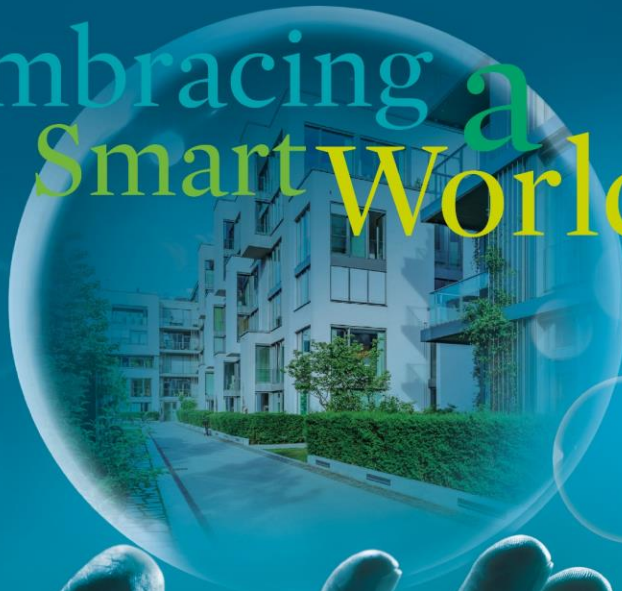


Embracing a Smart World.



VONOVIA

Capital Markets Day 2019



Embracing a Smart World.

Capital Markets Day 2019
Management Presentation

Digitalization around
the customer

Digitalization around
the assets

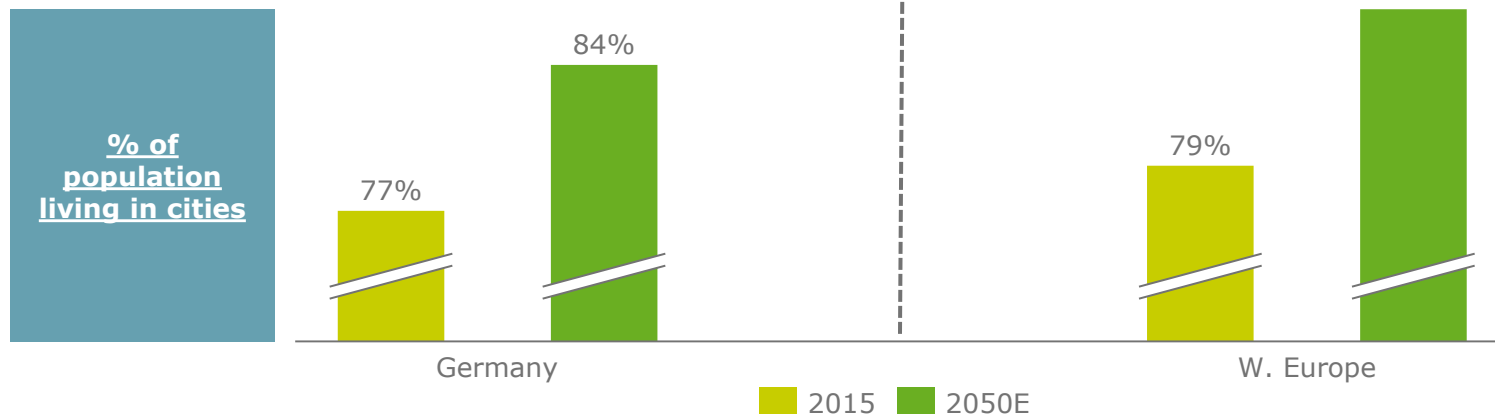
Strategy execution
in Southern Germany

We Have Built a Business around Megatrends

Urbanization



- Increasing urbanization in Germany and Europe meets a structural supply/demand imbalance in most European cities
- Owning apartments in the right locations is key to sustainable long-term organic growth

