Remuneration system for the Management Board of Vonovia SE

On May 28, 2025, the Annual Shareholders' Meeting of Vonovia SE approved the remuneration system for the members of the Executive Board, which had been reviewed by the Supervisory Board and adopted on December 9, 2024, with 89.74% of the votes cast in favor.

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1. Revision of the remuneration system

The Supervisory Board of Vonovia SE (hereinafter also referred to as "Vonovia" or the "company"), together with the HR and Remuneration Committee, fundamentally revised the remuneration system for the Management Board in December 2024. Taking into account Vonovia's corporate strategy, current market practice and feedback received from institutional investors and proxy advisors on the 2024 Management Board remuneration system, the focus was placed on further strengthening the link between Management Board remuneration, corporate strategy, and Vonovia's success to ensure clear alignment with a consistent "pay-for-performance" approach. Another key priority was to present the remuneration system in a transparent manner.

Subject to its submission to the 2025 Annual General Meeting, the revised remuneration system will apply to all members of the Management Board as of January 1, 2025.

The following provides an overview of the key changes to the remuneration system and their background:

Key changes to the remuneration system

Remuneration components		Design of the 2025 remuneration system	Background
Short-term incentive (STI)	Introduction of an ESG target	/ Introduction of the Customer Satisfaction Index (CSI) as an ESG target, with a weighting of 20% / The CSI is a component of the Sustainability Performance Index (SPI) arising from the materiality analysis	Sustainability represents a key pillar of the Vonovia strategy. In the future, this focus will be strengthened through the introduction of the CSI as an ESG target within the STI and thus translated into a clear, remuneration-related target for the Management Board. The CSI aims to incentivize permanently high customer satisfaction, which is of vital importance to the business success of Vonovia.
	Replacement of the personal performance factor with a strategic factor with no room for discretion	/ Replacement of the modifier with a strategic factor with clearly measurable collective targets (in particular, no room for discretion) / Transparent disclosure of the defined targets as well as measurement and target achievement in the Remuneration Report	Replacing the modifier with a strategic factor gives the Supervisory Board the flexibility to set key strategic targets (e.g., in growth areas) for the entire Management Board and apply an increase or decrease to these targets when paying out the STI at the end of the financial year. In implementing the feedback from investors, it is clarified that the Supervisory Board cannot exercise any discretion in terms of target achievement.
	Introduction of an additional malus regulation	/ Implementation of a potential malus if risk indicators are exceeded / Use of the loan to value (LTV), net debt to EBITDA (ND/EBITDA) and interest coverage ratio (ICR) risk indicator	In the future, the financial solidity of Vonovia will be given greater consideration in the STI by allowing the Supervisory Board the option to apply a reduction to the overall target achievement of the STI if one or more risk indicators exceed a previously defined threshold. This flexibility will enable the Supervisory Board to consider specific developments in the business performance under the pay-for-performance aspect.
	More ambitious target achievement curves	/ More ambitious target achievement curves for the financial and non-financial performance criteria / Increase of the cap from 125% to 150% of the target amount	In accordance with the pay-for-performance approach, the target achievement curves for financial and non-financial performance criteria will be made more ambitious. This also takes investor feedback into account. The Supervisory Board will ensure that ambitious targets are set with a balanced risk-reward profile. In light of the more ambitious target values, the cap will be raised to a customary market level.

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Long-term incentive (LTI)	Introduction of operating free cash flow per share	/ Introduction of operating free cash flow (OFCF) per share as a financial performance criterion	As part of the extensive revision of the Vonovia financial management model, OFCF was set as a central performance indicator and leading indicator of internal financing alongside earnings before taxes (EBT) in 2024. Based on investor feedback, OFCF per share over a four-year period will replace adjusted EBT per share as the financial performance criterion within LTI in order to eliminate the existing double incentive in the STI and LTI.
	Adjustment of weightings	/ Increase in the weighting of relative total shareholder return (TSR) within LTI to 40%	Adjusting the weighting of relative TSR shifts the focus more closely to Vonovia's capital market performance, in order to create sustainable added value for shareholders.
	Revision of relative TSR	/ Broader and more demanding peer group with FTSE EPRA/NAREIT Developed Europe Rental Index / Switch to the ranking method for performance measurement / More ambitious target achievement curve with payout of the target amount only in the case of outperformance (60th percentile)	Selecting a European index enables a more valid assessment of the relative performance of Vonovia in an industry comparison, as this index comprises a larger number of companies in the same sector. While market practice in Germany generally provides for a target achievement of 100% with equal performance to the peer group, investor feedback is taken into account and the ambition level is raised. In the future, the target amount will be paid out only in the case of outperformance (60th percentile).
	Increase in SPI transparency	/ Transparent disclosure of the Sustainability Performance Index (SPI) (including weightings) / Removal of the Customer Satisfaction Index (CSI) from the Sustainability Performance Index	The SPI is derived from the valid materiality analysis and covers the main Environmental, Social and Governance (ESG) sustainability topics. Taking the demands of investors into account, there will be a transparent disclosure of the SPI in the Remuneration Report going forward. To avoid double incentivization in STI and LTI, the CSI will be removed from the SPI for the purpose of the Management Board remuneration and introduced as a specific performance criterion in STI in order to place even greater emphasis on customer focus.
Pensions		/ Closure of the occupational pension still in place for two Management Board members (legacy pension commitment) and switch to a pension allowance / Reduction of the pension allowance for all Management Board members to approximately 30% of base salary	The conversion of the existing retirement pension commitments to a pension allowance serves the purpose of aligning Vonovia with common market practice in Germany. In the past, the amount of the retirement pension scheme and the pension allowance has been criticized by investors. Taking into account market practice in Germany and common investor expectations, the pension allowance for all Management Board members is therefore capped at approximately 30% of base salary.
Share ownership guidelines		/ For the CEO: obligation to invest 150% or (on reappointment) 200% of annual base salary in company shares / For the other members of the Management Board: obligation to invest 100% of annual base salary in company shares / Switch to an acquisition cost approach customary in the market	The shareholding rule has been simplified in line with market practice. Instead of a certain number of shares, a certain value of shares must be held (acquisition cost approach).
Change of control		/ Lifting of the change of control regulation still in place for two Management Board members	The existing change of control regulation is being abolished in accordance with market practice and common investor expectations.

2. Principles of the remuneration system

Vonovia, as a residential real estate company, is at the heart of society. Therefore, Vonovia’s activities are never focused exclusively on financial aspects, but also take social factors into account. The company is aware of this special role and responsibility: As a service and housing provider for around one million people, Vonovia places its customers and their needs at the center of its actions. For this reason, it maintains its building stock and actively helps shape neighborhoods in a climate-friendly manner. Vonovia offers its customers modern apartments that meet their needs while at the same time developing services for higher quality of living. The company is committed to the principles of the social market economy and profitability, and takes responsibility for safe, decent, and affordable housing. The remuneration system for the Management Board serves as an effective instrument to ensure that Vonovia fulfills this role while successfully implementing its corporate strategy. In addition to key financial performance indicators, special emphasis is placed on environmental, social, governance (ESG), and sustainability performance aspects.

