Vonovia SE
Interim Financial Report
for the first Half-Year of 2017

Half-Year Report 2017

VONOVIA

Key Figures

Key Financial Figures in € million	H1 2017	H1 2016	Change in %	12M 2016
Rental income	833.2	774.7	7.6	1,538.1
Adjusted EBITDA Operations	607.6	558.1	8.9	1,094.0
Adjusted EBITDA Rental	573.5	535.6	7.1	1,046.2
Adjusted EBITDA Value-add Business*	45.6	26.0	75.4	57.0
Adjusted EBITDA Other	-11.5	-3.5	228.6	-9.2
Income from disposal of properties	701.9	850.5	-17.5	1,227.9
Adjusted EBITDA Sales	44.3	46.5	-4.7	92.5
Adjusted EBITDA	651.9	604.6	7.8	1,186.5
EBITDA IFRS	651.4	543.9	19.8	1,083.7
FFO 1	457.7	387.8	18.0	760.8
thereof attributable to Vonovia shareholders	431.1	362.3	19.0	713.4
thereof attributable to Vonovia hybrid capital investors	20.0	20.0	–	40.0
thereof attributable to non-controlling interests	6.6	5.5	20.0	7.4
FFO 2	481.9	409.3	17.7	823.8
AFFO	427.2	358.7	19.1	689.2
FFO 1 per share in €**	0.96	0.83	15.7	1.63
Income from fair value adjustments of investment properties	1,164.7	-	100.0	3,236.1
EBT	1,652.6	257.8	541.0	3,859.8
Profit for the period	1,064.6	147.9	619.8	2,512.9
Cash flow from operating activities	475.4	432.9	9.8	828.9
Cash flow from investing activities	-1,179.0	318.0	–	416.4
Cash flow from financing activities	-459.1	-748.9	-38.7	-2.812.4
Maintenance and modernization	456.4	295.3	54.6	792.4
thereof for maintenance expenses and capitalized maintenance	158.8	148.3	7.1	320.1
thereof for modernization (incl. new construction)	297.6	147.0	102.4	472.3

Key Balance Sheet Figures in € million	June 30, 2017	June 30, 2016	Change in %	Dec. 31, 2016
Fair value of the real estate portfolio	30,830.2	23,794.1	29.6	27,115.6
Adjusted NAV	15,771.0	10,952.8	44.0	14,328.2
Adjusted NAV per share in €**	33.10	23.50	40.9	30.75
LTV in %	43.2	47.4	-4.2 pp	41.6

Non-Financial Key Figures	H1 2017	H1 2016	Change in %	12M 2016
Number of units managed	416,282	394,285	5.6	392,350
thereof own apartments	352,815	340,442	3.6	333,381
thereof apartments owned by others	63,467	53,843	17.9	58,969
Number of units bought	23,745	2,440	873.2	2,815
Number of units sold	4,484	19,135	-76.6	26,631
thereof Privatize	1,160	1,441	-19.5	2,701
thereof Non-Core	3,324	17,694	-81.2	23,930
Vacancy rate in %	2.9	2.8	0.1 pp	2.4
Monthly in-place rent in €/m²	6.12	5.89	3.9	6.02
Organic rent increase in %	3.7	2.8	0.9 pp	3.3
Number of employees (as at June 30/Dec. 31)	8,257	6,909	19.5	7,437

EPRA Key Figures in € million	June 30, 2017	June 30, 2016	Change in %	Dec. 31, 2016
EPRA NAV	18,702.8	13,671.7	36.8	17,047.1
EPRA NAV per share in €**	39.25	29.34	33.8	36.58

* previously "Adjusted EBITDA Extension"
** Based on the shares carrying dividend rights on the reporting date June 30, 2017: 476,460,248, June 30, 2016: 466,000,624, Dec. 31, 2016: 466,000,624

Interim Group Management Report – Business Development in the First Half-Year of 2017

Condensed Interim Consolidated Financial Statements

Information

Interim Group Management Report – Business Development in the First Half-Year of 2017

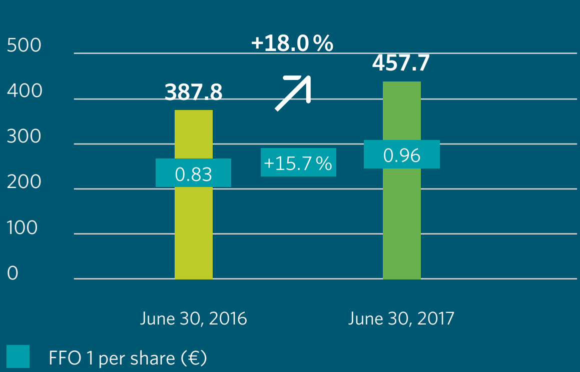
Overview

Vonovia is looking back on a successful first half of 2017: the implementation of the investment program is going to plan, further efficiency potential has been exploited in the property management sector and the Value-add Business segment has been expanded. In addition, conwert's portfolio has been successfully integrated into the Group and contributed to an additional improvement in the company's operational and financial key data.

Increase in Sustained Earnings

FFO 1

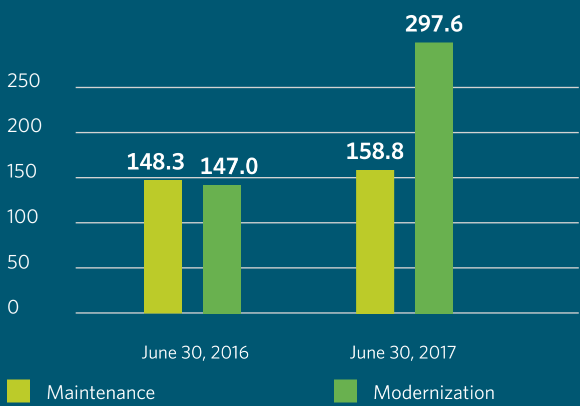
in € million



Sharp Rise in Modernization Investments

Investments

in € million

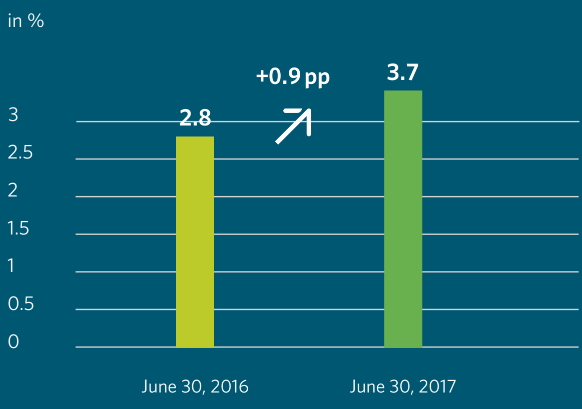


In-place rent in €/m² rose by 3.9 % in a half-yearly comparison, with FFO climbing by 18.0 % on the back of positive core business development and the conwert acquisition.

We expect this positive business development to continue in the second half of the year and predict that the values forecast for the year as a whole will be achieved in full.

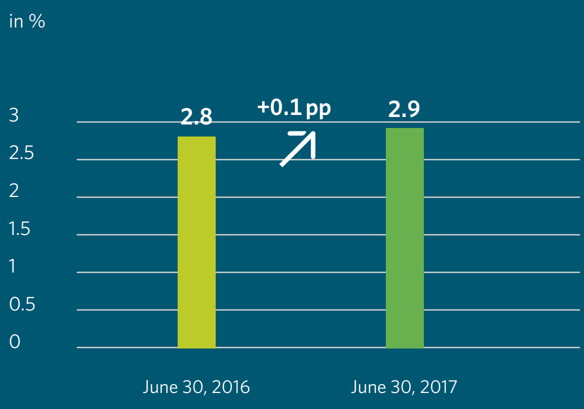
Organic
Rent Growth

Organic Increase in Rent



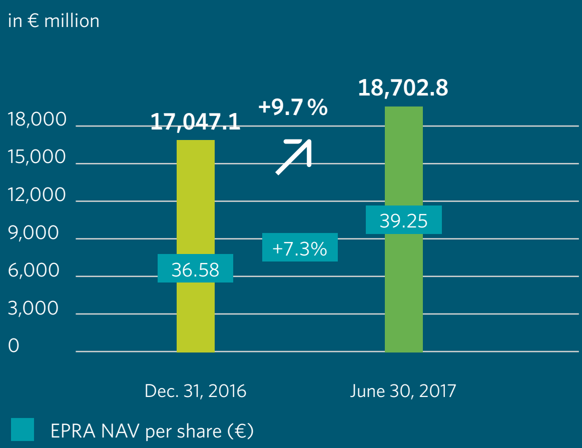
Slight Increase in Vacancies
due to Investement Activities

Vacancy Rate



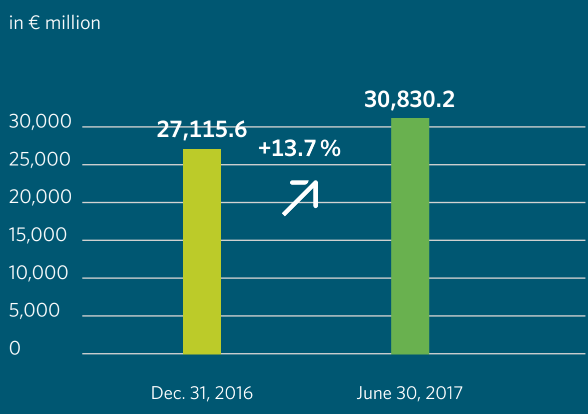
Net Assets Increase
due to Profit for the Period
and Inclusion of conwert

EPRA NAV



Growth in Property Assets
following Inclusion of conwert and
Increase in Value

Fair Value of Real Estate Portfolio



Vonovia SE on the Capital Market

The Vonovia Share

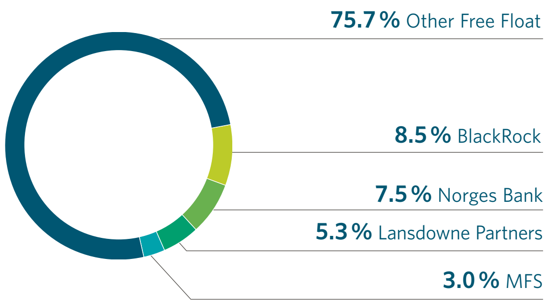
The attractive risk/return profile offered by housing companies listed on the German stock market in general and the positive business development at Vonovia in particular resulted in sustained demand for shares in Vonovia in the first half of 2017. In the first six months of 2017, Vonovia's share price rose by 12.5 %, to € 34.77, compared to the closing price as of December 30, 2016. During the same period, the DAX improved by 7.4 % to 12,325.12 points. The EPRA Europe rose by 2.9 % to 2,113.43 points.

Vonovia's market capitalization amounted to around € 16.6 billion as of June 30, 2017.

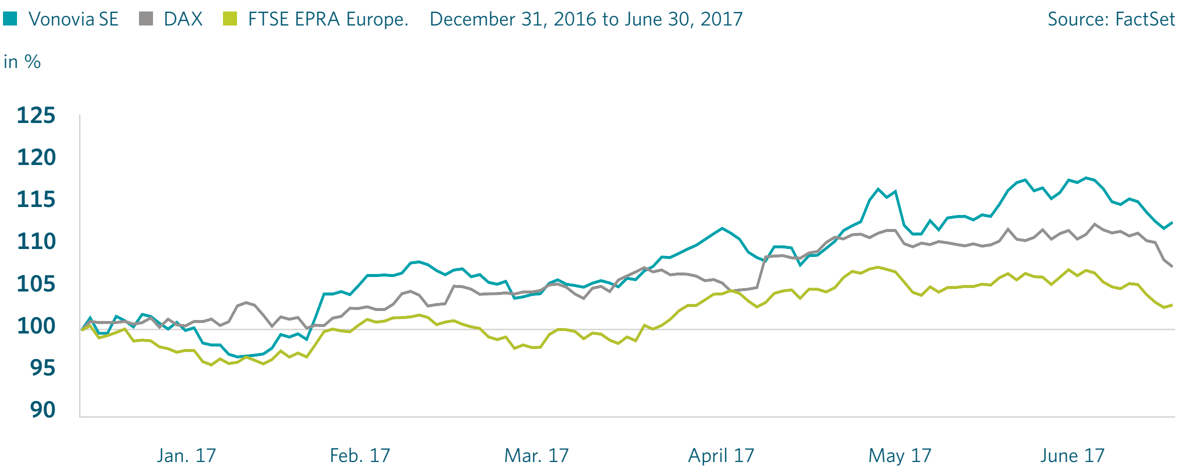
Shareholder Structure

Free Float and Breakdown of Major Shareholders

(as of June 30, 2017)



Share Price Performance H1 2017



Based on the German stock exchange's definition of free float, only the interest held by Norges Bank (Norwegian Ministry of Finance) does not count towards the free float. This means that 92.5 % of Vonovia's shares were in free float on June 30, 2017.

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

Investor Relations Activities

In the first half of 2017, communication with investors focused on the following issues, in particular: property valuation, the investment program, innovative property management, the immunity of Vonovia SE's business model to macroeconomic fluctuations, the importance of acquisitions and organic growth, and the takeover of conwert Immobilien Invest SE.

In the first half of 2017, Vonovia participated in a total of fifteen investors' conferences and nine roadshows in key European, North American, and Asian financial centers. In addition, our company representatives held numerous one-on-one meetings and teleconferences with investors and analysts to keep them informed of current developments and special issues.

In order to provide information for interested members of the financial community, the Investor Relations team once again carried out numerous property tours with colleagues from the operational areas of the company.

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

Capital Markets Day

This year's Capital Markets Day was held on June 20, 2017, in the "Vonovia Ruhrstadion" stadium in Bochum with more than 50 participants from Germany, Europe and the U.S.

The motto of the event was "A glance into the engine room" (Blick in den Maschinenraum). Topics covered included modular construction, operational platform and customer service as well as property-related services. The event was rounded off by a visit to the modular construction project on Imigstrasse in Dortmund and a visit to the customer service center in Duisburg.

