Invitation to the Annual General Meeting

of Vonovia SE, 9 May 2018

VONOVIA

Vonovia SE
Bochum
ISIN DE000A1ML7J1
WKN A1ML7J

Invitation to the 2018 Annual General Meeting

The shareholders in our Company are cordially invited to the **Annual General Meeting**

taking place on
Wednesday, 9 May 2018
at **10:00 hours**

at

RuhrCongress Bochum
Stadionring 20
44791 Bochum

This is a convenience translation of the German language invitation to the Annual General Meeting of Vonovia SE on 9 May 2018, including its annexes, which is provided to the shareholders for information purpose only. Vonovia SE assumes no responsibility for misunderstandings or misinterpretations that may arise from this translation or any mistakes or inaccuracies contained herein. In case of doubt, only the German version shall form the basis for interpretation.

I. Agenda

1. Presentation of the Adopted Annual Financial Statements of Vonovia SE and the Approved Consolidated Financial Statements as at 31 December 2017, of the Combined Management Report for Vonovia SE and the Group, including the Explanatory Report on Disclosures pursuant to Section 289a and Section 315a of the German Commercial Code (HGB), and of the Report of the Supervisory Board for the 2017 Financial Year

The Supervisory Board has approved the annual financial statements and the consolidated financial statements prepared by the Management Board; the annual financial statements are thus adopted. A resolution of the Annual General Meeting regarding this, Item 1 of the Agenda, is therefore neither envisaged nor necessary.

The specified documents are available from the time the Annual General Meeting is called via the Vonovia SE website at http://investoren.vonovia.de/hv and at the Annual General Meeting, and will be explained by the Management Board or – in the case of the Supervisory Board report – by the chairman of the Supervisory Board during the Annual General Meeting. The shareholders will have the opportunity to ask questions regarding the information presented, in accordance with their right to information.

2. Resolution on the Allocation of Net Profit of Vonovia SE for the 2017 Financial Year

The Management Board and Supervisory Board propose that the net profit of EUR 676,659,054.65 as presented in the adopted annual financial statements as at 31 December 2017 be appropriated as follows:

A dividend of EUR 1.32 shall be paid per share of the Company, which is entitled to a dividend for the 2017 financial year; with currently 485,100,826 shares:	EUR	640,333,090.32
Profit carried forward:	EUR	36,325,964.33
Net profit:	EUR	676,659,054.65

The proposal for the appropriation of earnings is based on the number of shares entitled to dividend payment for the 2017 financial year of which the Company was aware on the day of the invitation to the Annual General Meeting. Should this number of shares entitled to dividend payment change up to the Annual General Meeting, a resolution proposal that has been modified accordingly to comprise an unchanged dividend of EUR 1.32 per share entitled to dividend payment for the 2017 financial year as well as an correspondingly adjusted proposal for the profit carried forward will be put to the vote at the Annual General Meeting. The sum not relating to shares entitled to dividend payment shall be carried forward.

The dividend shall be paid, at the shareholders choice, either in cash or in the form of shares of the Company. The details on this are set out in a separate document pursuant to Sections 4 para. 1 no. 4, para. 2 no. 5 of the Securities Prospectus Act (WpPG) (*prospectus-exempting document*). This document is provided to the shareholders on the Company's website at http://investoren.vonovia.de/hv and contains in particular information on the number and nature of the shares and the reasons for and details of the offer.

Provided the resolution proposed by the Management Board and the Supervisory Board is accepted by the Annual General Meeting, the following shall apply to the pay-out of the dividend:

Because the dividend for the 2017 financial year is being paid fully from the tax contribution account within the meaning of Section 27 of the Corporation Tax Act (contributions not made to the nominal capital), the pay-out shall occur without capital gains tax and solidarity surcharge being deducted. The dividend is not subject to taxation for domestic shareholders. This applies to both the cash distribution and insofar as the dividend is paid in the form of shares. The dividend is not associated with an option to refund or set-off tax. In the opinion of the German tax authorities, the distribution reduces the tax-related acquisition costs of the shares.

The distribution of the dividend in cash is expected to occur on 7 June 2018. The shareholders that elect the share dividend are expected to receive the new shares in the Company on 14 June 2018.

The Management Board and the Supervisory Board point out that they will only offer and carry out the share dividend, if they consider it to be reasonable after due assessment, taking into account the interests of the Company as well as of its shareholders. This decision will be based, in particular, on the development of the Company's share price in relation to the latest financial key performance indicators. The Management Board and the Supervisory Board will take this decision prior to the Annual General Meeting on 9 May 2018. If the Management Board and the Supervisory Board decide not to carry out a share dividend, they will continue to propose to the Annual General Meeting the resolution proposal above. However, the possibility for the shareholders to opt for a share dividend will not exist in such a case and the dividend will be paid out in cash only. The payment of the divided would then be made on 14 May 2018.

3. Resolution regarding formal Approval of the Actions of the Members of the Management Board in the 2017 Financial Year

The Management Board and Supervisory Board propose that the actions of the incumbent members of the Management Board in the 2017 financial year be approved.

4. Resolution regarding formal Approval of the Actions of the Members of the Supervisory Board in the 2017 Financial Year

The Management Board and Supervisory Board propose that the actions of the incumbent members of the Supervisory Board in the 2017 financial year be approved.

5. Election of the Auditors of the Annual Financial Statements and the Consolidated Financial Statements for the 2018 Financial Year and of the potential Review of the Interim Financial Reports for the 2018 Financial Year and the Interim Financial Report for the First Quarter of the 2019 Financial Year

Based on the recommendations of its Audit Committee, the Supervisory Board recommends that KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, be appointed as auditors for the audit of the year-end financial statements for the Company and the Group for the 2018 financial year as well as auditor for a potential review of interim financial statements for the 2018 financial year and the first quarter of the 2019 financial year.

Pursuant to Article 16 para. 2 subpara. 3 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities ((EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014), the Audit Committee of the Supervisory Board has stated, that its recommendation is free from any influence by a third party and that there are no restrictions regarding the choice of a particular statutory auditor or audit firm (Article 16 para. 6 of the EU Regulation (EU) No 537/2014).

6. Resolution regarding the election of members of the Supervisory Board

The term of office of all eleven current members of the Supervisory Board ends at the end of this year's Annual General Meeting. One Supervisory Board seat has been vacant since Dr Wulf H. Bernotat resigned on 26 August 2017.

Pursuant to Articles 40 para. 2 and 3 and 9 para. 1 lit. c) of the SE Regulation in conjunction with Section 17 of the SE Implementation Act and pursuant to Section 11.1 of the Articles of Association of Vonovia SE, the Supervisory Board is composed of twelve members, all of whom are elected by the General Meeting. The Annual General Meeting is not bound by election proposals. The following election proposals are in line with the competence profile of the Supervisory Board and the objectives it has set for its composition as well as the requirements of the German Corporate Governance Code. Elections to the Supervisory Board are held on an individual basis.

At the recommendation of its Executive and Nomination Committee, the Supervisory Board proposes that the following persons be elected to the Supervisory Board as shareholder representatives:

a) Mr Jürgen Fitschen, Senior Advisor of Deutsche Bank AG, residing in Hofheim am Taunus.

   Mr Jürgen Fitschen is currently a member of the following statutory supervisory boards within the meaning of Section 125 para. 1 sentence 5 of the German Stock Corporation Act (AktG):

   - CECONOMY AG (chairman)

   and is currently a member of the following comparable control committees of commercial enterprises either domestically or abroad within the meaning of Section 125 para. 1 sentence 5 AktG:

   - Administrative Board of Kühne & Nagel International AG, Schindellegi, Switzerland
   - Administrative Board of CURA Vermögensverwaltung GmbH & Co. KG

   It is intended that Mr Fitschen will stand as a candidate for the Supervisory Board Chair in the event of his election to the Supervisory Board.

b) Mr Burkhard Ulrich Drescher, manging director of InnovationCity Management GmbH, residing in Oberhausen.

   Mr Burkhard Ulrich Drescher is currently not a member of any other statutory supervisory boards within the meaning of Section 125 para. 1 sentence 5 AktG.

   Mr Burkhard Ulrich Drescher is currently a member of the following comparable domestic or foreign controlling bodies of commercial enterprises within the meaning of Section 125 para. 1 sentence 5 AktG:

   - Advisory Board of STEAG Fernwärme GmbH

c) Mr Vitus Eckert, attorney at Eckert Fries Prokopp Rechtsanwälte GmbH, residing in Vienna, Austria

Mr Vitus Eckert is currently not a member of any statutory supervisory boards within the meaning of Section 125 para. 1 sentence 5 AktG.

Mr Vitus Eckert is currently a member of the following comparable domestic or foreign controlling bodies of commercial enterprises within the meaning of Section 125 para. 1 sentence 5 AktG:

- Supervisory Board of BUWOG AG, Vienna, Austria (chairman) (Termination of office on 4 May 2018)
- Supervisory Board of STANDARD Medien AG, Vienna (chairman)
- Supervisory Board of Adolf Darbo Aktiengesellschaft, Stans (chairman)
- Supervisory Board of S. Spitz GmbH, Attnang (vice chairman)
- Supervisory Board of Vitalis Food Vertriebs-GmbH, Linz (chairman, affiliated with S. Spitz GmbH)

d) Prof Dr Edgar Ernst, President of the German Financial Reporting Panel, residing in Bonn.

Prof Dr Edgar Ernst is currently a member of the following additional statutory supervisory boards within the meaning of Section 125 para. 1 sentence 5 AktG:

- Deutsche Postbank AG
- TUI AG
- METRO AG

and is currently not a member of any comparable domestic or foreign controlling bodies of commercial enterprises within the meaning of Section 125 para. 1 sentence 5 AktG.

e) Dr Florian Funck, member of the management board of Franz Haniel & Cie. GmbH, residing in Essen.

Dr Florian Funck is currently a member of the following additional statutory supervisory boards within the meaning of Section 125 para. 1 sentence 5 AktG:

- TAKKT AG (group company of Franz Haniel & Cie. GmbH)
- METRO AG
- CECONOMY AG

and is not currently a member of any comparable control committees of commercial enterprises either domestically or abroad within the meaning of Section 125 para. 1 sentence 5 AktG.

f) Dr Ute Geipel-Faber, independent management consultant, residing in Grünwald.

Dr Ute Geipel-Faber is currently a member of the following additional statutory supervisory boards within the meaning of Section 125 para. 1 sentence 5 AktG:

- Bayerische Landesbank

and is currently not a member of any comparable domestic or foreign controlling bodies of commercial enterprises within the meaning of Section 125 para. 1 sentence 5 AktG.

g) Mr Daniel Just, CEO of Bayerische Versorgungskammer, residing in Pöcking.

Mr Daniel Just is currently a member of the following additional statutory supervisory boards within the meaning of Section 125 para. 1 sentence 5 AktG:

- RREEF Investment GmbH (vice chairman)
- Universal Investment GmbH

and is currently a member of the following comparable domestic or foreign controlling bodies of commercial enterprises within the meaning of Section 125 para. 1 sentence 5 AktG:

- Supervisory Board of GLL Real Estate Partners GmbH

h) Ms Hildegard Müller, chief operating officer (COO) grid & infrastructure of innogy SE, residing in Düsseldorf.

Ms Hildegard Müller is currently a member of the following additional statutory supervisory boards within the meaning of Section 125 para. 1 sentence 5 AktG:

- Dortmunder Energie- und Wasserversorgung GmbH (group company of innogy SE)
- envia Mitteldeutsche Energie AG (group company of innogy SE)
- NEW AG (1st vice chairwoman, group company of innogy SE)
- Rhenag Rheinische Energie AG (vice chairwoman, group company of innogy SE)
- Süwag Energie AG (group company of innogy SE)
- Stadtwerke Essen AG (2nd vice chairwoman, group company of innogy SE)

and is currently a member of the following comparable domestic or foreign controlling bodies of commercial enterprises within the meaning of Section 125 para. 1 sentence 5 AktG:

- Supervisory Board of EWG Essener Wirtschaftsförderungsgesellschaft mbH (vice chairwoman)

i) Prof Dr Klaus Rauscher, independent management consultant, residing in Potsdam.

Prof Dr Klaus Rauscher is currently a member of the following additional statutory supervisory boards within the meaning of Section 125 para. 1 sentence 5 AktG:

- Drägerwerk AG & Co. KGaA
- Dräger Safety GmbH (group company of Drägerwerk AG & Co. KGaA)
- Drägerwerk Verwaltungs AG (limited partner of Drägerwerk AG & Co. KGaA)

and is not currently a member of any comparable domestic or foreign controlling bodies of commercial enterprises within the meaning of Section 125 para. 1 sentence 5 AktG.

j) Dr Ariane Reinhart, member of the management board of Continental AG (staff, labour director), residing in Damp.

Dr Ariane Reinhart is currently neither a member of any additional statutory supervisory boards within the meaning of Section 125 para. 1 sent 5 AktG nor of any comparable domestic or foreign controlling bodies of commercial enterprises within the meaning of Section 125 para. 1 sentence 5 AktG.

k) Ms Clara-Christina Streit, independent management consultant, residing in Alcabideche, Portugal.

Ms Clara-Christina Streit is currently not a member of any additional statutory supervisory boards within the meaning of Section 125 para. 1 sentence 5 AktG.

Ms Clara-Christina Streit is currently a member of the following comparable domestic or foreign controlling bodies of commercial enterprises within the meaning of Section 125 para. 1 sentence 5 AktG:

- Supervisory Board of NN Group N.V.
- Administrative Board of Jerónimo Martins SGPS S.A.
- Administrative Board of UniCredit S.p.A., (Termination of office on 13 April 2018)
- Administrative Board of Vontobel Holding AG

l) Mr Christian Ulbrich, Global CEO & President of Jones Lang LaSalle Incorporated, residing in Kronberg.

Mr Christian Ulbrich is currently neither a member of any additional statutory supervisory boards within the meaning of Section 125 para. 1 sent 5 AktG nor of any comparable domestic or foreign controlling bodies of commercial enterprises within the meaning of Section 125 para. 1 sentence 5 AktG.

The elections shall each be for a term of office beginning at the end of this Annual General Meeting and ending at the end of the Annual General Meeting that resolves on the formal approval of the actions of the members of the Supervisory Board for the Company's 2022 financial year.

Apart from the fact that – with the exception of Mr Fitschen – all candidates are currently members of the Supervisory Board of the Company, or, in case of Mr Eckert (until the termination of office on 4 May 2018), of a subsidiary (BUWOG AG), there are no significant personal or business relationships of the candidates with the Company, the governing bodies of the corporation and any shareholders with a material interest in the corporation pursuant to Section 5.4.1 para. 6 of the German Corporate Governance Code. Curriculum vitae of all candidates are included in this invitation under "Supplementary Information to Agenda Item 6" (**Annex A**) and are available on the Company's website at http://investoren.vonovia.de/hv.

7. Resolution regarding the Cancellation of the Authorized Capitals 2016 and 2017 and the existing Sections 5b and 5c of the Articles of Association and the Creation of an Authorized Capital 2018 with the Possibility of Excluding Shareholders' Subscription Rights and correspondingly including a new Section 5 in the Articles of Association

With the approval of the Supervisory Board, the Management Board made partial use of the authorization granted by the Annual General Meeting on 12 May 2016 to increase the Company's share capital by up to EUR 167,841,594.00 in the period up to 11 May 2021 by issuing up to 167,841,594 new no-par-value registered shares against cash and/or in kind contributions on one or several occasions (Authorized Capital 2016), increasing the share capital by a total of EUR 16,303,890.00 by means of the capital increases carried out in June and July 2017.

The authorization granted to the Management Board by the Annual General Meeting on 16 May 2017 to increase the Company's share capital, with the approval of the Supervisory Board, by up to EUR 66,556,874.00 in the period up to 15 May 2022 by issuing up to 66,556,874 new no-par-value registered shares against cash and/or in kind contributions on one or several occasions (Authorized Capital 2017) has not yet been used.

Section 5b.1 of the Articles of Association therefore currently contains Authorized Capital 2016 that permits the Management Board, with the approval of the Supervisory Board, to increase the Company's share capital by up to EUR 151,537,704.00 by issuing up to 151,537,704 new

no-par-value registered shares against cash and/or in kind contributions on one or several occasions. Section 5c.1 of the Articles of Association currently contains Authorized Capital 2017 that permits the Management Board, with the approval of the Supervisory Board, to increase the Company's share capital by up to EUR 66,556,874.00 by issuing up to 66,556,874 new no-par-value registered shares against cash and/or in kind contributions on one or several occasions.

To maintain the Company's ability to comprehensively strengthen its capital resources as and when necessary, an increase of the authorized capital combined with a simultaneous adjustment of the existing authorized capitals through consolidation as a new Authorized Capital 2018 is to be approved and therefore the Articles of Association shall be amended and simplified accordingly. The Authorized Capital 2016 and the Authorized Capital 2017 are to be cancelled.

The Management Board and Supervisory Board therefore propose that the following be approved:

a) Cancellation of the existing Authorized Capital 2016 and 2017

The current authorization to increase the share capital pursuant to Section 5b of the Articles of Association which was granted by the Annual General Meeting on 12 May 2016 and expires as at 11 May 2021 (Authorized Capital 2016) and the current authorization to increase the share capital pursuant to Section 5c of the Articles of Association, which was granted by the Annual General Meeting on 16 May 2017 and expires as at 15 May 2022 (Authorized Capital 2017), shall be cancelled upon the new Authorized Capital 2018 becoming effective. Sections 5b and 5c of the Articles of Association are to be cancelled.

b) Creation of an Authorized Capital 2018 with the possibility of excluding Shareholders' Subscription Rights and correspondingly including a new Section 5 in the Articles of Association

A new authorized capital in an amount of EUR 242,550,413.00 will be created (**"Authorized Capital 2018"**). A new Section 5 of the Articles of Association will be created for this purpose, worded as follows:

"Sec. 5 Authorized Capital

5.1 The Management Board is authorized to increase the Company's share capital by up to EUR 242,550,413.00 in the period up to 8 May 2023 with the consent of the Supervisory Board by issuing up to 242,550,413 new no-par-value registered shares against cash and/or in kind contributions on one or several occasions (**"Authorized Capital 2018"**). The shareholders must in principle be granted subscription rights.

5.2 As part of this, the shares pursuant to Section 186 para. 5 AktG may also be acquired by one or several credit institution(s) or one or several enterprise(s) operating pursuant to Section 53 para. 1 sentence 1 or Section 53b para. 1 sentence 1 or para. 7 of the German Banking Act (*Kreditwesengesetz*) with the obligation to offer them to the shareholders of the Company for subscription (known as an indirect subscription right).

5.3 The Management Board is, however, authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights for one or more capital increases relating to the authorized capital:

(i) to exclude fractional amounts from the subscription right;

(ii) insofar as is necessary to grant the holders/creditors of convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) (hereinafter collectively **"bonds"**) that come with conversion or option rights or obligations, and that were or shall be issued by the Company or companies dependent on or in the direct or indirect majority ownership of the Company, a subscription right for new no-par-value registered shares in the Company in the same volume as said holders/creditors would be entitled to upon exercising their option or conversion rights or fulfilling their conversion or option obligations as shareholders;

(iii) to issue shares against cash contributions insofar as the issue price of the new shares does not significantly undercut the stock market price of the shares of the same class and with equal rights already listed on the stock exchange within the meaning of Sections 203 para. 1 and para. 2, Section 186 para. 3 sentence 4 AktG and the proportion of the share capital attributable to the new shares issued subject to the exclusion of subscription rights in line with Section 186 para. 3 sentence 4 AktG is in total no more than 10% of the share capital, either at the time at which this authorization becomes effective or – in the event that this amount is lower – at the time at which it is exercised. The Company's own shares which are sold during the term of this authorization, subject to the exclusion of shareholders' subscription rights pursuant to Section 71 para. 1 no. 8 sentence 5 part 2 in conjunction with Section 186 para. 3 sentence 4 AktG, are to be included in this 10% cap of the share capital. Any shares already issued or to be issued to satisfy bonds with conversion or option rights or obligations are also to be included in this 10% cap on the share capital, provided these bonds were issued during the term of this authorization subject to the exclusion of subscription rights pursuant to Section 186 para. 3 sentence 4 AktG. Shares issued during the term of this authorization in direct or analogous application of Section 186 para. 3 sentence 4 AktG without subscription rights on the basis of other corporate action are likewise to be included in this 10% cap on the share capital.
The upper limit, decreased under the preceding sentences of this paragraph, shall be increased again when a new authorization to exclude shareholder subscription rights in line with Section 186 para. 3 sentence 4 AktG resolved upon by the General Meeting becomes effective after the decrease, to the extent of the reach of the new authorization, but up to a maximum of 10% of the share capital in accordance with the stipulations of sentence 1 of this paragraph (iii);

(iv) to issue shares against contributions in kind in particular – but not solely – for the purpose of the acquisition (including indirectly) of companies, parts of companies, shareholdings in companies and other assets relating to an intended acquisition (including receivables), properties and property portfolios, or to satisfy bonds referred to in Section 5.3(ii) issued against contributions in kind;

(v) to issue a share dividend under which shares of the Company are issued (including partially or optionally) against contribution of shareholder dividend claims (*scrip dividend*); and

(vi) restricted to the issue of up to 2,500,000 new no-par-value registered shares against a contribution in cash insofar as this is necessary in order to issue shares to the employees of the Company or of affiliated companies within the meaning of Section 15 AktG to the exclusion of the members of the Company's Management Board and Supervisory Board and the members of the management boards, supervisory boards and other bodies of affiliated companies (employee shares).

