

January -
September

Interim
Statement
Q3

Key Figures

Financial Key Figures in € million	9M 2019	9M 2020	Change in %	12M 2019
Rental income in the Rental segment	1,527.0	1,706.9	11.8	2,074.9
Adjusted EBITDA Total	1,331.1	1,432.5	7.6	1,760.1
Adjusted EBITDA Rental	1,082.5	1,178.7	8.9	1,437.4
Adjusted EBITDA Value-add	117.5	110.1	-6.3	146.3
Adjusted EBITDA Recurring Sales	69.1	74.9	8.4	91.9
Adjusted EBITDA Development	62.0	68.8	11.0	84.5
EBITDA IFRS	1,234.2	1,380.6	11.9	1,579.6
Group FFO	932.8	1,015.9	8.9	1,218.6
thereof attributable to Vonovia shareholders	892.2	973.7	9.1	1,165.6
thereof attributable to Vonovia hybrid capital investors	30.0	30.0	0.0	40.0
thereof attributable to non-controlling interests	10.6	12.2	15.1	13.0
Group FFO per share in €	1.72	1.80	4.7	2.25
Income from fair value adjustments of investment properties	2,283.3	1,830.2	-19.8	4,131.5
EBT	1,004.7	2,831.7	>100	3,138.9
Profit for the period	63.4	1,891.6	>100	1,294.3
Cash flow from operating activities	1,131.6	1,016.7	-10.2	1,555.9
Cash flow from investing activities	-393.7	-1,204.5	>100	-2,505.7
Cash flow from financing activities	-128.2	1,402.0	-	902.8
Total cost of maintenance, modernization and new construction	1,301.3	1,360.0	4.5	1,971.1
thereof for maintenance expenses and capitalized maintenance	337.4	399.1	18.3	481.6
thereof for modernization	712.3	659.7	-7.4	996.5
thereof for new construction	251.6	301.2	19.7	493.0

Key Balance Sheet Figures in € million	Sep. 30, 2019	Sep. 30, 2020	Change in %	Dec. 31, 2019
Fair value of the real estate portfolio	47,763.9	56,047.0	17.3	53,316.4
Adjusted NAV	26,525.8	31,356.2	18.2	28,161.9
Adjusted NAV per share in €*	48.92	55.41	13.3	51.93
LTV (%)	40.3	40.6	0.3 pp	43.1

Non-financial Key Figures	9M 2019	9M 2020	Change in %	12M 2019
Number of units managed	473,966	488,400	3.0	494,927
thereof own apartments	395,615	414,570	4.8	416,236
thereof apartments owned by others	78,351	73,830	-5.8	78,691
Number of units bought	2,601	-	-100.0	23,987
Number of units sold	3,572	2,712	-24.1	4,784
thereof Recurring Sales	1,893	1,883	-0.5	2,607
thereof Non-core Disposals	1,679	829	-50.6	2,177
Number of new apartments completed	1,366	1,437	5.2	2,092
thereof own apartments	851	1,056	24.1	1,301
thereof apartments for sale	515	381	-26.0	791
Vacancy rate (in %)	2.9	2.6	-0.3 pp	2.6
Monthly in-place rent in €/m ²	6.69	7.07	5.7	6.93
Organic rent increase (in %)	4.0	3.6	-0.4 pp	3.9
Number of employees (as of Sep. 30/Dec. 31)	10,003	10,564	5.6	10,345

EPRA Key Figures in € million	Sep. 30, 2019	Sep. 30, 2020	Change in %	Dec. 31, 2019**
EPRA NAV	27,256.4	32,766.8	20.2	29,592.5
EPRA NAV per share in €*	50.26	57.90	15.2	54.57

* Based on the shares carrying dividend rights on the reporting date Sep. 30, 2019: 542,273,611, Sep. 30, 2020: 565,887,299 and Dec. 31, 2019: 542,273,611.

** Adjusted (see note [A2] in the half-year report 2020).

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Business Development in the First Nine Months of 2020

Overview

- > Positive business development in the first nine months of 2020 despite ongoing coronavirus pandemic
- > Tenant services still available in full
- > Continued focus on preventing social hardship among tenants
- > Temporary slight impact of the coronavirus on modernization and new construction activities

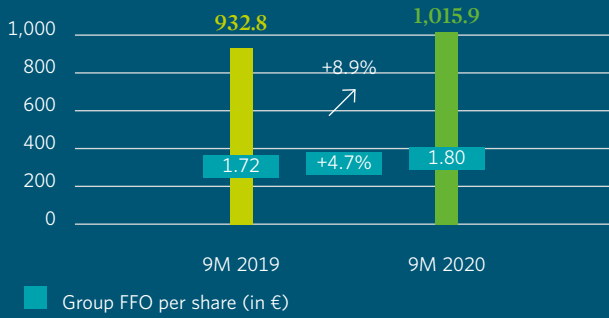
Vonovia achieved stable business development in the first nine months of 2020 despite the coronavirus pandemic. Group FFO increased considerably by 8.9% from € 932.8 million in the first nine months of 2019 to € 1,015.9 million in the first nine months of 2020 due to acquisitions.

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Sustained Earnings

Group FFO

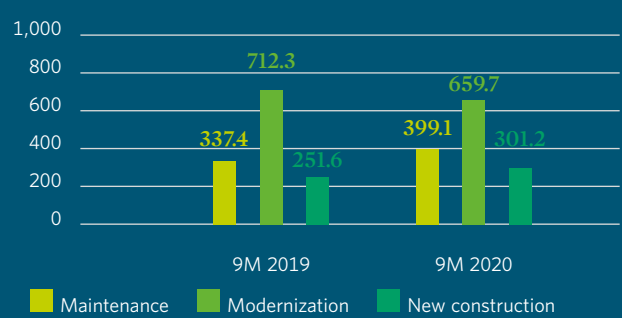
in € million



Maintenance, Modernization and New Construction

Investments

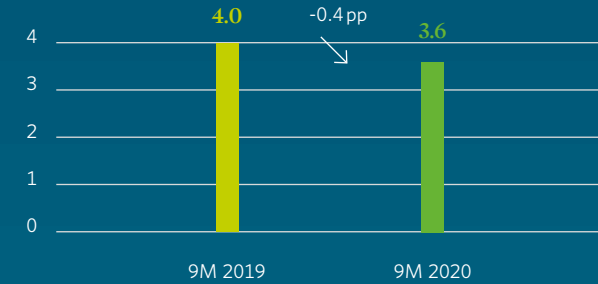
in € million



Organic Rent Growth

Organic Rent Growth

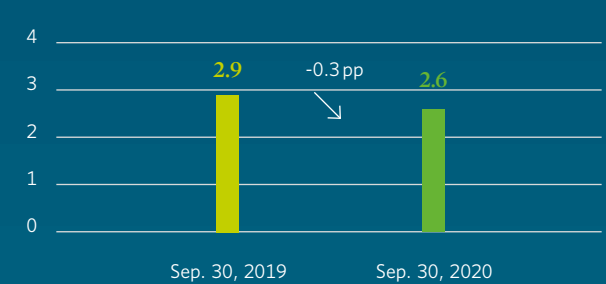
in %



Vacancy

Vacancy Rate

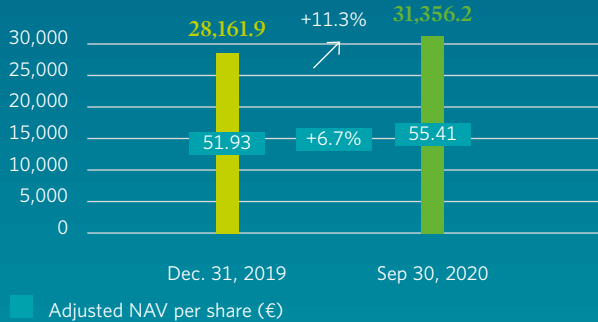
in %



Net Assets

Adjusted NAV

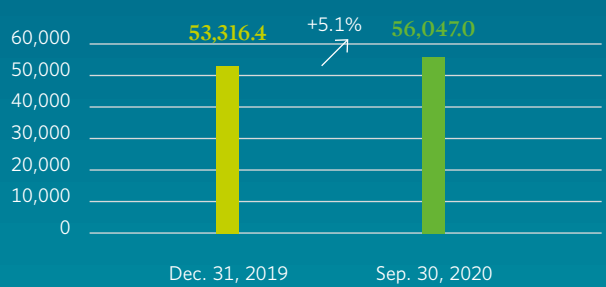
in € million



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

The global coronavirus pandemic has been dominating the international capital markets since February 2020. The German leading share index DAX is now showing clear signs of a recovery. While it shed around 25% in the first quarter of 2020, the loss as against December 31, 2019 came to only 3% by September 30, 2020. The DAX moved largely sideways in the third quarter of 2020.

