

Speech by the Chairman of the Management Board

(Convenience translation. In case of any discrepancies between the German original and this English translation, the German version shall be binding)

Rolf Buch, Vonovia SE,

at the virtual Annual General Meeting in Bochum on April 16, 2021

– Check against delivery –

Dear shareholders,

Supervisory Board members

and customers,

Ladies and gentlemen,

I'd like to welcome you very warmly to this second virtual AGM of Vonovia SE. Last year, I thought that this kind of event would always be an exception. Now we have learnt to live with so many exceptions – and it's not always easy.

I do hope you're all in good health, and you haven't lost hope. I'm aware that, for many of us, the last few months have been very unfortunate, full of sadness and worries – about our health and about our families and friends. There is so much existential distress, and there is also a lot of uncertainty.

This is why we need to provide security. We must do our part to meet the challenges of these times.

If there are things beyond our control, we need to accept them for the time being – even if we don't always understand everything. There's no point in getting angry – at politicians, at lockdowns, at the speed of our vaccinations. It's not really helpful. Let's be honest: a year ago, no one would have thought that we'd have any vaccines at all at this stage – and, in fact, in all European countries. This is worth such a lot.

So let's all focus on the things we can influence – things which we can actually solve ourselves. And there are quite a few. Defeating Covid-19 is a high priority, but it would be reckless if we lost sight of climate protection and all the major concerns of our society. None of those things can wait, and at Vonovia we're certainly not going to sit back and wait. We're part of the solution.

Last year I talked about trust as an important success factor for our business. Trust doesn't work without reliability, and the last twelve months have shown this particularly clearly.

In fact, I wouldn't want to change places with a politician. They're trying really hard, but they can hardly do anything right at the moment.

However, one reason why I wouldn't want to swap with them is that I've got one of the best jobs in the country. Let me tell you why. It's because

everyone can rely on Vonovia: our tenants, our workforce, people in our society – and, of course, you, our dear shareholders. You can all rely on us to act sustainably and with an eye to the future.

But there's another dimension: Vonovia can also rely on you – on our tenants, on our workforce, in fact on all of you. So I'd like to take this opportunity to thank you very much indeed.

Why is it that our tenants can rely on us?

Well, we give more than one million people a place they call home. And each home is a place of safety in these difficult times. A refuge during the pandemic – for young families, for the elderly. A place to safely work from home, a balcony or garden to give you just a little bit of holiday feeling.

Our tenants can rest assured that they don't need to fear for their homes. And, in fact, this is also how we understand our business. So we haven't increased our rents for many months. We've stopped all terminations of rent agreements. And we're continuing to help if there are any financial hardships. No one is forced to move out because of Covid. We have used our hardship management system and the regulation for tenants 70 years or older to decide in favor of more than 3,000 cases since 2018.

We are there for our tenants. Our customer service makes sure faulty taps get repaired, that front gardens look nice – and that property viewings are carried out. Our customer service staff are always ready to listen – and these days that often includes problems which have nothing to do with housing.

Obviously, we also make mistakes. But we've improved even further, and we had another increase in customer satisfaction last year.

Not least because we have digitized and therefore accelerated our procedures. Despite Covid, we were able to rent out a large number of flats last year. We also introduced online viewings, and our tenants' app now has over 45,000 users per day. It's been a great success. Tenants can send in photos to document any issues they have. They can make appointments with our repair team. They can also look at their recoverable expenses bill, and quite soon we'll be able to conclude rent agreements through the app.

In many cases, we rent to people who are particularly in need of a flat. Our customers come from 150 different nations. In 2015, Chancellor Angela Merkel said: "*Wir schaffen das*" – "we can do it". Since then, 12,000 people from Syria and Afghanistan have found new homes with us.

The key to successful integration is social cohesion – and this starts where people live. There's no other way. In fact, it's the only way to prevent feelings of resentment.

Ladies and gentlemen,

There's one thing that's at the centre of all our thinking: the neighbourhood. This very much includes aspects such as modernization, construction, the residential environment, cooperative ventures and energy solutions.

Our annual target is to upgrade around 3 percent of our portfolio in terms of energy efficiency – for instance through heat insulation. We reached this figure last year – with an average cost allocation of 1.24 euros per square metre, and a maximum of 2 euros. It's got nothing to do with excessive rent growth. In fact, it's moderate.

