

# Interim Statement

Q3 *JAN*  
↓  
*SEPT*

# Key Figures

(without BUWOG unless otherwise indicated)

<b>Financial Key Figures</b> in € million	<b>9M 2017</b>	<b>9M 2018</b>	<b>Change in %</b>	<b>12M 2017</b>
Rental income	1,249.4	1,287.6	3.1	1,667.9
Adjusted EBITDA Operations	922.1	976.2	5.9	1,224.2
Adjusted EBITDA Rental	865.9	912.0	5.3	1,150.0
Adjusted EBITDA Value-add Business	76.0	90.7	19.3	102.1
Adjusted EBITDA Other	-19.8	-26.5	33.8	-27.9
Income from disposal of properties*	951.2	673.6	-29.2	1,206.4
Adjusted EBITDA Sales	81.3	87.0	7.0	110.8
Adjusted EBITDA	1,003.4	1,063.2	6.0	1,335.0
EBITDA IFRS*	945.5	1,075.4	13.7	1,271.8
thereof adjusted EBITDA BUWOG*	-	91.8	-	-
FFO 1	690.5	778.2	12.7	920.8
thereof attributable to Vonovia shareholders	650.6	739.8	13.7	866.2
thereof attributable to Vonovia hybrid capital investors	30.0	30.0	-	40.0
thereof attributable to non-controlling interests	9.9	8.4	-15.2	14.6
FFO 2	748.0	854.3	14.2	1,012.4
AFFO	640.2	703.8	9.9	835.1
FFO 1 per share in €**	1.42	1.50	5.6	1.90
Net income from fair value adjustments of investment properties*	1,164.7	1,386.7	19.1	3,434.1
EBT*	1,869.0	2,127.8	13.8	4,007.4
Profit for the period*	1,205.2	1,399.0	16.1	2,566.9
Cash flow from operating activities*	719.0	876.0	21.8	946.0
Cash flow from investing activities*	-1,165.2	-3,781.1	224.5	-1,350.1
Cash flow from financing activities*	-754.8	3,146.2	-	-870.5
Maintenance and modernization	752.8	935.1	24.2	1,124.8
thereof for maintenance expenses and capitalized maintenance	244.2	278.7	14.1	346.2
thereof for modernization (incl. new construction)	508.6	656.4	29.1	778.6
<b>Key Balance Sheet Figures</b> in € million	<b>Sept. 30, 2017</b>	<b>Sept. 30, 2018</b>	<b>Change in %</b>	<b>Dec. 31, 2017</b>
Fair value of the real estate portfolio*	30,948.1	41,948.6	35.5	33,436.3
Adjusted NAV*	16,263.5	20,967.2	28.9	18,671.1
Adjusted NAV per share in €**	33.53	40.47	20.7	38.49
LTV in %*	42.4	45.1	2.7 pp	39.8
<b>Non-financial Key Figures</b>	<b>9M 2017</b>	<b>9M 2018</b>	<b>Change in %</b>	<b>12M 2017</b>
Number of units managed*	413,703	484,363	17.1	409,275
thereof own apartments*	350,134	400,735	14.5	346,644
thereof apartments owned by others*	63,569	83,628	31.6	62,631
Number of units bought*	24,847	63,450	155.4	24,847
Number of units sold	8,304	9,331	12.4	11,780
thereof Privatize	1,704	1,666	-2.2	2,608
thereof Sell portfolio cluster	6,600	7,665	16.1	9,172
Vacancy rate in %	2.9	2.7	-0.2 pp	2.5
Monthly in-place rent (portfolio Germany) in €/m <sup>2</sup>	6.19	6.45	4.2	6.27
Organic rent increase in %	3.9	4.1	0.2 pp	4.2
Number of employees (as of Sept. 30/Dec. 31)*	8,378	9,876	17.9	8,448
<b>EPRA Key Figures</b> in € million	<b>Sept. 30, 2017</b>	<b>Sept. 30, 2018</b>	<b>Change in %</b>	<b>Dec. 31, 2017</b>
EPRA NAV*	19,195.3	24,467.1	27.5	21,284.6
EPRA NAV per share in €**	39.57	47.23	19.4	43.88

\* All values without BUWOG except key figures marked separately with\*.

\*\* Based on the shares carrying dividend rights on the reporting date: Sept. 30, 2017: 485,100,826, Sept. 30, 2018: 518,077,934 and Dec. 31, 2017: 485,100,826.

## Business Development in the First Nine Months of 2018

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# Business Development in the First Nine Months of 2018

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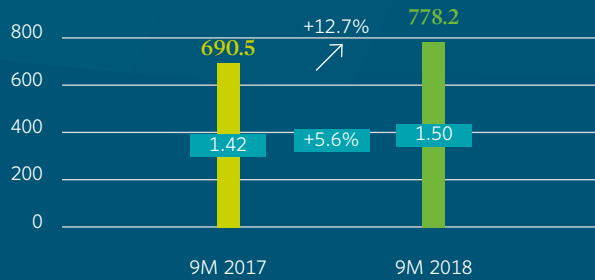
## Overview

Vonovia successfully continued its positive business development in the third quarter of 2018. With over € 650 million invested in modernization and new construction projects, the investment program continues to be the driver of our organic growth. The expansion of our portfolio in Sweden and Austria significantly strengthened our market position.

Further Increase in Sustained Earnings

**FFO 1**

in € million

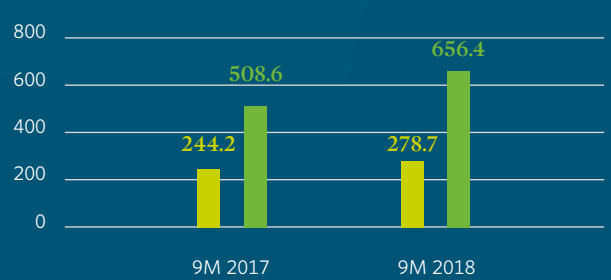


FFO 1 per share (€)

Further Increase in Maintenance and Modernization Services

**Investments**

in € million

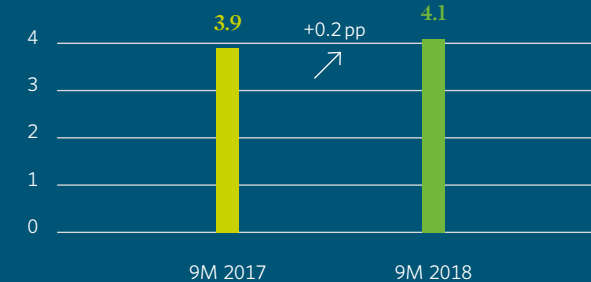


Maintenance Modernization (including new construction)

Organic Rent Growth

**Organic Increase in Rent**

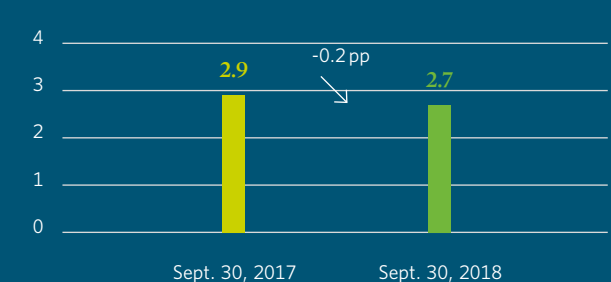
in %



Vacancy Rate Lowered

**Vacancy Rate**

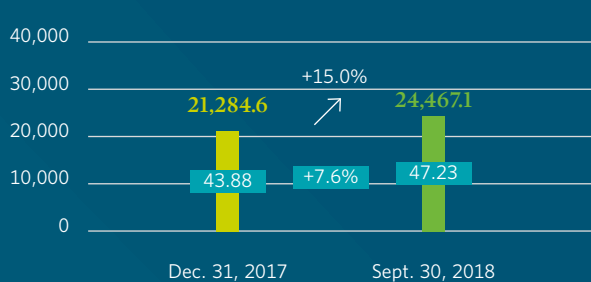
in %



Increase in Net Assets

**EPRA NAV**

in € million

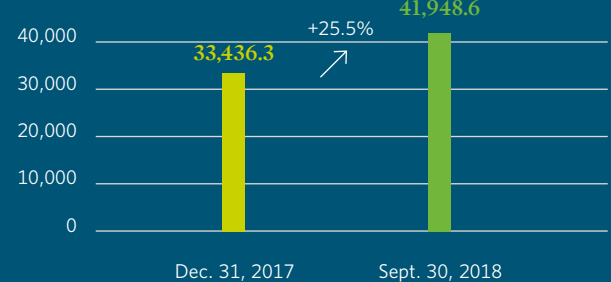


EPRA NAV per share (€)

Growth in Property Assets Following Revaluation and Inclusion of BUWOG and Victoria Park

