

**Annex to the Invitation to the Annual General Meeting of Vonovia SE on 16 April 2021 at 10:00 hours**

Vonovia SE, Bochum  
 ISIN DE000A1ML7J1  
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The Management Board of Vonovia SE gives the following report to the Annual General Meeting:

**1. Report by the Management Board on Item 8 of the Agenda on the reasons for the authorization to exclude subscription rights**

Regarding Item 8 of the Agenda of the Annual General Meeting on 16 April 2021, the Management Board and the Supervisory Board propose the cancellation of the remaining Authorized Capital 2018 in the amount of EUR 194,741,048.00 and that a new authorized capital with the authorization of partially excluding subscription rights (Authorized Capital 2021) be approved. Pursuant to section 203(2) sentence 2 AktG in conjunction with section 186(4) sentence 2 AktG, the Management Board gives the following report on the reasons for authorizing the exclusion of shareholders' subscription rights with the issuance of the new shares:

With the approval of the Supervisory Board, the Management Board made partial use of the authorization granted by the Annual General Meeting on 9 May 2018 to increase the Company's share capital by up to EUR 242,550,413.00 in the period ending on 10 May 2023 by issuing up to 242,550,413 new no-par-value registered shares against cash and/or in kind contributions on one or several occasions (Authorized Capital 2018), increasing the share capital by a total of EUR 47,809,365.00 by means of several capital increases.

Section 5 of the Articles of Association therefore currently contains an Authorized Capital 2018 that authorizes the Management Board to increase the Company's share capital by up to a total of EUR 194,741,048.00 with the approval of the Supervisory Board by issuing up to 194,741,048 new no-par-value registered shares against contributions in cash and/or in kind on one or several occasions.

The Management Board and the Supervisory Board plan to use up to EUR 19,000,000.00 of the Authorized Capital 2018 to create new shares intended to be offered to the shareholders in the context of the scrip dividend announced in Item 2.

The European residential property markets continue to be characterized by stiff competition for attractive residential property portfolios. Consequently, the Company is dependent on being and on

remaining able to flexibly increase its own funds quickly and comprehensively. Therefore, an increase of the authorized capital up to 50% of the Company's share capital, as permitted by law, is proposed. For this purpose, it is intended to cancel the Authorized Capital 2018 and to create a new Authorized Capital 2021.

It is intended that the cancellation of the Authorized Capital 2018 and the creation of the Authorized Capital will only become effective if no further shares must be issued out of the Authorized Capital 2018 to satisfy the scrip dividend, but no later than in early June 2021.

The new authorized capital (Authorized Capital 2021) proposed in relation to Item 8 of the Agenda of the Annual General Meeting on 16 April 2021 is designed to authorize the Management Board to increase, with the approval of the Supervisory Board, the Company's share capital by up to EUR 282,943,649.00 in the period ending on 15 April 2026, by issuing up to 282,943,649 new no-par-value registered shares against cash and/or in kind contributions on one or several occasions. The volume of the new Authorized Capital 2021 thus amounts to approximately 50% of the Company's current share capital.

The Company's Management Board shall only be entitled to use the Authorized Capital 2021 in an amount of 50% of the share capital at the time said authorization comes into effect or - if such amount is lower - at the time it is exercised. Any shares already issued or to be issued to satisfy bonds with conversion or option rights or obligations from conditional capital are to be included in this 50 % cap on the share capital, provided these bonds were issued during the term of this authorization. This is intended to prevent the Management Board from increasing the share capital by more than 50 % when exercising existing authorizations. The cap, decreased under the preceding sentences of this paragraph, shall be increased again when a new authorization approved by the Annual General Meeting after the decrease pursuant to section 202 or section 221 (in conjunction with a conditional capital pursuant to section 192 AktG) becomes effective, to the extent of the reach of the new authorization, but up to a maximum of 50% of the share capital in accordance with the stipulations of sentence 1 of this paragraph.

The purpose of the Authorized Capital 2021 is to enable the Company to continue to raise the capital required for the further development of the Company at short notice by issuing new shares and to give it the flexibility to benefit from a favorable market environment at short notice in order to cover its future financing requirements. As the decisions regarding covering future capital requirements generally need to be made at short notice, it is important that the Company is not dependent on the rhythm of the Annual General Meetings or on the notification period for convening an Extraordinary General Meeting. The legislator has accommodated these circumstances with the instrument of "authorized capital".

