

# Unaudited Interim Financial Report 2021

Vonovia Finance B.V.,  
Amsterdam



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# Management Report for the Unaudited Interim Financial Report 2021

## History

In 2013, Vonovia Finance B.V. ("FINANCE B.V."), Amsterdam, was founded by Vonovia SE as a wholly owned subsidiary following the IPO of Vonovia SE, Bochum, Germany, with the intention of acting as a main contributor to the execution of the finance strategy. The company acts as a financing vehicle to arrange for debt financing on the international debt capital markets, primarily by issuing bonds, preferably through the Luxembourg Stock Exchange.

The finance strategy of the Group as a whole is to pursue various complementary objectives simultaneously in order to ensure sufficient liquidity at all times based on a sustainable equity-funding ratio with a balanced financing structure comprising a mix of different financial instruments and a smooth maturity profile of debt financing. This ensures a favorable LTV (loan-to-value) ratio while optimizing funding expenses and simultaneously ensuring the credit rating classification. Making use of a Dutch financing company is in line with international practice.

Based on a comfortable platform of equity and debt investors and a long-term credit rating of BBB+ (S&P), A3 (Moody's) and A- (Scope) for Vonovia SE, the company has excellent access to international capital markets at affordable conditions, which ensures sufficient liquidity at all times. The senior unsecured bonds share the same investment-grade rating as Vonovia SE. The hybrid bond has a regular rating two notches lower.

The function of FINANCE B.V. as a financing vehicle for the Vonovia Group is set up in such a way that it earns an arm's-length margin on intercompany loans in excess of its borrowing costs on bonds. This should leave the company with sufficient profit to cover operational expenses. Essentially, future earnings will be determined by income items associated with the on-lending of raised funds, and profitability will be based on the margins obtained from the on-lending in excess of the interest to be paid on notes and operational charges. Based on that, FINANCE B.V. will achieve a reason-

able profit and cash flow under these circumstances. The liquidity of the company is ensured by the Vonovia Group's cash pool.

Common Dutch practice is to have a tax ruling for these international transactions within the Vonovia Group. FINANCE B.V. filed for a Dutch-German bilateral Advance Pricing Agreement (BAPA) in 2019 for the years 2018-2022 with a rollback for the years 2016-2017 in order to mitigate the risk of double taxation.

Given the significance of FINANCE B.V., a Supervisory Board was established in order to act in accordance with good corporate governance practices in the market and to monitor and supervise the operational business activities of the entity. This Supervisory Board also ensures a seamless formal interface with the parent company and a qualified monitoring of the financing activities.

The Vonovia Group's broad access to the capital markets offers a competitive distinction in the real estate business and represents a clear strategic advantage. Fast and direct access to international debt capital markets has been a key success factor for the company's growth in recent years.

## Debt Capital Markets

### Bonds

Over the years, the company has issued various debt instruments like EUR-bonds, EMTN-bonds, USD-bonds (“Yankee”) and hybrids. The bonds issued by FINANCE B.V. are supported by the unconditional and unlimited guarantee of Vonovia SE.

Most popular are the EMTN-bonds that are issued under the European Medium-Term Notes Program (EMTN Program). This program allows the company to raise funds on relatively short notice without significant administrative efforts. The EMTN Program with a total issuance volume of € 30.0 billion

is updated annually, and the corresponding base prospectus is supplemented each time new material information becomes available. Each update and supplement of the program is approved by the regulatory authority of the Grand Duchy of Luxembourg (Commission de Surveillance du Secteur Financier, CSSF) and the bonds issued under the EMTN Program have been accepted for listing on the Luxembourg Stock Exchange. The most recent update was on March 26, 2020 and was valid for a period of twelve months after approval. Before expiration, the base prospectus changed to Vonovia SE. The total utilization of the EMTN Program issuance volume is € 15,800 million as of June 30, 2021.

The table below shows all the outstanding bonds as of June 30, 2021:

Bond Program/Type	#	Notional Amount in € million	Avg. Coupon	Rem. Term (y)
USD-bond	1	185	4.580%	2.3
Hybrid	1	1,000	4.000%	0.5
EMTN fix	27	15,200	1.430%	5.9
EMTN floating	1	600	0.450%	1.5
<b>Total</b>	<b>30</b>	<b>16,985</b>	<b>1.581%</b>	<b>5.4</b>

As of June 30, 2021, FINANCE B.V. has a total indebtedness of € 16,985 million related to the bond program, not including commercial papers and loans, which has been on-lent to Vonovia Group entities. The average coupon is 1.581% and the average maturity is 5.4 years.

The maturity for the € 1,000 million hybrid bond is based on the first opt-out date on December 17, 2021.

Bonds are placed on the debt capital market mainly with European banks, asset managers and insurance companies. USD-bonds are usually placed through private placements. Currently, the company has one USD-bond outstanding.

In the meantime, FINANCE B.V. has established itself as one of the most frequent bond issuers globally. Between 2013 and 2020, the annual average bond volume issued amounted to around € 2,725 million, which represents the 16th-largest issuer of the top 20 euro-investment-grade-ranked companies worldwide – as calculated by Dealogic as of January 5, 2021. With bond issuances throughout the 2020 in the amount of € 2,700 million, FINANCE B.V. has successfully continued to take advantage of its strong positioning in the debt capital markets, even in times of increased economic uncertainty. During the first half year of 2021, FINANCE B.V. has issued € 500 million (Bond 025). It is expected that the bond issuance was the last one issued by FINANCE B.V. and that Vonovia SE will issue any further bond issuances going forward.

### Loans

In order to take advantage of the attractive financing costs of secured financings for longer tenors in comparison with unsecured bond issuances, the company has entered into loan agreements with various lenders. In 2019, the company took out two loans with a total amount of € 218 million. During the year 2020, the company took out five structured loans with a total amount of € 884 million. During the first half year of 2021, the company took out one structured loan with a total amount of € 200 million. As of June 30, 2021, FINANCE B.V. has € 1,302 million of loans outstanding.

The table below shows all the outstanding loans as of June 30, 2021:

Lender	Collateral	Notional Amount in € million	Coupon	Rem. Term (y)
M.M. Warburg & Co	unsecured	50	0.290%	5.7
Commerzbank AG	secured	168	0.540%	8.7
Landesbank Baden-Württemberg	secured	300	0.677%	9.1
ING-DiBa AG	secured	100	0.864%	9.2
Berliner Sparkasse	secured	100	0.841%	9.2
Berlin Hyp	secured	184	0.780%	9.5
Commerzbank AG	secured	200	0.500%	6.9
Berlin Hyp	secured	200	0.750%	9.6
<b>Total</b>		<b>1,302</b>	<b>0.670%</b>	<b>8.6</b>

### Commercial Papers

In order to complement these bonds and loans with maturities of one year and longer, a debt instrument with a maturity of less than a year has been launched. In 2017, a commercial paper program was established and currently has a volume of € 1,000 million. The commercial papers are sold via the company's dealer banks. The ultimate owners of these papers are large European companies with short-term excess cash.

The program has been very successful, since FINANCE B.V. receives more than it needs to repay due to the negative interest rate. The last tranches had a yield to maturity of negative 23 basis points. During the 2020 fiscal year, FINANCE B.V. received € 111 k as interest income due to the commercial paper program. As of June 30, 2021, FINANCE B.V. has no short-term debt instruments outstanding.

### Operations During the Period

On January 28, 2021, the company issued a € 500 million-bond under the EMTN Program, Bond 025 has a tenor of 20 years and a coupon of 1.000%.

On February 26, 2021, FINANCE B.V. received of € 200 million regarding a secured loan. This new credit agreement with Berlin Hyp AG was already undersigned by FINANCE B.V. on December 3, 2020. The interest rate of the loan is 0.750% with a tenor of ten years.

On January 8, 2021, the Management Board of Vonovia SE discussed restructuring FINANCE B.V. during the course of 2021. In order to increase the efficiency of the Group's finance activities, the Management Board of Vonovia SE resolved to merge FINANCE B.V. into its sole shareholder Vonovia SE. As Vonovia SE already stands as guarantor for all outstanding financial liabilities of FINANCE B.V., no material effects are expected in connection with the restructuring.

Since an employee of the front office and the accountant left the company, the company has three employees in total as per June 30, 2021, compared to five employees as of December 31, 2020.

## Financial Result

FINANCE B.V. closed the first half year of 2021 with a net income of € 5.3 million, which was essentially driven by the normal course of business. The company has earned a reasonable income of € 25.2 million from the margin between the interest incurred on borrowing and interest earned from lending.

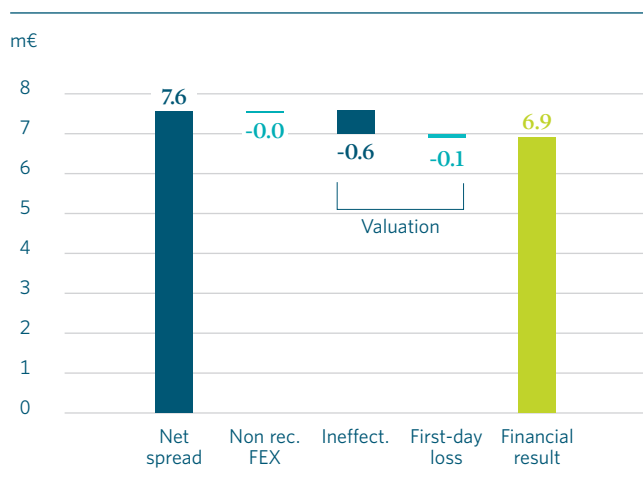
After subtracting € 11.4 million of amortized finance expenses, € 4.8 million of amortized “frozen” OCI from the termination of several pre-hedges and € 1.5 million in swap effects, the net spread is € 7.6 million.

