

January –  
September

Interim  
Statement  
Q3

# KEY FIGURES

<b>Financial Key Figures</b> in € million	<b>9M 2018</b>	<b>9M 2019</b>	<b>Change in %</b>	<b>12M 2018</b>
Rental income	1,393.3	1,527.0	9.6	1,894.2
Adjusted EBITDA Rental	966.7	1,082.5	12.0	1,315.1
Adjusted EBITDA Value-Add	96.8	117.5	21.4	121.2
Adjusted EBITDA Recurring Sales	59.7	69.1	15.7	79.1
Adjusted EBITDA Development	17.5	62.0	>100	39.4
Adjusted EBITDA Total	1,140.7	1,331.1	16.7	1,554.8
EBITDA IFRS	1,075.4	1,234.2	14.8	1,534.4
Group FFO	842.7	932.8	10.7	1,132.0
thereof attributable to Vonovia shareholders	804.3	892.2	10.9	1,069.7
thereof attributable to Vonovia hybrid capital investors	30.0	30.0	0.0	40.0
thereof attributable to non-controlling interests	8.4	10.6	26.2	22.3
Group FFO per share in €	1.63	1.72	5.5	2.18
Income from fair value adjustments of investment properties	1,386.7	2,283.3	64.7	3,517.9
EBT	2,127.8	1,004.7	-52.8	3,874.3
Profit for the period	1,399.0	63.4	-95.5	2,402.8
Cash flow from operating activities	876.0	1,131.6	29.2	1,132.5
Cash flow from investing activities	-3,781.1	-393.7	-89.6	-3,892.5
Cash flow from financing activities	3,146.2	-128.2	-	3,041.5
Maintenance and modernization	983.0	1,301.3	32.4	1,569.4
thereof for maintenance expenses and capitalized maintenance	326.7	337.4	3.3	430.4
thereof for modernization (incl. new construction)	656.3	963.9	46.9	1,139.0
<b>Key Balance Sheet Figures</b> in € million	<b>Sep. 30, 2018</b>	<b>Sep. 30, 2019</b>	<b>Change in %</b>	<b>Dec. 31, 2018</b>
Fair value of the real estate portfolio	41,948.6	47,763.9	13.9	44,239.9
Adjusted NAV	20,967.2	26,525.8	26.5	23,262.6
Adjusted NAV per share in €*	40.47	48.92	20.9	44.90
LTV in %	45.1	40.3	-4.8 pp	42.8
<b>Non-financial Key Figures</b>	<b>9M 2018</b>	<b>9M 2019</b>	<b>Change in %</b>	<b>12M 2018</b>
Number of units managed	484,363	473,966	-2.1	480,102
thereof own apartments	400,735	395,615	-1.3	395,769
thereof apartments owned by others	83,628	78,351	-6.3	84,333
Number of units bought	63,450	2,601	-95.9	63,706
Number of units sold	9,657	3,572	-63.0	15,102
thereof Recurring Sales	1,992	1,893	-5.0	2,818
thereof Non-core Disposals	7,665	1,679	-78.1	12,284
Vacancy rate in %	2.7	2.9	0.2 pp	2.4
Monthly in-place rent in €/m <sup>2</sup>	6.43	6.69	4.0	6.52
Organic rent increase in %	4.1	4.0	-0.1 pp	4.4
Number of employees (as of September 30/December 31)	9,876	10,003	1.3	9,923
<b>EPRA Key Figures</b> in € million	<b>Sep. 30, 2018</b>	<b>Sep. 30, 2019</b>	<b>Change in %</b>	<b>Dec. 31, 2018</b>
EPRA NAV	24,467.1	27,256.4	11.4	26,105.0
EPRA NAV per share in €*	47.23	50.26	6.4	50.39

\* Based on the shares carrying dividend rights on the reporting date Sep. 30, 2018: 518,077,934, Sep. 30, 2019: 542,273,611 and Dec. 31, 2018: 518,077,934.

## **BUSINESS DEVELOPMENT IN THE FIRST NINE MONTHS OF 2019**

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# BUSINESS DEVELOPMENT IN THE FIRST NINE MONTHS OF 2019

## Overview

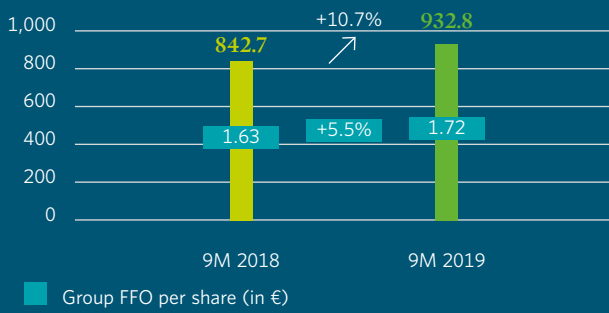
Vonovia continued its positive business development in the third quarter of 2019. With investments in modernization and new construction totaling € 963.9 million, our investment program remains the driver of our organic growth. Our Group FFO increased by 10.7% from € 842.7 million in the first nine months of 2018 to € 932.8 million in the first nine months of 2019 due to acquisitions.

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## Increase in Sustained Earnings

