The Company and its Shares

Our sustainable and successful business model provides answers to the questions of the future facing our society. As a leading company for affordable homes, we enjoy a position at the heart of society and offer solutions: we develop neighborhoods and create new homes as part of a sustainable strategy. We offer solution concepts to counter climate change.

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Dear Shareholders, Dear Readers,

We can look back with you on what was an extremely successful 2021 fiscal year. Thanks to a combination of our financial strength and pronounced sense of social responsibility, we improved on the relevant key figures in a year-on-year comparison. Once again, we exceeded our own forecasts.

The sustained, highly dynamic market conditions and positive performance overall is also reflected in our key figures: the net asset value, EPRA NTA, was up by 46.0% year-on-year, with the fair value rising by 66.1%. In addition to the market situation, the merger with Deutsche Wohnen as well as investments in modernization and new construction remained the main factors behind this trend. We invested a total of around € 2.19 billion in our portfolio last year. In spite of the pandemic and supply chain disruptions, we once again completed more than 2,200 apartments in Germany, Austria and Sweden – many of them based on innovative concepts. We continue to stand for affordable housing in Germany, with an average rent of € 7.19 per square meter. The vacancy rate remains at a very low level of 2.2%.

Segment revenue was up by 18.5%. Adjusted EBITDA Total and Group FFO increased by 18.8% and 24.0% respectively. These figures include Deutsche Wohnen on a pro rata basis since its consolidation in September 2021.

Our positive financial ratings remain stable. They are testimony to the trust that the capital market places in our business model and ensure smooth financing and refinancing processes. Our balanced maturity profile ensures that we only have to repay around 11% of maturities every year. Within this context, we endeavor to ensure the greatest possible diversification of our financing sources.

At 109%, the Sustainability Performance Index (SPI), as a comprehensive non-financial parameter, exceeded our forecast for the year. Our positions in renowned sustainability ratings also show that we are on the right track in this area. Last December, for example, the agency Standard & Poor's Global ranked us among the top 7% real estate companies operating worldwide – confirming our ranking in the Dow Jones Sustainability Index (DJSI) Europe.

The customer satisfaction index (CSI) rose again by 4.5%. Our tenants know that they can rely on us in these challenging times and that we offer them security and stability.

Our successful and stable core business is a prerequisite for putting us in a position to tackle the challenges on the housing market. Demographic change, the shortage of affordable homes in sought-after towns and cities and, in particular, climate change call for our full commitment – and we know that you, our shareholders, are fully behind us as we pursue this strategy.

However, key financial figures are only secondary these days. We stand in solidarity with the people of Ukraine. Our thoughts are with the men and women who had to flee their homeland to escape from war, bring their children and grandchildren to safety and save their lives.

We can see that our society is pulling together against the war – with great determination. We are witnessing great readiness to help in Europe and all over the world. And we are also doing our best to help people: We will provide apartments quickly and with minimal red tape so that Ukrainians can have peace and safety, and we hope that this senseless war ends soon.

Going back to the company's development, protecting our climate continues to be a top priority. The energy revolution is gathering pace, and social issues are playing more of a role in shaping political decisions than they have for a long time. Here at Vonovia, we are ready to help shape, and actively contribute to, these developments.

Rolf Buch

Chairman of the Management Board (CEO)

Philip Grosse

Member of the Management Board (CFO)

Helene von Roeder

Member of the Management Board (CTO)

Arnd Fittkau

Member of the Management Board (CRO)

Daniel Riedl

Member of the Management Board (CDO)

After all, in every single one of these areas, what is important now is that we do the right things. **But we also have to do them in the right way.** This means that we have to have our goal in mind and then plan from there, thinking about which steps are the important ones to take right now. These steps will demand a lot of us. But if we fail to show the determination we need in taking them, it will cost us all even more energy at the end of the day.

The reason I am emphasizing this so clearly is because **Vonovia has a responsibility** to help shape the path that will be taken. We have a clear plan that is consistent with the interests of our tenants. They need good-quality and affordable homes. The plan is consistent with your interests as our shareholders. We are developing our portfolio to make it fit for the future, allowing for returns commensurate with the risk involved. Our approach is also in the interests of climate protection, which is undoubtedly one of the key challenges of this century. Following the successful merger with Deutsche Wohnen, we will be able to address these issues with combined forces – and, as a result, with even greater strength. We will be leveraging our size to help improve the situation on the housing market again.

But another reason why I am so keen to emphasize this is because this process will require **the support of all players**. In addition to residential real estate companies, policymakers, tenant representatives, the construction industry and social associations are also being called upon to act. The political focus on climate protection in the construction sector is the right approach. But we must not lose sight of the costs involved for tenants and for landlords alike. Without government support, it will be impossible to create housing that is both affordable and climate-neutral.

Incidentally, this refers to the process of implementation as much as it does to the financial side of things. Vonovia has very good staff resources with around 5,000 of its own craftswomen and craftsmen. Nevertheless, we too have to explore new avenues in order to recruit more staff. I am looking forward to welcoming the first few specialists from Colombia to our company this year so that we can build on their support.

The ambitious goal of climate neutrality is forcing us to rethink a lot of things. We need to make changes: to our energy and heat supply. To our construction materials. And possibly also to our rent models. We are currently keeping a very close eye on rising energy prices. The models for rent including ancillary expenses that we are looking at are based on the idea that landlords reach an agreement with tenants on a rent that already includes the costs for heating and electricity. This benefits both sides, because landlords have an incentive to modernize their buildings to make them more energy-efficient, while society also benefits if the heating revolution in the buildings sector moves up a gear.

Germany has had a Ministry of Construction since December. New construction, serial construction, accelerated planning and approval procedures or CO_2 pricing – we are convinced that the new coalition government is pursuing the right approaches to tackling the problems. We are also receiving a boost at EU level. The Energy Performance of Buildings Directive recognizes that climate neutrality in the buildings sector must be based on a two-fold approach: energy-efficient building modernization measures and the replacement of fossil fuels with renewable energies. This validates our climate strategy, which we further developed this year by means of a new climate path. **Our goal is to establish a virtually climate-neutral building stock by 2045.** This goal is scientifically sound and underpinned by binding yearly targets.

We will be using other levers, too: in the future, sustainable construction materials will also help to reduce carbon emissions in both our new construction and refurbishment work. In the Berlin district of Reinickendorf, for example, we have demonstrated that construction can also be climate-friendly. Last year saw us build 60 apartments here using sustainable and modular timber construction, with a total of around 700 such apartments being built across Germany.

While this is a start, we need more. Specifically, we need more partners. This is why we will be extending invitations to a conference on the topic of construction materials – based on the model used for our own climate conference in 2020 – in November 2022. The conference will bring together experts from the housing industry, the construction and construction materials sector, associations as well as academia and politics to discuss sustainability, recycling and the affordability of construction materials. This is the only way to progress in this area, too: by facilitating dialogue among experts and a common understanding at the political, economic and scientific levels.

Dear Shareholders,

we expect to see continued positive business development in the 2022 fiscal year. As ever, we will remain on hand to support our customers as a reliable partner. We have set realistic targets as always.

As far as a climate-neutral housing stock is concerned: The amendments made to the German Climate Protection Act prompted us to revise our climate path. We now know that we can achieve our ambitious climate protection targets, which feature clearly defined interim targets, as early as 2045 instead of 2050. The number of climate projects is continuously increasing and ranges from a boom in photovoltaic technologies to new construction and innovative insulation methods and cooperation projects on the topic of green hydrogen.

We want to accelerate our neighborhood development projects even further. In 2021, we completed 15 such projects across Germany. We will be pushing ahead with these projects in 2022. We are convinced that we can only rise to social challenges, and the challenges that climate protection entails, if we consider both aspects together. To give an example: If we turn the energy revolution into a reality in our neighborhoods with the help of sector coupling, we will have sufficient green direct electricity available. If we can achieve this, then we can do away with the system of variable costs for our tenants, and just like that, we end up with a rent model in which the expenses for energy consumption form part of the fixed costs.

2022 will be dominated by the integration of Deutsche Wohnen; we are aiming to have completed the merger by the close of the year. From experience, I can say that we will soon unite around common goals when it comes to corporate culture as well. I would like to take this opportunity to warmly welcome all the company's employees to the Vonovia team. I look forward to the collaboration, new ideas and future goals that we will set and achieve together.

As was the case last year, we will once again meet at a virtual Annual General Meeting in April. On April 29, 2022, together with the Supervisory Board, we will be proposing a dividend of € 1.66 per share. By increasing the dividend by 8 cents – taking into account the capital increase with subscription rights in 2021 – we can maintain the continuity of the last few years. As you can see, you can rely on us and Vonovia's economic growth, even if the our share price performance does not currently reflect this strength. Macroeconomic factors are clearly having an impact here.

Our Management Board team was expanded effective from January 1, 2022, and I would like to take the opportunity to once again extend a warm welcome to Philip Grosse as CFO. Going forward, Helene von Roeder will be responsible for issues of the future related to digitalization and innovation in the housing industry in a newly created executive division.

Together with my team on the Management Board, I would like to thank you, our shareholders, partners and employees, for your trust and support over the past year. I would like to thank the Supervisory Board for what was, once again, a very positive working relationship.

This year, I am once again counting on you, our shareholders. We will only be able to achieve our shared objectives if we tackle them together. Everyone needs to do their bit if we want to continue to make a responsible contribution for our customers and society at large.

Bochum, March 2022

Sincerely,

Rolf Buch
Chairman of the Management Board

Rolf Buch (CEO)

Report of the Supervisory Board

Ladies and gentlemen,

In 2021, the health protection measures imposed in response to the pandemic once again had a significant impact on how we live as a society. The working world was also subject to considerable restrictions. The innovative strength shown by several pharmaceutical companies at once boosted confidence, as they succeeded in developing vaccines to combat serious illness caused by the coronavirus.

Tackling the issues of the future with an entrepreneurial mindset and allowing innovations that are relevant to society to emerge in the process – time and again, this approach also served as an important guiding principle in our joint strategic consultation sessions with the Management Board.

The advent of vaccinations fueled mounting hopes among society at large of a return to "normal" life. Despite an increasing number of vaccinated people, contact restrictions remained in place, meaning that people tended to stay at home, many of them also working from home. At the same time, they increasingly treated their homes as their main place of retreat.

In this environment, the provision of affordable housing, particularly in major cities, moved into the social spotlight – and, as a result, also into the spotlight of political action. Social pressure on policymakers and the housing industry increased considerably. In Berlin, the critical housing situation sparked an intensive public debate that led to a referendum on the drafting of a bill for the socialization of residential real estate companies. The company Deutsche Wohnen became a target.

We supported the Management Board with its considerations about pooling resources within an expanded housing company in Berlin and joining forces with politicians to be a responsible part of the solution. With the successful takeover offer for the shareholders of Deutsche Wohnen SE, Vonovia SE became its majority shareholder. This now enables an orchestrated approach on the tense Berlin housing market.

This transaction, the biggest executed by Vonovia SE to date, played an important role in the work of both the Management Board and the Supervisory Board in the 2021 fiscal year. This did not interfere with the company's operational management at any time. Business developments in the 2021 fiscal year were in line with expectations in all key respects.

The Management Board and Vonovia's employees worked tirelessly to take responsibility for tenants, even when faced with difficult conditions. They maintained the infrastructure in Vonovia's residential complexes, provided customers with services and supported them in difficult situations.

In the previous year of the pandemic, the Management Board once again lived up to its responsibility for the health of Vonovia's employees at all times. Health protection for high-risk groups and for those employees working on-site in customers' homes or in the corporate headquarters and offices continued to be a top priority at all times. In order to reduce the risk of infection, Vonovia allowed employees to work from home, wherever possible, from the very start of the pandemic. The coronavirus task force – which had already been established back in 2020 – set up an internal vaccination center at corporate headquarters at the direction of the Management Board, where company doctors offered coronavirus vaccinations to employees. The Management Board provided information about the impact of the pandemic as part of its regular reporting.

In the 2021 fiscal year, the Supervisory Board continuously monitored the Management Board's management activities and provided the Management Board with regular advice concerning the running of the company. We were able at all times to establish that their actions were lawful, expedient and regular. The Management Board notified us regularly, promptly and comprehensively, both in writing and verbally, of all circumstances and measures that were relevant to the company. The Management Board fulfilled its information obligations to an appropriate extent at all times.

At our plenary meetings and in our committees, we always had ample opportunity to critically appraise the reports and proposals submitted by the Management Board and to contribute our own suggestions. We discussed and tested the plausibility of all business occurrences of significance to the company, as communicated to us by the Management Board in written and verbal reports, in detail. Where required by law or the Articles of Association, we granted our consent to individual business transactions.

Meetings of Supervisory Board and Committees in the 2021 Fiscal Year

Member	Supervisory Board	Audit Committee	Executive and Nomination Committee	Finance Committee	Participation rate in %
Jürgen Fitschen	13/13	–	5/5	6/6	100
Burkhard Ulrich Drescher	13/13	5/6	–	–	95
Vitus Eckert	13/13	6/6	–	–	100
Prof. Dr. Edgar Ernst	13/13	6/6	–	–	100
Dr. Florian Funck	13/13	6/6	–	–	100
Dr. Ute Geipel-Faber	13/13	–	–	6/6	100
Daniel F. Just	12/13	–	–	6/6	95
Hildegard Müller	13/13	–	5/5	–	100
Prof. Dr. Klaus Rauscher	13/13	–	5/5	–	100
Dr. Ariane Reinhart	12/13	–	5/5	–	94
Clara-Christina Streit	12/13	–	5/5	6/6	96
Christian Ulbrich	13/13	–	–	6/6	100

Cooperation Between the Management Board and the Supervisory Board

In the last fiscal year, our Supervisory Board consisted of twelve members. We were on hand to support the Management Board in the various meetings held and also in its key decisions. We also kept a close eye on the company's business development outside of meetings. The Management Board regularly informed us about key events and the company's strategic direction as part of a collaboration based on trust.