When using the Authorized Capital 2021 in order to issue shares in return for cash contributions, the shareholders are in principle entitled to a subscription right (section 203(1) sentence 1 AktG in conjunction with section 186(1) AktG). The issuance of shares coupled with the granting of an indirect subscription right within the meaning of section 186(5) AktG is, by law, not to be classified as the exclusion of subscription rights as the shareholders are awarded the same subscription rights as with a direct subscription. Only for technical reasons, one or more banks or one or more undertakings operating pursuant to section 53(1) sentence 1 of the German Banking Act (KWG) or section 53b (1) sentence 1 or (7) KWG will be involved in the handling thereof.

Nonetheless, with the approval of the Supervisory Board, the Management Board shall be authorized to exclude subscription rights under certain circumstances.

- (i) With the approval of the Supervisory Board, the Management Board shall be authorized to exclude subscription rights for fractional amounts.

The purpose of this subscription rights exclusion is to facilitate an issuance normally involving shareholder subscription rights, as it results in a subscription ratio which is technically feasible. The value of each shareholder's fractional amount is generally low and as such their potential dilutive effect must also be deemed to be low. In contrast, the cost of an issue without such an exclusion is considerably greater. The exclusion therefore makes the issue more practicable and easier to implement. New shares for which shareholders' subscription rights are excluded as they are fractional amounts are put to the best possible use for the Company by being sold on the stock exchange or by other means. For these reasons, the Management Board and the Supervisory Board consider the potential exclusion of subscription rights to be objectively justified and also appropriate when weighed against the interests of the shareholders.

- (ii) Furthermore, the Management Board shall be authorized to exclude subscription rights with the approval of the Supervisory Board to grant the holders/creditors of convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) (hereinafter collectively "**bonds**") subscription rights to new shares. The issue conditions of bonds with conversion or option rights or obligations regularly include an anti-dilution provision that grants the holders/creditors subscription rights to new shares issued in subsequent share issuances and on the basis of other specific measures.

The holders/creditors are thus treated as if they already were shareholders. For bonds to feature such an anti-dilution measure, shareholders' subscription rights for these shares have to be excluded. This serves to facilitate the placing of the bonds and is therefore in the interests of the shareholders regarding an optimum financial structure for the Company. Apart from that, the exclusion of subscription rights for the benefit of the holders/creditors of bonds has the

advantage that, in the event that the authorization is exercised, the option or conversion price does not have to be reduced for the holders/creditors of existing bonds in accordance with the corresponding bond conditions. This allows for a greater inflow of funds and is therefore in the interests of the Company and its shareholders.

- (iii) Subscription rights may additionally be excluded in the case of cash capital increases provided that the shares are issued at a price that is not significantly below the stock market price and such a capital increase does not exceed 10% of the share capital, in fact – since it is Authorized Capital – neither at the time the authorization becomes effective nor – if this amount is lower – at the time it is exercised (simplified exclusion of subscription rights pursuant to sections 203(1) and (2), 186(3) sentence 4 AktG).

The authorization enables the Company to react flexibly to favorable capital market situations and to issue new shares very quickly, i.e. without meeting the requirement of a two-week subscription offer period. The exclusion of subscription rights enables the Company to act quickly and to place shares close to the stock market price, i.e. without the usual discount in connection with subscription right issues. This creates the parameters for achieving the highest possible disposal amount and for the greatest possible strengthening of the Company's equity. The authorization of the simplified exclusion of subscription rights is objectively justified, not least by the fact that a greater cash inflow can often be achieved as a result.

The authorization in relation to a simplified exclusion of subscription rights is limited to a maximum of 10% of the share capital either at the time at which the Authorized Capital 2021 becomes effective or – if this amount is lower – at the time at which the authorization is exercised.

This cap of 10% of the share capital is to include (i) any shares issued or disposed during the term of this authorization without subscription rights in direct or analogous application of section 186(3) sentence 4 AktG and (ii) any shares issued or to be issued to satisfy bonds with conversion or option rights or obligations, provided these bonds were issued during the term of this authorization without subscription rights pursuant to section 186(3) sentence 4 AktG. This inclusion is effected in line with the shareholders' interests that their investments be diluted as little as possible.

The cap, decreased under the preceding inclusion clause, shall be increased again when a new authorization to exclude shareholder subscription rights pursuant to or in line with section 186(3) sentence 4 AktG approved by the General Meeting after the decrease becomes effective, to the extent of the reach of the new authorization, but up to a maximum of 10% of the share capital in accordance with the stipulations of sentence 1 of the respective paragraph. In such case (or cases), the General Meeting once again has the opportunity to decide on the simplified exclusion of subscription rights, meaning that the reason for inclusion has again ceased to apply.

