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Counter motions for the Annual General Meeting of Vonovia SE on 30 June 2020 requiring publication in accordance with section 126 (1) of the German Stock Corporation Act (AktG)

(As of 16 June 2020)

A. Counter motions submitted by Karlheinz Paskuda

Motions regarding the resolution on the appropriation of net profit (Item 2)

Proposed resolution 1:

“The net profit of EUR 912,721,577.83 reported in the annual financial statements of Vonovia SE for the year ended 31 December 2019 is allocated to retained earnings in full. The Management Board is called upon to use the entire net profit for the purposes of capping rents, combating the consequences of the COVID-19 pandemic among tenants and employees, performing environmentally friendly renovations without increasing housing costs, and establishing a democratically controlled solidarity fund to safeguard socially acceptable living conditions. For the duration of the pandemic, rent payments by tenants who are unemployed or working on a short-time basis for several months are to be not only deferred, but waived altogether.”

Rationale:

The payment of not only a full dividend, but an increased dividend is an affront to all of those who have suffered and continue to suffer from the COVID-19 pandemic. This is also true for the many tenants who have been affected by unemployment and short-time work. As the VONOVIA Group has steadily increased rents across the board in the past, VONOVIA tenants have already reached their limit when it comes to being able to afford to pay rent. Many are at risk of private bankruptcy and will be unable to pay deferred rents even when given until 2022 to do so. This also poses a problem for the VONOVIA Group: Many of its locations – particularly those with a large number of apartments – are home to many people who are just as badly affected as its current tenants. In other words, it is in the Group’s own interests to permanently relieve the burden on the tenants who are currently affected.

Proposed resolution 2:

“The net profit of EUR 912,721,577.83 reported in the annual financial statements of Vonovia SE for the year ended 31 December 2019 is allocated to retained earnings in full. The Management Board is called upon to use the entire net profit for the purposes of capping rents, combating the consequences of the COVID-19 pandemic among tenants and employees, performing environmentally friendly renovations without increasing housing costs, and establishing a democratically controlled solidarity fund to safeguard socially acceptable living conditions. This is intended to enable the Group to establish new structures and, in the event of their transfer to social ownership, to manage the apartments in a sensible and socially acceptable manner for the hundreds of thousands of tenants concerned.”

Rationale:

The example of DEUTSCHE WOHNEN in Berlin shows how near the permanent social ownership of a real estate group can be: A corresponding referendum petition will be initiated in Berlin in autumn 2020. If it is successful, there is little doubt that attention will

turn to the social ownership of other real estate groups, not least since the conditions for this are provided for by the German Basic Law.

As the fundamental right to housing is undisputed in society, the VONOVIA Group should prepare itself for a development of this nature. The best way to achieve this is to adopt a business policy that is geared towards social criteria right now. This includes a maximum profit of 4%. In other words, only 4% of the total rent should be distributed as profit in non-pandemic years, not 34%. In crisis years like 2020, no profit should be distributed at all.

B. Countermotion submitted by Rainer Wiederhold

Motion regarding the resolution on the appropriation of net profit (Item 2)

Proposed resolution:

“The net profit of EUR 912,721,577.83 reported in the annual financial statements of Vonovia SE for the year ended 31 December 2019 is allocated to retained earnings in full. The Management Board is called upon to use the entire net profit for the purposes of capping rents, combating the consequences of the COVID-19 pandemic among tenants and employees, performing environmentally friendly renovations without increasing housing costs, and establishing a democratically controlled solidarity fund to safeguard socially acceptable living conditions. In Swedish residential areas with a high proportion of population groups in precarious situations, a first step in this direction could be to grant three rent-free months for those affected by the COVID-19 crisis.”

Rationale

The district of Husby in Stockholm is one of the areas of Sweden that has been hardest hit by the COVID-19 pandemic, both financially and in terms of health.

Having your own home is particularly important during the pandemic, including so that you can follow the instructions of the Swedish health authorities and protect yourself and others against the virus. As long ago as March, the Swedish Enforcement Authority was warning that forced evictions as a way to recover debts could accumulate as a result of the pandemic. Despite this, Vonovia tenants have yet to be granted any collective legal rights specifically protecting them against forced eviction and rent increases. Instead, Vonovia has stated its intention to find individual solutions for affected tenants. This is extremely problematic, however, as not all tenants are able to communicate their individual situation in a targeted way and enforce their rights.

