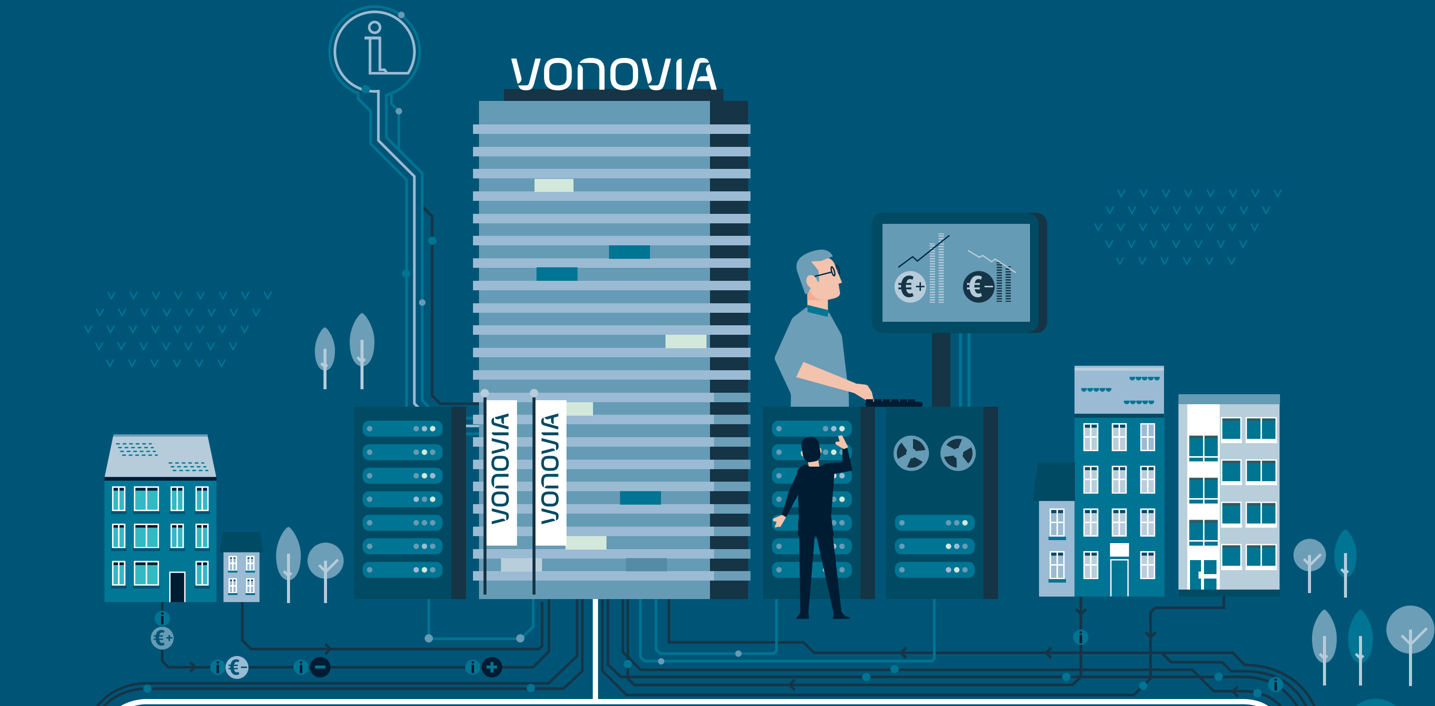
Vonovia SE
Interim Statement for the Third Quarter of 2017



Q3
Interim Statement

VONOVIA

Key Figures

Key Financial Figures in € million	**9M 2017**	**9M 2016**	**Change in %**	**12M 2016**
Rental income	1,249.4	1,156.1	8.1	1,538.1
Adjusted EBITDA Operations	922.1	832.3	10.8	1,094.0
Adjusted EBITDA Rental	865.9	794.1	9.0	1,046.2
Adjusted EBITDA Value-add Business*	76.0	45.1	68.5	57.0
Adjusted EBITDA Other	-19.8	-6.9	187.0	-9.2
Income from disposal of properties	951.2	988.2	-3.7	1,227.9
Adjusted EBITDA Sales	81.3	65.5	24.1	92.5
Adjusted EBITDA	1,003.4	897.8	11.8	1,186.5
EBITDA IFRS	945.5	825.9	14.5	1,083.7
FFO 1	690.5	571.6	20.8	760.8
thereof attributable to Vonovia shareholders	650.6	536.2	21.3	713.4
thereof attributable to Vonovia hybrid capital investors	30.0	30.0	-	40.0
thereof attributable to non-controlling interests	9.9	5.4	83.3	7.4
FFO 2	748.0	604.0	23.8	823.8
AFFO	640.2	524.3	22.1	689.2
FFO 1 per share in €**	1.42	1.23	15.4	1.63
Income from fair value adjustments of investment properties	1,164.7	-	-	3,236.1
EBT	1,869.0	455.4	310.4	3,859.8
Profit for the period	1,205.2	278.3	333.1	2,512.9
Cash flow from operating activities	719.0	636.7	12.9	828.9
Cash flow from investing activities	-1,165.2	326.5	-	416.4
Cash flow from financing activities	-754.8	-2,953.0	-74.4	-2,812.4
Maintenance and modernization	752.8	516.7	45.7	792.4
thereof for maintenance expenses and capitalized maintenance	244.2	232.1	5.2	320.1
thereof for modernization (incl. new construction)	508.6	284.6	78.7	472.3

Key Balance Sheet Figures in € million	**Sep. 30, 2017**	**Sep. 30, 2016**	**Change in %**	**Dec. 31, 2016**
Fair value of the real estate portfolio	30,948.1	23,851.1	29.8	27,115.6
Adjusted NAV	16,263.5	11,016.9	47.6	14,328.2
Adjusted NAV per share in €**	33.53	23.64	41.8	30.75
LTV in %	42.4	47.1	-4.7 pp	41.6

Non-Financial Key Figures	**9M 2017**	**9M 2016**	**Change in %**	**12M 2016**
Number of units managed	413,703	397,254	4.1	392,350
thereof own apartments	350,134	337,720	3.7	333,381
thereof apartments owned by others	63,569	59,534	6.8	58,969
Number of units bought	24,847	2,440	918.3	2,815
Number of units sold	8,304	21,922	-62.1	26,631
thereof Privatize	1,704	2,150	-20.7	2,701
thereof Non-Core	6,600	19,772	-66.6	23,930
Vacancy rate in %	2.9	2.8	0.1 pp	2.4
Monthly in-place rent in €/m²	6.19	5.94	4.2	6.02
Organic rent increase in %	3.9	2.8	1.1 pp	3.3
Number of employees (as of Sep. 30/Dec. 31)	8,378	7,074	18.4	7,437

EPRA Key Figures in € million	**Sep. 30, 2017**	**Sep. 30, 2016**	**Change in %**	**Dec. 31, 2016**
EPRA NAV	19,195.3	13,735.8	39.7	17,047.1
EPRA NAV per share in €**	39.57	29.48	34.2	36.58

* previously "Adjusted EBITDA Extension"
** Based on the shares carrying dividend rights on the reporting date September 30, 2017: 485,100,826, September 30, 2016: 466,000,624, Dec. 31, 2016: 466,000,624

Business Development in the First Nine Months of 2017

Condensed Interim Consolidated Financial Statements

Information

Business Development in the First Nine Months of 2017

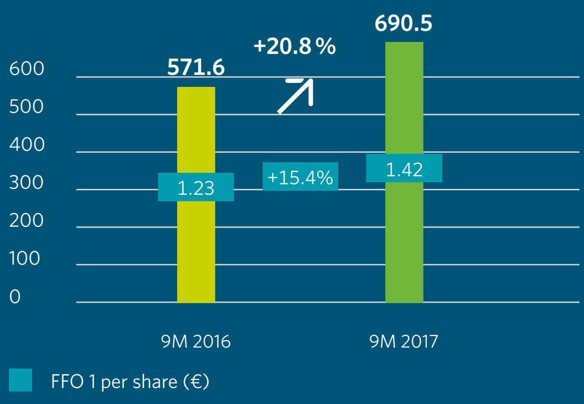
Overview

Based on the first nine months, 2017 is proving to be a very successful year for Vonovia. With over € 500 million invested in modernizing our properties as well as in new construction projects, the investment program is the driver of our organic growth of almost 4 %. The conwert portfolio has been fully integrated in operational terms and Value-add Business showed positive development in the first nine months of the year, as expected. Thanks to these success stories, FFO 1 rose by 20.8 % as against the same period in the previous year.