Analysts' assessments

Within the first half of the year, 30 national and international analysts published studies on Vonovia. The average target share price was € 37.80, with 55 % of analysts issuing a "buy" recommendation and 45 % issuing a "hold" recommendation. No "sell" recommendation was issued for Vonovia's shares.

Share Information

First day of trading	July 11, 2013
Subscription price	€ 16.50
Total number of shares	476.5 million
Share capital in €	€ 476,460,248
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 & Weight June 30, 2017	DAX (1.6 %), Stoxx Europe 600 (0.2 %) MSCI Germany (1.4 %), GPR 250 World (1.3 %), FTSE EPRA/NAREIT Europe Index (7.8 %)

Development of the Economic Environment

Development of the Economy as a Whole and the Sector – German Economy on the Brink of a Boom

After making a strong start to the year, the economy is still making considerable progress, according to the Kiel Institute for the World Economy (IfW). Following the significant increase in production in the manufacturing sector at the beginning of the year, capacity utilization, which was already edging close to its limit, now appears to be moving towards overutilization. As financing conditions remain very favorable, the dynamic construction sector is also continuing to pick up speed. The ifo business climate index is currently sitting at a new all-time high after already surpassing its previous high of 2010 this May. The positive sentiment is fueling the increase in corporate investment, among other things. As the upswing is also continuing in other areas of the economy, in particular in most service sectors, economic output is expected to expand by a good 0.6 % in the second quarter of 2017, after growth of 0.6 % in the first three months of the year.

Full economic utilization, however, comes hand-in-hand with the risk of the start of a cyclical downturn. Although private consumption is still on the rise compared to the previous quarter, the increase is more subdued than it was in the prior year. The general economic policy risks also remain difficult to judge. In particular, the lack of clarity regarding the conditions of the UK's exit from the EU and the uncertainty surrounding the future trading policies pursued by the world's major economic powers could pose a risk to growth. The monetary policy pursued by the European Central Bank (ECB) remains extremely expansive, with key interest rates still sitting at an all-time low of 0.0 %.

The positive overall development on the labor market continues: according to the Federal Statistical Office (Statistisches Bundesamt), the number of people in work in May 2017 was up by 648,000 year-on-year. The German Federal Employment Agency (Bundesagentur für Arbeit) published an unemployment rate of 5.5 % for June 2017. This is down by 0.4 percentage points compared with the previous year.

Consumer price performance has been picking up again ever so slightly since the end of last year. In June 2017, the rate of inflation is likely to have come in at 1.6 % based on the consumer price index. The rate of inflation is being influenced by developments in the price of food and rent, whereas developments in the energy sector were the main influencing factor in the previous months.

Continued Rise in Quoted Rents and Quoted Prices in Germany

Quoted rents in Germany remained on an upward trend in the second quarter of 2017, too. According to IMX, the price index of the real estate portal ImmobilienScout24, rents rose by 0.5 percentage points between March 2017 and April 2017 and by 0.4 percentage points between April 2017 and May 2017. The increase in the quoted prices for condominiums was once again much more pronounced than the increase in rents. According to IMX, the prices for existing condominiums increased by 1.8 percentage points against the previous month in April and 1.7 percentage points in May. The price index for newly built apartments rose by 1.4 percentage points and 1.1 percentage points during the same periods. Considering Germany as a whole, there do not appear to be any signs of the market potentially settling down, as had been previously discussed.

F+B Forschung und Beratung für Wohnen, Immobilien und Umwelt GmbH reports that the fast-growing cities are still characterized by high demand for rented homes and, in particular, properties to purchase. It reports that the gap between prices for condominiums in the top 7 locations and rent development is still widening considerably. Owner-occupation, however, plays a dominant role as far as apartment ownership is concerned. According to F+B, multifamily residences, which are much more important to the rental housing market, are showing price momentum that is clearly below-average across Germany. They report that the ratio of purchase prices to existing or new contract rents is unremarkable and provides no cause for concern in this segment.

German Residential Investment Market with Strong Half-Year Results

In the first half of 2017, residential building bundles and residential developments of 50 units or more accounted for a total transaction volume of around € 5.9 billion on the German residential investment market, according to the real estate consultancy firm CBRE. This puts the transaction volume up by around 22 % on the same period of last year. Almost one-third of the transaction volume, or around € 1.9 billion, was invested in project developments, up by almost 40 % compared to the same period in the previous year. According to the experts, the demand for German residential real estate among institutional investors and real estate companies specializing in this segment remains high. Investors are showing a preference for top locations – in particular Berlin – with increasing interest being shown in North Rhine-Westphalia. The sustained high demand is resulting in yield compression. CBRE expects to see a transaction volume of well in excess of € 13 billion in 2017.

Completed Construction Projects Lag Behind Need for New Construction

The demand for living space remains very high due to the high level of immigration over the last two years. Experts predict that at least 350,000 apartments will be required every year. According to the Federal Statistical Office, just under 278,000 apartments were completed nationwide last year. Although this figure is up by around 12 % year-on-year, the completion figures still lag considerably behind the number of apartments that is actually required. Deutsche Bank Research reports that the number of completed apartments could rise to 300,000 for the first time in 2017. This would result in a further increase in the excess demand.

Business Development in the First Half-Year of 2017

Group's Business Development

We are continuing with our corporate strategy. In the Rental segment, we have stepped up our modernization activities and our new construction measures as planned. In the Value-add Business segment (previously known as "Extension"), we have forged ahead with the continued expansion of our housing-related services. In the Sales segment, we continued to pursue our strategy of selective sales.

The first half of 2017 developed very successfully for Vonovia on the whole. In the second quarter of 2017, we were able to follow up the good start to the fiscal year, and to expand our leading market position further. The takeover and integration of the conwert real estate portfolio increased our own residential portfolio to 352,815 apartments (H1 2016: 340,442).

Key Events

The first quarter of 2017 saw the first-time consolidation of conwert, with 208 companies, as a result of the completion of the conwert takeover. The creation of the necessary exchange shares increased our total equity by € 89.7 million in net terms. The first-time consolidation resulted in goodwill of € 212.9 million. The first-time consolidation in the first quarter of 2017 allowed us to reach our first key milestone in the integration of conwert and to lay the foundation for the targeted management of the acquired portfolio.

Two EMTN tranches of € 500 million each were drawn down in January (coupons; 0.75 % and 1.75 %). The subsequent repayment of the last major former GAGFAH financing arrangement, "Taurus", in February 2017 meant that we repaid a volume of around € 1 billion.

In the second quarter of 2017, we stepped up our efforts to achieve the organizational integration of conwert into Vonovia's organization. Furthermore, a squeeze-out process regarding the remaining conwert shares was initiated by Vonovia SE.

A resolution on the merger of GAGFAH S.A. with Vonovia SE was passed on June 27, 2017. This means that we have performed a key task which will create a more efficient legal structure within the Vonovia Group.

On June 30, 2017, we performed a valuation of our real estate portfolio due to the current market momentum. As far as our major locations are concerned, this valuation revealed an increase of € 1,164.7 million in the value of the residential real estate portfolio.

In the second quarter of 2017, we also completed a contract regarding the acquisition of PROIMMO AG's portfolio with approximately 1,000 residential units. The acquisition will take place in the third quarter of 2017.

Results of Operations

The following key figures provide an overview of how Vonovia's results of operations and their drivers developed in the first half of 2017.

Key Figures on Earnings Development

in € million	H1 2017	H1 2016	Change in %	12M 2016
Income from property management	1,192.4	1,119.4	6.5	2,209.3
thereof rental income	833.2	774.7	7.6	1,538.1
Adjusted EBITDA Operations	607.6	558.1	8.9	1,094.0
Adjusted EBITDA Rental	573.5	535.6	7.1	1,046.2
Adjusted EBITDA Value-add Business	45.6	26.0	75.4	57.0
Adjusted EBITDA Other	-11.5	-3.5	228.6	-9.2
FFO 1	457.7	387.8	18.0	760.8
Income from disposal of properties	701.9	850.5	-17.5	1,227.9
Adjusted EBITDA Sales	44.3	46.5	-4.7	92.5
EBITDA IFRS	651.4	543.9	19.8	1,083.7
Adjusted EBITDA	651.9	604.6	7.8	1,186.5
Monthly in-place rent (€/m²)	6.12	5.89	3.9	6.02
Average space of own housing in the reporting period (in a thousand m²)	22,226	21,938	1.3	21,509
Number of residential units in portfolio	355,570	351,720	1.1	344,884
Vacancy rate (in %)	2.9	2.8	0.1 pp	2.4
Maintenance and modernization including new construction (€/m²)	20.53	13.46	52.5	36.84
thereof expenses for maintenance and capitalized maintenance (€/m²)	7.14	6.76	5.6	14.88
thereof for modernization including new construction (€/m²)	13.39	6.70	99.8	21.96
Number of units bought	23,745	2,440	873.2	2,815
Number of units sold	4,484	19,135	-76.6	26,631
thereof Privatize	1,160	1,441	-19.5	2,701
thereof Non-Core	3,324	17,694	-81.2	23,930
Number of employees (as at June 30, 2017/Dec. 31, 2016)	8,257	6,909	19.5	7,437

When comparing the key figures shown, it is important to remember that the first half of 2017 includes the conwert acquisition, with its earnings contribution for the months from January to June, for the very first time.

Income from property management rose by 6.5 %, from € 1,119.4 million to € 1,192.4 million, in a half-yearly comparison. The increase was mainly due to the development in rental income in the Rental segment, which rose by 7.6 % from € 774.7 million to € 833.2 million. The conwert portfolio contributed € 67.1 million to this increase in rental income.

In the reporting period, we were able to increase our primary key figure for the sustained earnings power of our core business, **FFO 1**, by € 69.9 million or 18.0 % compared with the first half of 2016 from € 387.8 million to € 457.7 million. This trend was fueled primarily by the positive development in adjusted EBITDA Operations, which rose by 8.9 % from € 558.1 million to € 607.6 million. Positive growth was witnessed in both the Rental and Value-add Business segments.

FFO 1

in € million	H1 2017	H1 2016	Change in %	12M 2016
Rental income	833.2	774.7	7.6	1,538.1
Maintenance expenses	-127.3	-119.0	7.0	-247.4
Operating expenses	-132.4	-120.1	10.2	-244.5
Adjusted EBITDA Rental	573.5	535.6	7.1	1,046.2
Value-add Business income	483.8	333.6	45.0	851.2
thereof external income	80.1	56.7	41.3	108.1
thereof internal income	403.7	276.9	45.8	743.1
Operating expenses	-438.2	-307.6	42.5	-794.2
Adjusted EBITDA Value-add Business	45.6	26.0	75.4	57.0
Adjusted EBITDA Other	-11.5	-3.5	228.6	-9.2
Adjusted EBITDA Operations	607.6	558.1	8.9	1,094.0
FFO interest expense	-138.0	-162.8	-15.2	-322.7
FFO 1 current income taxes	-11.9	-7.5	58.7	-10.5
FFO 1	457.7	387.8	18.0	760.8

In the **Rental segment**, our apartments still had virtually full occupancy at the end of the first half of 2017. The apartment vacancy rate of 2.9 % was up slightly on the value of 2.8 % seen at the end of the first half of 2016 due to our extensive investment program. Rental income rose by 7.6 %, from € 774.7 million to € 833.2 million, in a half-yearly comparison. This corresponds to an average monthly in-place rent of € 6.12/m² at the end of the first half of 2017, compared with € 5.89/m² at the end of the first half of 2016, and to an overall increase in rent per square meter of 3.9 %. The increase in rent due to market-related factors came to 1.7 %. In addition, we were able to achieve an increase in rent of 1.9 % thanks to property value improvements achieved as part of our modernization program. If we also include the increase in rent due to new construction measures and measures to add extra stories, then we reach an organic increase in rent of 3.7 %. The corresponding like-for-like increase in rent came to 3.6 % in the first half of 2017. The average monthly in-place rent in the conwert portfolio came to € 5.93/m² at the end of the reporting period.

As planned, we increased our modernization and maintenance measures to a volume of € 456.4 million in the first half of 2017 (H1 2016: € 295.3 million). This was driven by a € 150.6 million increase in the modernization volume to € 297.6 million. In the first half of 2017, a volume of € 20.1 million was attributable to modernization and maintenance measures in the conwert portfolio.

Maintenance and Modernization

in € million	H1 2017	H1 2016	Change in %	12M 2016
Expenses for maintenance	127.3	119.0	7.0	247.4
Capitalized maintenance	31.5	29.3	7.5	72.7
Modernization work	297.6	147.0	102.4	472.3
Total cost of modernization and maintenance*	**456.4**	**295.3**	**54.6**	**792.4**

* Incl. intra-Group profits for H1 2017: € 28.8 million (thereof € 1.0 million capitalized maintenance and € 10.2 million modernization); H1 2016: € 20.1 million (thereof € 0.3 million capitalized maintenance and € 3.2 million modernization); new construction in H1 2017 € 13.7 million (included in modernization measures)

In relation to the average number of apartments managed during the reporting period, this corresponds to a spending of € 20.53 Value-add Business per m^2 on modernization and maintenance in the first half of 2017 (H1 2016: € 13.46 per m^2).

Operating expenses in the Rental segment were up by 10.2 % on the figures for the first half of 2016, from € 120.1 million to € 132.4 million, mainly due to acquisitions. All in all, adjusted EBITDA Rental increased by 7.1 % from € 535.6 million to € 573.5 million.

We boosted our earnings power further in the **Value-add Business segment**. In particular, we significantly improved the output of our craftsmen's organization, allowing us to make our investments in improving our portfolio as planned. In addition, we continued to expand our business activities in the areas of condominium administration, provision of cable television to our tenants, metering services and insurance and residential environment services in the first half of 2017. Vonovia Immobilien Treuhand now provides services as a leading real estate service provider to a total of more than 100,000 units across Germany, around 11,400 of which are located in Berlin.

