	1.2	2.6
Current service cost	1.6	0.8
Actuarial gains and losses:		
Experience-based adjustment of the obligation	0.9	-0.4
Changes in the financial assumptions	-26.6	2.7
Income from plan assets not already included in interest income	-0.3	–
Transfer	–	-0.3
Benefits paid	-3.5	-0.6
Transfer into discontinued operations	–	-27.8
Net pension obligation as of December 31	**73.2**	**50.2**

The following table shows a reconciliation of the defined benefit obligation to the pension obligation recognized in the balance sheet:

in € million	Dec. 31, 2022	Dec. 31, 2023
Present value of funded obligations	7.4	12.5
Present value of unfunded obligations	73.2	44.8
Total present value of defined benefit obligations	**80.6**	**57.3**
Fair value of plan assets	-7.4	-7.1
Net liability recognized in the balance sheet	**73.2**	**50.2**
Provisions for pensions recognized in the balance sheet	**73.2**	**50.2**

In 2023, actuarial gains of € 2.3 million (excluding deferred taxes) were recognized in other comprehensive income (2022: € 30.7 million).

The average term of the commitments is 11.36 years (December 31, 2022: 12.53 years).

The following table contains the estimated, undiscounted pension payments of the coming five fiscal years and the total of those in the subsequent five fiscal years:

in € million	Projected pension payments
2024	3.7
2025	3.7
2026	3.7
2027	3.6
2028	3.6
2029–2033	17.2

Sensitivity Analyses

An increase or decrease in the material actuarial assumptions would have led to the following defined benefit obligation, providing the other assumptions did not change:

in € million		Dec. 31, 2022	Dec. 31, 2023
Actuarial interest rate	Increase of 0.5%	74.6	54.4
	Decrease of 0.5%	87.0	60.7
Pension trend	Increase of 0.25%	83.0	58.7
	Decrease of 0.25%	78.2	56.1

An increase in life expectancy of 4.8% would have resulted in an increase in the DBO of € 2.4 million as of December 31, 2023. This percentage rise corresponds to a one-year increase in the life expectancy of a man who was 65 at the reporting date.

If several assumptions are changed simultaneously, the cumulative effect is not necessarily the same as if there had been a change in just one of the assumptions.

Other Provisions

Accounting Policies

Other provisions are recognized when there is a present obligation, either legal or constructive, vis-à-vis third parties as a result of a past event if it is probable that a claim will be asserted and the probable amount of the required provision can be reliably estimated. Provisions are discounted if the resulting effect is material. The carrying amount of discounted provisions increases in each period to reflect the passage of time and the unwinding of the discount is recognized within interest expense. The discount rate is a pre-tax rate that reflects current market assessments.

Provisions for restructuring expenses are recognized when the Group has set up and communicated a detailed formal plan for restructuring and has no realistic possibility of withdrawing from these obligations.

Provisions for onerous contracts are recognized when the expected benefits from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is stated at the lower of the present value of the fulfillment obligation and the cost of terminating the contract, i.e., a possible indemnity or fine for breach or non-fulfillment of contract.

Provisions are reviewed regularly and adjusted to reflect new information or changed circumstances.

The **provisions for pre-retirement part-time work arrangements** are basically to be classified as other long-term employee benefits that are to be accrued over the employees' service periods.

The assets of the insolvency policy to secure fulfillment shortfalls arising from pre-retirement part-time work arrangements are offset against the amounts for fulfillment shortfalls contained in the provisions for pre-retirement part-time work arrangements.

A **contingent liability** is a possible obligation toward third parties that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events or a present obligation that arises from past events for which an outflow of resources is not probable or the amount of which cannot be estimated with sufficient reliability. According to IAS 37, contingent liabilities are not generally recognized.

Development of Other Provisions During the Fiscal Year

in € million	As of Jan. 1, 2023	Changes in scope of consolidation	Additions	Reversals	Interest accretion to provisions	Transfer	Transfer into discontinued operations	Utilization	As of Dec. 31, 2023
Other provisions									
Environmental remediation	9.6			-0.3		-8.9		-0.4	0.0
Personnel obligations	14.7		2.1	-0.2		0.6	-1.2	-8.3	7.7
Miscellaneous other provisions	83.8		18.3	-11.7		17.6	-3.1	-27.6	77.3
	108.1	**–**	**20.4**	**-12.2**	**–**	**9.3**	**-4.3**	**-36.3**	**85.0**

Development of Other Provisions During the Prior Year

in € million	As of Jan. 1, 2022 (adjusted)	Changes in scope of consolidation	Additions	Reversals	Interest accretion to provisions	Transfer	Utilization	As of Dec. 31, 2022 (adjusted)
Other provisions								
Environmental remediation	10.2	–	–	-0.5	–	0.0	-0.1	9.6
Personnel obligations	10.5	–	13.1	-0.2	–	0.9	-9.6	14.7
Miscellaneous other provisions	57.6	-0.5	39.4	-12.2	–	21.0	-21.5	83.8
	78.3	**-0.5**	**52.5**	**-12.9**	**-**	**21.9**	**-31.2**	**108.1**

Reversals of provisions are generally offset against the expense items for which they were originally established.

The provisions for environmental remediation primarily refer to site remediation at the former Kabelwerk Köpenick cable factory. The cost estimates are based on expert opinions detailing the anticipated duration of the remediation work and the anticipated cost.

The personnel obligations relate primarily to provisions for bonuses and severance payments and other personnel expenses.

Miscellaneous other provisions include cost items related to legal disputes in the amount of € 20.1 million (December 31, 2022: € 21.7 million) and litigation costs of € 16.0 million (December 31, 2022: € 15.8 million).

The Group expects to settle the lion’s share of the provisions over the coming year.

36 Trade Payables

in € million	Dec. 31, 2022 non-current	Dec. 31, 2022 current	Dec. 31, 2023 non-current	Dec. 31, 2023 current
Liabilities				
Outstanding trade invoices	–	89.4	–	46.1
From property letting	–	31.5	–	29.2
From other supplies and services	19.4	26.8	2.6	99.4
	19.4	**147.7**	**2.6**	**174.7**

37 Non-derivative Financial Liabilities

in € million	Dec. 31, 2022 non-current	Dec. 31, 2022 current	Dec. 31, 2023 non-current	Dec. 31, 2023 current
Non-derivative financial liabilities				
Liabilities to banks	4,646.0	464.5	4,452.0	177.6
Liabilities to other creditors	3,828.2	3.8	3,796.3	21.8
Deferred interest from non-derivative financial liabilities	–	33.4	–	34.6
	8,474.2	**501.7**	**8,248.3**	**234.0**

Accounting Policies

Deutsche Wohnen recognizes **non-derivative financial liabilities**, which mainly include liabilities to banks and to investors, at their fair value on the day of trading, less the directly attributable transaction costs (this generally corresponds to the acquisition cost). These liabilities are subsequently measured at amortized cost using the effective interest method. Financial liabilities are derecognized when Vonovia's obligations specified in the contract expire or are discharged or canceled.

Liabilities bearing no interest or interest below market rates in return for occupancy rights at rents below the prevailing market rates are recorded at present value.

Deferred interest is presented as current in order to show the cash effectiveness of the interest payments transparently. In principle, the deferred interest is part of the non-derivative financial liability. Of the deferred interest from non-derivative financial liabilities, € 13.6 million (December 31, 2022: € 13.6 million) is from bonds reported under non-derivative financial liabilities to other creditors.

The non-derivative financial liabilities developed as follows in the fiscal year under review:

in € million	As of Jan. 1, 2023	New loans	Scheduled repayments	Unscheduled repayments	Adjusted for effective interest method	Transfer into discontinued operations	Other adjustments	As of Dec. 31, 2023
Bond	1,735.7	–	–	–	3.9	–	–	1,739.6
Registered bond	472.3	–	–	–	0.4	–	–	472.7
Bearer bond	1,246.0	–	–	–	1.2	–	–	1,247.2
Promissory note loan	50.0	–	–	–	–	–	–	50.0
Mortgages	5,434.3		-401.6	-60.9	1.7	-35.9	0.6	4,938.2
	8,938.3	**–**	**-401.6**	**-60.9**	**7.2**	**-35.9**	**0.6**	**8,447.7**

The non-derivative financial liabilities developed as follows in the previous year:

in € million	As of Jan. 1, 2022	New loans	Scheduled repayments	Unscheduled repayments	Adjusted for effective interest method	Other adjustments	As of Dec. 31, 2022
Bond	1,806.1	–	–	-65.0	5.9	-11.3	1,735.7
Commercial paper	150.0	–	-150.0	–	–	–	–
Registered bond	471.8	–	–	–	0.5	–	472.3
Bearer bond	1,344.7	–	-100.0	–	1.3	–	1,246.0
Promissory note loan	50.0	–	–	–	–	–	50.0
Mortgages	5,814.8	40.0	-52.3*	-372.1	3.9	–	5,434.3
	9,637.4	**40.0**	**-302.3**	**-437.1**	**11.6**	**-11.3**	**8,938.3**

* Repayments include debt servicing not yet rendered not affecting cash in the amount of € 3.9 million.

The maturities and average interest rates of the nominal obligations for non-derivative financial liabilities are as follows during the fiscal year:

				Repayment of the nominal obligations is as follows:					
in € million	Nominal obligation Dec. 31, 2023	Maturity	Average interest rate	2024	2025	2026	2027	2028	from 2029
Bond*	1,760.7	2030	1.12%	–	589.7	–	–	–	1,171.0
Registered bond*	475.0	2029	1.53%	–	–	100.0	70.0	50.0	255.0
Bearer bond*	1,260.2	2032	1.77%	–	–	–	33.5	10.0	1,216.7
Promissory note loan*	50.0	2030	0.80%	–	–	–	–	–	50.0
Mortgages**	4,949.2	2028	2.01%	198.8	893.4	787.8	778.4	1,064.8	1,226.0
	8,495.1			**198.8**	**1,483.1**	**887.8**	**881.9**	**1,124.8**	**3,918.7**

* Under the conditions of existing loan agreements, Deutsche Wohnen is obliged to fulfill certain financial covenants, which it fulfilled.
** For a portion of the mortgages, Deutsche Wohnen is obliged to fulfill certain financial covenants, which it fulfilled.

In the previous year, the maturities and average interest rates of the nominal obligations for non-derivative financial liabilities were as follows:

in € million	Nominal obligation Dec. 31, 2022	Maturity	Average interest rate	Repayment of the nominal obligations is as follows: 2023	2024	2025	2026	2027	from 2028
Bond*	1,760.7	2030	1.15%	–	–	589.7		–	1,171.0
Registered bond*	475.0	2029	1.53%	–	–	–	100.0	70.0	305.0
Bearer bond*	1,260.2	2032	1.78%	–	–	–	–	33.5	1,226.7
Promissory note loan*	50.0	2030	0.80%	–	–	–	–	–	50.0
Mortgages**	5,447.5	2027	1.77%	466.8	201.1	928.5	788.3	779.0	2,283.9
	8,993.4			**466.8**	**201.1**	**1,518.2**	**888.3**	**882.5**	**5,036.6**

* Under the conditions of existing loan agreements, Deutsche Wohnen is obliged to fulfill certain financial covenants, which it fulfilled.
** For a portion of the mortgages, Deutsche Wohnen is obliged to fulfill certain financial covenants, which it fulfilled.

The loan repayments shown for the following years contain contractually fixed minimum repayment amounts.