As Chairman of the Supervisory Board, I maintained regular and close dialogue with the Chairman of the Management Board in particular, but also with the other Management Board members, even outside of the Supervisory Board meetings. The employee representative bodies were involved in communications on key company matters via the Management Board. The Chairman of the Management Board informed me on company-related topics emerging from the Management Board's discussions with representatives of the Group works council, going into an appropriate level of detail. The Chairman of the Management Board also reported on the continued very good and constructive cooperation between the works council and the Management Board in dealing with the challenges created by the coronavirus pandemic. Other members of the Supervisory Board were notified of any important findings promptly, or at the latest by the next board meeting. In the fiscal year, there were no conflicts of interest of Management Board or Supervisory Board members, which are to be reported immediately to the Supervisory Board.

Main Remit

In line with the duties assigned to the Supervisory Board by law, the Articles of Association and the rules of procedure, we once again closely scrutinized the Group's operational, economic and strategic progress in the 2021 fiscal year. The key focal points were investments in residential real estate portfolios in light of the impact of the pandemic, neighborhood development and the undertaking of investments in new homes, the exploitation of opportunities resulting from digitalization, the portfolio strategy, internationalization and the evaluation and provision of support with regard to opportunities for further portfolio expansion, which, in particular, was achieved through the Deutsche Wohnen transaction.

We also engage with current governance topics. At a further training session held on December 8, 2021 we addressed the new regulatory requirements for the preparation of the remuneration report pursuant to Section 162 of the German Stock Corporation Act (AktG). They came into force under German law in the course of the implementation of the Second European Shareholders' Rights Directive (ARUG II). Alongside legal aspects, we also considered the expectations of investors.

In addition, we took an in-depth look at the future management structure and the succession plan for the Management Board. The personnel changes in the Management and Supervisory Boards, as stipulated in the business combination agreement (BCA) between Vonovia and Deutsche Wohnen, were the subject of detailed discussions on the continued development of these bodies.

Meetings

The pandemic meant that only one meeting of the Supervisory Board was held as a face-to-face event in the 2021 fiscal year. All other meetings were held via video conference.

The Supervisory Board met a total of thirteen times to consult and pass resolutions – once in a face-to-face meeting in September and twelve times by means of video conference (March, April, May, July, August, September, November and December). The Supervisory Board made decisions in a written procedure on eight occasions (January, July, August and December). Any individual members absent from the thirteen meetings had always been excused.

Participation in the thirteen Supervisory Board meetings averaged 98% in the 2021 fiscal year. No member of the Supervisory Board took part in less than half of the meetings during their term of office. The same applies to the committees. In preparation for the meetings, the Management Board submitted timely, comprehensive and valid written reports and resolution proposals to us.

Information on the Individual Meetings and Their Content as well as Written Resolutions

Given the risks associated with coronavirus infections, the Supervisory Board approved the Management Board's decision to hold the Annual General Meeting as a virtual event on April 16, 2021 in order to protect all attendees in a written procedure on January 22, 2021.

On **March 3, 2021** the Supervisory Board met to adopt the balance sheet. It approved the company's annual and consolidated financial statements as of December 31, 2020. The agenda and the resolution proposals for the Annual General Meeting were discussed and adopted. The Supervisory Board approved the proposal for the appropriation of profit to be made to the Annual General Meeting as well as the proposal that the dividend be paid either in cash or in the form of shares. Furthermore, the Supervisory Board approved the Non-financial Declaration and decided to engage KPMG to review the NFE Report for the 2021 fiscal year, as well as the 2021 ESG reporting and the 2021 Sustainability Report. The consultations continued to focus on the reports submitted by the Management Board members on the course of business in individual segments.

Under the "HR-related matters" agenda item, the Supervisory Board discussed remuneration issues relating to the Management Board (including target agreements, short-term and long-term incentive plans, the target achievement level under the 2020 short-term incentive plan, payment of the 2017 long-term incentive plan tranche) and passed corresponding resolutions. The Supervisory Board also examined the remuneration system for the Management and Supervisory Boards, focusing in particular on the structure of the targets for the Management Board. Once decided upon, the remuneration system was submitted to the Annual General Meeting in April 2021, where it was approved.

In a video conference held on **April 15, 2021** the Supervisory Board approved the fundamental resolution of the Management Board on the partial use of authorized capital 2018 in connection with the scrip dividend and transferred to the Finance Committee the powers required to take further steps. The Management Board continued to provide information on the impact of the ruling of the German Federal Constitutional Court on the invalidity of the Berlin rent freeze and, in this context, the waiving of rental back payments granted to Vonovia tenants by the Management Board. We consulted with the Management Board on potential measures to support the dialogue with various stakeholders in Berlin.

At a video conference held on **May 21, 2021** the Management Board informed the Supervisory Board of its intention to start negotiations with the Management Board of Deutsche Wohnen SE concerning the possible submission of a takeover offer to the shareholders of Deutsche Wohnen SE. The Management Board presented the options for a potential transaction against the backdrop of the political, social and legal conditions in Berlin. Following an in-depth discussion with the Management Board members taking into account the risks and opportunities of such a transaction, as well as internal consultations, the Supervisory Board approved the measures proposed by the Management Board regarding the preparation of the transaction under consideration. The potential personnel changes arising from the transaction under consideration were discussed, along with changes to Management Board responsibilities, in separate consultations within the Supervisory Board.

In a video conference on **May 24, 2021** the Management Board reported on the negotiations conducted with the senior management of Deutsche Wohnen SE in Berlin over the Pentecost weekend relating to the proposed takeover offer to Deutsche Wohnen SE shareholders. Detailed discussions were held within the Supervisory Board on the underlying structures of the transaction, the conditions prevailing in the political environment and, in the context of a takeover of the real estate company Deutsche Wohnen, the agreement discussed with the Governing Mayor of Berlin concerning the possible purchase of 20,000 thousand residential units by the State of Berlin. The consultations also centered on the main issues of the transaction as agreed in a business combination agreement (BCA). The personnel changes relevant to the composition of the Management and Supervisory Boards were discussed separately by the Supervisory Board.

Following extensive discussions, the Supervisory Board granted consent to the Management Board to carry out the proposed measures that were required for the conclusion of the BCA and the preparation of the takeover offer to the shareholders of Deutsche Wohnen. The Supervisory Board transferred the power to grant consent to further measures to the Finance Committee.

On the recommendation of the Executive and Nomination Committee on July 9, 2021 the Supervisory Board decided via a written procedure on **July 16, 2021** to reappoint Mr. Arnd Fittkau as a member of the Management Board effective as of the end of the 2022 Annual General Meeting and until May 31, 2027.

In another written procedure on **July 16, 2021** the Supervisory Board also approved a credit line increase to € 3 billion and a three-year extension of the term, as well as an increase in the Commercial Paper Program to € 3 billion.

In a video conference on **July 25, 2021** the Management Board informed us of the background factors that led to the 50% acceptance rate of Deutsche Wohnen shareholders not being met. In particular, discussions focused on the influence of hedge funds with significant investments in Deutsche Wohnen, as well as on index funds, which could only accept the offer once the closing condition had been met. The Supervisory Board resolved to authorize the Management Board to purchase shares and/or instruments in Deutsche Wohnen up to a total shareholding of less than 30% and a purchase price that does not exceed € 52.00 per share. In addition, it granted approval for the taking out of bridge financing up to € 1.5 billion.

In the video conference on **July 30, 2021** the Supervisory Board considered the alternative scenarios proposed by the Management Board with respect to the intended Deutsche Wohnen transaction and discussed, within the Supervisory Board, the strategic options in detail. We also consented to the Management Board starting negotiations with the senior management of Deutsche Wohnen with a view to concluding a BCA and submitting a new takeover offer to the shareholders of Deutsche Wohnen.

As the final decisions were subject to the approval of the Supervisory Board, the Management Board informed us of the results of the final negotiations in a video conference on **August 1, 2021**. Our extensive consultations resulted in the approval of the Supervisory Board for the resolution drafted by the Management Board on the conclusion of the BCA and the initiation of a voluntary public takeover offer to the shareholders of Deutsche Wohnen, as well as all measures necessary to implement the transaction.

In a written procedure on **August 4, 2021** we approved the Management Board resolution on the integration of the Vonovia new construction department and the urban development and land management department within the Development division, thereby transferring responsibility from the CEO executive division to the CDO executive division.

We approved the issuance of up to € 5 billion as part of the EMTN program, with a weighted average maturity of at least eight years, by way of a written procedure on **August 22, 2021**.

The Management and Supervisory Boards consulted on the corporate strategy at a face-to-face meeting on **September 2, 2021**. We discussed the trend areas and future theories derived from societal megatrends and encouraged the Management Board to continue pursuing the key areas for action identified in order to safeguard the adaptability and innovative ability of the company going forward and to safeguard a stable future for Vonovia. The Management Board continued to keep us updated on the status of the Deutsche Wohnen transaction. We delegated necessary Supervisory Board approvals in the context of further implementation-related measures to the Finance Committee. The Supervisory Board also discussed personnel matters relating to the Management and Supervisory Boards.

In the video conference held on **November 21, 2021** we approved the Management Board's capital increase resolution of November 21, 2021 in connection with the Deutsche Wohnen transaction following extensive consultation and careful consideration. This resolution proposed that the share capital be increased by € 201,304,062 and that the new shares be offered to shareholders in a ratio of 20:7 and at a subscription price of € 40 per share.

In a written procedure on **December 1, 2021** the Supervisory Board determined that the Declaration of Conformity published in the previous year remained accurate and should be issued again in this version.

In a video conference on **December 8, 2021** we discussed the 2022 budget. Following detailed consultations, we approved the Management Board's budget planning for the 2022 fiscal year and also discussed the five-year planning. The Management Board informed us of the operating business performance in the individual segments, financial performance and capital market performance.

We followed the recommendation of the Audit Committee by deciding to nominate the auditors PricewaterhouseCoopers GmbH (PwC) to the Annual General Meeting for election as the auditors of the annual and consolidated financial statements for the 2023 fiscal year.

In our consultations on personnel matters, we decided on the corporate targets for the 2022 fiscal year within the short-term incentive plan (STIP) component of Management Board remuneration and set the targets for Management Board members in the 2022–2025 performance period of the long-term incentive plan (LTIP). In our deliberations on Management Board remuneration, we determined that the amounts concerned are in line with standard market levels and therefore appropriate.

We discussed in detail the Management Board appointments and executive division modifications stated in the BCA and appointed Helene von Roeder as a Management Board member (for the Digitalization & Innovation executive divisions) for three years starting on January 1, 2022. We appointed Philip Grosse as a Management Board member (CFO, Chief Financial Officer) with effect from January 1, 2022, for a period of three years. The Supervisory Board offered the CEO of Deutsche Wohnen SE, Michael Zahn, the position of Deputy CEO of Vonovia SE; he did not accept the offer.

We conducted more detailed deliberations on the transaction-related changes in the Management and Supervisory Boards in the video conferences on **December 10, 2021** and **December 20, 2021** and took decisions on individual personnel matters in circular resolutions on **December 10, 2021** and **December 12, 2021**. In these deliberations, we also closely examined the structures within the governing bodies, the executive department responsibilities, the skill sets of individual members and the further development and succession planning for the Management and Supervisory Boards.

With respect to the appropriateness of Supervisory Board remuneration, deliberations within the Supervisory Board, taking into account a market analysis carried out by an independent remuneration consultant, came to the conclusion that this remuneration, which had not been adjusted since 2013, no longer reflects the increased demands placed on Supervisory Board members. With a view to ensuring that highly qualified candidates can still be attracted to the Supervisory Board in the future, it is intended that an adjustment commensurate with the market be proposed to the Annual General Meeting on the basis of a remuneration proposal.

Duties of the Committees

The Supervisory Board made use of the existing committees (Audit Committee, Finance Committee and Executive and Nomination Committee) to effectively perform its work. The committees prepare subjects which are to be discussed and/or resolved by the Supervisory Board. In addition, the committees passed further resolutions that we had delegated to them instead of passing them on the Supervisory Board as a whole.

In addition to regular dialogue between the Audit Committee and the auditors at the quarterly meeting, there is also regular communication between the Chairman of the Audit Committee and the auditors, particularly before the quarterly meetings of the Audit Committee.

Audit Committee

The Audit Committee had four members in the reporting year. The Chairman was Prof. Dr. Edgar Ernst. The other members were Burkhard Drescher, Vitus Eckert and Dr. Florian Funck. In 2021, the Audit Committee met five times (March, May, August, November and December). The Audit Committee made decisions using the written procedure in two cases (August and October).

At the video conference held on **March 3, 2021** the Committee reviewed the annual and consolidated financial statements as of December 31, 2020, as well as the combined management report for the 2020 fiscal year. The Committee's review took account of both the company's reports and the reports prepared by the auditor KPMG. The auditor considered the main points of the audit of the consolidated financial statements to be the valuation of investment properties located in Germany and Austria and the value of goodwill. The Audit Committee drew up a proposal for the appropriation of profit and developed a recommendation for a resolution to be submitted to the Supervisory Board regarding the adoption of the annual financial statements. The Committee developed a proposal for the selection of an auditor for the 2021 fiscal year and for this auditor's appointment as the auditor responsible for the audit of the condensed consolidated interim financial statements and interim Group management reports. KPMG provided information on the audit certificate issued for the Non-financial Declaration (NFD). The Committee also examined the 2020 annual report of Internal Audit. The Committee recommended that the Supervisory Board approve the Non-financial Declaration. Other topics of discussion included the compliance report and the Internal Audit status report, which confirmed the effectiveness of the internal control system (ICS), among other things.

In a conference call on **May 3, 2021** the Audit Committee looked at the condensed consolidated interim financial statements as of March 31, 2021. It discussed the company's report and the auditor's report. Against the backdrop of legal regulations concerning the maximum tenure of the auditors, the Audit Committee decided to launch a public call for tenders with respect to the audit of the annual and consolidated financial statements for the 2023 fiscal year and initiate a selection procedure. The Management Board has been tasked with planning and carrying out the selection procedure. The Committee also took an in-depth look at the risk management and compliance reports, as well as the Internal Audit status report. The consultations also considered the report on the company's tax position and the status of the ongoing company audits.