Total income from our Value-add Business activities rose by 45.0 % from € 333.6 million to € 483.8 million. The adjusted EBITDA Value-add Business improved considerably, rising from € 26.0 million to € 45.6 million.

The EBITDA margin of the core business, calculated based on the adjusted EBITDA Operations in relation to rental income within the Group, once again showed positive development in the reporting period. It rose from 71.9 % in 2016 to 72.7 %.

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

In the first half of 2017, income from the disposal of properties came to € 701.9 million, down by 17.5 % on the value for the first half of 2016 (€ 850.5 million). The growth was driven by the sales from the conwert portfolio, which accounted for a volume of € 406.4 million, whereas sales in the previous year were characterized primarily by a block sale of 13,570 units to LEG. We sold a total of 4,484 apartments in the first half of 2017 (H1 2016: 19,135). 1,160 of these apartments were attributable to the Privatize portfolio (H1 2016: 1,441) and 3,324 to Non-Core/Non-Strategic (H1 2016: 17,694). We sold 343 apartments and 763 commercial units from the conwert portfolio in the first half of 2017.

In the reporting period, adjusted EBITDA Sales came to € 44.3 million, down by 4.7 % on the comparative value of € 46.5 million. At 31.3 %, the fair value step-up in the Privatize portfolio was lower than for the previous year (34.5 %). This was due to the higher property values at the end of 2016. In addition, 100 privatizations were achieved as part of block sales. If these sales are left out of the equation, then the fair value step-up in the Privatize portfolio comes to 32.5 %.

The fair value step-up in the Non-Core/Non-Strategic portfolio, on the other hand, came in at 4.3 %, up slightly on the comparative value of 3.5 %.

Adjusted EBITDA Sales

in € million	H1 2017	H1 2016	Change in %	12M 2016
Income from disposal of properties	701.9	850.5	-17.5	1.227.9
Fair value of properties sold adjusted to reflect effects not relating to the period from assets held for sale	-644.8	-792.2	-18.6	-1.107.7
Adjusted profit from disposal of properties	**57.1**	**58.3**	**-2.1**	**120.2**
thereof Privatize	34.0	34.2	-0.6	71.1
thereof Non-Core/Non-Strategic	23.1	24.1	-4.1	49.1
Selling costs	-12.8	-11.8	8.5	-27.7
Adjusted EBITDA Sales	**44.3**	**46.5**	**-4.7**	**92.5**

In the 2017 reporting period, the **non-recurring items** eliminated in the adjusted EBITDA as a whole came to € 46.3 million, down by 5.7 % on the prior-year value of € 49.1 million, mainly due to lower expenses for severance payments/pre-retirement part-time work arrangements. The acquisition and integration costs rose due to the takeover of conwert.

Non-recurring Items

in € million	H1 2017	H1 2016	Change in %	12M 2016
Severance payments/pre-retirement part-time work arrangements	7.1	16.7	-57.5	23.5
Business model optimization/development of new fields of business	9.4	7.7	22.1	19.5
Acquisition costs incl. integration costs*	28.9	23.2	24.6	48.3
Refinancing and equity measures	0.9	1.5	-40.0	3.2
Total non-recurring items	**46.3**	**49.1**	**-5.7**	**94.5**

* Including takeover costs and one-time expenses in connection with acquisitions, such as HR measures relating to the integration process. Figures for the previous year shown in line with the current reporting structure for 2017

The financial result made a marked improvement in a year-on-year comparison, rising by € 127.5 million to € -148.6 million. This is due primarily to the repayment of financing in the course of 2016. In addition, the prior-year figures were hit by transaction costs and prepayment penalties in connection with the repayment of portfolio loans. FFO 1 interest expense is derived from the financial result as follows:

Reconciliation of Financial Result/FFO Interest Expense

in € million	H1 2017	H1 2016	Change in %	12M 2016
Income from non-current loans	0.9	1.0	-10.0	1.9
Interest income	23.4	10.4	125.0	14.1
Interest expense	-172.9	-287.5	-39.9	-449.0
Financial result*	**-148.6**	**-276.1**	**-46.2**	**-433.0**
Adjustments:				
Transaction costs	6.2	20.0	-69.0	21.5
Prepayment penalties and commitment interest	2.9	68.8	-95.8	64.4
Effects from the valuation of non-derivative financial instruments	-16.7	-13.0	28.5	-31.0
Derivatives	-4.7	-0.5	840.0	12.9
Interest accretion to provisions	4.4	5.9	-25.4	11.2
Accrued interest	25.4	32.2	-21.1	-7.9
Other effects	3.8	5.1	-25.5	0.6
Net cash interest	**-127.3**	**-157.6**	**-19.2**	**-361.3**
Accrued interest adjustment	-25.4	-32.2	-21.1	7.9
Adjustments EMTN interest**	–	17.5	-100.0	21.1
Adjustments income from investments in other real estate companies	12.9	9.5	35.8	9.6
Interest payment adjustment due to taxes	1.8	–	100.0	–
FFO interest expense	**-138.0**	**-162.8**	**-15.2**	**-322.7**

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

Due to refinancing and lower interest rates, FFO interest expense came to € -138.0 million in the first half of 2017, down by 15.2 % on the value for the prior year of € -162.8 million.

The **profit for the period** came to € 1,064.6 million in the first half of 2017, up considerably on the value of € 147.9 million reported in the first half of 2016. This is primarily due to the half-year valuation result, an improved financial result as well as an increase in rental income.

Reconciliation of Profit for the Period/FFO

in € million	H1 2017	H1 2016	Change in %	12M 2016
Profit for the period	1,064.6	147.9	619.8	2,512.9
Financial result*	148.6	276.1	-46.2	433.0
Income taxes	588.0	109.9	435.0	1.346.9
Depreciation and amortization	14.9	10.0	49.0	27.0
Net income from fair value adjustments of investment properties	-1,164.7	–	–	-3,236.1
= EBITDA IFRS	651.4	543.9	19.8	1,083.7
Non-recurring items	46.3	49.1	-5.7	94.5
Total period adjustments from assets held for sale	-32.9	21.1	–	17.9
Financial income from investments in other real estate companies	-12.9	-9.5	35.8	-9.6
= Adjusted EBITDA	651.9	604.6	7.8	1,186.5
Adjusted EBITDA Sales	-44.3	-46.5	-4.7	-92.5
= Adjusted EBITDA operations	607.6	558.1	8.9	1,094.0
Interest expense FFO**	-138.0	-162.8	-15.2	-322.7
Current income taxes FFO 1	-11.9	-7.5	58.7	-10.5
= FFO 1	457.7	387.8	18.0	760.8
Capitalized maintenance	-30.5	-29.1	4.8	-71.6
= AFFO	427.2	358.7	19.1	689.2
Current income taxes Sales	-20.1	-25.0	-19.6	-29.5
FFO 2 (FFO 1 incl. adjusted EBITDA Sales/current income taxes Sales)	481.9	409.3	17.7	823.8
FFO 1 per share in €***	0.96	0.83	15.4	1.63
AFFO per share in €***	0.90	0.77	16.5	1.48

* 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 June 30, 2017: 476,460,248, June 30, 2016: 466,000,624 and Dec. 31, 2016: 466,000,624

Assets

At the end of the first half of 2017, the adjusted NAV per share came to € 33.10, up by 40.9 % on the value for the first half of 2016 of € 23.50 and 7.6 % above the value at the end of 2016. This is mainly due to the re-revaluation and the addition of conwert Immobilien Invest SE in 2017. The EPRA NAV per share climbed from € 29.34 at the end of the first half of 2016 to € 39.25 at the end of the first half of 2017. No NAV forecast will be provided from the 2017 fiscal year onwards.

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

in € million	June 30, 2017	June 30, 2016	Change in %	Dec. 31, 2016
Equity attributable to Vonovia shareholders	**13,368.0**	10,305.5	29.7	12,467.8
Deferred taxes on investment properties/asset held for sales	5,307.9	3,245.0	63.6	4,550.3
Fair value of derivative financial instruments*	39.0	161.7	-75.9	44.4
Deferred taxes on derivative financial instruments	-12.1	-40.5	-70.1	-15.4
EPRA NAV	**18,702.8**	13,671.7	36.8	17,047.1
Goodwill	-2,931.8	-2,718.9	7.8	-2,718.9
Adjusted NAV	**15,771.0**	**10,952.8**	**44.0**	**14,328.2**
EPRA NAV per share in €**	**39.25**	**29.34**	**33.8**	**36.58**
Adjusted NAV per share in €**	**33.10**	**23.50**	**40.9**	**30.75**

* Adjusted for effects from cross currency swaps
** Based on the shares carrying dividend rights on the reporting date June 30, 2017: 476,460,248, June 30, 2016: 466,000,624 and Dec. 31, 2016: 466,000,624

Consolidated Balance Sheet Structure

	June 30, 2017		Dec. 31, 2016	
	in € million	in %	in € million	in %
Non-current assets	34,366.7	96.8	30,459.8	93.7
Current assets	1,154.3	3.2	2,062.3	6.3
Total assets	**35,521.0**	**100.0**	**32,522.1**	**100.0**
Equity	15,275.1	43.0	13,888.4	42.7
Non-current liabilities	17,057.9	48.0	16,229.1	49.9
Current liabilities	3,188.0	9.0	2,404.6	7.4
Total equity and liabilities	**35,521.0**	**100.0**	**32,522.1**	**100.0**

The Group's **total assets** increased by € 2,998.9 million from € 32,522.1 million as of December 31, 2016, to € 35,521.0 million, mainly due to an increase in **investment properties** of € 3,515.4 million to € 30,495.7 million, with € 2,404.2 million resulting from the integration of the conwert Group and € 1,164.7 million from the half-year valuation. In addition, assets rose on the back of an increase in **goodwill** of € 212.9 million due to the first-time consolidation of the conwert Group. **Current assets** fell by € 1,162.7 million to € 378.1 million, mainly as a result of the drop in cash resources due to the payment of the conwert cash component, the payment of the cash dividend and the repayment of the CMBS Taurus loan. The inflow from the January EMTN drawdown had the opposite effect.

The gross asset value **(GAV)** of Vonovia's property assets came to € 30,819.9 million as of June 30, 2017, which corresponds to 86.8 % of total assets compared with € 27,106.4 million or 83.3 % at the end of 2016.

The € 1,386.7 million increase in **equity** to € 15,275.1 million is mainly due to the non-cash capital increase and the increase in minorities due to the takeover of conwert, as well as to the half-year valuation of the real estate portfolio.

On May 16, 2017, the Annual General Meeting of Vonovia SE passed a resolution to distribute an amount of € 525,052,568.32, or € 1.12 per share, using the profit for the 2016 fiscal year. Shareholders could opt for either a cash dividend or a non-cash dividend in the form of new shares created using authorized capital, with an exchange ratio of 30.5 old shares to 1 new share. 49.86 % of the dividend was settled in the form of new shares and € 263.3 million was paid as a cash dividend.

This brings the **equity ratio** to 43.0 % compared with 42.7 % at the end of 2016.

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

The increase in **current liabilities** is mainly attributable to the increase in current non-derivative financial liabilities. This increase resulted in turn from the conversion of non-current liabilities due to mature within the next twelve months.

Fair Values

Major market developments and valuation parameters that have an impact on the fair values of Vonovia are assessed every quarter. Due to the market momentum recognized across Germany in the first half of the year, Vonovia arranged for a new valuation to be performed on around two-thirds of the portfolio. This led to net income from the valuation of € 1,164.7 million. The recognition and valuation of investment properties are explained in detail in the Notes to the consolidated financial statements (note [9]).

Financial Position

Cash Flow

The following table shows the Group cash flow:

Key Data from the Statement of Cash Flows

in € million	H1 2017	H1 2016
Cash flow from operating activities	475.4	432.9
Cash flow from investing activities	-1,179.0	318.0
Cash flow from financing activities	-459.1	-748.9
Net changes in cash and cash equivalents	-1,162.7	2.0
Cash and cash equivalents at the beginning of the period	1,540.8	3,107.9
Cash and cash equivalents at the end of the period	**378.1**	**3,109.9**

The cash flow from **operating activities** comes to € 475.4 million for the first half of the year, compared with € 432.9 million for the same period in 2016. The increase is mainly due to the improvement in the EBITDA IFRS operating result, in particular due to the integration of the acquired conwert portfolio.

The cash flow from **investing activities** shows a payout balance of € 1,179.0 million for the first half of 2017, mainly due to the payment of the cash component for the conwert takeover. The payouts for the acquisition and modernization of the real estate portfolio came to € 422.5 million, whereas on the other hand, income from portfolio sales in the amount of € 687.3 million was collected.

The cash flow from **financing activities** is characterized by the refinancing measures taken in the first half of 2017, namely by the proceeds from the EMTN drawdown and by the fact that new mortgages were taken out (funds relating to the German government-owned development bank, KfW) totaling € 1,161.6 million. On the other hand, payouts were made in connection with scheduled and unscheduled repayments (mainly CMBS Taurus) in the amount of € 1,413.7 million, as well as for transaction and financing costs. Total dividend payments of € 271.8 million and interest payments of € 130.1 million were made.

The **net drop** in **cash** and **cash equivalents** in the first half of 2017 comes to € 1,162.7 million.

