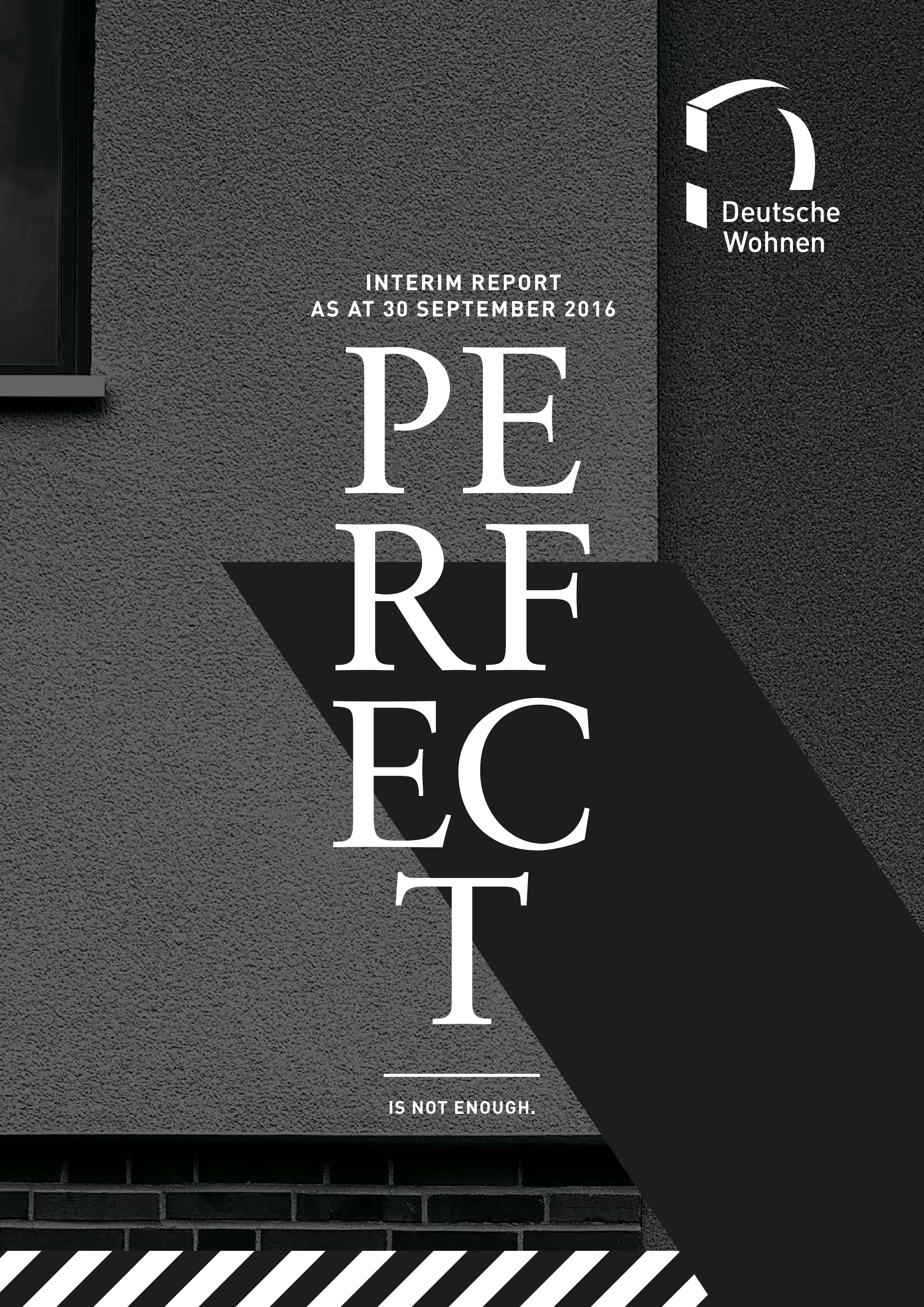


Deutsche Wohnen

INTERIM REPORT
AS AT 30 SEPTEMBER 2016

PERFECT

IS NOT ENOUGH.

PERFECT

IS NOT ENOUGH.

GROUP KEY FIGURES

Profit and loss statement		9m/2016	9m/2015	Change
Rental income	EUR m	526.1	473.1	11.2 %
Earnings from Residential Property Management	EUR m	444.7	393.0	13.2 %
Earnings from Disposals	EUR m	46.4	60.8	–23.7 %
Earnings from Nursing and Assisted Living	EUR m	13.7	12.0	14.2 %
Corporate expenses	EUR m	–52.4	–54.8	–4.4 %
EBITDA	EUR m	451.4	376.5	19.9 %
EBT (adjusted)	EUR m	359.8	302.8	18.8 %
EBT (as reported)	EUR m	929.5	785.4	18.3 %
Earnings after taxes	EUR m	638.4	521.7	22.4 %
Earnings after taxes[1)]	EUR per share	1.83	1.59	15.5 %
FFO I	EUR m	301.4	228.7	31.8 %
FFO I[1)]	EUR per share	0.89	0.73	21.9 %
FFO II	EUR m	347.8	289.5	20.1 %
FFO II[1)]	EUR per share	1.03	0.92	12.0 %

Balance sheet		30/9/2016	31/12/2015	Change
Investment properties	EUR m	13,481.7	11,859.1	1,622.6
Current assets	EUR m	807.1	901.2	–94.1
Equity	EUR m	7,315.5	6,872.0	443.5
Net financial liabilities	EUR m	5,795.5	4,582.5	1,213.0
Loan-to-Value Ratio (LTV)	in %	41.7	38.0	3.7
Total assets	EUR m	15,265.9	13,700.1	1,565.8

Share		30/9/2016	31/12/2015	Change
Share price (closing price)	EUR per share	32.36	25.62	26.3 %
Number of shares	m	337.47	337.41	0.05
Market capitalisation	EUR bn	10.9	8.6	26.7 %

Net Asset Value (NAV)		30/9/2016	31/12/2015	Change
EPRA NAV (undiluted)	EUR m	8,472.0	7,762.4	709.6
EPRA NAV (undiluted)	EUR per share	25.10	23.01	9.1 %
EPRA NAV (diluted)	EUR per share	25.81	23.54	9.6 %

Fair values		30/9/2016	31/12/2015	Change
Fair value of real estate properties[2)]	EUR m	13,528	11,721	1,807.0
Fair value per sqm of residential and commercial areas[2)]	EUR per sqm	1,379	1,282	7.6 %

[1)] Based on an average number of around 337.44 million issued shares in 2016 or of around 315.27 million issued shares in 2015
[2)] Only comprises residential and commercial buildings

INTERIM MANAGEMENT REPORT

Deutsche Wohnen AG with its subsidiaries (hereinafter referred to as "Deutsche Wohnen" or "group") is, measured by its market capitalisation, currently one of the largest publicly listed real estate companies in Europe, and is listed in the MDAX of the German Stock Exchange. Its holdings consist of around 160,000 residential and commercial units as well as nursing homes with around 2,000 nursing places with a fair value of around EUR 13.5 billion in total. Consistent with its business strategy, it concentrates on residential and nursing properties both in dynamic conurbations and metropolitan areas of Germany. The fundamental economic growth in Germany, the population influx into German metropolitan regions and their demographic development provide a very good basis for achieving strong and stable cash flows from letting and leasing and for making use of opportunities to create value.

Stock market and the Deutsche Wohnen share

Economy

In its 2016 autumn guidelines, the German Institute for Economic Research *(Deutsches Institut für Wirtschaftsforschung – DIW)* is sticking to its summer forecast. Accordingly, it expects the global economy to grow by 3.2 % this year. This rate of expansion is likely to continue to improve somewhat in the coming years, with growth of 3.5 % forecast for 2017 and 3.8 % for 2018.

The German economy is continuing its upward trend and, in the opinion of the experts, will probably achieve year-on-year growth in 2016 of 1.9 %. In the coming quarters, the effects of the Brexit vote are likely to make themselves felt. Consequently, the rate of growth will be 1.0 % in 2017. In the year after, however, the economy is expected to pick up again, achieving growth of 1.6 %. Recently, private consumption has lost a little of its dynamism. Nevertheless, it will continue to be a driver of economic growth. At 0.5 %, the rate of inflation will probably be low this year but will increase slightly by 1.5 % in both 2017 and 2018. The level of employment will continue to rise but the rate of this increase will slow down slightly. The rate of unemployment is likely to fall further this year to 6.1 %. Moreover, it is forecast to remain more or less at this level – namely at 5.9 % in 2017 and 5.8 % in 2018.