Insofar as is legally permissible, the employee shares may also be issued such that the corresponding contributions are covered by the portion of the net profit that the Management Board and Supervisory Board are authorized to transfer to other retained earnings pursuant to Section 58 para. 2 AktG.

The new shares may additionally be subscribed by a bank against cash contributions, such that the Company is able to buy back the subscribed shares in order to issue them to the employees of the Company or of affiliated companies within the meaning of Section 15 AktG to the exclusion of the members of the Company's Management Board and Supervisory Board and the members of the management boards, supervisory boards and other bodies of affiliated companies.

5.4 The authorizations to exclude subscription rights in the event of capital increases against cash and/or in kind contributions under Section 5.3 above are limited in total to an amount not exceeding 20% of the share capital, either at the time at which this authorization becomes effective or – in the event that this amount is the lower one – at the time at which it is exercised. The above 20% cap is also to include the Company's own shares sold under exclusion to subscription rights during the term of this authorization and any shares issued or to be issued to satisfy bonds, provided the bonds were issued without subscription rights during the term of this authorization. Shares issued during the term of this authorization on the basis of other capital measures under the exclusion of shareholders' subscription rights are likewise to be included in the aforementioned 20% cap of the share capital. The upper limit, decreased under the preceding sentences of this paragraph, shall be increased again when a new authorization to exclude shareholder subscription

rights resolved upon by the General Meeting becomes effective after the decrease, to the extent of the reach of the new authorization, but up to a maximum of 20% of the share capital in accordance with the stipulations of sentence 1 of this paragraph.

5.5 The new shares created on the basis of the Authorized Capital 2018 bear dividend rights from the beginning of the financial year in which they come to existence and continue to do so in the financial years that follow; by way of derogation, with the approval of the Supervisory Board and insofar as is legally permissible, the Management Board may stipulate that the new shares shall bear dividend rights from the beginning of the financial year for which no resolution of the General Meeting regarding the appropriation of the net profit had yet been passed.

5.6 With the approval of the Supervisory Board, the Management Board is additionally authorized to stipulated the further details of the share rights and the conditions of the share issuance.

5.7 The Supervisory Board is authorized to amend Sections 4.1 and 5 of the Articles of Association to reflect the utilisation of the Authorized Capital 2018 and once the authorization period has expired."

c) Application for Registration in the Commercial Register

The Management Board is instructed to apply for the registration of the cancellation of the authorized capital contained in Section 5b of the Articles of Association (Authorized Capital 2016) and the authorized capital contained in Section 5c of the Articles of Association (Authorized Capital 2017) resolved as per lit. a) and the new authorized capital (Authorized Capital 2018) resolved as per lit. b) in the commercial register on 27 June 2018 or without undue delay thereafter, provided that cancellation of the Authorized Capital 2016 and 2017 is effected first, albeit only if the new Authorized Capital 2018 is registered immediately thereafter. The registration with the commercial register on 27 June 2018 (or without undue delay thereafter) shall enable the Company to carry out the envisaged share dividend (see Item 2 of the Agenda) by issuing shares on basis of the existing authorized capitals.

Subject to the preceding paragraph, the Management Board is authorized to apply for the registration of the cancellation of the authorized capitals contained in Sections 5b and 5c of the Articles of Association and the creation of the Authorized Capital 2018 in the commercial register irrespective of the Annual General Meeting's other resolutions.

Should the Company's share capital change up until the date of the Annual General Meeting, the Management Board and Supervisory Board will submit an appropriately adapted resolution proposal to the Annual General Meeting for approval that provides for a nominal amount for the Authorized Capital 2018 that is to be created, which will correspond to 50% of the share capital of the Company on the day of the Annual General Meeting.

8. Resolution regarding the Cancellation of the existing and the Granting of a new Authorization to issue Convertible Bonds, Warrant Bonds, Profit Participation Rights and/or Participating Bonds (or Combinations thereof) with the Option of Excluding Subscription Rights, regarding the Cancellation of the Conditional Capital 2016 and the Creation of a Conditional Capital 2018 with a corresponding Amendment of Section 6 of the Articles of Association

With the approval of the Supervisory Board, the Management Board was authorized by resolution of the Annual General Meeting of 12 May 2016 to issue registered or bearer convertible bonds, warrant bonds, profit participation rights and/or participating bonds or combinations thereof (hereinafter collectively **"2016 Bonds"**) on one or several occasions up to 11 May 2021, up to an aggregate nominal amount of EUR 6,990,009,360.00 and to grant the holders or creditors option or conversion rights for shares in the Company with a proportionate amount of up to EUR 233,000,312.00 of the share capital. The Conditional Capital 2016 of EUR 233,000,312.00 was created to satisfy the 2016 Bonds (Section 6 para. 2 of the Articles of Association); this sum remains unchanged up to the day on which the invitation to this Annual General Meeting was published.

To maintain the Company's comprehensive ability to issue convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) under the exclusion of subscription rights as and when necessary, the existing authorization and the existing conditional capital (Conditional Capital 2016) are to be cancelled and to be replaced by a new authorization and new conditional capital (Conditional Capital 2018).

The Management Board and Supervisory Board therefore propose that the following be approved:

a) Cancellation of the Authorization dated 12 May 2016 and corresponding Cancellation of the Conditional Capital 2016

The Management Board's authorization to issue convertible bonds, warrant bonds, profit participation rights and/or participating bonds or combinations thereof dated 12 May 2016 shall be cancelled upon the amendment of the Articles of Association proposed in lit. d) of Item 8 below becoming effective. Upon the amendment to the Articles of Association proposed below in lit. d) of this Item 8, becoming effective, the resolution of the Annual General Meeting dated 12 May 2016 regarding the creation of the Conditional Capital 2016 of EUR 233,000,312.00 pursuant to Section 6 of the Articles of Association shall be cancelled.

b) Authorization to issue Convertible Bonds, Warrant Bonds, Profit Participation Rights and/or Participating Bonds (or combinations thereof) and to exclude Subscription Rights

aa) Nominal Amount, Authorization Period, Number of Shares

With the approval of the Supervisory Board, the Management Board is authorized to issue bearer or registered convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) (hereinafter collectively **"bonds"**) on one or several occasions up to 8 May 2023, with a total nominal amount of up to EUR 9,702,016,520.00 with or without a limited maturity period and to grant the bond creditors/holders conversion or option rights for shares in the Company with a proportionate amount of up to EUR 242,550,413.00 of the share capital subject to the more detailed conditions of the warrant or convertible bond or profit participation rights in question (hereinafter **"conditions"**). These conditions may also include mandatory conversions at the end of the time to maturity or at other points in time, including the obligation to exercise the conversion or option right. Bonds may also be issued entirely or partially against contributions in kind.

Bonds may be issued in euros or in the legal currency of member state of the Organisation for Economic Co-operation and Development, subject to limitation to the corresponding value in euros. Bonds may also be issued by companies which are dependent on the Company or in which the Company has a direct or indirect majority shareholding; in this case, the Management Board is authorized to take on the guarantee for the bonds in lieu of the dependent company or company in which the Company has a majority shareholding and to grant the creditors of such bonds, conversion and option rights on Company shares, with these possibly also containing the obligation to exercise the conversion or option rights. When bonds are issued, these can (and will generally) be divided into partial bonds bearing identical rights.

bb) Granting of Subscription Rights, Exclusion of Subscription Rights

The shareholders must in principle be granted subscription rights to the bonds. The bonds may also be assumed by one or several credit institution(s) or one or several enterprise(s) operating pursuant to Section 53 para. 1 sentence 1 or Section 53b para. 1 sentence 1 or para. 7 of the German Banking Act (Kreditwesengesetz) with the obligation to indirectly offer them to the shareholders within the meaning of Section 186 para. 5 AktG for subscription (known as an indirect subscription right). The Management Board is, however, authorized to exclude shareholders' subscription rights to the bonds with the approval of the Supervisory Board:

(1) to exclude fractional amounts from the subscription right;

(2) insofar as is necessary, to grant the holders of bonds already issued or to be issued by the Company, by a dependent company or by a company in which the Company directly or indirectly has a majority shareholding a subscription right in the same volume as said holders would be entitled to upon exercising their conversion or option rights or fulfilling their conversion or option obligations as shareholders;

(3) insofar as the bonds are issued with conversion or option rights or obligations against a cash contribution and the issue price does not significantly undercut the value of the partial bonds within the meaning of Section 221 para. 4 sentence 2 and Section 186 para. 3 sentence 4 AktG as calculated on the basis of recognised valuation techniques. However, this authorization to exclude subscription rights only applies to bonds with rights to shares to which no more than 10% of the share capital is

apportioned, either at the time at which this authorization becomes effective or – in the event that this amount is lower – at the time at which it is exercised. Those Company's own shares are to be included in this 10% cap of the share capital, if they are sold during the term of this authorization without subscription rights pursuant to Section 71 para. 1 no. 8 sentence 5 half-sentence 2 AktG in conjunction with Section 186 para. 3 sentence 4 AktG. Furthermore, those shares issued under exclusion of shareholders' subscription rights in direct or analogous application of Section 186 para. 3 sentence 4 AktG during the term of this authorization are likewise to be included in this cap of 10% of the share capital. Furthermore, those shares issued or to be issued to satisfy bonds with conversion or option rights or obligations, provided that those bonds were issued without subscription rights on the basis of another authorization according to Section 221 para. 2 AktG in analogous application of Section 186 para. 3 sentence 4 AktG, during the term of this authorization are likewise to be included in this cap. The upper limit, decreased under the preceding sentences of this paragraph, shall be increased again when a new authorization to exclude shareholder subscription rights pursuant to or in line with Section 186 para. 3 sentence 4 AktG resolved upon by the General Meeting becomes effective after the decrease, to the extent of the reach of the new authorization, but up to a maximum of 10% of the share capital in accordance with the stipulations of this paragraph;

(4) in the event that they are issued against contributions in kind, in particular – but not limited to – for reasons of an (direct or indirect) acquisition of a company, parts of a company, interests in a company and other commodities in connection with an acquisition plan (including claims), real estate and real estate portfolios insofar as the value of the contribution in kind is commensurate to the fair value of the bonds to be calculated pursuant to lit. b), bb), (3) above.

The above authorizations to exclude subscription rights in the event of capital increases against cash and/or in kind contributions are limited to an amount not exceeding 20% of the share capital, either at the time at which this authorization becomes effective or – in the event that this amount is the lower one – at the time at which it is exercised. The above 20% cap is also to include the Company's own shares sold during the term of this authorization subject to the exclusion of subscription rights and any shares issued during the term of this authorization subject to the exclusion of shareholders' subscription rights. Furthermore, shares issued or which are be issued to satisfy bonds with conversion or option rights or obligations, provided that those bonds were issued without subscription rights on the basis of another authorization according to Section 221 para. 2 AktG during the term of this authorization, are likewise to be included in this cap. The upper limit, decreased under the preceding sentences of this paragraph, shall be increased again when a new authorization to exclude shareholder subscription rights resolved upon by the General Meeting becomes effective after the decrease, to the extent of the reach of the new authorization, but up to a maximum of 20% of the share capital in accordance with the stipulations of sentence 1 of this paragraph;

cc) Conversion Rights and Option Rights

If bonds with conversion rights are issued, the creditors may, subject to the conditions, convert their bonds into Company shares. The conversion ratio is calculated by dividing the nominal amount of a partial bond by the stipulated conversion price for a Company share. The conversion ratio can also be calculated by dividing the issue price of a partial bond, which is below its nominal amount, by the stipulated conversion price for a Company share. The conversion ratio may be rounded to a whole number; an additional cash payment may also be stipulated. The conditions may also provide for fractional amounts being combined and/or settled in cash. The conditions may also allow for a variable conversion ratio. The proportion of the share capital attributable to the shares received per partial bond may not exceed the nominal amount of each partial bond.

If warrant bonds are issued, one or more warrants are attached to each partial bond, which entitle the holder to receive Company shares subject to the detailed conditions to be determined by the Management Board. The option conditions also allow for the option price being paid either wholly or in part by the transfer of partial bonds. The subscription ratio is calculated by dividing the nominal amount of a partial bond by the option price for a Company share. The subscription ratio may be rounded to a whole number; an additional cash payment may also be stipulated. The conditions may also provide for fractional amounts being combined and/or settled in cash. The conditions may also allow for a variable subscription ratio. The proportion of the share capital attributable to the shares received per partial bond may not exceed the nominal amount of each partial bond.

dd) Conversion and Option Obligations

The bond conditions may also include a conversion or option obligation at the end of the time to maturity or at some other point in time (both also **"final maturity date"**) or may afford the Company the right to grant bond holders Company shares as a full or partial replacement for the payment of the sum due upon final maturity. In such cases, the conversion or option price for a share can equal the arithmetic mean of the share's closing prices in the Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange on the ten consecutive trading days prior to or following the final maturity date, even if this is below the minimum price stipulated below in lit. b) ee).

The proportion of the share capital attributable to the shares issued per partial bond upon final maturity may not exceed the nominal amount of each partial bond. Section 9 para. 1 AktG in conjunction with Section 199 para. 2 AktG is to be observed.

ee) Conversion or Option Price

With the exception of instances involving an option or conversion obligation, the conversion or option price to be determined for a share must equate either to at least 80% of the arithmetic mean of the share's closing prices in the Xetra trading (or a comparable successor system) on the ten trading days at Frankfurt Stock Exchange prior to the day on which the Management Board makes its definitive decision regarding the issuing of bonds or regarding the Company's acceptance or allocation in relation to the issuing of bonds or – in the event that subscription rights are granted – to at least 80% of the arithmetic mean of the share's closing prices in the Xetra trading (or a comparable successor system) in the course of (i) the days on which the subscription rights are traded on the Frankfurt Stock Exchange, with the exception of the final two days of subscription rights trading, or (ii) the days from the start of the subscription period up to the point in time at which the subscription price is definitively determined. Section 9 para. 1 AktG and Section 199 AktG remain unaffected.

In the case of bonds involving conversion or option rights or obligations, notwithstanding Section 9 para. 1 AktG, the conversion or option price may be reduced by virtue of an anti-dilution provision following more detailed specification of the conditions if the Company increases the share capital during the conversion or option period while granting its shareholders subscription rights or if the Company issues other bonds or grants or guarantees any other option rights without granting the holders of bonds with conversion or option rights or obligations subscription rights in the same volume as said holders would be entitled to upon exercising their conversion or option rights or fulfilling their conversion or option obligations. Subject to the details of the conditions of the bonds, the option or conversion price may also be reduced by virtue of a cash payment when exercising the option or conversion right or fulfilling the conversion or option obligations. The conditions may also allow for a value-preserving amendment to the conversion or option price in relation to other measures which may lead to the dilution of the value of the conversion or option rights (e.g. including the payment of a dividend). In any case, the proportion of the share capital attributable to the shares received per partial bond may not exceed the nominal amount of each partial bond.

ff) Other possible Configurations

The conditions may stipulate that, in the event of conversion or the exercising of an option or in the event that the option and conversion obligations are fulfilled, the Company may choose to also grant other treasury shares, shares from the authorized capital or other consideration. The conditions may additionally stipulate that, in the event of conversion or the exercising of an option or in the event that the option and conversion obligations are fulfilled, instead of granting Company shares, the Company may pay the bond holders the equivalent sum in cash or may grant them the listed shares of another company.

On the other hand, the conditions may grant the Company the right to grant the bond holders Company shares or the listed shares of another company as a full or partial replacement for the payment of the sum due upon final maturity of the bonds.

The bond conditions may also stipulate that the number of shares received upon exercising the conversion or option rights or upon fulfilling the conversion or option obligations is variable and/or that the conversion or option price may be amended during the time to maturity within a range stipulated by the Management Board dependent on the share price developments or as a result of anti-dilution provisions.

gg) Authorization to stipulate additional Bond Conditions

The Management Board is authorized to stipulate the additional details of the issuance and structure of the bonds, in particular the interest rate, issue price, time to maturity and denomination, conversion or option price and conversion or option period, or to do so in consultation with the management bodies of the dependent company or company in which the Company directly or indirectly has a majority shareholding issuing the bonds.

c) Conditional Capital 2018

Conditional capital is created in order to satisfy the convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) (hereinafter collectively **"bonds"**) issuable pursuant to the authorization of the Annual General Meeting under this Item 8 on 9 May 2018.

The share capital is conditionally increased by up to EUR 242,550,413.00 through the issuance of up 242,550,413 new no-par-value registered shares (**"Conditional Capital 2018"**).

The conditional capital increase shall only be effected insofar as the holders/creditors of bonds issued or guaranteed by the Company, by an dependent company or by a company in which the Company directly or indirectly has a majority shareholding by virtue of the aforementioned authorization resolution of the Annual General Meeting exercise their conversion or option rights or fulfil the conversion or option obligations inherent to such bonds, or insofar as the Company grants Company shares as a replacement for the payment of the sum due and insofar as the conversion or option rights or obligations are not satisfied by treasury shares, shares from authorized capital or other consideration.

The new shares are issued at the conversion or option price to be determined subject to the aforementioned authorization.

The new shares bear dividend rights from the beginning of the financial year in which they are created due to the exercising of conversion or option rights, the fulfilling of conversion or option obligations or their granting in replacement of the payment of the sum due and continue to do so in the financial years that follow; by way of derogation, with the approval of the Supervisory Board and insofar as is legally permissible, the Management Board may stipulate that the new shares shall bear dividend rights from the beginning of the financial year for which no resolution of the Annual General Meeting regarding the appropriation of the net profit has been passed at the time at which the conversion or option rights were exercised, the conversion or option obligations were fulfilled or the shares were granted in replacement of the sum due.

With the approval of the Supervisory Board, the Management Board is authorized to stipulate the further details of effecting the conditional capital increase.

The Supervisory Board is authorized to amend Sections 4.1 and 6.2 of the Articles of Association to reflect the utilisation of the Conditional Capital 2018 after all the option and conversion periods have expired.

d) Amendment to the Articles of Association

Section 6 (Conditional Capital 2016) of the Articles of Association shall be amended as follows:

"Sec. 6 Conditional capital

6.1 Conditional capital is created in order to satisfy the convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) (hereinafter collectively **"bonds"**) issuable pursuant to the issue authorization approved by the Annual General Meeting under Item 8 on 9 May 2018.

6.2 The share capital is conditionally increased by up to EUR 242,550,413.00 through the issuance of up 242,550,413 new no-par-value registered shares with dividend rights (**"Conditional Capital 2018"**).

6.3 The conditional capital increase shall only be effected insofar as the holders/creditors of bonds issued or guaranteed by the Company, by an dependent company or by a company in which the Company directly or indirectly has a majority shareholding by virtue of the aforementioned authorization resolution of the Annual General Meeting exercise their conversion or option rights or fulfil the conversion or option obligations inherent to such bonds, or insofar as the Company grants Company shares as a replacement for the payment of the sum due and insofar as the conversion or option rights or obligations are not satisfied by treasury shares, shares from authorized capital or other consideration.

6.4 The new shares are issued at the conversion or option price to be determined subject to the aforementioned authorization approved by the Annual General Meeting.

6.5 The new shares bear dividend rights from the beginning of the financial year in which they are created due to the exercising of conversion or option rights, the fulfilling of conversion or option obligations or their granting in replacement of the payment of the sum due and continue to do so in the financial years that follow; by way of derogation, with the approval of the Supervisory Board and insofar as is legally permissible, the Management Board may stipulate that the new shares shall bear dividend rights from the beginning of the financial year for which no resolution of the Annual General Meeting regarding the appropriation of the net profit has been passed at the time at which the conversion or option rights were exercised, the conversion or option obligations were fulfilled or the shares were granted in replacement of the sum due.

6.6 With the approval of the Supervisory Board, the Management Board is authorized to stipulate the further details of effecting the conditional capital increase.

