Auditor's Report

Vonovia SE
Bochum

Remuneration Report pursuant to § 162 AktG for the Financial Year from January 1 to December 31, 2023
(Translation - the German text is authoritative)

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Remuneration Report 2023

VONOVIA

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Foreword

Dear Shareholders,

We are delighted to present to you the 2023 Remuneration Report of Vonovia SE.

The 2022 Remuneration Report was approved by the Annual General meeting held on May 17, 2023, with a large majority of 79.94% in accordance with Section 120a (4) of the German Stock Corporation Act (AktG). Nevertheless, the Management Board and the Supervisory Board have addressed feedback from individual shareholders in detail and incorporated this feedback into the revision of our renumeration report. Vonovia SE aims to provide clear and comprehensive reporting that is intended to lay the groundwork for broad acceptance by all stakeholders of the remuneration paid to executive bodies. When preparing the remuneration report, Vonovia SE followed national and international best practice benchmarks in order to meet the capital market's expectations of a high level of transparency and comprehensibility when it comes to remuneration decisions. Vonovia SE's remuneration reporting far exceeds the regulatory requirements and takes into account feedback from dialogue with investors and voting right consultants.

In particular, even greater transparency is provided on the remuneration decisions made. Finally, the Supervisory Board would like to emphasize the fact that the pension scheme in the past was abolished completely for new hires as of the 2021 fiscal year, meaning that Management Board members are now only granted pension allowance in cash. This means that the only Management Board members covered by the pension scheme are those with legacy rights from the past.

Pay for Performance 2023

2023 was a challenging year for Vonovia SE. The increased interest rates and high inflation dealt a hefty blow to economic activity in the residential real estate sector: The transaction market slumped, as did construction activity. Pressure on rents increased, as the shortage of housing was compounded by rising costs, too. In this environment, the Group continued to pursue its operational tasks and projects with determination. The rental of 546,000 of the Group's own apartments remained the main pillar of its business. The adjusted EBITDA from rental increased by 6.5%. This increase went some way to compensating for the decline in earnings in the other segments.

The change in the valuation of assets posed a major challenge for the company: Against the backdrop of the changes in the market environment, the Group had to recognize value adjustments amounting to € 10.7 billion on its real estate portfolio. The Management Board responded to this back in summer 2022 by prioritizing freeing up liquidity over lifting earnings. The sale of assets amounting to € 4 billion in 2023 coupled with cost and investment discipline meant that the Group continues to enjoy a stable foundation. This was, however, at the expense of Group FFO (funds from operations) and FFO per share. The loan-to-value (LTV) ratio, one of the company's key performance indicators, is close to the target corridor. As the business model is fundamentally intact, the Management Board remains committed to its strategic path in general.

In order to explain the implications this had for the variable remuneration paid to the Management Board members, we would like to use the section below to address the key issues that were decisive for target achievement for the 2023 fiscal year. Based on the results achieved in the 2023 fiscal year for the performance criteria Adjusted EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) and Group FFO, the target achievement level for the Short-Term Incentive (STI) 2023 is presented below:

STI 2023 target achievement – Vonovia

	Target value in € million	Actual value in € million	Target achievement in %
Group FFO	1,917.0	1,847.1	62.0
Adjusted EBITDA	2,810.1	2,652.4	41.6
Total target achievement			**56.9**

The Supervisory Board also defined "cash conversion from sales" as an overarching performance target for the 2023 fiscal year in the context of the STI and took this as a basis for developing and defining individual measures specific to the executive divisions and targets for the members of the Management Board. For the 2023 fiscal year, the target achievement level for the personal performance factor of each Management Board member was set at 1.2, resulting in an overall target achievement level for the purposes of the STI 2023 of 68.3% (56.9% x 1.2) against the backdrop of a challenging market environment.

The target achievement level for the long-term incentive plan (LTIP) 2020 tranche is therefore as follows:

LTIP tranche 2020 target achievement

	Target value (100% target achievement)	Actual value	Target achievement
Relative Total Shareholder Return[1] (25% weighting)	same as index performance	+3.08% above index performance	110.26%
Development of NAV per share[2] (25% weighting)	3.0% growth p.a.	0.85% growth p.a.	64.22%
Development of Group FFO per share[3] (25% weighting)	4.0% growth p.a.	1.63% growth p.a.	52.63%
Customer satisfaction (CSI)[4] (25% weighting)	+ 5 points	+ 7.4 points	200.00%
Total target achievement			**106.78%**

[1] Difference between Vonovia's TSR and the development of the FTSE EPRA/NAREIT Germany Index.
[2] Relative change in the NAV at the end of the performance period divided by the number of ordinary shares compared with the same figure before the start of the performance period.
[3] Relative change in the Group FFO at the end of the performance period divided by the average number of ordinary shares compared with the same figure on the last day before the start of the performance period.
[4] Difference between the CSI ("Customer Satisfaction Index") at the end of the performance period and the CSI at the beginning of the performance period.

Personnel Changes Within the Management Board and Supervisory Board

The 2023 fiscal year brought personnel changes on the Management Board of Vonovia SE. Helene von Roeder resigned from the Management Board of Vonovia SE with effect from June 30, 2023. Ruth Werhahn was appointed to the Management Board of Vonovia SE to head up the newly created HR executive division with effect from October 1, 2023.

There were also personnel changes in the composition of Vonovia SE's Supervisory Board in the 2023 fiscal year. The term of office of the Supervisory Board members Jürgen Fitschen (Chair), Prof. Dr. Edgar Ernst (Deputy Chair) and Daniel Just expired at the end of the Annual General Meeting held on May 17, 2023. We would like to express our sincere thanks to those members who have left. Dr. Daniela Gerd tom Markotten was elected to the Supervisory Board at the Annual General Meeting held on May 17, 2023. The new appointments and reappointments to the Supervisory Board were based on a strategic succession planning process, which was discussed in detail by the Executive and Nomination Committee. This also resulted in the proposal to amend the Articles of Association so as to reduce the number of members from twelve to ten and to have the members' terms of office expire at different times, creating a staggered board. When Clara C. Streit took over as Chair of the Supervisory Board in the past fiscal year, the tasks of the committees were also reassigned and distributed across four committees. Since then, the committees of the Supervisory Board are the Governance and Nomination Committee, the Audit, Risk and Compliance Committee, the HR and Remuneration Committee and the Strategy, Finance and Sustainability Committee.

The Supervisory Board's HR and Remuneration Committee will continue to work intensively on further enhancing the remuneration system for the company's executive bodies and will take suggestions and findings from dialogue with stakeholders into account in this regard.

On behalf of the Supervisory Board, we would like to kindly ask for your support for the 2023 Remuneration Report. Further information on these and other topics related to remuneration can be found in the 2023 Remuneration Report and in the invitation to the 2024 Annual General Meeting.

Clara C. Streit	Dr. Ariane Reinhart
Chair of the Supervisory Board	Chair of the HR and Remuneration Committee

I. Management Board Remuneration for the 2023 Fiscal Year

This remuneration report describes the principles and structure of the remuneration system for Vonovia SE Management Board and Supervisory Board members while explaining the structure and amount of individual remuneration granted and owed to Management Board and Supervisory Board members for the 2023 fiscal year. The report has been prepared by the Management Board and Supervisory Board in accordance with the requirements of Section 162 of the German Stock Corporation Act (AktG) and complies with the recommendations of the German Corporate Governance Code (GCGC) as amended on April 28, 2022. In addition, the guidelines of the Working Group on Sustainable Management Board Remuneration were taken into account in their current version.

The remuneration report and attached report on the audit of the remuneration report conducted by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft in accordance with the requirements of Section 162 (3) AktG both in terms of form and content can be found on the Vonovia SE website: **Investor-Relations-website**

1. Principles of Management Board Remuneration

The Supervisory Board of Vonovia SE considers it a central part of its remit to ensure that the structure of the remuneration paid to Management Board members is clearly linked to the implementation of the overarching corporate strategy. As a result, it ensures that strategy and corporate success as well as remuneration for the Management Board's performance are clearly linked (pay-for-performance).

Based on this fundamental principle, a high proportion of the Vonovia SE Management Board's remuneration consists of performance-related components. Due to the consideration of strategically relevant key figures for corporate management as performance criteria, Management Board remuneration is closely linked to business development.

As a residential real estate company, Vonovia SE is a corporate citizen. This explains why the activities of Vonovia SE are never focused exclusively on financial aspects, but also take social factors into account. Vonovia SE is aware of its special role and responsibility: As a service provider and the provider of homes for around one million people, its focus is on its customers and their needs. This is why it strives to maintain its building stock and make an active contribution to shaping neighborhoods. Vonovia SE offers its customers modern apartments that meet their needs while at the same time developing services for higher quality of living. Vonovia SE is committed to the principles of the social market economy and profitability and accepts a level of responsibility for safe, decent and affordable housing.

The Vonovia SE Management Board remuneration system is an effective instrument for ensuring that Vonovia fulfills this role and at the same time successfully implements its corporate strategy. In addition to the Group's key financial performance indicators, Management Board remuneration also takes into account environmental, social, governance (ESG) and sustainability performance aspects.

The performance criteria used to measure Management Board remuneration reflect the corporate strategy and in particular provide incentives for long-term, sustainable corporate growth. The Management Board remuneration system reflects the Management System's key figures in line with the corporate strategy. Through these, incentives are determined to align the interests of the Management Board with those of shareholders and other stakeholders such as customers and employees. In addition to considering sustainability performance targets, comparison with relevant market participants in relative terms also has a role to play here.

The aim of the remuneration system is to compensate Management Board members appropriately in line with their performance, sphere of activity and level of responsibility, and to allow them to participate in Vonovia's success, thereby ensuring the company's successful development.

