January – March

Interim Statement Q1

VONOVIA

KEY FIGURES

Financial Key Figures in € million	**3M 2018**	**3M 2019**	**Change in %**	**12M 2018**
Rental income	418.3	502.2	20.1	1,894.2
Adjusted EBITDA Rental	303.0	357.4	18.0	1,315.1
Adjusted EBITDA Value-Add	17.8	35.8	>100	121.2
Adjusted EBITDA Recurring Sales	11.5	26.3	>100	79.1
Adjusted EBITDA Development	0.3	10.4	>100	39.4
Adjusted EBITDA Total	332.6	429.9	29.3	1,554.8
EBITDA IFRS*	299.4	388.2	29.7	1,271.8
Group FFO	253.0	303.6	20.0	1,132.0
thereof attributable to Vonovia shareholders	240.2	289.8	20.6	1,077.4
thereof attributable to Vonovia hybrid capital investors	10.0	10.0	-	40.0
thereof attributable to non-controlling interests	2.8	3.8	35.7	14.6
Group FFO per share in €	0.52	0.59	13.5	2.18
Income from fair value adjustments of investment properties	-	56.9	-	3,517.9
EBT	207.4	316.1	52.4	3,874.3
Profit for the period	129.2	201.4	55.9	2,402.8
Cash flow from operating activities	262.7	412.6	57.1	1,132.5
Cash flow from investing activities	-2,500.3	644.6	-	-3,892.5
Cash flow from financing activities	2,800.7	268.3	-90.4	3,041.5
Maintenance and modernization	221.1	339.7	53.6	1,569.4
thereof for maintenance expenses and capitalized maintenance	83.4	97.6	17.0	430.4
thereof for modernization (incl. new construction)	137.7	242.1	75.8	1,139.0

Key Balance Sheet Figures in € million	**Mar. 31, 2018**	**Mar. 31, 2019**	**Change in %**	**Dec. 31, 2018**
Fair value of the real estate portfolio	38,485.6	44,543.0	15.7	44,239.9
Adjusted NAV	18,467.3	23,613.1	27.9	23,262.6
Adjusted NAV per share in €	38.07	45.58	19.7	44.90
LTV in %	45.5	42.4	-3.1 pp	42.8

Non-financial Key Figures	**3M 2018**	**3M 2019**	**Change in %**	**12M 2018**
Number of units managed	452,136	473,393	4.7	480,102
thereof own apartments	393,639	394,609	0.2	395,769
thereof apartments owned by others	58,497	78,784	34.7	84,333
Number of units bought	48,690	216	-99.6	63,706
Number of units sold	1,743	1,522	-12.7	15,102
thereof Recurring Sales (previously "Privatize")	594	809	36.2	2,818
thereof Non-core Disposals (previously "Sell portfolio")	1,149	713	-37.9	12,284
Vacancy rate in %	2.8	2.9	0.1 pp	2.4
Monthly in-place rent in €/m²	6.18	6.56	6.1	6.52
Organic rent increase in %	4.2	4.0	-0.2 pp	4.4
Number of employees (as of March 31/December 31)	9,544	9,925	4.0	9,923

EPRA Key Figures in € million	**Mar. 31, 2018**	**Mar. 31, 2019**	**Change in %**	**Dec. 31, 2018**
EPRA NAV	21,916.0	26,452.7	20.7	26,105.0
EPRA NAV per share in €*	45.18	51.06	13.0	50.39

* Based on the shares carrying dividend rights on the reporting date Mar. 31, 2018: 485,100,826, Mar. 31, 2019, and Dec. 31, 2018: 518,077,934.

OUR CONTRIBUTION TO THE CURRENT DEBATE

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OUR CONTRIBUTION TO THE CURRENT DEBATE

Germany's housing industry is facing considerable challenges. This is one reason why housing is part of the current political and public debate. The continuing high demand for housing, demographic trends and migration to, but also and in particular within, Germany are resulting in a sustained **shortage of homes** in the country's urban areas, a problem that can only be solved by building new properties.

Age structures within our society are also shifting: By 2030, around three million senior-friendly apartments will be required in Germany. In addition, there is still considerable renovation work to do in order to make the country's buildings more environmentally friendly. However, in the conflict between climate targets and tenant interests, a balance has to be struck. The energy revolution will only be successful if modernization does not come at the expense of affordable rents.

At the same time, there is a special responsibility for ensuring social cohesion within neighborhoods. This once again involves implementing contemporary developments and innovations in the housing industry. These include, for example, progress made in digitization and sustainable mobility concepts.

Developing solutions to tackle these problems is a joint undertaking for policymakers, administrative agencies and the real estate industry. The Association of German Housing and Real Estate Companies (GdW) estimates that tackling the challenges that lie ahead will cost around € 800 billion between now and 2030. These funds cannot be provided by the government alone, but will require private funds to also be contributed by stock corporations with strong capital resources. As a socially responsible company, Vonovia is rising to these challenges and sees itself as an **active player in the quest to find solutions.** The company is a pioneer in modular construction, allowing it to create affordable homes in sought-after locations. Hand-in-hand with policymakers and local players, Vonovia is forging ahead with integrated neighborhood development across Germany. The company financed an endowed professorship at EBZ Business School in 2018 in order to ensure more in-depth research into the important role that neighborhoods play. At the same time, the first steps towards energy-neutral neighborhoods are being taken with photovoltaic facilities, electromobility (Open District Hub), car sharing offers and electric vehicle charging stations.

In order to contribute to the public debate and help resolve the challenges facing us, we have started by providing an overview of the key facts in the interest of solution-oriented discourse.

Who Owns the Apartments?

Housing is not a conventional product, but a basic need. As a result, it deserves our particular attention and protection. According to the latest estimates from the Federal Statistical Office, at least 42 million apartments are on offer for approx. 83 million people. At the time of the last microcensus (2014), the nationwide proportion of owner-occupied apartments came to around 45.5%, with rented apartments accounting for around 54.5%. The proportion of rented apartments tends to be even higher in urban regions. The vast majority of these apartments are made available by private, small-scale providers. In addition, the German real estate market features cooperative, municipal, public-sector and church landlords, as well as private-sector professional landlords such as Vonovia. According to the GdW, the latter provided a combined total of around 4.2 million apartments at the time of the microcensus. Vonovia rents out a total of around 358,000 apartments in Germany as of March 31, 2019. This corresponds to less than 2% of the total number of rented apartments in Germany. This means that Vonovia is a long way off a position that could be described in any way as **market control.** Vonovia cannot, however, rise to the challenge that lies in creating/providing affordable homes on its own; it can only do so by working in collaboration with partners, policymakers and administrative agencies. Nevertheless, as Germany's largest private-sector landlord, the company is aware of the particular significance of the housing issue and assumes a particular responsibility when it comes to finding solutions that are in the interests of tenants, society at large and the environment. With an average rent of € 6.52/m² and around 41,500 apartments that are subject to rent restrictions, Vonovia still sees itself as a provider of affordable homes.

Conflict Between Climate Protection and Affordable Housing

Germany's housing stock has a significant influence on greenhouse gas emissions, accounting for around 35% of the final energy consumption. The commitment made by the Federal Republic of Germany under the United Nations Paris Agreement on climate change can only be realized by carrying out substantial energy-efficient modernization work on portfolio properties. The current renovation rate in Germany stands at around 1%, considerably lower than the political target of 2%. The **Paris Climate Change Agreement** aims for building stock to be virtually climate neutral by 2050. Vonovia achieved a **renovation rate of around 5%** in 2018. The company invested around € 1 billion in upgrading buildings and new construction (2017: € 0.8 billion), and plans to invest a total of between € 1.3 billion and € 1.6 billion in 2019.

This does, however, give rise to a conflict between two social objectives: climate protection versus affordable housing. At the moment, these two objectives appear to be diametrically opposed to each other. We need an honest debate in Germany on how to **distribute the costs associated with climate protection** fairly, the aim being to define who has to make what contribution to protecting our climate. The following questions affecting society as a whole need to be answered at the very least:

> How are CO_2 savings to be achieved?
> What is the most effective way of saving CO_2 in an ecosystem, be it a city or a neighborhood?
> Who should bear the burden?
> What should the state do to promote this process in a meaningful manner?

Vonovia's roots and those of its predecessor companies extend back to the 19th century and lie in not-for-profit housing and housing for factory workers in Germany's Ruhr region. Many of the housing developments built in that era were model projects of the time and are now covered by preservation orders. As part of the politically motivated **trend toward privatization and liberalization within the residential property market,** public-sector and private-sector employers started to withdraw from the management of company-owned apartments, but also left behind a **housing stock with a considerable need for maintenance and modernization.** The German housing market as a whole underwent change. The age structure of Vonovia's approximately 358,000 German properties shows that around 69% were built between 1945 and 1980 and around 15% originate from the period before the

Second World War, while around 16% were built after 1980. Of these, only approximately 1% were built after the year 2000. Substantial investments are required in order to meet this need for maintenance and modernization and bring the apartments into line with contemporary living standards. The work that needs to be done to allow Germany to actually meet the climate protection targets is increased further by the valid energy efficiency regulations.