At its video conference **held on August 5, 2021** the Committee approved the consolidated interim financial statements as of June 30, 2021 and passed a resolution on the commissioning of KPMG AG Wirtschaftsprüfungsgesellschaft to audit the annual and consolidated financial statements as of December 31, 2021. Other topics included the Internal Audit and compliance management status reports. The Audit Committee also discussed relevant provisions of the German Financial Market Integrity Strengthening Act (FISG).

In a written procedure on **August 13, 2021** the Audit Committee approved the tender process, selection criteria and time procedure for selecting an auditor as proposed by the Management Board, as well as the corresponding guidelines.

In a written procedure on **October 25, 2021** the Audit Committee approved non-audit processes following the introduction of the multi-stage PIE group.

In the video conference held on **November 3, 2021** the Audit Committee discussed the condensed consolidated interim financial statements as of September 30, 2021 along with the corresponding reports prepared by the company and the auditor. It looked at the preliminary results of the property valuation, risk management, the compliance report and the report on the major legal disputes. It also discussed the report prepared by the Internal Audit department on the status of its audits and set the audit plan for the Internal Audit department for the 2022 fiscal year.

On **November 16, 2021** a face-to-face meeting of the Audit Committee was held as part of the auditor selection process. Two audit firms presented their services and the terms of engagement. In a video conference on December 3, 2021 the members of the Audit Committee discussed the results of the selection procedure and took the decision to recommend the audit firm PricewaterhouseCoopers GmbH (PwC) to the Supervisory Board for nomination to the Annual General Meeting as the auditors for 2023.

Finance Committee

In 2021, the Finance Committee consisted of five members. The Chairperson was Clara-Christina Streit. The other members were Jürgen Fitschen, Dr. Ute Geipel-Faber, Daniel Just and Christian Ulbrich. In the reporting year, the Finance Committee met six times by video conference (March, April, May, July and November) and took decisions by written procedure on three occasions (May, July, September). The Finance Committee had been previously authorized by the Supervisory Board to make all decisions on matters outside the scope of the topics for which it is generally responsible.

In the video conference on **March 3, 2021** the Management Board provided information on the current financing status of the company. Following a detailed discussion of the RCF (revolving credit facility) and the commercial paper program, the Finance Committee decided to recommend to the Supervisory Board that it approve an increase in the (RCF) credit line to € 2 billion and an increase in the volume of the commercial paper program to € 2 billion.

In a video conference on **April 16, 2021** the Finance Committee approved the fundamental resolution of the Management Board on the partial use of authorized capital 2018 in connection with the 2021 scrip dividend and, by written procedure on May 14, 2021 granted its consent to the Management Board's more detailed resolution on the performance of the non-cash capital increase.

In a video conference on **May 12, 2021** the Management Board informed the Finance Committee of its fundamental and current considerations regarding the ongoing development of the company in terms of consolidation opportunities and acquisition opportunities on the residential property market.

In a video conference on **May 21, 2021** the Management Board informed the Finance Committee of its intention to prepare a potential takeover offer for the shareholders of Deutsche Wohnen SE. The Management Board presented the options for a possible transaction. Following an extensive discussion of the underlying economic, tax-related and financing conditions, as well as an evaluation of the risks and opportunities, the Finance Committee decided to recommend to the Supervisory Board that it approve the preparatory measures outlined by the Management Board with respect to the transaction under consideration.

By way of a written procedure, the Finance Committee recommended on **July 8, 2021** that the RCF credit line and the volume of the commercial paper program both be increased to € 3 billion in the context of the Deutsche Wohnen transaction.

In a video conference on **July 25, 2021** the Management Board outlined to the Finance Committee the reasons why the acceptance threshold of 50% of Deutsche Wohnen shares was not reached. The discussions focused not only on the shareholder structure of Deutsche Wohnen, but also the requirements of the index funds concerning the timing of a potential takeover bid. The Finance Committee approved the recommendation to the Supervisory Board to authorize the Management Board to acquire Deutsche Wohnen shares and to conclude bridge financing of up to € 1.5 billion.

In a written procedure on **September 13, 2021** the Finance Committee approved the proposed Management Board resolution of September 8, 2021 regarding the sale of a residential real estate portfolio to public housing companies of the State of Berlin as part of the "Future and Social Pact for Housing," agreed in connection with the Deutsche Wohnen transaction.

In a video conference on **November 16, 2021** the Management Board provided the Finance Committee with an update on the current financing status of the company.

Executive and Nomination Committee
In the fiscal year under review, the Executive and Nomination Committee consisted of five members. The Committee was headed up by Jürgen Fitschen as Chairman of the Supervisory Board. The other members were Hildegard Müller, Prof. Dr. Klaus Rauscher, Dr. Ariane Reinhart and Clara-Christina Streit. The Executive and Nomination Committee met four times by video conference in 2021 (February, July, November and December). The Committee made one decision by written procedure.

In a video conference on **February 23, 2021** the Committee discussed and approved the target attainment of the 2020 short-term incentive plan and the payout of the long-term incentive plan tranche 2017 and recommended to the Supervisory Board that it pay out the amounts calculated. The Executive Committee also discussed the structure of the individual targets within the short-term incentive plan (STI) and recommended an amended regulation within the Management Board remuneration system.

In a written procedure, the Executive Committee approved the membership of Rolf Buch in the Supervisory Board and Shareholder Board of Apleona GmbH on **May 10, 2021**.

In a video conference on **July 9, 2021** the members of the Executive Committee discussed Management and Supervisory Board personnel matters in connection with the Deutsche Wohnen transaction. The Executive Committee also recommended to the Supervisory Board that it reappoint Arnd Fittkau as a member of the Management Board.

In the video conference held on **November 15, 2021** the Executive Committee considered the review of the appropriateness of Management Board remuneration and, considering market data, concluded that this remuneration is appropriate. A recommendation to this effect was then submitted to the Supervisory Board for confirmation.

In the video conference held by the Executive Committee on **December 6, 2021** the Committee members discussed the setting of corporate targets within the 2022 short-term incentive plan (STIP) and the long-term incentive plan (LTIP 2022–2025), issuing recommendations to the Supervisory Board. The Committee also discussed and made recommendations regarding Management Board appointments and the allocation of executive responsibility following completion of the Deutsche Wohnen transaction. The Committee also deliberated on governance-related topics, including diversity within governing bodies.

In a video conference on **December 19, 2021** the Executive Committee drew up a proposal on the adjustment of Supervisory Board remuneration, the aim being to safeguard the expected quality within the Supervisory Board in the future. Resolutions were also recommended with respect to formal Management Board issues. The Supervisory Board members also discussed the options for implementing the inclusion of two members in the Supervisory Board, as stipulated in the BCA.

Corporate Governance

The Management Board and Supervisory Board of Vonovia SE are committed to the principles of good corporate governance. As a result, the members of the Supervisory Board once again looked at the German Corporate Governance Code in the reporting year. On December 1, 2021 the Management Board and the Supervisory Board issued a Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG). The Management Board also reports, including on behalf of the Supervisory Board, on corporate governance at Vonovia in the declaration on corporate governance. Both declarations will be permanently published by the company on its website for perusal.

Audit

After being appointed at the Annual General Meeting on April 16, 2021 to audit financial statements for the 2021 fiscal year, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, has duly audited the annual financial statements and consolidated financial statements of Vonovia SE as of December 31, 2021 and the combined management report for the 2021 fiscal year and has expressed an unqualified opinion thereon. In accordance with German statutory law, the Non-financial Declaration, which is included in a separate section of the combined management report, was not reviewed by the auditor. In accordance with Section 317 (4) of the German Commercial Code (HGB), KPMG also assessed the risk early warning system of Vonovia SE.

The auditor has affirmed its independence to the Chairman of the Audit Committee and duly declared that no circumstances exist that could give grounds for assuming a lack of impartiality on its part. The audit assignment was awarded to KPMG AG Wirtschaftsprüfungsgesellschaft by the Chairman of the Audit Committee in line with the Committee's resolution and the choice of auditor made by the shareholders at the Annual General Meeting.

The annual financial statements were prepared by the Management Board in accordance with the German commercial law and stock corporation law provisions, including the generally accepted accounting practice. The consolidated financial statements were prepared by the Management Board in accordance with the International Financial Reporting Standards (IFRS), as applied in the European Union, as well as the supplementary provisions applicable pursuant to Section 315e (1) HGB.

For the annual financial statements and the consolidated financial statements, Vonovia SE prepared a combined management report based on the requirements set out in Sections 315, 298 (2) HGB.

Every member of the Supervisory Board received copies of the annual financial statements, the consolidated financial statements, the combined management report and the auditor's report in good time. On the basis of the preliminary examination and assessment by the Audit Committee, about which the Audit Committee Chairman reported to the Supervisory Board, the Supervisory Board has scrutinized in detail the annual financial statements, consolidated financial statements and combined management report of Vonovia SE for the 2021 fiscal year, and also considered the Management Board's proposal for the appropriation of profit. With regard to the Non-financial Declaration to be published pursuant to the CSR Directive Implementation Act, the Supervisory Board complied with its review obligation.

At the joint meeting on March 17, 2022 with the Audit Committee, and at the subsequent Supervisory Board meeting held on the same day, the auditors reported both on their findings including the strategic audit objectives and key audit matters. The strategic audit objectives and the key audit matters set out in the auditor's report had been defined by the auditor within the context of his independent mandate in the second half of 2021, and had already been discussed and agreed upon with the Audit Committee in advance.

In the 2021 fiscal year, with regard to the consolidated financial statements, particularly key audit matters included the value of goodwill and the valuation of investment properties.

The auditors gave detailed answers to our questions. After an in-depth review of all documentation, we found no grounds for objection. As a result, we concurred with the auditors' findings. On March 17, 2022, we followed the Audit Committee's recommendation and approved the annual financial statements and consolidated financial statements of Vonovia SE, as well as the combined management report. The annual financial statements are thus duly adopted.

Dividend

The Supervisory Board considered the Management Board's proposal for the appropriation of profit. It gave particular consideration to the liquidity of the company / the Group, tax-related aspects and financial and investment planning. Following its audit, the Supervisory Board agrees with the proposal set out by the Management Board to be made to the Annual General Meeting, namely the proposal that, from the profit for the 2021 fiscal year, a dividend of € 1.66 per share or € 1,289,151,665.74 in total on the shares of the share capital as of December 31, 2021 be paid to the shareholders, and the remaining amount be carried forward to the new account or be used for other dividends on shares carrying dividend rights at the time of the Annual General Meeting that go beyond those as of December 31, 2021.

The dividend will be paid either in cash or in the form of shares in the company. The shareholders' right to opt for a scrip dividend paid out in shares is communicated separately in a timely manner together with other information, particularly on the number and type of shares.

Personnel

Apart from the reappointment of Helene von Roeder as Management Board member, with new responsibility for Digitalization & Innovation, and the appointment of Philip Grosse as Management Board member (CFO), both with effect from January 1, 2022, there were no staff changes within the company's management team during the reporting period.

Concluding Remarks

We would like to thank the Management Board for its successful management of the company in the challenging pandemic year of 2021. We also want to thank the company's employees for the particular commitment shown by them in difficult pandemic conditions. We would like to thank the employee representative bodies for another year of constructive collaboration.

Bochum, Germany, March 17, 2022

On behalf of the Supervisory Board

Jürgen Fitschen

Management Board

The Management Board of Vonovia SE consisted of four members as of December 31, 2021. In 2022, the Management Board will be expanded to include five members.

Rolf Buch
Chairman of the Management Board (CEO)

As Chief Executive Officer (CEO), Rolf Buch was responsible for transactions, Value-add, general counsel, investor relations, IT, HR management, auditing, corporate communications and sustainability/strategy in 2021.

In the future, Rolf Buch will be responsible for transactions, general counsel, investor relations, HR management, auditing, corporate communications, sustainability/strategy and healthcare.

Rolf Buch joined the company in 2013 and led Vonovia to its listing on the stock exchange. Prior to his move to the company, he spent 22 years in various leadership positions at Bertelsmann, ultimately as a Management Board member at Bertelsmann SE and Chairman of the Management Board at Arvato AG. He is a member of the executive board of the German Association of German Housing and Real Estate Companies (GdW), vice president of the German central real estate committee Zentraler Immobilien Ausschuss (ZIA) and the German Association for Housing, Urban and Spatial Development, and member of the Board of the European Public Real Estate Association (EPRA) in Brussels. He studied mechanical engineering and business management at RWTH Aachen University.

Arnd Fittkau
Member of the Management Board

In his role as Chief Rental Officer (CRO), Arnd Fittkau is responsible for the property management business in the North, East, South and West business areas, as well as for customer service and portfolio and tenant management.

Following completion of a management training program at MAN Gutehoffnungshütte AG (1992–1996), Arnd Fittkau started his career in various controlling functions. After holding positions at MAN AG in Munich and Hochtief AG in Essen, he joined the company now known as Vonovia in 2002. He spent three years as Head of Controlling for the GAGFAH Group starting in 2005. Since 2008, Arnd Fittkau has held several managing directorships at Vonovia subsidiaries in various locations such as Bochum, Munich, Frankfurt and Gelsenkirchen. Most recently, he held the position of chief representative of Vonovia SE from the beginning of March 2018 and chaired the regional management teams.

Philip Grosse
Member of the Management Board (as of January 1, 2022)

Effective January 1, 2022, Philip Grosse is responsible, in his role as Chief Financial Officer (CFO), for accounting, controlling, finance, valuation & portfolio controlling as well as taxes.

After studying business management at the Universities of Würzburg and Swansea, Philip Grosse started his career in investment banking, most recently as Head of Equity Capital Markets for Germany and Austria at Credit Suisse. From 2013 onwards, Philip Grosse held managerial positions in corporate finance and investor relations at Deutsche Wohnen SE, being appointed to the Management Board as CFO in 2016.