Increase in Sustained Earnings

FFO 1

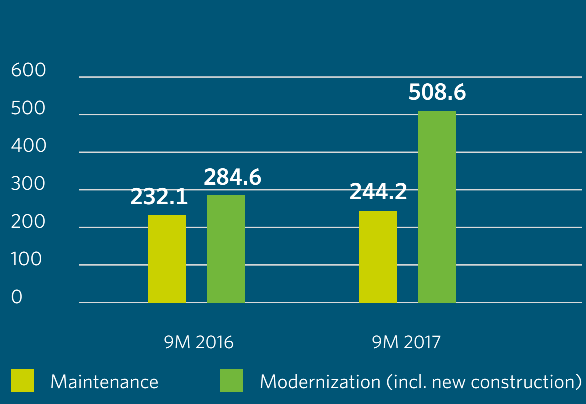
in € million



Sharp Rise in Modernization Investments

Investments

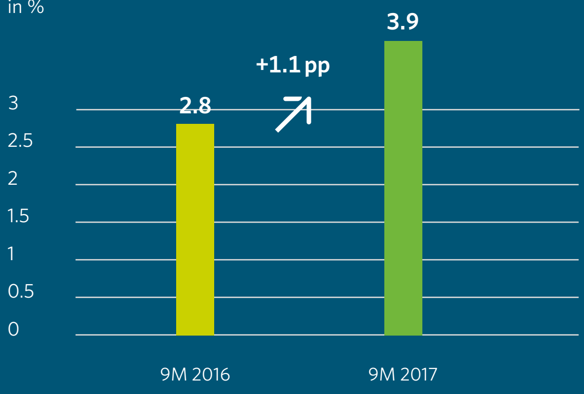
in € million



Organic Rent Growth

Organic Increase in Rent

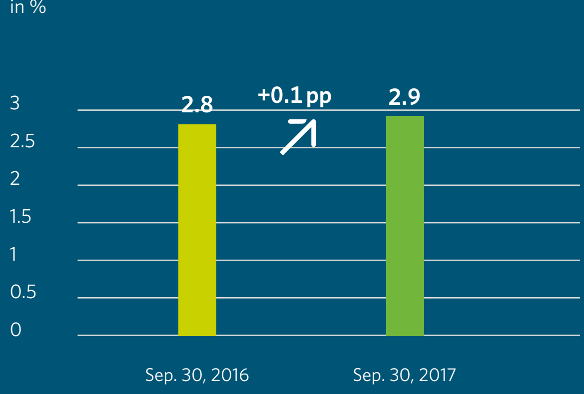
in %



Vacancy Rate up Slightly due to Investments

Vacancy Rate

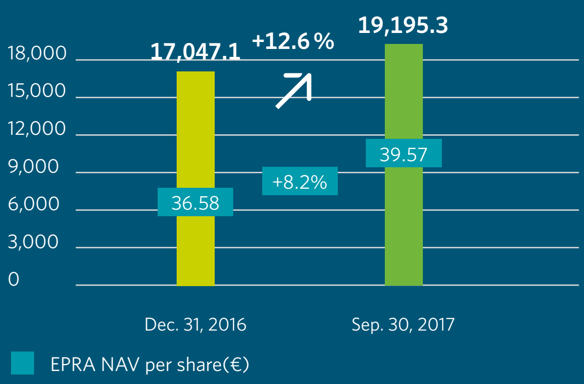
in %



Net Assets Increase due to Profit for the Period and Inclusion of conwert

EPRA NAV

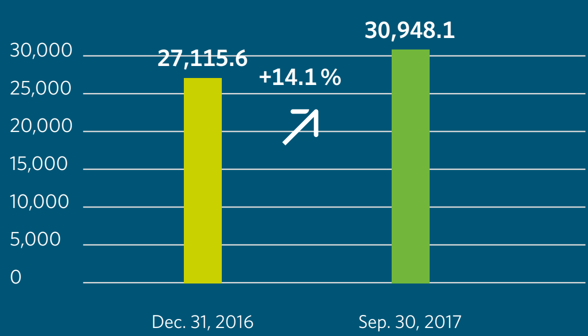
in € million



Growth in Property Assets Following Increase in Value and conwert

Fair Value of Real Estate Portfolio

in € million



Vonovia SE on the Capital Market

Shares in Vonovia

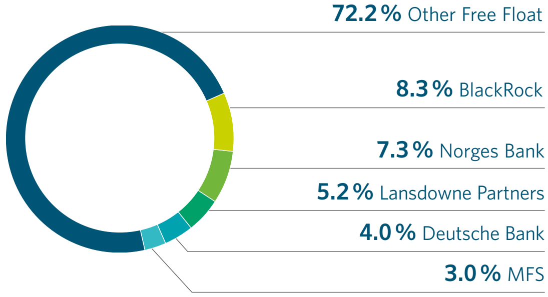
The attractive risk/return profile offered by housing companies listed on the German stock market in general and the positive business development at Vonovia in particular resulted in sustained demand for shares in Vonovia in the first nine months of 2017. In the same period, Vonovia's share price rose by 16.5 % as against the closing price seen on December 30, 2016, to € 36.00. During the same period, the DAX improved by 11.7 % to 12,828.8 points. The EPRA Europe rose by 3.5 % to 2,125.64 points.

Vonovia's market capitalization amounted to around € 17.5 billion as of September 30, 2017.

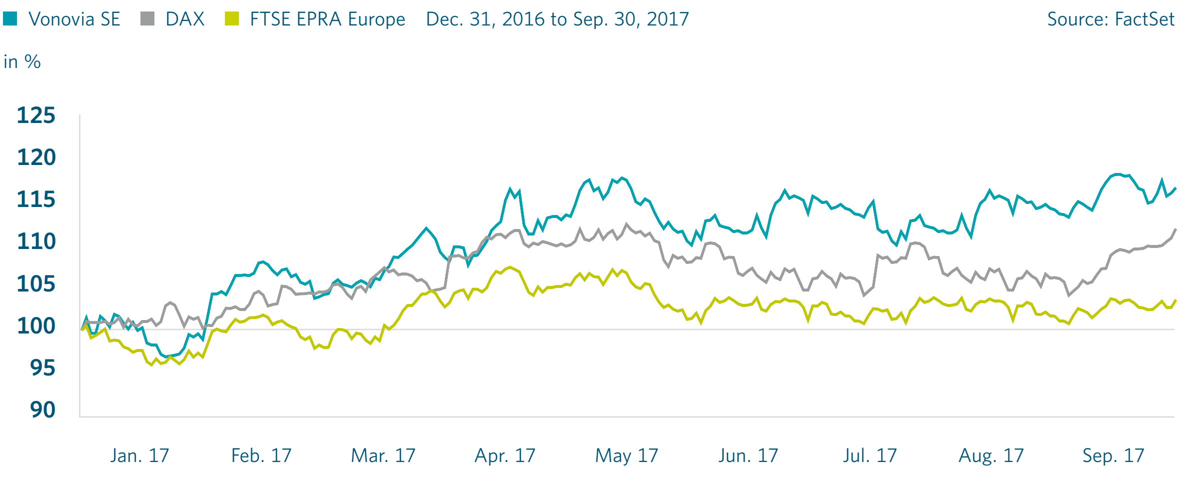
Shareholder Structure

Free Float and Breakdown of Major Shareholders

(as of Sep. 30, 2017)



Share Price Performance 9M 2017



Based on the German stock exchange's definition of free float, only the interest held by Norges Bank (Norwegian Ministry of Finance) does not count towards the free float. This means that 92.7 % of Vonovia's shares were in free float on September 30, 2017.

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 2017, communication with investors focused on the following issues, in particular: property valuation, the investment program, innovative property management, the immunity of Vonovia SE's business model to macroeconomic fluctuations, the importance of acquisitions and organic growth, and the takeover of conwert Immobilien Invest SE. We also responded to one of the suggestions made during these discussions and decided to refer to our housing-related service business as the "Value-add Business", as opposed to the "Extension" segment.

In the first nine months of 2017, Vonovia participated in a total of 20 investors' conferences and 13 roadshows in key European, North American and Asian financial centers. In addition, our company representatives held numerous one-on-one meetings and teleconferences with investors and analysts to keep them informed of current developments and special issues. Active participation in various shareholder association forums is also a key component of our IR work.

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

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

Analyst Assessments

Within the first nine months of 2017, 30 national and international analysts published studies on Vonovia. The average target share price was € 39.50, with 62 % of analysts issuing a "buy" recommendation and 38 % issuing a "hold" recommendation. No "sell" recommendation was issued for Vonovia's shares.

http://investors.vonovia.de

Share Information

First day of trading	July 11, 2013
Subscription price:	€ 16.50
Total number of shares:	485 million
Share capital in €	€ 485,100,826
ISIN	DE000A1ML7J1
WKN	A1ML7J
Ticker symbol:	VNA
Common code	94567408
Share class	Registered shares with no par value
Stock exchange	Frankfurt Stock Exchange
Market segment	Regulated market
Indices & weighting September 30, 2017	DAX (1.6 %), Stoxx Europe 600 (0.2 %), MSCI Germany (1.4 %), GPR 250 (1.4 %), FTSE EPRA/NAREIT Europe Index (8.3 %)

Development of the Economic Environment

Development of the Economy as a Whole and of the Sector – German Economy Still Fueled by Economic Momentum

Momentum in the German economy remains high: As reported, gross domestic product (GDP) in the second quarter of 2017 was up by 0.6 % quarter-on-quarter – after price-related, seasonal and calendar-related adjustments – following a quarter-on-quarter increase of as much as 0.7 % (as opposed to an original calculation of 0.6 %) in the first three months of the year, as the latest calculations of the Federal Statistical Office (Destatis) show. As far as the third quarter of 2017 is concerned, the Kiel Institute for the World Economy (IfW) expects the economic momentum to continue and GDP to expand by a further 0.6 %.

