

Speech by the Chairman of the Management Board

Rolf Buch, Vonovia SE,

at the virtual Annual General Meeting in Bochum

on 29 April 2022, 10 a.m.

– Check against delivery –

Welcome and Ukraine

Dear shareholders,

Supervisory Board members

and customers,

Ladies and gentlemen,

I'd like to welcome you all very warmly to this virtual AGM of Vonovia SE – the third one of its kind. The reason why we're online again this year is that we're still having to take precautions against Covid, although this is now no longer foremost in our minds.

The brutal war in Ukraine has left us stunned. It's hard to believe that this is happening in the heart of Europe – less than two hours by air from us. This is absolutely intolerable.

We are profoundly concerned about the people who are suffering in this war and who have had to give up their homes.

If you've been to Berlin's central railway station recently, you'll have seen large numbers of women and children who are fleeing and looking for a new place to stay in Germany. It's heart-breaking.

Everybody can – and indeed has to – help, and this includes us at Vonovia. So we're providing flats, and we're doing so without much red tape, using our own platform. Local councils are given special access to vacant flats – both Vonovia's and those of other housing companies.

Our installers are preparing residential units for use. We pay for the materials. In each of the various neighbourhoods, our staff are available to assist people with everything they need to settle down.

Ladies and gentlemen,

The war has also shown us, of course, that we made an enormous mistake in Germany, as we're dependent on Russian oil and gas. So we're facing a dilemma: on the one hand, we can't do without Russian gas right now, but, on the other hand, we don't want to be blackmailed. I do hope the German government will maintain a robust position on this issue. What's obvious, however, is that we need to move away from fossil fuels – partly, but not only, for the sake of the climate.

This is an area where we've taken responsibility, and our merger with Deutsche Wohnen has made us stronger. So we'll be using this strength to move forward with even greater determination.

Philip Grosse, who was a member of the Deutsche Wohnen team, has now been part of "Team Vonovia" since the beginning of 2022. And so I'd like to welcome him warmly on our Management Board. Philip and I have had quite a few meetings with investors over the past few weeks. We discussed Vonovia's

successful development in 2021 and our positive outlook for the future, though also the macroeconomic impact on the capital markets.

Opportunities through change

Given the high rate of inflation in the United States and Europe, many investors are currently expecting to see a rise in interest rates. This also increases the expected return on investment.

This is reflected in the share price and has contributed to a significant rise in our cost of capital over a short period of time.

So we now need to decide where the money should come from – and how we should use it.

During times of change, it's important to be flexible, and when it comes to changes in the surrounding circumstances, we're on familiar ground. We don't complain about them. Change is always an opportunity to start something new and to improve.

We understood in 2012 that we'd need plenty of capital to renovate our buildings, and so we went public.

IPO also meant a significant change in the way we raised third-party capital, and – as a result – we're now in a position to raise fresh capital on attractive terms whenever the need arises.

Whether it's secured or unsecured bonds, green or social bonds,

electronic transactions or promissory note loans, we've got a highly robust financing base that is also widely diversified. This means we can move forward whenever we choose.

When it wasn't enough simply to manage residential units, we did something about the housing shortage. So we built new flats, and we're now the biggest developer in Germany.

When we were faced with increasing discontent among our tenants, who were unhappy about our bills and our service, we invested massively in customer relations. We put our customer service online and we developed a customer app that shows all the service charge settlement very clearly.

We launched a hardship management scheme whereby no one needs to move out if they can no longer afford higher rental payments after their flat has been modernised.

Also, we decided to give special protection to anyone over 70, assuring them that their flats will continue to be affordable after any change in the market rent.

We are now pioneers in several areas, particularly when it comes to a green energy policy in our neighbourhoods.

Moreover, the need to save CO₂ has prompted us to develop a special climate roadmap, and so we set up pilot projects involving solar panels, hydrogen and heat pumps in Weitmar, Bochum. This soon will enable us to create an independent energy supply model for a neighbourhood. Furthermore, we modernise flats to make them barrier-free for the elderly.

This really speaks to me as an engineer. Whenever there's a wheel that refuses to turn, we just keep at it until it finally does its job. It's always a matter of creativity – which then leads to ideas, and the ideas create business opportunities.

Our most recent business opportunity was when we acquired Deutsche Wohnen. And although it took us three attempts, we finally made it, and it's the result that matters – a result that definitely looks good.

Business model

I'm not exaggerating when I say that the high speed with which we can integrate companies is due to our outstanding business model. We've developed a unique online management platform.

