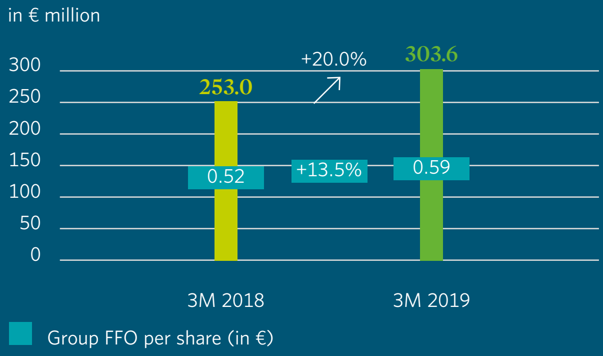
BUSINESS DEVELOPMENT IN THE FIRST THREE MONTHS OF 2019

Overview

Vonovia made a successful start to the 2019 financial year. We continued to apply our business strategy unchanged in the first three months. With over € 240 million invested in modernization and new construction projects in the first quarter of 2019, the investment program remains the key driver of our organic growth. Our Group FFO rose by 20.0% in 2019 as against the prior-year quarter to total € 303.6 million due to acquisitions.

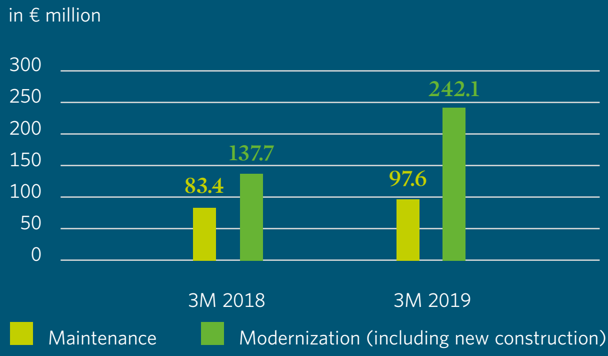
Further Increase in Sustained Earnings

Group FFO



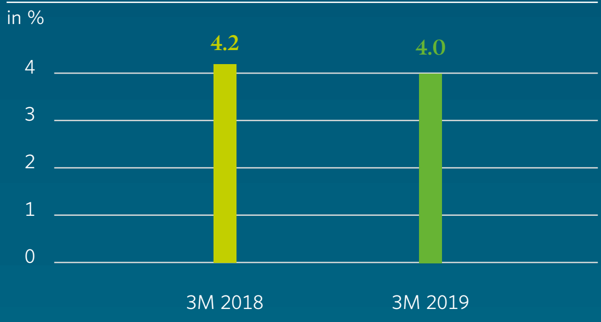
Maintenance and Modernization Expanded Once Again