### Group FFO

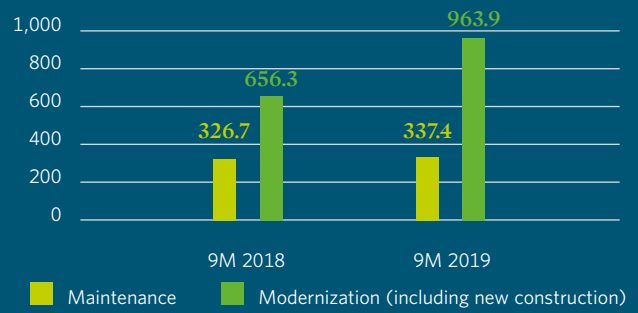
in € million



## Maintenance and Modernization Expanded Further

### Investments

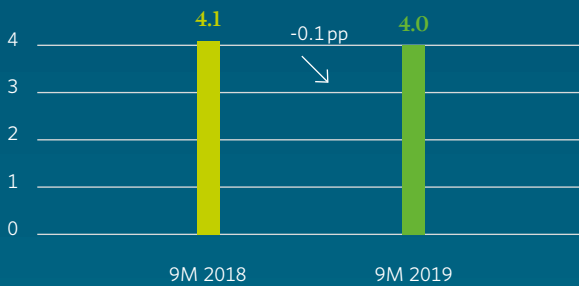
in € million



## Organic Rent Growth

### Organic Rent Growth

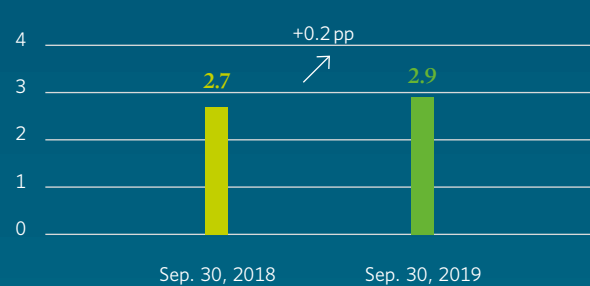
in %



## Vacancy Rate

### Vacancy Rate

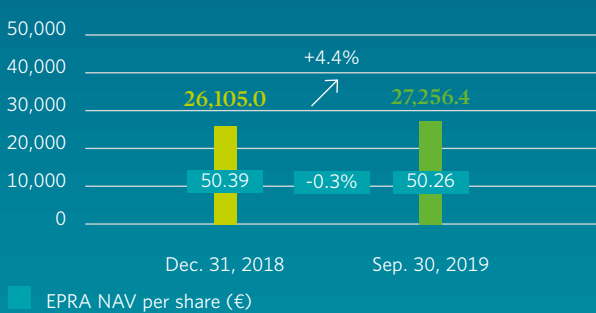
in %



## Increase in Net Assets

### EPRA NAV

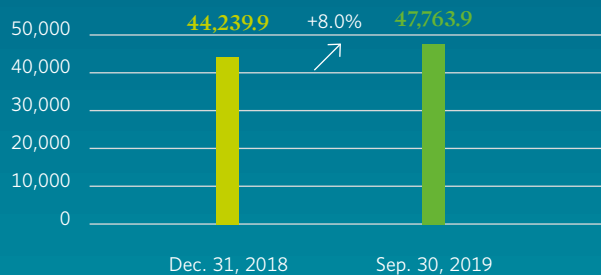
in € million



## Fair Value of the Real Estate Portfolio

### Fair Value of the Real Estate Portfolio

in € million



# Vonovia SE in the Capital Market

## Shares in Vonovia

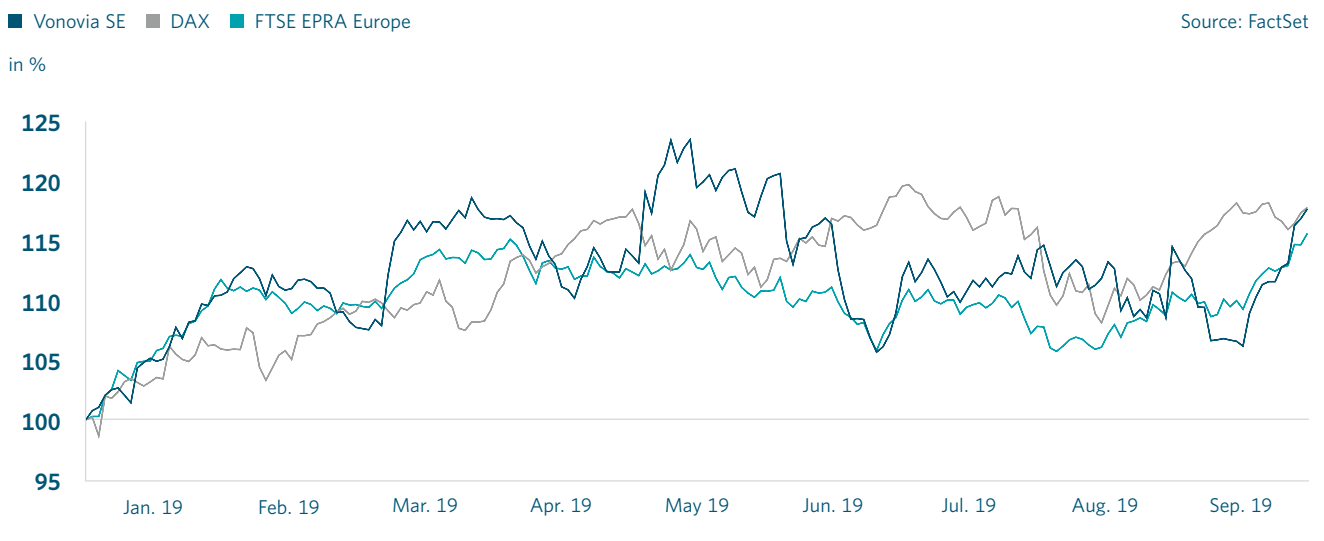
In the first nine months of 2019, the price of Vonovia's shares as well as the DAX 30 rose by approximately 18%, whereas the EPRA Europe index exhibited slightly weaker performance, increasing by approximately 16%. We particularly see external factors as drivers of the share performance: The favorable interest rate environment supports the increase in the Vonovia share price. This positive performance of the share price stalled on June 5, 2019, when the Berlin State Government announced its plans to freeze rents in the city for a period of five years.

As only around 10% of our portfolio is located in Berlin, we believe that the risk for Vonovia is limited. We do consider the current development as confirmation that our approach of investing in various urban growth regions across Germany and Europe is the right strategy.

Even though concerns surrounding an international economic recession, potential trade conflicts and Brexit are, in our view, responsible for global share price growth only being moderate, we believe that the environment for the German residential real estate market remains 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 homes in urban locations, the continued keen interest in German residential real estate and the ongoing positive interest rate environment.

Vonovia's market capitalization amounted to around € 25.2 billion as of September 30, 2019.

## Share Price Development



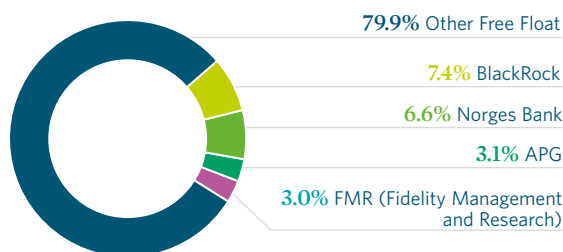
## Shareholder Structure

The chart below shows the voting rights pursuant to Sections 33 and 34 of the German Securities Trading Act (WpHG) as notified by the shareholders in relation to the current share capital. It is important to note that 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 93.4% of Vonovia's shares were in free float on September 30, 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 online under <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 Sep. 30, 2019)



## Investor Relations Activities

Vonovia SE is committed to transparent, ongoing dialogue with its shareholders and potential investors. In the first nine months of 2019, Vonovia participated in a total of 18 investors' conferences and organized 22 roadshow days in the most important European, North American, Middle Eastern, and East Asian financial centers. In addition, numerous one-on-one meetings and teleconferences were held with investors and analysts to keep them informed of current developments and special issues.

The Investor Relations team also organized and carried out property tours for interested investors and analysts on location with colleagues 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 detailed presentations on Vonovia and the situation on the German residential real estate market at informational events 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://investors.vonovia.de>

## Analyst Assessments

At present, 28 international analysts publish studies on Vonovia on a regular basis (as of September 30, 2019). The average target share price was € 51.85 as of September 30, 2019. Of these analysts, 72% issued a "buy" recommendation, with 21% issuing a "hold" recommendation and only 7% recommending that investors sell the company's shares.

## Share Information

First day of trading	July 11, 2013
Subscription price	€ 16.50
Total number of shares	542,273,611
Share capital in €	€ 542,273,611
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, 2019	DAX (2.3%) Stoxx Europe 600 (0.3%) MSCI Germany (2.2%) GPR 250 World (1.7%) FTSE EPRA/NAREIT Europe Index (10.2%)

# Economic Development in the First Nine Months of 2019

## Key Events During the Reporting Period

The acquisition of 2,340 apartments in the greater Stockholm and Gothenburg regions between Vonovia and Akelius Residential Property was completed on April 1, 2019. The value of the property assets acquired amounts to around € 451.9 million.

Vonovia implemented a capital increase involving 16,500,000 new shares on May 16, 2019. The new shares were placed with institutional investors in the scope of a private placement by means of an accelerated book building procedure and will carry dividend rights as of January 1, 2019. The shares were granted at a placement price of € 45.10 per share. This increases the capital reserves by € 727.7 million.

The Annual General Meeting held on May 16, 2019, resolved to pay a dividend for the 2018 fiscal year in the amount of € 1.44 per share. During the subscription period, shareholders with a total of 45.8% of shares carrying dividend rights opted for the scrip dividend that had been offered as opposed to a cash dividend. As a result, 7,695,677 new shares were issued at a subscription price of € 44.352 and in a total amount of € 341.3 million.

As part of the public takeover offer made to the shareholders of Victoria Park AB (publ), Vonovia had agreed on call options for 10,235,198 class A shares and 14,264,946 class B shares, which corresponds to 10.0% of the total number of shares and 12.5% of the total voting rights in Victoria Park. These call options were exercised on May 20, 2019, meaning that Vonovia controls around 91.4% of the total number of shares and 94.4% of the total voting rights as of this date.

Vonovia then asked the Board of Directors of Victoria Park to initiate a squeeze-out for the purchase of all remaining shares in Victoria Park in line with the Swedish Companies Act. The Board of Directors of Victoria Park resolved to apply for delisting of the Victoria Park ordinary shares of class A and class B from Nasdaq Stockholm. The last day of trading was June 18, 2019.

In the second quarter of 2019, there was an increase in value of € 2,258.7 million (€ 2,056.2 million of it in Germany) as part of the valuation of property portfolios. In combination with the revision of the regional structure within Germany that was due to take place by July 1, 2019, this led to an impairment test of the goodwill for the German business areas in the Rental segment.



The impairment test performed in the second quarter of 2019 revealed the need for goodwill impairments in the amount of € 1,901.0 million. These were distributed among the business areas North, Southeast, West, Central and South in the Rental segment Germany.

Due to the new regional structure, the two business areas Southeast and Central have been omitted as of the third quarter of 2019. Following the reallocation of the remaining goodwill of the Rental segment Germany among the business areas that are still included, this led to a new impairment test as of the cut-off date of July 1, 2019. The resulting need for impairments amounts to € 202.5 million.

On September 23, 2019, Vonovia SE announced that it had entered into an agreement on the acquisition of 69.30% of voting rights and 61.19% of share capital in Hembla AB (publ), Stockholm, Sweden. Through the transaction, Vonovia will become the owner of 6,136,989 class A Hembla shares and 50,722,985 class B shares in Hembla. The parties agreed to a purchase price of SEK 215.00 per share (regardless of share class). The total price for all shares in the transaction is SEK 12,224,894,410.00, or approximately € 1.142 billion. The consummation of the transaction is subject to clearance by the merger control authorities, which is expected in early November.

## Results of Operations

Vonovia's corporate strategy remained unchanged in the first nine months of 2019 and the Group showed solid development overall.

As of September 30, 2019, Vonovia had a real estate portfolio comprising 395,615 residential units, 121,300 garages and parking spaces and 5,281 commercial units. The locations span 649 cities, towns and municipalities in Germany, Austria and Sweden. 78,351 residential units are also managed for other owners.