Below is the reconciliation of the amounts between the gross to net spread calculation as well as the interest income and expenses as mentioned in Note 14 of the profit and loss statement:

Interest and Similar Income and Expenses (see note 14 P&L) in € thousand	Gross Spread	Swaps	Financial Expenses	Amort. Frozen OCI - Prehedges	Amort. Frozen Ineffectiveness - Prehedges	Net Spread
Interest income from affiliates/shareholder	163,275	-	-	-	-	163,275
Interest income from third parties	-	5,403	-	-	384	5,787
						<b>169,062</b>
Interest expenses from EMTN bonds	-107,471	-	-	-	-	-107,471
Interest expenses hybrid bond (perpetual)	-19,836	-	-	-	-	-19,836
Interest expenses from USD-bond	-5,403	-	-	-	-	-5,403
Interest expenses from secured financings	-4,127	-	-	-	-	-4,127
Interest expenses from term loan	-1,264	-	-	-	-	-1,264
Interest expenses from swaps	-	-6,883	-	-	-	-6,883
Interest expenses from liquidation forward swaps	-	-	-	-4,813	-384	-5,197
Other interest expenses to third parties	-	-	-11,245	-	-	-11,245
						<b>-161,426</b>
<b>Total</b>	<b>25,175</b>	<b>-1,480</b>	<b>-11,245</b>	<b>-4,813</b>	<b>-</b>	<b>7,637</b>

The picture below shows the bridge between the net spread and the financial result. The relatively small amount of non-recoverable financial expenses relate mainly to the yearly update of the EMTN-Program. The valuation effects result from ineffectiveness from the hedge accounting methodology in the amount of negative € 0.6 million and from the first-day loss of the CCS in the amount of € 0.1 million.

FINANCE B.V. is included in the consolidated financial statements of Vonovia SE, prepared in accordance with IFRS as endorsed in the EU.



## Risk Management

Within the Vonovia Group, Vonovia SE serves as the management holding company and the cash-pool leader. FINANCE B.V. is an integral part of the Vonovia SE risk management and internal control system and is monitored by the middle office of the Vonovia Treasury department. This department takes care of the main business risks of FINANCE B.V., which include interest rate risk, liquidity risk, counterparty risk and, to a certain degree, currency risk. Vonovia Treasury is also responsible for executing reasonable hedging of these risks. FINANCE B.V. is also subject to regular internal audit procedures.

The operational execution of tasks and day-to-day business activities are performed by the staff of FINANCE B.V.

The shareholder Vonovia SE has a series of standards, procedures and systems for identifying, measuring and managing different types of risk. These are described in its annual reports, which are publicly available under [www.vonovia.de](http://www.vonovia.de).

Organizationally, risk management is directly assigned to the Management Board of Vonovia SE, which regularly monitors the risk management's effectiveness. The Management Board has overall responsibility for the risk management system. It decides on the organizational structures and workflows of risk management and the provision of resources. It approves the documented risk management findings and takes account of them in steering the company. The Audit Committee of the Supervisory Board of Vonovia SE monitors the effectiveness of the risk management system. Executives belonging to the first level below the Management Board are appointed as risk owners and, in this role, assume responsibility for the identification, assessment, documentation and communication of all material risks in their areas of responsibility. The Supervisory Board of FINANCE B.V. makes use of these assessments in its own risk evaluation. FINANCE B.V. generally has a conservative attitude toward risk and avoids any high-risk appetite.

Financial risks have been identified as the main risks to be monitored. The financial risks of the company are managed by matching interest expenses from its borrowings with interest income from loans to Group companies. Interest rate risk and foreign currency risk are generally mitigated by corresponding derivative instruments. Derivative contracts are entered into with major financial institutions with investment-grade credit ratings. Derivatives are not collateralized, but Vonovia SE acts as guarantor for the cross-currency-swaps.

In order to minimize liquidity risk, cash flow risk and fair value risk, FINANCE B.V. is part of the Vonovia Group cash-pooling system. There is a significant concentration of credit risk as all borrowings are on-lent to Vonovia Group companies. However, the sole shareholder acts as a general guarantor for all borrowings. Therefore, the risk of FINANCE B.V. is the same as that of Vonovia SE. Based on the comfortable equity position of FINANCE B.V. and the credit ratings of Vonovia SE, both risks are under control.



The table below shows that the current risk profile is determined on the basis of this risk analysis and the control measures. The current risk profile is assessed and compared with the desired risk profile. Action plans are

drawn up for each risk if the current profile is graded at a higher level than the desired risk profile in order to further control/reduce the existing exposure. Thus far, no action plan has become necessary.

Risk Area	Risks	Controls/Mitigation	Risk Appetite Low - Medium - High
Strategic	Uncertainty of funding costs	Continuous monitoring of debt markets and forward-looking decision-making approach	
	Funding requirements and funding mix for rating agencies and covenants	Covenant management	
	Implementation of new technologies (blockchain)	Extensive "test environment" with low volumes, renowned investors and external advisors	
Operational	Liquidity risk	Cash pool with Vonovia SE	
	Refinancing risk	Increased debt issuance limits, diversified financing alternatives (CP/RCF/secured/unsecured)	
Financial	Foreign currency risk (USD/SEK)	Hedging with FX derivatives (forwards, options, swaps), asset-liability management	
	Credit risk (CVA/DVA)	Continuous monitoring/analysis	
	Cash flow interest rate risk	Hedging with IR derivatives (swaps, swap options)	
Compliance	International tax compliance	Bilateral APA	
	Compliance with Code of Conduct/corp. governance	Continuous monitoring	
	New regulatory requirements (MiFID II, EMIR Refit)	Continuous monitoring	

 = Current risk profile     = Preferred risk profile

### Impact of COVID-19 on the Company's Business

FINANCE B.V. is continuing to monitor the situation and its evolution. The company is taking deliberate measures to keep its people safe, its environment protected and its business strong. The financial position is unaffected with no increase in expected credit losses or similar asset impairments. The annual valuation of investment properties in the 20 most important cities has shown no negative developments; in fact, values increased once again. The performance and cash-flows of the business have remained in line with the budget so that Vonovia was able to reaffirm

its guidance for capital markets. On this basis, FINANCE B.V. and Vonovia SE are able to perform any upcoming debt servicing. Furthermore, the Vonovia Group has demonstrated with its current business model and performance that debt capital markets are wide and deep enough to issue bonds with a magnitude of € 5,100 million in the first six months of 2021.

As explained in note 1.3.1 Impact of COVID-19 on the company's business in the financial statements, the COVID-19 outbreak and the resulting measures taken by various

governments to contain the virus have had a limited impact on the company's business and financial results in 2021.

FINANCE B.V. carefully manages its credit risks and subjects all its counterparties to stringent creditworthiness tests. The company continuously monitors their financial strengths to adequately respond to any changes in situation. To date, the company has not had any collectability issues from counterparties. None of the Group's affiliates are, or have been, in a default position and there are no indications to date that this will occur.

In addition to the effects already known, the macroeconomic uncertainty is causing disruption to economic activity and the global market. However, it is too early to predict the long-term impact on the company's business and financial results. The scale and duration of the pandemic remain uncertain.

## Outlook

On January 8, 2021, the Management Board of Vonovia SE discussed restructuring FINANCE B.V. during the course of 2021. In order to increase the efficiency of the Group's finance activities, the Management Board of Vonovia SE resolved to merge FINANCE B.V. into its sole shareholder Vonovia SE. As Vonovia SE already stands as guarantor for all outstanding financial liabilities of Finance B.V. no material effects are expected in connection with the restructuring.

The timing of the merger still remains unknown as discussions with the relevant tax authorities are still ongoing. Until that time, the Management Board expects a positive result for 2021 based on the profit margin from the normal course of business.

As of January 1, 2013, a new law on management and supervision (Wet Bestuur en Toezicht) came into effect in the Netherlands. The purpose of this law is to attain a balance of men and women (at least 30% of each gender) on the board of directors and supervisory board of large entities (as defined in said law). After considering the current nature and activities of the Group and the knowledge and expertise of the current board members, the existing composition of the Management Board and the Supervisory Board is considered appropriate. However, the new law will be taken into account when appointing future members of the Management Board and the Supervisory Board. The men/women rate of the Supervisory Board is more than 30%.

## Impact of COVID-19 on the Company's business

As explained in note 1.3.1 Impact of COVID-19 on the company's business in the financial statements, the COVID-19 outbreak and the resulting measures taken by various governments in order to contain the virus have had a limited impact on the company's business and financial results in 2021.

At this stage, the impact of the pandemic on the activities and results of FINANCE B.V. remains limited due to the continuing need for financial services within the Vonovia Group affiliates it serves. However, it is too early to predict the long-term impact on the company's business and financial results. The scale and duration of the pandemic remain uncertain.

The Management Board is confident that FINANCE B.V. manages through these challenging times with ongoing operations while keeping its people safe, its environment protected and its company strong. During the first half year of 2021, the company's liquidity position remained strong. At this stage, the company has no intention to implement any measures that would impact its business plan. However, the company is continuing to monitor the situation and the evolution of the COVID-19 outbreak in order to implement necessary measures in a timely manner if needed.

Amsterdam, August 25, 2021

Original has been signed by  
Iwan Oude Roelink (Chairman)

Original has been signed by  
Rick van Dijk

# Responsibility Statement

The Management Board has declared that, to the best of its knowledge:

- > The interim financial statements for the six month period ending June 30, 2021, which have been prepared in accordance with the Netherlands Civil Code, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the company.
- > The Management Report includes a fair review of the development and performance of the business and the position of the company, together with the description of the principal risks and uncertainties they face, as required pursuant to section 5:25d of the Dutch Financial Markets Supervision Act (“Wet op het financieel toezicht”).

Amsterdam, August 25, 2021

Original has been signed by  
Iwan Oude Roelink (Chairman)

Original has been signed by  
Rick van Dijk

# Unaudited Interim Financial Statements

## Balance Sheet as of June 30, 2021

(before distribution of profit/loss)

in € thousand	Note	Dec. 31, 2020 Audited	June 30, 2021 Unaudited
<b>Assets</b>			
<b>Fixed assets</b>			
Tangible fixed assets	5	2	2
Financial fixed assets			
Receivables from affiliated companies and shareholder	6	17,445,922	18,127,197
Receivables from derivatives	23	18,370	25,325
Deferred tax assets	7	2,398	1,772
		<b>17,466,692</b>	<b>18,154,296</b>
<b>Current assets</b>			
Financial current assets			
Receivables from affiliated companies and shareholder	6	261,756	302,848
Receivables from derivatives		424	506
Other assets	8	1,327	2,675
Cash and cash equivalents	9	0	-
		<b>263,507</b>	<b>306,029</b>
<b>Total assets</b>		<b>17,730,199</b>	<b>18,460,325</b>

in € thousand	Note	Dec. 31, 2020 Audited	June 30, 2021 Unaudited
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Subscribed capital		18	18
Share premium reserve		100,000	100,000
Cash flow hedge reserve	23	-25,405	-18,192
Other reserves		26,044	35,221
Unappropriated profit		9,177	5,328
<b>Total shareholder's equity</b>	10	<b>109,834</b>	<b>122,375</b>
<b>Long-term liabilities</b>			
Liabilities to banks	11	1,100,622	1,300,084
Bonds	12	14,899,106	14,395,940
Derivative financial liabilities	23	9,102	6,850
		<b>16,008,830</b>	<b>15,702,874</b>
<b>Current liabilities</b>			
Bonds	12	499,539	1,498,791
Hybrid bond	10/12	998,328	998,938
Liabilities from affiliated companies	6	236	1,649
Accrued liabilities	13	112,828	135,064
Other liabilities	13	604	634
		<b>1,611,535</b>	<b>2,635,076</b>
<b>Total equity and liabilities</b>		<b>17,730,199</b>	<b>18,460,325</b>