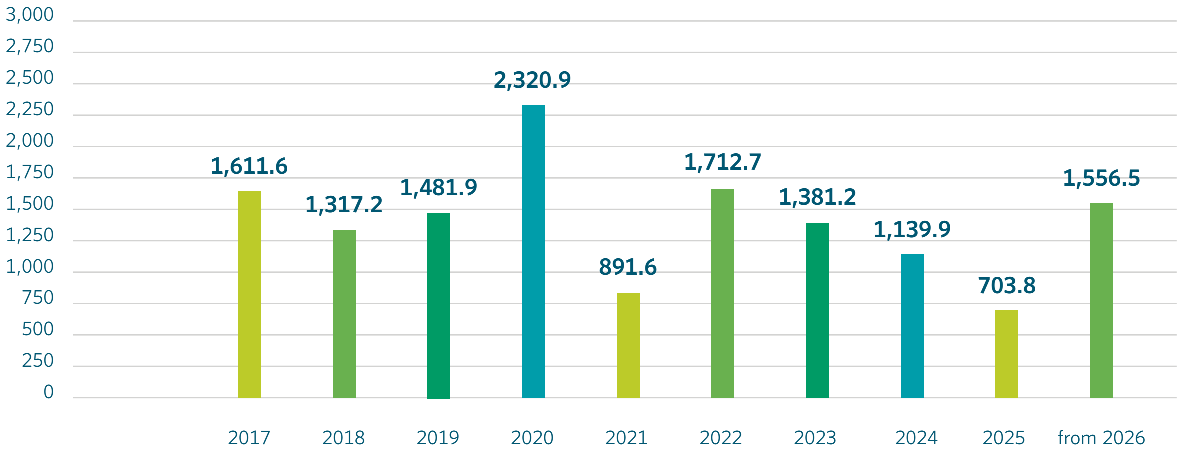
Financing

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 unsecured bonds is BBB+.

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

Maturity profile

as of June 30, 2017 in € million



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

in € million	June 30, 2017	June 30, 2016	Change in %	Dec. 31, 2016
Non derivative financial liabilities	14,257.6	15,058.6	-5.3	13,371.0
Foreign exchange rate effects	-137.2	-161.6	-15.1	-209.9
Cash and cash equivalents	-378.1	-3,109.9	-87.8	-1,540.8
Net debt	13,742.3	11,787.1	16.6	11,620.3
Sales receivables	-180.0	-266.8	-32.5	-135.4
Adjusted net debt	13,562.3	11,520.3	17.7	11,484.9
Fair value of the real estate portfolio	30,830.2	23,794.1	29.6	27,115.6
Shares in other real estate companies	564.6	514.4	9.8	503.1
Adjusted fair value of the real estate portfolio	31,394.8	24,308.5	29.2	27,618.7
LTV	**43.2%**	**47.4%**	**-4.2 pp**	**41.6%**

in € million	June 30, 2017	June 30, 2016	Change in %	Dec. 31, 2016
Non-derivative financial liabilities	14,257.6	15,058.6	-5.3	13,371.0
Total assets	**35,521.0**	**30,941.0**	**14.8**	**32,522.1**
LTV bond covenants	**40.1%**	**48.7%**	**-8.6 pp**	**41.1%**

Opportunities and Risks

For the purposes of the interim financial statements as of June 30, 2017, there are no opportunities and risks over and above, or material changes to, the opportunities and risks set out in the combined management report for the 2016 fiscal year.

There are no signs of any risks that could pose a threat to the company's existence, and – as things stand at present – no such risks are expected to arise in the future.

The existing risk management organization and risk management process continue to apply unchanged.

Expected Development in the Remainder of the Fiscal Year

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

After very strong German economic performance again in the second quarter of 2017, the economic indicators suggest that the growth trend is set to continue. The Kiel Institute for the World Economy (IfW) expects GDP to expand by 1.7 % in the course of 2017, with the slightly lower growth rate attributable exclusively to the lower number of working days. Private consumption will expand at a much slower pace due to purchasing power losses resulting from the increase in oil prices. With no further increase in spending on refugee migration, the rate of public consumption growth is likely to slow. Instead, the IfW expects investments to be the main engine driving the sustained upswing, primarily due to the further expansion in construction investments. Equipment investments are also likely to pick up again after showing slightly slower development of late due to the uncertain international environment. Foreign trade also dropped due to the uncertainties on key sales markets such as the United States and the United Kingdom. As the global economy gradually recovers, however, the IfW predicts a return to strong export and import growth over the next two years, with the upswing, driven primarily by the domestic economy, expected to result in imports growing at a much faster rate than exports after a subdued start to the year.

Looking ahead to 2018, the IfW still expects to see a further acceleration in economic momentum, predicting GDP growth of 2.0 %. This forecast rests on the fact that the expansion forces in the domestic economy are likely to remain strong, with the monetary environment expected to continue to provide considerable stimulus and the outlook for exports expected to improve further as the global economy recovers.

Nevertheless, the downside risks are also mounting as overutilization increases. According to the IfW, risks to the growth forecast lie in the ECB's expansive monetary policy and the resulting risks for financial market stability, any sharp increase in crude oil prices, as well as the considerable differences within the EU and the associated structural threats to monetary union. It also remains to be seen to what extent the protectionist measures that President Trump has called for will be implemented, which would pose a risk to the global trading system.

Residential Real Estate Market: Germany Expected to See High Demand and Rent Increases Continue

The German residential real estate market is experiencing the most prolonged upswing seen in post-war history, according to experts from Scope Investor Services (Scope). The rental markets are tense in the country's major and fast-growing cities, with local signs of price overheating on the markets for condominiums as well. Scope expects the tense situation and the exaggerated trends to continue for the time being. The overall macroeconomic situation is robust and the number of private households will increase further, fueling demand on the residential real estate market. According to Scope, the market is only moving towards a better balance between supply and demand very slowly, with construction activity gradually starting to pick up. Savills believes that the overall conditions on the German residential real estate market remain positive from an investor's perspective. Given the high demand, rents will continue to rise this year unless the state steps in with clear regulatory measures to halt rent development. According to Savills, Germany's major metropolitan areas still offer positive long-term growth prospects. Investors should look not only at the areas' core cities, but also at their surrounding areas. ImmobilienScout24 believes that, in addition to rising quoted rents, the prices of existing and newly built apartments are likely to continue to rise looking at Germany on average. The state building societies (Landesbausparkassen) expect to see prices to have risen by between 3 % and 5 % on the German residential real estate market by the end of the year. According to DB Research, residential property ownership remains affordable. There are, however, pronounced differences from region to region.

According to information released by the Cologne Institute for Economic Research as part of a study commissioned by gif – Gesellschaft für immobilienwirtschaftliche Forschung e.V. and others, the sharp increase in real estate prices for all forms of investment since 2010 is of fundamental significance. The prices of residential real estate in major cities stand out in particular. Nevertheless, the Cologne Institute still believes that a speculative bubble is unlikely, arguing that the price development can be explained and that financing behavior remains virtually unchanged. It does, however, point out that interest rates, economic developments and demand are currently providing extremely positive overall conditions, and that market corrections are likely to be made to one or several of these factors over the next few years. The empirica bubble index did not increase any further in the first quarter of 2017 and there is no conventional nationwide price bubble at the moment. Rents and purchase prices in 230 out of 402 administrative districts and self-governing cities are no longer developing in tandem, with the bubble index indicating a medium to high risk for 155 districts.

Due to the significant increase in rents in many places, there are calls for greater regulation of the residential property market in the run-up to the German Bundestag elections. The most significant new regulatory measure from a property owner's perspective, the rent ceiling, is in place in more than 300 municipalities in twelve federal states. In Mecklenburg-West Pomerania, the federal state government has been tasked with introducing the regulations as soon as possible. Following the state parliamentary elections in North Rhine-Westphalia and Schleswig-Holstein, the rent ceiling could well be axed based on the coalition agreements.

Business Outlook

The first half of 2017 was very successful for Vonovia on the whole. With the expansion of our investment program, the further improvements to efficiency when managing our properties and the expansion of the Value-add Business activities, we have consistently implemented our corporate strategy. Bolstered by the acquisition of conwert, we were able to further expand our leading market position.

We expect the positive business developments to continue over the coming quarters and that we will achieve the forecast figures as published in our 2016 Annual Report. Given the dynamic development of the German real estate market, which has already been reflected in an increase in the value of our portfolio in the first half of 2017, we expect to see a further increase in value in our investment properties in the second half of 2017, too, and with this a further boost to NAV.

Our forecast is based on the current outlook for the Vonovia Group as a whole, which includes the original overall plans for the 2017 fiscal year, as well as current business developments and possible opportunities and risks. Beyond this, the Group's further development remains exposed to general opportunities and risks. These have been described in the chapter on opportunities and risks. The forecast was based on the accounting principles used in the annual financial statements, with the adjustments described elsewhere in the management report being made.

We confirm our previous forecast for the main performance indicators for the 2017 fiscal year:

	Actual 2016	Forecast for 2017*	Current forecast for 2017 Interim statement Q1 2017	Current forecast for 2017 Interim report H1 2017
Adjusted EPRA NAV/share	**30.75 €**	**31–32 €**	**suspended**	**suspended**
EPRA NAV/share	36.58 €	37–38 €	suspended	suspended
FFO 1	**€ 760.8 million**	**€ 830–850 million**	**€ 900–920 million**	**€ 900–920 million**
FFO 1/share	1.63 €	1.78–1.82 €	approx. 1.88 €	1.86–1.90 €
CSI	**Increase of 8 %**	**Similar CSI as 2016**	**Similar CSI as 2016**	**Similar CSI as 2016**
Rental income	€ 1,538 million	€ 1,530–1,550 million	€ 1,660–1,680 million	€ 1,660–1,680 million
Organic rent increase	3.3 %	Increase of 3.5–3.7 %	Increase of 3.8–4.0 %	Increase of 3.8–4.0 %
Vacancy rate	2.4 %	< 2.5 %	< 2.5 %	< 2.5 %
Maintenance incl. capitalized maintenance	€ 320.1 million	approx. € 340 million	approx. € 340 million	approx. € 340 million
Modernization	€ 472.3 million	€ 700–730 million	approx. € 730 million	approx. € 730 million
Number of units sold Privatize	2,701	approx. 2,300	approx. 2,300	approx. 2,300
Step-up Privatize	36.2 %	approx. 35 %	approx. 30 %	approx. 30 %
Number of units sold Non-Core	23,930	Continue opportunistic sales	Continue opportunistic sales	Continue opportunistic sales
Step-up Non-Core	5.4 %	> 0 %	> 0 %	> 0 %

* According to the Group management report 2016 excl. conwert

Düsseldorf, July 25, 2017

Management Board

Condensed Interim Consolidated Financial Statements

Consolidated Income Statement

in € million	Notes	Jan. 1– June 30, 2017	Jan. 1– June 30, 2016	Apr. 1– June 30, 2017	Apr. 1– June 30, 2016
Income from property letting		1,171.6	1,100.0	584.9	543.4
Other income from property management		20.8	19.4	10.8	10.1
Income from property management	3	**1,192.4**	**1,119.4**	**595.7**	**553.5**
Income from disposal of properties		701.9	850.5	209.7	160.0
Carrying amount of properties sold		-664.9	-830.4	-188.2	-147.4
Revaluation of assets held for sale		53.1	17.0	43.7	11.4
Profit on disposal of properties	4	**90.1**	**37.1**	**65.2**	**24.0**
Net income from fair value adjustments of investment properties	5	**1,164.7**	**–**	**1,164.7**	**–**
Capitalized internal expenses		199.5	125.0	114.1	75.6
Cost of materials	6	-569.5	-506.6	-295.2	-262.5
Personnel expenses		-207.6	-184.6	-105.6	-91.7
Depreciation and amortization		-14.9	-10.0	-7.8	-5.6
Other operating income		51.5	49.8	25.0	26.2
Other operating expenses		-124.4	-106.4	-64.7	-49.1
Financial income	7	43.7	21.6	36.4	12.1
Financial expenses	8	-172.9	-287.5	-88.9	-146.7
Earnings before tax		**1,652.6**	**257.8**	**1,438.9**	**135.8**
Income taxes		-588.0	-109.9	-505.0	-67.1
Profit for the period		**1,064.6**	**147.9**	**933.9**	**68.7**
Attributable to:					
Vonovia's shareholders		993.2	110.0	876.6	53.5
Vonovia's hybrid capital investors		14.8	14.8	7.4	7.4
Non-controlling interests		56.6	23.1	49.9	7.8
Earnings per share (basic and diluted) in €		**2.12**	**0.24**	**1.87**	**0.12**

Consolidated Statement of Comprehensive Income

in € million	Jan. 1– June 30, 2017	Jan. 1– June 30, 2016	Apr. 1– June 30, 2017	Apr. 1– June 30, 2016
Profit for the period	**1,064.6**	147.9	**933.9**	68.7
Cash flow hedges				
Change in unrealized gains/losses	-51.4	-118.3	-50.9	8.6
Taxes on the change in unrealized gains/losses	18.7	19.2	17.7	-12.8
Net realized gains/losses	78.4	67.5	60.7	26.5
Taxes on the change in net realized gains/losses	-26.0	-17.2	-20.1	-6.8
Total	19.7	-48.8	7.4	15.5
Available-for-sale-financial assets				
Changes in the period	61.7	107.3	44.4	53.9
Taxes on changes in the period	-1.1	-1.8	-0.8	15.5
Total	60.6	105.5	43.6	69.4
Items which will be regonized in profit or loss in the future	80.3	56.7	51.0	84.9
Actuarial gains and losses from pensions and similar obligations				
Change in actuarial gains/losses, net	15.6	-65.3	11.6	-34.3
Tax effect	-5.2	21.7	-3.9	11.4
Items which will not be recognized in profit or loss in the future	10.4	-43.6	7.7	-22.9
Other comprehensive income	90.7	13.1	58.7	62.0
Total comprehensive income	**1,155.3**	**161.0**	**992.6**	**130.7**
Attributable to:				
Vonovia's shareholders	1,083.7	124.0	935.1	116.1
Vonovia's hybrid capital investors	14.8	14.8	7.4	7.4
Non-controlling interests	56.8	22.2	50.1	7.2

Also see the corresponding explanations in the Notes.