The remuneration system primarily reflects the interests and requirements of investors and is geared towards creating long-term value for Vonovia’s shareholders. To foster a strong equity culture and further align the interests of the Management Board with those of the shareholders, the majority of the variable remuneration is share-based. The share ownership guidelines further ensure that Management Board members build and maintain a long-term stake in the company, thereby promoting long-term and sustainable corporate development.

Consequently, the performance criteria used to determine Management Board remuneration reflect the current corporate strategy and management system and are designed to incentivize long-term and sustainable corporate success. They also serve as an incentive to align the interests of the Management Board with those of shareholders and other stakeholders, such as customers and employees. The relative comparison with relevant market participants further supports this alignment.

The objective of this remuneration system is to provide appropriate remuneration to Management Board members based on their performance and respective roles and responsibilities, while also allowing them to participate in Vonovia’s success in support of the company’s sustainable development. A consistent remuneration system for the Management Board and the senior management ensures a consistent incentive effect and supports the successful strategic development of the company.

The remuneration system is the basis for determining the remuneration of the Management Board members of Vonovia. It complies with the regulatory requirements of Section 87a of the German Stock Corporation Act (AktG) and the principles, recommendations, and suggestions of the German Corporate Governance Code (GCGC) in its version dated April 28, 2022.

In designing the remuneration system for the Management Board, the Supervisory Board takes into account the following principles:

Principles of Management Board remuneration

	Principles
Promotion of the corporate strategy and sustainable development	The remuneration system makes a significant contribution to the company's success by promoting the implementation of the corporate strategy through performance criteria related to the company's success and by setting ambitious targets. The majority of variable remuneration for the Management Board is based on a multi-year performance period. In addition, the Vonovia sustainability strategy is taken into account. This fosters the long-term and sustainable development of Vonovia.
Pay-for-performance	The performance of Management Board members is appropriately considered in variable remuneration by setting adequate and ambitious target values for the performance criteria. Variable remuneration is capped and may be fully forfeited.
Taking shareholder interests into account	The remuneration system makes a key contribution to aligning the interests of the Management Board with those of the shareholders. The majority of the Management Board's variable remuneration is share-based. In addition, shareholding requirements stipulate that members of the Management Board have to acquire shares in Vonovia and hold them for the duration of their appointment.
Relative performance measurement	Incentives to achieve long-term outperformance on the capital market are set by using relative performance measurement against relevant market participants for long-term variable remuneration.
Ensuring financial solidity	The financial solidity of Vonovia is considered in the STI through risk indicators, allowing for a reduction in the overall STI target achievement if certain thresholds are exceeded. In line with the "pay-for-performance" approach, specific developments in the business performance can thus be taken into account.
Appropriateness of remuneration	Remuneration for Management Board members is appropriate with their duties and performance as well as the situation of the company. Attention is also paid to the customariness of remuneration compared to peer companies, as well as to the vertical appropriateness compared with the remuneration of senior management and the entire workforce.
Consistency of the remuneration system	The Supervisory Board ensures the consistency of the remuneration systems of the Management Board and senior management. The collective pursuit of the long-term corporate strategy is secured through equivalent incentives and shared targets.

3. The remuneration system at a glance

3.1. Components of the remuneration system

The remuneration of the Management Board consists of both non-performance-based and performance-based components which together make up the total remuneration of a Management Board member.

The non-performance-based components of the remuneration include base salary, fringe benefits, and pension allowance.

In accordance with recommendation G.7 of the GCGC, the performance-based components are linked to the achievement of pre-defined target values for performance criteria and consist of a short-term variable remuneration component (short-term incentive (STI)) as well as a long-term variable remuneration component (long-term incentive (LTI)).

Other key components of the remuneration system include malus and clawback provisions, as well as share ownership guidelines (SOG).

Comparison of the remuneration systems

Previous remuneration system (applicable since the 2024 financial year)	Remuneration component	Revised remuneration system (applicable since the 2025 financial year)
	Non-performance-based remuneration components	
/ Contractually agreed fixed remuneration paid in twelve monthly installments	**Base salary**	unchanged
/ Payment of a pension allowance in cash in addition to the base salary / Option of paying a pension contribution received in addition to the base salary into the existing deferred compensation scheme with guaranteed interest (legacy pension commitment)	**Pension**	/ Closure of the company retirement pension plan / All Management Board members will only receive a pension allowance in cash for their personal retirement provision in the future
/ Company car or car allowance, provision of work equipment (especially communication equipment) also for private use, insurance benefits / 50% of the contributions to private health and long-term care insurance, but no more than the maximum employer's contribution to statutory health and long-term care insurance	**Fringe benefits**	unchanged
	Performance-based remuneration components	
/ Plan type: Target STI / Performance criteria: – Adjusted earnings before taxes (EBT) – Personal performance factor (0.8-1.2) / Cap: 125% of the target amount / Payout in cash	**Short-term incentive (STI)**	/ Plan type: Target bonus system / Performance criteria: – 80% Adjusted earnings before taxes (EBT) – 20% Customer Satisfaction Index (CSI) – Strategic factor (0.8-1.2) / Potential malus if risk indicators are exceeded / Cap: 150% of the target amount / Payout in cash
/ Plan type: Performance share plan / Performance criteria: – 25% Relative total shareholder return (TSR) – 25% Net tangible assets (NTA) per share – 25% Adjusted EBT per share – 25% Sustainability Performance Index (SPI) / Performance period: Four years / Cap: 250% of the grant amount / Payout in cash	**Long-term incentive (LTI)**	/ Plan type: Performance share plan / Performance criteria: – 40% Relative total shareholder return (TSR) – 20% Net tangible assets (NTA) per share – 20% Operating free cash-flow (OFCF) per share – 20% Sustainability Performance Index (SPI) (without CSI) / Performance period: Four years / Cap: 250% of the grant amount / Payout in cash
	Further remuneration components	

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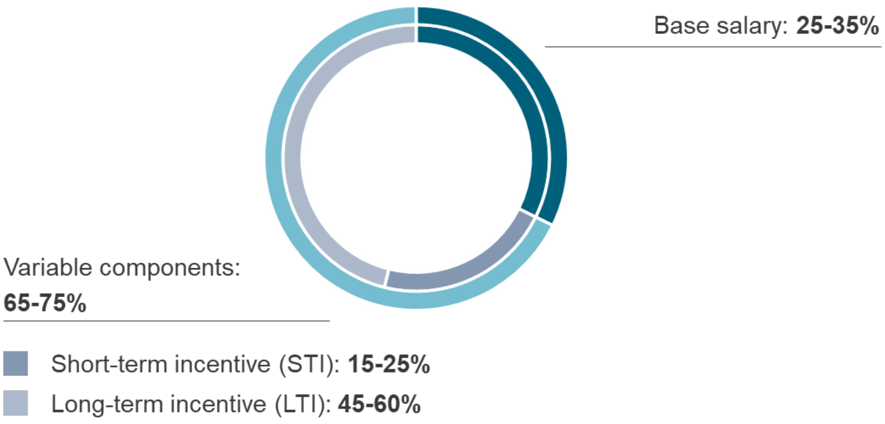
/ CEO: €11 million gross p.a. / Other Management Board member: €5.5 million gross p.a.	**Maximum total remuneration**	unchanged
/ Compliance malus & clawback / Clawback in case of an incorrect consolidated financial statement	**Malus / clawback**	unchanged
/ Obligation of Management Board members to acquire a specified number of Vonovia SE shares, determined by dividing 100% of the base salary (150% of the base salary in the case of the CEO) by a specific reference share price of the company (shareholdings to be built up within the first three or four financial years after appointment); in case of reappointment, the value increases to 150% (200% in the case of the CEO) of the base salary / Obligation to hold the acquired shares for the entire term of the service agreement	**Share ownership guidelines (SOG)**	/ Switch to an acquisition cost approach customary in the market / CEO: Obligation to invest 150% or 200% (in case of reappointment) of the annual base salary in shares of the company / Other Management Board member: Obligation to invest 100% of the annual base salary in shares of the company / Build-up phase of three financial years after initial appointment or reappointment / Obligation to hold the acquired shares for the entire term of the service agreement

