PROSPECTUS
DATED MAY 20, 2015

NOT FOR DISTRIBUTION IN THE UNITED STATES OF AMERICA

Prospectus

for the public offering

in Germany and Luxembourg

of

42,166,532 new ordinary bearer shares with no par-value (no par-value bearer shares) from the capital increase against contribution in cash resolved by the management board on May 20, 2015, approved by the supervisory board on the same day, utilizing the authorized capital resolved by the ordinary meeting of the shareholders on June 11, 2014 with subscription rights for existing shareholders of Deutsche Wohnen AG

and

for admission to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange

of

up to 42,166,532 new ordinary bearer shares with no par-value (no par-value bearer shares) from the above mentioned capital increase

–each such share representing a notional value of EUR 1.00 and full dividend entitlement from, and including, the fiscal year starting January 1, 2015–

of

Deutsche Wohnen AG

Frankfurt am Main, Germany

Subscription price: to be determined

International Securities Identification Number (ISIN) (new shares): DE000A14KDD3
German Securities Code (*Wertpapierkennnummer*) WKN (new shares): A14KDD
Trading Symbol (new shares): DWNN

Joint Global Coordinators & Joint Bookrunners

Goldman Sachs International **UBS Investment Bank** **Deutsche Bank**

Lead Managers

Berenberg **DZ BANK** **Kempen & Co** **UniCredit Bank AG**

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I. SUMMARY OF THE PROSPECTUS

*Summaries are made up of disclosure requirements known as "**Elements**". These Elements are numbered in sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".*

A. – Introduction and Warnings

A.1	**Warnings.**	This summary should be read as an introduction to this prospectus (the "**Prospectus**"). Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may have to bear the costs of translating the Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area. Deutsche Wohnen AG, Frankfurt am Main, Germany (the "**Company**" and together with its fully consolidated subsidiaries, the "**Group**", "**Deutsche Wohnen**" or "**Deutsche Wohnen Group**"), along with Goldman Sachs International, London, United Kingdom ("**Goldman Sachs**"), UBS Limited, London, United Kingdom ("**UBS**"), Deutsche Bank Aktiengesellschaft, Frankfurt am Main, Germany ("**Deutsche Bank**" and, together with Goldman Sachs and UBS, the "**Joint Global Coordinators**" or "**Joint Bookrunners**"), Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany ("**Berenberg**"), DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Germany ("**DZ BANK**"), Kempen & Co N.V., Amsterdam, the Netherlands ("**Kempen & Co**") and UniCredit Bank AG, Munich, Germany ("**UniCredit Bank AG**", and, together with Berenberg, DZ BANK and Kempen & Co, the "**Lead Managers**" and, together with the Joint Global Coordinators, the "**Underwriters**") have assumed responsibility for the content of this summary and its German translation pursuant to section 5(2b) no. 4 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*). Those persons who have assumed responsibility for the summary, including the translation thereof, or who have caused its issuing (*von denen der Erlass ausgeht*), can be held liable but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or if it does not provide, when read together with the other parts of this Prospectus, all necessary key information.
A.2	**Information regarding the subsequent use of the prospectus.**	Not applicable. Consent regarding the use of the Prospectus for a subsequent resale or placement of the shares has not been granted.

B. – The Issuer

B.1	**Legal and commercial name of the issuer.**	The legal name of the Company is Deutsche Wohnen AG. The Company is the holding company of Deutsche Wohnen Group. The Company primarily operates under the commercial name “Deutsche Wohnen”.
B.2	**Domicile, legal form, legislation under which the issuer operates, country of incorporation.**	The Company has its registered office at Pfaffenwiese 300, 65929 Frankfurt am Main, Germany, and is registered with the commercial register (*Handelsregister*) of the Frankfurt am Main local court (*Amtsgericht Frankfurt am Main*) under docket number HRB 42388. The Company is a German stock corporation incorporated in Germany and governed by German law.
B.3	**The issuer’s current operations, its principal business activities and principal markets in which the issuer competes.**	Deutsche Wohnen AG is one of the largest publicly listed German residential real estate companies with a market capitalization of approximately EUR 7 billion (based on the XETRA closing price on April 30, 2015). The Company’s real estate portfolio includes approximately 149,000 residential and commercial properties, as well as approximately 2,050 nursing and assisted care units/apartments (including about 475 units/apartments in facilities that Deutsche Wohnen does not own but operates via strategic partnerships). The fair value of Deutsche Wohnen’s investment properties and properties held for sale amounts to approximately EUR 10 billion (as of December 31, 2014). Deutsche Wohnen’s investment strategy focuses on residential real estate and nursing and assisted care facilities in German metropolitan areas with strong growth, including the Greater Berlin area, the Rhine-Main region, Mannheim/Ludwigshafen, the Rhineland and Dresden, as well as stable urban areas such as Hanover/Brunswick, Magdeburg, Kiel/Lübeck, Halle/Leipzig and Erfurt. As of March 31, 2015, Deutsche Wohnen had 736 employees (excluding 1,362 employees in the Nursing and Assisted Living segment and 108 trainees). **Segments** The Company has organized its business into the following business segments: Residential Property Management, Disposals as well as Nursing and Assisted Living. The **Residential Property Management** segment is the core segment and focus of the Company’s business. It encompasses the “residential portfolio” and includes all activities relating to residential real estate management, lease management and tenant assistance. Deutsche Wohnen’s strategic goal in this segment is to improve the funds from operations (“**FFO**”). It aims to accomplish this by focusing on (i) rent increases in line with adjustments to rent indexes, modernization measures and by realizing the potential of existing rent increases through new tenancies (*fluctuation*), (ii) lowering vacancy rates, (iii) ensuring efficient management of its residential properties including targeted investments and (iv) realizing economies of scale by acquiring and integrating new portfolios. Over the last few years, Deutsche Wohnen has demonstrated that by focusing its residential portfolio on the strategic core and growth regions and continually optimizing its residential portfolio, it can generate organic growth, thereby improving its FFO (without disposals). The **Disposals** segment encompasses the “disposals portfolio” and includes all activities relating to the sale of residential units,

buildings and land. Deutsche Wohnen's residential holdings intended for sale can be divided into (i) block sales (institutional sales) and (ii) single-unit privatizations (also referred to as single-unit sales or residential unit privatizations). The residential portfolio for block sales (institutional sales) comprises residential units in Non-Core Regions, *i.e.*, regions that do not fit into Deutsche Wohnen's long-term business strategy or non-core asset classes that are not expected to be held for the long term. Opportunistic disposals of properties in Deutsche Wohnen's Core+ and Core regions in the context of sales to institutional investors are also possible in the current market environment. Some residential units in these locations are part of the residential portfolio because they were acquired as part of larger portfolio acquisitions. These mainly include residential units and buildings in rural areas and single scattered holdings. These properties are typically sold to institutional investors, at or above fair value, although at times, below fair value if Deutsche Wohnen believes that a fast adaptation of the portfolio is more important than realizing the highest sales price. Opportunistic sales from the strategic core and growth regions still occur to take advantage of the current market situation. For single-unit privatizations, Deutsche Wohnen aims to sell predominantly to owner-occupants and capital investors at prices significantly above the fair value. All sales of residential units are intended to optimize and consolidate the residential portfolio and occur on an ongoing but staggered basis.

In the **Nursing and Assisted Living** segment, Deutsche Wohnen manages and markets nursing and residential care facilities for the elderly under the KATHARINENHOF® brand; the vast majority of these facilities are owned by Deutsche Wohnen. These facilities provide full inpatient care with the aim of helping nursing care patients preserve their independence as much as possible. Deutsche Wohnen assisted living facilities also provide the elderly with rental apartments along with an extensive range of services tailored to their needs.

Portfolio

As of March 31, 2015, Deutsche Wohnen's total residential portfolio consisted of 146,850 residential units (143,473 residential units in the strategic core and growth portfolio and 3,377 units in the non-core portfolio) with a total residential floor space of approximately 9 million square meters based on the total residential floor space listed in the rental contracts. As of March 31, 2015, the average monthly in-place rent of Deutsche Wohnen's residential portfolio amounted to EUR 5.73 per square meter. The vacancy rate in relation to Deutsche Wohnen's residential portfolio was 2.3% as of this date. In addition to the residential properties, the real estate portfolio of Deutsche Wohnen included 2,085 commercial units. Deutsche Wohnen divides its residential real estate portfolio into strategic core and growth regions and non-core regions. In its strategic core and growth regions, Deutsche Wohnen distinguishes between Core+ and Core regions. The real estate portfolio in the strategic core and growth regions includes both residential units that fall under the Residential Property Management segment as well as the Disposals (residential unit privatizations) segment.

- Core+ Regions are dynamic markets in which Deutsche Wohnen sees considerable potential to increase rents and a positive market environment for sales. These markets are characterized by excess demand for housing due to dynamic economic development and an increase in the number of households due to, among others, a growing number of single-person households. Deutsche Wohnen's Core+ Regions are the metropolitan areas of (i) Greater Berlin, (ii) Rhine-Main, (iii) Mannheim/Ludwigshafen, (iv) Rhineland and (v) Dresden. These markets are also the focus of potential future acquisitions. Based on the number of units, around 87% of the units in the residential real estate portfolio were located in Core+ Regions as of March 31, 2015.

- Core Regions are regions in which market development is expected to be stable. These markets are characterized by balanced supply and demand, a good economic situation, a stable economic outlook, average purchasing power and a constant number of households. Deutsche Wohnen's Core Regions are: (i) Hanover/Brunswick, (ii) Magdeburg, (iii) Kiel/Lübeck, (iv) Halle/Leipzig, (v) Erfurt and (vi) others. Based on the number of units, around 11% of the units in the residential real estate portfolio were located in Core Regions as of March 31, 2015.

- Non-Core Regions are defined as geographic regions whose development is stagnating and/or where the trend is negative. These are mainly rural areas or scattered holdings in Saxony-Anhalt, Brandenburg, Saxony, Rhineland-Palatinate, and others. The real estate in Deutsche Wohnen's portfolio that falls under Non-Core Regions amounted to 3,377 units, or around 2% of the total residential real estate portfolio based on the number of units as of March 31, 2015.

In 2014, about 9,700 residential units were reclassified from Core to Core+. These units are predominantly located in Dresden and Mannheim/Ludwigshafen. In addition, about 1,600 residential units were reclassified from Core to Non-Core.

Based on the strategic clustering into Core+, Core and Non-Core clusters, Deutsche Wohnen deploys three different investment strategies, "operate", "develop" and "dispose".

- Operate. The focus for units in the cluster "operate" is on re-letting these units and on the realization of rent potential according to the market trends. The units in the "operate" cluster are in a good or excellent condition. The cluster "operate" accounts for 76% of Deutsche Wohnen's portfolio (measured by units).

- Develop. Units located at promising locations that have less than average conditions are grouped in a cluster "develop". They account for 12% of Deutsche Wohnen's portfolio (measured by units). Deutsche Wohnen expects to invest significant amounts in modernization measures in order to increase the rent potential of these units.

- Dispose. Units that are in the cluster "dispose" are being sold in single units privatizations and block sales. They account for 10% of Deutsche Wohnen's portfolio (measured by units).

In 2014, Deutsche Wohnen engaged in selective acquisitions of smaller portfolios encompassing a total of approximately 3,100 residential units in the Rhine-Main area (650 units), Berlin (1,950 units) and Dresden (500 units) for a gross acquisition price of approximately EUR 300 million. These portfolios are all located in Deutsche Wohnen's Core+ markets. Notarized purchase agreements have been signed for all these 3,100 units in 2014 and for 940 units, the acquisitions closed already in fiscal 2014.

As of March 31, 2015, Deutsche Wohnen's nursing and assisted living portfolio comprised 20 facilities, of which 15 are solely nursing facilities, 3 are facilities for assisted living and 2 are combined facilities. The facilities provide about 2,048 nursing care places and apartments for assisted living. Of the 20 properties that are nursing facilities and assisted living facilities, there are 2 facilities that Deutsche Wohnen does not own but still operates via strategic partnerships. Around 70% of the nursing and assisted living portfolio is situated in Berlin and Brandenburg in terms of the number of nursing care places.

The property appraisal report included in this Prospectus (the "**Property Appraisal Report**") reports the fair value (pursuant to IAS 40) of Deutsche Wohnen's entire residential portfolio to be EUR 9,782 million (of which EUR 19.2 million account for undeveloped plots of land) as of December 31, 2014 and of Deutsche Wohnen's nursing and assisted living facilities to be EUR 143.8 million as of June 30, 2014. While these valuations only speak to the relevant valuation date and have not been updated by the independent, external appraisers CBRE GmbH to reflect the value as of a more recent date, Deutsche Wohnen AG hereby affirms that it is not aware of any material change in the total value of the properties appraised in the Property Appraisal Report since the respective appraisal date. The Company valued the entire real estate portfolio (residential and commercial real estate as well as nursing and assisted living facilities excluding undeveloped plots of land as of December 31, 2014) at EUR 9,930 million. The value according to the Property Appraisal Report and the Company's internal value deviates by 0.20% based on the total valued portfolio. Based on individual property, the values deviate by no more than 10%, or less than EUR 250,000, from one another. Since the valuations were conducted independently of one another, the discrepancies lie within a range of independent valuations and are not attributable to fundamentally different valuation methods. Deutsche Wohnen plans to perform an updated assessment of the fair value of its investment properties as of June 30, 2015 in the third quarter of 2015.

Summary of the Competitive Strengths

Based on the size and quality of its total residential and nursing and assisted living portfolio, the focus on attractive German metropolitan areas, and the quality of its real estate platform with highly trained and qualified employees, Deutsche Wohnen AG believes that it is well-positioned to participate in growth in the key German metropolitan areas, thereby enhancing the long-term value of its existing residential real estate portfolio, and to grow the Company through selective value enhancing acquisitions of additional real estate portfolios and/or nursing and assisted living portfolios.

Deutsche Wohnen AG believes that the following competitive strengths have been the primary drivers of its past success and will continue to set it apart from its competitors in the future:

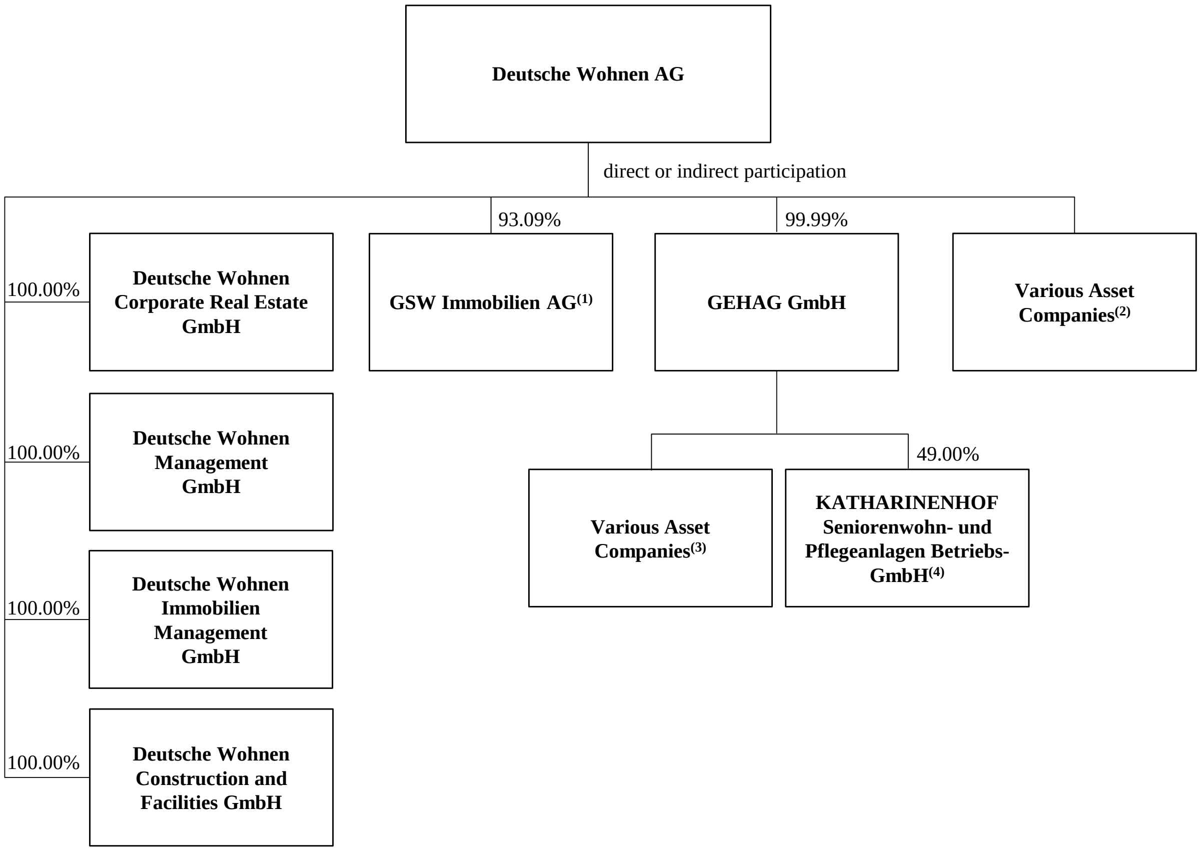
- Attractive, almost fully rented residential portfolio with high rent potential in the Core+ Regions;
- Commitment to quality, efficiency and sustainability;
- Proven asset and portfolio management track record as basis for continuous improvements in operational performance;
- Scalability of the Company platform and proven integration expertise;
- Solid balance sheet structure, conservative debt to equity ratio and access to diverse and long-term financing sources;
- Highly experienced management team with longstanding real estate experience as a basis for the Company's strategy.

Summary of the Strategy

The focus of Deutsche Wohnen's business is to enhance the Company's value. Deutsche Wohnen's growth strategy along the residential value chain centers on the following core elements:

- Focusing and concentrating on residential real estate located in the key metropolitan areas and urban centers;
- Capitalizing on the potential for higher rents through active asset and portfolio management;
- Portfolio optimization through value-oriented, single-unit sales and block sales; and
- Continuous growth through selective and value-oriented acquisitions of real estate portfolios and/or nursing and assisted living facilities intended to increase the FFO per share and the EPRA NAV (undiluted) (as defined below in B.7, footnote (8)) per share.

B.4a	**Description of the most significant recent trends affecting the issuer and the industries in which it operates.**	The Deutsche Wohnen Group as well as the entire German real estate industry depend on the current and projected demographic trends, in particular, a declining population, an increase in the number of households with a lower than average household size and an aging population. Most of these trends have led and will likely continue to lead to increased demand for residential units adaptable to one- or two-person households and/or for senior citizens in particular in metropolitan areas. The Company anticipates rising in-place rents and new in-place rents in the Core+ letting portfolios in 2015. Accordingly, Deutsche Wohnen Group projects additional growth in the Residential Property Management segment. The Deutsche Wohnen Group and the industry are also affected predominantly by the economic developments in Germany. Notably, the development of market prices and market rents for real estate in specific micro locations is relevant. This development is driven by demand for specific locations, vacancy rates and other factors, including market expectations. The German real estate industry and the results of Deutsche Wohnen Group have been positively affected by the developments in the German real estate market since 2010.
B.5	**Description of the group and the issuer's position within the group.**	Deutsche Wohnen AG is the holding company of the Deutsche Wohnen Group. The following diagram sets forth a summary (in simplified form) of the Company's significant subsidiaries as of March 31, 2015:



(1) *Major subsidiaries of GSW Immobilien AG ("**GSW**") are: GSW Grundvermögens- und Vertriebsgesellschaft mbH, Grundstücksgesellschaft Karower Damm mbH, GSW Wohnwert GmbH, GSW Corona GmbH, GSW Pegasus GmbH, Wohnanlage Leonberger Ring GmbH, GSW Verwaltungs- und Betriebsgesellschaft mbH & Co. Zweite Beteiligungs KG, and GSW Fonds Weinmeisterhornweg 170-178 GbR.*

(2) *Major other subsidiaries of Deutsche Wohnen AG are: Rhein-Main Wohnen GmbH, Rhein-Mosel Wohnen GmbH, Deutsche Wohnen Reisholz GmbH, Main-Taunus Wohnen GmbH & Co. KG, Rhein-Pfalz Wohnen GmbH, DB Immobilien Fonds 14 Rhein-Pfalz Wohnen GmbH & Co. KG, Larry Group (consisting of the companies Larry Condo S.à r.l., Larry Condo Holdco S.à r.l., Larry Berlin I S.à r.l., Larry Berlin II S.à. r.l, Larry Berlin Lichtenberg S.à r.l., Larry II Berlin Marzahn S.à r.l., Larry II Berlin Hellersdorf S.à r.l., Larry II Greater Berlin S.à r.l., Larry II Potsdam S.à r.l.).*

(3) *Major subsidiaries are: Eisenbahn-Siedlungs-Gesellschaft Berlin mbH, BauBeCon group (BauBeCon Assets GmbH, BauBeCon Immobilien GmbH, BauBeCon Wohnwert GmbH, BauBeCon Bio GmbH, Hamnes Investments B.V., Algarobo Holding B.V., Intermetro GmbH, the "**BauBeCon Group**"), DWRE Group (consisting of eight companies, formerly owned by Kristensen), GEHAG Erste Beteiligungs GmbH, GEHAG Dritte Beteiligungs GmbH, GEHAG Vierte Beteiligung S.E., Fortimo GmbH, Aufbau-Gesellschaft der GEHAG GmbH, Holzmindener Straße/Tempelhofer Weg Grundstücks GmbH, SGG Scharnweberstraße Grundstücks GmbH, AGG Auguste-Viktoria-Allee Grundstücks GmbH, GGR Group (consisting of the companies GGR Wohnparks Alte Hellersdorfer Straße GmbH, GGR Wohnparks Kastanienallee GmbH, GGR Wohnparks Nord Leipziger Tor GmbH, GGR Wohnparks Süd Leipziger Tor GmbH), Deutsche Wohnen Dresden I GmbH and Deutsche Wohnen Dresden II GmbH.*

(4) *Effective January 1, 2015, GEHAG GmbH's stake in KATHARINENHOF Seniorenwohn- und Pflegeanlagen Betriebs-GmbH decreased to 49%. Major subsidiaries of KATHARINENHOF Seniorenwohn- und Pflegeanlagen Betriebs-GmbH are: Katharinenhof Service GmbH, Seniorenresidenz Am Lunapark GmbH, LebensWerk GmbH.*

B.6	**Persons who, directly or indirectly, have a (notifiable) interest in the issuer's capital or voting rights or have control over the issuer.**	As of the date of this Prospectus, the following shareholders hold a notifiable direct or indirect interest in the Company's ordinary shares and voting rights:

Shareholders	**Stake/Share of Voting Rights**
Sun Life Financial Inc.[1)]/Massachusetts Financial Services Company (MFS)	9.94%
BlackRock, Inc.[1) 2)]	8.01%
Norges Bank (Central Bank of Norway)[2)]	6.71%
APG Asset Management N.V.	3.01%
Total	**27.67%**

1) *Attribution pursuant to section 22 paragraph 1, sentence 1, No. 6 of the German Securities Trading Act (Wertpapierhandelsgesetz) in conjunction with section 22 paragraph 1, sentence 2 of the German Securities Trading Act.*
2) *Attribution pursuant to section 22 paragraph 1, sentence 1, No. 1 of the German Securities Trading Act.*

	Different voting rights.	Not applicable. Each share of the Company carries one vote at the Company's general meeting. There are no restrictions on voting rights.
	Direct or indirect control over the issuer and the nature of such control.	Not applicable. The Company is not controlled by any of its shareholders.
B.7	**Selected financial and business information.**	The following tables contain key consolidated financial information of Deutsche Wohnen Group as of and for the three months ended March 31, 2015 and March 31, 2014, and as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012. The financial information contained in the following tables has been taken or derived from the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015 and the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012 as well as the Company's accounting records or internal management reporting systems. The Company's consolidated financial statements as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and the additional requirements of German commercial law pursuant to section 315a paragraph 1 of the German Commercial Code (Handelsgesetzbuch, "**HGB**") and were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft ("**EY**") who issued an unqualified auditor's report in each case. The Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015 have been prepared in accordance with IFRS for interim financial reporting (IAS 34). The other operating data stated below have been derived from the Company's accounting records or internal management reporting systems. Where the financial information stated in the following tables is labeled as "audited", this means that it has been taken from Deutsche Wohnen AG's audited consolidated financial statements as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012. Financial information which has not been taken from the aforementioned consolidated financial statements but, instead, is taken or derived from the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015, the Company's accounting records or internal management reporting systems or which is based on calculations of financial

information from the above mentioned sources is labeled in the following tables as "unaudited".

In the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2013, pursuant to IFRS 3, the allocation of the purchase price for the acquisition of GSW on November 30, 2013 was undertaken on a provisional basis. Due to new findings, the allocation of the purchase price was adjusted pursuant to IFRS 3. Accordingly, certain line items in the comparative financial information as of December 31, 2013 in the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2014 were affected by this adjustment and were adjusted retrospectively. Therefore, in principal, financial information as of December 31, 2013, labelled as "audited" was extracted from the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2014.

Unless otherwise indicated, all the financial information presented in the text and the tables of this section of the Prospectus is shown in millions of euros (EUR million) and is commercially rounded to one digit after the decimal point. Unless otherwise stated, all percentage changes in the text and the tables are rounded to the first digit after the decimal point. As a result of rounding effects, the aggregated figures in the tables may differ from the totals shown and the aggregated percentages may not exactly equal 100.0%. Parentheses around any figures in the tables indicate negative values. A dash ("–") means that the relevant figure is not available or not existent, while a zero ("0") means that the relevant figure has been rounded to zero.

Selected Data from the Consolidated Profit and Loss Statement

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	(in EUR million)			(in EUR million)	
Income from Residential Property Management	158.9	157.0	626.3	372.9	240.1
Expenses from Residential Property Management	(26.4)	(25.3)	(120.5)	(80.6)	(45.6)
Earnings from Residential Property Management	**132.5**	**131.7**	**505.8**	**292.3**	**194.4**
Sales proceeds	49.7	86.4	257.4	169.7	167.8
Cost of sales	(3.4)	(3.0)	(12.1)	(10.3)	(11.8)
Carrying amounts of assets sold	(36.9)	(67.6)	(192.9)	(136.3)	(136.1)
Earnings from Disposals	**9.3**	**15.8**	**52.4**	**23.0**	**19.9**
Income from Nursing and Assisted Living	16.3	16.7	68.2	59.9	42.0
Expenses from Nursing and Assisted Living	(12.5)	(12.6)	(51.9)	(46.7)	(32.1)
Earnings from Nursing and Assisted Living	**3.8**	**4.2**	**16.3**	**13.2**	**9.9**
Corporate expenses	(18.7)	(22.8)	(90.5)	(52.9)	(40.4)
Other expenses/income	(7.9)	(4.3)	(29.6)	(22.7)	12.7
Subtotal	**119.0**	**124.5**	**454.4**	**252.9**	**196.5**
Gains from the fair value adjustments of investment properties	–	–	952.7	101.3	119.2
Depreciation and amortization	(1.3)	(1.6)	(6.1)	(5.5)	(3.1)
Earnings before interest and taxes (EBIT)	**117.7**	**122.9**	**1,401.0**	**348.7**	**312.6**
Finance income	0.2	0.3	1.0	1.0	2.0
Gains/Losses from fair value adjustments of derivative financial instruments and convertible bonds[1)]	(109.9)	(16.7)	(111.5)	10.6	(0.2)

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	(in EUR million)			(in EUR million)	
Gains/losses from companies valued at equity	0.4	–	(0.5)	–	–
Finance expense	(35.7)	(52.4)	(268.5)	(142.4)	(108.7)
Profit before taxes	**(27.3)**	**54.2**	**1,021.4**	**217.9**	**205.6**
Income taxes	(17.0)	(8.6)	(132.2)	(5.2)	(60.1)
Profit for the period	**(44.2)**	**45.5**	**889.3**	**212.7**	**145.5**

1) *In the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2013 and December 31, 2012 referred to as "Gains/losses from fair value adjustments of derivative financial instruments".*

Selected Data from the Consolidated Balance Sheet

	March 31, 2015	December 31, 2014	December 31, 2013[1]	December 31, 2012
	(unaudited)	(audited)	(audited)	(audited)
	(in EUR million)		(in EUR million)	
Assets				
Non-current assets	**10,710.8**	**10,563.3**	**9,725.8**	**4,719.4**
of which:				
Investment properties	9,757.1	9,611.0	8,937.1	4,614.6
Property, plant and equipment	25.1	26.0	26.8	20.3
Intangible assets	545.6	546.1	547.1	3.3
Deferred tax assets	354.6	351.7	190.4	80.7
Current assets	**1,108.5**	**882.9**	**401.2**	**188.5**
of which:				
Land and buildings held for sale	60.4	58.1	97.1	39.1
Cash and cash equivalents	562.4	396.4	196.4	90.6
Total assets	**11,819.4**	**11,446.2**	**10,127.0**	**4,907.8**
Equity and liabilities				
Total equity	**4,846.0**	**4,876.1**	**3,944.3**	**1,609.7**
Total non-current liabilities	**6,088.7**	**6,025.9**	**5,654.6**	**2,989.5**
of which:				
Non-current financial liabilities	4,458.0	4,509.3	4,903.3	2,634.3
Convertible bonds	860.5	747.4	247.9	–
Employee benefit liability	73.0	67.7	55.3	54.5
Tax liabilities	–	–	27.9	36.5
Derivative financial instruments	112.0	126.4	124.8	113.7
Deferred tax liabilities	568.6	557.9	288.9	143.3
Total current liabilities	**884.7**	**544.2**	**528.2**	**308.7**
Total equity and liabilities	**11,819.4**	**11,446.2**	**10,127.0**	**4,907.8**

1) *Figures extracted from the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2014.*

Selected Data from the Consolidated Statement of Cash Flows

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	(in EUR million)			(in EUR million)	
Net cash flows from operating activities	22.2	44.6	189.4	61.1	59.2
Net cash flows from investing activities	238.8	74.3	37.3	(655.1)	(1,238.0)
Net cash flows from financing activities	(94.9)	(135.3)	(26.8)	699.8	1,101.5
Net change in cash and cash equivalents	**166.0**	**(16.4)**	**200.0**	**105.9**	**(77.3)**

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	(in EUR million)			(in EUR million)	
Closing balance of cash and cash equivalents	**562.4**	**180.1**	**396.4**	**196.4**	**90.6**

Other Operating Key Performance Indicators

The following section describes certain additional operating key performance indicators. Potential investors should note that the following operating key performance indicators of Deutsche Wohnen are not IFRS-defined parameters. For this reason, it is possible that other companies may use different methods for calculating the same or similarly titled key performance indicators. Accordingly, these key performance indicators are not necessarily comparable with the same or similarly titled key performance indicators used by other companies.

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited)	(unaudited)	(unaudited, unless otherwise indicated)[1]		
EBITDA (adjusted)[2] in EUR million	122.6	126.7	475.3	270.2	180.6
EBT (adjusted)[3] in EUR million	91.7	73.1	283.3	131.9	78.5
Net operating income (NOI) from Residential Property Management[4] in EUR million	122.0	121.1	460.6	264.0	172.2
In-place rent[5] in the residential portfolio in the strategic core and growth regions in EUR per square meter and month (end of period)[6]	5.75	n/a[7]	5.71	5.56	5.54
In-place rent[5] in total letting portfolio in EUR per square meter and month (end of period)[6]	5.73	n/a[7]	5.69	5.54	5.49
Vacancy rate[8] in the residential portfolio in the strategic core and growth regions in % (end of period)[6]	2.1	n/a[7]	2.1	2.2	2.1
Vacancy rate[8] in the total residential portfolio in % (end of period)[6]	2.3	n/a[7]	2.2	2.4	2.5
EPRA NAV (undiluted) in EUR million[9] (end of period)	5,296.1	n/a[7]	5,326.0	4,153.0	1,824.4
EPRA NAV (undiluted) per share in EUR[9] (end of period)	17.96	n/a[7]	18.10	14.51	12.48
Loan-to-value ratio in %[10] (end of period)	50.4	n/a[7]	51.0[11]	57.4[11]	57.2[11]
FFO (without disposals)[12] in EUR million	71.3	59.1	217.6	114.5	68.2
FFO (without disposals) per share[12] in EUR	0.24	0.21	0.76	0.65	0.54
FFO (including disposals)[12] in EUR million	80.6	74.9	270.0	137.5	88.1
FFO (including disposals) per share[12] in EUR	0.27	0.26	0.94	0.78	0.70

1) *Calculated based on the above mentioned sources, unless otherwise indicated.*
2) *Deutsche Wohnen calculates this key performance indicator by adjusting earnings before interest and taxes ("**EBIT**") for gains/losses from the fair value adjustments of investment properties, depreciation and amortization and non-recurring or exceptional items (other non-recurring income from the settlement of the loss compensation agreement with RREEF Management GmbH ("**RREEF**") in 2012 and from the settlement of the lawsuit BauBeCon Immobilien*

*GmbH in 2013, transaction and integration costs related to restructuring and reorganization expenses in connection with GSW in 2014, transaction and integration costs in connection with the public takeover of GSW in 2013, the acquisition of the BauBeCon Group in 2012 and costs from the deconsolidation of Facilita Berlin GmbH). The Company uses adjusted earnings before interest, taxes, depreciation and amortization ("**EBITDA (adjusted)**") to measure its operating performance. The following table sets out the calculation of EBITDA (adjusted) for the three months ended March 31, 2015 and March 31, 2014 and for the fiscal years 2014, 2013 and 2012:*

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited)	(unaudited)	(audited, unless otherwise indicated)		
	(in EUR million)		(in EUR million)		
Earnings before interest and taxes (EBIT)	**117.7**	**122.9**	**1,401.0**	**348.7**	**312.6**
Gains/losses from the fair value adjustments of investment properties	–	–	(952.7)	(100.9)[a]	(119.2)
Depreciation and amortization	1.3	1.6	6.1	5.5	3.1
Subtotal	**119.0**	**124.5**	**454.4**	**253.3**	**196.5**
Non-recurring or exceptional items (unaudited)[b)]					
Other non-recurring income (unaudited)[b)]	(0.9)	–	–	(2.2)	(20.3)
Transaction and integration costs and costs from deconsolidation of Facilita Berlin GmbH	4.5	–	5.6	19.1	4.4
Restructuring and reorganization expenses	–	2.2	15.2	–	–
EBITDA (adjusted) (unaudited)[c)]	**122.6**	**126.7**	**475.3**	**270.2**	**180.6**

a) Gains from the fair value adjustments of investment properties less gains from the valuation of land and buildings held for sale amounting to EUR 0.4 million, which are a part of those gains from the fair value adjustments of investment properties; unaudited figures taken or derived from the Company's accounting records or internal management reporting systems.

b) Taken or derived from the Company's accounting records or internal management reporting systems.

c) Calculated based on the above mentioned sources.

3) *Deutsche Wohnen calculates the adjusted earnings before tax ("**EBT (adjusted)**") by adjusting profit/loss before taxes for gains/losses from the fair value adjustments of investment properties, non-recurring or exceptional items (other non-recurring income from the settlement on the loss compensation agreement with RREEF in 2012 and from the settlement of the lawsuit BauBeCon Immobilien GmbH in 2013, transaction and integration costs related to restructuring and reorganization expenses in connection with GSW in 2014, integration costs and costs from deconsolidation of Facilita Berlin GmbH in 2014, transaction and integration costs in connection with the public takeover of GSW in 2013 and the acquisition of the BauBeCon Group in 2012 and non-recurring expenses in connection with the refinancing related to the public takeover of GSW and for the issue of the convertible bond in 2013 and related to the BauBeCon Group transaction in 2012) and gains/losses from fair value adjustments of derivative financial instruments and convertible bonds. Deutsche Wohnen uses EBT (adjusted) as an indicator of operating performance. The following table sets out the calculation of EBT (adjusted) for the three months ended March 31, 2015 and March 31, 2014 and for the fiscal years 2014, 2013 and 2012:*

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited)	(unaudited)	(audited, unless otherwise indicated)		
	(in EUR million)		(in EUR million)		
Profit before taxes	**(27.3)**	**54.2**	**1,021.4**	**217.9**	**205.6**
Gains/losses from the fair value adjustments of investment properties	–	–	(952.7)	(100.9)[a)]	(119.2)
Non-recurring or exceptional items					
Other non-recurring income (unaudited)[b)]	(0.9)	–	–	(2.2)	(20.3)
Restructuring and reorganization expenses (unaudited)[b)]	–	2.2	15.2	–	–
Transaction and integration costs and costs from deconsolidation of Facilita Berlin GmbH (unaudited)[b)]	4.5	–	5.6	19.1	4.4
Non-recurring expenses in connection with the refinancing[c)]	5.4	–	82.2	8.6	7.8
Gains/losses from fair value adjustments of derivative financial instruments	109.9	16.7	111.5	(10.6)	0.2

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited)	(unaudited)	(audited, unless otherwise indicated)		
and convertible bonds[d]					
EBT (adjusted) (unaudited)[e]...........................	**91.7**	**73.1**	**283.3**	**131.9**	**78.5**

a) *Gains from the fair value adjustments of investment properties less gains from the valuation of land and buildings held for sale amounting to EUR 0.4 million, which are a part of those gains from the fair value adjustments of investment properties; unaudited figures taken or derived from the Company's accounting records or internal management reporting systems.*
b) *Taken or derived from the Company's accounting records or internal management reporting systems.*
c) *In the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2013 and December 31, 2012 referred to as "Financing costs" as well as "Financing costs for BauBeCon".*
d) *In the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2013 and December 31, 2012 referred to as "Gains/losses from fair value adjustments of derivative financial instruments".*
e) *Calculated based on the above mentioned sources.*

4) *Deutsche Wohnen defines net operating income ("**NOI**") from Residential Property Management as the segment earnings from Residential Property Management less attributable corporate expenses. The attributable corporate expenses comprise the direct and indirect staff and general and administration expenses. To calculate NOI per square meter and month, NOI is divided by the average square meter (quarterly basis) in the relevant period and then by the number of months in that period. The following table sets out the calculation of NOI and NOI per square meter and month for the three months ended March 31, 2015 and March 31, 2014 and for the fiscal years 2014, 2013 and 2012:*

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited and in EUR million, unless otherwise indicated)		(unaudited and in EUR million, unless otherwise indicated)		
Earnings from Residential Property Management	132.5	131.7	505.8[a)]	292.3[a)]	194.4[a)]
Staff and general and administration expenses[b)]	(10.5)	(10.6)	(45.2)	(28.3)	(22.2)
Net operating income (NOI) from Residential Property Management[c)]	**122.0**	**121.1**	**460.6**	**264.0**	**172.2**
NOI in EUR per square meter and month[b)]..	**4.41**	**4.33**	**4.14**	**3.84**	**4.00**

a) *Audited.*
b) *Taken or derived from the Company's accounting records or internal management reporting systems.*
c) *Calculated based on the information shown in the table.*

5) *In-place rent is defined as the contractually owed net cold rent for the rented units per month divided by the rented floor space. The focus of Deutsche Wohnen's business activities is on increasing in-place rent and simultaneously minimizing the vacancy rate. Deutsche Wohnen seeks to achieve this by increasing rents in accordance with the residential rental index, by realizing rent potential arising from new leases (fluctuation), specific modernization measures, the costs of which can be passed on to the tenants, and measures to reduce vacancies. The in-place rent as of December 31, 2012 also includes new acquisitions with a transfer of benefits and encumbrances as of January 1 and February 1, 2013.*
6) *Taken or derived from the Company's accounting records or internal management reporting systems.*
7) *These numbers relate to a certain date. Accordingly, the numbers as of March 31, 2015 should be compared to the numbers as of December 31, 2014.*
8) *The vacancy rate is the ratio of vacancy losses to the potential gross rental income as of the applicable reporting date. The reference to the potential gross rental income ensures that the size of the residential unit and the actual costs are sufficiently factored into the vacancy rate. One of the Company's strategic goals is to reduce vacancies along with a steady increase in rents. Through vacancy reduction, the vacancy losses and the results of operating costs can be positively affected. The vacancy rate as of December 31, 2012 also includes new acquisitions with a transfer of benefits and encumbrances as of January 1 and February 1, 2013.*
9) *Deutsche Wohnen considers the NAV to be an important indicator of the intrinsic value of a real estate company. In accordance with the definition recommended by EPRA, "**EPRA NAV (undiluted)**" is defined as equity (before non-controlling interests) adjusted for the net total of derivative financial instruments (assets and liabilities) and certain deferred taxes. Deutsche Wohnen defines adjusted NAV (undiluted) as EPRA NAV (undiluted) adjusted for the goodwill of GSW. Potential investors should note that EPRA NAV per share (undiluted) and adjusted NAV per share (undiluted) are not an indication of the future performance of Deutsche Wohnen AG's shares. The following table sets out the calculation of EPRA NAV (undiluted), adjusted NAV (undiluted), EPRA NAV per share (undiluted) and adjusted NAV per share (undiluted) as of March 31, 2015, December 31, 2014, December 31, 2013 and December 31, 2012:*

	March 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
	(unaudited)	**(unaudited, unless otherwise indicated)**		
	(in EUR million, unless otherwise indicated)	**(in EUR million, unless otherwise indicated)**		
Equity (before non-controlling interests)[a]	4,655.3	4,692.9	3,777.8	1,609.3
Fair values of derivative financial instruments (net total of assets and liabilities)[a]	144.3	144.9	156.5	152.5
Deferred taxes	496.5[c]	488.2[c]	218.7[c]	62.6[d]
EPRA NAV (undiluted)[a]	**5,296.1**	**5,326.0**	**4,153.0**	**1,824.4**
Goodwill GSW Immobilien AG	(535.1)[b]	(535.1)[e]	(535.1)[e]	–
Adjusted NAV (undiluted)[a]	**4,761.0**	**4,790.9**	**3,617.9**	**1,824.4**
Number of shares (in millions, end of the period)[b]	294.90	294.26	286.22	146.14
EPRA NAV per share in EUR (undiluted)[a]	**17.96**	**18.10**	**14.51**	**12.48**
Adjusted NAV per share in EUR (undiluted)[a]	**16.14[f]**	**16.28[g]**	**12.64[h]**	**12.48**

a) Calculated based on the above mentioned sources.

b) Taken or derived from the Company's accounting records or internal management reporting systems.

c) Deferred taxes were calculated as follows:

	March 31, 2015	December 31, 2014	December 31, 2013
	(unaudited) (in EUR million)	**(unaudited, unless otherwise indicated) (in EUR million)**	
+ Deferred tax liabilities	568.6[*]	557.9[**]	288.9[**]
+ Deferred tax assets on loss carry-forwards	276.5[***]	276.5[**]	121.2[**]
+/- Deferred tax assets/liabilities based on fair value adjustments of convertible bonds[***]	6.0	5.5	(1.0)
- Deferred tax assets	(354.6)[*]	(351.7)[**]	(190.4)[**]
Deferred taxes	**496.5**	**488.2**	**218.7**

**) Figures were extracted from the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015.*

***) Audited. Figures as of December 31, 2013 were extracted from the Company's consolidated financial statements as of and for the year ended December 31, 2014.*

****) Taken or derived from the Company's accounting records or internal management reporting systems.*

d) Net total of deferred tax assets and liabilities.

e) Audited. The figure as of December 31, 2013 was extracted from the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2014.

f) The Adjusted NAV per share (diluted) as of March 31, 2015 would amount to EUR 18.83 per share taking into account the effect of the conversion of the convertible bonds issued in 2014 and 2013 of EUR 855.1 million and 31.71 million additional shares.

g) The Adjusted NAV per share (diluted) as of December 31, 2014 would amount to EUR 18.62 per share taking into account the effect of the conversion of the convertible bonds issued in 2014 and 2013 of EUR 743.1 million and 31.71 million additional shares.

h) The Adjusted NAV per share (diluted) as of December 31, 2013 would amount to EUR 14.69 per share taking into account the effect of the conversion of the convertible bond issued in 2013 of EUR 248.6 million and 13.33 million additional shares.

10) *The loan-to-value ratio ("**LTV Ratio**") describes the ratio of net financial liabilities (financial liabilities (current and non-current financial liabilities as well as financial liabilities regarding non-current assets held for sale) and convertible bonds (current and non-current) less cash and cash equivalents) to the value of the total real estate holdings (investment properties plus non-current assets held for sale and land and buildings held for sale). Deutsche Wohnen considers the LTV Ratio to be an important indicator of the capital structure. The Company applies the LTV Ratio to identify scope for optimizing the cost of capital, for possible acquisitions and for necessary financial measures. The following table sets out the calculation of the LTV Ratio as of March 31, 2015, December 31, 2014, December 31, 2013 and December 31, 2012:*

	March 31, 2015	December 31, 2014	December 31, 2013[a]	December 31, 2012
	(unaudited) (in EUR million, unless otherwise indicated)	(audited and in EUR million, unless otherwise indicated)		
Financial liabilities	4,669.6	4,779.0	5,161.5	2,768.6
Convertible bonds	861.1	748.7	250.2	0.0
Cash and cash equivalents	(562.4)	(396.4)	(196.4)	(90.6)
Net financial liabilities	**4,968.3**	**5,131.3**	**5,215.3**	**2,678.0**
Investment properties	9,757.1	9,611.0	8,937.1	4,614.6
Non-current assets held for sale	44.9[b]	392.9	57.5	24.4
Land and buildings held for sale	60.4	58.1	97.1	39.1
Total real estate holdings (unaudited)	**9,862.4**	**10,062.0**	**9,091.7**	**4,678.1**
Loan-to-value ratio (in %)	**50.4**	**51.0**	**57.4**	**57.2**

a) *Figures as of December 31, 2013 were extracted from the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2014.*

b) *Non-current assets held for sale (EUR 394.9 million) less carrying amount of non-current assets held for sale (EUR 350.0 million), for which advance payments were received.*

11) *Audited.*

12) *The Company considers FFO to be an important indicator derived from the consolidated profit and loss statement for real estate companies. Deutsche Wohnen distinguishes between FFO (without disposals) and FFO (including disposals). FFO (without disposals) is defined as the profit/loss for the period adjusted for earnings from disposals, depreciation and amortization, gains/losses from the fair value adjustments of investment properties, gains/losses from fair value adjustments of derivative financial instruments and convertible bonds, non-cash finance expense arising from accrued interest on liabilities and pensions, non-recurring or exceptional items (transaction and integration costs related to restructuring and reorganization expenses in connection with GSW in 2014, transaction and integration costs in connection with the public takeover of GSW in 2013 and the acquisition of the BauBeCon Group in 2012 and non-recurring financing costs related to the public takeover of GSW and for the issue of the convertible bond in 2013 and related to the BauBeCon transaction in 2012) and other non-recurring income (from the settlement on the loss compensation agreement with RREEF in 2012 and from the settlement of the lawsuit BauBeCon Immobilien GmbH in 2013), deferred taxes (tax expense/income), the tax expense from capital increase costs and FFO (without disposals) attributable to non-controlling interests. FFO (including disposals) is calculated by adding the earnings from disposals to FFO (without disposals) and adjusting for earnings from disposals attributable to non-controlling interests. Whereas FFO (including disposals) is affected by cyclical fluctuation in the market, FFO (without disposals) is the relatively more stable measure of Deutsche Wohnen's ability to make loan payments, investments (e.g., acquisition of new properties) and dividend payments. The following table sets out the calculation of FFO (without disposals), FFO (without disposals) per share, FFO (including disposals) and FFO (including disposals) per share for the three months ended March 31, 2015 and March 31, 2014 and for the fiscal years 2014, 2013 and 2012:*

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited) (in EUR million, unless otherwise indicated)		(audited and in EUR million, unless otherwise indicated)		
Profit/loss for the period	**(44.2)**	**45.5**	**889.3**	**212.7**	**145.5**
Earnings from Disposals	(9.3)	(15.8)	(52.4)	(23.0)	(19.9)
Depreciation and amortization	1.3	1.6	6.1	5.5	3.1
Gains/losses from the fair value adjustments of investment properties	–	–	(952.7)	(100.9)[a]	(119.2)
Gains/losses from fair value adjustments of derivative financial instruments and convertible bonds[b]	109.9	16.7	111.5	(10.6)	0.2
Non-cash finance expense arising from accrued interest on liabilities and	(5.0)	5.2	3.0	11.8	11.4

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited) (in EUR million, unless otherwise indicated)		(audited and in EUR million, unless otherwise indicated)		
pensions[c)					
Transaction and non-recurring financing costs (unaudited)[d)	9.9	–	87.8	27.7	12.2
Other non-recurring income (unaudited)[d)	(0.9)	–	–	(2.2)	(20.3)
Restructuring and reorganization expenses (unaudited)[d)	–	2.2	15.2	–	–
Deferred tax expense/income	11.5	5.4	115.3	(8.6)	49.6
Tax expense from capital increase costs[e)	–	–	0.4	2.5	5.6
FFO (without disposals) attributable to non-controlling interests (unaudited)[d)	(1.9)	(1.7)	(5.9)	(0.4)	–
FFO (without disposals) (unaudited)[f)	**71.3**	**59.1**	**217.6**	**114.5**	**68.2**
Average number of shares issued in millions	294.7	286.2	287.8	175.3	126.1[g)
FFO (without disposals) per share in EUR (unaudited)[f)	**0.24**	**0.21**	**0.76**	**0.65**	**0.54**
FFO (without disposals) (unaudited)[f)	71.3	59.1	217.6	114.5	68.2
Earnings from Disposals	9.3	15.8	52.4	23.0	19.9
FFO (incl. disposals) (unaudited)[f)	**80.6**	**74.9**	**270.0**	**137.5**	**88.1**
Average number of shares issued in millions	294.7	286.2	287.8	175.3	126.1[g)
FFO (incl. disposals) per share in EUR (unaudited)[f)	**0.27**	**0.26**	**0.94**	**0.78**	**0.70**

a) *Gains from the fair value adjustments of investment properties less gains from the valuation of land and buildings held for sale amounting to EUR 0.4 million, which are a part of those gains from the fair value adjustments of investment properties; unaudited figures taken or derived from the Company's accounting records or internal management reporting systems.*
b) *In the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2013 and December 31, 2012 referred to as "Gains/losses from fair value adjustments of derivative financial instruments".*
c) *In the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012 referred to as "accrued interest on liabilities and pensions".*
d) *Taken or derived from the Company's accounting records or internal management reporting systems.*
e) *In the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2012 referred to as "Tax benefit from capital increase costs".*
f) *Calculated based on the above mentioned sources.*
g) *Including scrip adjustment arising from capital increases in 2012.*

Summary Data from the Segment Reporting

In accordance with IFRS 8, the Company has identified three segments in its business activities: Residential Property Management, Disposals, and Income from Nursing and Assisted Living. In accordance with the internal reporting approach pursuant to IFRS 8 "Operating segments", segment earnings comprise the subtotal (EBITDA) shown in the consolidated profit and loss statement, which is defined as earnings before interest and taxes (EBIT) adjusted for gains/losses from the fair value adjustments of investment properties and depreciation and amortization.

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited) (in EUR million)		(audited)	(audited) (in EUR million)	(audited)
Residential Property Management					
Segment revenue (total revenue)	162.4	158.4	632.0	378.1	242.3
Segment earnings	132.5	131.7	505.8	292.3	194.4

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited) (in EUR million)		(audited)	(audited) (in EUR million)	(audited)
Disposals					
Segment revenue (total revenue)................	50.6	88.0	261.7	173.7	177.5
Segment earnings..	9.3	15.8	52.4	23.0	19.9
Nursing and Assisted Living					
Segment revenue (total revenue)................	16.3	16.7	68.2	59.9	42.0
Segment earnings..	3.8	4.2	16.3	13.2	9.9

Significant changes to the issuer's financial condition and operating results during or after the period covered by the relevant historical financial information.

The following material changes in the Company's financial condition and its operating results occurred in the three months ended March 31, 2015 and March 31, 2014 and in the fiscal years 2014, 2013 and 2012:

Three Months Ended March 31, 2015 and March 31, 2014

Income from Residential Property Management increased by 1.2% from EUR 157.0 million in the three months ended March 31, 2014 to EUR 158.9 million in the three months ended March 31, 2015. This increase was primarily due to an increase in contractual rents that was only partially offset by a small reduction in the number of residential units.

Profit before taxes deteriorated from a profit of EUR 54.2 million in the three months ended March 31, 2014 to a loss of EUR 27.3 million in the three months ended March 31, 2015 primarily due to a deterioration in the financial result driven by losses from fair value adjustments of convertible bonds.

Fiscal Years Ended December 31, 2014 and December 31, 2013

Income from Residential Property Management increased by 68.0% from EUR 372.9 million in 2013 to EUR 626.3 million in 2014. This increase was primarily due to the acquisition-driven growth in the portfolio resulting from the takeover of GSW.

Profit before taxes more than quadrupled from EUR 217.9 million in 2013 to EUR 1,021.4 million in 2014. Profit before taxes benefited primarily from the strong increase in gains from fair value adjustments of investment properties. In addition, earnings of all three segments continued to increase. These increases were only partially offset by an increase in finance expense and corporate expenses and a deterioration in gains/losses from fair value adjustments of derivative financial instruments. EBT (adjusted) increased by 114.8% from EUR 131.9 million in 2013 to EUR 283.3 million in 2014.

Fiscal Years Ended December 31, 2013 and December 31, 2012

Income from Residential Property Management increased by 55.3% from EUR 240.1 million in 2012 to EUR 372.9 million in 2013. This increase was primarily due to the acquisitions completed in 2012 which became fully effective in 2013. These acquisitions include in particular the acquisition of the BauBeCon Group, the income has been fully consolidated since September 1, 2012, and the takeover of GSW, which closed in late November 2013. GSW's income has been fully consolidated since December 1, 2013.

Profit before taxes increased by 6.0% from EUR 205.6 million in 2012 to EUR 217.9 million in 2013. The increase was due to a better operating performance of all three segments, which was only partially offset by an acquisition-related deterioration in the financial result, lower gains from the fair value adjustments of investment properties and an increase in corporate expenses on absolute terms. EBT (adjusted) increased by

68.0% from EUR 78.5 million in 2012 to EUR 131.9 million in 2013. In both periods, the adjustments to the profit before taxes related primarily to the neutralization of gains/losses from the fair value adjustments of investment properties, and non-recurring or exceptional items as other non-recurring income from the settlement on the loss compensation agreement with RREEF in 2012 as well as transaction and integration costs and non-recurring financing costs.

Recent Developments

On February 15, 2015, the Company announced a voluntary public tender offer in cash for all outstanding shares in and convertible bonds issued by conwert Immobilien Invest SE as well as an anticipatory mandatory public offer for free float shares in ECO Business Immobilien AG not already owned by conwert Immobilien Invest SE. The acceptance period ended on April 15, 2015. The minimum acceptance threshold was not reached and, accordingly, the offers were terminated.

Deutsche Wohnen signed purchase agreements concerning the acquisition of approximately 6,500 residential units, predominantly located in Berlin, for an aggregate purchase price of approximately EUR 500 million or approximately EUR 1,180 per square meter. Closing for the vast majority of these acquisitions is expected to take place at the end of the first half of 2015. The annual net cold rent for these acquisitions is approximately EUR 25.6 million. The average vacancy rate is approximately 2.6%. Deutsche Wohnen expects, based on historical numbers, that these acquisitions will make a positive EBITDA contribution of more than EUR 20 million on an annualized basis.

Deutsche Wohnen aims, markets permitting, to refinance parts of its financial liabilities that mature predominantly in 2018 and 2019 with new bank loans of approximately EUR 650 million and potentially by issuing bonds with an aggregate nominal amount of approximately EUR 500 million in the debt capital markets with average maturities of around 10 years. The financial liabilities earmarked for refinancing have an average remaining maturity of approximately 4 years and currently average interest rate of approximately 3.4%. The aggregate refinancing volume in the banking and bond market is anticipated to amount to up to EUR 1.2 billion. In addition, Deutsche Wohnen intends to redeem selected, high margin bank loans of approximately EUR 350 million with existing cash. In aggregate, Deutsche Wohnen intends to address financial liabilities amounting to up to EUR 1.5 billion thereby aiming to reduce the LTV Ratio to less than 45% for the Group, to reduce the average interest rate to less than 2% and to increase the average maturity of Deutsche Wohnen’s financial liabilities to about 10 years after the refinancing and the debt pay down. As a result of these measures the Company expects, subject to stable market conditions, to significantly reduce current interest expenses, thereby significantly increasing the FFO as well as the free cash flow with full effect as of 2016. The expected non-recurring financing costs as well as the expected upfront interest payments in connection with the planned termination of swap arrangements are expected to pay off in approximately 3 years by the envisaged interest savings.

Except as described above, between March 31, 2015 and the date of this Prospectus, there have been no material changes to Deutsche Wohnen AG’s or the Group’s financial position, financial performance or cash flows, or in Deutsche Wohnen AG’s or Deutsche Wohnen Group’s trading position.

B.8	**Selected key pro-forma financial information**	Not applicable.
B.9	**Profit forecast and estimate.**	On the basis of developments to date, the Company currently anticipates that Deutsche Wohnen Group's FFO (without disposals) will be approximately EUR 250 million in the fiscal year 2015.
B.10	**Qualifications in the audit report on the historical information.**	Not applicable. The auditor's reports on the unconsolidated annual financial statements (HGB) as of and for the fiscal year ended December 31, 2014 and the consolidated financial statements (IFRS) as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012 of the Company included in this Prospectus have been issued without any qualifications.
B.11	**Insufficiency of the issuer's working capital for its present requirements.**	Not applicable. The Company's working capital is sufficient for its present requirements.

C. – Securities

C.1	**Type and the class of the securities offered and being admitted to trading.**	New ordinary bearer shares with no par-value (*Stückaktien*) of Deutsche Wohnen AG (the "**New Shares**") with the ISIN DE000A14KDD3, each representing a notional value of EUR 1.00 in the share capital and carrying full dividend rights as of January 1, 2015. The New Shares are expected to be delivered to investors on June 8, 2015. As the New Shares do not carry dividend rights for fiscal 2014, the New Shares will not be fungible with the Company's existing shares, which still carry full dividend rights for fiscal 2014, until the Company's existing shares start trading ex dividend rights for 2014, which is expected to be June 15, 2015. On that day, the ISIN of the New Shares will be changed to match the ISIN of the Company's existing shares (ISIN DE000A0HN5C6) and the New Shares will become fully fungible with the Company's existing shares. Until the day on which the New Shares and the Company's existing shares become fungible, trading in the New Shares may be less liquid than trading in the Company's existing shares.
	Security identification number.	The security identification numbers of the New Shares are as follows: International Securities Identification Number (ISIN) – for the New Shares: DE000A14KDD3 – for the subscription rights to the New Shares: DE000A14KDW3 German Securities Code (WKN) – for the New Shares: A14KDD – for the subscription rights to the New Shares: A14KDW Trading Symbol (New Shares): DWNN
C.2	**Currency.**	Euro.
C.3	**The number of shares issued and fully paid.**	295,165,726 no par-value ordinary shares (*Stückaktien*). The share capital of the Company is fully paid up.

	Par value per share or statement that the shares have no par value.	Each of the shares of the Company represents a notional value of EUR 1.00 in the share capital.
C.4	**Description of the rights attached to the securities.**	Each individual share grants the owner one vote in the general meeting. There are no restrictions on voting rights. The New Shares will be issued after the record date for the Company's annual general meeting to be held on June 12, 2015. As the record date is determinative for the right to participate and vote in the annual general meeting of the Company, the New Shares will not confer attendance or voting rights for the Company's annual general meeting to be held on June 12, 2015. The New Shares carry full dividend rights as of January 1, 2015.
C.5	**Description of any restrictions on the free transferability of the securities.**	Not applicable. The Company's shares are freely transferable in accordance with the legal requirements for bearer shares. There are no prohibitions or restrictions on disposals with respect to the transferability of the Company's shares.
C.6	**Application for admission to trading on a regulated market and the identity of all the regulated markets where the securities are to be traded.**	The application for admission of the New Shares to trading on the regulated market of the Frankfurt Stock Exchange and the simultaneous admission of the New Shares to the sub-segment of the regulated market of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard) is expected to be made on May 21, 2015. The Frankfurt Stock Exchange is expected to approve the admission of the New Shares to exchange trading on June 5, 2015. Trading in the New Shares on the Frankfurt Stock Exchange is expected to commence on June 8, 2015. The New Shares will be included in the existing quotation of Deutsche Wohnen AG's bearer shares once these shares start trading ex dividend rights for fiscal 2014, which is expected for June 15, 2015.
C.7	**Description of dividend policy.**	For the fiscal year 2013, Deutsche Wohnen AG distributed approximately 50% of FFO (without disposals) as dividends. In accordance with section 1.3 of the business combination agreement between the Company and GSW, dated October 14, 2013, Deutsche Wohnen AG intends to raise the dividend amount, starting from fiscal year 2014, from the current 50% to around 60% of the FFO (without disposals). Consequently, for the fiscal year 2014, Deutsche Wohnen AG intends to distribute approximately 60% of FFO (without disposals) as dividends (based on the number of shares outstanding as of December 31, 2014). The Company intends to pay a dividend of EUR 0.44 per share for fiscal year 2014 (subject to approval of the Company's general meeting). The New Shares will not be eligible for a dividend payment for fiscal year 2014. The Company's intention is to pay dividends only to the extent that they are covered by Deutsche Wohnen AG's cash flows available for dividends. If there are insufficient cash flows available for dividends, the Company will likely refrain from paying a dividend. It cannot be ruled out that Deutsche Wohnen AG may not be in a position to pay any dividends in the medium term from balance sheet profit and the free capital reserve of the Company within the meaning of section 272 paragraph 2 No. 4 of the German Commercial Code (HGB).

D. – Risks

An investment in the Company's shares is subject to risks. Therefore, investors should carefully consider the following risks and the remaining information contained in this Prospectus when deciding whether or not to invest in the Company's shares. The market price of the Company's shares could fall if any of these risks were to materialize, in which case investors could lose some or all of their investment. The following risks, alone or together with additional risks and uncertainties currently unknown to the Company, or that the Company might currently deem immaterial, could materially adversely affect Deutsche Wohnen's business, net assets, financial condition and results of operations.

The order in which the risks are presented is not an indication of the likelihood of the risks actually materializing, or the significance or degree of the risks or the scope of any potential harm to the Group's business, net assets, financial condition, or results of operations. The risks mentioned herein may materialize individually or cumulatively.

D.1	**Information on the key risks that are specific to the issuer or its industry.**	**Market and Competition Risks** • The German real estate market and Deutsche Wohnen's business may be negatively affected by changes in general economic and business conditions. The continued economic uncertainty regarding sovereign debt, the cohesion of the eurozone and its economic development may negatively impact the economic development in Germany and may have a detrimental effect on the German real estate market and on Deutsche Wohnen's business. • The current macroeconomic environment is characterized by low interest rates and any rise in interest rates could have material adverse effects on the real estate market and on Deutsche Wohnen. • Deutsche Wohnen is dependent on developments in regional markets where its portfolio is concentrated, particularly in the Greater Berlin area. • For various reasons it may become more difficult for Deutsche Wohnen to acquire properties on attractive terms, which would impair the future performance and, above all, the growth of its business. • Sales prices of Deutsche Wohnen residential properties may come under pressure from competition and other factors. **Risks Related to Deutsche Wohnen's Business** • The loss of in-place rents, rent reductions, higher vacancy rates and the inability to charge economically attractive in-place rent levels may have a detrimental effect on revenue and earnings in the Residential Property Management segment. • Deutsche Wohnen Group is exposed to risks related to the structural condition of the properties and their maintenance and modernization. • Deutsche Wohnen's ability to refinance existing debt with loans and other debt instruments could be limited. It may be difficult or expensive to obtain new sources of financing, in particular following a downgrade of its ratings. • If any of Deutsche Wohnen Group's companies breach their obligations under Deutsche Wohnen Group's loan agreements, they may be required to repay the loans before they would ordinarily become due. If Deutsche Wohnen fails to make payments on its loans when due, the Group's creditors may dispose of the significant collateral which the Group's companies furnished to the creditors to secure the loans. • A rise in general interest rate levels could increase Deutsche Wohnen's financing costs for both the Group's existing portfolio as well as for newly acquired properties or properties potentially to be

acquired in the future.

- In the event of a downturn in the real estate market, the fair value model may require Deutsche Wohnen to adjust current fair values of its investment properties (such as in the case of a change in interest rate levels or a deterioration of the market), which may lead to adverse effects on the Group's net assets and results of operations.
- The Property Appraisal Report included in this Prospectus and/or existing or future financial information may incorrectly assess the value of Deutsche Wohnen's properties.
- Any inability to sell residential or commercial units intended for sale in a timely manner and at economically attractive prices may have a negative impact on Deutsche Wohnen's financial condition and results of operations.
- If Deutsche Wohnen is unable to generate positive cash flows from its operating activities, the Group may be forced to sell properties. Due to the potentially illiquid nature of the real estate market, Deutsche Wohnen may not be able to sell portions of its portfolio on favorable terms or even at all.
- Deutsche Wohnen may be subject to liability claims for several years after selling properties.
- Deutsche Wohnen may be exposed to risks from residual pollution, including wartime munitions, soil pollution and contaminants in building materials, as well as from possible building code violations.
- Deutsche Wohnen's business is subject to the general legal and regulatory environment in Germany. Any disadvantageous changes to the legal environment, such as an expansion of tenant protection laws or more restrictive environmental laws, may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.
- Deutsche Wohnen is subject to numerous legal requirements that limit its discretion in connection with the acquisition and management of real estate portfolios and companies previously held by government entities.
- Deutsche Wohnen's ability to increase certain rents may be limited by rent restrictions or regulations concerning permissible rent increases. Deutsche Wohnen may be forced to partially reverse effected increases.
- The forecast with respect to funds from operations (FFO) for Deutsche Wohnen Group may differ materially from actual future cash flows, revenue, earnings and sales proceeds of Deutsche Wohnen Group.
- Any disadvantageous changes in the tax environment may have a material adverse effect on Deutsche Wohnen's net assets, financial condition and results of operations.
- Deutsche Wohnen Group may be required to pay additional taxes following tax audits of the Group and Group companies.
- There are risks with respect to the amount of tax-loss carry-forwards as well as Real Estate Transfer Tax ("**RETT**").
- Deutsche Wohnen Group may not be in a position to take tax deductions for its interest payments, which may result in a higher tax burden.

- Deutsche Wohnen’s inability to increase prices as commercially necessary in the Nursing and Assisted Living segment may have an adverse effect on the revenue and earnings of that segment.
- The Nursing and Assisted Living segment may be subject to greater regulatory constraints as a consequence of legal reforms.
- It is not assured that Deutsche Wohnen’s Nursing and Assisted Living segment will be able to recruit qualified employees at a reasonable cost in the future and to retain current qualified employees.
- As a recipient of public subsidies, Deutsche Wohnen undertook to comply with numerous restrictions on the rental management of subsidized residential units. Any failure to comply with these restrictions may result in fines, contractual penalties and an obligation to refund subsidies.
- The Company’s ability to dispose of certain retirement homes is constrained by conditions imposed as a consequence of having received public subsidies.
- Deutsche Wohnen’s lean organizational structure, particularly at the management level, may adversely impact the development of its business and the effectiveness of its risk management.
- Deutsche Wohnen is exposed to the risk that counterparties may not perform their obligations under agreements between them and Deutsche Wohnen.
- Deutsche Wohnen’s use of standardized contracts may multiply the risks as compared with the use of individual contracts.
- Deutsche Wohnen may be subject to additional claims for pension and benefits obligations.
- Deutsche Wohnen may sustain substantial losses from damage not covered by, or exceeding the coverage limits of, its insurance policies.
- The IT systems may malfunction or become impaired. In addition, the integration of IT systems of newly acquired portfolios may lead to significant expense and impairment of the existing IT systems.
- An impairment of Deutsche Wohnen’s goodwill may adversely affect its net assets and results of operations.
- The acquisition of real estate involves risks such as missing building permits, licenses and certificates that cannot be avoided on the basis of legal, tax and economic due diligence.
- Deutsche Wohnen may be exposed to risks in connection with possible acquisitions and investments. These risks include unexpected liabilities, greater indebtedness, higher interest expenses and challenges with respect to the integration of newly acquired businesses and achieving anticipated synergies

D.3	**Information on the key risks that are specific to the securities.**	**Risks Related to the Shares and the Offering** • Future capitalization measures may lead to substantial dilution, *i.e.* a reduction in the value of the shares and the voting rights, of existing shareholders’ interests in Deutsche Wohnen. • Any future sales of the Company’s shares by major shareholders may depress the market price of the shares.

- The market price of the Company's shares has been volatile and might continue to be volatile.
- The Company's ability to pay dividends depends on a variety of factors. Dividends paid in the past are not necessarily indicative of future dividend payments, and the Company's dividend policy may change.
- The holdings of shareholders who do not participate in the offering will be substantially diluted, *i.e.*, the value of their shares and their control rights will be negatively impacted.
- Active trading in the subscription rights might not develop, and the subscription rights could be subject to greater price fluctuations than the Company's shares. Trading in the New Shares may be less liquid than trading in the Company's existing shares.
- The offering may expire and the subscription rights may become worthless if the Joint Bookrunners terminate the placement agreement for the New Shares or the Company withdraws from the subscription offer. In such a case, the Company could receive lower issue proceeds than expected or receive none at all. In addition, the Company may not be able to place all offered shares which may result in substantially lower proceeds.

E. – Offer

E.1	**The total net proceeds.**	The Company is targeting the placement of all New Shares and gross proceeds of EUR 875 million to EUR 950 million. At the mid-point of the targeted gross proceeds range, *i.e.*, at gross proceeds of about EUR 912.5 million, the Company expects net proceeds from this Offering (as defined below in E.3) of approximately EUR 891.3 million. Assuming a placement of all New Shares at the maximum subscription price of EUR 23.50 per New Share, gross proceeds would amount to EUR 990 million. The amount of the actual net proceeds from the Offering (as defined below in E.3) depends on the subscription price of the New Shares and the number of New Shares actually subscribed. A reliable projection of the net proceeds from the Offering (as defined below in E.3) is only possible once the Company has determined the subscription price. The subscription price depends on how the share price of the Company develops during the subscription period. The subscription price per New Share is expected to be determined on or about May 27, 2015 after close of trading, taking into account the volume-weighted average price for one Deutsche Wohnen AG share on XETRA on the Frankfurt Stock Exchange from the beginning of the subscription period on May 21, 2015, until close of trading on or about May 27, 2015 as shown on the financial information service Reuters (the "**VWAP**"), less a discount to be determined by the Management Board with the approval of the Supervisory Board.

	Estimate of the total expenses of the offering, including estimated expenses charged to the investor by the issuer.	The Offering (as defined below in E.3) is based on the placement agreement dated May 20, 2015, among the Company, the Joint Bookrunners and the Lead Managers (the "**Placement Agreement**"), which does not provide for a firm underwriting of the New Shares by any of the Joint Bookrunners and/or the Lead Managers. Under the Placement Agreement the Company is obliged to pay the Joint Bookrunners a basic placement commission of 1.5% of the aggregate gross sales proceeds. Furthermore the Company may pay the Joint Bookrunners an additional discretionary fee, payable entirely at the sole discretion of the Company of up to a further 0.5% of the aggregate gross offering proceeds. The decision to pay any performance fee and its amount are within the sole discretion of the Company, and such decision must be made and notified to the Joint Bookrunners within 15 days following the closing of the Offering (as defined below in E.3). The Company is targeting the placement of all New Shares and gross proceeds of EUR 875 million to EUR 950 million. At the mid-point of the targeted proceeds range, *i.e.*, at gross proceeds of about EUR 912.5 million, the Company expects the total issue costs to amount to approximately EUR 21.2 million. The Company has also agreed to reimburse the Joint Bookrunners and Lead Managers for certain expenses incurred by them in connection with this Offering (as defined below in E.3). Neither the Company nor any of the Underwriters will charge any of these costs to investors who participate in the offer.
E.2a	**Reasons for the offering.**	In connection with the Offering (as defined below in E.3), the Company will receive the gross issue proceeds from the sale of the New Shares less offering costs and expenses that are to be borne by the Company. The amount of the actual net proceeds from the Offering (as defined below in E.3) depends on the subscription price and the number of New Shares actually subscribed. The Company is targeting gross proceeds from the Offering (as defined below in E.3) in an amount between EUR 875 million and EUR 950 million. Assuming a placement of all New Shares at the maximum subscription price of EUR 23.50 per New Share, gross proceeds would amount to EUR 990 million.
	Use of proceeds, estimated amount of the net proceeds.	At the mid-point of the targeted gross proceeds range, *i.e.*, at gross proceeds of about EUR 912.5 million, the Company expects net proceeds from this Offering (as defined below in E.3) of approximately EUR 891.3 million. Deutsche Wohnen intends to use approximately EUR 500 million of the net proceeds to finance the aggregate purchase price for the acquisitions of approximately 6,500 residential units, predominantly located in Berlin. The acquisitions have already been signed, with closing for the vast majority of these acquisitions expected to take place in the first half of 2015. The remaining net proceeds will be used, as a second priority, for potential future acquisitions and, as a third priority, to repay financial liabilities. Any remainder will be used for general corporate purposes.
E.3	**Offer conditions.**	The Offering (as defined below) relates to 42,166,532 new ordinary bearer shares with no par value (*Stückaktien*), each such share representing a notional value of EUR 1.00 and carrying full dividend entitlement from January 1, 2015, which will be offered to the Company's shareholders for subscription at a ratio of 7:1 (that is, seven existing shares of the Company entitle their holder to subscribe for one New Share) (the "**Subscription Offer**"). The New Shares will originate from a resolution passed by the Management Board on May 20, 2015, approved by the Supervisory Board on the same day, to increase the Company's registered share capital from EUR 294,259,979 by up to EUR 42,166,532 to up to EUR 336,426,511 against contribution in cash, utilizing the Company's authorized capital resolved by the annual

general meeting of the Company on June 11, 2014 (the "**Authorized Capital 2014**") through the issue of up to 42,166,532 New Shares, each with a notional value of EUR 1.00, with indirect subscription rights for existing shareholders. The consummation of the capital increase is expected to be registered in the commercial register of the local court (*Amtsgericht*) of Frankfurt am Main on June 5, 2015.

The New Shares will be offered to the public in Germany and Luxembourg. Any New Shares that are not subscribed for in the Subscription Offer will be offered to qualified investors by the Joint Bookrunners by way of an international private placement in Germany and in other selected jurisdictions at a price at least as high as the subscription price (the "**Private Placement**"). The Private Placement will take place outside the United States pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). In the United States, shares will only be sold to qualified institutional buyers in accordance with Rule 144A under the Securities Act (the Subscription Offer together with the Private Placement, the "**Offering**").

Stabilizing measures.	In connection with the Offering of the New Shares, Deutsche Bank is acting as stabilization manager, and may, also through its affiliates, undertake measures, jointly determined with Goldman Sachs and UBS, aimed at supporting the market price of the Company's ordinary shares in order to offset any existing pressure on the market price of the shares (the "**Stabilization Measures**"). However, the stabilization manager is under no obligation to initiate Stabilization Measures. Therefore, there is no guarantee that Stabilization Measures will be undertaken at all. If Stabilization Measures are initiated, they may be discontinued at any time without prior notice. Such Stabilization Measures may be implemented as of the date of publication of the subscription price and must end, at the latest, on the thirtieth calendar day following the expiration of the Subscription Period, *i.e.*, expected to be no later than July 3, 2015 (the "**Stabilization Period**"). Stabilization Measures may lead to a higher market price for the Company's shares or the subscription rights than would otherwise be the case. Furthermore, the market price may temporarily reach a level that cannot be maintained permanently. In no event will measures be taken to stabilize the market price for the Company's shares above the subscription price. Within one week following the end of the Stabilization Period, notice will be given via a set of media (*Medienbündel*) as to (i) whether one or more Stabilization Measures were indeed taken, (ii) the date on which Stabilization Measures were initiated, (iii) the date on which the last Stabilization Measure was taken, and (iv) the price range within which Stabilization Measures were taken for each date on which a Stabilization Measure was taken.
Exercise of subscription rights	Shareholders may exercise their subscription rights to purchase New Shares through their custodian bank at Deutsche Bank as the subscription agent during regular business hours from May 21, 2015 through June 3, 2015. Subscription rights lapse if they are not exercised within the stipulated period.
Subscription price	The subscription price per New Share is expected to be determined after close of trading on or about May 27, 2015, taking into account the VWAP, less a discount to be determined by the Management Board with the approval of the Supervisory Board. The size of the discount will take into consideration a discount for the dividend for fiscal 2014, to which the New Shares will not be entitled, an estimate of the volatility of the Company's share price at the time of pricing, as well as market risks specific to the Company. The maximum subscription price will be

		EUR 23.50 per New Share. The New Shares are being offered exclusively for cash in the amount of the subscription price. All shareholders that participate in the capital increase will subscribe for the New Shares at the same price. The subscription price, as determined, must be paid at the latest on June 3, 2015.
	Subscription rights trading	The subscription rights (ISIN DE000A14KDW3/WKN A14KDW) for the New Shares will be traded during the period from May 21, 2015, up to and including June 1, 2015 (until about noon CEST), on the regulated market (*regulierter Markt*) (XETRA and XETRA Frankfurt Specialist) of the Frankfurt Stock Exchange. The Company has not applied for admission of the subscription rights to trading on any other stock exchange and does not intend to do so. The market rate of the subscription rights depends, inter alia, on the development of the price of the Company's shares but it can substantially deviate from the price of the shares. No compensation will be paid for subscription rights not exercised. Upon the expiration of the Subscription Period, subscription rights not exercised will lapse and be of no value. The purchase of subscription rights enables the exercise of the subscription right for the purchase of one whole New Share, *i.e.*, one New Share may be purchased for seven subscription rights. Commencing on May 21, 2015, the Company's existing shares will be quoted ex-subscription rights (*ex Bezugsrecht*) on the Frankfurt Stock Exchange.
E.4	**Description of any interest that is material to the offer and the listing including conflicting interests.**	The Joint Bookrunners and Lead Managers have entered into a contractual relationship with the Company in connection with the Offering and admission to trading of the Company's New Shares. The Joint Bookrunners, the Lead Managers or companies affiliated with them may from time to time enter into other business relationships with companies of the Group or perform services on their behalf as part of their normal course of business. Accordingly, the Joint Bookrunners and Lead Managers and companies affiliated with them may in the future face conflicts of interests with shareholders in the Company.
E.5	**Name of the person or entity offering to sell the security.**	The New Shares will be offered for sale by the Underwriters (see Element A.1 above).
	Lock-up agreement: the parties involved; indication of the period of the lock-up.	The Company has agreed with the Joint Bookrunners, for a period of three months after commencement of trading in the New Shares on the Frankfurt Stock Exchange not to directly or indirectly issue, sell, offer, commit to sell, or otherwise transfer or dispose of any of the Company's shares, options on such shares, or securities that can be converted into or exchanged for such shares or that carry rights to acquire such shares, and further not to announce any capital increase from authorized capital or to initiate a capital increase or to enter into other transactions, the economic effect of which would be similar to that of the measures described above, without the prior consent of the Joint Global Coordinators, which consent may not be unreasonably withheld or delayed. No consent is required for (i) a proposal to the Company's shareholders' meeting on authorizations for the issuance of new shares pursuant to an authorized capital (*genehmigtes Kapital*), (ii) a proposal to the Company's shareholders' meeting on authorizations to issue convertible bonds and/or bonds with warrants, as well as participation rights with conversion or option rights (or a combination of these instruments) and the creation of conditional capital (*bedingtes Kapital*), (iii) the issuing of shares to shareholders of GSW pursuant to the terms of the domination agreement, (iv) the issuing of shares to holders of convertible bonds due 2020 convertible into ordinary shares of Deutsche Wohnen AG and/or holders of convertible bonds due 2021 convertible into ordinary shares of Deutsche Wohnen AG, in each case pursuant to the terms and

		conditions of the convertible bonds, (v) the issuing of shares as part of its or its subsidiaries' existing employee participation plans, (vi) the issuing of shares in connection with a capital increase by way of contribution in kind to the extent that the counterparty of such transactions assumes the aforementioned obligations or (vii) the issuing of shares based on a capital increase from Company funds.
E.6	**The amount and percentage of immediate dilution resulting from the offer.**	Shareholders who exercise their subscription rights to the New Shares will maintain their percentage of ownership of the Company's share capital following the capital increase. To the extent that shareholders do not exercise their subscription rights, and assuming that all New Shares will be issued, each shareholder's share in the Company would decrease by 12.5%. The net book value of the Company (corresponding to the total equity of the Company) amounted to EUR 4,846.0 million as of March 31, 2015. The net book value of the Company is based on the condensed consolidated interim financial statements prepared pursuant to IFRS for interim financial reporting (IAS 34) as of and for the three months ended March 31, 2015 and has been calculated by subtracting total non-current liabilities of EUR 6,088.7 million and total current liabilities of EUR 884.7 million from total assets of EUR 11,819.4 million. The net book value of the Company corresponds to EUR 16.43 per share (based on the 294,900,919 outstanding shares of the Company as of March 31, 2015). The Company is targeting gross issue proceeds from the capital increase in an amount between EUR 875 million and EUR 950 million. The total costs of the Offering are estimated to amount to approximately EUR 21.2 million at the mid-point of the targeted gross proceeds range. At the mid-point of the targeted gross proceeds range, *i.e.*, at gross proceeds of EUR 912.5 million, net proceeds would amount to approximately EUR 891.3 million. Adding the net proceeds of EUR 891.3 million to the net book value of EUR 4,846.0 million as of March 31, 2015, would result in a net book value of the Company of approximately EUR 5,737.3 million, which corresponds to EUR 17.01 per share (assuming placement of all 42,166,532 New Shares, *i.e.*, based on the assumption of 337,332,258 outstanding shares of the Company after implementation of the capital increase contemplated in this Offering). This would represent an immediate increase in the net book value of the Company by EUR 0.58 (3.5%) per share for existing shareholders who do not exercise their subscription rights, and an immediate dilution of approximately EUR 4.63 (21.4%) per share for those who acquire the New Shares. The immediate dilution per New Share has been calculated by subtracting EUR 17.01 from the result of dividing the gross proceeds at the mid-point of the proceeds range of EUR 912.5 million by the maximum number of New Shares to be issued of 42,166,532.
E.7	**Estimated expenses charged to the investor by the issuer.**	Not applicable. Investors will not be charged with expenses by the Company or the Underwriters.

II. ZUSAMMENFASSUNG

*Zusammenfassungen bestehen aus geforderten Angaben, die als „**Punkte**" bezeichnet sind. Diese Punkte sind in den Abschnitten A – E (A.1 – E.7) fortlaufend nummeriert. Diese Zusammenfassung enthält alle Punkte, die für die vorliegende Art von Wertpapier und Emittent in eine Zusammenfassung aufzunehmen sind. Da einige Punkte nicht behandelt werden müssen, können in der Nummerierungsreihenfolge Lücken auftreten. Selbst wenn ein Punkt wegen der Art des Wertpapiers und des Emittenten in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass in Bezug auf diesen Punkt keine relevanten Informationen gegeben werden können. In solchen Fällen enthält die Zusammenfassung eine kurze Beschreibung des Punkts mit dem Hinweis „nicht anwendbar".*

A – Einleitung und Warnhinweise

A.1	**Warnhinweise.**	Diese Zusammenfassung sollte als Einleitung zu diesem Prospekt (der „**Prospekt**") verstanden werden. Der Anleger sollte jede Entscheidung zur Anlage in die betreffenden Wertpapiere auf die Prüfung des gesamten Prospekts stützen. Für den Fall, dass vor einem Gericht Ansprüche auf Grund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Staaten des Europäischen Wirtschaftsraums die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben. Die Deutsche Wohnen AG, Frankfurt am Main, Deutschland (die „**Gesellschaft**" und gemeinsam mit ihren vollkonsolidierten Tochtergesellschaften der „**Konzern**", die „**Deutsche Wohnen**" oder der „**Deutsche Wohnen-Konzern**") sowie Goldman Sachs International, London, Vereinigtes Königreich („**Goldman Sachs**"), UBS Limited, London, Vereinigtes Königreich („**UBS**"), Deutsche Bank Aktiengesellschaft, Frankfurt am Main, Deutschland („**Deutsche Bank**" und, zusammen mit Goldman Sachs und UBS, die „**Joint Global Coordinators**" oder „**Joint Bookrunners**"), Joh. Berenberg, Gossler & Co. KG, Hamburg, Deutschland ("**Berenberg**"), DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Deutschland ("**DZ BANK**"), Kempen & Co N.V., Amsterdam, Niederlande ("**Kempen & Co**") und UniCredit Bank AG, München, Deutschland ("**UniCredit Bank AG**" und, zusammen mit Berenberg, DZ BANK und Kempen & Co, die „**Lead Managers**" und, zusammen mit den Joint Global Coordinators, die „**Underwriters**") haben nach § 5 Abs. 2b Nr. 4 Wertpapierprospektgesetz die Verantwortung für den Inhalt dieser Zusammenfassung übernommen. Diejenigen Personen, die die Verantwortung für die Zusammenfassung, einschließlich der Übersetzung hiervon, übernommen haben oder von denen der Erlass ausgeht, können haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, oder sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt.
A.2	**Angabe über spätere Verwendung des Prospekts.**	Nicht anwendbar. Eine Zustimmung zur Verwendung des Prospekts für eine spätere Weiterveräußerung oder Platzierung der Aktien ist nicht erteilt worden.

B – Emittent

B.1	**Juristische und kommerzielle Bezeichnung des Emittenten.**	Die juristische Bezeichnung der Gesellschaft ist Deutsche Wohnen AG. Die Gesellschaft ist die Holding-Gesellschaft des Deutsche Wohnen-Konzerns. Die Gesellschaft ist hauptsächlich unter der kommerziellen Bezeichnung „Deutsche Wohnen" tätig.

B.2	**Sitz und Rechtsform des Emittenten, geltendes Recht, Land der Gründung.**	Der Sitz der Gesellschaft ist in der Pfaffenwiese 300, 65929 Frankfurt am Main, Deutschland. Die Gesellschaft ist in das Handelsregister des Amtsgerichts Frankfurt am Main unter der Nummer HRB 42388 eingetragen. Die Gesellschaft ist eine deutsche Aktiengesellschaft, die in Deutschland gegründet wurde und deutschem Recht unterliegt.
B.3	**Derzeitige Geschäfts- und Haupttätigkeit sowie Hauptmärkte, auf denen der Emittent vertreten ist.**	Die Deutsche Wohnen AG ist mit einer Marktkapitalisierung von rund EUR 7 Mrd. (XETRA-Schlusskurs vom 30. April 2015) eine der größten börsennotierten deutschen Immobilien-Aktiengesellschaften. Das Immobilienportfolio der Gesellschaft umfasst ungefähr 149.000 Wohn- und Gewerbeeinheiten sowie Pflegeobjekte mit 2.050 Pflegeplätzen/Apartments (einschließlich 475 Pflegeplätze/Apartments in Einrichtungen, die nicht im Eigentum der Deutsche Wohnen stehen, aber von dieser im Wege einer strategischen Partnerschaft bewirtschaftet werden). Der beizulegende Zeitwert („**Fair Value**") der als Finanzinvestition gehaltenen Immobilien und der zur Veräußerung gehaltenen Immobilien der Deutsche Wohnen beträgt rund EUR 10 Milliarden (Stand 31. Dezember 2014). Der Fokus der Geschäftsstrategie der deutschen Wohnen liegt auf Wohn- und Pflegeimmobilien in wachstumsstarken Metropolregionen Deutschlands wie im Großraum Berlin, im Rhein-Main-Gebiet, in Mannheim/Ludwigshafen, im Rheinland und in Dresden sowie in stabilen Ballungszentren wie Hannover/Braunschweig, Magdeburg, Kiel/Lübeck, Halle/Leipzig und Erfurt. Am 31. März 2015 beschäftigte die Deutsche Wohnen 736 Mitarbeiter (ohne 1.362 Mitarbeiter im Geschäftssegment Pflege und Betreutes Wohnen und ohne 108 Auszubildende). **Segmente** Die Gesellschaft gliedert ihr Geschäft in die folgenden Geschäftssegmente: Wohnungsbewirtschaftung, Verkauf sowie Pflege und Betreutes Wohnen. Das Geschäftssegment **Wohnungsbewirtschaftung** ist Kern- und Schwerpunktsegment der Geschäftstätigkeit der Gesellschaft. Es umfasst den „Vermietungsbestand" und beinhaltet alle Tätigkeiten im Zusammenhang mit der Bewirtschaftung und Verwaltung von Wohnimmobilien, dem Management der Mietverträge und der Betreuung der Mieter. Strategisches Ziel der Deutsche Wohnen in diesem Geschäftssegment ist die Verbesserung ihrer *Funds from Operations* (Mittel aus laufender Geschäftstätigkeit, „**FFO**"). Diese Verbesserung soll durch (i) Mieterhöhungen im Rahmen von Mietspiegelanpassungen, Modernisierungsmaßnahmen und durch Ausnutzung vorhandener Mietsteigerungspotenziale im Rahmen der Neuvermietung (*Fluktuation*), (ii) Reduzierung der Leerstandsquoten, (iii) die Sicherstellung einer effizienten Bewirtschaftung der Wohnimmobilien einschließlich zielgerichteter Investitionen und (iv) die Realisierung von Skaleneffekten durch den Erwerb und die Integration neuer Portfolios erreicht werden. Die Deutsche Wohnen hat in den letzten Jahren bewiesen, dass sie durch Schwerpunktsetzung in ihrem Vermietungsbestand auf die strategischen Kern- und Wachstumsregionen und durch kontinuierliche Optimierung ihres Vermietungsbestands organisches Wachstum erzielen und damit ihren FFO (ohne Verkauf) steigern konnte. Das Geschäftssegment **Verkauf** betrifft den „Verkaufsbestand"; zu ihm gehören alle Tätigkeiten des Verkaufs von Wohneinheiten, Gebäuden und Grundstücken. Der zum Verkauf stehende Wohnungsbestand der Deutsche Wohnen gliedert sich in (i) Blockverkauf (institutionelle Verkäufe) und (ii) Einzelprivatisierung (auch als Einzelverkauf bzw. Wohnungsprivatisierung bezeichnet). Im für den Blockverkauf (institutionelle Verkäufe) bestimmten Wohnungsportfolio werden Wohnungen der Non-Core-Regionen erfasst, d.h. solchen Regionen, die nicht der langfristigen Geschäftsstrategie der Deutsche Wohnen entsprechen. Gelegentliche Veräußerungen von Grundstücken aus den Core^{+} und Core-Regionen im Zusammenhang mit Verkäufen an institutionelle Investoren sind im derzeitigen Marktumfeld ebenfalls denkbar. Einige Wohneinheiten an solchen Standorten sind Teil des

Wohnungsportfolios, weil sie im Rahmen größerer Portfolioakquisitionen erworben wurden. Darunter fallen im Wesentlichen Wohneinheiten und Gebäude in ländlichen Regionen sowie einzelne Gebäude im Streubesitz. Der Verkauf erfolgt überwiegend an institutionelle Investoren - grundsätzlich zum oder über dem Fair Value, wobei in Einzelfällen zwecks Konzentration auf den Vermietungsbestand in den strategischen Kern- und Wachstumsregionen auch unter dem Fair Value verkauft werden kann. Weiterhin werden opportunistische Verkäufe aus den strategischen Kern- und Wachstumsregionen vorgenommen, um die gegenwärtige Marktlage auszunutzen. Im Rahmen der Einzelprivatisierung strebt die Deutsche Wohnen an, Wohnungen vorwiegend an Selbstnutzer und Kapitalanleger zu deutlich über dem Fair Value liegenden Preisen zu veräußern. Alle Verkäufe von Wohneinheiten zielen insbesondere auf die Optimierung und Konzentration des Vermietungsbestands der Deutsche Wohnen ab und erfolgen auf kontinuierlicher, aber zeitlich gestaffelter Basis.

Im Geschäftssegment **Pflege und Betreutes Wohnen** bewirtschaftet und vermarktet die Deutsche Wohnen ganz überwiegend in ihrem Eigentum stehende Pflege- und Wohnimmobilien für Senioren unter der Marke KATHARINENHOF®. Diese Einrichtungen bieten vollstationäre Pflege mit dem Ziel, Pflegebedürftigen zu helfen und deren Selbständigkeit soweit wie möglich zu bewahren. Daneben bietet die Deutsche Wohnen im Rahmen des betreuten Wohnens älteren Menschen neben der Zurverfügungstellung der angemieteten Wohnung umfangreiche, seniorengerechte Service- und Dienstleistungen an.

Portfolio

Der Wohnvermietungsbestand der Deutsche Wohnen umfasste zum 31. März 2015 insgesamt 146.850 Wohneinheiten (davon 143.473 Wohneinheiten im strategischen Kern- und Wachstumsportfolio sowie 3.377 Einheiten im Non-Core-Portfolio) mit einer Gesamtwohnfläche von rund 9 Mio. m² bezogen auf die gesamte in den Mietverträgen aufgeführte Wohnfläche. Die durchschnittliche monatliche Vertragsmiete, bezogen auf den Vermietungsbestand, belief sich zum 31. März 2015 auf EUR 5,73 je m². Die Leerstandsquote in Bezug auf den Vermietungsbestand der Deutschen Wohnen betrug zu diesem Stichtag 2,3 %. Neben den Wohnimmobilien umfasste das Immobilienportfolio der Deutsche Wohnen 2.085 Gewerbeeinheiten. Die Deutsche Wohnen gliedert ihr Wohnimmobilienportfolio in strategische Kern- und Wachstumsregionen sowie Non-Core-Regionen. Zudem unterscheidet die Deutsche Wohnen bei ihren strategischen Kern- und Wachstumsregionen zwischen Core+- und Core-Regionen. Das Immobilienportfolio in den strategischen Kern- und Wachstumsregionen enthält sowohl Wohneinheiten, die dem Geschäftssegment Wohnungsbewirtschaftung als auch Wohneinheiten, die dem Geschäftssegment Verkauf (Privatisierung von Wohneinheiten) zugeordnet sind.

- Core+-Regionen sind dynamische Märkte, in denen die Deutsche Wohnen erhebliches Mietsteigerungspotenzial sowie ein positives Marktumfeld für Verkäufe sieht. Gekennzeichnet sind diese Märkte durch einen Nachfrageüberhang für Wohnraum. Ursächlich dafür sind die dynamische Wirtschaftsentwicklung und eine Zunahme von Haushalten, u.a. aufgrund der Zunahme von Einpersonenhaushalten. Die Core+-Regionen der Deutsche Wohnen sind die Metropolregionen (i) Großraum Berlin, (ii) Rhein-Main, (iii) Mannheim/Ludwigshafen, (iv) Rheinland sowie (v) Dresden. Auf diese Märkte richtet sich der Fokus auch für potenzielle zukünftige Akquisitionen. Gemessen an der Anzahl der Einheiten befanden sich zum 31. März 2015 rund 87 % der Einheiten des Wohnimmobilienportfolios in Core+-Regionen.
- Core-Regionen sind Regionen mit einer zu erwartenden stabilen

Marktentwicklung. Gekennzeichnet sind diese Märkte durch eine ausgeglichene Angebots- und Nachfragesituation, gute Wirtschaftslage, stabile wirtschaftliche Perspektiven, durchschnittliche Kaufkraft und eine gleichbleibende Anzahl an Haushalten. Die Core-Regionen der Deutsche Wohnen sind (i) Hannover/Braunschweig, (ii) Magdeburg, (iii) Kiel/Lübeck, (iv) Halle/Leipzig, (v) Erfurt und (vi) sonstige Standorte. Gemessen an der Anzahl der Einheiten befanden sich zum 31. März 2015 rund 11 % der Einheiten des Wohnimmobilienportfolios in Core-Regionen.

- Non-Core-Regionen werden als geographische Regionen definiert, die in ihrer Entwicklung stagnieren und/oder eine negative Tendenz aufweisen. Dabei handelt es sich überwiegend um ländliche Gebiete sowie Streubesitz in Sachsen-Anhalt, Brandenburg, Sachsen, Rheinland-Pfalz und sonstigen Gebieten. Der Immobilienbestand der Deutsche Wohnen, der den Non-Core-Regionen zugeordnet wird, belief sich zum 31. März 2015 auf 3.377 Einheiten bzw. rund 2 % des gesamten Wohnimmobilienbestandes gemessen an der Anzahl der Wohneinheiten.

Im Jahr 2014 wurden ungefähr 9.700 Wohneinheiten von Core auf Core$^+$ hochgestuft. Diese Einheiten befinden sich überwiegend in Dresden und Mannheim/Ludwigshafen. Darüber hinaus wurden ungefähr 1.600 Wohneinheiten von Core nach Non-Core herabgestuft.

Auf Grundlage der strategischen Einteilung in Core+- und Core- und Non-Core-Regionen, setzt die Deutsche Wohnen drei verschiedene Anlagestrategien ein: „bewirtschaften“, „entwickeln“ und „veräußern“

- Bewirtschaften. Der Schwerpunkt für Einheiten in der Gruppe „bewirtschaften“ liegt auf der Wiedervermietung dieser Einheiten und auf der Realisierung des Mietpotenzials in Übereinstimmung mit Markttendenzen. Die Einheiten in der Gruppe „bewirtschaften“ sind in gutem oder ausgezeichnetem Zustand. Die Gruppe „bewirtschaften“ macht 76 % des Portfolios der Deutschen Wohnen aus (in Einheiten gemessen).

- Entwickeln. Einheiten, die in vielversprechenden Lagen angesiedelt sind und sich in unterdurchschnittlichem Zustand befinden, werden in der Gruppe „entwickeln“ zusammengefasst. Ihr Anteil beläuft sich auf 12 % des Portfolios der Deutschen Wohnen (in Einheiten gemessen). Die Deutsche Wohnen geht davon aus, erhebliche Beträge in Modernisierungsmaßnahmen investieren zu müssen, um das Mietpotenzial dieser Einheiten zu steigern.

- Veräußern. Einheiten in der Gruppe „veräußern“ werden in einzelnen Wohnungsprivatisierungen oder Blockverkäufen verkauft. Sie machen ungefähr 10 % des Portfolios der Deutschen Wohnen aus (in Einheiten gemessen).

Deutsche Wohnen hat sich 2014 zu ausgewählten Erwerbsvorgängen kleinerer Portfolios von insgesamt ungefähr 3.100 Wohneinheiten in der Rhein-Main Region (650 Einheiten), Berlin (1.950 Einheiten) und Dresden (500 Einheiten) zu einem Bruttoerwerbspreis von ungefähr EUR 300 Mio. verpflichtet. Diese Portfolios befinden sich allesamt in Core$^+$ Märkten der Deutschen Wohnen. Notariell beurkundete Kaufverträge sind für alle diese Einheiten 2014 unterzeichnet worden und für 940 dieser Einheiten konnte im Geschäftsjahr 2014 der Erwerb bereits abgeschlossen werden.

Das Pflege und Betreutes Wohnen-Portfolio der Deutsche Wohnen umfasste zum 31. März 2015 20 Einrichtungen, davon 15 als reine Pflegeeinrichtungen, 3 als Einrichtungen für Betreutes Wohnen und 2 kombinierte Einrichtungen. Diese Einrichtungen verfügen über rund 2,048 Pflegeplätze und Apartments für Betreutes Wohnen. Von den insgesamt 20 Objekten, in denen Pflegeeinrichtungen und Einrichtungen für Betreutes Wohnen untergebracht sind, befinden sich 2 nicht im Eigentum der Deutsche Wohnen, werden aber von dieser im Wege einer strategischen Partnerschaft bewirtschaftet. Rund 70 % des Portfolios an Pflegeeinrichtungen bzw. Einrichtungen für Betreutes Wohnen gemessen an der Anzahl der Pflegeplätze befinden sich in Berlin und in Brandenburg.

Laut dem in diesem Prospekt wiedergegebenen Bewertungsgutachten betrug der beizulegende Wert (*Fair Value*) (nach IAS 40) des gesamten Wohnimmobilienportfolios der Deutsche Wohnen per 31. Dezember 2014 EUR 9.782 Mio. (wovon EUR 19,2 Mio. auf unbebaute Bauplätze entfielen) und derjenige des Portfolios von Einrichtungen für Pflege und Betreutes Wohnen per 30. Juni 2014 EUR 143,8 Mio. Wenngleich diese Bewertungen nur auf den jeweiligen Bewertungsstichtag bezogen sind und von CBRE GmbH nicht aktualisiert wurden um Werte zu einem jüngeren Datum anzuzeigen, bestätigt die Deutsche Wohnen AG hiermit, dass ihr keine wesentlichen Änderungen im Gesamtwert der im Bewertungsgutachten bewerteten Immobilien seit dem jeweiligen Bewertungsstichtag bekannt sind. Die Gesellschaft bewertete das gesamte Immobilienportfolio (Wohn- und Gewerbeimmobilien sowie Einrichtungen für Pflege und Betreutes Wohnen unter Ausschluss von unbebauten Bauplätzen per 31. Dezember 2014) mit EUR 9.930 Mio. Der Wert gemäß Bewertungsgutachten und die interne Bewertung durch die Gesellschaft weichen daher um 0,20 % bezogen auf den gesamten bewerteten Bestand ab. Bezogen auf die einzelnen Immobilien weichen die Werte nicht mehr als 10 % oder weniger als EUR 250.000 voneinander ab. Da die Bewertungen getrennt voneinander erfolgt sind, liegen die Abweichungen im Rahmen einer Bandbreite von unabhängigen Bewertungen und sind nicht auf grundsätzlich verschiedene Bewertungsansätze zurückzuführen. Deutsche Wohnen beabsichtigt, im dritten Quartal 2015 eine aktualisierte Bemessung des beizulegenden Werts der als Finanzinvestition gehaltenen Immobilien zum 30. Juni 2015 durchzuführen.

Zusammenfassung der Wettbewerbsstärken

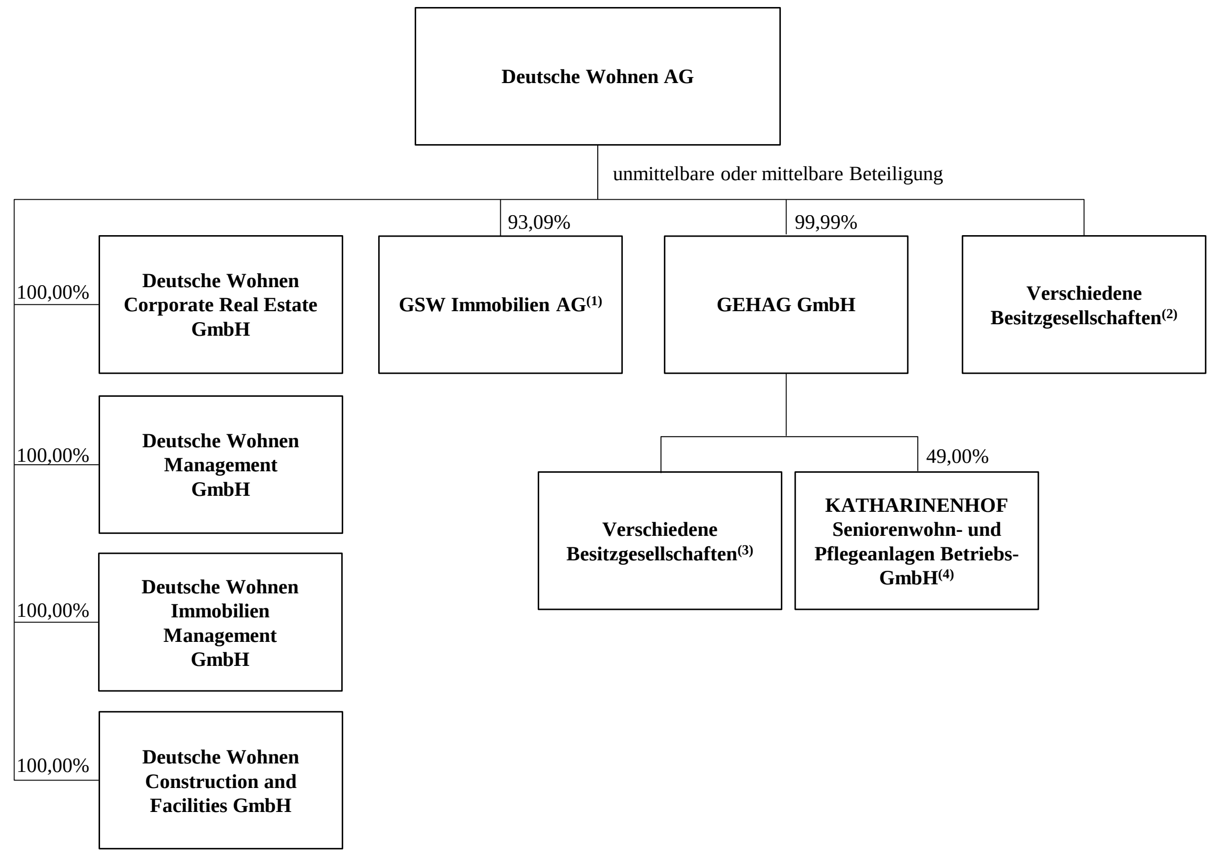
Die Deutsche Wohnen AG sieht sich aufgrund der Größe und der Qualität ihres gesamten Wohn-, Pflege- und Betreutes-Wohnen-Immobilienportfolios, der Konzentration des Portfolios auf attraktive deutsche Metropolregionen sowie aufgrund der Qualität ihrer Immobilienplattform mit hervorragend geschulten und qualifizierten Mitarbeitern gut positioniert, um einerseits am Wachstum in den wichtigen deutschen Metropolregionen zu partizipieren und so einen langfristigen Wertzuwachs ihres bestehenden Wohnimmobilienportfolios zu erzielen, und andererseits durch ausgewählte wertsteigernde Erwerbe von zusätzlichen Immobilienportfolios und/oder Pflegeimmobilien sowie Immobilien für Betreutes-Wohnen zu wachsen.

Die Deutsche Wohnen AG sieht die folgenden Wettbewerbsstärken als Hauptursache für ihren bisherigen Erfolg, mit denen sie sich auch weiterhin von ihren Wettbewerbern absetzen will:

- attraktiver und nahezu vollständig vermieteter Wohnungsmietbestand mit hohem Mietpotenzial in den Core+-Regionen;
- Verpflichtung zu Qualität, Effizienz und Nachhaltigkeit;
- erfolgreiche Historie im Asset- und Portfoliomanagement als Basis für kontinuierliche Verbesserungen des operativen Ergebnisses;
- Skalierbarkeit der Plattform der Gesellschaft und bewährte Integrationsexpertise;
- solide Bilanzstruktur, konservativer Verschuldungsgrad und Zugang zu vielfältigen und nachhaltigen Finanzierungsquellen; und
- sehr erfahrenes Führungsteam mit langjähriger Erfahrung auf dem Immobilienmarkt als Basis für die Unternehmensstrategie.

Zusammenfassung der Strategie

		Im Mittelpunkt der Aktivitäten der Deutsche Wohnen steht die Steigerung des Wertes der Gesellschaft. Die Wachstumsstrategie der Deutsche Wohnen entlang der Wertschöpfungskette im Wohnungssektor konzentriert sich dabei auf folgende Kernelemente: • Fokussierung und Konzentration auf Wohnimmobilien in den bedeutenden deutschen Metropolregionen und Ballungszentren; • Ausnutzung des Steigerungspotenzials bei Mieten durch aktives Asset- und Portfoliomanagement; • Portfoliooptimierung durch wertorientierte Einzelprivatisierungen und Blockverkäufe; sowie • kontinuierliches Wachstum durch ausgewählte und wertorientierte Zukäufe von Immobilienportfolios und/oder Einrichtungen für Pflege und Betreutes Wohnen, die zu einer Steigerung des FFO je Aktie und des EPRA NAV (unverwässert) (wie unter B.7, Fußnote (8) definiert) per Aktie führen sollen.
B.4a	**Wichtigste jüngste Trends, die sich auf den Emittenten und die Branchen, in denen er tätig ist, auswirken.**	Der Deutsche Wohnen-Konzern sowie die gesamte deutsche Wohnimmobilienbranche hängen von aktuellen und voraussichtlichen demografischen Trends, wie namentlich einer schrumpfenden Bevölkerung, einer zunehmenden Zahl von Haushalten mit einer unterdurchschnittlichen Haushaltsgröße und einer alternden Bevölkerung, ab. Die meisten dieser Trends haben dazu geführt und werden voraussichtlich namentlich in Stadtgebieten weiterhin dazu führen, dass vermehrt Wohnungseinheiten, die auf Ein- oder Zwei-Personen-Haushalte und/oder auf Senioren angepasst werden können, nachgefragt werden. Für 2015 erwartetet die Gesellschaft Zuwächse der Vertragsmieten und der Neuvertragsmieten in den Core^{+}-Vermietungsbeständen. Demgemäß sieht der Deutsche Wohnen-Konzern Potenzial für weiteres Wachstum im Segment Wohnungsbewirtschaftung. Der Deutsche Wohnen-Konzern sowie die Branche sind vorwiegend auch von wirtschaftlichen Entwicklungen in Deutschland betroffen. In besonderem Maße ist die Entwicklung der Marktpreise und der Marktmieten für Immobilien in den einzelnen Mikrostandorten relevant. Diese Entwicklung wird von der Nachfrage für einzelne Standorte, Leerständen und von anderen Faktoren, einschließlich Markterwartungen, getrieben. Seit 2010 werden die deutsche Wohnimmobilienbranche und die Ergebnisse des Deutsche Wohnen-Konzerns positiv von den Entwicklungen im deutschen Immobilienmarkt beeinflusst.
B.5	**Beschreibung des Konzerns und der Stellung des Emittenten innerhalb dieses Konzerns.**	Die Deutsche Wohnen AG ist die Holding-Gesellschaft des Deutsche Wohnen-Konzerns. Die folgende Grafik enthält eine vereinfachte Zusammenfassung der wesentlichen Tochtergesellschaften der Gesellschaft zum 31. März 2015:



(1) *Wesentliche Tochtergesellschaften der GSW Immobilien AG („**GSW**") sind: GSW Grundvermögens- und Vertriebsgesellschaft mbH, Grundstücksgesellschaft Karower Damm mbH, GSW Wohnwert GmbH, GSW Corona GmbH, GSW Pegasus GmbH, Wohnanlage Leonberger Ring GmbH, GSW Verwaltungs- und Betriebsgesellschaft mbH & Co. Zweite Beteiligungs KG, und GSW Fonds Weinmeisterhornweg 170-178 GbR.*

(2) *Wesentliche andere Tochtergesellschaften der Deutsche Wohnen AG sind: Rhein-Main Wohnen GmbH, Rhein-Mosel Wohnen GmbH, Deutsche Wohnen Reisholz GmbH, Main-Taunus Wohnen GmbH & Co. KG, Rhein-Pfalz Wohnen GmbH, DB Immobilien Fonds 14 Rhein-Pfalz Wohnen GmbH & Co. KG, Larry Group (bestehend aus den Gesellschaften Larry Condo S.à r.l., Larry Condo Holdco S.à r.l., Larry Berlin I S.à r.l., Larry Berlin II S.à. r.l, Larry Berlin Lichtenberg S.à r.l., Larry II Berlin Marzahn S.à r.l., Larry II Berlin Hellersdorf S.à r.l., Larry II Greater Berlin S.à r.l., Larry II Potsdam S.à r.l.).*

(3) *Wesentliche Tochtergesellschaften sind: Eisenbahn-Siedlungs-Gesellschaft Berlin mbH, BauBeCon-Gruppe (BauBeCon Assets GmbH, BauBeCon Immobilien GmbH, BauBeCon Wohnwert GmbH, BauBeCon Bio GmbH, Hamnes Investments B.V., Algarobo Holding B.V., Intermetro GmbH, die „**BauBeCon-Gruppe**"), DWRE-Gruppe (bestehend aus acht Gesellschaften, ehemals Kristensen), GEHAG Erste Beteiligungs GmbH, GEHAG Dritte Beteiligungs GmbH, GEHAG Vierte Beteiligungs S.E., Fortimo GmbH, Aufbau-Gesellschaft der GEHAG GmbH, Holzmindener Straße/Tempelhofer Weg Grundstücks GmbH, SGG Scharnweberstraße Grundstücks GmbH, AGG Auguste-Viktoria Allee Grundstücks GmbH), GGR-Gruppe (bestehend aus den Gesellschaften GGR Wohnparks Alte Hellersdorfer Straße GmbH, GGR Wohnparks Kastanienallee GmbH, GGR Wohnparks Nord Leipziger Tor GmbH und GGR Wohnparks Süd Leipziger Tor GmbH), Deutsche Wohnen Dresden I GmbH und Deutsche Wohnen Dresden II GmbH.*

(4) *Mit Wirkung zum 1. Januar 2015, reduzierte die GEHAG GmbH ihren Anteil an der KATHARINENHOF Seniorenwohn- und Pflegeanlagen Betriebs-GmbH auf 49%. Wesentliche Tochtergesellschaften der KATHARINENHOF Seniorenwohn- und Pflegeanlagen Betriebs- GmbH sind: Katharinenhof Service GmbH, Seniorenresidenz Am Lunapark GmbH, LebensWerk GmbH.*

B.6 **Personen, die eine (meldepflichtige) direkte oder indirekte Beteiligung am Kapital des Emittenten oder den Stimmrechten halten oder den Emittenten beherrschen.**

Zum Datum dieses Prospekts halten die folgenden Aktionäre eine meldepflichtige direkte oder indirekte Beteiligung an den Stammaktien und den Stimmrechten der Gesellschaft:

Aktionäre	**Beteiligungs-/ Stimmrechtsanteil**
Sun Life Financial Inc.[1)]/Massachusetts Financial Services Company (MFS)	9,94 %
BlackRock, Inc.[1) 2)]	8,01 %
Norges Bank (Norwegische Zentralbank)[2)]	6,71 %
APG Asset Management N.V.	3,01 %
Summe	**27,67 %**

1) *Zugerechnete Stimmrechte gemäß § 22 Abs. 1 Satz 1 Nr. 6 WpHG i.V.m. § 22 Abs. 1 Satz 2 WpHG.*
2) *Zugerechnete Stimmrechte gemäß § 22 Abs. 1 Satz 1 Nr. 1 WpHG.*

	Angabe, ob die Hauptanteilseigner des Emittenten unterschiedliche Stimmrechte haben, falls vorhanden.	Nicht anwendbar. Jede Aktie der Gesellschaft berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft. Es bestehen keine Stimmrechtsbeschränkungen.
	Unmittelbare oder mittelbare Beherrschung des Emittenten und Art der Beherrschung.	Nicht anwendbar. Die Gesellschaft wird von keinem ihrer Aktionäre beherrscht.
B.7	**Ausgewählte wesentliche Finanz- und Geschäftsinformationen.**	Die nachstehenden Tabellen enthalten wichtige Konzernfinanzinformationen der Deutsche Wohnen Gruppe für die zum 31. März 2015 und 31. März 2014 endenden Dreimonatszeiträume und die zum 31. Dezember 2014, 31. Dezember 2013 und 31. Dezember 2012 endenden Geschäftsjahre. Die nachfolgenden Finanzinformationen, die in den folgenden Tabellen enthalten sind, wurden aus dem ungeprüften verkürzten Konzernzwischenabschluss für den zum 31. März 2015 endenden Dreimonatszeitraum sowie den geprüften Konzernabschlüssen der Gesellschaft für die zum 31. Dezember 2014, 31. Dezember 2013 und 31. Dezember 2012 endenden Geschäftsjahre sowie aus dem Rechnungswesen und der internen Managementberichterstattung der Gesellschaft entnommen oder daraus abgeleitet. Die geprüften Konzernabschlüsse der Gesellschaft für die zum 31. Dezember 2014, 31. Dezember 2013 und 31. Dezember 2012 endenden Geschäftsjahre wurden gemäß den International Financial Reporting Standards, wie sie in der EU anzuwenden sind, („**IFRS**“) und den ergänzend nach § 315a Abs. 1 HGB anzuwendenden handelsrechtlichen Vorgaben („**HGB**“) erstellt und wurden von der Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft („**EY**“) geprüft und jeweils mit einem uneingeschränkten Bestätigungsvermerk versehen. Der ungeprüfte verkürzte Konzernzwischenabschluss der Gesellschaft für den zum 31. März 2015 endenden Dreimonatszeitraum wurde auf der Grundlage der IFRS für Zwischenberichterstattung (IAS 34) erstellt. Die nachstehenden sonstigen betrieblichen Kennzahlen sind dem Rechnungswesen oder der internen Managementberichterstattung der Gesellschaft entnommen. Sofern Finanzinformationen in den nachstehenden Tabellen als „geprüft“ gekennzeichnet sind, bedeutet dies, dass sie den oben genannten geprüften Konzernabschlüssen der Deutschen Wohnen AG für die zum 31. Dezember 2014, 31. Dezember 2013 und 31. Dezember 2012 endenden Geschäftsjahre entnommen wurden. Finanzinformationen, die nicht den oben genannten Konzernabschlüssen entnommen wurden, sondern stattdessen dem ungeprüften verkürzten Konzernzwischenabschluss der Gesellschaft für den zum 31. März 2015 endenden Dreimonatszeitraum, dem Rechnungswesen oder der internen Managementberichterstattung der Gesellschaft entnommen oder daraus abgeleitet wurden oder auf Berechnungen von Finanzinformationen aus den oben genannten Quellen basieren, werden in den nachfolgenden Tabellen als „ungeprüft“ bezeichnet.

In dem Konzernabschluss der Gesellschaft für das zum 31. Dezember 2013 endende Geschäftsjahr wurde gemäß IFRS 3 die Zuteilung des Kaufpreises für den Erwerb der GSW am 30. November 2013 bloß vorläufig vorgenommen. Aufgrund neuer Erkenntnisse wurde die Zuteilung des Kaufpreises nach IFRS 3 angepasst. Dementsprechend sind gewisse Einzelposten in den vergleichenden Finanzinformationen zum 31. Dezember 2013 im Konzernabschluss der Gesellschaft für das zum 31. Dezember 2014 endende Geschäftsjahr von dieser Anpassung betroffen und wurden nachträglich angepasst. Folglich sind als „geprüft" gekennzeichnete Finanzinformationen zum 31. Dezember 2013 dem Konzernabschluss der Gesellschaft für das zum 31. Dezember 2014 endende Geschäftsjahr entnommen.

Sämtliche im Text und den Tabellen in diesem Abschnitt des Prospekts dargestellten Finanzinformationen sind, sofern nicht anders angegeben, in Mio. Euro (EUR Mio.) dargestellt und jeweils auf die erste Dezimalstelle gerundet. Im Text und in den Tabellen enthaltene prozentuale Änderungen sind auf eine Dezimalstelle kaufmännisch gerundet, sofern nicht anders angegeben. Aufgrund der Rundungen addieren sich die in den Tabellen aufgeführten Zahlen teilweise nicht exakt zur jeweils angegebenen Gesamtsumme und die Prozentzahlen teilweise nicht exakt zu 100,0 % auf. In Klammern dargestellte Zahlen sind negative Zahlen. Ein Bindestrich ("–") gibt an, dass die maßgebliche Zahl nicht verfügbar ist oder nicht existiert, während eine Null ("0") bedeutet, dass die maßgebliche Zahl auf Null gerundet wurde.

Ausgewählte Daten der Konzern-Gewinn- und Verlustrechnung

	1. Januar – 31. März 2015	1. Januar – 31. März 2014	1. Januar – 31. Dezember 2014	1. Januar – 31. Dezember 2013	1. Januar – 31. Dezember 2012
	(ungeprüft)	(ungeprüft)	(geprüft)	(geprüft)	(geprüft)
	(in EUR Mio.)			(in EUR Mio.)	
Einnahmen aus der Wohnungsbewirtschaftung	158,9	157,0	626,3	372,9	240,1
Aufwendungen aus der Wohnungsbewirtschaftung	(26,4)	(25,3)	(120,5)	(80,6)	(45,6)
Ergebnis aus der Wohnungsbewirtschaftung	**132,5**	**131,7**	**505,8**	**292,3**	**194,4**
Verkaufserlöse	49,7	86,4	257,4	169,7	167,8
Verkaufskosten	(3,4)	(3,0)	(12,1)	(10,3)	(11,8)
Buchwertabgang	(36,9)	(67,6)	(192,9)	(136,3)	(136,1)
Ergebnis aus Verkauf	**9,3**	**15,8**	**52,4**	**23,0**	**19,9**
Erlöse aus Pflege und Betreutes Wohnen	16,3	16,7	68,2	59,9	42,0
Aufwendungen für Pflege und Betreutes Wohnen	(12,5)	(12,6)	(51,9)	(46,7)	(32,1)
Ergebnis aus Pflege und Betreutes Wohnen	**3,8**	**4,2**	**16,3**	**13,2**	**9,9**
Verwaltungskosten	(18,7)	(22,8)	(90,5)	(52,9)	(40,4)
Sonstige Aufwendungen/Erträge	(7,9)	(4,3)	(29,6)	(22,7)	12,7
Zwischenergebnis	**119,0**	**124,5**	**454,4**	**252,9**	**196,5**
Ergebnis aus der Fair-Value-Anpassung der als Finanzinvestition gehaltenen Immobilien	–	–	952,7	101,3	119,2
Abschreibungen	(1,3)	(1,6)	(6,1)	(5,5)	(3,1)
Ergebnis vor Steuern und Zinsen (EBIT)	**117,7**	**122,9**	**1.401,0**	**348,7**	**312,6**
Finanzerträge	0,2	0,3	1,0	1,0	2,0
Ergebnis aus der Marktwertanpassung derivativer Finanzinstrumente und von Wandelschuldverschreibungen[1)]	(109,9)	(16,7)	(111,5)	10,6	(0,2)
Ergebnis aus at equity bewerteten	0,4	–	(0,5)	–	–

	1. Januar – 31. März 2015	1. Januar – 31. März 2014	1. Januar – 31. Dezember 2014	1. Januar – 31. Dezember 2013	1. Januar – 31. Dezember 2012
	(ungeprüft)	(ungeprüft)	(geprüft)	(geprüft)	(geprüft)
	(in EUR Mio.)			(in EUR Mio.)	
Unternehmen					
Finanzaufwendungen	(35,7)	(52,4)	(268,5)	(142,4)	(108,7)
Ergebnis vor Steuern	**(27,3)**	**54,2**	**1.021,4**	**217,9**	**205,6**
Ertragsteuern	(17,0)	(8,6)	(132,2)	(5,2)	(60,1)
Periodenergebnis	**(44,2)**	**45,5**	**889,3**	**212,7**	**145,5**

1) In den Konzernabschlüssen der Gesellschaft für die zum 31. Dezember 2013 und 31. Dezember 2012 endenden Geschäftsjahre bezeichnet als „Ergebnis aus der Marktwertanpassung derivativer Finanzinstrumente".

Ausgewählte Daten der Konzernbilanz

	31. März 2015	31. Dezember 2014	31. Dezember 2013[1)]	31. Dezember 2012
	(ungeprüft)	(geprüft)	(geprüft)	(geprüft)
	(in EUR Mio.)		(in EUR Mio.)	
Aktiva				
Langfristige Vermögenswerte	**10.710,8**	**10.563,3**	**9.725,8**	**4.719,4**
davon:				
Als Finanzinvestition gehaltene Immobilien	9.757,1	9.611,0	8.937,1	4.614,6
Sachanlagen	25,1	26,0	26,8	20,3
Immaterielle Vermögenswerte	545,6	546,1	547,1	3,3
Aktive latente Steuern	354,6	351,7	190,4	80,7
Kurzfristige Vermögenswerte	**1.108,5**	**882,9**	**401,2**	**188,5**
davon:				
Zum Verkauf bestimmte Grundstücke und Gebäude	60,4	58,1	97,1	39,1
Zahlungsmittel	562,4	396,4	196,4	90,6
Summe Aktiva	**11.819,4**	**11.446,2**	**10.127,0**	**4.907,8**
Passiva				
Summe Eigenkapital	**4.846,0**	**4.876,1**	**3.944,3**	**1.609,7**
Summe langfristige Verbindlichkeiten	**6.088,7**	**6.025,9**	**5.654,6**	**2.989,5**
davon:				
Langfristige Finanzverbindlichkeiten	4.458,0	4.509,3	4.903,3	2.634,3
Wandelschuldverschreibungen	860,5	747,4	247,9	–
Pensionsverpflichtungen	73,0	67,7	55,3	54,5
Steuerschulden	–	-	27,9	36,5
Derivative Finanzinstrumente	112,0	126,4	124,8	113,7
Passive latente Steuern	568,6	557,9	288,9	143,3
Summe kurzfristige Verbindlichkeiten	**884,7**	**544,2**	**528,2**	**308,7**
Summe Passiva	**11.819,4**	**11.446,2**	**10.127,0**	**4.907,8**

1) Zahlen entnommen aus dem Konzernabschluss der Gesellschaft für das zum 31. Dezember 2014 endende Geschäftsjahr.

Ausgewählte Daten der Konzern-Kapitalflussrechnung

	1. Januar – 31. März 2015	1. Januar – 31. März 2014	1. Januar – 31. Dezember 2014	1. Januar – 31. Dezember 2013	1. Januar – 31. Dezember 2012
	(ungeprüft)	(ungeprüft)	(geprüft)	(geprüft)	(geprüft)
	(in EUR Mio.)			(in EUR Mio.)	
Cashflow aus betrieblicher Geschäftstätigkeit	22,2	44,6	189,4	61,1	59,2
Cashflow aus Investitionstätigkeit	238,8	74,3	37,3	(655,1)	(1.238,0)
Cashflow aus Finanzierungstätigkeit	(94,9)	(135,3)	(26,8)	699,8	1.101,5
Nettoveränderung der Zahlungsmittel	**166,0**	**(16,4)**	**200,0**	**105,9**	**(77,3)**
Zahlungsmittel am Ende der Periode	**562,4**	**180,1**	**396,4**	**196,4**	**90,6**

Sonstige Betriebliche Kennzahlen

Der folgende Abschnitt beschreibt bestimmte zusätzliche betriebliche Schlüsselkennzahlen. Potentielle Investoren sollten beachten, dass die folgenden betrieblichen Schlüsselkennzahlen der Deutsche Wohnen keine nach IFRS definierten Größen sind. Aus diesem Grund ist es möglich, dass andere Unternehmen abweichende Methoden zur Berechnung gleichnamiger oder ähnlicher Schlüsselkennzahlen anwenden. Dementsprechend sind diese Schlüsselkennzahlen nicht zwangsläufig mit gleichnamigen oder ähnlichen Schlüsselkennzahlen anderer Unternehmen vergleichbar.

	1. Januar – 31. März 2015	1. Januar – 31. März 2014	1. Januar – 31. Dezember 2014	1. Januar – 31. Dezember 2013	1. Januar – 31. Dezember 2012
	(ungeprüft)	(ungeprüft)	(ungeprüft, soweit nicht anders angegeben)[1]		
EBITDA (bereinigt)[2] in EUR Mio.	122,6	126,7	475,3	270,2	180,6
EBT (bereinigt)[3] in EUR Mio.	91,7	73,1	283,3	131,9	78,5
Operatives Ergebnis (NOI) der Wohnungsbewirtschaftung[4] in EUR Mio.	122,0	121,1	460,6	264,0	172,2
Vertragsmiete[5] im Vermietungsbestand in den strategischen Kern- und Wachstumsregionen in EUR pro m^2 und Monat (zum Periodenende)[6]	5,75	n/a[7]	5,71	5,56	5,54
Vertragsmiete[5] im Gesamtmietwohnungsbestand in EUR pro m^2 und Monat (zum Periodenende)[6]	5,73	n/a[7]	5,69	5,54	5,49
Leerstandsquote[8] im Gesamtvermietungsbestand in den strategischen Kern- und Wachstumsregionen in % (zum Periodenende)[6]	2,1	n/a[7]	2,1	2,2	2,1
Leerstandsquote[8] im Gesamtmietwohnungsbestand in % (zum Periodenende)[6]	2,3	n/a[7]	2,2	2,4	2,5
EPRA NAV (unverwässert) in EUR Mio.[9] (zum Periodenende)	5.296,1	n/a[7]	5.326,0	4.153,0	1.824,4
EPRA NAV (unverwässert) je Aktie in EUR[9] (zum Periodenende)	17,96	n/a[7]	18,10	14,51	12,48
Loan-to-Value Ratio in %[10] (zum Periodenende)	50,4	n/a[7]	51,0[11]	57,4[11]	57,2[11]
FFO (ohne Verkauf)[12] in EUR Mio.	71,3	59,1	217,6	114,5	68,2
FFO (ohne Verkauf) je Aktie[12] in EUR	0,24	0,21	0,76	0,65	0,54
FFO (inklusive Verkauf)[12] in EUR Mio.	80,6	74,9	270,0	137,5	88,1
FFO (inklusive Verkauf) je Aktie[12] in EUR	0,27	0,26	0,94	0,78	0,70

1) *Berechnet auf Basis der oben genannten Quellen, soweit nicht anders angegeben.*

2) *Die Deutsche Wohnen berechnet diese Kennzahl, indem sie das Ergebnis vor Steuern und Zinsen („**EBIT**") um das Ergebnis aus der Fair-Value-Anpassung der als Finanzinvestition gehaltenen Immobilien, Abschreibungen und Einmaleffekte bzw. Sondereffekte (sonstige einmalige Erträge aus dem Vergleich über die Verlustausgleichsvereinbarung mit der RREEF Management GmbH („**RREEF**") in 2012 und aus dem Vergleich über den Rechtsstreit BauBeCon Immobilien GmbH in 2013, Transaktions- und Integrationskosten in Bezug auf Restrukturierungs- und Reorganisationsaufwendungen im Zusammenhang mit der GSW in 2014, Transaktions- und Integrationskosten im Zusammenhang mit der öffentlichen Übernahme der GSW in 2013, dem Erwerb der BauBeCon-Gruppe in 2012 und Kosten aus der Entkonsolidierung der Facilita Berlin GmbH). Die Gesellschaft nutzt das bereinigte Ergebnis vor Zinsen, Steuern und Abschreibungen („**EBITDA (bereinigt)**"), um die operative Leistung des Unternehmens zu messen. Die nachfolgende Tabelle stellt die Berechnung des EBITDA (bereinigt) für die zum 31. März 2015 und 31. März 2014 endenden Dreimonatszeiträume und für die Geschäftsjahre 2014, 2013 und 2012 dar:*

	1. Januar – 31. März 2015	1. Januar – 31. März 2014	1. Januar – 31. Dezember 2014	1. Januar – 31. Dezember 2013	1. Januar – 31. Dezember 2012
	(ungeprüft)	(ungeprüft)	(geprüft, soweit nicht anders angegeben)		
	(in EUR Mio.)		(in EUR Mio.)		
Ergebnis vor Steuern und Zinsen (EBIT)	**117,7**	**122,9**	**1.401,0**	**348,7**	**312,6**
Ergebnis aus der Fair-Value-Anpassung der als Finanzinvestition gehaltenen Immobilien	–	–	(952,7)	(100,9)[a]	(119,2)

	1. Januar – 31. März 2015	1. Januar – 31. März 2014	1. Januar – 31. Dezember 2014	1. Januar – 31. Dezember 2013	1. Januar – 31. Dezember 2012
	(ungeprüft)	(ungeprüft)	(geprüft, soweit nicht anders angegeben)		
	(in EUR Mio.)		(in EUR Mio.)		
Abschreibungen	1,3	1,6	6,1	5,5	3,1
Zwischenergebnis	**119,0**	**124,5**	**454,4**	**253,3**	**196,5**
Einmaleffekte bzw. Sondereffekte (ungeprüft)[b)]					
Sonstige einmalige Erträge (ungeprüft)[b)]	(0,9)	–	–	(2,2)	(20,3)
Transaktions- und Integrationskosten sowie Kosten aus der Entkonsolidierung der Facilita Berlin GmbH	4,5	–	5,6	19,1	4,4
Restrukturierungs- und Reorganisationsaufwendungen	–	2,2	15,2	–	–
EBITDA (bereinigt) (ungeprüft)[c)]	**122,6**	**126,7**	**475,3**	**270,2**	**180,6**

a) *Erträge aus den Fair-Value-Anpassungen der als Finanzinvestition gehaltenen Immobilien abzüglich von Erträgen aus der Bewertung von zum Verkauf bestimmten Grundstücken und Gebäuden in Höhe von EUR 0,4 Mio., die Teil dieser Erträge aus den Fair-Value-Anpassungen der als Finanzinvestition gehaltenen Immobilien sind; ungeprüfte Zahlen, die aus dem Rechnungswesen oder der internen Managementberichterstattung der Gesellschaft entnommen oder abgeleitet wurden.*

b) *Entnommen oder abgeleitet aus dem Rechnungswesen oder der internen Managementberichterstattung der Gesellschaft.*

c) *Berechnet auf Basis der oben genannten Quellen.*

3) *Die Deutsche Wohnen berechnet das bereinigte Ergebnis vor Steuern („**EBT (bereinigt)**“) ausgehend von dem Ergebnis vor Steuern und bereinigt dieses um das Ergebnis aus der Fair Value-Anpassung der als Finanzinvestition gehaltenen Immobilien, Einmaleffekte bzw. Sondereffekte (sonstige einmalige Erträge aus dem Vergleich über den Verlustausgleichsvereinbarung mit RREEF in 2012 und aus dem Vergleich über den Rechtsstreit BauBeCon Immobilien GmbH in 2013, Transaktions- und Integrationskosten in Bezug auf Restrukturierungs- und Reorganisationsaufwendungen im Zusammenhang mit der GSW in 2014, Integrationskosten und Kosten aus der Entkonsolidierung der Facilita Berlin GmbH in 2014, Transaktions- und Integrationskosten im Zusammenhang mit der öffentlichen Übernahme der GSW in 2013 und dem Erwerb der BauBeCon-Gruppe in 2012 und Einmalaufwendungen im Zusammenhang mit der Refinanzierung der öffentlichen Übernahme der GSW und der Ausgabe von Wandelschuldverschreibungen in 2013 und bezogen auf die BauBeCon-Gruppe Transaktion in 2012) und das Ergebnis aus der Marktwertanpassung derivativer Finanzinstrumente und von Wandelschuldverschreibungen. Die Deutsche Wohnen verwendet das EBT (bereinigt) als Indikator, um die operative Leistung zu messen. Die nachfolgende Tabelle zeigt die Berechnung des EBT (bereinigt) für die zum 31. März 2015 und 31. März 2014 endenden Dreimonatszeiträume und für die Geschäftsjahre 2014, 2013 und 2012:*

	1. Januar – 31. März 2015	1. Januar – 31. März 2014	1. Januar – 31. Dezember 2014	1. Januar – 31. Dezember 2013	1. Januar – 31. Dezember 2012
	(ungeprüft)	(ungeprüft)	(geprüft, soweit nicht anders angegeben)		
	(in EUR Mio.)		(in EUR Mio.)		
Ergebnis vor Steuern	**(27,3)**	**54,2**	**1.021,4**	**217,9**	**205,6**
Ergebnis aus der Fair-Value-Anpassung der als Finanzinvestition gehaltenen Immobilien	–	–	(952,7)	(100,9)[a)]	(119,2)
Einmaleffekte bzw. Sondereffekte					
Sonstige einmalige Erträge (ungeprüft)[b)]	(0.9)	–	–	(2,2)	(20,3)
Restrukturierungs- und Reorganisationsaufwendungen (ungeprüft)[b)]	–	2,2	15,2	–	–
Transaktions- und Integrationskosten sowie Kosten aus der Entkonsolidierung der Facilita Berlin GmbH (ungeprüft)[b)]	4,5	–	5,6	19,1	4,4
Einmalaufwendungen im Zusammenhang mit der Refinanzierung[c)]	5,4	–	82,2	8,6	7,8
Ergebnis aus der Marktwertanpassung derivativer Finanzinstrumente und von Wandelschuldverschreibungen[d)]	109,9	16,7	111,5	(10,6)	0,2
EBT (bereinigt) (ungeprüft)[e)]	**91,7**	**73,1**	**283,3**	**131,9**	**78,5**

a) *Erträge aus den Fair-Value-Anpassungen der als Finanzinvestition gehaltenen Immobilien abzüglich von Erträgen aus der Bewertung von zum Verkauf bestimmten Grundstücken und Gebäuden in Höhe von EUR 0,4 Mio., die Teil dieser Erträge aus den Fair-Value-Anpassungen der als Finanzinvestition gehaltenen*

Immobilien sind; ungeprüfte Zahlen, die aus dem Rechnungswesen oder der internen Managementberichterstattung der Gesellschaft entnommen oder abgeleitet wurden.

b) *Aus dem Rechnungswesen oder der internen Managementberichterstattung der Gesellschaft entnommen oder abgeleitet.*

c) *In den Konzernabschlüssen der Gesellschaft für die zum 31. Dezember 2013 und 31. Dezember 2012 endenden Geschäftsjahre bezeichnet als „Finanzierungssonderkosten“ bzw. „Finanzierungskosten für BauBeCon“.*

d) *In den Konzernabschlüssen der Gesellschaft für die zum 31. Dezember 2013 und 31. Dezember 2012 endenden Geschäftsjahre bezeichnet als „Ergebnis aus der Marktwertanpassung derivativer Finanzinstrumente“.*

e) *Berechnet auf Basis der oben genannten Quellen.*

4) *Die Deutsche Wohnen definiert das operative Ergebnis (Net Operating Income – „**NOI**“) aus Wohnungsbewirtschaftung als das Segmentergebnis aus der Wohnungsbewirtschaftung abzüglich zurechenbarer Verwaltungskosten. Die zurechenbaren Verwaltungskosten bestehen aus den direkten und indirekten Personal- und Sachkosten. Zur Ermittlung des NOI pro Quadratmeter und Monat wird der NOI durch die durchschnittlichen Quadratmeter (Quartalsbasis) in der relevanten Periode und dann durch die jeweilige Anzahl von Monaten in dieser Periode geteilt. Die nachfolgende Tabelle zeigt die Berechnung des NOI und des NOI pro Quadratmeter und Monat für die zum 31. März 2015 und 31. März 2014 endenden Dreimonatszeiträume und für die Geschäftsjahre 2014, 2013 und 2012:*

	1. Januar – 31. März 2015	**1. Januar – 31. März 2014**	**1. Januar – 31. Dezember 2014**	**1. Januar – 31. Dezember 2013**	**1. Januar – 31. Dezember 2012**
	(ungeprüft)	**(ungeprüft)**	**(ungeprüft, soweit nicht anders angegeben)**		
	(in EUR Mio., soweit nicht anders angegeben)		**(in EUR Mio., soweit nicht anders angegeben)**		
Ergebnis aus der Wohnungsbewirtschaftung	132,5	131,7	505,8[a)]	292,3[a)]	194,4[a)]
Personal- und Sachkosten[b)]	(10,5)	(10,6)	(45,2)	(28,3)	(22,2)
Operatives Ergebnis (NOI) aus Wohnungsbewirtschaftung[c)]	**122,0**	**121,1**	**460,6**	**264,0**	**172,2**
NOI in EUR pro m^2 und Monat[b)]	**4,41**	**4,33**	**4,14**	**3,84**	**4,00**

a) *Geprüft.*

b) *Entnommen oder abgeleitet aus dem Rechnungswesen oder der internen Managementberichterstattung der Gesellschaft.*

c) *Auf Grundlage der in der Tabelle angegebenen Informationen berechnet*

5) *Die Vertragsmiete ist die vertraglich geschuldete Nettokaltmiete der vermieteten Wohnungen pro Monat geteilt durch die vermietete Fläche. Der Fokus der Geschäftstätigkeit der Deutsche Wohnen liegt darauf, die Vertragsmiete zu erhöhen und gleichzeitig die Leerstandsquote zu minimieren. Die Deutsche Wohnen will dies durch Mietsteigerungen in Übereinstimmung mit dem Mietspiegel, durch Realisierung der Mietpotenziale im Rahmen der Neuvermietung (Fluktuation), gezielte auf den Mieter umlegbare Modernisierungsmaßnahmen und durch Leerstandsabbau erreichen. Die Vertragsmiete zum 31. Dezember 2012 beinhaltet auch Zukäufe mit Nutzen-/Lastenwechsel zum 1. Januar bzw. 1 Februar 2013.*

6) *Entnommen oder abgeleitet aus dem Rechnungswesen oder der internen Managementberichterstattung der Gesellschaft.*

7) *Diese Zahlen beziehen sich auf ein bestimmtes Datum. Daher sollten die Zahlen zum 31. März 2015 mit den Zahlen zum 31. Dezember 2014 verglichen werden.*

8) *Die Leerstandsquote ist das Verhältnis der Erlösschmälerungen zur Sollmiete zum jeweiligen Stichtag. Durch die Bezugnahme auf die Sollmiete wird gewährleistet, dass die Wohnungsgröße und der tatsächliche Kostenaufwand adäquat in der Leerstandsquote repräsentiert werden. Eines der strategischen Ziele der Gesellschaft, zusammen mit der kontinuierlichen Erhöhung der Miete, ist der Leerstandsabbau. Durch den Abbau von Leerständen können die Erlösschmälerungen und das Betriebskostenergebnis positiv beeinflusst werden. Die Leerstandsquote zum 31. Dezember 2012 beinhaltet auch Zukäufe mit Nutzen-/Lastenwechsel zum 1. Januar bzw. 1 Februar 2013.*

9) *Für die Deutsche Wohnen ist der Substanzwert (NAV) ein wichtiger Indikator des inneren Wertes einer Immobiliengesellschaft. Nach der von der EPRA empfohlenen Definition ist der „**EPRA NAV (unverwässert)**“ das Eigenkapital (vor nicht beherrschenden Anteilen) bereinigt um den Saldo aus (aktiven und passiven) derivativen Finanzinstrumenten und um bestimmte latente Steuern. Der bereinigte NAV wird von der Deutsche Wohnen als EPRA NAV (unverwässert) bereinigt um den Geschäfts- oder Firmenwert der GSW definiert. Potenzielle Investoren sollten beachten, dass der EPRA NAV je Aktie (unverwässert) und der bereinigte NAV je Aktie (unverwässert) keine Indikatoren für die zukünftige Aktienkursentwicklung der Deutsche Wohnen AG sind. Die nachfolgende Tabelle zeigt die Berechnung des EPRA NAV (unverwässert), des bereinigten NAV (unverwässert), des EPRA NAV je Aktie (unverwässert) und den bereinigten NAV je Aktie (unverwässert) zum 31. März 2015, 31. Dezember 2014, 31. Dezember 2013 und 31. Dezember 2012:*

	31. März 2015	31. Dezember 2014	31. Dezember 2013	31. Dezember 2012
	(ungeprüft)	(ungeprüft, soweit nicht anders angegeben)		
	(in EUR Mio., soweit nicht anders angegeben)	(in EUR Mio., soweit nicht anders angegeben)		
Eigenkapital (vor nicht beherrschenden Anteilen)[a]	4.655,3	4.692,9	3.777,8	1.609,3
Marktwerte der derivativen Finanzinstrumente (Saldo aus aktiven und passiven derivativen Finanzinstrumenten)[a]	144,3	144,9	156,5	152,5
Latente Steuern	496,5[c]	488,2[c]	218,7[c]	62,6[d]
EPRA NAV (unverwässert)[a]	**5.296,1**	**5.326,0**	**4.153,0**	**1.824,4**
Geschäfts- oder Firmenwerte GSW Immobilien AG	(535,1)[b]	(535,1)[e]	(535,1)[e]	–
Bereinigter NAV (unverwässert)[a]	**4.761,0**	**4.790,9**	**3.617,9**	**1.824,4**
Anzahl Aktien (in Mio., zum Periodenende)[b]	294,90	294,26	286,22	146,14
EPRA NAV je Aktie in EUR (unverwässert)[a]	**17,96**	**18,10**	**14,51**	**12,48**
Bereinigter NAV je Aktie in EUR (unverwässert)[a]	**16,14[f]**	**16,28[g]**	**12,64[h]**	**12,48**

a) *Berechnet auf Basis der oben genannten Quellen.*

b) *Entnommen oder abgeleitet aus dem Rechnungswesen oder der internen Managementberichterstattung der Gesellschaft.*

c) *Latente Steuern wurden wie folgt berechnet:*

	31. März 2015	31. Dezember 2014	31. Dezember 2013
	(ungeprüft) (in EUR Mio.)	(ungeprüft, soweit nicht anders angegeben) (in EUR Mio.)	
+ Passive latente Steuern	568,6[*]	557,9[**]	288,9[**]
+ Aktive latente Steuern auf Verlustvorträge	276,5[***]	276,5[**]	121,2[**]
+/- Aktive/passive latente Steuern auf Marktwertanpassungen der Wandelschuldverschreibungen[***]	6,0	5,5	(1,0)
- Aktive latente Steuern	(354,6)[*]	(351,7)[**]	(190,4)[**]
Latente Steuern	**496,5**	**488,2**	**218,7**

*) *Zahlen wurden dem ungeprüften verkürzten Konzernzwischenabschluss der Gesellschaft für den zum 31. März 2015 endenden Dreimonatszeitraum entnommen.*

**) *Geprüft. Zahlen zum 31. Dezember 2013 wurden dem Konzernabschluss der Gesellschaft für das zum 31. Dezember 2014 endende Geschäftsjahr entnommen.*

***) *Entnommen oder abgeleitet aus dem Rechnungswesen oder der internen Managementberichterstattung der Gesellschaft.*

d) *Saldo aus aktiven und passiven latenten Steuern.*

e) *Geprüft. Die Zahl zum 31. Dezember 2013 wurde dem Konzernabschluss der Gesellschaft für das zum 31. Dezember 2014 endende Geschäftsjahr entnommen.*

f) *Der Bereinigte NAV je Aktie (verwässert) zum 31. Dezember 2014 würde unter der Berücksichtigung der Auswirkung der Wandlung der in 2013 und 2014 ausgegebenen Wandelschuldverschreibungen in Höhe von EUR 855,1 Mio. und 31,71 Mio. zusätzlichen Aktien EUR 18,83 je Aktie betragen.*

g) *Der Bereinigte NAV je Aktie (verwässert) zum 31. Dezember 2014 würde unter der Berücksichtigung der Auswirkung der Wandlung der in 2013 und 2014 ausgegebenen Wandelschuldverschreibungen in Höhe von EUR 743,1 Mio. und 31,71 Mio. zusätzlichen Aktien EUR 18,62 je Aktie betragen.*

h) *Der Bereinigte NAV je Aktie (verwässert) zum 31. Dezember 2013 würde unter der Berücksichtigung der Auswirkung aus der Ausübung der Wandlung der 2013 ausgegebenen Wandelschuldverschreibung in Höhe von EUR 248,6 Mio. und 13,33 Mio. zusätzlichen Aktien EUR 14,69 je Aktie betragen.*

10) *Die Loan-to-Value Ratio („**LTV-Ratio**“) beschreibt das Verhältnis von Nettofinanzverbindlichkeiten (Finanzverbindlichkeiten (kurzfristige und langfristige Finanzverbindlichkeiten sowie Finanzverbindlichkeiten im Zusammenhang mit zur Veräußerung gehaltenen langfristigen Vermögenswerten) abzüglich Zahlungsmittel) zum Wert des gesamten Immobilienbestands (als Finanzinvestition gehaltene Immobilien zuzüglich der zur Veräußerung gehaltenen langfristigen Vermögenswerte und der zum Verkauf bestimmten Grundstücke und Gebäude). Die Deutsche Wohnen glaubt, dass das LTV-Ratio ein wichtiger Indikator der Kapitalstruktur ist. Die Gesellschaft benutzt das LTV-Ratio, um den Spielraum zur Optimierung von Kapitalkosten, für mögliche Akquisitionen und notwendige Finanzierungsmaßnahmen kenntlich zu machen. Die nachfolgende Tabelle zeigt die Berechnung des LTV-Ratio zum 31. März 2015, 31. Dezember 2014, 31. Dezember 2013 und 31. Dezember 2012*

	31. März 2015	31. Dezember 2014	31. Dezember 2013[a)]	31. Dezember 2012
	(ungeprüft)	(geprüft, soweit nicht anders angegeben)		
	(in EUR Mio., soweit nicht anders angegeben)	(in EUR Mio., soweit nicht anders angegeben)		
Finanzverbindlichkeiten	4.669,6	4.779,0	5.161,5	2.768,6
Wandelschuldverschreibungen	861,1	748,7	250,2	0,0
Zahlungsmittel	(562,4)	(396,4)	(196,4)	(90,6)
Nettofinanzverbindlichkeiten	**4.968,3**	**5.131,3**	**5.215,3**	**2.678,0**
Als Finanzinvestition gehaltene Immobilien	9.757,1	9.611,0	8.937,1	4.614,6
Zur Veräußerung gehaltene langfristige Vermögenswerte	44,9[b)]	392,9	57,5	24,4
Zum Verkauf bestimmte Grundstücke und Gebäude	60,4	58,1	97,1	39,1
Summe Immobilienbestände (ungeprüft)	**9.862,4**	**10.062,0**	**9.091,7**	**4.678,1**
Loan-to-Value Ratio (in %)	**50,4**	**51,0**	**57,4**	**57,2**

a) Zahlen zum 31. Dezember 2013 wurden dem Konzernabschluss der Gesellschaft für das zum 31. Dezember 2014 endende Geschäftsjahr entnommen.

b) Zur Veräußerung gehaltene langfristige Vermögenswerte (EUR 394,9 Mio.) abzüglich des Buchwerts der zur Veräußerung gehaltenen langfristigen Vermögenswerte (EUR 350,0 Mio.), für die Vorauszahlungen erhalten wurden.

11) *Geprüft.*

12) *Aus Sicht der Gesellschaft ist FFO ein wichtiger aus der Konzern-Gewinn- und Verlustrechnung abgeleiteter Indikator für Immobiliengesellschaften. Die Deutsche Wohnen differenziert zwischen FFO (ohne Verkauf) und FFO (inkl. Verkauf). Die Deutsche Wohnen berechnet den FFO (ohne Verkauf) ausgehend vom Periodenergebnis und bereinigt dieses um das Ergebnis aus Verkauf, Abschreibungen, das Ergebnis aus der Fair-Value-Anpassung der als Finanzinvestition gehaltenen Immobilien, das Ergebnis aus der Marktwertanpassung derivativer Finanzinstrumente und von Wandelschuldverschreibungen, nicht liquiditätswirksame Finanzaufwendungen aus der Aufzinsung von Verbindlichkeiten und Pensionen, Einmaleffekte bzw. Sondereffekte (Transaktions- und Integrationskosten in Bezug auf Restrukturierungs- und Reorganisationsaufwendungen im Zusammenhang mit der GSW in 2014, Transaktions- und Integrationskosten in Verbindung mit der öffentlichen Übernahme der GSW in 2013 und dem Erwerb der BauBeCon-Gruppe in 2012 und einmaligen Finanzierungskosten im Zusammenhang mit der öffentlichen Übernahme der GSW und der Ausgabe von Wandelschuldverschreibungen in 2013 und im Zusammenhang mit der BauBeCon Transaktion in 2012), und sonstige einmalige Erträge (aus dem Vergleich der Verlustausgleichvereinbarung mit RREEF in 2012 und aus dem Vergleich über den Rechtsstreit BauBeCon Immobilien GmbH in 2013), latente Steuern (Steueraufwand/ertrag), Steueraufwand aus Kapitalerhöhungskosten und den auf die nicht beherrschenden Anteile entfallenden FFO (ohne Verkauf). Der FFO (inkl. Verkauf) wird berechnet, indem das Ergebnis aus Verkauf zum FFO (ohne Verkauf) addiert und um das auf die nicht beherrschenden Anteile entfallende Ergebnis aus Verkauf bereinigt wird. Während der FFO (inkl. Verkauf) von zyklischen Schwankungen auf dem Markt beeinflusst wird, ist der FFO (ohne Verkauf) das vergleichsweise stabilere Maß der Fähigkeit der Deutsche Wohnen, Kreditzahlungen, Investitionen (z. B. die Akquisition von neuen Immobilien) und Dividendenzahlung zu tätigen. Die nachfolgende Tabelle zeigt wie der FFO (ohne Verkauf), der FFO (ohne Verkauf) je Aktie, der FFO (inkl. Verkauf), der FFO (inkl. Verkauf) je Aktie für die zum 31. März 2015 und 31. März 2014 endenden Dreimonatszeiträume und für die Geschäftsjahre 2014, 2013 und 2012 berechnet wurde:*

	1. Januar – 31. März 2015	1. Januar – 31. März 2014	1. Januar – 31. Dezember 2014	1. Januar – 31. Dezember 2013	1. Januar – 31. Dezember 2012
	(ungeprüft)	(ungeprüft)	(geprüft, soweit nicht anders angegeben)		
	(in EUR Mio., soweit nicht anders angegeben)		(in EUR Mio., soweit nicht anders angegeben)		
Periodenergebnis	**(44,2)**	**45,5**	**889,3**	**212,7**	**145,5**
Ergebnis aus Verkauf	(9,3)	(15,8)	(52,4)	(23,0)	(19,9)
Abschreibungen	1,3	1,6	6,1	5,5	3,1
Ergebnis aus der Fair-Value-Anpassung der als Finanzinvestition gehaltenen Immobilien	–	–	(952,7)	(100,9)[a)]	(119,2)
Ergebnis aus der Marktwertanpassung derivativer Finanzinstrumente und von Wandelschuldverschreibungen[b)]	109,9	16,7	111,5	(10,6)	0,2
Nicht liquiditätswirksame Finanzaufwendungen aus der Aufzinsung von Verbindlichkeiten und Pensionen[c)]	(5,0)	5,2	3,0	11,8	11,4
Transaktions- und einmalige Finanzierungskosten (ungeprüft)[d)]	9,9	–	87,8	27,7	12,2

	1. Januar – 31. März 2015	1. Januar – 31. März 2014	1. Januar – 31. Dezember 2014	1. Januar – 31. Dezember 2013	1. Januar – 31. Dezember 2012
	(ungeprüft)	(ungeprüft)	(geprüft, soweit nicht anders angegeben)		
	(in EUR Mio., soweit nicht anders angegeben)		(in EUR Mio., soweit nicht anders angegeben)		
Sonstige einmalige Erträge (ungeprüft)[d]	(0,9)	–	–	(2,2)	(20,3)
Restrukturierungs- und Reorganisationsaufwendungen (ungeprüft)[d]	–	2,2	15,2	–	–
Latenter Steueraufwand/-ertrag	11,5	5,4	115,3	(8,6)	49,6
Steueraufwand aus Kapitalerhöhungskosten[e)]	–	–	0,4	2,5	5,6
Auf nicht beherrschende Anteile entfallender FFO (ohne Verkauf) (ungeprüft)[d]	(1,9)	(1,7)	(5,9)	(0,4)	–
FFO (ohne Verkauf) (ungeprüft)[f]	**71,3**	**59,1**	**217,6**	**114,5**	**68,2**
Durchschnittliche Anzahl der ausgegebenen Aktien in Mio.	294,7	286,2	287,8	175,3	126,1[g)]
FFO (ohne Verkauf) je Aktie in EUR (ungeprüft)[f]	**0,24**	**0,21**	**0,76**	**0,65**	**0,54**
FFO (ohne Verkauf) (ungeprüft)[f]	71,3	59,1	217,6	114,5	68,2
Ergebnis aus Verkauf	9,3	15,8	52,4	23,0	19,9
FFO (inkl. Verkauf) (ungeprüft)[f]	**80,6**	**74,9**	**270,0**	**137,5**	**88,1**
Durchschnittliche Anzahl der ausgegebenen Aktien in Mio.	294,7	286,2	287,8	175,3	126,1[g)]
FFO (inkl. Verkauf) je Aktie in EUR (ungeprüft)[f]	**0,27**	**0,26**	**0,94**	**0,78**	**0,70**

a) Erträge aus den Fair-Value-Anpassungen der als Finanzinvestition gehaltenen Immobilien abzüglich von Erträgen aus der Bewertung von zum Verkauf bestimmten Grundstücken und Gebäuden in Höhe von EUR 0,4 Mio., die Teil dieser Erträge aus den Fair-Value-Anpassungen der als Finanzinvestition gehaltenen Immobilien sind; ungeprüfte Zahlen, die aus dem Rechnungswesen oder der internen Managementberichterstattung der Gesellschaft entnommen oder abgeleitet wurden.

b) In den Konzernabschlüssen der Gesellschaft für die zum 31. Dezember 2013 und 31. Dezember 2012 endenden Geschäftsjahre bezeichnet als „Ergebnis aus der Marktwertanpassung derivativer Finanzinstrumente".

c) In den Konzernabschlüssen der Gesellschaft für die zum 31. Dezember 2014, 31. Dezember 2013 und 31. Dezember 2012 endenden Geschäftsjahre bezeichnet als „Aufzinsung von Verbindlichkeiten und Pensionen"

d) Aus dem Rechnungswesen oder der internen Managementberichterstattung der Gesellschaft entnommen oder abgeleitet.

e) In dem Konzernabschluss der Gesellschaft für das zum 31. Dezember 2012 endende Geschäftsjahr bezeichnet als „Steuereffekt aus Kapitalerhöhungskosten".

f) Berechnet auf Basis der oben genannten Zahlen

g) Einschließlich Bezugsrechtsanpassung aus den Kapitalerhöhungen in 2012.

Ausgewählte Daten der Segmentberichterstattung

In Übereinstimmung mit IFRS 8 teilt die Gesellschaft ihre betriebliche Geschäftstätigkeit in drei Segmente: Wohnungsbewirtschaftung, Verkauf und Pflege und Betreutes Wohnen. Entsprechend dem Ansatz auf Grundlage der internen Berichterstattung der Gesellschaft gemäß IFRS 8 „Geschäftssegmente" umfasst das Segmentergebnis das in der Konzern-Gewinn- und Verlustrechnung ausgewiesene Zwischenergebnis (EBITDA), das definiert ist als Ergebnis vor Steuern und Zinsen (EBIT) bereinigt um das Ergebnis aus der Fair-Value-Anpassung der als Finanzinvestition gehaltenen Immobilien und Abschreibungen.

	1. Januar – 31. März 2015	1. Januar – 31. März 2014	1. Januar – 31. Dezember 2014	1. Januar – 31. Dezember 2013	1. Januar – 31. Dezember 2012
	(ungeprüft)	(ungeprüft)	(geprüft)	(geprüft)	(geprüft)
	(in EUR Mio.)			(in EUR Mio.)	
Wohnungsbewirtschaftung					
Segmentumsatz (Gesamter Umsatz)	162,4	158,4	632,0	378,1	242,3
Segmentergebnis	132,5	131,7	505,8	292,3	194,4
Verkauf					
Segmentumsatz (Gesamter Umsatz)	50,6	88,0	261,7	173,7	177,5
Segmentergebnis	9,3	15,8	52,4	23,0	19,9

	1. Januar – 31. März 2015	1. Januar – 31. März 2014	1. Januar – 31. Dezember 2014	1. Januar – 31. Dezember 2013	1. Januar – 31. Dezember 2012
	(ungeprüft)	(ungeprüft)	(geprüft)	(geprüft)	(geprüft)
	(in EUR Mio.)			(in EUR Mio.)	
Pflege und Betreutes Wohnen					
Segmentumsatz (Gesamter Umsatz).	16,3	16,7	68,2	59,9	42,0
Segmentergebnis..............................	3,8	4,2	16,3	13,2	9,9

Wesentliche Änderungen der Finanzlage und des Betriebsergebnisses des Emittenten in oder nach dem von den wesentlichen historischen Finanzinformationen abgedeckten Zeitraum.

Die nachstehenden wesentlichen Änderungen der Finanzlage und des Betriebsergebnisses der Gesellschaft sind in den zum 31. März 2015 und 31. März 2014 endenden Dreimonatszeiträumen und in den Geschäftsjahren 2014, 2013 und 2012 eingetreten:

Zum 31. März 2015 und 31. März 2014 endende Dreimonatszeiträume

Die Einnahmen aus der Wohnungsbewirtschaftung stiegen um 1,2 % von EUR 157,0 Mio. in dem zum 31. März 2014 endenden Dreimonatszeitraum auf EUR 158,9 Mio. in dem zum 31. März 2015 endenden Dreimonatszeitraum. Dieser Anstieg war hauptsächlich auf eine Steigerung der Vertragsmieten, die nur teilweise von einer geringfügigen Reduktion der Anzahl der Wohneinheiten aufgehoben wurde, zurückzuführen.

Das Ergebnis vor Steuern verschlechterte sich von einem Ertrag von EUR 54,2 Mio. in dem zum 31. März 2014 endenden Dreimonatszeitraum auf einen Verlust von EUR 27,3 Mio. in dem zum 31. März 2015 endenden Dreimonatszeitraum hauptsächlich wegen einer Verschlechterung des Finanzergebnisses aufgrund von Verlusten aus der Marktwertanpassung von Wandelschuldverschreibungen.

Zum 31. Dezember 2014 und 31. Dezember 2013 endende Geschäftsjahre

Die Einnahmen aus der Wohnungsbewirtschaftung stiegen um 68,0 % von EUR 372,9 Mio. im Geschäftsjahr 2013 auf EUR 626,3 Mio. im Geschäftsjahr 2014. Dieser Anstieg war hauptsächlich auf das akquisitionsbedingte Wachstum des Portfolios infolge der Übernahme der GSW zurückzuführen.

Das Ergebnis vor Steuern hat sich von EUR 217,9 Mio. im Geschäftsjahr 2013 auf EUR 1.021,4 Mio. im Geschäftsjahr 2014 mehr als vervierfacht. Zum Ergebnis vor Steuern trug primär ein deutlicher Anstieg des Ergebnis aus der Fair-Value Anpassung der als Finanzinvestition gehaltenen Immobilien bei. Zusätzlich stiegen die Ergebnisse in allen drei Segmenten kontinuierlich an. Diese Anstiege wurden durch eine Erhöhung bei den Finanzaufwendungen und Verwaltungskosten und eine Minderung des Ertrags durch Fair Value Anpassungen von derivativen Finanzinstrumenten nur teilweise beeinträchtigt. Das EBT (bereinigt) stieg um 114,8 % von EUR 131,9 Mio. im Geschäftsjahr 2013 auf EUR 283,3 Mio. im Geschäftsjahr 2014.

Zum 31. Dezember 2013 und 31. Dezember 2012 endende Geschäftsjahre

Die Einnahmen aus der Wohnungsbewirtschaftung stiegen um 55,3 % von EUR 240,1 Mio. im Geschäftsjahr 2012 auf EUR 372,9 Mio. im Geschäftsjahr 2013. Dieser Anstieg ist hauptsächlich auf die in 2012 durchgeführten Akquisitionen, die sich in 2013 voll auswirkten, zurückzuführen. Diese Akquisitionen umfassen insbesondere den Erwerb der BauBeCon-Gruppe, deren Einnahmen ab dem 1. September 2012 vollkonsolidiert sind, und die Übernahme der GSW, die Ende November 2013 abgeschlossen wurde. Die Einnahmen der GSW sind ab dem 1. Dezember 2013 vollkonsolidiert.

Das Ergebnis vor Steuern stieg um 6,0 % von EUR 205,6 Mio. im Geschäftsjahr 2012 auf EUR 217,9 Mio. im Geschäftsjahr 2013. Die Ergebnisverbesserung beruhte auf einer verbesserten operativen Ergebnissituation in allen drei Segmenten, die zum Teil durch eine akquisitionsbezogene Verschlechterung des Finanzergebnisses, einem niedrigeren Ergebnis aus der Fair-Value-Anpassung der als Finanzinvestition gehaltenen Immobilien und gestiegenen Verwaltungskosten in absoluten Zahlen beeinträchtigt wurde. Das EBT (bereinigt) stieg um 68,0 % von EUR 78,5 Mio. im Geschäftsjahr 2012 auf EUR 131,9 Mio. im Geschäftsjahr 2013. In beiden Zeiträumen bezogen sich die Bereinigungen des Ergebnisses vor Steuern hauptsächlich auf die Neutralisierung des Ergebnisses aus der Fair-Value-Anpassung der als Finanzinvestition gehaltenen Immobilien und Einmaleffekten bzw. Sondereffekten wie sonstige einmalige Erträge aus dem Vergleich über die Verlustausgleichsvereinbarung mit RREEF in 2012, Transaktions- und Integrationskosten und einmalige Finanzierungskosten.

Aktuelle Entwicklungen

Am 15. Februar 2015 kündigte die Gesellschaft ein freiwilliges öffentliches Übernahmeangebot als Barangebot für alle ausstehenden Aktien und Wandelschuldverschreibungen der conwert Immobilien Invest SE sowie ein antizipiertes Pflichtangebot für alle sich im Streubesitz befindlichen Aktien der ECO Business Immobilien AG an, die nicht bereits von der conwert Immobilien Invest SE gehalten werden. Die Annahmefrist endete am 15. April 2015. Die Mindestannahmequote wurde nicht erreicht und die Übernahmeangebote wurden daher beendet.

Die Deutsche Wohnen hat Kaufverträge betreffend die Akquisition von rund 6.500 Wohneinheiten, die vorwiegend in Berlin liegen, mit einem Gesamtkaufpreis von rund EUR 500 Mio. oder rund EUR 1.180 pro Quadratmeter unterzeichnet. Es wird erwartet, dass der Großteil dieser Akquisitionen zum Ende der ersten Jahreshälfte 2015 abgewickelt wird. Die jährliche Istmiete für diese Akquisitionen beträgt rund EUR 25,6 Mio. Die durchschnittliche Leerstandsquote beträgt rund 2,6 %. Die Deutsche Wohnen erwartet, basierend auf historischen Zahlen, dass diese Akquisitionen einen positiven EBITDA-Beitrag von EUR 20 Mio. auf annualisierter Basis leisten werden.

Die Deutsche Wohnen beabsichtigt, sofern die Marktlage dies zulässt, Teile ihrer Finanzverbindlichkeiten, die überwiegend in 2018 und 2019 fällig werden, durch neue Bankkredite von rund EUR 650 Mio. und möglicherweise durch Begebung von Anleihen mit einem Gesamtnennbetrag von rund EUR 500 Mio. im Fremdkapitalmarkt mit einer durchschnittlichen Laufzeit von 10 Jahren zu refinanzieren. Die für die Refinanzierung vorgesehenen Finanzverbindlichkeiten haben eine durchschnittliche Restlaufzeit von rund 4 Jahren und haben aktuell einen durchschnittlichen Zinssatz von 3,4%. Das gesamte Refinanzierungsvolumen im Banken- und Anleihenmarkt wird voraussichtlich bis zu EUR 1,2 Mrd. betragen. Zusätzlich beabsichtigt die Deutsche Wohnen ausgewählte Bankverbindlichkeiten mit einer hohen Marge im Umfang von rund EUR 350 Mio. aus vorhandenen Barmitteln zurückzuführen. Insgesamt beabsichtigt die Deutsche Wohnen, Finanzverbindlichkeiten von bis zu EUR 1,5 Mrd. zu behandeln und zielt dadurch auf eine Reduktion der LTV-Ratio für die Gruppe nach der Refinanzierung und der Rückzahlung der Verbindlichkeiten auf unter 45 %, eine Reduktion des durchschnittlichen Zinssatzes auf unter 2% und eine Erhöhung der durchschnittlichen Restlaufzeit der Finanzverbindlichkeiten der Deutsche Wohnen auf rund 10 Jahre ab. Als Resultat dieser Maßnahmen erwartet die Gesellschaft unter Voraussetzung stabiler Marktverhältnisse eine signifikante Reduktion der laufenden

		Zinsaufwendungen und dadurch eine signifikante Zunahme des FFO und des Free Cashflow mit voller Auswirkung in 2016. Die erwarteten einmaligen Finanzierungskosten sowie die erwarteten Zinsvorauszahlungen in Zusammenhang mit der geplanten Beendigung von Swapgeschäften sollen sich in etwa 3 Jahren durch die voraussichtlichen Zinsersparnisse egalisieren. Außer dem oben beschriebenen, gab es zwischen dem 31. März 2015 und dem Datum dieses Prospekts keine wesentlichen Änderungen der Finanzlage, des Betriebsergebnisses, des Kapitalflusses oder der Handelsposition der Deutsche Wohnen AG oder des Deutsche Wohnen-Konzerns.
B.8	**Ausgewählte wesentliche Pro-Forma-Finanzinformationen.**	Nicht anwendbar.
B.9	**Gewinnprognosen und -schätzungen.**	Basierend auf den bisherigen Entwicklungen, erwartet die Gesellschaft derzeit einen FFO (ohne Verkauf) von rund EUR 250 Mio. für den Deutsche Wohnen-Konzern für das Geschäftsjahr 2015.
B.10	**Einschränkungen in den Bestätigungsvermerken zu den historischen Finanzinformationen.**	Nicht anwendbar. Die Bestätigungsvermerke zum nicht konsolidierten Jahresabschluss (HGB) für das zum 31. Dezember 2014 endende Geschäftsjahr und zu den Konzernabschlüssen (IFRS) für die zum 31. Dezember 2014, 31. Dezember 2013 und am 31. Dezember 2012 endenden Geschäftsjahre der Gesellschaft, die in diesem Prospekt enthalten sind, wurden ohne Einschränkungen erteilt.
B.11	**Unzureichendes Geschäftskapital des Emittenten zur Erfüllung bestehender Anforderungen.**	Nicht anwendbar. Das Geschäftskapital der Gesellschaft reicht aus, um die bestehenden Anforderungen zu erfüllen.

C – Wertpapiere

C.1	**Art und Gattung der angebotenen und zum Handel zuzulassender Wertpapiere**	Neue auf den Inhaber lautende Stammaktien ohne Nennbetrag (*Stückaktien*) der Deutsche Wohnen AG („**Neue Aktien**") mit der ISIN DE000A14KDD3, mit einem anteiligen Betrag am Grundkapital von jeweils EUR 1,00 und mit Dividendenberechtigung ab dem 1. Januar 2015. Es wird erwartet, dass die Neuen Aktien am 8. Juni 2015 an Investoren geliefert werden. Da die Neuen Aktien für das Geschäftsjahr 2014 nicht dividendenberechtigt sind, werden die Neuen Aktien so lange nicht mit den bestehenden Aktien der Gesellschaft, die noch für das Geschäftsjahr 2014 dividendenberechtigt sind, fungibel sein bis die bestehenden Aktien der Gesellschaft ohne Dividendenrechte für 2014 notieren werden, was für den 15. Juni 2015 erwartet wird. An dem Tag wird die ISIN der Neuen Aktien geändert werden, sodass diese der ISIN der bestehenden Aktien der Gesellschaft (ISIN DE000A0HN5C6) entsprechen wird und die Neuen Aktien voll mit den bestehenden Aktien der Gesellschaft fungibel sein werden. Bis zu dem Tag, an dem die Neuen Aktien voll mit den bestehenden Aktien der Gesellschaft fungibel werden, könnte der Handel mit den Neuen Aktien weniger liquide sein als der Handel mit den bestehenden Aktien der Gesellschaft.
	Wertpapierkennung.	Die Wertpapier-Kennnummern der Neuen Aktien lauten: International Securities Identification Number (ISIN) – für die Neuen Aktien: DE000A14KDD3 – für die Bezugsrechte an den Neuen Aktien: DE000A14KDW3 Wertpapierkennnummer (WKN)

		– für die Neuen Aktien : A14KDD – für die Bezugsrechte an den Neuen Aktien: A14KDW Börsenkürzel (Neue Aktien): DWNN
C.2	**Währung.**	Euro.
C.3	**Zahl der ausgegebenen und voll eingezahlten Aktien.**	295.165.726 Stammaktien ohne Nennbetrag (*Stückaktien*). Das Grundkapital der Gesellschaft ist vollständig eingezahlt.
	Nennwert pro Aktie bzw. Angabe dass die Aktien keinen Nennwert haben.	Jede Aktie der Gesellschaft repräsentiert einen anteiligen Betrag des Grundkapitals von EUR 1,00.
C.4	**Mit den Wertpapieren verbundene Rechte.**	Jede Aktie der Gesellschaft berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft. Es bestehen keine Stimmrechtsbeschränkungen. Die Neuen Aktien werden erst nach dem Nachweisstichtag für die am 12. Juni 2015 abzuhaltende Hauptversammlung der Gesellschaft ausgegeben. Da der Nachweisstichtag entscheidend für Teilnahme- und Stimmrechte in der Hauptversammlung der Gesellschaft ist, werden die Neuen Aktien keine Teilnahme- und Stimmrechte für die am 12. Juni 2015 abzuhaltende Hauptversammlung der Gesellschaft verleihen. Die Neuen Aktien sind ab dem 1. Januar 2015 vollständig dividendenberechtigt.
C.5	**Beschreibung aller etwaigen Beschränkungen für die freie Übertragbarkeit der Wertpapiere.**	Nicht anwendbar. Die Aktien der Gesellschaft sind in Übereinstimmung mit den gesetzlichen Bestimmungen für auf den Inhaber lautende Aktien frei übertragbar. Es bestehen keine Verkaufsverbote oder -beschränkungen in Bezug auf die Übertragbarkeit der Aktien der Gesellschaft.
C.6	**Antrag auf Zulassung der Wertpapiere zum Handel an einem geregelten Markt und Nennung aller geregelten Märkte, an denen die Wertpapiere gehandelt werden sollen.**	Der Antrag auf Zulassung der Neuen Aktien zum Handel an dem geregelten Markt der Frankfurter Wertpapierbörse sowie auf die gleichzeitige Zulassung der Neuen Aktien zum Teilbereich der Frankfurter Wertpapierbörse mit weiteren Zulassungsfolgepflichten (*Prime Standard*) wird voraussichtlich am 21. Mai 2015 gestellt. Die Frankfurter Wertpapierbörse wird voraussichtlich am 5. Juni 2015 die Zulassung der Neuen Aktien zum Handel bestätigen. Die Neuen Aktien werden voraussichtlich ab dem 8. Juni 2015 an der Frankfurter Wertpapierbörse gehandelt. Die Neuen Aktien werden in die bestehende Notierung der auf den Inhaber lautenden Stückaktien der Deutsche Wohnen AG aufgenommen, sobald diese Aktien ohne Dividendenrechte für 2014 gehandelt werden, was für den 15. Juni 2015 erwartet wird.
C.7	**Dividendenpolitik.**	Für das Geschäftsjahr 2013 hat die Deutsche Wohnen AG 50 % des FFO (ohne Verkauf) als Dividende ausgeschüttet. Gemäß § 1.3 der Vereinbarung über den Unternehmenszusammenschluss zwischen der Gesellschaft und der GSW vom 14. Oktober 2013 beabsichtigt die Deutsche Wohnen AG, den Dividendenbetrag ab dem Geschäftsjahr 2014 von derzeit 50 % auf ungefähr 60 % der Mittel aus laufender Geschäftstätigkeit (FFO (ohne Verkauf)) zu erhöhen. Dem entsprechend beabsichtigt die Deutsche Wohnen AG für das Geschäftsjahr 2014 etwa 60 % FFO (ohne Verkauf) als Dividende auszuschütten (auf Grundlage der am 31. Dezember 2014 ausstehenden Aktien). Die Gesellschaft beabsichtigt für das Geschäftsjahr 2014 eine Dividende in Höhe von EUR 0,44 pro Aktie auszuschütten (vorbehaltlich der Zustimmung der Hauptversammlung der Gesellschaft). Die Neuen Aktien werden für das Geschäftsjahr 2014 nicht dividendenberechtigt sein. Die Gesellschaft hat die Absicht, Dividenden nur insoweit auszuschütten, als diese durch die

für Dividenden verfügbaren Kapitalflüsse der Deutschen Wohnen AG gedeckt sind. Sind für Dividenden verfügbare Kapitalflüsse nicht hinreichend vorhanden, wird die Gesellschaft voraussichtlich von der Ausschüttung einer Dividende absehen. Es kann nicht ausgeschlossen werden, dass die Deutsche Wohnen AG mittelfristig nicht in der Lage sein wird, eine Dividende aus dem Bilanzgewinn und der freien Kapitalrücklage der Gesellschaft im Sinne des § 272 Abs. 2 Nr. 4 des Handelsgesetzbuchs auszuschütten.

D – Risiken

Ein Erwerb von Aktien der Gesellschaft ist mit Risiken verbunden. Neben den übrigen in diesem Prospekt enthaltenen Informationen sollten Anleger bei einer Entscheidung über eine Investition in Aktien der Gesellschaft die nachfolgend beschriebenen Risiken sorgfältig prüfen. Der Marktpreis der Aktien der Gesellschaft könnte bei Eintritt jedes einzelnen dieser Risiken fallen; in diesem Fall könnten die Anleger ihre Investition ganz oder teilweise verlieren. Die folgenden Risiken könnten allein oder zusammen mit weiteren Risiken und Unwägbarkeiten, die der Gesellschaft derzeit nicht bekannt sind oder die sie derzeit als unwesentlich erachtet, die Geschäfts-, Vermögens-, Finanz- und Ertragslage der Deutschen Wohnen erheblich nachteilig beeinträchtigen.

Die Reihenfolge, in der die Risikofaktoren dargestellt sind, stellt weder eine Aussage über die Eintrittswahrscheinlichkeit noch über die Bedeutung und Höhe der Risiken oder das Ausmaß der möglichen Beeinträchtigung der Geschäfts-, Vermögens-, Finanz- und Ertragslage des Konzerns dar. Die genannten Risiken könnten einzeln oder kumulativ eintreten.

D.1 Zentrale Risiken, die dem Emittenten und seiner Branche eigen sind.

Markt- und wettbewerbsbezogene Risiken

- Änderungen der allgemeinen wirtschaftlichen und konjunkturellen Rahmenbedingungen können den deutschen Immobilienmarkt sowie die Geschäftstätigkeit der Deutsche Wohnen negativ beeinflussen. Die weiterhin unsichere wirtschaftliche Lage im Hinblick auf Staatsschulden, den Zusammenhalt in der Eurozone und ihre wirtschaftlichen Entwicklung beeinflussen die wirtschaftliche Entwicklung in Deutschland negativ und können und sich schädlich auf den deutschen Immobilienmarkt sowie auf das Geschäft der Deutsche Wohnen auswirken.
- Das momentane gesamtwirtschaftliche Umfeld zeichnet sich durch niedrige Zinsraten aus und jede Erhöhung der Zinsraten könnte wesentliche nachteilige Auswirkungen auf den Immobilienmarkt und für die Deutsche Wohnen nach sich ziehen.
- Die Deutsche Wohnen ist von Entwicklungen auf denjenigen regionalen Märkten abhängig, in denen sich ihr Portfolio konzentriert, was insbesondere im Großraum Berlin der Fall ist.
- Aus verschiedenen Gründen könnte der Erwerb von Immobilien durch die Deutsche Wohnen zu attraktiven Konditionen schwieriger werden, was die zukünftige Entwicklung, vor allem das Wachstum der Deutsche Wohnen, beeinträchtigen würde.
- Die Verkaufspreise von Wohnimmobilien der Deutsche Wohnen könnten durch Wettbewerb und andere Faktoren unter Druck geraten.