Expropriation Does Not Create New Homes

Demand for suitable and affordable homes in growing cities and regions is on the rise. Despite an increase in the number of completed developments, new construction is still lagging behind the demand for housing. Awareness of the **housing problem,** which is also reflected in rising home prices on both the rental and owner-occupied markets, has grown in recent years. The public debate is calling housing policy decisions into question, in particular, with criticism of what is seen as the passive role that policymakers continue to play.

This debate, along with people's understandable concerns that they might no longer be able to afford to move within the environment that they have come to call home, or to the neighborhood of their choice, has created a sense of injustice that pervades all sections of society and has also been voiced in public protests.

The initiative "Deutsche Wohnen & Co. enteignen – Spekulation bekämpfen" (Expropriate Deutsche Wohnen and its peers and combat speculation) has been launched in Berlin. It is aiming to achieve a referendum on the basis of which it wants the Senate of Berlin, the city's executive authority, to pass a law on "transferring land and residential property to public ownership to achieve socialization pursuant to Article 15 of the German constitution (Grundgesetz)". The law would affect "all companies striving to generate a profit, irrespective of their legal form, that hold apartments in a number above this threshold [of 3,000 apartments] in their portfolios (...)". The initiative wants these portfolios to become public property and to be managed by a new public agency "based on the majority democratic participation of the urban community, tenants and employees".

This would involve a three-step process: An application for a petition, requiring 20,000 valid signatures to be collected within a six-month period. The initiative started collecting signatures in April and is due to present them to the Senate authorities in June. The application is then expected to be assessed from a constitutional law perspective.

The second step would involve the petition for a referendum, requiring around 170,000 valid signatures to be collected within a four-month period. If the first two steps are completed successfully, this could then be followed by an actual referendum. The referendum process is similar to the process used in parliamentary elections. The proposal put forward in the petition would be put to a vote. The proposal is accepted if more than 50% of voters and more than 25% of the electorate vote in favor of it.

An initial expert opinion commissioned by the Senate Department for Urban Development and Housing in Berlin and prepared by attorney Dr. Reiner Geulen reaches the preliminary conclusion that expropriation appears unlikely as things stand at the moment: "[...] With regard to the referendum being sought on the socialization of major residential real estate portfolios, there is no need to reignite the sort of economic policy debates seen in the 1950s and 1960s on Article 15 of the GRUNDGESETZ. Socialization would, however, be inadmissible unless it is absolutely necessary; it is irrelevant whether this results from the inherent limitations set out in Article 15 GG or from Article 14 I GG. This means that legislation on socialization has to be assessed to determine whether the objective – the creation of appropriate housing – could also be achieved without socialization."

While this is the legal view, it is nevertheless crucial, first and foremost, that the concerns reflected in this initiative are taken extremely seriously, as they affect people's homes, a very emotional matter. It does, however, make sense to look at the debate from an objective standpoint.

Expropriation does not create new homes. On the contrary: The financial burdens on public-sector budgets would put undue pressure on future generations without combating the housing shortage. Expropriation would also send out dramatic signals for **Germany as a business location** and for the fundamental **socioeconomic order** in Germany.

Furthermore, this sort of "ideological trench warfare", as the German President Dr. Frank-Walter Steinmeier recently referred to it, is increasingly diverting the discussion away from effective potential solutions. An initial estimate puts the costs of expropriation at € 36 billion. These funds, which the city does not even have in this form, could be invested in education, infrastructure and new construction instead. **There is no alternative to the construction of new homes.** This is an area in which there is a lot of pent-up demand.

Four years ago, Vonovia started to build new homes, realize densification projects and add an additional floor to existing buildings where possible. The company has been accumulating experience, expertise and skills in this area ever since. Architects, engineers and craftsmen have been hired to ensure that the company has in-house construction and planning capacities. Serial construction, which involves entire modules being prefabricated in a factory and then merely assembled on site, reduces costs, construction times and inconvenience for residents. The development business acquired as part of the merger with BUWOG in 2018 expanded Vonovia's new construction program again, making it even more professional. For example, around 3,000 new apartments are to be completed in 2019 alone, some of which will also be eligible for public-sector subsidies, at a price of € 6.50/m².

This volume is not sufficient to counteract the market trends. The reasons why too little was built in the past and why too little is still being built today can be found at three levels: First of all, not enough land is earmarked for residential construction, the number of building permits granted is too low and whenever new construction projects do go ahead, the costs are too high, also due to the requirements imposed. This means that the formal prerequisites are simply not being met.

The second level relates to something known as the "not in my backyard" principle. Sought-after cities are becoming ever more densely populated. There are fewer open spaces available, and we are living in closer proximity to our neighbors. This process is one that entails huge changes for residents, many of whom have been living in a neighborhood for decades. Even if people are aware of the need for new homes, it is hard for them to accept these new homes being built on their doorsteps. This is an area in which more dialogue is required. Local policymakers often end up speaking out on behalf of the people already living in a neighborhood and not on behalf of the people who are in desperate need of these new homes. This ultimately means, however, that tenants in a poorer financial position are pushed out by higher earners or that they do not get the chance to move to a preferred area of the city in the first place. But diversity is important when it comes to shaping lively neighborhoods that are stable in the long run.

The third level relates to processes. Fast building permit procedures, type approvals and fewer requirements, for example when it comes to parking space regulations, could accelerate the process involved in building new apartments considerably.

Vonovia is Part of the Solution

The facts are as follows:

1. Business activities focus on **tenants** in their apartments and in their neighborhoods. Vonovia stands up for its customers as opposed to working against them. This means being available on site as a point of contact, offering transparency in terms of rent and ancillary expenses, performing forward-looking maintenance work, pursuing development measures in the surrounding environment and the neighborhood to improve quality of life as a whole and using energy-efficient modernization to promote climate protection as part of a future-oriented approach. Vonovia employs a total of 10,000 people, the majority of whom work in the local and central customer service centers and in the technical and residential environment organization.

2. Vonovia assumes responsibility for neighborhoods and gives people a home – including people who have lost their homes in their country of origin. Over the last three years, the company has rented around 8,000 apartments to refugees. In the process, Vonovia always seeks to ensure that housing communities and neighborhoods remain balanced and diverse. Integration is the responsibility of the housing industry and its success starts with a functioning neighborhood.

3. Market **rent increases** came to around 1.3% in 2018, compared with an inflation rate of 1.8%. The average increase in rent following modernization work came to € 1.50/m² in 2018. Vonovia has gone a step further than the statutory requirements by making a commitment not to implement any modernization projects that result in costs of more than € 2.00/m² being passed on to its customers. The company not only adheres to the overall statutory framework and the rent indices published by the municipalities and associations, but has also set up a hardship management system to ensure that nobody is "modernized out" of their apartment.

4. At the end of 2018, the German Tenants' Association (Deutscher Mieterbund) published the last **ancillary cost** survey for 2016, reporting a nationwide average of € 2.79/m² per month. Over the same period, ancillary expenses at Vonovia came to around € 2.61/m² per month, approximately 7% lower than the nationwide average calculated by the German Tenants' Association. The costs are even lower for services performed by Vonovia in-house. Vonovia provided building cleaning services, for example, at a cost that was around 16% lower than the average cost reported by the German Tenants' Association. Objections are raised in 5%, or 36,009, out of 714,192 ancillary expense statements, with 0.7%, or 5,145, ultimately being accepted and corresponding reimbursements being made. These also include cases in which it would not be cost-effective for Vonovia to pursue the matter further and in which the company opts not to initiate judicial proceedings or to resolve the dispute as a gesture of goodwill in the interests of maintaining a good relationship with its customers. It is our clear objective to reduce the error rate even further. Every mistake is one too many and should not be repeated. Around 35% of ancillary expenses are consumption-based, meaning that tenants influence them directly, and a further 24% or so result from insurance, taxes and levies. A further 36% is attributable to services that owners are/feel obliged to perform, e.g., the maintenance of technical facilities, compulsory public safety measures or measures to maintain the residential environment. The services that Vonovia performs itself, e.g., caretaking, residential environment and snow and ice-clearing services, are performed based on standard market conditions and are based both on the cost-effectiveness considerations that apply to ancillary costs and on the local ancillary cost surveys. Insourcing these services allows us to perform them using our own employees and maintain consistent quality standards.

The Group companies that are considered critical in this regard constitute an organizational insourcing instrument that allows similar activities by more than 10,000 employees within the Group to be bundled based on standard market transfer prices.

5. Vonovia also spent approximately € 430.4 million on maintenance (2017: € 346.2 million). This corresponds to € 17.72/m² of living area and represents an increase of 12.9% year-on-year (2017: € 15.70). This increase puts Vonovia's maintenance cost ratio above the average figure of € 15.84/m² published in the annual statistics released by the GdW on maintenance spending among its member companies for 2017.

6. In 2018, € 384 million was paid as a cash dividend. This corresponds more or less to the proceeds from the sale of individual apartments in the same year (income from disposals classed as Recurring Sales: € 356.1 million).

Origin and Appropriation of Profit

In the past fiscal year, Vonovia generated sustainable operating cash flow, in the form of the FFO 1, of € 1,064.7 million. € 1,006.0 million of this amount was invested back into the portfolio. The acquisition of BUWOG was debt-financed and the acquisition of Victoria Park was financed by the shareholders by way of a capital increase.

