FINANCIAL STATEMENTS

As of the reporting date, the Group had a stable financial and net assets situation. With total assets up by € 11.9 billion to € 49.4 billion, the equity ratio comes to 39.8%. The property assets, including owner-occupied properties and assets held for sale, amount to € 44.2 billion. Cash and cash equivalents came to € 0.5 billion at the end of the year.

Consolidated Income Statement

January 1 until December 31

in € million	Notes	2017	2018
Income from property letting		2,344.0	2,647.9
Other income from property management		47.6	60.3
Income from property management	7	**2,391.6**	**2,708.2**
Income from disposal of properties		1,206.4	1.097.5
Carrying amount of properties sold		-1,136.0	-933.7
Revaluation of assets held for sale		81.1	68.5
Profit on disposal of properties	8	**151.5**	**232.3**
Income from the disposal of properties (Development)		–	225.1
Cost of sold properties		–	-181.8
Profit on the disposal of properties (Development)	9	**–**	**43.3**
Net income from fair value adjustments of investment properties	10	3,434.1	3,517.9
Capitalized internal expenses	11	458.1	608.2
Cost of materials	12	-1,176.4	-1,381.0
Personnel expenses	13	-416.0	-513.1
Depreciation and amortization	14	-372.2	-737.9
Other operating income	15	110.7	132.2
Impairment losses on financial assets		-23.0	-21.6
Gains/losses resulting from the derecognition of financial assets measured at amortized cost		2.0	1.0
Other operating expenses	16	-246.8	-300.0
Net income from investments accounted for using the equity method		0.0	1.8
Financial income	17	46.8	32.1
Financial expenses	18	-353.0	-449.1
Earnings before tax		**4,007.4**	**3,874.3**
Income taxes	19	-1,440.5	-1,471.5
Profit for the period		**2,566.9**	**2,402.8**
Attributable to:			
Vonovia's shareholders		2,410.7	2,266.5
Vonovia's hybrid capital investors		40.0	40.0
Non-controlling interests		116.2	96.3
Earnings per share (basic and diluted) in €	20	**5.06**	**4.48**

Consolidated Statement of Comprehensive Income

January 1 until December 31

in € million	2017	2018
Profit for the period	2,566.9	2,402.8
Cash flow hedges		
Change in unrealized gains/losses	-168.0	0.4
Taxes on the change in unrealized gains/losses	57.3	3.0
Net realized gains/losses	199.8	3.1
Taxes due to net realized gains/losses	-64.7	-1.0
Total	24.4	5.5
Available-for-sale financial assets		
Changes in the period	133.4	–
Taxes on changes in the period	-2.4	–
Total	131.0	–
Currency translation differences		
Changes in the period	0.9	16.3
Net realized gains/losses	–	-0.7
Total	0.9	15.6
Items which will be recognized in profit or loss in the future	156.3	21.1
Equity instruments at fair value in other comprehensive income		
Changes in the period	–	60.0
Taxes on changes in the period	–	-0.9
Total	–	59.1
Actuarial gains and losses from pensions and similar obligations		
Change in actuarial gains/losses, net	5.1	-7.7
Tax effect	-1.8	2.7
Total	3.3	-5.0
Items which will not be recognized in profit or loss in the future	3.3	54.1
Other comprehensive income	159.6	75.2
Total comprehensive income	**2,726.5**	**2,478.0**
Attributable to:		
Vonovia's shareholders	2,570.2	2,340.3
Vonovia's hybrid capital investors	40.0	40.0
Non-controlling interests	116.3	97.7

Consolidated Balance Sheet

Assets

in € million	Notes	Dec. 31, 2017	Dec. 31, 2018
Intangible assets	21	2,637.1	2,943.2
Property, plant and equipment	22	177.6	250.4
Investment properties	23	33,182.8	43,490.9
Financial assets	24	698.0	888.8
Other assets	25	13.8	12.2
Deferred tax assets		10.3	54.1
Total non-current assets		36,719.6	47,639.6
Inventories	27	6.2	8.8
Trade receivables	28	234.9	493.1
Financial assets	24	0.5	0.8
Other assets	25	98.4	114.4
Income tax receivables	26	47.9	170.2
Cash and cash equivalents	29	266.2	547.7
Real estate inventories	30	–	307.1
Assets held for sale	31	142.6	105.9
Total current assets		796.7	1,748.0
Total assets		**37,516.3**	**49,387.6**

Equity and liabilities

in € million	Notes	Dec. 31, 2017	Dec. 31, 2018
Subscribed capital		485.1	518.1
Capital reserves		5,966.3	7,183.4
Retained earnings		8,471.6	9,942.0
Other reserves		157.8	236.7
Total equity attributable to Vonovia's shareholders		**15,080.8**	**17,880.2**
Equity attributable to hybrid capital investors		1,001.6	1,001.6
Total equity attributable to Vonovia's shareholders and hybrid capital investors		**16,082.4**	**18,881.8**
Non-controlling interests		608.8	782.3
Total equity	32	**16,691.2**	**19,664.1**
Provisions	33	607.2	616.7
Trade payables	34	2.4	4.4
Non-derivative financial liabilities	35	12,459.4	17,437.5
Derivatives	36	8.7	69.8
Liabilities from finance leases	37	94.7	94.7
Liabilities to non-controlling interests	38	24.9	24.2
Financial liabilities from tenant financing	39	–	56.1
Other liabilities	40	65.3	42.5
Deferred tax liabilities		5,322.6	7,231.9
Total non-current liabilities		**18,585.2**	**25,577.8**
Provisions	33	376.5	450.5
Trade payables	34	130.7	239.1
Non-derivative financial liabilities	35	1,601.1	2,698.5
Derivatives	36	4.4	41.4
Liabilities from finance leases	37	4.6	4.7
Liabilities to non-controlling interests	38	9.0	9.0
Financial liabilities from tenant financing	39	7.7	104.7
Other liabilities	40	105.9	597.8
Total current liabilities		**2,239.9**	**4,145.7**
Total liabilities		**20,825.1**	**29,723.5**
Total equity and liabilities		**37,516.3**	**49,387.6**