The following key figures provide an overview of Vonovia's results of operations and the relevant drivers in the first nine months of 2019. When comparing the current key figures against the previous year, it is important to bear in mind that the figures for 2019 include BUWOG and Victoria Park, which were acquired in the previous year, together with their earnings contributions for the period from January to September 2019. BUWOG was consolidated for the first time with effect from March 31, 2018, and Victoria Park with effect from June 30, 2018. Therefore, BUWOG is included in the key figures and segment figures beginning on April 1, 2018, and Victoria Park beginning on July 1, 2018.

## Group FFO

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

### Group FFO

in € million	9M 2018	9M 2019	Change in %	12M 2018
Income Rental	1,393.3	1,527.0	9.6	1,894.2
Expenses for maintenance	-218.8	-230.2	5.2	-289.7
Operating expenses in the Rental segment	-207.8	-214.3	3.1	-289.4
<b>Adjusted EBITDA Rental</b>	<b>966.7</b>	<b>1,082.5</b>	<b>12.0</b>	<b>1,315.1</b>
Revenue Value-add	1,010.6	1,212.0	19.9	1,462.2
thereof external revenue	133.6	186.8	39.8	203.9
thereof internal revenue	877.0	1,025.2	16.9	1,258.3
Operating expenses Value-add	-913.8	-1,094.5	19.8	-1,341.0
<b>Adjusted EBITDA Value-add</b>	<b>96.8</b>	<b>117.5</b>	<b>21.4</b>	<b>121.2</b>
Income from disposals Recurring Sales	261.7	273.5	4.5	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	-190.8	-193.4	1.4	-262.8
<b>Adjusted result Recurring Sales</b>	<b>70.9</b>	<b>80.1</b>	<b>13.0</b>	<b>93.3</b>
Selling costs Recurring Sales	-11.2	-11.0	-1.8	-14.2
<b>Adjusted EBITDA Recurring Sales</b>	<b>59.7</b>	<b>69.1</b>	<b>15.7</b>	<b>79.1</b>
Income from disposal of "Development to sell" properties	122.9	194.9	58.6	225.1
Cost of Development to sell	-107.8	-148.1	37.4	-181.8
<b>Gross profit Development to sell</b>	<b>15.1</b>	<b>46.8</b>	<b>&gt;100</b>	<b>43.3</b>
Fair value Development to hold	65.1	185.3	>100	98.0
Cost of Development to hold	-54.9	-152.2	>100	-79.3
<b>Gross profit Development to hold*</b>	<b>10.2</b>	<b>33.1</b>	<b>&gt;100</b>	<b>18.7</b>
Operating expenses Development	-7.8	-17.9	>100	-22.6
<b>Adjusted EBITDA Development</b>	<b>17.5</b>	<b>62.0</b>	<b>&gt;100</b>	<b>39.4</b>
<b>Adjusted EBITDA Total</b>	<b>1,140.7</b>	<b>1,331.1</b>	<b>16.7</b>	<b>1,554.8</b>
FFO interest expense	-237.7	-265.6	11.7	-328.8
Current income taxes FFO	-23.5	-43.1	83.4	-36.5
Consolidation**	-36.8	-89.6	>100	-57.5
<b>Group FFO</b>	<b>842.7</b>	<b>932.8</b>	<b>10.7</b>	<b>1,132.0</b>

\* Prior-year value new construction VTS: € 2.3 million. BUWOG: € 7.9 million.

\*\* Thereof intragroup profits in 9M 2019: € 34.3 million (9M 2018: € 26.5 million), valuation result new construction/development to hold in 9M 2019: € 33.1 million (9M 2018: € 10.2 million), IFRS 16 effects 9M 2019: € 22.2 million (9M 2018: € 0.0 million).

As of the end of September 2019, our apartments were still virtually fully occupied. The apartment vacancy rate of 2.9%

was up on the value of 2.7% seen at the end of September 2018. **Rental income** in the **Rental segment** rose by 9.6%

from € 1,393.3 million in the first nine months of 2018 to € 1,527.0 million in the first nine months of 2019, largely due to the acquisitions of BUWOG and Victoria Park in the previous year. BUWOG contributed a volume of € 149.5 million (April–September 2018: € 105.7 million), while Victoria Park contributed € 100.4 million (July–September 2018: € 29.0 million). Out of the total rental income in the Rental segment of € 1,527.0 million, € 1,346.3 million is attributable to the portfolio in Germany (9M 2018: € 1,304.9 million) and € 80.3 million to the portfolio in Austria (9M 2018: € 59.5 million) and € 100.4 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 2.5% thanks to property value improvements achieved as part of our modernization program. The corresponding **like-for-like increase in rent** came to 3.7% 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 monthly in-place rent within the Group at the end of

September 2019 came to € 6.69 per m<sup>2</sup> compared to € 6.43 per m<sup>2</sup> at the end of September 2018. At the end of September 2019, the monthly in-place rent in the German portfolio came to € 6.71 per m<sup>2</sup> (Sep. 30, 2018: € 6.45), for the Austrian portfolio € 4.63 per m<sup>2</sup> (Sep. 30, 2018: € 4.53) and € 9.15 per m<sup>2</sup> for the Swedish portfolio (Sep. 30, 2018: € 9.03). The rental income from the Austrian property portfolio additionally includes maintenance and improvement contributions (EVB). The rental income from the portfolio in Sweden reflects inclusive rents, meaning that the amounts contain operating and heating costs.

We continued with our new construction, modernization and maintenance strategy in the first nine months of 2019. The total volume increased from € 983.0 million in the first nine months of 2018 to € 1,301.3 million in the first nine months of 2019. This was driven by an increase in the modernization volume including new construction, which rose by 46.9% from € 656.3 million in 2018 to € 963.9 million in 2019.

## Maintenance and Modernization

in € million	9M 2018	9M 2019	Change in %	12M 2018
Expenses for maintenance	218.8	230.2	5.2	289.7
Capitalized maintenance	107.9	107.2	-0.6	140.7
Modernization work*	656.3	963.9	46.9	1,139.0
<b>Total cost of modernization and maintenance</b>	<b>983.0</b>	<b>1,301.3</b>	<b>32.4</b>	<b>1,569.4</b>

\* Incl. new construction in 9M 2019: € 251.6 million, 9M 2018: € 46.8 million.

Operating expenses in the Rental segment in the first nine months of 2019 were up by 3.1% on the figures for 2018, from € 207.8 million to € 214.3 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 12.0%, from € 966.7 million in the first nine months of 2018 to € 1,082.5 million in 2019.

The **Value-add segment** showed sustained positive development in the first nine months of 2019. We expanded the services offered by our craftsmen's organization even further and continued to invest in improvements to the existing building stock. We continued to expand our business activities relating to the provision of cable television to our tenants, metering services and insurance and residential environment services. We once again expanded our energy supply services in the first nine months. We supplied a total of around 16,500 households with energy directly as of the end of September 2019.

External revenue from our Value-add activities with our end customers in the first nine months of 2019 rose by 39.8% as against the same period of 2018, from € 133.6 million to € 186.8 million. Group revenue rose by 16.9% in the same period, from € 877.0 million in 2018 to € 1,025.2 million in 2019. Overall, this results in a 19.9% increase in the revenue from the Value-add segment from € 1,010.6 million in the 2018 reporting period to € 1,212.0 million in 2019. **The Adjusted EBITDA Value-add** rose by 21.4% in the first nine months of 2019 to € 117.5 million as against € 96.8 million in the first nine months of 2018.

The EBITDA margin of the core business, calculated based on the **Adjusted EBITDA Operations** (total of the Adjusted EBITDA Rental and the Adjusted EBITDA Value-add less any intragroup profits included in these figures) in relation to rental income within the Group, once again showed positive development in the reporting period. It increased from 74.3% (including BUWOG) in the first nine months of 2018 to 76.3% in the current reporting period.

We continued to pursue our selective sales strategy in the third quarter of 2019. In the Recurring Sales segment, we report all business activities relating to the sale of single residential units (Privatize).

In the **Recurring Sales segment**, the income from disposal of properties came to € 273.5 million in the first nine months of 2019, up by 4.5% on the value of € 261.7 million reported in the same period of 2018; of this, € 190.1 million are attributed to sales in Germany (9M 2018: € 194.1 million) and € 83.4 million to sales in Austria (9M 2018: € 67.6 million). We privatized 1,893 apartments in the first nine months of 2019 (9M 2018: 1,992), thereof 1,472 in Germany (9M 2018: 1,639) and 421 in Austria (9M 2018: 353). Adjusted EBITDA Recurring Sales came in at € 69.1 million in the first nine months of 2019, up by 15.7% on the value of € 59.7 million seen in the first nine months of 2018. The **fair value step-up** for Recurring Sales came in at 41.4% in the 2019 reporting period, up against the comparative value of 37.1% for 2018.