The remuneration system forms the basis for determining the remuneration of Vonovia SE Management Board members. The Supervisory Board is guided by the following principles:

Principles of Management Board Remuneration

The remuneration system contributes significantly to the company's success by promoting the implementation of the corporate strategy through performance criteria related to the company's success and by setting challenging annual and multi-year targets.
The remuneration system makes a key contribution to aligning the interests of the Management Board with those of the shareholders. The majority of variable remuneration for the Management Board is granted on the basis of shares. In addition, share-holding requirements stipulate that members of the Management Board acquire shares in Vonovia and hold them for the duration of their appointment.
The majority of variable remuneration for the Management Board is measured on a multi-year assessment basis. Non-financial targets and Vonovia's sustainability strategy are also taken into account for Management Board remuneration. This promotes the long-term, sustainable development of Vonovia through the remuneration system.
The performance of Management Board members is appropriately considered in variable remuneration through adequate and ambitious performance criteria (pay-for-performance). The short-term incentive (STI) also includes individual performance criteria. Variable remuneration is capped and can be waived completely.
Remuneration for Management Board members is commensurate with their duties and performance as well as the situation of the company. Attention is also paid to the going rates of remuneration of other comparable companies, as well as to the vertical appropriateness compared to the remuneration of senior management and the entire workforce.
The Supervisory Board ensures the consistency of the remuneration systems of the Management Board and senior management. The collective pursuit of the long-term corporate strategy is secured through equitable incentives and uniform targets.
Incentives are set to achieve long-term outperformance on the capital market by using a relative performance measurement compared to relevant market participants for long-term variable remuneration.

1.1. Procedures for Establishing, Implementing and Reviewing the Remuneration System

In accordance with the requirements of Sections 87 (1) and 87a (1) AktG, the Supervisory Board adopts a remuneration system for Vonovia SE Management Board members. The Supervisory Board is supported by the HR and Remuneration Committee, which develops recommendations relating to the Management Board remuneration system. The Supervisory Board discusses and then rules on these recommendations. It submits the remuneration system to the Annual General Meeting for approval.

The regular review of the Management Board remuneration system by the Supervisory Board is also prepared by the HR and Remuneration Committee. The latter recommends to the Supervisory Board any changes to the system if necessary. If significant changes are made to the remuneration system, they are submitted to the Annual General Meeting for approval once again. The same occurs at least every four years, even without significant changes.

2. Overview of Management Board Members' Remuneration System

The remuneration system that applied in the 2023 fiscal year, which was approved by the 2021 Annual General Meeting, is made up of fixed and variable remuneration components, the sum of which constitutes the total remuneration of each Management Board member.

Fixed remuneration components are paid irrespective of the company's performance and consist of fixed remuneration, fringe benefits, and an annual pension allowance or contribution.

To ensure that Management Board remuneration is pay-for-performance, the variable remuneration components are linked to the achievement of predefined performance criteria and consist of a short-term variable component in the form of a STI and a long-term variable component, the so-called long-term incentive plan (LTIP).

In addition, share ownership guidelines apply, which oblige Management Board members to acquire a certain number of shares in Vonovia SE and to hold them for the duration of their term of office.

The Remuneration System at a Glance

	Basis of assessment/parameter		
Fixed remuneration	Base salary ("fixed remuneration")	> Contractually agreed fixed remuneration paid in twelve monthly installments	
	Pension contribution/ pension allowance	Management Board members appointed for the first time prior to 2021 (legacy provision)	> Option of paying an annual pension contribution received in addition to the base salary into the existing deferred compensation model with guaranteed interest, which is also available for other employees > For one Management Board member who is additionally employed by a foreign Group subsidiary, a pension commitment (premium payments to a pension fund) and additional pension allowance from that Group subsidiary
		Management Board members appointed for the first time since 2021	> No option of participating in the existing deferred compensation model > Granting of annual pension allowance in addition to the base salary in cash
	Fringe benefits	> Private use of a company car or payment of a company car allowance and provision of equipment (especially communication equipment) > 50% of the contributions to private health and long-term care insurance, but no more than the maximum employer's contribution to statutory health and long-term care insurance > Term life insurance in individual cases	
Variable remuneration	Short-term incentive (STI)	Type	> Target STI
		Limit I cap	> 125% of the target STI
		Performance criteria	> Group FFO (75%) > Adjusted EBITDA (25%) > Personal performance factor (0.8–1.2)
		Payout	> Due one month after the adoption of the company's annual financial statements > Paid in cash
	Long-term incentive plan (LTIP)	Plan type	> Performance share plan
		Limit I cap	> 250% of grant value
		Performance criteria	> Relative total shareholder return (relative TSR) (25%) > NTA per share (25%) > Group FFO per share (25%) > Sustainability Performance Index (SPI) (25%)
		Payout	> As part of the next salary payment after the company's annual financial statements are adopted following the end of the four-year performance period > Paid in cash

The Remuneration System at a Glance

	Basis of assessment/parameter	
Additional remuneration arrangements	Maximum total remuneration	> The maximum total remuneration amounts to € 11 million gross per annum for the Chair of the Management Board and € 5.5 million gross per annum for each of the other Management Board members
	Malus/clawback	> Partial or full reduction in payment/demand for repayment of variable remuneration > May apply in the event of significant breaches of duty (for the year in which the breach occurs) and payments based on incorrect data > Clawback period of one year after payout
	Change of control	> Special right of termination of the Management Board member in the event of a change of control and compensation amounting to two annual total remuneration payments calculated on the basis of the total remuneration for the last fiscal year, if applicable for the current fiscal year, less remuneration during the notice period, upon exercise, but in any case limited to a maximum of the remuneration for the remaining term of the contract
	Share holding provision	> Obligation for the members of the Management Board to purchase shares in Vonovia SE with a value corresponding to 100% of their base salary, or 150% of the base salary for the CEO (share holdings to be built up within the first four fiscal years after appointment); upon reappointment, the shares to be held increase to a value equivalent to 150% of the fixed salary, or 200% in the case of the CEO > Obligation to hold the shares purchased for the duration of the Management Board activity
	Benefits on early termination of contract	> Compensation amounting to two annual total remuneration payments if the appointment is revoked, calculated on the basis of the total remuneration for the last fiscal year, if applicable for the current fiscal year, less remuneration during the notice period, but limited to a maximum of the remuneration for the remaining term of the contract; no severance pay in the event of termination of the contract by the company for cause > In the event of death, continued payment of the fixed remuneration to surviving dependents for the month of death and the six following months, as well as the STI and LTIP pro rata temporis

2.1. Appropriate Management Board Remuneration

In accordance with the requirements of the German Stock Corporation Act and the GCGC, when determining the target total remuneration of Management Board members, the Supervisory Board ensures that it is commensurate with the tasks and performance of the relevant member and the company's financial situation, is aligned with the long-term, sustainable development of Vonovia SE, and does not exceed the usual remuneration without special justification. For this purpose, both external and internal comparisons are made.

When assessing the appropriateness of remuneration, Vonovia SE looks at its peer group (horizontal comparison) and the remuneration structure that applies in the rest of the company (vertical comparison).

In the horizontal – external – comparison, a suitable group of companies (peer group) is used to assess whether the amount and structure of the target total remuneration is appropriate and customary in view of the market position of Vonovia SE (in particular in terms of industry, size and country). These companies are often DAX-listed, in order to reflect the criteria of country and size, and a peer group consisting of listed national and international companies from the real estate sector in order to meet the industry criterion in particular.

In addition to the horizontal comparison, a vertical – internal – comparison of Management Board remuneration is also drawn up. In accordance with recommendation G.4 of the GCGC, this involves looking at the ratio of the remuneration of the Management Board to that of senior management (below Board level) and other senior executives, and taking into account the total workforce of other Vonovia employees in the real estate industry (Group-wide). In addition to the current remuneration ratios of various levels of management, the Supervisory Board also takes into account how their remuneration has evolved over time.

The Supervisory Board takes the results of this review into account when determining the target total remuneration of Management Board members and uses them to ensure it is appropriate. The last appropriateness and customariness test was carried out at the end of the 2023 fiscal year. In this regard, the Supervisory Board was assisted by an external independent consultant and confirmed the Management Board's remuneration was appropriate.

2.2. Target Remuneration

The Vonovia SE remuneration system allows the Supervisory Board to take into account the function and area of responsibility of the individual Management Board member when determining the target total remuneration. At the discretion of the Supervisory Board, function-specific distinctions are therefore permissible, taking into account criteria such as customary market practice, experience of the relevant Management Board member, length of service on the Board and the department for which he or she is responsible.

The following tables show the target total remuneration set for the 2023 fiscal year for the Management Board members in office as of December 31, 2023: The remuneration was not increased in the fiscal year under review.

Ms. von Roeder does not receive any STI or LTIP grant; her remuneration is reported in Chapter 8.1 as remuneration granted and owed:

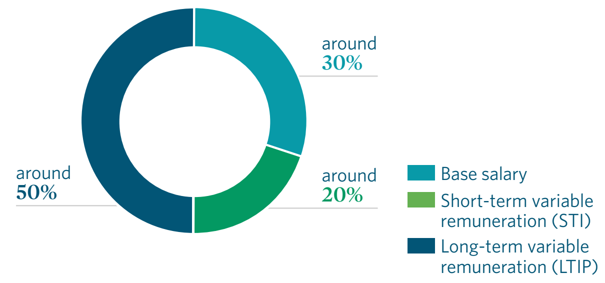
Target Remuneration

	Rolf Buch (CEO) since March 1, 2013		Arnd Fittkau (CRO) since May 16, 2019		Philip Grosse (CFO) since January 1, 2022		Daniel Riedl (CDO) since May 9, 2018		Ruth Werhahn (CHRO) since October 1, 2023	
in € k	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Base salary	1,300.0	1,300.0	775.0	775.0	775.0	775.0	775.0	775.0	–	193.8
Fringe benefits	31.4	30.0	25.0	31.5	8.0	7.6	23.2	23.1	–	2.1
Pension allowance	–	–	–	–	500.0	500.0	500.0	500.0	–	125.0
Short-term variable remuneration	720.0	720.0	374.0	374.0	374.0	374.0	374.0	374.0	–	93.5
STI 2022	720.0	–	374.0	–	374.0	–	374.0	–	–	–
STI 2023	–	720.0	–	374.0	–	374.0	–	374.0	–	93.5
Long-term variable remuneration	2,580.0	2,580.0	1,025.0	1,025.0	1,025.0	1,025.0	1,025.0	1,025.0	–	256.3
LTIP 2022–2025	2,580.0	–	1,025.0	–	1,025.0	–	1,025.0	–	–	–
LTIP 2023–2026	–	2,580.0	–	1,025.0	–	1,025.0	–	1,025.0	–	256.3
Pension service cost	1,020.2	616.1	715.7	356.3	–	–	–	–	–	–
Total	**5,651.6**	**5,246.1**	**2,914.7**	**2,561.8**	**2,682.0**	**2,681.6**	**2,697.2**	**2,697.1**	**–**	**670.7**

2.3. Remuneration Structure

The basic structure of the target direct remuneration (total of base salary p.a., STI target amount p.a. and LTIP grant value p.a.) for the members of the Management Board consists of around 30% base salary, around 20% short-term variable remuneration and around 50% long-term variable remuneration. This means that the long-term variable remuneration exceeds the short-term variable remuneration and highlights Vonovia SE's focus on long-term and sustainable development.

