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INTERIM REPORT
AS AT 31 MARCH 2014

performance

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GROUP KEY FIGURES

of the Deutsche Wohnen AG

Profit and loss statement		Q1/2014	Q1/2013
Earnings from Residential Property Management	in EUR m	131.7	70.9
Earnings from Disposals	in EUR m	15.8	5.5
Earnings from Nursing and Assisted Living	in EUR m	4.2	3.1
Corporate expenses	in EUR m	-22.8	-11.8
EBITDA	in EUR m	124.5	65.7
EBT (adjusted)	in EUR m	73.1	34.3
EBT (as reported)	in EUR m	54.2	34.1
Profit for the period after taxes	in EUR m	45.5	26.2
Profit for the period after taxes ¹⁾	EUR per share	0.16	0.17
FFO (without disposals)	in EUR m	59.1	30.9
FFO (without disposals) ¹⁾	EUR per share	0.21	0.20
FFO (incl. disposals)	in EUR m	74.4	36.4
FFO (incl. disposals) ¹⁾	EUR per share	0.26	0.23

Balance sheet		31/03/2014	31/12/2013
Investment properties	in EUR m	8,907.8	8,937.1
Current assets	in EUR m	351.8	400.6
Equity	in EUR m	3,977.8	3,944.3
Net financial liabilities	in EUR m	5,108.4	5,208.4
Loan-to-Value Ratio (LTV)	in %	56.5	57.3
Total assets	in EUR m	10,094.1	10,173.1

Share		31/03/2014	31/12/2013
Share price (closing price)	EUR per share	15.56	14.04
Number of shares	m	286.22	286.22
Market capitalisation	in EUR billion	4.5	4.0

Net Asset Value (NAV)		31/03/2014	31/12/2013
EPRA NAV	in EUR m	4,070.0	4,004.7
EPRA NAV	EUR per share	14.22 ²⁾	13.99 ²⁾

Fair values		31/03/2014	31/12/2013
Fair value of real estate properties ³⁾	in EUR m	8,823	8,881
Fair value per sqm of residential and commercial area ³⁾	EUR per sqm	947	944

¹⁾ Based on an average number of around 286.22 million issued shares in 2014 or of around 158.10 million issued shares in 2013

²⁾ Based on around 286.22 million issued shares as at reporting date

³⁾ Only comprises residential and commercial properties

Interim management report

Deutsche Wohnen AG with its subsidiaries (hereinafter referred to as "Deutsche Wohnen" or "Group") is, measured by its market capitalisation, currently one of the largest publicly listed residential property companies in Europe. Our property portfolio consists of around 150,900 residential and commercial units as well as nursing homes with around 2,200 nursing places with a fair value of around EUR 8.9 billion in total. The company is listed in the MDAX of the German Stock Exchange.

Consistent with our business strategy the focus is on residential and nursing care properties in both fast-growing conurbations and metropolitan areas of Germany. The fundamental economic growth, the population influx into German metropolitan regions and their demographic development provide a very good basis for achieving strong and stable cash flows from letting and leasing and for making use of opportunities for value creation.

Portfolio

Due to the acquisitions made in 2013 the size of our residential portfolio has increased from 82,205 to 148,797 units. A result of these acquisitions is that our portfolio is now even more focused on growth markets and that the concentration on these regions was further strengthened.

Residential	31/03/2014			31/03/2013		
	Residential units number	Area sqm k	Share of total portfolio in %	Residential units number	Area sqm k	Share of total portfolio in %
Strategic core and growth regions	145,979	8,860	98	76,708	4,680	93
Core ⁺	118,690	7,139	80	51,363	3,072	62
Core	27,289	1,721	18	25,345	1,608	31
Non-Core	2,818	180	2	5,497	351	7
Total	148,797	9,040	100	82,205	5,031	100

Deutsche Wohnen is now the owner of just under 148,800 residential units, of which 80% are in Core+ regions and 18% in Core regions. Only 2% of the residential holdings are in scattered locations or shrinking markets.

Residential	31/03/2014			
	Residential units number	Share of total portfolio in %	In-place rent ¹⁾ in EUR/sqm	Vacancy rate in %
Strategic core and growth regions	145,979	98	5.60	2.4
Core+	118,690	80	5.68	2.2
Core	27,289	18	5.23	3.4
Non-Core	2,818	2	4.91	11.2
Total	148,797	100	5.58	2.6

¹⁾ Contractually owed rent from rented apartments divided by the rented area

The average in-place rent in the total portfolio rose in comparison to the corresponding quarter of the previous year from EUR 5.52 per sqm to EUR 5.58 per sqm. The average vacancy rate for the total portfolio fell by 0.2 percentage points in comparison to the corresponding quarter of the previous year. For a detailed analysis we would refer to the like-for-like figures on page 9, which show these developments adjusted for transactions.

In the cluster Core+ we include the most dynamic markets with strong rental growth:

Residential	31/03/2014			
	Residential units number	Share of total portfolio in %	In-place rent ¹⁾ in EUR/sqm	Vacancy rate in %
Core+	118,690	80	5.68	2.2
Letting portfolio	113,825	76	5.69	2.0
Privatisation	4,865	3	5.53	5.1
Greater Berlin	107,853	72	5.56	2.1
Letting portfolio	104,066	70	5.57	2.0
Privatisation	3,787	3	5.25	3.9
Rhine-Main	9,018	6	6.97	2.6
Letting portfolio	8,090	5	7.04	1.9
Privatisation	928	1	6.35	8.4
Rhineland	1,819	1	6.54	3.9
Letting portfolio	1,669	1	6.50	3.4
Privatisation	150	0	6.84	7.1

¹⁾ Contractually owed rent from rented apartments divided by the rented area

In addition to Greater Berlin our cluster Core+ comprises the metropolitan areas of Rhine-Main, including Frankfurt/Main, and the Rhineland with its focus on Düsseldorf.