Risiken im Zusammenhang mit dem Geschäft der Deutsche Wohnen

- Mietausfälle, Mietpreisminderungen, höhere Leerstandsquoten sowie die Nichtdurchsetzbarkeit eines wirtschaftlich attraktiven Niveaus der Vertragsmieten könnten sich nachteilig auf die Umsatz- und

Ertragssituation des Segments Wohnungsbewirtschaftung auswirken.

- Der Deutsche Wohnen-Konzern ist Risiken im Zusammenhang mit den strukturellen Gegebenheiten der Immobilien sowie deren Instandhaltung und Modernisierung ausgesetzt.
- Die Fähigkeit der Deutsche Wohnen, bestehende Schulden mittels Darlehen oder sonstiger Kreditinstrumente zu refinanzieren, könnte begrenzt sein. Es könnte möglicherweise schwierig oder kostspielig sein, neue Finanzierungsquellen zu erschließen, insbesondere nach einer Herabstufung ihrer Ratings.
- Bei einem Verstoß von Gesellschaften des Deutsche Wohnen-Konzerns gegen Verpflichtungen aus den Kreditverträgen des Deutsche Wohnen-Konzerns könnten diese verpflichtet sein, die Darlehen zurückzuzahlen bevor diese normalerweise fällig wären. Falls die Deutsche Wohnen nicht in der Lage sein sollte, bei Fälligkeit ihre Darlehen zu bedienen, könnten die Kreditgeber des Konzerns umfangreiche Sicherheiten verwerten, die von Unternehmen des Deutsche Wohnen Konzerns zur Besicherung der Darlehen gestellt wurden.
- Ein Anstieg des Zinsniveaus könnte die Finanzierungskosten der Deutsche Wohnen zur Finanzierung ihres bestehenden sowie der neu erworbenen und potenziell künftig zu erwerbenden Immobilienportfolios erhöhen.
- Bei negativer Entwicklung des Immobilienmarktes kann die Anpassung der beizulegenden Zeitwerte der als Finanzinvestition gehaltenen Immobilien nach dem sogenannten „Fair Value-Modell" (z. B. durch eine Veränderung des Zinsniveaus oder eine Verschlechterung des Marktes) zu nachteiligen Auswirkungen auf die Vermögens- und Ertragslage der Deutsche Wohnen führen.
- Das in diesem Prospekt enthaltene Immobilienbewertungsgutachten und/oder vorhandene oder künftige Finanzinformationen könnten den Wert der Immobilien der Deutsche Wohnen falsch einschätzen.
- Ein Unvermögen, die zur Veräußerung vorgesehenen Wohn- oder Gewerbeeinheiten in angemessener Zeit und zu wirtschaftlich attraktiven Preisen zu verkaufen, könnte einen negativen Einfluss auf die finanzielle Lage sowie auf das operative Ergebnis haben.
- Sofern die Deutsche Wohnen nicht in der Lage ist, positive Kapitalflüsse aus ihrem operativen Geschäft zu erwirtschaften, kann der Konzern gezwungen sein, Immobilien zu verkaufen. Aufgrund einer möglicherweise illiquiden Lage des Immobilienmarktes ist es denkbar, dass die Deutsche Wohnen Teile ihres Portfolios nur zu nicht vorteilhaften Bedingungen oder sogar gar nicht verkaufen kann.
- Die Deutsche Wohnen könnte nach dem Verkauf von Immobilien noch mehrere Jahre lang Haftungsansprüchen ausgesetzt sein.
- Die Deutsche Wohnen könnte Risiken aus Altlasten, einschließlich Kampfmitteln, Bodenbelastungen und Schadstoffen im Baumaterial, sowie aus etwaigen Verstößen gegen baurechtliche Vorschriften ausgesetzt sein.
- Die Geschäftstätigkeit der Deutsche Wohnen ist von den allgemeinen rechtlichen und regulatorischen Rahmenbedingungen in Deutschland abhängig. Nachteilige Änderungen der rechtlichen Rahmenbedingungen, wie zum Beispiel eine Ausweitung der Mieterschutzgesetze oder eine Verschärfung der Umweltschutzgesetze, könnten erheblich negative Auswirkungen auf die Vermögens-, Finanz- und Ertragslage und die zukünftige

Geschäftstätigkeit des Deutsche Wohnen-Konzerns haben.

- Deutsche Wohnen ist zahlreichen rechtlichen Vorgaben ausgesetzt, welche ihr Ermessen im Zusammenhang mit dem Erwerb und der Verwaltung von Immobilienportfolios und von Gesellschaften, welche ehemals von staatlichen Einrichtungen gehalten wurden, einschränken.
- Mietpreisbindungen bzw. Regelungen betreffend die zulässigen Mietspiegelanpassungen könnten die Anhebung bestimmter Mieten durch die Deutsche Wohnen einschränken. Die Deutsche Wohnen könnte gezwungen werden, bereits erfolgte Anhebungen teilweise wieder rückgängig zu machen.
- Die Prognose hinsichtlich der Mittel aus laufender Geschäftstätigkeit (*Funds from Operations*, FFO) für den Deutsche Wohnen-Konzern kann erheblich von den tatsächlichen künftigen Kapitalflüssen, Umsätzen, Gewinnen und Verkaufserlösen des Deutsche Wohnen-Konzerns abweichen.
- Jede nachteilhafte Veränderung im steuerlichen Umfeld kann wesentliche nachteilige Auswirkungen auf das Nettovermögen der Deutsche Wohnen, ihre finanzielle Situation sowie auf das operative Ergebnis haben.
- Im Anschluss an Betriebsprüfungen der Gesellschaft und der Konzerngesellschaften könnte der Deutsche Wohnen-Konzern zu Steuernachzahlungen verpflichtet werden.
- Es bestehen Unsicherheiten hinsichtlich der Höhe der steuerlichen Verlustvorträge sowie hinsichtlich der Grunderwerbsteuer.
- Der Deutsche Wohnen-Konzern könnte nicht in der Lage sein, steuerliche Abzüge für ihre Zinszahlungen geltend zu machen, was zu einer höheren Steuerbelastung führen könnte.
- Die Nichtdurchsetzbarkeit betriebswirtschaftlich notwendiger Entgelterhöhungen durch die Deutsche Wohnen im Segment Pflege und Betreutes Wohnen könnte sich nachteilig auf die Erlös- und Ergebnisentwicklung dieses Segments auswirken.
- Das Segment Pflege und Betreutes Wohnen könnte aufgrund gesetzlicher Reformen stärkeren Regulierungszwängen unterliegen.
- Es ist nicht sicher, ob es der Deutsche Wohnen insbesondere im Segment Pflege und Betreutes Wohnen auch zukünftig gelingen wird, qualifizierte Mitarbeiter zu vertretbaren Kosten zu gewinnen und bestehende qualifizierte Mitarbeiter zu halten.
- Als Empfänger öffentlicher Fördermittel hat sich die Deutsche Wohnen verpflichtet, zahlreiche Beschränkungen bei dem Vermietungsmanagement bezuschusster Wohneinheiten einzuhalten. Jede Nichteinhaltung dieser Beschränkungen kann Geldbußen, Vertragsstrafen und die Verpflichtung zur Zurückzahlung der Fördermittel zur Folge haben.
- Die Befugnis der Gesellschaft, bestimmte Senioreneinrichtungen zu veräußern, ist durch Förderauflagen im Zusammenhang mit dem Erhalt von Subventionen beschränkt.
- Die schlanke Organisationsstruktur der Deutsche Wohnen – insbesondere auf Führungsebene – könnte ihre Geschäftsentwicklung und die Effektivität ihres Risikoüberwachungssystems beeinträchtigen.

- Die Deutsche Wohnen ist dem Risiko ausgesetzt, dass Kontrahenten ihren Verpflichtungen aus Vereinbarungen zwischen diesen und der Deutsche Wohnen nicht nachkommen.
- Die Verwendung von allgemeinen Geschäftsbedingungen durch die Deutsche Wohnen könnte zu einer Vervielfachung vertraglicher Risiken verglichen mit dem Einsatz individuell ausgehandelter Verträge führen.
- Auf die Deutsche Wohnen könnten Nachforderungen aus Pensions- und Vorsorgeverpflichtungen zukommen.
- Aufgrund von Schäden, die nicht von ihren Versicherungen abgedeckt werden oder deren Versicherungsrahmen übersteigen, könnte die Deutsche Wohnen erhebliche Verluste erleiden.
- Es könnte zu Störungen oder Beeinträchtigungen der IT-Systeme kommen. Zudem könnte die Integration von IT-Systemen neu erworbener Portfolios zu einem erheblichen Aufwand sowie zu einer Beeinträchtigung des bestehenden IT-Systems führen.
- Eine Beeinträchtigung des Goodwills der Deutsche Wohnen könnte das Nettovermögen und ihre operativen Ergebnisse negativ beeinträchtigen.
- Der Erwerb von Immobilien geht mit Risiken wie fehlenden Baugenehmigungen, Zulassungen und Bewilligungen einher, die sich auf der Grundlage einer rechtlichen, steuerlichen und wirtschaftlichen Due Diligence nicht ausschließen lassen.
- Die Deutsche Wohnen kann im Zusammenhang mit möglichen Erwerben und Beteiligungen Risiken ausgesetzt sein. Solche Risiken stellen etwa unvorhergesehene Verbindlichkeiten, eine höhere Verschuldung, höhere Zinsaufwendungen und Probleme bei der Eingliederung neu erworbener Unternehmungen sowie bei der Realisierung von geplanten Synergien dar.

D.3	**Zentrale Risiken, die den Wertpapieren eigen sind.**	**Risiken im Zusammenhang mit den Aktien und dem Angebot**

- Zukünftige Kapitalmaßnahmen könnten zu einer erheblichen Verwässerung der Beteiligung, d. h. einer Reduzierung des Wertes der Aktien und Stimmrechte der Aktionäre der Deutsche Wohnen führen.
- Eventuelle zukünftige Verkäufe von Aktien der Gesellschaft durch Großaktionäre könnten den Börsenkurs der Aktie belasten.
- Der Kurs der Aktien der Gesellschaft war bisher volatil und wird möglicherweise weiterhin volatil sein.
- Die Möglichkeit der Gesellschaft, Dividenden auszuschütten, hängt von einer Vielzahl von Faktoren ab. In der Vergangenheit ausgezahlte Dividenden sind nicht notwendigerweise ein Anhaltspunkt für künftige Dividendenzahlungen und die Dividendenpolitik der Gesellschaft kann sich verändern.
- Die Beteiligungen von Aktionären, welche sich am Angebot nicht beteiligen, werden erheblich verwässert, d. h. der Wert ihrer Aktien und ihre Einflussnahmerechte werden negativ beeinflusst.
- Ein aktiver Handel mit Bezugsrechten könnte sich nicht einstellen und die Bezugsrechte könnten größeren Preisschwankungen unterliegen als die Aktien der Gesellschaft. Der Handel mit den Neuen Aktien könnte weniger liquide sein als der Handel mit den

bestehenden Aktien der Gesellschaft.

- Die Angebotsfrist könnte ablaufen und die Bezugsrechte könnten wertlos werden, sofern die Joint Bookrunners das Placement Agreement für die Neuen Aktien kündigen oder die Gesellschaft das Bezugsangebot zurückzieht. In einem solchen Fall könnte die Gesellschaft geringere Emissionserlöse als erwartet oder überhaupt keine solchen erzielen. Zusätzlich könnte es der Gesellschaft nicht gelingen, alle angebotenen Aktien zu platzieren, was zu erheblich geringeren Erlösen führen könnte.

E – Angebot

E.1	**Gesamtnettoerlöse.**	Die Gesellschaft strebt mit dem Angebot aller Neuen Aktien Bruttoerlöse in Höhe von EUR 875 Mio. bis EUR 950 Mio. an. Unter Zugrundelegung des Mittelwerts der angestrebten Spanne der Bruttoerlöse, d. h. bei Bruttoerlösen in Höhe von ungefähr EUR 912,5 Mio., erwartet die Gesellschaft aus dem Angebot (wie unten unter E.3 definiert) Nettoerlöse in Höhe von ungefähr EUR 891,3 Mio. Unter Zugrundelegung der Platzierung aller Neuer Aktien zum höchsten Bezugspreis von EUR 23,50 pro Neuer Aktie würden die Bruttoerlöse EUR 990 Mio. betragen. Die Höhe der tatsächlich erzielten Nettoerlöse aus dem Angebots (wie unter E.3 definiert) hängt vom Bezugspreis der Neuen Aktien und der Anzahl der tatsächlich gezeichneten Neuen Aktien ab. Der Bezugspreis hängt von der Entwicklung des Aktienpreises der Gesellschaft während der Bezugsfrist ab. Der Bezugspreis pro Aktie wird voraussichtlich am oder um den 27. Mai 2015 festgelegt werden, wobei der volumengewichtete Durchschnittspreis einer Deutsche Wohnen AG Aktie nach XETRA bei der Frankfurter Wertpapierbörse von Beginn der Bezugsfrist am 21. Mai 2015 bis zum Handelsschluss am oder um den 27. Mai 2015, wie er bei dem Finanzinformationsdienst Reuters angezeigt wird („**VWAP**“), abzüglich eines Nachlasses, der von dem Vorstand der Gesellschaft mit Zustimmung des Aufsichtsrats zugrunde gelegt wird.
	Geschätzte Gesamtkosten des Angebots, einschließlich der geschätzten Kosten, die dem Anleger vom Emittenten in Rechnung gestellt werden.	Das Angebot (wie unter E.3 definiert) ergeht auf der Grundlage eines Placement Agreements vom 20. Mai 2015, das von der Gesellschaft, den Joint Bookrunners und den Lead Managers geschlossen wurde (das „**Placement Agreement**“), das keine Verpflichtung zur Zeichnung der Neuen Aktien durch irgendeinen der Joint Bookrunner und/oder Lead Manager vorsieht. Gemäß dem Placement Agreement ist die Gesellschaft verpflichtet, den Joint Bookrunners eine Grundprovision für die Platzierung in Höhe von 1,5 % der gesamten Bruttoemissionserlöse zu bezahlen. Weiterhin kann die Gesellschaft den Joint Bookrunners nach ihrem eigenen Ermessen eine zusätzliche freiwillige Gebühr in Höhe von bis zu 0,5 % des Bruttoemissionserlöses bezahlen. Die Entscheidung, den Joint Bookrunners eine leistungsbezogene Gebühr zu zahlen liegt ebenso wie deren Höhe im eigenen Ermessen der Gesellschaft und muss innerhalb von 15 Tagen nach Abschluss des Angebots (wie unter E.3 definiert) getroffen und den Joint Bookrunners mitgeteilt werden. Die Gesellschaft strebt die Platzierung sämtlicher Neuer Aktien und Bruttoemissionserlöse zwischen EUR 875 Mio. und EUR 950 Mio. an. Unter Zugrundelegung des Mittelwerts der angestrebten Spanne der Bruttoerlöse, d. h. bei Bruttoerlösen in Höhe von ungefähr EUR 912,5 Mio., geht die Gesellschaft von Gesamtkosten von ungefähr EUR 21,2 Mio. aus. Die Gesellschaft hat ferner vereinbart, den Joint Bookrunners und den Lead Managers gewisse Aufwendungen zu erstatten, die diesen im Zusammenhang mit dem Angebot entstanden sind. Weder die Gesellschaft noch einer der Underwriters werden diese Kosten den Investoren, die das Angebot annehmen, in Rechnung stellen.

E.2a	**Gründe für das Angebot.**	Im Zusammenhang mit dem Angebot erhält die Gesellschaft die Bruttoemissionserlöse aus dem Verkauf der Neuen Aktien abzüglich der Kosten für das Angebot und derjenigen Aufwendungen, die von der Gesellschaft zu tragen sind. Die genaue Höhe des Nettoemissionserlöses hängt von der Anzahl Neuer Aktien ab, die tatsächlich gezeichnet werden. Die Gesellschaft strebt einen Bruttoemissionserlös in einer Höhe zwischen EUR 875 Mio. und EUR 950 Mio. an. Unter Zugrundelegung der Platzierung aller Neuer Aktien zum höchsten Bezugspreis von EUR 23,50 pro Neuer Aktie würden die Bruttoerlöse EUR 990 Mio. betragen.
	Zweckbestimmung der Erlöse, geschätzte Nettoerlöse.	Unter Zugrundelegung des Mittelwerts der angestrebten Spanne der Bruttoerlöse, d. h. bei Bruttoerlösen in Höhe von ungefähr EUR 912,5 Mio., erwartet die Gesellschaft aus dem Angebot (wie unten unter E.3 definiert) Nettoerlöse in Höhe von ungefähr EUR 891,3 Mio. Die Gesellschaft beabsichtigt, bis zu EUR 500 Mio. der Nettoemissionserlöse für die Finanzierung des Gesamtkaufpreises der Akquisitionen von rund 6.500 Wohneinheiten, die vorwiegend in Berlin liegen, zu verwenden. Diese Akquisitionen wurden bereits vereinbart und es wird erwartet, dass der Großteil dieser Akquisitionen in der ersten Jahreshälfte 2015 abgewickelt wird. Zweitrangig sollen die verbleibenden Nettoemissionserlöse für mögliche zukünftige Akquisitionen sowie, als dritte Priorität, zur Rückzahlung von Finanzverbindlichkeiten genutzt werden. Ein gegebenenfalls verbleibender Rest wird für allgemeine Gesellschaftszwecke verwendet werden.
E.3	**Angebotskonditionen.**	Das Angebot (wie unten definiert) bezieht sich auf die Ausgabe von 42.166.532 neuen auf den Inhaber lautende Stückaktien der Deutsche Wohnen AG, jede mit einem anteiligen Betrag am Grundkapital von EUR 1,00 und einer Dividendenberechtigung ab dem 1. Januar 2015, die den Aktionären der Gesellschaft im Verhältnis von 7:1 zum Bezug angeboten werden (demnach berechtigen sieben existierende Aktien der Gesellschaft ihren Inhaber zum Bezug von einer Neuen Aktie) (das „**Bezugsangebot**“). Die Neuen Aktien werden aus einem Beschluss des Vorstands vom 20. Mai 2015 stammen, der am selben Tag vom Aufsichtsrat genehmigt wurde, wonach das eingetragene Grundkapital der Gesellschaft von EUR 294.259.979 um bis zu EUR 42.166.532 auf bis zu EUR 336.426.511 durch eine Kapitalerhöhung gegen Bareinlage erhöht werden soll, wobei das durch die Hauptversammlung vom 11. Juni 2014 beschlossene, genehmigte Kapital der Gesellschaft („**Genehmigtes Kapital 2014**“) durch Ausgabe von bis zu 42.166.532 Neuen Aktien, jede mit einem anteiligen Betrag am Grundkapital von EUR 1,00 und mit einem mittelbaren Bezugsrecht für bestehende Aktionäre, ausgenutzt werden soll. Die Durchführung der Kapitalerhöhung wird voraussichtlich am 5. Juni 2015 beim Handelsregister des Amtsgerichts Frankfurt am Main eingetragen werden. Die Neuen Aktien werden in Deutschland und Luxemburg öffentlich angeboten. Jene Neuen Aktien, die nicht aufgrund des Bezugsangebots bezogen worden sind, werden von den Joint Bookrunners qualifizierten Anlegern durch eine internationale Privatplatzierung in Deutschland und anderen ausgewählten Rechtsordnungen zu einem Preis angeboten, der mindestens dem Bezugspreis entspricht (die „**Privatplatzierung**“). Außerhalb der Vereinigten Staaten von Amerika erfolgt die Privatplatzierung gemäß der Regulation S nach dem Securities Act von 1933 in der derzeit gültigen Fassung („**Securities Act**“). In den Vereinigten Staaten werden die Aktien nur qualifizierten institutionellen Anlegern gemäß Rule 144A nach dem Securities Act angeboten (das Bezugsangebot zusammen mit der Privatplatzierung, das „**Angebot**“).
	Stabilisierungs-maßnahmen.	Im Zusammenhang mit dem Angebot der Neuen Aktien kann die Deutsche Bank, auch durch mit ihr verbundene Unternehmen, als Stabilisierungsmanager unter Einbeziehung von Goldman Sachs und UBS

	Maßnahmen ergreifen, die darauf gerichtet sind, den Marktpreis der Aktien der Gesellschaft zu stützen um einen bestehenden Druck auf den Marktpreis der Aktien auszugleichen („**Stabilisierungsmaßnahmen**"). Der Stabilisierungsmanager ist gleichwohl nicht dazu verpflichtet, Stabilisierungsmaßnahmen einzuleiten. Es kann daher keine Gewähr dafür übernommen werden, dass Stabilisierungsmaßnahmen überhaupt ausgeführt werden. Sollten Stabilisierungsmaßnahmen ergriffen werden, können diese jederzeit ohne vorherige Ankündigung eingestellt werden. Stabilisierungsmaßnahmen können zum Zeitpunkt der Bekanntgabe des Bezugspreises begonnen werden und müssen spätestens bis zum 30. Kalendertag nach Ablauf der Bezugsfrist, d.h. voraussichtlich am 3. Juli 2015, beendet werden („**Stabilisierungszeitraum**"). Stabilisierungsmaßnahmen können zu einem höheren oder Marktpreis der Aktien der Gesellschaft oder der Bezugsrechte führen, als sie sonst vorherrschen würden. Ferner kann der Marktpreis vorübergehend ein Niveau erreichen, das auf Dauer nicht gehalten werden kann. Keinesfalls werden Maßnahmen ergriffen, um den Marktpreis für Aktien der Gesellschaft über dem Bezugspreis zu halten. Innerhalb einer Woche nach dem Ende des Stabilisierungszeitraums wird eine Mitteilung über ein Medienbündel bekannt gegeben werden, die folgende Informationen enthält: (i) ob eine oder mehrere Stabilisierungsmaßnahmen tatsächlich ergriffen wurden, (ii) das Datum, an welchem eine Stabilisierung begonnen wurde, (iii) das Datum, an dem die letzte Stabilisierungsmaßnahme unternommen wurde, und (iv) die Preisspanne, innerhalb derer die Stabilisierungsmaßnahmen für jedes Datum, an dem Stabilisierungsmaßnahmen ergriffen wurden, ausgeführt wurden.
Ausübung des Bezugsrechts.	Aktionäre können ihr Bezugsrecht zum Erwerb Neuer Aktien über ihre Depotbank bei Deutsche Bank als Bezugsstelle während der regelmäßigen Geschäftszeiten im Zeitraum von 21. Mai 2015 bis 3. Juni 2015 ausüben. Die Bezugsrechte verfallen, wenn sie nicht innerhalb der vorgeschriebenen Frist ausgeübt werden.
Bezugspreis.	Der Bezugspreis pro Neuer Aktie wird voraussichtlich nach Handelsschluss am 27. Mai 2015 festgelegt werden, unter Berücksichtigung des VWAP, abzüglich eines Nachlasses, der von dem Vorstand mit Zustimmung des Aufsichtsrats festgelegt wird. Die Höhe des Nachlasses wird einen Abschlag für die Dividende für das Geschäftsjahr 2014, an der die Neuen Aktien nicht teilnehmen, eine Abschätzung der Volatilität des Aktienpreises der Gesellschaft im Zeitpunkt der Preisbestimmung sowie Marktrisiken berücksichtigen, die der Gesellschaft eigen sind. Der Bezugspreis beträgt höchstens EUR 23,50 je Neuer Aktie. Die Neuen Aktien werden ausschließlich gegen Barzahlung in Höhe des Bezugspreises angeboten. Alle Aktionäre, die an der Kapitalerhöhung teilhaben, zeichnen die Neuen Aktien zum selben Preis. Der festgelegte Bezugspreis muss spätestens bis zum 3. Juni 2015 gezahlt werden.
Bezugsrechtshandel.	Die Bezugsrechte (ISIN DE000A14KDW3/WKN A14KDW) für die Neuen Aktien werden im Zeitraum vom 21. Mai 2015 bis einschließlich dem 1. Juni 2015 (bis etwa Mittag MESZ) im regulierten Markt (XETRA und XETRA Frankfurt Specialist) der Frankfurter Wertpapierbörse gehandelt. Die Gesellschaft hat weder die Zulassung der Bezugsrechte zum Handel bei einer anderen Wertpapierbörse beantragt noch beabsichtigt die Gesellschaft dies. Der Marktpreis der Bezugsrechte hängt unter anderem von der Entwicklung des Aktienpreises der Gesellschaft ab, kann aber erheblich vom Preis der Aktien abweichen. Es wird keine Vergütung für nicht ausgeübte Bezugsrechte gezahlt. Mit Ablauf der Bezugsfrist erlöschen nicht ausgeübte Bezugsrechte und werden wertlos.

		Der Erwerb von Bezugsrechten ermöglicht die Ausübung des Bezugsrechts für den Erwerb einer ganzen Neuen Aktie, d. h. eine Neue Aktie kann mit sieben Bezugsrechten bezogen werden. Ab dem 21. Mai 2015 werden die bestehenden Aktien der Gesellschaft an der Frankfurter Wertpapierbörse ex Bezugsrecht gelistet.
E.4	**Wesentliche Interessen, einschließlich Interessenkonflikten, an dem Angebot und der Börsenzulassung.**	Die Joint Bookrunners und die Lead Managers sind im Zusammenhang mit dem Angebot und der Zulassung der Neuen Aktien der Gesellschaft zum Handel mit der Gesellschaft in eine vertragliche Beziehung getreten. Die Joint Bookrunners, die Lead Managers oder mit diesen verbundene Unternehmen treten hin und wieder in geschäftliche Beziehungen zu Gesellschaften der Gruppe oder erbringen für diese im Rahmen des gewöhnlichen Geschäftsgangs Leistungen. Dementsprechend könnte es in der Zukunft zu Interessenkonflikten zwischen den Joint Bookrunners, Lead Managers sowie mit diesen verbundene Unternehmen und Aktionären der Gesellschaft kommen.
E.5	**Name der Person/des Unternehmens, die/das das Wertpapier zum Verkauf anbietet.**	Die Neuen Aktien werden von den Underwriters (siehe oben unter A.1) zum Verkauf angeboten.
	Bei Lock-up-Vereinbarungen die beteiligten Parteien und die Lock-up-Frist.	Die Gesellschaft hat mit den Joint Bookrunners vereinbart, für einen Zeitraum von drei Monaten nach Aufnahme des Handels mit den Neuen Aktien an der Frankfurter Wertpapierbörse keine Aktien der Gesellschaft, keine auf solche Aktien bezogene Optionen oder Wertpapiere, die in solche Aktien gewandelt oder eingetauscht werden können oder die Erwerbsrechte auf solche Aktien verleihen, direkt oder indirekt auszugeben, zu verkaufen, anzubieten, sich zu ihrem Verkauf zu verpflichten, oder anderweitig Aktien der Gesellschaft zu übertragen oder zu veräußern und weiterhin keine Kapitalerhöhung aus genehmigtem Kapital anzukündigen oder eine Kapitalerhöhung einzuleiten deren wirtschaftliche Auswirkung den soeben beschriebenen Maßnahmen nahekommen würde, soweit nicht eine vorherige Einwilligung der Joint Global Coordinators besteht, die nicht ohne angemessenen Grund vorbehalten oder verzögert werden darf. Keine Einwilligung der Joint Global Coordinators ist erforderlich für (i) einen Vorschlag an die Hauptversammlung der Gesellschaft betreffend die Ermächtigung zur Ausgabe von neuen Aktien aus genehmigtem Kapital, (ii) einen Vorschlag an die Hauptversammlung der Gesellschaft betreffend die Ermächtigung zur Ausgabe von Wandelschuldverschreibungen, Optionsschuldverschreibungen, Genussrechten und/oder Gewinnschuldverschreibungen (bzw. einer Kombination dieser Instrumente) und die Schaffung von bedingtem Kapital, (iii) die Ausgabe von Aktien an die Aktionäre der GSW gemäß den Vorgaben aus dem Beherrschungsvertrag, (iv) die Ausgabe von Aktien an Inhaber der 2020 fälligen Wandelschuldverschreibungen mit Wandlungsrecht in Stammaktien der Deutsche Wohnen AG und/oder Inhaber der 2021 fälligen Wandelschuldverschreibungen mit Wandlungsrecht in Stammaktien der Deutsche Wohnen AG, jeweils nach Maßgabe der Bedingungen der Wandelanleihen, (v) die Ausgabe von Aktien als Teil von ihren bestehenden Beteiligungsplänen für Arbeitnehmer oder von solchen ihren Tochtergesellschaften, (vi) die Ausgabe von Aktien im Zusammenhang mit einer Kapitalerhöhung gegen Sacheinlage soweit die Gegenseite bei solchen Transaktionen die soeben beschriebenen Verpflichtungen übernimmt und (vii) die Ausgabe von Aktien auf der Grundlage einer Kapitalerhöhung aus Gesellschaftsmitteln.

E.6	**Betrag und Prozentsatz der aus dem Angebot resultierenden unmittelbaren Verwässerung.**	Aktionäre, die ihre Bezugsrechte auf Neue Aktien ausüben, werden ihre Beteiligungsquote am Grundkapital der Gesellschaft nach der Kapitalerhöhung beibehalten. Soweit Aktionäre ihr Bezugsrecht nicht ausüben, und unter der Annahme, dass alle neue Aktien ausgegeben werden, würde der Anteil jedes Aktionärs an der Gesellschaft um 12,5 % abnehmen. Der Nettobuchwert der Gesellschaft (entspricht der Summe Eigenkapital der Gesellschaft) belief sich zum 31. März 2015 auf EUR 4.846,0 Mio. Der Nettobuchwert der Gesellschaft basiert auf dem im Einklang mit IFRS für Zwischenberichterstattung (IAS 34) erstellten verkürzten Konzernzwischenabschluss für den zum 31. März 2015 endenden Dreimonatszeitraum und wurde durch Abzug von langfristigen Verbindlichkeiten von insgesamt EUR 6.088,7 Mio. und kurzfristigen Verbindlichkeiten von insgesamt EUR 884,7 Mio. von der Summe der Aktiva in Höhe von EUR 11.819,4 Mio. errechnet. Der Nettobuchwert der Gesellschaft entspricht EUR 16,43 je Aktie (auf Grundlage von 294.900.919 ausgegebenen Aktien der Gesellschaft zum 31. März 2015). Die Gesellschaft strebt danach, einen Bruttoemissionserlös aus der Kapitalerhöhung in einer Größenordnung von EUR 875 Mio. bis EUR 950 Mio. zu erzielen. Die Gesamtkosten des Angebots werden bei Erzielung des Mittelwerts der geplanten Bruttoemissionserlösspanne voraussichtlich ungefähr EUR 21,2 Mio. betragen. Unter Zugrundelegung des Mittelwerts des angestrebten Bruttoemissionserlöses, d. h. bei einem Bruttoemissionserlös von EUR 912,5 Mio., würde der Nettoerlös ungefähr EUR 891,3 Mio. betragen. Die Addition des Nettoerlöses von EUR 891,3 Mio. zu dem Nettobuchwert der Gesellschaft von EUR 4.846,0 Mio. zum 31. März 2015, würde einen Nettobuchwert der Gesellschaft von ungefähr EUR 5.737,3 Mio. ergeben, was EUR 17,01 je Aktie entspricht (unter der Annahme, dass alle 42.166.532 Neuen Aktien platziert werden, d. h. ausgehend von 337.332.258 ausgegebenen Aktien der Gesellschaft nach Vollzug der in diesem Angebot erwägten Kapitalerhöhung). Dies würde einer unmittelbaren Zunahme des Nettobuchwerts der Gesellschaft um EUR 0,58 (3,5 %) je Aktie für Altaktionäre, die ihr Bezugsrecht nicht ausüben, und eine unmittelbare Verwässerung um ungefähr EUR 4,63 (21,4 %) je Aktie für jene, die die Neuen Aktien erwerben, darstellen. Die unmittelbare Verwässerung je Neuer Aktie wurde durch Abzug von EUR 17,01 von dem Ergebnis der Division von dem Mittelwert des angestrebten Bruttoemissionserlöses von EUR 912,5 Mio. durch die Anzahl der maximal auszugebenden Neuen Aktien von 42.166.532 ermittelt.
E.7	**Schätzung der Ausgaben, die dem Anleger vom Emittenten in Rechnung gestellt werden.**	Nicht anwendbar. Es werden dem Anleger von Seiten der Gesellschaft oder der Underwriters keine Ausgaben in Rechnung gestellt.

1. RISK FACTORS

*Before deciding to purchase shares of Deutsche Wohnen AG (the "**Company**", and together with its fully consolidated subsidiaries, the "**Group**", "**Deutsche Wohnen Group**" or "**Deutsche Wohnen**"), prospective investors should carefully review and consider the following risk factors and other information contained in this prospectus ("**Prospectus**") when deciding whether to invest in the Company's shares. The occurrence of one or more of these risks, individually or in combination with other circumstances, may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen. The stock price of the Company's shares may fall if any of these risks were to materialize, in which case investors could lose all or part of their investment. The risks listed below might, in retrospect, prove to be incomplete and therefore might not be the only risks to which Deutsche Wohnen is exposed. Additional risks and uncertainties of which Deutsche Wohnen is currently unaware or which the Group does not consider to be significant may also have a material adverse effect on the Group's net assets, financial condition and results of operations.*

The order in which the risks are presented is not an indication of the likelihood of the risks actually materializing, or the significance or degree of the risks or the scope of any potential harm to the Group's business, net assets, financial condition, or results of operations. The risks mentioned herein may materialize individually or cumulatively.

1.1 Market and Competition Risks

1.1.1 The German real estate market and Deutsche Wohnen's business may be negatively affected by changes in general economic and business conditions. The continued economic uncertainty regarding sovereign debt, the cohesion of the eurozone and its economic development may negatively impact the economic development in Germany and may have a detrimental effect on the German real estate market and on Deutsche Wohnen's business.

Deutsche Wohnen's core business is the management of residential properties and the sale of individual apartments in the Federal Republic of Germany ("**Germany**"). The Group relies significantly on rental income. Therefore, Deutsche Wohnen's performance depends largely on the in-place rents currently generated and its ability to generate these in-place rents in the future, the expenses the Group incurs in generating such rents, the generated or achievable proceeds from disposals, and the value of its properties. These performance factors and the value of the properties are subject to general economic and business conditions.

The economic development in the eurozone has been negatively impacted by, among other things, concerns over the level of sovereign debt in many developed countries, particularly in the eurozone and the United States and high levels of unemployment in many eurozone countries. The response of the EU, the countries of the eurozone and the European Central Bank to the recent sovereign debt crisis has also raised a number of questions regarding the stability and overall state of the eurozone, resulting in concerns about the potential reintroduction of national currencies in one or more eurozone countries. In particular, Greece faces uncertainty regarding its continuance as part of the European Monetary Union. A Greek exit from the European Monetary Union may entail adverse spill-over effects in the rest of the eurozone including the deterioration of sovereign debt credit ratings. In particularly extreme circumstances, the European Monetary Union may be dissolved.

Persistent issues with the pace of economic growth, instability in the credit and financial markets and weak consumer confidence in many markets may continue to put pressure on global economic conditions. In addition, the current geopolitical crises in the Ukraine, the economic sanctions being imposed on the Russian Federation as well as retaliatory actions by the Russian Federation and threats from terrorist activities may continue to have negative repercussions for the European economy as a whole. Such instability and the resulting market volatility may also create contagion risks for economically relatively strong countries like Germany and may spread to the German financial sector as well as to the German residential and commercial real estate market.

Given Deutsche Wohnen's dependence on its ability to access financial markets for the refinancing of its debt liabilities, the continued instability or a further deterioration of the economic environment or the capital markets may reduce Deutsche Wohnen's ability to refinance its existing and future liabilities. Furthermore, Deutsche Wohnen's counterparties, in particular its hedging counterparties, may not be able to fulfill their obligations under the respective agreements due to a lack of liquidity, operational failure, bankruptcy or other reasons (see below "*—1.2 Risks Related to Deutsche Wohnen's Business—1.2.26 Deutsche Wohnen is exposed to the risk that counterparties may not perform their obligations under agreements between them and Deutsche Wohnen*."). Furthermore, the creditworthiness of tenants and potential real estate purchasers could deteriorate.

When tenants' creditworthiness deteriorates, if they lose their jobs, for example, tenants may be unable to meet their payment obligations under the agreed rent and the agreed incidental costs, and/or they might be forced to terminate their leases with Deutsche Wohnen, which may result in a decline of rental income. Moreover, due to the factors described above, it is possible that lower demand from potential tenants and purchasers of residential properties could follow if the economy in Germany faces another downturn, or, if a slowdown in economic growth occurs, causing higher unemployment and stagnation or even a decline in real incomes due to additional pressure from increases in taxes, energy prices and the cost of living. Additionally, demographic developments or local employment conditions in certain regions where Deutsche Wohnen's portfolio is concentrated may affect the real estate market, particularly the demand for housing. In addition to the loss of agreed rents, vacancies may increase. In that case, it is possible that the apartments may not be re-let on the original terms, or that this is only possible after making additional investments to maintain or re-establish the attractiveness of the property.

Worsening business and general economic conditions could impair the future performance of Deutsche Wohnen Group with regard to the real estate management business, single-unit sales (residential unit privatizations), block sales (institutional sales) and acquisitions, and may have a material adverse effect on the Group's net assets, financial condition and results of operations.

1.1.2 The current macroeconomic environment is characterized by low interest rates and any rise in interest rates could have material adverse effects on the real estate market and on Deutsche Wohnen.

The interest rate level is currently very low. It is possible that the interest rate for real estate loans in Germany will increase significantly in the future. Any such development will result in higher discount and capitalization rates and have a negative impact on the fair value of Deutsche Wohnen's real estate portfolio. It can also negatively affect the willingness of potential buyers to make real estate purchases and therefore constrain Deutsche Wohnen's disposal business. Additionally, due to the current market environment, financial institutions may require that borrowers meet more stringent requirements with regard to creditworthiness. This could lead potential buyers of residential properties to refrain from purchasing real estate due to worse financing terms or restricted availability of credit. A significant increase in real estate loan interest rates and more stringent borrower qualification requirements may also require Deutsche Wohnen to postpone scheduled investments and delay, due to market conditions, planned disposals. Besides this, any such increase in the interest rate levels may permanently impair Deutsche Wohnen's ability to finance real estate portfolio acquisitions through debt and may generally impact the Group's ability to refinance its liabilities. Consequently, Deutsche Wohnen may be forced to sell real estate portfolios at substantial discounts, due in large part to difficult financing conditions experienced by buyers, which may be further exacerbated by an increase in persons selling real estate assets, including Deutsche Wohnen's competitors. As a result, Deutsche Wohnen may be exposed to the risk of a reduction in the fair value of its total real estate portfolio and may be required to recognize the corresponding losses from the resulting fair value adjustments of the Group's investment properties in its consolidated profit and loss statement. The realization of any of these risks could have a material adverse effect on the Group's net assets, financial condition and results of operations.

1.1.3 Deutsche Wohnen is dependent on developments in regional markets where its portfolio is concentrated, particularly in the Greater Berlin area.

As of March 31, 2015, around 98% of Deutsche Wohnen's total residential real estate portfolio, based on the Group's fair value, was concentrated in selected regions: the "Core+" and "Core" regions. The "Core+" regions comprise what company management believes are the most dynamic rental markets within Deutsche Wohnen's portfolio with considerable rental growth. The Core+ regions include the Greater Berlin area, the Rhine-Main region, Mannheim/Ludwigshafen, the Rhineland and Dresden. The Core regions include Hanover/Brunswick, Magdeburg, Kiel/Lübeck, Halle/Leipzig and Erfurt. One Core+ Region of particular importance for Deutsche Wohnen is the Greater Berlin area where, as of March 31, 2015, approximately 73% of Deutsche Wohnen's total residential real estate portfolio, based on the Group's fair value, were located. The "Core" regions comprise markets with moderately rising rents and stable rent development forecasts. The general demographic and economic conditions and the development of such conditions in these core and growth regions are of significant importance for Deutsche Wohnen's business and future prospects. The key factors in this respect include demand, demographic structure, tenant creditworthiness, purchasing power of the population, attractiveness of the particular locations, the labor market situation, infrastructure, social structure and other factors influencing supply and demand for real estate in the respective locations and markets. In particular, economic studies forecast that demographic change, including a shrinking and aging population, will cause the nationwide demand in Germany for accommodation to fall in the long term, although the total number of households is expected to grow by 2.9% between 2010 and 2025, due to a trend towards smaller household sizes (Source: BBSR – Regional Planning 2030).These factors significantly impact, among other things, the rents Deutsche Wohnen is able to charge as well as the payment behavior of Deutsche Wohnen's tenants and have further a significant effect on vacancy rates, Deutsche Wohnen's earnings and the valuation of Deutsche Wohnen's properties. Accordingly, Deutsche Wohnen is subject to economic and demographic developments in the Greater Berlin Area and its other core and growth regions.

Since regional markets within Germany do not develop uniformly, Deutsche Wohnen's dependence on a few particular regional markets could adversely affect the Group's earnings targets if the attractiveness of the respective markets declines; the Group may thereby experience a disadvantage when compared with some competitors with more regionally diversified real estate portfolios. In addition, negative developments in the strategic core and growth regions of Deutsche Wohnen would not only impact individual properties, but would also affect the entire portfolio in the given strategic core and growth regions.

Unfavorable developments in the real estate market of the Greater Berlin area and the other regional markets where Deutsche Wohnen's portfolio is located may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen.

1.1.4 For various reasons it may become more difficult for Deutsche Wohnen to acquire properties on attractive terms, which would impair the future performance and, above all, the growth of its business.

Deutsche Wohnen's business success depends, among other things, on the Group's ability to continue acquiring residential real estate portfolios and properties with appreciation and/or rent-increase potential in economically attractive regions at reasonable prices, with good tenant structure, in high-quality locations and at favorable occupancy rates. Additionally, the success of the Group's business model depends on its ability to efficiently integrate and manage newly acquired properties in its total residential portfolio.

The management board of the Company (the "**Management Board**") believes that current market conditions make it difficult to conclude real estate transactions at conditions similar to those in the past. For one thing, the German real estate market is characterized by a high level of demand as German property prices in recent years were considered relatively attractive when compared to properties in other countries. Therefore, investors have been able to achieve relatively attractive returns. As a result, many investors, including numerous foreign investors, have increasingly purchased German residential real estate. Foreign investors, in particular, often have considerable financial resources that allow them to submit high bids for real estate portfolios. The stronger presence of foreign investors, as well as the generally high level of investor interest in German real estate partially as a consequence of the perceived security in investing in real estate assets and the ongoing low level of interest rates have caused residential real estate prices to increase in the past. In addition, the number of ongoing privatization processes by German municipal and federal state governments has declined, due to decreased public acceptance, which has led to a shortage in supply and an overall increase in prices of residential properties in the German market. As a consequence, the Group expects that there will be fewer properties for Deutsche Wohnen to acquire in the future at attractive prices.

If Deutsche Wohnen is unable to acquire suitable properties at attractive terms in the future, the Group's growth potential may be limited. If there are only a few or no new properties available for acquisition, Deutsche Wohnen's earnings from the disposals of a decreasing number of properties earmarked for disposal and/or the Group's earnings from residential property management of a lower number of residential properties would decline.

If Deutsche Wohnen is unable to obtain the necessary capital on the capital markets at attractive terms, the Group might be unable to make further acquisitions, or might be able to do so only to a limited extent or, if debt financing is available, may only be able to do so by taking on additional debt. Moreover, any additional debt raised in connection with future acquisitions may have a significant negative effect on the Group's loan-to-value ratio ("**LTV Ratio**"), *i.e.*, the ratio of net financial liabilities to the value of the total real estate holdings. If Deutsche Wohnen Group is no longer able to obtain the debt or equity financing that is necessary to acquire additional real estate portfolios, or if the Group is able to do so only on onerous terms, its business development and competitiveness may be severely constrained in the future.

The materialization of one or more of these risks may have a material adverse effect on Deutsche Wohnen's net assets, financial condition and results of operations.

1.1.5 Sales prices of Deutsche Wohnen residential properties may come under pressure from competition and other factors.

The success of Deutsche Wohnen's Disposals segment depends on its ability to sell residential units earmarked for disposal prices that exceed their respective book values. The profit from such disposals is influenced primarily by the prices the Group is able to realize in the residential real estate market, which are affected by various supply and demand factors.

Government bodies or industrial companies that own residential real estate may increasingly seek to sell apartments to tenants, owner-occupiers and investors. For example, a considerable number of residential units have been privatized in Germany in recent years. Should the supply of residential properties increase, such increase could put pressure on sales prices, particularly in the local markets in which Deutsche Wohnen owns residential real estate. In addition to increased supply, pressure on sales prices may also result from a decline in demand or a combination of these two factors. As private individuals in Germany frequently purchase real estate as a component of retirement planning, their investment in residential properties in Germany has become an increasingly important part of the market. But if real estate is considered to be less attractive as a component of retirement planning in the future, or if it becomes less favorable economically due to, for example, changes in taxation, the legal framework or economic conditions, demand for residential properties among potential purchasers may decrease, and, consequently, it might only be possible to sell residential properties at lower prices. For instance, recent legislative reforms to limit rent increases and to regulate the rent for new contracts may reduce the economic attractiveness of investing in residential properties (see also "*—1.2 Risks Related to Deutsche Wohnen's Business—1.2.12 Deutsche Wohnen's business is subject to the general legal and regulatory environment in Germany. Any disadvantageous changes to the legal environment, such as an expansion of tenant protection laws or more restrictive environmental laws, may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.*"). Overall, lower sales prices for Deutsche Wohnen's residential properties would reduce the Group's earnings or may even cause the Group to incur losses.

Lower sales prices may also require the Company to adjust the fair value of its total real estate portfolio on its consolidated balance sheet, and to record losses from the resulting fair value adjustments of its investment properties in its consolidated profit-and-loss statement for the respective accounting period.

Moreover, the absence of a liquid real estate market may temporarily make the sale of properties in some locations entirely impossible. Further increases in real estate transfer tax rates beyond the current levels of 5% in most states, 6% in Berlin and Hesse and 6.5% in North Rhine-Westphalia, Saarland and Schleswig-Holstein may likewise have a negative impact on liquidity and demand for real estate. In addition, lower sales prices for real estate or a decline in sales would also lead to lower cash inflows, which may adversely affect net assets, financial condition and results of operations of Deutsche Wohnen.

Deutsche Wohnen operates in a highly competitive market in Germany in residential real estate, and to a lesser extent in commercial real estate and nursing and assisted living facilities. While most of the Group's competitors are domestic, foreign competitors may also increasingly enter the German real estate market and may therefore intensify competition. The consequences of increased competition may be lower sales proceeds, lower margins, lower in-place rents and higher acquisition prices for real estate portfolios. Some of Deutsche Wohnen's current competitors may have a broader customer base to which they can sell properties or significantly greater financial resources than the Group does, and may build on these strengths by engaging in more aggressive pricing.

All of these factors may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2 Risks Related to Deutsche Wohnen's Business

1.2.1 The loss of in-place rents, rent reductions, higher vacancy rates and the inability to charge economically attractive in-place rent levels may have a detrimental effect on revenue and earnings in the Residential Property Management segment.

Deutsche Wohnen's commercial success depends significantly on the Group's ability to maintain and increase its rental income. This entails several risks regarding a variety of aspects.

Lower demand for housing in general, or in a particular area due to the economic, social or other conditions prevailing there, may lead to higher vacancies and result in lower in-place rents. Vacancies resulting in reduced in-place rents also occur when apartments must or should be refurbished and thus cannot be rented out. Lower demand for housing may also force the Group to lease its apartments on less favorable terms or to tenants who pose a greater risk of rent losses due to reduced creditworthiness.

If tenants fail to meet their rent payment obligations in whole or in part (*e.g.*, due to a deterioration of their economic situation because of a job loss), or if larger numbers of tenants terminate their rental agreements without the Group being able to re-let the property within a reasonably short period of time, it would sustain losses in current gross rental income, which may have a material adverse effect on the funds from operations ("**FFO**"). To the extent that the Company is in fact able to re-let an apartment, there is a risk that it might no longer be able to do so on the original terms, or might be able to do so only after making an additional investment to maintain or re-establish the attractiveness of the property.

The amount of current gross rental income Deutsche Wohnen can generate and the Group's ability to increase its in-place rents from existing tenants depend on several factors. These factors include the demand for residential and commercial properties, the customary local market rent, the condition and location of the property, modernization measures undertaken, including their scope, as well as tenant turnover. Moreover, when setting the in-place rent levels for its residential properties, Deutsche Wohnen is subject to the restrictions of German landlord-tenant laws, as well as, where applicable, conditions imposed as a consequence of the Group having received public subsidies, or restrictions under privatization agreements. As a consequence, Deutsche Wohnen might not be able to maintain or increase in-place rents in a manner or to the extent that would be in its economic interest or reflect market prices. Even if increased modernization costs were to merit higher in-place rents from a commercial perspective, the Group may not be able to impose such increases in the in-place rents. Based on current legislation, only up to 11% of the costs incurred for modernization measures (minus the costs that would be necessary for maintenance measures) may be charged to the annual rent, and the current legislature intends to further reduce that amount to a maximum of 10%.

The Company may also experience a loss of in-place rents, rent reductions and increased vacancies in situations where, for example, the properties are situated in undesirable locations (either as a result of social or economic conditions) or where there is only limited demand for housing given the local market conditions, resulting in a decline in total current gross rental income. Deutsche Wohnen is required to conduct its real estate management business in such a manner that the properties are maintained in the condition as required by the leases and by law. If this is not possible and if the required maintenance measures are not performed on time or at all, in-place rents may decline. Additionally, Deutsche Wohnen may experience a shortfall in income through a planned vacancy if it decides to refurbish or sell a property.

All of these factors, individually or collectively, may have a material adverse effect on revenue and earnings, and thus have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.2 Deutsche Wohnen Group is exposed to risks related to the structural condition of the properties and their maintenance and modernization.

Deutsche Wohnen Group companies own many properties that are over 40 years old. Many of Deutsche Wohnen's real estate portfolios have been inspected prior to purchase in the course of a due diligence investigation with respect to their structural condition and, to the extent necessary, the existence of harmful environmental impacts. It is possible, however, that damage or quality defects may remain entirely undiscovered, or that the scope of such problems is not fully apparent in the course of the due diligence investigation, and/or that defects become apparent only at a later point in time. In general, sellers exclude all liability for concealed defects. If liability for such concealed defects has not been fully excluded, it is possible that the representations and warranties made in the purchase agreement with respect to the property failed to cover all risks relating to the acquisition. Regarding older property in the overall portfolio, no comprehensive investigation or review was undertaken as to the existence of harmful environmental contamination. As a result, it is possible that significant environmental contamination, *e.g.*, resulting from the use of construction materials containing asbestos, was inherited and yet not recognized in the older property. Deutsche Wohnen may be exposed to financial liability for any required remediation measures.

Additionally, the Group may be exposed to unexpected problems or unrecognized risks, such as delays in the implementation of maintenance, refurbishment or modernization measures in connection with acquired real estate portfolios, against which it might not have been contractually protected. As a result, Deutsche Wohnen may be unable to lease a property as planned, effectuate increases in the rent or sell residential units. The Group's financial condition may deteriorate, and the value of the acquired assets may decline.

After acquiring properties, Deutsche Wohnen strives to maintain rented properties in a good condition. For this reason, and also to avoid the loss of value, the Group has to undertake maintenance and modernization measures. In addition, modernization of properties may be necessary to increase their appeal or to meet changing legal requirements (such as the intensification of the Energy Saving Ordinance (*Energieeinsparverordnung*)). Such measures can be large-scale and expensive. As a result, risks may arise in the form of higher-than-planned costs or unforeseen additional expenses for maintenance or modernization that cannot be passed on to the property's respective tenants. Moreover, the actual corresponding work may be delayed, for example, by reason of bad weather, poor performance or insolvency of contractors, or the discovery of unforeseen structural defects.

The occurrence of one or more of these risks may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.3 Deutsche Wohnen's ability to refinance existing debt with loans and other debt instruments could be limited. It may be difficult or expensive to obtain new sources of financing, in particular following a downgrade of its ratings.

As of March 31, 2015, the Group's LTV Ratio stood at 50.4%. The carrying amount of Deutsche Wohnen's outstanding (current and non-current) financial liabilities as well as financial liabilities relating to non-current assets held for sale and (current and non-current) convertible bonds placed in 2013 and 2014 was EUR 5,530.7 million as of March 31, 2015. Deutsche Wohnen is dependent on refinancing debt that will become due over the next few years. As of March 31, 2015, the nominal value of Deutsche Wohnen's outstanding financial liabilities, becoming due in 2015 was EUR 78.7 million, and EUR 42.8 million becoming due in 2016 as well as EUR 66.0 million becoming due in 2017. Deutsche Wohnen cannot rule out that its current level of debt may adversely affect its ability to refinance financial obligations by taking on new debt or by extending existing loans. In addition, any increase in the Group's LTV Ratio may negatively impact its ratings and may have a negative impact on its financing cost or its ability to obtain financing at all. No assurance can be given that Deutsche Wohnen will be able to refinance its debt at all or at comparable costs and terms in the future.

Deutsche Wohnen obtained corporate ratings from Standard & Poor's and Moody's. These ratings depend, among other factors, on the development of the industry, Deutsche Wohnen's performance and the development of certain key credit ratios, such as its LTV ratio and interest coverage ratio. In addition, macro-economic developments such as the development of German GDP and changes in interest rate levels may have an impact on Deutsche Wohnen's performance and, accordingly, on its ratings. The rating agencies review the factors that influence Deutsche Wohnen's ratings on a regular basis. Deutsche Wohnen cannot rule out that its ratings may be downgraded in the future. Any downgrade or negative outlook could negatively impact Deutsche Wohnen's reputation, its share price and its ability to raise funds at attractive terms.

Additionally, Deutsche Wohnen may find it difficult or expensive to obtain new sources of financing. Banks may refuse to grant Deutsche Wohnen new loans, or they may only make new loans available to the Group at unfavorable financial terms, and refuse to extend existing credit lines or only extend them on unfavorable terms. Moreover, it is conceivable that banks may no longer be able or willing to extend expiring loans and that future contract negotiations will take more time to complete. Further, it may not be possible for Deutsche Wohnen to raise capital in the debt capital markets either.

The occurrence of one or more of these risks may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.4 If any of Deutsche Wohnen Group's companies breach their obligations under Deutsche Wohnen Group's loan agreements, they may be required to repay the loans before they would ordinarily become due. If Deutsche Wohnen fails to make payments on its loans when due, the Group's creditors may dispose of the significant collateral which the Group's companies furnished to the creditors to secure the loans.

In the past, Deutsche Wohnen has taken on debt in the form of loans, convertible bonds and other instruments to refinance existing obligations, as well as to finance acquisitions, and the Group also intends to do so in the future. If Deutsche Wohnen breaches certain obligations under these loan agreements or debt instruments and is unable to cure such breaches within the relevant time frame stipulated in each respective agreement, and if the creditors under such loan agreements or debt instruments do not waive the Group's compliance with such obligations, such creditors may be entitled to terminate the respective financing agreements. In particular, several financing agreements require Deutsche Wohnen to comply with certain specific financial covenants, such as the maintenance of certain maximum LTV Ratios and the compliance with certain other key financial figure ranges which relate, among others, to the debt servicing ability (Debt Service Cover Ratio ("**DSCR**")), the Interest Service Cover Ratio ("**ISCR**") and the ratio of debt in relation to the rental income at the level of the Group and/or the financed portfolio. The Group's failure to comply with such financial covenants may have severe consequences.

A breach of its financial covenants would restrict Deutsche Wohnen's right to dispose of the rental income arising from the properties securing the respective loan agreement. Several of the Group's loan agreements contain provisions that might require the Group, upon breach of a financial covenant, to make certain monthly payments, based on its rental income less certain specified debt service payments, into specified blocked accounts. The amounts in such blocked accounts are regularly pledged to the benefit of the respective lender. Deutsche Wohnen may therefore not use these amounts to make certain payments without the prior consent of the respective lender, including for the debt service of other loan agreements. This may result in the Group's failure to fulfill payment obligations under other loan agreements.

Moreover, a breach of financial covenants may trigger creditors' right to terminate the financing arrangement. Such termination right by the Company's creditors may have serious negative implications for the Group. For instance, all outstanding debt under the respective loan agreement may become due immediately and may severely affect the liquidity position of the Group. In addition, grounds for termination of one loan agreement may entitle creditors under other loan agreements to terminate their agreements with the Company with immediate effect. If one or more loans should become due as a result of an early termination, Deutsche Wohnen might be unable to refinance its loans as they become due, or might only be able to refinance them on significantly less favorable terms. If Deutsche Wohnen were unable to obtain refinancing in such a scenario, in the worst case, the Group may become insolvent.

To secure the Company's loans or those of its subsidiaries, Deutsche Wohnen has pledged the shares of various Deutsche Wohnen Group companies to creditors, as well as claims under rental and leasing agreements, purchase agreements and real estate sales agreements, and has taken out mortgages secured by properties held by Deutsche Wohnen Group companies. If the Company or its subsidiaries are unable to fulfill its or their obligations under such financing agreements, the Group's creditors may seize collateral, including real property and pledged shares of Deutsche Wohnen Group companies, without further negotiations. A breach of obligations under Deutsche Wohnen's financing agreements may thus result in the loss of portions of the Group's real estate portfolio or individual Deutsche Wohnen Group companies on economically unfavorable terms.

The occurrence of one or more of these risks may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.5 A rise in general interest rate levels could increase Deutsche Wohnen's financing costs for both the Group's existing portfolio as well as for newly acquired properties or properties potentially to be acquired in the future.

Extensive financial resources are required to implement Deutsche Wohnen's business concept and growth strategy. The Company allocates a significant portion of these resources to finance its existing real estate portfolio as well as its newly acquired and potentially to-be-acquired properties. Both, the conclusion of financing agreements and the extension of such agreements at attractive terms, are crucial for the Group's continued commercial success and its ability to pay dividends. A rise in interest rates could result from an improvement in the economic environment and may adversely impact Deutsche Wohnen's business.

Interest rates may increase from their currently low levels and thereby develop during the term of the Group's financing agreements contrary to the Group's expectations. The hedging instruments that Deutsche Wohnen uses may not counterbalance this effect, or the Group may be unable to successfully conclude the necessary extensions or renegotiations of financing agreements or hedging instruments at their current interest rate terms, including the associated costs. This and any failure on Deutsche Wohnen's part to obtain financing on the terms that the Management Board's planning anticipates, or to obtain one or more of the hedging instruments it currently uses, may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.6 In the event of a downturn in the real estate market, the fair value model may require Deutsche Wohnen to adjust current fair values of its investment properties (such as in the case of a change in interest rate levels or a deterioration of the market), which may lead to adverse effects on the Group's net assets and results of operations.

Deutsche Wohnen accounts for investment properties (that is, real estate held to generate rental income and/or for capital appreciation) at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, other than in a forced or liquidation sale. The recording of investment properties at acquisition cost occurs only at the time the property is initially recognized in the balance sheet. On the balance sheet, the fair value of the property is used for dates following the initial recognition of the property. Fair value is primarily based on the trend in the real estate market, including regional market developments, as well as on general economic conditions and, to a lesser extent, on interest rate levels. Accordingly, there is a risk that in the event of a downturn in the real estate market or the general economic situation, Deutsche Wohnen will need to revise the values of its total portfolio on the consolidated balance sheet downward. The same would apply if competitors were forced to sell their real estate portfolios at lower prices due to financial difficulties. Any change in fair value must be recognized in the consolidated profit or loss statement as a gain or loss from fair value adjustments. For example, an increase of 0.1 percentage points in the capitalization and discount rates that Deutsche Wohnen uses for its investment properties in the Core+ regions would have resulted in a decrease of the book value of these investment properties by 1.35% (capitalization rate) and 0.88% (discount rate) as of December 31, 2014 (excluding nursing and assisted living facilities). All material fair value adjustments that the Group must undertake could have a material adverse effect on the net assets, results of operations of Deutsche Wohnen Group, and on the Group's share price. Furthermore, there would be a negative impact on financial metrics, particularly the NAV and LTV Ratio.

1.2.7 The Property Appraisal Report included in this Prospectus and/or existing or future financial information may incorrectly assess the value of Deutsche Wohnen's properties.

The property appraisal report (the "**Property Appraisal Report**"), which is contained in this Prospectus and reprinted herein on pages V-1 *et seq.*, was prepared by the independent external appraisers CBRE GmbH. It is based on standard valuation principles and represents the opinion of the independent external appraiser CBRE which prepared the report. The Property Appraisal Report is based on assumptions that in retrospect may turn out to be incorrect. The information provided to CBRE and underlying the appraisals is tested merely through random sampling, as is customary in such appraisals. Additionally, the valuation of real estate is based on a multitude of factors that also involve subjective judgments by the appraiser. These factors include, for example, the general market environment, the creditworthiness of tenants, the rental market and the quality and potential development of the location. The valuation of real estate contained in the Property Appraisal Report is therefore subject to numerous assumptions that may later be determined to have been erroneous. Moreover, appraisal methods that are currently generally accepted and that were used for the purpose of developing the Property Appraisal Report may in hindsight turn out to be unsuitable. The Property Appraisal Report only speaks as of the relevant valuation dates and has not been updated to reflect the value as of a more recent date.

The values assigned to the appraised properties in the Property Appraisal Report and/or Deutsche Wohnen Group's financial information (consolidated financial statements and consolidated interim financial statements) already published or yet to be published may exceed the proceeds that the Group can generate from the sale of the appraised properties. This may also apply to sales that occur on or shortly after the respective valuation date. Accordingly, the Property Appraisal Report may not represent the future or current actually achievable sales prices of Deutsche Wohnen's individual properties or of its real estate portfolio as a whole.

A change in the factors underlying the appraisal and/or its assumptions may also cause the fair value determined for the respective valuation date to fall short of the carrying amount of a property, which would result in losses from fair value adjustments. Under these circumstances, Deutsche Wohnen would be required to immediately recognize the negative change in value as a loss resulting from the fair value adjustment of investment properties for the relevant accounting period. If such losses are material, they may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.8 Any inability to sell residential or commercial units intended for sale in a timely manner and at economically attractive prices may have a negative impact on Deutsche Wohnen's financial condition and results of operations.

In addition to residential real estate management, Deutsche Wohnen also engages in the sale of residential properties. In this respect, the Group distinguishes between single-unit sales (residential unit sales to current tenants) and block sales (institutional sales) of entire real estate portfolios. Block sales are often the result of an intended streamlining of Deutsche Wohnen's portfolio on the basis of a portfolio analysis. Deutsche Wohnen cannot ensure that sales will be carried out in the projected numbers, within the projected time frame or on favorable terms. In particular, for block sales aimed at streamlining Deutsche Wohnen's portfolio, Deutsche Wohnen may not be able to sell the units at their book value and, accordingly, may record a loss from the transaction. The factors that may affect a possible sale include, among other things, the demand for real estate, the creditworthiness of the purchasers and the number of competitors.

If Deutsche Wohnen is unsuccessful in selling residential or commercial properties to the extent planned in the future, the Group's management of unsold or especially partially sold properties would consume greater administrative resources because, for example, the management of residential housing units would become necessary and the management of the individual remaining residential units would be less efficient. Moreover, maintenance and/or refurbishment measures may extend over a longer period of time than originally planned which, among other things, may lead to higher costs and lower sales prices and, consequently, increase the risk of a decline in value during such time. Significant price reductions in the course of further sales may reduce the profit margin on apartment sales, or even cause that margin to turn negative. These developments may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.9 If Deutsche Wohnen is unable to generate positive cash flows from its operating activities, the Group may be forced to sell properties. Due to the potentially illiquid nature of the real estate market, Deutsche Wohnen may not be able to sell portions of its portfolio on favorable terms or even at all.

Deutsche Wohnen invests predominantly in real estate for which there is a market with limited liquidity. In principle, the ability to sell portions of the total portfolio depends on the liquidity of the investment markets. In order to service its debt (amortization and interest), Deutsche Wohnen must generate positive cash flows from operating and investing activities. The Group generally generates such cash flows from in-place rents, through proceeds from disposals, and from its nursing and assisted living business. If Deutsche Wohnen is unable to generate positive cash flows from its operating activities in the future, the Group may be forced to sell apartments irrespective of the market situation. If Deutsche Wohnen were forced to sell portions of the total portfolio, the Group may only be able to conclude the sale at unfavorable terms, if at all. In the case of a forced sale, there would likely be a significant shortfall between the fair value of a property or a property portfolio and the price that the Group would be able to realize in the sale of such property or property portfolio, and there can be no guarantee that the price thus obtained would even cover the book value of the property sold. These differences in value may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.10 Deutsche Wohnen may be subject to liability claims for several years after selling properties.

In connection with the sale of real estate, Deutsche Wohnen makes representations and warranties to the purchasers with respect to certain property characteristics. The resulting obligations regularly persist for several years after the sale. In particular, Deutsche Wohnen may be subject to claims for damages from purchasers who assert that the representations and warranties the Group made to them were incorrect, or that it failed to meet its obligations. This may lead to legal disputes or litigation with the purchasers, as a consequence of which Deutsche Wohnen may be required to make a payment to the purchasers without being able to take recourse against the predecessor in title or other third parties in each case. To the extent the Company made warranties to third parties in connection with refurbishment measures and claims are asserted against it because of defects, it is not always certain that it will have recourse against the companies that performed the work and that its recourse claims would be enforceable.

As a seller of properties, Deutsche Wohnen remains liable to existing tenants at the time of sale for any breach of lease agreements by the buyer. This applies also and specifically where Deutsche Wohnen no longer has any control over the property. Moreover, the Group continues to be exposed to liability for breach of contract even in the event that the buyer resells the property and the subsequent buyer breaches lease agreements. However, if a seller notifies the tenant of the change of ownership and the tenant fails to avail itself of the opportunity to terminate the tenancy at the earliest permitted termination date, the seller is released from liability.

Legal or settlement costs, including the cost of defending lawsuits, whether justified or not, as well as potential damages associated with liability for properties that Deutsche Wohnen has sold, could have material adverse effects on Deutsche Wohnen's business, net assets, financial condition, cash flow and results of operations.

1.2.11 Deutsche Wohnen may be exposed to risks from residual pollution, including wartime munitions, soil pollution and contaminants in building materials, as well as from possible building code violations.

It is possible that properties Deutsche Wohnen owns or acquires contain ground contamination, hazardous materials, other residual pollution and/or wartime munitions (including potentially unexploded munitions) and that such issues have not been discovered in a previous due diligence. Moreover, building components might contain hazardous substances (such as polychlorinated biphenyls (PCBs) or asbestos), or the properties may comprise other environmental risks. Deutsche Wohnen bears the risk of cost-intensive remediation and removal of such wartime munitions, hazardous materials, residual pollution or ground contamination. The discovery of such residual pollution, particularly in connection with the lease or sale of properties, may also trigger claims for rent reductions, damages and other breach of warranty claims. The remediation of any residual pollution and the related additional measures may negatively affect Deutsche Wohnen's business activities and involve considerable additional costs. Deutsche Wohnen is also exposed to the risk that it might no longer be possible to take recourse against the polluting third party or the previous owners of the properties. Moreover, the existence or even merely the suspicion of the existence of wartime munitions, hazardous materials, residual pollution or ground contamination may negatively affect the value of a property and the Group's ability to lease or sell such property.

Deutsche Wohnen's business is also exposed to the risk of noncompliance with building codes or environmental regulations. These regulations are often implemented retroactively, affecting previously developed properties, and therefore require Deutsche Wohnen to modernize existing buildings so that they comply with these stricter standards. There is a risk that building codes or environmental regulations were not, or are not, being complied with and such non-compliance is not discovered during the acquisition process of individual properties. It is also possible that landlord responsibilities may be further expanded with respect to fire protection and environmental protection, which may require additional refurbishment, maintenance and modernization measures, in particular because many of these properties owned by Deutsche Wohnen are more than 40 years old. The projected cost of such measures is based on the assumption that the required permits are issued in accordance with the Company's plans and, in particular, in a timely manner. It is possible, however, that the required building permits are not always issued promptly. If such permits are not issued, are not issued promptly, or are issued only subject to conditions, this could lead to substantial delays in correcting the problems and result in higher-than-projected costs and lower in-place rents for the relevant properties.

The occurrence of one or more of the aforementioned events may result in additional costs and have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.12 Deutsche Wohnen's business is subject to the general legal and regulatory environment in Germany. Any disadvantageous changes to the legal environment, such as an expansion of tenant protection laws or more restrictive environmental laws, may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

Deutsche Wohnen's business is subject to the general legal framework applicable to housing, commercial real estate and retirement or nursing homes. This framework includes in particular the German landlord-tenant law, as well as special provisions in other laws, especially the German Nursing Homes Act (*Heimgesetz*) and its equivalents on the state level, the German Residential Living and Nursing Contract Act (*Wohn- und Betreuungsvertragsgesetz*), social welfare legislation, construction laws, historic preservation laws and tax laws.

Any changes to domestic or European laws or changes in the interpretation or application thereof may, therefore, have a negative effect on Deutsche Wohnen. In particular, an expansion of tenant protection laws in connection with conversions of apartments into condominiums may have negative effects on the sale of condominiums to investors. Other changes to tenant protection laws and changes to regulations governing the tenant's responsibility for ancillary costs or modernization investments may have an adverse effect on the profitability of Deutsche Wohnen's investments and results of operations.

For instance, on March 5, 2015, the German Bundestag adopted a law to curb rental increases on tight housing markets and to strengthen the so-called orderer principle with respect to the business of rental agents – tenancy law amendment act (*Gesetz zur Dämpfung des Mietanstiegs auf angespannten Wohnungsmärkten und zur Stärkung des Bestellerprinzips bei der Wohnungsvermittlung – Mietrechtsnovellierungsgesetz*). The tenancy law amendment act aims at limiting rent increases and establishes maximum rent levels (so-called *Mietpreisbremse*). The tenancy law amendment act restricts rent increases for a period of five years for new leases to a maximum of 10% above the locally prevailing comparative rent levels in municipalities or parts of municipalities in which the supply of affordable housing is determined to be threatened. New or fully modernized buildings may be excluded from the restriction on rent increase at their first lease. The federal states will have the right to designate regions in which maximum rent levels shall apply until five years after the law comes into force, and may enact ordinances to designate such regions until 2020. The tenancy law amendment act enters into force on June 1, 2015. The above restrictions on rent increases will also impair the value of the properties concerned, which may have a negative impact on fair value of Deutsche Wohnen's portfolio.

More restrictive environmental laws could result in additional expenses for Deutsche Wohnen. For example, the provisions on the handling of asbestos or other hazardous construction materials could become more restrictive and the Group could be required to take action. Further, by December 31, 2013, owners of properties with a centralized hot water production facility were obligated to test the level of potential legionella contamination and must repeat this test every three years, thereby causing them to incur additional costs. The same would hold true if the legal requirements relating to existing and permitted properties and their use were to become more onerous. Of particular significance are construction and environmental requirements. For example, the current version of the Energy Savings Ordinance (*Energieeinsparverordnung*) prescribes specified investments in renovation work aimed at reducing energy consumption (with respect to thermal insulation for instance) and requires the landlord or seller of a property to present an energy certificate that discloses the property's energy efficiency prior to entry into a new lease or sale agreement. Moreover, if a seller or landlord advertises the property via commercial media, the energy performance indicator of the respective property's existing energy certificate must be stated in the advertisement. Additionally, the amended ordinance requires the landlord to renovate the thermal insulation of the let building. For example, landlords of buildings with heating boilers that were installed prior to January 1, 1985 and that are used with liquid or gaseous fuel needed to be exchanged before 2015, or roofs need to meet a minimum heat insulation by the end of 2015.

If it should be discovered during the course of a refurbishment or modernization that one of Deutsche Wohnen's buildings is subject to historic preservation laws, the need to comply with the respective historic preservation requirements may lead to significant delays in the refurbishment or modernization process and the inability to carry out particular refurbishment or modernization measures, and also to significantly higher costs for the particular project. In the event of a sale of such a property to a buyer, these factors may, for example, result in the Group's inability to fulfill its contractual obligations towards a buyer, with the consequence that the buyer's obligation to make payments would be excused or deferred. The same would be true if the legal requirements relating to properties and their use become more onerous, particularly with respect to construction and environmental requirements; similarly, requirements might be imposed in order to increase the availability of handicapped-accessible and adapted housing. If these changes in the legal framework conditions should occur, individually or together, or if other changes of the legal framework conditions that negatively affect Deutsche Wohnen's business were to arise, this may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

The Company's financial statements 2013 are currently being reviewed by the German Financial Reporting Enforcement Panel (*Deutsche Prüfstelle für Rechnungslegung*). This review could result in restatements of the Company's financial statements.

1.2.13 Deutsche Wohnen is subject to numerous legal requirements that limit its discretion in connection with the acquisition and management of real estate portfolios and companies previously held by government entities.

In acquiring and managing real estate portfolios purchased from government entities, such as states and municipalities, Deutsche Wohnen is often subject to various restrictions imposed by contractual obligations. For example, purchase agreements relating to real estate owned by government entities typically require that tenants be afforded preference in the event of the sale of their units or that tenants obtain a right of first refusal with respect to the purchase of units they rent, that older tenants receive certain protection from eviction, that no luxury refurbishment may be undertaken, that only limited rent increases are permitted and that other social concerns and objectives of city planners are to be observed. Additionally, such agreements often contain conditions requiring governmental consent regarding various significant structural changes and measures.

By way of example, the GSW privatization agreement as of May 27, 2004, as amended (the "**GSW Privatization Agreement**"), obligates GSW to comply with certain restrictions with respect to its business, many of which have already lapsed. The restrictions include, for example, the obligations (i) to increase the net cold rent (excluding utilities) only within certain limits set by the Berlin rent index, (ii) not to terminate any tenancy agreements for reason of personal and reasonable economic use, (iii) to refrain from carrying out modernization measures aimed at changing the socioeconomic composition of its tenant base and shall instead carry out refurbishment measures only in accordance with the standards prevalent for government-subsidized apartment buildings, (iv) in the event of block sales, to pass these restrictions on to acquirers and their legal successor, (v) to ensure in the course of its business and investment planning that sufficient reserves are set aside in order to cover the cost of modernization and refurbishment measures, and (vi) to comply with the "Principles of Apartment Privatization in Berlin" (*Grundsätze der Wohnungsprivatisierung in Berlin*), which means that, for example, current tenants and owner-occupiers shall be preferred. Moreover, under the GSW Privatization Agreement GSW has provided a covenant to maintain the statutory seat and place of management of GSW and its subsidiaries in the city of Berlin.

Furthermore, the agreement relating to the acquisition of a residential real estate portfolio from the former GSW Gemeinnützige Siedlungs- und Wohnungsbaugesellschaft Berlin mbH in 2005, the "Fortimo Inventories", prohibits in particular luxury refurbishments and grants the tenants a right of first refusal in single-unit sales (privatizations).

In addition, there are restrictions relating to GEHAG GmbH ("**GEHAG**" and together with its subsidiaries, the "**GEHAG Group**"). Under the terms of the share purchase agreements entered into with the Federal State of Berlin and other parties and based on GEHAG's articles of association, the Federal State of Berlin, as minority shareholder, is entitled to special consent rights. Notably, such rights relate to the transferability of GEHAG shares and housing policies. Under this framework, the GEHAG Group's apartments must be made available to a broad group of persons. GEHAG's articles of association, as well as the privatization agreements, also provide that two officials of the Federal State of Berlin will take seats in the twelve-member supervisory board of GEHAG until 2033. Amendments to GEHAG's articles of association will require the consent of the Federal State of Berlin until November 17, 2018. Additionally, certain provisions of GEHAG's articles of association may be amended only with the consent of the Federal State of Berlin until November 17, 2033. These provisions include, among others, the location of GEHAG's registered domicile, the business purpose of the company and the composition of the supervisory board. The former shareholders of GEHAG have consented to these provisions. Accordingly, for certain fundamental decisions, Deutsche Wohnen must consult with the Federal State of Berlin and thus may be effectively prohibited from implementing necessary amendments to GEHAG's articles of association and from disposing of the GEHAG Group's residential properties. Additionally, GEHAG has established a supervisory board in accordance with the provisions of the German One-Third Codetermination Act (*Drittelbeteiligungsgesetz*) according to which four of its twelve members are worker representatives.

Deutsche Wohnen is also subject to restrictions with respect to properties held by Eisenbahn-Siedlung-Gesellschaft Berlin mbH ("**ESG**"). Following its partial privatization in 2000, ESG, too, is subject to governmental restrictions due to its portfolio rooted in the Bundeseisenbahnvermögen ("**BEV**"). Thus, for example, ESG's articles of association require that the eight-member supervisory board of ESG include four members of BEV. The articles of association provide for a double voting right on one of these four members in the event of a tie vote, resulting in a lack of control for Deutsche Wohnen regarding the majority of votes on the supervisory board. Additional restrictions include constraints with respect to block sales of properties with 50% or more units rented out to preferred tenants. Preferred tenants are essentially active and inactive employees of BEV and Deutsche Bahn AG. There are restrictions with respect to the transfer and pledge of shares in ESG, the authorization of third parties or affiliates of the shareholders to acquire new shares through capital increases at ESG, and certain structural measures at ESG such as mergers, transformations, dissolution or liquidation. These restrictions relating to material business decisions of the GEHAG Group may have a negative effect on economic development and, in particular, the sale of the relevant apartments. Additionally, restructuring measures that would be required or reasonable from a tax perspective may be impeded or even prevented, precluding Deutsche Wohnen's ability to realize possible cost savings. Moreover, the Group may be limited in its ability to sell shares of GEHAG or ESG.

These restrictions may result in Deutsche Wohnen being unable to optimize the management of the relevant residential properties or to initiate sales or modernization measures as desired. This may result in lower income in the Residential Property Management and Disposals segments and may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.14 Deutsche Wohnen's ability to increase certain rents may be limited by rent restrictions or regulations concerning permissible rent increases. Deutsche Wohnen may be forced to partially reverse effected increases.

Changes in the European or German legal framework may have a negative impact on Deutsche Wohnen's ability to increase rents. For example, the Tenancy Law Amendment Act (*Mietrechtsänderungsgesetz*), which main provisions came into effect on May 1, 2013, makes it possible for federal states via statutory order to lower the capping limit with regard to rent increases for regions where housing markets are considered to be tight. In such cases, the rent increases up to the locally prevailing comparative levels of rent may be reduced from 20% (standard legal rule) to 15%. Several states have already made use of this possibility with respect to certain cities and municipalities. Where applicable, these regulations stipulate that even if the local prevailing rent indices allow for a rent increase, the rent in existing contracts may not be increased by more than 15% during a three-year period (capping limit). It cannot be excluded that additional states may issue similar regulations or that states in which such a regulation has already been issued may increase its geographic coverage.

In addition thereto and to the above-described tenancy law amendment act to curb rental increases on tight housing markets (*Mietpreisbremse*), further regulations concerning the permissible increases of rent to the level of the local comparable rent level may be introduced or changes in the interpretation of permitted increases that may result in the limitation of rent increases or the mandatory reversal of already effected rent increases. This may have a material adverse effect on the net assets, financial condition and results of operations.

1.2.15 The forecast with respect to funds from operations (FFO) for Deutsche Wohnen Group may differ materially from actual future cash flows, revenue, earnings and sales proceeds of Deutsche Wohnen Group.

This Prospectus contains forecasts and other forward-looking information, including a forecast of Deutsche Wohnen Group's FFO. FFO (without disposals) is defined as the profit/loss for the period adjusted for earnings from disposals, depreciation and amortization, gains/losses from the fair value adjustments of investment properties, gains/losses from fair value adjustments of derivative financial instruments and convertible bonds, non-cash finance expense arising from accrued interest on liabilities and pensions, non-recurring or exceptional items, prepayment compensation, deferred taxes (tax expense/income) and tax expense from capital increase costs and FFO (without disposals) attributable to non-controlling interests. Transactions in the fiscal year 2015 that have not closed until the date of preparation of the forecast are not taken into account for the FFO forecast. In arriving at a forecast for FFO, the Management Board makes certain assumptions regarding unforeseen events, such as *force majeure*, legislative and other regulatory measures, the economic development of the real estate industry, interest rate trends and the development of the total portfolio, and of several performance indicators (current gross rental income, vacancy rate and rental loss), expenses (expenses from residential management, staff expenses and general administration expenses as well as other operating income and expenses), as well as the Nursing and Assisted Living segment, the financial market and the expenses incurred during the re-letting process. Although the Management Board believes that these assumptions are reasonable in the current environment, they may vary, prove to be incorrect, or turn out to be inaccurate compared to actual future developments since they relate to factors on which the Company has very limited or no influence. Should one or more of these assumptions prove to be incorrect or inaccurate, the future FFO may differ materially from the forecast of the Company or of Deutsche Wohnen Group.

1.2.16 Any disadvantageous changes in the tax environment may have a material adverse effect on Deutsche Wohnen's net assets, financial condition and results of operations.

It cannot be excluded that changes in tax legislation, administrative practice or case law, or changes in the interpretation thereof, which are possible at any time on short notice, may have adverse tax consequences for the Deutsche Wohnen Group. For example, there may be increases in real-estate-related taxes, such as real estate transfer tax ("**RETT**") and property tax, or capital gains tax. Additionally, the ability to depreciate owned real estate may be restricted. This may have a material adverse effect on the attractiveness of real estate and thus also on Deutsche Wohnen Group's Disposals segment. Amendments to applicable laws, orders and regulations may also have a retroactive effect. If these changes in the legal or tax framework conditions should occur, individually or together, or if other changes of the legal or tax framework conditions that negatively affect

Deutsche Wohnen Group's business were to arise, this may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.17 Deutsche Wohnen Group may be required to pay additional taxes following tax audits of the Group and Group companies.

Deutsche Wohnen Group's business activity is assessed for tax purposes based on currently applicable tax legislation taking into account current case law and administrative interpretations. If uncertainties exist regarding the tax treatment of a specific transaction, Deutsche Wohnen Group generally takes what it considers to be a risk-averse position. Nevertheless, changes in interpretation by the tax authorities, of tax legislation or of tax case law could have a material adverse effect on the Group's net assets, financial condition and results of operations. Deutsche Wohnen Group companies are regularly subject to tax audits. Deutsche Wohnen Group has paid the tax liabilities, and made provisions, with respect to tax risks resulting from current or past tax audits. However, it cannot be excluded that the actually assessed taxes resulting from such tax audits exceed such provisions.

All of the tax assessments issued for periods which were not yet finally audited are subject to review. Additionally, there were numerous mergers and restructuring measures as well as the implementation of fiscal unities (*steuerliche Organschaften)* within Deutsche Wohnen Group that may result in additional tax liabilities.

1.2.18 There are risks with respect to the amount of tax-loss carry-forwards as well as RETT.

Deutsche Wohnen Group companies have substantial tax-loss carry-forwards. These tax-loss carry-forwards may, subject to certain restrictions, reduce future taxable income and taxable trade profit. However, tax-loss carry-forwards are no longer usable, at the level of the Company and its direct and indirect subsidiaries in proportion to the acquired shares, if, within a period of five years, more than 25% of the shares or voting rights of the Company are combined, directly or indirectly, to be held by one shareholder (a so-called harmful acquisition). Shares are deemed to have been combined (including by way of a capital increase) for these purposes if they are assigned to a single acquirer, persons related to such acquirer, or a group of acquirers whose interests are aligned. Since Deutsche Wohnen's issued share capital is fully traded on the Frankfurt Stock Exchange as free float, a harmful acquisition may take place as part of exchange trading without the Company being able to influence it. Likewise, previous capital increases could be considered a harmful acquisition within the meaning of the pertinent rule. In case of a transfer of more than 50% of the shares or voting rights all tax-loss carry-forwards will be lost. In case of harmful acquisitions, the tax-loss carry-forwards may survive to the extent the respective company has, at the time of the harmful share transfer, certain built–in gains (*stille Reserven*) which are subject to tax in Germany. As a result, there is a risk that Deutsche Wohnen Group will be unable to utilize, in whole or in part, its corporation tax loss carry-forwards, which amounted to EUR 1.4 billion as of December 31, 2014, and its trade tax-loss carry-forwards amounted to EUR 1.1 billion as of December 31, 2014.

Furthermore, in the past, Deutsche Wohnen Group made various acquisitions of real estate companies and real estate portfolios, including the acquisition of GSW Immobilien AG ("**GSW**", and together with its consolidated subsidiaries, the "**GSW Group**") and an acquisition of a portfolio of about 6,900 residential units in the Greater Berlin area from companies affiliated with Blackstone Group L.P. It cannot be excluded that any of the previous acquisitions by Deutsche Wohnen Group may trigger RETT.

A loss of tax-loss carry-forwards as well as the triggering of RETT following Deutsche Wohnen Group's recent and pending acquisitions may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.19 Deutsche Wohnen Group may not be in a position to take tax deductions for its interest payments, which may result in a higher tax burden.

In the course of its business, Deutsche Wohnen Group has entered into numerous financing transactions with third parties, including for the financing of its acquisitions of real estate portfolios. These debt financing arrangements require the Group to pay principal and interest. Since 2008, the tax deductibility of interest expenses may have been limited by section 4h of the German Income Tax Act (*Einkommensteuergesetz*) in conjunction with section 8a of the German Corporate Tax Act (the "**Interest Deduction Ceiling**") (*Zinsschranke*). Because of the Interest Deduction Ceiling, the deductibility of net interest expenses by a business operation is generally limited to 30% of taxable EBITDA (taxable income adjusted for interest expense and certain types of depreciation), unless certain exceptions apply. Any non-deductible amount may only be carried forward to future periods and may be deductible in future years under certain circumstances. Until now only a limited amount of Deutsche Wohnen Group's interest expenses has been non-deductible due to the Interest Deduction Ceiling. But if the Group is affected by the application of these provisions to a greater extent or of they become applicable as a result of acquisitions in the future, this would result in a higher tax burden and, consequently, have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.20 Deutsche Wohnen's inability to increase prices as commercially necessary in the Nursing and Assisted Living segment may have an adverse effect on the revenue and earnings of that segment.

The Nursing and Assisted Living segment is currently subject, in particular, to the provisions of Books XI and XII of the German Social Security Code (*Sozialgesetzbuch*), the Nursing Home Act (*Heimgesetz*), complementary state legislation and the law relating to accommodation and care contracts (*Wohn- und Betreuungsvertragsgesetz*), (see below, "—*1.2.21 The Nursing and Assisted Living segment may be subject to greater regulatory constraints as a consequence of legal reforms*."). These statutes govern, among other things, the remuneration scheme for nursing and retirement home contracts, the goods and services needed for basic care and housekeeping care for which the nursing care insurance (*Pflegeversicherung*) or other institutions pay reimbursement, and cost reimbursement. In developing its fee schedule, Deutsche Wohnen is required to comply with these legal mandates and cannot, therefore, exercise unfettered discretion in structuring the fees. For example, fee increases – insofar as they can be implemented in the respective regional market – must be approved by or, as the case may be, negotiated with the reimbursing entities (nursing care funds or social welfare funding bodies). If a requested fee increase is not approved, it might be impossible to increase fees, or possible only by way of protracted administrative proceedings. Should the Company be unable to increase its fees to the extent necessary for business reasons, this may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.21 The Nursing and Assisted Living segment may be subject to greater regulatory constraints as a consequence of legal reforms.

Legislative authority relating to nursing homes, which applies to the retirement and nursing home sector, was transferred from the federal government to the state governments in 2006. Except for the state of Thuringia, all German states have enacted their own nursing home statutes to date. As state-specific nursing home laws develop, Deutsche Wohnen expects – also with a view to future amendments to nursing home laws – that there will increasingly be different standards for the operation of retirement and nursing homes, and it is possible that new regulatory framework conditions may lead to higher costs and have a negative impact on the Nursing and Assisted Living segment. Moreover, laws governing health and welfare may be changed by other reforms. This may result in increased costs for the care of long-term care patients that might no longer be borne by the nursing care funds. In addition, home-based care and services provided by relatives and other volunteer caregivers have been strengthened through various measures as a result of the German Care Realignment Act of 2013 (*Pflege-Neuausrichtungs-Gesetz*). Home-based care and services provided by relatives are lately being, and could be further encouraged in the future with additional reforms. Effective as of January 1, 2015 the First Care Support Act (*Erstes Pflegestärkungsgesetz*) has substantially expanded on benefits granted to individuals in need of care, as well as their relatives. The First Care Support Act is designed to strengthen and to promote the home-based care situation with additional financial means and improved respite care (*Verhinderungs- und Kurzzeitpflege*) which could reduce the need for retirement homes and, respectively, assisted living and nursing homes. The planned growth in the Nursing and Assisted Living segment may be more difficult to achieve as a result, or even prevented altogether, which may result in a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.22 It is not assured that Deutsche Wohnen's Nursing and Assisted Living segment will be able to recruit qualified employees at a reasonable cost in the future and to retain current qualified employees.

Deutsche Wohnen's commercial success depends on retaining highly qualified employees for the long term. Deutsche Wohnen's planned expansion of the Nursing and Assisted Living segment is particularly dependent on attracting a significant number of qualified employees for the Group's nursing home facilities. In addition, there is increasing competition for qualified personnel in the growing market for the care of the elderly, which may have adverse effects on the number of job seekers in this area and the wage expectations of potential future employees. Moreover, it is possible that Deutsche Wohnen will be unable to retain existing qualified employees in the future.

If Deutsche Wohnen's efforts to recruit and retain employees fail, this could significantly impair its growth strategy, particularly in the Nursing and Assisted Living segment, and have a material adverse effect on net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.23 As a recipient of public subsidies, Deutsche Wohnen undertook to comply with numerous restrictions on the rental management of subsidized residential units. Any failure to comply with these restrictions may result in fines, contractual penalties and an obligation to refund subsidies.

Public subsidies are of relevance for Deutsche Wohnen, in particular for the companies of the GSW Group. As a result of receipt of public subsidies, Deutsche Wohnen is subject to various restrictions limiting its ability to manage and sell certain of its residential properties, in particular with regards to rent increases, modernizations, privatizations, institutional sales and other divestitures (see also "*—1.2.24 The Company's ability to dispose of certain retirement homes is constrained by conditions imposed as a consequence of having received public subsidies.*").

Failure to comply with the specific conditions underlying the respective subsidies may result in contractual penalties, fines and reputational damage. Furthermore, Deutsche Wohnen's entitlements to future subsidies may be withdrawn and past subsidies may be revoked with retroactive effect. As a consequence, Deutsche Wohnen may be required to repay such subsidies.

Government subsidies are typically granted in the form of low-interest loans or financial aid and government grants. In order to compensate for construction, financing and property-related costs through public funding, public authorities often establish maximum rent levels for the respective properties. Even though rent levels established by the public authorities are below current market rents for a large number of rent-restricted residential units, it may be difficult to increase rents to market levels once the subsidy-related restrictions lapse. This is because the existing tenant base in rent restricted residential units may not be able or willing to pay market level rents for such properties. Upon the expiry of such rent restrictions, Deutsche Wohnen may not be able to adjust current rent levels for rent restricted residential units to market rents.

Moreover, no assurance can be given that Deutsche Wohnen will continue to be able to secure public funding at the same level as it did in the past. Reduced public funding may result from, among other factors, further cut-backs on public subsidies by government agencies. For instance, in 2003, the Berlin government resolved to discontinue its supplementary housing subsidy program (*Anschlussförderung*) following the expiry of an initial term of 15 years of housing subsidies (*Grundförderung*). In addition, a considerable amount of Deutsche Wohnen's revenue is directly or indirectly dependent on social aid provided to or on behalf of Deutsche Wohnen's tenants, such as unemployment benefits (*Arbeitslosengeld I*), social welfare (*Arbeitslosengeld II, Grundsicherung*) and housing subsidies (*Wohngeld*). Any reduction of these social welfare benefits would adversely affect the creditworthiness of parts of Deutsche Wohnen's tenant base.

If any of these risks were to materialize, this could have a material adverse effect on Deutsche Wohnen's net assets, financial condition and results of operations.

1.2.24 The Company's ability to dispose of certain retirement homes is constrained by conditions imposed as a consequence of having received public subsidies.

GEHAG and KATHARINENHOF® received a total of EUR 32.1 million in public construction subsidies in connection with nursing home facilities in the new federal states in accordance with section 52 of the German Long Term Care Insurance Act (*Pflege-Versicherungsgesetz*). The conditions imposed in connection with the receipt of these public subsidies require GEHAG and KATHARINENHOF® to operate the facilities as nursing homes for seniors for the duration of the subsidy commitment period (which is generally 40 years from the date of the approval notice for acquired or newly erected buildings) and require the consent of the subsidizing agencies for any sale of the subsidized facilities. If the Company violates these conditions, it may be required to repay these public subsidies or part thereof, which may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.25 Deutsche Wohnen's lean organizational structure, particularly at the management level, may adversely impact the development of its business and the effectiveness of its risk management.

Deutsche Wohnen's success depends significantly on the performance of its management executives and qualified employees in key positions, particularly Management Board members Michael Zahn, Andreas Segal and Lars Wittan, as well as other management executives with substantial sector expertise, specifically in the areas of accounting, finance, portfolio- and asset management, as well as sales. Moreover, it is particularly important for the planned additional expansion of Deutsche Wohnen's business that the Company hires further qualified employees to the extent that its expansion requires an increase in available resources. Due to the intense competition for suitable management executives in the real estate field, Deutsche Wohnen cannot guarantee that it will succeed in recruiting the necessary management executives and employees in the future. The loss of one or more Management Board members or other key employees, and the difficulty of recruiting new, highly qualified management executives may impair the Group's growth and make it difficult to maintain its Group control function. In addition, although the Group believes it has established a suitable risk management system, because of the small number of employees the Company has in central areas, it is possible that the Company's risks might only be recognized at a later point in time. The occurrence of one or more of the risks described above may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.26 Deutsche Wohnen is exposed to the risk that counterparties may not perform their obligations under agreements between them and Deutsche Wohnen.

Deutsche Wohnen is exposed to the risk that counterparties may not perform their obligations under agreements between them and Deutsche Wohnen. Third parties in this case include customers (tenants), trading counterparties and financial institutions. These parties may default on their obligations to Deutsche Wohnen due to lack of liquidity, operational failure, insolvency or for other reasons. The risk of counterparty default has become increasingly relevant since the recent financial crisis. Market conditions have led to the insolvency or mergers under distressed conditions of a number of prominent businesses and financial institutions. Although the largest portion of Deutsche Wohnen's exposure to counterparty risk is generally attributable to its hedging activities, any significant loss the Group suffers from counterparty defaults may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.27 Deutsche Wohnen's use of standardized contracts may multiply the risks as compared with the use of individual contracts.

Deutsche Wohnen maintains legal relationships with a large number of persons, primarily tenants, employees and purchasers of residential properties. In this context, the Group also uses standardized contractual conditions and general business terms. If these terms contain provisions that are or become disadvantageous to Deutsche Wohnen, *e.g.*, through changes in interpretation by the courts, or if clauses therein are invalid or become invalid, *e.g.*, due to new law, such changes in terms will affect a large number of standardized contracts. As a general rule, standardized terms are invalid if they are not worded clearly and transparently or if they are unbalanced and discriminatory against the other party. It is impossible to fully avoid risks arising from the use of such standardized contractual terms because of the frequency of changes that are made to the legal framework, particularly court decisions relating to general terms and conditions of business. One example of this is the Federal Court of Justice's decision relating to the invalidity of decorative repair clauses that provide fixed schedules for the tenant's performance of decorative repairs or which unreasonably restrict the way the tenant carries out the decorative repairs. The invalidity of such clauses results in higher maintenance costs for the landlord because the landlord is held responsible for maintenance to a bigger extent than expected. Even in the case of contracts prepared with legal advice, problems of this nature cannot be prevented, either from the outset or in the future due to subsequent changes in the legal framework, particularly case law, making it impossible for Deutsche Wohnen to avoid the ensuing legal disadvantages. This may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.28 Deutsche Wohnen may be subject to additional claims for pension and benefits obligations.

On a Group level, Deutsche Wohnen Group is liable for pension obligations based on retirement provisions in the form of pension grants. For this purpose, the Company recognized employee benefit liabilities of EUR 73.0 million in the condensed consolidated interim financial statements as of and for the three months ended March 31, 2015, which were prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**") for interim financial reporting (IAS 34). The actual amount of these obligations, however, cannot be fully calculated in advance and involves substantial uncertainty, so that the actual pension obligations may exceed the recognized employee benefit liability.

Moreover, there is a statutory obligation to review the need for adjustments and, if applicable, to adjust the amount of the pension payments. If such a review was not undertaken in the past or if pension adjustments were not made as required by law, the Company may be subject to an obligation to pay the unpaid pension adjustments and to increase future pension payments.

In addition to the defined benefit pension plans, some employees of subsidiaries are covered by a pension plan governed by the rules of the supplemental civil service pension plan because of the employees' membership in the Bavarian Pension Fund (*Bayerische Versorgungskammer – Zusatzversorgungskasse* ("**BVK**")) of the Bavarian municipalities. The pay-as-you-go financing arrangement of this pension plan bears the risk of contribution adjustments that may result in the Company having to increase its contributions to BVK in the future. Finally, Deutsche Wohnen subsidiaries use pension schemes that have not been adapted to current laws since the 1990s or since such pension schemes were implemented. These pension schemes continue to apply to employees who were active at the time the schemes were closed, as well as to retirees, and to departed employees whose entitlements have vested. These pension schemes contain provisions that potentially do not comply with current laws; such provisions could be considered discriminatory in part and therefore deemed invalid by competent courts. Additional claims may consequently arise from discrimination against part-time and marginally employed workers with respect to their rights to a pension, from discrimination against registered partners in a civil union with respect to their rights to survivorship benefits, and from the unequal treatment of women and men.

Furthermore, based on an agreement from 1967, Deutsche Wohnen's subsidiary GSW participates in the German Federal and State Government Employees Pension Fund (*Versorgungsanstalt des Bundes und der Länder*) ("**German Government Employees Pension Fund** (***Versorgungsanstalt des Bundes und der Länder***)"), a pension fund which used to provide pensions and other benefits exclusively to former employees of public sector employers. Based on agreements from 1998 and 2006, FACILITA Berlin GmbH Facility Management für die Wohnungswirtschaft ("**Facilita**") and GSW Betreuungsgesellschaft für Wohnungs- und Gewerbebau mbH ("**BWG**") respectively also participate in German Government Employees Pension Fund (*Versorgungsanstalt des Bundes und der Länder*). If the German Government Employees Pension Fund (*Versorgungsanstalt des Bundes und der Länder*) were to decide that GSW, Facilita and BWG were no longer eligible to participate in the German Government Employees Pension Fund (*Versorgungsanstalt des Bundes und der Länder*), GSW, Facilita and BWG would be required to make a significant compensation payment. In addition, the German Government Employees Pension Fund (*Versorgungsanstalt des Bundes und der Länder*) could demand that GSW, Facilita and BWG enter into new participation agreements that could increase Deutsche Wohnen's contributions by at least 15%.

Finally, all continuing obligations under pension schemes –with the exception of the pension schemes in effect at KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH ("**KATHARINENHOF®**", and together with its subsidiaries, the "**KATHARINENHOF® Group**") – are governed by individual contracts incorporating such schemes by reference, making across-the-board changes to the pension schemes practically impossible. Rather, the consent of pension-eligible individuals may be required to implement any changes. Moreover, because these pension schemes, because they are incorporated by reference in individual contracts, they are all subject to the same rules of interpretation which are applied to general terms and conditions of business, which may result in the invalidity of additional provisions which, in turn, may lead to additional financial burdens.

Deutsche Wohnen bears considerable financial risk from the aforementioned pension schemes if the current employee benefit provisions are insufficient. In addition, unforeseen benefit claims, contribution obligations or back payment obligations may arise for a material amount.

The occurrence of one or more of these risks may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.29 Deutsche Wohnen may sustain substantial losses from damage not covered by, or exceeding the coverage limits of, its insurance policies.

Deutsche Wohnen's properties are insured against losses due to fire or natural hazards. However, these insurance policies are sometimes subject to exclusions and limitations of liability; for example, risks in flood areas are only partially insurable or not insurable at commercially acceptable costs. It is therefore possible that losses may be incurred that exceed the respective limits of coverage. It is also possible that an insurance company that issued a policy to the Company may become insolvent. If damages are not covered by insurance, this may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.30 The IT systems may malfunction or become impaired. In addition, the integration of IT systems of newly acquired portfolios may lead to significant expense and impairment of the existing IT systems.

Deutsche Wohnen's information technology system plays an important role in its business strategy. Any interruptions in, failures of, or damage to Deutsche Wohnen's information technology system may lead to delays or interruptions in its business processes, such as the outage of the Group's customer service hotline. Any malfunction or impairment of the computer systems may interrupt Deutsche Wohnen's operations and lead to increased costs. It is possible that future technological developments may adversely affect the functionality of Deutsche Wohnen's computer systems and require further action, which may require the Group to spend substantial funds to prevent or repair malfunctions of its IT systems. The Company cannot guarantee that even anticipated and/or recognized malfunctions can be avoided in every case by appropriate preventive security measures. Additionally, Deutsche Wohnen has outsourced a portion of its computer systems to external service providers. Deutsche Wohnen cannot guarantee that such or additional other risks will not also materialize with such service providers. In addition, the integration of IT systems of newly acquired real estate portfolios into Deutsche Wohnen's IT systems may lead to significant expense and impairment of existing IT systems and to disruptions of the Group's operations. Overall, this may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.31 An impairment of Deutsche Wohnen's goodwill may adversely affect its net assets and results of operations.

The goodwill recorded in the Company's consolidated balance sheet as of March 31, 2015 amounted to EUR 535.1 million. This mainly reflects goodwill arising in connection with Deutsche Wohnen's acquisition of GSW in 2013. Therefore, the accounting for goodwill has a significant impact on the balance sheet. Goodwill is not subject to amortization but to impairment tests carried out annually or more frequently if circumstances indicate that an impairment has occurred. These impairment tests may result in significant impairments that would have to be recognized in the Company's consolidated profit and loss statement. This and other factors may have a material adverse effect on the net assets and results of operations of Deutsche Wohnen.

1.2.32 The acquisition of real estate involves risks such as missing building permits, licenses and certificates that cannot be avoided on the basis of legal, tax and economic due diligence.

Deutsche Wohnen and the former owners of the acquired properties generally are only able to conduct a limited due diligence investigation prior to the purchase of properties; accordingly, Deutsche Wohnen or the former owners might not have been in a position to examine whether the original owners of the properties, and/or the properties themselves, obtained all required building permits and satisfied all permit conditions, received all necessary licenses and fire, health and safety certificates, and satisfied all comparable requirements. Moreover, Deutsche Wohnen or the former owners might not have been in a position to carry out all follow-up investigations, inspections, and appraisals/inventories (or to obtain the results of such inquiries). Accordingly, in the course of acquiring real estate portfolios, potential specific risks might not be, or might not have been, recognized or evaluated correctly. Thus, legal and/or economic liabilities may have been overlooked or misjudged. In the purchase agreements that Deutsche Wohnen enters into with sellers of property portfolios, the sellers regularly make various representations and warranties. It is possible, however, that these warranties do not cover all risks or that they fail to cover all risks sufficiently. Additionally, a warranty made by a seller may be unenforceable due to the seller's financial situation or insolvency. In some cases, a real estate seller makes no representation or warranty as to the sufficiency and accuracy of the information that is made available in a due diligence investigation, or as to whether such information remains correct during the period between the conclusion of the due diligence investigation and the transfer of ownership of the respective property to Deutsche Wohnen. Accordingly, such risks could arise despite thorough due diligence, and they may have a material adverse effect on the net assets, financial condition and results of operations of Deutsche Wohnen Group.

1.2.33 Deutsche Wohnen may be exposed to risks in connection with possible acquisitions and investments. These risks include unexpected liabilities, greater indebtedness, higher interest expenses and challenges with respect to the integration of newly acquired businesses and achieving anticipated synergies.

As part of Deutsche Wohnen's strategy, the Company evaluates property portfolios and real estate companies in order to identify those that might fit both its existing property portfolio and its current management platform and that Deutsche Wohnen believes might improve the quality of its portfolio. In the past, Deutsche Wohnen has carried out several acquisitions of real estate companies, including, a portfolio of around 58,000 residential units, 1,000 commercial units as well as 9,500 garages and parking spaces managed by GSW that closed in November 2013 or the portfolio of the BauBeCon group (comprised of the companies BauBeCon Immobilien GmbH, BauBeCon Wohnwert GmbH, BauBeCon Assets GmbH, BauBeCon BIO GmbH, Algarobo Holding B.V., Hamnes Investment B.V. and Intermetro GmbH. (collectively known as the "**BauBeCon Group**")). In 2015, Deutsche Wohnen signed purchase agreements concerning the acquisition of approximately 6,500 residential units, predominantly located in Berlin, for an aggregate purchase price of approximately EUR 500 million. Closing for the vast majority of these acquisitions is expected to take place at the end of the first half of 2015. Such direct and indirect investments in property involve considerable risk. Apart from the risks associated with the acquired properties or companies themselves, acquisitions occupy management resources which cannot be deployed elsewhere within the Deutsche Wohnen Group. The Company's acquisition or takeover of additional property portfolios and real estate companies can be financed by taking on additional debt or by issuing new shares in the capital markets or by a combination thereof. If Deutsche Wohnen is unable to obtain the necessary capital on reasonable terms, it may be unable to make further acquisitions, may be able to do so only to a limited extent or, if debt financing is available, may be able to do so only by taking on additional debt. Any additional debt incurred in connection with future acquisitions could have a significant negative impact on the Group's performance indicators – net asset value ("**NAV**") and LTV Ratio – and could result in higher interest expenses for the Group. If the Group is no longer able to obtain the debt or equity financing it needs to acquire additional property portfolios, or if it is able to do so only on onerous terms, its further business development and competitiveness could be severely constrained.

Anticipated business performance of targeted portfolios or companies, synergies, economies of scale and cost savings may not be realized in whole or in part or may occur only later. This may result in higher administrative and management costs. Deutsche Wohnen's plans to increase the volume of business and possible start-up activity in new strategic core and growth regions require an adaptation of the Group's operational and organizational structure, particularly the continued development of suitable planning and controlling processes, as well as the hiring of additional qualified employees to the extent that the Group's growth exceeds its available resources. There is no guarantee that the systems, operations or controls required to support the expansion of its business are sufficient. Deutsche Wohnen may no longer be in a position to effectively scale its internal and external growth or may not be able to obtain the resources and/or employees necessary to do so.

Deutsche Wohnen investigates acquisitions using business plans that are based on assumptions regarding various factors such as revenue and earnings (including growth potential), whether vacancies can be reduced, maintenance expenses, integration costs, potential proceeds from single-unit sales (residential unit privatizations) and block sales (institutional sales), economies of scale and cost savings, and transaction costs. However, the Group cannot exclude the possibility that these and other assumptions underlying its current business plan may not be met, or that they may be met only in part or at a later date, including a potentially undiscovered backlog in capital expenditures required for the maintenance of the properties. The business development of acquisitions depends on various factors and may differ from Deutsche Wohnen's internal projections. Additionally, parts or all of the acquired portfolios may have larger business management or marketing problems, may be located in weaker locations or may not be entirely aligned with the targeted strategy of Deutsche Wohnen or may contain a significant share of assets that Deutsche Wohnen considers as non-core and thus may need to be sold. Factors which may negatively impact the development of newly acquired holdings include a deterioration of macroeconomic conditions in the core and growth regions in which the portfolio is located or in the wider economy, an unfavorable market trend for the sale of residential units, higher capital expenditure requirements and difficulties in increasing rents and reducing vacancy rates. These and other factors may adversely impact the valuation of newly acquired holdings and/or lead to a decrease in proceeds from disposals and rental income, which may subsequently result in lower profits following the acquisition of newly acquired holdings.

Newly acquired portfolios are frequently managed by third parties, at least for a transitional period. During this transition period, Deutsche Wohnen is exposed to the risk that these external managers may fail to fulfill some or all of their duties under the respective service agreement and that it may not be able to adequately control or influence the management of the units in the new portfolio.

Accordingly, the Group cannot guarantee the success of the acquisitions and investments it has made to date or of its potential future acquisitions and investments. A failure of the Group's acquisitions or investments to achieve the desired results may occur despite a thorough due diligence investigation, and it could have material adverse effects on Deutsche Wohnen's business, net assets, financial condition, cash flow and results of operations.

Further, due to a change in law, it became significantly more difficult to purchase real estate portfolios without triggering RETT (*Grunderwerbsteuer*). Until June 2013, real estate companies were often able to structure real estate transactions in a tax-neutral way by means of third-party structures that resulted in an economic participation of the acquirer in the purchased real estate of nearly 100% without triggering RETT. According to the new law, the payment of RETT is generally not triggered if the direct and indirect holdings of the Company in the newly acquired real estate holding entity, when taken together, do not reach 95%. Accordingly, if Deutsche Wohnen intends to purchase real estate holding entities in a tax-neutral way, it may have to partner with one or more third parties that acquire more than 5% in the entity. This may make the acquisition process significantly more complex, may result in stronger minority rights for the partner and may ultimately increase acquisition costs and future administrative burdens in respect of the newly acquired entity.

As a result of recent acquisitions, the Deutsche Wohnen Group consists of a large number of legal entities and has a complex group structure. Accordingly, enhanced controlling and steering efforts are necessary to manage the Group. Deutsche Wohnen cannot rule out that its efforts may not produce the desired results.

A failure to achieve the desired results via acquisitions or investments could have material adverse effects on Deutsche Wohnen's business, net assets, financial condition and results of operations.

1.3 Risks Related to the Shares and the Offering

1.3.1 Future capitalization measures may lead to substantial dilution, i.e. a reduction in the value of the shares and the voting rights, of existing shareholders' interests in Deutsche Wohnen.

The Company may require additional capital in the future to finance its business operations and growth, such as through the acquisition of major portfolios, or to repay its debts. Both the raising of additional equity through the issuance of new shares, and the potential exercise of conversion or option rights by the holders of convertible bonds or bonds with warrants that might be issued in the future, may dilute shareholders' interests. Additionally, such dilution may arise from the acquisition of other companies or investments in companies in exchange, fully or in part, for newly issued shares of the Company, as well as from the exercise of stock options by its employees in the context of future stock option programs or the issuance of shares to employees in the context of future employee stock ownership programs.

1.3.2 Any future sales of the Company's shares by major shareholders may depress the market price of the shares.

If any major shareholders were to sell substantial amounts of the Company's stock on a public exchange or if market participants were to become convinced that such sales might occur, this may have a material adverse effect on the market price of the Company's shares.

1.3.3 The market price of the Company's shares has been volatile and might continue to be volatile.

In the past, the market price of Deutsche Wohnen shares has been volatile and characterized by fluctuating trading volumes and may continue to be volatile and characterized by fluctuating trading volumes in the future. Securities markets in general, including shares of real estate companies, have also been extremely volatile in the past. The market price of the Company's shares may also be subject to significant fluctuations and may decline considerably in spite of positive business performance. The market price of Deutsche Wohnen shares may experience major fluctuations due to, in particular, changes in Deutsche Wohnen Group's actual or projected results of operations or those of the Group's competitors, changes in earnings projections or failure to meet investors' and analysts' earnings expectations, investors' assessments of the success and effects of the strategy described in this Prospectus, as well as the evaluation of the related risks, changes in general economic conditions, changes in the shareholder structure and other factors. Additionally, general fluctuations in share prices, particularly of shares of companies of the same sector, may lead to pricing pressures on Deutsche Wohnen shares, even where there may not necessarily be a reason for this in the business or earnings outlook of Deutsche Wohnen Group.

1.3.4 The Company's ability to pay dividends depends on a variety of factors. Dividends paid in the past are not necessarily indicative of future dividend payments, and the Company's dividend policy may change.

Deutsche Wohnen AG functions as a holding company that does not conduct any operative business itself. To cover its operating costs, the Company relies on, among other things, payments that it receives from its subsidiaries and other investment interests as agreed consideration for providing agency services, distributions and payments under profit and/or loss transfer agreements, as well as scheduled repayments of loans the Group has granted to the subsidiaries. There is no guarantee that such funds will always be sufficient in the future to satisfy all of Deutsche Wohnen's payment obligations. If this should not be the case, Deutsche Wohnen would need to obtain additional funds.

The Company has entered into domination and profit and/or loss transfer agreements with several of its subsidiaries. Based on these agreements, the Company is required to equalize any fiscal year-deficit sustained by the dominated companies to the extent such losses cannot be covered by retained earnings that were created during the term of the agreement. The obligation to set off such potential losses of the subsidiaries matures as of the balance sheet date and is quantified by the amount of the recorded deficit.

In line with the Company's stated dividend policy, it currently aims to generally distribute approximately 60% of the Group's FFO. The annual dividend proposal to the annual general meeting is, however, subject to the development of the Group's business. The required capital base for growth initiatives and the current business prospects are taken into account. The Company's intention is to pay dividends only to the extent that they are covered by Deutsche Wohnen AG's cash flows available for dividends. If there are insufficient cash flows available for dividends, the Company will likely refrain from paying a dividend. It cannot be ruled out that Deutsche Wohnen AG may not be in a position to pay any dividends in the medium term from balance sheet profit and the free capital reserve of the Company within the meaning of section 272 paragraph 2 No. 4 of the German Commercial Code (HGB). In addition, there can be no assurance that dividends in line with the current dividend policy will be paid in the future or that dividends will be paid at all.

In addition, payments and transfers of funds (also by way of cash pooling arrangements) to the Company by its subsidiaries in order to enable dividend payments may become restricted by regulation of law or otherwise. Furthermore, payments may become restricted, directly or indirectly, by the terms of Deutsche Wohnen's credit facilities, such as the requirement to maintain a certain LTV-Ratio. There can be no assurance that any future credit agreements will not contain such restrictions

1.3.5 The holdings of shareholders who do not participate in the offering will be substantially diluted, i.e., the value of their shares and their control rights will be negatively impacted.

Subscription rights that are not exercised by and including June 3, 2015 will expire valueless. If a shareholder fails to exercise his or her subscription right, such shareholder's proportionate share of the total equity will decline. If a shareholder also fails to sell his or her subscription rights, such shareholder will sustain a monetary dilution in the amount of the value of the subscription rights.

1.3.6 Active trading in the subscription rights might not develop, and the subscription rights could be subject to greater price fluctuations than the Company's shares. Trading in the New Shares may be less liquid than trading in the Company's existing shares.

The Company intends to allow the subscription rights to be traded during the period from May 21, 2015 up to and including June 1, 2015 in the regulated market segment (XETRA and XETRA Frankfurt Specialist) of the Frankfurt Stock Exchange. The Company does not intend to apply for trading of subscription rights on any other securities exchange. The Company cannot guarantee that active trading of the subscription rights will develop on the Frankfurt Stock Exchange or that sufficient liquidity will be available during the subscription rights trading period. The market price of the subscription rights will depend, among other things, on the subscription price and the market price of the Company's shares, and will likely be subject to significantly greater price fluctuations than the market price of the Company's shares, in particular, before the subscription price is set.

As the New Shares do not carry dividend rights for fiscal 2014, the New Shares will not be fungible with the Company's existing shares, which still carry full dividend rights for fiscal 2014, until the Company's existing shares start trading ex dividend rights for 2014, which is expected to be June 15, 2015. On that day, the New Shares will become fully fungible with the Company's existing shares. Until the day on which the New Shares and the Company's existing shares become fungible, trading in the New Shares may be less liquid than trading in the Company's existing shares.

1.3.7 The offering may expire and the subscription rights may become worthless if the Joint Bookrunners terminate the placement agreement for the New Shares or the Company withdraws from the subscription offer. In such a case, the Company could receive lower issue proceeds than expected or receive none at all. In

addition, the Company may not be able to place all offered shares which may result in substantially lower proceeds.

The Company, the Joint Bookrunners and the Lead Managers have concluded a placement agreement, pursuant to which the Joint Bookrunners and the Lead Managers have undertaken to offer the New Shares to the Company's shareholders for subscription. The placement agreement can be terminated by the Joint Bookrunners under certain circumstances. If the placement agreement is terminated because the Joint Bookrunners withdraw before the publication of the subscription offer in the German Federal Gazette (*Bundesanzeiger*), because the Company withdraws from the subscription offer, or because the implementation of the capital increase is not registered in the commercial register in a timely manner, the offering will lapse and the shareholders' subscription rights will expire. In this case, the subscription agent will not reverse subscription rights trading transactions. Investors that have acquired subscription rights for the New Shares over a stock exchange would therefore suffer a complete loss in this case. Subscription declarations for New Shares already made would be invalid. Should short sales have already occurred at the time of such an expiry of the offering, the short-seller of the shares would bear the risk of not being able to meet its obligation to deliver New Shares. The Company would receive no issue proceeds in the event of a termination of the placement agreement. In addition, the Company may not be able to place all offered shares which may result in substantially lower proceeds.

2. GENERAL INFORMATION

2.1 Responsibility Statement

Deutsche Wohnen AG, with its registered office at Pfaffenwiese 300, 65929 Frankfurt am Main, Germany, and registered with the commercial register of the local court (*Amtsgericht*) of Frankfurt am Main under docket number HRB 42388 (the "**Company**" and together with its fully consolidated subsidiaries, the "**Group**", "**Deutsche Wohnen**", or "**Deutsche Wohnen Group**"), along with Goldman Sachs International, London, United Kingdom ("**Goldman Sachs**"), UBS Limited, London, United Kingdom ("**UBS**"), and Deutsche Bank Aktiengesellschaft, Frankfurt am Main, Germany ("**Deutsche Bank**", and together with Goldman Sachs and UBS, the "**Joint Global Coordinators**" or "**Joint Bookrunners**"), Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany ("**Berenberg**"), DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Germany ("**DZ BANK**"), Kempen & Co N.V., Amsterdam, the Netherlands ("**Kempen & Co**") and UniCredit Bank AG, Munich, Germany ("**UniCredit Bank AG**" and, together with Berenberg, DZ BANK and Kempen & Co, the "**Lead Managers**" and, together with the Joint Global Coordinators, the "**Underwriters**"), assume responsibility, pursuant to section 5 paragraph 4 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*, or "**WpPG**") for the contents of this prospectus (the "**Prospectus**") and declare, pursuant to section 5 paragraph 4 of the WpPG, that the information contained therein is, to the best of their knowledge, correct and does not contain any material omissions. Notwithstanding section 16 of the WpPG, neither the Company nor the Joint Bookrunners nor the Lead Managers are required by law to update the Prospectus.

If an investor files claims in court on the basis of the information contained in this Prospectus, the plaintiff investor may be required, pursuant to the laws of the individual member states of the European Economic Area ("**EEA**"), to bear the cost of translating the Prospectus before proceedings begin.

2.2 Purpose of this Prospectus

For the purpose of the public offering of the New Shares in Germany and Luxembourg during a period starting on May 21, 2015 and ending on June 3, 2015 (the "**Offer Period**"), this Prospectus relates to 42,166,532 ordinary bearer shares with no par-value from the capital increase against cash contributions resolved by the Company's management board ("**Management Board**") and approved by the Company's supervisory board ("**Supervisory Board**") on May 20, 2015, on the basis of the Company's authorized capital, each such share representing a notional value of EUR 1.00 and carrying full dividend rights from, and including, the fiscal year starting January 1, 2015.

For the purpose of admission to trading of New Shares on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof, with additional post-admission obligations (*Prime Standard*), this Prospectus relates to a total of up to 42,166,532 ordinary bearer shares with no par-value, each such share representing a notional value of EUR 1.00 and carrying full dividend rights from, and including, the fiscal year starting January 1, 2015.

2.3 Forward-Looking Statements

This Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding Deutsche Wohnen's business and management, its growth and profitability, and general economic and regulatory conditions to which it is exposed. Statements made using wording such as "predicts", "forecasts", "plans", "prospective", and "expects" may indicate forward-looking statements. Forward-looking statements in this Prospectus are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which may cause the actual results, including the financial condition and profitability of Deutsche Wohnen Group, to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements.

In light of the uncertainties and assumptions, it is also possible that the future events mentioned in this Prospectus might not occur. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third-party reports may prove to be inaccurate (see "—*2.7 Sources of Market Data*" below). Moreover, it should be noted that the Company is not assuming any obligation, unless required by law, to update any forward-looking statement or to conform any such statement to actual events or developments.

These forward-looking statements apply only as of the date on which they are made. The Company expressly disclaims any obligation or undertaking to publicly release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

2.4 Appraisers

The independent, external appraisers CBRE GmbH, Hausvogteiplatz 10, 10117 Berlin, Germany ("**CBRE**"), prepared a report on the fair value of the Deutsche Wohnen Group's entire residential and commercial real estate portfolio as of December 31, 2014 and the fair value of Deutsche Wohnen Group's nursing and assisted living facilities as of June 30, 2014 pursuant to IAS 40 (the "**Property Appraisal Report**"), which is reprinted in this Prospectus on pages V-1 *et seq*. CBRE employs a publicly appointed and sworn expert, members of the *Royal Institution of Chartered Surveyors* (RICS) and real estate experts certified in the area of valuations by HypZert GmbH. As stated in their report, CBRE is not aware of any actual or potential conflict of interest that might have influenced its independent status. CBRE has consented to the inclusion in this Prospectus of the Property Appraisal Report in unmodified form and in the context in which it is presented.

2.5 Note on Financial Information

The financial information included in this Prospectus is taken or derived from Deutsche Wohnen AG's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015 prepared in accordance with IFRS for interim financial reporting (IAS 34), Deutsche Wohnen AG's audited consolidated financial statements as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and the additional requirements of German commercial law pursuant to section 315a paragraph 1 of the German Commercial Code (*Handelsgesetzbuch*, "**HGB**"), Deutsche Wohnen AG's audited unconsolidated annual financial statements as of and for the fiscal year ended December 31, 2014, prepared in accordance with the German Commercial Code (HGB) and from Deutsche Wohnen AG's accounting records or internal management reporting systems. The aforementioned financial statements are reproduced in the "*Financial Information*" section of this Prospectus.

Where the financial information stated in this Prospectus is labeled as "audited", this means that it has been taken from the Company's audited consolidated financial statements as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012 or from the audited unconsolidated annual financial statements of Deutsche Wohnen AG as of and for the fiscal year ended December 31, 2014. Financial information which has not been taken from the aforementioned consolidated financial statements or unconsolidated annual financial statements but, instead, is taken or derived from Deutsche Wohnen AG's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015, accounting records or internal management reporting systems, or is based on calculations of financial information from the above mentioned sources, is labeled in this Prospectus as "unaudited".

In the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2013, pursuant to IFRS 3, the allocation of the purchase price for the acquisition of GSW Immobilien AG ("**GSW**", and together with its consolidated subsidiaries, the "**GSW Group**") on November 30, 2013 was undertaken on a provisional basis. Due to new findings, the allocation of the purchase price was adjusted pursuant to IFRS 3. Accordingly, certain line items in the comparative financial information as of December 31, 2013 in the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2014 were affected by this adjustment and were adjusted retrospectively. Therefore, in principal, financial information as of December 31, 2013, labelled as "audited" was extracted from the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2014.

2.6 Notes on Figures

Financial information presented in the text and the tables in this Prospectus is shown in millions of euros (EUR million) and is commercially rounded to one digit after the decimal point. Percentage changes in the text and tables are commercially rounded to one digit after the decimal point. As a result of rounding effects, the aggregated figures in the tables may differ from the totals shown and the aggregated percentages may not exactly equal 100%. In addition, rounded totals and subtotals in the tables may vary marginally from unrounded figures indicated elsewhere in this Prospectus.

Parentheses around any figures in the tables indicate negative values. A dash ("–") means that the relevant figure is not available or not existent, while a zero ("0") means that the relevant figure has been rounded to zero.

2.7 Sources of Market Data

Unless otherwise indicated, the information included in this Prospectus pertaining to the market environment, developments, growth rates, trends and competitive situation in the markets and segments in which Deutsche Wohnen operates is taken from publicly available sources, including, but not limited to, third-party studies or estimates of the Company that are also predominantly based on data or figures from publicly available sources. This information has been accurately reproduced and – to the extent known to the Company and which the Company was able to ascertain from information published by that third-party – no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Prospectus also contains estimates of market data and information derived from these estimates that would not be available from publications issued by market research firms or from any other independent sources. This information is based on the Company's internal estimates and, as such, may differ from the estimates made by competitors of Deutsche Wohnen or from data collected by market research firms or other independent sources in the future.

The Company has not verified independently the market data and other information, on which third parties have based their studies, and the external sources on which the Company's own estimates are based.

Investors should therefore exercise due care when assessing such information. Third-party studies are often based on information that may not be exact or appropriate, and their methodology is, by nature, forward-looking and speculative. Notwithstanding the responsibility the Company has assumed for the content in this Prospectus as described under "*—2.1 Responsibility Statement*", it has not verified the figures, market data and other information that have been used by third parties as the basis for their studies, and therefore assumes no responsibility and makes no guarantee concerning the accuracy of the information contained in this Prospectus that has been derived from third-party studies and public sources. Moreover, investors should bear in mind that the Company's estimates are not always based on such third-party market research.

The following sources were used in the preparation of this Prospectus:

- Association of German Mortgage Banks (*Verband Deutscher Pfandbriefbanken*), dated May 15, 2014, VDP Property Indices: Further Rise in German Property Market Prices in the First Quarter of 2014 (*vdp-Immobilienindizes: Weiter steigende Preise auf den deutschen Immobilienmärkten im ersten Quartal 2014*) ("**Association of German Mortgage Banks, Press Release 2014 No. 5**");

- Association of German Mortgage Banks (*Verband Deutscher Pfandbriefbanken*), Residential Property Price Index Q3 2014 ("**Association of German Mortgage Banks, Residential Property Price Index Q4 2014**");

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2.8 Documents Available for Inspection

For the period during which this Prospectus remains valid, hard copies of the following documents are available for inspection during regular business hours at the Company's offices at Pfaffenwiese 300, 65929 Frankfurt am Main, Germany:

- the Company's articles of association ("**Articles of Association**");
- the Property Appraisal Report, dated May 15, 2015, prepared by CBRE GmbH and titled "Valuation Report for the Determination of Fair Value";
- the Company's unaudited condensed consolidated interim financial statements (IFRS) as of and for the three months ended March 31, 2015;
- the Company's audited consolidated financial statements (IFRS) as of and for the fiscal year ended December 31, 2014;
- the Company's audited consolidated financial statements (IFRS) as of and for the fiscal year ended December 31, 2013;
- the Company's audited consolidated financial statements (IFRS) as of and for the fiscal year ended December 31, 2012;
- the Company's audited unconsolidated annual financial statements (HGB) as of and for the fiscal year ended December 31, 2014; and
- the forecast for funds from operations ("**FFO**") without disposals ("**FFO (without disposals)**") for the fiscal year 2015 for the Deutsche Wohnen Group.

Future annual reports as well as quarterly financial and interim financial reports of the Company will be available from the Company and the paying agent designated in this Prospectus (see "*16 General Information on Deutsche Wohnen AG and the Deutsche Wohnen Group—16.7 Notifications, Paying Agent*"). The Company's annual financial reports will also be published in the German Federal Gazette (*Bundesanzeiger*).

3. THE OFFERING

3.1 Subject Matter of the Offering

The offering relates to 42,166,532 new ordinary bearer shares with no par value (*Stückaktien*), each such share representing a notional value of EUR 1.00 and carrying full dividend entitlement from January 1, 2015 (the "**New Shares**"), which will be offered to the Company's shareholders for subscription at a ratio of 7:1 (that is, seven existing shares of the Company entitle their holder to subscribe for one New Share) (the "**Subscription Offer**"). The New Shares originate from a resolution passed by the Management Board on May 20, 2015, approved by the Supervisory Board on the same day, to increase the Company's registered share capital from EUR 294,259,979 by up to EUR 42,166,532 to up to EUR 336,426,511 against contribution in cash, utilizing the Company's authorized capital resolved by the annual general meeting of the Company on June 11, 2014 (the "**Authorized Capital 2014**") through the issue of up to 42,166,532 New Shares, each with a notional value of EUR 1.00, with indirect subscription rights for existing shareholders. The consummation of the capital increase is expected to be registered in the commercial register of the local court (*Amtsgericht*) of Frankfurt am Main on June 5, 2015.

The New Shares will be offered to the public in Germany and Luxembourg. Any New Shares that are not subscribed for in the Subscription Offer will be offered to qualified investors by the Joint Bookrunners by way of an international private placement in Germany and in other selected jurisdictions at a price at least as high as the subscription price (the "**Private Placement**"). The Private Placement will take place outside the United States pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). In the United States, shares will only be sold to qualified institutional buyers in accordance with Rule 144A under the Securities Act (the Subscription Offer together with the Private Placement, the "**Offering**").

The Offering is based on the placement agreement dated May 20, 2015, among the Company and the Underwriters (the "**Placement Agreement**"), which does not provide for a firm underwriting of the New Shares by any of the Joint Bookrunners and/or the Lead Managers. The Offering is subject to, among other things, registration of the implementation of the capital increase in the commercial register of the local court (*Amtsgericht*) of Frankfurt am Main, which is expected to occur on June 5, 2015.

Under certain circumstances, the Offering may be terminated prematurely. See below "*—3.3 Subscription Offer*."

3.2 Timetable

The anticipated timetable for the Subscription Offer and for the admission to trading of the New Shares on the regulated market of the Frankfurt Stock Exchange (*Prime Standard*) is as follows:

May 20, 2015	Approval of the Prospectus by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (the "**BaFin**")
	Notification of the approved Prospectus to the competent authority in Luxembourg (*Commission de Surveillance du Secteur Financier*) ("**CSSF**")
	Publication of the Prospectus on the website of Deutsche Wohnen AG
	Publication of the Subscription Offer in the German Federal Gazette (*Bundesanzeiger*)
May 21, 2015	Publication of the Subscription Offer in the *Börsenzeitung*
	Application for admission to trading of the New Shares on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Prime Standard)
	Booking of the subscription rights of the Company's shareholders based on their holdings as of the evening of May 20, 2015
	Commencement of the subscription period and trading of subscription rights
May 27, 2015	Determination of subscription price after close of trading on XETRA
	Publication of subscription price as ad hoc release over an electronic information system and on the website of Deutsche Wohnen AG

May 28, 2015	Publication of the subscription price in the German Federal Gazette (*Bundesanzeiger*)
June 1, 2015	End of subscription rights trading (about 12:00 (noon) CEST)
June 3, 2015	End of the subscription period
	Last day for payment of the subscription price
June 4, 2015	Announcement of the results of the Subscription Offer on the Company's website
	Private Placement of the New Shares not subscribed for during the subscription period
June 5, 2015	Registration of the consummation of the capital increase in the commercial register of the local court (*Amtsgericht*) of Frankfurt am Main
	Admission of the New Shares to trading on the regulated market of the Frankfurt Stock Exchange (Prime Standard)
	Publication of the admission in the German Federal Gazette (*Bundesanzeiger*) and at http://www.deutsche-boerse.com, the website of the Frankfurt Stock Exchange
June 8, 2015	Commencement of trading in the New Shares on the regulated market of the Frankfurt Stock Exchange (Prime Standard)
	Book-entry delivery of the New Shares subscribed during the subscription period pursuant to the Subscription Offer
	Book-entry delivery of the New Shares not subscribed for during the subscription period and placed through the Private Placement
June 15, 2015	Inclusion of the New Shares in the Company's current stock quotation on the regulated market of the Frankfurt Stock Exchange (Prime Standard)

The Prospectus will be published on the Company's website at www.deutsche-wohnen.com (section: "Investor Relations"). Printed copies of the Prospectus are available from the Company free of charge during normal business hours at the following address: Deutsche Wohnen AG, Mecklenburgische Straße 57, 14197 Berlin, Germany.

Information on the website listed in this section and information accessible via these websites is neither part of nor incorporated by reference into this Prospectus.

3.3 Subscription Offer

The following is an English translation of the German-language Subscription Offer. The German-language version is expected to be published in the German Federal Gazette (*Bundesanzeiger*) on May 20, 2015 and in the *Börsenzeitung* on May 21, 2015:

"Deutsche Wohnen AG

Frankfurt am Main

(ISIN DE000A0HN5C6 / WKN A0HN5C)

Subscription Offer

The annual general meeting of Deutsche Wohnen AG (the "**Company**") adopted a resolution on June 11, 2014, which was entered into the commercial register on August 6, 2014, authorizing the management board of the Company (the "**Management Board**"), subject to the approval of the supervisory board of the Company (the "**Supervisory Board**"), to increase the Company's share capital by up to a total of EUR 85,000,000 by issuing up to 85,000,000 new ordinary bearer shares in one or more tranches against contribution in cash and/or contribution in kind until and including June 10, 2017 (Authorized Capital 2014).

In exercising this authorization, on May 20, 2015, the Management Board resolved, with the approval of the Supervisory Board on the same day, to increase the Company's registered share capital from EUR 294,259,979 by up to EUR 42,166,532 to up to EUR 336,426,511 against contribution in cash through the issue of up to 42,166,532 new no par value bearer shares, each with a notional value of the Company's share capital of EUR 1.00, with subscription rights for existing shareholders (the "**New Shares**"). The subscription rights will be offered to the shareholders in such a way that the New Shares may be acquired by one or more banks, to be appointed and mandated by the Management Board, with the obligation to offer them to the shareholders for subscription (indirect subscription right). The New Shares will carry full dividend rights from the fiscal year starting January 1, 2015.

Goldman Sachs International, London, United Kingdom ("**Goldman Sachs**"), UBS Limited, London, United Kingdom ("**UBS**") and Deutsche Bank Aktiengesellschaft, Frankfurt am Main, Germany ("**Deutsche Bank**", and together with Goldman Sachs, UBS, the "**Joint Global Coordinators**" or "**Joint Bookrunners**"), Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany ("**Berenberg**"), DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Germany ("**DZ BANK**"), Kempen & Co N.V., Amsterdam, the Netherlands ("**Kempen & Co**") and UniCredit Bank AG, Munich, Germany ("**UniCredit Bank AG**" and, together with Berenberg, DZ BANK and Kempen & Co, the "**Lead Managers**" and, together with the Joint Global Coordinators, the "**Underwriters**"), have agreed, pursuant to a placement agreement dated May 20, 2015 (the "**Placement Agreement**"), to offer the New Shares to the shareholders of the Company for subscription at a ratio of 7:1, subject to the terms set forth below under "*Important Notice*." The Placement Agreement does not provide for a firm underwriting of the New Shares by any of the Joint Bookrunners and/or the Lead Managers.

The New Shares will be offered to shareholders for indirect subscription at a ratio of 7:1 at a subscription price for each New Share yet to be determined. Any unsubscribed New Shares can be placed in the market. Any such market placement should be conducted at the best possible price, but must be conducted at least at the subscription price.

The implementation of the capital increase is expected to be registered in the commercial register maintained by the local court (*Amtsgericht*) of Frankfurt am Main, Germany, on June 5, 2015.

The subscription rights (ISIN DE000A14KDW3/WKN A14KDW) attached to the existing shares of the Company, all of which are held in collective custody accounts, will be automatically booked by Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, to the accounts of the participating banks based on the amount of shares held as of the evening of May 20, 2015.

Subscription rights are attached to all of the bearer shares of the Company with ISIN DE000A0HN5C6/WKN A0HN5C. Seven existing shares of the Company entitle the holder to subscribe for one New Share. The transfer of the New Shares to the shareholders that have exercised their subscription rights in the New Shares will be made by Deutsche Bank through the depositary banks.

To avoid exclusion from the exercise of their subscription rights, the Company requests that its shareholders exercise their subscription rights in the New Shares during the period

from May 21, 2015 up to and including June 3, 2015

through their custodian bank at the subscription agent listed below during regular banking hours (the "**Subscription Period**"). Subscription rights that are not exercised in a timely manner will lapse and be of no value. No compensation will be payable for subscription rights not exercised. The places of subscription are the German branch offices of

Deutsche Bank Aktiengesellschaft.

In accordance with the subscription ratio of 7:1, seven existing shares of the Company entitle the holder to subscribe for one New Share at the subscription price. The exercise of subscription rights is subject to the registration of the implementation of the capital increase in the commercial register and to the further restrictions set out in the section "*Important Notice*".

The Company expressly brings to the attention of its shareholders that the subscription price will not have been determined at the time of the publication of this rights subscription offer (the "Subscription

Offer"). The subscription price will only be determined during the second week of the Subscription Period, expected to be on or about May 27, 2015 (after close of trading), by means of the pricing mechanism set by the Management Board and the Supervisory Board, as described below under "*Subscription Price*". The subscription price will be published immediately after pricing, expected to take place on or about May 27, 2015 as an ad hoc release over an electronic information system and on the Company's website (http://www.deutsche-wohnen.com) as well as on the following business day in the German Federal Gazette (*Bundesanzeiger*).

Shareholders of the Company should note that the Company reserves the right to terminate the Subscription Offer, e.g., in case of deteriorating market conditions.

Subscription Price

The subscription price per New Share is expected to be determined after close of trading on or about May 27, 2015, taking into account the volume-weighted average price for one bearer share of the Company on the electronic trading system XETRA on the Frankfurt Stock Exchange from the beginning of the Subscription Period on May 21, 2015, until close of trading on or about May 27, 2015, as shown on the financial information service Reuters (the "**VWAP**"), less a discount to be determined by the Management Board with the approval of the Supervisory Board. The size of the discount will take into consideration a discount for the dividend for fiscal 2014, to which the New Shares will not be entitled, an estimate of the volatility of the Company's share price at the time of pricing, as well as market risks specific to the Company. The maximum subscription price will be EUR 23.50 per New Share. The New Shares are being offered exclusively for cash in the amount of the subscription price. All shareholders that participate in the capital increase will subscribe for the New Shares at the same price. The subscription price, as determined, must be paid at the latest on June 3, 2015.

Shareholders that exercise their subscription rights prior to the publication of the subscription price do not know the subscription price at which the New Shares will ultimately be offered in the Subscription Offer and will therefore be subscribing for New Shares at an unknown subscription price. The Company thus recommends that its shareholders inform themselves of the subscription price once it has been determined prior to exercising their subscription rights. As described, the subscription price is expected to be determined by the Management Board, with the approval of the Supervisory Board, on or about May 27, 2015 (after close of trading). Shareholders should take into account that if they exercise their subscription rights, they may have committed to acquiring the shares of the Company at a higher price than would be possible for them through an acquisition on the market, due to the volatility of the Company's shares and a possible deterioration of market conditions.

Trading in Subscription Rights

The subscription rights (ISIN DE000A14KDW3/WKN A14KDW) for the New Shares will be traded during the period from May 21, 2015, up to and including June 1, 2015 (until about noon CEST), on the regulated market (*regulierter Markt*) (XETRA and XETRA Frankfurt Specialist) of the Frankfurt Stock Exchange. The Company has not applied for admission of the subscription rights to trading on any other stock exchange and does not intend to do so. The market price of the subscription rights depends, inter alia, on the development of the price of the Company's shares but it may show a significantly higher volatility than the price of the shares. No compensation will be paid for subscription rights not exercised. Upon the expiration of the Subscription Period, subscription rights not exercised will lapse and be of no value. The purchase of 7 subscription rights enables the exercise of the subscription right for the purchase of 1 whole New Share, *i.e.*, 1 New Share may be purchased for 7 subscription rights. Commencing on May 21, 2015, the Company's existing shares will be quoted ex-subscription rights (*ex Bezugsrecht*) on the Frankfurt Stock Exchange.

Deutsche Bank may effect transactions to provide liquidity for fair and orderly subscription rights trading and other measures customarily undertaken in this regard, such as, in particular, purchasing and selling subscription rights to New Shares or undertaking hedging transactions in the Company's shares, subscription rights or corresponding derivatives. Such measures and hedging transactions may influence the stock price or market rate of the subscription rights and shares in the Company. However, there is no guarantee that active trading in the Company's subscription rights will develop on the Frankfurt Stock Exchange and that there will be enough liquidity during the period of subscription rights trading.

Form and Certification of the New Shares

The New Shares (ISIN DE000A14KDD3/WKN A14KDD) will be represented by a global share certificate, which will be deposited with Clearstream Banking Aktiengesellschaft. Under the Company's Articles of Association, shareholders are not entitled to have their shares evidenced by individual share certificates. Unless the Subscription Period is extended or the Subscription Offer is cancelled, the New Shares are expected to be made available by credit to the collective securities account from June 8, 2015, in the case of those subscribed for as part of the Subscription Offer and from June 8, 2015 that is, after the end of the Private Placement, for those acquired in the Private Placement, as described below under "*Placement of Unsubscribed New Shares/Private Placement*." The New Shares will be issued after the record date for the Company's annual general meeting to be held on June 12, 2015. As the record date is determinative for the right to participate and vote in the annual general meeting of the Company, the New Shares will not confer attendance or voting rights for the Company's annual general meeting to be held on June 12, 2015. The New Shares will not carry dividend rights for the fiscal year 2014. Apart from these exceptions, the New Shares hold the same rights as all other shares of the Company and do not convey any additional rights or advantages.

Commissions charged by Custodian Banks

The custodian banks may charge a customary commission in connection with the subscription of the New Shares.

Admission to Trading and Listing of the New Shares

The admission of the New Shares to trading on the regulated market (regulierter Markt) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange is expected to be granted on June 5, 2015. Trading in the New Shares on the Frankfurt Stock Exchange is expected to commence on June 8, 2015. As the New Shares do not carry dividend rights for fiscal 2014, the New Shares will not be fungible with the Company's existing shares, which still carry full dividend rights for fiscal 2014, until the Company's existing shares start trading ex dividend rights for 2014, which is expected to be June 15, 2015. On that day, the ISIN of the New Shares will be changed to match the ISIN of the Company's existing shares (ISIN DE000A0HN5C6) and the New Shares will become fully fungible with the Company's existing shares and will be included in the existing quotation for the Company's existing shares on the Frankfurt Stock Exchange (ISIN DE000A0HN5C6/WKN A0HN5C). Until the day on which the New Shares and the Company's existing shares become fungible, trading in the New Shares may be less liquid than trading in the Company's existing shares.

Placement of Unsubscribed New Shares/Private Placement

The Joint Bookrunners will offer any New Shares not subscribed for as part of the Subscription Offer to qualified investors in the Federal Republic of Germany and other selected countries in an international private placement in accordance with Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), as well as to qualified institutional buyers in the United States pursuant to Rule 144A under the Securities Act at a price at least as high as the subscription price.

Important Notice

Prior to making a decision to exercise, purchase or sell subscription rights for the New Shares, shareholders and investors are advised to carefully read the securities prospectus dated May 20, 2015, for the public offering of the New Shares ("Prospectus") and to take particular note of the risks described in the "Risk Factors" section of the Prospectus and to consider such information when making their decision. In light of potentially high volatility of equity prices and the market environment, shareholders should inform themselves of the Company's current share price before exercising their subscription rights for the New Shares at the subscription price. As described above, the Company reserves the right to withdraw from the Subscription Offer, in particular, in the event of a deterioration of the market conditions.

The Joint Bookrunners are entitled to terminate the Placement Agreement or decide, together with the Company, to extend the period of the Subscription Offer under certain circumstances. These circumstances include, in particular, material adverse changes in the assets, financial condition or results of operations of the Company and its subsidiaries, material restrictions on stock exchange trading or

banking activities, the outbreak or escalation of hostilities involving the Federal Republic of Germany, the United Kingdom, any other member state of the European Economic Area ("EEA") or the United States, the declaration of a national state of emergency by the Federal Republic of Germany, the United Kingdom, any other member state of the EEA or the United States or other catastrophes and crises that have or are expected to have material adverse effects on the financial markets. The Underwriters are further relieved from their obligations under the Placement Agreement if the implementation of the capital increase is not registered in the commercial register maintained by the local court (*Amtsgericht*) of Frankfurt am Main, Germany, by 1:00 p.m. CEST, June 6, 2015 and Goldman Sachs, UBS and Deutsche Bank in their capacity as Joint Bookrunners and the Company fail to reach an agreement on a later deadline.

If the Joint Bookrunners terminate the Placement Agreement or the Company withdraws from the Subscription Offer before the implementation of the capital increase has been registered in the commercial register, shareholders' subscription rights will lapse without compensation. In this case, the institutions brokering subscription rights trading will not reverse any transactions already completed with investors. Accordingly, investors who have acquired subscription rights through a stock exchange would suffer a complete loss in such case. However, if the Joint Bookrunners terminate the Placement Agreement after the registration of the capital increase in the commercial register, shareholders and purchasers of subscription rights who have exercised their subscription rights will be entitled to acquire New Shares at the subscription price, a withdrawal of the shareholders and those acquiring subscription rights is no longer possible in such case.

Selling Restrictions

Neither the subscription rights nor the New Shares have been or will be registered under the Securities Act or with the securities regulatory authority of any State or other jurisdiction of the United States of America. The subscription rights and New Shares may at no time be offered, sold, exercised, pledged, transferred or delivered directly or indirectly, to or within the United States of America, except pursuant to an exemption from the registration requirements of the Securities Act or in a transaction not subject to the registration requirements of the Securities Act and, in each case, in accordance with any applicable securities laws of any State of the United States of America.

Stabilization

In connection with the Offering of the New Shares, Deutsche Bank is acting as stabilization manager, and may, also through its affiliates, undertake measures, jointly determined with Goldman Sachs and UBS, aimed at supporting the market price of the Company's ordinary shares in order to offset any existing pressure to sell (the "**Stabilization Measures**"). However, the stabilization manager is under no obligation to initiate Stabilization Measures. Therefore, there is no guarantee that Stabilization Measures will be undertaken at all. If Stabilization Measures are initiated, they may be discontinued at any time without prior notice. Such Stabilization Measures may be implemented as of the date of publication of the subscription price and must end, at the latest, on the thirtieth calendar day following the expiration of the Subscription Period, *i.e.*, expected to be no later than July 3, 2015 (the "**Stabilization Period**").

Stabilization Measures may lead to a higher market price for the Company's shares or the subscription rights than would otherwise be the case. Furthermore, the market price may temporarily reach a level that cannot be maintained permanently. In no event will measures be taken to stabilize the market price for the Company's shares above the subscription price.

Within one week following the end of the Stabilization Period, notice will be given via a set of media within the meaning of Section 3a of the German Securities Trading Notification and Insider Register Regulation (*Wertpapierhandelsanzeige- und Insiderverzeichnisverordnung – WpAIV*) as to (i) whether one or more Stabilization Measures were indeed taken, (ii) the date on which Stabilization Measures were initiated, (iii) the date on which the last Stabilization Measure was taken, and (iv) the price range within which Stabilization Measures were taken for each date on which a Stabilization Measure was taken.

Availability of the Prospectus

The Prospectus was published on the Company's website www.deutsche-wohnen.com (section: Investor Relations) on May 20, 2015. Printed copies of the Prospectus are available from the Company free of charge during normal business hours at the following address: Deutsche Wohnen AG, Mecklenburgische Straße 57, 14197 Berlin, Germany.

Frankfurt am Main, May 20, 2015

Deutsche Wohnen AG
The Management Board"

3.4 Subscription Rights not Exercised and Transferability

Subscription rights not exercised within the subscription period will lapse and have no value. The subscription rights are fully transferable.

3.5 Lock-up Agreements

The Company has agreed with the Joint Bookrunners, for a period of three months after commencement of trading in the New Shares on the Frankfurt Stock Exchange not to directly or indirectly issue, sell, offer, commit to sell, or otherwise transfer or dispose of any of the Company's shares, options on such shares, or securities that can be converted into or exchanged for such shares or that carry rights to acquire such shares, and further not to announce any capital increase from authorized capital or to initiate a capital increase or to enter into other transactions (including transactions concerning derivative instruments), the economic effect of which would be similar to that of the measures described above, without the prior consent of the Joint Global Coordinators, which consent may not be unreasonably withheld or delayed. No consent is required for (i) a proposal to the Company's shareholders' meeting on authorizations for the issuance of new shares pursuant to an authorized capital (*genehmigtes Kapital*), (ii) a proposal to the Company's shareholders' meeting on authorizations to issue convertible bonds and/or bonds with warrants, as well as participation rights with conversion or option rights (or a combination of these instruments) and the creation of conditional capital (*bedingtes Kapital*), (iii) the issuing of shares to shareholders of GSW pursuant to the terms of the domination agreement, (iv) the issuing of shares to holders of convertible bonds due 2020 convertible into ordinary shares of Deutsche Wohnen AG and/or holders of convertible bonds due 2021 convertible into ordinary shares of Deutsche Wohnen AG, in each case pursuant to the terms and conditions of the convertible bonds, (v) the issuing of shares as part of its or its subsidiaries' existing employee participation plans, (vi) the issuing of shares in connection with a capital increase by way of contribution in kind to the extent that the counterparty of such transactions assumes the aforementioned obligations or (vii) the issuing of shares based on a capital increase from Company funds.

3.6 Dilution

Shareholders who exercise their subscription rights to the New Shares will maintain their percentage of ownership of the Company's share capital following the capital increase. To the extent that shareholders do not exercise their subscription rights, and assuming that all New Shares will be issued, each shareholder's share in the Company would decrease by 12.5%.

The net book value of the Company (corresponding to the total equity of the Company) amounted to EUR 4,846.0 million as of March 31, 2015. The net book value of the Company is based on the condensed consolidated interim financial statements prepared pursuant to IFRS for interim financial reporting (IAS 34) as of and for the three months ended March 31, 2015 and has been calculated by subtracting total non-current liabilities of EUR 6,088.7 million and total current liabilities of EUR 884.7 million from total assets of EUR 11,819.4 million. The net book value of the Company corresponds to EUR 16.43 per share (based on the 294,900,919 outstanding shares of the Company as of March 31, 2015).

The Company is targeting gross issue proceeds from the capital increase in an amount between EUR 875 million and EUR 950 million. The total costs of the Offering are estimated to amount to approximately EUR 21.2 million at the mid-point of the targeted gross proceeds range (see "*5 Reasons for the Offering and Use of Proceeds*" for more information on the gross proceeds and the costs of the Offering). At the mid-point of the targeted gross proceeds range, i.e., at gross proceeds of EUR 912.5 million, net proceeds would amount to approximately EUR 891.3 million. Adding the net proceeds of EUR 891.3 million to the net book value of EUR 4,846.0 million as of March 31, 2015, would result in a net book value of the Company of approximately EUR 5,737.3 million, which corresponds to EUR 17.01 per share (assuming placement of all 42,166,532 New Shares, i.e., based on the assumption of 337,332,258 outstanding shares of the Company after implementation of the capital increase contemplated in this Offering). This would represent an immediate increase in the net book value of the Company by EUR 0.58 (3.5%) per share for existing shareholders who do not exercise their subscription rights, and an immediate dilution of approximately EUR 4.63 (21.4%) per share for those who acquire the New Shares. The immediate dilution per New Share has been calculated by subtracting EUR 17.01 from the result of dividing the gross proceeds at the mid-point of the proceeds range of EUR 912.5 million by the maximum number of New Shares to be issued of 42,166,532.

3.7 Costs of the Offering and Net Issue Proceeds

Assuming the placement of all New Shares, the total issue costs, including commissions for the Joint Bookrunners and fees for the Lead Managers, are expected to be approximately EUR 20.5 million to EUR 22.0 million. The Company is targeting the placement of all New Shares and gross proceeds of EUR 875 million to EUR 950 million. At the mid-point of the targeted gross proceeds range, *i.e.*, at gross proceeds of about EUR 912.5 million, the Company expects the total issue costs to amount to approximately EUR 21.2 million and the net issue proceeds from the capital increase to be approximately EUR 891.3 million.

3.8 Additional Selling Restriction Notices

The New Shares and subscription rights for the New Shares will be offered to the public solely in Germany and Luxembourg. The New Shares and the subscription rights have not been and will not be registered under the Securities Act or with the securities regulatory authority of any State of the United States of America. They may not be offered, sold or delivered, directly or indirectly, within or into the Unites States except pursuant to an exemption from the registration and reporting requirements of the U.S. securities laws and in compliance with all other applicable provisions of U.S. law. Thus, pursuant to the Placement Agreement, the Joint Bookrunners and the Lead Managers have agreed (i) not to offer or sell the New Shares or subscription rights in the United States except to persons reasonably believed to be qualified institutional buyers within the meaning of Rule 144A under the Securities Act and that, outside the United States, they will offer the New Shares and subscription rights only in accordance with Rule 903 of Regulation S under the Securities Act and in compliance with all other provisions of U.S. law, and (ii) that neither they, nor any third party acting on their behalf, have engaged, or will engage, with regard to the New Shares and subscription rights in (x) “directed selling efforts” in the United States within the meaning of Regulation S under the Securities Act or (y) “general solicitation” or “general advertising” in the United States, each within the meaning of Rule 502(c) of Regulation D under the Securities Act.

The Company does not intend to register the Offering or any portion thereof in the United States or to conduct a public offering of the New Shares or subscription rights in the United States.

Until 40 days after commencement of the Offering, the offer, sale, purchase or transfer of the subscription rights or New Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act. The subscription rights and the New Shares have not been approved or rejected by any Federal or State securities commission or regulatory authority of the United States. Furthermore, none of these authorities have confirmed or approved the terms of the Offering, the subscription rights, the New Shares or the accuracy or completeness of the Prospectus.

All holders of subscription rights or New Shares outside the United States, to the extent applicable, will be deemed to have approved and confirmed that they are exercising or acquiring the subscription rights or New Shares within the context of an offshore transaction in compliance with Rule 903 or 904 of Regulation S. All holders of subscription rights or New Shares in the United States, to the extent applicable, will be deemed to have approved and confirmed that they are exercising or acquiring the subscription rights or New Shares within the context of a transaction in compliance with Rule 144A under the Securities Act.

The subscription rights will not be distributed by the Company to any shareholder of the Company that is located or resident in Canada, except in limited circumstances after such shareholder has established its eligibility to receive the subscription rights to the Company’s satisfaction. The New Shares may be sold in certain provinces of Canada pursuant to an exemption from the prospectus requirements of Canadian securities laws.

Sales in the United Kingdom are also subject to restrictions. Each of the Joint Bookrunners and Lead Managers has severally warranted to the Company that it and any of its subsidiaries or any other person acting on its behalf

(i) has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**") received by it in connection with the issue or sale of any New Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

(ii) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the New Shares in, from, or otherwise involving the United Kingdom.

The Joint Bookrunners and Lead Managers have also agreed in the Placement Agreement that they have not publicly offered and will not publicly offer the New Shares in any member state of the European Economic Area that has implemented Directive 2003/71 EC of the European Parliament and of the Council of November 4, 2003 (the "**Prospectus Directive**," and to the extent a member state of the EEA has implemented Directive 2010/73/EC of the European Parliament and the Council amending the Prospectus Directive (the "**Amended Prospectus Directive**") any reference herein to the Prospectus Directive shall be read as a reference to the Amended Prospectus Directive) (other than the offers in Germany and Luxembourg) from the date of implementation of the Prospectus Directive unless

(i) a prospectus for the New Shares has been published in advance that has been approved by the competent authorities in the relevant member state or in another member state of the EEA that has implemented the Prospectus Directive, and the competent authorities in the member state in which the Offering is taking place have been notified of this fact in compliance with the Prospectus Directive,

(ii) the Offering is extended exclusively to "qualified investors" within the meaning of the Prospectus Directive, or

(iii) the Offering takes place under other circumstances in which the publication of a prospectus by the Company is not required under Article 3 of the Prospectus Directive, to the extent that this exemption has been implemented in the respective member state.

3.9 Placement Agreement and Best Efforts Placement

On May 20, 2015, the Company and the Joint Bookrunners and the Lead Managers entered into a Placement Agreement with respect to the Subscription Offer and the offer of New Shares for which subscription rights are not exercised. The Underwriters have not undertaken to firmly underwrite the New Shares.

Pursuant to the Placement Agreement, each of the Underwriters has, contingent upon an agreement on the subscription price, severally agreed to use its best efforts to offer the New Shares to investors in proportion to the following percentages:

	Address	Number of New Shares	Percentage of New Shares
Goldman Sachs International	Peterborough Court 133 Fleet Street London EC4A 2BB United Kingdom	14,336,621	34.00
UBS Limited	1 Finsbury Avenue London EC2M 2PP United Kingdom	14,336,621	34.00
Deutsche Bank Aktiengesellschaft	Große Gallusstraße 10-14 60311 Frankfurt am Main Germany	7,168,310	17.00
Joh. Berenberg, Gossler & Co. KG	Neuer Jungfernstieg 20, 20354 Hamburg, Germany	1,581,245	3.75
DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main	Platz der Republik, 60265 Frankfurt am Main, Germany	1,581,245	3.75
Kempen & Co N.V.	Beethovenstraat 300, 1077 WZ Amsterdam,	1,581,245	3.75

	The Netherlands		
UniCredit Bank AG	Arabellastrasse 14, 81925 Munich, Germany	1,581,245	3.75
Total		**42,166,532**	**100.00**

The New Shares will be offered to the public in Germany and Luxembourg. Any New Shares not subscribed for as part of the Subscription Offer will be offered in a private placement to qualified investors in Germany and other countries, including to qualified institutional buyers in the United States in reliance on Rule 144A under the Securities Act and outside of the United States in reliance on Regulation S of the Securities Act.

The Placement Agreement also stipulates that the Company must release the Underwriters from certain liabilities and that their obligations under the agreement are contingent on the fulfillment of certain conditions, including, for example, the receipt of standard legal opinions that the Underwriters deem satisfactory.

Under the Placement Agreement the Company is obliged to pay the Joint Bookrunners a basic placement commission of 1.5% of the aggregate gross sales proceeds. Furthermore the Company may pay the Joint Bookrunners an additional discretionary fee, payable entirely at the sole discretion of the Company of up to a further 0.5% of the aggregate gross offering proceeds. The decision to pay any performance fee and its amount are within the sole discretion of the Company, and such decision must be made and notified to the Joint Bookrunners within 15 days following the closing of the Offering. The overall fees to be paid by the Company to the Joint Bookrunners and Lead Managers amount to up to EUR 18.3 million, at the mid-point of the targeted proceeds range, *i.e.*, at gross proceeds from this Offering of EUR 912.5 million. The Company has also agreed to reimburse the Joint Bookrunners and Lead Managers for certain expenses incurred by them in connection with this Offering.

See above "—*3.3 Subscription Offer—Important Notice*" for additional information on termination of the Placement Agreement.

3.10 Other Legal Relationships between the Company and Interested Parties

The Joint Bookrunners and Lead Managers have entered into a contractual relationship with the Company in connection with the Offering and admission to trading of the Company's New Shares.

The Joint Bookrunners, the Lead Managers or companies affiliated with them may from time to time enter into other business relationships with companies of the Group or perform services on their behalf as part of their normal course of business. Accordingly, the Joint Bookrunners and Lead Managers and companies affiliated with them may in the future face conflicts of interests with shareholders in the Company.

4. INFORMATION ON THE SHARES

4.1 Legal Framework for Creation of the New Shares

Sections 202 *et seq.* of the German Stock Corporation Act (*Aktiengesetz*) on capital increases made through the use of authorized capital against cash contributions provide the legal basis for the issuance of the New Shares. By resolution of the annual general meeting on June 11, 2014, the Management Board is authorized, subject to the approval by the Supervisory Board, to increase the Company's share capital until and including June 17, 2017, by up to a total of EUR 85,000,000 by issuing up to 85,000,000 new ordinary bearer shares in one or more tranches against contribution in cash or contribution in kind, each such share representing a notional value of EUR 1.00. This Authorized Capital 2014 was entered into the commercial register of the local court (*Amtsgericht*) of Frankfurt am Main, Germany, on August 6, 2014.

By resolution of the Management Board dated May 20, 2015, with approval of the Supervisory Board on the same day, the Management Board resolved to increase the registered share capital of the Company by up to EUR 42,166,532 to up to EUR 336,426,511 against contribution in cash, by issuing up to 42,166,532 new no par value bearer shares (*Stückaktien*), each with a notional value of EUR 1.00, with subscription rights for existing shareholders. The subscription price is expected to be set by the Management Board and Supervisory Board, in consultation with the Joint Bookrunners, on or about May 27, 2015 after close of trading. The implementation of the capital increase is expected to be entered into the commercial register of the local court (*Amtsgericht*) of Frankfurt am Main, Germany, on June 5, 2015.

4.2 Admission to Exchange Trading, Individual Share Certificates, Delivery

The application for admission of the New Shares to trading on the regulated market of the Frankfurt Stock Exchange and the simultaneous admission of the New Shares to the sub-segment of the regulated market of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard) is expected to be made on May 21, 2015. The Frankfurt Stock Exchange is expected to approve the admission of the New Shares to exchange trading on June 5, 2015. Trading in the New Shares on the Frankfurt Stock Exchange is expected to commence on June 8, 2015. The New Shares will be included in the existing quotation of Deutsche Wohnen AG's bearer shares once these shares start trading ex dividend rights for fiscal 2014, which is expected for June 15, 2015.

The New Shares will be delivered to buyers in the form of co-ownership rights in a global share certificate to be deposited with the collective securities depositary Clearstream Banking Aktiengesellschaft. The New Shares subscribed for under the Subscription Offer are expected to be credited to investors' accounts starting on June 8, 2015, while the New Shares purchased in the Private Placement are expected to be credited after completion of the Private Placement on June 8, 2015, through the book-entry facilities of Clearstream Banking Aktiengesellschaft. Investors can obtain information about the actual delivery of the New Shares subscribed for under the Subscription Offer from their respective custodian bank. Trading in New Shares subscribed for by an investor under the Subscription Offer is not available before the crediting of such shares to the investor's account. According to the Company's Articles of Association, shareholders are not entitled to receive individual share certificates.

See "*17 Description of the Share Capital of Deutsche Wohnen AG—17.1 Issued Share Capital and Shares*" for additional information on the rights attached to shares of the Company.

4.3 Form, Voting Rights, Currency of the Securities Issuance

All of the Company's shares are ordinary bearer shares with no par-value, each with a nominal value of EUR 1.00. Each share of the Company entitles the owner to one vote at the general meeting. There are no restrictions on voting rights.

The New Shares will be issued after the record date for the Company's annual general meeting to be held on June 12, 2015. As the record date is determinative for the right to participate and vote in the annual general meeting of the Company, the New Shares will not confer attendance or voting rights for the Company's annual general meeting to be held on June 12, 2015.

The Company's shares are denominated in Euro.

4.4 Dividend Entitlement, Share of Liquidation Proceeds

The New Shares will carry full dividend rights from, and including, the fiscal year starting January 1, 2015 and have the same rights as all other shares of the Company. In the event of the Company's liquidation, shareholders are entitled to any remaining liquidation surplus in proportion to their shareholding after deduction of the Company's liabilities.

4.5 ISIN, WKN, Common Code, Stock Exchange Symbol

The security identification numbers of the New Shares are as follows:

International Securities Identification Number (ISIN)	
– for the New Shares	DE000A14KDD3
– for the subscription rights to the New Shares	DE000A14KDW3
German Securities Code (WKN)	
– for the New Shares	A14KDD
– for the subscription rights to the New Shares	A14KDW
Trading Symbol	DWNN

The security identification numbers of the Company's existing shares are as follows:

International Securities Identification Number (ISIN)	DE000A0HN5C6
German Securities Code (WKN)	A0HN5C
Common Code	095654789
Trading Symbol	DWNI

4.6 Disposal and Transferability Restrictions

The New Shares are freely transferable. Other than the restrictions listed in "*3 The Offering—3.3 Subscription Offer—Selling Restrictions,*" there are no legal restrictions on trading the New Shares.

5. REASONS FOR THE OFFERING AND USE OF PROCEEDS

5.1 Reasons for the Offering

In connection with the Offering, the Company will receive the gross issue proceeds from the sale of the New Shares less offering costs and expenses that are to be borne by the Company. The amount of the actual net proceeds from the Offering depends on the number of New Shares actually subscribed. The Company is targeting gross proceeds from the Offering in an amount between EUR 875 million and EUR 950 million. Assuming a placement of all New Shares at the maximum subscription price of EUR 23.50 per New Share, gross proceeds would amount to EUR 990 million. Based on an issuance of 42,166,532 New Shares and assuming gross proceeds of EUR 912.5 million (*i.e.*, at the mid-point of the targeted gross proceeds range), the Company estimates the placement fees incurred vis-à-vis the Underwriters in connection with the Offering to be about EUR 18.3 million (assuming full payment of the discretionary fee components), with total costs (including placement fees) of approximately EUR 21.2 million and net proceeds received by the Company of approximately EUR 891.3 million. Based on the best efforts structure, the number of actually placed shares may be significantly lower than the number of offered shares.

The amount of the actual net proceeds from the Offering depends on the subscription price of the New Shares and the number of New Shares actually subscribed. A reliable projection of the net proceeds from the Offering is not possible before the Company has determined the subscription price. The subscription price depends on how the share price of the Company develops during the subscription period. The subscription price per New Share is expected to be set after close of trading on or about May 27, 2015, taking into account the volume-weighted average price (VWAP) for one share of Deutsche Wohnen AG on XETRA on the Frankfurt Stock Exchange from the beginning of the subscription period on May 21, 2015, until close of trading on or about May 27, 2015 as shown on the financial information service Reuters, less a discount to be determined by the Management Board with the approval of the Supervisory Board. The size of the discount will take into consideration an estimate of the volatility of the price of the shares of Deutsche Wohnen AG at the time of pricing, as well as market risks specific to Deutsche Wohnen. The maximum subscription price will be EUR 23.50 per New Share. The subscription price will be published immediately after pricing, expected to take place on or about May 27, 2015, by way of an ad-hoc notification, on the website of the Company (www.deutsche-wohnen.com) and via electronic media such as Reuters or Bloomberg, as well as in the German Federal Gazette (*Bundesanzeiger*) on the next business day.

5.2 Use of Proceeds

At the mid-point of the targeted gross proceeds range, *i.e.*, at gross proceeds of about EUR 912.5 million, the Company expects net proceeds from this Offering of approximately EUR 891.3 million. Deutsche Wohnen intends to use approximately EUR 500 million of the net proceeds to finance the aggregate purchase price for the acquisitions of approximately 6,500 residential units, predominantly located in Berlin. The acquisitions have already been signed, with closing for the vast majority of these acquisitions expected to take place in the first half of 2015. The remaining net proceeds will be used, as a second priority, for potential future acquisitions and, as a third priority, to repay financial liabilities. Any remainder will be used for general corporate purposes.

6. USE OF DISTRIBUTABLE BALANCE SHEET PROFIT, EARNINGS PER SHARE AND DIVIDEND POLICY

6.1 General Rules on Balance Sheet Profit and Dividend Payments

Under German law, a resolution to pay a dividend can only be made based on the distributable balance sheet profit reported in the Company's unconsolidated annual financial statements prepared in accordance with the German Commercial Code (HGB). When determining distributable balance sheet profit, the annual profit is adjusted for profit or loss carry-forwards and allocations to or transfers from reserves. The law requires the establishment of certain reserves that must be deducted when calculating the distributable balance sheet profit.

The resolution on the distribution of a dividend for a fiscal year, as well as the dividend's amount and timing, is the responsibility of the general meeting of the following fiscal year, which must take place in the first eight months of the fiscal year and which decides on the Management Board's proposal adopted by the Supervisory Board for the appropriation of profits. Any dividends adopted by the general meeting are immediately paid. Since all shares of the Company are evidenced by global share certificates and are held in safekeeping at Clearstream Banking Aktiengesellschaft, dividends are paid via Clearstream Banking Aktiengesellschaft to the custodian banks for the benefit of shareholders. Domestic custodian banks have the same payout duty towards their clients. Shareholders who deposit their shares at foreign custodian banks must contact their custodian banks to inquire about the applicable conditions.

Shareholders' stakes in the distributable balance sheet profit are determined based on their individual holding of the share capital. The individual shareholder has a claim to a dividend only if a corresponding resolution for appropriation of profit has been adopted by the general meeting. Dividend claims expire within the statute of limitations of three years. Following the expiration of the statute of limitations, the dividend remains with the Company.

The New Shares will carry full dividend rights from, and including, the fiscal year starting January 1, 2015.

6.2 Earnings per Share and Dividend Policy

The following table shows the consolidated profit for the period and basic earnings per share based on the consolidated financial statements (IFRS) of Deutsche Wohnen AG as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012. Also shown is Deutsche Wohnen AG's net loss for the year and the distributable balance sheet profit, each based on the respective unconsolidated annual financial statements (HGB) as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012. In addition, the table shows the dividend paid per share and the total dividends paid for the fiscal years ended December 31, 2013 and December 31, 2012.

	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(audited, in EUR million, unless otherwise indicated)		
Consolidated profit for the period (IFRS)	889.3	212.7	145.5
Basic earnings per share (IFRS) in EUR[1]	2.97	1.21	1.15
Net profit / net loss for the year (HGB)	177.4	(12.4)	(8.9)
Balance sheet profit (HGB)	177.4	57.4	33.8
Distributed dividend per share for the respective fiscal year in EUR	0.44[2]	0.34[3]	0.21[3]
Total dividends for the respective fiscal year	n/a[4]	57.4	33.8

1) *Based on the average number (undiluted) of about 287.830 million issued shares in 2014, 175.273 million issued shares in 2013 and 126.148 million issued shares in 2012.*

2) *Unaudited. Not yet distributed; subject to approval by the Company's general meeting expected to take place on June 12, 2015.*

3) *The dividend paid per share was calculated based on the number of Company shares participating in the respective distribution (dividend payment for the fiscal year 2012: 160,757,143 shares, dividend payment for the fiscal year 2013: 168,907,143 shares). Assuming 337,332,258 outstanding shares (i.e., placement of all New Shares), the distributed dividend per share for 2013 would have amounted to EUR 0.17 and the distributed dividend per share for 2012 would have amounted to EUR 0.10.*

4) *The total dividend for 2014 will depend on the number of outstanding shares. Assuming 295,165,726 outstanding shares (i.e., basing the calculation on the number of outstanding shares as of the date of this Prospectus), the total dividend for 2014 would amount to EUR 129.9 million.*

Dividends are currently not subject to withholding tax. This is because the dividend payments are considered to be a return of capital (return of capital from the so-called tax-recognized contribution accounts, previously EK 04). According to the law in effect since 2009, gains from the sale of shares that were acquired after December 31, 2008 are now also taxable for shareholders who are tax residents in Germany and hold less than 1% of the shares. Dividend payments also have a tax effect for shareholders who acquired their shares after December 31, 2008, because according to the tax authorities, distributions from the tax-recognized contribution account lower the acquisition cost of the shares, which may result in a greater amount of taxable capital gain upon the shareholder's sale of the shares. Normally, dividends distributed to shareholders who are German residents are subject to personal or corporate income tax. Dividends distributed to private investors are subject to a dividend withholding tax of 25% plus a solidarity surcharge of 5.5%. Other rules may apply for shareholders who are not tax residents in Germany (see "*20 Taxation in the Federal Republic of Germany—20.2 Taxation of Shareholders*").

As of December 31, 2014, the tax-recognized contribution account of Deutsche Wohnen AG totaled approximately EUR 3 billion. The future tax treatment of dividend payments will largely depend on the composition of the Company's equity in its tax accounts. Based on current tax law, the current amount of the tax-recognized capital contribution reserve and the composition of the Company's equity in its tax accounts, it is conceivable that for the next several years, dividend payments will not be reduced by deductions for withholding tax and that (when applicable) they will be deductible against the acquisition costs of the shares held by shareholders who are tax residents in Germany.

For the fiscal year 2013, Deutsche Wohnen AG distributed approximately 50% of FFO (without disposals) as dividends. In accordance with section 1.3 of the business combination agreement between the Company and GSW, dated October 14, 2013, Deutsche Wohnen AG intends to raise the dividend amount, starting from fiscal year 2014, from the current 50% to around 60% of the FFO (without disposals). Consequently, for the fiscal year 2014, Deutsche Wohnen AG intends to distribute approximately 60% of FFO (without disposals) as dividends (based on the number of shares outstanding as of December 31, 2014). The Company intends to pay a dividend of EUR 0.44 per share for fiscal year 2014 (subject to approval of the Company's general meeting). The New Shares will not be eligible for a dividend payment for fiscal year 2014. The Company's intention is to pay dividends only to the extent that they are covered by Deutsche Wohnen AG's cash flows available for dividends. If there are insufficient cash flows available for dividends, the Company will likely refrain from paying a dividend. It cannot be ruled out that Deutsche Wohnen AG may not be in a position to pay any dividends in the medium term from balance sheet profit and the free capital reserve of the Company within the meaning of section 272 paragraph 2 No. 4 of the German Commercial Code (HGB).

7. CAPITALIZATION AND INDEBTEDNESS

The following tables provide an overview of the capital and debt of Deutsche Wohnen based on the Company's historical figures taken or derived from the Company's unaudited condensed consolidated interim financial statements in accordance with IFRS for interim financial reporting (IAS 34) as of and for the three months ended March 31, 2015 and accounting records prior to the issuance of New Shares as well as adjusted for the issuance of 42,166,532 shares in Deutsche Wohnen AG, as if the Offering had taken place on March 31, 2015 and without consideration of tax effects.

7.1 Capitalization

	As of March 31, 2015	As of March 31, 2015, assuming the issuance of New Shares[1]
	(unaudited)	(unaudited)
	(in EUR million)	
Total current debt[2]	**884.7**	**884.7**
of which guaranteed[3]	4.2	4.2
of which secured[4]	244.0	244.0
of which unguaranteed/unsecured	636.5	636.5
Total non-current debt (excluding current portion of long-term debt)[5]	**6,088.7**	**6,088.7**
of which guaranteed[3]	–	–
of which secured	4,562.9	4,562.9
of which unguaranteed/unsecured	1,525.8	1,525.8
Shareholder's equity[6]	**4,846.0**	**5,737.3**
Share capital[7]	294.9	337.1[8]
Legal reserve[9]	2,751.4	3,600.5[10]
Other reserves[11]	1,608.9	1,608.9
Non-controlling interests	190.8	190.8
Total	**11,819.4**	**12,710.7**

1) *From the Offering, the Company intends to generate gross proceeds of approximately EUR 875 million to EUR 950 million. For purposes of this table, the gross proceeds are assumed to amount to EUR 912.5 million (mid-point of the targeted gross proceeds range). The costs of the Offering are assumed to amount to approximately EUR 21.2 million. On the basis of these assumptions, net proceeds from the Offering would be EUR 891.3 million. These calculations are based on the assumed placement of all 42,166,532 New Shares. At the mid-point of the targeted proceeds range, a 10% reduction in the number of New Shares would lead to a 10% reduction in gross proceeds, a 10.0% reduction in net proceeds, a 1.6% reduction in shareholder's equity and a 0.7% reduction in total capitalization when compared to the placement of all 42,166,532 New Shares at the subscription price.*
2) *Referred to as total current liabilities in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015.*
3) *Liabilities that are secured by bank guarantees.*
4) *Secured by mortgages and therefore also via rent assignments, assignment of insurance claims and claims from interest hedging and management contracts.*
5) *Referred to as total non-current liabilities in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015.*
6) *Referred to as total equity in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015.*
7) *Referred to as issued share capital in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015.*
8) *Increase of EUR 42.2 million results from the issuance of 42,166,532 New Shares at a notional amount of EUR 1.00 per New Share.*
9) *Referred to as capital reserve in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015.*
10) *Increase of EUR 849.1 million reflects the difference of net proceeds received amounting to EUR 891.3 million less the increase in share capital amounting to EUR 42.2 million.*
11) *Referred to as retained earnings in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015.*

7.2 Net Indebtedness

	As of March 31, 2015	As of March 31, 2015, assuming the issuance of New Shares[1]
	(unaudited)	(unaudited)
	(in EUR million)	
A. Cash[2]	562.4	1,453.7[3]
B. Cash equivalents	–	–
C. Trading securities	–	–
D. Liquidity (A) + (B) + (C)	**562.4**	**1,453.7**
E. Current financial receivable[4]	**33.9**	**33.9**
F. Current bank debt	81.6	81.6
G. Current portion of the non-current debt	129.9	129.9
H. Other current financial debt[5]	0.7	0.7
I. Current financial debt (F)+(G)+(H)	**212.2**	**212.2**
J. Net current financial indebtedness (I)-(E)-(D)	**(384.1)**	**(1,275.4)**
K. Non-current liabilities to banks	4,221.2	4,221.2
L. Bonds issued[6]	860.5	860.5
M. Other non-current financial liabilities[7]	236.8	236.8
N. Non-current financial indebtedness (K)+(L)+(M)	**5,318.5**	**5,318.5**
O. Net financial indebtedness (J)+(N)	**4,934.4**	**4,043.1**

1) *From the Offering, the Company intends to generate gross proceeds of approximately EUR 875 million to EUR 950 million. For purposes of this table, the gross proceeds are assumed to amount to EUR 912.5 million (mid-point of the targeted gross proceeds range). The costs of the Offering are assumed to amount to approximately EUR 21.2 million. On the basis of these assumptions, net proceeds from the Offering would be EUR 891.3 million. These calculations are based on the assumed placement of all 42,166,532 New Shares. At the mid-point of the targeted proceeds range, a 10% reduction in the number of New Shares would lead to a 10% reduction in gross proceeds, a 10.0% reduction in net proceeds, an 6.2% reduction in liquidity and a 2.2% increase in net financial indebtedness when compared to the placement of all 42,166,532 New Shares at the subscription price.*
2) *Referred to as cash and cash equivalents in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015.*
3) *Increase of EUR 891.3 million reflects assumed net proceeds of EUR 891.3 million.*
4) *Referred to as trade receivables in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015.*
5) *Referred to as current convertible bonds in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015.*
6) *Referred to as non-current convertible bonds in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015.*
7) *Difference between non-current financial liabilities amounting to EUR 4,458.0 million as shown in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015 less non-current liabilities to banks amounting to EUR 4,221.2 million.*

As of March 31, 2015, the indirect liabilities and contingent liabilities (defined as commitments and contingencies) becoming due within one year amounted to EUR 17.5 million, thereof EUR 1.0 million indirect liabilities as modernization obligations and purchase prices and EUR 16.5 million contingent liabilities as obligations under long-term hereditary building rights, agency, other service or lease contracts. For more information, see "*9 Management's Discussion and Analysis of Net Assets, Financial Condition and Results of Operations—9.9 Financial Liabilities and Convertible Bonds, Other Liabilities, Commitments and Contingencies*".

7.3 Working Capital Statement

The Company believes that from today's perspective, Deutsche Wohnen Group is able to meet its payment obligations for at least the next twelve months.

8. SELECTED CONSOLIDATED FINANCIAL INFORMATION

*The following tables contain key consolidated financial information of Deutsche Wohnen Group as of and for the three months ended March 31, 2015 and March 31, 2014, and as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012. The financial information contained in the following tables has been taken or derived from the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015 and the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012 as well as the Company's accounting records or internal management reporting systems. The Company's consolidated financial statements as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012 have been prepared in accordance with IFRS and the additional requirements of the German commercial law pursuant to section 315a paragraph 1 of the German Commercial Code (HGB) and were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft ("**EY**") who issued an unqualified auditor's report in each case. The Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015 have been prepared in accordance with IFRS for interim financial reporting (IAS 34). The other operating data stated below have been derived from the Company's accounting records or internal management reporting systems.*

Where the financial information stated in the following tables is labeled as "audited", this means that it has been taken from Deutsche Wohnen AG's audited consolidated financial statements as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012. Financial information which has not been taken from the aforementioned consolidated financial statements but, instead, is taken or derived from the unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015, the Company's accounting records or internal management reporting systems or which is based on calculations of financial information from the above mentioned sources is labeled in the following tables as "unaudited".