For the real estate industry, IFRS accounting generally shows higher results than accounting in accordance with the German Commercial Code (HGB). This is because HGB accounting does not involve performing property valuations and, in addition, deducts ongoing depreciation and amortization from the profit for the period, unlike IFRS. The HGB capitalization rules are also more restrictive.

BUSINESS DEVELOPMENT IN THE FIRST THREE MONTHS OF 2019

Overview

Vonovia made a successful start to the 2019 financial year. We continued to apply our business strategy unchanged in the first three months. With over € 240 million invested in modernization and new construction projects in the first quarter of 2019, the investment program remains the key driver of our organic growth. Our Group FFO rose by 20.0% in 2019 as against the prior-year quarter to total € 303.6 million due to acquisitions.

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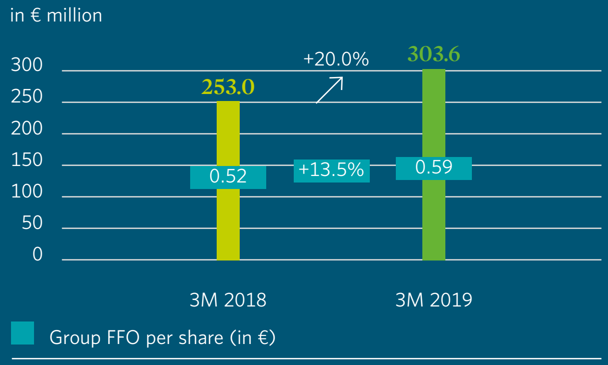
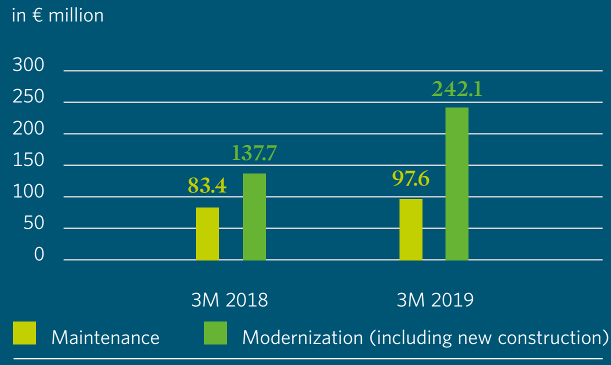
Further Increase in Sustained Earnings

Group FFO



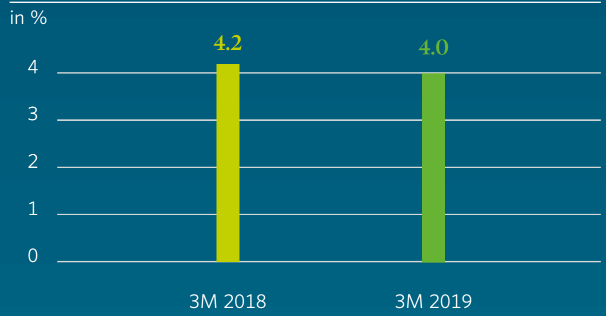
Maintenance and Modernization Expanded Once Again

Investments



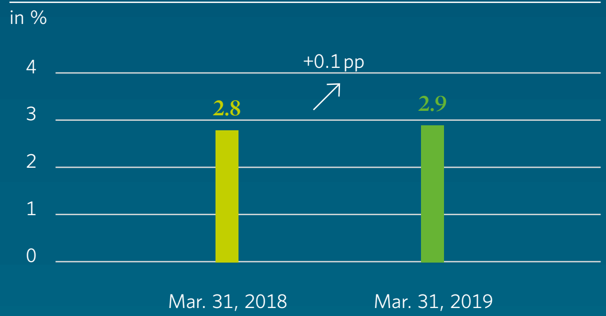
Organic Rent Growth

Organic rent increase



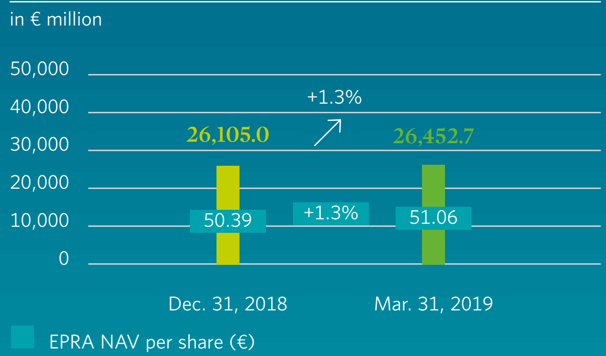
Vacancy Rate

Vacancy Rate



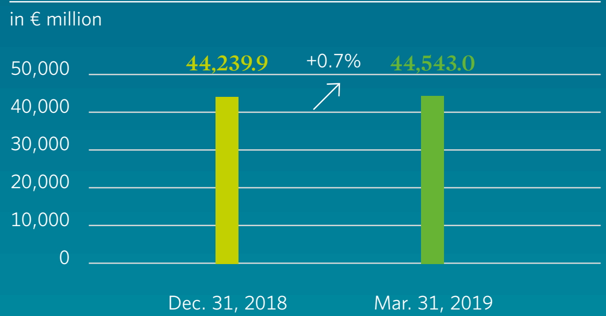
Increase in Net Assets

EPRA NAV



Fair Value of the Real Estate Portfolio

Fair Value of the Real Estate Portfolio



Vonovia SE in the Capital Market

Shares in Vonovia

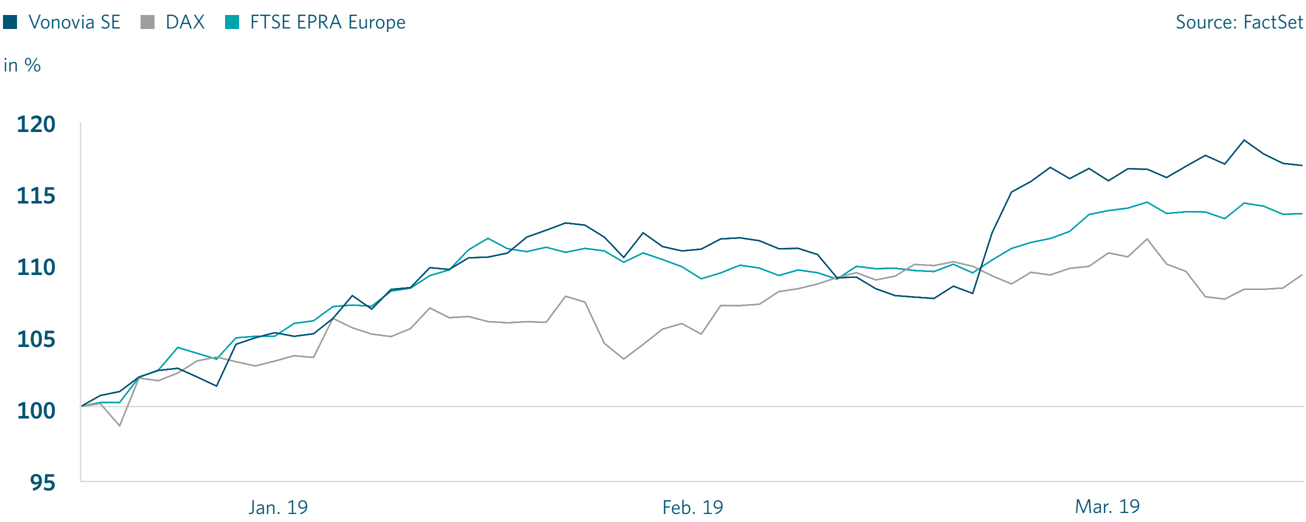
Vonovia's share price rose by around 17% in the first three months of 2019. Bolstered both by the ECB's decision not to lift its key rates until at least the end of the year and by the publication of our Annual Report for 2018, our share once again made considerable gains, touching on a new all-time high of € 47.28 in the meantime.

In the first quarter, Vonovia's share significantly outperformed Germany's leading index, the DAX (+9%), and the EPRA Europe Index (+13%).

We believe that the environment for the German residential real estate sector will remain positive in general. In our view, the main drivers behind this will be the imbalance between high demand for, and a short supply of, affordable housing in urban locations, the continued keen interest in German residential real estate and the ongoing favorable interest rate environment.

Vonovia's market capitalization amounted to € 23.9 billion at the end of the first quarter of 2019.

Share Price Development



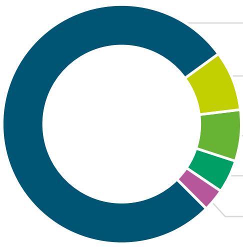
Shareholder Structure

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.

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 toward the free float. This means that 93.1% of Vonovia's shares were in free float on March 31, 2019. 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
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.

Major Shareholders (as of March 31, 2019)



Investor Relations Activities

Vonovia SE is committed to transparent, ongoing dialogue with its shareholders and potential investors. In the first three months of 2019, Vonovia participated in a total of four investors' conferences and organized seven roadshow days in the most important European and North American financial centers. In addition, numerous one-on-one meetings and conference calls were held with investors and analysts to keep them informed of current developments and particular issues.

The Investor Relations team also organized and carried out property tours for interested investors and analysts on location with people from the operational areas of the company. The aim of these events was to provide the participants with firsthand insight into Vonovia's real estate portfolio and processes. Investor Relations also held presentations in which they provided detailed information on Vonovia and the situation on the German residential real estate market at an informational event for private shareholders.