**Fair value of the real estate portfolio**

in € million



# Vonovia SE in the Capital Market

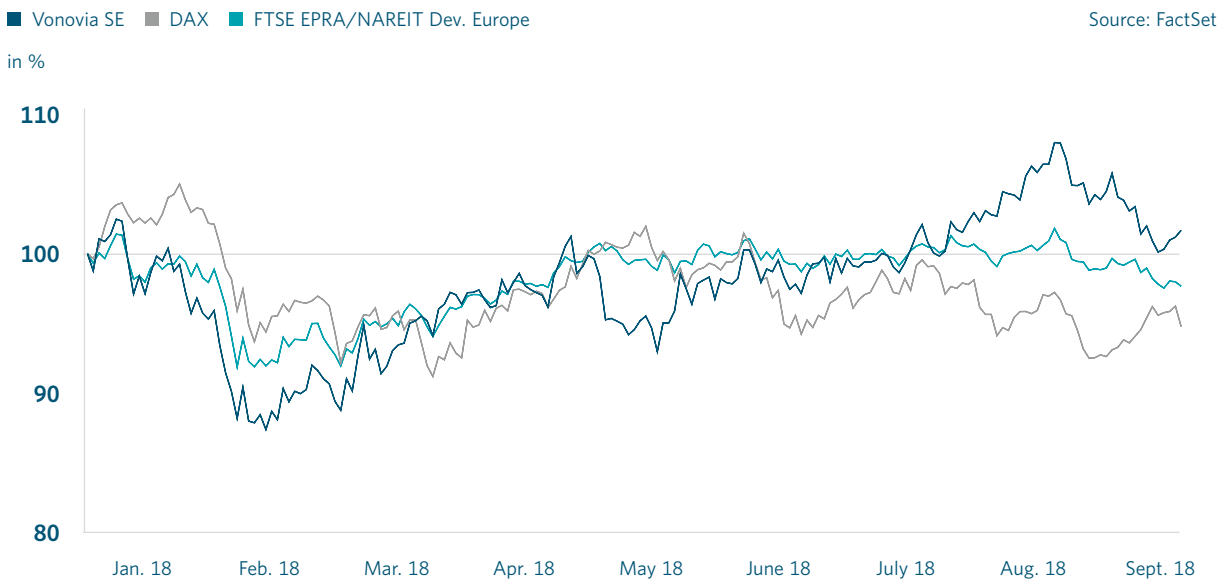
## Shares in Vonovia

Pressure on international stock markets continued in the third quarter of 2018. Although there was no setback, as at the beginning of the year, the overall performances of both the DAX and EPRA were slightly negative in the third quarter of 2018. The expectation of rising interest rates, global trade tensions and further political crises and conflicts had a negative effect on general stock market prices and thus also on European and German real estate stocks.

Vonovia's share price developed positively in the third quarter of 2018, outperforming the DAX and EPRA indices: Vonovia's stock gained 1.7% against the closing price on December 31, 2017, rising to € 42.08, whereas the DAX 30 fell by 5.2% to 12,246.73 points during the same period. The EPRA Europe Index also closed the first nine months of 2018 negatively at -2.3%.

Vonovia's market capitalization amounted to around € 21.8 billion as of September 30, 2018. The average daily trading volume in Vonovia shares in the first nine months of 2018 was approx. € 55 million.

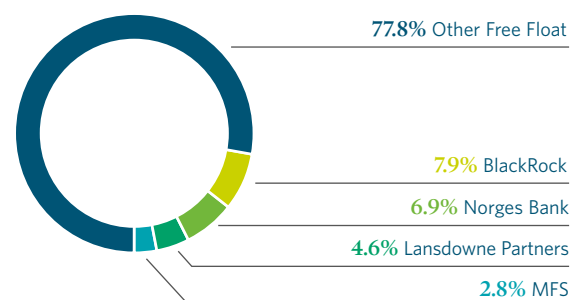
## Share Price Development



## Shareholder Structure

The chart below shows the voting rights pursuant to Sections 33, 34 of the German Securities Trading Act (WpHG) as notified by the shareholders in relation to the current share capital. The number of voting rights reported could have changed within the respective thresholds without triggering an obligation to notify the company.

## Major Shareholders (as of Sept. 30, 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 93.1% of Vonovia's shares were in free float on September 30, 2018. The underlying voting rights notifications and corresponding financial instruments reported by shareholders or other instruments pursuant to Sections 38, 39 WpHG can be found at "Disclosure of Voting Rights."

🔗 <https://investors.vonovia.de/disclosure-of-voting-rights>

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 nine months of 2018, Vonovia participated in a total of 19 investors' conference days and organized 18 roadshow days in the most important European, Asian and North American financial centers. In addition, our company representatives held numerous one-on-one meetings and conference calls 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.

### Analyst Assessments

At the end of the third quarter of 2018, 32 national and international analysts were covering Vonovia. As of September 30, 2018, two of these brokers have currently suspended their coverage of Vonovia due to the ongoing takeovers. The average target share price was € 46.60, with 60% of analysts issuing a "buy" recommendation, 37% issuing a "hold" recommendation and 3% issuing a "sell" recommendation.

### BUWOG Transaction

The Annual General Meeting of BUWOG was held in Vienna on October 2, 2018. Vonovia had previously expressed to BUWOG its desire that BUWOG's Annual General Meeting decide on the transfer of all shares of the minority shareholders to Vonovia. The Annual General Meeting passed a resolution on the transfer of the shares held by the minority shareholders to the main shareholder, Vonovia SE, in return for cash compensation of € 29.05 per share (squeeze-out).

### Victoria Park Transaction

On September 5, 2018, Vonovia reached an agreement, via a subsidiary, on the indirect acquisition of Starwood's stake in Victoria Park consisting of 27,074,397 class A shares and 32,486,304 class B shares, which will give Vonovia control over 81.4% of the total number of shares and 81.1% of the total number of voting rights in Victoria Park. In May 2019, Vonovia has the right, but not the obligation, to acquire an additional 10.04% of the shares corresponding to 12.35% of the voting rights in Victoria Park.

🔗 <https://investors.vonovia.de>

### Share Information

First day of trading	July 11, 2013
Subscription price	€ 16.50
Total number of shares	518,077,934
Share capital in €	€ 518,077,934
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 & weighting Sept. 30, 2018	DAX (2.1%) Stoxx Europe 600 (0.2%) MSCI Germany (1.7%) GPR 250 (1.8%) FTSE EPRA/NAREIT Europe Index (9.6%) GPTMS150 Index (2.6%)

# Economic Development in the First Nine Months of 2018

## Takeover Offer Made to the Shareholders of Victoria Park AB, Sweden

On May 3, 2018, Vonovia SE (subsequently Vonovia) announced its intention, as part of its internationalization strategy, to make a public cash offering via a subsidiary to the shareholders of Victoria Park AB (subsequently Victoria Park), a Swedish listed company, for the purchase of all shares at a price of 38.00 Swedish krona (SEK) for each class A and class B share, and SEK 316.00 for each preference share.

Victoria Park is a leading residential real estate company in Sweden and operates in an environment that is very similar to the German housing market. Like Vonovia, Victoria Park pursues a long-term company strategy guided by social criteria with the aim of offering its tenants attractive homes and thereby creating value. The company owns and manages a high-quality real estate portfolio of approximately 14,000 apartments with a focus in the metropolitan regions of Stockholm, Malmö and Gothenburg. The shares of Victoria Park are listed in the mid-market segment of the Nasdaq Stockholm stock exchange.

As of June 18, 2018, the last day of the acceptance deadline, the shareholders of Victoria Park had accepted the offer for a total of 34,056,463 class A shares, 97,962,486 class B shares and 663,172 preference shares. This is equal to 54.4% of the share capital or 46.5% of the voting rights. Vonovia was furthermore granted two call options totaling 10.0% of the capital, or 12.4% of the voting rights. These call options can be exercised between May 15 and May 29, 2019. The offer was completed on June 28, 2018.

During the extended tender period until July 3, 2018, an additional 1.8% of the share capital or 2.0% of the voting rights were tendered to Vonovia. In addition, Vonovia acquired shares in the market at up to the offer price amounting to 0.6% of the share capital or 0.3% of the voting rights.

At the end of the extended tender period and the acquisitions on the market, Vonovia possessed 56.6% of the share capital and 48.9% of the voting rights. Including the two call options, the share of total equity equaled 66.7% or 61.2% of the voting rights. Although Vonovia had less than 50% of the voting rights as of June 30, 2018, in accordance with IFRS 10.B41-B43, de facto control had to be assumed, since it held a de facto majority of votes present at the Annual General Meeting.