In the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2013, pursuant to IFRS 3, the allocation of the purchase price for the acquisition of GSW on November 30, 2013 was undertaken on a provisional basis. Due to new findings, the allocation of the purchase price was adjusted pursuant to IFRS 3. Accordingly, certain line items in the comparative financial information as of December 31, 2013 in the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2014 were affected by this adjustment and were adjusted retrospectively. Therefore, in principal, financial information as of December 31, 2013, labelled as "audited" was extracted from the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2014.

Unless otherwise indicated, all the financial information presented in the text and the tables of this section of the Prospectus is shown in millions of euros (EUR million) and is commercially rounded to one digit after the decimal point. Unless otherwise stated, all percentage changes in the text and the tables are rounded to the first digit after the decimal point. As a result of rounding effects, the aggregated figures in the tables may differ from the totals shown and the aggregated percentages may not exactly equal 100.0%. Parentheses around any figures in the tables indicate negative values. A dash ("–") means that the relevant figure is not available or not existent, while a zero ("0") means that the relevant figure has been rounded to zero.

The following consolidated financial information of Deutsche Wohnen should be read in conjunction with the section entitled "Management's Discussion and Analysis of Net Assets, Financial Condition and Results of Operations", the unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015 and the audited consolidated financial statements as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012 reproduced in this Prospectus in the section entitled "Financial Information", as well as the other financial information to be found elsewhere in this Prospectus.

8.1 Selected Data from the Consolidated Profit and Loss Statement

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	(in EUR million)			(in EUR million)	
Income from Residential Property Management	158.9	157.0	626.3	372.9	240.1
Expenses from Residential Property Management	(26.4)	(25.3)	(120.5)	(80.6)	(45.6)
Earnings from Residential Property Management	**132.5**	**131.7**	**505.8**	**292.3**	**194.4**
Sales proceeds	49.7	86.4	257.4	169.7	167.8
Cost of sales	(3.4)	(3.0)	(12.1)	(10.3)	(11.8)
Carrying amounts of assets sold	(36.9)	(67.6)	(192.9)	(136.3)	(136.1)
Earnings from Disposals	**9.3**	**15.8**	**52.4**	**23.0**	**19.9**
Income from Nursing and Assisted Living	16.3	16.7	68.2	59.9	42.0
Expenses from Nursing and Assisted Living	(12.5)	(12.6)	(51.9)	(46.7)	(32.1)
Earnings from Nursing and Assisted Living	**3.8**	**4.2**	**16.3**	**13.2**	**9.9**
Corporate expenses	(18.7)	(22.8)	(90.5)	(52.9)	(40.4)
Other expenses/income	(7.9)	(4.3)	(29.6)	(22.7)	12.7
Subtotal	**119.0**	**124.5**	**454.4**	**252.9**	**196.5**
Gains from the fair value adjustments of investment properties	–	–	952.7	101.3	119.2
Depreciation and amortization	(1.3)	(1.6)	(6.1)	(5.5)	(3.1)
Earnings before interest and taxes (EBIT)	**117.7**	**122.9**	**1,401.0**	**348.7**	**312.6**
Finance income	0.2	0.3	1.0	1.0	2.0
Gains/Losses from fair value adjustments of derivative financial instruments and convertible bonds[1)]	(109.9)	(16.7)	(111.5)	10.6	(0.2)
Gains/losses from companies valued at equity	0.4	–	(0.5)	–	–
Finance expense	(35.7)	(52.4)	(268.5)	(142.4)	(108.7)
Profit before taxes	**(27.3)**	**54.2**	**1,021.4**	**217.9**	**205.6**
Income taxes	(17.0)	(8.6)	(132.2)	(5.2)	(60.1)
Profit for the period	**(44.2)**	**45.5**	**889.3**	**212.7**	**145.5**

1) In the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2013 and December 31, 2012 referred to as "Gains/losses from fair value adjustments of derivative financial instruments".

8.2 Selected Data from the Consolidated Balance Sheet

	March 31, 2015	December 31, 2014	December 31, 2013[1)]	December 31, 2012
	(unaudited) (in EUR million)	(audited)	(audited) (in EUR million)	(audited)
Assets				
Non-current assets	**10,710.8**	**10,563.3**	**9,725.8**	**4,719.4**
of which:				
Investment properties	9,757.1	9,611.0	8,937.1	4,614.6
Property, plant and equipment	25.1	26.0	26.8	20.3
Intangible assets	545.6	546.1	547.1	3.3
Deferred tax assets	354.6	351.7	190.4	80.7
Current assets	**1,108.5**	**882.9**	**401.2**	**188.5**
of which:				
Land and buildings held for sale	60.4	58.1	97.1	39.1
Cash and cash equivalents	562.4	396.4	196.4	90.6
Total assets	**11,819.4**	**11,446.2**	**10,127.0**	**4,907.8**
Equity and liabilities				
Total equity	**4,846.0**	**4,876.1**	**3,944.3**	**1,609.7**
Total non-current liabilities	**6,088.7**	**6,025.9**	**5,654.6**	**2,989.5**
of which:				
Non-current financial liabilities	4,458.0	4,509.3	4,903.3	2,634.3
Convertible bonds	860.5	747.4	247.9	–
Employee benefit liability	73.0	67.7	55.3	54.5
Tax liabilities	–	–	27.9	36.5
Derivative financial instruments	112.0	126.4	124.8	113.7
Deferred tax liabilities	568.6	557.9	288.9	143.3
Total current liabilities	**884.7**	**544.2**	**528.2**	**308.7**
Total equity and liabilities	**11,819.4**	**11,446.2**	**10,127.0**	**4,907.8**

1) Figures extracted from the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2014.

8.3 Selected Data from the Consolidated Statement of Cash Flows

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited) (in EUR million)	(unaudited)	(audited)	(audited) (in EUR million)	(audited)
Net cash flows from operating activities	22.2	44.6	189.4	61.1	59.2
Net cash flows from investing activities	238.8	74.3	37.3	(655.1)	(1,238.0)
Net cash flows from financing activities	(94.9)	(135.3)	(26.8)	699.8	1,101.5
Net change in cash and cash equivalents	**166.0**	**(16.4)**	**200.0**	**105.9**	**(77.3)**
Closing balance of cash and cash equivalents	**562.4**	**180.1**	**396.4**	**196.4**	**90.6**

8.4 Other Financial and Operating Data

The following section describes certain additional operating key performance indicators. Potential investors should note that the following operating key performance indicators of Deutsche Wohnen are not IFRS-defined parameters. For this reason, it is possible that other companies may use different methods for calculating the same or similarly titled key performance indicators. Accordingly, these key performance indicators are not necessarily comparable with the same or similarly titled key performance indicators used by other companies.

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited)	(unaudited)	(unaudited, unless otherwise indicated)[1]		
EBITDA (adjusted)[2] in EUR million	122.6	126.7	475.3	270.2	180.6
EBT (adjusted)[3] in EUR million	91.7	73.1	283.3	131.9	78.5
Net operating income (NOI) from Residential Property Management[4] in EUR million	122.0	121.1	460.6	264.0	172.2
In-place rent[5] in the residential portfolio in the strategic core and growth regions in EUR per square meter and month (end of period)[6]	5.75	n/a[7]	5.71	5.56	5.54
In-place rent[5] in total letting portfolio in EUR per square meter and month (end of period)[6]	5.73	n/a[7]	5.69	5.54	5.49
Vacancy rate[8] in the total residential portfolio in the strategic core and growth regions in % (end of period)[6]	2.1	n/a[7]	2.1	2.2	2.1
Vacancy rate[8] in the total residential portfolio in % (end of period)[6]	2.3	n/a[7]	2.2	2.4	2.5
EPRA NAV (undiluted) in EUR million[9] (end of period)	5,296.1	n/a[7]	5,326.0	4,153.0	1,824.4
EPRA NAV (undiluted) per share in EUR[9] (end of period)	17.96	n/a[7]	18.10	14.51	12.48
Loan-to-value ratio in %[10] (end of period)	50.4	n/a[7]	51.0[11]	57.4[11]	57.2[11]
FFO (without disposals)[12] in EUR million	71.3	59.1	217.6	114.5	68.2
FFO (without disposals) per share[12] in EUR	0.24	0.21	0.76	0.65	0.54
FFO (including disposals)[12] in EUR million	80.6	74.9	270.0	137.5	88.1
FFO (including disposals) per share[12] in EUR	0.27	0.26	0.94	0.78	0.70

1) *Calculated based on the above mentioned sources, unless otherwise indicated.*

2) *Deutsche Wohnen calculates this key performance indicator by adjusting earnings before interest and taxes ("**EBIT**") for gains/losses from the fair value adjustments of investment properties, depreciation and amortization and non-recurring or exceptional items (other non-recurring income from the settlement of the loss compensation agreement with RREEF Management GmbH ("**RREEF**") in 2012 and from the settlement of the lawsuit BauBeCon Immobilien GmbH in 2013, transaction and integration costs related to restructuring and reorganization expenses in connection with GSW in 2014, transaction and integration costs in connection with the public takeover of GSW in 2013, the acquisition of the BauBeCon Group in 2012 and costs from the deconsolidation of Facilita Berlin GmbH). The Company uses adjusted earnings before interest, taxes, depreciation and amortization ("**EBITDA (adjusted)**") to measure its operating performance. The following table sets out the calculation of EBITDA (adjusted) for the three months ended March 31, 2015 and March 31, 2014 and for the fiscal years 2014, 2013 and 2012:*

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31 , 2012
	(unaudited)	(unaudited)	(audited, unless otherwise indicated)		
	(in EUR million)		(in EUR million)		
Earnings before interest and taxes (EBIT)	**117.7**	**122.9**	**1,401.0**	**348.7**	**312.6**

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited)	(unaudited)	(audited, unless otherwise indicated)		
	(in EUR million)		(in EUR million)		
Gains/losses from the fair value adjustments of investment properties	–	–	(952.7)	(100.9)[a)]	(119.2)
Depreciation and amortization	1.3	1.6	6.1	5.5	3.1
Subtotal	**119.0**	**124.5**	**454.4**	**253.3**	**196.5**
Non-recurring or exceptional items (unaudited)[b)]					
Other non-recurring income (unaudited)[b)]	(0.9)	–	–	(2.2)	(20.3)
Transaction and integration costs and costs from deconsolidation of Facilita Berlin GmbH	4.5	–	5.6	19.1	4.4
Restructuring and reorganization expenses	–	2.2	15.2	–	–
EBITDA (adjusted) (unaudited)[c)]	**122.6**	**126.7**	**475.3**	**270.2**	**180.6**

a) Gains from the fair value adjustments of investment properties less gains from the valuation of land and buildings held for sale amounting to EUR 0.4 million, which are a part of those gains from the fair value adjustments of investment properties; unaudited figures taken or derived from the Company's accounting records or internal management reporting systems.

b) Taken or derived from the Company's accounting records or internal management reporting systems.

c) Calculated based on the above mentioned sources.

3) *Deutsche Wohnen calculates the adjusted earnings before tax ("**EBT (adjusted)**") by adjusting profit/loss before taxes for gains/losses from the fair value adjustments of investment properties, non-recurring or exceptional items (other non-recurring income from the settlement on the loss compensation agreement with RREEF in 2012 and from the settlement of the lawsuit BauBeCon Immobilien GmbH in 2013, transaction and integration costs related to restructuring and reorganization expenses in connection with GSW in 2014, integration costs and costs from deconsolidation of Facilita Berlin GmbH in 2014, transaction and integration costs in connection with the public takeover of GSW in 2013 and the acquisition of the BauBeCon Group in 2012 and non-recurring expenses in connection with the refinancing related to the public takeover of GSW and for the issue of the convertible bond in 2013 and related to the BauBeCon Group transaction in 2012) and gains/losses from fair value adjustments of derivative financial instruments and convertible bonds. Deutsche Wohnen uses EBT (adjusted) as an indicator of operating performance. The following table sets out the calculation of EBT (adjusted) for the three months ended March 31, 2015 and March 31, 2014 and for the fiscal years 2014, 2013 and 2012:*

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited)	(unaudited)	(audited, unless otherwise indicated)		
	(in EUR million)		(in EUR million)		
Profit before taxes	**(27.3)**	**54.2**	**1,021.4**	**217.9**	**205.6**
Gains/losses from the fair value adjustments of investment properties	–	–	(952.7)	(100.9)[a)]	(119.2)
Non-recurring or exceptional items					
Other non-recurring income (unaudited)[b)]	(0.9)	–	–	(2.2)	(20.3)
Restructuring and reorganization expenses (unaudited)[b)]	–	2.2	15.2	–	–
Transaction and integration costs and costs from deconsolidation of Facilita Berlin GmbH (unaudited)[b)]	4.5	–	5.6	19.1	4.4
Non-recurring expenses in connection with the refinancing[c)]	5.4	–	82.2	8.6	7.8
Gains/losses from fair value adjustments of derivative financial instruments and convertible bonds[d)]	109.9	16.7	111.5	(10.6)	0.2
EBT (adjusted) (unaudited)[e)]	**91.7**	**73.1**	**283.3**	**131.9**	**78.5**

a) Gains from the fair value adjustments of investment properties less gains from the valuation of land and buildings held for sale amounting to EUR 0.4 million, which are a part of those gains from the fair value adjustments of *investment properties; unaudited figures taken or derived from the Company's accounting records or internal management reporting systems.*

b) *Taken or derived from the Company's accounting records or internal management reporting systems.*
c) *In the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2013 and December 31, 2012 referred to as "Financing costs" as well as "Financing costs for BauBeCon".*
d) *In the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2013 and December 31, 2012 referred to as "Gains/losses from fair value adjustments of derivative financial instruments".*
e) *Calculated based on the above mentioned sources.*

4) *Deutsche Wohnen defines net operating income ("**NOI**") from Residential Property Management as the segment earnings from Residential Property Management less attributable corporate expenses. The attributable corporate expenses comprise the direct and indirect staff and general and administration expenses. To calculate NOI per square meter and month, NOI is divided by the average square meter (quarterly basis) in the relevant period and then by the number of months in that period. The following table sets out the calculation of NOI and NOI per square meter and month for the three months ended March 31, 2015 and March 31, 2014 and for the fiscal years 2014, 2013 and 2012:*

	January 1 – March 31, 2015	**January 1 – March 31, 2014**	**January 1 – December 31, 2014**	**January 1 – December 31, 2013**	**January 1 – December 31, 2012**
	(unaudited and in EUR million, unless otherwise indicated)		**(unaudited and in EUR million, unless otherwise indicated)**		
Earnings from Residential Property Management	132.5	131.7	505.8[a)]	292.3[a)]	194.4[a)]
Staff and general and administration expenses[b)]	(10.5)	(10.6)	(45.2)	(28.3)	(22.2)
Net operating income (NOI) from Residential Property Management[c)]	**122.0**	**121.1**	**460.6**	**264.0**	**172.2**
NOI in EUR per square meter and month[b)]	**4.41**	**4.33**	**4.14**	**3.84**	**4.00**

a) *Audited.*
b) *Taken or derived from the Company's accounting records or internal management reporting systems.*
c) *Calculated based on the information shown in the table.*

5) *In-place rent is defined as the contractually owed net cold rent for the rented units per month divided by the rented floor space. The focus of Deutsche Wohnen's business activities is on increasing in-place rent and simultaneously minimizing the vacancy rate. Deutsche Wohnen seeks to achieve this by increasing rents in accordance with the residential rental index, by realizing rent potential arising from new leases (fluctuation), specific modernization measures, the costs of which can be passed on to the tenants, and measures to reduce vacancies. The in-place rent as of December 31, 2012 also includes new acquisitions with a transfer of benefits and encumbrances as of January 1 and February 1, 2013.*
6) *Taken or derived from the Company's accounting records or internal management reporting systems.*
7) *These numbers relate to a certain date. Accordingly, the numbers as of March 31, 2015 should be compared to the numbers as of December 31, 2014.*
8) *The vacancy rate is the ratio of vacancy losses to the potential gross rental income as of the applicable reporting date. The reference to the potential gross rental income ensures that the size of the residential unit and the actual costs are sufficiently factored into the vacancy rate. One of the Company's strategic goals is to reduce vacancies along with a steady increase in rents. Through vacancy reduction, the vacancy losses and the results of operating costs can be positively affected. The vacancy rate as of December 31, 2012 also includes new acquisitions with a transfer of benefits and encumbrances as of January 1 and February 1, 2013.*
9) *Deutsche Wohnen considers net asset value ("**NAV**") to be an important indicator of the intrinsic value of a real estate company. In accordance with the definition recommended by the European Public Real Estate Association ("**EPRA**"), EPRA NAV (undiluted) is defined as equity (before non-controlling interests) adjusted for the net total of derivative financial instruments (assets and liabilities) and certain deferred taxes. Deutsche Wohnen defines adjusted NAV (undiluted) as EPRA NAV (undiluted) adjusted for the goodwill of GSW. Potential investors should note that EPRA NAV per share (undiluted) and adjusted NAV per share (undiluted) are not an indication of the future performance of Deutsche Wohnen AG's shares. The following table sets out the calculation of EPRA NAV (undiluted), adjusted NAV (undiluted), EPRA NAV per share (undiluted) and adjusted NAV per share (undiluted) as of March 31, 2015, December 31, 2014, December 31, 2013 and December 31, 2012:*

	March 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
	(unaudited)	**(unaudited, unless otherwise indicated)**		
	(in EUR million, unless otherwise indicated)	**(in EUR million, unless otherwise indicated)**		
Equity (before non-controlling interests)[a]	4,655.3	4,692.9	3,777.8	1,609.3
Fair values of derivative financial instruments (net total of assets and liabilities)[a]	144.3	144.9	156.5	152.5
Deferred taxes	496.5[c]	488.2[c]	218.7[c]	62.6[d]
EPRA NAV (undiluted)[a]	**5,296.1**	**5,326.0**	**4,153.0**	**1,824.4**
Goodwill GSW Immobilien AG	(535.1)[b]	(535.1)[e]	(535.1)[e]	–
Adjusted NAV (undiluted)[a]	**4,761.0**	**4,790.9**	**3,617.9**	**1,824.4**
Number of shares (in millions, end of the period)[b]	294.90	294.26	286.22	146.14
EPRA NAV per share in EUR (undiluted)[a]	**17.96**	**18.10**	**14.51**	**12.48**
Adjusted NAV per share in EUR (undiluted)[a]	**16.14[f]**	**16.28[g]**	**12.64[h]**	**12.48**

a) Calculated based on the above mentioned sources.

b) Taken or derived from the Company's accounting records or internal management reporting systems.

c) Deferred taxes were calculated as follows:

	March 31, 2015	December 31, 2014	December 31, 2013
	(unaudited) (in EUR million)	**(unaudited, unless otherwise indicated) (in EUR million)**	
+ Deferred tax liabilities	568.6*)	557.9**)	288.9**)
+ Deferred tax assets on loss carry-forwards	276.5***)	276.5**)	121.2**)
+/- Deferred tax assets/liabilities based on fair value adjustments of convertible bonds***)	6.0	5.5	(1.0)
- Deferred tax assets	(354.6)*)	(351.7)**)	(190.4)**)
Deferred taxes	**496.5**	**488.2**	**218.7**

**) Figures were extracted from the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015.*

***) Audited. Figures as of December 31, 2013 were extracted from the Company's consolidated financial statements as of and for the year ended December 31, 2014.*

****) Taken or derived from the Company's accounting records or internal management reporting systems.*

d) Net total of deferred tax assets and liabilities.

e) Audited. The figure as of December 31, 2013 was extracted from the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2014.

f) The Adjusted NAV per share (diluted) as of March 31, 2015 would amount to EUR 18.83 per share taking into account the effect of the conversion of the convertible bonds issued in 2014 and 2013 of EUR 855.1 million and 31.71 million additional shares.

g) The Adjusted NAV per share (diluted) as of December 31, 2014 would amount to EUR 18.62 per share taking into account the effect of the conversion of the convertible bonds issued in 2014 and 2013 of EUR 743.1 million and 31.71 million additional shares.

h) The Adjusted NAV per share (diluted) as of December 31, 2013 would amount to EUR 14.69 per share taking into account the effect of the conversion of the convertible bond issued in 2013 of EUR 248.6 million and 13.33 million additional shares.

10) *The loan-to-value ratio ("**LTV Ratio**") describes the ratio of net financial liabilities (financial liabilities (current and non-current financial liabilities as well as financial liabilities regarding non-current assets held for sale) and convertible bonds (current and non-current) less cash and cash equivalents) to the value of the total real estate holdings (investment properties plus non-current assets held for sale and land and buildings held for sale). Deutsche Wohnen considers the LTV Ratio to be an important indicator of the capital structure. The Company applies the LTV Ratio to identify scope for optimizing the cost of capital, for possible acquisitions and for necessary financial measures. The following table sets out the calculation of the LTV Ratio as of March 31, 2015, December 31, 2014, December 31, 2013 and December 31, 2012:*

	March 31, 2015	December 31, 2014	December 31, 2013[a]	December 31, 2012
	(unaudited) (in EUR million, unless otherwise indicated)	(audited and in EUR million, unless otherwise indicated)		
Financial liabilities	4,669.6	4,779.0	5,161.5	2,768.6
Convertible bond	861.1	748.7	250.2	0.0
Cash and cash equivalents	(562.4)	(396.4)	(196.4)	(90.6)
Net financial liabilities	**4,968.3**	**5,131.3**	**5,215.3**	**2,678.0**
Investment properties	9,757.1	9,611.0	8,937.1	4,614.6
Non-current assets held for sale	44.9[b]	392.9	57.5	24.4
Land and buildings held for sale	60.4	58.1	97.1	39.1
Total real estate holdings (unaudited)	**9,862.4**	**10,062.0**	**9,091.7**	**4,678.1**
Loan-to-value ratio (in %)	**50.4**	**51.0**	**57.4**	**57.2**

a) *Figures as of December 31, 2013 were extracted from the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2014.*

b) *Non-current assets held for sale (EUR 394.9 million) less carrying amount of non-current assets held for sale (EUR 350.0 million), for which advance payments were received.*

11) *Audited.*

12) *The Company considers FFO to be an important indicator derived from the consolidated profit and loss statement for real estate companies. Deutsche Wohnen distinguishes between FFO (without disposals) and FFO (including disposals). FFO (without disposals) is defined as the profit/loss for the period adjusted for earnings from disposals, depreciation and amortization, gains/losses from the fair value adjustments of investment properties, gains/losses from fair value adjustments of derivative financial instruments and convertible bonds, non-cash finance expense arising from accrued interest on liabilities and pensions, non-recurring or exceptional items (transaction and integration costs related to restructuring and reorganization expenses in connection with GSW in 2014, transaction and integration costs in connection with the public takeover of GSW in 2013 and the acquisition of the BauBeCon Group in 2012 and non-recurring financing costs related to the public takeover of GSW and for the issue of the convertible bond in 2013 and related to the BauBeCon transaction in 2012) and other non-recurring income (from the settlement on the loss compensation agreement with RREEF in 2012 and from the settlement of the lawsuit BauBeCon Immobilien GmbH in 2013), deferred taxes (tax expense/income), the tax expense from capital increase costs and FFO (without disposals) attributable to non-controlling interests. FFO (including disposals) is calculated by adding the earnings from disposals to FFO (without disposals) and adjusting for earnings from disposals attributable to non-controlling interests. Whereas FFO (including disposals) is affected by cyclical fluctuation in the market, FFO (without disposals) is the relatively more stable measure of Deutsche Wohnen's ability to make loan payments, investments (e.g., acquisition of new properties) and dividend payments. The following table sets out the calculation of FFO (without disposals), FFO (without disposals) per share, FFO (including disposals) and FFO (including disposals) per share for the three months ended March 31, 2015 and March 31, 2014 and for the fiscal years 2014, 2013 and 2012:*

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited) (in EUR million, unless otherwise indicated)		(audited and in EUR million, unless otherwise indicated)		
Profit/loss for the period	**(44.2)**	**45.5**	**889.3**	**212.7**	**145.5**
Earnings from Disposals	(9.3)	(15.8)	(52.4)	(23.0)	(19.9)
Depreciation and amortization	1.3	1.6	6.1	5.5	3.1
Gains/losses from the fair value adjustments of investment properties	–	–	(952.7)	(100.9)[a]	(119.2)
Gains/losses from fair value adjustments of derivative financial instruments and convertible bonds[b]	109.9	16.7	111.5	(10.6)	0.2
Non-cash finance expense arising from accrued interest on liabilities and	(5.0)	5.2	3.0	11.8	11.4

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited) (in EUR million, unless otherwise indicated)		(audited and in EUR million, unless otherwise indicated)		
pensions[c]					
Transaction and non-recurring financing costs (unaudited)[d]	9.9	–	87.8	27.7	12.2
Other non-recurring income (unaudited)[d]	(0.9)	–	–	(2.2)	(20.3)
Restructuring and reorganization expenses (unaudited)[d]	–	2.2	15.2	–	–
Deferred tax expense/income	11.5	5.4	115.3	(8.6)	49.6
Tax expense from capital increase costs[e]	–	–	0.4	2.5	5.6
FFO (without disposals) attributable to non-controlling interests (unaudited)[d]	(1.9)	(1.7)	(5.9)	(0.4)	–
FFO (without disposals) (unaudited)[f]	**71.3**	**59.1**	**217.6**	**114.5**	**68.2**
Average number of shares issued in millions	294.7	286.2	287.8	175.3	126.1[g]
FFO (without disposals) per share in EUR (unaudited)[f]	**0.24**	**0.21**	**0.76**	**0.65**	**0.54**
FFO (without disposals) (unaudited)[f]	71.3	59.1	217.6	114.5	68.2
Earnings from Disposals	9.3	15.8	52.4	23.0	19.9
FFO (incl. disposals) (unaudited)[f]	**80.6**	**74.9**	**270.0**	**137.5**	**88.1**
Average number of shares issued in millions	294.7	286.2	287.8	175.3	126.1[g]
FFO (incl. disposals) per share in EUR (unaudited)[f]	**0.27**	**0.26**	**0.94**	**0.78**	**0.70**

a) Gains from the fair value adjustments of investment properties less gains from the valuation of land and buildings held for sale amounting to EUR 0.4 million, which are a part of those gains from the fair value adjustments of investment properties; unaudited figures taken or derived from the Company's accounting records or internal management reporting systems.

b) In the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2013 and December 31, 2012 referred to as "Gains/losses from fair value adjustments of derivative financial instruments".

c) In the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012 referred to as "accrued interest on liabilities and pensions".

d) Taken or derived from the Company's accounting records or internal management reporting systems.

e) In the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2012 referred to as "Tax benefit from capital increase costs".

f) Calculated based on the above mentioned sources.

g) Including scrip adjustment arising from capital increases in 2012.

8.4.1 Selected Data from the Segment Reporting

In accordance with IFRS 8, the Company has identified three segments in its business activities: Residential Property Management, Disposals, and Income from Nursing and Assisted Living. In accordance with the internal reporting approach pursuant to IFRS 8 "Operating segments", segment earnings comprise the subtotal (EBITDA) shown in the consolidated profit and loss statement, which is defined as earnings before interest and taxes (EBIT) adjusted for gains/losses from the fair value adjustments of investment properties and depreciation and amortization.

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited) (in EUR million)		(audited)	(audited) (in EUR million)	(audited)
Residential Property Management					
Segment revenue (total revenue)	162.4	158.4	632.0	378.1	242.3
Segment earnings	132.5	131.7	505.8	292.3	194.4
Disposals					
Segment revenue (total revenue)	50.6	88.0	261.7	173.7	177.5
Segment earnings	9.3	15.8	52.4	23.0	19.9

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited) (in EUR million)		(audited)	(audited) (in EUR million)	(audited)
Nursing and Assisted Living					
Segment revenue (total revenue)	16.3	16.7	68.2	59.9	42.0
Segment earnings	3.8	4.2	16.3	13.2	9.9

9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Investors are advised to read the following description and analysis of Deutsche Wohnen's net assets, financial position and results of operations in connection with the sections entitled "Business", "Risk Factors" and "Financial Information".

The financial information contained in this section is based on the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015 and the Company's audited consolidated financial statements as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012, as well as the Company's accounting records or internal management reporting systems. Deutsche Wohnen AG's audited consolidated financial statements as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012 have been prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to section 315a paragraph 1 of the German Commercial Code (HGB). The Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015 have been prepared in accordance with IFRS for interim financial reporting (IAS 34). The audited consolidated financial statements and the unaudited condensed consolidated interim financial statements are reproduced in the section entitled "Financial Information" of this Prospectus. Additional information as of and for the fiscal year ended December 31, 2014 has been derived from Deutsche Wohnen AG's audited unconsolidated annual financial statements as of and for the fiscal year ended December 31, 2014, which have been prepared in accordance with the German Commercial Code (HGB) using the total cost method and are also reproduced in the section entitled "Financial Information" in this Prospectus. There are material differences between IFRS and the German Commercial Code (HGB). Operating data reproduced below have been derived from the Company's accounting records or internal management reporting systems.

Where the financial information stated in the following tables is labeled as "audited", this means that it has been taken from Deutsche Wohnen AG's audited consolidated financial statements as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012. Financial information which has not been taken from the aforementioned consolidated financial statements but, instead, is taken or derived from the unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015, the Company's accounting records or internal management reporting systems or which is based on calculations of financial information from the above mentioned sources is labeled in the following tables as "unaudited".

In the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2013, pursuant to IFRS 3, the allocation of the purchase price for the acquisition of GSW on November 30, 2013 was undertaken on a provisional basis. Due to new findings, the allocation of the purchase price was adjusted pursuant to IFRS 3. Accordingly, certain line items in the comparative financial information as of December 31, 2013 in the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2014 were affected by this adjustment and were adjusted retrospectively. Therefore, in principal, financial information as of December 31, 2013, labelled as "audited" was extracted from the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2014.

Unless otherwise indicated, all the financial information presented in the text and the tables of this section of the Prospectus is shown in millions of euros (EUR million) and is commercially rounded to one digit after the decimal point. Unless otherwise stated, all percentage changes in the text and the tables are rounded to the first digit after the decimal point. As a result of rounding effects, the aggregated figures in the tables may differ from the totals shown and the aggregated percentages may not exactly equal 100.0%. Parentheses around any figures in the tables indicate negative values. A dash ("–") means that the relevant figure is not available or not existent, while a zero ("0") means that the relevant figure has been rounded to zero.

9.1 Overview

Deutsche Wohnen AG is one of the largest publicly listed German residential real estate companies with a market capitalization of approximately EUR 7 billion (based on the XETRA closing price on April 30, 2015). The Company's real estate portfolio includes approximately 149,000 residential and commercial properties, as well as approximately 2,050 nursing and assisted care units/apartments (including about 475 units/apartments in facilities that Deutsche Wohnen does not own but operates via strategic partnerships). The fair value of Deutsche Wohnen's investment properties and properties held for sale amounts to approximately EUR 10 billion (as of December 31, 2014). Deutsche Wohnen's investment strategy focuses on residential real estate and nursing and assisted care facilities in German metropolitan areas with strong growth, including the Greater Berlin area, the Rhine-Main region, Mannheim/Ludwigshafen, the Rhineland and Dresden, as well as stable urban areas such as Hanover/Brunswick, Magdeburg, Kiel/Lübeck, Halle/Leipzig and Erfurt. As of March 31, 2015, Deutsche Wohnen had 736 employees (excluding 1,362 employees in the Nursing and Assisted Living segment and 108 trainees).

9.2 Segments

The Company has organized its business into the following business segments: Residential Property Management, Disposals as well as Nursing and Assisted Living.

The **Residential Property Management** segment is the core segment and focus of the Company's business. It encompasses the "residential portfolio" and includes all activities relating to residential real estate management, lease management and tenant assistance. Deutsche Wohnen's strategic goal in this segment is to improve the funds from operations. It aims to accomplish this by focusing on (i) rent increases in line with adjustments to rent indexes, modernization measures and by realizing the potential of existing rent increases through new tenancies (*fluctuation*), (ii) lowering vacancy rates, (iii) ensuring efficient management of its residential properties including targeted investments and (iv) realizing economies of scale by acquiring and integrating new portfolios. Over the last few years, Deutsche Wohnen has demonstrated that by focusing its residential portfolio on the strategic core and growth regions and continually optimizing its residential portfolio, it can generate organic growth, thereby improving its funds from operations (without disposals).

The **Disposals** segment encompasses the "disposals portfolio" and includes all activities relating to the sale of residential units, buildings and land. Deutsche Wohnen's residential holdings intended for sale can be divided into (i) block sales (institutional sales) and (ii) single-unit privatizations (also referred to as single-unit sales or residential unit privatizations). The residential portfolio for block sales (institutional sales) comprises residential units in Non-Core Regions, *i.e.*, regions that do not fit into Deutsche Wohnen's long-term business strategy or non-core asset classes that are not expected to be held for the long term. Opportunistic disposals of properties in Deutsche Wohnen's Core+ and Core regions in the context of sales to institutional investors are also possible in the current market environment. Some residential units in these locations are part of the residential portfolio because they were acquired as part of larger portfolio acquisitions. These mainly include residential units and buildings in rural areas and single scattered holdings. These properties are typically sold to institutional investors, at or above fair value, although at times, below fair value if Deutsche Wohnen believes that a fast adaptation of the portfolio is more important than realizing the highest sales price. Opportunistic sales from the strategic core and growth regions still occur to take advantage of the current market situation. For single-unit privatizations, Deutsche Wohnen aims to sell predominantly to owner-occupants and capital investors at prices significantly above the fair value. All sales of residential units are intended to optimize and consolidate the residential portfolio and occur on an ongoing but staggered basis.

In the **Nursing and Assisted Living** segment, Deutsche Wohnen manages and markets nursing and residential care facilities for the elderly under the KATHARINENHOF® brand; the vast majority of these facilities are owned by Deutsche Wohnen. These facilities provide full inpatient care with the aim of helping nursing care patients preserve their independence as much as possible. Deutsche Wohnen assisted living facilities also provide the elderly with rental apartments along with an extensive range of services tailored to their needs.

9.3 Portfolio

As of March 31, 2015, Deutsche Wohnen's total residential portfolio consisted of 146,850 residential units (143,473 residential units in the strategic core and growth portfolio and 3,377 units in the non-core portfolio) with a total residential floor space of approximately 9 million square meters based on the total residential floor space listed in the rental contracts. As of March 31, 2015, the average monthly in-place rent of Deutsche Wohnen's residential portfolio amounted to EUR 5.73 per square meter. The vacancy rate in relation to Deutsche Wohnen's residential portfolio was 2.3% as of this date. In addition to the residential properties, the real estate portfolio of Deutsche Wohnen included 2,085 commercial units. Deutsche Wohnen divides its residential real estate portfolio into strategic core and growth regions and non-core regions. In its strategic core and growth regions, Deutsche Wohnen distinguishes between Core+ and Core regions. The real estate portfolio in the strategic core and growth regions includes both residential units that fall under the Residential Property Management segment as well as the Disposals (residential unit privatizations) segment.

- Core+ Regions are dynamic markets in which Deutsche Wohnen sees considerable potential to increase rents and a positive market environment for sales. These markets are characterized by excess demand for housing due to dynamic economic development and an increase in the number of households due to, among others, a growing number of single-person households. Deutsche Wohnen's Core+ Regions are the metropolitan areas of (i) Greater Berlin, (ii) Rhine-Main, (iii) Mannheim/Ludwigshafen, (iv) Rhineland and (v) Dresden. These markets are also the focus of potential future acquisitions. Based on the number of units, around 87% of the units in the residential real estate portfolio were located in Core+ Regions as of March 31, 2015.

- Core Regions are regions in which market development is expected to be stable. These markets are characterized by balanced supply and demand, a good economic situation, a stable economic outlook, average purchasing power and a constant number of households. Deutsche Wohnen's Core Regions are: (i) Hanover/Brunswick, (ii) Magdeburg, (iii) Kiel/Lübeck, (iv) Halle/Leipzig, (v) Erfurt and (vi) others. Based on the number of units, around 11% of the units in the residential real estate portfolio were located in Core Regions as of March 31, 2015.

- Non-Core Regions are defined as geographic regions whose development is stagnating and/or where the trend is negative. These are mainly rural areas or scattered holdings in Saxony-Anhalt, Brandenburg, Saxony, Rhineland-Palatinate, and others. The real estate in Deutsche Wohnen's portfolio that falls under Non-Core Regions amounted to 3,377 units, or around 2% of the total residential real estate portfolio based on the number of units as of March 31, 2015.

In 2014, about 9,700 residential units were reclassified from Core to Core+. These units are predominantly located in Dresden and Mannheim/Ludwigshafen. In addition, about 1,600 residential units were reclassified from Core to Non-Core.

Based on the strategic clustering into Core+, Core and Non-Core clusters, Deutsche Wohnen deploys three different investment strategies, "operate", "develop" and "dispose".

- Operate. The focus for units in the cluster "operate" is on re-letting these units and on the realization of rent potential according to the market trends. The units in the "operate" cluster are in a good or excellent condition. The cluster "operate" accounts for 76% of Deutsche Wohnen's portfolio (measured by units).

- Develop. Units located at promising locations that have less than average conditions are grouped in a cluster "develop". They account for 12% of Deutsche Wohnen's portfolio (measured by units). Deutsche Wohnen expects to invest significant amounts in modernization measures in order to increase the rent potential of these units.

- Dispose. Units that are in the cluster "dispose" are being sold in single units privatizations and block sales. They account for 10% of Deutsche Wohnen's portfolio (measured by units).

In 2014, Deutsche Wohnen engaged in selective acquisitions of smaller portfolios encompassing a total of approximately 3,100 residential units in the Rhine-Main area (650 units), Berlin (1,950 units) and Dresden (500 units) for a gross acquisition price of approximately EUR 300 million. These portfolios are all located in Deutsche Wohnen's Core+ markets. Notarized purchase agreements have been signed for all these 3,100 units in 2014 and for 940 units, the acquisitions closed already in fiscal 2014.

As of March 31, 2015, Deutsche Wohnen's nursing and assisted living portfolio comprised 20 facilities, of which 15 are solely nursing facilities, 3 are facilities for assisted living and 2 are combined facilities. The facilities provide about 2,048 nursing care places and apartments for assisted living. Of the 20 properties that are nursing facilities and assisted living facilities, there are 2 facilities that Deutsche Wohnen does not own but still operates via strategic partnerships. Around 70% of the nursing and assisted living portfolio is situated in Berlin and Brandenburg in terms of the number of nursing care places.

The Property Appraisal Report included in this Prospectus reports the fair value (pursuant to IAS 40) of Deutsche Wohnen's entire residential portfolio to be EUR 9,782 million (of which EUR 19.2 million account for undeveloped plots of land) as of December 31, 2014 and of Deutsche Wohnen's nursing and assisted living facilities to be EUR 143.8 million as of June 30, 2014. While these valuations only speak to the relevant valuation date and have not been updated by CBRE to reflect the value as of a more recent date, Deutsche

Wohnen AG hereby affirms that it is not aware of any material change in the total value of the properties appraised in the Property Appraisal Report since the respective appraisal date. The Company valued the entire real estate portfolio (residential and commercial real estate as well as nursing and assisted living facilities excluding undeveloped plots of land as of December 31, 2014) at EUR 9,930 million. The value according to the Property Appraisal Report and the Company's internal value deviates by 0.20% based on the total valued portfolio. Based on individual property, the values deviate by no more than 10%, or less than EUR 250,000, from one another. Since the valuations were conducted independently of one another, the discrepancies lie within a range of independent valuations and are not attributable to fundamentally different valuation methods. Deutsche Wohnen plans to perform an updated assessment of the fair value of its investment properties as of June 30, 2015 in the third quarter of 2015.

9.4 Material Factors Impacting the Company's Net Assets, Financial Position and Results of Operations

Deutsche Wohnen is exposed to different trends. This section describes the main factors that the Company believes could be influential for Deutsche Wohnen's business performance.

9.4.1 General Economic and Demographic Trends in Germany

The market value and rental income of Deutsche Wohnen's total portfolio depend to a significant degree on the economic environment. Cyclical economic trends beyond the Company's control, including economic growth, unemployment rates, price trends and interest rate levels, affect rental income, potential real estate sales, opportunities and purchase prices paid in the context of acquisitions. In addition, the Company's expenses are exposed to inflation-related price increases. To the extent permissible under applicable law, and taking into account the market environment, cost increases are compensated for by rent increases and/or allocated ancillary costs.

Several factors, such as changes in per-capita living space, average household size, home ownership rate and migration patterns, affect the market value and rental yield of Deutsche Wohnen's total residential portfolio. The number of households is forecast to increase by 2.9% between 2010 and 2025 (Source: BBSR – Regional Planning 2030).

9.4.2 Portfolio Size, Vacancy Rate, Tenant Turnover and Rent Restrictions Drive Rental Income

The development of current gross rental income is a material factor affecting income from Residential Property Management. The current gross rental income is primarily determined by the relevant in-place rent and the floor space actually let. These two factors are influenced by the location and condition of the properties. In-place rents are not exposed to any material seasonal fluctuation. Significant changes primarily arise from portfolio additions and sales, which determine the size and composition of Deutsche Wohnen's total residential real estate portfolio and affect the average in-place rent. The number of residential units in Deutsche Wohnen's total residential portfolio increased significantly from 82,738 units as of December 31, 2012 to 146,850 units as of March 31, 2015, largely due to the takeover of GSW in late 2013 and acquisitions of smaller real estate portfolios. These acquisitions were only partially offset by disposals.

Vacancy rates are another factor impacting Deutsche Wohnen's income as an increase in the vacancy rate adversely affects rental income and ancillary costs. The vacancy rate for Deutsche Wohnen's total residential real estate portfolio decreased slightly from 2.5% as of December 31, 2012 to 2.4% as of December 31, 2013. In 2014, the vacancy rate decreased to 2.2% as of December 31, 2014. In the three months ended March 31, 2015, the vacancy rate increased to 2.3% as of March 31, 2015. The vacancy rate in the residential portfolio in the strategic core and growth regions increased from 2.1% as of December 31, 2012 to 2.2% as of December 31, 2013 and decreased to 2.1% as of December 31, 2014. As of March 31, 2015, the vacancy rate stood unchanged at 2.1%. There are significant regional differences in the vacancy rate.

Deutsche Wohnen's income is also affected by its ability to increase rents in its Residential Property Management segment. For example, on May 19, 2015, a revised rent index (*Mietspiegel*) was published for Berlin. Deutsche Wohnen is currently in the process of assessing the possible impact of the revised rent index and, in particular, whether there is potential to increase the in-place rent for some of the residential units located in Berlin. Tenant fluctuation helps Deutsche Wohnen to increase rents, as in-place rents for newly-let units tend to be higher than Deutsche Wohnen's average in-place rent. As of March 31, 2015, the monthly in-place rent for the residential portfolio in the Core+ Regions not subject to price restrictions was EUR 5.83 per square meter, whereas the in-place rent under newly signed leases taking effect in 2015 in the residential portfolio in the Core+ Regions not subject to price restrictions was EUR 7.25 per square meter. Any increase in tenant turnover will accelerate the reduction in the differences between existing and new in-place rents. However, regulations such as rental restrictions imposed in connection with programs for the construction of additional housing and public advances for redeveloping and renovating buildings place limits on upside rent potential. As of March 31, 2015, around 17% of Deutsche Wohnen's residential units were subject to price restrictions (December 31, 2014: 18%, December 31, 2013: 18%, December 31, 2012: 15%).

9.4.3 Maintenance and Modernization Measures

Deutsche Wohnen's net assets and results of operations are influenced by maintenance and modernization measures concerning its portfolio. Maintenance expenses are recorded as expenses in the profit and loss statement in the period in which it is incurred, whereas modernization expenses are capitalized and depreciated over several years.

Maintenance serves the purpose of maintaining a certain quality standard throughout Deutsche Wohnen's residential real estate entire portfolio. Deutsche Wohnen uses modernization measures to enhance the quality of individual units with the aim of increasing rental income. The costs and the time required to implement maintenance and modernization measures depend on the size, quality and location of the units in question, the tenants' quality expectations and the purpose of the work performed.

Total maintenance and capitalized modernization expenses for Deutsche Wohnen's total portfolio increased from EUR 67.9 million in 2012 to EUR 152.9 million in 2014, due primarily to an increase in the Group's residential property portfolio. Maintenance and capitalized modernization expenses for Deutsche Wohnen's total portfolio decreased on a per square meter basis from EUR 18.94 per square meter in 2012 to EUR 16.51 per square meter in 2014.

9.4.4 Sales Prices and Proceeds

Deutsche Wohnen sells residential units from its residential real estate portfolio in the strategic core and growth regions as well as the residential real estate portfolio in the disposal regions. It engages in sales to current occupiers (also referred to as residential unit privatization) and institutional sales (block sales). With respect to the residential privatization of units, Deutsche Wohnen's goal is to sell residential units mostly to tenants at a price that amounts to at least no less than its fair value. Deutsche Wohnen's residential real estate portfolio in its disposal regions comprises residential units that are no longer part of Deutsche Wohnen's business strategy. As margins on institutional sales are usually substantially smaller than on residential unit privatizations, earnings from disposals are primarily driven by the latter.

Sales proceeds depend on the number of units sold and the sales price per square meter. Deutsche Wohnen plans the target number of units to be sold in a year based on the liquidity contribution sought and any intended portfolio structure changes as well as market opportunities. Sales prices are determined by supply and demand, which in turn primarily depend on the location and condition of the units, the expected rental income and financing conditions. In addition, the tenant structure and regional purchasing power also play an important role. Further, any increase in housing construction may exert pressure on market demand for Deutsche Wohnen's real estate portfolio and adversely affect its earnings from disposals. Similarly, political and administrative decisions, such as the granting of public assistance for housing, legal or regulatory limitations on rent increases or an increase in real estate transfer tax, influence the residential real estate market and influence the prices of residential real estate.

In 2012, the Group sold 3,000 residential units (or 3.6% of its total residential portfolio). In 2013, the Group sold 3,499 residential units (or 2.3% of its total residential portfolio). In 2014, the Group sold 4,115 residential (or 2.8% of its total residential portfolio).

The cost of sales, which includes pre-sales expenses and broker commissions, decreased from EUR 11.8 million in 2012 (7.0% of sales proceeds) to EUR 10.3 million (6.1% of sales proceeds) in 2013 and increased to EUR 12.1 million in 2014 (4.7% of sales proceeds).

9.4.5 *Gains/Losses from the Fair Value Adjustments of Investment Properties*

Deutsche Wohnen remeasures the fair value of its investment properties in regular intervals. The fair value of Deutsche Wohnen's investment properties is influenced by two main factors. The first factor is the expected cash flows arising from operational performance and the second is the discount and capitalization rates. The expected cash flows arising from operational performance are mainly dependent on assumptions concerning current gross rental income per square meter and vacancy rate trends, total portfolio size, maintenance and administrative expenses as well as operating expenses. The discount and capitalization rates are influenced by market interest rates and risk premiums. If discount and capitalization rates increase, the fair value of the portfolio will decrease and vice versa. Even small changes in one or more of these factors can have a considerable influence on the fair value of Deutsche Wohnen's investment properties and its net assets and results of operations. The contribution to earnings before interest and taxes (EBIT) made by gains from the fair value adjustments of investment properties was EUR 119.2 million (38.1%) in 2012, EUR 101.3 million (29.1%) in 2013 and EUR 952.7 million (68.0%) in 2014. Deutsche Wohnen plans to perform an assessment of the fair value of its investment properties as of June 30, 2015, which may lead to a positive contribution to Deutsche Wohnen's results for the six months ended June 30, 2015.

9.4.6 *Financial Liabilities and Financing Costs*

Deutsche Wohnen's business is to a significant extent debt-financed. Accordingly, it is of considerable importance for Deutsche Wohnen to enter into financing agreements on favorable terms, particularly at low interest rates and with moderate amortization payments.

Deutsche Wohnen's net financial liabilities (current and non-current financial liabilities plus financial liabilities referable to assets held for sale plus current and non-current convertible bonds less cash and cash equivalents) increased by 85.5% from EUR 2,678.0 million as of December 31, 2012 to EUR 4,968.3 million as of March 31, 2015, primarily due to the takeover of GSW and the inclusion of GSW's net financial debt in Deutsche Wohnen's consolidated balance sheet.

Although Deutsche Wohnen's net financial liabilities increased between December 31, 2012 and March 31, 2015 for acquisition-related reasons, the LTV Ratio decreased from 57.2% as of December 31, 2012 to 50.4% as of March 31, 2015. The average interest rate for Deutsche Wohnen's financial liabilities decreased from 3.7% as of December 31, 2012 to 2.35% as of March 31, 2015 (including convertible bonds).

9.4.7 *Effects of Interest Rate Changes*

Changes in interest rates impact Deutsche Wohnen's business activities in many ways. Interest rates influence the discount and capitalization rates used by Deutsche Wohnen, which in turn affect the fair value of the investment properties. Moreover, lower interest rates in Germany generally result in increased demand for home ownership, resulting in higher prices partially driven by lower financing costs. On the other hand, rising interest rates result in economically less favorable funding conditions and tend to have an adverse effect on real estate prices. Changes in interest rates also impact Deutsche Wohnen's financing costs. They determine the conditions at which Deutsche Wohnen may obtain fixed-rate finance and influence the interest rate payment obligations in the case of floating-rate finance. With respect to its floating-rate debt, Deutsche Wohnen has entered into a substantial volume of interest rate swaps. As of March 31, 2015, approximately 86% of Deutsche Wohnen's financial liabilities (including convertible bonds) were either fixed-rate or hedged by means of interest rate swaps. Deutsche Wohnen fulfills the requirements of the IAS 39 hedge accounting rules applicable to accounting for hedging instruments (interest rate swaps) with respect to hedging against cash flow risks from variable interest loans. When interest rate levels fluctuate, the fair value of the interest rate swaps also fluctuates. For interest rate swaps that have been entered into by Deutsche Wohnen to hedge against cash flow risks from variable interest loans and that are an asset, increases in interest rate levels lead to an increase in the fair value of the interest rate swaps and vice versa. Under hedge accounting, changes in the fair value of hedging instruments forming part of an effective hedge relationship are recognized directly in equity. Only those portions that do not meet the effectiveness requirements of IAS 39 are recognized in the consolidated profit and loss statement.

9.4.8 *Payments Related to EK-02 Inventories*

Within the Deutsche Wohnen Group there are different housing companies with substantial EK-02 tax liabilities (flat-rate withholding tax), which have arisen from changes in the taxation status of non-profit organizations, resulting in tax assessment at the standard rate. The EK-02 flat-rate tax has to be paid in ten equal annual installments from 2008 to 2017 or as a lump-sum payment equaling the present value. Deutsche Wohnen's EK-02 tax liabilities stood at EUR 96.0 million at the beginning of 2008. Due to the integration of the BauBeCon Group, Deutsche Wohnen's EK-02 liabilities increased. The annual installments amounted to EUR 10.4 million, payable until 2017. As of December 31, 2013 the present value from the payment of the EK-02-holdings resulted in a liability totaling EUR 38.1 million. In 2014, Deutsche Wohnen paid its remaining EK-02 liabilities in full.

9.4.9 Income Taxes

Income taxes include current tax expense and deferred tax expense. In the period from 2012 through 2014, corporations domiciled in Germany were taxed at an annual corporation tax rate of 15% plus a solidarity surcharge of 5.5% on the corporation tax owed. Corporations domiciled in Germany are also subject to a trade tax at a rate which is determined by the respective local authorities. Deutsche Wohnen AG's anticipated nominal income tax rate stood at 30.18% in 2014 and at 31.93% in 2013 and 2012. At the same time, it has useable tax losses, with which it is able to lower its actual tax burden significantly.

9.4.10 Comparability of the Financial Information Contained in the Consolidated Financial Statements

Deutsche Wohnen closed a number of significant acquisitions that influence the comparability of the financial information contained in the consolidated financial statements as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012. The most significant of these were the acquisition of the BauBeCon Group in 2012 and the takeover of GSW in 2013, which are described in more detail below.

On May 27, 2012, Deutsche Wohnen entered into an investment agreement (purchase contract) with Barclays Bank PLC and a number of companies affiliated with Barclays Bank PLC concerning the acquisition of the BauBeCon Group for a total price of around EUR 1.235 billion. The BauBeCon Group comprises 23,320 residential units and was consolidated in the consolidated financial statements from September 1, 2012. The periods prior to September 1, 2012 do not include the assets and liabilities or the income and expenses of the BauBeCon Group.

On August 20, 2013, Deutsche Wohnen announced its intention to submit a public takeover offer for the acquisition of all shares of GSW ("**GSW Shares**") in exchange for newly-issued shares of the Company (the "**Exchange Offer**"). The Exchange Offer was made on October 2, 2013 to the shareholders of GSW for the acquisition of their registered shares of GSW. The Exchange Offer was accepted by the shareholders of GSW with a quorum of 91.05% of GSW Shares (based on outstanding share capital as of November 18, 2013) tendered and completed on November 27, 2013. After consummation of the Exchange Offer, the Company acquired additional GSW Shares. GSW's income and expenses and assets and liabilities have been fully consolidated in Deutsche Wohnen AG's consolidated financial statements with effect from November 30, 2013. The periods prior to November 30, 2013 do not include the assets and liabilities or the income and expenses of GSW.

In connection with the acquisition, the Company had to determine GSW's goodwill by allocating the purchase price paid to GSW's various assets and liabilities and recording the remainder as goodwill. The allocation of the purchase price paid by the Company for GSW in the Exchange Offer as of December 31, 2013 was preliminary in nature. Due to the proximity of the settlement under the Exchange Offer and the balance sheet date, the Company had to rely on publicly available information with respect to GSW's assets and liabilities. Pursuant to IFRS 3.45, Deutsche Wohnen may retroactively, with effect as of the date of the acquisition, reflect new insights relating to the allocation of the purchase price that were gained within a period of twelve months post consummation of the acquisition. Deutsche Wohnen made use of this possibility and adjusted the purchase price allocation with effect as of November 30, 2013. The new insights included, among other things, accrued interests of short term financial liabilities acquired by GSW, accruals and deferrals to be considered in the allocation of the purchase price under IFRS 3, reserves due to deconstruction obligations and potential risks from past fiscal years. In total, the retroactive adjustments increased the total goodwill by EUR 43.5 million to EUR 535.1 million.

The following table presents the allocation of the purchase price pre and post adjustments:

GSW	November 30, 2013 pre-adjustment	November 30, 2013 post adjustment	Adjustment total
	(audited) (in EUR million)		
Investment properties	3,376.9	3,376.9	
Goodwill	491.6	535.1	43.5
Other non-current assets	9.6	9.6	
Current assets	42.7	43.3	0.6
thereof receivables from rental activities	11.0	11.0	
thereof other trade receivables	12.8	12.8	
thereof tax receivables	0.8	0.8	
thereof other current assets	18.2	18.8	0.6
Cash and cash equivalents	145.2	145.2	
Acquired assets	**4,066.0**	**4,110.1**	**44.1**
Acquired non-controlling interests	**(0.4)**	**(0.4)**	
Non-current liabilities	(1,882.4)	(1,885.1)	(2.8)
thereof loans	(1,809.6)	(1,809.6)	
thereof provisions	(7.2)	(10.0)	(2.8)
thereof liabilities from derivatives	(64.7)	(64.7)	
thereof other liabilities	(1.0)	(1.0)	
Current liabilities	(361.4)	(402.5)	(41.1)
thereof loans	(69.8)	(76.7)	(6.9)
thereof convertible bonds	(215.3)	(215.3)	
thereof trade payables	(41.6)	(41.6)	
thereof tax liabilities	(0.2)	(12.0)	(11.8)
thereof other liabilities	(34.3)	(31.0)	3.3
thereof deferred tax liabilities	–	(26.0)	(26.0)
Acquired liabilities	**(2,243.8)**	**(2,288.3)**	**(44.1)**
Net assets at 100%	**1,821.8**	**1,821.8**	
Non-controlling interests	(163.1)	(163.1)	
Acquisition costs for 91.05%	**1,658.7**	**1,658.7**	

The adjustment with regard to the allocation of the purchase price resulted in the following adjustments to the balance sheet of Deutsche Wohnen AG as of December 31, 2013 in the consolidated financial statements of Deutsche Wohnen AG as of and for the fiscal year ended December 31, 2014:

	As of December 31, 2013 Pre-adjustment	Change	As of December 31, 2013 Post-adjustment
		(audited) (in EUR million)	
ASSETS			
Investment properties	8,937.1		8,937.1
Property, plant and equipment	26.8		26.8
Intangible assets	503.7	43.5	547.1
Derivative financial instruments	2.7		2.7
Other non-current assets	21.7		21.7
Deferred tax assets	280.5	(90.1)	190.4
Non-current assets	**9,772.5**	**(46.7)**	**9,725.8**
Land and buildings held for sale	97.1		97.1
Other inventories	3.3		3.3
Trade receivables	29.8		29.8
Income tax receivables	2.6		2.6
Derivative financial instruments	0.1		0.1
Other current assets	13.7	0.6	14.2
Cash and cash equivalents	196.4		196.4
Subtotal current assets	**343.0**	**0.6**	**343.6**

	As of December 31, 2013		As of December 31, 2013
	Pre-adjustment	**Change**	**Post-adjustment**
		(audited) **(in EUR million)**	
Non-current assets held for sale	57.5		57.5
Current assets	400.6	0.6	401.2
Total assets	**10,173.1**	**(46.1)**	**10,127.0**
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent company			
Issued share capital	286.2		286.2
Capital reserve	2,601.8		2,601.8
Retained earnings	889.8		889.8
	3,777.8	**0.0**	**3,777.8**
Non-controlling interests	166.5		166.5
Total equity	**3,944.3**	**0.0**	**3,944.3**
Non-current financial liabilities	4,903.3		4,903.3
Convertible bonds	247.9		247.9
Employee benefit liabilities	55.3		55.3
Liabilities to limited partners in funds	–		–
Tax liabilities	27.9		27.9
Derivative financial instruments	124.8		124.8
Other provisions	6.5		6.5
Deferred tax liabilities	353.1	(64.2)	288.9
Total non-current liabilities	**5,718.8**	**(64.2)**	**5,654.6**
Current financial liabilities	251.3	6.9	258.2
Convertible bonds	2.2		2.2
Trade payables	120.6		120.6
Liabilities to limited partners in funds	4.0		4.0
Other provisions	9.8	2.8	12.5
Derivative financial instruments	34.5		34.5
Tax liabilities	34.7	11.8	46.4
Other liabilities	53.0	(3.3)	49.7
Subtotal current liabilities	**510.1**	**18.1**	**528.2**
Financial liabilities arising in connection with non-current assets held for sale	–		–
Total current liabilities	**510.1**	**18.1**	**528.2**
Total equity and liabilities	**10,173.1**	**(46.1)**	**10,127.0**

9.5 Results of Operations

The following discussion compares Deutsche Wohnen's results of operations for the three months ended March 31, 2015 and March 31, 2014 and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012:

9.5.1 Comparison of the Three Months Ended March 31, 2015 and March 31, 2014

The following discussion of Deutsche Wohnen's results of operations for the three months ended March 31, 2015 and March 31, 2014 is based on the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015, unless otherwise indicated. The following table sets out Deutsche Wohnen AG's consolidated profit and loss statement for the three months ended March 31, 2015 and March 31, 2014.

	January 1 – March 31, 2015	January 1 – March 31, 2014
	(unaudited) (in EUR million)	
Income from Residential Property Management	158.9	157.0
Expenses from Residential Property Management	(26.4)	(25.3)
Earnings from Residential Property Management	**132.5**	**131.7**
Sales proceeds	49.7	86.4
Cost of sales	(3.4)	(3.0)
Carrying amounts of assets sold	(36.9)	(67.6)
Earnings from Disposals	**9.3**	**15.8**
Income from Nursing and Assisted Living	16.3	16.7
Expenses from Nursing and Assisted Living	(12.5)	(12.6)
Earnings from Nursing and Assisted Living	**3.8**	**4.2**
Corporate expenses	(18.7)	(22.8)
Other expenses/income	(7.9)	(4.3)
Subtotal	**119.0**	**124.5**
Depreciation and amortization	(1.3)	(1.6)
Earnings before interest and taxes (EBIT)	**117.7**	**122.9**
Finance income	0.2	0.3
Gains/losses from fair value adjustments of derivative financial instruments and convertible bonds	(109.9)	(16.7)
Gains/losses from companies valued at equity	0.4	–
Finance expense	(35.7)	(52.4)
Profit before taxes	**(27.3)**	**54.2**
Income taxes	(17.0)	(8.6)
Profit for the period	**(44.2)**	**45.5**

9.5.1.1 Residential Property Management

The Residential Property Management segment generates income from the management of Deutsche Wohnen's residential units (particularly short-term gross rental income). The income from Residential Property Management is derived entirely from real estate located in Germany. Expenses are primarily incurred in connection with maintenance of Deutsche Wohnen's real estate portfolio, operating costs and marketing. Residential Property Management is Deutsche Wohnen's core segment. Earnings from Residential Property Management are derived from income earned from letting residential units (including subsidies). A very small contribution to earnings in this segment comes from the letting of commercial real estate and parking space.

The following table sets out the business performance of the Residential Property Management segment for the three months ended March 31, 2015 and March 31, 2014.

	January 1 – March 31, 2015	January 1 – March 31, 2014
	(unaudited) (in EUR million)	
Income from Residential Property Management	**158.9**	**157.0**
Non-recoverable operating expenses	(3.6)	(3.2)
Rental loss	(1.8)	(2.5)
Maintenance costs	(19.0)	(17.2)
Other expenses	(2.0)	(2.4)
Expenses from Residential Property Management	**(26.4)**	**(25.3)**
Earnings from Residential Property Management	**132.5**	**131.7**
Staff expenses and general and administration expenses[1)]	(10.5)	(10.6)
Net Operating Income (NOI) from Residential Property Management[2)]	**122.0**	**121.1**
NOI margin in %[2)3)]	76.8	77.1
NOI in EUR per square meter and month[1)4)]	4.41	4.33

1) *Taken or derived from the Company's accounting records or internal management reporting systems.*
2) *Calculated based on the above mentioned sources.*

3) *The NOI margin is the ratio of net operating income (NOI) from Residential Property Management to income from Residential Property Management.*
4) *Including the average floor space on a quarterly basis in the respective period; taken or derived from the Company's internal management reporting systems.*

Income from Residential Property Management increased by 1.2% from EUR 157.0 million in the three months ended March 31, 2014 to EUR 158.9 million in the three months ended March 31, 2015. This increase was primarily due to an increase in contractual rents, which was only partially offset by a slight decrease in the size of the portfolio. Specifically, monthly contractual rents in the residential portfolio in the strategic core and growth markets increased by 2.5% from EUR 5.61 per square meter as of March 31, 2014 to EUR 5.75 per square meter as of March 31, 2015 for the real estate which was consistently managed throughout the 12-month-period ended March 31, 2015 (like-for-like comparison). The like-for-like increase in the contractual rents of the letting portfolio amounted to 2.4% in the Core+ Regions and to 3.1% in the core portfolio. The increase in the Core+ Regions was driven by new contractual rents (contractually owed rent from newly signed leases for residential portfolio units not subject to price restrictions which took effect or will take effect in 2015). At EUR 7.25 per square meter, these were 24.3% higher than the existing contract rents for residential units in the Core+ Regions as of March 31, 2015.

The vacancy rate for the total residential real estate portfolio decreased from 2.6% as of March 31, 2014 to 2.3% as of March 31, 2015, primarily due to a focus on letting activities. On a like-for-like basis, the vacancy rate for the residential portfolio in the strategic core and growth regions decreased from 2.1% as of March 31, 2014 to 1.9% as of March 31, 2015.

Expenses from Residential Property Management increased by 4.3% from EUR 25.3 million in the three months ended March 31, 2014 to EUR 26.4 million in the three months ended March 31, 2015. Maintenance costs, the largest cost item, increased by 10.5% from EUR 17.2 million in the three months ended March 31, 2014 to EUR 19.0 million in the three months ended March 31, 2015. At EUR 8.25 per square meter for the three months ended March 31, 2015, maintenance costs per square meter increased by 11.8% compared to the three months ended March 31, 2014 (EUR 7.38 per square meter).

Earnings from Residential Property Management increased by 0.6% from EUR 131.7 million in the three months ended March 31, 2014 to EUR 132.5 million in the three months ended March 31, 2015, primarily due to an increase in contractual rents, which was only partially offset by a slight decrease in the size of the portfolio and an increase in expenses from residential property management.

Including staff expenses and general and administration expenses that are directly and indirectly attributable to the Residential Property Management segment, net operating income (NOI) from Residential Property Management increased by 0.7% from EUR 121.1 million in the three months ended March 31, 2014 to EUR 122.0 million in the three months ended March 31, 2015. The NOI margin, i.e., net operating income (NOI) from Residential Property Management divided by income from Residential Property Management, remained nearly stable at 76.8% in the three months ended March 31, 2015 compared to 77.1% in the three months ended March 31, 2014. NOI per square meter and month increased by 1.8% from EUR 4.33 per square meter and month in the three months ended March 31, 2014 to EUR 4.41 per square meter and month in the three months ended March 31, 2015 due to an increase in earnings from Residential Property Management and a decrease in the number of residential units.

9.5.1.2 Disposals

Earnings from Disposals correspond to the difference between the sales proceeds and the sum of the carrying amounts of the assets sold and the cost of sales. Sales proceeds include all income in connection with the sale of the residential units, commercial units or other properties. Historically, sales proceeds were derived entirely from properties sold that are located in Germany. The Company distinguishes between single-unit sales to current occupiers and block sales (institutional sales). Proceeds are recognized upon the execution of the transfer of benefits and encumbrances. The cost of sales primarily comprises sales commissions and marketing costs.

The following table sets out the business performance of the Disposals segment for the three months ended March 31, 2015 and March 31, 2014:

	January 1 – March 31, 2015	**January 1 – March 31, 2014**

	January 1 – March 31, 2015	January 1 – March 31, 2014
	(unaudited) (in EUR million)	
Sales proceeds	49.7	86.4
Cost of sales	(3.4)	(3.0)
Net sales proceeds[1)]	**46.2**	**83.4**
Carrying amounts of assets sold	(36.9)	(67.6)
Earnings from Disposals	**9.3**	**15.8**

1) Calculated based on the above mentioned sources.

In the three months ended March 31, 2015, the transfer of benefits and encumbrances was effected for 561 units (1,502 units in the three months ended March 31, 2014). Sales proceeds decreased by 42.5% from EUR 86.4 million in the three months ended March 31, 2014 to EUR 49.7 million in the three months ended March 31, 2015 due to a decrease in the number of units sold.

Earnings from Disposals decreased by 41.1% from EUR 15.8 million in the three months ended March 31, 2014 to EUR 9.3 million in the three months ended March 31, 2015, primarily due to a decrease in the number of units sold.

The following table sets out the business performance of single-unit sales (residential unit privatizations) for the three months ended March 31, 2015 and March 31, 2014:

	January 1 – March 31, 2015[1)]	January 1 – March 31, 2014[1)]
	(unaudited)	
Sales proceeds in EUR million	40.0	43.8
Average sales price in EUR per square meter	1,285	1,260
Number of residential units	453	520
Cost of sales in EUR million	(3.2)	(2.7)
Net sales proceeds in EUR million	**36.8**	**41.1**
Carrying amounts of assets sold in EUR million	(28.1)	(28.8)
Earnings from single-unit sales (residential unit privatizations) in EUR million	**8.7**	**12.3**
Gross margin in %[2)]	42.3	52.1

1) Taken or derived from the Company's accounting records or internal management reporting systems.
2) Gross margin is the ratio of the excess of sales proceeds over carrying amounts of assets sold to carrying amounts of assets sold.

Sales proceeds from single-unit sales decreased by 8.7% from EUR 43.8 million in the three months ended March 31, 2014 to EUR 40.0 million in the three months ended March 31, 2015 due to a decrease in the number of residential units sold that was only partially offset by an increase in the average sales price per square meter. Net sales proceeds from single-unit sales decreased by 10.5% from EUR 41.1 million in the three months ended March 31, 2014 to EUR 36.8 million in the three months ended March 31, 2015. Earnings from single-unit sales (residential unit privatizations) decreased by 29.3% from EUR 12.3 million in the three months ended March 31, 2014 to EUR 8.7 million in the three months ended March 31, 2015.

The following table shows the business performance of institutional sales for the three months ended March 31, 2015 and March 31, 2014:

	January 1 – March 31, 2015[1)]	January 1 – March 31, 2014[1)]
	(unaudited)	
Sales proceeds in EUR million	9.7	42.6
Average sales price in EUR per square meter	951	649
Number of residential units	108	982
Cost of sales in EUR million	(0.3)	(0.3)
Net sales proceeds in EUR million	**9.4**	**42.3**

	January 1 – March 31, 2015[1)]	January 1 – March 31, 2014[1)]
	(unaudited)	
Carrying amounts of assets sold in EUR million	(8.8)	(38.8)
Earnings from institutional sales in EUR million	**0.6**	**3.5**
Gross margin in %[2)]	10.2	9.8

1) *Taken or derived from the Company's accounting records or internal management reporting systems.*
2) *Gross margin is the ratio of the excess of sales proceeds over carrying amounts of assets sold to carrying amounts of assets sold.*

Sales proceeds from institutional sales decreased by 77.2% from EUR 42.6 million in the three months ended March 31, 2014 to EUR 9.7 million in the three months ended March 31, 2015 due to a significant decrease in the number of residential units sold that was only partially offset by a significant increase in the average sales price per square meter. Net sales proceeds from institutional sales decreased by 77.8% from EUR 42.3 million in the three months ended March 31, 2014 to EUR 9.4 million in the three months ended March 31, 2015. Earnings from institutional sales decreased from EUR 3.5 million in the three months ended March 31, 2014 to EUR 0.6 million in the three months ended March 31, 2015.

9.5.1.3 Nursing and Assisted Living

The Nursing and Assisted Living segment records the income and expenses from the business of the KATHARINENHOF® Group, which primarily operates or manages nursing and assisting living facilities in five German federal states, namely Berlin, Brandenburg, Saxony, Lower Saxony and Rhineland-Palatinate. The income from Nursing and Assisted Living is entirely derived from facilities located in Germany.

The following table shows the business performance of the Nursing and Assisted Living segment for the three months ended March 31, 2015 and March 31, 2014:

	January 1 – March 31, 2015	January 1 – March 31, 2014
	(unaudited) (in EUR million)	
Income from Nursing[1)]	12.9	13.7
Income from Assisted Living[1)]	1.5	1.5
Other income[1)]	1.9	1.6
Income from Nursing and Assisted Living	**16.3**	**16.8**
Nursing and corporate costs	(4.3)	(4.4)
Staff expenses	(8.2)	(8.2)
Earnings from Nursing and Assisted Living	**3.8**	**4.2**

1) *Taken or derived from the Company's accounting records or internal management reporting systems.*

Income from Nursing and Assisted Living decreased by 3.0% from EUR 16.8 million in the three months ended March 31, 2014 to EUR 16.3 million in the three months ended March 31, 2015. This decrease was particularly due to the sale of the operating business of a leased care facility with 126 beds in Rhineland-Palatinate. This sale led to a reduction in segment income from Nursing of about EUR 0.8 million in the three months ended March 31, 2015 compared to the three months ended March 31, 2014. The average occupancy rate of the facilities decreased slightly from 96.0% in the three months ended March 31, 2014 to 95.8% in the three months ended March 31, 2015.

Earnings from Nursing and Assisted Living (earnings of KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH ("**KATHARINENHOF®**" and together with its subsidiaries, the "**KATHARINENHOF® Group**") excluding the rentals, interest on loans for rented properties, maintenance and similar costs as these are absorbed or not recharged by real estate companies belonging to the GEHAG Group) decreased by 9.5% from EUR 4.2 million in the three months ended March 31, 2014 to EUR 3.8 million in the three months ended March 31, 2015 primarily due to a decrease in income from Nursing and Assisted Living because of the sale of the operating business of a leased care facility in Rhineland-Palatinate mentioned above, which was only partially compensated by a decrease in segment costs and expenses.

9.5.1.4 Corporate Expenses

Corporate expenses include staff expenses and general and administration expenses excluding corporate expenses from the Nursing and Assisted Living segment, which are reported under the line item nursing and corporate costs shown above.

The following table shows the composition of corporate expenses for the three months ended March 31, 2015 and March 31, 2014:

	January 1 – March 31, 2015	January 1 – March 31, 2014
	(unaudited) (in EUR million)	
Staff expenses[1]	(11.9)	(14.3)
General and administration expenses[1]	(6.8)	(8.5)
Corporate expenses	**(18.7)**	**(22.8)**

1) *Taken or derived from the Company's accounting records or internal management reporting systems.*

Staff expenses decreased by 16.8% from EUR 14.3 million in the three months ended March 31, 2014 to EUR 11.9 million in the three months ended March 31, 2015. General and administration expenses decreased by 20.0% from EUR 8.5 million in the three months ended March 31, 2014 to EUR 6.8 million in the three months ended March 31, 2015. The decreases reflected the synergy effects of the integration of GSW's overhead activities into the Deutsche Wohnen Group. As a result, corporate expenses decreased by 18.0% from EUR 22.8 million in the three months ended March 31, 2014 to EUR 18.7 million in the three months ended March 31, 2015. The proportion of corporate expenses to income from Residential Property Management improved from 14.5% in the three months ended March 31, 2014 to 11.8% in the three months ended March 31, 2015.

9.5.1.5 Depreciation and Amortization

Depreciation and amortization relates to intangible assets and equipment.

Depreciation and amortization decreased by 18.8% from EUR 1.6 million in the three months ended March 31, 2014 to EUR 1.3 million in the three months ended March 31, 2015.

9.5.1.6 Financial Result

The financial result comprises finance expenses, gains/losses from fair value adjustments of derivative financial instruments and convertible bonds and finance income. Finance expenses include current interest expenses, accrued interest on liabilities and pensions and one-off financing costs.

The following table shows the composition of the financial result for the three months ended March 31, 2015 and March 31, 2014:

	January 1 – March 31, 2015	January 1 – March 31, 2014
	(unaudited) (in EUR million)	
Current interest expenses	(35.2)	(47.1)
Accrued interest on liabilities and pensions	5.0	(5.2)
Non-recurring expenses in connection with refinancing	(5.4)	–
Gains/losses from fair value adjustments of derivative financial instruments[1]	3.1	(9.1)
Gains/losses from fair value adjustments of convertible bonds[1]	(113.0)	(7.6)
Finance income	0.2	0.3
Financial result[2]	**(145.3)**	**(68.7)**

1) *Taken or derived from the Company's accounting records or internal management reporting systems.*
2) *Calculated based on the above-mentioned sources.*

The financial result deteriorated from negative EUR 68.7 million in the three months ended March 31, 2014 to negative EUR 145.3 million in the three months ended March 31, 2015. This deterioration was primarily due to an increase in the Company's share price, which led to an increase in the fair value of the convertible bonds issued by the Company. This increase in fair value resulted in losses from fair value adjustments of convertible bonds. These losses were only partially offset by a significant reduction in current interest expenses due to the refinancing of loans with a nominal amount of EUR 1.4 billion in late 2014.

9.5.1.7 Profit before Taxes

Profit before taxes deteriorated from a profit of EUR 54.2 million in the three months ended March 31, 2014 to a loss of EUR 27.3 million in the three months ended March 31, 2015 primarily due to a deterioration in the financial result driven by losses from fair value adjustments of convertible bonds.

9.5.1.8 Income Taxes

The following table shows the development of income taxes:

	January 1 – March 31, 2015	January 1 – March 31, 2014
	(unaudited) (in EUR million)	
Current tax expense[1]	(5.5)	(3.3)
Deferred tax expense[1]	(11.5)	(5.4)
Income taxes	**(17.0)**	**(8.6)**

1) *Taken or derived from the Company's accounting records or internal management reporting systems.*

Income tax expenses doubled from EUR 8.6 million in the three months ended March 31, 2014 to EUR 17.0 million in the three months ended March 31, 2015.

9.5.1.9 Profit for the Period

Profit for the period deteriorated from a profit of EUR 45.5 million in the three months ended March 31, 2014 to a loss of EUR 44.2 million in the three months ended March 31, 2015, primarily due to a deterioration in the financial result driven by losses from fair value adjustments of convertible bonds.

9.5.2 Comparison of the Fiscal Years Ended December 31, 2014 and December 31, 2013

The following table sets out Deutsche Wohnen AG's consolidated profit and loss statement for the fiscal years ended December 31, 2014 and December 31, 2013, based on Deutsche Wohnen AG's audited consolidated financial statements as of and for the fiscal years December 31, 2014 and December 31, 2013.

	January 1 – December 31, 2014	January 1 – December 31, 2013
	(audited) (in EUR million)	
Income from Residential Property Management	626.3	372.9
Expenses from Residential Property Management	(120.5)	(80.6)
Earnings from Residential Property Management	**505.8**	**292.3**
Sales proceeds	257.4	169.7
Cost of sales	(12.1)	(10.3)
Carrying amounts of assets sold	(192.9)	(136.3)
Earnings from Disposals	**52.4**	**23.0**
Income from Nursing and Assisted Living	68.2	59.9
Expenses from Nursing and Assisted Living	(51.9)	(46.7)
Earnings from Nursing and Assisted Living	**16.3**	**13.2**
Corporate expenses	(90.5)	(52.9)
Other expenses/income	(29.6)	(22.7)
Subtotal	**454.4**	**252.9**

	January 1 – December 31, 2014	January 1 – December 31, 2013
	(audited) (in EUR million)	
Gains/losses from fair value adjustments of investment properties	952.7	101.3
Depreciation and amortization	(6.1)	(5.5)
Earnings before interest and taxes (EBIT)	**1,401.0**	**348.7**
Finance income	1.0	1.0
Gains/losses from fair value adjustments of derivative financial instruments and convertible bonds[1)]	(111.5)	10.6
Gains/losses from companies valued at equity	(0.5)	–
Finance expense	(268.5)	(142.4)
Profit before taxes	**1,021.4**	**217.9**
Income taxes	(132.2)	(5.2)
Profit for the period	**889.3**	**212.7**

1) *In the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2013 referred to as "Gains/losses from fair value adjustments of derivative financial instruments".*

9.5.2.1 *Residential Property Management*

The following table sets out the business performance of the Residential Property Management segment for the fiscal years ended December 31, 2014 and December 31, 2013.

	January 1 – December 31, 2014	January 1 – December 31, 2013
	(audited, unless otherwise indicated) (in EUR million)	
Income from Residential Property Management	**626.3**	**372.9**
Non-recoverable operating expenses	(13.8)	(9.6)
Rental loss	(8.9)	(4.9)
Maintenance costs	(88.8)	(59.4)
Other income/expenses	(9.0)	(6.7)
Expenses from Residential Property Management	**(120.5)**	**(80.6)**
Earnings from Residential Property Management	**505.8**	**292.3**
Staff expenses and general and administration expenses (unaudited)[1)]	(45.2)	(28.3)
Net Operating Income (NOI) from Residential Property Management (unaudited)[2)]	**460.6**	**264.0**
NOI margin in % (unaudited)[2)3)]	73.5	70.8
NOI in EUR per square meter and month (unaudited)[1)4)]	4.14	3.84

1) *Taken or derived from the Company's accounting records or internal management reporting systems.*
2) *Calculated based on the above mentioned sources.*
3) *The NOI margin is the ratio of net operating income (NOI) from Residential Property Management to income from Residential Property Management.*
4) *Including the average floor space on a quarterly basis in the respective period; taken or derived from the Company's internal management reporting systems.*

Income from Residential Property Management increased by 68.0% from EUR 372.9 million in 2013 to EUR 626.3 million in 2014. This increase was primarily due to the acquisition-driven growth in the portfolio resulting from the takeover of GSW. In addition, monthly contractual rents in the residential portfolio in the strategic core and growth markets increased by 2.5% from EUR 5.57 per square meter on December 31, 2013 to EUR 5.71 per square meter on December 31, 2014 for the real estate which was consistently managed throughout the year 2014 (like-for-like comparison). The like-for-like increase in the contractual rents of the letting portfolio amounted to 2.5% in the Core+ Regions and to 3.1% in the core portfolio. The increase in the Core+ Regions was driven by new contractual rents (contractually owed rent from newly signed leases for residential portfolio units not subject to price restrictions which took effect in 2014). At EUR 7.11 per square meter, these were 22.7% higher than the existing contract rents on residential units in the Core+ Region as of December 31, 2014.

The vacancy rate for the total residential real estate portfolio decreased from 2.4% on December 31, 2013 to 2.2% on December 31, 2014, primarily due to a focus on letting activities. On a like-for-like basis, the vacancy rate for the residential portfolio in the strategic core and growth regions decreased from 2.0% on December 31, 2013 to 1.9% on December 31, 2014.

Expenses from Residential Property Management increased by 49.5% from EUR 80.6 million in 2013 to EUR 120.5 million in 2014. Maintenance costs, the largest cost item, increased by 49.5% from EUR 59.4 million in 2013 to EUR 88.8 million in 2014. This increase was primarily due to the expansion of the portfolio. At EUR 9.59 per square meter for 2014, maintenance costs per square meter decreased by 7.4% compared to 2013 (EUR 10.36 per square meter).

Earnings from Residential Property Management increased by 73.0% from EUR 292.3 million in 2013 to EUR 505.8 million in 2014, primarily due to the increased size of the portfolio.

Including staff expenses and general and administration expenses that are directly and indirectly attributable to the Residential Property Management segment, NOI in this segment increased by 74.5% from EUR 264.0 million in 2013 to EUR 460.6 million in 2014. The NOI margin (net operating income (NOI)) from Residential Property Management relative to income from Residential Property Management increased from 70.8% in 2013 to 73.5% in 2014. NOI per square meter and month increased by 7.8% from EUR 3.84 per square meter and month in 2013 to EUR 4.14 per square meter and month in 2014 due to the changes to the structure of the portfolio as a result of the takeover of GSW.

9.5.2.2 __Disposals__

The following table sets out the business performance of the Disposals segment for the fiscal years ended December 31, 2014 and December 31, 2013:

	January 1 – December 31, 2014	January 1 – December 31, 2013
	(audited, unless otherwise indicated)	
	(in EUR million)	
Sales proceeds	257.4	169.6
Cost of sales	(12.1)	(10.3)
Net sales proceeds (unaudited)[1)]	**245.3**	**159.3**
Carrying amounts of assets sold	(192.9)	(136.3)
Earnings from Disposals	**52.4**	**23.0**

1) Calculated based on the above mentioned sources.

In 2014, the transfer of benefits and encumbrances was effected for 4,115 units (3,499 units in 2013). Sales proceeds increased by 51.8% from EUR 169.6 million in 2013 to EUR 257.4 million in 2014 due to an increase in the number of units sold, which was driven by demand for real estate as a form of investment for owner-occupiers and investors.

Earnings from Disposals more than doubled from EUR 23.0 million in 2013 to EUR 52.4 million in 2014. This strong increase was due to the favorable economic environment. Buyers consider residential real estate – in particular, residential real estate located in metropolitan areas – to be an attractive investment and a hedge against inflation. Demand for real estate was also supported by low interest rates for debt financing.

The following table sets out the business performance of single-unit sales (residential unit privatizations) for the fiscal years ended December 31, 2014 and December 31, 2013:

	January 1 – December 31, 2014[1)]	January 1 – December 31, 2013[1)]
	(unaudited)	
Sales proceeds in EUR million	160.5	100.7
Average sales price in EUR per square meter	1,181	1,171
Number of residential units	2,016	1,342
Cost of sales in EUR million	(10.5)	(8.7)
Net sales proceeds in EUR million	**150.0**	**92.0**
Carrying amounts of assets sold in EUR million	(111.8)	(68.6)
Earnings from single-unit sales (residential unit privatizations) in EUR million	**38.2**	**23.4**
Gross margin in %[2)]	43.6	46.8

1) *Taken or derived from the Company's accounting records or internal management reporting systems.*
2) *Gross margin is the ratio of the excess of sales proceeds over carrying amounts of assets sold to carrying amounts of assets sold.*

Sales proceeds from single-unit sales increased by 59.4% from EUR 100.7 million in 2013 to EUR 160.5 million in 2014 due to an increase in the number of units sold and, to a lesser extent, an increase in the average sales price per square meter. Net sales proceeds from single-unit sales increased by 63.0% from EUR 92.0 million in 2013 to EUR 150.0 million in 2014. Earnings from single-unit sales (residential unit privatizations) increased by 63.2% from EUR 23.4 million in 2013 to EUR 38.2 million in 2014.

The following table shows the business performance of institutional sales for the fiscal years ended December 31, 2014 and December 31, 2013:

	January 1 – December 31, 2014[1)]	January 1 – December 31, 2013[1)]
	(unaudited)	
Sales proceeds in EUR million	96.9	68.9
Average sales price in EUR per square meter	734	492
Number of residential units	2,099	2,157
Cost of sales in EUR million	(1.6)	(1.6)
Net sales proceeds in EUR million	**95.3**	**67.3**
Carrying amounts of assets sold in EUR million	(81.1)	(67.7)
Earnings from institutional sales in EUR million	**14.2**	**(0.4)**
Gross margin in %[2)]	19.5	1.8

1) *Taken or derived from the Company's accounting records or internal management reporting systems.*
2) *Gross margin is the ratio of the excess of sales proceeds over carrying amounts of assets sold to carrying amounts of assets sold.*

Sales proceeds from institutional sales increased by 40.6% from EUR 68.9 million in 2013 to EUR 96.9 million in 2014 due to an increase in the average sales price per square meter, which was only partially offset by a slight decrease in the number of units sold. Net sales proceeds from institutional sales increased by 41.6% from EUR 67.3 million in 2013 to EUR 95.3 million in 2014. Earnings from institutional sales improved from negative EUR 0.4 million in 2013 to EUR 14.2 million in 2014, as the favorable market environment allowed Deutsche Wohnen to effect sales at prices that exceeded the carrying amounts of the assets sold.

9.5.2.3 Nursing and Assisted Living

The following table shows the business performance of the Nursing and Assisted Living segment for the fiscal years ended December 31, 2014 and December 31, 2013:

	January 1 - December 31, 2014	January 1 - December 31, 2013
	(audited, unless otherwise indicated) (in EUR million)	
Income from Nursing (unaudited)[1)]	55.4	52.0
Income from Assisted Living (unaudited)[1)]	6.0	3.0

	January 1 - December 31, 2014	January 1 - December 31, 2013
Other income (unaudited)[1)]	6.8	4.9
Income from Nursing and Assisted Living	**68.2**	**59.9**
Nursing and corporate costs	(18.6)	(16.4)
Staff expenses	(33.3)	(30.3)
Earnings from Nursing and Assisted Living	**16.3**	**13.2**

1) *Taken or derived from the Company's accounting records or internal management reporting systems.*

Income from Nursing and Assisted Living increased by 13.9% from EUR 59.9 million in 2013 to EUR 68.2 million in 2014. This was particularly due to the acquisition of facilities with about 675 places in 2013. The average occupancy rate of the facilities remained constant at 96.1% for 2013 and 2014.

Earnings from Nursing and Assisted Living (earnings of KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH ("**KATHARINENHOF®**" and together with its subsidiaries, the "**KATHARINENHOF® Group**") excluding the rentals, interest on loans for rented properties, maintenance and similar costs as these are absorbed or not recharged by real estate companies belonging to the GEHAG Group) increased by 23.5% from EUR 13.2 million in 2013 to EUR 16.3 million in 2014 primarily due to the acquisition of facilities mentioned above.

9.5.2.4 Corporate Expenses

The following table shows the composition of corporate expenses for the fiscal years ended December 31, 2014 and December 31, 2013:

	January 1 – December 31, 2014	January 1 – December 31, 2013
	(audited unless otherwise indicated) (in EUR million)	
Staff expenses	56.9	31.8
General and administration expenses	33.6	17.7
Total staff expenses and general and administration expenses (unaudited)[1)]	**90.5**	**49.5**
Property management	–	3.4
Corporate expenses	**90.5**	**52.9**

1) *Calculated based on the above mentioned sources.*

Staff expenses increased by 78.9% from EUR 31.8 million in 2013 to EUR 56.9 million in 2014 due to the takeover of GSW which resulted in an increased real estate portfolio compared to 2013 and higher staff numbers. General and administration expenses increased by 89.8% from EUR 17.7 million in 2013 to EUR 33.6 million in 2014 mainly due to the takeover of GSW. Deutsche Wohnen did not incur property management expenses in 2014, as the contract with an external provider of property management services relating to the management of units in the BauBeCon Group expired in February 2013. Corporate expenses increased by 71.1% from EUR 52.9 million in 2013 to EUR 90.5 million in 2014 mainly due to the takeover of GSW. The proportion of corporate expenses to income from Residential Property Management increased slightly from 14.2% in 2013 to 14.4% in 2014.

9.5.2.5 Other expenses/income

The following table shows the composition of other expenses/income for the fiscal years ended December 31, 2014 and December 31, 2013:

	January 1 – December 31, 2014[1)]	January 1 – December 31, 2013[1)]
	(unaudited, unless otherwise indicated) (in EUR million)	
Restructuring and reorganization expenses	(15.2)	–

	January 1 – December 31, 2014[1)]	January 1 – December 31, 2013[1)]
	(unaudited, unless otherwise indicated) (in EUR million)	
Transaction costs	(2.8)	(19.1)
Deconsolidation of Facilita Berlin GmbH	(2.8)	–
Miscellaneous expenses/income	(8.7)	(3.6)
Other expenses/income (audited)	**(29.6)**	**(22.7)**

1) *Taken or derived from the Company's accounting records or internal management reporting systems.*

Other expenses/income increased by 30.4% from expenses of EUR 22.7 million in 2013 to expenses of EUR 29.6 million in 2014. This increase in expenses was primarily due to integration costs related to the integration of GSW into the Deutsche Wohnen Group and an increase in miscellaneous expenses, which was only partially offset by a decrease in transaction costs. Transaction costs in 2013 reflected in particular costs associated with the takeover of GSW.

9.5.2.6 Gains/Losses from the Fair Value Adjustments of Investment Properties

Gains from the fair value adjustments of investment properties increased significantly from EUR 101.3 million in 2013 to EUR 952.7 million in 2014. The continued improvement in the operating performance and the resulting increase in cash flows contributed EUR 279 million to this increase. In addition, the rent and real estate price levels in Deutsche Wohnen's Core+ regions, in which the majority of Deutsche Wohnen real estate units are located, continued to increase stronger than the market average. Accordingly, the valuation parameter relating to the market development and the target vacancy rates were adjusted, which contributed EUR 117 million to the gains from the fair value adjustments of investment properties in 2014. Further, the discount and capitalization rates were adjusted to reflect price and market developments. This adjustment contributed EUR 557 million to the gains from the fair value adjustments of investment properties in 2014.

The internal valuation of Deutsche Wohnen's entire real estate portfolio largely corresponds to the external valuations carried out by CBRE GmbH as of December 31, 2013 and December 31, 2014.

9.5.2.7 Depreciation and Amortization

Depreciation and amortization increased by 10.9% from EUR 5.5 million in 2013 to EUR 6.1 million in 2014, primarily for acquisition-related reasons.

9.5.2.8 Financial Result

The following table shows the composition of the financial result for the fiscal years ended December 31, 2014 and December 31, 2013:

	January 1 – December 31, 2014	January 1 – December 31, 2013
	(audited, unless otherwise indicated) (in EUR million)	
Current interest expenses	(183.4)	(122.0)
Accrued interest on liabilities and pensions	(3.0)	(11.8)
Non-recurring expenses in connection with refinancing[1)]	(82.2)	(8.6)
Gains/losses from fair value adjustments of derivative financial instruments and convertible bonds[2)]	(111.5)	10.6
Finance income	1.0	1.0
Financial result (unaudited)[3)]	**(379.1)**	**(130.8)**

1) *In the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2013 referred to as "Financing costs".*
2) *In the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2013 referred to as "Gains/losses from fair value adjustments of derivative financial instruments".*
3) *Calculated based on the above mentioned sources.*

The financial result deteriorated from negative EUR 130.8 million in 2013 to negative EUR 379.1 million in 2014. This deterioration was primarily driven by a swing in gains/losses from fair value adjustments of derivative financial instruments and convertible bonds. An increase in one-off financing costs related to the refinancing of liabilities in October 2014 and an increase in current interest expenses due to an increase in financial liabilities in connection with the acquisition of GSW also contributed to the deterioration of the financial result.

9.5.2.9 Profit before Taxes

Profit before taxes more than quadrupled from EUR 217.9 million in 2013 to EUR 1,021.4 million in 2014. Profit before taxes benefited primarily from the strong increase in gains from fair value adjustments of investment properties. In addition, earnings of all three segments continued to increase. These increases were only partially offset by an increase in finance expense and corporate expenses and a deterioration in gains/losses from fair value adjustments of derivative financial instruments. EBT (adjusted) increased by 114.8% from EUR 131.9 million in 2013 to EUR 283.3 million in 2014.

9.5.2.10 Income Taxes

The following table shows the development of income taxes:

	January 1 - December 31, 2014	**January 1 - December 31, 2013**
	(audited)	
	(in EUR million)	
Current tax expense	(16.5)	(11.3)
Tax expense from capital increase costs	(0.4)	(2.5)
Deferred tax expense		
Properties	(266.8)	(52.3)
Loss carry-forwards	155.3	58.2
Loans and convertible bond	(1.0)	7.7
Other provisions	(2.1)	(0.6)
Interest rate swaps	(4.7)	(4.3)
Pensions	(2.9)	(0.5)
Other	6.7	0.3
	(115.3)	**8.6**
Income taxes	**(132.2)**	**(5.2)**

Income tax expenses increased strongly from EUR 5.2 million in 2013 to EUR 132.2 million in 2014. The increase in income tax expenses was primarily due to an increase in deferred tax expenses. The gains from fair value adjustments of investment properties resulted in a strong increase in deferred tax expenses for properties, which was only partially offset by an increase in tax credits for loss carry-forwards.

Current tax expenses increased in line with the improved operating performance.

9.5.2.11 Profit for the Period

Profit for the period more than quadrupled from EUR 212.7 million in 2013 to EUR 889.3 million in 2014. Profit for the period benefited primarily from the strong increase in gains from fair value adjustments of investment properties. In addition, earnings of all three segments continued to increase. These increases were only partially offset by an increase in finance expense mostly due to one-off effects, income taxes and corporate expenses and a deterioration in gains/losses from fair value adjustments of derivative financial instruments.

9.5.3 Comparison of the Fiscal Years Ended December 31, 2013 and December 31, 2012

The following table shows Deutsche Wohnen AG’s consolidated profit and loss statement for the fiscal years ended December 31, 2013 and December 31, 2012, based on the audited consolidated financial statements of Deutsche Wohnen AG as of and for the fiscal years December 31, 2013 and December 31, 2012.

	January 1 - December 31, 2013	January 1 - December 31, 2012
	(audited) (in EUR million)	
Income from Residential Property Management	372.9	240.1
Expenses from Residential Property Management	(80.6)	(45.6)
Earnings from Residential Property Management	**292.3**	**194.4**
Sales proceeds	169.7	167.8
Cost of sales	(10.3)	(11.8)
Carrying amounts of assets sold	(136.3)	(136.1)
Earnings from Disposals	**23.0**	**19.9**
Income from Nursing and Assisted Living	59.9	42.0
Expenses from Nursing and Assisted Living	(46.7)	(32.1)
Earnings from Nursing and Assisted Living	**13.2**	**9.9**
Corporate expenses	(52.9)	(40.4)
Other expenses/income	(22.7)	12.7
Subtotal	**252.9**	**196.5**
Gains/losses from fair value adjustments of investment properties	101.3	119.2
Depreciation and amortization	(5.5)	(3.1)
Earnings before interest and taxes (EBIT)	**348.7**	**312.6**
Finance income	1.0	2.0
Gains/losses from fair value adjustments of derivative financial instruments	10.6	(0.2)
Finance expense	(142.4)	(108.7)
Profit before taxes	**217.9**	**205.6**
Income taxes	(5.2)	(60.1)
Profit for the period	**212.7**	**145.5**

9.5.3.1 Residential Property Management

The following table shows the performance of the Residential Property Management segment for the fiscal years ended December 31, 2013 and December 31, 2012:

	January 1 – December 31, 2013	January 1 - December 31, 2012
	(audited, unless otherwise indicated) (in EUR million)	
Income from Residential Property Management	**372.9**	**240.1**
Non-recoverable expenses	(9.6)	(4.1)
Rental loss	(4.9)	(3.0)
Maintenance costs	(59.4)	(34.7)
Other expenses	(6.7)	(3.8)
Expenses from Residential Property Management	**(80.6)**	**(45.6)**
Earnings from Residential Property Management	**292.3**	**194.4**
Staff expenses and general and administration expenses (unaudited)[1]	(28.3)	(22.2)
Net Operating Income (NOI) from Residential Property Management (unaudited)[2]	**264.0**	**172.2**
NOI margin in % (unaudited)[2)3)]	70.8	71.7
NOI in EUR per square meter and month (unaudited)[1]	3.84[4]	4.00[5]

1) *Taken or derived from the Company's accounting records or internal management reporting systems.*
2) *Calculated based on the above mentioned sources.*
3) *The NOI margin is the ratio of net operating income (NOI) from Residential Property Management to income from Residential Property Management.*
4) *Based on the average floor space on a quarterly basis in the relevant period; as of June 30, 2013 excluding floor space pertaining to companies that were consolidated for the first time as of June 30, 2013; the floor space of GSW's portfolio was only included for December 2013.*
5) *Taking into consideration the average floor space on a quarterly basis in the relevant periods; in the figure for the third quarter of 2012, the floor space of BauBeCon's portfolio was only included for one month.*

Income from Residential Property Management increased by 55.3% from EUR 240.1 million in 2012 to EUR 372.9 million in 2013. This increase was primarily due to acquisitions that became fully effective in 2013. These acquisitions include in particular the acquisition of the BauBeCon Group, the income of which has been fully consolidated since September 1, 2012, and the takeover of GSW, which closed in late November 2013. GSW's income has been fully consolidated since December 1, 2013. In addition, monthly in-place rents in the residential portfolio in the strategic core and growth regions increased by 3.3% from EUR 5.65 per square meter on December 31, 2012 to EUR 5.84 per square meter on December 31, 2013 for the real estate which was consistently managed throughout the entire year 2013 (like-for-like comparison). This increase was primarily due to a like-for-like increase in in-place rents of 4.2% in the residential portfolio in the Core+ Regions. In the Core regions, the increase in in-place rents was 0.9% over the same period on a like-for-like basis. The increase was mainly due to adjustments of rent indices (*Mietspiegelanpassungen*) and re-letting. Specifically, new leases for non-rent-controlled units in the letting portfolio in Deutsche Wohnen's Core+ Regions supported the increase in monthly in-place rent, as the re-letting of non-rent-controlled units in the letting portfolio in Deutsche Wohnen's Core+ Regions effective in 2013 was effected at a monthly new letting rent of EUR 7.58 per square meter on average, compared to an in-place rent of EUR 6.10 per square meter.

The vacancy rate for the total portfolio decreased slightly from 2.5% as of December 31, 2012 to 2.4% as of December 31, 2013. On a like-for-like basis, the vacancy rate for the total portfolio increased from 2.0% as of December 31, 2012 to 2.5% as of December 31, 2013, whereas the vacancy rate for the residential portfolio in the strategic core and growth regions increased from 1.7% as of December 31, 2012 to 1.9% as of December 31, 2013. These increases were in particular due to the integration of BauBeCon units located in Hanover/Brunswick/Magdeburg.

Expenses from Residential Property Management increased by 76.8% from EUR 45.6 million in 2012 to EUR 80.6 million in 2013 due to an increase of all components of expenses from Residential Property Management. Maintenance costs, which are the largest cost item, increased by 71.2% from EUR 34.7 million in 2012 to EUR 59.4 million in 2013. This increase was mainly due to the growth in the portfolio and an increase in maintenance costs per square meter from EUR 9.68 per square meter in 2012 to EUR 10.36 per square meter in 2013.

Earnings from Residential Property Management increased by 50.4% from EUR 194.4 million in 2012 to EUR 292.3 million in 2013, mainly as a result of the acquisition-related increase in income from Residential Property Management.

Including the staff expenses and general and administration expenses directly and indirectly attributable to the Residential Property Management segment, the NOI of this segment increased by 53.3% from EUR 172.2 million in 2012 to EUR 264.0 million in 2013. The NOI margin decreased slightly from 71.7% in 2012 to 70.8% in 2013, and NOI per square meter and month decreased by 4.0% from EUR 4.00 per square meter and month in 2012 to EUR 3.84 per square meter and month in 2013, mainly due to an increase in maintenance costs per square meter and acquisition driven changes in the portfolio structure.

9.5.3.2 <u>Disposals</u>

The following table shows the business performance of the Disposals segment for the fiscal years ended December 31, 2013 and December 31, 2012:

	January 1 - December 31, 2013	**January 1 - December 31, 2012**
	(audited, unless otherwise indicated) (in EUR million)	
Sales proceeds	169.6	167.8
Cost of sales	(10.3)	(11.8)
Net sales proceeds (unaudited)[1)]	**159.3**	**156.0**
Carrying amounts of assets sold	(136.3)	(136.1)
Earnings from Disposals	**23.0**	**19.9**

1) Calculated based on the above mentioned sources.

Sales proceeds increased by 1.1% from EUR 167.8 million in 2012 to EUR 169.6 million in 2013 due to an increase in sales proceeds from institutional sales that was only partially offset by a decrease in sales proceeds from residential unit privatizations.

Earnings from Disposals increased by 15.6% from EUR 19.9 million in 2012 to EUR 23.0 million in 2013. This increase was primarily due to a significant increase in the gross margin for residential unit privatizations.

The following table summarizes the single-unit sales (residential unit privatizations) for the years ended December 31, 2013 and December 31, 2012:

	January 1 - December 31, 2013[1)]	**January 1 - December 31, 2012[1)]**
	(unaudited)	
Sales proceeds in EUR million	100.7	115.4
Average sales price in EUR per square meter	1,171	1,114
Number of residential units	1,342	1,623
Cost of sales in EUR million	(8.7)	(9.2)
Net sales proceeds in EUR million	**92.0**	**106.2**
Carrying amounts of assets sold in EUR million	(68.6)	(86.3)
Earnings from single-unit sales (residential unit privatizations) in EUR million	**23.4**	**19.9**
Gross margin in %[2)]	46.8	33.7

1) *Taken or derived from the Company's accounting records or internal management reporting systems.*
2) *Gross margin is the ratio of the excess of sales proceeds over carrying amounts of assets sold to carrying amounts of assets sold.*

Sales proceeds from single-unit sales (residential unit privatizations) decreased by 12.7% from EUR 115.4 million in 2012 to EUR 100.7 million in 2013 due to a planned decrease in the number of units sold, which was only partially offset by an increase in the average sales price per square meter. Earnings from single-unit sales (residential unit privatizations) increased by 17.6% from EUR 19.9 million in 2012 to EUR 23.4 million in 2013 due to a significant gross margin increase.

The following table summarizes the institutional sales for the years ended December 31, 2013 and December 31, 2012:

	January 1 - December 31, 2013[1)]	**January 1 - December 31, 2012[1)]**
	(unaudited)	
Sales proceeds in EUR million	68.9	52.4
Average sales price in EUR per square meter	492	573
Number of residential units	2,157	1,377
Cost of sales in EUR million	(1.6)	(2.6)
Net sales proceeds in EUR million	**67.3**	**49.8**
Carrying amounts of assets sold in EUR million	(67.7)	(49.8)
Earnings from institutional sales in EUR million	**(0.4)**	**0.0**
Gross margin in %[2)]	1.8	5.2

1) *Taken or derived from the Company's accounting records or internal management reporting systems.*
2) *Gross margin is the ratio of the excess of sales proceeds over carrying amounts of assets sold to carrying amounts of assets sold.*

Sales proceeds from institutional sales increased by 31.5% from EUR 52.4 million in 2012 to EUR 68.9 million in 2013 due to a significant increase in the number of residential units sold, which was only partially offset by a decrease in the average sales price per square meter. Earnings from institutional sales decreased slightly to negative EUR 0.4 million in 2013 (2012: EUR 0.0 million) due to a significant decrease in the gross margin. The gross margin decrease was due to accelerated sales of units located in economically less developed regions, which were effected in line with Deutsche Wohnen's effort to further improve its portfolio structure. Out of the total 2,157 units sold, 2,066 units were located in non-core regions.

9.5.3.3 *Nursing and Assisted Living*

The following table shows the business performance of the Nursing and Assisted Living segment for the fiscal years ended December 31, 2013 and December 31, 2012:

	January 1 - December 31, 2013	January 1 - December 31, 2012
	(audited unless otherwise indicated) (in EUR million)	
Income from Nursing (unaudited)[1]	52.0	36.4
Income from Assisted Living (unaudited)[1]	3.0	2.0
Other income (unaudited)[1]	4.9	3.6
Income from Nursing and Assisted Living	**59.9**	**42.0**
Nursing and corporate costs	(16.4)	(11.3)
Staff expenses	(30.3)	(20.8)
Earnings from Nursing and Assisted Living	**13.2**	**9.9**

1) *Taken or derived from the Company's accounting records or internal management reporting systems.*

Income from Nursing and Assisted Living increased by 42.6% from EUR 42.0 million in 2012 to EUR 59.9 million in 2013. This increase was primarily due to the transfer of risks and rewards of five acquired facilities, all of which are located in Berlin. About 425 places were added to the Nursing and Assisted Living portfolio in the first quarter of 2013, and about 250 places were added to the Nursing and Assisted Living portfolio in the fourth quarter of 2013.

Earnings from Nursing and Assisted Living increased by 33.3% from EUR 9.9 million in 2012 to EUR 13.2 million in 2013. The segment's EBITDA margin (ratio of earnings from Nursing and Assisted Living to the fair value of the facilities at the end of the relevant period) decreased from 11.6% in 2012 to 9.1% in 2013, largely due to the purchase of five facilities during 2013 that only contributed to earnings from Nursing and Assisted Living during a fraction of the fiscal year.

9.5.3.4 *Corporate expenses*

The following table contains information on corporate expenses for the fiscal years ended December 31, 2013 and December 31, 2012. Corporate expenses do not include corporate expenses of the Nursing and Assisted Living segment, which are reported under the line item nursing and corporate costs shown above.

	January 1 - December 31, 2013	January 1 - December 31, 2012
	(audited unless otherwise indicated) (in EUR million)	
Staff expenses	31.8	23.6
General and administration expenses	17.7	12.7
Total staff expenses and general and administration expenses (unaudited)[1]	**49.5**	**36.3**
Property management[2]	3.4	4.1
Corporate expenses	**52.9**	**40.4**

1) *Calculated based on the above mentioned sources.*
2) *In the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2012 referred to as "Property management (external management BauBeCon)".*

Staff expenses increased by 34.7% from EUR 23.6 million in 2012 to EUR 31.8 million in 2013 mainly due to acquisitions. The inclusion of GSW's staff expenses for December 2013 contributed about EUR 2.4 million to the increase.

General and administration expenses increased by 39.4% from EUR 12.7 million in 2012 to EUR 17.7 million in 2013. This increase was due to acquisitions. With EUR 2.4 million, nearly half of the increase was attributable to the inclusion of GSW for the month of December 2013.

The cost ratio of corporate expenses, *i.e.*, the ratio between corporate expenses and income from residential property management, decreased from 16.8% in 2012 to 14.2% in 2013 due to economies of scale resulting from the integration of recent acquisitions.

9.5.3.5 *Gains/Losses from the Fair Value Adjustments of Investment Properties*

Gains from the fair value adjustments of investment properties were EUR 101.3 million in 2013. The increase in fair value of investment properties in 2013 was driven by the continued favorable operating performance of the total portfolio. Fair value was measured on the basis of various parameters, including assumptions with respect to annual rental increases, the target vacancy rate and discount and capitalization rates.

Gains from the fair value adjustments of investment properties amounted to EUR 119.2 million in 2012.

The internal valuation of Deutsche Wohnen's entire real estate portfolio largely corresponds to the external valuations carried out by CBRE GmbH as of December 31, 2013 and December 31, 2012.

9.5.3.6 *Depreciation and Amortization*

Depreciation and amortization increased by 77.4% from EUR 3.1 million in 2012 to EUR 5.5 million in 2013.

9.5.3.7 *Financial Result*

The following table breaks down the financial result for the years ended December 31, 2013 and December 31, 2012:

	January 1 - December 31, 2013	**January 1 - December 31, 2012**
	(audited, unless otherwise indicated) (in EUR million)	
Current interest expenses	(122.0)	(89.6)
Accrued interest on liabilities and pensions	(11.8)	(11.4)
Financing costs[1)]	(8.6)	(7.8)
Gains/losses from fair value adjustments of derivative financial instruments	10.6	(0.2)
Finance income	1.0	2.0
Financial Result (unaudited)[2)]	**(130.8)**	**(107.0)**

1) *In the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2012 referred to as "financing costs for BauBeCon".*
2) *Calculated based on the above mentioned sources.*

The financial result deteriorated by 22.2% from negative EUR 107.0 million in 2012 to negative EUR 130.8 million in 2013. This deterioration was mainly due to a 36.2% increase in current interest expenses from EUR 89.6 million in 2012 to EUR 122.0 million in 2013. The main reason was an acquisition related increase in liabilities, which was only partially offset by a reduction of the average interest rate from 3.7% as of December 31, 2012 to 3.5% as of December 31, 2013. In addition, non-recurring financing costs of EUR 8.6 million arose in 2013 primarily for commitment fees and commissions in connection with the public takeover of GSW and in connection with the issuance of Deutsche Wohnen's convertible bond. Finance income decreased from EUR 2.0 million in 2012 to EUR 1.0 million in 2013.

9.5.3.8 *Profit before Taxes*

Profit before taxes increased by 6.0% from EUR 205.6 million in 2012 to EUR 217.9 million in 2013. As stated above, the improved earnings were due to a better operating performance of all three segments, which was only partially offset by an acquisition-related deterioration in the financial result, lower gains from the fair value adjustments of investment properties and an increase in corporate expenses on absolute terms. EBT (adjusted) increased by 68.0% from EUR 78.5 million in 2012 to EUR 131.9 million in 2013. In both periods, the adjustments related primarily to the neutralization of gains from fair value adjustments of investment properties, and non-recurring or exceptional items as other non-recurring income from the settlement on the loss compensation agreement with RREEF in 2012 and transaction and integration costs as well as non-recurring financing costs.

9.5.3.9 Income taxes

Income taxes improved significantly from EUR 60.1 million in 2012 to EUR 5.2 million in 2013. This swing was due to a technical effect. Deutsche Wohnen capitalized tax assets on losses carried forward for entities that joined the Deutsche Wohnen's fiscal group (*Organschaft*) in 2013. The change in deferred taxes was only partially offset by an increase in current tax expense by 31.4% from EUR 10.5 million in 2012 to EUR 13.8 million in 2013.

The following table shows the development of income taxes:

	January 1 - December 31, 2013	**January 1 - December 31, 2012**
	(audited)	
	(in EUR million)	
Current tax expense	(11.3)	(4.9)
Tax expense from capital increase costs[1]	(2.5)	(5.6)
Deferred tax expense		
Properties	(52.3)	(49.8)
Loss carry-forwards	58.2	(2.0)
Loans and convertible bond	7.7	1.8
Other provisions	(0.6)	0.0
Interest rate swaps	(4.3)	0.1
Pensions	(0.5)	0.3
Other	0.3	0.0
	8.6	**(49.6)**
Income taxes	**(5.2)**	**(60.1)**

1) *In the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2012 referred to as "Tax benefit from capital increase costs".*

9.5.3.10 Profit for the Period

Profit for the period increased significantly from EUR 145.5 million in 2012 to EUR 212.7 million in 2013, primarily due to the decrease in income taxes described above and the factors summarized under "*—9.5.3.8 Profit before Taxes*" above.

9.6 Investment Properties

Investment properties are the largest item in the consolidated balance sheet. The following table shows the development in investment properties from December 31, 2012 to March 31, 2015:

	As of March 31, 2015	**As of December 31, 2014**	**As of December 31, 2013**	**As of December 31, 2012**
	(unaudited)		**(audited)**	
	(in EUR million)		**(in EUR million)**	
Investment properties	9,757.1	9,611.0	8,937.1	4,614.6

Investment properties are properties that are held for generating rental income or capital appreciation rather than for use by the owner itself or for sale in the ordinary course of business. Investment properties include land with residential or commercial buildings, undeveloped land or land subject to third-party hereditary rights. Upon initial recognition, investment properties are measured at cost including incidental costs. After initial recognition, investment properties are measured at fair value. Gains or losses from fair value adjustments are recognized as income or expenses in the consolidated profit and loss statement. Measurement in each case is at the balance sheet date. Prepayments or assets under construction related to investment properties are measured at fair value and reported under investment properties.

The Deutsche Wohnen Group carries investment properties as "non-current assets held for sale" under current assets if notarized purchase contracts exist on the reporting date, but the transfer of ownership will take place at a later date; these assets are reclassified and recognized at the lower of either the sales price or carrying amount. Non-current assets held for sales amounted to EUR 394.9 million as of March 31, 2015, EUR 392.9 million as of December 31, 2014, EUR 57.5 million as of December 31, 2013 and EUR 24.4 million as of December 31, 2012. These amounts are not included in the investment property numbers shown in the table above.

An internal discounted cash flow (DCF) model is used to measure fair value. The valuations as of December 31, 2014, December 31, 2013 and December 31, 2012 were carried out according to the following principles. For valuations on the basis of defined clusters, the expected annual rent increases and target vacancies were determined based on the location and physical characteristics of the properties. For valuations of individual properties, the market rent as of the relevant reporting date and the expected development of the rent per square meter of lettable area based on the market rent and in-place rent were determined and a forecast of the development of costs was prepared. Then, the cash flows from annual proceeds and payments and the terminal value at the end of year ten (based on the recurring cash flows expected in year eleven or an expected average sales price less sales expenses) are forecast. In addition to assumptions on expected future cash flows, discount and capitalization rates are the key value drivers for investment properties. They are derived based on a risk-free interest rate (10-year average of net yields on German government bonds) and real estate-specific risk estimates. Discount rates between 6.6% and 6.8% were used for the valuation as of December 31, 2014 for units in Deutsche Wohnen's Core and Core+ Regions. The capitalization rates fell within a range of 5.5% to 5.8% for units in Deutsche Wohnen's Core and Core+ Regions.

9.6.1 March 31, 2015 Compared to December 31, 2014

Investment properties increased from EUR 9,611.0 million as of December 31, 2014 to EUR 9,757.1 million as of March 31, 2015. This increase was primarily due to acquisitions. The purchase price for these acquisitions was paid in the three months ended March 31, 2015. The transfer of benefits and encumbrances will take place after March 31, 2015. In addition, expenses for modernization measures and new constructions amounting to EUR 16.6 million were capitalized in the three months ended March 31, 2015. As of March 31, 2015, investment properties accounted for 82.6% of the Deutsche Wohnen Group's total assets.

9.6.2 December 31, 2014 Compared to December 31, 2013

Investment properties increased from EUR 8,937.1 million as of December 31, 2013 to EUR 9,611.0 million as of December 31, 2014. This increase was primarily due to fair value adjustments of investment properties as of December 31, 2014. As of December 31, 2014, investment properties accounted for 84.0% of the Deutsche Wohnen Group's total assets.

9.6.3 December 31, 2013 Compared to December 31, 2012

Investment properties nearly doubled from EUR 4,614.6 million as of December 31, 2012 to EUR 8,937.1 million as of December 31, 2013. The primary driver of this increase was the inclusion of GSW's investment properties as of December 31, 2013. Gains from fair value adjustments of investment properties contributed EUR 101.3 million to this increase. Disposals of EUR 86.5 million in 2013 and reclassifications of investment properties as non-current assets held for sale of EUR 57.5 million as of December 31, 2013 had the opposite effect. As of December 31, 2013, investment properties accounted for 87.9% of the Deutsche Wohnen Group's total assets.

9.7 Liquidity and Capitalization

9.7.1 Overview

Net cash flows from operating activities is one of the main sources of liquidity for Deutsche Wohnen Group, amounting to EUR 189.4 million in 2014 (EUR 61.1 million in 2013; 2012: EUR 59.2 million). In addition, sales proceeds generally exceed the liabilities related to the sold units and therefore provide a liquidity contribution. Deutsche Wohnen also receives financing from banks, which is included in cash flows from financing activities.

9.7.2 Consolidated Statements of Cash Flows

The following table shows Deutsche Wohnen AG's consolidated statements of cash flows for the three months ended March 31, 2015 and March 31, 2014 and the years ended December 31, 2014, December 31, 2013 and December 31, 2012 based on Deutsche Wohnen AG's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015 and audited consolidated financial statements as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012.

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 - December 31, 2014	January 1 - December 31, 2013	January 1 - December 31, 2012
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	(in EUR million)			(in EUR million)	
Operating activities					
Profit for the period	(44.2)	45.5	889.3	212.7	145.5
Finance income	(0.2)	(0.3)	(1.0)	(1.0)	(2.0)
Finance expenses	35.7	52.4	268.5	142.4	108.7
Gains/losses from companies valued at equity	(0.4)	–	0.5	–	–
Income taxes	17.0	8.6	132.2	5.2	60.1
Profit for the period before interest and taxes	**7.9**	**106.3**	**1,289.5**	**359.4**	**312.4**
Non-cash expenses/income					
Fair value adjustments of investment properties	–	–	(952.7)	(101.3)	(119.2)
Depreciation and amortization	1.3	1.6	6.1	5.5	3.1
Fair value adjustments of derivative financial instruments and convertible bonds[1)]	109.9	16.7	111.5	(10.6)	0.2
Other non-cash operating expenses/income	(18.7)	(20.4)	(42.5)	(43.0)	(33.9)
Change in net working capital					
Change in receivables, inventories and other current assets	3.3	4.2	14.8	12.7	(3.1)
Change in operating liabilities	23.3	(16.2)	12.2	(11.7)	2.8
Net operating cash flows	**126.9**	**92.2**	**438.9**	**210.9**	**162.2**
Interest paid	(37.6)	(47.2)	(203.1)	(132.8)	(93.5)
Interest received	0.2	0.3	1.0	1.0	2.0
Taxes paid/received excluding EK-02 payments	(67.3)	(0.6)	(8.9)	(7.6)	(1.1)
Net cash flows from operating activities before EK-02 payments	**22.2**	**44.6**	**227.9**	**71.5**	**69.6**
EK-02 payments	–	–	(38.5)	(10.4)	(10.4)
Net cash flows from operating activities	**22.2**	**44.6**	**189.4**	**61.1**	**59.2**
Investing activities					
Sales proceeds	426.3	83.5	261.3	184.1	163.5
Purchase of property, plant and equipment/investment property and other non-current assets[2)]	(187.6)	(9.2)	(220.4)	(771.8)	(1,400.6)
Payments for the purchase of the convertible bond of GSW	–	–	–	(213.1)	–
Receipt of investment subsidies	–	–	0.9	1.3	0.4
Proceeds from acquisition of companies	–	–	–	145.7	–
Payments from sales of companies	–	–	(4.3)	–	–
Payments to limited partners in funds	–	–	(0.1)	(1.3)	(1.4)
Net cash flows from investing Activities	**238.8**	**74.3**	**37.3**	**(655.1)**	**(1,238.0)**
Financing activities					
Proceeds from borrowings	6.0	0.1	1,413.6	640.4	847.4
Repayment of borrowings	(112.2)	(133.5)	(1,781.7)	(331.0)	(158.5)

	January 1 – March 31, 2015	January 1 – March 31, 2014	January 1 - December 31, 2014	January 1 - December 31, 2013	January 1 - December 31, 2012
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	(in EUR million)			(in EUR million)	
Proceeds from the issuance of convertible bonds	–	–	400.0	250.0	–
Payments from repayment of convertible bonds	–	(1.9)	(1.9)	–	–
One-off financing costs[3]	(5.4)	–	(101.2)	(13.0)	(7.8)
Proceeds from the sale of non-controlling interests	16.8	–	103.1	–	–
Proceeds from the capital increase	–	–	–	195.1	461.2
Costs of the capital increase	–	–	(1.3)	(7.9)	(17.2)
Dividend paid[4]	–	–	(57.4)	(33.8)	(23.5)
Net cash flows from financing activities	**(94.9)**	**(135.3)**	**(26.8)**	**699.8**	**1,101.5**
Net change in cash and cash equivalents	**166.0**	**(16.3)**	**200.0**	**105.9**	**(77.3)**
Opening balance of cash and cash equivalents	396.4	196.4	196.4	90.6	167.8
Closing balance of cash and cash equivalents	**562.4**	**180.1**	**396.4**	**196.4**	**90.6**

1) *In the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2013 and December 31, 2012 referred to as "Fair value adjustment to interest rate swaps".*

2) *In the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2014 referred to as "Payments for investments".*

3) *In the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2013 and December 31, 2012 referred to as "One-off financing costs for transactions" and "One-off financing costs for the BauBeCon transaction".*

4) *In the Company's audited consolidated financial statements as of and for the fiscal year ended December 31, 2013 referred to as "Payment of dividend".*

9.7.3 Comparison of the Three Months Ended March 31, 2015 and March 31, 2014

9.7.3.1 Operating Activities

Net cash flows from operating activities decreased from cash inflows of EUR 44.6 million in the three months ended March 31, 2014 to cash inflows of EUR 22.2 million in in the three months ended March 31, 2015, primarily due to higher tax payments.

9.7.3.2 Investing Activities

Net cash flows from investing activities increased from cash inflows of EUR 74.3 million in the three months ended March 31, 2014 to cash inflows of EUR 238.8 million in the three months ended March 31, 2015. The increase in cash inflows from investing activities in the three months ended March 31, 2015 was due to an increase in cash inflows from advance payments for sales.

9.7.3.3 Financing Activities

Net cash flows from financing activities decreased from cash outflows of EUR 135.3 million in the three months ended March 31, 2014 to cash outflows of EUR 94.9 million in the three months ended March 31, 2015, primarily due to a decrease in repayment of borrowings and an increase in proceeds from the sale of non-controlling interests.

9.7.3.4 Funds from Operations

FFO (without disposals) increased by 20.6% from EUR 59.1 million in the three months ended March 31, 2014 to EUR 71.3 million in the three months ended March 31, 2015 due to a decrease in personnel and administrative expenses related to the integration of GSW into the Deutsche Wohnen Group and a decrease in interest expenses due to the refinancing of liabilities with a nominal amount of EUR 1.4 billion in late 2014.

FFO (including disposals) increased by 7.6% from EUR 74.9 million in the three months ended March 31, 2014 to EUR 80.6 million in the three months ended March 31, 2015.

9.7.4 Comparison of the Fiscal Years Ended December 31, 2014 and December 31, 2013

9.7.4.1 Operating Activities

Net cash flows from operating activities increased from cash inflows of EUR 61.1 million in 2013 to cash inflows of EUR 189.4 million in 2014, primarily due to the GSW acquisition related increase in the scale of Deutsche Wohnen's operations.

9.7.4.2 Investing Activities

Net cash flows from investing activities changed from cash outflows of EUR 655.1 million in 2013 to cash inflows of EUR 37.3 million in 2014. Cash outflow in 2013 included in particular cash outflows related to the acquisition of 6,900 residential units in the Greater Berlin area from companies affiliated with Blackstone Group L.P. Cash inflows in 2014 were primarily due to cash inflows from the sales proceeds.

9.7.4.3 Financing Activities

Net cash flows from financing activities changed from cash inflows of EUR 699.8 million in 2013 to cash outflows of EUR 26.8 million in 2014, primarily due to higher cash outflows for the repayment of borrowings that were only partially offset by a net increase in proceeds from borrowings and from the issuance of convertible bonds.

9.7.4.4 Funds from Operations

FFO (without disposals) increased by 90.0% from EUR 114.5 million in 2013 to EUR 217.6 million in 2014 due to the acquisition-driven growth in the portfolio resulting from the takeover of GSW and increases in monthly contractual rents. FFO (including disposals) increased by 96.4% from EUR 137.5 million in 2013 to EUR 270.0 million in 2014.

9.7.5 Comparison of the Fiscal Years Ended December 31, 2013 and December 31, 2012

9.7.5.1 Operating Activities

Net cash flows from operating activities increased from cash inflows of EUR 59.2 million in 2012 to cash inflows of EUR 61.1 million in 2013 primarily as a result of an increase in profit for the period before interest and taxes, which was only partially offset by increased cash outflows for interest paid.

9.7.5.2 Investing Activities

Net cash flows from investing activities decreased from cash outflows of EUR 1,238.0 million in 2012 to cash outflows of EUR 655.1 million in 2013. Cash outflows in 2012 included in particular cash outflows from the purchase of property, plant and equipment/investment property and other non-current assets of EUR 1.4 billion for the acquisition of the BauBeCon Group, while the cash outflows related to the purchase of property, plant and equipment/investment property and other non-current assets amounting to EUR 0.8 billion in 2013. In addition, cash outflows in 2013 reflected payments for the purchase of the convertible bond of GSW of EUR 213.1 million.

9.7.5.3 Financing Activities

Net cash flows from financing activities decreased from cash inflows of EUR 1,101.5 million in 2012 to cash inflows of EUR 699.8 million in 2013. The cash inflows in 2012 were driven by new borrowings and the proceeds from a capital increase, which were only partially offset by repayments of borrowings. In 2013, Deutsche Wohnen recorded cash inflows from financing activities primarily from borrowings and from the issuance of convertible bonds. The proceeds from the issuance of convertible bonds were largely used to refinance the purchase of the convertible bond of GSW.

9.7.5.4 Funds from Operations

FFO (without disposals) increased by 67.9% from EUR 68.2 million in 2012 to EUR 114.5 million in 2013 primarily as a result of acquisitions and operational improvements. FFO (without disposals) per share increased on a scrip adjusted basis by 20.4% from EUR 0.54 in 2012 to EUR 0.65 in 2013.

FFO (including disposals) increased by 56.1% from EUR 88.1 million in 2012 to EUR 137.5 million in 2013. FFO (including disposals) per share increased on a scrip adjusted basis by 11.4% from EUR 0.70 in 2012 to EUR 0.78 in 2013.

9.8 Cash Management System

The Deutsche Wohnen Group has implemented a cash management system. The companies of the Deutsche Wohnen Group can deposit surplus liquidity and borrow cash to cover their liquidity requirements.

9.9 Financial Liabilities and Convertible Bonds, Other Liabilities, Commitments and Contingencies

The following tables show Deutsche Wohnen's financial liabilities and convertible bonds, other liabilities (excluding financial liabilities and convertible bonds) and commitments and contingencies as of March 31, 2015, December 31, 2014, December 31, 2013 and December 31, 2012:

9.9.1 Financial Liabilities and Convertible Bonds

	As of March 31, 2015	As of December 31, 2014	As of December 31, 2013[1)]	As of December 31, 2012
	(unaudited)	(audited)	(audited)	(audited)
	(in EUR million)	(in EUR million)		
Financial liabilities[2)]	4,669.6[3)]	4,779.0	5,161.5	2,768.6
Convertible bonds	861.1[3)]	748.7	250.2	–

1) *Figures taken from the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2014.*
2) *Financial liabilities as of March 31, 2015 and financial liabilities as of December 31, 2014 include financial liabilities regarding non-current assets held for sale in the amount of EUR 6.0 million and EUR 6.0 million, respectively.*
3) *Figures derived from the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015.*

Financial liabilities are liabilities to banks, insurance companies and similar lenders. As of March 31, 2015, approximately 86% of the financial liabilities (including convertible bonds) were either fixed interest loans or variable rate loans with interest rate hedging transactions. As of the same date, approximately 87.8% of the nominal value of financial liabilities (including convertible bonds) were secured by real estate owned by Deutsche Wohnen.

The convertible bonds were issued in November 2013 and September 2014. For more information, see "*13 Material Agreements of the Company—13.5 Deutsche Wohnen Convertible Bonds 2013*" and "*13 Material Agreements of the Company—13.6 Deutsche Wohnen Convertible Bonds 2014*".

The average interest rate weighted according to the value of the financial liabilities and the convertible bonds outstanding was 2.35% as of March 31, 2015. Interest-free/low-interest loans, which were granted in return for contractual rents below the market level, are recognized at amortized cost.

As of March 31, 2015, the weighted average remaining term of the loans outstanding (excluding convertible bonds) was approximately 8.9 years.

The following table shows the loan renewal structure based on the nominal value of the financial liabilities outstanding as of March 31, 2015, December 31, 2014, December 31, 2013 and December 31, 2012:

	Total	Residual term up to within 1 year	Residual term more than 1 and less than 3 years	Residual term over 3 years
	(audited, unless otherwise indicated) (in EUR million)			
Financial liabilities as of March 31, 2015 (unaudited)[1]	4,780.3	88.5	108.8	4,583.0
Financial liabilities as of December 31, 2014	4,888.2	89.2	115.0[2]	4,684.0[2]
Financial liabilities as of December 31, 2013[3]	5,253.9	110.4	870.5[2]	4,273.0[2]
Financial liabilities as of December 31, 2012	2,872.8	66.1	342.2[2]	2,464.5[2]

1) *Derived from the Company's accounting records or internal management reporting systems.*
2) *Unaudited; calculated based on the above mentioned sources.*
3) *Figures extracted or derived from the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2014.*

9.9.2 Other Liabilities (excluding financial liabilities and convertible bonds)

	As of March 31, 2015	As of December 31, 2014	As of December 31, 2013[2]	As of December 31, 2012
	(unaudited) (in EUR million)	(audited, unless otherwise indicated) (in EUR million)		
Non-current				
Employee benefit liabilities	73.0[1]	67.7	55.3	54.5
Tax liabilities	–	–	27.9	36.5
Derivative financial instruments	112.0[1]	126.4	124.8	113.7
Other provisions	16.6[1]	17.2	6.5	7.1
Deferred tax liabilities	568.6[1]	557.9	288.9	143.3
Total non-current liabilities (excluding financial liabilities and convertible bonds) (unaudited)[3]	**770.2**	**769.2**	**503.4**	**355.2**
Current				
Trade payables	547.5[1]	138.0	120.6	72.0
Liabilities to limited partners in funds	6.4[1]	6.3	4.0	5.1
Other provisions	12.8[1]	19.2	12.5	7.3
Derivative financial instruments	32.3[1]	18.5	34.5	38.8
Tax liabilities	37.2[1]	46.1	46.4	27.1
Other liabilities	36.4[1]	45.1	49.7	24.1
Total current liabilities (excluding financial liabilities and convertible bonds) (unaudited)[3]	**672.6**	**273.3**	**267.7**	**174.3**
Total liabilities (excluding financial liabilities and convertible bonds) (unaudited)[3]	**1,442.8**	**1,042.5**	**771.1**	**529.5**

1) *Figures extracted from the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2015.*
2) *Figures extracted from the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2014.*
3) *Calculated based on the above mentioned sources.*

Employee benefit liabilities generally reflect future pension payments, newly vesting entitlement (*Dienstzeitaufwand*) and interest expense. Employee benefit provisions are recognized for liabilities (retirement, invalidity and surviving dependent benefits) arising from entitlement and current benefits for eligible active and former employees and their surviving dependents. No new employees are currently being admitted to the pension plans. Employee benefit liabilities increased slightly by 1.5% from EUR 54.5 million as of December 31, 2012 to EUR 55.3 million as of December 31, 2013 and increased further to EUR 67.7 million as of December 31, 2014. As of March 31, 2015, employee benefit liabilities stood at EUR 73.0 million.

Current and non-current tax liabilities (March 31, 2015: EUR 37.2 million; December 31, 2014: EUR 46.1 million; December 31, 2013: EUR 74.3 million; December 31, 2012: EUR 63.6 million) included primarily the present value of the payment for EK-02 inventories held by Deutsche Wohnen Group until December 31, 2013.

In 2014, Deutsche Wohnen paid its remaining EK-02 liabilities in full. As a result, Deutsche Wohnen did not report non-current tax liabilities as of December 31, 2014. Deutsche Wohnen's current tax liabilities as of December 31, 2014, related primarily to current tax expense and potential tax risks of the ongoing tax audits of GSW.

Liabilities to limited partners in funds relate to a right of sell-out granted by individual agreements, which Rhein-Pfalz Wohnen GmbH entered into with the limited partners of DB Immobilienfonds 14 Rhein-Pfalz Wohnen GmbH & Co. KG ("**DB 14**") for their limited partner interests from 2005 to 2019. As limited partners exercise their sell-out rights, the liabilities decrease. As of March 31, 2015, the remaining liabilities to limited partners in funds amounted to EUR 6.4 million.

Derivative financial instruments consist almost entirely of interest rate swaps entered in order to hedge cash flow risks arising from future interest payments. Changes in the fair value of the interest rate swaps result from changes in the interest rate (EURIBOR curve).

9.9.3 Commitments and Contingencies

The following table shows Deutsche Wohnen's commitments and contingencies:

	As of March 31, 2015	As of December 31, 2014	As of December 31, 2013	As of December 31, 2012
	(unaudited) (in EUR million)	(audited, unless otherwise indicated) (in EUR million)		
Obligations from				
Hereditary building rights contracts[1]	1.9[2]	1.9	1.9	1.7
Other financial commitments[3]	18.2[2]	19.9	16.5	9.9
Other service contracts[4]	4.6[2]	5.7	6.6	3.4
Fiduciary tasks	–	–	0.6	3.2
Contractual modernization obligations	2.5[2]	2.5[5]	5.9[5]	1.5[5]
Acquisition agreements	–	166.5	–	255.7
Lease commitments				
Thereof due				
up to 1 year	4.5[2]	5.4	9.0	2.6
1 to 5 years	6.3[2]	6.5	13.2	6.8
more than 5 years	3.9[2]	3.9	5.2	4.5

1) *This item comprises the interest on heritable building rights for one year.*
2) *Derived from the Company's accounting records or internal management reporting systems.*
3) *This item comprises the payments over the term of the contract.*
4) *Relating to the Company's fiduciary capacity in relation to property refurbishment and development measures.*
5) *Unaudited; derived from the Company's accounting records or internal management reporting systems.*

Obligations from agency agreements mainly relate to obligations arising from IT services.

Rhein-Pfalz Wohnen GmbH performs certain tasks as a development and redevelopment agency assigned to it by municipal governments as their trustee. As of March 31, 2015, no material bank balances were assigned to the Company in trust in connection with these restructuring and development measures.

In 2012, the Company entered into several acquisition agreements. Since the transfer of benefits and encumbrances was not completed in 2012, the payments outstanding under these agreements in the amount of EUR 255.7 million were reported as other financial obligations as of December 31, 2012.

Obligations from leasing contracts mainly relate to office buildings.

9.10 Capital Expenditures (capex)

9.10.1 Past Principle Investments

The following table shows Deutsche Wohnen Group's main capital expenditure in the three months ended March 2015 and March 31, 2014 and in 2014, 2013 and 2012. The numbers in the following table were derived from the Company's accounting records or internal management reporting systems:

	January 1 - March 31, 2015	January 1 - March 31, 2014	January 1 - December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
	(unaudited)[1]			**(unaudited)[1]**	
	(in EUR million)			**(in EUR million)**	
Acquisitions[2]	170.4	0.7	142.0	741.8	1,362.5
Capitalized modernization measures and new constructions[3]	16.6	7.9	69.4	26.8	33.2
Equipment and software	0.5	0.6	5.0	5.3	3.8
Total	**187.5**	**9.2**	**211.1**	**773.9**	**1,399.5**

1) *Derived from the Company's accounting records or internal management reporting systems.*
2) *Includes payments made for investments in real estate, customer lists, unconsolidated subsidiaries and related receivables as well as goodwill.*
3) *Only includes real estate rented by third parties (Fremdgenutzte Immobilien).*

As shown in the table above, past principle investments, *i.e.*, capital expenditures between January 1, 2012 and March 31, 2015 were mostly related to acquisitions. These primarily related to the acquisition of around 107,305 residential units by Deutsche Wohnen Group (transfer of benefits/encumbrances from January 1, 2012 to March 31, 2015). The majority of the total residential units acquired were located in the Greater Berlin area, with the remainder being located in other parts of Germany. Investments for acquisitions in 2012 amounted to EUR 1,362.5 million and were largely driven by the acquisition of the BauBeCon portfolio of around 23,400 residential units. In 2013, Deutsche Wohnen made further investments for acquisitions of EUR 741.8 million. These investments were financed partially through debt capital, from equity capital increases and net cash flows from operating activities. In 2014, Deutsche Wohnen invested in total EUR 142.0 million in acquisitions. In the three months ended March 31, 2015, Deutsche Wohnen invested in total EUR 170.4 million in acquisitions compared to EUR 0.7 million in the three months ended March 31, 2014.

The following table shows Deutsche Wohnen Group's acquisition of residential units in the three months ended March 31, 2015 and in 2014, 2013 and 2012 (transfer of risks and rewards). The numbers in the following table were derived from the Company's accounting records or internal management reporting systems:

	January 1 – March 31, 2015[1]	January 1 – December 31, 2014[1]	January 1 – December 31, 2013[1]	January 1 – December 31, 2012[1]	Total[1]
Greater Berlin	–	293	68,545[2]	13,628[3]	82,466
Rhein-Main	–	549	–	350	899
Mannheim/Ludwigshafen	–	–	–	–	–
Rhineland	–	97	261	495	853
Dresden	293	–	1,882	242	2,417
Hanover/Brunswick	–	–	181	8,879	9,060
Magdeburg	–	–	–	–	2,100
Kiel/Lübeck	–	–	–	–	2,196
Halle/Leipzig	–	–	62	–	1,537
Erfurt	–	–	–	–	592
Other	–	–	–	6,146	5,185
Sum	**293**	**939**	**70,931**	**35,142**	**107,305**

1) *Derived from the Company's accounting records or internal management reporting systems.*
2) *Numbers include acquisitions with transfer of risks and rewards as of January 1/2, 2013.*
3) *Numbers exclude acquisitions with transfer of risks and rewards as of January 1/2, 2013.*

In addition to acquisitions, Deutsche Wohnen spends significant amounts on modernization measures. The aim of these capital expenditures is to improve the quality of the real estate portfolios and thus to achieve a sustainable increase in realizable contractual rents and the market value of the residential units concerned. The capital expenditures for modernization measures amounted to EUR 33.2 million in 2012 in line with the acquisition-driven increase in the size of Deutsche Wohnen's real estate portfolio. In 2013, capital expenditures for modernization measures decreased to EUR 26.8 million. Capital expenditures for modernization measures and investment in new construction amounted to EUR 69.4 million in 2014. Capital expenditures for modernization measures and investment in new construction increased from EUR 7.9 million in the three months ended March 31, 2014 to EUR 16.6 million in the three months ended March 31, 2015.

9.10.2 Principle Investments in Progress

Deutsche Wohnen signed purchase agreements concerning the acquisition of approximately 6,500 residential units, predominantly located in Berlin, for an aggregate purchase price of approximately EUR 500 million or approximately EUR 1,180 per square meter. Closing for the vast majority of these acquisitions is expected to take place at the end of the first half of 2015. The annual net cold rent for these acquisitions is approximately EUR 25.6 million. The average vacancy rate is approximately 2.6%. Deutsche Wohnen expects, based on historical numbers, that these acquisitions will make a positive EBITDA contribution of more than EUR 20 million on an annualized basis.

The Deutsche Wohnen Group started a EUR 20 million modernization project of 1,300 residential and commercial units in Berlin's Marzahn-Hellersdorf district. The investments are expected to be finalized in 2017.

In 2014, Deutsche Wohnen commenced construction work for 103 new residential units in Potsdam. The apartments will be built in three construction phases lasting until 2016. The investment will amount to EUR 26.4 million.

Further, in July 2013, Deutsche Wohnen started the modernization of 127 units in Elstal near Berlin. The total investment is expected to amount to EUR 15 million.

Ongoing investments in modernization projects will be financed through equity and debt and, in part, subsidized by the Federal Republic of Germany and the Federal State of Berlin. The geographic focus of Deutsche Wohnen's investments is Germany.

9.10.3 Principle Future Investments

There are no principle future investments on which Deutsche Wohnen's management bodies have already made firm commitments.

9.11 Quantitative and Qualitative Description of Market Risks

9.11.1 Interest Rate Risks

Interest rate risks can occur, as changes in market interest rates impact on the fair value of fixed-interest financial instruments and also result in changes in interest expenditure on floating-rate financial instruments. It is not possible to simultaneously minimize both types of interest rate risks. As the Deutsche Wohnen Group recognizes fixed-interest liabilities at amortized cost, any changes in the fair value of these fixed-interest financial instruments do not affect Deutsche Wohnen AG's consolidated balance sheet and consolidated profit and loss statement.

The Deutsche Wohnen Group manages its interest expense through a combination of fixed-interest and floating-rate loans. In order to manage interest rate risks, the Deutsche Wohnen Group generally uses interest rate swaps where it swaps the difference between fixed-interest and floating-rate amounts calculated on the basis of an agreed-upon nominal amount with its counterparty at regular intervals. These interest rate swaps hedge the underlying debt. Accordingly, only floating-rate financial liabilities not hedged by interest rate swaps are exposed to interest rate risk. Applied to these financial liabilities and the convertible bonds, a 1% increase/decrease in the interest rate as of December 31, 2014 would have led to an increase/decrease of EUR 7.9 million in interest expenses (December 31, 2013: EUR 6.4 million). Applied to Deutsche Wohnen Group's total equity a similar interest rate adjustment would have resulted in an increase/decrease of approximately EUR 96 million (December 31, 2013: approximately EUR 120 million).

9.11.2 Default Risk

Default risks, or the risk that a counterparty will not be able to meet its obligations, is managed through credit limits and control processes. Where appropriate, the Company is provided with collateral. Deutsche Wohnen does not face any considerable default risk concentration from a single counterparty or a group of counterparties with similar characteristics. The maximum default risk is the carrying amount of the financial assets as reported in the consolidated balance sheet.

9.11.3 Liquidity Risk

The Deutsche Wohnen Group monitors the risk of liquidity shortfalls daily by means of a liquidity planning program. This tool takes into account the cash inflows and outflows from the operating business as well as payments relating to financial liabilities.

Deutsche Wohnen seeks to ensure that sufficient liquidity is available at all times to cover future obligations at all times. As of December 31, 2014, Deutsche Wohnen had a debt capital ratio (defined as sum of total non-current liabilities and total current liabilities divided by total equity and liabilities) of 57% (December 31, 2013: 61%) and an LTV Ratio of 51.0% (December 31, 2013: 57.4%).

9.11.4 Market Risks

Financial instruments not recognized at fair value comprise mainly cash and cash equivalents, trade receivables, other current assets, financial liabilities, trade payables and other liabilities.

The carrying amount of cash and cash equivalents is very close to their fair value given the short-term nature of these financial instruments. Similarly, the carrying amount of receivables and liabilities based on normal trade credit arrangements, which are recognized at amortized cost, is also very close to their fair value.

Fair value risks can arise primarily from fixed-interest loans. A large part of Deutsche Wohnen's liabilities to banks have fixed interest rates or are hedged, so that the effects of interest rate fluctuations can be estimated in the medium term.

9.12 Critical Accounting Policies

To prepare the consolidated financial statements in accordance with IFRS, the management must make judgments, estimates and assumptions that have an impact on the reported amounts of the income and revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities. The uncertainty about these assumptions and estimates could lead to results that require considerable material adjustments to the carrying amounts of the assets and liabilities concerned in future periods.

Critical accounting policies are those that often require very complex or subjective judgments, often as a result of the need to make estimates of inherently uncertain effects. The critical accounting policies cover the fair value of the investment properties, pensions and other post-employment benefits and liabilities to limited partners in funds.

9.12.1 Impairment of Non-Financial Assets

The non-financial assets (other than investment properties) consist mainly of property, plant and equipment, intangible assets and inventories. The Group assesses at each reporting date whether there is an indication that any of these assets may be impaired. If any such indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the following: an asset's or cash-generating unit's fair value less disposal costs and its value in use. The recoverable amount is determined for each individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is depreciated to its recoverable amount.

Goodwill acquired in the context of the acquisition of companies and businesses and intangible assets with uncertain useful lives are subjected to an impairment review at least once a year. For impairment testing purposes, these assets are attributed to those cash-generating units which are expected to benefit from the synergies resulting from the acquisitions of the companies and businesses. These cash-generating units represent the lowest level at which these assets are monitored for corporate management purposes. After gaining control of the GSW Group, Deutsche Wohnen set up a corresponding group of cash-generating units for the letting activities of the GSW Group.

The impairment test is carried out by determining the recoverable amount of the cash generating units and comparing them to their carrying amounts. The recoverable amount was determined as value in use. The value in use is based on estimated future cash flows: those from the planned FFO without disposals, which have been derived from actual values and are projected for a three-year period with a customary growth rate. The value in use of the cash generating units are, however, essentially determined by the end value, which will be dependent on the projected cash flows in the third year of the medium-term planning as well as the growth rate of the cash flows thereafter and the discount rate. After the three-year period, the cash flows are extrapolated using a growth rate of 1.0%, which does not exceed the presumed average market or industry growth rate.

A discount rate, based on the Group's weighted capital cost rate, of 4.03% before taxes is used to determine the present value of the future cash flows.

Impairment losses are recognized in the profit and loss statement in those expense categories consistent with the function of the impaired asset within the company.

For all assets an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Group estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation and amortization had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the consolidated profit and loss statement. There is no revaluation of any unscheduled depreciation and amortization of goodwill.

9.12.2 Accounting for Investment Properties

The fair value of investment properties was determined internally by means of a portfolio valuation using the DCF method as of December 31, 2013. The properties are clustered on the basis of their location and property quality. Assumptions are made regarding the development of rents, vacancies, vacancy losses, maintenance costs and discount rates on the basis of these clusters. These valuation assumptions are subject to uncertainties on account of their long-term nature that may lead to either positive or negative adjustments in the future. The carrying amount of investment properties amounted to EUR 9,611.0 million as of December 31, 2014 (December 31, 2013: EUR 8,937 million). The internal measurement of Deutsche Wohnen's residential real estate portfolio largely corresponds to the external valuations carried out by CBRE GmbH as of December 31, 2014, December 31, 2013 and December 31, 2012.

Investment properties are transferred from this category if there is a change of use by the Company, either due to the commencement of disposal-related development activities or the use of the property by the Company. Due to the different accounting treatment of investment properties and land and buildings available for sale, the reclassification of a property in one category or another may have a significant effect on Deutsche Wohnen Group's net assets and results of operations. Land and buildings available for sale are reported at the lower value between the cost and the net realizable value in accordance with IAS 2. If the assessed value exceeds the costs, no adjustment is made to the carrying amount, meaning that such changes do not affect the consolidated profit and loss statement or consolidated balance sheet.

9.12.3 Pensions and Other Post-Employment Benefits

Expenses relating to post-employment defined-benefit plans are determined on the basis of actuarial calculations. The actuarial calculations are made on the basis of assumptions regarding discount rates, future salary increases, mortality tables and future pension increases. Such estimates are subject to significant uncertainty due to the long-term nature of these plans. Employee benefit liabilities from pension obligations amounted to EUR 67.7 million as of December 31, 2014 (December 31, 2013: EUR 55.3 million).

9.13 Information from the Unconsolidated Annual Financial Statements (in Accordance with the German Commercial Law (HGB)) as of and for the Fiscal Year Ended December 31, 2014

Deutsche Wohnen AG's unconsolidated annual financial statements as of and for the fiscal year ended December 31, 2014 were prepared in accordance with the provisions of German commercial law (HGB). According to these annual financial statements, Deutsche Wohnen AG's equity increased from EUR 3,018.3 million as of December 31, 2013 to EUR 3,309.2 million as of December 31, 2014, primarily due to a capital increase against contribution in kind in connection with the domination agreement concerning GSW partially offset by a dividend payment of EUR 57.4 million in 2014 for the fiscal year ended December 31, 2013. Provisions increased from EUR 13.8 million as of December 31, 2013 to EUR 16.7 million as of December 31, 2014, primarily due to an increase in other provisions, which was driven by increases in provisions for outstanding invoices for consulting and transaction costs. Liabilities increased from EUR 441.3 million as of December 31, 2013 to EUR 1,752.4 million as of December 31, 2014. This increase was due to an increase in liabilities to affiliated companies as a result of the introduction of a cash pool. The cash pool also lead to an increase in receivables from affiliated companies. The difference between the net profit for the year of EUR 177.4 million for 2014 shown in the unconsolidated annual financial statements prepared in accordance with the German Commercial Code (HGB) and the profit for the period of EUR 889.3 million for 2014 according to the consolidated financial statements prepared in accordance with IFRS was mainly due to the fact that Deutsche Wohnen AG's operating subsidiaries are not consolidated in the unconsolidated annual financial statements and Deutsche Wohnen AG has not entered into any profit transfer agreements with its subsidiaries. In addition, there are accounting differences between IFRS and the German Commercial Code (HGB) in particular with respect to the valuation of investment properties. For further information on Deutsche Wohnen AG's unconsolidated annual financial statements, please refer to the Notes to Deutsche Wohnen AG's unconsolidated annual financial statements as of and for the fiscal year ended December 31, 2014, which are reproduced on pages F-139 *et seq.* of this Prospectus. Deutsche Wohnen AG paid a dividend of EUR 57.4 million for the fiscal year ended December 31, 2013 in 2014.

10. PROFIT FORECAST

10.1 Forecast of Funds from Operations (FFO) Without Disposals ("FFO (without disposals)") for the Fiscal Year 2015 for Deutsche Wohnen Group

The forecast of funds from operations (FFO) for the current fiscal year 2015 set out in this section refers to FFO (without disposals) (the "**FFO Forecast**"). The FFO Forecast is not a statement about facts and should therefore not be interpreted as such by potential investors. Rather, it reflects the forward-looking expectations of the Management Board of Deutsche Wohnen AG (also the "**Company**", and together with its subsidiaries, "**Deutsche Wohnen Group**") with respect to the FFO (without disposals) for Deutsche Wohnen Group. Potential investors should not place unreasonable reliance on this FFO Forecast.

For the purposes of this FFO Forecast, Deutsche Wohnen AG has defined FFO (without disposals) as follows:

Profit/loss for the period adjusted for earnings from disposals, depreciation and amortization, gains/losses from the fair value adjustments of investment properties, gains/losses from fair value adjustments of derivative financial instruments and of convertible bonds, non-cash finance expense arising from accrued interest on liabilities and pensions, non-recurring or exceptional items, prepayment compensation, deferred taxes (tax expense/income), tax expense from capital increase costs and FFO (without disposals) attributable to non-controlling interests.

The FFO Forecast is based on the following assumptions made by the Management Board of Deutsche Wohnen AG. These assumptions relate to factors outside the Company's influence, factors that can be influenced by the Company only to a limited extent and factors that can be influenced by the Company. Although the Company believes that these assumptions are reasonable on the date on which the FFO Forecast is published, they may subsequently prove to be incorrect or unfounded. If one or more of these assumptions prove to be incorrect or unfounded, Deutsche Wohnen Group's actual FFO (without disposals) may differ materially from the forecast FFO (without disposals).

10.2 FFO Forecast for the Current Fiscal Year 2015 for Deutsche Wohnen Group

On the basis of developments to date in the fiscal year 2015, the Company currently anticipates that Deutsche Wohnen Group's FFO (without disposals) will amount to approximately EUR 250 million in 2015.

10.2.1 Explanatory notes to the FFO Forecast

10.2.1.1 <u>Basis of Presentation</u>

The FFO Forecast for the current fiscal year 2015 was prepared in accordance with the principles of the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V.*, "**IDW**") *IDW Accounting Practice Statement: Preparation of Profit Forecasts and Estimates in Accordance With the Specific Requirements of the Regulation on Prospectuses and Profit Estimates on the basis of Preliminary Figures (IDW AcPS HFA 2.003)* (*IDW Rechnungslegungshinweis: Erstellung von Gewinnprognosen und –schätzungen nach den besonderen Anforderungen der Prospektverordnung sowie Gewinnschätzungen auf Basis vorläufiger Zahlen (IDW RH HFA 2.003)*).

For this purpose, the FFO Forecast for the current fiscal year 2015 has been prepared on the basis of the accounting principles of the International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). The accounting policies applied are described in the respective notes to Deutsche Wohnen AG's consolidated financial statements as of and for the fiscal year ended December 31, 2014, prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to section 315a paragraph 1 of the German Commercial Code (*Handelsgesetzbuch*, "**HGB**").

The FFO Forecast for the current fiscal year 2015 is influenced by a number of factors and is based on certain assumptions made by the Company's Management Board, which are described below:

10.2.2 Factors and Assumptions

10.2.2.1 <u>Factors outside the Company's influence</u>

The FFO Forecast for the current fiscal year 2015 for Deutsche Wohnen Group is subject to factors outside the Company's influence. These factors and the Company's related assumptions are outlined below:

10.2.2.1.1 <u>Factor: Unforeseen events such as "force majeure"</u>

For purposes of the FFO Forecast the Company assumes that no material unforeseen events will occur that could result in material or lasting constraints on the ongoing operations of the entities of Deutsche Wohnen Group, such as force majeure (e.g., fires, floods, hurricanes, storms, earthquakes or terrorist attacks), strikes, extraordinary macroeconomic events or war.

10.2.2.1.2 <u>Factor: Legislative and other regulatory measures</u>

When preparing the FFO Forecast, the Company assumes that the current legal and regulatory framework and environment will be subject to no or only insignificant changes and that there will be no material legal and regulatory changes, e.g., to tenancy or tax law or to regulations in the Nursing and Assisted Living segment.

10.2.2.1.3 <u>Factor: Economic development in the real estate industry</u>

For the purpose of the FFO Forecast, the Company assumes that:

- there will be no negative economic development in Germany;
- there will be no negative development in the real estate industry, particularly in Germany; and
- the Company can maintain its current competitive position.

10.2.2.1.4 <u>Factor: Interest rate development</u>

When preparing the FFO Forecast, the Company assumes that current interest rate levels will remain stable. As Deutsche Wohnen AG has hedged a substantial part of its variable interest-bearing financial liabilities with interest rate swaps, it anticipates no significant deterioration in financing conditions in the current fiscal year 2015.

10.2.2.2 <u>Factors that can be influenced by the Company to a limited extent</u>

Further factors that can be influenced by the Company to a limited extent may also affect the FFO Forecast for the current fiscal year 2015. The relevant assumptions are listed below:

10.2.2.2.1 <u>Factor: Income from Residential Property Management</u>

Income from Residential Property Management comprises potential gross rental income plus subsidies less vacancy loss. For the purpose of the FFO Forecast, the Company assumes that income from Residential Property Management will amount to around EUR 615 million in the current fiscal year 2015 on the basis of current in-place rents. The Company believes it can forecast the income from Residential Property Management with reasonable certainty for the purposes of the FFO Forecast. For planning purposes, the Company assumes that most of the units for which the lease contracts will expire or be terminated for the 2015 planning period can be re-let in this planning period. When preparing the FFO Forecast the Company also assumes that there will be no material change in the average vacancy rate and in the in-place rent per square meter in 2015 compared to 2014.

10.2.2.2.2 <u>Factor: Expenses from Residential Property Management</u>

Expenses from Residential Property Management include all costs arising from rental activities such as maintenance costs, non-recoverable operating expenses, rental loss and other expenses. For the purpose of the FFO Forecast the Company assumes that the expenses from Residential Property Management relative to the income from Residential Property Management in the fiscal year 2015 will remain almost stable compared to the fiscal year 2014.

10.2.2.2.3 Factor: Earnings from Nursing and Assisted Living

For the purpose of the FFO Forecast, the Company assumes the Nursing and Assisted Living segment will generate earnings of around EUR 14 million in the current fiscal year 2015. It is assumed that (i) the average occupancy rate will remain largely unchanged at around 96 % compared to the fiscal year 2014; and (ii) expenses from Nursing and Assisted Living relative to income from Nursing and Assisted Living will remain at largely the similar level as in the fiscal year 2014. The decrease in earnings from Nursing and Assisted Living segment is owed to the disposal of 51 % of the shares in KATHARINENHOF Seniorenwohn- und Pflegeanlage Betriebs-GmbH with effect from 1 January 2015.

10.2.2.2.4 Factor: Corporate expenses

Corporate expenses are divided into staff expenses and general and administration expenses (excluding expenses for Nursing and Assisted Living). For the purpose of the FFO Forecast, the Company assumes that the staff expenses and general and administration expenses relative to income from Residential Property Management will fall compared to 2014 considering a similar group structure for the entire fiscal year 2014 as it currently is in 2015. The Company assumes, for the purpose of the FFO Forecast, a ratio of approximately 13% between corporate expenses and income from residential property management in the current fiscal year 2015.

10.2.2.2.5 Factor: Other expenses/income

For the purpose of the FFO Forecast, the Company assumes that, with respect to other expenses/income, other expenses incurred in the current fiscal year 2015 will be at the same level relative to income from Residential Property Management compared with the fiscal year 2014.

10.2.2.2.6 Factor: Finance expense

For the purpose of the FFO Forecast, the Company assumes that:

- the debt ratio for the entire real estate portfolio will remain stable in the current fiscal year 2015;
- it will comply with all agreed financial covenants;
- the interest rate risk will remain low based on the existing hedging instruments (interest rate swaps); and
- the liquidity risk will remain low as the Company assumes that sufficient liquidity will be available and that the financing conditions for existing loan agreements can be retained in the event of any loan extension with the banks.

10.2.2.2.7 Factor: Current income tax expense

The Company assumes there will be no changes in the corporation tax and trade tax rates, and that there will be no further changes in the tax environment or in tax legislation in the current fiscal year 2015. The current income tax expense relevant for the FFO Forecast will amount to around EUR 22 million for the current fiscal year 2015.

10.2.2.2.8 Factor: Non-recurring or exceptional items

Non-recurring or exceptional items relating to transaction and integration costs are expected in other expenses/income and in finance expenses and have been eliminated from the FFO Forecast.

10.2.2.3 Factors that can be influenced by the Company

10.2.2.3.1 Factor: Expenditures in connection with tenant fluctuations

The following factor that can be influenced by the Company may also affect the FFO Forecast for the current fiscal year 2015: In the event of tenant fluctuations, the Company can determine the amount that is to be invested to enhance rent potential prior to new lettings. The amount of these expenses affects the rents of new lettings. The Company assumes for the current fiscal year 2015 a fluctuation rate of around 8% and expenses per residential unit comparable with the corresponding expenses incurred in the fiscal year 2014.

10.2.2.3.2 Factor: Acquisitions

The FFO Forecast takes account of the effects of already closed acquisitions with net acquisition costs of approximately EUR 166 million which will contribute income from residential property management for up to EUR 6 million respectively. Further acquisitions, in particular the ongoing acquisition of around 6,500 residential units, in the current fiscal year 2015 are not taken into account for the FFO Forecast.

10.2.2.4 Other Explanatory Notes

The FFO Forecast does not include any extraordinary items or results from non-recurring activities within the meaning of the IDW Accounting Practice Statement IDW AcPS HFA 2.003 (IDW RH HFA 2.003).

The FFO Forecast for the current fiscal year 2015 has been prepared on May 20, 2015. As the FFO Forecast relates to a period not yet completed and has been prepared on the basis of assumptions about future uncertain events and actions, it naturally entails substantial uncertainties. Because of these uncertainties, it is possible that Deutsche Wohnen Group's actual FFO (without disposals) for the current fiscal year 2015 may differ materially from the forecast FFO (without disposals).

The following auditor's report is a translation of the German-language auditor's report (Bescheinigung) on the Funds from Operations (FFO (without disposals)) Forecast of Deutsche Wohnen Group.

10.3 Auditor's Report on the Funds from Operations (FFO (without disposals)) Forecast of Deutsche Wohnen Group

To Deutsche Wohnen AG, Frankfurt/Main

We have audited whether the forecast of the Funds from Operations (FFO) without Disposals ("**FFO (without disposals)**") of Deutsche Wohnen Group, defined for purposes of the forecast as the profit/loss for the period adjusted for earnings from disposals, depreciation and amortization, gains/losses from the fair value adjustments of investment properties, gains/losses from fair value adjustments of derivative financial instruments and of convertible bonds, non-cash finance expense arising from accrued interest on liabilities and pensions, non-recurring or exceptional items, prepayment compensation, deferred taxes (tax expense/income), tax expense from capital increase costs and FFO (without disposals) attributable to non-controlling interests (the "**FFO (without disposals) Forecast**"), prepared by Deutsche Wohnen AG, Frankfurt/Main (the "**Company**"), for the period from January 1, 2015 to December 31, 2015 has been properly compiled on the basis stated in the explanatory notes to the FFO (without disposals) Forecast and whether this basis is consistent with the accounting policies of the Company. The FFO (without disposals) Forecast comprises the FFO (without disposals) of Deutsche Wohnen Group for the period from January 1, 2015 to December 31, 2015 and explanatory notes to the FFO (without disposals) Forecast.

The preparation of the forecast of FFO (without disposals) including the factors and assumptions presented in the explanatory notes to the FFO (without disposals) Forecast is the responsibility of the Company's management.

Our responsibility is to express an opinion based on our audit on whether the forecast of the FFO (without disposals) has been properly compiled on the basis stated in the explanatory notes to the (FFO (without disposals) Forecast and whether this basis is consistent with the accounting policies of the Company. Our engagement does not include an audit of the factors and assumptions identified by the Company underlying the forecast of the FFO (without disposals).

We conducted our audit in accordance with *IDW Prüfungshinweis: Prüfung von Gewinnprognosen und -schätzungen i.S.v. IDW RH HFA 2.003 und Bestätigung zu Gewinnschätzungen auf Basis vorläufiger Zahlen (IDW PH 9.960.3) (IDW Auditing Practice Statement: The Audit of Profit Forecasts and Estimates in accordance with IDW AcPS HFA 2.003 and Confirmation regarding Profit Estimates on the basis of Preliminary Figures (IDW AuPS 9.960.3))* issued by the Institut der Wirtschaftsprüfer in Deutschland e.V. (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that material errors in the compilation of the FFO (without disposals) on the basis stated in the explanatory notes to the FFO (without disposals) Forecast and in the compilation of this basis in accordance with the accounting policies of the Company are detected with reasonable assurance.

As the forecast of the FFO (without disposals) relates to a period not yet completed and is prepared on the basis of assumptions about future uncertain events and actions, it naturally entails substantial uncertainties. Because of the uncertainties it is possible that the actual FFO (without disposals) of Deutsche Wohnen Group for the period from January 1, 2015 to December 31, 2015 may differ materially from the forecast FFO (without disposals) of Deutsche Wohnen Group.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on the findings of our audit, the forecast of the FFO (without disposals) has been properly compiled on the basis stated in the explanatory notes to the FFO (without disposals) Forecast. This basis is consistent with the accounting policies of the Company.

Berlin, May 20, 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Glöckner	Wehner
Wirtschaftsprüfer	Wirtschaftsprüfer
(*German Public Auditor*)	(*German Public Auditor*)

11. MARKET AND COMPETITION

11.1 Introduction

Deutsche Wohnen AG is one of the largest publicly listed German residential real estate companies with a market capitalization of approximately EUR 7 billion (based on the XETRA closing price on April 30, 2015). The Company's real estate portfolio includes approximately 149,000 residential and commercial properties, as well as approximately 2,050 nursing and assisted care units/apartments (including about 475 units/apartments in facilities that Deutsche Wohnen does not own but operates via strategic partnerships). The fair value of Deutsche Wohnen's investment properties and properties held for sale amounts to approximately EUR 10 billion (as of December 31, 2014). Deutsche Wohnen's investment strategy focuses on residential real estate and nursing and assisted care facilities in German metropolitan areas with strong growth, including the Greater Berlin area, the Rhine-Main region, Mannheim/Ludwigshafen, the Rhineland and Dresden, as well as stable urban areas such as Hanover/Brunswick, Magdeburg, Kiel/Lübeck, Halle/Leipzig and Erfurt. As of March 31, 2015, Deutsche Wohnen had 736 employees (excluding 1,362 employees in the Nursing and Assisted Living segment and 108 trainees).

11.2 Market and German Metropolitan Areas

11.2.1 Overview

Deutsche Wohnen AG's business operations are influenced by numerous factors. These include demographic and political factors, as well as economic developments in Germany. The development of the residential real estate market in Germany is extremely important to the Company. This market environment plays a decisive role in the future development of purchase prices and rents within the residential housing portfolio, home ownership rates (which are relatively low in Germany when compared to other European countries) and the new construction activity.

11.2.2 Economic Data in Germany

With approximately 81.1 million inhabitants as of year-end 2014 and a GDP of approximately EUR 2.9 trillion in 2014, Germany is the largest country in the European Union in terms of population and economic output (Source: German Federal Statistical Office, Population and German Federal Statistical Office, Domestic Product). Following the sharp decline of 5.6% in real GDP in 2009 due to the financial and economic crisis, which triggered the most serious recession since World War II, Germany's economy significantly recovered from 2010 through 2014. Real GDP increased by 3.6% in 2011. This was followed by a moderate rise of 0.5% in 2012, 0.1% in 2013 and an above average rise of 1.5% in 2014 (Sources: German Federal Statistical Office, Domestic Product and German Federal Statistical Office, 2015 Press Release No. 016). This price-adjusted increase in GDP over the last few years was mainly driven by net exports, which increased 11.5% in 2011, 3.3% in 2012 and decreased slightly by 0.2% in 2013 before another 3.7% rise in 2014 (Source: German Federal Statistical Office, 2013 Foreign Trade Report and German Federal Statistical Office, 2015 Press Release No. 038).

The strong growth in economic performance is also reflected in the unemployment figures. The unemployment rate in Germany was 5.9% in February 2013, 5.4% in February 2014 and 5.3% in February 2015 (Source: German Federal Statistical Office, Unemployment).

The continued positive economic situation in Germany was clearly reflected in employees' earnings. In 2014, gross wages and salaries rose by 3.8% following an increase of 3.0% the year before. Households' disposable income increased 2.4% in 2014 while the households' saving ratio increased slightly by 0.3 percentage points from 2013 to 9.4% (Source: Deutsche Bundesbank, Monthly Report, March 2015). GfK predicts an increase of 4.6% in purchasing power from EUR 20,621 in 2013 to EUR 21,579 per German citizen in 2014 (Source: GfK Press Release).

In an environment characterized by moderate levels of inflation – the rate of inflation amounted to 0.8% in 2014 and is forecast to decrease to 0.2% in 2015 (Source: IMF, World Economic Outlook, April 2015)– the German domestic economy is mainly based on the consumption of private households. Similarly, the sustained build-up of employment along with an overall favorable development of personal incomes had a supporting effect. Thus, the labor force climbed to a record high for the eighth consecutive time with an additional 371,000 employees, totaling 42.7 million in 2014 (Source: German Federal Statistical Office). In addition, German exporters benefited from growing exports resulting from significantly increased demand out of the USA and Asia, as well as from a moderate growth in eurozone demand.

11.2.3 Demographic Development in Germany

The Federal Republic of Germany is a densely populated country. Its population density, measured by the number of inhabitants per square kilometer, was approximately 225 people per square kilometer as of 2011, although there are large disparities among the 16 German federal states. The Federal State of Berlin (3,785), Hamburg (2,296) and Bremen (1,562) are the most densely populated, while Saxony-Anhalt (110), Brandenburg (83) and Mecklenburg-Vorpommern (69) are the least densely populated (Source: German Federal Statistical Office, Statistical Yearbook 2014).

For the fourth consecutive time, the German Federal Statistical Office forecasts a growing population in Germany. As of 2014 some 81.1 million people lived in Federal Republic of Germany, approximately 300,000 more than at the beginning of the year. In 2013, 1,226,000 people immigrated to Germany while 789,000 people emigrated, resulting in a net immigration of approximately 437,000 people into Germany. This influx represents the highest level of immigration to Germany since 1993 (Source: German Federal Statistical Office, 2014 Press Release No. 179). The percentage of inhabitants under the age of 20 is expected to decrease from 18.4% in 2010 to 16.7% by 2030 and the percentage of inhabitants over the age of 60 is projected to increase from 26.3% in 2010 to 36.2% by 2030 (Source: German Office for Political Education (*Bundeszentrale für politische Bildung*) 2012). This development, however, is not uniform for the entire country but varies from state to state as well. Migration could thus have positive effects for individual regions and cities in the future.

11.3 Residential Real Estate Market in Germany

11.3.1 Residential Real Estate Portfolio and Home Ownership Rates

According to current assessments by the Urban Land Institute, Germany is the largest investment market for residential properties in Europe. The demand for rental apartments continues to be high in the country’s seven major cities, while the share of rent payment relative to discretionary income is still relatively moderate. In 2013, there were 41.0 million apartments and 18.5 million residential buildings in Germany, with a total living space of about 3.7 billion square meters (Source: German Federal Statistical Office, Housing). The number of apartments in newly constructed buildings completed in Germany declined by 19.9% between 2003 and 2013 from 268,103 to 214,817. The number of building permits issued for new residences also decreased by 9.5% between 2003 and 2013 from 267,576 to 242,149 (Source: German Federal Statistical Office, Building Activity). The decline in building permits and new housing units was largely attributable to high construction costs, the scarcity of building land, low risk-adjusted returns for developers and strict construction regulations, particularly for buildings. In recent years, low construction activities were confronted with an increased demand on the side of prospective buyers and tenants. In 2014, condominiums continued to rank amongst the most popular assets on the German real estate market. This fact was evidenced by enduring high transactional volumes in the year 2014. According to studies by CBRE, the title to some 226,000 residential units with an aggregate value of EUR 13.3 billion changed hands. This figure has been the second highest since 2007, falling only 3% short of the record year 2013.

In contrast to this development, the number of households in Germany increased by 1.9% from 39.2 million in 2005 to approximately 39.9 million in 2013 (Source: German Federal Statistical Office, Population, accessed February 17, 2015). The number of households is expected to grow by 2.9% between 2010 and 2025 (Source: Federal Office for Building and Regional Planning (*Bundesamt für Bauwesen und Raumordnung*), Regional Planning Forecast 2030). The average household in 2015 has 1.99 people (Source: German Federal Statistical Office, Population and Labor Market). Household size, starting from the 1991 figure of 2.27 people per household (former West and East Germany), is projected to generally decrease to 1.9 people per household in former West Germany and 1.8 people per household in former East Germany by 2030 (Source: German Federal Statistical Office, Population and Household Development 2011). These figures are underscored by the general growth in the number of one- and two-person households. Between 1991 and 2012, the number of one-and two-person households rose by 10.6% (Source: German Federal Statistical Office, Press Release 2013 No. 233). It is expected that the number of single-person households will increase from 2011 levels by 11% to 17.8 million by 2030 and the number of two-person households will increase by 13% to 15.5 million (Source: German Federal Statistical Office, Statistical Yearbook 2014). Expectations are that from 2010 onwards the number of households will increase, particularly in cities and densely populated areas. The demand for residential floor space per capita is also expected to grow 6% by 2025 from 2010 levels, due to growing demand for more living space and the aging population (Source: BBSR Housing Market Forecast 2025).

Latest home ownership data for 2011 indicate that approximately 46% of the apartments in Germany were owner-occupied (Source: German Federal Statistical Office, Statistical Yearbook 2014). Home ownership rates for 2011 range from 16 % in Berlin and 24% in Hamburg to 57% and 63% in Rhineland-Palatinate and Saarland, respectively (Source: German Federal Statistical Office, Statistical Yearbook 2014). In comparison to other European countries, home ownership in Germany is relatively low. This is mainly due to the low rents which create a strong incentive for renting instead of owning a home. In response to the housing shortage after World War II and the strong housing demand resulting from the recovery of the German economy in the 1950s and 1960s, the German public and private sectors built a high proportion of subsidized or low price rental properties.

The housing market in Germany's major cities and in rural areas is marked by stark regional disparities. Major cities and university towns, which are expanding due to positive net migration, are characterized by significant housing shortages, which entail substantial appreciations in rental rates and resale prices. Pursuant to the F+B rent index locally prevailing comparative rates of existing rents (*Bestandsmieten*) increased by 1.7% to EUR 6.28 per square meter raised in 2014 (2013: up 1.3% to EUR 6.21 per square meter). In larger cities such as Frankfurt am Main, Hamburg, Munich or Stuttgart the existing rents are significantly above the German national average.

The quality of housing in Germany varies. In 2011, of the 38.77 million residential units, about half (20.71 million) were located in 3 million buildings with three or more units. The majority of Germans thus live in multi-family houses. German apartments have an average size of 42.7 square meters per capita (Source: German Federal Statistical Office, Statistical Yearbook 2014).

11.3.2 Price Trends for Resales

The prices of residential real estate have increased steadily in Germany since 2003: in 2014 they were 22.0% higher than in 2003. Prices have continued to rise, with prices for multi-family houses in Q4 2014 increasing by 7.2% over Q4 2013, while prices for owner-occupied residential housing rose by 4.3%. (Sources: Association of German Mortgage Banks, Residential Property Price Index Q4 2014).

11.3.3 Interest rates for medium- and long-term mortgages, which remain low compared to the past, have not influenced residential property sales in Germany to the same extent as they have in other European real estate markets. In January 2015, the effective interest rates p.a. for housing loans to private households with a term of more than 5 years were 3.69% (from 3.96% in January 2014) (Source: Deutsche Bundesbank, Monthly Report, March 2015).

11.3.4 Development of Residential Rents

The effective in-place rent is the rent per square meter excluding service charges and ancillary costs which are allocated to the tenant (such as the costs for heating and warm water). The average in-place rent includes all rents paid (including the rent for apartments that have been rented out for many years). Average in-place rent in Germany increased by 1.3% from 2012 to 2013 (Source: German Federal Statistical Office, Statistical Yearbook 2014). In the same period, the German Consumer Price Index increased by 1.5% from 104.1 points to 105.7 in 2013 (Source: German Federal Statistical Office, Statistical Yearbook 2014). The available residential floor space increased by 16.0% between 2000 and 2012, from 3,245 million square meters to 3,763 million square meters (Source: German Federal Statistical Office, Statistical Yearbook 2014).

11.3.5 Latest Privatizations in Germany

With regard to the purchase of additional residential property portfolios, the low price level compared to other European countries makes the German market interesting for investors like Deutsche Wohnen, especially because of the wide range of large-volume residential real estate portfolios. However, the Company cannot foresee if this trend will continue in the secondary market through the sale of large-volume residential real estate portfolios.

In the past, large stocks of residential real estate were sold due to the government's financial shortfalls and the sales activities of German corporate groups: these included the sale of GAGFAH with approximately 82,000 residential units by the Bundesversicherungsanstalt für Angestellte (BfA) (2004); the sale of GSW with approximately 66,000 residential units by the State of Berlin (2004); the sale of approximately 48,000 residential units by ThyssenKrupp AG (2004); NILEG Immobilien Holding GmbH’s sale of approximately 30,000 apartments by NORD/LB (2005); the sale of Viterra AG with approximately 115,000 residential properties by E.ON AG (2005); the sale of BauBeCon Immobilien GmbH with approximately 20,000 residential units by the Beteiligungsgesellschaft der Gewerkschaften (2005); the sale of WOBA DRESDEN GmbH with approximately 48,000 apartments by the City of Dresden (2006); and finally, the sale of the TLG with around 12,000 residential units to TAG Immobilien AG (2012).

The continued uncertainty in 2011 about how to resolve the sovereign debt crisis in Europe further increased the transaction volume of the residential portfolio to a total of EUR 5.0 billion. Most investments were made in metropolitan areas. This trend continued in 2012: the transaction volume of EUR 10.8 billion exceeded the previous year’s figure by 116% and became the best annual result since 2007. 2013 again saw record volumes of EUR 13.8 billion, or 28% over 2012, and EUR 13.3 billion in 2014. Sales of large residential packages to institutional investors made up the majority of the volume for these years (Source: CBRE Press Releases, CBRE Residential Market Germany 2013 and CBRE Residential Investment Germany MarketView 2014 Q4).

To the knowledge of the Company, in February 2012 Landesbank Baden-Wurttemberg (LBBW) sold approximately 21,500 residential units at a price of approximately EUR 1.4 billion to Patrizia Immobilien AG, a listed real estate company. Following LBBW, the Bavarian Landesbank (BayernLB) sold its real estate operations bundled in DKB Immobilien AG with approximately 25,000 residential units for approximately EUR 980 million to TAG Immobilien AG. In addition, an investor consortium headed up by Patrizia Immobilien AG acquired the shares in the German housing association GBW AG in April 2013 that are held by the Bayerische Landesbank (company sales price EUR 2.45 billion). The portfolio has around 32,000 apartments.

11.3.6 Residential Real Estate Market in Selected German Locations

*11.3.6.1 **Berlin/Brandenburg***

With a population of approximately 3.4 million, Berlin, the core city of the German Metropolitan Area Berlin/Brandenburg, is the most populated city in Germany. The three largest universities in Germany are also located in Berlin. Migration to the city has been steady for many years. According to the Berlin-Brandenburg Statistical Office (Source: Statistical Yearbook Berlin), the population of Berlin was 3,421,829 on December 31, 2013, or 46,600 inhabitants (+1.4%) more than December 31, 2012 (Source: Statistical Yearbook Berlin).

Berlin’s per capita GDP in 2013 was EUR 30,642 compared to the average German per capita GDP of EUR 33,355 in the same year. Berlin’s per capita GDP increased by 2.6% from EUR 29,865 in 2012 to EUR 30,642 in 2013 (Source: Federal and State Statistical Offices, Macroeconomic data of the federal states, GDP). In recent years, companies and institutions have relocated to Berlin or have announced to do so in the future. Besides this, the long-awaited opening of the new Berlin-Brandenburg International Airport is expected to become a further stimulus of the region. These developments have contributed to Berlin’s attractiveness as a city (Source: Berlin Senate).

The unemployment rate was 11.0% in Berlin in March 2015 (202,253 people). This represents a decrease of 3.9%, or 8,115 people, from March 2014 (11.7% unemployed, or 210,368 people). The unemployment rate in Berlin was 11.0% in March 2015 (Source: German Federal Employment Agency).

Growth industries such as information, communication and health continue to develop dynamically and the digital media sector bolsters Berlin’s image as a growing metropolis. With an additional 31,600 companies founded in the first nine months of 2014, Berlin shows the most business start-ups per capita.

Disposable per capita income decreased by 0.4% from an average of EUR 3,521 in 2012 to EUR 3,396 in 2013 (Source: Federal and State Statistical Offices, Macroeconomic data of the federal states disposable income). The average monthly gross salaries of Berlin employees, including special payments, have increased 4.2 % in 2013 compared to the previous year and hence that increase substantially outpaced the rise of consumer prices (+0.7%). Similarly, per capita purchasing power increased by 3.1 % to EUR 20,517. Still, this figure ranks below the national average of EUR 21,879 per capita.

The number of apartments constructed in Berlin declined by 8.3% from 4,180 in 2012 to 4,526 in 2013, while, the number of newly built apartments is expected to rise. Although some 4,560 new condominiums were completed in 2013, *i.e.* a 10.65% increase compared with the previous year, only 2,629 were part of multi-floor residential buildings. The number of issued construction permits rose significantly by 75.2% in the first nine months of 2014, having increased by 40% over the same period in the previous year.