The cluster Core includes markets with moderately rising rents and stable rent development forecasts:

Residential	31/03/2014			
	Residential units number	Share of total portfolio in %	In-place rent ¹⁾ in EUR/sqm	Vacancy rate in %
Core	27,289	18	5.23	3.4
Letting portfolio	25,187	17	5.21	3.1
Privatisation	2,102	1	5.38	7.1
Hanover/Brunswick/Magdeburg	11,039	7	5.25	4.1
Letting portfolio	10,210	7	5.20	3.9
Privatisation	829	1	5.85	6.9
Rhine Valley South	4,853	3	5.56	1.8
Letting portfolio	4,650	3	5.56	1.4
Privatisation	203	0	5.64	10.0
Rhine Valley North	2,949	2	5.20	1.7
Letting portfolio	2,845	2	5.19	1.4
Privatisation	104	0	5.53	10.1
Central Germany	5,720	4	4.98	3.0
Letting portfolio	5,720	4	4.98	3.0
Privatisation	0	0	0.00	0.0
Other²⁾	2,728	2	5.03	6.2
Letting portfolio	1,762	1	5.08	6.2
Privatisation	966	1	4.94	6.2

¹⁾ Contractually owed rent from rented apartments divided by the rented area

²⁾ Essentially Kiel/Lübeck

The Core regions include Hanover/Brunswick/Magdeburg, Rhine Valley South and North, and Central Germany with Dresden (around 2,100 residential units), Leipzig (around 800 residential units), Halle (Saale) and Erfurt with around 700 and 600 residential units.

The cluster Non-Core consists of residential properties which are to be sold in the medium term for reasons of portfolio strategy. Particularly the residential holdings in the sub-cluster "Disposal" are intended to be sold off more quickly because of structural risks.

Residential	31/03/2014			
	Residential units number	Share of total portfolio in %	In-place rent ¹⁾ in EUR/sqm	Vacancy rate in %
Non-Core	2,818	2	4.91	11.2
Disposal	584	0	5.01	16.1
Other	2,234	2	4.88	9.9

¹⁾ Contractually owed rent from rented apartments divided by the rented area

Notes on financial performance and financial position

Financial performance

The following table provides an overview of the development of business operations in individual segments as well as of further items in the Group profit and loss statement for the first three months of the financial year 2014 in comparison to the corresponding period of the previous year:

in EUR m	Q1/2014	Q1/2013
Earnings from Residential Property Management	131.7	70.9
Earnings from Disposals	15.8	5.5
Earnings from Nursing and Assisted Living	4.2	3.1
Corporate expenses	-22.8	-11.8
Other operating expenses/income	-4.4	-2.0
Operating result (EBITDA)	124.5	65.7
Depreciation and amortisation	-1.6	-1.3
Financial result	-68.7	-30.3
Profit before taxes	54.2	34.1
Current taxes	-3.3	-2.6
Deferred taxes	-5.4	-5.3
Profit for the period	45.5	26.2

Due to the acquisition of GSW and the contributions to earnings associated with this takeover, it was possible to improve the profit for the period in comparison to the equivalent period of the previous year by EUR 19.3 million to EUR 45.5 million.

Thus, earnings before taxes, adjusted for extraordinary effects and valuation effects, also increased significantly.

in EUR m	Q1/2014	Q1/2013
Profit before taxes	54.2	34.1
Restructuring and reorganisation expenses	2.2	0.0
Gains/losses from fair value adjustments of derivative financial instruments and of convertible bonds	16.7	0.2
Adjusted earnings before taxes	73.1	34.3

Earnings from Residential Property Management

The contribution margin from the segment Residential Property Management increased by EUR 60.8 million or 86 % in comparison to the corresponding period of the previous year:

in EUR m	Q1/2014	Q1/2013
Current gross rental income	157.0	83.3
Non-recoverable expenses	-3.2	-1.3
Rental loss	-2.5	-1.1
Maintenance	-17.2	-8.4
Other	-2.4	-1.6
Earnings from Residential Property Management	131.7	70.9
Staff and general and administration expenses	-10.6	-6.8
Operating result (Net Operating Income, NOI)	121.1	64.1
NOI-margin in %	77.1	77.0
NOI in EUR per sqm and month ¹⁾	4.33	4.12
Change in %	5.1	

¹⁾ Based on the average floor space on a quarterly basis for the period under review; the average area was adjusted in the case of significant acquisitions within a quarter

At 77% the NOI-margin is almost the same as in the equivalent quarter of the previous year. The contribution margin in EUR per sqm increased by 5.1% and is, amongst other reasons, due to the changes to the overall portfolio structure brought about by the takeover of GSW.

The following table shows the development of in-place rents (residential) and of vacancy rates in a like-for-like comparison, i.e. only for residential holdings which we have managed throughout the last twelve months:

Like-for-like	Residential units number	In-place rent ¹⁾ in EUR/sqm		Develop- ment in %	Vacancy rate in %	
		31/03/2014	31/03/2013		31/03/2014	31/03/2013
	Strategic core and growth regions (letting portfolio)	71,355	5.76	5.57	3.3	2.1
Core+	48,346	6.01	5.77	4.2	1.6	1.6
Greater Berlin	38,806	5.78	5.52	4.6	1.4	1.3
Rhine-Main	8,090	7.04	6.87	2.5	1.9	2.5
Rhineland	1,450	6.54	6.26	4.4	3.4	3.2
Core	23,009	5.24	5.18	1.2	3.1	3.2
Hanover/Brunswick/Magdeburg	10,025	5.20	5.15	1.0	3.9	4.3
Rhine Valley South	4,648	5.56	5.44	2.2	1.4	1.6
Rhine Valley North	2,798	5.18	5.11	1.4	1.2	1.5
Central Germany	3,776	5.08	5.04	0.7	3.3	3.1
Other	1,762	5.08	5.05	0.7	6.2	3.6
Privatisation	4,089	5.63	5.58	0.9	6.6	2.5
Non-Core	2,817	4.91	4.90	0.1	11.1	7.5
Total	78,261	5.72	5.55	3.1	2.6	2.3

¹⁾ Contractually owed rent from rented apartments divided by the rented area

The in-place rents in the overall letting portfolio rose by 3.1% on a like-for-like basis. At 2.6% the like-for-like vacancy rate is at a low level.