3.2. Structure of the target remuneration

In accordance with Section 87 of the AktG, the remuneration system is geared towards the long-term and sustainable development of the company. In order to reflect the performance-related aspect and thus the "pay-for-performance" approach of the Management Board's remuneration, the target direct remuneration (base salary, target amount of the short-term incentive, and grant amount of the long-term incentive) consists of approximately 65-75% performance-based remuneration components. The short-term incentive accounts for 15-25% of the target direct remuneration, while the long-term incentive accounts for 45-55% of the target direct remuneration. Furthermore, recommendation G.6 of the GCGC is taken into account, stating that the variable remuneration based on long-term targets should exceed the share of short-term targets. At the same time, the ongoing significant importance of the STI ensures that key operational annual targets are also adequately considered.

The share of the base salary in the target direct remuneration is approximately 25-35%.

Remuneration structure of the Management Board members



The share of fringe benefits amounts to approximately 1-5% of the base salary. The share of the pension allowance is approximately 30% of the base salary.

Minor shifts of a few percentage points in the aforementioned relative shares may occur due to fluctuations in the valuation or utilization of fringe benefits (which, for the purposes of the percentage

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shares of base salary indicated here, have been estimated using a lump sum amount based on past experience).

3.3. Level of the maximum remuneration

The amount of the variable remuneration components and the respective target achievement of the defined performance criteria are each capped. The payout of the STI is limited to 150% of the target amount. For the LTI, the payout cannot exceed 250% of the grant amount.

Additionally, in accordance with Section 87a (1) Sentence 2 No. 1 of the AktG, the Supervisory Board has set an upper limit for the total amount of all remuneration components for a year, i.e., base salary, fringe benefits, pension allowance, short-term variable and long-term variable remuneration components (maximum remuneration). It amounts to €11 million gross p.a. for the CEO and €5.5 million gross p.a. for the other Management Board members[1].

This upper limit applies to the total benefits granted to a Management Board member for their Management Board activities in the respective financial year. Payouts of the long-term variable remuneration component under the applicable LTI are attributed to the year in which the underlying LTI tranche is granted. Fringe benefits are calculated based on the taxable monetary value. If the total benefits for a financial year exceed the established maximum remuneration, the payout determined from the LTI granted for that financial year will be reduced by the exceeding amount.

Any severance payments in the case of early termination of the Management Board appointment, other one-off payments that are not granted as remuneration for the services of the Management Board member (e.g., relocation costs, remuneration payments for entitlements to variable remuneration forfeited by the previous employer), self-financed pension entitlements through deferred compensation do not count towards the maximum remuneration and are not subject to this limit.

4. Remuneration system in detail

4.1. Non-performance-based remuneration components

4.1.1. Base salary

Each Management Board member receives an annual base salary for their Management Board activities, which generally covers all activities within the Vonovia Group, subsidiaries, and affiliate companies, and is paid in twelve equal monthly installments. The base salary generally also covers any other activities within the Group. However, in individual cases, Management Board members may receive remuneration from a Group subsidiary for management activities if they have an additional service agreement with that subsidiary, which will then be included in the total target remuneration and the maximum remuneration under this remuneration system. The amount of the base salary paid by Vonovia reflects the role on the Management Board, experience, scope of responsibility, and market conditions.

[1] Including remuneration paid for mandates in Group companies.

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4.1.2. Fringe benefits

In addition, each Management Board member receives benefits in kind and fringe benefits[2]. These primarily include the provision of a company car for private use or, at the Management Board member's choice, a car allowance, as well as the private use of work equipment (e.g., communication equipment). The private use of the company car is taxed as a non-cash benefit, with the tax being paid by the Management Board member. Vonovia covers the costs associated with operating the company car.

Vonovia also covers 50% of the contributions for private health and long-term care insurance, up to the maximum employer contribution for statutory health and long-term care insurance. In individual cases, term life insurance may be concluded for a Management Board member.

The fringe benefits are generally available to all Management Board members, but they may vary in individual cases depending on personal circumstances and usage, particularly in terms of the amount.

Additionally, the members of the Management Board are covered by a market-standard D&O insurance, including legal protection. In accordance with Section 93 (2) Sentence 3 of the AktG, the deductible for the Management Board members under the D&O insurance amounts to 10% of the damage or one and a half times the annual base salary. The insurance premiums are paid by Vonovia.

4.1.3. Pension allowance

In the future, all Management Board members of Vonovia will receive a non-performance-based fixed amount (pension allowance) in cash for personal retirement provision. This benefit does not constitute a company pension plan as defined by the German Company Pension Act and is therefore not accounted for as such in the financial statements. Further details are provided in Section 4.5.

One Management Board member receives the pension allowance from a Group subsidiary as part of an additional service agreement for their managing director role of that subsidiary.

4.2. Performance-based remuneration components

The performance-based remuneration components provide appropriate incentives to consistently implement the corporate strategy in line with the long-term and sustainable development of Vonovia. The variable remuneration consists of a short-term component (short-term incentive, STI) and a long-term component (long-term incentive, LTI). The majority of the variable remuneration is based on a multi-year performance period in accordance with Section 87 of the AktG and is granted share-based in line with recommendation G.10 of the GCGC, thereby aligning the interests of the Management Board and shareholders.

The performance criteria for the variable remuneration are derived primarily from Vonovia's corporate strategy and materiality analysis. Different performance criteria are applied for the STI and LTI. By using both financial and non-financial performance criteria, the company's success is considered holistically. In line with the "pay-for-performance" approach, the target values for the performance criteria are set ambitiously.

[2] In the case of an additional service agreement with a Group subsidiary for a managing director role remunerated by the subsidiary, the fringe benefits may be fully or partially provided by the subsidiary.

4.2.1. Short-term incentive (STI)

Functionality

The STI is designed as an annual, performance-based remuneration component in the form of a target bonus system. The individual target amount for each Management Board member is defined in the service agreement and disclosed in the remuneration report. The payout amount depends on the overall target achievement of the defined performance criteria and can range from 0% to 150%. The target achievement of the defined performance criteria can also vary between 0% and 150%.

If the service agreement does not cover the full financial year, the STI is generally granted pro rata for the term of the service agreement in the respective financial year. The STI is due one month after the approval of the company's annual report.

The STI is linked to both financial and non-financial performance criteria, ensuring that profitability and sustainability aspects are equally taken into account.

Short-term incentive (STI)

Target amount in €	x	Overall target achievement 0%-150% (0%-150% for each performance criterion)	x		=	Payout in €
		80% Adjusted EBT + **20%** Customer Satisfaction Index (CSI)[1]		Strategy factor (0.8-1.2)		(Cap: 150% of the target amount)

[1] Derived from the Sustainability Performance Index (SPI).