According to the most recent survey of the Office for Statistics Berlin-Brandenburg (*Amt für Statistik Berlin-Brandenburg*), the population growth which has been ongoing for approximately ten years is continuing. At the end of 2014, more than 3.56 million people lived in Berlin, approximately 44,700 more than at the beginning of the year (Source: Berlin-Brandenburg Statistical Office, Press Release February 2015). In particular, this is caused by positive net migration. The number of households on the demand side is an essential figure for the housing market. In Berlin, the number of one-person-households has increased to currently about 1.05 million. Thus, more than half of all households were single-households, with, in particular, elderly and young people living by themselves. In 2013, an average of 1.8 persons lived in a household, distributed over a total of 1.9 million private households. This trend is likely to continue in the future. According to estimates by the Senate Administration for Urban Development and the Environment (*Senatsverwaltung für Stadtentwicklung und Umwelt*), the number of households in Berlin will rise by 120,000 until 2025; single-households will increase even further.

The residential vacancy rate in Berlin amounted to 2.0% in 2012 (Source: IBB 2013). In addition, the average rent for residential real estate has been rising. With an average rent of EUR 8.65 per square meter in Berlin, rents have increased by 7.7% from the first half of 2013 to the first half of 2014, following an 7.9% rent increase from 2012 to 2013 (Source: JLL-Report Berlin 2013 and JLL-Report Berlin 2014).

According to the latest home ownership data (from 2011), the home ownership rate in Berlin was approximately 16%, which is significantly lower than the average German home ownership rate of 43% for 2011 (Source: German Federal Statistical Office, Statistical Yearbook 2014). In the first half of 2014, the average purchase price increased to EUR 2,770 per square meter, which represents an increase of 13% compared to the first half of 2013, following an 8.7% increase from 2012 to 2013 (Source: JLL-Reports Berlin 2013 and JLL-Reports Berlin 2014).

The volume of real estate portfolio transactions (for residential and mixed use buildings) increased by 36.3% from EUR 2,375 million in 2010 to EUR 3,238 million in 2011, before increasing again by 17.0% to EUR 3,787 million in 2012 (Source: Engel & Völkers Berlin 2013).

11.3.6.2 <u>Frankfurt/Rhine-Main</u>

Frankfurt am Main is at the center of the second largest concentration of large German cities, and is in the center of the most important economic region, the German Metropolitan Area Frankfurt/Rhine-Main. The metropolitan Rhein-Main region with Frankfurt am Main at its center stage constitutes one of Germany's most crucial economic regions encompassing a population of around 5.5 million, 2.1 million employees enrolled under social security and a GDP per employee of more than EUR 72,500. The region's international outstanding position is a consequence of its role as a major financial hub, a consulting center and a trade fair location, as well as a transportation hub and a significant research and development location in the areas of chemistry and pharmaceuticals. Frankfurt is therefore considered the leading German city with respect to the appeal of local conditions (Source: Hamburg World Economy Institute (*Hamburgisches WeltWirtschaftsInstitut gemeinnützige GmbH – HWWI*)). The university and several colleges in Frankfurt am Main alone educate around 57,000 students, with several additional large universities located nearby. The European Central Bank (ECB), the German Central Bank (Deutsche Bundesbank), the Frankfurt Stock Exchange and more than 200 national and international banks make the city one of the most important financial centers in the world. Frankfurt am Main also enjoys an excellent reputation for its service sector and as a venue for trade fairs. Almost all well-known accounting firms, law firms and consulting firms have offices in Frankfurt am Main today. Major chemical companies, advertising agencies, insurance companies, and software manufacturers are also represented in Frankfurt am Main and the Rhine-Main region in large numbers (Source: Statistics City of Frankfurt a.M.).

Frankfurt am Main is one of the leading German metropolitan areas in terms of economic power (Source: BBSR Housing Market Forecast 2025). Frankfurt's population has an above-average purchasing power of EUR 25,115 per capita, the national average being EUR 21,879. The unemployment rate in Frankfurt am Main was 7.1% in March 2015 (Source: German Federal Employment Agency).

With a population of approximately 693,000, Frankfurt am Main is the largest city in the state of Hesse and the fifth largest city in Germany. The entire Frankfurt/Rhine-Main area has a population of approximately 5.5 million. Frankfurt am Main is expected to steadily grow. There has also been a resurgence in those deciding to live in the city limits; net migration from the suburbs in 2012 was approximately 10,641 (Source: JLL-Report Frankfurt am Main 2013 and JLL-Report Frankfurt am Main 2014).

In 2013, the average household size in Frankfurt am Main was 1.8 people per household. In the same year, approximately 54.2% of the private households in Frankfurt am Main were single-person households compared to the German average of 37.2% (Source: JLL-Report Frankfurt am Main 2014).

In the second half of 2014, Frankfurt had a total of 393,972 private households, which represents an increase of 8.8 percentage points from 2008. The average in-place rent in Frankfurt am Main has risen modestly since 2012, following a significant 6.5% rise from 2011 to 2012. From 2008 through 2013, the city's population increased by approximately 8% or 52,000 individuals. The number of households in Frankfurt rose even more substantially: in 2013 there were 9% or 31,900 more households than in 2008. From the second half of 2012 to the second half of 2013 the average rent increased by 2.5% to EUR 12.00 per square meter, while the first half of 2013 to the first half of 2014 only saw an increase of 1% to EUR 12.05 per square meter. (Source: JLL-Report Frankfurt am Main 2012, JLL-Report Frankfurt am Main 2013 and JLL-Report Frankfurt am Main 2014). Rent for new apartments constructed in or after 2011 is now more than EUR 13.20 per square meter. Median lease rates range from EUR 8.90 per square meter in the west of Frankfurt to as much as EUR 15.95 per square meter in the city center (Source: JLL-Report Frankfurt am Main 2014).

In the first half of 2014 purchase prices for condominiums outpaced the growth of rents. They amount to a median of EUR 3,540 per square meter in the Main metropolis – an increase of 11.7% compared to 2008. In light of continued favorable financing conditions, the strong demand for residential space as well as the slowly expanding housing supply, prices for condominiums are expected to increase further. However, a deceleration of the currently elevated pricing dynamics may occur in Frankfurt in the foreseeable future.

11.3.6.3 ***Dusseldorf Region***

The Rhineland Region has the city of Dusseldorf at its center stage. As the state capital of the German federal state of North Rhine-Westphalia with a population of some 597,100 in December 2013 and approximately 216,700 employees enrolled under social security Dusseldorf is an economically prosperous location within this region. Dusseldorf's GDP amounted to EUR 41.5 billion in 2012. The city is one of Germany's most significant commercial hubs encompassing approximately 4,100 retailers, 2,500 wholesale and foreign trade entities, as well as a total sales area of approximately 730,000 sqm. Numerous big national and international enterprises are domiciled here, including, *e.g.*, Metro, Vodafone, Rheinmetall, Salzgitter, Mannesmann, C&A and Peek & Cloppenburg. Moreover, E.ON and Henkel, which are both traded as part of the DAX index, have their corporate domiciles here.

According to the most recent forecast on population development by the state of North Rhine-Westphalia's IT statistics agency, the sustained trend of steady population growth will continue. A total population of 623,600 by 2030 is being predicted which would increase the demand for residential housing space. The upward trend regarding rental prices continues to persist in Dusseldorf. Pursuant to the rent index existing rents (*Bestandsmieten*) have increased by 6.8% from the levels one year ago to EUR 7.66 per square meter which top the nationwide average by 22%. Within the first six months of 2014 rental offering rates (*Angebotsmieten*) became 2.3% more expensive compared to the same period in the previous year, amounting to a median rent of EUR 9.50 per square meter.

11.3.6.4 ***Other Core Regions***

The population of Hannover, the state capital of the federal state of Lower Saxony, currently is 524,450, the population of Braunschweig amounts to 249,485 and Magdeburg, the state capital of the federal state of Saxony-Anhalt, is home to 234,746 individuals. In Hannover and Braunschweig per capita purchasing power exceeds the national average and amounts to EUR 22,833 and EUR 23,439, respectively. Magdeburg's per capita purchasing power is EUR 18,777. Geographically, said towns all are located in the central part of Germany. Metropolitan areas such as Berlin, the Rhine-Main area or Southern Germany can easily be accessed through existing infrastructure including highways (*Autobahnen*), railways and airports. The region's geographic position yields logistical benefits, and, consequently, companies including DHL, DB, Schenker, UPS or Hermes operate out of there. Due to historic reasons the automotive industry and, notably Volkswagen, as an additional significant industrial sector is located in the region. Moreover, both Hannover and Magdeburg host federal state governments.

The demographic development has a positive impact on the residential real estate market in Hannover. Through 2030 an increase in Hannover's population by 3.7%, or 19,200 individuals is being predicted. At the same time the low vacancy rate of approximately 2% which has been persistent for several years creates scarcity on the supply side. An additional 1,640 residential units were completed in 2012 and 2013, while 8,000 more apartments are supposed to be created through 2025. Pursuant to the rent index existing rents (*Bestandsmieten*) during the past four years have increased by just under 6% from EUR 5.82 per square meter in 2011 to EUR 6.17 per square meter in 2015. Top level existing rents (*Bestandsmieten*) for newly completed apartments amounted to EUR 13.50 per square meter in 2014, and top level rents totaled EUR 9.80 per square meter for renewed leases. Likewise, median prices for existing condominiums increased by 4.6%. To this end, new constructions in attractive neighborhoods with high grade furnishing cost EUR 3,170 per square meter on average.

For the city of Braunschweig population growth of about 2.5% to more than 255,000 by 2030 is being predicted (Source: City of Braunschweig – Population Forecast 2012 to 2030). Accordingly, a progressing number of households and increasing demand for residential space are being expected. Since 2010 the average existing net rent (excluding utility) (*Nettokaltmiete im Bestand*) grew from EUR 5.17 per square meter to 5.59 per square meter in 2014 – an increase of 8% within the past four years.

Due to the attractiveness of the federal state capital Magdeburg and the positive relocation balances associated therewith, a positive population forecast may be expected vis-à-vis other districts in Saxony-Anhalt. Since the second half of 2009 rental offering rates (*Angebotsmieten*) have increased by approximately 11% to 5.60 per square meter as of the end of the first half of 2014. Thereby Magdeburg finds itself below the nationwide average rental rate development within the last five years (15.1%), possibly offering additional potential.

11.4 Competition

In the residential management and sales business segments, Deutsche Wohnen competes with other real estate companies that also focus on residential management, the sale of residential real estate, or the operation of nursing and assisted living facilities. Deutsche Wohnen sees itself as a competitor against large- and medium-sized German real estate companies and international investors. In residential real estate sales, Deutsche Wohnen also competes with the internal sales departments of large real estate holding companies (*Bestandshaltergesellschaften)* that often sell their own real estate.

In the two German metropolitan areas of Berlin/Brandenburg and Frankfurt/Rhine-Main, Deutsche Wohnen competes with numerous small private providers as well as with municipal and large private commercial housing companies as a landlord, manager, and seller of apartments and one- and two-family homes. The most important competitors are the following companies that operate both nationwide and regionally (presented according to portfolio size as of December 31, 2014):

- Deutsche Annington: As of December 31, 2014, Deutsche Annington owned a portfolio of 203,028 residential units. In addition, Deutsche Annington managed 29,128 residential units owned by third parties. Approximately 72% of Deutsche Annington's portfolio was located in cities with a population of more than 100,000 people, with 17,414 of its units being located in Dortmund, 13,579 in Berlin and 10,593 in Frankfurt. The corporate group was founded in 2001 through the takeover of government-owned railroad housing companies and consolidated to its present form and size in the summer of 2005 through the acquisition of the Viterra residential real estate portfolio. Deutsche Annington's IPO was successfully completed in July 2013. In 2014, Deutsche Annington acquired the Vitus group, which held 20,471 residential units and the DeWAG group, which held 11,307 residential units. In December 2014, Deutsche Annington launched a public tender offer for all shares in GAGFAH S.A. On February 17, 2015, Deutsche Annington announced that nearly 94% of all issued GAGFAH were validly tendered in the tender offer (Source: Deutsche Annington Immobilien SE). The combined business, which will also have a new name, is set to become the second largest real estate company in Europe. It will have around EUR 21 billion worth of real estate assets in a portfolio of about 350,000 residential units and a pro forma rental income of around EUR 1.3 billion (Source: GAGFAH, Annual Report 2014).

- GAGFAH: GAGFAH is, according to its own statements, a leading owner and operator of residential real estate in Germany. Its portfolio includes more than 144,000 own residential units that are mostly located in the large German cities and their respective commuter belts. In addition to its core residential portfolio, GAGFAH owns approximately 1,500 commercial units, primarily retail stores located on the ground floor of its residential apartment buildings, and approximately 30,000 parking spaces, which typically belong to its residential apartment buildings. Like Deutsche Wohnen, GAGFAH focuses on the business segments of residential management and sales. Although the GAGFAH Group's residential real estate portfolio is spread throughout Germany, nearly half of its residential units are located in Dresden, Berlin, Hamburg and Hanover. As of December 31, 2014, GAGFAH had approximately 1,577 employees. It has been publicly traded on the Frankfurt Stock Exchange in Germany since 2006. In 2015, Deutsche Annington gained control over GAGFAH by way of a public tender offer (Source: GAGFAH).

- LEG: The LEG Group, with approximately 106,691 residential and 1,059 commercial units as well as 26,695 garages and parking spaces, all primarily located in North Rhine-Westphalia, is one of the largest residential real estate companies in Germany. LEG was founded in 1970 through the merger of Rheinische Heim GmbH, Rote Erde GmbH, Westfälische Lippe Heimstätte GmbH and Rheinische Heimstätte GmbH. In 2008, Saturea B.V. (a company indirectly owned by Whitehall private equity funds and other funds managed by Goldman Sachs) and Perry Luxco had acquired LEG NRW GmbH from the State of North Rhine-Westphalia. LEG Group currently employs 1,040 people and has been listed on the Frankfurt Stock Exchange since February 1, 2013 (Source: LEG Immobilien AG);

- TAG: TAG Immobilien AG's business comprises residential as well as commercial real estate. At the end of 2014, TAG owned approximately 70,764 residential and 1,288 commercial units mainly located in the urban regions of Hamburg, Berlin, Lower Saxony, Thuringia and North Rhine-Westphalia. TAG employs 521 people, and since September 2012 it has been listed on the MDAX of the Frankfurt Stock Exchange (Source: TAG Immobilien AG).

- BUWOG: As of October 31, 2014, BUWOG's portfolio included approximately 52,500 units, roughly half of which are located in Germany and the other half in Austria, with Vienna, Lübeck and Berlin being the cities with the largest presence. BUWOG has been listed on the stock exchanges in Frankfurt and Vienna since April 28, 2014 and on the Warsaw stock exchange since April 29, 2014.

- Municipal housing companies such as Deutsche Gesellschaft zur Förderung des Wohnungsbaus AG, Berlin (DEGEWO) or NASPA Immobilien GmbH.

12. BUSINESS

12.1 Overview

Deutsche Wohnen AG is one of the largest publicly listed German residential real estate companies with a market capitalization of approximately EUR 7 billion (based on the XETRA closing price on April 30, 2015). The Company's real estate portfolio includes approximately 149,000 residential and commercial properties, as well as approximately 2,050 nursing and assisted care units/apartments (including about 475 units/apartments in facilities that Deutsche Wohnen does not own but operates via strategic partnerships). The fair value of Deutsche Wohnen's investment properties and properties held for sale amounts to approximately EUR 10 billion (as of December 31, 2014). Deutsche Wohnen's investment strategy focuses on residential real estate and nursing and assisted care facilities in German metropolitan areas with strong growth, including the Greater Berlin area, the Rhine-Main region, Mannheim/Ludwigshafen, the Rhineland and Dresden, as well as stable urban areas such as Hanover/Brunswick, Magdeburg, Kiel/Lübeck, Halle/Leipzig and Erfurt. As of March 31, 2015, Deutsche Wohnen had 736 employees (excluding 1,362 employees in the Nursing and Assisted Living segment and 108 trainees).

12.2 Segments

The Company has organized its business into the following business segments: Residential Property Management, Disposals as well as Nursing and Assisted Living.

The **Residential Property Management** segment is the core segment and focus of the Company's business. It encompasses the "residential portfolio" and includes all activities relating to residential real estate management, lease management and tenant assistance. Deutsche Wohnen's strategic goal in this segment is to improve the funds from operations. It aims to accomplish this by focusing on (i) rent increases in line with adjustments to rent indexes, modernization measures and by realizing the potential of existing rent increases through new tenancies (*fluctuation*), (ii) lowering vacancy rates, (iii) ensuring efficient management of its residential properties including targeted investments and (iv) realizing economies of scale by acquiring and integrating new portfolios. Over the last few years, Deutsche Wohnen has demonstrated that by focusing its residential portfolio on the strategic core and growth regions and continually optimizing its residential portfolio, it can generate organic growth, thereby improving its funds from operations (without disposals).

The **Disposals** segment encompasses the "disposals portfolio" and includes all activities relating to the sale of residential units, buildings and land. Deutsche Wohnen's residential holdings intended for sale can be divided into (i) block sales (institutional sales) and (ii) single-unit privatizations (also referred to as single-unit sales or residential unit privatizations). The residential portfolio for block sales (institutional sales) comprises residential units in Non-Core Regions, *i.e.*, regions that do not fit into Deutsche Wohnen's long-term business strategy or non-core asset classes that are not expected to be held for the long term. Opportunistic disposals of properties in Deutsche Wohnen's Core+ and Core regions in the context of sales to institutional investors are also possible in the current market environment. Some residential units in these locations are part of the residential portfolio because they were acquired as part of larger portfolio acquisitions. These mainly include residential units and buildings in rural areas and single scattered holdings. These properties are typically sold to institutional investors, at or above fair value, although at times, below fair value if Deutsche Wohnen believes that a fast adaptation of the portfolio is more important than realizing the highest sales price. Opportunistic sales from the strategic core and growth regions still occur to take advantage of the current market situation. For single-unit privatizations, Deutsche Wohnen aims to sell predominantly to owner-occupants and capital investors at prices significantly above the fair value. All sales of residential units are intended to optimize and consolidate the residential portfolio and occur on an ongoing but staggered basis.

In the **Nursing and Assisted Living** segment, Deutsche Wohnen manages and markets nursing and residential care facilities for the elderly under the KATHARINENHOF® brand; the vast majority of these facilities are owned by Deutsche Wohnen. These facilities provide full inpatient care with the aim of helping nursing care patients preserve their independence as much as possible. Deutsche Wohnen assisted living facilities also provide the elderly with rental apartments along with an extensive range of services tailored to their needs.

12.3 Portfolio

As of March 31, 2015, Deutsche Wohnen's total residential portfolio consisted of 146,850 residential units (143,473 residential units in the strategic core and growth portfolio and 3,377 units in the non-core portfolio) with a total residential floor space of approximately 9 million square meters based on the total residential floor space listed in the rental contracts. As of March 31, 2015, the average monthly in-place rent of Deutsche Wohnen's residential portfolio amounted to EUR 5.73 per square meter. The vacancy rate in relation to Deutsche Wohnen's residential portfolio was 2.3% as of this date. In addition to the residential properties, the real estate portfolio of Deutsche Wohnen included 2,085 commercial units. Deutsche Wohnen divides its residential real estate portfolio into strategic core and growth regions and non-core regions. In its strategic core and growth regions, Deutsche Wohnen distinguishes between Core+ and Core regions. The real estate portfolio in the strategic core and growth regions includes both residential units that fall under the Residential Property Management segment as well as the Disposals (residential unit privatizations) segment.

- Core+ Regions are dynamic markets in which Deutsche Wohnen sees considerable potential to increase rents and a positive market environment for sales. These markets are characterized by excess demand for housing due to dynamic economic development and an increase in the number of households due to, among others, a growing number of single-person households. Deutsche Wohnen's Core+ Regions are the metropolitan areas of (i) Greater Berlin, (ii) Rhine-Main, (iii) Mannheim/Ludwigshafen, (iv) Rhineland and (v) Dresden. These markets are also the focus of potential future acquisitions. Based on the number of units, around 87% of the units in the residential real estate portfolio were located in Core+ Regions as of March 31, 2015.

- Core Regions are regions in which market development is expected to be stable. These markets are characterized by balanced supply and demand, a good economic situation, a stable economic outlook, average purchasing power and a constant number of households. Deutsche Wohnen's Core Regions are: (i) Hanover/Brunswick, (ii) Magdeburg, (iii) Kiel/Lübeck, (iv) Halle/Leipzig, (v) Erfurt and (vi) others. Based on the number of units, around 11% of the units in the residential real estate portfolio were located in Core Regions as of March 31, 2015.

- Non-Core Regions are defined as geographic regions whose development is stagnating and/or where the trend is negative. These are mainly rural areas or scattered holdings in Saxony-Anhalt, Brandenburg, Saxony, Rhineland-Palatinate, and others. The real estate in Deutsche Wohnen's portfolio that falls under Non-Core Regions amounted to 3,377 units, or around 2% of the total residential real estate portfolio based on the number of units as of March 31, 2015.

In 2014, about 9,700 residential units were reclassified from Core to Core+. These units are predominantly located in Dresden and Mannheim/Ludwigshafen. In addition, about 1,600 residential units were reclassified from Core to Non-Core.

Based on the strategic clustering into Core+, Core and Non-Core clusters, Deutsche Wohnen deploys three different investment strategies, "operate", "develop" and "dispose".

- Operate. The focus for units in the cluster "operate" is on re-letting these units and on the realization of rent potential according to the market trends. The units in the "operate" cluster are in a good or excellent condition. The cluster "operate" accounts for 76% of Deutsche Wohnen's portfolio (measured by units).

- Develop. Units located at promising locations that have less than average conditions are grouped in a cluster "develop". They account for 12% of Deutsche Wohnen's portfolio (measured by units). Deutsche Wohnen expects to invest significant amounts in modernization measures in order to increase the rent potential of these units.

- Dispose. Units that are in the cluster "dispose" are being sold in single units privatizations and block sales. They account for 10% of Deutsche Wohnen's portfolio (measured by units).

In 2014, Deutsche Wohnen engaged in selective acquisitions of smaller portfolios encompassing a total of approximately 3,100 residential units in the Rhine-Main area (650 units), Berlin (1,950 units) and Dresden (500 units) for a gross acquisition price of approximately EUR 300 million. These portfolios are all located in Deutsche Wohnen's Core+ markets. Notarized purchase agreements have been signed for all these 3,100 units in 2014 and for 940 units, the acquisitions closed already in fiscal 2014.

As of March 31, 2015, Deutsche Wohnen's nursing and assisted living portfolio comprised 20 facilities, of which 15 are solely nursing facilities, 3 are facilities for assisted living and 2 are combined facilities. The facilities provide about 2,048 nursing care places and apartments for assisted living. Of the 20 properties that are nursing facilities and assisted living facilities, there are 2 facilities that Deutsche Wohnen does not own but still operates via strategic partnerships. Around 70% of the nursing and assisted living portfolio is situated in Berlin and Brandenburg in terms of the number of nursing care places.

The Property Appraisal Report included in this Prospectus reports the fair value (pursuant to IAS 40) of Deutsche Wohnen's entire residential portfolio to be EUR 9,782 million (of which EUR 19.2 million account for undeveloped plots of land) as of December 31, 2014 and of Deutsche Wohnen's nursing and assisted living facilities to be EUR 143.8 million as of June 30, 2014. While these valuations only speak to the relevant valuation date and have not been updated by CBRE to reflect the value as of a more recent date, Deutsche Wohnen AG hereby affirms that it is not aware of any material change in the total value of the properties appraised in the Property Appraisal Report since the respective appraisal date. The Company valued the entire real estate portfolio (residential and commercial real estate as well as nursing and assisted living facilities excluding undeveloped plots of land as of December 31, 2014) at EUR 9,930 million. The value according to the Property Appraisal Report and the Company's internal value deviates by 0.20% based on the total valued portfolio. Based on individual property, the values deviate by no more than 10%, or less than EUR 250,000, from one another. Since the valuations were conducted independently of one another, the discrepancies lie within a range of independent valuations and are not attributable to fundamentally different valuation methods. Deutsche Wohnen plans to perform an updated assessment of the fair value of its investment properties as of June 30, 2015 in the third quarter of 2015.

12.4 Competitive Strengths and Strategy of Deutsche Wohnen

12.4.1 Competitive Strengths

Based on the size and quality of its total residential and nursing and assisted living portfolio, the focus on attractive German metropolitan areas, and the quality of its real estate platform with highly trained and qualified employees, Deutsche Wohnen AG believes that it is well-positioned to participate in growth in the key German metropolitan areas, thereby enhancing the long-term value of its existing residential real estate portfolio, and to grow the Company through selective value enhancing acquisitions of additional real estate portfolios and/or nursing and assisted living portfolios.

Deutsche Wohnen AG believes that the following competitive strengths have been the primary drivers of its past success and will continue to set it apart from its competitors in the future:

- Attractive, almost fully rented residential portfolio with high rent potential in the Core+ Regions;
- Commitment to quality, efficiency and sustainability;
- Proven asset and portfolio management track record as basis for continuous improvements in operational performance;
- Scalability of the Company platform and proven integration expertise;
- Solid balance sheet structure, conservative debt to equity ratio and access to diverse and long-term financing sources;
- Highly experienced management team with longstanding real estate experience as a basis for the Company's strategy.

12.4.1.1 <u>Attractive, almost fully rented residential portfolio with high rent potential in the Core+ Regions</u>

As of March 31, 2015, Deutsche Wohnen maintained a residential portfolio of 146,850 residential units primarily located in attractive German metropolitan areas. The vacancy rate of the residential portfolio in the strategic core and growth regions was on average 2.1% as of March 31, 2015, while in the dynamic Core+ Regions it was 2.0%.

As of March 31, 2015, Deutsche Wohnen sees considerable rent potential (defined as the actual monthly rents for new tenancies for units not subject to rent control stipulated in lease contracts that became, or will become, effective in 2015 compared to the monthly in-place rent without taking into account the most recent additions) for units not subject to rent control of 23.1% in the letting portfolio in Berlin, 27.0% in the Rhine-Main area, 19.5% in Mannheim/Ludwigshafen, 20.3% in the Rhineland and 25.3% in Dresden. Overall, the letting portfolio in the Core+ Regions in the Company's view has a rent potential of around 24.3% based on the actual monthly rents set for new tenancies for units not subject to rent control stipulated in leases that became, or will become, effective in 2015. General tenant turnover of approximately 8% per annum in relation to the entire portfolio is one of the factors relevant to realizing the potential for rent increases. In addition, investments in the real estate portfolio will play a key role in being able to bring about rent increases. Consequently, Deutsche Wohnen has invested around EUR 17 per square meter in the fiscal year 2014, around EUR 15 per square meter in the fiscal year 2013 and around EUR 19 per square meter in the fiscal year 2012 in maintenance and modernizations. In order to increase the rent potential, Deutsche Wohnen plans to invest EUR 280 million by 2018 into about 17,000 units that are predominantly located in dynamic locations in the Core+ Regions.

Deutsche Wohnen's investment strategy focuses on real estate in urban regions and German Metropolitan Regions with strong growth (Core+ Regions), including the Greater Berlin area, the Rhine-Main area, Mannheim/Ludwigshafen, the Rhineland and Dresden. Deutsche Wohnen is of the opinion that this strong focus on the Core+ Regions and Core Regions, as well as the high concentration of the portfolio on the two high-growth cities of Berlin and Frankfurt am Main, offers a competitive advantage that positions Deutsche Wohnen to allow it to benefit from potential rent increases and to leverage efficiencies.

12.4.1.2 Commitment to quality, efficiency and sustainability

Deutsche Wohnen AG considers itself as the efficiency leader among German residential property companies. The Company believes that the cost ratio in the residential property management segment, *i.e.* the staff costs and general and administration expenses in relation to the current gross rental income, is considerably below the industry average at 14.4% (as of December 31, 2014). The Company believes that the regionally concentrated nature and the quality of Deutsche Wohnen's portfolio together with the Company's ability to successfully integrate large portfolios in the last four years in conjunction with Deutsche Wohnen's ongoing business operations sets Deutsche Wohnen apart from most competitors.

Deutsche Wohnen's commitment to quality extends also to its Nursing and Assisted Living segment, as is evident from the outcome of quality tests carried out by the Medical Review Board of the German Statutory Health Insurance Funds in the context of annual evaluations. Deutsche Wohnen's facilities were awarded excellent ratings between 1.0 and 1.2 in all 82 rated categories, corresponding to an overall industry ranking of 3rd place and making it one of the leading providers in the nursing and assisted living sector in Germany. The success of Deutsche Wohnen AG's nursing and assisted living concept is reflected in what has been above-average occupancy rates for years. In 2014, the average occupancy rate stood at 96.1%.

In recent years, Deutsche Wohnen AG has recorded a considerable appreciation in property value in conjunction with dynamic growth. Deutsche Wohnen AG believes that this success is attributable to its commitment to sustainability as expressed in its clear and focused long-term investment strategy. As a sustainably managed company, Deutsche Wohnen assumes responsibility for environmental and social issues, as well as for its employees.

12.4.1.3 Proven asset and portfolio management track record as basis for continuous improvements in operational performance

Deutsche Wohnen is a real estate manager with a fully-internalized management and successful track record in all of the relevant areas along the residential real estate value chain. Deutsche Wohnen benefits in day-to-day operations from its platform of professionals with in-depth knowledge of the Group's portfolio and the German residential real estate market. Deutsche Wohnen generally follows a buy-and-manage approach, engaging in selective disposals of non-strategic real estate and/or single-unit sales. For example, Deutsche Wohnen signed a contract for the opportunistic sale of a portfolio consisting of 5,749 residential units in Berlin for EUR 375 million in December 2014.

For purposes of measuring its operational performance, Deutsche Wohnen uses both FFO per share including disposals and FFO per share without disposals. While the FFO per share including disposals is influenced by cyclical fluctuations in the market environment, the FFO per share without disposals is a more stable measure of the Company's ability to make loan amortization payments, investments (*e.g.*, the acquisition of new real estate or value-enhancing maintenance and/or modernizations) and distribute dividends. Overall, the FFO per share without disposals improved from EUR 0.54 in 2012 to EUR 0.65 in 2013 and EUR 0.76 in 2014. The FFO per share including disposals increased from EUR 0.70 in 2012 to EUR 0.78 in 2013 and to EUR 0.94 in 2014.

12.4.1.4 Scalability of the Company platform and proven integration expertise

Deutsche Wohnen's business organization is set up efficiently and allows for scalability of portfolios in its strategic core and growth regions as well as the expansion into new metropolitan areas. Its organizational structure is set up to expand the existing residential portfolio by acquiring portfolios without incurring substantial additional fixed costs. As a result of the size of Deutsche Wohnen's business, additional staff and material costs that arise when residential portfolios are acquired can be minimized, and goods and services can be purchased at low cost. The holding functions are also maintained at low cost. The Company strives to reduce the cost ratio (*i.e.*, the ratio of corporate expenses to gross rental income) from 17.3% in 2013 to 12% by 2016.

The Company's acquisition of 92.02% of the shares of GSW in November 2013 build on these strengths. The rationale of the GSW acquisition was to improve and increase the efficiency of both organizational structures. Deutsche Wohnen expected to realize approximately EUR 25 million of FFO (without disposals) relevant synergies per annum by 2016. In late 2014, Deutsche Wohnen re-evaluated the potential benefits and now expects to realize about EUR 35 million of FFO (without disposals) relevant synergies per annum by 2016. Including effects from the restructuring of the sales force and from refinancing, Deutsche Wohnen estimates the FFO (including disposals) relevant synergies to amount to approximately EUR 80 million (before tax) per annum by 2016.

12.4.1.5 Solid balance sheet structure, conservative debt equity ratio and access to diverse and long-term financing sources

Deutsche Wohnen believes that it has a conservative capital structure, with an LTV Ratio of 50.4% as of March 31, 2015. In the fiscal years 2015, 2016 and 2017, the Group's refinancing volume based on nominal values are expected to be EUR 204.2 million, or around 4.3% of the total financial liabilities, excluding the convertible bond. As of March 31, 2015, around 86% of the Company's financial liabilities (including convertible bonds) either had fixed interest rates or were hedged by interest rate swaps. Deutsche Wohnen's average interest rate decreased from approximately 3.4% in 2013 to approximately 2.5% in 2014. As of March 31, 2015, Deutsche Wohnen's average interest rate stood at 2.35%. Deutsche Wohnen monitors and manages the maturity profile of its financial debt and engages in refinancing on a regular basis. For example, in October 2014, Deutsche Wohnen concluded a EUR 1.76 billion financing transaction aimed at improving Deutsche Wohnen's financing and cash flow profile. This financing transaction is expected to result in an FFO improvement of about EUR 39 million due to interest savings over the term of the new loans. Deutsche Wohnen also reduced its contractual amortizations by about EUR 23 million per year, resulting in an expected aggregate effect on its free cash flow of EUR 62 million per year. Deutsche Wohnen aims, markets permitting, to refinance parts of its financial liabilities that mature predominantly in 2018 and 2019 with new bank loans and potentially by issuing bonds in the debt capital markets with average maturities of around 10 years. The aggregate refinancing volume is anticipated to amount to up to EUR 1.2 billion. The financial liabilities earmarked for refinancing have an average remaining maturity of approximately 4 years and currently an average interest rate of approximately 3.4%.

Based on its experience in structuring financing and its positive track record with its financing partners, Deutsche Wohnen has proven its ability to efficiently access the capital markets to obtain financing. For example, in September 2014, Deutsche Wohnen successfully placed a convertible bond with institutional investors at an annual interest rate of 0.875% and a conversion premium of 27.5% above the applicable Deutsche Wohnen reference share price. The capital increases in October 2009, November 2011, June 2012 and January 2013, which raised a total of just under EUR 1.1 billion, demonstrate the Company's ability to access to the equity capital markets.

12.4.1.6 Highly experienced management team with longstanding real estate experience as basis for the Company's strategy

Deutsche Wohnen's management team benefits from in-depth knowledge of the Group's total portfolio as it played a primary role in all acquisitions in the past years, both on Deutsche Wohnen AG's as well as on GSW's side. This comprehensive knowledge of the overall portfolio, combined with management's general business expertise and the Company's focused approach, are considered a key operating advantage that facilitates Deutsche Wohnen's access to investors and business opportunities and facilitates portfolio management.

The management team is supported in all aspects of business operations by an experienced and skilled managerial staff. The letting of residential units or their sale as part of residential unit privatizations is also handled primarily internally by experienced and skilled employees. Due to their longstanding experience in the residential real estate sector, both the management team and staff possess extensive knowledge of the German residential real estate market, including the special characteristics of the relevant regions.

12.4.2 Strategy

The focus of Deutsche Wohnen's business is to enhance the Company's value. Deutsche Wohnen's growth strategy along the residential value chain centers on the following core elements:

- Focusing and concentrating on residential real estate located in the key metropolitan areas and urban centers;

- Capitalizing on the potential for higher rents through active asset and portfolio management;

- Portfolio optimization through value-oriented, single-unit sales and block sales; and

- Continuous growth through selective and value-oriented acquisitions of real estate portfolios and/or nursing and assisted living facilities intended to increase the FFO per share and EPRA NAV per share.

12.4.2.1 Focusing and concentrating on residential real estate located in the key metropolitan areas and urban centers in Germany

Deutsche Wohnen wants to continue to concentrate its efforts on residential real estate management predominantly in German metropolitan areas and urban centers. Deutsche Wohnen is confident that the anticipated economic and population growth in these metropolitan areas and urban centers will provide a very good basis for the successful management of its real estate portfolio. In addition to Deutsche Wohnen's current strategic core and growth regions of Greater Berlin, the Rhine-Main area, Mannheim/Ludwigshafen, the Rhineland and Dresden, Deutsche Wohnen plans – as already evidenced by the acquisitions of the BauBeCon Group and GSW – to take advantage of opportunities to expand its portfolio to other metropolitan areas and other attractive urban centers to increase the FFO per share and/or the EPRA NAV per share and position Deutsche Wohnen to increase profitability.

12.4.2.2 Capitalizing on the potential for higher rents through active asset and portfolio management

Deutsche Wohnen aims to further increase its FFO profile through active asset and portfolio management. Since current in-place rents particularly in its Core+ Regions are typically below market levels, Deutsche Wohnen focuses on measures designed to increase the in-place rents to improve the FFO. Key drivers realizing rent increases and retaining a high-quality tenant structure include modernization/investment measures in selected properties and ongoing maintenance measures. Overall, the letting portfolio in the Core+ Regions demonstrated a rent increase potential of 22.7% as of December 31, 2014, based on the newly signed leases for non-rent-controlled apartments that became effective in 2014.

In order to increase the rent potential, Deutsche Wohnen plans to invest EUR 280 million by 2018 into about 17,000 units that are predominantly located in dynamic locations in the Core+ region and intends to focus on portfolios with the highest expected rent potential. As a result, Deutsche Wohnen expects that these investments will lead to an increase in its net asset value as these investments are expected to have a substantial impact on the expected valuation.

12.4.2.3 Portfolio optimization through value-oriented, single-unit sales and block sales

Deutsche Wohnen aims to further enhance shareholder value via value-oriented single-unit sales (residential unit privatizations) and continuous optimization of the portfolio structure through block sales. The Company's disposal portfolio can be broken down into single-unit privatizations and block sales.

The goal of its single-unit privatizations is to sell residential properties (sometimes opportunistically) in Deutsche Wohnen's core and growth regions, mainly to owner-occupiers, at prices exceeding fair value. The single-unit privatization portfolio (single-unit privatizations) in the Core+ and Core regions consisted of 7,133 residential units as of December 31, 2014. A total of 2,016 residential units (including units, whose purchase agreement has been notarized in the previous fiscal year) were privatized (transfer of benefits and encumbrances) from January 1, 2014 to December 31, 2014 with a gross margin of 43.6%. The residential portfolio in the Non-Core Regions includes properties in locations that do not fit into the Company's business strategy. The majority of these properties are sold to institutional investors, generally at least at fair value, although, at times, below fair value in order to adjust the portfolio. If, as part of future portfolio acquisitions, residential units are acquired that do not match the Company's business strategy, it plans to sell them in block sales.

12.4.2.4 Continuous growth through selective and value-oriented acquisitions of real estate portfolios and/or nursing and assisted living facilities intended to increase the FFO per share and EPRA NAV per share

Deutsche Wohnen has established itself as a residential real estate "consolidation platform". Deutsche Wohnen is in a position to integrate new portfolios into existing organizational structures quickly and at low marginal costs, allowing it to take advantage of economies of scale. As part of its growth strategy, the Company aims to expand its existing residential portfolio through further selective acquisitions of predominantly small and medium-sized portfolios in its strategic core and growth regions. However, as was the case for the acquisitions of the BauBeCon Group in 2012, GSW in 2013 and smaller bolt-on acquisitions of about 3,100 units in 2014, the Company will also consider acquisitions of larger portfolios and platforms if they provide an effective entry into new metropolitan areas or a significant strengthening of Deutsche Wohnen's presence in existing Core+ and Core Regions. For example, Deutsche Wohnen signed purchase agreements concerning the acquisition of approximately 6,500 residential units, predominantly located in Berlin, for an aggregate purchase price of approximately EUR 500 million or approximately EUR 1,180 per square meter. Closing for the vast majority of these acquisitions is expected to take place at the end of the first half of 2015. The annual net cold rent for these acquisitions is approximately EUR 25.6 million. The average vacancy rate is approximately 2.6%. Deutsche Wohnen expects, based on historical numbers, that these acquisitions will make a positive EBITDA contribution of more than EUR 20 million on an annualized basis. In addition, Deutsche Wohnen is currently contemplating the acquisition of 10,000 residential units, for which Deutsche Wohnen is engaged in advanced due diligence. These residential units are predominantly located in Deutsche Wohnen's Core+ Regions and Core Regions. Deutsche Wohnen analyzes potential acquisition targets based on their perceived ability to increase the FFO and EPRA NAV per share or offer possibilities for asset management or enable new positioning initiatives that contribute to increasing the FFO and EPRA NAV per share over the medium term.

In the Nursing and Assisted Living segment, Deutsche Wohnen underscored its strategic goal of further expanding its nursing and assisted living facilities in core and growth regions by completing the acquisition of the LebensWerk Group in the first quarter of 2013. Deutsche Wohnen also plans to expand its Nursing and Assisted Living segment in its strategic core and growth regions in the future. Deutsche Wohnen aims to expand its current capacity of around 2,050 nursing care units/apartments (including about 475 units/apartments in facilities that Deutsche Wohnen does not own but operates via strategic partnerships) to 4,000 to 5,000 units over the coming years.

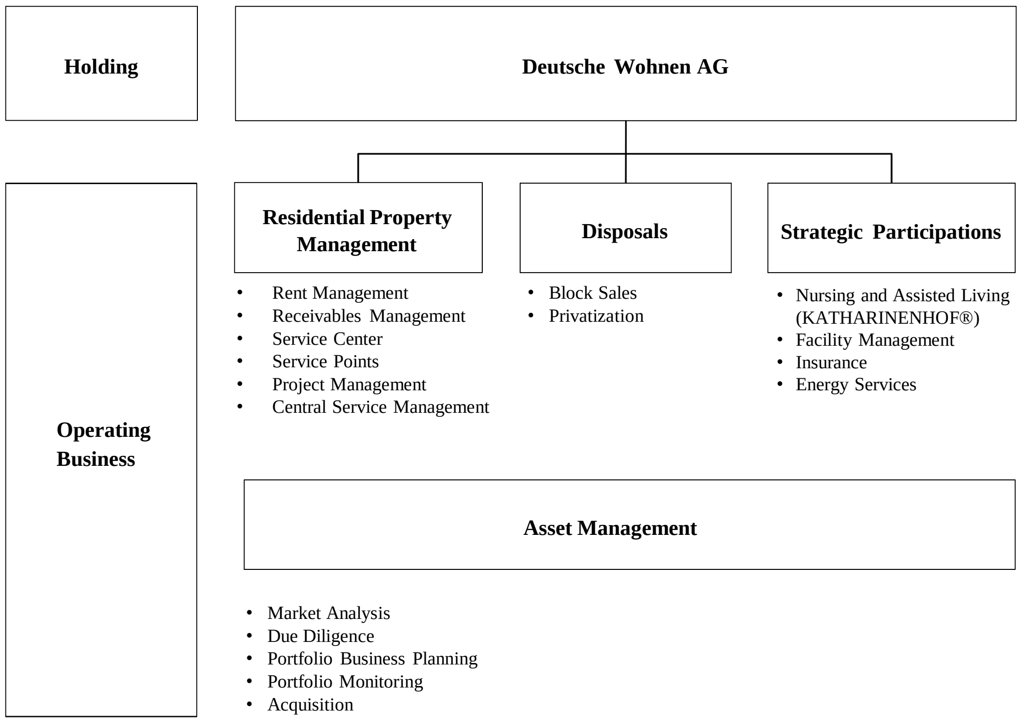
12.5 Key Information on the Company's History and Recent Developments

1996	Company founded as Kera Beteiligungs AG; pure asset company initially with no operations.
1998/99	Company name changed to "Deutsche Wohnen AG" and operating activities started.
1999	Deutsche Wohnen AG's initial public offering (*Börseneinführung*) on the regulated market of the Luxembourg Stock Exchange.
2006	Deutsche Wohnen AG removed from the Deutsche Bank Group's consolidated financial statements.
	All shares of Deutsche Wohnen AG admitted for trading to the regulated market segment of the Frankfurt Stock Exchange.
2007	Shares of the GEHAG Group acquired with approximately 27,000 residential units in Berlin and Brandenburg, several retirement homes and nursing home facilities, as well as a

	telecommunications service provider with approximately 80,000 connected households.
	Michael Zahn assumes the position of CEO.
2008	The GEHAG Group is integrated into Deutsche Wohnen AG through the creation of a new, competitive organizational structure and reorientation of the Company's investment management and real estate portfolio strategy to focus on the management of properties in the strategic core and growth regions of Berlin and Rhine-Main.
	In this context, sale of residential holdings comprising 1,169 apartments not part of the residential portfolio in the core regions for regional or product-specific reasons and sale of the Telecommunications business segment (AKF Group).
2009	Capital increase against cash contributions to reduce debt equity ratio and finance further acquisitions.
2010	Shares of Deutsche Wohnen AG included in the MDAX index of the Frankfurt Stock Exchange.
2011	Approximately 6,100 residential units acquired in Berlin, Rhine-Main area, Rhine Valley North and the Rhine Valley South.
	Capital increase against cash contributions to finance further growth.
2012	Shares of BauBeCon Group acquired with around 23,400 residential units. The portfolio's geographic focus is urban centers. They comprise right around 82% of the total portfolio (more than 19,000 residential units); 40% of these residential units are situated in the metropolitan areas of Hanover/Brunswick/Magdeburg and 30% in the Greater Berlin area. The acquisition was partially refinanced by a capital increase against cash contributions.
2013	Capital increase against contributions in cash.
	Around 7,800 residential units acquired in Greater Berlin.
	91.05% of GSW shares acquired (based on the share capital at the time) in connection with a public tender offer.
	Issue of a convertible bond with a total nominal value of EUR 250 million.
2014	Conclusion of a domination agreement with GSW.
	Issue of a convertible bond with a total nominal value of EUR 400 million.
	Deutsche Wohnen obtains BBB+ rating from S&P and Baa1 rating from Moody's.

12.6 Business Organization of Deutsche Wohnen Group

Deutsche Wohnen's business operations focus on three business segments: Residential Property Management, Disposals and Nursing and Assisted Living.



In addition to the business organization of Deutsche Wohnen, the companies belonging to the GSW Group currently maintain to a certain extent a separate business organization with overlapping business functions. While the holding functions have already been integrated, Deutsche Wohnen is currently in the process of integrating the operating functions into the business organization of Deutsche Wohnen Group.

12.7 Deutsche Wohnen AG

Within Deutsche Wohnen Group, Deutsche Wohnen AG functions as a financial and management holding company. Its responsibilities include the following: Asset management, corporate finance, accounting/tax/controlling, risk management, human resources, investor relations, corporate communications, legal/compliance and IT/organization. Business operations are conducted exclusively by subsidiaries, nearly all of which were founded under German law and have their registered offices in the Federal Republic of Germany. Business operations are broken down into (i) Residential Property Management, (ii) Disposals (block sales and single-unit sales) and (iii) Nursing and Assisted Living.

12.8 Residential Property Management

12.8.1 Overview

Deutsche Wohnen's business activities focus on managing residential properties as part of its strategy of active asset management.

While Deutsche Wohnen AG is assuming traditional holding company's functions, Deutsche Wohnen's real estate management activities are largely carried out by Deutsche Wohnen Management GmbH, Deutsche Wohnen Immobilien Management GmbH and Deutsche Wohnen Construction and Facilities GmbH. Residential Property Management is organized into centralized and decentralized units. The key centralized services are rent management, procurement of services related to Residential Property Management, the Service Center, and administrative activities such as rent accounting (*Mietenbuchhaltung*) and operating cost billing (*Betriebskostenabrechnung*). The decentralized units are known as "Service Points" and are located in various regions in Germany. These Service Points act as a point of contact for existing and prospective tenants and provide technical and administrative services. In addition to managing its residential properties, Deutsche

Wohnen also manages commercial space on a small scale. These properties are mainly retail businesses inside residential buildings and, to a lesser extent, office buildings.

12.8.2 Rent Management

The Rent Management staff in the central offices in Berlin and Frankfurt am Main reviews the potential for rent increases in non-rent-controlled units and thus strives to bring the rent structure in line with current market conditions on an ongoing basis. Rent Management also assesses the rent-relevant characteristics (*Ausstattungsmerkmale*) in Deutsche Wohnen's residential properties, and the potential for optimization, which can lead to modernization projects, to minor improvements for entire building units or to complex modernization and maintenance measures. Rent Management also carries out rent increases in rent-controlled buildings under the subsidy agreements.

If complex measures are necessary, the rent development and project management units work closely with the centralized technical services unit to handle management and coordination of the commercial aspects of these projects.

The Rent Management staff also calculates the operating costs incurred, bills tenants for these costs and informs tenants of the required adjustments to pre-payments. The employees in the Rent Management unit continuously strive to identify potential savings and improve processes. For more information, see "*—12.8.7 Central Services Management*".

12.8.3 Receivables Management

Receivables Management, which also operates from the central offices in Berlin and Frankfurt am Main, includes rent accounting, collections/litigation and advice on tenants' housing concerns. All rent and deposit accounts are monitored on an ongoing basis and all incoming payments are systematically tracked. Where receivables are outstanding, the collections/litigation staff takes the necessary steps for successful collection. The employees responsible for advice on the tenants' housing concerns also support fund management. Personal contact with and support for tenants who fell behind on their rent payments are provided with the aim of preventing evictions.

12.8.4 Service Center

Set up in 2009, the Service Center in Berlin is the central administrative office for all of Deutsche Wohnen's locations. Service Center employees field and route telephone calls (for example, notification of a defect). They also review and pre-sort incoming mail. Many issues can be handled directly by the Service Center (notifying system providers of defects, processing initial complaints, managing tenant data in SAP, *etc.*). The goal is to define additional standardized processes which can be handled directly by Service Center employees. All issues that require a detailed on-site inspection are passed on to the responsible employees in the service points or to the employees in the central services units.

12.8.5 Service Points

The Service Points serve as points of contact for existing and prospective tenants. The Service Points provide commercial and technical housing and rental services and also have back-office employees. The employees handle all of the special concerns of Deutsche Wohnen's tenants directly on-site. Technical problems in buildings can be inspected at short notice and subsequent steps are taken to solve them. Technical service partners (system providers) in technical building management services are responsible for completing work in apartments on time when tenants move and for fixing technical problems up to a total cost of EUR 1,000 per case. The system providers have a price list they use to invoice individual services associated with modernization projects in individual apartments and when tenants move. The Service Points also monitor the operations of the system providers and coordinate maintenance work that costs in excess of EUR 1,000 per case.

12.8.6 Project Management

Project Management for Deutsche Wohnen's entire portfolio is coordinated centrally from the office in Berlin. A key focus is the strategic planning of maintenance and modernization measures.

Maintenance and modernization measures are undertaken to sustainably increase the market value of apartments, to improve general housing conditions in the long term or to achieve or assure long-term energy savings. These measures are systematically implemented in those buildings where further potential for rent increases has been identified. Modernization measures that can be capitalized (for example, installation of heating systems and balconies or modernization measures aimed at improving energy efficiency) are suitable, in particular, for achieving significant increases in in-place rents. Based on available data from the in-house portfolio management system and with the help of macro and micro research data, Deutsche Wohnen routinely analyzes and identifies the potential rent increases at locations in its residential portfolio that can be achieved through modernization measures. To assess this potential, alternatives (continued management of a property or single-unit sales) are compared and contrasted based on investment calculations using the discounted cash flow method and presented to management to choose a course of action. When a residential property is modernized, the building's fundamental structural condition is generally improved. In its assessment, the Company also takes into account the temporary vacancy of a building.

Deutsche Wohnen works with third-party contractors to draft concrete plans and particularly to carry out the maintenance and modernization measures. The Project Management segment is responsible for managing, coordinating and monitoring the quality of these services as the representative of the property developer.

12.8.7 Central Services Management

The Central Services Management unit is further divided into Facility Management (formerly central purchasing) and Central Technical Services teams. The Facility Management team is responsible for developing the Company's key processes and procurement procedures, for adapting them to its corporate strategy, continually streamlining them and managing them internally and externally. They identify potential for improving various areas of property management-related services and types of care, and taking into account current market developments, they change processes to boost profits and develop and update business models. Existing contracts are managed comprehensively, and subsequent contracts are strategically aligned with corporate philosophy. Managing the technical system providers also falls under Central Services Management. These providers serve as direct contacts for tenants for maintenance projects up to EUR 1,000 per case.

12.9 Disposals

12.9.1 Overview

The Disposals segment is the second pillar of Deutsche Wohnen's operations and is managed by Deutsche Wohnen Corporate Real Estate GmbH. While generating proceeds from property sales is less important to Deutsche Wohnen's business than Residential Property Management, property sales will continue to play a key role in the active management of the total portfolio.

The disposal portfolio in the strategic core and growth regions consisted of 14,569 residential units as of December 31, 2014, with 7,133 units being earmarked for single-unit sales. The specific responsibilities of the Disposals segment are as follows: target group research and contact, compliance with statutory land register requirements for buildings (*e.g.*, obtaining a certificate of delimitation which is required under German law to sell an apartment as a condominium), notarial recording and, if necessary, execution of the condominium declaration in the land register, preparation for sale (implementation of targeted modernization measures to increase margins) and contract performance.

Deutsche Wohnen's residential properties are sold through the Disposals segment, as well as through external real estate brokers. However, sales are conducted to a large extent by Deutsche Wohnen's own employees who are compensated with variable salary benefits. Deutsche Wohnen's rate of sales executed through own employees was approximately 56% in 2013 and 51% in 2014. The responsibilities of the Disposals segment, therefore, include managing its own sales and those of external real estate brokers as part of customer communication. The external real estate brokers are usually paid a commission.

Target sales groups are, in particular, owner-occupants (buyers who were not already tenants of the property being sold), as well as tenants and private investors.

The Company is subject to limitations on single-unit sales arising from purchase contracts for certain apartments or individual property portfolios. Due to these obligations, Deutsche Wohnen must comply with certain rules (for example, sale to tenants, social conditions, *etc.*) when making decisions about single-unit sales (residential unit privatizations).

The Disposals segment is split into residential unit privatizations (single-unit sales) and Institutional Sales (block sales).

12.9.2 Privatizations

Privatizations involve the sale of individual residential units to tenants, owner-occupiers or capital investors. In 2014, Deutsche Wohnen sold around 2,016 residential units achieving an average gross sales margin of 47%.

12.9.3 Institutional Sales

Institutional Sales are block sales of residential units to institutional investors as part of Deutsche Wohnen's overall portfolio optimization strategy and opportunistic sales from the strategic core and growth regions to take advantage of the current market situation. The Institutional Sales team handles all aspects of a block sale, including the sale preparation and execution of the transaction. The main purpose of the Institutional Sales team is to divest properties that are not consistent with Deutsche Wohnen's business strategy and to focus on its strategic core and growth regions. In addition, it also sells scattered holdings to consolidate the residential portfolio in its strategic core and growth regions. Moreover, block sales are often triggered by acquisitions of portfolios for the purpose of portfolio optimization and financing.

12.10 Strategic Participations

Deutsche Wohnen has a number of strategic participations. Its most significant strategic participation is its 49% interest in the company operating the KATHARINENHOF® properties.

With the acquisition of a majority share in the GEHAG Group, the Nursing and Assisted Living segment became another independent segment of Deutsche Wohnen's business. This business segment with approximately 2,050 nursing places (including about 475 units/apartments in facilities that Deutsche Wohnen does not own but operates via strategic partnerships) is primarily operated under the KATHARINENHOF® brand, an indirect, wholly owned subsidiary of Deutsche Wohnen AG. The scope of business activities in this segment includes the marketing and management of nursing homes and retirement homes and assisted living facilities for the elderly, as well as assistance services for residents and outpatient care services.

Deutsche Wohnen plans to further expand the Nursing and Assisted Living segment in view of demographic change and the many positive experiences gained over the last few years. The target capacity is 4,000 to 5,000 nursing places in the coming years. Through the acquisition in full of the LebensWerk Group in 2013, which operates four facilities (with a total of 425 beds) for full inpatient care in Berlin, Deutsche Wohnen underscored its ambitions to further expand its nursing facilities in the strategic core and growth regions. The facilities in the LebensWerk Group complement the facilities operated by KATHARINENHOF® Group in their organization, size and locations.

The vast majority of properties managed by the Nursing and Assisted Living segment are owned by Deutsche Wohnen. Only three of the properties operated by KATHARINENHOF® Group are made available through lease contracts with third-party owners.

The goal of full inpatient nursing care is to promote an active lifestyle for patients in exalted quality. Efforts focus on promoting the health of each individual patient by innovative therapies and preserving the patient's independence as much as possible. The assisted living facilities and the retirement homes offer rental apartments to senior citizens along with an extensive range of services that they can freely choose from, including minor assistance with everyday tasks, meals and events. Residents all live independently in their own apartments with guaranteed assistance in the case of emergencies. In addition, the facilities feature common rooms and fitness centers, as well as additional services, such as physiotherapy, swimming pools and beauty and hair salons. The individual services vary from facility to facility. The outpatient care services offer assistance and care for the elderly in their households.

Effective January 1, 2015, Deutsche Wohnen sold 51% of its interest in the operations of KATHARINENHOF® Group to KH Beteiligungs GmbH, while retaining a 49% interest. Pursuant to the agreement relating to the transfer of the 51% interest, Deutsche Wohnen retained veto rights in relation to material decisions.

KATHARINENHOF®'s real estate was not sold, but retained by the Company. The Company will continue to consolidate the KATHARINENHOF® Group in its consolidated financial statements. Also effective as of January 1, 2015, the KATHARINENHOF® Group sold one of its facilities. As from this date, Deutsche Wohnen's nursing and assisted living portfolio comprises 20 facilities.

Other business areas in which Deutsche Wohnen currently operates via strategic shareholdings include procurement of technical services in the facility management context, insurance policies and energy services. For example, in 2013, GETEC Wärme & Effizienz AG and Deutsche Wohnen Energy GmbH formed a joint venture, G+D Gesellschaft für Energiemanagement mbH. The goal was to bundle GETEC's and Deutsche Wohnen's knowledge and to generate synergies in preparation of energy efficiency projects to prepare for an exit from nuclear and fossil-fuel energy (*Energiewende*). The primary tasks of the joint venture are the sourcing and supply of primary energy, the generation of useful energy and the establishment and operation of energy generation and energy distribution facilities.

In 2014, B&O Service and Messtechnik AG and Deutsche Wohnen Fondsbeteiligungs GmbH formed a joint venture, B&O Deutsche Service GmbH. The purpose of the joint venture is to provide cost-efficient and customer-oriented technical facilities management services and to source materials, products and services in an efficient manner.

12.11 Asset Management

12.11.1 Overview

Asset Management is in charge of and supports the activities of the Residential Property Management and Disposals segments. Asset Management involves the acquisition and strategic alignment of existing and future real estate portfolios. A key focus is allocating the real estate to regional clusters, differentiating between the residential portfolio in the strategic core and growth regions and in the Non-Core Regions. Asset Management also has a control function: it identifies the existing potential for rent increases at portfolio level for the Residential Property Management segment and continuously analyzes the portfolio and selects which properties and portfolios to sell for the Disposals segment. The Asset Management unit also continually assesses the residential real estate portfolio for risks and optimization potential and, if necessary, recommends portfolio optimization measures in structurally weak regions and in scattered holdings.

12.11.2 Activities of Asset Management in the purchase of residential real estate portfolios

As part of Deutsche Wohnen's growth strategy, Deutsche Wohnen aims to expand its existing real estate portfolio by acquiring residential real estate portfolios in high-growth urban areas. Deutsche Wohnen's Asset Management unit is in charge of managing the acquisition process.

When preparing for acquisitions, a key responsibility of Asset Management is market analysis and the selection of suitable small- and large-scale portfolios. A number of criteria are considered when selecting suitable properties, including in-place rents, vacancy, location, structural quality, tenants, proportion of publicly-subsidized residential units and infrastructure. The acquisition of residential portfolios is always based on economic considerations, *i.e.*, expanding the existing residential portfolio has to have a long-term positive impact on relevant Group performance indicators (for example, cash flow, FFO, fair value, or NAV).

The most important individual criteria for portfolio acquisitions are as follows:

- Location: The micro location, in other words, the immediate vicinity of the property within a municipality, plays a key role in the long-term rentability and the medium-term privatization potential of apartments. Locations must feature stable macroeconomic performance indicators. A sufficient supply of jobs in the location itself or within a reasonable distance is an important factor.

- Condition: The condition of the property is an important criterion in Deutsche Wohnen's decision. The general condition of the property, its fixtures and necessary short-term investments all play an important role.

- Market potential: The development of the respective regional market environment also influences Deutsche Wohnen's ability to generate stable, long-term cash flows from renting out and selling apartments.

- Potential to increase in-place rents: One of the criteria is the portfolio's potential for rent increases. The modernization of real estate and the resulting potential for rent increases play a key role in this context.

- Commercial share: The property portfolios to be acquired should only have a limited proportion of commercial space because Deutsche Wohnen focuses on residential real estate. The commercial space currently held in the real estate portfolio is generally an integral part of residential buildings.

- Vacancy rate: Depending on the reasons for vacancy (unattractive location or targeted optimization of the tenant structure) and further planning (subsequent sale, short-term renovation or modernization to increase rent), the vacancy rate may be used as a reason for or against an investment.

In addition to market analysis and/or support in the selection of suitable property portfolios, Asset Management also conducts due diligence audits related to the acquisition of real estate portfolios. Due diligence measures cover all relevant data relating to the target portfolio, as well as the business, legal and tax situation of the real estate company to be analyzed (in the case of acquisition of property portfolio companies). Finally, Asset Management is responsible for annual calculations of the fair value of the real estate portfolio which is included in the calculation of Deutsche Wohnen's NAV. See "*8 Selected Consolidated Financial Information—8.4 Other Financial and Operating Data*".

12.12 Overview of the Residential Real Estate Portfolio of Deutsche Wohnen

Deutsche Wohnen Group's residential real estate portfolio as of March 31, 2015 included 146,850 residential units, with a total residential floor space of approximately 9 million square meters.

As of March 31, 2015, most of Deutsche Wohnen's material tangible fixed assets, including leased properties, served as collateral for loans. There are also agreements in individual cases stipulating that the condition of the properties may not deteriorate or determining average minimum investments for the maintenance and modernization of the properties on a sqm-basis.

The following table provides an overview of important operational figures in Deutsche Wohnen's residential real estate portfolio:

12.12.1 Property Figures

	March 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012[1)]
Residential real estate portfolio				
Number of residential units				
Strategic core and growth regions	143,473	143,614	145,201	75,708
Letting portfolio	129,284	129,045	128,472	68,759
Single-unit sale (residential unit privatization)	6,783	7,133	9,016	6,147
Block sales	7,406	7,436	7,713	802
Core+ Region(s)	127,731	127,798	129,147	59,742
Letting portfolio	115,367	115,125	114,552	55,025
Single-unit sale (residential unit privatization)	5,039	5,318	6,963	3,997
Block sales	7,325	7,355	7,632	720
Core	15,742	15,816	16,054	15,966
Letting portfolio	13,917	13,920	13,920	13,734
Single-unit sale (residential unit privatization)	1,744	1,815	2,053	2,150
Block sales	81	81	81	82
Non-core	3,377	3,491	5,018	7,030
Total	**146,850**	**147,105**	**150,219**	**82,738**
Floor space (in thousands of square meters)				
Strategic core and growth regions	8,709	8,714	8,804	4,613
Letting portfolio	7,748	7,728	7,678	4,137
Single-unit sale (residential unit privatization)	459	481	604	416
Block sales	502	505	522	59
Core+ Region(s)	7,716	7,716	7,790	3,599
Letting portfolio	6,878	6,858	6,808	3,275

	March 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012[1)]
Single-unit sale (residential unit privatization)	342	359	465	270
Block sales	497	499	516	54
Core	993	998	1,014	1,014
Letting portfolio	870	870	870	863
Single-unit sale (residential unit privatization)	117	122	139	145
Block sales	5	5	5	6
Non-core	223	232	327	453
Total	**8,932**	**8,946**	**9,131**	**5,066**
In-place rent (per month in EUR per square meter)				
Strategic core and growth regions	5.75	5.71	5.57	5.56
Letting portfolio	5.78	5.75	5.60	5.55
Single-unit sale (residential unit privatization)	5.64	5.62	5.54	5.58
Block sales	5.30	5.25	5.08	6.10
Core+ Region(s)	5.80	5.76	5.62	5.67
Letting portfolio	5.83	5.80	5.66	5.65
Single-unit sale (residential unit privatization)	5.76	5.74	5.63	5.78
Block sales	5.30	5.25	5.08	6.21
Core	5.36	5.33	5.19	5.16
Letting portfolio	5.37	5.34	5.18	5.15
Single-unit sale (residential unit privatization)	5.29	5.28	5.22	5.22
Block sales	5.21	5.20	5.17	5.15
Non-core	4.81	4.87	4.78	4.75
Total	**5.73**	**5.69**	**5.54**	**5.49**
New in-place rent[2)] (per month in EUR per square meter)				
Letting portfolio of the Core+ Region(s)	7.25	7.11	6.76	7.04[4)]
Rent potential of the letting portfolio of the Core+ Region(s)[3)]	24.3%	22.7%	19.6%	22.2%[4)]
Vacancy rate (in %)[5)]				
Strategic core and growth regions	2.1%	2.1%	2.2%	2.1%
Letting portfolio	1.8%	1.7%	1.9%	1.9%
Single-unit sale (residential unit privatization)	6.7%	6.3%	4.8%	4.0%
Block sales	3.8%	3.9%	3.9%	4.1%
Core+ Region(s)	2.0%	2.0%	1.9%	1.9%
Letting portfolio	1.7%	1.6%	1.6%	1.6%
Single-unit sale (residential unit privatization)	7.6%	6.8%	4.5%	4.8%
Block sales	3.8%	4.0%	3.9%	4.5%
Core	3.0%	3.3%	4.4%	3.0%
Letting portfolio	2.9%	3.1%	4.2%	3.1%
Single-unit sale (residential unit privatization)	3.7%	4.9%	6.0%	2.5%
Block sales	4.1%	2.0%	1.4%	0.0%
Non-Core	7.9%	7.2%	9.3%	7.4%
Total	**2.3%**	**2.2%**	**2.4%**	**2.5%**
Portion of subsidized units (in %)				
Strategic core and growth regions	17%	18%	18%	15%
Letting portfolio	17%	17%	18%	16%
Single-unit sale (residential unit privatization)	3%	4%	4%	5%
Block sales	39%	39%	39%	23%
Core+ Region(s)	18%	18%	18%	15%
Letting portfolio	17%	17%	18%	15%
Single-unit sale (residential unit privatization)	1%	3%	3%	3%
Block sales	39%	39%	39%	17%
Core	14%	15%	15%	15%
Letting portfolio	15%	16%	15%	16%
Single-unit sale (residential unit privatization)	6%	7%	7%	8%
Block sales	25%	25%	77%	77%
Non-core	9%	11%	17%	23%
Total	**17%**	**18%**	**18%**	**15%**

	March 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012[1)]
Construction year cluster (portion of units in %)				
Before 1950	35%	33%	34%	37%
1951-1970	33%	34%	34%	33%
1971-1990	26%	26%	26%	25%
After 1990	6%	7%	6%	5%
Commercial				
Number of units	2,085	2,063	2,146	961
Floor space (in thousands of square meters)	285	284	292	156
Parking				
Number of units	31,861	31,901	31,833	21,029
Investments (maintenance/modernizations)				
Maintenance and modernization expenses (in EUR million)	34.7	152.9	86.2	67.9
Maintenance and modernizations expenses (in EUR per square meter)[6)]	15.06	16.51	15.03	18.94

1) *Including acquisitions with transfer of risk and rewards as of January 1/2, 2013.*
2) *Contractually owed rent for newly concluded contracts for units not subject to rent control effective in the relevant year.*
3) *New letting rent in the letting portfolio in the Core+ regions compared to the in-place rent in the letting portfolio in the Core+ regions.*
4) *Not including units in the BauBeCon portfolio and acquisitions with transfer of risk and rewards as of January 1/2, 2013.*
5) *Ratio of rent reductions to the contractually owed rent as of the relevant date.*
6) *Based on the average floor space on a quarterly basis; the floor space has been adjusted in cases of significant acquisitions in a quarter.*

Most of the residential units are located in the metropolitan areas of the Greater Berlin area and Rhine-Main.

The following table also offers an overview of the fair value measurement of Deutsche Wohnen's residential real estate portfolio based on the Company's calculations:

12.12.2 Fair value measurement according to IAS 40

	March 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012[1)]
Total portfolio in the strategic core and growth regions (residential letting portfolio, single-unit sale (privatization) and commercial)				
Strategic core and growth regions				
Core+ Region(s)				
Greater Berlin				
Fair value (in EUR million)	7,266	7,273	6,475	2,178
Fair value (in EUR per square meter)	1,103	1,101	966	1,035
Number of residential units	106,540	106,798	108,411	34,962
Multiplier on in-place rent	16.1	16.1	14.4	15.2
Rhine-Main				
Fair value (in EUR million)	839	845	737	721
Fair value (in EUR per square meter)	1,409	1,405	1,278	1,231
Number of residential units	9,257	9,320	8,960	9,138
Multiplier on in-place rent	16.3	16.5	15.4	15.4
Mannheim/Ludwigshafen				
Fair value (in EUR million)	281	282	277	280
Fair value (in EUR per square meter)	904	904	875	868
Number of residential units	4,792	4,811	4,889	4,993
Multiplier on in-place rent	13.4	13.4	13.3	13.6
Rhineland				
Fair value (in EUR million)	302	304	289	277
Fair value (in EUR per square meter)	983	983	927	900
Number of residential units	4,680	4,701	4,719	4,632
Multiplier on in-place rent	14.1	14.1	13.7	13.6
Dresden				

	March 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012[1)]
Total portfolio in the strategic core and growth regions (residential letting portfolio, single-unit sale (privatization) and commercial)				
Fair value (in EUR million)	157	115	107	5
Fair value (in EUR per square meter)	980	872	815	867
Number of residential units	2,462	2,168	2,168	87
Multiplier on in-place rent	16.6	14.8	14.2	12.4
Core				
Hanover/Brunswick				
Fair value (in EUR million)	489	491	468	370
Fair value (in EUR per square meter)	827	828	777	791
Number of residential units	8,826	8,860	8,982	6,925
Multiplier on in-place rent	12.7	12.9	12.6	12.5
Magdeburg				
Fair value (in EUR million)	97	97	96	97
Fair value (in EUR per square meter)	768	768	758	768
Number of residential units	2,101	2,101	2,100	2,100
Multiplier on in-place rent	12.7	12.5	12.9	12.6
Kiel/Lübeck				
Fair value (in EUR million)	94	95	98	102
Fair value (in EUR per square meter)	730	729	720	723
Number of residential units	1,989	2,025	2,116	2,184
Multiplier on in-place rent	12.1	12.3	12.4	12.1
Halle/Leipzig				
Fair value (in EUR million)	77	77	75	29
Fair value (in EUR per square meter)	765	765	754	826
Number of residential units	1,684	1,684	1,684	587
Multiplier on in-place rent	12.5	12.6	12.6	12.5
Erfurt				
Fair value (in EUR million)	34	34	33	3
Fair value (in EUR per square meter)	990	990	953	935
Number of residential units	618	619	619	35
Multiplier on in-place rent	13.9	14.0	14.1	10.9
Other				
Fair value (in EUR million)	23	23	24	25
Fair value (in EUR per square meter)	693	692	685	680
Number of residential units	524	527	553	594
Multiplier on in-place rent	12.1	11.9	12.0	12.0
Non-core				
Fair value (in EUR million)	144	150	202	233
Fair value (in EUR per square meter)	620	621	597	567
Number of residential units	3,377	3,491	5,018	6,179
Multiplier on in-place rent	11.7	11.6	11.5	10.9
Total				
Fair value (in EUR million)	9,801	9,785	8,881	4,320
Fair value (in EUR per square meter)	1,065	1,062	944	950
Number of residential units	146,850	147,105	150,219	72,416
Multiplier on in-place rent	15.5	15.5	14.2	14.3

1) Not including the acquisitions with transfer of benefits and encumbrances as of January 1 and February 1, 2013.

Deutsche Wohnen divides its real estate holdings into real estate holdings situated in (i) strategic core and growth regions and (ii) disposal regions. A definition of strategic core and Non-Core Regions can be found under "*—12.3 Portfolio*".

The following table shows an overview of the strategic core and growth regions and Non-Core Regions as of March 31, 2015:

	Residential					Commercial		Parking	Fair value		
	Units	Living space	Subsidized units	Monthly in-place rent	Vacancy	Units	Space	Parking	Fair value		Multiple in-place rent
	(#)	(in tsd. of sqm)	(%)	(EUR per sqm)	(%)	(#)	(in tsd. of sqm)	(#)	(EUR million)	(EUR per sqm)	
Strategic core and growth regions	143,473	8,709	17%	5.75	2.1%	2,045	277	30,525	9,657	1,076	15.6
Letting portfolio	**129,284**	**7,748**	**17%**	**5.78**	**1.8%**	**1,744**	**235**	**26,318**	**8,694**	**1,091**	**15.7**
Single-unit sale (privatization)	6,783	459	3%	5.64	6.7%	116	13	2,457	472	1,014	15.5
Block sales	7,406	502	39%	5.30	3.8%	185	28	1,750	483	912	14.6
Core+ Region(s)	**127,731**	**7,716**	**18%**	**5.80**	**2.0%**	**1,906**	**257**	**26,479**	**8,845**	**1,111**	**15.9**
Letting portfolio	115,367	6,878	17%	5.83	1.7%	1,612	216	22,666	7,978	1,126	16.0
Single-unit sale (privatization)	5,039	342	1%	5.76	7.6%	115	13	2,113	380	1,091	16.4
Block sales	7,325	497	39%	5.30	3.8%	179	27	1,700	480	916	14.6
Greater Berlin	**106,540**	**6,402**	**16%**	**5.70**	**2.0%**	**1,601**	**196**	**15,115**	**7,266**	**1,103**	**16.1**
Letting portfolio	95,662	5,674	15%	5.75	1.7%	1,400	173	12,890	6,544	1,121	16.2
Single-unit sale (privatization)	3,848	254	1%	5.51	6.9%	95	10	812	278	1,057	16.6
Block sales	7,030	473	40%	5.25	3.7%	106	14	1,413	443	910	14.7
Rhine-Main	**9,257**	**558**	**13%**	**7.18**	**1.9%**	**183**	**39**	**5,230**	**839**	**1,409**	**16.3**
Letting portfolio	8,432	501	14%	7.20	1.4%	119	26	4,363	748	1,425	16.4
Single-unit sale (privatization)	738	50	0%	6.87	7.2%	14	2	711	71	1,354	16.9
Block sales	87	7	14%	8.65	2.4%	50	10	156	19	1,104	14.2
Mannheim/Ludwigshafen	**4,792**	**299**	**55%**	**5.60**	**1.2%**	**42**	**12**	**3,225**	**281**	**904**	**13.4**
Letting portfolio	4,495	279	58%	5.60	0.7%	42	12	3,049	264	908	13.4
Single-unit sale (privatization)	262	18	5%	5.69	7.5%	0	0	155	16	871	13.7
Block sales	35	3	60%	5.06	4.2%	0	0	21	2	601	10.2
Rhineland	**4,680**	**302**	**34%**	**5.83**	**2.8%**	**42**	**6**	**2,723**	**302**	**983**	**14.1**
Letting portfolio	4,368	274	37%	5.79	1.6%	13	1	2,223	271	984	14.1
Single-unit sale (privatization)	139	14	0%	6.68	17.0%	6	1	390	15	1,020	14.5
Block sales	173	14	0%	5.89	9.7%	23	3	110	16	941	13.6
Dresden	**2,462**	**155**	**0%**	**5.08**	**3.4%**	**38**	**4**	**186**	**157**	**980**	**16.6**
Letting portfolio	2,410	150	0%	5.08	2.8%	38	4	141	150	974	16.4
Single-unit sale (privatization)	52	5	0%	5.26	19.8%	0	0	45	0	0	0.0
Block sales	0	0		0.00	0.0%	0	0		0	0	0.0
Core	**15,742**	**993**	**14%**	**5.36**	**3.0%**	**139**	**20**	**4,046**	**813**	**803**	**12.7**
Letting portfolio	13,917	870	15%	5.37	2.9%	132	19	3,652	717	806	12.7
Single-unit sale (privatization)	1,744	117	6%	5.29	3.7%	1	0	344	92	787	12.6
Block sales	81	5	25%	5.21	4.1%	6	1	50	4	607	10.7
Hanover/Brunswick	**8,826**	**577**	**22%**	**5.46**	**2.5%**	**83**	**14**	**2,442**	**489**	**827**	**12.7**
Letting portfolio	8,101	530	24%	5.41	2.4%	77	13	2,220	444	818	12.7
Single-unit sale (privatization)	725	47	2%	5.92	4.0%	0	0	222	44	938	13.2
Block sales	0	0	0%	0.00	0.0%	6	1		0	555	9.5
Magdeburg	**2,101**	**124**	**0%**	**5.23**	**4.4%**	**25**	**2**	**242**	**97**	**768**	**12.7**
Letting portfolio	2,101	124	0%	5.23	4.4%	25	2	242	97	768	12.7
Single-unit sale (privatization)	0	0	0%	0.00	0.0%	0	0		0	0	0.0
Block sales	0	0	0%	0.00	0.0%	0	0		0	0	0.0
Kiel/Lübeck	**1,989**	**127**	**0%**	**5.12**	**3.4%**	**7**	**1**	**555**	**94**	**730**	**12.1**
Letting portfolio	1,128	68	0%	5.24	3.5%	6	1	526	53	770	12.3
Single-unit sale (privatization)	861	59	0%	4.98	3.2%	1	0	29	41	684	11.8
Block sales	0	0	0%	0.00	0.0%	0	0		0	0	0.0
Halle/Leipzig	**1,684**	**98**	**0%**	**5.17**	**3.0%**	**12**	**2**	**316**	**77**	**765**	**12.5**
Letting portfolio	1,606	93	0%	5.19	2.8%	12	2	304	73	773	12.6
Single-unit sale (privatization)	33	2	0%	4.92	2.3%	0	0	12	2	695	11.6
Block sales	45	3	0%	4.83	8.9%	0	0		1	543	10.3
Erfurt	**618**	**34**	**2%**	**5.88**	**2.7%**	**12**	**1**	**192**	**34**	**990**	**13.9**
Letting portfolio	609	33	2%	5.89	2.5%	12	1	192	34	994	13.9
Single-unit sale (privatization)	9	1	0%	5.16	14.6%	0	0		0	732	13.4
Block sales	0	0	0%	0.00	0.0%	0	0		0	0	0.0
Other	**524**	**33**	**44%**	**5.00**	**5.5%**	**0**	**0**	**299**	**23**	**693**	**12.1**
Letting portfolio	372	22	30%	5.26	6.4%	0	0	168	15	695	11.7
Single-unit sale (privatization)	116	8	84%	4.16	4.7%	0	0	81	6	692	13.7
Block sales	36	3	56%	5.54	0.0%	0	0	50	2	682	11.4
Non-core	**3,377**	**223**	**9%**	**4.81**	**7.9%**	**40**	**8**	**1,336**	**144**	**620**	**11.7**
Total	**146,850**	**8,932**	**17%**	**5.73**	**2.3%**	**2,085**	**285**	**31,861**	**9,801**	**1,065**	**15.5**

12.12.3 Key Figures of the Residential Property Management Segment

The following table provides an overview of the key figures of Deutsche Wohnen's Residential Property Management segment as of March 31, 2015, December 31, 2014, December 31, 2013 and December 31, 2012:

Total residential portfolio	March 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
In-place rent per month in EUR per square meter	5.73	5.69	5.54	5.49[1)]
Vacancy rate in %	2.3%	2.2%	2.4%	2.5%[1)]
Number of residential units	146,850	147,105	150,219	82,738[1)]

1) Including the acquisitions with transfer of benefits and encumbrances as of January 1 and February 1, 2013.

The following table provides an overview of the key figures of Deutsche Wohnen's residential letting portfolio in its strategic core and growth regions in its Residential Management segment as of March 31, 2015, December 31, 2014, December 31, 2013 and December 31, 2012:

Residential letting portfolio in the strategic core and growth regions	March 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
In-place rent per month in EUR per square meter	5.75	5.71	5.57	5.56[1)]
Vacancy rate in %	2.1%	2.1%	2.2%	2.1%[1)]
Number of residential units	143,473	143,614	145,201	75,708[1)]

1) Including the acquisitions with transfer of benefits and encumbrances as of January 1 and February 1, 2013.

The following table shows the development in in-place rent and vacancy for properties that were managed by Deutsche Wohnen as of the two dates specified (like-for-like comparison, *i.e.*, only those properties that were managed continuously between the two reference dates).

	Residential units	Monthly in-place rent		Change	Vacancy		Change
		March 31, 2015	March 31, 2014		March 31, 2015	March 31, 2014	
	(#)	(in EUR per sqm)		(in %)	(in %)		(in %)
Letting portfolio	**135,470**	**5.61**	**5.75**	**2.5%**	**2.1%**	**1.9%**	**-12.5%**
Core+	121,474	5.66	5.79	2.4%	2.0%	1.8%	-10.4%
Greater Berlin	102,371	5.57	5.71	2.5%	2.0%	1.8%	-7.6%
Rhine-Main	7,968	7.06	7.26	2.9%	2.1%	1.5%	-28.8%
Mannheim/Ludwigshafen	4,530	5.55	5.60	0.8%	1.3%	0.8%	-40.8%
Rhineland	4,437	5.67	5.79	2.1%	2.2%	2.0%	-9.4%
Dresden	2,168	4.90	4.95	1.0%	2.0%	1.7%	-12.9%
Core	13,996	5.20	5.37	3.1%	3.8%	2.9%	-22.7%
Hanover/Brunswick	8,101	5.20	5.42	4.1%	3.6%	2.4%	-32.9%
Magdeburg	2,099	5.19	5.23	0.8%	5.1%	4.4%	-13.6%
Kiel/Lübeck	1,128	5.17	5.24	1.5%	4.2%	3.5%	-16.4%
Halle/Leipzig	1,651	5.11	5.18	1.4%	3.6%	3.0%	-17.0%
Erfurt	609	5.55	5.89	6.2%	0.9%	2.5%	167.8%
Other	408	5.24	5.30	1.0%	4.8%	5.7%	18.7%

In the twelve months ended March 31, 2015, the turnover rate in Deutsche Wohnen's entire portfolio was 9.2%.

12.12.4 Land and Facilities and Other Significant Property, Plant and Equipment

The following table provides a summary of the essential space owned or leased and largely used by Deutsche Wohnen AG. The investment property portfolio of the Deutsche Wohnen Group consisting of real estate held as financial investments is explained in more detail under "—*12.12.1 Property Figures*".

Location	Address	Size (office space)	Use	Ownership status
Berlin	Mecklenburgische Str. 57	10,424 sqm	Office	Owned by a Group company
Frankfurt am Main	Pfaffenwiese 300	1,975 sqm	Office	Owned by a Group company

The material land and buildings included in property, plant and equipment are encumbered with land charges. The two properties owned by Group companies are encumbered with several land charges totaling EUR 42.3 million (Frankfurt am Main) and EUR 132.6 million (Berlin). Deutsche Wohnen's expenses for rented real estate amounted to EUR 1.6 million in the three months ended March 31, 2015, EUR 5.8 million in 2014, EUR 0.6 million in 2013 and EUR 0.5 million in 2012.

Furthermore, property, plant and equipment in Deutsche Wohnen's consolidated balance sheet includes technical equipment as well as office equipment and, since January 1, 2013, photovoltaic systems. The total carrying amount of these line items was EUR 12.8 million as of March 31, 2015, EUR 13.5 million as of December 31, 2014, EUR 13.7 million as of December 31, 2013 and EUR 8.1 million as of December 31, 2012.

To the extent that liabilities are not rolled over, the Company's operating cash flow is the anticipated source of funds needed to fulfill commitments referred to in the preceding paragraphs.

12.12.5 Patents, Licenses and Trademarks

The companies in Deutsche Wohnen Group do not hold any patents. The following trademarks are currently registered or pending registration at the German Patent and Trademark Office in Munich for Deutsche Wohnen Group:

- A word mark/logo "Deutsche Wohnen AG" from July 17, 2009;
- A word mark/logo "GSW", registered on January 25, 2006;
- A word mark/logo "GEHAG Gruppe" from May 21, 2007;
- A logo of the "GEHAG Gruppe" from May 21, 2007;
- A word mark "KATHARINENHOF®" from March 1, 1999;
- A word mark/logo "KATHARINENHOF®" from August 6, 2001;
- A word mark/logo "Wohn-Raum Das Kundenmagazin der GSW" from April 25, 2007; and
- A word mark "Facilita Berlin" from December 7, 2006.

The four most important internet domains of Deutsche Wohnen Group are deutsche-wohnen.de, www.gsw.de, www.facilita-berlin.de and katharinenhof.net.

The companies in Deutsche Wohnen Group hold no other significant intellectual property rights.

12.13 Employees

As of the date of this Prospectus, Deutsche Wohnen (including KATHARINENHOF® and GSW and excluding trainees and apprentices) had a total of 2,122 employees. The following table contains an overview of the average number of employees (excluding trainees and apprentices) of Deutsche Wohnen since January 1, 2015 up to March 31, 2015 as well as in the fiscal years 2014, 2013 and 2012:

Number of employees	January 1 – March 31, 2015	January 1 – December 31, 2014	January 1 – December 31, 2013	January 1 – December 31, 2012
Deutsche Wohnen[1)]	542	499	430	361
KATHARINENHOF®	1,399	1,418	1,218	947
GSW	218[2)]	293[2)]	315	n/a[3)]
Facilita	n/a[4)]	n/a[4)]	222	n/a[3)]
Total	**2,159**	**2,209**	**2,193**	**1,308**

1) *Excluding KATHARINENHOF®, GSW and Facilita, which are shown in the following rows.*
2) *Excluding employees exempted from their duties (redundant workforce).*
3) *GSW and Facilita were only acquired by the Company in 2013.*

4) *Facilita had on average 112 employees in 2014. Facilita was not consolidated in the Company's consolidated financial statements as of and for the year ended December 31, 2014 and will not be consolidated in the Company's condensed consolidated interim financial statements as of and for the three months ended March 31, 2015.*

The increase in the number of employees in 2013 was primarily attributable to the acquisition of GSW, while the increase in the number of employees in 2014 was primarily due to an increase in the number of employees of KATHARINENHOF®.

Workers councils do not exist in any of Deutsche Wohnen's subsidiaries with the exception of GSW. In addition, works councils exist at the level of two participations of Deutsche Wohnen, KATHARINENHOF® and Facilita. No entrepreneurial co-determination exists on the Supervisory Board of Deutsche Wohnen AG. Only KATHARINENHOF® has a Supervisory Board that is constituted according to the German One-Third Employee Representation Act (*Drittelbeteiligungsgesetz*), *i.e.*, one of the three supervisory board members of KATHARINENHOF® is an employee representative.

Besides this, at the level of GSW, there is a representation of vocational trainees in place consisting of one trainee and two employees. Further, economic committees at GSW and Facilita have been established.

All employees of Deutsche Wohnen are located in Germany.

12.14 Compensation

The terms and conditions of remuneration of the members of senior management and the employees of Deutsche Wohnen in general is determined by their employment agreements. The total compensation of the members of the senior management and of certain key employees includes a variable compensation component. The Company's annual general meeting resolved on June 11, 2014 on a stock option program (the "**Stock Option Program 2014**") for the issuance of a maximum of 12,879,752 subscription rights (the "**Option Rights**") to grand shares under the Conditional Capital 2014/III (see "*17 Description of the Share Capital of Deutsche Wohnen AG—17.5 Contingent Capital—17.5.4 Contingent Capital 2014/III*") to the members of the Management Board and to selected executives of the Deutsche Wohnen Group. Upon lapse of the period in which the conditions for performance are met (so-called vesting period), an employee who is subject to the Stock Option Program 2014 will irrevocably become a beneficiary of the program (each a "**Beneficiary**") under the following conditions:

The Option Rights will be issued to Beneficiaries in annual tranches until the expiration of four years from the date of the registration of the contingent capital in the commercial register, but at least until the expiration of 16 weeks after the closing of the ordinary annual general meeting in 2018. The amount of the annual tranches will be determined by dividing the target amount of the variable remuneration for the respective Beneficiary by a reference value, which will be commensurate with the arithmetic mean of the closing price for the Deutsche Wohnen share 30 days prior to the issuance of the share options concerned.

Fully vested Option Rights may be exercised for the first time after the expiration of four years (waiting period) and thereafter within three years (exercise period) and will expire upon the expiration of the relevant period. The exercise of the Option Rights is contingent upon (i) the Beneficiary's service contract not being terminated during the waiting period on grounds for which the latter is responsible (sec. 626 para. 1 of the German Civil Code (*Bürgerliches Gesetzbuch*)) and (ii) the performance targets being attained. The performance targets for each individual tranche of the share options relate to the development of the (i) Adjusted NAV per share (40% weighting), (ii) FFO I (without disposals) per share (40% weighting) and (iii) Share price development, as compared to the EPRA/NAREIT Germany Index, calculated in accordance with the following provisions (20% weighting). Within each of the aforementioned performance targets there is a minimum target (75% of target achievement) that must be achieved so that half of the Option Rights based on this performance target can be exercised, as well as a maximum target (75% of target achievement) that, if achieved, renders all Option Rights based on this performance target eligible for exercise within the framework of the weighting of the performance target.

At the end of the waiting period the number of allocable Option Rights per Beneficiary is calculated. When exercising the Option Rights, the Beneficiary must pay EUR 1.00 per share. The shares acquired following the exercise of Option Rights will have full voting rights and entitlement to dividends. A total of 112,322 Option Rights were assigned in the financial year 2014. Dilution from the Stock Option Program 2014 is capped at 5% of the outstanding share capital (including grants to Management Board members and additional executives).

12.15 Pensions

Due to historical reasons, Deutsche Wohnen Group has different models of company pension plans for former employees of Deutsche Wohnen (prior to its acquisition of shares in GEHAG), for former employees of the GSW Group and for former employees of the GEHAG Group whose contracts it has taken over and continues on an individual basis. The pension models have been continued on an individual contractual basis because of various restructuring measures within the Group in the past. As part of the restructuring measures, the existing operational structures were dissolved completely and transferred in part to new operational structures and in part to existing operational structures of various Group companies. New employees are not accepted into the pension plans.

Deutsche Wohnen is liable for employee benefit obligations (pension, disability, widow/widower pension and orphan pension benefits) arising from deferred and current benefits for eligible active and former employees and their surviving dependents. The expenses for the benefits granted as part of the defined benefit plans are determined in accordance with IAS 19 using the projected unit credit method. The future obligations are valued here using actuarial methods with cautious estimates of the relevant variables. Actuarial profits and losses are recognized in the retained earnings in the consolidated statement of recognized income and expense. Any retroactively calculated service cost (*Dienstzeitaufwand*) is dispersed on a linear basis over the average period until the deferred benefit is vested. Insofar as pension rights are immediately vested upon implementation or modification of a pension plan, the retroactively calculated service cost must be recognized immediately in the profit-and-loss statement.

In addition to payment of the legally required contributions to government pension insurance institutions, an additional retirement benefit plan exists according to the regulations for supplementary benefits in public service. This is based on the membership of one of the Group's companies in the Bavarian chamber for social benefits and pensions (*Bayerische Versorgungskammer*) and GSW's as well as Facilita's membership in the German Government Employees Pension Fund (*Versorgungsanstalt des Bundes und der Länder*). The supplementary benefits comprise a partial or full pension for reduction in earning capacity as well as an old-age pension in the form of a full pension or a survivor pension. The contribution charged by the Bavarian chamber for social benefits and pensions is set according to the remuneration of the employees subject to a supplementary pension. Accordingly, the Bavarian chamber for social benefits and pensions represents a common benefit plan for several employers which is treated as a defined contribution plan under IAS 19.30(a) because the Bavarian chamber for social benefits and pensions does not provide sufficient information to treat it as a defined benefit plan.

As of March 31, 2015, employee benefit liabilities amounted to EUR 73.0 million.

12.16 Litigation

In the course of their business activities, the companies of the Deutsche Wohnen Group are regularly parties to rental and warranty disputes as well as labor law disputes, but none of these are material with regard to the financial situation or profitability of Deutsche Wohnen Group, neither individually nor as a whole. Except for the circumstances described below, no company of Deutsche Wohnen Group is currently, or has been in the past twelve months, party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering the previous 12 months which may have, or have had in the recent past significant effects on the Company's and/or Group's financial position or profitability.

12.16.1 Ongoing Proceedings

12.16.1.1 <u>GEHAG Funds</u>

In the past, subsidiaries of GEHAG GmbH ("**GEHAG**" and together with its subsidiaries, the "**GEHAG Group**") participated in the design and creation of real estate funds (the so-called "**GEHAG Funds**"). The funds business was operated by GEHAG Group companies until 2005. Due to this earlier activity, investors in the closed-end real estate funds filed a total of approximately 160 claims for damages arising from prospectus liability against the initiators and founders of the funds, including GEHAG among others. The vast majority were dismissed or concluded without a payment obligation for GEHAG. At present, only five suits are still pending. In connection with the GEHAG Funds business, on which the suits are based, the former GEHAG shareholder, HSH Real Estate AG (now: HGA Real Estate GmbH), issued a release agreement in favor of GEHAG according to which GEHAG is indemnified against third-party claims arising from the funds business.

12.16.1.2 <u>GSW Valuation Proceedings</u>

Deutsche Wohnen AG entered into a domination agreement with GSW on April 30, 2014. The domination agreement was approved by Deutsche Wohnen's annual general meeting held on June 11, 2014 and by GSW's annual general meeting held on June 18, 2014 and became effective with the registration with the Commercial Register on September 4, 2014 (see "*13 Material Agreements of the Company—13.2 Enterprise Agreements—13.2.1 Domination Agreement between Deutsche Wohnen AG and GSW*"). Pursuant to the domination agreement, shareholders of GSW may demand the exchange of 3 shares in GSW for 7 shares in Deutsche Wohnen. GSW shareholders who decide to continue to hold GSW shares will be paid a guaranteed gross dividend of EUR 1.66 per share. Shareholders of GSW instituted a valuation proceeding (*Spruchverfahren*) pursuant to the German Valuation Proceedings Act (*Spruchverfahrensgesetz*) against Deutsche Wohnen AG before the Regional Court of Berlin (*Landgericht Berlin*). In their complaint, GSW's shareholders claim in particular that the compensation offered by Deutsche Wohnen is not adequate. Deutsche Wohnen believes that the compensation offered was appropriate and will defend itself against the action.

12.16.1.3 <u>Tax Proceedings</u>

In relation to Deutsche Wohnen's EK 02 Inventories, Rhein-Pfalz Wohnen GmbH, Rhein-Mosel Wohnen GmbH, Sophienstraße Aachen Vermögensverwaltungsgesellschaft mbH (formerly Sanierungs- und Gewerbebau GmbH), Aufbaugesellschaft der GEHAG mbH and the ESG have filed an objection to the lump-sum tax notices issued by the Tax Office. In addition, proceedings related to the continuation of the former legal situation (regarding the exercise of the selection right) are still pending on the basis of petitions by Rhein-Pfalz Wohnen GmbH, Rhein-Mosel Wohnen GmbH, Rhein-Main Wohnen GmbH, GEHAG and Aufbaugesellschaft der GEHAG mbH. On August 18, 2010, GEHAG filed a test case with the finance court of Berlin-Brandenburg for all former charitable companies of the Group. Subsequent to the oral hearing on August 27, 2013, the lawsuit was overturned by the Berlin-Brandenburg Finance Court (*Finanzgericht*); because of the fundamental meaning of the question of law, revision to the Federal Finance Court (*Bundesfinanzhof*) was allowed. The Company filed an appeal against the judgment in October 2013. A first oral hearing took place on December 10, 2014. The objection filed by Rhein-Pfalz Wohnen GmbH, Rhein-Mosel Wohnen GmbH, Sophienstraße Aachen Vermögensverwaltungsgesellschaft mbH (formerly Sanierungs- und Gewerbebau GmbH), Aufbaugesellschaft der GEHAG mbH and ESG have been suspended with reference to the test case.

12.17 Insurance

Deutsche Wohnen Group has purchased various operating insurance policies, including among others pecuniary damage insurance; building and landowner insurance; environmental and environmental damage insurance; operating and construction liability insurance; and property insurance policies, such as comprehensive operating insurance and building, group accident, electronics, infidelity, fire, burglary, water damage and storm insurance.

In addition, a directors and officers ("**D&O**") insurance policy is in place. For the members of the Management Board and Supervisory Boards of Deutsche Wohnen AG and GSW, it contains a deductible of 10% up to one-and-a-half of the annual fixed compensation for members of the Management Board. Deutsche Wohnen is of the opinion that the Group is appropriately covered with regard to the nature of its business activities and the related risks by the available insurance policies and rates. However, it is impossible to rule out that the Group will incur damages that are not covered by its insurance policies or that exceed the coverage limits of these insurance policies. Moreover, there can be no guarantee that it will be possible for Deutsche Wohnen Group to obtain adequate insurance coverage in the future.

13. MATERIAL AGREEMENTS OF THE COMPANY

The following summarizes the material agreements of Deutsche Wohnen that were either concluded in the past two years or the current fiscal year, or that are currently material to the Company and that the Company or another Group company is a party to.

13.1 GSW Privatization Agreement

By notarial deed of May 27, 2004, as amended (the "**GSW Privatization Agreement**"), the State of Berlin sold its shares in the predecessor company of GSW Immobilien AG to a group of investors comprised of Archon Group Deutschland GmbH, an indirect subsidiary of the Goldman Sachs Group, Inc. ("**Archon**"), real estate investment funds sponsored and managed by Goldman Sachs (the "**Whitehall Funds**") and funds and accounts affiliated with Cerberus Capital Management, L.P. ("**Cerberus**") (the purchasing entities, together the "**Initial Investors**"). In an addendum agreement to the GSW Privatization Agreement concluded between GSW and the parties to the GSW Privatization Agreement, dated April 1, 2010 and entering into effect on April 19, 2010 ("**Addendum Agreement**"), GSW confirmed, amongst others, that it had assumed all obligations of the Initial Investors under the GSW Privatization Agreement in the course of a downstream merger of one of the Initial Investors' acquisition vehicle with GSW's predecessor company.

The GSW Privatization Agreement obligates GSW to comply with certain restrictions with respect to its business, many of which have already lapsed.

The restrictions include, for example, the undertaking to increase the net cold rent in principle only within the limits set by the Berlin rent index. Additionally, the Company shall refrain from terminating any tenancy agreements for reason of personal and reasonable economic use. Moreover, in order to avoid luxury modernizations, GSW shall refrain from conducting modernization measures that are aimed at changing the socioeconomic mix of its tenant base and shall, instead, carry out refurbishment measures only in accordance with the standards prevalent for government-subsidized apartment buildings. In the case of block-sales of apartments, GSW is obliged to ensure that these restrictions are assumed by the purchaser and its legal successors. Further, GSW shall, in the course of its business and investment planning, ensure that sufficient reserves are set aside to cover the costs of carrying out modernization and refurbishment measures. In addition, the privatization of residential units has to be conducted in compliance with the "Principles of Apartment Privatization in Berlin" (*Grundsätze der Wohnungsprivatisierung in Berlin*), which provides, for example, that existing tenants and owner-occupiers are preferred.

Under the GSW Privatization Agreement, GSW undertook to maintain the statutory seat and place of management of GSW and several subsidiaries in the City of Berlin. Besides this, GSW undertook to maintain the 26 trainee positions it had at the time of the conclusion of the GSW Privatization Agreement.

GSW undertook to regularly report its compliance with the aforementioned contractual duties to the State of Berlin. The GSW Privatization Agreement provides for penalties in the case that the aforementioned requirements are violated. Any non-immaterial violations of contractual undertakings relating to tenancy agreements, such as the restrictions on rent increases and termination of lease agreements, will result in a fine amounting to the in-place rents for two years of the respective residential unit. Any violation of the obligations to pass on contractual duties arising under the GSW Privatization Agreement or to comply with the "Principles of Apartment Privatization in Berlin" (*Grundsätze der Wohnungsprivatisierung in Berlin*) may trigger a sanction in the amount of 50% of the fair value of the residential unit sold or 50% of the actual sale price, whichever is higher. The violation of the duty to maintain the trainee positions is sanctioned with a contractual penalty of EUR 100,000.00 per trainee position. The same sanction applies for each violation of the contractual undertaking to report any non-compliance with the requirements of the GSW Privatization Agreement to the State of Berlin. In the event that GSW violates its duty to maintain its statutory seat and its place of management in the City of Berlin, GSW is obliged to pay a contractual penalty of EUR 40.1 million.

The compliance with these requirements is monitored by an implementation committee ("**Implementation Committee**") established by the parties to the GSW Privatization Agreement. According to the Addendum Agreement, the Management Board of GSW reports regularly to the Implementation Committee, which is represented on behalf of the state of Berlin by two members of the Senate Administration. Between 2005 and the date of this Prospectus, the committee has not brought any allegations of a breach or claims of penalties based on a breach against the Company.

13.2 Enterprise Agreements

13.2.1 Domination Agreement between Deutsche Wohnen AG and GSW

On April 30, 2014, Deutsche Wohnen AG, as the controlling company, entered into a domination agreement with GSW, the controlled company. Following the approval by the general meetings of both parties to the agreement, the Domination Agreement entered into force upon registration in the commercial register on September 4, 2014.

13.2.1.1 Management Control and Information Rights

Under the Domination Agreement, GSW assigns the management control (*Leitung*) of its company to Deutsche Wohnen AG. Accordingly, Deutsche Wohnen AG is entitled to issue instructions (*Weisungen*) which are binding for the Management Board of GSW, both generally and with regard to individual cases.

13.2.1.2 Assumption of Losses

Deutsche Wohnen AG undertook to assume any losses (*Verlustübernahme*) incurred by GSW pursuant to the provisions of section 302 German Stock Corporation Act (*Aktiengesetz*), beginning at the start of the fiscal year 2014.

13.2.1.3 Compensation

Pursuant to the Domination Agreement, Deutsche Wohnen AG guarantees the minority shareholders of GSW for the duration of the agreement a fixed annual payment in the form of a guaranteed dividend, payable for the first time for the fiscal year 2014. If the agreement ends during a fiscal year of GSW, the guaranteed dividend is reduced *pro rata temporis*. To the extent the dividend paid by GSW for a fiscal year is less than the guaranteed dividend, Deutsche Wohnen AG will pay each minority shareholder of GSW the difference for each share with no par-value. The guaranteed dividend for each GSW fiscal year and each GSW bearer share shall currently amount to EUR 1.40 (derived from a gross sum of EUR 1.66 less any corporate income tax and solidarity surcharge at the prevailing rate for the relevant fiscal year) for each share of GSW for each entire fiscal year of GSW, payable for the first time for the fiscal year 2014.

Furthermore, at the request of a minority shareholder of GSW, Deutsche Wohnen AG undertakes to acquire the shareholder's shares in GSW in exchange for bearer shares in Deutsche Wohnen AG. In the ratio of seven shares of Deutsche Wohnen AG for three registered shares of GSW ("**Exchange Ratio**") within a defined period. Until the date of this Prospectus, a total of 8,948,995 shares were issued pursuant to the domination agreement between Deutsche Wohnen AG and GSW in exchange for registered shares of GSW. In the event Deutsche Wohnen AG or GSW implement capital measures prior to the expiration of the offer period, the Exchange Ratio will, to the extent required by statute, be adjusted.

As proceedings were initiated pursuant to the German Act on Appraisal Proceedings (*Spruchverfahrensgesetz*), minority GSW shareholders (the "**Minority GSW Shareholders**") that have not exchanged their GSW shares are entitled to exchange their GSW shares into new Deutsche Wohnen shares at the same conditions as set forth in the settlement offer or, as the case may be, as amended in the appraisal proceeding or in a settlement reached in the course of or in connection with such proceeding, until two months after the initial judgment regarding the last appraisal motion is announced in the German Federal Gazette (*Bundesanzeiger*).

13.2.1.4 Effect of Appraisal Proceedings

As proceedings were initiated pursuant to the German Act on Appraisal Proceedings (*Spruchverfahrensgesetz*), the court could adjudicate a higher settlement. In this case, former minority shareholders of GSW can also require a corresponding supplement to the compensation that they have already received. The same applies in the event that Deutsche Wohnen AG grants a higher compensation for a shareholder of GSW to settle potential claims arising out of or in connection with proceedings pursuant to section 1 number 1 German Act on Appraisal Proceedings (*Spruchverfahrensgesetz*).

13.2.1.5 __Term of Agreement, Termination__

The Domination Agreement is entered into for an indefinite period of time. Ordinarily, it can be terminated with notice of three months to the end of a fiscal year of GSW. Furthermore, the Domination Agreement may be terminated for good cause (*wichtiger Grund*) without notice. Such good causes include, but are not limited to (i) any event as a result of which Deutsche Wohnen AG no longer holds the majority of the voting rights arising from the shares of GSW directly, or it has undertaken to transfer shares of GSW to a third party in an agreement with the result that upon the planned execution of such agreement or the conditional execution of such agreement contingent upon the discharge of external conditions, it no longer directly holds the majority of the voting rights of GSW; (ii) conclusion of a combined domination and profit-and-loss transfer agreement or isolated profit-and-loss transfer agreement between the parties to the Domination Agreement or between GSW and a controlled company of Deutsche Wohnen AG (excluding GSW and companies affiliated with GSW); (iii) any changes in tax legislation or case law affecting the existence or absence of a fiscal union (*steuerliche Organschaft*) between the two parties to the Domination Agreement; or (iv) the transformation (*Umwandlung*) of GSW or Deutsche Wohnen AG, particularly as a result of a carve-out, merger or change of the legal form. In the event of termination for good cause (*wichtiger Grund*), the Domination Agreement will lapse at the end of the date stated in the notice of termination provided that this is no earlier than the day on which notice of termination is served.

13.2.2 Other Enterprise Agreements

Deutsche Wohnen AG has entered into domination and/or profit-and-loss transfer agreements with the following subsidiaries in order to create fiscal units for tax purposes.

- Deutsche Wohnen Fondsbeteiligungs GmbH (domination and profit-and-loss transfer agreement);
- Deutsche Wohnen Management- und Servicegesellschaft mbH (domination and profit-and-loss transfer agreement);
- Deutsche Wohnen Zweite Fondsbeteiligungs GmbH (domination and profit-and-loss transfer agreement);
- Deutsche Wohnen Corporate Real Estate GmbH (domination and profit-and-loss transfer agreement);
- Rhein-Pfalz Wohnen GmbH (domination agreement);
- Deutsche Wohnen Management GmbH (profit-and-loss transfer agreement);
- Deutsche Wohnen Immobilien Management GmbH (profit-and-loss transfer agreement); and
- Deutsche Wohnen Construction and Facilities GmbH (profit-and-loss transfer agreement).

Further, the Company's annual general meeting to be held on June 12, 2015 will vote on domination and profit-and-loss transfer agreements with Larry I Targetco (Berlin) GmbH and Larry II Targetco (Berlin) GmbH, which were entered into on April 28, 2015 and will become effective if and when approved by the shareholders of the Company and Larry I Targetco (Berlin) GmbH and Larry II Targetco (Berlin) GmbH.

Under the domination and profit-and-loss transfer agreements, the respective subsidiary has given Deutsche Wohnen AG control over the management of its company. Furthermore, the subsidiaries must transfer their annual net profit or loss as it would have been calculated without the transfer of profit-and-losses to Deutsche Wohnen AG. In exchange, Deutsche Wohnen AG is obligated to offset any annual shortfalls that may arise at the level of the subsidiaries. The control and profit-and-loss transfer agreements have a minimum term of five years and can be terminated with a notice period of six months following this fixed term. Otherwise they are automatically extended for one more year. However, the right of the parties to cancel the agreements for due cause without notice shall not be affected. These provisions apply *mutatis mutandis* to the stand-alone profit-and-loss transfer agreements, save that the respective subsidiary does not cede control to Deutsche Wohnen AG.

The domination agreement with Rhein-Pfalz Wohnen GmbH can initially be terminated at the end of each business year subject to a notice period of six months. Based on the domination agreement, Deutsche Wohnen AG is required to compensate for any annual deficit sustained by Rhein-Pfalz Wohnen GmbH.

13.3 Financing Agreements

Deutsche Wohnen Group has entered into various loan agreements. In addition to the loan agreements described in detail below, Deutsche Wohnen Group companies have entered into several hundreds of other loan agreements with several banks. The loans were valued at a total of EUR 4,767.8 million (residual value excluding the convertible bonds placed in 2013 and 2014) as of March 31, 2015.

Most loan agreements were granted for the purpose of financing real estate. They are typically secured by land charges, assignments of rental payments and account pledge agreements. The general terms and conditions of the relevant lender typically form part of the individual loan agreements. The general terms and conditions include, in particular, provisions regarding the event of defaults related to the commercial situation of the borrower in question and/or a change of control. Some loan agreements prohibit the assignment of borrower rights without the prior written consent of the lender. Some of the loan agreements include negative pledges.

13.3.1 Loan Agreement between GEHAG and Bayerische Landesbank

On September 28, 2010, GEHAG, as borrower, and Bayerische Landesbank, as lender, entered into a loan agreement for the amount of initially up to EUR 255 million. It consists of two facilities of which Facility A (EUR 228 million) is a long-term loan and Facility B (EUR 27 million) constitutes a revolving facility that has since been terminated by GEHAG. Following the conclusion of an amendment agreement in December 2013, Facility A is divided into four tranches: a first tranche of EUR 136.4 million, a second tranche of EUR 65.4 million and a third tranche of EUR 27 million, which has since been repaid in full, and a fourth tranche of EUR 11.4 million.

The loan matures on December 31, 2018. Moreover, mandatory unscheduled repayments have to be made if units are sold from the real estate portfolio that serves as security under the loan agreement. In this case, an amount allocated to the properties sold shall be repaid prior to the sale. In addition, GEHAG has to pay a certain premium in the case of privatizations (single-unit sales).

Deutsche Wohnen AG is jointly and severally liable for all current or future payment obligations arising from the loan agreement. As of March 31, 2015, the credit borrowed under this agreement amounted to EUR 202.7 million.

The interest rate for the loan is EURIBOR (on a 3-month basis) plus a certain margin. The margin for the first tranche of Facility A is 84 basis points and 234 basis points for the second tranche as well as 150 basis points for the fourth tranche. Vis-à-vis Bayerische Landesbank, GEHAG has undertaken to enter into interest rate hedging agreements to offset the interest rate risks for at least 75% of Facility A.

Within the scope of the loan agreement, GEHAG is required to comply with certain debt-to-rent and debt-service-cover ratios that are tested annually.

Furthermore, GEHAG is subject to certain positive and negative pledges. Positive pledges include, among others, proper maintenance of the properties securing the loan, making investments consistent with the business plan and maintenance of specific insurance policies. Negative pledges include refraining from making dividend payments to shareholders as long as the debtor is in breach of financial covenants.

The loan agreement contains a change of control clause that requires Deutsche Wohnen AG to hold, directly or indirectly, at least 50% of the shares of GEHAG. A breach of this clause entitles Bayerische Landesbank to terminate the loan with immediate effect.

In addition to land charges, GEHAG has provided Bayerische Landesbank with collateral, including among others:

- an assignment by GEHAG of all rights and claims arising from interest rate hedge agreements up to an amount of EUR 171 million;

- an assignment by GEHAG of all current or future rights to receive rental income from the properties that serve as security under the loan agreement;

- an assignment by GEHAG of all current or future claims arising from sales agreements with third parties for units from the real estate portfolio that serves as security under the loan agreement; and

- an assignment by GEHAG of all credit balances arising from (i) GEHAG's payments into the reserve account and (ii) the sales of units from the real estate portfolio that serves as collateral under the loan agreement.

13.3.2 Loan Agreement between BauBeCon Immobilien GmbH, Intermetro GmbH, Algarobo Holding B.V., GEHAG and Deutsche Pfandbriefbank

Pursuant to this loan agreement, dated August 2, 2012, between BauBeCon Immobilien GmbH, Intermetro B.V. (now Intermetro GmbH), Algarobo Holding B.V., as borrowers, and Deutsche Pfandbriefbank, as lender, Deutsche Pfandbriefbank has granted BauBeCon Immobilien GmbH, Intermetro B.V. (now Intermetro GmbH), Algarobo Holding B.V. and GEHAG a loan of EUR 280.4 million. It consists of three tranches: a first tranche of approximately EUR 226.6 million, a second tranche of approximately EUR 24.80 million and a third tranche of approximately EUR 29.7 million. The first tranche will be due in seven years, the second tranche in five years and the third tranche four years after the loan agreement is signed. As of March 31, 2015, the remaining balance under this loan was EUR 254.2 million.

The loan agreement stipulates mandatory unscheduled repayments in the event of block sales from the real estate portfolio that serves as security if these sales exceed a certain level.

The loan is secured by, among other things, land charges and assignments of security from rent and insurance payments.

According to the financial covenants, BauBeCon Immobilien GmbH, Intermetro B.V. (now Intermetro GmbH), and Algarobo Holding B.V. are required to comply with a specific DSCR, a specific debt-to-rent ratio and a specific LTV Ratio, although if the LTV Ratio is not complied with, this alone does not constitute grounds for termination. These financial covenants are tested on a quarterly basis. The positive pledges include, among others, the proper maintenance of the properties that serve as security and disclosure duties (in particular, with respect to the financial situation, portfolio reports, any sales of residential units, etc.).

13.3.3 Amendment and Co-Signing Agreement Regarding Certain Credit Agreements between Deutsche Wohnen AG (et al.) and Helaba

Effective as of October 2, 2014, Deutsche Wohnen AG and its subsidiaries Rhein-Main Wohnen GmbH; Main-Taunus Wohnen GmbH & Co. KG; Eisenbahn-Siedlungs-Gesellschaft Berlin mbH; Rhein-Mosel-Wohnen GmbH as borrowers, as well as Fortimo GmbH and Marienfelder Allee 212-220 Grundstücksgesellschaft b.R. as guarantors (all subsidiaries of Deutsche Wohnen AG, the "**Group Companies**"), and Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main, Germany ("**Helaba**"), as lender, entered into an Amendment and Co-Signing Agreement Regarding Certain Credit Agreements (the "**Amendment Agreement**"), thereby amending existing loan agreements between Deutsche Wohnen AG and the Group Companies as respective borrowers and Helaba as lender. As of March 31, 2015, the outstanding balance was EUR 605 million.

The facilities under the Amendment Agreement mature on September 30, 2022. Drawn downs under the facilities can be financed from two tranches. For tranche A, the interest rate is fixed from December 30, 2014 through September 30, 2022. For tranche B, the interest rate is determined based on EURIBOR (on a 3-month basis) plus a margin. Tranche A has a total volume of EUR 180 million and tranche B has a total volume of EUR 425 million. As required under the Amendment Agreement, each borrower entered into the requisite interest rate hedging agreements to offset interest rate risks.

The loan facility amortizes in a lump sum repayment due on September 30, 2022. Moreover, the Amendment Agreement provides for certain mandatory unscheduled repayments.

The financial covenants require each borrower to comply with (i) a fixed ratio of net rental income and Deutsche Wohnen AG's total service on interest obligations, the so-called Interest Service Cover Ratio ("**ISCR**") and (ii) a fixed ratio between the remainder of the total outstanding loan amount and the most recent value of the respective collateral level at the time of calculation, the so-called exit yield (LTV Ratio).

Deutsche Wohnen AG is jointly and severally liable for all obligations its subsidiaries incurred under the Amendment Agreement. The Group Companies' liability is individual and not jointly under the respective Facility and the statutory liability of the shareholders under Facility F is explicitly excluded.

In addition to land charges, the borrowers have provided Helaba with certain collateral as loan security, including the following:

- an assignment by the borrowers of all rights and claims arising out of interest rate hedge agreements;
- an assignment by the borrowers of all current or future rights to receive payments under the lease agreements regarding properties pledged as collateral under the Borrower's Note Agreement; and
- pledges by the borrowers of all balances regarding their accounts (including the reserve account) if such accounts (i) reflect payments under lease agreements or (ii) reflect proceeds resulting from the disposal of properties.

13.3.4 Borrower's Note Framework Agreement between GSW and Berlin Hyp AG

As of October 2, 2014, GSW as borrower and Berlin Hyp AG, Berlin, Germany ("**Berlin Hyp**"), as lender, entered into a Borrower's Note Framework Agreement (the "**Borrower's Note Agreement**"). The Borrower's Note Agreement provides for two loan facilities with an aggregate amount of EUR 413.4 million (balance as of March 31, 2015: EUR 413.4 million).

Under the Borrower's Note Agreement, Berlin Hyp granted GSW two loan facilities in the amount of EUR 271.4 million ("**Facility A**"), and in the amount of EUR 142 million ("**Facility B**" and Facilities A and B collectively, the "**Facilities**").

The Facilities mature on March 31, 2023. The annual interest rate for Facility A is fixed through March 31, 2023. With respect to Facility B the Borrower's Note Agreement sets the interest rate as a base rate plus a margin. As required under the loan agreement, GSW entered into the requisite interest rate hedging agreements to offset interest rate risks.

The Facilities amortize in a lump sum repayment due on March 31, 2023. Moreover, the Borrower's Note Agreement provides for certain contingent unscheduled repayments: Unless GSW provides equivalent surrogate collateral, the agreement stipulates that if units from the real estate portfolio which were pledged as collateral are sold, unscheduled repayments must be made from the sales' proceeds.

The financial covenants of the Amendment Agreement require GSW to comply with, amongst other things, (i) a fixed ratio of net rental income and its service on interest obligations, the so-called ISCR and (ii) a fixed ratio between the remainder of the total outstanding loan amount and the most recent value of the respective collateral level at the time of calculation (LTV Ratio).

In addition to land charges, the GSW has provided Berlin Hyp with certain collateral as loan security, including the following:

- an assignment by GSW of all rights and claims arising out of interest rate hedge agreements;
- an assignment by GSW of all current or future rights to receive payments under the lease agreements regarding properties pledged as collateral under the Borrower's Note Agreement; and
- pledges by GSW of all balances regarding a collection account for repayment amounts.

13.4 Interest Rate Swap Agreements

Finally, as part of its ordinary course of business, Deutsche Wohnen hedges its variable interest rate financing agreements using customary market hedging instruments. For this reason, the Group entered into various interest rate swap agreements, which are derivative contracts where each counterparty agrees to pay cash flows based on either a fixed or floating rate denominated in a particular currency to the other counterparty.

13.5 Deutsche Wohnen Convertible Bonds 2013

On November 22, 2013, the Company issued convertible bonds with a total nominal amount of EUR 250 million, divided into 2,500 bonds with a nominal amount of EUR 100,000 each (the "**2013 Convertible Bonds**", and each, a "**2013 Convertible Bond**"). The 2013 Convertible Bonds bear interest of 0.5% p.a. on their nominal amount, payable semi-annually in arrears.

The 2013 Convertible Bonds mature on November 22, 2020 and include the following options:

- The Company has the right to redeem the 2013 Convertible Bonds, in whole, but not in part, from December 7, 2017 on at any time if the XETRA-quotation (volume-weighted) on at least 20 of 30 consecutive trading days exceeds 130% of the then applicable conversion price.

- The Company has a clean-up option if only 20% or less of the 2013 Convertible Bonds issued are outstanding.

- The bondholders have a put option for each 2013 Convertible Bond, giving them the right to demand repayment of the principal amount of any or all 2013 Convertible Bonds on November 22, 2018 at their principal amount plus interest accrued until the date of redemption.

- The 2013 Convertible Bonds may be repaid at the nominal amount plus accrued interest in cash, or instead, at the Company's discretion (if no event of default has occurred), in whole or in part, in shares at the then prevailing market price.

- The 2013 Convertible Bonds can be converted into shares of the Company from January 2, 2014 on at the conversion price (to be determined in accordance with their terms and conditions); to the best knowledge of the Company, none of 2013 Convertible Bonds have been converted yet. Both contingent capital and authorized capital can be used to service the 2013 Convertible Bonds (subject to general corporate requirements). The Company has the right to pay a cash amount in Euro instead of the delivery of shares (in whole or in part). The cash consideration shall be calculated on the basis of the arithmetic average of the XETRA-quotations during 15 consecutive trading days.

The conversion price per share currently amounts to EUR 18,3605 and is subject to customary anti-dilution adjustments (for instance, in case of the consolidation of shares, capital increases against contribution with subscription rights or dividend payments). Based on the aforementioned conversion price, the full exercise of all conversion rights could result in the issuance of up to approximately 13.6 million shares in the Company and would thereby increase the share capital by up to approximately 4.6%. The terms and conditions contain a "*change of control*" provision, as a consequence of which the bondholders may choose to either demand early redemption or conversion into shares of the Company at an adjusted conversion price.

13.6 Deutsche Wohnen Convertible Bonds 2014

On September 8, 2014, the Company issued convertible bonds with a total nominal amount of EUR 400 million, divided into 4,000 bonds with a nominal amount of EUR 100,000 each (the "**2014 Convertible Bonds**", and each, a "**2014 Convertible Bond**"). The 2014 Convertible Bonds bear interest of 0.875% p.a. on their nominal amount, payable semi-annually in arrears.

The 2014 Convertible Bonds mature on September 8, 2021 and include the following options:

- The Company has the right to redeem the 2014 Convertible Bonds, in whole, but not in part, from October 8, 2018 on at any time if the XETRA-quotation (volume-weighted) on at least 20 of 30 consecutive trading days exceeds 130% of the then applicable conversion price.

- The Company has a clean-up option if only 20% or less of the 2014 Convertible Bonds issued are outstanding.

- The bondholders have a put option for each 2014 Convertible Bond, giving them the right to demand repayment of the principal amount of any or all 2014 Convertible Bonds on September 8, 2019 at their principal amount plus interest accrued until the date of redemption.

- The 2014 Convertible Bonds may be repaid at the nominal amount plus accrued interest in cash, or instead, at the Company's discretion (if no event of default has occurred), in whole or in part, in shares at the then prevailing market price.

- The 2014 Convertible Bonds can be converted into shares of the Company from October 19, 2014 on at the conversion price (to be determined in accordance with their terms and conditions); to the best knowledge of the Company, none of 2014 Convertible Bonds have been converted yet. Both contingent capital and authorized capital can be used to service the 2014 Convertible Bonds (subject to general corporate requirements). The Company has the right to pay a cash amount in Euro instead of the delivery of shares (in whole or in part). The cash consideration shall be calculated on the basis of the arithmetic average of the XETRA-quotations during 20 consecutive trading days.

The conversion price per share currently amounts to EUR 22,1016 and is subject to customary anti-dilution adjustments (for instance, in case of the consolidation of shares, capital increases against contribution with subscription rights or dividend payments). Based on the aforementioned conversion price, the full exercise of all conversion rights could result in the issuance of up to approximately 18.1 million shares in the Company and would thereby increase the share capital by up to approximately 6.1%. The terms and conditions contain a "*change of control*" provision, as a consequence of which the bondholders may choose to either demand early redemption or conversion into shares of the Company at an adjusted conversion price.

13.7 Commitment and Option Transaction

13.7.1 Background of the Transaction

Under the Real Estate Transfer Tax Act (*Grunderwerbsteuergesetz*), the acquisition of at least 95% of a company's shares triggers a duty to pay real estate transfer tax (see "*14 Regulatory Framework—14.4 Selected General Regulations Relevant for Deutsche Wohnen—14.4.2 Real Estate Transfer Tax*"). Since entry into force of the Domination Agreement, the Company has been obliged under section 305 of the German Stock Corporation Act (*Aktiengesetz*) to offer as an alternative to the Guaranteed Dividend an exit option to the Minority GSW Shareholders in the form of a settlement offer. In accordance with this mandatory statutory duty, Deutsche Wohnen AG undertook pursuant to section 5 paragraph 1 of the Domination Agreement to acquire, on request by a Minority GSW Shareholder, GSW shares in exchange for shares in Deutsche Wohnen (see "*—13.2 Enterprise Agreements—13.2.1 Domination Agreement between Deutsche Wohnen AG and GSW*"*).* If Deutsche Wohnen AG acquired at least 95% of GSW's share capital in the course of the settlement offer, it would trigger real estate transfer tax.

13.7.2 Obligations under the Commitment and Option Agreement

Against this background, Deutsche Wohnen AG entered into an agreement with Deutsche Bank, which is designed to effectively limit Deutsche Wohnen's accretion of share in GSW to a maximum of 95% minus 10,000 shares in GSW (the "**Target Share**"). For this reason, Deutsche Wohnen concluded on April 28, 2014 a commitment and option agreement with Deutsche Bank (the "**Commitment and Option Agreement**"), pursuant to which Deutsche Bank undertook to acquire from Deutsche Wohnen AG 5% plus 10,000 shares in GSW currently held by Deutsche Wohnen AG shortly before the settlement offer was submitted to the Minority GSW Shareholders. Deutsche Bank committed to hold these shares until the earlier of (i) the calendar day following the day that is four years after the date on which Deutsche Bank acquired the shares in GSW from Deutsche Wohnen AG and (ii) and October 29, 2018.

Provided that Deutsche Wohnen, together with its affiliates, will hold less than the Target Share following the settlement offer, Deutsche Wohnen AG is entitled to repurchase these shares in GSW, if certain conditions are met. Furthermore, under the Commitment and Option Agreement, Deutsche Wohnen retained, among others, the right to nominate any independent third party to which Deutsche Bank shall sell a number of shares in GSW to be determined by Deutsche Wohnen AG. Besides this, upon request by Deutsche Wohnen AG, Deutsche Bank is obliged to place shares in GSW or certificates representing such shares into the market (subject to certain restrictions). In either case, Deutsche Wohnen AG is obliged to hold harmless Deutsche Bank for any loss suffered in the course of such sale, *i.e.*, for any difference between the purchase price paid by Deutsche Bank to Deutsche Wohnen AG for the shares in GSW and the proceeds from such placement.

13.7.3 Fee Structure

In connection with the Commitment and Option Agreement, the Company is obliged to pay Deutsche Bank a structuring fee of EUR 937,500 and certain commitment fees. For the time period between April 28, 2014 and the date on which Deutsche Bank acquires title to the GSW shares, Deutsche Bank will receive a commitment fee at a rate of 5.3% (calculated on a 360 day basis) of the pre-agreed contractual value of the GSW shares acquired by Deutsche Bank in execution of the Commitment and Option Agreement. Thereafter, Deutsche Bank will initially receive a commitment fee at a rate of 5.7% (calculated on a 360 day basis) of the pre-agreed contractual value of the GSW shares acquired by Deutsche Bank in execution of the Commitment and Option Agreement and depending on the number of shares Deutsche Bank holds after 18 months following the publication of the settlement offer, a step-up fee may be charged. These fees are subject to certain reductions, in particular if dividends are paid on GSW shares and in the event that Deutsche Bank sells GSW shares.

13.8 Urban Development Agreements/Public Law Agreements

13.8.1 Agreements regarding the development of Berlin-Buch

In 1999, the State of Berlin and GSW's wholly owned subsidiary SEG Buch Stadtentwicklungsgesellschaft Buch mbH ("**SEG Buch**") entered into a framework agreement on the urban development of the neighborhood Berlin-Buch (*Städtebaulicher Rahmenvertrag*). Under this agreement, SEG Buch is obligated, among others, to plan and realign properties, develop the land (that is, install infrastructures), remedy environmental pollutions and bear the costs for schools and nurseries. In order to secure the fulfillment of these obligations, SEG Buch had to provide a guarantee by GSW. On the basis of the framework agreement, the State of Berlin sold to SEG Buch several properties. SEG Buch was obligated to build apartment buildings on these properties. Further agreements, among others, on the allocation of remediation costs and on the construction of sports facilities, were concluded.

Due to unforeseen developments in the real estate market, the construction of new apartment buildings in Berlin-Buch is currently economically unviable. In 2004, SEG Buch and Berlin therefore agreed on a moratorium regarding most of SEG Buch's obligations. Both parties intended to develop a new urban concept for the neighborhood and to agree on new measures to be taken. So far, however, no new concept exists. SEG Buch and Berlin prolonged the moratorium until Berlin and SEG Buch will have found an amicable solution. Consequently, the measures to be taken and the costs to be borne by SEG Buch and/or GSW in relation to the neighborhood Berlin-Buch cannot be specified at the moment.

13.8.2 Agreement with the City of Teupitz on the Purchase and Development of Properties

In 1999, GSW's wholly owned subsidiary GSW Gesellschaft für Stadterneuerung GmbH ("**GfS**") and the City of Teupitz agreed on the purchase of properties and the development of land. Moreover, GfS is obligated under the purchase agreement to share certain profits it realizes by reselling properties. The development measures are completed. By contrast, the obligation to share certain profits with the City of Teupitz is still ongoing, since GfS has not yet resold all properties.

13.9 Other Material Agreements

Companies belonging to the former GSW Group as well as companies which have already been part of Deutsche Wohnen prior to the takeover of GSW have concluded numerous intra-group agreements as well as agreements with third-party service providers. As part of its ongoing integration efforts, the Company consistently monitors its contractual relationships. In the course of this contract management, the Company seeks to realize economies of scale by including as many asset companies as possible into existing contractual relationships and thereby standardize the contractual relationships within the Group. To this end, existing service agreements are consistently amended or replaced, in particular, with a view to the integration of GSW.

13.9.1 Systems Provider Agreements

Deutsche Wohnen has entered into various systems provider agreements with five providers for building management of its entire real estate portfolio (except for facilities for senior citizens) with a total annual volume of approximately EUR 30 million as of March 31, 2015. Above all, the agreements involve servicing technical building systems, maintenance, tenant changes, and processing of insured losses. To facilitate the implementation of the contracts, the five service providers have been integrated into the Group's SAP system. None of these contracts is material for Deutsche Wohnen's business.

13.9.2 Sale and Leaseback of GSW's headquarters

GSW sold its company headquarters for EUR 65 million in August 2005 as part of a sale and leaseback transaction with a Spanish investment company. Its headquarters comprises several buildings with an aggregate space of 23,372 sqm and 390 parking spaces. As part of the transaction, GSW leased the building for 10 years with the option to extend the lease for two separate five-year periods. The monthly rent is approximately EUR 370,000 (excluding ancillary costs and VAT), which is indexed at 75% of the consumer price index for the first 10 years. As part of the transaction, GSW provides technical and infrastructural facility management through its affiliate FACILITA Berlin GmbH for which it currently receives a gross amount of approximately EUR 510,000 per year from the current owner. The lease agreement and management agreement will end on September 30, 2015.

14. REGULATORY FRAMEWORK

Deutsche Wohnen's business activities are subject to legal requirements. If Deutsche Wohnen fails to comply with these legal requirements, it may be subject to civil liability, administrative orders and/or fines. The following provides a brief overview of selected regulations applicable to Deutsche Wohnen's business activities:

14.1 Legal Framework Applicable to Landlords

14.1.1 Limitations of German Tenancy Law

Since Deutsche Wohnen's main business activity is the letting of its properties to third parties, it is subject, in particular, to German tenancy law. German tenancy law distinguishes between residential and commercial space. The majority of the residential units in Deutsche Wohnen's portfolio are governed by residential tenancy law, which to a large part favors tenants through extensive social safeguards. In particular, these include restrictions on Deutsche Wohnen in regard to termination of leases, evictions of tenants, rent increases and the reallocation of ancillary costs (*Erlöse aus Betriebskosten*), as well as maintenance and repair.

14.1.1.1 Statutory Protection Against Eviction

As a rule, the landlord may terminate a tenancy for residential space on a statutory basis only if the landlord has a legitimate interest in ending the tenancy. Under the law, a legitimate interest in ending the tenancy arises, in particular, if (i) the tenant commits a culpable and not insignificant contractual breach; (ii) the landlord has a claim of personal use in the property for himself, his family members, or members of his household (not applicable to legal entities); or (iii) the landlord would otherwise be hindered from reasonable economic utilization and would therefore suffer considerable detriment. Termination for the purpose of increasing rent is not permitted.

"Reasonable economic utilization" as a ground for termination is intended to ensure the free economic disposability of property. Such grounds exist if the landlord were to suffer considerable detriment from continuing the tenancy (such as receiving a significantly lower purchase price or incurring expenses which significantly exceed the income from the property). However, *e.g.*, a landlord's intention of selling the property in connection with converting real estate into individually owned condominiums would not qualify as a ground for termination. In fact, the German Civil Code (*Bürgerliches Gesetzbuch*) prohibits a termination on the grounds of personal use and reasonable economic use by the purchaser altogether for a period of three years following transfer of title/the hand-over of the leased real estate to the tenant and the subsequent sale of the condominium. In regions where housing supplies are deemed to be particularly scarce, German state governments may extend this prohibition by statutory order for up to ten years.

Certain Federal States, including North Rhine-Westphalia, Hesse and Berlin, have made use of this option. Pursuant to a statutory order dated January 24, 2012 (effective date February 10, 2012), the prohibition on termination in North Rhine-Westphalia was extended to eight years for residential units located in Bonn, Cologne, Dusseldorf and Münster and to five years for residential units located in 33 other municipalities, including Dortmund, Aachen and Bottrop. The Senate of Berlin adopted a statutory order dated August 13, 2013 (effective date October 1, 2013) setting the prohibition on termination to ten years for residential units located in Berlin. Pursuant to an amending statutory order of Hesse dated December 18, 2009 (effective date December 31, 2009, amended with effect of December 13, 2014), the prohibition on termination was extended to five years for residential units located in ten cities in Hesse, including Frankfurt and Wiesbaden. In rent-restricted apartments, the restrictions can last for the term of the subsidy.

Even if the landlord effectively terminates the residential lease on the basis of a legitimate interest, the tenant is protected under German tenancy law. Consequently, in the event that the tenant has been ordered to vacate the premises, the court may stipulate an appropriate interim period of transition (including postponement of up to one year maximum) in which the tenant must vacate the residential unit. As an alternative to the classic eviction procedure, during which the landlord must bear the costs of the removal and safekeeping of all moveable objects from the evicted property by the court-appointed enforcement officer under certain conditions, the German Tenancy Law Amendment Act (*Mietrechtsänderungsgesetz – MietRÄndG*), which entered into force on May 1, 2013, provides the landlord with the cost-saving option of limiting the eviction procedure to obtain possession of the property and allows the landlord to remove and store the moveable objects from the property at his own will and expense (the so-called Berlin Eviction). If the tenant fails to pay a security deposit equal to two months' rent, landlords are entitled to terminate the lease without notice. In litigation which combines the actions on eviction and payment, a judge can issue a securing order requiring the tenant to pay a security deposit covering the monthly rent accruing during the proceedings. If the tenant fails to pay, this eases the landlord's possibility to obtain an eviction order. The eviction procedures will no longer be tediously delayed because of a right of possession of a third party (sub-tenant) if the landlord is unaware that the premises was sub-let and consequently has not obtained an eviction writ against the sub-tenant; a further title against such third person may be obtained by way of an interim injunction (*einstweiliger Rechtsschutz*). Furthermore, judges must prioritize actions of eviction.

14.1.1.2 Statutory Limits on Rent Increases

The ability of landlords to unilaterally increase rent under existing tenancy agreements is limited by German law; however, the amount of rent agreed upon between existing or new tenants and the landlord is generally not subject to restrictions. According to section 5 of the German Economic Offenses Act (*Wirtschaftsstrafgesetz*), the willful or reckless (*leichtfertig*) letting of residential accommodations at unconscionably high rents, however, constitutes an administrative offense (*Ordnungswidrigkeit*). A rent is considered to be unconscionably high in the event that it exceeds the locally prevailing comparative rent index in a municipality during the last four years by more than 20% due to an abuse of the limited availability of comparable space. In the prior legislative period, a draft bill was introduced into the German parliament stating that rents exceeding 20% of the prevailing comparative rent level in a municipality or a district of a municipality shall constitute an administrative offense without it being required that this is "due to an abuse of the limited availability of comparable space". While this draft bill period has elapsed, it cannot be excluded that a new draft bill with similar provisions will be presented. In addition, according to the German Federal Court of Justice (*Bundesgerichtshof*) case-law, rent levels exceeding the locally prevailing comparative rent level (*ortsübliche Vergleichsmiete*) by approximately 50% may constitute an usury crime pursuant to section 291 of the German Criminal Code (*Strafgesetzbuch*). If the parties to an existing tenancy agreement have not agreed on a staggered rent (*Staffelmiete*) or an indexation of rents (*Indexmiete*) – which is only permissible in specific cases – and the tenant refuses to amend the tenancy agreement, a rent increase may only be effected unilaterally under certain circumstances.

Additionally, the landlord may, subject to statutory and contractual requirements, exercise a right of contractual adjustment of up to the locally prevailing comparative levels of rent, if the rent has remained unchanged during the 15 months preceding the intended increase. As a rule, however, the rent increase may not exceed 20% within a three-year period (*capping limit – Kappungsgrenze*). The German Tenancy Law Amendment Act makes it possible for federal states with constricted housing markets to lower via statutory order the capping limit for regions where housing markets are considered to be tight in order to react flexibly to rent increases, especially in metropolitan areas. In such cases, the rent increases up to the locally prevailing comparative levels of rent can be reduced from 20% (standard legal rule) to 15%. So far nine state governments (Bavaria, Berlin, Brandenburg, Bremen, Hamburg, Hesse, North Rhine Westphalia, Rhineland-Palatinate and Schleswig-Holstein) introduced such regulations on capping limits. Also, the state government of Baden-Wuerttemberg is reported to be contemplating following suit.

Moreover, on March 5, 2015, the German Bundestag adopted a law to curb rental increases on tight housing markets and to strengthen the so-called orderer principle with respect to the business of rental agents – tenancy law amendment act (*Gesetz zur Dämpfung des Mietanstiegs auf angespannten Wohnungsmärkten und zur Stärkung des Bestellerprinzips bei der Wohnungsvermittlung – Mietrechtsnovellierungsgesetz*). The tenancy law amendment act aims at limiting rent increases and establishes maximum rent levels (so-called *Mietpreisbremse*). The tenancy law amendment act restricts rent increases for a period of five years for new leases to a maximum of 10% above the locally prevailing comparative rent levels in municipalities or parts of municipalities in which the supply of affordable housing is determined to be threatened. New or fully modernized buildings may be excluded from the restriction on rent increase at their first lease. The federal states will have the right to designate regions in which maximum rent levels shall apply until five years after the law comes into force, and may enact ordinances to designate such regions until 2020. The tenancy law amendment act enters into force on June 1, 2015. The state of Berlin has already passed an ordinance ordering the application of these rent limitations throughout the city starting on June 1, 2015. North Rhine-Westphalia is expected to follow suit in July 2015. Other states, like Rhineland Palatinate, Baden Wuerttemberg, Bremen and Brandenburg will probably pass decrees in the course of the year.

In addition, the tenancy law amendment act contains provisions regarding the payment of a letting agent. Currently, a prospective tenant has to pay the agent's commission even if the landlord engages the letting agent.

Under the tenancy law amendment act, a landlord is required to pay the commission if the owner engages the agent. Tenants still would have to pay if they engage an agent to help them find an apartment.

The prevailing comparative rent levels are determined on the basis of contractual rents that were agreed upon for comparable residential space in the relevant municipality during the preceding four years. However rent increases due to modernization measures (see "—*14.1.1.5 Landlord Maintenance Obligations*") are not taken into account for determining the prevailing comparative rent levels. Whether residential space is comparable is determined by taking into account its type, size, furnishings, quality, location, including the energy systems and characteristics. For this purpose, the landlord may, in particular, refer to the following: (i) an official rent index (*Mietspiegel*), (ii) a rent database, (iii) a report from an officially appointed and sworn expert or (iv) the rent payable for at least three comparable residential units.

A rent index is a table that shows the prevailing reference rent in a relevant municipality. The table must be jointly produced or recognized by the municipality or by the landlord and tenant representatives. If the rent index is produced in accordance with recognized scientific principles, it is recognized as a so-called qualified rent index (*Qualifizierter Mietspiegel*). Qualified rent indices, as opposed to simple rent indices, create the (rebuttable) assumption that the listed rent levels reflect the reference rent customary in the relevant municipality. A rent index shall be adjusted to market trends in two-year intervals. A qualified rent index must be adjusted every two years; when this is done, a spot check or the trend of the price index for living standards of all private households in Germany, as computed by the Federal Statistical Office (*Statistisches Bundesamt*), may be used as a basis. A new list reflecting the qualified rent index must be generated every four years. A rent database is a collection of rents maintained on an ongoing basis that is used to determine the reference rent prevailing in a municipality. This option is only suitable for use if, among other things, (i) the collection of rents draws upon an adequate amount of rent data of existing and new lease agreements which are continuously updated, and which are representative for determining the prevailing rent level for individual properties in the respective locality, and (ii) it is recognized by the municipality or by the landlord and tenant representatives. As a result, rent databases are hardly used in practice.

For certain modernization measures, the landlord may, subject to statutory or contractual requirements, allocate the costs of the modernization measures by increasing the annual rent by, currently, 11% of his total costs for modernizing the residential. The German federal government is currently considering whether to limit such annual rent increases to 10% of the total cost of the modernization measures and to the period of time necessary to amortize such cost. Following the rent increase, the tenants may have a special termination right (*Sonderkündigungsrecht*) (see "—*14.1.1.5 Landlord Maintenance Obligations*").

14.1.1.3 *__Statutory Restrictions on Selling Residential Space__*

For a sale of rented residential space that has been, or is intended to be, converted into condominiums, *i.e.* separately transferable residential units, to a third party, German law grants the tenant a right to purchase the unit on the same terms as the buyer (*Vorkaufsrecht*). No preemptive right exists, however, if the unit was already a separately transferable condominium at the time when the landlord had handed over the rental space to the tenant.

14.1.1.4 *__Statutory Restrictions on the Use of Housing Space__*

Pursuant to the Bavarian Act on the Prohibition of the Misappropriation of the Specific Purpose of Housing Space (*Gesetz über das Verbot der Zweckentfremdung von Wohnraum*) Bavaria has authorized municipalities in which the supply of affordable housing is deemed insufficient or scarce to enact regulations which prohibit (i) the vacancy of housing space for a period of more than three months, (ii) the alteration of housing space in such a manner that it can no longer be used for residential purposes, (iii) the destruction of housing space and (iv) the predominant use of housing space for professional or commercial purposes. Munich, amongst other cities, has enacted a municipal bylaw with the aforementioned restrictions. Also other federal states (*Bundesländer*) passed similar laws in 2013, among others, for example, Baden-Wuerttemberg, Berlin and Hamburg. These laws prohibit or allow municipalities to prohibit, in contrast to the Bavarian Act, the vacancy of housing space for a period of more than six months or more than four months, in the case of Hamburg. Also, they restrict repeated renting as a vacation home. North Rhine Westphalia already allowed its municipalities to take action against vacancy of housing spaces in 2001.

14.1.1.5 Landlord Maintenance Obligations

Generally, under German law, the landlord must maintain the property, including maintenance of the structure, façade and roof of the building, as well as the interior of the residential units, and cannot transfer this maintenance obligation to the tenant.

However, the landlord may contractually assign the so-called decorative repairs (*Schönheitsreparaturen*) to the tenant. If the landlord assigns such obligations within standardized contracts, the terms must comply with the strict requirements for general business terms (*Allgemeine Geschäftsbedingungen*) which are regulated by the concepts of the German Civil Code (*Bürgerliches Gesetzbuch*). For example, the Federal Court of Justice (*Bundesgerichtshof*) has ruled that standard clauses in residential lease agreements are invalid if they require the tenant to carry out decorative repairs within a fixed schedule or require the tenant to fully renovate the apartment at the end of the lease term independently of its actual status (*Endrenovierung*). The invalidity of such clauses results in the landlord being held responsible for decorative repairs, and being required to bear all related costs. If the tenant carries out such repair and maintenance work without actually being required to do so, the landlord may have to compensate the tenant for the corresponding costs.

The Tenancy Law Amendment Act (*MietRÄndG*) that entered into force on May 1, 2013 aims to reduce Germany's primary energy demand (*Primärenergiebedarf*) by 80% (measured against 1990 levels) by 2050, in accordance with the so called "Energy Concept 2050" (*Energiekonzept 2050*). In order to achieve this goal, the Tenancy Law Amendment Act (*MietRÄndG*) requires that tenants tolerate maintenance (*Erhaltungsmaßnahmen*) and modernization measures (*Modernisierungsmaßnahmen*). In the latter case, three months prior to the commencement of such modernization measure, the landlord must furnish the tenant with a written notification, which includes information regarding the nature, extent, period and scope of rent increase resulting from said measure. If the tenant can, however, prove that the modernization measure constitutes undue hardship to himself, a family member or a member of his household, he need not tolerate the modernization measure. Following the announcement, tenants will be entitled to a special termination right (*Sonderkündigungsrecht*) for a period of two months following the month in which the tenant received a written notification. For modernization measures sustainably reducing the final energy consumption (energy-related modernization measures) (*energetische Modernisierung*), tenants will not be entitled to rent reductions for a period of up to three months. The landlord is entitled to transfer the costs of certain modernization measures to tenants by way of an annual rent increase of, currently, up to 11% of the cost incurred (less the costs that would have been incurred for ordinary maintenance measures), unless the tenant can prove that the rent increase constitutes an undue burden/hardship. Such measures include energy-related modernization measures, modernization measures through which water consumption is sustainably reduced, through which the utility value (*Gebrauchswert*) of the rented property is sustainably increased or the housing conditions are permanently enhanced, as well as for measures resulting from circumstances the landlord is not responsible for, and which constitute no maintenance measures. The German federal government is currently considering whether to limit such annual rent increases to 10% of the total cost of the modernization measures and to the period of time necessary to amortize such cost. Following a rent increase, tenants may have a special termination right.

14.1.1.6 Recovering Operating Costs from the Tenant

German tenancy law allows landlords to recover the building's operating costs from the tenant by way of contract. According to the German Operating Costs Ordinance (*Betriebskostenverordnung*), which defines the types of costs recoverable by contract, operating costs include, *e.g.*, the cost of water supply, waste disposal and building insurance. Under the Operating Costs Ordinance, the landlord is generally allowed to recover the basic expenses for broadband network access (*laufenden Grundgebühren*) from the tenant. The costs for the initial installation are not considered operating costs but are still recoverable from the tenant, in case no broadband network access had previously existed, since an upgrade to broadband connection qualifies as a modernization measure under German tenancy law.

The Tenancy Law Amendment Act (*MietRÄndG*) allows landlords to outsource heating supply (*Wärmelieferung*) to a commercial contractor and to recover the utility and operating costs (*Betriebskosten*) associated with such heat contracting from the tenant. This is, however, subject to the condition that the outsourcing procedure results in an increased efficiency of heating supply and does not trigger increased utility or operating costs for the tenant.

The Renewable Energies Heating Act (*Erneuerbare-Energien-Wärmegesetz*), which is aimed at promoting Germany's goal of reducing its primary energy demand (*Primärenergiebedarf*), obligates newly constructed buildings to partially use renewable energy to cover their heating energy demands. Only the federal state of Baden-Wuerttemberg with its Act on Usage of Renewable Heating Energies in Baden-Wuerttemberg (*Gesetz zur Nutzung erneuerbarer Wärmeenergien in Baden-Württemberg*), required owners of pre-existing structures to cover 10% of their heating energy demands through renewable energy where a new heating system is installed.

Moreover, the majority of federal states require the owner of a building to install smoke detectors in certain rooms, such as bedrooms. In all these federal states, such obligation applies to new constructions. In most federal states, the obligation applies also, subject to varying grandfathering clauses, to existing apartments. The installation of smoke detectors in existing buildings qualifies as a modernization measure under German tenancy law if it is mandatory under statutory provisions. Therefore, the landlord is allowed to pass on the costs of such measures to the tenant by way of a rent increase.

14.1.1.7 ***Requirement for Energy Certificates***

As of May 1, 2014, prior to entering into a purchase contract or new lease agreement, potential buyers or tenants are to be provided with an energy certificate, which discloses the property's energy efficiency. The energy certificate must be handed over during the first viewing of the property at the latest and, if a viewing is not scheduled and the energy certificate is not requested by the other party, immediately after the conclusion of the respective lease or sale agreement. If a seller or landlord advertises the property in commercial media, the energy performance indicator of an existing energy certificate of the respective property must be disclosed in the advertisement.

The Energy Savings Ordinance (*Energieeinsparverordnung*) of December 18, 2013 also requires structural alterations for energy conservation. Those include the replacement of certain types of old heating systems, the insulation of top story ceilings as well as of heat conducting systems. For example, landlords of buildings with heating boilers that were installed prior to January 1, 1985 and that are used with liquid or gaseous fuel needed to be exchanged before 2015. Failure to comply with the rules can result in administrative fines.

14.1.1.8 ***Restrictions with Publicly or Privately Subsidized Housing***

The German public administration subsidizes housing construction, in particular residential units that are designed and suitable for large segments of the population based on size, fixtures and rent. "Publicly subsidized" housing construction, being carried out, *inter alia*, by way of loans with preferential interest rates, is governed by two significant requirements: first, such housing may only be occupied by tenants who hold housing eligibility certificates (*Wohnungsberechtigungsschein*); second, the landlord is limited on the amount of rent to be paid by the tenant.

14.1.1.9 ***Restrictions on Public Subsidies***

The legal principles for subsidized residential space are primarily set down in the housing promotion legislation (*Wohnraumförderungsgesetz – WoFG)*, which replaced the First and Second Housing Act (*Erstes und Zweites Wohnungsbaugesetz*), of September 13, 2001 (entry into force on January 1, 2002), in the ordinance regulating publicly subsidized tenancies on controlled rents in newly built houses (*Neubaumietenverordnung*) of 1970, in the controlled tenancies legislation (*Wohnungsbindungsgesetz*), and in the computation legislation (*II. Berechnungsverordnung*). In the wake of a constitutional federalism reform in Germany in 2006, the German federal states were given the legislative power to subsidize social housing. Accordingly, each federal state may enact its own subsidized social housing act. However, in federal states that have not enacted their own subsidized social housing act, the German Housing Development Act (*Wohnraumförderungsgesetz*) still applies. The following states, among others, have enacted their own subsidized housing acts: (i) North Rhine Westphalia – Act on Promotion and Utilization of Housing in the State of North Rhine Westphalia (*Gesetz zur Förderung und Nutzung von Wohnraum für das Land Nordrhein-Westfalen*), which came into effect on January 1, 2010, (ii) Hesse – Act on Promotion of Housing (*Hessisches Wohnraumförderungsgesetz*), which came into effect on January 1, 2013, (iii) Baden-Wuerttemberg – State Act on Promotion of Housing and Stabilization of District Structures (*Landesgesetz zur Förderung von Wohnraum und Stabilisierung von Quartiersstrukturen*), which came into effect on January 1, 2008, (iv) Bavaria – Act on Promotion of Housing in Bavaria (*Gesetz über die Wohnraumförderung in Bayern*), which came into effect on May 1, 2007 and (v) Schleswig-Holstein – Act on Promotion of Housing (*Schleswig-Holsteinisches Wohnraumförderungsgesetz*), which came into effect on July 1, 2009, (vi) Hamburg – Act on Promotion of Housing (*Hamburgisches Wohnraumförderungsgesetz*), which came into effect on April 1, 2008 and (vii) Lower Saxony – (*Niedersächsisches Wohnraumfördergesetz*), which came into effect on January 1, 2010.

With regard to Deutsche Wohnen's total portfolio, public subsidies may also have been approved under the German Historical Debt Relief Act (*Altschuldenhilfegesetz*). That act granted financial support to municipalities and to communally owned housing construction and management organizations, which acquired properties in the former German Democratic Republic after German reunification.

Under the legal regime until the federalism reform in 2006 (which remains applicable unless the respective federal state enacted their own subsidized housing act), statutory law provides for different restrictions on the amount of rent to be paid by the tenant: First, a fixed rent according to the respective subsidization agreement and, second, a cost-covering rent during the sponsorship period stipulated by law. The cost-covering rent is the amount of rent necessary to cover all expenses of the property, including a return on equity capital. This amount is adjusted over time. Under certain circumstances, higher incidental expenses may permit an increase of the average rent and, accordingly, of the individual rent. However, aside from a few exceptions, such rent increases require the respective sponsor's approval. The cost-covering rent includes a statutory fixed amount for maintenance and modernization costs which is determined regardless of the costs actually incurred.

As mentioned, both fixed rent and the cost-covering rent are still applicable in German federal states that have not (yet) passed legislation for housing promotion and controlled tenancies or where individual sections of the federal state's laws deviate from the federal statutes.

The rules of the housing promotion legislation and the controlled tenancies legislation in Berlin were partly supplemented by the Berlin Housing Act (*Wohnraumgesetz Berlin*). These amendments include rules for termination for cause, grant the right to claim for rent compensation and relocation allowances after expiration of the initial funding, and offer other options, such as the early repayment of investment loans. However, the so-called "rent reference value" (*Richtmiete*) discussed in the bill of the Berlin Housing Act was not introduced. Pursuant to the proposal, recipients of public housing subsidies would generally no longer be entitled to charge the cost-covering rent, but will be subject to a maximum rent corresponding to the amount of rent customary in a certain place in connection with a social component. The social standard rent could be lower than the currently applicable cost-covering rent, and could therefore further restrict the rent income. It might also restrict the breadth of potential rent increases.

Approximately 18% of the properties owned by Deutsche Wohnen as of December 31, 2014 receive public subsidies and are therefore subject to restrictions regarding rent increases and/or the intended usage of the buildings. As of December 31, 2014, approximately 74.4% of Deutsche Wohnen's total residential real estate portfolio measured by units is located in the Greater Berlin area. Deutsche Wohnen has received subsidies for 16% of the residential units located in the Greater Berlin area from the State of Berlin.

Sales of publicly subsidized housing may, in some cases, require approval by the sponsor. Moreover, if a property is converted for individual ownership and is subsequently sold for owner-occupancy, any subsidies that have been received must be paid back.

In addition to subsidies from the German federal government and federal states, municipalities also provide subsidies in certain cases. In exchange for such subsidies, a municipality usually receives a right to determine the respective building's intended use. Accordingly, the municipality is entitled to decide on the respective tenants of the property.

14.1.1.10 Restrictions on Private Subsidies

Housing may also be subsidized by private companies, particularly through the granting of company loans to create housing for a company's employees. Such subsidies consistently stipulate occupancy rights in the sponsor's favor, especially in the case of either company loans that fund construction, or grants that are subject to term limits. The holder of occupancy rights may also require that the owner of residential units governed by such rights only rent the units to tenants who are designated by the right-holder.

14.1.1.11 Restrictions in Connection with Investment Funding

Under the Investment Allowance Act of 1999 (*Investitionszulagengesetz 1999*), tax-exempt investment funding could be granted for the purchase, modernization, refurbishment or maintenance of certain apartment buildings within the territory of the former German Democratic Republic. The granting of investment funding is not coupled with occupancy rights, rent control or comparable restrictions. The recipient of the funding is, however, obligated to only rent out the subsidized rental units for residential housing purposes, and to do so during a period of five years upon completion of modernization work. In cases of non-compliance, the funding can be reclaimed.

14.1.1.12 Restrictions on Properties Governed by Historic Preservation and/or Social Sustainment and/or Special Urban Planning Laws; Restrictions Due to Copyrights in Architectural Services

Some of Deutsche Wohnen Group's properties may be located in urban renewal and urban preservation areas. Additionally, some buildings are registered as historic sites. The statutory rules of the German Building Code (*Baugesetzbuch*), and federal state legislation concerning monument preservation (*Landesdenkmalschutzgesetze*), apply in those instances. These laws generally restrict certain structural changes and property use, and also require the owner to maintain the protected structure and its surroundings.

Owners of properties located within an urban renewal area must obtain governmental approval to demolish or structurally alter a building, to enter into lease agreements lasting for more than one year, to sell the properties, and to grant liens and mortgages. Owners of properties located in an officially defined urban renewal area must also pay to the municipality a compensatory monetary amount toward the funding of the redevelopment. This compensatory amount is equal to the increase of land value resulting from the redevelopment.

Owners of properties located in a preservation area must obtain governmental approval for demolishing or structurally altering a building, or for changing the building's use. Moreover, ordinances may require approval for converting the status of residential units into condominiums (units for individual ownership or part-ownership).

Owners of properties located within areas governed by social sustainment regulations (*soziale Erhaltungsverordnungen*) may require governmental concessions for restructuring measures including demolitions, modernizations, alterations regarding the type of occupation and transformations of rented apartments into condominiums. An average contemporary standard of the apartment will not require prior concession even if such apartment is located within a relevant area. Social sustainment regulations may be applied to selected areas in order to preserve the structural composition of the resident population; a number of social sustainment regulations were passed with respect to certain areas in Berlin.

Owners of buildings listed as historic sites are required to preserve and maintain the buildings in a predominantly unchanged state. Compliance with these requirements is monitored and enforced by the relevant governmental agency. Any change to the structure or use of a building requires specific administrative approval. The owners of structures governed by historic preservation laws must also notify the relevant agency of any intended sale of such structures. The municipality generally has a preemptive right of purchase in such cases. Noncompliance with any of the aforementioned requirements may result in administrative fines of up to EUR 0.5 million for each violation. Owners of buildings which are adjacent to buildings listed as monuments are also subject to restrictions for monument protection in connection with alterations of their building.

As of December 31, 2014, approximately 19% of flats owned by Deutsche Wohnen Group form part of buildings listed as historic sites. The individual buildings must be maintained in a predominantly unchanged state because of historic, artistic, scientific or urban renewal concerns.

Certain Deutsche Wohnen properties may be considered as works of architectural significance, and possibly may therefore be subject to copyrights, especially with regard to the respective architect's services. Structural changes may in such instances be subject to the designer's or architect's consent.

14.1.1.13 Limitation on the Use of Properties by Easement

On some of the Company's properties, easements have been established in the land register. An easement requires the owner of the charged property *in rem* to refrain from taking action (for example, not to build on specific parts of the property) or to forbear action to be taken (for example, right to access for third parties). The obligation can be enforced by the relevant third party. Since registered easements are attached to the property itself, they can be enforced against the current owner of the charged property, as well as against legal successors.

On some of Deutsche Wohnen's properties, public easements have been established. A public easement requires the owner of the relevant property to take action (for example, to create a certain number of parking lots), refrain from taking action (for example, not to build on specific parts of the property), or forbear action to be taken (for example, laying pipes or cables by third parties). The content of the obligation can be enforced by means of an administrative order. Various properties are also subject to unified public easements. These public easements create a single "construction property" under public building law (for building permit purposes) out of the affected properties which continue to be independent properties.

Many provisions of public building law, such as the requirements of minimum distances between buildings, apply to the construction property as if the plot boundaries did not exist. Since public easements attach to the property itself, they can be enforced against the owner of the charged property and against third parties. Public easements are also effective against legal successors (*e.g.*, buyers of the charged property) and can only be suspended by a waiver of the competent authority. The restrictions resulting from the public easement may affect the value of the charged property.

14.1.2 Liability for Environmental Damage and Contamination

Liability for residual pollution and harmful changes to soil, as well as for the contamination of buildings with asbestos and other harmful materials may arise from rules and regulations under both public and civil law. Liability under public law for residual pollution cannot be excluded through agreements under civil law. Civil law liability for breaches of warranty, however, can be limited or excluded.

14.1.2.1 Responsibility under Public Law for Environmental Damage and Contamination

Under the German Federal Soil Protection Act (*Bundesbodenschutzgesetz*), the responsibility for residual pollution and harmful changes to soil (hereinafter, each a "contamination") lies with, amongst others, the perpetrator of the contamination, such perpetrator's universal successor, the current owner of the property, the party in actual control of the property, and the previous owner of the contaminated property if such owner transferred title after March 1, 1999, and knew or must have known about such contamination. Liability is strict and not based on fault; that is, the relevant governmental agency does not need to prove intent or negligence on the part of the party held responsible for the remediation. Administrative powers arising from the German Federal Soil Protection Act include risk assessments, investigative orders, remediation orders, and other necessary measures to prevent harmful changes to soil or residual pollution.

In principle, there is no statutory ranking order according to which the parties responsible for remediation must be held liable. Instead, this decision is at the discretion of the respective governmental agency. In that regard, effectiveness of remediation is the prevailing factor. Thus, the current owner of the contaminated property is usually held initially responsible because that owner is generally in the best position to undertake the necessary remediation work. However, pursuant to the German Federal Soil Protection Act, the other responsible parties, as the case may be, are required to indemnify the person who carried out the remediation on a pro rata basis, regardless of who is held liable by the government. This indemnity right may take the form of an explicit contractual agreement and may also be waived. However, whether and to what extent that right can actually be enforced depends on the circumstances of each case.

Administrative powers arising from the German Federal Soil Protection Act (*Bundesbodenschutzgesetz*) authorize the relevant local authority to require risk inspections, investigations, remedial measures and other measures necessary for the prevention of residual pollution or harmful changes in the soil.

14.1.2.2 Asbestos

German law distinguishes between two types of asbestos: (i) friable asbestos and (ii) other types of asbestos, each resulting in different legal consequences.

Friable asbestos can release asbestos fibers into building air due to aging and external force. Friable asbestos is generally found in construction materials that provide fire safety, noise abatement, moisture protection, heat insulation, and thermal protection. Other types of asbestos are involved if the material containing asbestos is firm and no asbestos fibers can escape into the air, thus not posing a risk to human health.

Under the rules of the so-called asbestos guidelines (*Asbest-Richtlinien*) of the German federal states, the standard for determining a remediation obligation is the presence of any threat to health in any specific case. Therefore, except in the event of structural alterations, there is generally no obligation to remove non-friable asbestos under the asbestos guidelines because of the lack of fiber formation.

As to friable asbestos, the asbestos guidelines prescribe criteria for assessing the urgency of taking remedial action in case of contamination. This is determined according to three levels of urgency: urgency level I requires immediate remediation of the structure; urgency level II requires reassessments at intervals of no more than two years; and urgency level III requires a reassessment at intervals of no more than five years. Remediation measures under the asbestos guidelines include demolition, removal, or coating of the asbestos products, and separation of the asbestos products from the respective space to ensure that fibers do not become airborne.

In the event of asbestos contamination, the tenant can assert a commensurate right of rent abatement. German courts have ruled that the presence of a defect for purposes of warranty requirements under tenancy law can be presumed if the onset of a health threat cannot be excluded. Accordingly, the courts have permitted rent abatements even in cases involving urgency levels II or III, which, under the asbestos guidelines, merely require that the level of risk be monitored and do not require immediate remediation. Tenants may also claim compensatory damages if the defect was present at the time of contract formation or if the landlord is in default with its obligation to remedy the defect. Additionally tenants may claim compensation for personal suffering (*Schmerzensgeld*). Finally, tenants also have the right to remedy the defect on their own and require that their reasonable expenses incurred be reimbursed under certain conditions.

14.1.2.3 Polychlorinated Biphenyl (PCB), Dichlorodiphenyltrichloroethane (DDT), Pentachlorophenol (PCP) and Hexachlorocyclohexane (Lindane)

PCB is widespread in the environment today. Since PCB may cause damage to embryos and is suspected of having carcinogenic effects and affecting human health, its production was prohibited in Germany in 1983. However, PCB may still exist in buildings (for example, in wood preservatives, synthetic materials, insulations or joints). Based on construction law or emissions protection law in conjunction with the "Guidelines on the Assessment and Remediation of PCB containing Construction Material or Elements in Buildings" (PCB-Guidelines), the owner of a building may be obliged to remedy PCB sources. In particular, remediation measures may become necessary if the PCB concentration in rooms which are designed for human use exceeds 300 nanograms per cubic meter of air. Remediation measures include the elimination or sealing of PCB-containing construction elements.

DDT and lindane are synthetic pesticides, which were also used in wood preservatives. DDT is suspected of causing cancer and of being genotoxic, while lindane is suspected of harming the nervous system, especially in the case of occupationally intensive exposure, and also possibly of causing cancer. PCP was used as a fungicide against mold and is also suspected of having negative effects on human health. As regards DDT, PCP and lindane, their existence in buildings may entitle the tenant under certain conditions to reduce rent or claim damages. Moreover, the remediation of rooms or buildings where DDT, PCP or lindane concentrations exceed certain thresholds may be required.

14.1.2.4 Groundwater and Maintenance of Sewage Systems

Pursuant to the German Federal Water Management Act (*Wasserhaushaltsgesetz*), all sewage systems must be constructed, operated and maintained according to the generally accepted Rules of Technology (*anerkannte Regeln der Technik*). Property owners are required to check, among other things, for the sewage system's condition, operability, maintenance and the amount and quality of wastewater and the substances contained therein. Private sewage systems shall be checked once every 20 years. The first check of a new sewage system may also take place after 30 years if it has already been checked during its installation. In the case of deficiencies, property owners must repair the sewage system. The German Federal Water Management Act authorizes the federal government, with approval of the Bundesrat, to enact an ordinance specifying the above-mentioned obligations concerning sewage systems. Until the federal government ordinance is enacted, the federal state governments may enact their own ordinances regarding the aforementioned obligations. Berlin only requires examinations of private sewage systems in certain water protection areas every five to 20 years (subject to the applicable regulation for the respective water protection area).

14.1.2.5 Legionella Tests

The Drinking Water Ordinance (*Trinkwasserverordnung*), as published on November 28, 2011 and last amended on August 7, 2013, requires the owners of specified centralized heated water supply facilities for use in certain multi-family buildings to test the stored heated water for legionella (pathogenic bacteria) by December 31, 2013 at the latest and to repeat this test least once every three years or once every year, depending on the size of the used facilities. The responsible government agencies can order additional testing.

Only bodies accredited by the respective federal state are authorized to conduct these tests. The existence of appropriate sample extraction points (*Probeentnahmestellen*) must be ensured by the owner of the building. If the measured value exceeds the limits specified by the Drinking Water Ordinance, the owner of the facility will regularly be ordered by the responsible government agency to remedy the situation accordingly.

14.1.2.6 Civil Law Liability

Civil law liability for residual pollution can arise from contractual warranty provisions or statutory law. Warranty obligations may generally be waived or limited by contract. According to statutory provisions, a perpetrator of a contamination can be liable for damages or for remediation of the contamination and its consequences. Deutsche Wohnen could be subjected to such liability if a property that Deutsche Wohnen currently owns or formerly owned is detrimentally affecting the property of third parties. This civil law liability exists, independent of official action, under the provisions of the German Federal Soil Protection Act.

14.2 Legal Framework Applicable to Retirement Homes and Nursing Homes

KATHARINENHOF®, a Group company, operates retirement homes and nursing homes. Such operations are governed by the law relating to accommodation and care contracts (*Wohn- und Betreuungsvertragsgesetz*), the federal nursing homes act (*Heimgesetz*) and various nursing home laws of German federal states. In addition, the Social Security Code (*Sozialgesetzbuch*) provides for special requirements set forth in the Eleventh Book of the Social Security Code XI – Social Nursing Care Insurance (*Sozialgesetzbuch XI – Soziale Pflegeversicherung*) ("**SGB XI**") and in the Twelfth Book of the Social Security Code XII – Social Welfare (*Sozialgesetzbuch XII – Sozialhilfe*).

14.2.1.1 Social Laws

People in need of care are entitled to care at inpatient facilities if home care or semi-inpatient care is not feasible or otherwise cannot be considered due to the special circumstances of a given case. Such people may choose among the accredited institutions of various sponsoring bodies. Nursing care fund (*Pflegekasse*) benefits are provided in kind and in cash. The nursing care insurance's benefits in cash are awarded only in an amount up to defined cost limits (depending on the level of the care allowance). Costs in excess of that amount must be borne by the person in need of care.

As a rule, the nursing care funds discharge their duty of providing coverage with the help of accredited inpatient care facilities, such as the retirement homes and nursing homes operated by KATHARINENHOF®. Pursuant to SGB XI, only nursing care homes that have entered into care contracts (*Versorgungsvertrag*) may provide inpatient care at the expense of the nursing care insurance. The care contracts are entered into by a care facility's sponsoring body (or an association authorized to represent sponsoring bodies of equal status) and the state federations (*Landesverband*) of nursing care funds, in consensus with the regional social welfare funding bodies in the respective federal state (unless that state's law has assigned responsibility for the respective care facility to a local social welfare funding body). If a care facility meets the requirements for entering into a care contract, it then has the right to conclude such a contract. The care contract stipulates the nature, substance and scope of the general care services that the care facility is to provide to the policy holders during the term of the contract (the "**Care Mandate**"). The contract obligates the care facility to provide the policy holders with care in accordance with the Care Mandate. Additional provisions concerning the terms governing the provision of care are found in the master contracts applicable statewide, between the state federations of the nursing care funds and the associations of the sponsoring bodies. The care contracts directly bind all nursing care funds within the country. The state federations of the nursing care funds may terminate a care contract only under certain conditions.

The care facilities accredited under a care contract are entitled to compensation for the general nursing care services known as care rates (*Pflegesätze*). The care rates are to be borne by the nursing home residents. If a resident is in need of care, the care rates will be borne by his or her cost carrier (*i.e.* by the nursing care funds and social welfare funding bodies). To that end, the sponsoring body of every single accredited nursing home enters into care rates agreements (*Pflegesatzvereinbarung*) with the nursing care funds and with the relevant social welfare funding bodies, to the extent that a specific percentage of the calculation days of the nursing home is attributed to the cost carrier. As to nursing home residents who, pursuant to SGB XI, are entitled to care insurance benefits, the nursing care funds and the social welfare funding bodies also agree on the fees for room and board with the sponsoring bodies of the care facilities. However, those fees have to be borne completely by the resident.

Capital investments can be financed through public grants in accordance with state law. Such investments include, for example, the costs necessary for the construction, acquisition and maintenance of the buildings and other depreciable assets that are necessary to operate the care facilities; the costs of acquiring and improving real properties; the renting, use, or co-use of real properties, buildings or other depreciable assets; and the start-up or internal changeover costs of care facilities. To the extent that capital investment expenditures are not covered by public grants, a subsidized nursing home may charge the people in need of care separately for parts of the capital investments. However, this requires the approval of the relevant governmental agency at the state level. Unsubsidized care facilities merely have to notify those agencies of the separate assessment of investment costs. In the case of care facilities that are not publicly subsidized, the social welfare funding body must assume any separately assessed costs only if an agreement to that effect is in place.

Nursing homes are subject to extensive economic efficiency and quality control measures. Violations may result in the termination of the care contract or in a cut in compensation for the care.

14.2.2 Common Basic Requirements for Retirement and Nursing Homes

According to the law relating to accommodation and care contracts (*Wohn- und Betreuungsvertragsgesetz*), a private law residential contract must be entered into between a retirement or nursing home's sponsoring body and the residents of the retirement or nursing home concerning the services to be provided by such retirement or nursing home's sponsoring body, as well as the fees to be paid by the residents. As a rule, the contract has to be concluded for an indefinite period. The fees have to be calculated pursuant to standardized principles for each resident. As to nursing homes, the services and fees must comply with the rules of SGB XI. As to retirement homes, the stipulated fees must be reasonable in relation to the services. The operation of a retirement or nursing home is linked to legal requirements pursuant to the federal nursing homes act (*Heimgesetz*), and various nursing home laws of German federal states. Reports must be filed on the operation so that the competent governmental agency can review whether the respective retirement or nursing home meets the requirements of the respective nursing homes law. Retirement and nursing homes are subject to the supervision of the federal states. In the event that defects are found, the state supervisory body may issue orders against the relevant retirement or nursing home's sponsoring body ranging all the way to the prohibition of operations.

Retirement and nursing homes are also subject to several regulations on the federal as well as the state level. The Minimum Building Regulation for Retirement and Nursing Homes (*Heimmindestbauverordnung*) contains minimum requirements for a retirement or nursing home's design. The Retirement and Nursing Home Staffing Regulation (*Heimpersonalverordnung*) imposes minimum requirements on the qualifications of a retirement or nursing home's staff. The Retirement and Nursing Home Security Regulation (*Heimsicherungsverordnung*) applies if a retirement or nursing home's sponsoring body accepts cash or non-cash benefits for the room and board of a resident or applicant. The Retirement and Nursing Home Cooperation Regulation (*Heimmitwirkungsverordnung*) governs the activities of a retirement or nursing home's residents.

14.3 Legal Framework Applicable to Outpatient Care Services

Further, KATHARINENHOF® operates an outpatient care service. Such service is also governed by the SGB XI. Pursuant to SGB XI, just as regarding inpatient care only, outpatient care service providers that have entered into care contracts may provide outpatient care at the expense of the nursing care insurance. The nursing care insurance's benefits are also awarded in an amount up to defined cost limits (depending on the level of the care allowance). Costs in excess of that amount must be borne by the person in need of care.

14.4 Selected General Regulations Relevant for Deutsche Wohnen

14.4.1 Trade Regulations

In Germany, the business activities of Deutsche Wohnen are regulated primarily by the German Industrial Code (*Gewerbeordnung*). Important provisions are found in the regulations thereunder and especially in the Regulations for Real Estate Brokers and Developers (*Makler- und Bauträgerverordnung*), last amended on May 2, 2012. While the German Industrial Code requires licenses for some business activities of Deutsche Wohnen, the most important provisions of the Regulations for Real Estate Brokers and Developers require the disclosure of certain information to government agencies, compliance with record retention obligations, and an annual audit of the respective companies of Deutsche Wohnen Group by independent auditors.

The pertinent regulations under industrial law which apply explicitly to retirement homes and nursing homes have already been covered in the section "*—14.3 Legal Framework Applicable to Outpatient Care Services*".

14.4.2 Real Estate Transfer Tax

Purchasers of real estate located in Germany are required to bear certain costs. It is market practice that the purchaser of real estate is required to pay the real estate transfer tax triggered by the respective sale and purchase transaction. Real estate transfer tax in Baden-Württemberg and Bremen currently amounts to 5.0% of the purchase value of the property, to 6.0% in Berlin and Hesse, to 6.5% in Schleswig-Holstein and North Rhine Westphalia (effective January 1, 2015) and to 3.5% in Bavaria. Additional costs, amounting to approximately 1.5% of the purchase value are incurred for notary fees and land registry office (*Grundbuchamt*) fees, depending on the value of the transaction. These additional costs are usually also paid by the purchaser whereas costs in connection with the deletion of mortgages that were registered by the seller for the purpose of its financing are usually to be borne by the seller. While the real estate transfer tax rate is determined on the state level, the statutory real estate transfer tax framework falls within the competency of federal lawmakers.

Under the current tax laws, the acquisition of a participation in an entity that owns German real estate of at least 95% is subject to real estate transfer tax. Before June 6, 2013, the tax would not be triggered by way of a share deal in which up to 94.9% of shares in a property owning corporation and up to 94.9% of shares in an interim vehicle owning the remaining 5.1% in the property owning entity are acquired. An acquirer could thereby hold almost all of the shares in a property holding entity without being subject to real estate transfer tax.

On June 6, 2013, the Bundestag implemented the EU Directive on Mutual Assistance (*Amtshilferichtlinie Umsetzungsgesetz*). Pursuant to this new act, real estate transfer tax is also triggered if an acquisition or transaction results in an entity holding an economic participation of at least 95% of an entity that owns a piece of German real property, regardless of whether this is held (partly) directly or (partly) indirectly. The economic participation shall equal the sum of direct or indirect participations in the respective entity's capital or assets. To determine participations, the percentages of participations in the capital or assets of the entities have to be multiplied. Thus, pursuant to the new act, real estate transfer tax is triggered if the overall effective ownership, taking into account direct and indirect participation (economic ownership), is, or exceeds, 95% when accumulation is determined based on economic interest calculated on a look-through basis.

14.4.3 Capital Investment Code/AIFM Directive

The German Capital Investment Code (*Kapitalanlagegesetzbuch*) was passed on May 16, 2013, by the German Bundestag and enacted on July 22, 2013. It replaces the German Investment Act (*Investmentgesetz*) and implements, inter alia, the EU Directive 2011/61/EU of June 8, 2011 on the administration of alternative investment funds. According to the new code, any organization for joint investments that collects capital from a number of investors with the purpose of investing it in accordance with a fixed strategy and that is not an operating company outside the financial sector, is considered an investment fund and is subject to regulation. The legislation stipulates that the investment criteria applied to the collected capital must be binding, in writing, and with a scope that goes beyond a generic business strategy in order for a company to qualify as an investment asset pursuant to the Capital Investment Code. The difference between a defined investment strategy and a general business strategy of a company lies in the fact that the investment criteria are precisely specified and the scope of action is limited by the investment requirements and the articles of association.

In June 2013 the BaFin published a letter of interpretation, including a set of questions and answers that also concerned real estate companies, regarding the application of the Capital Investment Code and the definition of the term "investment asset". It clarifies that a real estate company only qualifies as an investment asset when it meets the criteria under section 1 paragraph 1 sentence 1 of the Capital Investment Code. Real estate companies whose main business is focused on project development (the conception, acquisition, and development of properties and the subsequent sale of these properties) or facility management, brokerage and appraisal activity or financing advice in regard to the purchase or sale of property are already disqualified as investment assets due to these "operational activities". The same applies to (listed) real estate companies who operate their own properties (*e.g.*, the operation of nursing care facilities). It is immaterial if the real estate company uses an external service provider or another company within the same group to run its operations as long as the business decisions remain in its hands. If the real estate company's business is focused on the acquisition, lease or rental, management and sale of properties and not on an operational activity, it would meet the criterion of "non-operational activity" and set itself apart by the mere presence of a "fixed investment strategy" (*festgelegte Anlagestrategie*) in lieu of a "general business strategy" (*Unternehmensstrategie*). The letter of interpretation lists various indications of what meets the criterion of a "fixed investment strategy", including a legally binding, enforceable obligation on the part of investors to adhere to the strategy of the investors and a defined strategy that stipulates, *e.g.*, investment in certain asset categories, limitations on asset allocation, the pursuit of specific strategies, investment in specific geographic regions, limitations on leverage, etc.

Given its Nursing and Assisted Living segment, the Company believes that it qualifies as an "operating company". The fact that the business purpose in the Articles of Association grants the Company's directors a broad scope of action and does not stipulate a clear investment strategy meeting the criteria listed above gives us further reason to believe that, based on the legislation and the letter of interpretation from BaFin, neither the Company itself nor its asset-holding companies qualify as an investment asset within the meaning of the Capital Investment Code.

14.5 Sampling Examination by the German Financial Reporting Enforcement Panel (*Deutsche Prüfstelle für Rechnungslegung*)

According to section 342b of the German Commercial Code (*Handelsgesetzbuch*) the German Financial Reporting Enforcement Panel (*Deutsche Prüfstelle für Rechnungslegung*) (the "**DPR**") is authorized to examine whether the company's financial statements comply with statutory requirements, including generally accepted accounting principles or other accounting standards authorized by law. In particular, the DPR conducts an examination (i) with cause if indications exist of a breach of accounting standards, (ii) upon request by the BaFin, or (iii) on a random-sampling basis without immediate cause ("sampling examination"). On June 23, 2014, the DPR notified the Company of its intention to conduct a sampling examination of the Company's most recent financial statements and respective management reports. The notification relates to the Company's audited consolidated financial statements as of and for the fiscal year ended December 31, 2013 and the unconsolidated annual financial statements as of and for the fiscal year ended December 31, 2013 and the Company's respective group management report and the management report. The Company is engaged in discussions with the DPR. In 2013, 9% of the sampling examination undertaken by DPR resulted in findings (Source: DPR Annual Report 2013) and the respective companies may be required to publicly correct their financial reports. Deutsche Wohnen expects that a correction, if any, will not have an impact on its reported cash flow or FFO.