Share price performance in the real estate sector is still being impacted by the coronavirus pandemic. The EPRA index, for example, which serves as a barometer for European real estate stocks, slid by 23% in the first nine months of 2020. This negative development can be attributed primarily to the drastic share price losses affecting commercial, hotel and office real estate companies, which have been dealt a particularly hefty blow by income losses.

German residential real estate stocks, on the other hand, are back on a stable trajectory after the first nine months of living with the coronavirus pandemic. After a volatile first quarter and a low of € 38.60 reached on March 18, 2020, the price of Vonovia's shares rose by 22% in the first nine months of 2020 to total € 58.58. On September 2, 2020, Vonovia even reached a new all-time high of € 62.74 (intraday).

As a residential real estate company, Vonovia's operating business is only marginally affected by the coronavirus pandemic. Particularly on the demand and income side, we still do not expect the crisis to have any impact to speak of. Rather, the main long-term megatrends will remain the dominant forces driving our business: urbanization and the resulting imbalance between supply and demand, climate change and the reduction of CO₂ emissions in the housing stock, demographic change and senior-friendly apartment conversion. We are optimistic as we look ahead to the future and are confident that we will remain financially successful.

Vonovia's market capitalization amounted to around € 33 billion as of September 30, 2020.

Vonovia SE Member of the EURO STOXX 50

Vonovia SE was included in the European blue chip stock index EURO STOXX 50 effective September 18, 2020. Vonovia is the only real estate asset currently in Europe's leading index, as well as the first residential real estate asset overall.

The basis for the classification is the free float market capitalization based on the closing price at the end of August 2020. Seven years after its initial listing in July 2013 (approximately € 0.4 billion) and five years after its promotion to the DAX 30 (approximately € 13 billion), Vonovia's free float market capitalization has increased to more than € 30 billion.

Capital Increase

On September 3, 2020, Vonovia issued 17 million new shares with an issue volume of approximately € 1 billion as part of an ABB (accelerated book building procedure). This replaced the equity credit that Standard & Poor's had assigned to the hybrid bond issued in 2014 with equity. As a result, Vonovia is now able to replace in full the hybrid bond, which can be redeemed for the first time in the fourth quarter of 2021, with debt financing. The company's imminent admission to the EURO STOXX 50 in early September and a share price level that was around 10% above the adjusted NAV presented a good opportunity for the capital increase, with the threefold oversubscription highlighting the success of the transaction.

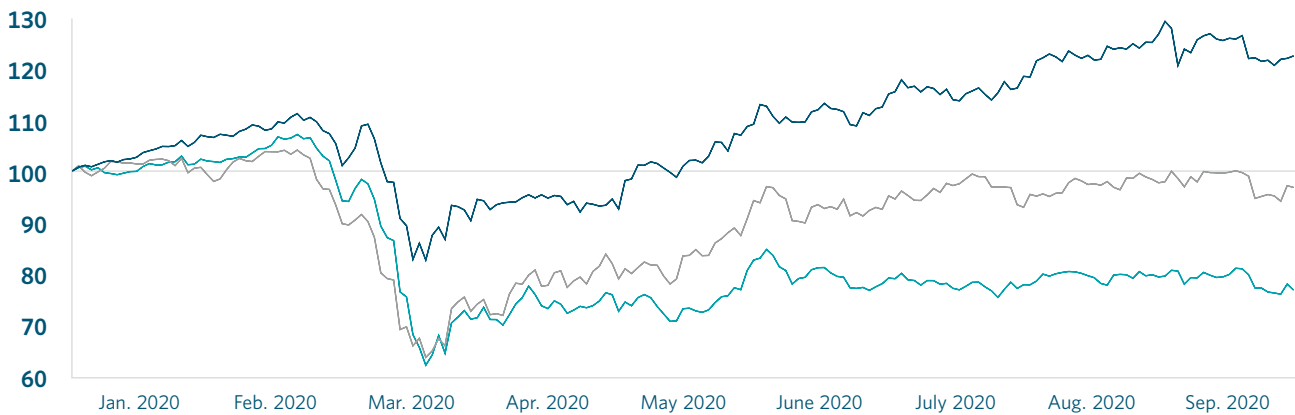
The proceeds from this capital increase will be used to repay debt due in the fourth quarter of 2020. The additional proceeds from the issue are to be used for future growth opportunities that arise in the current environment and which Vonovia intends to pursue in line with its investment criteria.

Share Price Development

■ Vonovia SE ■ DAX ■ FTSE EPRA Europe

Source: FactSet

in %



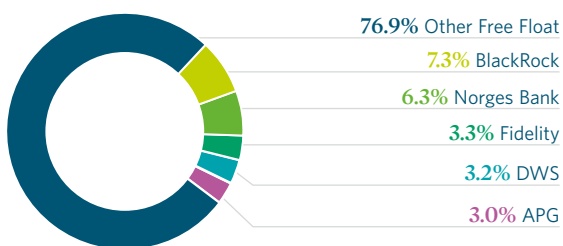
Shareholder Structure

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 93.7% of Vonovia's shares were in free float on September 30, 2020. The underlying voting rights notifications and corresponding financial instruments reported by shareholders or other instruments pursuant to Sections 38, 39 WpHG can be found at

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

Major Shareholders (as of Sep. 30, 2020)



In line with Vonovia's long-term strategic focus, the vast majority of its investors also have a long-term focus. The company's investors include pension funds, sovereign wealth funds and international asset managers in particular. There are also a large number of individual shareholders, although they only represent a small proportion of the total capital.

Investor Relations Activities

Vonovia SE is committed to a transparent, ongoing dialogue with its shareholders and potential investors. We are continuing with our road shows and meetings during the coronavirus pandemic, albeit on a virtual basis. In the first nine months of 2020, Vonovia participated in a total of 22 investors' conferences (18 of them virtual conferences) and organized 21 (of which 18 were virtual) road shows in the most important European and North American financial centers.

In addition, numerous one-on-one meetings, video conferences and conference calls were held with investors and analysts to keep them informed of current developments and special issues.

We will continue to communicate openly with the capital market. Various road shows, 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

28 international analysts currently publish studies on Vonovia on a regular basis (September 30, 2020). The average target share price was € 60.00 as of September 30, 2020. Of these analysts, 61% issued a "buy" recommendation, with 36% issuing a "hold" recommendation and 4% recommending that investors sell the company's shares.

Share Information

First day of trading	Jul. 11, 2013
Subscription price	€ 16.50
Total number of shares	565,887,299
Share capital in €	565,887,299
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 Sep. 30, 2020	EUROSTOXX 50 DAX DAX 50 ESG Stoxx Europe 600 MSCI Germany GPR 250 World FTSE EPRA/NAREIT Europe Index

Economic Development in the First Nine Months of 2020

Key Events During the Reporting Period

The coronavirus pandemic is having a pronounced adverse impact on the world's economies, plunging them into a full-fledged recession. The fall report dated October 14, 2020, expects economic output in Germany to contract by 5.4% in 2020, with no recovery on the cards until the end of 2021 at the earliest. To date, Vonovia's business model has proven to be robust and resilient throughout the pandemic. In the absence of any considerable impact on its net assets, financial position and results of operations, Vonovia is able to stand by its forecast for the 2020 fiscal year.

The focal point of Vonovia's work of late has been the quest to successfully maintain its business processes and protect its employees and customers. Digitalized processes allow employees to switch seamlessly between working on location and working from home.

The Act on Rent Controls in the Housing Sector in Berlin ("rent freeze"), which came into force in February 2020 and whose constitutionality is still subject to question, has also had no material impact on our business.

After Vonovia initiated a squeeze-out for Hembla, corresponding measures aimed at the operational and financial integration of the business in Sweden based on the model of the existing management platform have been implemented and are going to plan based on the company's experience of integration measures in the past.

Vonovia has strengthened its development business by expanding its activities in the Rhine-Main region with the complete acquisition of the project developer Bien-Ries GmbH, Hanau, at the beginning of April 2020. It will be integrated into the development organization operating under the BUWOG name in the course of 2020. The Bien-Ries business was included in the consolidated financial statements for the first time in the second quarter of 2020.

Vonovia placed two bonds with a total volume of € 1 billion on March 31, 2020, with the bond placement being completed in early April. Two further bonds with a total volume of € 1.5 billion were placed on July 3, 2020. This means that Vonovia enjoys unrestricted access to the capital market even in times of COVID-19.

Vonovia acquired a 2.6% stake in the Dutch Vesteda Residential Fund on June 26, 2020. Vesteda's portfolio comprises more than 27,000 apartments in the middle-range price segment, mainly in the Randstad region in the Netherlands. The region is home to the major cities of Amsterdam and Rotterdam, among others. The stake has been acquired in a quest to gather direct practical experience on the Dutch market and compare it with Vonovia's current markets.