Given the favourable employment situation, disposable incomes will rise significantly this year by approximately 2.5 %. In each of the next two years, moreover, they will probably rise by just under 2 %. The positive development in the number of building permits issued is likely to lead to an increase in investment in housebuilding of approximately 4.0 % in the current year. An increase of 2.2 % is expected for 2017 and of 3.2 % for 2018. The key reasons for this are interest rates, which continue to be low, and positive developments in incomes and the job market.

Financial markets

In the third quarter of 2016, the DAX was able to make up again the losses it sustained as a result of the Brexit vote, and at the beginning of September, it achieved a new annual high of 10,753 points. However, as at 30 September, Germany's leading index closed at 10,511 points – a slight fall of 2.2 % compared to the figure at the end of 2015. The MDAX also developed positively in the third quarter, rising by 8.8 % to 21,584 points. This represents a gain of 3.9 % for the first nine months of the current financial year.

In the third quarter, the decision of the US federal reserve to leave interest rates unchanged, an easing of concerns about the effects of the Brexit vote, improved economic figures in China and buoyant activity in the mergers and acquisitions market all contributed to rising prices on the stock markets. Moreover, these gains were achieved despite the fact that the markets were often put under pressure for short periods in the third quarter by renewed concerns about the European banking sector, disappointing growth figures from the USA, the disturbances in Turkey and net cash outflows on the European stock markets.[1)]

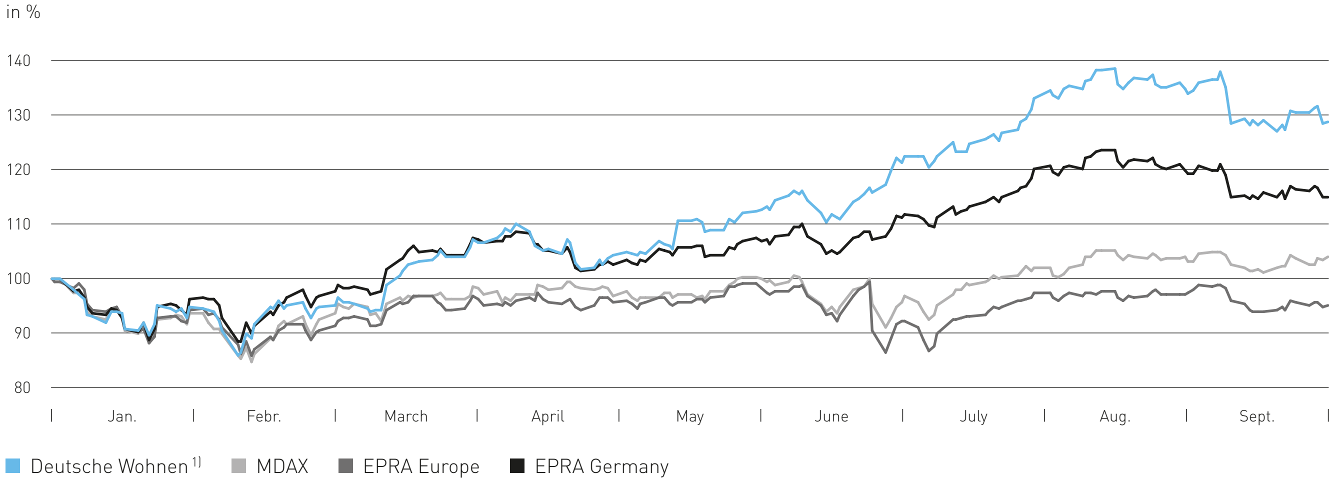
The Deutsche Wohnen AG share

Following a new all-time high of EUR 34.83 on 15 August 2016, the Deutsche Wohnen share completed the third quarter of 2016 with a closing price of EUR 32.36, thus achieving an increase of approximately 29 %[2)] in comparison to the start of the year. This means that the share performed better than the MDAX and cemented its position in the index with a weighting of 5.7 %. Measured by its free float market capitalisation of approximately EUR 10.3 billion as at the end of September, the Deutsche Wohnen share took third position within the MDAX.

[1)] Cf. Commerzbank review Q3 2016
[2)] Adjusted for dividend payment in 2016

The real estate index EPRA Germany rose by around 15% in the first nine months of the year whilst EPRA Europe posted a loss of approximately 5% in the same period. In comparison to the third quarter of the previous year, the market capitalisation of Deutsche Wohnen AG rose further by approximately 27% to EUR 10.9 billion. The daily XETRA trading volume continued to rise from around EUR 22 million in the first nine months of 2015 to more than EUR 24 million in the first nine months of 2016.

Share price performance over first nine months of 2016 (indexed)



[1] Share price performance adjusted for dividend payment in June 2016

Key share figures

	9m/2016	9m/2015
Number of issued shares in m	approx. 337.47	approx. 337.37
Closing price at end of Q3 [1] in EUR	32.36	23.89 (23.45) [3]
Market capitalisation in EUR bn	approx. 10.9	approx. 8.1
Highest share price [1] during nine-month period in EUR	34.83	25.00 (24.55) [3]
Lowest share price [1] during nine-month period in EUR	22.00 (21.60) [3]	19.58 (18.60) [3]
Average daily traded volume – Xetra [2]	854,940	970,890

Source: Bloomberg, as of 11/10/2016, no liability assumed
[1] Xetra closing price
[2] Traded shares
[3] Prices in parentheses adjusted for any capital increases and dividend payments

Analyst coverage

The development of the Deutsche Wohnen AG share is currently[1] being monitored by a total of 27 analysts. The current[1] target prices range from EUR 27.50 to EUR 44.00 per share. Moreover, of these 27 analysts, 17 are assuming a target price of EUR 34.00 per share or higher. At EUR 35.61, the consensus of all the analysts' evaluations is currently around 10 % higher than the closing price at the end of the third quarter 2016.

The majority of the analysts give the Deutsche Wohnen share a positive or neutral rating. The following table provides a summary of the current ratings.

Rating	Number
Buy/kaufen/outperform/overweight	15
Equal weight/halten/hold/neutral	8
Sell	3
N/A	1

Investor Relations activities

Deutsche Wohnen conducts an intensive dialogue with its shareholders and investors. For this purpose, we make use of national and international conferences and roadshows. For example, following publication of its half-year report in 2016, Deutsche Wohnen presented its business model at roadshows in London and Paris. In September, Deutsche Wohnen was also represented at numerous conferences in New York, London, Paris, Munich and Frankfurt/Main. We plan to take part in further conferences during the fourth quarter.

For further details, please see the financial calendar on 31. This calendar is updated regularly on our Investor Relations homepage.

In future, we will continue to maintain and expand our national and international contacts and to seek constant dialogue with our investors and analysts.

[1] As at 31/10/2016

Property portfolio

As at 30 September 2016, the property portfolio of Deutsche Wohnen comprised approximately 160,000 residential and commercial units. 98 % of our holdings are located in strategic core and growth regions. The largest single location is Greater Berlin, which accounts for 70 % of the residential units in our entire portfolio. The average net rent for residential accommodation was EUR 6.05 per sqm as at 30 September 2016 (previous year: EUR 5.83 per sqm), with an average vacancy rate of 1.8 % (previous year: 2.1 %).

	30/9/2016						
	Residential units	Area	Share of total portfolio	In-place rent[1]	Vacancy	Rental potential[2]	Commercial units
Property portfolio	number	sqm k	in %	EUR/sqm	in %	in %	number
Strategic core and growth regions	**154,343**	**9,254**	**98**	**6.07**	**1.7**	**22.3**	**2,132**
Core+	134,996	8,059	85	6.15	1.7	25.0	1,900
Greater Berlin	110,776	6,574	70	6.04	1.7	24.6	1,538
Rhine-Main	9,642	581	6	7.38	1.9	24.6	140
Mannheim/Ludwigshafen	4,966	307	3	5.73	1.4	26.2	43
Rhineland	5,014	313	3	6.13	1.3	21.7	28
Dresden	3,161	201	2	5.38	3.1	19.0	92
Other Core+	1,437	82	1	9.69	1.3	15.9	59
Core	19,347	1,195	12	5.56	1.9	12.5	232
Hanover/Brunswick	9,168	592	6	5.65	1.9	19.1	97
Core cities East Germany	5,224	310	3	5.42	2.2	6.6	114
Kiel/Lübeck	4,955	294	3	5.52	1.6	11.6	21
Non-Core	**3,931**	**253**	**2**	**5.21**	**5.1**	**4.4**	**68**
Total	158,274	9,507	100	6.05	1.8	21.5	2,200

[1] Contractually owed rent for rented residential units divided by rented area
[2] New-letting rent for properties in the letting portfolio in comparison to the in-place rent for properties in the letting portfolio

Operational development

The following table shows the development of the in-place rents and of the vacancy rates in a like-for-like comparison, i.e. only for residential holdings which were managed by the company throughout the last twelve months.