Remuneration Structure of the Members of the Board



2.4. Compliance with Maximum Remuneration

In accordance with the first point of the second sentence of Section 87a (1) AktG, the Supervisory Board has set an upper limit for the total amount of all remuneration elements for one year, i.e., fixed remuneration, fringe benefits, the annual pension contribution in accordance with IAS 19 (or the annual pension payment), short-term variable and long-term variable remuneration components (maximum remuneration). The maximum remuneration further limits the maximum achievable total remuneration (sum of the individual components with maximum target achievement). It amounts to € 11 million gross per annum for the Chair of the Management Board and € 5.5 million gross per annum for each of the other Management Board members (including remuneration for other mandates in Group companies).

This cap relates to the total benefits promised to a Management Board member for Board-related activities for the relevant fiscal year. Payments of the long-term variable remuneration component under the applicable LTIP are attributed to the year the underlying LTIP tranche is awarded.

Compliance with the maximum remuneration for the 2023 fiscal year can therefore only be reported after the end of the performance period of the LTIP tranche awarded in 2023. If the total benefits for a fiscal year exceed the defined maximum remuneration, the payout determined from the LTIP awarded for the fiscal year is reduced by the excess amount. Taking into account the remuneration already awarded/due for the 2023 fiscal year (i.e., base salary, fringe benefits, pension payment and STI 2023, see table under 8.1) and the service cost for 2023 for pension entitlements (see supplementary disclosure in the table under 8.1) as well as the payment cap for the LTIP 2023 (LTIP cap, see 3.2.2 a.), the total remuneration for the 2023 fiscal year cannot exceed the stipulated maximum remuneration.

3. Remuneration System in Detail

The Management Board remuneration system which was presented to, and approved by, the Annual General Meeting in the 2021 fiscal year was applied in the 2023 fiscal year to the remuneration of all Management Board members in office in the reporting year. There was no deviation from the Management Board remuneration system in the 2023 fiscal year.

3.1. Non-performance-related Remuneration Components

3.1.1. Base salary

Each Management Board member receives an annual base salary ("fixed remuneration") for his or her work on the Board, which also generally covers all activities at Vonovia Group companies, subsidiaries and affiliated companies and is paid in twelve equal monthly installments. This fixed remuneration generally also covers any other activities within the Group. As an exception, Daniel Riedl – in line with the most recently presented remuneration system – receives remuneration benefits from BUWOG – Bauen und Wohnen GmbH (subsequently "BUWOG") on the basis of an additional employment relationship for his management activities at this company, a Vonovia SE Group subsidiary, which are recognized in the target and maximum total remuneration in accordance with the remuneration system.

3.1.2. Fringe Benefits

Each Management Board member also receives fringe benefits that can vary depending on their personal situation and the utilization of these benefits and, in Daniel Riedl's case, are partly paid by BUWOG.

The usual fringe benefits include non-cash benefits such as the private use of a company car or – at the discretion of the Management Board member – a company car allowance as well as the provision of communication means for the performance of duties. Private use of a company car is taxed as a non-cash benefit, and the Management Board member bears the tax. The costs associated with running a company car are borne by Vonovia SE. Vonovia SE also pays 50% of the contributions to private health and long-term care insurance, but no more than the maximum employer's contribution to statutory health and long-term care insurance. In addition, a term life insurance policy was taken out in favor of one member of the Management Board. Business-related and travel expenses are reimbursed based on the valid reimbursement policies. The Supervisory Board can also grant other or additional fringe benefits that are standard market practice.

All members of the Management Board have D&O insurance and criminal expenses cover in line with standard market conditions. In accordance with the third sentence of Section 93 (2) AktG, the Management Board members' deductible under the D&O liability insurance is 10% of the damage or one and a half times the fixed annual remuneration.

3.1.3. Retirement and Risk Protection

Pension allowance
Management Board members who were appointed for the first time as of January 1, 2021, receive a non-performance-related lump sum (pension allowance) in cash in addition to their base salary.

Pension scheme (legacy provision for first-time appointments before January 1, 2021)
Management Board members who were appointed for the first time before January 1, 2021, may participate in a Vonovia SE company pension plan provided that no pension entitlement exists on the basis of another employment relationship within the Group. The pension plan includes the option of making an annual pension contribution to the "pension benefits in lieu of cash benefits" deferred compensation scheme as amended from time to time. Other company employees also participate in this pension plan. Management Board members receive the pension contribution from the company in addition to their respective base salaries. The pension contributions made are converted into a pension entitlement with a fixed interest rate and annuitized in accordance with actuarial principles depending the age of the individual. From the point in time at which the total pension modules financed by deferred compensation exceeds the applicable contribution limits of the Pensionssicherungsvereins (pension protection scheme) under Section 7 (3) of the German Occupational Pensions Improvement Act (BetrAVG), additional insolvency protection is provided. As an alternative to the deferred compensation scheme, Management Board members can have a fixed amount paid out to them as a cash component. The latest remuneration system gives Management Board members the option of claiming a higher pension allowance instead of

the pension contribution in accordance with the arrangement outlined for newly appointed members from January 1, 2021. The option of participating in the existing deferred compensation scheme with effect for the future (one-time option) ceases to apply when the pension payment is claimed.

Pension Benefits in the 2023 Fiscal Year

In 2023, Rolf Buch, Arnd Fittkau and Helene von Roeder continued to make use of the "pension benefits in lieu of cash benefits" deferred compensation scheme option. In 2023, and in line with the requirements of the remuneration system, Philip Grosse and Ruth Werhahn received a cash amount of € 500,000, or, in the case of Ruth Werhahn, a pro rata amount of € 125,000, as pension allowance. Daniel Riedl receives his pension benefits from a foreign Group subsidiary based on another employment relationship for his BUWOG management activities in the form of contributions to a foreign pension fund and a pension allowance as additional fixed remuneration; this can also be paid into the pension fund under certain circumstances at the discretion of the Management Board. In 2023, in accordance with this agreement, Daniel Riedl received € 200,000 from BUWOG as an annual pension contribution as well as an additional pension allowance of € 300,000 – all paid into an external pension fund.

Pension entitlements

	IAS 19			
	Service cost		Present value of pension obligations	
in € k	2022	2023	2022	2023
Rolf Buch	1,020.2	616.1	5,498.7	6,954.3
Helene von Roeder (until June 30, 2023)	821.7	224.6	1,584.8	1,890.7
Arnd Fittkau	715.7	356.3	1,241.3	1,855.4
Total	**2,557.7**	**1,197.0**	**8,324.8**	**10,700.4**

3.2. Performance-Related Remuneration Components

The performance-related, variable remuneration components account for most of the remuneration paid to Management Board members and are aligned with both the achievement of annual operational targets and the long-term, sustainable development of Vonovia SE.

The performance-related variable remuneration is divided into a short-term variable remuneration component (STI) and a long-term remuneration component (LTIP). The LTIP is share-based, aligning the interests of the Management Board and the shareholders. The STI is the only short-term element of performance-related variable remuneration. The two components incentivize Management Board members' performance from different perspectives and over different periods (performance periods). In particular, they differ in the performance criteria used to measure the payout. When selecting the performance criteria, the focus is on implementing the strategy, i.e., the performance criteria support the growth strategy of Vonovia SE in particular while at the same time incentivizing an increase in profitability and competitiveness. By considering various transparent performance criteria, it is possible to depict the success of Vonovia SE in an integrated and multifaceted manner.

The performance criteria are both financial and non-financial. In order to consistently pursue the pay-for-performance concept, performance criteria tend to be ambitious.

3.2.1. Short-Term Incentive (STI)

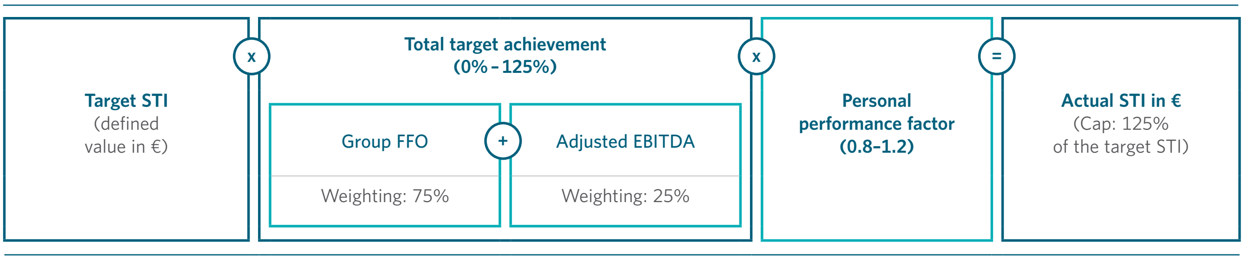
a. STI Framework for the 2023 Fiscal Year

The Management Board members are entitled to annual short-term variable remuneration in the form of an STI. The amount of the STI depends on the extent to which defined corporate targets are achieved. In addition, the Supervisory Board may define performance targets with individual or all Management Board members before the start of the fiscal year, which are included in the target achievement level in the form of a personal performance factor (PLF) as a multiplier with a value of 0.8 to 1.2. The target achievement level for the payout of the STI is determined on the basis of the following performance criteria:

> Group Funds from Operations (Group FFO) with a weighting of 75%
> Adjusted Earnings before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) with a weighting of 25%
> Any individual performance targets (for determining the PLF) with a range of 0.8-1.2

The STI is structured in the form of a target bonus system. The target STI is set out in the employment contract for each Management Board member. Depending on the achievement of the financial performance criteria described in detail below, which are aggregated, and any defined individual performance targets, an individual actual STI is calculated at the end of the fiscal year. This may be between 0% and 125%

of the target STI. Thus, a complete loss of the STI is also possible and the payout amount is limited to 125% of the original target STI. If the employment contract does not cover the entire fiscal year, the STI is generally paid and pro-rated for the term of the employment contract in the relevant fiscal year.