In order to take Vonovia's financial solidity into account, a potential malus is implemented if selected risk indicators are exceeded. The following risk indicators are taken into consideration:

Risk indicators

Loan-to-value (LTV)	Net Debt to EBITDA (ND/EBITDA)	Interest Coverage Ratio (ICR)

The Supervisory Board has the ability to apply a reduction to the overall target achievement of the STI if one or more risk indicators exceed a previously defined threshold. If the Supervisory Board decides to apply such a reduction in a financial year, this will be transparently disclosed in the remuneration report.

Performance criteria

The STI is based 80% on the financial performance criterion adjusted earnings before taxes (EBT) and 20% on the non-financial performance criterion Customer Satisfaction Index (CSI). The overall target achievement of the STI is calculated by multiplying the weighted target achievement of the performance criteria by the strategy factor, which ranges from 0.8 to 1.2.

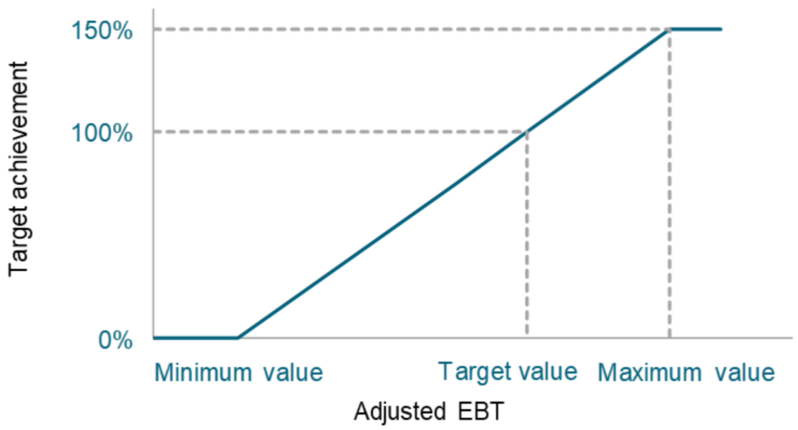
Adjusted Earnings Before Taxes (EBT)

The financial performance criterion adjusted earnings before taxes (EBT) represents a key operational corporate target that reflects the company's financial success and serves as a common, simple, and easy to compare and communicate performance indicator, particularly suitable for generalist investors in the capital market. It also meets investors' demand for an earnings indicator that can be used for company valuation purposes.

Adjusted EBT includes the adjusted EBITDA earnings contributions from all four segments (Rental, Value-add, Recurring Sales, and Development), which together constitute adjusted EBITDA total. By adding the adjusted net financial result[3], depreciation and amortization, as well as consolidation effects, the adjusted EBT is derived. It is one of the most important performance indicators at the Group level, as it reflects Vonovia's sustainable operating profitability before taxes. Adjustments to EBITDA account for non-recurring, irregular, or atypical items not related to the company's core operations[4].

An ambitious target achievement curve is applied to the adjusted EBT. Each year, the Supervisory Board sets a target value along with minimum and maximum values, taking into account market and competitive conditions, the budget, and strategic growth targets. If the performance criterion exactly reaches the target value, this results in a target achievement of 100%. If the actual value is equal to or below the minimum value, target achievement is 0%. If the maximum value is reached or exceeded, target achievement equals 150%. Target achievement between these values is determined through linear interpolation.

Exemplary target achievement curve adjusted EBT



The target value, as well as the minimum and maximum values for the respective financial year, along with the actual value achieved and the resulting target achievement, will be disclosed ex-post in the remuneration report.

[3] Adjusted for valuation effects, non-recurring expenses connected with refinancing, as well as non-cash expenses and earnings, e.g., discounting effects.
[4] The non-recurring items include the expenses for pre-retirement part-time work arrangements and severance payments, the development of new business areas and business processes, acquisition projects including integration costs, research and development, expenses for refinancing, and equity increases (where not treated as capital procurement costs).

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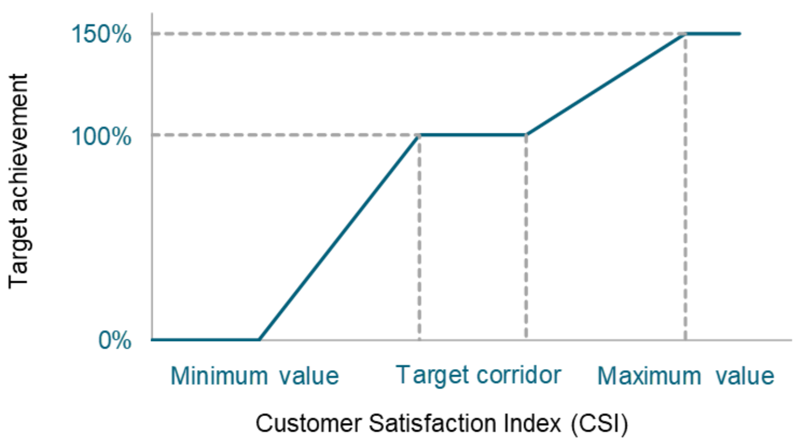
Customer Satisfaction Index (CSI)

The increase in customer satisfaction is central to Vonovia's long-term success and is measured using the Customer Satisfaction Index (CSI). The CSI is derived from the Sustainability Performance Index (SPI), which serves as a non-financial performance indicator in the management system. Customer satisfaction in Germany is measured by how tenants feel about their apartments and living environment, and whether they are satisfied with the service quality. The CSI is regularly surveyed through systematic customer feedback conducted by an external service provider and evaluates the effectiveness and sustainability of services provided to customers. This allows Vonovia's customer satisfaction to be compared with that of competitors. The final value at the end of the financial year is determined by the average of the four quarterly results for that year.

An ambitious target achievement curve is applied for the Customer Satisfaction Index. The Supervisory Board sets an annual target corridor along with minimum and maximum values. If the actual value lies within the target corridor, this results in a target achievement of 100%. If the actual value is equal to or below the minimum value, target achievement is 0%. If the maximum value is reached or exceeded, target achievement is 150%. Target achievement between these values is determined through linear interpolation.

Exemplary target achievement curve CSI



The target corridor, as well as the minimum and maximum values for the respective financial year, along with the actual value achieved and the resulting target achievement, will be disclosed ex-post in the remuneration report.

Strategy factor

To promote a sustainable and long-term orientation for Vonovia, additional relevant collective strategic targets (e.g., in growth areas) can be defined ex-ante in exceptional cases. Prior to the beginning of the financial year, the Supervisory Board sets one or more clearly measurable strategic targets for the entire Management Board.

After the end of the financial year, the Supervisory Board determines the target achievement based on the previously defined targets. The determined target achievement is converted into a multiplier ranging from 0.8 to 1.2, which is applied to the overall target achievement. The defined strategic targets, the minimum and maximum values for the respective financial year, as well as the actual values achieved and the resulting target achievement, are disclosed ex-post in the remuneration report. If no strategic goals are set for a financial year, the strategy factor is 1.0.