Rolf Buch and Philip Grosse are jointly responsible for the executive division charged with the integration of Deutsche Wohnen.

Daniel Riedl
Member of the Management Board

In his role as Chief Development Officer (CDO), Daniel Riedl is responsible for the development business in Austria, development in Germany and the operating business in Austria.

Daniel Riedl is a graduate in business administration from Vienna University of Economics and Business and a Fellow of the Royal Institution of Chartered Surveyors. Daniel Riedl has more than 20 years' experience in property management, more than 13 of them at Management Board level. He served on the Executive Board of IMMOFINANZ AG from 2008 to 2014. He led BUWOG AG to a successful stock exchange listing in April 2014 and was the company's CEO until its delisting at the end of 2018.

Helene von Roeder
Member of the Management Board

Helene von Roeder has held the position of Chief Financial Officer (CFO) on the Management Board of Vonovia SE since May 2018 and was responsible for controlling, finance, accounting, tax, property evaluation, central purchasing, insurance and Immobilien Treuhand in 2021.

Starting January 1, 2022, Helene von Roeder is responsible for the new Innovation and Digitalization executive division as Chief Transformation Officer (CTO), including the areas Value-add (incl. insurance), IT and purchasing as well as condominium administration and the management of properties for third parties.

She is a member of the Government Commission on the German Corporate Governance Code. Before being appointed to the Management Board of Vonovia SE, she headed Credit Suisse's business in Germany, Austria and Central and Eastern Europe (CEE) as CEO Germany from 2014. She began her career at Deutsche Bank in London in 1995 after studying theoretical physics in Munich and theoretical astrophysics in Cambridge. She worked for UBS AG in Frankfurt and London from 2000 to 2004, before moving to Morgan Stanley Bank AG in Frankfurt, where her most recent role was Head of Global Capital Markets for Germany and Austria, Member of the Management Board of Morgan Stanley Bank AG.

Supervisory Board

The Supervisory Board currently consists of twelve members, all of whom were elected for a statutory term of office by the Annual General Meeting held on May 9, 2018.

Jürgen Fitschen
Chairman
Senior Advisor at Deutsche Bank AG

Prof. Dr. Edgar Ernst
Deputy Chairman
Self-employed management consultant

Burkhard Ulrich Drescher
Managing Director of Innovation City Management GmbH

Vitus Eckert
Attorney, Partner in Wess Kux Kispert & Eckert Rechtsanwalts GmbH

Dr. Florian Funck
Member of the Management Board of Franz Haniel & Cie. GmbH

Dr. Ute Geipel-Faber
Self-employed management consultant

Daniel Just
Chairman of Bayerische Versorgungskammer

Hildegard Müller
President of the German Association of the Automotive Industry (VDA)

Prof. Dr. Klaus Rauscher
Self-employed management consultant

Dr. Ariane Reinhart
Member of the Management Board of Continental AG

Clara-Christina Streit
Self-employed management consultant

Christian Ulbrich
President and Chief Executive Officer Jones Lang LaSalle Incorporated

Supervisory Board Committees

Executive and Nomination Committee
Jürgen Fitschen, Chairman
Hildegard Müller
Prof. Dr. Klaus Rauscher
Dr. Ariane Reinhart
Clara-Christina Streit

Audit Committee
Prof. Dr. Edgar Ernst, Chairman
Burkhard Ulrich Drescher
Vitus Eckert
Dr. Florian Funck

Finance Committee
Clara-Christina Streit, Chairwoman
Dr. Ute Geipel-Faber
Jürgen Fitschen
Daniel Just
Christian Ulbrich

Corporate Governance

In the corporate governance declaration (also known as the Corporate Governance Report), we report on the principles of management and corporate governance for the last fiscal year in accordance with Sections 289f and 315d of the German Commercial Code (HGB) and Principle 22 of the German Corporate Governance Code (GCGC, in the current version published on December 16, 2019).

The declaration contains the Declaration of Conformity, information on corporate governance practices, a description of how the Management Board and Supervisory Board work and key corporate governance structures. The declaration is also available to the public on **our website**. Pursuant to Section 317 (2) (6) HGB, the disclosures pursuant to Sections 289f and 315d HGB are not included in the audit performed by the auditor of the annual financial statements.

Fundamental Information

Fundamental Understanding

Nowadays, successful corporate activity is characterized first and foremost by the acceptance of the business model by all relevant stakeholders, be they customers, civil society and the general public, investors or business partners. The integrity of management actions and the sustainability of the business model, along with the perception of social responsibility, are playing an increasingly decisive role in this regard. This applies no less to the real estate sector.

Any misconduct by a company's management also tends to result in the corporate governance regulations being tightened up, as was recently the case with the Financial Market Integrity Strengthening Act (FISG) The government's stated aim is to use the FISG to ensure that confidence in the German financial market is strengthened. This objective is to be achieved, among other things, by introducing a statutory obligation to establish an appropriate and effective internal control system (ICS) as well as a corresponding risk management system (RMS) for listed stock corporations and by mandating the establishment of an audit committee for public interest entities. The aim is also to strengthen the impartiality of the auditor, to tighten up the rules governing the auditor's liability and to considerably expand the auditing powers granted to the Federal Financial Supervisory Authority (BaFin).

This is why, here at Vonovia, we see corporate governance as the responsible management and supervision of a company. The Management Board and the Supervisory Board have made a comprehensive commitment to the principles of corporate governance as set out in the German Corporate Governance Code and in the Code of Conduct of the Institute for Corporate Governance in the German Real Estate Industry.

Standards of Corporate Governance

These principles are the basis for the sustainable success of the company and therefore serve as guidelines for conduct in the company's daily management and business. Good corporate governance strengthens the trust of our shareholders, business associates, customers, employees and the general public in Vonovia SE. It increases the company's transparency and strengthens the credibility of our group of undertakings. With balanced corporate governance, the Management Board and the Supervisory Board wish to safeguard Vonovia SE's competitiveness, strengthen the trust of the capital market and the general public in the company and sustainably increase the company's value. Corporate governance, acting in accordance with the principles of responsible management aimed at increasing the value of the business on a sustainable basis, is an essential requirement for the Vonovia Group embracing all areas of the business.

As a major real estate company, we are aware of the particular significance of our entrepreneurial actions for society at large. As a result, we are committed not only to the general principles of corporate governance but also to all the main aims and principles of the Institute for Corporate Governance in the German Real Estate Industry, which we have been a member of since November 14, 2003. The institute supplements the corporate governance principles to include housing-specific aspects and is committed to even greater transparency, an improved image and a more competitive real estate sector.

Our corporate culture is founded on transparent reporting and corporate communications, on corporate governance aimed at the interests of all stakeholders, on fair and open dealings between the Management Board, the Supervisory Board and employees as well as on compliance with the law.

The Code of Conduct provides the ethical and legal framework within which we act and want to maintain a successful course for the company. The focus is on dealing fairly with each other but also in particular on dealing fairly with our customers, business partners and investors. The Code of Conduct specifies how we assume our ethical and legal responsibility as a company and is the expression of our company values.

Information on the Company's Governing Constitution

The designation Vonovia comprises Vonovia SE and its Group companies. Vonovia is a European company (SE) in accordance with the German Stock Corporation Act (AktG), the SE Act and the SE Regulation. Its registered headquarters are in Bochum. It has three governing bodies: the Annual General Meeting, the Supervisory Board and the Management Board. The duties and authority of those bodies derive from the SE Regulation (SE-VO), the German Stock Corporation Act (AktG) and the Articles of Association. Shareholders, as the owners of the company, exercise their rights at the Annual General Meeting.

According to the two-tier governance system, Vonovia SE has a Management Board and a Supervisory Board. In the two-tier governance system, the management of business and the monitoring of business are strictly separated from each other. The duties and responsibilities of these two bodies are clearly specified by law in the German Stock Corporation Act. In accordance with the governing laws, in particular the SE Regulation and the German SE Employee Participation Act (SEBG), the Supervisory Board is only made up of representatives of the shareholders. The highest representative body of the employees is the Group works council. An SE works council was also set up at the level of Vonovia SE.

The Management Board and Supervisory Board of a company listed in Germany are obliged by law (Section 161 of the German Stock Corporation Act) to report once a year on whether the officially published and relevant recommendations issued by the government commission German Corporate Governance Code, as valid at the date of the declaration, have been, and are being, complied with. Companies affected are also required to state which of the recommendations of the Code have not been, or will not be, applied and, if not, why. The most recent Declaration of Conformity is valid for at least the next five years and the Declarations of Conformity that are no longer valid can be found on the company's website.

The Management Board reports in its declaration, also on behalf of the Supervisory Board, on important aspects of corporate governance pursuant to Section 289f of the German Commercial Code (HGB) and Principle 22 of the German Corporate Governance Code (GCGC) 2020.

Declaration of Conformity to the GCGC Pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Management Board and the Supervisory Board of Vonovia SE declare that, since the last declaration of conformity was made on November 30, 2020, the company has complied with the recommendations made by the "Government Commission on the German Corporate Governance Code" in the version published in the official section of the federal gazette by the German Federal Ministry of Justice on March 20, 2020 ("GCGC 2020") with the following restrictions and will continue to do so in the future.

Pursuant to G.13 sentence 1 GCGC 2020, any payments made to a Management Board member due to early termination of their Management Board activity shall not exceed twice the annual remuneration (severance cap) and shall not constitute remuneration for more than the remaining term of the employment contract. No. 4.2.3 (5) GCGC 2017 recommended that benefit commitments made in connection with the early termination of a Management Board member's activity due to a change of control did not exceed 150% of the severance cap. The GCGC 2020 no longer contains any explicit recommendation for benefits resulting from a change of control. It is unclear whether the general recommendation made in G.13 sentence 1 GCGC 2020 on the severance amount applies in this regard. The existing Management Board employment contracts already largely comply with the recommendation set out in G.13 sentence 1 GCGC 2020. The Supervisory Board reserves the right, however, when contracts are extended or future contracts are concluded, to reach agreements that are consistent with the recommendation set out in No. 4.2.3 (5) GCGC 2017 to take account of interests relating to vested rights and the particular circumstances of the individual case. As a result, we declare as a precaution that the recommendation made in G.13 sentence 1 GCGC 2020 is not complied with.

Pursuant to G.13 sentence 2 GCGC 2020, if post-contractual non-competition clauses apply, the severance payments shall be taken into account in the calculation of any compensation payments. Even before the GCGC 2020 entered into force, post-contractual non-competition clauses were agreed with individual Management Board members. These do not provide for severance payments to be taken into account in the calculation of any compensation payments. When contracts are extended or future contracts are concluded, the Supervisory Board reserves the right, in the interests of flexibility or for reasons relating to vested rights, to make decisions on agreeing to take severance payments into account in the calculation of any compensation payments on a case-by-case basis. As a result, we declare that the recommendation made in G.13 sentence 2 GCGC 2020 is not complied with.

Shareholders and Annual General Meeting

Shareholder Information: Shareholders can obtain full and timely information about our company on our website and can access current as well as historical company data. Among other information on its website, Vonovia regularly posts all financial reports, important information on the company's governing bodies (including resumes), its corporate governance documentation (declaration of conformity), information requiring ad hoc disclosure and press releases.

Directors' Dealings: Information on directors' dealings/managers' transactions notifiable pursuant to Article 19 of the Market Abuse Regulation is published by Vonovia without delay in accordance with the Regulation and is made available on the company's website, with information also being provided on the shares held by each member of the company's executive bodies.

Financial Calendar: Shareholders and interested members of the financial community can use the regularly updated financial calendar on the website to obtain information on publication, conference and information dates, roadshows and the timing of the Annual General Meeting early on.

Annual General Meeting and Voting: The Annual General Meeting decides in particular on the appropriation of profit, the ratification of the acts of the members of the Management Board and of the Supervisory Board, the appointment of the external auditor, amendments to the Articles of Association as well as specific capital measures and individually elects the shareholders' representatives to the Supervisory Board.

Our shareholders can exercise their voting rights at the meeting or instruct a proxy of their choice or one of the proxies provided for that purpose by the company. Our shareholders are also able to submit a postal vote. The details regarding the postal voting procedure are in the respective shareholder's invitation to the Annual General Meeting.

The entire documentation for the Annual General Meeting and opportunities to authorize, and issue instructions to, the company's proxies, as well as to submit a postal vote, are available to shareholders at all times on the Vonovia website.

Due to the coronavirus pandemic, the 2021 Annual General Meeting was held as a virtual event, as was the case in 2020. Vonovia believes that this concept has proven to be very successful. In the spirit of digitalization and sustainability, this Annual General Meeting format is considered to have future potential.

Remuneration Paid to Executive Bodies: The remuneration paid to the Management Board and the Supervisory Board has been set out in detail every year in the combined management report in line with the corporate governance requirements.

Going forward, and as a result of the "Act Implementing the Second Shareholders' Rights Directive" (ARUG II), the remuneration report will be published on Vonovia SE's website.

The basic principles of the remuneration system for Management Board members have to be approved by the Annual General Meeting. For this purpose, the Chairman of the Supervisory Board submitted the remuneration system, which had been enhanced in line with the German Stock Corporation Act (AktG) and the German Corporate Governance Code (GCGC), to the 2021 Annual General Meeting for approval, which was granted with 87.75% of the votes cast.

Supervisory Board

Duties and Responsibilities

The Supervisory Board appoints, supervises and advises the Management Board and is directly involved in decisions of fundamental importance to the company. The Supervisory Board performs its work in accordance with the legal provisions, the Articles of Association, its rules of procedure and its resolutions. It consists of twelve members, who were each elected for four fiscal years by the 2018 Annual General Meeting. The Supervisory Board continuously oversees the management and advises the Management Board.

The Supervisory Board examines and adopts the annual financial statements and the combined management report. It assesses and confirms the proposal for the appropriation of profit as well as the consolidated financial statements and the combined management report on the basis of the report prepared by the Audit Committee. The Supervisory Board reports in writing to the shareholders at the Annual General Meeting on the result of its examination.