On a case-by-case basis, Management Board members may, due to another employment relationship with a Group subsidiary, receive variable remuneration from the Group subsidiary in the form of an annual bonus, the amount of which is contingent on achieving defined qualitative and quantitative targets for the subsidiary's business. Such variable remuneration paid by a Group subsidiary is included in the target total remuneration and the maximum remuneration provided for in the remuneration system. This was duly implemented in the reporting year in the case of Mr. Daniel Riedl, with a third of his annual bonus contingent on the performance criteria defined by Vonovia SE and two thirds of it contingent on financial performance criteria defined by BUWOG (75% EBITDA Rental and 25% EBITDA Development).

b. STI Performance Criteria for the 2023 Fiscal Year

The two financial performance criteria Group FFO and Adjusted EBITDA relate to material operational corporate targets that reflect the financial success of Vonovia SE. The Group FFO considers the earnings contributions of all five segments (Rental, Value-add, Recurring Sales, Development and Care) and, together with Adjusted EBITDA, is one of the most important key figures at Group level. In the STI, the Group FFO represents the performance criterion for the ability to pay dividends. Adjusted EBITDA consists of EBITDA after adjustments to reflect effects that do not relate to the period, recur irregularly or are atypical for business operation. A distinction is made here between the Adjusted EBITDA of the five segments and the Adjusted EBITDA Total, which results from the total of the Adjusted EBITDA for the five segments. The Adjusted EBITDA reflects the overall performance of the sustained operating business of Vonovia SE before interest, taxes, depreciation and amortization. Either the Adjusted EBITDA Total or the Adjusted EBITDA for the segments managed in each case by the Management Board members is used to calculate the overall target achievement level of the STI.

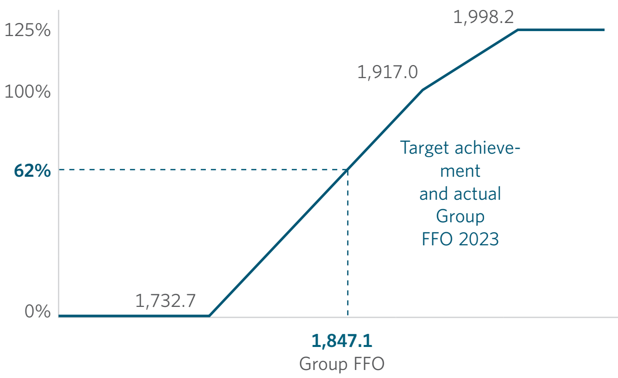
By adjusting the Adjusted EBITDA Total for the current interest expense and deducting for special circumstances, current income taxes and consolidation effects, we arrive at the Group FFO, which describes the sustained operating earnings power of Vonovia SE. The Group FFO is a key indicator not least because financing is a fundamental component for the success of Vonovia SE's business activities. Creating incentives for the Group FFO and the Adjusted EBITDA are therefore key to the success of Vonovia SE.

Target Achievement Group FFO and Adjusted EBITDA

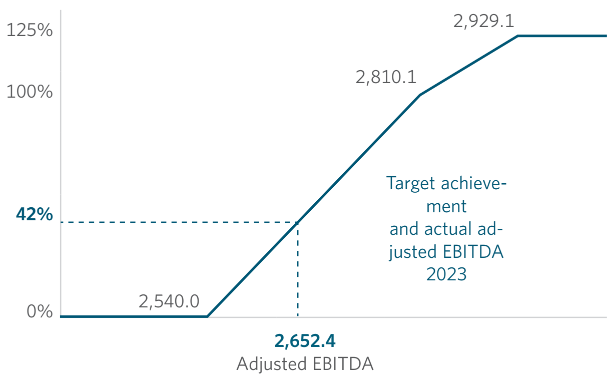
The two financial performance criteria Adjusted EBITDA and Group FFO are underpinned by an ambitious target achievement curve. For both performance criteria, the Supervisory Board determines a target value as well as a minimum and maximum value annually on the basis of the business plan. If the performance criterion is entirely consistent with the predetermined target value, this is equivalent to a target achievement level of 100%. If the value actually reached is equal to or below the minimum value, the target achievement level is 0%. If the value actually reached is equal to or above the maximum value, the target achievement level is 125%. The target achievement level is always interpolated on a straight-line basis between the above-mentioned values.

The target achievement curve reflects the rigorous pay-for-performance concept inherent to the Management Board remuneration system of Vonovia SE.

Group FFO target achievement curve



Adjusted EBITDA target achievement curve



The following table shows the minimum (lower limit), target, maximum (upper limit) and the actual values of the performance criteria reached in the 2023 fiscal year as well as the resulting target achievement levels of the STI for the 2023 fiscal year.

The indicated values relating to Vonovia SE apply equally to all Management Board members in office in the 2023 fiscal year, while the values for BUWOG only represent the application of the performance criteria for Daniel Riedl.

STI 2023 target achievement – Vonovia

	Lower limit	Target value	Upper limit	Actual value	Target achievement
	in € million	in € million	in € million	in € million	in %
Group FFO	1,732.7	1,917.0	1,998.2	1,847.1	62.0
Adjusted EBITDA	2,540.0	2,810.1	2,929.1	2,652.4	41.6

STI 2023 target achievement – BUWOG

	Lower limit	Target value	Upper limit	Actual value	Target achievement
	in € million	in € million	in € million	in € million	in %
EBITDA Rental	75.8	83.8	87.4	89.8	125.0
EBITDA Development	46.8	51.7	53.9	24.7	0.0

Achievement of Individual Targets

The individual performance of a Management Board member is assessed on the basis of the individual performance criteria. The Supervisory Board also defined “cash conversion from sales” as an overarching performance target for the 2023 fiscal year in order to continue successfully with the announced sale program, and took this as a basis for developing and defining individual targets specific to the executive divisions for the members of the Management Board. Cash conversion from sales refers to the cash inflow, after taxes and transaction costs, compared to the carrying amount of the properties sold and other transactions that have a positive impact on the company’s financial stability. In a very challenging transaction environment, the sales realized generated attractive returns, with other measures (e.g. joint ventures with the investor Apollo) making a significant contribution to de-risking. For the 2023 fiscal year, the target achievement level for the personal performance factor of each Management Board member was therefore set at 1.2.

c. Overall Target Achievement and Payout from the STI for the 2023 Fiscal Year

The amount resulting from the overall target achievement level of the STI is paid out in cash.

The following tables summarize the target achievement levels and the payout amounts per Management Board member: Ms. Helene von Roeder did not acquire any STI entitlement because she left the company in the 2023 fiscal year.

STI 2023 summary – Vonovia

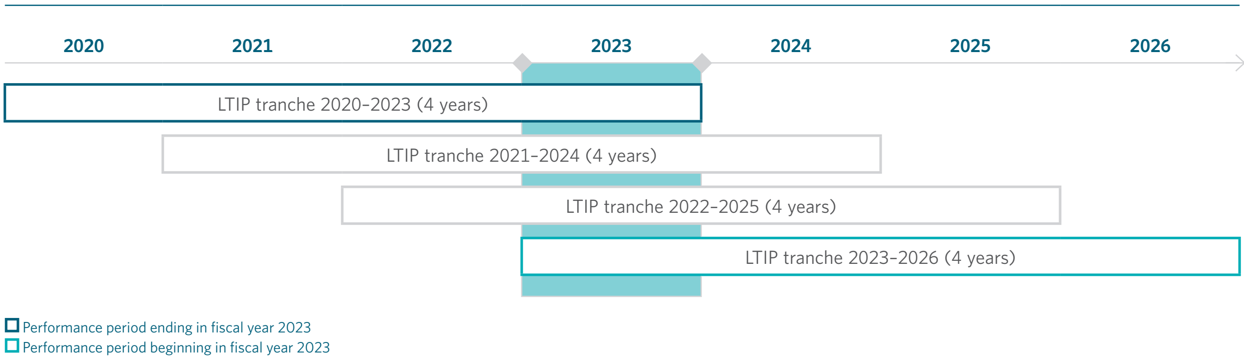
	Target amount	Minimum amount	Maximum amount (cap)	Group FFO target achievement (75% weighting)	Adjusted EBITDA target achievement (25% weighting)	Personal performance factor	Total target achievement	Payout amount
	in € k	in € k	in € k	in %	in %		in %	in € k
Rolf Buch	720.0	0.0	900.0			1.2	68.3	491.6
Arnd Fittkau	374.0	0.0	467.5			1.2	68.3	255.4
Philip Grosse	374.0	0.0	467.5	62.0	41.6	1.2	68.3	255.4
Daniel Riedl	124.0	0.0	155.0			1.2	68.3	84.7
Ruth Werhahn	93.5	0.0	116.9			1.2	68.3	63.8

STI 2023 summary – BUWOG

	Target amount	Minimum amount	Maximum amount (cap)	Group FFO target-achievement (75% weighting)	Adjusted EBITDA target achievement (25% weighting)	Personal performance factor	Total target achievement	Payout amount
	in € k	in € k	in € k	in %	in %		in %	in € k
Daniel Riedl	250.0	0.0	312.5	125.0	0.0	1.2	112.5	281.3