Of the nominal obligations to creditors, € 4,949.2 million (December 31, 2022: € 5,447.5 million) are secured by land charges and other collateral (account pledge agreements, assignments, pledges of company shares and guarantees of Deutsche Wohnen SE or other Group companies). In the event that payment obligations are not fulfilled, the securities provided are used to satisfy the claims of the banks.

Financial liabilities to banks and other creditors have an average interest rate of approximately 1.76%. The financial liabilities as a whole do not contain any significant short-term interest rate risks as they relate either to loans with long-term fixed interest rates or variable-interest liabilities that are hedged using suitable derivative financial instruments (see → **[G49] Financial Risk Management**).

Repayment of Secured Financing

Deutsche Wohnen repaid secured financing in the amount of € 281.8 million as scheduled in March 2023.

38 Derivatives

in € million	Dec. 31, 2022 non-current	Dec. 31, 2022 current	Dec. 31, 2023 non-current	Dec. 31, 2023 current
Derivatives				
Stand-alone derivatives			7.6	
Deferred interest from derivatives		0.1	0.1	
		0.1	**7.7**	

Regarding derivative financial liabilities please refer to the chapters → **[G47] Additional Financial Instrument Disclosures** and → **[G51] Cash Flow Hedges and Stand-alone Hedging Instruments.**

39 Leases

Accounting Policies

IFRS 16 Leases, which has applied as a mandatory requirement since January 1, 2019, introduces only one accounting model (right-of-use) for lessees, based on which all leases are to be recognized in the balance sheet as a matter of principle. The distinction between operating and finance leases only remains in place for accounting as the lessor.

All contracts that give the Deutsche Wohnen Group the right to control the use of an identified asset over a certain period of time in return for consideration are considered **leases** within the meaning of IFRS 16.

For all lease contracts that meet the definition of leases according to IFRS 16, Vonovia recognizes lease liabilities equal to the present value of the future lease payments, discounted using the term-specific incremental borrowing rate. Correspondingly, right-of-use assets are recognized in the amount of the lease liabilities, plus any advance payments or any initial direct costs.

The lease liabilities are adjusted in line with financial principles. They are increased by the periodic interest expenses and reduced by the lease payments made.

The right-of-use assets are generally recognized at amortized cost, taking depreciation and impairments into account. Right-of-use assets that meet the definition of investment properties (IAS 40) are recognized at fair value in line with the recognition and measurement rules set out in IAS 40.

Changes within the lease term or within the lease payments lead to a remeasurement of the present value and, as a result, to an adjustment of the lease liability and the right-of-use asset.

Periods resulting from extension or termination options granted on a unilateral basis are assessed on a lease-by-lease basis and are only taken into account if their use is sufficiently probable – for example, due to financial incentives.

There is an accounting option available for short-term leases and leases of low-value assets. Deutsche Wohnen makes use of this option, meaning that such leases are not recognized. As far as rented meter-reading technology is concerned, portfolios are set up for leases with the same terms and a single discount rate has been applied to these portfolios.

Such variable lease payments, which are not included in the measurement of the lease liabilities, as well as lease payments associated with short-term leases, with leases of low-value assets and with lease contracts that do not meet the definition of leases according to IFRS 16 are recognized as expenses on a straight-line basis over the lease term.

In addition to the leasing of nursing care properties for subleasing (interim rental agreements), reported under the assets/liabilities of discontinued operations as of December 31, 2023, the Deutsche Wohnen Group also leases heat generation plants to supply the Group's own properties with heat (contracting) and water and heat meters (metering technology). Long-term leasehold contracts involve leasing land for the rental of constructed residential and commercial properties. These contracts generally have a term of 99 years.

Development of Right-of-use Assets

in € million	Dec. 31, 2022	Dec. 31, 2023
Right-of-use assets		
Leasehold contracts	60.1	71.2
Interim rental agreements	2.1	-
Right-of-use assets within investment properties	**62.2**	**71.2**
Lease agreements for commercial premises	1.4	-
Contracting	80.1	66.6
Vehicle leases	0.8	-
Metering technology	22.6	16.2
Right-of-use assets within property, plant and equipment	**104.9**	**82.8**
	167.1	**154.0**

As of December 31, 2023, the right-of-use assets resulting from leases amount to € 154.0 million (2022: € 167.1 million).

The right-of-use assets amounting to € 71.2 million reported under **investment properties** result from leasehold contracts that have been concluded. The other right-of-use assets totaling € 82.8 million are reported under **property, plant and equipment** and include right-of-use assets resulting from heating supply contracts (€ 66.6 million) and leased metering technology (€ 16.2 million). The € -13.1 million year-on-year drop in right-of-use assets is mainly due to amortization (€ -15.7 million).

Development of Lease Liabilities

in € million	Dec. 31, 2022 Due within one year	Dec. 31, 2022 Due in 1 to 5 years	Dec. 31, 2022 Due after 5 years	Dec. 31, 2023 Due within one year	Dec. 31, 2023 Due in 1 to 5 years	Dec. 31, 2023 Due after 5 years
Lease liabilities						
Leasehold contracts (IAS 40)	0.2	0.8	19.4	0.2	0.9	19.2
Interim rental agreements (nursing care properties)	0.5	1.5	–	–	–	–
Lease agreements for commercial premises	0.3	0.7	0.5	–	–	–
Contracting	9.9	35.1	36.0	10.4	26.1	31.8
Vehicle leases	0.4	0.5	–	–	–	–
Metering technology	3.2	12.4	7.2	3.2	10.4	2.9
	14.5	**51.0**	**63.1**	**13.8**	**37.4**	**53.9**

As of December 31, 2023, the lease liabilities amount to € 105.1 million (2022: € 128.6 million). The decrease of € -23.5 million as against the previous year is due primarily to repayments made in the 2023 fiscal year, in particular for contracts for leased heat generation plants (€ -10.9 million) and metering technology (€ -3.2 million).

Totaling € 53.8 million, more than half of the lease liabilities recognized as of December 31, 2023 is due after more than five years.

The following table shows the development of the right-of-use assets reported under property, plant and equipment:

in € million	Carrying amount of right-of-use assets Jan. 1, 2023	Additions 2023	Depreciation 2023	Transfer into discontinued operations	Carrying amount of right-of-use assets Dec. 31, 2023	Interest expenses 2023
Lease agreements for commercial premises	1.4	0.1	-0.3	-1.2	–	–
Contracting	80.1	3.3	-11.7	-0.7	66.6	1.9
Vehicle leases	0.8	–	-0.2	-0.3	–	–
Metering technology	22.6	8.7	-3.5	–	16.2	0.7
	104.9	**12.1**	**-15.7**	**-2.2**	**82.8**	**2.6**

in € million	Carrying amount of right-of-use assets Jan. 1, 2022	Additions 2022	Depreciation 2022	Carrying amount of right-of-use assets Dec. 31, 2022	Interest expenses 2022 (adjusted)
Contracting	44.6	49.2	-10.7	80.1	1.0
Vehicle leases	0.7	0.7	-0.5	0.8	0.0
Lease agreements for commercial premises	8.9	0.5	-2.1	1.4	0.1
Metering technology	39.2	0.8	-5.4	22.6	0.2
	93.4	**51.2**	**-18.7**	**104.9**	**1.3**

The interest expenses recognized in the 2023 fiscal year resulting from leases pursuant to IFRS 16 amounted to € 3.2 million (2022: € 1.9 million).

In the 2023 fiscal year, a total of 42 lease contracts (2022: four) were classified as short-term leases and thus were not recognized in line with the accounting option available. The corresponding expenses, recognized in the 2023 fiscal year, amounted to € 0.1 million (2022: € 0.0 million). Expenses relating to leases of low-value assets amounting to € 1.2 million in the 2023 fiscal year (2022: € 0.1 million) mostly result from leased office equipment. Expenses totaling € 28.7 million were incurred in connection with variable lease payments made in the 2023 fiscal year (2022: € 19.1 million). These have not been included in the measurement of lease liabilities.

In addition to variable lease payments as well as payments resulting from short-term leases and low-value assets, each included in the cash flow from operating activities, interest payments and repayments of lease liabilities totaling € 18.7 million were incurred in the 2023 fiscal year (2022: € 20.7 million). Thus, the total cash outflow for leases in the reporting year amounted to € 48.7 million (2022: € 39.9 million).

Income from subleasing of rented nursing care properties and metering technology amounted to € 4.5 million in the reporting year (2022: € 6.0 million).

40 Liabilities to Non-controlling Interests

Accounting Policies

Liabilities to non-controlling interests, which include obligations from the guaranteed dividend agreements, in particular, are stated at fair value when they are recognized for the first time. The fair value is, in principle, determined by the value of the respective company; if a contractually agreed minimum purchase price is higher than this amount, this purchase price is recognized.

The liabilities to non-controlling interests relate especially to the obligations to pay several guaranteed dividends under valid profit-and-loss transfer agreements or co-investor agreements in an amount of € 190.5 million (December 31, 2022: € 196.3 million).

41 Other Liabilities

	Dec. 31, 2022 (adjusted)		Dec. 31, 2023	
in € million	non-current	current	non-current	current
Advance payments received	–	13.5	–	16.3
Accruals		14.8	–	7.4
Other taxes		18.3	–	5.9
Miscellaneous other liabilities	–	20.7	0.1	7.4
	-	**67.3**	**0.1**	**37.0**

Section (F): Corporate Governance Disclosures

42 Related Party Transactions

Deutsche Wohnen had business relationships with unconsolidated parent companies, subsidiaries and sister companies in the 2023 fiscal year. These transactions resulted from the normal exchange of deliveries and services and are shown in the table below:

in € million	Provided services 2022	Provided services 2023	Purchased services 2022	Purchased services 2023	Receivables Dec. 31, 2022	Receivables Dec. 31, 2023	Liabilities Dec. 31, 2022	Liabilities Dec. 31, 2023	Advanced payments Dec. 31, 2022	Advanced payments Dec. 31, 2023
Associated companies	44.8	47.5	25.7	15.4	646.5	666.2	0.1	2.8	290.1	422.2
Joint ventures	9.8	11.6	265.8	118.0	173.1	171.1	6.3	0.2	17.3	22.3
Other non-consolidated subsidiaries	11.3	82.7	0.3	301.7	870.0	334.9	–	65.3	–	57.4
	65.9	**141.8**	**291.7**	**435.1**	**1,689.6**	**1,172.1**	**6.4**	**68.3**	**307.4**	**501.9**

Deutsche Wohnen has significant business relationships with the Vonovia Group. In January 2022, Vonovia SE was granted a loan with a value of € 320.0 million as of December 31, 2023 (December 31, 2022: € 870.0 million). The loan has an original maturity of three years and the current interest rate is 0.60% p. a. above the one-month EURIBOR, but at least 0.60%. The interest income from the loan extended to Vonovia SE amounted to € 18.0 million (2022: € 11.3 million) in the 2023 fiscal year.

Deutsche Wohnen also recognized receivables from cost allocations of € 6.5 million as of December 31, 2023 (December 31, 2022: € 0.0 million) and liabilities of € 15.9 million (December 31, 2022: € 0.0 million) to the Vonovia Group, and provided services within this context in the amount of € 56.5 million (December 31, 2022: € 0.0 million), receiving services worth € 109.6 million (December 31, 2022: € 0.0 million). As in the previous year, liabilities to the Vonovia Group also include obligations from a guarantee payment in the amount of € 9.6 million. In addition, as of June 30, 2023, Deutsche Wohnen had purchased maintenance and modernization services, caretaker and craftsmen's services as well as energy services in the amount of € 183.2 million (December 31, 2022: € 0.0 million) from Vonovia Group companies. Within this context, there are liabilities of € 44.4 million as of the reporting date (December 31, 2022: € 0.0 million).