Like-for-like	Residential units	In-place rent[1] 30/9/2016	In-place rent[1] 30/9/2015	Development	Vacancy 30/9/2016	Vacancy 30/9/2015	Development
	number	EUR/sqm		in %	in %		in %
Strategic core and growth regions (letting portfolio)	**137,131**	**6.05**	**5.86**	**3.2**	**1.5**	**1.7**	**–7.6**
Core+	123,344	6.11	5.91	3.5	1.5	1.6	–5.4
Greater Berlin	102,995	6.04	5.82	3.8	1.5	1.7	–6.4
Rhine-Main	8,457	7.48	7.31	2.3	1.5	1.3	13.9
Mannheim/Ludwigshafen	4,762	5.73	5.67	1.0	0.6	1.1	–40.8
Rhineland	4,474	6.01	5.86	2.5	1.0	1.2	–10.8
Dresden	2,656	5.29	5.16	2.5	2.6	2.3	12.5
Other Core+	–	–	–	–	–	–	–
Core	13,787	5.55	5.47	1.4	1.9	2.3	–20.6
Hanover/Brunswick	8,100	5.61	5.53	1.4	1.8	2.0	–11.8
Core cities East Germany	4,559	5.45	5.38	1.2	2.0	2.8	–27.7
Kiel/Lübeck	1,128	5.44	5.35	1.7	2.0	3.4	–39.2

[1] Contractually owed rent for rented residential units divided by rented area

The like-for-like rental growth in the letting portfolio of the strategic core and growth regions was 3.2 %. The rental growth of the last twelve months was influenced by the Berlin rent index, which was published in May 2015 and implemented in the second half of 2015. We anticipate rental growth of approximately 2.5 % in the course of 2016.

The following table shows the development of new-letting rents – and therefore of rent potential – in the first nine months of the financial year in the Core+ and Core letting portfolios not subject to rent controls.

	30/9/2016			30/9/2015
	New-letting rent[1]	In-place rent[2]	Rent potential[3]	Rent potential[3]
Residential	EUR/sqm	EUR/sqm	in %	in %
Strategic core and growth regions (letting portfolio)	**7.43**	**6.07**	**22.4**	**20.3**
Core+	7.69	6.15	25.1	22.8
Greater Berlin	7.53	6.04	24.6	20.5
Rhine-Main	9.24	7.41	24.6	30.4
Mannheim/Ludwigshafen	7.23	5.73	26.2	19.9
Rhineland	7.45	6.12	21.7	22.8
Dresden	6.40	5.38	19.0	20.4
Other Core+	11.34	9.78	15.9	–
Core	6.24	5.55	12.5	9.9

[1] Contractually owed rent from newly concluded rent agreements in holdings not subject to rent controls which became effective in 2016
[2] Contractually owed rent for rented residential units divided by rented area
[3] New-letting rent for properties in the letting portfolio in comparison to the in-place rent for properties in the letting portfolio

In the first nine months of 2016, the new-letting rent in the Core+ segment (holdings not subject to rent controls) was around 25 % above the in-place rent as at the reporting date.

Modernisation programme expanded

Since 2012, the portfolio of Deutsche Wohnen has increased significantly in size due to external growth from approximately 83,000 flats to more than 158,000. At the same time, the portfolio was optimised through selective disposals. In order to further enhance the quality of the portfolio, extensive investment in our existing housing is crucially important. For this reason, our focus in future will be on such investments. Accordingly, our modernisation programme of EUR 400 million up to now, which is spread across approximately 17,000 residential units, is being expanded to approximately EUR 1 billion or 30,000 units.

The investment portfolio, which was selected following a comprehensive analysis of our holdings, is located essentially in Core+ regions (96 %) and, more specifically, in attractive hot-spot and growth locations (>90 %) with above-average development potential. Approximately 90 % of the 30,000 units are located in Berlin.

Deutsche Wohnen feels it is in an excellent position to enhance the quality of its holdings by means of this expanded programme and to generate additional growth potential.

Portfolio investments

In the first nine months of 2016, approximately EUR 147.9 million (previous year: EUR 114.5 million) was invested in the maintenance and modernisation of our property portfolio. Because we are intensifying the implementation of our modernisation programme, this figure will rise significantly in future.

The following table shows expenditure on maintenance and modernisation for the first nine months of 2016 in comparison to the corresponding period of the previous year:

EUR m	9m/2016	9m/2015
Maintenance	**64.4**	**58.9**
in EUR/sqm p.a.	8.75[1]	8.63[1]
Modernisation	**83.5**	**55.6**
in EUR/sqm p.a.	11.34[1]	8.14[1]
Maintenance and modernisation	**147.9**	**114.5**
in EUR/sqm p.a.	20.09[1]	16.77[1]

[1] With consideration of average floor space on a quarterly basis in the relevant period; in the case of significant acquisitions within a quarter, the average floor space was adjusted accordingly

Notes on financial performance and financial position

Financial performance

The following provides an overview of the development of business operations in individual segments as well as of further items in the group profit and loss statement for the first nine months of the financial year 2016 in comparison to the corresponding period of the previous year.

EUR m	9m/2016	9m/2015
Earnings from Residential Property Management	444.7	393.0
Earnings from Disposals	46.4	60.8
Earnings from Nursing and Assisted Living	13.7	12.0
Corporate expenses	−52.4	−54.8
Other operating expenses/income	−1.0	−34.5
Operating result (EBITDA)	**451.4**	**376.5**
Depreciation and amortisation	−4.6	−4.1
Adjustment of fair values of investment properties	731.3	705.0
Earnings from companies valued at equity	1.5	1.5
Financial result	−250.1	−293.5
Earnings before taxes	**929.5**	**785.4**
Current taxes	−21.3	−21.0
Deferred taxes	−269.8	−242.7
Profit for the period	**638.4**	**521.7**

In comparison to the equivalent period of the previous year, profit for the period rose by EUR 116.7 million to EUR 638.4 million. This change is mainly attributable to improved earnings from residential property management and to the revaluation of the company's properties.

Earnings before taxes, adjusted for special effects and valuation effects, show the normalised increase in earnings:

EUR m	9m/2016	9m/2015
Earnings before taxes	**929.5**	**785.4**
Gains/losses from the valuation of property	−731.3	−705.0
Gains/losses from fair-value adjustments of derivative financial instruments and convertible bonds	155.2	139.0
One-off expenses	6.4	83.4
Adjusted earnings before taxes	**359.8**	**302.8**

The adjusted earnings before taxes rose by around 19 % to EUR 359.8 million. In particular, improved earnings from lettings and lower corporate expenses contributed to this result.

Earnings from Residential Property Management

As expected, earnings from Residential Property Management exceeded the level of the previous year.

EUR m	9m/2016	9m/2015
Rental income	**526.1**	**473.1**
Non-recoverable expenses	−6.2	−9.4
Rental loss	−4.8	−4.6
Maintenance	−64.4	−58.9
Other	−6.0	−7.2
Earnings from Residential Property Management	**444.7**	**393.0**
Staff and general and administration expenses	−30.1	−32.7
Operating result (Net Operating Income – NOI)	**414.6**	**360.3**
NOI margin in %	78.8	76.2
NOI in EUR per sqm and month[1]	4.69	4.40
Change in %	6.6	

[1] With consideration of average floor space on a quarterly basis in the relevant period; in the case of significant acquisitions within a quarter, the average floor space was adjusted accordingly

In particular, portfolio acquisitions as well as rent increases across the entire portfolio led to an increase in rental income in comparison to the corresponding period of the previous year. Expenditure on maintenance was EUR 64.4 million (previous year: EUR 58.9 million) or EUR 8.75 per sqm p.a.[1] (previous year: EUR 8.63 per sqm p.a.[1]). The NOI margin increased by 2.6 percentage points to approximately 79 %.

[1] With consideration of average floor space on a quarterly basis in the relevant period; in the case of significant acquisitions within a quarter, the average floor space was adjusted accordingly

Earnings from Disposals

Demand for property as a form of investment for owner-occupiers and investors continues to be high. Up to 30 September 2016 a total of 4,297 units were sold. The transfer of risks and rewards for these units is expected to take place in 2016. Of these units, approximately 900 made up a single institutional sale in Berlin and a further 900 an institutional sale in Merseburg.