15. BUSINESS AND LEGAL RELATIONSHIPS WITH RELATED PARTIES

In accordance with IAS 24, parties related to Deutsche Wohnen AG include those entities with which Deutsche Wohnen AG forms a group or in which it owns a stake enabling it to exert a significant influence over the entity. These include companies and associated companies that are controlled but not consolidated for reasons of materiality.

Under IAS 24, parties related to Deutsche Wohnen AG include members of the Management Board and the Supervisory Board, including their close family members, as well as any entities over which members of the Company's Management Board or Supervisory Board or their close family members can exert a controlling influence.

15.1 Business Relationships between Deutsche Wohnen AG and its Directors

The former Chief Financial Officer, Mr. Helmut Ullrich, acquired three individually owned residential units from GEHAG GmbH in the fiscal year 2012 for a purchase price of EUR 0.4 million. The current Chief Investment Officer, Mr. Lars Wittan, acquired four such residential units from GEHAG in the fiscal year 2012 as well for a purchase price of EUR 0.3 million. These transactions were approved by the Supervisory Board.

Mr. Claus Wisser is the company founder and chairman of the Supervisory Board of AVECO Holding AG, a holding company of the WISAG group. WISAG group provides certain building cleaning and maintenance services to FACILITA Berlin GmbH, a group company of the Deutsche Wohnen AG Group. The contracts for cleaning services have a total gross volume of approximately EUR 400,000 per year. In addition, WISAG group's maintenance services are used on an as-needed basis in the fields of heating, plumbing and electricity. These contracts contain no purchase obligation for Deutsche Wohnen Group. The contract volume in 2013 was approximately EUR 1.3 million.

15.2 Business Relationships between Deutsche Wohnen AG and Companies of Deutsche Wohnen Group

Deutsche Wohnen AG, Deutsche Wohnen Management GmbH, Deutsche Wohnen Construction and Facilities GmbH, Deutsche Wohnen Immobilien Management GmbH and Deutsche Wohnen Service GmbH maintain business and contractual relationships with different related parties within the Group. These relationships entail providing a wide variety of services in the areas of leasing and sales management, consulting to residents and tenants, rent and receivables management, central purchasing and contract administration, customer service, technical management including maintenance and modernization, personnel, legal and financial matters, marketing, IT, business management and portfolio controlling.

Furthermore, numerous service agreements exist between Deutsche Wohnen and companies of the GSW Group. These agreements are concluded in Deutsche Wohnen's ordinary course of business and serve the purpose of integrating the newly acquired entities into the Group.

In the ordinary course of its business activities, all transactions and legal relationships with related companies and related people were conducted on standard market terms and conditions that are commonly also applied to transactions with non-Group third parties.

16. GENERAL INFORMATION ON DEUTSCHE WOHNEN AG AND THE DEUTSCHE WOHNEN GROUP

16.1 Formation, Name and Commercial Register Entry

Deutsche Wohnen AG is a stock corporation (*Aktiengesellschaft*) organized under German law. It was incorporated as KERA Beteiligungs Aktiengesellschaft, a stock corporation organized under German law, on November 19, 1996 and was registered with the commercial register of the local court of Frankfurt am Main, Germany, under docket number HRB 42388 on December 12, 1996. The founder and sole shareholder was Deutsche Bank AG. Initially, the Company had no business operations. It first started to conduct business in 1998. The Company changed its name to Deutsche Wohnen AG pursuant to a resolution adopted by an extraordinary general meeting on October 30, 1998, which was recorded in the commercial register of the local court of Frankfurt am Main on January 6, 1999. The Company conducts business under the commercial brand Deutsche Wohnen.

16.2 Company History

The cornerstone of Deutsche Wohnen Group's formation was laid in 1998/99 with the acquisition of the residential property portfolios of what was formerly Hoechst AG and the Heimstätte Rheinland-Pfalz Group. Deutsche Wohnen Group took on its current form through its merger with the GEHAG Group in August 2007.

In 1999, all of the Company's four million no par-value registered shares, each such share representing a notional value of approximately EUR 2.56, were sold in a private placement to retail and institutional investors by the Company's then sole shareholder, DB Real Estate Management GmbH (formerly Deutsche Grundbesitz Management GmbH and now RREEF Management GmbH), Eschborn, Germany, a wholly owned subsidiary of Deutsche Bank AG. The Company's initial public offering took place on November 2, 1999, with its shares trading on the regulated market of the Luxembourg Stock Exchange and on the open markets of the Dusseldorf and Berlin/Bremen stock exchanges. The Company's stocks were approved for trading on the regulated market of the Frankfurt Stock Exchange on July 14, 2006, at the same time gaining approval for its Prime Standard, a market segment with stricter requirements. Starting on November 1, 2007, the regulated market and former regulated market were merged to create the current regulated market. At the Company's request, the listing on the Luxembourg Stock Exchange was cancelled with effect as from the end of December 12, 2006.

As part of DB Real Estate Management GmbH's placement of the Company's shares in 1999, DB Real Estate Management GmbH granted those registered shareholders who were recorded in the Company's stock register as of June 30, 2009, the right to sell their shares to DB Real Estate Management GmbH by December 31, 2009. In view of this right, Deutsche Wohnen AG and DB Real Estate Management GmbH executed a domination agreement on May 7, 1999, under which the Company gave control of its business to DB Real Estate Management GmbH. The sole shareholder of DB Real Estate Management GmbH was Deutsche Bank AG.

In early 2006, Deutsche Wohnen AG and DB Real Estate Management GmbH decided to cancel their domination agreement and financially separate Deutsche Wohnen AG from the Deutsche Bank Group in order to facilitate the sustainable growth of Deutsche Wohnen AG. The State of Rhineland-Palatinate and Hoechst GmbH, legal successor of the former Hoechst AG, had already consented to a waiver of the control requirement in 2005.

On the basis of a concept formulated by the Company and the Deutsche Bank Group on March 23, 2006, an extraordinary general meeting of the Company approved the cancellation of the domination agreement with DB Real Estate Management GmbH with a majority of 99% of the capital represented. Another condition of the financial separation set by DB Real Estate Management GmbH provides that at least 90% of the shareholders take advantage of the opportunity to exchange their existing Company registered shares for bearer shares and, in connection with such exchange, waive their right to a sell-out. This condition was also approved by the extraordinary general meeting on March 23, 2006. Upon fulfillment of these conditions, the domination agreement was cancelled, effective as of the end of June 30, 2006. As of September 10, 2009, the date of exchange, 466,599 of the 677,822 registered shares were exchanged for bearer shares, leaving a total of 211,223 registered shares outstanding as of September 10, 2009 (approximately 0.8% of the shares of Deutsche Wohnen AG). On June 11, 2014, the annual general meeting of the Company resolved that any shares in the Company in registered form that had not already been converted into bearer shares by their owners would be converted into bearer shares. The conversion came into effect in 2014.

In the course of its merger with Berlin-based GEHAG, Deutsche Wohnen AG acquired, in two stages, all shares of GEHAG from the companies affiliated with Oaktree Capital Management, L.P.

In May 2012, Deutsche Wohnen Group acquired the BauBeCon Group portfolio of about 23,500 residential units from Barclays Bank PLC. Deutsche Wohnen financed the purchase price of nearly EUR 1.235 billion through a combination of equity and debt, with the latter representing approximately EUR 700 million.

In April 2013, Deutsche Wohnen Group acquired a portfolio of about 6,900 residential units in the Greater Berlin area from companies affiliated with Blackstone Group L.P. The purchase price for the acquisition of the residential property portfolio consisted of a cash component of EUR 260 million and a share component made up of 8,150,000 new, no par-value bearer shares in Deutsche Wohnen AG.

In November 2013, the Company acquired 91.05% of GSW shares (based on the share capital at the time) in the course of a public share-for-share tender offer. After execution of the Takeover Offer, Deutsche Wohnen AG acquired further GSW shares by exercising conversion rights from convertible bonds issued by GSW and acquired by Deutsche Wohnen AG in 2013. As of the date of this Prospectus, Deutsche Wohnen AG owned GSW shares which corresponded to 93.77% of outstanding share capital and voting rights in GSW.

On November 22, 2013, the Company issued convertible bonds with a total nominal amount of EUR 250 million.

On September 8, 2014, the Company issued convertible bonds with a total nominal amount of EUR 400 million.

16.3 Registered Office, Fiscal Year, Duration and Purpose of the Company

The Company's registered office is located at Pfaffenwiese 300, 65929 Frankfurt am Main, Germany, and its telephone number is +49 (0) 69 97 69 70 0.

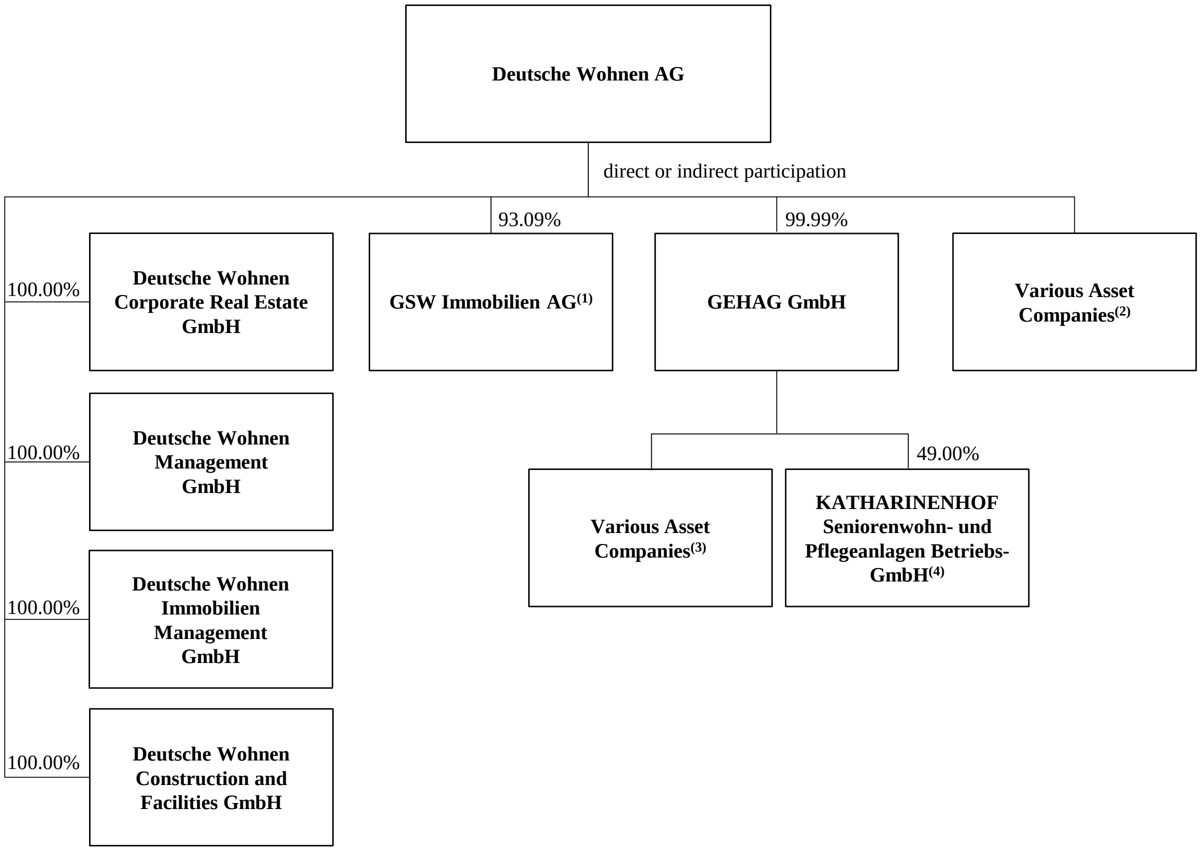
Since January 1, 2007, the Company's fiscal year has been the calendar year. The duration of the Company is indefinite.

Pursuant to section 2 of the Articles of Association, the objective of Deutsche Wohnen AG is the acquisition, administration, letting and management, as well as the sale of residential property, nursing care facilities and other real estate. Real estate may be built, modernized and refurbished, services may be provided, and co-operations in all forms may be undertaken by the Company. The Company shall be entitled to be active in the fields listed above, either by itself, or through subsidiaries or portfolio companies; provided, that the purpose of the relevant entity covers the business activities of the Company in full or in part. The Company shall also be entitled to found or acquire such companies; it shall be entitled to manage subsidiaries under joint management or limit itself to the administration of its participating interests, and the Company shall be entitled to dispose of its interests. The Company is entitled to take all actions related to its purpose and which serve its purpose directly or indirectly.

16.4 Structure of the Deutsche Wohnen Group and Significant Shareholdings

Deutsche Wohnen AG is the parent company of Deutsche Wohnen Group. Its primary role within Deutsche Wohnen Group is to function as a finance and management holding company. The operating business is conducted exclusively by subsidiaries, the majority of which were founded and have their registered office in the Federal Republic of Germany.

The current structure of Deutsche Wohnen Group is as follows (only major subsidiaries are shown; percentages shown as of March 31, 2015):



(1) *Major subsidiaries of GSW are: GSW Grundvermögens- und Vertriebsgesellschaft mbH, Grundstücksgesellschaft Karower Damm mbH, GSW Wohnwert GmbH, GSW Corona GmbH, GSW Pegasus GmbH, Wohnanlage Leonberger Ring GmbH, GSW Verwaltungs- und Betriebsgesellschaft mbH & Co. Zweite Beteiligungs KG, and GSW Fonds Weinmeisterhornweg 170-178 GbR.*

(2) *Major other subsidiaries of Deutsche Wohnen AG are: Rhein-Main Wohnen GmbH, Rhein-Mosel Wohnen GmbH, Deutsche Wohnen Reisholz GmbH, Main-Taunus Wohnen GmbH & Co. KG, Rhein-Pfalz Wohnen GmbH, DB Immobilien Fonds 14 Rhein-Pfalz Wohnen GmbH & Co. KG, Larry Group (consisting of the companies Larry Condo S.à r.l., Larry Condo Holdco S.à r.l., Larry Berlin I S.à r.l., Larry Berlin II S.à. r.l, Larry Berlin Lichtenberg S.à r.l., Larry II Berlin Marzahn S.à r.l., Larry II Berlin Hellersdorf S.à r.l., Larry II Greater Berlin S.à r.l., Larry II Potsdam S.à r.l.).*

(3) *Major subsidiaries are: Eisenbahn-Siedlungs-Gesellschaft Berlin mbH, BauBeCon group (BauBeCon Assets GmbH, BauBeCon Immobilien GmbH, BauBeCon Wohnwert GmbH, BauBeCon Bio GmbH, Hamnes Investments B.V., Algarobo Holding B.V., Intermetro GmbH), DWRE Group (consisting of eight companies, formerly owned by Kristensen), GEHAG Erste Beteiligungs GmbH, GEHAG Dritte Beteiligungs GmbH, GEHAG Vierte Beteiligung S.E., Fortimo GmbH, Aufbau-Gesellschaft der GEHAG GmbH, Holzmindener Straße/Tempelhofer Weg Grundstücks GmbH, SGG Scharnweberstraße Grundstücks GmbH, AGG Auguste-Viktoria-Allee Grundstücks GmbH, GGR Group (consisting of the companies GGR Wohnparks Alte Hellersdorfer Straße GmbH, GGR Wohnparks Kastanienallee GmbH, GGR Wohnparks Nord Leipziger Tor GmbH, GGR Wohnparks Süd Leipziger Tor GmbH), Deutsche Wohnen Dresden I GmbH and Deutsche Wohnen Dresden II GmbH.*

(4) *Effective January 1, 2015, GEHAG GmbH's stake in KATHARINENHOF Seniorenwohn- und Pflegeanlagen Betriebs-GmbH decreased to 49%. Major subsidiaries of KATHARINENHOF Seniorenwohn- und Pflegeanlagen Betriebs-GmbH are: Katharinenhof Service GmbH, Seniorenresidenz Am Lunapark GmbH, LebensWerk GmbH.*

The following table shows the financial information pursuant to the German Commercial Code (HGB) for selected subsidiaries of Deutsche Wohnen AG (medium-sized and large corporations) as of December 31, 2014 (unless otherwise indicated). The figures are in million euros, unless otherwise indicated. No material change occurred following to this date.

Company name and Registered office	Areas of responsibility	Share of voting rights (direct and indirect)	Issued capital	Reserves	Equity	Book value of the shares	Receivables of Deutsche Wohnen AG from affiliated companies	Liabilities of Deutsche Wohnen AG to Affiliated companies	Net profit/loss	Dividend recognized by Deutsche Wohnen in the fiscal year 2014
		(in %)	(in EUR million)	(in EUR million)	(in EUR million)	(in EUR million)	(in EUR million)	(in EUR million)	(in EUR million)	(in EUR million)
Direct participations										
Deutsche Wohnen Management GmbH, Berlin	Management	100.00	0.0	0.0	0.0	0.0	0.3	1.3	0.0[2]	0.3[1]
GSW Immobilien AG, Berlin	Property Management; Management	93.08	56.7	497.6	1,111.6	1,929.3	1.7	0.1	3.6	73.9[4]
Indirect participations										
BauBeCon Assets GmbH, Berlin	Property management	100.00	0.1	57.8	29.6	33.2	7.9	14.1	2.0	n/a
BauBeCon Immobilien GmbH, Berlin	Property management	100.00	58.4	804.1	356.2	357.7	0.0	23.9	19.3	n/a
BauBeCon Wohnwert GmbH, Berlin	Property management	100.00	5.2	21.5	26.7	26.7	0.0	11.3	0.0[2]	n/a
DB Immobilienfonds 14 Rhein-Pfalz Wohnen GmbH & Co. KG, Eschborn	Property management	89.52	30.1[3]	0.0	30.1	58.0	0.0	0.0	0.8	n/a
Eisenbahn-Siedlungs-Gesellschaft Berlin mit beschränkter Haftung, Berlin	Property management	94.90	10.7	1.2	11.9	151.8	0.0	16.8	0.0[2]	n/a
FACILITA Berlin GmbH, Berlin	Management	100.00	0.0	0.3	2.0	0.2	0.0	0.0	1.1	n/a
Fortimo GmbH, Berlin	Property management	100.00	0.0	6.1	6.1	6.1	24.1	0.0	0.0[2]	n/a
GEHAG Erste Beteiligungs GmbH, Berlin	Property management	100.00	0.0	0.0	0.0	0.0	118.7	0.0	0.0[2]	n/a
GEHAG GmbH, Berlin	Property management	100.00	13.0	861.4	1,089.4	945.1	0.1	197.5	65.6	n/a
GGR Wohnparks Kastanienallee GmbH, Berlin	Property management	100.00	0.0	50.2	21.3	36.0	0.0	10.1	1.7	n/a
GSW Corona GmbH, Berlin	Property Management	99.70	1.0	2.0	3.1	33.9	0.0	0.0	14.6	n/a
GSW Grundvermögens- und Vertriebsgesellschaft mbH, Berlin	Property Management	100.00	0.3	90.0	90.3	90.3	0.0	0.0	0.0[2]	n/a
GSW Pegasus GmbH	Property Management	100.00	0.0	30.7	2.7	110.2	0.0	0.0	13.6	n/a
KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH, Berlin	Management	100.00	2.0	0.0	2.0	1.5	0.0	0.0	0.0[2]	n/a
LebensWerk GmbH, Berlin	Management	100.00	0.0	0.0	0.0	9.2	0.0	0.0	0.0[2]	n/a
Rhein-Main Wohnen GmbH, Frankfurt am Main	Property management	100.00	13.1	317.2	514.0	469.4	278.5	445.6	(9.2)	n/a
Rhein-Mosel Wohnen GmbH, Mainz	Property management	100.00	10.0	76.0	175.9	74.7	208.9	0.0	7.1	n/a
Seniorenresidenz Am Lunapark GmbH, Leipzig	Management	100.00	0.1	0.0	0.1	5.3	0.0	0.0	0.0[2]	n/a

1) *Profit 2014 transferred to Deutsche Wohnen AG and realized as profit in fiscal year 2014 according to a profit-and-loss transfer agreement. The payment will be made in the fiscal year 2015.*
2) *No annual net profit or loss for 2014 due to a profit-and-loss transfer agreement or a domination agreement.*
3) *All capital accounts of limited partnerships are shown as issued capital.*
4) *Dividend for fiscal year 2014 realized by Deutsche Wohnen AG in fiscal 2014. The payment will be made in fiscal year 2015.*

16.5 Auditor

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft Stuttgart, Niederlassung Berlin, Friedrichstraße 140, 10117 Berlin, Deutschland (EY), audited in accordance with section 317 of the German Commercial Code (*Handelsgesetzbuch*, HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V.*, IDW), Deutsche Wohnen AG's annual financial statements as of and for the fiscal year ended December 31, 2014, prepared in accordance with the German Commercial Code (HGB), and Deutsche Wohnen AG's consolidated financial statements as of and for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012, prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315a paragraph 1 of the German Commercial Code (HGB), and issued an unqualified auditor's report, in each case.

EY is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer K.d.ö.R*), Berlin.

16.6 Admission to Stock Exchange Trading

Deutsche Wohnen AG's shares were admitted to trading on the regulated market of the Frankfurt Stock Exchange on July 14, 2006, at the same time gaining approval for its Prime Standard, a market segment with stricter requirements; starting on November 1, 2007, the regulated market and former regulated market were merged to create the current regulated market. Deutsche Wohnen AG's share capital (including shares issued based on contingent capital that have not yet been registered with the commercial register) currently amounts to EUR 295,165,726, divided into 295,165,726 shares.

The bearer shares of Deutsche Wohnen AG have been included in the MDAX® Index of the Frankfurt Stock Exchange since December 8, 2010.

16.7 Notifications, Paying Agent

Pursuant to the Articles of Association, its announcements are published in the German Federal Gazette (*Bundesanzeiger*). To the extent permitted by law, announcements may also be sent by registered mail. Notices concerning the Company's shares are published in the German Federal Gazette (*Bundesanzeiger*). Stock market announcements are also published in the German Federal Gazette (*Bundesanzeiger*). This Prospectus and any subsequent additions to the Prospectus are published on the Company website (www.deutsche-wohnen.com, section: "Investor Relations") pursuant to section 14 paragraph 2 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*). Printed copies of the Prospectus are available from the Company free of charge during normal business hours at the following addresses: Deutsche Wohnen AG, Mecklenburgische Straße 57, 14197 Berlin, Germany, and Pfaffenwiese 300, 65929 Frankfurt am Main, Germany.

The paying agent is Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Germany.

16.8 Designated Sponsors

ODDO SEYDLER BANK AG and COMMERZBANK Aktiengesellschaft have assumed the role of designated sponsor of the Company's ordinary bearer shares. The designated sponsors ensure, in particular, greater liquidity in the market for the shares by issuing fixed ask and bid prices.

17. DESCRIPTION OF THE SHARE CAPITAL OF DEUTSCHE WOHNEN AG

17.1 Issued Share Capital and Shares

The current issued share capital of the Company amounts to EUR 295,165,726. It is divided into 295,165,726 no par-value ordinary bearer shares, each representing a notional amount of EUR 1.00. The share capital has been fully paid in.

Section 4 paragraph 4 sentence 2 of the Articles of Association states that shareholders are not entitled to have their shares evidenced by individual share certificates.

The Company's existing shares have been deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany, in the form of global share certificates without dividend coupons.

Neither the Company nor any of its subsidiaries currently holds any shares of Deutsche Wohnen AG.

17.2 Development of the Share Capital since the Company's Formation

The Company's share capital upon its formation on December 12, 1996, amounted to DEM 100,000. It was increased by DEM 19,900,000 to DEM 20,000,000 and divided into 4,000,000 no par-value shares by a resolution of an extraordinary general meeting of the Company on October 30, 1998. The general meeting of June 20, 2001 resolved to convert the share capital to Euro, bringing the share capital of the Company to EUR 10,225,837.62. It was divided among 4,000,000 no par-value ordinary shares, each representing a notional amount of EUR 2.56.

On August 10, 2006, the general meeting resolved to increase the Company's share capital from own funds by EUR 9,774,162.38, from EUR 10,225,837.62 to EUR 20,000,000, by converting a EUR 9,774,162.38 portion of the capital reserves reported on the balance sheet as of December 31, 2005. No new shares were issued and the share capital as it existed at the time was newly divided, so that five shares representing a notional value of EUR 1.00 each replaced every no par-value share that would have represented a notional value of EUR 5.00 (following the capital increase from own funds). Subsequently, the share capital was divided into 20,000,000 no par-value shares.

On July 2, 2007, with the approval of the Supervisory Board on the same date, the Management Board resolved to increase the Company's share capital by issuing 6,400,000 new bearer shares against contribution in kind, raising the share capital by EUR 6,400,000 from EUR 20,000,000 to EUR 26,400,000, divided into 26,400,000 no par-value shares. Each of the Oaktree Companies was permitted to underwrite and subscribe for a total of 3,200,000 new shares. The consummation of this capital increase was registered with the commercial register on August 8, 2007.

On August 7, 2009, an extraordinary general meeting of the Company resolved to increase the share capital increase against contributions in cash by up to EUR 250,000,000. The Management Board and Supervisory Board resolved on September 13, 2009, to increase the Company's share capital from EUR 26,400,000 by EUR 55,440,000 to EUR 81,840,000 by issuing 55,440,000 new no par-value bearer shares against contributions in cash. The consummation of this capital increase was registered with the commercial register on October 6, 2009.

Subsequently, by resolution of the Management Board on November 14, 2011, approved the Supervisory Board on the same day, the Company's share capital was increased by EUR 20,460,000 by issuing 20,460,000 new no par-value bearer shares against contribution in kind from EUR 81,840,000 to EUR 102,300,000 and the total number of shares rose to 102,300,000. The consummation of this capital increase was registered with the commercial register on November 30, 2011.

By resolution of the Management Board on June 11, 2012, approved by the Supervisory Board on the same day, the Company's share capital was increased by EUR 43,842,858 by issuing 43,842,858 new no par-value bearer shares against contribution in cash, based upon the resolution of the general meeting on June 6, 2012. This increased the share capital from EUR 102,300,000 to EUR 146,142,858 and the total number of shares rose to 146,142,858. The consummation of this capital increase was registered with the commercial register on June 27, 2012.

By resolution of the Management Board on January 15, 2013 and January 16, 2013, approved by the Supervisory Board on the same days, the Company's share capital was increased by EUR 14,614,285 by issuing 14,614,285 new no par-value bearer shares against contribution in cash, based upon the resolution of the general meeting on December 4, 2012. This increased the share capital from EUR 146,142,858 to EUR 160,757,143 and the total number of shares rose to 160,757,143. The consummation of this capital increase was registered with the commercial register on January 17, 2013.

By resolution of the Management Board on April 26, 2013, approved by the Supervisory Board on the same day, the Company's share capital was increased by EUR 8,150,000 by issuing 8,150,000 new no par-value bearer shares against contributions in kind, based upon the resolution of the general meeting on December 4, 2012. This increased the share capital from EUR 160,757,143 to EUR 168,907,143, and the total number of shares rose to 168,907,143. The consummation of this capital increase was registered with the commercial register on June 21, 2013.

In preparation of the Exchange Offer for GSW, the extraordinary general meeting of the Company resolved on September 30, 2013 to increase the Company's share capital by up to EUR 128,842,101.00 against contributions in kind or in cash. Based on the number of shares tendered in the Exchange Offer, the capital increase was implemented in the amount of EUR 117,309,588 new no par-value bearer shares against contributions in kind to EUR 286,216,731. The consummation of this capital increase was registered with the commercial register on November 27, 2013.

By resolution of the Management Board on November 19, 2013, approved by the Supervisory Board on the same day, the Company placed, on the basis of the resolution of the general meeting on May 28, 2013, convertible bonds with an aggregate principal amount of EUR 250 million by way of a private placement on November 19, 2013. The convertible bonds may be converted into initially up to 13,330,632 new ordinary bearer shares with no par-value issued from the contingent capital the general meeting resolved upon on May 28, 2013.

By resolution of the Management Board on September 3, 2014, approved by the Supervisory Board on the same day, the Company issued, on the basis of the resolution of the annual general meeting on June 11, 2014, convertible bonds with an aggregate principal amount of EUR 400 million by way of a private placement on September 8, 2014. The convertible bonds may be converted into initially up to 18,098,238 new ordinary bearer shares with no par-value issued from the contingent capital the annual general meeting resolved upon on June 11, 2014.

Based on the contingent capital 2014/II resolved upon by the Company's annual general meeting held on June 11, 2014, Deutsche Wohnen issued 8,043,248 new shares in fiscal 2014. On January 27, 2015, the Company's Supervisory Board decided to reflect these issuances in the articles of the Company. The amendment was registered with the commercial register on February 6, 2015.

Based on the contingent capital 2014/II resolved upon by the Company's annual general meeting held on June 11, 2014, Deutsche Wohnen issued 905,747 new shares between January 1, 2015 and the date of this Prospectus. These shares have not yet been registered with the commercial register.

By resolution of the Management Board on May 20, 2015, approved by the Supervisory Board on the same day, the Management Board resolved to increase the Company's share capital by issuing up to 42,166,532 new no par-value bearer shares, each with a notional value of EUR 1.00, which subscription rights for existing shareholders. The subscription price is expected to be set by the Management Board and the Supervisory Board, in consultation with the Joint Bookrunners, on or about May 27, 2015 (after close of trading). The implementation of the capital increase is expected to be entered into the commercial register on June 5, 2015.

17.3 Authorized Capital

The Company's authorized capital currently amounts to EUR 85,000,000.

By resolution of the annual general meeting on June 11, 2014, which was entered into the commercial register on August 6, 2014, the Management Board has been authorized to increase the Company's share capital, with the consent of the Supervisory Board, by up to EUR 85,000,000 once or several times in the period until June 10, 2017 by the issuance of up to 85,000,000 new, no par-value bearer shares against contribution in cash and/or in kind (Authorized Capital 2014).

Shareholders are to be granted subscription rights in principle. According to section 186 paragraph 5 German Stock Corporation Act (*Aktiengesetz*), the shares may also be underwritten by one or more banks subject to the obligation that they offer these to the shareholders for subscription (indirect subscription right). However, the Management Board is authorized, subject to approval by the Supervisory Board, to exclude shareholders' statutory subscription rights for one or more capital increases from authorized capital:

(i) to exclude fractional amounts from subscription rights;

(ii) to the extent required to grant holders of conversion or option rights or creditors of mandatorily convertible bonds, which have been or will be issued by the Company or a directly or indirectly wholly owned subsidiary, a subscription right to new no par-value bearer shares in the Company, to which they would be entitled as shareholders if they were to exercise their option or conversion rights or upon fulfillment of a conversion obligation;

(iii) to issue shares against contributions in cash, provided the issue price of the new shares is not materially lower than the stock exchange price of the already listed shares of the same class and features at the time of the final determination of the issue price within the meaning of section 203 paragraphs 1 and 2, and section 186 paragraph 3 sentence 4 German Stock Corporation Act and the pro rata amount of the share capital attributable to the new shares excluded from subscription rights according to section 186 paragraph 3 sentence 4 German Stock Corporation Act does not exceed 10% of the Company's share capital, neither with respect to the date on which the authorization becomes effective nor the date on which such authorization is exercised. This figure is to include shares that have been or will be issued to service warrant-linked bonds, convertible bonds or convertible or warrant-linked participation rights, insofar as these bonds were issued during the term of this authorization and under exclusion of subscription rights (section 186 paragraph 3 sentence 4 German Stock Corporation Act accordingly). Furthermore, this limit of 10% of the share capital shall also include the Company's treasury shares that are sold during the term of this authorization under exclusion of the shareholders' subscription rights pursuant to section 71 paragraph 1 number 8 sentence 5 clause 2 in conjunction with section 186 paragraph 3 sentence 4 German Stock Corporation Act;

(iv) to the extent this is necessary so that shares can be issued under the Stock Option Program 2014 (see "*12 Business—12.14 Compensation*"), to people who are or were employees of the Company and/or its affiliates, whereby the pro rata amount of the share capital of the new shares issued may not exceed 5% of the share capital, neither with respect to the date on which a resolution is passed on this authorization nor on which this authorization is exercised. This 5% limit shall also include the Company's treasury shares and shares from the Company's conditional capital that are granted to employees and executive bodies of the Company or its affiliates under the terms of this authorization;

(v) to issue shares against contributions in kind, especially for – but not limited to – the purpose of the direct or indirect acquisition of companies, parts of companies, participations in companies, or other assets (in particular real estate portfolios and shares in real estate companies), or to service convertible bonds, warrant-linked bonds, convertible or warrant-linked participation rights, or a combination of these instruments which are issued against contributions in kind.

The aforementioned authorizations for excluding subscription rights to capital increases against contributions in cash and/or in kind are limited to an amount which may not, in sum, exceed 20% of the share capital, either with respect to the date on which the authorization becomes effective or the date on which such authorization is exercised. This 20% limit shall also include treasury shares that are sold during the term of this authorization under exclusion of shareholders' subscription rights, as well as those shares that are issued to service convertible or warrant-linked bonds (including participation rights) or mandatorily convertible bonds (or a combination of these instruments), provided that the bonds or participation rights were issued during the term of this authorization in accordance with the authorization resolved upon by the annual general meeting on June 11, 2014 under the exclusion of shareholders' subscription rights. To the extent that rights are established to subscribe to shares of Deutsche Wohnen AG in exchange for shares of GSW through the entry into force of the Domination Agreement during the term of this authorization, the number of these shares of Deutsche Wohnen AG will also be included in the above-mentioned 20% limit. In addition, shares from the Conditional Capital 2014/III (see "*—17.5 Contingent Capital—17.5.4 Contingent Capital 2014/III*") that are issued to service Option Rights under the Stock Option Program 2014 are also to be included in this 20% limit.

The Management Board is also authorized to define the other share rights and the terms of share issuance with the consent of the Supervisory Board.

The Management Board and the Supervisory Board made a proposal to the Company's general meeting, which will take place on June 12, 2015, to renew the authorization of the Management Board to increase the Company's share capital, with the consent of the Supervisory Board by up to EUR 100,000,000 (authorized capital 2015).

17.4 Authorization to Issue Convertible Bonds and/or Warrant-linked Bonds and/or Profit Participation Rights Carrying a Conversion and/or Option Right (or a Combination of these Instruments)

By resolution of the annual general meeting on June 11, 2014, the Management Board has been authorized subject to the consent of the Supervisory Board to issue registered or bearer convertible bonds and/or warrant-linked bonds and/or participation rights carrying an option or conversion right, or a combination of these instruments (hereinafter referred to as "**Bonds**") for a nominal amount of up to EUR 950,000,000.

a) Nominal Amount, Authorization Period, Number of Shares

With the consent of the Supervisory Board, the Management Board has been authorized to issue Bonds with or without a limitation on maturities with a par value of up to EUR 950,000,000 once or several times in the period until June 10, 2019 and to grant the buyers of Bonds conversion or option rights to the Company's shares with a notional value of up to EUR 50,000,000 of the share capital in accordance with the more detailed provisions of such warrant-linked bonds, convertible bonds and participation rights. The terms and conditions for each bond can stipulate a conversion obligation at maturity or some other time, including an obligation to exercise the conversion or option right. Bonds can also be issued against non-cash payment.

In addition to Euros, the Bonds can be issued in the official currency of any OECD country – provided the corresponding Euro equivalent is not exceeded. The Bonds can also be issued by dependent Group enterprises or enterprises in which the Company has a majority shareholding; in this case, the Management Board is authorized to guarantee the Bonds on behalf of the enterprise and to grant the creditors of such Bonds conversion or option rights to the Company's shares. When Bonds are issued, they are normally divided into multiple fractional Bonds with equal rights.

b) Granting of Subscription Rights, Exclusion of Subscription Rights

Shareholders are to be granted subscription rights to acquire the Bonds in principle. Pursuant to section 186 paragraph 5 of the German Stock Corporation Act, the Bonds may also be underwritten by one or more banks subject to the obligation that they offer these to the shareholders for subscription (*mittelbares Bezugsrecht*). The Management Board shall, however, be authorized, subject to the approval of the Supervisory Board, to exclude subscription rights of shareholders:

i. to exclude fractional amounts from subscription rights;

ii. to the extent required to grant bearers of conversion or option rights or holders of convertible bonds and/or participation rights carrying a conversion or option obligation that have been or will be issued by the Company or a directly or indirectly wholly owned subsidiary a subscription right to which they would be entitled as shareholders if they were to exercise their option or conversion rights or upon fulfillment of a conversion or option obligation;

iii. insofar as they are issued against cash and the issue price is not significantly below the fractional bond's theoretical market value determined according to recognized principles of financial mathematics according to section 221 paragraph 4 sentence 2 and section 186 paragraph 3 sentence 4 German Stock Corporation Act; however, this authorization to exclude subscription rights only to the extent that Bonds with rights to shares do not represent more than 10% of the share capital, either with respect to the date on which the authorization becomes effective or the date on which such authorization is exercised. This restriction also includes the sale of treasury shares insofar as they are sold during the term of this authorization under exclusion of subscription rights pursuant to section 71 paragraph 1 number 8 sentence 5 clause 2 in conjunction with section 186 paragraph 3 sentence 4 German Stock Corporation Act. This restriction furthermore includes shares that are issued from authorized capital during the term of this authorization under exclusion of subscription rights pursuant to section 203 paragraph 2 sentence 2 in conjunction with section 186 paragraph 3 sentence 4 German Stock Corporation Act;

iv. insofar as they are to be issued against non-cash payment to the extent that the value of the non-cash payment is commensurate with the market value of the Bonds as determined in the manner described in section (b)(iii) above.

The aforementioned authorizations for the exclusion of subscription rights are limited to an amount which may not, in sum, exceed 20% of the share capital, either with respect to the date on which the authorization becomes effective or the date on which such authorization is exercised. This 20% limit also includes treasury shares that are sold during the term of this authorization under exclusion of subscription rights and those shares that have been issued during the term of this authorization out of the Authorized Capital 2014 under the exclusion of the shareholders' subscription rights. To the extent that rights are established to shares of Deutsche Wohnen AG in exchange for shares of GSW through the entry into force of the Domination Agreement during the term of this authorization, the number of these shares of Deutsche Wohnen AG will also be included in the above-mentioned 20% limit. In addition, the following shares are also to be included in this 20% limit: the shares from the Conditional Capital 2014/III (see "*—17.5 Contingent Capital—17.5.4 Contingent Capital 2014/III*") that are issued to service Option Rights under the Stock Option Program 2014.

c) Conversion Right, Conversion Obligation

In case of convertible bonds, the holders may exchange their Bonds for shares in the Company according to the terms and conditions of the Bonds. The pro rata amount of the share capital represented by the shares to be issued as a result of any conversion may not exceed the nominal value of the convertible bond or convertible participation right. The Exchange Ratio is calculated by dividing the nominal value of one bond by the conversion price fixed for obtaining one share of the Company. The Exchange Ratio may also be determined by dividing the issue price of the Bonds, if it is lower than its nominal value, by the fixed conversion price for obtaining one share of the Company. The Exchange Ratio may be rounded up or down to a whole number; in addition, a cash premium may be provided for. Furthermore, the terms and conditions may provide for fractional amounts to be combined and/or settled in cash. The terms and conditions may also provide for a variable exchange ratio.

In the case of a conversion or option obligation, the terms and conditions of the Bonds may entitle the Company to settle in cash, in full or in part, any difference between the nominal value of the convertible bonds or convertible or warrant-linked participation rights and the result obtained from multiplying the Exchange Ratio and a stock market price for the shares at the time of the mandatory exchange to be more closely defined in the terms and conditions of the Bonds. In these cases, the stock market price can equal at least either the minimum price specified under e) below or the volume-weighted average closing price of the shares of Deutsche Wohnen AG in XETRA trading (or a corresponding successor system) on the ten trading days in Frankfurt am Main before the date of the final maturity or the other set date, even if this average price is lower than the minimum price (80%) specified above. The proportionate amount of the share capital represented by the no par-value shares of Deutsche Wohnen AG to be issued upon conversion or exercise of an option right must not exceed the nominal value of the convertible bonds. Section 9 paragraph 1 in conjunction with section 199 paragraph 2 German Stock Corporation Act must be observed.

d) Option right

In the case of warrant-linked bonds, one or more warrants shall be attached to each bond, entitling the holder to purchase shares in the Company pursuant to the more detailed provisions of the terms and conditions set out by the Management Board. The pro rata amount of the share capital represented by the shares to be issued per bond may not exceed the nominal value of the warrant-linked bond.

e) Conversion/Option Price

The conversion or option price for a share to be determined respectively must either be at least 80% of the volume-weighted average closing price of Deutsche Wohnen AG shares in XETRA trading (or a comparable successor system) on the ten trading days in Frankfurt am Main prior to the day the final decision is made by the Management Board on the issuance of Bonds or the acceptance or allocation by the Company as part of a placement of Bonds, or – if a subscription right is granted – at least 80% of the volume-weighted average closing price of Deutsche Wohnen AG shares in XETRA trading (or a comparable successor system) during (i) the days on which the subscription rights are traded on the Frankfurt Stock Exchange, excluding the last two days of subscription rights trading on the stock exchange, or (ii) the days from the start of the subscription period through the time when the final subscription price is set. Section 9 paragraph 1 and section 199 German Stock Corporation Act (*Aktiengesetz*) remain unaffected.

In the case of Bonds with conversion and/or option rights or conversion and/or option obligations, section 9 paragraph 1 German Stock Corporation Act notwithstanding, the conversion or option price also may be reduced based on an anti-dilution clause in accordance with the precise terms and conditions if the Company increases the share capital during the conversion or option period while granting subscription rights to its shareholders, or if the Company issues or guarantees further convertible bonds, warrant-linked bonds or convertible or warrant-linked participation rights or other option rights and the holders of conversion and option rights are not granted subscription rights to the extent those would have been entitled after exercising their conversion or option rights or after fulfillment of the mandatory conversion or option obligation. The reduction in the option and/or conversion price may also be fulfilled through a cash payment when exercising the option and/or conversion right or fulfilling a mandatory conversion or option obligation. The terms and conditions may also provide for a value-preserving adjustment of the conversion or option price with regard to other measures that may lead to a dilution in the value of the conversion and/or option rights (*e.g.*, payment of a dividend). In any case, the pro rata amount of the share capital represented by the shares to be issued per bond may not exceed the nominal value of the bond.

f) Further Structuring Possibilities

The individual terms and conditions may determine that treasury shares, shares from the Company's authorized capital or other means of compensation may be granted if conversion or option rights are exercised. Furthermore, it may be stipulated that if conversion or option rights are exercised, instead of granting holders of conversion or option rights shares in the Company, the Company may pay the equivalent value in cash or grant stock exchange listed shares in another company.

The terms and conditions of the Bonds may also provide for the number of shares to be acquired upon exercising of the conversion and/or option rights or upon fulfillment of the mandatory conversion or option obligation, or a conversion right in this regard, to be variable, and/or for the conversion and/or option price to be subject to change depending on the change in the share price or as a result of anti-dilution clauses during the term and within a range to be determined by the Management Board.

g) Authorization to Determine Further Terms and Conditions of the Bonds

The Management Board is authorized to determine further details relating to the issuance, terms and conditions of the Bonds, particularly with respect to the interest rate, issue price, term and denomination, conversion or option price, and the conversion or option period, or to determine these in agreement with the corporate bodies of the Group companies issuing the Bonds.

h) Issuance of Convertible Bonds

In September 2014, the Management Board made use of this authorization and issued convertible bonds with an aggregate nominal amount of EUR 400,000,000 (the 2014 Convertible Bonds).

The Management Board and the Supervisory Board made a proposal to the Company's general meeting, which will take place on June 12, 2015, to renew the authorization for the Management Board subject to the consent of the Supervisory Board to issue convertible bonds and/or warrant-linked bonds and/or participation rights carrying an option or conversion right for a nominal amount of up to EUR 1.5 billion.

17.5 Contingent Capital

Currently, the Articles of Association provides for the following four contingent capitals: the Contingent Capital 2013, the Contingent Capital 2014/I, the Contingent Capital 2014/II and the Contingent Capital 2014/III.

17.5.1 Contingent Capital 2013

By resolution of the general meeting on May 28, 2013 (entered into the commercial register on July 9, 2013), the Company conditionally increased its share capital by up to 40,189,000 new bearer shares entitled to dividends ("**Contingent Capital 2013**").

The Management Board, with the approval of the Supervisory Board, placed a convertible bond on November 19, 2013. If the creditors of the convertible bond exercise their conversion rights, the necessary shares for fulfilment are expected to be raised from the Contingent Capital 2013. For this purpose, the annual general meeting on June 11, 2014 resolved to only cancel the Contingent Capital 2013 in a partial amount of EUR 24,113,286 and to reserve a partial amount of EUR 16,075,714 for the granting of shares to the creditors of the convertible bond. Thus, the Contingent Capital 2013 currently amounts to EUR 16,075,714.

Further, the Articles of Association stipulate that the conditional capital increase out of the Conditional Capital 2013 is only carried out insofar as the holders of the convertible bonds issued by the Company in November 2013 against contributions in cash exercise their conversion right in accordance with the bond terms and conditions, or the Company exercises its option in accordance with the terms and conditions to repay every bond on the relevant maturity date in full or in part in shares insofar as other forms of servicing are not used. In the event of conversion, the issue of the new shares takes place at the applicable conversion price in accordance with the bond terms and conditions. The new shares participate in profit from the start of the fiscal year in which they are created. The Management Board is authorized to set additional details of the implementation of the conditional capital increase.

17.5.2 Contingent Capital 2014/I

The Contingent Capital 2014/I amounts to EUR 50,000,000.

By resolution of the annual general meeting on June 11, 2014 (entered into the commercial register on August 6, 2014), the Company conditionally increased its share capital by up to 50,000,000 new bearer shares entitled to dividends ("**Contingent Capital 2014/I**"). The contingent capital increase serves the granting of shares to the creditors of Bonds to be issued in accordance with the aforementioned authorization including for issuances of shares pursuant to the terms of the 2014 Convertible Bonds. At the current conversion ratio, the exercise of all conversion rights pursuant to the terms of the 2014 Convertible Bonds would result in the issuance of about 18.1 million shares.

The new shares are issued at the conversion or option price to be fixed in accordance with the aforementioned authorization. The conditional capital increase is only to be implemented insofar as conversion and/or option rights from issued Bonds are exercised and/or holders of Bonds with a conversion and/or option obligation meet their obligation to exercise the conversion and/or option rights, or insofar as Deutsche Wohnen AG grants shares in Deutsche Wohnen AG instead of paying the cash sum due, and insofar as the conversion or option rights or conversion or option obligations are not serviced by treasury shares, shares issued out of authorized capital or other means of compensation.

The new shares pay a dividend from the beginning of the fiscal year in which they are created by the exercise of conversion or option rights or the fulfillment of conversion obligations; alternatively, insofar as legally permissible, the Management Board, with the approval of the Supervisory Board, can determine that the new shares provide for a dividend entitlement from the beginning of the fiscal year for which the conversion or option rights, or conversion obligations must be satisfied if the general meeting has not passed any resolution on the use of the net profits for the period.

The Management Board is authorized to determine further details of the implementation of the contingent capital increase. The Management Board made use of this authorization by issuing a convertible bond in the amount of EUR 400,000,000.

The Management Board and the Supervisory Board made a proposal to the Company's general meeting, which will take place on June 12, 2015, to renew the conditional increase of the share capital of the Company by up to EUR 50,000,000 to allow the issuance of new shares to holders of convertible bonds and/or warrant-linked bonds and/or participation rights carrying an option or conversion right who exercise their conversion or option rights.

17.5.3 Contingent Capital 2014/II

By resolution of the annual general meeting on June 11, 2014, the Company conditionally increased its share capital by up to EUR 15,000,000.00 to up to EUR 301,216,731.00 by issuing up to 15,000,000 new bearer shares with no par-value ("**Conditional Capital 2014/II**"). The resolution in relation to the conditional capital increase was entered into the commercial register of the local court (*Amtsgericht*) of Frankfurt am Main, Germany, on August 6, 2014 (see "*13 Material Agreements of the Company—13.2 Enterprise Agreements—13.2.1 Domination Agreement between Deutsche Wohnen AG and GSW*").

New shares out of the Contingent Capital 2014/II have and will be issued against the transfer of shares in GSW by the Minority GSW Shareholders. The conditional capital increase shall only be executed to the extent that the Minority GSW Shareholders make use of their right to subscribe for settlement shares. The Management Board is authorized to set additional details of the capital increase and its implementation, subject to the approval of the Supervisory Board. Until the date of this Prospectus, a total of 8,948,995 shares were issued out of the Contingent Capital 2014/II.

Minority GSW Shareholders are granted – insofar as practically and legally possible – settlement shares that pay a dividend from the start of the last fiscal year that ended before they were created in case the Minority GSW Shareholders exchange their GSW shares for settlement shares before receiving a dividend and/or consideration based on the guaranteed dividend on their shares for the fiscal year 2014 or subsequent fiscal years. In the event that the Minority GSW Shareholders exchange their shares for settlement shares after receiving a dividend and/or consideration based on the guaranteed dividend on their shares for the fiscal year preceding the year in which the settlement shares are created, or to the extent it is not practically or legally possible to grant shares that pay a dividend as described in the previous sentence, they are granted settlement shares that pay a dividend from the start of the fiscal year in which they are created.

17.5.4 Contingent Capital 2014/III

By resolution of the annual general meeting on June 11, 2014 (entered into the commercial register on August 6, 2014), the Company conditionally increased its share capital by up to 12,879,752 new no par-value bearer shares ("**Conditional Capital 2014/III**"). The conditional capital increase solely serves to grant shares to Beneficiaries under Stock Option Program 2014 (see "*12 Business—12.14 Compensation*"). The conditional capital increase will only be exercised to the extent that the Beneficiaries of stock options granted under the authorization by the annual general meeting of June 11, 2014 exercise the Option Rights and the Company does not fulfill the stock option by delivering treasury shares.

Insofar as practically and legally possible, the new shares pay a dividend from the beginning of the fiscal year for which the general meeting has not yet adopted a resolution on the appropriation of profits at the time the new shares are issued.

The new shares issued out of the Contingent Capital 2014/III may not exceed 5% of the share capital, neither at the time of the general meeting resolution regarding this authorization nor on the date this authorization is exercised. This 5% limit shall also include the Company's treasury shares and shares from the Company's authorized capital that are granted to employees or executive bodies of the Company or its affiliates during the term of this authorization.

17.6 Authorization to Purchase and Sell Treasury Shares

A resolution was adopted by the annual general meeting on June 11, 2014 that authorizes the Management Board, subject to the approval of the Supervisory Board and provided it complies with the legal requirement of equal treatment, to purchase up to a total of 10% of the Company's existing share capital up until and including June 10, 2019. The shares can be purchased in one or more tranches and may be used for any purpose permitted by law. The shares may also be sold. In particular, the shares can be sold by means other than on a stock exchange; they can be sold as part of a merger of companies, sold to satisfy conversion or subscription rights or conversion obligations under convertible bonds or bonds with warrants or profit participation rights and sold at a price near the market price if sold as part of a placement, with the possibility to exclude subscription rights in any of these three cases; the shares may also be retired. They also may be offered to current or former employees of the Company or its affiliates or members of management bodies of the Company or its affiliates in order to service Options Rights granted under the Stock Option Program 2014 and other compensation arrangements of the Management Board, the details of which are set by the Company's Supervisory Board (see

"*18 Management and Supervisory Bodies of Deutsche Wohnen AG—18.2 Management Board and Senior Management—18.2.2 Remuneration, Shareholdings and Other Legal Relationships*"). Furthermore, the Management Board is authorized, subject to the approval of the Supervisory Board, to exclude subscription rights to the extent required to protect against dilution in order to grant holders of securities with conversion or option rights or of convertible bonds with conversion obligations issued by the Company or subsidiaries of the Company subscription rights to shares to the extent to which they would be entitled if they were to exercise their conversion rights or options or upon fulfillment of a conversion obligation.

17.7 General Rules on the Appropriation of Profit and Dividend Payments

Shareholders' stakes in the distributable balance sheet profit are determined based on their individual holding of the Company's share capital. In the event of a capital increases, the Articles of Association permit alternative arrangements to be made with regard to the profit participation of newly issued shares.

The distribution of dividends on the Company's shares in any given fiscal year is subject to the decision by the general meeting of the following fiscal year, which acts on the basis of a proposal by the Management Board and the Supervisory Board.

Under German law, dividends may only be approved and distributed on the basis of the distributable profits reported in the Company's financial statements. Distributable profits are calculated by adjusting the profits for the year to reflect profits or losses carried forward from the previous year and additions to or releases from reserves. Some allocations to reserves are required by law and must be deducted when calculating the distributable profits.

Under German law, when approving the annual financial statements, the Management Board and Supervisory Board may allocate up to half of the net profits for the year remaining after deducting allocations to statutory reserves and any accumulated losses carried forward to other retained earnings. When voting on the appropriation of distributable profits, the general meeting may decide to make further allocations to retained earnings or to carry a profit forward.

Dividends approved by the general meeting are paid annually shortly after the meeting, according to the rules of the relevant clearing system. Dividends are subject to a limitation period of three years. Details of any dividends approved by the general meeting and the paying agent appointed by the Company are published in the German Federal Gazette.

17.8 General Provisions on the Liquidation of the Company

With the exception of liquidation as a result of insolvency proceedings, the Company can only be liquidated by resolution of the general meeting. A liquidation resolution requires at least 75% of the share capital represented when the vote is cast. In this case, any assets remaining after deduction of all of the Company's liabilities will be distributed among the shareholders in proportion to their share in the share capital, pursuant to the provisions of the German Stock Corporation Act. Certain requirements for the protection of creditors must be complied with in this process.

17.9 General Provisions on Changes in Share Capital

According to the German Stock Corporation Act, a stock corporation requires a resolution by the general meeting to be adopted by a majority of at least 75% of the share capital represented at the meeting to increase its share capital unless the Articles of Association specify other majority requirements. The Company has exercised its right to stipulate a lower majority. Pursuant to section 10 paragraph 3 of the Articles of Association, resolutions by the Company's general meeting may be adopted by a simple majority and, to the extent that a majority of the share capital must be represented, by a simple majority of the share capital, unless otherwise required by the law or the Articles of Association.

Shareholders may also create authorized capital. The creation of authorized capital requires a resolution adopted by a majority of 75% of the share capital represented at the meeting to authorize the Management Board to issue shares up to a specific nominal amount within a period of no more than five years. The nominal amount may not exceed half of the share capital existing at the time of authorization.

Additionally, shareholders may resolve to create contingent capital (i) to issue shares to holders of convertible bonds or other securities that grant their holders the right to subscribe for shares, (ii) to grant shares as consideration in a merger with another company, or (iii) to offer shares to officers and employees, provided that, in each case, a corresponding resolution is approved by a majority of at least 75% of the share capital represented when the vote is taken. The nominal amount of contingent capital created for the issuance of shares to officers and employees may not exceed 10% of the share capital existing at the time of the resolution. In all other cases, it may not exceed half of the share capital existing at the time of the resolution.

A resolution to decrease the share capital requires approval by a majority of 75% of the share capital represented when the vote is taken.

If a change to the share capital results in an increase or decrease in voting rights, the Company must inform BaFin and must publish the total number of voting rights at the end of the month in which the change takes place according to section 26a German Securities Trading Act.

17.10 General Provisions Governing Subscription Rights

In principle, the German Stock Corporation Act grants all shareholders the right to subscribe for new shares to be issued in a capital increase. The same applies to convertible bonds, bonds with warrants, profit participation rights, and participating bonds. Subscription rights are freely transferable and may be traded on German stock exchanges for a prescribed period before the deadline for subscription expires. The general meeting may, subject to a majority of at least 75% of the share capital represented at the meeting, resolve to exclude shareholders' subscription rights. Exclusion of subscription rights also requires a report from the Management Board stating the grounds for such exclusion, which must demonstrate that the Company's interest in excluding subscription rights outweighs the interest of the shareholders to be granted subscription rights. Exclusion of subscription rights with respect to new shares issued is specifically permissible where:

- The Company is increasing share capital against cash contributions;
- The amount of the capital increase does not exceed 10% of the existing share capital; and
- The price at which the new shares are being issued is not materially lower than the stock exchange price.

17.11 Squeeze-out of Minority Shareholders

Under the provisions of section 327a *et seq*. of the German Stock Corporation Act governing a "squeeze-out under stock law", the general meeting of a stock corporation may, at the request of a shareholder who owns at least 95% of the voting share capital (the "**Principal Shareholder**"), vote to transfer the shares held by minority interests to the Principal Shareholder in exchange for an appropriate cash settlement. The Principal Shareholder may participate in the vote. The amount of the cash settlement to be offered to the Minority GSW Shareholders must take into account the "circumstances of the company" (*die Verhältnisse der Gesellschaft*) at the time the general meeting passes the resolution. The amount of the cash settlement must be based on the full value of the company, which is usually calculated using the discounted earnings method (*Ertragswertmethode*). Furthermore, this cash settlement may not be less than the mean stock exchange price of the shares during the last three months before announcement of the planned squeeze-out.

In case of a "squeeze-out under takeover law" under sections 39a and 39b of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*), a bidder holding at least 95% of the voting share capital of a target company as defined in the German Securities Acquisition and Takeover Act after a takeover bid or mandatory offer may, within three months of expiry of the deadline for acceptance, petition the district court of Frankfurt am Main for a court order for the transfer of the remaining voting shares in exchange for an adequate consideration. A resolution passed by a general meeting is not required. The nature of the consideration must be the same as the consideration provided in the takeover bid or mandatory offer; a cash alternative must always be offered. The consideration provided in the takeover bid or mandatory offer is deemed adequate when the bidder has acquired at least 90% of the relevant share capital due to the offer. In addition, after a takeover bid or mandatory offer, shareholders in a target company who have not accepted may do so up to three months after the deadline for acceptance has expired, provided the bidder is entitled to petition the court for the transfer of the outstanding voting shares. The provisions for a squeeze-out under corporate law cease to apply once a bidder has petitioned for a squeeze-out under takeover law, and only become applicable again when these proceedings have been definitively completed.

In addition, under the provisions of section 62 paragraph 5 Reorganization Act (*Umwandlungsgesetz*), within three months after conclusion of a merger agreement, the general meeting of a transferring company may pass a resolution according to section 327a (1.1) German Stock Corporation Act, *i.e.*, a resolution on the transfer of the shares held by the remaining shareholders (minority interests) to the transferee company (Principal Shareholder) in exchange for an adequate cash settlement if the Principal Shareholder has at least 90% of the share capital. The result of this "squeeze-out under reorganization law" is the exclusion of the minority shareholders in the transferring company. The entitlement to consideration is based on the provisions of section 327a *et seq*. German Stock Corporation Act.

Section 319 *et seq*. of the German Stock Corporation Act concerning integrations provides that the general meeting of a stock corporation may resolve to integrate their company into another company with its registered office in Germany if 95% of the shares of the company to be integrated are being held by the future principal company. When the integration is consummated by registration in the commercial register, all shares not being held by the principal company are transferred to it. The former shareholders of the integrated company are entitled to an adequate settlement payment, which must generally be granted in the form of the principal company's own shares. If compensation takes the form of shares in the principal company, it is deemed adequate if the shares are granted in the same proportion as shares of the principal company would have been granted per share in the company integrated if a merger had taken place. Fractional amounts may be compensated in cash.

17.12 Shareholding Notification and Disclosure Requirements

As a listed company, the Company is subject to the provisions of the German Securities Trading Act (*Wertpapierhandelsgesetz*) regarding the obligation to disclose major shareholdings. The German Securities Trading Act states that shareholders who exceed or fall below certain thresholds of voting rights in a listed company by buying or selling or in any other manner must report this fact promptly to the company and to BaFin in writing at the latest within four trading days. The thresholds are 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% of the company's voting rights. The Company is obliged to publish such notifications promptly (within three trading days of receipt at the latest) in the media, including those which can be assumed to disseminate the information across the entire EU and in other signatory states of the European Economic Area. The Company must advise BaFin of the publication and send the information contained therein to the Company Register for archiving. At the end of every month in which increases or decreases in voting rights have taken place, the Company must publish the total number of voting rights in the same manner, advise the Company Register, and inform BaFin of the publication. The German Securities Trading Act contains various rules according to which the voting rights of shares are attributed to parties subject to disclosure obligations in cases where they do not hold the shares directly but nevertheless control or could control the voting rights. For example, shares are deemed to belong to a company even if they belong to a third company, when one company controls the other; the same applies where shares are held by a third company for the account of the first company or another company controlled by it. Shareholders who do not file a report cannot exercise the rights attached to their shares (including voting rights and the right to receive dividends; but with regard to dividends, only in cases where the failure to file was deliberate and has not been remedied) until they file. Depending on the extent of voting rights concerned, if the breach of the shareholding notification is intentional or gross negligence, this period may be extended by six months. A breach of the shareholding notification requirements may also be fined.

17.13 Notification Requirements for Holders of Financial Instruments and Other Instruments

Direct or indirect holders of financial instruments that are, by means of legally binding agreement, unilaterally entitled to acquire voting shares issued by an issuer originating from the Federal Republic of Germany, must immediately inform both the issuer and BaFin once a level of 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of voting rights has been reached, exceeded, or fallen below. The provisions of the Investor Protection and Capital Markets Improvement Act (*Gesetzes zur Stärkung des Anlegerschutzes und Verbesserung der Funktionsfähigkeit des Kapitalmarkts*), which took effect on February 1, 2012, has expanded the disclosure rules to include other instruments.

Since the Investor Protection and Capital Markets Improvement Act took effect, the disclosure requirements upon reaching, exceeding or falling below the thresholds also apply to direct or indirect holders of other instruments if these grant holders the actual or economic opportunity to acquire the issuer's securities. It is not material whether an enforceable right to acquire voting rights is granted. The law in particular covers cases in which a party other than the holder could exclude or reduce its risks from these instruments by holding the shares, or the financial instruments or other instruments could grant a right or an obligation to purchase such shares. The issuer and BaFin must be notified promptly, within four trading days at the latest.

These instruments are always added to the shareholdings that must be disclosed. The expanded disclosure requirements under the Investor Protection and Capital Markets Improvement Act also apply to people who, on February 1, 2012, already held financial instruments and other instruments granting holders the right to purchase 5% or more of the voting shares issued. In this event, shareholders must promptly notify the issuer and BaFin of the number of voting shares they hold, within thirty trading days at the latest.

17.14 Notification of Director's Dealings

Individuals performing executive functions within the meaning of the German Securities Trading Act for an issuer of shares must notify both the issuer and BaFin within five business days about their own transactions regarding shares of the issuer or related financial instruments, in particular derivatives. This obligation also applies to people "having a close relationship" with such individuals, as defined in the German Securities Trading Act.

17.15 Notification Requirement for Holders of Significant Shareholdings

Any shareholder reaching or exceeding a threshold of 10% (or a higher threshold) of voting shares of a listed company, must in principle inform the issuer originating from the Federal Republic of Germany of the goals pursued with the acquisition of the voting rights as well as the source of the financial means used for the acquisition within 20 trading days of reaching or exceeding the threshold in question. A change in goals must also be disclosed within 20 trading days. This requirement may be waived by a change to a company's articles of association. Deutsche Wohnen has not waived this rule.

17.16 Publication of Assumption of Control and Mandatory Offer

In addition, the German Securities Acquisition and Takeover Act provides that any person whose voting rights reach or exceed 30% of the Company's voting shares must publish this fact and the percentage of voting rights held on the Internet and by means of an electronically operated information dissemination system for financial information within seven calendar days and, unless released from this obligation, must subsequently submit a mandatory public offer addressed to all of the company's shareholders.

17.17 EU Short Selling Regulation (Ban on Naked Short-Selling)

Regulation (EU) No. 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps, hereinafter referred to as the "**EU Short Selling Regulation**", took effect on November 1, 2012. Since coming into force, the EU Short Selling Regulation, the European Commission's delegated regulation for the purposes of detailing it, and the German EU Short Selling Implementation Act (*EU-Leerverkaufs-Ausführungsgesetz*) of November 15, 2012 have replaced the application of Germany's former federal law banning naked short-selling of equities and specific debt instruments. The EU Short Selling Regulation only permits the short selling of shares when specific criteria are met. Under the provisions of the EU Short Selling Regulation, significant net short selling positions in shares must be reported to BaFin and also published if they exceed a specific percentage. The reporting and publication process is detailed in the German Regulation on Net-Short Positions (*Netto-Leerverkaufspositionsverordnung*) of December 17, 2012. The net short selling positions are calculated by offsetting the short positions a natural person or legal entity has in the shares issued by the company concerned with the long positions it has in this capital. The details are regulated in the EU Short Selling Regulation and the other regulations the European Commission enacted on short-selling to specify it. In certain situations described in detail in the EU Short Selling Regulation, BaFin may restrict short selling and comparable transactions.

18. MANAGEMENT AND SUPERVISORY BODIES OF DEUTSCHE WOHNEN AG

18.1 Overview

The Company's corporate bodies are the Management Board, the Supervisory Board and the general meeting. The powers and responsibilities of these corporate bodies are governed by the German Stock Corporation Act, the Articles of Association and the Bylaws of the Management Board and the Supervisory Board.

The Management Board conducts the business of the Company in accordance with the law, the Articles of Association and the Bylaws of the Management Board, taking into account the resolutions of the general meeting. The Management Board represents the Company in its dealings with third parties. The Management Board is required to introduce and maintain appropriate risk management and risk controlling measures, in particular setting up a monitoring system in order to ensure that any developments potentially endangering the continued existence of the Company may be identified early. Furthermore, the Management Board must report regularly to the Supervisory Board on the performance and the operations of the Company. In addition, the Management Board is required to present to the Supervisory Board, no later than at the last Supervisory Board meeting of each fiscal year, certain matters of business planning (including financial investment and personnel planning) for the following fiscal year for approval by the Supervisory Board. Furthermore, as regards all matters of particular significance to the Company, each member of the Management Board who becomes aware of such matters must immediately report these matters, verbally or in writing, to the chairman and the vice chairman of the Supervisory Board or to all members of the Supervisory Board. Significant matters also include any development or event at an affiliated company of which the Management Board has become aware and that could have a material influence on the Company's position.

The Supervisory Board appoints the members of the Management Board and has the right to remove them for good cause. Simultaneous membership on the Management Board and the Supervisory Board is prohibited. The Supervisory Board advises the Management Board in the management of the Company and monitors its management activities. The Management Board may not transfer management tasks to the Supervisory Board. However, pursuant to the Bylaws of the Management Board, the Management Board must obtain the consent of the Supervisory Board for certain transactions or measures, in particular transactions or measures that entail fundamental changes to the Company's net assets, financial position or results of operations.

The members of the Management Board and of the Supervisory Board owe duties of loyalty and due care to the Company. In discharging these duties, the members of the governing bodies have to take into account a broad range of interests, in particular those of the Company, its shareholders, employees and creditors. The Management Board must also take into account the rights of shareholders to equal treatment and equal information. If the members of the Management Board or Supervisory Board fail to discharge their duties, they are jointly and severally liable for damages to the Company. A D&O insurance policy, which provides for a deductible, protects the Management Board and Supervisory Board members against claims for damages.

Under German stock corporation law, neither individual shareholders nor any other person may use its influence on the Company to cause a member of the Management Board or Supervisory Board to act in a manner that would be detrimental to the Company. People using their influence to cause a member of the Management Board or Supervisory Board, a holder of a general commercial power of attorney or an authorized agent to act in a manner causing damage to the Company or its shareholders, are liable to compensate the Company for any resulting losses if they have acted in violation of their obligation to use due care. Moreover, in this case, the members of the Management Board and Supervisory Board are jointly and severally liable in addition to the person using its influence if they have acted in breach of their obligations towards the Company.

Generally, an individual shareholder may not take court action against members of the Management Board or Supervisory Board if he believes that they have acted in breach of their duties to the Company and, as a result, the Company has suffered losses. Claims of the Company for damages against the members of the Management Board or Supervisory Board may generally only be pursued by the Company itself; in the case of claims against members of the Supervisory Board, the Company is represented by the Management Board, and in case of claims against members of the Management Board, it is represented by the Supervisory Board. Pursuant to a ruling by the German Federal Court of Justice, the Supervisory Board must bring claims that are likely to succeed against Management Board members unless significant considerations of the Company's well-being, which outweigh or are at least equivalent to those in favor of such claim, render such a claim inadvisable. If the representative body in question decides against pursuing the claim, claims against the Management Board or

Supervisory Board must be asserted if the general meeting adopts a resolution to this effect by a simple majority.

Shareholders whose joint holdings equal or exceed 10% of the share capital or the pro-rata amount of EUR 1,000,000 may petition the court to appoint a representative to pursue their claims for damages. Furthermore, shareholders whose joint holdings equal or exceed 1% of the share capital or a proportionate interest of EUR 100,000 at the time the petition is submitted may petition in their own name for a claim for damages to be heard by the regional court where the Company has its registered office. For such a claim to be heard, the Company must have failed to make a claim when called on to do so by the general meeting within an appropriate deadline set by them, and facts must have come to light justifying the suspicion that the Company has sustained damages as a consequence of dishonesty or of a flagrant breach of the law or of the Articles of Association and there are no significant grounds relating to the welfare of the Company outweighing such claim. The Company is entitled to bring a claim for damages itself at any time, and any pending application or claim on the part of the shareholders is barred once the Company does so.

The Company may only waive or settle a claim for damages against board members if at least three years have elapsed since the vesting of the claim, so long as the shareholders approve the waiver or settlement in the general meeting by a simple majority and provided that a minority of shareholders whose aggregate shareholdings amount to at least one-tenth of the share capital does not record an objection to such resolution in the minutes of the meeting.

Pursuant to German law, Deutsche Wohnen AG as a listed company that is not subject to co-determination has to set minimum quotas for female Supervisory Board members and Management Board members and for females in the two management levels below the Management Board. The quotas have to be set by September 30, 2015 and the point in time by which the Company aims to fulfill the quota must not be later than June 30, 2017. If the quota is set a level that is lower than 30%, the actual quota must not fall short of the target quota. In setting the quota, companies are encouraged to use their current gender structure as a guide. In the long term, companies should aim at reaching quotas of 50%. The Company has not set a quota yet.

18.2 Management Board and Senior Management

Pursuant to section 5 of the Articles of Association, the Company's Management Board must consist of at least two members. The Supervisory Board determines the exact number of members. At present, the Management Board consists of three members, Michael Zahn, Andreas Segal and Lars Wittan. Mr. Zahn is currently appointed as the chief executive officer. On March 18, 2011 the Supervisory Board appointed Mr. Wittan as a member of the Management Board, effective October 1, 2011 and on January 31, 2014, Mr. Andreas Segal was appointed as an additional member of the Management Board with immediate effect.

On November 3, 2014, the Supervisory Board issued the most recent version of the Bylaws for the Management Board. According to these Bylaws, the Management Board shall adopt its resolutions by simple majority if it consists of more than two members. If the Management Board consists of two members, resolutions must be unanimous. If consensus cannot be reached on a matter to be decided, it is presented to the chairman of the Supervisory Board. While the members of the Management Board have the right to make decisions in their respective area of responsibility relating to matters in the ordinary course of business, the entire Management Board resolves on all matters of particular significance and importance for the Company or the Group.

The Company is legally represented by two members of the Management Board or by one Management Board member acting jointly with a holder of a general power of attorney. Pursuant to the Company's Articles of Association, the Supervisory Board may grant to each member of the Management Board sole power of representation.

Pursuant to the Articles of Association and the Bylaws of the Management Board and Supervisory Board, the Management Board must seek prior consent of the Supervisory Board for certain transactions or measures that entail fundamental changes to the Company's net assets, financial position or results of operation listed in the bylaws of the Management Board. The Management Board has to, among others, obtain approval in particular for:

- the acquisition of domestic real estate in case the relevant transaction surpasses certain thresholds, varying from EUR 100 million to EUR 250 million;

- the acquisition of foreign real estate;
- the sale of real estate in case certain other conditions are met. These conditions include, inter alia, the fair value of the sold object exceeding certain thresholds varying from EUR 30 million to EUR 150 million and transactions in which the sale price falls short of the fair value of the sold object;
- the acquisition, sale or encumbrance of shares in real estate companies if the purchase or sale of a comparable real estate portfolio would be subject to the Supervisory Board's approval pursuant to the aforementioned parameters or if the value of such transaction exceeds EUR 10 million;
- taking up loans and raising other forms of debt capital in case certain other conditions are met. These conditions include, inter alia, the total amount of a debt instrument exceeding EUR 100 million, the LTV Ratio surpassing 65% or the hedging ratio falling below 75%;
- certain unusual transactions, *e.g.*, granting loans or providing collateral for third parties if the respective loan amount exceeds EUR 20 million; and
- the execution of transactions with related parties.

The Supervisory Board has delegated the decision-making authority for certain transactions to its Acquisition Committee. These transactions include, inter alia:

- acquisitions and disposals of real estate; purchases, sales and encumbrances of shares in real estate companies if the relevant value of the transaction does not exceed a threshold of either EUR 20 million or 1.5 times the amount of the above-mentioned threshold applicable to the respective transaction;
- the raising of debt capital as long as the amount of the debt instrument does not exceed EUR 200 million.

Transactions and measures do not require separate approval by the Supervisory Board or its Acquisition Committee if they are part of and expressly described in a business plan that has been approved by the Supervisory Board unless the Supervisory Board expressly reserves its decision-making responsibility.

In addition to the Management Board and the Supervisory Board, the Company provides for a senior management within the meaning of prospectus law, to which Dr. Kathrin Wolff belongs as General Representative of the Company and chairperson of the board of directors of Deutsche Wohnen Management GmbH.

18.2.1 Members of the Management Board and Senior Management

At present, the Management Board consists of three members: Michael Zahn, Andreas Segal and Lars Wittan. On March 18, 2011 the Supervisory Board appointed Mr. Wittan as a member of the Management Board, effective October 1, 2011, and on January 31, 2014, Mr. Segal was appointed as an additional member of the Management Board with immediate effect. Dr. Kathrin Wolff is also deemed a member of the Company's senior management within the meaning of prospectus law. The following table lists the members of the Company's Management Board and senior management and their respective areas of responsibility.

18.2.1.1 Management Board

Name	Member since	Appointed until	Areas of Responsibility
Michael Zahn (CEO)	September 1, 2007	December 31, 2020	– Strategic Corporate Development – Property Management – Nursing and Assisted Living – Human Resources – Communication
Andreas Segal (CFO)	January 31, 2014	December 31, 2018	– Corporate Finance – Legal/Compliance

Name	Member since	Appointed until	Areas of Responsibility
			– Investor Relations
Lars Wittan (CIO)	October 1, 2011	September 30, 2019	– Accounting/Tax/ Controlling – Asset Management – Risk Management – Corporate Planning – IT/Organization
Senior Management			
Dr. Kathrin Wolff (General Representative)	April 15, 2011	–	– Property Management

Short biographies of the current Management Board members and senior management are given below:

18.2.1.2 Michael Zahn

Michael Zahn received his degree in economics from the Albert-Ludwigs University in Freiburg im Breisgau, Germany, in 1992. In parallel with his professional activity, he completed postgraduate courses to become a Corporate Real Estate Manager and Chartered Surveyor at the European Business School in Oestrich-Winkel, Germany. Michael Zahn began his professional career in 1993 with the association of Berlin-Brandenburg housing enterprises (*Verband Berlin-Brandenburgischer Wohnungsunternehmen*), Domus AG, in Berlin, Germany. After a brief period as deputy managing director at GEWOBA GmbH in 1996, he joined GEHAG AG (now GEHAG GmbH), where he worked in various management roles between 1997 and 2007. From 2007 to June 30, 2009, he was also chief financial officer of KATHARINENHOF®, a subsidiary of GEHAG. In the course of the merger of Deutsche Wohnen AG and the GEHAG Group, he was appointed member of the Management Board in September 2007 and speaker of the Management Board in October 2007. In December 2008, Michael Zahn was appointed chairman of the Management Board of Deutsche Wohnen AG.

18.2.1.3 Andreas Segal

Andreas Segal has completed an apprenticeship as a banker and holds a bachelor's degree in Business Administration. He completed his academic education with the second state examination in law, specializing as a certified tax lawyer. Between 1997 and 1998 Andreas Segal worked as real estate consultant. Subsequently, from 1998 to 2000 he worked as a lawyer specializing in corporate finance. From 2000 to 2003, Andreas Segal worked as an adviser in the field of capital markets for Commerzbank AG in Frankfurt and London. From 2003 to 2006, Andreas Segal was a managing director at ProMarkt Handels GmbH and member of the management board at Wegert Holding GmbH, a private real estate and investment management company. Since 2006, Andreas Segal has worked in leading positions for GSW Immobilien AG. He worked as Chief Financial Officer (CFO) of the Group since 2007 and became a member of the management board in 2008. From August 2013 until January 2014 he acted as Co-CEO of GSW Immobilien AG. On January 31, 2014, Andreas Segal was appointed as Chief Financial Officer of Deutsche Wohnen AG with immediate effect.

18.2.1.4 Lars Wittan

Lars Wittan received a degree in economics from the College of Vocational Studies (*Berufsakademie*) of Berlin, in 2000. Lars Wittan began his professional career in 2000 with Arthur Andersen Deutschland, Germany. In 2002, he was transferred to Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft (now Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft) following the merger with Arthur Andersen. He became a certified public auditor in 2006. Since August 2007, Lars Wittan has held various management positions for Deutsche Wohnen Group. During its meeting on March 18, 2011 the Supervisory Board appointed Lars Wittan as an additional member of the Management Board effective as of October 1, 2011. Succeeding Helmut Ullrich, Lars Wittan was Chief Financial Officer of the Company from July 1, 2012 until January 30, 2014. With effect from January 31, 2014, Lars Wittan was appointed Chief Investment Officer (CIO) of the Company. Since January 2014, Lars Wittan has also been a member of the management board of GSW Immobilien AG. Since January 2015, he has been serving as chairman of the management board (CEO) of GSW Immobilien AG.

18.2.1.5 <u>Dr. Kathrin Wolff</u>

Dr. Kathrin Wolff received a degree in geography from Humboldt University of Berlin and subsequently obtained a Ph.D. in economical geography (urban development) from the same university. She began her professional career in 1989 (head of the editorial office from 1990 to 1993) at the Tourist Verlag in Berlin, and worked from 1994 to 1996 for the real estate companies ProMark GmbH and Inter-Markt GmbH, where she was involved in real estate financing and project development. From 1996 to 1999, Dr. Wolff acted as Managing Director in group companies of Notbohm Holding GmbH/GIWA Grundstücks-, Industrie-, Wirtschaftsanlagen Verwertungs GmbH & Co. KG. In 2000, she joined GEHAG GmbH where she became head of the portfolio development department in April 2002 and authorized representative in March 2004. Since March 2008, Dr. Wolff is a managing director of Deutsche Wohnen Management GmbH, a wholly owned subsidiary of the Company, which carries out the entire residential real estate management for the Company's portfolios. On April 15, 2011 Dr. Kathrin Wolff was appointed as General Representative of Deutsche Wohnen AG. Since March 2014, Dr. Wolff has also been a member of the management board of GSW Immobilien AG.

The following table lists the names of all entities and companies in which the members of the Management Board and senior management were members of the administrative, management or supervisory bodies or were partners during the last five years, including whether the membership in this body or partnership is to continue. Roles held in Deutsche Wohnen AG's subsidiaries (other than in GSW Immobilien AG) are not listed.

Michael Zahn	*Current mandates*: TLG IMMOBILIEN AG (chair of the supervisory board) *Terminated mandates*: GSW Immobilien AG (chair of the management board)
Andreas Segal	*Current mandates*: – *Terminated mandates*: Berlin Mediahaus GmbH (managing director) GSW Berlin Asset Invest Verwaltungs-GmbH (managing director) GSW Immobilien AG (member of the management board) Zisa Verwaltungs GmbH (managing director)
Lars Wittan	*Current mandates*: GSW Immobilien AG (chair of the management board) *Terminated mandates*: None
Dr. Kathrin Wolff	*Current mandates*: GSW Immobilien AG (member of the management board) *Terminated mandates*: None

The employment contract between Michael Zahn and the Company runs until December 31, 2020. The current employment contract between Andreas Segal and the Company runs until December 31, 2018. The employment contract between Lars Wittan and the Company runs until September 30, 2019. None of the employment contracts stipulate additional benefits at the end of the term, though the contracts with Michael Zahn, Andreas Segal and Lars Wittan define severance pay in the event of a change of control and the resulting termination of his employment contract, as described below. Apart from those indicated above, no other contracts of employment have been executed between the members of the Management Board, the Supervisory Board and the Company or its subsidiaries.

The members of the Management Board and senior management may be reached at the Company's address.

18.2.2 Remuneration, Shareholdings and Other Legal Relationships

Based on the proposal of the Executive Committee, the Supervisory Board decides the remuneration system for the Management Board, including all essential contractual elements, and reviews it regularly against the background of the provisions of the German Stock Corporation Act introduced in 2009 concerning the appropriateness of the remuneration system of the Management Board. The Supervisory Board introduced a new remuneration system for the Management Board members in 2010, with changes that were made in 2014. The remuneration system (in its current form) applies to the employment contract of Michael Zahn, Lars Wittan and Andreas Segal. The remuneration system was approved by the general meetings on May 31, 2011 and again on June 11, 2014. The monetary remuneration is divided into a fixed annual base salary and variable salary components that consist of short-term incentives and long-term incentives.

The following table summarizes the remuneration earned by the members of the Management Board in 2014:

	Michael Zahn	**Andreas Segal**	**Lars Wittan**
		(audited)	
		(in EUR thousand)	
Fixed remuneration	731	386	344
Supplementary payments	28	30	25
Total fixed	**759**	**416**	**369**
Short term incentive	500[1)]	240[1)]	240[1)]
Stock Option Program 2014[2)]	750	260	260
Total variable	**1,250**	**500**	**500**
Total amount	**2,009**	**916**	**869**

1) *In March 2015, the Supervisory Board set the achieved performance level for 2014 at 125%, resulting in short term incentive payments of EUR 625 thousand, EUR 300 thousand and EUR 300 thousand, respectively.*

2) *In the notes to the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2014 referred to as "AOP 2014".*

The current fixed remuneration on a per year-basis of the members of the Management Board is set at EUR 825 thousand for Michael Zahn, EUR 426 thousand for Andreas Segal and EUR 376 thousand for Lars Wittan. In 2014, supplementary payments were made for Michael Zahn in the amount of EUR 28 thousand, for Andreas Segal in the amount of EUR 30 thousand and for Lars Wittan EUR 25 thousand, in each case in accordance with their respective employment contracts.

The variable salary components are performance-based. In respect to the short-term incentive, which is limited to less than 50% of the overall variable compensation, each member of the Management Board agrees with the Supervisory Board on specific individual targets in advance of each fiscal year. Performance criteria include group performance (EBITDA, FFO) as well as individual targets. The level of variable remuneration under the short term incentive depends on the achievement of these pre-defined performance targets in the respective year. Bonus payments are capped at 125% of target payment. At less than 75% of target performance across all targets, no bonus payments are granted. For the year 2014, short term incentives of EUR 625 thousand were earned by Michael Zahn, EUR 300 thousand were earned by Lars Wittan and EUR 300 thousand were earned by Andreas Segal.

Until December 31, 2013 the long-term variable compensation component was calculated according to the provisions of the Deutsche Wohnen management performance share unit plan. As of December 31, 2013, the entitlements of the Management Board resulting from the performance share unit plan in the period 2010 to 2013 have a value of EUR 2.8 million (Michael Zahn EUR 1.35 million, Helmut Ullrich, a former Member of the Management Board, EUR 0.75 million and Lars Wittan EUR 0.74 million). For fiscal year 2014, the performance share unit plan has been replaced by the Stock Option Program 2014 (see "*12 Business—12.14 Compensation*") that was approved by the Company's annual general meeting on June 11, 2014. The program is intended to better align Deutsche Wohnen's remuneration policy with long-term shareholder value. Under the Stock Option Program 2014 the Company is authorized for up to four years after the entry of the Conditional Capital 2014/III in the commercial register to grant up to 8,371,839 Option Rights to members of the Management Board and up to 4,507,913 Option Rights to selected executives of the Company and affiliates. The number of stock options to be issued is based on the relevant share price at the time the Option Rights was granted and the planned variable compensation for the respective eligible person.

As the performance targets are set on a multi-year basis, the Stock Option Program 2014 complies with legal requirements set by the German Stock Corporation Act and the German Corporate Governance Code regarding variable compensation. The variable compensation component participates not only in positive developments, but also, if one or several performance targets are not met, in negative developments during the assessment period. The Supervisory Board is allowed to partly or wholly limit the content and the size of the stock options granted to the Management Board if there are extraordinary, unforeseen developments.

Under the respective management agreements, Michael Zahn, Andreas Segal and Lars Wittan may be granted long-term incentive entitlements amounting, as per the date of grant, to a maximum of EUR 1,125 thousand, EUR 390 thousand and EUR 390 thousand (each corresponding to a performance level of 150% at the grant date under the Stock Option Program 2014).

In addition, the Supervisory Board is contractually entitled to award a special bonus to Management Board members, which is capped at the amount of the annual base salary of the respective Management Board member. In 2013, Michael Zahn and Lars Wittan have received under their old employment contracts a special remuneration following the successful takeover of GSW. Michael Zahn has been granted a special remuneration of EUR 900 thousand and Lars Wittan EUR 600 thousand (in each case partially expressed by a corresponding number of shares of the Company), 50% of which was paid in cash in 2013. 50% of the second part was paid in 2014. Michael Zahn and Lars Wittan invested the net cash amount received in shares of the Company. However, the remaining 50% of this second part will be paid dependent on achieving the envisaged synergy potential of the takeover of GSW of EUR 25 million per year.

Mr. Zahn's, Mr. Segal's and Mr. Wittan's employment contract provide for severance payments if they terminate their employment contracts due to a change of control. A change of control in this sense is deemed to have occurred, as soon as (i) one or more parties acting in concert acquire at least 30% of the Company's shares and (ii) as a result the role of Mr. Zahn, Mr. Segal or Mr. Wittan is materially affected. In case of a termination of their employment contracts without cause, the members of the Management Board are entitled to a severance payment amounting to two annual salaries plus ancillary emoluments. However, the amount of severance payment shall not exceed the amount of Mr. Zahn's, Mr. Segal's and Mr. Wittan's compensation granted for the rest of their office terms. These payments meet the requirements under Point 4.2.3 paragraph 4 of the German Corporate Governance Code and the limit on severance pay defined therein.

For the fiscal year 2014, Dr. Wolff received a total compensation of EUR 240 thousand.

In addition, each member of the Management Board and senior management is entitled to family health insurance sponsored in part by the Company, as well as a company car, reimbursement of travel expenses, and a subsidy for family health insurance. The Company has purchased group accident insurance that also covers the Management Board members and provides for the payment of death and disability benefits. The Company provides the Management Board members with retirement and survivor benefits in the form of direct insurance.

The Company has taken out a D&O insurance policy for members of the Management Board, which provides (since July 1, 2010) for a deductible. The deductible payable by the members of the Management Board amounts to 10% of the compensation for all insured events in a year up to a maximum of 150% of the basic annual remuneration. The D&O insurance policy provides insurance coverage for financial losses resulting from breaches of duty by the governing bodies in exercising their functions.

Michael Zahn holds 8,500 shares in Deutsche Wohnen AG. Andreas Segal holds directly and indirectly a total of 40,098 shares in Deutsche Wohnen AG. Lars Wittan holds 5,210 shares in Deutsche Wohnen AG. The members of senior management do not hold any shares in the Company. There are no actual or potential conflicts of interest between the responsibilities of the members of the Management Board or senior management vis-à-vis the Company and their private interests or other responsibilities. There are no family relationships between (i) individual members of the Management Board and between Management Board members and senior management or (ii) between Management Board members/senior management and members of the Supervisory Board. There are no service agreements between the Company or its subsidiaries and the members of the Management Board or senior management that would provide for any benefits upon their termination.

No member of the Management Board or senior management faces any convictions in relation to fraudulent offences for the last five years. In addition, no member of the management board or senior management has been publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies) or, acting in the capacity of a member of an administrative, management or supervisory body or as founder of an issuer, been associated with any bankruptcies, and/or receiverships, and/or insolvencies or liquidations. No member of the Management Board or senior management has ever been disqualified by a court from acting as a member of the administrative, management or supervisory body of an issuer or from acting in the management or conduct of the affairs of any issuer for the previous five years.

18.3 Supervisory Board

Pursuant to section 6 paragraph 1 of the Articles of Association, the Company's Supervisory Board consists of six members. It is not subject to employee codetermination as provided by the German One-Third Employee Representation Act (*Drittelbeteiligungsgesetz*) or the German Codetermination Act (*Mitbestimmungsgesetz*). Therefore, the members of the Supervisory Board are all elected by the general meeting as representatives of the shareholders. The members of the Supervisory Board are generally elected for a fixed term of approximately five years. Reelection, including repeated reelection, is permissible.

For each member of the Supervisory Board, the shareholders may, at the same time the respective member is elected, appoint substitute members. These substitute members will replace the elected Supervisory Board member in the event of his premature departure in an order that was defined at the time of the appointment. The term of office of the substitute member replacing the departing member terminates, if a successor is elected at the next general meeting or the following one, at the close of the general meeting, otherwise on the expiry of the term of office of the departed member of the Supervisory Board. Members of the Supervisory Board who were elected by the general meeting may be dismissed at any time during their term of office by a resolution of the general meeting adopted by 50% of the votes cast. In accordance with the Articles of Association, any member or substitute member of the Supervisory Board may resign at any time, even without providing a reason, by giving one month's notice of his resignation to the Management Board in writing. This does not affect the right to resign for good cause.

Pursuant to section 107 paragraph 1 of the German Stock Corporation Act and section 6 paragraph 4 of the Articles of Association, the Supervisory Board elects its Chairman and Vice Chairman from among its members. Currently, Uwe E. Flach has been elected Chairman and Dr. Andreas Kretschmer Vice Chairman.

The Supervisory Board forms committees from among its members. The following four committees were set up in the fiscal year 2013:

- the Executive Committee (advises and passes resolutions relating to urgent matters; remains in constant communication with and advises the Management Board; prepares the Supervisory Board's meetings; decides on the content of and executes employment agreements with members of the Management Board in accordance with resolutions of the Supervisory Board);

- the Nomination Committee (proposes suitable candidates to Supervisory Board for election recommendation to the general meeting in compliance with the requirements of the German Corporate Governance Code);

- the Audit Committee (conducts advance review and prepares the unconsolidated annual financial statements and the consolidated financial statement for approval by the Supervisory Committee, discusses the quarterly and semi-annual interim reports with the Management Board prior to publication; discusses compliance, risk assessment, risk management, and the adequacy and effectiveness of the internal control system with the Management Board; prepares the recommendation for appointing the external auditors at the general meeting); and

- the Acquisition Committee (discussion of potential targets and conditions for the purchase or sale of property or holdings with the Management Board and preparation of the Supervisory Board's decision to approve the same).

No separate remuneration committee has been established.

The German Stock Corporation Act stipulates that a quorum of the Supervisory Board is present if at least three members, and at least one-half of the members of the Supervisory Board as mandated by law or the Articles of Association, participate in the voting. The resolutions of the Supervisory Board are passed with a simple majority, unless otherwise mandated by law. In the event of a parity of votes, the Chairman or, if he is unable to vote, the Vice Chairman, has the deciding vote.

18.3.1 Members of the Supervisory Board

The following table lists the members of the Company's Supervisory Board and the positions they hold outside the Company.

Name	Member since	Appointed until	Committee Memberships	Principal occupation outside the Company
Uwe E. Flach (Chairman)	January 18, 2008[1)]	2018 general meeting	Executive Committee Nomination Committee Audit Committee Acquisition Committee	Senior Advisor to Oaktree GmbH, Frankfurt am Main
Dr. rer. pol. Andreas Kretschmer (Vice Chairman)	June 28, 2000	2015 general meeting	Executive Committee Nomination Committee Audit Committee Acquisition Committee	Chief Executive Officer of Ärzteversorgung Westfalen-Lippe, Münster
Dr. h.c., Dr. Ing. e.h. Wolfgang Clement	July 6, 2011[2)]	2017 general meeting	Nomination Committee	Former Federal Minister for Economy and Labor; Publicist and independent consultant
Matthias Hünlein	June 28, 2000	2015 general meeting	Executive Committee Acquisition Committee	Managing Director of Tishman Speyer Properties Deutschland GmbH, Frankfurt am Main
Dr. Florian Stetter	March 23, 2006	2016 general meeting	Audit Committee	Real estate salesman
Claus Wisser	June 11, 2014	2019 general meeting	–	Business man and master craftsman

1) *After the initial appointment by court order of January 18, 2008, Mr. Flach was further appointed by the general meeting on June 17, 2008, and reelected by the general meeting on May 28, 2013.*
2) *After the initial appointment by court order of July 6, 2011, Dr. Clement was further appointed by the general meeting on June 6, 2012.*

Short biographies of the current Supervisory Board members are given below:

18.3.1.1 <u>Uwe E. Flach</u>

Uwe E. Flach studied business administration and is a qualified banker. Mr. Flach began his professional career with Dresdner Bank AG and he joined Dillon Read & Company where he worked in New York, London and Paris for six years. In 1976, he moved to DG BANK AG, where he became in 1977 senior manager with responsibility for capital markets, securities and corporate finance. In 1989, he first became a deputy member of the Management Board of DG Bank AG, and in 1991 he became a member of the Management Board, taking responsibility for the investment banking division. From 2001 until his retirement in 2003, he was appointed as deputy chairman to the Management Board of DG BANK's successor bank, DZ BANK AG. Besides his affiliation with DG BANK AG and DZ BANK AG, Mr. Flach has held various Supervisory Board positions in various companies (see list below). Since 2004, he has been a senior advisor and consultant for Oaktree GmbH. Mr. Flach has been a member of the Supervisory Board of Deutsche Wohnen AG since January 2008 and since July 2011, the chairman of the Supervisory Board.

18.3.1.2 Dr. Andreas Kretschmer

Dr. Andreas Kretschmer studied economics with a focus on auditing/accounting and further started a second course of studies in law at the Johann-Wolfgang-Goethe University in Frankfurt am Main, Germany. In 1977, he received a Ph.D. in economics from the Johannes Gutenberg University in Mainz, Germany. From 1973 to 1992, Dr. Kretschmer worked at Dresdner Bank, where he held leading positions, including executive assistant and director of corporate customer service. Dr. Kretschmer was active both nationally and internationally during his work at Dresdner Bank. During 1991 and 1992, he also worked as Head of Finances to the governmental agency privatizing eastern German property (*Treuhandanstalt*). In 1992, Dr. Kretschmer joined the pension scheme for physicians in Westphalia-Lippe (*Ärzteversorgung Westfalen-Lippe*) as managing director of capital investment and was appointed as CEO in 2009. Dr. Kretschmer has held various board positions in various companies (see list below). Dr. Kretschmer has been a member of the Supervisory Board of Deutsche Wohnen AG since June 2000; he was first elected as vice chairman to the Supervisory Board in August 2006.

18.3.1.3 Dr. h.c., Dr. Ing. e.h. Wolfgang Clement

Wolfgang Clement received a law degree and at the same time completed a journalism internship in 1965. He became an assistant at the Institute for Litigation at Marburg University, and then editor, head of the political department and deputy editor in chief of "Westfälische Rundschau" in Dortmund. From 1981 to 1986 he was spokesman for the federal executive board of the Social Democratic Party of Germany (*Sozialdemokratische Partei Deutschlands – SPD*) and was also the deputy secretary-general of the party from 1985 to 1986. From 1987 to 1988 he served as editor in chief of "Hamburger Morgenpost". Wolfgang Clement was appointed head of the state chancellery of the German federal state of North Rhine-Westphalia in 1989 and ran this office in the post of Minister for Special Tasks starting in 1990. From 1995 to 1998, he was Minister for Economic Affairs, Small- and Medium-Sized Business Enterprises, Technology and Transport of the State of North Rhine-Westphalia. In addition, he became a deputy chairman of the board of the SPD of North Rhine-Westphalia in 1996. In 1998, he succeeded Johannes Rau as Prime Minister of the State of North Rhine-Westphalia. Following the regional elections in 2000, he was confirmed in office. In 2002 he was appointed Federal Minister for Economy and Labor under the administration of Federal Chancellor Gerhard Schröder. In this role he was responsible, among other things, for a host of labor market reforms as part of the "Agenda 2010." Since 2005 he has been working as a publicist, sits on the board of trustees for various scientific organizations, and is a member of different supervisory boards as well as the impartial chairman for the Central Arbitration Board for the German Construction Industry (*Zentralschlichtungsstelle für das deutsche Baugewerbe*). Wolfgang Clement holds various mandates in the supervisory bodies of numerous companies (see list below) and has been a member of the Supervisory Board of Deutsche Wohnen AG since July 2011.

18.3.1.4 Matthias Hünlein

Matthias Hünlein received a law degree from the University of Passau, Germany. In 1990, Matthias Hünlein began his professional career with Deutsche Bank Group after completing his law degree. Among other positions he was hired by Deutsche Bank-Investmentgesellschaft DB Real Estate Management GmbH (now RREEF Management GmbH) and as managing director of DB Real Estate Spezial Invest GmbH (now RREEF Spezial Invest GmbH), where he was responsible for product development and client relationships. In November 2005, Matthias Hünlein joined Tishman Speyer Properties Deutschland GmbH where he is responsible, as managing director, for client relationships and capital raising activities in Europe and the Middle East. Matthias Hünlein has held various board positions in various companies (see list below). Matthias Hünlein has been a member of the Supervisory Board of Deutsche Wohnen AG since June 2000.

18.3.1.5 Dr. Florian Stetter

Dr. Florian Stetter studied business administration at the Vienna University of Economics and Business and received a Ph.D. from the University of Vienna, Austria. He began his professional career in 1988 with McKinsey & Company as a business analyst. From 2000 to 2010, Dr. Stetter was managing director of Strabag Property and Facility Services GmbH. He is currently an independent real estate salesman. Dr. Stetter is a member of the supervisory board in one other company (see list below). Dr. Stetter has been a member of the Supervisory Board of Deutsche Wohnen AG since March 2006.

18.3.1.6 Claus Wisser

After studying business administration in 1963 in Frankfurt am Main, Claus Wisser founded WISAG Service Holding GmbH & Co. KG ("**WISAG**") in 1965. Under Mr. Wisser's stewardship, WISAG developed into one of the leading facility and building service companies in Germany.

Since 1975, Mr. Wisser has served as a founder, director and shareholder of numerous real estate companies, where he has developed and managed his own and others' property with an emphasis on the Rhine-Main region. Claus Wisser also continues to serve as chairman and member of a number of management and supervisory boards and councils (see list below), including serving as chairman of the supervisory board of AVECO Holding AG (the parent company of WISAG group), as well as a member of the supervisory board for Deutsche Familienversicherung AG. At the same time, he is actively involved with a number of charitable, cultural and social organizations. Mr. Wisser was appointed to the Supervisory Board of Deutsche Wohnen AG on June 11, 2014.

18.3.1.7 Current and terminated mandates

Over the last five years, the members of the Supervisory Board were or currently are members of the executive, administrative, or supervisory bodies and/or partners in the following enterprises and companies, both domestic and foreign, outside Deutsche Wohnen Group (other than in GSW Immobilien AG):

Uwe E. Flach	
(Chairman)	*Current mandates*: Deutsche Office AG, Cologne, Germany (vice chairman of the supervisory board) DZ Bank AG, Frankfurt am Main, Germany (advisory council) GSW Immobilien AG, Berlin, Germany (chairman of the supervisory board) *Terminated mandates*: Nordenia International AG, Greven, Germany (supervisory board) STADA Arzneimittel AG, Bad Vilbel, Germany (supervisory board) Versatel AG, Berlin, Germany (supervisory board)
Dr. Andreas Kretschmer	
(Vice Chairman)	*Current mandates:* Amprion GmbH, Dortmund, Germany (vice chairman of the supervisory board) BIOCEUTICALS Arzneimittel AG, Bad Vilbel, Germany (chairman of the supervisory board) GSW Immobilien AG, Berlin, Germany (vice chairman of the supervisory board) *Terminated mandates*: Biofrontera AG, Leverkusen, Germany (vice chairman of the supervisory board) Oppenheim Immobilien-Kapitalanlagegesellschaft mbH, Wiesbaden, Germany (supervisory board) Private Life Biomed AG, Hamburg, Germany (chairman of the supervisory board)

Dr. h.c., Dr. Ing. e.h. Wolfgang Clement	*Current mandates:* Daldrup & Söhne Aktiengesellschaft, Grünwald/Geiselgasteig, Germany (chairman of the supervisory board) DIS Deutscher Industrie Service Aktiengesellschaft, Dusseldorf, Germany (supervisory board) Peter Dussmann-Stiftung, Berlin, Germany (member of the foundation board) Dussmann Stiftung & Co. KGaA, Berlin, Germany (chairman of the supervisory board) Landau Media Monitoring AG & Co. KG, Berlin, Germany (supervisory board) RWE Power Aktiengesellschaft, Essen, Germany (supervisory board) Karl Spiehs – Privatstiftung, Vienna, Austria (management board) *Terminated mandates:* Energy Consulting, Moscow, Russia (management board) M. DuMont Schauberg GmbH & Co. KG, Cologne, Germany (supervisory board) Versatel AG, Berlin, Germany (supervisory board)
Matthias Hünlein	*Current mandates*: GSW Immobilien AG, Berlin, Germany (supervisory board) *Terminated mandates*: A. A. A. Aktiengesellschaft Allgemeine Anlageverwaltung, Frankfurt am Main, Germany (supervisory board)
Dr. Florian Stetter	*Current mandates:* CalCon Deutschland AG, Munich, Germany (supervisory board) Enovo s.r.o., Bratislava, Slovakia (managing partner) *Terminated mandates:* None
Claus Wisser	*Current mandates:* AVECO Holding AG, Frankfurt am Main, Germany (chairman of the supervisory board) DFV Deutsche Familienversicherung AG, Frankfurt am Main, Germany (member of the management board) *Terminated mandates:* None

The members of the Supervisory Board may be reached at the Company's address.

18.3.2 Remuneration, Shareholdings and Other Legal Relationships

Pursuant to the Articles of Association each member of the Supervisory Board receives a fixed annual compensation payment of EUR 30 thousand for his activity. The chairman of the Supervisory Board receives twice this amount and a vice chairman one and a half times the compensation of an ordinary member of the Supervisory Board. In addition, each member of the Supervisory Board receives a lump-sum remuneration of EUR 5 thousand per fiscal year for their membership on the audit committee of the Supervisory Board. Furthermore, every member of the executive and acquisition committee of the Supervisory Board will receive an attendance fee of EUR 1 thousand for personally participating in each meeting. If a fiscal year is shorter than twelve months, compensation is paid on a pro rata basis. The total remuneration of the members of the Company's Supervisory Board for 2014 amounts to EUR 240 thousand (net without VAT) and will be paid following the Company's annual general meeting to be held on June 12, 2015. The following table shows a breakdown of the total remuneration for 2014 by member of the Supervisory Board:

	Remuneration (audited) (in EUR thousand)
Uwe E. Flach (Chairman)	65
Dr. rer. pol. Andreas Kretschmer (Vice Chairman)	50
Dr. h.c., Dr. Ing. e.h. Wolfgang Clement	30
Matthias Hünlein	30
Dr. Michael Leinwand	13.3
Dr. Florian Stetter	35
Claus Wisser	16.8
Total amount	**240**

Uwe E. Flach will receive a remuneration of EUR 65 thousand, Dr. Andreas Kretschmer EUR 50 thousand, Dr. Wolfgang Clement EUR 30 thousand, Matthias Hünlein EUR 30 thousand, Dr. Michael Leinwand EUR 13.3 thousand, Dr. Florian Stetter EUR 35 thousand and Claus Wisser EUR 16.8 thousand for 2014, in each case net without VAT.

The agenda for the Company's general meeting on June 12, 2015 includes an item asking the shareholders to vote on a significant increase in the compensation for the members of the Supervisory Board. If the resolution was passed by the Company's general meeting, the annual fixed base compensation per member of the Supervisory Board would be increased to EUR 60,000. The chairman of the Supervisory Board would receive twice this amount, and the vice-chairman would receive one-and-a-half times the remuneration of an ordinary member. Each member of the audit committee would receive an additional annual compensation of EUR 10,000, with the chairman of the audit committee receiving twice this amount. Members of other committees, with the exception of the nomination committee, would receive an annual compensation of EUR 5,000 per member and committee.

The Supervisory Board members are further entitled to reimbursement of all expenses. In addition, the Company has purchased, at its own expense, D&O insurance for the members of the Supervisory Board, which provides (since July 1, 2010) for a deductible pursuant to the German Corporate Governance Codex. The deductible payable by the members of the Supervisory Board amounts to 10% of the compensation for all insured events in a year up to a maximum of 150% of the basic annual remuneration.

Uwe E. Flach, the chairman of the Company's Supervisory Board, held 2,500 Deutsche Wohnen AG shares on December 31, 2014. Pursuant to directors' dealings notification received by the Company, Uwe E. Flach sold his 2,500 shares in Deutsche Wohnen AG on January 13, 2015. As of December 31, 2014, his wife held 2,500 Deutsche Wohnen AG shares. Ms. Flach sold her shares in the Company on January 8, 2015. The wife of Supervisory Board member Dr. Andreas Kretschmer held 4,705 Deutsche Wohnen AG shares on December 31, 2014. On January 19, 2015, Ms. Kretschmer sold 2,000 shares in the Company. Member of the Supervisory Board Wolfgang Clement held, together with his wife, 1,000 shares of Deutsche Wohnen AG as of December 31, 2014. The remaining members of the Supervisory Board currently do not hold any shares in Deutsche Wohnen AG. No supervisory board member holds options over shares in Deutsche Wohnen AG.

With the exception of these shareholding interests, there are no actual or potential conflicts of interest between the responsibilities of the members of the Supervisory Board vis-à-vis the Company and their private interests or other responsibilities. However, it should be noted that Mr. Claus Wisser is the company founder and chairman of the Supervisory Board of AVECO Holding AG, a holding company of the WISAG group, Mr. Wisser does not hold any shares in AVECO Holding AG. WISAG group provides limited building cleaning and maintenance services to FACILITA Berlin GmbH, a participation of Deutsche Wohnen at market-standard conditions.

There are no family relationships between (i) individual members of the Supervisory Board or (ii) between Supervisory Board members and senior management or (iii) between Supervisory Board members and members of the Management Board. There are no service agreements in place between the Company or its subsidiaries and the members of the Supervisory Board that would provide for benefits in the event of termination of the respective service relationship. The Supervisory Board members have not taken out loans from Deutsche Wohnen AG.

No member of the Supervisory Board faces any convictions in relation to fraudulent offences for the last five years. In addition, no member of the Supervisory Board has been publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies) or, acting in the capacity of a member of an administrative, management or supervisory body or as founder of an issuer, been associated with any bankruptcies, and/or receiverships, and/or insolvencies or liquidations. No member of the Supervisory Board has ever been disqualified by a court from acting as a member of the administrative, management or supervisory body of an issuer or from acting in the management or conduct of the affairs of any issuer for the previous five years.

18.4 General Meeting

The general meeting is the body in which shareholders can exercise their rights within the Company. The general meeting of the Company is convened by the Management Board in the cases provided for by law or the Articles of Association or if required in the interests of the Company. Pursuant to section 9 paragraph 1 of the Articles of Association, the general meeting must be held at the registered office of the Company or in another German city with a stock exchange. Notice of the general meeting, accompanied by the agenda, must be issued no later than 30 days before the day on which shareholders must register prior to the meeting. This period does not include the day on which the convening notice is issued and the day on which the shareholders must register to participate in the general meeting. Notice of the convening of the general meeting is made through publication in the German Federal Gazette.

If the interests of the Company so require, the general meeting can also be convened by the Supervisory Board. Pursuant to the German Stock Corporation Act, shareholders whose shares constitute at least 5% of the share capital may demand that the general meeting be convened; this demand must be made in writing, stating the purpose of the meeting and be directed to the Management Board. Using the same procedure, shareholders whose aggregated shares constitute at least 5% of the Company's share capital, or a proportional interest of EUR 500,000 of the share capital, may demand that items be submitted for vote at a general meeting. In addition, shareholders must prove that they have owned their shares for at least three months and that they will hold their shares until their motion has been decided upon. If such demand is not met by the Company, a court may authorize the shareholders who issued the demand to convene the general meeting. The convening notice or publication must make reference to such authorization.

Holders of bearer shares are entitled to participate in the general meeting and exercise their voting rights pursuant to section 9 paragraph 5 of the Articles of Association, provided that they have registered for participation in the meeting in due time as defined in section 9 paragraph 6 of the Articles of Association. In order to exercise the rights attributable to bearer shares, the holders of bearer shares must also prove to the Company their eligibility to participate in the general meeting and to exercise their voting rights. Written evidence of the shareholdings in German or English, prepared by the custodian institution, must be presented by the end of the seventh day before the date of the general meeting. The written evidence of shareholding must relate to the beginning of the twenty-first day prior to the general meeting.

Pursuant to section 9 paragraph 5 of the Articles of Association, registration of participation is in due time according to section 9 paragraph 6 of the Articles of Association if it is received by the Management Board at the registered office of the Company, or at another location specified in the convening notice, no later than on the seventh day before the date of the general meeting; registration of participation must be made in writing, by fax or, if the Management Board so decides, in another way to be defined by the Management Board (primarily electronically).

The ordinary general meeting must take place within the first eight months of each fiscal year. In addition, an extraordinary meeting of the shareholders must be convened by the Management Board if the interests of the Company so require.

The general meeting votes on the appropriation of the distributable profits and on the approval of the actions of the Management Board members and those of the Supervisory Board members for the fiscal year completed before the respective general meeting. The general meeting also appoints an external auditor for the respective current fiscal year. The general meeting approves the unconsolidated annual financial statements of the Company if the Management Board and the Supervisory Board fail to do so.

Pursuant to section 10 paragraph 1 of the Articles of Association, each individual share grants the owner one vote in the general meeting. Voting rights can be exercised through a proxy. Neither German stock corporation law nor the Articles of Association require a minimum participation at a general meeting for a quorum.

Resolutions are adopted by the general meeting with a simple majority and, if the law so requires, with a simple majority of share capital, unless otherwise provided by mandatory applicable law or the Articles of Association.

Under the German Stock Corporation Act, certain resolutions of fundamental importance mandatorily require – in addition to a majority of the votes cast – a majority of at least three-quarters of the share capital represented at the vote. These resolutions include in particular:

- Changes to the company's business objectives;
- Capital reductions;
- Creation of authorized or contingent capital;
- Exclusion of subscription rights;
- Corporate transformation measures, such as mergers, de-mergers and changes in legal form;
- Transfer of all the assets of the company;
- Execution and amendment of company agreements (for example, control and profit-and-loss transfer agreements); and
- Liquidation of the company.

18.5 Corporate Governance

The German Corporate Governance Code, as amended on June 24, 2014, (the "**Code**") contains recommendations and suggestions for the management and supervision of German companies listed on the stock exchange. The Code incorporates nationally and internationally recognized standards of good and responsible corporate governance. The purpose of the Code is to make the German system of corporate governance and supervision transparent for investors. The Code includes recommendations and suggestions for management and supervision with regard to shareholders and general meetings, management and supervisory boards, transparency, accounting and auditing.

There is no obligation to comply with the recommendations or suggestions of the Code. However, the German Stock Corporation Act requires that the management board and supervisory board of a German listed company declare, every year, either that the recommendations have been or will be applied, or which recommendations have not been or will not be applied and explain why the management board and the supervisory board do not/will not apply such recommendations that have not been or will not be applied. This declaration is to be made permanently accessible to shareholders. However, deviations from the suggestions contained in the Code need not be disclosed.

The Management Board and Supervisory Board passed the following Declaration of Conformity in December 2014 according to section 161 paragraph 1 of the German Stock Corporation Act:

"Since the adoption of the last declaration of compliance in December 2013, Deutsche Wohnen AG has complied with the recommendations given by the Government Commission of the German Corporate Governance Code, with the following exceptions:

- In deviation from the recommendation in clause 5.4.6 of the Code, the remuneration regulation for the Supervisory Board members in Deutsche Wohnen AG's articles of association does indeed take the membership in committees into consideration, yet they do not apply separate consideration to chairing Supervisory Board committees. Moreover, memberships and chairs in Supervisory Board committees are not considered in this pay. The company is of the opinion that the present pay scale for the Supervisory Board members sufficiently compensates them for assuming duties as chairperson of Supervisory Board committees, too.

In the future, Deutsche Wohnen AG will comply with the recommendations of the Government Commission of the German Corporate Governance Code (in the version of 24 June 2014) with the following exceptions:

- In deviation from the recommendation in clause 5.4.6 of the Code, the remuneration regulation for the Supervisory Board members in Deutsche Wohnen AG's articles of association does indeed take the membership in committees into consideration, yet they do not apply separate consideration to chairing Supervisory Board committees. Moreover, memberships and chairs in Supervisory Board committees are not considered in this pay. The company is of the opinion that the present pay scale for the Supervisory Board members sufficiently compensates them for assuming duties as chairperson of Supervisory Board committees, too.

- The consolidated financial statements and the interim reports are made publicly accessible within the periods defined by law, yet possibly not within 90 days of the end of the financial year or 45 days of the end of the period under review (Code clause 7.1.2 sentence 4). Given the time required for a diligent preparation of financial statements and business reports, it is, for the time being, impossible to enter into commitments concerning earlier dates of publication."

As of the date of this Prospectus, the Company is in compliance with the recommendations of the Code in the scope declared in the Declaration of Compliance by the Management Board and Supervisory Board of December 2014.

19. SHAREHOLDER STRUCTURE

The Company's issued share capital as of the date of this Prospectus amounts to EUR 295,165,726 divided into 295,165,726 ordinary bearer shares with no par-value, each representing a notional value of EUR 1.00.

On the basis of the notifications received by the Company as of the date of this Prospectus in accordance with the German Securities Trading Act and pursuant to the information provided by the respective shareholders, the following shareholders hold more than 3% of the Company's ordinary shares as of the date of this Prospectus:

Shareholders	Stake/Share of Voting Rights
Sun Life Financial Inc.[1)]/Massachusetts Financial Services Company (MFS)	9.94%
BlackRock, Inc.[1) 2)]	8.01%
Norges Bank (Central Bank of Norway)[2)]	6.71%
APG Asset Management N.V.	3.01%
Total	**27.67%**

1) *Attribution pursuant to section 22 paragraph 1, sentence 1, No. 6 of the German Securities Trading Act in conjunction with section 22 paragraph 1, sentence 2 of the German Securities Trading Act.*
2) *Attribution pursuant to section 22 paragraph 1, sentence 1, No. 1 of the German Securities Trading Act.*

Other shareholders, including those shareholders whose shareholdings represent less than 3% of the total voting rights in Deutsche Wohnen AG, hold the remaining shares of Deutsche Wohnen AG.

All Deutsche Wohnen AG shares confer the same voting rights.

20. TAXATION IN THE FEDERAL REPUBLIC OF GERMANY

The following section outlines certain key German tax principles that may be relevant with respect to the acquisition, holding, or transfer of shares/subscription rights.

This summary does not purport to be a comprehensive or exhaustive description of all German tax considerations that may be relevant to shareholders. This presentation is based upon domestic German tax laws in effect as of the date of this Prospectus and the provisions of double taxation treaties currently in force between Germany and other countries. It is important to note that the legal situation may change, possibly with retroactive effect.

This section does not replace the need for individual shareholders to seek personal tax advice. It is therefore recommended that shareholders consult their own tax advisors regarding the tax implications of acquiring, holding, or transferring shares and/or subscription rights and what procedures are necessary to secure the repayment of German withholding tax (capital gains tax), if possible. Only qualified tax advisors are in the position to adequately consider the particular tax situation of individual shareholders.

20.1 Taxation of the Company

The Company's taxable income, whether distributed or retained, is generally subject to German corporate income tax at a uniform rate of 15% plus the solidarity surcharge of 5.5% thereon, resulting in a total tax rate of 15.825%.

Dividends and other share in profits the Company receives from domestic and foreign corporations are not generally subject to corporate income tax; however, 5% of each type of income is deemed to be a non-deductible business expense. The same applies to profits earned by the Company from the sale of shares in another domestic or foreign corporation. Different rules apply to free floating dividends, i.e., dividends earned on direct shareholdings in a distributing corporation equal to less than 10% of its share capital at the start of the calendar year. Such free floating dividends are fully taxed at the corporate income tax rate. The acquisition of a shareholding of at least 10% is deemed to have occurred at the start of the calendar year. Losses incurred from the sale of such shares are not deductible for tax purposes, regardless of the amount of shareholding.

In addition, the Company is subject to a trade tax with respect to its taxable trade profits from its permanent establishments in Germany. When determining the amount on which to assess the trade tax, 25% of the tax-deductible interest expenses will be added to the trade tax basis to the extent that the sum of all trade taxable add-back items exceeds EUR 100,000.

The trade tax rate depends on the local municipalities in which the Company maintains its permanent establishments. For the Company, it currently typically amounts to between approximately 10% and 17% of the taxable trade profit, depending on the local trade tax multiplier.

For trade tax purposes dividends received from domestic and foreign corporations and capital gains from the sale of shares in other corporations are treated in principle in the same manner as for corporate income tax purposes. However, shares in profits received from domestic and foreign corporations are effectively 95% exempt from trade tax only if the Company held and continues to hold at least 15% (10% in the case of companies resident for tax purposes in EU member states other than Germany) of the registered share capital of the distributing corporation at the beginning or – in the case of foreign corporations – since the beginning of the relevant tax assessment period. Additional limitations apply with respect to shares in profits received from foreign non-EU corporations.

The provisions of the interest barrier restrict the extent to which interest expenses are tax deductible. Under these rules, net interest expense (the interest expense minus the interest income in a fiscal year) are generally only deductible up to 30% of the taxable EBITDA (taxable earnings adjusted for interest costs, interest income, and certain depreciation and amortization), though there are certain exceptions to this rule. Interest expense that is not deductible in a given year may be carried forward to subsequent fiscal years of the Company (interest carry-forward) and will increase the interest expense in those subsequent years. Under certain conditions, non-offsettable EBITDA can also be carried forward to subsequent years (EBITDA carry-forward).

Any remaining losses of the Company can be carried forward in subsequent years and used to fully offset taxable income for corporate income tax and trade tax purposes only up to an amount of EUR 1 million. If the taxable income for the year or taxable profit subject to trade taxation exceeds this threshold, only up to 60% of the amount exceeding the threshold may be offset by tax-loss carry-forwards. The remaining 40% is subject to tax (minimum taxation). The rules also provide for a tax carry-back to the previous year in regard to corporate income tax. Unused tax carry-forwards can generally continue to be carried forward without time limitation.

If more than 50% of the subscribed capital, the membership interests, equity interests or voting rights (harmful acquisition) is transferred to an acquiring party within five years directly or indirectly (so-called harmful acquisition), all tax-loss carry-forwards and interest carry-forwards are forfeited. A group of acquirers with aligned interests is also considered to be an acquiring party for these purposes. In addition, any current year losses incurred prior to the acquisition will not be deductible. If between 25% and 50% of the subscribed capital, membership interests, equity interests or voting rights of the Company is transferred, a proportional amount of tax-loss carry-forwards, the unused losses and interest carry-forwards is forfeited. Tax-loss carry-forwards, unused losses and interest carry-forwards taxable in Germany will not expire to the extent that they are covered by hidden reserves taxable in Germany at the time of the harmful acquisition.

20.2 Taxation of Shareholders

Shareholders are taxed particularly in connection with the holding of shares (taxation of dividend income), upon the sale of shares (taxation of capital gains) and the gratuitous transfer of shares (inheritance and gift tax).

20.2.1 Taxation of Dividend Income

In the past, the Company paid dividends out of a tax-recognized contribution account (formerly EK 04). To the extent that the Company can continue to pay dividends from this account, the dividends, as investment income, are not subject to withholding tax, personal income tax (including the solidarity surcharge and church tax, if any) or corporate income tax, as the case may be. However, dividends lower the acquisition costs of the shares, which may result in a greater amount of taxable capital gain upon the shareholder's sale of the shares. To the extent that dividends from the tax-recognized contribution account exceed the then lowered acquisition costs of the shares, a capital gain is recognized by the shareholder, which may be subject to tax in accordance with the provisions regarding the disposal of shares outlined below.

20.2.2 Withholding Tax

The dividends distributed by the Company are subject to a deduction at source (withholding tax) at a 25% rate on dividends distributed by the Company plus a solidarity surcharge of 5.5% on the amount of withholding tax (amounting in total to a rate of 26.375%). The basis for determining the dividend withholding tax is the dividend approved for distribution by the Company's general meeting.

Dividend withholding tax is withheld regardless of whether and, if so, to what extent the shareholder must report the dividend for tax purposes and regardless of whether the shareholder is a resident of Germany or of a foreign country.

As the Company's shares are admitted to be held in collective safe custody (*Sammelverwahrung*) with a central securities depository (*Wertpapiersammelbank*) and are entrusted to such central securities depository for collective safe custody in Germany, the Company is not responsible for withholding the withholding tax; rather, it is, for the account of the shareholders, the responsibility of one of the following entities in Germany authorized to collect withholding tax do so and remit it to the relevant tax authority: (i) a domestic bank or financial service institute, a domestic securities trading company, or a domestic securities trading bank (including the domestic branches of foreign banks) that holds the shares in custody or manages them and that pays out or credits the shareholders' investment income or that pays the investment income to a foreign entity, or (ii) the securities depository holding the collective deposit shares in custody, if it pays the investment income to a foreign entity.

Where dividends are distributed to a company resident in another member state of the European Union within the meaning of article 2 of the Parent-Subsidiary Directive (EC Directive 2011/96/EU of November 30, 2011, as amended, the "**Parent-Subsidiary Directive**"), the withholding of the dividend withholding tax may not be required, upon application, provided that additional requirements are met (withholding tax exemption). This also applies to dividends distributed to a permanent establishment located in another European Union member state of such a parent company or of a parent company that is tax resident in Germany if the interest in the dividend-paying subsidiary is part of the respective permanent establishment's business assets. An important prerequisite for the exemption from withholding at source under the Parent-Subsidiary Directive is that the shareholder has directly held at least 10% of the company's registered capital continuously for one year and that the German tax authorities (*Bundeszentralamt für Steuern, Hauptdienstsitz Bonn-Beuel, An der Küppe 1, D-53225 Bonn*) have, based upon an application filed by the creditor on the officially prescribed form, certified to him that the prerequisites for exemption have been met.

The dividend withholding tax rate for dividends paid to other shareholders without a tax domicile in Germany will be reduced in accordance with the applicable double taxation treaty, if any, between Germany and the shareholder's country of residence, provided that the shares are neither held as part of the business assets of a permanent establishment or a fixed base in Germany nor as part of the business assets for which a permanent representative in Germany has been appointed. The reduction in the dividend withholding tax is generally obtained by applying to the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*, with its registered office in Bonn-Beuel, An der Küppe 1, D-53225 Bonn, Germany) for a refund of the difference between the dividend withholding tax withheld, including the solidarity surcharge, and the amount of withholding tax actually owed under the applicable double taxation treaty, which is usually 15%. Forms for the refund procedure may be obtained from the Federal Central Office of Taxation (http://www.bzst.bund.de), as well as German embassies and consulates.

Corporations that are not tax resident in Germany will receive a refund of two-fifths of the dividend withholding tax that was withheld and remitted to the tax authorities. This is in addition to any further reduction or exemption provided under the Parent-Subsidiary Directive or a double taxation treaty.

Foreign corporations will generally have to meet certain substance criteria defined by statute in order to receive an exemption from or (partial) refund of German dividend withholding tax.

The Company assumes responsibility for the withholding of taxes (other than church tax) on distributions at source, in accordance with statutory provisions. This means that the Company is released from liability for the violation of its legal obligation to withhold and transfer the taxes at source if it provides evidence that it has not breached its duties intentionally or grossly negligent.

20.3 Taxation of Dividends of Shareholders with a Tax Domicile in Germany

20.3.1 Individuals who Hold the Shares as Private Assets

For individuals who are tax resident in Germany (generally, individuals whose domicile or usual residence is located in Germany) and who hold the shares as private assets, the withholding tax will generally serve as a final tax. In other words, once deducted, the shareholder's income tax liability on the dividends will be settled, and he or she will no longer have to declare them on his or her annual tax return (the "**Flat Tax**").

The purpose of the Flat Tax is to provide for separate and final taxation of capital investment income earned; in other words, taxation that is irrespective of the individual's personal income tax rate. Shareholders may apply to have their capital investment income assessed in accordance with the general rules and with an individual's personal income tax rate if this would result in a lower tax burden. In this case, the base for taxation would be the gross dividend income less the savers' allowance of EUR 801 (EUR 1,602 for married couples filing jointly). Any tax and solidarity surcharge already withheld would be credited against the income tax and solidarity surcharge so determined and any overpayment refunded. Income-related expenses cannot be deducted from capital gains in either case.

If the individual owns (i) at least 1% of the shares in the Company and works for the Company or (ii) at least 25% of the shares, the tax authorities may approve upon application that the dividends are treated under the partial-income method (see below "—*20.3.4 Sole Proprietors (Individuals)*").

Starting in 2015, entities required to collect withholding taxes on capital investment income are required to likewise withhold the church tax on shareholders who pay church taxes, unless the shareholder objects in writing to the German tax authorities sharing his private information regarding his affiliation with a denomination. If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, then the church tax on the dividends is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense; however, 26.375% of the church tax withheld on the dividends is deducted from the withholding tax (including the solidarity surcharge) withheld by the Company. If no church taxes are withheld along with the withholding of capital gains tax, the shareholder who pays church tax is required to report his dividends in his income tax return. The church tax on the dividends will then be imposed during the assessment.

20.3.2 Shares Held as Business Assets

The Flat Tax does not apply to the dividends from shares held as business assets of shareholders who are tax resident in Germany. The taxation is based on whether the shareholder is a corporation, an individual, or a partnership. The capital gains tax withheld and paid to the tax authorities, including the solidarity surcharge, is credited against the income or corporate income tax and the solidarity surcharge of the shareholder and any overpayment will be refunded.

20.3.3 Corporations

Dividends received by corporations resident in Germany are generally 95% exempt from corporate income tax and solidarity surcharge, irrespective of the stake represented by the shares and the length of time the shares are held. The remaining 5% is treated as a nondeductible business expense and, as such, is subject to corporate income tax (plus the solidarity surcharge) with a total tax rate of 15.825%.

Different rules apply to free floating dividends, i.e., dividends earned on direct shareholdings in the Company equal to less than 10% of its share capital at the start of the calendar year. Such free floating dividends are fully taxed at the corporate income tax rate. The acquisition of a shareholding of at least 10% is deemed to have occurred at the start of the calendar year.

Business expenses actually incurred and having a direct business relationship to the dividends may be fully deducted.

The amount of any dividends (after deducting business expenses related to the dividends) is fully subject to trade tax, unless the corporation held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period, entitling it to an intercorporate privilege for trade tax purposes. In the latter case, the aforementioned exemption of 95% of the dividend income applies analogously for trade tax purposes, but the business expenses directly related to the dividends (for example, financing costs) are not deductible unless they exceed the amount of dividend income exempted.

20.3.4 Sole Proprietors (Individuals)

If the shares are held as part of the business assets of a sole proprietor (individual), with his tax domicile in Germany, 40% of the dividend is tax exempt (so-called partial-income method). Only 60% of the expenses economically related to the dividends is tax-deductible. The partial-income method will also apply when individuals hold the shares indirectly through a partnership (with the exception of personal investors who hold their shares through an asset management partnership). If the shares are held as business assets of a domestic commercial permanent establishment, the full amount of the dividend income (after deducting business expenses that are economically related to the dividends) is also subject to trade tax, unless the taxpayer held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period. In the latter case, the net dividends (after deducting directly related expenses) are exempt from the trade tax. However, trade tax is generally credited – fully or in part – as a lump sum against the shareholder's personal income tax liability.

20.3.5 Partnerships

If the shareholder is a trading or deemed to be a trading partnership with its tax domicile in Germany, the personal income tax or corporate income tax, as the case may be, and the solidarity surcharge, are levied at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the partner is a corporation or an individual. If the partner is a corporation, then the dividend is generally 95% tax exempt; however, dividends from a direct shareholding representing less than 10% of the share capital are fully subject to taxation (see above "*—20.3.3 Corporations*"). If the partner is an individual, only 60% of the dividend income is subject to income tax (see above "*—20.3.4 Sole Proprietors (Individuals)*").

Additionally, if the shares are held as business assets of a domestic commercial permanent establishment or deemed to be a trading partnership, the full amount of the dividend income is also subject to trade tax at the level of the partnership. In the case of partners who are individuals, the trade tax that the partnership pays on his or her proportion of the partnership's income is generally credited as a lump sum – fully or in part – against the individual's personal income tax liability. If the partnership held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period, the dividends are not subject to the trade tax. The business expenses directly related to the dividends (for example, financing costs) are not deductible unless they exceed the amount of dividend income exempted. However, if the partners are corporations, the 5% of the dividend income treated as nondeductible business expenses will be subject to trade tax.

20.3.6 Financial and Insurance Sector

Special rules apply to companies operating in the financial and insurance sector (see below "*—20.6 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

20.4 Taxation of Dividends of Shareholders without a Tax Domicile in Germany

The dividends paid to shareholders (individuals and corporations) without a tax domicile in Germany are taxed in Germany, provided that the shares are held as part of the business assets of a permanent establishment or a fixed base in Germany or as part of the business assets for which a permanent representative in Germany has been appointed. The withholding tax (including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax or corporate income tax liability, and any overpayment will be refunded. The same applies to the solidarity surcharge. These shareholders are essentially subject to the same rules applicable to resident shareholders, as discussed above.

In all other cases, the withholding of the dividend withholding tax discharges any tax liability of the shareholder in Germany. A refund or exemption is granted only as discussed in the section on dividend withholding tax above (see above "*—20.1 Taxation of the Company*").

20.5 Taxation of Capital Gains

20.5.1 Taxation of Capital Gains of Shareholders with a Tax Domicile in Germany

20.5.1.1 <u>Shares and Subscription Rights Held as Private Assets</u>

Gains on the sale of shares/subscription rights that are held as private assets by shareholders with a tax domicile in Germany, and which were acquired after December 31, 2008, are generally taxable regardless of the length of time held. The tax rate is a uniform 25% plus the 5.5% solidarity surcharge thereon (as well as any church tax). The same applies to gains on the sale of subscription rights granted for such shares.

The taxable capital gains are the difference between (a) the sales gains after deducting the direct sales costs and (b) the acquisition cost of the shares. Under certain conditions, prior payments from the tax-recognized contribution account may lead to reduced acquisition costs of the shares held as personal assets and, as a consequence, increase the taxable sales gain. Losses on the sale of shares/subscription rights may only be netted against gains on the sale of shares/subscription rights.

In the view of tax authorities, the exercise of subscription rights is not considered as a sale of such subscription rights. Shares acquired as a consequence of the exercise of subscription rights are deemed to be acquired at a subscription price of EUR 0 at the time of exercise of the subscription right.

If a domestic bank or financial service provider (including the German branch of a foreign institution), a domestic securities trading company, or a domestic securities trading bank (the "**Domestic Paying Agent**") sells the shares or subscription rights and pays out or credits the capital gains, said Domestic Paying Agent withholds a withholding tax of 25% (plus 5.5% solidarity surcharge and any church tax) and remits this to the tax authority, the tax on the capital gain will generally be discharged. If the shares or subscription rights were held in safekeeping or administered by the respective Domestic Paying Agent after acquisition, the amount of tax withheld is generally based on the difference between the proceeds from the sale, after deducting expenses directly related to the sale, and the amount paid to acquire the shares. However, the withholding tax rate of 25% (plus the 5.5% solidarity surcharge thereon and any church tax) will be applied to 30% of the gross sales proceeds if the shares were not administered by the same custodian bank since acquisition and the original cost of the shares cannot be verified or such a verification is not admissible. In this case, the shareholder is entitled to verify the original costs of the shares in his annual tax return. In any case, the acquisition costs for subscription rights granted by the Company are valued at EUR 0 for purposes of this calculation.

Starting in 2015, entities required to collect withholding taxes on capital investment income are required to likewise withhold the church tax on shareholders who pay church taxes, unless the shareholder objects in writing to the German tax authorities sharing his private information regarding his affiliation with a denomination. If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, then the church tax on the capital gain is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense; however, 26.375% of the church tax withheld on the capital gain is deducted from the withholding tax (including the solidarity surcharge) withheld by the Company.

A shareholder/subscription rights holder may request that all his items of capital investment income, along with his other taxable income, be subject to the progressive income tax rate instead of the uniform tax rate for private capital investment income, if this lowers his tax burden. The base for taxation would be the gross income less the savers' allowance of EUR 801 (EUR 1,602 for married couples filing jointly). The prohibition on deducting income-related costs and the restrictions on offsetting losses also apply to tax assessments based on the progressive income tax rate. Any tax already withheld would be credited against the income tax so determined and any overpayment refunded.

One exception to this rule is that a shareholder's capital gains are subject to the partial-income method and not the Flat Tax. Consequently, 60% of the proceeds from the sale of shares are subject to the individual income tax rate, if the shareholder, or his legal predecessor in case of acquisition without consideration, has directly or indirectly held shares equal to at least 1% of the Company's share capital at any time during the previous five years ("**Qualified Participation**"). Of the expenses economically related to the proceeds of the sale of shares, 60% is tax-deductible.

The partial-income method should apply *mutatis mutandis* to gains or losses on sales of subscription rights. In the case of a Qualified Participation, the "total value method" (*Gesamtwertmethode*) is used to determine the acquisition costs of the subscription rights. This is based on the concept that the acquisition of the subscription rights was included in the acquisition of the old shares. Accordingly, the granting of the subscription rights results in a splitting off of part of the original acquisition costs for the old shares, *i.e.* the acquisition costs of the old shares are reduced by the portion attributable to the subscription rights split off. In the case of a Qualified Participation, withholding tax (including the solidarity surcharge) is also withheld by the Domestic Paying Agent. The tax withheld, however, is not treated as a final tax. Hence, the shareholder is obligated to declare the gain on the sale on his income tax return. The withholding tax (including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax or corporate income tax liability in the tax assessment, and any overpayment will be refunded. In the case of a Qualified Participation, the exercise of subscription rights should also not be considered as a sale.

20.5.1.2 Shares and Subscription Rights Held as Business Assets

The Flat Tax does not apply to proceeds from the sale of shares held as business assets by shareholders domiciled in Germany. If the shares/subscription rights form part of a shareholder's business assets, taxation of the capital gains realized will then depend upon whether the shareholder is a corporation, sole proprietor or partnership.

1. Corporations: In general, capital gains earned on the sale of shares by corporations domiciled in Germany are 95% exempt from corporate income tax (including the solidarity surcharge) and trade tax, irrespective of the stake represented by the shares and the length of time the shares are held. However, 5% of the capital gains is treated as a nondeductible business expense and, as such, is subject to corporate income tax (plus the solidarity surcharge) and to trade tax. Losses from the sale of shares and any other reductions in profit do not qualify as tax-deductible business expenses.

2. Gains realized on the sale of subscription rights are subject in full to corporate income tax and trade tax. Losses from the sale of subscription rights and other reductions in profit reduce the taxable income. The exercise of subscription rights should not be treated as a sale of subscription rights.

3. Sole proprietors (individuals): If the shares/subscription rights were acquired after December 31, 2008, and form part of the business assets of a sole proprietor (individual) who is a tax resident of Germany, 60% of the capital gains on their sale is subject to the individual's tax bracket plus the solidarity surcharge (partial-income method). Correspondingly, only 60% of losses from such sales and 60% of expenses economically related to such sales are deductible. For church tax, if applicable, the partial-

income method also applies. If the shares/subscription rights are held as business assets of a commercial permanent establishment located in Germany, 60% of the capital gains is also subject to trade tax. The trade tax is fully or partially credited as a lump sum against the shareholder's personal income tax liability.

4. Partnerships: If the shareholder is a trading or deemed to be a trading partnership, personal income tax or corporate income tax, as the case may be, is assessed at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the respective partner is a corporation or an individual. If the partner is a corporation, the tax principles applying to capital gains which are outlined in subsection 1 apply. If the partner is an individual, the tax principles applying to capital gains which are outlined in subsection 2 apply. Upon application and provided that additional prerequisites are met, an individual who is a partner can obtain a reduction of his personal income tax rate for profits not withdrawn from the partnership. In addition, capital gains from the sale of shares/subscription rights attributable to a permanent establishment maintained in Germany by a trading partnership are subject to trade tax at the level of the partnership. As a rule, only 60% of the gains in this case is subject to trade tax if the partners in the partnership are individuals, while 5% is subject to trade tax if the partners are corporations and shares are sold. Under the principles discussed under 1 and 2 above, losses on sales and other reductions in profit related to the shares/subscription rights sold are generally not deductible or only partially deductible, or in the case of subscription rights fully deductible, if the partner is a corporation. If the partner is an individual, the trade tax the partnership pays on his or her share of the partnership's income is generally credited as a lump sum – fully or in part – against his or her personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of the taxpayer.

Special rules apply to capital gains realized by companies active in the financial and insurance sectors, as well as pension funds (see below "*—20.6 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

When a Domestic Paying Agent is concerned, the proceeds from the sale of shares or subscription rights held in business assets are generally subject to the same withholding tax rate as those of shareholders whose shares or subscription rights are held as private assets (see section "*—20.5.1 Taxation of Capital Gains of Shareholders with a Tax Domicile in Germany—20.5.1.1 Shares and Subscription Rights Held as Private Assets*"). However, the Domestic Paying Agent may refrain from withholding the withholding tax if (i) the shareholder is a corporation, association or estate with its tax domicile in Germany, or (ii) the shares or the subscription rights form part of the shareholder's domestic business assets, and the shareholder informs the paying agent of this on the officially prescribed form and meets certain additional prerequisites. If the Domestic Paying Agent nevertheless withholds taxes, the withholding tax withheld and remitted (including solidarity surcharge) will be credited against the shareholder's income tax or corporate income tax liability and any excess amount will be refunded.

20.5.2 Taxation of Capital Gains of Shareholders without a Tax Domicile in Germany

Capital gains realized by a shareholder with no tax domicile in Germany are subject to German income tax only if the selling shareholder holds a Qualified Participation or if the shares form part of the business assets of a permanent establishment in Germany or of business assets for which a permanent representative is appointed.

Most double taxation treaties provide for an exemption from German taxes and assign the right of taxation to the shareholder's country of domicile in the former case. However, certain double taxation treaties contain special provisions for shareholdings in a real estate company. In the latter case the taxation of capital gains is governed by the same rules that apply to shareholders resident in Germany.

20.6 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds

If financial institutions or financial services providers hold or sell shares that are allocable to their trading book pursuant to section 1a of the German Banking Act (*Gesetz über das Kreditwesen*), they will neither be able to use the partial-income method nor have 60% of their gains exempted from taxation nor be entitled to the 95% exemption from corporate income tax plus the solidarity surcharge and any applicable trade tax. Thus, dividend income and capital gains are fully taxable. The same applies to shares acquired by financial enterprises (*Finanzunternehmen*) in the meaning of the German Banking Act for the purpose of generating profits from short-term proprietary trading. The preceding sentence applies accordingly for shares held in a permanent establishment in Germany by financial institutions, financial service providers, and finance companies domiciled in another member state of the European Union or in other signatory states of the EEA Agreement. Likewise, the tax exemption described earlier afforded to corporations for dividend income and capital gains from the sale of shares does not apply to shares that qualify as a capital investment in the case of life insurance and health insurance companies, or those which are held by pension funds. The partial-income method for gains on the sale of subscription rights also does not apply in these cases.

However, an exemption to the foregoing, and thus a 95% effective tax exemption, applies to dividends obtained by the aforementioned companies, to which the Parent-Subsidiary Directive applies.

20.7 Inheritance and Gift Tax

The transfer of shares/subscription rights to another person by will or gift is generally subject to German inheritance and gift tax only if

1. the decedent, donor, heir, beneficiary or other transferee maintained his or her domicile or usual residence in Germany, or had its place of management or registered office in Germany at the time of the transfer, or is a German citizen who has spent no more than five consecutive years outside Germany without maintaining a residence in Germany (special rules apply to certain former German citizens who neither maintain their domicile nor have their usual residence in Germany);

2. the shares/subscription rights were held by the decedent or donor as part of business assets for which a permanent establishment was maintained in Germany or for which a permanent representative in Germany had been appointed; or

3. the decedent or donor, either individually or collectively with related parties, held, directly or indirectly, at least 10% of the Company's registered share capital at the time of the inheritance or gift.

The fair value represents the tax assessment base. In general that is the stock exchange price. A special discount on this amount applies to shareholdings of directly more than 25% in the Company dependent on the composition of the business assets and future business figures, when *et alia* the heir or beneficiary meets a five year holding period. Dependent on the degree of relationship between decedent or donor and recipient different tax free allowances and tax rates apply.

The few German double taxation treaties relating to inheritance tax and gift tax currently in force usually provide that the German inheritance tax or gift tax can only be levied in the cases of (1.) above, and also with certain restrictions in case of (2.) above. Special provisions apply to certain German nationals living outside of Germany and former German nationals.

20.8 Other Taxes

No German transfer tax, value-added tax, stamp duty or similar taxes are assessed on the purchase, sale or other transfer of shares or subscription rights. Provided that certain requirements are met, an entrepreneur may, however, opt for the payment of value-added-tax on transactions that are otherwise tax-exempt. Net wealth tax is currently not imposed in Germany.

On January 22, 2013, the Council of the European Union approved the resolution of the ministers of finance from eleven EU member states (including Germany) to introduce a financial transaction tax within the framework of enhanced cooperation. On February 14, 2013, the European Commission accepted the proposal for a Council Directive implementing enhanced cooperation in the area of financial transaction tax. The plan focuses on levying a financial transaction tax of 0.1% (0.01% for derivatives) on the purchase and sale of financial instruments. The directive awaits the unanimous agreement of the participating member states.

21. TAXATION IN THE GRAND DUCHY OF LUXEMBOURG

*The following information is of a general nature only and is based on the laws in force in Luxembourg as of the date of this Prospectus. It does not purport to be a comprehensive description of all the tax considerations that might be relevant to an investment decision. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. It is a description of the essential material Luxembourg tax consequences with respect to the Offering and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to shareholders. This summary is based on the laws in force in Luxembourg on the date of this Prospectus and is subject to any change in law that may take effect after such date. Prospective shareholders should consult their professional advisors with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject, and as to their tax position. Please be aware that the residence concept used under the respective headings applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (impôt sur le revenu des collectivités), municipal business tax (impôt commercial communal), a solidarity surcharge (contribution au fonds pour l'emploi), the temporary equalization tax (impôt d'équilibrage budgétaire) as well as personal income tax (impôt sur le revenu) generally. Corporate shareholders may further be subject to net wealth tax ("**NWT**") (impôt sur la fortune) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax, the solidarity surcharge and the temporary equalization tax. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.*

21.1 Luxembourg Taxation of Shares/Subscription Rights of a Non-Resident Company

21.1.1 Withholding Taxes

Dividend payments made to shareholders by a non-resident company, such as the Company, as well as liquidation proceeds and capital gains derived therefrom are not subject to a withholding tax in Luxembourg. Accordingly, the Company does not assume responsibility for the withholding of Luxembourg withholding taxes at the source.

21.1.2 Income Tax

21.1.2.1 <u>Taxation of Income Derived From Shares and Capital Gains Realized on Shares/Subscription Rights by Luxembourg Residents</u>

21.1.2.2 <u>Luxembourg Resident Individuals</u>

Dividends and other payments derived from the shares by resident individual shareholders, who act in the course of the management of either their private wealth or their professional/business activity, are subject to income tax at the progressive ordinary rates with a current top effective marginal rate of 40% (43.60% including the maximum 9% solidarity surcharge) depending on the annual level of income of individuals. A tax credit may be granted for foreign withholding taxes, provided that it does not exceed the corresponding Luxembourg tax. Under current Luxembourg tax law, 50% of the gross amount of dividends received by resident individuals from a company resident in a EU member state and covered by article 2 of the Parent Subsidiary Directive, such as the Company, is exempt from income tax.

Capital gains realized on the disposal of the shares/the subscription rights by resident individual shareholders/ subscription right holders, who act in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or – in case of a disposal of shares – as gains on a substantial participation. Capital gains are deemed to be speculative and are subject to income tax at ordinary rates if the shares/subscription rights are disposed of within six months after their acquisition or if their disposal precedes their acquisition. A participation is deemed to be substantial where a resident individual shareholder holds, either alone or together with his spouse or partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the Company. A shareholder is also deemed to transfer a substantial participation if he acquired free of charge, within the five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the transferor (or the transferors in case of successive transfers free of charge within the same five year period). Capital gains realized on a substantial participation more than six months after the acquisition thereof are subject to income tax according to the half global rate method (i.e., the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on a substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the shares/subscription rights.

Capital gains realized on the disposal of the shares/subscription rights by resident individual shareholders/ subscription right holders, who act in the course of their professional/business activity, are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the shares/subscription rights have been disposed of and the lower of their cost or book value.

21.1.2.2.1 Luxembourg Resident Fully-Taxable Companies and Luxembourg Permanent Establishments of Foreign Companies or of Non-Resident Individuals

Unless benefiting from a special tax regime, dividends and other payments made by the Company to a Luxembourg resident fully taxable company or to a Luxembourg permanent establishment of a foreign company or of non-resident individuals are subject to income tax at their respective ordinary rates. Under current Luxembourg tax laws, 50% of the gross amount of dividends received from a company resident in a EU member state and covered by article 2 of the Parent-Subsidiary Directive, such as the Company, is exempt from income tax. A tax credit may further be granted for foreign withholding taxes, provided it does not exceed the corresponding Luxembourg corporate income tax on the dividends and other payments derived from the shares.

However, under the participation exemption regime, dividends derived from shares of an entity covered by article 2 of the Parent Subsidiary Directive, such as the Company, may be exempt from income tax at the level of the shareholder if, at the time the dividend is made available to the shareholders, cumulatively, (i) the shareholder is (a) a fully taxable Luxembourg resident company, (b) a Luxembourg permanent establishment of a company covered by article 2 of the Parent-Subsidiary Directive, (c) a Luxembourg permanent establishment of a foreign company in a country having a tax treaty with Luxembourg, or (d) a Luxembourg permanent establishment of a company limited by share capital or a cooperative company resident in the EEA other than a EU member state, (ii) the shareholder has held or commits itself to hold the shares of the distributing entity (*i.e.*, the Company) for an uninterrupted period of at least 12 months, (iii) during this uninterrupted period of 12 months, the shares represent a participation of at least 10% in the share capital of the Company or a participation of an acquisition price of at least EUR 1.2 million, and (iv) the dividend is put at its disposal within such period. Liquidation proceeds may be exempt under the same conditions. Shares held through a tax transparent entity are considered as being a direct participation proportionally to the percentage held in the assets of the transparent entity.

Capital gains realized by (i) a Luxembourg fully-taxable resident company or (ii) the Luxembourg permanent establishment of a non-resident foreign company on the shares of the Company are subject to income tax at the current maximum global rate of 29.22% in Luxembourg City, unless the conditions of the participation exemption regime, as described above, are satisfied except that the acquisition price must be of at least EUR 6 million for capital gain exemption purposes. Shares held through a tax-transparent entity are considered as a direct participation holding proportionally to the percentage held in the assets of the transparent entity.

Taxable gains are determined to be the difference between the price for which the shares have been disposed of and the lower of their cost or book value.

Capital gains realized on the disposal of the shares/subscription rights by a non-resident individual holding the shares/subscription rights through a Luxembourg permanent establishment are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the shares/subscription rights have been disposed of and the lower of their cost or book value.

21.1.2.2.2 Luxembourg Resident Undertakings Benefiting from a Special Tax Regime

A shareholder/subscription right holder which is a Luxembourg resident undertaking benefiting from a special tax regime, such as (i) an undertaking for collective investment governed by the law of December 17, 2010, as amended, (ii) a specialized investment fund governed by the law of February 13, 2007, as amended or (iii) a family wealth management company governed by the law of May 11, 2007, as amended, is exempt from income tax in Luxembourg. Dividends and capital gains derived from the shares/capital gains derived from the subscription rights are thus not subject to Luxembourg income tax in the hands of such shareholder/subscription right holder.

21.1.3 Net Wealth Tax

A Luxembourg resident shareholder/subscription right holder, as well as non-resident shareholder/subscription right holder who has a permanent establishment or a permanent representative in Luxembourg to which the shares/subscription rights are attributable, is subject to Luxembourg NWT on such shares/subscription rights, except if the shareholder/subscription right holder is (i) a resident or non-resident individual taxpayer, (ii) an undertaking for collective investment subject to the law of December 17, 2010, as amended, (iii) a securitization company governed by the law of March 22, 2004, as amended, on securitization, (iv) a company governed by the law of June 15, 2004, as amended, on venture capital vehicles, (v) a specialized investment fund governed by the law of February 13, 2007, as amended or (vi) a family wealth management company governed by the law of May 11, 2007, as amended company

Luxembourg NWT is levied at the rate of 0.5% applied on the shareholder's/subscription right holder's net wealth as determined for NWT purposes. Net wealth is referred to as the unitary value (*valeur unitaire*), as determined on January 1 of each year. The unitary value is basically calculated as the difference between (a) assets estimated at their fair market value (*valeur estimée de réalisation or Gemeiner Wert*), and (b) liabilities vis à vis third parties, unless one of the exceptions mentioned below is satisfied.

Further, under the participation exemption regime, shares of an entity covered by article 2 of the Parent-Subsidiary Directive, such as the Company, may be exempt from NWT at the level of the shareholder for a given year, if the shares represent at the end of the previous year a participation of at least 10% in the share capital of the entity or a participation of an acquisition price of at least EUR 1.2 million. The NWT charge for a given year can be reduced if a specific reserve, equal to five times the NWT to save, is created before the end of the subsequent tax year and maintained during the five following tax years. The maximum NWT to be saved is limited to the corporate income tax amount due for the same tax year, including the solidarity surcharge, but before imputation of available tax credits.

21.1.4 Other Taxes

Under Luxembourg tax law, where an individual shareholder/subscription right holder is a resident of Luxembourg for inheritance tax purposes at the time of his/her death, the shares/subscription rights are included in his/her taxable basis for inheritance tax purposes.

Gift tax may be due on a gift or donation of the shares/subscription rights if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

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VALUATION REPORT FOR THE DETERMINATION OF FAIR VALUE

in the form of a condensed valuation report ("Valuation Report") of the determination of Fair Value carried out by CBRE in accordance with the International Financial Reporting Standards (IFRS), the International Standards for the Valuation of Real Estate for Investment Purposes ("International Valuation Standards") and the RICS Valuation – Professional Standards, (January 2014) (Red Book), published by the Royal Institution of Chartered Surveyors, for the purpose of a capital raise against contribution in cash by Deutsche Wohnen AG (the "Company"). The Report covers the *Residential Portfolio* of 2,326 investment assets, comprised of 146,994 residential units, 2,448 commercial units and 35,558 miscellaneous rented units (garages, parking spaces, antennas) and Land consisting of 23 undeveloped sites with an area of 758,532 sq m, and the *Nursing and Assisted Living Portfolio*, comprised of 17 assets.

Date of Valuation:	Residential Portfolio:	December 31, 2014
	Nursing and Assisted Living Portfolio:	June 30, 2014

Date of Valuation Report: May 15, 2015

Valuer:

CBRE

CBRE GmbH
Bockenheimer Landstraße 24
60323 Frankfurt
Germany

Addressees:

Deutsche Wohnen AG
Pfaffenwiese 300
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CBRE

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81925 Munich,
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Kempen & Co N.V.
Beethovenstraat 300,
1077 WZ Amsterdam,
The Netherlands

CBRE is a "Gesellschaft mit beschränkter Haftung" (limited liability company), registered under commercial law in Germany under the company registration number 13347. The German company CBRE GmbH was established on April 3, 1973 and has its registered office at Bockenheimer Landstraße 24, 60323 Frankfurt/Main, Germany.

CBRE is not a company that is regulated by any regulatory authority; however in its valuation department it employs amongst others a publicly appointed and sworn-in valuer (Öffentlich bestellter und vereidigter Sachverständiger), members of the Royal Institution of Chartered Surveyors (RICS), and valuers certified by HypZert GmbH.

SUMMARY OF THE VALUATION CONCLUSIONS

Upon the assumption that, after reasonable inquiry of the Company, there are no onerous restrictions or unusual outgoings of which we have no knowledge and based on the specific comments and assumptions set out in this Valuation Report, we are of the opinion that the aggregate of the individual Fair Values (net) of the freehold / ground-leasehold interests in the assets, rounded at asset level, are:

the *Residential Portfolio* as at December 31, 2014:

9,781,723,600 EUR

(Nine billion, seven hundred and eighty-one million, seven hundred and twenty-three thousand, six hundred Euros)

net of purchasers' costs and VAT

of which the value of the Land is 19,191,500 EUR.

the *Nursing and Assisted Living Portfolio* as at June 30, 2014:

143,820,000 EUR

(One hundred and forty-three million, eight hundred and twenty thousand Euros)

net of purchasers' costs and VAT

The assessment of Fair Values was carried out at asset level. The aggregate of the individual Fair Values presented here takes account of the marketing period and the transaction costs of the individual assets and does not reflect any discounts or premiums on the sale of the whole portfolio or if part of the portfolio were to be marketed simultaneously or in lots.

CBRE has not been engaged to update the CBRE valuations for the purpose of the Prospectus, has no obligation so to do and has not updated the CBRE valuations after these valuation dates.

For a detailed breakdown of values between freehold-equivalent and leasehold assets please refer to Part 5 "Valuation Conclusions".

One asset in the *Residential Portfolio* has a negative Fair Value as shown below:

Asset	Cluster	Postcode	City	Address	Fair Value EUR
1150.67	BC_0102	14193	Berlin	Nikischstr. 4, 4a, 6; Regerstr. 11, 11a - c, 13	-3,015,500

This negative Fair Value is reflected in the total aggregate figure given above.

For the avoidance of doubt, we have not included in this valuation assets which are held by the Company for their own occupation.

The following table shows the aggregated key valuation data for the portfolios (excluding Land):

	Residential Portfolio	*Nursing and Assisted Living Portfolio*
Fair Value:	9,762,532,100 EUR	143,820,000 EUR
Total lettable area:	9,225,395 sq m	102,289 sq m
Average Fair Value per sq m lettable area:	1,058 EUR	1,406 EUR
Current annual rental income (gross):	624,581,504 EUR	11,440,901 EUR[1]
Potential annual rental income (gross):	644,364,414 EUR	11,594,021 EUR
Estimated annual rental value (gross):	722,328,301 EUR	11,153,814EUR
Multiplier (based on current rent):	15.6 times	12.6 times
Multiplier (based on potential rent):	15.2 times	12.4 times
Multiplier (based on rental value):	13.5 times	12.9 times
Net initial yield (based on current rent):	4.7%	6.7%
Net initial yield (based on potential rent):	4.9%	6.8%
Net initial yield (based on rental value):	5.6%	6.5%

For further information please refer to Part 6 "Valuation Key Definitions".

Our opinion of Fair Value is based upon the scope of work and valuation assumptions as detailed in Part 4 "Explanation of Valuation" and Part 5 "Valuation Conclusions" of this Valuation Report and has been derived mainly using comparable recent market evidence on arm's length terms.

[1] Thereof 97.4% generated by owner-occupied leases and 2.6% by third-party leases (retail, residential, parking spaces).

Contents

1 Basis of Valuation

1.1 Preamble

Residential Portfolio:

CBRE GmbH („CBRE") has provided valuation services to the Company since 2009 in respect of the *Residential Portfolio* for accounting purposes and as at December 31, 2014 also for accounting purposes.

Nursing and Assisted Living Portfolio:

CBRE has previously valued parts of the *Nursing and Assisted Living Portfolio* as at December 31, 2012 and June 30, 2013 and all parts of the portfolio as at June 30, 2014 for accounting purposes.

1.2 Valuation Instructions

CBRE has been appointed to carry out a Fair Value valuation of the Company's assets. CBRE has prepared a valuation report in the form of a condensed valuation report ("Valuation Report") for the valuations with the valuation dates being:

- *Residential Portfolio:* December 31, 2014
- *Nursing and Assisted Living Portfolio:* June 30, 2014

Residential Portfolio: CBRE has not conducted any re- inspections of the assets except for the recently acquired assets. For further details please refer to Part 4.1.2 "Inspection Dates and Coverage".

Nursing and Assisted Living Portfolio: CBRE has inspected all the assets for the above mentioned instruction with the valuation date June 30, 2014.

The assets have been valued individually at asset level (valuation units).

We understand that the properties are principally held as investments and that the Company requires the value of the freehold or leasehold interests as appropriate.

We confirm that regarding this instruction we are acting solely for the Company and that we have no conflicts of interests in relation to this instruction.

This valuation is based on information provided for the purposes of the above mentioned valuations and the current data provided by the Company as at:

- *Residential Portfolio:* December 31, 2014 (rent roll, expiry dates of subsidies, modernized properties)
- *Nursing and Assisted Living Portfolio:* the data provided by the Company as at June 23, 2014.

CBRE has not been engaged to update the CBRE valuations for the purpose of the Prospectus, has no obligation so to do and has not updated the CBRE valuations after these valuation dates.

1.3 Purpose of Valuation

The Valuation Report will be part of the Prospectus issued by the Company that relates to the capital raise against contribution in cash.

We acknowledge that our Valuation Report is used by the Company as one of many sources to determine the value of the subject assets for capital raising purposes. The Valuation Report complies with the legal requirements, in particular the European Commission Regulation (EC) No 809/2004 of 29 April 2004 (as amended) and paragraphs 128 to 130 of the European Securities and Market Authority (ESMA) update of the Committee of European Securities Regulators' (CESR) recommendations for the consistent implication of (EC) no. 809/2004.

1.4 Addressees/Reliance

The present Valuation Report is addressed to:

- Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt am Main, Germany
- Goldman Sachs International, Peterborough Court, 133 Fleet Street, London EC4A 2BB, United Kingdom
- UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom
- Deutsche Bank Aktiengesellschaft, Große Gallusstraße 10-14, 60311 Frankfurt am Main, Germany
- Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany
- DZ BANK AG Deutsche Zentral- Genossenschaftsbank, Frankfurt am Main, Platz der Republik, 60265 Frankfurt am Main, Germany
- UniCredit Bank AG, Arabellastrasse 14, 81925 Munich, Germany
- Kempen & Co N.V., Beethovenstraat 300, 1077 WZ Amsterdam, The Netherlands

1.5 Publication

CBRE agrees that the Valuation Report will be published in unchanged and unabbreviated form in the Prospectus. Apart from that neither the whole nor any part of our Valuation Report nor any references thereto may be included in any published document, circular statement nor published in any way without our prior written approval of the form and context in which it will appear.

1.6 Date of Valuation

Residential Portfolio: the effective valuation date is December 31, 2014.

Nursing and Assisted Living Portfolio: the effective valuation date is June 30, 2014.

1.7 Subject Assets

In accordance with the valuation instructions, the subjects of the valuation are:

Residential Portfolio: the assets held as at December 31, 2014 comprised of 2,326 assets with 146,994 residential units, of which 25,825 are subject to public rent control, 2,448 commercial units and 35,558 miscellaneous rented units (garages, parking spaces, antennas), and the Land (23 assets) with an area of 758,532 sq m.

Nursing and Assisted Living Portfolio: comprised of 17 assets, as further detailed below.

1.8 Tenure (except Land)

Residential Portfolio: the portfolio is comprised 2,239 assets which are freehold-equivalent and 87 assets which are ground leasehold-equivalent with the Company as ground leaseholder. The average, unweighted leasehold term ends on April 8, 2059. The 87 ground leasehold assets account for 2.4% of the aggregate Fair Value of the portfolio.

Nursing and Assisted Living Portfolio: the portfolio is comprised of 17 assets which are all freehold-equivalent.

1.9 Concept of Value

The assessment of Fair Value has been carried out by CBRE in accordance with the guidelines of the International Financial Reporting Standards (IFRS), the International Standards for the Valuation of Real Estate for Investment Purposes (International Valuation Standards), the RICS Valuation – Professional Standards (January 2014) (Red Book) of the Royal Institution of Chartered Surveyors and in accordance with the relevant prospectus regulations applicable in Germany, including the European Securities and Market Authority (ESMA) update of the Committee of European Securities Regulators' (CESR) recommendations for the consistent implication of (EC) no. 809/2004.

The assets have been valued to "Fair Value" in accordance with IAS 40 in connection with IFRS 13.9 of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), which is defined as:

"Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. "

"Fair Value", for the purpose of financial reporting under International Financial Reporting Standards is effectively the same as "Market Value", which is defined as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm´s-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion."

We have valued the assets individually and no account has been taken of any discounts or premiums that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

We confirm that we have sufficient current local and national knowledge of the particular asset market involved and have the skills and understanding to undertake the valuation competently.

The assets have been valued by valuers who are qualified for the purpose of the valuation in accordance with the RICS Valuation – Professional Standards (January 2014). Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

Note:

The valuation represents the figures that would appear in a hypothetical contract of sale at the valuation date. No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Our valuations are net of purchasers' statutory and other normal acquisition costs. No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge. No account has been taken of the availability or otherwise of capital-based Government or European Community grants. All rents and capital values stated in this report are exclusive of VAT.

The values stated in this report represent our objective opinion of Fair Value in accordance with the definition set out above as at the valuation date. Amongst other things, this assumes that the assets had been properly marketed and that exchange of contracts took place on this date.

1.10 Currency

The currency used in the Valuation Report is the Euro.

1.11 Sources of Information

We have carried out our work based upon information supplied to us by the Company, which we have assumed to be correct and comprehensive.

All documents provided were checked for plausibility.

Residential Portfolio:

The figures in this report are based on the rent roll provided by the Company, dated December 31, 2014.

Nursing and Assisted Living Portfolio

The figures are based on the rent roll (including occupancy rate, number of beds, investment costs, floor areas, rents) and leases provided by the Company as at June 23, 2014.

1.12 Place of Performance and Jurisdiction

German law applies. The place of performance and jurisdiction is Frankfurt am Main.

1.13 Assignment of Rights

The Addressees of this Valuation Report are not entitled to assign their rights - in whole or in part - to third parties.

1.14 Declaration of Independence

We hereby confirm that to the best of our knowledge and belief CBRE has carried out the assessment of Fair Value in its capacity as an external valuer. We further confirm that CBRE is not aware of any actual or potential conflict of interest that might have influenced its independent status. This declaration also includes all other departments of CBRE GmbH, including the Investment and Agency Departments.

The total fees, including the fee for this assignment, earned by CBRE GmbH from the Company are less than 2.5% of the total German revenues earned by CBRE GmbH in 2014. It is not anticipated that this situation will change in the financial year to December 31, 2015. We confirm that we do not have any material interest in Deutsche Wohnen AG or the assets.

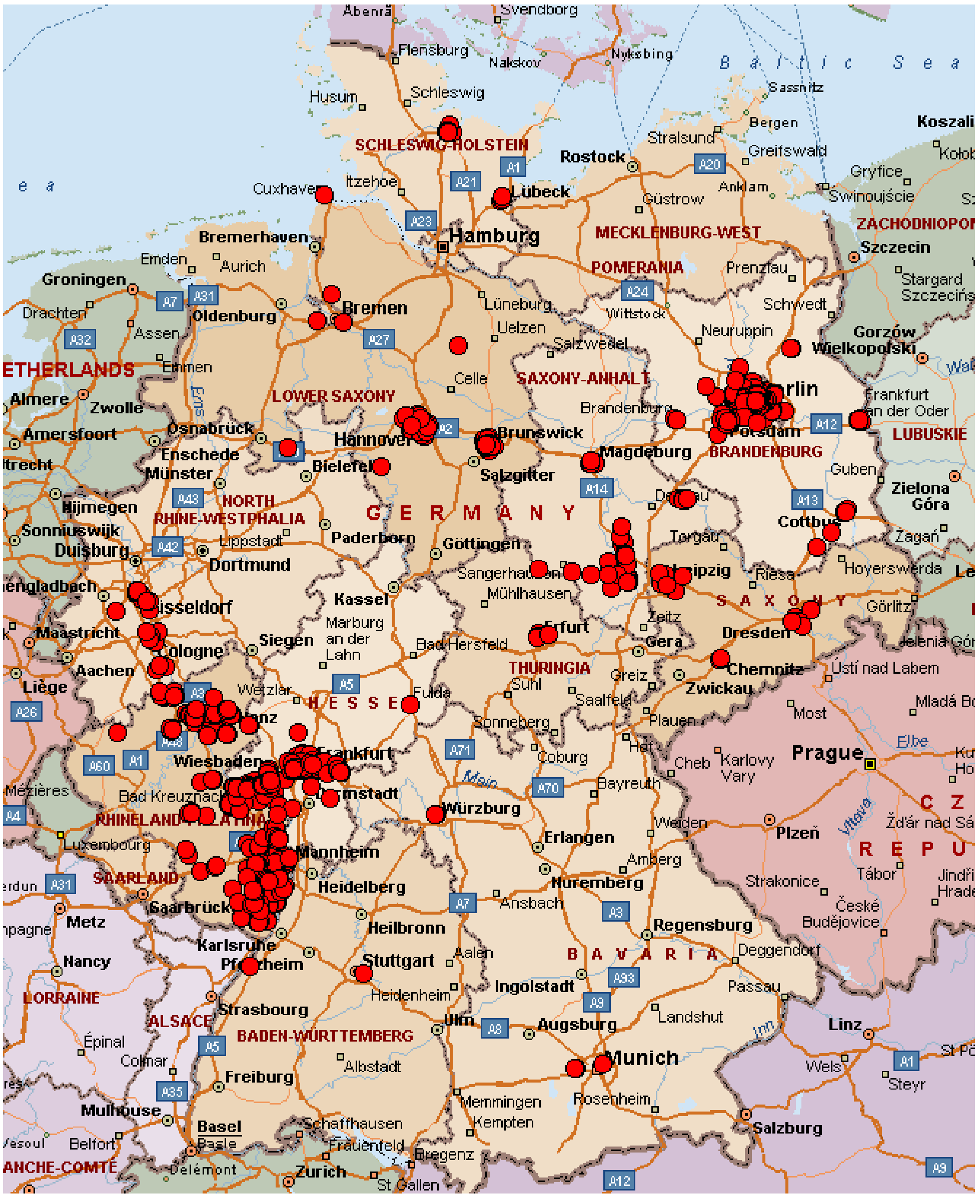
2 Residential Portfolio (excluding Land)

2.1 Portfolio Structure

The majority of the 2,326 assets in the *Residential Portfolio* are residential buildings (2,056 assets). The remainder comprises mixed-use buildings (81 assets), commercial buildings (49 assets), parking units (135 units) and other units (5 units). The portfolio includes 185,000 rental units, comprised of 146,994 residential units, 2,448 commercial units (office, retail and other commercial), 3,700 other units and 31,858 parking spaces.

2.2 Regional Allocation

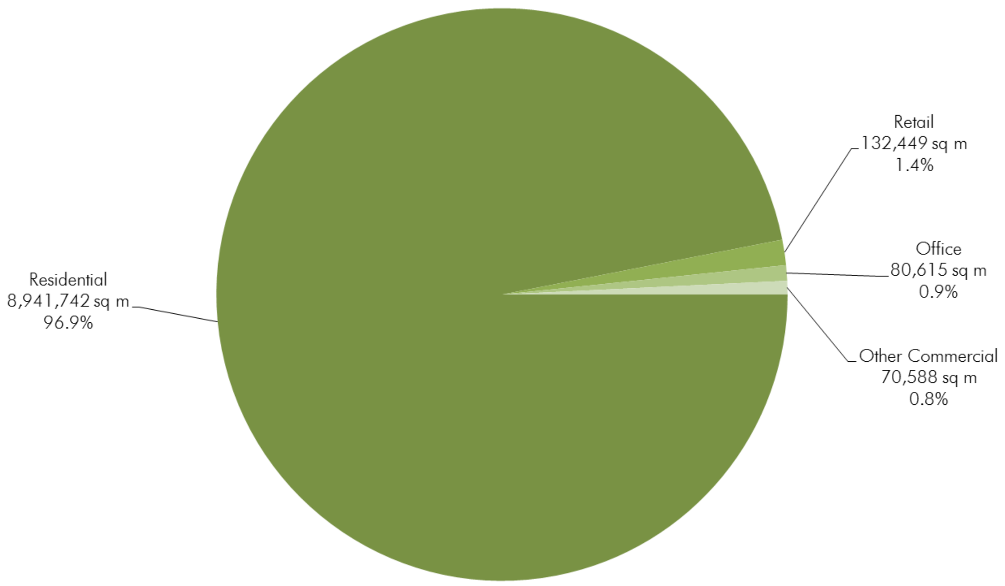
As shown on the following map, the assets of the portfolio are located in 159 towns and cities throughout Germany, mainly concentrated in the Berlin and Rhine-Main economic regions.



Microsoft MapPoint Europa 2010; CBRE GmbH

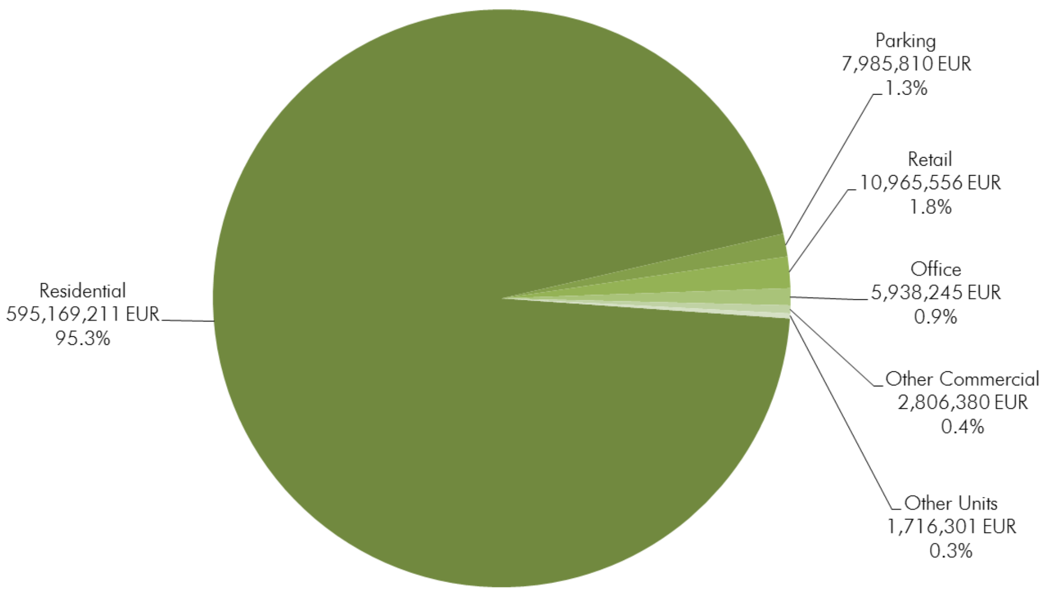
2.3 Types of Use by Total Lettable Area

(Total lettable area: 9,225,395 sq m)



2.4 Current Gross Rental Income (annualised) by Type of Use

(Total rental income: 624,581,504 EUR)



2.5 Residential Units by Regional Portfolios

The Company, Deutsche Wohnen AG, has divided the *Residential Portfolio* (excluding Land) into 12 "Regional Portfolios". The following table, which is provided for information purposes only, refers to residential units only and illustrates, together with the other graphics, the distribution of total lettable areas, Fair Values and Fair Values per sq m in these Regional Portfolios.

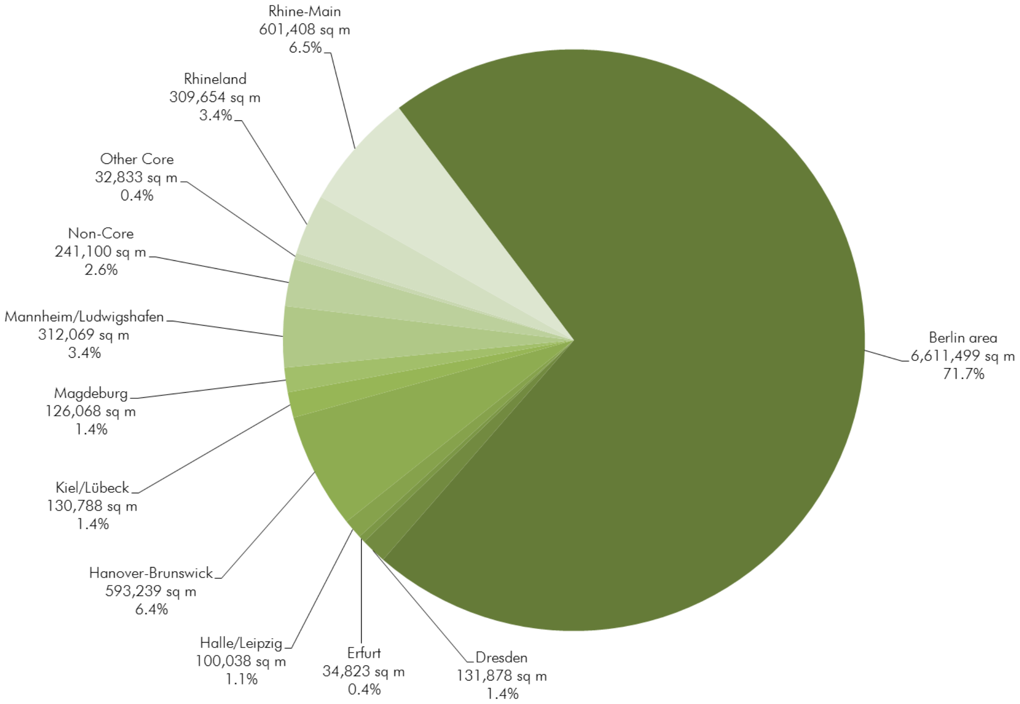
Regional Portfolio	Number of Residential Units	Residential Accom-modation sq m	Current Residential Rent EUR per sq m per month[2]	Residential Market Rent EUR per sq m per month	Gross Multiplier (based on current rent)	Gross Multiplier (based on potential rent)	Gross Multiplier (based on market rental value)
Berlin area	106,743	6,415,686	5.67	6.54	16.3	15.9	13.9
Dresden	2,168	130,579	4.98	5.37	14.8	14.6	13.5
Erfurt	619	33,564	5.88	6.01	13.7	13.3	13.0
Halle/ Leipzig	1,684	98,315	5.17	5.23	12.4	11.9	11.8
Hanover-Brunswick	8,858	579,005	5.35	5.66	13.0	12.5	11.8
Kiel/ Lübeck	2,025	130,107	5.11	5.23	12.2	11.5	11.3
Magdeburg	2,101	123,893	5.23	5.29	12.7	12.2	12.1
Mannheim/ Ludwigsha-fen	4,811	300,198	5.58	5.98	13.5	13.2	12.4
Rhineland	4,699	303,892	5.77	6.23	14.0	13.5	12.6
Rhine-Main	9,269	562,134	7.11	8.04	16.0	15.4	13.9
Other Core	527	32,833	4.90	5.56	12.2	11.7	10.4
Other Non-Core	3,490	231,538	4.82	4.96	11.8	10.8	10.5
Total	146,994	8,941,742	5.69	6.43	15.6	15.2	13.5

(Please refer to the Part 6 "Valuation Key Definitions".)

