Interim Statement

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VONOVIA SE
Interim Statement for the First Quarter of 2018

VONOVIA

Key Figures

Financial Key Figures in € million	3M 2017	3M 2018	Change in %	12M 2017
Rental income	417.2	418.3	0.3	1,667.9
Adjusted EBITDA Operations	300.1	315.7	5.2	1,224.2
Adjusted EBITDA Rental	285.6	303.2	6.2	1,150.0
Adjusted EBITDA Value-add Business	19.8	17.8	-10.1	102.1
Adjusted EBITDA Other	-5.3	-5.3	–	-27.9
Income from disposal of properties	492.2	114.0	-76.8	1,206.4
Adjusted EBITDA Sales	19.1	15.7	-17.8	110.8
Adjusted EBITDA	319.2	331.4	3.8	1,335.0
EBITDA IFRS	303.8	299.4	-1.4	1,271.8
FFO 1	218.2	243.6	11.6	920.8
thereof attributable to Vonovia shareholders	206.2	230.8	11.9	866.2
thereof attributable to Vonovia hybrid capital investors	10.0	10.0	–	40.0
thereof attributable to non-controlling interests	2.0	2.8	40.0	14.6
FFO 2	226.3	251.9	11.3	1,012.4
AFFO	204.6	222.0	8.5	835.1
FFO 1 per share in €*	0.47	0.50	7.9	1.90
Income from fair value adjustments of investment properties	–	–	–	3,434.1
EBT	213.7	207.4	-2.9	4,007.4
Profit for the period	130.7	129.2	-1.1	2,566.9
Cash flow from operating activities	241.9	262.7	8.6	946.0
Cash flow from investing activities	-773.2	-2.500.3	223.4	-1,350.1
Cash flow from financing activities	-1.6	2.800.7	–	-870.5
Maintenance and modernization	191.4	221.1	15.5	1,124.8
thereof for maintenance expenses and capitalized maintenance	77.2	83.4	8.0	346.2
thereof for modernization (incl. new construction)	114.2	137.7	20.6	778.6

Key Balance Sheet Figures in € million	Mar. 31, 2017	Mar. 31, 2018	Change in %	Dec. 31, 2017
Fair value of the real estate portfolio	29,607.6	38,485.6	30.0	33,436.3
Adjusted NAV	14,616.8	18,467.3	26.3	18,671.1
Adjusted NAV per share in €*	31.18	38.07	22.1	38.49
LTV in %	44.4	45.5	1.1 pp	39.8

Non-Financial Key Figures	3M 2017	3M 2018	Change in %	12M 2017
Number of units managed	421,199	452,136	7.3	409,275
thereof own apartments	355,525	393,639	10.7	346,644
thereof apartments owned by others	65,674	58,497	-10.9	62,631
Number of units bought	23,745	48,690	105.1	24,847
Number of units sold	1,692	1,743	3.0	11,780
thereof Privatize	535	594	11.0	2,608
thereof Sell portfolio	1,157	1,149	-0.7	9,172
Vacancy rate in %	2.7	2.8	0.1 pp	2,5
Monthly in-place rent in €/m²	6.06	6.18	2.0	6,27
Organic rent increase in %	3.4	4.2	0.8 pp	4,2
Number of employees (as of Mar. 31/Dec. 31)	8,114	9,544	17.6	8,448

EPRA Key Figures in € million	Mar. 31, 2017	Mar. 31, 2018	Change in %	Dec. 31, 2017
EPRA NAV	17,548.6	21,916.0	24.9	21,284.6
EPRA NAV per share in €*	37.43	45.18	20.7	43.88

* Based on the shares carrying dividend rights on the reporting date: Mar. 31, 2018: 485,100,826, Mar. 31, 2017: 468,796,936, Dec. 31, 2017: 485,100,826

Business Development in the First Three Months of 2018

Condensed Interim Consolidated Financial Statements

Information

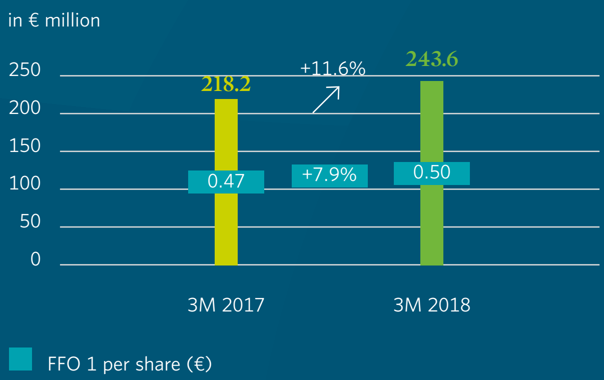
Business Development in the First Three Months of 2018

Overview

Vonovia got off to a very successful start to the 2018 fiscal year. With over € 137.7 million invested in modernizing our properties as well as in new construction projects, the investment program is once again the driver of our organic growth. Our FFO 1 rose by 11.6% in 2018 as against the prior-year quarter. BUWOG is only included with the opening balance sheet.

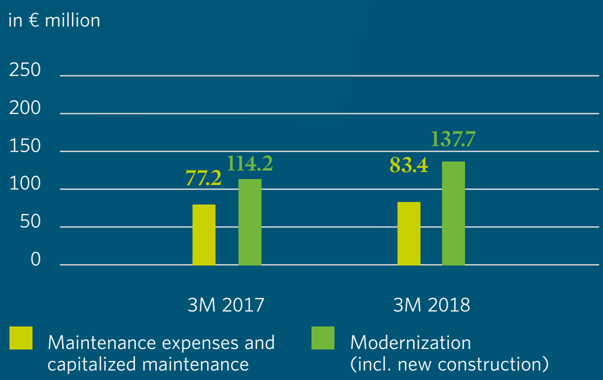
Further Increase in Sustained Earnings

FFO 1



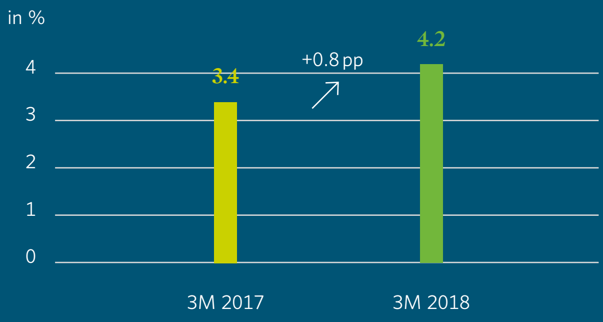
Further Increase in Maintenance and Modernization Services

Investments



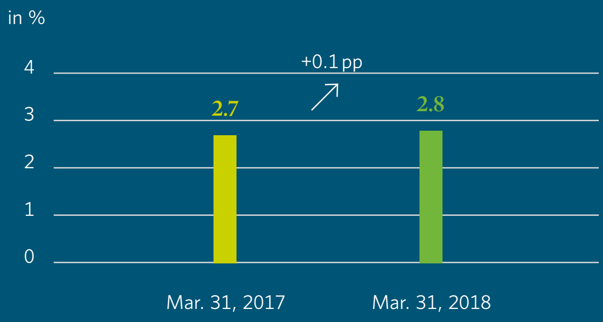
Organic Rent Growth

Organic Increase in Rent



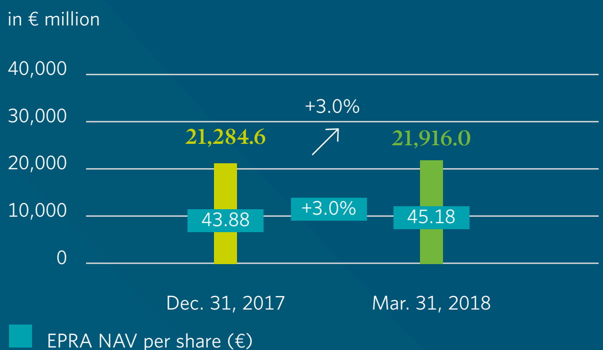
Vacancy Rate Up Slightly Due to Investments