4.2.2. Long-term incentive (LTI)

Framework

The Long-term incentive (LTI) is designed as a virtual performance share plan, which is share-based in accordance with recommendation G.10 of the GCGC and has a four-year performance period. Through the use of virtual shares, the LTI aims to align the interests of the Management Board with those of Vonovia's shareholders and to promote long-term value creation for the company.

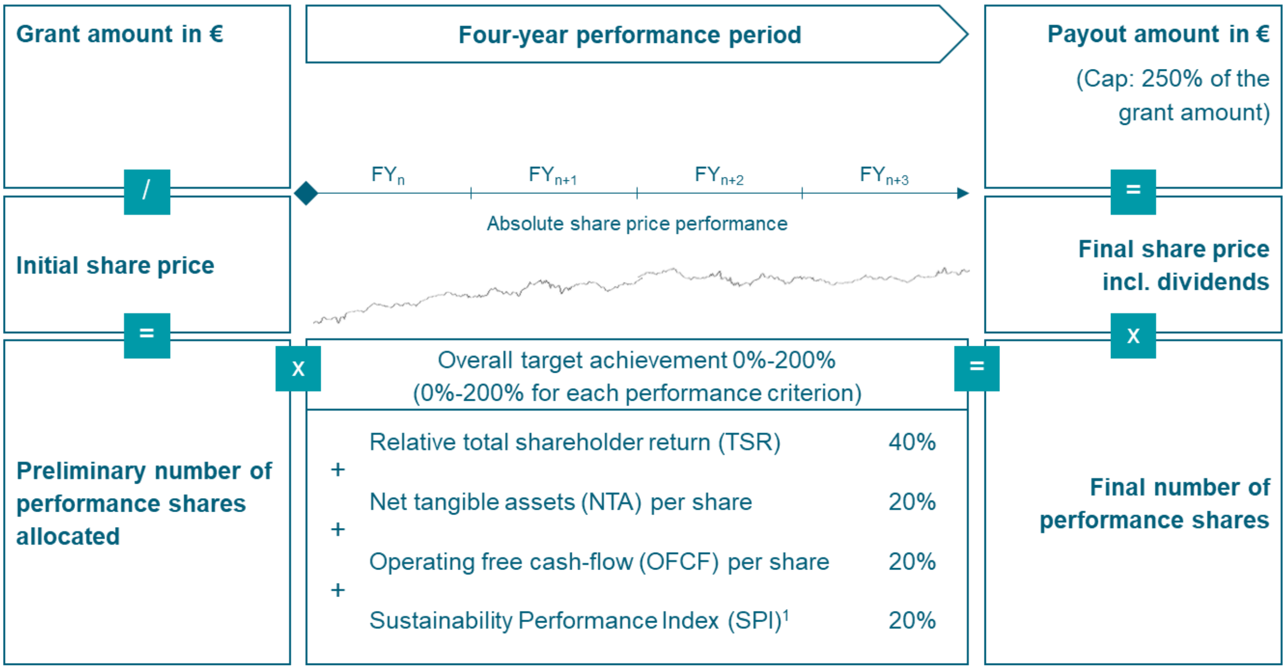
The LTI is granted in annual tranches. At the beginning of each tranche, the contractually agreed grant amount is divided by the average closing price of the company's shares over the 60 trading days prior to the start of the performance period (initial share price). This results in the preliminary number of virtual shares (performance shares), rounded up to the next whole share. Following the end of the performance period, the target achievement of the performance criteria is assessed, and the final number of performance shares is determined. The overall target achievement, as well as the target achievement of the respective performance criterion can range from 0% to 200%. The final number of performance shares is derived by multiplying the preliminary number of granted performance shares by the overall target achievement, rounded up to the next whole share.

The payout is made after the four-year performance period. The final number of performance shares is multiplied by the average closing price over the last 60 trading days prior to the end of the performance period (final share price), adjusted for the sum of dividends paid per share during the performance period based on the final number of performance shares. The payout from the LTI is capped at a maximum of 250% of the respective contractually agreed grant amount (cap).

The payout for the respective performance period is due with the next possible payroll following the approval of the company's annual report for the financial year in which the performance period ends, but no later than December 31 of the following financial year.

The LTI combines financial and non-financial performance criteria to ensure a balanced risk-reward profile, foster sustainable value creation, and promote the long-term and sustainable development of Vonovia. In line with the "pay-for-performance" approach, performance targets are set ambitiously.

Long-term incentive (LTI)



[1] Based on five sub-indicators of the SPI, excluding the Customer Satisfaction Index.

Performance criteria

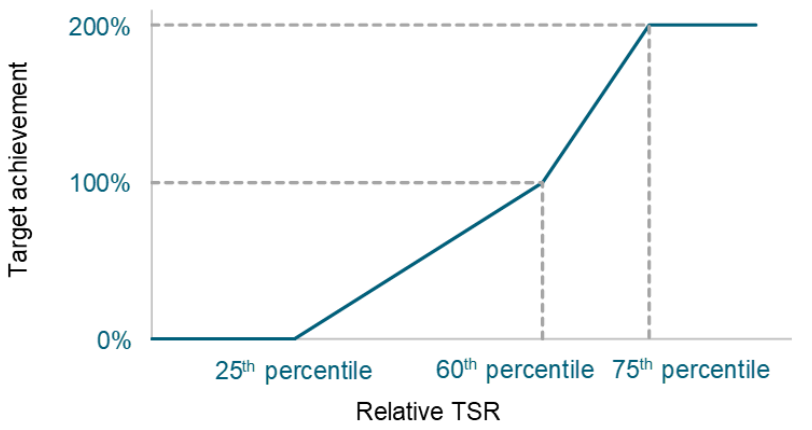
The LTI is based on three financial performance criteria: Relative total shareholder return (TSR) (40% weighting), net tangible assets (NTA) per share (20% weighting), and operating free cash-flow (OFCF) per share (20% weighting), as well as the non-financial performance criterion, Sustainability Performance Index (SPI) (20% weighting).

Relative total shareholder return (TSR)

The total shareholder return (TSR) reflects the share price performance of Vonovia during the performance period, including the gross dividends paid and hypothetically reinvested per share during that period. By considering both the share price and the dividend, the value growth of the company in the capital market is optimally reflected. To further incentivize outperformance relative to relevant market participants, the LTI uses relative TSR as a performance criterion.

The relative TSR is measured by ranking Vonovia's total shareholder return against companies in the FTSE EPRA/NAREIT Developed Europe Rental Index (as of March 2025: 100 companies). The initial and final values for calculating the TSR are based on the average closing prices of the companies over the last 60 trading days prior to the beginning and end of the respective performance period, with the final value including gross dividends hypothetically reinvested during the four-year performance period. Target achievement is determined by calculating the TSR values of Vonovia and each peer company, sorting them by rank, and assigning a percentile rank between 0 and 100. If Vonovia is below or exactly at the 25th percentile, the target achievement is 0%. If Vonovia's percentile rank is at the 60th percentile, meaning its TSR is higher than 60% of the companies in the peer group, the target achievement is 100%. If Vonovia's TSR is at least at the 75th percentile, this results in a target achievement of 200%. Higher percentile ranks do not lead to a higher target achievement (cap). Target achievement between these values is determined through linear interpolation.