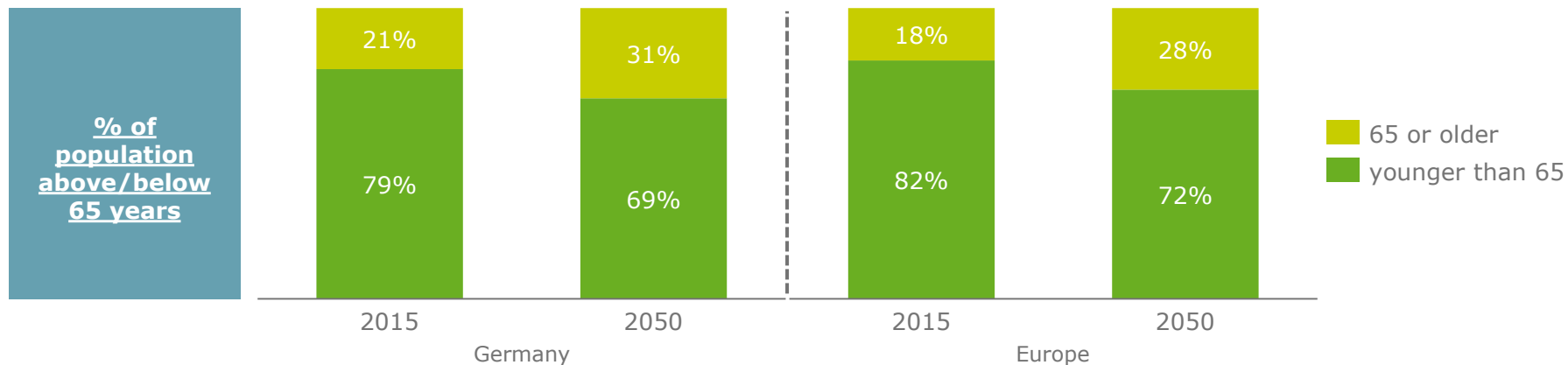


We Have Built a Business around Megatrends

Demographic change



- › Demographic changes demand the refurbishment of apartments to enable an ageing population to stay in their homes with little or no assistance for longer
- › Ca. 3 million additional apartments for elderly people will be needed by 2030

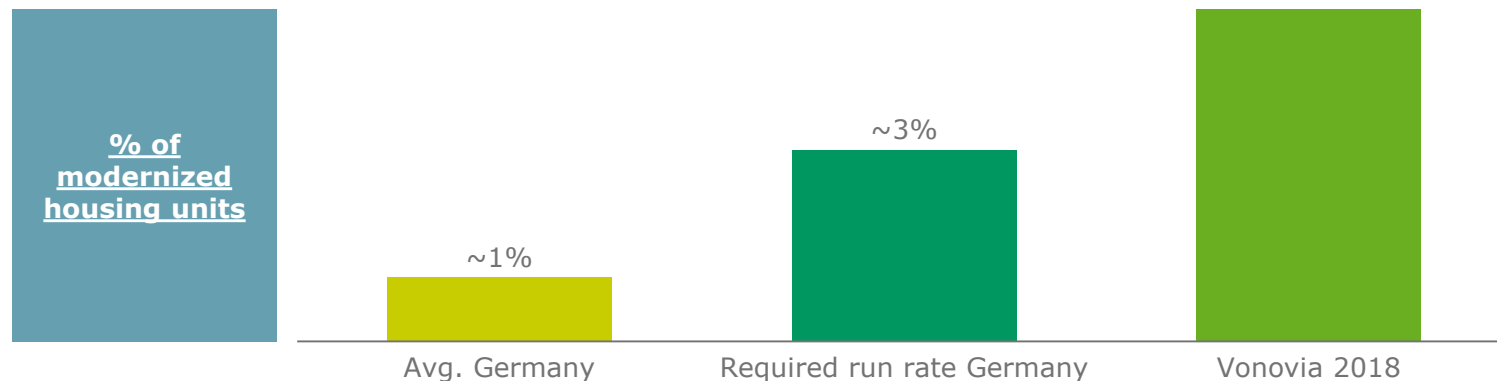


We Have Built a Business around Megatrends

Energy efficiency



- › Ca. 35% of greenhouse gas emissions in Germany originate in real estate
- › Energy efficient modernization of the housing stock with a view towards reducing CO2 emissions is paramount for Germany to achieve its climate protection targets