Outside of the Recurring Sales segment, we made 1,679 **Non-core Disposals** of residential units as part of our portfolio adjustment measures in the first nine months of 2019 (9M 2018: 7,665) with total proceeds of € 106.2 million (9M 2018: € 411.8 million). At 15.2%, the fair value step-up for Non-core Disposals was slightly lower than for the same period in the previous year (16.3%).

The **Development segment** showed successful development in the first nine months of 2019. A comparison of the following key figures with the previous year is only possible to a limited extent, due to the acquisition of BUWOG on March 31, 2018. In the **“Development to sell”** business, the income from disposal of properties came to € 194.9 million, up by 58.6% on the value of € 122.9 million achieved in the

first nine months of 2018, with € 92.4 million attributable to project development in Germany and € 102.5 million attributable to project development in Austria. The resulting gross profit for **“Development to sell”** came to € 46.8 million (9M 2018: € 15.1 million). In the **“Development to hold”** business, a fair value of € 185.3 million was achieved in the reporting period (9M 2018: € 65.1 million), with € 91.5 million attributable to project development in Germany (9M 2018: € 33.1 million) and with € 93.8 million to project development in Austria (9M 2018: € 32.0 million). The gross profit for **“Development to hold”** came to € 33.1 million (9M 2018: € 10.2 million). The **Adjusted EBITDA** for the Development segment amounted to € 62.0 million in the first nine months of 2019 (9M 2018: € 17.5 million). In the **“Development to sell”** business, a total of 515 units were completed in the first nine months of 2019 (9M 2018: 365), thereof 74 in Germany (9M 2018: 61) and 441 in Austria (9M 2018: 304). In the **“Development to hold”** business, a total of 840 units were completed (9M 2018: 328 units), thereof 440 in Germany (9M 2018: 147) and 400 units in Austria (9M 2018: 181 units). Around 38,000 units are in the development pipeline as of the end of September 2019.

In the first nine months of the year, the primary key figure for the sustained earnings power of the core business, **Group FFO**, increased by 10.7%, from € 842.7 million in 2018 to € 932.8 million in 2019, largely due to acquisitions. This trend was fueled primarily by the positive development in Adjusted EBITDA Total, which rose by 16.7% from € 1,140.7 million to € 1,331.1 million during the reporting period.

In the 2019 reporting period, the **non-recurring items** eliminated in the **Adjusted EBITDA Total** came to € 36.5 million (9M 2018: € 93.8 million). The following table gives a detailed list of the non-recurring items:

## Non-recurring Items

in € million	9M 2018	9M 2019	Change in %	12M 2018
Acquisition costs incl. integration costs*	69.4	20.1	-71.0	87.8
Severance payments/pre-retirement part-time work arrangements	15.3	10.7	-30.1	18.3
Business model optimization/development of new fields of business	9.2	1.6	-82.6	0.8
Refinancing and equity measures	-0.1	4.1	-	-0.3
<b>Total non-recurring items</b>	<b>93.8</b>	<b>36.5</b>	<b>-61.1</b>	<b>106.6</b>

\* 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.

## Reconciliations

The **financial result** changed from € -296.5 million in the first nine months of 2018 to € -354.9 million in 2019. FFO interest expense is derived from the financial result as follows:

### Reconciliation of Financial Result/FFO Interest Expense

in € million	9M 2018	9M 2019	Change in %	12M 2018
Income from loans	1.7	1.4	-17.6	2.2
Interest income	3.7	3.0	-18.9	6.8
Interest expense	-301.9	-359.3	19.0	-449.1
<b>Financial result*</b>	<b>-296.5</b>	<b>-354.9</b>	<b>19.7</b>	<b>-440.1</b>
Adjustments:				
Transaction costs	9.7	27.8	>100	14.2
Prepayment penalties and commitment interest	5.8	24.7	>100	8.4
Effects from the valuation of non-derivative financial instruments	6.6	-21.9	-	14.9
Derivatives	2.3	39.8	>100	14.3
Interest accretion to provisions	6.4	7.3	14.1	9.1
Accrued interest	58.9	-8.3	-	43.4
Interest on prior-year tax	-	-	-	20.3
Other effects	11.6	5.7	-50.9	13.5
<b>Net cash interest</b>	<b>-195.2</b>	<b>-279.8</b>	<b>43.3</b>	<b>-302.0</b>
Deferred interest adjustment/IFRS 16 Leases	-58.9	13.7	-	-43.4
Adjustment of income from investments in other real estate companies	14.0	1.2	-91.4	14.0
Adjustment of interest paid due to taxes	2.4	-0.7	-	2.6
<b>Interest expense FFO</b>	<b>-237.7</b>	<b>-265.6</b>	<b>11.7</b>	<b>-328.8</b>

\* Excluding income from other investments.

In the first nine months of 2019, the FFO interest expense came to € -265.6 million, up by 11.7% on the prior-year value of € -237.7 million, primarily due to the 100% debt financing of the BUWOG acquisition at the end of the first quarter of 2018.

In the first nine months of 2019, the **profit for the period** came to € 63.4 million compared with € 1,399.0 million in the first nine months of 2018. The goodwill impairments in the amount of € 2,103.5 million in the first nine months of 2019 were the main factor behind this (9M 2018: € 0.0 million). This was counteracted by the net income from fair value adjustments of investment properties of € 2,283.3 million (9M 2018: € 1,386.7 million).

## Reconciliation of Profit for the Period/Group FFO

in € million	9M 2018	9M 2019	Change in %	12M 2018
<b>Profit for the period</b>	1,399.0	63.4	-95.5	2,402.8
Financial result*	296.5	354.9	19.7	440.1
Income taxes	728.8	941.3	29.2	1,471.5
Depreciation and amortization	37.8	2,157.9	>100	737.9
Net income from fair value adjustments of investment properties	-1,386.7	-2,283.3	64.7	-3,517.9
<b>= EBITDA IFRS</b>	<b>1,075.4</b>	<b>1,234.2</b>	<b>14.8</b>	<b>1,534.4</b>
Non-recurring items	93.8	36.5	-61.1	106.6
Total period adjustments from assets held for sale	-0.2	3.8	-	-0.5
Financial income from investments in other companies	-14.0	-1.2	-91.4	-14.0
Other (Non-core Disposals)	-51.0	-9.6	-81.2	-129.2
Intragroup profits	26.5	34.3	29.4	38.8
Valuation result new construction/development to hold	10.2	33.1	>100	18.7
<b>= Adjusted EBITDA Total</b>	<b>1,140.7</b>	<b>1,331.1</b>	<b>16.7</b>	<b>1,554.8</b>
Interest expense FFO**	-237.7	-265.6	11.7	-328.8
Current income taxes FFO	-23.5	-43.1	83.4	-36.5
Consolidation	-36.8	-89.6	>100	-57.5
<b>= Group FFO</b>	<b>842.7</b>	<b>932.8</b>	<b>10.7</b>	<b>1,132.0</b>
Group FFO per share in €***	1.63	1.72	5.5	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 Sep. 30, 2018: 518,077,934, Sep. 30, 2019: 542,273,611 and Dec. 31, 2018: 518,077,934.

## Assets

### Consolidated Balance Sheet Structure

	Dec. 31, 2018		Sep. 30, 2019	
	in € million	in %	in € million	in %
Non-current assets	47,639.6	96.5	48,723.6	95.8
Current assets	1,748.0	3.5	2,141.1	4.2
<b>Assets</b>	<b>49,387.6</b>	<b>100.0</b>	<b>50,864.7</b>	<b>100.0</b>
Total equity	19,664.1	39.8	19,824.3	39.0
Non-current liabilities	25,577.8	51.8	28,013.9	55.1
Current liabilities	4,145.7	8.4	3,026.5	5.9
<b>Equity and Liabilities</b>	<b>49,387.6</b>	<b>100.0</b>	<b>50,864.7</b>	<b>100.0</b>

The Group's **total assets** increased by € 1,477.1 million as against December 31, 2018, rising from € 49,387.6 million to € 50,864.7 million. This was largely due to a € 3,733.7 million increase in investment properties from € 43,490.9 million to

€ 47,224.6 million, with € 2,258.7 million resulting from the property valuation process (€ 2,056.2 million of it in Germany). The impairment of goodwill in the sum of € 2,103.5 million has a counteracting effect. The impairment is the

result of the impairment tests carried out due to the increase in the value of the real estate portfolio in the second quarter of 2019 and the revision of the regional structure in the third quarter of 2019. In addition, non-current assets fell by € 672.8 million due to the sale of the shares in Deutsche Wohnen SE. Current assets rose by € 609.7 million, due primarily to an increase in cash and cash equivalents. Goodwill and trademark rights comprise 1.6% of the total assets.

As of September 30, 2019, the **gross asset value (GAV)** of Vonovia's property assets came to € 48,015.4 million, which corresponds to 94.4% of total assets compared with € 44,226.9 million or 89.6% at the end of 2018.