Vacancy Rate



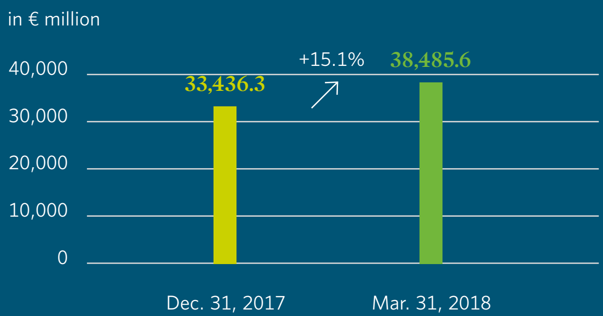
Increase in Net Assets

EPRA NAV



Growth in Property Assets Following First-Time Inclusion of BUWOG

Fair value of the real estate portfolio



Vonovia SE in the Capital Market

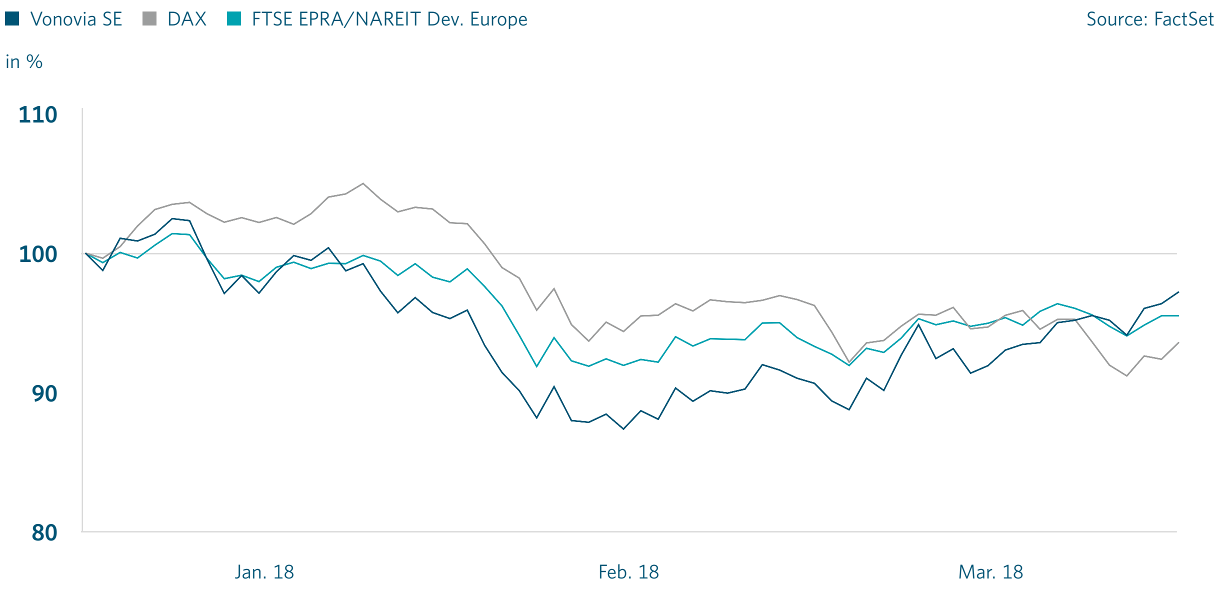
Shares in Vonovia

The first few weeks of 2018 brought increasing headwind in the stock markets. Mainly driven by higher yields on government bonds, the expectation of rising interest rates and individual political crises and conflicts, the stock markets experienced a market correction that also affected European and German real estate shares.

Even though Vonovia's share price performance was slightly negative in the first three months of 2018, the company's shares outperformed both the DAX and the EPRA Europe indices: Vonovia's stock lost 2.8% as against the closing price on December 31, 2017, dropping to € 40.25, whereas the DAX fell by 6.4% to 12,096.73 points during the same period. The EPRA Europe Index also showed weaker development than Vonovia's shares, and closed the first quarter of 2018 down by 4.5% to 2,275.65 points.

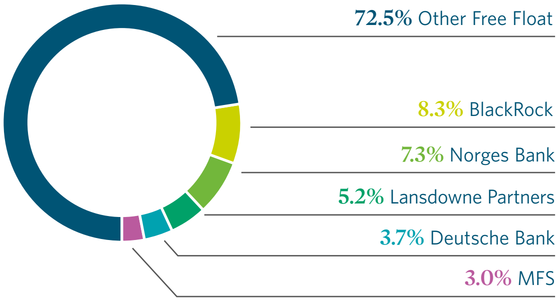
Vonovia's market capitalization amounted to around € 19.5 billion as of March 31, 2018.

Share Price Development



Shareholder Structure

Major Shareholders (as of March 31, 2018)



Based on the German stock exchange's definition of free float, only the interest held by Norges Bank (Ministry of Finance on behalf of Norway) does not count towards the free float. This means that 92.7% of Vonovia's shares were in free float on March 31, 2018.

In line with Vonovia's long-term strategic focus, the majority of its investors have a similarly long-term focus. The company's investors include pension funds, sovereign wealth funds and international asset managers in particular. There is also a large number of individual shareholders, although they only represent a small proportion of the total capital.

Investor Relations Activities

In the first three months of 2018, Vonovia participated in a total of five investors' conferences and organized six roadshows in the most important European and North American financial centers. In addition, our company representatives held numerous one-on-one meetings and teleconferences with investors and analysts to keep them informed of current developments and special issues. Active participation in various shareholder association forums is also a key component of our IR work.

In order to provide information, the Investor Relations team and their colleagues from the operational areas once again gave numerous property tours to interested members of the financial community.

We will continue to communicate openly with the capital market as this year progresses. Various roadshows and conferences have already been planned. Information can be found in the Financial Calendar on our Investor Relations website.

Analyst Assessments

At the end of the first quarter of 2018, 31 national and international analysts were covering Vonovia. Four of these brokers have currently suspended their coverage of Vonovia due to the ongoing BUWOG takeover. The average target share price was € 43.80, with 63% of analysts issuing a "buy" recommendation, 33% issuing a "hold" recommendation and 4% issuing a "sell" recommendation.

In connection with the BUWOG takeover offer, 73.8% of all shares in BUWOG have been tendered in the course of the first phase of takeover. The mandatory grace period in accordance with the Austrian Takeover Act (Übernahmegesetz – ÜbG) began on March 16, 2018, and will end on June 18, 2018.

http://investoren.vonovia.de

Share Information

First day of trading	July 11, 2013
Subscription price	€ 16.50
Total number of shares	485,100,826
Share capital in €	€ 485,100,826
ISIN:	DE000A1ML7J1
WKN:	A1ML7J
Ticker symbol	VNA
Common code	94567408
Share class	Registered shares with no par value
Stock exchange	Frankfurt Stock Exchange
Market segment	Regulated market
Indices & weight Mar. 31, 2018	DAX (1.8%) Stoxx Europe 600 (0.2%) MSCI Germany (1.6%) GPR 250 (1.7%) FTSE EPRA/NAREIT Europe Index (9.1%)

Development of the Economic Environment

Development of the Economy and the Industry

Germany

According to data released by the German Federal Statistical Office (Destatis), the German economy continued to make substantial gains in 2017, with gross domestic product (GDP) demonstrating a strong annual result of 2.2% growth. The marked upturn in the German economy is likely to have continued in the first quarter of 2018, according to statements published by experts from Deutsche Bundesbank in their monthly report for March 2018. The industrial sector remains the driving force behind the economic development, bolstered by an extremely high level of orders received by companies in the second half of last year. German industrial production rose considerably in January 2018, namely by 1.5% in seasonally adjusted terms, compared with the final quarter of 2017, although the order intake was down on the very high level seen in the previous month and January's industrial revenues and exports were subdued. According to the ifo institute, companies in the manufacturing sector still consider their business situation to be very good on the whole, and the significant damper on the expectation component is only expected to materialize over the course of the coming quarter. Although production in the construction industry was down significantly in January 2018, in seasonally adjusted terms and compared with the previous month, due to significantly lower construction activity in the finishing trade, production increased sharply again in the main construction industry. Relevant indicators suggest that the brisk construction activity is likely to continue in spite of the damper in January. The order situation is excellent as well. Nevertheless, the rapid expansion of construction activity is facing considerable capacity bottlenecks, according to Deutsche Bundesbank. As a result, the contribution made by the construction sector to macroeconomic expansion in the first quarter of 2018 is expected to be rather modest. The continued strong momentum on the labor market is still propping up private consumption. According to experts at the Kiel Institute for the World Economy (IfW), Germany is moving into the final stage of a prolonged upswing and is progressing towards a boom. Further increases in economic output are being increasingly limited by capacity bottlenecks. Rising corporate investment is unable to remedy the increasing shortage of production capacities. Emerging trade conflicts, among other things, could give rise to risks and burdens on further economic development on an international level and in Germany.

The situation on the labor market improved further: According to information supplied by the German Federal Statistical Office (Statistisches Bundesamt), the number of employed people rose by 62,000 in January 2018 and by 45,000 in February when adjusted for seasonal work. Based on the information provided by the German Federal Employment Agency (Bundesagentur für Arbeit), the unemployment rate based on the total civilian labor force came to 5.5% in March 2018, down by 0.5 percentage points compared with the previous year. Consumer price performance was moderate over the past few months. In January 2018, the rate of inflation based on the consumer price index (CPI) came to 1.6% as against the same month of the previous year, coming to 1.4% in February and an estimated 1.6% again in March.

Although some signs are emerging that the European Central Bank (ECB) is intending to make a gradual break with its ultra-expansive monetary policy, it is still keeping key rates at the record low levels of 0.0% from March 2016.