Sustainability management at Vonovia has four dimensions

Corporate Governance

- › **Trust, transparency and reliability** are crucial for our long-term success
- › Unwavering **commitment** to stick to the rules - from laws & directives to norms & agreements
- › **Our license to operate** depends on reliability vis-a-vis all stakeholders

Society and Customers

- › The **satisfaction of our customers**, the quality of our portfolio and our ability to provide new homes are vital for our **long-term success**
- › By offering our customers attractive and secure homes with a high living standard we align our business decision with the **needs of our customers**

Environment

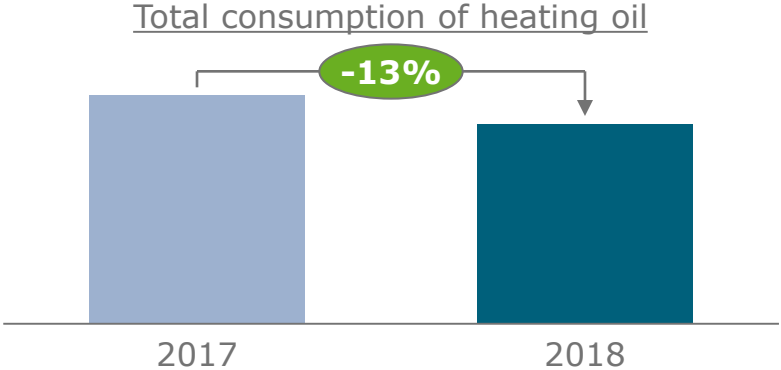
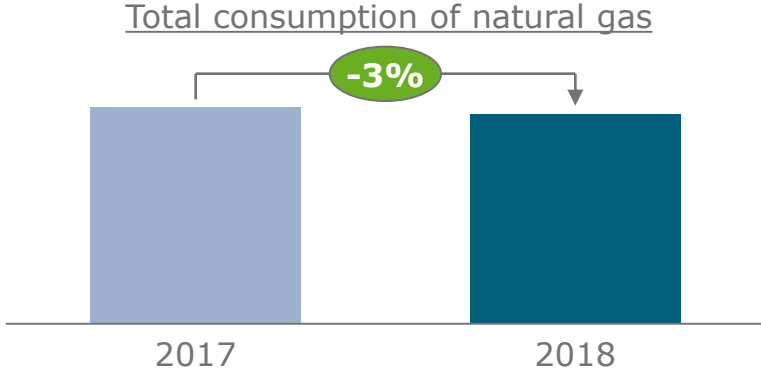
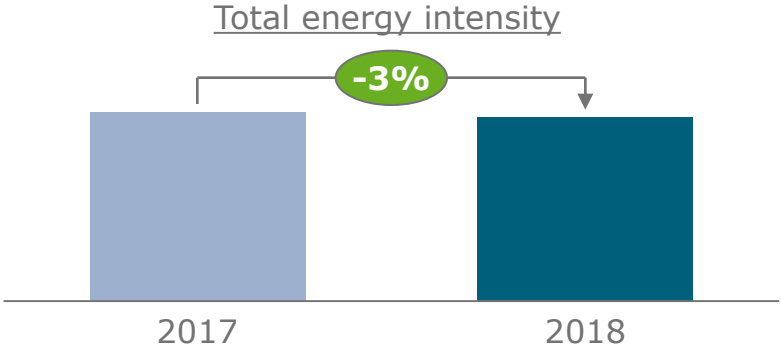
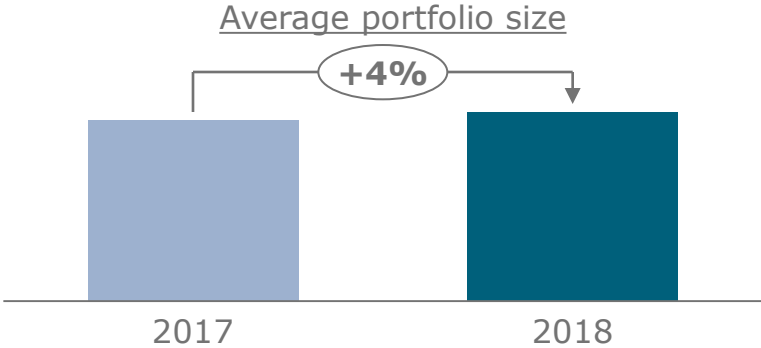
- › A considerable amount of **green house gas emissions** that contribute to climate change are caused by the construction and operation of residential buildings
- › As a signatory to the 2015 **Paris Climate Agreement**, Germany has set a target to achieve a virtually climate-neutral building stock by 2050
- › **Vonovia aims to make its contribution** through a number of measures in the area of climate and environmental protection