This is because, with the effectiveness of the new authorization for a simplified exclusion of subscription rights, the ban regarding the authorization to issue the bonds without shareholder subscription rights brought about by the exercise of the authorization to issue new shares or to issue bonds or by the sale of own shares shall lapse. Due to the identical majority requirements for such a resolution, the renewed authorization for the simplified exclusion of subscription rights is at the same time also to be seen – to the extent that the statutory requirements are observed – as a confirmation regarding the authorization resolution on the creation of the Authorized Capital 2021. In the event of a renewed exercise of an authorization to exclude subscription rights in direct or analogous application of section 186(3) sentence 4 AktG, the deduction is carried out again.

The simplified exclusion of subscription rights is conditional on the issue price for the new shares not being significantly below the stock market price. Subject to specific circumstances in individual cases, a potential deduction from the current stock market price or a volume weighted stock market price over an appropriate number of trading days prior to the definitive determination of the issue amount will presumably not exceed approximately 5% of the stock market price in question. This takes into account the shareholders' need for protection from a dilution of the value of their investments. Determining an issue price close to the stock market price ensures that the value of subscription rights for the new shares would, in practical terms, be very low. The shareholders have the opportunity to maintain their relative investments by effecting additional stock market purchases.

- (iv) In addition, subscription rights may be excluded in the event of capital increases against contributions in kind. The Company should remain able to acquire in particular – but not limited to – companies, parts of companies, shareholdings in companies (this may also be implemented by way of a merger or other transformation law measures) and other assets (including receivables), properties and property portfolios relating to an intended acquisition or to respond to offers of acquisitions or mergers in order to strengthen its competitiveness and to increase its profitability and its enterprise value. The exclusion of subscription rights should also serve to satisfy convertible bonds and/or warrant bonds or combinations thereof issued against contributions in kind.

Practice has shown that shareholders in attractive acquisition properties are to some extent very interested in acquiring the Company's no-par value shares (with voting rights) as a consideration, for example in order to maintain a certain degree of influence over the contribution in kind. From the point of view of an optimum financing structure, another argument in favor of offering a consideration not only as cash payments, but also or exclusively in the form of shares is that, based on the degree to which new shares can be used as an acquisition currency, the Company's liquidity is protected, leverage is avoided and the seller(s)

participate(s) in future price development opportunities. This improves the Company's competitive position in the event of acquisitions.

The option of using own shares as an acquisition currency thus gives the Company the necessary scope to exploit such acquisition opportunities quickly and flexibly and enables it to acquire even large units in exchange for the granting of shares. Under certain circumstances, it should also be possible to acquire other assets (in particular property portfolios or shares in property companies) in exchange for shares. In both cases, it must be possible to exclude shareholders' subscription rights. As such acquisitions frequently have to happen at short notice, it is important that they are not, as a rule, depending on the usual annual rhythm of the Annual General Meeting or require an Extraordinary General Meeting, whose preparation and period of convening prevent a swift action. An authorized capital is therefore needed which the Management Board can avail itself of quickly with the approval of the Supervisory Board.

The same applies to satisfying conversion and option rights or obligations relating to bonds. The shares are issued against contributions in kind, either in the form of the bond being contributed or in the form of consideration in kind relating to the bond. This leads to an increase in the Company's flexibility in relation to the satisfaction of the conversion or option rights or obligations. Offering bonds in lieu of or in addition to granting shares or cash payments can represent an attractive alternative that increases the Company's competitive chances in acquisitions due to their additional flexibility. The shareholders are additionally protected by the subscription rights to which they are in principle entitled when bonds with conversion or option rights or obligations are issued. Where subscription rights were excluded upon issuance of such bonds, the interests of the shareholders were already taken into account in the assessment by the Management Board and Supervisory Board required in such a case. The instances in which subscription rights for bonds with conversion rights and obligations may be excluded are outlined in the report relating to the issue of the corresponding instruments.

If the opportunity occurs to merge with other companies or to acquire companies, parts of companies, shareholdings in companies or other assets, the Management Board shall, in each case, carefully consider whether it should exercise its authorization to effect a capital increase by granting new shares. This includes, in particular, assessing the valuation ratio of the Company and the acquired company investment or other assets and determining the new shares issue price and the other share issue conditions. The Management Board shall only use the Authorized Capital 2021 if it believes the merger or the acquisition of a company or a share in a company or the investment acquisition in exchange for the granting of new shares is in the best interests of the Company and its shareholders. The Supervisory Board shall only grant its necessary approval if it has reached the same conclusion.