This is why collective solutions must be found for Vonovia’s tenants in Husby as a whole. The local tenants’ campaign “Flagga Gult” (Yellow Flag), which was launched at the start of the pandemic, is demanding three rent-free months for all Vonovia tenants in Husby as a first step.

<https://www.stockholmdirekt.se/nyheter/darfor-flaggas-det-gult-i-husby/reptdn!BRArbz4W1n9JByUE4f4VXQ/>

Tenants in Husby have put yellow flags in their windows to indicate their support for “Flagga Gult”. Thanks to its high level of net profit, Vonovia SE can easily meet this demand.

The “Social Center Husby”, which initiated the Flagga Gult campaign, has already been contacted by a number of Vonovia tenants who have either fallen ill or suffered from financial losses as a result of the pandemic. Many tenants require legal and trade union advice and assistance and wish to outline their situation. One particular cause for concern is that some tenants have received debt collection letters, including after the outbreak of the pandemic. This is why more and more tenants are participating in the Flagga Gult campaign.

In Husby, an area with a large immigrant population and a high degree of urban poverty, many residents work as day labourers or in other precarious conditions. They have had to borrow money from relatives or friends in order to be able to afford their rent. In the long term, however, this only postpones the problems rather than fixing them. Furthermore, taxi drivers, hairdressers and the self-employed are subject to an increased risk of illness. In early April, Rinkeby-Kista, the borough in which Husby is located, had a COVID-19 infection rate that was several times higher than the Stockholm region as a whole (47 out of every 10,000 residents in Rinkeby-Kista, 13 out of every 10,000 residents in the Stockholm region;

see: <https://www.thelocal.se/20200407/these-are-the-stockholm-districts-worst-affected-by-the-coronavirus>).

Many residents are either ill themselves or have had to look after family members, have lost their jobs as a result of the pandemic, or were already unemployed and now have fewer and fewer opportunities to find new employment. As a first step, Flagga Gult is demanding three rent-free months for all Vonovia tenants in Husby. Following on from this, Vonovia tenants require long-term protection that should be provided collectively rather than on an individual basis. If Vonovia fails to address this problem, the consequences in Husby will be disastrous.

C. Countermotion submitted by Dr. Evelyn Lahrenberg

Motion regarding the resolution on the appropriation of net profit (Item 2)

Proposed resolution:

"The net profit of EUR 912,721,577.83 reported in the annual financial statements of Vonovia SE for the year ended 31 December 2019 is allocated to retained earnings in full. The Management Board is called upon to use the entire net profit for the purposes of capping rents, combating the consequences of the COVID-19 pandemic among tenants and employees, performing environmentally friendly renovations without increasing housing costs, and establishing a democratically controlled solidarity fund to safeguard socially acceptable living conditions. In the neglected housing stock and the marginalised neighbourhoods of the Swedish "Hembla" portfolio in particular, tenant-focused management must be ensured and buildings must be renovated without this necessitating significantly higher rents."

Rationale

The Husby district in Rinkeby-Kista borough is among the areas of Stockholm with the highest degree of social and economic marginalisation. Unemployment is almost twice the average for Sweden as a whole. The entire borough is subject to spatial stigmatisation by the Swedish and even European media.

Since acquiring Hembla AB from Blackstone in the previous year, Vonovia owns around 40 percent of the housing stock in Husby. The problems that tenants already had with Blackstone have not improved since the transfer of ownership to Vonovia. Most notably, Vonovia is continuing to use the strategy of "piecemeal renovation" as a means of increasing rents in Husby: Empty apartments are renovated then returned to the market at a significantly higher asking rent.

Meanwhile, non-renovated apartments are being seriously neglected. Tenants have reported holes in kitchen walls, mould, and leaking windows. The buildings have issues with lifts that are continuously out of order or breaking down (which happened five times in April alone). There have also been complaints of a growing number of rats throughout the neighbourhood and in the buildings. The rat problem has arisen only in recent years. There are fears that the infestation could lead to consequential damage to the buildings. Many Vonovia tenants in Husby are large families who frequently use the common laundry rooms in the buildings. However, the machines are often out of order. In the past, an employee of the housing company was commissioned with checking all of the laundry rooms at seven o'clock every morning. This is not currently the case under Vonovia's management, but

would be a good starting point in terms of resolving the problem. The poor maintenance and management of the buildings has also received media coverage in Sweden:

<https://www.svt.se/nyheter/lokalt/stockholm/hyresgasterna-kampar-for-battre-bostadsmiljo>

Irrespective of the higher rents, which Husby residents already find it difficult to afford on account of their precarious situation, the quality of the renovations is also debatable. One tenant was given a new, renovated apartment after their old apartment suffered water damage. However, the new apartments had considerable problems of their own, including protruding screws as well as the familiar issues of mould, discolouration, leaking balcony doors, etc.

