

INITIAL REACTION TO COALITION AGREEMENT

Topic	Coalition Agreement	Commentary
<p align="center">New construction</p>	<p>Various initiatives around trying to increase new supply including</p> <ul style="list-style-type: none"> • A draft bill to start a “housing construction turbo” within the first 100 days. • A fundamental reform to accelerate new construction. • Simplification of construction standards, <i>Gebäudetyp E</i>. • Increased focus on modular and serial construction. • Public guarantees to lower financing costs for homebuilders. 	<ul style="list-style-type: none"> • Initiatives to reduce construction costs are generally helpful and should be supportive for our development efforts to increase the addressable market. • A larger relief for the undersupplied market in general will still be extremely challenging and a very lengthy process considering <ul style="list-style-type: none"> • the massive imbalance; • lack of construction capacity and; • complexity to put the plans into action.
<p align="center">Modernization</p>	<ul style="list-style-type: none"> • Subsidies for modernization of building and heating systems will continue. • CO2 will become the decisive yardstick (rather than previous strong focus on energy efficiency). • Intention to change the modernization allowance to incentivize investments while safeguarding affordability. • €100bn to flow into Climate & Transformation Fund (though allocation of funding to housing tbd). 	<ul style="list-style-type: none"> • Energy-efficient modernization remains a crucial element in housing and the planned measures screen supportive for what is a cornerstone of our organic growth strategy. • Positive for investment IRRs.
<p align="center">Regulation</p>	<ul style="list-style-type: none"> • Mietpreisbremse will be extended by four years. • Expert Commission (staffed with representatives from tenant and landlord associations) will propose potential changes to rental regulation by Dec. 31, 2026. 	<ul style="list-style-type: none"> • Extension of four years is longer than initially planned and not helpful. Constitutional concerns about continuous prolongation remain. Vonovia’s short and medium-term targets were all based on Mietpreisbremse remaining in place, so no negative impact on our 2025 guidance and 2028 objectives. • We consider the commission to be an excellent and important step to allow for regulation adjustments that can go in the right direction. Staffing this commission with representatives of tenant and landlords is the right approach.