- (v) Subscription rights may also be excluded to issue a share dividend (also known as *scrip dividend*) under which shares of the Company are used (including partially or optionally) to satisfy shareholder dividend claims.

This is intended to enable the Company to make payment of a scrip dividend at ideal conditions. In the case of a scrip dividend, the shareholders are offered to contribute their claim for payment of the dividend, which comes into existence with the resolution of the Annual General Meeting on the appropriation of profits, to the Company, in whole or in part, as contribution in kind, in order to receive new shares in the Company in return. A scrip dividend can be implemented as a genuine share issue with subscription rights, observing, in particular, the provisions in section 186(1) AktG (minimum subscription period of two weeks) and section 186(2) AktG (announcement of the issue amount no later than three days before the expiry of the subscription period). In individual cases it may nevertheless be preferable, depending on the capital markets situation, to structure the implementation of a scrip dividend in such manner that the Management Board offers to all shareholders entitled to dividends, in observance of the general principle of equal treatment (section 53a AktG), new shares for subscription against contribution of their dividend entitlement and, thus, economically grants the shareholders a subscription right, but legally excludes the shareholders' subscription right to the new shares in its entirety. An exclusion of subscription rights may also be appropriate if not all shareholders are entitled to dividends for a specific financial year.

Such an exclusion of the subscription right allows the implementation of the scrip dividend without the aforementioned restrictions of section 186(1) and (2) AktG, hence at more flexible conditions. In view of the fact that all shareholders will be offered the new shares and excessive dividend amounts will be settled by cash payment of the dividend, an exclusion of the subscription right in such cases appears to be justified and appropriate.

- (vi) In addition, subscription rights can be excluded in relation to the issue of up to 2,500,000 new no-par-value registered shares against contribution in cash insofar as this is necessary to issue shares to the employees of the Company or of affiliated companies within the meaning of sections 15 et seqq. AktG, excluding the members of the Company's Management Board and Supervisory Board and the members of the management boards, supervisory boards and other bodies of affiliated companies. To simplify the settlement process, the shares may also be subscribed for by a financial institution against cash contribution, in order for the Company to reacquire those shares for the purpose of issuing them to the entitled employees of the Company.

This gives the Company the opportunity to acknowledge the achievements of its employees and of the employees of its affiliated companies within the meaning of sections 15 et seqq. AktG by issuing shares, and to thus allow the employees to participate in the Company's success.

Incentivizing the employees by participating in the success of Vonovia SE shares on the stock exchange is also in the interest of the shareholders. The Company can issue shares to its employees only if the shareholders' subscription rights are excluded. In addition, the shares to be issued under this authorization only form a relatively small part of the Company's current share capital (approx. 0.44%). Hence, the shareholders are only slightly diluted and have the opportunity to maintain their relative participation in the Company's share capital by acquiring additional shares over the stock market.

The authorizations to exclude subscription rights in the event of capital increases against cash and/or in-kind contributions described in the paragraphs above are limited in total to an amount not exceeding 10% of the share capital, either at the time at which this authorization becomes effective or at the time at which it is exercised.

This cap of 10% of the share capital is to include (i) any shares issued during the term of this authorization from other authorizations without subscription rights and (ii) any shares issued or to be issued to satisfy bonds, provided the bonds were also issued without subscription rights during the term of this authorization. This includes share issuances from another authorized capital or the issuance of bonds.

This restriction at the same time also limits the potential dilution of the voting rights of the shareholders in relation to whom subscription rights have been excluded. The cap, decreased under the preceding inclusion clause, shall be increased again when a new authorization to exclude shareholder subscription rights approved by the General Meeting after the decrease becomes effective, to the extent of the reach of the new authorization, but up to a maximum of 10% of the share capital in accordance with the above-mentioned stipulations. In such case, the General Meeting once again has the opportunity to decide on the exclusion of subscription rights, meaning that the reason for inclusion has again ceased to apply.

With these circumstances having been considered, the authorization to exclude subscription rights within the limits outlined is necessary, suitable, appropriate and in the interests of the Company. If and to the extent that the Management Board exercises one of the aforementioned authorizations to exclude subscription rights in connection with a capital increase from the Authorized Capital 2021 during a given financial year, it shall report on this in the subsequent Annual General Meeting.

Bochum, March 2021

The Members of the Management Board

*(signed)*