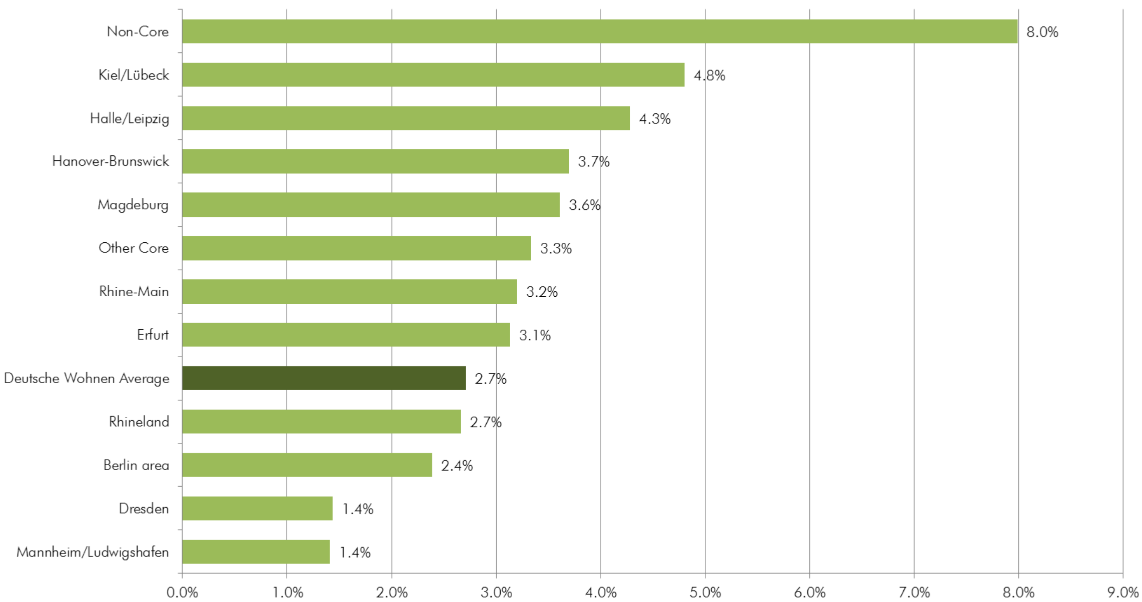
[2] taking into account occupied units only

2.5.1 Lettable Area by Regional Portfolios

(Total lettable area: 9,225,395 sq m)

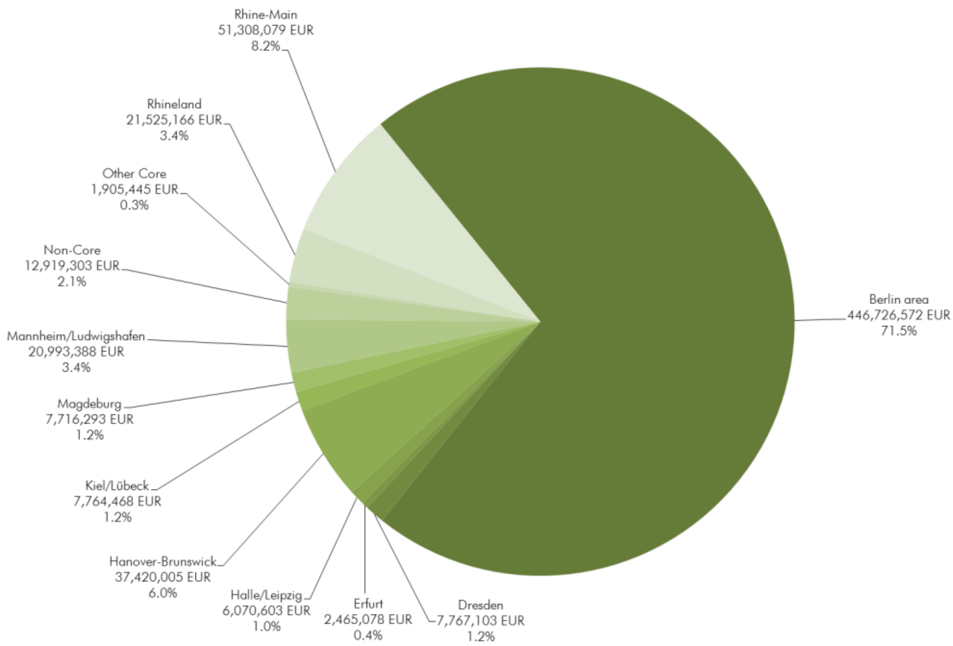


2.5.2 Vacancy Rate by Regional Portfolios



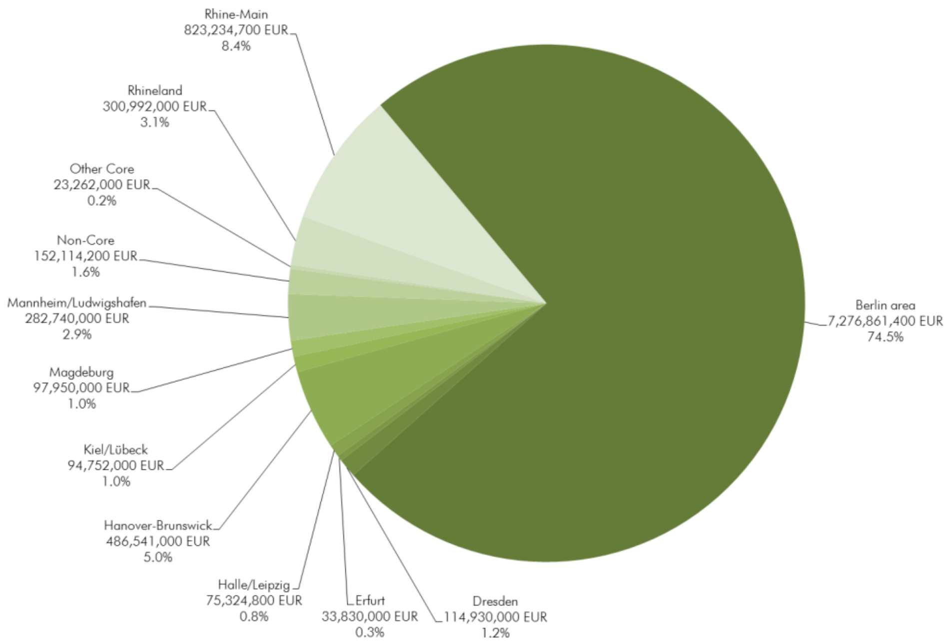
2.5.3 Current Gross Rental Income (annualised) by Regional Portfolios

(Total rental income: 624,581,504 EUR)

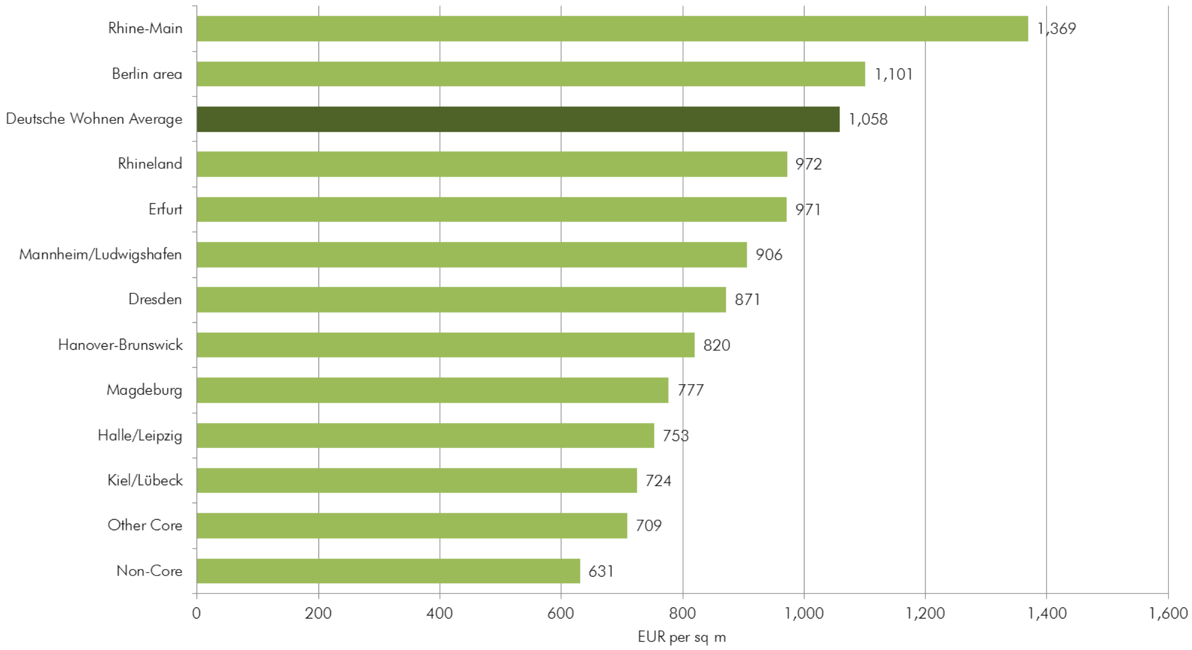


2.5.4 Fair Value by Regional Portfolios

(Total Fair Value: 9,762,532,100 EUR)



2.5.5 Fair Value (EUR per sq m) by Regional Portfolios



2.6 Fair Value of Residential Portfolio

Upon the assumption that, after reasonable inquiry of the Company, there are no onerous restrictions or unusual outgoings of which we have no knowledge and based on the specific comments and assumptions set out in this Valuation Report, we are of the opinion that the aggregate of the individual Fair Values (net) of the freehold / ground leasehold interests of the assets in the *Residential Portfolio* (excluding Land), as at December 31, 2014, rounded at asset level, is:

9,762,532,100 EUR

(Nine billion, seven hundred and sixty-two million, five hundred and thirty-two thousand, one hundred Euros)

The assessment of Fair Value was carried out at asset level. The aggregate of the individual Fair Values presented here takes account of the marketing period and the transaction costs of the individual assets and does not reflect any discount or premium on the sale of the whole portfolio or if part of the portfolio were to be marketed simultaneously or in lots.

CBRE has not been engaged to update the CBRE valuations for the purpose of the Prospectus, has no obligation so to do and has not updated the CBRE valuations after these valuation dates.

One asset in the *Residential Portfolio* has a negative Fair Value as shown below:

Asset	Cluster	Postcode	City	Address	Fair Value EUR
1150.67	BC_0102	14193	Berlin	Nikischstr. 4, 4a, 6; Regerstr. 11, 11a - c, 13	-3,015,500

This negative Fair Value is included in the total figure given above.

For the avoidance of doubt, we have not included in this valuation assets which are held by the Company for their own occupation.

2.7 Key Valuation Data

The following table shows the aggregated key valuation data for the *Residential Portfolio* (excluding Land):

Fair Value	9,762,532,100 EUR
Total lettable area:	9,225,395 sq m
Average Fair Value per sq m lettable area:	1,058 EUR
Current annual rental income (gross):	624,581,504 EUR
Potential annual rental income (gross):	644,364,414 EUR
Estimated annual rental value (gross):	722,328,301 EUR
Multiplier (based on current rent):	15.6 times
Multiplier (based on potential rent):	15.2 times
Multiplier (based on rental value):	13.5 times
Net initial yield (based on current rent):	4.7%
Net initial yield (based on potential rent):	4.9%
Net initial yield (based on rental value):	5.6%

See also Part 6 "Valuation Key Definitions".

3 NURSING AND ASSISTED LIVING PORTFOLIO

3.1 Portfolio Structure

This portfolio consists of 17 nursing or assisted living assets in the following referred to as the "*Nursing and Assisted Living Portfolio*".

3.2 Tenants and Tenancies

As at the date of valuation all nursing and assisted living assets were owner-occupied.

Until the date of the Prospectus a stake of the company Katharinenhof Seniorenwohn- und Pflegeanlagen Betriebs-GmbH was sold to a third party. As at the date of the Prospectus neither the Deutsche Wohnen AG nor a subsidiary has a majority ownership in the Katharinenhof Seniorenwohn- und Pflegeanlagen Betriebs-GmbH. The proportion of the Deutsche Wohnen AG is a minority stock of 49.9%.

3.3 Regional Allocation

As shown on the following map, the nursing and assisted living assets are located in 10 German towns and cities.

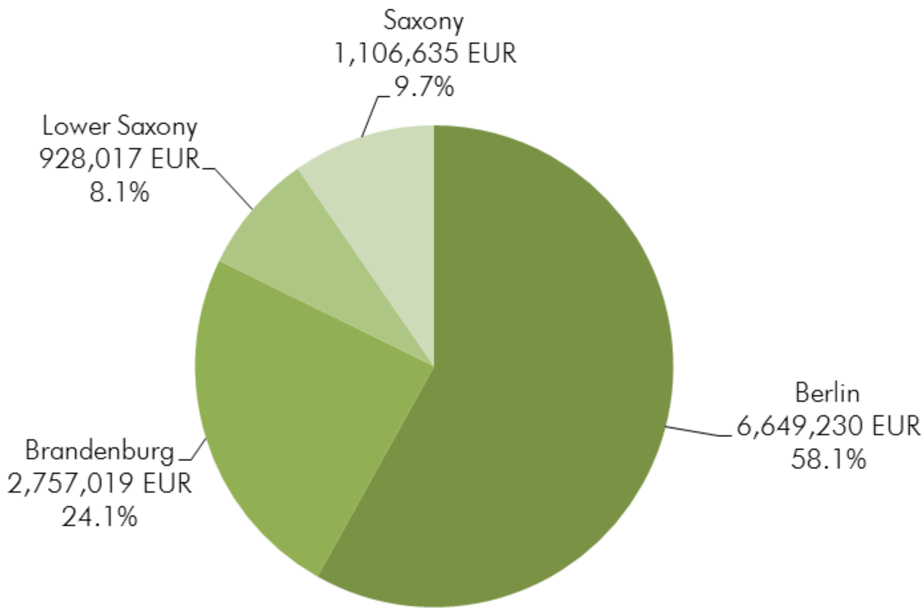
Microsoft MapPoint Europa 2010; CBRE GmbH

3.4 Asset Type

Address	ZIP	City	Building Year	Asset Type	Total lettable Area in sq m	Occupancy Rate in %	Number of Beds	Number of Rooms	Assisted Living Units	Estimated Rental Value in EUR	Total Fair Value in EUR
Sächsische Str. 46	10707	Berlin	2002	Nursing Home	7,385	97%	120	110		1,371,768	17,600,000
Ernst-Thälmann-Str. 29a	15370	Fredersdorf	2001	Nursing Home	5,954	95%	122	99		875,238	10,700,000
Schützenstr. 14	21682	Stade	2001	Nursing Home	5,427	99%	131	99		928,017	12,300,000
Belziger Str. 53 c	10823	Berlin	2001	Sheltered Housing	3,023	100%	-	-	53	456,390	6,440,000
Von-Suttner-Str. 1	14612	Falkensee	2001	Nursing Home	9,992	100%	110	99	25	1,091,007	13,300,000
Str. der Befreiung 114	08141	Reinsdorf	2004	Nursing Home	2,830	100%	60	54		127,350	1,680,000
Stiftstraße 11	08118	Hartenstein	1997	Nursing Home	3,151	100%	80	62		175,214	2,160,000
Schlossallee 1	01723	Wilsdruff	2001	Nursing Home	2,998	100%	60	46		89,940	1,070,000
Hans-Albers-Straße 3	14480	Potsdam	1996	Nursing Home	12,988	100%	133	79	89	820,329	10,400,000
Brauereihof 19	13585	Berlin	2007	Senior Residence	18,448	97%	42	42	199	2,317,256	27,700,000
Am Kurpark 1	09429	Wolkenstein	2002	Nursing Home	3,661	100%	80	68		164,745	1,960,000
Am Kurpark 1	09429	Wolkenstein	2002	Sheltered Housing	1,940	100%	-	-	39	162,223	2,100,000
Friedrich-Bosse-Str. 93	04159	Leipzig	2001	Nursing Home	4,300	100%	90	85		387,000	4,830,000
Schlüterstraße 62	10625	Berlin	2002	Nursing Home	5,249	91%	102	68		566,848	7,840,000
Bruno-Bürgel-Weg 1-5	12439	Berlin	2003	Nursing Home	5,583	99%	118	107		602,948	8,950,000
Bennigsenstr. 23/24	12159	Berlin	2006	Nursing Home	3,571	95%	74	67		374,962	5,280,000
Britzer Damm 140	12347	Berlin	2006	Nursing Home	5,789	91%	131	123		642,579	9,510,000
					102,289	98%	1,453	1,208	405	11,153,814	143,820,000

3.5 Current Gross Rental Income (annualised) by Federal State

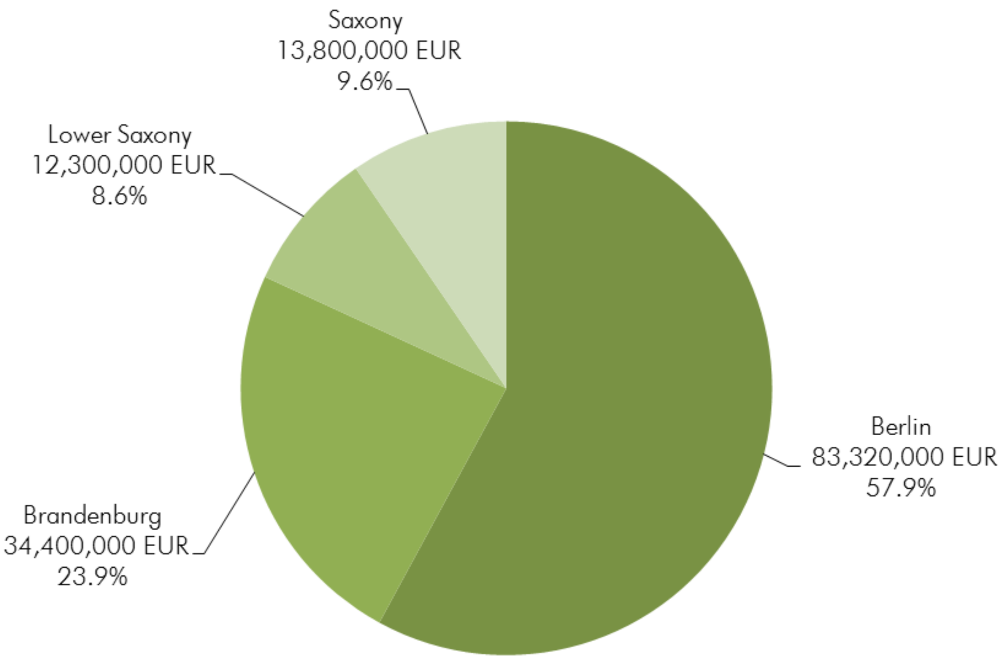
(Total rental income: 11,440,901 EUR[3])



[3] Thereof 97.4% generated by owner-occupied leases and 2.6% by third-party leases (retail, residential, parking spaces).

3.6 Fair Value by Federal State

(Total Fair Value: 143,820,000 EUR)



3.7 Fair Value of Nursing and Assisted Living Portfolio

Upon the assumption that, after reasonable inquiry of the Company, there are no onerous restrictions or unusual outgoings of which we have no knowledge and based on the specific comments and assumptions set out in this Valuation Report, we are of the opinion that the aggregate of the individual Fair Values (net) of the freehold interests of the assets in the *Nursing and Assisted Living Portfolio*, as at June 30, 2014, rounded at asset level, is:

143,820,000 EUR

(One hundred forty-three million, eight hundred and twenty thousand Euro)

The assessment of Fair Value was carried out at asset level. The aggregate of the individual Fair Values presented here takes account of the marketing period and the transaction costs of the individual assets and does not reflect any discount or premium on the sale of the whole portfolio or if part of the portfolio were to be marketed simultaneously or in lots.

CBRE has not been engaged to update the CBRE valuations for the purpose of the Prospectus, has no obligation so to do and has not updated the CBRE valuations after these valuation dates.

3.8 Key Valuation Data

The following table shows the aggregated key valuation data for the *Nursing and Assisted Living Portfolio*:

Fair Value	143,820,000 EUR
Total lettable area:	102,289 sq m
Average Fair Value per sq m lettable area:	1,406 EUR
Current annual rental income (gross):[4]	11,440,901 EUR
Potential annual rental income (gross):	11,594,021 EUR
Estimated annual rental value (gross):	11,153,814 EUR
Multiplier (based on current rent):	12.6 times
Multiplier (based on potential rent):	12.4 times
Multiplier (based on rental value):	12.9 times
Net initial yield (based on current rent):	6.7%
Net initial yield (based on potential rent):	6.8%
Net initial yield (based on rental value):	6.5%

[4] Thereof 97.4% generated by owner-occupied leases and 2.6% by third-party leases (retail, residential, parking spaces).

(Please refer to the Valuation Key Definitions.)

4 EXPLANATION OF VALUATION

4.1 Inspections

4.1.1 Basis of Inspections

Residential Portfolio

In accordance with the instruction, the valuation of the *Residential Portfolio* has been carried out individually on an asset level. For the purpose of the inspections we amalgamated the assets into homogeneous clusters. The cluster criteria were location and situation, type of assets and date of construction, as follows:

- LOCATION/SITUATION: all assets in a single inspection cluster must be part of one housing estate or – if they are individual buildings – must be situated in the same neighbourhood,

- TYPE OF ASSETS: These were mainly differentiated into:

  A) Detached/Semi-detached houses
  B) Apartment buildings
  C) Commercial assets, such as office buildings, business and retail assets, mixed-use assets where the proportion of commercial value greater than 20%

- DATE OF CONSTRUCTION: The categories of construction date were defined as follows:

  1945 and earlier
  1946 to 1959
  1960 to 1969
  1970 to 1979
  1980 to 1989
  1990 to 2001
  2002 onwards

For the inspections a reference asset was selected from each cluster, on the basis of the desktop analysis and the information available.

During our inspections we verified that each of the buildings in the valuation clusters were internally consistent and checked whether adjoining buildings had homogeneous characteristics that could enabled them to be amalgamated.

Garages, parking spaces and other rent-earning units such as antennas are part of a building unit, except if they are economically independent units.

At cluster level, we made an assessment of the situation ("micro location"), the quality level according to the local rental table, the condition of the buildings (asset score) and the typical condition of the apartments, as a basis of our allowances for regular maintenance and tenant improvement costs.

At asset level, the basis of valuation calculations, we took individual account of asset-specific parameters such as administration costs, structural vacancy, current rent, market rental value, public subsidy (if any), ground leases (where appropriate) and relevant entries in section II of the land register.

Nursing and Assisted Living Portfolio

All the assets in this portfolio have been individually inspected, externally and internally.

4.1.2 Inspection Dates and Coverage

Residential Portfolio: As agreed, for the purpose of the December 31, 2014 accounting valuation, we re-inspected 188 assets, which account for approximately 15.6% of the annualised gross rental income of the portfolio. The external inspections were conducted between November 6 and 28, 2014. The inspections of 30 newly-acquired assets took place in the period from January 20 to 23, 2014 and from November 27 to 30, 2014.

The following table shows the breakdown of the inspected assets which were components of the *Residential Portfolio* as at the dates of the rent roll (December 31, 2014):

Year of Inspection	Total	No Inspection	External Inspection	Internal Inspection
2014	218	0	212	6
2013	379	0	345	34
2012	1,709	0	1,555	154
no Inspection	20	20	0	0
Total	**2,326**	**20**	**2,112**	**194**

From in total 2,326 assets, we have conducted 2,112 external inspections (79.6% of the Gross Current Annual Rental Income), 194 internal inspections (20.4% of the Gross Current Annual Rental Income) and 20 assets (single apartments in buildings for privatisation) have not been inspected (0.1% of the Gross Current Annual Rental Income).

In respect of those properties that were not re-inspected, the Company confirmed that it is not aware of any material changes to the physical attributes of the properties, or the nature of their location, that might have occurred since the last inspection.

21 of the in total 23 undeveloped sites (99.99% weighted by Fair Value) were inspected in the period from December 12, 2012 to January 4, 2013. Two undeveloped sites were not inspected.

Nursing and Assisted Living Portfolio: As agreed, for the purpose of the accounting valuation with the valuation date as at June 30, 2014, we have undertaken internal inspections of the 17 nursing and assisted living properties, which took place in the period from June 23 to 27, 2014.

4.2 Method of Valuation

4.2.1 Discounted Cash Flow (DCF)

The determination of the Fair Value of the individual assets has been carried out using the internationally recognised Discounted Cash Flow (DCF) method. This method, which is based on dynamic investment calculations, allows valuation parameters to be reflected explicitly and, therefore, provides a transparent arithmetical determination of Fair Value. In the DCF method, the future income and expenditure flows associated with the subject asset are explicitly forecasted over a 10-year period of detailed consideration, assuming a letting scenario which is not taking into account any potential privatisations of individual apartments. The cash flows calculated for the period of detailed consideration are discounted, monthly in advance, to the date of valuation, allowing the effect on the current Fair Value of the receipts and payments at varying dates during the 10-year period to be properly reflected.

The discount rate chosen reflects not only the market situation, location, condition and letting situation of the asset and the yield expectations of a potential investor but also the level of security of the forecast future cash flows. As the discounting process means that the effect of future cash flows reduces in importance while at the same time the uncertainty of forecasting tends to increase over time, it is usual in real estate investment considerations for the sustainable net rental income after a ten-year time horizon (the period of detailed consideration) to be capitalised, using a growth-implicit yield, and then discounted to the date of valuation.

The assumptions adopted in the valuation model reflect the average estimates that would be made at the respective date of valuation by investors active in the market. The result of the DCF method is, therefore, the price that a relevant investor in the market would be prepared to pay for the asset at the respective date of valuation, in order to achieve a return from the proposed investment that is in line with present asset market expectations.

4.2.2 Land Approach

For the purpose of the valuation, the assets have been assigned to one of the following categories, based on the information provided by the Company or gained during discussions with the local authorities:

A) Future Development

- land capable of development (*Baureifes Land*); zoned for development, with public roads and utilities infrastructure
- unserviced land zoned for development (*Rohbauland*)
- land with hope value for development (*Bauerwartungsland*)

B) Other

- Woodland, agricultural land (*Forst- und Agrarland*) and gardens

The land assets in the portfolio were valued on the basis of their status as at the valuation date using two different valuation methods:

Comparison method ("Vergleichswertverfahren")

Land capable of development (*Baureifes Land*) as well as woodland, agricultural land (*Forst- und Agrarland*) and gardens was valued using the comparison method.

The official *Bodenrichtwert* (guideline land value) was used for each asset or, if it was not available, the valuation was based on local comparables. Using our professional judgement, we have applied adjustment factors in accordance with individual asset characteristics in determining the site value. If infrastructure costs were outstanding or could be expected to be payable on individual sites, these were deducted.

Deductive valuation approach for potential building land by Walter Seele[5]

Land with hope value for development (*Bauerwartungsland*) and unserviced land zoned for development (*Rohbauland*) was valued using the deductive valuation approach according to Seele.

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[5] Source: Seele, 1998, Bodenwertermittlung durch deduktiven Preisvergleich, Zeitschrift Vermessungswesen und Raumordnung

According to the Seele approach, the prices for potential building land are determined not only by prices of comparable land capable of development (*Baureifes Land*) and the waiting period. They are also dependent on the proportion of land that needs to be developed (*Erschließungsflächenanteil*) and the development costs.

The approach has been recommended for application by the "GIF" (society for real estate economic research) in Germany.

We would draw your attention to the fact that the market for the above mentioned types of Land (Type A) is relatively small and the development of this type of Land often depends on decisions made by local or municipal authorities such as planning authorities (*Bauplanungsämter*), which leads to a lack of comparable evidence and in a greater uncertainty of our valuation assumptions. It should be noted that the price which can be achieved for development land (in any of the above categories) is extremely sensitive to minor changes to any of a number of factors, including statutory consents, timing, availability and cost of development finance, construction costs and market movements and therefore may differ from the Fair Value. We would therefore recommend that the situation and the valuations are kept under regular review.

4.3 General Valuation Assumptions

We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

No special assumptions (as defined by RICS)[6] have been made.

4.3.1 Constituents of the Subject Assets

Fixtures in the subject assets, such as passenger and goods lifts, other conveyor installations, central heating installations and other building services installations have been regarded as integral parts of the subject asset and are therefore included in our valuation. Tenant's fixtures and fittings that would normally be the asset of the tenant have not been reflected in our valuation.

4.3.2 Structural Surveys

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the assets. We are unable, therefore, to give any assurance that the assets are free from defect.

In the absence of any information to the contrary, we have assumed that:

- there are no abnormal ground conditions or archaeological remains that might adversely affect the current or future occupation, development or value of the assets;
- the assets are free from rot, infestation, structural or latent defects;
- no currently known deleterious or hazardous materials or suspect techniques, including but not limi-ted to composite panelling, have been used in the construction of, or subsequent alterations or additions to, the assets; and
- the building services, and all associated controls and software, are in working order and free from

[6] An assumption that either assumes facts that differ from the actual facts existing at the valuation date, or that would not be made by a typical market participant in a transaction on the valuation date (e.g. fully let)

defect.

We have otherwise had regard to the age and apparent general condition of the assets. Comments made in the property details do not purport to express an opinion about, or advises upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

4.3.3 Accommodation

For the purposes of this determination of Fair Value we have not measured the buildings or the sites. The calculations are based on the floor areas in the tenancy schedule and the additional information provided by the Company.

Unless advised specifically to the contrary, we have assumed that the floor areas supplied to us have, in principle, are correct and in accordance with appropriate measuring practice.

All areas quoted in this Valuation Report are approximate.

4.3.4 Environmental Aspects

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the assets and which may draw attention to any contamination or the possibility of any such contamination, other than as detailed below.

We have not carried out any investigation into the past or present uses of the assets, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Residential Portfolio:

According to the information provided by the Company some areas of the asset Dominicusstraße 37-43 odd, Ebersstraße 20, Feurigstraße 41-48, Prinz-Georg-Straße 1, 2, 10827 Berlin are contaminated with asbestos. According to the Company there is no immediate need for action but regular monitoring is necessary and some elements will probably have to be replaced. We have therefore taken the costs, as provided by the Company, of 380,952 EUR into account in this valuation.

In the asset Gregor-Mendel-Straße 2-6 even, Lentzeallee 93-103 odd, Milowstraße 2-12 even, Spilstraße 1, 3, 14195 Berlin, some redundant heating pipes in the basement are clad with material that contains asbestos. According to environmental investigations by Baubiologie und Umweltanalytik of September 16, 2009, there is no immediate risk but decontamination will have to be arranged. Following privatisation of the residential units of this asset, the Company owns around 28% of the units at the date of valuation. The total decontamination costs are 95,000 EUR and the Company is responsible for around 50,000 EUR.

For all other assets, in accordance with instructions, for the purposes of our valuation we have assumed that the subject assets are free from contamination and that the present and previous uses do not indicate a substantial potential for contamination.

Nursing and Assisted Living Portfolio:

In the absence of any further information to the contrary, we have assumed that:

- the assets are not contaminated and are not adversely affected by any existing or proposed environmental law,

- any processes which are carried out on the assets which are regulated by environmental legislation are properly licensed by the appropriate authorities.

We have assumed that either the assets possess current Energy Performance Certificates as required under Government Directives or the Company can present the documents if required.

4.3.5 Title and Tenancies

Details of title/tenure under which the assets are held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents without obtaining separate legal advice.

Unless stated otherwise in this report and in the absence of any information to the contrary, we have assumed that:

- the assets possess good and marketable title free from any onerous or hampering restrictions or conditions;
- only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each assets to comply with the provisions of the relevant disability discrimination legislation;
- there are no tenant's improvements, others than those mentioned in 4.4.4, that will materially affect our opinion of the rent that would be obtained on review or renewal;
- where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and
- vacant possession can be given of all accommodation which is unlet or is let on a service occupancy (except structural vacancy).

We have not been provided with Legal Due Diligence Reports by the Company.

In accordance with our valuation instructions, our determination of Fair Value is based on the information provided to us, which also applies to rented accommodation, tenancies, current rental income, remaining lease terms and other lease conditions.

From the information provided,

- we note that 3.7% of the assets in the *Residential Portfolio* (corresponding to 2.4% of the Fair Value) are on sites held on the equivalent of ground leases (*Erbbaurechte*).
- We note that all other assets in the *Residential Portfolio*, including sites, as well as the *Nursing and Assisted Living Portfolio* as at the dates of valuation December 31, 2014 and June 30, 2014, are owned (freehold or as condominiums) by the Company and/or its subsidiaries.
- We assume that there are no circumstances having an effect on value resulting from encumbrances and restrictions in Section II of the land register;
- the tenancies listed in the rent roll were still in existence at the date of valuation and

- there are no entries affecting value in the *Baulastenverzeichnis* (register of public land charges).

Mortgages or other liabilities that currently exist or that in the future might encumber one or more of the subject assets have not been taken into account.

4.3.6 Pending Litigation, Legal Restrictions (Easements on Real Estate, Rent Regulations etc.)

In accordance with the information provided by the Company, we have assumed, without verification, that the assets are free from any pending litigation, that the ownership is unencumbered and that there are no other legal restrictions such as easements on real estate, rent regulations, restrictive covenants in leases or other outgoings that might adversely affect value.

4.3.7 Monument Protection

Based on the information provided to us by the Company, the following percentages of assets are listed monuments:

- *Residential Portfolio*: 6.4% (by number of assets) of the assets (representing 19.4% of the Fair Value aggregated on portfolio level excluding the Land) and
- *Nursing and Assisted Living Portfolio:* we were not provided with any information concerning monument protection and therefore have assumed that the assets are not listed.

4.3.8 Tenants

We have not conducted credit enquiries on the financial status of any tenants of the *Residential Portfolio* and of the *Nursing and Assisted Living Portfolio*. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

In the absence of information to the contrary, we have assumed that there are no significant rent arrears in both portfolios.

4.3.9 Taxes, Contributions, Charges

We have assumed that all public taxes, contributions, charges etc. which could have an effect on value will have been levied and, as far as they are due, paid as at the date of valuation.

4.3.10 Insurance Policy

We have assumed that the subject assets are covered by a valid insurance policy that is adequate both in terms of the sum assured and the types of potential loss covered.

4.3.11 Legal Requirements / Authorisation for the Existence and Use of the Subject Assets

No investigations of the compliance of the individual subject assets with legal requirements (including (permanent) planning consent, building permit, acceptance, restrictions, building-, fire-, health- and safety regulations etc.) or with any existing private-law provisions or agreements relating to the existence and use of the site and building have been carried out.

In carrying out our valuations, we have assumed that all necessary consents and authorisations for the use of the assets and the processes carried out at the assets are in existence, will continue to subsist and that they are not subject to any onerous conditions.

4.3.12 Town Planning and Road Proposals

We have not undertaken planning enquiries but have relied upon the information provided where appropriate. For the purposes of our valuation we assume that there are no adverse town planning, highways or other schemes or proposals that will have a detrimental effect on our valuations.

We have assumed that all the subject assets benefit from all roads and mains services as defined by § 123 Baugesetzbuch, i.e. that they are connected to public roads, electricity, gas and/or district heat, mains water and sewers.

4.3.13 Assumptions Regarding the Future

For the purpose of determining the Fair Value of the subject assets, we have assumed that the assets will continue in their existing use.

4.4 Valuation Parameters

The assessment of Fair Value is based on future cash flows, which reflect normal market expectations, taking into account past figures from the subject assets or comparable investments. The valuation parameters have been assessed by CBRE, using its best judgement, based on the information provided by the Company.

4.4.1 Non-Recoverable Management Costs

Residential Portfolio:

Residential leases generally involve non-recoverable management costs. For the purposes of this valuation and on the basis of experience of CBRE and an analysis of costs of public and private housing associations, non-recoverable management costs have been allowed for at between 195 EUR and 295 EUR per unit p.a. (depending on the number of residential units in the individual building). We have allowed 350 EUR p.a. for each residential unit in buildings that are undergoing privatisation as additional costs are incurred under the Condominium Act (*Wohneigentumsgesetz - WEG*).

The weighted average non-recoverable management costs amount to 216 EUR per residential unit p.a.

For the commercial units we have allowed non-recoverable management costs of 4% of the gross rental income on potential rent.

Nursing and Assisted Living Portfolio:

Based on experience of the typical allowances reflected in the market the non-recoverable management costs for the nursing and assisted living properties have been assessed at 2% of the gross market annual rental income.

4.4.2 Non-Recoverable Repair and Maintenance Costs

The annual costs per square metre of lettable area adopted for the purposes of this valuation are average figures for the types of use concerned, arrived at on the basis of experience by CBRE and the analysis of costs of similar buildings by third-party firms. They take into account the necessary cost inputs for long-term operation of the assets.

Residential Portfolio:

The maintenance and repair costs for residential units allowed for in the valuation range between 2.00 and 20.00 EUR per sq m p.a., with a weighted average of 9.82 EUR per sq m p.a. The individual allowances reflect both the state of repair of the building concerned (after rectification of outstanding repairs) as well as the existence of lifts, special listed building conditions etc.

Nursing and Assisted Living Portfolio:

The non-recoverable repair and maintenance costs for the nursing and assisted living properties have been allowed between 4.00 and 10.00 EUR per sq m p.a. The individual allowances reflect both the state of repair of the building concerned (after rectification of outstanding repairs) as well as the existence of lifts, special listed building conditions etc.

4.4.3 Capital Expenditure and other Factors affecting Value

In addition to the non-recoverable ancillary costs, which are deducted monthly from the gross rental income during the period of detailed consideration, capital expenditure on repair and maintenance work already planned at the date of valuation has also been reflected. CBRE has not undertaken a technical survey. We have undertaken limited inspections for valuation purposes only.

Residential Portfolio:

Based on our inspections and the information which we were provided with, it is our opinion that the buildings and technical equipment have been regularly maintained. We therefore assumed that there is only a minor part of the portfolio with deferred or outstanding maintenance costs to be expected at 1,731,952 EUR.

Nursing and Assisted Living Portfolio:

Based on our inspection and the information which we were provided with, it is our opinion that the buildings and technical equipment have been regularly maintained. We therefore assumed that there are no deferred or outstanding maintenance costs.

4.4.4 Tenant Improvements

Under German law, it is frequently the tenant's responsibility to carry out decorative and minor repairs. Upon a change in tenants, however, additional expenses for basic repairs and renovation of the interior of the individual rental units must be incurred, e.g. in the bathrooms and kitchens of residential units, to facilitate renewed letting.

Residential Portfolio:

For each of the buildings, based on current market experience and the average condition of the apartments, we have allowed amounts for initial refurbishments and/or on tenant fluctuation ranging from 0 to 150 EUR per sq m with an overall weighted average of 55 EUR per sq m for residential accommodation.

Nursing and Assisted Living Portfolio:

For the nursing and assisted living properties we have allowed costs ranging between 10 and 150 EUR per sq m.

4.4.5 Non-Recoverable Operating Costs (Vacancy)

Residential Portfolio:

Based on an analysis by the German Tenants' Association for apartment housing we have reflected non-recoverable operating costs on vacant space at a flat rate of 16.80 EUR per sq m p.a. for the assets in Western Germany and for Eastern German locations including Berlin we have allowed 12 EUR per sq m p.a. This includes, for example, heating costs for a minimal level of heating, costs for caretaker or security services and electricity and cleaning costs.

Nursing and Assisted Living Portfolio:

Based on experience a level of 12 EUR per sq m p. a. has been adopted for vacant accommodation.

4.4.6 Inflation

The DCF method used includes an explicit reflection of cost inflation. We have assumed inflation rates for the portfolios as follows:

	Year 1	Year 2	Subsequent Years
Residential Portfolio	1.5%	2.0%	2.0%
Nursing and Assisted Living Portfolio	1.3%	1.9%	2.0%

Full allowance for inflation has been made in particular for maintenance and repair costs, management and operating costs and ground rents (*Erbbauzinsen*). The forecast inflation rates are based on figures from Consensus Forecast and the ECB, collated by CBRE Research in June 2014/ December 2014.

4.4.7 Discount Rate and Exit Capitalisation Rate

The assessment of the discount rate involves several components. Starting from a basis interest rate, additions and deductions are made according to various criteria specific to the buildings concerned.

The exit capitalisation rate is dependent on the discount rate. While the discount rate is an "Equated Yield", which explicitly reflects growth in the cash flows, the capitalisation rate is a "Net Initial Yield", which reflects growth assumptions implicitly. In order to derive the exit capitalisation rate from the discount rate, the latter was corrected for explicit market rental growth components during the period of detailed consideration.

Residential Portfolio:

The weighted average discount rate employed is approximately 5.9%.

The weighted average exit capitalisation rate employed is approximately 4.8%.

Nursing and Assisted Living Portfolio:

The weighted average discount rate employed is approximately 7.0%.

The weighted average exit capitalisation rate employed is approximately 7.2%.

For the *Residential Portfolio* the resulting net present values were checked against our analysis of comparable transactions (if available) from the sale price data collected by the relevant local valuation committee (*Gutachterausschuss*) and an analysis of the internal lease and sale database of the CBRE Valuation Department. If necessary in the absence of transaction data, asking prices for comparable assets on offer at empirica systeme were also considered (with a discount of 10% from the asking price). If, in particular instances, results of our DCF calculations were found not to reflect the Fair Value of an individual building, the calculation was adjusted by means of a change in the discount rate and exit capitalisation rate using expert and experienced judgement.

For the *Nursing and Assisted Living Portfolio* the resulting net present values were checked against our analysis of comparable transactions and competitors. If, in particular instances, results of our DCF calculations were found not to reflect the Fair Value of an individual building, the calculation was adjusted by means of a change in the discount rate and exit capitalisation rate using expert and experienced judgement.

4.4.8 Estimated Rental Value (ERV)

Residential Portfolio:

For the purposes of this valuation, CBRE has estimated rental values at the valuation date for the lettable accommodation and asset units. These are based on an analysis of the local asset market, using data available to CBRE and accessible third-party sources. This includes:

- Recent leases and tenancies concluded in the subject assets in the years 2013 and 2014
- Analysis of the internal rental database of the CBRE Valuation Department
- Publications by, and chargeable database queries of, market research institutes and real estate companies

Nursing and Assisted Living Portfolio:

In the market segment of nursing homes, a sustainable rent needs to be determined as basis for the valuation. This is calculated from investment costs per day and bed with additionally subtracting replacement purchase costs per day and bed. Depending on e.g. the average occupancy rate and the proportion of social security claimants, a sustainable rent was deducted for each property.

4.4.9 Market Rental Trends during the Period of Detailed Considerations

Residential Portfolio:

During the 10-year period of detailed consideration of the forecast cash flows, explicit modelling of changes in market rental values has been included, estimated by CBRE at administrative district (Landkreis/Kreisfreie Stadt) level for all assets. The estimates are mainly based on data from the state statistics offices, BulwienGesa AG's RIWIS database and the Prognos AG Zukunftsatlas. Depending on location, the resulting trends of market rental value range in the *Residential Portfolio* between annual increases of 0% to 1.65%, with a weighted average of 1.1%. In each case they have been adjusted for the quality of situation and condition of the building.

Nursing and Assisted Living Portfolio:

Full allowance for inflation has been made for rental growth. The forecast inflation rates are based on figures from Consensus Forecast and the ECB, collated by CBRE Research in June 2014 (please refer to 4.4.6 "Inflation").

4.4.10 Rent Control and Public Subsidies

A number of the residential units were subject to rent control as at the valuation dates. Instead of the rent increase method of the BGB (Bürgerliches Gesetzbuch) the above-mentioned residential units are subject to an economic rent (Kostenmiete). Contrary to Part 4.4.9 we have calculated with a rental growth of 0.5%, based on our experience.

Residential Portfolio:

According to information provided by the Company, 17.6% of the residential units are subject to rent control. At the valuation date, there was 9,224,406 EUR of direct public subsidies payable to the Company during the 10 years following that date.

Expiry of Restriction in Years	Residential Units	
	Total	in % of Total Residential Units
<= 10 years	11,845	8.1%
11 - 25 years	3,595	2.4%
26 - 40 years	2,317	1.6%
41 - 55 years	4,095	2.8%
> 56 years	3,973	2.7%
Restricted Units	**25,825**	**17.6%**
Not Restricted	121,169	82.4%
Total	**146,994**	**100.0%**

Nursing and Assisted Living Portfolio:

According to information provided by the Company, six Nursing Homes were subject to public subsidies (building cost subsidy). As a consequence, the properties have lower rents and lower investment costs per resident and per day in comparison to a free financed property.

4.4.11 Structural and Fluctuation Vacancy

Residential Portfolio:

As at the valuation date, the portfolio has an average vacancy rate of 2.7% (weighted by area). We are assuming that the weighted average vacancy rate of the *Residential Portfolio* has the potential to decrease to a structural vacancy rate of 0.9% with a range of 0% to 50% (in exceptional cases 100%) at asset level.

In addition to the structural vacancy rate we have calculated a turnover vacancy between 0 to 6 months which corresponds to 0% to 5%, with an average of 1.6%.

The average stabilized vacancy rate of the *Residential Portfolio* is 2.5%.

Nursing and Assisted Living Portfolio:

As at the valuation date the *Nursing and Assisted Living Portfolio* has an average vacancy rate of 2.4% (weighted by area).

4.4.12 Purchaser's Costs

For the purposes of the valuation and in line with normal practice, no allowance has been made for any personal costs or taxes that would be incurred by the purchaser in the course of the transaction. Mortgages and any other existing charges on the assets have not been taken into consideration in this valuation. Normal costs payable by the purchaser on transfer have been reflected as follows:

Agent's fees 1.0% - 3.0%

Notary's fees 0.3% - 1.1%

The transfer tax for each federal state as at December 31, 2014 is as shown in the table below.

Federal State	Transfer Tax
Baden-Wurttemberg	5.0%
Bavaria	3.5%
Berlin	6.0%
Brandenburg	5.0%
Bremen	5.0%
Hamburg	4.5%
Hesse	6.0%
Mecklenburg-Western Pomerania	5.0%
Lower Saxony	5.0%
North Rhine-Westphalia	6.5%
Rhineland-Palatinate	5.0%
Saarland	6.5%
Saxony	3.5%
Saxony-Anhalt	5.0%
Schleswig-Holstein	6.5%
Thuringia	5.0%

Note: land transfer tax in North Rhine-Westphalia was 5% as at December 31, 2014 but increased to 6.5% with effect from January 1, 2015; land transfer tax in Saarland was 5.5% as at December 31, 2014 but increased to 6.5% with effect from January 1, 2015; we have adopted the latter rates for the purpose of our valuations.

The net capital value is derived by deducting the purchaser's costs as shown from the calculated gross capital value. It is therefore equivalent to the net proceeds that the vendor would receive on a notional sale, not allowing for any personal costs or taxes to which the vendor would become liable as a result of the sale. The amount of the deduction depends on the investment volume of the asset concerned.

5 Valuation Conclusions

Upon the assumption that, after reasonable inquiry of the Company, there are no onerous restrictions or unusual outgoings of which we have no knowledge and based on the specific comments and assumptions set out in this Valuation Report, we are of the opinion that the aggregate of the individual Fair Values (net) of the freehold / ground-leasehold interests in the assets, rounded at asset level, are:

the *Residential Portfolio* as at December 31, 2014:

9,781,723,600 EUR

(Nine billion, seven hundred and eighty-one million, seven hundred and twenty-three thousand, six hundred Euros)

net of purchasers' costs and VAT

of which the value of the Land is 19,191,500 EUR.

the *Nursing and Assisted Living Portfolio* as at June 30, 2014:

143,820,000 EUR

(One hundred and forty-three million, eight hundred and twenty thousand Euros)

net of purchasers' costs and VAT

The assessment of Fair Value was carried out at asset level. The aggregate of the individual Fair Values presented here takes account of the marketing period and the transaction costs of the individual assets and does not reflect any discount or premium on the sale of the whole portfolio or if part of the portfolio were to be marketed simultaneously or in lots.

CBRE has not been engaged to update the CBRE valuations for the purpose of the Prospectus, has no obligation so to do and has not updated the CBRE valuations after these valuation dates.

One asset in the *Residential Portfolio* has a negative Fair Value as shown below:

Asset	Cluster	Postcode	City	Address	Fair Value EUR
1150.67	BC_0102	14193	Berlin	Nikischstr. 4, 4a, 6; Regerstr. 11, 11a - c, 13	-3,015,500

This negative Fair Value is reflected in the total figure given above.

For the avoidance of doubt, we have not included in this valuation assets which are held by the Company for their own occupation.

The table below shows the distribution of values between freehold-equivalent and ground leasehold assets:

	Fair Value in EUR	
	Residential Portfolio	Nursing and Assisted Living Portfolio
Freehold-equivalent	9,548,976,100	143,820,000
*Short Leasehold	207,753,000	0
**Long Leasehold	24,994,500	0
Total	**9,781,723,600**	**143,820,000**

* 50 years or less unexpired
** Over 50 years unexpired

The following table shows the aggregated key valuation data for the portfolios (excluding Land):

	Residential Portfolio	*Nursing and Assisted Living Portfolio*
Fair Value:	9,762,532,100 EUR	143,820,000 EUR
Total lettable area:	9,225,395 sq m	102,289 sq m
Average Fair Value per sq m lettable area:	1,058 EUR	1,406 EUR
Current annual rental income (gross):	624,581,504 EUR	11,440,901 EUR[7]
Potential annual rental income (gross):	644,364,414 EUR	11,594,021 EUR
Estimated annual rental value (gross):	722,328,301 EUR	11,153,814EUR
Multiplier (based on current rent):	15.6 times	12.6 times
Multiplier (based on potential rent):	15.2 times	12.4 times
Multiplier (based on rental value):	13.5 times	12.9 times
Net initial yield (based on current rent):	4.7%	6.7%
Net initial yield (based on potential rent):	4.9%	6.8%
Net initial yield (based on rental value):	5.6%	6.5%

For further information please refer to Part 6 “Valuation Key Definitions”.

[7] Thereof 97.4% generated by owner-occupied leases and 2.6% by third-party leases (retail, residential, parking spaces).

6 Valuation Key Definitions

Lettable area

The lettable area in this valuation is defined by the entry in the Company's rent roll provided.

Total lettable area

Total lettable area in square metres – sum of residential and commercial floor area – and excluding land; as at June 30, 2014 in respect of the *Nursing and Assisted Living Portfolio* and December 31, 2014 in respect of the *Residential Portfolio*.

Residential units

Residential units - number of residential premises excluding parking units and other units; as at June 30, 2014 in respect of the *Nursing and Assisted Living Portfolio* and December 31, 2014 in respect of the *Residential Portfolio*.

Commercial units

Commercial units - number of commercial and special premises; excluding parking units and other units; as at June 30, 2014 in respect of the *Nursing and Assisted Living Portfolio* and December 31, 2014 in respect of the *Residential Portfolio*.

Parking units

Parking units (units) - number of external and internal parking spaces; as at June 30, 2014 in respect of the *Nursing and Assisted Living Portfolio* and December 31, 2014 in respect of the *Residential Portfolio*.

Other units

Other units - number of antennas; as at June 30, 2014 in respect of the *Nursing and Assisted Living Portfolio* and December 31, 2014 in respect of the *Residential Portfolio*.

Land:

The Land consists of land for future development (land capable of development, unserviced land zoned for development and land with hope value for development) and other land (woodland, agricultural land).

Current annual rental income (gross):

The current gross rental income represents the rent paid for the units let on leases as at June 30, 2014 in respect of the *Nursing and Assisted Living Portfolio* and December 31, 2014 in respect of the *Residential Portfolio*, before deducting non-recoverable operating costs and VAT, multiplied by 12. Rent-free periods have been taken into account.

Potential annual rental income (gross):

The potential rent is the sum of the current monthly gross rental income and the rental values of vacant units – irrespective of any vacancy – as at June 30, 2014 in respect of the *Nursing and Assisted Living Portfolio* and December 31, 2014 in respect of the *Residential Portfolio*, multiplied by 12.

Estimated annual rental value (gross):

The (monthly) market rental value of all units as at June 30, 2014 in respect of the *Nursing and Assisted Living Portfolio* and December 31, 2014 in respect of the *Residential Portfolio* (irrespective of any vacancy), multiplied by 12.

Multiplier (based on current rent):
Net capital value divided by current rental income (gross)

Multiplier (based on potential rent):
Net capital value divided by potential rental income (gross)

Multiplier (based on rental value):
Net capital value divided by estimated rental value (gross)

Net initial yield (based on current rent):
Current rental income (net) divided by gross capital value
Current rental income (gross) minus non-recoverable operating costs / net capital value plus purchaser's costs

Net initial yield (based on potential rent):
Potential rental income (net) divided by gross capital value

Net initial yield (based on rental value):
Estimated rental income (net) divided by gross capital value

ppa. Sandro Höselbarth	Dr. Henrik Baumunk
Team Leader Residential Valuation Germany	Head of Residential Valuation Germany
Director	Managing Director
CBRE GmbH	CBRE GmbH

FINANCIAL INFORMATION

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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF DEUTSCHE WOHNEN AG FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2015 (IFRS)

DEUTSCHE WOHNEN AG, FRANKFURT AM MAIN

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2015

	31/03/2015	31/12/2014
	in EUR k	in EUR k
ASSETS		
Investment properties	9,757,131	9,610,999
Property, plant and equipment	25,106	25,940
Intangible assets	545,623	546,074
Derivative financial instruments	17	41
Other non-current assets	28,361	28,574
Deferred tax assets	354,605	351,678
Non-current assets	**10,710,843**	**10,563,306**
Land and buildings held for sale	60,379	58,055
Other inventories	3,460	3,481
Trade receivables	33,862	17,704
Income tax receivables	41,512	4,032
Derivative financial instruments	7	13
Other current assets	11,986	10,316
Cash and cash equivalents	562,422	396,398
Subtotal current assets	**713,628**	**489,999**
Non-current assets held for sale	394,918	392,911
Current assets	**1,108,546**	**882,910**
Total assets	**11,819,389**	**11,446,216**
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the parent company		
Issued share capital	294,901	294,260
Capital reserve	2,751,427	2,735,911
Retained earnings	1,608,922	1,662,702
	4,655,250	4,692,873
Non-controlling interests	190,777	183,192
Total equity	**4,846,027**	**4,876,065**
Non-current financial liabilities	4,457,996	4,509,319
Convertible bonds	860,453	747,424
Employee benefit liability	73,038	67,655
Tax liabilities	0	0
Derivative financial instruments	111,993	126,418
Other provisions	16,641	17,209
Deferred tax liabilities	568,561	557,896
Total non-current liabilities	**6,088,682**	**6,025,921**
Current financial liabilities	205,619	263,676
Convertible bonds	672	1,234
Trade payables	547,461	137,987
Liabilities to limited partners in funds	6,353	6,287
Other provisions	12,777	19,217
Derivative financial instruments	32,289	18,543
Tax liabilities	37,177	46,120
Other liabilities	36,352	45,123
Financial liabilities regarding non-current assets held for sale	**5,980**	**6,043**
Total current liabilities	**884,680**	**544,230**
Total equity and liabilities	**11,819,389**	**11,446,216**

DEUTSCHE WOHNEN AG, FRANKFURT AM MAIN

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE PERIOD 1 JANUARY TO 31 MARCH 2015

	Q1/2015	Q1/2014
	in EUR k	in EUR k
Income from Residential Property Management	158,925	157,040
Expenses from Residential Property Management	−26,450	−25,342
Earnings from Residential Property Management	**132,475**	**131,698**
Sales proceeds	49,700	86,361
Cost of sales	−3,432	−2,998
Carrying amounts of assets sold	−36,920	−67,602
Earnings from Disposals	**9,348**	**15,761**
Income from Nursing and Assisted Living	16,296	16,743
Expenses from Nursing and Assisted Living	−12,505	−12,591
Earnings from Nursing and Assisted Living	**3,791**	**4,152**
Corporate expenses	−18,720	−22,834
Other expenses / income	−7,927	−4,293
Subtotal	**118,967**	**124,484**
Depreciation and amortisation	−1,261	−1,563
Earnings before interest and taxes (EBIT)	**117,706**	**122,921**
Finance income	205	324
Gains/losses from fair value adjustments of derivative financial instruments and convertible bonds	−109,852	−16,655
Gains/losses from companies valuated at equity	384	0
Finance expense	−35,695	−52,407
Profit before taxes	**−27,252**	**54,183**
Income taxes	−16,980	−8,634
Profit for the period	**−44,232**	**45,549**
Thereof attributable to:		
Shareholders of the parent company	−47,074	44,292
Non-controlling interests	**2,842**	**1,257**
Earnings per share		
basic in EUR	−0.16	0.15
diluted in EUR	−0.16	0.15

DEUTSCHE WOHNEN AG, FRANKFURT AM MAIN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2015

	Q1/2015	Q1/2014
	in EUR k	in EUR k
Profit for the period	**−44,232**	**45,549**
Other comprehensive income		
Items reclassified as expense at a later stage		
Net gain/loss from derivative financial instruments	−2,308	−16,102
Income tax effects	707	4,817
	−1,601	−11,285
Items not reclassified as expense at a later stage		
Actuarial losses/gains in pensions and impacts of caps for assets	−5,765	−1,094
Income tax effects	3,035	340
	−2,730	−754
Other comprehensive income after taxes	**−4,331**	**−12,039**
Total comprehensive income, net of tax	**−48,563**	**33,510**
Thereof attributable to:		
Shareholders of the parent company	−51,495	32,345
Non-controlling interests	2,932	1,165

DEUTSCHE WOHNEN AG, FRANKFURT AM MAIN

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2015

	Q1/2015	Q1/2014
	in EUR k	in EUR k
Operating activities		
Profit/loss for the period	−44,232	45,549
Finance income	−205	−324
Finance expense	35,695	52,407
Gains/losses from companies valuated at equity	−384	0
Income taxes	16,980	8,634
Profit/loss for the period before interest and taxes	**7,854**	**106,266**
Non-cash expenses/income		
Depreciation and amortisation	1,261	1,563
Fair value adjustment of derivative financial instruments and convertible bonds	109,852	16,655
Other non-cash operating expenses/income	−18,709	−20,363
Change in net working capital		
Change in receivables, inventories and other current assets	3,340	4,248
Change in operating liabilities	23,273	−16,194
Net operating cash flows	**126,871**	**92,175**
Interest paid	−37,559	−47,235
Interest received	205	324
Taxes paid / received excluding EK-02 payments	−67,340	−641
Net cash flows from operating activities	**22,177**	**44,623**
Investing activities		
Sales proceeds	426,314	83,500
Payments for investments	−187,556	−9,173
Net cash flows from investing activities	**238,758**	**74,327**
Financing activities		
Proceeds from borrowings	5,968	77
Repayment of borrowings	−112,240	−133,450
Payments from the repayment of convertible bonds	0	−1,911
One-off financing costs	−5,389	0
Proceeds from the sale of non-controlling interests	16,750	0
Net cash flows from financing activities	**−94,911**	**−135,284**
Net change in cash and cash equivalents	**166,024**	**−16,334**
Opening balance of cash and cash equivalents	**396,398**	**196,423**
Closing balance of cash and cash equivalents	**562,422**	**180,089**

DEUTSCHE WOHNEN AG, FRANKFURT AM MAIN

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2015

			Retained earnings					
	Registered capital	Capital reserves	Pensions	Reserve for cash flow hedge	Other reserves	Subtotal	Non-controlling interests	Equity
	in EUR k	in EUR k	in EUR k	in EUR k	in EUR k	in EUR k	in EUR k	in EUR k
Equity as at 1 January 2014	**286,217**	**2,601,804**	**−6,177**	**−64,436**	**960,375**	**3,777,782**	**166,492**	**3,944,274**
Profit/loss for the period					45,549	45,549		45,549
thereof non-controlling interests					−1,257	−1,257	1,257	0
Other comprehensive income after tax			−754	−11,285		−12,039		−12,039
thereof non-controlling interests			−4	96		92	−92	0
Total comprehensive income, net of taxes			**−758**	**−11,189**	**44,292**	**32,345**	**1,165**	**33,510**
Equity as at 31 March 2014	**286,217**	**2,601,804**	**−6,935**	**−75,625**	**1,004,667**	**3,810,127**	**167,657**	**3,977,784**
Equity as at 1 January 2015	**294,260**	**2,735,911**	**−14,216**	**−59,691**	**1,736,609**	**4,692,872**	**183,193**	**4,876,065**
Profit/loss for the period					−44,232	−44,232		−44,232
thereof non-controlling interests					−2,842	−2,842	2,842	0
Other comprehensive income after tax			−2,731	−1,601		−4,332		−4,332
thereof non-controlling interests			24	−114		−90	90	0
Total comprehensive income, net of taxes			**−2,707**	**−1,715**	**−47,074**	**−51,496**	**2,932**	**−48,564**
Capital increase	641	14,124				14,765		14,765
Costs of capital increase less tax effects		0				0		0
Capital contribution relating to the remuneration of the Management Board		1,392				1,392		1,392
Change in non-controlling interests					−2,668	−2,668	4,652	1,984
Dividend paid					0	0		0
Others					385	385		385
Equity as at 31 March 2015	**294,901**	**2,751,427**	**−16,923**	**−61,406**	**1,687,252**	**4,655,250**	**190,777**	**4,846,027**

Notes to the condensed consolidated interim 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 am Main, Pfaffenwiese 300, and is entered in the commercial register of the District Court of Frankfurt am 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, Disposal and Nursing and Assisted Living. Consistent with its business strategy the company concentrates on residential and nursing properties in dynamic conurbations and metropolitan regions in Germany, for example in Greater Berlin, the Rhine-Main region with Frankfurt am Main, and the Rhineland with a focus on Düsseldorf, 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 31 March 2015 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 2014.

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 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 31 March 2015. 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 quarter of 2015 the shareholding of Deutsche Wohnen AG in GSW Immobilien AG increased from its original level of 93.085% as at 31 December 2014 to 93.570% as at 31 March 2015. This change is due to the acquisition by Deutsche Wohnen AG of 0.485% 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).

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 three months of the fiscal year 2015 the new standards and interpretations which must be applied for fiscal years commencing after 1 January 2015 were applied in full. This did not have any significant consequences.

Selected notes on the consolidated balance sheet

Investment properties comprise 83% of the assets of the Deutsche Wohnen Group. As at 31 December 2014 these investment properties underwent a detailed valuation and were recorded in the balance sheet at fair value. For the purposes of the interim reports the appropriateness of these valuations is monitored on an ongoing basis. As at 31 December 2015 at the latest, the investment properties will once again undergo a detailed valuation. With regard to the valuation methods and parameters, we refer you to the consolidated financial statements as at 31 December 2014.

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 (fiscal year 2013).

The convertible bonds are recorded at fair value on the basis of their market value. The current conversion price of the convertible bond issued by Deutsche Wohnen AG in 2013 is EUR 18.3605. 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 20.1016. The nominal sum owing is EUR 400 million.

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. The negative market value (net), which was ascertained on the basis of the market-to-market method, has fallen in comparison to 31 December 2014 from EUR 144.9 million (net) to EUR 144.3 million (net) – mainly because of the scheduled reduction of the reference amounts; but this was partly offset by the slight fall in interest rates.

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, 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 statement of changes in equity on page F-7.

Financial liabilities have decreased in comparison to 31 December 2014 particularly because of the repayment of loans.

The liabilities arising from convertible bonds have changed in comparison to 31 December 2014 mainly due to the valuation on the basis of the share price as at the reporting date.

The employee benefit liabilities were valued as at the reporting date with a discount rate of 1.45% p.a. (31 December 2014: 1.96% 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:

	Q1 / 2015	Q1 / 2014
	in EUR m	in EUR m
Potential gross rental income	162.5	160.7
Subsidies	1.6	1.7
	164.1	**162.4**
Vacancy loss	−5.2	−5.4
	158.9	**157.0**

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

	Q1 / 2015	Q1 / 2014
	in EUR m	in EUR m
Maintenance costs	−19.0	−17.2
Non-recoverable operating expenses	−3.6	−3.2
Rental loss	−1.8	−2.5
Other expenses	−2.0	−2.4
	−26.4	**−25.3**

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

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

	Q1 / 2015	Q1 / 2014
	in EUR m	in EUR m
Income from Nursing and Assisted Living	16.3	16.7
Nursing and corporate expenses	−4.3	−4.3
Staff expenses	−8.2	−8.2
	3.8	**4.2**

Financial expenses are made up as follows:

	Q1 / 2015	Q1 / 2014
	in EUR m	in EUR m
Current interest expenses	−35.2	−47.1
Accrued interest on liabilities and pensions	5.0	−5.2
Non-recurring expenses in connection with the refinancing	−5.4	0.0
	−35.6	**−52.3**

Notes on the consolidated statement of cash flows

The cash fund includes 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	
	Q1/2015	Q1/2014	Q1/2015	Q1/2014
	in EUR m	in EUR m	in EUR m	in EUR m
Segments				
Residential Property Management	158.9	157.0	3.5	1.4
Disposals	49.7	86.4	0.9	1.6
Nursing and Assisted Living	16.3	16.7	0.0	0.0
Reconciliation with consolidated financial statement				
Central functions and other operational activities	0.7	2.2	15.3	11.9
Consolidations and other reconciliations	−0.7	−2.2	−19.7	−14.9
	224.9	260.1	0.0	0.0

	Total revenue		Segment earnings		Assets	
	Q1/2015	Q1/2014	Q1/2015	Q1/2014	31.03.2015	31.12.2014
	in EUR m	in EUR m	in EUR m	in EUR m	in EUR m	in EUR m
Segments						
Residential Property Management	162.4	158.4	132.5	131.7	10,326.1	10,167.4
Disposals	50.6	88.0	9.3	15.8	464.6	457.1
Nursing and Assisted Living	16.3	16.7	3.8	4.2	14.1	14.3
Reconciliation with consolidated financial statement						
Central functions and other operational activities	16.0	14.1	−26.6	−27.2	618.5	451.7
Consolidations and other reconciliations	−20.4	−17.1	0.0	0.0	0.0	0.0
	224.9	260.1	119.0	124.5	11,423.3	11,090.5

Other information

Associated parties and companies

The position of Mr Michael Zahn as Chair of the Supervisory Board of GEHAG GmbH, Berlin ended on 23 March 2015.

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 2014.

Risk report

With regard to the risks which exist for future business development we refer you to the information presented in the risk report in the consolidated financial statements as at 31 December 2014.

Frankfurt/Main, 13 May 2015

Deutsche Wohnen AG
The Board of Management

Michael Zahn Chief Executive Officer	Andreas Segal Chief Financial Officer	Lars Wittan Chief Investment Officer

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DEUTSCHE WOHNEN AG FOR THE YEAR ENDED 31 DECEMBER 2014 (IFRS)

DEUTSCHE WOHNEN AG, FRANKFURT AM MAIN

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2014

	Notes	31/12/2014	31/12/2013
			EUR k
ASSETS			
Investment properties	D.1	9,610,999	8,937,118
Property, plant and equipment	D.3	25,940	26,818
Intangible assets	D.4	546,074	547,122*)
Derivative financial instruments	D.7	41	2,656
Other non-current assets		28,574	21,749
Deferred tax assets	D.16	351,678	190,370*)
Non-current assets		**10,563,306**	**9,725,833**
Land and buildings held for sale	D.5	58,055	97,124
Other inventories		3,481	3,294
Trade receivables	D.6	17,704	29,784
Income tax receivables		4,032	2,771*)
Derivative financial instruments	D.7	13	77
Other current assets		10,316	14,171*)
Cash and cash equivalents	D.8	396,398	196,423
Subtotal current assets		**489,999**	**343,644**
Non-current assets held for sale	C.10	392,911	57,544
Current assets		**882,910**	**401,188**
Total assets		**11,446,216**	**10,127,021**
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent company			
Issued share capital	D.9	294,260	286,217
Capital reserve	D.9	2,735,911	2,601,804
Retained earnings	D.9	1,662,702	889,762
		4,692,873	**3,777,783**
Non-controlling interests	D.9	183,192	166,492
Total equity		**4,876,065**	**3,944,275**
Non-current financial liabilities	D.10	4,509,319	4,903,262
Convertible bonds	D.11	747,424	247,937
Employee benefit liabilities	D.12	67,655	55,300
Tax liabilities	D.15	0	27,937
Derivative financial instruments	D.7	126,418	124,795
Other provisions	D.14	17,209	6,458
Deferred tax liabilities	D.16	557,896	288,906*)
Total non-current liabilities		**6,025,921**	**5,654,595**
Current financial liabilities	D.10	263,676	258,208*)
Convertible bonds	D.11	1,234	2,244
Trade payables		137,987	120,641
Liabilities to limited partners in funds	D.13	6,287	4,004
Other provisions	D.14	19,217	12,502*)
Derivative financial instruments	D.7	18,543	34,458
Tax liabilities	D.15	46,120	46,440*)
Other liabilities		45,123	49,654*)
Financial liabilities regarding non-current assets held for sale	C.10	6,043	0
Total current liabilities		**544,230**	**528,151**
Total equity and liabilities		**11,446,216**	**10,127,021**

DEUTSCHE WOHNEN AG, FRANKFURT AM MAIN

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2014

	Notes	2014	2013
			EUR k
Income from Residential Property Management	E.1	626,260	372,929
Expenses from Residential Property Management	E.2	− 120,446	− 80,628
Earnings from Residential Property Management		**505,814**	**292,301**
Sales proceeds		257,420	169,661
Cost of sales		− 12,096	− 10,327
Carrying amounts of assets sold		− 192,947	− 136,315
Earnings from Disposals	E.3	**52,377**	**23,019**
Income from Nursing and Assisted Living		68,243	59,935
Expenses from Nursing and Assisted Living		− 51,896	− 46,737
Earnings from Nursing and Assisted Living	E.4	**16,347**	**13,198**
Corporate expenses	E.5	− 90,515	− 52,858
Other expenses/income		− 29,610	− 22,720
Subtotal		**454,413**	**252,940**
Gains from the fair value adjustments of investment properties	D.1	952,667	101,287
Depreciation and amortisation	D.3/4	− 6,092	− 5,509
Earnings before interest and taxes (EBIT)		**1,400,988**	**348,718**
Finance income		953	954
Gains/losses from fair value adjustments of derivative financial instruments and convertible bonds	D.7	− 111,523	10,634
Gains/losses from companies valuated at equity	B.5	− 457	0
Finance expense	E.7	− 268,532	− 142,392
Profit before taxes		**1,021,429**	**217,914**
Income taxes	E.8	− 132,177	− 5,201
Profit for the period		889,252	212,713
Thereof attributable to:		855,907	212,411
Shareholders of the parent company		33,345	302
Non-controlling interests		**889,252**	**212,713**
Earnings per share			
basic in EUR		2.97	1.21
diluted in EUR		2.97	1.20

DEUTSCHE WOHNEN AG, FRANKFURT AM MAIN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2014

	2014	2013
		EUR k
Profit for the period	**889,252**	**212,713**
Other comprehensive income		
Items reclassified as expense at a later stage		
Net gain/loss from derivative financial instruments	1,605	53,389
Income tax effects	2,856	−16,612
	4,461	36,777
Items not reclassified as expense at a later stage		
Actuarial losses/gains in pensions and impacts of caps for assets	−13,138	757
Income tax effects	5,084	−202
	−8,054	555
Other comprehensive income after taxes	**−3,593**	**37,332**
Total comprehensive income, net of tax	**885,659**	**250,045**
Thereof attributable to:		
Shareholders of the parent company	852,613	249,735
Non-controlling interests	33,046	310

DEUTSCHE WOHNEN AG, FRANKFURT AM MAIN

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2014

	Notes	2014	2013
			EUR k
Operating activities			
Profit/loss for the period		889,252	212,713
Finance income		−953	−954
Finance expense		268,532	142,392
Gains/losses from companies valuated at equity		457	0
Income taxes		132,177	5,201
Profit/loss for the period before interest and taxes		**1,289,465**	**359,352**
Non-cash expenses/income			
Fair value adjustment of investment properties	D.1	−952,667	−101,287
Depreciation and amortisation	D.3/4	6,092	5,509
Fair value adjustment of derivative financial instruments and convertible bonds	D.7	111,523	−10,634
Other non-cash operating expenses/income	G	−42,477	−42,965
Change in net working capital			
Change in receivables, inventories and other current assets		14,763	12,717
Change in operating liabilities		12,211	−11,749
Net operating cash flows		**438,910**	**210,943**
Interest paid		−203,058	−132,791
Interest received		953	954
Taxes paid/received excluding EK-02-payments		−8,861	−7,586
Net cash flows from operating activities before EK-02-payments		**227,944**	**71,520**
EK-02-payments	D.15	−38,535	−10,421
Net cash flow from operating activities		**189,409**	**61,099**
Investing activities			
Sales proceeds	G	261,254	184,124
Payments for investments		−220,392	−771,820
Payments for the purchase of the convertible bond of GSW		0	−213,087
Receipt of investment subsidies		872	1,347
Proceeds from acquisition of companies		0	145,722
Payments from sale of companies		−4,334	0
Payments to limited partners in funds	D.13	−53	−1,341
Net cash flows from investing activities		**37,347**	**−655,055**
Financing activities			
Proceeds from borrowings	D.10	1,413,583	640,379
Repayment of borrowings	D.10	−1,781,665	−331,037
Proceeds from the issuance of convertible bonds	D.11	400,000	250,000
Payments from the repayment of convertible bonds	D.11	−1,911	0
One-off financing costs	E.7	−101,188	−12,979
Proceeds from the sale of non-controlling interests		103,089	0
Proceeds from the capital increase	D.9	0	195,100
Costs of the capital increase	D.8	−1,261	−7,896
Dividend paid	H	−57,428	−33,759
Net cash flows from financing activities		**−26,781**	**699,808**
Net change in cash and cash equivalents		**199,975**	**105,852**
Opening balance of cash and cash equivalents		**196,423**	**90,571**
Closing balance of cash and cash equivalents		**396,398**	**196,423**

DEUTSCHE WOHNEN AG, FRANKFURT AM MAIN

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2014

			Retained earnings					
	Issued share capital	Capital reserves	Pensions	Reserves for cash flow hedge	Other reserves	Subtotal	Non-controlling interests	Equity
								EUR K
Notes	D.8	D.8	D.8	D.8	D.8		D.8	
Equity as at 1 January 2013	**146,143**	**859,251**	**−6,724**	**−101,213**	**711,868**	**1,609,324**	**346**	**1,609,670**
Profit/loss for the period					212,713	212,713		212,713
Thereof non-controlling interests					−302	−302	302	0
Other comprehensive income after tax			555	36,777		37,332		37,332
Thereof non-controlling interests			−8	0		−8	8	0
Total comprehensive income, net of taxes			**547**	**36,777**	**212,411**	**249,735**	**310**	**250,045**
Capital increase	140,074	1,817,778				1,957,852		1,957,852
Costs of capital increase, less tax effects		−5,370				−5,370		−5,370
Transfer from the capital reserve		−69,855			69,855	0	0	0
Change non-controlling interests						0	165,836	165,836
Dividend paid					−33,759	−33,759	0	−33,759
Equity as at 31 December 2013	**286,217**	**2,601,804**	**−6,177**	**−64,436**	**960,375**	**3,777,782**	**166,492**	**3,944,274**
Equity as at 1 January 2014	**286,217**	**2,601,804**	**−6,177**	**−64,436**	**960,375**	**3,777,782**	**166,492**	**3,944,274**
Profit/loss for the period					889,252	889,252		889,252
Thereof non-controlling interests					−33,345	−33,345	33,345	0
Other comprehensive income after tax			−8,054	4,461		−3,593		−3,593
Thereof non-controlling interests			15	284		299	−299	0
Total comprehensive income, net of taxes			**−8,039**	**4,745**	**855,907**	**852,613**	**33,046**	**885,659**
Capital increase	8,043	133,596				141,639		141,639
Costs of capital increase, less tax effects		−857				−857		−857
Capital contribution relating to the remuneration of the Management Board		1,368				1,368		1,368
Change non-controlling interests					−16,758	−16,758	−16,345	−33,103
Dividend paid					−57,428	−57,428		−57,428
Others					−5,487	−5,487		−5,487
Equity as at 31 December 2014	**294,260**	**2,735,911**	**−14,216**	**−59,691**	**1,736,609**	**4,692,872**	**183,193**	**4,876,065**

Notes to the consolidated financial statements

FOR THE FINANCIAL YEAR AS AT 31 DECEMBER 2014

A GENERAL INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE DEUTSCHE WOHNEN GROUP

1 The Deutsche Wohnen Group

The consolidated financial statements of Deutsche Wohnen AG ("Deutsche Wohnen") as at 31 December 2014 were prepared by the Management Board on 3 March 2015. The Supervisory Board is scheduled to approve the consolidated financial statements at its meeting on 20 March 2015. Deutsche Wohnen AG is a publicly listed real estate company based in and operating across Germany with its registered office at Pfaffenwiese 300, Frankfurt/Main, and is registered in the commercial register of the Frankfurt/Main District Court under number 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 comprise, in particular, Asset Management, Corporate Finance, Investor Relations, Communication and Human Resources. The operating subsidiaries focus on residential property management and disposals relating to properties, as well as on the division Nursing and Assisted Living.

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

2 Consolidated financial statements

The consolidated financial statements of Deutsche Wohnen and its subsidiaries were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU) and the commercial law provisions additionally applicable pursuant to sec. 315a para. 1 of the German Commercial Code (HGB).

The consolidated financial statements have been prepared on a historical cost basis. This excludes, in particular, investment properties, the convertible bonds and derivative financial instruments, which are measured at fair value.

The consolidated financial statements comprise the financial statements of Deutsche Wohnen and its subsidiaries as at 31 December of each financial year. The financial statements for the subsidiaries are prepared using consistent accounting and valuation methods as at the same reporting date as the financial statements of the parent company.

3 Application of IFRS in the financial year

With the exception of new and revised standards and interpretations, the same accounting and valuation methods were applied to the consolidated financial statements for the past financial year as were used for the consolidated financial statements as at 31 December 2013.

First-time application in the financial year 2014:

The new standards IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities", as well as amendments to IAS 27 "Separate Financial Statements" and amendments to IAS 28 "Investments in Associates and Joint Ventures" have been obligatorily applicable since 1 January 2014. IFRS 10 replaces the current regulations on consolidated financial statements (parts of IAS 27 "Consolidated and Separate Financial Statements") and special purpose entities (SIC-12 "Consolidation – Special Purpose Entities"), taking the criterion of control as the basis for consolidation. The following criteria must be cumulatively met in order for the existence of control to be established: power of control; variable returns; and the possibility of exercising influence over the variable returns through the exercise of the power of control. This will not have any significant effect on the financial position or financial performance of Deutsche Wohnen. IFRS 12 imposes greater disclosure obligations from the financial year 2014 onwards.

Furthermore, there were no material changes arising from the first-time application of the IFRS standards or IFRIC interpretations in the financial year 2014.

The following shows IFRS standards which have already been published but do not have to be applied yet:

IFRIC 21 "Levies" was transposed into European law in June 2014. IFRIC 21 governs the reporting on the balance sheet of government levies not constituting income taxes within the meaning of IAS 12 and clarifies when these obligations are to be recognised. It is mandatorily applicable to financial years beginning after 17 June 2014. Deutsche Wohnen expects this application to have an effect on its quarterly financial statements.

In addition, the amendment to IAS 19, which supplements an option to report performance-based pension commitments in which employees participate on the balance sheet, is applicable to financial years beginning from 1 July 2014 onwards. On Deutsche Wohnen this does not have any effects.

In May 2014, the IASB published IFRS 15 "Revenue from Contracts with Customers", a new standard relating to the realisation of revenues, pursuant to which revenues will be realised upon the customer's attaining of the power of disposal over the contracted goods and services. Furthermore, the revenues will be valued at the amount of consideration which the company expects to receive. IFRS 15 will replace the content of, for example, IAS 18 and IAS 11. The new standard will most likely be applicable from 1 January 2017 onwards. The endorsement thereof remains outstanding. At present, Deutsche Wohnen examines the effects on its reporting methodology.

The IASB published the final version of IFRS 9 "Financial Instruments" in July 2014. The new standard is obligatorily applicable from 1 January 2018 onwards and replaces IAS 39. The new provisions largely comprise the clear classification of financial instruments in accordance with the business model and the reporting on the balance sheet of expected losses on assets. Furthermore, it contains new provisions on hedge accounting, which in the future will be in line with the risk management system of the company concerned. The previous ranges of effectiveness between 80% and 125% will be replaced by proof of effectiveness in quantitative and qualitative terms. The endorsement of IFRS 9 is as yet still outstanding. Deutsche Wohnen expects it to induce fundamental changes in reporting on the balance sheet of financial instruments.

A standard amending IAS 1 and containing proposals for the improvement of disclosure in the Notes was published in December 2014 with a view to emphasising the concept of the materiality of disclosure to a considerably greater extent. The standard will be applicable to reporting periods from 1 January 2016 onwards. Deutsche Wohnen does not expect it to have any material effect on its reporting methodology.

The IASB and the IFRS IC issued further statements and amendments to standards during the reporting year, which will not have any significant effect on the consolidated financial statements.

4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require considerable adjustments to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies and valuation methods, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements. However, this excludes decisions involving estimates. Insofar as statements regarding discretionary decisions in the context of individual rules had to be made, an explanation was provided for the corresponding items.

Operating lease commitments – Group as lessor

The Group has entered into leases to rent on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

The most important assumptions concerning the future and other key sources of uncertainty concerning estimates at the reporting date that have significant risk of necessitating a material adjustment to the carrying amounts of assets and liabilities within the next financial years are discussed below.

Fair value of investment properties and properties held for sale

The fair value of investment properties was determined internally by a portfolio valuation as at 31 December 2014. The properties are clustered on the basis of their location and property quality. Assumptions regarding the development of rents, vacancies, vacancy losses, maintenance costs, and discount rates are made on the basis of these clusters. These valuation assumptions are subject to uncertainties due to their long-term nature that may lead to either positive or negative value adjustments in the future. The carrying amount of the investment properties and properties held for sale amount to approximately EUR 10.0 billion (previous year: EUR 8.9 billion).

Value of goodwill arising out of the acquisition of GSW

The value of the goodwill arising out of the acquisition of GSW was determined as at 31 December 2014 on the basis of a discounted cash flow projection derived from key real estate-related figures. The carrying amount of the goodwill arising out of the acquisition of GSW amounted to EUR 535.1 million (previous year: EUR 535.1 million) as at the balance sheet date. The following assumptions underlying the calculation of the value in use of the reporting units entail some uncertainty as to the accuracy of the estimates:

- Projected inflow of funds: The projections are based on historical empirical figures and take account of expected market growth for this specific sector on the basis of the location of the real estate portfolio in question. To the extent that the inflow of funds is reduced by 27% in the past planning year (previous year: 4.0%), the value in use will be commensurate with the attainable amount.
- Discount rate: The discount rate for the reporting units is determined on the basis of average weighted capital costs in line with industry standards. To the extent that the discount rate is increased to 5.00% (previous year: 5.64%), the value in use will be commensurate with the attainable amount.
- Growth rate: Growth rates are based on published industry-related market research. To the extent that the growth rate is reduced to 0.16% (previous year: 0.83%), the value in use will be commensurate with the attainable amount.

Pensions and other post-employment benefits

Expenses relating to post-employment defined benefit plans are determined on the basis of actuarial calculations. The actuarial calculations are made on the basis of assumptions regarding discount rates, future wage and salary increases, mortality and future pension increases. Such estimates are subject to significant uncertainty due to the long-term nature of these plans. The employee benefit liability from pensions obligations as at 31 December 2014 amounted to EUR 67.7 million (previous year: EUR 55.3 million).

B BASIS OF CONSOLIDATION AND CONSOLIDATION METHODS

1 Basis of consolidation

The consolidated financial statements comprise Deutsche Wohnen AG and the subsidiaries it controls from the time of their acquisition, being the date on which the Group obtains control. They continue to be consolidated until the date when such control ceases. The composition of Deutsche Wohnen can be seen in the list of shareholdings attached as Appendix 1.

In 2014, the basis of consolidation changed as follows:

- In total, 98 companies (previous year: 98) were integrated by means of full consolidation (Appendix 1).
- An indirect shareholding involving real estate assets was fully consolidated in the financial year on the grounds that GSW had acquired control thereof. The resultant effects on the balance sheet are immaterial. The transaction in question does not constitute a business combination within the meaning of IFRS 3. Furthermore, two insignificant companies that to date were not consolidated are now part of the group of consolidated companies.

- Majority shareholdings of 51% in two companies which to date have been fully consolidated, GIM Immobilienmanagement GmbH and Facilita Berlin GmbH, were sold to partners outside of the Group. Both companies will continue to be operated by way of a joint venture and have thus been excluded from the basis of consolidation. The deconsolidated earnings of Facilita Berlin GmbH amounted to approximately EUR −2.8 million.
- A previously fully consolidated companies has been excluded from the basis of consolidation due to internal group merger.
- No company acquisitions occurred in the financial year 2014.

2 Consolidation methods

The financial statements for the subsidiaries are prepared using consistent accounting and valuation methods as at the same reporting date as the financial statements of the parent company. Subsidiaries are fully included in the consolidation from the time of acquisition, being the date on which the Group obtains control. They continue to be consolidated until the date when such control ceases.

Consolidation of capital is made in accordance with the acquisition method. The acquisition costs arising in the context of the acquisition of companies and businesses are offset against the fair value of the acquired assets and liabilities at the time of the acquisition on a pro rata basis. A difference in a positive amount resulting from this offsetting is recognised under assets as goodwill. Negative differences are immediately recognised in the consolidated profit and loss statement. The date of the acquisition represents the date at which control over the assets and financial and operating activities of the acquired company or business is transferred to the Group. Differential amounts arising out of disposals and acquisitions of shares of non-controlling shareholders are offset within equity.

All intra-Group balances, transactions, revenues, expenses, and gains and losses from intra-Group transactions which are included in the carrying amount of the assets are eliminated in full.

Joint ventures and associated companies are consolidated in accordance with the equity method pursuant to IAS 28, with the shareholding in question initially being reported at cost on the balance sheet and the recorded carrying amount thereafter being carried forward by means of pro rata changes in the equity of the associate or joint venture concerned.

Non-controlling interests (minority interests) represent the share of the profits and net assets not attributable to the shareholders of the parent company of the Group. Non-controlling interests (minority interests) are shown separately in the consolidated profit and loss statement and on the consolidated balance sheet. The disclosure in the consolidated balance sheet is made within equity, separate from the equity attributable to the shareholders of the parent company.

3 Domination agreement concluded with GSW and change in shareholding quota

The domination agreement concluded on 30 April 2014 between Deutsche Wohnen, as the controlling company, and GSW, as the controlled company, was entered into the commercial register of the local court of Charlottenburg in Berlin on 4 September 2014. The vast majority of the shareholders of the two companies had already voted in favour of the conclusion of the agreement at the Annual General Meetings held on 11 June 2014 and on 18 June 2014.

Pursuant to the domination agreement, Deutsche Wohnen AG has undertaken – upon request by minority shareholders of GSW Immobilien AG – to acquire three shares of GSW Immobilien AG in exchange for seven shares in Deutsche Wohnen AG each representing a notional value of EUR 1.00 in the share capital of Deutsche Wohnen AG. As at 31 December 2014, 3,447,111 GSW shares had been acquired.

The shareholding in GSW Immobilien AG amounted to 93.085% as at the reporting date (previous year: 92.02%).

Deutsche Wohnen AG guarantees the minority shareholders of GSW Immobilien AG, who do not accept the settlement offer as fair compensation for the duration of the domination agreement a fixed annual payment in the form of a guaranteed dividend. The guaranteed dividend per each no-par value bearer share of GSW per financial year amounts to EUR 1.40 (derived from a gross amount of EUR 1.66 less any corporate income tax and any solidarity surcharge at the prevailing rate for the relevant financial year).

4 Allocation of purchase price for GSW

The allocation of the purchase price for the acquisition of GSW as at 30 November 2013 was undertaken on a provisional basis in the consolidated financial statements of Deutsche Wohnen AG as at 31 December 2013, given that only publicly accessible information on the acquired assets and liabilities was available and the acquisition occurred around the balance sheet date.

Pursuant to IFRS 3.45, new findings not becoming known until after the implementation of the company acquisition may be taken into account in the context of the allocation of the purchase price within a period of twelve months following the time of the acquisition ("valuation period"). Any adjustments are made retrospectively on the acquisition date.

The following new findings not taken into account in the context of the initial allocation of the purchase price emerged over the course of the integration of GSW into the Deutsche Wohnen Group and are adjusted retrospectively in the reporting period:

- The current financial liabilities acquired from GSW comprised accrued interest in the amount of approximately EUR 6.9 million not taken into account at its attributable fair value in the valuation of the loans. Had it been taken into account, this would have resulted in a correspondingly larger amount of current financial liabilities in the allocation of the purchase price.
- Furthermore, other financial liabilities comprised accrued liabilities arising out of the valuation of low-interest development loans in the amount of approximately EUR 5.3 million which will be amortised on a pro rata basis over the residual terms of the loans. However, these do not constitute assets to be taken into account pursuant to IFRS 3 in the allocation of the purchase price; had this been the case, this would have resulted in a smaller amount of other financial liabilities.
- Moreover, greater deconstruction obligations than originally estimated have arisen as the result of an agreement concluded with the owner of the GSW administrative building, which will entail the reserves being increased by EUR 2.8 million.
- Completed and ongoing external audits relating to previous financial years give rise to potential risks in the amount of EUR 13.2 million relating to an increase in other assets (EUR 0.6 million), an increase in tax liabilities (EUR 11.8 million) and in other liabilities (EUR 2.0 million). In addition, the processing of the findings of the external audits resulted in a reduction in loss carry-forwards from approximately EUR 0.7 billion to approximately EUR 0.2 billion, what resulted in a reduction in deferred tax assets.
- In May 2014, the IFRIC held that, with regard to the reporting on the balance sheet of deferred tax assets relating to loss carry-forwards, in cases of historical loss regard is to be had to the German system of minimum taxation. This provision has been mandatory and retrospectively applicable since 2014 and its application results in a surplus of deferred tax liabilities in the amount of EUR 26.0 million on the part of GSW with retrospective effect from the acquisition date.

All of the retrospective adjustments made to the balance sheet items together have the effect of increasing the goodwill of GSW by EUR 43.5 million. This results in an adjusted goodwill in the amount of EUR 535.1 million.

Taking into account the new findings, the allocation of the purchase price to the acquired assets and liabilities is as follows:

GSW	30/11/2013 Pre-adjustment	30/11/2013 Post-adjustment	Change
			EUR m
Investment properties	3,376.9	3,376.9	
Goodwill	491.6	535.1	+43.5
Other non-current assets	9.6	9.6	
Current assets	42.7	43.3	+0.6
Thereof receivables from rental activities	11.0	11.0	
Thereof other receivables	12.8	12.8	
Thereof tax receivables	0.8	0.8	
Thereof other assets	18.2	18.8	+0.6
Liquid funds	145.2	145.2	
Acquired assets	**4,066.0**	**4,110.1**	**+44.1**
Acquired non-controlling interests	**−0.4**	**−0.4**	
Non-current liabilities	−1,882.4	−1,885.1	−2.8
Thereof loans	−1,809.6	−1,809.6	
Thereof provisions	−7.2	−10.0	−2.8
Thereof liabilities arising from derivatives	−64.7	−64.7	
Thereof other liabilities	−1.0	−1.0	
Current liabilities	−361.4	−402.5	−41.1
Thereof loans	−69.8	−76.7	−6.9
Thereof convertible bonds	−215.3	−215.3	
Thereof trade payables	−41.6	−41.6	
Thereof tax liabilities	−0.2	−12.0	−11.8
Thereof other liabilities	−34.3	−31.0	+3.3
Thereof deferred tax liabilities	0	−26.0	−26.0
Acquired liabilities	**−2,243.8**	**−2,288.3**	**−44.1**
Net assets at 100%	**1,821.8**	**1,821.8**	
Non-controlling interests	−163.1	−163.1	
Acquisition costs for 91.05% shareholding	**1,658.7**	**1,658.7**	

The adjustment with regard to the allocation of the purchase price as at 30 November 2013 also resulted in adjustments to the balance sheet of Deutsche Wohnen as at 31 December 2013. These are as follows:

	31/12/2013		31/12/2013
	Pre-adjustment	Change	Post-adjustment
	EUR m		EUR m
ASSETS			
Investment properties	8,937.1		8,937.1
Property, plant and equipment	26.8		26.8
Intangible assets	503.7	43.5	547.1
Derivative financial instruments	2.7		2.7
Other non-current assets	21.7		21.7
Deferred tax assets	280.5	−90.1	190.4
Non-current assets	**9,772.5**	**−46.7**	**9,725.8**
Land and buildings held for sale	97.1		97.1
Other inventories	3.3		3.3
Trade receivables	29.8		29.8
Income tax receivables	2.6		2.6
Derivative financial instruments	0.1		0.1
Other current assets	13.7	0.6	14.2
Cash and cash equivalents	196.4		196.4
Subtotal current assets	**343.0**	**0.6**	**343.6**
Non-current assets held for sale	57.5		57.5
Current assets	**400.6**	**0.6**	**401.2**
Total assets	**10,173.1**	**−46.1**	**10,127.0**
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent company			
Issued share capital	286.2		286.2
Capital reserve	2,601.8		2,601.8
Retained earnings	889.8		889.8
	3,777.8	**0.0**	**3,777.8**
Non-controlling interests	166.5		166.5
Total equity	**3,944.3**	**0.0**	**3,944.3**
Non-current financial liabilities	4,903.3		4,903.3
Convertible bonds	247.9		247.9
Employee benefit liabilities	55.3		55.3
Liabilities to limited partners in funds	0.0		0.0
Tax liabilities	27.9		27.9
Derivative financial instruments	124.8		124.8
Other provisions	6.5		6.5
Deferred tax liabilities	353.1	−64.2	288.9
Total non-current liabilities	**5,718.8**	**−64.2**	**5,654.6**
Current financial liabilities	251.3	6.9	258.2
Convertible bonds	2.2		2.2
Trade payables	120.6		120.6
Liabilities to limited partners in funds	4.0		4.0
Other provisions	9.8	2.8	12.5
Derivative financial instruments	34.5		34.5
Tax liabilities	34.7	11.8	46.4
Other liabilities	53.0	−3.3	49.7
Subtotal current liabilities	**510.1**	**18.1**	**528.2**
Financial liabilities regarding non-current assets held for sale	0.0		0.0
Total current liabilities	**510.1**	**18.1**	**528.2**
Total equity and liabilities	**10,173.1**	**−46.1**	**10,127.0**

The adjusted balance sheet items as at 31 December 2013 are identified as such on the consolidated balance sheet.

5 Disclosure of shares in other companies

Deutsche Wohnen largely determines the character of its shares on the basis of the size of the shareholding in question and whether it exercises control within the meaning of IFRS 10.

Companies, over which Deutsche Wohnen exercises control, are classified as subsidiaries and fully consolidated.

Companies jointly owned and controlled by Deutsche Wohnen and partners outside of the Group are classified in accordance with the criteria stipulated by IFRS 11. Companies over whose business operations Deutsche Wohnen exercises significant influence are classified as associated companies. Both joint ventures and associated companies are reported on the balance sheet in accordance with the equity method pursuant to IAS 28.

Deutsche Wohnen furthermore has interests in companies which constitute only minority shareholdings or which, as a result of limited voting rights, do not confer control over those companies. These are reported as financial instruments (AfS) on the balance sheet at amortised cost in accordance with IAS 39, since the fair value can not be reliably determined.

The list of Deutsche Wohnen's shareholdings as at 31 December 2014 can be found in Appendix 1. IFRS 12 requires the provision of the following supplementary disclosure in this regard:

Shares in subsidiaries

At the reporting date, Deutsche Wohnen AG had 97 subsidiaries (previous year: 101). Access to the assets and liabilities of these subsidiaries is not subject to any restrictions.

Parties outside of the Group hold minority shareholdings in some of the subsidiaries, which, however, only involve earnings entitlements. These are reported as minority interests in the consolidated financial statements. In the reporting year no significant distributions have been made to minority shareholders. As at 31 December 2014, the percentage of non-controlling interests in GSW Immobilien AG amounted to 7.9%. For the major subsidiary with minority interests the following summarized financial information emerges:

	GSW Group
	EUR m
Non-current assets	4,626.8
Current assets	22.6
Cash and cash equivalents	86.9
Non-current liabilities	−1,887.5
Current liabilities	−349.9
Net assets	**2,498.9**
Income from Residential Property Management	250.9
Profit for the period	**452.5**
Other comprehensive income	24.2
Cash flows	16.2

For the companies of the Group Deutsche Wohnen AG granted guarantees, securities and other collateral towards third parties. The resultant risk exposure for Deutsche Wohnen amounts to a total of at most EUR 1,124 million.

Shares in joint arrangements and associated companies

At the reporting date, Deutsche Wohnen had holdings in seven joint ventures and one associated company, with these companies being jointly managed by Deutsche Wohnen and an external partner company. The shareholdings are reported on the balance sheet in accordance with the equity method; no quoted market prices are available.

The joint ventures are currently deemed to be immaterial, generating annual earnings in the total amount of EUR 0.4 million in the financial year 2014 and being reported on the balance sheet at a total carrying amount of EUR 4.3 million. The at-equity valuation of the joint ventures results in a valuation loss of EUR 0.5 million.

Deutsche Wohnen is not subject to any material financial obligations or guarantees/securities relating to the joint ventures or associates.

Shares in non-consolidated structured companies

Deutsche Wohnen holds shares in 19 non-consolidated structured companies which are deemed to be immaterial within the Group. These generally relate to shareholdings in other property companies. No major obligations exist in relation to these companies. Deutsche Wohnen's total risk exposure regarding these shareholdings is commensurate with their carrying amounts. The carrying amounts of the non-consolidated companies amounted to approximately EUR 14.9 million as at 31 December 2014 (previous year: EUR 13.9 million).

C ACCOUNTING POLICIES AND VALUATION METHODS

1 Assessment of the fair value

The fair value is the price which would be received for the disposal of an asset or paid for the transfer of a liability in the context of an orderly business transaction between market participants on the assessment date. The assessment of the attributable fair value is based on the presumption that the business transaction in the context of which the asset is sold or the liability is transferred occurs in either:

- the primary market for the asset or liability in question, or
- where no primary market exists, the most advantageous market for the asset or liability in question.

The Group must have access to the primary or most advantageous market. The fair value of an asset or a liability is determined by reference to the assumptions on which the market participants would base their pricing of the asset or liability, assuming that the market participants would thereby be acting in their own best economic interests.

The Group applies valuation techniques which are appropriate in the individual circumstances and for which sufficient data is available for the carrying out of a valuation of fair value. In this context, it is necessary to apply observable input factors to the greatest possible extent and minimise the application of non-observable input factors.

All assets and liabilities, whose fair value is determined or reported in the financial statements, are classified in accordance with the following fair value hierarchy, based on the input parameter at the lowest level which is of overall significance for the valuation at fair value:

- Level 1 – (Unamended) prices quoted in active markets for identical assets or liabilities.
- Level 2 – Valuation procedure pursuant to which the input parameter at the lowest level which is of overall significance for the valuation at fair value can be directly or indirectly observed in the market.
- Level 3 – Valuation procedure pursuant to which the input parameter at the lowest level which is of overall significance for the valuation at fair value cannot be observed in the market.

In the case of assets and liabilities which are recognised in the financial statements on a recurring basis, the Group will decide whether the levels within the hierarchy have been reached by carrying out a review of the classification (on the basis of the input parameter at the lowest level which is of overall significance for the valuation at fair value) at the end of each reporting period.

2 Investment properties

Investment properties are properties that are held to generate rental income or for the purposes of generating value and which are not used by the company itself or held for sale in the course of normal business activities. Investment properties include land with residential and commercial buildings, undeveloped land and land with leasehold rights of third parties.

Investment properties are measured initially at cost including transaction costs. Subsequent to the initial recognition, investment properties are measured at fair value. Gains or losses arising from adjustments are included in the profit and loss statement.

Internal valuations of the residential and commercial buildings were carried out as at 31 December 2014 and 31 December 2013. The portfolio was also evaluated by CB Richard Ellis GmbH, Frankfurt/Main, as at 31 December 2014 and 31 December 2013, and the total value was confirmed. Value deviations for individual properties are no larger than +/-10% where an absolute materiality threshold of +/- EUR 250 k is exceeded. The total valuation by CB Richard Ellis deviated by approximately -0.2% (previous year: -0.16%) from the internal valuation.

Investment properties are derecognised when either they have been sold or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses from the permanent withdrawal from use or disposal of investment properties are recognised in the year of their withdrawal from use or disposal.

Properties are transferred from the investment properties portfolio if there is a change of use caused by the company either starting to use the property itself or by the commencement of development with an intention to dispose.

3 Property, plant and equipment

Property, plant and equipment are stated at cost net of cumulative scheduled depreciation and amortisation and cumulative impairment losses. Subsequent acquisition costs are recognised insofar as it is likely that a future economic benefit from the property, plant and equipment will accrue for Deutsche Wohnen.

Scheduled straight-line depreciation and amortisation is based on the estimated useful life of the asset. The useful life of buildings is 50 years. The useful life of fixed assets is four to ten years.

Impairment tests regarding the carrying amounts of property, plant and equipment are performed as soon as there are indications that the carrying amount of an asset exceeds its recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising when the asset is de-recognised is calculated as the difference between the net disposal proceeds and the carrying amount of the asset, and is included in the consolidated profit and loss statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at the end of each financial year and adjusted if appropriate.

4 Intangible assets

Deutsche Wohnen only recognises acquired intangible assets on the balance sheet. These are measured on initial recognition at cost. No economic or legal restrictions are currently in place with respect to the use of the intangible assets.

Intangible assets with a certain useful life are amortised on a straight-line basis over their respective useful lives. Their useful lives are between three and five years.

Intangible assets with an uncertain useful life, including goodwill in particular, are not amortised on a scheduled basis.

5 Borrowing costs

Interest on borrowings is recognised as an expense in the period in which it arises. There were no effects from the application of IAS 23 (revised), as the relevant assets (properties) were already recognised at fair value.

6 Impairment of non-financial assets

The non-financial assets consist mainly of property, plant and equipment, intangible assets and inventories. The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the following: an asset's or cash-generating unit's fair value less disposal costs and its value in use. The recoverable amount is determined for each individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is depreciated to its recoverable amount.

Goodwill acquired in the context of the acquisition of companies and businesses and intangible assets with uncertain useful lives are subjected to an impairment review at least once a year. For impairment testing purposes, these assets are attributed to those cash-generating units which are expected to benefit from the synergies resulting from the acquisitions of the companies and businesses. These cash generating units represent the lowest level at which these assets are monitored for corporate management purposes. After gaining control of the GSW Group a corresponding cash generating unit exists in the rental activities of the GSW Group.

The impairment test is carried out by determining the carrying amount of the cash generating units based on estimated future cash flows which have been derived from actual values and projected for a three-year period with a customary growth rate. The carrying amounts of the cash generating units are, however, essentially determined by the end value which will be dependent on the projected cash flow in the third year of the medium-term planning as well as the growth rate of the cash flows thereafter and the discount rate. After the three-year period, the cash flows are extrapolated using a growth rate of 1.0% (previous year: 1.0%), which does not exceed the presumed average market or industry growth rate.

A discount rate, based on the Group's weighted capital cost rate, of 4.03% (previous year: 5.4%) before taxes is used to determine the present value.

Impairment losses are recognised in the profit and loss statement in those expense categories consistent with the function of the impaired asset within the company.

For all assets an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. In this case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of scheduled depreciation and amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit and loss statement. There is no revaluation of any unscheduled depreciation and amortisation of goodwill.

7 Financial assets

Financial assets within the scope of IAS 39 are classified by Deutsche Wohnen

- as financial assets at their fair value through profit or loss,
- as loans and receivables,
- as available-for-sale financial assets, or
- as derivative financial instruments designed as hedging instruments in an effective hedge.

Financial assets are recognised initially at fair value. In the case of financial assets which are not classified as having been valued at fair value, transaction costs which are directly attributable to the acquisition of the asset are taken into account.. Financial assets are assigned to the valuation categories upon initial recognition. If permitted and necessary, reclassifications are made at the end of the financial year.

Other than derivative financial instruments with and without a hedging context, Deutsche Wohnen has not to date recognised any financial assets held for trading purposes or financial assets held to maturity on the balance sheet.

The receivables and other assets recognised on the consolidated balance sheet of the Deutsche Wohnen Group are allocated to the category "loans and receivables". Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are subsequently valued at amortised cost using the effective interest method less impairment. Gains and losses are recognised in profit/loss for the period when the loans and receivables are derecognised or impaired or when amortised.

Impairment of receivables from rental activities is made on the basis of empirical values. Reasonable individual impairments are made for other receivables and assets.

Interest rate hedging transactions are valued at fair value on the basis of a mark-to-market method, regardless of whether they are classified as an effective or non-effective hedging instrument.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to receive cash flows from the financial asset have expired.

8 Inventories

Inventories comprise land and buildings held for sale and other inventories. Land and buildings held for sale are sold in the normal course of business, so it may exceed a period of twelve months.

The initial valuation is made at cost. At the reporting date, the inventories are valued at the lower value of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less estimated costs up to completion and the estimated costs necessary to make the sale.

9 Cash and cash equivalents

Cash and cash equivalents on the consolidated balance sheet comprise cash on hand and cash at bank.

10 Non-current assets held for sale

Deutsche Wohnen Group recognises investment properties and their associated financial liabilities as assets held for sale if notarised sales contracts are present as at the reporting date but the transfer of ownership will take place at a later date. Properties held for sale are measured at fair value.

11 Financial liabilities

Financial liabilities within the scope of IAS 39 are classified by Deutsche Wohnen either

- as other financial liabilities that are carried at amortised cost,
- as financial liabilities which are reported on the balance sheet at fair value, or
- as derivative financial liabilities that meet the requirements of an effective hedging transaction.

Financial liabilities

Loans and borrowings are initially recognised at fair value less the transaction costs directly associated with the loan. After initial recognition, the interest-bearing loans are subsequently valued at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss statement when the liabilities are derecognised or during the amortisation process.

Convertible bond

Convertible bonds which, in the event of a conversion by creditors, can be serviced by the company either in cash or in the form of shares and for which a market price can be determined on the basis of share prices are valued at their fair value, this being conform to the nominal value, when recognised for the first time. The transaction costs arising in connection with the issuance are reported as finance expenses. The convertible bond is thereafter valued at its market price on the relevant reporting date. Gains and losses arising as a result of the market valuation are recognised in the profit and loss statement (financial liabilities, which are valued at fair value).

Trade payables and other liabilities

Liabilities are initially recognised at fair value. After initial recognition, they are valued at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss statement when the liabilities are derecognised or during the amortisation process.

Liabilities to limited partners in funds

In accordance with IAS 32 (revised 2003), the termination rights of a limited partner are a decisive criteria for the distinction between equity and debt capital. Financial instruments granting the owner (here: limited partner) the right to return the instrument to the issuer in return for payments of money constitute a financial liability. Due to the termination rights of the limited partners, the limited partnership interests and the "net assets of shareholders" are recognised as debt capital. In accordance with IAS 32.35 (revised 2003), the profit shares of the limited partners are consequently recognised as a finance expense.

The net assets of the limited partners must be recognised at the fair value of any possible repayment amount at the end of the financial year. Value increases are recognised as finance expenses and impairments as finance income in the consolidated profit and loss statement. The amount of the repayment obligation depends on the articles of association.

Within Deutsche Wohnen, there are liabilities to limited partners in funds of EUR 6.3 million (previous year: EUR 4.0 million).

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognised in the profit and loss statement.

12 Pensions and other post-employment benefits

Employee benefit liabilities are recognised for commitments (pensions, invalidity, surviving spouse pensions and surviving dependant benefits) for pensions and ongoing benefits to eligible active and former employees and their surviving dependants. In total, there are pension commitments for 834 employees (thereof 325 active staff and 509 withdrawn and retired employees), with pension payments on the basis of the period of employment and the salary level at retirement age (previous year: 840 employees, thereof 333 active staff and 507 retired employees).

Expenses for benefits granted as part of defined contribution plans are determined using the projected unit credit method. Actuarial gains and losses are recognised with an earnings-neutral effect in the consolidated statement of comprehensive income.

On the basis of statutory provisions, Deutsche Wohnen pays contributions to state pension insurance funds from defined contribution plans. These current contributions are shown as social security contributions within staff expenses. Payment of the contributions does not constitute any further obligations for the Group.

There is also a pension plan drawn up in accordance with the regulations governing public sector supplementary pensions. It is based on membership of a Group company in the Bayerische Versorgungskammer (hereinafter BVK) – the supplementary pension fund of Bavaria – and in the Versorgungsanstalt des Bundes und der Länder (hereinafter VBL) – the supplementary pension fund of the Federal Republic and the Federal States. The supplementary pension comprises a partial or full reduced earnings capacity pension plus an age-related pension as a full pension or surviving dependant's pension. The charge levied by the BVK and the VBL is determined by the employees' compensation, which is used to calculate the supplementary pension contribution. In case of structural changes or an exit from the VBL significant countervalue claims may arise.

The BVK and the VBL each therefore represent a defined benefit plan of several employers that, in accordance with IAS 19.30 (a), is accounted for as a defined contribution plan because the BVK has not provided sufficient information to account for the plan as a defined benefit plan.

No specific information is known regarding any overfunding or underfunding of the plan or the related future effects on the Deutsche Wohnen Group. In future, increasing/decreasing payments of premiums by Deutsche Wohnen to the BVK and the VBL may result from possible excess or deficient cover.

13 Provisions

Provisions are recognised when the Group has a present obligation (statutory or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss statement net of any reimbursement. If the impact of the interest rate is significant, provisions are discounted at an interest rate before tax that reflects the specific risks of the liability. In the case of discounting, the increase in provisions due over time is recognised as a finance expense.

14 Lease

Leasing transactions are differentiated between finance leases and operating leases. Contractual provisions that transfer all significant risks and rewards associated with the ownership of an asset to the lessee are reported as finance leases. The lessee recognises the leased asset as an asset and the corresponding obligations are recognised as liabilities. All other leasing transactions are reported as operating leases. Payments from operating leases are principally recorded in linear form over the contractual period as income (from the point of view of the lessor) or expense (from the point of view of the lessee).

15 Revenue and expenses recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. In addition, the following criteria have to be met when recognising revenue:

Rental income

Rental income is recognised monthly over the period of the leases in accordance with the tenancy agreement.

Disposal of property

Revenue is recognised when the significant risks and rewards associated with the ownership of the disposed property have been transferred to the purchaser.

Services

Revenue is recognised in accordance with the delivery of the service.

As part of the long-term performance-based remuneration there are share-based remuneration components which are settled through funds. The remuneration components to be expensed over the vesting period correspond to the fair value of the equity-based remuneration on the reporting date. The determination of fair values is based on generally accepted valuation methodologies. Liabilities are accounted for in a corresponding amount.

16 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. In the case of a grant related to an expense item, it is recognised as planned income over the period necessary to match the grant on a systematic basis to the expenses that it is intended to compensate.

Deutsche Wohnen has received government grants in the form of disbursement subsidies, disbursement loans and subsidised-interest loans.

Disbursement subsidies, in the form of rent subsidies, are recognised in the profit and loss statement of the period in which the rent is earned. They are recognised as income from Residential Property Management.

Disbursement loans and subsidised-interest loans are property loans and are recognised as financial liabilities. In comparison with loans made under market conditions, both offer advantages such as lower interest rates or interest-free and redemption-free periods. The loans are valued at fair value and are subsequently carried at amortised cost. However, they are to be viewed in context with rent restrictions concerning the properties, which were taken into account when determining the fair value.

Furthermore, Deutsche Wohnen received investment subsidies in the amount of EUR 0.9 million (previous year: EUR 1.3 million) and offset these against the acquisition costs.

17 Taxes

Current income tax assets and liabilities

Current income tax assets and liabilities for the current period and for previous periods are valued at the amount expected to be recovered or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those which apply as at the reporting date.

Deferred taxes

Deferred tax is created using the balance sheet-oriented liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax liabilities are recognised for all temporary differences that are subject to tax, with the following exception: In respect of taxable temporary differences associated with shareholdings in subsidiaries, associates and shares in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future, deferred tax liabilities are not recognised.

Deferred tax assets are recognised for all deductible temporary differences, carryforwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The following exceptions apply:

- Deferred tax assets from deductible temporary differences which arise from the initial recognition of an asset or a liability in a transaction that is not a business combination and that, at the time of the business transaction, affect neither the profit/loss for the period for commercial law purposes nor taxable profit/loss may not be recognised.
- Deferred tax assets from taxable temporary differences associated with shareholdings in subsidiaries, associates and shares in joint ventures are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount for deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that apply or have been announced as at the reporting date.

Deferred taxes relating to items that are recognised in other comprehensive income or directly in equity are recognised in other comprehensive income or directly in equity and not in the consolidated profit and loss statement. Deferred tax assets that are recognised in and off the profit and loss statement are allocated on the basis of a reasonable pro rata proportion (IAS 12.63c).

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

18 Derivative financial instruments and hedging transactions

The Group uses derivative financial instruments to hedge against interest rate risks. These derivatives are initially measured at fair value when the corresponding agreement is entered into and are subsequently reported at fair value. Derivative financial instruments are recognised as assets if their fair value is positive and as liabilities if their fair value is negative. The valuation is carried out using the mark-to-market method.

Deutsche Wohnen recognises concluded interest rate swaps on the basis of the hedge accounting regulations of IAS 39. In addition to documentation of the hedging correlation between the hedge and the underlying item, one requirement for hedge accounting is proof of the effectiveness of the hedging correlation between the hedge and the underlying item. If an effective correlation exists, the effective part of the value adjustment of the hedge is directly recognised in equity without affecting earnings. The non-effective part is recognised in the profit and loss statement. As far as the requirements for hedge accounting existed, the fair values of the hedging instruments were classified as current or non-current assets/liabilities. Deutsche Wohnen tested the effectiveness of the concluded interest hedges on a prospective (critical terms method) and a retrospective basis. In the case of derivative financial instruments which do not meet the criteria for hedge accounting, gains or losses from changes in fair value are immediately recognised in the profit or loss statement.

Deutsche Wohnen only hedges cash flows which relate to future interest expenses.

19 Share-based remuneration

The Management Board of Deutsche Wohnen has been receiving share-based remuneration in the form of subscription rights (stock options) since the financial year 2014. The stock option programme is fundamentally an option plan implemented using equity instruments. The option plan provides only for the possibility of implementing the stock option programme by using Deutsche Wohnen shares.

The expenses incurred as a result of the issuance of the stock options are valued at fair value of the granted stock options at the time of their granting and calculated using generally recognised option pricing models. The expenses resulting from the issuance of the stock options are reported, together with a corresponding increase in equity (capital reserve), over the period in which the conditions for performance are met (so-called vesting period), which will end upon the employee in question irrevocably becoming a beneficiary of the programme. The amount of the cumulated expenses arising out of the granting of the equity instruments reported on every balance sheet date until the granting of the equity instruments reflects the expired portion of the vesting period and the number of the equity instruments which, at the Group's best estimate, will actually be exercisable upon the expiration of the vesting period. The amount charged or credited to the profit and loss statement reflects the changes in the cumulated expenses recognised at the beginning and at the end of the reporting period.

The diluting effect of the outstanding share options will be taken into account as an additional dilution in the calculation of the earnings per share to the extent that the issuance of the options and the terms underlying results in a dilution for accounting purposes of the shares of the existing shareholders.

D NOTES TO THE CONSOLIDATED BALANCE SHEET

1 Investment properties

Investment properties are recognised at fair value. Fair value developed as follows during the financial year:

	31/12/2014	31/12/2013
	in EUR m	in EUR m
Start of period	**8,937.1**	**4,614.6**
Acquisitions	139.7	902.4
Other additions	70.1	26.3
Additions by way of company acquisitions	0.0	3,436.5
Disposals	−95.7	−86.5
Fair value adjustment	952.7	101.3
Transfer	−392.9	−57.5
End of period	**9,611.0**	**8,937.1**

The transfer includes the properties reclassified as non-current assets for disposal in the current financial year.

The valuation (Level 3 of the Fair Value Hierarchy – valuation on the basis of valuation models) as at 31 December 2014 and as at 31 December 2013 was completed in accordance with the following principles, which were developed in the context of the internal periodic valuation:

Valuation on the basis of defined clusters:

- Derivation of annual rent increases and target vacancies based on the location and physical characteristics of the properties,
- Derivation of capitalisation rates and discount rates.

Derivation of the valuation based on individual properties:

- Determination of the market rent as at the reporting date,
- Development of rent per sqm of lettable area based on market rent and in-place rent,
- Development of costs (maintenance, administration, rental loss and non-recoverable operating costs, ground rent (if applicable)),
- Determination of cash flows from annual proceeds and payments and the terminal value at the end of year ten, based on the recurring cash flow expected in year eleven or an expected sales price less sales expenses,
- Calculation of a fair value based on the administrative unit as at the reporting date.

The capitalisation rate and the discount rate were derived from the property-specific risk assessments.

A review of the valuation by an independent third party takes place on every balance sheet date. The valuation methods used for the internal valuation and for the valuation by a third party are therefore the same.

The following overview summarises the valuation parameters applied with respect to the individual clusters, and indicates all of the sub-clusters within the main Core+, Core and Non-Core clusters having an overall share of the total property value of at least 10%. Sub-clusters which do not reach this threshold are reported on a consolidated basis. The stated figures are based on the "corridors" present in the individual cluster and the weighted average (in brackets):

	Core+			Core	Non-Core
	Berlin	Other	Total	Total	Total
31 December 2014					
Carrying amount (EUR m)	6,757	1,856	8,613	850	149
Carrying amount (EUR/sqm)	1,106	1,129	1,111	803	621
Share of carrying amount (%)	70.3	19.3	89.6	8.8	1.6
In-place rent (EUR/sqm)	5.66	6.14	5.75	5.32	4.82
Rent increases p.a. (%)	2.2	1.64	2.06	0.74	0.32
Vacancy rate (%)	1.7	2.3	1.9	3.7	4.4
Multiplier	16.2	15.3	16.0	12.8	11.6
Discount factor (%)	6.2	6.4	6.2	6.6	7.2
Capitalisation factor (%)	5.1	5.3	5.2	5.6	6.0
31 December 2013					
Carrying amount (EUR m)	6,266	1,132	7,398	1,414	125
Carrying amount (EUR/sqm)	969	1,188	997	784	576
Share of carrying amount (%)	70.2	12.6	82.7	15.7	1.6
In-place rent (EUR/sqm)	5.53	6.52	5.65	5.20	4.82
Rent increases p.a. (%)	2.0	1.7	1.9	1.1	0.7
Vacancy rate (%)	1.9	2.7	2.0	3.6	4.9
Multiplier	14.4	15.3	14.6	12.9	11.1
Discount factor (%)	6.6	6.6	6.6	6.8	7.7
Capitalisation factor (%)	5.5	5.5	5.5	5.8	6.5

An adjustment of the key valuation parameters (rent increase 20% lower than projected; increase in the discount rate of 0.1%; increase in the capitalisation rate of 0.1%) results in the following non-cumulated fair value adjustments on the basis of the carrying amount of the properties

	Core+			Core	Non-Core
	Berlin	Other	Total	Total	Total
	%	%	%	%	%
31 December 2014					
Rent increases	−3.46	−2.60	−3.29	−1.41	−0.50
Discount factor	−0.92	−0.75	−0.88	−0.68	−0.50
Capitalisation factor	−1.42	−1.09	−1.35	−1.05	−1.16
31 December 2013					
Rent increases	−3.61	−3.62	−3.62	−2.39	−1.46
Discount factor	−0.75	−0.72	−0.74	−0.72	−0.73
Capitalisation factor	−1.07	−1.09	−1.07	−0.94	−0.73

The investment properties serve as collateral for the loans. There are also agreements in individual cases according to which the condition of the properties may not deteriorate or the average minimum investments have been determined on a squaremeter-basis.

2 Lease commitments

The tenancy agreements which Deutsche Wohnen has concluded with its tenants are classified as operating leases in accordance with IFRS. Accordingly, the Group acts as lessor in a diverse range of operating lease agreements (tenancies) for investment properties from which it obtains the largest part of its income and revenues.

The rental income generated from this amounted to EUR 626.3 million (previous year: EUR 372.9 million). The expenses directly associated with the investment properties amounted to EUR 120.4 million (previous year: EUR 80.6 million).

From existing operating lease agreements with third parties (assumed statutory cancellation period: three months) and from the current property portfolio, Deutsche Wohnen will receive minimum lease payments in the amount of approximately EUR 155 million in 2015 (previous year: EUR 154 million).

In context of Assisted Living and Nursing Services, Deutsche Wohnen will receive additional minimum lease payments in 2015 in the amount of approximately EUR 61 million (previous year: EUR 63 million), in one to five years approximately EUR 244 million (previous year: EUR 252 million), and in more than five years approximately EUR 305 million (previous year: EUR 315 million). This is based on an assumption of a remaining lease of five years after the fifth year. The tenancy agreements are for an indefinite period and end upon the death of the tenant or upon a possible termination by the landlord in the event of a default of payments.

Deutsche Wohnen is partly subject to restrictions with regards to rental increases related to certain preferential tenants and in relation to grants in the form of subsidised-interest loans or investment subsidies. Additionally, we must comply with legal obligations when privatising residential units.

3 Property, plant and equipment

Land and buildings, technical facilities and plant and equipment classified under IAS 16 are reported in this item. They developed as follows during the financial year:

	31/12/2014	31/12/2013
	in EUR m	in EUR m
Cost		
Start of period	39.5	30.3
Additions	3.5	6.6
Additions and reductions by way of company acquisitions	− 0.1	3.0
Disposals	− 1.8	− 0.4
End of period	**41.1**	**39.5**
Cumulative depreciation and amortisation		
Start of period	12.7	10.0
Additions	3.7	2.7
Disposals	− 1.2	0.0
End of period	**15.2**	**12.7**
Net carrying amounts	**25.9**	**26.8**

The land and buildings included in property, plant and equipment (EUR 12.4 million, previous year: EUR 13.1 million) are mainly property-secured.

4 Intangible assets

Intangible assets developed as follows:

	31/12/2014	31/12/2013
	in EUR m	in EUR m
Cost		
Start of period	555.7	9.1
Additions	1.5	0.7
Additions and reductions by way of company acquisitions	− 0.3	545.9*
Thereof goodwill	—	*535.1**
Disposals	—	0.0
End of period	**556.9**	**555.7***
Cumulative depreciation and amortisation		
Start of period	8.6	5.8
Additions	2.3	2.8
Disposals	− 0.1	0.0
End of period	**10.8**	**8.6**
Net carrying amounts	**546.1**	**547.1***
Thereof goodwill	*535.1*	*535.1**

* *Adjustment of the figures for the provisional allocation of the purchase price for GSW*

The adjustment with regard to the provisional allocation of the purchase price for GSW resulted in changes in the goodwill of GSW, which has been retrospectively adjusted in the figures for the previous year.

The impairment testing gave no rise to depreciation and amortisation of goodwill in the financial year 2014.

Other intangible assets primarily include the acquired customer base and software licences.

5 Land and buildings held for sale

The decrease in land and buildings held for sale is largely due to the disposal of residential units acquired in previous years for selling purposes. In the financial year 2014, proceeds were realised in the amount of EUR 58.1 million (previous year: EUR 36.4 million). The proceeds were partly offset by carrying amounts of assets sold in the amount of EUR 39.7 million (previous year: EUR 25.4 million).

6 Trade receivables

Receivables are made up as follows:

	31/12/2014	31/12/2013
	in EUR m	in EUR m
Receivables from rental activities	13.1	21.8
Receivables from the disposal of land	3.3	5.8
Other trade receivables	1.3	2.2
	17.7	29.8

Receivables from rental activities are interest-free and are in principle overdue. Impairments are made based on the age structure and/or according to whether the tenants are active or former tenants. There have been write-downs formed of almost all overdue receivables.

In the financial year 2014, rent receivables in the amount of EUR 4.9 million (previous year: EUR 3.4 million) were depreciated and amortised or impaired. The impairment of receivables as at 31 December 2014 amounted to EUR 25.2 million (previous year: EUR 25.8 million).

Receivables from the disposal of land are interest-free and are in principle due for payment between 1 and 90 days.

The receivables from the sale of land are fully recoverable and only overdue to a very minor extent.

Other receivables are interest-free and are in principle due for payment between 1 and 90 days.

7 Derivative financial instruments

Deutsche Wohnen concluded several interest hedging transactions in a nominal amount of EUR 2.0 billion (previous year: EUR 3.0 billion). The cash flows from the underlying transactions, which are secured in the scope of the cash flow hedge accounting, will be realised in the years from 2015 to 2025. The strike rates are between 0.60% and 4.95% (previous year: between 0.60% and 4.95%). The accumulated fair value of these transactions as at 31 December 2014 amounted to EUR 145.0 million (previous year: EUR 156.5 million).

There are no significant default risks as the interest rate swaps were concluded with banks having good credit ratings. If the interest rate level changes, the fair value changes accordingly. Income and expenses are recognised in equity for the effective part of a hedge, while the non-effective part is recognised within current earnings. If the interest rate level should rise/fall by 50 base points, the attributable fair value of the interest rate swap will rise/fall by approximately EUR 48 million (previous year: EUR 60 million).

8 Cash and cash equivalents

The cash and cash equivalents in the amount of EUR 396.4 million (previous year: EUR 196.4 million) mainly consist of cash at bank and cash on hand. Bank balances earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rate. As at the reporting date, the Deutsche Wohnen Group had cash and cash equivalents amounting to EUR 16.9 million (previous year: EUR 39.0 million) which was restricted in use. This primarily relates to cash collateral and accounts for incoming purchase price payments for sold properties.

9 Equity

Please refer to the consolidated statement of changes in equity for the development of equity.

a) Issued share capital

As at 31 December 2014, the issued capital of Deutsche Wohnen AG amounted to approximately EUR 294.26 million (previous year: EUR 286.22 million) divided into 294.26 million no-par value shares, each representing a notional share of the issued capital of EUR 1.00. By way of implementation of a resolution adopted by the Annual General Meeting to that effect, all remaining registered shares were converted into bearer shares as at 5 September 2014 with the result that Deutsche Wohnen AG now only has bearer shares.

All shares carry the same rights and obligations. Every share entitles the holder to one vote at the Annual General Meeting and determines the basis for the division of company profits amongst shareholders. The rights and obligations of the shareholders are outlined in detail in the provisions of the German Stock Corporation Act (AktG), in particular sec. 12, 53a ff., 118 ff. and 186. There are no shares with special rights conferring powers of control.

The Management Board of Deutsche Wohnen AG is not aware of any restrictions which affect the voting rights or transfer of shares.

In the event of capital increases the new shares are issued as bearer shares.

By resolution of the Annual General Meeting held on 11 June 2014, which was entered into the commercial register on 6 August 2014, the Management Board has been authorised to increase the company's issued capital, with the consent of the Supervisory Board, by up to EUR 85 million once or several times during the period until 10 July 2017 by means of the issuance of up to 85 million new ordinary bearer shares against cash contributions and/or contributions in kind (Authorised Capital 2014/I). Shareholders must in principle be granted subscription rights within the scope of the authorised capital. However, in certain cases, the Management Board is entitled to exclude the subscription rights of shareholders with the agreement of the Supervisory Board and subject to the conditions of the Articles of Association. The Authorised Capital 2013/I was cancelled upon the registration of the Authorised Capital 2014/I.

The issued capital is contingently increased by a total of up to approximately EUR 85.91 million by means of the issuance of up to approximately EUR 85.91 million no-par value bearer shares with dividend rights generally from the start of the financial year of their issuance (Contingent Capital 2013, Contingent Capital 2014/I, Contingent Capital 2014/II and Contingent Capital 2014/III).

A resolution adopted at the Annual General Meeting held on 11 June 2014 authorised the Management Board to issue no-par value convertible and/or option bonds and/or profit participation rights with option or conversion rights (or a combination of these instruments) in the nominal value of up to EUR 950 million, and to grant its creditors conversion or option rights for shares in Deutsche Wohnen AG representing a share of the issued capital of up to EUR 50 million. On the basis of this authorisation, Deutsche Wohnen AG issued on 8 September 2014 a convertible bond with a total nominal value of EUR 400 million entitling the holders thereof to convert it into up to 25 million Deutsche Wohnen AG shares. The Contingent Capital 2014/I accordingly remains in the amount of EUR 25 million following the issuance.

The acquisition of own shares is authorised pursuant to sec. 71 ff. of the German Stock Corporation Act (AktG) and also, as at the balance sheet date, by the Annual General Meeting held on 11 June 2014 (TOP 14). By resolution of the Annual General Meeting held on 11 June 2014, the Management Board is authorised, with the consent of the Supervisory Board and subject to compliance with the principle of equal treatment (sec. 53a of the German Stock Corporation Act (AktG)), to purchase and use own shares of the company in the total amount of up to 10% of the share capital existing at the time of the adoption of the resolution or – where this amount is lower – at the time of the exercise of the authorisation in accordance with the issued stipulations until 10 June 2019. Shares acquired using this authorisation together with other shares of the company previously acquired and still held by the company or other shares attributable to the company pursuant to sec. 71a ff. of the German Stock Corporation Act (AktG) may not at any time exceed 10% of the issued capital of the company.

The authorisation may not be used for the purposes of trading in own shares.

As at the balance sheet date, the company did not have any own shares.

b) Capital reserve

There were no withdrawals from the capital reserve in 2014 (previous year: EUR 69.9 million).

The capital reserve increased by EUR 133.6 million in 2014 (previous year: EUR 1,818 million). This is the result of premiums on new bearer shares created by Deutsche Wohnen for the fulfilment of the settlement offer made to the GSW shareholders in connection with the conclusion of the domination agreement. The costs incurred due to the capital increase in the amount of EUR 1.3 million (previous year: EUR 7.9 million) and the income tax effects related to these costs in the amount of EUR 0.4 million (previous year: EUR 2.5 million) were offset against the premium payments.

Furthermore, the capital reserve increased by EUR 1.37 million in the financial year as a result of the share-based remuneration to the members of the Management Board.

c) Retained earnings

Retained earnings comprise the revenue reserve of Deutsche Wohnen and the accumulated profit/loss carried forward.

The statutory reserve is mandatory for German publicly listed companies. In accordance with sec. 150 para. 2 of the German Stock Corporation Act (AktG), an amount equivalent to 5% of the profit for the financial year is to be retained. The statutory reserve has a cap of 10% of the issued capital. In accordance with sec. 272 para. 2 nos. 1-3 of the German Commercial Code (HGB), any existing capital reserve is to be taken into account and the provisions required for the statutory reserve are reduced accordingly. This is measured on the basis of the issued share capital which exists and is legally effective at the reporting date and which is to be reported in this amount on the respective annual balance sheet. The statutory reserve remains unchanged at EUR 1.0 million.

d) Non-controlling interests

The share of non-controlling interests largely relates to the shares of third parties in the earnings of the fully-consolidated holding companies not wholly owned by Deutsche Wohnen.

10 Financial liabilities

The company has taken on bank loans particularly to finance property and company transactions and property acquisitions.

Deutsche Wohnen refinanced its material liabilities falling due in 2015 – 2017 in the fourth quarter of 2014. For this purpose new bank loans with a nominal volume of EUR 1,360.0 million and also funds arising from the convertible bond placed in September 2014 were used. The transaction costs relating to the new bank loans in the amount of EUR 9.6 million were deducted from the loan-related liabilities and will be spread over the term of the loans and recognised using the effective interest method.

Overall, the financial liabilities decreased mainly as a result of the refinancing as well as ongoing loan repayments.

The financial liabilities are hedged at approximately 84% (previous year: approximately 88%) at a fixed rate and/or through interest rate swaps. The average rate of interest was approximately 2.7% (previous year: approximately 3.5%).

The loan renewal structure based on current outstanding liability is as follows:

	Carrying amount 31/12/2014	Nominal value 31/12/2014	2014	2015	2016	2017	2018	Greater than/equal 2019
								EUR m
Loan renewal structure 2014	4,779.0	4,888.2	0	89.2	44.8	70.2	703.2	3,980.8
Loan renewal structure 2013	5,161.5	5,253.9	110.4	367.9	502.6	851.8	732.0	2,689.2

The liabilities are almost entirely secured by property as collateral.

11 Convertible bonds

In September 2014, Deutsche Wohnen AG issued convertible bonds with a term expiring in 2021 and a total nominal value of EUR 400 million. These are divided into partial bonds each having a nominal value of EUR 100,000. The convertible bonds may initially be converted into approximately 18.01 million new or existing no-par value bearer shares of Deutsche Wohnen AG. The convertible bonds bear a coupon for interest of 0.875% p.a. falling due on a semi-annual basis. The initial conversion price is EUR 22.1016.

The costs in the amount of EUR 3.6 million incurred in connection with the issuance of the convertible bonds have been recognised in the consolidated profit and loss statement.

The two outstanding Deutsche Wohnen convertible bonds are reported on the balance sheet at fair value on the basis of their market price plus accrued interest in the total amount of EUR 748.7 million.

The remaining portion (in the nominal amount of EUR 1.9 million) of the convertible bond issued by GSW Immobilien AG originally in the nominal amount of EUR 182.9 million was repaid in full in the financial year 2014.

In the previous year Deutsche Wohnen AG already placed a convertible bond with a total nominal value of EUR 250 million and an interest coupon of 0.5% p.a. falling due on a semi-annual basis.

12 Employee benefit liabilities

The company's pension scheme consists of defined benefit and defined contribution plans. The average term of the obligations is approximately 14.9 years (previous year: 13.5 years); payments from pension benefit plans for 2015 are expected in the value of EUR 3.7 million (less payments on plan assets) (previous year: EUR 3.5 million).

Employee benefit liabilities are determined using the projected unit credit method in accordance with IAS 19. Future obligations are measured using actuarial methods that conservatively estimate the relevant parameters.

The level of pension obligations (defined benefit obligation of the pension commitments) was calculated in accordance with actuarial methods on the basis of an external expert report and the following factors:

	31/12/2014	31/12/2013
	%	%
Discount rate	1.96	3.50
Future salary increases	2.50	2.50
Future pension increases	1.75	1.75
Increase in the contribution assessment ceiling	2.25	2.25
Mortality tables	R 05G	R 05G

The trend in salaries includes expected future salary increases that are estimated annually, depending, among other things, on the inflation rate and the length of service in the company.

The employee benefit liabilities taken over in the scope of the BauBeCon acquisition are financed through the ufba – Unterstützungskasse zur Förderung der betrieblichen Altersversorgung e.V. (Assistance Fund for the Promotion of Company Pension Plans inc. soc.) and recognised on the balance sheet as plan assets. The valuation applied an interest charge in the amount of 1.96%.

The following summary shows the financing status of the Group's pension plans, which is at the same time equivalent to the balance sheet posting:

	31/12/2014	31/12/2013
	in EUR m	in EUR m
Present value of employee benefit liabilities	75.4	63.3
Less fair value of the plan assets	− 7.8	− 8.0
	67.7	55.3

The following table shows the development of the present value of the performance-oriented liabilities and the attributed fair value of the plan assets:

	31/12/2014	31/12/2013
	in EUR m	in EUR m
Opening balance employee benefit liabilities	63.3	62.5
Pension payments	− 3.5	− 3.5
Additions by way of company acquisitions	—	2.2
Interest cost	2.1	2.1
Service cost	0.3	0.3
Adjustments to the pension fund	0.1	0.2
Actuarial gains/losses	13.1	− 0.5
Closing balance employee benefit liabilities	75.4	63.3
Thereof pension plans with financing from plan assets	11.3	9.1
Thereof pension plans without financing from plan assets	64.1	54.2
Opening balance plan assets	8.0	8.0
Interest income from plan assets	0.3	0.3
Contributions to plan assets	0.0	0.4
Pension payments from plan assets	− 0.4	− 0.8
Actuarial losses	0.0	0.0
Closing balance plan assets	7.8	8.0

The pension expenses are made up as follows:

	31/12/2014	31/12/2013
	in EUR m	in EUR m
Interest cost	− 1.8	− 1.8
Service cost	− 0.3	− 0.3
Adjustments to the pension fund	− 0.1	− 0.2
	− 2.2	− 2.3

Pension commitments include old-age, disability, surviving spouse and surviving dependant pensions. They are based on the last fixed annual gross salary. Different benefit plans apply depending on the employee's position in the company.

The pro rata interest expenses are recognised as "interest expenses" in the profit and loss statement, whilst current pension payments, service expenses and adjustments to current pensions are recognised as "staff expenses".

Expenses for defined contribution plans in the total amount of EUR 8.2 million (previous year: EUR 4.8 million) were incurred. Therefore, total expenses for pension plans (defined benefit and defined contribution) amounted to EUR 8.6 million (previous year: EUR 5.2 million). For 2015, based on the current number of employees, the expenses will total approximately EUR 7.1 million.

An increase in the interest rate of 0.25% would result in a decrease in employee benefit liabilities of 4.0%, and a rise in future salary increases of 0.5% would result in an increase in employee benefit liabilities of 0.4%.

The sensitivity calculations are based on the average term of the pension liabilities determined as at 31 December 2014. They were carried out for each of the actuarial parameters classified as significant with a view to demonstrating the effect on the present value of the employee benefit liabilities calculated as at 31 December 2014 on a separate basis. Given that the sensitivity analyses are based on the average term of the expected pension liabilities and consequently do not take account of the expected payment dates, they provide only approximate information or indications of future trends.

We do not currently consider any further changes to the relevant actuarial parameters, which could lead to a major adjustment of the carrying amounts of the reserves for employee benefit liabilities during the next year, to be likely.

There exist provisions for commitments in case of occupational disability in favour of the members of the Management Board in an amount of EUR 4 k, which are recognised in the employee benefit liabilities as well.

13 Liabilities to limited partners in funds

On the basis of individual agreements, Rhein-Pfalz Wohnen GmbH has granted the limited partners of DB 14 a put option relating to their limited partnership interests from 2005 to 2019. Under these agreements, the Group is obliged to acquire the interests initially (in 2005) at 105% of the paid-in capital upon request. From 2005, the agreed purchase price for the interest increases by five percentage points per annum. Outstanding dividend payments are taken into account for limited partnership interests that are offered to us. The disposals of shares effected in the financial year 2014 did not involve put options.

Liabilities developed as follows during the financial year:

	31/12/2014	31/12/2013
	in EUR m	in EUR m
Opening balance liabilities	4.0	5.1
Payment for tender	−0.1	−1.3
Disposals of shares	2.4	0.0
Reversal	−0.2	0.0
Accrued interest	0.2	0.2
Closing balance liabilities	**6.3**	**4.0**

The liabilities to limited partners in funds as at 31 December 2014 in the full amount (previous year: EUR 4.0 million) were reported as short-term, because the payments for the remaining tenders are expected in 2015.

14 Other provisions

The other provisions are made up as follows:

	Revitalisation	Restructuring	Other	Total
	in EUR m	in EUR m	in EUR m	in EUR m
Start of period	5.2	0.2	13.6*	19.0
Changes in the basis of consolidation	0.0	−2.0	−0.1	−2.1
Utilisation	0.0	−0.1	−0.6	−0.7
Reversal	0.0	−0.0	−1.3	−1.3
Changes in disclosure**			8.2	8.2
Additions	0.3	9.1	3.9	13.3
End of period	**5.5**	**7.2**	**23.7**	**36.4**
Thereof non-current	4.9	0.2	12.1	17.2
Thereof current	0.6	7.0	11.6	19.2

* *Change in previous year's figures as a result of the adjustment to the allocation of the purchase price for GSW with retroactive effect as at 30/11/2013*

** *Addition not recognised in equity as a result of changes in disclosure (previously: liabilities)*

The provision for revitalisation (EUR 5.5 million, previous year: EUR 5.2 million) relates to the privatisation agreement between the federal State of Berlin and GEHAG. In accordance with this agreement, GEHAG is obligated to invest an original total of EUR 25,565 k in the improvement of housing conditions. There are no regulations in the agreement regarding the time period. As in the previous year, the calculation assumes a period until 2017 and an interest rate of 2.99%. The additions are related to the interest accrued for the provision.

The provision for restructuring measures primarily comprises obligations arising out of the social compensation plan arrangements in relation to GSW Immobilien AG.

The other provisions (EUR 23.7 million, previous year: EUR 13.6 million) mainly comprise dismantling obligations for the GSW administration building (EUR 7.8 million) and other third party obligations.

15 Tax liabilities

Current and non-current tax liabilities (EUR 46.1 million, previous year: EUR 74.3 million) primarily comprise provisions for current taxes and for possible tax-related risks arising in connection with external audits conducted with regard to GSW. In the previous year, a major portion of the provisions comprised the present value of the compensation paid for the EK-02 holdings (previous year: EUR 38.1 million) in the Deutsche Wohnen Group, which was paid back in full in the financial year 2014.

16 Deferred taxes

The deferred taxes comprise the following:

	31/12/2014	Change	31/12/2013
	in EUR m	in EUR m	in EUR m
Deferred tax assets			
Properties	5.2	−3.2	8.3
Pensions	7.6	2.1	5.5
Loss carry-forwards	276.5	155.3	121.2*
Interest rate swaps	40.3	−2.9	43.2
Loans	2.1	0.1	2.0
Other	20.1	10.0	10.1*
	351.7	161.3	190.4
Deferred tax liabilities			
Loans	26.9	−7.3	19.6*
Properties	510.5	−263.7	246.8*
Other	20.6	2.0	22.6*
	557.9	−269.0	288.9
Deferred taxes (net)	−206.2	−107.7	−98.6
Thereof:			
Recognised directly in other comprehensive income	7.6		−16.8
Company acquisitions	—		−1.8
Recognised in profit/loss	−115.3		8.6
	−107.7		−10.0

* *Adjusted number for previous year*

The actuarial gains and losses from pensions and the changes in the current market value of the effective hedges are recognised directly in equity not affecting net income. The resulting deferred taxes are likewise recognised without effects on the results and amount to EUR 5.0 million (previous year: EUR −0.2 million) for actuarial gains and losses as well as EUR 2.9 million (previous year: EUR −16.6 million) for the changes in the fair value of the effective hedging transactions. Further amounts without an effect on earnings amount to EUR −0.2 million (previous year: EUR 2.5 million).

The Deutsche Wohnen Group has corporation tax loss carry-forwards in the amount of EUR 1.4 billion (previous year: EUR 1.7 billion) and trade tax loss carry-forwards in the amount of EUR 1.1 billion (previous year: EUR 1.5 billion). The corporation tax loss carry-forward that was not capitalised amounts to approximately EUR 0.4 billion (previous year: EUR 0.8 billion) and the trade tax loss carry-forward to approximately EUR 0.3 billion (previous year: EUR 0.7 billion). In general, loss carry-forwards do not expire.

E NOTES TO THE CONSOLIDATED PROFIT AND LOSS STATEMENT

The consolidated profit and loss statement is prepared using the total cost method.

1 Income from Residential Property Management

The income from Residential Property Management is made up as follows:

	2014	2013
	in EUR m	in EUR m
Potential gross rental income	640.4	384.3
Subsidies	7.1	2.4
	647.5	386.7
Vacancy loss	−21.2	−13.8
	626.3	372.9

2 Expenses from Residential Property Management

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

	2014	2013
	in EUR m	in EUR m
Maintenance costs	88.8	59.4
Non-recoverable operating expenses	13.8	9.6
Rental loss	8.9	4.9
Other expenses	9.0	6.7
	120.5	80.6

3 Earnings from Disposals

The earnings from Disposals include sales proceeds, costs of sale and carrying amounts of assets sold of investment properties and land and buildings held for sale.

4 Earnings from Nursing and Assisted Living

The earnings from Nursing and Assisted Living comprise the following:

	2014	2013
	in EUR m	in EUR m
Income for Nursing and Assisted Living	68.2	59.9
Nursing and corporate expenses	−18.6	−16.4
Staff expenses	−33.3	−30.3
	16.3	13.2

5 Corporate expenses

The corporate expenses are made up as follows:

	2014	2013
	in EUR m	in EUR m
Staff expenses	56.9	31.8
General and administration expenses		
IT costs	9.0	4.5
Building costs	8.7	2.4
Legal, consultancy and audit costs	5.7	3.8
Communication costs	2.1	1.7
Printing and telecommunication costs	2.2	1.6
Travel expenses	1.2	0.9
Insurance	0.5	0.4
Other	4.2	2.4
	33.6	17.7
Property management	0.0	3.4
	90.5	52.9

The Deutsche Wohnen Group employed on average 2,339 employees in the financial year (previous year: 1,840 employees):

Numbers	Employees 2014	Employees 2013
Residential (including holding company)	990	588
Nursing and Assisted Living	1,349	1,252
	2,339	1,840

Following the disposal of 51% of the shares in KATHARINENHOF® GmbH as well as in Facility Berlin GmbH and the closing of the holding functions of the GSW, the average number of employees in the Group fell to approximately 760 from 1 January 2015.

6 Share-based remuneration

The stock option program launched in 2014 provides for the issuance of a maximum of 12,879,752 subscription rights to the members of the Management Board of Deutsche Wohnen AG and to selected executives of the Deutsche Wohnen Group under the following conditions:

The subscription rights will be issued to beneficiaries in annual tranches until the expiration of four years from the date of the registration of the contingent capital in the commercial register, but at least until the expiration of 16 weeks after the closing of the ordinary Annual General Meeting in 2018. The amount of the annual tranches will be determined by dividing the target amount of the variable remuneration for the beneficiary in question by a reference value, which will be commensurate with the arithmetic mean of the closing price for the Deutsche Wohnen share 30 days prior to the issuance of the share options concerned.

The subscription rights may be exercised for the first time after the expiration of four years (waiting period) and thereafter within three years (exercise period) and will expire upon the expiration of the relevant period.

The subscription rights may only be exercised if the following conditions are met:

- The service contract concluded with the beneficiary is not terminated during the waiting period on grounds for which the latter is responsible (sec. 626 para. 1 of the German Civil Code (BGB)) and
- The performance targets "Adjusted NAV per share" (40% weighting), "FFO I (without disposals) per share" (40% weighting) and "Share price development" (20% weighting) are attained.

The performance targets for each individual tranche of the share options relate to the development of the (i) Adjusted NAV per share, (ii) FFO I (without disposals) per share and (iii) Share price development, as compared to the EPRA/NAREIT Germany Index, calculated in accordance with the following provisions.

Within each of the aforementioned performance targets there is a minimum target that must be achieved so that half of the stock options based on this performance target can be exercised, as well as a maximum target that, when achieved, renders all stock options based on this performance target eligible for exercise within the framework of the weighting of the performance target. The minimum target is reached at 75% of target achievement and the maximum target at 150% of target achievement. The individual minimum and maximum targets are set by the company on the basis of its four-year-projections prior to the issuance of the annual tranche of stock options. Subject to special arrangements for termination of the service or employment relationship of the person eligible before the expiration of the holding period, the number of stock options that can be exercised per tranche equals the number of all stock options of the respective tranche multiplied by the percentage rate calculated from the sum of the percentage rates based on achieving one or several performance targets on the basis of the conditions noted above that is divided by 150%, and taking into consideration the above weighting of the performance targets, so that a difference in achieving the performance targets is compensated in favour of the person eligible. This compensation also holds true if the minimum targets have not been reached.

At the end of the waiting period the number of allocable subscription rights per eligible person is calculated. When acquiring the shares (exercise of the issued subscription rights), the eligible person must pay EUR 1.00 per share. The shares acquired following the exercise of the options will have full voting rights and entitlement to dividends.

A total of 112,322 stock options were assigned in the past financial year.

When calculating the value of the stock options issued, it was assumed that the performance targets "Adjusted NAV per share" and "FFO I (without disposals) per share" will have been met 100% by the end of the waiting period. With regard to meeting the target "Share price development", the value for the subscription rights was calculated pro rata on the basis of a risk-free interest rate of 1.75% and an expected dividend return of 2.4%. The distribution of the stock option value calculated for the subscription rights over the vesting period was calculated in consideration of the special contractual provisions that exist for the termination of the service or employment relationship of the persons eligible.

The expenses relating to the stock option programme as reported in the consolidated financial statements amount to EUR 1.37 million.

7 Finance expenses

The finance expenses are made up as follows:

	2014	2013
	in EUR m	in EUR m
Current interest expenses	183.4	122.0
Accrued interest on liabilities and pensions	3.0	11.8
Non-recurring expenses in connection with the refinancing	82.2	8.6
	268.6	142.4

8 Income taxes

Companies resident in Germany that have the legal form of a corporation are subject to German corporation tax in the amount of 15% (previous year: 15%) and a solidarity surcharge in the amount of 5.5% of the corporation tax levied. These entities are also subject to trade tax, the amount of which depends on the tax rates set by local authorities. Companies in the legal form of a partnership are only subject to trade tax. The profit less trade tax is assigned to the partners for corporation tax purposes. Limited use of corporation and trade tax loss carry-forwards is to be taken into account from the assessment period 2004 onwards. As a result, a positive tax assessment basis up to EUR 1 million may be reduced by an existing loss carry-forward without limitation; amounts in excess thereof may at most be reduced to 60% by an existing loss carry-forward.

The anticipated nominal income tax rate for 2014 for the Group's parent company Deutsche Wohnen AG is 30.18% (previous year: 31.93%).

The income tax expense/benefit comprises the following:

	2014	2013
	in EUR m	in EUR m
Current tax expense	− 16.5	− 11.3
Tax expense from capital increase costs	− 0.4	− 2.5
Deferred tax expense		
Properties	− 266.8	− 52.3
Loss carry-forwards	155.3	58.2
Loans and convertible bonds	− 1.0	7.7
Other provisions	− 2.1	− 0.6
Interest rate swaps	− 4.7	− 4.3
Pensions	− 2.9	− 0.5
Other	6.7	0.3
	− 115.3	**8.6**
	− 132.2	**− 5.2**

The reconciliation of tax expense/benefit is provided in the following overview:

	2014	2013
	in EUR m	in EUR m
Consolidated accounting profit before taxes	1,021.4	217.9
Applicable tax rate	30.18%	31.93%
Resulting tax expense/benefit	**− 308.3**	**− 69.6**
Permanent effect of expenses not deductible for tax purposes and trade tax corrections	− 3.2	− 7.0
Changes in unrecognised deferred taxes on loss carry-forwards	184.2	73.8
Income tax expenses from other periods	− 2.3	− 1.5
Other effects	− 2.6	− 0.9
	− 132.2	**− 5.2**

Current income tax expenses in the financial year 2014 include expenses from other periods in an amount of EUR 2.3 million (previous year: EUR 1.5 million).

F SEGMENT REPORTING

Deutsche Wohnen reports by business segments on the basis of the information provided to the decision makers of the Deutsche Wohnen Group. Segment information is not reported by geographical region as the property and, therefore, all operational activities are in Germany.

Deutsche Wohnen focuses on the following three main segments in the context of its business activities:

Residential Property Management

Deutsche Wohnen's core business activity is the management of residential properties in the context of an active asset management. Asset management includes the modernisation and maintenance of the property portfolio of Deutsche Wohnen, the management of tenancy agreements, support for tenants and the marketing of residential units. The focus of property management is on the optimisation of rental income. Therefore, rental increase potential is examined continuously in the course of ongoing maintenance, tenant turnover is used as an opportunity to create value, and services are purchased based on best-available prices for real savings and passed on to the tenant.

Disposals

The Disposals segment is another pillar of the Deutsche Wohnen Group's operating activities. Privatisation can either take place as individual privatisation, i.e. by selling an individual residential unit (e.g. to a tenant), or it takes place as block sales.

The Disposals segment includes all aspects of the preparation and execution of the sale of residential units from our property portfolio as part of the ongoing portfolio optimisation and streamlining process.

In addition, the privatisation of residential property can take place in connection with the future acquisition of portfolios for the purpose of portfolio streamlining as well as for financing purposes.

Certain residential units, particularly in Rhineland-Palatinate, and individual properties of the GEHAG Group as well as the BauBeCon Group are subject to privatisation restrictions due to the acquisition agreements. Against the background of these obligations, the Group is partly bound by certain specifications (e.g. sale to tenants, general social conditions) when making privatisation decisions. These restrictions also forbid to some extent the disposal of the properties in question for a specified period of time.

Nursing and Assisted Living

The Nursing and Assisted Living segment is operated by KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH (KATHARINENHOF®) and its subsidiaries, and comprises the marketing and management of nursing and residential care homes as well as services for the care of the senior citizens who live in these homes.

Inter-company transactions primarily concern agency agreements which are carried out in accordance with the usual market conditions.

The segment reporting is attached to the notes to the consolidated financial statements as Appendix 2.

The reconciliation of the segment assets to the consolidated balance sheet is illustrated in the following table:

	31/12/2014	31/12/2013
	in EUR m	in EUR m
Segment assets	11,090.5	9,933.9*
Deferred taxes	351.7	190.4*
Income tax receivables	4.0	2.7*
	11,446.2	10,127.0

* *Change in numbers for the previous year because of a change in allocation of the purchase price of GSW retroactively as at 30/11/2013*

G NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows shows how the Group's cash and cash equivalents have changed during the financial year due to the inflow and outflow of funds. In accordance with IAS 7 ("Cash Flow Statements"), a distinction is made between cash flows from operating and from investing and financing activities. Other non-cash operating income and expenses mainly include carrying profits from disposals (2014: EUR 64.5 million; previous year: EUR 33.3 million). In total, Deutsche Wohnen received EUR 261.3 million (previous year: EUR 184.1 million) from property disposals. Payments for investments include payments for modernisation and acquisition of investment properties and land and buildings held for sale.

As at the reporting date, the Group had a total of EUR 16.9 million (previous year: EUR 39.0 million) which were restricted in use. This relates to the cash and cash equivalents of DB 14 as well as liquidity to purchase collection accounts, which may be used only for special repayments on loans. A maturity of up to three months results from the contractual conditions of these cash and cash equivalents.

The Group has funds amounting to EUR 10 million (previous year: EUR 140 million) at its disposal from existing financing commitments which have not been utilised as at the reporting date.

Cash flows from investing and financing activities are determined when payments are made. The cash flow from operating activities in contrast is indirectly derived from the Group's profit/loss.

H EARNINGS PER SHARE

In order to calculate the basic earnings per share, the consolidated earnings are divided by the weighted number of shares outstanding in the financial year.

The diluted and undiluted earnings amount to:

	2014	2013
	EUR m	EUR m
Consolidated earnings for the calculation of undiluted earnings	855.9	212.4
./. Interest from the convertible bond (after taxes)	0.9	0.1
./. Valuation effect resulting from convertible bond (after taxes)	38.5	0.0
Adjusted consolidated earnings for the calculation of diluted earnings	895.3	212.5

The average number of issued shares (diluted and undiluted) amounts to:

	2014	2013
	shares k	shares k
Shares issued at start of period	286,217	146,143
Addition of issued shares in the relevant financial year	8,043	140,074
Shares issued at end of period	294,260	286,217
Average of shares issued, undiluted	**287,830**	**175,273**
Diluting number of shares due to exercise of conversion rights	13,616	1,534
Average of shares issued, diluted	**301,446**	**176,807**

The earnings per share for continuing operations amount to:

	2014	2013
	EUR	EUR
Earnings per share		
Basic	2.97	1.21
Diluted	2.97	1.20

In the year 2014, a dividend was distributed for the financial year 2013 amounting to EUR 57.4 million or EUR 0.34 per share. A dividend in the amount of EUR 0.44 per share is planned for 2014. Based on the number of issued shares as at 31 December 2014 this corresponds to a dividend payment of overall EUR 129.5 million.

I OTHER DISCLOSURES

1 Risk management

General information on risk management

The risk management system (RMS) is an instrument for achieving the main aim of the company to sustainably guarantee the profitability of Deutsche Wohnen, which mainly concentrates on the management and development of its own property portfolio. It provides the foundation for active risk control and serves as a basis for information for the Management Board and the Supervisory Board regarding the current risk situation of the company.

Risk management is an ongoing process which is divided into the following phases:

- Establishing standards
- Risk identification and analysis
- Risk management
- Reporting
- Risk controlling

Risks are monitored in a professional and timely manner in accordance with the risk management guidelines established by management. The risk management guidelines establish the roles and responsibilities, set the basic principles of the RMS and define the framework for the evaluation and management of risks. Risk is proactively managed by using risk early warning systems.

The measures relating to financial risk management are described below:

The main financial instruments used by the Group – with the exception of derivative financial instruments – are bank loans and cash and cash equivalents. The primary purpose of these financial instruments is to finance the Group's business activities. The Group has various other financial assets and liabilities, such as trade receivables and trade payables, which result directly from its business activities.

The Group also carries out derivative transactions in the form of interest rate swaps. The purpose of these derivative financial instruments is to manage interest rate risks that result from the Group's business activities and its sources of finance. There has been no trading of interest rate swaps, nor will there be any in the future.

The following table illustrates the classification of the financial instruments into appropriate classes in accordance with IFRS 7.6 together with their allocation to valuation categories in accordance with IAS 39:

		Amortised costs		Fair value recognised in profit/loss	No valuation category acc. to IAS 39	No financial instruments acc. to IAS 32/ out of scope IFRS 7	Total balance sheet items 31/12/2014
	Valuation category in accordance with IAS 39	Carrying amount	Fair value	Carrying amount	Carrying amount	Carrying amount	Carrying amount
		EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
Assets							
Trade receivables	(2)	17.7	17.7	0.0	0.0	0.0	17.7
Other non-current assets							
Securities (at cost)	(1)	0.3	n/a	0.0	0.0	0.0	0.3
Financial assets and loans receivable	(1)	24.0	n/a	0.0	0.0	4.3	28.3
Other assets							
Other financial assets	(2)	9.5	9.5	0.0	0.0	0.0	9.5
Other remaining assets	—	0.0	0.0	0.0	0.0	0.9	0.9
Derivative financial instruments	(3)	0.0	0.0	0.1	0.0	0.0	0.1
Cash and cash equivalents	(2)	396.4	396.4	0.0	0.0	0.0	396.4
Total		**447.9**	**423.6**	**0.1**	**0.0**	**5.2**	**453.1**
Equity and liabilities							
Financial liabilities	(4)	4,773.0	4,773.0	0.0	0.0	0.0	4,773.0
Convertible bonds	(5)	0.0	0.0	748.7	0.0	0.0	748.7
Liabilities to limited partners in funds	(5)	0.0	0.0	6.3	0.0	0.0	6.3
Trade payables	(4)	112.8	112.8	0.0	0.0	25.2	138.0
Other liabilities							
Liabilities from finance leases	—	0.0	0.0	0.0	1.2	0.0	1.2
Other financial liabilities	(4)	34.9	29.3	0.0	0.0	0.0	34.9
Other remaining liabilities	—	0.0	0.0	0.0	0.0	9.1	9.1
Derivative financial instruments	(5)	0.0	0.0	51.1	93.9	0.0	145.0
Financial liabilities held for sale (IFRS 5)	(4)	6.0	6.0	0.0	0.0	0.0	6.0
Total		**4,926.7**	**4,921.1**	**806.1**	**95.1**	**34.3**	**5,862.1**

(1) Financial assets available for disposal

(2) Loans and receivables

(3) Financial assets assessed at fair value and recognised in profit/loss

(4) Financial liabilities carried at amortised cost

(5) Liabilities assessed at fair value and recognised in profit/loss

		Amortised costs		Fair value recognised in profit/loss	No valuation category acc. to IAS 39	No financial instruments acc. to IAS 32/out of scope IFRS 7	Total balance sheet items 31/12/2014
	Valuation category in accordance with IAS 39	Carrying amount	Amortised cost	Carrying amount	Carrying amount	Carrying amount	Carrying amount
		EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
Assets							
Trade receivables	(2)	29.8	29.8	0.0	0.0	0.0	29.8
Other non-current assets							
Securities (at cost)	(1)	0.3	n/a	0.0	0.0	0.0	0.3
Financial assets and loans receivable	(1)	21.4	n/a	0.0	0.0	0.0	21.4
Other assets							
Other financial asstes	(2)	14.2	14.2	0.0	0.0	0.0	14.2
Other remaining assets	—	0.0	0.0	0.0	0.0	0.0	0.0
Derivative financial instruments	(3)	0.0	0.0	2.7	0.0	0.0	2.7
Cash and cash equivalents	(2)	196.4	196.4	0.0	0.0	0.0	196.4
Total		**262.1**	**240.4**	**2.7**	**0.0**	**0.0**	**264.8**
Equity and liabilities							
Financial liabilities	(4)	5,161.5	5,161.5	0.0	0.0	0.0	5,161.5
Convertible bonds	(5)	0.0	0.0	250.2	0.0	0.0.	250.2
Liabilities to limited partners in funds	(5)	0.0	0.0	4	0.0	0.0	4.0
Trade payables	(4)	120.6	120.6	0.0	0.0	0.0	120.6
Other liabilities							
Liabilities from finance leases	—	0.0	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	(4)	49.7	49.7	0.0	0.0	0.0	49.7
Other remaining liabilities	—	0.0	0.0	0.0	0.0	0.0	0.0
Derivative financial instruments	(5)	0.0	0.0	57.5	101.8	0.0	159.3
Financial liabilities held for sale (IFRS 5)	(4)	0.0	0.0	0.0	0.0	0.0	0.0
Total		**5,331.8**	**5,331.8**	**311.7**	**101.8**	**0.0**	**5,745.3**

(1) *Financial assets available for disposal*

(2) *Loans and receivables*

(3) *Financial assets assessed at fair value and recognised in profit/loss*

(4) *Financial liabilities carried at amortised cost*

(5) *Liabilities assessed at fair value and recognised in profit/loss*

The fair value of financial assets and liabilities for the purposes of valuation or the explanatory notes – with the exception of the convertible bonds – was determined on the basis of Level 2 of the Fair Value Hierarchy (recognised valuation methods, using observed market parameters, in particular market interest rates). The fair value of convertible bonds is determined by means of the market price (Level 1 of the Fair Value Hierarchy).

The following table shows the contractual, undiscounted payments:

	Carrying amount 31/12/2014	2015	2016	2017	> 2018
	EUR m	EUR m	EUR m	EUR m	EUR m
Financial liabilities	4,773.0	275.8	99.6	121.5	4,397.5
Convertible bonds	748.7	1.2			747.5
Liabilities to limited partners in funds[1)]	6.3	6.5			
Trade payables and other liabilities	112.8	112.8			
Other liabilities					
Liabilities from finance lease	1.2	1.2			
Other financial liabilities	34.9	34.9			
Financial liabilities held for sale (IFRS 5)	6.0	6.0			
Total	5,682.8	438.3	99.6	121.5	5,145.0

	Carrying amount 31/12/2013	2014	2015	2016	> 2017
	EUR m	EUR m	EUR m	EUR m	EUR m
Financial liabilities	5,161.5*	261.7*	447.5	553.9	3,997.7
Convertible bonds	250.2	1.9			247.8
Liabilities to limited partners in funds[1)]	4.0	4.2			
Trade payables and other liabilities	120.6	120.6			
Other liabilities					
Other financial liabilities	49.7	49.7			
Financial liabilities held for sale (IFRS 5)	0.0	0.0			
Total	5,586.0	438.1	447.5	553.9	4,245.5

1) *The actual payments depend on the extent to which the limited partners exercise their options to tender their shares, making payment estimates uncertain.*

*) *Change in numbers for the previous year because of a change in allocation of the purchase price (PPA) for first-time consolidation of GSW Immobilien AG retroactively as at 30/11/2013*

The profits and losses from financial assets and liabilities are as follows:

2014	Interest expenses / income	Impairment	Fair value	Net loss /
	in EUR m	in EUR m	in EUR m	in EUR m
Loans and receivables		4.9		4.9
Liabilities carried at amortised cost	182.7			182.7
Liabilities carried at fair value and recognised in profit/loss	2.5		99.6	102.1
Derivative financial instruments			12.5	12.5
	185.2	4.9	112.2	302.2

2013	Interest expenses/ income	Impairment	Fair value	Net loss/
	in EUR m	in EUR m	in EUR m	in EUR m
Loans and receivables		3.4		3.4
Liabilities carried at amortised cost	129.1			129.1
Liabilities carried at fair value and recognised in profit/loss	0.3		−2.2	−1.9
Derivative financial instruments			−8.4	−8.4
	129.4	3.4	−10.6	122.2

The significant risks to the Group arising from financial instruments comprise interest-related cash flow risks, liquidity risks, default risks and market price risks. Company management prepares and reviews risk management guidelines for each of these risks, as outlined below:

Default risk

Default risks, or the risk that a partner will not be able to meet its obligations, are managed by using exposure limits and control processes. If appropriate, the company is provided with collateral. Deutsche Wohnen does not face any considerable default risk, either from partners or from groups of partners with similar characteristics. The maximum default risk is the carrying amount of the financial assets as reported in the balance sheet.

Liquidity risk

The Group reviews the risk of liquidity shortfalls daily by using a liquidity planning tool. This tool takes into account the inflows and outflows of cash from the operating activities and payments relating to financial liabilities.

Deutsche Wohnen seeks to ensure that sufficient liquidity is available to meet future obligations at all times. Deutsche Wohnen currently has a debt capital ratio of approximately 57% (previous year: 61%), and a Loan-to-Value Ratio of 51.0% (previous year: 57.4%)

Interest-related cash flow risks

The interest rate risk to which the Group is exposed is mainly derived from non-current financial liabilities with floating interest rates.

The Group's interest expenses are managed by a combination of fixed-interest and floating-rate debt capital. To make this combination cost-efficient, the Group concludes interest rate swaps at specified intervals by which it exchanges the difference between the fixed-interest and floating-rate amounts as determined on the basis of an agreed nominal value with the contractual partner. These interest rate swaps hedge the underlying debt capital. Accordingly, interest rate risk only exists for floating-rate financial liabilities that are not hedged by interest rate swaps. Applied to these financial liabilities and the convertible bonds, an increase/reduction of 1% in the interest rate at the reporting date would have led to an increase/reduction in the interest expenses of EUR 7.9 million (previous year: EUR 6.4 million). Applied to the Group equity, an interest adjustment in the same amount would have led to an increase/reduction of approximately EUR 96 million (previous year: approximately EUR 120 million).

Market risks

The financial instruments of Deutsche Wohnen that are not reported at fair value are primarily cash and cash equivalents, trade receivables, other current assets, financial liabilities, trade payables and other liabilities.

The carrying amount of cash and cash equivalents is very close to their fair value due to the short-term nature of these financial instruments. For receivables and liabilities which are based on usual trade credit conditions, the carrying amount based on the historical cost is also very close to the fair value.

Fair value risks can primarily result from fixed-interest loans. A significant proportion of Deutsche Wohnen's liabilities to banks is fixed-interest liabilities and interest hedged, so that the impact from fluctuations in interest rates can be estimated for the medium term.

2 Capital management

The primary aim of the Group's capital management is to ensure that it maintains a high credit rating and a good equity ratio to support its business activities and to maximise shareholder value.

Management of the capital structure takes into account liabilities to banks and other creditors, and cash and cash equivalents.

The key figures for capital management are:

- The equity/debt capital ratio and the leverage ratio

The Group aims to achieve an equity ratio of 40%. Future investments will therefore be based on balanced financing, amongst other things. The equity ratio amounted to 43% as at the reporting date (previous year: 39%)

- Loan-to-Value Ratio

The ratio of financial liabilities compared to the value of investment properties is defined as the Loan-to-Value Ratio.

	31/12/2014	31/12/2013
		EUR m
Financial liabilities	4,779.0	5,161.5
Convertible bonds	748.7	250.2
	5,527.7	5,411.7
Cash and cash equivalents	− 396.4	− 196.4
Net financial liabilities	**5,131.3**	**5,215.3**
Investment properties	9,611.0	8,937.1
Non-current assets held for sale	392.9	57.5
Land and buildings held for sale	58.1	97.1
	10,062.0	**9,091.7**
Loan-to-Value Ratio in %	51.0	57.4

3 Hedging

As at 31 December 2014 and 31 December 2013, there were various interest hedges, through which variable interest rate conditions can be exchanged for fixed interest rate conditions. The non-effective part thereof – whose value change is shown in the consolidated profit and loss statement – amounts to EUR – 11.8 million (previous year: revenue of EUR 8.4 million).

4 Events after the balance sheet date

With effect from 1 January 2015, 51% of the shares in KATHARINENHOF Seniorenwohn- und Pflegeanlage Betriebs-GmbH were sold to KH Beteiligungs GmbH; however, the company will continue to be included in Deutsche Wohnen's consolidated financial statements on the basis of company-law agreements. The segment earnings will be reduced by approximately EUR 2 million as a result of the share thereof which is now attributable to the third-party purchaser.

On 15 February 2015, Deutsche Wohnen submitted a voluntary public takeover offer for the acquisition of a controlling interest in accordance with the Austrian Takeover Act (öÜbG) with regard to all of the outstanding shares in conwert Immobilien Invest SE not held by conwert itself. Deutsche Wohnen intends to pay a tender price of EUR 11.50 in cash per conwert share. The takeover bid will also comprise conwert's convertible bonds. In addition to submitting the tender offer to the shareholders of conwert, Deutsche Wohnen will also be submitting an anticipatory mandatory offer pursuant to sec. 22 ff. of the Austrian Takeover Act (öÜbG) for all outstanding shares of ECO Business-Immobilien AG not held by conwert, and intends to pay a cash offer price of EUR 6.35 per ECO share.

The transaction will be financed by means of bridge financing from the participating banks in the amount of approximately EUR 900 million, as well as available liquid funds. The utilised bridge financing will be fully refinanced over the course of 2015 by a capital increase.

The takeover offer is conditional upon, among other things, the obtaining of approval from the antitrust authorities in Germany and Austria as well as the attainment of the statutory minimum acceptance ratio of 50% + one share of the shares forming the subject matter of the bid. If the minimum acceptance ratio will not be reached, costs will arise in an amount of approximately EUR 10 million.

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

5 Commitments and contingencies

Hereditary building rights contracts result in annual financial commitments of EUR 1.9 million (previous year: EUR 1.9 million).

Other financial commitments relating to agency agreements concerning IT services amount to a total of EUR 19.9 million (previous year: EUR 16.5 million).

Other service contracts result in annual financial commitments of EUR 5.7 million (previous year: EUR 6.6 million).

In addition, current liabilities arise from the acquisition of several property portfolios in an amount of EUR 166.5 million.

One Group company (Rhein-Pfalz Wohnen GmbH) has been certified as a development and redevelopment agency (sec. 158 and 167 of the German Federal Building Code (BauGB)). Rhein-Pfalz Wohnen GmbH performs the duties bestowed upon it by local authorities as their trustee.

The GSW subgroup has undertaken guarantees, primarily towards banks, and land charges entered into the land register arising from building obligations in the total amount of EUR 17.1 million.

6 Obligations arising out of lease commitments

Lease agreements result in payments for up to one year in the amount of EUR 5.4 million (previous year: EUR 9.0 million), for one to five years in the amount of EUR 6.5 million (previous year: EUR 13.2 million), and for more than five years in the amount of EUR 3.9 million (previous year: EUR 5.2 million).

7 Auditors' services

The auditor of Deutsche Wohnen AG and the Group is Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. The following net expenses were incurred in the year under review:

	2014	2013
	EUR k	EUR k
Audit	510	666
Other certification and valuation services	236	598
Reimbursement of insurance premiums	0	0
Tax advice	252	316
	998	1,581

8 Related party disclosures

Companies and persons who have the possibility of controlling or exercising a significant influence on the financial and business policies of the Deutsche Wohnen Group are considered to be related parties. Existing control relationships were taken into account when defining the significant influence that the Deutsche Wohnen Group's related parties have on its financial and business policies.

Related companies

The affiliated companies, jointly controlled entities and affiliated companies included in the consolidated financial statements are to be considered related companies.

Service and cash management agreements exist within the Group. Services between the companies are eliminated on consolidation.

Related parties

The following persons are to be considered related parties:

Name	Memberships in supervisory boards and other executive bodies within the meaning of sec. 125 para. 1 sent. 5 of the German Stock Corporation Act (AktG)
Michael Zahn, Economist Chief Executive Officer	TLG Immobilien AG, Berlin (Chairman of the Supervisory Board since 5/9/2014) Eisenbahn-Siedlungs-Gesellschaft Berlin mbH, Berlin (Chairman of the Supervisory Board) GEHAG GmbH, Berlin (Chairman of the Supervisory Board) KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH, Berlin (Chairman of the Supervisory Board until 31/12/2014) G+D Gesellschaft für Energiemanagement GmbH, Magdeburg (Chairman of the Advisory Board) Funk Schadensmanagement GmbH, Berlin (Chairman of the Advisory Board)
Lars Wittan, Degree in business administration (Dipl.-Betriebswirt) Member of the Management Board	KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH, Berlin (Deputy Chairman of the Supervisory Board until 31/12/2014) Eisenbahn-Siedlungs-Gesellschaft Berlin mbH, Berlin (Member of the Supervisory Board)
Andreas Segal, Lawyer Member of the Management Board since 31/1/2014	None

Members of the Supervisory Board of Deutsche Wohnen AG

The Supervisory Board is composed of the following members:

Name	Occupation	Memberships in supervisory boards and other executive bodies within the meaning of sec. 125 para. 1 sent. 5 of the German Stock Corporation Act (AktG)
Uwe E. Flach Chairman	Senior Advisor Oaktree GmbH, Frankfurt/Main	DZ Bank AG, Frankfurt/Main (Member of the Advisory Board) Deutsche Office AG, Cologne (Deputy Chairman of the Supervisory Board) GSW Immobilien AG, Berlin (Member of the Supervisory Board since 3/1/2014, Chairman of the Supervisory Board since 15/1/2014)
Dr Andreas Kretschmer, Deputy Chairman	Managing Director Ärzteversorgung Westfalen-Lippe Einrichtung der Ärztekammer Westfalen-Lippe – KdöR -, Münster	BIOCEUTICALS Arzneimittel AG, Bad Vilbel (Chairman of the Supervisory Board) Amprion GmbH, Dortmund (Deputy Chairman of the Supervisory Board) GSW Immobilien AG, Berlin (Member of the Supervisory Board since 3/1/2014, Deputy Chairman of the Supervisory Board since 15/1/2014)
Matthias Hünlein	Managing Director Tishman Speyer Properties Deutschland GmbH, Frankfurt/Main	A.A.A. Aktiengesellschaft Allgemeine Anlagenverwaltung, Frankfurt/Main (Member of the Supervisory Board until 14/10/2014) GSW Immobilien AG, Berlin (Member of the Supervisory Board since 3/1/2014)
Dr Florian Stetter	Chairman of the Management Board Rockhedge Asset Management AG, Krefeld	CalCon Deutschland AG, Munich (Member of the Supervisory Board) ENOVO s.r.o., Bratislava, Slovak Republic (Managing Partner)
Dr Michael Leinwand until 11/6/2014	Chief Investment Officer Zürich Beteiligungs-AG, Frankfurt/Main	Bizerba GmbH & Co. KG, Balingen
Claus Wisser since 11/6/2014	Managing Director Claus Wisser Vermögensverwaltungs GmbH, Frankfurt/Main	AVECO Holding AG, Frankfurt/Main (Chairman of the Supervisory Board) DFV Deutsche Familienversicherung AG, Frankfurt/Main (Member of the Supervisory Board)
Dr h.c. Wolfgang Clement	Publicist and Company Consultant Former Federal Minister (Bundesminister a.D.) Former State Prime Minister (Ministerpräsident a.D.), Bonn	Daldrup & Söhne AG, Grünwald (Chairman of the Supervisory Board) DIS Deutscher Industrie Service AG, Dusseldorf (Member of the Supervisory Board) Peter Dussmann-Stiftung, Berlin (Member of the Board of Trustees) Dussmann Stiftung & Co. KGaA, Berlin (Chairman of the Supervisory Board) Landau Media Monitoring AG & Co. KG, Berlin (Member of the Supervisory Board) RWE Power AG, Essen (Member of the Supervisory Board)

Transactions with related parties

In 2014 there were no transactions with related parties.

9 Remuneration of the Management Board and Supervisory Board

The remuneration for the Management Board is composed of the following:

	Michael Zahn Chief Executive Officer		Lars Wittan Member of the Management Board		Andreas Segal Member of the Management Board	
	since 1/9/2007		since 1/10/2011		since 31/1/2014	
	2013	2014	2013	2014	2013	2014
	in EUR k					
Fixed remuneration	**450**	**731**	**250**	**344**	**0**	**386**
Supplementary payments	27	28	24	25	0	30
Total fixed	**477**	**759**	**274**	**369**	**0**	**416**
Short-term incentive	476	500	238	240	0	240
short-term due	309	500	155	240	0	240
long-term due	167	0	83	0	0	0
Long-term incentive	150	750	100	260	0	260
PSU 2013	150	0	100	0	0	0
AOP 2014	0	750	0	260	0	260
Total variable	**626**	**1,250**	**338**	**500**	**0**	**500**
Special remuneration	900	0	600	0	0	0
Total amount	**2,003**	**2,009**	**1,212**	**869**	**0**	**916**

The special remuneration was granted in 2013 for the successful acquisition of GSW Immobilien AG. Payment of 50% of the sum was made in 2013. With respect to the second part, the Management Board have committed itself to fully invest the net amount in the shares of Deutsche Wohnen AG. Half of the second part of the sum was paid out in 2014 and then invested in shares. The payment of the second half of this part of the sum is dependent on achieving the synergy potential of EUR 25 million per year.

There is no employee benefit liability for current or retired members of the Management Board or Supervisory Board.

Each member of the Supervisory Board receives a fixed remuneration of EUR 30 k; the Chairman of the Supervisory Board receives double that amount and the Deputy Chairman of the Supervisory Board receives one and a half times that amount as remuneration. A Supervisory Board member receives lump-sum remuneration in the amount of EUR 5 k per financial year for membership of the Audit Committee, and a member of the General and the Acquisition Committee receives a fee in the amount of EUR 1 k for each attendance of a meeting of the committee in person. Supervisory Board remuneration for the financial year amounts to EUR 240 k net without value added tax. Mr Flach receives EUR 65 k net (previous year: EUR 65 k), Dr Kretschmer receives EUR 50 k net (previous year: EUR 50 k), Dr Stetter receives EUR 35 k net (previous year: EUR 35 k), Mr Hünlein and Mr Clement each receive EUR 30 k net (previous year: EUR 30 k) and Mr Leinwand EUR 13.3 k (previous year: EUR 30 k) and Mr Wisser EUR 16.8 k net on a pro rata temporis basis.

10 Corporate governance

The Management Board and the Supervisory Board submitted a declaration of conformity with the German Corporate Governance Code in accordance with sec. 161 of the German Stock Corporation Act (AktG) and have made it permanently available to the shareholders online at www.deutsche-wohnen.com.