By way of the agreement dated September 5, 2018, and with the execution of this agreement on September 7, 2018, Vonovia acquired a further 59,560,701 class A and B shares based on the same conditions as in the public takeover offer. This corresponds to a further 30.3 million voting rights. This means that, as of September 30, 2018, the percentage of the share capital comes to 81.4%, while the share of the voting rights amounts to 81.1%. Including the call options in the amount of 12.4%, the share of voting rights comes to 93.5%.

As a result of the completion of the transaction at the end of June 2018 and the resulting assumption of control, Victoria Park is included in the interim financial statements as of September 30, 2018, with an earnings contribution for the quarter from July 1 to September 30, 2018. The purchase price allocation and, as a result, the calculation of goodwill are still provisional.



### Takeover of BUWOG AG

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 the shareholders of BUWOG AG (subsequently BUWOG), Vienna, Austria, for the acquisition of all shares in BUWOG. As part of this offer, all BUWOG shareholders were offered € 29.05 in cash for each share in BUWOG.

The stated goal of the BUWOG takeover is to consolidate the complementary real estate portfolios of both companies and merge Vonovia's housing stock with that of BUWOG (around 48,300 apartments). The integration of BUWOG is expected to allow synergy potential to be harnessed, in particular by way of the joint administration and management of the German and Austrian residential units, the development process know-how, 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 Immobilien Invest SE in March 2017 allowed Vonovia not only to expand its real estate portfolio in Germany, but also to add properties in Austria for the first time to what had, to date, been a purely German portfolio. The takeover of BUWOG allowed Vonovia to acquire further properties that not only complement the real estate portfolio in Germany, but also include intelligent additions to the real estate portfolio in Austria. The merger strengthened the joint German and Austrian real estate portfolio of Vonovia and BUWOG considerably.

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% of shares, had been tendered to Vonovia. The takeover of the shares from the first tender phase and, as a result, the assumption of control were completed on March 26, 2018, in return for payment of € 2,752.5 million.

The second obligatory tender phase, in accordance with the Austrian Takeover Act (ÜbG), started on March 16, 2018, and ended at 5 p.m. CEST on June 18, 2018. In addition, Vonovia acquired BUWOG shares on the market at

up to the offer price. With the conclusion of this second mandatory tender period, a further 15,281,786 shares were tendered to Vonovia, meaning that, with the completion of the transaction and the purchases, as well as the exchange of convertible bonds, Vonovia possessed more than 90.7% of the share capital of BUWOG as of June 30, 2018. On June 20, 2018, Vonovia requested a squeeze-out according to the Austrian Act on the Squeeze-out of Minority Shareholders (Gesellschafterausschlussgesetz). A corresponding resolution was passed at the Annual General Meeting held on October 2, 2018.

Due to the assumption of control on March 26, 2018, BUWOG is included in Vonovia's consolidated financial statements as of September 30, 2018, with an earnings contribution of six months.

### Investment in France

In October 2018, Vonovia, as part of a consortium comprising Ampere Gestion, SwissLife and French pension funds, acquired 80% of a portfolio of 4,000 residential units from the French state rail operator SNCF. Vonovia's stake corresponds to the equivalent of 10% and represents another key step on the French residential property market.

### Presentation of 2018 Acquisitions in the Present Interim Financial Statements

Due to the completion of the transaction on June 28, 2018, Victoria Park is included in the interim financial statements as of September 30, 2018, with the balance sheet as of September 30, 2018, and with an earnings contribution for the three months from July 1 to September 30, 2018.

Due to the completion of the transaction on March 26, 2018, BUWOG is included with the balance sheet for September 30, 2018, and the earnings contribution for the six months from April 1 to September 30, 2018.

All balance sheet figures, portfolio key figures and key figures derived from the balance sheet, such as EPRA NAV, thus include the components of BUWOG and Victoria Park as of September 30, 2018. Until a decision has been made regarding a future management system,

all performance key figures in the interim financial statements do not include any earnings contributions made by the BUWOG acquisition. Excluded from this are the key figure EBITDA IFRS, and of course the key figures of the IFRS income statement such as earnings before tax, profit for the period and cash flow key figures.

Until the future management system including BUWOG has been implemented, the earnings contribution made by BUWOG will be reported separately as adjusted EBITDA BUWOG – following deductions for non-recurring items. The non-recurring items attributable to BUWOG are presented in the non-recurring items line item.

Vonovia will implement the revised management system in its reporting for the 2018 fiscal year. This system will then also reflect the particular requirements associated with the development business and will be mirrored in segment reporting that has been adjusted accordingly.

#### Vonovia SE Carries Out Capital Increase Against Cash Contributions in the Form of Accelerated Book Building

On May 3, 2018, with the agreement of the Supervisory Board's Finance Committee, the Management Board of Vonovia SE passed a resolution on an increase in its share capital in return for a cash contribution, partially using the 2016 authorized capital and excluding a subscription right, by € 26,000,000.00 from € 485,100,826.00 to € 511,100,826.00.

The 26,000,000 new no-par-value registered shares were placed with institutional investors in the scope of a private placement by means of an accelerated book building procedure and carry dividend rights as of January 1, 2018.

The shares were granted at a placement price of € 38.30 per share, delivering issue proceeds to Vonovia SE in the amount of € 995.8 million before commission and expenses. The net issue proceeds from the capital increase were used, among other things, for the purchase price payments in connection with the takeover offer made to the shareholders of Victoria Park AB.

#### Results of Operations

Vonovia showed successful business development overall in the first nine months of the 2018 fiscal year. This development was characterized, in particular, by the acquisitions of BUWOG and Victoria Park. In the following sections of the chapter "Results of Operations," all key figures are reported without BUWOG except those that are explicitly marked otherwise. Victoria Park was consolidated for the first time as of June 30, 2018, meaning that earnings contributions from the months from July to September 2018 are included in the Rental segment.

Within the Group, income from property management amounted to € 1,994.5 million in the first nine months of 2018, up 11.6% from the prior-year value of € 1,787.9 million in the nine-month period of 2017. The increase was mainly due to the development in rental income in the Rental segment, which rose by 3.1% from € 1,249.4 million to € 1,287.6 million.

As of September 30, 2018, Vonovia's real estate portfolio comprised 400,735 residential units, 119,416 garages and parking spaces and 5,256 commercial units. Of those, 45,567 residential units are attributable to BUWOG and convert in Germany, 23,238 residential units to Austria and 14,051 apartments to Victoria Park in Sweden. We also manage 83,628 residential units for other owners.

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

**FFO 1**

in € million	9M 2017	9M 2018	Change in %	12M 2017
Rental income	1,249.4	1,287.6	3.1	1,667.9
Expenses for maintenance	-192.2	-202.2	5.2	-258.0
Operating expenses	-191.3	-173.4	-9.4	-259.9
<b>Adjusted EBITDA Rental</b>	<b>865.9</b>	<b>912.0</b>	<b>5.3</b>	<b>1,150.0</b>
Revenue Value-add Business	795.4	1,002.0	26.0	1,170.5
thereof external revenue	115.1	125.0	8.6	161.6
thereof internal revenue	680.3	877.0	28.9	1,008.9
Operating expenses	-719.4	-911.3	26.7	-1,068.4
<b>Adjusted EBITDA Value-add Business</b>	<b>76.0</b>	<b>90.7</b>	<b>19.3</b>	<b>102.1</b>
<b>Adjusted EBITDA Other</b>	<b>-19.8</b>	<b>-26.5</b>	<b>33.8</b>	<b>-27.9</b>
<b>Adjusted EBITDA Operations</b>	<b>922.1</b>	<b>976.2</b>	<b>5.9</b>	<b>1,224.2</b>
FFO 1 interest expense	-216.5	-189.2	-12.6	-287.5
Current income taxes FFO 1	-15.1	-8.8	-41.7	-15.9
<b>FFO 1</b>	<b>690.5</b>	<b>778.2</b>	<b>12.7</b>	<b>920.8</b>

In the first nine months of 2018, the primary key figure for the sustained earnings power of the core business, FFO 1, was increased by € 87.7 million or 12.7%, from € 690.5 million to € 778.2 million. This trend was once again fueled primarily by the positive development in adjusted EBITDA Operations, which rose by 5.9% from € 922.1 million to € 976.2 million during the reporting period.

As of the end of September 2018, our apartments were still virtually fully occupied. The apartment vacancy rate of 2.7% was down slightly on the value of 2.9% seen as of September 30, 2017. Rental income in the **Rental segment** rose by 3.1% from € 1,249.4 million in the first nine months of 2017 to € 1,287.6 million in the nine-month 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 1.4%. We were also able to achieve an increase in rent of 2.6% 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, then we arrive at an organic increase in rent of 4.1% in total. The corresponding like-for-like increase in rent came to 4.0% in the 2018 reporting period. The average monthly in-place rent in Vonovia's German portfolio at the end of September 2018 came to € 6.45/m<sup>2</sup> compared to € 6.19/m<sup>2</sup> at the end of September 2017. At the end of September 2018, the monthly in-place rent in the Austrian portfolio came to € 4.53/m<sup>2</sup>, and a value of € 9.03/m<sup>2</sup> for the Swedish portfolio. The Victoria Park rent in Sweden is reported as gross rent in line with specific national standards.