Investments



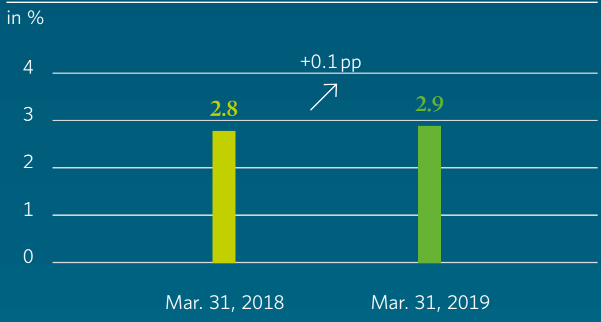
Organic Rent Growth

Organic rent increase



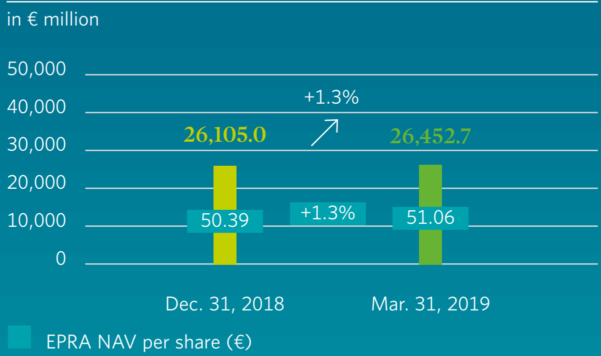
Vacancy Rate

Vacancy Rate



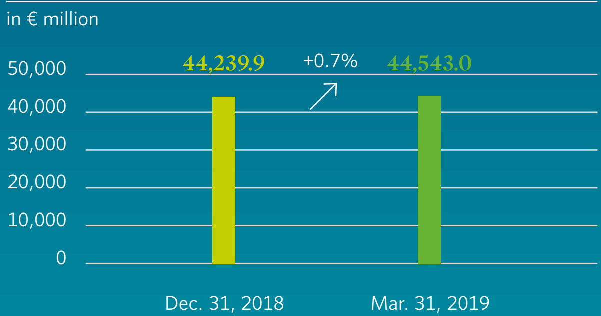
Increase in Net Assets

EPRA NAV



Fair Value of the Real Estate Portfolio

Fair Value of the Real Estate Portfolio



Vonovia SE in the Capital Market

Shares in Vonovia

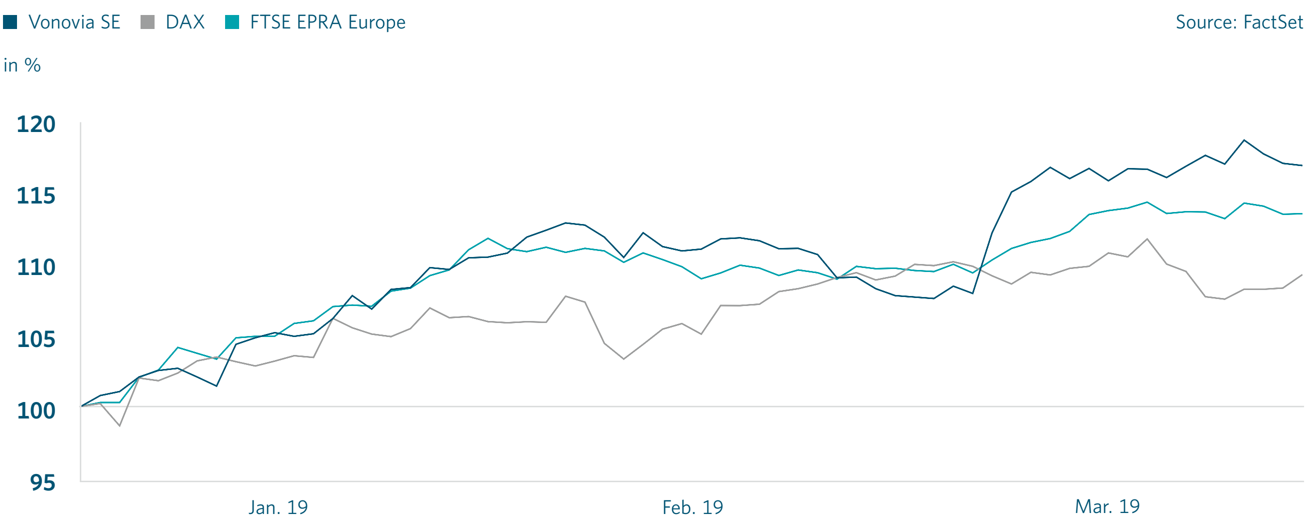
Vonovia's share price rose by around 17% in the first three months of 2019. Bolstered both by the ECB's decision not to lift its key rates until at least the end of the year and by the publication of our Annual Report for 2018, our share once again made considerable gains, touching on a new all-time high of € 47.28 in the meantime.

In the first quarter, Vonovia's share significantly outperformed Germany's leading index, the DAX (+9%), and the EPRA Europe Index (+13%).

We believe that the environment for the German residential real estate sector will remain positive in general. In our view, the main drivers behind this will be the imbalance between high demand for, and a short supply of, affordable housing in urban locations, the continued keen interest in German residential real estate and the ongoing favorable interest rate environment.

Vonovia's market capitalization amounted to € 23.9 billion at the end of the first quarter of 2019.

Share Price Development



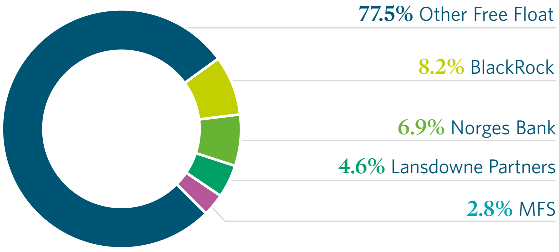
Shareholder Structure

The chart below shows the voting rights pursuant to Sections 33, 34 of the German Securities Trading Act (WpHG) as notified by the shareholders in relation to the current share capital. The number of voting rights reported could have changed within the respective thresholds without triggering an obligation to notify the company.

Based on the German stock exchange's definition of free float, only the interest held by Norges Bank (Ministry of Finance on behalf of Norway) does not count toward the free float. This means that 93.1% of Vonovia's shares were in free float on March 31, 2019. The underlying voting rights notifications and corresponding financial instruments reported by shareholders or other instruments pursuant to Sections 38, 39 WpHG can be found at https://investors.vonovia.de/disclosure-of-voting-rights.

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

Major Shareholders (as of March 31, 2019)



Investor Relations Activities

Vonovia SE is committed to transparent, ongoing dialogue with its shareholders and potential investors. In the first three months of 2019, Vonovia participated in a total of four investors' conferences and organized seven roadshow days in the most important European and North American financial centers. In addition, numerous one-on-one meetings and conference calls were held with investors and analysts to keep them informed of current developments and particular issues.

The Investor Relations team also organized and carried out property tours for interested investors and analysts on location with people from the operational areas of the company. The aim of these events was to provide the participants with firsthand insight into Vonovia's real estate portfolio and processes. Investor Relations also held presentations in which they provided detailed information on Vonovia and the situation on the German residential real estate market at an informational event for private shareholders.

We will continue to communicate openly with the capital market. Various roadshows, conferences and participation in investor forums have already been planned. Information can be found in the Financial Calendar on our Investor Relations website. https://investoren.vonovia.de

Analyst Assessments

At present, 30 international analysts publish studies on Vonovia on a regular basis (as of March 31, 2019). The average target share price was € 49.60 as of March 31, 2019. Of these analysts, 75% issued a "buy" recommendation, with 21% issuing a "hold" recommendation and 4% recommending that investors sell the company's shares. One analyst has currently suspended coverage of Vonovia due to previous acquisitions.