	30/9/2016				
	Units	Transaction volume	IFRS carrying amount of assets sold	Gross margin	
	number	EUR m	EUR m	EUR m	in %
Privatisation	1,255	149.1	107.9	41.2	38
Institutional sales	3,042	204.6	181.2	23.4	13
	4,297	353.7	289.1	64.6	22

The gross margins continue to be high. In the current market environment, we achieve average margins of 13 % in institutional sales.

Of the 4,297 residential units sold, the transfer of risks and rewards took place in respect of 3,605 residential units in the first nine months of the financial year, and so these are included in the sales results:

EUR m	9m/2016	9m/2015
Sales proceeds	301.0	592.9
Sales expenses	– 8.2	– 15.4
Net proceeds	292.8	**577.5**
Carrying amount of assets sold	– 246.4	– 516.7
Gains/losses from Disposals	46.4	**60.8**

Earnings from Nursing and Assisted Living

The Nursing and Assisted Living segment is managed via Deutsche Wohnen's participation in the KATHARINENHOF® Group. The business model concentrates primarily on the management of residential and nursing facilities in the four federal states of Berlin, Brandenburg, Saxony and Lower Saxony. As at 30 September 2016, the KATHARINENHOF® Group managed 20 facilities, of which Deutsche Wohnen owns 19 with a fair value of EUR 161.4 million.

EUR m	9m/2016	9m/2015
Income		
Nursing	41.5	39.7
Living	4.9	4.6
Other	6.0	5.6
	52.4	**49.9**
Costs		
Nursing and corporate expenses	– 12.0	– 12.7
Staff expenses	– 26.7	– 25.2
	– 38.7	**– 37.9**
Segment earnings	13.7	**12.0**

The average occupancy rate of the facilities – excluding outpatient care – during the first nine months of the financial year 2016 was 98.7 % (equivalent period of previous year: 96.5 %) and so continues to be at a high level.

On 5 August 2016, the acquisition of a portfolio consisting of 28 nursing homes with a total of 4,132 places was notarised as part of an asset deal. The nursing homes, which are located primarily in western Germany, are let to reputable operators over the long term. Currently, the portfolio generates annual rental income of EUR 27.3 million, of which approximately 90 % is attributable to in-patient care and approximately 10 % to assisted living. The transaction is still subject to the usual conditions precedent. The transfer of risks and rewards is planned for the fourth quarter 2016 or the first quarter 2017. With this acquisition, Deutsche Wohnen is increasing its nursing care portfolio from 20 to 48 homes and from 2,048 places to 6,180 places.

As at 30 September 2016, costs for payments on deposit and for supplementary acquisition costs in the amount of EUR 43.8 million had been incurred for the acquisition of additional nursing care facilities.

Corporate expenses

Corporate expenses include staff and general and administration expenses without the segment Nursing and Assisted Living.

EUR m	9m/2016	9m/2015
Staff expenses	– 32.9	– 32.4
Long-term remuneration component (share-based)	– 1.6	– 1.0
General and administration expenses	– 17.9	– 21.4
Corporate expenses	**– 52.4**	**– 54.8**

The fall in total corporate expenses reflects the outcomes of the process arising from the integration of GSW's business operations. This process has now been concluded.

The cost ratio of general and administration expenses in relation to the rental income fell to 10.0 % in the first nine months of 2016 compared to 11.6 % – the latter figure relating to the equivalent nine-month period of the financial year 2015.

Financial result

The financial result is made up as follows:

EUR m	9m/2016	9m/2015
Current interest expenses	– 79.3	– 94.9
Accrued interest on liabilities and pensions	– 9.9	– 2.5
Transaction-related interest expenditures	– 6.4	– 57.7
Fair-value adjustments of derivative financial instruments	– 10.9	5.7
Fair-value adjustments of convertible bonds	– 144.3	– 144.7
	– 250.8	**– 294.1**
Interest income	0.7	0.6
Financial result	**– 250.1**	**– 293.5**

The fall in interest expenses results mainly from the measures to refinance and repay loans which were carried out in the course of the last financial year. Regarding the part of its loans with a variable interest rate, Deutsche Wohnen continues to profit from the fact that interest rate levels have fallen further.

The development in price of the convertible bonds follows the share price of Deutsche Wohnen AG. In the consolidated balance sheet of the company, the convertible bonds are recorded at fair value. Because of the positive development of the share price, there was a valuation loss. The current share price is higher than the underlying conversion prices, so the convertible bonds are "in the money". When calculated on a diluted basis, this leads to positive effects in the key balance sheet figures like LTV (Loan-to-Value Ratio) or EPRA NAV (Net Asset Value).

Current taxes

The income taxes of EUR 291.1 million comprise EUR 269.8 million of deferred taxes and EUR 21.3 million of current income taxes. The deferred tax liabilities are mainly related to the revaluation of Deutsche Wohnen's property portfolio.

Financial position

	30/9/2016		31/12/2015	
	EUR m	in %	EUR m	in %
Investment properties	13,481.7	88	11,859.1	86
Other non-current assets	977.1	6	939.8	7
Total non-current assets	**14,458.8**	**94**	**12,798.9**	**93**
Current assets	529.3	4	239.6	2
Cash and cash equivalents	277.8	2	661.6	5
Total current assets	**807.1**	**6**	**901.2**	**7**
Total assets	**15,265.9**	**100**	**13,700.1**	**100**
Equity	**7,315.5**	**48**	**6,872.0**	**50**
Financial liabilities	4,466.7	29	3,780.4	28
Convertible bonds	1,109.2	7	965.4	7
Corporate bonds	497.4	4	498.3	4
Tax liabilities	54.4	0	37.5	0
Employee benefit liabilities	72.5	0	64.6	0
Deferred tax liabilities	1,396.4	9	1,110.2	8
Other liabilities	353.8	3	371.7	3
Total liabilities	**7,950.4**	**52**	**6,828.1**	**50**
Total equity and liabilities	**15,265.9**	**100**	**13,700.1**	**100**

Investment properties represent the largest asset position. This figure has risen mainly because of acquisitions and the increase of EUR 731.3 million in the value of the properties.

The other non-current assets include, in particular, the figure of EUR 535.1 million – the value of the goodwill arising from the GSW transaction.

The rise in current assets in comparison to the reporting date in the previous year mainly concerns the acquisition of properties intended for sale.

The group's equity rose in absolute terms in the first nine months of 2016 by EUR 443.5 million whilst the equity ratio fell from around 50 % to around 48 %. This is due to a balance sheet extension of approximately EUR 1,565.8 million due to acquisitions and the financing of these acquisitions with loan capital in the first quarter of 2016. In the first nine months of 2016, Deutsche Wohnen issued approximately 50,500 bearer shares in exchange for around 23,100 bearer shares in GSW Immobilien AG. This represents a share of approximately 0.04 % in GSW. This exchange of shares went ahead on the basis of the provisions of the Domination Agreement between the two companies regarding the put-option rights of the minority shareholders of GSW.

The EPRA NAV has developed as follows:

EUR m	30/9/2016	31/12/2015
Equity (before non-controlling interests)	7,062.5	6,653.5
Fair value of derivative financial instruments	60.0	44.8
Deferred taxes	1,349.5	1,064.1
EPRA NAV (undiluted)	8,472.0	**7,762.4**
Number of shares outstanding (undiluted) in m	337.5	337.4
EPRA NAV (undiluted) in EUR per share	25.10	**23.01**
Effects of exercise of convertible bonds	1,097.4	952.1
EPRA NAV (diluted)	9,569.4	**8,714.5**
Number of shares outstanding (diluted) in m	370.8	370.2
EPRA NAV (diluted) in EUR per share	25.81	**23.54**

The EPRA NAV (undiluted) rose in absolute terms by EUR 709.6 million. In particular, the revaluation of the investment properties contributed to this increase.

The EPRA NAV adjusted for goodwill corresponds to the Adjusted NAV:

EUR m	30/9/2016	31/12/2015
EPRA NAV (undiluted)	8,472.0	7,762.4
Goodwill GSW	–535.1	–535.1
Adjusted NAV (undiluted)	7,936.9	**7,227.3**
Adjusted NAV (undiluted) in EUR per share	23.52	**21.42**

In comparison to the end of 2015, financial liabilities have risen because loans were taken out to finance portfolio acquisitions.

The liabilities arising from the issue of convertible bonds increased to EUR 1,109.2 million due to the effects of variations in market value. In nominal terms, the sum owing is EUR 650.0 million.