6.7 The Supervisory Board is authorized to amend Sections 4.1 and 6.2 of the Articles of Association to reflect the utilisation of the conditional capital and once all the option and conversion periods have expired."

e) Application for Registration in the Commercial Register

The Management Board is instructed to apply for the registration of the cancellation of the Conditional Capital 2016 contained in Section 6 of the Articles of Association as resolved in lit. a) and the new Conditional Capital 2018 resolved as per lit. d) in the commercial register, provided that cancellation of the Conditional Capital 2016 is effected first, albeit only if the new Conditional Capital 2018 is registered immediately thereafter.

The Management Board is authorized to apply for the registration of the cancellation of the Conditional Capital 2016 agreed in Section 6 of the Articles of Association and the new Conditional Capital 2018 resolved as per lit. d) in the commercial register irrespective of the Annual General Meeting's other resolutions.

Should there be any changes in the Company's registered share capital until the date of the Annual General Meeting, the Management Board and the Supervisory Board will submit a correspondingly adopted resolution proposal, which proposes a conditional capital to the Annual General Meeting equivalent to 50% of the Company's registered capital at the date of the Annual General Meeting, as well as correspondingly adopted nominal values concerning the authorization for the issuance of convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof).

9. Resolution regarding the Cancellation of the existing and the Granting of a new Authorization for the Company to acquire and use its own shares, also under exclusion of subscription and tender rights

The authorization for the Company granted by the Annual General Meeting on 30 June 2013 to acquire its own shares will expire on 29 June 2018. In order to keep the Company in a position to acquire and then use its own shares at any time and without any time gap, the existing authorization shall be replaced by a new authorization.

The Management Board and Supervisory Board therefore propose that the following be approved:

a) The Company is authorized pursuant to Section 71 para. 1 no. 8 AktG to acquire shares of the Company in an amount of up to 10% of the Company's share capital at the time of the resolution (i.e. up to a maximum of 48,510,082 shares) or at the time when this authorization is exercised, if the latter value is lower, until 8 May 2023. Together with any other shares of the Company already acquired for other reasons, which are either held by the Company or are attributable to the Company pursuant to Sections 71a et seqq. AktG, the shares acquired under this authorization must at no time exceed 10% of the Company's share capital.

At the discretion of the Management Board, the acquisition may be carried out (1) via the stock exchange, (2) through a purchase offer made to all shareholders, (3) through an exchange offer made to all shareholders, (4) through a public invitation to submit a sale offer, or (5) by issuing tender rights to the shareholders.

(1) If the acquisition is carried out via the stock exchange, the purchase price per share paid by the Company (excluding incidental acquisition costs) may not be more than

10% above or 20% below the arithmetic average closing price for shares of the same class in the Xetra trading (or a functionally comparable successor system replacing the Xetra trading system) of the Frankfurt Stock Exchange during the last three trading days prior to the date of the obligation to purchase.

(2) If the acquisition is carried out through a purchase offer made to all shareholders, the purchase price per share offered and paid by the Company (excluding incidental acquisition costs) may not be more than 10% above or 20% below the arithmetic average closing price for shares of the same class in the Xetra trading (or a functionally comparable successor system replacing the Xetra system) of the Frankfurt Stock Exchange during the last three trading days prior to the date of the publication of the offer. If after publication of the offer, the market price of the shares has deviated significantly, the offer may be adjusted; in this case, the relevant reference period shall be the three trading days prior to the date of the publication of the adjustment. If the purchase offer is oversubscribed, the acquisition is based on the proportion of shares held by the tendering shareholders. Furthermore, commercial rounding can be carried out to avoid allocation of fraction of shares. A preferential acceptance of a smaller number of shares (up to 100 tendered shares per shareholder) is permissible.

(3) If the acquisition is carried out through a public offer to all shareholders to exchange the Company's shares for shares in another listed company (**"exchange shares"**) as defined in Section 3 para. 2 AktG, a certain exchange ratio may be specified or also determined by way of an auction procedure. A cash benefit may also be provided for as an additional payment to the exchange offered or as compensation for any fractional shares. In each of these procedures for the exchange of shares, the exchange price or the applicable upper and lower limits of the price range in the form of one or more exchange shares and calculated fractional amounts, including any cash or fractional amounts (excluding incidental acquisition costs), according to the following paragraph, may not exceed by more than 10% or undercut by more than 20% the relevant value of the Company's shares.

The relevant value of the Company's shares and of the exchange shares shall be determined based on the arithmetic average closing price of the shares of the Company or the exchange shares in the Xetra trading (or a functionally comparable successor system replacing the Xetra trading system or, if the shares are not traded in the Xetra system, the trading system used in the particular market segment that is most similar to Xetra) of the Frankfurt Stock Exchange on the three trading days prior to the public announcement of the exchange offer. If after the publication of a public exchange offer, there are significant deviations in the relevant market price of the shares, the offer may be adjusted. In this case, the respective arithmetic average closing price on the three trading days prior to the public announcement of a possible adjustment are to be applied. If the offer is oversubscribed, the acquisition is based on the proportion of shares held by the tendering shareholders. Furthermore, commercial rounding can be carried out to avoid allocation of fraction of shares. A preferential acceptance of a smaller number of shares (up to 100 tendered shares per shareholder) is permissible.

(4) If the acquisition is carried out through a public invitation to all shareholders to submit a sale offer, the Company will determine a price range per share within which the sales offers can be submitted. The purchase price per share offered and paid by the Company (excluding incidental acquisition costs) may not be more than 10% above or 20% below the arithmetic average closing price for shares of the same class in the Xetra trading (or a functionally comparable successor system replacing the Xetra trading system) of the Frankfurt Stock Exchange during the last three trading days prior to the date of the public invitation to submit a sale offer. If after the publication of the invitation to submit a sale offer there are significant deviations in the relevant share price, the invitation to submit a sale offer may be adjusted; in this case, the relevant reference period shall be the three trading days prior to the date of the publication of the adjustment. In the event, that not all out of several sales offers of an equal value can be accepted due to the volume limitation, the acquisition is based on the proportion of shares held by the tendering shareholders.

Furthermore, commercial rounding can be carried out to avoid allocation of fraction of shares. A preferential acceptance of a smaller number of shares (up to 100 tendered shares per shareholder) is permissible.

(5) If the acquisition is carried out through issuing tender rights to the shareholders, these shares can be allocated per share held in the Company. In accordance with the ratio of the Company's share capital to the volume of shares to be repurchased by the Company, a correspondingly fixed number of tender rights entitles the holder to sell one of the Company's shares to the Company. Tender rights may also be issued in such manner that one tender right is issued for a number of shares determined on the ratio of the Company's share capital to the buyback volume. Fractions of tender rights shall not be issued; in this case, the corresponding fractional tender rights shall be excluded. The price or the limit values of the offered purchase price range (each without incidental acquisition costs) at which a share can be sold to the Company upon exercising the tender right is determined in accordance with the provisions of paragraph (4) above, with the relevant determination date being that of the publication of the repurchase offer granting tender rights, and be adjusted as necessary, with the relevant adjustment date being that of the publication of the adjustment. The Management Board shall determine the details of the tender rights, in particular their content, term, and, if applicable, tradability.

b) The Company is authorized to use the shares that have been or will be acquired as a result of this authorization or for any other reasons, in addition to selling them on the stock exchange or by means of an offer to all shareholders in proportion to their participation quota, also for all other legally permissible purposes, in particular for the following purposes:

(1) The shares may be sold against cash at a price that is not significantly below the market price of the Company's shares of the same class at the time of the sale.

(2) The shares may be sold against contributions in kind, in particular – but not solely – for the purpose of the acquisition (including indirectly) of companies, parts of companies, shareholdings in companies and other assets relating to an intended acquisition (including receivables), properties and property portfolios.

(3) The shares may be used to fulfill obligations and to secure obligations or rights to acquire shares in the Company, in particular under convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) issued by the Company or its affiliates within the meaning of Sections 15 et seqq. AktG.

(4) The shares may be offered for acquisition or be promised and/or transferred to employees of the Company or of its affiliates within the meaning of Sections 15 et seqq. AktG, to members of the Company's Management Board as well as to members of the managing bodies of the Company's affiliates within the meaning of Sections 15 et seqq. AktG; this also includes the authorization to offer or promise and/or transfer the shares for acquisition free of charge or under other special privileged conditions within the scope of employee participation programs. The shares may also be transferred to suitable third parties, such as a credit institution, if and to the extent it is legally ensured that such third party offers and transfers the shares to the aforementioned persons. To the extent, that the acquired shares are offered or promised and/or transferred to members of the Company's Management Board, the decision in this regard lies with the Supervisory Board.

(5) The shares may be offered to all shareholders, so that they may acquire shares of the Company in exchange for the (also partial) assignment of their claim to the payment of the dividend, which comes into existence with the resolution of the Annual General Meeting on the appropriation of profits (scrip dividend).

(6) The shares may be redeemed without a further resolution of the General Meeting being required. The redemption may also be effected without a capital decrease by increasing the pro rata amount of the remaining no par value shares in the Company's capital stock. In such a case, the Management Board is authorized to adjust the number of shares set out in the Articles of Association.

c) The shareholders' right to subscribe for shares acquired by the Company is excluded to the extent these shares are used within the scope of the authorizations pursuant to b) (1) through (4). If the shares are used for the purpose specified under b) (5), the Management Board shall be authorized to exclude the subscription right. Moreover, the Management Board is authorized to exclude subscription rights in order to grant subscription rights to holders/creditors of conversion or option rights for shares of the Company or corresponding conversion or option obligations to compensate for dilution to the extent they would be entitled to subscription rights after exercising these rights or fulfilling these obligations. Finally, the Management Board may exclude the shareholders' subscription rights for fractional amounts.

The calculated portion of the Company's share capital of the shares used pursuant to b) (1) may not exceed 10% of the share capital at the date of the resolution or – in the event that this amount is lower – of the share capital at the time of this authorization being exercised. In this cap of 10% is to be included the proportionate amount of the share capital which is (i) accounted for by shares issued or sold during the term of this authorization under exclusion of subscription rights pursuant to or in analogous application of Section 186 para. 3 sentence 4 AktG as well as (ii) accounted for by shares that are issued or must be issued to serve warrant or convertible bonds, provided that these in turn are issued during the term of this authorization and under exclusion of subscription rights in analogous application of Section 186 para. 3 sentence 4 AktG. The upper limit, decreased under the preceding sentences, shall be increased again at the time the General Meeting's resolution on a new authorization to exclude shareholders' subscription rights in application of Section 186 para. 3 sentence 4 AktG becomes effective after the decrease, to the extent of the reach of the new authorization, but up to a maximum of 10% of the share capital in accordance with the stipulations of sentence 1 of this paragraph.

The total amount of shares sold under exclusion of the subscription right against cash and/or in kind contributions must not exceed a pro-rated amount of 20% of the share capital, neither at the time of the resolution nor – to the extent this amount is lower – at the time the authorization is exercised. In this cap of 20% are to be included (i) shares issued during the term of this authorization under exclusion of subscription rights as well as (ii) the pro-rated amount of share capital accounted for by shares that are issued or must be issued to serve warrant or convertible bonds, provided that these in turn were issued during the term of this authorization and under exclusion of subscription rights. The upper limit, decreased under the preceding sentences, shall be increased again when the General Meeting's resolution on a new authorization to exclude shareholder subscription rights becomes effective after the decrease, to the extent of the new authorization, but up to a maximum of 20% of the share capital in accordance with the stipulations of sentence 1 of this paragraph.

d) The Management Board may only make use of the authorizations under b) and c) with the approval of the Supervisory Board.

e) All of the above authorizations for the Company for the purchase and use of its own shares on the basis of this or an earlier authorization may be exercised, in full or in part, on one or several occasions, individually or collectively, by the Company or its affiliates within the meaning of Sections 15 et seqq. AktG or by third parties for the Company's or its affiliates' account. Furthermore, a subsidiary may purchase the Company's own shares under exclusion of the shareholders' subscription right – prior to becoming an affiliate of the Company within the meaning of Sections 15 et seqq. AktG – in case it tendered its own shares (in exchange for the Company's shares) within the scope of a public exchange offer of the Company regarding the acquisition of shares in the subsidiary, becomes a subsidiary of the Company only through the execution of the acquisition of the shares of the subsidiary by the Company, and the Company's shares are transferred to it only after completion of the acquisition. In this context, the Company or the subsidiary, with the approval of the Company's Supervisory Board, may exclude the shareholders' tender and subscription rights when fulfilling the obligations assumed under the exchange offer. With regard to the lowest and highest counter-value for this type of acquisition, the provisions set out in a) (3) apply.

f) The currently existing authorization for the Company to acquire its own shares granted by the Annual General Meeting on 30 June 2013 and expiring on 29 June 2018, shall be revoked as from the time of the aforementioned authorization becoming effective.

10. Resolution regarding the Authorization for the Company to use Derivatives in connection with the acquisition of its own shares as well as on the exclusion of subscription and tender rights

In addition to the authorization for the Company proposed for resolution under Agenda Item 9 regarding the acquisition of its own shares pursuant to Section 71 para. 1 no. 8 AktG, the Company shall be authorized to acquire its own shares also by using derivatives and to enter into corresponding derivative contracts. The total volume of shares that may be acquired is not to be increased as a result thereof; this is only to open up further action alternatives to acquire shares within the scope of the maximum limit under Agenda Item 9, further restricted by a) of the following proposal for resolution, and including such shares in the amount of the maximum limit.

Therefore, the Management Board and the Supervisory Board propose to resolve as follows:

a) Further to the authorization for the Company to repurchase own shares pursuant to Section 71 para. 1 no. 8 AktG proposed under Item 9 of the Agenda, the acquisition of its own shares may also be carried out, in addition to the ways described there, by using equity derivatives. The Management Board is authorized (i) to sell options that obligate the Company to acquire shares in the Company when the option is exercised (**"put options"**), (ii) to acquire options that grant the Company the right to acquire shares in the Company upon exercise of the option (**"call options"**), (iii) to enter into forward purchase contracts regarding shares in the Company with more than two trading days between the conclusion of the agreement and the delivery of the shares (**"forward purchases"**). Finally (iv) the Company's shares may be acquired using a combination of put options, call options and/or forward purchases (the structures specified under (i) to (iv) of this paragraph are hereinafter referred to as **"derivatives"**).

The authorization may be exercised wholly or in part, on one or more occasions including different or in connection with other legally admissible transactions not covered by this authorization, by the Company or any of its affiliates within the meaning of Sections 15 et seqq. AktG, or by third parties acting on behalf of the Company or any of its affiliates.

All share acquisitions by using derivatives are limited to shares representing no more than 5% of the share capital at the time of the resolution on this authorization by the Annual General Meeting (i.e. up to a maximum of 24,255,041 shares) or – if that value is lower – at the time when this authorization is exercised. In each case, the term of the individual derivatives is not permitted to exceed 18 months, must end on 8 May 2023 at the latest and must be set in such a way that the acquisition of the Company's shares upon the exercise or fulfillment of the derivatives will take place no later than 8 May 2023.

b) The derivative contracts may be concluded only with one or several credit institution(s) or one or several enterprise(s) operating pursuant to Section 53 para. 1 sentence 1 of the German Banking Act or Section 53b para. 1 sentence 1 or para. 7 of the German Banking Act. The derivative conditions must ensure that the derivatives are only based on shares that were acquired under observance of the principle of equal treatment of the shareholders. The acquisition price paid or received by the Company for derivatives shall not be significantly higher or lower, respectively, than the theoretical market price calculated in accordance with generally accepted actuarial methods. Among other factors, the predetermined exercise price shall be taken into account when determining the theoretical market price.

c) The purchase price per share of the Company to be paid upon exercising the put- option and/or upon due date of future purchase agreements shall not be more than 10% above or 20% below the arithmetical average closing price of shares of the same class in the Xetra trading (or a functionally comparable successor system replacing the Xetra trading system) of the Frankfurt Stock Exchange during the last three trading days prior to the date of the conclusion of the relevant transaction, excluding incidental acquisition costs, but taking into account the value of the option upon exercise or maturity. The call option may be exercised only if the purchase price to be paid is not more than 10% above and not more than 20% below the arithmetical average closing price of shares of the same class in the Xetra trading (or a functionally comparable successor system replacing the Xetra trading system) of the Frankfurt Stock Exchange during the last three trading days prior to the date of the acquisition of the shares, excluding incidental acquisition costs, but taking into account the value of the option upon exercise.

d) If shares are acquired using derivatives and in accordance with the above provisions, any right of the shareholders to enter into such derivatives with the Company and any tender right of the shareholders are excluded.

e) The provisions stated in b) through e) of the proposal for resolution under Agenda Item 9 of the Annual General Meeting held on 9 May 2018 apply accordingly to the use of own shares acquired through derivatives. The shareholders' subscription rights relating to the Company's shares shall be excluded to the extent to which such shares are used in accordance with the authorizations pursuant to b) (1) through (5) and c) of the proposal for resolution under Item 9 of the Agenda of the Annual General Meeting on 9 May 2018.

f) The use of derivatives for acquiring own shares is subject to the approval of the Supervisory Board. It may be granted on a general basis or for a specific period of time or for a specific volume.

11. Resolution on the approval of the conclusion of a control and profit and loss transfer agreement between Vonovia SE and a subsidiary.

Vonovia SE and GAGFAH Holding GmbH with registered office in Bochum, a wholly-owned subsidiary of Vonovia SE in the legal form of a limited liability company (hereinafter also referred to as the **"Subsidiary"**), concluded a domination and profit and loss transfer agreement on 15 February 2018.

The Management Board and the Supervisory Board propose to resolve as follows:

The domination and profit and loss transfer agreement dated 15 February 2018 (hereinafter the **"Agreement"**) between Vonovia SE as the controlling company and GAGFAH Holding GmbH as the controlled company is approved.

The content of the Agreement is essentially as follows:

a) Pursuant to § 1 of the Agreement GAGFAH Holding GmbH submits its direction to Vonovia SE, so that Vonovia SE is entitled to issue instructions to the management of GAGFAH Holding GmbH regarding the direction of the company, which the management board of GAGFAH Holding GmbH is obliged to follow.

b) Pursuant to § 2 para. 1 of the Agreement, GAGFAH Holding GmbH undertakes to transfer its entire profit to Vonovia SE during the term of the Agreement. In accordance with § 2 para. 2 of the Agreement, Section 301 AktG (maximum amount of profit transfer) applies as amended. Subject to the creation or reversal of permitted reserves, the net income generated before the profit transfer less any loss carried forward from the previous year and the amount that is blocked out of distribution due to legal regulations shall be transferred.

c) According to § 2 para. 3 of the Agreement GAGFAH Holding GmbH may, with the consent of Vonovia SE, allocate amounts from its net income to profit reserves (Section 272 para. 3 German Commercial Code) insofar as this is permitted under commercial law and financially justified with a reasonable commercial assessment.

d) The provision of Section 302 AktG (assumption of losses) applies in accordance with Section 3 para. 1 of the Agreement, as amended. Vonovia SE is obliged to compensate any net loss incurred by GAGFAH Holding GmbH during the term of the Agreement, insofar as this is not compensated by withdrawing amounts from the other revenue reserves pursuant to Section 272 para. 3 of the German Commercial Code (HGB) which have been allocated to them during the term of the Agreement.

e) Pursuant to § 4 para. 1 of the Agreement, the Agreement becomes effective upon registration in the commercial register of GAGFAH Holding GmbH and shall apply retroactively from the beginning of the financial year in which the Agreement is registered with the commercial register (i.e., envisaged as from 1 January 2018).

f) The Agreement is concluded in accordance with § 4 para. 2 of the Agreement for a period until the end of 31 December 2022 and it will thereafter be extended unchanged by one calendar year if it is not terminated by one of the parties at the latest three months before its expiry. The right to terminate the Agreement for good cause without observing a period of notice shall remain unaffected in accordance with § 4 para. 3 sentence 1 of the Agreement.

Vonovia SE is the sole shareholder of the Subsidiary. Compensation payments or severance payments for outside shareholders of the Subsidiary pursuant to Sections 304, 305 AktG are therefore not to be granted. An examination of the Agreement by a contract auditor is not required.

In order to become effective, the Agreement requires the approval of both the General Meeting of Vonovia SE and the shareholders' meeting of the subsidiary. The shareholders' meeting of the Subsidiary has already approved the Agreement in notarial form on 9 March 2018.

The following documents are accessible as from the date of the convocation of the Annual General Meeting on Vonovia SE's website at http://investoren.vonovia.de/hv and in the Annual General Meeting:

- The domination and profit and loss transfer agreement between Vonovia SE and GAGFAH Holding GmbH dated 15 February 2018;
- the adopted annual financial statements and consolidated financial statements as well as the management reports and group management reports of Vonovia SE for the financial years 2015, 2016 and 2017;
- the adopted annual financial statements and management reports of GAGFAH Holding GmbH for the financial years 2014, 2015 and 2016 (Vonovia SE will make the respective documents for the 2017 financial year available as soon as they have been prepared);
- the joint report of the Management Board of Vonovia SE and the management of the Subsidiary pursuant to Section 293a AktG (the joint report is also included in **Annex C** to this invitation).

