

VONOVIA

Our Business Philosophy.

What we stand for.

PREAMBLE

The situation on the housing market is becoming more critical. Without a lot of money, it's nearly impossible to find an apartment in several large German cities. Tenants with medium incomes, too, are feeling the above-average burden of housing costs. At the same time, many apartments are no longer up to date. This problem can only be solved by residential real estate companies, municipalities, German states and the German government working together. New apartments must be built and existing apartments must be refurbished and modernized. And the rents for both new and refurbished apartments must be affordable.

Our business philosophy.

We bear social responsibility.

As a residential real estate company, Vonovia is part of society. That's why our activities always have not only an economic but also a social dimension.

We are aware of the special role that we play. As a service provider and the provider of apartments for around one million people in Germany, our focus is on our tenants and their needs.

That's why we maintain our buildings, attach great importance to good technical equipment and actively participate in shaping our neighborhoods. It is also why we are committed to offering contemporary apartments and developing services that offer better quality of living. And that's why we are also addressing a social issue that is particularly important at the moment: the construction of new apartments.

But that's not all, not by any means. We are committed

to the principles of the social market economy and profitability and take responsibility for safe, good and affordable housing.

We communicate with our tenants as equals. We treat them fairly and equally and take care of their worries, needs and desires. Our rental prices are based on the usual local rents and – if available – on the qualified rent indices. We do not systematically convert apartments into condominiums in order to sell them.

We promote community.

We work with municipal administrations, social associations, churches, neighborhood initiatives, neighborhood and sports clubs and many other actors to support community spirit in our neighborhoods, because community is exactly what ensures a safe and attractive living environment. We offer help and social counseling to

the people in our neighborhoods or connect them to these services – especially when it comes to protecting our tenants from losing their apartments, for example, because of rent arrears.

For us, promoting community also means offering affordable housing to broad sections of society. More than half of our tenants are people with low and middle incomes; they are craftsmen, skilled workers, employees, civil servants and self-employed individuals.

We build affordable homes.

Germany needs new apartments. Especially in its major cities, which are growing at an above-average rate. Vonovia is taking action and contributing to the construction of new housing.

We do not speculate with land for construction or with building permits but build new homes as soon as possible after obtaining a building permit. Wherever possible, we take advantage of public subsidy programs to build affordable housing. Our experience in social housing construction and our knowledge of cost-effective construction are valuable for this.

For example, we use innovative processes such as serial construction, in which prefabricated parts ensure shorter construction times and lower exposure to dust and noise on the construction site. We are also attempting to further limit rising construction costs by pooling purchasing resources and carrying out services that we provide ourselves.

We modernize our apartments.

We are continuing to develop our homes in a modern and sustainable way. After a modernization, we increase rents by a maximum of two euros per square meter. That also goes for areas in which the current legal situation would allow three euros per square meter. If our tenants want additional modernization and accept a higher allocation for passing on costs, we comply with their wishes.

We announce major modernizations, conversions and new construction projects at an early stage so that our tenants, as well as city councils, local politicians, social associations and other important interest groups on site are fully informed.

This is why we talk to our tenants as early as possible about how rents can increase as a result of modernization and how ancillary expenses can be reduced. With those who worry that they will no longer be able to afford the rent after a modernization, we often find a permanent solution through personal discussions before construction begins.

The general rule is that we want our tenants to be satisfied and live with us for the long term.

We redesign our apartments.

Our society is getting older. More and more people in Germany are senior citizens. That's why we convert at least every third existing apartment that is newly rented to be

senior friendly and ensure that vacant apartments are refurbished and spaces are redesigned to be fully accessible.

We do not want our tenants above the age of 70 to have to worry about their livelihoods due to rising rent levels. We really don't want them to lose their homes with us. That's why we offer them a guarantee that their apartment will continue to remain affordable even if the standard local comparative rents change. We support tenants who feel that their apartment is too large and would like to stay in their neighborhood, for example, by switching apartments.

In addition, we build and design existing apartments in a way that even groups with special needs – such as people with dementia – can feel at home here.

We support climate protection.

Buildings make a major contribution to CO₂ emissions. That is why we support the climate protection goals of the German government. We can achieve these goals by refurbishing our buildings with a focus on energy consumption – for example, by installing thermal insulation and highly efficient heating systems. But that costs money. We know that many people have their limits when it comes to being willing and able to pay more in rent. That's why we refurbish and modernize with a sense of proportion.

When constructing new buildings, we also take into account the wishes of our tenants regarding mobility. That's why we are committing to installing charging stations for electrically powered vehicles and to promoting car sharing.

**We are committed not only
to our society, our owners
and our employees, but
most of all to our tenants.
That is why they are always
the central focus of our
work.**

About Vonovia

Vonovia provides homes to around one million people in Germany. The average rent is between € 6.00 and € 7.00 per square meter, and the ancillary expenses have been stable for years; at Vonovia, they are lower than the amount in the nationwide operating cost survey conducted by the German Tenants' Association. The residential real estate company plays a central role in society, which is why Vonovia's activities are never focused exclusively on financial aspects, but also take social factors into account. Vonovia is helping to provide answers to the current challenges on the housing market. The company is committed to more climate protection, more senior-friendly apartments and a positive community spirit in its neighborhoods. In cooperation with social institutions and the municipal districts, Vonovia supports social and cultural projects that enrich community life. Vonovia is also helping to address a social issue that is particularly important at the moment: the construction of new apartments.

Our activities focus on our customers and their needs. On site, caretakers and our own craftsmen take care of our tenants' concerns. Being close to our customers ensures fast and reliable service. In addition, Vonovia invests generously in the maintenance of the buildings and develops housing-related services for a better quality of living.

Social, political and legal circumstances change, so we reserve the right to make adjustments to our business philosophy.

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