Employees

- › Our **employees are the key to our success**. They possess and employ every day the personal and professional skills that help Vonovia achieve its targets
- › As an employer, we are **responsible** for offering to our employees a working environment in which they are happy, healthy and able to advance in line with their own expectations

Increased Energy Efficiency on a Larger Portfolio

Declining energy intensity and consumption

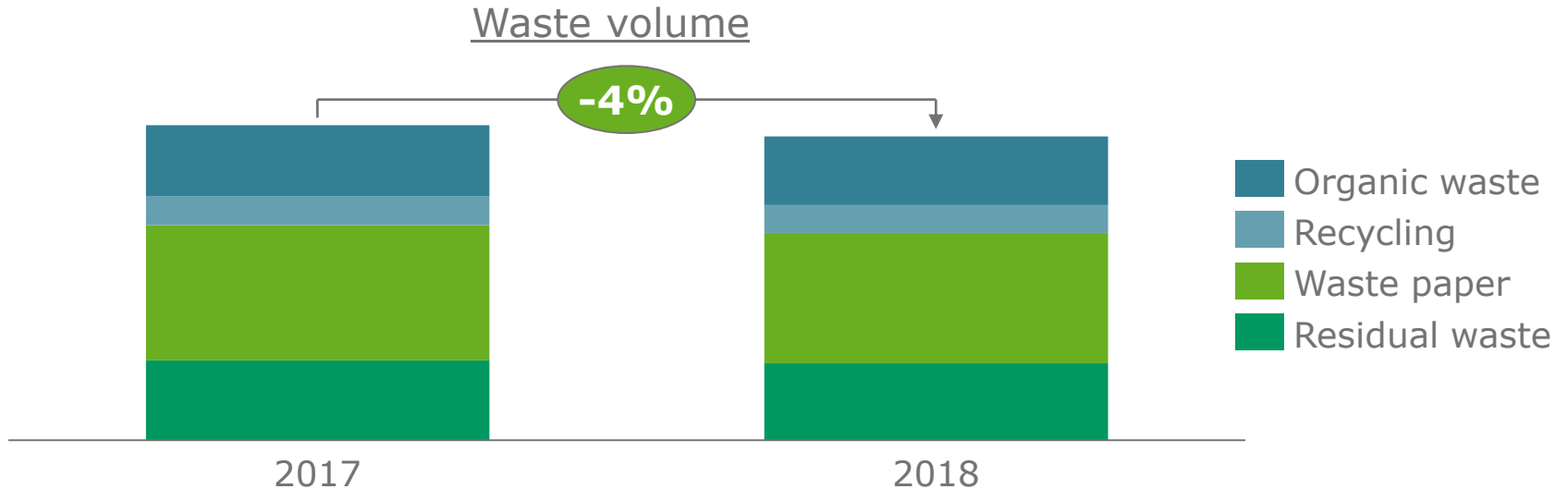


Note: See Sustainability Report for further definitions and details

Waste Management

Reduction of volume across all waste types

- Our customers can protect the environment by creating less waste and increasing the amounts they recycle
- We actively support these efforts and are developing standardized, modular concepts for outdoor garbage collection points to facilitate garbage separation and recycling