In the Core+ regions we can report rental growth on a like-for-like basis of 4.2% with a vacancy rate of 1.6%. The rental increase in Berlin – our largest single location – is 4.6%. This is due, amongst other reasons, to the application of the Berlin rent index in 2013.

Taking into consideration the approximately 56,650 residential units which the GSW Group managed throughout the last twelve months in Greater Berlin with a like-for-like rental increase of 3.8%, the following pro forma like-for-like figures emerge – divided into regions:

Like-for-like (pro forma – combined)	Residential units number	In-place rent ¹⁾ in EUR/sqm		Develop- ment in %	Vacancy rate in %	
		31/03/2014	31/03/2013		31/03/2014	31/03/2013
Strategic core and growth regions (letting portfolio)	126,541	5.63	5.44	3.5	2.2	2.3
Core ⁺	103,532	5.72	5.50	4.0	2.0	2.1
Greater Berlin	93,992	5.60	5.38	4.2	2.0	2.0
Rhine-Main	8,090	7.04	6.87	2.5	1.9	2.5
Rhineland	1,450	6.54	6.26	4.4	3.4	3.2
Core	23,009	5.24	5.18	1.2	3.1	3.2
Hanover/Brunswick/Magdeburg	10,025	5.20	5.15	1.0	3.9	4.3
Rhine Valley South	4,648	5.56	5.44	2.2	1.4	1.6
Rhine Valley North	2,798	5.18	5.11	1.4	1.2	1.5
Central Germany	3,776	5.08	5.04	0.7	3.3	3.1
Other	1,762	5.08	5.05	0.7	6.2	3.6
Privatisation	5,554	5.50	5.43	1.2	5.7	2.1
Non-Core	2,817	4.91	4.90	0.1	11.1	7.5
Total	134,912	5.61	5.43	3.4	2.6	2.4

¹⁾ Contractually owed rent from rented apartments divided by the rented area

For the just under 135,000 residential units which Deutsche Wohnen and GSW managed throughout the last twelve months there was a pro forma like-for-like rental growth of 3.4% with a low like-for-like vacancy rate of 2.6%.

The following table shows the development of new-letting rents – and therefore of the rent potential – of the Core+ letting portfolio in the first three months of the financial year:

Residential	31/03/2014			
	New-letting rent ¹⁾ in EUR/sqm	In-place rent ²⁾ in EUR/sqm	Rent potential ³⁾ in %	Number of rent agreements not subject to rent controls
Core+ (letting portfolio)	7.09	5.69	24.6	2,340
Greater Berlin	6.81	5.57	22.2	1,979
Rhine-Main	8.89	7.04	26.3	301
Rhineland	8.17	6.50	25.6	60

¹⁾ Contractually owed rent from newly concluded rent agreements in non-rent restricted units, effective in 2014

²⁾ Contractually owed rent from rented apartments divided by the rented area

³⁾ New-letting rent in comparison to the in-place rent

Overall, the new-letting rents in the first quarter of the financial year in our Core+ regions in the entire non-rent restricted portfolio were nearly 25% above the in-place rents.

Earnings from Disposals

Demand for property as a form of investment for owner-occupiers and investors continues to be on a high level. In the first three months of this year a total of 2,607 units were sold, of which 1,319 units were already notarised in the previous financial year.

	Units number	Transaction volume in EUR m	Fair value in EUR m	Gross margin	
				in EUR m	in %
Privatisation	1,082	92.7	62.4	30.3	49
Institutional sales	1,525	59.0	51.9	7.1	14
	2,607	151.7	114.3	37.4	33

Of these 2,607 units the transfer of risks and rewards took place in respect of 1,502 in the first three months of the financial year and so are included in the Disposals results:

in EUR m	Q1/2014	Q1/2013
Sales proceeds	86.4	32.1
Cost of sales	-3.0	-2.0
Net sales proceeds	83.4	30.1
Carrying amount of assets sold	-67.6	-24.6
Earnings from Disposals	15.8	5.5

Earnings from Nursing and Assisted Living

The Nursing and Assisted Living segment is managed by the KATHARINENHOF® Group. The business model concentrates primarily on the management of residential and nursing facilities in the five federal states of Berlin, Brandenburg, Saxony, Lower Saxony and Rhineland-Palatinate. As at 31 March 2014 the KATHARINENHOF® Group managed 21 facilities, of which Deutsche Wohnen owns 18 with a fair value of EUR 144.9 million.

in EUR m	Q1/2014	Q1/2013
Income		
Nursing	13.7	11.8
Living	1.5	0.5
Other	1.6	1.0
	16.8	13.3
Costs		
Nursing and corporate expenses	-4.4	-3.4
Staff expenses	-8.2	-6.8
	-12.6	-10.2
Segment earnings	4.2	3.1
Attributable current interest	-1.1	-0.8
Segment earnings after interest	3.1	2.3

The changes in income and costs are also connected to the five facilities acquired in 2013. Four facilities with around 425 places were acquired in the first quarter of 2013. In the fourth quarter of 2013 a further facility with around 250 places was acquired.

The average occupancy rate of the facilities during the first quarter of 2014 was 96.0% (equivalent period of previous year: 96.9%) and thus continues to be at a high level.

Corporate expenses

Corporate expenses include staff and general and administration expenses without the segment Nursing and Assisted Living. They are made up as follows:

in EUR m	Q1/2014	Q1/2013
Staff expenses		
Holding function	-5.9	-2.3
Disposals	-0.6	-0.6
Property Management	-7.8	-3.7
Total staff expenses	-14.3	-6.6
General and administration expenses	-8.5	-3.4
Total staff and general and administration expenses	-22.8	-10.0
Property Management by third parties	0.0	-1.8
Total corporate expenses	-22.8	-11.8

The absolute increase is primarily due to the takeover of the GSW Group. In relation to the gross rental income, the cost ratio was 14.5% compared to 17.3% – being calculated on the basis of the pro forma earnings figures for the financial year 2013.

