

Bochum, May 31, 2024

Dear Investors and Analysts:

Berlin published the 2024 Mietspiegel on May 30, 2024. This is our initial assessment:

- There is very limited comparability between this Mietspiegel and the previous one because the statistical methodology has changed and that resulted in different clusters and substantially wider ranges in the 2024 Mietspiegel.
- The arithmetic average across the different clusters is irrelevant because the rent growth for a specific apartment always depends on that apartment's relevant cluster, defined by size, location, characteristics, energy efficiency, construction year, etc.
- The ranges of the new clusters in the 2024 Mietspiegel between the average and the top end are generally much wider now and have often increased by up to 60% and more; consequently, the top end of many clusters is materially higher than before.
- The wider ranges of clusters are also driven by the amount of city-owned apartments that were used in the different Mietspiegel clusters. Following the unconstitutionality of the rent freeze legislation, Berlin housing companies were largely not allowed to increase rents in 2022 and 2023. This has changed; municipal companies are increasing again, so this impact is a one-off and does not constitute a general trend.
- As most of Vonovia's properties in Berlin have above-average characteristics and can usually be classified well above the Mietspiegel's average, the wider range and higher top end within clusters lead to higher rent growth than the overall average suggests.
- Mietspiegel in Germany must be updated every two years. Because of a special situation around last year's Berlin Mietspiegel, the city had to publish this Mietspiegel only one year later so it must be seen in connection with the 2023 Mietspiegel (+5.4%), and as a result, Vonovia expects a rent growth of >10% from the 2023 and 2024 Mietspiegel.
- However, the majority of this rent increase will not be relevant in the near term because the vast majority of the Berlin properties are currently impacted by the Kappungsgrenze (max. increase of 15% over three years from Mietspiegel)
- Vonovia confirms its 2024 guidance of 3.8 – 4.1% as well as the ca. 4% annual run rate for the following years.