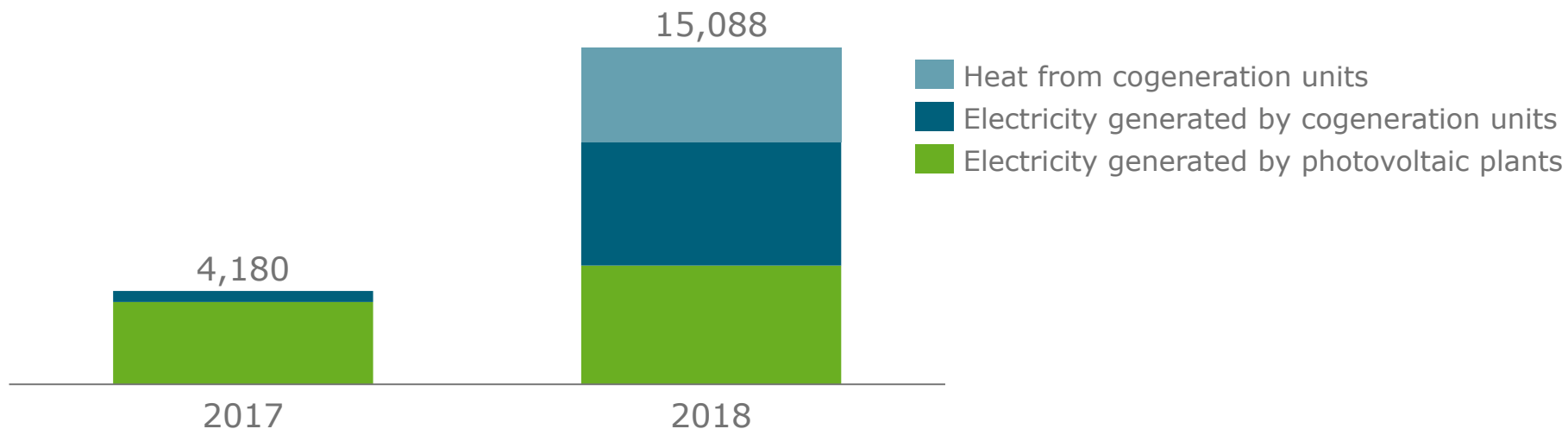
Note: See Sustainability Report for further definitions and details

Renewable Energy Generation

Increasing capacity

- Lower resource consumption and higher energy efficiency are important strategies for reducing greenhouse gas emissions
- Increasing renewable energy sources and decentralized energy generation

Total renewable energy generation (MWh)



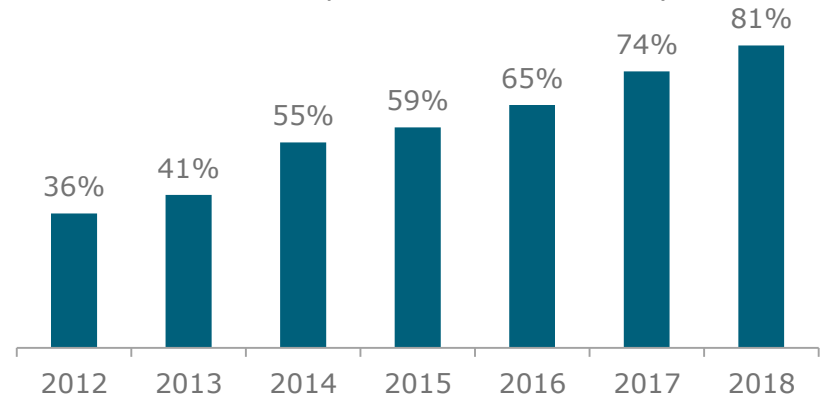
Note: See Sustainability Report for further definitions and details

- Digitalization is **transforming** entire industries, and the Internet and digital applications have **profoundly reshaped the way we live and communicate**

2018 – One Minute on the Internet



% of Smartphone Users in Germany



- While digitalization is a disruptive threat to many industries and has severely impacted parts of the real estate industry (especially e-commerce vs. physical retail), **residential real estate** appears **less vulnerable** as people will continue to live in brick and mortar
- Nonetheless, digitalization is highly relevant in housing as well because it **offers powerful opportunities**

Sources: www.digitalinformationworld.com; German Federal Statistics Office

Two main areas: customers and assets

How we interact with our customers



- › Our customers today and even more so tomorrow increasingly engage in digital communication. They order things online, are in touch with people around the world via facebook, Instagram etc. – they expect their landlord to be available via modern communication channels
- › New communication channels with customer self-service via digital applications
- › Enhancing traditional communication channels with AI