In the 2018 reporting period, we continued to successfully implement our modernization and maintenance strategy. The total volume rose from € 752.8 million in the first nine months of 2017 to € 935.1 million in 2018. This was driven by an increase in the modernization volume including new construction, bringing it up by 29.1% from € 508.6 million in the 2017 reporting period to € 656.4 million in 2018.

## Maintenance and Modernization

in € million	9M 2017	9M 2018	Change in %	12M 2017
Expenses for maintenance	192.2	202.2	5.2	258.0
Capitalized maintenance	52.0	76.5	47.1	88.2
Modernization measures (including new construction)	508.6	656.4	29.1	778.6
<b>Total cost of modernization and maintenance*</b>	<b>752.8</b>	<b>935.1</b>	<b>24.2</b>	<b>1,124.8</b>

\* Incl. intra-Group profits for 9M 2017: € 53.3 million (thereof € 1.7 million capitalized maintenance and € 16.8 million modernization), 9M 2018: € 65.5 million (thereof € 2.1 million capitalized maintenance and € 24.9 million modernization).

Operating expenses in the Rental segment in the 2018 reporting period were down by 9.4% on the figures for 2017, from € 191.3 million to € 173.4 million. This development is primarily due to the realization of synergies from the takeover of conwert. All in all, adjusted EBITDA Rental increased by 5.3% from € 865.9 million in the 2017 reporting period to € 912.0 million in the first nine months of 2018.

As planned, we continued to develop our business in the **Value-add Business segment**. The increase in the output of our craftsmen's organization once again significantly 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 107,000 units, of which 83,628 are apartments managed for third parties.

External revenue from our Value-add Business activities with our end customers rose by 8.6% from € 115.1 million in the first nine months of 2017 to € 125.0 million in the first nine months of 2018. Group revenue rose by 28.9%, from € 680.3 million to € 877.0 million in the same period. Overall, this results in a 26.0% increase in the revenue from the Value-add Business from € 795.4 million in the 2017 reporting period to € 1,002.0 million in 2018. The adjusted EBITDA Value-add Business was up 19.3% year-over-year to € 90.7 million in the first nine months of 2018.

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 reporting period. It rose from 73.6% in the same period of 2017 to 75.7% in the first nine months of 2018.

We continued our selective sales strategy in the first nine months of 2018. The Sales 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 **Sales segment**, the income from disposal of properties came to € 612.1 million in the first nine months of 2018, down by 35.6% on the value of € 951.2 million reported in the same period of 2017. This development is primarily due to the sale of a large commercial real estate block by conwert in the first quarter of 2017. We sold a total of 9,331 apartments in the first nine months of 2018 (9M 2017: 8,304). 1,666 of these apartments were attributable to the Privatize portfolio (9M 2017: 1,704) and 7,665 were attributable to the Sell portfolio cluster (9M 2017: 6,600).

Adjusted EBITDA Sales came in at € 87.0 million in the 2018 reporting period, up by 7.0% on the value of € 81.3 million seen in the same period of 2017. In the 2018 reporting period, the fair value step-up in the Privatize portfolio came to 30.3%, down on the value of 32.7% seen in the first nine months of 2017. This was due to the higher property values at the end of the 2017 fiscal year and as of June 30, 2018. In addition, 340 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 33.3%.

At 16.3%, the fair value step-up in the Sell portfolio cluster was higher than for the same period in the previous year (7.0%). This increase was primarily due to a block

sale in Zwickau with above-average margins and the sale of commercial properties in Berlin.

### Adjusted EBITDA Sales

in € million	9M 2017	9M 2018	Change in %	12M 2017
Income from disposal of properties	951.2	612.1	-35.6	1,206.4
Fair value of properties sold adjusted to reflect effects not relating to the period from assets held for sale	-850.1	-507.8	-40.3	-1,065.5
<b>Adjusted profit from disposal of properties</b>	<b>101.1</b>	<b>104.3</b>	<b>3.2</b>	<b>140.9</b>
thereof Privatize	52.8	46.6	-11.7	75.3
thereof Sell portfolio cluster	48.3	57.7	19.5	65.6
Selling costs	-19.8	-17.3	-12.6	-30.1
<b>Adjusted EBITDA Sales</b>	<b>81.3</b>	<b>87.0</b>	<b>7.0</b>	<b>110.8</b>

In the 2018 reporting period, the **non-recurring items** eliminated in the adjusted EBITDA as a whole came

to € 93.8 million, up 23.6% on the prior-year value of € 75.9 million in the first nine months of 2017.

### Non-recurring Items

in € million	9M 2017	9M 2018	Change in %	12M 2017
Severance payments/pre-retirement part-time work arrangements	10.5	15.3	45.7	13.9
Business model optimization/development of new fields of business	24.2	11.2	-53.7	23.3
Acquisition costs incl. integration costs*	39.9	67.4	68.9	48.1
Refinancing and equity measures	1.3	-0.1	-	1.6
<b>Total non-recurring items</b>	<b>75.9</b>	<b>93.8</b>	<b>23.6</b>	<b>86.9</b>

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

The financial result in the first nine months of 2018 came to € -296.5 million, lower than the comparable figure for the previous year of € -218.2 million because of acquisitions. FFO 1 interest expense is derived from the financial result as follows:

### Reconciliation of Financial Result/FFO 1 Interest Expense

in € million	9M 2017	9M 2018	Change in %	12M 2017
Income from loans	1.6	1.7	6.2	1.6
Interest income	25.1	3.7	-85.3	25.1
Interest expense	-244.9	-301.9	23.3	-353.0
<b>Financial result*</b>	<b>-218.2</b>	<b>-296.5</b>	<b>35.9</b>	<b>-326.3</b>
Adjustments:				
Transaction costs	6.1	9.7	59.0	7.9
Prepayment penalties and commitment interest	3.8	5.8	52.6	16.4
Effects from the valuation of non-derivative financial instruments	-22.2	6.6	-	-8.8
Derivatives	-8.9	2.3	-	-3.9
Interest accretion to provisions	6.5	6.4	-1.5	9.0
Accrued interest	36.0	58.9	63.6	3.1
Other effects	1.0	11.6	> 100	2.6
<b>Net cash interest</b>	<b>-195.9</b>	<b>-195.2</b>	<b>-0.4</b>	<b>-300.0</b>
Deferred interest adjustment	-36.0	-58.9	63.6	-3.1
Adjustments income from investments in other real estate companies	13.0	14.0	7.7	13.0
Adjustment of interest paid due to taxes	2.4	2.4	-	2.6
Adjustments FFO interest expense BUWOG	-	48.5	-	-
<b>FFO 1 interest expense</b>	<b>-216.5</b>	<b>-189.2</b>	<b>-12.6</b>	<b>-287.5</b>

\* Excluding income from other investments.

Due to refinancing and lower interest rates, FFO 1 interest expense came to € -189.2 million in the first nine months of 2018, up by 12.6% on the value for the prior-year period of € -216.5 million.

The profit for the period came to € 1,399.0 million in the first nine months of 2018, up by 16.1% on the previous year's value of € 1,205.2 million. In the 2018 reporting period, BUWOG contributed an adjusted EBITDA of € 91.8 million to the Group's profit for the period.

**Reconciliation of Profit for the Period/FFO**

in € million	9M 2017	9M 2018	Change in %	12M 2017
<b>Profit for the period*</b>	1,205.2	1,399.0	16.1	2,566.9
Financial result**	218.2	296.5	35.9	326.3
Income taxes*	663.8	728.8	9.8	1,440.5
Depreciation and amortization*	23.0	37.8	64.3	372.2
Net income from fair value adjustments of investment properties*	-1,164.7	-1,386.7	19.1	-3,434.1
<b>= EBITDA IFRS*</b>	945.5	1,075.4	13.7	1,271.8
Adjusted EBITDA BUWOG	-	-91.8	-	-
Non-recurring items*	75.9	93.8	23.6	86.9
Total period adjustments from assets held for sale	-5.0	-0.2	-96.0	-10.7
Financial income from investments in other real estate companies	-13.0	-14.0	7.7	-13.0
<b>= Adjusted EBITDA</b>	1,003.4	1,063.2	6.0	1,335.0
Adjusted EBITDA Sales	-81.3	-87.0	7.0	-110.8
<b>= Adjusted EBITDA Operations</b>	922.1	976.2	5.9	1,224.2
FFO 1 interest expense***	-216.5	-189.2	-12.6	-287.5
Current income taxes FFO 1	-15.1	-8.8	-41.7	-15.9
<b>= FFO 1</b>	690.5	778.2	12.7	920.8
Capitalized maintenance	-50.3	-74.4	47.9	-85.7
<b>= AFFO</b>	640.2	703.8	9.9	835.1
Current income taxes Sales	-23.8	-10.8	-54.6	-19.2
<b>FFO 2 (FFO 1 incl. adjusted EBITDA Sales/current income taxes Sales)</b>	748.0	854.4	14.2	1,012.4
FFO 1 per share in €****	1.42	1.50	5.6	1.90
AFFO per share in €****	1.32	1.36	3.0	1.72

\* All values without BUWOG except key figures marked with \*.