Quoted Rents Continue to Rise in Germany – Continued High Demand in the German Residential Investment Market

Based on information provided by Deutsche Bundesbank, the broad-based price increase for residential real estate in Germany continued in 2017, but the price increase rate, which has been fairly high for some time now, did not increase any further. In urban areas, living space became more expensive at an almost undiminished pace, although the price increase slowed slightly in Germany as a whole. Cities appear to have gained appeal in comparison with rural areas. The increase in supply in 2017 is expected to have accelerated significantly, with no additional surge in demand in the absence of a further drop in interest rates. According to the estimates of Deutsche Bundesbank, prices of housing in cities are likely to exceed the level justified by longer-term economic and demographic factors. According to the F+B housing index of the independent research institute F+B Forschung und Beratung für Wohnen, Immobilien und Umwelt GmbH (F+B), the price development for individual multifamily residences in 2017 (+2.0%) was slightly below the level of the increase seen in new contract rents. At the beginning of 2018, quoted rents continued to rise in Germany: the IMX, the quoted price index of the real estate portal ImmobilienScout24, rose nationwide by 0.4 percentage points in January compared with the previous month and by 0.5 percentage points in February. The quoted prices for condominiums also increased further across Germany in 2018. Compared with the increase in rents, these prices have again been increasing at a much faster pace. The IMX for prices for existing condominiums increased by 2.1 percentage points in January and 1.9 percentage points in February in a month-on-month comparison. The IMX for newly built condominiums rose by 1.7 and 1.3 percentage points respectively during the same period.

In the first quarter of 2018, residential building bundles and residential developments of 50 units or more accounted for a total transaction volume of around € 6.8 billion on the German residential investment market, according to the global real estate service provider CBRE. Compared with the prior-year period, the transaction volume doubled, driven by Vonovia's takeover of BUWOG. The continued high demand for residential portfolios among major real estate companies and institutional investors cannot be met to an adequate degree due to the short supply of existing portfolios. Interest in investments in project developments is increasing continuously as a result. In the first quarter of 2018, for example, new construction projects worth around € 1.8 billion were traded as part of forward purchases and forward fundings. The competition for existing portfolios and moves among investors to divert their attention towards new construction developments were reflected overall in a further price increase year-on-year. The increased investment interest in small-scale residential solutions – e.g., student residences and microapartments – brought with it a transaction volume of over € 1.4 billion. As far as 2018 as a whole is concerned, CBRE believes that a transaction volume of at least € 15 billion on the German residential real estate market is very likely.

The increase in the number of inhabitants over the last few years (by approximately 1.6 million from 2014–2017, according to estimates made by Destatis) has further aggravated the shortage of supply on the real estate market, according to Deutsche Bank Research. The housing deficit is currently tipped to come to more than one million apartments nationwide, with the country's metropolitan areas being hit particularly hard. Experts from Helaba Landesbank Hessen-Thüringen predict that, all in all, Germany will need around 400,000 apartments a year in the medium term. Given an estimated apartment construction activity of at least 300,000 units in 2017 and 320,000 in 2018, the annual demand for new construction would not be covered.

Austria

In Austria, the economy showed strong growth in the fourth quarter of 2017, as reported by the Austrian Institute of Economic Research (WIFO) in March 2018. GDP showed a quarter-on-quarter increase of 0.9% in seasonally adjusted terms (2017 as a whole: 2.9%). Growth was driven, in particular, by exports and gross fixed asset investment, and the economy was also boosted by the robust growth in private consumption. The WIFO experts expect that the Austrian economy will maintain this momentum over the coming months. According to the WIFO Economic Test (Konjunkturtest), for example, companies consider their current position and future business situation to be extremely positive. The Austrian labor market is also showing favorable development. The number of non-self-employed people in active employment was 3% higher than in the previous year in January. Unemployment fell again in February 2018 as against the previous year, even though the seasonally adjusted unemployment rate based on the national definition is still significantly higher than before the financial market and economic crisis, at 7.9%. The rate of inflation based on the consumer price index came to 1.8% in both January and February, according to the Austrian statistical office (Statistik Austria).

The values of the DSS OeNB residential real estate price index – the price index of the Austrian central bank (OeNB) on the basis of new and used condominiums and single-family residences – show an increase of 3.8% in Austria in 2017. Whereas prices stabilized in Vienna with an increase of 1.5% year on year, the price development accelerated in the rest of the country. This means that, excluding Vienna, prices in Austria increased by 4.9% in 2017. According to the CPI, apartment rents (excluding ancillary costs) rose by 4.1% in Austria in 2017.

The volume of investment in residential real estate rose in a year-on-year comparison to € 550 million in 2017. Approximately 48% of this amount is attributable to special real estate forms, such as student residences and microapartments. According to CBRE, this is closely linked to the simultaneous increase in new construction activity relating to student residences and microliving concepts; also in response to the growing number of students, single-person households and geographically mobile and flexible single people in Austria. According to the OeNB, the residential construction segment overcame a prolonged period of weakness in 2017. Both residential construction investment as well construction output and hours worked in building construction increased significantly, and the strong momentum in granting building permits points toward a further acceleration. In the face of rising population figures and an increasing shortage of land, CBRE reports that (residential) high-rise buildings are becoming more of a focal point among developers and investors.

Economic Development in the First Three Months of 2018

Takeover of BUWOG

On December 18, 2017, Vonovia published notice of its intention to make a voluntary public takeover offer, in accordance with the Austrian Takeover Act (ÜbG), to all the shareholders and holders of convertible bonds in BUWOG AG (subsequently: BUWOG), Vienna/Austria. BUWOG's shares are listed under ISIN AT00BUWOG001 in the official trading segment (Prime Market) of Wiener Börse AG, on the regulated market (Prime Standard) of the Frankfurt Stock Exchange and on the Main Market of the Warsaw Stock Exchange.

The corresponding offer document was submitted to the Austrian Financial Market Authority on January 18, 2018, and was published on February 5, 2018.

The stated goal of the BUWOG takeover is to consolidate the complementary real estate portfolios of both companies and merge Vonovia's housing stock (around 350,000 apartments) with that of BUWOG (around 48,300 apartments). The integration of BUWOG is expected to allow synergy potential to be exploited, in particular by way of the joint administration and management of the German and Austrian housing units, the further modernization of the portfolio, the expansion of the value chain and the optimization of cost structures. The Vonovia and BUWOG portfolios are a good geographical fit for each other and also complement each other strategically. The successful takeover of conwert in March 2017 allowed Vonovia not only to expand its real estate portfolio in Germany, but also to add properties in Austria to what had, until then, been a purely German portfolio for the first time. The takeover of BUWOG therefore allowed Vonovia to acquire not only a complementary real estate portfolio in Germany, but also an attractive real estate portfolio in Austria in order to merge these portfolios. The joint German and Austrian real estate portfolio of Vonovia and BUWOG was strengthened considerably as a result of this takeover.

At the end of the first tender phase on March 12, 2018, the majority of the shares in BUWOG, namely 82,844,967 shares or 73.8%, had been tendered to Vonovia. In addition, the offer for 2,988 BUWOG convertible bonds was accepted. The takeover of the shares and convertible bonds from the first tender phase in return for payment of € 2,752.5 million and, as a result, the assumption of control were completed on March 26, 2018.

On March 16, 2018, the second obligatory tender phase started, in accordance with the Austrian Takeover Act, which will end at 5 p.m. CET on June 18, 2018.

Due to the assumption of control on March 26, 2018, BUWOG will be included in Vonovia's consolidated financial statements and, as a result, is also included in the interim statement as of March 31, 2018, for the first time with an initial provisional purchase price allocation. This means that BUWOG is included in the portfolio-based figures, e.g., balance sheet items, whereas the earnings contribution made by BUWOG will only be visible from the second quarter of 2018.

Solid Overall Development for the Group

In addition to the BUWOG takeover, Vonovia made a successful start to the first three months of 2018, meaning that it continued to pursue its corporate strategy unchanged. In the Rental segment, we continued our modernization activities and our new construction measures. In the Value-add Business segment, we successfully continued with the expansion of our housing-related services. In the Sales segment, we continued to pursue our strategy of selective sales.

As of March 31, 2018, Vonovia had a real estate portfolio comprising 393,639 residential units, 113,448 garages and parking spaces and 4,806 commercial units. We also manage 58,497 residential units for other owners.

The following key figures provide an overview of the development in FFO 1 and other value drivers in the reporting period (excluding BUWOG):

FFO 1

in € million	3M 2017	3M 2018	Change in %	12M 2017
Rental income	417.2	418.3	0.3	1,667.9
Maintenance expenses	-63.1	-61.2	-3.0	-258.0
Operating expenses	-68.5	-53.9	-21.3	-259.9
Adjusted EBITDA Rental	**285.6**	**303.2**	**6.2**	**1,150.0**
Income Value-add Business	215.8	265.9	23.2	1,170.5
thereof external income	51.4	52.0	1.2	161.6
thereof internal income	164.4	213.9	30.1	1,008.9
Operating expenses	-196.0	-248.1	26.6	-1,068.4
Adjusted EBITDA Value-add Business	**19.8**	**17.8**	**-10.1**	**102.1**
Adjusted EBITDA Other	**-5.3**	**-5.3**	**–**	**-27.9**
Adjusted EBITDA Operations	**300.1**	**315.7**	**5.2**	**1,224.2**
Interest expense FFO	-76.8	-67.7	-11.8	-287.5
Current income taxes FFO 1	-5.1	-4.4	-13.7	-15.9
FFO 1	**218.2**	**243.6**	**11.6**	**920.8**

In the reporting period, we were able to increase our primary key figure for the sustained earnings power of our core business, FFO 1, by € 25.4 million or 11.6% compared with the first three months of 2017, from € 218.2 million to € 243.6 million. This trend was once again fueled primarily by the positive development in adjusted EBITDA Operations, which increased by 5.2% from € 300.1 million to € 315.7 million in the first quarter of 2018.