Share Information

First day of trading	July 11, 2013
Subscription price	€ 16.50
Total number of shares	518,077,934
Share capital in €	€ 518,077,934
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 (Prime Standard)
Indices & weighting March 31, 2019	DAX (2.3%) Stoxx Europe 600 (0.3%) MSCI Germany (2.1%) GPR 250 World (1.8%) FTSE EPRA/NAREIT Europe Index (10.0%) GPTMS150 (2.7%)

Economic Development in the First Three Months of 2019

Key Events During the Reporting Period

With effect of February 1, 2019, Vonovia SE successfully sold its roughly 16.8 million shares in Deutsche Wohnen SE ("Deutsche Wohnen") to institutional investors by means of an accelerated book building procedure; the shares were sold for a price of € 41.50 per share. This corresponds to a customary market discount of 4.8% on the closing price of € 43.59 as of January 31, 2019. This results in total proceeds of € 698.1 million. The acquisition costs at the time amounted to € 405.5 million, resulting in a total accounting profit of € 292.6 million from this disposal under the commercial law provisions. In the IFRS consolidated financial statements, the total profit was reclassified from other reserves to retained earnings, not affecting net income, pursuant to the designation under IFRS 9 after the transaction was completed.

Results of Operations

Vonovia made a successful start to the 2019 fiscal year, and the Group's development has been solid overall thanks to its unchanged corporate strategy.

As of March 31, 2019, Vonovia had a total real estate portfolio comprising 394,609 residential units, 119,973 garages and parking spaces and 5,155 commercial units. Our locations spanned 709 cities, towns and municipalities in Germany, Austria and Sweden. 78,784 residential units are also managed for other owners.

Group FFO

The following key figures provide an overview of the development in Group FFO and other value drivers in the reporting period. When comparing the current key figures against the previous year, it is important to remember that the business figures for 2019 include BUWOG and Victoria Park, which were acquired in the previous year, with their earnings contributions for the period from January to March 2019. As BUWOG was consolidated for the first time with effect of March 31, 2018, and Victoria Park with effect of June 30, 2018, their earnings contributions are not included in the previous year's business figures for the first quarter of 2018.

Group FFO

in € million	3M 2018	3M 2019	Change in %	12M 2018
Income Rental	418.3	502.2	20.1	1,894.2
Expenses for maintenance	-61.2	-72.7	18.8	-289.7
Operating expenses in the Rental segment*	-54.1	-72.1	33.3	-289.4
Adjusted EBITDA Rental	**303.0**	**357.4**	**18.0**	**1,315.1**
Revenue Value-add	265.9	358.8	34.9	1,462.2
thereof external revenue	52.0	80.2	54.2	203.9
thereof internal revenue	213.9	278.6	30.2	1,258.3
Operating expenses Value-add	-248.1	-323.0	30.2	-1,341.0
Adjusted EBITDA Value-add	**17.8**	**35.8**	**>100**	**121.2**
Income from disposals Recurring Sales	67.1	109.0	62.4	356.1
Fair value of properties sold adjusted to reflect effects not relating to the period from assets held for sale in the Recurring Sales segment	-52.6	-79.4	51.0	-262.8
Adjusted result Recurring Sales	**14.5**	**29.6**	**>100**	**93.3**
Selling costs Recurring Sales	-3.0	-3.3	10.0	-14.2
Adjusted EBITDA Recurring Sales	**11.5**	**26.3**	**>100**	**79.1**
Income from disposal of "Development to sell" properties	–	59.4	–	225.1
Cost of Development to sell	–	-46.1	–	-181.8
Gross profit Development to sell	**–**	**13.3**	**–**	**43.3**
Fair value Development to hold	6.1	47.3	>100	98.0
Cost of Development to hold	-5.8	-42.0	>100	-79.3
Gross profit Development to hold**	**0.3**	**5.3**	**>100**	**18.7**
Operating expenses Development	–	-8.2	–	-22.6
Adjusted EBITDA Development	**0.3**	**10.4**	**>100**	**39.4**
Adjusted EBITDA Total	**332.6**	**429.9**	**29.3**	**1,554.8**
FFO interest expense	-67.7	-89.8	32.6	-328.8
Current income taxes FFO	-6.3	-12.6	100.0	-36.5
Consolidation***	-5.6	-23.9	>100	-57.5
Group FFO	**253.0**	**303.6**	**20.0**	**1,132.0**

* Prior-year value adjusted incl. transaction holding costs.
** Prior-year value new construction VTS.
*** Thereof intragroup profits in 3M 2019: € 11.1 million (3M 2018: € 5.3 million), valuation result for new construction/development to hold in 3M 2019: € 5.3 million (3M 2018: € 0.3 million), IFRS 16 effects 3M 2019: € 7.5 million (3M 2018: € 0 million).