The € 160.2 million increase in **total equity** from € 19,664.1 million to € 19,824.3 million is due, in particular, to the capital increases implemented in May and June 2019 in the amount of € 1,080.4 million in total (after deductions to reflect transaction costs). The dividend distributions in the sum of € 746.0 million had the opposite effect.

This brings the **equity ratio** to 39.0%, compared with 39.8% at the end of 2018.

**Liabilities** increased by € 1,316.9 million from € 29,723.5 million to € 31,040.4 million. The amount of non-derivative financial liabilities rose by € 369.6 million, largely due to the purchase of a real estate portfolio in Sweden. Beyond this, liabilities increased by € 828.4 million due to the increase in deferred taxes as a result of the increase in the value of the real estate portfolio. The loan-to-value ratio amounts to 40.3% as of September 30, 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 third quarter of 2019, the EPRA NAV came to € 27,256.4 million, up by 4.4% on the value of € 26,105.0 million seen at the end of 2018. EPRA NAV per share increased from € 50.39 at the end of 2018 to € 50.26 at the end of the third quarter of 2019. The Adjusted NAV of € 26,525.8 million at the end of the third quarter of 2019 was an increase of 14.0% over € 23,262.6 million at the end of 2018. This represents an increase in the Adjusted NAV per share from € 44.90 at the end of 2018 to € 48.92 at the end of the third quarter of 2019.

### **Net Asset Value (NAV)**

in € million	Dec. 31, 2018	Sep. 30, 2019	Change in %
<b>Total equity attributable to Vonovia shareholders</b>	17,880.2	18,123.7	1.4
Deferred taxes on investment properties	8,161.1	9,055.1	11.0
Fair value of derivative financial instruments*	87.2	106.5	22.1
Deferred taxes on derivative financial instruments	-23.5	-28.9	23.0
<b>EPRA NAV</b>	26,105.0	27,256.4	4.4
Goodwill	-2,842.4	-730.6	-74.3
<b>Adjusted NAV</b>	23,262.6	26,525.8	14.0
<b>EPRA NAV per share in €**</b>	50.39	50.26	-0.2
<b>Adjusted NAV per share in €**</b>	44.90	48.92	8.9

\* Adjusted for effects from cross currency swaps.

\*\* Based on the number of shares on the reporting date Dec. 31, 2018: 518,077,934, Sep. 30, 2019: 542,273,611.

### 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 market momentum recognized across Germany in the first half of 2019, Vonovia arranged for a new valuation to be performed for the locations that have been affected the most, i.e., on around two-thirds of the portfolio. This led to net income from the valuation of € 2,258.7 million as of June 30, 2019.

Due to the particular situation regarding data on the Swedish real estate market, it was possible to arrive at a valid value for the parameters relevant to real estate valuation of the Swedish portfolio for the reporting date as of September 30, 2019. The resulting valuation effect for the period July 1 to September 30, 2019, in the amount of € 9.2 million (Q3 2018: € 11.3 million) was recognized as of September 30, 2019.

In addition, buildings under construction (new construction/development to hold) were completed during the reporting period. A fair value measurement is performed for the first time when the properties are completed. This results in a valuation effect of € 15.4 million for the period from July 1 to September 30, 2019 (Q3 2018: € 7.5 million).

In June 2019, the Berlin State Government reached an agreement on a white paper for a rent freeze, the plan being to freeze rents in the city for a period of five years, with a small number of exceptions. A corresponding draft legislation was submitted on October 22, 2019, but still has to be passed by the Berlin House of Representatives. It has not yet been established whether the planned legislation is consistent with the constitution; so far there has been no clear market reaction to the proposed new law in Berlin. There is no evidence of any impact on fair values at the time of the quarterly financial statements.

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	9M 2018	9M 2019
Cash flow from operating activities	876.0	1,131.6
Cash flow from investing activities	-3,781.1	-393.7
Cash flow from financing activities	3,146.2	-128.2
<b>Net changes in cash and cash equivalents</b>	<b>241.1</b>	<b>609.7</b>
Cash and cash equivalents at the beginning of the period	266.2	547.7
<b>Cash and cash equivalents at the end of the period</b>	<b>507.3</b>	<b>1,157.4</b>

The cash flow from **operating activities** increased from € 876.0 million in the first nine months of 2018 to € 1,131.6 million in the first nine months of 2019. The increase is mainly due to the improvement in the operating result.

The cash flow from **investing activities** shows a payout balance of € -393.7 million for the first nine months of 2019, including income from the sale of the shares in Deutsche Wohnen SE in the amount of € 698.1 million. Payments for the acquisition of investment properties came to € -1,576.3 million. Included in this is the purchase of a real estate portfolio in Sweden for € 407.1 million. On the other hand, income from portfolio sales in the amount of € 559.6 million was collected. The previous year was largely characterized by the net purchase price payments for the shares in BUWOG and Victoria Park in the total amount of € 3,389.5 million.

The cash flow from **financing activities** includes payments for regular and unscheduled repayments in the amount of € -2,916.7 million and, on the other hand, proceeds from issuing financial liabilities in the amount of € 3,323.9 million. Payouts for transaction and financing costs amounted to € 77.4 million. Interest paid in the first nine months of 2019 amounted to € -284.4 million. The cash flow from financing activities also includes payments for the acquisition of shares in non-controlling interests in the amount of € -491.1 million, mainly in connection with the acquisition of all remaining shares in BUWOG as well as the exercise of the call options for the shares in Victoria Park.

Net changes in **cash and cash equivalents** came to € 609.7 million.

### Financing

According to the publication dated May 8, 2019, 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).

As of the reporting date of September 30, 2019, Vonovia Finance B.V. had placed a total bond volume of € 12.8 billion, € 12.7 billion of which relates to the EMTN program. With effect from 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. The first interest payment date was June 29, 2019.



Vonovia issued two bonds for € 500 million each via its Dutch subsidiary Vonovia Finance B.V. on September 16, 2019. The two bonds were issued with a coupon of 0.50% and a maturity of 10 years, and a coupon of 1.125% and a maturity of 15 years, respectively.

Via its subsidiaries SÜDOST WOBA DRESDEN GMBH and WOHNBAU NORDWEST GmbH, Vonovia took out a 10-year loan of € 500 million from Deutsche Pfandbriefbank AG and Landesbank Baden-Württemberg in January 2019. It is secured by a real estate portfolio in Dresden.

In January 2019, Vonovia assumed an existing BUWOG loan of € 461.8 million from Berlin-Hannoversche Hypothekbank and Hessische Landesbank. It was previously reported as a mortgage of BUWOG and is now presented separately as a portfolio loan following the takeover. The original loan agreement was between the banking syndicate and an Austrian subsidiary of BUWOG Group GmbH, as it was known at the time.

Victoria Park informed all bondholders on June 17, 2019, and repaid the corporate bond (Bond Sweden) in the amount of € 58.5 million in due form effective June 10, 2019.

On April 8, 2019, Vonovia repaid the subordinated debenture (hybrid) of € 700 million issued by Vonovia Finance B.V. in full.

On July 25, 2019, Vonovia repaid the subordinated debenture of € 600 million issued by Vonovia Finance B.V. in full.

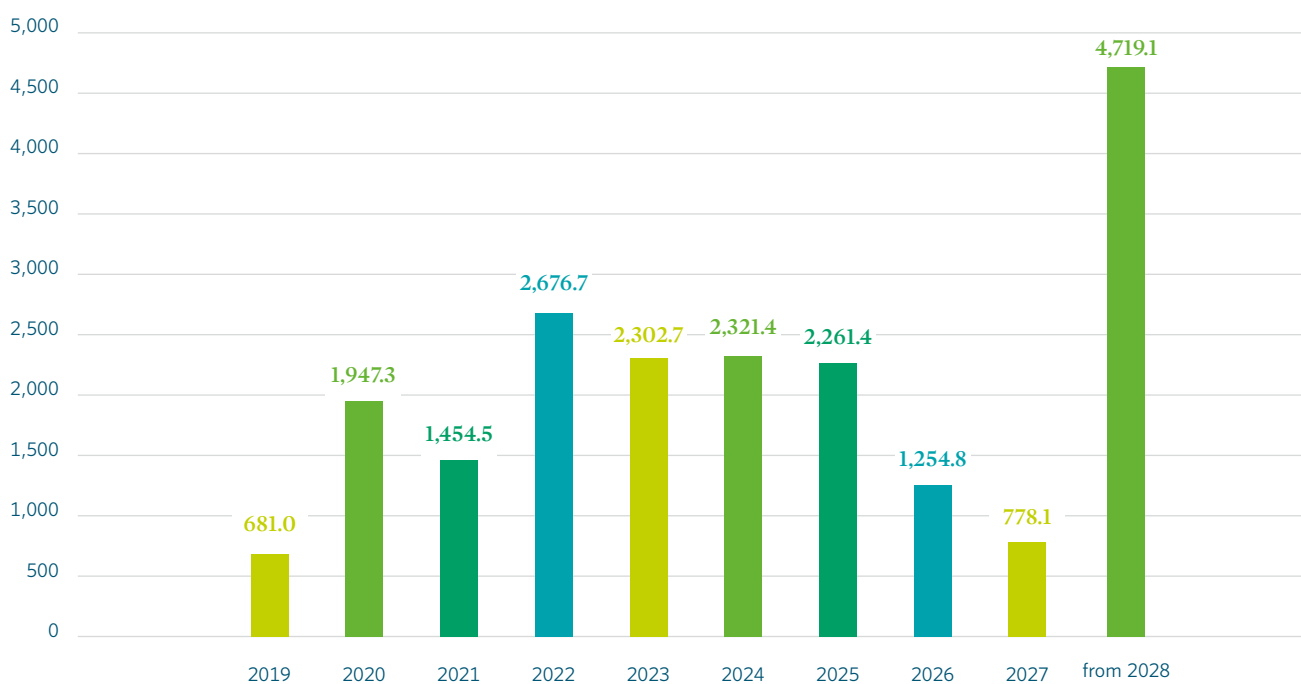
Via its Dutch subsidiary Vonovia Finance B.V., Vonovia took out a 10-year loan for € 168 million in September 2019, secured by a real-estate portfolio in Berlin and Hamburg.