We will continue to communicate openly with the capital market. Various roadshows, conferences and participation in investor forums have already been planned. Information can be found in the Financial Calendar on our Investor Relations website. **https://investoren.vonovia.de**

Analyst Assessments

At present, 30 international analysts publish studies on Vonovia on a regular basis (as of March 31, 2019). The average target share price was € 49.60 as of March 31, 2019. Of these analysts, 75% issued a "buy" recommendation, with 21% issuing a "hold" recommendation and 4% recommending that investors sell the company's shares. One analyst has currently suspended coverage of Vonovia due to previous acquisitions.

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 (Prime Standard)
Indices & weighting March 31, 2019	DAX (2.3%) Stoxx Europe 600 (0.3%) MSCI Germany (2.1%) GPR 250 World (1.8%) FTSE EPRA/NAREIT Europe Index (10.0%) GPTMS150 (2.7%)

Economic Development in the First Three Months of 2019

Key Events During the Reporting Period

With effect of February 1, 2019, Vonovia SE successfully sold its roughly 16.8 million shares in Deutsche Wohnen SE ("Deutsche Wohnen") to institutional investors by means of an accelerated book building procedure; the shares were sold for a price of € 41.50 per share. This corresponds to a customary market discount of 4.8% on the closing price of € 43.59 as of January 31, 2019. This results in total proceeds of € 698.1 million. The acquisition costs at the time amounted to € 405.5 million, resulting in a total accounting profit of € 292.6 million from this disposal under the commercial law provisions. In the IFRS consolidated financial statements, the total profit was reclassified from other reserves to retained earnings, not affecting net income, pursuant to the designation under IFRS 9 after the transaction was completed.

Results of Operations

Vonovia made a successful start to the 2019 fiscal year, and the Group's development has been solid overall thanks to its unchanged corporate strategy.

As of March 31, 2019, Vonovia had a total real estate portfolio comprising 394,609 residential units, 119,973 garages and parking spaces and 5,155 commercial units. Our locations spanned 709 cities, towns and municipalities in Germany, Austria and Sweden. 78,784 residential units are also managed for other owners.

Group FFO

The following key figures provide an overview of the development in Group FFO and other value drivers in the reporting period. When comparing the current key figures against the previous year, it is important to remember that the business figures for 2019 include BUWOG and Victoria Park, which were acquired in the previous year, with their earnings contributions for the period from January to March 2019. As BUWOG was consolidated for the first time with effect of March 31, 2018, and Victoria Park with effect of June 30, 2018, their earnings contributions are not included in the previous year's business figures for the first quarter of 2018.

Group FFO

in € million	3M 2018	3M 2019	Change in %	12M 2018
Income Rental	418.3	502.2	20.1	1,894.2
Expenses for maintenance	-61.2	-72.7	18.8	-289.7
Operating expenses in the Rental segment*	-54.1	-72.1	33.3	-289.4
Adjusted EBITDA Rental	**303.0**	**357.4**	**18.0**	**1,315.1**
Revenue Value-add	265.9	358.8	34.9	1,462.2
thereof external revenue	52.0	80.2	54.2	203.9
thereof internal revenue	213.9	278.6	30.2	1,258.3
Operating expenses Value-add	-248.1	-323.0	30.2	-1,341.0
Adjusted EBITDA Value-add	**17.8**	**35.8**	**>100**	**121.2**
Income from disposals Recurring Sales	67.1	109.0	62.4	356.1
Fair value of properties sold adjusted to reflect effects not relating to the period from assets held for sale in the Recurring Sales segment	-52.6	-79.4	51.0	-262.8
Adjusted result Recurring Sales	**14.5**	**29.6**	**>100**	**93.3**
Selling costs Recurring Sales	-3.0	-3.3	10.0	-14.2
Adjusted EBITDA Recurring Sales	**11.5**	**26.3**	**>100**	**79.1**
Income from disposal of “Development to sell” properties	–	59.4	–	225.1
Cost of Development to sell	–	-46.1	–	-181.8
Gross profit Development to sell	**–**	**13.3**	**–**	**43.3**
Fair value Development to hold	6.1	47.3	>100	98.0
Cost of Development to hold	-5.8	-42.0	>100	-79.3
Gross profit Development to hold**	**0.3**	**5.3**	**>100**	**18.7**
Operating expenses Development	–	-8.2	–	-22.6
Adjusted EBITDA Development	**0.3**	**10.4**	**>100**	**39.4**
Adjusted EBITDA Total	**332.6**	**429.9**	**29.3**	**1,554.8**
FFO interest expense	-67.7	-89.8	32.6	-328.8
Current income taxes FFO	-6.3	-12.6	100.0	-36.5
Consolidation***	-5.6	-23.9	>100	-57.5
Group FFO	**253.0**	**303.6**	**20.0**	**1,132.0**

* Prior-year value adjusted incl. transaction holding costs.
** Prior-year value new construction VTS.
*** Thereof intragroup profits in 3M 2019: € 11.1 million (3M 2018: € 5.3 million), valuation result for new construction/development to hold in 3M 2019: € 5.3 million (3M 2018: € 0.3 million), IFRS 16 effects 3M 2019: € 7.5 million (3M 2018: € 0 million).

As of the end of March 2019, our apartments continued to be virtually fully occupied. The apartment vacancy rate of 2.9% was up slightly on the value of 2.8% seen at the end of March 2018. Rental income in the **Rental segment** rose by 20.1% from € 418.3 million in the first three months of 2018 to € 502.2 million in the first three months of 2019, largely due to the acquisition of BUWOG and Victoria Park in the previous year. BUWOG's contribution accounted for a volume of € 49.2 million, while Victoria Park contributed a volume of € 29.5 million. Out of the total rental income in the Rental segment of € 502.2 million, € 446.8 million is attributable to the portfolio in Germany, € 25.9 million to the portfolio in Austria and € 29.5 million to the portfolio in Sweden. The increase in rent due to market-related factors came to 1.2%. 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. The corresponding like-for-like increase in rent came to 3.8% in the 2019 reporting period. 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 4.0% in total. The average Group monthly in-place rent at the end of March 2019 came to € 6.56/m² compared to € 6.18/m² at the end of March 2018. At the end of March 2019, the monthly in-place rent came to € 6.60/m² in the German portfolio, € 4.51/m² in the Austrian portfolio and € 9.10/m² in the Swedish portfolio. The rental income from the Austrian real estate portfolio additionally includes maintenance and improvement contributions. The rental income from the portfolio in Sweden reflects inclusive rents, meaning that the amounts contain operating and heating costs.

Maintenance and Modernization

in € million	3M 2018	3M 2019	Change in %	12M 2018
Expenses for maintenance	61.2	72.7	18.8	289.7
Capitalized maintenance	22.2	24.9	12.2	140.7
Modernization work*	137.7	242.1	75.8	1,139.0
Total cost of modernization and maintenance	**221.1**	**339.7**	**53.6**	**1,569.4**

* Incl. new construction 3M 2019: € 54.1 million, 3M 2018: € 7.2 million.

We had continued success with our modernization and maintenance strategy in the first three months of 2019. The total volume rose from € 221.1 million in the first three months of 2018 to € 339.7 million in the first quarter of 2019. This was driven by an increase in the modernization volume including new construction, which rose by 75.8% from € 137.7 million in 2018 to € 242.1 million in 2019.

Operating expenses in the Rental segment in the first three months of 2019 were up by 33.3% on the figures for 2018, from € 54.1 million to € 72.1 million. This development is due primarily to the larger portfolio thanks to the acquisitions of BUWOG and Victoria Park. All in all, Adjusted EBITDA Rental rose by 18.0%, from € 303.0 million in the first three months of 2018 to € 357.4 million in 2019.

The **Value-add segment** showed positive development in the first three months of 2019. We have further expanded the output of our craftsmen's organization and have continued to invest in improving our portfolio. In addition, we have also continued to expand our business activities relating to the provision of cable television to our tenants, metering services and insurance and residential environment services. As of the end of the first quarter of 2019, Vonovia Immobilien Treuhand provides services to a total of around 101,000 units, of which 78,784 are apartments managed for third parties. We also once again expanded our energy supply services in the first three months of the year. At the end of the first quarter of 2019, we supplied around 10,500 households with energy directly.

In the first three months of the year, external revenue from our Value-add activities with our end customers rose by 54.2%, from € 52.0 million in 2018 to € 80.2 million in 2019. Group revenue rose by 30.2% in the same period, from € 213.9 million in 2018 to € 278.6 million in 2019. Overall, this results in a 34.9% increase in the revenue from the Value-add segment from € 265.9 million in the 2018 reporting period to € 358.8 million in 2019. Our Adjusted EBITDA Value-add more than doubled in the first three months of the year, coming in at € 35.8 million in 2019 as against € 17.8 million in the first quarter of 2018.

The EBITDA margin of the core business, calculated based on the Adjusted EBITDA Operations (total of Adjusted EBITDA Rental and Adjusted EBITDA Value-add less intra-group profits contained) in relation to rental income within the Group, once again showed positive development in the reporting period. It increased from 75.2% in the first quarter of 2018 to 76.0% in the current reporting period.

We continued our selective sales strategy in the first three months of fiscal year 2019. In the Recurring Sales segment, we report all business activities relating to single residential units (privatization).