## Income Statement for the Period from January 1 to June 30, 2021

in € thousand	Note	Jan.- June 2020 Unaudited	Jan.- June 2021 Unaudited
<b>Income</b>			
Interest and similar income	14	159,592	169,062
<b>Expenses</b>			
Interest and similar expenses	14	-148,859	-162,163
<b>Financial result</b>			
		10,733	6,899
Other operating income	15	0	-
Personnel expenses	16	-345	-213
Depreciation of tangible fixed assets	17	-2	-1
Other operating expenses	19	-148	-142
<b>Total expenses</b>		<b>-495</b>	<b>-356</b>
<b>Profit before taxation</b>			
		10,238	6,543
Income taxation	20	-1,381	-1,215
<b>Profit for the period</b>		<b>8,857</b>	<b>5,328</b>

## Statement of Cash Flows for the Period from January 1 to June 30, 2021

in € thousand	Note	Jan.- June 2020 Unaudited	Jan.- June 2021 Unaudited
<b>Profit for the period</b>		8,857	5,328
<b>Cash flows from operating activities</b>			
Adjustments for:			
Cash flow hedge reserve		12,660	7,213
Bonds (long-term liabilities)	12	1,207,273	-503,166
Liabilities to banks	11	499,304	199,462
Bonds (current liabilities)	12	-599,998	999,252
Hybrid (perpetual)	10/12	635	610
Receivables to affiliated companies and shareholder	6	-1,154,186	-722,367
Derivative financial instruments	23	-11,226	-9,289
Deferred tax assets	7	2,273	626
Other assets	8	-2,511	-1,348
Accrued liabilities	13	36,923	22,236
Liabilities from affiliated companies	13	-	1,413
Other liabilities	13	-3	30
<b>Net cash used in operating activities</b>		<b>-8,856</b>	<b>-5,328</b>
		<b>1</b>	<b>-</b>
<b>Cash flows from investing activities</b>			
Tangible fixed assets	5	-1	-
<b>Net cash used in investing activities</b>		<b>-1</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Capital contributions	10	-	-
<b>Net cash generated from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
		<b>-</b>	<b>-</b>
Movements in cash and cash equivalents can be broken down as follows:			
<b>Balance as of January 1</b>		<b>-</b>	<b>-</b>
Movement during the period		<b>-</b>	<b>-</b>
<b>Balance as of June 30</b>		<b>-</b>	<b>-</b>

# Notes to the Unaudited Interim Financial Statements 2021

## 1 General Information

### 1.1 Activities

The business purpose of Vonovia Finance B.V. ("the company" or "FINANCE B.V."), with its statutory domicile in Amsterdam, is to raise funds on international debt markets through the issuance of unsecured and unsubordinated bonds as well as through a unsecured and subordinated hybrid bond, commercial papers and, since 2019, secured and unsecured loans for Vonovia SE, Bochum, Germany, and its affiliated companies and to on-lend the raised funds to Vonovia SE and its Group companies for the purposes of Group financing.

The head office (principal place of business) is located at Apollolaan 133, 1077 AR Amsterdam, The Netherlands. The company is registered under the number 58224416 at the Dutch Chamber of Commerce ("KvK").

Based on a comfortable platform of equity and debt investors and a long-term credit rating of BBB+ (S&P), A3 (Moody's) and A- (Scope) for Vonovia SE, the company has excellent access to international capital markets at affordable conditions, which ensures sufficient liquidity at all times. The senior unsecured bonds share the same investment-grade rating as Vonovia SE. The hybrid bond has a regular rating two notches lower. That, combined with the Vonovia SE unlimited and unconditional guarantee, should be considered the basis for FINANCE B.V.'s activities on the international debt markets.

The operations of FINANCE B.V. comprise the following:

- > To participate in, finance, hold any other interest in, or to conduct management of other legal entities, partnerships, or enterprises;
- > To furnish guarantees, provide security, warrant performance, or in any other way assume liability, whether jointly, severally, or otherwise, for or in respect of obligations of Group companies or other legal parties;
- > To do anything that, in the broadest sense of the words, is connected with or may be conducive to the attainment of these objects.

### 1.2 Group Structure

FINANCE B.V. is a member of the Vonovia Group. The ultimate parent of the Group is Vonovia SE with its legal domicile in Bochum, Germany. Vonovia SE is also the immediate parent company of FINANCE B.V. The decision has been made to merge FINANCE B.V. into Vonovia SE in 2021. The financial statements of FINANCE B.V. are included in the Vonovia SE consolidated financial statements prepared

according to IFRS as endorsed in the EU. These financial statements are published in the German legal gazette and are available on Vonovia's website at [www.vonovia.de](http://www.vonovia.de).

### 1.3 Going Concern

The company generated a net profit of € 5,328 k for the first half year from January 1 to June 30, 2021 (January 1 to December 31, 2020: € 9,177 k) which, together with the negative hedge reserve, resulted in net equity of € 122,375 k (December 31, 2020: € 109,834 k) for the shareholder's equity. Including the hybrid bond of € 998,938 k (December 31, 2020: € 998,328 k), the total capital base had a value of € 1,121,313 k (December 31, 2020: € 1,108,162 k).

In the future, the earnings of the company will be determined by income items associated with the on-lending of raised funds and profitability will be based on the margins obtained from on-lending in excess of the interest to be paid on the notes and the operational charges.

The negative working capital situation of the company will not be an issue because the short-term bonds have also been offset by the receivables of the affiliated companies, which are, however, generally recognized as long-term receivables. In addition, the repayment of bonds, loans, or commercial papers can be refinanced at any time by the addition of new bonds, loans- or commercial papers. Based on that, FINANCE B.V. will achieve a reasonable profit under these circumstances. Finally, FINANCE B.V. is supported by the unconditional and unlimited guarantee of Vonovia SE. The accounts have therefore been prepared based upon the going concern principle.

#### 1.3.1 Impact of COVID-19 on the Company's Business

FINANCE B.V. is continuing to monitor the situation and its evolution. The company is taking deliberate measures to keep its people safe, its environment protected and its business strong. The financial position is unaffected with no increase in expected credit losses or similar asset impairments. The annual valuation of investment properties in the 20 most important cities has shown no negative developments; in fact, values increased once again. The performance and cash-flows of the business have remained in line with the budget such that Vonovia was able to reaffirm the 2020 guidance for capital markets. On this basis, FINANCE B.V. and Vonovia SE are able to perform any upcoming debt-services. Furthermore, the Vonovia Group has demonstrated with its current business model and performance that debt capital markets are wide and deep enough to issue bonds. In addition, FINANCE B.V. gets a lot of contracts of secured loans from miscellaneous bank companies in 2020.

FINANCE B.V. carefully manages its credit risks and subjects all its counterparties to stringent creditworthiness tests. The company continuously monitors their financial strengths to



adequately respond to any situational change. To date, the company has no collectability issues from counterparties. None of the Group's affiliates are -and have been- in a default position and there are neither indications to date that this will occur. In addition, the company's liquidity position remained strong during 2021, which is also supported by the credit rating review of Vonovia SE in March 30, 2021 where S&P reconfirmed the rating of BBB+. While uncertainties remain, it is currently not reasonably possible to estimate the future impact. Whilst uncertain, the company does not believe that the impact of the COVID-19 virus would have a material adverse effect on its financial condition or liquidity.

#### **1.4 Related Party Transactions**

All legal entities that can be controlled, jointly controlled, or significantly influenced are considered to be a related party. Furthermore, entities that can control the company are considered as a related party. In addition, statutory directors and other key personnel of FINANCE B.V. or of the shareholder or ultimate parent and close relatives are regarded as related parties.

Significant and/or material transactions between the company and related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent, and other information are disclosed if this is required to provide a true and fair view.

#### **1.5 Estimates**

Preparing financial statements and applying relevant rules may require the use of critical accounting estimates, which requires exercising professional judgment. Estimates used in these financial statements are limited to the use of other assets, accrued liabilities for general expenses, and other liabilities based on tax experience and sound professional judgment. This predominately applies to the determination of derivative instruments' fair value (Note 23) and the fair value calculations of the receivables from affiliated companies and shareholders (Note 6).

If it is necessary to provide a view in accordance with art. 2:360 part. 1 DCC of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the Financial Statement items in question.

Unless explained otherwise, the estimates made by the management in preparing the 2021 interim financial statements are similar to those used in the financial statements 2020.

#### **1.6 Accounting Policies for the Statement of Cash Flows**

The statement of cash flows has been prepared using the indirect method. The cash items disclosed in the statement of cash flows comprise cash at banks and cash in hand, except for deposits with a maturity longer than three months. Cash

flows denominated in foreign currencies have been translated at average estimated foreign exchange rates. Exchange differences affecting cash items are shown separately in the statement of cash flows. Interest paid and received and income taxes are included in cash from operating activities. The changes of tangible fixed assets were settled in the cash flow from investing activities. Transactions not resulting in cash inflow or outflow are not recognized in the statement of cash flows.

#### **1.7 Comparison with Previous Period**

The valuation principles and method of determining the result are the same as those used in the previous period.

## **2 Principles of Valuation for Assets and Liabilities**

### **2.1 General**

The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

The financial statements are denominated in euros.

Generally, assets and liabilities are stated at the amounts at which they were acquired or incurred, or at fair value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred.

The balance sheet, income statement, and statement of cash flows include references to the notes.

### **2.2 Foreign Currencies**

#### **Functional Currency**

Items in the financial statements of FINANCE B.V. are stated with due observance of the currency of the primary economic environment in which the respective Group company operates (the functional currency); FINANCE B.V. and Vonovia SE are both in the Eurozone and the functional currency of both is euro.

#### **Transactions, Receivables, and Liabilities**

Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate prevailing on the balance sheet date. Investments are stated at the historical exchange rate. Transactions denominated in foreign currencies during the reporting period are recognized in the financial statements at the exchange rate of the transaction date.

In the income statement, foreign exchange gains and losses resulting from the settlement of such transactions and from translation at period-end exchange rates are recognized, except when deferred in equity as qualifying hedges.