Frankfurt/Main, 3 March 2015

Michael Zahn Chief Executive Officer	Andreas Segal Member of the Management Board	Lars Wittan Member of the Management Board

Shareholdings[5] as at 31 December 2014
Subsidiaries, fully consolidated

Company and registered office	Share of capital		Equity	Profit/loss	Reporting date
			EUR k	EUR k	
AGG Auguste-Viktoria-Allee Grundstücks GmbH, Berlin	100.00%		25.0	0.0	2014
Algarobo Holding B.V., Baarn, Netherlands	100.00%		8,672.7	−811.8	2014
Aufbau-Gesellschaft der GEHAG mit beschränkter Haftung, Berlin	100.00%		4,488.6	1,049.6	2014
BauBeCon Assets GmbH, Berlin	100.00%		29,630.7	1,954.6	2014
BauBeCon BIO GmbH, Berlin	100.00%		8,626.5	0.0	2014
BauBeCon Immobilien GmbH, Berlin	100.00%		356,240.3	19,316.4	2014
BauBeCon Wohnwert GmbH, Berlin	100.00%		26,710.2	0.0	2014
DB Immobilienfonds 14 Rhein-Pfalz Wohnen GmbH & Co. KG, Eschborn	89.52%		30,183.5	828.0	2013
Deutsche Wohnen Asset Immobilien GmbH, Frankfurt/Main	100.00%		25.0	0.0	2014
Deutsche Wohnen Beteiligungen Immobilien GmbH, Frankfurt/Main	100.00%		1,025.0	0.0	2014
Deutsche Wohnen Beteiligungsverwaltungs GmbH & Co. KG, Berlin	100.00%	2)	20.0	12.4	2014
Deutsche Wohnen Construction and Facilities GmbH, Berlin (formerly: Deutsche Wohnen Service Braunschweig GmbH, Berlin)	100.00%	1)	275.0	175.6	2014
Deutsche Wohnen Corporate Real Estate GmbH, Berlin	100.00%	1)	25.0	0.0	2014
Deutsche Wohnen Direkt Immobilien GmbH, Frankfurt/Main	100.00%		423,479.9	−1,412.2	2014
Deutsche Wohnen Dresden I GmbH, Berlin (formerly: arsago wohnen XIII GmbH, Pöcking)	100.00%		4,045.8	896.5	2014
Deutsche Wohnen Dresden II GmbH, Berlin (formerly: arsago wohnen XIV GmbH, Pöcking)	100.00%		2,484.8	750.3	2014
Deutsche Wohnen Energy GmbH, Berlin (formerly: Kristensen Energy GmbH, Berlin)	100.00%	1)	25.0	34.9	2014
Deutsche Wohnen Fondsbeteiligungs GmbH, Berlin	100.00%	1)	25.0	0.0	2014
Deutsche Wohnen Immobilien Management GmbH, Berlin (formerly: Deutsche Wohnen Service GmbH, Berlin)	100.00%	1)	832.5	400.4	2014
Deutsche Wohnen Management GmbH, Berlin	100.00%	1)	25.0	0.0	2014
Deutsche Wohnen Management- und Servicegesellschaft mbH, Frankfurt/Main	100.00%	1)	25.6	0.0	2014
Deutsche Wohnen Reisholz GmbH, Berlin	100.00%	1)	3,563.5	244.8	2014
Deutsche Wohnen Service Center GmbH, Berlin (formerly: Deutsche Wohnen Service Hannover GmbH, Berlin)	100.00%		79.7	3.4	2014
Deutsche Wohnen Service Magdeburg GmbH, Berlin	100.00%		289.9	−46.8	2014
Deutsche Wohnen Service Merseburg GmbH, Merseburg (formerly: Kristensen Service GmbH, Merseburg)	100.00%		106.6	3.9	2014

Company and registered office	Share of capital		Equity	Profit/loss	Reporting date
			EUR k	EUR k	
Deutsche Wohnen Zweite Fondsbeteiligungs GmbH, Berlin	100.00%	1)	25.2	0.0	2014
DWRE Alpha GmbH, Berlin (formerly: Kristensen Real Estate Alpha GmbH, Berlin)	100.00%		317.6	−9.4	2014
DWRE Braunschweig GmbH, Berlin (formerly: Kristensen Real Estate Braunschweig GmbH, Berlin)	100.00%		16,325.2	0.0	2014
DWRE Dresden GmbH, Berlin (formerly: Kristensen Real Estate Dresden GmbH, Berlin)	100.00%		25.0	110.3	2014
DWRE Erfurt GmbH, Berlin (formerly: Kristensen Real Estate Erfurt GmbH, Berlin)	100.00%		880.2	0.0	2014
DWRE Halle GmbH, Berlin (formerly: Kristensen Real Estate Halle GmbH, Berlin)	100.00%		25.0	0.0	2014
DWRE Hennigsdorf GmbH, Berlin (formerly: Kristensen Real Estate Hennigsdorf GmbH, Berlin)	100.00%		1,085.3	0.0	2014
DWRE Leipzig GmbH, Berlin (formerly: Kristensen Real Estate Leipzig GmbH, Berlin)	100.00%		25.0	98.8	2014
DWRE Merseburg GmbH, Berlin (formerly: Kristensen Real Estate Merseburg GmbH, Berlin)	100.00%		1,068.4	0.0	2014
Eisenbahn-Siedlungs-Gesellschaft Berlin mit beschränkter Haftung, Berlin	94.90%		11,889.8	0.0	2014
Fortimo GmbH, Berlin	100.00%		6,127.2	0.0	2014
Gehag Acquisition Co. GmbH, Berlin	100.00%		428,439.7	−908.0	2014
GEHAG Beteiligungs GmbH & Co. KG, Berlin	100.00%	2)	21,912.1	404.7	2014
GEHAG Dritte Beteiligungs GmbH, Berlin	100.00%		378.8	0.0	2014
GEHAG Erste Beteiligungs GmbH, Berlin	100.00%		45.0	0.0	2014
GEHAG Erwerbs GmbH & Co. KG, Berlin	99.99%	2)	20,406.7	613.6	2014
GEHAG GmbH, Berlin	100.00%		1,089,354.9	65,624.0	2014
GEHAG Grundbesitz I GmbH, Berlin (formerly: Erste V-B-S Verwaltungs-, Besitz- und Servicegesellschaft mbH, Berlin)	100.00%		26.0	0.0	2014
GEHAG Grundbesitz II GmbH, Berlin (formerly: Dritte V-B-S Verwaltungs-, Besitz- und Servicegesellschaft mbH, Berlin)	100.00%		25.0	0.0	2014
GEHAG Grundbesitz III GmbH, Berlin (formerly: Vierte V-B-S Verwaltungs-, Besitz- und Servicegesellschaft mbH, Berlin)	100.00%		−28.9	247.2	2014
GEHAG Vierte Beteiligung SE, Berlin (formerly: GEHAG Vierte Beteiligung SE, Amsterdam, Netherlands)	100.00%		20,220.5	0.0	2014
GEHAG Zweite Beteiligungs GmbH, Berlin	100.00%		17,431.5	12,945.7	2014
GGR Wohnparks Alte Hellersdorfer Straße GmbH, Berlin	100.00%		5,703.6	251.7	2014
GGR Wohnparks Kastanienallee GmbH, Berlin	100.00%		21,277.5	1,675.7	2014
GGR Wohnparks Nord Leipziger Tor GmbH, Berlin	100.00%		6,680.3	0.0	2014

Company and registered office	Share of capital	Equity	Profit/loss	Reporting date
		EUR k	EUR k	
GGR Wohnparks Süd Leipziger Tor GmbH, Berlin	100.00%	3,390.2	0.0	2014
Grundstücksgesellschaft Karower Damm mbH, Berlin	100.00%	1,099.3	0.0	2014
GSW Acquisition 3 GmbH, Berlin	100.00%	77,684.0	2,228.0	2014
GSW Berliner Asset Invest Verwaltungs-GmbH, Berlin	100.00%	20.0	−2.0	2014
GSW Corona GmbH, Berlin	100.00%	3,072.0	14,588.0	2014
GSW Fonds Weinmeisterhornweg 170-178 GbR, Berlin	50.88%	−5,702.0	1,969.0	2014
GSW Gesellschaft für Stadterneuerung mbH, Berlin	100.00%	522.0	232.0	2014
GSW Grundvermögens- und Vertriebsgesellschaft mbH, Berlin	100.00%	90,256.0	0.0	2014
GSW Immobilien AG, Berlin	93.08%	1,111,595.1	3,630.8	2014
GSW Immobilien GmbH & Co. Leonberger Ring KG, Berlin	94.00%	453.0	−37.0	2014
GSW Pegasus GmbH, Berlin	100.00%	2,747.0	13,596.0	2014
GSW Verwaltungs- und Betriebsgesellschaft mbH & Co. Zweite Beteiligungs KG, Berlin	93.44%	−22,970.0	3,066.0	2014
GSW Wohnwert GmbH, Berlin (formerly: Wohnwert-Versicherungs Agentur GmbH, Berlin)	100.00%	26.0	0.0	2014
Hamnes Investments B.V., Baarn, Netherlands	100.00%	7,736.2	578.8	2014
Haus und Heim Wohnungsbau-GmbH, Berlin	100.00%	2,798.7	0.0	2014
HESIONE Vermögensverwaltungsgesellschaft mbH, Frankfurt/Main	100.00%	64.8	10.1	2014
Holzmindener Straße/Tempelhofer Weg Grundstücks GmbH, Berlin	100.00%	25.0	0.0	2014
Intermetro GmbH, Berlin (formerly: Intermetro B.V., Baarn, Netherlands)	100.00%	8,216.7	573.5	2014
KATHARINENHOF Seniorenwohn- und Pflegeanlage Betriebs-GmbH, Berlin	100.00%	1,950.0	0.0	2014
KATHARINENHOF Service GmbH, Berlin	100.00%	25.0	0.0	2014
Larry Berlin I S.à r.l., Luxembourg	94.80%	2,527.8	259.2	2014
Larry Berlin II S.à r.l., Luxembourg	94.80%	6,038.2	403.2	2014
Larry Berlin Lichtenberg S.à r.l., Luxembourg	94.80%	8,141.2	577.4	2014
Larry Condo Holdco S.à r.l., Luxembourg	94.80%	10,267.7	5,926.7	2014
Larry Condo S.à r.l., Luxembourg	94.80%	10,948.1	2,083.3	2014
Larry I Targetco (Berlin) GmbH, Berlin	100.00%	77,039.3	−9.2	2014
Larry II Berlin Hellersdorf S.à r.l., Luxembourg	94.80%	7,246.0	736.7	2014
Larry II Berlin Marzahn S.à r.l., Luxembourg	94.80%	12,205.5	558.2	2014
Larry II Greater Berlin S.à r.l., Luxembourg	94.80%	6,347.4	418.5	2014
Larry II Potsdam S.à r.l., Luxembourg	94.80%	3,628.8	661.4	2014
Larry II Targetco (Berlin) GmbH, Berlin	100.00%	70,861.1	−8.4	2014
LebensWerk GmbH, Berlin	100.00%	457.1	0.0	2014
Main-Taunus Wohnen GmbH & Co. KG, Eschborn	99.99% [2]	5,759.6	1,413.5	2014
Marienfelder Allee 212-220 Grundstücksgesellschaft b.R., Berlin	94.00%	6,373.7	−280.1	2014

Company and registered office	Share of capital	Equity	Profit/loss	Reporting date
		EUR k	EUR k	
Rhein-Main Wohnen GmbH, Frankfurt/Main	100.00%	513,965.8	−9,223.4	2014
Rhein-Mosel Wohnen GmbH, Mainz	100.00%	175,854.8	7,124.6	2014
Rhein-Pfalz Wohnen GmbH, Mainz	100.00%	296,726.3	169,625.1	2014
RMW Projekt GmbH, Frankfurt/Main	100.00%	16,238.3	0.0	2014
Seniorenresidenz "Am Lunapark" GmbH, Leipzig	100.00%	102.3	0.0	2014
SGG Scharnweberstraße Grundstücks GmbH, Berlin	100.00%	25.0	0.0	2014
Sophienstraße Aachen Vermögensverwaltungsgesellschaft mbH, Berlin	100.00%	2,193.0	0.0	2014
Stadtentwicklungsgesellschaft Buch mbH, Berlin	100.00%	2,220.0	−348.0	2014
Wohn- und Pflegewelt Lahnblick GmbH, Bad Ems	100.00%	463.4	237.8	2014
Wohnanlage Leonberger Ring GmbH, Berlin	100.00%	25.0	0.0	2014
Zisa Grundstücksbeteiligungs GmbH & Co. KG, Berlin	94.90%	−214.0	−140.0	2014
Zisa Verwaltungs GmbH, Berlin	100.00%	25.0	0.0	2014
Zweite GSW Verwaltungs- und Betriebsgesellschaft mbH, Berlin	100.00%	24.0	−1.0	2014

Joint ventures, consolidated at equity

Company and registered office	Share of capital	Equity	Profit/loss	Reporting date
		EUR k	EUR k	
B&O Deutsche Service GmbH, Berlin	49.00%	k. A.	k. A.	k. A.
FACILITA Berlin GmbH, Berlin	100.00%	2,037.0	1,056.0	2014
Funk Schadensmanagement GmbH, Berlin	49.00%	k. A.	k. A.	k. A.
G+D Gesellschaft für Energiemanagement mbH, Magdeburg	49.00%	987.9	−12.1	2013
GIM Immobilien Management GmbH, Berlin (formerly: GEHAG Immobilien Management GmbH, Berlin)	49.00%	98.5	0.0	2013
GSZ Gebäudeservice und Sicherheitszentrale GmbH, Berlin	33.30%	178.0	95.0	2013
SIWOGE 1992 Siedlungsplanung und Wohnbauten Gesellschaft mbH, Berlin	50.00%	4,571.0	53.0	2013

Associated companies, consolidated at equity

Company and registered office	Share of capital	Equity	Profit/loss	Reporting date
		EUR k	EUR k	
Zisa Beteiligungs GmbH, Berlin	49.00%	9.0	−13.0	2012

Shareholdings, not consolidated

Company and registered office	Share of capital		Equity	Profit/loss	Reporting date
			EUR k	EUR k	
AVUS Immobilien Treuhand GmbH & Co. KG, Berlin	100.00%		410.9	− 17.7	2013
DCM GmbH & Co. Renditefonds 506 KG, Munich	99.00%	3)	0.0	0.0	2012
DCM GmbH & Co. Renditefonds 507 KG, Munich	99.00%	3)	9.0	0.0	2012
DCM GmbH & Co. Renditefonds 508 KG, Munich	99.00%	3)	141.0	0.0	2012
DCM GmbH & Co. Renditefonds 510 KG, Munich	99.00%	3)	247.0	0.0	2012
GbR Fernheizung Gropiusstadt, Berlin	45.59%		534.7	− 117.1	2014
GSW Verwaltungs- und Betriebsgesellschaft mbH & Co. Grundstücksgemeinschaft Am Brosepark KG i.L., Berlin	5.00%		− 1,015.0	− 114.0	2013
GSW Verwaltungs- und Betriebsgesellschaft mbH & Co. Grundstücksgemeinschaft Gudvanger Straße KG i.L., Berlin	5.60%		− 4,533.0	1,077.0	2013
GSW Verwaltungs- und Betriebsgesellschaft mbH & Co. Grundstücksgemeinschaft Köpenicker Landstraße KG i.L., Berlin	5.68%		− 1,390.0	442.0	2013
GSW Verwaltungs- und Betriebsgesellschaft mbH & Co. Grundstücksgemeinschaft Neue Krugallee KG i.L., Berlin	5.91%		− 645.0	89.0	2013
GSW Verwaltungs- und Betriebsgesellschaft mbH & Co. Grundstücksgemeinschaft Ostseestr. KG i.L., Berlin	7.81%		− 3,702.0	412.0	2013
IMMEO Berlin 67. GmbH, Essen	6.00%		− 3,304.9	− 1,797.5	2013
IMMEO Berlin 78. GmbH, Essen	6.00%		− 384.8	− 116.0	2013
IMMEO Berlin 79. GmbH, Essen	6.00%		− 921.6	− 356.4	2013
IMMEO Berlin I S.à r.l., Luxembourg (formerly: JP Residential I S.A., Luxembourg)	5.10%		8,677.0	− 4,664.6	2013
IMMEO Berlin V S.à r.l., Luxembourg (formerly: JP Residential V S.à r.l., Luxembourg)	5.60%		15,988.2	− 4,884.4	2013
IMMEO Dansk L ApS, Denmark (formerly: Det Tyske Ejendomsselskab P/S, Denmark)	5.10%	4)	172,005.3	10,066.4	2013
IMMEO Dresden GmbH, Austria (formerly: SIGNA Real Estate Capital Partners Dresden Holding AG, Austria	5.11%		6,913.5	− 4,828.8	2013
STRABAG Residential Property Services GmbH, Berlin	0.49%		247.0	0.0	2012

1) *Waiver according to sec. 264 para. 3 of the German Commercial Code (HGB) due to inclusion in these consolidated financial statements.*

2) *Waiver according to sec. 264b of the German Commercial Code (HGB) due to inclusion in the consolidated financial statements of Deutsche Wohnen AG.*

3) *No possibility of control because control opportunity contractually excluded.*

4) *Subgroup consolidated financial statements according to Danish law in Danish Krone, numbers converted into EUR.*

5) *Additionally, the company is indirectly involved in a working group.*

DEUTSCHE WOHNEN AG, FRANKFURT/MAIN

CONSOLIDATED SEGMENT REPORTING
for the financial year 2014

in EUR m.	External revenue 2014	External revenue 2013	Internal revenue 2014	Internal revenue 2013	Total revenue 2014	Total revenue 2013	Segment earnings 2014	Segment earnings 2013	Assets 12/31/2014	Assets 12/31/2013	Depreciation and amortisation 2014	Depreciation and amortisation 2013
Segments												
Residential Property Management	626.3	372.9	5.7	5.2	632.0	378.1	505.8	292.3	10,167.4	9,010.7*)	−1.5	0.0
Disposals	257.4	169.7	4.3	4.0	261.7	173.7	52.4	23.0	457.1	162.9	−0.1	0.0
Nursing and Assisted Living	68.2	59.9	0.0	0.0	68.2	59.9	16.3	13.2	14.3	15.5	−2.0	−1.9
Reconciliation with consolidated financial statement												
Central functions and other operational activities	7.4	1.3	48.6	49.2	56.0	50.5	−120.0	−75.6	451.7	744.8*)	−2.5	−3.6
Consolidations and other reconciliations	−7.4	−1.3	−58.6	−58.4	−66.0	−59.7	−0.1	0.0	0.0	0.0	0.0	0.0
	951.9	602.5	0.0	0.0	951.9	602.5	454.4	252.9	11,090.5	9,933.9	−6.1	−5.5

*) *Change in previous year's figures as a result of the adjustment to the allocation of the purchase price for GSW Immobilien AG with retroactive effect as at November 30, 2013.*

The following auditor's report (Bestätigungsvermerk) refers to the consolidated financial statements prepared on the basis of International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch": "German Commercial Code") as well as the group management report prepared on the basis of German commercial law (HGB) of Deutsche Wohnen AG for the fiscal year ended December 31, 2014 as a whole and not solely to the consolidated financial statements presented in this Prospectus on the preceding pages. The above-mentioned auditor's report (Bestätigungsvermerk) and consolidated financial statements are both translations of the respective German-language documents.

AUDITORS' REPORT

We have audited the consolidated financial statements prepared by the Deutsche Wohnen AG, Frankfurt/Main, comprising the balance sheet, the profit and loss statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1, 2014 to December 31, 2014. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch": "German Commercial Code") are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Berlin, 10 March 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Christoph Wehner
Wirtschaftsprüfer
(German public auditor)

Gunnar Glöckner
Wirtschaftsprüfer
(German public auditor)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DEUTSCHE WOHNEN AG FOR THE YEAR ENDED 31 DECEMBER 2013 (IFRS)

DEUTSCHE WOHNEN AG, FRANKFURT/MAIN

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013

	Notes	31/12/2013	31/12/2012
			in EUR k
ASSETS			
Investment properties	D.1	8,937,118	4,614,598
Property, plant and equipment	D.2	26,818	20,348
Intangible assets	D.3	503,674	3,256
Derivative financial instruments	D.6	2,656	0
Other non-current assets		21,749	438
Deferred tax assets	D.15	280,509	80,716
Non-current assets		**9,772,524**	**4,719,356**
Land and buildings held for sale	D.4	97,124	39,143
Other inventories		3,294	3,206
Trade receivables	D.5	29,784	20,842
Income tax receivables		2,624	1,188
Derivative financial instruments	D.6	77	0
Other current assets		13,706	9,078
Cash and cash equivalents	D.7	196,423	90,571
Subtotal current assets		**343,032**	**164,028**
Non-current assets held for sale	C.9	57,544	24,425
Current assets		**400,576**	**188,453**
Total assets		**10,173,100**	**4,907,809**
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent company			
Issued share capital	D.8	286,217	146,143
Capital reserve	D.8	2,671,660	859,251
Retained earnings	D.8	819,914	603,930
		3,777,791	**1,609,324**
Non-controlling interests	D.8	166,484	346
Total equity		**3,944,275**	**1,609,670**
Non-current financial liabilities	D.9	4,903,262	2,634,286
Convertible bond	D.10	247,937	0
Employee benefit liabilities	D.11	55,300	54,538
Tax liabilities	D.14	27,937	36,509
Derivative financial instruments	D.6	124,795	113,694
Other provisions	D.13	6,458	7,102
Deferred tax liabilities	D.15	353,061	143,331
Total non-current liabilities		**5,718,750**	**2,989,460**
Current financial liabilities	D.9	251,322	134,357
Convertible bond	D.10	2,244	0
Trade payables		120,641	71,962
Liabilities to limited partners in funds	D.12	4,004	5,142
Other provisions	D.13	9,752	7,272
Derivative financial instruments	D.6	34,458	38,767
Tax liabilities	D.14	34,653	27,060
Other liabilities		53,001	24,119
Total current liabilities		**510,075**	**308,679**
Total equity and liabilities		**10,173,100**	**4,907,809**

DEUTSCHE WOHNEN AG, FRANKFURT/MAIN

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2013

	Notes	2013	2012
			in EUR k
Income from Residential Property Management	E.1	372,929	240,054
Expenses from Residential Property Management	E.2	−80,628	−45,633
Earnings from Residential Property Management		**292,301**	**194,421**
Sales proceeds		169,661	167,756
Cost of sales		−10,327	−11,763
Carrying amounts of assets sold		−136,315	−136,106
Earnings from Disposals	E.3	**23,019**	**19,887**
Income from Nursing and Assisted Living		59,935	42,013
Expenses from Nursing and Assisted Living		−46,737	−32,089
Earnings from Nursing and Assisted Living	E.4	**13,198**	**9,924**
Corporate expenses	E.5	−52,858	−40,421
Other expenses/income		−22,720	12,726
Subtotal		**252,940**	**196,537**
Gains from the fair value adjustments of investment properties	D.1	101,287	119,203
Depreciation and amortisation	D.2/3	−5,509	−3,129
Earnings before interest and taxes (EBIT)		**348,718**	**312,611**
Finance income		954	1,959
Gains/losses from fair value adjustments of derivative financial instruments	D.6	10,634	−214
Finance expense	E.6	−142,392	−108,720
Profit before taxes		**217,914**	**205,636**
Income taxes	E.7	−5,201	−60,123
Profit for the period		**212,713**	**145,513**
Thereof attributable to:			
Shareholders of the parent company		212,411	145,513
Non-controlling interests		302	0
		212,713	**145,513**
Earnings per share			
basic in EUR		1.21	1.15
diluted in EUR		1.20	1.15

DEUTSCHE WOHNEN AG, FRANKFURT/MAIN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2013	2012
		in EUR k
Profit for the period	**212,713**	**145,513**
Other comprehensive income		
Items reclassified as expense at a later stage		
Net gain/loss from derivative financial instruments	53,389	−57,637
Income tax effects	−16,612	17,804
	36,777	−39,833
Items not reclassified as expense at a later stage		
Actuarial losses/gains in pensions and impacts of caps for assets	757	−7,873
Income tax effects	−202	2,410
	555	−5,463
Other comprehensive income after taxes	**37,332**	**−45,296**
Total comprehensive income, net of tax	**250,045**	**100,217**
Thereof attributable to:		
Shareholders of the parent company	249,735	100,217
Non-controlling interests	310	0

DEUTSCHE WOHNEN AG, FRANKFURT/MAIN

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2013

	Notes	2013	2012
			in EUR k
Operating activities			
Profit/loss for the period		212,713	145,513
Finance income		−954	−1,959
Finance expense		142,392	108,720
Income taxes		5,201	60,123
Profit/loss for the period before interest and taxes		**359,352**	**312,397**
Non-cash expenses/income			
Fair value adjustment of investment properties	D.1	−101,287	−119,203
Depreciation and amortisation	D.2/3	5,509	3,129
Fair value adjustment to interest rate swaps		−10,634	214
Other non-cash operating expenses/income	G	−42,965	−33,943
Change in net working capital			
Change in receivables, inventories and other current assets		12,717	−3,126
Change in operating liabilities		−11,749	2,775
Net operating cash flows		**210,943**	**162,243**
Interest paid		−132,791	−93,487
Interest received		954	1,959
Taxes paid/received excluding EK-02-payments		−7,586	−1,072
Net cash flows from operating activities before EK-02-payments		**71,520**	**69,643**
EK-02-payments	D.14	−10,421	−10,421
Net cash flow from operating activities		**61,099**	**59,222**
Investing activities			
Sales proceeds	G	184,124	163,540
Purchase of property, plant and equipment/investment property and other non-current assets		−771,820	−1,400,555
Payments for the purchase of the convertible bond of GSW		−213,087	0
Receipt of investment subsidies		1,347	432
Proceeds from acquisition of companies		145,722	0
Payments to limited partners in funds	D.12	−1,341	−1,420
Net cash flows from investing activities		**−655,055**	**−1,238,003**
Financing activities			
Proceeds from borrowings	D.9	640,379	847,402
Proceeds from the issuance of convertible bonds	D.10	250,000	0
Repayment of borrowings	D.9	−331,037	−158,526
One-off financing costs for transactions	E.6	−12,979	−7,782
Proceeds from the capital increase	D.8	195,100	461,157
Costs of the capital increase	D.8	−7,896	−17,199
Dividend paid	H	−33,759	−23,529
Net cash flows from financing activities		**699,808**	**1,101,523**
Net change in cash and cash equivalents		**105,852**	**−77,258**
Opening balance of cash and cash equivalents		**90,571**	**167,829**
Closing balance of cash and cash equivalents		**196,423**	**90,571**

DEUTSCHE WOHNEN AG, FRANKFURT/MAIN

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2013

	Issued share capital	Capital reserves	Retained earnings: Pensions	Retained earnings: Reserves for cash flow hedge	Retained earnings: Other reserves	Subtotal	Non-controlling interests	Equity
								in EUR k
Notes	D.8	D.8	D.8	D.8	D.8		D.8	
Equity as at 1 January 2012	**102,300**	**496,174**	**−1,261**	**−61,380**	**547,239**	**1,083,072**	**302**	**1,083,374**
Profit/loss for the period					145,513	145,513		145,513
Other comprehensive income after tax			−5,463	−39,833		−45,296		−45,296
Total comprehensive income, net of taxes			**−5,463**	**−39,833**	**145,513**	**100,217**	**0**	**100,217**
Capital increase	43,843	417,314				461,157		461,157
Costs of capital increase, less tax effects		−11,593				−11,593		−11,593
Transfer from the capital reserve		−42,645			42,645	0	0	0
Change non-controlling interests						0	44	44
Dividend paid					−23,529	−23,529	0	−23,529
Equity as at 31 December 2012	**146,143**	**859,251**	**−6,724**	**−101,213**	**711,868**	**1,609,324**	**346**	**1,609,670**
Equity as at 1 January 2013	**146,143**	**859,251**	**−6,724**	**−101,213**	**711,868**	**1,609,324**	**346**	**1,609,670**
Profit/loss for the period					212,713	212,713		212,713
Thereof non-controlling interests					−302	−302	302	0
Other comprehensive income after tax			555	36,777		37,332		37,332
Thereof non-controlling interests			−8	0		−8	8	0
Total comprehensive income, net of taxes			**547**	**36,777**	**212,411**	**249,735**	**310**	**250,045**
Capital increase	140,074	1,817,779				1,957,852		1,957,852
Costs of capital increase, less tax effects		−5,370				−5,370		−5,370
Transfer from the capital reserve		69,855			69,855	0	0	0
Change non-controlling interests						0	165,836	165,836
Dividend paid					−33,759	−33,759		−33,759
Equity as at 31 December 2013	**286,217**	**2,601,840**	**−6,177**	**−64,436**	**960,375**	**3,777,782**	**166,492**	**3,944,274**

Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR AS AT 31 DECEMBER 2013

A GENERAL INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE DEUTSCHE WOHNEN GROUP

1 The Deutsche Wohnen Group

The consolidated financial statements of Deutsche Wohnen AG ("Deutsche Wohnen") as at 31 December 2013 were prepared by the Management Board on 10 March 2014. The Supervisory Board is scheduled to approve the consolidated financial statements at its meeting on 20 March 2014. Deutsche Wohnen AG is a publicly listed real estate company based in and operating across Germany with its registered office at Pfaffenwiese 300, Frankfurt/Main, and is registered in the commercial register of the Frankfurt/Main District Court under number 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 comprise, in particular, Asset Management, Corporate Finance, Investor Relations, Communication and Human Resources. The operating subsidiaries focus on residential property management and disposals relating to properties, as well as on the division Nursing and Assisted Living.

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

2 Consolidated financial statements

The consolidated financial statements of Deutsche Wohnen and its subsidiaries were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU).

The consolidated financial statements have been prepared on a historical cost basis. This excludes, in particular, investment properties, the convertible bond and derivative financial instruments, which are measured at fair value.

The consolidated financial statements comprise the financial statements of Deutsche Wohnen and its subsidiaries as at 31 December of each financial year. The financial statements for the subsidiaries are prepared using consistent accounting and valuation methods as at the same reporting date as the financial statements of the parent company.

3 Application of IFRS in the financial year

With the exception of new and revised standards and interpretations, the same accounting and valuation methods were applied to the consolidated financial statements for the past financial year as were used for the consolidated financial statements as at 31 December 2012.

The following standards were applied for the first time in the financial year 2013:

The "Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income" were implemented since 1 January 2013, and additionally identifies in the statement of comprehensive income those components of other cumulated equity which, subject to the fulfilment of certain requirements, will in future have to be reported in the profit and loss statement. The figures for the previous year have been reported accordingly.

We have applied the "Amendments to IAS 19 – Employee Benefits" since 1 January 2013. The first-time application results exclusively in additional obligatory disclosures in the Notes.

IFRS 13 "Fair Value Measurement" introduces an extensive framework concept for the determination of fair value. It has been applied since 1 January 2013 and entails greater disclosure obligations with respect to assets and liabilities measured at fair value. Apart from this, its application had no significant effect on the financial position or financial performance.

Furthermore, in the financial year 2013 there were no changes arising from the first-time application of the IFRS standards or IFRIC interpretations.

The following shows IFRS standards which have already been published but do not have to be applied yet:

IFRS 9 "Financial Instruments" was published by the IASB in November 2009. According to this standard, in future, financial assets are to be allocated to one of the two valuation categories "at amortised cost" or "at fair value", and are valued accordingly. Based on a change published in December 2011, IFRS 9 henceforth only has to be applied to financial years starting on or after 1 January 2015. It has not yet been adopted into European law. The amendments published in November 2013 contain new regulations relating to hedge accounting and replace the corresponding regulations contained in IAS 39. The amendments to IFRS 9 introduce a new general model for the recording of hedging activities on the balance sheet which extends the range of the underlying transactions and hedging instruments which come into question in this context. In addition, the amendments to IFRS 9 confer a right to select the method of hedge accounting to be applied, i.e. whether to report all hedging activities in accordance with the existing IAS 39 regulations or in accordance with the new IFRS 9 regulations. The application of the new standard will result in changes to the presentation and accounting of financial assets and liabilities.

In May 2011, the IASB published IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interest in Other Entities", amendments to IAS 27 "Separate Financial Statements" and amendments to IAS 28 "Investments in Associates and Joint Ventures." IFRS 10 replaces the current regulations on consolidated financial statements (parts of IAS 27 "Consolidated and Separate Financial Statements") and special purpose entities (SIC-12 "Consolidation – Special Purpose Entities") and stipulates that the control approach is the standard principle from now on. These changes will be initially applicable for financial years starting on or after 1 January 2014 following their adoption in European law. However, the changes to IFRS 10, IFRS 11 and IFRS 12, which were published in June 2012 by the IASB, and which serve to clarify the IFRS 10 transition rules and concern simplifications for initial application have not yet been adopted in European law. We assume that the new and revised standards will not have any significant effects on the financial position and financial performance.

The IASB and the IFRS IC issued further statements during the reporting year, which will not have any significant effect on the consolidated financial statements.

4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require considerable adjustments to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies and valuation methods, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements. However, this excludes decisions involving estimates. Insofar as statements regarding discretionary decisions in the context of individual rules had to be made, an explanation was provided for the corresponding items.

Operating lease commitments – Group as lessor
The Group has entered into leases to rent out its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases. The carrying amounts of the investment properties amount to EUR 8.9 billion (previous year: EUR 4.6 billion).

Estimates and assumptions

The most important assumptions concerning the future and other key sources of uncertainty concerning estimates at the reporting date – where these are at significant risk of necessitating a material adjustment to the carrying amounts of assets and liabilities within the next financial years - are discussed below.

Fair value of investment properties
The fair value of investment properties was determined internally by a portfolio valuation as at 31 December 2013. The properties are clustered on the basis of their location and property quality.

Assumptions regarding the development of rents, vacancies, vacancy losses, maintenance costs and discount rates are made on the basis of these clusters. These valuation assumptions are subject to uncertainties due to their long-term nature that may lead to either positive or negative value adjustments in the future. The carrying amount of the investment properties amount to EUR 8.9 billion (previous year: EUR 4.6 billion).

Value of goodwill arising out of the acquisition of GSW
The value of the goodwill arising out of the acquisition of GSW was determined as at 31 December 2013 on the basis of a discounted cash flow projection derived from key real estate-related figures. The estimated inflow of cash and cash equivalents from the Residential Property Management of GSW and the potential synergies expected to be realised as a result of the company acquisition were discounted at a risk-adjusted discount rate of 4.91% as at the balance sheet date. The carrying amount of the goodwill arising out of the acquisition of GSW amounted to EUR 491.6 million (previous year: EUR 0 million) as at the balance sheet date. The following assumptions underlying the calculation of the value in use of the reporting units entail some uncertainty as to the accuracy of the estimates:

- Projected inflow of funds: The projections are based on historical empirical figures and take account of expected market growth for this specific sector on the basis of the location of the real estate portfolio in question. To the extent that the inflow of funds is reduced by 5.8% in the last planning year, the value in use will be commensurate with the carrying amount.
- Discount rate: The discount rate for the reporting units is determined on the basis of average weighted capital costs in line with industry standards. To the extent that the discount rate is increased to 5.13%, the value in use will be commensurate with the carrying amount.
- Growth rate: Growth rates are based on published industry-related market research. To the extent that the growth rate is reduced to 0.75%, the value in use will be commensurate with the carrying amount.

Pensions and other post-employment benefits
Expenses relating to post-employment defined benefit plans are determined on the basis of actuarial calculations. The actuarial calculations are made on the basis of assumptions regarding discount rates, future wage and salary increases, mortality and future pension increases. Such estimates are subject to significant uncertainty due to the long-term nature of these plans. The employee benefit liability from pensions obligations as at 31 December 2013 amount to EUR 55.3 million (previous year: EUR 54.5 million).

B BASIS OF CONSOLIDATION AND CONSOLIDATION METHODS

1 Basis of consolidation

The consolidated financial statements comprise Deutsche Wohnen AG and the subsidiaries it controls from the time of their acquisition, being the date on which the Group obtains control. They continue to be consolidated until the date when such control ceases. The composition of Deutsche Wohnen can be seen in the list of shareholdings attached as Appendix 1.

In 2013, the basis of consolidation changed as follows:

- A total of 98 (previous year: 54) new companies have been fully consolidated. Of the 47 newly included companies, 20 companies are business combinations according to IFRS 3 and therefore are included in the consolidated financial statement.
- 27 companies are intermediate holding companies or residential property companies without autonomous business operations. The acquisition of these companies cannot be classified as business combination in accordance with IFRS 3, given that the companies in question essentially comprise real estate assets and financing allocated to these assets, and do not, therefore, meet the criteria for an operating business.
- As part of the acquisition of the GSW Group and the LebensWerk Group 16 companies and 4 companies respectively were fully consolidated for the first time in the financial year. Three previously fully consolidated companies are no longer included in the basis of consolidation as a result of intra-Group mergers or accretions.

2 Consolidation methods

The financial statements for the subsidiaries are prepared using consistent accounting and valuation methods as at the same reporting date as the financial statements of the parent company. Subsidiaries are fully included in the consolidation from the time of acquisition, being the date on which the Group obtains control. They continue to be consolidated until the date when such control ceases.

Consolidation of capital is made in accordance with the acquisition method, according to which the acquisition costs arising in the context of the acquisition of companies and businesses are offset against the fair value of the acquired assets and liabilities at the time of the acquisition on a pro rata basis. A difference in a positive amount resulting from this offsetting is recognised under assets as goodwill. Negative differences are immediately recognised in the consolidated profit and loss statement. The date of the acquisition represents the date at which control over the assets and the financial and operating activities of the acquired company or business is transferred to the Group. Differential amounts arising out of disposals and acquisitions of shares of non-controlling shareholders are offset within equity.

All intra-Group balances, transactions, revenues, expenses, gains and losses from intra-Group transactions which are included in the carrying amount of the assets are eliminated in full.

Non-controlling interests (minority interests) represent the share of the profits and net assets not attributable to the shareholders of the parent company of the Group. Non-controlling interests (minority interests) are shown separately in the consolidated profit and loss statement and in the consolidated balance sheet. The disclosure in the consolidated balance sheet is made within equity, separate from the equity attributable to the owners of the parent company.

3 Company acquisitions

Deutsche Wohnen has acquired 100% of the shares in the LebensWerk Group, which has been fully consolidated since 31 January 2013, with the result that the earnings of the LebensWerk Group for 11 months are included in the profit/loss for the period of Deutsche Wohnen. The LebensWerk Group operates four nursing and assisted living facilities in Berlin, which supplement the facilities already operated by KATHARINENHOF® in terms of organisation, size and location.

At the date of first-time consolidation, the fair value of the acquired assets and liabilities was as follows:

	in EUR m
Investment properties	32.1
Other non-current assets	12.1
Liquid funds	0.5
Non-current liabilities	−22.8
Current liabilities	−1.5
	20.4

The other non-current assets consist mainly of the fair value of the customer base of the four nursing facilities. No significant trade receivables were acquired.

Allowing for acquired liquid funds in the amount of EUR 0.5 million, the total cash amount of the purchase price contained in the net cash flows from investment activities was EUR 19.9 million.

Had the LebensWerk Group been fully consolidated from 1 January 2013, it would have contributed revenues in the amount of approximately EUR 14.2 million and earnings before taxes (EBT) in the amount of approximately EUR 1.8 million to the consolidated profits.

This business combination resulted in transaction costs in the amount of EUR 1.6 million, primarily in relation to property transfer tax and consultancy costs.

In the second quarter of 2013, Deutsche Wohnen executed agreements for the acquisition of the facility "Uferpalais", with the transfer of risks and rewards occurring on 1 October 2013. This nursing and assisted living facility supplements the business operations of the facilities already operated by KATHARINENHOF® and strengthens the Berlin location.

At the date of first-time consolidation, the preliminary fair value of the acquired assets and liabilities was as follows:

	in EUR m
Investment properties	27.6
Other non-current assets	0.9
	28.5

No liquid funds were acquired. The total cash amount of the purchase price contained in the net cash flows from investment activities was EUR 27.7 million.

Had the acquisition been fully consolidated from 1 January 2013, it would have contributed revenues in an amount of approximately EUR 7.5 million and earnings before taxes (EBT) in an amount of approximately EUR 2.0 million to the consolidated profits. This business combination resulted in transaction costs in the amount of EUR 2.2 million, primarily in relation to property transfer tax and consultancy costs.

In August 2013, Deutsche Wohnen submitted a takeover offer to the shareholders of GSW Immobilien AG ("GSW" or the "GSW Group"), offering to exchange the shares of the shareholders of GSW for new shares of Deutsche Wohnen to be issued. Following a General Meeting held for the purposes of creating authorised capital for the issue of new shares and the publication of an offer document containing information on the exchange transaction, the exchange of the shares was effected on 28 November 2013. The takeover offer was accepted by approximately 91.05% of the shareholders of GSW (equivalent to 46,003,783 shares in GSW, which were exchanged for Deutsche Wohnen shares in the ratio of 51:20).

GSW is a company based in Berlin which is primarily active in the area of the letting and disposal of rental residential units. As at 31 December 2013, the GSW Group managed a total of approximately 60,000 rental residential units.

This business combination resulted in preliminary acquisition costs for 91.05% of the shares in the amount of EUR 1,658.7 million. This sum is based on the market value of the shares of Deutsche Wohnen which were issued in exchange for the shares in GSW. The market value of the Deutsche Wohnen shares as at 27 November 2013, the date of the share exchange, was EUR 14.14 per share. Acquisition costs in the amount of EUR 18.4 million were reported as expenses. In addition, further expenses were incurred in relation to the financing of the takeover and in the context of the subsequent integration process.

The allocation of the purchase price for the purchased value of assets and liabilities as at the reported date is provisional, because only public information was available up until the takeover of control of the GSW Group while the corporate acquisition was made in proximity in time to the balance sheet date. The preliminary acquisition costs may be allocated to the acquired assets and liabilities, valued at preliminary estimated fair values, as follows:

	30/11/2013
	in EUR m
Investment properties	3,376.9
Goodwill	491.6
Other non-current assets	9.6
Current assets	42.7
Liquid funds	145.2
Acquired assets	**4,066.0**
Acquired non-controlling interests	**−0.4**
Non-current liabilities	−1,882.4
Current liabilities	−361.4
Acquired liabilities	**−2,243.8**
Net assets at 100%	**1,821.8**
Non-controlling interests	−163.1
Acquisition costs for 91.05% shareholding	**1,658.7**

The non-tax-deductible goodwill is above all attributable to non-separable values such as synergy effects expected to arise out of the integration and strategic advantages resulting from the leading market position of the acquired company, and was allocated in full to the Letting segment.

The gross amount of the acquired trade receivables was EUR 21.1 million and includes value adjustments in the amount of EUR 9.4 million.

Had GSW been fully consolidated from 1 January 2013, it would have contributed approximately EUR 236.1 million to the proceeds from letting operations and approximately EUR 60.0 million to the consolidated profits.

C ACCOUNTING POLICIES AND VALUATION METHODS

1 Assessment of the fair value

The fair value is the price which would be received for the disposal of an asset or paid for the transfer of a liability in the context of an orderly business transaction between market participants on the assessment date. The assessment of the attributable fair value is based on the presumption that the business transaction in the context of which the asset is sold or the liability is transferred occurs in either

- the primary market for the asset or liability in question, or
- where no primary market exists, the most advantageous market for the asset or liability in question.

The Group must have access to the primary or most advantageous market. The fair value of an asset or a liability is determined by reference to the assumptions on which the market participants would base their pricing of the asset or liability, assuming that the market participants would thereby be acting in their own best economic interests.

The Group applies valuation techniques which are appropriate in the individual circumstances and for which sufficient data is available for the carrying out of a valuation of fair value. In this context, it is necessary to apply observable input factors to the greatest possible extent and minimise the application of non-observable input factors.

All assets and liabilities, whose fair value is determined or reported in the financial statements, are classified in accordance with the following fair value hierarchy, based on the input parameter at the lowest level which is of overall significance for the valuation at fair value:

- Level 1 – (Unamended) prices quoted in active markets for identical assets or liabilities.
- Level 2 – Valuation procedure pursuant to which the input parameter at the lowest level which is of overall significance for the valuation at fair value can be directly or indirectly observed in the market.
- Level 3 – Valuation procedure pursuant to which the input parameter at the lowest level which is of overall significance for the valuation at fair value cannot be observed in the market.

In the case of assets and liabilities which are recognised in the financial statements on a recurring basis, the Group will decide whether the levels within the hierarchy have been reached by carrying out a review of the classification (on the basis of the input parameter at the lowest level which is of overall significance for the valuation at fair value) at the end of each reporting period.

2 Investment properties

Investment properties are properties that are held to generate rental income or for the purpose of generating value and which are not used by the company itself or held for sale in the course of normal business activities. Investment properties include land with residential and commercial buildings, undeveloped land and land with leasehold rights of third parties.

Investment properties are measured initially at cost including transaction costs. Subsequent to the initial recognition, investment properties are measured at fair value. Gains or losses arising from adjustments are included in the profit and loss statement.

Internal valuations were carried out as at 31 December 2013 and 31 December 2012. The portfolio was also evaluated by CB Richard Ellis GmbH, Frankfurt/Main, as at 31 December 2013 and 31 December 2012, and the total value was confirmed. Value deviations for individual properties were no larger than +/-10%. The total valuation by CB Richard Ellis deviated by approximately -0.16% (previous year: -0.1%) from the internal valuation.

Investment properties are derecognised when either they have been sold or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses from the permanent withdrawal from use or disposal of investment properties are recognised in the year of their withdrawal from use or disposal.

Properties are transferred from the investment properties portfolio if there is a change of use caused by the company either starting to use the property itself or by the commencement of development with an intention to dispose.

3 Property, plant and equipment

Property, plant and equipment are stated at cost net of cumulative depreciation and amortisation and cumulative impairment losses. Subsequent acquisition costs are recognised insofar as it is likely that a future economic benefit from the property, plant and equipment will accrue for Deutsche Wohnen.

Straight-line depreciation and amortisation is based on the estimated useful life of the asset. The useful life of buildings is 50 years. The useful life of moveable fixed assets is four to ten years.

Impairment tests regarding the carrying amounts of property, plant and equipment are performed as soon as there are indications that the carrying amount of an asset exceeds its recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising when the asset is derecognised is calculated as the difference between the net disposal proceeds and the carrying amount of the asset, and is included in the consolidated profit and loss statement for the period in which the asset is derecognised.

The asset residual values, useful lives and methods of depreciation are reviewed at the end of each financial year and adjusted if appropriate.

4 Intangible assets

Deutsche Wohnen only recognises acquired intangible assets on the balance sheet. These are measured on initial recognition at cost. No economic or legal restrictions are currently in place with respect to the use of the intangible assets.

Intangible assets with a certain useful life are amortised on a straight-line basis over their respective useful lives. Their useful lives are between three and five years.

Intangible assets with an uncertain useful life, including goodwill in particular, are not amortised on a scheduled basis. These assets are subject to impairment testing at least once a year on an individual asset basis or at the level of the cash-generating unit.

5 Borrowing costs

Borrowing costs are recognised as an expense in the period in which it arises. There were no effects from the application of IAS 23 (revised), as the relevant assets (properties) were already recognised at fair value.

6 Impairment of non-financial assets

The non-financial assets consist mainly of property, plant and equipment, intangible assets and inventories. The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the following: an asset's or cash-generating unit's fair value less disposal costs and its value in use. The recoverable amount is determined for each individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is depreciated to its recoverable amount.

Goodwill acquired in the context of the acquisition of companies and businesses and intangible assets with uncertain useful lives are subjected to an impairment review at least once a year. For impairment testing purposes, these assets are attributed to those cash-generating units which are expected to benefit from the synergies resulting from the acquisitions of the companies and businesses. These cash-generating units represent the lowest level at which these assets are monitored for corporate management purposes. After gaining control of the GSW group a corresponding cash-generating unit exists in the letting activities of the GSW group.

The impairment test is carried out by determining the carrying amount of the cash generating units based on estimated future cash flows, those from the planned Funds from Operations without disposals (FFO without disposals), which have been derived from actual values and projected for a three year period with a customary growth rate. The carrying amounts of the cash generating units are, however, essentially determined by the end value. The carrying amounts of the cash generating units are, however, essentially determined by the end value, which will be dependent on the projected cash flow in the third year of the medium-term planning as well as the growth rate of the cash flows thereafter and the discount rate. After the three-year period, the cash flows are extrapolated using a growth rate of 1.0 %, which does not exceed the presumed average market or industry growth rate.

A discount rate, based on the Group's weighted capital cost rate, of 4.91 % after taxes or 5.40 % before taxes is used to determine the present value.

Impairment losses are recognised in the profit and loss statement in those expense categories consistent with the function of the impaired asset.

For all assets an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. In this case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, and amortisation had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the profit and loss statement. There is no revaluation of any unscheduled depreciation and amortisation of goodwill.

7 Financial assets

Financial assets within the scope of IAS 39 are classified by Deutsche Wohnen

- as financial assets at fair value through profit or loss,
- as loans and receivables,
- as available-for-sale financial assets, or
- as derivative financial instruments designed as hedging instruments in an effective hedge.

Financial assets are recognised initially at fair value. In the case of financial assets which are not classified as having been valued at fair value, transaction costs which are directly attributable to the acquisition of the asset are taken into account. Financial assets are assigned to the valuation categories upon initial recognition. If permitted and necessary, reclassifications are made at the end of the financial year.

Other than derivative financial instruments with and without hedging context, Deutsche Wohnen has not to date recognised any financial assets held for trading purposes or financial assets held to maturity on the balance sheet.

The receivables and other assets recognised in the consolidated balance sheet of the Deutsche Wohnen Group are allocated to the category "loans and receivables". Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently valued at amortised cost using the effective interest method less impairment. Gains and losses are recognised in the profit/loss for the period when the loans and receivables are derecognised or impaired or when amortised.

Impairment of receivables from rental activities is made on the basis of empirical values. Reasonable individual impairments are made for other receivables and assets.

Interest rate hedging transactions are recognised at fair value on the basis of a mark-to-market method, regardless of whether they are classified as an effective or non-effective hedging instrument.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to receive cash flows from the financial asset have expired.

8 Inventories

Inventories comprise land and buildings held for sale and other inventories. Land and buildings held for sale are sold in the normal course of business, so it may exceed a period of twelve months.

The initial valuation is made at cost. At the reporting date, the inventories are valued at the lower value of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs up to completion and the estimated costs necessary to make the sale.

9 Cash and cash equivalents

Cash and cash equivalents on the consolidated balance sheet comprise cash in hand and cash at bank.

10 Non-current assets held for sale

Deutsche Wohnen Group recognises investment properties as assets held for sale if notarised sales contracts are present as at the reporting date but the transfer of ownership takes place at a later date. The valuation, depending on the classification of the property before reclassification, is based on the carrying amount or the sales price.

11 Financial liabilities

Financial liabilities within the scope of IAS 39 are classified by Deutsche Wohnen either

- as other financial liabilities that are carried at amortised cost,
- as financial liabilities which are reported on the balance sheet at fair value, or
- as derivative financial liabilities that meet the requirements of an effective hedging transaction.

Financial liabilities

Loans and borrowings are initially recognised at fair value less the transaction costs directly associated with the loan. After initial recognition, the interest-bearing loans are subsequently valued at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss statement when the liabilities are derecognised or during the amortisation process.

Convertible bond

Convertible bonds which, in the event of a conversion by creditors, can be serviced by the company either in cash or in the form of shares and for which a market price can be determined on the basis of share prices are valued at their fair value, this being conform to the nominal value, when recognised for the first time. The transaction costs arising in connection with the issue are reported as finance expenses. The convertible bond is thereafter valued at its market price on the relevant reporting date. Gains and losses arising as a result of the market valuation are recognised in the profit and loss statement (financial liabilities, which are valued at fair value).

Trade payables and other liabilities

Liabilities are initially recognised at fair value. After initial recognition, they are valued at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss statement when the liabilities are derecognised or during the amortisation process.

Liabilities to limited partners in funds

In accordance with IAS 32 (revised 2003), the termination rights of a limited partner are a decisive criterion for the distinction between equity and debt capital. Financial instruments granting the owner (here: limited partner) the right to return the instrument to the issuer in return for payments of money constitute a financial liability. Due to the termination rights of the limited partners, the limited partnership interests and the "net assets of shareholders" are recognised as debt capital. In accordance with IAS 32.35 (revised 2003), the profit shares of the limited partners are consequently recognised as a finance expense.

The net assets of the limited partners have to be recognised at the fair value of any possible repayment amount at the end of the financial year. Value increases are recognised as finance expenses and impairments as finance income in the consolidated profit and loss statement. The amount of the repayment obligation depends on the articles of association.

Within Deutsche Wohnen, there are liabilities to limited partners in funds of EUR 4.0 million (previous year: EUR 5.1 million.)

A financial liability is derecognised when the obligation underlying the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognised in the profit and loss statement.

12 Pensions and other post-employment benefits

Employee benefit liabilities are formed to meet commitments (pensions, invalidity, surviving spouse pensions and surviving dependent benefits) for pensions and ongoing benefits to eligible active and former employees and their surviving dependents. In total there are pension commitments for 840 employees (thereof 333 active staff and 507 retired personnel), with pension payments provided on the basis of the period of employment and the salary level at retirement age.

Expenses for benefits granted as part of defined contribution plans are determined using the projected unit credit method. Actuarial gains and losses are recognised with an earnings-neutral effect in the consolidated statement of comprehensive income.

On the basis of statutory provisions, Deutsche Wohnen pays contributions to state pension insurance funds from defined contribution plans. These current contributions are shown as social security contributions within staff expenses. Payment of the contributions does not constitute any further obligations for the Group.

There is also a pension plan drawn up in accordance with the regulations governing public sector supplementary pensions. It is based on the membership of a Group company in the Bayerische Versorgungskammer (hereinafter BVK) – the supplementary pension fund of Bavaria – and in the Versorgungsanstalt des Bundes und der Länder (hereinafter VBL) – the supplementary pension fund of the Federal Republic and the Federal States. The supplementary pension comprises a partial or full reduced earnings capacity pension plus an age-related pension as a full pension or surviving dependant's pension. The charge levied by the BVK and the VBL is determined by the employees' compensation, which is used to calculate the supplementary pension contribution.

Both the BVK and the VBL, therefore, represent a defined benefit plan of several employers that, in accordance with IAS 19.30 (a), is accounted for as a defined contribution plan because they have not provided sufficient information to account for the plan as a defined benefit plan.

No specific information is known regarding any overfunding or underfunding of the plan or the related future effects on the Deutsche Wohnen Group. In future, increasing/decreasing payments of premiums by Deutsche Wohnen to the BVK and the VBL may result from possible excess or deficient cover.

13 Provisions

Provisions are recognised when the Group has a present obligation (statutory or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss statement net of any reimbursement. If the impact of the interest rate is significant, provisions are discounted at an interest rate before tax that reflects the specific risks of the liability. In the case of discounting, the increase in provisions due over time is recognised as a finance expense.

14 Lease

Leasing transactions are differentiated between finance leases and operating leases. Contractual provisions that transfer all significant risks and rewards associated with the ownership of an asset to the lessee are reported as finance leases. The lessee recognises the leased asset as an asset and the corresponding obligations are recognised as liabilities. All other leasing transactions are principally recorded as operating leases. Payments from operating leases are recorded on a straight-line basis over the contractual period as income (from the point of view of the lessor) or expense (from the point of view of the lessee).

15 Revenue and expenses recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. In addition, the following criteria have to be met when recognising revenue:

Rental income

Rental income is recognised monthly over the period of the leases in accordance with the tenancy agreement.

Disposal of property

Revenue is recognised when the significant risks and rewards associated with the ownership of the disposed property have been transferred to the purchaser.

Services

Revenue is recognised in accordance with the delivery of the service.

As part of long-term performance-based remuneration there are share-based remuneration components which are settled through funds. The remuneration components to be expensed over the vesting period correspond to the fair value of the equity-based remuneration on the reporting date. The determination of fair values is based on generally accepted valuation methodologies. Liabilities are accounted for in a corresponding amount.

16 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. In the case of a grant related to an expense item, it is recognised as planned income over the period necessary to match the grant on a systematic basis to the expenses that it is intended to compensate.

Deutsche Wohnen has received government grants in the form of disbursement subsidies, disbursement loans and subsidised-interest loans.

Disbursement subsidies, in the form of rent subsidies, are recognised in the profit and loss statement. They are recognised as income from Residential Property Management.

Disbursement loans and subsidised-interest loans are property loans and are recognised as financial liabilities. In comparison with loans made under market conditions, both offer advantages such as lower interest rates or interest-free and redemption-free periods. The loans are valued at fair value and are subsequently carried at amortised cost. However, they are to be viewed in conjunction with rent restrictions concerning the properties, which were taken into account when determining the fair value.

Furthermore, Deutsche Wohnen received investment subsidies in the amount of EUR 1.3 million (previous year: EUR 0.4 million) and offset these against the acquisition costs.

17 Taxes

Current income tax assets and liabilities

Current income tax assets and liabilities for the current period and for previous periods are valued at the amount expected to be recovered or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those which apply as at the reporting date.

Deferred taxes

Deferred tax is created using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax liabilities are recognised for all temporary differences that are subject to tax, with the following exception: In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future, deferred tax liabilities are not recognized

Deferred tax assets are recognised for all deductible temporary differences, carry-forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The following exceptions apply:

- Deferred tax assets from deductible temporary differences which arise from the initial recognition of an asset or a liability in a transaction that is not a business combination and that, at the time of the business transaction, affect neither the profit/loss for the period for commercial law purposes nor taxable profit/loss may not be recognised.
- Deferred tax assets from taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

The carrying amount for deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when an asset is realised or a liability is settled, based on tax rates (and tax laws) that apply or have been announced as at the reporting date.

Deferred taxes relating to items that are recognised directly in equity are recognised in equity and not in the consolidated profit and loss statement.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

18 Derivative financial instruments and hedging transactions

The Group uses derivative financial instruments to hedge against interest rate risks. These derivatives are initially measured at fair value when the corresponding agreement is entered into and are subsequently reported at fair value. Derivative financial instruments are recognised as assets if their fair value is positive and as liabilities if their fair value is negative. The valuation is carried out using the mark-to-market method.

Deutsche Wohnen recognises concluded interest rate hedges on the basis of the hedge accounting regulations of IAS 39. In addition to documentation concerning the hedging correlation between the hedge and the underlying item, the requirement for hedge accounting is proof of the effectiveness of the hedging correlation between the hedge and the underlying item. If an effective correlation exists, the effective part of the value adjustment of the hedge is directly recognised in equity without affecting earnings. The non-effective part is recognised in the profit and loss statement. As far as the requirements for hedge accounting existed, the fair values of the hedging instruments were classified as current or non-current assets/liabilities. Deutsche Wohnen tested the effectiveness of the concluded interest hedges on a prospective (critical terms method) and a retrospective basis. In the case of derivative financial instruments which do not meet the criteria for hedge accounting, gains or losses from changes in fair value are immediately recognised in the profit or loss statement.

Deutsche Wohnen only hedges cash flows which relate to future interest expenses.

D NOTES TO THE CONSOLIDATED BALANCE SHEET

1 Investment properties

Investment properties are recognised at fair value. Fair value developed as follows during the financial year:

	31/12/2013	31/12/2012
	in EUR m	in EUR m
Start of period	**4,614.6**	**2,928.8**
Acquisitions	902.4	1,633.2
Other additions	26.3	32.9
Additions by way of company acquisitions	3,436.5	0.0
Disposals	−86.5	−75.1
Fair value adjustment	101.3	119.2
Transfer	−57.5	−24.4
End of period	**8,937.1**	**4,614.6**

The transfer includes the property reclassified as non-current assets for disposal in the current financial year.

The valuation (Level 3 of the Fair Value Hierarchy – valuation on the basis of valuation models) as at 31 December 2013 and as at 31 December 2012 was completed according to the following principles, which were developed in the context of the internal periodic valuation:

Valuation on the basis of defined clusters:

- Derivation of annual rent increases and target vacancies based on the location and physical characteristics of the properties
- Derivation of capitalisation rates and discount rates

Derivation of the valuation based on individual properties:

- Determination of the market rent as at the reporting date
- Development of rent per sqm of lettable area based on market rent and in-place rent
- Development of costs (maintenance, administration, rental loss, non-recoverable operating costs and ground rent (if applicable))
- Determination of cash flows from annual proceeds and payments and the terminal value at the end of year ten, based on the recurring cash flow expected in year eleven or an expected average sales price less sales expenses
- Calculation of a fair value based on the administrative unit as at the reporting date

The capitalisation rate and the discount rate were derived from the property-specific risk assessments.

A review of the valuation by an independent third party takes place on every balance sheet date. The applied valuation methods used for the internal valuation and for the valuation by a third party are therefore the same.

The following overview summarises the valuation parameters applied with respect to the individual clusters, and indicates all of the sub-clusters within the main Core+, Core and Non-core clusters that have an overall share of the total property value of at least 10%. Sub-clusters which do not reach this threshold are reported on a consolidated basis. The stated figures are based on the weighted average of the respective cluster:

	Core+			Core	Non-Core
	Berlin	Other	Total	Total	Total
31 December 2013					
Carrying amount (EUR m)	6,266.3	1,131.8	7,389.1	1,413.7	125.3
Carrying amount (EUR/sqm)	969	1,188	997	784	576
Share of carrying amount (%)	70.1	12.7	82.8	15.8	1.4
In-place rent (EUR/sqm)	5.53	6.52	5.65	5.20	4.82
Rent increases p.a. (%)	2.0	1.7	1.9	1.1	0.7
Vacancy rate (%)	1.9	2.7	2.0	3.6	4.9
Multiplier	14.4	15.3	14.6	12.9	11.1
Discount factor (%)	6.6	6.6	6.6	6.8	7.7
Capitalisation factor (%)	5.5	5.5	5.5	5.8	6.5
31 December 2012					
Carrying amount (EUR m)	2,082.1	1,012.5	3,094.6	1,320.9	199.0
Carrying amount (EUR/sqm)	1,057	1,158	1,088	785	540
Share of carrying amount (%)	45.1	21.9	67.1	28.6	4.3
In-place rent (EUR/sqm)	5.64	6.42	5.87	5.22	4.76
Rent increases p.a. (%)	2.1	1.7	2.0	1.0	0.7
Vacancy rate (%)	1.4	2.8	1.9	3.7	5.0
Multiplier	15.4	15.3	15.4	12.7	10.5
Discount factor (%)	6.7	6.6	6.7	6.9	7.8
Capitalisation factor (%)	5.6	5.5	5.5	5.9	6.8

An adjustment of the key valuation parameters (rent increase 20% lower than projected; increase in the discount rate of 0.1%; increase in the capitalisation rate of 0.1%) results in the following non-cumulated fair value adjustments on the basis of the carrying amount of the properties:

	Core+			Core	Non-Core
	Berlin	Other	Total	Total	Total
	%	%	%	%	%
31 December 2013					
Rent increases	−3.61	−3.62	−3.62	−2.39	−1.46
Discount factor	−0.75	−0.72	−0.74	−0.72	−0.73
Capitalisation factor	−1.07	−1.09	−1.07	−0.94	−0.73
31 December 2012					
Rent increases	−3.37	−1.63	−2.80	−1.35	0.00
Discount factor	−0.79	−0.81	−0.80	−0.72	0.00
Capitalisation factor	−1.09	−1.22	−1.13	−0.90	−0.58

The investment properties serve as collateral for the loans. There are also agreements in individual cases according to which the condition of the properties may not deteriorate or the average minimum investments have been determined on a sqm-basis.

All of the Group's investment properties are leased under operating leases. The rental income generated from this amounted to EUR 372.9 million (previous year: EUR 240.1 million.) The expenses directly associated with the investment properties amounted to EUR 80.6 million (previous year: EUR 45.6 million).

Deutsche Wohnen is partly subject to restrictions with regard to rental increases related to certain preferential tenants and in relation to grants in the form of subsidised-interest loans or investment subsidies. Additionally, we must comply with legal obligations when privatising residential units.

2 Property, plant and equipment

Land and buildings, technical facilities and plant and equipment classified under IAS 16 are reported in this item. They developed as follows during the financial year:

	31/12/2013	31/12/2012
	in EUR m	in EUR m
Cost		
Start of period	30.3	27.2
Additions	6.6	3.8
Additions by way of company acquisitions	3.0	0.0
Disposals	−0.4	−0.7
End of period	**39.5**	**30.3**
Cumulative depreciation and impairment		
Start of period	10.0	8.5
Additions	2.7	1.9
Disposals	0.0	−0.5
End of period	**12.7**	**10.0**
Net carrying amounts	**26.8**	**20.3**

The land and buildings included in property, plant and equipment (EUR 13.1 million, previous year: EUR 12.2 million) are mainly property-secured.

3 Intangible assets

Intangible assets developed as follows:

	31/12/2013	31/12/2012
	in EUR m	in EUR m
Cost		
Start of period	9.1	7.3
Additions	0.7	2.0
Additions by way of company acquisitions	502.5	0.0
Thereof goodwill	491.6	0.0
Disposals	0.0	−0.2
End of period	**512.3**	**9.1**
Cumulative depreciation and impairment		
Start of period	5.8	4.8
Additions	2.8	1.2
Disposals	0.0	−0.2
End of period	**8.6**	**5.8**
Net carrying amounts	**503.7**	**3.3**
Thereof goodwill	491.6	0.0

The additions by way of company acquisitions largely comprise the goodwill attributable to the GSW acquisition in the amount of EUR 491.6 million (previous year: EUR 0 million).

Other intangible assets primarily include an acquired customer base and software licences.

4 Land and buildings held for sale

The increase in the land and buildings held for sale is largely due to the acquisition in 2013 of residential units (EUR 78.8 million, previous year: EUR 0.0 million) for disposal purposes. The disposals have had a counteractive effect. In the financial year 2013, proceeds of EUR 36.4 million (previous year: EUR 32.9 million) were generated. The proceeds were partly offset by carrying amounts of assets sold of EUR 25.4 million (previous year: EUR 23.7 million).

5 Trade receivables

Receivables are made up as follows:

	31/12/2013	31/12/2012
	in EUR m	in EUR m
Receivables from rental activities	21.8	7.9
Receivables from the disposal of land	5.8	11.6
Other trade receivables	2.2	1.3
	29.8	20.8

Receivables from rental activities are interest-free and are in principle overdue. Impairments are made based on the age structure and/or according to whether the tenants are active or former tenants. There have been write-downs of almost all overdue receivables.

In the financial year 2013, rental claims totalling EUR 3.4 million (previous year: EUR 2.3 million) were depreciated and amortised or impaired. The impairment of receivables as at 31 December 2013 amounted to EUR 25.8 million (previous year: EUR 15.1 million).

Receivables from the disposal of land are interest-free and are in principle due for payment between 1 and 90 days.

The receivables from the disposal of land are fully recoverable and only overdue to a very minor extent.

Other receivables are interest-free and are in principle due for payment between 1 and 90 days.

6 Derivative financial instruments

Deutsche Wohnen concluded several interest hedging transactions in a nominal amount of EUR 3.0 billion (previous year: EUR 1.8 billion), of which EUR 1.2 billion resulted from the takeover of GSW. The cash flows from the underlying transactions, which are secured in the scope of the cash flow hedge accounting, will be realised in the years from 2014 to 2023. The strike rates are between 0.60% and 4.95%. The accumulated fair value of these transactions as at 31 December 2013 amounted to EUR 156.5 million (previous year: EUR 152.5 million).

There are no significant default risks as the interest rate swaps were concluded with major banks. If the interest rate level changes, the fair value changes accordingly. Income and expenses are recognised in equity for the effective part of a hedge, while the non-effective part is recognised within current earnings. If the interest rate level should rise/fall by 50 base points, the attributable fair value of the interest rate swap will rise/fall by approximately EUR 60 million (previous year: EUR 41.6 million).

7 Cash and cash equivalents

The cash and cash equivalents in the amount of EUR 196.4 million (previous year: EUR 90.6 million) mainly consist of cash at bank and cash on hand. Bank balances earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rate. As at the reporting date, the Deutsche Wohnen Group had cash and cash equivalents amounting to EUR 39.0 million (previous year: EUR 16.1 million) which was restricted in use. This primarily relates to the purchase collection accounts for special repayments from disposals.

8 Equity

Please refer to the consolidated statement of changes in equity for the development of equity.

Issued share capital

The registered share capital of Deutsche Wohnen AG as at 31 December 2013 amounted to about EUR 286.22 million, divided in about 286.22 million no-par value shares with a notional share in the issued capital of EUR 1.00 per share. As at 31 December 2013, approximately 99.97% of the company's shares were bearer shares; the remaining approximately 0.03% were registered shares.

Of the bearer shares 117,309,588 (ISIN: DE000A1X3R56) are entitled to dividend rights for the financial years starting 1 January 2014 only. Aside from this all shares carry the same rights and obligations. Each share entitles the holder to one vote at the Annual General Meeting and determines the basis for the division of company profit amongst shareholders. The rights and obligations of the shareholders are outlined in detail in the provisions of the German Stock Corporation Act *(AktG)*, in particular sections 12, 53a ff., 118 ff. and 186. There are no shares with special rights conferring powers of control.

The Management Board of Deutsche Wohnen AG is not aware of any restrictions with regard to voting rights or the transfer of shares.

In the event of capital increases the new shares are issued as bearer shares.

By resolution of the Annual General Meeting held on 28 May 2013, which was entered into the commercial register on 9 July 2013, the Management Board has been authorised to increase the company's registered capital, with the consent of the Supervisory Board, by up to around EUR 80.38 million once or several times during the period until 27 May 2018 by the issuance of up to around 80.38 million new ordinary bearer shares against cash contributions and/or contributions in kind (authorised capital 2013/I). The shareholders must in principle be granted subscription rights within the scope of the authorised capital. However, according to the detailed provisions of the articles of association, the Management Board is authorised in certain cases to exclude the subscription rights of shareholders with the approval of the Supervisory Board. The remainder of the 2012/II authorised capital was cancelled at the same time as the 2013/I authorised capital was recorded.

The registered capital can be contingently increased by up to approximately EUR 40.19 million by means of the issue of up to approximately EUR 40.19 million no-par value bearer shares with dividend rights generally from the start of the financial year of their issuance (contingent capital 2013/I).

The contingent capital increase serves the issuance of shares to the owners or creditors of bonds with warrants or convertible bonds and of profit participation rights with option or conversion rights that are issued before 27 May 2018 by the company, or companies which are controlled or majority owned by the company, in accordance with the authorisation of the Annual General Meeting of 28 May 2013. It will only be exercised insofar as option or conversion rights arising out of the aforementioned options or convertible bonds or profit participation rights are exercised, or insofar as conversion obligations arising out of such bonds are fulfilled, and provided that own shares, shares issued out of authorised capital or other benefits are not used to service the obligations.

A resolution passed at the Annual General Meeting of 28 May 2013 authorised the Management Board to issue no-par value bearer convertible and/or option bonds and/or profit participation rights with option and conversion rights (or a combination of these instruments) in the nominal value of up to EUR 850 million and to grant its creditors conversion or option rights for shares in Deutsche Wohnen AG with a pro rata amount of the issued capital of up to EUR 40.19 million. On the basis of this authorisation Deutsche Wohnen AG issued a convertible bond on 22 November 2013 with a total nominal value of EUR 250 million. The holders of this bond have the right to convert it into as many as approximately 16.08 million Deutsche Wohnen AG shares. Accordingly, the 2013 contingent capital remains at around EUR 24.11 million following the issuance.

The company shares are either registered or bearer shares. If the shares are issued as registered shares, the registered shareholders are entitled to request — in writing or in text form (section 126b of the German Civil Code (BGB)) — from the Management Board that the registered shares for which they are listed in the company's share register be converted into bearer shares. A conversion of the shares requires the consent of the Management Board.

Capital reserve

In 2013, EUR 69.9 million (previous year: EUR 42.6 million) was taken from the capital reserve.

In 2013, the capital reserve increased by EUR 1,818 million (previous year: EUR 417.3 million) due to premium payments related to the capital increase. The costs incurred due to the capital increase in the amount of EUR 7.9 million (previous year: EUR 17.2 million) and the income tax effects related to these costs in the amount of EUR 2.5 million (previous year: EUR 5.6 million) were offset against the premium payments.

Retained earnings

Retained earnings comprise the revenue reserve of Deutsche Wohnen and the accumulated profit/loss carried forward.

The statutory reserve is mandatory for German publicly listed companies. In accordance with section 150 (2) of the German Stock Corporation Act (AktG), an amount equivalent to 5% of the profit for the financial year is to be retained. The statutory reserve has a cap of 10% of the issued capital. In accordance with section 272 (2) nos. 1-3 of the German Commercial Code (HGB), any existing capital reserve is to be taken into account and the provisions required for the statutory reserve are reduced accordingly. This is measured on the basis of the issued share capital which exists and is legally effective at the reporting date and which is to be reported in this amount on the respective annual balance sheet. The statutory reserve remains unchanged at EUR 1.0 million.

Non-controlling interests

The increase in non-controlling interests was largely due to the acquisition of the GSW Group.

9 Financial liabilities

The company has taken on bank loans particularly to finance property and company transactions and property acquisitions.

The borrowings are hedged at approximately 88% (previous year: approximately 86%) at a fixed rate and/or through interest rate swaps. The average rate of interest was approximately 3.5% (previous year: approximately 3.7%).

The loan renewal structure based on current outstanding liability is as follows:

	Carrying amount	Nominal value	2013	2014	2015	2016	2017	Greater than/equal 2018
			in EUR m	in EUR m	in EUR m	in EUR m	in EUR m	in EUR m
Loan renewal structure 2013	5,154.6	5,253.9	0	110.4	367.9	502.6	851.8	3,421.2
Loan renewal structure 2012	2,768.6	2,872.8	66.1	59.9	282.3	266.6	486.6	1,711.3

The liabilities are almost entirely secured by property as collateral.

10 Convertible bond

In November 2013, Deutsche Wohnen AG issued convertible bonds with a term expiring in November 2020 and a total nominal value of EUR 250 million. These are divided into 2,500 partial bonds with a nominal value of EUR 100,000. The convertible bonds may initially be converted into approximately 13.3 million new or existing no-par value bearer shares of Deutsche Wohnen AG.

The convertible bonds issued by Deutsche Wohnen AG bear a coupon for interest of 0.5% p.a., which is due for payment on a half-yearly basis. The initial conversion price is EUR 18.7538.

The convertible bonds are reported on the balance sheet at fair value on the basis of their market price plus accrued interest in the total amount of EUR 247.9 million. The costs in the amount of EUR 3.8 million incurred in connection with the issuance of the convertible bonds have been recognised in the consolidated profit and loss statement.

The convertible bond with an original total nominal value of EUR 182.9 million issued by GSW Immobilien AG was nominally valued at EUR 1.9 million as at the reporting date. It bears a coupon for interest of 2.0% p.a. falling due on an annual basis on 20 November. It is valued on the basis of a market value of EUR 2.2 million.

11 Employee benefit liabilities

The company's pension scheme consists of defined benefit and defined contribution plans. The average term of the obligations is approximately 13.5 years; payments from pension benefit plans for 2014 are expected in the value of EUR 3.5 million (less payments on plan assets).

Employee benefit liabilities are determined using the projected unit credit method in accordance with IAS 19. Future obligations are measured using actuarial methods that conservatively estimate the relevant parameters.

The level of pension obligations (defined benefit obligation of the pension commitments) was calculated in accordance with actuarial methods on the basis of an external expert report and the following factors:

	31/12/2013	31/12/2012
	%	%
Discount rate	3.50	3.50
Future salary increases	2.50	2.50
Future pension increases	1.75	1.75
Increase in the contribution assessment ceiling	2.25	2.25
Mortality tables	R 05G	R 05G

The trend in salaries includes expected future salary increases that are estimated annually, depending, among other things, on the inflation rate and length of service in the company.

The employee benefit liabilities taken over in the scope of the BauBeCon acquisition are financed through the ufba – Unterstützungskasse zur Förderung der betrieblichen Altersversorgung e.V. (Assistance Fund for the Promotion of Company Pension Plans inc. soc.) and recognised on the balance sheet as plan assets. The valuation applied an interest charge in the amount of 3.5%.

The following summary shows the financing status of the Group's pension plans, which is at the same time equivalent to the balance sheet posting:

	31/12/2013	31/12/2012
	in EUR m	in EUR m
Present value of employee benefit liabilities	63.3	62.5
Less fair value of the plan assets	− 8.0	− 8.0
	55.3	54.5

The following table shows the development of the present value of performance-oriented liabilities and the attributed fair value of the plan assets:

	31/12/2013	31/12/2012
	in EUR m	in EUR m
Opening balance employee benefit liabilities	62.5	42.7
Pension payments	− 3.5	− 3.1
Change in the basis of consolidation	2.2	13.4
Interest cost	2.1	2.2
Service cost	0.3	0.3
Adjustments to the pension fund	0.2	0.1
Actuarial gains/losses	− 0.5	7.0
Closing balance employee benefit liabilities	63.3	62.5
Thereof pension plans with financing from plan assets	9.1	9.1
Thereof pension plans without financing from plan assets	54.2	53.4
Opening balance plan assets	8.0	0.0
Change in the basis of consolidation	0.0	8.9
Interest income from plan assets	0.3	0.1
Contributions to plan assets	0.4	0.2
Pension payments from plan assets	− 0.8	− 0.3
Actuarial losses	0.0	− 0.9
Closing balance plan assets	8.0	8.0

The pension expenses are made up as follows:

	31/12/2013	31/12/2012
	in EUR m	in EUR m
Interest cost	− 1.8	− 2.1
Service cost	− 0.3	− 0.3
Adjustments to the pension fund	− 0.2	− 0.1
	− 2.3	− 2.5

Pension commitments include old-age, disability, surviving spouse and surviving dependant pensions. They are based on the last fixed annual gross salary. Different benefit plans apply depending on the employee's position in the company.

The pro rata interest expenses are recognised as "interest expenses" in the profit and loss statement, whilst current pension payments, service expenses and adjustments to current pensions are recognised as "staff expenses".

Expenses for defined contribution plans in the total amount of EUR 4.8 million (previous year: EUR 3.7 million) were incurred. Therefore, total expenses for pension plans (defined benefit and defined contribution) amounted to EUR 5.2 million (previous year: EUR 4.1 million.) For 2014, based on the current number of employees, the expenses will total approximately EUR 6.6 million.

An increase in the interest rate of 0.25% would result in a decrease in employee benefit liabilities of 3.0%, and a rise in future salary increases of 0.5% would result in an increase in employee benefit liabilities of 0.2%.

The sensitivity calculations are based on the average term of the pension liabilities determined as at 31 December 2013. They were carried out for each of the actuarial parameters classified as significant with a view to demonstrating the effect of the present value of the employee benefit liabilities calculated as at 31 December 2013 on a separate basis. Given that the sensitivity analyses are based on the average term of the expected pension liabilities and consequently do not take account of the expected payment dates, they provide only approximate information or indications of future trends.

We do not currently consider any further changes to the relevant actuarial parameters to be likely.

12 Liabilities to limited partners in funds

On the basis of individual agreements, Rhein-Pfalz Wohnen GmbH has granted the limited partners of DB 14 a put option relating to their limited partnership interests from 2005 to 2019. Under these agreements, the Group is obliged to acquire the interests initially (in 2005) at 105% of the paid-in capital upon request. From 2005, the agreed purchase price for the interest increases by five percentage points per annum. Outstanding dividend payments are taken into account for limited partnership interests that are offered to us.

Liabilities developed as follows during the financial year:

	31/12/2013	31/12/2012
	in EUR m	in EUR m
Opening balance liabilities	5.1	7.3
Payment for tender	−1.3	−1.4
Reversal	0.0	−1.0
Accrued interest	0.2	0.2
Closing balance liabilities	**4.0**	**5.1**

The liabilities to limited partners in funds as at 31 December 2013 in the full amount (previous year: EUR 5.1 million) were reported as short-term, because the payments for the remaining tenders are expected in 2014.

13 Other provisions

The other provisions are made up as follows:

	Revitalisation	Other	Total
	in EUR m	in EUR m	in EUR m
Start of period	6.7	7.6	14.3
Changes in the basis of consolidation	0.0	7.7	7.7
Utilisation	−1.3	−2.8	−4.1
Reversal	−0.2	−2.9	−3.1
Additions	0.0	1.4	1.4
End of period	**5.2**	**11.0**	**16.2**
Thereof non-current	5.2	1.2	6.4
Thereof current	0.0	9.8	9.8

The provision for revitalisation (EUR 5.2 million, previous year: EUR 6.7 million) relates to the privatisation agreement between the federal state of Berlin and GEHAG. In accordance with this agreement, GEHAG is committed to invest an original total of EUR 25,565 k in the improvement of housing conditions. There are no regulations in the agreement regarding the time period. As in the previous year, the calculation assumes a period until 2017 and an interest rate of around 4%. The additions are related to the interest accrued for the provision.

14 Tax liabilities

Current and non-current tax liabilities (EUR 62.6 million, previous year: EUR 63.6 million) essentially include the present value from the payment of the EK-02-holdings (EUR 38.1 million, previous year: EUR 46.6 million) in the Deutsche Wohnen Group. In accordance with the German Annual Taxation Act 2008 (JStG), the previous regulation regarding the treatment of EK-02-holdings was abolished and replaced by a flat-rate payment that is mandatory. In accordance with this, the closing balance of EK-02-holdings as at 31 December 2006 is taxed at a flat rate of 3%, regardless of how they are utilised. It is not applicable to the remaining holdings and triggers no further increases in German corporation income tax. The resulting tax amount is to be paid either within a period of ten years from 2008 to 2017 in ten equal annual instalments or at the present value in a lump-sum payment. The entire EK-02-holdings of the Deutsche Wohnen Group excluding GSW amount to EUR 3.5 billion (previous year: EUR 3.5 billion). It was assumed in the valuation that the payment is made in ten annual instalments (EUR 10.4 million, previous year: EUR 10.4 million) and not as a lump-sum, present value payment. The EK-02-holdings of the GSW Group originally amounted to EUR 1.8 billion and were reduced to zero in 2011 by means of a payment in the amount of their present value, EUR 41.7 million, with the result that no additional payments will arise in this context.

15 Deferred taxes

The deferred taxes are made up as follows:

	31/12/2013	Change	31/12/2012
	in EUR m	in EUR m	in EUR m
Deferred tax assets			
Properties	8.3	3.4	4.9
Pensions	5.5	− 0.5	6.0
Loss carry-forwards	212.1	193.0	19.1
Interest rate swaps	43.2	− 4.2	47.4
Loans	0.2	0.2	0.0
Other	11.1	7.8	3.3
	280.5	**199.8**	**80.7**
Deferred tax liabilities			
Loans	21.6	0.0	21.6
Properties	310.5	− 191.9	118.6
Other	21.0	− 17.9	3.1
	353.1	**− 209.8**	**143.3**
Deferred taxes (net)	**− 72.6**	**− 10.0**	**− 62.6**
Thereof			
Recognised directly in equity	− 16.8		20.2
Company acquisition	− 1.8		0.0
Recognised in profit/loss	8.6		− 49.6
	− 10.0		**− 29.4**

The actuarial gains and losses from pensions and the changes in the current market value of the effective hedges are recognised directly in equity not affecting net income. The resulting deferred taxes are likewise recognised without effects on the result and amount to EUR –0.2 million (previous year: EUR 2.4 million) for actuarial profits and losses, and EUR –16.6 million (previous year: EUR 17.8 million) for the changes in the fair value of the effective hedging transactions. Further recognised effects amount to EUR 2.5 million (previous year: EUR 5.6 million).

For corporation taxes, the Deutsche Wohnen Group carries forward losses in the amount of EUR 17 billion (previous year: EUR 1.1 billion) and losses carried forward for trade taxes in the amount of EUR 1,5 billion (previous year: EUR 0.9 billion). Corporation tax loss carry-forwards that were not capitalised amount to approximately EUR 0.8 billion (previous year: EUR 1.0 billion), trade tax loss carry-forwards to approximately EUR 17 billion (previous year: EUR 0.9 billion). In general, loss carry-forwards do not expire.

16 Leases

The tenancy agreements which Deutsche Wohnen has concluded with its tenants are classified as operating leases in accordance with IFRS. Accordingly, the Group acts as lessor in a diverse range of operating lease agreements (tenancies) for investment properties from which it obtains the largest part of its income and revenues.

From existing operating lease agreements with third parties (assumed statutory cancellation period: three months) from the current property portfolio, Deutsche Wohnen will receive minimum lease payments in the amount of approximately EUR 154 million in 2014 (previous year: EUR 84 million). In the context of Assisted Living and Nursing Services, Deutsche Wohnen will receive additional minimum lease payments in 2014 in the amount of approximately EUR 63 million (previous year: EUR 52 million), in one to five years approximately EUR 252 million (previous year: EUR 208 million), and in more than five years approximately EUR 315 million (previous year: EUR 260 million). This is based on an assumption of a remaining lease of five years after the fifth year. The tenancy agreements are for an indefinite period and end upon the death of the tenant or upon termination by the landlord in the event of a default of payment.

E NOTES TO THE CONSOLIDATED PROFIT AND LOSS STATEMENT

The consolidated profit and loss statement is prepared using the total cost method.

1 Income from Residential Property Management

The income from Residential Property Management is made up as follows:

	2013	2012
	in EUR m	in EUR m
Potential gross rental income	384.3	245.1
Subsidies	2.4	2.7
	386.7	247.8
Vacancy loss	−13.8	−7.8
	372.9	240.0

2 Expenses from Residential Property Management

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

	2013	2012
	in EUR m	in EUR m
Maintenance costs	59.4	34.7
Non-recoverable expenses	9.6	4.1
Rental loss	4.9	3.0
Other expenses	6.7	3.8
	80.6	45.6

3 Earnings from Disposals

The earnings from Disposals include sales proceeds, costs of sale and carrying amounts of assets sold of investment properties and land and buildings held for sale.

4 Earnings from Nursing and Assisted Living

The earnings from Nursing and Assisted Living are made up as follows:

	2013	2012
	in EUR m	in EUR m
Income for Nursing and Assisted Living	59.9	42.0
Nursing and corporate costs	−16.4	−11.3
Staff expenses	−30.3	−20.8
	13.2	9.9

5 Corporate expenses

The corporate expenses are made up as follows:

	2013	2012
	in EUR m	in EUR m
Staff expenses	31.8	23.6
General and administration expenses		
IT costs	4.5	3.1
Building costs	2.4	1.7
Legal, consultancy and audit costs	3.8	2.6
Communication costs	1.7	1.1
Printing and telecommunication costs	1.6	1.2
Travel expenses	0.9	0.7
Insurance	0.4	0.3
Other	2.4	2.0
	17.7	12.7
Property management	3.4	4.1
	52.9	40.4

The Deutsche Wohnen Group employed on average 1,840 employees in the financial year (previous year: 1,268 employees):

	Employees 2013	Employees 2012
Residential (including holding company)	588	339
Nursing and Assisted Living	1,252	929
	1,840	1,268

6 Finance expenses

Finance expenses are made up as follows:

	2013	2012
	in EUR m	in EUR m
Current interest expenses	122.0	89.6
Accrued interest on liabilities and pensions	11.8	11.4
Financing costs	8.6	7.8
	142.4	108.8

7 Income taxes

Companies resident in Germany that have the legal form of a corporation are subject to German corporation tax in the amount of 15% (previous year: 15%) and a solidarity surcharge in the amount of 5.5% of the corporation tax levied These entities are also subject to trade tax, the amount of which depends on the tax rates set by local authorities. Companies in the legal form of a partnership are only subject to trade tax. The profit less trade tax is assigned to the partners for corporation tax purposes. Limited use of corporation and trade tax loss carry-forwards is to be taken into account from the assessment period

2004 onwards. As a result, a positive tax assessment basis up to EUR 1 million may be reduced by an existing loss carry-forward without limitation; amounts in excess thereof may at most be reduced to 60% by an existing loss carry-forward.

The anticipated nominal income tax rate for 2013 for the Group's parent company Deutsche Wohnen AG is 31.93%.

Income tax expense/benefit is made up as follows:

	2013	2012
	in EUR m	in EUR m
Current tax expense	**−11.3**	**−4.9**
Tax expense from capital increase costs	**−2.5**	**−5.6**
Deferred tax expense		
Properties	−52.3	−49.8
Loss carry-forwards	58.2	−2.0
Loans and convertible bond	7.7	1.8
Other provisions	−0.6	0.0
Interest rate swaps	−4.3	0.1
Pensions	−0.5	0.3
Other	0.3	0.0
	8.6	**−49.6**
	−5.2	**−60.1**

The reconciliation of tax expense/benefit is provided in the following overview:

	2013	2012
	in EUR m	in EUR m
Consolidated accounting profit before taxes	217.9	205.6
Applicable tax rate	31.93%	31.93%
Resulting tax expense/benefit	**−69.6**	**−65.6**
Permanent effect of expenses not deductible for tax purposes and trade tax corrections	−7.0	1.4
Changes in unrecognised deferred taxes on loss carry-forwards	73.8	3.9
Income tax expenses from other periods	−1.5	−0.2
Other effects	−0.9	0.4
	−5.2	**−60.1**

Current income tax expense in the financial year 2013 include expenses relating to other periods in the amount of EUR 1.5 million (previous year: EUR 0.2 million), which are included in other effects.

F SEGMENT REPORTING

Deutsche Wohnen reports by business segments on the basis of the information provided to the decision makers of the Deutsche Wohnen Group. Segment information is not reported by geographical region as the properties and, therefore, all operational activities are in Germany.

Deutsche Wohnen focuses on the following three main segments in the context of its business activities:

1 Residential Property Management

Deutsche Wohnen's core business activity is the management of residential properties in the context of an active asset management. Asset management includes the modernisation and maintenance of the property portfolio of Deutsche Wohnen, the management of tenancy agreements, support for tenants and the marketing of residential units. The focus of property management is on the optimisation of the rental income. Therefore, rental increase potential is examined continuously in the course of ongoing maintenance, tenant turnover is used as an opportunity to create value, and services are purchased based on best-available prices for real savings and passed on to the tenant.

2 Disposals

The Disposals segment is another pillar of the Deutsche Wohnen Group's operating activities. Privatisation can either take place as individual privatisation, i.e. by selling an individual residential unit (e.g. to a tenant), or it takes place as block sales.

The Disposals segment includes all aspects of the preparation and execution of the sale of apartments from our property portfolio as part of the ongoing portfolio optimisation and streamlining process.

In addition, the privatisation of residential property can take place in connection with the future acquisition of portfolios for the purpose of portfolio streamlining as well as for financing purposes.

Certain residential units, particularly in Rhineland-Palatinate, and individual properties of the GEHAG Group as well as the BauBeCon Group are subject to privatisation restrictions due to the acquisition agreements. Due to these obligations, the Group is partly bound by certain specifications (e.g. sale to tenants, general social conditions) when making privatisation decisions. These restrictions also forbid to some extent the disposal of the properties in question for a specified period of time.

3 Nursing and Assisted Living

The Nursing and Assisted Living segment is operated by KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH (KATHARINENHOF®) and its subsidiaries, and comprises the marketing and management of nursing and residential care homes as well as services for the care of the senior citizens who live in these homes.

Inter-company transactions primarily concern agency agreements which are carried out according to usual market conditions.

The segment reporting is attached to the notes to the consolidated financial statements as Appendix 2.

The reconciliation of the segment assets to the consolidated balance sheet is illustrated in the following table:

	31/12/2013	31/12/2012
	in EUR m	in EUR m
Segment assets	9,890.0	4,825.8
Deferred taxes	280.5	80.7
Income tax receivables	2.6	1.3
	10,173.1	4,907.8

G NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows shows how the Group's cash position has changed during the financial year due to the inflow and outflow of funds. In accordance with IAS 7 ("Cash Flow Statements"), a distinction is made between cash flows from operating and from investing and financing activities. Other non-cash operating income and expenses mainly include capital gains from disposals (2013: EUR 33.3 million; previous year: EUR 31.6 million). In total, Deutsche Wohnen received EUR 184.1 million (previous year: EUR 163.5 million) from property disposals. Payments for investments include payments for modernisation and acquisition of investment properties and land and buildings held for sale.

In total, EUR 39.0 million (previous year: EUR 16.1 million) were restricted in use to the Group as at the reporting date. This relates mainly to the liquidity in purchase collection accounts, which may be used only for special repayments on loans. A maturity of up to three months results from the contractual conditions of these cash and cash equivalents.

The Group has funds amounting to EUR 190 million (previous year: EUR 106 million) at its disposal from existing financing commitments that have been utilised in an amount of EUR 50 million as at the reporting date.

Cash flows from investing and financing activities are determined when payments are made. The cash flows from operating activities in contrast is indirectly derived from the Group's profit/loss.

H EARNINGS PER SHARE

In order to calculate the basic earnings per share, the consolidated earnings are divided by the weighted number of shares outstanding in the financial year.

The diluted and undiluted earnings amount to:

	2013	2012
	in EUR m	in EUR m
Consolidated earnings for the calculation of the undiluted earnings	212.7	145.5
./. Interest from the convertible bond (after taxes)	0.1	0.0
Adjusted earnings for the calculation of the diluted earnings	212.8	145.5

The average number of issued shares (diluted and undiluted) amounts to:

	2013	2012
	in shares k	in shares k
Shares issued at start of period	146,143	102,300
Addition of issued shares in the relevant financial year	140,074	43,843
Shares issued at end of period	286,217	146,143
Average of shares issued, undiluted	**175,273**	**126,148**
Diluting number of shares due to exercise of conversion rights	1,534	0
Average shares issued, diluted	**176,807**	**126,148**

The earnings per share for continuing operations amount to:

	2013	2012
	in EUR	in EUR
Earnings per share		
Basic	1.21	1.15
Diluted	1.20	1.15

In the year 2013, a dividend was distributed for the financial year 2012 amounting to EUR 33.8 million or EUR 0.21 per share. A dividend in the amount of EUR 57.4 million or EUR 0.34 for each share entitled to a dividend is planned for 2013.

I OTHER DISCLOSURES

1 Risk management

General information on risk management

The risk management system (RMS) is an instrument for achieving the main aim of the company to sustainably guarantee the profitability of Deutsche Wohnen, which mainly concentrates on the management and development of its own property portfolio. It provides the foundation for active risk control and serves as a basis for information for the Management Board and the Supervisory Board regarding the current risk situation of the company.

Risk management is an ongoing process which is divided into the following phases:

- Establishing standards
- Risk identification and analysis
- Risk management
- Reporting
- Risk controlling

Risks are monitored in a professional and timely manner in accordance with the risk management guidelines established by management. The risk management guidelines establish the roles and responsibilities, set the basic principles of the RMS and define the framework for the evaluation and management of risks. Risk is proactively managed by using risk early warning systems.

The measures relating to financial risk management are described below:

With the exception of derivatives, the main financial instruments used by the Group are bank loans and cash and cash equivalents. The primary purpose of these financial instruments is to finance the Group's business activities. The Group has various other financial assets and liabilities, such as trade receivables and trade payables, which result directly from its business activities.

The Group also carries out derivative transactions in the form of interest rate swaps. The purpose of these derivative financial instruments is to manage interest rate risks that result from the Group's business activities and its sources of finance. There has been no trading of interest rate swaps, nor is it planned for the future.

The following table illustrates the classification of the financial instruments into appropriate classes in accordance with IFRS 7.6 together with their allocation to valuation categories in accordance with IAS 39:

	Balance sheet measurement in accordance with IAS 39				
	Valuation category in accordance with IAS 39	Carrying amount 31/12/2013	Amortised cost	Fair value recognised in profit/loss	Fair value 31/12/2013
		in EUR m	in EUR m	in EUR m	in EUR m
Assets					
Trade receivables	(1)	29.8	29.8		29.8
Other assets	(1)	13.7	13.7		13.7
Derivative financial instruments	(2)	2.7		2.7	2.7
Cash and cash equivalents	(1)	196.4	196.4		196.4
Equity and liabilities					
Financial liabilities	(3)	5,154.6	5,154.6		5,154.6
Convertible bond	(4)	250.2		250.2	250.2
Liabilities to limited partners in funds	(4)	4.0		4.0	4.0
Trade payables	(3)	120.6	120.6		120.6
Other liabilities	(3)	53.0	53.0		53.0
Derivative financial instruments	(4)	57.5		57.5	57.5
Derivative financial instruments	(5)	101.8		101.8	101.8
(1) Loans and receivables		239.9			
(2) Financial assets carried at fair value		2.7			
(3) Liabilities carried at amortised cost		5,328.2			
(4) Liabilities assessed at fair value and recognised in profit/loss		311.7			
(5) Liabilities carried at fair value		101.8			

	Valuation category in accordance with IAS 39	Carrying amount 31/12/2012	Amortised cost	Fair value recognised in profit/loss	Fair value 31/12/2012
	Balance sheet measurement in accordance with IAS 39				
		in EUR m	in EUR m	in EUR m	in EUR m
Assets					
Trade receivables	(1)	20.8	20.8		20.8
Other assets	(1)	9.1	9.1		9.1
Derivative financial instruments	(2)				
Cash and cash equivalents	(1)	90.6	90.6		90.6
Equity and liabilities					
Financial liabilities	(3)	2,768.6	2,768.6		2,768.6
Convertible bond	(4)	0.0		0.0	0.0
Liabilities to limited partners in funds	(4)	5.1		5.1	5.1
Trade payables	(3)	72.0	72.0		72.0
Other liabilities	(3)	24.1	24.1		24.1
Derivative financial instruments	(5)	152.5		152.5	152.5
(1) Loans and receivables		120.5			
(2) Financial assets measured at fair value		0.0			
(3) Liabilities carried at amortised cost		2,864.7			
(4) Liabilities carried at fair value and recognised in profit/loss		5.1			
(5) Liabilities carried at fair value		152.5			

The fair value of financial assets and liabilities for the purposes of valuation or the explanatory notes – with the exception of the convertible bond – was determined on the basis of Level 2 of the Fair Value Hierarchy (recognised valuation methods, using observable market parameters, in particular market interest rates). The fair value of the convertible bonds is determined by means of the market price (Level 1 of the Fair Value Hierarchy).

The following table shows the contractual, undiscounted payments:

	Carrying amount 31/12/2013	2014	2015	2016	> 2017
	in EUR m	in EUR m	in EUR m	in EUR m	in EUR m
Financial liabilities	5,154.6	254.8	447.5	553.9	3,295.3
Convertible bond	250.2	1.9			250.0
Liabilities to limited partners in funds[1)]	4.0	4.2			
Liabilities from taxes	62.6	34.9	10.4	10.4	10.4
Trade payables	120.6	120.6			
Other liabilities	53.0	53.0			

	Carrying amount 31/12/2012	2013	2014	2015	> 2016
	in EUR m	in EUR m	in EUR m	in EUR m	in EUR m
Financial liabilities	2,768.6	134.4	102.5	311.2	2,324.7
Liabilities to limited partners in funds[1)]	5.1	5.1			
Liabilities from taxes	63.6	27.3	10.4	10.4	20.8
Trade payables	72.0	72.0			
Other liabilities	24.1	24.1			

1) *The actual payments depend on the extent to which the limited partners exercise their options to tender their shares, making payment estimates uncertain.*

The profits and losses from financial assets and liabilities are as follows:

2013	Interest	Impairment	Fair value	Net loss
	in EUR m	in EUR m	in EUR m	in EUR m
Loans and receivables		3.4		3.4
Liabilities carried at amortised cost	129.1			129.1
Liabilities carried at fair value and recognised in profit/loss	0.3		−2.2	−1.9
Derivative financial instruments			−8.4	−8.4
	129.4	3.4	−10.6	122.2

2012	Interest	Impairment	Fair value	Net loss
	in EUR m	in EUR m	in EUR m	in EUR m
Loans and receivables		2.3		2.3
Liabilities carried at amortised cost	94.6			94.6
Liabilities carried at fair value and recognised in profit/loss	0.2			0.2
Derivative financial instruments			0.2	0.2
	94.8	2.3	0.2	97.3

The significant risks to the Group arising from financial instruments comprise interest-related cash flow risks, liquidity risks, default risks and market price risks. Company management prepares and reviews risk management guidelines for each of these risks, as outlined below:

Default risk

Default risks, or the risk that a partner will not be able to meet its obligations, are managed by using exposure limits and control processes. If appropriate, the company is provided with collateral. Deutsche Wohnen does not face any considerable default risk, either from partners or from groups of partners with similar characteristics. The maximum default risk is the carrying amount of the financial assets as reported in the balance sheet.

Liquidity risk

The Group reviews the risk of liquidity shortfalls daily by using a liquidity planning tool. This tool takes into account the inflows and outflows of cash from the operating activities and payments relating to financial liabilities.

Deutsche Wohnen seeks to ensure that sufficient liquidity is available to meet future obligations at all times. Deutsche Wohnen currently has a debt capital ratio of approximately 61% (previous year: 67%), and a Loan-to-Value Ratio of 57.3% (previous year: 57.2%).

Interest-related cash flow risks

The interest rate risk to which the Group is exposed is mainly derived from non-current financial liabilities with floating interest rates.

The Group's interest expenses are managed by a combination of fixed-interest and floating-rate debt capital. To make this combination of fixed-interest and floating-rate debt capital cost-efficient, the Group concludes interest rate swaps at specified intervals by which it exchanges the difference between the fixed-interest and floating-rate amounts as determined on the basis of an agreed nominal value with the contractual partner. These interest rate swaps hedge the underlying debt capital. Accordingly, interest rate risk only exists for floating-rate financial liabilities that are not hedged by interest rate swaps. Applied to these financial liabilities and the convertible bonds, an increase/reduction of 1% in the interest rate at the reporting date would have led to an increase/reduction in the interest expenses of EUR 6.4 million (previous year: EUR 3.9 million). Applied to the Group equity, an interest adjustment in the same amount would have led to an increase/reduction of approximately EUR 120 million (previous year: EUR 83 million).

Market risks

The financial instruments of Deutsche Wohnen that are not reported at fair value are primarily cash and cash equivalents, trade receivables, other current assets, financial liabilities, trade payables and other liabilities.

The carrying amount of cash and cash equivalents is very close to their fair value due to the short-term nature of these financial instruments. For receivables and liabilities which are based on usual trade credit conditions, the carrying amount based on the historical cost is also very close to the fair value.

Fair value risks can primarily result from fixed-interest loans. A significant proportion of Deutsche Wohnen's liabilities to banks are fixed-interest liabilities and interest hedged, so that the impact from fluctuations in interest rates can be estimated for the medium term.

2 Capital management

The primary aim of the Group's capital management is to ensure that it maintains a high credit rating and a good equity ratio to support its business activities and to maximise shareholder value.

Management of the capital structure takes into account liabilities to banks and other creditors, and cash and cash equivalents.

The key figures for capital management are:

- The equity/debt capital ratio and the leverage ratio

The Group aims to achieve an equity ratio of 30%. Future investments will therefore be based on balanced financing, amongst other things. The equity ratio amounted to 39% as at the reporting date (previous year: 33%).

- Loan-to-Value Ratio

The ratio of financial liabilities compared to the value of investment properties is defined as the Loan-to-Value Ratio.

	31/12/2013	31/12/2012
	in EUR m	in EUR m
Financial liabilities	5.154.6	2,768.6
Convertible bond	250.2	0,0
	5,404.8	2,768.6
Cash and cash equivalents	−196.40	−90.6
Net financial liabilities	**5,208.40**	**2,678.0**
Investment properties	8,937.10	4,614.6
Non-current assets held for sale	57.5	24.4
Land and buildings held for sale	97.1	39.1
	9,091.7	**4,678.1**
Loan-to-Value Ratio in %	57.3	57.2

3 Hedging

As at 31 December 2013 and 31 December 2012, there were various interest hedges, through which variable interest rate conditions can be exchanged for fixed interest rate conditions. The non-effective part of these – whose value change is shown in the consolidated profit and loss statement – amounts to EUR 8.4 million (previous year: expenditure EUR 0.2 million).

4 Events after the reporting date

The Supervisory Board of Deutsche Wohnen AG has unanimously concluded that Mr Andreas Segal is appointed as CFO as an additional member of the Management Board, effective 31 January 2014.

On 7 March 2014 the Management Boards of Deutsche Wohnen AG and of GSW Immobilien AG agreed, with the approval of the respective Supervisory Board, to prepare a domination agreement between Deutsche Wohnen AG, as the controlling entity, and GSW Immobilien AG, as the controlled entity, and to conclude such agreement. An offer will be made to the minority shareholders of GSW Immobilien AG to acquire their shares in exchange for newly issued shares of Deutsche Wohnen AG, and the minority shareholders will be offered a compensation payment for the duration of the agreement. The companies will determine the final structure of the provisions regarding the consideration in shares and the annual compensation payment under the agreement on the basis of a company valuation and in accordance with legal requirements.

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

5 Commitments and contingencies

Hereditary building rights contracts result in annual financial commitments of EUR 1.9 million (previous year: EUR 1.7 million).

Other financial commitments relating to agency agreements concerning IT services amount to a total of EUR 16.5 million (previous year: EUR 9.9 million).

Other service contracts result in annual financial commitments of EUR 6.6 million (previous year: EUR 3.4 million).

One Group company (Rhein-Pfalz Wohnen GmbH) has been certified as a development and redevelopment agency (sections 158 and 167 of the German Federal Building Code (BauGB)). Rhein-Pfalz Wohnen GmbH performs the duties bestowed upon it by local authorities as their trustee.

As at 31 December 2013 the company had cash at banks at its disposal in a fiduciary capacity in relation to property refurbishment and development measures, which amounted EUR 0.6 million (previous year: EUR 3.2 million). The fiduciary tasks of Rhein-Pfalz Wohnen GmbH were transferred to the development company Rhein-Pfalz GmbH & Co. KG as at 30 June 2001 under the terms of the agency agreement entered into with this company.

6 Lease commitments

Payments for leasing agreements of up to one year amount to EUR 9.0 million (previous year: EUR 2.6 million), for one to five years approx. EUR 13.2 million (previous year: EUR 6.8 million), and for more than five years approx. EUR 5.2 million (previous year: EUR 4.5 million).

7 Auditors' services

The auditor of Deutsche Wohnen AG and the Group is Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. The following gross expenses for the audit of both the annual report and the consolidated annual report as well as the subsidiaries audited by Ernst & Young GmbH were incurred in the year under review:

	2013	2012
	in EUR k	in EUR k
Audit	793	525
Other certification and valuation services	712	930
Reimbursement of insurance premiums	0	602
Tax advice	376	284
	1,881	2,341

The expenses for other certification and valuation services essentially relate to services rendered in the context of the capital increases in 2013.

Of the above-mentioned expenses for the financial year 2013, approximately EUR 0.6 million were not reported as expenses in the financial year 2013 because they were recognised under assets as additional costs for the acquisition of properties or directly deducted from the capital reserves as costs relating to capital increases, without this having any effect on earnings.

8 Related party disclosures

Companies and persons who have the possibility of controlling or exercising a significant influence on the financial and business policies of the Deutsche Wohnen Group are considered to be related parties. Existing control relationships were taken into account when defining the significant influence that the Deutsche Wohnen Group's related parties have on its financial and business policies.

Related companies

The affiliated companies, jointly controlled entities and affiliated companies included in the consolidated financial statements are to be considered related companies.

Service and cash management agreements exist within the Group. Services between the companies are eliminated on consolidation.

Related parties

The following persons are to be considered related parties:

Name	Memberships in supervisory boards and other executive bodies within the meaning of section 125 (1) sentence 5 of the German Stock Corporation Act (AktG)
Michael Zahn, Chief Executive Officer Economist	Eisenbahn-Siedlungs-Gesellschaft Berlin mbH, Berlin (Chairman of the Supervisory Board) GEHAG GmbH, Berlin (Chairman of the Supervisory Board) KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH, Berlin (Chairman of the Supervisory Board) G+D Gesellschaft für Energiemanagement GmbH, Magdeburg (Chairman of the Advisory Board) Funk Schadensmanagement GmbH, Berlin (Member of the Advisory Board)
Lars Wittan, Member of the Management Board Degree in business administration (Dipl.-Betriebswirt)	KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH, Berlin (Deputy Chairman of the Supervisory Board) Eisenbahn-Siedlungs-Gesellschaft Berlin mbH, Berlin (Member of the Supervisory Board)
Andreas Segal, Member of the Management Board since 31/1/2014 Lawyer	None

Members of the Supervisory Board of Deutsche Wohnen AG

The Supervisory Board is composed of the following members:

Name	Occupation	Memberships in supervisory boards and other executive bodies within the meaning of section 125 para 1 sentence 5 of the German Stock Corporation Act (AktG)
Uwe E. Flach, Chairman	Senior Advisor Oaktree GmbH, Frankfurt/Main	DZ Bank AG, Frankfurt/Main (Member of the Advisory Board) Prime Office AG, Cologne (merger of Prime Office REIT AG with OCM German Real Estate Holding AG) (Deputy Chairman of the Supervisory Board) GSW Immobilien AG, Berlin (Member of the Supervisory Board since 3/11/2014, Chairman of the Supervisory Board since 15/1/2014)
Dr. Andreas Kretschmer, Deputy Chairman	Managing Director of Ärzteversorgung Westfalen-Lippe Einrichtung der Ärztekammer Westfalen - Lippe - KdöR -, Münster	BIOCEUTICALS Arzneimittel AG, Bad Vilbel (Chairman of the Supervisory Board) GEHAG GmbH, Berlin (Deputy Chairman of the Supervisory Board) GSW Immobilien AG, Berlin (Member of the Supervisory Board since 3/1/2014, Deputy Chairman of the Supervisory Board until 15/1/2014)

Name	Occupation	Memberships in supervisory boards and other executive bodies within the meaning of section 125 para 1 sentence 5 of the German Stock Corporation Act (AktG)
Matthias Hünlein	Managing Director Tishman Speyer Properties Deutschland GmbH, Frankfurt/Main	A.A.A. Aktiengesellschaft Allgemeine Anlagenverwaltung, Frankfurt/Main (Member of the Supervisory Board) GSW Immobilien AG, Berlin (Member of the Supervisory Board since 3/1/2014)
Dr. Florian Stetter	Real Estate Agent, Erding	CalCon Deutschland AG, Munich (Member of the Supervisory Board) ENOVO s.r.o., Bratislava, Slovak Republic (Managing Partner)
Dr. Michael Leinwand	Chief Investment Officer Zürich Beteiligungs-AG, Frankfurt/Main	Bizerba GmbH & Co. KG, Balingen (Member of the Supervisory Board)
Dr. h.c. Wolfgang Clement	Publicist and Company Consultant Former Federal Minister (Bundesminister a.D.) Former State Prime Minister (Ministerpräsident a.D.)	Daldrup & Söhne AG, Grünwald (Chairman of the Supervisory Board) DIS Deutscher Industrie Service AG, Dusseldorf (Member of the Supervisory Board) Peter Dussmann-Stiftung, Berlin (Member of the Board of Trustees) Dussmann Stiftung & Co. KGaA, Berlin (Chairman of the Supervisory Board) Landau Media Monitoring AG & Co. KG, Berlin (Member of the Supervisory Board) RWE Power AG, Essen (Member of the Supervisory Board)

Transactions with related parties

In 2013 there were no transactions with related parties.

The Management Board Member Lars Wittan purchased four apartments from GEHAG GmbH for a price of EUR 0.3 million in the financial year 2012. This disposal was approved by the Supervisory Board.

9 Remuneration of the Management Board and Supervisory Board

The remuneration for the Management Board is composed as follows:

	Michael Zahn Chief Executive Officer		Lars Wittan Member of the Management Board		Helmut Ulrich Member of the Management Board	
	since 1/9/2007		since 1/10/2011		until 31/12/2012	
	2012	2013	2012	2013	2012	2013
Fixed remuneration	**350**	**450**	**200**	**250**	**275**	**0**
Supplementary payments	27	27	25	24	19	0
Total fixed	**377**	**477**	**225**	**274**	**294**	**0**
Short-term incentive	400	476	200	238	300	0
short-term arranged	300	309	150	155	240	0
long-term arranged	100	167	50	83	60	0
Long-term incentive	150	150	100	100	125	0
Total variable	**550**	**626**	**300**	**338**	**425**	**0**
Special remuneration	0	900	0	600	0	0
Total	**927**	**2,003**	**525**	**1,212**	**719**	**0**

The special remuneration was granted for the successful takeover of GSW Immobilien AG. 50% of this amount was paid out in 2013. With respect to the second part the Management Board has committed itself to fully invest the net amount in shares of Deutsche Wohnen AG. However, 50% of this amount is dependent on achieving the synergy potential of annually EUR 25 million.

There is no employee benefit liability for current or retired members of the Management Board or Supervisory Board.

Each member of the Supervisory Board receives a fixed remuneration of EUR 30 k, the Chairman of the Supervisory Board receives double that amount, and the Deputy Chairman of the Supervisory Board receives one and a half times that amount as remuneration. A Supervisory Board member receives lump-sum remuneration in the amount of EUR 5 k per financial year for membership of the Audit Committee, and a member of the General and the Acquisition Committee receives a fee in the amount of EUR 1 k for each attendance at a meeting of the committee in person. Supervisory Board remuneration for the financial year amounted to EUR 240 k net without value added tax. Mr Flach received EUR 65 k net, Dr. Kretschmer EUR 50 k net, Dr. Stetter EUR 35 k net, Mr Hünlein, Mr Clement and Mr Leinwand each received EUR 30 k net.

10 Corporate governance

The Management Board and the Supervisory Board submitted a declaration of conformity with the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act (AktG) and have made it permanently available to the shareholders online at www.deutsche-wohnen.com.

Frankfurt/Main, 10 March 2014

Michael Zahn Chief Executive Officer	Andreas Segal Member of the Management Board	Lars Wittan Member of the Management Board

Appendix 1 to the Notes to the consolidated financial statements

DEUTSCHE WOHNEN AG, Frankfurt/Main
Shareholdings[5)]
as at 31 December 2013

Company name and registered address	Share of capital		Equity	Profit/loss	Reporting date
			EUR k	EUR k	
AGG Auguste-Viktoria-Allee Grundstücks GmbH, Berlin	100.00%	1,2	25.0	68.9	2013
Algarobo Holding B.V., Baarn, Netherlands	100.00%	1,2	9,484.5	655.9	2013
Aufbau-Gesellschaft der GEHAG mbH, Berlin	100.00%	1,2	3,438.9	884.7	2013
AVUS Immobilien Treuhand GmbH & Co. KG, Berlin	100.00%	2	428.6	– 29.4	2013
BauBeCon Assets GmbH, Berlin	100.00%	1,2	27,676.2	909.3	2013
BauBeCon BIO GmbH, Berlin	100.00%	1,2	8,626.5	0.0	2013
BauBeCon Immobilien GmbH, Berlin	100.00%	1,2	336,923.9	15,441.3	2013
BauBeCon Wohnwert GmbH, Berlin	100.00%	1,2	26,710.2	0.0	2013
DB Immobilienfonds 14 Rhein-Pfalz Wohnen GmbH & Co. KG, Eschborn	89.52%	1,2	29,355.5	268.9	2012
DCM GmbH & Co. Renditefonds 506 KG, Munich	99.00%	2	29.0	0.0	2011
DCM GmbH & Co. Renditefonds 507 KG, Munich	99.00%	2	277.0	0.0	2011
DCM GmbH & Co. Renditefonds 508 KG, Munich	99.00%	2	83.0	0.0	2011
DCM GmbH & Co. Renditefonds 510 KG, Munich	99.00%	2	270.0	0.0	2011
Deutsche Wohnen Asset Immobilien GmbH, Frankfurt am Main	100.00%	1,2	25.0	0.0	2013
Deutsche Wohnen Beteiligungen Immobilien GmbH, Frankfurt am Main	100.00%	1,2	1,025.0	0.0	2013
Deutsche Wohnen Beteiligungsverwaltungs GmbH & Co. KG, Berlin	100.00%	1,2	20.0	19.7	2013
Deutsche Wohnen Construction and Facilities GmbH, Berlin (previously: Deutsche Wohnen Service Braunschweig GmbH, Berlin)	100.00%	1	99.4	– 169.1	2013
Deutsche Wohnen Corporate Real Estate GmbH, Berlin	100.00%	1,4	25.0	0.0	2013
Deutsche Wohnen Direkt Immobilien GmbH, Frankfurt am Main	100.00%	1,2	424,892.1	– 406.2	2013
Deutsche Wohnen Dresden I GmbH, Berlin (previously: arsago wohnen XIII GmbH, Pöcking)	100.00%	1,2	3,149.3	212.6	2013
Deutsche Wohnen Dresden II GmbH, Berlin (previously: arsago wohnen XIII GmbH, Pöcking)	100.00%	1,2	1,734.5	143.7	2013
Deutsche Wohnen Energy GmbH, Berlin (previously: Kristensen Energy GmbH, Berlin)	100.00%	1,2	– 9.9	56.0	2013
Deutsche Wohnen Fondsbeteiligungs GmbH, Berlin	100.00%	1,4	25.0	0.0	2013
Deutsche Wohnen Immobilien Management GmbH, Berlin (formerly Deutsche Wohnen Service GmbH, Berlin)	100.00%	1	432.0	– 214.5	2013
Deutsche Wohnen Management GmbH, Berlin	100.00%	1,4	25.0	0.0	2013

Company name and registered address	Share of capital		Equity	Profit/loss	Reporting date
			EUR k	EUR k	
Deutsche Wohnen Management- und Servicegesellschaft mbH, Frankfurt am Main	100.00%	1,4	25.6	0.0	2013
Deutsche Wohnen Reisholz GmbH, Berlin	100.00%	1,2,4	3,318.7	1,241.3	2013
Deutsche Wohnen Service Hannover GmbH, Berlin	100.00%	1,2	76.3	29.3	2013
Deutsche Wohnen Service Magdeburg GmbH, Berlin	100.00%	1,2	336.8	23.6	2013
Deutsche Wohnen Service Merseburg GmbH, Merseburg (previously: Kristensen Service GmbH, Merseburg)	100.00%	1,2	102.7	−56.7	2013
Deutsche Wohnen Zweite Fondsbeteiligungs GmbH, Berlin	100.00%	1,4	25.2	0.0	2013
Dritte V—B—S Verwaltungs-, Besitz- und Servicegesellschaft mbH, Berlin	100.00%	1,2	883.1	180.3	2013
DWRE Alpha GmbH, Berlin (formerly Kristensen Real Estate Alpha GmbH, Berlin)	100.00%	1,2	327.0	52.0	2013
DWRE Braunschweig GmbH, Berlin (previously: Kristensen Real Estate Braunschweig GmbH, Berlin)	100.00%	1,2	16,325.2	0.0	2013
DWRE Dresden GmbH, Berlin (previously: Kristensen Real Estate Dresden GmbH, Berlin)	100.00%	1,2	−85.3	231.9	2013
DWRE Erfurt GmbH, Berlin (previously: Kristensen Real Estate Erfurt GmbH, Berlin)	100.00%	1,2	880.2	0.0	2013
DWRE Halle GmbH, Berlin (previously: Kristensen Real Estate Halle GmbH, Berlin)	100.00%	1,2	25.0	0.0	2013
DWRE Hennigsdorf GmbH, Berlin (previously: Kristensen Real Estate Hennigsdorf GmbH, Berlin)	100.00%	1,2	1,085.3	0.0	2013
DWRE Leipzig GmbH, Berlin (previously: Kristensen Real Estate Leipzig GmbH, Berlin)	100.00%	1,2	−73.8	201.9	2013
DWRE Merseburg GmbH, Berlin (previously: Kristensen Real Estate Merseburg GmbH, Berlin)	100.00%	1,2	1,068.4	0.0	2013
Eisenbahn-Siedlungs-Gesellschaft Berlin mbH, Berlin	94.90%	1,2	11,889.8	0.0	2013
Erste V—B—S Verwaltungs-, Besitz- und Servicegesellschaft mbH, Berlin	100.00%	1,2	459.8	223.7	2013
Facilita Berlin GmbH, Berlin	100.00%	1,2	1,220.0	240.0	2013
Fortimo GmbH, Berlin	100.00%	1,2	6,127.2	0.0	2013
G+D Gesellschaft für Energiemanagement mbH, Magdeburg	49.00%	2	991.2	−8.8	2013
GbR Fernheizung Gropiusstadt, Berlin	45.59%	2	542.6	−109.2	2013
Gehag Acquisition Co. GmbH, Berlin	100.00%	1,2,	429,347.7	468.5	2013
GEHAG Beteiligungs GmbH & Co. KG, Berlin	100.00%	1,2	21,912.1	405.5	2013
GEHAG Dritte Beteiligungs GmbH, Berlin	100.00%	1,2	378.8	0.0	2013
GEHAG Erste Beteiligungs GmbH, Berlin	100.00%	1,2	45.0	0.0	2013
GEHAG Erwerbs GmbH & Co. KG, Berlin	99.99%	1,2	20,404.7	473.6	2013
GEHAG GmbH, Berlin	100.00%	1,2	1,023,730.8	47,787.2	2013

Company name and registered address	Share of capital		Equity	Profit/loss	Reporting date
			EUR k	EUR k	
GEHAG Vierte Beteiligung SE, Berlin (previously: GEHAG Vierte Beteiligung SE, Amsterdam, Netherlands)	100.00%	1,2	17,893.4	138.9	2013
GEHAG Zweite Beteiligungs GmbH, Berlin	100.00%	1,2	4,485.8	4,360.3	2013
GIM Immobilien Management GmbH, Berlin (previously: GEHAG Immobilien Management GmbH, Berlin)	100.00%	1,2	98.5	0.0	2013
GGR Wohnparks Alte Hellersdorfer Straße GmbH, Berlin	100.00%	1,2	5,451.9	0.0	2013
GGR Wohnparks Kastanienallee GmbH, Berlin	100.00%	1,2	19,601.9	0.0	2013
GGR Wohnparks Nord Leipziger Tor GmbH, Berlin	100.00%	1,2	6,680.3	0.0	2013
GGR Wohnparks Süd Leipziger Tor GmbH, Berlin	100.00%	1,2	3,390.2	0.0	2013
Grundstücksgesellschaft Karower Damm mbH, Berlin	100.00%	1,2	189.0	0.0	2013
GSW Akquisition 3 GmbH, Berlin	100.00%	1,2	75,456.0	0.0	2013
GSW Berliner Asset Invest GmbH & Co. KG, Berlin	100.00%	2	6.0	−3.0	2013
GSW Berliner Asset Invest Verwaltungs GmbH, Berlin	100.00%	2	22.0	−2.0	2013
GSW Corona GmbH, Berlin	100.00%	1,2	−11,517.0	0.0	2013
GSW Fonds Weinmeisterhornweg 170-178 GbR, Berlin	49.95%	2	−7,543.0	27.0	2013
GSW Gesellschaft für Stadterneuerung mbH, Berlin	100.00%	1,2	290.0	5.0	2013
GSW Grundvermögens- und Vertriebsgesellschaft mbH, Berlin	100.00%	1,2	90,256.0	0.0	2013
GSW Immobilien AG, Berlin	92.02%	1	1,108,964.3	−8,426.2	2013
GSW Immobilien Beteiligungs GmbH, Berlin	100.00%	1,2	−412.0	−423.0	2013
GSW Immobilien GmbH & Co. Leonberger Ring KG, Berlin	94.00%	1,2	491.0	105.0	2013
GSW Pegasus GmbH, Berlin	100.00%	1,2	−10,849.0	4,813.0	2013
GSW Verwaltungs- und Betriebsgesellschaft mbH & Co. Zweite Beteiligungs KG, Berlin	93.44%	1,2	−26,036.0	1,445.0	2013
GSW Wohnwert GmbH, Berlin (previously: Wohnwert-Versicherungs Agentur GmbH, Berlin)	100.00%	1,2	26.0	0.0	2013
GSZ Gebäudeservice und Sicherheitszentrale GmbH, Berlin	33.30%	2	161.0	79.0	2012
Hamnes Investments B.V., Baarn, Niederlande	100.00%	1,2	7,157.4	−2,953.4	2013
Haus und Heim Wohnungsbau-GmbH, Berlin	100.00%	1,2	2,798.7	0.0	2013
HESIONE Vermögensverwaltungsgesellschaft mbH, Frankfurt am Main	100.00%	1,2	54.7	21.8	2013
Holzmindener Straße/Tempelhofer Weg Grundstücks GmbH, Berlin	100.00%	1,2	25.0	0.0	2013
Intermetro B.V., Baarn, Netherlands	100.00%	1,2	7,643.1	622.6	2013
KATHARINENHOF Seniorenwohn- und Pflegeanlage Betriebs- GmbH, Berlin	100.00%	1,2	1,950.0	0.0	2013
KATHARINENHOF Service GmbH, Berlin	100.00%	1,2	25.0	0.0	2013
Larry Berlin I S.à r.l., Luxembourg	94.80%	1,2	2,268.6	−194.1	2013
Larry Berlin II S.à r.l., Luxembourg	94.80%	1,2	5,634.9	−1,187.8	2013

Company name and registered address	Share of capital		Equity	Profit/loss	Reporting date
			EUR k	EUR k	
Larry Berlin Lichtenberg S.à r.l., Luxembourg	94.80%	1,2	7,563.8	−2,067.4	2013
Larry Condo Holdco S.à r.l., Luxembourg	94.80%	1,2	4,341.0	−2,393.1	2013
Larry Condo S.à r.l., Luxembourg	94.80%	1,2	8,864.8	2,349.4	2013
Larry I Targetco (Berlin) GmbH, Berlin	100.00%	1	77,048.5	−8.3	2013
Larry II Berlin Hellersdorf S.à r.l., Luxembourg	94.80%	1,2	6,509.3	−177.3	2013
Larry II Berlin Marzahn S.à r.l., Luxembourg	94.80%	1,2	11,647.3	48.7	2013
Larry II Greater Berlin S.à r.l., Luxembourg	94.80%	1,2	5,928.9	178.5	2013
Larry II Potsdam S.à r.l., Luxembourg	94.80%	1,2	2,967.4	−166.4	2013
Larry II Targetco (Berlin) GmbH, Berlin	100.00%	1	70,869.5	−8.7	2013
LebensWerk GmbH, Berlin	100.00%	1,2	2,138.6	1,298.5	2013
Main-Taunus Wohnen GmbH & Co. KG, Eschborn	99.99%	1,3	11,414.3	7,068.2	2013
Marienfelder Allee 212-220 Grundstücksgesellschaft b.R., Berlin	94.00%	1,2	7,365.4	279.0	2013
Rhein-Main Wohnen GmbH, Frankfurt am Main	100.00%	1,2	523,189.2	24,055.2	2013
Rhein-Mosel Wohnen GmbH, Mainz	100.00%	1,2	168,730.2	13,909.7	2013
Rhein-Pfalz Wohnen GmbH, Mainz	100.00%	1	182,074.6	1,057.6	2013
RMW Projekt GmbH, Frankfurt am Main	100.00%	1,2	16,238.3	0.0	2013
Seniorenresidenz „Am Lunapark“ GmbH, Leipzig	100.00%	1,2	950.2	0.0	2013
SGG Scharnweberstraße Grundstücks GmbH, Berlin	100.00%	1,2	25.0	0.0	2013
SIWOGE 1992 Siedlungsplanung und Wohnbauten Gesellschaft mbH, Berlin	50.00%	2	4,517.0	176.0	2013
Sophienstraße Aachen Vermögensverwaltungsgesellschaft mbH, Berlin	100.00%	1,2	2,193.0	0.0	2013
Stadtentwicklungsgesellschaft Buch mbH, Berlin	100.00%	1,2	2,568.0	365.0	30/9/2013
Stadtentwicklungsgesellschaft Eldenaer Straße mbH i.L., Berlin	100.00%	2	255.2	9.1	2013
Vierte V-B-S Verwaltungs-, Besitz- und Servicegesellschaft mbH, Berlin	100.00%	1,2	−276.0	111.2	2013
Wohnanlage Leonberger Ring GmbH, Berlin	100.00%	1,2	−530.0	0.0	2013
Wohn- und Pflegewelt Lahnblick GmbH, Bad Ems	100.00%	1,2	427.0	−0.8	2013
Zisa Beteiligungs GmbH, Berlin	49.00%	2	9.0	−13.0	2012
Zisa Grundstücksbeteiligung GmbH & Co. KG, Berlin	94.90%	1,2	74.0	50.0	2013
Zisa Verwaltungs GmbH, Berlin	100.00%	2	25.0	6.0	2013
Zweite GSW Verwaltungs- und Betriebsgesellschaft mbH, Berlin	100.00%	1,2	26.0	1.0	2013

1) *Fully consolidated*

2) *Indirect shareholdings*

3) *Direct and indirect shareholding*

4) *Waiver according to section 264(3) of the German Commercial Code (HGB)*

5) *Additionally, the company is indirectly involved in a working group*

DEUTSCHE WOHNEN AG, FRANKFURT/MAIN

CONSOLIDATED SEGMENT REPORTING
for the financial year 2013

	External revenue		Internal revenue		Total revenue		Segment earnings		Assets		Depreciation and amortisation	
in EUR m.	2013	2012	2013	2012	2013	2012	2013	2012	12/31/2013	12/31/2012	2013	2012
Segments												
Residential Property Management	372.9	240.1	5.2	2.2	378.1	242.3	292.3	194.4	8,967.3	4,627.1	0	0
Disposals	169.7	167.8	4	9.7	173.7	177.5	23	19.9	162.9	77.5	0	0
Nursing and Assisted Living	59.9	42	0	0	59.9	42	13.2	9.9	15.5	4.6	−1.9	−0.6
Reconciliation with consolidated financial statement												
Central functions and other operational activities	1.3	0.3	49.2	31	50.5	31.3	−75.6	−27.7	744.3	116.7	−3.6	−2.5
Consolidations and other reconciliations	−1.3	−0.4	−58.4	−42.9	−59.7	−43.3	0	0	0	0	0	0
	602.5	449.8	0	0	602.5	449.8	252.9	196.5	9,890	4,825.9	−5.5	−3.1

The following auditor's report (Bestätigungsvermerk) refers to the consolidated financial statements prepared on the basis of International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch": "German Commercial Code") as well as the group management report prepared on the basis of German commercial law (HGB) of Deutsche Wohnen AG for the fiscal year ended December 31, 2013 as a whole and not solely to the consolidated financial statements presented in this Prospectus on the preceding pages. The above-mentioned auditor's report (Bestätigungsvermerk) and consolidated financial statements are both translations of the respective German-language documents.

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by the Deutsche Wohnen AG, Frankfurt/Main, comprising the balance sheet, the profit and loss statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1, 2013 to December 31, 2013. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch": "German Commercial Code") are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Berlin, 11 March 2014

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Christoph Wehner
Wirtschaftsprüfer
(German public auditor)

Gunnar Glöckner
Wirtschaftsprüfer
(German public auditor)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DEUTSCHE WOHNEN AG FOR THE YEAR ENDED 31 DECEMBER 2012 (IFRS)

DEUTSCHE WOHNEN AG, FRANKFURT/MAIN

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2012

	Note	31/12/2012	31/12/2011
		EUR k	EUR k
ASSETS			
Investment properties	D.1	4,614,598	2,928,816
Property, plant and equipment	D.2	20,348	18,636
Intangible assets	D.3	3,256	2,511
Other non-current assets		438	561
Deferred tax assets	D.14	80,716	63,037
Non-current assets		**4,719,356**	**3,013,561**
Land and buildings held for sale	D.4	39,143	63,476
Other inventories		3,206	2,937
Trade receivables	D.5	20,842	13,959
Income tax receivables		1,188	797
Other current assets		9,078	2,329
Cash and cash equivalents	D.7	90,571	167,829
Subtotal current assets		**164,028**	**251,327**
Non-current assets held for sale	C.9	24,425	37,388
Current assets		**188,453**	**288,715**
Total assets		**4,907,809**	**3,302,276**
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent company			
Issued share capital	D.8	146,143	102,300
Capital reserve	D.8	859,251	496,174
Retained earnings	D.8	603,930	484,598
		1,609,324	**1,083,072**
Non-controlling interests	D.8	346	302
Total equity		**1,609,670**	**1,083,374**
Non-current financial liabilities	D.9	2,634,286	1,728,291
Employee benefit liability	D.10	54,538	42,662
Tax liabilities	D.13	36,509	41,221
Derivative financial instruments	D.6	113,694	71,731
Other provisions	D.12	7,102	8,265
Deferred tax liabilities	D.14	143,331	96,219
Total non-current liabilities		**2,989,460**	**1,988,389**
Current financial liabilities	D.9	134,357	106,382
Trade payables		71,962	35,634
Liabilities to limited partners in funds	D.11	5,142	7,287
Other provisions	D.12	7,272	3,295
Derivative financial instruments	D.6	38,767	23,241
Tax liabilities	D.13	27,060	17,411
Other liabilities		24,119	37,263
Total current liabilities		**308,679**	**230,513**
Total equity and liabilities		**4,907,809**	**3,302,276**

DEUTSCHE WOHNEN AG, FRANKFURT/MAIN

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2012

	Note	2012	2011
		EUR k	EUR k
Income from Residential Property Management	E.16	240,054	196,373
Expenses from Residential Property Management	E.17	−45,633	−38,981
Earnings from Residential Property Management		**194,421**	**157,392**
Sales proceeds		167,756	150,596
Cost of sales		−11,763	−8,280
Carrying amounts of assets sold		−136,106	−131,742
Earnings from Disposals	E.18	**19,887**	**10,574**
Income from Nursing and Assisted Living		42,013	40,105
Expenses form Nursing and Assisted Living		−32,089	−30,875
Earnings from Nursing and Assisted Living	E.19	**9,924**	**9,230**
Corporate expenses	E.20	−40,421	−32,951
Other expenses/income		12,726	−2,262
Subtotal		**196,537**	**141,983**
Gains from fair value adjustments of investment properties	D.1	119,203	40,049
Depreciation and amortisation	D.2/3	−3,129	−3,007
Earnings before interest and taxes (EBIT)		**312,611**	**179,025**
Finance income		1,959	675
Losses from fair value adjustments of derivative financial instruments	D.6	−214	−199
Finance expense	E.21	−108,720	−93,712
Profit before taxes		**205,636**	**85,789**
Income taxes	E.22	−60,123	−35,214
Profit for the period		**145,513**	**50,575**
Thereof attributable to:			
Shareholders of the parent company		145,513	50,575
Non-controlling interests		0	0
		145,513	**50,575**
Earnings per share			
basic in EUR		1.15	0.57
diluted in EUR		1.15	0.57

DEUTSCHE WOHNEN AG, FRANKFURT/MAIN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2012

	2012	2011
	EUR k	EUR k
Profit for the period	**145,513**	**50,575**
Other comprehensive income		
Net gain/loss from derivative financial instruments	−57,637	−33,691
Income tax effect	17,804	10,484
	−39,833	−23,207
Actuarial losses/gains and impacts of caps for assets	−7,873	1,528
Income tax effect	2,410	-456
	−5,463	1,072
Other comprehensive income after taxes	**−45,296**	**−22,135**
Total comprehensive income, net of tax	**100,217**	**28,440**
Thereof attributable to:		
Shareholders of the parent company	100,217	28,440
Non-controlling interests	0	0

DEUTSCHE WOHNEN AG, FRANKFURT/MAIN

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2011

	Notes	2012	2011
		EUR k	EUR k
Operating activities			
Profit/loss for the period		145,513	50,575
Finance income		−1,959	−675
Finance expense		108,720	93,712
Income taxes		60,123	35,214
Profit/loss for the period before interest and taxes		**312,397**	**178,826**
Non-cash expenses/income			
Fair value adjustment of investment properties	D.1	−119,203	−40,049
Depreciation and amortization	D.2/3	3,129	3,007
Fair value adjustments to interest rate swaps		214	199
Other non-cash operating expenses/income	G	−33,943	−20,338
Change in net working capital			
Change in receivables, inventories and other current assets		−3,126	2,298
Change in operating liabilities		2,775	7,452
Net operating cash flows		**162,243**	**131,395**
Interest paid		−93,487	−79,446
Interest received		1,959	675
Taxes paid/received excluding EK-02-payments		−1,072	481
Net cash flows from operating activities before EK-02-payments		**69,643**	**53,105**
EK-02-payments	D.13	−10,421	−9,603
Net cash flows from operating activities		**59,222**	**43,502**
Investing activities			
Sales proceeds	G	163,540	149,378
Purchase of property, plant and equipment / investment property and other non-current assets		−1,400,555	−260,382
Receipt of investment subsidies		432	1,645
Payments to limited partners in funds	D.11	−1,420	−15,763
Net cash flows from investing activities		**−1,238,003**	**−125,122**
Financing activities			
Proceeds from borrowings	D.9	847,402	633,111
Repayment of borrowings	D.9	−158,526	−592,366
One-off financing costs for BauBeCon transaction	E.21	−7,782	0
Proceeds from the capital increase	D.8	461,157	186,476
Costs of the capital increase	D.8	−17,199	−7,420
Dividend paid		−23,529	−16,368
Net cash flows from financing activities		**1,101,523**	**203,433**
Net change in cash and cash equivalents		**−77,258**	**121,813**
Opening balance of cash and cash equivalents		**167,829**	**46,016**
Closing balance of cash and cash equivalents		**90,571**	**167,829**

DEUTSCHE WOHNEN AG, FRANKFURT AM MAIN

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Issued share capital	Capital reserves	Retained earnings: Pensions	Retained earnings: Reserves for cash flow hedge	Retained earnings: Other reserves	Subtotal	Non-controlling interests	Equity
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Notes	D.8	D.8	D.8	D.8	D.8	D.8		
Equity as at 1 January 2011	**81,840**	**370,048**	**−2,333**	**−38,173**	**478,188**	**889,570**	**302**	**889,872**
Profit/loss for the period					50,575	50,575		50,575
Other comprehensive income after tax			1,072	−23,207		−22,135		−22,135
Total comprehensive income, net of taxes			**1,072**	**−23,207**	**50,575**	**28,440**	**0**	**28,440**
Capital increase	20,460	166,016				186,476		186,476
Costs of capital increase, less tax effects		−5,046				−5,046		−5,046
Transfer from the capital reserve		−34,844			34,844	0	0	0
Dividend paid					−16,368	−16,368	0	−16,368
Equity as at 31 December 2011	**102,300**	**496,174**	**−1,261**	**−61,380**	**547,239**	**1,083,072**	**302**	**1,083,374**
Equity as at 1 January 2012	**102,300**	**496,174**	**−1,261**	**−61,380**	**547,239**	**1,083,072**	**302**	**1,083,374**
Profit/loss for the period					145,513	145,513	0	145,513
Other comprehensive income after tax			−5,463	−39,833		−45,296		−45,296
Total comprehensive income, net of taxes			**−5,463**	**−39,833**	**145,513**	**100,217**	**0**	**100,217**
Capital increase	43,843	417,314				461,157		461,157
Costs of capital increase, less tax effects		−11,593				−11,593		−11,593
Transfer from the capital reserve		−42,645			42,645	0	0	0
Change non-controlling interests						0	44	44
Dividend paid					−23,529	−23,529		−23,529
Equity as at 31 December 2012	**146,143**	**859,250**	**−6,724**	**−101,213**	**711,868**	**1,609,324**	**346**	**1,609,670**

Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

A GENERAL INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE DEUTSCHE WOHNEN GROUP

1 The Deutsche Wohnen Group

The consolidated financial statements of Deutsche Wohnen AG ("Deutsche Wohnen") as at 31 December 2012 were prepared by the Management Board on 25 February 2013. The Supervisory Board is scheduled to approve the consolidated financial statements at its meeting on 20 March 2013. Deutsche Wohnen AG is a publicly listed real estate company based in and operating across Germany with its registered office at Pfaffenwiese 300, Frankfurt/Main, and is registered in the commercial register of the Frankfurt/Main District Court under number HRB 42388.

The business activities of Deutsche Wohnen AG are limited to its role as the holding company for the companies in the Group. Part of this is in particular Corporate Development, Corporate Finance, Investor Relation, Corporate Communication and Human Resources. The operating subsidiaries focus on residential property management and disposals relating to properties, as well as on the division Nursing and Assisted living.

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

2 Consolidated financial statements

The consolidated financial statements of Deutsche Wohnen and its subsidiaries were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU).

The consolidated financial statement has been prepared on a historical cost basis. This excludes, in particular, investment properties and derivative financial instruments, which are measured at fair value.

The consolidated financial statements comprise the financial statements of Deutsche Wohnen and its subsidiaries to 31 December of each financial year. The financial statements for the subsidiaries are prepared using consistent accounting and valuation methods as at the same reporting date as the financial statements of the parent company.

3 Application of IFRS in the financial year

With the exception of new and revised standards and interpretations, the same accounting and valuation methods were applied to the consolidated financial statements for the past financial year as were used for the consolidated financial statements as at 31 December 2011.

In the financial year 2012 there were no changes arising from the first-time application of the IFRS standards or IFRIC interpretations.

The following shows already published but not yet applied IFRS standards:

IFRS 9 "Financial Instruments" was published by the IASB in November 2009. According to this standard, in future, financial assets are to be allocated to one of the two valuation categories "at amortised cost" or "at fair value", and are valued accordingly. Based on a change published in December 2011, IFRS 9 henceforth only has to be applied to financial years started on or after 1 January 2015. It has not yet been adopted into European law. The application of the new standard will result in changes to the presentation and accounting of financial assets and liabilities.

In May 2011 the IASB published IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interest in Other Entities", amendments to IAS 27 "Separate Financial Statements" and amendments to IAS 28 "Investments in Associates and Joint Ventures". IFRS 10 replaces the current regulations on consolidated financial statements (parts of IAS 27 "Consolidated and Separate Financial Statements") and special purpose entities (SIC-12 "Consolidation – Special Purpose Entities") and stipulates the control approach to be the standard principle from now on. These changes will be initially applicable for financial years starting on or after 1 January 2014 by their adoption in European law. The changes to IFRS 10, IFRS 11 and IFRS 12, which were published in June 2012 by IASB, serving as clarification of the IFRS 10 transition rules and concerning simplifications for the initial application however have not yet been adopted in European law. We assume that the new or revised standards will not have any significant effects on the financial performance and financial position.

IFRS 13 "Fair Value Measurement", also published in May 2011, introduces a framework concept for the assessment of the fair value. IFRS 13 is to be applied to financial years starting on or after 1 January 2013. The standard will not have any significant effects on the financial performance and financial position.

In June 2011 the IASB published "Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income". The changes are to be applied to financial years starting on or after 1 July 2012. The application of the changed standard will result in changes to the presentation of the consolidated statement of comprehensive income.

The "Amendments to IAS 19 - Employee Benefits" were published in June 2011. The changes lead to a phasing out of the corridor method and demand that actuarial gains and losses are recorded directly in other earnings. The calculatory interest applied for discounting pension commitments is from now on decisive for the expected interest on the plan assets. The changes are to be applied to financial years starting on or after 01 January 2013. We assume that the changes will not have any significant effects on the financial performance and financial position.

The IASB and the IFRS IC issued further statements during the reporting year, which will not have any significant effect on the consolidated financial statements.

4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements. However, this excludes decisions involving estimates. Insofar as statements regarding discretionary decisions in the context of individual rules had to be made, an explanation was provided for the corresponding items.

Operating lease commitments-Group as lessor
The Group has entered into leases to rent on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases. The carrying amount of the investment properties amounted to EUR 4.6 billion (previous year: EUR 2.9 billion).

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years are discussed below.

Fair value of investment properties
The fair value of investment properties was determined internally by a portfolio valuation as at 31 December 2012. The properties are clustered on the basis of their location and property quality. Assumptions regarding the development of rents, vacancies, vacancy losses, maintenance costs, and discount rates are made on the basis of these clusters. These valuation assumptions are subject to uncertainties due to their long-term nature that may lead to either positive or negative value adjustments in the future. The carrying amount of the investment properties amounted to EUR 4.6 billion (previous year: EUR 2.9 billion).

Pensions and other post-employment benefits
Expenses relating to post-employment defined benefit plans are determined on the basis of actuarial calculations. The actuarial calculations are made on the basis of assumptions regarding discount rates, future wage and salary increases, mortality and future pension increases. Such estimates are subject to significant uncertainty due to the long-term nature of these plans. The employee benefit liability from pensions obligation as at 31 December 2012 amount to EUR 54.5 million (previous year: EUR 42.7 million).

Liabilities to limited partners in funds
The limited partners of DB Immobilienfonds 14 Rhein-Pfalz Wohnen GmbH & Co. KG, Eschborn (hereinafter "DB 14") have the possibility of tendering their shares until 2019. The full tendering of all limited partnership interests was assumed as a basis for the measurement of the liability. The liability as at 31 December 2012 amounts to EUR 5.1 million (previous year: EUR 7.3 million).

B BASIS OF CONSOLIDATION AND CONSOLIDATION METHODS

1 Basis of consolidation

The consolidated financial statements comprise Deutsche Wohnen AG and the subsidiaries it controls from the time of their acquisition, being the date on which the Group obtains control. They continue to be consolidated until the date when such control ceases. The composition of Deutsche Wohnen can be seen in the list of shareholdings attached as Appendix 1.

In 2012 the basis of consolidation changed as follows:

- Since 2 January 2012 Deutsche Wohnen Reisholz GmbH, Berlin (formerly: FdR Reisholz Verwaltungs-GmbH, Essen), is a fully consolidated as wholly owned indirect subsidiary.
- Since 1 June 2012 the Seniorenresidenz home "Am Lunapark" GmbH, Leipzig, is a fully consolidated wholly owned indirect subsidiary.
- Since 1 July 2012 Marienfelder Allee 212-220 Grundstücksgesellschaft GbR, Berlin, is a fully consolidated, indirect subsidiary on the basis of a 96% majority shareholding.
- Since 30 August 2012 Deutsche Wohnen Service GmbH, Berlin, is a fully consolidated wholly owned indirect subsidiary and Deutsche Wohnen Service Braunschweig GmbH, Berlin, wholly owned indirect subsidiary.
- Since 01 September 2012 the companies of the BauBeCon Group are fully consolidated wholly owned indirect subsidiary. BauBeCon Assets GmbH, Hanover; BauBeCon BIO GmbH, Hanover; BauBeCon Immobilien GmbH, Hanover; BauBeCon Wohnwert GmbH, Hanover; Algarobo Holding B.V., Amsterdam, the Netherlands; Hamnes Investments B.V., Amsterdam, the Netherlands; Intermetro B.V., Amsterdam, the Netherlands; patus 216. GmbH, Hanover; patus 217. GmbH, Hanover.
- In addition, the following companies were established in the financial year 2012, which are fully consolidated wholly owned indirect subsidiaries since their founding: Deutsche Wohnen Beteiligungsverwaltungs GmbH & Co. KG, Berlin, GEHAG Beteiligungs GmbH & Co. KG, Berlin, Deutsche Wohnen Service Magdeburg GmbH, Berlin, Deutsche Wohnen Service Hannover GmbH, Berlin.

These changes to the basis of consolidation do not involve company mergers according to IFRS 3, as the relevant companies essentially include real estate assets and financings allocated thereto and therefore they do not fulfil the criteria of IFRS 3 for operating business. There have been no further changes to the basis of consolidation.

2 Consolidation methods

The financial statements for the subsidiaries are prepared using consistent accounting and valuation methods as at the same reporting date as the financial statements of the parent company. Subsidiaries are fully included in the consolidation from the time of acquisition, being the date on which the Group obtains control. They continue to be consolidated until the date when such control ceases.

Consolidation of capital is made in accordance with the acquisition method, according to which the acquisition costs are offset against the net assets of the shareholdings carried at fair value at the time of the acquisition.

All intra-Group balances, transactions, revenues, expenses, and gains and losses from intra-Group transactions which are included in the carrying amount of the assets are eliminated in full.

Non-controlling interests represent the share of the profits and net assets not attributable to the Group. Non-controlling interests are shown separately in the consolidated profit and loss statement and in the consolidated balance sheet. The disclosure in the consolidated balance sheet is made within equity, separate from the equity attributable to the owners of the parent company.

C ACCOUNTING POLICIES AND VALUATION METHODS

1 Investment properties

Investment properties are properties that are held to generate rental income or for the purposes of generating value and which are not used by the company itself or held for sale in the course of normal business activities. Investment properties include land with residential and commercial buildings, undeveloped land and land with leasehold rights.

Investment properties are measured initially at cost including transaction costs. Subsequent to the initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit and loss statement.

Internal valuations were made as at 31 December 2012 and 31 December 2011. The portfolio was also evaluated by CB Richard Ellis GmbH, Frankfurt/Main as at 31 December 2012 and 31 December 2011, and the total value was confirmed. Value deviations for individual properties were no larger than +/–10%. The total valuation by CB Richard Ellis varied by around –0.1% (previous year: < 0.1%) from the internal valuation.

The valuation was performed in both financial years as follows: The properties were clustered. Homogeneous groups (clusters) were created on the basis of the location and quality of the units and their relative risks.

The clusters were created based on the following characteristics:

Cluster	Location characteristic	Property characteristic
AA	Good location	Good property
AB	Good location	Normal property
AC	Good location	Basic property
BA	Normal location	Good property
BB	Normal location	Normal property
BC	Normal location	Basic property
CA	Basic location	Good property
CB	Basic location	Normal property
CC	Basic location	Basic property

The clusters were further split into respectively eight regions, e.g. Berlin, Rhine-Main/Rhine Valley South or Hanover.

Investment properties are derecognised when either they have been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses from the permanent withdrawal from use or disposal of investment properties are recognised in the year of their withdrawal from use or disposal.

Properties are transferred from the investment properties portfolio if there is a change of use caused by the company either starting to use the property itself or by the commencement of development with an intention to dispose.

2 Property, plant and equipment

Property, plant and equipment are stated at cost net of cumulative depreciation and accumulated impairment losses. Subsequent acquisition costs are recognised insofar as it is likely that a future economic benefit from the property, plant or equipment will accrue for Deutsche Wohnen.

Straight-line depreciation is based on the estimated useful life of the asset. The useful life of buildings is 50 years. The useful life of moveable assets is four to ten years.

Impairment tests regarding the carrying amounts of property, plant and equipment are performed as soon as there are indications that the carrying amount of an asset exceeds its recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the consolidated profit and loss statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted if appropriate.

3 Intangible assets

Deutsche Wohnen only recognises acquired intangible assets on the balance sheet. These are measured on initial recognition at cost and are amortised using the straight-line method over their respective useful lives. Their useful lives are between three and five years.

4 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they arise. There were no effects from the application of IAS 23 (revised), as the relevant assets (properties) were already recognised at fair value.

5 Impairment of non-financial assets

The non-financial assets consist mainly of property, plant and equipment, intangible assets and inventories. The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the profit and loss statement in those expense categories consistent with the function of the impaired asset.

For all non-financial assets an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. In this case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit and loss statement.

6 Financial assets

Financial assets within the scope of IAS 39 are classified by Deutsche Wohnen

- as financial assets at fair value through profit or loss,
- as loans and receivables,
- as available-for-sale financial assets, or
- as derivative financial instruments designed as hedging instruments in an effective hedge.

All financial assets are recognised initially at fair value plus, in case of investments not at fair value through profit and loss, directly attributable transaction costs. Financial assets are assigned to the categories upon initial recognition. If permitted and necessary, reclassifications are made at the end of the financial year.

Other than derivative financial instruments with and without hedging context (interest rate swaps), Deutsche Wohnen has not recognised any financial assets held for trading purposes or financial assets held to maturity, yet.

The receivables and other assets recognised in the consolidated financial statements of the Deutsche Wohnen Group are allocated to the category "loans and receivables". Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently measured at amortised cost using the effective interest method less impairment. Gains and losses are recognised in profit/loss for the period when the loans and receivables are derecognised or impaired or when amortised.

Impairment of receivables from rental activities is made on the basis of empirical values. Reasonable individual impairments are made for other receivables and assets.

Interest rate swaps are recognised at fair value on the basis of a mark-to-market method, regardless of whether they are classified as an effective or non-effective hedging instrument.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to receive cash flows from the asset have expired.

7 Inventories

Inventories comprise land and buildings held for sale and other inventories. Land and buildings held for sale are sold in the normal course of business, so it exceeds a period of twelve months.

The initial valuation is made at cost. At reporting date the inventories are valued at the lower value of cost or cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

8 Cash and cash equivalents

Cash and cash equivalents on the consolidated balance sheet comprise cash on hand and cash at bank.

9 Non-current assets held for sale

Deutsche Wohnen Group recognises investment properties as assets held for sale if notarised contracts of sale are available at the reporting date but transfer of ownership takes place later. Measurement is made at the lower of the carrying amount and average sales price.

10 Financial liabilities

Financial liabilities within the scope of IAS 39 are classified by Deutsche Wohnen either

- as other financial liabilities that are carried at amortised cost, or
- as derivative financial liabilities that meet the requirements of an effective hedging transaction.

Financial liabilities

Loans and borrowings are initially recognised at fair value less the transaction costs directly associated with the loan. After initial recognition, the interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss statement when the liabilities are derecognised or during amortisation process.

Trade payables and other liabilities

Liabilities are initially recognised at fair value. After initial recognition, they are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss statement when the liabilities are derecognised or during amortisation process.

Liabilities to limited partners in funds

According to IAS 32 (revised 2003), the termination rights of a limited partner are a decisive criteria for the distinction between equity and debt capital. Financial instruments granting the owner (here: limited partner) the right to return the instrument to the issuer in turn for payments of money constitute a financial liability. Due to the termination rights of the limited partners, the limited partnership interests and the "net assets of shareholders" are recognised as debt capital. According to IAS 32.35 (revised 2003), the profit share of the limited partners and minority shareholders are consequently recognised as a finance expense.

The net assets of the limited partners have to be recognised at the fair value of any possible repayment amount at the end of the financial year. Value increases are recognised as finance expense and impairments as finance income in the consolidated profit and loss statement. The amount of the repayment obligation depends on the articles of association.

Within Deutsche Wohnen there are liabilities to limited partners in funds of EUR 5.1 million (previous year: EUR 7.3 million).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modifications is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the profit and loss statement. The difference between the respective carrying amounts is recognised in the profit and loss statement.

11 Pensions and other post-employment benefits

Employee benefit liabilities are recognised for commitments (pensions, invalidity, surviving spouse pensions and surviving dependent benefits) for pensions and ongoing benefits to eligible active and former employees and their surviving dependents.

Expenses for benefits granted as part of defined contribution plans are determined using the projected unit credit method. Actuarial gains and losses are recognised with an earnings-neutral effect in the consolidated statement of comprehensive income.

On the basis of statutory provisions, Deutsche Wohnen pays contributions to state pension insurance funds from defined contribution plans. These current contributions are shown as social security contributions within staff expenses. Payment of the contributions does not constitute any further obligations for the Group.

There is also a pension plan drawn up in accordance with the regulations governing public sector supplementary pensions. It is based on membership of a Group company in the Bayerische Versorgungskammer (hereinafter BVK) — the supplementary pension fund for municipalities in Bavaria. The supplementary pension comprises a partial or full reduced earnings capacity pension plus an age-related pension as a full pension or surviving dependant's pension. The charge levied by the BVK is determined by the employees' compensation used to calculate the supplementary pension contribution.

The BVK therefore represents a multi-employer defined benefit plan that, in accordance with IAS 19.30 (a), is accounted for as a defined contribution plan because the BVK has not provided sufficient information to account for the plan as a defined benefit plan.

No specific information is known regarding any overfunding or underfunding of the plan or the related future effects on the Deutsche Wohnen Group. In future, increasing/decreasing payments of premiums by Deutsche Wohnen to the BVK may result from possible excess or deficient cover.

12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss statement net of any reimbursement. If the impact of the interest rate is significant, provisions are discounted at an interest rate before tax that reflects the specific risks of the liability. In the case of discounting, the increase in provisions due over time is recognised as a finance expense.

13 Lease

Leasing transactions are differentiated between finance leases and operating leases. Contractual provisions that transfer all significant risks and rewards associated with the ownership of an asset to the lessee are reported as finance leases. The lessee recognises the leased asset as an asset and the corresponding obligations are recognised as liabilities. All other leasing transactions are reported as operating leases. Payments from operating leases are recorded as an expense on a straight-line basis over the contract period.

14 Revenue and expenses recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. In addition, the following criteria have to be met when recognising revenue:

Rental income

Rental income is recognised monthly over the period of the leases in accordance with the tenancy agreement.

Disposal of property

Revenue is recognised when the significant risks and rewards associated with the ownership of the disposed property have been transferred to the purchaser.

Services

Revenue is recognised in accordance with the delivery of the service.

As part of the long-term performance-based remuneration there are share-based remuneration components which are settled through funds. The remuneration components to be expensed over the vesting period correspond to the fair value of the equity-based remuneration at the reporting date. The determination of fair values is based on generally accepted valuation methodologies. Liabilities are accounted for in a corresponding amount.

15 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. In the case of a grant related to an expense item, it is recognised as planned income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Deutsche Wohnen has received government grants in the form of disbursement subsidies, disbursement loans and subsidised-interest loans.

Disbursement subsidies, in the form of rent subsidies, are recognised in the profit and loss statement. They are recognised as income from residential property management.

Disbursement loans and subsidised-interest loans are property loans and are recognised as financial liabilities. In comparison with loans made under market conditions, both offer advantages such as lower interest rates or interest-free and redemption-free periods. The loans are measured at fair value and are subsequently carried at amortised cost. However, they are to be viewed in context with rent restrictions of the properties, which were taken into account when determining the fair value.

Furthermore, Deutsche Wohnen received investment subsidies in the amount of EUR 0.4 million (previous year: EUR 1.6 million) and offset these against the acquisition costs.

16 Taxes

Current income tax assets and liabilities

Current income tax assets and liabilities for the current period and for previous periods are measured at the amount expected to be recovered or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those enacted as at reporting date.

Deferred taxes

Deferred tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax liabilities are recognised for all temporary differences except of the following: In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future, deferred tax liabilities are not recognised.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The following exceptions apply:

- Deferred tax assets from deductible temporary differences which arise from the initial recognition of an asset or a liability in a transaction that is not a business combination and that, at the time of the business transaction, affect neither the accounting profit nor taxable profit or loss may not be recognised.
- Deferred tax assets from deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount for deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date

Deferred taxes relating to items that are recognised directly in equity are recognised in equity and not in the consolidated profit and loss statement.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

17 Derivative financial instruments and hedging transactions

The Group uses derivative financial instruments (interest rate swaps) to hedge against interest rate risks. These derivatives are initially recognised at fair value when the corresponding agreement is entered into and are subsequently measured at fair value. Derivative financial instruments are recognised as assets if their fair value is positive and as liabilities if their fair value is negative. Measurement is derived using the mark-to-market method.

Deutsche Wohnen recognises concluded interest rate swaps on the basis of the hedge accounting regulations of IAS 39. In addition to documentation of the hedging correlation between the hedge and the underlying item, one requirement for hedge accounting is proof of the effectiveness of the hedging correlation between the hedge and the underlying item. If an effective correlation exists, the effective part of the value adjustment of the hedge is directly recognised in equity without affecting earnings. The non-effective part is recognised in the profit and loss statement. As far as the requirements for hedge accounting existed, the fair values of the hedging instruments were classified as current or non-current assets/liabilities. Deutsche Wohnen tested the effectiveness of the concluded interest hedges on a prospective (critical terms method) and a retrospective basis. In the case of derivative financial instruments which do not meet the criteria for hedge accounting, gains or losses from changes in fair value are immediately recognised in the profit or loss statement.

Deutsche Wohnen only hedges cash flows which relate to future interest expenses.

D NOTES TO THE CONSOLIDATED BALANCE SHEET

1 Investment properties

Investment properties are recognised at fair value. Fair value developed as follows during the financial year:

	31/12/2012	31/12/2011
	in EUR m	in EUR m
Start of period	**2,928.8**	**2,821.0**
Acquisitions	1,633.2	159.0
Other additions	32.9	23.2
Disposals	−75.1	−77.0
Fair value adjustment	119.2	40.0
Transfer	−24.4	−37.4
End of period	**4,614.6**	**2,928.8**

The transfer includes the property reclassified as non-current assets for disposal in the current financial year.

The following principles were applied to the valuation as at 31 December 2012 and as at 31 December 2011:

Based on the clusters:

- Derivation of annual rates of increase in rent.
- Derivation of target vacancy rates over a period of 1.0 to 4.5 years.
- Derivation of capitalisation rates and discount rates.

Based on the properties:

- Determination of the market rent as at the reporting date.
- Development of rent per sqm of lettable area based on market rent and in-place rent/current gross rental income.
- Development of costs (maintenance, administration, rental loss and non-recoverable expenses, ground rent (if applicable)).
- Determination of cash flows from annual proceeds and payments and the terminal value at the end of year 10, based on the recurring cash flow expected in year 11 or an expected sales price less sales expenses.
- Calculation of a fair value based on the administrative unit as of the reporting date.

The Discount rates lie between 6.10% and 8.35% depending on the clusters. The weighted average of the discount rates is 6.8%. The capitalisation rates range from 4.75% to 7.60%.

This results in an average value of EUR 950 per sqm (previous year: EUR 946 per sqm) and a multiplier of 13.7 (previous year: 13.7) based on the potential current gross rental income as at 31 December 2012 or a multiplier of 14.3 (previous year: 14.2) based on the current gross rental income. The portfolio without fair value adjustment would have had an average value of EUR 916 per sqm (previous year: EUR 933 per sqm). The increase in investment properties is due to an improvement of economic property parameters (rent levels, vacancy rates, discount rate).

A capitalisation and discount rate shift of 0.1% causes a value adjustment of EUR 77 million (previous year: EUR 50 million).

The investment properties serve as collateral for the loans. There are also agreements in individual cases according to which the condition of the properties may not deteriorate or the average minimum investments have been determined on sqm-basis.

All of the Group's investment properties are leased under operating leases. The rental income generated from this amounted to EUR 240.1 million (previous year: EUR 196.4 million). The expenses directly associated with the investment properties amounted to EUR 45.6 million (previous year: EUR 39.0 million).

Deutsche Wohnen is partly subject to restrictions with regards to rental increases related to certain preferential tenants and in relation to grants in the form of subsidised-interest loans or investment subsidies. Additionally, we must comply with legal obligations when privatising apartments.

2 Property, plant and equipment

Land and buildings, plant and equipment classified under IAS 16 are reported in this item. They developed as follows during the financial year:

	31/12/2012	31/12/2011
	in EUR m	in EUR m
Cost		
Start of period	27.2	23.8
Additions	3.8	4.1
Disposals	−0.7	−0.7
End of period	**30.3**	**27.2**
Cumulative depreciation and impairment		
Start of period	8.5	7.2
Additions	1.9	1.7
Disposals	−0.5	−0.4
End of period	**10.0**	**8.5**
Net carrying amounts	**20.3**	**18.6**

The land and buildings included in property, plant and equipment (EUR 12.2 million, previous year: EUR 11.4 million) are mainly property-secured.

3 Intangible assets

Intangible assets developed as follows:

	31/12/2012	31/12/2011
	in EUR m	in EUR m
Cost		
Start of period	7.3	7.0
Additions	2.0	0.3
Disposals	−0.2	0.0
End of period	**9.0**	**7.3**
Cumulative depreciation and impairment		
Start of period	4.8	3.5
Additions	1.2	1.3
Disposals	−0.2	0.0
End of period	**5.8**	**4.8**
Net carrying amounts	**3.3**	**2.5**

Intangible assets mainly comprise software licences.

4 Land and buildings held for sale

The decrease of land and buildings held for sale is largely due to the disposal of the residential units that have been acquired in 2011 for disposal purposes. Proceeds of EUR 32.9 million (previous year: EUR 24.5 million) were generated in the financial year 2012. The proceeds were partly offset by carrying amounts of assets sold of EUR 23.7 million (previous year: EUR 20.5 million).

5 Trade receivables

Receivables are made up as follows:

	31/12/2012	31/12/2011
	in EUR m	in EUR m
Receivables from rental activities	7.9	5.6
Receivables from the disposal of land	11.6	7.3
Other trade receivables	1.3	1.0
	20.8	13.9

Receivables from rental activities are interest-free and are always overdue. Impairments are made based on the age structure and/or according to whether the tenants are active or former tenants. There have been write-downs formed of almost all overdue receivables.

In the financial year 2012 rental claims totalling EUR 3.5 million (previous year: EUR 1.4 million were written off or impaired. The impairment of receivables as at 31 December 2012 amounted to EUR 15.1 million (previous year: EUR 5.3 million).

Receivables from the disposal of land are interest-free and are due between 1 and 90 days.

The non-impaired receivables from the disposal of land are due as follows:

	Thereof, neither impaired nor overdue as at reporting date	Thereof, neither impaired nor overdue in the following periods as at reporting date			
		Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	more than 91 days
	in EUR m	in EUR m	in EUR m	in EUR m	in EUR m
2012	10.5	1.1	0.0	0.0	0.0
2011	6.5	0.3	0.1	0.2	0.2

Other receivables are interest-free and are due between 1 and 90 days.

6 Derivative financial instruments

Deutsche Wohnen has concluded several interest hedging transactions in a nominal amount of EUR 1.8 billion (previous year: EUR 1.2 billion). The cash flows from the underlying hedging item under the cash flow hedge accounting, will be incurred in the years from 2013 to 2022. The strike rates are between 0.60% and 4.74%. The negative fair value of these businesses as at 31 December 2012 amounted to EUR 152.5 million (previous year: EUR 95.0 million).

There are no significant default risks as the interest rate swaps were concluded with major banks. If the interest rate level changes, the market values change accordingly. Income and expenses are recognised in equity for the effective part of a hedge, while the non-effective part is recognised within current earnings. If the interest rate level should rise/fall by 50 basis points, the attributable fair value of the interest rate swap rises/falls by approximately EUR 41.6 million (previous year: EUR 24.7 million).

7 Cash and cash equivalents

The cash and cash equivalents in the amount of EUR 90.6 million (previous year: EUR 167.8 million) mainly consist of cash at bank and cash on hand. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rate. As at the reporting date, the Deutsche Wohnen Group had cash and cash equivalents amounting to EUR 16.1 million (previous year: EUR 25.8 million) which were restricted in use. This primarily relates to the purchase collection accounts for special repayments from disposals, the cash funds of DB 14 and rental deposits.

8 Equity

Please refer to the consolidated statement of changes in equity for the development of equity.

a) Issued share capital

The registered share capital of Deutsche Wohnen AG as at 31 December 2012 amounted to EUR 146,142,858 (31 December 2011: EUR 102,300,000), divided in 146,142,858 no-par value shares

(31 December 2011: 102,300,000 no-par value shares) with a notional share in the registered share capital of EUR 1.00 per share. The increase is attributable to the capital increase in 2012. As at 31 December 2012 approximately 99.93% (previous year: 99.90%) of the company's shares were bearer shares (146,046,338 shares), the remaining approximately 0.07% (previous year: 0.10%) were registered shares (96,520 shares). All shares carry the same rights and obligations. Each share entitles the holder to one vote at the Annual General Meeting and determines the basis for the division of company profit amongst shareholders. The rights and obligations of shareholders are outlined in detail in the provisions of the German Stock Corporation Act (AktG), in particular Sections 12, 53a ff., 118 ff. and 186 AktG. There are no shares with special rights that grant powers of control.

The Management Board of Deutsche Wohnen AG is not aware of any restrictions with regard to voting rights or transfer of shares.

In the event of capital increases the new shares are issued as bearer shares.

By resolution of the general shareholders' meeting dated 4 December 2012, which was entered into the commercial register on 10 January 2013, the Management Board has been authorised to increase the company's registered capital, with the consent of the Supervisory Board, by up to around EUR 73.1 million once or several times in the period until 3 December 2017 by the issuance of up to around 73.1 million new ordinary bearer shares against cash contributions and/or contributions in kind (authorised capital 2012/II); the original approved authorised capital in the amount of rounded EUR 7.3 million was cancelled at the same time. The shareholders must in principle be granted subscription rights within the scope of the authorised capital. However, according to the detailed provisions of the articles of association, the Management Board is authorised in certain cases to exclude the subscription rights of shareholders with the approval of the Supervisory Board.

In a partial utilisation of the new authorised capital 2012/II the company increased its registered capital in January 2013 to EUR 160,757,143 by issuing 14,614,285 new ordinary bearer shares (non-par value shares) against cash contributions with the subscription right excluded. The capital increase was registered into the commercial register on 17 January 2013. The authorised capital was reduced accordingly to around EUR 58.5 million.

The registered capital can be contingently increased by up to EUR 25.58 million through the issue of up to EUR 25.58 million new ordinary bearer shares with dividend rights from the start of the financial year of their issuance (contingent capital 2012).

The contingent capital increase serves to grant shares to the owners or creditors of options or convertible bonds as well as profit participation rights with option or conversion rights which, in accordance with the authorisation of the Annual General Meeting of 06 June 2012, are issued up to 05 June 2017 by the company, or by dependent companies or enterprises in which the company has a majority shareholding. It shall only be exercised insofar as option or conversion rights related to the aforementioned options or convertible bonds or profit participation rights are exercised, or if the conversion obligations arising from such bonds are fulfilled, and provided own shares are not used to service the obligations.

The company shares are either registered or bearer shares. If the shares are issued as registered shares, the registered shareholders are entitled to request — in writing or in text form (Section 126b of the German Civil Code (BGB)) — from the Management Board that the registered shares for which they are listed in the company's share register be converted into bearer shares. A conversion of the shares requires the consent of the Management Board.

b) Capital reserve

EUR 42.6 million (previous year: EUR 34.8 million) was taken from the capital reserve in 2012.

In 2012, the capital reserve increased by EUR 417.3 million due to premium payments related to the capital increase. The costs incurred due to the capital increase in the amount of EUR 17.2 million and the income tax effects related to these costs (EUR 5.6 million) were offset against the premium payments.

c) Retained earnings

Retained earnings comprise the revenue reserve of Deutsche Wohnen and the accumulated profit/loss carried forward.

The statutory reserve is mandatory for German publicly listed corporations. According to Section 150 (2) of the German Stock Corporation Act (AktG), an amount equivalent to 5% of the profit for the financial year is to be retained. The statutory reserve has a cap of 10% of the registered share capital. In accordance with Section 272 (2) nos. 1-3 of the German Commercial Code (HGB), any existing capital reserve is to be taken into account and the provisions required for the statutory reserve are reduced accordingly. This is measured on the basis of the issued share capital which exists and is legally effective at the reporting date and which is to be reported in this amount in the respective annual balance sheet. The statutory reserve remains unchanged at EUR 1.0 million.

d) Non-controlling interests

The non-controlling interests (minority interests) mainly exist in the GEHAG Group.

9 Financial liabilities

The company has taken on bank loans particularly to finance property and company transactions and property acquisitions.

The borrowings are hedged at around 86% (previous year: around 78%) at a fixed rate and/or through interest rate swaps. The average rate of interest was around 3.7% (previous year: around 4.1%).

The loan renewal structure based on current outstanding liability is as follows:

	Carrying amount 31/12/2012	Nominal value 31/12/2012	2013	2014	2015	2016	2017	Greater than/ equal 2018
			EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
Loan renewal structure 2012	2,768.6	2,872.8	66.1	59.9	282.3	266.6	486.6	1,711.3
Loan renewal structure 2011	1,834.7	1,938.6	45.2	23.6	37.5	235.4	246.2	1,350.6

The liabilities are fully secured by property as collateral.

10 Employee benefit liability

The company's pension scheme consists of defined benefit and defined contribution plans.

Employee benefit liabilities are determined using the projected unit credit method in accordance with IAS 19. Future obligations are measured using actuarial methods that conservatively estimate the relevant parameters.

The level of pension obligations (defined benefit obligation of the pension commitments) was calculated in accordance with actuarial methods on the basis of an external expert report and the following factors:

	31/12/2012	31/12/2011
	in %	in %
Discount rate	3.50	4.66
Future salary increases	2.50	2.50
Future pension increases	1.75	1.75
Increase in the contribution assessment ceiling	2.25	2.25
Mortality tables	R 05G	R 05G

The future salary increases include expected future salary increases that depend, among other things, on the inflation rate and the length of service in the company.

The pension commitments taken over in the scope of the BauBeCon acquisition are financed through ufba – Unterstützungskasse zur Förderung der betrieblichen Altersversorgung e.V. (Assistance Fund for the Promotion of Company Pension Plans inc. soc.) and the plan assets. The valuation applied an expected interest charge in the amount of 3.5%.

The following summary shows the financing status of the Group's pension plans, which is at the same time equivalent of the balance sheet posting:

	31/12/2012	31/12/2011
	in EUR m	in EUR m
Present value of employee benefit liability	62.5	42.7
lesser by attributable fair value of the plan assets	− 8.0	0.0
	54.5	42.7

The following table shows the development of the present value of performance-oriented commitments and the attributed fair value of the plan assets:

	31/12/2012	31/12/2011
	in EUR m	in EUR m
Opening balance employee benefit liability	42.7	44.7
Pension payments	−3.1	−2.8
Acquisitions	13.4	—
Interest cost	2.2	2.0
Service cost	0.3	0.2
Adjustments to the pension fund	0.1	0.1
Actuarial gains/losses	7.0	−1.5
Closing balance employee benefit liability	**62.5**	**42.7**
of which pension plans with financing from plan assets	9.1	—
of which pension plans with financing from plan assets	53.4	42.7
Opening balance plan assets	0.0	
Acquisitions	8.9	
Expected earnings from plan assets	0.1	
Contributions to plan asses	0.2	
Pension payments from plan assets	−0.3	
Actuarial losses	−0.9	
Closing balance plan assets	**8.0**	

The pension expenses are made up as follows:

	31/12/2012	31/12/2011
	in EUR m	in EUR m
Interest cost	−2.2	−2.0
Service cost	−0.3	−0.2
Adjustments to the pension fund	−0.1	−0.1
Expected earnings from plan assets	0.1	—
	−2.5	**−2.3**

Pension commitments include old-age, disability, surviving spouse and surviving dependant pensions. They are based on the last fixed annual gross salary. Different benefit plans apply depending on the employee's position in the company.

The pro rata interest costs are recognised as "interest expenses" in the profit and loss statement, whilst current pension payments, service cost and adjustments to current pensions are recognised as "staff expenses".

The amounts for the current and previous five reporting periods are as follows:

	31/12/2012	31/12/2011	31/12/2010	31/12/2009	31/12/2008
	in EUR m	in EUR m	in EUR m	in EUR m	in EUR m
Defined benefit obligation	54.5	42.7	44.7	41.5	39.3
Experience-based adjustments	0.3	−0.9	0.2	0.2	−0.9

Costs totalling EUR 3.7 million (previous year: EUR 3.5 million) were incurred for defined contribution pensions. Therefore, total expenses for retirement provisions (defined benefit and defined contribution) amounted to EUR 4.1 million (previous year: EUR 3.8 million). For 2013, based on the current number of employees, the cost will total EUR 5.2 million.

11 Liabilities to limited partners in funds

On the basis of individual agreements, Rhein-Pfalz Wohnen GmbH has granted the limited partners of DB 14 a put option relating to their limited partnership interests from 2005 to 2019. Under these agreements, the Group is obliged to acquire the interests initially (in 2005) at 105% of the paid-in capital upon request. From 2005, the agreed purchase price for the interest increases by five percentage points per annum. Outstanding dividend payments are taken into account for limited partnership interests that are offered to us.

Liabilities developed as follows during the financial year:

	31/12/2012	31/12/2011
	in EUR m	in EUR m
Opening balance liabilities	**7.3**	**22.5**
Payment for tender	−1.4	−15.8
Reversal	−1.0	0.0
Accrued interest	0.2	0.6
Closing balance liabilities	**5.1**	7.3

The disclosure of liabilities to limited partners in funds as at 31 December 2012 is fully (previous year: EUR 7.3 million) recognised as current, since payments for the remaining tenders are expected in 2013.

12 Other provisions

The other provisions are made up as follows:

	Revitalisation	Other	Total
	in EUR m	in EUR m	in EUR m
Opening balance at start of period	7.9	3.6	11.6
Utilisation	−1.6	−1.4	−3.0
Reversal	0.0	−0.3	−0.3
Additions	0.4	5.6	6.0
Closing balance at end of period	**6.7**	**7.6**	**14.3**
thereof non-current	6.7	0.4	7.1
thereof current	0.0	7.2	7.2

The provision for revitalisation (EUR 6.7 million, previous year: EUR 7.9 million) relates to the privatisation agreement between the federal state of Berlin and GEHAG. According to this agreement, GEHAG is committed to invest an original total of EUR 25,565 k in the improvement of housing conditions. There are no regulations in the agreement regarding the time period. As in the previous year, the calculation assumes a period until 2015 and an interest rate of around 4%. The additions are related to the interest accrued for the provision.

The contributions to other provisions include amounts (EUR 4.2 million), which are related to acquisitions.

13 Tax liabilities

Current and non-current tax liabilities (EUR 63.6 million, previous year: EUR 58.6 million) essentially include the present value from the payment of the EK-02-holdings (EUR 46.6 million, previous year: EUR 50.5 million) in the Deutsche Wohnen Group. In accordance with the German Annual Taxation Act 2008 (JStG), the previous regulation regarding the treatment of EK-02-holdings was abolished and replaced by a flat-rate payment that is mandatory. In accordance with this, the closing balance of EK-02-holdings as at 31 December 2006 is taxed at a flat rate of 3%, regardless of their utilisation. It is not applicable to the remaining holdings and triggers no further increases in German corporation income tax. The resulting tax amount is to be paid either within a period of ten years from 2008 to 2017 in ten equal annual instalments or at the present value in a lump-sum payment. The entire EK-02-capital reserves of Deutsche Wohnen Group amount to EUR 3.5 billion (previous year: EUR 3.2 billion). It was assumed in the valuation that the payment is made in ten annual instalments (EUR 10.4 million, previous year: EUR 9.6 million) and not as one-time, present value payment. The EK02 liability has increased due to the takeover of BauBeCon Group before considering the amortisation of the period under review.

14 Deferred taxes

Deferred taxes are made up as follows:

	31/12/2012	Change	31/12/2011
	in EUR m	in EUR m	in EUR m
Deferred tax assets			
Properties	4.9	−0.8	5.7
Pensions	6.0	2.8	3.2
Prepayment penalties	0.5	0.0	0.5
Loss carry-forwards	19.1	−2.0	21.1
Provisions	2.8	0.0	2.8
Swap	47.4	17.9	29.6
	80.7	**17.7**	**63.0**
Deferred tax liabilities			
Loans	21.6	1.8	23.4
Properties	118.6	−48.9	69.7
Special items	3.1	0.0	3.1
	143.3	**−47.1**	**96.2**
Deferred taxes (net)	**−62.6**	**−29.4**	**−33.2**
thereof			
Recognised directly in equity	20.2		10.0
Recognised in profit/loss	−49.6		−29.8
	−29.4		**−19.8**

The actuarial gains and losses from pensions and the changes in the current market value of the effective hedges are recognised directly in equity not affecting net income. The resulting deferred taxes are also recognised directly in equity and amount to EUR 2.4 million (previous year: EUR -0.5 million) for actuarial profits and losses, and to EUR 17.8 million (previous year: EUR 10.5 million) for the changes in the current market value of the effective hedges.

Deutsche Wohnen has corporation tax loss carry-forwards totalling EUR 1.1 billion (previous year: EUR 1.1 billion) and trade tax loss carry-forwards totalling EUR 0.9 billion (previous year: EUR 0.9 billion). Corporation tax loss carry-forwards that were not capitalised amount to approximately EUR 1.1 billion, trade tax loss carry-forwards to approximately EUR 0.9 billion. In general, carry-forwards do not expire.

15 Leases

The tenancy agreements which Deutsche Wohnen has concluded with its tenants are classified as operating leases in accordance with IFRS. Accordingly, the Group acts as lessor in a diverse range of operating lease agreements (tenancies) for investment properties from which it obtains the largest part of its income and revenues.

In 2013, Deutsche Wohnen will receive minimum lease payments totalling approximately EUR 84 million (previous year: EUR 51 million) from existing operating lease agreements with third parties from the current property portfolio (implied legal period of notice: three months). Furthermore, Deutsche Wohnen will receive minimum lease payments totalling EUR 52 million (previous year: EUR 34 million) from the properties connected with Nursing and Assisted Living in 2013, between one and five years totalling approximately EUR 208 million (previous year: approximately EUR 136 million), and more than five years totalling of approximately EUR 260 million (previous year: EUR 170 million). This is based on an assumption of a remaining lease of five years after the fifth year. The tenancy agreements are for an indefinite period and end upon the death of the tenant or upon termination by the landlord in the event of a default of payments.

E NOTES TO THE CONSOLIDATED PROFIT AND LOSS STATEMENT

The consolidated profit and loss statement is prepared using the total cost method.

16 Income from Residential Property Management

The income from Residential Property Management is made up as follows:

	2012	2011
	in EUR m	in EUR m
Potential gross rental income	245.1	201.4
Subsidies	2.7	2.7
	247.8	204.1
Vacancy loss	−7.8	−7.8
	240.0	196.4

17 Expenses from Residential Property Management

The expenses from Residential Property Management is made up as follows:

	2012	2011
	in EUR m	in EUR m
Maintenance costs	34.7	29.6
Non-recoverable expenses	4.1	5.8
Rental loss	3.0	1.9
Other expenses	3.8	1.7
	45.6	39.0

18 Earnings from Disposals

The earnings from Disposals include sale proceeds, costs of sale and carrying amounts of assets sold and certain land and buildings held for sale.

19 Earnings from Nursing and Assisted Living

The earnings from Nursing and Assisted Living are made up as follows:

	2012	2011
	in EUR m	in EUR m
Income for Nursing and Assisted Living	42.0	40.1
Nursing and corporate costs	−11.3	−11.5
Staff expenses	−20.8	−19.4
	9.9	9.2

20 Corporate expenses

The corporate expenses are made up as follows:

	2012	2011
	in EUR m	in EUR m
Staff expenses	23.6	20.3
General and administration expenses		
IT costs	3.1	3.2
Building costs	1.7	1.9
Legal, consultancy and audit costs	2.6	2.7
Communication costs	1.1	1.1
Printing and telecommunication costs	1.2	1.2
Travel expenses	0.7	0.6
Insurance	0.3	0.3
Other expenses	2.0	1.6
	12.7	12.6
Property Management (external management BauBeCon)	4.1	0.0
	40.4	32.9

Deutsche Wohnen Group employed on average 1,268 employees in the financial year (previous year: 1,201 employees):

	Employees 2012	Employees 2011
Residential (including holding company)	339	325
Nursing and Assisted Living	929	876
	1,268	1,201

21 Finance expenses

Finance expenses are made up as follows:

	2012 in EUR m	2011 in EUR m
Current interest expenses	89.6	81.6
Accrued interest on liabilities and pensions	11.4	12.1
Financing costs for BauBeCon	7.8	0.0
	108.8	93.7

22 Income taxes

Companies resident in Germany that have the legal form of a corporation are subject to German corporation tax in the amount of 15% (previous year: 15%) and a solidarity surcharge in the amount of 5.5% of the corporation tax levied. These entities are also subject to trade tax, the amount of which depends on the tax rates set by local authorities. Companies in the legal form of a partnership are only subject to trade tax. The profit less trade tax is assigned to the partners for corporation tax purposes. Limited use of corporation and trade tax loss carry-forwards is to be taken into account from the assessment period 2004 onwards. As a result, a positive tax assessment basis up to EUR 1.0 million may be reduced by an existing loss carry-forward without limitation; amounts over EUR 1 million may only be reduced by up to 60 %.

