

Convenience Translation

This is a convenience translation of the annex to the German invitation to the Annual General Meeting of Vonovia SE on 16 May 2017 which is provided to the shareholders for informational purposes only. Vonovia SE assumes no responsibility for misunderstandings or misinterpretations that may arise from this translation or any mistakes or inaccuracies contained herein. In case of doubt, only the German version shall form the basis for interpretation.

Annex

**to the Invitation to the Annual General Meeting
of Vonovia SE
on Tuesday, 16 May 2017 at 10am (CEST)
Vonovia SE, Düsseldorf
ISIN DE000A1ML7J1
WKN A1ML7J**

Management Board report on the partial use of the Authorized Capital 2015 (Capital increase each with the exclusion of the shareholders' subscription rights in December 2016 / January 2017, and in March 2017, in relation to the voluntary public Takeover Offer of Vonovia SE, to the shareholders of convert Immobilien Invest SE)

Vonovia SE ("Vonovia" or the "Company") offered the shareholders of convert Immobilien Invest SE, domiciled in Vienna and registered in the Commercial Register of the Commercial Court Vienna under registration number FN 212163f ("convert") to acquire all no-par value bearer shares (with a pro rata amount of the share capital of EUR 5.00 per share) in convert ("convert share") on 17 November 2016 in relation to a voluntary public Takeover Offer under Austrian Takeover Law, under the terms of the Offer Document ("Offer Document") published on the same day. According to the Offer Document the shareholders of convert were offered 0.496645 shares of the Company ("Exchange Offer") in exchange for a (1) convert share. Alternatively, the convert shareholders were given mandatory a cash offer under Austrian takeover law of EUR 16.16 per convert share.

In order to provide the necessary shares for the Exchange Offer, the Management Board resolved on 19 October 2016 (Principle Resolution), as well as – after the results of the Exchange offer within the original acceptance period were determined – on 31 December 2016 ("Specification Resolution 1") and – after the results of the Exchange offer within the additional acceptance period were determined – on 27 March 2017 ("Specification Resolution 2") to increase the share capital of the Company by using the authorized capital as per § 5a.1 of the Company's Articles of Association (the "Authorized Capital 2015") as follows:

In December 2016/ January 2017:

- Within the context of an increase of the registered share capital in-kind by an amount of EUR 339,135.00 to EUR 466,339,759.00 by issuing 339,135 new no-par value bearer shares from the Authorized Capital 2015 with a pro rata amount of the share capital of EUR 1.00 per share, an issue price of EUR 1.00 per share and a profit entitlement from 1 January 2016 onwards (“New Shares 1”).

In March 2017:

- Within the context of a further increase of the registered share capital in-kind by an amount of EUR 2,457,177.00 to EUR 468,796,936.00 by issuing 2,457,177 new no-par value bearer shares from the Authorized Capital 2015 with a pro rata amount of the share capital of EUR 1.00 per share, an issue price of EUR 1.00 per share and a profit entitlement from 1 January 2016 onwards (“New Shares 2”, together with the New Shares 1, the “New Shares”).

The Supervisory Board of the Company approved the Principle Resolution on 26 October 2016 and the Specification Resolution 1 on 3 January 2017. The Financial Committee of the Supervisory Board, which was authorized by the Supervisory Board, approved the Specification Resolution 2 on 28 March 2017.

The implementation of the capital increases mentioned above was registered in the Commercial Register of the Company on 10 January 2017 and on 31 March 2017. The share capital of the Company was thereby increased from EUR 466,000,624.00 by the amount of EUR 2,796,312.00 to the current share capital of EUR 468,796,936.00 in total.