All activities within our Group are networked and can be scaled without much effort. Year after year, our costs per flat keep dropping, and we're continually expanding our value chain. Any long-term investors will benefit from this.

Our platform is the basis for everything.

How does this look in detail? We rent and manage all our flats electronically – which is highly efficient. And it's also why we can keep rental fees at a moderate level. We plan new builds, we minimise vacancies, and we control the deployment of our installers and gardeners. We also set priorities, optimise itineraries for installers and standardise their work routines.

Our app handles a large part of our customer communication, such as bills, malfunction reports and access to contracts. We

create pragmatic transparency, which means there's less admin and we're more accessible to our customers. It also means they're more satisfied each year.

One major point is that we can ensure good quality at all levels. Our system provides us with a treasure trove of data which we can use for new business models – for example, in creating a self-sufficient energy supply.

Also, our workforce are better networked among themselves. As a result, the work is more enjoyable, as everyone can take care of the things that really matter.

And, of course, our platform enables us not only to look after our own buildings, but we can also do this for other companies. Owning and managing properties are two different things. Property management is therefore the key to our business with third parties, and the ongoing development of our business model gives us plenty of potential for the future.

Ladies and gentlemen,

We've always been good at finding solutions quickly and achieving something positive. As our environment changes, we will therefore continually adapt, while at the same time ensuring that we have all the resources we need. In this way, investments will enable us to master the megatrends of our time, and we can operate from a position of strength.

This is why we're currently targeting another group of investors: long-term investors such as insurance companies and pension funds – owners who want to invest directly and who'll be defining their general expectations over the next few decades. Another worthwhile option may also be the repurchasing of shares.

Obviously, however, it needs to pay off. Our platform is the best way to manage properties and to do so in the interest of all our stakeholders. Our non-financial and financial indicators show that.

Non-financial indicators

The past financial year was the most successful one in the history of Vonovia – thanks to our workforce. Despite the strain of the pandemic, they were always there for our customers – in their homes, at building sites, at the facilities, in administration and in our customer service. Thanks to our workforce, we've reached and even exceeded our forecasts. We've grown in our own strength, while at the same time never losing sight of our social responsibility.

Let's start with our most important non-financial indicator, the Sustainability Performance Index. Sustainability forms part of our thinking in everything we undertake – and we've been making good progress: in 2021 our SPI was 109 percent and thus higher than expected for the year.

Our most important parameter is customer satisfaction. We care for people. Our tenants can rely on us in these difficult times. Customer satisfaction increased again last year. Naturally, we're not always perfect, and whenever there are people at work, there are also mistakes – obviously. But we've been improving.

We're providing homes for many people, and we want them to be happy with us, and of course also safe and secure – without any ifs or buts. Berlin is a good example: when the capping of rental fees came to an end, we refrained from clawing back money from our tenants. Instead, we voluntarily continued to limit our rental fees. You can find this in our Future and Social Pact for Housing.

We've been taking a good look at the financial burden of our tenants, so that we understand them. Quite soon, this will be quite an issue as the cost of heating is set to rise rather dramatically. For property owners, these are costs that are just passed on. However, we're aware that our tenants are families, senior citizens, single parents and young people starting out in their careers. Most of them don't have much financial leeway. So we provide help, we give them advice, and we share information through letters, a customer magazine and a tenant app. We urgently recommend to them that they adjust their monthly on-account utility payment. But it's also obvious that this won't work unless further help is provided by the government.

Another important part of our sustainability strategy is the satisfaction of our workforce. Last year, Vonovia was certified as a “Great Place to Work” – which tells you a lot about our corporate culture, and it also tells you a good deal about the way we interact as “Team Vonovia”.

One major element in our sustainability performance is our climate roadmap where we’ve made good progress towards a climate-neutral building stock. Since 2014, our carbon footprint has dropped by one third. Nevertheless, we’ve still got a long way to go, so we’re now picking up speed, and our stock will be almost carbon-neutral as early as 2045 – not just in 2050 as originally scheduled under the Paris Climate Agreement. In fact, the vast majority of buildings in the lowest efficiency classes, F to H, will be completed much earlier, by 2030.

We’re serious about it – and we’ve got the figures to prove it.

One important element is solar panels. Last year, we successfully concluded our 1,000-Roof Programme. And by 2050, we’ll have equipped all the suitable roofs within our

building stock. At the same time, we'll be investing in heat pumps.