But there's more good news for our tenants: although we've significantly increased our maintenance spending even further – to 600 million euros – we haven't passed on a single cent to them.

The increase in rent in the existing buildings was roughly in line with inflation. Nevertheless, we do need to talk about things. One important challenge is to reconcile everyone's interests as much as we can. It's something you can't force, and it requires empathy on both sides. It's helpful to enter into a constructive dialogue – also with tenants' associations.

I'd just like to comment briefly on the rent freeze in Berlin: we don't know how this issue will be decided by the German Constitutional Court. But one way or the other, there'll be some response from the Berlin government. There's just too much pressure on them to do something. It's time to deal with the causes and not just to treat the symptoms. We're quite clear about this: we do accept our social responsibility, and as soon as there's been a decision, we'll work out exactly what it means for us.

I'd just like to make a comment at this point, if you don't mind. The rent freeze didn't actually have the desired effect. It is more difficult to find a vacant flat in the affordable segment in Berlin today than before.

Ladies and gentlemen,

Why is it that we can rely on our tenants? It's because there's so much cohesion among neighbours. People in our neighbourhoods get on really well with each other. And I'd like to thank everyone for caring for one another in these difficult times – looking out for each other. People have found unusual ways to connect. Take, for instance, the Dresden Symphony Orchestra who gave an alphorn concert on the roofs of our high-rise residential buildings. I was really touched. These are great examples of cohesion in our society.

During these times so many are making it a major priority to do good to others. It's the same with us at Vonovia, supporting regional food distribution centres and social welfare projects.

How is sustainability relevant for our workforce? We can't say it often enough: everyone on our team is working with incredible dedication at the moment – at the head office, in the neighbourhoods, in our customer service, and in the repair and gardening teams. They care, and they're there for others, whether they're working from home or on site – and in fact under tough circumstances.

We've been paying our workforce the highest possible Covid bonus for their outstanding efforts. I'm really proud of our Team Vonovia. We have great confidence in the work of our colleagues, and the results I'm talking about have been a collaborative effort. So thanks ever so much, all of you.

But the same is also true the other way round: our workforce can rely on Vonovia. We are good employers.

We've been taking good care of occupational health and safety. We've made it possible to work from home, and I'm glad to say we've not had to reduce anyone's working hours.

As Mr Fitschen mentioned earlier, we've set up a testing station in our canteen where all our staff can get themselves tested free of charge twice a week. And as soon as Vonovia has been given vaccines, medical staff will be able to vaccinate people here. We're also going to develop a vaccination programme for everyone who doesn't work at head office – not just for the actual workforce, about 10,000 in all, but also for any family members who live in their households.

Over the last few years, we've created a large number of secure jobs. Even during the Covid-19 pandemic we've employed over a thousand new staff, and we're training more than 500 apprentices. This makes us one of the few DAX 30 companies who are continuing to expand their training schemes.

As you can imagine, the pandemic has changed our day-to-day work. Video conferences are now very much part of life, and I'm glad all these technical facilities are available. It means we can have lots of highly efficient meetings.

And it's also true that many teams are very flexible as they work together across our entire organization. However, in the long run, video conferences can be no substitute for meeting in person. I want to meet up with colleagues, I want to celebrate our successes with the team – both in-house and outside the company. It seems a bit mad, actually, when you see our local VfL Bochum football club heading for the Bundesliga, and everyone's just cheering them on their own.

And this takes us to a point which is particularly close to our hearts at Vonovia:

People in our society must be able to rely on us accepting responsibility for the future.

If we want to ensure that our children have homes, humanity will need to act. This gives us a special responsibility as a housing company – for a variety of reasons. Having a roof over your heads and living in a well-balanced neighbourhood are absolutely essential for social harmony. This is one side of the coin. The other side is that electric power, heating and hot water are still causing most of our carbon emissions.

Let's start with the roof over our heads: the pandemic has not caused everyone to move out into the country, and affordable housing in certain cities is continuing to be highly attractive to young people. Last year we had around 2 million enquiries – more than ever before.

That's why we're building new homes. In 2020 we completed over 2,000 homes, despite Covid-19. And we currently have nearly 50,000 residential units in the pipeline – in Germany, Austria and Sweden. That's something to be proud of.