\*\* 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: Sept. 30, 2017: 485,100,826, Sept. 30, 2018: 518,077,934 and Dec. 31, 2017: 485,100,826.

### Assets

At the end of the third quarter of 2018, the adjusted NAV per share came to € 40.47, or 20.7% on the value for the first nine months of 2017 (€ 33.53) and by 5.1% on the value of € 38.49 seen at the end of 2017. This is mainly due to the revaluation and the addition of

BUWOG and Victoria Park in 2018. The EPRA NAV per share climbed from € 39.57 at the end of the third quarter of 2017 to € 47.23 at the end of the third quarter of 2018. This put it 19.4% higher than the value for the first nine months of 2017 and 7.6% 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	Sept. 30, 2017	Sept. 30, 2018	Change in %	Dec. 31, 2017
Equity attributable to Vonovia shareholders	13,784.0	17,052.6	23.7	15,080.8
Deferred taxes on investment properties/assets held for sale	5,385.4	7,364.7	36.8	6,185.7
Fair value of derivative financial instruments*	36.2	70.5	94.8	26.9
Deferred taxes on derivative financial instruments	-10.3	-20.7	101.0	-8.8
<b>EPRA NAV</b>	<b>19,195.3</b>	<b>24,467.1</b>	<b>27.5</b>	<b>21,284.6</b>
Goodwill	-2,931.8	-3,499.9	19.4	-2,613.5
<b>Adjusted NAV</b>	<b>16,263.5</b>	<b>20,967.2</b>	<b>28.9</b>	<b>18,671.1</b>
<b>EPRA NAV per share in €**</b>	<b>39.57</b>	<b>47.23</b>	<b>19.4</b>	<b>43.88</b>
<b>Adjusted NAV per share in €**</b>	<b>33.53</b>	<b>40.47</b>	<b>20.7</b>	<b>38.49</b>

\* Adjusted for effects from cross currency swaps.

\*\* Based on the number of shares on the reporting date: Sept. 30, 2017: 485,100,826, Sept. 30, 2018: 518,077,934 and Dec. 31, 2017: 485,100,826.

### Consolidated Balance Sheet Structure

	Dec. 31, 2017		Sept. 30, 2018	
	in € million	in %	in € million	in %
Non-current assets	36,719.6	97.9	45,956.3	96.7
Current assets	796.7	2.1	1,584.1	3.3
<b>Assets</b>	<b>37,516.3</b>	<b>100.0</b>	<b>47,540.4</b>	<b>100.0</b>
Equity	16,691.2	44.5	19,100.4	40.2
Non-current liabilities	18,585.2	49.5	25,077.6	52.8
Current liabilities	2,239.9	6.0	3,362.4	7.0
<b>Equity and liabilities</b>	<b>37,516.3</b>	<b>100.0</b>	<b>47,540.4</b>	<b>100.0</b>

The Group's total assets increased by € 10,024.1 million as against December 31, 2017, rising from € 37,516.3 million to € 47,540.4 million. This increase results primarily from a € 8,082.2 million increase in investment prop-

erties to € 41,265.0 million, of which € 6,494.5 million results from the integration of the BUWOG Group and the Victoria Park Group and € 1,386.7 million results from the real estate valuation. In addition, assets rose



as a result of an increase in goodwill of € 886.4 million to € 3,499.9 million due to the first-time consolidation of the BUWOG Group and Victoria Park. For the BUWOG Group brand name, a value of € 66.6 million was recognized in connection with its development business as part of the purchase price allocation. Goodwill and trademark rights comprise 7.5% of the total assets. Total current assets increased mainly through an increase in trade receivables and real estate inventories due to the integration of BUWOG's development business. Furthermore, cash and cash equivalents increased by € 241.1 million.

As of September 30, 2018, the gross asset value (GAV) of Vonovia's property assets came to € 41,934.8 million, which corresponds to 88.2% of total assets compared with € 33,424.9 million or 89.1% at the end of 2017.

The € 2,409.2 million increase in total equity to € 19,100.4 million results in particular from the capital increase in the amount of € 1,257.4 million and from the profit for the period of the first nine months of 2018 in the amount of € 1,399.0 million. The change in minority interests in the amount of € 355.2 million results from the integration of the BUWOG Group and Victoria Park.

This brings the equity ratio to 40.2%, compared with 44.5% at the end of 2017.

Liabilities rose by € 8,018.9 million from € 20,825.1 million to € 28,844.0 million. The amount of non-derivative financial liabilities thereby rose by € 5,992.7 million, of which € 2,881.2 million were due to the integration of Victoria Park and BUWOG, and € 3,076.1 million resulted from the net increase in acquisition financing. Moreover, liabilities include financing contributions from tenants - a liabilities position in relation to tenants that is typical for Austria and is based on fixed earlier payments tenants have made toward maintenance and financing.

### Fair Values

Calculating and disclosing the fair values of our real estate portfolio provides an internal control parameter and also helps to make the development of the value of our assets transparent to external stakeholders. The value of the entire portfolio of residential properties was determined on the basis of the International Valuation Standard Committee's definition of market value.

Major market developments and valuation parameters that have an impact on the fair values of Vonovia are assessed every quarter. Due to the market momentum recognized across Germany in the first half of 2018, Vonovia performed a new valuation for around two-thirds of the portfolio in the middle of the year. As far as the portfolio of BUWOG and the portfolio of non-German real estate of conwert are concerned, the result of the valuation of the external appraiser CBRE was applied to the interim financial statements. Due to the particular situation regarding data on the Swedish real estate market, it was possible to arrive at a valid value for the parameters relevant to real estate valuation of the Swedish portfolio for the reporting date as of September 30, 2018. The resulting valuation effect was recognized as of September 30, 2018. The next valuation of the entire portfolio will be performed at the end of the year.

The recognition and valuation of investment properties are explained in detail in the consolidated financial statements and the Notes to the consolidated financial statements for 2017.

## Financial Position

### Cash Flow

The following table shows the Group cash flow:

#### Key Data from the Statement of Cash Flows

in € million	9M 2017	9M 2018
Cash flow from operating activities	719.0	876.0
Cash flow from investing activities	-1,165.2	-3,781.1
Cash flow from financing activities	-754.8	3,146.2
<b>Net changes in cash and cash equivalents</b>	<b>-1,201.0</b>	<b>241.1</b>
Cash and cash equivalents at the beginning of the period	1,540.8	266.2
<b>Cash and cash equivalents at the end of the period</b>	<b>339.8</b>	<b>507.3</b>

The cash flow from operating activities comes to € 876.0 million for the first nine months of 2018 compared with € 719.0 million for the same period in 2017. The increase is mainly due to the improvement in the operating result, which itself in turn increased because of the first-time inclusion of BUWOG. The low payouts in net current assets continued to have a positive effect on operating cash flow.

The cash flow from investing activities shows a payout balance of € 3,781.1 million for the first nine months of 2018, which is mainly due to the net purchase price payment for the shares of BUWOG and Victoria Park in the total amount of € 3,389.5 million. The additional payouts for acquisitions and modernization of the real estate portfolio came to € 947.5 million. On the other hand, income from portfolio sales in the amount of € 643.4 million was collected. In addition, cash flow from investment activities includes payouts for the construction of Vonovia's new head office and its furniture and office equipment.

Cash flow from financing activities includes cash inflows from the cash capital increase in the amount of € 995.8 million. The additional proceeds in a total amount of € 4,465.3 million result primarily from EMTN drawdowns in connection with the takeover of BUWOG. On the other hand, payouts were made through scheduled and unscheduled repayments in the amount of € 1,389.2 million. Payouts for transaction and financing costs amounted to € 67.0 million. Interest paid in the first nine months of 2018 amounted to € 200.1 million. Dividend payments in the first nine months of 2018 amounted to € 385.6 million. In addition, cash flow from financing activities includes payouts for the separate later purchase of shares in the amount of € 289.2 million, € 214.9 million of which was attributable to the stake that Vonovia acquired in Victoria Park from the Starwood Capital Group and € 60.7 million of which was attributable to further BUWOG shares.

