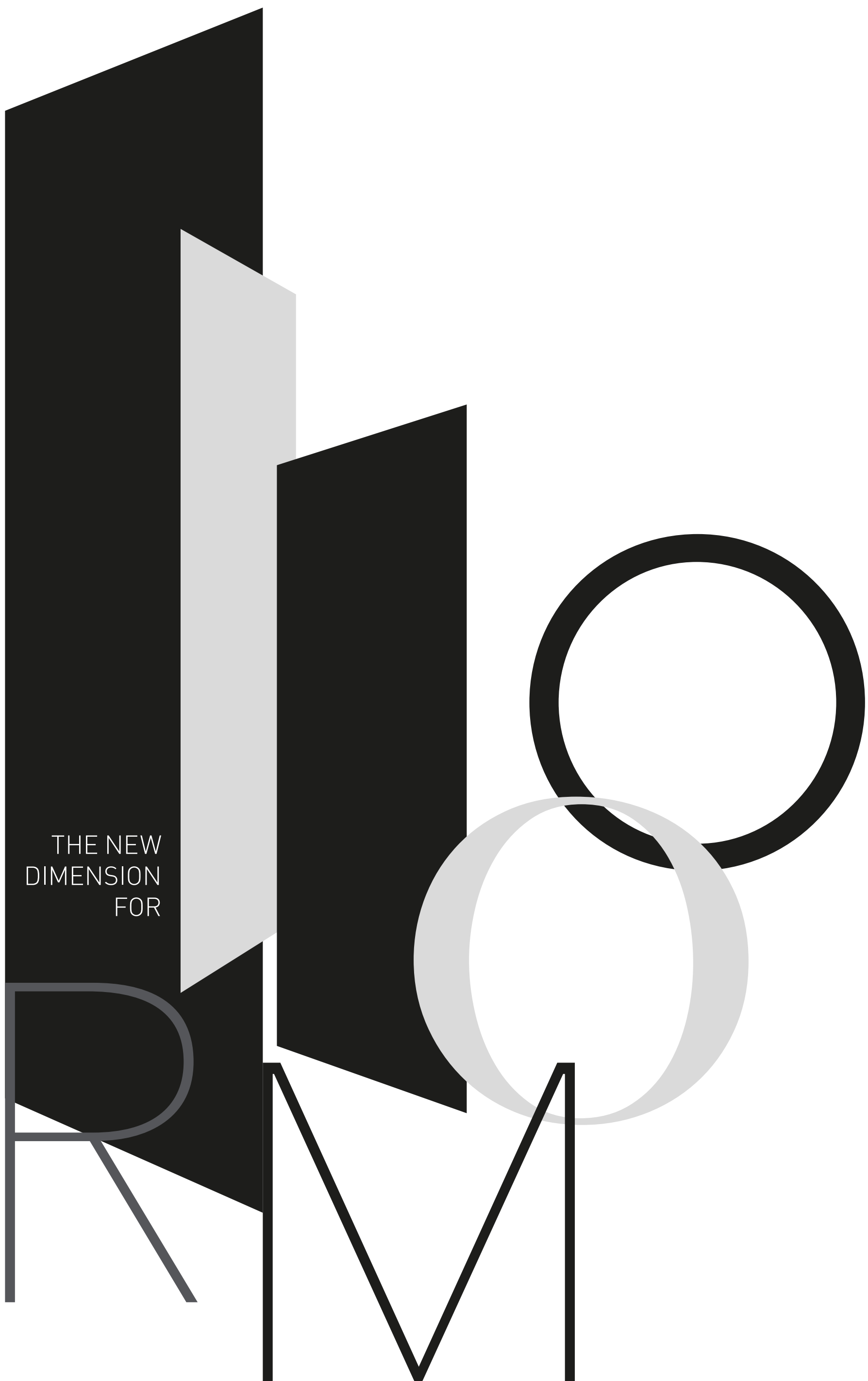
Deutsche Wohnen

INTERIM REPORT
AS AT 30 SEPTEMBER 2013


THE NEW
DIMENSION
FOR

Group key figures
of Deutsche Wohnen AG

PROFIT AND LOSS STATEMENT		9m/2013	9m/2012
Earnings from Residential Property Management	in EUR m	208.2	135.4
Earnings from Disposals	in EUR m	17.9	14.6
Earnings from Nursing and Assisted Living	in EUR m	9.9	7.7
Corporate expenses	in EUR m	–34.4	–25.2
EBITDA	in EUR m	193.4	151.6
EBT (adjusted)	in EUR m	99.9	60.2
EBT (as reported)	in EUR m	96.7	72.5
Profit for the period (after taxes)	in EUR m	66.5	50.8
Profit for the period (after taxes)[1]	EUR per share	0.41	0.43[2]
FFO (without disposals)	in EUR m	86.3	52.4
FFO (without disposals)[1]	EUR per share	0.53	0.44[2]
FFO (incl. disposals)	in EUR m	104.2	67.0
FFO (incl. disposals)[1]	EUR per share	0.64	0.56[2]
BALANCE SHEET		**30/09/2013**	**31/12/2012**
Investment properties	in EUR m	5,228.4	4,614.6
Current assets	in EUR m	284.5	188.5
Equity	in EUR m	1,980.3	1,609.7
Net financial liabilities	in EUR m	3,024.5	2,678.0
Loan-to-value ratio (LTV)	in %	56.3	57.2
Total assets	in EUR m	5,619.7	4,907.9
SHARE		**30/09/2013**	**31/12/2012**
Share price (closing price)	EUR per share	13.23	14.00
Number of shares	m	168.91	146.14
Market capitalisation	in EUR billion	2.2	2.0
NET ASSET VALUE (NAV)		**30/09/2013**	**31/12/2012**
EPRA NAV	in EUR m	2,178.0	1,824.4
EPRA NAV	EUR per share	12.89[3]	12.48[4]
FAIR VALUES		**30/09/2013**	**31/12/2012**
Fair value of real estate properties[5]	in EUR m	5,130	4,320
Fair value per sqm of residential and commercial area[5]	EUR per sqm	917	950