II. Further Documents

1. Supplementary information to Agenda Item 6: Elections of the members of the Supervisory Board

For further information of the Annual General Meeting on Agenda Item 6, supplementary information on the individual candidates for election to the Supervisory Board, including respective curriculum vitae, is attached as **Annex A** to this invitation.

2. Reports of the Management Board on Agenda Items 7, 8, 9 and 10 and on the utilization of Authorized Capital in July 2017

The Management Board has submitted reports on Agenda Items 7, 8, 9 and 10 on the reasons for the authorization to exclude subscription rights and to exclude shareholders' pre-emptive tender rights in connection with the acquisition of own shares of the Company. In addition, the Management Board has reported on the utilization of Authorized Capital 2016 in the amount of EUR 8,640,578.00 in connection with the merger of Gagfah S.A. and Vonovia SE in July 2017. These reports are attached as **Annex B** to this invitation to the Annual General Meeting.

3. Documents to Agenda Item 11

For the information of the Annual General Meeting on Agenda Item 11, the joint report of the Mangement Board of Vonovia SE and the management of GAGFAH Holding GmbH is attached as **Annex C** to this invitation to the Annual General Meeting.

Annexes A to C and the other documents mentioned under Agenda Items 1, 2 and 11 are available on Vonovia SE's website at http://investoren.vonovia.de/hv and at the Annual General Meeting as from the time of the convocation of the Annual General Meeting.

III. Further Details on the Invitation

The relevant provisions for stock corporations which have their main place of business in Germany, in particular those of the HGB and AktG, apply to Vonovia SE on the basis of the principles on conflicts of law of Article 5, Article 9 para. 1 lit. c) ii), Article 53 and Article 61 of Regulation (EC) No. 2157/2001 of the Council of 8 October 2001 on the Statute for a European company (SE) (SE Regulation), insofar as special provisions under the SE Regulation do not state otherwise.

1. Total Number of Shares and Voting Rights on the date on which the Annual General Meeting is convened

On the date on which the Annual General Meeting is convened, the Company's share capital totalled EUR 485,100,826.00 and is divided into 485,100,826 no-par-value shares. Each share corresponds to one vote in the Annual General Meeting. The total number of shares granting eligibility to attend the Annual General Meeting and the right to vote in the Annual General Meeting is therefore 485,100,826. On the date on which the Annual General Meeting is convened, the Company or persons attributable to it in accordance with Sections 71a et seqq. AktG does not hold any of its own shares.

2. Conditions for Attending the Annual General Meeting and for Exercising Voting Rights

In accordance with Section 15.1 of the Company's Articles of Association, only those shareholders who have registered with the Company in good time and who are listed in the share register for the registered shares may attend the Annual General Meeting – in person or by proxy – and exercise their voting rights. The Company must receive registrations by **Wednesday, 2 May 2018 at 24:00 hours** at one of the following addresses

postal address:
Vonovia SE
c/o Computershare Operations Center
80249 Munich

or

fax number:
+49 (0) 89 30903-74675

or

email address:
anmeldestelle@computershare.de

in text form (Section 126b German Civil Code) in either German or English.

With regard to the Company, pursuant to Section 67 para. 2 sentence 1 AktG, only persons listed in the share register are deemed to be shareholders. The shareholding entered in the share register at **24:00 hours on Wednesday, 2 May 2018** (known as the *Technical Record Date*) is relevant for the eligibility to attend and the exercise of voting rights, including the number of voting rights to which a person eligible to attend the Annual General Meeting is entitled. Applications for the transfer of ownership in the share register that are received by the Company in the period from Thursday, 3 May 2018 at 00:00 hours to Wednesday, 9 May 2018 at 24:00 hours inclusively, shall only be processed and taken into consideration following the Annual General Meeting on 9 May 2018.

Registration for the Annual General Meeting does not mean that trading in the shares is blocked. Shareholders may dispose of their shares at their discretion also after registration for the Annual General Meeting.

Banks and shareholder associations and all other persons, institutions, companies or associations treated as equivalent to these pursuant to Section 135 para. 8 AktG and Section 135 para. 10 AktG in conjunction with Section 125 para. 5 AktG may exercise the voting rights in respect of shares not belonging to them but for which they are registered as holders in the share register, only on the basis of an authorization granted by the shareholder. Details regarding this authorization can be found in Section 135 AktG.

Further details regarding the registration process can be found in the registration documents sent to the shareholders and on the Company's website at http://investoren.vonovia.de/hv.

3. Process of Voting by Proxy

Shareholders may also appoint a proxy such as a bank, a shareholder association or some other third party, after granting of a power of attorney, to exercise their voting rights at the Annual General Meeting. Shareholders who are represented by a proxy must also register in good time and be listed in the share register as outlined above.

If neither a bank nor a shareholder association nor persons, institutions, companies or associations treated as equivalent pursuant to Section 135 para. 8 AktG and Section 135 para. 10 AktG in conjunction with Section 125 para. 5 AktG are appointed as proxies, the granting of the power of attorney, its revocation and the evidence of the authorization provided to the Company must be in text form.

No text form is required if banks, shareholder associations or persons, institutions, companies or associations treated as equivalent pursuant to Section 135 para. 8 AktG and Section 135 para. 10 AktG in conjunction with Section 125 para. 5 AktG are appointed as proxies. However, a verifiable record of the relevant power of attorney must be kept by the proxy in such case. Further details can be found in the statutory provisions, in particular Section 135 AktG. We therefore ask shareholders who wish to appoint a bank, a shareholder association or persons, institutions, companies or associations treated as equivalent pursuant to Section 135 para. 8 and Section 135 para. 10 AktG in conjunction with Section 125 para. 5 AktG as proxy to agree the form of the power of attorney with the relevant person to be appointed as proxy.

If a shareholder appoints more than one person as proxy, the Company may reject one or more of said persons.

Shareholders wishing to appoint a proxy may send the evidence of the authorization to one of the addresses listed in Item 2 above (postal address, fax number or email address). In addition, a form of proxy is available for download on the Company website at http://investoren.vonovia.de/hv.

This evidence may also be presented at the entry and exit point to the Annual General Meeting on the day of the Annual General Meeting. Further details regarding the proxy appointment process can be found on the Company's website at http://investoren.vonovia.de/hv.

Process of Voting by Proxies designated by the Company

In addition, as a service to its shareholders, the Company has appointed Mr Gianni Balestrieri and Mr Christopher Jany as the Company proxies (**"Company proxies"**), to whom shareholders can likewise grant authority to exercise their voting rights.

The Company proxies are obliged to vote in accordance with their instructions; they may not exercise the voting rights at their own discretion. Please note that the Company proxies may only exercise voting rights with regard to the Items of the Agenda for which the shareholders issue clear instructions and that the Company proxies may neither receive instructions for motions before nor during the Annual General Meeting. The Company proxies may likewise not be requested to speak, to lodge objections to Annual General Meeting resolutions or to raise questions or file motions.

Such power of attorney with instructions for the Company proxies may be granted ahead of the Annual General Meeting by means of the form of proxy provided with the registration form. In addition, a form of proxy is available for download on the Company website at http://investoren.vonovia.de/hv.

The proxy and instructions issued to the Company proxies must be received by them by **Tuesday, 8 May 2018 at 24:00 hours;** they require text form. The power of attorney and the instructions to the proxies designated by the Company must be submitted by post, fax or electronically (by email) as follows:

postal address:
Vonovia SE
c/o Computershare Operations Center
80249 Munich

or

fax number:
+49 (0) 89 30903-74675

or

email address:
vonovia-hv2018@computershare.de.

In all of these cases, the time of receipt of the power of attorney and of the instructions, the amendment or the revocation by the Company is decisive.

On the day of the Annual General Meeting, powers of attorney and instructions to the Company proxies can be issued, amended or revoked in writing at the entry and exit points to the Annual General Meeting.

If an individual vote is taken on an Item on the Agenda without any notification of such vote prior to the Annual General Meeting, the instruction granted in relation to said Item of the Agenda shall apply accordingly to each Item of the individual vote.

A shareholder or an authorized third party attending the Annual General Meeting in person constitutes the automatic revocation of the power of attorney and instructions issued to the Company proxies.

4. Voting by Postal Ballot

Shareholders may vote by postal ballot without attending the Annual General Meeting. When exercising voting rights by postal ballot, the following conditions must be observed:

Postal votes may be submitted, amended or revoked by either contacting the Company in text form at one of the addresses listed above for registrations by **24:00 hours on Tuesday, 8 May 2018.** In all of these cases, the time of receipt of the postal vote by the Company is decisive.

Please note that postal voting may only be used to vote on motions in relation to which resolution proposals from the Management Board and/or Supervisory Board pursuant to Section 124 para. 3 AktG or from shareholders pursuant to Section 124 para. 1 AktG are published together with this Invitation or later, or which are made public in accordance with Sections 126 and 127 AktG.

Authorized banks and other equivalent persons and institutions (such as shareholder associations) treated as equivalent pursuant to Section 135 para. 8 or para. 10 AktG may also avail themselves of postal voting.

If an individual vote is taken on an Item on the Agenda without any notification of such vote prior to the Annual General Meeting, the postal vote cast in relation to said Item of the Agenda shall apply accordingly to each Item of the individual vote.

A shareholder or an authorized representative attending the Annual General Meeting in person constitutes the automatic revocation of the postal votes already cast.

5. Other Shareholders' Rights

a) Shareholders' Motions to add Items to the Agenda pursuant to Article 56 SE Regulation, Section 50 para. 2 of the German SE Implementation Act (SEAG) and Section 122 para. 2 AktG

One or more shareholders whose shares jointly equate to five per cent of the share capital or to the sum of EUR 500,000.00 (this being equivalent to 500,000 shares) may demand that Items be added to the Agenda and made public. This quorum is required for requests to add Items to the Agenda made by shareholders of a European company (SE) pursuant to Article 56 sentence 3 SE Regulation in conjunction with Section 50 para. 2 SEAG; Section 50 para. 2 SEAG corresponds to the rules stipulated in Section 122 para. 2 AktG.

Each new Item must be accompanied by a reason or a proposed resolution.

Such requests to add Items to the Agenda must be addressed to the Management Board in writing and must be received by the Company at least 30 days in advance of the meeting; the date of receipt and the date of the Annual General Meeting are not to be included in this calculation. The deadline for the receipt of such requests is therefore **24:00 hours on Sunday, 8 April 2018.** Requests received subsequently will not be considered.

We ask that any requests to add Items to the Agenda be submitted to the following address:

Vonovia SE
– Vorstand –
Philippstraße 3
44803 Bochum

Additions to the Agenda that are to be published shall be published in the Federal Gazette immediately after receipt. They shall also be published on the Company's website at http://investoren.vonovia.de/hv and the shareholders shall be notified of them in accordance with Section 125 para. 1 sentence 3 and para. 2 AktG.

b) Shareholders' Countermotions pursuant to Section 126 AktG

Every shareholder has the right to file a countermotion in the Annual General Meeting in relation to specific Items of the Agenda to contest proposals made by the Management Board and/or Supervisory Board.

Countermotions received by the Company at the address below at least 14 days prior to the Annual General Meeting, with the day of receipt and the date of the meeting not being included in this calculation, in other words by **24:00 hours on Tuesday, 24 April 2018** at the latest, shall be immediately published on the Company's website at http://investoren.vonovia.de/hv together with the shareholder's name, their justification and any statement made by the management (cf. Section 126 para. 1 sentence 3 AktG). Countermotions without justification need not be published.

Section 126 para. 2 AktG stipulates reasons that might warrant a countermotion and its justification not being published on the Company's website. These are outlined on the Company's website at http://investoren.vonovia.de/hv. A justification is, in particular, not required to be published if its total length is more than 5,000 characters.

Countermotions must be submitted together with their justifications to the following address only:

Vonovia SE
– Rechtsabteilung –
Philippstraße 3
44803 Bochum
Telefax: +49 (0) 234 314 2944
Email: hauptversammlung@vonovia.de

Countermotions sent to any other address need not be published.

c) Shareholders' Appointment Proposals pursuant to Section 127 AktG

Every shareholder has the right to make proposals regarding the appointment of the auditors (Item 5 of the Agenda) and Supervisory Board members (Item 6 of the Agenda) during the Annual General Meeting.

Shareholders' appointment proposals received by the Company at the address below at least 14 days prior to the Annual General Meeting, with the day of receipt and the date of the meeting not being included in this calculation, i.e., by **24:00 hours on Tuesday, 24 April 2018** at the latest, shall be immediately published on the Company's website at http://investoren.vonovia.de/hv. Shareholders' appointment proposals need not be published if they do not include the name, the profession, the place of residence of the individual and, in the case of election proposals for the Supervisory Board, additional information on memberships in other statutory supervisory boards, being put forward. Appointment proposals need not be justified.

Other reasons why appointment proposals made by shareholders are not required to be published on the Company's website are stipulated in Section 127 sentence 1 AktG in conjunction with Section 126 para. 2 AktG and Section 127 sentence 3 AktG in conjunction with Section 124 para. 3 sentence 4 AktG and Section 125 para. 1 sentence 5 AktG. These are outlined on the Company's website at http://investoren.vonovia.de/hv.

Appointment proposals must be submitted to the following address only:

Vonovia SE
– Rechtsabteilung –
Philippstraße 3
44803 Bochum
Telefax: +49 (0) 234 314 2944
Email: hauptversammlung@vonovia.de

Appointment proposals sent to any other address need not be published.

d) Shareholders' Rights to Information pursuant to Section 131 AktG, Section 293g para. 3 AktG

Pursuant to Section 131 para. 1 AktG, the Management Board must, upon request, provide each shareholder with information at the Annual General Meeting regarding the Company's affairs insofar as such information is necessary for the proper assessment of an Item of the Agenda. This obligation to provide information on the part of the Management Board applies equally to the Company's legal and business relations with an affiliated company, the Group's situation and the companies included in the consolidated financial statements.

Pursuant to Section 293g para. 3 AktG, each shareholder is to be provided, upon request, at the Annual General Meeting with information on all matters of GAGFAH Holding GmbH material to the conclusion of the domination and profit and loss transfer agreement between Vonovia and GAGFAH Holding GmbH.

Under certain circumstances outlined in Section 131 para. 3 AktG, the Management Board may refuse to disclose information. Details regarding the conditions pursuant to which the Management Board is entitled to refuse to disclose information can be found on the Company's website at http://investoren.vonovia.de/hv.

e) Further Explanations

Further explanations on shareholders' rights pursuant to Article 56 SE Regulation, Section 50 para. 2 SEAG, Section 122 para. 2 AktG, Section 126 para. 1 AktG, Section 127 AktG and Section 131 AktG are available on the Company's website at http://investoren.vonovia.de/hv.

6. Publication on the Website / Supplementary Information pursuant to Section 124a AktG

Information and documentation pursuant to Section 124a AktG, including the convocation of the Annual General Meeting and the Annual Report 2017 as well as other documents, motions and other information is available on the Internet at http://investoren.vonovia.de/hv as from the date of convocation of the Annual General Meeting.

All information that is required to be made accessible to the Annual General Meeting by law will be accessible also at the Annual General Meeting on Wednesday, 9 May 2018.

Any shareholders' countermotions, appointment proposals or requests to add Items to the Agenda subject to mandatory publication and received by the Company within the deadlines stated above shall likewise be published on the above-mentioned website. After the Annual General Meeting the voting results will also be published on this website.

Bochum, March 2018

Vonovia SE
The Management Board

Annex A

to the Invitation to the Annual General Meeting of Vonovia SE on Wednesday, 9 May 2018, at 10:00 hours

Supplementary information to Agenda Item 6: Elections of the members of the Supervisory Board

Information on any memberships of candidates on statutory domestic supervisory boards and comparable domestic or foreign controlling bodies of commercial enterprises (Section 125 para. 1 sentence 5 AktG) are included in the election proposals for Agenda Item 6.

Jürgen Fitschen

Year of birth: 1948
Nationality: German

Senior Advisor of Deutsche Bank AG

Professional background

Since June 2016	Senior Advisor of Deutsche Bank AG
2012 – May 2016	Co-CEO of Deutsche Bank AG
2009 – 2012	Member of the Management Board of Deutsche Bank AG
2002 – 2015	Member of the Group Executive Committee of Deutsche Bank AG
2001 – 2002	Member of the Management Board of Deutsche Bank AG
1983 – 1987	Member of the Executive Board of Citibank Deutschland

Education/Academic background

Studies of business sciences at the University of Hamburg, degree: business graduate

Training as a wholesale and foreign trade merchant at Jos. Hansen & Söhne

Burkhard Ulrich Drescher

Year of birth: 1951
Nationality: German

Member of the Supervisory Board since: December 2014

Chief executive officer of InnovationCity Management GmbH

Professional background

Since 2011	Chief executive officer of InnovationCity Management GmbH
Since 2009	BDC Consulting GmbH & Co. KG Managing Director Corporate Consulting
2006	CEO of GAGFAH GROUP
2004	Member of the Board of Managing Directors of RAG Immobilien AG (among other things, Chairman of the Management Board of the Montangrundstücksgesellschaft)
1997	Mayor of Oberhausen
1991	Senior city manager (*Oberstadtdirektor*) in Oberhausen
1990	City Director in Oberhausen
1987	City chamberlain in Grevenbroich
1980	Teacher at secondary level
1971 – 1974	Chemical engineer Bayer AG Dormagen
1967	Laboratory chemist Bayer AG Dormagen

Education/Academic background

Traineeship for teacher at secondary level,

Study of economics and chemistry

Vitus Eckert

Year of birth: 1969
Nationality: Austrian

Attorney-at-law

Professional background

since 1999 Partner at Eckert Fries Prokopp Rechtsanwälte GmbH

Education/Academic background

Academic certified expert for European Law

Master's degree in law

Prof. Dr. Edgar Ernst

Year of birth: 1952
Nationality: German

Member of the Supervisory Board since: June 2013

President of the German Financial Reporting Enforcement Panel

Professional background

Since 2011	President of the German Financial Reporting Enforcement Panel
1992 – 2007	Member of the Board of Deutsche Bundespost Postdienst/Deutsche Post AG
1990	Head of Planning and Controlling of Deutsche Bundespost Postdienst
1986	Director Corporate Development *Großversandhaus Quelle* of Gustav Schickedanz KG
1983	Management Consultant at McKinsey & Company
1977	Assistant at the Fernuniversität Hagen and RWTH Aachen

Education/Academic background

Honorary Professor at the WHU Otto Beisheim School of Management, Vallendar

Doctorate at the RWTH, Aachen, degree as Dr. rer. pol.

Master programme RWTH, Aachen, Master of Operations Research

Study of mathematics with a secondary business administration degree at the University of Cologne, graduated as a mathematician

Dr. Florian Funck

Year of birth: 1971
Nationality: German

Member of the Supervisory Board since: August 2014

Member of the Management Board of Franz Haniel & Cie. GmbH

Professional background

2011	Member of the Management Board of Franz Haniel & Cie. GmbH, with the responsibility for controlling, accounting, tax, finance, general services
2004	Member of the Management Board of TAKKT AG, with the responsibility for controlling and finance
1999	Franz Haniel & Cie. GmbH, Corporate Controlling and Accounting, most recently as senior director responsible for group accounting, investment controlling, corporate planning and risk management

Education/Academic background

Doctorate to Dr. rer.pol.

Research associate at the Institute of Industrial Economics at the University of Münster

Study of business sciences at the University of Münster

Dr. Ute Geipel-Faber

Year of birth: 1950
Nationality: German

Member of the Supervisory Board since: November 2015

Independent management consultant

Professional background

2003 – 2015	Member of the Management Board of Invesco Real Estate GmbH
1995	Head of Real Estate Asset Management at HypoVereinsbank
1991	Head of Investor Relations at Bayrische Vereinsbank
1987	Head of Asset Management at Citibank Frankfurt
1983	Chief economist at Citibank Frankfurt
1979	Member of the staff council of the German Council of Economic Experts to assess the overall economic development (*Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung*)

Education/Academic background

Doctorate at the Chair of Economics at the University of Regensburg to Dr. rer. pol.