By means of buybacks in September 2019 through Vonovia Finance B.V., the bond due in December 2020 was reduced by € 498.3 million to € 751.7 million, and the bond due in March 2020 was reduced by € 199.4 million to € 300.6 million.

The **debt maturity profile** of Vonovia's financing was as follows as of September 30, 2019:

## Maturity Profile

in € million



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	Sep. 30, 2019	Change in %
Non-derivative financial liabilities	20,136.0	20,505.6	1.8
Foreign exchange rate effects	-33.5	-45.4	35.5
Cash and cash equivalents	-547.7	-1,157.4	>100
<b>Net debt</b>	<b>19,554.8</b>	<b>19,302.8</b>	<b>-1.3</b>
Sales receivables	-256.7	-10.4	-95.9
<b>Adjusted net debt</b>	<b>19,298.1</b>	<b>19,292.4</b>	<b>-0.0</b>
<b>Fair value of the real estate portfolio</b>	<b>44,239.9</b>	<b>47,763.9</b>	<b>8.0</b>
Shares in other real estate companies	800.3	144.0	-82.0
<b>Adjusted fair value of the real estate portfolio</b>	<b>45,040.2</b>	<b>47,907.9</b>	<b>6.4</b>
<b>LTV</b>	<b>42.8%</b>	<b>40.3%</b>	<b>-2.5 pp</b>

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

in € million	Dec. 31, 2018	Sep. 30, 2019	Change in %
Non-derivative financial liabilities	20,136.0	20,505.6	1.8
<b>Total assets</b>	<b>49,387.6</b>	<b>50,864.7</b>	<b>3.0</b>
<b>LTV bond covenants</b>	<b>40.8%</b>	<b>40.3%</b>	<b>-0.5 pp</b>

# Business Outlook

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

We expect these positive developments to continue in the 2019 fiscal year and that we will achieve our forecast figures. Given the dynamic development of the German, Austrian and Swedish housing markets, we expect to see a further increase in value in our investment properties and, with this, a moderate increase to Adjusted NAV per share. Based on the first preliminary indicators, we expect to see an effect from the valuation of investment properties as well as capitalized modernization costs, in the form of an increase in value between around € 2.1 billion and € 2.8 billion compared with June 30, 2019. We do not expect significant effects from the current discussion about the rent freeze.

Our current forecast for 2019 and the outlook for 2020 are based on determined and updated corporate planning for the Vonovia Group as a whole, and consider current business developments, the acquisition of Hembra as well as 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 2019 and the outlook for 2020 in respect of the main performance indicators has been updated in accordance with the accounting principles/provisions

applied in the 2019 quarterly financial statements, including first-time application of IFRS 16:

	Actual 2018	Forecast 2019	Forecast for 2019 in the 2019 H1 Report	Forecast for 2019 in the 2019 Q3 Report	Outlook 2020
Adjusted NAV per share	€ 44.90	suspended	suspended	€ 51.50-53.00	suspended
Adjusted EBITDA Total	€ 1,554.8 million	€ 1,650-1,700 million	€ 1,700-1,750 million	upper end € 1,700-1,750 million	€ 1,875-1,925 million
Group FFO	€ 1,132.0 million	€ 1,140-1,190 million	€ 1,165-1,215 million	upper end € 1,165-1,215 million	€ 1,275-1,325 million
Group FFO per share*	€ 2.18	€ 2.20-2.30	€ 2.15-2.24	upper end € 2.15-2.24	suspended
Customer Satisfaction Index (CSI)	Decrease of 2.6%	Up slightly year-on-year	Single-digit percentage below prior year	Single-digit percentage below prior year	Up slightly year-on-year
Rental income	€ 1,894.2 million	€ 2,020-2,070 million	€ 2,020-2,070 million	approx. € 2,040 million	approx. € 2,300 million
Organic rent increase	4.4%	Increase of approx. 4.4%	Increase of approx. 4.4%	Increase of approx. 4.0%	Increase of approx. 4.0%
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	approx. € 1,400 million	€ 1,300-1,600 million
Number of units sold Recurring Sales	2,818	approx. 2,500	approx. 2,500	approx. 2,500	approx. 2,500
Step-up Recurring Sales	35.5%	approx. 30%	approx. 30%	> 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, October 28, 2019

The Management Board

# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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# Consolidated Income Statement

in € million	Jan. 1 - Sep. 30, 2018	Jan. 1 - Sep. 30, 2019	Jul. 1 - Sep. 30, 2018	Jul. 1 - Sep. 30, 2019
Income from property letting	1,954.8	2,101.3	696.2	704.4
Other income from property management	39.7	52.5	15.4	17.3
<b>Income from property management</b>	<b>1,994.5</b>	<b>2,153.8</b>	<b>711.6</b>	<b>721.7</b>
Income from disposal of properties	673.6	379.7	287.2	153.0
Carrying amount of properties sold	-592.6	-327.4	-252.1	-132.7
Revaluation of assets held for sale	48.0	38.1	13.4	11.1
<b>Profit on disposal of properties</b>	<b>129.0</b>	<b>90.4</b>	<b>48.5</b>	<b>31.4</b>
Income from the disposal of properties (Development)	122.9	194.9	49.4	70.0
Cost of sold properties	-107.8	-148.1	-47.2	-52.9
<b>Profit on the disposal of properties (Development)</b>	<b>15.1</b>	<b>46.8</b>	<b>2.2</b>	<b>17.1</b>
Net income from fair value adjustments of investment properties	1,386.7	2,283.3	13.8	24.6
Capitalized internal expenses	433.3	500.6	177.6	190.7
Cost of materials	-993.4	-1,070.3	-366.1	-377.2
Personnel expenses	-360.5	-392.6	-123.6	-127.3
Depreciation and amortization	-37.8	-2,157.9	-14.5	-222.0
Other operating income	81.3	77.2	34.1	25.3
Impairment losses on financial assets	-14.4	-21.9	-4.4	-12.0
Gains resulting from the derecognition of financial assets measured at amortized cost	1.5	5.2	0.2	4.0
Other operating expenses	-233.0	-163.0	-98.1	-52.8
Net income from investments accounted for using the equity method	0.1	-2.2	0.3	0.2
Financial income	27.3	14.6	0.5	2.0
Financial expenses	-301.9	-359.3	-101.0	-122.6
<b>Earnings before tax</b>	<b>2,127.8</b>	<b>1,004.7</b>	<b>281.1</b>	<b>103.1</b>
Income taxes	-728.8	-941.3	-82.1	-165.0
<b>Profit for the period</b>	<b>1,399.0</b>	<b>63.4</b>	<b>199.0</b>	<b>-61.9</b>
Attributable to:				
Vonovia's shareholders	1,323.1	27.5	179.7	-71.2
Vonovia's hybrid capital investors	22.4	22.4	7.6	7.6
Non-controlling interests	53.5	13.5	11.7	1.7
<b>Earnings per share (basic and diluted) in €</b>	<b>2.64</b>	<b>0.05</b>	<b>0.38</b>	<b>-0.13</b>