The Chairman of the Supervisory Board is an independent member. The same applies to the chairs of the committees which the Supervisory Board has set up.

The Chairman of the Supervisory Board chairs the meetings and coordinates communications. The members of the Supervisory Board generally have the same rights and obligations. Supervisory Board resolutions are above all passed in the Supervisory Board meetings but also, if necessary, using the written procedure or by other communication means. At least two meetings are held every six months. In addition, if necessary and on the basis of the rules of procedure of the Supervisory Board, a meeting of the Supervisory Board or its committees can be convened at any time at the request of a member or the Management Board.

The Supervisory Board is composed in such a way that its members as a group have the knowledge, ability and specialist experience required to properly complete its tasks, and are all familiar with the real estate industry as the sector in which the company operates. At least one member of the Supervisory Board has expertise in the field of accounting and another member has expertise in the field of auditing.

Each Supervisory Board member shall ensure that he or she has enough time to carry out his or her mandate.

At the time at which this declaration was prepared, no Supervisory Board members exercised directorships or advisory tasks for important competitors of the company (see → **Conflicts of Interest**).

Supervisory Board Self-Assessment

The Supervisory Board performs regular efficiency reviews that are performed, in alternation, as self-evaluations using a written survey conducted among the members and with the involvement of an independent and experienced moderator in the form of personal interviews. The most recent regular evaluation, supported by a moderator and conducted in the fourth quarter of 2019, revealed that the Supervisory Board performs its work efficiently (see → **Report of the Supervisory Board**).

Supervisory Board Committees

The Supervisory Board sets up an Executive and Nomination Committee, an Audit Committee and a Finance Committee from among its members. Further committees are formed as required. Committees are made up of at least four members of the Supervisory Board (see Report of the Supervisory Board). The committees prepare subjects which are to be discussed and/or resolved by the Supervisory Board. In addition, they pass resolutions on behalf of the entire Supervisory Board. The basis for committee work was the transfer of tasks and responsibilities within the scope of the legal provisions.

The **Executive and Nomination Committee** is made up of the Chairman of the Supervisory Board and four other members to be elected by the Supervisory Board. The Chairman of the Supervisory Board is the Chairman of the Executive and Nomination Committee. The tasks of this committee are, in particular, to prepare the appointment of Management Board members and propose candidates for election as Supervisory Board members, to advise on the remuneration system, to assign responsibilities and to decide in cases of legal and loan transactions with members of the Management Board and conflicts of interest.

The Supervisory Board appoints one of the members of the **Audit Committee** as the Chairman of the Audit Committee. When electing the committee members, the Supervisory Board shall ensure that the Chairman of the Audit Committee has specialist knowledge and experience in the application of accounting principles and internal control processes. The Committee Chairman should be independent and not be a former member of the company's Management Board whose appointment ended less than two years before their appointment as Chairman of the Audit Committee. The chairman of the Supervisory Board shall not be the chairman of the Audit Committee. As a result of the FISG provisions, one committee member must have experience in accounting and the other in auditing. The Audit Committee handles, in particular, the monitoring of the accounting process, the effectiveness of the internal control system, risk management system and internal audit system, the audit of the annual financial statements and – unless another committee is entrusted therewith – compliance.

The Audit Committee prepares the resolutions of the Supervisory Board on the annual financial statements (and, if applicable, the consolidated financial statements), and, in place of the Supervisory Board, reaches the agreements with the auditor (in particular the issuing of the audit mandate to the auditor, the determination of strategic audit objectives and the fee agreement). The Audit Committee takes suitable action to assess and monitor the independence of the auditor and the audit quality. The Audit Committee also makes decisions on behalf of the Supervisory Board on the approval of contracts with auditors for non-assurance services.

The **Finance Committee** consists of the Supervisory Board Chairman or the latter's Deputy Chairman and four other members. The Finance Committee prepares the resolutions of the Supervisory Board on the following matters:

> Financing and investment principles, including the capital structure of the Group companies and dividend payments
> Principles of the acquisition and disposal policies, including the acquisition and disposal of individual shareholdings of strategic importance.

In place of the Supervisory Board, the Finance Committee adopts resolutions in particular on general guidelines and principles for the implementation of this financial strategy, including the handling of currency risks, interest, liquidity and other financial risks, the handling of credit risks and the implementation of external financing principles, and also on important transactions regarding the acquisition and disposal of properties and shares in companies as well as corporate financing.

The Management Board

Duties and Responsibilities

The Management Board members are jointly accountable for independently managing the company in the company's best interests while complying with the applicable laws and regulations, the Articles of Association and the rules of procedure. In doing so, they must take the interests of the shareholders, the employees and other stakeholders into account.

The Management Board is monitored and advised by the Supervisory Board. It has adopted the rules of procedure in consultation with the Supervisory Board. The Management Board has a chairman who coordinates the work of the Management Board and represents it in dealings with the Supervisory Board.

The Management Board informs the Supervisory Board regularly, in due time and comprehensively in line with the principles of diligent and faithful accounting in accordance with the law and the reporting duties specified by the Supervisory Board.

The Management Board develops the company's strategy, coordinates it with the Supervisory Board and implements it. It ensures that all statutory provisions and the company's internal policies are complied with. The Management Board also ensures appropriate risk management and risk controlling in the company.

It submits the corporate planning for the coming fiscal year to the Supervisory Board as well as the midterm and strategic planning. The Chairman of the Management Board informs the Supervisory Board Chairman without delay of important events that are essential for the assessment of the situation and the development of the company or for the management of the company as well as of any shortcomings that occur in the monitoring systems.

The Management Board requires the approval of the Supervisory Board for certain important transactions. Transactions and measures that require Supervisory Board approval are submitted in good time to the Supervisory Board, or to one of its committees where particular powers are delegated to them. The Management Board members are obliged to disclose any conflicts of interest to the Supervisory Board without delay and to inform the other Management Board members accordingly.

The Management Board members are subject to a comprehensive non-competition obligation. Management Board members may only take up sideline activities, in particular positions on supervisory boards outside the Group, with the approval of the Supervisory Board.

Important transactions between the company, on the one hand, and the Management Board members as well as persons they are close to or companies they have a personal association with, on the other, require the approval of the Supervisory Board. The internal procedure put in place by the Supervisory Board to evaluate these transactions is set out in the Report of the Supervisory Board.

Recruitment of Members of Executive Bodies

In accordance with the German Corporate Governance Code, the Supervisory Board and the Management Board must be composed in such a way that these bodies/their members as a group have the knowledge, ability and specialist experience required to properly complete their tasks. The requirements were extended and set out by law with the entry into force of the CSR Directive Implementation Act. The Supervisory Board has adopted the following criteria and objectives for recruiting individuals to the Management and Supervisory Boards, taking the above-mentioned requirements into account:

Recruitment of Members of the Supervisory Board

Composition: As a listed company that is not subject to codetermination, the Supervisory Board of Vonovia SE is to include twelve members, an appropriate number of whom are to be independent within the meaning of the Code. All members should have sufficient time available to perform the duties associated with their mandate with due regularity and care.

When proposing candidates to fill new Supervisory Board positions to the Annual General Meeting, the Supervisory Board should have performed an extensive review to ensure that the candidates standing for election meet the corresponding professional and personal requirements (see below) and must disclose the candidates' personal and business-related relationships with the company, the governing bodies of the company and any shareholders with a material interest in the company. Shareholders are deemed to hold a material interest if they hold more than 10% of the voting shares in the company, either directly or indirectly.

Other general criteria, and criteria defined in the GCGC that applied in the fiscal year under review, governing composition include:

> No more than two former members of the Management Board shall be members of the Supervisory Board.
> Supervisory Board members shall not exercise directorships or similar positions or advisory tasks for important competitors of the company.
> If a (designated) member belongs to the management board of a listed company, this member shall not accept more than a total of two supervisory board mandates in non-Group listed companies or on supervisory bodies of non-Group entities that make similar requirements.
> The standard limit for length of membership on the Supervisory Board has been set at a maximum of 15 years.
> The age limit has been set at 75 at the time of election to the Supervisory Board.

Skills profile: The Supervisory Board of Vonovia SE should be composed so as to ensure qualified supervision of, and provision of advice to, the Management Board. The candidates nominated for election to the Supervisory Board should be able, on the basis of their knowledge, skills and professional experience, to perform the duties of a Supervisory Board member of a listed real estate company that is active on the international capital market. In terms of their personality, the candidates nominated for election should show integrity, professionalism and commitment. The aim is to ensure that the Supervisory Board as a whole offers all of the knowledge and experience that the Group considers to be important for ensuring Vonovia's operational and financial further development.

Independence: The Supervisory Board shall only include members that it considers to be independent. Material conflicts of interest that are not merely of a temporary nature, e. g., arising from functions on executive bodies or advisory roles performed at the company's major competitors, should be avoided. A Supervisory Board member is, in particular, not to be considered independent if they have personal or business relations with the company, its bodies, a controlling shareholder or a company associated with such a shareholder that may cause a substantial and not merely temporary conflict of interest.

Diversity: When nominating candidates for election, the Supervisory Board should also take diversity into account. In accordance with the German Act on the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector (Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in Privatwirtschaft und im öffentlichen Dienst), the Supervisory Board should comprise at least 30% women and 30% men. In addition, at least one woman should be a member of the Nomination Committee. Vonovia's Supervisory Board will meet both criteria – both for the period until December 31, 2021, and for the following target period leading up to the end of 2026. When assessing potential candidates for reelection or to fill a Supervisory Board position that has become vacant, qualified women are to be included in the selection process and given appropriate consideration when the nominations are made.

Target achievement: The objectives regarding the composition of the Supervisory Board set out above have been met. There are four female members of the Supervisory Board (33%). Hildegard Müller, Clara-Christina Streit and Dr. Ariane Reinhart are members of the Executive and Nomination Committee. All twelve members of the Supervisory Board are considered by the latter to be independent within the meaning of Nos. C. 6 and C. 7 of the GCGC, including Professor Klaus Rauscher, who is currently in his thirteenth year of office on the Supervisory Board, as he has no personal or business relationships with the company or the Management Board that would constitute a material conflict of interest that is not only of a temporary nature. When assessing whether or not a Supervisory Board member can be considered independent, all circumstances that the Supervisory Board considers relevant must be included in an overall assessment. The only factor arguing against this in Professor Rauscher's case, namely his long length of service, is canceled out by his extensive experience in regulated industries, as well as on the company's Supervisory Board. The main knowledge, skills and professional experience of the Supervisory Board members are summarized in the table below.

Supervisory Board Qualifications Profile

Name	Independent	Year of birth	Year appointed	Nationality	Key skills & areas of experience*: Finance, accounting, financial planning and analysis	Real estate	Strategy	Legal and regulation	International experience, M&A, capital markets	Investment expertise	Digitalization	Sustainability
Jürgen Fitschen (Chairman)	yes	1948	2018	German	x		x	x	x	x		
Prof. Dr. Edgar Ernst	yes	1952	2013	German	x		x	x	x	x		
Burkhard Ulrich Drescher	yes	1951	2014	German		x	x	x			x	x
Vitus Eckert	yes	1969	2018	Austrian		x	x	x	x	x		
Dr. Florian Funck	yes	1971	2014	German	x		x	x	x	x		
Dr. Ute Geipel-Faber	yes	1950	2015	German	x	x			x	x		x
Daniel Just	yes	1957	2015	German	x	x	x			x		x
Hildegard Müller	yes	1967	2013	German	x		x	x			x	x
Prof. Dr. Klaus Rauscher	yes	1949	2008	German	x	x	x	x	x			
Dr. Ariane Reinhart	yes	1969	2016	German			x	x	x		x	x
Clara-Christina Streit	yes	1968	2013	German/U.S.	x		x		x	x	x	
Christian Ulbrich	yes	1966	2014	German		x	x		x	x	x	

* The members of the Supervisory Board can specify up to 5 areas of experience.

Recruitment of Members of the Management Board

Composition: In accordance with the Articles of Association, the Management Board of Vonovia SE consists of at least two members. The Supervisory Board appoints the Management Board members in accordance with the Articles of Association and the law. The Supervisory Board can appoint a Chairman of the Management Board and a Deputy Chairman of the Management Board. The decisions made by the Supervisory Board on the composition of the Management Board should be based on a careful analysis of the existing and future challenges facing the company. The Management Board of Vonovia SE should be composed so as to ensure that, as the management body, it can perform the duties set out above reliably and in full. When taken as a whole, it should combine all of the knowledge and experience required to ensure that the Group can pursue its operational and financial objectives in an effective and sustainable manner in the interests of the shareholders and other stakeholders. While membership of the Management Board is not limited to a certain period of time, the contract of employment of a Management Board member ends when the member turns 67 at the latest.

Skills profile: Newly appointed Management Board members should be able, on the basis of their knowledge, skills and professional experience, to reliably perform the duties assigned to them in a listed real estate company that is active on the international capital market. In addition to having good professional and fundamental general qualifications, they should also show integrity, professionalism and commitment.

Independence: The Management Board should perform its management duties in a manner that is free of any conflicts of interest. Functions on executive bodies or advisory roles performed at major competitors of the company should be avoided.

Diversity: When looking for candidates to fill a Management Board position that has become vacant, the Supervisory Board should include qualified women in the selection process and give them appropriate consideration. Gender should be irrelevant when it comes to filling Management Board positions. The Supervisory Board has extended the target of at least 20% women on the Management Board, which was to be achieved by December 31, 2021 until December 31, 2026. For the two levels of management below the Management Board, the new target for the proportion of women is 29%, to be achieved by December 31, 2024.

Target achievement: The objectives regarding the composition of the Management Board set out above have been met in full. The Management Board consists of one female and three male members who are able to manage the Group appropriately on the basis of their experience and skills. At the time at which this declaration was made, the first two levels of management below Vonovia's Management Board comprises 28% women. Achieving the target of 29% women by December 31, 2024, for both management levels will continue to require even more systematic succession planning in order to actively support women and open up opportunities for them to assume technical management roles against the backdrop of the planned expansion of technical services at Vonovia.