The debt ratio (expressed as Loan to Value) developed in comparison to 31 December 2015 as follows:

EUR m	30/9/2016	31/12/2015
Financial liabilities	4,466.7	3,780.4
Convertible bonds	1,109.2	965.4
Corporate bonds	497.4	498.3
	6,073.3	**5,244.1**
Cash and cash equivalents	–277.8	–661.6
Net financial liabilities	5,795.5	**4,582.5**
Investment properties	13,481.7	11,859.1
Non-current assets held for sale	28.1	137.6
Land and buildings held for sale	381.3	66.9
	13,891.1	**12,063.6**
Loan-to-Value Ratio in %	41.7	**38.0**

As at the reporting date the Loan-to-Value Ratio was around 41.7 %. The average interest rate on the credit portfolio, including the convertible bonds and the corporate bond, was approximately 1.6 % as at 30 September 2016 with a hedging rate of approximately 84 %. The convertible bonds are currently "in the money". If they were assumed to have been converted, this would result in a Loan-to-Value Ratio of approximately 33.7 % in mathematical terms.

The cash flow of the group breaks down as follows:

EUR m	9m/2016	9m/2015
Net cash flows from operating activities	**182.6**	**137.0**
Net cash flows from investment activity	–806.1	–27.6
Net cash flows from financing activities	239.7	124.4
Net change in cash and cash equivalents	–383.8	**233.8**
Opening balance cash and cash equivalents	661.6	396.4
Closing balance cash and cash equivalents	277.8	**630.2**

The decisive key figure for us, Funds from Operations (FFO I), rose by approximately 31.8% in comparison to the corresponding period of the previous year:

EUR m	9m/2016	9m/2015
EBITDA	451.4	**376.5**
One-off expenses	0.0	25.7
EBITDA (adjusted)	451.4	**402.2**
Earnings from Disposals	–46.4	–60.8
At-equity valuation	1.5	1.5
Interest expenses/revenues	–78.6	–94.4
Income taxes	–21.3	–14.0
Minority interests	–5.2	–5.8
FFO I	301.4	**228.7**
Earnings from Disposals	46.4	60.8
FFO II	347.8	**289.5**
FFO I per share in EUR[1]	0.89	0.73
FFO II per share in EUR[1]	1,03	0,92

[1] Based on the weighted average of approximately 337.44 million issued shares in 2016 or approximately 315.27 million in 2015

Events after the reporting date

We are not aware of any key events after the reporting date.

Risk report

With regard to the risks that exist for future business development and to a description of the risk management system (RMS), we refer you to the information presented in the risk report in the consolidated financial statements as at 31 December 2015. Our assessment of the overall risk position has not changed in comparison to the previous year. There are no specific risks which would endanger the continued existence of the company.

Forecast

Business operations in the first nine months of the financial year 2016 were very successful for Deutsche Wohnen. The low vacancy rate and the greater speed with which acquired properties were transferred into the ownership of Deutsche Wohnen have had a positive impact on profitability. In the area of financing we continue to benefit from low interest rates.

For the financial year 2016 we are expecting an FFO I of at least EUR 380 million.

In transactions at the moment, especially on the Berlin property market, prices are being achieved that are significantly higher than the valuation we have given to comparable properties in our portfolio. We are currently in discussions with CBRE about preparing a renewed valuation of our property holdings as at 31 December 2016. For the second half year we expect a further revaluation gain of at least EUR 1.5 billion Without any impacts from goodwill impairment or valuation of financial liabilities/instruments this would lead to an EPRA NAV of around EUR 30 per share.

This forecast applies to the basic scenario, i.e. without further acquisitions or opportunistic block disposals.

Frankfurt/Main, 15 November 2016

Deutsche Wohnen AG
The Board of Management

Michael Zahn	Philip Grosse	Lars Wittan
Chief Executive Officer	Chief Financial Officer	Chief Investment Officer

INTERIM FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET
as at 30 September 2016

EUR k	30/9/2016	31/12/2015
ASSETS		
Investment properties	13,481,716	11,859,098
Property, plant and equipment	53,240	45,655
Intangible assets	545,773	546,329
Derivative financial instruments	0	27
Other non-current assets	31,697	22,255
Deferred tax assets	346,402	325,513
Non-current assets	**14,458,828**	**12,798,877**
Land and buildings held for sale	381,264	66,913
Other inventories	14,815	3,501
Trade receivables	20,512	13,368
Income tax receivables	45,200	8,094
Derivative financial instruments	0	3
Other current assets	39,445	10,210
Cash and cash equivalents	277,779	661,566
Subtotal current assets	**779,015**	**763,655**
Non-current assets held for sale	28,100	137,582
Current assets	**807,115**	**901,237**
Total assets	**15,265,943**	**13,700,114**

EUR k	30/9/2016	31/12/2015
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the parent company		
Issued share capital	337,466	337,412
Capital reserve	3,561,894	3,558,901
Accumulated other consolidated earnings	–45,185	–36,539
Retained earnings	3,208,362	2,793,680
Total equity attributable to shareholders of the parent company	**7,062,537**	**6,653,454**
Non-controlling interests	252,981	218,548
Total equity	7,315,518	**6,872,002**
Non-current financial liabilities	4,409,776	3,718,128
Convertible bonds	1,108,548	964,204
Corporate bonds	496,071	495,298
Employee benefit liabilities	72,546	64,551
Tax liabilities	47,535	33,064
Derivative financial instruments	10,259	12,357
Other provisions	91,961	62,495
Deferred tax liabilities	1,396,445	1,110,209
Total non-current liabilities	7,633,141	**6,460,306**
Current financial liabilities	56,917	62,305
Convertible bonds	672	1,234
Corporate bonds	1,300	3,024
Trade payables	137,854	194,568
Liabilities to limited partners in funds	6,543	6,413
Other provisions	9,247	17,083
Derivative financial instruments	12,430	11,760
Tax liabilities	54,421	37,519
Other liabilities	37,900	33,900
Total current liabilities	317,284	**367,806**
Total equity and liabilities	15,265,943	**13,700,114**

CONSOLIDATED PROFIT AND LOSS STATEMENT

for the period from 1 January to 30 September 2016

EUR k	9m/2016	9m/2015	Q3/2016	Q3/2015
Income from Residential Property Management	526,130	473,105	178,353	159,757
Expenditure for Residential Property Management	−81,470	−80,078	−25,816	−25,838
Earnings from Residential Property Management	**444,660**	**393,027**	**152,537**	**133,919**
Sales proceeds	301,049	592,925	80,076	85,824
Cost of sales	−8,201	−15,490	−2,182	−3,384
Carrying amounts of assets sold	−246,491	−516,678	−68,263	−67,930
Earnings from Disposals	**46,357**	**60,757**	**9,631**	**14,510**
Income from Nursing and Assisted Living	52,388	49,852	17,803	16,872
Expenses for Nursing and Assisted Living	−38,657	−37,888	−12,766	−12,845
Earnings from Nursing and Assisted Living	**13,731**	**11,964**	**5,037**	**4,027**
Corporate expenses	−52,433	−54,846	−17,836	−18,017
Other expenses/income	−944	−34,411	−1,207	−18,034
Subtotal	**451,371**	**376,491**	**148,162**	**116,405**
Gains/losses from fair-value adjustment of investment properties	731,289	705,012	0	0
Depreciation and amortisation	−4,570	−4,134	−1,581	−1,457
Earnings before interest and taxes (EBIT)	**1,178,090**	**1,077,369**	**146,581**	**114,948**
Finance income	683	631	83	170
Gains/losses from fair-value adjustments of derivative financial instruments and convertible bonds	−155,193	−138,960	−60,006	−87,787
Gains/losses from companies valued at equity	1,498	1,504	636	572
Finance expense	−95,571	−155,177	−36,849	−49,075
Profit before taxes	**929,507**	**785,367**	**50,445**	**−21,172**
Income taxes	−291,118	−263,661	−35,072	39
Profit for the period	**638,389**	**521,706**	**15,373**	**−21,133**
Thereof attributable to:				
Shareholders of the parent company	618,231	500,160	12,945	−23,885
Non-controlling interests	20,158	21,546	2,428	2,752
	638,389	**521,706**	**15,373**	**−21,133**
Earnings per share				
Undiluted in EUR	1.83	1.59	0.04	−0.14
Diluted in EUR	1.83	1.59	0.04	−0.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 30 September 2016