Target achievement curve relative TSR



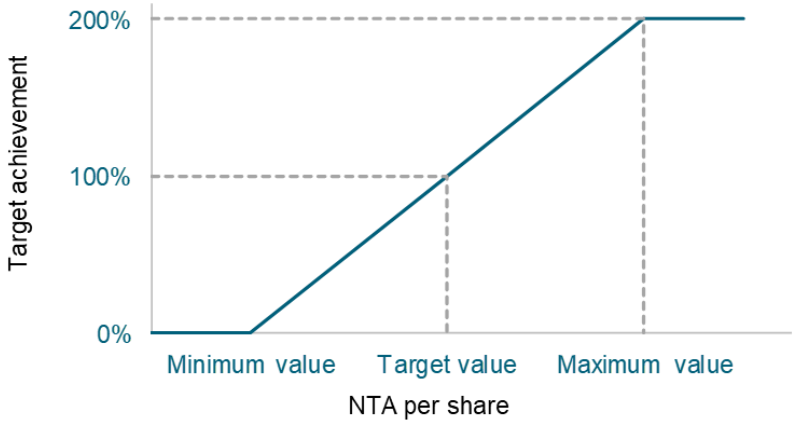
After the end of the performance period, the actual value achieved, and the resulting target achievement will be disclosed ex-post in the remuneration report.

Net tangible assets (NTA) per share

Net tangible assets (NTA) per share is one of the key performance indicators for Vonovia. They reflect the value of the real estate assets as well as modernization and new construction activities and are therefore significant for the company's value development. The calculation of the NTA per share is generally based on the derivation of the NTA in accordance with the EPRA best practice recommendations. The NTA calculated according to these criteria is then divided by the number of shares on the reporting date (NTA at reporting date divided by shares at reporting date – non-diluted).

An ambitious target achievement curve is applied to the NTA per share. At the start of each performance period, the Supervisory Board defines a target value, as well as minimum and maximum values. If the performance criterion exactly reaches the target value, this results in a target achievement of 100%. If the actual value is equal to or below the minimum value, the target achievement is 0%. If the maximum value is reached or exceeded, the target achievement is 200%. Target achievement between these values is determined through linear interpolation.

Exemplary target achievement curve NTA per share



Convenience translation from German

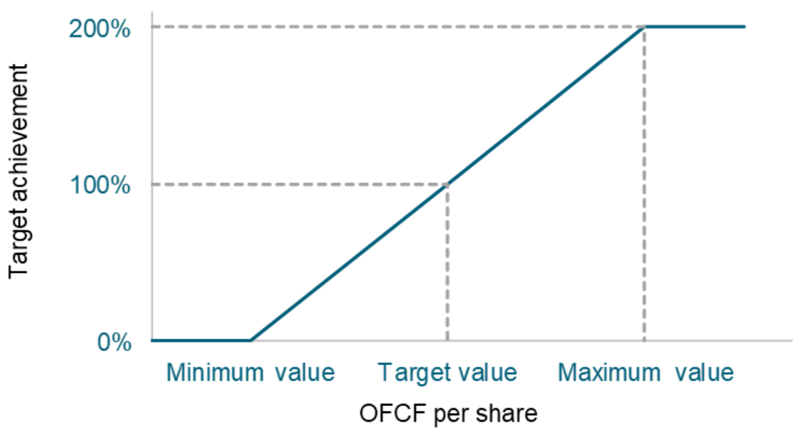
After the end of the performance period, the target value, as well as the minimum and maximum values, along with the actual value achieved and the resulting target achievement, will be disclosed ex-post in the remuneration report.

Operating free cash-flow (OFCF) per share

As part of the extensive revision of the Vonovia financial management model, operating free cash-flow (OFCF) was set as a key performance indicator alongside adjusted EBT. The OFCF represents a leading indicator of internal financing for Vonovia and demonstrates the company's operational ability to generate cash surpluses. As a multi-year average value, it is also decisive for dividend decisions. To determine the OFCF, depreciation and amortization is added to adjusted EBT, and the liquidity contributions from sales of investment properties in the segments Recurring Sales and Development to Sell, as well as changes in net working capital, are considered. Transfers between fixed and current assets are accounted for in the change in net working capital. In the future, these transfers will be reported separately for the purposes Development to Sell or Undeveloped Assets. Capital-preserving investments, dividend payments to minorities, and income tax payments from core business activities are subtracted. Starting from the 2025 financial year, the interim result value-add will also be added. The OFCF per share for a financial year is determined by dividing the OFCF for that year by the average number of shares in that year. The average value of the annually calculated OFCF per share will determine the final value of the metric at the end of the performance period.

An ambitious target achievement curve is applied to the OFCF per share. At the start of each performance period, the Supervisory Board defines a target value, as well as minimum and maximum values. If the performance criterion exactly reaches the target value, this results in a target achievement of 100%. If the actual value is equal to or below the minimum value, the target achievement is 0%. If the maximum value is reached or exceeded, the target achievement is 200%. Target achievement between these values is determined through linear interpolation.

Exemplary target achievement curve OFCF per share



After the end of the performance period, the target value, as well as the minimum and maximum values, along with the actual value achieved and the resulting target achievement, will be disclosed ex-post in the remuneration report.

Convenience translation from German

Sustainability Performance Index (SPI)

Vonovia's business model is closely linked to societal and ecological transformation processes, making sustainability a fundamental pillar of its corporate strategy. In recent years, particular focus has been placed on integrating sustainability into business processes. A key step was the introduction of the Sustainability Performance Index (SPI) in the 2021 financial year for internal management purposes, linking the strategy with clear remuneration-relevant targets for the Management Board and senior management (the first tier below the Management Board). For Vonovia's Management Board members, 20% of the LTI payout is based on non-financial performance criteria from the SPI, in addition to the three financial performance criteria. The SPI was derived from the valid materiality analysis and includes, with different weightings, the most important sustainability topics. Special attention is paid to the strategic relevance, transparency, and measurability of the targets when selecting and weighting them. The results of the SPI are disclosed annually as part of the non-financial group declaration within the annual report, thus highlighting the importance of the SPI as a key instrument for managing sustainability activities.

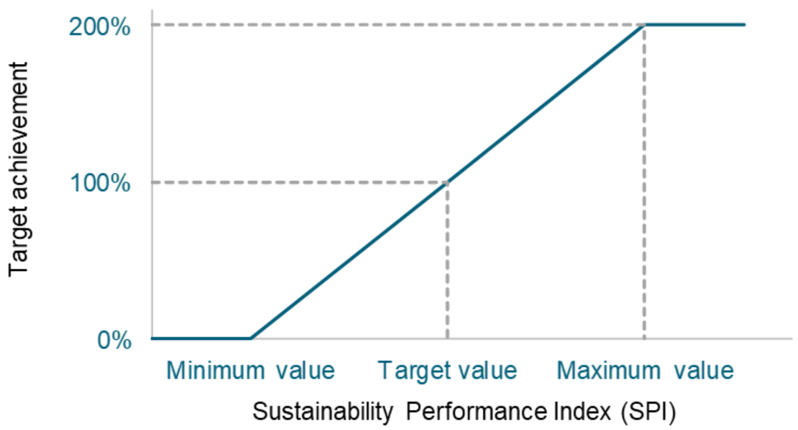
Possible ESG targets from the Sustainability Performance Index

CO_2 intensity of the housing stock	Proportion of accessible (partially) modernizations in newly rented apartments	Proportion of women in top management
Average primary energy consumption of new buildings	Employee satisfaction	Customer Satisfaction Index (CSI)

The Customer Satisfaction Index, which is generally included in the SPI, has been incorporated as a separate performance criterion in the STI to enhance the focus on customer interests, and has therefore been removed from the SPI as part of the LTI to avoid double incentivization.