Financial result

The financial result is made up as follows:

in EUR m	Q1/2014	Q1/2013
Current interest expenses	-47.1	-27.4
Accrued interest on liabilities and pensions	-5.2	-2.9
Fair value adjustments of derivative financial instruments and of convertible bonds	-16.7	-0.2
	-69.0	-30.5
Interest income	0.3	0.2
Financial result	-68.7	-30.3

Current taxes

The current taxes of EUR 8.7 million comprise EUR 5.4 million of deferred taxes and EUR 3.3 million of current income taxes.

Financial position

	31/03/2014		31/12/2013	
	in EUR m	in %	in EUR m	in %
Investment properties	8,907.8	88	8,937.1	88
Other non-current assets	834.5	8	835.4	8
Total non-current assets	9,742.3	96	9,772.5	96
Current assets	171.7	2	204.2	2
Cash and cash equivalents	180.1	2	196.4	2
Total current assets	351.8	4	400.6	4
Total assets	10,094.1	100	10,173.1	100
Equity	3,977.8	39	3,944.3	39
Financial liabilities	5,032.1	50	5,154.6	51
Convertible bond	256.4	3	250.2	2
Tax liabilities	68.5	1	62.6	1
Liabilities to limited partners in funds	4.1	0	4.0	0
Employee benefit liability	56.1	0	55.3	1
Other liabilities	699.1	7	702.1	7
Total liabilities	6,116.3	61	6,228.8	61
Total equity and liabilities	10,094.1	100	10,173.1	100

The largest asset position is investment properties. This figure has decreased due to disposals.

The other non-current assets include, with EUR 491.6 million, in particular the goodwill arising from the GSW transaction in 2013.

Of the cash and cash equivalents in the amount of EUR 180.1 million, a sum of around EUR 16.5 million is restricted. In addition to cash and cash equivalents, Deutsche Wohnen has access to credit lines in an amount of around EUR 190 million, which are callable at short notice. As at the reporting date these credit lines had not been used.

The Group's equity ratio remains unchanged at 39%. The EPRA NAV has developed as follows:

in EUR m	31/03/2014	31/12/2013
Equity (before non-controlling interests)	3,810.1	3,777.8
Effects from exercising options, convertible bonds and other rights on equity	0.0	0.0
Diluted NAV	3,810.1	3,777.8
Fair value adjustment of the convertible bond	6.0	-2.2
Fair values of derivative financial instruments	181.4	156.5
Deferred taxes (net)	72.5	72.6
EPRA NAV (undiluted)	4,070.0	4,004.7
Number of shares (in m)	286.22	286.22
EPRA NAV (undiluted) in EUR per share	14.22	13.99

In accordance with EPRA Best Practice Recommendations the effects arising from the exercise of the convertible bond are not taken into consideration because the bond is "out of the money". The Adjusted NAV, which has been reduced by the goodwill arising from the GSW transaction, amounts to EUR 3,578.4 million or EUR 12.50 per share.

In comparison to the end of 2013 financial liabilities have decreased. This is substantially due to scheduled repayments and also to unscheduled repayments occasioned by asset disposals.

The debt ratio (expressed as Loan-to-Value) developed in comparison to 31 December 2013 as follows:

in EUR m	31/03/2014	31/12/2013
Financial liabilities	5,032.1	5,154.6
Convertible bond	256.4	250.2
	5,288.5	5,404.8
Cash and cash equivalents	-180.1	-196.4
Net financial liabilities	5,108.4	5,208.4
Investment properties	8,907.8	8,937.1
Non-current assets held for sale	38.5	57.5
Land and buildings held for sale	91.6	97.1
	9,037.9	9,091.7
Loan-to-Value Ratio in %	56.5	57.3

As at the reporting date the Loan-to-Value Ratio was around 56.5%. The average interest rate on the credit portfolio was 3.4% as at 31 March 2014 with a hedging rate of 91%. Overall, the financing structure of Deutsche Wohnen is stable and robust.

Of the tax liabilities, the sum of EUR 38.4 million is apportionable to the present value of liabilities from the lump-sum taxation of EK-02 holdings. These taxes are payable in equal annual instalments of EUR 10.4 million in the third quarter of each year until 2017.

The other liabilities cover the following items:

in EUR m	31/03/2014	31/12/2013
Derivative financial instruments	181.6	159.3
Deferred tax liabilities	355.4	353.1
Trade payables	101.0	120.6
Miscellaneous	61.1	69.1
Total	699.1	702.1

The cash flows of the Group break down as follows:

in EUR m	Q1/2014	Q1/2013
Net cash flows from operating activities	44.6	29.3
Net cash flows from investing activities	74.3	-220.8
Net cash flows from financing activities	-135.3	300.9
Net change in cash and cash equivalents	-16.4	109.4
Opening balance cash and cash equivalents	196.4	90.6
Closing balance cash and cash equivalents	180.1	200.0

The net cash flows from operating activities rose in comparison to the corresponding period of the previous year because of the increased number of properties to be managed.

Net cash flows from investing activities in the first quarter of 2014 contain inflows in the amount of EUR 83.5 million arising from disposals and outflows for investment in the amount of EUR 9.2 million.

Net cash flows from financing activities contain mainly repayments of financial liabilities in the amount of EUR 133.5 million.

The decisive key figure for us, Funds from Operations (FFO) without disposals, rose by approximately 91% in comparison to the corresponding period of the previous year:

in EUR m	Q1/2014	Q1/2013
Profit for the period	45.5	26.2
Earnings from Disposals	-15.8	-5.5
Depreciation and amortisation	1.6	1.3
Fair value adjustments of derivative financial instruments and of convertible bonds	16.7	0.2
Non-cash financial expenses	5.2	2.9
Deferred taxes	5.4	5.3
Tax benefit from capital increase costs	0.0	0.5
FFO (without disposals) allocated to non-controlling interests	-1.7	0.0
Restructuring costs	2.2	0.0
FFO (without disposals)	59.1	30.9
FFO (without disposals) per share in EUR	0.21	0.20
Average number of shares issued (in m)	286.2	158.1
FFO (including disposals)	74.4	36.4
FFO (including disposals) per share in EUR	0.26	0.23
Average number of shares issued (in m)	286.2	158.1

Stock market and Deutsche Wohnen share

Economy

In its Spring Guidelines for this year the German Institute for Economic Research (DIW) is forecasting an average growth of 1.8% for Germany in 2014 following a marked upswing in growth at the beginning of the year. Moreover, a slightly greater increase of 2.1% in Gross Domestic Product is anticipated for 2015. According to the DIW, the rate of growth in the global economy is likely to accelerate after a rather weak half year during the winter.