As of December 31, 2023, Deutsche Wohnen's other significant business relations were with the QUARTERBACK Group. As of December 31, 2023, loan receivables were recognized in the amount of € 814.3 million (December 31, 2022: € 781.8 million), with € 664.8 million (December 31, 2022: € 672.1 million) repayable in 12 months and € 149.5 million (December 31, 2022: € 109.7 million) in three years. The average interest rate for the loans is 7.9%. The interest income from the loans extended to the Quarterback Group amounted to € 58.1 million (2022: € 46.0 million) in the 2023 fiscal year. As of December 31, 2023, there were also interest receivables in the amount of € 17.0 million (December 31, 2022: € 28.0 million).

There are real estate project sales of the QUARTERBACK Group to Deutsche Wohnen in the amount of € 876.0 million (December 31, 2022: € 876.0 million), for which Deutsche Wohnen had made advance payments of € 501.9 million in total as of December 31, 2023 (December 31, 2022: € 307.4 million).

In connection with agency services contracted by the QUARTERBACK Group in the amount of € 12.4 million (2022: € 24.2 million), Deutsche Wohnen has outstanding balances on liabilities of € 2.8 million as of December 31, 2023 (December 31, 2022: € 0.1 million). As of December 31, 2023, there is also a guarantee to secure non-current loan liabilities of the QUARTERBACK Group in the amount of € 12.3 million (December 31, 2022: € 12.3 million).

As of December 31, 2023, Deutsche Wohnen has outstanding balances on receivables of € 0.0 million (December 31, 2022: € 0.6 million) vis-à-vis G+D Gesellschaft für Energiemanagement mbH, Magdeburg. In the reporting period, services worth € 0.3 million (2022: € 3.7 million) were provided to G+D Gesellschaft für Energiemanagement mbH, Magdeburg, while services worth € 116.6 million (2022: € 144.2 million) were purchased.

As of December 31, 2023, Deutsche Wohnen had purchased services in the amount of € 2.6 million (December 31, 2022: € 3.7 million) from Comgy GmbH.

There were also loan receivables of € 5.7 million from OLYDO Projektentwicklungsgesellschaft mbH, Berlin, as of December 31, 2023 (December 31, 2022: € 13.5 million), which are to be repaid within 24 months. The loan has a fixed interest rate of 3.0%. An impairment loss of € 12.0 million was recognized for the loan receivable in 2023.

At Deutsche Wohnen, the individuals in key positions pursuant to IAS 24 include the members of the Management Board and the Supervisory Board of Deutsche Wohnen SE.

The emoluments to key management personnel, which are subject to a disclosure requirement under IAS 24, include the remuneration of the active members of the Management Board and Supervisory Board in the current fiscal year.

The active members of the Management Board and Supervisory Board received the following remuneration:

in € million	2022	2023
Short-term benefits	2.3	1.4
Long-term benefits	1.0	-0.1
	3.3	**1.3**

A provision has been recognized for payments due in the short term which amounted to € 0.8 million as of December 31, 2023 (December 31, 2022: € 1.3 million). As of December 31, 2023, the provisions for payments due in the long term came to € 0.1 million (December 31, 2022: € 0.2 million).

The payments due in the short term include the basic remuneration, the short-term variable remuneration and the fringe benefits.

As part of the payments due in the long term, the members of the Management Board are granted an annual LTIP over a performance period of four years. The amount of the LTIP depends on the achievement of specific financial targets and, in general, also on the achievement of specific sustainability targets.

The Management Board and Supervisory Board members were not granted any loans or advances.

43 Share-based Payments

Accounting Policies

The cash-settled share-based payments are shown under other provisions and remeasured at fair value at each reporting date. The expenses are also recognized as personnel expenses over the vesting period (see → **[E35] Provisions**).

As of the 2023 fiscal year, the Group works council agreement entitled "Employee Profit Share" applies to some parts of the company. The eligible employees have to have had at least one full year of service as of December 31 of the calendar year concerned to participate. Shares with a value of between € 90 and € 360 at the most are granted to employees, depending on their gross annual salary, without the employees having to make any contribution of their own. The shares granted are subject to a vesting period of six months. The costs associated with the securities deposit account are borne by Deutsche Wohnen.

The new employee share program results in total expenses of € 0.5 million in the 2023 reporting year (2022: € 0.0 million).

44 Remuneration

Remuneration of the Supervisory Board

The members of the Supervisory Board received total remuneration of € 0.4 million (2022: € 0.8 million) for their work during the 2023 fiscal year.

Total Remuneration of the Management Board

The total remuneration paid to the members of the Management Board comprises the following:

Total remuneration of the Management Board in €	Total remuneration	
	2022	**2023**
Non-performance-related remuneration	1,010,000	778,526
Performance-related remuneration	506,000	238,203
Bonus payments	20,875	–
Total remuneration	**1,536,875**	**1,016,729**

The remuneration paid to the Management Board members includes the remuneration for all mandates at Deutsche Wohnen Group companies, subsidiaries and participating interests.

Management Board Members and Their Surviving Dependents

There are no defined benefit obligations (DBO) to former members of the Management Board or their surviving dependents. No remuneration was granted to former members of the Management Board or their surviving dependents for the 2023 fiscal year (2022: € 3.6 million).

45 Auditors' Fees

KPMG AG Wirtschaftsprüfergesellschaft was appointed as the auditor of the consolidated financial statements until the end of the 2022 fiscal year. Due to the mandatory legal rotation of the auditor required by law, a new auditor was appointed in the 2023 fiscal year. In the 2023 fiscal year, the Annual General Meeting elected PricewaterhouseCoopers GmbH (PwC) as the new auditor of the consolidated financial statements.

In the fiscal year, the following fees (including expenses and excluding VAT) have been recognized for the services rendered by the Group auditors PwC GmbH Wirtschaftsprüfungsgesellschaft:

in € million	2023
Audits	2.7
Other confirmation services	0.1
	2.8

46 Declaration of Conformity with the German Corporate Governance Code

In December 2023, the Management Board and the Supervisory Board issued a Declaration of Conformity with the recommendations of the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG) and made it permanently available on the **company's website**.

Other Notes and Disclosures

47 Additional Financial Instrument Disclosures

Measurement categories and classes: in € million	Carrying amounts Dec. 31, 2023
Assets	
Cash and cash equivalents	
Cash on hand and deposits at banking institutions	157.1
Trade receivables	
Receivables from the sale of properties	13.1
Receivables from property letting	40.8
Other receivables from trading	17.5
Receivables from the sale of real estate inventories	68.9
Financial assets	
Investments valued at equity	126.3
Finance lease receivables	15.7
Loans to affiliated companies	320.0
Other loans	0.6
Other loans to associates and joint ventures	837.3
Other investments	33.8
Derivative financial assets	
Cash flow hedges – no classification in accordance with IFRS 9	12.6
Stand-alone interest rate swaps and interest rate caps	27.7
Liabilities	
Trade payables	177.3
Bonds	1,739.6
Non-derivative financial liabilities	6,742.7
Derivative financial liabilities	
Stand-alone interest rate swaps and interest rate caps	7.6
Deferred interest from derivatives	0.1
Lease liabilities	105.1
Liabilities to non-controlling interests	9.5

Amounts recognized in balance sheet in accordance with IFRS 9						
Amortized cost	Fair value affecting net income	Fair value recognized in equity without reclassification	Hedge accounting – no classification in accordance with IFRS 9	Amounts recognized in balance sheet in acc. with IFRS 16/IAS 28	Fair value Dec. 31, 2023	Fair value hierarchy level
157.1					157.1	n.a.
13.1					13.1	n.a.
40.8					40.8	n.a.
17.5					17.5	n.a.
68.9					68.9	n.a.
				126.3		n.a.
				15.7		n.a.
320.0					320.0	2
0.6					0.6	2
837.3					837.3	2
	33.8				33.8	3
			12.6		12.6	2
	27.7				27.7	2
177.3					177.3	n.a.
					1,518.7	1
6,742.7					6,621.0	2
	7.6				7.6	2
	0.1				0.1	2
				105.1		n.a.
9.5					9.5	n.a.

Measurement categories and classes: in € million	Carrying amounts Dec. 31, 2022
Assets	
Cash and cash equivalents	
Cash on hand and deposits at banking institutions	184.3
Trade receivables	
Receivables from the sale of properties	0.4
Receivables from property letting	15.0
Other receivables from trading	14.2
Receivables from the sale of real estate inventories	–
Financial assets	
Investments valued at equity	208.0
Finance lease receivables	23.8
Non-current loans to affiliated companies	870.0
Other non-current loans to associates and joint ventures	830.4
Other investments	39.6
Derivative financial assets	
Cash flow hedges – no classification in accordance with IFRS 9	23.9
Stand-alone interest rate swaps and interest rate caps	42.7
Liabilities	
Trade payables	167.1
Non-derivative financial liabilities	8,975.9
Derivative financial liabilities	
Deferred interest from derivatives	0.1
Lease liabilities	128.6
Liabilities to non-controlling interests	196.3

A sensitivity analysis revealed that, for the variable-rate loan granted to Vonovia SE, a parallel shift in the interest structure of 50 basis points would have an effect in the income statement of € +1.6 million/€ -1.6 million (December 31, 2022: € +4.4 million/€ -4.4 million).

The section below also provides information on the financial assets and financial liabilities not covered by IFRS 9:

> Provisions for pensions and similar obligations: € 50.2 million (December 31, 2022: € 73.2 million).

Amounts recognized in balance sheet in accordance with IFRS 9						
Amortized cost	Fair value affecting net income	Fair value recognized in equity without reclassification	Hedge accounting – no classification in accordance with IFRS 9	Amounts recognized in balance sheet in acc. with IFRS 16/IAS 28	Fair value Dec. 31, 2022	Fair value hierarchy level
184.3					184.3	n.a.
0.4					0.4	n.a.
15.0					15.0	n.a.
14.2					14.2	n.a.
						n.a.
				208.0		n.a.
				23.8		n.a.
870.0					870.0	2
830.4					830.4	2
		39.6			39.6	3
	0.1		23.8		23.9	2
	42.7				42.7	2
167.1					167.1	n.a.
8,975.9					7,762.0	2
	0.1				0.1	2
				128.6		n.a.
196.3					196.3	n.a.

The following table shows the assets and liabilities that are recognized in the balance sheet at fair value and their classification according to the fair value hierarchy:

in € million	Dec. 31, 2023	Level 1	Level 2	Level 3
Assets				
Investment properties	23,021.5			23,021.5
Financial assets				
Other investments	33.8			33.8
Assets held for sale				
Investment properties (contract closed)	74.0		74.0	
Derivative financial assets				
Cash flow hedges	12.6		12.6	
Stand-alone interest rate swaps and caps	27.7		27.7	
Liabilities				
Derivative financial liabilities				
Accrued interest from derivatives	0.1		0.1	
Stand-alone interest rate swaps and caps	7.6		7.6	

in € million	Dec. 31, 2022	Level 1	Level 2	Level 3
Assets				
Investment properties	27,301.9			27,301.9
Financial assets				
Non-current securities	–	–		
Other investments	39.6	–		39.6
Assets held for sale				
Investment properties (contract closed)	2.4		2.4	
Derivative financial assets				
Cash flow hedges	23.9		23.9	
Stand-alone interest rate swaps and caps	42.7		42.7	
Liabilities				
Derivative financial liabilities				
Accrued interest from derivatives	0.1		0.1	
Stand-alone interest rate swaps and caps	–		–	

Accounting Policies

In general, Deutsche Wohnen measures its investment properties on the basis of the discounted cash flow (DCF) methodology (**Level 3**). The material valuation parameters and valuation results can be found the chapter → **[D25] Investment Properties**.