An ambitious target achievement curve is applied to the SPI. At the beginning of each performance period, the Supervisory Board defines a target value, as well as minimum and maximum values. If the performance criterion exactly reaches the target value, this results in a target achievement of 100%. If the actual value is equal to or below the minimum value, the target achievement is 0%. If the maximum value is reached or exceeded, the target achievement is 200%. Target achievement between these values is determined through linear interpolation.

Exemplary target achievement curve SPI



At the end of the performance period, the weightings, target values, as well as the minimum and maximum values, along with the actual values achieved and the resulting target achievements for each target of the SPI, will be transparently disclosed ex-post in the remuneration report.

4.3. Share ownership guidelines (SOG)

To ensure that the interests of the Management Board and the shareholders remain aligned and to strengthen Vonovia's sustainable development, the remuneration system includes share ownership guidelines (SOG) for the members of the Management Board. The members of the Management Board are required to invest 100% of their annual base salary, or a multiple thereof, in shares of the company within the first three years of their appointment and to hold the acquired shares until the end of their appointment.

For the CEO, the obligation amounts to 150% of the annual base salary on the first appointment, increasing to 200% of the annual base salary on the first reappointment. The increased acquisition obligation must be fulfilled within six years of the initial appointment. For the other Management Board members, the obligation is 100% of the annual base salary. The respective acquisition costs are decisive for proving the fulfillment of the acquisition obligation.

The amounts spent on the acquisition of shares already held are offset against the purchase obligation. In case of a change in the annual base salary, the acquisition obligation will increase accordingly.

4.4. Malus and clawback provisions

In accordance with recommendation G.11 of the GCGC, the performance-based remuneration components include malus and clawback provisions. These allow the Supervisory Board to reduce performance-based remuneration components that have not yet been paid out in full or in part (compliance malus) or to reclaim remuneration components that have already been paid out (compliance clawback) in the event of proven breaches of duty that could justify a legally valid extraordinary termination, or in cases of proven intentional or grossly negligent violations of material duties of care in accordance with Section 93 of the AktG.

In cases where performance-based remuneration components are determined or paid based on incorrect data, such as a materially incorrect consolidated financial statement, the Supervisory Board can correct the determination and reclaim already paid remuneration components (performance clawback).

Clawbacks are possible in the aforementioned cases up to one year after the payment of the variable remuneration component. Reductions or reclaims generally apply to the year in which the breach of duty occurred.

Any potential liability for damages by the Management Board member to the company remains unaffected by the malus and clawback provisions.

The corresponding malus and clawback provisions also apply to variable remuneration for management activities in a Group subsidiary, for which the subsidiary pays separately.

4.5. Closure of the retirement pension plan (legacy pension commitment)

Members of the Management Board who were first appointed before January 1, 2021, were eligible to participate in Vonovia's company retirement pension plan. The retirement pension plan provided the option to contribute an annual pension contribution granted by the company into the "pension benefits instead of cash benefits" deferred compensation scheme. The pension contributions were converted into a pension entitlement with a fixed interest rate and were annuitized according to actuarial principles based on the age of the individual. Once the total pension contributions financed by deferred remuneration exceeded the applicable entry limits of the Pension Protection Association under Section 7 (3) of the German Occupational Pensions Act (BetrAVG), additional insolvency protection was provided.

As part of the revision of the remuneration system for the Management Board, the existing company retirement pension plan will be closed, meaning that no further annual pension contributions can be made. In the future, all Management Board members will receive a pension allowance in cash for self-provision.

One Management Board member will have the opportunity to make a final self-financed pension contribution to the old system in 2025, thereby increasing their existing pension entitlement for the last time. The contribution will be made through deferred remuneration, with no pension contributions from Vonovia.

Another Management Board member will receive an additional pension contribution of the same amount, alongside the regular pension contribution for the 2025 financial year.

Starting from the 2026 financial year, all Management Board members will receive only a pension allowance in cash for self-provision.

A detailed disclosure will be made in the corresponding remuneration report.

5. Termination of the Management Board activity

5.1. Duration of service agreements, termination options

The Management Board service agreements are signed for the duration of the term of appointment. In accordance with recommendation B.3 of the GCGC, the initial term of appointment is generally three years. In the case of reappointments, the term of appointment is also generally three years. In accordance with the AktG, the service agreements do not provide for an ordinary termination option; however, the mutual right to terminate the service agreement without notice for good cause remains unaffected. The service agreement ends automatically when a Management Board member reaches the age of 67, becomes permanently incapacitated for work or is, due to illness, unable to fulfill their duties for an unforeseeable period of time. It also ends in the event of a revocation of the appointment by the Supervisory Board, in which case the service agreement terminates with the statutory notice period pursuant to Section 622 (2) BGB (so-called linkage clause).

5.2. Early termination

5.2.1. Severance payments

In the event of a revocation of appointment and the resulting early termination of the Management Board service agreement, the service agreements provide for a severance payment to the Management Board members. In accordance with recommendation G.13 of the GCGC, the severance payment is limited to a maximum of twice the total remuneration (i.e. base salary, fringe benefits, pension contribution/allowance, STI and LTI) (severance cap), less payments for a notice period, and in no case exceeds the remuneration for the remaining term of the service agreement. The severance payment and severance cap as defined in the service agreement are determined based on the total remuneration of the last completed financial year prior to the early termination, and, where applicable, on the expected total remuneration for the current financial year. No severance payment is made if the service agreement is terminated by the company for good cause.

In individual cases, an additional service agreement with a Group subsidiary relating to a separately remunerated managing director role, may provide for a severance payment by the subsidiary in the event of an early termination from the managing director role (without good cause). In accordance with recommendation G.13 of the GCGC, such a payment is also limited to the severance cap. However, there is no entitlement to any severance payment if the service agreement with Vonovia (adjusted if necessary) remains in effect.

5.2.2. No change of control provision

In accordance with suggestion G.14 of the GCGC, there are no commitments for payments in the event of early termination of the service agreement by the Management Board member due to a change of control.

5.2.3. LTI in the event of early termination

If a Management Board service agreement ends due to the expiration of its term, death, or the revocation of the appointment, the initial number of performance shares granted for the year in which the service agreement ends will be reduced on a pro rata basis by 1/12 for each month the service agreement ends before the end of the respective calendar year. The remaining tranches will not be reduced, as LTI tranches are considered vested at the end of the year for which they were granted (while target achievement is measured over the entire performance period).

If the Management Board service agreement is extraordinarily terminated by Vonovia before the end of the performance period for good cause pursuant to Section 626 (1) BGB, or if the Management Board member resigns without the company having provided good cause, all rights and entitlements under the LTI will be forfeited with immediate effect and without compensation. This does not apply to the participant's entitlements from performance shares that are no longer in the performance period at the time the service agreement ends.