In our projects, we also use prefabricated, factory-made components. This speeds up our work on a construction site, while also ensuring accuracy and making our work almost noise-free. Another material that is superbly suited for this purpose is wood – a further bonus point that increases sustainability. Using solid wood without adhesives means that the resulting CO₂ volume is about 95 percent below that of a conventionally constructed building.

More than 10 percent of our housing in Germany is price-controlled, and more social housing will be added this year – for instance in Berlin, Leipzig, Bremen and Dortmund.

At the moment Germany only has around 600,000 residential units that are suitable for the elderly. Yet there are about 3 million people with impaired mobility. So this is a social challenge – and therefore also a challenge for us. Last year we modernized around 13,000 homes, making them suitable for the elderly.

Well, all these figures point in one direction: Vonovia is part of the solution.

Now let's talk about climate change.

The current Covid crisis is of course holding sway over the world. But the crisis with the greatest impact on ourselves and on all future generations is actually climate change. It's an area where we need to act just as decisively. Everyone – policymakers, the energy industry and the housing sector – will need to pull together here.

Under the Green Deal of the EU Commission, Europe is to become the first continent to reduce greenhouse gas emissions to almost zero. This makes our upgrade building strategy an important element in the whole process.

When it comes to climate change, we're committed to a clear policy. The aim is to make all our current buildings climate-neutral by 2050, and we've already achieved quite a lot: since 2015 we've saved 370,000 tonnes of CO₂ – in other words, the annual carbon emissions of a medium-sized town with a population of around 50,000.

However, upgrading alone won't take us very far. Everyone wants to have hot showers and heat more than one room in winter. Also, it's economically almost impossible to turn a 1960s building into a low-energy building. So we need to do more.

Our solution is to modernize energy systems to make our heat production climate-neutral. The fact that this works can be seen in the Bochum suburb of Weitmar, where we use solar energy to generate green hydrogen. We then store the hydrogen on site for use in fuel cells. Next, an energy management system ensures that it's available in the right places and at the right time – as electric power, for heating and for charging electric vehicles.

Working together with three Fraunhofer Institutes, we're conducting research into technologies that will solve problems in the housing industry. If we're successful, our developments in Bochum might eventually be rolled out throughout Germany. You can imagine that, as an engineer, I'm particularly pleased about this.

Ladies and gentlemen,

Despite all our enthusiasm for technical solutions, we will of course have to take people with us on this journey. Our tenants are open to the idea of full-scale green energy. However, it's also obvious that climate-neutral housing needs to be affordable – which creates an obligation not just for policymakers, but also for us as a company. Though it would certainly be helpful if there were certain changes to the political parameters. For instance, if tenants could be exempted from grid charges and tax on electricity.

I'd now like to say a few words to our valued shareholders. You, too, can rely on the sustainability of our business operations.

Many investors now only invest in companies who have a clear vision of their contribution to society. Our work is being recognized, as we're now listed in the highly respected Dow Jones Sustainability Index Europe. Also, we've achieved a top position in the sustainability ranking of the rating agency Sustainalytics.

To make sure you too can measure our sustainability at Vonovia, we've introduced an important non-financial indicator: the Sustainability Performance Index, or SPI for short, which defines specific environmental, social and corporate governance targets.

It includes, for instance, annual carbon savings in our portfolio, renovating homes to make them barrier-free, and customer satisfaction.

From this year onwards, we're quoting our SPI alongside our financial performance indicators.

And we want to be measured against it. So today you are voting on how our sustainability efforts should affect our remuneration as Management Board members.

However, financial performance indicators do of course play an important role.

Let me give you a brief overview of the 2020 financial year. What's new is that we report the Total Segment Revenue separately. This number increased by 6.3 percent to 4.4 billion euros. This is essentially the total turnover of our four business segments Rental, Value-add (i.e. services), Development and Recurring Sales (i.e. the sale of individual condominiums). So far, we've mainly looked at the development in rental revenue.

Our Adjusted EBITDA Total rose by nearly 9 percent to around 1.9 billion euros. In the Rental segment this was due both to our inclusion of Hembla in Sweden and investments in current and new buildings.

In the Value-add segment we have expanded our housing-related services, and we now have over 5,000 Technical Service staff, making us the biggest installation and repair enterprise in Germany. We're also

the biggest gardening and landscaping company, with a workforce of around 1,000.