As of the end of March 2018, our apartments were virtually fully occupied. The apartment vacancy rate came to 2.8%, up slightly on the value at the end of the first quarter of 2017 of 2.7%, with around 1 percentage point attributable to construction-related vacancies, due to our extensive investment program. Rental income in the **Rental segment** rose by 0.3% from € 417.2 million in the first three months of 2017 to € 418.3 million in the same period of 2018, meaning that rent increases more than compensated for the disposals due to portfolio adjustments. The increase in rent due to market-related factors came to 1.6%. We were also able to achieve an increase in rent of 2.5% thanks to property value improvements achieved as part of our modernization program. If we also include the increase in rent due to new construction measures and measures to add extra stories, we arrive at an organic increase in rent of 4.2% in total. The corresponding like-for-like increase in rent came to 4.1% in the first three months of 2018.

If BUWOG is also included, the average monthly in-place rent comes to € 6.18/m² at the end of March 2018.

In the 2018 reporting period, we successfully implemented our modernization and maintenance strategy and expanded the volume from € 191.4 million in the first three months of 2017 to € 221.1 million in the first three months of 2018. This was driven by an increase in the modernization volume, bringing it up from € 114.2 million in the first three months of 2017 to € 137.7 million in the first three months of 2018 (an increase of € 23.5 million).

Maintenance and Modernization

in € million	3M 2017	3M 2018	Change in %	12M 2017
Maintenance expenses	63.1	61.2	-3.0	258.0
Capitalized maintenance	14.1	22.2	57.4	88.2
Modernization work*	114.2	137.7	20.6	778.6
Total cost of modernization and maintenance**	**191.4**	**221.1**	**15.5**	**1,124.8**

* Incl. new construction in 3M 2017: € 7.2 million; new construction in 3M 2018: € 7.2 million
** Incl. intra-Group profits for 3M 2017: € 9.4 million (thereof € 0.5 million capitalized maintenance and € 4.3 million modernization); 3M 2018: € 4.5 million (thereof € 0.6 million capitalized maintenance and € 5.9 million modernization)

In relation to the average number of apartments managed, this corresponds to spending on modernization and maintenance of € 10.22 per m² in the first three months of 2018 (3M 2017: € 8.59 per m²).

Operating expenses in the Rental segment in the 2018 reporting period were down by 21.3% on the figures for the first three months of 2017, from € 68.5 million to € 53.9 million. This development is largely due to the realization of synergies from the takeover of conwert. All in all, adjusted EBITDA Rental increased by 6.2% from € 285.6 million in the 2017 reporting period to € 303.2 million in the first three months of 2018.

We once again boosted our business further in the **Value-add Business segment.** The increase in the output of our craftsmen's organization, in particular, contributed to this trend and allowed us to continue our investments in improving our portfolio. In addition, we also continued to expand our business activities in the areas of condominium administration, the provision of cable television to our tenants, metering services, and insurance and residential environment services in the 2018 reporting period. As a leading real estate service provider, Vonovia Immobilien Treuhand now provides services to a total of around 100,000 units across Germany, 58,497 of which are apartments owned by third parties.

External income from our Value-add Business activities with our end customers in the first three months of 2018 rose by 1.2% as against the same period of 2017, from € 51.4 million to € 52.0 million. Group income rose by 30.1%, from € 164.4 million to € 213.9 million in the same period. Overall, this results in a 23.2% increase in the income from the Value-add Business from € 215.8 million in the 2017 reporting period to € 265.9 million in 2018. The adjusted EBITDA Value-add Business was down by 10.1% year on year to € 17.8 million in the first three months of 2018. This development is mainly due to a one-off effect, which also results in limited comparability with the previous year's figures.

The EBITDA margin of the core business, calculated based on the adjusted EBITDA Operations in relation to rental income within the Group, once again showed positive development in the current reporting period. It increased from 71.8% in the first three months of 2017 to 75.3% in the first three months of 2018.

We continued our selective sales strategy in the **Sales segment** in the first quarter of 2018. The segment covers all business activities relating to the sale of single residential units (Privatize) and the sale of entire buildings or land and commercial units (Sell portfolio cluster).

In the first three months of 2018, income from the disposal of properties came to € 114.0 million, down by 76.8% on the value for the first three months of 2017 (€ 492.2 million). This development is primarily due to the sale of a large commercial real estate package by conwert in the first quarter of 2017. We sold a total of 1,743 apartments in the first three months of 2018 (3M 2017: 1,692). 594 of these apartments were attributable to the Privatize portfolio (3M 2017: 535) and 1,149 were attributable to the Sell portfolio cluster (3M 2017: 1,157).

Adjusted EBITDA Sales came in at € 15.7 million in the first three months of 2018, down by 17.8% on the value of € 19.1 million seen in the same period of 2017. In the first three months of 2018, the fair value step-up in the Privatize portfolio came to 27.6%, down on the value of 31.1% seen in the first three months of 2017. This was due to the higher property values in the 2017 fiscal year. In addition, 153 privatizations were achieved as part of block sales. If these sales are left out of the equation, then the fair value step-up in the Privatize portfolio comes to 32.8%.

At 15.9%, the fair value step-up in the Sell portfolio cluster was higher than for the same period in the previous year (by 2.3%).

Adjusted EBITDA Sales

in € million	3M 2017	3M 2018	Change in %	12M 2017
Income from disposal of properties	492.2	114.0	-76.8	1,206.4
Fair value of properties sold adjusted to reflect effects not relating to the period from assets held for sale	-465.8	-93.1	-80.0	-1,065.5
Adjusted profit from disposal of properties	26.4	20.9	-20.8	140.9
thereof Privatize	17.1	14.5	-15.2	75.3
thereof Sell portfolio	9.3	6.4	-31.2	65.6
Selling costs	-7.3	-5.2	-28.8	-30.1
Adjusted EBITDA Sales	**19.1**	**15.7**	**-17.8**	**110.8**

In the 2018 reporting period, the **non-recurring items** eliminated in the adjusted EBITDA as a whole came to € 27.9 million, up considerably on the prior-year value of € 13.9 million in the first three months of 2017. This is mainly due to higher costs for acquisition and integration due to the conwert and BUWOG takeovers.

Non-recurring Items

in € million	3M 2017	3M 2018	Change in %	12M 2017
Business model optimization/development of new fields of business	5.5	1.0	-81.8	23.3
Acquisition costs incl. integration costs*	4.0	18.0	350.0	48.1
Refinancing and equity measures	0.9	0.0	-100.0	1.6
Severance payments/pre-retirement part-time work arrangements	3.5	8.9	154.3	13.9
Total non-recurring items	**13.9**	**27.9**	**100.7**	**86.9**

* Including takeover costs and one-time expenses in connection with acquisitions, such as HR measures relating to the integration process

The financial result amounted to € -83.0 million in the first three months of 2018, on par with the level seen in the first three months of 2017. FFO interest expense is derived from the financial result as follows:

Reconciliation of Financial Result/FFO Interest Expense

in € million	3M 2017	3M 2018	Change in %	12M 2017
Income from loans	0.5	0.8	60.0	1.6
Interest income	0.5	1.2	140.0	25.1
Interest expense	-84.0	-85.0	1.2	-353.0
Financial result*	**-83.0**	**-83.0**	**–**	**-326.3**
Adjustments:				
Transaction costs	1.9	2.3	21.1	7.9
Prepayment penalties and commitment interest	1.9	1.7	-10.5	16.4
Effects from the valuation of non-derivative financial instruments	-7.8	2.3	–	-8.8
Derivatives	5.1	4.1	-19.6	-3.9
Interest accretion to provisions	2.4	2.1	-12.5	9.0
Accrued interest	7.3	29.2	300.0	3.1
Other effects	2.2	2.5	13.6	2.6
Net cash interest	**-70.0**	**-38.8**	**-44.6**	**-300.0**
Accrued interest adjustment	-7.3	-29.2	300.0	-3.1
Adjustments Income from investments in other real estate companies	–	–	–	13.0
Interest payment adjustment due to taxes	0.5	0.3	-40.0	2.6
Interest expense FFO	**-76.8**	**-67.7**	**-11.8**	**-287.5**

* Excluding income from other investments

Due to refinancing and lower interest rates, FFO interest expense came to € -67.7 million in the first three months of 2018, down by 11.8% on the value for the prior-year period of € -76.8 million.

In the 2018 reporting period, the **profit for the period** amounted to € 129.2 million and was thus on the same level as in the previous year.