The net increase in cash and cash equivalents in the first nine months of 2018 thus came to € 241.1 million.

**Financing**

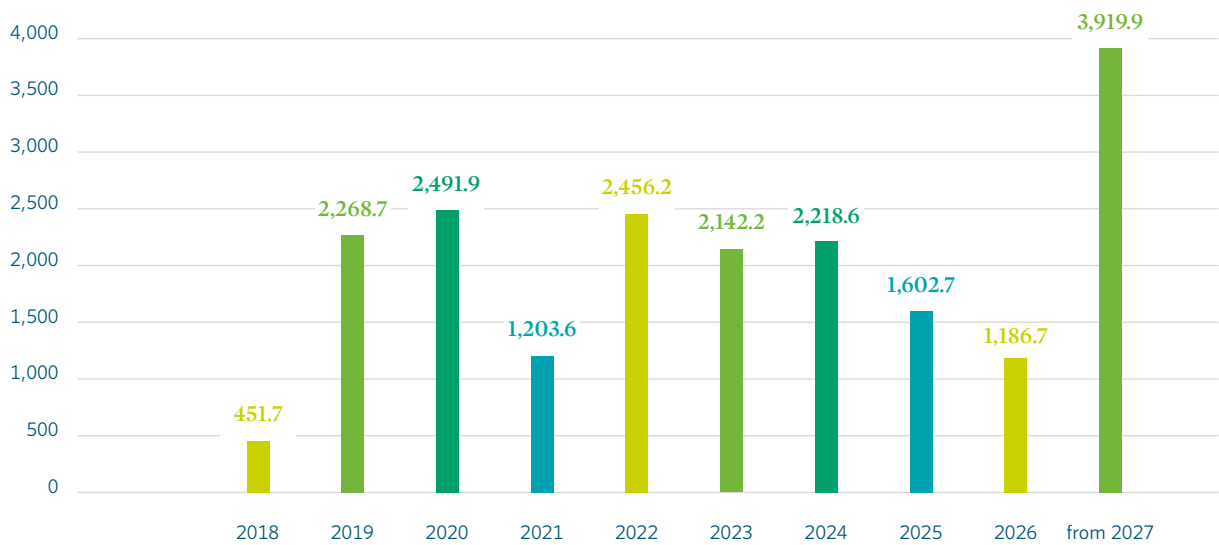
According to publications dated May 7, 2018, and August 2, 2018 (which already include the acquisitions of BUWOG and Victoria Park), Vonovia’s credit rating as awarded by the agency Standard & Poor’s is unchanged at ‘BBB+’ with a stable outlook for the long-term corpo-

rate 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 September 30, 2018:

**Maturity Profile**

as of September 30, 2018, in € million



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

in € million	Sept. 30, 2017	Sept. 30, 2018	Change in %	Dec. 31, 2017
Non-derivative financial liabilities	13,921.1	20,053.2	44.0	14,060.5
Foreign exchange rate effects	-26.5	-31.5	18.9	-23.5
Cash and cash equivalents	-339.8	-507.3	49.3	-266.2
<b>Net debt</b>	<b>13,554.8</b>	<b>19,514.4</b>	<b>44.0</b>	<b>13,770.8</b>
Sales receivables/advance payments from sales	-177.6	-273.2	53.8	-201.2
<b>Adjusted net debt</b>	<b>13,377.2</b>	<b>19,241.2</b>	<b>43.8</b>	<b>13,569.6</b>
<b>Fair value of the real estate portfolio</b>	<b>30,948.1</b>	<b>41,948.6</b>	<b>35.5</b>	<b>33,436.3</b>
Shares in other real estate companies	605.4	733.6	21.2	642.2
<b>Adjusted fair value of the real estate portfolio</b>	<b>31,553.5</b>	<b>42,682.2</b>	<b>35.3</b>	<b>34,078.5</b>
<b>LTV</b>	<b>42.4%</b>	<b>45.1%</b>	<b>2.7 pp</b>	<b>39.8%</b>

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

in € million	Sept. 30, 2017	Sept. 30, 2018	Change in %	Dec. 31, 2017
Non-derivative financial liabilities	13,921.1	20,053.2	44.0	14,060.5
<b>Total assets</b>	<b>35,416.4</b>	<b>47,540.4</b>	<b>34.2</b>	<b>37,516.3</b>
<b>LTV bond covenants</b>	<b>39.3%</b>	<b>42.2%</b>	<b>2.9 pp</b>	<b>37.5%</b>

# Business Outlook

As described, the first nine months of the 2018 fiscal year were very successful for Vonovia on the whole. We were systematic in the implementation of our corporate strategy: internationalization, the expansion of our investment program, the further improvements to efficiency when managing our properties and the expansion of the Value-add Business. With the acquisitions of BUWOG and Victoria Park, we were able to further expand our leading market position.

We expect these positive business developments to continue for the rest of the 2018 fiscal year and that we will achieve our forecast figures. Given the dynamic development of the housing market, we expect to see a further increase in value in our investment properties and with this a further boost to NAV. Based on the first preliminary indicators, we expect to see an effect from the valuation of investment properties as well as capitalized modernization costs, in the form of an increase in value between around € 2.7 billion and € 3.0 billion compared with June 30, 2018.

Our current forecast is based on the outlook for the Vonovia Group as a whole, 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.

Our forecast for the main performance indicators for the 2018 fiscal year is as follows. All figures in the current forecast include effects from the acquisitions of BUWOG and Victoria Park:

	Actual 2017	Forecast for 2018*	Current Forecast for 2018 Interim Financial Report H1 2018	Current Forecast for 2018 Interim Statement Q3 2018
<b>Adjusted EPRA NAV/share</b>	€ 38.49	suspended	suspended	approx. € 45
EPRA NAV/share	€ 43.88	suspended	suspended	approx. € 52
<b>FFO 1</b>	€ 920.8 million	€ 960-980 million	€ 1,050-1,070 million	€ 1,050-1,070 million
FFO 1/share**	€ 1.90	€ 1.98-2.02	€ 2.03-2.07	€ 2.03-2.07
<b>CSI</b>	Increase of 1.6%	Similar CSI as 2017	Magnitude as 2017	Slightly below previous year
Rental income	€ 1,667.9 million	€ 1,660-1,680 million	€ 1,890-1,910 million	€ 1,890-1,910 million
Organic rent increase	4.2%	Increase of 4.6-4.8%	Increase of approx. 4.4%	Increase of approx. 4.4%
Vacancy rate	2.5%	< 2.5%	< 2.5%	< 2.5%
Maintenance incl. capitalized maintenance	€ 346.2 million	approx. € 360 million	approx. € 410 million	approx. € 410 million
Modernization and new construction	€ 778.6 million	approx. € 1,000 million	approx. € 1,000 million	approx. € 1,000 million
Number of units sold Privatize	2,608	approx. 2,300	approx. 2,800	approx. 2,800
Step-up Privatize	32.6%	approx. 30%	30-35%	approx. 35%
Number of units sold Sell portfolio cluster	9,172	Continue opportunistic sales	up to 14,000	approx. 13,000
Step-up Sell portfolio cluster	7.9%	> 0%	10-15%	> 20%

\* According to the Group management report for 2017, excl. BUWOG, Victoria Park.

\*\* Based on the current number of shares in each case.

Our FFO 1 forecast includes earnings contributions in the amount of approximately € 30 million from BUWOG and approximately € 20 million from Victoria Park.

Bochum, Germany, November 27, 2018

Management Board

# Condensed Interim Consolidated Financial Statements

<b>022</b>		Consolidated Income Statement
<b>023</b>		Consolidated Statement of Comprehensive Income
<b>024</b>		Consolidated Balance Sheet
<b>026</b>	↓	Consolidated Statement of Cash Flows