The investment properties classified as assets held for sale are recognized at the time of their transfer to assets held for sale at their new fair value, the agreed purchase price (**Level 2**).

Securities and shares in listed companies included in other investments are generally measured using the quoted prices in active markets (**Level 1**).

All **investments in equity instruments** that do not relate to associates are measured at fair value in other comprehensive income. The Group's primary aim is to hold its investments in equity instruments in the long term for strategic purposes. Measurement is at Level 3, as the share price of the relevant investments and the partly underlying cash flows are not directly observable. They are measured either directly via the share price or using a discounted cash flow model.

The fair value of the **bonds** listed on the market is calculated based on the market prices that apply on the reporting date **(Level 1)**.

The fair value of the **other non-derivative financial liabilities** is calculated by means of a discounted cash flow (DCF) model. In addition to the tenor-specific EURIBOR rates (3M; 6M), Deutsche Wohnen's own credit risk is also used here **(Level 2)**.

For the measurement of **derivative financial instruments**, cash flows are first calculated and then discounted. In addition to the tenor-specific EURIBOR rates (3M; 6M), the respective credit risk is taken as a basis for discounting. Depending on the expected cash flows, either Deutsche Wohnen's own credit risk or the counterparty risk is taken into account in the calculation.

The amount of the estimated **impairment loss on cash and cash equivalents** was calculated based on the losses expected over a period of twelve months.

No financial instruments were reclassified to different hierarchy levels as against the comparative period.

For the consolidated financial statements, Deutsche Wohnen's own credit risk was fundamentally relevant for interest rate swaps. This credit risk is derived for material risks from rates observable on the capital markets and ranges from 10 to 160 basis points, depending on the residual maturities of financial instruments.

The fair values of the cash and cash equivalents, trade receivables and other financial receivables approximate their carrying amounts at the reporting date owing to their mainly short maturities.

It was determined that the cash and cash equivalents have a low risk of default due to the external ratings and short residual maturities and that there is no need for any material impairment of cash and cash equivalents.

				From subsequent measurement							
in € million	From interest	Income from other loans	Dividends from other investments	Impairment losses	Expected credit loss Other loans to associates	Derecognized receivables	Derecognized liabilities	Financial result affecting income 2023	Measurement of cash flow hedges	Measurement of financial instruments categorized as equity instruments	Total financial result 2023
2023											
Debt instruments carried at (amortized) cost	9.8	76.7		-1.5	-12.0	-3.5		69.5	–	–	69.5
Derivatives measured at FV through P&L	-7.7							-7.7		–	-7.7
Effective hedge accounting – no classification in accordance with IFRS 9								–	-11.1		-11.1
Equity instruments measured at FV	-5.8		–					-5.8	–	–	-5.8
Financial liabilities measured at (amortized) cost	-173.3		–					-173.3	–	–	-173.3
	-177.0	**76.7**	**–**	**-1.5**	**-12.0**	**-3.5**	**–**	**-117.3**	**-11.1**	**–**	**-128.4**

				From subsequent measurement							
in € million	From interest	Income from other loans	Dividends from other investments	Impairment losses	Expected credit loss Other loans to associates	Derecognized receivables	Derecognized liabilities	Financial result affecting income 2022	Measurement of cash flow hedges	Measurement of financial instruments categorized as equity instruments	Total financial result 2022
2022 (adjusted)											
Debt instruments carried at (amortized) cost	19.2	57.9	–	-4.6	-20.1	0.2	–	52.6	–	–	52.6
Derivatives measured at FV through P&L	48.3	–	–	–	–	–	–	48.3		–	48.3
Effective hedge accounting – no classification in accordance with IFRS 9	–	–	–	–	–	–	–	–	34.5		34.5
Equity instruments measured at FV	3.2	–	0.5	–	–	–	–	3.7	–	–	3.7
Financial liabilities measured at (amortized) cost	-119.4	–	–	-0.3	–	–		-119.7	–	–	-119.7
	-48.7	**57.9**	**0.5**	**-4.9**	**-20.1**	**0.2**	**-**	**-15.0**	**34.5**	**-**	**19.5**

48 Information on the Consolidated Statement of Cash Flows

Accounting Policies

The **statement of cash flows** shows how Deutsche Wohnen's cash has changed during the reporting year as a result of cash inflows and outflows. In accordance with IAS 7 (Statement of Cash Flows), a distinction is made between changes in cash flow from operating activities, investing activities and financing activities.

The cash flow from operating activities is determined from the profit for the period using the indirect method, with the profit for the period being adjusted for effects of transactions that are not cash-effective, any deferrals or accruals of past or future operating cash receipts or payments as well as items of income or expense associated with investing or financing cash flows.

The effects of changes in the scope of consolidation are shown separately. Therefore, direct comparison with the corresponding changes in the items of the consolidated balance sheet is not possible.

The proceeds from the disposal of intangible assets, property, plant and equipment and investment properties are shown in cash flow from investing activities.

Exercising the IAS 7 option, interest received is shown under cash flow from investing activities and interest paid is shown under cash flow from financing activities.

The item "Payments for acquisition of investment properties" mainly shows expenses for modernization measures.

49 Financial Risk Management

In the course of its business activities, Deutsche Wohnen is exposed to various financial risks. The Group-wide financial risk management system aims to identify any potentially negative impact on the financial position of the Group early on and take suitable measures to limit this impact. For the structure and organization of financial risk management, we refer to the management report (see → **Risk Management Structure and Instruments**).

Market Risks

Interest Rate Risks

In the course of its business activities, Deutsche Wohnen is exposed to cash-effective interest rate risks as a result of floating-rate debt as well as new and follow-on loans. Within this context, the interest markets are continually monitored by the Corporate Finance department. Its observations are incorporated into the financing strategy.

As part of its financing strategy, Deutsche Wohnen uses derivative financial instruments, in particular interest rate swaps and caps, to limit or manage interest rate risks. Deutsche Wohnen's policies permit the use of derivatives only if they are associated with underlying assets or liabilities, contractual rights or obligations and planned, highly probable transactions.

A sensitivity analysis for cash flow hedges is provided under the chapter → **[G51] Cash Flow Hedges and Stand-alone Hedging Instruments**.

Credit Risks

Deutsche Wohnen is exposed to a default risk resulting from the potential failure of a counterparty to fulfill its part of the contract. In order to minimize risks, major financial transactions are only executed with banks and partners whose credit rating has been found by a rating agency to be at least investment grade. The counterparty risks are managed and monitored centrally by the Corporate Finance department.

Liquidity Risks

The companies of Deutsche Wohnen are financed by borrowings to a notable degree. Due to their high volume, the loans are in some cases exposed to a considerable refinancing risk. The liquidity risks arising from financing transactions with high volumes (volume risks) have become apparent in the financial sector, especially in the wake of the financial crisis. In order to limit these risks, Deutsche Wohnen is in constant contact with many different market players, continuously monitors all financing options available on the capital and banking markets and uses these options in a targeted manner. Moreover, Deutsche Wohnen subjects its existing financing to an early review prior to the respective final maturity date in order to ensure refinancing.

Under the conditions of existing loan agreements, Deutsche Wohnen is obliged to fulfill certain financial covenants such as the debt service coverage ratio or debt-equity ratio. If financial covenants are violated, the breach is not rectified within cure periods and no mutually acceptable agreement can be reached with the lenders, the financing may be restructured and the cost structure changed. Should all commonly practiced solutions be unsuccessful, the lenders could call in the loan. The fulfillment of these financial covenants is continually monitored by the Corporate Finance department on the basis of current actual figures and budgetary accounting.

In order to ensure its ability to pay at all times, Deutsche Wohnen has put a system-supported cash management system in place. This system monitors and optimizes Deutsche Wohnen's cash flows on an ongoing basis and provides the Management Board with regular reports on the Group's current liquidity situation. Liquidity management is supplemented by short-term rolling, monthly liquidity planning for the current fiscal year, of which the Management Board is also promptly notified. In order to minimize credit risks, large amounts of cash on hand are avoided wherever possible. In the event that large reserves are necessary on a short-term basis due to pending investments or refinancing, these are distributed among various instruments and banking partners with good credit ratings.

The following table shows the forecast for undiscounted cash flows of the non-derivative financial liabilities and derivative financial instruments for the 2023 reporting year. The loan repayments shown for the following years contain only contractually fixed minimum repayment amounts:

		2024		2025		2026 to 2030		from 2031	
in € million	Carrying amount as of Dec. 31, 2023	Interest	Repayment	Interest	Repayment	Interest	Repayment	Interest	Repayment
Non-derivative financial liabilities									
Liabilities to banks	4,629.6	117.4	177.6	106.0	890.0	208.3	3,486.4	26.0	86.0
Liabilities to other creditors	3,818.1	34.6	21.2	34.6	593.1	160.3	1,167.3	67.1	2,073.4
Deferred interest from other non-derivative financial liabilities	34.6	34.6	–	–	–	–	–	–	–
Lease liabilities	105.1	2.8	13.8	2.4	12.0	8.5	38.0	37.0	41.3
Derivative financial assets and liabilities									
Cash flow hedges/stand-alone interest rate derivatives	-32.7	-23.0	–	-21.1	–	-40.0	–	–	–
Deferred interest from swaps	0.1	0.1	–	–	–	–	–	–	–

Another maturity band for the remaining term was added to the information from the 2023 fiscal year onwards. The prior-year figures have not been restated.

		2023		2024		2025 to 2029	
in € million	Carrying amount as of Dec. 31, 2022	Interest	Repayment	Interest	Repayment	Interest	Repayment
Non-derivative financial liabilities							
Liabilities to banks	5,110.5	101.0	463.0	92.8	179.9	281.5	4,088.1
Liabilities to other creditors	3,832.0	54.7	3.8	54.4	21.1	233.2	951.4
Deferred interest from other non-derivative financial liabilities	33.4	33.4	–	–	–	–	–
Lease liabilities	128.6	2.8	16.5	2.5	15.6	8.9	50.5
Derivative financial assets and liabilities							
Cash flow hedges/stand-alone interest rate derivatives	-66.6	7.9		7.6		15.4	–
Deferred interest from swaps	0.1	0.1	–	–	–	–	–

Credit Facilities

Deutsche Wohnen has a guarantee framework agreement with Euler Hermes in the amount of € 50.0 million, and another with Atradius in the amount of € 20.0 million. Guarantees totaling around € 40.9 million had been issued under both agreements as of the reporting date.

All in all, Deutsche Wohnen has cash on hand and deposits at banking institutions of € 157.1 million as of the reporting date (December 31, 2022: € 184.3 million). We refer to the information on financial risk management in the management report.

50 Capital Management

Deutsche Wohnen's management aims to achieve a long-term increase in value in the interests of customers, employees and investors. Within this context, maintaining a degree of financial flexibility in order to be able to pursue the company's growth and portfolio optimization strategy is crucial. The priority is to ensure sufficient liquidity resources and maintain an efficient ratio between secured and non-secured capital components.

As part of the opportunities and risk management of Deutsche Wohnen, the members of the Management Board are given monthly reports on the development of results and their potential effects on the capital structure.

The equity situation of the subsidiaries is regularly examined.

Deutsche Wohnen's equity developed as follows:

in € million	Dec. 31, 2022	Dec. 31, 2023
Total equity	16,775.1	13,998.2
Total assets	31,530.8	27,186.0
Equity ratio	53.2%	51.5%

Deutsche Wohnen plans to continue funding possible acquisitions by an optimal mix of debt capital and equity.