Positive impetus will come primarily from the domestic economy: After both private households and the state ramped up their consumer spending considerably in the second quarter of 2017, the third quarter was characterized by investment growth, in particular, with investments in equipment, buildings and other installations all up on the previous quarter. Provisional calculations show that exports also increased significantly in the third quarter of 2017, a development that made up for the ground lost in connection with the contractive effect of foreign trade developments in the previous quarter on the back of much more pronounced growth in price-adjusted imports. The upswing also remains intact in other sectors of the economy, in particular in most service sectors. The fact that macroeconomic capacity utilization has increased considerably again means that both industrial companies and the construction sector, in particular, have been working at their capacity limit for some time now.

The ifo business climate index nevertheless clouded over slightly in September (115.2 points as against 115.9 points in August), a trend that is largely attributable to downgraded expectations in the manufacturing and wholesale sectors. In the construction industry, on the other hand, it touched on a new record high. This means that, all in all, the index remains at a high level in a historical comparison.

Full economic utilization comes hand-in-hand with the risk of the start of a cyclical downturn. Exogenous factors are expected to continue to include, first and foremost, the unclear terms of the United Kingdom's exit from the EU, the negative impact of which will only emerge in the medium term, and the unforeseeable financial market risks associated with the North Korea conflict. Although some signs are emerging that the European Central Bank (ECB) is intending to make a gradual break with its ultra-expansive monetary policy, it is still keeping key rates at a record low of 0.0 %, citing inflation risks as its motivation.

The labor market continued to show positive development, with the German Federal Statistical Office (Statistisches Bundesamt) reporting 692,000 more people in work in August 2017 than in the same period of the previous year. The German Federal Employment Agency (Bundesagentur für Arbeit) published an unemployment rate of 5.5 % for September 2017, down by 0.4 percentage points over the previous year.

Consumer price performance has already been on a slight but noticeable upward trajectory since the end of last year. In September 2017, the rate of inflation is likely to have come in at 1.8 % based on the consumer price index. Inflation is being driven mainly by developments in the price of food; although energy prices have also been increasing significantly again since August.

Continued Rise in Quoted Rents and Quoted Prices in Germany

As in the first half of 2017, quoted rents continued to rise at the start of the third quarter of 2017: According to IMX, the quoted price index of the real estate portal ImmobilienScout24, nationwide quoted rents increased by 0.4 percentage points month-over-month in both July and August 2017. The quoted prices for owner-occupied apartments have also increased further across Germany since the beginning of the year. Compared with the increase in rents, these prices have been increasing at a much faster pace again since the beginning of the third quarter of 2017. According to IMX, the prices for existing owner-occupied apartments increased by 1.6 percentage points against the previous month in July and 1.5 percentage points in August. The price index for newly built apartments rose by 1.2 percentage points and 0.9 percentage points respectively during the same periods. Although the prices of newly built apartments recently showed less of an increase than the prices for existing apartments, they are not expected to stagnate.

According to F+B Forschung und Beratung für Wohnen, Immobilien und Umwelt GmbH (F+B), the fact that the prices of owner-occupied apartments have been growing at a rate that is well above average for around five years now points towards a sustained trend towards medium-sized and larger cities, as this type of housing is typical for urban settlements. The increase also reflects interest rates, which have been particularly low during this period, and the growing interest in real estate as a form of investment. F+B's nationwide housing index shows that price developments for multifamily residences and apartment complexes remain below-average. This, according to F+B, is because the effect of the high prices seen in Germany's top 7 locations is diluted in the nationwide average, with individual transactions in many medium-sized and smaller cities pushing the average price down considerably.

Sustained Keen Interest in the German Residential Investment Market

In the first nine months of 2017, residential building bundles and residential developments of 50 units or more accounted for a total transaction volume of around € 9.8 billion on the German residential investment market, according to the real estate service provider CBRE. This puts the transaction volume up by just under one-third on the same period of last year. Despite the price increase in the country's metropolitan areas and High-Influx cities ("Schwarmstädte"), CBRE reports undiminished interest among institutional investors. On the buyer side, listed real estate companies/REITs were very active in the ongoing pursuit of their growth targets involving existing properties in Berlin and North Rhine-Westphalia, in particular. Open-ended real estate and special funds also ranked among the biggest net buyers. Investments focused primarily on major cities and their surrounding affluent suburbs, as well as on prosperous university towns. Project developers and building contractors were some of the most active players on the selling side, selling residential building bundles worth € 2.8 billion according to CBRE. As the marketing pipeline remains full, CBRE expects to see a transaction volume of over € 13 billion for 2017 as a whole.

Continued Short Supply on the German Real Estate Market

According to Deutsche Bank Research, the German population has increased by around 1.5 million in recent years, further exacerbating the short supply on the real estate market. The housing deficit is currently tipped to come to more than one million apartments nationwide, with the country's metropolitan areas being hit particularly hard. Although Deutsche Bank Research reports that the high demand has spurred on new construction activity, likely pushing the number of completed apartments up to more than 300,000 a year in 2017, even this is not sufficient to cover the annual need for the construction of at least 350,000 new apartments. It attributes the low supply elasticity to factors such as the shortage of land available for construction, more stringent regulatory requirements and rising construction costs, etc.

Business Development in the First Nine Months of 2017

Solid Overall Development for the Group

Vonovia showed solid overall development in the first nine months of the 2017 fiscal year. This confirms that our corporate strategy, which we have continued to apply unchanged, is the right approach. In the Rental segment, we have implemented our modernization activities and our new construction measures as planned. With effect from July 1, 2017, we acquired a real estate portfolio including 1,032 apartments and 24 commercial units located mainly in Hanover. In the Value-add Business segment (previously known as "Extension"), we have continued to forge ahead with the expansion of our housing-related services. In the Sales segment, we continued to pursue our strategy of selective sales.

As of September 30, 2017, Vonovia had a real estate portfolio comprising 350,134 residential units, 92,235 garages and parking spaces and 4,556 commercial units. We also manage 63,569 residential units for other owners.

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

FFO 1

in € million	9M 2017	9M 2016	Change in %	12M 2016
Rental income	1,249.4	1,156.1	8.1	1,538.1
Maintenance expenses	-192.2	-184.1	4.4	-247.4
Operating expenses	-191.3	-177.9	7.5	-244.5
Adjusted EBITDA Rental	865.9	794.1	9.0	1,046.2
Value-add Business income	795.4	574.4	38.5	851.2
thereof external income	115.1	91.6	25.7	108.1
thereof internal income	680.3	482.8	40.9	743.1
Operating expenses	-719.4	-529.3	35.9	-794.2
Adjusted EBITDA Value-add Business	76.0	45.1	68.5	57.0
Adjusted EBITDA Other	-19.8	-6.9	187.0	-9.2
Adjusted EBITDA Operations	922.1	832.3	10.8	1,094.0
FFO interest expense	-216.5	-249.1	-13.1	-322.7
FFO 1 current income taxes	-15.1	-11.6	30.2	-10.5
FFO 1	**690.5**	**571.6**	**20.8**	**760.8**

In the reporting period, we were able to increase our primary key figure for the sustained earnings power of our core business, **FFO 1,** by € 118.9 million or 20.8 % compared with the first nine months of 2016 from € 571.6 million to € 690.5 million. This trend was fueled primarily by the positive development in adjusted EBITDA Operations, which rose by 10.8 % from € 832.3 million to € 922.1 million. Positive growth was witnessed in both the Rental and Value-add Business segments.

As of the end of September 2017, our apartments were virtually fully occupied. The apartment vacancy rate of 2.9 % was up slightly on the value of 2.8 % seen at the end of the third quarter of 2016 due to our extensive investment program. Rental income in the **Rental segment** rose by 8.1 % from € 1,156.1 million in the first nine months of 2016 to € 1,249.4 million in the same period of 2017. This corresponds to an average monthly in-place rent of € 6.19/m² at the end of September 2017, compared with € 5.94 /m² at the end of September 2016, and to an overall increase in rent per square meter of 4.2 %. The increase in rent due to market-related factors came to 1.7 %. We were also able to achieve an increase in rent of 2.1 % 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 3.9 % in total. The corresponding like-for-like increase in rent came to 3.8 % in the first nine months of 2017. The average monthly in-place rent in the conwert portfolio came to € 6.02/m² at the end of the third quarter of 2017.