In the **Recurring Sales segment,** the income from disposal of properties came to € 109.0 million in the first three months of 2019, up by 62.4% on the value of € 67.1 million reported in 2018; of this, € 81.3 million is attributed to sales in Germany (3M 2018: € 62.5 million) and € 27.7 million to sales in Austria (3M 2018: € 4.6 million). We privatized 809 apartments in the first three months of 2019 (3M 2018: 594), thereof 652 in Germany (3M 2018: 573) and 157 in Austria (3M 2018: 21). Adjusted EBITDA Recurring Sales more than doubled in the first three months of 2019 in a year-on-year comparison to € 26.3 million (3M 2018: € 11.5 million). The fair value step-up for Recurring Sales came in at 37.2% in the 2019 reporting period, up on the comparative value of 27.6% for 2018.

Outside of the Recurring Sales segment, we transacted 713 Non-Core disposals as part of our portfolio adjustment measures in the first three months of the year (3M 2018: 1,149). At 15.7%, the fair value step-up for Non-Core disposals was slightly lower than for the same period in the previous year (15.9%).

The **Development segment** made a successful start to the 2019 fiscal year. In the "Development to sell" area, the income from disposal of properties came to € 59.4 million (3M 2018: € 0.0 million), with € 19.6 million attributable to project development in Germany and € 39.8 million attributable to project development in Austria. This produced a gross profit from "Development to sell" of € 13.3 million. In the "Development to hold" area, a fair value of € 47.3 million was achieved in the reporting period (3M 2018: € 6.1 million). As in the prior year, this was due to project development in Germany. The resulting gross profit for "Development to hold" came to € 5.3 million (3M 2018: € 0.3 million). The Adjusted EBITDA for the Development segment amounted to € 10.4 million in the first three months of 2019 (3M 2018: € 0.3 million). A total of 36 units were completed in the "Development to sell" area in the first three months of 2019 (3M 2018: 0 units), 36 of which were located in Germany. A total of 166 units were completed in the "Development to hold" area (3M 2018: 35 units), thereof 166 in Germany (3M 2018: 35 units). Around 36,000 units were listed in the development pipeline at the end of the first quarter of 2019.

In the first three months of the year, the primary key figure for the sustained earnings power of the core business, Group FFO, increased by 20.0%, from € 253.0 million in 2018 to € 303.6 million in 2019 due to acquisitions. This trend was fueled primarily by the positive development in Adjusted EBITDA total, which rose by 29.3% from € 332.6 million to € 429.9 million during the reporting period.

In the 2019 reporting period, the **non-recurring items** eliminated in the Adjusted EBITDA total came to € 17.9 million, down 35.8% on the prior-year value of € 27.9 million. In detail, the non-recurring items are as follows:

Non-recurring Items

in € million	3M 2018	3M 2019	Change in %	12M 2018
Acquisition costs incl. integration costs*	18.0	5.5	-69.4	87.8
Severance payments/pre-retirement part-time work arrangements	8.9	7.0	-21.3	18.3
Business model optimization/development of new fields of business	1.0	1.1	10.0	0.8
Refinancing and equity measures	–	4.3	–	-0.3
Total non-recurring items	**27.9**	**17.9**	**-35.8**	**106.6**

* Including takeover costs and non-recurring expenses in connection with acquisitions, such as HR measures relating to the integration process. Figures for the previous year shown in line with the current reporting structure.

Reconciliations

The **financial result** changed from € -83.0 million in the first three months of 2018 to € -112.5 million in 2019. FFO interest expense is derived from the financial result as follows:

Reconciliation of Financial Result/FFO Interest Expense

in € million	3M 2018	3M 2019	Change in %	12M 2018
Income from loans	0.8	0.5	-37.5	2.2
Interest income	1.2	2.3	91.7	6.8
Interest expense	-85.0	-115.3	35.6	-449.1
Financial result*	**-83.0**	**-112.5**	**35.5**	**-440.1**
Adjustments:				
Transaction costs	2.3	13.2	>100	14.2
Prepayment penalties and commitment interest	1.7	3.9	>100	8.4
Effects from the valuation of non-derivative financial instruments	2.3	-12.7	–	14.9
Derivatives	4.1	12.3	–	14.3
Interest accretion to provisions	2.1	2.4	14.3	9.1
Accrued interest	29.2	-1.9	–	43.4
Interest on prior-year tax	–	–	–	20.3
Interest from leases	–	3.4	–	–
Other effects	2.5	-0.4	–	13.5
Net cash interest	**-38.8**	**-92.3**	**>100**	**-302.0**
Deferred interest adjustment	-29.2	1.9	–	-43.4
Adjustment of income from investments in other real estate companies	–	0.2	–	14.0
Adjustment of interest paid due to taxes	0.3	0.4	33.3	2.6
Interest expense FFO	**-67.7**	**-89.8**	**32.6**	**-328.8**

* Excluding income from other investments.

In the first three months of 2019, the FFO interest expense came to € -89.8 million, up by 32.6% on the prior-year value of € -67.7 million, primarily due to the 100% outside financing of the BUWOG acquisition at the end of the first quarter of 2018.

The profit for the period came to € 201.4 million in the first three months of 2019, up by 55.9% on the previous year's value of € 129.2 million. This was driven to a considerable degree by the net income from fair value adjustments of investment properties in the Swedish portfolio in the amount of € 51.9 million. BUWOG contributed total Adjusted EBITDA of € 58.0 million to the Group's profit for the period in the 2019 reporting period, with Victoria Park contributing Adjusted EBITDA of € 14.2 million.

Reconciliation of Profit for the Period/Group FFO

in € million	3M 2018	3M 2019	Change in %	12M 2018
Profit for the period	129.2	201.4	55.9	2,402.8
Financial result*	83.0	112.5	35.5	440.1
Income taxes	78.2	114.7	46.7	1,471.5
Depreciation and amortization	9.0	16.5	83.3	737.9
Net income from fair value adjustments of investment properties	–	-56.9	–	-3,517.9
= EBITDA IFRS	299.4	388.2	29.7	1,534.4
Non-recurring items	27.9	17.9	-35.8	106.6
Total period adjustments from assets held for sale	4.1	12.4	>100	-0.5
Financial income from investments in other companies	–	-0.2	–	-14.0
Other (Non-core Disposals)	-4.4	-4.9	11.4	-129.2
Intragroup profits	5.3	11.2	>100	38.8
Valuation result New construction/development to hold	0.3	5.3	>100	18.7
= Adjusted EBITDA Total	332.6	429.9	29.3	1,554.8
Interest expense FFO**	-67.7	-89.8	32.6	-328.8
Current income taxes FFO	-6.3	-12.6	100.0	-36.5
Consolidation	-5.6	-23.9	>100	-57.5
= Group FFO	253.0	303.6	20.0	1,132.0
Group FFO per share in €***	0.52	0.59	13.5	2.18

* 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, 2018: 485,100,826, Mar. 31, 2019, and Dec. 31, 2018: 518,077,934.

Assets

Consolidated Balance Sheet Structure

	Dec. 31, 2018		Mar. 31, 2019	
	in € million	in %	in € million	in %
Non-current assets	47,639.6	96.5	47,614.5	94.3
Current assets	1,748.0	3.5	2,860.9	5.7
Assets	**49,387.6**	**100.0**	**50,475.4**	**100.0**
Total equity	19,664.1	39.8	19,843.2	39.3
Non-current liabilities	25,577.8	51.8	26,598.3	52.7
Current liabilities	4,145.7	8.4	4,033.9	8.0
Equity and Liabilities	**49,387.6**	**100.0**	**50,475.4**	**100.0**

The Group's total assets increased by € 1,087.8 million as against December 31, 2018, rising from € 49,387.6 million to € 50,475.4 million. This results primarily from a € 564.7 million increase in investment properties from € 43,490.9 million to € 44,055.6 million, with € 51.9 million resulting from the real estate valuation of the Swedish portfolio. Non-current assets had the opposite effect and fell by € 672.8 million due to the sale of shares in Deutsche Wohnen SE. Current assets increased by € 1,325.5 million, mainly due to an increase in cash and cash equivalents. Goodwill and trademark rights comprise 5.8% of the total assets.

As of March 31, 2019, the **gross asset value (GAV)** of Vonovia's property assets came to € 44,735.9 million, which corresponds to 88.6% of total assets compared with € 44,226.9 million or 89.6% at the end of 2018.

The € 179.1 million increase in total equity from € 19,664.1 million to € 19,843.2 million is mainly the result of the profit for the period for the first three months of € 201.4 million and also results, on the other hand, from the equity effects of the application of the new IFRS standards on lease accounting (IFRS 16) in the amount of € -35.0 million (€ -24.1 million after allowance for deferred taxes).

This brings the equity ratio to 39.3%, compared with 39.8% at the end of 2018.

Liabilities rose by € 908.7 million from € 29,723.5 million to € 30,632.2 million. The amount of non-derivative financial liabilities rose by € 743.7 million, with € 500.0 million attributable to the EMTN drawdown on January 29, 2019.