5.2.4. Permanent occupational disability / provision for surviving dependants

In the event of temporary or permanent occupational disability due to illness, the company will continue to pay the base salary for up to twelve months after the start of the occupational disability, but no longer than until the end of the service agreement. The STI may be reduced pro-rata by the Supervisory Board if the Management Board member becomes occupationally disabled for more than six months in a financial year, whether continuously or not.

If the Board member dies, the surviving dependants are entitled to continued payment of the base salary or payment of a fixed amount agreed upon in the Management Board service agreement for the month of death and the six following calendar months. The STI will be paid pro rata until the end of the month of death, with the expected achievement of company-related targets to be determined by the Supervisory Board in its discretion, considering the actual and expected business performance for the relevant calendar year.

5.3. Post-contractual non-compete clause

The Supervisory Board may impose a post-contractual non-compete clause for a period of up to 24 months. During this period, an appropriate remuneration to be determined on a case-by-case basis (compensation for non-competition) will be paid in close accordance with the statutory regulations of Sections 74 et seq. HGB for employees. The remuneration is paid in installments at the end of each month. The Management Board member is responsible for any statutory deductions applicable to this amount.

According to Section G.13, sentence 2 of the GCGC, severance payments in the case of a post-contractual non-compete clause are to be offset against the compensation for non-competition. For reasons of grandfathering, this recommendation is currently not implemented in one specific case. For service agreement extensions and future service agreements, the recommendation in Section G.13, sentence 2 of the GCGC will be complied with.

6. Sideline activities of the Management Board members

The base salary generally covers all activities of the Management Board members for the company and its affiliated companies. In accordance with recommendation G.15 of the GCGC, this includes in particular Supervisory Board mandates within the Group. If remuneration claims arise against affiliated companies, they are generally offset against the base salary; in individual cases, remuneration for a management director role from an additional service agreement with a Group company may be provided. In accordance with recommendation G.16 of the GCGC, the Supervisory Board decides on a case-by-case basis whether and to what extent remuneration for external Supervisory Board mandates should be offset against the base salary. The service agreement may stipulate that income earned by Management Board members from other activities they undertake in the interest of the company (e.g., income from functions in associations) must be donated to the Vonovia Foundation by the Management Board members (subject to any contrary provision by the Supervisory Board of the Vonovia Foundation).

7. Procedure for establishing, implementing, and reviewing the remuneration system

In accordance with Sections 87 (1) and 87a (1) AktG, the Supervisory Board of Vonovia resolves the remuneration system for the members of the Management Board. The Supervisory Board is supported by the HR and Remuneration Committee, which develops recommendations for the Management Board's remuneration system. The Supervisory Board discusses and decides on these recommendations. If necessary, the Supervisory Board may consult external advisors, ensuring their independence from the Management Board and the company. In establishing, implementing, and reviewing the Management Board's remuneration system, the provisions of the AktG and the GCGC regarding conflicts of interest are observed. In case of conflicts of interest, Supervisory Board members do not participate in the resolution on the relevant agenda items in the Supervisory Board and the respective committees.

The remuneration conditions for employees are taken into account when determining the remuneration level of the Management Board members through a vertical comparison (see section 8.2). Furthermore, when setting the performance criteria for the variable remuneration of the Management Board, attention is paid to largely aligned performance incentives for the senior management.

The Supervisory Board submits the remuneration system to the Annual General Meeting for approval. The total target remuneration for the members of the Management Board is set by the Supervisory Board in line with the remuneration system presented to the Annual General Meeting for approval. Additionally, the Supervisory Board determines the target values for the variable remuneration components defined in the remuneration system for the respective financial year.

The regular review of the Management Board's remuneration system is prepared by the HR and Remuneration Committee. It recommends changes to the Supervisory Board if it appears necessary. If significant changes are made to the remuneration system, it will be submitted to the Annual General Meeting for re-approval. The same applies, even without significant changes, at least every four years.

If the Annual General Meeting does not approve the remuneration system presented for voting, a revised remuneration system will be submitted for approval to the following ordinary Annual General Meeting.

8. Review of appropriateness and determination of the specific total target remuneration by the Supervisory Board

In accordance with the requirements of the AktG and the GCGC, the Supervisory Board ensures that the total target remuneration for the Management Board members is appropriate in relation to their tasks, performance, and the company's situation, aligned with Vonovia's long-term sustainable development, and does not exceed the customary remuneration without special reasons. Therefore, both external and internal comparisons are being conducted.

When assessing the appropriateness of the remuneration levels, Vonovia's peer group (horizontal external comparison) and the company's internal remuneration structure (vertical, internal comparison) are taken into account.

8.1. Horizontal comparison

In the horizontal (external) comparison, a group of companies suitable in terms of market position (particularly in terms of industry, size, country) and social responsibility of Vonovia is used to determine the appropriateness and customariness of the level and structure of the total target remuneration. This primarily includes other DAX 40 companies, as they are subject to comparable regulatory remuneration requirements and Vonovia competes with them for the best executives. The market capitalization is particularly used to classify Vonovia, with adjustments made for the complexity of the business based on the number of employees and total assets. To further validate the results of the DAX comparison, a peer group of listed national and international real estate companies is analyzed. The selection of companies is based on the FTSE EPRA/NAREIT Developed Europe Rental Index, which is also utilized to measure the relative total shareholder return.

8.2. Vertical comparison

In addition to the horizontal (external) comparison, a vertical (internal) comparison of the Management Board's remuneration is also conducted. In accordance with recommendation G.4 of the GCGC, the ratio of Management Board remuneration to the remuneration of senior management (first tier below the Management Board), other managers and the total workforce of other Vonovia employees in the real estate industry (Group-wide) is taken into account. The Supervisory Board considers not only the current ratios of the remuneration between the various levels but also the development of the remuneration for these groups over time. This comparison is also part of the regular review of the appropriateness of the Management Board's remuneration and also when adjusting the target remuneration accordingly.

9. Temporary deviation

In accordance with the recommendation G.11 of the GCGC, the Supervisory Board reserves the right to adjust the objectively measured target achievement downwards if and insofar as this is not offset by the Management Board's performance (e.g., to avoid so-called windfall profits, negative deviations from the mid-term plan that are not reflected in the objectively measured target achievement, etc.).

The Supervisory Board may, in exceptional cases, temporarily deviate from the remuneration system if necessary for the long-term interest of the company. General unfavorable market developments explicitly do not qualify as exceptional cases in this context. Significant and extraordinary changes in the economic situation, such as a major economic crisis, may be considered exceptional cases under this provision. This may also include, among other things, the alignment of the remuneration system in the event of a significant change in corporate strategy to ensure appropriate incentivization. Even in the event of deviation from the existing remuneration system, the remuneration must continue to be geared towards the sustainable and long-term development of the company and must not overburden its financial capacity. Any deviation from the remuneration system is only possible through a corresponding resolution of the Supervisory Board, based on a proposal from the HR and Remuneration Committee, which determines the exceptional circumstances and the necessity for such a deviation. The temporary deviation from the Management Board's remuneration system is limited to the following components: performance criteria of the short-term and long-term variable remuneration, ranges of possible target achievements for the individual elements of the variable remuneration, and the relative proportions of fixed and variable remuneration components.

In the event of a temporary deviation from the remuneration system, detailed information about the deviations will be disclosed in the remuneration report of the following year. This includes an explanation of the need for the deviation as well as the specific remuneration components from which the deviation occurred.

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