Reconciliation of Profit for the Period/FFO

in € million	3M 2017	3M 2018	Change in %	12M 2017
Profit for the period	130.7	129.2	-1.1	2,566.9
Financial result*	83.0	83.0	–	326.3
Income taxes	83.0	78.2	-5.8	1,440.5
Depreciation and amortization	7.1	9.0	26.8	372.2
Net income from fair value adjustments of investment properties	–	–	–	-3,434.1
= EBITDA IFRS	303.8	299.4	-1.4	1,271.8
Non-recurring items	13.9	27.9	100.7	86.9
Total period adjustments from assets held for sale	1.5	4.1	173.3	-10.7
Financial income from investments in other real estate companies	–	–	–	-13.0
= Adjusted EBITDA	319.2	331.4	3.8	1,335.0
Adjusted EBITDA Sales	-19.1	-15.7	-17.8	-110.8
= Adjusted EBITDA operations	300.1	315.7	5.2	1,224.2
Interest expense FFO**	-76.8	-67.7	-11.8	-287.5
Current income taxes FFO 1	-5.1	-4.4	-13.7	-15.9
= FFO 1	218.2	243.6	11.6	920.8
Capitalized maintenance	-13.6	-21.6	58.8	-85.7
= AFFO	204.6	222.0	8.5	835.1
Current income taxes Sales	-11.0	-7.4	-32.7	-19.2
FFO 2 (FFO 1 incl. adjusted EBITDA Sales/current income taxes Sales)	226.3	251.9	11.3	1,012.4
FFO 1 per share in €***	0.47	0.50	7.9	1.90
AFFO per share in €***	0.44	0.46	4.9	1.72

* Excluding income from investments
** Incl. financial income from investments in other real estate companies
*** Based on the shares carrying dividend rights on the reporting date Mar. 31, 2017: 468,796,936, Mar. 31, 2018: 485,100,826 and Dec. 31, 2017: 485,100,826

Assets

At the end of the first quarter of 2018, the adjusted NAV per share came to € 38.07, up by 22.1% on the value for the first three months of 2017 (€ 31.18) and down by around 1% on the value of € 38.49 seen at the end of 2017. This is mainly due to the revaluation as well as the addition of conwert in 2017 and of BUWOG in 2018. The EPRA NAV per share rose from € 37.43 at the end of the first quarter of 2017 to € 45.18 at the end of the first quarter of 2018, which puts it at around 3% higher than the value of € 43.88 seen at the end of 2017.

Net Asset Value (NAV) Based on Application of IAS 40

in € million	Mar. 31, 2017	Mar. 31, 2018	Change in %	Dec. 31, 2017
Equity attributable to Vonovia shareholders	12,706.5	15,221.6	19.8	15,080.8
Deferred taxes on investment properties/assets held for sale	4,827.4	6,643.5	37.6	6,185.7
Fair value of derivative financial instruments*	29.0	72.5	150.0	26.9
Deferred taxes on derivative financial instruments	-14.3	-21.6	51.0	-8.8
EPRA NAV	17,548.6	21,916.0	24.9	21,284.6
Goodwill	-2,931.8	-3,448.7	17.6	-2,613.5
Adjusted NAV	**14,616.8**	**18,467.3**	**26.3**	**18,671.1**
EPRA NAV per share in €**	**37.43**	**45.18**	**20.7**	**43.88**
Adjusted NAV per share in €**	**31.18**	**38.07**	**22.1**	**38.49**

* Adjusted for effects from cross currency swaps
** Based on the number of shares on the reporting date Mar. 31, 2017: 468,796,936 and Mar. 31, 2018: 485,100,826 on Dec. 31, 2017: 485,100,826

Consolidated Balance Sheet Structure

	Dec. 31, 2017		Mar. 31, 2018	
	in € million	in %	in € million	in %
Non-current assets	36,719.6	97.9	42,316.5	95.8
Current assets	796.7	2.1	1,859.7	4.2
Assets	**37,516.3**	**100.0**	**44,176.2**	**100.0**
Equity	16,691.2	44.5	16,870.1	38.2
Non-current liabilities	18,585.2	49.5	24,144.3	54.6
Current liabilities	2,239.9	6.0	3,161.8	7.2
Equity and liabilities	**37,516.3**	**100.0**	**44,176.2**	**100.0**

The Group's total assets increased by € 6,659.9 million from € 37,516.3 million as of December 31, 2017, to € 44,176.2 million, mainly due to an increase in investment properties of € 4,678.0 million to € 37,860.8 million, with € 4,555.2 million resulting from the integration of the BUWOG Group. In addition, assets rose on the back of an increase in goodwill of € 835.2 million due to the first-time consolidation of the BUWOG Group.

Current assets increased mainly due to an increase in cash and cash equivalents in the amount of € 563.1 million (of which € 327.6 million was attributable to the first-time consolidation of the BUWOG Group). In addition, € 486.1 million in other current assets of the BUWOG Group have been included for the first time.

The gross asset value (GAV) of Vonovia's property assets came to € 38,474.3 million as of March 31, 2018, which corresponds to 87.1% of total assets compared with € 33,424.9 million or 89.1% at the end of 2017.

The € 178.9 million increase in equity to € 16,870.1 million is mainly due to the results for the first three months in an amount of € 129.2 million as well as the inclusion of € 24.8 million in minority interests from the BUWOG Group.

This brings the equity ratio to 38.2% compared with 44.5% at the end of 2017.

Non-current liabilities increased overall compared with the end of 2017 to € 5,559.1 million, mainly as a result of the increase in the non-derivative financial liabilities by € 5,111.6 million. Of this total, € 3.1 billion was attributable to new borrowing under the EMTN program and € 1.8 billion was due to the first-time inclusion of the BUWOG Group.

The increase in current liabilities by March 31, 2018, was significantly influenced by the inclusion of the tender rights of the outstanding BUWOG shareholders/holders of convertible bonds in an amount of € 831.4 million, which are included in the consideration transferred as a put option.

Financial Position

Cash Flow

The following table shows the Group cash flow:

Key Data from the Statement of Cash Flows

in € million	3M 2017	3M 2018
Cash flow from operating activities	241.9	262.7
Cash flow from investing activities	-773.2	-2,500.3
Cash flow from financing activities	-1.6	2,800.7
Net changes in cash and cash equivalents	**-532.9**	**563.1**
Cash and cash equivalents at the beginning of the period	1,540.8	266.2
Cash and cash equivalents at the end of the period	**1,007.9**	**829.3**

The cash flow from operating activities comes to € 262.7 million for the previous three months, compared with € 241.9 million for the same period in 2017. The increase is mainly due to the improvement in the adjusted EBITDA Operations.

The cash flow from investing activities shows a payout balance of € 2,500.3 million for the first quarter of 2018, mainly due to net payments as part of the takeover of the BUWOG Group in the amount of € 2,447.4 million. The payouts for acquisitions and modernization of the real estate portfolio came to € 156.7 million, whereas income from portfolio sales in the amount of € 119.6 million was collected.

The cash flow from financing activities is characterized by the financing measures taken in the first three months of 2018. The proceeds result primarily from EMTN drawdowns in connection with the takeover of the BUWOG Group in a total amount of € 3,100.0 million. On the other hand, payouts were made through scheduled and unscheduled repayments in the amount of € -278.0 million. The total amount also includes transaction and financing costs of € 39.2 million and interest payments of € 42.0 million.

The net increase in cash and cash equivalents in the first quarter of 2018 came to € 563.1 million.

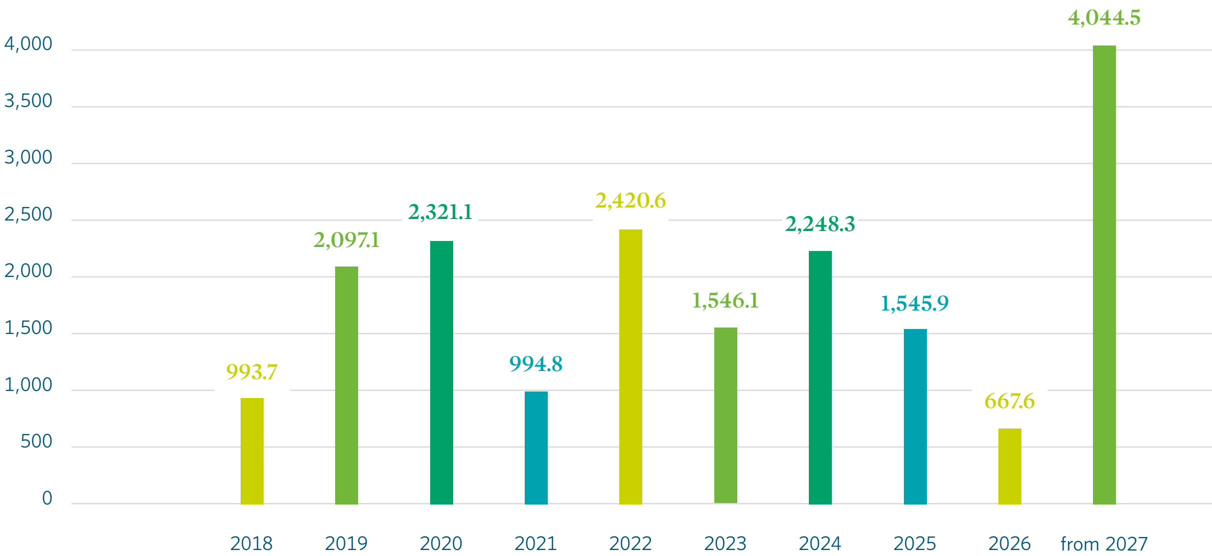
Financing

Vonovia's credit rating as awarded by the agency Standard & Poor's is unchanged at BBB+ with a stable outlook for the long-term corporate credit rating and A-2 for the short-term corporate credit rating. At the same time, the credit rating for the issued and unsecured bonds is BBB+.