Net Asset Value

Vonovia's net asset value (NAV) figures are based on the best practice recommendations of the EPRA (European Public Real Estate Association). At the end of the first quarter of 2019, the EPRA NAV came to € 26,452.7 million, up by 1.3% on the value seen at the end of 2018 of € 26,105.0 million. EPRA NAV per share increased from € 50.39 at the end of 2018 to € 51.06 at the end of the first quarter of 2019. At the end of the first quarter of 2019, the Adjusted NAV amounted to € 23,613.1 million, 1.5% higher than the level at the end of 2018 (€ 23,262.6 million). This represents an increase in the Adjusted NAV per share from € 44.90 at the end of 2018 to € 45.58 at the end of the first quarter of 2019.

Net Asset Value (NAV)

in € million	Dec. 31, 2018	Mar. 31, 2019	Change in %
Total equity attributable to Vonovia shareholders	17,880.2	18,044.9	0.9
Deferred taxes on investment properties	8,161.1	8,347.7	2.3
Fair value of derivative financial instruments*	87.2	84.2	-3.4
Deferred taxes on derivative financial instruments	-23.5	-24.1	2.6
EPRA NAV	26,105.0	26,452.7	1.3
Goodwill	-2,842.4	-2,839.6	-0.1
Adjusted NAV	**23,262.6**	**23,613.1**	**1.5**
EPRA NAV per share in €**	**50.39**	**51.06**	**1.3**
Adjusted NAV per share in €**	**44.90**	**45.58**	**1.5**

* Adjusted for effects from cross currency swaps.
** Based on the number of shares on the reporting dates Dec. 31, 2018, and Mar. 31, 2019: 518,077,934.

Fair Values

Major market developments and valuation parameters that have an impact on the fair values of Vonovia are assessed on an ongoing basis. Due to the development in the parameters that are already known and the continued positive market environment, the company expects to see an increase in value that we expect to reflect in the consolidated interim financial statements as of June 30, 2019. As in the previous year, Vonovia will be performing a new valuation for major parts of the portfolio at the end of the first half of the year.

Due to the particular situation regarding data on the Swedish real estate market, it was possible to arrive at valid values for the parameters relevant to real estate valuation of the Swedish portfolio for the reporting date as of March 31, 2019. The resulting valuation effect for the period from January 1 to March 31, 2019 in the amount of € 51.9 million (Q1 2018: € 0.0 million) was recognized as of March 31, 2019.

In addition, buildings under construction (new construction/development to hold) were completed during the reporting period. On completion of these properties, a fair value measurement is performed for the first time. The resulting valuation effect for the period from January 1 to March 31, 2019, amounts to € 5.3 million (Q1 2018: € 0.0 million).

The recognition and valuation of investment properties are explained in detail in the consolidated financial statements for 2018.

Financial Position

Cash Flow

The following table shows the Group cash flow:

Key Data from the Statement of Cash Flows

in € million	3M 2018	3M 2019
Cash flow from operating activities	262.7	412.6
Cash flow from investing activities	-2,500.3	644.6
Cash flow from financing activities	2,800.7	268.3
Net changes in cash and cash equivalents	563.1	1,325.5
Cash and cash equivalents at the beginning of the period	266.2	547.7
Cash and cash equivalents at the end of the period	**829.3**	**1,873.2**

The cash flow from **operating activities** rose from € 262.7 million in the first three months of 2018 to € 412.6 million in the first three months of 2019. The increase is mainly due to the improvement in the operating result. The low payouts in net current assets continued to have a positive effect on operating cash flow.

The cash flow from **investing activities** shows net proceeds of € 644.6 million for the first three months of 2019. This is mainly due to the sale of the shares in Deutsche Wohnen SE. Payments for acquisition of investment properties came to € 366.0 million. On the other hand, income from portfolio sales in the amount of € 325.8 million was collected.

The cash flow from **financing activities** includes payouts for scheduled and unscheduled repayments of € 1,205.8 million and, on the other hand, proceeds from issuing financial liabilities in the amount of € 1,951.0 million. Payouts for transaction and financing costs amounted to € 30.1 million. Interest paid in the first three months of 2019 amounted to € 95.0 million. In addition, the cash flow from financing activities includes payments for the acquisition of shares in non-controlling interests in the amount of € 339.4 million, mainly for the acquisition of the remaining shares in BUWOG.

The net increase in **cash and cash equivalents** came to € 1,325.5 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 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+.'

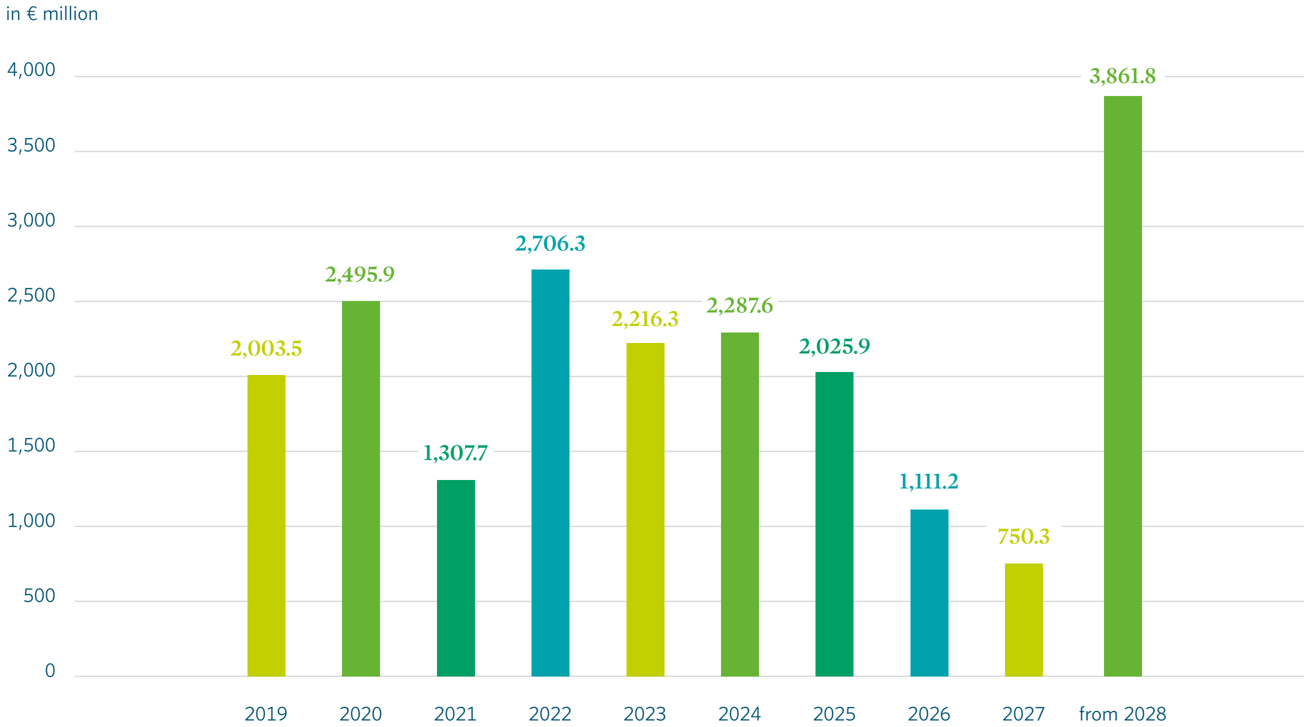
A European medium-term notes program (EMTN program) has been launched for the Group via Vonovia Finance B.V., allowing funds to be raised quickly at any time using bond issues, without any major administrative outlay. The prospectus for the EMTN program has to be updated annually and approved by the financial supervisory authority of the Grand Duchy of Luxembourg (CSSF).

Vonovia Finance B.V. has currently placed a total bond volume of € 14.8 billion, € 12.4 billion of which relates to the EMTN program on the reporting date of March 31, 2019. The total volume also includes € 1.7 billion in hybrid bonds, € 1.0 billion of which is reported as equity.

In November 2017, Vonovia concluded a master commercial paper agreement via its Dutch financing company with a total volume of € 500 million with Commerzbank AG as lead arranger and several banks as traders. This master program was increased to a total volume of € 1,0 billion in September 2018.

The **debt maturity profile** of Vonovia's financing was as follows as of March 31, 2019:

Maturity Profile



With effect of January 29, 2019, and as part of its EMTN program, Vonovia placed a bond with a nominal volume of € 500 million and a coupon of 1.800% maturing on June 29, 2025, via its Dutch subsidiary Vonovia Finance B.V. The first interest payment is due on June 29, 2019.

In connection with the issue of unsecured bonds by Vonovia Finance B.V., Vonovia has undertaken to comply with the following standard market covenants:

> Limitations on incurrence of financial indebtedness
> Maintenance of consolidated coverage ratio
> Maintenance of total unencumbered assets

The existing structured and secured financing arrangements also require adherence to certain standard market covenants. Any failure to meet the agreed financial covenants could have a negative effect on the liquidity status.