Translation differences on non-monetary assets held at cost are recognized using the exchange rates prevailing at the dates of the transactions.

Translation differences on non-monetary assets such as equities held at fair value through profit or loss are recognized through profit or loss as part of the fair value gain or loss.

Foreign exchange differences arising upon the settlement or conversion of monetary items are recognized in the income statement in the period that they arise, unless they are hedged.

### **Hedging**

In respect of any positions in the balance sheet that are covered by cross-currency interest rate swaps, which mitigate foreign currency risk and interest rate risk, or by foreign exchange forward contracts, the differences in values calculated at mid-rates at the end of the period and contract rates are allocated to the respective principals of the loans. If the loan taken is denominated in a currency other than euros, the respective correction is allocated to this loan. Otherwise the relevant loan granted is corrected. The underlying EUR/USD exchange rate as of June 30, 2021, was fixed at 1.1884 and as of December 31, 2020, was fixed at 1.2271. The company applies cash flow hedging for derivative financial instruments that meet certain criteria. Refer to note 2.14.

### **2.3 Tangible Fixed Assets**

Tangible fixed assets are valued at historical cost or production cost including directly attributable costs less straight-line depreciation based on the expected future life and impairments.

Equipment, furniture- and office equipment are depreciated over periods of between three and ten years. A depreciation period of three years is used for computer hardware.

### **2.4 Financial Fixed Assets**

#### **Loans, Particularly Loans to Affiliated Companies**

Loans and receivables to Group companies with an original term of more than one year are treated as financial fixed assets. These loans and receivables are initially valued at the fair value of the amount owed, which normally consists of the face value. They are subsequently measured at amortized cost; FINANCE B.V. does not issue loans if it is clear from the outset that they will not be repaid.

### **2.5 Impairment of Fixed Asset**

On each balance sheet date, the company tests whether there are any indications of tangible fixed assets being subject to impairment. If any such indications are present, the realizable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash-gener-

ating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount is higher than its realizable value; the realizable value is the higher of the fair value less disposal costs and the value in use.

An impairment loss is directly recognized in the income statement and the carrying amount of the asset concerned is concurrently reduced.

The fair value less disposal costs is initially based on a binding sale agreement; if there is no such agreement, the fair value less disposal costs is determined based on the active market whereby the prevailing bid price is usually taken as the market price. For the determination of the value in use, an estimate is made of the future net cash flow in the event of continued use of the asset.

If it is established that an impairment, which was recognized in the past, no longer exists or has been reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment loss for the asset concerned had been reported.

The amount of an impairment loss incurred on financial assets stated at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event that occurred after the impairment was recognized, the previously recognized impairment loss will be reversed. The reversal will not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized on the date the impairment is reversed. The amount of the reversal will be recognized through profit or loss.

### **2.6 Deferred Taxes**

Deferred income tax assets are recognized to provide for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. This is done with the understanding that deferred income tax assets are recognized only to the extent that it is probable that a future taxable profit will be available against which the temporary differences and fiscal losses can be utilized.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized.

Deferred income taxes are recognized at face value.

## 2.7 Current Assets

### Receivables and Other Assets

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognized using the effective interest method. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Current receivables are due and will be received within one year.

### 2.8 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank balances, and deposits held at call with maturities under twelve months. Bank overdrafts are shown as borrowings under current liabilities. Cash and cash equivalents are stated at nominal value.

### 2.9 Equity

When FINANCE B.V. purchases shares, the consideration paid is deducted from equity (other reserves or any other reserve, if the articles of association allow so) until the shares are canceled or reissued. Where such shares are subsequently reissued, any consideration received is included in equity (other reserves or any other reserve). The consideration received will be added to the reserve from which the purchase price has been deducted earlier.

Incremental costs directly attributable to the purchase, sale, and/or issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

## 2.10 Long-term Liabilities

### Liabilities to Banks

Loans issued by banks are initially measured at fair value and subsequently at amortized cost net of transaction costs. Released transaction costs led to an altered subsequent measurement. All long-term amounts due from loans issued by banks have a maturity of over one year. Debt issuance costs are netted against a nominal amount as part of determining the amortized cost value.

### Bonds

Bonds are initially measured at fair value and subsequently at amortized cost net of transaction costs. Released transaction costs led to an altered subsequent measurement. All long-term amounts due from bonds have a maturity of over one year. Debt issuance costs are netted against a nominal amount as part of determining the amortized cost value.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the

income statement on the basis of the effective interest rate during the estimated term of the long-term debts.

### 2.11 Current Liabilities

Short-term liabilities with a remaining maturity of one year or less are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, which equals the amount received, taking into account of any premiums or discounts, less transaction cost.

### Bonds and Commercial Papers

The bonds and the commercial papers are initially recognized at fair value and subsequently valued at amortized cost net of transaction costs. All short-term amounts payable from bonds or commercial papers within one year are disclosed under current liabilities. This specifically includes, accrued interest.

### Accrued Liabilities

The accruals are stated at the amount required, based on sound business judgment and valued at expected cost. Accrued liabilities comprise outstanding invoices.

### Other Liabilities

On initial recognition, current liabilities are recognized at fair value. After initial recognition, current liabilities are recognized at amortized cost, which equals the amount paid, taking into account premiums or discounts, less transaction costs. This is usually the nominal value.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the income statement on the basis of the effective interest rate during the estimated term of the long-term debts.

### Current and Deferred Income Tax

The current Dutch nominal tax rate of 25% has been applied. For deferred taxes, 25% is used.

### 2.12 Accounting Policies for Operational Lease and Rental Contracts

Operational lease contracts exist whereby a large part of the risks and rewards associated with ownership are not incurred by or for the benefit of FINANCE B.V. The lease contracts are recognized as operational leasing. Lease payments are recorded in the income statement on a straight-line basis, taking into account reimbursements received from the lessor, for the duration of the contract.

### 2.13 Provisions

Provisions are recognized for legally enforceable or constructive obligations existing as of the balance sheet date, the settlement of which is probable to require an outflow of resources whose extent can be reliably estimated.

Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations as of the balance sheet date. Unless indicated otherwise, provisions are stated at the present value of the expenditure that is expected to be required to settle the obligations.

If some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received when the entity settles the obligation. The reimbursement shall be treated as a separate asset.

#### **2.14 Financial Instruments**

Securities included in fixed and current assets as well as liabilities and derivative financial instruments are initially and subsequently measured at fair value. The company applies hedge accounting to hedge currency risk on borrowings and loans. While the derivative is stated at fair value, the hedged item is measured at amortized cost. The gain or loss relating to the ineffective portion is recognized in the income statement within financing costs.

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's-length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent arm's-length market transactions between knowledgeable, willing parties, if available; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models, allowing for entity-specific inputs.

The company applies hedge accounting. The company documents the relationship between hedging instruments and hedged items at the inception of the transaction. The company also tests its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

With a cash flow hedge, the changes in fair value of the derivative hedging instrument are initially recognized in the cash flow hedge reserve to the extent that the hedge is effective. Amounts accumulated in the cash flow hedge reserve are reclassified to the income statement at the same time that 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.

The company will discontinue prospective hedge accounting in the following cases:

- > The hedging instrument expires or is sold, terminated, or exercised
- > The hedge no longer meets the criteria for hedge accounting
- > The company revokes the designation

To measure the cross-currency swap or the floater, future cash flows are calculated and then discounted. The calculated cash flows result from the contract conditions and the US dollar forward exchange rate (development of exchange rates expected by the market). 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 cross-currency swaps and therefore permits adjustments for the company's own credit risk or for the counterparty's credit risk.

### **3 Principles for Recognition of Income and Expenses**

#### **3.1 General**

Result is determined as the difference between the realizable value of services rendered and the costs and other charges for the period. Results on transactions are recognized in the period in which they are realized; losses are taken as soon as they are foreseeable.

#### **3.2 Revenue Recognition, Financial Income, and Expenses**

Revenue from interest income and costs from interest expenses are allocated to the reporting period in which they occur following the matching principle. Interest income and expenses are recognized on a time pro rata basis, taking into account the effective interest rate of the assets and liabilities concerned. When recognizing the interest charges, the transaction cost on the loans received is taken into account.

#### **3.3 Exchange Rate Differences**

Exchange rate differences arising upon the settlement of monetary items are recognized in the income statement in the period that they arise unless hedged.

#### **3.4 Other Operating Income and Expenses**

Other operating income and expenses include income and expenses that are not directly attributable to the interest income and expenses and are valued at the realizable value. Gains and losses upon the sale of tangible fixed assets are included in other operating income or other operating expenses, respectively. Costs are allocated to the period to which they relate.

#### **3.5 Personnel Expenses**

Salaries and social security contributions are charged to the income statement based on the terms of employment where they are due to employees and the tax authorities, respectively.

### 3.6 Depreciation of Tangible Fixed Assets

Tangible fixed assets are depreciated over their expected useful lives as of the inception of their use. Future depreciation is adjusted if there is a change in estimated useful life.

### 3.7 Taxation

FINANCE B.V. has reached an agreement with the Dutch tax authorities regarding an advance pricing agreement ("APA") for the period of establishment until December 31, 2020. Additionally, an application process for a bilateral APA ("BAPA") was initiated in 2019.

The current tax position is not calculated on the basis of the ordinary profit or loss but by using the margin applied for the BAPA; the current income tax occurs even with a potential loss. Changes in deferred tax assets and deferred tax liabilities are also taken into account.

Deferred tax assets are recognized for all deductible temporary differences between the value of the assets and liabilities under tax regulations, on the one hand, and the accounting policies used in these financial statements, on the other, on the understanding that deferred tax assets are only recognized insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

## 4 Financial Instruments and Risks

Risks associated with financial instruments are subject to the risk management system of the Vonovia Group and are monitored in particular through the middle office located in the Vonovia Group Finance and Treasury department.

### COVID-19

FINANCE B.V. is of the opinion that COVID-19 yields no impact on the procedures executed by the risk management system of Vonovia Group. The risk management procedures in place adequately cover the risks associated with financial instruments. Therefore, no amendments to this system are deemed necessary as a result of COVID-19.

### 4.1 Market Risk

#### Currency Risk for the Yankee Bond

FINANCE B.V. mainly operates in the European Union. The currency risk for the company largely concerns positions and future transactions in US dollars. The functional currency of FINANCE B.V. is the euro and the majority of the asset side consists of positions in euros, hence exposing the company to the currency risk between the US dollar and the euro. Management has determined, based on risk assessment, that some of these currency risks need to be hedged. Forward exchange contracts are used for this purpose. Receivables

and payables denominated in US dollars are hedged to the extent that it is highly probable that the purchases will occur.