The debt maturity profile of Vonovia's financing was as follows as of March 31, 2018:

Maturity profile

as of March 31, 2018, in € million



The LTV (loan to value) is as follows as of the end of the quarter:

in € million	Mar. 31, 2017	Mar. 31, 2018	Change in %	Dec. 31, 2017
Non-derivative financial liabilities	14,435.3	18,887.0	30.8	14,060.5
Foreign exchange rate effects	-194.8	-17.8	-90.9	-23.5
Cash and cash equivalents	-1.007.9	-829.3	-17.7	-266.2
Net debt	13,232.6	18,039.9	36.3	13,770.8
Sales receivables/advance payments from sales	-144.4	-232.4	60.9	-201.2
Additional purchase price for outstanding acquisitions*	275.0	–	100.0	–
Adjusted net debt	13,363.2	**17,807.5**	33.3	13,569.6
Fair value of the real estate portfolio	29,607.6	38,485.6	30.0	33,436.3
Shares in other real estate companies	520.4	666.6	28.1	642.2
Adjusted fair value of the real estate portfolio	**30,128.0**	**39,152.2**	**30.0**	**34,078.5**
LTV	**44.4%**	**45.5%**	**1.1 pp**	**39.8%**

* Funds held for the payment of cash component by second conwert acceptance deadline

The financial covenants have been fulfilled as of the reporting date.

in € million	Mar. 31, 2017	Mar. 31, 2018	Change in %	Dec. 31, 2017
Non-derivative financial liabilities	14,435.3	18,887.0	30.8	14,060.5
Total assets	**34,848.1**	**44,176.2**	**26.8**	**37,516.3**
LTV bond covenants	**41.4%**	**42.8%**	**1.3 pp**	**37.5%**

Expected Development in the Remainder of the Fiscal Year

Economy and the Industry

Germany

After a marked increase in gross domestic product (GDP) of 2.2% in 2017, macroeconomic production is expected to accelerate further, according to the Kiel Institute for the World Economy (IfW). In 2018, GDP is expected to grow by 2.5%, with growth of 2.3% predicted for 2019. The German federal government forecast an increase in GDP (price adjusted) of 2.3% in 2018 and 2.1% in 2019 in their spring projection. As reported by IfW, the German economy is drifting into a boom phase, with capacities already noticeably above normal utilization levels. Bottlenecks are starting to become evident in the construction industry in particular, where companies would appear to be virtually unable to process their incoming orders. As a result, economic researchers at the IfW expect construction activity only to increase at a subdued rate in the first instance given the extremely stimulating overall conditions and the marked increase in construction prices. Corporate investment is expected to pick up considerably, because more and more companies see themselves obliged to increase their capacities due to the increasing production capacity utilization rate. Foreign trade will expand at a brisk rate, albeit at a slightly slower pace. While employment is expected to continue to increase considerably for the time being, companies are finding it increasingly difficult to find suitable staff, which will result in an accelerated increase in actual earnings. As a result, the IfW predicts strong growth in gross wages and salaries, which will stimulate private consumption. Private consumption will be stimulated further by tax cuts and benefit increases implemented by the new German federal government. Unemployment will continue to drop. The unemployment rate is expected to drop back from 5.7% in 2017 to 5.2% in 2018 and 4.8% in 2019. The IfW in Kiel also expects to see an upward trend in consumer price inflation, with inflation rates of 1.7% in 2018 and 2.0% in 2019, as well as substantial public-sector budget surpluses due to the economic situation. The IfW's monetary policy outlook remains unchanged. With only a gradual increase in interest rates, the financing environment is barely likely to become overcast, and fiscal policy will remain slightly expansionary in 2018.

The possible escalation of trade conflicts, for example, could pose a risk to the forecast. The protectionist measures taken by the United States could put a strain on the global economy and, as a result, on the German economy as well. There is also uncertainty surrounding the increasingly difficult monetary policy balancing act in the eurozone. Turbulence in the financial markets in connection with the imminent monetary policy normalization poses a significant risk to the forecast for the global economy. The difficulties involved in interpreting the current cyclical pattern create uncertainty as far as the forecast for the domestic economy is concerned. The current boom phase got off to an unusually slow start, with only a gradual increase in capacity utilization. In addition, it is not certain, from the IfW's perspective, that the construction industry will manage to overcome the capacity bottlenecks.

Housing Market: Rent and Prices Expected to Rise Again in 2018

The upward trend on the real estate market has reached a "mature" phase, according to experts at Helaba Landesbank Hessen-Thüringen. The overall conditions will remain positive in 2018 and the prices for German residential real estate will continue to rise in 2018, since the factors driving the upswing are unlikely to change to any considerable degree. The real estate market will be characterized by ongoing high demand. The population will continue to grow, albeit at a slower pace than in the exceptional year of 2015, and domestic migration to the country's major metropolitan areas is tipped to continue. The supply of property available will grow at a moderate rate at best and, despite a slight increase in mortgage rates, the financing conditions will remain very favorable, according to the Helaba experts. In CBRE's opinion, the housing markets in the metropolitan regions and prosperous university cities will remain tense in spite of the recent rise in construction activity. Given that there are hardly any vacancies in marketable multi-story residential buildings, this is pushing up rents and purchase prices in the influx regions. In view of the strong growth in house and apartment prices in 2017, Deutsche Bank Research expects to see slightly lower purchase price and rent momentum at best in 2018. In its view, demand will be curbed by the high prices, which are likely to force some potential buyers out of the market, as well as by higher capital market interest rates and, as a result, slightly higher mortgage rates. According to Deutsche Bank Research, residential property ownership remains affordable, although nationwide affordability fell slightly in 2017 and is expected to drop slightly in 2018 as well. There are also pronounced regional differences as far as affordability is concerned.

The empirica bubble index surpassed the "zero threshold" for the first time in 13 years in the third quarter of 2017, as against the "bubble-free" reference year of 2004. As of the fourth quarter of 2017, the overall index is stagnating in growth regions and is increasing slightly in shrinking regions. Rents and purchase prices in 247 out of 402 administrative districts and self-governing cities are no longer developing in tandem. According to empirica, too many apartments are being built in 17 districts. The bubble index indicates a medium to high risk for 199 districts. Nearly half of the economists surveyed for the economics barometer of the "€uro am Sonntag" newspaper and the news channel n-tv believe that real estate prices in Germany will increase by at least 5% over the next five years, with 13% even expecting an increase of more than 15%. The situation is particularly expected to escalate in metropolitan areas. The majority of the experts surveyed, however, believe that there is clear evidence of excessively high prices for residential real estate in Germany. Only one in every eight respondents expect prices in the top 7 cities to fall. They believe that the solution to the difficult housing situation lies in moves to increase the amount of land approved for construction and simplifying building regulations.

The overarching housing policy objective of the new German federal government is the construction of 1.5 million homes or an annual average of 375,000 units. The rent ceiling is to have been evaluated in terms of its suitability and effectiveness by the end of the year, and experts from Helaba have not ruled out more stringent regulations, e.g., an obligation to disclose the previous rent level. The rent ceiling, which was only introduced a few years ago, is in place in more than 300 municipalities in twelve federal states.

Austria

Driven by the widespread global economic upswing, the economy in Austria is likely to continue to report strong growth, according to the Institute for Advanced Studies (IHS). After the Austrian economy expanded by 2.9% in the previous year, experts from the IHS expect to see growth of 2.8% and 1.9% for 2018 and 2019 respectively. As part of its 2018 winter forecast, the European Commission expects to see robust growth for Austria's economy of 2.9% and 2.3% for 2018 and 2019 respectively. According to the IHS, the upswing is being supported by exports and private consumption, while investment activity has slowed down markedly. The vibrant economy still offers good conditions for a sustainable budget strategy and urgently needed structural reforms. The strong economic upswing has fueled the demand for employment, meaning that the unemployment rate fell last year – for the first time since 2011. Based on the national definition, the unemployment rate is expected to drop from 8.5% in 2017 to 7.8% in 2018 and 7.7% in 2019. The IHS expects to see an inflation rate of 2.1% in 2018, on par with the previous year. It also expects a virtually unchanged inflation rate of 2.2% for 2019.

According to the OeNB, the residential construction segment overcame a prolonged period of weakness in 2017, and the strong momentum in granting building permits points toward a further acceleration. According to CBRE, the dynamic population growth in Austria's metropolitan areas and the diminishing availability of land approved for construction will reinforce the trend towards more concentrated residential construction in the form of residential high-rise buildings. According to the RE/MAX Real Estate Future Index – which consolidates the expert opinions of around 560 real estate professionals throughout Austria – demand on the real estate market is expected to increase at a much faster rate than the supply in 2018. The prices for residential real estate are expected to continue to increase slightly in 2018. Purchase prices for apartments will show a more pronounced increase than rents. According to the real estate service provider EHL, the marked increase in new construction activity in Vienna is helping to stabilize the price level, which is therefore expected to remain consistently stable over the next few years. In 2018, rent in Vienna is expected to increase by around 1.5%, with purchase prices for properties in average locations expected to rise by between around 2.75% and 3%. The fundamental price indicator of the OeNB for residential real estate shows a slight reduction in a possible overvaluation for Vienna in the fourth quarter of 2017 compared with the previous quarter. For Austria as a whole, the value in the fourth quarter was also down on the level seen in the previous quarter – albeit only slightly.