The Annual General Meeting held on June 30, 2020, resolved to pay a dividend for the 2019 fiscal year in the amount of € 1.57 per share. During the subscription period, shareholders holding a total of 40.7% of the shares carrying dividend rights opted for the scrip dividend that had been offered as opposed to the cash dividend. As a result, 6,613,688 new shares were issued at a subscription price of € 52.438 and in a total amount of € 346.8 million. The Annual General Meeting was held as a virtual event for the first time, with shareholders able to follow the Annual General Meeting via a live stream.

The index issuer Stoxx Ltd. announced in early September that, effective September 18, 2020, Vonovia would be included in the European blue chip stock index EURO STOXX 50, an important index for a large number of international index funds and certificates. Since then, Vonovia has been the first and only residential real estate company ever to be part of this index. The basis for the classification was the free float market capitalization at the end of August 2020.

Vonovia implemented a capital increase involving 17,000,000 new shares on September 8, 2020. The new shares were placed with institutional investors in the scope of a private placement by means of an accelerated book building proce-

dure and have carried dividend rights since January 1, 2020. The shares were granted at a placement price of € 59.00 per share. The gross proceeds from the issue amount to € 1.0 billion.

Customer satisfaction, measured based on the Customer Satisfaction Index (CSI), remained virtually unchanged in the third quarter of 2020 (-0.7 percentage points). The CSI was up by 4.6 percentage points as against the third quarter of 2019. There was a particular improvement in the scores awarded with regard to how friendly our caretakers are and how satisfied our tenants are with their homes, with a slight improvement in the assessment of how easy to understand ancillary costs bills are. The scores awarded for the service provided and the social environment/the neighborhood were lower than in the second quarter of 2020.

Results of Operations

Vonovia achieved stable business development in the first nine months of 2020. During the coronavirus pandemic, Vonovia has acted as a reliable partner for all interest groups, but in particular for its customers. In many areas, our business processes have continued virtually unhindered thanks to employees working from home. The coronavirus pandemic is currently not having any significant impact on Vonovia's corporate strategy, nor is it having any considerable impact on the company's operational and financial performance. Vonovia is experiencing only a very low level of rent losses, meaning that it expects defaults to remain low in the future, too. To the extent that they were temporarily interrupted due to coronavirus restrictions, modernization and/or new construction measures, as well as sales activities, have been resumed and continued in full.

We are currently observing stable demand for rental apartments and no negative impact on market values as a result of the coronavirus pandemic.

As of September 30, 2020, Vonovia managed a portfolio comprising 414,570 of its own residential units (Sep. 30, 2019: 395,615), 138,927 garages and parking spaces (Sep. 30, 2019: 121,300) and 6,547 commercial units (Sep. 30, 2019: 5,281). The locations span 635 cities, towns and municipalities (Sep. 30, 2019: 649) in Germany, Sweden and Austria. 73,830 residential units (Sep. 30, 2019: 78,351) are also managed for other owners.

As of September 30, 2020, Vonovia employed 10,564 people (Sep. 30, 2019: 10,003).

Group FFO

The following key figures provide an overview of the development in Group FFO and other value drivers in the reporting period. When comparing the current key figures with the previous year, it is important to note that the figures for 2020 include Hembla, which was acquired in November 2019, with an earnings contribution of nine months, and Bien-Ries GmbH, which was acquired in early April 2020, with an earnings contribution of six months.

Group FFO

in € million	9M 2019	9M 2020	Change in %	12M 2019
Rental income in the Rental segment	1,527.0	1,706.9	11.8	2,074.9
Expenses for maintenance	-230.2	-234.9	2.0	-308.9
Operating expenses in the Rental segment	-214.3	-293.3	36.9	-328.6
Adjusted EBITDA Rental	1,082.5	1,178.7	8.9	1,437.4
Revenue Value-add	1,212.0	1,181.0	-2.6	1,677.3
thereof external revenue	186.8	186.8	-	248.4
thereof internal revenue	1,025.2	994.2	-3.0	1,428.9
Operating expenses Value-add	-1,094.5	-1,070.9	-2.2	-1,531.0
Adjusted EBITDA Value-add	117.5	110.1	-6.3	146.3
Income from disposals Recurring Sales	273.5	296.5	8.4	365.1
Fair value of properties sold adjusted to reflect effects not relating to the period from assets held for sale in the Recurring Sales segment	-193.4	-211.6	9.4	-258.4
Adjusted result Recurring Sales	80.1	84.9	6.0	106.7
Selling costs Recurring Sales	-11.0	-10.0	-9.1	-14.8
Adjusted EBITDA Recurring Sales	69.1	74.9	8.4	91.9
Income from disposal of "Development to sell" properties	194.9	181.6	-6.8	249.5
Cost of Development to sell	-148.1	-145.0	-2.1	-197.3
Gross profit Development to sell	46.8	36.6	-21.8	52.2
Fair value Development to hold	185.3	225.8	21.9	266.3
Cost of Development to hold	-152.2	-181.5	19.3	-207.4
Gross profit Development to hold*	33.1	44.3	33.8	58.9
Operating expenses in the Development segment	-17.9	-12.1	-32.4	-26.6
Adjusted EBITDA Development	62.0	68.8	11.0	84.5
Adjusted EBITDA Total	1,331.1	1,432.5	7.6	1,760.1
FFO interest expense	-265.6	-289.2	8.9	-358.6
Current income taxes FFO	-43.1	-35.6	-17.4	-50.1
Consolidation**	-89.6	-91.8	2.5	-132.8
Group FFO	932.8	1,015.9	8.9	1,218.6

* Excluding capitalized interest on borrowed capital in 9M 2020 of € 0.3 million (9M 2019 € 0.0 million).

** Thereof intragroup profits in 9M 2020: € 24.1 million (9M 2019: € 34.3 million), gross profit development to hold in 9M 2020: € 44.3 million (9M 2019: € 33.1 million), IFRS 16 effects 9M 2020: € 23.4 million (9M 2019: € 22.2 million).

As of September 30, 2020, our apartments were virtually fully occupied. The apartment vacancy rate of 2.6% was down on the value of 2.9% seen at the end of September 2019. **Rental income** in the **Rental segment** rose by 11.8% from € 1,527.0 million in the first nine months of 2019 to € 1,706.9 million in the first nine months of 2020 largely due to the additional rental income from the Hembla portfolio, as well as to organic growth resulting from new construction and modernization measures. Hembla contributed a volume of € 135.3 million to the increase in the first nine months of 2020. Of the rental income in the Rental segment,

€ 1,381.2 million is attributable to rental income in Germany (9M 2019: € 1,346.3 million), € 246.3 million to rental income in Sweden (9M 2019: € 100.4 million) and € 79.4 million to rental income in Austria (9M 2019: € 80.3 million).

The increase in rent due to market-related factors came to 0.8% (9M 2019: 1.2%). We were also able to achieve an increase in rent of 2.2% thanks to property value improvements achieved as part of our modernization program (9M 2019: 2.5%). The corresponding **like-for-like rent increase** came to 3.0% in the 2020 reporting period (9M 2019: 3.7%).

If we also include the increase in rent due to new construction measures and measures to add extra stories of 0.6% (9M 2019: 0.3%), then we arrive at an **organic increase in rent** totaling 3.6% (9M 2019: 4.0%). The average monthly in-place rent within the Group at the end of September 2020 came to € 7.07 per m² compared to € 6.69 per m² at the end of September 2019. The monthly in-place rent in the German portfolio at the end of September 2020 came to € 6.91 per m² (Sep. 30, 2019: € 6.71 per m²), with the figure for the Swedish portfolio coming to € 9.67 per m² (Sep. 30, 2019: € 9.15 per m²) and the figure for the Austrian portfolio coming to € 4.76 per m² (Sep. 30, 2019: € 4.63 per m²). The rental income from the portfolio in Sweden reflects inclusive

rents, meaning that the amounts contain operating, heating and water supply costs. The rental income from the Austrian property portfolio additionally includes maintenance and improvement contributions (EVB).

We have continued with our modernization, new construction and maintenance strategy in the 2020 fiscal year. As a result of the coronavirus pandemic, construction activities relating to modernization measures and new construction in particular slowed somewhat. The total volume of maintenance, modernization and new construction activity rose by 4.5%, from € 1,301.3 million in the first nine months of 2019 to € 1,360.0 million in the first nine months of 2020.

Maintenance, Modernization and New Construction

in € million	9M 2019	9M 2020	Change in %	12M 2019
Expenses for maintenance	230.2	234.9	2.0	308.9
Capitalized maintenance	107.2	164.2	53.2	172.7
Maintenance measures	337.4	399.1	18.3	481.6
Modernization measures	712.3	659.7	-7.4	996.5
New construction (to hold)	251.6	301.2	19.7	493.0
Modernization and new construction measures	963.9	960.9	-0.3	1,489.5
Total cost of maintenance, modernization and new construction	1,301.3	1,360.0	4.5	1,971.1

Operating expenses in the Rental segment in the first nine months of 2020 were up by 36.9% on the figures for the first nine months of 2019, from € 214.3 million to € 293.3 million, due to the acquisition of Hembla (9M 2020: € 58.5 million). All in all, **Adjusted EBITDA Rental** rose by 8.9%, from € 1,082.5 million in the first nine months of 2019 to € 1,178.7 million in the first nine months of 2020.