Because the inflation rate in Germany continues to be low – the forecast sees 1.4% inflation in 2014 and 1.6% in 2015 – it is expected that private consumption will help to revitalise the domestic economy. This trend is likely to be supported by the favourable situation on the German job market and the fact that wages continue to develop positively. Exports are also likely to increase as a result of the fact that the global economy is picking up slightly, but imports are expected to increase a bit more due to rising domestic demand. So, according to the DIW's forecast, the rise in exports will not make a net contribution to growth.

Financial markets

In the first quarter of 2014 the financial markets were characterised by volatile sideward movements. Accordingly, the DAX closed at 9,556 points – almost unchanged in comparison to its level at the end of 2013. Moreover, the MDAX lost around 0.7% and closed at 16,462 points.

The main reasons for these uncertainties were the crisis in Ukraine, the currency weaknesses in some emerging economies and growing concerns about economic growth in China. Further uncertainty was caused by the decision of the US Federal Reserve to scale back its bond-buying programme.

Positive signals for the financial markets resulted from speculation that the European Central Bank (ECB) will continue with its policy of providing monetary stimuli, from the sound progress being made by the US economy and from improved indicators of an economic upturn in the Eurozone.

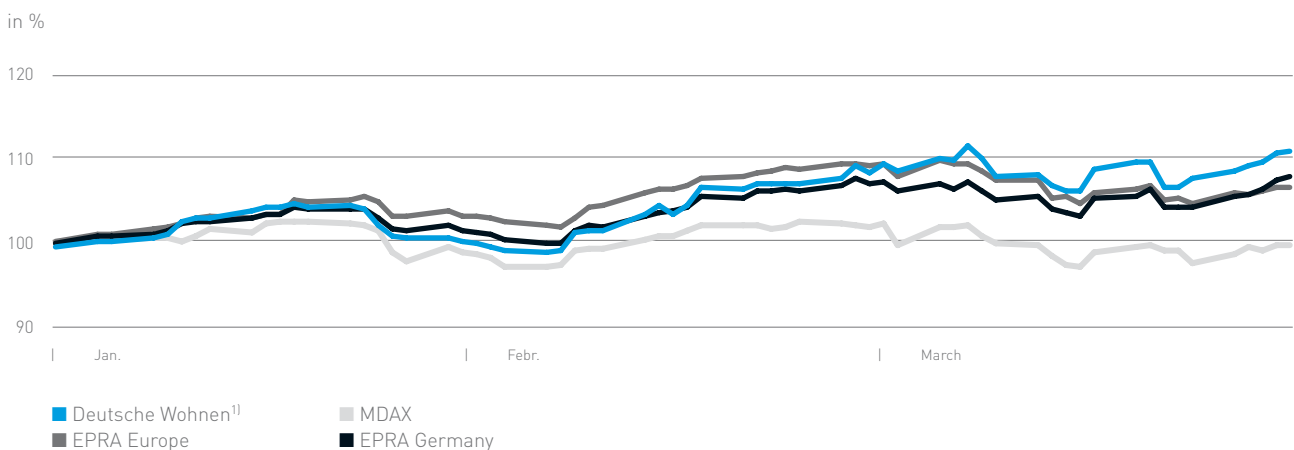
The Deutsche Wohnen AG share

The Deutsche Wohnen share¹⁾ completed the first quarter of 2014 with a closing price of EUR 15.56, thus achieving an increase of approximately 11% compared with the price at the beginning of the year. This means that the share developed significantly better than the MDAX, which showed a slight loss at the end of the first quarter. Overall, the Deutsche Wohnen share improved its position within the MDAX because of the increase in both its free-float market capitalisation and its trading volume.

In the first three months of the year the real estate indices EPRA Europe and EPRA Germany developed positively. EPRA Europe closed the first quarter of 2014 at around 1,679 points, which represents an increase of approximately 6%. EPRA Germany completed the first three months at 581 points and an increase of around 8%.

In the first quarter the market capitalisation of Deutsche Wohnen continued to rise to around EUR 4.4 billion. Moreover, a further increase in the trading volume as well can be seen both on the Xetra platform and on alternative trading platforms. This means that the liquidity of the share continues to grow.

Share price performance Q1/2014 (indexed)



¹⁾ Performance of bearer share DE000A0HN5C6

Key figures – bearer shares	Q1/2014		Q1/2013
	ISIN DE000A1X3R56 ¹⁾	ISIN DE000A0HN5C6	ISIN DE000A0HN5C6
Number of shares outstanding in m	around 117.31	around 168.82	around 160.8
Closing price at the end of Q1 ²⁾ in EUR	15.16	15.56	14.18 (13.98) ⁵⁾
Market capitalisation in EUR billion	around 4.4		around 2.3
Highest share price ²⁾ during 3-month period in EUR	15.49	15.80	15.00 (14.79) ⁵⁾
Lowest share price ²⁾ during 3-month period in EUR	13.17	13.87	13.60 (13.41) ⁵⁾
Average daily traded volume on Xetra ³⁾	275,431	585,908	346,741
Average daily traded volume on alt. trading platforms ⁴⁾	–	479,421	243,550

¹⁾ "New" Deutsche Wohnen shares with dividend rights as at 1 January 2014

²⁾ Xetra closing price

³⁾ Traded shares

⁴⁾ Multilateral Trading Facility - MTF

⁵⁾ Price in parenthesis adjusted for capital increase in 2013

¹⁾ Existing Deutsche Wohnen bearer share with dividend entitlement for the financial year 2013

Analyst coverage

The development of the Deutsche Wohnen AG is currently being evaluated by a total of 23 analysts. The current²⁾ target prices range from EUR 12.70 to EUR 18.00 per share. However, 21 analysts value the share with a target price of EUR 14.00 and more. Of these, 18 analysts are assuming a target price of EUR 15.00 per share or higher.