EUR k	9m/2016	9m/2015	Q3/2016	Q3/2015
Profit for the period	638,389	**521,706**	15,373	**–21,133**
Other comprehensive income				
Items reclassified as expense at a later stage				
Net gain/loss from derivative financial instruments	–3,392	59,976	6,058	9,769
Income tax effects	964	–23,070	–1,887	–5,766
	–2,428	**36,906**	**4,171**	**4,003**
Items not reclassified as expense at a later stage				
Actuarial gains/losses with employee benefits and impacts of caps for asset values in pension plans	–9,506	4,252	–1,514	–511
Income tax effects	3,476	–3,600	1,363	–3,090
	–6,030	**652**	**–151**	**–3,601**
Other comprehensive income after taxes	–8,458	**37,558**	4,020	**402**
Total comprehensive income after taxes	629,931	**559,264**	19,393	**–20,731**
Thereof attributable to:				
Shareholders of the parent company	609,584	537,666	16,965	–23,483
Non-controlling interests	20,347	21,598	2,428	2,752

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from 1 January to 30 September 2016

EUR k	9m/2016	9m/2015
Operating activities		
Profit/loss for the period	638,389	521,706
Finance income	–683	–631
Adjustment of derivative financial instruments and convertible bonds	155,193	138,960
Finance expense	95,571	155,177
Earnings from companies valued at equity	–1,498	–1,504
Income taxes	291,118	263,661
Profit/loss for the period before interest and taxes	**1,178,090**	**1,077,369**
Non-cash expenses/income		
Fair-value adjustment of investment properties	–731,289	–705,012
Depreciation and amortisation	4,570	4,134
Other non-cash operating expenses/income	–63,286	–78,563
Change in net working capital		
Change in receivables, inventories and other current assets	–43,228	–16,162
Change in operating liabilities	–41,804	–51,816
Net operating cash flows	**303,053**	**229,950**
Interest paid	–84,113	–105,910
Interest received	683	631
Taxes paid	–42,936	–23,623
Taxes received	5,973	35,935
Net cash flows from operating activities	**182,660**	**136,983**
Investment activities		
Sales proceeds	290,887	615,612
Payments for investments	–1,109,980	–649,162
Proceeds from grants/subsidies for investment	0	113
Proceeds from dividend payments arising from participations and joint ventures	76	179
Proceeds from company acquisitions	6,249	0
Other proceeds from investment activities	6,669	5,682
Net cash flows from investment activities	**–806,099**	**–27,576**
Financing activities		
Proceeds from borrowings	692,214	20,573
Repayment of borrowings	–257,810	–1,068,741
Proceeds from the issue of corporate bonds	0	498,445
One-off financing payments	–6,352	–94,188
Proceeds from capital increase	0	906,579
Other proceeds from financing activities	0	16,750
Costs of capital increase	0	–19,854
Payment of dividend to shareholders of Deutsche Wohnen AG	–182,230	–129,873
Payment of dividend to non-controlling interests	–6,170	–5,317
Net cash flows from financing activities	**239,652**	**124,374**
Net change in cash and cash equivalents	**–383,787**	**233,781**
Opening balance of cash and cash equivalents	**661,566**	**396,398**
Closing balance of cash and cash equivalents	**277,779**	**630,179**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 30 September 2016

EUR k	Registered capital	Capital reserves	Pensions	Reserve for cash flow hedge	Total accumulated other consolidated earnings	Consolidated retained earnings	Equity attributable to shareholders of parent company	Non-controlling interests	Total equity
Equity as at 1 January 2015	**294,260**	**2,735,911**	**– 14,216**	**– 59,691**	**– 73,907**	**1,736,609**	**4,692,872**	**183,193**	**4,876,065**
Profit/loss for the period						521,706	521,706		521,706
Thereof non-controlling interests						– 21,546	– 21,546	21,546	0
Other comprehensive income after tax			651	36,906	37,557		37,557		37,557
Thereof non-controlling interests			6	– 58	– 52		– 52	52	0
Total comprehensive income, net of taxes			**657**	**36,848**	**37,505**	**500,160**	**537,665**	**21,598**	**559,263**
Capital increase	43,107	885,077					928,184		928,184
Costs of capital increase less tax effects		– 14,960					– 14,960		– 14,960
Deposit in connection with remuneration of Board members		1,430					1,430		1,430
Change in non-controlling interests						– 3,858	– 3,858	7,713	3,855
Dividend payment						– 129,873	– 129,873		– 129,873
Other						566	566		566
Equity as at 30 September 2015	**337,367**	**3,607,458**	**– 13,559**	**– 22,843**	**– 36,402**	**2,103,604**	**6,012,026**	**212,504**	**6,224,530**
Equity as at 1 January 2016	**337,412**	**3,558,901**	**– 15,599**	**– 20,939**	**– 36,538**	**2,793,680**	**6,653,454**	**218,548**	**6,872,002**
Profit/loss for the period						638,389	638,389		638,389
Thereof non-controlling interests						– 20,158	– 20,158	20,158	0
Other comprehensive income after tax			– 6,030	– 2,428	– 8,458		– 8,458		– 8,458
Thereof non-controlling interests			14	– 203	– 189		– 189	189	0
Total comprehensive income, net of taxes			**– 6,016**	**– 2,631**	**– 8,647**	**618,231**	**609,584**	**20,347**	**629,931**
Capital increase	54	1,396					1,450		1,450
Deposit in connection with remuneration of Board members		1,597					1,597		1,597
Change in non-controlling interests						– 189	– 189	14,086	13,897
Dividend payment						– 182,230	– 182,230		– 182,230
Other						– 21,130	– 21,130		– 21,130
Equity as at 30 September 2016	337,466	3,561,894	– 21,615	– 23,570	– 45,185	3,208,362	7,062,537	252,981	7,315,518

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

Deutsche Wohnen AG is a publicly listed property company. It is based in Germany and operates nationwide. It has its headquarters in Frankfurt/Main, Pfaffenwiese 300, and is entered in the commercial register of the District Court of Frankfurt/Main under HRB 42388. The business activities of Deutsche Wohnen AG are limited to its role as the holding company for the companies in the group. These activities include, in particular, the following functions: Asset Management, Legal, Corporate Finance, Investor Relations, Communication and Human Resources. The operational subsidiaries focus on the areas of Residential Property Management, Disposals, and Nursing and Assisted Living. Consistent with its business strategy, the company concentrates on residential and nursing properties in dynamic conurbations and metropolitan areas in Germany, for example in Greater Berlin, the Rhine-Main region with Frankfurt/Main, and the Rhineland with a focus on Dusseldorf, and in stable conurbations like Hanover/Brunswick/Magdeburg.

The consolidated financial statements are presented in euros (EUR). Unless otherwise stated, all figures are rounded to the nearest thousand (k) or the nearest million (m) EUR. For arithmetical reasons there may be rounding differences between tables and references and the exact mathematical figures.

Basic principles and methods applied to the consolidated financial statements

The condensed consolidated interim financial statements for the period from 1 January to 30 September 2016 were prepared in accordance with International Accounting Standards (IAS) 34 for interim reporting as applicable in the European Union (EU). The condensed consolidated interim financial statements have not been audited or subjected to an audit review.

These interim financial statements do not contain all the information and details required for consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements as at 31 December 2015.

The consolidated financial statements have been prepared in principle on a historical cost basis with the exception of, in particular, investment properties, the convertible bonds, the net liabilities arising from defined-benefit pension plans and derivative financial instruments, which are measured at fair value.

The consolidated financial statements include the financial statements of Deutsche Wohnen and its subsidiaries as at 30 September 2016. The financial statements of the subsidiaries are prepared using consistent accounting and valuation methods as at the same reporting date as the financial statements of the parent company.

The preparation of the consolidated financial statements requires the management to make judgements, estimates and assumptions which affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. However, the uncertainty connected with these assumptions and estimates could result in outcomes which in future require considerable adjustments to the carrying amounts of the assets or liabilities affected.

The business activities of Deutsche Wohnen are basically unaffected by seasonal influences and economic cycles.

In the first nine months of 2016, the shareholding of Deutsche Wohnen AG in GSW Immobilien AG increased from its original level of 93.83 % as at 31 December 2015 to 93.87 % as at 30 September 2016. This change is due to the acquisition by Deutsche Wohnen AG of 0.04 % of the shares of GSW Immobilien AG in exchange for newly issued shares of Deutsche Wohnen AG in the context of the put-option rights arising from the Domination Agreement between GSW Immobilien AG (controlled company) and Deutsche Wohnen AG (controlling company).

Furthermore, in the segment Residential Property Management a total of four newly acquired companies were fully consolidated in the first nine months of 2016. One of these had the legal form of a German limited liability company (GmbH) and three the legal form of a Dutch limited liability company (B.V.). These four companies are residential property companies without independent business activities. Furthermore, one company was deconsolidated in the third quarter of 2016. The deconsolidation of this company does not have any significant impact on the asset, earnings and financial situation of the Deutsche Wohnen Group.