Study of economics at the University of Regensburg and the London School of Economics, degree: diploma

Daniel Just

Year of birth: 1957
Nationality: German

Member of the Supervisory Board since: May 2015

Chairman of the Management Board
of Bayerische Versorgungskammer

Professional background

2013	Chairman
2006	Deputy Chairman
2001	Board Member
2000	Deputy Board Member
1998	Bayerische Versorgungskammer, Division Manager Finance
1993	Bayerische Vereinsbank
1985	Dresdner Bank

Education/Academic background

Study of business administration at
Ludwig-Maximilians-University Munich,
degree: Diplom-Kaufmann

Study abroad at the Universidade Nova de Lisboa Portugal

Hildegard Müller

Year of birth: 1967
Nationality: German

Member of the Supervisory Board since: June 2013

Chief Operating Officer Grid & Infrastructure of innogy SE

Professional background

05/2016	Chief Operating Officer Grid & Infrastructure of innogy SE
2008 – 2016	Chairwoman of the Executive Board of the Bundesverbandes der Energie- und Wasserwirtschaft e.V., Berlin
2005 – 2008	Minister of State to the Chancellor of the Federal Republic of Germany
2002	Member of the German Bundestag
1995 – 2008	Dresdner Bank AG, Department Director (Activity was suspended from November 2005)

Education/Academic background

Heinrich-Heine-University Düsseldorf
Department of Business Administration,
Graduation as Diplom-Kauffrau

Education as a bank clerk at Dresdner Bank AG, Düsseldorf

Prof. Dr. Klaus Rauscher

Year of birth: 1949
Nationality: German

Member of the Supervisory Board since: August 2008

Independent Management Consultant

Professional background

2002 – 2007	Chairman of the Management Board of Vattenfall Europa AG
2001	Chairman of the Board of Management of Hamburgische Electricitäts-Werke AG (HEW)
1991	Member of the Board of the Bavarian Landesbank
1988	Ministerial Director of the Bavarian State Chancellery
1975	Bavarian Ministry of Finance, most recently: Head of Business Department

Education/Academic background

Appointment as honorary professor at the Faculty of Mechanical Engineering at Dresden University of Technology

Doctorate at the Chair of Legal Sciences at the University of Erlangen to Dr. jur.

Studies of law at the University of Erlangen

Dr. Ariane Reinhart

Year of birth: 1969
Nationality: German

Member of the Supervisory Board since: May 2016

Board Member of Continental AG

Professional background

2014	Continental AG, Board Member Human Resource, Director of Employment
2012	Bentley Motors Ltd., Crewe/England, Board Member, Human Resource
2008	Volkswagen AG, Wolfsburg, Director Group Management Development Sales & Marketing
2006	Volkswagen Retail GmbH, Director Human Resource
2003	Volkswagen do Brasil, Sao Paulo Director HR transformation processes Managing Director of VW Talentos – HR Services
2002	Auto 5000 GmbH, Wolfsburg, Director Human Resource
1999	Volkswagen AG, Wolfsburg, Director International Working Relationships

Education/Academic background

Doctorate to Dr. jur.

International Labor Organization, Geneva,
Labor Law and Labor Relations

Study of law at the University of Hamburg

Clara-Christina Streit

Year of birth: 1968
Nationality: German | US-American

Member of the Supervisory Board since: June 2013

Independent Management Consultant

Professional background

2012 – 2014	Senior Advisor at McKinsey & Company
2003	Senior-Partner (Director) at McKinsey & Company
1997	Partner (Principal) at McKinsey & Company
1992	Consultant at McKinsey & Company

Education/Academic background

Lecturers for management at the Lisbon universities Nova und Catolica

Master's degree in Business Administration at the University of St. Gallen, Switzerland

Christian Ulbrich

Year of birth: 1966
Nationality: German

Member of the Supervisory Board since: August 2014

Global CEO & President Jones Lang LaSalle Incorporated

Professional background

10/2016	Jones Lang LaSalle, Global CEO & President
06/2016	Jones Lang LaSalle, President
2009	Jones Lang LaSalle, CEO EMEA and member of the Global Executive Board
2005	Jones Lang LaSalle, CEO Germany and member of the EMEA Management Board
1997	Chairman of the board of the HIH-Group
1989 – 1997	Functions in different financial institutions, most recently as Board Member

Education/Academic background

Diplom-Kaufmann, University of Hamburg

Trained Banker, Bankhaus Conrad Hinrich Donner, Hamburg

Annex B

to the Invitation to the Annual General Meeting of Vonovia SE on Wednesday, 9 May 2018 at 10:00 hours

Vonovia SE, Bochum
ISIN DE000A1ML7J1
WKN A1ML7J

The Management Board of Vonovia SE presents to the Annual General Meeting the following reports:

1. Report by the Management Board on Item 7 (Resolution regarding the Cancellation of the Authorized Capital 2016 and 2017 and the existing Sections 5b and 5c of the Articles of Association and the Creation of an Authorized Capital 2018 with the Possibility of Excluding Shareholders' Subscription Rights and correspondingly Including a new Section 5 in the Articles of Association)

Regarding Item 7 of the Agenda of the Annual General Meeting of 9 May 2018, the Management Board and Supervisory Board propose the cancellation of the remaining Authorized Capital 2016 in the amount of EUR 151,537,704.00 and of the remaining Authorized Capital 2017 in the amount of EUR 66,556,874.00 and that a new authorized capital with the authorization of excluding subscription rights (Authorized Capital 2018) be approved. Pursuant to Section 203 para. 2 sentence 2 of the German Stock Corporation Act (AktG) in conjunction with Section 186 para. 4 sentence 2 AktG, the Management Board gives the following report regarding Item 7 of the Agenda of the Annual General Meeting on the reasons for authorizing the exclusion of shareholders' subscription rights with the issuance of new shares:

With the approval of the Supervisory Board, the Management Board made partial use of the authorization granted by the Annual General Meeting on 12 May 2016 to increase the Company's share capital by up to EUR 167,841,594.00 in the period up to 11 May 2021 by issuing up to 167,841,594 new no-par-value registered shares against cash and/or in kind contributions on one or several occasions (Authorized Capital 2016), increasing the share capital by a total of EUR 16,303,890.00 by means of the capital increases carried out in June and July 2017.

To date the Management Board has not used the authorization granted to it by the Annual General Meeting on 16 May 2017 to increase the Company's share capital by up to EUR 66,556,874.00 in the period up to 15 May 2022 with the approval of the Supervisory Board by issuing up to 66,556,874 new no-par-value registered shares against cash and/or in kind contributions on one or several occasions (Authorized Capital 2017).

Therefore, Section 5b of the Articles of Association currently contains an Authorized Capital 2016, that authorizes the Management Board, to increase the Company's share capital by up to EUR 151,537,704.00 with the consent of the Supervisory Board by issuing up to 151,537,704 new no-par-value registered shares against cash and/or in kind contributions on one or several occasions. Section 5c of the Articles of Association currently contains an Authorized Capital 2017, that enables the Management Board, with the approval of the Supervisory Board, to increase the Company's share capital on one or several occasions by up to EUR 66,556,874.00 by issuing up to 66,556,874 new no-par-value registered shares against cash and/or in kind contributions.

Germany's and Austria's residential property market is still characterized by intense competition for attractive residential property portfolios. The Company is therefore dependent on being able to flexibly increase its own funds quickly and comprehensively. Therefore, an increase of the authorized capital up to 50% of the Company's share capital, as permitted by law, is proposed. The structure of the existing authorized capitals shall be revised by way of consolidation and be realized in a new Authorized Capital 2018. Therefore, the Authorized Capital 2016 and Authorized Capital 2017 are to be cancelled.

The new authorized capital (Authorized Capital 2018) proposed in Item 7 of the Agenda of the Annual General Meeting of 9 May 2018, is designed to enable the Management Board, with the approval of the Supervisory Board, to increase the Company's share capital by up to EUR 242,550,413.00 in the period up to 8 May 2023, by issuing up to 242,550,413 new no-par-value registered shares against cash and/or in kind contributions on one or several occasions. The volume of the new Authorized Capital 2018 is therefore 50% of the Company's current share capital.

Should the Company's registered share capital change up until the date of the Annual General Meeting, the Management Board and Supervisory Board will submit an appropriately adapted resolution proposal for approval that provides for a nominal amount for the Authorized Capital 2018 that is to be created, which will correspond to 50% of the registered share capital of the Company on the day of the Annual General Meeting.

The purpose of the Authorized Capital 2018 is to enable the Company to continue to raise the capital required for the further development of the Company at short notice by issuing new shares and to give it the flexibility to benefit from a favorable market environment at short notice in order to cover its future financing requirements. As the decisions regarding covering future capital requirements generally need to be made at short notice, it is important that the Company is not dependent on the rhythm of the Annual General Meetings or on the long notification period for con-

vening an Extraordinary General Meeting. The legislator has accommodated these circumstances with the instrument of "authorized capital".

When using the Authorized Capital 2018 in order to issue shares in return for cash contributions, the shareholders are in principle entitled to a subscription right (Section 203 para. 1 sentence 1 AktG in conjunction with Section 186 para. 1 AktG). The issuance of shares coupled with the granting of an indirect subscription right within the meaning of Section 186 para. 5 AktG is, by law, not to be classified as the exclusion of subscription rights as the shareholders are awarded the same subscription rights as with a direct subscription. For technical reasons, just one or more banks or one or more undertakings operating pursuant to Section 53 para. 1 sentence 1 the German Banking Act (KWG) or Section 53b para. 1 sentence 1 or para. 7 KWG will be involved in the handling thereof.

Nonetheless, with the approval of the Supervisory Board, the Management Board shall be authorized to exclude subscription rights under certain circumstances.

(i) With the approval of the Supervisory Board, the Management Board shall be authorized to exclude subscription rights for fractional amounts. The purpose of this subscription rights exclusion is to facilitate an issuance fundamentally involving shareholder subscription rights, as it results in a subscription ratio which is technically feasible. The value of each shareholder's fractional amount is generally low and as such their potential dilutive effect is also deemed to be low. In contrast, the cost of an issue without such an exclusion is considerably greater. The exclusion therefore makes the issue more practicable and easier to implement. New shares for which shareholders' subscription rights are excluded as they are fractional amounts are put to the best possible use for the Company by being sold on the stock exchange or by other means. The Management Board and Supervisory Board consider the potential exclusion of subscription rights for these reasons to be objectively justified and, weighed against the interests of the shareholders, to also be appropriate.

(ii) Furthermore, the Management Board shall be authorized, with the approval of the Supervisory Board, to exclude subscription rights insofar as it is necessary to grant the holders/creditors of convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) (hereinafter collectively "bonds") subscription rights to new shares. The issue conditions of bonds with conversion or option rights or obligations regularly include an anti-dilution provision that grants the holders/creditors subscription rights to new shares issued in subsequent share issuances and on the basis of other specific measures. The holders/creditors are thus treated as if they were already shareholders. For bonds to feature such an anti-dilution measure, shareholders' subscription rights for these shares have to be excluded. This serves to facilitate the implementation of the issuance of the bonds and is therefore in the interests of the shareholders regarding an optimum financial structure for the Company. Further, the exclusion of subscription rights for the holders/creditors of bonds has the advantage that, in the event that the authorization is exercised, the option or conversion price does not have to be reduced for the holders/creditors of existing bonds in accordance with the corresponding bond conditions. This allows for a great inflow of funds and is therefore in the interests of the Company and its shareholders.

(iii) Subscription rights may additionally be excluded in the case of cash capital increases provided that the shares are issued at a price that does not significantly undercut the stock market price and such a capital increase does not exceed 10% of the share capital, in fact – since it is Authorized Capital – neither at the time the authorization becomes effective nor – if this amount is lower – at the time it will be exercised (simplified exclusion of subscription rights pursuant to Section 203 para. 1 and para. 2 AktG and Section 186 para. 3 sentence 4 AktG).

The authorization enables the Company to react flexibly to favorable capital market situations and to issue new shares very quickly, i.e. without meeting the requirement of a two week subscription offer period. The exclusion of subscription rights enables the Company to act quickly and to place shares close to the stock market price, i.e. without the general discount required in connection with subscription right issuances. This creates the parameters for achieving the highest possible disposal amount and for the greatest possible strengthening of the Company's equity. The authorization of the simplified exclusion of subscription rights is objectively justified not only by the fact that a greater cash inflow can often be achieved as a result.

The authorization to exclude subscription rights in the event of capital increases must not exceed 10% of the Company's share capital either at the time at which this authorization becomes effective or – if this amount is lower – at the time at which it is exercised.

The resolution proposal also provides for a deduction clause: The Company's own shares that are sold during the term of the authorization subject to the exclusion of shareholders' subscription rights pursuant to Section 71 para. 1 no. 8 sentence 5 half-sentence 2 AktG in conjunction with Section 186 para. 3 sentence 4 AktG are to be included in the 10% cap on the share capital.

Any shares already issued or to be issued to satisfy bonds with conversion or option rights or obligations are also to be included in this cap, insofar as these bonds were issued during the term of this authorization without subscription rights in analogous application of Section 186 para. 3 sentence 4 AktG. Shares issued during the term of this authorization in direct or in analogous application of Section 186 para. 3 sentence 4 AktG on the basis of other corporate action and subject to the exclusion of shareholders' subscription rights are likewise to be included in this 10% cap on the share capital. This inclusion is effected in line with the shareholders' interests that their investments be diluted as little as possible.

The upper limit, decreased under the preceding inclusion clause, shall be increased again when a new authorization to exclude shareholder subscription rights pursuant to or in line with Section 186 para. 3 sentence 4 AktG issued by the General Meeting becomes effective after the decrease, to the extent of the reach of the new authorization, but up to a maximum of 10% of the share capital in accordance with the stipulations of sentence 1 of the respective paragraph. This is because in this case (or cases), the General Meeting again has the opportunity to decide on the simplified exclusion of subscription rights, meaning that the reason for inclusion had ceased to apply. When the new authorization on the simplified exclusion of subscription rights comes into force, the ban regarding the authorization for issuing the bonds without shareholder subscription rights that came into being by means of the use of the authorization for the issuance of new shares or for the issuance of bonds or by means of the sale of the Company's own shares shall lapse. On the basis of the identical majority requirements for such a resolution, the renewed authorization for the simplified exclusion of subscription rights will at the same time also contain – insofar as the statutory requirements are observed – a confirmation regarding the authorization resolution on the creation of the Authorized Capital 2018. In the event of a subsequent exercise of an authorization to exclude subscription rights in direct or analogous application of Section 186 para. 3 sentence 4 AktG, the deduction shall apply again.

The simplified exclusion of subscription rights is conditional to the issue price for the new shares not being significantly below the stock market price. Subject to specific circumstances in individual cases, any reduction compared with the current stock market price or a volume weighted stock market price over an appropriate number of trading days prior to the definitive determination of the issue price may not exceed approximately 5% of the stock market price in question. This takes into account the shareholders' need for protection from a dilution of the value of their investments. Determining an issue price close to the stock market price ensures that the value of subscription rights for the new shares would, in practical terms, be very low. The shareholders have the opportunity to maintain their relative investments by effecting additional stock market purchases.

(iv) Subscription rights may also be excluded in the event of capital increases against contributions in kind. The Company should remain able to acquire in particular – but not limited to – companies, parts of companies, shareholdings in companies (this may also be implemented by way of a merger or other transformation law measures) and other assets (including receivables), properties and property portfolios relating to an intended acquisition or to respond to offers of acquisitions or mergers in order to strengthen its competitiveness and to increase its profitability and its enterprise value. The exclusion of subscription rights should also serve to satisfy convertible bonds and/or warrant bonds or combinations thereof issued against contributions in kind. Practice has shown that shareholders in attractive acquisition properties are in part very interested in acquiring the Company's (voting) shares as a consideration, for example in order to maintain a certain degree of influence over the contribution in kind. From the point of view of an optimum financing structure, another argument in favour of offering a consideration not only as cash payments, but also or exclusively in the form of shares is that, based on the degree to which new shares can be used as an acquisition currency, the Company's liquidity is protected, leverage is avoided and the buyer(s) participate in future price development opportunities. This improves the Company's competitive position in the event of acquisitions.

The option of using Company shares as an acquisition currency gives the Company the necessary scope to exploit such acquisition opportunities quickly and flexibly and enables it to acquire even large units in exchange for the granting of shares. Under certain circumstances, it should also be possible to acquire commodities (in particular property portfolios or shares in property companies) in exchange for shares. In both instances, shareholders' subscription rights must be excluded. As such acquisitions frequently have to happen at short notice, it is important that they are not, as a rule, depending on the usual annual rhythm of the Annual General Meeting or require an Extraordi-

nary General Meeting, whose preparation and period of convening prevent a swift action. Authorized capital is needed which the Management Board can avail itself of quickly with the approval of the Supervisory Board.

The same applies to satisfying conversion and option rights or obligations relating to bonds. The shares are issued against contributions in kind, either in the form of the bond being contributed or in the form of consideration in kind relating to the bond. This leads to an increase in the Company's flexibility while satisfying the conversion or option rights or obligations. Offering bonds in lieu of or in addition to granting shares or cash payments can represent an attractive alternative that increases the Company's competitive chances in acquisitions due to their additional flexibility. The shareholders are additionally protected by the subscription rights to which they are in principle entitled when bonds with conversion or option rights or obligations are issued. In case the subscription rights for bonds were excluded, the interests of the shareholders were already taken into account in the assessment by the Management Board and Supervisory Board required in such a case. The instances in which subscription rights for bonds with conversion rights and obligations may be excluded are outlined in the report relating to the issue of the corresponding instruments.

If the opportunity occurs to merge with other companies or to acquire companies, parts of companies, shareholdings in companies or other assets, the Management Board shall, in each case, carefully consider whether it should exercise its authority to effect a capital increase by granting new shares. This includes, in particular, determining the valuation ratio of the Company and the acquired company investment or other assets and determining the new shares issue price and the other share issue conditions. The Management Board shall only use the Authorized Capital 2018 if it believes the merger or the acquisition of a company or a share in a company or the investment acquisition in exchange for the granting of new shares is in the best interests of the Company and its shareholders. The Supervisory Board shall only grant its necessary approval if it has reached the same conclusion.

(v) Subscription rights may also be excluded to issue a share dividend (also known as *scrip dividend*) under which shares of the Company are used (including partially or optionally) to satisfy shareholder dividend claims.

It is intended, in particular, to enable the Company to pay a scrip dividend at ideal conditions. In the case of a scrip dividend, the shareholders are offered to contribute their claim for payment of the dividend, which comes into existence with the resolution of the Annual General Meeting on the appropriation of profits, to the Company, in whole or in part, as contribution in kind, in order to receive new shares in the Company in return. A scrip dividend can be implemented as a genuine share issue with subscription rights, observing, in particular, the provisions in Section 186 para. 1 AktG (minimum subscription period of two weeks) and Section 186 para 2 AktG (announcement of the issue price no later than three days before the expiry of the subscription period). In individual cases, depending on the capital markets situation, it may be preferable to structure the implementation of a scrip dividend in such manner that the Management Board offers to all shareholders who are entitled to dividends, in observance of the general principle of equal treatment (Section 53a AktG), new shares for subscription against contribution of their dividend entitlement and, thus, economically grants the shareholders a subscription right, but to legally exclude the shareholders' subscription right for the new shares in its entirety.

Such an exclusion of the subscription right facilitates the implementation of the scrip dividend without the aforementioned restrictions of Section 186 para. 1 and para. 2 AktG and, thus, at more flexible conditions. In view of the fact that all shareholders will be offered the new shares and excessive dividend amounts will be settled by cash payment of the dividend, an exclusion of the subscription right in such cases appears to be justified and appropriate.

(vi) In addition, subscription rights can be excluded in relation to the issue of 2,500,000 new no-par-value registered shares against cash contribution to issue shares to the employees of the Company or of affiliated companies within the meaning of Section 15 AktG to the exclusion of the members of the Company's Management Board and Supervisory Board and the members of the management boards, supervisory boards and other bodies of affiliated companies. To simplify the settlement process, the shares may also be subscribed for by a financial institution against cash contribution, in order for the Company to reacquire those shares for an issuance shares to the entitled employees of the Company.

This gives the Company the opportunity to acknowledge the achievements of its employees and of the employees of its affiliated companies within the meaning of Section 15 AktG by issuing shares, and to thus allow the employees to participate in the Company's success. Incentivizing the employees by participating in the success of Vonovia shares on the stock exchange is also in the interest of the shareholders. Only if shareholders' subscription rights are excluded the Company can issue shares to its employees. In addition, the shares issued under this authorization, only form a relatively small part of the current Company's share capital (approx. 0.52%). Hence, the shareholders are only slightly diluted and have the opportunity to maintain their share of the Company's share capital at all times by effecting additional stock market purchases.

The above authorizations (i) to (vi) to exclude subscription rights in the event of capital increases against cash and/or in kind contributions are limited to an amount not exceeding 20% of the share capital, either at the time at which this authorization becomes effective or at the time at which it is exercised (if the latter is lower).