As of the end of March 2019, our apartments continued to be virtually fully occupied. The apartment vacancy rate of 2.9% was up slightly on the value of 2.8% seen at the end of March 2018. Rental income in the **Rental segment** rose by 20.1% from € 418.3 million in the first three months of 2018 to € 502.2 million in the first three months of 2019, largely due to the acquisition of BUWOG and Victoria Park in the previous year. BUWOG's contribution accounted for a volume of € 49.2 million, while Victoria Park contributed a volume of € 29.5 million. Out of the total rental income in the Rental segment of € 502.2 million, € 446.8 million is attributable to the portfolio in Germany, € 25.9 million to the portfolio in Austria and € 29.5 million to the portfolio in Sweden. The increase in rent due to market-related factors came to 1.2%. We were also able to achieve an increase in rent of 2.6%, thanks to property value improvements achieved as part of our modernization program. The corresponding like-for-like increase in rent came to 3.8% in the 2019 reporting period. If we also include the increase in rent due to new construction measures and measures to add extra stories, then we arrive at an organic increase in rent of 4.0% in total. The average Group monthly in-place rent at the end of March 2019 came to € 6.56/m² compared to € 6.18/m² at the end of March 2018. At the end of March 2019, the monthly in-place rent came to € 6.60/m² in the German portfolio, € 4.51/m² in the Austrian portfolio and € 9.10/m² in the Swedish portfolio. The rental income from the Austrian real estate portfolio additionally includes maintenance and improvement contributions. The rental income from the portfolio in Sweden reflects inclusive rents, meaning that the amounts contain operating and heating costs.

Maintenance and Modernization

in € million	3M 2018	3M 2019	Change in %	12M 2018
Expenses for maintenance	61.2	72.7	18.8	289.7
Capitalized maintenance	22.2	24.9	12.2	140.7
Modernization work*	137.7	242.1	75.8	1,139.0
Total cost of modernization and maintenance	**221.1**	**339.7**	**53.6**	**1,569.4**

* Incl. new construction 3M 2019: € 54.1 million, 3M 2018: € 7.2 million.

We had continued success with our modernization and maintenance strategy in the first three months of 2019. The total volume rose from € 221.1 million in the first three months of 2018 to € 339.7 million in the first quarter of 2019. This was driven by an increase in the modernization volume including new construction, which rose by 75.8% from € 137.7 million in 2018 to € 242.1 million in 2019.

Operating expenses in the Rental segment in the first three months of 2019 were up by 33.3% on the figures for 2018, from € 54.1 million to € 72.1 million. This development is due primarily to the larger portfolio thanks to the acquisitions of BUWOG and Victoria Park. All in all, Adjusted EBITDA Rental rose by 18.0%, from € 303.0 million in the first three months of 2018 to € 357.4 million in 2019.

The **Value-add segment** showed positive development in the first three months of 2019. We have further expanded the output of our craftsmen's organization and have continued to invest in improving our portfolio. In addition, we have also continued to expand our business activities relating to the provision of cable television to our tenants, metering services and insurance and residential environment services. As of the end of the first quarter of 2019, Vonovia Immobilien Treuhand provides services to a total of around 101,000 units, of which 78,784 are apartments managed for third parties. We also once again expanded our energy supply services in the first three months of the year. At the end of the first quarter of 2019, we supplied around 10,500 households with energy directly.

In the first three months of the year, external revenue from our Value-add activities with our end customers rose by 54.2%, from € 52.0 million in 2018 to € 80.2 million in 2019. Group revenue rose by 30.2% in the same period, from € 213.9 million in 2018 to € 278.6 million in 2019. Overall, this results in a 34.9% increase in the revenue from the Value-add segment from € 265.9 million in the 2018 reporting period to € 358.8 million in 2019. Our Adjusted EBITDA Value-add more than doubled in the first three months of the year, coming in at € 35.8 million in 2019 as against € 17.8 million in the first quarter of 2018.

The EBITDA margin of the core business, calculated based on the Adjusted EBITDA Operations (total of Adjusted EBITDA Rental and Adjusted EBITDA Value-add less intra-group profits contained) in relation to rental income within the Group, once again showed positive development in the reporting period. It increased from 75.2% in the first quarter of 2018 to 76.0% in the current reporting period.

We continued our selective sales strategy in the first three months of fiscal year 2019. In the Recurring Sales segment, we report all business activities relating to single residential units (privatization).

In the **Recurring Sales segment,** the income from disposal of properties came to € 109.0 million in the first three months of 2019, up by 62.4% on the value of € 67.1 million reported in 2018; of this, € 81.3 million is attributed to sales in Germany (3M 2018: € 62.5 million) and € 27.7 million to sales in Austria (3M 2018: € 4.6 million). We privatized 809 apartments in the first three months of 2019 (3M 2018: 594), thereof 652 in Germany (3M 2018: 573) and 157 in Austria (3M 2018: 21). Adjusted EBITDA Recurring Sales more than doubled in the first three months of 2019 in a year-on-year comparison to € 26.3 million (3M 2018: € 11.5 million). The fair value step-up for Recurring Sales came in at 37.2% in the 2019 reporting period, up on the comparative value of 27.6% for 2018.

Outside of the Recurring Sales segment, we transacted 713 Non-Core disposals as part of our portfolio adjustment measures in the first three months of the year (3M 2018: 1,149). At 15.7%, the fair value step-up for Non-Core disposals was slightly lower than for the same period in the previous year (15.9%).