3.2.2. Long-Term Incentive-Plan (LTIP)

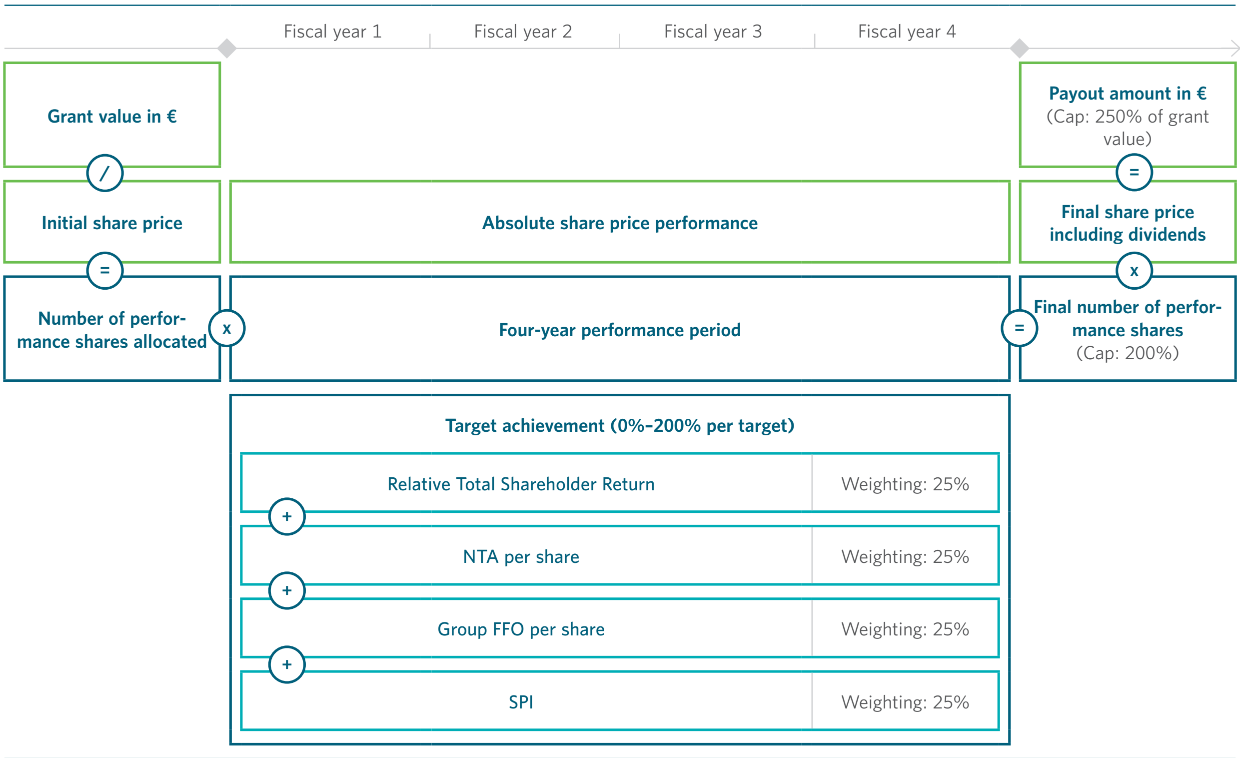
In addition to the STI, the members of the Management Board are granted an annual remuneration component with a long-term incentive effect and a balanced risk-return profile in the form of notional shares ("performance shares") in line with the provisions of the relevant applicable LTIP. The share-based model ensures that the performance shares of the Management Board members over the performance period of four years are subject to the performance of the share price and are therefore contingent on it.



In the 2023 fiscal year, the 2023 LTIP tranche was granted to the Management Board members for the first time. The 2023 LTIP tranche originally granted to Ms. Helene von Roeder in the 2023 fiscal year was canceled by mutual agreement because she left the company. In addition, the four-year performance period of the 2020 LTIP tranche ended on December 31, 2023.

a. Framework for the 2023 LTIP Tranche

The LTIP strengthens the link between Management Board and shareholder interests by being clearly related to the company's shares. In order to achieve this, a contractually agreed grant value is converted at the start of any given year based on the current share price and converted into an initial number of virtual shares ("performance shares").



The initial number of performance shares corresponds to the grant value divided by the average closing price on the last 60 trading days before the beginning of the performance period ("initial share price"), rounded up to the next full share. The final number of performance shares is determined at the end of the four-year performance period, i.e., for the 2023 LTIP Tranche, at the end of the 2026 fiscal year. It is contingent on the achievement of the financial and non-financial performance criteria set out below.

The grant values, the initial share price, the number of performance shares granted as well as the maximum possible number of performance shares in the event of a maximum target achievement level are summarized in the following table: Ms. Helene von Roeder did not acquire any LTIP entitlement because she left the company in the 2023 fiscal year.

LTIP tranche 2023 – allocation

	Grant value	Minimum value	Maximum value (cap)	Grant price	Number of performance shares allocated	Minimum number of possible performance shares (0% target achievement)	Maximum number of possible performance shares (200% target achievement)
	in € k	in € k	in € k	in €			
Rolf Buch	2,580	0	6,450		114,362	0	228,724
Arnd Fittkau	1,025	0	2,563		45,435	0	90,870
Philip Grosse	1,025	0	2,563	22.56	45,435	0	90,870
Daniel Riedl	1,025	0	2,563		45,435	0	90,870
Ruth Werhahn	256	0	641		11,359	0	22,718

The actual payout amount, which is determined at the end of the 2026 fiscal year, is calculated based on the number of performance shares initially granted, the target achievement level during the performance period and the performance of Vonovia SE's shares, including dividends paid during the performance period. The target achievement level is determined based on the following performance criteria:

> Relative Total Shareholder Return (relative TSR)
> NTA (Net Tangible Assets) per share
> Group FFO (Funds from Operations) per share
> Sustainability Performance Index (SPI)

These performance criteria are added up and each have a 25% weighting. All four performance criteria are equally underpinned by ambitious target achievement curves, whose possible target achievement levels cover a range of between 0% to 200%. The Supervisory Board defined a target value for each performance criterion at the start of the performance period, where the target achievement level comes to 100%. In addition, a minimum and maximum value were defined. If the value actually achieved is equal to the minimum value, the target achievement level comes to 50% and if it is below it, the target achievement level comes to 0%. Where the value is equal to the maximum value, the target achievement level is limited to 200%. The target achievement level is interpolated on a straight-line basis between the above-mentioned values.

At the end of the performance period, the initial number of performance shares is multiplied by the overall target achievement level and rounded up to the next full share. This multiplication produces the final number of performance shares. The final number of performance shares is multiplied by the average closing price on the last 60 stock exchange trading days before December 31, 2026 (end of the performance period, "final share price") which includes the total dividends paid per share during the performance period in relation to the final number of performance shares. This multiplication produces the gross cash payout amount.

The payout amount for each tranche of performance shares under the LTIP cannot come to more than 250% of the grant value of the relevant LTIP tranche at the start of the performance period applicable to the LTIP tranche (cap).

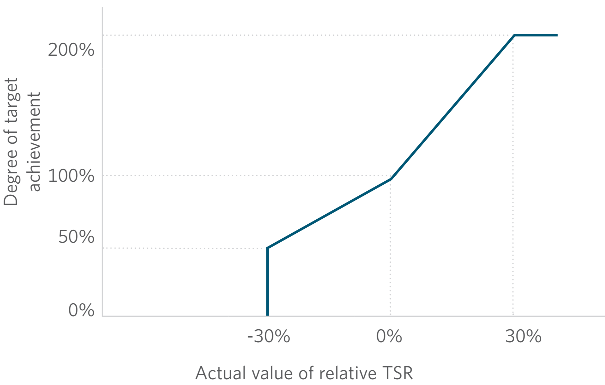
If the contract of employment of a Management Board member ends due to the passage of time, death or revocation of the appointment, the initial number of performance shares in the tranche, which were granted for the year in which the contract of employment of a Management Board member ends, will be reduced on a pro rata temporis basis by 1/12 for each month that the employment ends before the end of the relevant calendar year. The other tranches are not reduced.

b. 2023 LTIP Tranche Performance Criteria

Relative Total Shareholder Return

The Total Shareholder Return (TSR) refers to Vonovia SE's share price performance during the performance period in addition to the gross dividends per share paid out during this period and deemed reinvested. To reduce effects related to the reporting date, the closing price on the last 60 trading days before the start and end of the performance period is used to calculate the TSR. The increase in value of the company in the capital market is best shown by taking into account the share price and the dividend. To create additional incentives for the outperformance of relevant market participants, the LTIP includes the relative TSR with a weighting of 25% as a performance criterion. Here the TSR of Vonovia SE is compared with that of relevant market participants. The comparison is made using the outperformance method. Accordingly, the relative TSR is calculated from the difference between the TSR of Vonovia SE and the TSR of the benchmark index in percentage points. Given the size, industry and portfolio of Vonovia SE, the peer group comprises the companies in the FTSE EPRA/NAREIT Germany Index.

The target achievement curve of the relative TSR for the 2023 LTIP is as follows:

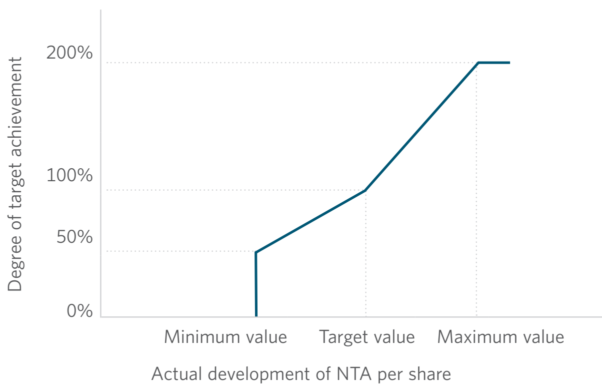


NTA per share

The second financial performance criterion, NTA per share, is another of the key performance indicators of Vonovia SE and accounts for 25% of the overall target achievement level. It reflects the value of the property assets and the modernization and new construction measures and is therefore a decisive factor in the company's performance. The derivation of the NTA in line with the Best Practice Recommendations of the EPRA is generally used to calculate the NTA per share.

The NTA calculated in accordance with this criteria is divided by the number of shares as of the reporting date (reporting date value NTA to reporting date value shares – non-diluted).