Consolidated Balance Sheet

in € million	Notes	June 30, 2017	Dec. 31, 2016
Assets			
Intangible assets	2	2,957.8	2,743.1
Property, plant and equipment		130.5	115.7
Investment properties	9	30,495.7	26,980.3
Financial assets		648.4	585.9
Other assets		109.4	15.2
Deferred tax assets		24.9	19.6
Total non-current assets		34,366.7	30,459.8
Inventories		5.8	5.0
Trade receivables		220.7	164.4
Financial assets		102.1	153.2
Other assets		165.1	102.7
Income tax receivables		28.4	34.6
Cash and cash equivalents		378.1	1,540.8
Assets held for sale		254.1	61.6
Total current assets		1,154.3	2,062.3
Total assets		**35,521.0**	**32,522.1**

in € million	Notes	June 30, 2017	Dec. 31, 2016
Equity and liabilities			
Subscribed capital		476.5	466.0
Capital reserves		5,673.4	5,334.9
Retained earnings		7,136.3	6,665.4
Other reserves		81.8	1.5
Total equity attributable to Vonovia's shareholders		13,368.0	12,467.8
Equity attributable to hybrid capital investors		1,021.4	1,001.6
Total equity attributable to Vonovia's shareholders and hybrid capital investors		14,389.4	13,469.4
Non-controlling interests		885.7	419.0
Total equity	10	15,275.1	13,888.4
Provisions		595.4	607.9
Trade payables		0.6	1.3
Non-derivative financial liabilities	11	11,771.1	11,643.4
Derivatives		18.0	19.1
Liabilities from finance leases		94.5	94.7
Liabilities to non-controlling interests		4.9	9.9
Other liabilities		80.8	83.3
Deferred tax liabilities		4,492.6	3,769.5
Total non-current liabilities		17,057.9	16,229.1
Provisions		360.8	370.8
Trade payables		123.5	138.8
Non-derivative financial liabilities	11	2,486.5	1,727.6
Derivatives		29.9	57.5
Liabilities from finance leases		11.2	4.5
Liabilities to non-controlling interests		0.4	2.7
Other liabilities		175.7	102.7
Total current liabilities		3,188.0	2,404.6
Total liabilities		20,245.9	18,633.7
Total equity and liabilities		**35,521.0**	**32,522.1**

Also see the corresponding explanations in the Notes.

Consolidated Statement of Cash Flows

in € million	Notes	Jan. 1– June 30, 2017	Jan. 1– June 30, 2016
Profit for the period		1,064.6	147.9
Net income from fair value adjustments of investment properties		-1,164.7	–
Revaluation of assets held for sale	4	-53.1	-17.0
Depreciation and amortization		14.9	10.0
Interest expenses/income		148.7	275.7
Income taxes		588.0	109.9
Results from disposals of investment properties		-37.0	-20.1
Results from disposals of other non-current assets		-0.1	-0.4
Other expenses/income not affecting net income		2.2	-0.1
Change in working capital		-66.1	-61.6
Income tax paid		-22.0	-11.4
Cash flow from operating activities		**475.4**	**432.9**
Proceeds from disposals of investment properties and assets held for sale		687.3	905.4
Proceeds from disposals of other assets		0.5	0.9
Payments for acquisition of investment properties		-422.5	-170.1
Payments for acquisition of other assets		-34.2	-421.2
Payments (last year: proceeds) for acquisition of shares in consolidated companies, in due consideration of liquid funds	2	-1,412.9	0.3
Interest received		2.8	2.7
Cash flow from investing activities		**-1,179.0**	**318.0**

in € million	Notes	Jan. 1– June 30, 2017	Jan. 1– June 30, 2016
Cash paid to shareholders of Vonovia SE and non-controlling interests	10	-271.8	-445.2
Proceeds from issuing financial liabilities	11	1,161.6	1,043.0
Cash repayments of financial liabilities	11	-1,413.7	-1,046.3
Payments for transaction costs in relating to capital measures		-9.4	-13.6
Payments for other financing costs		-34.6	-126.5
Payments for the acquisition of shares in non-controlling interests		-9.0	–
Proceeds for the sale of shares of consolidated companies		247.9	–
Interest paid		-130.1	-160.3
Cash flow from financing activities		-459.1	-748.9
Net changes in cash and cash equivalents		-1,162.7	2.0
Cash and cash equivalents at the beginning of the period		1,540.8	3,107.9
Cash and cash equivalents at the end of the period [1]		**378.1**	**3,109.9**

Also see the corresponding explanations in the Notes

[1] Thereof restricted cash € 55.5 million (June 30, 2016: € 78.0 million)

Consolidated Statement of Changes in Equity

				Other reserves	
				Can be reclassified	
in € million	Sub-scribed capital	Capital reserves	Retained earnings	Cash flow hedges	Available-for-sale financial assets
As of Jan. 1, 2016	466.0	5,892.5	4,309.9	-48.3	0.4
Profit for the period			110.0		
Other comprehensive income					
Changes in the period			-42.7	-99.1	105.5
Reclassification affecting net income				50.3	
Total comprehensive income			67.3	-48.8	105.5
Dividend distributed by Vonovia SE			-438.0		
Changes recognized directly in equity		-1.1	0.1		
As of June 30, 2016	**466.0**	**5,891.4**	**3,939.3**	**-97.1**	**105.9**
As of Jan. 1, 2017	466.0	5,334.9	6,665.4	-93.2	94.7
Profit for the period			993.2		
Other comprehensive income					
Changes in the period			10.2	-32.7	60.6
Reclassification affecting net income				52.4	
Total comprehensive income			1,003.4	19.7	60.6
Capital increase	10.5				
Premium on the issue of new shares		342.1			
Transaction costs in connection with the issue of shares		-2.0			–
Dividend distributed by Vonovia SE			-525.1		
Acquisition of conwert		–	–		
Changes recognized directly in equity [1]		-1.6	-7.4		
As of June 30, 2017	**476.5**	**5,673.4**	**7,136.3**	**-73.5**	**155.3**

[1] The main changes in the changes (share disposals) recognized directly in equity relate to company law change in connection with preparations for the merger of GAGFAH S.A. with Vonovia SE.

Total	Equity attributable to Vonovia's shareholders	Equity attributable to Vonovia's hybrid capital investors	Equity attributable to Vonovia's shareholders and hybrid capital investors	Non-controlling interests	Total equity
-47.9	**10,620.5**	**1,001.6**	**11,622.1**	**244.8**	**11,866.9**
	110.0	14.8	124.8	23.1	147.9
6.4	-36.3		-36.3	-0.9	-37.2
50.3	50.3		50.3		50.3
56.7	124.0	14.8	138.8	22.2	161.0
	-438.0		-438.0		-438.0
	-1.0	5.0	4.0	4.4	8.4
8.8	**10,305.5**	**1,021.4**	**11,326.9**	**271.4**	**11,598.3**
1.5	**12,467.8**	**1,001.6**	**13,469.4**	**419.0**	**13,888.4**
	993.2	14.8	1,008.0	56.6	1,064.6
27.9	38.1		38.1	0.2	38.3
52.4	52.4		52.4		52.4
80.3	1,083.7	14.8	1,098.5	56.8	1,155.3
	10.5	–	10.5		10.5
	342.1		342.1		342.1
	-2.0		-2.0		-2.0
	-525.1		-525.1	–	-525.1
	–		–	129.4	129.4
	-9.0	5.0	-4.0	280.5	276.5
81.8	**13,368.0**	**1,021.4**	**14,389.4**	**885.7**	**15,275.1**

Notes

Accounting Policies

1 Principles of the Consolidated Financial Statements

Vonovia SE is incorporated and domiciled in Germany; its registered office is located in Düsseldorf. The head office (principal place of business) is located at Philippstrasse 3, Bochum.

The consolidated financial statements as of June 30, 2017, were prepared in line with the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union for interim financial statements in accordance with IAS 34 and include the company and its subsidiaries.

Recognition and measurement, as well as the explanatory information and notes, are based on the same recognition and measurement methods used to prepare the consolidated financial statements for the 2016 fiscal year. In accordance with IAS 34, the scope of Vonovia's interim consolidated financial statements as of June 30, 2017, is condensed compared with the consolidated financial statements as of December 31, 2016.

All estimates, assumptions, options and judgments remain unchanged from the last consolidated financial statements as of December 31, 2016.

There were no seasonal or economic influences that had an impact on Vonovia's business activities in the reporting period.

2 Scope of Consolidation and Business Combinations

Acquisition of conwert Immobilien Invest SE

In connection with the voluntary public takeover offer that Vonovia SE made on November 17, 2016, to the shareholders of conwert Immobilien Invest SE, Vienna (conwert), a total of 72,902,498 or 71.54 % of the shares had been tendered after the end of the acceptance deadline on December 19, 2016; 682,852 of which were tendered as part of an alternative exchange offer. This corresponds to 339,135 new Vonovia shares to be created.

The acquisition date, the time at which Vonovia SE obtained control of the conwert Group, was January 10, 2017. Vonovia SE's non-cash capital increase, using authorized capital, was entered in the commercial register of Düsseldorf Local Court on this day, and was formulated as a suspensive condition of the takeover offer. This transaction shall be treated as a business combination in accordance with IFRS 3.

Pursuant to Section 19 (3) UebG, the acceptance deadline was extended by three months, starting at the time the result was announced, namely until March 23, 2017 (grace period), for those shareholders who had not yet accepted the offer. The conwert shareholders who wanted to accept this offer were given the option, as with the first tender period, to choose between a cash offer (payment of the cash purchase price of € 16.16 per share in conwert) and an alternative exchange offer (74 shares in Vonovia for every 149 shares in conwert). The extended acceptance period ended on March 23, 2017, with a further 21,965,224 shares in conwert being tendered. 4,947,554 shares were tendered in exchange for shares in Vonovia. This corresponds to 2,457,177 new Vonovia shares to be created. The capital increase was entered in the Commercial Register on March 31, 2017. This is a transaction that is linked to the actual share purchase (linked transaction). This means that the result of the grace period has to be taken into account when allocating the purchase price as of the acquisition date in respect of the consideration transferred and the resulting goodwill.

The consideration transferred for the acquisition of 93.09 % of the shares in the share capital of the conwert Group in total comprises the following:

in € billion

Net cash purchase price component	1.44
Equity instruments	0.09
Total consideration	**1.53**

As part of the first tender, the share-based component relates to 339,135 no-par value shares from the non-cash capital increase of Vonovia SE, which were exchanged by Vonovia SE for the conwert shares. This share-based component was valued at the XETRA closing price of € 31.48 per share on January 10, 2017, and amounts to € 10.7 million.

As part of the extended tender, the share-based component relates to 2,457,177 no-par value shares from the non-cash capital increase of Vonovia SE, which were exchanged by Vonovia SE for the conwert shares. This share-based component was valued at the XETRA closing price of € 32.59 per share on March 23, 2017, and amounts to € 80.1 million.

The provisional allocation of the total purchase price to the acquired assets and liabilities (PPA) of the conwert Group as of the date of first-time consolidation is based on a preliminary external valuation report that was commissioned for this purpose to calculate the fair values of these assets and liabilities.

The assets and liabilities assumed in the course of the business combination had the following provisional fair values as of the date of first-time consolidation:

in € billion

Investment properties	2.47
Cash and cash equivalents	0.03
Assets held for sale	0.35
Fair value of other assets	0.15
Total assets	**3.00**
Non-controlling interests	0.13
Non-derivative financial liabilities	1.23
Deferred tax liabilities	0.16
Fair value of other liabilities	0.16
Total liabilities	**1.68**
Fair value net assets	**1.32**
Consideration	1.53
Goodwill	**0.21**

The goodwill represents synergies from the future integration of the conwert Group.

Out of the trade receivables that were acquired, an amount of € 19.8 million is likely to have been uncollectible at the time of acquisition. The gross amount of the acquired trade receivables was € 110.7 million. The net carrying amount, which corresponds to the fair value, was € 90.9 million.

Since January 2017, the conwert Group has recognized income from property management in the amount of € 94.9 million, as well as an earnings contribution in terms of earnings before fair value adjustments of investment properties, interest, taxes, depreciation and amortization (EBITDA IFRS) of € 45.1 million, which are already reflected in Vonovia's consolidated financial statements in accordance with the IFRS.

Transaction costs of € 4.7 million have been incurred in the 2017 fiscal year, with € 3.0 million recognized as other operating expenses. In addition, other transaction costs in connection with the capital increase were offset against the capital reserves outside profit or loss, taking deferred taxes into account.

A total of 118 domestic and 90 foreign companies of the conwert Group will be newly included in the scope of consolidation as of the date of acquisition.

Notes to the Consolidated Income Statement

The figures from the previous year are only comparable to a limited extent due to acquisitions made in the first quarter of 2017.

3 Income from Property Management

in € million	Jan. 1-June 30, 2017	Jan. 1-June 30, 2016
Rental income	835.4	776.7
Ancillary costs	336.2	323.3
Income from property letting	1,171.6	1,100.0
Other income from property management	20.8	19.4
Income from property management	**1,192.4**	**1,119.4**

4 Profit on Disposal of Properties

in € million	Jan. 1-June 30, 2017	Jan. 1-June 30, 2016
Income from disposal of investment properties	251.6	142.4
Carrying amount of investment properties sold	-214.6	-122.3
Profit on disposal of investment properties	37.0	20.1
Income from sale of assets held for sale	450.3	708.1
Retirement carrying amount of assets held for sale	-450.3	-708.1
Revaluation of assets held for sale	53.1	17.0
Profit on disposal of assets held for sale	53.1	17.0
	90.1	**37.1**

The fair value adjustment of investment properties held for sale for which a purchase contract had been signed but for which transfer of title had not yet taken place led to a gain of € 53.1 million as of June 30, 2017 (1st half of 2016: € 17.0 million).

5 Net Income from Fair Value Adjustments of Investment Properties

The measurement of the investment properties led to a valuation gain as of June 30, 2017 of € 1,164.7 million (1st half of 2016: € 0.0 million) (see explanatory information in note [9] Investment Properties).