# Consolidated Income Statement

in € million	Jan. 1- Sept. 30, 2017	Jan. 1- Sept. 30, 2018	July 1- Sept. 30, 2017	July 1- Sept. 30, 2018
Income from property letting	1,753.9	1,954.8	582.3	696.2
Other income from property management	34.0	39.7	13.2	15.4
<b>Income from property management</b>	<b>1,787.9</b>	<b>1,994.5</b>	<b>595.5</b>	<b>711.6</b>
Income from disposal of properties	951.2	673.6	249.3	287.2
Carrying amount of properties sold	-905.6	-592.6	-240.7	-252.1
Revaluation of assets held for sale	60.5	48.0	7.4	13.4
<b>Profit on disposal of properties</b>	<b>106.1</b>	<b>129.0</b>	<b>16.0</b>	<b>48.5</b>
Income from the disposal of properties (Development)	-	122.9	-	49.4
Cost of sold properties	-	-107.8	-	-47.2
<b>Profit on the disposal of properties (Development)</b>	<b>-</b>	<b>15.1</b>	<b>-</b>	<b>2.2</b>
<b>Net income from fair value adjustments of investment properties</b>	<b>1,164.7</b>	<b>1,386.7</b>	<b>-</b>	<b>13.8</b>
Capitalized internal expenses	326.8	433.3	127.3	177.6
Cost of materials	-866.8	-993.4	-297.3	-366.1
Personnel expenses	-307.1	-360.5	-99.5	-123.6
Depreciation and amortization	-23.0	-37.8	-8.1	-14.5
Other operating income	75.8	87.4	24.3	37.1
Other operating expenses	-196.7	-252.0	-72.3	-105.2
Financial income	46.2	27.3	2.5	0.7
Financial expenses	-244.9	-301.9	-72.0	-101.0
<b>Earnings before tax</b>	<b>1,869.0</b>	<b>2,127.8</b>	<b>216.4</b>	<b>281.1</b>
Income taxes	-663.8	-728.8	-75.8	-82.1
<b>Profit for the period</b>	<b>1,205.2</b>	<b>1,399.0</b>	<b>140.6</b>	<b>199.0</b>
Attributable to:				
Vonovia's shareholders	1,117.6	1,323.1	124.4	179.7
Vonovia's hybrid capital investors	22.4	22.4	7.6	7.6
Non-controlling interests	65.2	53.5	8.6	11.7
<b>Earnings per share (basic and diluted) in €</b>	<b>2.36</b>	<b>2.64</b>	<b>0.26</b>	<b>0.38</b>



# Consolidated Statement of Comprehensive Income

in € million	Jan. 1- Sept. 30, 2017	Jan. 1- Sept. 30, 2018	July 1- Sept. 30, 2017	July 1- Sept. 30, 2018
<b>Profit for the period</b>	1,205.2	1,399.0	140.6	199.0
<b>Cash flow hedges</b>				
Change in unrealized gains/losses	-167.3	1.1	-115.9	5.0
Taxes on the change in unrealized gains/losses	57.9	2.0	39.2	-0.8
Net realized gains/losses	192.6	1.7	114.2	1.4
Taxes on the change in net realized gains/losses	-63.9	-0.6	-37.9	-0.5
<b>Total</b>	<b>19.3</b>	<b>4.2</b>	<b>-0.4</b>	<b>5.1</b>
<b>Available-for-sale financial assets</b>				
Changes in the period	102.0	-	40.3	-
Taxes on changes in the period	-1.8	-	-0.7	-
<b>Total</b>	<b>100.2</b>	<b>-</b>	<b>39.6</b>	<b>-</b>
<b>Currency translation difference</b>				
Changes in the period	-	11.1	-	13.0
Net realized gains/losses	-	-0.8	-	-0.8
<b>Total</b>	<b>-</b>	<b>10.3</b>	<b>-</b>	<b>12.2</b>
<b>Items which will be recognized in profit or loss in the future</b>	<b>119.5</b>	<b>14.5</b>	<b>39.2</b>	<b>17.3</b>
<b>Equity instruments at fair value in other comprehensive income</b>				
Changes in the period	-	81.8	-	-1.3
Taxes on changes in the period	-	-1.3	-	-0.3
<b>Total</b>	<b>-</b>	<b>80.5</b>	<b>-</b>	<b>-1.6</b>
<b>Actuarial gains and losses from pensions and similar obligations</b>				
Change in actuarial gains/losses, net	11.9	7.4	-3.7	7.4
Tax effect	-4.0	-2.4	1.2	-2.4
<b>Total</b>	<b>7.9</b>	<b>5.0</b>	<b>-2.5</b>	<b>5.0</b>
<b>Items which will not be recognized in profit or loss in the future</b>	<b>7.9</b>	<b>85.5</b>	<b>-2.5</b>	<b>3.4</b>
<b>Other comprehensive income</b>	<b>127.4</b>	<b>100.0</b>	<b>36.7</b>	<b>20.7</b>
<b>Total comprehensive income</b>	<b>1,332.6</b>	<b>1,499.0</b>	<b>177.3</b>	<b>219.7</b>
Attributable to:				
Vonovia's shareholders	1,244.7	1,422.0	161.0	199.3
Vonovia's hybrid capital investors	22.4	22.4	7.6	7.6
Non-controlling interests	65.5	54.6	8.7	12.8

# Consolidated Balance Sheet

## Assets

in € million	Dec. 31, 2017	Sept. 30, 2018
Intangible assets	2,637.1	3,601.1
Property, plant and equipment	177.6	237.9
Investment properties	33,182.8	41,265.0
Financial assets	698.0	823.5
Other assets	13.8	18.4
Deferred tax assets	10.3	10.4
<b>Total non-current assets</b>	<b>36,719.6</b>	<b>45,956.3</b>
Inventories	6.2	8.8
Trade receivables	234.9	434.5
Financial assets	0.5	5.6
Other assets	98.4	165.7
Income tax receivables	47.9	43.8
Cash and cash equivalents	266.2	507.3
Real estate inventories	-	299.8
Assets held for sale	142.6	118.6
<b>Total current assets</b>	<b>796.7</b>	<b>1,584.1</b>
<b>Total assets</b>	<b>37,516.3</b>	<b>47,540.4</b>

**Equity and Liabilities**

in € million	Dec. 31, 2017	Sept. 30, 2018
Subscribed capital	485.1	518.1
Capital reserves	5,966.3	7,181.8
Retained earnings	8,471.6	9,100.8
Other reserves	157.8	251.9
<b>Total equity attributable to Vonovia's shareholders</b>	<b>15,080.8</b>	<b>17,052.6</b>
Equity attributable to hybrid capital investors	1,001.6	1,031.5
<b>Total equity attributable to Vonovia's shareholders and hybrid capital investors</b>	<b>16,082.4</b>	<b>18,084.1</b>
Non-controlling interests	608.8	1,016.3
<b>Total equity</b>	<b>16,691.2</b>	<b>19,100.4</b>
Provisions	607.2	594.3
Trade payables	2.4	1.0
Non-derivative financial liabilities	12,459.4	17,755.6
Derivatives	8.7	54.7
Liabilities from finance leases	94.7	94.4
Liabilities to non-controlling interests	24.9	31.8
Financial liabilities from tenant financing	-	54.5
Other liabilities	65.3	47.3
Deferred tax liabilities	5,322.6	6,444.0
<b>Total non-current liabilities</b>	<b>18,585.2</b>	<b>25,077.6</b>
Provisions	376.5	434.7
Trade payables	130.7	212.4
Non-derivative financial liabilities	1,601.1	2,297.6
Derivatives	4.4	41.9
Liabilities from finance leases	4.6	4.9
Liabilities to non-controlling interests	9.0	6.7
Financial liabilities from tenant financing	7.7	104.9
Other liabilities	105.9	259.3
<b>Total current liabilities</b>	<b>2,239.9</b>	<b>3,362.4</b>
<b>Total liabilities</b>	<b>20,825.1</b>	<b>28,440.0</b>
<b>Total equity and liabilities</b>	<b>37,516.3</b>	<b>47,540.4</b>

# Consolidated Statement of Cash Flows

in € million	Jan. 1-Sept. 30, 2017	Jan. 1-Sept. 30, 2018
Profit for the period	1,205.2	1,399.0
Net income from fair value adjustments of investment properties	-1,164.7	-1,386.7
Revaluation of assets held for sale	-60.5	-48.0
Depreciation and amortization	23.0	37.8
Interest expenses/income	218.2	296.4
Income taxes	663.8	728.8
Results from disposals of investment properties	-45.6	-81.0
Results from disposals of other non-current assets	-0.5	0.6
Other expenses/income not affecting net income	1.3	0.7
Change in working capital	-85.5	-21.0
Income tax paid	-35.7	-50.6
<b>Cash flow from operating activities</b>	<b>719.0</b>	<b>876.0</b>
Proceeds from disposals of investment properties and assets held for sale	935.1	643.4
Proceeds from disposals of other assets	16.3	3.8
Payments for acquisition of investment properties	-650.5	-947.5
Payments for acquisition of other assets	-57.4	-96.2
Payments for acquisition of shares in consolidated companies, in due consideration of liquid funds	-1,412.0	-3,389.5
Interest received	3.3	4.9
<b>Cash flow from investing activities</b>	<b>-1,165.2</b>	<b>-3,781.1</b>

in € million	Jan. 1-Sept. 30, 2017	Jan. 1-Sept. 30, 2018
Capital contributions on the issue of new shares (including premium)	-	995.8
Cash paid to shareholders of Vonovia SE and non-controlling interests	-272.1	-385.6
Proceeds from issuing financial liabilities	1,680.3	4,465.3
Cash repayments of financial liabilities	-2,175.0	-1,389.2
Payments for transaction costs relating to capital measures	-14.2	-51.2
Payments for other financing costs	-38.4	-15.8
Payments for the acquisition of shares in non-controlling interests	-12.8	-289.2
Proceeds from the sale of shares in consolidated companies	276.6	16.2
Interest paid	-199.2	-200.1
<b>Cash flow from financing activities</b>	<b>-754.8</b>	<b>3,146.2</b>
<b>Net changes in cash and cash equivalents</b>	<b>-1,201.0</b>	<b>241.1</b>
Cash and cash equivalents at the beginning of the period	1,540.8	266.2
<b>Cash and cash equivalents at the end of the period<sup>1)</sup></b>	<b>339.8</b>	<b>507.3</b>

<sup>1)</sup> thereof restricted cash € 87.8 million (Sept. 30, 2017: € 67.8 million).