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

in € million	Dec. 31, 2018	Mar. 31, 2019	Change in %
Non-derivative financial liabilities	20,136.0	20,879.7	3.7
Foreign exchange rate effects	-33.5	-38.2	14.0
Cash and cash equivalents	-547.7	-1,873.2	>100
Net debt	19,554.8	18,968.3	-3.0
Sales receivables	-256.7	-24.6	-90.4
Adjusted net debt	19,298.1	18,943.7	-1.8
Fair value of the real estate portfolio	44,239.9	44,543.0	0.7
Shares in other real estate companies	800.3	127.4	-84.1
Adjusted fair value of the real estate portfolio	**45,040.2**	**44,670.4**	**-0.8**
LTV	**42.8%**	**42.4%**	**-0.4 pp**

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

in € million	Dec. 31, 2018	Mar. 31, 2019	Change in %
Non-derivative financial liabilities	20,136.0	20,879.7	3.7
Total assets	**49,387.6**	**50,475.4**	**2.2**
LTV bond covenants	**40.8%**	**41.4%**	**0.6 pp**

Business Outlook

The first three months of the 2019 fiscal year were very successful for Vonovia on the whole. We continued to systematically implement our corporate strategy. All business segments showed positive development.

We expect this positive development to continue in the 2019 fiscal year and predict that we will be able to achieve our forecast figures. Given the dynamic development of the German, Austrian and Swedish housing markets, we expect to see a further increase in the value of our investment properties and with this a further boost to Adjusted NAV per share.

Our current forecast is based on the outlook for the Vonovia Group as a whole, which includes the original overall plans for the 2019 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 2018 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 current forecast for the main performance indicators for the 2019 fiscal year was updated based on the accounting principles and standards used in the 2019 quarterly financial statements; incl. the initial application of IFRS 16:

	Actual 2018	Forecast 2019	Forecast for 2019 in the 2019 Q1 Report
Adjusted NAV per share	€ 44.90	suspended	suspended
Adjusted EBITDA Total	€ 1,554.8 million	€ 1,650–1,700 million	€ 1,700–1,750 million
Group FFO	€ 1,132.0 million	€ 1,140–1,190 million	€ 1,165–1,215 million
Group FFO per share*	€ 2.18	€ 2.20–2.30	€ 2.25–2.35
Customer Satisfaction Index (CSI)	Decrease of 2.6%	Up slightly year-on-year	Down slightly year-on-year
Rental income	€ 1,894.2 million	€ 2,020–2,070 million	€ 2,020–2,070 million
Organic rent increase	4.4%	Increase of approx. 4.4%	Increase of approx. 4.4%
Maintenance incl. capitalized maintenance	€ 430.4 million	–	-
Modernization and new construction	€ 1,139.0 million	€ 1,300–1,600 million	€ 1,300–1,600 million
Number of units sold Recurring Sales	2,818	approx. 2,500	approx. 2,500
Step-up Recurring Sales	35.5%	approx. 30%	approx. 30%
Number of units sold Non-core Disposals	12,284	–	–
Step-up Non-core Disposals	23.0%	–	–

* Based on the shares carrying dividend rights on the reporting date.

Bochum, Germany, April 29, 2019

The Management Board

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated Income Statement

in € million	Jan. 1 – Mar. 31, 2018	Jan. 1 – Mar. 31, 2019
Income from property letting	589.3	694.2
Other income from property management	10.7	17.5
Income from property management	**600.0**	**711.7**
Income from disposal of properties	114.0	154.5
Carrying amount of properties sold	-105.8	-137.1
Revaluation of assets held for sale	8.7	6.0
Profit on disposal of properties	**16.9**	**23.4**
Income from the disposal of properties (Development)	–	59.4
Cost of sold properties	–	-46.1
Profit on the disposal of properties (Development)	**–**	**13.3**
Net income from fair value adjustments of investment properties	–	56.9
Capitalized internal expenses	105.6	138.5
Cost of materials	-280.2	-334.5
Personnel expenses	-111.8	-133.9
Depreciation and amortization	-9.0	-16.5
Other operating income	22.6	24.3
Impairment losses on financial assets	-5.6	-5.5
Gains resulting from the derecognition of financial assets measured at amortized cost	1.1	1.1
Other operating expenses	-56.8	-58.7
Net income from investments accounted for using the equity method	0.3	0.1
Financial income	9.3	11.2
Financial expenses	-85.0	-115.3
Earnings before tax	**207.4**	**316.1**
Income taxes	-78.2	-114.7
Profit for the period	**129.2**	**201.4**
Attributable to:		
Vonovia's shareholders	116.2	185.2
Vonovia's hybrid capital investors	7.4	7.4
Non-controlling interests	5.6	8.8
Earnings per share (basic and diluted) in €	**0.24**	**0.36**

Consolidated Statement of Comprehensive Income

in € million	Jan. 1 – Mar. 31, 2018	Jan. 1 – Mar. 31, 2019
Profit for the period	129.2	201.4
Cash flow hedges		
Change in unrealized gains/losses	-9.1	-0.7
Taxes on the change in unrealized gains/losses	3.7	0.2
Net realized gains/losses	8.6	-1.3
Taxes due to net realized gains/losses	-2.8	1.2
Total	0.4	-0.6
Currency translation differences		
Changes in the period	–	-12.8
Net realized gains/losses	–	-
Total	–	-12.8
Items which will be recognized in profit or loss in the future	0.4	-13.4
Equity instruments at fair value in other comprehensive income		
Changes in the period	24.3	30.4
Taxes on changes in the period	-0.2	-0.4
Total	24.1	30.0
Actuarial gains and losses from pensions and similar obligations		
Change in actuarial gains/losses, net	-	-23.1
Tax effect	-	7.7
Total	-	-15.4
Items which will not be recognized in profit or loss in the future	24.1	14.6
Other comprehensive income	24.5	1.2
Total comprehensive income	**153.7**	**202.6**
Attributable to:		
Vonovia's shareholders	140.7	187.7
Vonovia's hybrid capital investors	7.4	7.4
Non-controlling interests	5.6	7.5

Consolidated Balance Sheet

Assets

in € million	Dec. 31, 2018	Mar. 31, 2019
Intangible assets	2,943.2	2,940.2
Property, plant and equipment	250.4	329.6
Investment properties	43,490.9	44,055.6
Financial assets	888.8	222.8
Other assets	12.2	12.2
Deferred tax assets	54.1	54.1
Total non-current assets	47,639.6	47,614.5
Inventories	8.8	9.1
Trade receivables	493.1	288.9
Financial assets	0.8	14.0
Other assets	114.4	200.3
Income tax receivables	170.2	119.3
Cash and cash equivalents	547.7	1,873.2
Real estate inventories	307.1	319.2
Assets held for sale	105.9	36.9
Total current assets	1,748.0	2,860.9
Total assets	**49,387.6**	**50,475.4**

Equity and liabilities

in € million	Dec. 31, 2018	Mar. 31, 2019
Subscribed capital	518.1	518.1
Capital reserves	7,183.4	7,183.4
Retained earnings	9,942.0	10,381.6
Other reserves	236.7	-38.2
Total equity attributable to Vonovia's shareholders	**17,880.2**	**18,044.9**
Equity attributable to hybrid capital investors	1,001.6	1,011.5
Total equity attributable to Vonovia's shareholders and hybrid capital investors	**18,881.8**	**19,056.4**
Non-controlling interests	782.3	786.8
Total equity	**19,664.1**	**19,843.2**
Provisions	616.7	634.4
Trade payables	4.4	2.9
Non-derivative financial liabilities	17,437.5	18,051.8
Derivatives	69.8	74.7
Lease liabilities	94.7	423.9
Liabilities to non-controlling interests	24.2	24.2
Financial liabilities from tenant financing	56.1	53.0
Other liabilities	42.5	30.6
Deferred tax liabilities	7,231.9	7,302.8
Total non-current liabilities	**25,577.8**	**26,598.3**
Provisions	450.5	471.0
Trade payables	239.1	207.3
Non-derivative financial liabilities	2,698.5	2,827.9
Derivatives	41.4	40.4
Lease liabilities	4.7	26.4
Liabilities to non-controlling interests	9.0	7.0
Financial liabilities from tenant financing	104.7	106.4
Other liabilities	597.8	347.5
Total current liabilities	**4,145.7**	**4,033.9**
Total liabilities	**29,723.5**	**30,632.2**
Total equity and liabilities	**49,387.6**	**50,475.4**

Consolidated Statement of Cash Flows

in € million	Jan. 1 – Mar. 31, 2018	Jan. 1 – Mar. 31, 2019
Profit for the period	129.2	201.4
Net income from fair value adjustments of investment properties	–	-56.9
Revaluation of assets held for sale	-8.7	-6.0
Depreciation and amortization	9.0	16.5
Interest expenses/income	83.0	112.5
Income taxes	78.2	114.7
Results from disposals of investment properties	-8.2	-17.4
Results from disposals of other non-current assets	0.1	–
Other expenses/income not affecting net income	-0.4	1.9
Change in working capital	-11.3	23.7
Income tax paid	-8.2	22.2
Cash flow from operating activities	**262.7**	**412.6**
Proceeds from disposals of investment properties and assets held for sale	119.6	325.8
Proceeds from disposals of other assets	2.7	696.3
Payments for investments of investment properties	-156.7	-366.0
Payments for investments of other assets	-21.7	-14.2
Payments for acquisition of shares in consolidated companies, in due consideration of liquid funds	-2,447.4	–
Interest received	3.2	2.7
Cash flow from investing activities	**-2,500.3**	**644.6**

in € million	Jan. 1 – Mar. 31, 2018	Jan. 1 – Mar. 31, 2019
Cash paid to non-controlling interests	-4.2	-4.7
Proceeds from issuing financial liabilities	3,167.8	1,951.0
Cash repayments of financial liabilities	-278.0	-1,205.8
Cash repayments of finance leases	-	-7.7
Payments for transaction costs relating to capital measures	-37.5	-15.4
Payments for other financing costs	-1.7	-14.7
Payments for the acquisition of shares in non-controlling interests	-3.7	-339.4
Interest paid	-42.0	-95.0
Cash flow from financing activities	2,800.7	268.3
Net changes in cash and cash equivalents	563.1	1,325.5
Cash and cash equivalents at the beginning of the period	266.2	547.7
Cash and cash equivalents at the end of the period*	**829.3**	**1,873.2**

* Thereof restricted cash € 70.9 million (March 31, 2018: € 98.8 million).