6 Cost of Materials

in € million	Jan. 1-June 30, 2017	Jan. 1-June 30, 2016
Expenses for ancillary costs	317.5	310.8
Expenses for maintenance	204.0	155.2
Other cost of purchased goods and services	48.0	40.6
	569.5	**506.6**

7 Financial Income

in € million	Jan. 1-June 30, 2017	Jan. 1-June 30, 2016
Income from other investments	19.4	10.2
Income from non-current securities and non-current loans	0.9	1.0
Other interest and similar income	23.4	10.4
	43.7	**21.6**

The income from other investments comprises financial income from investments in other real estate companies in the amount of € 12.9 million (1st half of 2016: € 9.5 million) and also € 6.3 million (1st half of 2016: € 0.6 million) in financial income from the collection of the profit participation in AVW GmbH & Co. KG, Hamburg, for the previous fiscal year in each case.

8 Financial Expenses

in € million	Jan. 1-June 30, 2017	Jan. 1-June 30, 2016
Interest expense from non-derivative financial liabilities	153.8	172.8
Swaps (current interest expense for the period)	1.7	19.6
Effects from the valuation of non-derivative financial instruments	-16.7	-13.0
Effects from the valuation of swaps	9.9	6.8
Transaction costs	6.2	20.0
Prepayment penalties and commitment interest	2.9	68.8
Interest expenses purchase price liabilities from put options/rights to reimbursement	7.6	2.2
Interest accretion to provisions	4.6	5.9
Other financial expenses	2.9	4.4
	172.9	**287.5**

Notes to the Consolidated Balance Sheet

9 Investment Properties

in € million

As of Jan. 1, 2017	**26,980.3**
Additions due to business combinations	2,469.6
Additions	26.1
Capitalized modernization costs	303.3
Grants received	-1.5
Transfer from property, plant and equipment	6.1
Transfer from assets held for sale	0.6
Transfer to assets held for sale	-292.0
Disposals	-214.7
Net income from fair value adjustments of investment properties	1,164.7
Revaluation of assets held for sale	53.2
As of June 30, 2017	**30,495.7**
As of Jan. 1, 2016	23,431.3
Additions	304.8
Capitalized modernization costs	518.8
Grants received	-1.2
Transfer from property, plant and equipment	14.1
Transfer to property, plant and equipment	-27.1
Transfer from assets held for sale	0.1
Transfer to assets held for sale	-230.8
Disposals	-317.0
Net income from fair value adjustments of investment properties	3,236.1
Revaluation of assets held for sale	51.2
As of Dec. 31, 2016	**26,980.3**

Fair Values

Vonovia determines fair value in accordance with the requirements of IAS 40 in conjunction with IFRS 13. We refer to the detailed information set out in the consolidated financial statements for 2016.

This information shows that Vonovia values its portfolio using a method known as the discounted cash flow (DCF) method. Under the DCF methodology, the expected future income and costs of a property are forecast over a period of ten years and discounted to the date of valuation as the net present value. In addition, the terminal value of the property at the end of the ten-year period is determined using the expected stabilized net operating income and again discounted to the date of valuation as the net present value.

Due to the market momentum recognized across Germany in the first half of 2017, Vonovia decided to perform a new valuation on the 20 German locations that account for the largest fair value shares. This list was extended to include Vienna and four other locations that were expected to have seen more significant changes in value. The selection constitutes the major share of the portfolio, accounting for around 2/3 of the total fair value.

As for the purposes of the annual financial statements, Vonovia determined the fair values as of June 30, 2017, in its in-house valuation department on the basis of the methodology described above. The property assets are also assessed by the independent property appraiser CBRE GmbH. The market value resulting from the external review deviates from the internal valuation result by less than 0.1 %. For the part of the portfolio that was not revalued, the valuation from the end of 2016 is applied again, with updates to reflect capitalization.

As far as conwert's portfolio is concerned, the result of the valuation performed by the external expert CBRE was applied to the interim financial statements. The fair values for the conwert portfolio in Germany were calculated using a DCF methodology that is comparable to the procedure used by Vonovia, as explained above. The properties in Austria were also valued by CBRE using a gross rental method. This involved calculating the value of a property by multiplying the net income (income that can be generated in the long term less property management costs that cannot be passed on, the risk of loss of rent and maintenance measures) by a multiplier. This multiplier depends on the capitalized interest rate and the remaining useful life.

The real estate portfolio of Vonovia is to be found in the balance sheet items investment properties, property, plant and equipment (owner-occupied properties) and assets held for sale. The fair value of the real estate portfolio comprising residential buildings, commercial properties, garages and parking spaces as well as undeveloped land and any inheritable building rights granted was € 30,830.2 million as of June 30, 2017 (Dec. 31, 2016: € 27,115.6 million). This corresponds to a net initial yield of 3.9 %* (Dec. 31, 2016: 4.0 %) for the developed land, an in-place-rent multiplier of 18.5 (Dec. 31, 2016: 17.6) and a fair value per m² of € 1,341 (Dec. 31, 2016: € 1,264).

* Portfolio Germany

The material valuation parameters for the investment properties (level 3) are as follows as of June 30, 2017, broken down by regional markets:

June 30, 2017 Regional Market	Valuation results* Fair Value (in € million)	thereof Assets held for sale (in € million)	thereof Owner-occupied properties (in € million)	thereof Investment properties (in € million)
Berlin	4,624.8	16.4	7.8	4,600.7
Rhine Main Area (Frankfurt, Darmstadt, Wiesbaden)	3,196.4	15.8	4.9	3,175.7
Rhineland (Cologne, Düsseldorf, Bonn)	3,105.1	2.8	4.6	3,097.6
Dresden	2,697.4	0.0	5.3	2,692.0
Southern Ruhr Area (Dortmund, Essen, Bochum)	2,678.5	5.0	4.2	2,669.3
Hamburg	1,786.6	3.8	2.7	1,780.2
Munich	1,691.9	9.6	2.4	1,679.9
Stuttgart	1,591.6	2.8	7.5	1,581.3
Northern Ruhr Area (Duisburg, Gelsenkirchen)	1,325.9	4.2	4.1	1,317.7
Hanover	1,100.1	1.9	1.3	1,096.9
Kiel	928.3	0.3	3.1	925.0
Bremen	853.7	0.0	4.1	849.6
Leipzig	679.6	0.1	0.5	679.0
Westphalia (Münster, Osnabrück)	613.4	0.2	1.1	612.1
Freiburg	508.4	0.5	1.7	506.1
Other Strategic Locations	1,966.9	4.1	3.2	1,959.6
Total Regional Market	29,348.6	67.3	58.5	29,222.8
Non-Strategic Locations	711.6	164.6	1.0	546.0
Total	**30,060.2**	**231.9**	**59.5**	**29,768.8**
Vienna (Austria)**	614.0	21.5	0.0	592.5

* Fair value of the developed land excluding € 156.0 million for other countries, undeveloped land, inheritable building rights granted and other, thereof € 134.4 million investment properties.
** The gross rental method for the portfolio in Austria uses valuation parameters that are only partially comparable.

The inflation rate applied to the DCF procedure is 1.5 %. This led overall to net income from fair value adjustments of € 1,164.7 million in the first half of 2017 (2016 fiscal year: € 3,236.1 million).

Explanatory information on the prior-year figures can be found in the 2016 Annual Report of Vonovia SE.

Sensitivity Analyses

The sensitivity analyses performed on Vonovia's real estate portfolio show the impact of the value drivers influenced by the market. Those influenced in particular are the market rents and their development, the amount of recognized administrative expenses, maintenance expenses, cost increases, vacancy rate and interest rates. The effect of possible fluctuations in these parameters is shown separately for each parameter according to regional market in the following.

Valuation parameters investment properties (Level 3)

Management costs residential (€ per residential unit p.a.)	Maintenance costs residential (per m² p.a.)	Market rent residential (per m² p.a.)	Market rent increase residential	Stabilized vacancy rate residential	Discount rate	Capitalized interest rate
248	13.95	6.71	1.4%	1.5%	4.5%	3.1%
268	14.07	8.25	1.4%	1.3%	5.4%	4.0%
264	13.73	7.26	1.3%	2.1%	5.4%	4.2%
236	14.51	6.30	1.2%	2.2%	5.5%	4.4%
262	13.27	5.97	1.1%	2.6%	5.7%	4.8%
255	14.32	7.49	1.2%	1.3%	5.0%	4.0%
258	13.84	10.56	1.5%	0.8%	5.1%	3.6%
266	14.06	8.18	1.4%	1.6%	5.5%	4.2%
262	13.30	5.56	0.9%	3.9%	6.0%	5.4%
255	13.77	6.41	1.3%	2.1%	5.5%	4.3%
254	14.46	6.21	1.2%	1.8%	5.5%	4.5%
259	13.37	5.90	1.3%	2.6%	5.2%	4.0%
241	14.20	5.98	1.2%	3.8%	5.5%	4.3%
256	13.60	5.97	1.2%	2.3%	5.7%	4.7%
264	14.24	7.58	1.4%	1.1%	4.9%	3.6%
264	13.59	6.68	1.2%	2.3%	5.6%	4.4%
256	**13.84**	**6.79**	**1.3%**	**2.1%**	**5.3%**	**4.1%**
260	13.38	5.17	0.9%	5.3%	5.9%	5.2%
257	**13.82**	**6.72**	**1.2%**	**2.3%**	**5.3%**	**4.1%**
n.a.	n.a.	9.40	n.a.	n.a.	n.a.	3.5%

Interactions between the parameters are possible but cannot be quantified owing to the complexity of the interrelationships. The “vacancy” and “market rent” parameters, for example, can influence each other. If rising demand for housing is not met by adequate supply developments, this can result in lower vacancy rates and, at the same time, rising market rents. If, however, the rising demand is compensated for by a high vacancy reserve in the location in question, the market rent level does not necessarily change.

Changes in the demand for housing can also impact the risk associated with the expected payment flows, which is then reflected in adjusted amounts recognized for discounting and capitalized interest rates. The effects do not, however, necessarily have to have a favorable impact on each other, for example if the changes in the demand for residential real estate are overshadowed by macroeconomic developments.

In addition, factors other than demand can have an impact on these parameters. Examples include changes in the housing stock, in seller and buyer behavior, political decisions and developments on the capital market.

The table below shows the percentage impact on values in the event of a change in the valuation parameters. The absolute impact on values is calculated by multiplying the percentage impact by the fair value of the investment properties.

	Change in parameters		
June 30, 2017	Management costs residential	Maintenance costs residential	cost increase/inflation
Regional Market	-10 % / +10 %	-10 % / +10 %	-0.5 % / +0.5 % points
Berlin	0.6 / -0.6	2.0 / -2.0	4.4 / -4.5
Rhine Main Area (Frankfurt, Darmstadt, Wiesbaden)	0.6 / -0.6	1.8 / -1.8	3.0 / -3.1
Rhineland (Cologne, Düsseldorf, Bonn)	0.6 / -0.6	2.0 / -2.0	3.3 / -3.4
Dresden	0.8 / -0.8	2.6 / -2.6	4.3 / -4.4
Southern Ruhr Area (Dortmund, Essen, Bochum)	1.0 / -1.0	2.8 / -2.8	4.2 / -4.3
Hamburg	0.6 / -0.6	2.1 / -2.1	3.8 / -3.9
Munich	0.4 / -0.4	1.4 / -1.4	3.1 / -3.2
Stuttgart	0.6 / -0.6	1.8 / -1.8	3.2 / -3.3
Northern Ruhr Area (Duisburg, Gelsenkirchen)	1.1 / -1.1	3.3 / -3.3	4.6 / -4.7
Hanover	0.8 / -0.8	2.4 / -2.4	4.0 / -4.1
Kiel	0.9 / -0.9	2.7 / -2.7	4.3 / -4.4
Bremen	0.9 / -0.9	2.8 / -2.8	5.2 / -5.3
Leipzig	0.8 / -0.7	2.1 / -2.1	2.2 / -2.5
Westphalia (Münster, Osnabrück)	0.9 / -0.9	3.0 / -3.0	4.5 / -4.6
Freiburg	0.6 / -0.6	2.0 / -2.0	3.7 / -3.9
Other Strategic Locations	0.7 / -0.7	2.3 / -2.3	3.7 / -3.8
Total Regional Market	**0.7 / -0.7**	**2.2 / -2.2**	**3.8 / -3.9**
Non-Strategic Locations	1.2 / -1.2	3.2 / -3.3	4.3 / -4.4
Total	**0.7 / -0.7**	**2.2 / -2.2**	**3.8 / -4.0**
Vienna (Austria)*	n.a.	n.a.	n.a.

* The gross rental method for the portfolio in Austria uses valuation parameters that are only partially comparable.