Last but not least, Vonovia tenants have encountered considerable difficulties in communicating these issues to the housing company. The local office is only open for four hours a week. Residents have been told to call a regional Vonovia call centre, where they frequently have to wait 45 minutes in a queue and the call centre employees often have no information about the specific situation in Husby, making it even harder for them to resolve the situation.

D. Countermotion submitted by Dachverband der Kritischen Aktionärinnen und Aktionäre e.V. (German Association of Ethical Shareholders)

Motion regarding the resolution on the appropriation of net profit (Item 2)

Proposed resolution:

“The dividend should be used for the purposes of combating the consequences of the COVID-19 epidemic among the tenants and employees of Vonovia SE, performing sustainable, non-profit-oriented renovations, and establishing a solidarity fund with parity co-determination to safeguard socially acceptable living conditions. No dividend is to be paid.”

Rationale:

According to calculations by the Platform of Ethical Real Estate Shareholders, the planned dividend payment comprises 37 percent of the rental income generated in 2019. This takes into account the fact that some of Vonovia’s income is generated from disposals and other services that do not directly impact the remaining tenants. In 2019, these sources accounted for 9 percent of the operating surplus (income less expenses) generated by Vonovia.

The significant burden on tenants as a result of the measures aimed at increasing dividends and fictional property values had already become socially unacceptable in recent years. As the rent cap in Berlin and the popularity of the “Expropriate Deutsche Wohnen & Co” referendum petition have shown, the model of siphoning off mass income with ever greater intensity is no longer acceptable at a political level either. As such, it is not an economically viable approach for Vonovia.

The burden on the employment, pension and social welfare income of tenants as a result of high dividend payments appears particularly intolerable in light of the conditions arising from the COVID-19 crisis. Many people are experiencing a loss of earnings that is forcing them to go into debt or use their savings simply to pay their rent, a large proportion of which then goes straight into the pockets of financial investors as unproductive profits. Many of the billions that the state is investing in emergency aid and the expansion of social welfare for those affected by the crisis are currently serving as indirect subsidies for private real estate yields, thereby perpetuating a business model that is misguided in the first place. Our society cannot afford to keep financing the crisis gains of the private real estate industry.

To this end, we demand that Vonovia SE refrain from making any dividend payment this year, as well as from making other investments with a view to increasing rents, and that the net profit generated in 2019 instead be distributed as follows:

- Vonovia should not increase rents at any of its locations and should apply the provisions of the Berlin rent cap to its entire housing stock.
- All current contract terminations and eviction proceedings due to default of payment should be ceased and the rent arrears of the affected tenants waived. All rent arrears incurred to date as a result of the COVID-19 crisis should also be waived.
- Vacant housing should be assigned to people in inadequate living conditions.
- Independent welfare advice should be available to assist tenants in applying for welfare benefits.
- The gross rents charged by Vonovia SE for apartments of a standard and adequate size should be limited to 30 percent of the available household income of the respective tenants.
- The portion of net profit not required to cover any losses from the aforementioned measures should be split equally between
 - o a renovation reserve to be kept separate from the remaining assets, and
 - o a solidarity fund of the housing sector and the tenants to safeguard against future risks of housing provision.

The use of the reserves and the solidarity fund should be co-determined on a parity basis by representatives of tenants, employees and the society of the respective cities. In the interests of the tenants and employees of Vonovia SE, this will also improve the conditions for transferring the apartments to social ownership at limited cost to the public sector and without damage to their structural and economic substance as part of an orderly process in accordance with Art. 15 of the German Basic Law.

E. Countermotion submitted by Markus Roeser

Motion regarding the resolution on the appropriation of net profit (Item 2)

Proposed resolution:

“The net profit of EUR 912,721,577.83 reported in the annual financial statements of Vonovia SE for the year ended 31 December 2019 is allocated to retained earnings in full. The Management Board is called upon to use the entire net profit for the purposes of capping rents, combating the consequences of the COVID-19 pandemic among tenants and employees, performing environmentally friendly renovations without increasing housing costs, and establishing a democratically controlled solidarity fund to safeguard socially acceptable living conditions.

Profits generated by subsidiaries from allocated operating costs are also to be repaid to tenants.”