Portfolio Information

As of March 31, 2019, Vonovia manages its own real estate portfolio with a fair value of € 44.5 billion. The majority of our apartments is located in regions with positive economic and demographic development prospects.

Portfolio Structure

March 31, 2019	Fair value* (in € million)	Fair value* (in €/m²)	Residential units	Vacancy (in %)	In-place rent (in €/m²)
Strategic	34,602.7	1,685	323,377	2.8	6.60
Operate	8,706.5	1,686	74,920	3.0	6.88
Invest	25,896.1	1,685	248,457	2.7	6.51
Recurring Sales	3,610.1	1,818	28,975	3.0	6.74
Non-core Disposals	571.8	1,255	5,321	6.5	6.08
Vonovia Germany	**38,784.6**	**1,688**	**357,673**	**2.9**	**6.60**
Vonovia Austria	2,493.2	1,354	22,649	4.6	4.51
Vonovia Sweden	1,781.2	1,602	14,287	1.4	9.10
Total	**43,059.0**	**1,661**	**394,609**	**2.9**	**6.56**

In order to make the presentation of our portfolio more transparent, we also split our portfolio into **15 regional markets.** These markets are core towns/cities and their surroundings, mainly metropolitan, areas. Our decision to focus on the regional markets that are particularly relevant to Vonovia is our way of looking ahead to the future and provides an overview of our strategic core portfolio in Germany.

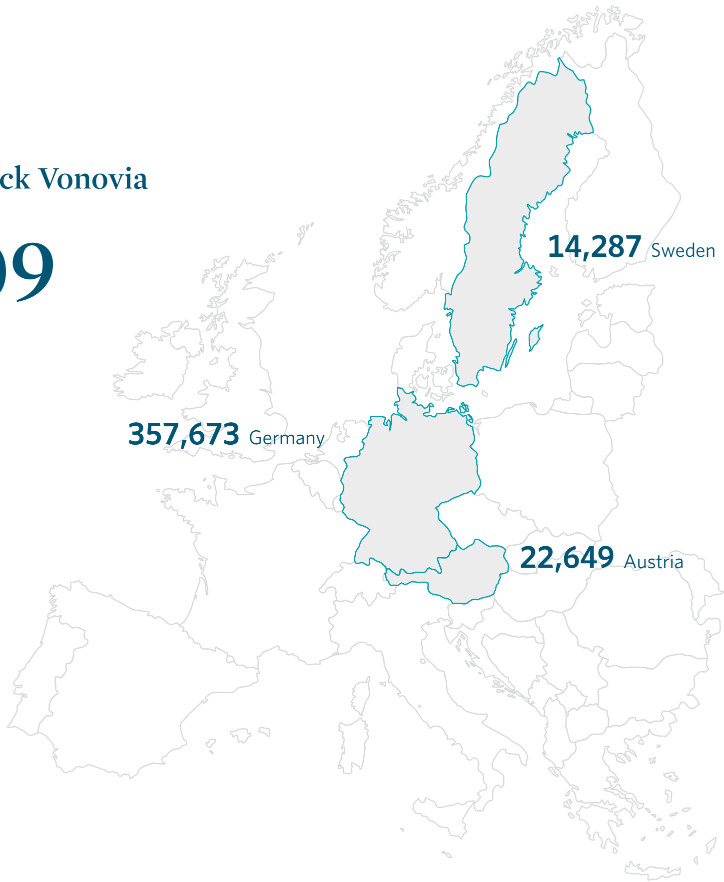
Breakdown of Strategic Housing Stock by Regional Market

March 31, 2019	Fair value* (in € million)	Fair value* (in €/m²)	Residential units	Vacancy (in %)	In-place rent (in €/m²)**
Regional market					
Berlin	6,583.4	2,382	42,027	1.5	6.69
Rhine Main Area	3,945.1	2,208	27,537	1.6	8.11
Rhineland	3,441.3	1,752	28,818	2.8	7.07
Southern Ruhr Area	3,379.3	1,252	43,408	3.8	5.97
Dresden	3,126.4	1,368	38,452	3.6	6.06
Hamburg	2,466.0	1,924	19,839	2.1	6.98
Munich	2,049.8	3,135	9,667	1.1	8.10
Stuttgart	1,935.9	2,171	13,808	2.0	7.82
Kiel	1,916.2	1,376	23,377	2.2	6.20
Hanover	1,633.1	1,559	16,317	3.5	6.52
Northern Ruhr Area	1,566.4	963	26,076	3.7	5.67
Bremen	1,081.4	1,463	11,860	3.9	5.69
Leipzig	869.9	1,399	9,190	3.8	5.97
Westphalia	792.5	1,272	9,495	3.9	6.00
Freiburg	603.3	2,166	4,034	1.9	7.34
Other strategic locations	2,638.2	1,514	26,838	3.2	6.60
Total strategic locations Germany	**38,028.3**	**1,698**	**350,743**	**2.8**	**6.61**

* Fair value of the developed land excluding € 1,484.1 million, of which € 401.0 million for undeveloped land and inheritable building rights granted, € 364.7 million for assets under construction, € 537.5 million for development and € 180.9 million for other.
** Shown based on the country-specific definition.

Total Housing Stock Vonovia

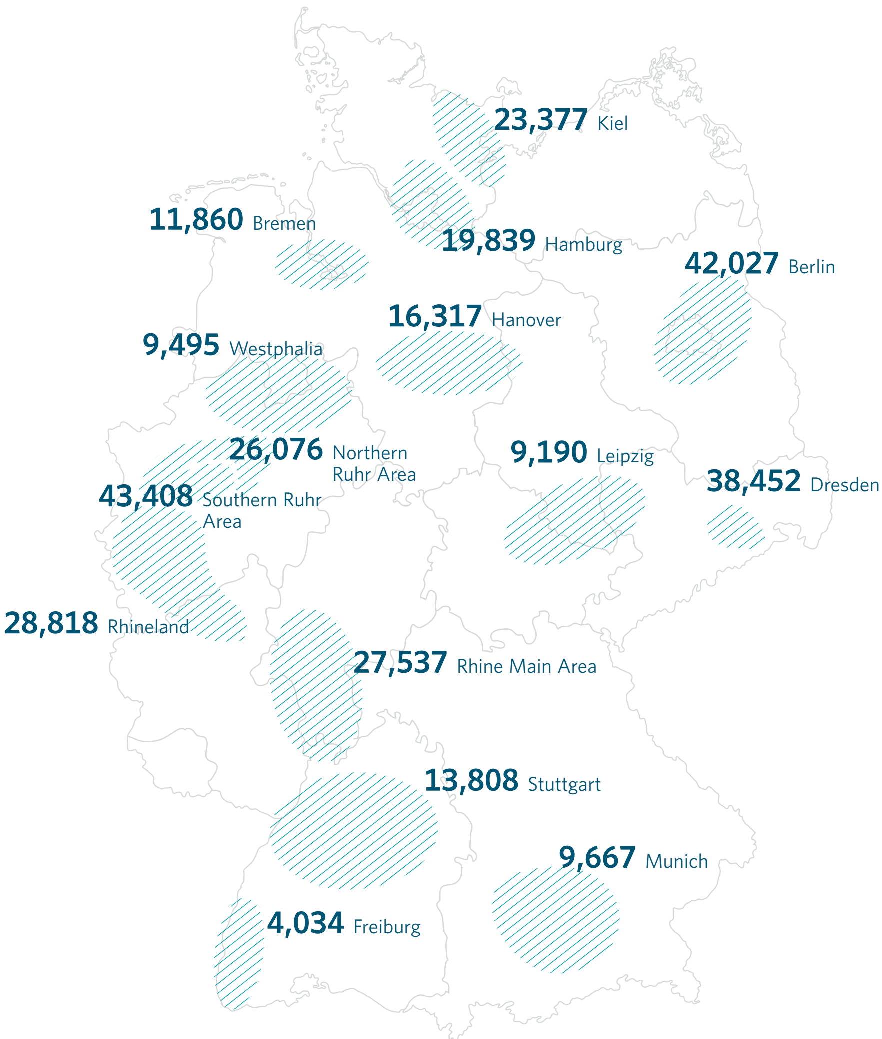
394,609



Housing Stock by Regional Market

(including 26,838 Units at Other Strategic Locations)

350,743



Financial Calendar

May 7, 2019
Publication of Interim Statement January–March 2019

May 16, 2019
Annual General Meeting

August 2, 2019
Publication of Half-Year Report January–June 2019

5. November 2019
Publication of Interim Statement January–September 2019

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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 2018 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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