The **Value-add segment** was impacted by the coronavirus pandemic. This was largely due to construction delays on some modernization measures and to higher costs from a lower level of internal resources, both related to the coronavirus. Vonovia's own craftsmen's organization made a contribution to the segment's stable development.

We continued to expand our business activities relating to the provision of cable television to our tenants, residential environment, insurance and metering services, and energy supply services.

External revenue from our Value-add activities with our end customers came to € 186.8 million in the first nine months of 2020, on a par with the 2019 level. Group revenue fell by 3.0% from € 1,025.2 million in the first nine months of 2019 to € 994.2 million in the first nine months of 2020 owing to a

slightly lower modernization volume due to the coronavirus crisis. All in all, revenue from the Value-add segment came to € 1,181.0 million in the first nine months of 2020, down by 2.6% on the value of € 1,212.0 million seen in 2019. **Adjusted EBITDA Value-add** came to € 110.1 million in the first nine months of 2020, 6.3% lower than the figure of € 117.5 million reported for the first nine months of 2019.

We continued to pursue our selective sales strategy in the 2020 fiscal year. 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 € 296.5 million in the first nine months of 2020, up by 8.4% on the value of € 273.5 million reported in the same period of 2019; of this, € 199.3 million are attributed to sales in Germany (9M 2019: € 190.1 million) and € 97.2 million to sales in Austria (9M 2019: € 83.4 million). We privatized 1,883 apartments in the first nine months of 2020 (9M 2019: 1,893), thereof 1,412 in Germany (9M 2019: 1,472) and 471 in Austria (9M 2019: 421). Adjusted EBITDA Recurring Sales came in at € 74.9 million in the first nine months of 2020, up by 8.4% on the value of € 69.1 million seen in the first nine months of 2019. The **fair value step-up** for

Recurring Sales came in at 40.1% in the first nine months of 2020, down slightly on the comparative value of 41.4% for the first nine months of 2019. This is due primarily to lower step-ups for sales in Austria as against the previous year. The step-ups in Austria were higher than in Germany overall.

Outside of the Recurring Sales segment, we made 829 **Non-core Disposals** of residential units as part of our portfolio adjustment measures in the first nine months of 2020 (9M 2019: 1,679) with total proceeds of € 154.7 million (9M 2019: € 106.2 million). At 33.3%, the fair value step-up for Non-core Disposals was considerably higher than for the same period in the previous year (15.2%). The increase was driven primarily by the sale of a large commercial property in Dresden in the first quarter of 2020.

In the first nine months of 2020, the **Development segment**, with its Development to sell and Development to hold areas, made positive contributions to earnings in Germany, Austria and Sweden, allowing it to contribute to Vonovia's successful growth.

In the **Development to sell** area, a total of 381 residential units were completed in the first nine months of 2020 (9M 2019: 515), thereof 381 in Germany (9M 2019: 74) and no units in Austria (9M 2019: 441). In the first nine months of 2020, income from the disposal amounted to € 181.6 million (9M 2019: € 194.9 million), with € 132.4 million attributable to project development in Germany (9M 2019: € 92.4 million) and € 49.2 million to project development in Austria (9M 2019: € 102.5 million). The resulting gross profit for Development to sell came to € 36.6 million (9M 2019: € 46.8 million).

In the **Development to hold** area, a total of 1,056 units were completed (9M 2019: 851, incl. attic conversions), thereof 548 in Germany (9M 2019: 451), 125 in Sweden (9M 2019: 0) and 383 in Austria (9M 2019: 400). In the Development to hold area, a fair value of € 225.8 million was achieved in the

first nine months of 2020 (9M 2019: € 185.3 million), with € 94.7 million attributable to project development in Germany (9M 2019: € 91.5 million), € 128.0 million to project development in Austria (9M 2019: € 93.8 million) and € 3.1 million to project development in Sweden (9M 2019: € 0.0 million). The gross profit for Development to hold came to € 44.3 million in the first nine months of 2020 (9M 2019: € 33.1 million). Operating expenses in the Development segment came in at € 12.1 million in the first nine months of 2020, down 32.4% on the value of € 17.9 million seen in the same period of 2019. This was due, in particular, to lower selling and personnel costs associated with the status of the progress made in the relevant projects.

Adjusted EBITDA for the Development segment came in at € 68.8 million in the first nine months of 2020, up by 11.0% on the value of € 62.0 million seen in the same period of 2019. This can be traced back primarily to the higher gross profit from Development to hold and to lower operating expenses.

In the first nine months of the year, the primary key figure for the sustained earnings power, **Group FFO**, increased by a total of 8.9%, from € 932.8 million in the first nine months of 2019 to € 1,015.9 million in the first nine months of 2020, largely due to the acquisition of Hembra and to organic growth resulting from new construction and modernization measures. This trend was fueled primarily by the positive development in Adjusted EBITDA Total, which rose by 7.6% from € 1,331.1 million to € 1,432.5 million during the reporting period.

In the 2020 reporting period, the **non-recurring items** eliminated in the **Adjusted EBITDA Total** came to € 24.1 million, down 34.0% on the prior-year value of € 36.5 million. In the third quarter of 2020, income of € 18.1 million was recognized following the reassessment of a compensation entitlement for non-controlling interests. The following table gives a detailed list of the non-recurring items:

Non-recurring Items

in € million	9M 2019	9M 2020	Change in %	12M 2019
Acquisition costs incl. integration costs*	20.1	5.4	-73.1	48.2
Severance payments/pre-retirement part-time work arrangements	10.7	12.1	13.1	13.2
Business model optimization/development of new field of business	1.6	10.0	>100	27.6
Refinancing and equity measures	4.1	-3.4	-	4.1
Total non-recurring items	36.5	24.1	-34.0	93.1

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

Reconciliations

The **financial result** changed from € -354.9 million in the first nine months of 2019 to € -312.7 million in the first nine months of 2020. FFO interest expense is derived from the financial result as follows:

Reconciliation of Financial Result/FFO Interest Expense

in € million	9M 2019	9M 2020	Change in %	12M 2019
Interest income	4.3	17.5	>100	8.9
Interest expense	-328.6	-310.2	-5.6	-417.5
Other financial result excluding income from investments	-30.6	-20.0	-34.6	12.2
Financial result*	-354.9	-312.7	-11.9	-396.4
Adjustments:				
Other financial result excluding income from investments	30.6	20.0	-34.6	-12.2
Effects from the valuation of interest rate and currency derivatives	37.7	42.4	12.5	17.9
Prepayment penalties and commitment interest	24.7	4.3	-82.6	28.1
Effects from the valuation of non-derivative financial instruments	-21.9	-47.5	>100	-18.9
Interest accretion to provisions	7.3	4.3	-41.1	10.0
Interest income from bond issue	-	-11.9	-	-
Accrued interest/other effects	-3.3	36.0	-	-18.8
Net cash interest	-279.8	-265.1	-5.3	-390.3
Adjustment for IFRS 16 Leases	5.4	7.2	33.3	8.8
Adjustment of income from investments in other real estate companies	1.2	1.5	25.0	1.7
Adjustment of interest paid due to taxes	-0.7	5.4	-	-1.0
Adjustment of accrued interest	8.3	-38.2	-	22.2
Interest expense FFO	-265.6	-289.2	8.9	-358.6

* Excluding income from other investments.

The **profit for the period** in the first nine months of 2020 came to € 1,891.6 million as against € 63.4 million in the first nine months of 2019. In the first nine months of 2019, considerably higher depreciation, amortization and impairment losses reduced the profit reported. Net income from fair value adjustments of investment properties came to € 1,830.2 million in the first nine months of 2020, down by € 453.1 million year-over-year.