# Portfolio Information

Vonovia manages its own real estate portfolio with a fair value of € 41.9 billion as of September 30, 2018. The majority of our apartments are located in regions with positive economic and demographic development prospects.

## Portfolio Structure

Sept. 30, 2018	Fair value*		Residential units	Vacancy (in %)	In-place rent (in €/m <sup>2</sup> )**
	(in € million)	(in €/m <sup>2</sup> )			
<b>Strategic</b>	<b>34,666.4</b>	<b>1,577</b>	<b>343,307</b>	<b>2.6</b>	<b>6.48</b>
Operate	13,051.5	1,554	126,045	2.4	6.59
Invest	21,614.8	1,591	217,262	2.7	6.42
<b>Privatize</b>	<b>1,432.6</b>	<b>1,595</b>	<b>12,767</b>	<b>4.0</b>	<b>6.27</b>
<b>Sell</b>	<b>428.2</b>	<b>885</b>	<b>7,372</b>	<b>5.3</b>	<b>5.43</b>
<b>Vonovia Germany</b>	<b>36,527.2</b>	<b>1,564</b>	<b>363,446</b>	<b>2.7</b>	<b>6.45</b>
<b>Vonovia Austria</b>	<b>2,472.5</b>	<b>1,312</b>	<b>23,238</b>	<b>4.4</b>	<b>4.53</b>
<b>Vonovia Sweden</b>	<b>1,638.2</b>	<b>1,498</b>	<b>14,051</b>	<b>1.3</b>	<b>9.03</b>

## Breakdown of Strategic Housing Stock by Regional Market\*\*\*

Sept. 30, 2018	Fair value*		Residential units	Vacancy (in %)	In-place rent (in €/m <sup>2</sup> )**
	(in € million)	(in €/m <sup>2</sup> )			
<b>Regional market</b>					
Berlin	6,348.6	2,191	43,992	1.7	6.53
Rhine Main Area	3,665.3	2,034	27,766	1.6	7.90
Rhineland	3,390.3	1,662	29,657	2.7	6.98
Southern Ruhr Area	3,174.5	1,158	43,798	3.6	5.83
Dresden	3,006.4	1,286	38,582	3.0	5.94
Hamburg	2,357.9	1,806	20,065	1.7	6.85
Munich	1,898.5	2,902	9,670	0.9	7.95
Stuttgart	1,833.3	2,000	14,097	1.9	7.72
Kiel	1,826.4	1,296	23,474	2.0	6.07
Hanover	1,527.3	1,463	16,251	3.1	6.36
Northern Ruhr Area	1,458.9	885	26,335	3.5	5.55
Bremen	1,049.5	1,385	12,053	3.9	5.57
Leipzig	811.4	1,307	9,161	3.9	5.88
Westphalia	736.9	1,183	9,496	3.0	5.86
Freiburg	556.3	1,994	4,041	1.9	7.19
Other strategic locations	2,361.7	1,369	26,611	2.8	6.46
<b>Total strategic locations Germany</b>	<b>36,003.2</b>	<b>1,579</b>	<b>355,049</b>	<b>2.6</b>	<b>6.47</b>
<b>Austria</b>	<b>2,472.5</b>	<b>1,312</b>	<b>23,238</b>	<b>4.4</b>	<b>4.53</b>
<b>Sweden</b>	<b>1,638.2</b>	<b>1,498</b>	<b>14,051</b>	<b>1.3</b>	<b>9.03</b>

\* Fair value of the developed land excluding € 1,310.7 million, of which € 355.6 million for undeveloped land and inheritable building rights granted, € 269.3 million for assets under construction, € 436.0 million for development and € 249.7 million for other.

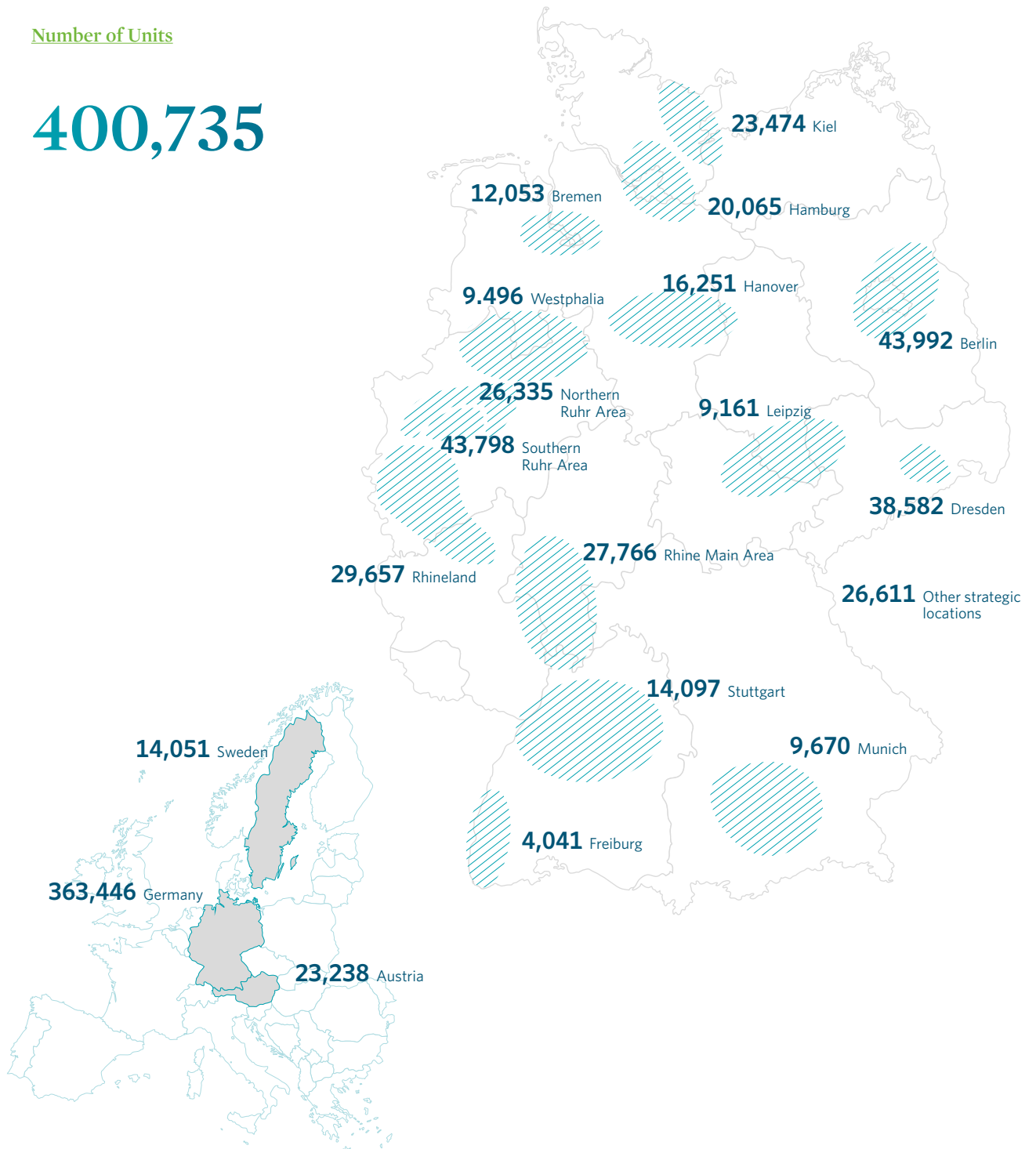
\*\* Figures according to country-specific definition.

\*\*\* 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

**400,735**



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# Financial Calendar

**March 7, 2019**

Publication of 2018 Annual Report

**May 7, 2019**

Publication of the key figures for the first three months of 2019

**May 16, 2019**

Annual General Meeting

**August 2, 2019**

Publication of the key figures for the first half of 2019

**November 5, 2019**

Publication of the key figures for the first nine months of 2019

**Note**

This Interim Financial Report is published in German and English. The German version is always the authoritative text. The Interim Financial Report can be found on the website at [www.vonovia.de](http://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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