In order to protect itself against changes in interest rates, Deutsche Wohnen regularly contracts derivative hedging transactions in the case of liabilities with variable interest rates or liabilities in foreign currencies. The Corporate Finance department is responsible for implementing the approved financing strategy.

51 Cash Flow Hedges and Stand-alone Hedging Instruments

On the reporting date, the nominal volume of cash flow hedges held in euros amounts to € 207.5 million (December 31, 2022: € 291.4 million). Interest rates on hedging instruments are between 0.880% and 1.485% with original swap periods of between 9 and 10 years.

As the hedges were significantly effective, no deferred interest was reclassified in profit or loss in the reporting year.

All derivatives are included in netting agreements with the issuing banks.

No economic or accounting offsetting was performed in the reporting year.

Key parameters of the interest rate swaps were as follows:

in € million	Face value	Beginning of term	End of term	Current average interest rate (incl. margin)
DZ Bank				
Hedged item	54.7	Aug. 15, 2018	Jul. 31, 2028	3M EURIBOR margin: +0.67%
Interest rate swaps	54.7	Aug. 15, 2018	Jul. 31, 2028	0.880%
LBBW/MBS				
Hedged item	3.3	Jul. 30, 2014	Jun. 30, 2025	3M EURIBOR margin: +1.00%
Interest rate swaps	3.3	Jul. 30, 2014	Jun. 30, 2025	1.485%
HVB				
Hedged item	227.9	Jul. 16, 2018	Jan. 31, 2029	3M EURIBOR margin: +0.74%
Interest rate swaps	149.5	Jul. 16, 2018	Jan. 31, 2029	0.937%

As of the reporting date, Deutsche Wohnen recognized 20 stand-alone interest rate derivatives. The nominal value hedged came to € 968.6 million as of December 31, 2023 (December 31, 2022: € 822.3 million); three transactions result in a negative market value of € 7.7 million, while the positive market values of the other interest rate derivatives total € 26.8 million (December 31, 2022: only positive market values of € 43.9 million).

The designation of the cash flow hedges as hedging instruments is prospectively determined on the basis of a sensitivity analysis, retrospectively on the basis of the accumulated dollar offset method. The fair value changes of the hedged items are determined on the basis of the hypothetical derivative method. In the reporting year – as in the prior year – the impact of default risk on the fair values is negligible and did not result in any adjustments of the balance sheet item.

In the reporting year, the cash flow hedges held in euros were shown at their clean fair values totaling € 12.6 million as of December 31, 2023 (December 31, 2022: € 23.9 million).

The corresponding deferred interest amounted to € 0.9 million (December 31, 2022: € -0.1 million).

The impact of the cash flow hedges (after income taxes) on the development of other reserves is shown below:

in € million	As of Jan. 1	Changes in the period	Reclassification affecting net income	As of Dec. 31
2023	**-23.8**	**11.1**	**0.0**	**-12.7**
2022	**10.6**	**-34.4**	**0.0**	**-23.8**

The impact of the cash flow hedges (including income taxes) on total comprehensive income is shown below:

Cash Flow Hedges

in € million	2022	2023
Change in unrealized gains/losses	34.5	-11.1
Taxes on the change in unrealized gains/losses	-10.5	3.4
Net realized gains/losses	–	–
Taxes due to net realized gains/losses	–	–
Total	**24.0**	**-7.7**

On the basis of the valuation as of December 31, 2022, Deutsche Wohnen used a sensitivity analysis to determine the change in equity given a parallel shift in the interest rate structure of 50 basis points in each case:

	Change in Equity		
in € million	Other reserves not affecting net income	Income statement affecting net income	Total
2023			
+50 basis points	4.2	9.9	14.1
-50 basis points	-4.3	-9.8	-14.1
2022			
+50 basis points	0.8	7.9	8.7
-50 basis points	-0.8	-8.1	-8.9

Another sensitivity analysis revealed that, for a minority of variable-rate loans not designated as hedges, a parallel shift in the interest structure of 50 basis points in each case would have an effect in the income statement of € +5.9 million/ € -5.9 million (December 31, 2022: € +6.8 million/€ -6.8 million).

52 Contingent Liabilities

Contingent liabilities exist for cases in which Deutsche Wohnen SE and its subsidiaries give guarantees to various contractual counterparts. The terms are in many cases limited to an agreed time. In some cases, the term is unlimited.

Contingent liabilities of Deutsche Wohnen are as follows:

in € million	Dec. 31, 2022	Dec. 31, 2023
Guarantees in connection with Development	21.5	49.4
Rent surety bonds	0.8	–
Other	3.5	1.9
	25.9	**51.3**

Deutsche Wohnen is involved in a number of legal disputes resulting from normal business activities.

In particular, this involves disputes under the law of tenancy and sales disputes. None of the legal disputes, taken in isolation, will have any material effects on the net assets, financial position or results of operations of Deutsche Wohnen.

53 Other Financial Obligations

The other financial obligations are as follows:

in € million	Dec. 31, 2022	Dec. 31, 2023
Other financial obligations		
Obligations resulting from acquisition	798.6	–
Investment obligations	757.7	1,239.5
Commitments under purchase orders for modernization and new construction	330.7	562.8
Cable TV service contracts		4.7
IT service contracts	15.1	22.8
Surcharges under the German Condominium Act		0.9
Other	1.5	2.5
	1,903.6	**1,833.2**

Berlin, March 7, 2024

Lars Urbansky
(CEO)

Olaf Weber
(CFO)

Eva Weiß
(CDO)

Information

List of Deutsche Wohnen Shareholdings

as of December 31, 2023, according to Section 313 (2) HGB

Company	Company domicile	Interest %
Deutsche Wohnen SE	Berlin	
Consolidated Companies		
Germany		
AGG Auguste-Viktoria-Allee Grundstücks GmbH	Berlin	100.00 [1)]
Alpha Asset Invest GmbH	Berlin	100.00 [1)]
Amber Dritte VV GmbH	Berlin	94.90 [1)]
Amber Erste VV GmbH	Berlin	94.90 [1)]
Amber Zweite VV GmbH	Berlin	94.90 [1)]
Aragon 13. VV GmbH	Berlin	94.90 [1)]
Aragon 14. VV GmbH	Berlin	94.90 [1)]
Aragon 15. VV GmbH	Berlin	94.90 [1)]
Aragon 16. VV GmbH	Berlin	94.90 [1)]
Aufbau-Gesellschaft der GEHAG mit beschränkter Haftung	Berlin	100.00 [1)]
BauBeCon BIO GmbH	Berlin	100.00 [1)]
BauBeCon Immobilien GmbH	Berlin	100.00 [1)]
BauBeCon Wohnwert GmbH	Berlin	100.00 [1)]
Beragon VV GmbH	Berlin	94.90 [1)]
C. A. & Co. Catering KG	Wolkenstein	100.00
Ceragon VV GmbH	Berlin	94.90 [1)]
Communication Concept Gesellschaft für Kommunikationstechnik mbH	Leipzig	100.00
DELTA VIVUM Berlin I GmbH	Berlin	94.90 [1)]
DELTA VIVUM Berlin II GmbH	Berlin	94.90 [1)]
Deutsche Wohnen Asset Immobilien GmbH	Frankfurt am Main	100.00 [1)]
Deutsche Wohnen Berlin 5 GmbH	Berlin	94.90 [1)]
Deutsche Wohnen Berlin 6 GmbH	Berlin	94.90 [1)]
Deutsche Wohnen Berlin 7 GmbH	Berlin	94.90 [1)]
Deutsche Wohnen Berlin I GmbH	Berlin	94.00 [1)]
Deutsche Wohnen Berlin II GmbH	Berlin	94.90 [1)]
Deutsche Wohnen Berlin III GmbH	Berlin	94.90 [1)]
Deutsche Wohnen Berlin X GmbH	Berlin	94.80 [1)]
Deutsche Wohnen Berlin XII GmbH	Berlin	94.80 [1)]
Deutsche Wohnen Berlin XIII GmbH	Berlin	94.80 [1)]
Deutsche Wohnen Berlin XV GmbH	Berlin	94.80 [1)]
Deutsche Wohnen Berlin XVI GmbH	Berlin	94.80 [1)]

Company	Company domicile	Interest %
Deutsche Wohnen Berlin XVII GmbH	Berlin	94.80 [1]
Deutsche Wohnen Beteiligungen Immobilien GmbH	Frankfurt am Main	100.00 [1]
Deutsche Wohnen Beteiligungsverwaltungs GmbH & Co. KG	Berlin	100.00 [2] [3]
Deutsche Wohnen Care SE	Berlin	100.00
Deutsche Wohnen Construction and Facilities GmbH	Berlin	100.00 [1]
Deutsche Wohnen Corporate Real Estate GmbH	Berlin	100.00 [1]
Deutsche Wohnen Direkt Immobilien GmbH	Frankfurt am Main	100.00 [1]
Deutsche Wohnen Dresden I GmbH	Berlin	100.00 [1]
Deutsche Wohnen Dresden II GmbH	Berlin	100.00 [1]
Deutsche Wohnen Fondsbeteiligungs GmbH	Berlin	100.00 [1]
Deutsche Wohnen Immobilien Management GmbH	Berlin	100.00 [1]
Deutsche Wohnen Kundenservice GmbH	Berlin	100.00 [1]
Deutsche Wohnen Management GmbH	Berlin	100.00 [1]
Deutsche Wohnen Management- und Servicegesellschaft mbH	Frankfurt am Main	100.00 [1]
Deutsche Wohnen Multimedia Netz GmbH	Berlin	100.00 [1]
Deutsche Wohnen Reisholz GmbH	Berlin	100.00 [1]
Deutsche Wohnen Technology GmbH	Berlin	100.00 [1]
Deutsche Wohnen Zweite Fondsbeteiligungs GmbH	Berlin	100.00 [1]
DW Pflegeheim Dresden Grundstücks GmbH	Munich	100.00 [1]
DW Pflegeheim Eschweiler Grundstücks GmbH	Munich	100.00 [1]
DW Pflegeheim Frankfurt am Main Grundstücks GmbH	Munich	100.00 [1]
DW Pflegeheim Friesenheim Grundstücks GmbH	Munich	100.00 [1]
DW Pflegeheim Glienicke Grundstücks GmbH	Munich	100.00 [1]
DW Pflegeheim Konz Grundstücks GmbH	Munich	100.00 [1]
DW Pflegeheim Meckenheim Grundstücks GmbH	Munich	100.00 [1]
DW Pflegeheim Potsdam Grundstücks GmbH	Munich	100.00
DW Pflegeheim Weiden Grundstücks GmbH	Munich	100.00 [1]
DW Pflegeheim Würselen Grundstücks GmbH	Munich	100.00 [1]
DW Pflegeresidenzen Grundstücks GmbH	Munich	100.00 [1]
DW Property Invest GmbH	Berlin	100.00 [1]
DWRE Alpha GmbH	Berlin	100.00 [1]
DWRE Braunschweig GmbH	Berlin	100.00 [1]
DWRE Dresden GmbH	Berlin	100.00 [1]
DWRE Halle GmbH	Berlin	100.00 [1]
DWRE Hennigsdorf GmbH	Berlin	100.00 [1]
DWRE Leipzig GmbH	Berlin	100.00 [1]
Eisenbahn-Siedlungs-Gesellschaft Berlin mit beschränkter Haftung	Berlin	94.90 [1]
EMD Energie Management Deutschland GmbH	Berlin	100.00 [1]
Eragon VV GmbH	Berlin	94.90 [1]
FACILITA Berlin GmbH	Berlin	100.00 [1]
Faragon V V GmbH	Berlin	94.90 [1]
Fortimo GmbH	Berlin	100.00 [1]
Gehag Acquisition Co. GmbH	Berlin	100.00 [1]
GEHAG Beteiligungs GmbH & Co. KG	Berlin	100.00 [2] [3]
GEHAG Dritte Beteiligungs GmbH	Berlin	100.00 [1]
GEHAG Erste Beteiligungs GmbH	Berlin	100.00 [1]
GEHAG Erwerbs GmbH & Co. KG	Berlin	99.99 [2] [3]