In the 2017 reporting period, we successfully implemented our modernization and maintenance strategy and significantly expanded the volume from € 516.7 million in the first nine months of 2016 to € 752.8 million in the first nine months of 2017. This was driven by a € 224.0 million increase in the modernization volume, bringing it up from € 284.6 million in the first nine months of 2016 to € 508.6 million in the first nine months of 2017. In the 2017 reporting period, a volume of € 36.5 million was attributable to modernization and maintenance measures in the conwert portfolio.

Maintenance and Modernization

in € million	9M 2017	9M 2016	Change in %	12M 2016
Maintenance expenses	192.2	184.1	4.4	247.4
Capitalized maintenance	52.0	48.0	8.3	72.7
Modernization work	508.6	284.6	78.7	472.3
Total cost of modernization and maintenance*	**752.8**	**516.7**	**45.7**	**792.4**

* Incl. intra-Group profits for 9M 2017: € 53.3 million (thereof € 1.7 million capitalized maintenance and € 16.8 million modernization); 9M 2016: € 36.1 million (thereof € 0.7 million capitalized maintenance and € 5.8 million modernization); new construction in 9M 2017 € 22.8 million, new construction in 9M 2016: € 11.8 million (included in modernization measures)

In relation to the average number of apartments managed, this corresponds to spending on modernization and maintenance of € 34.01/m² in the first nine months of 2017 (9M 2016: € 23.83/m²).

Operating expenses in the Rental segment in the 2017 reporting period were up by 7.5 % on the figures for the first nine months of 2016, from € 177.9 million to € 191.3 million, mainly due to acquisitions. All in all, adjusted EBITDA Rental increased by 9.0 % from € 794.1 million in the 2016 reporting period to € 865.9 million in the first nine months of 2017.

We once again boosted our earnings power further in the **Value-add Business segment.** The increase in the output of our craftsmen's organization, in particular, contributed to this trend and allowed us to make our investments in improving our portfolio as planned. 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 2017 reporting period. As a leading real estate service provider, Vonovia Immobilien Treuhand now provides services to a total of more than 100,000 units across Germany, around 10,400 of which are located in Berlin.

External income from our Value-add Business activities with our end customers in the first nine months of 2017 rose by 25.7 % as against the same period of 2016, from € 91.6 million to € 115.1 million. Group income rose by 40.9 %, from € 482.8 million to € 680.3 million in the same period. Overall, this equates to an increase of 38.5 %, from € 574.4 million to € 795.4 million. The adjusted EBITDA Value-add Business improved considerably from € 45.1 million in the first nine months of 2016 to € 76.0 million in the first nine months of 2017. The EBITDA margin of the core business, calculated based on the adjusted EBITDA Operations in relation to rental income within the Group, once again showed positive development in the current reporting period. It increased from 71.8 % in the first nine months of 2016 to 73.6 % in the first nine months of 2017.

We continued our selective sales strategy in the **Sales segment.** The segment covers all business activities relating to the sale of single residential units (Privatize) and the sale of entire buildings or land and commercial units (Non-Core/Non-Strategic).

In the first nine months of 2017, income from the disposal of properties came to € 951.2 million, down by 3.7 % on the value for the first nine months of 2016 (€ 988.2 million). This was driven by the sales from the conwert portfolio, which accounted for a volume of € 528.2 million, whereas sales in the previous year were characterized primarily by a block sale of 13,570 units to LEG. We sold a total of 8,304 apartments in the first nine months of 2017 (9M 2016: 21,922). 1,704 of these apartments were attributable to the Privatize portfolio (9M 2016: 2,150) and 6,600 to Non-Core/Non-Strategic (9M 2016: 19,772). We sold 2,364 apartments and 828 commercial units from the conwert portfolio in the first nine months of 2017.

Adjusted EBITDA Sales came in at € 81.3 million in the first nine months of 2017, up by 24.1 % on the value of € 65.5 million seen in the same period of 2016. In the first nine months of 2017, the fair value step-up in the Privatize portfolio came to 32.7 %, down on the value of 35.4 % seen in the first nine months of 2016. This was due to the higher property values at the end of 2016 and at the end of the first half of 2017. In addition, 113 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 33.6 %.

At 7.0 %, the fair value step-up in the Non-Core/Non-Strategic portfolio was higher than for the same period in the previous year (3.9 %).

Adjusted EBITDA Sales

in € million	9M 2017	9M 2016	Change in %	12M 2016
Income from disposal of properties	951.2	988.2	-3.7	1.227.9
Fair value of properties sold adjusted to reflect effects not relating to the period from assets held for sale	-850.1	-904.8	-6.0	-1.107.7
Adjusted profit from disposal of properties	**101.1**	**83.4**	**21.2**	**120.2**
thereof Privatize	52.8	53.7	-1.7	71.1
thereof Non-Core/Non-Strategic	48.3	29.7	62.6	49.1
Selling costs	-19.8	-17.9	10.6	-27.7
Adjusted EBITDA Sales	**81.3**	**65.5**	**24.1**	**92.5**

In the 2017 reporting period, the **non-recurring items** eliminated in the adjusted EBITDA as a whole came to € 75.9 million, up 8.0 % on the prior-year value of € 70.3 million in the first nine months of 2016. This is mainly due to higher expenses for business area optimization/the development of new fields of business, and to higher acquisition and integration costs associated with the takeover of conwert.

Non-recurring Items

in € million	9M 2017	9M 2016	Change in %	12M 2016
Business model optimization/development of new fields of business	24.2	14.0	72.9	19.5
Acquisition costs incl. integration costs*	39.9	33.9	17.7	48.3
Refinancing and equity measures	1.3	2.2	-40.9	3.2
Severance payments/pre-retirement part-time work arrangements	10.5	20.2	-48.0	23.5
Total non-recurring items	**75.9**	**70.3**	**8.0**	**94.5**

* Including takeover costs and one-time 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 for 2017

The financial result for the first nine months of 2017 improved considerably, namely by € 135.9 million, as against the figure for the first nine months of 2016, coming in at € -218.2 million. This is due primarily to the repayment of financing in the course of 2016.

In addition, the prior-year figures were hit by transaction costs and prepayment penalties in connection with the repayment of portfolio loans. FFO 1 interest expense is derived from the financial result as follows:

Reconciliation of Financial Result/FFO Interest Expense

in € million	9M 2017	9M 2016	Change in %	12M 2016
Income from non-current loans	1.6	1.4	14.3	1.9
Interest income	25.1	10.5	139.0	14.1
Interest expense	-244.9	-366.0	-33.1	-449.0
Financial result*	**-218.2**	**-354.1**	**-38.4**	**-433.0**
Adjustments:				
Transaction costs	6.1	21.2	-71.2	21.5
Prepayment penalties and commitment interest	3.8	66.5	-94.3	64.4
Effects from the valuation of non-derivative financial instruments	-22.2	-26.4	-15.9	-31.0
Derivatives	-8.9	3.1	–	12.9
Interest accretion to provisions	6.5	8.6	-24.4	11.2
Accrued interest	36.0	16.9	113.0	-7.9
Other effects	1.0	1.4	-28.6	0.6
Net cash interest	**-195.9**	**-262.8**	**-25.5**	**-361.3**
Accrued interest adjustment	-36.0	-16.9	113.0	7.9
Adjustments EMTN interest**	–	21.0	–	21.1
Adjustments Income from investments in other real estate companies	13.0	9.6	35.4	9.6
Interest payment adjustment due to taxes	2.4	–	–	–
FFO interest expense	**-216.5**	**-249.1**	**-13.1**	**-322.7**

* Excluding income from other investments
** Interest on the difference between the taking up and making use of the € 3 billion bonds from December 2015, which were intended to be used for the financing of the Deutsche Wohnen acquisition.

Due to refinancing and lower interest rates, FFO interest expense came to € -216.5 million in the first nine months of 2017, down by 13.1 % on the value for the prior-year period of € -249.1 million.

The **profit for the period** came to € 1,205.2 million in the first nine months of 2017, up considerably on the value of € 278.3 million reported in the same period of 2016. This is primarily due to the half-year valuation result, an improved financial result as well as an increase in rental income.