Change in parameters			
Market rent residential	Market rent increase residential	Stabilized vacancy rate residential	Discounting and capitalized interest rates
-2.0 % / +2.0 %	-0.2 % / +0.2 % points	-1 % / +1 % points	-0.25 % / +0.25 % points
-2.3 / 2.3	-7.8 / 9.1	1.6 / -1.7	9.1 / -7.7
-2.2 / 2.2	-5.8 / 6.5	1.3 / -1.6	6.7 / -5.9
-2.2 / 2.3	-5.7 / 6.5	1.7 / -1.7	6.6 / -5.9
-2.4 / 2.3	-5.9 / 6.6	2.0 / -2.0	6.4 / -5.7
-2.4 / 2.4	-5.5 / 6.1	2.1 / -2.1	5.7 / -5.1
-2.2 / 2.2	-6.2 / 7.0	1.4 / -1.8	7.1 / -6.3
-2.0 / 2.0	-6.5 / 7.4	0.8 / -1.5	8.0 / -7.0
-2.2 / 2.2	-5.8 / 6.5	1.6 / -1.6	6.7 / -5.9
-2.6 / 2.6	-5.2 / 5.8	2.3 / -2.3	5.0 / -4.6
-2.3 / 2.3	-5.8 / 6.5	1.9 / -1.9	6.4 / -5.7
-2.4 / 2.3	-5.8 / 6.5	2.0 / -2.0	6.1 / -5.4
-2.4 / 2.3	-6.5 / 7.4	2.0 / -2.1	6.9 / -6.1
-2.3 / 2.3	-5.3 / 5.9	1.6 / -1.6	6.2 / -5.5
-2.3 / 2.3	-5.6 / 6.3	2.1 / -2.1	5.8 / -5.2
-2.3 / 2.3	-6.7 / 7.7	1.4 / -1.7	7.6 / -6.7
-2.3 / 2.3	-5.7 / 6.4	1.8 / -1.9	6.2 / -5.5
-2.3 / 2.3	**-6.1 / 7.0**	**1.7 / -1.8**	**6.9 / -6.1**
-2.5 / 2.6	-5.2 / 5.8	2.2 / -2.2	5.1 / -4.7
-2.3 / 2.3	**-6.1 / 6.9**	**1.7 / -1.8**	**6.9 / -6.0**
-1.6 / 1.4	n.a.	n.a.	7.0 / -6.3

10 Equity

Development of the Subscribed Capital

in €

As of Jan. 1, 2017	**466,000,624.00**
Capital increase against non-cash contributions on January 10, 2017 (First tender conwert)	339,135.00
Capital increase against non-cash contributions on March 31, 2017 (Second tender conwert)	2,457,177.00
Capital increase against non-cash contributions on June 16, 2017 (share dividend)	7,663,312.00
As of June 30, 2017	**476,460,248.00**

Development of the Capital Reserves

in €

As of Jan. 1, 2017	**5,334,898,463.89**
Premium from the first tender conwert on January 10, 2017	10,335,140.12
Premium from the second tender conwert on March 31, 2017	77,622,252.60
Permium from the capital increase share dividend on June 16, 2017	254,115,425.92
Transaction costs on the issue of new shares (after allowing for deferred taxes)	-1,993,577.30
Other changes not affecting net income	-1,601,759.80
As of June 30, 2017	**5,673,375,945.43**

The non-cash capital increases in connection with the takeover of the conwert Group were made using the 2015 authorized capital. For detailed information, reference is made to note [2] Scope of Consolidation and Business Combinations.

Dividend

The Annual General Meeting held on May 16, 2017, resolved to pay a dividend for the 2016 fiscal year in the amount of € 1.12 per share.

For the first time, Vonovia offered its shareholders the option of choosing between being paid the dividend in cash or being granted new shares. During the subscription period, 49.86 % of shareholders opted for the stock dividend instead of a cash dividend. As a result, 7,663,312 new shares were issued using the company's authorized capital pursuant to Section 5b of the Articles of Association ("2016 authorized capital") at a subscription price of € 34.16 per share, i.e. a total amount of € 261,778,737.92. This means that the total number of Vonovia's shares has risen to 476,460,248. The total amount of the dividend distributed in cash therefore came to € 263,273,830.40.

Authorized Capital

The 2013 and 2015 authorized capital was canceled by way of a resolution passed by the Annual General Meeting held on May 16, 2017, in Düsseldorf, and a new 2017 authorized capital was created in the amount of € 66,556,874.00. Shareholder subscription rights for the 2017 authorized capital can be excluded.

The 2016 authorized capital still amounts to € 160,178,282.00, following its partial utilization for the issue of new shares as a stock dividend.

Capital increase that has been resolved but not completed as part of the merger of GAGFAH S.A. with Vonovia SE as of June 30, 2017

At the extraordinary Annual General Meeting of GAGFAH S.A. held on June 27, 2017, a resolution was passed on a cross-border merger of GAGFAH S.A. with Vonovia SE. In order to implement the merger, Vonovia increased the share capital by € 8,640,578.00 by issuing 8,640,578 new no-par-value registered shares in the company, each accounting for a pro rata amount of € 1.00 of the share capital (compensatory shares). The non-cash capital increase was registered on July 12, 2017.

The compensatory shares were created using the 2016 authorized capital. The 2016 authorized capital was used accordingly by way of a resolution passed by the Management Board on May 16, 2017, and with the consent of the company's Supervisory Board on May 16, 2017.

11 Non-Derivative Financial Liabilities

in € million	June 30, 2017 non-current	June 30, 2017 current	Dec. 31, 2016 non-current	Dec. 31, 2016 current
Non-derivative financial liabilities				
Liabilities to banks	2,406.6	972.1	3,259.1	180.3
Liabilities to other creditors	9,364.5	1,417.6	8,384.3	1,474.7
Deferred interest from non-derivative financial liabilities	-	96.8	-	72.6
	11,771.1	**2,486.5**	**11,643.4**	**1,727.6**

The US dollar bonds issued in 2013 are translated at the exchange rate at the end of the reporting period in line with applicable IFRS provisions. Allowing for the hedging rate prescribed through the interest hedging transaction entered into, this financial liability would be € 137.2 million (Dec. 31, 2016: € 209.9 million) lower than the recognized value.

The nominal obligations of the liabilities to banks and the liabilities to other creditors developed as follows:

in € million	June 30, 2017	Dec. 31, 2016
Bonds*	600.0	600.0
Bonds (US dollar)*	739.8	739.8
Bonds (EMTN)*	8,500.0	7,500.0
Bond (Hybrid)*	700.0	700.0
Taurus*	-	1,020.4
Portfolio loans:		
Berlin-Hannoversche Hypothekenbank (Landesbank Berlin)*	495.4	501.4
Berlin-Hannoversche Hypothekenbank, Landesbank Berlin and Landesbank Baden-Württemberg*	391.3	401.5
Corealcredit Bank AG*	146.5	147.7
Deutsche Hypothekenbank*	170.2	174.5
HSH Nordbank AG*	-	17.1
Nordrheinische Ärzteversorgung	32.2	33.3
Norddeutsche Landesbank*	118.7	120.4
Mortgages	1,310.8	1,238.3
conwert:		
Mortgages	912.4	-
	14,117.3	**13,194.4**

* Under the conditions of existing loan agreements, Vonovia is obliged to fulfill certain financial covenants.

Issue of Bonds under the EMTN – Tap Issuance (European Medium-Term Notes Program)

Based on the current tap issuance master agreement dated April 12, 2016, with the corresponding supplements (€ 15,000,000,000 debt issuance program), Vonovia issued two bonds of € 500 million each via its Dutch financing company in January 2017. The bonds were issued at an issue price of 99.863 %, a coupon of 0.75 % and with a maturity of five years for one tranche, and at an issue price of 99.266 %, a coupon of 1.75 % and with a maturity of ten years for the other.

Other Notes and Dislosures

12 Additional Financial Instrument Disclosures

Measurement categories and classes: in € million	Measurement category in acc. with IAS 39	Carrying amounts June 30, 2017
Assets		
Cash and cash equivalents		
Cash on hand and deposits at banking institutions	LaR	378.1
Trade receivables		
Receivables from the sale of properties	LaR	180.1
Receivables from property letting	LaR	35.1
Other receivables from trading	LaR	5.5
Financial assets		
Joint ventures valued at equity	n.a.	7.4
Loans to other investments	LaR	33.4
Other non-current loans	LaR	15.5
Non-current securities	AfS	7.8
Other investments	AfS	566.5
Derivative financial assets		
Cash flow hedges (cross currency swaps)	n.a.	119.9
Liabilities		
Trade payables	FLAC	124.1
Non-derivative financial liabilities	FLAC	14,257.6
Derivative financial liabilities		
Purchase price liabilities from put options/rights to reimbursement	FLHfT	26.1
Stand-alone interest rate swaps	FLHfT	3.5
Other swaps	n.a.	18.3
Liabilities from finance leases	n.a.	105.7
Liabilities to non-controlling interests	FLAC	5.3
Thereof aggregated by measurement categories in accordance with IAS 39:		
Loans and receivables	LaR	647.7
Available-for-sale financial assets	AfS	574.3
Financial liabilities held-for-trading	FLHfT	29.6
Financial liabilities measured at amortized cost	FLAC	14,387.0

Amounts recognized in balance sheet in accordance with IAS 39							
Face value	Amortized cost	Acquisition cost	Fair value affecting net income	Fair value recognized in equity	Amounts recognized in balance sheet in acc. with IAS 17/IAS 28	Fair value June 30, 2017	Fair value hierarchy level
378.1						378.1	1
	180.1					180.1	2
	35.1					35.1	2
	5.5					5.5	2
					7.4	7.4	n.a.
	33.4					67.0	2
	15.5					15.5	2
				7.8		7.8	1
		3.2		563.3		566.5	1
						119.9	2
	124.1					124.1	2
	14,257.6					14,821.1	2
			26.1			26.1	3
			3.5			3.5	2
						18.3	2
					105.7	207.9	2
	5.3					5.3	2
378.1	269.6					681.3	
		3.2		571.1		574.3	
			29.6			29.6	
	14,387.0					14,950.5	

Measurement categories and classes: in € million	Measurement category in acc. with IAS 39	Carrying amounts Dec. 31, 2016
Assets		
Cash and cash equivalents		
Cash on hand and deposits at banking institutions	LaR	1,540.8
Trade receivables		
Receivables from the sale of properties	LaR	135.4
Receivables from property letting	LaR	28.0
Other receivables from trading	LaR	1.0
Financial assets		
Joint ventures valued at equity	n. a.	3.9
Loans to other investments	LaR	33.5
Other non-current loans	LaR	4.0
Non-current securities	AfS	7.4
Other investments	AfS	504.5
Derivative financial assets		
Cash flow hedges (cross currency swaps)	n. a.	184.7
Embedded derivatives	FLHfT	0.2
Liabilities		
Trade payables	FLAC	140.1
Non-derivative financial liabilities	FLAC	13,371.0
Derivative financial liabilities		
Purchase price liabilities from put options/rights to reimbursement	FLHfT	57.2
Other swaps	n. a.	19.4
Liabilities from finance leases	n. a.	99.2
Liabilities to non-controlling interests	FLAC	12.6
Thereof aggregated by measurement categories in accordance with IAS 39:		
Loans and receivables	LaR	1,742.7
Available-for-sale financial assets	AfS	511.9
Financial liabilities held-for-trading	FLHfT	57.0
Financial liabilities measured at amortized cost	FLAC	13,523.7

Face value	Amortized cost	Acquisition cost	Fair value affecting net income	Fair value recognized in equity	Amounts recognized in balance sheet in acc. with IAS 17/IAS 28	Fair value Dec. 31, 2016	Fair value hierarchy level
Amounts recognized in balance sheet in accordance with IAS 39							
1,540.8						1,540.8	1
	135.4					135.4	2
	28.0					28.0	2
	1.0					1.0	2
					3.9	3.9	n.a.
	33.5					55.7	2
	4.0					4.0	2
				7.4		7.4	1
		2.6		501.9		504.5	1
						184.7	2
			0.2			0.2	2
	140.1					140.1	2
	13,371.0					14,041.0	2
			57.2			57.2	3
						19.4	2
					99.2	207.7	2
	12.6					12.6	2
1,540.8	201.9					1,764.9	
		2.6		509.3		511.9	
			57.0			57.0	
	13,523.7					14,193.7	

Financial assets and financial liabilities not covered by IAS 39 comprise:

> Employee benefits IAS 19: gross presentation of right to reimbursement arising from transferred pension obligations in the amount of € 6.6 million (Dec. 31, 2016: € 7.0 million).

> Amount by which the fair value of plan assets exceeds the corresponding obligation: € 1.1 million (Dec. 31, 2016: € 1.1 million).

> Provisions for pensions and similar obligations: € 505.5 million (Dec.31, 2016: € 522.6 million).

The following table shows the assets and liabilities that are recognized in the balance sheet at fair value and their classification according to the fair value hierarchy:

in € million	June 30, 2017	Level 1	Level 2	Level 3
Assets				
Investment properties	30,495.7			30,495.7
Available-for-sale financial assets				
Non-current securities	7.8	7.8		
Other investments	563.3	563.3		
Assets held for sale				
Investment properties (contract closed)	254.1		254.1	
Derivative financial assets				
Cash flow hedges (cross currency swaps)	119.9		119.9	
Liabilities				
Derivative financial liabilities				
Purchase price liabilities from put options/ rights to reimbursement	26.1			26.1
Cash flow hedges	14.5		14.5	
Stand-alone derivatives	3.5		3.5	

in € million	Dec. 31, 2016	Level 1	Level 2	Level 3
Assets				
Investment properties	26,980.3			26,980.3
Available-for-sale financial assets				
Non-current securities	7.4	7.4		
Other investments	501.9	501.9		
Assets held for sale				
Investment properties (contract closed)	61.6		61.6	
Derivative financial assets				
Cash flow hedges (cross currency swaps)	184.9		184.9	
Liabilities				
Derivative financial liabilities				
Purchase price liabilities from put options/ rights to reimbursement	57.2			57.2
Cash flow hedges	19.1		19.1	

Vonovia measures its investment properties generally on the basis of the discounted cash flow (DCF) methodology (Level 3). The main valuation parameters and valuation results can be found in note [9] Investment Properties.

The investment properties classified as assets held for sale are recognized at the time of their transfer to assets held for sale at their new fair value, the agreed purchase price (Level 2).

No financial instruments were reclassified to different hierarchy levels compared with the comparative period.

Non-current securities are measured using the quoted prices in active markets (Level 1).

For the measurement of financial instruments, cash flows are initially calculated and then discounted. In addition to the tenor-specific EURIBOR rates (3M; 6M), the respective credit risk is taken as a basis for discounting. Depending on the expected cash flows, either Vonovia's own credit risk or the counterparty risk is taken into account in the calculation. For the consolidated financial statements, Vonovia's own credit risk was relevant for interest rate swaps. This credit risk is derived for material risks from rates observable on the capital markets and ranges between 20 and 80 basis points, depending on the residual maturities of financial instruments. Regarding the positive market values of the cross currency swaps, a counterparty risk of between 30 and 50 basis points was taken into account.

The calculated cash flows of the cross currency swap result from the forward curve for USD/EUR. The cash flows are discounted on the basis of the reference interest rate of each currency (LIBOR and EURIBOR) and translated into euros at the current exchange rate (Level 2).