The **Development segment** made a successful start to the 2019 fiscal year. In the "Development to sell" area, the income from disposal of properties came to € 59.4 million (3M 2018: € 0.0 million), with € 19.6 million attributable to project development in Germany and € 39.8 million attributable to project development in Austria. This produced a gross profit from "Development to sell" of € 13.3 million. In the "Development to hold" area, a fair value of € 47.3 million was achieved in the reporting period (3M 2018: € 6.1 million). As in the prior year, this was due to project development in Germany. The resulting gross profit for "Development to hold" came to € 5.3 million (3M 2018: € 0.3 million). The Adjusted EBITDA for the Development segment amounted to € 10.4 million in the first three months of 2019 (3M 2018: € 0.3 million). A total of 36 units were completed in the "Development to sell" area in the first three months of 2019 (3M 2018: 0 units), 36 of which were located in Germany. A total of 166 units were completed in the "Development to hold" area (3M 2018: 35 units), thereof 166 in Germany (3M 2018: 35 units). Around 36,000 units were listed in the development pipeline at the end of the first quarter of 2019.

In the first three months of the year, the primary key figure for the sustained earnings power of the core business, Group FFO, increased by 20.0%, from € 253.0 million in 2018 to € 303.6 million in 2019 due to acquisitions. This trend was fueled primarily by the positive development in Adjusted EBITDA total, which rose by 29.3% from € 332.6 million to € 429.9 million during the reporting period.

In the 2019 reporting period, the **non-recurring items** eliminated in the Adjusted EBITDA total came to € 17.9 million, down 35.8% on the prior-year value of € 27.9 million. In detail, the non-recurring items are as follows:

Non-recurring Items

in € million	3M 2018	3M 2019	Change in %	12M 2018
Acquisition costs incl. integration costs*	18.0	5.5	-69.4	87.8
Severance payments/pre-retirement part-time work arrangements	8.9	7.0	-21.3	18.3
Business model optimization/development of new fields of business	1.0	1.1	10.0	0.8
Refinancing and equity measures	–	4.3	–	-0.3
Total non-recurring items	**27.9**	**17.9**	**-35.8**	**106.6**

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

Reconciliations

The **financial result** changed from € -83.0 million in the first three months of 2018 to € -112.5 million in 2019. FFO interest expense is derived from the financial result as follows:

Reconciliation of Financial Result/FFO Interest Expense

in € million	3M 2018	3M 2019	Change in %	12M 2018
Income from loans	0.8	0.5	-37.5	2.2
Interest income	1.2	2.3	91.7	6.8
Interest expense	-85.0	-115.3	35.6	-449.1
Financial result*	**-83.0**	**-112.5**	**35.5**	**-440.1**
Adjustments:				
Transaction costs	2.3	13.2	>100	14.2
Prepayment penalties and commitment interest	1.7	3.9	>100	8.4
Effects from the valuation of non-derivative financial instruments	2.3	-12.7	–	14.9
Derivatives	4.1	12.3	–	14.3
Interest accretion to provisions	2.1	2.4	14.3	9.1
Accrued interest	29.2	-1.9	–	43.4
Interest on prior-year tax	–	–	–	20.3
Interest from leases	–	3.4	–	–
Other effects	2.5	-0.4	–	13.5
Net cash interest	**-38.8**	**-92.3**	**>100**	**-302.0**
Deferred interest adjustment	-29.2	1.9	–	-43.4
Adjustment of income from investments in other real estate companies	–	0.2	–	14.0
Adjustment of interest paid due to taxes	0.3	0.4	33.3	2.6
Interest expense FFO	**-67.7**	**-89.8**	**32.6**	**-328.8**

* Excluding income from other investments.

In the first three months of 2019, the FFO interest expense came to € -89.8 million, up by 32.6% on the prior-year value of € -67.7 million, primarily due to the 100% outside financing of the BUWOG acquisition at the end of the first quarter of 2018.

The profit for the period came to € 201.4 million in the first three months of 2019, up by 55.9% on the previous year's value of € 129.2 million. This was driven to a considerable degree by the net income from fair value adjustments of investment properties in the Swedish portfolio in the amount of € 51.9 million. BUWOG contributed total Adjusted EBITDA of € 58.0 million to the Group's profit for the period in the 2019 reporting period, with Victoria Park contributing Adjusted EBITDA of € 14.2 million.

Reconciliation of Profit for the Period/Group FFO

in € million	3M 2018	3M 2019	Change in %	12M 2018
Profit for the period	129.2	201.4	55.9	2,402.8
Financial result*	83.0	112.5	35.5	440.1
Income taxes	78.2	114.7	46.7	1,471.5
Depreciation and amortization	9.0	16.5	83.3	737.9
Net income from fair value adjustments of investment properties	–	-56.9	–	-3,517.9
= EBITDA IFRS	299.4	388.2	29.7	1,534.4
Non-recurring items	27.9	17.9	-35.8	106.6
Total period adjustments from assets held for sale	4.1	12.4	>100	-0.5
Financial income from investments in other companies	–	-0.2	–	-14.0
Other (Non-core Disposals)	-4.4	-4.9	11.4	-129.2
Intragroup profits	5.3	11.2	>100	38.8
Valuation result New construction/development to hold	0.3	5.3	>100	18.7
= Adjusted EBITDA Total	332.6	429.9	29.3	1,554.8
Interest expense FFO**	-67.7	-89.8	32.6	-328.8
Current income taxes FFO	-6.3	-12.6	100.0	-36.5
Consolidation	-5.6	-23.9	>100	-57.5
= Group FFO	253.0	303.6	20.0	1,132.0
Group FFO per share in €***	0.52	0.59	13.5	2.18

* Excluding income from investments.
** Incl. financial income from investments in other real estate companies.
*** Based on the shares carrying dividend rights on the reporting date Mar. 31, 2018: 485,100,826, Mar. 31, 2019, and Dec. 31, 2018: 518,077,934.