Reconciliation of Profit for the Period/Group FFO

in € million	9M 2019	9M 2020	Change in %	12M 2019
Profit for the period	63.4	1,891.6	>100	1,294.3
Financial result*	354.9	312.7	-11.9	396.4
Income taxes	941.3	940.1	-0.1	1,844.6
Depreciation and amortization	2,157.9	66.4	-96.9	2,175.8
Net income from fair value adjustments of investment properties	-2,283.3	-1,830.2	-19.8	-4,131.5
EBITDA IFRS	1,234.2	1,380.6	11.9	1,579.6
Non-recurring items	36.5	24.1	-34.0	93.1
Total period adjustments from assets held for sale	3.8	-4.1	-	-2.2
Financial income from investments in other real estate companies	-1.2	-1.5	25.0	-1.7
Other (Non-core Disposals)	-9.6	-35.0	>100	-11.5
Intragroup profits	34.3	24.1	-29.7	43.9
Gross profit Development to hold	33.1	44.3	33.8	58.9
Adjusted EBITDA Total	1,331.1	1,432.5	7.6	1,760.1
Interest expense FFO**	-265.6	-289.2	8.9	-358.6
Current income taxes FFO	-43.1	-35.6	-17.4	-50.1
Consolidation	-89.6	-91.8	2.5	-132.8
Group FFO	932.8	1,015.9	8.9	1,218.6
Group FFO per share in €***	1.72	1.80	4.7	2.25

* 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, 2019: 542,273,611, Sep. 30, 2020: 565,887,299 and Dec. 31, 2019: 542,273,611.

Assets

Consolidated Balance Sheet Structure

	Dec. 31, 2019*		Sep. 30, 2020	
	in € million	in %	in € million	in %
Non-current assets	55,082.8	97.5	57,881.8	95.4
Current assets	1,431.0	2.5	2,763.6	4.6
Total assets	56,513.8	100.0	60,645.4	100.0
Equity	21,069.7	37.3	23,385.0	38.6
Non-current liabilities	31,762.1	56.2	34,545.7	57.0
Current liabilities	3,682.0	6.5	2,714.7	4.4
Total equity and liabilities	56,513.8	100.0	60,645.4	100.0

* Adjusted (see note [A2] in the half-year report 2020).

The Group's **total assets** increased by € 4,131.6 million as against December 31, 2019, rising from € 56,513.8 million to € 60,645.4 million. Investment properties reported under non-current assets increased by € 2,669.0 million, € 1,830.2 million of which is due to the result of the property valuation process. Real estate inventories rose by € 120.1 million from

€ 358.3 million to € 478.4 million. The € 83.2 million increase in non-current financial assets from € 331.7 million to € 414.9 million is characterized primarily by the acquisition of the stake in Vesteda and, with the opposite effect, by the closing out of embedded derivatives in connection with refinancing measures relating to Hembla.

Assets held for sale fell by € 51.5 million from € 134.1 million as of December 31, 2019, to € 82.6 million. Cash and cash equivalents increased by € 1,212.9 million. Goodwill and trademark rights comprise 2.4% of the total assets.

As of September 30, 2020, the **gross asset value (GAV)** of Vonovia's property assets came to € 56,343.0 million, which corresponds to 92.9% of total assets compared with € 53,586.3 million, or 94.8%, at the end of 2019.

The € 2,315.3 million increase in **total equity** from € 21,069.7 million to € 23,385.0 million results in particular from the capital increase of € 1.0 billion implemented on September 8, 2020, and from the profit for the period in the amount of € 1,891.6 million. The cash dividend distributions in the sum of € 504.6 million had the opposite effect.

This brings the **equity ratio** to 38.6%, compared with 37.3% at the end of 2019.

Liabilities rose by € 1,816.3 million from € 35,444.1 million to € 37,260.4 million. The amount of non-derivative financial liabilities rose by € 1,167.8 million, with the € 1,868.2 million increase in non-current non-derivative financial liabilities offset by the € 700.4 million drop in current non-derivative financial liabilities.

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 2020, the EPRA NAV, based on the current EPRA definition, came to € 32,766.8 million, up by 10.7% on the value of € 29,592.5 million seen at the end of 2019. EPRA NAV per share increased from € 54.57 at the end of 2019 to € 57.90 at the end of the third quarter of 2020. The Adjusted NAV of € 31,356.2 million at the end of the third quarter of 2020 was an increase of 11.3% over € 28,161.9 million at the end of 2019. This represents an increase of 6.7% in the Adjusted NAV per share from € 51.93 at the end of 2019 to € 55.41 at the end of the third quarter of 2020.

Net Asset Value (NAV)

in € million	Dec. 31, 2019*	Sep. 30, 2020	Change in %
Total equity attributable to Vonovia shareholders	19,308.3	21,540.3	11.6
Deffered taxes on investment properties	10,288.9	11,173.2	8.6
Fair value of derivative financial instruments**	1.6	73.2	>100
Deffered taxes on derivative financial instruments	-6.3	-19.9	>100
EPRA NAV	29,592.5	32,766.8	10.7
Goodwill	-1,430.6	-1,410.6	-1.4
Adjusted NAV	28,161.9	31,356.2	11.3
EPRA NAV per share in €***	54.57	57.90	6.1
Adjusted NAV per share in €***	51.93	55.41	6.7

* Adjusted (see note [A2] in the half-year report 2020).

** Adjusted for effects from cross currency swaps.

*** Based on the number of shares on the reporting date Dec. 31, 2019: 542,273,611, Sep. 30, 2020: 565,887,299.

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 in the first half of 2020, Vonovia arranged for a new valuation to be performed on around two-thirds of the portfolio as of June 30, 2020. This led to net income from the valuation of € 1,812.3 million.

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 resulted in a valuation effect of € 44.3 million for the period from January 1 to September 30, 2020 (9M 2019: € 33.1 million).

We are currently observing stable demand for rental apartments and no negative impact on market values as a result of the coronavirus pandemic. Potential effects on future price developments will depend to a considerable degree on how the pandemic progresses and the associated economic conditions, and are impossible to reliably predict at present. Residential real estate could become more significant as a relatively secure form of investment. The demand for residential real estate could, however, also change depending on the duration and extent of a possible recession. Vonovia is keeping a close eye on market developments.

At the end of January 2020, the Berlin House of Representatives passed the Act on Rent Controls in the Housing Sector in Berlin (referred to in short as “rent freeze”). This came into force in February 2020. It remains disputed whether the law is constitutional. Assuming that the rent freeze is found to be constitutional, future rental income or rental development will have to be reduced for the period leading up to, and including, 2025. This could have a negative impact on fair values. Likewise, it cannot be ruled out that declining vacancy rates and fluctuation as well as lower return requirements of investors (yield compression) will subsequently have a compensatory effect on fair values. The potential implications can be estimated via the sensitivities shown in the notes to the consolidated financial statements for 2019. There is no evidence of any impact on fair values at present.

The recognition and valuation of investment properties are explained in detail in the consolidated financial statements for 2019.

Financial Position

Cash Flow

The following table shows the Group cash flow:

Key Data From the Statement of Cash Flows

in € million	9M 2019	9M 2020
Cash flow from operating activities	1,131.6	1,016.7
Cash flow from investing activities	-393.7	-1,204.5
Cash flow from financing activities	-128.2	1,402.0
Influence of changes in foreign exchange rates	-	-1.3
Net changes in cash and cash equivalents	609.7	1,212.9
Cash and cash equivalents at the beginning of the period	547.7	500.7
Cash and cash equivalents at the end of the period	1,157.4	1,713.6

The cash flow from **operating activities** came to € 1,016.7 million for the first nine months of 2020 compared with € 1,131.6 million for the first nine months of 2019. The drop is due primarily to the development in working capital.

The cash flow from **investing activities** shows a payout balance of € 1,204.5 million for the first nine months of 2020. The prior-year period was characterized, in particular, by 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 € 1,183.2 million in the first nine months of 2020 (9M 2019: € 1,576.3 million). Payments for the acquisition of shares in consolidated companies include payments for the acquisition of Bien-Ries GmbH. Subsequent payments of € 112.1 million were also incurred in connection with the acquisition of Hembla. The cash flow from investing activities also includes a payment of € 160.2 million made for the acquisition of the stake in Vesteda. On the other hand, income from portfolio sales in the amount of € 435.7 million was collected (9M 2019: € 559.6 million).

The cash flow from **financing activities** includes payments for regular and unscheduled repayments in the amount of € 2,635.1 million (9M 2019: € 2,916.7 million) and, on the other hand, proceeds from issuing financial liabilities in the amount of € 3,890.3 million (9M 2019: 3,323.9). Payouts for transaction and financing costs amounted to € 48.7 million (9M 2019: € 77.4 million). Interest paid in the first nine months of 2020 amounted to € 272.2 million (9M 2019: 284.4).

Net changes in cash and **cash equivalents** came to € 1,212.9 million.

Financing

According to the publication dated July 22, 2020, 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+**.

On December 13, 2019, Vonovia received an A- rating from the largest European rating agency Scope Group for the first time, a rating that was most recently confirmed in a publication dated August 17, 2020.

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, 2020, Vonovia Finance B.V. had placed a total bond volume of € 16.2 billion, € 16.1 billion of which relates to the EMTN program.

Via its Dutch subsidiary Vonovia Finance B.V., Vonovia increased an EMTN bond of € 500 million that runs until March 2026 by € 200 million with effect from January 30, 2020.