Company	Company domicile	Interest %
GEHAG GmbH	Berlin	100.00 [1)]
GEHAG Grundbesitz I GmbH	Berlin	100.00 [1)]
GEHAG Grundbesitz II GmbH	Berlin	100.00 [1)]
GEHAG Grundbesitz III GmbH	Berlin	100.00 [1)]
GEHAG Vierte Beteiligung SE	Berlin	100.00 [1)]
GEHAG Zweite Beteiligungs GmbH	Berlin	100.00 [1)]
Geragon VV GmbH	Berlin	94.90 [1)]
GGR Wohnparks Kastanienallee GmbH	Berlin	100.00 [1)]
GGR Wohnparks Nord Leipziger Tor GmbH	Berlin	100.00 [1)]
GGR Wohnparks Süd Leipziger Tor GmbH	Berlin	100.00 [1)]
Grundstücksgesellschaft Karower Damm mbH	Berlin	100.00 [1)]
GSW Acquisition 3 GmbH	Berlin	100.00 [1)]
GSW Corona GmbH	Berlin	100.00 [1)]
GSW Gesellschaft für Stadterneuerung mbH	Berlin	100.00
GSW Grundvermögens- und Vertriebsgesellschaft mbH	Berlin	100.00 [1)]
GSW Immobilien AG	Berlin	94.02
GSW Immobilien GmbH & Co. Leonberger Ring KG	Berlin	94.00 [2) 3)]
GSW Pegasus GmbH	Berlin	100.00 [1)]
GSW-Fonds Weinmeisterhornweg 170–178 GbR	Berlin	81.75
Hamburger Ambulante Pflege- und Physiotherapie „HAPP" GmbH	Hamburg	100.00
Hamburger Senioren Domizile GmbH	Hamburg	100.00
Haragon VV GmbH	Berlin	94.90 [1)]
Haus und Heim Wohnungsbau-GmbH	Berlin	100.00 [1)]
HESIONE Vermögensverwaltungsgesellschaft mbH	Frankfurt am Main	100.00
Holzmindener Straße/Tempelhofer Weg Grundstücks GmbH	Berlin	100.00 [1)]
HSI Hamburger Senioren Immobilien GmbH	Hamburg	100.00 [1)]
HSI Hamburger Senioren Immobilien Management GmbH	Hamburg	100.00
Iragon VV GmbH	Berlin	94.90 [1)]
ISABELL GmbH	Berlin	100.00
ISARIA Dachau Entwicklungsgesellschaft mbH	Munich	100.00
ISARIA Hegeneck 5 GmbH	Munich	100.00
ISARIA Objekt Achter de Weiden GmbH	Munich	100.00
Isaria Objekt Erminoldstraße GmbH	Munich	100.00
ISARIA Objekt Garching GmbH	Munich	100.00
ISARIA Objekt Hoferstraße GmbH	Munich	100.00
ISARIA Objekt Norderneyer Straße GmbH	Munich	100.00
ISARIA Objekt Preußenstraße GmbH	Munich	100.00
ISARIA Stuttgart GmbH	Munich	100.00
IWA GmbH Immobilien Wert Anlagen	Berlin	100.00 [1)]
Karagon VV GmbH	Berlin	94.90 [1)]
KATHARINENHOF Seniorenwohn- und Pflegeanlage Betriebs-GmbH	Berlin	100.00
KATHARINENHOF Service GmbH	Berlin	100.00
Laragon VV GmbH	Berlin	94.90 [1)]
Larry I Targetco (Berlin) GmbH	Berlin	100.00 [1)]
Larry II Targetco (Berlin) GmbH	Berlin	100.00 [1)]
LebensWerk GmbH	Berlin	100.00
Main-Taunus Wohnen GmbH	Eschborn	100.00 [1)]

Company	Company domicile	Interest %
Maragon VV GmbH	Berlin	94.90 [1)]
Objekt Gustav-Heinemann-Ring GmbH	Munich	100.00
Olympisches Dorf Berlin GmbH	Berlin	100.00
PFLEGEN & WOHNEN HAMBURG GmbH	Hamburg	100.00
PFLEGEN & WOHNEN Service GmbH	Hamburg	100.00
PFLEGEN & WOHNEN Textil GmbH	Hamburg	100.00
PUW AcquiCo GmbH	Hamburg	100.00
PUW OpCo GmbH	Hamburg	100.00
PUW PFLEGENUNDWOHNEN Beteiligungs GmbH	Hamburg	100.00
Rhein-Main Wohnen GmbH	Frankfurt am Main	100.00 [1)]
Rhein-Mosel Wohnen GmbH	Mainz	100.00 [1)]
Rhein-Pfalz Wohnen GmbH	Mainz	100.00 [1)]
RMW Projekt GmbH	Frankfurt am Main	100.00 [1)]
RPW Immobilien GmbH & Co. KG	Berlin	94.00 [2) 3)]
Seniorenresidenz „Am Lunapark" GmbH	Leipzig	100.00
SGG Scharnweberstraße Grundstücks GmbH	Berlin	100.00 [1)]
Sophienstraße Aachen Vermögensverwaltungsgesellschaft mbH	Berlin	100.00 [1)]
Stadtentwicklungsgesellschaft Buch mbH	Berlin	100.00
SYNVIA energy GmbH	Magdeburg	100.00
SYNVIA media GmbH	Magdeburg	100.00
SYNVIA mobility GmbH	Magdeburg	100.00
SYNVIA technology GmbH	Magdeburg	100.00
TELE AG	Leipzig	100.00
WIK Wohnen in Krampnitz GmbH	Berlin	100.00 [1)]
Wohnanlage Leonberger Ring GmbH	Berlin	100.00 [1)]
Zisa Grundstücksbeteiligungs GmbH & Co. KG	Berlin	94.90 [2) 3)]
Zisa Verwaltungs GmbH	Berlin	100.00
Other Countries		
Algarobo Holding B.V.	Amsterdam/NL	100.00
Long Islands Investments S.A.	Luxembourg/LU	100.00
Affiliated companies not consolidated		
Joint ventures consolidated using the equity method		
Casa Nova 2 GmbH	Grünwald	50.00
Casa Nova 3 GmbH	Grünwald	50.00
Casa Nova GmbH	Grünwald	50.00
G+D Gesellschaft für Energiemanagement mbH	Magdeburg	49.00
GSZ Gebäudeservice und Sicherheitszentrale GmbH	Berlin	33.33
LE Property 2 GmbH & Co. KG	Leipzig	49.00
LE Quartier 1 GmbH & Co. KG	Leipzig	46.50
LE Quartier 1.1 GmbH & Co. KG	Leipzig	49.00
LE Quartier 1.4 GmbH	Leipzig	50.00
LE Quartier 1.5 GmbH	Leipzig	44.00
LE Quartier 1.6 GmbH	Leipzig	50.00
LE Quartier 5 GmbH & Co. KG	Leipzig	44.00
OLYDO Projektentwicklungsgesellschaft mbH	Berlin	50.00

Company	Company domicile	Interest %
Projektgesellschaft Jugendstilpark München mbH	Munich	50.00
Siwoge 1992 Siedlungsplanung und Wohnbauten Gesellschaft mbH	Berlin	50.00
Associated companies consolidated using the equity method		
Comgy GmbH	Berlin	10.28
IOLITE IQ GmbH	Berlin	33.33
Krampnitz Energie GmbH	Potsdam	25.10
QUARTERBACK Immobilien AG	Leipzig	40.00
Telekabel Riesa GmbH	Riesa	26.00
Zisa Beteiligungs GmbH	Berlin	49.00

1) Exemption according to Section 264 (3) HGB.
2) Exemption according to Section 264b HGB.
3) The unlimited liable shareholder of this company is a company that is integrated in the consolidated financial statements.

	Company domicile	Interest %	Equity € k Dec. 31, 2022	Net income for the year € k Dec. 31, 2022
Other investments with more than 10% of Deutsche Wohnen's share in the capital				
Entwicklungsgesellschaft Erfurt-Süd Am Steiger mbH	Leipzig	11.00	-776	-71
Erste JVS Real Estate Verwaltungs GmbH	Leipzig	11.00	7,098	256
GbR Fernheizung Gropiusstadt	Berlin	46.10	572	-79
GETEC mobility solutions GmbH	Hanover	10.00	-66	-32
Implementum II GmbH	Leipzig	11.00	-701	-136
LE Central Office GmbH	Leipzig	11.00	-617	-591
QUARTERBACK Premium 1 GmbH	Leipzig	11.00	-474	-76
QUARTERBACK Premium 10 GmbH	Munich	11.00	-13,399	-242
QUARTERBACK Premium 4 GmbH	Leipzig	11.00	-98	5
QUARTERBACK Premium 6 GmbH (formerly Havelaue Birkenwerder GmbH)	Leipzig	11.00	-311	-120
QUARTERBACK Premium 7 GmbH (formerly GLB Projekt 1 S.à r.l.)	Leipzig	11.00	1,417	-549 3)
QUARTERBACK Premium 8 GmbH (formerly GLB Projekt 7 S.à r.l.)	Leipzig	11.00	-354	-796 3)
QUARTERBACK Premium 9 GmbH (formerly WasE-2 GmbH)	Leipzig	11.00	-1,740	-512
Quartier 315 GmbH	Leipzig	15.00	5,589	372
Sea View Projekt GmbH	Leipzig	11.00	6,111	163
Seniorenwohnen Heinersdorf GmbH	Berlin	10.10	n.a.	n.a.
SIAAME Development GmbH	Leipzig	20.00	92	320
VRnow GmbH	Berlin	10.00	1,960	342
Westside Living GmbH	Leipzig	11.00	2,065	2,592
WirMag GmbH	Grünstadt	14.85	789	-415 1)
Zuckerle Quartier Investment S.à r.l.	Luxembourg/LU	11.00	-2,887	-1,054 3)

1) Equity and net income/loss conform to December 31, 2020.
2) Equity and net income/loss conform to December 31, 2021.
3) Equity and net income/loss comply with local GAAP.

Further Information About the Bodies

Management Board

The Management Board of Deutsche Wohnen SE consisted of three members as of December 31, 2023.

Lars Urbansky, CEO (Co-CEO until August 31, 2023)

Function: Chief Executive Officer Responsible for: Rental Business, Value-add, Human Resources, Transactions and Care

Konstantina Kanellopoulos, Co-CEO (until August 31, 2023)

Function: Co-Chief Executive Officer Responsible for: Strategy, Technical Infrastructure, IT, New Construction and Portfolio Investments, Legal and Compliance, Sustainability and Public Affairs

Olaf Weber, Member of the Management Board

Function: Chief Financial Officer
Responsible for: Finance, Accounting, Tax, Controlling, Valuation, Procurement, Insurance and Investor Relations

Appointments:
> GSW Immobilien AG (Chairman of the Supervisory Board) (until February 28, 2023)[3]
> Eisenbahn-Siedlungs-Gesellschaft Berlin mbH (Chairman of the Supervisory Board) (until March 15, 2023)[2, 4]

Eva Weiß, Member of the Management Board (since September 1, 2023)

Function: Chief Development Officer
Responsible for: Development, IT, Legal and Compliance, Sustainability, Internal Audit and Corporate Communications

Supervisory Board

The current Supervisory Board consists of six members, three of whom were elected, and in some cases reelected, by the 2023 Annual General Meeting. The terms of office range from one to three years.