In 2021, we covered over 11,000 flats in our energy-efficient modernisation programme. And, since 2019, we've upgraded more than 31,000 flats for elderly people. So this is another area where we're picking up pace. However, due to demographic change in Germany, we've still got a long way to go.

To give you some idea, we only started properly with all this in 2014 – without any standard that we could follow. Today, we're investing five times as much per flat, so that we are creating an entirely new quality of residential standards.

Yet despite all these investments, Vonovia continues to uphold moderation in its rental policy. Our average rent of EUR 7.33 per square metre shows our commitment to affordable housing. Our vacancy rate continues to be at a low level of 2.2 percent – which is of course good for us, but not for people wanting to find accommodation, as it shows that there's a housing

shortage. Here, too, we took a leap forward in the construction of new builds last year. In 2021, we completed more than 2,200 flats in Germany, Austria and Sweden – despite the pandemic and despite disruptions in the supply chain. Many of those flats were built to various innovative designs. However, we're not stopping there, as this is another area where we're planning to expand. The majority of these flats will be rented accommodation, and so we'll be supporting the new building offensive of the German government.

However, new builds alone are not the end-all and be-all, and it's equally important to build homes for people who live on a tight budget. This is why, in 2021, a quarter of our newly built flats have been designated as social housing.

Transition to green energies and the cost of construction

Our responsibilities do of course include the ongoing high-speed energy-efficient modernisation of our building stock. At the same time, however, we need to apply the same speed to converting our neighbourhoods to green energy sources. After all, these neighbourhoods are an essential part of a general transition to sustainable energies.

So we need to make use of sector coupling. One good example is our Energy Centre of the Future in Weitmar, Bochum. But electricity from renewable sources also needs to be used for heating and driving power.

Residential neighbourhoods may well be the local power stations of the future. Once this becomes possible, tenants will no longer be faced with a variable cost system, but we'd actually have a rental model with fixed costs for energy consumption.

So I've got a very clear message for those in government: We must look at electricity, heating and buildings under a single

heading, and this approach should be enshrined in law – particularly when it comes to locally generated solar power. Moreover, it needs to be done quickly, preferably this summer. In December last year, the German government set up a Ministry of Construction. We do believe that the new coalition government is on the right track with its policy on new builds, serial construction, an accelerated planning and licensing procedure, and carbon pricing. And we're also receiving encouragement at the level of the EU, with clear confirmation for our climate roadmap.

What we need now is security for our planning and robust funding. After all, climate protection must continue to be affordable – both for tenants and property owners. There needs to be an openness to innovative practices and technologies. The hydrogen strategy must include green hydrogen as a storage medium in the building sector.

At the same time, the government will need to do more to promote these measures and explain to people what really

matters. Everyone needs to be convinced that this is the only way forward.

This takes me to my next point: carbon pricing. We do welcome the new graded model for different building categories whereby carbon costs will be distributed properly. It'll create incentives for property owners to ensure energy-efficient modernisation, and it'll remove some of the burden where they've already invested.

However, the current draft still fails to achieve its purpose, as carbon costs will be split between property owners and tenants on the basis of consumption. I can see considerable problems in its implementation, as the mean value of consumption tells you very little and cannot be used for control purposes. If a building is partly empty, then energy consumption is naturally much lower.

The draft law also contradicts the logic of the EU climate policy, whereby the number-one priority is efficiency. It would be far more sensible to base calculations on known variables and

mechanisms, using the energy performance certificate as a reference point. After all, this document provides information about the efficiency of a building.

One point, however, seems to be undisputed: we do need to achieve a turnaround in the energy consumption of our general building stock. It's the biggest challenge facing the property industry as a whole, and it's why we're currently running a modernisation project under the *Energiesprong* principle in Bochum.

Energiesprong in Dutch means a leap forward in the use of energy. It stands for carbon-neutral renovation in serial construction, with pre-assembled façade panels, using above all sustainable building materials and partly also recycled materials. The timber frames are assembled at the building site, and solar panels are placed on the roofs, producing green energy.

By using this holistic approach, we are reducing carbon emissions to zero.

But carbon emissions can also be reduced substantially under a modular timber design, as we showed in the district of Reinickendorf in Berlin where we built 60 flats last year – all of them sustainable and in a modular timber design. Throughout Germany we built around 700 flats of this kind. Another positive effect is that the high level of prefabrication reduces the need for manual work. This is important because we'll have an ongoing shortage of skilled workers for many years to come. Shortages, of course, can also be observed in building materials, where we are seeing price increases.