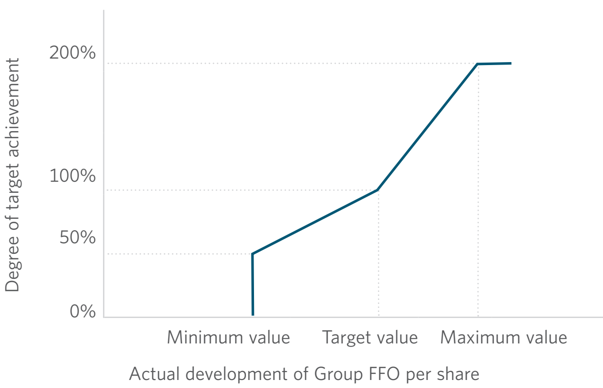
The development of the NTA per share is measured on the basis of the annual growth rate (Compound Annual Growth Rate, CAGR). The target achievement curve for the development of the NTA per share for the 2023 LTIP is as follows:



Group FFO per share

Apart from the relevance of strong annual operational earnings power, creating incentives for a sustained and long-term increase in income is impactful. Therefore, the performance criterion Group FFO per share was also included in the LTIP.

The development of the Group FFO per share is assessed on the basis of the annual growth rate (Compound Annual Growth Rate, CAGR) and accounts for 25% of the overall target achievement level. The target achievement curve for the development of the Group FFO per share for the 2023 LTIP is as follows:



Sustainability Performance Index (SPI)

In addition to the three financial performance criteria, 25% of the payout from the LTIP is calculated on the basis of non-financial performance criteria. The performance criterion "customer satisfaction" in place as part of the LTIP under the previous remuneration system was replaced in 2021 by the introduction of the Sustainability Performance Index (SPI) as the key performance indicator, taking account of the requirements of the shareholders and stakeholders of Vonovia SE. For the LTIP grants since the 2021 fiscal year, the SPI covers the main Environmental, Social, Governance (ESG) sustainability topics. These aspects include the CO_2 intensity of the existing portfolio, (partial) modernization measures to make apartments fully accessible, energy-efficient new construction, increased customer and employee satisfaction, and diversity within the management ranks. At the start of the 2023 performance period, the targets used in the calculation of the SPI were defined by the Supervisory Board. Particular attention was paid to strategy relevance, transparency and measurability of the targets. These are:

> the Customer Satisfaction Index (CSI),
> the CO_2 intensity of the portfolio,
> the average primary energy requirements of new construction,
> (partial) modernization measures to make apartments more accessible,
> employee satisfaction, and
> the proportion of women in management.

The individual target achievement curves, actual values and resulting target achievement levels will be published at the end of the performance period of the 2023 LTIP tranche as of December 31, 2026, in the remuneration report for 2026.

c. Overall Target Achievement and Payout From the 2020 LTIP Tranche

The performance period of the 2020 LTIP tranche granted in 2020 ended at the end of December 31, 2023. The target achievement level for the 2020 LTIP tranche was determined after the end of the fiscal year. The framework for the 2020 LTIP tranche matches the framework for the 2023 LTIP tranche described under a. By way of derogation from the performance criteria for the 2023 LTIP tranche mentioned under b., the performance criteria of NAV per share (instead of NTA per share) and customer satisfaction (CSI) (instead of SPI) were decisive. The derivation of the NAV in line with the Best Practice Recommendations of the EPRA is generally used to calculate the NAV per share. The total equity is adjusted to reflect the deferred taxes on investment properties/assets held for sale, the fair value of derivative financial instruments and the deferred taxes on derivative financial instruments. The NAV calculated in accordance with these criteria is divided by the number of shares carrying dividend rights as of the reporting date. The CSI is determined at regular intervals in systematic customer surveys conducted by an external service provider and shows the effectiveness and sustainability of our services for the customer. The target values, thresholds and target achievement levels of the four performance criteria in the 2020 tranche are as follows:

LTIP tranche 2020 – target achievement

	Lower limit (50% target achievement)	Target value (100% target achievement)	Upper limit (200% target achievement)	Actual value	Target achievement
Relative Total Shareholder Return[1] (25% weighting)	-30%	0%	+30%	3.08%	110.26%
Development of NAV per share[2] (25% weighting)	0% growth p.a.	3.0% growth p.a.	5.0% growth p.a.	0.85% growth p.a.	64.22%
Development of Group FFO per share[3] (25% weighting)	1.5% growth p.a.	4.0% growth p.a.	6.0% growth p.a.	1.63% growth p.a.	52.63%
Customer satisfaction (CSI)[4] (25% weighting)	+ 2 points	+ 5 points	+ 7 points	+ 7.4 points	200.00%
Total target achievement					**106.78%**

[1] Difference between Vonovia's TSR and the development of the FTSE EPRA/NAREIT Germany Index.
[2] Relative change in the NAV at the end of the performance period divided by the number of ordinary shares compared with the same figure before the start of the performance period.
[3] Relative change in the Group FFO at the end of the performance period divided by the average number of ordinary shares compared with the same figure on the last day before the start of the performance period.
[4] Difference between the CSI ("Customer Satisfaction Index") at the end of the performance period and the CSI at the beginning of the performance period.

For the calculation of the payout amount, the initial number of performance shares is multiplied by the overall target achievement level and rounded up to the next full share. The final number of performance shares is multiplied by the average closing price on the last 60 stock exchange trading days before January 1, 2024 ("final share price") which includes the total dividends paid per share during the performance period in relation to the final number of performance shares. This results in the following payout amounts that will be paid out in the 2024 fiscal year.

LTI tranche 2020 – summary

	Grant value	Minimum value	Maximum value (cap)	Grant price[1]	Number of performance shares allocated[1]	Total target achievement	Final number of performance shares	Final price	Accumulated dividends	Payout amount
	in €	in €	in €	in €		in %		in €	in €	in €
Rolf Buch	2,175,000	0	5,437,500		49,264		52,603			1,581,772
Arnd Fittkau	800,000	0	2,000,000		18,121		19,350			581,855
Helene von Roeder	800,000	0	2,000,000	44.15	18,121	106.78	19,350	24.51	5.56	581,855
Daniel Riedl	800,000	0	2,000,000		18,121		19,350			581,855
Total	**4,575,000**	**0**	**11,437,500**		**103,627**		**110,653**			**3,327,336**

[1] Adjusted by a TERP factor of 1.067 (division) resulting from the capital increase with subscription rights in connection with the Deutsche Wohnen acquisition.

4. Obligation to Hold Shares

To further reconcile the interests of the Management Board and shareholders and to strengthen Vonovia SE's sustainable development, the remuneration system stipulates share purchase and holding obligations for the Management Board members. Under this system, each Management Board member is required to purchase shares of Vonovia SE before the end of the first four years of their Management Board activities and to hold them until the end of their appointment. Existing holdings of Vonovia SE shares are taken into account in calculating the number of shares to be held. In the event of changes to the annual fixed remuneration and a share split, the number of shares subject to holding is to be redefined in the same proportion.

With the first re-appointment of a Management Board member, the minimum amount of shares to be held will be increased to 150% of the annual fixed remuneration. The increased number of shares must be held at the latest after a total of eight years of service. The Chairman of the Management Board is obligated to purchase shares equivalent to 200% of the annual gross fixed remuneration according to the above formula.

The following table shows the required extent of the obligation to hold shares for all Management Board members who were active as of December 31, 2023, the current level of compliance (status quo) and the end of each set-up phase.

Obligation to Hold Shares

	Required			Status quo	End of Build-up phase
	in % of base salary	in € k[3]	Units[4]	Units[5]	Date
Rolf Buch	200	2,600	52,335	317,760	/
Arnd Fittkau[1]	150	1,163	23,400	17,983	May 31, 2027
Philip Grosse	100	775	15,600	49,257	Dec. 31, 2025
Daniel Riedl[2]	150	1,163	23,400	27,846	May 31, 2026
Ruth Werhahn	100	775	36,471	22,000	September 30, 2026

[1] Due to reappointment, 150% of the annual fixed remuneration until May 31, 2027; fulfillment of 100% of the annual fixed remuneration by May 16, 2023.
[2] Due to reappointment, 150% of the annual fixed remuneration until May 31, 2026; fulfillment of 100% of the annual fixed remuneration by May 9, 2022.
[3] Based on the last increase in fixed remuneration as of January 1, 2022, in each case.
[4] Based on the average share price over the last 60 stock exchange trading days prior to January 1, 2022 (EUR 49.68); subject to any future adjustments to fixed remuneration or any share split; with the exception of Ruth Werhahn, for whom the last 60 stock exchange trading days prior to the contract start date of October 1, 2023 (EUR 21.25) were taken into account.
[5] As of December 31, 2023.

5. Reclaim (Clawback) and Reduction (Malus) of Performance-Related Remuneration

The contracts of employment of Management Board members of Vonovia SE include malus and clawback provisions that provide for a reduction (malus) or reclaim (clawback) of variable remuneration components at the reasonable discretion of the Supervisory Board. This option exists if a Management Board member demonstrably breaches his or her duties to an extent that is conducive to a legally binding termination for cause or demonstrably breaches his or her material due diligence requirements under Section 93 of the German Stock Corporation Act (AktG) either intentionally or through gross negligence (compliance malus and compliance clawback). If variable remuneration components are determined or paid out based on erroneous data, e.g., erroneous consolidated financial statements, the Supervisory Board may correct the determined variable remuneration components and/or claw back remuneration components already paid out (performance clawback).

A clawback or reduction is possible in the abovementioned cases before the end of a year after payout of the variable remuneration component. The reduction or clawback is generally implemented for the year in which the breach of duty was committed. Any and all liability for damages on the part of the Management Board member vis-a-vis the company remains unaffected by the malus and clawback provisions. Equivalent malus and clawback provisions also apply to variable remuneration paid by BUWOG for the management activities carried out by Mr. Riedl at BUWOG, which BUWOG remunerated separately.

In the 2023 fiscal year, neither the Supervisory Board nor BUWOG identified information or evidence liable to result in an application of the malus and clawback provisions. Due to this, there was no clawback or reduction in performance-related remuneration for the Management Board members in office by the Supervisory Board or BUWOG in the 2023 fiscal year.