Rationale

It is still too early to assess the economic consequences of the economic crisis resulting from the COVID-19 pandemic. The number of rent deferrals is currently still manageable. However, it is questionable as to whether it will be possible to realise the planned rent increases in the coming years as tenants' income decreases.

Above and beyond this, the growing tension on many German real estate markets shows that housing and additional tenancy law regulations are increasingly being debated at a political level. Various initiatives in different cities are calling for additional market regulation, the most prominent examples being the rent cap in Berlin and the tightening of rent control (“Mietpreisbremse”). The company's current policy is prompting additional regulation. To pre-empt this, the profits generated should be distributed differently. Although rents are lower than the absolute average, they have been on the rise for many years and are driving up local rent levels. For example, an analysis for Dortmund shows that apartments are regularly offered for 20-40% above the rental price index. In other words, the apartments offered by Vonovia are contributing to significant rent increases in the city. This is one reason why several associations are demanding the introduction of rent control and other similar more extensive tenants' rights in cities like Dortmund. Investments in neighbourhoods that have been neglected for decades often result in substantial rent increases for tenants. Since last autumn, several modernisation projects in

Dortmund alone have been accompanied by rent increases of EUR 60-90. The savings achieved through energy-related modernisation have been insufficient to offset the increased rental costs.

Economic hardship among tenants could increase as a result of the current situation. Future modernisation work should therefore be equity-financed to the greatest possible extent and should involve little or nothing in the way of rent increases.

Tenants of many estates in Dortmund have expressed displeasure at rising bills for operating costs. The fact that profits are generated from operating costs via subsidiaries is something that tenants find difficult to accept. As legal actions in Munich and Dresden have shown, tenants are increasingly also fighting back in court. A ruling by the German Federal Court of Justice on increased rights of inspection of the costs charged by subsidiaries is pending. It can be assumed that judicial reviews of admissibility will also be sought by tenants. The profits currently generated from business areas that are allocable as operating costs should be recognised as provisions for future repayments to tenants. As an option, these profits could also be repaid proactively in order to remove additional pressure from the political debate.

F. Countermotions submitted by Knut Unger

Motion regarding the resolution on the appropriation of net profit (Item 2)

Proposed resolution:

“The net profit of EUR 912,721,577.83 reported in the annual financial statements of Vonovia SE for the year ended 31 December 2019 is allocated to retained earnings in full. The Management Board is called upon to use the entire net profit for the purposes of waiving and capping rents, combating the consequences of the COVID-19 pandemic among tenants and employees, performing environmentally friendly renovations without increasing housing costs, and establishing a democratically controlled solidarity fund to safeguard socially acceptable living conditions.”

Rationale

1. Many tenants have experienced a significant loss of earnings as a result of the COVID-19 pandemic, while their living costs have remained constant or increased. Even following the relaxation of physical distancing measures, income will remain hard hit as an extremely severe economic crisis is anticipated. In this situation, the fact that the capital market-oriented housing sector is siphoning off a growing proportion of employment and social welfare income in order to generate unproductive profits is no longer possible to justify from a social perspective. At Vonovia, 37 cents of every euro of rent paid is distributed as a dividend!

By its own account, Vonovia has at least refrained from further rent increases in recent months. This needs to be the first of many such steps. In Witten, Vonovia rents have increased as a result of “modernisation” or re-letting and are now more than 40% higher than the comparable average local rent, meaning they are driving up local rent levels as a whole. This process must cease immediately. Rents for all tenants must be reduced to at least the comparable average local rent. In many major cities, this is no longer sufficient to make housing affordable. Accordingly, Vonovia SE should apply rules akin to those of the Berlin rent cap to its entire housing stock and lower its rents accordingly. Although this will lead to lower rental income in subsequent years, this will not impair the management of the apartments in any way, especially as the reserves from the non-payment of the dividend will be available. Last but not least, the waiver of rent would strengthen the purchasing power of many people, and hence the local economy.

Without a rent cap, the social aid that is being provided would serve to subsidise high yields. Vonovia would be guilty of making crisis gains from the suffering of others.

2. Emergency aid and easier access to social welfare have helped many people to stay afloat temporarily even as their livelihood has collapsed. The moratorium on contract terminations has also helped to ensure that loss of earnings is not an immediate threat to

people's housing. However, there are gaps in this social security system, the deferred rent has to be repaid by 2022, and the crisis is still a long way from being over.