In the fourth quarter of 2021 alone, the construction price index for residential buildings went up 14.4 percent compared with the same period a year earlier. Moreover, the war in Ukraine and the necessary sanctions against Russia are set to aggravate this issue.

All this means that we'll have to build differently in the future, and we're therefore planning to hold a conference on building materials this year. We'd like to bring together industry, research and government and talk about sustainable and

resource-saving building materials. We must – and we want to – put a far greater focus on ensuring a circular economy and also on the relevant supply and value chains.

Financial indicators

We can only assume social responsibility if we manage our business wisely. When it comes to financial indicators, we stopped focusing purely on the classic letting a long time ago, and other parts of our business model have gained in importance. These are Development – i.e. our new construction and development activities – as well as Value-Add services, and Recurring Sales, i.e. the sale of residential units.

Our total Group turnover – i.e. our segment revenues – was considerably higher than in the previous year, while our EBITDA, i.e. our earnings before interest, taxes, depreciation and amortisation, grew at a similar rate. This was partly due to Deutsche Wohnen, but only for a period of three months. So we are definitely growing in our own strength.

In the Development segment our EBITDA went up about 70 percent. This is remarkable, considering that the building industry was also affected by Covid-19, which caused a general reduction in work, due to sickness and self-isolation. This did of course result in a slight downturn in the services we were able

to provide. Yet our Recurring Sales segment still grew by over 23 percent, showing that our flats are located in areas with substantial demand.

At the same time, we also saw growth in our rental business – 6 percent last year. We invested both in existing buildings and in new builds, while increasing our efficiency through our central management platform and electronic processes. Compared with 2013, we more than halved our administrative expenses per residential unit.

You might like to note, by the way, that we didn't make any staff cuts last year, and we certainly didn't save on the services we provided for our tenants. We have over 5,000 installers on our payroll and over 1,000 employees in gardening and landscaping. Right now, we've got more than 500 trainees, and each residential building has a property manager assigned to it. Most of the services we provide for customers are delivered by ourselves, so that we can warrant the very high level of quality.

We've got the right strategy, and our platform is helping us to add value in all segments.

Valuation and financing

Ladies and gentlemen,

The properties you own are worth EUR 100 billion. In 2021, the value of our existing properties rose by more than 14 percent.

This is largely due to the actual locations of our properties, as all of them can be found in cities with high demand. But our investments in existing properties also played a role.

The key indicator for our net asset value – i.e. property value less debt – is the EPRA NTA. This figure certainly grew between the two reporting dates – in general and also per share.

We do hear from time to time that our properties might be overvalued. What will happen when the bubble bursts? But I don't see it like that. The actual sales proceeds are quite high, showing that we're far from overvalued, as we keep achieving higher prices than our book values. In fact, property values haven't fallen for 20 years now. Even in 2008, during the financial crisis, the values of our residential properties remained stable.

The same applies to the demand for affordable housing in urban areas, which is continuing to increase unabated. This means that our properties are priced quite conservatively.

It's equally absurd to conclude that our property values will drop as soon as there's an increase in interest rates. Whenever the demand is higher than the supply, prices generally rise.

Moreover, by expanding into Sweden and Austria, we opened up new markets for ourselves. This has also reduced our dependency on local market developments in Germany.

So what did we invest? We invested 13 percent more than in 2020, both in our existing properties – for instance, energy-efficient modernisation – and in new builds. Our maintenance spendings averaged around EUR 25 per square metre. These are costs that we're bearing as Vonovia.

To implement our merger with Deutsche Wohnen, we increased our capital, leading to a gross revenue of over EUR 8 billion.

This was by far the biggest rights issue in any acquisition in

Europe since 2015, with a subscription rate just below 99 percent. In this way, dear shareholders, you clearly confirmed your trust and support for Vonovia.

When it comes to outside capital, we are in fact highly diversified. Last year, we raised around EUR 10 billion on attractive terms, including our issue of a green bond at EUR 600 million. This money will be used for sustainable projects.

Our financial ratings continued at a good, robust level, and in matters of sustainability we're among the best-rated companies in the industry throughout the world. We also performed outstandingly well on the prestigious Dow Jones Sustainability Europe Index.

All this shows that we're in an outstanding position, that we're able to move forward whenever we want, and that we're tremendously strong. And, in fact, we need to be, so that we can operate responsibly and sensibly.