Succession planning: The Management Board and the Supervisory Board address long-term succession planning for the Management Board on an ongoing basis. Last year, the Supervisory Board once again discussed positions to be filled in the Management Board and long-term workforce planning, taking the ideas explored by the Management Board into account.

Cooperation Between the Management Board and the Supervisory Board

The Management and Supervisory Boards vote on the strategic direction of the company and discuss the current status of its implementation at regular intervals. Furthermore, the Management Board regularly informs the Supervisory Board in written or verbal reports of topics including the development of business and the situation of the company. In this way, the Supervisory Board receives detailed documents from the Management Board regularly and in a timely manner on the economic development and the company's current situation as well as the half-yearly risk management and compliance reports that deal with the most important risks for the business as well as compliance management at Vonovia SE. On the basis of these reports, the Supervisory Board monitors the company's management by the Management Board as well as via its committees where particular powers are delegated to these committees. The Supervisory Board meets on a regular basis without the Management Board if personnel matters relating to the Management Board are to be discussed.

Avoidance of Conflicts of Interest

In the reporting year, there were no conflicts of interest of Management Board or Supervisory Board members, which are to be reported immediately to the Supervisory Board. There was no need to discuss or make decisions on legal matters, in particular lending transactions with members of executive bodies or individuals related to them.

Accounting and Financial Statement Auditing

The Annual General Meeting selected KPMG AG Wirtschaftsprüfungsgesellschaft as auditor for the annual financial statements and consolidated financial statements.

We prepare the annual financial statements of Vonovia SE in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG) and the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) to be applied in the EU. In addition, we prepare a combined management report as required by the German Commercial Code and the German Stock Corporation Act (AktG). The Management Board is responsible for financial accounting. The Supervisory Board examines and adopts or approves the annual financial statements, the consolidated financial statements and the combined management report.

In addition to our annual financial statements, we also prepare interim statements for the first and third quarters as well as an interim financial report for the first half-year in accordance with the German Securities Trading Act.

Both the interim statements and the interim financial report are presented to, and discussed with, the Audit Committee of the Supervisory Board before they are published.

Under German stock corporation and commercial law, there are special requirements for internal risk management that apply to Vonovia. Therefore, our risk management system covers risk inventory, analysis, handling and limitation. In accordance with Section 317 (4) of the German Commercial Code applicable to listed companies, KPMG assesses in its audit the risk early warning system as part of the risk management system. Furthermore, we maintain standard documentation of all our internal control mechanisms throughout the Group and continually evaluate their effectiveness.

In the combined management report, we provide comprehensive information on the main features of the internal control and risk management system with regard to the accounting process and the Group accounting process in accordance with our reporting duties pursuant to Sections 289 (4) and 315 (4) of the German Commercial Code.

Pursuant to Section 315b (Section 289b) of the German Commercial Code (HGB), the Management Board is obliged to submit a Non-financial Declaration, which in turn has to be reviewed by the Supervisory Board. The Supervisory Board has commissioned the auditor to perform the review. The Management Board also prepares a sustainability report with annexes for classification in the context of sustainability ratings.

Overview

> Positive business development in 2021, another year dominated by the pandemic
> Successful acquisition of the Deutsche Wohnen Group in the third quarter of 2021
> Significant equity and debt financing measures implemented
> New construction and modernization strategy continued
> A total of 2,200 new apartments created
> Sustainability Performance Index increases to 109%

Vonovia can report **positive business development** in the pandemic year of 2021. All in all, the coronavirus pandemic only had a minor impact on the company's operating business.

Total segment revenue increased by 18.5% to around € 5.2 billion in 2021.

The **Adjusted EBITDA Total** came to € 2,269.3 million, an increase 18.8% against the 2020 figure.

Group FFO improved by 24.0% from € 1,348.2 million to € 1,672.0 million.

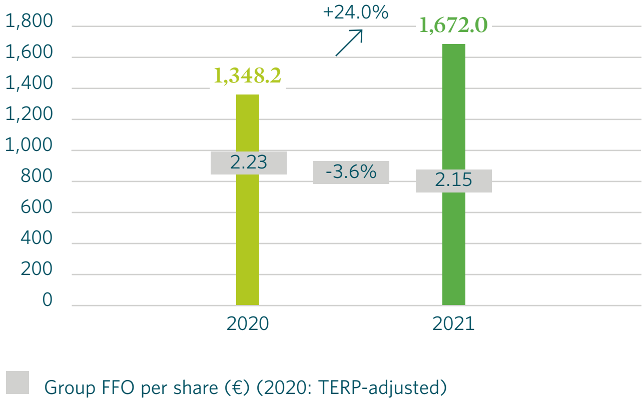
The **EPRA NTA per share** came in at € 66.73, up by 13.5% on the TERP-adjusted prior-year value of € 58.78.

The **Sustainability Performance Index** rose to 109% by the end of 2021. This was helped along in particular by the reduction of CO_2 intensity, the development of the average primary energy requirements of new construction, and the positive development of the customer satisfaction index.

Sustained Earnings

Group FFO

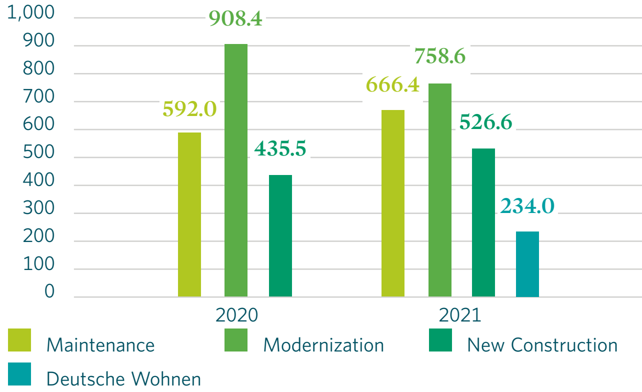
in € million



Maintenance, Modernization and New Construction

Investments

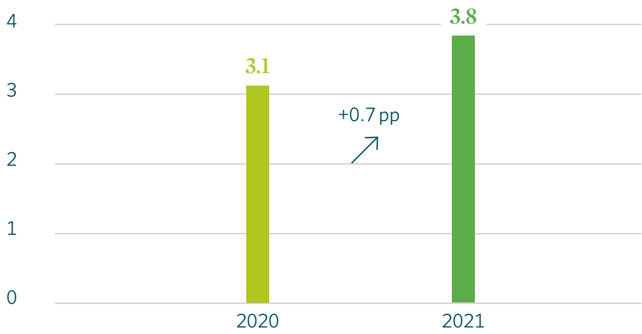
in € million



Organic Rent Growth

Organic Rent Growth

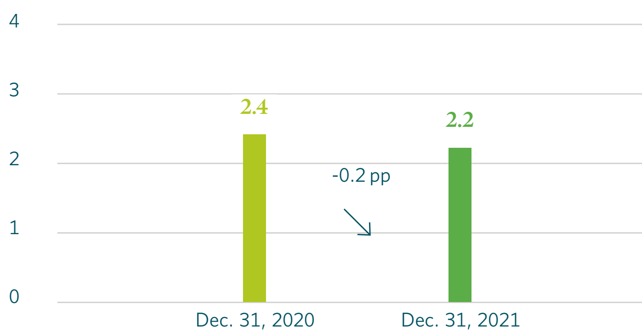
in %



Vacancy

Vacancy Rate

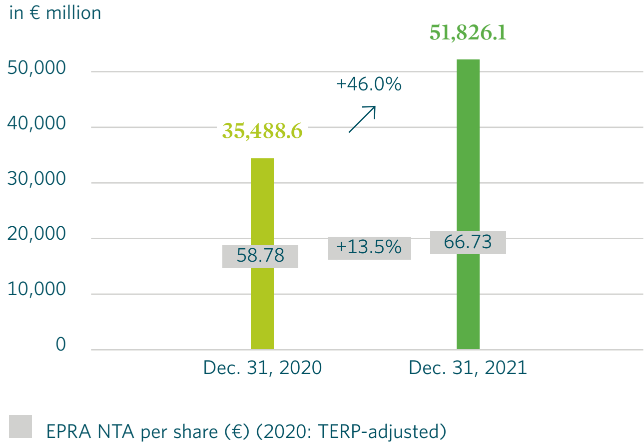
in %



Net Assets

EPRA NTA

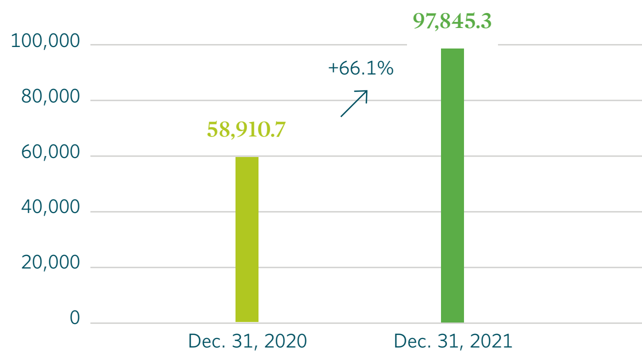
in € million



Fair Value of the Real Estate Portfolio

Fair value

in € million



Vonovia SE on the Capital Market

> Dividend Increased for the Eighth Time Running
> Successful Takeover of Deutsche Wohnen SE Including Capital Increase
> Renewed Improvement in Key ESG Ratings such as Sustainalytics, CDP or S&P Global

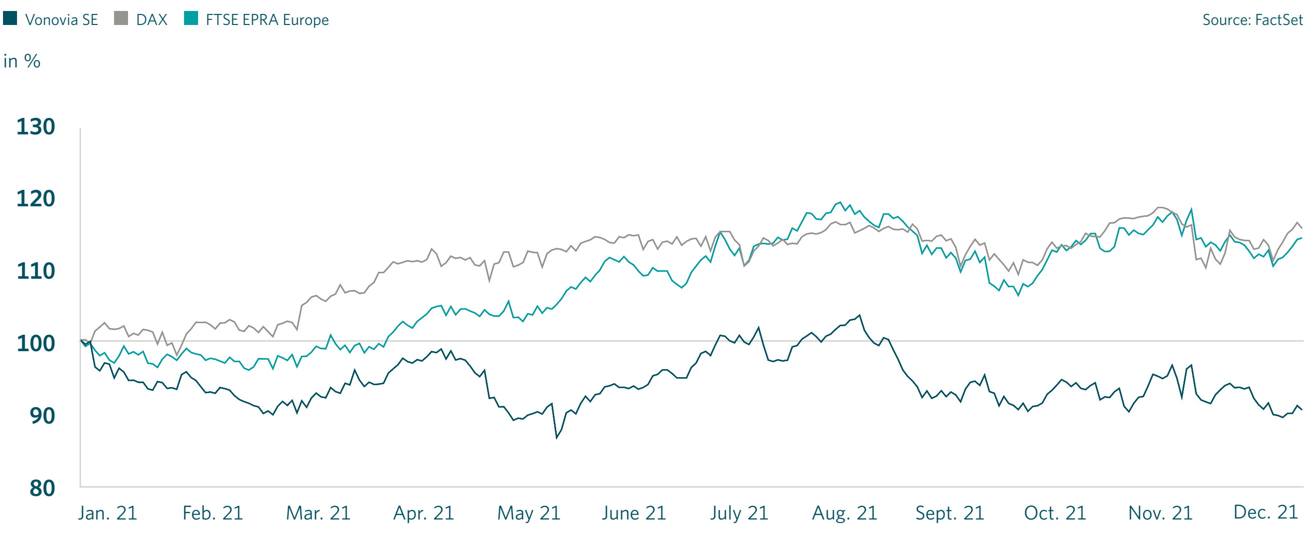
Developments on the International Capital Markets

The global coronavirus pandemic has been having an impact on the international capital markets since February 2020, and this continued in 2021. While the DAX 40 was still up by more than 13% after the first six months of 2021, the positive trend slowed down as the end of the year approached. Even though the DAX 40 still managed to reach an annual high in excess of 16,000 points, it closed the year at 15,885 points, which equates to an increase of only 1.7% in the second half of the year. We believe that there are three main reasons behind the damper on this positive trend: the emergence of the more contagious Omicron variant of the coronavirus, with fears of more rigorous restrictions or renewed lockdowns; the fact that international production was hindered by global supply bottlenecks and the associated fears of weaker economic output; and the further increase in inflation, which is likely to have put the brakes on developments on the stock markets due to fears that the trend would result in rising interest rates.

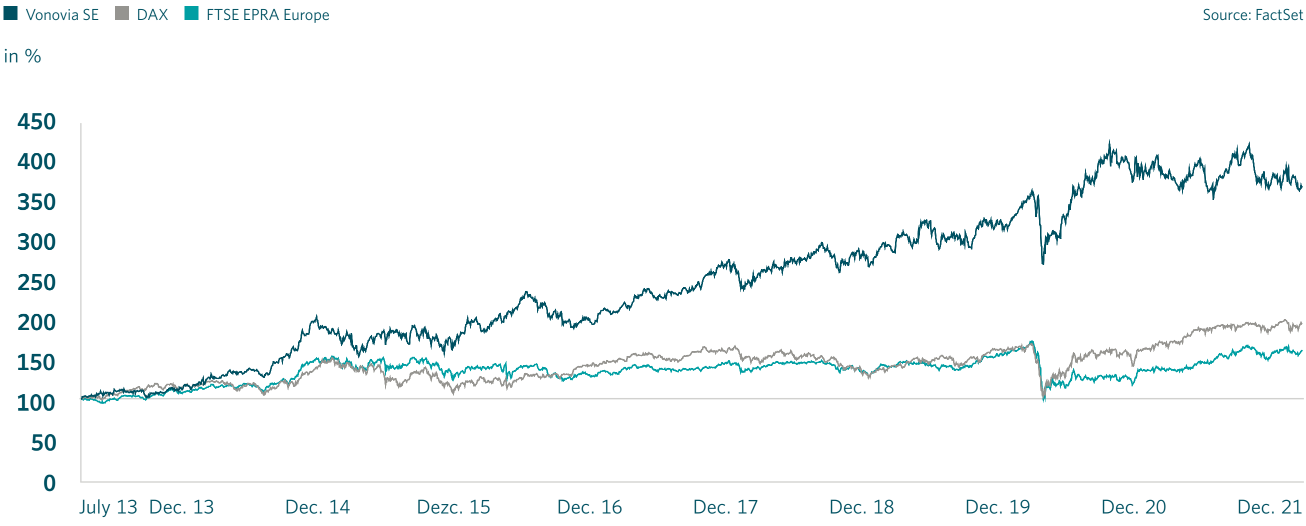
Shares in Vonovia

Vonovia's shares closed 2021 at € 48.50 after a volatile year on the stock market. While the relevant benchmark indices showed positive development in the course of 2021, with the DAX 40 gaining 15.8%, the FTSE EPRA Europe rising by 15.1% or the EURO STOXX 50 making gains of 20.6%, Vonovia's shares lost 13.4% of their value. Concerns regarding a prolonged period of high inflation and an associated rise in interest rates had a negative impact on the share price performance of German residential real estate companies, particularly towards the end of 2021. The imminent capital increase, which we ultimately implemented successfully in connection with the Deutsche Wohnen transaction in December, also had an impact on Vonovia's share price, as was to be expected.