Vonovia Finance B.V. took out secured financing for Vonovia of over € 300 million with Landesbank Baden-Württemberg in February 2020, as well as over € 100 million with ING Bank, a branch of ING-DiBa AG, and over € 100 million with Berliner Sparkasse in March 2020, each with a term of ten years.

On February 28, 2020, € 300 million was repaid under the Commercial Paper Program that the Dutch subsidiary Vonovia Finance B.V. had taken out for the Vonovia Group. This means that the Commercial Paper Program has been repaid in full.

On March 30, 2020, Vonovia repaid the remaining capital of € 300.6 million on a bond issued by Dutch subsidiary Vonovia Finance B.V.

Vonovia placed two bonds with a total volume of € 1 billion on March 31, 2020. The new bonds will bear interest at an average rate of 1.9% and have a term of four and ten years, respectively.

Secured financing with remaining capital of € 290 million was repaid to a consortium including Berlin Hyp, Berliner Sparkasse and Landesbank Baden-Württemberg on June 30, 2020, as scheduled.

Vonovia Finance B.V. placed two bonds with a total volume of € 1.5 billion on July 2, 2020. With terms of six and ten years, respectively, the bonds bear interest at an average rate of 0.8%. The payout date was July 9, 2020.

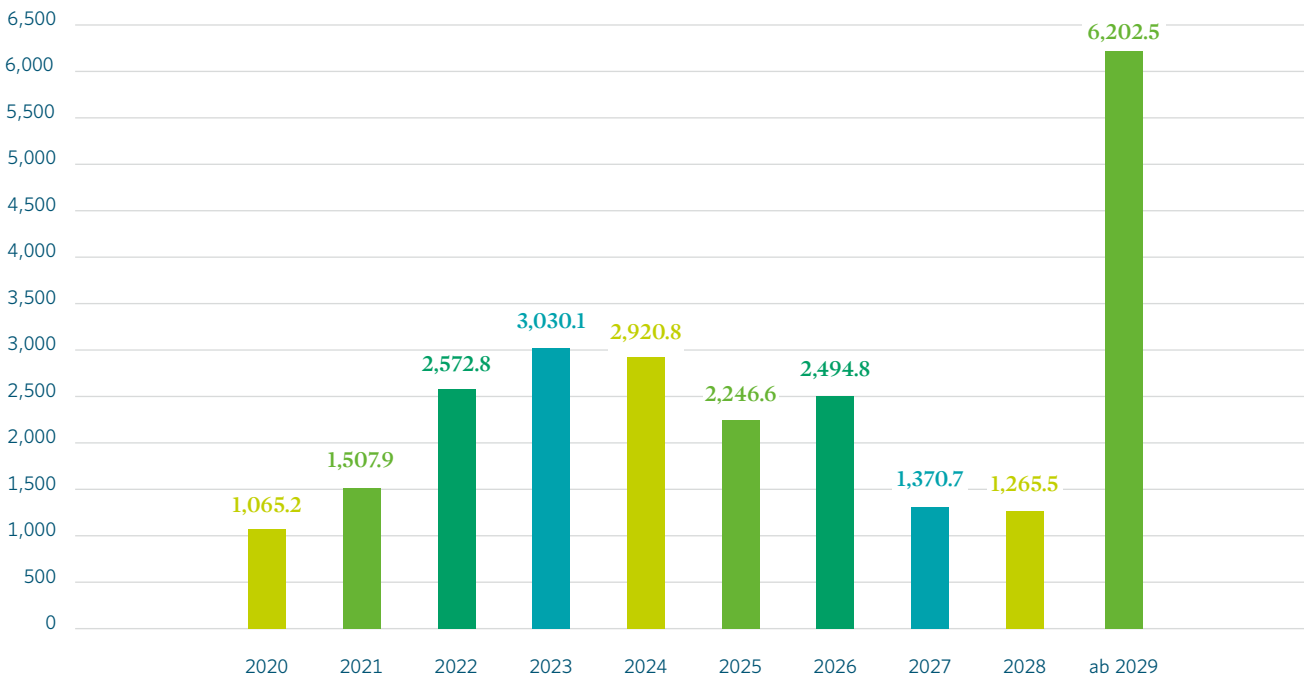
Berlin Hyp provided Vonovia Finance B.V. with secured financing of € 184 million with a term of ten years that was disbursed in July 2020.

Secured financing with a volume of around SEK 13.7 billion (around € 1.3 billion) was repaid in the Swedish subgroup in August and September.

The **debt maturity profile** of Vonovia's financing was as follows as of September 30, 2020:

Debt Maturity Profile on September 30, 2020 (face values)

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, 2019	Sep. 30, 2020	Change in %
Non-derivative financial liabilities	23,574.9	24,742.7	5.0
Foreign exchange rate effects	-37.8	-29.1	-23.0
Cash and cash equivalents	-500.7	-1,713.6	>100
Net debt	23,036.4	23,000.0	-0.2
Sales receivables	21.4	-125.6	-
Adjusted net debt	23,057.8	22,874.4	-0.8
Fair value of the real estate portfolio	53,316.4	56,047.0	5.1
Shares in other real estate companies	149.5	310.1	>100
Adjusted fair value of the real estate portfolio	53,465.9	56,357.1	5.4
LTV	43.1%	40.6%	-2.5 pp

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

in € million	Dec. 31, 2019*	Sep. 30, 2020	Change in %
Non-derivative financial liabilities	23,574.9	24,742.7	5.0
Total assets	56,513.8	60,645.4	7.3
LTV bond covenants	41.7%	40.8%	-0.9 pp

* Adjusted (see note [A2] in the half-year report 2020).

Business Outlook

Vonovia can report positive business development in the first nine months of the 2020 fiscal year despite the coronavirus pandemic. The operating segments Rental, Development and Recurring Sales are showing positive development. A small decline in the Value-add segment is mostly due to effects of the coronavirus.

The forecast for the 2020 fiscal year was based on the accounting principles used in the consolidated financial statements and the adjustments described elsewhere in the Group management report. The forecast does not take account of any larger acquisitions of real estate portfolios.

Our forecast for the 2020 fiscal year is based on determined and updated corporate planning for the Vonovia Group as a whole, and considers current business developments, the acquisitions of Hembra and Bien-Ries, possible opportunities and risks, and the expected impacts of the coronavirus pandemic. It also includes the key overall macroeconomic developments and the economic factors that are relevant to the real estate industry and our corporate strategy. These are described in the chapter “Environmental Developments” of the interim financial report for the first half of 2020. Beyond this, the Group’s further development remains exposed to general opportunities and risks.

We expect that the coronavirus pandemic will not have any significant impact on the key operational and financial figures of any of the operating segments, and therefore will have no impact on future business development. We are currently observing stable demand for rental apartments and no negative impact on market values as a result of the coronavirus pandemic. We therefore assume that adjusted EBITDA total will be within the range of our most recently published guidance.

At the end of January 2020, the Berlin House of Representatives passed the Act on Rent Controls in the Housing Sector in Berlin (referred to in short as “rent freeze”). This came into force in February 2020. It remains disputed whether the law is constitutional. Assuming that the rent freeze is found to be constitutional, future rental income or rental development will have to be reduced for the period leading up to, and including, 2025. This could have a negative impact on fair values. Likewise, it cannot be ruled out that declining vacancy rates and fluctuation as well as lower return requirements of investors (yield compression) will subsequently have a compensatory effect on fair values. There is no evidence of any impact on fair values at present.

We also expect that the most recently published Group FFO target will be reached toward the upper end of the projected range. In addition, we expect the value of our company to increase further in 2020 and predict a moderate increase in Adjusted NAV per share before taking into account further market-related changes in value. Based on the first preliminary indicators, we expect to see an effect from the valuation of investment properties and capitalized modernization costs of between € 2.3 billion and € 2.9 billion in total compared with June 30, 2020.

The following table, which presents material and selected key figures, provides an overview of our forecast and an outlook for 2021. This outlook assumes that a carbon tax

may be allocable in accordance with the Ordinance on Operating Costs (BetrKV).