Assets

Consolidated Balance Sheet Structure

	Dec. 31, 2018		Mar. 31, 2019	
	in € million	in %	in € million	in %
Non-current assets	47,639.6	96.5	47,614.5	94.3
Current assets	1,748.0	3.5	2,860.9	5.7
Assets	**49,387.6**	**100.0**	**50,475.4**	**100.0**
Total equity	19,664.1	39.8	19,843.2	39.3
Non-current liabilities	25,577.8	51.8	26,598.3	52.7
Current liabilities	4,145.7	8.4	4,033.9	8.0
Equity and Liabilities	**49,387.6**	**100.0**	**50,475.4**	**100.0**

The Group's total assets increased by € 1,087.8 million as against December 31, 2018, rising from € 49,387.6 million to € 50,475.4 million. This results primarily from a € 564.7 million increase in investment properties from € 43,490.9 million to € 44,055.6 million, with € 51.9 million resulting from the real estate valuation of the Swedish portfolio. Non-current assets had the opposite effect and fell by € 672.8 million due to the sale of shares in Deutsche Wohnen SE. Current assets increased by € 1,325.5 million, mainly due to an increase in cash and cash equivalents. Goodwill and trademark rights comprise 5.8% of the total assets.

As of March 31, 2019, the **gross asset value (GAV)** of Vonovia's property assets came to € 44,735.9 million, which corresponds to 88.6% of total assets compared with € 44,226.9 million or 89.6% at the end of 2018.

The € 179.1 million increase in total equity from € 19,664.1 million to € 19,843.2 million is mainly the result of the profit for the period for the first three months of € 201.4 million and also results, on the other hand, from the equity effects of the application of the new IFRS standards on lease accounting (IFRS 16) in the amount of € -35.0 million (€ -24.1 million after allowance for deferred taxes).

This brings the equity ratio to 39.3%, compared with 39.8% at the end of 2018.

Liabilities rose by € 908.7 million from € 29,723.5 million to € 30,632.2 million. The amount of non-derivative financial liabilities rose by € 743.7 million, with € 500.0 million attributable to the EMTN drawdown on January 29, 2019.

Net Asset Value

Vonovia's net asset value (NAV) figures are based on the best practice recommendations of the EPRA (European Public Real Estate Association). At the end of the first quarter of 2019, the EPRA NAV came to € 26,452.7 million, up by 1.3% on the value seen at the end of 2018 of € 26,105.0 million. EPRA NAV per share increased from € 50.39 at the end of 2018 to € 51.06 at the end of the first quarter of 2019. At the end of the first quarter of 2019, the Adjusted NAV amounted to € 23,613.1 million, 1.5% higher than the level at the end of 2018 (€ 23,262.6 million). This represents an increase in the Adjusted NAV per share from € 44.90 at the end of 2018 to € 45.58 at the end of the first quarter of 2019.

Net Asset Value (NAV)

in € million	Dec. 31, 2018	Mar. 31, 2019	Change in %
Total equity attributable to Vonovia shareholders	17,880.2	18,044.9	0.9
Deferred taxes on investment properties	8,161.1	8,347.7	2.3
Fair value of derivative financial instruments*	87.2	84.2	-3.4
Deferred taxes on derivative financial instruments	-23.5	-24.1	2.6
EPRA NAV	26,105.0	26,452.7	1.3
Goodwill	-2,842.4	-2,839.6	-0.1
Adjusted NAV	**23,262.6**	**23,613.1**	**1.5**
EPRA NAV per share in €**	**50.39**	**51.06**	**1.3**
Adjusted NAV per share in €**	**44.90**	**45.58**	**1.5**

* Adjusted for effects from cross currency swaps.
** Based on the number of shares on the reporting dates Dec. 31, 2018, and Mar. 31, 2019: 518,077,934.

Fair Values

Major market developments and valuation parameters that have an impact on the fair values of Vonovia are assessed on an ongoing basis. Due to the development in the parameters that are already known and the continued positive market environment, the company expects to see an increase in value that we expect to reflect in the consolidated interim financial statements as of June 30, 2019. As in the previous year, Vonovia will be performing a new valuation for major parts of the portfolio at the end of the first half of the year.

Due to the particular situation regarding data on the Swedish real estate market, it was possible to arrive at valid values for the parameters relevant to real estate valuation of the Swedish portfolio for the reporting date as of March 31, 2019. The resulting valuation effect for the period from January 1 to March 31, 2019 in the amount of € 51.9 million (Q1 2018: € 0.0 million) was recognized as of March 31, 2019.