Share Price Development



Share Price Performance since IPO



Even though Vonovia's share price declined in 2021, we still believe that our shares reflect the success of our business model as a whole in the long term. The graphic, for example, illustrates Vonovia's share price performance as against the DAX and EPRA since the time of the IPO and its superior performance of approx. 270% in the period leading up to the end of 2021.

Vonovia's shares reached their highest price for the year on August 22, 2021 at € 57.15 and their lowest price on May 25, 2021 at € 45.53.

Vonovia's market capitalization amounted to around € 37.7 billion as of December 31, 2021.

As a residential real estate company, Vonovia's operating business is still only very marginally affected by the coronavirus pandemic. Particularly on the demand and the resulting income side, we still do not expect the crisis to have any impact to speak of. Rather, the main long-term megatrends will remain the dominant forces driving our business: urbanization and the resulting imbalance between supply and demand as well as climate change and the reduction of CO_2 emissions in the housing stock. Other key factors include demographic change and senior-friendly apartment conversion. We are optimistic as we look ahead to the future and are confident that we will remain financially successful.

The average trading volume for shares in Vonovia SE, expressed as the number of shares traded on XETRA, remained more or less on a par with the 2020 fiscal year, with an average daily trading volume of 1.7 million shares in 2021. Expressed in euros, shares in Vonovia worth € 84 million were traded every day on average in 2021.

Index Memberships: Vonovia SE Member of the EURO STOXX 50, DAX 50 ESG and DJSI Europe

Vonovia has been a member of various sustainability indices since 2020, in particular the DAX 50 ESG and the Dow Jones Sustainability Index (DJSI Europe), which confirms Vonovia's successful ESG activities and the progress made in this area.

Capital Increase with Subscription Rights Totaling € 8.1 billion

In connection with the refinancing of the acquisition of Deutsche Wohnen, Vonovia's Management Board passed a resolution, with the approval of the Supervisory Board, on a capital increase with subscription rights in the amount of approximately € 8.1 billion on November 21, 2021. Vonovia's existing shareholders were able to purchase 7 new shares for 20 existing ones at a price of € 40 per share, which corresponded to a standard market discount of approximately 20% on the TERP (theoretical ex-rights price).

By the end of the subscription period on December 7, 2021 subscription rights had been exercised for 198,508,119 shares, corresponding to a subscription rate of 98.59%. The remaining 2,831,943 new shares were placed with institutional investors as part of a private placement. This brought the total gross proceeds to just under € 8.1 billion.

Following the entry of the capital increase in the commercial register on December 2, 2021 the company's share capital amounts to € 776,597,389.00, split into 776,597,389 shares.

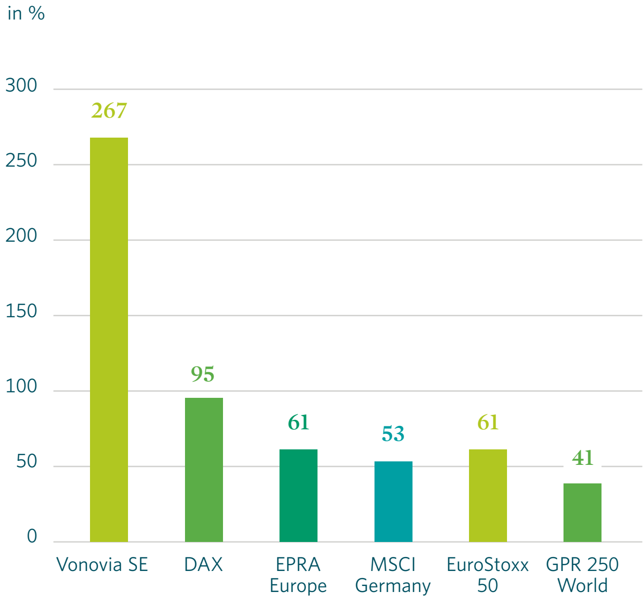
A capital increase with subscription rights at a discount requires all of the historical key figures per share to be adjusted, as a capital increase with subscription rights at a discount is a combination of an issue at the full share price and a bonus share issue.

Pursuant to IAS 33, the earnings per share for previous periods have to be adjusted to reflect the bonus element. Vonovia applies this method to all other share-related key figures, such as Group FFO, share prices, dividends or NTA, and marks the figures concerned accordingly.

Long-term Yield

An investor who bought shares in Vonovia when the company went public in 2013 and has held them ever since, reinvesting each dividend in more shares in Vonovia, will have seen the value of their securities deposit account increase by 267% by December 31, 2021 a result that far outstrips the performance of a corresponding investment in the benchmark indices.

Yield since Vonovia IPO

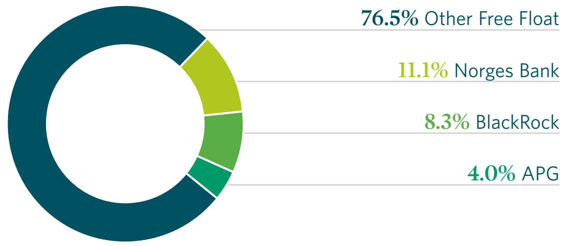


VNA and DAX performance are total shareholder return (share price plus dividends reinvested); MSCI Germany, GPR 250 World, EuroStoxx50 and EPRA Europe are share price performance only.

Shareholder Structure

The chart shows the company's shareholdings based on the data it collects itself and/or based on the voting rights pursuant to Sections 33 and 34 of the German Securities Trading Act (WpHG) as notified by the shareholders in relation to the current share capital. It is important to note that the number of voting rights most recently reported may have changed in the meantime, without any requirement to notify the company being triggered, within the range of the relevant threshold values.

Major Shareholders (as of December 31, 2021)

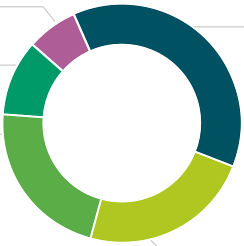


Based on the German stock exchange's definition of free float, only the interest held by Norges Bank (Ministry of Finance on behalf of Norway) does not count towards the free float. This means that 88.9% of Vonovia's shares were in free float on December 31, 2021. The underlying **voting rights notifications** and corresponding financial instruments reported by shareholders or other instruments pursuant to Sections 38 and 39 WpHG can be found online.

In line with Vonovia's long-term strategic focus, the majority of its investors also have a long-term focus. The company's investors include pension funds, sovereign wealth funds and international asset managers in particular. We determine/update the shareholder structure once a quarter. By the end of 2021, we had identified approximately 93% of our shareholder base. Institutional investors account for 96% of our shareholders and private investors for around 4%. The breakdown of the company's shareholders by region at the end of 2021 is roughly as follows:

Regional Distribution of Institutional Investors of Vonovia SE

Source: Own survey by NASDAQ



Annual General Meeting 2021

Vonovia conducted its second virtual Annual General Meeting on April 16, 2021. Given the health-related risks and official requirements imposed as a result of the coronavirus pandemic, it was impossible to hold an Annual General Meeting allowing participants to be physically present, as was already the case in 2020. The Annual General Meeting was chaired by Jürgen Fitschen, Chairman of the Supervisory Board of Vonovia SE.

Together with Rolf Buch, CEO of Vonovia SE, he spoke to the company's shareholders from a studio set up at the corporate headquarters in Bochum. The Annual General Meeting, which also featured sign language interpretation, was streamed live in the Investor Portal on the Investor Relations website.

Shareholders had submitted more than 800 questions for the general debate electronically in advance. Their voting rights could be exercised before and during the Annual General Meeting electronically, per postal vote or by authorizing the company's proxies.

With more than 800 participants representing 77% of the share capital present at the same time, all resolution proposals were approved with a large majority. The dividend proposed to the company's shareholders for the 2020 fiscal year also found broad support among Vonovia's shareholders. For the fifth year in a row, shareholders were again able to choose either a conventional cash dividend or payment in the form of shares. At 49.18%, around half of shareholders holding shares carrying dividend rights opted for payment in the form of shares.

Since 2018, the **investor portal** has given our shareholders the option to conveniently attend to all formalities relating to registering for and voting at the Annual General Meeting online.

Investor Relations Activities

In 2021, Vonovia participated in a total of 29 investors' conference days and organized 14 roadshow days. In addition, Vonovia took part in various investor forums and numerous one-on-one meetings with investors and analysts to keep them informed of current developments and special issues. In 2021, we held several hundreds of talks with analysts and investors. In addition to the coronavirus pandemic and its impact on Vonovia's business model, our talks with the capital market covered the topics of sustainability,

Successful Development of Vonovia's Shares Over a Period of Several Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Annual closing price (€)	16.06*	25.08*	26.76*	28.97*	38.80*	37.11*	45.00*	56.02*	48.50
High (€)*	17.62	25.08	31.15	34.51	39.26	41.88	45.78	58.33	56.64
Low (€)*	15.65	16.31	22.68	23.43	28.08	33.94	37.39	36.19	45.85
No. of shares as of Dec. 31 (in million)	251.5*	304.6*	497.2*	497.2*	517.6*	552.8*	578.6*	603.8*	776.6
Market cap as of Dec. 31 (€ billion)	4.0	7.6	13.3	14.4	20.1	20.5	26.0	33.8	37.7
Average transaction volume per day (VWAP in € million)*	1.3	12.3	45.2	41.2	47.6	55.8	65.9	85.7	84.2
Dividend per share (€)	0.62*	0.70*	0.88*	1.05*	1.24*	1.35*	1.47*	1.58*	1.66**
Dividend yield (%)	3.9	2.8	3.3	3.6	3.2	3.6	3.3	2.8	3.4

* Values are TERP-adjusted (TERP 2015: 1,051 – capital increase with subscription rights in connection with Südewo acquisition; TERP 2021: 1.067 – capital increase with subscription rights in connection with Deutsche Wohnen acquisition).
** Planned dividend proposed to the 2022 Annual General Meeting.
Source of share prices: FactSet

the investment program, rent regulation in Germany and national and international acquisition targets particularly frequently.

After we had to suspend our annual Capital Markets Day for institutional investors and analysts once again in 2021, we plan to resume the annual event series as soon as the coronavirus pandemic allows, at the very least as a hybrid event. You can find more details on our **Investor Relations website**.

We will also continue to communicate openly with the capital market in 2022. Various roadshows, conferences and investor forums have already been planned. Information can be found in the **Financial Calendar** on our **Investor Relations website**.

Positive Analyst Assessments

As of December 31, 2021 24 analysts were publishing studies on Vonovia on a regular basis (figure as of: December 31, 2021). Due to the Deutsche Wohnen transaction, three analysts were restricted at this time and are not publishing any recommendations. The average target share price was € 63.09 per share as of December 31, 2021 with 76.2% of analysts issuing a "buy" recommendation, 19.0% issuing a "hold" recommendation and 4.8% issuing a "sell" recommendation.

For information on the banks that report on Vonovia and value its shares, please visit our **Investor Relations website**.

Share Information (as of December 31, 2021)

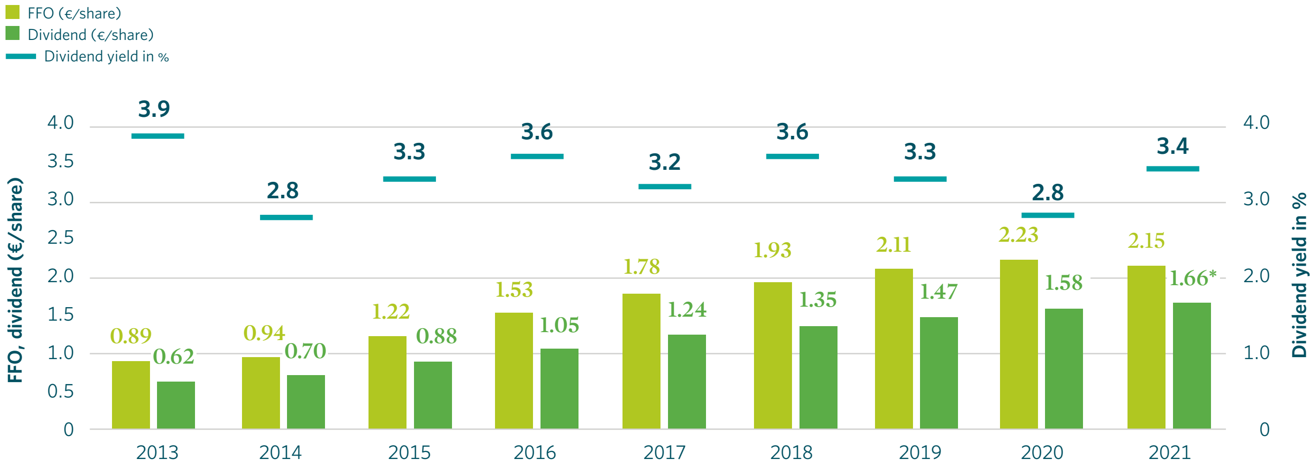
First day of trading	Jul. 11, 2013
Subscription price	€ 16.50 | € 14.71*
Total number of shares	776,597,389
Share capital	€ 776,597,389
ISIN	DE000A1ML7J1
WKN	A1ML7J
Ticker symbol	VNA
Common code	94567408
Share class	Registered shares with no par value
Stock exchange	Frankfurt Stock Exchange
Market segment	Regulated market
Indices	DAX 40, EURO STOXX 50, DAX 50 ESG, Dow Jones Sustainability Index Europe, STOXX Global ESG Leaders, EURO STOXX ESG Leaders 50, STOXX Europe ESG Leaders 50, FTSE EPRA/NAREIT Developed Europe and GPR 250 World

* TERP adjusted.