Dr. Fabian Heß, Chair (since June 15, 2023)

General Counsel/Head of Legal at Vonovia SE

Appointments:
> Wohnungsgesellschaft Ruhr-Niederrhein mbH (Chairman of the Supervisory Board) (until January 31, 2024)[4]
> Eisenbahn-Wohnungsbaugesellschaft Köln mbH (Chairman of the Supervisory Board) (until January 31, 2024)[4]
> BWG Frankfurt am Main Bundesbahn-Wohnungsgesellschaft mbH (Chairman of the Supervisory Board) (until January 31, 2024)[4]
> Eisenbahn-Wohnungsbau-Gesellschaft Karlsruhe GmbH (Chairman of the Supervisory Board) (until January 31, 2024)[4]
> Bundesbahn-Wohnungsbaugesellschaft Kassel GmbH (Chairman of the Supervisory Board) (until January 31, 2024)[4]
> „Siege" Siedlungsgesellschaft für das Verkehrspersonal mbH (Chairman of the Supervisory Board) (until January 31, 2024)[4]
> Eisenbahn Siedlungsgesellschaft Augsburg mbH (Chairman of the Supervisory Board) (until January 31, 2024)[4]
> Baugesellschaft Bayern mbH (Chairman of the Supervisory Board) (until January 31, 2024)[4]
> Eisenbahn-Wohnungsbaugesellschaft Nürnberg GmbH (Chairman of the Supervisory Board) (until January 31, 2024)[4]
> Bundesbahn-Wohnungsbaugesellschaft Regensburg mbH (Chairman of the Supervisory Board) (until January 31, 2024)[4]
> GAGFAH GmbH (Chairman of the Supervisory Board) (until September 30, 2023)[4]
> GAGFAH M Immobilien-Management GmbH (Chairman of the Supervisory Board) (until September 30, 2023)[4]
> Wohnungsgesellschaft Norden mbH (Chairman of the Supervisory Board) (until January 31, 2024)[4]
> Wohnungsbau Niedersachsen Gesellschaft mit beschränkter Haftung (Chairman of the Supervisory Board) (until January 31, 2024)[4]
> WOBA DRESDEN GMBH (Chairman of the Supervisory Board) (until July 21, 2023)[4]
> Eisenbahn-Siedlungsgesellschaft Stuttgart gGmbH (Chairman of the Supervisory Board) (until January 31, 2024)[4]
> BUWOG Holding GmbH, Austria (Chairman of the Supervisory Board)[4]
> GSW Immobilien AG (Chairman of the Supervisory Board) (until August 14, 2023)[3]

Helene von Roeder, Chair (until June 15, 2023)

Member of the Management Board of Vonovia SE

Appointments:
> AVW Versicherungsmakler GmbH (Member of the Supervisory Board)[2]
> E. Merck KG (Member of the Council of Shareholders)[2]
> Merck KGaA (Member of the Supervisory Board)[1, 5]

Dr. Florian Stetter, Deputy Chair

Self-employed residential real estate investor

Appointments:
> C&P Immobilien AG, Austria (Member of the Supervisory Board)
> Intelliway Services AD, Bulgaria (Member of the Administrative Board)
> RockHedge Asset Management AG (Chairman of the Supervisory Board)

Catrin Coners (since June 15, 2023)

Head of Strategy and Sustainability at Vonovia SE

Peter Hohlbein

Managing Partner, Hohlbein & Cie. Consulting

Christoph Schauerte

Head of Accounting at Vonovia SE

Appointments:
> BUWOG Holding GmbH, Austria (Member of the Supervisory Board)[4]
> GSW Immobilien AG (Chairman of the Supervisory Board) (as of August 14, 2023)[3]

Simone Schumacher

Senior Specialist in Structured Finance at BMW AG

[1] Supervisory Board mandates in accordance with Section 100 (2) of the German Stock Corporation Act (AktG).
[2] Membership in comparable German and foreign supervisory bodies of commercial enterprises.
[3] Exempted Group mandates in accordance with Section 100 (2) sentence 2 of the German Stock Corporation Act (AktG).
[4] Other Group bodies.
[5] Listed.
[6] Related party of the Deutsche Wohnen Group.

Independent Auditor’s Report

To Deutsche Wohnen SE, Berlin

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of Deutsche Wohnen SE, Berlin, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2023, the consolidated statement of comprehensive income, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the Group management report of Deutsche Wohnen SE, which is combined with the company’s management report, for the fiscal year from January 1 to December 31, 2023.

In accordance with German legal requirements, we have not audited the content of those components of the Group management report that are marked as unaudited in the “Corporate Governance” subsection of the → **“Further Statutory Disclosures”** section.

In our opinion, on the basis of the knowledge obtained in the audit,

> the accompanying consolidated financial statements comply, in all material aspects, with the IFRSs as adopted by the EU, and the additional requirements of German statutory law pursuant to Section 315e (1) of the German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as of December 31, 2023, and of its financial performance for the fiscal year from January 1 to December 31, 2023, and

> the accompanying Group management report as a whole provides an appropriate view of the Group’s position. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the Group management report does not cover the content of the subsection “Corporate Governance” of the section → **“Further Statutory Disclosures”** mentioned above.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the Group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the Group management report in accordance with Section 317 HGB and EU Audit Regulation No 537/2014 (referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the →**“Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report”** section of our auditor’s report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the Group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

In our opinion, the following matters were of most significance in our audit:

> Valuation of investment properties

> Valuation of properties in development or construction

We structured our information on these key audit matters as follows:

> Facts and problem statement

> Audit approach and findings

> Reference to further information

We present the key audit matters below:

Valuation of Investment Properties

Investment properties in the amount of € 23,021.5 million are reported in the consolidated financial statements of Deutsche Wohnen SE as of December 31, 2023. Deutsche Wohnen SE recognizes investment properties in the amount of € 22,866.0 million using the fair value model pursuant to IFRS 13, exercising the option provided under IAS 40.30. This means that unrealized changes in market value are also recognized in profit or loss as part of fair value measurement, over and above changes realized from sales. In the past fiscal year, impairment losses of € 3,722.2 million were recognized affecting net income in the consolidated statement of comprehensive income as unrealized changes in market value.

When determining the fair value, it is assumed that existing use of the property also matches its highest and best use. The fair values are determined using an internal valuation model based on the discounted cash flow method. The expected net cash inflows from the rental of the properties (e.g., in-place rent and market rent per sqm, planned maintenance per sqm) are estimated, also taking into account future vacancy rates, and corresponding present values are calculated using discount and capitalization rates derived from the real estate market. When properties do not generate a positive net cash inflow (generally vacant buildings), a market value is determined using a liquidation value procedure. Undeveloped land is generally valued on the basis of standard land values using an indirect comparative value method.

The company uses information that is observable on the market for its valuation to the greatest extent possibly (sources include expert committees and both public and fee-based market databases). In addition, independent valuers provide an appraisal for the portfolio as a whole which is used to perform a plausibility check on the internal valuation results.

The fair value of the nursing care properties is determined on the basis of appraisals prepared by an external property appraiser. The fair value is determined by this appraiser also using the discounted cash flow method and, to the greatest extent possible, using information that is observable on the market. The measurement of investment properties incorporates numerous parameters relevant to measurement that generally involve certain estimation uncertainties and judgment on the part of the management. Even minor changes in the parameters relevant to measurement may have a material effect on the resulting fair value. As a result, this was of particular significance for our audit.

As part of our audit, and working in collaboration with our process audit specialists, we recorded, among other things, the internal controls in place for the valuation of investment properties and assessed their appropriateness and effectiveness. Also working with our property valuation specialists, we assessed the valuation models used by the company with regard to compliance with IAS 40 in conjunction with IFRS 13, the homogeneity of the valuation units, the accuracy and completeness of the data used for real estate portfolios as well as the appropriateness of the valuation parameters used, such as expected net cash inflows, the assumed vacancy rate, and the discount and capitalization rates. We also performed analytical audit procedures and case-by-case reviews of the key parameters that have an impact on value. We also compared the results at portfolio level with our expectations regarding changes in value.

As part of our audit procedures, we also performed property-specific comparisons based on spot checks using a discounted cash flow method, and visited selected properties.

With regard to the nursing care properties, we assessed aspects such as the appraisals obtained and the professional qualifications of the external appraisers, and assessed the determination of the fair value. We also assessed the valuation method applied in each case and the valuation parameters used.

The valuation method applied by the company's management is appropriate overall and generally suitable for the valuation of investment properties.

> The company's disclosures on investment properties can be found in → D25 of the Notes.

Valuation of Properties in Development or Construction

Properties in development or construction are reported as investment properties in the amount of € 155.5 million and as real estate inventories in the amount of € 752.6 million in the consolidated financial statements of Deutsche Wohnen SE as of December 31, 2023. The real estate inventories include properties from the sales-related project development business.

Properties in development or construction are classified as investment properties in accordance with IAS 40 if they are to be used as a financial investment after their completion, and are recognized at cost at the time of addition. The fair value model is generally used for the subsequent measurement of investment properties, provided that a reliable fair value can be determined for the properties. Due to the existing inherent risks during the construction phase, project development projects are generally recognized at cost until they are completed (cost model). Project developments are generally tested for impairment in accordance with the value in use concept. The fair value less cost to sell, which is also considered under IAS 36, is not taken into account due to the uncertainty associated with the fair value. Upon completion of the construction phase, recognition then uses the fair value model for the first time.

Because of the intention to sell, real estate inventories from the sales-related project development business are recognized according to IAS 2 at the amortized cost or at net realizable value for the purposes of subsequent measurement, provided that there is no customer contract for the residential units that are intended for sale.

Cost is calculated for each project development, irrespective of whether it is classified as investment property or real estate inventories, on the basis of an individual project cost estimate that includes the planned costs at the level of the individual trades.

Depending on the use of the project development, the net realizable values or values in use are determined after completion on the basis of a sales estimate of the sale prices likely to be achieved per sqm or on the basis of the forecast net cash inflows from the rental of the properties using the discounted cash flow method. Undeveloped land is generally valued on the basis of standard land values using an indirect comparative value method.

The measurement of the properties in development or construction incorporates numerous parameters relevant to measurement that generally involve certain estimation uncertainties and judgment. Key valuation parameters include, in particular, the planned costs still to be incurred as well as the expected cash flows and the discount and capitalization rates to determine the net realizable value or value in use. Even minor changes in the parameters relevant to measurement may have a material effect on the net realizable value or value in use. In our view, this was of particular significance for our audit, as the valuation of properties in development and construction generally involves considerable judgments and estimation uncertainties and there is a risk that the planned net realizable value/value in use will not be within an appropriate range and that corresponding impairment losses are not recognized.