The cash-effective currency risks arising in connection with the issuance of bonds in US dollars have been eliminated by the simultaneous contracting of cross-currency swaps by FINANCE B.V.

### Interest Rate Risk

Risks associated with movements in interest rates are addressed through adequate interest rate hedges. Loans to affiliated companies are generally on fixed terms.

In the course of its business activities, FINANCE B.V. is exposed to the 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 Treasury department. Its observations are incorporated into the risk management and financing strategy.

### 4.2 Credit Risk

Vonovia SE acts as a management holding and cash-pool leader within the Vonovia Group. FINANCE B.V. is an integral part of the Vonovia risk and control management system. The risk of default arising from financial assets and derivative financial instruments involves the risk of default by counterparties. The maximum loss from a derivative instrument is equal to its positive fair value. Risk is additionally limited through a limit system, which is based on credit assessments by the Treasury middle office, which uses announcements from international rating agencies to make these assessments. Generally, only banks with a long-term credit rating at least equal to that of Vonovia SE are defined as eligible counterparties of FINANCE B.V.

### 4.3 Liquidity Risk

The company uses several banks that are selected at Group level. The liquidity risk is monitored by assuring that the critical terms of the relevant items match between the hedged item and hedging instrument. Finally, FINANCE B.V. is supported by the unconditional and unlimited guarantee of Vonovia SE.

### 4.4 Price Risk

FINANCE B.V. incurs risk regarding the valuation of financial instruments disclosed under fixed assets and within current assets. The company manages market risk by stratifying the portfolio and imposing limits.

### 4.5 Notes to the Statement of Cash Flows

The cash flow statement shows how the cash of FINANCE B.V. has changed during the first half year of 2021 as a result of cash inflows and outflows. 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. The long-term liabilities were decreased, because the reclassification of the bonds from long term to current liabilities were higher than the issue of a new bond. Current liabilities increased because two bonds were reclassified and none bond were paid back in the first half of the year. However, receivables to affiliated companies and the shareholder increased because the addition of the loans to the -Vonovia Group companies grow up and their was no repayment in the period. The Receivables from cash pooling with Vonovia SE were increased by day to day business.

Changes in tangible fixed assets were settled in the cash flow from investing activities. There were no capital increases in the first half year of 2021, resulting in a cash flow from financing activities of zero.

## 5 Tangible Fixed Assets

Tangible fixed assets comprise office equipment and computer hardware, subject to depreciation.

in € thousand	Dec. 31, 2020 Audited	June 30, 2021 Unaudited
Acquisition cost as of January 1	34	34
Additions during the year/period	-	-
Disposals during the year/period	-	-
Acquisition cost as of December 31/June 30	34	34
Accumulated depreciation as of January 1	29	32
Depreciation for the year/period	3	0
Accumulated depreciation disposals	-	-
Accumulated depreciation as of December 31/June 30	32	32
<b>Total book value</b>	<b>2</b>	<b>2</b>

## 6 Receivables from Affiliated Companies and Shareholder

Receivables from affiliated companies are related to Group financing. The receivables from intercompany loans bear an average interest rate, as of June 30, 2021, of 1.6564% for EMTNs, Yankee, and commercial papers (as of December 31, 2020: 1.6779%) and 4.2280% for the perpetual hybrid (as of December 31, 2020, 4.2328%), and the contracts have an unlimited term; therefore, all intercompany loans are unsecured, long-term loans. In addition, there are receivables from the cash pool agreement with Vonovia SE as of June 30, 2021. These bear interest at EONIA -0.25% (December 31, 2020: EONIA -0.25%). Receivables from cash pooling are classified as current assets on the balance sheet; these are unsecured and unlimited.

The company used its EMTN Program in the amount of € 500 million in January, 2021 and passed the liquidity on to the Vonovia Group. Refer to note 12 for further disclosures of the debt issued by FINANCE B.V.

The company has not granted nor has not been asked to grant any payment holidays on their loans to Group companies.



As of the balance sheet date, no fixed assets were subject to impairments.

in € thousand	Dec. 31, 2020 Audited	June 30, 2021 Unaudited
Vonovia SE	11,199,288	11,699,470
Deutsche Annington Acquisition Holding GmbH	1,361,857	1,530,524
Deutsche Annington Beteiligungsverwaltungs GmbH	752,387	752,387
Gagfah GmbH	556,318	556,318
Südost Woba Dresden GmbH	389,508	389,508
Süddeutsche Wohnen GmbH	341,148	341,148
Wohnungsgesellschaft Norden mbH	297,099	297,099
Wohnbau Nordwest GmbH	228,914	228,914
Deutsche Annington Holdings Eins GmbH	201,437	201,437
Gagfah Erste Grundbesitz GmbH	194,530	194,530
Kieler Wohnungsbaugesellschaft mbH	174,265	174,265
Bremische Ges. f. Stadtern.-entw. & Wohnungsbau mbH	163,847	163,847
Wohnungsbau Niedersachsen GmbH	137,314	137,314
Beamten Baugesellschaft Bremen GmbH	121,550	121,550
Deutsche Annington Holdings Zwei GmbH	114,833	114,833
Prima Wohnbauten Privatisierungs-Management GmbH	113,268	113,268
DA DMB Netherlands B.V.	106,773	106,773
DAIG 1. Objektgesellschaft mbH	78,036	78,036
Gagfah M Immobilien-Management GmbH	76,299	76,299
Osnabrücker Wohnungsbauges. mbH	74,003	74,003
Deutsche Annington Wohnungsgesellschaft IV GmbH & Co. KG	62,953	62,953
Deutsche Annington Rhein-Ruhr GmbH & Co. KG	61,422	61,422
Vonovia Immobilienmanagement one GmbH	60,382	60,382
Gagfah Acquisition 1 GmbH	55,290	55,290
Vonovia Elbe Wohnen GmbH	54,980	54,980
Bundesbahn-Wohnungsbauges. Kassel GmbH	47,268	47,268
Deutsche Annington Wohnungsgesellschaft I mbH	39,811	39,811
DAIG 9. Objektgesellschaft B.V.	35,203	35,203
DAIG 21. Objektgesellschaft B.V.	27,831	27,831
GBH Acquisition GmbH	26,246	26,246
Gagfah Acquisition 2 GmbH	25,995	25,995
DAIG 20. Objektgesellschaft B.V.	24,877	24,877
Deutsche Annington Heimbau GmbH	23,288	23,288
DAIG 13: Objektgesellschaft B.V.	22,552	22,552
DAIG 19. Objektgesellschaft B.V.	21,404	21,404
DAIG 2. Objektgesellschaft mbH	18,896	18,896
Vonovia Immobilienmanagment two GmbH	18,781	18,781
DAIG 4. Objektgesellschaft mbH	17,109	17,109
Deutsche Annington DMB Eins GmbH	16,639	16,639
DAIG. 22. Objektgesellschaft B.V.	14,475	14,475
Fjord Immobilien GmbH	-	12,426
DAIG 10. Objektgesellschaft B.V.	12,078	12,078
DAIG 11. Objektgesellschaft B.V.	11,552	11,552

in € thousand	Dec. 31, 2020 Audited	June 30, 2021 Unaudited
DAIG 3. Objektgesellschaft mbH	11,061	11,061
Siege Siedlungsgesellschaft mbH Mainz	9,720	9,720
DAIG 24. Objektgesellschaft B.V.	9,167	9,167
DAIG 23. Objektgesellschaft B.V.	7,979	7,979
DAIG 17. Objektgesellschaft B.V.	6,322	6,322
NILEG Norddeutsche Immobiliengesellschaft mbH	5,987	5,987
Börsenhof A Besitz GmbH	5,649	5,649
DAIG 18. Objektgesellschaft B.V.	4,534	4,534
Liegenschaften Weissig GmbH	2,184	2,184
DAIG. 25. Objektgesellschaft B.V.	1,071	1,071
Woba Dresden GmbH	542	542
<b>Total (long-term)</b>	<b>17,445,922</b>	<b>18,127,197</b>
Vonovia SE cash pooling (current)	261,756	302,848
<b>Total (long-term and current)</b>	<b>17,707,678</b>	<b>18,430,045</b>

## 7 Deferred Tax Assets

The fair value of the receivables from affiliated companies and shareholder is € 337 million higher than amortized cost due to the decrease of the market interest rate (December 31, 2020: € 1,372 million higher).

### Long-Term Loans to Affiliated Companies and Shareholder

in € thousand	2020 Audited	2021 Unaudited
<b>Balance as of January 1</b>	15,212,462	<b>17,445,922</b>
Additions	4,015,448	681,275
Terminations	-	-
Repayments during the year/period	-1,781,988	-
<b>Balance as of December 31/June 30</b>	<b>17,445,922</b>	<b>18,127,197</b>

The deferred tax assets are especially dependent on changes in the currency rate from the bond in US dollars. Furthermore, the deferred tax assets are based on temporary differences from the valuation of the financial instruments; for more information see note 23. The position as a whole is of a long-term nature. The deferred tax assets are mainly based on the Yankee bond and the cross-currency swap for this bond. All the instruments are long-term.

The previously planned corporate tax rate decrease was cancelled. Instead, the corporate tax rate remains at 25%. For taxable income up to € 245 k (2020: € 200 k) a tax rate of only 15% (2020: 16,5%) is applicable. The calculation of DTA for 2021 is based on 25%.



In the future, the deferred tax assets will be used as follows:

## Deferred Tax Assets

in € thousand	Cross-Currency Swap	Floater	Yankee Bond	Other	Total
<b>As of January 1, 2021 -Audited-</b>	-4,592	2,264	4,726	-	2,398
Addition during the period	-	-	-	-	-
Change recognized in fair value movement in deferred taxes on derivative financial instruments	-1,739	-563	1,676	-	-626
<b>As of June 30, 2021 -Unaudited-</b>	<b>-6,331</b>	<b>1,701</b>	<b>6,402</b>	<b>-</b>	<b>1,772</b>

in € thousand	Cross-Currency Swap	Floater	Yankee Bond	Other	Total
<b>As of January 1, 2020 -Audited-</b>	-6,314	2,387	8,196	-	4,269
Addition during the period	-	-	-	-	-
Change recognized in fair value movement in deferred taxes on derivative financial instruments	1,722	-123	-3,470	-	-1,871
<b>As of December 31, 2020 -Audited-</b>	<b>-4,592</b>	<b>2,264</b>	<b>4,726</b>	<b>-</b>	<b>2,398</b>

## 8 Other Assets

The other assets in the amount of € 2,675 k (December 31, 2020: € 1,327 k) pertain to prepaid invoices and receivables for taxes on income with. The fair value of the other assets approximates the book value.

