

1st supplement, dated 22 June 2020 to the Base Prospectus dated 26 March 2020

This document constitutes a supplement (the "**Supplement**") for the purposes of Art. 8(10) and Art. 23(1) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 (the "**Prospectus Regulation**") to the base prospectus of Vonovia Finance B.V. dated 26 March 2020 (the "**Base Prospectus**" or the "**Prospectus**") relating to issues of non-equity securities ("**Non-Equity Securities**") within the meaning of Art. 2(c) of the Prospectus Regulation by Vonovia Finance B.V.

VONOVIA

Vonovia Finance B.V.

(incorporated in The Netherlands as a private company with limited liability)

EUR 20,000,000,000 Debt Issuance Programme

guaranteed by

Vonovia SE

(incorporated in Germany as a European Company (Societas Europaea))

This Supplement has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") which is the Luxembourg competent authority for the purposes of the approval of the Base Prospectus under the Prospectus Regulation.

The Issuer has requested the CSSF to provide the competent authorities in the Federal Republic of Germany ("**Germany**") and The Netherlands with a certificate of approval attesting that this Supplement has been drawn up in accordance with the Prospectus Regulation. The Issuer may request the CSSF to provide competent authorities in additional host member states within the European Economic Area with such notification.

Right to withdraw

In accordance with Art. 23(2) of the Prospectus Regulation, investors who have already agreed to purchase or subscribe for securities before the Supplement is published have the right, exercisable within two working days after the publication of this Supplement, to withdraw their acceptances, provided that the new factor arose before the final closing of the offer to the public and the delivery of the securities. The final date for the right of withdrawal will be 25 June 2020 (close of business). Investors may contact Vonovia Finance B.V. at its registered office should they wish to exercise the right of withdrawal.

Copies of this Supplement together with the Prospectus and all documents which are incorporated therein by reference will be available free of charge from the specified offices of the Issuer and from the specified offices of the Paying Agents.

This Supplement together with the Prospectus and the documents incorporated by reference therein are also available for viewing at www.bourse.lu.

The purpose of this Supplement is to supplement the Prospectus with information from the unaudited consolidated interim financial statements of the Guarantor as of and for the three-month period ended 31 March 2020 and to update the Prospectus with respect to recent developments concerning Vonovia.

This Supplement is supplemental to and should be read in conjunction with the Prospectus. Terms defined in the Prospectus have the same meaning when used in this Supplement.

Vonovia Finance B.V. (the "**Issuer**") and Vonovia SE (the "**Guarantor**" and, together with its consolidated subsidiaries, "**Vonovia**" or the "**Vonovia Group**" or the "**Group**") accept responsibility for the information given in this Supplement. Each of the Issuer and the Guarantor hereby declares that, to the best of its knowledge, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement for which it is responsible, is in accordance with the facts and that this Supplement makes no omission likely to affect its import.

Neither the Dealers nor any person mentioned in the Prospectus or this Supplement, excluding the Issuer and the Guarantor, is responsible for the information contained in the Prospectus or this Supplement or any document incorporated therein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents.

To the extent that there is any inconsistency between any statement included in this Supplement and any statement included or incorporated by reference in the Prospectus, the statements in this Supplement will prevail.

Save as disclosed on pages 2 - 7 of this Supplement, there has been no other significant new factor, material mistake or inaccuracy since the publication of the Base Prospectus.

1. Description of the Issuer – Recent developments

On page 164 of the Prospectus, the content of the section "*Recent developments*" shall be replaced by the following:

"Recent developments

On 7 April 2020 the Issuer issued two unsecured bonds with an aggregate volume of EUR 1 billion. The senior unsecured notes have a maturity of 4 and 10 years, respectively.

On 30 March 2020 an outstanding senior bond with an initial nominal amount of EUR 500 million (ISIN: DE000A1ZY971) was repaid."