Dividends

Ladies and gentlemen,

Let me say a few words about yourselves now. The housing market will always be a business that needs to remain focused on two important goals: sustainability and the wellbeing of its tenants. Yet we also want to offer you added value through increasing profits and growth in capital.

The area where we can see the biggest increase in financial indicators is our Group FFO, which is derived from the EBITDA. The Group FFO, as an operating result, reflects our sustainable earning power. We're talking here about a much improved value of around EUR 1.7 billion. This is the basis for the dividends we pay you.

What we are proposing to you today is a dividend of EUR 1.66 per share.

Now some of you might say: Hang on a minute, wasn't it EUR 1.69 last year? Well, it's because our capital increase has led to

a rise in shares, and the only way we can obtain a meaningful comparison of historical values is by including the bonus element of the subscription rights from the capital increase. So once we've adjusted the dividend for 2020 by this factor, we get a value of EUR 1.58 per share for that year.

This means that our dividend proposal for 2021 is in fact 8 eurocents higher than the dividend for 2020.

Outlook

Finally, let's take a look at 2022. Today's outlook will be different, however, than it was about two months ago, and our view of the market has changed since then – also for you, as shareholders.

One thing is certain: our business is still healthy and will continue to be healthy. The megatrends that are driving our business model are perfectly intact, and we will continue to be pioneers in finding solutions to urbanisation, climate change and demographic change. We will continue to pursue the climate roadmap to which we are committed.

Our business has a long-term focus with a low risk and with returns that are tailored accordingly. Our properties are located in the right places, and our internationally distributed portfolios have a good level of diversification. Moreover, our properties will continue to be occupied, and, economically, this means that, with all our careful planning, we can count on a robust income.

We'll also be integrating Deutsche Wohnen. This includes both our colleagues and of course the various processes and projects. From 2024, we're aiming to leverage annual synergies of EUR 105 million. We've had a lot of experience, and Vonovia has grown through numerous previous acquisitions.

This has been made possible by our scalable management platform, which gives us a major competitive edge. By the beginning of 2023, we'll have come a long way.

We will continue to create new residential space, and so we'll be supporting the housing initiative of the German government. Moreover, we're planning to upgrade our existing flats in terms of both energy efficiency and senior-friendliness. We care for our neighbourhoods, and we want to ensure that they stay vibrant and liveable. We offer people a pleasant home.

This also applies to refugees from Ukraine. After all, we've had a lot of practice in integrating people, seeing that our customers come from 150 different nations. The level of cohesion among neighbours is extremely high, and this was especially obvious

during the various lockdowns, when people would look after each other. Now they're helping when they see refugees who are in need. It's really amazing.

In 2022, our society will continue to debate the housing market to a major extent. We've shown that we respect critical views and that we're prepared to work towards a consensus. This is also reflected in the constructive discussions we've had with tenants' associations. We will use our size to continually improve the situation in the housing market.

Nevertheless, change is vital: in the supply of energy and heat, in building materials, and perhaps also in rents. So we're currently looking at various all-inclusive models of rental fees – pricing models that include the cost of heating and electricity at an agreed room temperature.

All parties would benefit. It would give property owners an incentive for energy-efficient modernisation, while tenants would know exactly what to expect. At the same time, society

would benefit if a green heating policy were to gain momentum in the building sector.

Everything we do is based on our size and financial stability, and so we're expanding. Where business is concerned, we're expecting to see yet another record year. Our key financial indicators – i.e. our revenues, EBITDA and FFO – are likely to rise by over 20 percent this year.

Conclusion and agenda

Looking at today's agenda, I'd like to ask you to discharge the Management and Supervisory Boards for the 2021 financial year and to elect the auditor for our financial reports and financial statements.

We are submitting the report on the Management Board's remuneration for approval. The same applies to the remuneration for the Supervisory Board, which has remained unchanged since 2013 and should be adjusted to reflect market conditions.

Two members of the Supervisory Board are resigning from their positions today, and two new ones are being elected. Speaking on behalf of the Management Board, I'd like to take this opportunity and thank Mr. Drescher and Prof. Rauscher very much indeed for the excellent co-operation.

Furthermore, would you please approve the renewal of authorised capital and the relevant amendment of article 5 in the Articles of Association. And would you please also approve

the renewal of authorisation for shareholders to acquire and use their own shares and to apply derivatives in this context.

**Dear shareholders,
ladies and gentlemen,**

Thank you very much for your attention today. Thank you also for giving us so much outstanding support along our way. Let's continue to achieve good things together. Let's hope the war will come to an end. And let's be optimistic in spite of everything.

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