In the Recurring Sales segment we owe our growth to the sale of condominiums – with many sales going to tenants.

We also did well in the Development segment, and I've already reported on our construction activities.

Our properties currently have a total value of about 59 billion euros. So they are definitely in the right places – in cities which are highly attractive to young people. In 2020 alone we saw an increase of nearly 5 billion euros, mainly through a rise in demand, though also through investments in modernization and construction. In addition, we acquired several smaller portfolios, including in Kiel. And, for the first time, we invested in a portfolio in the Netherlands.

The net assets of our real estate portfolio – EPRA NTA – also grew significantly last year, increasing by around 14 percent to nearly 63 euros per share.

Group FFO – our operating result – went up nearly 11 percent to around 1.35 billion euros. This is an important figure for you, because the FFO is the basis for our dividends.

Ladies and gentlemen,

You can see that we keep our promises – year after year. And that is important. After all, we need you, our much-valued shareholders, for everything we do and everything we plan.

Let's now get to a point where you've always been able to rely on us, even in these difficult times: our proposal for the dividend is 1 euro and 69 cents per share. This is around 8 percent more than last year.

Let me add a few words on the other items on our agenda.

We'll be asking you to discharge the Management Board and the Supervisory Board for the 2020 financial year and to elect the auditor for our financial reports and financial statements.

In accordance with good Corporate Governance, we submit the new remuneration system for the Management Board for your approval. This also applies to the – unchanged – remuneration of the Supervisory Board.

In addition, we ask you to approve the renewal of the authorized capital and to permit issuing convertible bonds and similar instruments.

We'll be using these authorizations in the interest of the company, as we last demonstrated with the cash capital increase in September 2020. Using the favourable market conditions we raised around 1 billion euros

from institutional investors. We then used the proceeds to repay debt due in the fourth quarter of 2020, and we will invest the remaining funds in further growth.

You can read the detailed reports on this on our website.

I can assure you that we'll continue to protect your interests as shareholders, and with your support to seize the opportunities that present themselves.

I'd now like to present a brief outlook for 2021. We will continue to work on solutions to the three megatrends of urbanization, climate change and demographic change. This will mean following our sustainability strategy: we will invest, we will build, we will conduct research, and we will digitize. In other words, we will create sustainable value. And we'll be able to create this sustainable value because our financial position is so robust.

We're expecting our good business performance to continue, and we're planning for a turnover increase to between 4.9 and 5.1 billion euros. But we also want to improve our earnings.

This year, we issued our very first green bond, specifically to fund sustainable projects. Also, we succeeded in taking another step towards digitization. It was the first time that we actually issued an all-digital bond.

Let me conclude by commenting briefly on the political year that lies ahead of us. All of us in Europe are suffering under the current pandemic. Europe will have to show again that its strengths outweigh its weaknesses. Especially after Brexit, it's important to put the emphasis on collaborative thinking – which means that there's no place for border closures. We all need to support one another: with our vaccinations and in climate protection. These are areas where we as Europeans should set an example to the rest of the world. The same is true for economic reconstruction – much still remains to be done.

This year is an election year in Germany, and housing is a major issue. Unfortunately, it also lends itself perfectly to polarization. This might make it a useful tool in the battle for votes. But it's not very helpful when it comes to solving complex issues such as the climate crisis, developments in rental prices, housing construction and social cohesion. I'd be really pleased if, despite the elections, we could remain objective and constructive and continue to work out solutions together.

But this will only work if we listen carefully to one another, if we see what's positive in other people's actions, if we accept each other's views and if we are prepared to reconsider our own views.

Vonovia is both willing and able to do precisely that. It also means being prepared to agree with one another and to learn from our mistakes. We've proved this again and again, especially in the last year. Only about a month ago we reached an agreement with the City of Frankfurt, showing that we are valued for our fair and reliable partnership – both in

supporting our tenants and in relation to government and society as a whole. All this gives me confidence.

Dear shareholders, ladies and gentlemen, I hope you understand that you can rely on us. Thank you very much indeed for your time. Stay safe, and take care of yourselves and the people around you. And above all: let us look forward with confidence.

I'd now like to hand back to our Supervisory Board Chairman, Mr Fitschen.