Consolidated Statement of Cash Flows

January 1 until December 31

in € million	Notes	2017	2018
Profit for the period		2,566.9	2.402.8
Net income from fair value adjustments of investment properties	10	-3,434.1	-3,517.9
Revaluation of assets held for sale	8	-81.1	-68.5
Depreciation and amortization	14	372.2	737.9
Interest expenses/income		326.3	440.1
Income taxes	19	1,440.5	1,471.5
Results from disposals of investment properties		-70.4	-163.8
Results from disposals of other non-current assets		0.2	0.2
Other expenses/income not affecting net income		0.6	–
Change in working capital		-123.7	-3.4
Income tax paid		-51.4	-166.4
Cash flow from operating activities		946.0	1,132.5
Proceeds from disposals of investment properties and assets held for sale		1,165.2	1,054.2
Proceeds from disposals of other assets		16.4	7.4
Payments for acquisition of investment properties	23	-1,043.0	-1,358.8
Payments for acquisition of other assets	23/25	-80.2	-211.5
Payments for acquisition of shares in consolidated companies, in due consideration of liquid funds	4	-1,412.0	-3,387.7
Interest received		3.5	3.9
Cash flow from investing activities		-1,350.1	-3,892.5

in € million	Notes	2017	2018
Capital contributions on the issue of new shares (including premium)	32	–	995.8
Cash paid to shareholders of Vonovia SE and non-controlling interests	32	-277.9	-401.1
Payments to hybrid capital investors	32	-40.0	-40.0
Proceeds from issuing financial liabilities	35	2,920.5	5,064.2
Cash repayments of financial liabilities	35	-3,248.7	-1,901.6
Payments for transaction costs in connection with capital measures	35	-12.5	-54.9
Payments for other financing costs		-47.9	-22.3
Payments for the acquisition of shares in non-controlling interests		-137.1	-309.0
Proceeds for the sale of shares of consolidated companies		276.6	16.2
Interest paid		-303.5	-305.8
Cash flow from financing activities		**-870.5**	3,041.5
Net changes in cash and cash equivalents		**-1,274.6**	281.5
Cash and cash equivalents at the beginning of the period		1,540.8	266.2
Cash and cash equivalents at the end of the period*	29	**266.2**	**547.7**

* Thereof restricted cash € 57.2 million (Dec. 31, 2017: € 36,3 million).

Consolidated Statement of Changes in Equity

in € million	Subscribed capital	Capital reserves	Retained earnings	Other reserves: Cash flow hedges	Other reserves: Equity instruments at fair value in other comprehensive income
As of Jan. 1, 2017	466.0	5,334.9	6,665.4	-93.2	94.7
Profit for the period			2,410.7		
Other comprehensive income					
Changes in the period			3.2	-110.7	131.0
Reclassification affecting net income				135.1	
Total comprehensive income			2,413.9	24.4	131.0
Capital increase	19.1				
Premium on the issue of new shares		634.3			
Transaction costs in connection with the issue of shares		-2.9			
Dividend distributed by Vonovia SE			-525.1		
Acquisition of conwert					
Changes recognized directly in equity			-82.6		
As of Dec. 31, 2017	**485.1**	**5,966.3**	**8,471.6**	**-68.8**	**225.7**
As of Jan. 1, 2018	485.1	5,966.3	8,471.6	-68.8	225.7
Profit for the period			2,266.5		
Other comprehensive income					
Changes in the period			-5.1	3.4	59.1
Reclassification affecting net income				2.1	
Total comprehensive income			2,261.4	5.5	59.1
Capital increase	33.0				
Premium on the issue of new shares		1,224.4			
Transaction costs in connection with the issue of shares		-7.5			
Dividend distributed by Vonovia SE			-640.3		
Acquisitions (mainly Victoria Park and BUWOG)					
Changes recognized directly in equity		0.2	-150.7		
As of Dec. 31, 2018	**518.1**	**7,183.4**	**9,942.0**	**-63.3**	**284.8**

Currency translation differences	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
	1.5	12,467.8	1,001.6	13,469.4	419.0	13,888.4
		2,410.7	40.0	2,450.7	116.2	2,566.9
0.9	21.2	24.4		24.4	0.1	24.5
	135.1	135.1		135.1		135.1
0.9	156.3	2.570.2	40.0	2,610.2	116.3	2,726.5
		19.1		19.1		19.1
		634.3		634.3		634.3
		-2.9		-2.9		-2.9
		-525.1		-525.1		-525.1
					127.3	127.3
		-82.6	-40.0	-122.6	-53.8	-176.4
0.9	**157.8**	**15,080.8**	**1,001.6**	**16,082.4**	**608.8**	**16,691.2**
0.9	157.8	15,080.8	1,001.6	16,082.4	608.8	16,691.2
		2,266.5	40.0	2,306.5	96.3	2,402.8
15.0	77.5	72.4		72.4	1.4	73.8
-0.7	1.4	1.4		1.4		1.4
14.3	78.9	2,340.3	40.0	2,380.3	97.7	2,478.0
		33.0		33.0		33.0
		1,224.4		1,224.4		1,224.4
		-7.5		-7.5		-7.5
		-640.3		-640.3		-640.3
					554.0	554.0
		-150.5	-40.0	-190.5	-478.2	-668.7
15.2	**236.7**	**17,880.2**	**1,001.6**	**18,881.8**	**782.3**	**19,664.1**