Reconciliation of Profit for the Period/FFO

in € million	9M 2017	9M 2016	Change in %	12M 2016
Profit for the period	1,205.2	278.3	333.1	2,512.9
Financial result*	218.2	354.1	-38.4	433.0
Income taxes	663.8	177.1	274.8	1,346.9
Depreciation and amortization	23.0	16.4	40.2	27.0
Net income from fair value adjustments of investment properties	-1,164.7	–	–	-3,236.1
= EBITDA IFRS	945.5	825.9	14.5	1,083.7
Non-recurring items	75.9	70.3	8.0	94.5
Total period adjustments from assets held for sale	-5.0	11.2	-144.6	17.9
Financial income from investments in other real estate companies	-13.0	-9.6	35.4	-9.6
= Adjusted EBITDA	1,003.4	897.8	11.8	1,186.5
Adjusted EBITDA Sales	-81.3	-65.5	24.1	-92.5
= Adjusted EBITDA operations	922.1	832.3	10.8	1,094.0
Interest expense FFO**	-216.5	-249.1	-13.1	-322.7
Current income taxes FFO 1	-15.1	-11.6	30.2	-10.5
= FFO 1	690.5	571.6	20.8	760.8
Capitalized maintenance	-50.3	-47.3	6.3	-71.6
= AFFO	640.2	524.3	22.1	689.2
Current income taxes Sales	-23.8	-33.1	-28.1	-29.5
FFO 2 (FFO 1 incl. adjusted EBITDA Sales/current income taxes Sales)	748.0	604.0	23.8	823.8
FFO 1 per share in €***	1.42	1.23	16.0	1.63
AFFO per share in €***	1.32	1.13	17.3	1.48

* Excluding income from other investments
** Incl. financial income from investments in other real estate companies
*** Based on the shares carrying dividend rights on the reporting date Sep. 30, 2017: 485,100,826; Sep. 30, 2016: 466,000,624 and Dec. 31, 2016: 466,000,624

Assets

At the end of the third quarter of 2017, the adjusted NAV per share came to € 33.53, up by 41.8 % on the value for the first nine months of 2016 (€ 23.64) and by 9.0 % on the value of € 30.75 seen at the end of 2016. This is mainly due to the revaluation and the addition of conwert Immobilien Invest SE in 2017. The EPRA NAV per share rose from € 29.48 at the end of the third quarter of 2016 to € 39.57 at the end of the third quarter of 2017, which puts it 8.2 % higher than the value of € 36.58 seen at the end of 2016. No NAV forecast has been provided since the 2017 fiscal year.

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

in € million	Sep. 30, 2017	Sep. 30, 2016	Change in %	Dec. 31, 2016
Equity attributable to Vonovia shareholders	13,784.0	10,356.5	33.1	12,467.8
Deferred taxes on investment properties/asset held for sales	5,385.4	3,293.5	63.5	4,550.3
Fair value of derivative financial instruments*	36.2	114.2	-68.3	44.4
Deferred taxes on derivative financial instruments	-10.3	-28.4	-63.7	-15.4
EPRA NAV	19,195.3	13,735.8	39.7	17,047.1
Goodwill	-2,931.8	-2,718.9	7.8	-2,718.9
Adjusted NAV	**16,263.5**	**11,016.9**	**47.6**	**14,328.2**
EPRA NAV per share in €**	**39.57**	**29.48**	**34.2**	**36.58**
Adjusted NAV per share in €**	**33.53**	**23.64**	**41.8**	**30.75**

* Adjusted for effects from cross currency swaps
** Based on the number of shares on the reporting date Sep. 30, 2017: 485,100,826; Sep. 30, 2016 and Dec. 31, 2016: 466,000,624

Consolidated Balance Sheet Structure

	Sep. 30, 2017		Dec. 31, 2016	
	in € million	in %	in € million	in %
Non-current assets	34,574.1	97.6	30,459.8	93.7
Current assets	842.3	2.4	2,062.3	6.3
Total assets	**35,416.4**	**100.0**	**32,522.1**	**100.0**
Equity	15,476.1	43.7	13,888.4	42.7
Non-current liabilities	17,143.0	48.4	16,229.1	49.9
Current liabilities	2,797.3	7.9	2,404.6	7.4
Total equity and liabilities	**35,416.4**	**100.0**	**32,522.1**	**100.0**

The Group's **total assets** increased by € 2,894.3 million from € 32,522.1 million as of December 31, 2016, to € 35,416.4 million, mainly due to an increase in **investment properties** of € 3,779.9 million to € 30,760.2 million, with € 2,388.0 million resulting from the integration of the conwert Group and € 1,164.7 million from the half-year valuation. In addition, assets rose on the back of an increase in **goodwill** of € 212.9 million due to the first-time consolidation of the conwert Group. **Current assets** fell, mainly as a result of the drop in cash resources. The latter dropped by € 1,201.1 million to € 339.8 million due to the payment of the conwert cash component, the payment of the cash dividend, the repayment of the CMBS Taurus loan and a USD bond. The inflow from the EMTN drawdowns had the opposite effect.

The gross asset value **(GAV)** of Vonovia's property assets came to € 30,937.6 million as of September 30, 2017, which corresponds to 87.4 % of total assets compared with € 27,106.4 million or 83.3 % at the end of 2016.

The € 1,587.7 million increase in **total equity** to € 15,476.1 million is due mainly to non-cash capital increases in connection with the takeover of conwert and the resulting increase in minorities, as well as to the half-year valuation of the real estate portfolio.

On May 16, 2017, the Annual General Meeting of Vonovia SE passed a resolution to distribute an amount of € 525,052,568.32, or € 1.12 per share, using the profit for the 2016 fiscal year. Shareholders could opt for either a cash dividend or a non-cash dividend in the form of new shares created using authorized capital, with an exchange ratio of 30.5 : 1. 49.86 % of the dividend was settled in the form of new shares and € 263.8 million was paid as a cash dividend.

This brings the **equity ratio** to 43.7 % compared with 42.7 % at the end of 2016.

Deferred tax liabilities were up significantly as against the end of the year due to the first-time consolidation of conwert and due to the half-year valuation of the property portfolio.

The increase in **current liabilities** in the period leading up to September 30, 2017 was largely due to the increase in current non-derivative financial liabilities. This increase resulted in turn from the conversion of non-current liabilities due to mature within the next twelve months.

Fair Values

Calculating and showing the fair values of our real estate portfolio provide a control parameter inside the company and also help to make the development of the value of our assets transparent to people outside the company. 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 2017, Vonovia arranged for a new valuation to be performed on about two-thirds of the portfolio in the middle of the year. This led to net income from the valuation and the capitalization of modernization costs of € 1,164.7 million. The next valuation of the entire portfolio will be performed at the end of the year. Due to the development in the parameters that are already available and the continued excellent performance of the German residential real estate market, the company expects to see a significant increase in value. Based on the current estimate of the effects of the valuation of investment properties as well as capitalized modernization costs, this increase in value comes to between around € 2.5 billion and € 3.0 billion compared with June 30, 2017.

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 2016.

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 2016
Cash flow from operating activities	719.0	636.7
Cash flow from investing activities	-1,165.2	326.5
Cash flow from financing activities	-754.8	-2,953.0
Net changes in cash and cash equivalents	**-1,201.0**	-1,989.8
Cash and cash equivalents at the beginning of the period	1,540.8	3,107.9
Cash and cash equivalents at the end of the period	**339.8**	**1,118.1**

The cash flow from **operating activities** comes to € 719.0 million for the previous nine months, compared with € 636.7 million for the same period in 2016. The increase is mainly due to the improvement in the EBITDA IFRS operating result, in particular due to the integration of the acquired conwert portfolio.

The cash flow from **investing activities** shows a payout balance of € 1,165.2 million for the first three quarters of 2017, mainly due to the payment of the cash component for the conwert takeover. The payouts for the modernization of the real estate portfolio came to € 650.5 million, whereas on the other hand, income from portfolio sales in the amount of € 935.1 million was collected.

The cash flow from **financing activities** is characterized by the refinancing measures taken in the first nine months of 2017. The proceeds arising from the EMTN drawdown and the new mortgages taken out (funds relating to the German government-owned development bank, KfW) total € 1,680.0 million. On the other hand, payouts were made in connection with regular repayments, including the scheduled repayment of a USD bond amounting to € 554.9 million, unscheduled repayments, mainly the CMBS Taurus financing in the amount of € 2,175.0 million in total, as well as transaction and financing costs. Total dividend payments of € 272.1 million and interest payments of € 199.2 million were made.

The **net drop** in **cash and cash equivalents** in the first three quarters of 2017 comes to € 1,201.0 million.

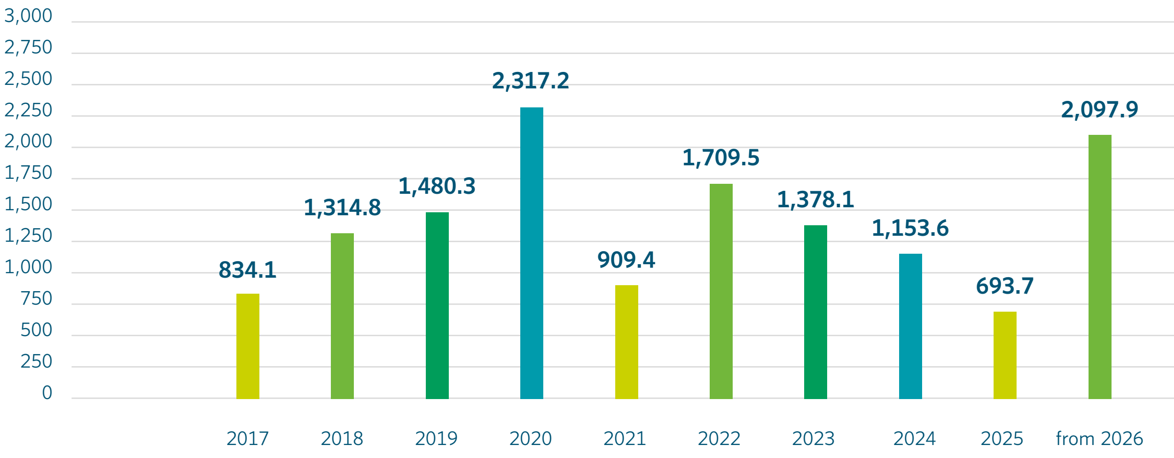
Financing

Vonovia's credit rating as awarded by 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 unsecured bonds is BBB+.