In addition, buildings under construction (new construction/development to hold) were completed during the reporting period. On completion of these properties, a fair value measurement is performed for the first time. The resulting valuation effect for the period from January 1 to March 31, 2019, amounts to € 5.3 million (Q1 2018: € 0.0 million).

The recognition and valuation of investment properties are explained in detail in the consolidated financial statements for 2018.

Financial Position

Cash Flow

The following table shows the Group cash flow:

Key Data from the Statement of Cash Flows

in € million	3M 2018	3M 2019
Cash flow from operating activities	262.7	412.6
Cash flow from investing activities	-2,500.3	644.6
Cash flow from financing activities	2,800.7	268.3
Net changes in cash and cash equivalents	563.1	1,325.5
Cash and cash equivalents at the beginning of the period	266.2	547.7
Cash and cash equivalents at the end of the period	**829.3**	**1,873.2**

The cash flow from **operating activities** rose from € 262.7 million in the first three months of 2018 to € 412.6 million in the first three months of 2019. The increase is mainly due to the improvement in the operating result. The low payouts in net current assets continued to have a positive effect on operating cash flow.

The cash flow from **investing activities** shows net proceeds of € 644.6 million for the first three months of 2019. This is mainly due to the sale of the shares in Deutsche Wohnen SE. Payments for acquisition of investment properties came to € 366.0 million. On the other hand, income from portfolio sales in the amount of € 325.8 million was collected.

The cash flow from **financing activities** includes payouts for scheduled and unscheduled repayments of € 1,205.8 million and, on the other hand, proceeds from issuing financial liabilities in the amount of € 1,951.0 million. Payouts for transaction and financing costs amounted to € 30.1 million. Interest paid in the first three months of 2019 amounted to € 95.0 million. In addition, the cash flow from financing activities includes payments for the acquisition of shares in non-controlling interests in the amount of € 339.4 million, mainly for the acquisition of the remaining shares in BUWOG.

The net increase in **cash and cash equivalents** came to € 1,325.5 million.

Financing

According to publications dated May 7, 2018, and August 2, 2018 (which already include the acquisitions of BUWOG and Victoria Park), Vonovia's credit rating as awarded by the agency Standard & Poor's is unchanged at 'BBB+' with a stable outlook for the long-term corporate credit rating and 'A-2' for the short-term corporate credit rating. At the same time, the credit rating for the issued and unsecured bonds is 'BBB+.'

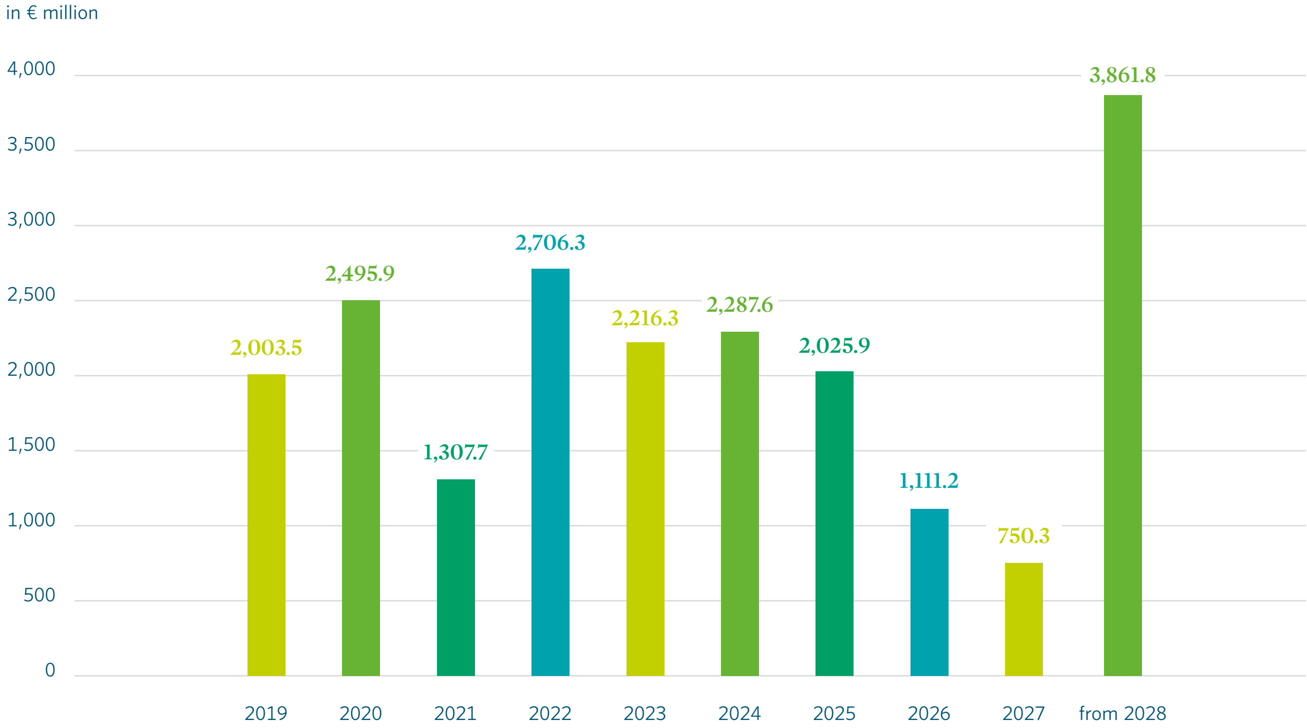
A European medium-term notes program (EMTN program) has been launched for the Group via Vonovia Finance B.V., allowing funds to be raised quickly at any time using bond issues, without any major administrative outlay. The prospectus for the EMTN program has to be updated annually and approved by the financial supervisory authority of the Grand Duchy of Luxembourg (CSSF).