Business Outlook

The first three months of the 2018 fiscal year were very successful for Vonovia on the whole. We were systematic in the implementation of our corporate strategy: the expansion of our investment program, the further improvements to efficiency when managing our properties and the expansion of the Value-add Business. Bolstered by the acquisition of BUWOG, we have further expanded our leading market position.

We expect these positive business developments to continue in the 2018 fiscal year and that we will achieve our forecast figures. Given the dynamic development of the German real estate market, we expect to see a further increase in value in our investment properties and with this a further boost to NAV.

Our current forecast is based on the outlook for the entire Vonovia Group (excluding BUWOG), which includes the original overall plans for the 2018 fiscal year, as well as current business developments and possible opportunities and risks.

Beyond this, the Group's further development remains exposed to general opportunities and risks. These have been described in detail in the chapter on opportunities and risks in the Group management report of the 2017 Annual Report. The forecast was based on the accounting principles used in the annual financial statements, with the adjustments described elsewhere in the management report being made.

We update our forecast of the main performance indicators for the 2018 fiscal year without BUWOG as follows:

	Actual 2017	Forecast for 2018*	Current Forecast for 2018 Interim Statement Q1 2018
Adjusted EPRA NAV/share	**€ 38.49**	**suspended**	**suspended**
EPRA NAV/share	€ 43.88	suspended	suspended
FFO 1	**€ 920.8 million**	**€ 960–980 million**	**€ 1,000–1,020 million**
FFO 1/share**	€ 1.90	€ 1.98–2.02	€ 2.06–2.10
CSI	**Increase of 1.6%**	**Similar CSI as 2017**	**Similar CSI as 2017**
Rental income	€ 1,667.9 million	€ 1,660–1,680 million	€ 1,670–1,690 million
Organic rent increase	4.2%	Increase of 4.6–4.8%	Increase of 4.6–4.8%
Vacancy rate	2.5%	< 2.5%	< 2.5%
Maintenance incl.capitalized maintenance	€ 346.2 million	approx. € 360 million	approx. € 360 million
Modernization and new construction	€ 778.6 million	approx. € 1,000 million	approx. € 1,000 million
Number of units sold Privatize	2,608	approx. 2,300	approx. 2,300
Step-up Privatize	32.6%	approx. 30%	approx. 30%
Number of units sold Sell portfolio	9,172	Continue opportunistic sales	Continue opportunistic sales
Step-up Sell portfolio	7.9%	> 0%	approx. 5%

* According to the Group management report 2017, excl. BUWOG
** Based on the current number of shares of 485,100,826

Bochum, Germany, April 24, 2018

Management Board

Condensed Interim Consolidated Financial Statements

Consolidated Income Statement

in € million	Jan. 1 – Mar. 31, 2017	Jan. 1 – Mar. 31, 2018
Income from property letting	586.7	589.3
Other income from property management	10.0	10.7
Income from property management	**596.7**	**600.0**
Income from disposal of properties	492.2	114.0
Carrying amount of properties sold	-476.7	-105.8
Revaluation of assets held for sale	9.4	8.7
Profit on disposal of properties	**24.9**	**16.9**
Net income from fair value adjustments of investment properties	–	–
Capitalized internal expenses	85.4	105.6
Cost of materials	-274.3	-280.2
Personnel expenses	-102.0	-111.8
Depreciation and amortization	-7.1	-9.0
Other operating income	26.5	24.3
Other operating expenses	-59.7	-63.0
Financial income	7.3	9.6
Financial expenses	-84.0	-85.0
Earnings before tax	**213.7**	**207.4**
Income taxes	-83.0	-78.2
Profit for the period	**130.7**	**129.2**
Attributable to:		
Vonovia's shareholders	116.6	116.2
Vonovia's hybrid capital investors	7.4	7.4
Non-controlling interests	6.7	5.6
Earnings per share (basic and diluted) in €	**0.25**	**0.24**

Consolidated Statement of Comprehensive Income

in € million	Jan. 1 – Mar. 31, 2017	Jan. 1 – Mar. 31, 2018
Profit for the period	130.7	129.2
Cash flow hedges		
Change in unrealized gains/losses	-0.5	-9.1
Taxes on the change in unrealized gains/losses	1.0	3.7
Net realized gains/losses	17.7	8.6
Taxes on the change in net realized gains/losses	-5.9	-2.8
Total	12.3	0.4
Equity instruments at fair value in other comprehensive income		
Changes in the period	17.3	–
Taxes on changes in the period	-0.3	–
Total	17.0	–
Items which will be recognized in profit or loss in the future	29.3	0.4
Equity instruments at fair value in other comprehensive income		
Changes in the period	–	24.3
Taxes on changes in the period	–	-0.2
Total	–	24.1
Actuarial gains and losses from pensions and similar obligations		
Change in actuarial gains/losses, net	4.0	–
Tax effect	-1.3	–
Total	2.7	–
Items which will not be recognized in profit or loss in the future	2.7	24.1
Other comprehensive income	32.0	24.5
Total comprehensive income	**162.7**	**153.7**
Attributable to:		
Vonovia's shareholders	148.6	140.7
Vonovia's hybrid capital investors	7.4	7.4
Non-controlling interests	6.7	5.6

Consolidated Balance Sheet

Assets

in € million	Dec. 31, 2017	Mar. 31, 2018
Intangible assets	2,637.1	3,479.9
Property, plant and equipment	177.6	209.7
Investment properties	33,182.8	37,860.8
Financial assets	698.0	733.9
Other assets	13.8	21.9
Deferred tax assets	10.3	10.3
Total non-current assets	36,719.6	42,316.5
Inventories	6.2	6.5
Trade receivables	234.9	377.8
Financial assets	0.5	12.7
Other assets	98.4	210.6
Income tax receivables	47.9	41.9
Cash and cash equivalents	266.2	829.3
Real estate inventories	–	300.2
Assets held for sale	142.6	80.7
Total current assets	796.7	1,859.7
Total assets	**37,516.3**	**44,176.2**

Equity and liabilities

in € million	Dec. 31, 2017	Mar. 31, 2018
Subscribed capital	485.1	485.1
Capital reserves	5,966.3	5,966.3
Retained earnings	8,471.6	8,587.9
Other reserves	157.8	182.3
Total equity attributable to Vonovia's shareholders	**15,080.8**	**15,221.6**
Equity attributable to hybrid capital investors	1,001.6	1,011.5
Total equity attributable to Vonovia's shareholders and hybrid capital investors	**16,082.4**	**16,233.1**
Non-controlling interests	608.8	637.0
Total equity	**16,691.2**	**16,870.1**
Provisions	607.2	612.4
Trade payables	2.4	0.8
Non-derivative financial liabilities	12,459.4	17,571.0
Derivatives	8.7	59.2
Liabilities from finance leases	94.7	94.6
Liabilities to non-controlling interests	24.9	31.5
Financial liabilities from tenant financing	–	35.3
Other liabilities	65.3	49.9
Deferred tax liabilities	5,322.6	5,689.6
Total non-current liabilities	**18,585.2**	**24,144.3**
Provisions	376.5	408.8
Trade payables	130.7	176.1
Non-derivative financial liabilities	1,601.1	1,316.0
Derivatives	4.4	865.6
Liabilities from finance leases	4.6	4.7
Liabilities to non-controlling interests	9.0	7.0
Financial liabilities from tenant financing	7.7	116.9
Other liabilities	105.9	266.7
Total current liabilities	**2,239.9**	**3,161.8**
Total liabilities	**20,825.1**	**27,306.1**
Total equity and liabilities	**37,516.3**	**44,176.2**

Consolidated Statement of Cash Flows

in € million	Jan. 1 – Mar. 31, 2017	Jan. 1 – Mar. 31, 2018
Profit for the period	130.7	129.2
Revaluation of assets held for sale	-9.4	-8.7
Depreciation and amortization	7.1	9.0
Interest expenses/income	83.0	83.0
Income taxes	83.0	78.2
Results from disposals of investment properties	-15.5	-8.2
Results from disposals of other non-current assets	–	0.1
Other expenses/income not affecting net income	1.3	-0.4
Change in working capital	-23.9	-11.3
Income tax paid	-14.4	-8.2
Cash flow from operating activities	**241.9**	**262.7**
Proceeds from disposals of investment properties and assets held for sale	513.2	119.6
Proceeds from disposals of other assets	0.5	2.7
Payments for acquisition of investment properties	-131.8	-156.7
Payments for acquisition of other assets	-19.4	-21.7
Payments for acquisition of shares in consolidated companies, in due consideration of liquid funds	-1,137.9	-2,447.4
Interest received	2.2	3.2
Cash flow from investing activities	**-773.2**	**-2,500.3**
Cash paid to non-controlling interests	-4.6	-4.2
Proceeds from issuing financial liabilities	1,041.8	3,167.8
Cash repayments of financial liabilities	-1,172.0	-278.0
Payments for transaction costs in relating to capital measures	-8.7	-37.5
Payments for other financing costs	-31.8	-1.7
Payments for the acquisition of shares in non-controlling interests	-3.9	-3.7
Proceeds for the sale of shares of consolidated companies	249.8	–
Interest paid	-72.2	-42.0
Cash flow from financing activities	**-1.6**	**2,800.7**
Net changes in cash and cash equivalents	**-532.9**	**563.1**
Cash and cash equivalents at the beginning of the period	1,540.8	266.2
Cash and cash equivalents at the end of the period[1)]	**1,007.9**	**829.3**

1) Thereof restricted cash € 98.8 million (Mar. 31, 2017: € 52.7 million)

Portfolio Information

Vonovia manages its own real estate portfolio with a fair value of € 38.5 billion as of March 31, 2018. The vast majority of our apartments are located in regions with positive economic and demographic development prospects.