2. Description of the Guarantor and the Group – Material agreements

On page 172 of the Prospectus, the content of the subsection "*Notes Issuances*" of the subsection "*Financing Arrangements*" of the section "*Material agreements*" shall be replaced by the following:

"Notes Issuances

The table below provides an overview of the maturity profile of the outstanding bonds issued by the Group, as of the date of this Supplement:

Year of Maturity	Amount due in EUR million
2020	751.7
2021	500.0
2022	2,100.0
2023	2,185.0
2024	2,000.0
2025	1,500.0

Year of Maturity	Amount due in EUR million
2026	1,200.0
2027	1,000.0
2028	500.0
2029	500.0
2030	1,000.0
2031	0.0
from 2032	1,500.0
Total	14,736.7

"

3. Description of the Guarantor and the Group – Recent developments

On page 177 of the Prospectus, the content of the section "*Recent developments*" shall be replaced by the following:

"Recent developments

On 7 April 2020 Vonovia Finance B.V. issued two unsecured bonds with an aggregate volume of EUR 1 billion guaranteed by the Guarantor. The senior unsecured notes have a maturity of 4 and 10 years, respectively.

On 30 March 2020 an outstanding senior bond with an initial nominal amount of EUR 500 million guaranteed by the Guarantor was repaid (ISIN: DE000A1ZY971)."

4. Description of the Guarantor and the Group – Trend information and significant changes

On page 177 of the Prospectus, the content of the section "*Trend information and significant changes*" shall be replaced by the following:

"Trend information and significant changes

There has been no material adverse change in the prospects of the Guarantor since 31 December 2019.

There has been no significant change in the financial performance of the Group since 31 March 2020.

There has been no significant change in the financial position of the Guarantor since 31 March 2020."

5. Description of the Guarantor and the Group – Selected Consolidated Financial Information for the Guarantor

On page 177 of the Prospectus, the content of the section "*Selected Consolidated Financial Information for the Guarantor*" shall be replaced by the following:

"Selected Consolidated Financial Information for the Guarantor

The following selected historical financial information for the Group is based on the audited consolidated financial statements of Vonovia SE for the fiscal years ended 31 December 2019 and 2018 and on the unaudited consolidated interim financial statements of the Guarantor as of and for the three-month period ended 31 March 2020 (the "**Vonovia Financial Statements**") all of which are reproduced elsewhere or incorporated by reference in this Base Prospectus and should be read together with them. The Vonovia Financial Statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union. The Vonovia Financial Statements were audited by KPMG and issued in each case with an unqualified auditor's report. The Vonovia Financial Statements were prepared using the cost summary method.

Consolidated income statement data

(amounts in EUR million)	For the three-month period ended 31 March		For the year ended 31 December	
	<u>2020</u>	<u>2019</u>	<u>2019</u>	<u>2018</u>
	<i>(unaudited)</i>		<i>(audited)</i>	
Income from property management	778.1	711.7	2,910.7	2,708.2
Profit on disposal of properties (IFRS).....	29.2	23.4	128.8	232.3
Profit on the disposal of properties (Development) ..	7.2	13.3	52.2	43.3
Net income from fair value adjustments of investment properties.....	4.1	56.9	4,131.5	3,517.9
Capitalized internal expenses	141.1	138.5	687.2	608.2
Cost of materials	(354.9)	(334.5)	(1,463.0)	(1,381.0)
Personnel expenses.....	(143.5)	(133.9)	(535.7)	(513.1)
Depreciation and amortization	(19.3)	(16.5)	(2,175.8)	(737.9)
Other operating income.....	35.3	24.3	105.7	132.2
Impairment losses on financial assets.....	(7.2)	(5.5)	(28.6)	(21.6)
Gains resulting from the derecognition of financial assets measured at amortized cost	1.1	1.1	5.2	1.0
Other operating expenses	(67.6)	(58.7)	(295.3)	(300.0)
Net income from investments accounted for using the equity method.....	-	0.1	0.6	1.8
Interest income ⁽¹⁾	13.7	1.4	8.9	5.8
Interest expenses ⁽¹⁾	(102.0)	(101.6)	(417.5)	(420.8)
Other financial result ⁽¹⁾	2.8	(3.9)	24.0	(2.0)
Earnings before tax	318.1	316.1	3,138.9	3,874.3
Income taxes	(106.5)	(114.7)	(1,844.6)	(1,471.5)
Profit for the period	211.6	201.4	1,294.3	2,402.8