	Actual 2019	Forecast for 2020	Forecast for 2020 in the 2020 H1 Report	Forecast for 2020 in the 2020 Q3 Report	Outlook 2021
Total segment income	€ 4.1 billion	-	-	€ 4.4 billion	€ 4.9-5.1 billion
Adjusted NAV per share	€ 51.93	suspended	suspended	suspended	suspended
Adjusted EBITDA Total	€ 1,760.1 million	€ 1,875-1,925 million	€ 1,875-1,925 million	€ 1,875-1,925 million	€ 1,975-2,025 million
Group FFO	€ 1,218.6 million	€ 1,275-1,325 million	€ 1,275-1,325 million	At the upper end of € 1,275-1,325 million	€ 1,415-1,465 million
Group FFO per share*	€ 2.25	suspended	suspended	suspended	suspended
Customer Satisfaction Index (CSI)	Decrease of 8.0%	Scale slightly above previous year	Scale slightly above previous year	Scale significantly above previous year	-*****
Rental income	€ 2,074.9 million	€ ~2,300 million	€ ~2,300 million	€ ~2.3 billion	€ 2.3-2.4 billion
Organic rent growth (eop)	3.9%	Increase of ~4.0%**	Increase of ~3.3-3.8%***	Increase of ~3.1%****	Increase of ~3.0-3.8 %*****
Modernization and new constuction	€ 1,489.5 million	€ 1.3-1.6 billion	€ 1.3-1.6 billion	-€ 1.5 billion	€ 1.3-1.6 billion
Number of units sold					
Recurring Sales	2,607	-2,500	-2,500	-2,500	-2,500
Step-up Recurring Sales	41.3%	~30%	~30%	>35%	~30%

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

** Without one-time decrease pursuant to the Act on Rent Controls in the Housing Sector in Berlin (MietenWoG Bln).

*** The lower end of the forecast contains a one-time decrease pursuant to the Act on Rent Controls in the Housing Sector in Berlin (MietenWoG Bln).

**** The forecast contains a one-time decrease pursuant to the Act on Rent Controls in the Housing Sector in Berlin (MietenWoG Bln).

***** Depending on whether or not the Act on Rent Controls in the Housing Sector in Berlin (MietenWoG Bln) is found to be constitutional at the end of 2021, we expect rent increases at the upper/lower end of the forecast.

***** Introduction of a new non-financial performance indicator in the 2021 financial year that will include the previous CSI. Therefore no guidance.

Bochum, October 27, 2020

The Management Board

Condensed Interim Consoli- dated Financial Statements

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Consolidated Income Statement

in € million	Jan. 1- Sep. 30, 2019*	Jan. 1- Sep. 30, 2020	Jul. 1- Sep. 30, 2019*	Jul. 1- Sep. 30, 2020
Income from property letting	2,101.3	2,287.3	704.4	766.5
Other income from property management	52.5	53.3	17.3	17.8
Income from property management	2,153.8	2,340.6	721.7	784.3
Income from disposal of properties	379.7	451.2	153.0	133.6
Carrying amount of properties sold	-327.4	-366.3	-132.7	-106.5
Revaluation of assets held for sale	38.1	42.7	11.1	27.8
Profit on disposal of properties	90.4	127.6	31.4	54.9
Income from disposal of real estate inventories (Development)	194.9	181.6	70.0	74.1
Cost of sold properties	-148.1	-145.0	-52.9	-61.3
Profit on the disposal of properties (Development)	46.8	36.6	17.1	12.8
Net income from fair value adjustments of investment properties	2,283.3	1,830.2	24.6	17.9
Capitalized internal expenses	500.6	468.6	190.7	171.1
Cost of materials	-1,070.3	-1,072.3	-377.2	-367.3
Personnel expenses	-392.6	-432.7	-127.3	-140.1
Depreciation and amortization	-2,157.9	-66.4	-222.0	-24.2
Other operating income	77.2	109.8	25.3	46.8
Impairment losses on financial assets	-21.9	-22.7	-12.0	-6.0
Gains resulting from the derecognition of financial assets measured at amortized cost	5.2	0.8	4.0	-0.1
Other operating expenses	-163.0	-187.7	-52.8	-55.6
Net income from investments accounted for using the equity method	-2.2	0.5	0.2	0.2
Interest income	4.3	17.5	0.8	2.8
Interest expenses	-328.5	-310.2	-113.7	-95.1
Other financial result	-20.5	-8.5	-7.7	-12.7
Earnings before tax	1,004.7	2,831.7	103.1	389.7
Income taxes	-941.3	-940.1	-165.0	-116.2
Profit for the period	63.4	1,891.6	-61.9	273.5
Attributable to:				
Vonovia's shareholders	27.5	1,818.1	-71.2	260.1
Vonovia's hybrid capital investors	22.4	22.4	7.6	7.6
Non-controlling interests	13.5	51.1	1.7	5.8
Earnings per share (basic and diluted) in €	0.05	3.33	-0.13	0.47

* Adjusted (see note [A2] in the half-year report 2020).

Consolidated Statement of Comprehensive Income

in € million	Jan. 1- Sep. 30, 2019	Jan. 1- Sep. 30, 2020	Jul. 1- Sep. 30, 2019	Jul. 1- Sep. 30 2020
Profit for the period	63.4	1,891.6	-61.9	273.5
Change in unrealized gains/losses	4.1	0.2	10.1	-9.0
Taxes on the change in unrealized gains/losses	-1.3	0.0	-3.3	3.0
Net realized gains/losses	-1.5	19.7	-6.9	13.3
Taxes due to net realized gains/losses	2.8	-4.1	3.0	-3.6
Profit on cash flow hedges	4.1	15.8	2.9	3.7
Changes in the period	-36.7	-70.3	-9.1	-63.2
Net realized gains/losses	-	8.0	-	6.0
Profit on currency translation differences	-36.7	-62.3	-9.1	-57.2
Items which will be recognized in profit or loss in the future	-32.6	-46.5	-6.2	-53.5
Changes in the period	30.5	-0.1	-	-
Taxes on changes in the period	-0.4	0.1	-	-
Profit on equity instruments at fair value in other comprehensive income	30.1	0.0	-	-
Change in actuarial gains/losses, net	-88.5	-8.8	-39.7	0.6
Tax effect	29.3	3.1	13.1	-
Profit on actuarial gains and losses from pensions and similar obligations	-59.2	-5.7	-26.6	0.6
Items which will not be recognized in profit or loss in the future	-29.1	-5.7	-26.6	0.6
Other comprehensive income	-61.7	-52.2	-32.8	-52.9
Total comprehensive income	1.7	1,839.4	-94.7	220.6
Attributable to:				
Vonovia's shareholders	-31.8	1,766.0	-104.5	207.2
Vonovia's hybrid capital investors	22.4	22.4	7.6	7.6
Non-controlling interests	11.1	51.0	2.2	5.8

Consolidated Balance Sheet

Assets

in € million	Dec. 31, 2019*	Sep. 30, 2020
Intangible assets	1,541.9	1,531.9
Property, plant and equipment	358.6	365.9
Investment properties	52,736.6	55,405.6
Financial assets	331.7	414.9
Other assets	54.7	104.1
Deferred tax assets	59.3	59.4
Total non-current assets	55,082.8	57,881.8
Inventories	8.8	8.5
Trade receivables	205.7	282.9
Financial assets	0.7	5.3
Other assets	138.0	148.8
Income tax receivables	84.7	43.5
Cash and cash equivalents	500.7	1,713.6
Real estate inventories	358.3	478.4
Assets held for sale	134.1	82.6
Total current assets	1,431.0	2,763.6
Total assets	56,513.8	60,645.4

Equity and liabilities

in € million	Dec. 31, 2019*	Sep. 30, 2020
Subscribed capital	542.3	565.9
Capital reserves	8,239.7	9,560.1
Retained earnings	10,534.4	11,468.9
Other reserves	-8.1	-54.6
Total equity attributable to Vonovia's shareholders	19,308.3	21,540.3
Equity attributable to hybrid capital investors	1,001.6	1,031.5
Total equity attributable to Vonovia's shareholders and hybrid capital investors	20,309.9	22,571.8
Non-controlling interests	759.8	813.2
Total equity	21,069.7	23,385.0
Provisions	662.4	667.7
Trade payables	5.1	2.4
Non-derivative financial liabilities	21,198.0	23,066.2
Derivatives	74.1	77.3
Lease liabilities	442.6	470.0
Liabilities to non-controlling interests	21.2	21.5
Financial liabilities from tenant financing	44.4	45.8
Other liabilities	26.1	27.1
Deferred tax liabilities	9,288.2	10,167.7
Total non-current liabilities	31,762.1	34,545.7
Provisions	530.2	408.1
Trade payables	219.1	210.8
Non-derivative financial liabilities	2,376.9	1,676.5
Derivatives	41.0	45.6
Lease liabilities	28.3	24.4
Liabilities to non-controlling interests	12.9	10.8
Financial liabilities from tenant financing	117.8	113.6
Other liabilities	355.8	224.9
Total current liabilities	3,682.0	2,714.7
Total liabilities	35,444.1	37,260.4
Total equity and liabilities	56,513.8	60,645.4

* Adjusted (see note [A2] in the half-year report 2020).