Vonovia Finance B.V. has currently placed a total bond volume of € 14.8 billion, € 12.4 billion of which relates to the EMTN program on the reporting date of March 31, 2019. The total volume also includes € 1.7 billion in hybrid bonds, € 1.0 billion of which is reported as equity.

In November 2017, Vonovia concluded a master commercial paper agreement via its Dutch financing company with a total volume of € 500 million with Commerzbank AG as lead arranger and several banks as traders. This master program was increased to a total volume of € 1,0 billion in September 2018.

The **debt maturity profile** of Vonovia's financing was as follows as of March 31, 2019:

Maturity Profile



With effect of January 29, 2019, and as part of its EMTN program, Vonovia placed a bond with a nominal volume of € 500 million and a coupon of 1.800% maturing on June 29, 2025, via its Dutch subsidiary Vonovia Finance B.V. The first interest payment is due on June 29, 2019.

In connection with the issue of unsecured bonds by Vonovia Finance B.V., Vonovia has undertaken to comply with the following standard market covenants:

> Limitations on incurrence of financial indebtedness
> Maintenance of consolidated coverage ratio
> Maintenance of total unencumbered assets

The existing structured and secured financing arrangements also require adherence to certain standard market covenants. Any failure to meet the agreed financial covenants could have a negative effect on the liquidity status.

The LTV (loan to value) is as follows as of the reporting date:

in € million	Dec. 31, 2018	Mar. 31, 2019	Change in %
Non-derivative financial liabilities	20,136.0	20,879.7	3.7
Foreign exchange rate effects	-33.5	-38.2	14.0
Cash and cash equivalents	-547.7	-1,873.2	>100
Net debt	19,554.8	18,968.3	-3.0
Sales receivables	-256.7	-24.6	-90.4
Adjusted net debt	19,298.1	18,943.7	-1.8
Fair value of the real estate portfolio	44,239.9	44,543.0	0.7
Shares in other real estate companies	800.3	127.4	-84.1
Adjusted fair value of the real estate portfolio	**45,040.2**	**44,670.4**	**-0.8**
LTV	**42.8%**	**42.4%**	**-0.4 pp**

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

in € million	Dec. 31, 2018	Mar. 31, 2019	Change in %
Non-derivative financial liabilities	20,136.0	20,879.7	3.7
Total assets	**49,387.6**	**50,475.4**	**2.2**
LTV bond covenants	**40.8%**	**41.4%**	**0.6 pp**

Business Outlook

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

We expect this positive development to continue in the 2019 fiscal year and predict that we will be able to achieve our forecast figures. Given the dynamic development of the German, Austrian and Swedish housing markets, we expect to see a further increase in the value of our investment properties and with this a further boost to Adjusted NAV per share.

Our current forecast is based on the outlook for the Vonovia Group as a whole, which includes the original overall plans for the 2019 fiscal year, as well as current business developments and possible opportunities and risks. Beyond this, the Group's further development remains exposed to general opportunities and risks. These have been described in detail in the chapter on opportunities and risks in the Group management report of the 2018 Annual Report. The forecast was based on the accounting principles used in the annual financial statements, with the adjustments described elsewhere in the management report being made.

Our current forecast for the main performance indicators for the 2019 fiscal year was updated based on the accounting principles and standards used in the 2019 quarterly financial statements; incl. the initial application of IFRS 16:

	Actual 2018	Forecast 2019	Forecast for 2019 in the 2019 Q1 Report
Adjusted NAV per share	€ 44.90	suspended	suspended
Adjusted EBITDA Total	€ 1,554.8 million	€ 1,650–1,700 million	€ 1,700–1,750 million
Group FFO	€ 1,132.0 million	€ 1,140–1,190 million	€ 1,165–1,215 million
Group FFO per share*	€ 2.18	€ 2.20–2.30	€ 2.25–2.35
Customer Satisfaction Index (CSI)	Decrease of 2.6%	Up slightly year-on-year	Down slightly year-on-year
Rental income	€ 1,894.2 million	€ 2,020–2,070 million	€ 2,020–2,070 million
Organic rent increase	4.4%	Increase of approx. 4.4%	Increase of approx. 4.4%
Maintenance incl. capitalized maintenance	€ 430.4 million	–	-
Modernization and new construction	€ 1,139.0 million	€ 1,300–1,600 million	€ 1,300–1,600 million
Number of units sold Recurring Sales	2,818	approx. 2,500	approx. 2,500
Step-up Recurring Sales	35.5%	approx. 30%	approx. 30%
Number of units sold Non-core Disposals	12,284	–	–
Step-up Non-core Disposals	23.0%	–	–

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

Bochum, Germany, April 29, 2019

The Management Board