## 9 Cash and Cash Equivalents

Cash and cash equivalents are not restricted with regard to their use.

## 10 Shareholder's Equity

The authorized share capital of FINANCE B.V. amounts to € 18 k (2019: € 18 k) and consists of 18,000 ordinary shares with a nominal value of € 1 each.

The Management Board has proposed to add the net profit of the first half year amounting to € 5,328 k (year ended December 31, 2020: net profit € 9,177 k) to the other reserves.

### Presentation of the Hybrid Bond

In 2014, FINANCE B.V. issued a hybrid bond with a nominal volume of € 1,000 million. This subordinated loan is subordinated to all other liabilities. The hybrid bond has an unlimited duration and can only be terminated by FINANCE B.V. on certain contractually fixed dates or for certain con-

tractually fixed purposes. Up until the first termination date in December 2021, the hybrid bond will bear interest at a rate of 4.0% p.a. The Finance Department of Vonovia Group and FINANCE B.V. intend to make use of the first issuer call option on the first termination date. The classification on the balance sheet as of June 30, 2021 and December 31, 2020 and the reclassification from long-term liabilities to current liabilities compared to prior years reflect this intention. If FINANCE B.V. does not exercise its termination right at this point, the interest rate that will apply until the next termination date in December 2026 will correspond to the five-year swap rate plus a margin of 339 basis points. The markup will increase by 25 basis points as of December 2026 and by another 75 basis points as of December 2041. The agreements reached allow interest payments to be suspended. Suspended interest payments shall not bear interest.

Pursuant to Dutch Accounting Standard 240, the presentation of the hybrid bond in the financial statements follows the legal form of the instrument. The hybrid bond is therefore presented as a liability under the capital base. Accrued liabilities in the amount of € 21,479 k on the hybrid bond are shown under "Accrued Liabilities" (Note 13).

## Statement of Changes in Capital Base

in € thousand	Subscribed Capital	Share Premium Reserve	Cash Flow Hedge Reserve	Other Reserves	Unappropriated Profit/Loss	Total Shareholders' Equity	Hybrid Bond	Total Capital Base
<b>As of January 1, 2021 -Audited-</b>	18	100,000	-25,405	26,044	9,177	109,834	998,328	1,108,162
Appreciation of hybrid bond	-	-	-	-	-	-	610	610
Other reserves	-	-	-	9,177	-9,177	-	-	-
Unappropriated profit	-	-	-	-	5,328	5,328	-	5,328
Development of Cash flow hedge reserve	-	-	7,213	-	-	7,213	-	7,213
<b>As of June 30, 2021 -Unaudited-</b>	18	100,000	-18,192	35,221	5,328	122,375	998,938	1,121,313

in € thousand	Subscribed Capital	Share Premium Reserve	Cash flow Hedge Reserve	Other Reserves	Unappropriated Profit/Loss	Total Shareholders' Equity	Hybrid Bond	Total Capital Base
<b>As of January 1, 2020 -Audited-</b>	18	100,000	-44,889	17,182	8,862	81,173	996,690	1,077,863
Appreciation of hybrid bond	-	-	-	-	-	-	1,638	1,638
Other reserves	-	-	-	8,862	-8,862	-	-	-
Unappropriated profit	-	-	-	-	9,177	9,177	-	9,177
Development of Cash flow hedge reserve	-	-	19,484	-	-	19,484	-	19,484
<b>As of December 31, 2020 -Audited-</b>	18	100,000	-25,405	26,044	9,177	109,834	998,328	1,108,162

## II Liabilities to Banks

FINANCE B.V. signed a € 50 million unsecured corporate loan and a secured structured financing in the amount of € 168 million in 2019. In 2020, the company took out six struc-

ured loans, but the second loan from Berlin Hyp AG with an amount of € 200 million was paid out in 2021. FINANCE B.V. has outstanding loans totaling € 1,300 million as of June 30, 2021:

Loan	Amount in € million	Lender	Collateral	Coupon	Maturity
No. 1 signed Sept. 19	50 - unsecured	M.M.Warburg & Co.	Vonovia SE	0.290%	Sept. 28, 2026
No. 2 signed Sept. 19	168 - secured	Commerzbank AG	Vonovia SE and GAGFAH GmbH	0.540%	Sept. 17, 2029
No. 3 signed Feb. 20	300 - secured	LBBW	GAGFAH GmbH and DA Beteiligungsverwaltungs GmbH	0.677%	Feb. 25, 2030
No. 4 signed Mar. 20	100 - secured	ING-Diba	GAGFAH GmbH and DA Beteiligungsverwaltungs GmbH	0.864%	Mar. 2, 2030
No. 5 signed Mar. 20	100 - secured	Berliner Sparkasse	GAGFAH GmbH and DA Beteiligungsverwaltungs GmbH	0.841%	Mar. 9, 2030
No. 6 signed July 20	184 - secured	Berlin Hyp AG	DA Beteiligungsverwaltungs GmbH	0.780%	July 9, 2030
No. 7 signed Nov. 20	200 - secured	Commerzbank AG	DA Beteiligungsverwaltungs GmbH	0.500%	Nov. 23, 2027
No. 8 signed Dec. 03	200 - secured	Berlin Hyp AG	BUWOG - Berlin Wohnen GmbH and DA Beteiligungsverwaltungs GmbH	0.750%	Dec. 3, 2030

in € thousand -Audited-	<b>Balance as of June 30, 2021</b>	Repayment obligation within 1 year	Remaining maturity 1-5 years	Remaining maturity > 5 years
Loan unsecured	50,000	-	-	50,000
Loans secured	1,250,084	-	-	1,250,084
	<b>1,300,084</b>	-	-	<b>1,300,084</b>

### Movement of liabilities to banks

in € thousand	<b>2020 Audited</b>	<b>2021 Unaudited</b>
Balance as of January 1	217,899	1,100,622
Additions	882,723	199,462
Repayments during the year	-	-
<b>Balance as of December 31/June 30</b>	<b>1,100,622</b>	<b>1,300,084</b>

The fair value of the liabilities to banks is € 45 million higher than its carrying value due to the decrease of the market interest rate (December 31, 2020: € 38 million higher).

## 12 Bonds and Commercial Papers

The long-term and the current liabilities comprise the following bonds, issued by June, 2021:

Bond	VNA*	ISIN Code	Face value	Coupon	Maturity
Yankee bond	004	US25155FAB22	\$ 50 k	5.000% unlisted	10-2023
EMTN 2013	005	DE000A1HRVD5	€ 1,000	3.625% listed	10-2021
EMTN 2014	007	DE000A1ZLUN1	€ 1,000	2.125% listed	07-2022
Hybrid Bond perp.	008	XS1117300837	€ 100 k	4.000% listed	-
EMTN 03/2015 2	009B	DE000A1ZY989	€ 1,000	1.500% listed	03-2025
EMTN 12/2015 3	010C	DE000A18V146	€ 100 k	2.250% listed	12-2023
EMTN 06/2016 1	011A	DE000A182VS4	€ 100 k	0.875% listed	06-2022
EMTN 06/2016 2	011B	DE000A182VT2	€ 100 k	1.500% listed	06-2026
EMTN 12/2016	013	DE000A189ZX0	€ 100 k	1.250% listed	12-2024
EMTN 01/2017 1	014A	DE000A19B8D4	€ 100 k	0.750% listed	01-2022
EMTN 01/2017 2	014B	DE000A19B8E2	€ 100 k	1.750% listed	01-2027
EMTN 09/2017	015	DE000A19NS93	€ 100 k	1.125% listed	09-2025
EMTN 01/2018 1	017A	DE000A19UR61	€ 100 k	0.750% listed	01-2024
EMTN 01/2018 2	017B	DE000A19UR79	€ 100 k	1.500% listed	01-2028
EMTN 03/2018 1	018A	DE000A19X793	€ 100 k	EURIM03+45bps	12-2022
EMTN 03/2018 2	018B	DE000A19X8A4	€ 100 k	1.500% listed	03-2026
EMTN 03/2018 3	018C	DE000A19X8B2	€ 100 k	2.125% listed	03-2030
EMTN 03/2018 4	018D	DE000A19X8C0	€ 100 k	2.750% listed	03-2038
EMTN 07/2018	019	DE000A192ZH7	€ 100 k	0.875% listed	07-2023
EMTN 01/2019	020	DE000A2RWZZ6	€ 100 k	1.800% listed	06-2025
EMTN 09/2019 1	021A	DE000A2R7JD3	€ 100 k	0.500% listed	09-2029
EMTN 09/2019 2	021B	DE000A2R7JE1	€ 100 k	1.125% listed	09-2034
EMTN 10/2019 1	022A	DE000A2R8NC5	€ 100 k	0.125% listed	04-2023
EMTN 10/2019 2	022B	DE000A2R8ND3	€ 100 k	0.625% listed	10-2027
EMTN 10/2019 3	022C	DE000A2R8NE1	€ 100 k	1.625% listed	10-2039
EMTN 04/2020 1	023A	DE000A28VQC4	€ 100 k	1.625% listed	04-2024
EMTN 04/2020 2	023B	DE000A28VQD2	€ 100 k	2.250% listed	04-2030
EMTN 07/2020 1	024A	DE000A28ZQP7	€ 100 k	0.625% listed	07-2026
EMTN 07/2020 2	024B	DE000A28ZQQ5	€ 100 k	1.000% listed	07-2030
EMTN 01/2021	025	DE000A287179	€ 100 k	1.000% listed	01-2041

\* VNA stands for the internal Vonovia number for bonds as mentioned on the Investor relation website.

The bonds issued are unsecured and unsubordinated; only the hybrid bond is subordinated.

The EMTNs are listed on the Luxembourg Stock Exchange, as the hybrid bond. The Yankee bond has been issued in a private placement exclusively to qualified investors in accordance with Rule 144A under the US Securities Act.