The overwhelming majority of analysts value the Deutsche Wohnen share positively. The following table summarises the current²⁾ ratings:

Rating	Number
Buy/Kaufen/Outperform/Overweight	8
Equal-weight/Halten/Hold/Neutral	12
Sell/Underweight	3

Investor Relations activities

Deutsche Wohnen engages in active dialogue with its shareholders and investors. Amongst other methods, we make use of national and international conferences and roadshows. Following the publication of our 2013 annual report, Deutsche Wohnen was represented at the German Residential Property Event of the Commerzbank AG in London. In addition, Deutsche Wohnen presented its attractive business model at roadshows in London, Paris and Brussels.

In the course of 2014 our participation at further bank conferences and roadshows is planned.

For further details, please see the financial calendar on page 33. This calendar is updated regularly on our Investor Relations homepage.

We intend to develop our national and international contacts and to intensify our ongoing dialogue with our investors and analysts in future as well.

²⁾ Status: 5/5/2014

Events after the reporting date

On 30 April 2014 Deutsche Wohnen AG and GSW Immobilien AG concluded a Domination Agreement, with Deutsche Wohnen AG as the controlling entity and GSW Immobilien AG as the controlled entity. In order to be legally effective the Domination Agreement requires the approval of the Annual General Meetings of Deutsche Wohnen AG and GSW Immobilien AG, which will take place on 11 June 2014 and 18 June 2014 respectively. A further requirement is that the agreement is entered into the commercial register of GSW Immobilien AG.

According to the agreement, the minority shareholders are to be offered a settlement in the amount of seven Deutsche Wohnen AG shares in return for three GSW Immobilien AG shares. In addition, Deutsche Wohnen AG and GSW Immobilien AG have agreed, subject to the aforementioned reservations, that a fixed annual payment in the form of a guaranteed dividend in the amount of EUR 1.40 (after deduction of current corporate income tax plus solidarity surcharge) per GSW Immobilien AG share for each full business year for the minority shareholders of GSW Immobilien AG shall be agreed upon in the Domination Agreement.

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


Risk report

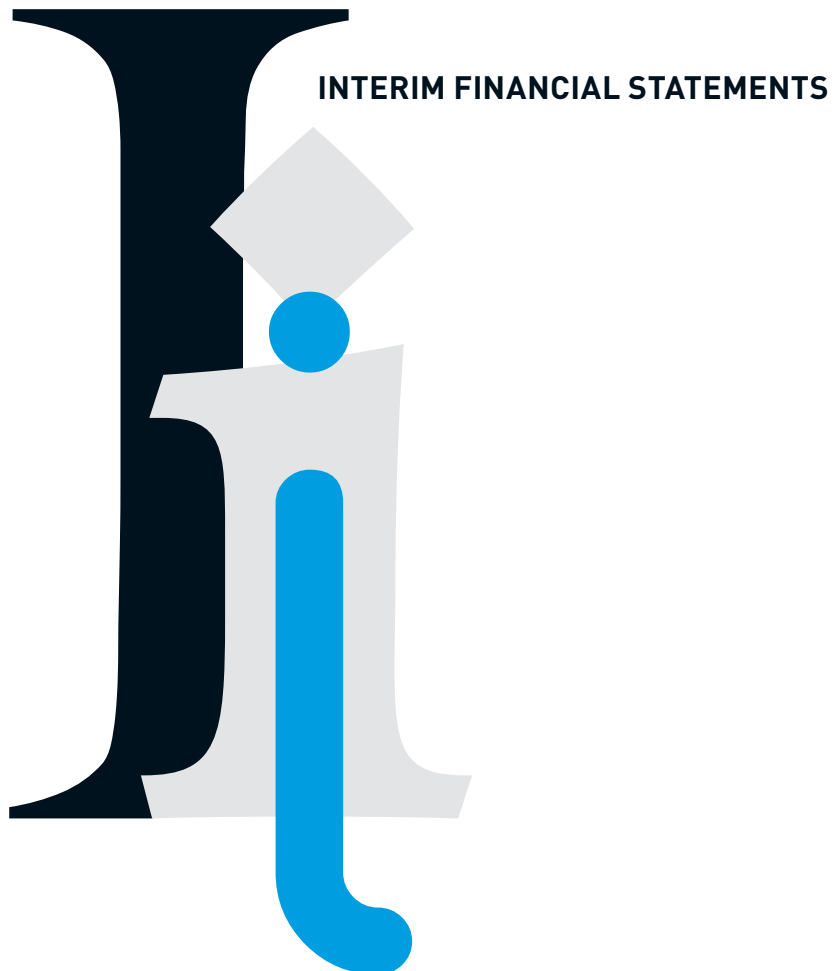
With regard to the risks which exist for future business development we refer you to the information presented in the risk report of the consolidated financial statements as at 31 December 2013.

Forecast

Deutsche Wohnen has made a successful start to the financial year 2014.

The integration of the GSW Group is proceeding according to plan. Against this background we are able to confirm our forecast – without further acquisitions – of an FFO (without disposals) for the financial year 2014 in the amount of at least EUR 210 million. Taking an 8% minority stake in GSW into consideration, the FFO (without disposals) is expected to be approximately EUR 203 million.

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Consolidated balance sheet

as at 31 March 2014

in EUR k	31/03/2014	31/12/2013
ASSETS		
Investment properties	8,907,753	8,937,118
Property, plant and equipment	26,276	26,818
Intangible assets	502,908	503,674
Derivative financial instruments	171	2,656
Other non-current assets	22,229	21,749
Deferred tax assets	282,913	280,509
Non-current assets	9,742,250	9,772,524
Land and buildings held for sale	91,602	97,124
Other inventories	3,254	3,294
Trade receivables	22,335	29,784
Income tax receivables	2,848	2,624
Derivative financial instruments	43	77
Other current assets	13,164	13,706
Cash and cash equivalents	180,089	196,423
Subtotal current assets	313,335	343,032
Non-current assets held for sale	38,479	57,544
Current assets	351,814	400,576
Total assets	10,094,064	10,173,100