The **debt maturity profile** of Vonovia's financing was as follows as of September 30, 2017:

Maturity profile

as of Sep. 30, 2017, in € million



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

in € million	Sep. 30, 2017	Sep. 30, 2016	Change in %	Dec. 31, 2016
Non derivative financial liabilities	13,921.1	13,000.0	7.1	13,371.0
Foreign exchange rate effects	-26.5	-155.5	-83.0	-209.9
Cash and cash equivalents	-339.8	-1,118.1	-69.9	-1,540.8
Net debt	**13,554.8**	**11,726.4**	**15.6**	**11,620.3**
Sales receivables	-177.6	-233.1	-23.8	-135.4
Adjusted net debt	**13,377.2**	**11,493.3**	**16.4**	**11,484.9**
Fair value of the real estate portfolio	**30,948.1**	**23,851.1**	**29.8**	**27,115.6**
Shares in other real estate companies	605.4	545.4	11.0	503.1
Adjusted fair value of the real estate portfolio	**31,553.5**	**24,396.5**	**29.3**	**27,618.7**
LTV	**42.4%**	**47.1%**	**-1.4 pp**	**41.6%**

The financial covenants were fulfilled on the reporting date.

in € million	Sep. 30, 2017	Sep. 30, 2016	Change in %	Dec. 31, 2016
Non-derivative financial liabilities	13,921.1	13,000.0	7.1	13,371.0
Total assets	35,416.4	28,962.0	22.3	32,522.1
LTV bond covenants	**39.3%**	**44.9%**	**-6.1 pp**	**41.1%**

Expected Development in the Remainder of the Fiscal Year

Economy as a Whole: The Economic Expansion Will Continue to Stabilize

After German economic performance remained strong in the third quarter of 2017, the economic indicators suggest that the growth trend is set to continue. This has prompted the Kiel Institute for the World Economy (IfW) to lift the GDP growth rate for 2017 to an expected 2.0 % (previously 1.7 %).

Investments and exports are gradually becoming the main pillars propping up the upswing. Corporate investment, for example, is expected to increase on the back of very favorable sales and earnings prospects, especially now that the negative factors resulting from the uncertain international environment would appear to be gradually petering out. In addition, construction investments are expected to continue to grow at a rapid pace due to the very stimulating overall environment, which includes, not least, exceptionally favorable financing conditions.

Given the ongoing rise in the GfK consumer climate, which is currently at an all-time high, private consumption is also likely to remain one of the driving forces behind the German economy. This means that economic output in Germany is expected to continue to show dynamic development in the fourth quarter of 2017, even though the growth rate could dip slightly. This theory is supported by the recent appreciation in the euro, which makes exports to non-EMU countries more expensive and, as a result, less attractive, as well as by the mounting geopolitical risks – in particular the escalation of the conflict with North Korea – and the associated greater uncertainty. The relatively low oil prices, the favorable interest rate landscape and the acceleration in the global economy – particularly in the eurozone, Germany's main trading partner, which is picking up speed – will also provide support a continued upswing.

Looking ahead to 2018, the IfW expects to see a further acceleration in economic momentum and is now predicting GDP growth of 2.2 % (previously 2.0 %). This forecast is supported by the fact that the expansion forces in the domestic economy remain strong, with the monetary environment expected to continue to provide considerable stimulus. In addition, the outlook for exports is expected to improve further as global economy recovers.

The IfW believes that the downside risks associated with increasing overutilization are becoming slightly less prominent overall. This is due to the most recent economic policy experience and decisions, such as the fact that a major transatlantic trade conflict is now looking less likely or, in particular, the fact that the French have formed a government that will not call the EU's survival into question politically. Nevertheless, there are still upcoming parliamentary elections in Italy, while the North Korea conflict continues to threaten the stability of the international order, putting pressure on the environment for global economic activities at the same time. It also remains to be seen to what extent the European Central Bank will be able to stick to its ultra-expansive zero interest rate policy. The forecasts, however, suggest that the general domestic economic trend will remain on a strong upward trajectory, making the prospect of a cyclical slump extremely unlikely at the moment.

Housing Market: Rents and Prices Expected to Increase in Germany Again

The German residential real estate market is currently experiencing the most prolonged upswing seen in post-war history, according to experts from Scope Investor Services (Scope). The rental markets are tense in the country's major and fast-growing cities, with local signs of price overheating on the markets for owner-occupied apartments as well. Scope expects the tense situation and the exaggerated trends to continue for the time being. The overall macroeconomic situation is robust and the number of private households will increase further, fueling demand on the residential real estate market. According to Scope, the market is only moving towards a better balance between supply and demand very slowly, with construction activity gradually starting to pick up. Although Scope expects the increase in rents and prices on the German residential real estate market to flatten out over the next five years, it does not predict any drastic drop in prices. The state building societies (Landesbausparkassen) expect a price increase of between 3 % and 5 % on the German residential real estate market by the end of the year. Deutsche Bank Research expects to see the prices of apartments (resale) increase by 6.6 % in 2017 and 7.5 % in 2018, with increases of 7.5 % (2017) and 8.5 % (2018) predicted for A cities. Rents are expected to increase by 4.0 % in 2017 and by 4.5 % in 2018. According to Deutsche Bank Research, residential property ownership remains affordable. Nevertheless, there are pronounced regional differences and residential property looks set to become less affordable.

The empirica bubble index increased again in the second quarter of 2017. Rents and purchase prices in 240 out of 402 administrative districts and independent cities are no longer developing in tandem, with the bubble index indicating a medium to high risk for 168 districts. In a study commissioned by gif, Gesellschaft für immobilienwirtschaftliche Forschung e. V., and other institutions, the Cologne Institute for Economic Research and IRE|BS University of Regensburg reached the conclusion that a speculative bubble remains unlikely, arguing that the price development was explicable and that financing behavior remained virtually unchanged. It does, however, point out that interest rates, economic developments and demand are currently providing extremely positive overall conditions, and that market corrections are likely to be made to one or several of these factors over the next few years. The majority of the 13 institutions/real estate researchers surveyed by the industry journal Immobilien Zeitung (IZ) expect the German real estate boom to continue until 2019, with a few, according to IZ, not expecting the current cycle to reach its peak until 2020. The survey participants do not expect to see any dramatic slump over the next few years unless the ECB takes drastic steps to increase interest rates.

Due to the significant increase in rents in many places, there were calls for a greater regulation of the residential property market in the run-up to the German Bundestag elections. The most significant new regulatory measure from a property owner's perspective, the rent ceiling, is in place in more than 300 municipalities in twelve federal states. While its introduction in Mecklenburg-West Pomerania has been delayed, the rent ceiling is already at risk of being axed in some federal states following the state parliamentary elections.

Business Outlook

The first nine months of the 2017 fiscal year were very successful for Vonovia on the whole. We were systematic in the implementation of our corporate strategy: the expansion of our investment program, the further improvements to efficiency when managing our properties and the expansion of the Value-add Business. Bolstered by the acquisition of conwert, we have further expanded our leading market position.

We expect these positive business developments to continue in the coming quarter and that we will achieve our forecast figures. Given the dynamic development of the German residential property market, which was already reflected in an increase in the value of our portfolio in the first half of 2017, we expect to have seen a further increase in value in our investment properties by the end of the year, too, and with this a further boost to NAV.

Our current forecast is based on the outlook for the Vonovia Group as a whole, which includes the original overall plans for the 2017 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 2016 Annual Report. The forecast was based on the accounting principles used in the annual financial statements, with the adjustments described elsewhere in the management report being made.