6. Information About Payments in the Event of Withdrawal From the Management Board

6.1. Provision Covering Incapacity for Work/Surviving Dependents

In the event of a temporary or permanent incapacity for work on the part of a Management Board member due to illness, the company will continue to pay the fixed remuneration for up to twelve months after the start of the incapacity for work; but in any case at the longest until the end of the employment relationship. The STI can be reduced and pro-rated by the Supervisory Board if the Management Board member is unable to work for more than six months in one entire fiscal year, though these months do not necessarily need to be consecutive.

If the Management Board member dies, the surviving dependents are entitled to a continuation of the fixed remuneration for the month in which death occurs and for the six calendar months following the month in which death occurs. In Mr. Riedl's case, his surviving dependents are entitled to payment of € 50,000 for the month in which he dies and for the six calendar months following the month in which he dies. The STI is to be paid and pro-rated until the end of the month in which death occurs, with the anticipated achievement of the company-related targets to be determined by the Supervisory Board at its reasonable discretion taking into account the past and expected business development in the relevant calendar year.

6.2. Early Termination of Management Board Duties Without Good Cause

In the event of revocation of an appointment and a resultant early termination of the Management Board member's contract of employment, the Management Board member's contracts of employment provide for a right on the part of Management Board members to severance pay. In line with the recommendations set out in the German Corporate Governance Code (GCGC), this is limited in terms of amount to two annual total compensation payments (i.e., fixed remuneration, fringe benefits, pension contribution/payment, STI and LTIP) (severance pay cap), less the payments for a termination period and never exceeds the remuneration for the remaining term of the contract of employment. The severance pay provided for in the contract of employment and the severance pay cap provided for in the contract of employment are calculated on the basis of the total remuneration for the last fiscal year that precedes the early termination of the Management Board activities, and also on the basis of the expected total remuneration for the current fiscal year, if applicable.

In the case of Daniel Riedl, his additional contract of employment with BUWOG regarding management activities separately remunerated by the latter provides for severance pay in case of the early removal from the office of Managing Director (without good cause). In line with the recommendations set out in the German Corporate Governance Code (GCGC), this is limited in terms of amount to two annual total compensation payments (severance pay cap), less the payments for a termination period and never exceeds the remuneration for the remaining term of the contract of employment. There is no entitlement to any severance pay, however, if the contract of employment continues to exist with Vonovia (amended).

6.3. Early Termination of Management Board Duties for Good Cause

In case of termination of the Management Board member's contract of employment by Vonovia SE for cause, no severance pay is paid. Similarly, BUWOG does not pay any severance pay in case of removal from the office of Managing Director for good cause.

If a Management Board member's contract of employment is terminated for cause by Vonovia SE pursuant to Section 626 (1) of the German Civil Code before the end of the performance period or if the Management Board member resigns without the company having determined good cause for this, all rights and vested rights with respect to the LTIP are forfeited with immediate effect and without compensation. This does not include claims from performance shares that are no longer within the performance period on the date when the Management Board member's contract of employment ends.

6.4. Provisions Due to a Change of Control

In the case of a change of control and certain related encroachments on the independence of the Management Board or material changes to the composition of the Management Board or Supervisory Board, Arnd Fittkau and Daniel Riedl, who were appointed with effect from a date before 2022, are entitled to resign and terminate their contract of employment. If a Management Board member exercises this right, they are fundamentally entitled to severance pay under the contract of employment in the amount of the severance pay cap described in 6.2, but the severance pay must never remunerate more than the remaining term of the contract of employment.

If the contract of employment is continued in case of a change of control, the LTIP is adjusted subject to the value ratios in place at the time of change of control and replaced by a new form of the long-term variable remuneration that is equivalent in value and economic benefit. If the Management Board member's contract of employment ends due to a change of control, all current performance periods will end on the date of termination of the Management Board member's contract of employment. A target achievement level of 100% is assumed for all performance targets and the last offering price at the time of change of control is used as the final share price to calculate the payout amount. The payout is transacted within one month after the end of the contract of employment.

6.5. Post-contractual Non-compete Clause

The Supervisory Board may agree a post-contractual non-compete clause for a period of up to 24 months. For this period, adequate compensation to be determined on a case-by-case basis (compensation for non-competition) in accordance with the legal provisions set forth in Sections 74 et seq. of the German Commercial Code (HGB) is granted to employees. The compensation is paid out in installments at the end of the month. The Management Board member will assume statutory charges arising on this amount.

As of the reporting date December 31, 2023, post-contractual non-compete clauses for a period of twelve months, following the termination of their contracts of employment, were agreed with Rolf Buch, Arnd Fittkau and Daniel Riedl. The ex gratia payment provided for in the contract corresponds to 75% (Rolf Buch) and 50% (Arnd Fittkau) of the contractual payments most recently received by them (incl. STIP and LTIP), while the ex gratia payment for Daniel Riedl amounts to a gross total of € 2,000,000. Any severance payments are taken into account in the calculation of compensation payments, except for a case-by-case provision that is being continued for a limited period in line with the Management Board remuneration system due to vested rights.
No post-contractual non-compete clause was agreed with Philip Grosse, Helene von Roeder or Ruth Werhahn.

7. Information on Third-Party Payments

The fixed remuneration fundamentally covers all activities carried out by Management Board members on behalf of the company and its affiliated companies. This includes, more particularly, Group-internal Supervisory Board mandates. Insofar as claims for remuneration arise against affiliated companies, these are generally offset against the fixed remuneration; in the case of Daniel Riedl, however, remuneration is paid for his management activities at BUWOG from his existing contract of employment in place with BUWOG, that are not offset against his remuneration from Vonovia SE and are included in the table of awarded and due remuneration (under paragraph 8.1).

The contract of employment may provide that income generated by Management Board members from other activities undertaken in the interests of the company (e.g., income from functions in associations), are to be donated by the Management Board members to the Vonovia Stiftung (subject to any other determination by the Supervisory Board).

The Management Board members did not receive payments from third parties for their Management Board activities at Vonovia SE in the 2023 fiscal year.

8. Information on the Level of Management Board Remuneration in the 2023 Fiscal Year

8.1. Remuneration Awarded and Due

The following tables illustrate the remuneration awarded and due to the individual active members of the Management Board including the relative shares of individual remuneration components in accordance with Section 162 (1) subsection 1 AktG. The awarded and due remuneration in the 2023 fiscal year is broken down as follows:

> The base salary paid out in the 2023 fiscal year
> The fringe benefits arising in the 2023 fiscal year and, in the case of Mr. Grosse, Mr. Riedl and Ms. Werhahn, the pension allowance arising in the 2023 fiscal year
> The final STI vested for the 2023 fiscal year
> The final vested amount of the LTIP tranche granted in the 2020 fiscal year, whose performance period ended at the end of the 2023 fiscal year.

To facilitate transparent reporting in the correct accounting period if possible, the disclosures are made based on a vesting-oriented interpretation. Accordingly, the STI for the 2023 fiscal year is considered awarded and due remuneration, even though it is only due to be paid out in the 2024 fiscal year. The reason for this is that the underlying service was provided in full by the end of the 2023 fiscal year. The same applies to the LTIP tranche granted in the 2020 fiscal year, as its performance period ended at the end of the 2023 fiscal year and the service for assessing the relevant payment was provided in full. Ms. von Roeder was not awarded any STI for the 2023 fiscal year.

Furthermore, the service cost as per IAS 19 of the retirement benefit commitments is additionally presented in the 2023 fiscal year.

Remuneration Awarded and Due

	Rolf Buch (CEO) since March 1, 2013				Arnd Fittkau (CRO) since May 16, 2019				Philip Grosse (CFO) since January 1, 2022			
	2022		2023		2022		2023		2022		2023	
	in € k	in %	in € k	in %	in € k	in %	in € k	in %	in € k	in %	in € k	in %
Base salary	1,300.0	30	1,300.0	38	775.0	47	775.0	47	775.0	46	775.0	50
Fringe benefits	31.4	1	30.0	1	25.0	2	31.5	2	8.0	0	7.6	0
Pension allowance	–	–	–	–	–	–	–	–	500.0	30	500.0	33
Total fixed remuneration	1,331.4	31	1,330.0	39	800.0	49	806.5	49	1,283.0	76	1,282.6	83
Short-term variable remuneration	771.3	–	491.6	–	400.7	–	255.4	–	400.7	–	255.4	–
STI 2021	771.3	18	–	–	400.7	24	–	–	400.7	24	–	–
STI 2022	–	–	491.6	14	–	–	255.4	16	–	–	255.4	17
Long-term variable remuneration	2,163.7	–	1,581.8	–	446.8	–	581.9	–	0.0	–	0.0	–
LTIP 2019–2022	2,163.7	51	–	–	446.8	27	–	–	–	–	–	–
LTIP 2020–2023	–	–	1,581.8	46	–	–	581.9	35	–	–	–	–
Total variable remuneration	2,935.0	69	2,073.4	61	847.5	51	837.2	51	400.7	24	255.4	17
Total fixed and variable remuneration (pursuant to Section 162 AktG)	4,266.4	100	3,403.4	100	1,647.5	100	1,643.7	100	1,683.7	100	1,538.0	100
Pension service cost	1,020.2		616.1		715.7		356.3		–		–	
Total	**5,286.6**		**4,019.5**		**2,363.2**		**2,000.0**		**1,683.7**		**1,538.0**	

	Helene von Roeder (CTO) until June 30, 2023				Daniel Riedl[1] (CDO) since May 9, 2018				Ruth Werhahn (CHRO) since October 1, 2023			
	2022		2023		2022		2023		2022		2023	
	in € k	in %	in € k	in %	in € k	in %	in € k	in %	in € k	in %	in € k	in %
Base salary	1,031.3	41	515.6	46	775.0	29	775.0	35	–	–	193.8	50
Fringe benefits	29.5	1	12.0	1	23.2	1	23.1	1	–	–	2.1	1
Pension allowance	–	–	–	–	500.0	19	500.0	22	–	–	125.0	32
Total fixed remuneration	1,060.8	42	527.6	48	1,298.2	49	1,298.1	58	–	–	320.9	83
Short-term variable remuneration	550.9	–	0.0	–	445.3	–	365.9	–	–	–	63.8	–
STI 2021	550.9	22	–	–	445.3	17	–	–	–	–	–	–
STI 2022	–	–	–	–	–	–	365.9	16	–	–	63.8	17
Long-term variable remuneration	911.1	–	581.9	–	911.1	–	581.9	–	–	–	0.0	–
LTIP 2019–2022	911.1	36	–	–	911.1	34	–	–	–	–	–	–
LTIP 2020–2023	–	–	581.9	52	–	–	581.9	26	–	–	–	–
Total variable remuneration	1,462.0	58	581.9	52	1,356.4	51	947.8	42	–	–	63.8	17
Total fixed and variable remuneration (pursuant to Section 162 AktG)	2,522.7	100	1,109.5	100	2,654.6	100	2,245.9	100	–	–	384.7	100
Pension service cost	821.7		224.6		–		–		–	–	–	
Total	3,344.4		1,334.1		2,654.6		2,245.9				384.7	

[1]All LTIP entitlements are vis-à-vis Vonovia SE.