In cases where tenants do not receive sufficient welfare benefits, Vonovia must waive rents and rent arrears to a sustainable level. If necessary, it must temporarily waive rent in full. As a rule, no Vonovia tenant household should have to spend more than 30% of its net income on housing costs. Retained earnings are available to cover any shortfall in running costs due to rent arrears.

3. Capping and waiving rents must not come at the expense of maintenance work on the housing stock and upgrading it for net-zero carbon emissions. Because it is necessary to invest in the climate-friendly renovation of residential estates in spite of COVID-19 and in the face of the economic crisis, we need the full dividend and the rental income invested in modernisation rent increases for energy-related renovations that do not lead to increased housing costs and for environmentally friendly new builds that can be offered at affordable rents. This is why establishing an ecological renovation reserve with tenant co-determination is particularly important.

Motion regarding the resolution on the formal approval of the actions of the members of the Management Board (Item 3)

Proposed resolution:

"The approval of the actions of the members of the Management Board is rejected."

Rationale:

By systematically exploiting loopholes in statutory provisions and the structurally weak exercise of tenants' rights and abusing the scope of action available to a large corporation, the Management Board has continued to damage the business reputation of VONOVIA SE in the 2019 and 2020 financial years. Legal and political responses are anticipated that could lead to entire business models having to be abandoned and the income generated from rent and ancillary costs having to be partially reduced or repaid, as well as growing calls for the expropriation and social ownership of the finance-dominated housing sector. As a tenant representative, I have observed the systematic abuse of the Management Board's monopoly on information and action in the following areas in particular:

1. The operating, heating and modernisation costs allocable to tenants are increasingly being billed on the basis of intragroup invoices that are inaccurate, excessive, and not auditable under tenancy law. Accordingly, the operating profit (EBITDA) of around EUR 129 million generated from these charges in the 2019 financial year (estimated internal share of "Value-add" earnings) is suspected to rest on shaky legal foundations.

The internal share of the surpluses generated in the "Value-add" reporting segment is based on the profits generated from cost allocation invoices issued by group-owned service companies to the group-owned real estate company in whose name the tenants are billed for the respective costs by the group-owned housing management company. All of these companies have close ties to the Vonovia Management Board in terms of personnel, are subject to profit transfer obligations and form part of the uniform management system of the group holding company. As such, the group holding company as a whole can be considered to be acting as a single entity as the landlord.

Within this structure, the purpose of companies like "Vonovia Immobilien Service GmbH" ("caretakers" = property managers, primarily data collection for Vonovia's IT), "Vonovia Wohnumfeld Service GmbH" (billing of gardening and winter road maintenance services with profit mark-ups), "Vonovia Mess Service GmbH" (intragroup equipment hire), "Vonovia Energie Service GmbH" (gas billing with substantial mark-ups on the net price), "Deutsche TGS GmbH" (maintenance) and "Vonovia Modernisierungs bzw. Engineering GmbH" (billing of modernisation work with a view to increasing rents) is not least to issue profitable invoices.

As the landlord, however, Vonovia SE is not entitled to bill tenants for expenses other than those incurred externally in the form of personnel, material or contracting costs. Vonovia is seeking to systematically impede and prevent tenant representatives from shedding light on this policy. In the long run, however, this intragroup billing structure cannot be prevented from collapsing once it is systematically examined at supreme court level (or when improved legislation is introduced in the interests of tenant and consumer protection).

2. In some of the cities in which it is represented, e.g. in Witten, the asking rent demanded by Vonovia following modernisation work and when re-letting apartments can be more than 40% higher than the comparable average local rent. The consistent application of section 5 of the German Economic Offences Act (or the enforcement of the planned intensification of this provision) would require rents to be lowered, excess amounts refunded and administrative fines paid. Vonovia SE is clearly one of the drivers of rental growth in mass housing in the affected cities. Accordingly, even in cities with no rent control or rent cap, it is expected that this abuse will ultimately be halted through the intensification of the German Economic Offences Act or the introduction of a rent cap.

3. In its rental agreements, Vonovia seeks to gain advantages that are unworthy of a company with a sound business model by using ineffective standard form clauses to the detriment of tenants. Among other things, this includes the practice of fraudulently obtaining a private energy supply contract for Vonovia when concluding a rental agreement, which has now been modified following a warning from the North Rhine-Westphalia consumer advice centre and the German Tenants' Association (DMB), as well as general permission to obtain information from authorities in the case of tenants who receive welfare benefits, the obligation to set up a direct debit, or the increasingly long list of "other operating costs" that are agreed ahead of actually being incurred.