On January 28, 2021, the company issued a € 500 million bond under the EMTN Program. The bond has a maturity of 20 years.

in € thousand	Book Value Dec. 31, 2020 Audited	Book Value June 30, 2021 Unaudited	Market Value Dec. 31, 2020	Market Value June 30, 2021
<b>Long-term</b>				
Yankee bond 2	201,973	208,853	220,332	228,965
EMTN 2014	498,750	499,150	517,850	512,380
EMTN 03/2015 2	495,245	495,776	535,310	528,685
EMTN 12/2015 3	994,474	995,306	1,071,210	1,058,850
EMTN 06/2016 1	498,932	-	508,095	-
EMTN 06/2016 2	496,518	496,830	541,335	534,480
EMTN 12/2016	993,459	994,229	1,055,900	1,045,470
EMTN 01/2017 1	499,465	-	505,345	-
EMTN 01/2017 2	496,570	496,811	551,370	542,210
EMTN 09/2017	497,047	497,349	528,565	523,350
EMTN 01/2018 1	497,359	497,780	513,375	510,840
EMTN 01/2018 2	496,341	496,572	548,580	536,230
EMTN 03/2018 1	599,073	599,305	602,700	603,048
EMTN 03/2018 2	703,752	703,402	755,937	746,564
EMTN 03/2018 3	494,557	494,773	583,370	562,120
EMTN 03/2018 4	489,067	489,293	646,230	610,205
EMTN 07/2018	497,654	498,115	512,940	509,615
EMTN 01/2019	497,837	498,080	540,950	534,280
EMTN 09/2019 1	493,934	494,270	512,115	497,910
EMTN 09/2019 2	497,550	497,631	530,920	505,685
EMTN 10/2019 1	498,477	498,809	503,840	502,765
EMTN 10/2019 2	494,001	494,428	517,915	508,975
EMTN 10/2019 3	489,355	489,590	557,260	523,135
EMTN 04/2020 1	497,540	497,893	513,375	510,840
EMTN 04/2020 2	492,876	493,213	585,950	565,940
EMTN 07/2020 1	745,509	742,203	774,945	767,400
EMTN 07/2020 2	741,791	745,906	794,430	771,863
EMTN 01/2021	-	480,373	-	467,175
<b>Total</b>	<b>14,899,106</b>	<b>14,395,940</b>	<b>16,030,144</b>	<b>15,208,980</b>
<b>Current</b>				
EMTN 2013	499,539	499,789	515,010	505,455
EMTN 06/2016 1	-	499,296	-	505,890
EMTN 01/2017 1	-	499,706	-	503,185
Hybrid bond (perpetual)	998,328	998,938	1,034,380	1,018,060
<b>Total Long-term and current</b>	<b>16,396,973</b>	<b>16,893,669</b>	<b>17,579,534</b>	<b>17,741,570</b>

The Multi-Currency Commercial Paper Program supports flexible and broad access to capital markets. Since September 2017, the company has acted as an issuer under the € 1,000 million commercial paper program established by the company. Debt issuances under these programs have unconditional and irrevocable guarantees from Vonovia SE. The last Commercial papers in the amount of € 300 million

have been paid back as of February 28, 2020. There are no commercial papers outstanding since then, but the program is still active.

The US dollar market value of the USD-bond was USD 272,102,500 (December 31, 2020: USD 270,370,000).

The valuation of the Yankee bond is calculated using standard market valuation methods for such instruments on the basis of the market data provided by an accredited market data vendor.

Vonovia SE serves as the guarantor of the bonds and associated interest obligations of its subsidiary FINANCE B.V. These obligations result from the issuance of bonds in the amount of € 16,894 million.

The determined rates were verified in regard to the implicit risk premiums.

in € thousand -Unaudited-	Balance as of June 30, 2021	Repayment Obligation within 1 year	Remaining Maturity 1-5 years	Remaining Maturity > 5 years
EMTN bonds	15,685,878	1,498,791	7,772,024	6,415,063
Hybrid bond (perpetual)	998,938	998,938	-	-
Yankee bond	208,853	-	208,853	-
	<b>16,893,669</b>	<b>2,497,729</b>	<b>7,980,877</b>	<b>6,415,063</b>

in € thousand -Audited-	Balance as of Dec. 31, 2020	Repayment Obligation within 1 year	Remaining Maturity 1-5 years	Remaining Maturity > 5 years
EMTN bonds	15,196,672	499,539	7,565,312	7,131,821
Hybrid bond (perpetual)	998,328	998,328	-	-
Yankee bond	201,973	-	201,973	-
	<b>16,396,973</b>	<b>1,497,867</b>	<b>7,767,285</b>	<b>7,131,821</b>

## Movement of Bonds

in € thousand	2020 Audited	2021 Unaudited
Balance as of January 1	15,062,027	16,396,973
Additions	2,477,716	480,373
Repayments during the period	-1,051,226	-
Change in valuation rate	-91,544	16,323
<b>Balance as of December 31/June 30</b>	<b>16,396,973</b>	<b>16,893,669</b>

Repayment obligations falling due within twelve months are included in current liabilities.

### 13 Accrued Liabilities/Other Liabilities

The current liabilities as of June 30, 2021, mainly result from accrued interest liabilities on issued bonds.

Obligations with a maturity within one year are disclosed as current liabilities.

in € thousand Bond	Coupon	Interest payment	Dec. 31, 2020 Audited	June 30, 2021 Unaudited
Yankee bond 2	5.000%	semi-annual October/April 2	2,518	2,600
EMTN 2013	3.625%	annual October 8	4,171	13,159
EMTN 2014	2.125%	annual July 9	5,094	10,363
EMTN 03/2015 2	1.500%	annual March 31	5,671	1,890
EMTN 12/2015 3	2.250%	annual December 15	1,048	12,205
EMTN 06/2016 1	0.875%	annual June 10	2,457	252
EMTN 06/2016 2	1.500%	annual June 10	4,212	432
EMTN 12/2016	1.250%	annual December 6	824	7,040
EMTN 01/2017	0.750%	annual January 25	3,495	1,607
EMTN 01/2017	1.750%	annual January 25	8,154	3,750
EMTN 09/2017	1.125%	annual September 8	1,772	4,562
EMTN 01/2018 1	0.750%	annual January 15	3,607	1,716
EMTN 01/2018 2	1.500%	annual January 14	7,213	3,432
EMTN 03/2018 2	1.500%	annual March 22	8,170	2,877
EMTN 03/2018 3	2.125%	annual March 22	8,235	2,922
EMTN 03/2018 4	1.750%	annual March 22	10,690	3,767
EMTN 07/2018	0.875%	annual July 3	2,182	4,351
EMTN 01/2019	1.800%	annual June 29	4,586	49
EMTN 09/2019	0.500%	annual September 14	747	1,986
EMTN 09/2019	1.125%	annual September 14	1,680	4,469
EMTN 10/2019	0.125%	annual April 6	462	147
EMTN 10/2019	0.625%	annual October 7	736	2,286
EMTN 10/2019	1.625%	annual October 7	1,892	5,921
EMTN 04/2024	1.625%	annual April 7	5,988	1,892
EMTN 04/2030	2.250%	annual April 7	8,291	2,620
EMTN 07/2026	0.625%	annual July 9	2,260	4,585
EMTN 07/2030	1.000%	annual July 9	3,617	7,336
EMTN 01/2041	1.000%	annual January 28	-	2,110
Hybrid bond (perpetual)	4.000%	annual December 17	1,644	21,479
<b>Total</b>			<b>111,416</b>	<b>131,805</b>
Senior loans			150	125
Compensation with swaps without CCS			135	2,513
Accruals			1,127	621
<b>Total accrued liabilities</b>			<b>112,828</b>	<b>135,064</b>
Liabilities for invoices 2020			599	585
Trade payables			-	15
Other tax liabilities			5	34
<b>Total other liabilities</b>			<b>604</b>	<b>634</b>

The fair value of the current liabilities approximates the book value due to its short-term character.

### Working Capital Facility/Revolving Credit Facility

In October 2018, Vonovia SE concluded an agreement on a new working capital facility/revolving credit facility amounting to € 1,000 million with Commerzbank AG via FINANCE B.V. The working capital facility is still active, and on

September 30, 2020, the contract was extended by one year from October 2021 to October 2022. The 2021 prepaid assets have been paid by the shareholder in accordance with the agreement between the shareholder and the company.

## 14 Interest and Similar Income and Expenses

in € thousand	Jan.-June 2020 Unaudited	Jan.-June 2021 Unaudited
Interest income from affiliated companies and shareholder	152,442	163,275
Interest income from third parties	6,273	5,787
Valuation effects from ineffectiveness	877	-
<b>Total interest and similar income</b>	<b>159,592</b>	<b>169,062</b>
Interest expenses from Euro/EMTN bonds	-100,997	-107,471
Interest expenses from Hybrid bond (perpetual)	-19,891	-19,836
Interest expenses from Yankee bond	-5,724	-5,403
Interest expenses from secured financings	-1,670	-4,127
Interest expenses from Term loan	-547	-1,264
Interest expenses from swaps	-6,614	-6,883
Interest expenses from liquidation Forward swaps	-5,197	-5,293
Other interest expenses to third parties	-7,393	-11,245
Valuation effects from First day loss and ineffectiveness	-427	-599
Non-recoverable finance expenses	-399	-42
<b>Total interest and similar expenses</b>	<b>-148,859</b>	<b>-162,163</b>
<b>Total financial result</b>	<b>10,733</b>	<b>6,899</b>

In the period under review, € 4.8 million was reclassified to profit or loss from the cash flow hedge reserve.

In connection with the initial valuation of cross-currency swaps, interest is expensed in the income statement based on the difference between the net present value and the fair value.

This is attributable to the stringent financial risk management strategy, which does not permit holding a currency risk in connection with the issuance of the bonds in US dollars open, even temporarily.

The expenses from the term loan have been paid back by the shareholder and are also included under interest income from affiliated companies and shareholder.

## 15 Other Operating Income

in € thousand	Jan.-June 2020 Unaudited	Jan.-June 2021 Unaudited
Income from reversal of provisions from liabilities	0	-
Total release of other liabilities	-	-
<b>Total</b>	<b>0</b>	<b>-</b>

## 16 Personnel Expenses

Personnel expenses are disbursed for employees as follows:

in € thousand	Jan.-June 2020 Unaudited	Jan.-June 2021 Unaudited
Wages and salaries	325	195
Social security charges	20	19
<b>Total</b>	<b>345</b>	<b>214</b>



## 17 Depreciation of Tangible Fixed Assets

Depreciation expenses of € 0 k (January–June 2020: € 2 k) pertain to the depreciation of tangible assets, which are comprised of office equipment.