Attractive Dividend

The continuity of our business model is also reflected in our dividend policy. Our aim is to distribute around 70% of our Group FFO to our shareholders. As far as the 2021 fiscal year is concerned, we plan to propose a dividend per share of € 1.66 to the Annual General Meeting, which represents an increase of € 0.08 per share as against 2021 and corresponds to a dividend yield of 3.4% based on the closing price of the company's shares of € 48.50 as of December 31, 2021.

Attractive Dividend



FFO: 2013–2018: "FFO" corresponds to FFO 1; as of 2019: "FFO" corresponds to Group FFO. The years 2013 and 2014 are TERP-adjusted. TERP 2015: 1,051 – capital increase with subscription rights in connection with Südewo acquisition. The years 2013 and 2020 are TERP-adjusted. TERP 2021: 1,067 – capital increase with subscription rights in connection with Deutsche Wohnen acquisition.
* Planned dividend proposed to the 2022 Annual General Meeting.

Financing Environment

As in the previous year, economic activity in 2021 was dominated by the coronavirus pandemic. Measures to open sectors up and close them down, new vaccines, new mutations and new waves of infections confronted the general public, policymakers and the business world with an ever-changing overall environment. Local outbreaks and quarantine measures disrupted global trade and exacerbated global bottlenecks. While the shortage of primary products, in particular, paralyzed the global industrial recovery, the disruptions affecting industrial production were countered by sustained high demand for industrial products. This has resulted in substantial price increases, especially for intermediate goods.

The consensus based on the forecasts collected by Bloomberg is that the global economy will have grown by 5.9% in 2021 as a whole. Growth of 4.5% is expected for 2022.

In response to the spread of the coronavirus and in a quest to stabilize the financing markets, the European Central Bank ("ECB") had launched the Pandemic Emergency Purchase Programme ("PEPP") in March of 2020 as a special monetary policy measure. At the last ECB meeting held in December 2021, the Governing Council decided that net purchases under the PEPP were to be lower in the first quarter of 2022 than in the fourth quarter of 2021, and would ultimately be phased out by the end of March 2022.

By contrast, purchases under the Asset Purchase Programme ("APP") introduced back in 2015 are to be temporarily increased. The ECB plans to increase the monthly APP purchase volume from the current level of € 20 billion to € 40 billion in the second quarter of 2022 and then reduce it again to € 30 billion in the third quarter. From October 2022 onwards, the net purchase volume is to return to € 20 billion.

The ECB remains committed to its expansive monetary policy in a quest to remain flexible and have a certain degree of leeway with regard to the medium-term inflation target of 2%. In the euro area, consumer prices rose by 4.9% year-on-year in November – the highest rate of inflation witnessed since the creation of the single currency area. This inflation is being driven primarily by the marked increase in the price of gasoline, gas and electricity.

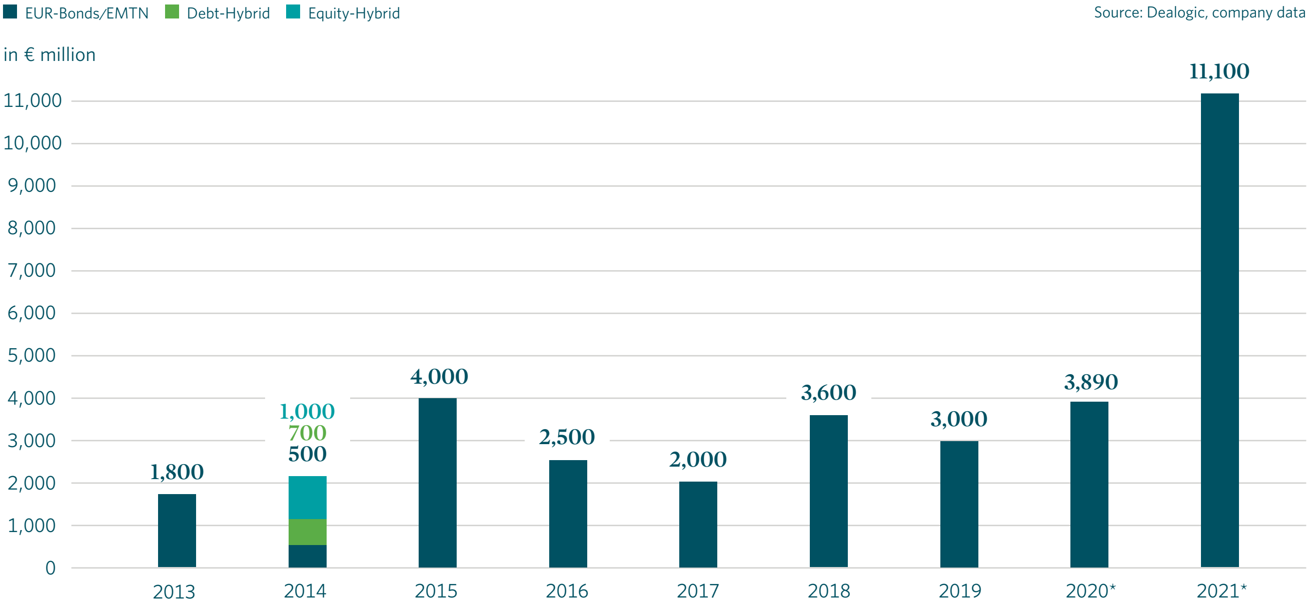
The deposit rate in the euro area has been unchanged at -0.5% since September 2019, while the main refinancing rate is 0.0%.

The yield on ten-year German Federal bonds fluctuated in 2021 and has been languishing in negative territory since May 2019.

In December 2021, the U.S. Federal Reserve System ("FED"), the world's largest central bank, signaled that it would be tightening the monetary policy reins. This sees the FED accelerate its break with extremely loose monetary policy in response to high inflation. The economic stimulus programs ("tapering") will be ended – asset purchases are now to be wound down quickly. Back in November, securities worth USD 105 billion were still being purchased; in December, the figure was to have been slashed to USD 90 billion, with only USD 60 billion being purchased as of January 2022. This means that the program could expire in March, which is a prerequisite for a potential interest rate hike. While central banks have signaled several increases in the key interest rate for 2022 and the following year, the key rate, which has been stuck in an extremely low range of 0.00% to 0.25% since March 2020, has not changed as yet.

In December, the Bank of England took the markets by surprise by raising its key interest rate from 0.15% to 0.25%. This makes it one of the first central banks in Europe, and the first major central bank overall, to take this step. The move was triggered by the rate of inflation in the United Kingdom, which recently rose to more than 5%.

Vonovia's Public Bond Issue Volume Per Year (EUR bond)



* Incl. Deutsche Wohnen.

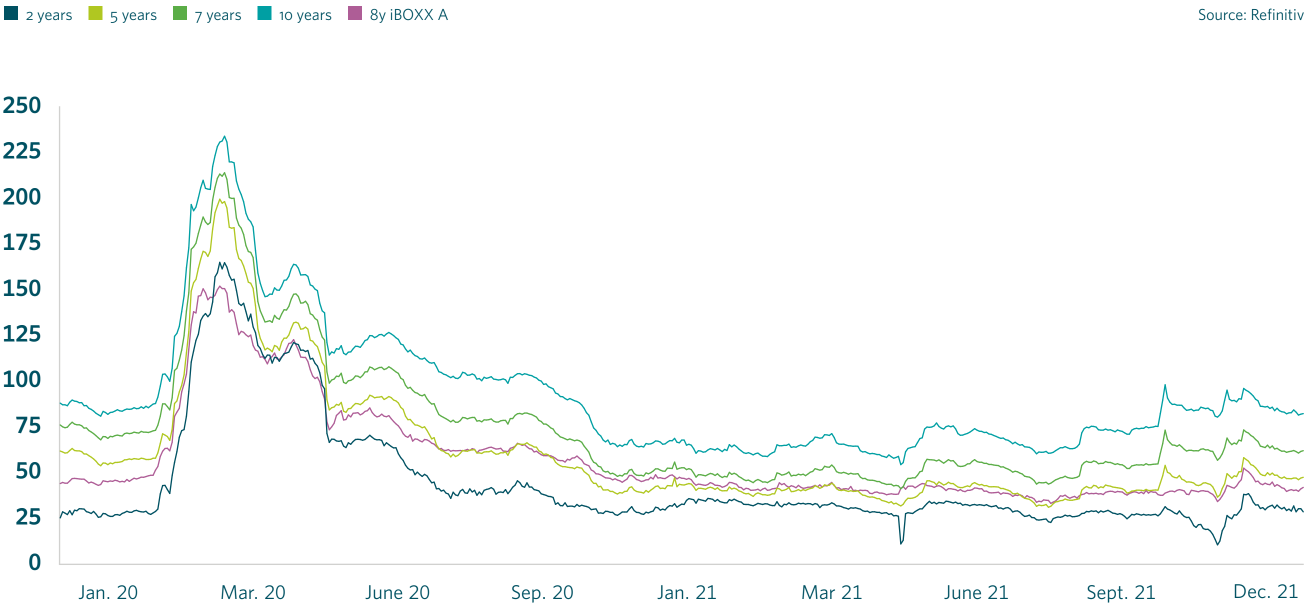
One of the World's Biggest Capital Market Issuers

The rating agency Standard & Poor's has assigned Vonovia SE a long-term corporate credit rating of BBB+ and a short-term credit rating of A-2. Thanks to the successful capital increase of around € 8 billion, the associated stable capital resources and the further reduction in risk resulting from the takeover of Deutsche Wohnen, S&P has raised its outlook from stable to positive.

The Berlin-based Scope Group has also issued Vonovia SE a rating of A- with a stable outlook.

In May 2021, Moody's became the third rating agency to publish a rating for Vonovia for the first time. Its initial rating is A3 in the investment grade range, with a stable outlook.

Spread Development (in Basis Points)



Vonovia's first-class credit rating continues to give the company unrestricted access to the international capital markets.

With an issue volume of € 11.1 billion (2020: € 3.9 billion), Vonovia (incl. Deutsche Wohnen) ranks among the top 5 euro-investment grade issuers in 2021 based on analyses performed by Dealogic (2020: top 20 euro-investment grade issuers). The volume-weighted average interest cost of the new bonds in 2021 comes to 0.63% (2020: 1.28% p.a.) with a weighted average maturity of 10.9 years (2020: 10.7 years). In 2021, Vonovia once again made active use of the difficult market environment to further optimize its capital structure.

Successful Financing Measures in 2021

Vonovia was able to demonstrate its professionalism and expertise in 2021 with acquisition financing in the amount of € 22.4 billion for Deutsche Wohnen, the largest ever financing arrangement seen in the German real estate industry. In order to ensure rating neutrality, the core element of the company's M&A philosophy, two bond takeouts were implemented in June and August 2021. The two bond transactions were the largest seen in the real estate sector anywhere in the world to date; the most recent, in particular, had a duration of 10.3 years and an average coupon of 0.49% and was also the first 30-year bond issued by a European real estate company

Vonovia made use of the capital market five times in 2021:

> A new bond with a volume of € 500 million and a term of 20 years had already been issued at the end of January 2021.
> March saw Vonovia issue its first few green bonds in the amount of € 600 million with a term of 10 years.
> Another bond with 5 tranches and a total volume of € 4 billion was issued in June. The terms were between 3 and 20 years.
> In August, another bond with a total volume of € 5 billion was issued in 5 tranches with terms of between 2 and 30 years.

Capital Markets Outlook

2021 was another year full of challenges. The supply and delivery bottlenecks are proving to be more intense and persistent than expected. The impact of the new Omicron variant of the coronavirus remains unclear.

Looking at the global macroeconomic environment, more bottlenecks, higher inflation and slower growth are predicted to be on the cards for 2022.

From a global perspective, the course that the coronavirus pandemic takes is also likely to have a decisive influence on economic development in 2022. But the world is faced with other challenges, too, such as climate protection and the associated transformation towards a climate-friendly "green" economy.

Another topic that has become increasingly important is digital transformation, with the demands it places on both the expansion of digital infrastructures and the corresponding regulatory framework. Last but not least, ongoing geopolitical uncertainty, for example in Asia or in Russia's sphere of influence, as well as the battle between different social and economic systems, namely between the U.S. and China, for resources, shares in trade, technological supremacy and geopolitical influence could add further fuel to the disruption of global economic growth in the form of trade wars or financial market restrictions, for example. Rising to these challenges will likely continue to demand a great deal of effort from the world's economies in 2022 – while also opening up completely new opportunities in the quest to overcome them.

With Vonovia's moderate level of debt, which allows the company to acquire a significant volume of financing eligible for the collateral pool, and its investment grade rating as proof of our exceptionally stable business model, Vonovia's debt instruments will remain a sought-after investment. We do not expect to see any direct correlation between interest rate developments and earnings given the long maturities of our financing instruments and the smooth maturity profile. Rather, it is evident that the supply/demand situation regarding the residential real estate market and, as a result, rental development has much more of an impact on earnings. This is enhanced by the results of the Value-add Business, which is unrelated to interest rates.

We expect to see robust economic growth and a mix of loose fiscal and monetary policy in 2022. While one positive aspect is that spread widening will be contained by technical factors, 2022 will be characterized by greater levels of volatility as various forces will have an impact on spreads.