In the first nine months of 2016 Deutsche Wohnen also acquired 100 % of FACILITA Berlin GmbH, Berlin. As at 31 December 2015, the group held 49 % of the voting rights in this company. This company has been fully consolidated since 1 January 2016, so its earnings have been recorded in the statement of Deutsche Wohnen's earnings since this date. FACILITA Berlin GmbH, Berlin, provides services in Berlin – mainly for companies within the Deutsche Wohnen Group. The acquisition was dealt with in these interim financial statements in accordance with the acquisition method (IFRS 3).

As at the time of the first consolidation, the provisional fair values of the acquired assets and liabilities of FACILITA Berlin GmbH, Berlin broke down as follows:

	EUR m
Assets	
Property, plant and equipment	0.1
Receivables and other assets	0.5
Liquid assets	6.2
	6.8
Liabilities	
Tax liabilities	–0.7
Trade payables and other liabilities	–2.7
	–3.4
Net asset value	3.4

This assessment of the fair values of the assets and liabilities of FACILITA Berlin GmbH, Berlin, is provisional.

In the case of the acquired trade receivables and other assets, the fair value essentially corresponds to the gross sum. These are mainly receivables vis-à-vis group companies which correspond to liabilities of these group companies in the same amount.

The purchase price of the shares was EUR 51,000. Taking into consideration the 49 % shareholding in the amount of EUR 1.7 million, which was recorded in the balance sheet as a joint venture as at 31 December 2015, there is a profit as defined by IFRS 3.34 in the amount of EUR 1.8 million, which is contained in the consolidated profit and loss statement under the item "Other expenses/income".

In consideration of the acquired cash and cash equivalents in the amount of EUR 6.2 million, a cash inflow in the amount of EUR 6.2 million is recorded in the consolidated cash flow statement in the section "Cash flow from investment activities" under the item "Proceeds from company acquisitions".

Since the time of the first consolidation, the revenues of the company, which were included in the consolidated financial statements of Deutsche Wohnen, amounted to approximately EUR 7.8 million and the contribution to earnings (EBT) approximately EUR 1.0 million. Because the revenues of the company are intra-group services within the segment of Residential Property Management, they are consolidated.

No goodwill arose in the case of this corporate merger.

No significant transaction costs arose in the case of this corporate merger.

Apart from this, there have been no changes in the consolidated companies.

Changes to accounting and valuation methods

As a basic principle, Deutsche Wohnen has applied the same accounting and valuation methods as for the equivalent reporting period in the previous year.

In the first nine months of the financial year 2016 the new standards and interpretations which must be applied for financial years commencing after 1 January 2016 were applied in full. This did not have any significant consequences.

Selected notes on the consolidated balance sheet

Investment properties comprise 88 % of the assets of the Deutsche Wohnen Group. As at 30 June 2016, these investment properties underwent a detailed valuation and were recorded in the balance sheet at fair value. The valuation methods corresponded to the procedure used in the valuation as at 31 December 2015.

In parallel, the holdings were valued by CB Richard Ellis GmbH, Frankfurt/Main, and their total value confirmed. The deviation in value for an individual property is not greater than +/–10 % insofar as an absolute materiality limit of +/– EUR 250,000 is exceeded. Overall, CB Richard Ellis deviates from Deutsche Wohnen's internal valuation by around – 0.27 %.

For the valuation (Step 3 of the fair value hierarchy – valuation on the basis of valuation models) as at 30 June 2016, the relevant principles were applied consistently in the same way as they were as at 31 December 2015.

The following table shows the average of the non-observable input factors (Level 3) – for the developed plots – which were included in the internal valuation:

	Core+			Core	Non-Core
30/6/16	Berlin	Other	Total	Total	Total
Actual rent in EUR/sqm	6.03	6.59	6.15	5.57	5.06
Rental growth p.a. in %	2.6	2.1	2.5	1.3	1.2
Vacancy rate in %	1.6	2.4	1.7	3.3	4.3
Multiplier	20.3	17.6	19.7	14.7	12.1
Discount factor in %	5.3	6.3	5.5	6.6	7.1
Capitalisation factor in %	4.2	5.3	4.4	5.5	6.1

An adjustment to the key valuation parameters (rental growth 20 % less than planned; increase of 0.1 % in the discount interest rate; increase of 0.1 % in the capitalisation interest rate) results in the following non-cumulated value adjustments related to the carrying amount of the properties:

	Core+			Core	Non-Core
30/6/16	Berlin	Other	Total	Total	Total
Rental growth p.a. in %	– 4.7	– 3.1	– 4.4	– 2.3	– 1.1
Discount factor in %	– 0.8	– 0.7	– 0.8	– 0.7	– 0.4
Capitalisation factor in %	– 1.6	– 1.0	– 1.5	– 1.0	– 0.5

Insofar as the relevant valuation parameters develop positively, positive effects result to more or less the same degree.

As at 31 December 2015 the following input parameters were used:

	Core+			Core	Non-Core
31/12/2015	Berlin	Other	Total	Total	Total
Actual rent in EUR/sqm	5.89	6.29	5.97	5.49	4.79
Rental growth p.a. in %	2.6	2.1	2.5	1.3	1.0
Vacancy rate in %	1.7	1.5	1.7	2.0	6.3
Multiplier	19.4	16.5	18.7	13.6	12.0
Discount factor in %	5.7	6.1	5.8	6.7	7.4
Capitalisation factor in %	4.6	5.2	4.7	5.6	6.3

An adjustment to the key valuation parameters (rental growth 20 % less than planned; increase of 0.1 % in the discount interest rate; increase of 0.1 % in the capitalisation interest rate) resulted in the following non-cumulated value adjustments related to the carrying amount of the properties on 31 December 2015:

	Core+			Core	Non-Core
31/12/2015	Berlin	Other	Total	Total	Total
Rental growth p.a. in %	−4.1	−3.5	−4.0	−2.4	−2.0
Discount factor in %	−0.7	−0.7	−0.7	−0.7	−0.7
Capitalisation factor in %	−1.3	−1.2	−1.3	−1.0	−0.8

The item "Property, plant and equipment" covers mainly owner-occupied property (IAS 16), technical facilities and office furniture and equipment.

The item "Intangible assets" covers, in addition to software and licences, the goodwill in the amount of EUR 535.1 million which resulted from the GSW transaction (financial year 2013). As at 30 September 2016, there was no indication that the goodwill had lost any of its value.

The derivative financial instruments are interest hedges recorded at fair value. These hedges were not concluded for speculative purposes but solely in order to minimise the interest rate risks and consequent cash flow risks of variable-rate loans.

All other financial assets (trade receivables, other current assets, and cash and cash equivalents) as well as the other financial liabilities (current and non-current financial liabilities, current and non-current corporate bonds, trade payables and other liabilities) are valued at amortised cost. The amortised costs of these assets and liabilities also correspond closely to the fair value of these assets and liabilities.

The developments in equity can be found in the consolidated equity change statement on 21.

Financial liabilities have increased in comparison to 31 December 2015 particularly because loans have been taken out in order to finance portfolio acquisitions.

The convertible bonds are recorded at fair value on the basis of their period-end conversion rate. The bonds have changed in value in comparison to 31 December 2015 mainly because of the revaluation of the properties of Deutsche Wohnen. The current conversion price of the convertible bond issued by Deutsche Wohnen AG in 2013 is EUR 17.4542. The nominal sum owing is EUR 250 million. The current conversion price of the convertible bond issued by Deutsche Wohnen AG in September 2014 is EUR 21.0106. The nominal sum owing is EUR 400 million.

The employee benefit liabilities were valued as at the reporting date with a discount rate of 1.09 % p.a. (31 December 2015: 2.03 % p.a.). This rate derives from the yield of fixed-interest rate corporate bonds.

Selected notes on the consolidated profit and loss statement

Revenues from Residential Property Management are made up as follows:

EUR m	9m/2016	9m/2015
Potential rental income	537.0	483.6
Subsidies	1.7	3.8
	538.7	**487.4**
Vacancy losses	– 12.6	– 14.3
	526.1	**473.1**

The expenses for Residential Property Management are made up as follows:

EUR m	9m/2016	9m/2015
Maintenance costs	– 64.4	– 58.9
Non-recoverable operating expenses	– 6.2	– 9.4
Rental loss	– 4.8	– 4.6
Other income/expenses	– 6.0	– 7.2
	– 81.4	**– 80.1**

Earnings from Disposals include sales proceeds, the cost of sales and carrying amounts of investment properties sold and of certain land and buildings held for sale.