The 2008 Corporate Tax Reform Act (UStRG) was passed by resolution of the Bundesrat (Federal Council of Germany) on 6 July 2007. The law is primarily intended to reduce tax rates and, for reciprocal financing purposes, broaden the assessment basis; the deductibility of interest expenses is limited to 30% of the taxable EBITDA; in future, trade tax will no longer be a tax-deductible expense. The anticipated nominal income tax rate for 2012 for the Group's parent company Deutsche Wohnen AG is 31.93%.

Income tax expense/benefit is made up as follows:

	2012 in EUR m	2011 in EUR m
Current tax expense		
Current income tax charge	−4.9	−3.0
Tax benefit from capital increase costs	−5.6	−2.4
	−10.5	−5.4
Deferred tax expense		
Properties	−49.8	−30.6
Loss carry-forwards	−2.0	0.2
Loans	1.8	2.0
Other provisions	0.0	−0.2
Interest rate swaps	0.1	0.1
Pensions	0.3	0.1
Other	0.0	−1.5
	−49.6	−29.8
	−60.1	−35.2

The reconciliation of tax expense/benefit is provided in the following overview:

	2012	2011
	in EUR m	in EUR m
Consolidated accounting profit before taxes	205.6	85.8
Applicable tax rate	31.93%	31.93%
Resulting tax expense/benefit	**−65.6**	**−27.4**
	1.4	−3.2
Permanent effect of expenses not deductible for tax purposes and trade tax corrections	3.9	−4.6
Changes of unrecognised deferred taxes and losses carry-forwards		
Income tax expenses from other periods	−0.2	−0.6
Other effects	0.4	0.6
	−60.1	**−35.2**

For the financial year 2012, current income tax expense take into account expenses relating to other periods totalling EUR 0.2 million (previous year: EUR 0.6 million), included in other effects in the table above.

F SEGMENT REPORTING

Deutsche Wohnen reports by business segments on the basis of the information provided to the decision makers of the Deutsche Wohnen Group. Segment information is not reported by geographical region as the property and therefore all operational activities are in Germany.

Deutsche Wohnen focuses on the following three main segments in the context of its business activities:

Residential Property Management

Deutsche Wohnen's core business activity is the management of residential properties in the context of an active asset management. Asset management includes the modernisation and maintenance of the property portfolio of Deutsche Wohnen, the management of tenancy agreements, support for tenants and the marketing of apartments. The focus of property management is on the optimisation of rental income. Therefore, rental increase potential is examined continuously in the course of ongoing maintenance, tenant turnover is used as an opportunity to create value, and services are purchased based on best-available prices for real savings and passed on to the tenant.

Disposals

The Disposals segment is another pillar of the Deutsche Wohnen Group's operating activities. Privatisation can either take place as individual privatisation, i.e. by selling an individual residential unit (e.g. to a tenant), or it takes place as block sales.

The Disposals segment includes all aspects of the preparation and execution of the sale of apartments from our property portfolio as part of the ongoing portfolio optimisation and streamlining process.

In addition, the privatisation of residential property can take place in connection with the future acquisition of portfolios for the purpose of portfolio streamlining as well as for financing purposes.

Certain residential units, particularly in Rhineland-Palatinate, and individual properties of GEHAG Group as well as BauBeCon Group are subject to privatisation restrictions due to the acquisition agreements. Due to these obligations, the Group is partly bound by certain specifications (e.g. sale to tenants, general social conditions, etc.) when making privatisation decisions. These restrictions to some extent also forbid the disposal of the properties in question for a specified period of time.

Nursing and Assisted Living

The Nursing and Assisted Living segment is operated by KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH (KATHARINENHOF®) and its subsidiaries, and comprises the marketing and management of nursing and residential care homes as well as services for the care of the senior citizens who live in these homes.

Inter-company transactions primarily concern agency agreements which are carried out according to usual market conditions.

The segment reporting is attached to the notes to the consolidated financial statements as Appendix 2.

The reconciliation of the segment assets to the consolidated balance sheet is illustrated in the following table:

	31/12/2012	31/12/2011
	in EUR m	in EUR m
Segment assets	4,825.8	3,238.5
Deferred taxes	80.7	63.0
Income tax receivables	1.3	0.8
	4,907.8	3,302.3

G NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows shows how the Group's cash position has changed during the financial year due to the inflow and outflow of funds. In accordance with IAS 7 ("Cash Flow Statements"), a distinction is made between cash flows from operating and from investing and financing activities. Other non-cash income and expenses mainly include capital gains from disposals (2012: EUR 31.6 million; previous year: EUR 18.9 million). In total Deutsche Wohnen received EUR 163.5 million (previous year: EUR 149.4 million) from property disposal. Payments for investments include payments for modernisation and acquisition of investment land and buildings held for sale.

In total, EUR 16.1 million (previous year: EUR 25.8 million) were restricted in use to the Group as at the reporting date. This relates to the cash and cash funds of DB 14 and rental deposits administered in a fiduciary capacity, as well as liquidity to purchase collection accounts, which may be used only for special repayments on loans. A maturity of up to three months results from the contractual conditions of these cash and cash equivalents.

The Group has funds amounting to EUR 106 million (previous year: EUR 106 million) at its disposal from existing financing commitments that have not been utilised as at the reporting date. Due to the corporate measure implemented in January 2013, liquid funds could be contributed to the Group in the amount of around EUR 194 million.

Cash flows from investing and financing activities are determined when payments are made. The cash flows from operating activities in contrast are indirectly derived from the Group's profit/loss.

H EARNINGS PER SHARE

In order to calculate the basic earnings per share, the consolidated earnings are divided by the weighted number of shares outstanding in the financial year.

The diluted and undiluted earnings amount to EUR 145.5 million (previous year: 50.6 million).

The average number of issued shares (diluted and undiluted) amount to:

	2012	2011
in shares k	**in EUR k**	**in EUR k**
Shares issued at start of period	102,300	81,840
Addition of issued shares in the relevant financial year	43,843	20,460
Shares issued at end of period	146,143	102,300
Average of shares issued	**126,148**	**88,742**

In partial utilisation of its authorised share capital in the amount of 10%, Deutsche Wohnen AG increased its registered share capital on 16 January 2013 from EUR 146.1 million to EUR 160.8 million by issuance of 14,614,285 new ordinary bearer shares (no-par shares).

The earnings per share for continuing operations amount to:

	2012	2011
	EUR	EUR
Earnings per share		
Basic	1.15	0.57
Diluted	1.15	0.57

In the financial year 2012, a dividend distributed for the financial year 2011 amounting to EUR 23.5 million or EUR 0.23 per share. For 2012 there are plans for a dividend amounting to EUR 33.8 million or EUR 0.21 per share.

I OTHER DISCLOSURES

Risk management

General information on risk management

The risk management system (RMS) is an instrument for achieving the main aim of the company to sustainably guarantee the profitability of Deutsche Wohnen, which mainly concentrates on the management and development of its own property portfolio. It provides the foundation for active risk control and serves as a basis for information for the Management Board and the Supervisory Board regarding the current risk situation of the company.

Risk management is an ongoing process which is divided into the following phases:

- Establishing standards
- Risk identification and analysis
- Risk management
- Reporting
- Risk controlling

Risks are monitored in a professional and timely manner in accordance with the risk management guidelines established by management. The risk management guidelines establish the roles and responsibilities, set the basic principles of the RMS and define the framework for the evaluation and management of risks. Risk is proactively managed by using risk early warning systems.

The measures relating to financial risk management are described below:

With the exception of derivatives, the main financial instruments used by the Group are bank loans and cash and cash equivalents. The primary purpose of these financial instruments is to finance the Group's business activities. The Group has various other financial assets and liabilities, such as trade receivables and trade payables, which result directly from its business activities.

The Group also carries out derivative transactions in the form of interest rate swaps. The purpose of these derivative financial instruments is to manage interest rate risks that result from the Group's business activities and its sources of finance. There has been no trading of interest rate swaps, nor will there be any future trading in this area.

The following table illustrates the classification of the financial instruments into appropriate classes in accordance with IFRS 7.6 together with their allocation to valuation categories in accordance with IAS 39:

	Balance sheet measurement in accordance with IAS 39				
	Valuation category in accordance with IAS 39	Carrying amount 31/12/2012	Amortised costs	Fair value recognised in profit/loss	Fair value 31/12/2012
		in EUR m	in EUR m	in EUR m	in EUR m
Assets					
Trade receivables	(1)	20.8	20.8		20.8
Other assets	(1)	9.1	9.1		9.1
Cash and cash equivalents	(1)	90.6	90.6		90.6
Equity and liabilities					
Financial liabilities	(2)	2,768.6	2,768.6		2,768.6
Liabilities to limited partners in funds	(3)	5.1		5.1	5.1
Trade payables	(2)	72.0	72.0		72.0
Other liabilities	(2)	24.1	24.1		24.1
Derivative financial instruments	(4)	152.5		152.5	152.5
(1) Loans and receivables		120.5			
(2) Liabilities carried at amortised cost		2,864.7			
(3) Liabilities carried at fair value and recognised in profit/loss		5.1			
(4) Liabilities carried at fair value		152.5			

	Balance sheet measurement in accordance with IAS 39				
	Valuation category in accordance with IAS 39	Carrying amount 31/12/2012	Amortised costs	Fair value recognised in profit/loss	Fair value 31/12/2011
		in EUR m	in EUR m	in EUR m	in EUR m
Assets					
Trade receivables	(1)	14.0	14.0		14.0
Other assets	(1)	2.3	2.3		2.3
Cash and cash equivalents	(1)	167.8	167.8		167.8
Equity and liabilities					
Financial liabilities	(2)	1,834.7	1,834.7		1,834.7
Liabilities to limited partners in funds	(3)	7.3		7.3	7.3
Trade payables	(2)	35.6	35.6		35.6
Other liabilities	(2)	37.3	37.3		37.3
Derivative financial instruments	(4)	95.0		95.0	95.0
(1) Loans and receivables		184.1			
(2) Liabilities carried at amortised costs		1,907.6			
(3) Liabilities assessed at fair value and recognised in profit/loss		7.3			
(4) Liabilities carried at fair value		95.0			

The fair values of liabilities to limited partners in funds and of derivative financial instruments were derived on the basis of generally accepted valuation methodologies that use observable market parameters.

The following table shows the contractual, undiscounted payments:

	Carrying amount 31/12/2012	2013	2014	2015	> 2016
	in EUR m	in EUR m	in EUR m	in EUR m	in EUR m
Financial liabilities	2,768.6	134.4	102.5	311.2	2,324.7
Liabilities to limited partners in funds[1)]	5.1	5.1			
Liabilities from taxes	63.6	27.3	10.4	10.4	20.8
Trade payables	72.0	72.0			
Other liabilities	24.1	24.1			

	Carrying amount 31/12/2011	2012	2013	2014	> 2015
	in EUR m	in EUR m	in EUR m	in EUR m	in EUR m
Financial liabilities	1,834.7	106.4	100.5	59.5	1,672.2
Liabilities to limited partners in funds[1)]	7.3	7.3			
Liabilities from taxes	58.6	17.7	9.6	9.6	28.8
Trade payables	35.6	35.6			
Other liabilities	37.3	37.3			

1) *The actual payments depend on the extent to which the limited partners exercise their options to tender their shares, making payment estimates uncertain.*

The profits and losses from financial assets and liabilities are as follows:

2012	Interest	Impairment	Fair value	Net loss
	in EUR m	in EUR m	in EUR m	in EUR m
Loans and receivables		2.3		2.3
Liabilities carried at amortised cost	94.6			94.6
Liabilities carried at fair value and recognised in profit/loss	0.2			0.2
Derivative financial instruments			0.2	0.2
	94.8	2.3	0.2	97.3

2011	Interest	Impairment	Fair value	Net loss
	in EUR m	in EUR m	in EUR m	in EUR m
Loans and receivables		0.2		0.2
Liabilities carried at amortised cost	88.2			88.2
Liabilities carried at fair value and recognised in profit/loss	0.6			0.6
Derivative financial instruments			0.2	0.2
	88.7	0.2	0.2	89.1

The significant risks to the Group arising from financial instruments comprise interest-related cash flow risks, liquidity risks, default risks and market price risks. Company management prepares and reviews risk management guidelines for each of these risks, as outlined below:

Default risk

Default risks, or the risk that a partner will not be able to meet its obligations, are managed by using exposure limits and control processes. If appropriate, the company is provided with collateral. Deutsche Wohnen does not face any considerable default risk, either from partners or from groups of partners with similar characteristics. The maximum default risk is the carrying amount of the financial assets as reported in the balance sheet.

Liquidity risk

The Group reviews the risk of liquidity shortfalls daily by using a liquidity planning tool. This tool takes into account the inflows and outflows of cash from the operating activities and payments relating to financial liabilities.

Deutsche Wohnen seeks to ensure that sufficient liquidity is available to meet future obligations at all times. Deutsche Wohnen currently has a debt capital ratio of approximately 67% (previous year: 67%), and a Loan-to-Value Ratio of 57.2% (previous year: 55.0%).

Interest-related cash flow risks

The interest rate risk to which the Group is exposed is mainly derived from non-current financial liabilities with floating interest rates.

The Group's interest expenses are managed by a combination of fixed-interest and floating-rate debt capital. To make this combination of fixed-interest and floating-rate debt capital cost-efficient, the Group concludes interest rate swaps at specified intervals by which it exchanges the difference between the fixed-interest and floating-rate amounts as determined on the basis of an agreed nominal value with the contractual partner. These interest rate swaps hedge the underlying debt capital. Accordingly, interest rate risk only exists for floating-rate financial liabilities that are not hedged by interest rate swaps. Applied to these financial liabilities, an increase/reduction of 1% in the interest rate at the reporting date would have led to an increase/ reduction in the interest expenses of EUR 3.9 million (previous year: EUR 4.2 million). Applied to the Group equity, an interest adjustment in the same amount has led to an increase/reduction by around EUR 83 million (previous year: EUR 49 million).

Market risks

The financial instruments of Deutsche Wohnen that are not reported at fair value are primarily cash and cash equivalents, trade receivables, other current assets, financial liabilities, trade payables and other liabilities.

The carrying amount of cash and cash equivalents is very close to their fair value due to the short-term nature of these financial instruments. For receivables and liabilities which are based on usual trade credit conditions, the carrying amount based on the historical cost is also very close to the fair value.

Fair value risks can primarily result from fixed-interest loans. A significant share of Deutsche Wohnen's liabilities due to banks is fixed-interest liabilities and interest hedged, so that the impact of fluctuations in interest rates can be estimated for the medium term.

Capital management

The primary aim of the Group's capital management is to ensure that it maintains a high credit rating and a good equity ratio to support its business activities and to maximise shareholder value.

Management of the capital structure takes into account liabilities to banks and other creditors, and cash and cash equivalents.

The key figures for capital management are:

- The equity/debt capital ratio and the leverage ratio

The Group aims to achieve an equity ratio of 30%. Future investments will therefore be based on balanced financing, amongst other things. The equity ratio amounts to 33% (previous year: 33%) as at the reporting date.

- Loan-to-Value Ratio

The ratio of financial liabilities compared to the value of investment properties is defined as the Loan-to-Value Ratio.

	31/12/2012	31/12/2011
	in EUR m	in EUR m
Financial liabilities	2,768.6	1,834.7
Cash and cash equivalents	–90.6	–167.8
Net financial liabilities	**2,678.0**	**1,666.9**
Investment properties	4,614.6	2,928.8
Non-current assets held for sale	24.4	37.4
Land and buildings held for sale	39.1	63.5
	4,678.1	**3,029.7**
Loan-to-Value Ratio	57.2%	55.0%

Hedging

As at 31 December 2012 and 31 December 2011, there were various interest hedges (payer swaps), through which variable interest rate conditions can be exchanged for fixed interest rate conditions. The non-effective part whose value change is shown in the consolidated profit and loss statement amounts to EUR 0.2 million (previous year: EUR 0.2 million).

Events after the reporting date

On 15 January 2013, Deutsche Wohnen placed 14,614,285 new ordinary bearer shares with institutional investors nationally and internationally by way of an accelerated accelerated book building. The new shares are fully entitled to dividends for the financial year 2012. The subscription rights of the shareholders were excluded in this process. The shares were issued in partial utilisation of the authorised capital approved by the extraordinary general meeting in December. The placement price was EUR 13.35 per share. We thereby achieved gross proceeds in the amount of EUR 195.1 million.

Furthermore, on 1 January 2013 the transfer of risks and rewards regarding a portfolio of 5,100 residential units in Brunswick, Dresden, Leipzig and Erfurt, which had been acquired by Deutsche Wohnen, took place. The gross acquisition price amounted to around EUR 770 per sqm, with an FFO yield before taxes of around 9%.

In addition, on 1 February 2013 the transfer of risks and rewards for an additional portfolio, which consists of 5,200 residential units in Berlin, took place. The gross acquisition price amounted to around EUR 710 per sqm with an FFO yield before taxes of around 9%.

In addition, KATHARINENHOF® took over four Nursing Homes with 425 places from LebensWerk GmbH in Berlin. The risks and rewards were transferred as at 15 January 2013. The takeover involves a company acquisition in the definition of IFRS 3. The purchase price for the nursing facilities taken over amounted rounded EUR 43 million. It has not been possible yet to split the purchase price over the assets and debts taken over due to the proximity of the transaction to the key date of the preparation of the consolidated financial statements. Based on the information that is available to Deutsche Wohnen Group it is assumed that the difference amount between the purchase price and the equity of the purchased companies are primarily allocated to the fair value of purchased real estate as well as to assets related to the operative business. It is furthermore assumed that the predominant part of the silent reserves will not be depreciated as planned.

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

Commitments and contingencies

Hereditary building rights contracts result in annual financial commitments of EUR 1.7 million (previous year: EUR 1.2 million).

Other financial commitments relating to agency agreements concerning IT services amount to EUR 9.9 million (previous year: EUR 9.2 million).

Other service contracts result in annual financial commitments of EUR 3.4 million (previous year: EUR 2.9 million).

One Group company (Rhein-Pfalz Wohnen GmbH) has been certified as a development and redevelopment agency (Sections 158 and 167 of the German Federal Building Code (BauGB)). Rhein-Pfalz Wohnen GmbH performs the duties bestowed to it by local authorities as their trustee.

As at 31 December 2012, the company had cash at banks amount to EUR 3.2 million (previous year: EUR 3.3 million) at its disposal in a fiduciary capacity in relation to property renovation and development measures. The fiduciary tasks of Rhein-Pfalz Wohnen GmbH were transferred to the development company Rhein-Pfalz GmbH & Co. KG as at 30 June 2001 under the terms of the agency agreement entered into with this company.

In the financial year 2012 contracts of sale for the acquisition of property and property holding companies were recognised. The transfer of the transaction item has not taken place until the valuation date. There are payment obligations from this contract amounting to approximately EUR 255.7 million.

Lease commitments

Payments for leasing agreements of up to one year amount to EUR 2.6 million (previous year: EUR 2.3 million), for one to five years EUR 6.8 million (previous year: EUR 5.9 million), and for more than five years EUR 4.5 million (previous year: EUR 1.3 million.).

Auditors' services

The auditor of Deutsche Wohnen AG and the Group is Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. The following expenses were incurred in the year under review:

	2012	2011
	in EUR k	in EUR k
Audit	525	375
Other certification and valuation services	930	448
Reimbursement of insurance premiums	602	602
Tax advice	284	172
Other services	0	176
	2,341	1,773

The expenses for other certification and valuation services essentially relate to services rendered in the context of the capital increase in 2012.

Related party disclosures

Companies and persons who have the possibility of controlling or exercising a significant influence on the financial and business policies of the Deutsche Wohnen Group are considered to be related parties.

Existing control relationships were taken into account when defining the significant influence that the Deutsche Wohnen Group's related parties have on its financial and business policies.

Related companies

The affiliated companies, jointly controlled entities and affiliated companies included in the consolidated financial statements are to be considered related companies.

Service and cash management agreements exist within the Group. Services between the companies are eliminated on consolidation.

Related parties

The following persons are to be considered related parties:

Name		Memberships in supervisory boards and other executive bodies within the meaning of Section 125 (1) sentence 5 of the German Stock Corporation Act (AktG)
Michael Zahn, economist, Chief Executive Officer		Eisenbahn-Siedlungs-Gesellschaft Berlin mbH, Berlin (Chairman of the Supervisory Board) GEHAG GmbH, Berlin (Chairman of the Supervisory Board) KATHARINENHOF® Seniorenwohn-und Pflegeanlage Betriebs-GmbH, Berlin (Chairman of the Supervisory Board)
Lars Wittan, Degree in business administration (Dipl.-Betriebswirt) Chief Financial Officer		KATHARINENHOF® Seniorenwohn-und Pflegeanlage Betriebs-GmbH, Berlin (Deputy Chairman of the Supervisory Board)
Helmut Ullrich, assessor, Member of the Management Board	until 31/12/2012	Eisenbahn-Siedlungs-Gesellschaft Berlin mbH, Berlin (Member of the Supervisory Board until 31/12/2012)

Members of the Supervisory Board of Deutsche Wohnen AG

The Supervisory Board is made up as follows:

Name	Occupation	Memberships in supervisory boards and other executive bodies within the meaning of Section 125 para 1 sentence 5 of the German Stock Corporation Act (AktG)
Uwe E. Flach, Chairman	Senior Advisor Oaktree GmbH, Frankfurt/Main	DZ Bank, Frankfurt/Main (Member of the Advisory Council) OCM German Real Estate Holding AG, Hamburg (Chairman of the Supervisory Board) Nordenia International AG, Greven (Deputy Chairman of the Supervisory Board until 30/09/2012)
Dr Andreas Kretschmer, Deputy Chairman	Managing Director of Ärzteversorgung Westfalen-Lippe Einrichtung der Ärzte kammer Westfalen-Lippe - KöR -, Münster	BIOCEUTICALS Arzneimittel AG, Bad Vilbel (Chairman of the Supervisory Board) Private Life Biomed AG, Hamburg (Chairman of the Supervisory Board) Amprion GmbH, Dortmund (Deputy Chairman of the Supervisory Board)
Matthias Hünlein	Managing Director Tishman Speyer Properties Deutschland GmbH, Frankfurt/Main	A.A.A. Aktiengesellschaft Allgemeine Anlagenverwaltung, Frankfurt/Main (Member of the Supervisory Board)
Dr Florian Stetter	Real Estate Agent, Erding	CalCon Deutschland AG, Munich (Member of the Supervisory Board)
Dr Michael Leinwand	Chief Investment Officer Zürich Beteiligungs-AG, Frankfurt/Main	Bizerba GmbH & Co. KG, Balingen (Member of the Supervisory Board)

Name	Occupation	Memberships in supervisory boards and other executive bodies within the meaning of Section 125 para 1 sentence 5 of the German Stock Corporation Act (AktG)
Dr h.c. Wolfgang Clement	Publicist and Company Consultant Federal Minister (retired) (Bundesminister a.D.) Minister President (retired) (Ministerpräsident a.D.)	Daldrup & Söhne AG, Grünwald (Chairman of the Supervisory Board) DIS AG, Dusseldorf (Member of the Supervisory Board) Peter Dussmann-Stiftung, Berlin (Deputy Chairman of the Board of Trustees) Dussmann Stiftung & Co. KGaA, Berlin (Chairman of the Supervisory Board) Landau Media Monitoring AG & Co. KG, Berlin (Member of the Supervisory Board) RWE Power AG, Essen (Member of the Supervisory Board)

Transactions with related parties

The Management Board Member Helmut Ullrich purchased three apartments from GEHAG GmbH for a price of EUR 0.4 million in the 2012 financial year. This disposal was approved by the Supervisory Board.

The Management Board Member Lars Wittan purchased four apartments from GEHAG GmbH for a price of EUR 0.3 million in the financial year 2012. This disposal was approved by the Supervisory Board.

Remuneration of the Management Board and Supervisory Board

The remuneration for the Management Board is composed as follows:

		Variable remuneration components			
		Short-term incentive		Long Term Incentive	
2012	Fixed remuneration	short-term due	long-term	PSU plan	Supplementary payments
	in EUR k	in EUR k	in EUR k	in EUR k	in EUR k
Michael Zahn	350	300	100	150	27
Helmut Ullrich	275	240	60	125	19
Lars Wittan	200	150	50	100	25

		Variable remuneration components			
		Short-term incentive		Long Term Incentive	
2011	Fixed remuneration	short-term due	long-term	PSU plan	Supplementary payments
	in EUR k	in EUR k	in EUR k	in EUR k	in EUR k
Michael Zahn	350	300	100	150	27
Helmut Ullrich	275	160	40	125	19
Lars Wittan	50	38	13	25	6

There is no employee benefit liability for current or retired members of the Management Board or Supervisory Board.

The Annual General Meeting of 6 June 2012 decided on the remuneration of the Supervisory Board for 2012. On the basis of this resolution, each member of the Supervisory Board receives a fixed remuneration of EUR 30 k, the Chairman of the Supervisory Board receives double that amount, and the Deputy Chairman of the Supervisory Board receives one and a half times that amount. In addition, each Supervisory Board member receives lump-sum remuneration in the amount of EUR 5 k per financial year for their membership of the Audit Committee of the Supervisory Board. Furthermore, each member of the General and the Acquisition Committee receives a meeting fee in the amount of EUR 1 k for each attendance at a committee meeting in person. Expenses are reimbursed.

The total Supervisory Board remuneration to be paid for the financial year 2012 amounts to EUR 243 k net, of which EUR 66 k net are allocated to Mr Flach, EUR 51 k net to Dr Kretschmer, EUR 35 k net to Dr Stetter, EUR 31 k net to Mr Hünlein as well as EUR 30 k net to Dr h.c. Clement and Dr Leinwand, respectively.

Corporate Governance

The Management Board and the Supervisory Board submitted a declaration of conformity with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG) and has made it permanently available to the shareholders online at www.deutsche-wohnen.com.

Frankfurt/Main,
25 February 2013

Michael Zahn	Lars Wittan
Chief Executive Officer	Chief Financial Officer

DEUTSCHE WOHNEN AG, Frankfurt/Main

Shareholdings***
as at 31 December 2012

Company and registered office	Share of capital		Equity	Profit/loss	Reporting Date
			EUR k	EUR k	
AGG Auguste-Viktoria-Allee Grundstücks GmbH, Berlin	100.00%	*	–43.9	0.0	2012
Algarobo Holding B.V., Amsterdam, Niederlande	100.00%	*	8,828.6	–2,314.2	2012
Aufbau-Gesellschaft der GEHAG mbH, Berlin	100.00%	*	2,554.2	753.5	2012
AVUS Immobilien Treuhand GmbH & Co. KG, Berlin	100.00%	*	428.6	–14.9	2011
BauBeCon Assets GmbH, Hannover	100.00%	*	26,766.8	–2,011.0	2012
BauBeCon BIO GmbH, Hannover	100.00%	*	8,626.5	26.0	2012
BauBeCon Immobilien GmbH, Hannover	100.00%	*	321,482.6	–85,048.7	2012
BauBeCon Wohnwert GmbH, Hannover	100.00%	*	26,710.2	0.0	2012
DB Immobilienfonds 14 Rhein-Pfalz Wohnen GmbH & Co. KG, Eschborn	93.95%	*	29,086.6	–90.2	2011
Deutsche Wohnen Asset Immobilien GmbH, Frankfurt am Main	100.00%	*	25.0	0.0	2012
Deutsche Wohnen Beteiligungen Immobilien GmbH, Frankfurt am Main	100.00%	*	1,025.0	0.0	2012
Deutsche Wohnen Beteiligungsverwaltungs GmbH & Co. KG, Berlin	100.00%	*	20.0	13.1	2012
Deutsche Wohnen Corporate Real Estate GmbH, Berlin	100.00%	****	25.0	0.0	2012
Deutsche Wohnen Direkt Immobilien GmbH, Frankfurt am Main	100.00%	*	425,298.4	27,594.1	2012
Deutsche Wohnen Fondsbeteiligungs GmbH, Berlin	100.00%	****	25.0	0.0	2012
Deutsche Wohnen Management GmbH, Berlin	100.00%	****	25.0	0.0	2012
Deutsche Wohnen Management- und Servicegesellschaft mbH, Frankfurt am Main	100.00%	****	25.6	0.0	2012
Deutsche Wohnen Reisholz GmbH, Berlin (vormals: FdR Reisholz Verwaltungs-GmbH, Essen)	100.00%	****	2,077.5	570.0	2012
Deutsche Wohnen Service GmbH, Berlin	100.00%		196.5	–963.5	2012
Deutsche Wohnen Service Braunschweig GmbH, Berlin	100.00%	*	68.6	–6.4	2012
Deutsche Wohnen Service Hannover GmbH, Berlin	100.00%	*	46.9	–625.1	2012
Deutsche Wohnen Service Magdeburg GmbH, Berlin	100.00%	*	63.2	–324.8	2012
Deutsche Wohnen Zweite Fondsbeteiligungs GmbH, Berlin	100.00%	****	25.2	0.0	2012
Eisenbahn-Siedlungs-Gesellschaft Berlin mit beschränkter Haftung, Berlin	94.90%	*	11,889.8	0.0	2012
Fortimo GmbH, Berlin	100.00%	*	6,127.2	0.0	2012
GbR Fernheizung Gropiusstadt, Berlin	45.59%	*	618.3	–30.8	2012
Gehag Acquisition Co. GmbH, Berlin	100.00%	*	428,879.2	–274.6	2012
GEHAG Beteiligungs GmbH & Co. KG, Berlin	100.00%	*	21,867.1	–44.9	2012
GEHAG Dritte Beteiligungs GmbH, Berlin	100.00%	*	378.8	0.0	2012

Company and registered office	Share of capital		Equity	Profit/loss	Reporting Date
			EUR k	EUR k	
GEHAG Erste Beteiligungs GmbH, Berlin	100.00%	*	45.0	0.0	2012
GEHAG Erwerbs GmbH & Co. KG, Berlin	99.99%	*	20,308.9	– 11.0	2012
GEHAG GmbH, Berlin	100.00%	*	735,943.7	32,677.1	2012
GEHAG Immobilien Management GmbH, Berlin	100.00%	*	25.0	0.0	2012
GEHAG Vierte Beteiligung SE, Amsterdam, Niederlande (formerly: Promontoria Holding XVI N.V., Amsterdam, Niederlande)	100.00%	*	17,754.5	2,931.9	2012
GEHAG Zweite Beteiligungs GmbH, Berlin	100.00%	*	– 5,374.5	– 2,917.4	2012
Hamnes Investments B.V., Amsterdam, Niederlande	100.00%	*	10,110.8	2,478.3	2012
Haus und Heim Wohnungsbau-GmbH, Berlin	100.00%	*	2,798.7	0.0	2012
HESIONE Vermögensverwaltungsgesellschaft mbH, Frankfurt am Main	100.00%	*	32.9	11.0	2012
Holzmindener Straße/Tempelhofer Weg Grundstücks GmbH, Berlin	100.00%	*	25.0	158.3	2012
Intermetro B.V., Amsterdam, Niederlande	100.00%	*	6,148.7	– 1,369.8	2012
KATHARINENHOF Seniorenwohn- und Pflegeanlage Betriebs-GmbH, Berlin	100.00%	*	1,950.0	0.0	2012
KATHARINENHOF Service GmbH, Berlin	100.00%	*	25.0	0.0	2012
Main-Taunus Wohnen GmbH & Co. KG, Eschborn	99.99%	**	11,640.7	7,294.6	2012
Marienfelder Allee 212-220 Grundstücksgesellschaft b.R., Berlin	94.00%	*	7,086.4	444.8	2012
patus 216. GmbH, Hannover	100.00%	*	9.8	– 10.2	2012
patus 217. GmbH, Hannover	100.00%	*	10.6	– 10.7	2012
Rhein-Main Wohnen GmbH, Frankfurt am Main	100.00%	*	499,134.0	56,237.1	2012
Rhein-Mosel Wohnen GmbH, Mainz	100.00%	*	154,820.5	15,623.6	2012
Rhein-Pfalz Wohnen GmbH, Mainz	100.00%		181,017.0	0.0	2012
RMW Projekt GmbH, Frankfurt am Main	100.00%	*	16,238.3	0.0	2012
Sanierungs- und Gewerbebau GmbH & Co. KG, Aachen	100.00%	*	1,134.9	– 270.2	2012
Seniorenresidenz „Am Lunapark” GmbH, Leipzig	100.00%	*	950.2	833.0	2012
SGG Scharnweberstraße Grundstücks GmbH, Berlin	100.00%	*	25.0	16.9	2012
Sophienstraße Aachen Vermögensverwaltungsgesellschaft mbH, Berlin	100.00%	*	2,193.0	0.0	2012
Stadtentwicklungsgesellschaft Eldenaer Straße mbH i.L., Berlin	50.00%	*	246.1	– 33.1	2011
Wohn- und Pflegewelt Lahnblick GmbH, Bad Ems	100.00%	*	427.8	107.0	2012

* *direct shareholdings*

** *direct and indirect shareholdings*

*** *Additionally, the company is indirectly involved in working groups*

**** *Waiver according to Section 264 (3) oft he German Commercial Code (HGB)*

DEUTSCHE WOHNEN AG, FRANKFURT/MAIN

CONSOLIDATED SEGMENT REPORTING FOR THE FINANCIAL YEAR 2012

	External revenue		Internal revenue		Total revenue		Segment earnings		Assets		Depreciation and amortisation	
	2012	2011	2012	2011	2012	2011	2012	2011	12/31/2012	12/31/2011	2012	2011
	in EUR m	in EUR m	in EUR m	in EUR m	in EUR m	in EUR m	in EUR m	in EUR m	in EUR m	in EUR m	in EUR m	in EUR m
Segments												
Residential Property Management	240.1	196.4	2.2	2.1	242.3	198.5	194.4	157.4	4,627.1	2,938.8	0.0	0.0
Disposals	167.8	150.6	9.7	11.2	177.5	161.8	19.9	10.6	77.5	110.3	0.0	0.0
Nursing and Assisted Living	42.0	40.1	0.0	0.0	42.0	40.1	9.9	9.2	4.6	3.0	−0.6	−0.3
Reconciliation with consolidated financial statement												
Central functions and other operational activities	0.3	0.4	31.0	31.1	31.3	31.5	−27.7	−35.2	116.7	186.4	−2.5	−2.7
Consolidations and other reconciliations	−0.4	−0.4	−42.9	−44.4	−43.3	−44.8	0.0	0.0	0.0	0.0	0.0	0.0
	449.8	387.1	0.0	0.0	449.8	387.1	196.5	142.0	4,825.9	3,238.5	−3.1	−3.0

The following auditor's report (Bestätigungsvermerk) refers to the consolidated financial statements prepared on the basis of International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch": "German Commercial Code") as well as the group management report prepared on the basis of German commercial law (HGB) of Deutsche Wohnen AG for the fiscal year ended December 31, 2012 as a whole and not solely to the consolidated financial statements presented in this Prospectus on the preceding pages. The above-mentioned auditor's report (Bestätigungsvermerk) and consolidated financial statements are both translations of the respective German-language documents.

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by the Deutsche Wohnen AG, Frankfurt/Main, comprising the balance sheet, the profit and loss statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1, 2012 to December 31, 2012. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch": "German Commercial Code") are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Berlin, February 25, 2013

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Völker
Wirtschaftsprüfer
(German public auditor)

Glöckner
Wirtschaftsprüfer
(German public auditor)

AUDITED ANNUAL FINANCIAL STATEMENTS OF DEUTSCHE WOHNEN AG FOR THE YEAR ENDED 31 DECEMBER 2014 (HGB)

DEUTSCHE WOHNEN AG, FRANKFURT/MAIN

BALANCE SHEET AS AT 31 DECEMBER 2014

	31/12/2014	31/12/2013
	EUR	EUR
ASSETS		
A. FIXED ASSETS		
I. Intangible assets		
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	1,680,920.63	1,275,529.32
2. Advance payments	65,381.59	0.00
	1,746,302.22	1,275,529.32
II. Property, plant and equipment		
1. Buildings on third party properties	113,827.46	0.00
2. Other equipment, furniture and fixtures	2,112,725.77	2,085,543.94
3. Advance payments on property, plant and equipment	349,306.63	0.00
	2,575,859.86	2,085,543.94
III. Financial assets		
Shares in affiliates	2,595,738,986.16	2,476,196,964.19
	2,600,061,148.24	2,479,558,037.45
B. CURRENT ASSETS		
I. Receivables and other assets		
1. Receivables from affiliates	2,020,400,449.16	935,902,211.19
2. Other assets	110,049,627.81	597,379.42
	2,130,450,076.97	936,499,590.61
II. Cash on hand, bank balances	284,725,151.95	15,464,751.69
	2,415,175,228.92	951,964,342.30
C. PREPAID EXPENSES	63,098,266.37	41,966,358.19
	5,078,334,643.53	3,473,488,737.94
EQUITY AND LIABILITIES		
A. EQUITY		
I. Issued share capital	294,259,979.00	286,216,731.00
Contingent capital as at 31 December 2014: 85,912,218.00 (previous year: EUR 40,189,000.00)		
II. Capital reserve	2,836,588,038.68	2,673,677,814.50
III. Revenue reserves		
Reserves required by law	1,022,583.76	1,022,583.76
IV. Balance sheet profit	177,351,852.19	57,428,428.62
	3,309,222,453.63	3,018,345,557.88
B. PROVISIONS		
1. Provisions for pensions and similar obligations	613,409.00	518,619.00
2. Tax provisions	0.00	50,000.00
3. Other provisions	16,135,051.90	13,263,065.75
	16,748,460.90	13,831,684.75
C. LIABILITIES		
1. Bonds	651,234,027.78	250,136,986.30
thereof convertible EUR 650,000,000.00 (previous year: EUR 250,000,000.00)		
2. Liabilities to banks	0.00	95,255,940.04
3. Trade payables	4,231,153.59	1,226,235.80
4. Liabilities to affiliates	1,095,769,413.04	94,119,042.58
5. Other liabilities	1,129,134.59	573,290.59
thereof from taxes EUR 1,097,682.50 (previous year: EUR 513,270.02)	1,752,363,729.00	441,311,495.31
	5,078,334,643.53	3,473,488,737.94

DEUTSCHE WOHNEN AG, FRANKFURT/ MAIN
PROFIT AND LOSS STATEMENT FOR 2014

	2014	2013
	EUR	EUR
1. Revenue	18,202,996.93	21,045,576.65
2. Other operating income	1,832,061.90	1,512,519.58
3. Staff expenses		
a) Wages and salaries	−13,221,699.50	−10,788,703.59
b) Social security and pension contributions thereof for pensions EUR 78,578.73 (previous year: EUR 224,383.63)	−1,329,617.61	−1,197,859.77
	−14,551,317.11	−11,986,563.36
4. Depreciation, armortisation and write-downs of intangible assets and property, plant and equipment	−1,555,975.45	−1,905,658.27
5. Other operating expenses	−28,211,932.82	−27,396,586.32
6. Income from equity investments thereof from affiliates EUR 214,120,567.01 (previous year: EUR 5,036,136.88)	214,120,567.01	5,036,136.88
7. Income from profit transfer agreements	2,444,270.66	1,488,314.04
8. Other interests and similar income thereof from affiliates EUR 13,398,162.40 (previous year: EUR 14,235,369.70)	13,694,977.69	14,578,785.98
9. Write-downs of financial assets	−259,010.72	−2,412,125.70
10. Interests and similar expenses thereof from affiliates EUR 5,445,828.68 (previous year: EUR 3,883,902.11) thereof expenses from discounting EUR 25,223.00 (previous year: EUR 14,776.00)	−28,361,537.00	−12,383,343.62
11. **Results from ordinary activities**	**177,355,101.09**	**−12,422,944.14**
12. Taxes on income	0.10	0.00
13. Other taxes	−3,249.00	−3,990.00
14. **Net loss for the year**	**177,351,852.19**	**−12,426,934.14**
15. Profit carried-forward	0.00	0.00
16. Transfer from capital reserve	0.00	69,855,362.76
17. **Balance sheet profit**	**177,351,852.19**	**57,428,428.62**

Notes to the Annual Financial Statements 2014

I. General information on the annual financial statements

Deutsche Wohnen AG, Frankfurt/Main, is a listed corporation registered in Germany.

The annual financial statements were produced in accordance with Sections 242 et seqq. and Sections 264 et seqq. of the German Commercial Code (HGB) and the additional stipulations of the German Stock Corporation Act (AktG). The company is a large corporation as defined in Section 267 para. 3 of the German Commercial Code (HGB).

The profit and loss statement is structured in accordance with the total cost method. The financial year is the calendar year.

II. Accounting policies and valuation methods

Fixed assets

Intangible assets acquired in return for payment of consideration are reported at cost on the balance sheet and depreciated in accordance with their useful lives less any scheduled depreciation and amortisation (three to five years; on a straight-line basis).

Property, plant and equipment are recognised at its acquisition or production cost – less any scheduled depreciation and amortisation.

As in the previous year, no interest on debt capital was included in production cost in the financial year.

Low-value assets up to a value of EUR 150 are fully depreciated and amortised in the year of acquisition. Since the beginning of the financial year 2008, low-value assets with a value of between EUR 150 and EUR 1,000 have been depreciated and amortised over a period of five years.

Shares in affiliated companies are recognised at cost – less any depreciation and amortisation on their attributable fair value on the reporting date, where this is lower.

Current assets

Current assets are recognised at their acquisition or production cost – less any depreciation and amortisation on their attributable fair value on the reporting date, where this is lower.

Receivables and other assets are valued at their nominal value.

Cash on hand and bank balances are recognised at their nominal value.

Accruals and deferrals

Expenditure as at the balance sheet date is recognised as deferred expenses and accrued income to the extent that it relates to expenses for a certain period after the reporting date. Discounts and non-recurrent handling fees charged by lenders upon the granting of loans, which together with current interest income represent uniform consideration in economic terms for the allocation of loans, are deferred on the basis of Section 250 para. 3 of the German Commercial Code (HGB) and recognised under expenses over the term of the loans.

Deferred taxes

Differences between the commercial and tax bases of assets and liabilities or due to tax loss carryforwards, if they are expected to decrease in subsequent financial years and result in an overall tax burden, are recognised on the balance sheet net as deferred tax liabilities. Any resulting overall tax benefit (deferred tax assets) will not be recognised on the balance sheet. Deferred taxes are calculated using the tax rates at the time of the expected degradation of the differences and are not discounted. Deferred taxes from subsidiary companies are recognised at the parent company.

Provisions for pensions

All the company's employee benefit liabilities have been determined in accordance with the Projected Unit Credit Method on the basis of an actuarial opinion pursuant to the "Mortality tables 2005G" by

Professor Dr Klaus Heubeck and applying the interest rate of 4.62% p.a. (previous year: 4.90% p.a.) published by the Bundesbank. Income growth of 2.50% p.a., increases in the income threshold of 2.25% p.a. and pension adjustments of 1.75% p.a. were taken into account in this regard.

Other provisions

Other provisions are recognised in the amount of the necessary settlement amount based on sound business judgement. They cover all foreseeable losses from pending transactions and contingent liabilities. Other non-current provisions are discounted at the interest rates published by the Bundesbank.

Liabilities

Liabilities are recognised at their settlement amount. Non-current, non-interest-bearing liabilities are discounted.

Valuation units in accordance with Section 254 of the German Commercial Code (HGB)

Economic hedges have been accounted for on the balance sheet through the formation of valuation units, with compensatory changes in the value of the underlying transaction and the hedging transaction not being reported on the balance sheet in accordance with the hedge presentation method. There were no longer any valuation units as at the reporting date as a result of the termination of all interest rate hedge transactions.

Share-based remuneration

The Management Board of Deutsche Wohnen has been receiving share-based remuneration in the form of subscription rights (share options) since the financial year 2014. The stock option programme is fundamentally an option plan implemented using equity instruments. The option plan provides only for the possibility of implementing the stock option programme by using Deutsche Wohnen shares.

The expenses incurred as a result of the issuance of the share options are valued at the attributable fair value of the granted share options at the time of their granting and calculated using generally recognised option pricing models. The expenses resulting from the issuance of the share options are reported, together with a corresponding increase in equity (capital reserve), over the period in which the conditions for performance are met (the so-called "vesting period"), which will end upon the employee in question irrevocably becoming a beneficiary of the programme. The amount of the cumulated expenses arising out of the granting of the equity instruments reported on every balance sheet date until the granting of the equity instruments reflects the expired portion of the vesting period and the number of the equity instruments which, at the Group's best estimate, will actually be exercisable upon the expiration of the vesting period. The amount charged or credited to the profit and loss statement reflects the changes in the cumulated expenses recognised at the beginning and at the end of the reporting period.

III. Notes to the balance sheet

(1) Fixed assets

The structure and development of fixed assets are shown in the attached statement of changes in fixed assets (Appendix 1 to the Notes).

The company has direct or indirect shareholdings in the following[3] companies in accordance with sec. 285 no. 11 of the German Commercial Code (HGB). Equity and earnings are based on commercial accounting standards and the accounting standards applicable of the respective country of domicile.

Company and registered office	Share of capital		Equity	Profit/loss	Reporting date
			EUR k	EUR k	
AGG Auguste-Viktoria-Allee Grundstücks GmbH, Berlin	100.00%	1	25.0	0.0	2014
Algarobo Holding B.V., Baarn, Netherlands	100.00%	1	8,672.7	−811.8	2014
Aufbau-Gesellschaft der GEHAG mit beschränkter Haftung, Berlin	100.00%	1	4,488.6	1,049.6	2014
AVUS Immobilien Treuhand GmbH & Co. KG, Berlin	100.00%	1	410.9	−17.7	2013
B&O Deutsche Service GmbH, Berlin	49.00%	1,7	k. A.	k. A.	k. A.
BauBeCon Assets GmbH, Berlin	100.00%	1	29,630.7	1,954.6	2014
BauBeCon BIO GmbH, Berlin	100.00%	1	8,626.5	0.0	2014
BauBeCon Immobilien GmbH, Berlin	100.00%	1	356,240.3	19,316.4	2014
BauBeCon Wohnwert GmbH, Berlin	100.00%	1	26,710.2	0.0	2014
DB Immobilienfonds 14 Rhein-Pfalz Wohnen GmbH & Co. KG, Eschborn	89.52%	1	30,183.5	828.0	2013
DCM GmbH & Co. Renditefonds 506 KG, Munich	99.00%	1	0.0	0.0	2012
DCM GmbH & Co. Renditefonds 507 KG, Munich	99.00%	1	9.0	0.0	2012
DCM GmbH & Co. Renditefonds 508 KG, Munich	99.00%	1	141.0	0.0	2012
DCM GmbH & Co. Renditefonds 510 KG, Munich	99.00%	1	247.0	0.0	2012
Deutsche Wohnen Asset Immobilien GmbH, Frankfurt/Main	100.00%	1	25.0	0.0	2014
Deutsche Wohnen Beteiligungen Immobilien GmbH, Frankfurt/Main	100.00%	1	1,025.0	0.0	2014
Deutsche Wohnen Beteiligungsverwaltungs GmbH & Co. KG, Berlin	100.00%	1,5	20.0	12.4	2014
Deutsche Wohnen Construction and Facilities GmbH, Berlin (formerly: Deutsche Wohnen Service Braunschweig GmbH, Berlin)	100.00%	4	275.0	175.6	2014
Deutsche Wohnen Corporate Real Estate GmbH, Berlin	100.00%	4	25.0	0.0	2014
Deutsche Wohnen Direkt Immobilien GmbH, Frankfurt/Main	100.00%	1	423,479.9	−1,412.2	2014
Deutsche Wohnen Dresden I GmbH, Berlin (formerly: arsago wohnen XIII GmbH, Pöcking)	100.00%	1	4,045.8	896.5	2014
Deutsche Wohnen Dresden II GmbH, Berlin (formerly: arsago wohnen XIV GmbH, Pöcking)	100.00%	1	2,484.8	750.3	2014
Deutsche Wohnen Energy GmbH, Berlin (formerly: Kristensen Energy GmbH, Berlin)	100.00%	1,4	25.0	34.9	2014
Deutsche Wohnen Fondsbeteiligungs GmbH, Berlin	100.00%	4	25.0	0.0	2014

Company and registered office	Share of capital		Equity	Profit/loss	Reporting date
			EUR k	EUR k	
Deutsche Wohnen Immobilien Management GmbH, Berlin (formerly: Deutsche Wohnen Service GmbH, Berlin)	100.00%	4	832.5	400.4	2014
Deutsche Wohnen Management GmbH, Berlin	100.00%	4	25.0	0.0	2014
Deutsche Wohnen Management- und Servicegesellschaft mbH, Frankfurt/Main	100.00%	4	25.6	0.0	2014
Deutsche Wohnen Reisholz GmbH, Berlin	100.00%	1,4	3,563.5	244.8	2014
Deutsche Wohnen Service Center GmbH, Berlin (formerly: Deutsche Wohnen Service Hannover GmbH, Berlin)	100.00%	1	79.7	3.4	2014
Deutsche Wohnen Service Magdeburg GmbH, Berlin	100.00%	1	289.9	−46.8	2014
Deutsche Wohnen Service Merseburg GmbH, Merseburg (formerly: Kristensen Service GmbH, Merseburg)	100.00%	1	106.6	3.9	2014
Deutsche Wohnen Zweite Fondsbeteiligungs GmbH, Berlin	100.00%	4	25.2	0.0	2014
DWRE Alpha GmbH, Berlin (formerly: Kristensen Real Estate Alpha GmbH, Berlin)	100.00%	1	317.6	−9.4	2014
DWRE Braunschweig GmbH, Berlin (formerly: Kristensen Real Estate Braunschweig GmbH, Berlin)	100.00%	1	16,325.2	0.0	2014
DWRE Dresden GmbH, Berlin (formerly: Kristensen Real Estate Dresden GmbH, Berlin)	100.00%	1	25.0	110.3	2014
DWRE Erfurt GmbH, Berlin (formerly: Kristensen Real Estate Erfurt GmbH, Berlin)	100.00%	1	880.2	0.0	2014
DWRE Halle GmbH, Berlin (formerly: Kristensen Real Estate Halle GmbH, Berlin)	100.00%	1	25.0	0.0	2014
DWRE Hennigsdorf GmbH, Berlin (formerly: Kristensen Real Estate Hennigsdorf GmbH, Berlin)	100.00%	1	1,085.3	0.0	2014
DWRE Leipzig GmbH, Berlin (formerly: Kristensen Real Estate Leipzig GmbH, Berlin)	100.00%	1	25.0	98.8	2014
DWRE Merseburg GmbH, Berlin (formerly: Kristensen Real Estate Merseburg GmbH, Berlin)	100.00%	1	1,068.4	0.0	2014
Eisenbahn-Siedlungs-Gesellschaft Berlin mit beschränkter Haftung, Berlin	94.90%	1	11,889.8	0.0	2014
FACILITA Berlin GmbH, Berlin	100.00%	1	2,037.0	1,056.0	2014
Fortimo GmbH, Berlin	100.00%	1	6,127.2	0.0	2014
Funk Schadensmanagement GmbH, Berlin	49.00%	1,7	k. A.	k. A.	k. A.
G+D Gesellschaft für Energiemanagement mbH, Magdeburg	49.00%	1	987.9	−12.1	2013
GbR Fernheizung Gropiusstadt, Berlin	45.59%	1	534.7	−117.1	2014
Gehag Acquisition Co. GmbH, Berlin	100.00%	1	428,439.7	−908.0	2014
GEHAG Beteiligungs GmbH & Co. KG, Berlin	100.00%	1,5	21,912.1	404.7	2014
GEHAG Dritte Beteiligungs GmbH, Berlin	100.00%	1	378.8	0.0	2014
GEHAG Erste Beteiligungs GmbH, Berlin	100.00%	1	45.0	0.0	2014
GEHAG Erwerbs GmbH & Co. KG, Berlin	99.99%	1,5	20,406.7	613.6	2014
GEHAG GmbH, Berlin	100.00%	1,6	1,089,354.9	65,624.0	2014

Company and registered office	Share of capital		Equity	Profit/loss	Reporting date
			EUR k	EUR k	
GEHAG Grundbesitz I GmbH, Berlin (formerly: Erste V-B-S Verwaltungs-, Besitz- und Servicegesellschaft mbH, Berlin)	100.00%	1	26.0	0.0	2014
GEHAG Grundbesitz II GmbH, Berlin (formerly: Dritte V-B-S Verwaltungs-, Besitz- und Servicegesellschaft mbH, Berlin)	100.00%	1	25.0	0.0	2014
GEHAG Grundbesitz III GmbH, Berlin (formerly: Vierte V-B-S Verwaltungs-, Besitz- und Servicegesellschaft mbH, Berlin)	100.00%	1	−28.9	247.2	2014
GEHAG Vierte Beteiligung SE, Berlin (formerly: GEHAG Vierte Beteiligung SE, Amsterdam, Netherlands)	100.00%	1	20,220.5	0.0	2014
GEHAG Zweite Beteiligungs GmbH, Berlin	100.00%	1	17,431.5	12,945.7	2014
GIM Immobilien Management GmbH, Berlin (formerly: GEHAG Immobilien Management GmbH, Berlin)	49.00%	1	98.5	0.0	2013
GGR Wohnparks Alte Hellersdorfer Straße GmbH, Berlin	100.00%	1	5,703.6	251.7	2014
GGR Wohnparks Kastanienallee GmbH, Berlin	100.00%	1	21,277.5	1,675.7	2014
GGR Wohnparks Nord Leipziger Tor GmbH, Berlin	100.00%	1	6,680.3	0.0	2014
GGR Wohnparks Süd Leipziger Tor GmbH, Berlin	100.00%	1	3,390.2	0.0	2014
Grundstücksgesellschaft Karower Damm mbH, Berlin	100.00%	1	1,099.3	0.0	2014
GSW Acquisition 3 GmbH, Berlin	100.00%	1	77,684.0	2,228.0	2014
GSW Berliner Asset Invest Verwaltungs-GmbH, Berlin	100.00%	1	20.0	−2.0	2014
GSW Corona GmbH, Berlin	100.00%	1	3,072.0	14,588.0	2014
GSW Fonds Weinmeisterhornweg 170-178 GbR, Berlin	50.88%	1	−5,702.0	1,969.0	2014
GSW Gesellschaft für Stadterneuerung mbH, Berlin	100.00%	1	522.0	232.0	2014
GSW Grundvermögens- und Vertriebsgesellschaft mbH, Berlin	100.00%	1,6	90,256.0	0.0	2014
GSW Immobilien AG, Berlin	93.08%	6	1,111,595.1	3,630.8	2014
GSW Immobilien GmbH & Co. Leonberger Ring KG, Berlin	94.00%	1	453.0	−37.0	2014
GSW Pegasus GmbH, Berlin	100.00%	1	2,747.0	13,596.0	2014
GSW Verwaltungs- und Betriebsgesellschaft mbH & Co. Zweite Beteiligungs KG, Berlin	93.44%	1	−22,970.0	3,066.0	2014
GSW Wohnwert GmbH, Berlin (formerly: Wohnwert-Versicherungs Agentur GmbH, Berlin)	100.00%	1	26.0	0.0	2014
GSZ Gebäudeservice und Sicherheitszentrale GmbH, Berlin	33.30%	1	178.0	95.0	2013
Hamnes Investments B.V., Baarn, Niederlande	100.00%	1	7,736.2	578.8	2014
Haus und Heim Wohnungsbau-GmbH, Berlin	100.00%	1	2,798.7	0.0	2014
HESIONE Vermögensverwaltungsgesellschaft mbH, Frankfurt/Main	100.00%	1	64.8	10.1	2014
Holzmindener Straße/Tempelhofer Weg Grundstücks GmbH, Berlin	100.00%	1	25.0	0.0	2014
Intermetro GmbH, Berlin (formerly: Intermetro B.V., Baarn, Netherlands)	100.00%	1	8,216.7	573.5	2014

Company and registered office	Share of capital		Equity	Profit/loss	Reporting date
			EUR k	EUR k	
KATHARINENHOF Seniorenwohn- und Pflegeanlage Betriebs-GmbH, Berlin	100.00%	1,6	1,950.0	0.0	2014
KATHARINENHOF Service GmbH, Berlin	100.00%	1	25	0.0	2014
Larry Berlin I S.à r.l., Luxembourg	94.80%	1	2,527.8	259.2	2014
Larry Berlin II S.à r.l., Luxembourg	94.80%	1	6,038.2	403.2	2014
Larry Berlin Lichtenberg S.à r.l., Luxembourg	94.80%	1	8,141.2	577.4	2014
Larry Condo Holdco S.à r.l., Luxembourg	94.80%	1	10,267.7	5,926.7	2014
Larry Condo S.à r.l., Luxembourg	94.80%	1	10,948.1	2,083.3	2014
Larry I Targetco (Berlin) GmbH, Berlin	100.00%		77,039.3	– 9.2	2014
Larry II Berlin Hellersdorf S.à r.l., Luxembourg	94.80%	1	7,246.0	736.7	2014
Larry II Berlin Marzahn S.à r.l., Luxembourg	94.80%	1	12,205.5	558.2	2014
Larry II Greater Berlin S.à r.l., Luxembourg	94.80%	1	6,347.4	418.5	2014
Larry II Potsdam S.à r.l., Luxembourg	94.80%	1	3,628.8	661.4	2014
Larry II Targetco (Berlin) GmbH, Berlin	100.00%		70,861.1	– 8.4	2014
LebensWerk GmbH, Berlin	100.00%	1	457.1	0.0	2014
Main-Taunus Wohnen GmbH & Co. KG, Eschborn	99.99%	1,2,5	5,759.6	1,413.5	2014
Marienfelder Allee 212-220 Grundstücksgesellschaft b.R., Berlin	94.00%	1	6,373.7	– 280.1	2014
Rhein-Main Wohnen GmbH, Frankfurt/Main	100.00%	1,6	513,965.8	– 9,223.4	2014
Rhein-Mosel Wohnen GmbH, Mainz	100.00%	1	175,854.8	7,124.6	2014
Rhein-Pfalz Wohnen GmbH, Mainz	100.00%		296,726.3	169,625.1	2014
RMW Projekt GmbH, Frankfurt/Main	100.00%	1	16,238.3	0.0	2014
Seniorenresidenz "Am Lunapark" GmbH, Leipzig	100.00%	1	102.3	0.0	2014
SGG Scharnweberstraße Grundstücks GmbH, Berlin	100.00%	1	25.0	0.0	2014
SIWOGE 1992 Siedlungsplanung und Wohnbauten Gesellschaft mbH, Berlin	50.00%	1	4,571.0	53.0	2013
Sophienstraße Aachen Vermögensverwaltungsgesellschaft mbH, Berlin	100.00%	1	2,193.0	0.0	2014
Stadtentwicklungsgesellschaft Buch mbH, Berlin	100.00%	1	2,220.0	– 348.0	2014
Wohn- und Pflegewelt Lahnblick GmbH, Bad Ems	100.00%	1	463.4	237.8	2014
Wohnanlage Leonberger Ring GmbH, Berlin	100.00%	1	25.0	0.0	2014
Zisa Beteiligungs GmbH, Berlin	49.00%	1	9.0	– 13.0	2012
Zisa Grundstücksbeteiligungs GmbH & Co. KG, Berlin	94.90%	1	– 214.0	– 140.0	2014
Zisa Verwaltungs GmbH, Berlin	100.00%	1	25.0	0.0	2014
Zweite GSW Verwaltungs- und Betriebsgesellschaft mbH, Berlin	100.00%	1	24.0	– 1.0	2014

1) *Indirect shareholdings*

2) *Direct and indirect shareholdings*

3) *Additionally, the company is indirectly involved in a working group*

4) *Waiver according to sec. 264 para. 3 of the German Commercial Code (HGB) due to inclusion in the consolidated financial statements of Deutsche Wohnen AG*

5) *Waiver according to sec. 264b of the German Commercial Code (HGB) due to inclusion in the consolidated financial statements of Deutsche Wohnen AG*

6) *Large capital company*

7) *The company was founded in 2014. Annual financial statements as at 31/12/2014 are not yet available.*

(2) Receivables and other assets

Among other assets, claims amounting to EUR 0.2 million have a remaining term of more than one year (previous year: EUR 0.01 million). As in the previous year, the remaining receivables and other assets have a remaining term of less than one year.

Receivables from affiliated companies (EUR 2,020.4 million; previous year: EUR 935.9 million) primarily include receivables from cash management and cash pooling arrangements, loans granted, profit transfers and other business relations with subsidiaries within the Deutsche Wohnen Group.

Other assets comprise dividend claims against affiliated companies legally accruing only after the reporting date in the amount of EUR 74.2 million. These dividend claims in the amount of EUR 74.2 million comprise offsettable capital gains tax and solidarity surcharge contributions in the amount of EUR 19.5 million. The remaining other assets likewise primarily comprise – as in the previous year – tax refund claims.

(3) Cash on hand, bank balances

Deutsche Wohnen AG has headed up the intra-Group cash pool since the end of 2014.

(4) Deferred expenses and accrued income

Deferred expenses and accrued income include discounts in the amount of EUR 63.0 million (previous year: EUR 41.9 million), of which EUR 63.0 million relates to the difference between the settlement amount and the issuance fee for the convertible bond issued in 2013 and 2014 and reported under bonds.

(5) Deferred tax assets

The following differences between the commercial and tax bases of assets and liabilities exist with regard to the company and/or subsidiary companies:

- Due to different discount rates pursuant to commercial and tax law, differences remain in the employee benefit liabilities and other provisions, which will lead to a future tax benefit.
- Due to prohibitions against the reporting of certain items pursuant to tax law, there are differences as compared to the commercial balance sheet, which will lead to a future tax benefit.
- There are tax loss carry-forwards, which will lead to a future tax benefit.
- Due to differences between the tax capital accounts for partnerships and commercial investment carrying values, there are differences which will lead to a future tax burden.
- Due to the differences between the remaining carrying values of properties under commercial law and those under tax law and special tax items, there are differences which will lead to a future tax charge.

(6) Equity

As at 31 December 2014, the issued capital of Deutsche Wohnen AG amounted to approximately EUR 294.26 million (previous year: EUR 286.22 million) divided into 294.26 million no-par value shares, each representing a notional share of the issued capital of EUR 1.00. By way of implementation of a resolution adopted by the Annual General Meeting to that effect, all remaining registered shares were converted into bearer shares as at 5 September 2014 with the result that Deutsche Wohnen AG now only has bearer shares.

All shares carry the same rights and obligations. Each share entitles the holder to one vote at the Annual General Meeting and determines the shareholders' shares in the profits of the company. The rights and obligations of the shareholders are outlined in detail in the provisions of the German Stock Corporation Act (AktG), in particular Sections 12, 53a et seq., 118 et seq. and 186. There are no shares with special rights conferring powers of control.

The Management Board of Deutsche Wohnen AG is not aware of any restrictions which affect the voting rights or transfer of shares.

In the event of capital increases, the new shares are issued as bearer shares.

By resolution of the Annual General Meeting held on 11 June 2014, which was entered into the commercial register on 6 August 2014, the Management Board has been authorised to increase the company's issued capital, with the consent of the Supervisory Board, by up to EUR 85 million once or several times during the period until 10 July 2017 by means of the issuance of up to 85 million new ordinary bearer shares against cash contributions and/or contributions in kind (authorised capital 2014/I). The shareholders must in principle be granted subscription rights within the scope of the authorised capital. However, in certain cases, the Management Board is entitled to exclude the subscription rights of shareholders with the consent of the Supervisory Board and subject to the detailed provisions of the Articles of Association. The authorised capital 2013/I was cancelled upon the registration of the authorised capital 2014/I.

The issued capital may be contingently increased further by a total of up to approximately EUR 85.91 million by means of the issuance of up to approximately EUR 85.91 million new no-par value bearer shares with dividend rights generally from the start of the financial year of their issuance (contingent capital 2013, contingent capital 2014/I, contingent capital 2014/II and contingent capital 2014/III).

The resolution adopted at the Annual General Meeting held on 11 June 2014 authorised the Management Board to issue no-par value convertible and/or warrant bearer bonds and/or profit participation rights with option or conversion rights (or a combination of these instruments) in the nominal value of up to EUR 950 million, and to grant the creditors thereof conversion or option rights for Deutsche Wohnen AG shares representing a share of the issued capital of up to EUR 50 million. On the basis of this authorisation, Deutsche Wohnen AG on 8 September 2014 issued a convertible bond with a total nominal value of EUR 400 million entitling the holders thereof to convert it into up to 25 million Deutsche Wohnen AG shares. The contingent capital 2014/I accordingly remains in the amount of EUR 25 million following the issuance.

The acquisition of own shares is authorised pursuant to Section 71 et seqq. of the German Stock Corporation Act (AktG) and also, as at the balance sheet date, by the Annual General Meeting held on 11 June 2014 (TOP 14). By resolution of the Annual General Meeting held on 11 June 2014, the Management Board has been authorised, with the consent of the Supervisory Board and having regard to the principle of equal treatment of shareholders (Section 53a of the German Stock Corporation Act (AktG)), to acquire and use own shares of the company in the total amount of up to 10% of the issued capital existing at the time of the adoption of the resolution or – where this amount is lower – at the time of the exercise of the authorisation in accordance with the issued stipulations until 10 June 2019. The amount of any shares acquired on the basis of this authorisation together with other shares of the company already acquired and still held by the company or other shares attributable to the company pursuant to Section 71 a et seqq. of the German Stock Corporation Act (AktG) may not at any time exceed 10% of the issued capital of the company.

The authorisation may not be used for the purposes of trading in own shares.

As at the balance sheet date, the company did not have any own shares.

Capital reserve

The initial formation of the capital reserve was made by resolution of the Extraordinary Annual General Meeting in 1999. The capital reserve amounted to EUR 2,836.6 million as at 31 December 2014, having increased in the financial year 2014 from EUR 2,673.7 million, by EUR 133.6 million as a result of premiums arising out of the capital increase resulting from the contribution in kind of shares of GSW Immobilien AG in progress since September 2014 as part of the exchange of shares pursuant to the control agreement, and by EUR 27.9 million as a result of the issuance of a convertible bond. Furthermore, the issuance of share options to the members of the Management Board resulted in an increase in the capital reserve in the amount of EUR 1.4 million.

Revenue reserve

The statutory reserve is mandatory for German public limited companies (Aktiengesellschaften). In accordance with Section 150 para. 2 of the German Stock Corporation Act (AktG), an amount equivalent to 5% of the profit for the financial year is to be retained. The amount of the statutory reserve is subject to a cap of 10% of the issued capital.

In accordance with Section 272 para. 2, nos. 1-3 of the German Commercial Code (HGB), any existing capital reserve is to be taken into account so as to reduce the required additions to the statutory reserve, with the assessment basis being the issued share capital which exists and is legally effective at the reporting date and which is to be reported in this amount on the relevant annual balance sheet. The statutory reserve remains unchanged at EUR 1.0 million.

(7) Other provisions

Other provisions largely include staff-related provisions amounting to EUR 8.5 million (previous year: EUR 7.0 million) and provisions for outstanding invoices amounting to EUR 6.5 million (previous year: EUR 4.1 million).

(8) Liabilities

		Thereof, remaining term		
	Balance sheet	up to one year	one to five years	more than five years
	in EUR k	in EUR k	in EUR k	in EUR k
1 Bonds	651,234	1,234	0	650,000
Previous year	*250,137*	*137*	*0*	*250,000*
2 Liabilities to banks	0	0	0	0
Previous year	*95,256*	*21,962*	*73,294*	*0*
3 Trade payables	4,231	4,231	0	0
Previous year	*1,226*	*1,226*	*0*	*0*
4 Liabilities to affiliated companies	1,095,769	1,065,769	30,000	0
Previous year	*94,119*	*64,119*	*30,000*	*0*
5 Other liabilities	1,130	1,130	0	0
Previous year	*573*	*573*	*0*	*0*
Total for the financial year	1,752,364	1,072,364	30,000	650,000
Total for the previous year	*441,311*	*88,017*	*103,294*	*250,000*

The bonds comprise two convertible bonds, the first being the convertible bond issued on 22 November 2013 in the nominal amount of EUR 250.0 million (security identification number: A1YCR0), which may be converted into 13.6 million no-par value bearer shares of Deutsche Wohnen AG (underpinned by a maximum of 16.1 million shares from the contingent capital 2013) on the basis of the exchange ratio valid as at 31 December 2014. This convertible bond is unsecured, earns interest at 0.5% p.a., has a term of up to seven years until 22 November 2020 and may be terminated after five years. In the event of the termination, conversion or final maturity of the convertible bond, Deutsche Wohnen AG has the option of paying the bond creditors in shares and/or the equivalent value in cash by way of satisfaction of their claims. The second convertible bond comprised in the bonds is the convertible bond issued on 8 September 2014 in the nominal amount of EUR 400.0 million (security identification number: A1YCR0), which may be converted into 18.1 million no-par value bearer shares of Deutsche Wohnen AG (underpinned by a maximum of 50.0 million shares from the contingent capital 2014/I) on the basis of the exchange ratio valid as at 31 December 2014. This convertible bond is unsecured, earns interest at 0.875% p.a., has a term of up to seven years until 8 September 2021 and may be terminated after five years. In the event of the termination, conversion or final maturity of the convertible bond, Deutsche Wohnen AG has the option of paying the bond creditors in shares and/or the equivalent value in cash by way of satisfaction of their claims.

The liabilities to banks were repaid in full in the financial year 2014.

Liabilities to affiliated companies include liabilities arising from internal cash management and cash pooling, trade payables, profit transfers and other liabilities.

The liabilities are not secured by Deutsche Wohnen AG.

IV. Notes to the profit and loss statement

(9) Other operating income

Other operating income in the financial year 2014 largely comprises revenues of EUR 0.6 million (previous year: EUR 1.3 million) from the reversal of provisions as well as an appreciation in the value of financial assets depreciated and amortised in previous years of EUR 0.3 million (previous year: none).

(10) Staff expenses

The stock option plan launched in 2014 provides for the issuance of a maximum of 12,879,752 subscription rights to the members of the Management Board of Deutsche Wohnen AG and to selected executives of the Deutsche Wohnen Group under the following conditions:

The subscription rights will be issued to beneficiaries in annual tranches until the expiration of four years from the date of the registration of the contingent capital in the commercial register, but at least until the expiration of 16 weeks after the closing of the ordinary Annual General Meeting in 2018. The amount of the annual tranches will be determined by dividing the target amount of the variable remuneration for the beneficiary in question by a reference value, which will be commensurate with the arithmetic mean of the closing price for the Deutsche Wohnen share 30 days prior to the issuance of the share options concerned.

The subscription rights may be exercised for the first time after the expiration of four years (waiting period) and thereafter within three years (exercise period) and will expire upon the expiration of the relevant period.

The subscription rights may only be exercised where the following conditions are met:

- The service contract concluded with the beneficiary is not terminated during the waiting period on grounds for which the latter is responsible (Section 626 para. 1 of the German Civil Code (BGB)) and
- The performance targets "Adjusted NAV per share" (40% weighting), "FFO I (without disposals) per share" (40% weighting) and "Share price development" (20% weighting) are attained.

The performance targets for each individual tranche of the share options relate to the development of the (i) Adjusted NAV per share, (ii) FFO I (without disposals) per share and (iii) Share price, as compared to the EPRA/NAREIT Germany Index, calculated in accordance with the following provisions.

Within each of the aforementioned performance targets there is a minimum target that must be achieved so that half of the stock options based on this performance target can be exercised, as well as a maximum target, when achieved, renders all stock options based on this performance target eligible for exercise within the framework of the weighting of the performance target. The minimum target will in each case be reached at 75% of target attainment and the maximum target at 150% of target attainment. The individual minimum and maximum targets are set by the company on the basis of its four-year-projections prior to the issuance of the annual tranche of stock options. Subject to special arrangements for termination of the service or employment relationship of the beneficiary prior to the expiration of the waiting period, the number of exercisable stock options per tranche equals the total number of stock options in the respective tranche multiplied by the percentage rate calculated from the sum of the percentage rates resulting based on achieving one or several performance targets on the basis of the conditions noted above that is divided by 150%, and taking into consideration the aforementioned weighting of the performance targets, so that a difference in achieving the performance targets is compensated in favour of the person eligible. This compensation also holds true if the minimum targets have not been reached.

At the end of the waiting period the number of allocable subscription rights per eligible person is calculated on the basis of the achieved performance targets. When acquiring the shares (exercise of the issued subscription rights), the eligible person must pay EUR 1.00 per share. The shares acquired following the exercise of the options will have full voting rights and entitlement to dividends.

A total of 112,322 stock options were assigned in the past financial year.

When calculating the value of the stock options issued, it was assumed that the performance targets "Adjusted NAV per share" and "FFO I (without disposals) per share" will have been met 100% by the end of the waiting period. With regard to meeting the target "Share price development", the value for the subscription rights was calculated pro rata on the basis of a risk-free interest rate of 1.75% and an expected dividend return of 2.4%. The distribution of the stock option value calculated for the subscription rights over the vesting period was calculated in consideration of the special contractual provisions that exist for the termination of the service or employment relationship of the persons eligible.

The expenses relating to the share option programme as reported in the annual financial statements amount to EUR 1.37 million.

(11) Other operating expenses

Other operating expenses largely consist of consultancy, audit and court fees (EUR 7.6 million; previous year: EUR 6.6 million), IT costs (EUR 6.6 million; previous year: EUR 5.8 million), costs arising in connection with the absorption of equity (EUR 1.2 million; previous year: EUR 7.9 million) and consultancy and transaction costs for acquisitions.

(12) Interest and similar expenses

Interest and similar expenses comprise prepayment penalties for the termination of interest rate hedge transactions in the amount of EUR 2.6 million (previous year: EUR 0.0 million) and for intra-Group transfers of interest rate hedge transactions having a fair value in the negative amount of EUR 3.8 million (previous year: EUR 0.0 million).

V. Derivative financial instruments

Interest rate swaps entered into by Deutsche Wohnen AG for the purposes of hedging interest rate risk were terminated or transferred to affiliated companies in the financial year 2014.

VI. Guarantees and other commitments

As at the reporting date, Deutsche Wohnen AG was acting as guarantor in favour of Aareal Bank AG, Wiesbaden, on behalf of affiliated companies in the amount of EUR 3.2 million for bank guarantees on collected rental deposits and in the amount of EUR 1.0 million for other limited guarantees. It is unlikely that either of these guarantees will be drawn upon, as these companies are profitable and solvent.

As at the reporting date, Deutsche Wohnen AG was acting as guarantor in favour of HSH Nordbank AG, Hamburg and Kiel, for loans granted to two affiliated companies in the amount of EUR 19.2 million plus claims for interest. It is unlikely that either of these guarantees will be drawn upon, as these companies are profitable and solvent and, in particular, the loans are secured by way of liens on property.

For its own office lease agreements, Deutsche Wohnen AG has issued bank guarantees in the amount of EUR 0.1 million in favour of the lessors. It is unlikely that these guarantees will be drawn upon, as Deutsche Wohnen AG is fulfilling its payment obligations.

Deutsche Wohnen AG is jointly and severally liable with affiliated companies for liabilities to banks owed by those affiliated companies in the amount of EUR 1,077.6 million, plus claims arising in connection with interest and interest rate hedge transactions. It is unlikely that any claims will be brought in this regard, as these companies are profitable and solvent and the loans are secured by way of liens on property.

Deutsche Wohnen AG has issued comfort letters to several creditors in favour of affiliated companies for liabilities to banks and liabilities to other creditors in the amount of EUR 25.8 million, plus claims arising in connection with interest and interest rate hedge transactions. It is unlikely that any claims will be brought in this regard, as these companies are profitable and solvent and the loans are secured by way of liens on property.

Deutsche Wohnen AG has assigned shareholder loans, unvalued as at the reporting date, to a creditor for the purposes of securing claims arising in connection with loans of this creditor against affiliated companies. It is unlikely that any claims will be brought in this regard, as these companies are profitable and solvent and the loans are secured by way of liens on property.

A domination agreement is in place between Deutsche Wohnen AG, as the controlling company, and Rhein-Pfalz Wohnen GmbH, Mainz, as the controlled company.

A domination agreement is in place between Deutsche Wohnen AG, as the controlling company, and GSW Immobilien AG, Berlin, as the controlled company, guaranteeing the external shareholders a dividend in the amount of EUR 1.40 per share p.a.

Domination and profit and loss transfer agreements are in place between Deutsche Wohnen AG (the parent company) and Deutsche Wohnen Corporate Real Estate GmbH, Berlin, Deutsche Wohnen Management- und Servicegesellschaft mbH, Frankfurt/Main, Deutsche Wohnen Fondsbeteiligungs GmbH, Berlin, and Deutsche Wohnen Zweite Fondsbeteiligungs GmbH, Berlin (each a subsidiary company).

Profit and loss transfer agreements are in place between Deutsche Wohnen AG (the parent company) and Deutsche Wohnen Construction and Facilities GmbH, Berlin, Deutsche Wohnen Immobilien Management GmbH, Berlin, and Deutsche Wohnen Management GmbH, Berlin (each a subsidiary company), with effect from 1 January 2014, having been concluded and entered into the commercial register of the subsidiary companies over the course of the financial year 2014.

VII. Other financial obligations

	Up to one year	Two to five years	More than five years	Total
	in EUR m	in EUR m		in EUR m
Leasing and rental agreements	0.7	1.9	0.0	2.6
Long-term service agreements	6.2	11.9	0.3	18.4
Total	6.9	13.8	0.3	21.0

Pursuant to the control agreement concluded with GSW Immobilien AG, as the controlled company, Deutsche Wohnen AG is moreover subject to another financial obligation arising in connection with the guarantee given by it to the external shareholders to the effect that the latter will receive a guaranteed dividend in the amount of at least EUR 1.40 per share p.a. from GSW Immobilien AG or alternatively a corresponding differential amount from Deutsche Wohnen AG. As at the reporting date, external shareholders still held 3,919,268 bearer shares of GSW Immobilien AG.

Other financial obligations arising out of internal rental agreements and agreements from the provision of services within the Deutsche Wohnen AG Group are not included herein.

VIII. Other information

Management Board

The Management Board is composed as follows:

Name	Memberships in supervisory boards and other executive bodies within the meaning of sec. 125 para. 1 sent. 5 of the German Stock Corporation Act (AktG)
Michael Zahn, Economist Chief Executive Officer	TLG Immobilien AG, Berlin (Chairman of the Supervisory Board since 5/9/2014) Eisenbahn-Siedlungs-Gesellschaft Berlin mbH, Berlin (Chairman of the Supervisory Board) GEHAG GmbH, Berlin (Chairman of the Supervisory Board) KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH, Berlin (Chairman of the Supervisory Board until 31/12/2014) G+D Gesellschaft für Energiemanagement GmbH, Magdeburg (Chairman of the Advisory Board) Funk Schadensmanagement GmbH, Berlin (Chairman of the Advisory Board)
Lars Wittan, Degree in business administration (Dipl.-Betriebswirt) Member of the Management Board	KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH, Berlin (Deputy Chairman of the Supervisory Board until 31/12/2014) Eisenbahn-Siedlungs-Gesellschaft Berlin mbH, Berlin (Member of the Supervisory Board)
Andreas Segal, Lawyer Member of the Management Board since 31/1/2014	None

The remuneration paid to the members of the Management Board in the financial year under review and in the previous year can be broken down as follows (in EUR k):

	Michael Zahn Chief Executive Officer		Lars Wittan Member of the Management Board		Andreas Segal Member of the Management Board	
	since 1/9/2007		since 1/10/2011		since 31/1/2014	
	2013	2014	2013	2014	2013	2014
			in EUR k			
Fixed remuneration	450	731	250	344	0	386
Supplementary payments	27	28	24	25	0	30
Total fixed	**477**	**759**	**274**	**369**	**0**	**416**
Short-term incentive	476	500	238	240	0	240
short-term due	309	500	155	240	0	240
long-term due	167	0	83	0	0	0
Long-term incentive	150	750	100	260	0	260
PSU 2013	150	0	100	0	0	0
AOP 2014	0	750	0	260	0	260
Total variable	**626**	**1,250**	**338**	**500**	**0**	**500**
Special remuneration	900	0	600	0	0	0
Total amount	**2,003**	**2,009**	**1,212**	**869**	**0**	**916**

A special allowance was granted in 2013 for the successful acquisition of GSW Immobilien AG. Payment of 50% of the sum was made in 2013. With respect to the second part of the sum, the Management Boards have undertaken to invest the entire net amount in shares of Deutsche Wohnen AG. Half of the second part of the sum was paid out in 2014 and then invested in shares. The payment of the second half of this part of the sum is dependent upon the achievement of synergy potential in the amount of EUR 25 million per year.

Please refer to the Management Report for further explanation of the remuneration system of the Management Board.

There are no employee benefit liabilities for current or retired members of the Management Board of Deutsche Wohnen AG. Provisions in the amount of EUR 4 k have been established for commitments made for the benefit of any members of the Management Board becoming unable to work; there are claims arising out of reinsurance policies in a corresponding amount. No advances, loans or securities were granted to members of the Management Board of Deutsche Wohnen AG in the financial year 2014.

Supervisory Board

The Supervisory Board is composed of the following members:

Name	Occupation	Memberships in supervisory boards and other executive bodies within the meaning of sec. 125 para. 1 sent. 5 of the German Stock Corporation Act (AktG)
Uwe E. Flach Chairman	Senior Advisor Oaktree GmbH, Frankfurt/Main	DZ Bank AG, Frankfurt/Main (Member of the Advisory Board) Deutsche Office AG, Cologne (Deputy Chairman of the Supervisory Board) GSW Immobilien AG, Berlin (Member of the Supervisory Board since 3/1/2014, Chairman of the Supervisory Board since 15/1/2014)
Dr Andreas Kretschmer, Deputy Chairman	Managing Director Ärzteversorgung Westfalen-Lippe Einrichtung der Ärztekammer Westfalen – Lippe – KdöR –, Münster	BIOCEUTICALS Arzneimittel AG, Bad Vilbel (Chairman of the Supervisory Board) Amprion GmbH, Dortmund (Deputy Chairman of the Supervisory Board) GSW Immobilien AG, Berlin (Member of the Supervisory Board since 3/1/2014, Deputy Chairman of the Supervisory Board since 15/1/2014)

Name	Occupation	Memberships in supervisory boards and other executive bodies within the meaning of sec. 125 para. 1 sent. 5 of the German Stock Corporation Act (AktG)
Matthias Hünlein	Managing Director Tishman Speyer Properties Deutschland GmbH, Frankfurt/Main	A.A.A. Aktiengesellschaft Allgemeine Anlagenverwaltung, Frankfurt/Main (Member of the Supervisory Board until 14/10/2014) GSW Immobilien AG, Berlin (Member of the Supervisory Board since 3/1/2014)
Dr Florian Stetter	Chairman of the Management Board Rockhedge Asset Management AG, Krefeld	CalCon Deutschland AG, Munich (Member of the Supervisory Board) ENOVO s.r.o., Bratislava, Slovak Republic (Managing Partner)
Dr Michael Leinwand until 11/6/2014	Chief Investment Officer Zürich Beteiligungs-AG, Frankfurt/Main	Bizerba GmbH & Co. KG, Balingen
Claus Wisser since 11/6/2014	Chief Executive Officer Claus Wisser Vermögensverwaltungs GmbH, Frankfurt/Main	AVECO Holding AG, Frankfurt/Main (Chairman of the Supervisory Board) DFV Deutsche Familienversicherung AG, Frankfurt/Main (Member of the Supervisory Board)
Dr h.c. Wolfgang Clement	Publicist and Company Consultant Former Federal Minister (Bundesminister a.D.) Former State Prime Minister (Ministerpräsident a.D.), Bonn	Daldrup & Söhne AG, Grünwald (Chairman of the Supervisory Board) DIS Deutscher Industrie Service AG, Dusseldorf (Member of the Supervisory Board) Peter Dussmann-Stiftung, Berlin (Member of the Board of Trustees) Dussmann Stiftung & Co. KGaA, Berlin (Chairman of the Supervisory Board) Landau Media Monitoring AG & Co. KG, Berlin (Member of the Supervisory Board) RWE Power AG, Essen (Member of the Supervisory Board)

Each member of the Supervisory Board receives a fixed remuneration of EUR 30 k; the Chairman of the Supervisory Board receives double that amount and the Deputy Chairman of the Supervisory Board receives one and a half times that amount as remuneration. Each Supervisory Board member receives lump-sum remuneration in the amount of EUR 5 k per financial year for membership in the Audit Committee, and a member of the Executive and the Aquisition Committee receives a fee in the amount of EUR 1 k for each attendance at a meeting of the committee in person. Supervisory Board remuneration for the financial year amounts to EUR 240 k net without value added tax. Mr Flach receives EUR 65 k net (previous year: EUR 65 k), Dr Kretschmer receives EUR 50 k net (previous year: EUR 50 k), Dr Stetter receives EUR 35 k net (previous year: EUR 35 k), Mr Hünlein and Mr Clement each receive EUR 30 k net (previous year: EUR 30 k)and Mr Leinwand EUR 13.3 k (previous year: EUR 30 k) and Mr Wisser EUR 16.8 k net on a pro rata temporis basis.

There are no employee benefit liabilities for current or retired members of the Supervisory Board of Deutsche Wohnen AG. No advances, loans or securities were granted to members of the Supervisory Board in the financial year.

Shareholdings requiring notification in accordance with sec. 160 German Stock Corporation Act (AktG)

In the financial year 2014 and after the end of the financial year until the valuation date Deutsche Wohnen AG received the following notifications of voting rights according to sec. 21 ff. German Securities Trading Act (WpHG). They were published with the following wording.

1. On 21 February 2014, Internationale Kapitalanlagegesellschaft mbH, Dusseldorf, Germany, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 27 November 2013 and as of such date amount to 2.636% (this corresponds to 7,545,434 voting rights).

The above mentioned voting rights of 2.636% (this corresponds to 7,545,434 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG.

2. We received the following notifications pursuant to sec. 25a, para. 1 WpHG on 25 February 2014:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Credit Suisse Group AG, Zurich, Switzerland

Triggering event: Exceeding threshold

Threshold(s) crossed or reached: 5%

Date at which the threshold is crossed or reached: 19 February 2014

Total amount of voting rights:
6.53% (equals: 18,686,506 voting rights)
calculated from the following total number of voting rights issued: 286,216,731

Detailed information on the voting rights proportion:
Voting rights proportion based on (financial/other) instruments pursuant to sec. 25a WpHG:
0.94% (equals: 2,692,668 voting rights)
thereof held indirectly:
0.94% (equals: 2,692,668 voting rights)
Voting rights proportion based on (financial/other) instruments pursuant to sec. 25 WpHG:
2.45% (equals: 7,007,741 voting rights)
thereof held indirectly:
2.45% (equals: 7,007,741 voting rights)
Voting rights pursuant to sec. 21, 22 WpHG:
3.14% (equals: 8,986,097 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25a WpHG:

Chain of controlled undertakings: Credit Suisse AG, Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Ltd.

ISIN or name/description of the (financial/other) instrument:
Equity Swap, cash settlement – Expiration date: 28.04.2017
Equity Swap, cash settlement – Expiration date: 15.05.2015
Equity Swap, cash settlement – Expiration date: 02.10.2017
Equity Swap, cash settlement – Expiration date: 15.12.2015
Equity Swap, cash settlement – Expiration date: 23.07.2014
Equity Swap, cash settlement – Expiration date: 15.12.2015
Equity Swap, cash settlement – Expiration date: 05.08.2014
Equity Swap, cash settlement – Expiration date: 05.08.2014
Equity Swap, cash settlement – Expiration date: 17.04.2015
Equity Swap, cash settlement – Expiration date: 17.04.2015
Equity Swap, cash settlement – Expiration date: 12.01.2015
Equity Swap, cash settlement – Expiration date: 07.04.2015
Equity Swap, cash settlement – Expiration date: 03.11.2014
Equity Swap, cash settlement – Expiration date: 03.07.2015
Equity Swap, cash settlement – Expiration date: 18.06.2015
Convertible Bond (ISIN DE000A1YCR02) – Expiration date: 22.11.2020

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Credit Suisse AG, Zurich, Switzerland

Triggering event: Exceeding threshold

Threshold(s) crossed or reached: 5%

Date at which the threshold is crossed or reached: 19 February 2014

Total amount of voting rights:
6.53% (equals: 18,686,506 voting rights)
calculated from the following total number of voting rights issued: 286,216,731

Detailed information on the voting rights proportion:
Voting rights proportion based on (financial/other) instruments pursuant to sec. 25a WpHG:
0.94% (equals: 2,692,668 voting rights)
thereof held indirectly:

0.94% (equals: 2,692,668 voting rights)
Voting rights proportion based on (financial/other) instruments pursuant to sec. 25 WpHG:
2.45% (equals: 7,007,741 voting rights)
thereof held indirectly:
2.04% (equals: 5,825,833 voting rights)
Voting rights pursuant to sec. 21, 22 WpHG:
3.14% (equals: 8,986,097 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25a WpHG:

Chain of controlled undertakings: Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Ltd.

ISIN or name/description of the (financial/other) instrument:
Equity Swap, cash settlement – Expiration date: 28.04.2017
Equity Swap, cash settlement – Expiration date: 15.05.2015
Equity Swap, cash settlement – Expiration date: 02.10.2017
Equity Swap, cash settlement – Expiration date: 15.12.2015
Equity Swap, cash settlement – Expiration date: 23.07.2014
Equity Swap, cash settlement – Expiration date: 15.12.2015
Equity Swap, cash settlement – Expiration date: 05.08.2014
Equity Swap, cash settlement – Expiration date: 05.08.2014
Equity Swap, cash settlement – Expiration date: 17.04.2015
Equity Swap, cash settlement – Expiration date: 17.04.2015
Equity Swap, cash settlement – Expiration date: 12.01.2015
Equity Swap, cash settlement – Expiration date: 07.04.2015
Equity Swap, cash settlement – Expiration date: 03.11.2014
Equity Swap, cash settlement – Expiration date: 03.07.2015
Equity Swap, cash settlement – Expiration date: 18.06.2015
Convertible Bond (ISIN DE000A1YCR02) – Expiration date: 22.11.2020

3. We have received the following notifications according to sec. 25, para. 1 WpHG on 25 February 2014:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Credit Suisse Group AG, Zurich, Switzerland

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 19 February 2014

Total amount of voting rights:
5.59% (equals: 15,993,838 voting rights)

calculated from the following total number of voting rights issued: 286,216,731

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
2.45% (equals: 7,007,741 voting rights)
thereof held indirectly:
2.45% (equals: 7,007,741 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
3.14% (equals: 8,986,097 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:

Chain of controlled undertakings: Credit Suisse AG, Credit Suisse Holdings (USA), Inc., Credit Suisse (USA) Inc., Credit Suisse Securities (USA) LLC, Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Ltd.

Details on the (Financial/other) instruments:
'Rückforderungsanspruch aus Wertpapierleihe, Fälligkeit: unbestimmt'.

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Credit Suisse AG, Zurich, Switzerland

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 19 February 2014

Total amount of voting rights:
5.59% (equals: 15,993,838 voting rights)
calculated from the following total number of voting rights issued: 286,216,731

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
2.45% (equals: 7,007,741 voting rights)
thereof held indirectly:
2.04% (equals: 5,825,833 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
3.14% (equals: 8,986,097 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:

Chain of controlled undertakings: Credit Suisse Holdings (USA), Inc., Credit Suisse (USA) Inc., Credit Suisse Securities (USA) LLC, Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Ltd.

Details on the (Financial/other) instruments:
'Rückforderungsanspruch aus Wertpapierleihe, Fälligkeit: unbestimmt'.

4.

I.

On 25 February 2014, Credit Suisse Group AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 19 February 2014 and as of such date amount to 3.14% (this corresponds to 8,986,097 voting rights).

Voting rights of 3.11% (this corresponds to 8,911,958 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Attributed voting rights are held via the following company that is controlled by Credit Suisse Group AG and whose holdings of voting rights amount to 3% or more in Deutsche Wohnen AG:
– Credit Suisse AG

Voting rights of 0.03% (this corresponds to 74,139 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

II.

On 25 February 2014, Credit Suisse AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 19 February 2014 and as of such date amount to 3.14% (this corresponds to 8,986,097 voting rights).

Voting rights of 2.12% (this corresponds to 6,054,170 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 0.03% (this corresponds to 74,139 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

5.

I.

On 3 March 2014, Credit Suisse Group AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 25 February 2014 and as of such date amount to 2.99% (this corresponds to 8,558,448 voting rights).

Voting rights of 2.96% (this corresponds to 8,484,309 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 0.03% (this corresponds to 74,139 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

II.

On 3 March 2014, Credit Suisse AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 25 February 2014 and as of such date amount to 2.99% (this corresponds to 8,558,448 voting rights).

Voting rights of 1.98% (this corresponds to 5,657,329 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 0.03% (this corresponds to 74,139 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

6.

On 6 March 2014, Ärzteversorgung Westfalen-Lippe KdöR, Münster, Germany, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 27 November 2013 and as of such date amount to 2.31% (this corresponds to 6,598,186 voting rights).

7.

I.

On 6 March 2014, Credit Suisse Group AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 28 February 2014 and as of such date amount to 3.05% (this corresponds to 8,721,778 voting rights).

Voting rights of 1.06% (this corresponds to 3,023,355 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.99% (this corresponds to 5,698,423 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

II.

On 6 March 2014, Credit Suisse AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 28 February 2014 and as of such date amount to 3.05% (this corresponds to 8,721,778 voting rights).

Voting rights of 0.07% (this corresponds to 189,110 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.99% (this corresponds to 5,698,423 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

8.

I.

On 7 March 2014, Credit Suisse Group AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 3 March 2014 and as of such date amount to 2.997% (this corresponds to 8,578,150 voting rights).

Voting rights of 1.01% (this corresponds to 2,879,727 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.99% (this corresponds to 5,698,423 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

II.

On 7 March 2014, Credit Suisse AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 3 March 2014 and as of such date amount to 2.997% (this corresponds to 8,578,150 voting rights).

Voting rights of 0.02% (this corresponds to 45,482 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.99% (this corresponds to 5,698,423 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

9.

I.

On 11 March 2014, Credit Suisse Group AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 6 March 2014 and as of such date amount to 3.12% (this corresponds to 8,926,353 voting rights).

Voting rights of 1.13% (this corresponds to 3,230,993 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.99% (this corresponds to 5,695,360 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

II.

On 11 March 2014, Credit Suisse AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 6 March 2014 and as of such date amount to 3.12% (this corresponds to 8,926,353 voting rights).

Voting rights of 0.14% (this corresponds to 396,748 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.99% (this corresponds to 5,695,360 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

10.

I.

On 24 March 2014, Credit Suisse Group AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 19 March 2014 and as of such date amount to 2.99% (this corresponds to 8,562,066 voting rights).

Voting rights of 1.06% (this corresponds to 3,040,706 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.93% (this corresponds to 5,521,360 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

II.

On 24 March 2014, Credit Suisse AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 19 March 2014 and as of such date amount to 2.99% (this corresponds to 8,562,066 voting rights).

Voting rights of 0.10% (this corresponds to 277,966 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.93% (this corresponds to 5,521,360 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

11.

I.

On 25 March 2014, Credit Suisse Group AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 20 March 2014 and as of such date amount to 3.02% (this corresponds to 8,650,157 voting rights).

Voting rights of 1.12% (this corresponds to 3,205,797 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.90% (this corresponds to 5,444,360 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

II.

On 25 March 2014, Credit Suisse AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 20 March 2014 and as of such date amount to 3.02% (this corresponds to 8,650,157 voting rights).

Voting rights of 0.15% (this corresponds to 442,464 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.90% (this corresponds to 5,444,360 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

12.

I.

On 27 March 2014, Credit Suisse Group AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 21 March 2014 and as of such date amount to 2.92% (this corresponds to 8,370,545 voting rights).

Voting rights of 1.02% (this corresponds to 2,926,185 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.90% (this corresponds to 5,444,360 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

II.

On 27 March 2014, Credit Suisse AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 21 March 2014 and as of such date amount to 2.92% (this corresponds to 8,370,545 voting rights).

Voting rights of 1.93% (this corresponds to 5,535,319 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 0.03% (this corresponds to 71,893 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

III.

On 27 March 2014, Credit Suisse Group AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 24 March 2014 and as of such date amount to 3.0003% (this corresponds to 8,587,365 voting rights).

Voting rights of 1.11% (this corresponds to 3,176,335 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.89% (this corresponds to 5,411,030 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

IV.

On 27 March 2014, Credit Suisse AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 24 March 2014 and as of such date amount to 3.0003% (this corresponds to 8,587,365 voting rights).

Voting rights of 2.01% (this corresponds to 5,745,139 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 0.03% (this corresponds to 71,893 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

13.

We have received the following notifications according to sec. 25, para. 1 WpHG on 27 March 2014:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Credit Suisse Group AG, Zurich, Switzerland

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 21 March 2014

Total amount of voting rights:
4.92% (equals: 14,090,066 voting rights)
calculated from the following total number of voting rights issued: 286,216,731

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
2.00% (equals: 5,719,521 voting rights)
thereof held indirectly:
2.00% (equals: 5,719,521 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
2.92% (equals: 8,370,545 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: Credit Suisse AG, Credit Suisse International, Credit Suisse Holdings (USA), Inc., Credit Suisse (USA) Inc., Credit Suisse Securities (USA) LLC, Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Ltd.

Details on the (Financial/other) instruments:
'Rückforderungsanspruch aus Wertpapierleihe Fälligkeit: unbestimmt'.

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Credit Suisse AG, Zurich, Switzerland

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 21 March 2014

Total amount of voting rights:
4.92% (equals: 14,090,066 voting rights)
calculated from the following total number of voting rights issued: 286,216,731

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
2.00% (equals: 5,719,521 voting rights)
thereof held indirectly:
1.68% (equals: 4,803,221 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
2.92% (equals: 8,370,545 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: Credit Suisse International, Credit Suisse Holdings (USA), Inc., Credit Suisse (USA) Inc., Credit Suisse Securities (USA) LLC, Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Ltd.

Details on the (Financial/other) instruments:
'Rückforderungsanspruch aus Wertpapierleihe Fälligkeit: unbestimmt'.

III.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Credit Suisse Group AG, Zurich, Switzerland

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 24 March 2014

Total amount of voting rights:
5.03% (equals: 14,393,699 voting rights)
calculated from the following total number of voting rights issued: 286,216,731

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
2.03% (equals: 5,806,334 voting rights)
thereof held indirectly:
2.03% (equals: 5,806,334 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
3.0003% (equals: 8,587,365 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: Credit Suisse AG, Credit Suisse International, Credit Suisse Holdings (USA), Inc., Credit Suisse (USA) Inc., Credit Suisse Securities (USA) LLC, Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Ltd.

Details on the (Financial/other) instruments:
'Rückforderungsanspruch aus Wertpapierleihe Fälligkeit: unbestimmt'.

IV.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Credit Suisse AG, Zurich, Switzerland

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 24 March 2014

Total amount of voting rights:
5.03% (equals: 14,393,699 voting rights)
calculated from the following total number of voting rights issued: 286,216,731

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
2.03% (equals: 5,806,334 voting rights)
thereof held indirectly:
1.77% (equals: 5,065,034 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
3.0003% (equals: 8,587,365 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: Credit Suisse International, Credit Suisse Holdings (USA), Inc., Credit Suisse (USA) Inc., Credit Suisse Securities (USA) LLC, Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Ltd.

Details on the (Financial/other) instruments:
'Rückforderungsanspruch aus Wertpapierleihe Fälligkeit: unbestimmt'.

14.

I.

On 31 March 2014, Credit Suisse Group AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 26 March 2014 and as of such date amount to 2.92% (this corresponds to 8,362,856 voting rights).

Voting rights of 1.06% (this corresponds to 3,025,826 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.86% (this corresponds to 5,337,030 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

II.

On 31 March 2014, Credit Suisse AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 26 March 2014 and as of such date amount to 2.92% (this corresponds to 8,362,856 voting rights).

Voting rights of 0.09% (this corresponds to 255,493 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.86% (this corresponds to 5,337,030 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

15.

I.

On 7 April 2014, APG Groep NV, Heerlen, Netherlands, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 31 March 2014 and as of such date amount to 2.933% (this corresponds to 8,393,207 voting rights).

Voting rights of 2.933% (this corresponds to 8,393,207 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

II.

On 7 April 2014, Stichting Pensioenfonds ABP, Heerlen, Netherlands, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 31 March 2014 and as of such date amount to 2.933% (this corresponds to 8,393,207 voting rights).

Voting rights of 2.933% (this corresponds to 8,393,207 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

III.

On 7 April 2014, APG Asset Management NV, Amsterdam, Netherlands, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 31 March 2014 and as of such date amount to 2.933% (this corresponds to 8,393,207 voting rights).

16.

I.

On 7 April 2014, Credit Suisse Group AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 1 April 2014 and as of such date amount to 3.01% (this corresponds to 8,613,332 voting rights).

Voting rights of 1.24% (this corresponds to 3,562,957 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.76% (this corresponds to 5,050,375 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

II.

On 7 April 2014, Credit Suisse AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 1 April 2014 and as of such date amount to 3.01% (this corresponds to 8,613,332 voting rights).

Voting rights of 0.29% (this corresponds to 828,624 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.76% (this corresponds to 5,050,375 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

17.

We have received the following notifications according to sec. 25, para. 1 WpHG on 8 April 2014:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Credit Suisse Group AG, Zurich, Switzerland

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 2 April 2014

Total amount of voting rights:
4.31% (equals: 12,325,796 voting rights)
calculated from the following total number of voting rights issued: 286,216,731

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
2.53% (equals: 7,242,520 voting rights)
thereof held indirectly:
2.53% (equals: 7,242,520 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
1.78% (equals: 5,083,276 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: Credit Suisse AG, Credit Suisse International, Credit Suisse Holdings (USA), Inc., Credit Suisse (USA) Inc., Credit Suisse Securities (USA) LLC, Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Ltd.

Details on the (Financial/other) instruments:
'Rückforderungsanspruch aus Wertpapierleihe Fälligkeit: unbestimmt'.

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Credit Suisse AG, Zurich, Switzerland

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 2 April 2014

Total amount of voting rights:
4.31% (equals: 12,325,796 voting rights)
calculated from the following total number of voting rights issued: 286,216,731

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
2.53% (equals: 7,242,520 voting rights)
thereof held indirectly:
2.21% (equals: 6,334,220 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
1.78% (equals: 5,083,276 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: Credit Suisse International, Credit Suisse Holdings (USA), Inc., Credit Suisse (USA) Inc., Credit Suisse Securities (USA) LLC, Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Ltd.

Details on the (Financial/other) instruments:
'Rückforderungsanspruch aus Wertpapierleihe Fälligkeit: unbestimmt'.

18.

I.

On 8 April 2014, Credit Suisse Group AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 2 April 2014 and as of such date amount to 1.78% (this corresponds to 5,083,276 voting rights).

Voting rights of 0.01% (this corresponds to 33,791 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.76% (this corresponds to 5,049,485 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

II.

On 8 April 2014, Credit Suisse AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 2 April 2014 and as of such date amount to 1.78% (this corresponds to 5,083,276 voting rights).

Voting rights of 0.00% (this corresponds to 6,791 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.76% (this corresponds to 5,049,485 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

19.

We received the following notifications pursuant to sec. 25a, para. 1 WpHG on 11 April 2014:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Credit Suisse Group AG, Zurich, Switzerland

Triggering event: Falling below threshold

Threshold(s) crossed or reached: 5%

Date at which the threshold is crossed or reached: 8 April 2014

Total amount of voting rights:
4.97% (equals: 14,215,821 voting rights)
calculated from the following total number of voting rights issued: 286,216,731

Detailed information on the voting rights proportion:
Voting rights proportion based on (financial/other) instruments pursuant to sec. 25a WpHG:
0.80% (equals: 2,301,018 voting rights)
thereof held indirectly:
0.80% (equals: 2,301,018 voting rights)
Voting rights proportion based on (financial/other) instruments pursuant to sec. 25 WpHG:
2.38% (equals: 6,814,872 voting rights)
thereof held indirectly:
2.38% (equals: 6,814,872 voting rights)
Voting rights pursuant to sec. 21, 22 WpHG:
1.78% (equals: 5,099,931 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25a WpHG:
Chain of controlled undertakings: Credit Suisse AG, Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Limited.

ISIN or name/description of the (financial/other) instrument:
Equity Swap, cash settlement – Expiration date: 03.07.2015
Equity Swap, cash settlement – Expiration date: 03.11.2014
Equity Swap, cash settlement – Expiration date: 07.04.2015
Equity Swap, cash settlement – Expiration date: 12.01.2015
Equity Swap, cash settlement – Expiration date: 17.04.2015
Equity Swap, cash settlement – Expiration date: 15.12.2015
Equity Swap, cash settlement – Expiration date: 08.09.2014
Equity Swap, cash settlement – Expiration date: 02.10.2017
Equity Swap, cash settlement – Expiration date: 15.05.2015

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Credit Suisse AG, Zurich, Switzerland

Triggering event: Falling below threshold

Threshold(s) crossed or reached: 5%

Date at which the threshold is crossed or reached: 8 April 2014

Total amount of voting rights:
4.97% (equals: 14,215,821 voting rights)
calculated from the following total number of voting rights issued: 286,216,731

Detailed information on the voting rights proportion:
Voting rights proportion based on (financial/other) instruments pursuant to sec. 25a WpHG:
0.80% (equals: 2,301,018 voting rights)
thereof held indirectly:
0.80% (equals: 2,301,018 voting rights)

Voting rights proportion based on (financial/other) instruments pursuant to sec. 25 WpHG:
2.38% (equals: 6,814,872 voting rights)
thereof held indirectly:
2.14% (equals: 6,125,920 voting rights)
Voting rights pursuant to sec. 21, 22 WpHG:
1.78% (equals: 5,099,931 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25a WpHG:
Chain of controlled undertakings: Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Limited.

ISIN or name/description of the (financial/other) instrument:
Equity Swap, cash settlement – Expiration date: 03.07.2015
Equity Swap, cash settlement – Expiration date: 03.11.2014
Equity Swap, cash settlement – Expiration date: 07.04.2015
Equity Swap, cash settlement – Expiration date: 12.01.2015
Equity Swap, cash settlement – Expiration date: 17.04.2015
Equity Swap, cash settlement – Expiration date: 15.12.2015
Equity Swap, cash settlement – Expiration date: 08.09.2014
Equity Swap, cash settlement – Expiration date: 02.10.2017
Equity Swap, cash settlement – Expiration date: 15.05.2015

20.

We received the following notifications pursuant to sec. 25a, para. 1 WpHG on 22 April 2014:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Credit Suisse Group AG, Zurich, Switzerland

Triggering event: Exceeding threshold

Threshold(s) crossed or reached: 5%

Date at which the threshold is crossed or reached: 16 April 2014

Total amount of voting rights:
6.34% (equals: 18,141,962 voting rights)
calculated from the following total number of voting rights issued: 286,216,731

Detailed information on the voting rights proportion:
Voting rights proportion based on (financial/other) instruments pursuant to sec. 25a WpHG:
0.84% (equals: 2,398,172 voting rights)
thereof held indirectly:
0.84% (equals: 2,398,172 voting rights)
Voting rights proportion based on (financial/other) instruments pursuant to sec. 25 WpHG:
2.26% (equals: 6,464,975 voting rights)
thereof held indirectly:
2.26% (equals: 6,464,975 voting rights)
Voting rights pursuant to sec. 21, 22 WpHG:
3.24% (equals: 9,278,815 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25a WpHG:
Chain of controlled undertakings: Credit Suisse AG, Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Limited.

ISIN or name/description of the (financial/other) instrument:
Equity Swap, cash settlement – Expiration date: 08.09.2014
Equity Swap, cash settlement – Expiration date: 03.11.2014
Equity Swap, cash settlement – Expiration date: 12.01.2015
Equity Swap, cash settlement – Expiration date: 07.04.2015
Equity Swap, cash settlement – Expiration date: 17.04.2015
Equity Swap, cash settlement – Expiration date: 15.05.2015

Equity Swap, cash settlement – Expiration date: 03.07.2015
Equity Swap, cash settlement – Expiration date: 15.12.2015
Equity Swap, cash settlement – Expiration date: 02.10.2017
Convertible Bond (ISIN DE000A1YCR02) – Expiration date: 22.11.2020

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Credit Suisse AG, Zurich, Switzerland

Triggering event: Exceeding threshold

Threshold(s) crossed or reached: 5%

Date at which the threshold is crossed or reached: 16 April 2014

Total amount of voting rights:
6.34% (equals: 18,141,962 voting rights)
calculated from the following total number of voting rights issued: 286,216,731

Detailed information on the voting rights proportion:
Voting rights proportion based on (financial/other) instruments pursuant to sec. 25a WpHG:
0.84% (equals: 2,398,172 voting rights)
thereof held indirectly:
0.80% (equals: 2,302,192 voting rights)
Voting rights proportion based on (financial/other) instruments pursuant to sec. 25 WpHG:
2.26% (equals: 6,464,975 voting rights)
thereof held indirectly:
2.10% (equals: 6,007,975 voting rights)
Voting rights pursuant to sec. 21, 22 WpHG:
3.24% (equals: 9,278,815 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25a WpHG:
Chain of controlled undertakings: Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Limited.

ISIN or name/description of the (financial/other) instrument:
Equity Swap, cash settlement – Expiration date: 08.09.2014
Equity Swap, cash settlement – Expiration date: 03.11.2014
Equity Swap, cash settlement – Expiration date: 12.01.2015
Equity Swap, cash settlement – Expiration date: 07.04.2015
Equity Swap, cash settlement – Expiration date: 17.04.2015
Equity Swap, cash settlement – Expiration date: 15.05.2015
Equity Swap, cash settlement – Expiration date: 03.07.2015
Equity Swap, cash settlement – Expiration date: 15.12.2015
Equity Swap, cash settlement – Expiration date: 02.10.2017
Convertible Bond (ISIN DE000A1YCR02) – Expiration date: 22.11.2020

21.

We have received the following notifications according to sec. 25, para. 1 WpHG on 22 April 2014:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Credit Suisse Group AG, Zurich, Switzerland

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 16 April 2014

Total amount of voting rights:
5.50% (equals: 15,743,790 voting rights)
calculated from the following total number of voting rights issued: 286,216,731

Detailed information on the voting rights proportion: (Financial/other) instruments purs. to sec. 25 WpHG:
2.26% (equals: 6,464,975 voting rights)
thereof held indirectly:
2.26% (equals: 6,464,975 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
3.24% (equals: 9,278,815 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: Credit Suisse AG, Credit Suisse International, Credit Suisse Holdings (USA), Inc., Credit Suisse (USA) Inc., Credit Suisse Securities (USA) LLC, Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse First Boston Investco UK Limited, Credit Suisse Securities (Europe) Ltd.

Details on the (Financial/other) instruments:
'Rückforderungsanspruch aus Wertpapierleihe Fälligkeit: unbestimmt'.

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Credit Suisse AG, Zurich, Switzerland

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 16 April 2014

Total amount of voting rights:
5.50% (equals: 15,743,790 voting rights)
calculated from the following total number of voting rights issued: 286,216,731

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
2.26% (equals: 6,464,975 voting rights)
thereof held indirectly:
2.10% (equals: 6,007,975 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
3.24% (equals: 9,278,815 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: Credit Suisse International, Credit Suisse Holdings (USA), Inc., Credit Suisse (USA) Inc., Credit Suisse Securities (USA) LLC, Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse First Boston Investco UK Limited, Credit Suisse Securities (Europe) Ltd.

Details on the (Financial/other) instruments:
'Rückforderungsanspruch aus Wertpapierleihe Fälligkeit: unbestimmt'.

22.

I.

On 22 April 2014, Credit Suisse Group AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 16 April 2014 and as of such date amount to 3.24% (this corresponds to 9,278,815 voting rights).

Voting rights of 1.49% (this corresponds to 4,258,901 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.75% (this corresponds to 5,019,914 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

II.

On 22 April 2014, Credit Suisse AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 16 April 2014 and as of such date amount to 3.24% (this corresponds to 9,278,815 voting rights).

Voting rights of 0.05% (this corresponds to 131,901 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.75% (this corresponds to 5,019,914 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

23.

I.

On 23 April 2014, APG Algemene Pensioen Groep NV, Amsterdam, Netherlands, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 3 January 2014 and as of such date amount to 0% (this corresponds to 0 voting rights).

II.

On 23 April 2014, APG Asset Management NV, Amsterdam, Netherlands, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 3 January 2014 and as of such date amount to 3.13% (this corresponds to 8,967,391 voting rights).

24.

We received the following notifications pursuant to sec. 25a, para. 1 WpHG on 12 June 2014:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Credit Suisse Group AG, Zurich, Switzerland

Triggering event: Falling below threshold

Threshold(s) crossed or reached: 5%

Date at which the threshold is crossed or reached: 9 June 2014

Total amount of voting rights:
4.77% (equals: 13,655,841 voting rights)
calculated from the following total number of voting rights issued: 286,216,731

Detailed information on the voting rights proportion:
Voting rights proportion based on (financial/other) instruments pursuant to sec. 25a WpHG:
0.97% (equals: 2,775,649 voting rights)
thereof held indirectly:
0.97% (equals: 2,775,649 voting rights)
Voting rights proportion based on (financial/other) instruments pursuant to sec. 25 WpHG:
0.56% (equals: 1,602,167 voting rights)
thereof held indirectly:
0.56% (equals: 1,602,167 voting rights)
Voting rights pursuant to sec. 21, 22 WpHG:
3.24% (equals: 9,278,025 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25a WpHG:
Chain of controlled undertakings: Credit Suisse AG, Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Limited.

ISIN or name/description of the (financial/other) instrument:
Equity Swap, cash settlement – Expiration date: 05.08.2014
Equity Swap, cash settlement – Expiration date: 07.04.2015
Equity Swap, cash settlement – Expiration date: 17.04.2015

Equity Swap, cash settlement – Expiration date: 15.05.2015
Equity Swap, cash settlement – Expiration date: 03.07.2015
Equity Swap, cash settlement – Expiration date: 23.11.2015
Equity Swap, cash settlement – Expiration date: 15.12.2015
Equity Swap, cash settlement – Expiration date: 02.10.2017
Convertible Bond (ISIN DE000A1YCR02) – Expiration date: 22.11.2020

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Credit Suisse AG, Zurich, Switzerland

Triggering event: Falling below threshold

Threshold(s) crossed or reached: 5%

Date at which the threshold is crossed or reached: 9 June 2014

Total amount of voting rights:
4.77% (equals: 13,655,841 voting rights)
calculated from the following total number of voting rights issued: 286,216,731

Detailed information on the voting rights proportion:
Voting rights proportion based on (financial/other) instruments pursuant to sec. 25a WpHG:
0.97% (equals: 2,775,649 voting rights)
thereof held indirectly:
0.97% (equals: 2,775,649 voting rights)
Voting rights proportion based on (financial/other) instruments pursuant to sec. 25 WpHG:
0.56% (equals: 1,602,167 voting rights)
thereof held indirectly:
0.51% (equals: 1,450,167 voting rights)
Voting rights pursuant to sec. 21, 22 WpHG:
3.24% (equals: 9,278,025 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25a WpHG:
Chain of controlled undertakings: Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Limited.

ISIN or name/description of the (financial/other) instrument:
Equity Swap, cash settlement – Expiration date: 05.08.2014
Equity Swap, cash settlement – Expiration date: 07.04.2015
Equity Swap, cash settlement – Expiration date: 17.04.2015
Equity Swap, cash settlement – Expiration date: 15.05.2015
Equity Swap, cash settlement – Expiration date: 03.07.2015
Equity Swap, cash settlement – Expiration date: 23.11.2015
Equity Swap, cash settlement – Expiration date: 15.12.2015
Equity Swap, cash settlement – Expiration date: 02.10.2017
Convertible Bond (ISIN DE000A1YCR02) – Expiration date: 22.11.2020

25.

We have received the following notifications according to sec. 25, para. 1 WpHG on 12 June 2014:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Credit Suisse Group AG, Zurich, Switzerland

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 9 June 2014

Total amount of voting rights:
3.80% (equals: 10,880,192 voting rights)
calculated from the following total number of voting rights issued: 286,216,731

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.56% (equals: 1,602,167 voting rights)
thereof held indirectly:
0.56% (equals: 1,602,167 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
3.24% (equals: 9,278,025 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: Credit Suisse AG, Credit Suisse International, Credit Suisse Holdings (USA), Inc., Credit Suisse (USA) Inc., Credit Suisse Prime Securities Services (USA) LLC, Credit Suisse Securities (USA) LLC, Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse First Boston Investco UK Limited, Credit Suisse Securities (Europe) Ltd.

Details on the (Financial/other) instruments:
'Rückforderungsanspruch aus Wertpapierleihe Fälligkeit: unbestimmt'.

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Credit Suisse AG, Zurich, Switzerland

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 9 June 2014

Total amount of voting rights:
3.80% (equals: 10,880,192 voting rights)
calculated from the following total number of voting rights issued: 286,216,731

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.56% (equals: 1,602,167 voting rights)
thereof held indirectly:
0.51% (equals: 1,450,167 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
3.24% (equals: 9,278,025 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: Credit Suisse International, Credit Suisse Holdings (USA), Inc., Credit Suisse (USA) Inc., Credit Suisse Prime Securities (USA) LLC, Credit Suisse Securities (USA) LLC, Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse First Boston Investco UK Limited, Credit Suisse Securities (Europe) Ltd.

Details on the (Financial/other) instruments:
'Rückforderungsanspruch aus Wertpapierleihe Fälligkeit: unbestimmt'.

26.

I.

On 17 June 2014, Credit Suisse Group AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 12 June 2014 and as of such date amount to 2.9999% (this corresponds to 8,586,161 voting rights).

Voting rights of 1.44% (this corresponds to 4,116,155 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.56% (this corresponds to 4,470,006 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

II.

On 17 June 2014, Credit Suisse AG, Zurich, Switzerland, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 12 June 2014 and as of such date amount to 2.9999% (this corresponds to 8,586,161 voting rights).

Voting rights of 1.39% (this corresponds to 3,987,455 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 1 WpHG.

Voting rights of 1.56% (this corresponds to 4,470,006 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in connection with sec. 22, para 1, sent. 2 WpHG.

27.

On 18 July 2014, MFS International Value Fund, Boston, USA, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 5% on 16 July 2014 and as of such date amount to 5.05% (this corresponds to 14,451,706 voting rights).

28.

I.

On 18 July 2014, Capital Group International, Inc., Los Angeles, USA, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 16 July 2014 and as of such date amount to 3.01% (this corresponds to 8,611,096 voting rights).

The above mentioned voting rights of 3.01% (this corresponds to 8,611,096 voting rights) are to be attributed to Capital Group International, Inc., according to sec. 22, para. 1, sent. 1, no. 6 WpHG in conjunction with sec. 22, para. 1, sent. 2 and sent. 3 WpHG.

II.

On 18 July 2014, The Capital Group Companies, Inc., Los Angeles, USA, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 16 July 2014 and as of such date amount to 3.01% (this corresponds to 8,611,096 voting rights).

The above mentioned voting rights of 3.01% (this corresponds to 8,611,096 voting rights) are to be attributed to The Capital Group Companies, Inc., according to sec. 22, para. 1, sent. 1, no. 6 WpHG in conjunction with sec. 22, para. 1, sent. 2 and sent. 3 WpHG.

III.

On 28 July 2014, Capital Research and Management Company, Los Angeles, USA, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 16 July 2014 and as of such date amount to 3.01% (this corresponds to 8,611,096 voting rights).

The above mentioned voting rights of 3.01% (this corresponds to 8,611,096 voting rights) are to be attributed to Capital Research and Management Company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in conjunction with sec. 22, para. 1, sent. 2 and sent. 3 WpHG.

29.

I.

On 24 July 2014, Capital Group International, Inc., Los Angeles, USA, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 22 July 2014 and as of such date amount to 2.96% (this corresponds to 8,468,898 voting rights).

The above mentioned voting rights of 2.96% (this corresponds to 8,468,898 voting rights) are to be attributed to Capital Group International, Inc., according to sec. 22, para. 1, sent. 1, no. 6 WpHG in conjunction with sec. 22, para. 1, sent. 2 and sent. 3 WpHG.

II.

On 24 July 2014, The Capital Group Companies, Inc., Los Angeles, USA, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 22 July 2014 and as of such date amount to 2.96% (this corresponds to 8,468,898 voting rights).

The above mentioned voting rights of 2.96% (this corresponds to 8,468,898 voting rights) are to be attributed to The Capital Group Companies, Inc., according to sec. 22, para. 1, sent. 1, no. 6 WpHG in conjunction with sec. 22, para. 1, sent. 2 and sent. 3 WpHG.

III.

On 28 July 2014, Capital Research and Management Company, Los Angeles, USA, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 3% on 22 July 2014 and as of such date amount to 2.96% (this corresponds to 8,468,898 voting rights).

The above mentioned voting rights of 2.96% (this corresponds to 8,468,898 voting rights) are to be attributed to Capital Research and Management Company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in conjunction with sec. 22, para. 1, sent. 2 and sent. 3 WpHG.

30.

I.

On 29 July 2014, Capital Group International, Inc., Los Angeles, USA, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 25 July 2014 and as of such date amount to 3.002% (this corresponds to 8,592,189 voting rights).

The above mentioned voting rights of 3.002% (this corresponds to 8,592,189 voting rights) are to be attributed to Capital Group International, Inc., according to sec. 22, para. 1, sent. 1, no. 6 WpHG in conjunction with sec. 22, para. 1, sent. 2 and sent. 3 WpHG.

II.

On 29 July 2014, The Capital Group Companies, Inc., Los Angeles, USA, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 25 July 2014 and as of such date amount to 3.002% (this corresponds to 8,592,189 voting rights).

The above mentioned voting rights of 3.002% (this corresponds to 8,592,189 voting rights) are to be attributed to The Capital Group Companies, Inc., according to sec. 22, para. 1, sent. 1, no. 6 WpHG in conjunction with sec. 22, para. 1, sent. 2 and sent. 3 WpHG.

III.

On 29 July 2014, Capital Research and Management Company, Los Angeles, USA, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 25 July 2014 and as of such date amount to 3.002% (this corresponds to 8,592,189 voting rights).

The above mentioned voting rights of 3.002% (this corresponds to 8,592,189 voting rights) are to be attributed to Capital Research and Management Company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in conjunction with sec. 22, para. 1, sent. 2 and sent. 3 WpHG.

31.

BlackRock informs that following a review, conducted in close collaboration with the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), of the way BlackRock has interpreted its voting rights disclosure obligations under German law, BlackRock entities are filing today a statement representing their holdings as at the settlement date of 25 September 2014 in Deutsche Wohnen AG.

The statement does not reflect a change in BlackRock's current holdings of voting rights. The statement simply updates information currently in the market regarding BlackRock's holdings in Deutsche Wohnen AG. Further, the statement does not signify any change in investment strategies pursued.

Also, BlackRock issues a press release detailing the BlackRock group entities and their respective voting rights applicable to Deutsche Wohnen AG and other relevant German issuers on http://www.blackrock.com/corporate/en-gb/news-and-insights/press-releases and on Bloomberg.

Voting rights disclosure

I. BlackRock, Inc.

Section 21, 22
BlackRock, Inc., New York, NY, U.S.A., has informed us pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of Deutsche Wohnen AG (ISIN DE000A0HN5C6) on 25 September 2014 amounts to 7.29% (this corresponds to 20,853,531 out of a total of 286,216,731 voting rights (the 'Total Voting Rights')).

2.15% of the Total Voting Rights (this corresponds to 6,144,986 voting rights) are to be attributed to BlackRock, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG.

4.57% of the Total Voting Rights (this corresponds to 13,082,247 voting rights) are to be attributed to BlackRock, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

0.48% of the Total Voting Rights (this corresponds to 1,386,206 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

0.08% of the Total Voting Rights (this corresponds to 240,092 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 2 in connection with sentence 2 WpHG as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

II. BlackRock Holdco 2, Inc.

Section 21, 22
BlackRock Holdco 2, Inc., Wilmington, DE, U.S.A., has informed us pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of Deutsche Wohnen AG (ISIN DE000A0HN5C6) on 25 September 2014 amounts to 7.19% (this corresponds to 20,593,139 out of a total of 286,216,731 voting rights (the 'Total Voting Rights')).

2.15% of the Total Voting Rights (this corresponds to 6,144,986 voting rights) are to be attributed to BlackRock Holdco 2, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG.

4.48% of the Total Voting Rights (this corresponds to 12,821,855 voting rights) are to be attributed to BlackRock Holdco 2, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

0.48% of the Total Voting Rights (this corresponds to 1,386,206 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

0.08% of the Total Voting Rights (this corresponds to 240,092 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 2 in connection with sentence 2 WpHG as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

III. BlackRock Financial Management, Inc.

Section 21, 22
BlackRock Financial Management, Inc., New York, NY, U.S.A., has informed us pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of Deutsche Wohnen AG (ISIN DE000A0HN5C6) on 25 September 2014 amounts to 7.19% (this corresponds to 20,571,131 out of a total of 286,216,731 voting rights (the 'Total Voting Rights')).

2.15% of the Total Voting Rights (this corresponds to 6,144,986 voting rights) are to be attributed to BlackRock Financial Management, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG.

4.47% of the Total Voting Rights (this corresponds to 12,799,847 voting rights) are to be attributed to BlackRock Financial Management, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

0.48% of the Total Voting Rights (this corresponds to 1,386,206 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

0.08% of the Total Voting Rights (this corresponds to 240,092 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 2 in connection with sentence 2 WpHG as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

IV. BlackRock Advisors Holdings, Inc.

Section 21, 22
BlackRock Advisors Holdings, Inc., New York, NY, U.S.A., has informed us pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of Deutsche Wohnen AG (ISIN DE000A0HN5C6) on 25 September 2014 amounts to 3.94% (this corresponds to 11,281,936 out of a total of 286,216,731 voting rights (the 'Total Voting Rights')).

1.01% of the Total Voting Rights (this corresponds to 2,879,848 voting rights) are to be attributed to BlackRock Advisors Holdings, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG.

0.08% of the Total Voting Rights (this corresponds to 240,092 voting rights) are to be attributed to BlackRock Advisors Holdings, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 2 in connection with sentence 2 WpHG.

2.49% of the Total Voting Rights (this corresponds to 7,128,520 voting rights) are to be attributed to BlackRock Advisors Holdings, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

0.36% of the Total Voting Rights (this corresponds to 1,033,476 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

V. BlackRock International Holdings, Inc.

Section 21, 22
BlackRock International Holdings, Inc., New York, NY, U.S.A., has informed us pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of Deutsche Wohnen AG (ISIN DE000A0HN5C6) on 25 September 2014 amounts to 3.94% (this corresponds to 11,281,936 out of a total of 286,216,731 voting rights (the 'Total Voting Rights')).

1.01% of the Total Voting Rights (this corresponds to 2,879,848 voting rights) are to be attributed to BlackRock International Holdings, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG.

0.08% of the Total Voting Rights (this corresponds to 240,092 voting rights) are to be attributed to BlackRock International Holdings, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 2 in connection with sentence 2 WpHG.

2.49% of the Total Voting Rights (this corresponds to 7,128,520 voting rights) are to be attributed to BlackRock International Holdings, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

0.36% of the Total Voting Rights (this corresponds to 1,033,476 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

VI. BR Jersey International Holdings L.P.

Section 21, 22
BR Jersey International Holdings L.P., St. Helier, Jersey, Channel Islands, has informed us pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of Deutsche Wohnen AG (ISIN DE000A0HN5C6) on 25 September 2014 amounts to 3.94% (this corresponds to 11,281,936 out of a total of 286,216,731 voting rights (the 'Total Voting Rights')).

1.01% of the Total Voting Rights (this corresponds to 2,879,848 voting rights) are to be attributed to BR Jersey International Holdings L.P. pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG.

0.08% of the Total Voting Rights (this corresponds to 240,092 voting rights) are to be attributed to BR Jersey International Holdings L.P. pursuant to Sec. 22 para. 1 sentence 1 No. 2 in connection with sentence 2 WpHG.

2.49% of the Total Voting Rights (this corresponds to 7,128,520 voting rights) are to be attributed to BR Jersey International Holdings L.P. pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

0.36% of the Total Voting Rights (this corresponds to 1,033,476 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

VII. BlackRock Group Limited

Section 21, 22
BlackRock Group Limited, London, United Kingdom, has informed us pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of Deutsche Wohnen AG (ISIN DE000A0HN5C6) on 25 September 2014 amounts to 3.61% (this corresponds to 10,333,202 out of a total of 286,216,731 voting rights (the 'Total Voting Rights')).

0.88% of the Total Voting Rights (this corresponds to 2,523,550 voting rights) are to be attributed to BlackRock Group Limited pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG.

2.37% of the Total Voting Rights (this corresponds to 6,776,176 voting rights) are to be attributed to BlackRock Group Limited pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

0.36% of the Total Voting Rights (this corresponds to 1,033,476 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

VIII. BlackRock Holdco 4, LLC

Section 21, 22
BlackRock Holdco 4, LLC, Wilmington, DE, U.S.A., has informed us pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of Deutsche Wohnen AG (ISIN DE000A0HN5C6) on 25 September 2014 amounts to 3.47% (this corresponds to 9,941,994 out of a total of 286,216,731 voting rights (the 'Total Voting Rights')).

1.26% of the Total Voting Rights (this corresponds to 3,617,868 voting rights) are to be attributed to BlackRock Holdco 4, LLC pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG.

2.21% of the Total Voting Rights (this corresponds to 6,324,126 voting rights) are to be attributed to BlackRock Holdco 4, LLC pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

IX. BlackRock Holdco 6, LLC

Section 21, 22
BlackRock Holdco 6, LLC, Wilmington, DE, U.S.A., has informed us pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of Deutsche Wohnen AG (ISIN DE000A0HN5C6) on 25 September 2014 amounts to 3.47% (this corresponds to 9,941,994 out of a total of 286,216,731 voting rights (the 'Total Voting Rights')).

1.26% of the Total Voting Rights (this corresponds to 3,617,868 voting rights) are to be attributed to BlackRock Holdco 6, LLC pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG.

2.21% of the Total Voting Rights (this corresponds to 6,324,126 voting rights) are to be attributed to BlackRock Holdco 6, LLC pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

X. BlackRock Delaware Holdings Inc.

Section 21, 22
BlackRock Delaware Holdings Inc., Wilmington, DE, U.S.A., has informed us pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of Deutsche Wohnen AG (ISIN DE000A0HN5C6) on 25 September 2014 amounts to 3.47% (this corresponds to 9,941,994 out of a total of 286,216,731 voting rights (the 'Total Voting Rights')).

1.26% of the Total Voting Rights (this corresponds to 3,617,868 voting rights) are to be attributed to BlackRock Delaware Holdings Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG.

2.21% of the Total Voting Rights (this corresponds to 6,324,126 voting rights) are to be attributed to BlackRock Delaware Holdings Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

32.

We have received the following notifications according to sec. 25, para. 1 WpHG on 8 October 2014:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock, Inc., New York, U.S.A.

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 3 October 2014

Total amount of voting rights:
7.28% (equals: 21,046,316 voting rights)
calculated from the following total number of voting rights issued: 289,197,763

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.01% (equals: 36,870 voting rights)
thereof held indirectly:
0.01% (equals: 36,870 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.26% (equals: 21,009,446 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: BlackRock Holdco 2, Inc.; BlackRock Financial Management, Inc.; BlackRock Holdco 4, LLC; BlackRock Holdco 6, LLC; BlackRock Delaware Holdings Inc.; BlackRock Institutional Trust Company, National Association.

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock Holdco 2, Inc., Wilmington (DE), U.S.A.

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 3 October 2014

Total amount of voting rights:
7.19% (equals: 20,783,937 voting rights)
calculated from the following total number of voting rights issued: 289,197,763

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.01% (equals: 36,870 voting rights)
thereof held indirectly:
0.01% (equals: 36,870 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.17% (equals: 20,747,067 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: BlackRock Financial Management, Inc.; BlackRock Holdco 4, LLC; BlackRock Holdco 6, LLC; BlackRock Delaware Holdings Inc.; BlackRock Institutional Trust Company, National Association.

III.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock Financial Management, Inc., New York, U.S.A.

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 3 October 2014
Total amount of voting rights:
7.18% (equals: 20,761,929 voting rights)
calculated from the following total number of voting rights issued: 289,197,763

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.01% (equals: 36,870 voting rights)
thereof held indirectly:
0.01% (equals: 36,870 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.17% (equals: 20,725,059 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: BlackRock Holdco 4, LLC; BlackRock Holdco 6, LLC; BlackRock Delaware Holdings Inc.; BlackRock Institutional Trust Company, National Association.

33.

We have received the following notifications according to sec. 25, para. 1 WpHG on 14 October 2014:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Norges Bank (the Central Bank of Norway), Oslo, Norway

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 7 October 2014

Total amount of voting rights:

0% (equals: 0 voting rights)

calculated from the following total number of voting rights issued: 289,197,763

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:

0% (equals: 0 voting rights)

thereof held indirectly:

0% (equals: 0 voting rights)

Voting rights purs. to sec. 21, 22 WpHG:

7.52% (equals: 21,749,909 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
'Financial-/other instruments in this case relates to 555,414 shares on loan being returned'.

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Ministry of Finance on behalf of the State of Norway, Oslo, Norway

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 7 October 2014

Total amount of voting rights:
0% (equals: 0 voting rights)
calculated from the following total number of voting rights issued: 289,197,763

Detailed information on the voting rights proportion: (Financial/other) instruments purs. to sec. 25 WpHG:
0% (equals: 0 voting rights)
thereof held indirectly:
0% (equals: 0 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.52% (equals: 21,749,909 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
'Financial-/other instruments in this case relates to 555,414 shares on loan being returned'

34.

We have received the following notifications according to sec. 25, para. 1 WpHG on 20 October 2014:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock, Inc., New York, U.S.A.

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 16 October 2014

Total amount of voting rights:
0.00% (equals: 0 voting rights)
calculated from the following total number of voting rights issued: 289,197,763

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.00% (equals: 0 voting rights)
thereof held indirectly:
0.00% (equals: 0 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.25% (equals: 20,953,784 voting rights)

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock Holdco 2, Inc., Wilmington (DE), U.S.A.

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 16 October 2014

Total amount of voting rights:
0.00% (equals: 0 voting rights)
calculated from the following total number of voting rights issued: 289,197,763

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.00% (equals: 0 voting rights)
thereof held indirectly:
0.00% (equals: 0 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.15% (equals: 20,691,405 voting rights)

III.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock Financial Management, Inc., New York, U.S.A.

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 16 October 2014

Total amount of voting rights:
0.00% (equals: 0 voting rights)
calculated from the following total number of voting rights issued: 289,197,763

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.00% (equals: 0 voting rights)
thereof held indirectly:
0.00% (equals: 0 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.15% (equals: 20,666,913 voting rights)

35.

We have received the following notifications according to sec. 25, para. 1 WpHG on 28 October 2014:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock, Inc., New York, U.S.A.

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 24 October 2014

Total amount of voting rights:
7.25% (equals: 20,954,011 voting rights)
calculated from the following total number of voting rights issued: 289,197,763

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.004% (equals: 12,627 voting rights)
thereof held indirectly:
0.004% (equals: 12,627 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.24% (equals: 20,941,384 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: BlackRock Holdco 2, Inc.; BlackRock Financial Management, Inc.; BlackRock Advisors Holdings, Inc.; BlackRock International Holdings, Inc.; BR Jersey International Holdings L.P.; BlackRock Group Limited; BlackRock International Limited; BlackRock Life Limited.

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock Holdco 2, Inc., Wilmington (DE), U.S.A.

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 24 October 2014

Total amount of voting rights:
7.15% (equals: 20,691,632 voting rights)
calculated from the following total number of voting rights issued: 289,197,763

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.004% (equals: 12,627 voting rights)
thereof held indirectly:
0.004% (equals: 12,627 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.15% (equals: 20,679,005 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: BlackRock Financial Management, Inc.; BlackRock Advisors Holdings, Inc.; BlackRock International Holdings, Inc.; BR Jersey International Holdings L.P.; BlackRock Group Limited; BlackRock International Limited; BlackRock Life Limited.

III.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock Financial Management, Inc., New York, U.S.A.

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 24 October 2014

Total amount of voting rights:
7.15% (equals: 20,667,140 voting rights)
calculated from the following total number of voting rights issued: 289,197,763

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.004% (equals: 12,627 voting rights)
thereof held indirectly:
0.004% (equals: 12,627 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.14% (equals: 20,654,513 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: BlackRock Advisors Holdings, Inc.; BlackRock International Holdings, Inc.; BR Jersey International Holdings L.P.; BlackRock Group Limited; BlackRock International Limited; BlackRock Life Limited.

36.

On 4 November 2014, APG Asset Management N.V., Amsterdam, Netherlands, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have exceeded the threshold of 3% on 28 October 2014 and as of such date amount to 3.01% (this corresponds to 8,693,322 voting rights).

37.

We have received the following notifications according to sec. 25, para. 1 WpHG on 14 November 2014:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock, Inc., New York, U.S.A.

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 12 November 2014

Total amount of voting rights:
0.00% (equals: 0 voting rights)
calculated from the following total number of voting rights issued: 290,327,170

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.00% (equals: 0 voting rights)
thereof held indirectly:
0.00% (equals: 0 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.25% (equals: 21,051,650 voting rights)

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock Holdco 2, Inc., Wilmington (DE), U.S.A.

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 12 November 2014

Total amount of voting rights:

0.00% (equals: 0 voting rights)

calculated from the following total number of voting rights issued: 290,327,170

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:

0.00% (equals: 0 voting rights)

thereof held indirectly:

0.00% (equals: 0 voting rights)

Voting rights purs. to sec. 21, 22 WpHG:

7.16% (equals: 20,789,271 voting rights)

III.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock Financial Management, Inc., New York, U.S.A.

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 12 November 2014

Total amount of voting rights:
0.00% (equals: 0 voting rights)
calculated from the following total number of voting rights issued: 290,327,170

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.00% (equals: 0 voting rights)
thereof held indirectly:
0.00% (equals: 0 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.15% (equals: 20,764,779 voting rights)

38.

We have received the following notifications according to sec. 25, para. 1 WpHG on 17 November 2014:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock, Inc., New York, U.S.A.

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 13 November 2014

Total amount of voting rights:
7.25% (equals: 21,044,928 voting rights)
calculated from the following total number of voting rights issued: 290,327,170

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.01% (equals: 15,615 voting rights)
thereof held indirectly:
0.01% (equals: 15,615 voting rights)

Voting rights purs. to sec. 21, 22 WpHG:
7.24% (equals: 21,029,313 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: BlackRock Holdco 2, Inc.; BlackRock Financial Management, Inc.; BlackRock Advisors Holdings, Inc.; BlackRock International Holdings, Inc.; BR Jersey International Holdings L.P.; BlackRock Group Limited; BlackRock International Limited; BlackRock Life Limited.

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock Holdco 2, Inc., Wilmington (DE), U.S.A.

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 13 November 2014

Total amount of voting rights:
7.16% (equals: 20,782,549 voting rights)
calculated from the following total number of voting rights issued: 290,327,170

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.01% (equals: 15,615 voting rights)
thereof held indirectly:
0.01% (equals: 15,615 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.15% (equals: 20,766,934 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: BlackRock Financial Management, Inc.; BlackRock Advisors Holdings, Inc.; BlackRock International Holdings, Inc.; BR Jersey International Holdings L.P.; BlackRock Group Limited; BlackRock International Limited; BlackRock Life Limited.

III.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock Financial Management, Inc., New York, U.S.A.

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 13 November 2014

Total amount of voting rights:
7.15% (equals: 20,758,057 voting rights)
calculated from the following total number of voting rights issued: 290,327,170

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.01% (equals: 15,615 voting rights)
thereof held indirectly:
0.01% (equals: 15,615 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.14% (equals: 20,742,442 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: BlackRock Advisors Holdings, Inc.; BlackRock International Holdings, Inc.; BR Jersey International Holdings L.P.; BlackRock Group Limited; BlackRock International Limited; BlackRock Life Limited.

39.

We have received the following notifications according to sec. 25, para. 1 WpHG on 5 December 2014:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Norges Bank (the Central Bank of Norway), Oslo, Norway

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 4 December 2014

Total amount of voting rights:
6.97% (equals: 20,503,559 voting rights)
calculated from the following total number of voting rights issued: 294,127,052

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.02% (equals: 50,000 voting rights)
thereof held indirectly:
0% (equals: 0 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
6.95% (equals: 20,453,559 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:

'Financial-/other instruments in this case relates to 50,000 shares on loan'.

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Ministry of Finance on behalf of the State of Norway, Oslo, Norway

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 4 December 2014

Total amount of voting rights:
6.97% (equals: 20,503,559 voting rights)
calculated from the following total number of voting rights issued: 294,127,052

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.02% (equals: 50,000 voting rights)
thereof held indirectly:
0.02% (equals: 50,000 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
6.95% (equals: 20,453,559 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: Norges Bank
'Financial-/other instruments in this case relates to 50,000 shares on loan'.

40.

On 9 December 2014, MFS International Value Fund, Boston, USA, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 5% on 8 December 2014 and as of such date amount to 4.96% (this corresponds to 14,577,525 voting rights).

41.

We have received the following notifications according to sec. 25, para. 1 WpHG on 22 December 2014:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock, Inc., New York, U.S.A.

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 18 December 2014

Total amount of voting rights:
0.00% (equals: 0 voting rights)
calculated from the following total number of voting rights issued: 294,127,052

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.00% (equals: 0 voting rights)
thereof held indirectly:
0.00% (equals: 0 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.14% (equals: 20,997,138 voting rights)

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock Holdco 2, Inc., Wilmington (DE), U.S.A.

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 18 December 2014

Total amount of voting rights:
0.00% (equals: 0 voting rights)
calculated from the following total number of voting rights issued: 294,127,052

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.00% (equals: 0 voting rights)
thereof held indirectly:
0.00% (equals: 0 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.04% (equals: 20,715,917 voting rights)

III.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock Financial Management, Inc., New York, U.S.A.

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 18 December 2014

Total amount of voting rights:
0.00% (equals: 0 voting rights)
calculated from the following total number of voting rights issued: 294,127,052

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.00% (equals: 0 voting rights)
thereof held indirectly:
0.00% (equals: 0 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.01% (equals: 20,623,979 voting rights)

42.

We have received the following notifications according to sec. 25, para. 1 WpHG on 23 December 2014:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock, Inc., New York, U.S.A.

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 19 December 2014

Total amount of voting rights:
7.13% (equals: 20,959,314 voting rights)
calculated from the following total number of voting rights issued: 294,127,052

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.01% (equals: 23,701 voting rights)
thereof held indirectly:
0.01% (equals: 23,701 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.12% (equals: 20,935,613 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: BlackRock Holdco 2, Inc.; BlackRock Financial Management, Inc.; BlackRock Advisors Holdings, Inc.; BlackRock International Holdings, Inc.; BR Jersey International Holdings L.P.; BlackRock Group Limited; BlackRock International Limited; BlackRock Life Limited.

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock Holdco 2, Inc., Wilmington (DE), U.S.A.

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 19 December 2014

Total amount of voting rights:
7.03% (equals: 20,678,093 voting rights)
calculated from the following total number of voting rights issued: 294,127,052

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.01% (equals: 23,701 voting rights)
thereof held indirectly:
0.01% (equals: 23,701 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.02% (equals: 20,654,392 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: BlackRock Financial Management, Inc.; BlackRock Advisors Holdings, Inc.; BlackRock International Holdings, Inc.; BR Jersey International Holdings L.P.; BlackRock Group Limited; BlackRock International Limited; BlackRock Life Limited.

III.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock Financial Management, Inc., New York, U.S.A.

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 19 December 2014

Total amount of voting rights:
7.00% (equals: 20,586,155 voting rights)
calculated from the following total number of voting rights issued: 294,127,052

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.01% (equals: 23,701 voting rights)
thereof held indirectly:
0.01% (equals: 23,701 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
6.99% (equals: 20,562,454 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: BlackRock Advisors Holdings, Inc.; BlackRock International Holdings, Inc.; BR Jersey International Holdings L.P.; BlackRock Group Limited; BlackRock International Limited; BlackRock Life Limited.

43.

We have received the following notifications according to sec. 25, para. 1 WpHG on 25 December 2014:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Norges Bank (the Central Bank of Norway), Oslo, Norway

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 23 December 2014

Total amount of voting rights:
0% (equals: 0 voting rights)
calculated from the following total number of voting rights issued: 294,127,052

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0% (equals: 0 voting rights)
thereof held indirectly:
0% (equals: 0 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
6.97% (equals: 20,503,559 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
'Financial-/other instruments in this case relates to 24,324 shares on loan being returned'.

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Ministry of Finance on behalf of the State of Norway, Oslo, Norway

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 23 December 2014

Total amount of voting rights:
0% (equals: 0 voting rights)
calculated from the following total number of voting rights issued: 294,127,052

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0% (equals: 0 voting rights)
thereof held indirectly:
0% (equals: 0 voting rights)

Voting rights purs. to sec. 21, 22 WpHG:
6.97% (equals: 20,503,559 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
'Financial-/other instruments in this case relates to 24,324 shares on loan being returned'

44.

We have received the following notifications according to sec. 25, para. 1 WpHG on 29 December 2014:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Norges Bank (the Central Bank of Norway), Oslo, Norway

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 24 December 2014

Total amount of voting rights:
6.97% (equals: 20,503,559 voting rights)
calculated from the following total number of voting rights issued: 294,127,052

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.03% (equals: 88,000 voting rights)
thereof held indirectly:
0% (equals: 0 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
6.94% (equals: 20,415,559 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
'Financial-/other instruments in this case relates to 88,000 shares on loan'.

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Ministry of Finance on behalf of the State of Norway, Oslo, Norway

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 24 December 2014

Total amount of voting rights:
6.97% (equals: 20,503,559 voting rights)
calculated from the following total number of voting rights issued: 294,127,052

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.03% (equals: 88,000 voting rights)
thereof held indirectly:
0.03% (equals: 88,000 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
6.94% (equals: 20,415,559 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: Norges Bank
'Financial-/other instruments in this case relates to 88,000 shares on loan'.

45.

We have received the following notifications according to sec. 25, para. 1 WpHG on 9 January 2015:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock, Inc., New York, U.S.A.

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 7 January 2015

Total amount of voting rights:
0.00% (equals: 0 voting rights)
calculated from the following total number of voting rights issued: 294,259,979

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.00% (equals: 0 voting rights)
thereof held indirectly:
0.00% (equals: 0 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.09% (equals: 20,863,386 voting rights)

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock Holdco 2, Inc., Wilmington (DE), U.S.A.

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 7 January 2015

Total amount of voting rights:
0.00% (equals: 0 voting rights)
calculated from the following total number of voting rights issued: 294,259,979

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.00% (equals: 0 voting rights)
thereof held indirectly:
0.00% (equals: 0 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
6.99% (equals: 20,582,165 voting rights)

III.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock Financial Management, Inc., New York, U.S.A.

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 7 January 2015

Total amount of voting rights:
0.00% (equals: 0 voting rights)
calculated from the following total number of voting rights issued: 294,259,979

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.00% (equals: 0 voting rights)
thereof held indirectly:
0.00% (equals: 0 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
6.96% (equals: 20,490,019 voting rights)

46.

We have received the following notifications according to sec. 25, para. 1 WpHG on 26 January 2015:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock, Inc., New York, U.S.A.

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 22 January 2015

Total amount of voting rights:
7.09% (equals: 20,864,270 voting rights)
calculated from the following total number of voting rights issued: 294,259,979

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.02% (equals: 50,842 voting rights)
thereof held indirectly:
0.02% (equals: 50,842 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.07% (equals: 20,813,428 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings:
BlackRock Holdco 2, Inc.; BlackRock Financial Management, Inc.; BlackRock Advisors Holdings, Inc.; BlackRock International Holdings, Inc.; BR Jersey International Holdings L.P.; BlackRock Group Limited; BlackRock International Limited; BlackRock Life Limited.

BlackRock Holdco 2, Inc.; BlackRock Financial Management, Inc.; BlackRock Holdco 4, LLC; BlackRock Holdco 6, LLC; BlackRock Delaware Holdings Inc.; BlackRock Institutional Trust Company, National Association.

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock Holdco 2, Inc., Wilmington (DE), U.S.A.

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 22 January 2015

Total amount of voting rights:
6.99% (equals: 20,577,714 voting rights)
calculated from the following total number of voting rights issued: 294,259,979

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.02% (equals: 50,842 voting rights)
thereof held indirectly:
0.02% (equals: 50,842 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
6.98% (equals: 20,526,872 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings: BlackRock Financial Management, Inc.; BlackRock Advisors Holdings, Inc.; BlackRock International Holdings, Inc.; BR Jersey International Holdings L.P.; BlackRock Group Limited; BlackRock International Limited; BlackRock Life Limited.

BlackRock Financial Management, Inc.; BlackRock Holdco 4, LLC; BlackRock Holdco 6, LLC; BlackRock Delaware Holdings Inc.; BlackRock Institutional Trust Company, National Association.

III.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock Financial Management, Inc., New York, U.S.A.

Triggering event: Exceeding threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 22 January 2015

Total amount of voting rights:
6.96% (equals: 20,492,112 voting rights)
calculated from the following total number of voting rights issued: 294,259,979

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.02% (equals: 50,842 voting rights)
thereof held indirectly:
0.02% (equals: 50,842 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
6.95% (equals: 20,441,270 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
Chain of controlled undertakings:
BlackRock Advisors Holdings, Inc.; BlackRock International Holdings, Inc.; BR Jersey International Holdings L.P.; BlackRock Group Limited; BlackRock International Limited; BlackRock Life Limited

BlackRock Holdco 4, LLC; BlackRock Holdco 6, LLC; BlackRock Delaware Holdings Inc.; BlackRock Institutional Trust Company, National Association.

47.

I.

On 10 February 2015 Sun Life Financial Inc., Toronto, Canada, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 10% on 5 February 2015 and as of such date amount to 9.94% (this corresponds to 29,301,015 voting rights).

The above mentioned voting rights of 9.94% (this corresponds to 29,301,015 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in conjunction with sec. 22, para. 1, sent. 2 WpHG.

Voting rights of the following shareholder holding 3% or more in Deutsche Wohnen AG are to be attributed to the company:

- MFS International Value Fund.

II.

On 10 February 2015 Sun Life Global Investments Inc., Toronto, Canada, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 10% on 5 February 2015 and as of such date amount to 9.94% (this corresponds to 29,301,015 voting rights).

The above mentioned voting rights of 9.94% (this corresponds to 29,301,015 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in conjunction with sec. 22, para. 1, sent. 2 WpHG.

Voting rights of the following shareholder holding 3% or more in Deutsche Wohnen AG are to be attributed to the company:

- MFS International Value Fund.

III.

On 10 February 2015 Sun Life Assurance Company of Canada – U.S. Operations Holdings, Inc., Wellesley Hills, USA, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 10% on 5 February 2015 and as of such date amount to 9.94% (this corresponds to 29,301,015 voting rights).

The above mentioned voting rights of 9.94% (this corresponds to 29,301,015 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in conjunction with sec. 22, para. 1, sent. 2 WpHG.

Voting rights of the following shareholder holding 3% or more in Deutsche Wohnen AG are to be attributed to the company:

- MFS International Value Fund.

IV.

On 10 February 2015 Sun Life Financial (U.S.) Holdings, Inc., Wellesley Hills, USA, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 10% on 5 February 2015 and as of such date amount to 9.94% (this corresponds to 29,301,015 voting rights).

The above mentioned voting rights of 9.94% (this corresponds to 29,301,015 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in conjunction with sec. 22, para. 1, sent. 2 WpHG.

Voting rights of the following shareholder holding 3% or more in Deutsche Wohnen AG are to be attributed to the company:

- MFS International Value Fund.

V.

On 10 February 2015 Sun Life Financial (U.S.) Investments LLC, Wellesley Hills, USA, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 10% on 5 February 2015 and as of such date amount to 9.94% (this corresponds to 29,301,015 voting rights).

The above mentioned voting rights of 9.94% (this corresponds to 29,301,015 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in conjunction with sec. 22, para. 1, sent. 2 WpHG.

Voting rights of the following shareholder holding 3% or more in Deutsche Wohnen AG are to be attributed to the company:

- MFS International Value Fund.

VI.

On 10 February 2015 Sun Life of Canada (U.S.) Financial Services Holdings, Inc., Boston, USA, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 10% on 5 February 2015 and as of such date amount to 9.94% (this corresponds to 29,301,015 voting rights).

The above mentioned voting rights of 9.94% (this corresponds to 29,301,015 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in conjunction with sec. 22, para. 1, sent. 2 WpHG.

Voting rights of the following shareholder holding 3% or more in Deutsche Wohnen AG are to be attributed to the company:

- MFS International Value Fund.

VII.

On 10 February 2015 Massachusetts Financial Services Company (MFS), Boston, USA, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 10 % on 5 February 2015 and as of such date amount to 9.94% (this corresponds to 29,301,015 voting rights).

Of these voting rights 8.93% (this corresponds to 26,306,928 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG. 1.02% of the voting rights (this corresponds to 2,994,087 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in conjunction with sec. 22, para. 1, sent. 2 WpHG.

Voting rights of the following shareholder holding 3% or more in Deutsche Wohnen AG are to be attributed to the company:

- MFS International Value Fund.

48.

We have received the following notifications according to sec. 25, para. 1 WpHG on 23 February 2015:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock, Inc., New York, U.S.A.

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 19 February 2015

Total amount of voting rights:
0.00% (equals: 0 voting rights)
calculated from the following total number of voting rights issued: 294,711,175

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.00% (equals: 0 voting rights)
thereof held indirectly:
0.00% (equals: 0 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.38% (equals: 21,739,972 voting rights)

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock Holdco 2, Inc., Wilmington (DE), U.S.A.

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 19 February 2015

Total amount of voting rights:
0.00% (equals: 0 voting rights)
calculated from the following total number of voting rights issued: 294,711,175

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.00% (equals: 0 voting rights)
thereof held indirectly:
0.00% (equals: 0 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.28% (equals: 21,456,830 voting rights)

III.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: BlackRock Financial Management, Inc., New York, U.S.A.

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 19 February 2015

Total amount of voting rights:
0.00% (equals: 0 voting rights)
calculated from the following total number of voting rights issued: 294,711,175

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0.00% (equals: 0 voting rights)
thereof held indirectly:
0.00% (equals: 0 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
7.25% (equals: 21,372,604 voting rights)

49.

We have received the following notifications according to sec. 25, para. 1 WpHG on 3 March 2015:

I.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Norges Bank (the Central Bank of Norway), Oslo, Norway

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 25 February 2015

Total amount of voting rights:
0% (equals: 0 voting rights)
calculated from the following total number of voting rights issued: 294,838,127

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0% (equals: 0 voting rights)
thereof held indirectly:
0% (equals: 0 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
6.72% (equals: 19,821,257 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
'Financial-/other instruments in this case relates to 4,607 shares on loan being returned'.

II.

Listed company: Deutsche Wohnen AG, Pfaffenwiese 300, 65929 Frankfurt, Germany

Notifier: Ministry of Finance on behalf of the State of Norway, Oslo, Norway

Triggering event: Falling below threshold

Threshold crossed or reached: 5%

Date at which the threshold is crossed or reached: 25 February 2015

Total amount of voting rights:
0% (equals: 0 voting rights)
calculated from the following total number of voting rights issued: 294,838,127

Detailed information on the voting rights proportion:
(Financial/other) instruments purs. to sec. 25 WpHG:
0% (equals: 0 voting rights)
thereof held indirectly:
0% (equals: 0 voting rights)
Voting rights purs. to sec. 21, 22 WpHG:
6.72% (equals: 19,821,257 voting rights)

Detailed information on financial/other instruments pursuant to sec. 25 WpHG:
'Financial-/other instruments in this case relates to 4,607 shares on loan being returned'.

Auditor's fees

In the year under review, the fees recorded as expenses for the auditors Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, amounted to:

	2014	2013
	in EUR k	in EUR k
Audit of the annual financial statements (net)	208	325
Other certification and valuation services (net)	333	591
Tax advice services (net)	8	28
Value added tax	104	179
	653	1,123

The expenses for the audit of the annual financial statements relate to the audit of the individual and consolidated financial statements. The expenses for other certification and valuation services primarily relate to services provided in the context of capital increases. The expenses for other certification and valuation services in 2013 included payables amounting to EUR 106 k, which were recognised under assets as acquisition costs for the acquisition of financial assets.

Employees

In the year under review, the average number of employees was 113 (previous year: 100).

Transactions with related parties

In the financial year, there were no transactions between related companies or individuals and the company that were not conducted on terms customary in the market.

Consolidated financial statements

The company is the parent company of the Group and produces a consolidated financial statement which is published in the German Federal Gazette.

Corporate governance

The Management Board and the Supervisory Board have submitted a declaration of compliance with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG) and made it permanently available to the shareholders online at www.deutsche-wohnen.com.

IX. Appropriation of net profits

The Management Board proposes that the net profit reported as at 31 December 2014 in the amount of EUR 177,351,852.19, comprising a profit carry-forward in the amount of EUR 0.0 million and a profit for the year in the amount of EUR 177,351,852.19, is used as follows:

Distribution to the shareholders:		
Payment of a dividend of EUR 0.44 per bearer share that is entitled to dividends for the financial year 2014; on the basis of 294,838,127 bearer shares, this will amount to	EUR	129,728,775.88
Profit carry-forwards	EUR	47,623,076.31
Net profit	EUR	177,351,852.19

The disclosure of the amounts of the dividend payment and the profit carry-forwards is based on the number of no-par value shares which were entitled to dividends at the time of the preparation of the Management Board's proposal for the use of the profit. The number of no-par value shares which are entitled to dividends may increase between now and the date of the Annual General Meeting particularly as a result of requests for the settlement from external shareholders of GSW Immobilien AG pursuant to the domination agreement between Deutsche Wohnen AG and GSW Immobilien AG and the corresponding issuance of new shares of the company out of the Contingent Capital 2014/II (Sec. 4c of the Articles of Association).

The amount of the dividend per no-par value share entitled to dividends will remain unchanged at EUR 0.44.

To the extent that the number of no-par value shares which are entitled to dividends, and thus the total amount of the dividend paid out, increase by EUR 0.44 per new share issued, the amount of the profit carry-forwards will decrease accordingly.

Frankfurt/Main, 3 March 2015
Deutsche Wohnen AG

Michael Zahn	Andreas Segal	Lars Wittan
Vorstandsvorsitzender	Vorstand	Vorstand

Statement of changes in fixed assets 2014

	Acquisition and production costs				Accumulated depreciation, amortisation and write downs					Carrying amount	
	01/01/2014	Additions	Disposals	31/12/2014	01/01/2014	Additions	Disposals	Appreciation	31/12/2014	31/12/2014	31/12/2013
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets											
Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	7,473,659.16	1,390,132.20	0.00	8,863,791.36	6,198,129.84	919,359.30	0.00	0.00	7,117,489.14	1,746,302.22	1,275,529.32
II. Property, plant and equipment											
1. Buildings on third party properties	0.00	117,752.55	0.00	117,752.55	0.00	3,925.09	0.00		3,925.09	113,827.46	0.00
2. Other equipment, furniture and fixtures	3,704,772.34	962,840.09	438,467.96	4,229,144.47	1,619,228.40	632,691.06	135,500.76	0.00	2,116,418.70	2,112,725.77	2,085,543.94
3. Advance payments on property, plant and equipment	0.00	349,306.63	0.00	349,306.63	0.00	0.00	0.00		0.00	349,306.63	0.00
	3,704,772.34	1,429,899.27	438,467.96	4,696,203.65	1,619,228.40	636,616.15	135,500.76	0.00	2,120,343.79	2,575,859.86	2,085,543.94
III. Financial assets											
Shares in affiliates	2,477,166,964.19	222,283,325.66	103,081,303.69	2,596,368,986.16	970,000.00	0.00	0.00	340,000.00	630,000.00	2,595,738,986.16	2,476,196,964.19
	2,488,345,395.69	225,103,357.13	103,519,771.65	2,609,928,981.17	8,787,358.24	1,555,975.45	135,500.76	340,000.00	9,867,832.93	2,600,061,148.24	2,479,558,037.45

The following auditor's report (Bestätigungsvermerk) refers to the annual financial statements as well as the management report prepared on the basis of German commercial law (HGB) ("Handelsgesetzbuch": "German Commercial Code") of Deutsche Wohnen AG for the fiscal year ended December 31, 2014 as a whole and not solely to the annual financial statements presented in this Prospectus on the preceding pages. The above-mentioned auditor's report (Bestätigungsvermerk) and annual financial statements are both translations of the respective German-language documents.

AUDITOR'S REPORT

We have audited the annual financial statements, comprising the balance sheet, the profit and loss statement and the notes to the financial statements, together with the bookkeeping system, and the management report of Deutsche Wohnen AG, Frankfurt/Main, for the fiscal year from January 1, 2014 to December 31, 2014 The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Berlin, 10 March 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Christoph Wehner
Wirtschaftsprüfer
(German public auditor)

Gunnar Glöckner
Wirtschaftsprüfer
(German public auditor)

GLOSSARY

Asset management	Value-driven management and optimization of real estate investments through letting management, refurbishment, repositioning, and tenant management.
BauBeCon Group	The BauBeCon Group consisted of the companies BauBeCon Immobilien GmbH, BauBeCon Wohnwert GmbH, BauBeCon Assets GmbH, BauBeCon BIO GmbH, Algarobo Holding B.V., Hamnes Investment B.V., Intermetro B.V. (now Intermetro GmbH).
BEV	Bundeseisenbahnvermögen.
Business Combination Agreement	On October 14, 2013, Deutsche Wohnen AG and GSW Immobilien AG concluded an agreement in regard to the merger of both companies. The Business Combination Agreement contains arrangements with regard to the future strategy and structure of the merged group.
BVK	The Bavarian Pension Fund (*Bayerische Versorgungskammer – Zusatzversorgungskasse*).
BWG	GSW Betreuungsgesellschaft für Wohnungs- und Gewerbebau mbH.
Company	Company refers to Deutsche Wohnen AG, a stock corporation organized under the laws of the Federal Republic of Germany.
Convertible Bond	On November 19, 2013, Deutsche Wohnen AG placed a convertible bond with an aggregate principal amount of EUR 250 million, divided into 2,500 equally ranking bearer bonds, each with a nominal value of EUR 100,000.00 and with a term of 7 years.
CPI	CPI means Consumer Price Index. A consumer price index measures changes in the price level of consumer goods and services purchased by households. In this Prospectus, CPI refers to the consumer price index as published by the German Federal Statistical Office.
DB 14	DB Immobilienfonds 14 Rhein-Pfalz Wohnen GmbH & Co. KG.
Deutsche Pfandbriefbank	Deutsche Pfandbriefbank AG (formerly Hypo Real Estate Bank AG, Munich, Germany).
DCF method	The DCF (Discounted Cash Flow) method is a method of calculating value, especially for the valuation of a business. It is also used to determine the fair or market value of real estate. Under the DCF method, future cash flows are estimated and discounted using a specific discount rate.
DGSA	Deutsche GSA Geld und Sachwertanlagen AG.
D&O	Directors & officers.
Domination Agreement	The domination agreement entered into on April 30, 2014 between Deutsche Wohnen AG, as the controlling company, and with GSW Immobilien AG, the controlled company.

DSCR	DSCR refers to debt service coverage ratio. The debt service coverage ratio is a commonly used ratio in a loan agreement as part of the debtor's contractual assurances (covenants) for the duration of the loan and which is also used to assess debt service capacity. It indicates to which proportion the interest payments and contractual (periodic) debt repayments have to be/are covered by the earnings of the Company or the respective portfolio (sometimes after allowance for operating and/or maintenance expenses).
DWRE Companies	DWRE Braunschweig GmbH, DWRE Merseburg GmbH, DWRE Leipzig GmbH, DWRE Halle GmbH, DWRE Erfurt GmbH, DWRE Henningsdorf GmbH, DWRE Dresden GmbH, together.
DZ BANK	DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main.
EBIT	Earnings before interest and taxes. The EBIT is not a performance indicator defined under IFRS. The EBIT that is reported in this Prospectus is not necessarily comparable to the performance figures published by other companies as EBIT or under a similar designation.
EBITDA (adjusted)	The EBITDA (adjusted) (adjusted earnings before interest, taxes, depreciation and amortization) indicates the Company's earnings before interest and taxes (EBIT) adjusted for gains/losses from the fair value adjustments of investment properties, depreciation and amortization, non-recurring or exceptional items. The EBITDA (adjusted) is not a performance indicator defined under IFRS. The EBITDA (adjusted) that is reported in this Prospectus is not necessarily comparable to the performance figures published by other companies as EBITDA (adjusted) or under a similar designation.
EBT	Earnings before taxes. The EBT indicates the Company's earnings before taxes. The EBT is not a performance indicator defined under IFRS.
EBT (adjusted)	The EBT (adjusted) is calculated from the Company's profit/loss before taxes, which is adjusted for gains/losses from the fair value adjustments of investment properties, gains/losses from fair value adjustments of derivative financial instruments and convertible bonds and non-recurring or exceptional items. The EBT (adjusted) is not a performance indicator defined under IFRS. The EBT (adjusted) reported by the Company is not necessarily comparable to the performance figures published by other companies as EBT (adjusted) or under a similar designation.
EEA	European Economic Area.
EPRA	European Public Real Estate Association. EPRA is a nonprofit organization that represents the interests of European-listed real estate companies.
EPRA NAV	A specific definition of NAV as used by EPRA. EPRA NAV (undiluted) is corresponds to equity (before non-controlling interests) adjusted for the net total of derivative financial instruments (assets and liabilities) and certain deferred taxes.
ESG	Eisenbahn-Siedlungsgesellschaft Berlin mbH.
EU	EU refers to the European Union.
EURIBOR	Euro Interbank Offered Rate, a daily reference rate based on the averaged interest rates at which banks offer to lend unsecured funds to other banks in the euro wholesale money market.
Exchange Offer	A takeover offer by Deutsche Wohnen AG for the acquisition of all shares of

	GSW Immobilien AG in exchange for shares of Deutsche Wohnen AG.
EY	Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft.
Fair Value	In accordance with IAS 40 and IFRS 13, fair value is "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."
FFO (including disposals)	FFO (including disposals) is calculated by adding the earnings from disposals to FFO (without disposals) and adjusting the earnings from disposals attributable to non-controlling interests.
FFO (without disposals)	FFO (without disposals) is defined by taking the profit/loss for the period and adjusting it for earnings from disposals, depreciation and amortization, gains/losses from the fair value adjustments of investment properties, gains/losses from fair value adjustments of derivative financial instruments and convertible bonds, non-cash finance expense arising from accrued interest on liabilities and pensions, non-recurring or exceptional items and other non-recurring income, deferred taxes (tax expense/income), the tax expense from capital increase costs and FFO (without disposals) attributable to non-controlling interests.
Fortimo	Fortimo GmbH, a wholly owned subsidiary of Deutsche Wohnen AG.
GEHAG	GEHAG GmbH.
GEHAG Group	GEHAG, together with its subsidiaries.
GEHAG Fonds	Real estate funds designed and created by GEHAG Group companies.
GDP	Gross domestic product. The gross domestic product refers to the market value of all final goods and services produced within a country (or region, city, etc.) in a given period.
German Commercial Code	German Commercial Code (*Handelsgesetzbuch*). German Commercial Code regulates, among other things, the accounting rules that are applicable in Germany.
German Government Employees Pension Fund	The German Federal and State Government Employees Retirement Fund (*Versorgungsanstalt des Bundes und der Länder*).
German Income Tax Act	The German Income Tax Act (*Einkommensteuergesetz*) is a law levying a tax on the income of all natural persons.
GewStG	German Trade Business Tax Act (*Gewerbesteuergesetz*). A law regulating the taxation of all natural or legal persons conducting a trade business.
GfS	GSW Gesellschaft für Stadterneuerung GmbH, a wholly owned subsidiary of GSW Immobilien AG.
GSW	GSW Immobilien AG.
GSW Convertible Bond	A convertible bond issued by GSW Immobilien AG with a total nominal value of EUR 182,900,000.00 (ISIN: DE000GSW1CB6 / WKN: GSW1CB), which was divided into elements with nominal value of EUR 100,000.00 each.
GSW Group	GSW Immobilien AG together with its consolidated subsidiaries.

Helaba	Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main, Germany.
IDW	Institut der Wirtschaftsprüfer in Deutschland e.V.
IFRS/IAS	International Financial Reporting Standards/International Accounting Standards. In this Prospectus "IFRS" refers to the International Financial Reporting Standards, including International Accounting Standards (IAS) and interpretations published by the International Accounting Standards Board (IASB), as adopted by the European Union in Commission Regulation (EC) No. 1126/2008 of November 3, 2008, as amended, available at http: //www.iasb.org/IFRSs/IFRS.htm.
In-place Rent	Contractually owed rent from rented properties divided by rented area.
Investment properties	Property, land and buildings which are held as financial investments to earn rents or to realize capital gains and not used for the Company's own purposes. The value of the investment properties is determined according to IAS 40.
ISCR	Interest service coverage ratio. The interest service coverage ratio is a commonly used ratio which belongs in a loan agreement to the debtor's covenants for the duration of the loan and which is also used to assess the ability to service interest payments. It indicates to which proportion the interest payments are covered by the earnings of the Company or the respective portfolio (sometimes after allowance for operating and/or maintenance expenses).
KATHARINENHOF®	KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH.
KATHARINENHOF® Group	KATHARINENHOF®, with its subsidiaries.
KStG	German Corporate Tax Act (*Körperschaftsteuergesetz*). The German Corporate Tax Act regulates the taxation of income of corporations.
LTV Ratio	Loan-to-value ratio, *i.e.*, the ratio of net financial liabilities (financial liabilities and convertible bond minus cash and cash equivalents) to the value of the total real estate holdings (investment properties plus non-current assets held for sale and land and buildings held for sale).
Management Board	The management board of Deutsche Wohnen AG.
Market value	Market value is "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (Valuation Practice Statement (VPS) 4.1.2 of the Valuation – Professional Standards (January 2014) issued by The Royal Institution of Chartered Surveyors).
NAV	Net asset value. The figure shows the intrinsic equity value of a real estate company. Different definitions exist, but as a general matter, it is the sum of all assets less liabilities, and is adjusted for various items (*e.g.*, deferred taxes and market value of derivative financial interests). Within that calculation, the property values of the property portfolio are adjusted to their fair values, if they are not already shown at their fair values.
Net cold rent	The net cold rent is the in-place rent without service charges and ancillary costs which are allocated to the tenant, like the costs for heating and warm water.
Offer Period	The period in which Deutsche Wohnen AG undertakes to acquire shares under

	the Domination Agreement.
Office building	Property where at least 75% of the lettable space is destined to office use (disregarding potential ground floor retail).
Pegasus	GSW Pegasus GmbH (formerly GAGFAH Pegasus GmbH)
Prime Standard	Market segment of the Frankfurt Stock Exchange with the most relevant stocks and degree of regulation. Being quoted on Prime Standard is a prerequisite for admission to DAX, MDAX, SDAX or TecDAX.
Privatizations	Single-unit sales (privatizations) (*e.g.*, to tenants) and sales of privatized holdings (*i.e.*, portfolios in which some units have already been "privatized" under German law according to the German Condominium Act (*Wohnungseigentumsgesetz*)).
Property Appraisal Report	Valuation report prepared by the independent external property appraisers CBRE GmbH, which is included in this Prospectus on pages V-1 *et seq*.
Property management	Property management is the management of real estate assets including the processes, systems and manpower required to manage the life cycle of a building.
Purchase Offer	On November 19, 2013, Deutsche Wohnen AG asked the creditors of GSW's partly convertible bonds (ISIN: DE000GSW1CB6 / WKN: GSW1CB) to submit an offer to sell their GSW partly convertible bonds to Deutsche Wohnen AG.
Rent restrictions	Rent restrictions impose restraints on the ability of a landlord to effect rent increases. Rent restrictions can be stipulated by law or by contract. In both cases they can be enforced by way of an injunctive relief and a violation may result in damages.
RREEF	RREEF Management GmbH, whom Deutsche Wohnen settled a loss adjustment agreement with.
SGB XI	The Eleventh Book of the Social Security Act XI (*Sozialgesetzbuch XI*).
SEG Buch	SEG Buch Stadtentwicklungsgesellschaft Buch mbH.
New Shares	New ordinary bearer shares with no par-value of Deutsche Wohnen AG, each with a nominal value of EUR 1.00 and full dividend rights from January 1, 2015 from a capital increase against cash contributions.
Supervisory Board	The supervisory board of Deutsche Wohnen AG.
Vacancy rate	The vacancy rate is the ratio of vacancy loss to the potential gross rental income, as of the respective reporting date.
Valuation reports for determining fair value	See Valuation Reports.
WISAG	WISAG Service Holding GmbH & Co. KG.
Withholding tax	A withholding tax is a government requirement for the payer of an item of income (*e.g.*, dividends or interest) to withhold or deduct tax from the payment, and pay that tax to the government.
WpPG	The German Securities Prospectus Act (Wertpapierprospektgesetz).

ZVK Zusatzversorgungskasse des Baugewerbes AG.

RECENT DEVELOPMENTS AND OUTLOOK

On February 15, 2015, the Company announced a voluntary public tender offer in cash for all outstanding shares in and convertible bonds issued by conwert Immobilien Invest SE. The minimum tender threshold pursuant to the tender offer for conwert Immobilien Invest SE was not reached and, accordingly, the offer was terminated. The anticipatory mandatory public offer for free float shares in ECO Business Immobilien AG not already owned by conwert Immobilien Invest SE which had been launched simultaneously with the tender offer for conwert Immobilien Invest SE was also terminated.

Deutsche Wohnen signed purchase agreements concerning the acquisition of approximately 6,500 residential units, predominantly located in Berlin, for an aggregate purchase price of approximately EUR 500 million or approximately EUR 1,180 per square meter. Closing for the vast majority of these acquisitions is expected to take place at the end of the first half of 2015. The annual net cold rent for these acquisitions is approximately EUR 25.6 million. The average vacancy rate is approximately 2.6%. Deutsche Wohnen expects, based on historical numbers, that these acquisitions will make a positive EBITDA contribution of more than EUR 20 million on an annualized basis.

Deutsche Wohnen aims, markets permitting, to refinance parts of its financial liabilities that mature predominantly in 2018 and 2019 with new bank loans of approximately EUR 650 million and potentially by issuing bonds with an aggregate nominal amount of approximately EUR 500 million in the debt capital markets with average maturities of around 10 years. The financial liabilities earmarked for refinancing have an average remaining maturity of approximately 4 years and currently average interest rate of approximately 3.4%. The aggregate refinancing volume in the banking and bond market is anticipated to amount to up to EUR 1.2 billion. In addition, Deutsche Wohnen intends to redeem selected, high margin bank loans of approximately EUR 350 million with existing cash. In aggregate, Deutsche Wohnen intends to address financial liabilities amounting to up to EUR 1.5 billion thereby aiming to reduce the LTV Ratio to less than 45% for the Group, to reduce the average interest rate to less than 2% and to increase the average maturity of Deutsche Wohnen's financial liabilities to about 10 years after the refinancing and the debt pay down. As a result of these measures the Company expects, subject to stable market conditions, to significantly reduce current interest expenses, thereby significantly increasing the FFO as well as the free cash flow with full effect as of 2016. The expected non-recurring financing costs as well as the expected upfront interest payments in connection with the planned termination of swap arrangements are expected to pay off in approximately 3 years by the envisaged interest savings.

Except as described above, between March 31, 2015 and the date of this Prospectus, there have been no material changes to Deutsche Wohnen AG's or the Group's financial position, financial performance or cash flows, or in Deutsche Wohnen AG's or Deutsche Wohnen Group's trading position.

The German Council of Economic Experts anticipates a slight upturn in worldwide growth in 2015. While the United States and the United Kingdom are expected to record an increase in their gross domestic product of 3.1% and 2.6% respectively, experts are forecasting more restrained growth within the Eurozone, which is expected to experience an increase in gross domestic product of 1.0% and a rate of inflation of 0.7%, such that the German Council of Economic Experts considers a descent into deflation to be unlikely.

The German economy is also expected to experience only moderate growth in 2015. The gross domestic product is expected to increase by 1.0%, while the rate of inflation is likely to be higher than in 2014. Positive momentum is again expected to come from private consumption bolstered by the persistently favorable situation on the job market as well as rising real wages. The German Council of Economic Experts anticipates that the export business will experience little growth.

In line with the ongoing trend towards metropolitan areas and conurbations, demand for housing in such regions remains high. Although there are signs of increased construction of new housing, new additions to the housing stock are expected to be inadequate to keep pace with the considerable population growth. The Federal Institute for Building, Urban Affairs and Spatial Research (*Bundesinstituts für Bau-, Stadt- und Raumforschung*) currently anticipates the lower limit for the required amount of new housing at approximately 250,000 residential units per year, or at least 1 million residential units over four years, with the total required amount of new housing being affected not only by demand in quantitative terms but also by qualitative factors such as personal preference, an increase in living space and construction of replacement buildings.

As a result of the significant rent developments in the past few years and increasing ancillary residential costs, rents in major German cities are projected to rise at a slower pace in 2015. In addition, a consequential shunning of such locations in favor of city districts where prices are lower or surrounding areas is to be expected.

Favorable financing terms and low rates of return for alternative capital investments furthermore encourage the purchase of residential units.

Excluding one-off items, Deutsche Wohnen assumes that earnings will improve in 2015 when compared with 2014.

SIGNATURE PAGE

Frankfurt am Main, London, Hamburg, Amsterdam, Munich, May 2015

Deutsche Wohnen AG

/s/ Andreas Segal	/s/ Lars Wittan
signed	signed

Goldman Sachs International

/s/ Thomas Schweppe	/s/ Philipp de la Chevallerie
signed	signed

UBS Limited

/s/ Wolfgang Fuchs	/s/ Andreas Wittmann
signed	signed

Deutsche Bank Aktiengesellschaft

/s/ Foruhar Madjlessi	/s/ Klaus Elmendorff
signed	signed

Joh. Berenberg, Gossler & Co. KG

/s/ Thomas Schweppe	/s/ Philipp de la Chevallerie
signed	signed

DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main

/s/ Foruhar Madjlessi	/s/ Klaus Elmendorff
signed	signed

Kempen & Co N.V.

/s/ Wolfgang Fuchs	/s/ Andreas Wittmann
signed	signed

UniCredit Bank AG

/s/ Wolfgang Fuchs	/s/ Andreas Wittmann
signed	signed