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
WKN A1ML7J

The Management Board of Vonovia SE gives the following report to the Annual General Meeting:

<u>2. Report of the Management Board concerning Item 8 on the partial utilization of Authorized Capital 2018 without subscription rights in September 2020</u>

On 3 September 2020 Vonovia SE ("**Vonovia**" or the "**Company**") carried out a capital increase from authorized capital under exclusion of shareholders' subscription rights (the "**Transaction**").

In this regard, the Management Board resolved, on 3 September 2020, to increase the share capital of the Company through utilization of the authorized capital pursuant to section 5 of the Articles of Association (the "**Authorized Capital 2018**") by EUR 17,000,000.00 against cash contributions by issuing 17,000,000 new no-par value registered shares with a notional value of EUR 1.00 per share (the "**New Shares**") and an issue price of EUR 1.00 per share with dividend rights from 1 January 2020 (the "**Capital Increase**"). The Finance Committee of the Supervisory Board (the "**Finance Committee**"), which was authorized by the Supervisory Board to do so, approved the resolution of the Management Board on the implementation of the Capital Increase on the same day.

All New Shares were successfully placed with institutional investors by an accelerated book-built offering process. The placement price determined by the Management Board with the approval of the Finance Committee on 3 September 2020 was EUR 59.00 per share. The gross issue proceeds from the Capital Increase thus totaled approx. EUR 1 billion. The Capital Increase was accompanied by several banks, one of which also acted as subscriber for the new shares.

The capital increase has been registered with the commercial register on 8 September 2020.

Before passing the decisive resolutions on the utilization of the Authorized Capital 2018, the Management Board and the Finance Committee carefully and intensively discussed the necessity of the Capital Increase and the exclusion of subscription rights:

The Company carried out the Capital Increase to repay debt due in the fourth quarter of 2020. The additional proceeds from the issue are to be used for future growth opportunities that arise in the current environment and which Vonovia intends to pursue in line with its investment criteria. By excluding shareholders' subscription rights, the Company has made use of an option to exclude subscription rights in the event of a cash capital increase as provided for in the Articles of Association and sections 203(2), 186(3) sentence 4 AktG.

The Capital Increase represented approx. 3.1% of the then current share capital. When determining the price, the requirements of sections 203(2), 186(3) sentence 4 AktG and the specifications to these requirements stipulated in the Authorized Capital 2018 were also observed. According to these requirements, the price of the new shares may not be significantly lower than the stock exchange price of the Company's shares.

The closing price of the Vonovia share on Xetra on the day of the determination of the issue price was EUR 61.48. Hence, the placement price (as the relevant issue price within the meaning of section 186(3) sentence 4 AktG) was not significantly lower than the market price.

Further, such exclusion of subscription rights was necessary in order to utilize what the management considered a favorable market situation for this capital measure at the time of the partial utilization of the Authorized Capital 2018 with short notice and to achieve the highest possible issue proceeds by fixing a price close to the market.

The subscription period of at least two weeks required when granting a subscription right (section 186(1) sentence 2 AktG) would not have allowed a short-term reaction to the current market conditions.

In addition, if subscription rights had been granted, the final subscription price would have had to be announced no later than three days before the expiration of the subscription period (section 186(2) sentence 2 AktG). Due to the longer period between price determination and completion of the capital increase and the volatility of the stock markets, there is a higher market and price change risk than with a share issuance without subscription rights. Therefore, a successful placement in the event of a capital increase with subscription rights would have required a corresponding discount on the market price when determining the price and would probably have led to conditions that are not comparably close to market conditions.

Furthermore, the interests of the shareholders were adequately safeguarded by fixing prices close to the stock market price. Due to liquid stock exchange trading shareholders are in principle able to maintain their relative shareholding in the company by way of an acquisition via the stock exchange at comparable conditions. In addition, the issuance of the New Shares close to the stock exchange price ensured that the Capital Increase did not lead to a significant economic dilution of the shareholders' interests.

For these reasons, the Management Board is of the opinion that the Capital Increase was in the Company’s best interest and the exclusion of subscription rights in connection with the Capital Increase was justified.

Bochum, March 2021

The Members of the Management Board

(*signed*)