in EUR k	31/03/2014	31/12/2013
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the parent company		
Issued share capital	286,217	286,217
Capital reserve	2,601,804	2,601,804
Retained earnings	922,107	889,762
	3,810,128	3,777,783
Non-controlling interests	167,657	166,492
Total equity	3,977,785	3,944,275
Non-current financial liabilities	4,818,397	4,903,262
Convertible bond	255,975	247,937
Employee benefit liability	56,120	55,300
Tax liabilities	28,226	27,937
Derivative financial instruments	147,813	124,795
Other provisions	6,585	6,458
Deferred tax liabilities	355,382	353,061
Total non-current liabilities	5,668,498	5,718,750
Current financial liabilities	213,732	251,322
Convertible bond	445	2,244
Trade payables	100,982	120,641
Liabilities to limited partners in funds	4,054	4,004
Other provisions	8,885	9,752
Derivative financial instruments	33,789	34,458
Tax liabilities	40,296	34,653
Other liabilities	45,598	53,001
Total current liabilities	447,781	510,075
Total equity and liabilities	10,094,064	10,173,100

Consolidated profit and loss statement

for the period from 1 January to 31 March 2014

in EUR k	Q1/2014	Q1/2013
Income from Residential Property Management	157,040	83,300
Expenses from Residential Property Management	-25,342	-12,363
Earnings from Residential Property Management	131,698	70,937
Sales proceeds	86,361	32,125
Cost of sales	-2,998	-2,009
Carrying amounts of assets sold	-67,602	-24,612
Earnings from Disposals	15,761	5,504
Income from Nursing and Assisted Living	16,743	13,313
Expenses from Nursing and Assisted Living	-12,591	-10,168
Earnings from Nursing and Assisted Living	4,152	3,145
Corporate expenses	-22,834	-11,759
Other expenses/income	-4,293	-2,115
Subtotal	124,484	65,712
Depreciation and amortisation	-1,563	-1,316
Earnings before interest and taxes (EBIT)	122,921	64,396
Finance income	324	242
Gains/losses from fair value adjustments of derivative financial instruments and of convertible bonds	-16,655	-196
Finance expenses	-52,407	-30,307
Profit before taxes	54,183	34,135
Income taxes	-8,634	-7,924
Profit for the period	45,549	26,211
Thereof attributable to:		
Shareholders of the parent company	44,292	26,211
Non-controlling interests	1,257	0
	45,549	26,211
Earnings per share		
Basic in EUR	0.16	0.17
Diluted in EUR	0.15	0.17

Consolidated statement of comprehensive income

for the period from 1 January to 31 March 2014

in EUR k	Q1/2014	Q1/2013
Profit for the period	45,549	26,211
Other comprehensive income		
Items reclassified as expense at a later stage		
Net gain/loss from derivative financial instruments	- 16,102	13,967
Income tax effects	4,817	- 4,346
	- 11,285	9,621
Items not reclassified as expense at a later stage		
Actuarial gains/losses with employee benefits and effects of maximum limits for assets	- 1,094	- 1,226
Income tax effects	340	381
	- 754	- 845
Other comprehensive income after taxes	- 12,039	8,776
Total comprehensive income, net of tax	33,510	34,987
Thereof attributable to:		
Shareholders of the parent company	32,345	34,987
Non-controlling interests	1,165	0

Consolidated statement of cash flows

for the period from 1 January to 31 March 2014

in EUR k	Q1/2014	Q1/2013
Operating activities		
Profit/loss for the period	45,549	26,211
Finance income	-324	-242
Finance expenses	52,407	30,307
Income taxes	8,634	7,924
Profit/loss for the period before interest and taxes	106,266	64,200
Non-cash expenses/income		
Depreciation and amortisation	1,563	1,316
Fair value adjustments to interest rate swaps	16,655	196
Other non-cash operating expenses/income	-20,363	-8,106
Change in net working capital		
Change in receivables, inventories and other current assets	4,248	4,015
Change in operating liabilities	-16,194	-3,154
Net operating cash flows	92,175	58,467
Interest paid	-47,235	-28,650
Interest received	324	242
Taxes paid/received	-641	-799
Net cash flows from operating activities	44,623	29,260
Investing activities		
Sales proceeds	83,500	38,012
Purchase of property, plant and equipment/ investment property and other non-current assets	-9,173	-258,782
Net cash flows from investing activities	74,327	-220,770
Financing activities		
Proceeds from borrowings	77	157,153
Payments arising from repayment of convertible bonds	-1,911	0
Repayment of borrowings	-133,450	-49,790
Proceeds from capital increase	0	195,100
Costs of capital increase	0	-1,551
Net cash flows from financing activities	-135,284	300,912
Net change in cash and cash equivalents	-16,334	109,402
Opening balance of cash and cash equivalents	196,423	90,571
Closing balance of cash and cash equivalents	180,089	199,973

Consolidated statement of changes in equity

as at 31 March 2014

in EUR k	Issued share capital	Capital reserves	Retained earnings			Subtotal	Non-controlling interests	Equity
			Pensions	Reserve for cash flow hedge	Other reserves			
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					26,211	26,211		26,211
Other comprehensive income after tax			-845	9,621		8,776		8,776
Total comprehensive income, net of taxes			-845	9,621	26,211	34,987	0	34,987
Capital increase	14,614	180,486				195,100		195,100
Costs of capital increase, less tax effects		-1,055				-1,055		-1,055
Change in non-controlling interests						0	3	3
Equity as at 31 March 2013	160,757	1,038,682	-7,569	-91,592	738,079	1,838,356	349	1,838,705
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

Notes to the consolidated financial statements

General information

The business activities of Deutsche Wohnen AG are limited to its role as the holding company for the companies in the Group. In particular these activities include Corporate Development, Corporate Finance, Finance, Human Resources, Investor Relations and Corporate Communication. Consistent with the business strategy the company concentrates on residential and nursing care properties in dynamic conurbations and metropolitan areas in Germany, such as Greater Berlin, the Rhine-Main region with Frankfurt/Main and the Rhineland with a focus on Düsseldorf, as well as in stable conurbations and metropolitan regions 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.