Earnings from Nursing and Assisted Living are made up as follows:

EUR m	9m/2016	9m/2015
Income from Nursing and Assisted Living	52.4	49.9
Nursing and corporate costs	– 12.0	– 12.7
Staff expenses	– 26.7	– 25.2
	13.7	**12.0**

Financial expenses are made up as follows:

EUR m	9m/2016	9m/2015
Current interest expenses	– 79.3	– 94.9
Accrued interest on liabilities and pensions	– 9.9	– 2.5
One-off financing costs	– 6.4	– 57.7
	– 95.6	**– 155.1**

Notes on the consolidated cash flow statement

The other non-cash expenses/income essentially consist of the book value profit from disposals.

The cash fund is made up of cash at hand and bank deposits.

Notes on segment reporting

The following table shows the segment revenues and the segment results for the Deutsche Wohnen Group:

	External revenue		Internal revenue		Total revenue		Segment earnings (EBITDA)		Assets	
EUR m	**9m/2016**	9m/2015	**9m/2016**	9m/2015	**9m/2016**	9m/2015	**9m/2016**	9m/2015	**30/9/2016**	31/12/2015
Segments										
Residential Property Management	526.0	473.1	11.8	10.5	537.8	483.6	444.7	393.0	13,866.9	12,271.9
Disposals	301.0	592.9	9.4	6.0	310.4	598.9	46.4	60.8	424.9	209.7
Nursing and Assisted Living	52.4	49.9	0.0	0.0	52.4	49.9	13.7	12.0	217.6	174.0
Reconciliation with consolidated financial statement										
Central functions and other operational activities	1.3	1.3	65.3	54.6	66.6	55.9	–53.4	–89.3	364.9	710.9
Consolidations and other reconciliations	–1.1	–1.3	–86.5	–71.1	–87.6	–72.4	0.0	0.0	0.0	0.0
	879.6	**1,115.9**	0.0	**0.0**	879.6	**1,115.9**	451.4	**376.5**	14,874.3	**13,366.5**

Other information

Associated parties and companies

On 8 August 2016, the Supervisory Board of Deutsche Wohnen AG appointed Philip Grosse for a period of three years as Chief Financial Officer (CFO) of the company and as a further member of the Board of Management.

Apart from the above, there have been no significant changes to associated parties and/or companies in comparison to the information provided as at 31 December 2015.

Risk report

With regard to the risks which exist for future business development and to the description of the risk management system (RMS), we refer you to the information presented in the risk report in the consolidated financial statements as at 31 December 2015. Our assessment of the overall risk position has not changed in comparison to the previous year. There are no specific risks which would endanger the continued existence of the company.

Financial instruments

The following table shows the allocation of financial instruments to the appropriate classes according to IFRS 7.6 and to the appropriate categories according to IAS 39:

	Valuation category in accordance with IAS 39	Amortised costs		Fair value recognized profit/loss	No valuation category according to IAS 39	No financial instruments according to IAS 32 or out of scope IFRS7	Total balance sheet items
EUR m		Carrying amount	Fair value	Carrying amount	Carrying amount	Carrying amount	30/9/2016
Trade receivables	LaR	20.5	20.5	0.0	0.0	0.0	20.5
Other assets							
Securities (at cost)	AfS	0.3	n/a	0.0	0.0	0.0	0.3
Financial investments and loans	AfS	23.7	n/a	0.0	0.0	8.0	31.7
Other financial assets	LaR	39.2	39.2	0.0	0.0	0.0	39.2
Derivative financial instruments	FAHfT	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	LaR	277.8	277.8	0.0	0.0	0.0	277.8
Total financial assets		**361.5**	**337.5**	**0.0**	**0.0**	**8.0**	**369.4**
Financial liabilities	FLaC	4,466.7	4,745.7	0.0	0.0	0.0	4,466.7
Convertible bonds	FLHfT	0.0	0.0	1,109.2	0.0	0.0	1,109.2
Corporate bond	FLaC	497.4	524.3	0.0	0.0	0.0	497.4
Liabilities to limited partners in funds	FLHfT	0.0	0.0	6.5	0.0	0.0	6.5
Trade payables	FLaC	119.1	119.1	0.0	0.0	18.8	137.9
Other liabilities							
Liabilities arising from financing leasing arrangements	–	0.0	0.0	0.0	31.7	0.0	31.7
Other financial liabilities	FLaC	97.7	97.7	0.0	0.0	0.4	98.1
Derivative financial instruments	FLHfT	0.0	0.0	29.3	30.7	0.0	60.0
Total financial liabilities		**5,180.8**	**5,486.8**	**1,145.1**	**62.4**	**19.2**	**6,407.5**

AfS – Available for Sale
LaR – Loans and Receivables
FAHfT – Financial Assets Held for Trade
FLaC – Financial Liabilities at Cost
FLHfT – Financial Liabilities Held for Trade

EUR m	Valuation category in accordance with IAS 39	Amortised costs		Fair value recognized profit/loss	No valuation category according to IAS 39	No financial instruments according to IAS 32 or out of scope IFRS7	Total balance sheet items
		Carrying amount	Fair value	Carrying amount	Carrying amount	Carrying amount	31/12/2015
Trade receivables	LaR	13.4	13.4	0.0	0.0	0.0	13.4
Other assets							
Securities (at cost)	AfS	0.3	n/a	0.0	0.0	0.0	0.3
Financial investments and loans	AfS	15.2	n/a	0.0	0.0	7.1	22.3
Other financial assets	LaR	10.0	10.2	0.0	0.0	0.0	10.0
Derivative financial instruments	FAHfT	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	LaR	661.6	661.6	0.0	0.0	0.0	661.6
Total financial assets		**700.3**	**685.1**	**0.0**	**0.0**	**7.1**	**707.4**
Financial liabilities	FLaC	3,780.4	3,915.6	0.0	0.0	0.0	3,780.4
Convertible bonds	FLHfT	0.0	0.0	965.4	0.0	0.0	965.4
Corporate bond	FLaC	498.3	502.8	0.0	0.0	0.0	498.3
Liabilities to limited partners in funds	FLHfT	0.0	0.0	6.4	0.0	0.0	6.4
Trade payables	FLaC	164.2	164.2	0.0	0.0	30.4	194.6
Other liabilities							
Liabilities arising from financing leasing arrangements	–	0.0	0.0	0.0	22.2	0.0	22.2
Other financial liabilities	FLaC	74.0	74.0	0.0	0.0	0.2	74.2
Derivative financial instruments	FLHfT	0.0	0.0	18.5	26.3	0.0	44.8
Total financial liabilities		**4,517.0**	**4,656.6**	**990.3**	**48.5**	**30.5**	**5,586.3**

AfS – Available for Sale
LaR – Loans and Receivables
FAHfT – Financial Assets Held for Trade
FLaC – Financial Liabilities at Cost
FLHfT – Financial Liabilities Held for Trade

In addition, we refer you to the information according to IFRS 7 and IAS 39 provided in the consolidated financial statements as at 31 December 2015.

Frankfurt/Main, 15 November 2016

Deutsche Wohnen AG
The Board of Management

Michael Zahn	Philip Grosse	Lars Wittan
Chief Executive Officer	Chief Financial Officer	Chief Investment Officer

RESPONSIBILITY STATEMENT

"We hereby declare that, to the best of our knowledge, the consolidated interim financial statements as at 30 September 2016 give a true and fair view of the earnings, financial and assets position of the group in accordance with the applicable accounting standards, and that the interim report presents a true and fair view of the development of the business including the business result and the position of the group and describes the main opportunities and risks associated with the group's expected future development."

Frankfurt/Main, 15 November 2016

Deutsche Wohnen AG
The Board of Management

Michael Zahn Chief Executive Officer	Philip Grosse Chief Financial Officer	Lars Wittan Chief Investment Officer

Disclaimer
This interim report contains statements of a predictive nature, and such statements involve risks and imponderables. In future, the actual development of the business and the results of Deutsche Wohnen AG and of the group may in certain circumstances deviate substantially from the assumptions made in this interim report. This interim report represents neither an offer to sell nor a request to submit an offer to buy shares in Deutsche Wohnen AG. This interim report does not create an obligation to update the statements it contains. Due to rounding some of the figures shown in the tables of this interim report do not add up exactly to the total figures shown, and some of the percentages do not add up exactly to the subtotals or to 100 %.

FINANCIAL CALENDAR 2016

15/11/2016	Publication of the interim financial statement as at 30 September 2016/nine-month results
17–18/11/2016	Roadshow, London
29–30/11/2016	UBS Global Real Estate Conference, London
5–8/12/2016	Berenberg European Conference, London
12–13/12/2016	HSBC Global Real Estate Conference, Kapstadt

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