The New Shares have been subscribed to as follows:

- COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311, Frankfurt am Main, registered in the Commercial Register of the Local Court of Frankfurt am Main under registration number HRB 32000 („Commerzbank“) subscribed in its function as exchange agent for the convert shareholders who accepted the Takeover Offer 169,568 New Shares 1 in January 2017 and 1,228,589 New Shares 2 in March 2017 at an issue price of in total EUR 1,398,157.00 (1.00 EUR per share) against contribution in kind.
- Bankhaus Neelmeyer AG, Am Markt 14-16, Bremen, Germany, registered in the Commercial Register of the Local Court Bremen under registration number HRB 4425 HB (“Neelmeyer”) subscribed in its function as exchange for the convert shareholders who accepted the Takeover Offer 169,567 New Shares 1 in January 2017 and 1,228,588 New Shares 2 in

March 2017 at an issue price of in total EUR1,398,155.00 (1.00 EUR per share) against contribution in kind.

The contributions in kind for the New Shares 1 and 2 have been made by:

- Deposit of 2,815,205 convert shares which were transferred to Commerzbank as exchange agent for the shareholders of convert; and
- Deposit of 2,815,201 convert shares which were transferred to Neelmeyer as exchange agent for the shareholders of convert.

Commerzbank and Neelmeyer have transferred the convert shares, which were to be contributed as contribution in kind to the Company, according to the respective contribution contracts from 3 January 2017 and 28 March 2017.

Prior to the resolutions on the use of the Authorized Capital 2015, the Management Board, the Supervisory Board, and the Financial Committee addressed carefully and intensively the appropriateness of the equivalent for the issue of the New Shares.

In this context, the historical stock prices of the convert share were particularly taken into account, as this is a recognized basis for the determination of an appropriate price for listed shares. The convert share is traded on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange and is quoted on the Austrian stock exchange index ATX. The convert shares were actively traded with an appropriate amount of liquidity. Prior to 5 September 2016 about 196,000 convert shares were traded daily at the stock exchange in 2016. This liquidity supports the significance of using the historical stock prices in determining appropriateness of the offered price.

- On the basis of the volume weighted average share price of the Vonovia and convert shares (“VWAP”) during the last six months prior to 5 September 2016, the day of the publication of Vonovia’s intention to launch a takeover, pursuant to Art. 17 Section 1 of the Market Abuse Regulation as well as § 5 of the Austrian Takeover Act, an amount of about EUR 28.59 per New Share was contributed into Vonovia, whereas the six-months-VWAP of the Vonovia share at the same date was about EUR 31.98. From the view of a convert shareholder, the exchange ratio included a premium of 23.8% to the six-months-VWAP of the convert share.
- On the basis of the closing price of the Vonovia and convert shares on the last trading day prior to the announcement of the takeover intention, being 2 September 2016, an equivalent in the amount of about EUR 32.51 per New Share was contributed into Vonovia, whereas the

closing price of the Vonovia share on that day was about EUR 35.40. From the view of a shareholder of conwert, the exchange ratio included a premium of 8.9% to the closing rate of conwert on 2 September 2016.

It is accepted that an appropriate premium to the share price for the new shareholders is permissible to make the Takeover Offer a success. The Management Board and the Supervisory Board expect that the transaction will lead to significant benefits for the Company which justifies a premium to the conwert shareholders:

- The Management Board intends to merge the complementary real estate portfolios of both companies through the takeover. The consolidated management of the portfolios enables a significant increase in value for tenants and shareholders.
- With the takeover of conwert, Vonovia is able to expand its presence in the dynamically growing cities Leipzig, Berlin, Potsdam and Dresden and the pure German portfolio is supplemented by the very attractive German speaking metropole Vienna.
- Within the context of the integration, Vonovia projects operational synergies in the amount of at least EUR 7 million per year which shall be completely realized by the end of 2018. Due to the partial refinancing of conwert, Vonovia projects finance synergies in the amount of EUR 5 million which shall be realized completely within the financial year 2017.
- Due to the expected economic results and advantages mentioned above, there may be further, hardly quantifiable appreciation potentials for shareholders of the Company and former conwert shareholders.

In the opinion of the Management Board, the transaction is therefore in the Company's best interest and the exclusion of subscription rights in context of the capital increase in-kind is justified. The exclusion of the subscription rights was necessary, as the transfer of the conwert shares, for which the exchange offer was accepted, required the acquisition of the New Shares by the respective former conwert shareholders.

Bochum, April 2017

Vonovia SE

The Management Board