Consolidated Statement of Cash Flows

in € million	Jan. 1- Sep. 30, 2019	Jan. 1- Sep. 30, 2020
Profit for the period	63.4	1,891.6
Net income from fair value adjustments of investment properties	-2,283.3	-1,830.2
Revaluation of assets held for sale	-38.1	-42.7
Depreciation and amortization	2,157.9	66.4
Interest expenses/income and other financial result	354.9	312.6
Income taxes	941.3	940.1
Results from disposals of investment properties	-52.3	-84.9
Results from disposals of other non-current assets	0.2	-0.1
Other expenses/income not affecting net income	1.9	5.9
Change in working capital	-7.4	-174.2
Income tax paid	-6.9	-67.8
Cash flow from operating activities	1,131.6	1,016.7
Proceeds from disposals of investment properties and assets held for sale	559.6	435.7
Proceeds from disposals of other assets	696.5	0.3
Payments for investments in investment properties	-1,576.3	-1,183.2
Payments for investments in other assets	-78.1	-238.4
Payments for acquisition of shares in consolidated companies, in due consideration of liquid funds	-	-226.0
Interest received	4.6	7.1
Cash flow from investing activities	-393.7	-1,204.5

in € million	Jan. 1- Sep. 30, 2019	Jan. 1- Sep. 30, 2020
Capital contributions on the issue of new shares (including premium)	744.2	1,003.0
Cash paid to shareholders of Vonovia SE and non-controlling interests	-409.5	-506.7
Proceeds from issuing financial liabilities	3,323.9	3,890.3
Cash repayments of financial liabilities	-2,916.7	-2,635.1
Cash repayments of lease liabilities	-17.2	-17.8
Payments for transaction costs in connection with capital measures	-41.2	-38.8
Payments for other financing costs	-36.2	-9.9
Payments in connection with the disposal of shares in non-controlling interests	-491.1	-10.8
Interest paid	-284.4	-272.2
Cash flow from financing activities	-128.2	1,402.0
Influence of changes in foreign exchange rates on cash and cash equivalents	-	-1.3
Net changes in cash and cash equivalents	609.7	1,212.9
Cash and cash equivalents at the beginning of the period	547.7	500.7
Cash and cash equivalents at the end of the period *	1,157.4	1,713.6

* Includes € 650.0 million (Sep. 30, 2019: € 0.0 million) in current securities classified as cash equivalents and total restricted cash of € 91.3 million (Sep. 30, 2019: € 72.9 million).

Portfolio Information

Vonovia manages its own real estate portfolio with a fair value of € 56.0 billion as of September 30, 2020. The vast majority of our apartments are located in regions with positive economic and demographic development prospects.

Portfolio Structure

Sep. 30, 2020	Fair value*		Residential units	Vacancy (in %)	In-place rent (in €/m ²)**
	(in € million)	(in €/m ²)			
Strategic	41,177.6	2,000	323,734	2.5	6.91
Operate	11,653.1	2,006	85,558	2.4	7.29
Invest	29,524.6	1,998	238,176	2.5	6.77
Recurring Sales	3,885.8	2,121	26,812	3.0	7.01
Non-core Disposals	425.5	1,536	3,473	5.3	6.60
Vonovia Germany	45,488.9	2,004	354,019	2.5	6.91
Vonovia Sweden	5,715.9	1,922	38,191	2.3	9.67
Vonovia Austria	2,755.6	1,508	22,360	4.3	4.76
Total	53,960.4	1,962	414,570	2.6	7.07

In order to boost transparency in portfolio presentation, we also break our portfolio down into 15 regional markets. These markets are core towns/cities and their surroundings, mainly urban 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

Sep. 30, 2020	Fair value*		Residential units	Vacancy (in %)	In-place rent (in €/m ²)**
	(in € million)	(in €/m ²)			
Regional market					
Berlin	7,618.5	2,725	42,429	1.2	6.91
Rhine Main Area	4,671.5	2,626	27,390	1.9	8.47
Southern Ruhr Area	4,227.0	1,560	43,426	3.0	6.36
Rhineland	4,010.7	2,069	28,453	2.2	7.39
Dresden	3,924.6	1,711	38,505	3.4	6.30
Hamburg	2,924.8	2,283	19,744	1.5	7.35
Munich	2,368.0	3,627	9,665	1.5	8.38
Kiel	2,294.6	1,663	23,219	2.2	6.53
Stuttgart	2,196.4	2,521	13,615	1.8	8.09
Hanover	2,000.9	1,914	16,228	2.5	6.86
Northern Ruhr Area	1,749.1	1,103	25,383	3.1	5.94
Bremen	1,291.3	1,742	11,852	3.4	6.04
Leipzig	1,004.5	1,630	9,102	3.4	6.17
Westphalia	973.0	1,555	9,481	3.4	6.45
Freiburg	676.7	2,425	4,040	2.2	7.63
Other Strategic Locations	2,970.5	1,717	26,757	3.4	6.91
Total Strategic Locations Germany	44,902.0	2,011	349,289	2.5	6.92

* Fair value of the developed land excluding € 2,088.4 million, of which € 610.7 million for undeveloped land and inheritable building rights granted, € 404.6 million for assets under construction, € 669.8 million for development and € 403.3 million for other.

** Shown based on the country-specific definition.

Total Vonovia Housing Portfolio

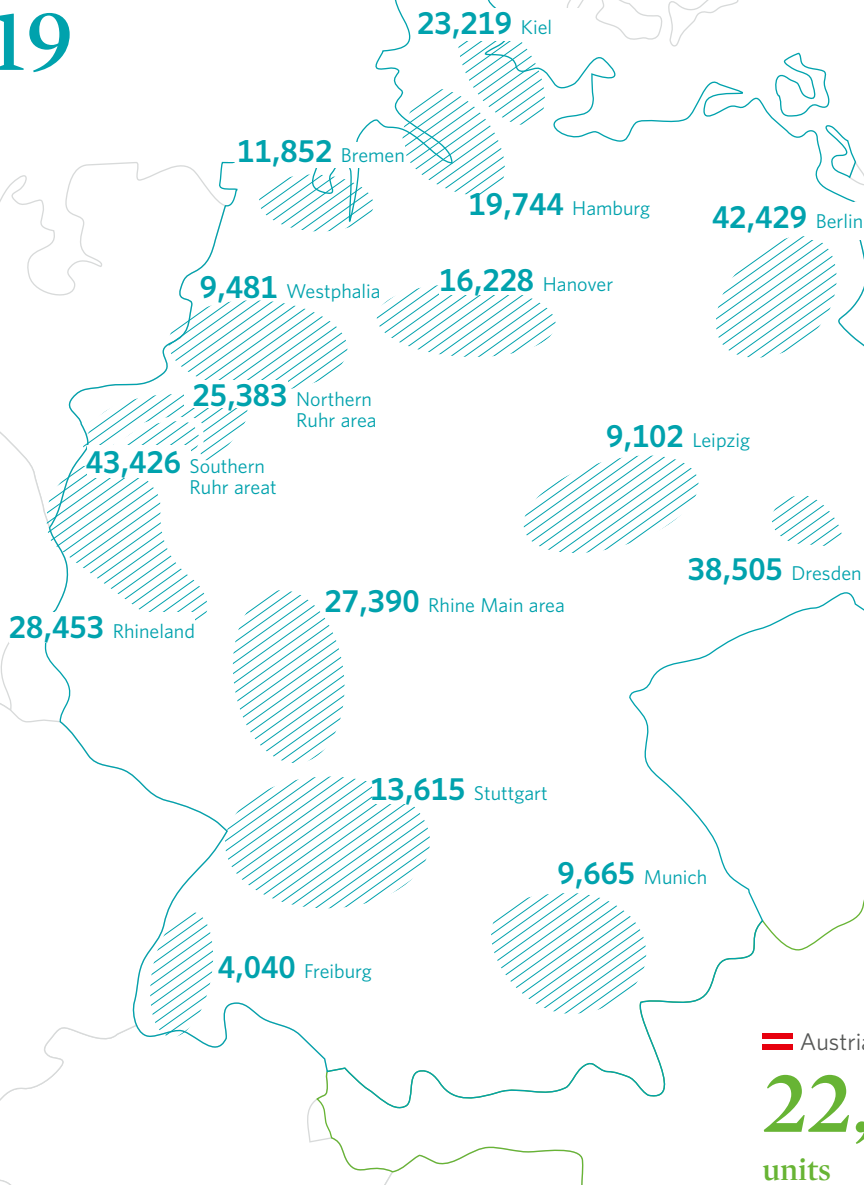
414,570

Sweden

38,191
units

Germany

354,019
units*



* Including 26,757 residential units at other strategic locations and 4,730 residential units at non-strategic locations

Financial Calendar

November 4, 2020

Publication of the interim statements for the first nine months of 2020

March 4, 2021

Publication of the 2020 Annual Report

May 4, 2021

Publication of the interim statements for the first three months of 2021

August 6, 2021

Publication of the interim statements for the first half of 2021

November 4, 2021

Publication of the interim statements for the first nine months of 2021

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Note

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

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Disclaimer

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Imprint

Published by:
The Management Board of Vonovia SE

Concept and Realization:
Berichtsmanufaktur GmbH, Hamburg

Translation:
EnglishBusiness AG, Hamburg

As of November 2020
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