# Consolidated Statement of Comprehensive Income

in € million	Jan. 1 - Sep. 30, 2018	Jan. 1 - Sep. 30, 2019	Jul. 1 - Sep. 30, 2018	Jul. 1 - Sep. 30, 2019
<b>Profit for the period</b>	1,399.0	63.4	199.0	-61.9
<b>Cash flow hedges</b>				
Change in unrealized gains/losses	1.1	4.1	5.0	10.1
Taxes on the change in unrealized gains/losses	2.0	-1.3	-0.8	-3.3
Net realized gains/losses	1.7	-1.5	1.4	-6.9
Taxes due to net realized gains/losses	-0.6	2.8	-0.5	3.0
<b>Total</b>	<b>4.2</b>	<b>4.1</b>	<b>5.1</b>	<b>2.9</b>
<b>Currency translation differences</b>				
Changes in the period	11.1	-36.7	13.0	-9.1
Net realized gains/losses	-0.8	-	-0.8	-
<b>Total</b>	<b>10.3</b>	<b>-36.7</b>	<b>12.2</b>	<b>-9.1</b>
<b>Items which will be recognized in profit or loss in the future</b>	<b>14.5</b>	<b>-32.6</b>	<b>17.3</b>	<b>-6.2</b>
<b>Equity instruments at fair value in other comprehensive income</b>				
Changes in the period	81.8	30.5	-1.3	-
Taxes on changes in the period	-1.3	-0.4	-0.3	-
<b>Total</b>	<b>80.5</b>	<b>30.1</b>	<b>-1.6</b>	<b>-</b>
<b>Actuarial gains and losses from pensions and similar obligations</b>				
Change in actuarial gains/losses	7.4	-88.5	7.4	-39.7
Tax effect	-2.4	29.3	-2.4	13.1
<b>Total</b>	<b>5.0</b>	<b>-59.2</b>	<b>5.0</b>	<b>-26.6</b>
<b>Items which will not be recognized in profit or loss in the future</b>	<b>85.5</b>	<b>-29.1</b>	<b>3.4</b>	<b>-26.6</b>
<b>Other comprehensive income</b>	<b>100.0</b>	<b>-61.7</b>	<b>20.7</b>	<b>-32.8</b>
<b>Total comprehensive income</b>	<b>1,499.0</b>	<b>1.7</b>	<b>219.7</b>	<b>-94.7</b>
Attributable to:				
Vonovia's shareholders	1,422.0	-31.8	199.3	-104.5
Vonovia's hybrid capital investors	22.4	22.4	7.6	7.6
Non-controlling interests	54.6	11.1	12.8	2.2

# Consolidated Balance Sheet

## Assets

in € million	Dec. 31, 2018	Sep. 30, 2019
Intangible assets	2,943.2	833.5
Property, plant and equipment	250.4	336.8
Investment properties	43,490.9	47,224.6
Financial assets	888.8	258.1
Other assets	12.2	16.5
Deferred tax assets	54.1	54.1
<b>Total non-current assets</b>	<b>47,639.6</b>	<b>48,723.6</b>
Inventories	8.8	8.8
Trade receivables	493.1	265.4
Financial assets	0.8	5.8
Other assets	114.4	169.0
Income tax receivables	170.2	119.2
Cash and cash equivalents	547.7	1,157.4
Real estate inventories	307.1	311.3
Assets held for sale	105.9	104.2
<b>Total current assets</b>	<b>1,748.0</b>	<b>2,141.1</b>
<b>Total assets</b>	<b>49,387.6</b>	<b>50,864.7</b>



## Equity and liabilities

in € million	Dec. 31, 2018	Sep. 30, 2019
Subscribed capital	518.1	542.3
Capital reserves	7,183.4	8,237.9
Retained earnings	9,942.0	9,400.5
Other reserves	236.7	-57.0
<b>Total equity attributable to Vonovia's shareholders</b>	<b>17,880.2</b>	<b>18,123.7</b>
Equity attributable to hybrid capital investors	1,001.6	1,031.5
<b>Total equity attributable to Vonovia's shareholders and hybrid capital investors</b>	<b>18,881.8</b>	<b>19,155.2</b>
Non-controlling interests	782.3	669.1
<b>Total equity</b>	<b>19,664.1</b>	<b>19,824.3</b>
Provisions	616.7	692.5
Trade payables	4.4	2.7
Non-derivative financial liabilities	17,437.5	18,638.1
Derivatives	69.8	99.2
Lease liabilities	94.7	422.5
Liabilities to non-controlling interests	24.2	23.2
Financial liabilities from tenant financing	56.1	47.2
Other liabilities	42.5	28.2
Deferred tax liabilities	7,231.9	8,060.3
<b>Total non-current liabilities</b>	<b>25,577.8</b>	<b>28,013.9</b>
Provisions	450.5	479.1
Trade payables	239.1	222.6
Non-derivative financial liabilities	2,698.5	1,867.5
Derivatives	41.4	44.9
Lease liabilities	4.7	25.6
Liabilities to non-controlling interests	9.0	7.0
Financial liabilities from tenant financing	104.7	119.1
Other liabilities	597.8	260.7
<b>Total current liabilities</b>	<b>4,145.7</b>	<b>3,026.5</b>
<b>Total liabilities</b>	<b>29,723.5</b>	<b>31,040.4</b>
<b>Total equity and liabilities</b>	<b>49,387.6</b>	<b>50,864.7</b>

# Consolidated Statement of Cash Flows

in € million	Jan. 1 - Sep. 30, 2018	Jan. 1 - Sep. 30, 2019
Profit for the period	1,399.0	63.4
Net income from fair value adjustments of investment properties	-1,386.7	-2,283.3
Revaluation of assets held for sale	-48.0	-38.1
Depreciation and amortization	37.8	2,157.9
Interest expenses/income	296.4	354.9
Income taxes	728.8	941.3
Results from disposals of investment properties	-81.0	-52.3
Results from disposals of other non-current assets	0.6	0.2
Other expenses/income not affecting net income	0.7	1.9
Change in working capital	-21.0	-7.4
Income tax paid	-50.6	-6.9
<b>Cash flow from operating activities</b>	<b>876.0</b>	<b>1,131.6</b>
Proceeds from disposals of investment properties and assets held for sale	643.4	559.6
Proceeds from disposals of other assets	3.8	696.5
Payments for investments of investment properties	-947.5	-1,576.3
Payments for investments of other assets	-96.2	-78.1
Payments for acquisition of shares in consolidated companies, in due consideration of liquid funds	-3,389.5	-
Interest received	4.9	4.6
<b>Cash flow from investing activities</b>	<b>-3,781.1</b>	<b>-393.7</b>

in € million	Jan. 1 - Sep. 30, 2018	Jan. 1 - Sep. 30, 2019
Capital contributions on the issue of new shares (including premium)	995.8	744.2
Cash paid to shareholders of Vonovia SE and non-controlling interests	-385.6	-409.5
Proceeds from issuing financial liabilities	4,465.3	3,323.9
Cash repayments of financial liabilities	-1,389.2	-2,916.7
Cash repayments of lease liabilities	-	-17.2
Payments for transaction costs in connection with capital measures	-51.2	-41.2
Payments for other financing costs	-15.8	-36.2
Payments in connection with the disposal of shares in non-controlling interests	-289.2	-491.1
Proceeds for the sale of shares of consolidated companies	16.2	-
Interest paid	-200.1	-284.4
<b>Cash flow from financing activities</b>	<b>3,146.2</b>	<b>-128.2</b>
<b>Net changes in cash and cash equivalents</b>	<b>241.1</b>	<b>609.7</b>
Cash and cash equivalents at the beginning of the period	266.2	547.7
<b>Cash and cash equivalents at the end of the period*</b>	<b>507.3</b>	<b>1,157.4</b>

\* Thereof restricted cash € 72.9 million (Sep. 30, 2018: € 87.8 million).

# Portfolio Information

Vonovia manages its own real estate portfolio with a fair value of € 47.8 billion as of September 30, 2019. The majority of our apartments are located in regions with positive economic and demographic development prospects.