How we manage our assets



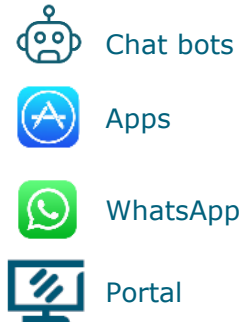
- › Technical property management aims to digitalize the entire asset life cycle along the three phases plan, build and operate
- › Creation of a digital twin of the physical asset for data-driven property management
- › Intelligent software for surveillance of the technical equipment of a building (predictive maintenance)

Operating Platform

Single integrated IT system forms the backbone

- > One **integrated** property management **platform** for **automated** and **integrated processes** in a **mass business**
- > Central and local services all SAP-based with every satellite system **connected** to one single platform
- > Data storage on **Vonovia servers**
- > IT architecture allows continuous **productivity improvements**

Customer oriented services



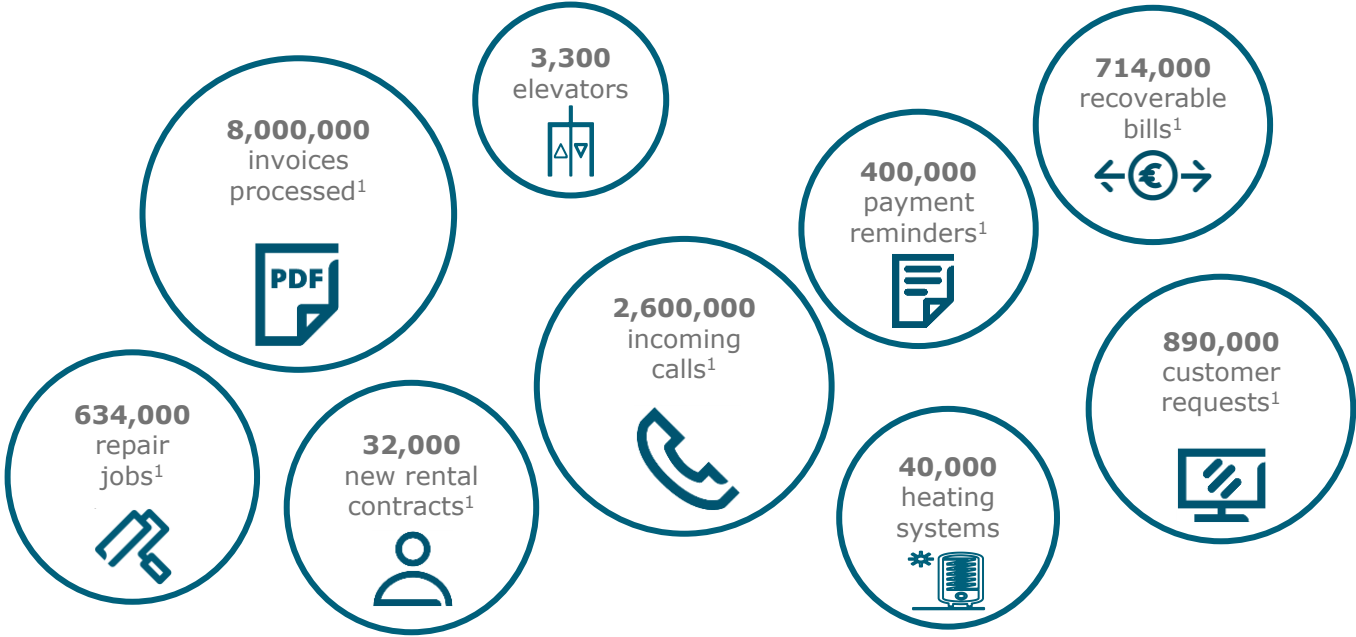
Technical property management



Digitalization of a High-volume Service Business

Scale as key lever in digital transformation

The lever for digitalization increases with size and becomes particularly powerful when you can digitally transform high volumes of standardized mass processes