Portfolio Structure

Mar. 31, 2018	Fair value* (in € million)	Fair value* (in €/m²)	Residential units	Vacancy (in %)	In-place rent (in €/m²)
Strategic	32.988.6	1,488	346,410	2.5	6.36
Operate	12.642.0	1,472	129,129	2.5	6.47
Invest	20.346.6	1,499	217,281	2.5	6.29
Privatize	1.464.5	1,532	13,590	4.0	6.18
Sell	488.3	712	10,260	9.0	4.97
Vonovia Germany	34.941.4	1,468	370,260	2.7	6.31
Vonovia Austria	2.471.4	1,292	23,379	4.5	4.40
Total	**37.412.8**	**1,455**	**393,639**	**2.8**	**6.18**

Breakdown of Strategic Housing Stock by Regional Market**

Mar. 31, 2018	Fair value* (in € million)	Fair value* (in €/m²)	Residential units	Vacancy (in %)	In-place rent (in €/m²)
Regional market**					
Berlin	5,938.8	2,046	43,997	1.9	6.40
Rhine Main Area	3,534.3	1,953	27,900	1.5	7.76
Rhineland	3,250.3	1,587	29,727	2.8	6.87
Southern Ruhr Area	2,911.5	1,062	43,881	3.3	5.71
Dresden	2,892.2	1,237	38,568	2.7	5.84
Hamburg	2,222.0	1,713	19,823	1.6	6.75
Munich	1,819.3	2,774	9,695	1.2	7.80
Stuttgart	1,742.3	1,896	14,128	1.7	7.59
Kiel	1,740.7	1,239	23,391	2.1	5.94
Northern Ruhr Area	1,425.8	862	26,449	3.6	5.44
Hanover	1,423.9	1,375	16,129	2.7	6.25
Bremen	918.9	1,237	11,905	3.2	5.47
Leipzig	765.1	1,233	9,168	4.5	5.79
Westphalia	673.3	1,085	9,471	2.4	5.72
Freiburg	546.4	1,955	4,046	1.4	7.07
Other strategic locations	2,493.1	1,294	29,857	2.9	6.24
Total strategic locations Germany	**34,298.0**	**1,491**	**358,135**	**2.5**	**6.35**
Austria	2,471.4	1,292	23,379	4.5	4.40

* Fair value of the developed land excluding € 1,072.8 million, of which € 391.4 million for undeveloped land and inheritable building rights granted, € 203.9 million for assets under construction, € 404.6 million for development and € 72.9 million for other.

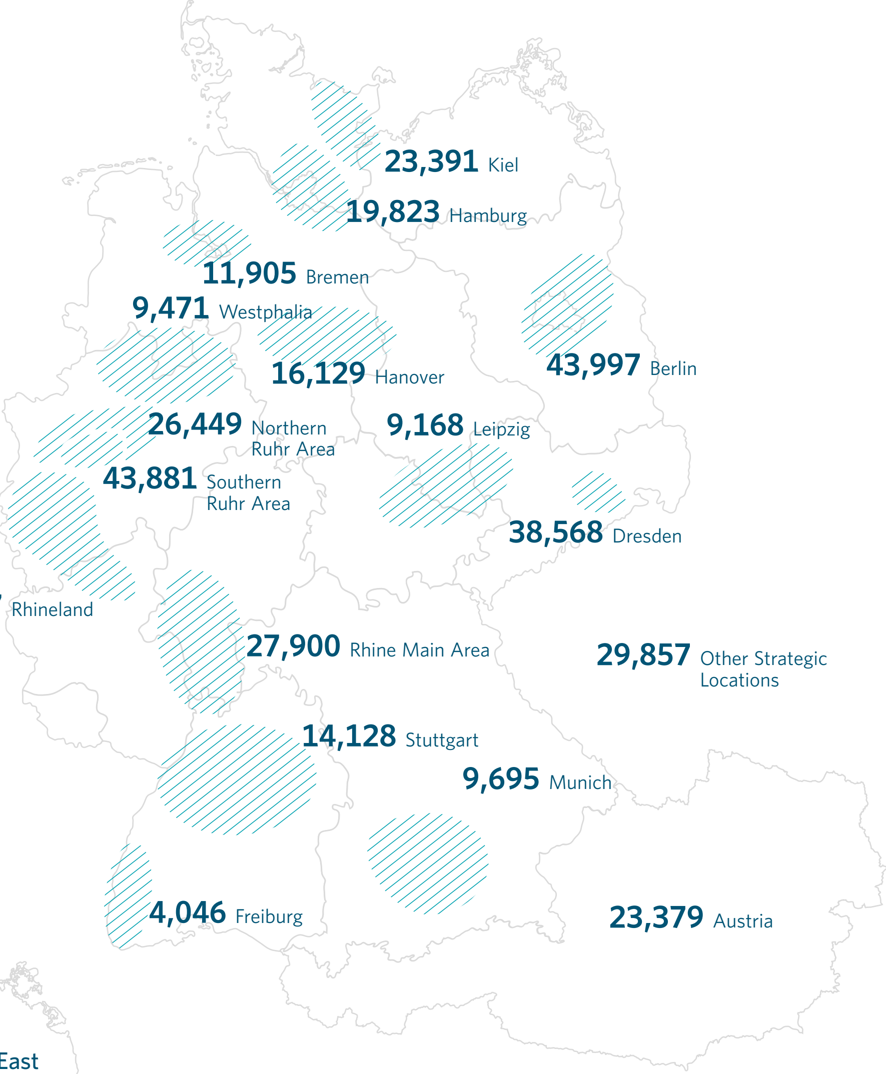
** With regard to the residential real estate market, regional markets are largely similar metropolitan areas based on the definition of the German Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR). In addition to the strategic housing stock, they also include stocks for privatization in strategic locations.

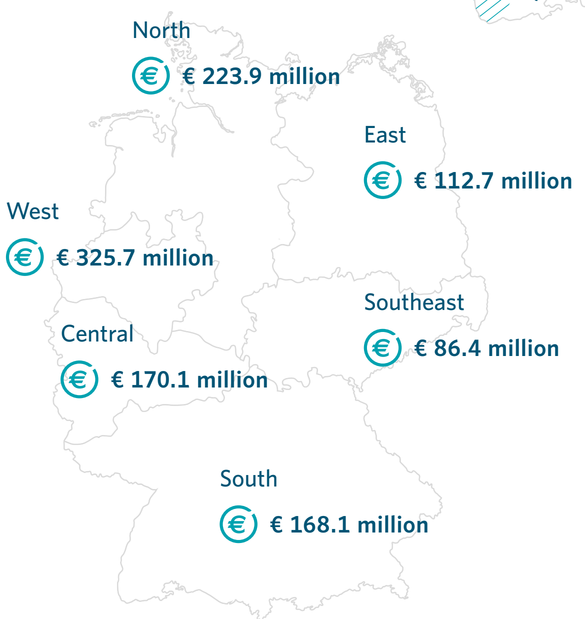
Housing Stock by Regional Market

Number of Units

393,639

Units (including Units at other Locations)





Planned Portfolio Investments in 2018*

~€ 1.1 billion

Total Investments Program year 2018

* plus € 41 million for other projects at preparation stage

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Financial Calendar

May 3, 2018
Publication of Interim Statement January–March 2018

May 9, 2018
Annual General Meeting

August 31, 2018
Publication of Interim Report January–June 2018

December 6, 2018
Publication of Interim Statement January–September 2018

Note

This interim statement is published in German and English.
The German version is always the authoritative text. The interim statement can be found on the website at www.vonovia.de.

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Disclaimer

This interim statement contains forward-looking statements. These statements are based on current experience, assumptions and forecasts of the Management Board as well as information currently available to the Management Board. The forward-looking statements are not guarantees of the future developments and results mentioned therein. The future developments and results depend on a large number of factors. They involve certain risks and uncertainties and are based on assumptions that may prove to be inaccurate. These risk factors include but are not limited to those discussed in the risk report of the 2017 Annual Report. We do not assume any obligation to update the forward-looking statements contained in this interim statement. This interim statement does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any securities of Vonovia SE.

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