## Portfolio Structure

September 30, 2019	Fair value*		Residential units	Vacancy (in %)	In-place rent (in €/m <sup>2</sup> )**
	(in € million)	(in €/m <sup>2</sup> )			
<b>Strategic</b>	<b>37,072.2</b>	<b>1,802</b>	<b>323,641</b>	<b>2.7</b>	<b>6.70</b>
Operate	9,313.1	1,794	75,209	2.5	6.96
Invest	27,759.1	1,805	248,432	2.8	6.62
<b>Recurring Sales</b>	<b>3,737.8</b>	<b>1,927</b>	<b>28,321</b>	<b>3.3</b>	<b>6.84</b>
<b>Non-core Disposals</b>	<b>504.1</b>	<b>1,299</b>	<b>4,242</b>	<b>7.5</b>	<b>6.32</b>
<b>Vonovia Germany</b>	<b>41,314.1</b>	<b>1,804</b>	<b>356,204</b>	<b>2.8</b>	<b>6.71</b>
<b>Vonovia Austria</b>	<b>2,613.6</b>	<b>1,415</b>	<b>22,764</b>	<b>5.3</b>	<b>4.63</b>
<b>Vonovia Sweden</b>	<b>2,260.7</b>	<b>1,739</b>	<b>16,647</b>	<b>1.4</b>	<b>9.15</b>
<b>Total</b>	<b>46,188.4</b>	<b>1,773</b>	<b>395,615</b>	<b>2.9</b>	<b>6.69</b>

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

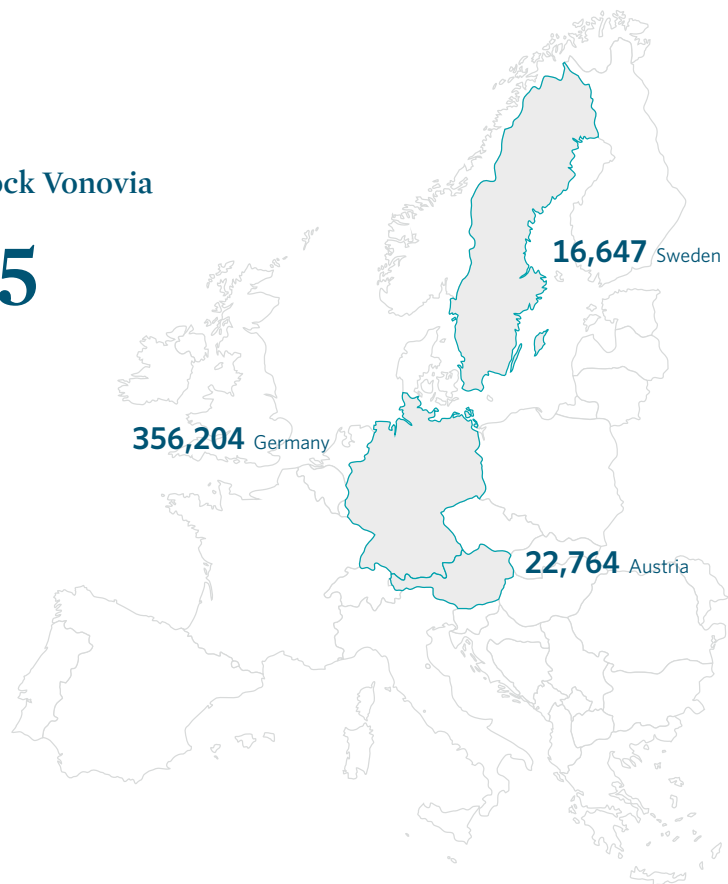
September 30, 2019	Fair value*		Residential units	Vacancy (in %)	In-place rent (in €/m <sup>2</sup> )**
	(in € million)	(in €/m <sup>2</sup> )			
<b>Regional market</b>					
Berlin	7,201.6	2,601	42,029	1.5	6.78
Rhine Main Area	4,201.5	2,355	27,491	1.8	8.23
Southern Ruhr Area	3,646.2	1,349	43,405	3.6	6.09
Rhineland	3,633.6	1,852	28,784	2.5	7.16
Dresden	3,462.9	1,511	38,508	3.6	6.19
Hamburg	2,583.9	2,017	19,816	1.8	7.11
Munich	2,170.5	3,327	9,651	1.2	8.17
Kiel	2,064.0	1,481	23,372	2.3	6.29
Stuttgart	2,015.6	2,263	13,790	1.8	7.93
Hanover	1,790.9	1,709	16,297	3.1	6.64
Northern Ruhr Area	1,595.5	985	25,958	3.7	5.74
Bremen	1,150.4	1,555	11,856	3.7	5.81
Leipzig	913.7	1,470	9,188	4.1	6.05
Westphalia	878.8	1,409	9,494	3.4	6.09
Freiburg	635.7	2,281	4,039	1.9	7.40
Other strategic locations	2,689.7	1,546	26,783	3.6	6.69
<b>Total strategic locations Germany</b>	<b>40,634.6</b>	<b>1,814</b>	<b>350,461</b>	<b>2.8</b>	<b>6.71</b>

\* Fair value of the developed land excluding € 1,575.5 million, of which € 471.2 million for undeveloped land and inheritable building rights granted, € 392.5 million for assets under construction, € 514.4 million for development and € 197.4 million for other.

\*\* Shown based on the country-specific definition.

## Total Housing Stock Vonovia

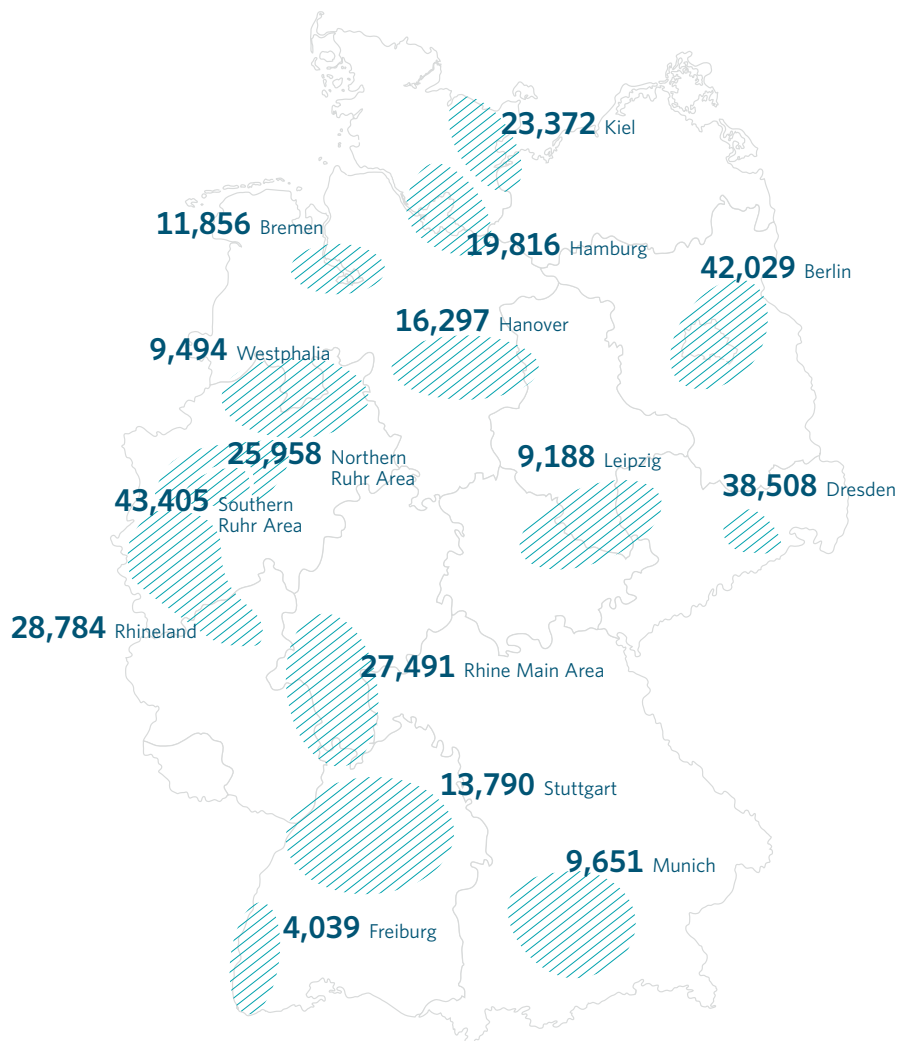
# 395,615



## Housing Stock by Regional Market

(including 26,783 units at other strategic locations)

# 350,461



# Financial Calendar

## ***November 5, 2019***

Publication of Interim Statement January–September 2019

## ***March 5, 2020***

Publication of Annual Report 2019

## ***May 5, 2020***

Publication of Interim Statement January–March 2020

## ***May 13, 2020***

Annual General Meeting

## ***August 5, 2020***

Publication of Half-Year Report January–June 2020

## ***November 4, 2020***

Publication of Interim Statement January–September 2020

# Contact

## **Vonovia SE**

Universitätsstrasse 133  
44803 Bochum  
Phone +49 234 314-0  
Fax +49 234 314-1314  
info@vonovia.de  
www.vonovia.de

## **Your Contacts**

### ***Corporate Communications***

Klaus Markus  
Head of Corporate Communications  
Phone +49 234 314-1149  
Fax +49 234 314-1309  
email: klaus.markus@vonovia.de

### ***Investor Relations***

Rene Hoffmann  
Head of Investor Relations  
Phone +49 234 314-1629  
Fax +49 234 314-2995  
email: rene.hoffmann@vonovia.de

**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](http://www.vonovia.de).

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**Disclaimer**

This interim statement contains forward-looking statements. These statements are based on current experience, assumptions and forecasts of the Management Board as well as information currently available to the Management Board. The forward-looking statements are not guarantees of the future developments and results mentioned therein. The future developments and results depend on a large number of factors. They involve certain risks and uncertainties and are based on assumptions that may prove to be inaccurate. These risk factors include but are not limited to those discussed in the risk report of the 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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