The fair value of the purchase price liabilities from put options/rights to reimbursement granted to minority shareholders is generally based on the going concern value of the respective company; if a contractually agreed minimum purchase price is higher than this amount, this purchase price is recognized (Level 3). The unobservable valuation parameters may fluctuate depending on the going concern values of these companies. However, a major change in value is not likely, as the business model is very predictable.

The following table shows the development of the put options recognized at fair value:

in € million	As of Jan. 1	Change in Scope of consolidation	Change in affecting net income	Change cash effective	Change not affecting net income	As of June 30
2017						
Purchase price liabilities from put options/rights to reimbursement	**57.2**	10.1	-14.7	–	-26.5	**26.1**
2016						
Purchase price liabilities from put options/rights to reimbursement	57.6	6.7	-0.4	–	-6.7	**57.2**

13 Segment Reporting

The following table shows the segment information for the first half of 2017: The segment previously referred to as “Extension” is being continued as the “Value-add Business” segment, without any changes being made to the content of its activities.

in € million	Rental	Value-add Business	Sales	Other*	Group
Jan. 1–June 30, 2017					
Segment income	833.2	483.8	701.9	-124.6	1,894.3
thereof external income	833.2	80.1	701.9	279.1	1,894.3
thereof internal income		403.7		-403.7	
Carrying amount of assets sold			-664.9		
Revaluation from disposal of assets held for sale			20.1		
Expenses for maintenance	-127.3				
Operating expenses	-132.4	-438.2	-12.8	113.1	
Adjusted EBITDA	573.5	45.6	44.3	-11.5	651.9
Non-recurring items					-46.3
Period adjustments from assets held for sale					32.9
Income from investments in other real estate companies					12.9
EBITDA IFRS					651.4
Net income from fair value adjustments of investment properties					1,164.7
Depreciation and amortization					-14.9
Income from other investments					-19.4
Financial income					43.7
Financial expenses					-172.9
EBT					1,652.6
Income taxes					-588.0
Profit for the period					**1,064.6**

* The income for the segments Rental, Value-add Business and sales constitutes income that is regularly reported to the Management Board as the chief operating decision-maker. The income in the column “Other” results from the onward charging of ancillary costs amounting to € 336.2 million, as well as consolidation effects. These are not part of the regular reporting to the Management Board and have thus been presented in the “Other” column. The cost side is also part of the reporting to the Management Board in order to ensure efficient property management.

in € million	Rental	Value-add Business	Sales	Other*	Group
Jan. 1–June 30, 2016					
Segment income	774.7	333.6	850.5	11.1	1,969.9
thereof external income	774.7	56.7	850.5	288.0	1,969.9
thereof internal income		276.9		-276.9	
Carrying amount of assets sold			-830.4		
Revaluation from disposal of assets held for sale			38.2		
Expenses for maintenance	-119.0				
Operating expenses	-120.1	-307.6	-11.8	-14.6	
Adjusted EBITDA	535.6	26.0	46.5	-3.5	604.6
Non-recurring items					-49.1
Period adjustments from assets held for sale					-21.1
Income from investments in other real estate companies					9.5
EBITDA IFRS					543.9
Net income from fair value adjustments of investment properties					-
Depreciation and amortization					-10.0
Income from other investments					-10.2
Financial income					21.6
Financial expenses					-287.5
EBT					257.8
Income taxes					-109.9
Profit for the period					**147.9**

* The income for the segments Rental, Value-add Business and sales constitutes income that is regularly reported to the Management Board as the chief operating decision-maker. The income in the column "Other" results from the onward charging of ancillary costs amounting to € 323.3 million, as well as consolidation effects. These are not part of the regular reporting to the Management Board and have thus been presented in the "Other" column. The cost side is also part of the reporting to the Management Board in order to ensure efficient property management.

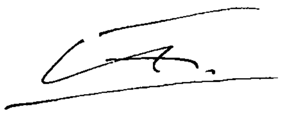
The following table gives a detailed list of the non-recurring items for the reporting period:

in € million	Jan. 1– June 30, 2017	Jan. 1– June 30, 2016
Severance payments/ Pre-retirement arrangements	7.1	16.7
Business model optimisation/ Development of new fields of business	9.4	7.7
Acquisition costs incl. integration costs*	28.9	23.2
Refinancing and equity measures	0.9	1.5
Total non-Recurring Items	**46.3**	**49.1**

* Including takeover costs and one-time expenses in connection with acquisitions, such as HR measures relating to the integration process. Figures for the previous year shown in line with the current reporting structure for 2017.

Düsseldorf, July 25, 2017

Rolf Buch
(CEO)



Klaus Freiberg
(COO)

Dr. A. Stefan Kirsten
(CFO)

Gerald Klinck
(CCO)

Review Report

To Vonovia SE, Düsseldorf

We have reviewed the condensed interim consolidated financial statements – comprising Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity and Selected Explanatory Notes to the condensed interim consolidated financial statements – together with the interim group management report of the Vonovia SE, Düsseldorf, for the period from January 1 to June 30, 2017 that are part of the half year financial report according to § 37w WpHG [„Wertpapierhandelsgesetz“: „German Securities Trading Act“]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) as well as in supplementary compliance with the International Standard on Review Engagements „Review of interim Financial information performed by the Independent Auditor of the Entity“ (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Essen, July 31, 2017

KPMG AG
Wirtschaftsprüfungsgesellschaft

Ufer	Bornhofen
German Public Auditor	German Public Auditor

Responsibility Statement

"To the best of our knowledge and in accordance with the applicable reporting principles, the interim consolidated financial statements give a true and fair view of the Group's net assets, financial position and results of operations, and the combined Group management report includes a fair view of the business development including the results and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remainder of the fiscal year."

Düsseldorf, July 25, 2017

Rolf Buch (CEO)	Klaus Freiberg (COO)	Dr. A. Stefan Kirsten (CFO)	Gerald Klinck (CCO)

Portfolio Information

Vonovia manages its own real estate portfolio with a fair value of € 30.8 billion as of June 30, 2017. The vast majority of our apartments are located in regions with positive economic and demographic development prospects.

Portfolio Structure

	Fair value*				
As at June 30, 2017	(in € million)	(in €/m²)	Residential units	Vacancy rate (in %)	In-place rent (in €/m²)
Strategic	27,925.1	1,360	320,311	2.6	6.18
Operate	9,654.4	1,344	105,972	2.8	6.29
Upgrade Buildings	10,055.3	1,312	125,064	2.7	6.03
Optimize Apartments	8,215.5	1,444	89,275	2.1	6.25
Privatize	1,531.2	1,357	16,180	4.3	6.01
Non-Strategic	336.7	616	8,862	8.9	4.85
Non-Core	267.2	732	5,259	8.2	4.99
Vonovia Germany	30,060.2	1,332	350,612	2.9	6.12
Vonovia Austria	614.0	2,071	2,203	3.1	6.24
Total	**30,674.2**	**1,341**	**352,815**	**2.9**	**6.12**

Breakdown of Strategic Housing Stock by Regional Market**

	Fair value*				
As at June 30, 2017	(in € million)	(in €/m²)	Residential units	Vacancy rate (in %)	In-place rent (in €/m²)
Regional market**					
Berlin	4,624.8	1,820	38,582	1.7	6.21
Rhine Main Area	3,196.4	1,757	28,052	1.8	7.54
Rhineland	3,105.1	1,464	30,756	3.1	6.65
Dresden	2,697.4	1,153	38,603	2.5	5.67
Southern Ruhr Area	2,678.5	963	44,528	3.3	5.52
Hamburg	1,786.6	1,648	16,584	2.2	6.67
Munich	1,691.9	2,564	9,752	0.8	7.60
Stuttgart	1,591.6	1,717	14,235	1.8	7.42
Northern Ruhr Area	1,325.9	774	27,281	4.1	5.24
Hanover	1,100.1	1,236	13,826	3.0	6.01
Kiel	928.3	1,103	13,983	1.8	5.60
Bremen	853.7	1,147	11,921	3.7	5.34
Leipzig	679.6	1,096	9,171	4.2	5.69
Westphalia	613.4	968	9,651	2.2	5.46
Freiburg	508.4	1,816	4,055	1.8	6.83
Other strategic locations	1,966.9	1,261	24,012	2.9	6.22
Total strategic locations	**29,348.6**	**1,361**	**334,992**	**2.6**	**6.17**

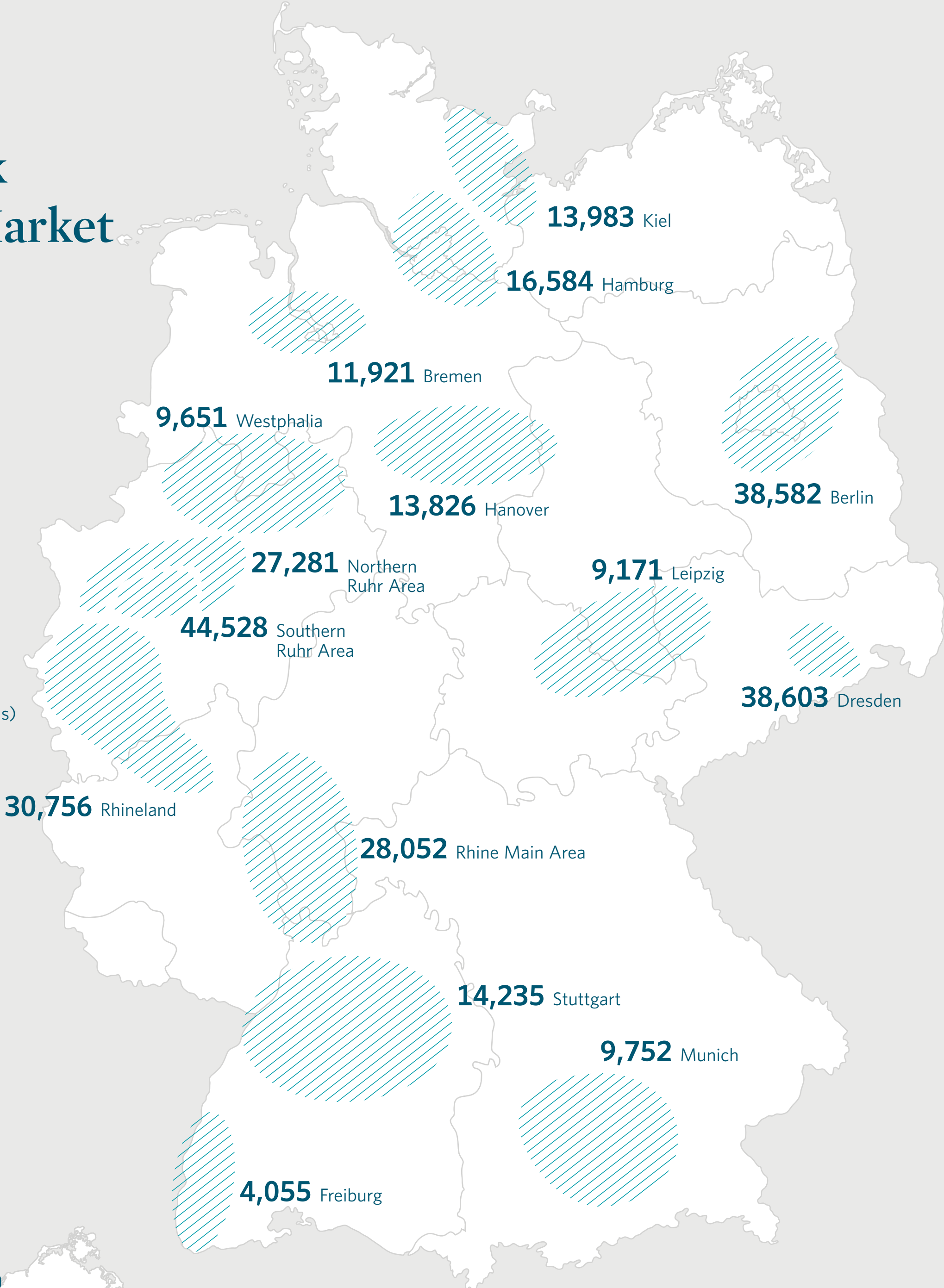
* Fair value of the developed land excluding € 156.0 million for undeveloped land, inheritable building rights granted and other.

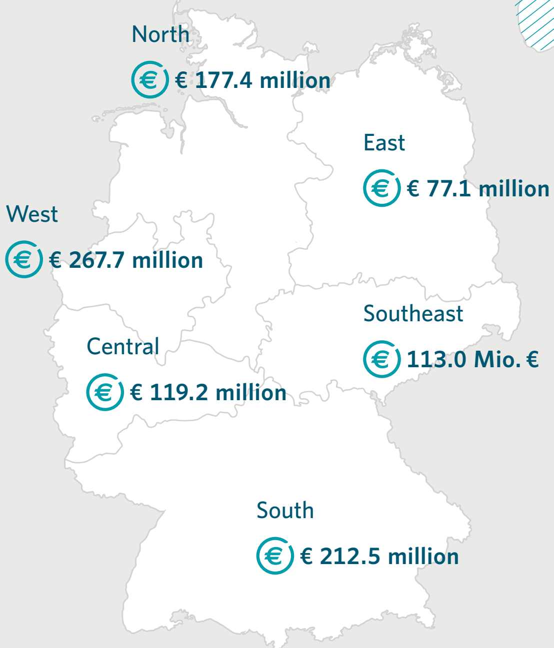
** With regard to the residential real estate market, regional markets are largely similar metropolitan areas based on the definition of the German Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR). In addition to the strategic housing stock, they also include stocks for privatization in strategic locations.

Housing Stock by Regional Market

Number of Units

352,815
units (including units at other locations)





Planned Portfolio Investments in 2017*

* plus € 33 million for other projects at preparation stage

1 billion
Total investments for 2017 in €

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Financial Calendar

August 2, 2017	Publication of Interim Report January–June 2017
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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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