Digitalization Benefits

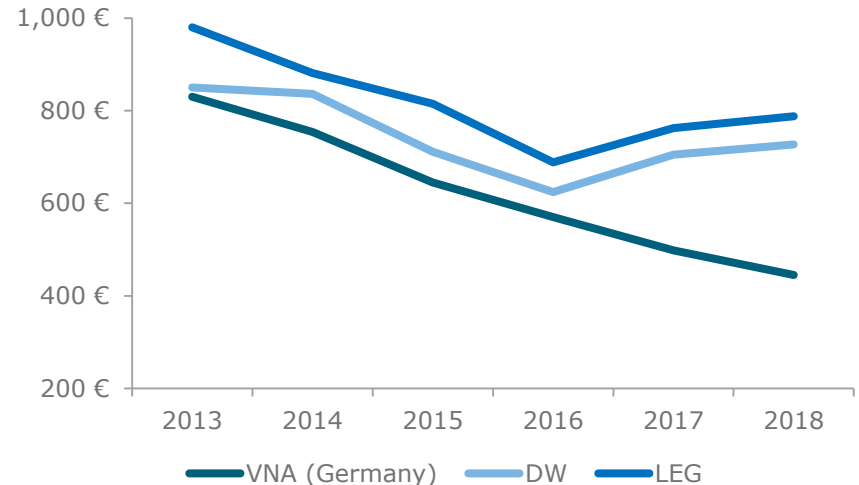
Two main positive effects

Improved customer satisfaction

- › Up-to-date, multichannel communication with our customers
- › Shorter response times
- › Higher quality
- › Fewer mistakes

Cost per unit reduction

- › Following cost reduction from scale and process improvements, digitalization can be one of the next drivers

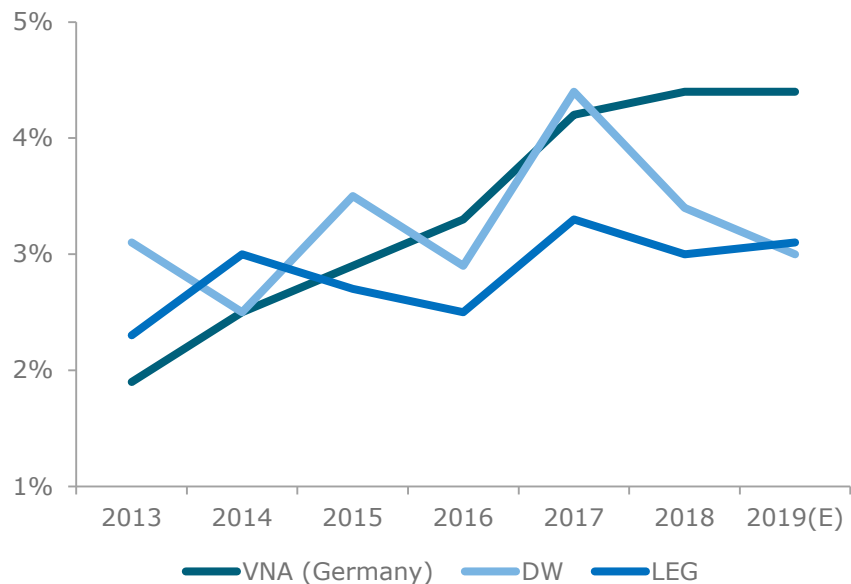


Cost per unit calculation: (Rental income – EBITDA Operations and adjusted for maintenance) / avg. units. Vonovia numbers Germany only. DW excl. nursing segment.