We update our final forecast of the main performance indicators for the 2017 fiscal year as follows:

	Actual 2016	Forecast for 2017*	Current forecast for 2017 Interim report H1 2017	Current forecast for 2017 Interim statement Q3 2017
Adjusted EPRA NAV/share	**30.75 €**	**31–32 €**	**suspended**	**suspended**
EPRA NAV/share	36.58 €	37–38 €	suspended	suspended
FFO 1	**€ 760.8 million**	**€ 830–850 million**	**€ 900–920 million**	**€ 910–920 million (upper end)**
FFO 1/share	€ 1.63	€ 1.78–€ 1.82	€ 1.86–€ 1.90	€ 1.88–€ 1.90
CSI	**Increase of 8 %**	**Similar CSI as 2016**	**Similar CSI as 2016**	**Similar CSI as 2016**
Rental income	€ 1,538 million	€ 1,530–1,550 million	€ 1,660–1,680 million	€ 1,660–1,680 million
Organic rent increase	3.3 %	Increase of 3.5–3.7 %	Increase of 3.8–4.0 %	Increase of approx. 4.0 %
Vacancy rate	2.4 %	< 2.5 %	< 2.5 %	approx. 2.5 %
Maintenance incl. capitalized maintenance	€ 320.1 million	approx. € 340 million	approx. € 340 million	approx. € 350 million
Modernization and new constuction	€ 472.3 million	€ 700–730 million	approx. € 730 million	approx. € 750 million
Number of units sold Privatize	2,701	approx. 2,300	approx. 2,300	approx. 2,600
Step-up Privatize	36.2 %	approx. 35 %	approx. 30 %	approx. 30 %
Number of units sold Non-Core	23,930	Continue opportunistic sales	Continue opportunistic sales	up to 10,000
Step-up Non-Core	5.4 %	> 0 %	> 0 %	approx. 7 %

* According to the Group management report 2016, excl. conwert

Bochum, October 27, 2017

Management Board

Condensed Interim Consolidated Financial Statements

Consolidated Income Statement

in € million	Jan. 1– Sep. 30, 2017	Jan. 1– Sep. 30, 2016	Jul. 1– Sep. 30, 2017	Jul. 1– Sep. 30, 2016
Income from property letting	1,753.9	1,640.3	582.3	540.3
Other income from property management	34.0	29.1	13.2	9.7
Income from property management	**1,787.9**	**1,669.4**	**595.5**	**550.0**
Income from disposal of properties	951.2	988.2	249.3	137.7
Carrying amount of properties sold	-905.6	-953.9	-240.7	-123.5
Revaluation of assets held for sale	60.5	37.9	7.4	20.9
Profit on disposal of properties	**106.1**	**72.2**	**16.0**	**35.1**
Net income from fair value adjustments of investment properties	**1,164.7**	**0.0**	**-**	**0.0**
Capitalized internal expenses	326.8	227.7	127.3	102.7
Cost of materials	-866.8	-790.6	-297.3	-284.0
Personnel expenses	-307.1	-267.1	-99.5	-82.5
Depreciation and amortization	-23.0	-16.4	-8.1	-6.4
Other operating income	75.8	70.5	24.3	20.7
Other operating expenses	-196.7	-166.7	-72.3	-60.3
Financial income	46.2	22.4	2.5	0.8
Financial expenses	-244.9	-366.0	-72.0	-78.5
Earnings before tax	**1,869.0**	**455.4**	**216.4**	**197.6**
Income taxes	-663.8	-177.1	-75.8	-67.2
Profit for the period	**1,205.2**	**278.3**	**140.6**	**130.4**
Attributable to:				
Vonovia's shareholders	1,117.6	182.7	124.4	72.7
Vonovia's hybrid capital investors	22.4	22.4	7.6	7.6
Non-controlling interests	65.2	73.2	8.6	50.1
Earnings per share (basic and diluted) in €	**2.36**	**0.39**	**0.26**	**0.15**

Consolidated Statement of Comprehensive Income

in € million	Jan. 1– Sep. 30, 2017	Jan. 1– Sep. 30, 2016	Jul. 1– Sep. 30, 2017	Jul. 1– Sep. 30, 2016
Profit for the period	1,205.2	278.3	140.6	130.4
Cash flow hedges				
Change in unrealized gains/losses	-167.3	-130.0	-115.9	-11.7
Taxes on the change in unrealized gains/losses	57.9	22.5	39.2	3.3
Net realized gains/losses	192.6	77.3	114.2	9.8
Taxes on the change in net realized gains/losses	-63.9	-19.8	-37.9	-2.6
Total	19.3	-50.0	-0.4	-1.2
Available-for-sale-financial assets				
Changes in the period	102.0	138.2	40.3	30.9
Taxes on changes in the period	-1.8	-2.4	-0.7	-0.6
Total	100.2	135.8	39.6	30.3
Items which will be regonized in profit or loss in the future	119.5	85.8	39.2	29.1
Actuarial gains and losses from pensions and similar obligations				
Change in actuarial gains/losses, net	11.9	-79.1	-3.7	-13.8
Tax effect	-4.0	26.2	1.2	4.5
Items which will not be recognized in profit or loss in the future	7.9	-52.9	-2.5	-9.3
Other comprehensive income	127.4	32.9	36.7	19.8
Total comprehensive income	**1,332.6**	**311.2**	**177.3**	**150.2**
Attributable to:				
Vonovia's shareholders	1,244.7	216.7	161.0	92.7
Vonovia's hybrid capital investors	22.4	22.4	7.6	7.6
Non-controlling interests	65.5	72.1	8.7	49.9

Consolidated Balance Sheet

in € million	Sep. 30, 2017	Dec. 31, 2016
Assets		
Intangible assets	2,956.5	2,743.1
Property, plant and equipment	145.3	115.7
Investment properties	30,760.2	26,980.3
Financial assets	665.3	585.9
Other assets	21.9	15.2
Deferred tax assets	24.9	19.6
Total non-current assets	34,574.1	30,459.8
Inventories	6.0	5.0
Trade receivables	221.0	164.4
Financial assets	0.0	153.2
Other assets	148.8	102.7
Income tax receivables	30.9	34.6
Cash and cash equivalents	339.8	1,540.8
Assets held for sale	95.8	61.6
Total current assets	842.3	2,062.3
Total assets	**35,416.4**	**32,522.1**

in € million	Sep. 30, 2017	Dec. 31, 2016
Equity and liabilities		
Subscribed capital	485.1	466.0
Capital reserves	5,965.1	5,334.9
Retained earnings	7,212.8	6,665.4
Other reserves	121.0	1.5
Total equity attributable to Vonovia's shareholders	13,784.0	12,467.8
Equity attributable to hybrid capital investors	1,031.5	1,001.6
Total equity attributable to Vonovia's shareholders and hybrid capital investors	14,815.5	13,469.4
Non-controlling interests	660.6	419.0
Total equity	15,476.1	13,888.4
Provisions	609.9	607.9
Trade payables	0.6	1.3
Non-derivative financial liabilities	11,769.5	11,643.4
Derivatives	14.1	19.1
Liabilities from finance leases	94.4	94.7
Liabilities to non-controlling interests	26.6	9.9
Other liabilities	70.7	83.3
Deferred tax liabilities	4,557.2	3,769.5
Total non-current liabilities	17,143.0	16,229.1
Provisions	343.0	370.8
Trade payables	130.9	138.8
Non-derivative financial liabilities	2,151.6	1,727.6
Derivatives	8.2	57.5
Liabilities from finance leases	4.9	4.5
Liabilities to non-controlling interests	4.5	2.7
Other liabilities	154.2	102.7
Total current liabilities	2,797.3	2,404.6
Total liabilities	19,940.3	18,633.7
Total equity and liabilities	**35,416.4**	**32,522.1**

Consolidated Statement of Cash Flows

in € million	Jan. 1– Sep. 30, 2017	Jan. 1– Sep. 30, 2016
Profit for the period	1,205.2	278.3
Net income from fair value adjustments of investment properties	-1,164.7	–
Revaluation of assets held for sale	-60.5	-37.9
Depreciation and amortization	23.0	16.4
Interest expenses/income	218.2	354.0
Income taxes	663.8	177.1
Results from disposals of investment properties	-45.6	-34.3
Results from disposals of other non-current assets	-0.5	-0.3
Other expenses/income not affecting net income	1.3	-0.3
Change in working capital	-85.5	-84.7
Income tax paid	-35.7	-31.6
Cash flow from operating activities	**719.0**	**636.7**
Proceeds from disposals of investment properties and assets held for sale	935.1	1,081.6
Proceeds from disposals of other assets	16.3	1.3
Payments for acquisition of investment properties	-650.5	-327.4
Payments for acquisition of other assets	-57.4	-432.3
Payments (last year: proceeds) for acquisition of shares in consolidated companies, in due consideration of liquid funds	-1,412.0	0.3
Interest received	3.3	3.0
Cash flow from investing activities	**-1,165.2**	**326.5**

in € million	Jan. 1– Sep. 30, 2017	Jan. 1– Sep. 30, 2016
Cash paid to shareholders of Vonovia SE and non-controlling interests	-272.1	-445.2
Proceeds from issuing financial liabilities	1,680.3	1,576.9
Cash repayments of financial liabilities	-2,175.0	-3,576.2
Payments for transaction costs in relating to capital measures	-14.2	-14.0
Payments for other financing costs	-38.4	-213.0
Payments for the acquisition of shares in non-controlling interests	-12.8	-15.7
Proceeds for the sale of shares of consolidated companies	276.6	–
Interest paid	-199.2	-265.8
Cash flow from financing activities	**-754.8**	-2,953.0
Net changes in cash and cash equivalents	**-1,201.0**	-1,989.8
Cash and cash equivalents at the beginning of the period	1,540.8	3,107.9
Cash and cash equivalents at the end of the period[1)]	**339.8**	**1,118.1**

1) Thereof restricted cash € 67.8 million (Sep. 30, 2016: € 48.4 million)

Portfolio Information

Vonovia manages its own real estate portfolio with a fair value of € 30.9 billion as of September 30, 2017. The vast majority of our apartments are located in regions with positive economic and demographic development prospects.