As part of our audit, and working in collaboration with our process audit specialists, we recorded, among other things, the internal controls in place and assessed their appropriateness and effectiveness. Also working with our property valuation specialists, we assessed the individual project estimates used by Deutsche Wohnen with regard to the accuracy and completeness of the data used for the project developments, the appropriateness of the valuation parameters used, such as the expected market rent per sqm, as well as the planned net realizable values for the real estate inventories/the determination of the fair value of those properties classed as investment properties. We also performed analytical audit procedures and case-by-case reviews of the key parameters that have an impact on value. The assumed production costs in different cost categories were also analyzed and compared against external benchmarks. We also carried out inspections for a selected sample of project developments. This first of all involved looking at the location and surroundings, i.e., development, infrastructure, etc., to classify the project. Second, we were able to get an idea of the existence of the project and its current construction status. The actual costs presented and reviewed in relation to the planned total investment costs were used as a plausibility check. In cases involving larger-scale projects, which are split into different construction areas and construction phases, the property inspection helped us to better define and validate the costing data. We were also able to get an idea of quality (floors, tiles, plumbing installations, outdoor facilities, etc.), especially when the construction work was at an advanced stage. The projects in the sample were also presented by the responsible project managers at various meetings and were discussed with us with regard to key issues (schedule, construction status, contract award status for costs, changes to plans, rental and sale status, etc.).

The valuation method applied by the company's management is appropriate overall and generally suitable for accounting in line with IAS 40/IAS 2.

The company's disclosures on properties in development and construction that are reported as investment properties can be found in → D25 of the Notes, with disclosures on real estate inventories available in → D32 of the Notes.

Other Useful Information

Management is responsible for the other information. The other information includes those components of the Group management report that are marked as unaudited in the "Corporate Governance" subsection of the "Further Statutory Disclosures" section. The content of these components has not been audited.

The other information also includes

> the corporate governance declaration pursuant to Sections 289f and 315d HGB

> the annual report – excluding further cross-references to external information – with the exception of the audited consolidated financial statements, the audited Group management report and our auditor's report.

Our opinions on the consolidated financial statements and on the Group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information referred to above and, in so doing, to consider whether the other information

> is materially inconsistent with the consolidated financial statements, with the information in the Group management report audited for content or our knowledge obtained in the audit, or

> otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (e.g., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the Group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group management report that is in accordance with the applicable German statutory law, and to be able to provide sufficient appropriate evidence for the assertions in the Group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the Group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the Group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the Group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this Group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

> Identify and assess the risks of material misstatements of the consolidated financial statements and of the Group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

> Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the Group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

> Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

> Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial

statements and in the Group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

> Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

> Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the Group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

> Evaluate the consistency of the Group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

> Perform audit procedures on the prospective information presented by management in the Group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures or safeguards put in place to resolve any risks to independence.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Group Management Report Prepared for Disclosure Purposes Pursuant to Section 317 (3a) HGB

Assurance Opinion

We have performed an assurance audit in accordance with Section 317 (3a) HGB to determine whether the reproductions of the consolidated financial statements and the Group management report (hereinafter also referred to as "ESEF documents") contained in the file Deutsche_Wohnen_SE_KA+LB_ESEF-2023-12-31.zip and prepared for disclosure purposes comply, in all material respects, with the requirements for the electronic reporting format ("ESEF format") set out in Section 328 (1) HGB. In line with German statutory requirements, this audit only extends to the conversion of the information contained in the consolidated financial statements and the Group management report into ESEF format, meaning that it does not extend to the information contained in these reproductions, or any other information contained in the file referred to above.

Based on our review, the reproductions of the consolidated financial statements and the Group management report contained in the file referred to above and prepared for disclosure purposes comply, in all material respects, with the requirements for the electronic reporting format set out in Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the enclosed consolidated financial statements and on the enclosed Group management report for the fiscal year from January 1 to December 31, 2023 set out in the "Report on the Audit of the Consolidated Financial Statements and of the Group Management Report" above, we do not express any opinion on the information contained in these reproductions or on the other information contained in the file referred to above.

Basis for the Opinion

We conducted our audit of the reproductions of the consolidated financial statements and of the Group management report contained in the above-mentioned file in accordance with Section 317 (3a) HGB and taking into account the IDW Auditing Standard: Audit of the Electronic Reproductions of the Financial Statements and Management Reports Prepared for Disclosure Purposes Pursuant to Section 317 (3a) HGB (IDW PS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibilities under those requirements are further described in the "Auditor's Responsibilities for the Audit of the ESEF Documents" section of our auditor's report. Our auditing practice has applied the quality management system requirements set out in IDW quality management standard: Requirements for quality management in auditing practice (IDW QMS 1 (09.2022)).

Responsibilities of Management and the Supervisory Board for the ESEF Documents

The company's management is responsible for the preparation of the ESEF documents including the electronic reproductions of the consolidated financial statements and the Group management report in accordance with Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 no. 2 HGB.

In addition, the company's management is responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material breaches of the electronic reporting format requirements set out in Section 328 (1) HGB, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the financial reporting process for the preparation of the ESEF documents.

Auditor's Responsibilities for the Audit of the ESEF Documents

Our objectives are to obtain reasonable assurance about whether the ESEF documents are free from material breaches of the requirements set out in Section 328 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

> Identify and assess the risks of material breaches of the requirements set out in Section 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

> Obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

> Assess the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements for the file's technical specification set out in Delegated Regulation (EU) 2019/815 in the version applicable on the reporting date.

> Assess whether the ESEF documents enable an XHTML reproduction with content identical to the audited consolidated financial statements and the audited Group management report.

> Assess whether the tagging of the ESEF documents using Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of the Delegated Regulation (EU) 2019/815 in the version applicable on the reporting date provides an adequate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information Pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the annual general meeting on June 15, 2023. We were engaged by the Supervisory Board on December 20, 2023. We have been working as the group auditor of Deutsche Wohnen SE, Berlin, without interruption since the 2023 fiscal year.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report is always to be read in connection with the audited consolidated financial statements, the audited Group management report and the audited ESEF documents. The consolidated financial statements and Group management report converted into ESEF format – including the versions to be published in the business register – are simply electronic reproductions of the audited consolidated financial statements and the audited Group management report and do not replace them. In particular, the "Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Group Management Report Prepared for Disclosure Purposes Pursuant to Section 317 (3a) HGB" and our audit opinions contained therein are to be used only in conjunction with the audited ESEF documents provided in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Dr. Frederik Mielke.

Berlin, March 18, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Michael Preiß
Wirtschaftsprüfer
[German Public Auditor]

Dr. Frederik Mielke
Wirtschaftsprüfer
[German Public Auditor]

Responsibility Statement

Balance Sheet Oath

“To the best of our knowledge and belief, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the Group’s net assets, financial position and results of operations, and the combined management report includes a fair review of the business development and position of the Group, including the results, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remainder of the fiscal year.”

Berlin, March 7, 2024

Lars Urbansky
(CEO)

Olaf Weber
(CFO)

Eva Weiß
(CDO)

Financial Calendar

March 20, 2024
Publication of the 2023 Annual Report

May 3, 2024
Press Release on the First Quarter of 2024

May 6, 2024
Annual General Meeting (virtual)

August 6, 2024
Publication of the interim financial report for the first half of 2024

November 8, 2024
Publication of the interim statement for the first nine months of 2024

Contact

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Note
This Annual Report is published in German and English. The German version is always the authoritative text. The Annual Report can be found on the website at www.deutsche-wohnen.com.

Disclaimer
This report contains forward-looking statements. These statements are based on the current experiences, assumptions and forecasts of the Management Board as well as information currently available to the Management Board. The forward-looking statements are not guarantees of the future developments and results mentioned therein. The future developments and results depend on a large number of factors. They involve certain risks and uncertainties and are based on assumptions that may prove to be inaccurate. These risk factors include but are not limited to those discussed in the risk report of the 2023 Annual Report. We do not assume any obligation to update the forward-looking statements contained in this report. This financial report does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any securities of Deutsche Wohnen SE.

Imprint
Published by
The Management Board of Deutsche Wohnen SE
As of: March 2024

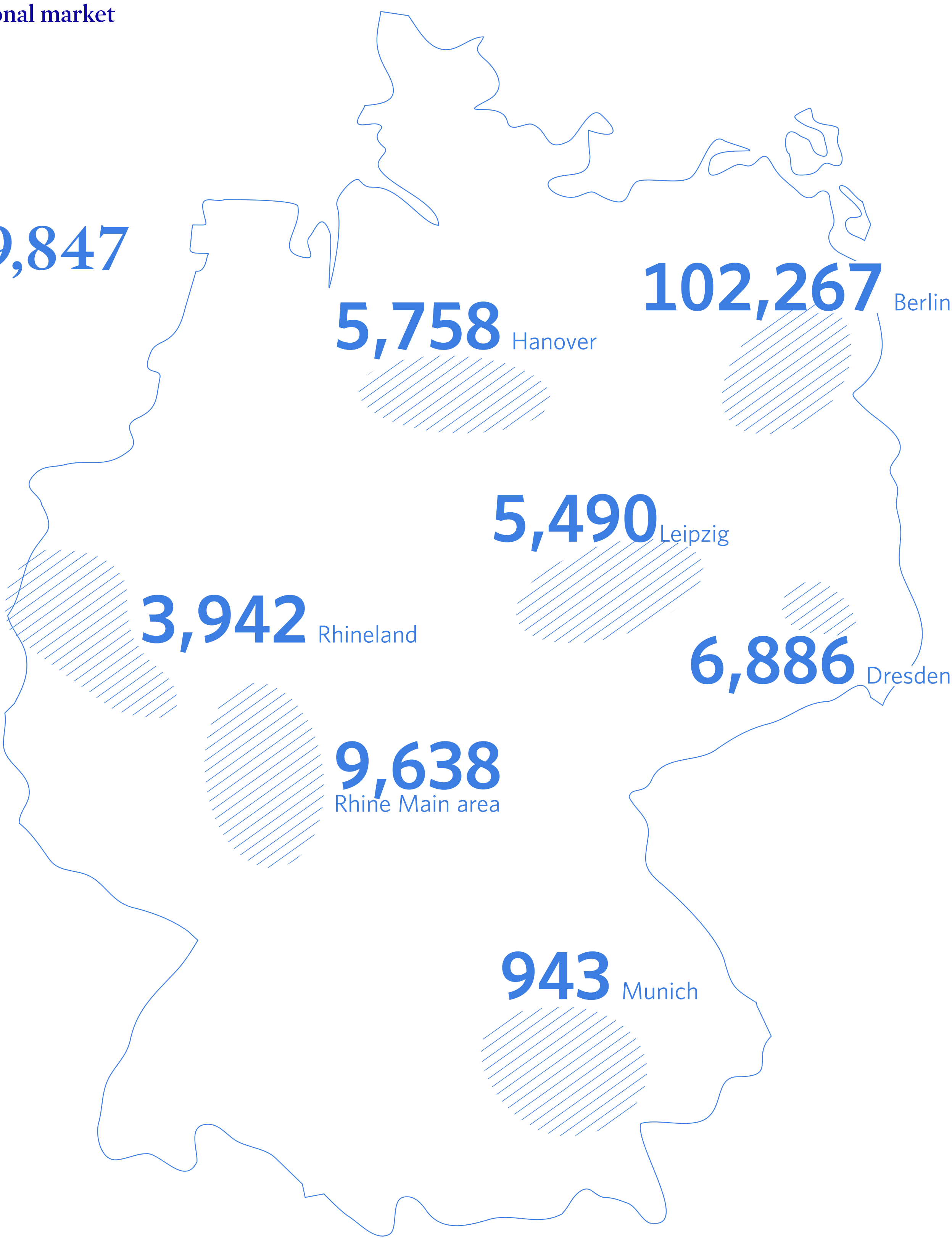
Deutsche Wohnen Portfolio

by regional market

Germany

139,847

units*



* Including 3,443 residential units at other strategic locations and 1,480 residential units at non-strategic locations.

www.deutsche-wohnen.com