(1) In order to improve the presentation of the income statement and to separate interest income and interest expenses within the meaning of IFRS 9, the currency effects, the income from investments, transaction costs and the measurement of purchase price liabilities from put option/rights to reimburse are shown separately from the other components of the financial result in the audited consolidated financial statements of Vonovia SE for the fiscal years ended 31 December 2019, namely as "other financial result". The corresponding figures for the fiscal year 2018 have been adjusted. Due to the specification of the disclosure, the designation of "financial income" was changed to "interest income" and "financial expenses" was changed to "interest expenses".

Consolidated balance sheet data

(amounts in EUR million)	As of 31 March	As of 31 December	
	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<i>(unaudited)</i>	<i>(audited)</i>	
Total non-current assets	55,092.5	55,066.7	47,639.6
Total current assets.....	1,360.6	1,431.0	1,748.0
Total assets.....	56,453.1	56,497.7	49,387.6
Total equity attributable to the Guarantor's shareholders	19,376.8	19,308.3	17,880.2
Equity attributable to hybrid capital investors.....	1,011.5	1,001.6	1,001.6
Total equity attributable to the Guarantor's shareholders and hybrid capital investors.....	20,388.3	20,309.9	18,881.8
Non-controlling interests.....	766.6	759.8	782.3
Total equity	21,154.9	21,069.7	19,664.1
Total non-current liabilities.....	32,220.5	31,746.0	25,577.8
Total current liabilities	3,077.7	3,682.0	4,145.7
Total liabilities	35,298.2	35,428.0	29,723.5
Total equity and liabilities	56,453.1	56,497.7	49,387.6

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6. Documents incorporated by reference

On page 187 of the Prospectus, the content of the section "*Documents incorporated by reference*" up to the table of documents incorporated by reference shall be replaced with the following:

"

DOCUMENTS INCORPORATED BY REFERENCE

The pages specified below of the following documents, which have been published previously or are published simultaneously with this Base Prospectus and which have been filed with the CSSF, are incorporated by reference into this Base Prospectus:

- (i) the audited non-consolidated financial statements of the Issuer as of and for the fiscal year ended 31 December 2019 including the independent auditor's report in respect thereof (the "**Vonovia Finance B.V. Financial Statements 2019**");
- (ii) the audited non-consolidated financial statements of the Issuer as of and for the fiscal year ended 31 December 2018 including the independent auditor's report in respect thereof (the "**Vonovia Finance B.V. Financial Statements 2018**");
- (iii) the Annual Report 2019 of the Guarantor (the "**Vonovia SE Annual Report 2019**"), containing the English language translation of the respective German language audited consolidated financial statements of Vonovia SE as of and for the year ended December 31, 2019 and the independent auditor's report (*Bestätigungsvermerk des unabhängigen Abschlussprüfers*) in respect thereof;
- (iv) the Annual Report 2018 of the Guarantor (the "**Vonovia SE Annual Report 2018**"), containing the English language translation of the respective German language audited consolidated financial statements of Vonovia SE as of and for the year ended December 31, 2018 and the independent auditor's report (*Bestätigungsvermerk des unabhängigen Abschlussprüfers*) in respect thereof;
- (v) the unaudited consolidated Interim Financial Report (prepared in accordance with IFRS) of the Guarantor (the "**Vonovia SE Q1 Report 2020**") as of and for the three-month period ended 31 March 2020;
- (vi) the condensed valuation report of the determination of fair value of Vonovia's German and Austrian portfolio as at 31 December 2019 (the "**Valuation Report Germany and Austria**");
- (vii) the valuation summary of the determination of fair value of the Victoria Park portfolio at 31 December 2019 (the "**Valuation Summary Victoria Park**"); and
- (viii) the valuation summary of the determination of fair value of the Hembla AB portfolio at 31 December 2019 (the "**Valuation Summary Hembla**").