Portfolio structure

As of September 30, 2017	Fair value* (in € million)	Fair value* (in €/m²)	Residential units	Vacancy rate (in %)	In-place rent (in €/m²)
Strategic	**28,242.9**	**1,370**	**321,439**	**2.6**	**6.24**
Operate	9,694.6	1,348	106,126	2.7	6.32
Upgrade Buildings	10,283.4	1,331	125,910	2.9	6.11
Optimize Apartments	8,264.9	1,450	89,403	2.1	6.32
Privatize	1,483.8	1,353	15,719	4.3	6.04
Non-Strategic	262.1	584	7,363	9.6	4.80
Non-Core	174.0	693	3,466	8.3	4.96
Vonovia Germany	**30,162.8**	**1,346**	**347,987**	**2.9**	**6.19**
Vonovia Austria	602.9	2,101	2,147	2.4	6.35
Total	**30,765.7**	**1,355**	**350,134**	**2.9**	**6.19**

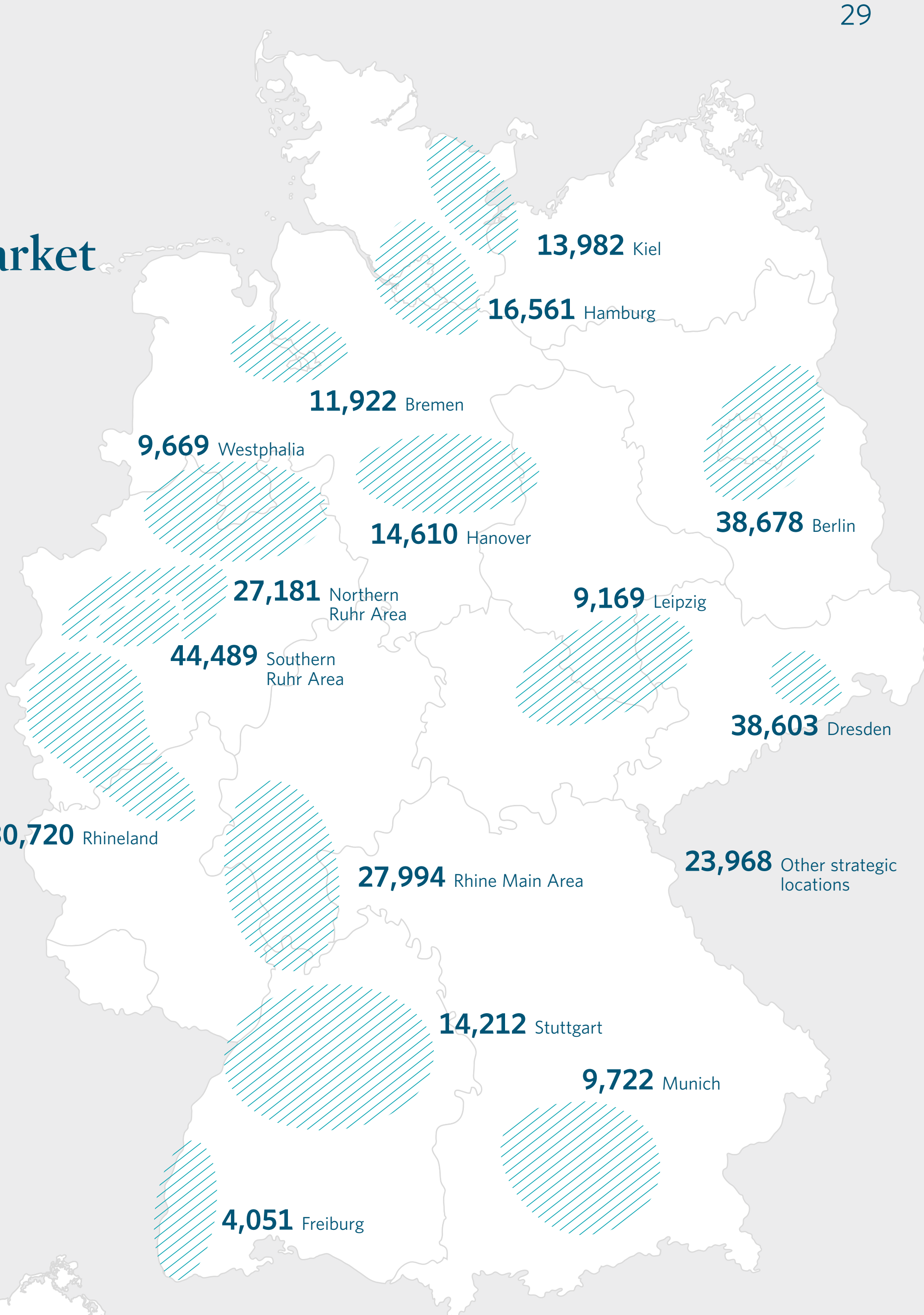
Breakdown of Strategic Housing Stock by Regional Market**

As of September 30, 2017	Fair value* (in € million)	Fair value* (in €/m²)	Residential units	Vacancy rate (in %)	In-place rent (in €/m²)
Regional market**					
Berlin	4,657.1	1,828	38,678	1.7	6.26
Rhine Main Area	3,205.5	1,765	27,994	1.7	7.60
Rhineland	3,120.1	1,472	30,720	3.0	6.71
Dresden	2,711.9	1,159	38,603	2.7	5.75
Southern Ruhr Area	2,711.7	975	44,489	3.7	5.57
Hamburg	1,795.8	1,659	16,561	2.1	6.75
Munich	1,687.2	2,565	9,722	1.1	7.63
Stuttgart	1,593.5	1,722	14,212	1.8	7.46
Northern Ruhr Area	1,339.2	784	27,181	4.2	5.31
Hanover	1,203.5	1,273	14,610	3.0	6.12
Kiel	935.7	1,112	13,982	1.7	5.65
Bremen	859.3	1,154	11,922	3.3	5.38
Leipzig	680.3	1,097	9,169	4.1	5.72
Westphalia	621.9	981	9,669	2.3	5.50
Freiburg	511.6	1,829	4,051	1.7	6.87
Other strategic locations	1,974.0	1,268	23,968	2.9	6.29
Total strategic locations	**29,608.3**	**1,371**	**335,531**	**2.7**	**6.23**

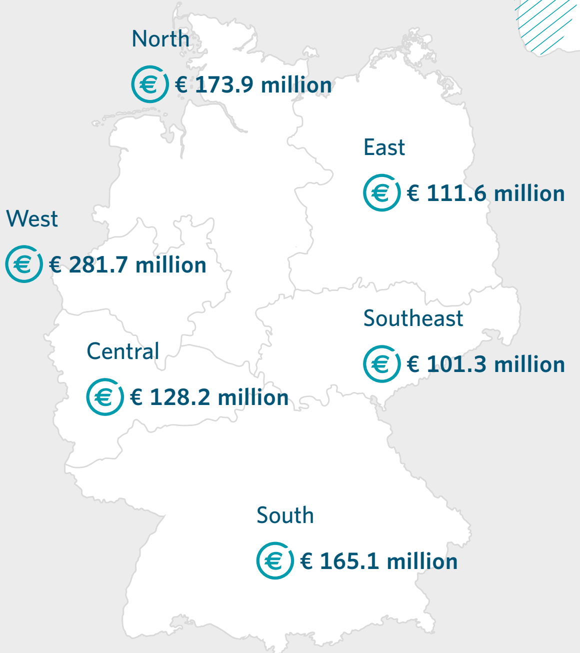
* Fair value of the developed land excluding € 182.4 million for undeveloped land, herditary building rights granted and other.
** With regard to the residential real estate market, regional markets are largely similar metropolitan areas based on the definition of the German Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR). In addition to the strategic housing stock, they also include stocks for privatization in strategic locations.

Housing Stock by Regional Market

Number of Units



350,134
units (including units at other locations)



Portfolio investments initiated in 2017*

~€ 1 billion

* Program year 2017

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Financial Calendar

November 8, 2017	Publication of Interim Statement January–September 2017
March 6, 2018	Publication of Annual Report 2017
May 3, 2018	Publication of Interim Statement January–March 2018
May 9, 2018	Annual General Meeting
August 2, 2018	Publication of Interim Report January–June 2018
November 6, 2018	Publication of Interim Statement January–September 2018

Note

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

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Disclaimer

This interim statemenrt 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 2016 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.

Imprint

Published by: The Management Board of Vonovia SE

Concept and Realization: Berichtsmanufaktur GmbH, Hamburg

Translation: EnglishBusiness AG, Hamburg

Illustrations: Thomas Kappes (Hamburg)

As of: November 2017