The above 20% cap is to include the Company's own shares sold during the term of this authorization subject to the exclusion of subscription rights and any shares issued or to be issued to satisfy bonds, insofar as the bonds were issued subject to the exclusion of shareholders' subscription rights during the term of this authorization. Shares issued during the term of this authorization on the basis of other corporate action and subject to the exclusion of shareholders' subscription rights are likewise to be included in this aforementioned 20% cap on the share capital.

This restriction also limits the potential dilution of the voting rights of the shareholders in relation to whom subscription rights have been excluded. The cap, decreased under the preceding inclusion clause, shall be increased again when a new authorization by the General Meeting to exclude shareholder subscription rights becomes effective after the decrease, to the extent of the reach of the new authorization, but up to a maximum of 20% of the share capital in accordance with the above-mentioned stipulations. In this case, the General Meeting again has the opportunity to decide on the exclusion of subscription rights, meaning that the reason for inclusion had ceased to apply.

With these circumstances having been considered, the authorization to exclude subscription rights within the limits outlined is necessary, suitable, appropriate and in the interests of the Company. Insofar as the Management Board exercises one of the aforementioned authorizations to exclude subscription rights in relation to a capital increase from the Authorized Capital 2018 within the financial year, it shall report on this in the subsequent Annual General Meeting.

2. Report of the Management Board regarding the partial utilization of the Authorized Capital 2016 (capital increase as of July 2017 under exclusion of subscription rights of the shareholders, for the purpose of the merger of Gagfah S.A. into Vonovia SE)

On 7 March 2017, Vonovia SE (**"Vonovia"** or the **"Company"**) announced its intention to a cross-border merger of Gagfah S.A. (**"Gagfah"**) into Vonovia as absorbing company. After completion of all preparatory measures, in May 2017 the corporate bodies of Vonovia and the administrative board of Gagfah resolved to draw up the terms of merger. On 27 June 2017, the general meeting of Gagfah's shareholders approved the merger and the drawing up of the terms of merger. The approval of the General Meeting of Vonovia's shareholders was not required since prior to the merger Vonovia held more than 90 per cent of the voting rights and the share capital in Gagfah.

The merger was a key part of an extensive transaction resulting in Gagfah's complete operational and legal integration in and its takeover by Vonovia. The reasons for the merger as well as for the necessary capital increase lie with the simplification of Vonovia group's shareholding structure and the associated cost savings. In particular by abolishing the administrative board and the annual general meetings as well as by avoiding the requirement to prepare annual accounts and the material expenses for, amongst others, operating an office in Luxembourg, costs can be reduced by a significant amount. Vonovia's shareholders will benefit from these cost savings.

The merger was the suitable, necessary and proportionate mean to achieve the business objectives pursued by Vonovia. In particular, there was no alternative transaction structure that would have made a capital increase in kind with exclusion of subscription rights redundant and by which the business objectives could have been achieved in a comparable manner. A theoretically possible acquisition of all shares in Gagfah by Vonovia (subject to the co-operation of all Gagfah-shareholders) would not have automatically led to Gagfah's liquidation and, thus, to an automatic cost saving. Similar considerations apply to a squeeze-out under Luxembourg law. Apart from that, Vonovia did not hold a shareholding of at least 95 per cent of the capital and the voting rights in Gagfah which is required for a squeeze-out under Luxembourg law.

The terms of merger provided that the outside shareholders, i.e. the shareholders being entitled to exchange (the **"Outside Shareholders"**), would receive newly issued Vonovia-shares in exchange for their Gagfah-shares. For this reason, Vonovia carried out a respective capital increase in kind immediately before the merger taking effect. Vonovia itself was not entitled to an exchange of its Gagfah-shares.

To carry out the merger and the necessary capital increase in kind, in May 2017 Vonovia's management board decided to increase the Company's share capital by an amount of EUR 8,640,578.00 through the issue of 8,640,578 new no-par value registered shares, each representing a pro rata amount of the registered share capital of EUR 1.00, each with an issue price of EUR 1.00 and each being entitled to dividends as of 1 January 2017 (the **"Consideration Shares"**) by way of utilization of the authorized capital pursuant to Section 5b.1 of the Company's articles of association (the **"Authorized Capital 2016"**).

As regards the utilization of the Authorized Capital 2016 to carry out the merger, the supervisory board had assigned its powers to its finance committee. On 16 May 2017, the finance committee of the Supervisory Board approved the resolution of the Management Board.

The implementation of the capital increase as well as the merger were registered with the commercial register on 12 July 2017 (clarifying correction as of 17 July 2017) and therewith the Company's share capital was increased from total EUR 476,460,248.00 by an amount of EUR 8,640,578.00 to the Company's current share capital of EUR 485,100,826.00.

The subscription right of Vonovia's shareholders was excluded. Based on the terms of merger, the Consideration Shares were issued to the Outside Shareholders in consideration for the transfer of Gagfah's entirety of assets in the course of the cross-border merger at the effective date of the merger. The Consideration Shares were issued at the ratio of 100 Gagfah-shares with a nominal value of EUR 1.25 each for 57 new no-par value registered Vonovia-shares, each representing a pro rata amount of the Company's registered share capital of EUR 1.00.

In preparation of the respective decisive board resolutions on the utilization of the Authorized Capital 2016, the Management Board and the finance committee of the Supervisory Board diligently and intensively assessed the fairness of the exchange ratio and the issue price of the Consideration Shares respectively. The determination of the fair exchange ratio of 100 Gagfah-shares for 57 new no-par value registered Vonovia-shares is based on company valuations which were conducted with respect to Vonovia and Gagfah according to the same methods by using the discounted cash-flow method (*Ertragswertverfahren*), a method based on established commercial principles of company valuation as recognised by German courts. To carry out the valuation, the Management Board of Vonovia and the administrative board of Gagfah jointly made use of expert support provided by Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft.

As applied on the reference date, i.e., the general meeting of Gagfah's shareholders on 27 June 2017, the discounted cash-flow method (*Ertragswertverfahren*) is considered to be firmly established in theory and practice of company valuations and is reflected in the statements by the Institute of Chartered Accountants in Germany, in particular in the standard IDW S 1 on the principles for carrying out company valuations in its 2008 version (*Verlautbarungen des Instituts für Wirtschaftsprüfer e.V., IDW Standard „Grundsätze zur Durchführung von Unternehmensbewertungen" (IDW S 1 i.d.F. 2008)*). Both companies agreed on applying this method of company valuations.

Determined on the basis of the discounted cash-flow method (*Ertragswertverfahren*) as of 27 June 2017, Vonovia's company value amounted to about EUR 18,606.3 million. Gagfah's company value, determined on the basis of the discounted cash-flow method (*Ertragswertverfahren*) as of 27 June 2017, amounted to about EUR 5,564.2 million. In terms of 246,176,178 issued Gagfah-shares, the value per share as of 27 June 2017 was EUR 22.60. In terms of 468,796,936 issued Vonovia-shares, the value per share as of 27 June 2017 was EUR 39.69. Hence, the mathematical exchange ratio is 0.57 Vonovia-shares per one Gagfah-share. On the basis of the aforementioned valuation method, Vonovia's Management Board assured itself that the exchange ratio of 57 Vonovia-shares for 100 Gagfah-shares is fair and agreed upon the exchange ratio with Gagfah's administrative board. In the course of the merger, the Management Board of Vonovia prepared a merger report in which it commented in particular on the reasons for the merger as well as on the appropriateness of the exchange ratio. In accordance with the applicable statutory provisions, the merger report was made available to the shareholders prior to the merger.

In addition, the merger report, in particular the appropriateness of the provided exchange ratio, was audited by KPMG AG Wirtschaftsprüfungsgesellschaft (**"KPMG"**), being appointed as joint merger auditor for both companies involved in the merger by the decision of the district court of Düsseldorf of 14 March 2017 pursuant to Article 9 lit. c) ii), Article 10 SE-Regulation (*SE-VO*) in connection with Sections 122f, 10 para. 1 Transformation Act (*UmwG*), following a joint application of Vonovia's Management Board and Gagfah's administrative board. KPMG has held the exchange ratio to be fair.

Following the above, in the opinion of the Management Board, both, the merger as well as the capital increase in kind under exclusion of subscription rights of the shareholders are justified by the interests of the Company. The exclusion of subscription rights was necessary since the merger required an exchange of any and all shares of the Outside Shareholders of Gagfah for Consideration Shares in Vonovia.

3. Management Board Report regarding Item 8 of the Agenda (Resolution regarding the Cancellation of the existing and the Granting of a new Authorization to issue Convertible Bonds, Warrant Bonds, Profit Participation Rights and/or Participating Bonds (or Combinations thereof) with the Option of Excluding Subscription Rights, regarding the Cancellation of the Conditional Capital 2016 and the Creation of a Conditional Capital 2018 with a corresponding Amendment of Section 6 of the Articles of Association)

Regarding Item 8 of the Agenda of the Annual General Meeting held on 9 May 2018, the Management Board and Supervisory Board propose that the existing authorization to issue convertible bonds or warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) (hereinafter also referred to collectively as **"bonds"**) and the corresponding Conditional Capital 2016 be cancelled and that a new authorization be granted and new conditional capital (Conditional Capital 2018) created with the authorization to exclude subscription rights. Pursuant to Section 221 para. 4 sentence 2 AktG in conjunction with Section 186 para. 4 sentence 2 AktG, the Management Board gives this report regarding Item 8 of the Agenda of the Annual General Meeting on the reasons for authorizing the exclusion of shareholders' subscription rights:

With the approval of the Supervisory Board, the Management Board was authorized by resolution of the Annual General Meeting of 12 May 2016 to issue bearer or registered convertible bonds, warrant bonds, profit participation rights and/or participating bonds or a combination thereof (hereinafter collectively **"2016 Bonds"**) on one or several occasions up to 11 May 2021, up to an aggregate nominal amount of EUR 6,990,009,360.00 and to grant the holders or creditors option or conversion rights for shares in the Company with a proportionate amount of up to EUR 233,000,312.00 of the share capital. The conditional capital 2016 of EUR 233,000,312.00 was created to satisfy the 2016 Bonds (Section 6 para. 2 of the Articles of Association) (**"Conditional Capital 2016"**); this sum has remained unchanged up to the day on which the invitations to this Annual General Meeting were published.

Among other things in order to increase flexibility, the Management Board and Supervisory Board consider it to be expedient to cancel the existing authorization and the existing Conditional Capital 2016 and to replace them with a new authorization and new conditional capital (Conditional Capital 2018).

To be able to make use of the array of possible market instruments to securitise the conversion and option rights, it is considered to be appropriate to set the permissible issue volume at EUR 9,702,016,520.00 in the authorization and to issue the authorization for a term of five years up to 8 May 2023. The Conditional Capital that serves to satisfy the conversion and option rights is to be EUR 242,550,413.00 (this corresponds to 50% of the Company's current share capital). This conditional capital ensures that the issue volume authorization scope can likewise be used. The number of shares required to satisfy conversion or option rights or obligations or to grant shares in lieu of the cash sum due on a bond with a specific issue volume generally depends on the stock market price of the Company's share at the time at which the bond is issued. If sufficient conditional capital is available, the possibility of making full use of the scope of the authorization for the issue of bonds is guaranteed.

An appropriate capital base is essential for the Company's development. Depending on the market situation, by issuing convertible and warrant bonds, the Company can make use of attractive financing options in order to generate low-interest capital inflows for the Company. By issuing profit participation rights with conversion or option rights, the interest rate can also be based on, for example, the Company's current dividend. The Company benefits from the conversion and option premiums generated by the issue. Practice has shown that a number of financial instruments cannot be placed until option and conversion rights are granted.

With the exception of instances involving an option or conversion obligation, the conversion or option price to be determined for a share must equate either to at least 80% of the arithmetic mean of the share's closing prices in the Xetra trading (or a comparable successor system) on the ten trading days on the Frankfurt Stock Exchange prior to the day on which the Management Board makes its definitive decision regarding the issuing of bonds or regarding the Company's acceptance or allocation in relation to the issuing of bonds or – in the event that subscription rights are granted – to at least 80% of the arithmetic mean of the share's closing prices in the Xetra trading (or a comparable successor system) in the course of (i) the days on which the subscription rights are traded on the Frankfurt Stock Exchange, with the exception of the final two days of subscription rights trading, or (ii) the days from the start of the subscription period up to the point in time at which the subscription price is definitively determined. Section 9 para. 1 AktG and Section 199 AktG remain unaffected. In the case of bonds involving conversion or option rights or obligations, notwithstanding Section 9 para. 1 AktG and Section 199 AktG, the conversion or option price may be reduced by virtue of an anti-dilution provision following more detailed specification of the conditions if the Company increases the share capital during the conversion or option period while granting its shareholders subscription rights or if the Company issues other bonds or grants

or guarantees any other option rights without granting the holders of bonds with conversion or option rights or obligations subscription rights in the same volume as said holders would be entitled to upon exercising their conversion or option rights or fulfilling their conversion or option obligations. Subject to the details of the conditions of the bonds, the option or conversion price may also be reduced by virtue of a cash payment when exercising the option or conversion right or fulfilling the conversion or option obligations. The conditions may also allow for a value-preserving amendment to the conversion or option price in relation to other measures which may lead to the dilution of the value of the conversion or option rights (e.g. including the payment of a dividend). In any case, the proportion of the share capital attributable to the shares received per partial bond may not exceed the nominal amount of each partial bond.

The shareholders must in principle be granted subscription rights for the bonds when bonds are issued (Section 221 para. 4 AktG in conjunction with Section 186 para. 1 AktG).

The Management Board may make use of the possibility to issue bonds to one or several credit institution(s) or one or several enterprise(s) operating pursuant to Section 53 para. 1 sentence 1 KWG or Section 53b para. 1 sentence 1 or para. 7 KWG with the obligation to indirectly offer the bonds to the shareholders for subscription in accordance with their subscription right (known as an indirect subscription right pursuant to Section 186 para. 5 AktG). This does not constitute a limitation of the shareholders' subscription rights as the shareholders are awarded the same subscription rights as with a direct subscription. For technical reasons, just one or more banks will be involved in the handling of this.

Nonetheless, with the approval of the Supervisory Board, the Management Board shall be authorized to exclude subscription rights under certain circumstances:

(i) With the approval of the Supervisory Board, the Management Board shall be authorized to exclude subscription rights for fractional amounts. The purpose of this subscription rights exclusion is to facilitate an issuance fundamentally involving shareholder subscription rights, as it results in a subscription ratio which is technically feasible. The value of each shareholder's fractional amount is generally low and as such their potential dilutive effect is also deemed to be low. In contrast, the cost of an issue without such an exclusion is considerably greater. The exclusion therefore makes the issue more practicable and easier to implement. The Management Board and Supervisory Board consider the potential exclusion of subscription rights for these reasons to be objectively justified and, weighed against the interests of the shareholders, to also be appropriate.

(ii) With the approval of the Supervisory Board, the shareholders' subscription rights shall be excluded in order to grant bond holders/creditors subscription rights in the same volume as said holders would be entitled to upon exercising their conversion or option rights or fulfilling their conversion or option obligations in order to compensate the dilution. This allows subscription rights to be granted to holders/creditors of bonds already issued or to be issued as an anti-dilution measure in lieu of a reduction in the option or conversion price. Incorporating such anti-dilution measures into bonds is standard market procedure.

(iii) The Management Board, in accordance with the application of Section 186 para. 3 sentence 4 AktG, shall also be authorized with the approval of the Supervisory Board to exclude subscription rights against a cash contribution when issuing bonds if the issue price of the bonds does not significantly undercut their fair value. This can be expedient to exploit favourable stock market situations at short notice and to be able to place a bond in the market quickly and flexibly with attractive conditions. As the stock markets can be volatile, achieving as advantageous an issue result as possible is often heavily dependent on whether it is possible to respond to market developments at short notice. Favourable conditions that are as market-based as possible can in principle only be set if the Company is not tied to them for an overly long offer period. In the case of subscription right issues, a considerable margin of safety is generally required in order to safeguard the chances of success of the issue for the entire offer period. Section 186 para. 2 AktG does permit the subscription price (and in the case of warrant and convertible bonds, therefore also the bond conditions) to be publicised up to the third last day of the subscription period. However, in view of the volatility of the stock markets, this still results in market risk lasting a number of days, resulting in margins of safety being applied when determining the bond conditions. Furthermore, if subscription rights are granted, placement with third parties is made more difficult/involves additional work due to the uncertainty of their exercise (subscription behaviour). After all, if subscription rights are granted, the Company is unable to react at short notice to changes in the market conditions due to the length of the subscription period, and this can lead to less favourable capital procurement for the Company.

The shareholders' interests are protected by the bonds not being issued significantly below their fair value. The fair value is to be calculated on the basis of recognised valuation principles. When setting the price while taking into account the capital market

situation in question, the Management Board will keep the reduction compared with the fair value as low as possible. This results in the accounting par value of the subscription rights being so low that the shareholders are not subject to any significant economic disadvantage as a result of the exclusion of subscription rights.

The market-oriented setting of the conditions and thus the avoidance of any significant value dilution can also be achieved if the Management Board effects a bookbuilding. This process involves the investors being requested to submit purchase orders on the basis of preliminary bond conditions, in the process specifying what they consider to be, for example, the market-oriented interest rate and/or other economic components. At the end of the bookbuilding period, the conditions not yet fixed, such as the interest rate, are set in accordance with supply and demand as determined on the basis of the purchase orders submitted by the investors. In this way, the bonds' total value is determined in a market-based manner. A bookbuilding allows the Management Board to ensure that no significant dilution of the value of the shares will be caused by the exclusion of subscription rights.

The shareholders additionally have the opportunity to maintain their share of the Company's share capital by effecting stock market acquisitions at almost identical conditions. This appropriately protects their asset interests.

The authorization to exclude subscription rights pursuant to Section 221 para. 4 sentence 2 AktG in conjunction with Section 186 para. 3 sentence 4 AktG only applies to bonds with rights to shares to which no more than 10% of the share capital is apportioned, either at the time at which this authorization becomes effective or – in the event that this amount is the lower one – at the time at which it is exercised. The sale of the Company's own shares is to be included in this cap, provided they are sold during the term of this authorization subject to the exclusion of subscription rights pursuant to Section 71 para. 1 no. 8 sentence 5 half-sentence 2 AktG in conjunction with Section 186 para. 3 sentence 4 AktG. Furthermore, those shares issued in direct or analogous application of Section 186 para. 3 sentence 4 AktG during the term of this authorization are likewise to be included in this cap. Furthermore, those shares issued or to be issued to satisfy bonds with conversion or option rights or obligations, provided that those bonds were issued without subscription rights on the basis of another authorization according to Section 221 para. 2 AktG in analogous application of Section 186 para. 3 sentence 4 AktG, during the term of this authorization, are likewise to be included in this cap. This inclusion is effected in line with the shareholders' interests that their investments be diluted as little as possible. The upper limit, decreased under the preceding inclusion clause, shall be increased again when a new authorization to exclude shareholder subscription rights pursuant to or in line with Section 186 para. 3 sentence 4 AktG resolved upon by the General Meeting becomes effective after the decrease, to the extent of the reach of the new authorization, but up to a maximum of 10% of the share capital in accordance with the stipulations of sentence 1 of the inclusion clause. This is because in this case (or cases), the General Meeting again has the opportunity to decide on the simplified exclusion of subscription rights, meaning that the reason for inclusion had ceased to apply. When the new authorization on the simplified exclusion of subscription rights comes into force, the ban regarding the authorization for issuing the bonds without shareholder subscription rights that came into being by means of the use of the authorization for issuing of new shares or by means of the sale of the Company's own shares will namely be cancelled. On the basis of the identical majority requirements for such a resolution, the renewed authorization for the simplified exclusion of subscription rights will at the same time also contain – insofar as the statutory requirements are observed – a confirmation regarding the authorization resolution on the issuing of bonds under Item 8 on the Agenda of the Annual General Meeting on 9 May 2018 pursuant to Section 221 para. 4 sentence 2 in conjunction with Section 186 para. 3 sentence 4 AktG. In the event of a renewed exercise of an authorization to exclude subscription rights in direct or analogous application of Section 186 para. 3 sentence 4 AktG, the deduction shall apply again.

(iv) Bonds may also be issued against contribution in kind insofar as this is in the interests of the Company. Contributions in kind may in particular, but without limitation, be a company, parts of a company, interests in a company and other commodities in connection with an acquisition plan (including claims), real estate and real estate portfolios. In this case, the Management Board is authorized, with the approval of the Supervisory Board, to exclude the shareholders' subscription rights insofar as the value of the contribution in kind is commensurate to the theoretical fair value of the bonds as determined on the basis of recognised valuation principles. This makes it possible to also use bonds as an acquisition currency in suitable isolated cases. Practice has shown that it is frequently necessary in negotiations to provide the consideration not only in cash, but also or exclusively in some other form. The possibility of offering bonds as a consideration

results in an advantage in competition for interesting acquisition properties and offers the necessary scope for exploiting opportunities to acquire companies (even large companies), company investments and other commodities that present themselves without impacting heavily on liquidity. This can also be useful from the point of view of an optimum financing structure. In any case, the Management Board will carefully consider whether to exercise its authorization to issue bonds with conversion or option rights or obligations against contributions in kind subject to the exclusion of subscription rights. It will only do so if this is in the interests of the Company and therefore also of the shareholders.