## 18 Audit Fees

The following audit fees were expensed in the income statement in the reporting period:

Jan.–June 2021 -Unaudited- in € thousand	Pricewaterhouse- Coopers Accountants N.V.	Other PwC Network	Total PwC Network
Audit of the financial statements	5	-	5
Other audit services	-	-	-
Tax services	-	-	-
Other non-audit services	-	-	-
<b>Total</b>	<b>5</b>	<b>-</b>	<b>5</b>

Jan.–June 2020 -Unaudited- in € thousand	Pricewaterhouse- Coopers Accountants N.V.	Other PwC Network	Total PwC Network
Audit of the financial statements	32	-	32
Other audit services	-	-	-
Tax services	-	-	-
Other non-audit services	32	-	32
<b>Total</b>	<b>64</b>	<b>-</b>	<b>64</b>

The fees listed above relate to the procedures applied to the company by accounting firms and the external independent auditor as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act (Wet toezicht accountantsorganisaties - Wta) as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups. These fees relate to the audit of 2020 financial statements, regardless of whether the work was performed in 2020 and 2021.

They have provided other non-audit services for the company amounting to € 0 k (January–June 2020: € 32 k), but these are included in “Interest and Similar Expenses.” The non-audit services performed by PricewaterhouseCoopers Accountants N.V. pertain to the comfort letter for the EMTN Program. These non-audit services are allowed under current regulations.

## 19 Other Operating Expenses

in € thousand	Jan.–June 2020 Unaudited	Jan.–June 2021 Unaudited
Consultancy fees	46	67
Independent auditor's remuneration	32	5
Rent and lease	40	45
IT and administration costs	16	16
Other costs	14	9
<b>Total</b>	<b>148</b>	<b>142</b>

The table below shows the financial obligation for office rent:

in € thousand	within 2021	within 2022–2025	beyond 2025
Rent and lease	105	368	-

## 20 Income/Loss Taxation

The taxation on the result of ordinary activities can be specified as follows:

in € thousand	Jan.- June 2020 Unaudited	Jan.- June 2021 Unaudited
Profit before taxation	10,238	6,543
Deferred tax assets	-97	174
Current tax liabilities/assets	-	-
Corporate income taxation	-1,284	-1,389
<b>Profit for the period</b>	<b>8,857</b>	<b>5,328</b>

The effective tax rate is 18.57% (January-June 2020: 13.49%)

The nominal tax rate is 25.0% (January-June 2020: 25.0%)

FINANCE B.V. has reached an agreement with the Dutch tax authorities regarding an advance pricing agreement ("APA") for the period of establishment until December 31, 2018. A new APA with a period of validity from January 1, 2016, to December 31, 2020, was signed in January 2017. Additionally, an application process for a bilateral APA ("BAPA") was initiated in 2019.

The current tax position is not calculated on the basis of the ordinary profit or loss but by using the margin applied for the BAPA; the current income tax occurs even with a potential loss. Furthermore, because of the BAPA, no deferred tax assets on tax loss carryforwards would be taken into account. The deferred tax assets result only from the cash flow hedge reserve.

## 21 Related Parties

In accordance with the business purpose of the company, namely, raising funds from debt capital markets, the lending of funds to Vonovia SE or its affiliated companies reflects the related party relationships and is therefore related to Group financing activities.

All loans are granted to Group companies for Group financing purposes. The interest income mainly stems from these Group companies. The interest rates charged to Group companies are comprised of a weighted mix of interest rates from the issued bonds and loans plus a service charge margin on an arm's-length basis.

The company obtains services from the shared service center of Vonovia SE, for which no service fees have been charged because setting up the entity and implementing the operational activities were in the sole interest of Vonovia as the main beneficiary.

Therefore, any receivables and liabilities to Vonovia SE or its affiliated companies are related to the above-mentioned financing activities.

## 22 Average Numbers of Employees

As of June 30, 2021, the company has three employees (June 30, 2020: six), two of whom are men and one women (June 30, 2020: four men and two women). All employees work in the Netherlands. The two-person Management Board comprises only men; both of them work in the Netherlands. Services are obtained through the shared service functions of the Vonovia Group.

## 23 Financial Instruments

As of June 30, 2021, the financial instruments consist of an interest rate swap relating to a floater bond (bond 018A) with a nominal volume of € 600 million (beginning of 2018) and two cross-currency swaps corresponding to USD-bond (bond 004) with a total nominal volume of € 185 million (beginning of 2013; four cross-currency swaps with a total nominal volume of € 739.8 million).

Future changes in the value of the cash flow hedge reserve also relate to three hedging instruments unwound in October 2015. Corresponding future changes in value, previously reported outside profit or loss under cash flow hedge reserve, will be amortized through profit or loss in line with the expected cash flows from the underlying hedged items. In the year under review, € 4.8 million was reclassified to profit or loss, reducing the respective cash flow hedge reserve to € 23,5 million.

The main parameters and developments for the cash flow hedge reserve as well as the derivatives were as follows:

### Development of Cash Flow Hedge Reserve Taking into Account Deferred Tax

in € thousand -Unaudited-	Development			June 30, 2021
	Jan. 1, 2021	Gross Amount	Deferred Tax	
Cash flow hedge reserve related to three unwound hedging instruments	28,352	-4,812	-	23,540
Interest rate swap floater 600	6,826	-2,252	563	5,137
Cross currency sap	-23,953	-7,652	1,913	-29,692
Corresponding USD-bonds	14,180	6,703	-1,676	19,207
<b>Cash flow hedge reserve according to balance sheet</b>	<b>25,405</b>	<b>-8,014</b>	<b>800</b>	<b>18,192</b>

in € thousand -Audited-	Development			Dec. 31, 2020
	Jan. 1, 2020	Gross Amount	Deferred Tax	
Cash flow hedge reserve related to three unwound hedging instruments	37,978	-9,626	-	28,352
Interest rate swap floater 600	8,657	-1,955	124	6,826
Cross currency swap	-31,322	-8,065	-696	-23,953
Corresponding USD-bonds	29,576	-18,866	3,470	14,180
<b>Cash flow hedge reserve according to balance sheet</b>	<b>44,889</b>	<b>-22,382</b>	<b>2,898</b>	<b>25,405</b>

## Development of Derivatives

in € thousand -Unaudited-	Face-Value	Development					June 30, 2021
		Jan. 1, 2021	Cash Flow Hedge Reserve	Ineffec- tiveness Income Statement	First Day Loss Income Statement	Re- classi- fication	
Passive hedge accounting	-	-	4,812	-	-	-4,812	-
Interest rate swap floater Mar. 2018 4.75 years 3M EURIBOR	600,000	-9,102	2,252	-	-	-	-6,850
Cross currency swap eff. Oct. 2013 10 years USD exchange rate	184,592	31,938	7,652	-	-	-	39,590
Cross currency swap first day loss/ineffectiveness		-13,568	-	-97	-600	-	-14,265
		18,370	7,652	-97	-600	-	25,325
<b>Market value (clean)</b>	<b>784,592</b>	<b>9,268</b>	<b>14,717</b>	<b>-97</b>	<b>-600</b>	<b>-4,813</b>	<b>18,475</b>
Accrued interest	-	289	-	-	-	-	-2,007
<b>Market value (dirty)</b>	<b>-</b>	<b>9,557</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,468</b>

in € thousand -Audited-	Face-Value	Development					Dec. 31, 2020
		Jan. 1, 2020	Cash Flow Hedge Reserve	Ineffec- tiveness Income Statement	First Day Loss Income Statement	Re- classi- fication	
Passive hedge accounting	-	-	9,626	-	-	-9,626	-
Interest rate swap floater Mar. 2018 4.75 years 3M EURIBOR	600,000	-11,057	1,955	-	-	-	-9,102
Cross currency swap eff. Oct. 2013 10 years USD exchange rate	184,592	40,003	-8,065	-	-	-	31,938
Cross currency swap first day loss/ineffectiveness		-10,903	-	-1,672	-993	-	-13,568
		29,100	-8,065	-1,672	-993	-	18,370
<b>Market value (clean)</b>	<b>784,592</b>	<b>18,043</b>	<b>3,516</b>	<b>-1,672</b>	<b>-993</b>	<b>-9,626</b>	<b>9,268</b>
Accrued interest	-	545	-	-	-	-	289
<b>Market value (dirty)</b>	<b>-</b>	<b>18,588</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,557</b>

## 24 Further Information about the Bodies of the Company

The Management Board of Vonovia Finance B.V. consists of two members as of June 30, 2021.

### **Iwan Oude Roelink**

Director of Vonovia Finance B.V.  
Chairman of the Management Board

### **Rick van Dijk**

Director of Vonovia Finance B.V.

The Management has received remuneration for the first half year of 2021 amounting to € 105 k (January–June 2020: € 204 k).

The Supervisory Board currently consists of five members.

### **Prof. Dr. A. Stefan Kirsten**

Chairman of the Supervisory Board  
Former CFO of Vonovia SE

### **Helene von Roeder**

CFO of Vonovia SE

### **Simone Schumacher**

Head of Accounting, BMW Finance N.V.

### **Olaf Weber**

Head of Finance and Treasury, Vonovia SE

### **Dr. Fabian Heß**

General Counsel of Vonovia SE

The members of the Supervisory Board didn't receive remuneration in the first half year of 2021 (January–June 2020: € 0 k).

The shares of the company entitle the shareholder to voting and profit rights, and the shares are all held by Vonovia SE, the holding company of the Vonovia Group. Vonovia SE is the leading German real estate company in the DAX 30 and a top company in the European real estate market.

On January 8, 2021, the Management Board of Vonovia SE discussed restructuring FINANCE B.V. during the course of 2021. In order to increase the efficiency of the Group's finance activities, the Management Board of Vonovia SE resolved to merge FINANCE B.V. into its sole shareholder Vonovia SE. As Vonovia SE already stands as guarantor for all outstanding financial liabilities of FINANCE B.V., no material effects are expected in connection with the restructuring.

Amsterdam, August 25, 2021

### **Management Board**

Original has been signed by  
Iwan Oude Roelink (Chairman)

Original has been signed by  
Rick van Dijk

# Other Information

## **Profit Appropriation According to the Articles of Association**

The company's Articles of Association, specifically article 19, provide that the profits will be at the disposal of the Annual General Meeting. A resolution to pay out dividends will only be effective upon approval by the Management Board of Managing Directors and if the equity exceeds the reserves that are required by law or the Articles of Association. The company can only make distributions to the shareholders and other entitled persons up to an amount that does not exceed the amount of the distributable reserves. The General Meeting may resolve to pay dividends from legally distributable reserves.

The Management Board has proposed to add the net profit of the first half year 2021 amounting to € 5,328 k (year ended December 31, 2020: net profit € 9,177 k) to the other reserves.



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