8.2. Remuneration for Former Management Board Members

In the 2023 fiscal year, payments amounting to € 395 k were made in the context of pension commitments to two Management Board members who left before 2013 and one individual qualifying for compensation.

II. Remuneration of the Supervisory Board in the 2023 Fiscal Year

1. Remuneration System of the Supervisory Board

The remuneration system of the Supervisory Board of Vonovia SE is governed by Section 13 of the Articles of Association and has been in place since June 9, 2013. It was confirmed by a 99.34% majority by the 2021 Annual General Meeting in accordance with Section 113 (3) AktG. The fundamental structure of the remuneration paid remains appropriate from the perspective of both the Management Board and the Supervisory Board. The amount of the Supervisory Board remuneration was adjusted in line with standard market conditions in the 2022 fiscal year to reflect the increased demands, in terms of both content and time, associated with the duties of a Supervisory Board member at Vonovia SE. The adjustment was approved by the 2022 Annual General Meeting with 98.56% votes in favor in accordance with Section 113 (3) AktG.

Thus, the following remuneration regulations have applied to the members of the Supervisory Board since January 1, 2022:

> Each member of the Supervisory Board receives annual fixed remuneration of € 110,000.
> The Chair of the Supervisory Board receives two-and-a-half this amount and a Deputy Chair receives one-and-a-half times this amount.
> The members of the Audit Committee receive additional annual fixed remuneration of € 45,000; the Audit Committee Chair receives double this amount.
> Supervisory Board members who are members of one or more other Supervisory Board committees that have acted at least once a year receive additional annual fixed remuneration of € 30,000 per committee, in the case of the Committee Chairman € 60,000.
> The sum total of all remuneration plus remuneration for membership of Supervisory Boards and comparable supervisory bodies of Group companies must not exceed an amount of € 400,000 per calendar year and Supervisory Board member, regardless of the number of committee memberships and functions.

All of this remuneration is payable after the expiry of each fiscal year. Supervisory Board members who are Supervisory Board members or members of a committee of the Supervisory Board for only part of a fiscal year receive pro rata remuneration for that fiscal year.

The company reimburses the Supervisory Board members for appropriate expenses incurred due to the exercising of their office. VAT is reimbursed by the company to the extent that the Supervisory Board members are eligible to separately invoice VAT, and have exercised such right. The company takes out personal liability insurance (D&O insurance) for the members of the Supervisory Board with an appropriate sum insured.

The remuneration of the Supervisory Board members is reviewed at the latest every four years in accordance with statutory requirements under Section 113 (3) sentence 1 AktG and a resolution of the Annual General Meeting put forward regarding remuneration, with a confirmatory resolution also possible in accordance with Section 113 (3) first half of sentence 2 AktG.

2. Remuneration of the Supervisory Board Members

The provisions of the Articles of Association governing Supervisory Board remuneration remained unchanged in the 2023 fiscal year. Any differences between the 2022 and 2023 fiscal years are due to changes in the composition of the Supervisory Board during the year, changes in the committee structure and changes in the composition of the committees. The remuneration for Supervisory Board members that is awarded and due in the reporting year is as follows, with the remuneration payments for the 2023 fiscal year included, even though they only fall due in the next fiscal year:

Supervisory Board remuneration

	2022					2023				
	Fixed remuneration		Committee remuneration		Total remuneration	Fixed remuneration		Committee remuneration		Total remuneration
	in € k	in %	in € k	in %	in € k	in € k	in %	in € k	in %	in € k
Clara-Christina Streit (Chair) since June 2013	110	55	90	45	200	214	66	109	34	322
Jürgen Fitschen (Chair) from May 2018 to May 2023	275	75	90	25	365	115	75	38	25	152
Vitus Eckert (Deputy Chair) since May 2018	110	71	45	29	155	145	69	64	31	208
Prof. Dr. Edgar Ernst (Deputy Chair) from June 2013 to May 2023	165	65	90	35	255	69	65	38	35	106
Jürgen Fenk since April 2022	83	71	34	29	116	110	60	73	40	183
Dr. Florian Funck since August 2014	110	71	45	29	155	110	54	92	46	202
Dr. Ute Geipel-Faber since November 2015	110	79	30	21	140	110	74	39	26	149
Dr. Daniela Gerd tom Markotten since May 2023	–	–			–	73	79	20	21	93
Matthias Hünlein since April 2022	83	79	23	21	105	110	74	39	26	149
Daniel Just from May 2015 to May 2023	110	79	30	21	140	46	79	13	21	58
Hildegard Müller since June 2013	110	79	30	21	140	110	79	30	21	140
Dr. Ariane Reinhart since May 2016	110	79	30	21	140	110	62	68	38	178
Christian Ulbrich since August 2014	110	79	30	21	140	110	79	30	21	140

III. Comparative Presentation of the Development in the Remuneration of Management Board Members, Supervisory Board Members and the Rest of the Workforce As Well as the Company's Earnings Development

In accordance with the requirements set forth in Section 162 (1) sentence 2 point 2 AktG, the following table illustrates the development of remuneration for Management Board members, Supervisory Board members and the rest of the workforce as well as the earnings development of the company. The remuneration for the Management Board and Supervisory Board relates to awarded and due remuneration in accordance with Section 162 AktG. The presentation of the average remuneration of employees and their changes includes the average remuneration of employees in the real estate industry (Group-wide) on a full-time equivalents basis. Similar to the remuneration for the Management Board and Supervisory Board, the average remuneration for the total workforce shown refers to its total remuneration.

Comparative presentation

in € k	2020	Change between 2020 and 2021 in %	2021	Change between 2021 and 2022 in %	2022	Change between 2022 and 2023 in %	2023
Management Board members							
Rolf Buch	6,747.4	-10	6,056.4	-30	4,266.4	-20	3,403.4
Arnd Fittkau	1,155.9	8	1,249.1	32	1,647.5	0	1,643.7
Philip Grosse	–	n/a	–	n/a	1,683.7	-9	1,538.0
Helene von Roeder, until June 30, 2023	1,150.1	101	2,306.1	9	2,522.7	-56	1,109.5
Daniel Riedl	1,646.8	70	2,793.6	-5	2,654.6	-15	2,245.9
Ruth Werhahn, since October 1, 2023	–	n/a	–	n/a	–	n/a	384.7
Average	**2,675.1**	**16**	**3,101.3**	**-18**	**2,555.0**	**-33**	**1,720.9**
Supervisory Board members							
Clara-Christina Streit (Chair since May 2023)	160	0	160	25	200	61	322
Jürgen Fitschen (Chair), until May 2023	260	0	260	40	365	-58	152
Vitus Eckert (Deputy Chair since May 2023)	140	0	140	11	155	34	208
Prof. Dr. Edgar Ernst (Deputy Chair), until May 2023	230	0	230	11	255	-58	106
Jürgen Fenk	–	n/a	–	n/a	116	58	183
Dr. Florian Funck	140	0	140	11	155	30	202
Dr. Ute Geipel-Faber	120	0	120	17	140	7	149
Dr. Daniela Gerd tom Markotten, since May 2023	–	n/a	–	n/a	–	n/a	93
Matthias Hünlein	–	n/a	–	n/a	105	42	149
Daniel Just, until May 2023	120	0	120	17	140	-58	58
Hildegard Müller	120	0	120	17	140	0	140
Dr. Ariane Reinhart	120	0	120	17	140	27	178
Christian Ulbrich	120	0	120	17	140	0	140
Average	**153**	**0**	**153**	**11.7**	**171**	**-6.3**	**160**
Employees							
Total workforce	64.7	1	65.1	2	66.7	5	70.2
Earnings performance							
Adjusted EBITDA[1] in € million	1,909.8	18	2,254.4	23	2,763.1	-4	2,652.4
EPS[2] in €	5.50	-35	3.59	n/a	-0.82	>100	-7.8
Vonovia SE net income/loss according to HGB in € million	-53.5	>100	-544.8	>100	-10,239.7	-80	-2,027.6

[1] 2021 figure adjusted to reflect the new Adjusted EBITDA definition (excluding results from equity investments accounted for using the equity method).
[2] 2021 figure adjusted due to PPA correction.

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Auditor’s Report

To Vonovia SE, Bochum

We have audited the remuneration report of Vonovia SE, Bochum, for the financial year from January 1 to December 31, 2023 including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of the Executive Directors and the Supervisory Board

The executive directors and the supervisory board of Vonovia SE are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts including the related disclosures stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive directors and the supervisory board, as well as evaluating the overall presentation of the remuneration report including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, based on the findings of our audit, the remuneration report for the financial year from January 1 to December 31, 2023 including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

Reference to an Other Matter – Formal Audit of the Remuneration Report according to § 162 AktG

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by § 162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion includes that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

Restriction on use

We issue this auditor’s report on the basis of the engagement agreed with Vonovia SE. The audit has been performed only for purposes of the company and the auditor‘s report is solely intended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor’s report is only towards the company in accordance with this engagement. The auditor’s report is not intended for any third parties to base any (financial) decisions thereon. We do not assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of protection of the underlying engagement. § 334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Essen, March 13, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd.) Michael Preiß
Wirtschaftsprüfer
(German Public Auditor)

(sgd.) Martin Flür
Wirtschaftsprüfer
(German Public Auditor)