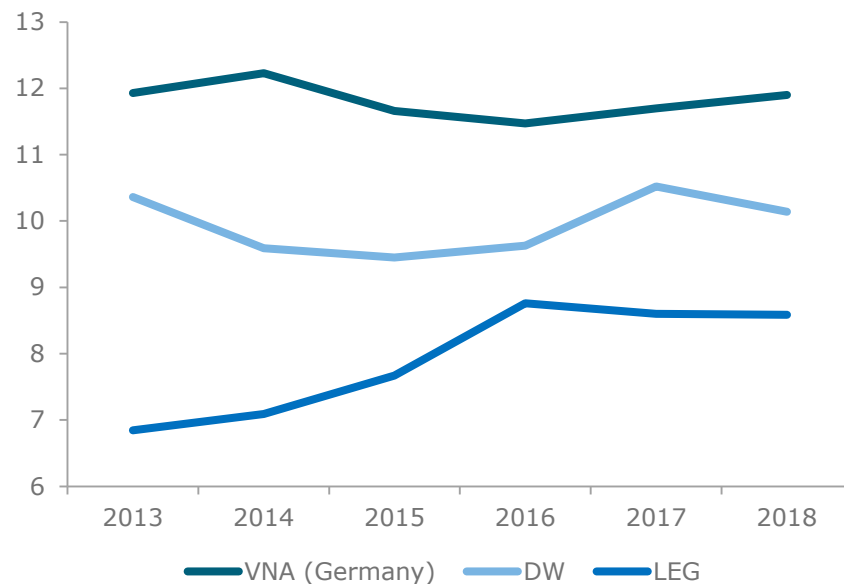
Peer Comps

Leading rent growth and highest maintenance level

Organic rent growth



Maintenance expense (€/sqm)

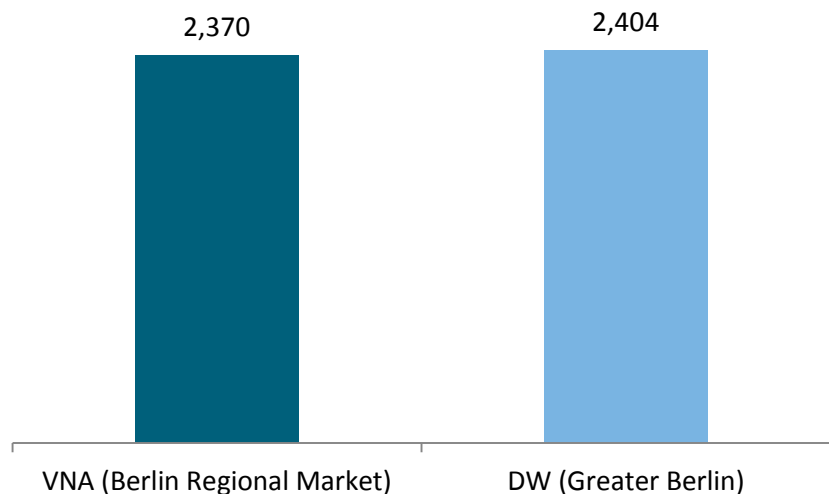


Source: Company data as published.

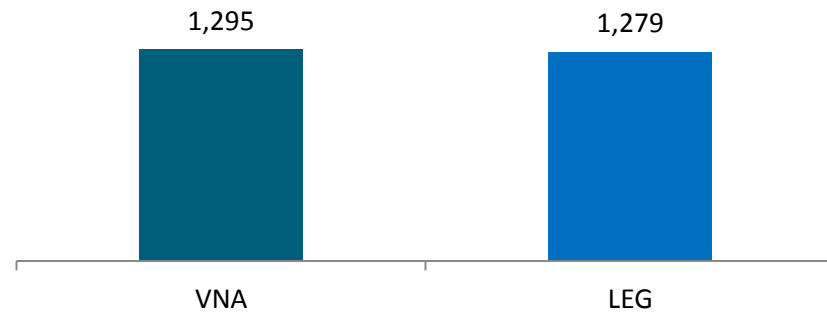
Peer Comps

There are no valuation differences – only exposure to different markets

Fair value (€/sqm) – Berlin portfolio



Fair value (€/sqm) – NRW portfolio



Including and weighted on the basis of the eight specific locations for which LEG discloses FV/sqm

Source: 2018 data as published.

Agenda for Today

	Team Vision	Team Digital	Team Future
8:30 – 9:00	Registration / Coffee		
9:00 – 9:40	Management presentation		
9:40 – 10:00	Coffee break		
	Breakout session Round I		
10:00 – 10:45	Digitalization around the customer	Digitalization around the assets	Strategy execution in Southern Germany
	Breakout session Round II		
10:45 – 11:30	Strategy execution in Southern Germany	Digitalization around the customer	Digitalization around the assets
11:30 – 11:45	Coffee break		
	Breakout session Round III		
11:45 – 12:30	Digitalization around the assets	Strategy execution in Southern Germany	Digitalization around the customer
12:30 – 14:00	Lunch		
14:00 – 16:30	Property Tour. Bus A ● Bus B ●		
afterwards	Transfer to airport and train station		

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