Basis of preparation and accounting policies applied to the consolidated financial statements

The condensed consolidated interim financial statements for the period from 1 January to 31 March 2014 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 2013.

The consolidated financial statements have been prepared in principle on a historical cost basis with the exception of, in particular, investment properties, the convertible bond 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 2014. 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.

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 financial year 2014 the new standards and interpretations which must be applied for financial years commencing after 1 January 2014 have been applied in full. There were no changes in comparison to 31 December 2013.

Selected notes on the consolidated balance sheet

Investment properties comprise more than 88% of the assets of the Deutsche Wohnen Group. As at 31 December 2013 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 2014 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 2013.

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

The item "Intangible assets" covers, in addition to software and licences, the goodwill in the amount of EUR 491.6 million which resulted from the GSW transaction.

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 floating-rate loans. The negative market value (net), which was calculated based on the mark-to-market method, has increased in comparison to 31 December 2013 from EUR 156.5 million (net) to EUR 181.4 million (net) – mainly because of the slight decrease in interest rates.

All other financial assets (trade receivables, other current assets, 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 approximately to the fair value of these assets and liabilities.

The development in equity can be found in the consolidated statement of changes in equity on page 26.

Financial liabilities have decreased in comparison to 31 December 2013 particularly because of the repayment of loans.

The liabilities arising from the convertible bond have increased in comparison to 31 December 2013 mainly because of 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 3.35% p. a. (31 December 2013: 3.5% p. a.). This rate derives from the yield of fixed-interest-rate corporate bonds.

The tax liabilities mainly refer to liabilities from the lump-sum taxation of EK-02 holdings.

Selected notes on the consolidated profit and loss statement

The income from Residential Property Management is made up as follows:

in EUR m	Q1/2014	Q1/2013
Potential gross rental income	160.7	85.6
Subsidies	1.7	0.6
	162.4	86.2
Vacancy losses	-5.4	-2.9
	157.0	83.3

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

in EUR m	Q1/2014	Q1/2013
Maintenance costs	-17.2	-8.4
Non-recoverable operating expenses	-3.2	-1.3
Rental loss	-2.5	-1.1
Other income/expenses	-2.4	-1.6
	-25.3	-12.4

The earnings from Disposals include sales proceeds, cost of sales and carrying amounts of assets sold and certain land and buildings held for sale.

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

in EUR m	Q1/2014	Q1/2013
Income from Nursing and Assisted Living	16.7	13.3
Nursing and corporate costs	-4.3	-3.4
Staff expenses	-8.2	-6.8
	4.2	3.1

Financial expenses are made up as follows:

in EUR m	Q1/2014	Q1/2013
Current interest expenses	-47.1	-27.4
Accrued interest on liabilities and pensions	-5.2	-2.9
	-52.3	-30.3

Notes on the consolidated statement of cash flows

The cash fund is made up of cash at hand and bank deposits. In addition, we have readily available credit facilities with banks in the amount of EUR 190 million.

Notes on segment reporting

The following tables show the segment revenues and the segment results for the Deutsche Wohnen Group:

in EUR m	External revenue		Internal revenue		Total revenue	
	Q1/2014	Q1/2013	Q1/2014	Q1/2013	Q1/2014	Q1/2013
Segments						
Residential Property Management	157.0	83.3	1.4	1.2	158.4	84.5
Disposals	86.4	32.1	1.6	0.7	88.0	32.8
Nursing and Assisted Living	16.7	13.3	0.0	0.0	16.7	13.3
Reconciliation with consolidated financial statement						
Central functions and other operational activities	2.2	0.1	11.9	13.0	14.1	13.1
Consolidations and other reconciliations	-2.2	-0.1	-14.9	-14.9	-17.1	-15.0
	260.1	128.7	0.0	0.0	260.1	128.7

in EUR m	Segment earnings		Assets	
	Q1/2014	Q1/2013	31/03/2014	31/12/2013
Segments				
Residential Property Management	131.7	70.9	9,426.0	8,967.3
Disposals	15.8	5.5	135.0	162.9
Nursing and Assisted Living	4.2	3.1	15.0	15.5
Reconciliation with consolidated financial statement				
Central functions and other operational activities	-27.2	-13.8	232.3	744.3
Consolidations and other reconciliations	0.0	0.0	0.0	0.0
	124.5	65.7	9,808.3	9,890.0

Other information

Associated parties and companies

In comparison to the information provided as at 31 December 2013 there have been no significant changes in respect of associated parties and companies.

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 2013.

Frankfurt/Main, May 2014

Deutsche Wohnen AG
Management Board



Michael Zahn
Chief Executive
Officer



Andreas Segal
Chief Financial
Officer



Lars Wittan
Chief Investment
Officer

Responsibility statement

“To the best of our knowledge and in accordance with the applicable accounting standards, the consolidated interim financial statements as at 31 March 2014 give a true and fair view of net assets, financial and earnings position of the Group, and that the interim report presents a true and fair view of the development of the business including the business result and the position of the Group and describes the main opportunities and risks associated with the Group’s expected future development.”

Frankfurt/Main, May 2014

Deutsche Wohnen AG
Management Board



Michael Zahn
Chief Executive
Officer



Andreas Segal
Chief Financial
Officer



Lars Wittan
Chief Investment
Officer

Disclaimer

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

Financial calendar 2014

14/05/2014	Publication of Interim Report as at 31 March 2014/1st quarter
20/05/2014	Roadshow, New York
21/05/2014	Roadshow, Boston
22/05/2014	Roadshow, Chicago
04/06/2014	Kempen & Co. European Property Seminar, Amsterdam
11/06/2014	Annual General Meeting 2014, Berlin
12/06/2014	Deutsche Bank dbAccess German, Swiss & Austrian Conference, Berlin
14/08/2014	Publication of Interim Report as at 30 June 2014/half-year
10–11/09/2014	Bank of America Merrill Lynch Conference, New York
24/09/2014	EPRA Annual Conference, London
06–08/10/2014	Expo Real, Munich
12/11/2014	Publication of Interim Report as at 30 September 2014/1st–3rd quarter



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The German version of this report is legally binding. The company cannot be held responsible for any misunderstanding or misinterpretation arising from this translation.