Any information not incorporated by reference into this Base Prospectus according to the following tables but contained in one of the documents mentioned above is either not relevant for the investor or covered in another part of the Base Prospectus.

(i) Extracted from: Vonovia Finance B.V. Financial Statements 2019

Balance Sheet as of 31 December 2019	pages 12 - 13
Income Statement for the Year from January 1 to December 31, 2019.....	page 14
Statement of Cash Flows for the Year from January 1 to December 31, 2019.....	page 15
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Independent Auditor's Report.....	pages 38 - 42

(ii) Extracted from: Vonovia Finance B.V. Financial Statements 2018

Balance Sheet as of 31 December 2018	pages 10 - 11
Income Statement for the Year from January 1 to December 31, 2018.....	page 12
Statement of Cash Flows for the Year from January 1 to December 31, 2018.....	page 13
Notes to the financial statements 2018	pages 14 - 37
Independent Auditor's Report.....	pages 38 - 43

(iii) Extracted from: Vonovia SE Annual Report 2019

Consolidated Income Statement	page 140
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Consolidated Statement of Changes in Equity	pages 146 - 147
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(iv) Extracted from: Vonovia SE Annual Report 2018

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(v) Extracted from: Vonovia SE Q1 Report 2020

Consolidated Income Statement	page 20
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(vi) Valuation Report Germany and Austria

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(vii) Valuation Report Victoria Park

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(viii) Valuation Report Hembla

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All of these pages shall be deemed to be incorporated by reference into, and to form part of, this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus may be obtained (without charge) from the registered office of the Issuer and the website of the Luxembourg Stock Exchange (www.bourse.lu).

Electronic versions of the documents incorporated by reference are also available on the website of Vonovia (<https://www.vonovia.de>) and can be accessed by using the following hyperlinks:

1. Vonovia Finance B.V. Financial Statements 2019
https://reports.vonovia.de/2019/annual-report/_assets/downloads/entire_vonovia_ar19.pdf
2. Vonovia Finance B.V. Financial Statements 2018
https://reports.vonovia.de/2018/annual-report/servicepages/downloads/files/entire_vonovia_ar18.pdf
3. Vonovia SE Annual Report 2019
<https://www.vonoviafinance.nl/-/media/internet-media-library/vonovia/microsites/finance-vfbv/downloads/annual-report-2019.pdf>
4. Vonovia SE Annual Report 2018
<https://www.vonoviafinance.nl/-/media/internet-media-library/vonovia/microsites/finance-vfbv/downloads/annual-report-2018.pdf>
5. Vonovia SE Q1 Report 2020
https://reports.vonovia.de/2020/q1/en/_assets/downloads/entire_vonovia_ir1_20.pdf
6. Valuation Report Germany and Austria
https://www.vonoviafinance.nl/-/media/internet-media-library/vonovia/microsites/finance-vfbv/downloads/rules-of-procedure-25042030/20200219_final-cr-vna-q4-2019.pdf
7. Valuation Summary Victoria Park
<https://www.vonoviafinance.nl/-/media/internet-media-library/vonovia/microsites/finance-vfbv/downloads/rules-of-procedure-25042030/report-victoria-park-20191231-excl-appendix.pdf>
8. Valuation Summary Hembla
<https://www.vonoviafinance.nl/-/media/internet-media-library/vonovia/microsites/finance-vfbv/downloads/rules-of-procedure-25042030/valuation-report-hembla-as-per-20191231-excl-ap-1.pdf>

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NAMES AND ADDRESSES

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