The authorizations described in (i) to (iv) above to exclude subscription rights in the event of capital increases against cash and/or in kind contributions are limited to an amount not exceeding 20% of the share capital, either at the time at which this authorization becomes effective or – in the event that this amount is the lower one – at the time at which it is exercised. The 20% cap is also to include the Company's own shares sold during the term of this authorization subject to the exclusion of subscription rights as well as those shares issued subject to the exclusion of shareholders' subscription rights during the term of this authorization. Furthermore, those shares issued or to be issued to satisfy bonds with conversion or option rights or obligations, provided that those bonds were issued without subscription rights on the basis of another authorization according to Section 221 para. 2 AktG, during the term of this authorization are likewise to be included in this cap. This restriction also limits the potential dilution of the voting rights of the shareholders in relation to whom subscription rights have been excluded. The cap, decreased under the preceding inclusion clause, shall be increased again when a General Meeting resolution on a new authorization to exclude shareholder subscription rights becomes effective after the decrease, to the extent of the reach of the new authorization, but up to a maximum of 20% of the share capital in accordance with the stipulations of sentence 1 of the inclusion clause. This is because in this case (or cases), the General Meeting again has the opportunity to decide on the simplified exclusion of subscription rights, meaning that the reason for inclusion had ceased to apply. With all of these circumstances having been considered, the authorization to exclude subscription rights within the limits outlined is necessary, suitable, appropriate and in the interests of the Company.

The intended conditional capital serves to fulfil the conversion or option rights or obligations relating to bonds issued for Company shares or to grant the creditors/holders of bonds shares in the Company in lieu of payment of the cash sum due. The bond terms and conditions could also provide that conversion or option rights or obligations can instead be satisfied by means of the provision of treasury shares or shares from authorized capital or by means of other consideration, such as by means of cash payment or the supply of shares from other listed companies. The bond conditions may also stipulate that the number of shares received upon exercising the conversion or option rights or upon fulfilling the conversion or option obligations is variable and/or that the conversion or option price may be amended during the time to maturity within a range stipulated by the Management Board dependent on the share price developments or as a result of anti-dilution provisions. These configurations enable the Company to access financing that is closely linked to the capital markets without actually necessitating capital measures under corporate law. This takes account of the fact that an increase in the share capital may be unwelcome in future when exercising conversion or option rights or satisfying corresponding obligations. That aside, using the option of a cash payout protects the shareholders from a decline in their stake and from a dilution in their value of their shares, since no new shares are issued. In accordance with the details of the conversion or option terms and conditions, the equivalent to be paid in cash here corresponds to the average closing price in the Xetra trading (or a functionally comparable successor system replacing the Xetra system) at the Frankfurt Stock Exchange on the ten to twenty trading days following the announcement of the cash compensation.

Insofar as the Management Board exercises one of the aforementioned authorizations to exclude subscription rights in relation to the issue of bonds within a single financial year, it shall report on this in the subsequent Annual General Meeting.

4. Management Board Report regarding Item 9 (Resolution regarding the Cancellation of the existing and the Granting of a new Authorization for the Company to acquire and use its own shares, also under exclusion of subscription and tender rights)

Regarding Item 9 of the Agenda of the Annual General Meeting on 9 May 2018, the Management Board and the Supervisory Board propose that the Company be again authorized pursuant to Section 71 para. 1 no. 8 AktG for a period of five years until 8 May 2023 to acquire shares of the Company up to an amount of 10% of the Company's share capital at the time of the resolution (i.e. up to a maximum of 48,510,082 shares) or – in the event that this amount is lower – at the time when this authorization is exercised. According to the proposed resolution, the Management Board is entitled to acquire the shares under partial restriction of the principle of equal treatment and shareholders' tender right, if any, and to use the acquired shares on the basis of this, an earlier or a later authorization and to exclude the shareholders' subscription right. The Management Board has submitted the following report on Agenda Item 9 of the Annual General Meeting pursuant to Section 71 para. 1 no. 8 AktG in conjunction with Section 186 para. 4 sentence 2 AktG, on the reasons for authorizing the exclusion of shareholders' tender right, if any, and the exclusion of the shareholders' subscription rights in case the Company sells its own shares:

The authorization granted by the Annual General Meeting on 30 June 2013 will expire on 29 June 2018. In order to keep continuing this practice, the Management Board shall again be authorized to be able to use the possibility of acquiring own shares. This authorization is subject to the condition that any newly purchased shares, together with already existing treasury shares, must not exceed the limit of 10% of the Company's share capital pursuant to Section 71 para. 2 sentence 1 AktG.

Acquisition of own shares of the Company under exclusion of any tender rights

The acquisition of the shares may be conducted via the stock exchange, through a purchase offer made to all shareholders, or through a public invitation to submit a sale offer. The Company is also to be given the possibility to offer not only cash but also shares in other listed companies by way of exchange, which for shareholders can be an attractive alternative to a public purchase offer. It gives the Company additional scope for optimally structuring share buybacks, which is also in the interests of the shareholders.

In connection with a public purchase offer, a public exchange offer or a public invitation to submit a sale offer, it may be that the number of shares tendered by shareholders exceeds the number of shares offered to buy by the Company. In such a case, tenders will be accepted on a quota basis. It is intended to allow a privileged acceptance of smaller tenders or smaller parts of tenders up to a maximum of 100 shares. This option helps to avoid fractional amounts and small residual amounts in the determination of the ratios to be acquired and thus facilitate the technical implementation. This also avoids factual disadvantages to shareholders of smaller stakes. Furthermore, the shares can be allotted in proportion to the tendered shares (tender ratios) rather than by the percentage of shares held because by doing so the technical aspect of the acquisition procedure can be kept within reasonable economic limits. Furthermore, commercial rounding shall be possible to avoid allocation of fraction of shares. Insofar the acquisition quota and the number of shares to be purchased from individual tendering shareholders can be rounded off to the extent that is necessary to acquire whole shares. The Management Board considers an exclusion of a more extensive pre-emptive tender right of the shareholders to be justified and to be reasonable towards shareholders.

The authorization further allows the Company to acquire its own shares via the issue of tender rights to the shareholders. Such tender rights will be structured in such a way that the Company is only under an obligation to acquire whole shares. Any tender rights which cannot be exercised in accordance therewith will be forfeited. This procedure treats shareholders equally and simplifies the technical procedure of the share acquisition.

Use of acquired shares and exclusion of subscription rights

The use of the shares acquired on the basis of the authorization granted by the Annual General Meeting on 9 May 2018 is intended to be possible with the exclusion of shareholders' subscription rights in defined cases:

(i) The Company is to be enabled to sell its own shares in a way other than via the stock exchange or by means of an offer to all shareholders against cash contributions under exclusion of the subscription right.

A precondition for such a sale is that the achieved price is not substantially lower than the stock market price for shares of the same class on the date of such sale. The final setting of the sale price is to occur immediately prior to the sale of the own shares. Furthermore, the Management Board will keep any possible discount on the current trading price or the average weighted price of the shares during an appropriate number of trading days prior to the sale as low as possible under the market conditions prevailing at the time of the placement. Subject to specific circumstances in individual cases, a possible deduction from the relevant stock market price will presumably not exceed approximately 5% of the stock market price in question. This ensures that shareholders are protected against

dilution of their shareholdings. Determining a sales price close to the stock market price ensures, that the value of subscription rights for the shares to be sold would, in practical terms, be very low. The shareholders have the opportunity to acquire the quantity of shares required to retain their ratio of holdings at nearly identical terms on the stock exchange. The authorization is in the Company's interest, as the Company is thus in the position to react quickly and flexibly to favorable situations on the stock market. Thus, it may, for instance, expand the group of shareholders by specifically selling shares to strategic partners, institutional investors, or financial investors. Not least, the exclusion of subscription rights is objectively justified by the fact that often higher equity contributions can be raised.

Moreover, in accordance with Section 186 para. 3 sentence 4 AktG, the authorization ensures that the total shares sold under exclusion of subscription rights may not exceed 10% of the share capital at the date of the resolution, or – in the event that this amount is lower – of the share capital at the time of this authorization being exercised. The resolution proposal further provides for a deduction clause: In this cap of 10% are to be included the shares issued or sold during the term of this authorization under exclusion of subscription rights pursuant to or in application of Section 186 para. 3 sentence 4 AktG. Furthermore, the shares that are issued to serve warrant or convertible bonds, provided that these in turn are issued during the term of this authorization and under exclusion of subscription rights in analogous application of Section 186 para. 3 sentence 4 AktG. Including such shares in the cap of 10% ensures that no own shares are sold under exclusion of subscription rights pursuant to Section 186 para. 3 sentence 4 AktG if this would result in a situation in which the shareholders' subscription rights are, or have been, excluded for more than 10% of the share capital in total pursuant to or in analogous application of Section 186 para. 3 sentence 4 AktG. Given this limitation and the fact that the issue price relates to the stock market price, the shareholders' interests in assets and voting rights will be appropriately assured.

The upper limit, decreased under the preceding inclusion clause, shall be increased again when a new authorization to exclude shareholder subscription rights pursuant to or in line with Section 186 para. 3 sentence 4 AktG resolved upon by the General Meeting becomes effective after the decrease, to the extent of the reach of the new authorization, but up to a maximum of 10% of the share capital in accordance with the stipulations of sentence 1 of the inclusion clause. This is because in this case or cases, the General Meeting again has the opportunity to decide on the simplified exclusion of subscription rights, meaning that the reason for inclusion had ceased to apply. With effectiveness of the new authorization for a simplified exclusion of subscription rights, the restriction regarding the authorization to issue the bonds without subscription right of the shareholders caused by the use of the authorization to issue new shares or to issue bonds or by the sale of own shares is no longer applicable. On the basis of the identical majority requirements for such a resolution, the renewed authorization for the simplified exclusion of subscription rights will at the same time also contain – insofar as the statutory requirements are met – a confirmation regarding the authorization resolution on the use of own shares. In the event of a renewed exercise of an authorization to exclude subscription rights in direct or analogous application of Section 186 para. 3 sentence 4 AktG, the reduction shall apply again.

(ii) Furthermore, the Company shall be able to sell its own shares either directly or indirectly by excluding subscription rights in return for contributions in kind. The Company should remain able to acquire in particular – but not solely – for the purpose of the acquisition (including indirectly) of companies, parts of companies, shareholdings in companies (this may also be implemented by way of a merger or other transformation law measures) and other assets relating to an intended acquisition (including receivables), properties and property portfolios or to respond to offers of acquisitions or mergers in order to strengthen its competitiveness and to increase its profitability and its enterprise value.

Practice has shown that shareholders of companies that are attractive in terms of an acquisition are to some extent very interested in acquiring the Company's (voting) shares as a consideration, for example in order to maintain a certain degree of influence over the contribution in kind. Another argument in favour of offering a consideration not only as cash payments, but also or exclusively in the form of shares is, that the sellers participate in future price potential. This improves the Company's competitive position in the event of acquisitions.

The option of using own shares as an acquisition currency gives the Company the necessary scope to respond to such acquisition opportunities quickly and flexibly and enables it to acquire even large units in return for the transfer of shares. Under certain circumstances, it should also be possible to acquire commodities (in particular property portfolios or shares in property companies) in exchange for shares. In both instances, shareholders' subscription rights must be excluded. As such acquisitions frequently have to happen at short notice, it is important that they are not, as a rule, depending on the usual annual rhythm of the Annual General Meeting or require an Extraordinary General Meeting, whose preparation and period of convening prevent a swift action.

Should any opportunity open up to mergers with other companies or acquisition of companies or parts of companies or equity interests in companies or other assets, the Management Board will, in each case, carefully assess whether or not to make use of the authorization to sale its own shares under exclusion of subscription rights. This includes, in particular, determining the valuation ratio of the Company and the acquired company investment or other assets and determining the consideration. The Management Board shall only exercise this authorization if it believes the merger or the acquisition of a company or a share in a company or the investment acquisition in exchange for the granting of shares is in the best interests of the Company and its shareholders.

(iii) The Company shall be able to use own shares to fulfill obligations and to secure obligations or rights to acquire shares in the Company, in particular under convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) issued by the Company or its affiliates within the meaning of Sections 15 et seqq. AktG.

In certain circumstances, it can be appropriate to satisfy the acquisition obligations or rights by delivering own shares instead of using conditional capital even if such conditional capital should be available in a sufficient amount. The shareholders' subscription rights are excluded in this respect. This is in the interests of the Company and its shareholders for enabling the Management Board to act in an even more flexible way and allowing the avoidance of the dilution effect that is typical of a capital increase. The shareholders are additionally protected by the subscription rights to which they are in principle entitled when bonds with conversion or option rights or conversion or option obligations are issued. In case the subscription rights for bonds had been excluded, the interests of the shareholders were already taken into account in the assessment by the Management Board and Supervisory Board required in such a case. The instances in which subscription rights for bonds with conversion rights and obligations may be excluded are outlined in the report relating to the issue of the corresponding instruments.

(iv) Finally, the Company shall be able to offer or promise and transfer own shares to its employees or to its affiliates within the meaning of Sections 15 et seqq. AktG, to members of the Company's Management Board as well as to members of the managements of the Company's affiliates within the meaning of Sections 15 et seqq. AktG for their acquisition by excluding the shareholders' subscription rights. If the offer, promise or transfer is made to members of the Company's Management Board, the Supervisory Board shall be solely authorized.

The corresponding use of own shares is subject to the requirement that the shareholders' subscription rights are excluded. The issue of shares to these groups of persons enhances their loyalty to the Company, increases their economic responsibility and is, therefore, in the interests of the Company and its shareholders. The Company can issue shares to these groups of persons only if the shareholders' subscription rights are excluded. In this context, the use of own shares instead of a capital increase or a cash payment within the scope of option schemes can make economic sense, and thus the authorization is intended to increase the Company's leeway and flexibility. In cases in which the aforementioned groups of persons are granted rights or obligations to acquire shares in the Company as part of their remuneration, the use of acquired own shares can also help effectively control the price risk that may otherwise exist.

If and to the extent permitted by law, third parties, for example a credit institution, can also be involved in the implementation process. For example, the shares can first be transferred to a credit institution subject to the requirement that it shall transfer the shares exclusively to employees of the Company or to its affiliates within the meaning of Sections 15 et seqq. AktG, to members of the Company's Management Board as well as to members of the managements of the Company's affiliates within the meaning of Sections 15 et seqq. AktG. This can, for example, facilitate the practical handling and reduce costs.

Further, with the approval of the Supervisory Board, the Management Board shall be authorized **to exclude subscription rights under certain circumstances:**

(i) (Subscription rights may be excluded to issue a share dividend (also known as scrip dividend) under which shares of the Company are used (including partially and/or optionally) to satisfy shareholder dividend claims.

It is intended, in particular, to enable the Company to make payment of a scrip dividend at ideal conditions. In the case of a scrip dividend, the shareholders are offered to exchange their claim for payment of the dividend, which comes into existence with the resolution of the Annual General Meeting on the appropriation of profits, in whole or in part, for shares in the Company. A scrip dividend can be implemented with subscription rights. In individual cases, depending on the capital markets situation, it may be preferable to structure the implementation of a scrip dividend in such manner that the Management Board offers to all shareholders who are entitled to dividends, in observance of the general principle of equal treatment (Section 53a AktG), shares for subscription against transfer of their dividend entitlement and, thus, economically grants the shareholders a subscription right, but to legally exclude the shareholders' subscription right to the shares in its entirety.

Such an exclusion of the subscription right facilitates the implementation of the scrip dividend at more flexible conditions. In view of the fact that all shareholders will be offered the shares and excessive dividend amounts will be settled by cash payment of the dividend, an exclusion of the subscription rights in such cases appears to be justified and appropriate.

(ii) Moreover, with the approval of the Supervisory Board, the Management Board shall be authorized to exclude subscription rights in the sale of own shares if and to the extent required in order to grant holders/creditors of conversion or option rights or obligations on the Company's shares subscription rights as compensation against the effects of dilution to the extent to which they would be entitled upon exercising such rights or fulfilling such obligations. The reason for this is that the issue conditions of bonds with conversion or option rights or obligations regularly include an anti-dilution provision that grants the holders/creditors subscription rights to shares issued in subsequent share issuances and on the basis of other specific measures. The holders/creditors are thus treated as if they were already shareholders. For bonds to feature such an anti-dilution measure, shareholders' subscription rights for these shares have to be excluded. This serves to facilitate the implementation of the issuance of the bonds and is, therefore, in the interests of the shareholders regarding an optimum financial structure for the Company. Further, the exclusion of subscription rights for the holders/creditors of bonds has the advantage that, in the event that the authorization is exercised, the option or conversion price does not have to be reduced for the holders/creditors of existing bonds in accordance with the corresponding bond conditions. This allows for a greater inflow of funds and is, therefore, in the interests of the Company and its shareholders.

(iii) Finally, the Management Board shall be authorized to exclude subscription rights for fractional amounts. This exclusion of subscription rights is intended to allow the technical implementation of a disposal of acquired own shares by way of an offer for sale to shareholders. The value of each shareholder's fractional amount is generally low and as such the potential dilutive effect is also deemed to be low. In contrast, the effort without such an exclusion is considerably greater. The exclusion therefore makes the issue more practicable and easier to implement. Own shares for which shareholders' subscription rights are excluded as they are fractional amounts are put to the best possible use for the Company by being sold on the stock exchange or by other means. The Management Board and Supervisory Board consider the potential exclusion of subscription rights for these reasons to be objectively justified and, weighed against the interests of the shareholders, to also be appropriate.

Within the scope of a public takeover procedure in which the Company as bidder offers to the shareholders of the target company to be acquired (also) shares in the Company as consideration, it is possible that the target company also tenders own shares held by itself (that means shares in the target company). It thereby acquires a claim for shares in the Company. In the case of a successful takeover, it is possible – depending on the time schedule of the implementation process upon execution of the takeover – that the target company has already become an affiliate of the Company within the meaning of Sections 15 et seqq. AktG, but that the shares in the Company offered as consideration have not yet been transferred to it. Rather, the shares in the Company will not be transferred to it (that means to the target company) before the time when it has already become a subsidiary of the Company and the Company thus indirectly repurchases part of the shares offered. This acquisition situation may have to be assessed by applying the standard of Section 71d sentence 2 AktG in conjunction with Section 71 para. 1 no. 8 AktG and therefore requires an authorization which also allows an exclusion of tender and subscription rights. In the event of a takeover, it may be in the interest of the Company to also offer shares in the Company as consideration. This is, however, only possible if the subscription or tender rights of the other shareholders are excluded. The interests of the shareholders in this process are already sufficiently considered in the decision on the exclusion of subscription rights for the offer of shares to all holders of the shares of the target company.

In total, the amount of the shares sold under exclusion of the subscription right against cash and/or in kind contributions must not exceed a proportionate amount of 20% of the share capital, either at the time at which the resolution is passed or – in the event that this amount is lower – at the time at which this authorization is exercised. In this cap of 20% are to be included (i) shares issued during the term of this authorization under exclusion of subscription rights as well as (ii) the proportionate amount of share capital accounted for by shares that are issued or must be issued to serve warrant or convertible bonds, provided that these in turn are issued during the term of this authorization and under exclusion of subscription rights.

This restriction also limits the potential dilution of the voting rights of the shareholders whom subscription rights have been excluded. The cap, decreased under the preceding inclusion clause, shall be increased again when a General Meeting resolution on a new authorization to exclude shareholder subscription rights becomes effective after the decrease, to the extent of the reach of the new authorization, but up to a maximum of 20% of the share capital in accordance with the stipulations of sentence 1 of the inclusion clause. In this case, the General Meeting again has the opportunity to decide on the exclusion of subscription rights, meaning that the reason for inclusion had ceased to apply.

With these circumstances having been considered, the authorization to exclude subscription and tender rights within the limits outlined is necessary, suitable, appropriate and in the interests of the Company. Insofar as the Management Board exercises one of the aforementioned authorizations to exclude subscription rights in relation to the sale of own shares within a single financial year, it shall report on this in the Annual General Meeting following any such exercise.

5. Report by the Management Board on Item 10 of the Agenda (Resolution regarding the Authorization for the Company to use derivatives in connection with the repurchase of its own shares as well as on the Exclusion of subscription and tender rights)

Regarding Item 10 of the Agenda of the Annual General Meeting on 9 May 2018, the Management Board and the Supervisory Board propose to authorize the Company, in addition to the authorization to repurchase its own shares pursuant to Section 71 para.1 no. 8 AktG proposed under Item 9 of the Agenda, to acquire its own shares also by using derivatives. In addition to the report on Item 9 of the Agenda, the Management Board gives the following report pursuant to Section 71 para. 1 no. 8 AktG in conjunction with Section 186 para. 4 sentence 2 AktG with regard to Item 10 of the Agenda concerning the exclusion of any tender right of the shareholders in connection with the purchase of own shares by using derivatives and by making reference to the report on Item 9 of the Agenda concerning the exclusion of the subscription right in connection with the sale of repurchased own shares:

Apart from the possibilities of repurchasing own shares as described in Item 9 of the Agenda, the Company shall also be authorized to repurchase its own shares with the use of certain derivatives. This shall not increase the total volume of shares that may be acquired; it is only intended to provide further alternatives for the repurchase of own shares. These additional alternatives for action shall give the Company further possibilities of structuring the acquisition of own shares in a flexible way.

It may be advantageous to the Company to sell put options, to acquire call options, to conclude forward purchase contracts to buy shares or to combine these possibilities instead of directly acquiring shares of the Company. Subject to the proposed authorization, all shares acquired with the use of these possible actions shall be restricted to 5% of the share capital existing at the time when the resolution is passed by the Annual General Meeting (i.e., to a maximum volume of 24,255,041 shares) or – in the event that this amount is lower – of the share capital existing at the time when the relevant authorization is exercised. The term of the individual derivatives in each case is not permitted to exceed 18 months, must end on 8 May 2023 at the latest and must be set in such a way that the acquisition of the Company's shares upon the exercise or fulfillment of the derivatives will take place no later than 8 May 2023. This is to ensure that the Company will not acquire own shares after the expiry of the authorization to repurchase own shares on 8 May 2023 unless a new authorization is granted.

By the conclusion of put options, the Company grants the respective holder of the put option the right to sell shares in the Company to the Company within a specified period or at

a specified time at a price specified in the option, the exercise price. As consideration for the obligation to repurchase own shares, the Company receives an option premium to be determined at close-to-market conditions by considering the exercise price, the term of the option and the volatility of the share, among other factors. Exercise of the put option is, as a rule, of financial benefit to the option holder only if the share price at the time when the option is exercised is below the exercise price because the option holder can then sell the share to the Company at a price higher than the one that could be achieved on the market; the Company, in turn, can use hedging instruments available in the market against an material risk that may be involved in the price development. The share repurchase with the use of put options has the advantage for the Company that a specific exercise price can already be fixed upon conclusion of the option transaction. However, there is no cash flow until the day of exercise. From the Company's perspective, the consideration paid for the acquisition of the share is reduced by the option premium. If the option holder does not exercise the option, for example because the share price on the day of exercise or within the period of exercise is above the exercise price, the Company will not acquire own shares in this way, but it will definitely receive the option premium without any further consideration.

When agreeing on a call option, in return for the payment of an option premium, the Company receives the right to buy a predefined number of shares in the Company at a specified price, the exercise price, within a specified period or at a specified time from the relevant seller of the option, the option writer. As a rule, exercise of the call option makes sense for the Company if the share price is above the exercise price because it can then buy the shares from the option writer at a price lower than the market price. The same applies if exercise of the option makes it possible to buy a block of shares that could otherwise be acquired at higher cost only.

Furthermore, the Company's liquidity is protected by using call options because the exercise price of the shares is not payable before the call option is exercised. Again, the option premium is to be determined at close-to-market conditions, that means by considering the exercise price, the term of the option and the volatility of the share, among other factors. From the Company's perspective, when exercising a call option, the consideration paid for the acquisition of the share is increased by the option value. This value could be realized by the Company when the option is not exercised; it is a financial benefit which will thus increase the purchase price as costs when the option is exercised. It also reflects the current value of what was originally paid as option premium and is thus to be taken into account as part of the purchase price of the share.

In the case of a forward purchase contract, the Company acquires shares at a fixed future date, as agreed with the respective forward seller, and at a purchase price agreed at the time the relevant forward purchase contract is entered into. The conclusion of forward purchase contracts is useful if the Company wishes to secure a fixed future demand for its own shares at a certain price level.

When using options, the consideration payable by the Company for the shares is the relevant exercise price (excluding incidental acquisition costs, but taking into account the current value of the option). This exercise price can be higher or lower than the stock market price of the Company's share on the day when the option transaction is concluded and on the day when the shares are acquired due to the exercise of the option. However, upon exercise of the put option or maturity of the forward purchase, the exercise price per share shall not be more than 10% above or 20% below the arithmetical average closing price of shares of the same class in the Xetra trading (or a functionally equivalent successor system taking the place of the Xetra system) on the last three trading days of the Frankfurt Stock Exchange prior to the conclusion of the relevant transaction, excluding incidental acquisition costs, but taking into account the value of the option upon exercise or maturity. The call option may be exercised only if the purchase price to be paid is not more than 10% above and not more than 20% below the arithmetical average closing price of shares of the same class in the Xetra trading (or a functionally equivalent successor system taking the place of the Xetra system) on the Frankfurt Stock Exchange on the last three trading days prior to the acquisition of the shares, excluding incidental acquisition costs, but taking into account the value of the option upon exercise.

The derivatives must be concluded with one or several credit institutions or equivalent companies. The derivative conditions must ensure that the derivatives are satisfied only with shares that were acquired under observance of the general principle of equal treatment (Section 53a AktG) of the shareholders. The acquisition or disposal price paid or received by the Company for derivatives shall not be significantly higher or lower, respectively, than the theoretical market price calculated in accordance with generally accepted actuarial methods. Among other factors, the predetermined exercise price shall be taken into account when determining the theoretical market price.

The close-to-market determination of the exercise price and of the option premium described above as well as the obligation to serve derivatives utilizing only such shares that were previously acquired subject to compliance with the general principle of equal treatment (Section 53a AktG) ensure that shareholders not involved in the derivatives transactions will not suffer any economic disadvantage.

On the other hand, the possibility of making agreements on derivatives enables the Company to seize short-term market opportunities and to conclude corresponding derivatives. This gives the Company the necessary flexibility to respond quickly to changing market situations. Any right of the shareholders to conclude such derivatives with the Company as well as any tender right of the shareholders are excluded. This exclusion is required to allow the use of equity derivatives within the scope of the repurchase of own shares and to achieve the advantages associated therewith for the Company. A conclusion of corresponding derivatives with all shareholders would not be feasible.

Therefore, having carefully weighed the interests of shareholders and the Company, and given the advantages to the Company resulting from the use of equity derivatives, the Management Board considers the authorization not to grant or to restrict any right of the shareholders to conclude such equity derivatives with the Company as well as any tender right of the shareholders to be justified.

With regard to the use of own shares acquired by means of equity derivatives, there are no differences as to the potential uses proposed in Item 9 of the Agenda. Therefore, concerning the justification of the exclusion of the shareholders' subscription rights in using the shares, reference is made to the report by the Management Board on Item 9 of the Agenda.

Bochum, March 2018

The Management Board of Vonovia SE

Rolf Buch Klaus Freiberg Dr. A. Stefan Kirsten Gerald Klinck

Annex C

to the Invitation to the Annual General Meeting of Vonovia SE on Wednesday, 9 May 2018 at 10:00 hours

Vonovia SE, Bochum
ISIN DE000A1ML7J1
WKN A1ML7J

The Management Board of Vonovia SE and the Management of GAGFAH Holding GmbH provide the following joint report pursuant to Section 293a AktG on the Domination and Profit and Loss Transfer Agreement between Vonovia SE and GAGFAH Holding GmbH dated 15 February 2018 in order to inform their shareholders and to prepare the passing of a resolution in the Annual General Meeting of Vonovia SE and in the shareholders' meeting of GAGFAH Holding GmbH.

1. Conclusion of the Domination and Profit and Loss Transfer Agreement; Entry into force

Vonovia SE (hereinafter **"Vonovia"**) and GAGFAH Holding GmbH (hereinafter **"GAGH"**) entered into a Domination and Profit and Loss Transfer Agreement on 15 February 2018. This enterprise agreement requires approval by the General Meeting of Vonovia and by the shareholders' meeting of GAGH in order to be effective. The latter approved the conclusion of the Domination and Profit and Loss Transfer Agreement in notarial form on 9 March 2018. The approval of Vonovia's General Meeting shall be obtained on 9 May 2018; then, the Domination and Profit and Loss Transfer Agreement shall be entered in the commercial register at the Local Court (*Amtsgericht*) at the registered seat of GAGH, as such entry is required for the Domination and Profit and Loss Transfer Agreement to become effective.

2. The Parties

Vonovia, having its seat in Bochum, registered in the commercial register of the Amtsgericht Bochum under HRB 16879, is a listed European stock corporation (Societas Europaea, SE) and the parent company of Vonovia Group. According to its Articles of Association, the Company's corporate purpose is the conduct of real estate business and any related business of any kind as well as the acquisition, holding and dispose of participations in German or foreign corporations or partnerships that conduct the aforementioned business activities. The Company may further centralize companies under its direction or control or restrict its activities to the management of interests.

GAGH has its registered seat in Bochum and is entered in the commercial register of the Amtsgericht Bochum under HRB 16387. The corporate purpose of GAGH is the acquisition, holding and sale of participating interests in companies whose corporate purpose is the acquisition, holding, administration and sale of participations or properties.

Vonovia is the sole shareholder of GAGH. Hence, a contract audit and the submission of an audit report pursuant to Sections 293b, 293e AktG are not required. For the same reason, Vonovia must not grant a guarantee dividend (*Ausgleich*) pursuant to Section 304 AktG nor a compensation (*Abfindung*) pursuant to Section 305 AktG.

3. Detailed description of the Domination and Profit and Loss Transfer Agreement:

Pursuant to § 1 of the Domination and Profit and Loss Transfer Agreement, GAGH submits the direction of its company to Vonovia, so that Vonovia is entitled to issue instructions to the management of GAGH regarding the direction of the company, which the management board of GAGH is obliged to follow.

Pursuant to § 2 para. 1 of the Domination and Profit and Loss Transfer Agreement, GAGH undertakes to transfer its entire profit to Vonovia during the term of the Domination and Profit and Loss Transfer Agreement. In accordance with § 2 para. 2 of the Domination and Profit and Loss Transfer Agreement, Section 301 AktG (maximum amount of profit transfer), as amended. Subject to the creation or reversal of permitted reserves, the net income generated before the profit transfer less any loss carried forward from the previous year and the amount that is blocked out of distribution due to legal regulations shall be transferred.

According to § 2 para. 3 of the Domination and Profit and Loss Transfer Agreement, GAGH may, with the consent of Vonovia, allocate amounts from its net income to profit reserves (Section 272 para. 3 HGB (German Commercial Code)) insofar as this is permitted under commercial law and financially justified with a reasonable commercial assessment.

The claim for transfer of profit arises pursuant to § 2 para. 4 of the Domination and Profit and Loss Transfer Agreement at the end of any one financial year and shall be due with value date at that point in time.

The provision of Section 302 AktG (assumption of losses), applies in accordance with § 3 para. 1 of the Domination and Profit and Loss Transfer Agreement, as amended. Vonovia is obliged to compensate any net loss incurred by GAGH during the term of the Agreement, insofar as this is not compensated by withdrawing amounts from the other revenue reserves pursuant to Section 272 para. 3 HGB that have been allocated to them during the term of the Domination and Profit and Loss Transfer Agreement.

Pursuant to § 4 para. 1 of the Domination and Profit and Loss Transfer Agreement, the Domination and Profit and Loss Transfer Agreement becomes effective upon registration in the commercial register of GAGH and applies retroactively as from the beginning of the financial year in which the Profit and Loss Transfer Agreement is registered in the commercial register (i.e., envisaged as from 1 January 2018).

In accordance with § 4 para. 2 of the Domination and Profit and Loss Transfer Agreement, the Domination and Profit and Loss Transfer Agreement is concluded for a period until the end of 31 December 2022, and it will thereafter be extended unchanged by one calendar year each time if it is not terminated by either party at the latest three months before its expiry. The right to terminate the Profit and Loss Transfer Agreement for good cause without observing a period of notice shall remain unaffected in accordance with § 4 para. 3 sentence 1 of the Domination and Profit and Loss Transfer Agreement.

4. Economic Explanation and Grounds for the Conclusion of the Domination and Profit and Loss Transfer Agreement

The submitted Domination and Profit and Loss Transfer Agreement is intended to create a corporate and trade tax unity (steuerliche Organschaft) between Vonovia and GAGH.

In order to ensure recognition as an income tax unity, the Domination and Profit and Loss Transfer Agreement must be entered into for a minimum term of five calendar years. In order that the tax advantages of the unity can already be used for the current fiscal year, the obligation to transfer profits shall apply retroactively to the beginning of the 2018 financial year.

Establishing such a tax unity entails the advantage for the undertakings involved that the activities of GAGH can be conducted in the consolidated tax group of Vonovia and that this optimizes the current income tax burden of both companies.

The tax unity for corporate and trade tax purposes enables the income of GAGH to be consolidated with the profits and losses of Vonovia due to a combination of the tax results as per the balance sheet date and a timely transfer of profits or compensation of losses, as the case may be. Moreover, double trade tax burden, which may arise for instance due to intra-group loan relations, can be avoided by way of a tax unity relationship. Furthermore, the direct set-off of the tax results of GAGH with the tax results of Vonovia has a positive liquidity effect as GAGH's transfer of profits is not subject to any deduction of capital gains tax and solidarity surcharge. In case no Profit Transfer Agreement were entered into, the deducted taxes would principally be refunded only within the scope of the corporate tax assessment of Vonovia after having filed the tax return, which would result in a liquidity disadvantage.

On Vonovia's side, these advantages are to be compared with the disadvantage that during the term of the Profit and Loss Transfer Agreement, any loss suffered by GAGH would have to be compensated by Vonovia. Furthermore, it will be more difficult for the Vonovia Management Board – due to the automatic attribution of positive or negative results from GAGH to Vonovia – to carry out a targeted distribution policy between the two company levels for accounting purposes. Apart from that, the Agreement will not bring about any specific consequences for the Vonovia shareholders, in particular since there are no compensation or settlement payments owed to outside shareholders.

The contractual domination component guarantees the uniform management of GAGH and its integration in Vonovia Group. In this context, the Domination and Profit and Loss Transfer Agreement ensures that Vonovia may give directions to the GAGH management under this agreement concerning the management of the company. The GAGH management shall adhere to the directions given. In this respect, the Domination and Profit and Loss Transfer Agreement is a common instrument of group control.

5. Decision on and alternatives to the conclusion of the Domination and Profit and Loss Transfer Agreement

The Vonovia Management Board and the GAGH Management carefully considered the advantages and disadvantages of the conclusion of a Domination and Profit and Loss Transfer Agreement before making a decision on the conclusion of such an agreement. Considering the positive effects of a tax unity that may still be enhanced by entering into further enterprise agreements on lower group levels, the summary assessment of the Domination and Profit and Loss Transfer Agreement from the perspective of the Vonovia Management Board and the GAGH Management reveals that this Domination and Profit and Loss Transfer Agreement will be for the benefit of both Vonovia and GAGH.

There was no economically reasonable alternative to the conclusion of the Domination and Profit and Loss Transfer Agreement between Vonovia and GAGH by which the above-described objectives could have been achieved in an equivalent or better way. In particular, the conclusion of another type of enterprise agreement within the meaning of Section 292 AktG (business lease agreement, business transfer agreement, profit pooling or partial profit transfer agreement) or of a business management agreement could not have led to a consolidated taxation of Vonovia and GAGH.

Bochum, March 2018

The ***Members of the Management Board of Vonovia SE,***

at the same time in their function as
managing directors of GAGFAH Holding GmbH

Rolf Buch Klaus Freiberg Dr. A. Stefan Kirsten Gerald Klinck

Directions

Directions (by car)

Coming from the A40, take the 'RuhrCongress' motorway exit. Continue straight onto 'Stadionring'. After approximately 400 m, you will see RuhrCongress on your left hand side.

Parking for visitors

- In-house underground car park

  Coming from the A40, continue straight onto 'Stadionring'. After approximately 400 m, you will enter a roundabout and take the third exit. After approximately 50 m, the underground car park entrance is to your left.

- Adjacent car park 'Stadionring'

  Coming from the A40, keep left after exiting the motorway. You will run right into the car park 'Stadionring'. RuhrCongress Bochum is a five minute walk away. Please follow the signs.

Bus

From the Bochum central station, take bus line 388 in the direction of 'Bochum Riemke'. After about 6 minutes driving time, you will reach the 'RuhrCongress' stop and arrive directly at the main entrance.

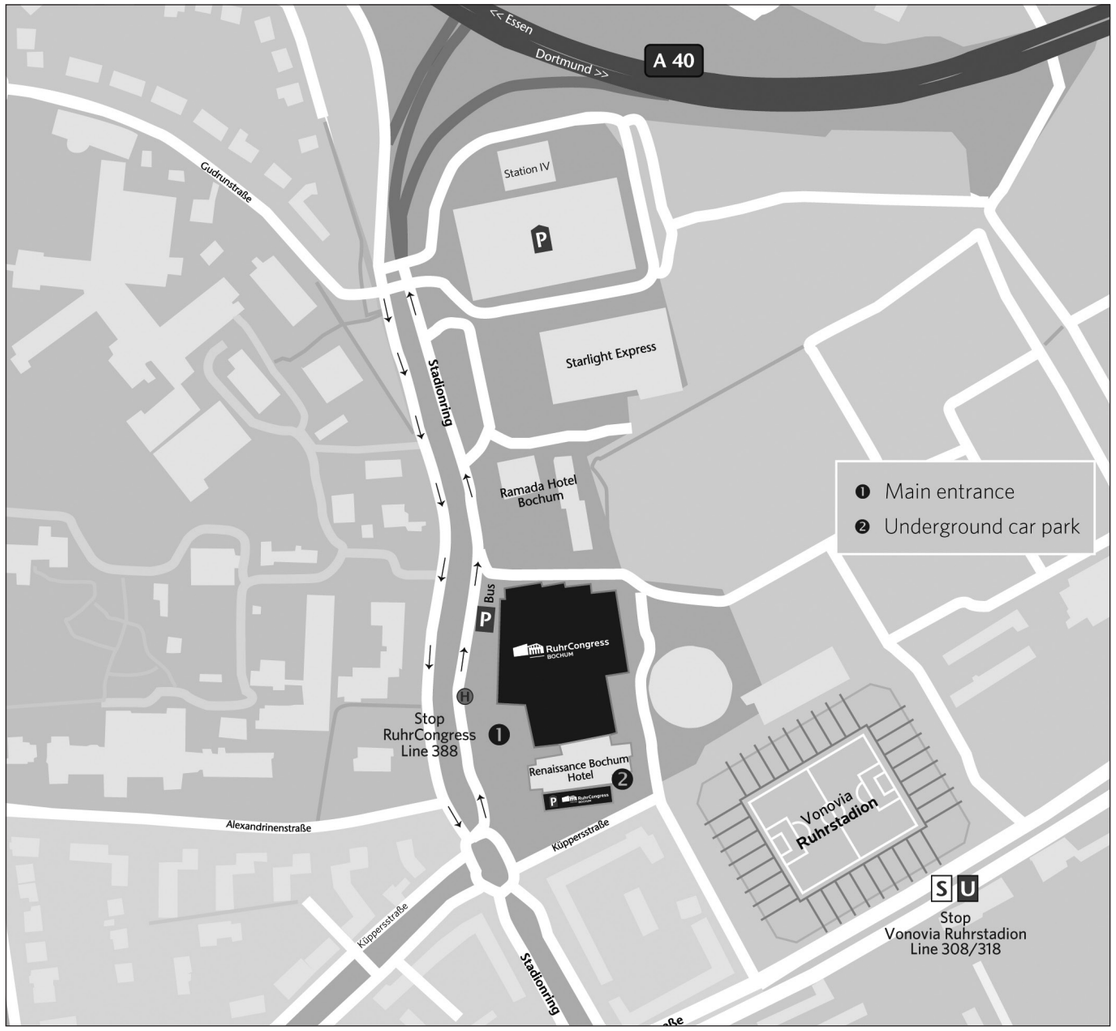
Train

From the Bochum central station, take tram lines 308 or 318 in the direction of 'Bochum Gerthe'. After about a 3 minute drive, you will reach the stop 'Vonovia Ruhrstation'. RuhrCongress Bochum is located directly behind the stadium.

Airports

RuhrCongress Bochum is ideally located between four regional airports.

- Dortmund Airport: 29 km
- Düsseldorf Airport: 45 km
- Cologne (Köln)/Bonn Airport: 89 km
- Münster/Osnabrück Airport: 96 km



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Notes

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