[1] Based on an average number of around 162.87 million issued shares in 2013 or of around 119.41 million issued shares in 2012
[2] Comprises the effects of the capital increase in June 2012 (so-called scrip adjustment of around 1.03)
[3] Based on around 168.91 million issued shares as at reporting date
[4] Based on around 146.14 million issued shares as at reporting date
[5] 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 Germany. As at 30 September 2013 its property portfolio comprises around 89,700 residential and commercial units as well as nursing homes with around 1,900 nursing places/apartments at a fair value of around EUR 5.25 billion in total. The company is listed in the MDAX of the German Stock Exchange. Consistent with its business strategy, it concentrates on residential and nursing care properties in fast-growing conurbations and metropolitan areas of Germany, such as Greater Berlin, the Rhine-Main region with Frankfurt/Main and the Rhineland with Dusseldorf as its center, as well as in stable conurbations and metropolitan regions like Hanover/Brunswick/Magdeburg. The fundamental economic growth data, the population influx and the demographic development in the German metropolitan areas 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 we made in 2013 our residential portfolio has increased in size significantly and its structure has improved in comparison with the corresponding quarter of the previous year.

	30/09/2013			30/09/2012		
	Residential units	Area	Share of total portfolio	Residential units	Area	Share of total portfolio
Residential	**Number**	**sqm k**	**in %**	**Number**	**sqm k**	**in %**
Strategic core and growth regions	83,944	5,119	95	68,024	4,144	93
Core+	58,674	3,515	66	46,228	2,756	63
Core	25,270	1,604	29	21,796	1,388	30
Non-Core	4,751	306	5	5,140	330	7
Total	**88,695**	**5,425**	**100**	**73,164**	**4,474**	**100**

Deutsche Wohnen now manages a total of 88,695 residential units: 66 % are in Core+ regions and 29 % in Core regions. Only 5 % of the residential holdings are classified as Non-Core and are earmarked for disposal.

As was published in the half-year report 2013, purchase agreements have been concluded and notarised for around 2,800 residential units (of which around 1,900 residential units are in Dresden, around 500 in Greater Berlin and around 125 in the Rhineland). The transfer of risks and rewards took place according to plan after the reporting date (30 September 2013). For this reason, these residential units are not recorded in the portfolio tables as at the reporting date.

The following provides an overview of in-place rents and vacancy rates per cluster:

	30/09/2013			
	Residential units	**Share of total portfolio**	**In-place rent[1)]**	**Vacancy rate**
Residential	**Number**	**in %**	**EUR per sqm**	**in %**
Strategic core and growth regions	83,944	95	5.63	2.6
Core+	58,674	66	5.81	1.9
Core	25,270	28	5.22	4.1
Non-Core	4,751	5	4.82	11.2
Total	**88,695**	**100**	**5.59**	**3.0**

[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 (30 September 2012) from EUR 5.56 per sqm to EUR 5.59 per sqm. The average vacancy rate for the total portfolio rose by 0.5 % in comparison to the corresponding quarter of the previous year. The rise in the vacancy rate is substantially attributable to the acquisitions that were made. With regard to the rent increase we would refer to the like-for-like figures, which show this development adjusted for transactions.

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

Residential	30/09/2013			
	Residential units Number	Share of total portfolio in %	In-place rent[1] EUR per sqm	Vacancy rate in %
Core+	**58,674**	**66**	**5.81**	**1.9**
Letting portfolio	54,767	62	5.82	1.7
Privatisation	3,907	4	5.68	5.4
Greater Berlin	**47,840**	**54**	**5.59**	**1.6**
Letting portfolio	45,111	51	5.61	1.5
Privatisation	2,729	3	5.33	3.6
Rhine-Main	**9,133**	**10**	**6.88**	**3.0**
Letting portfolio	8,114	9	6.96	2.3
Privatisation	1,019	1	6.33	8.3
Rhineland	**1,701**	**2**	**6.35**	**3.8**
Letting portfolio	1,542	2	6.27	3.0
Privatisation	159	0	6.85	8.5

[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 and the Rhineland, with Dusseldorf as its center. Overall, 54 % of our total portfolio, as at the reporting date, is located in Greater Berlin, which is characterized by strong dynamics.

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

Residential	Residential units Number	Share of total portfolio in %	In-place rent[1] EUR per sqm	Vacancy rate in %
	30/09/2013			
Core	**25,270**	**28**	**5.22**	**4.1**
Letting portfolio	23,018	26	5.20	3.8
Privatisation	2,252	3	5.38	6.6
Hanover/Brunswick/Magdeburg	**10,897**	**12**	**5.22**	**5.4**
Letting portfolio	10,032	11	5.16	5.3
Privatisation	865	1	5.86	6.7
Rhine Valley South	**4,888**	**6**	**5.49**	**1.9**
Letting portfolio	4,650	5	5.48	1.6
Privatisation	238	0	5.63	8.9
Rhine Valley North	**2,917**	**3**	**5.15**	**1.4**
Letting portfolio	2,798	3	5.13	0.9
Privatisation	119	0	5.62	10.3
Central Germany	**3,776**	**4**	**5.06**	**3.6**
Letting portfolio	3,776	4	5.06	3.6
Privatisation	0	0	0.00	0.0
Other[2]	**2,792**	**3**	**5.00**	**5.8**
Letting portfolio	1,762	2	5.06	6.0
Privatisation	1,030	1	4.91	5.5

[1] Contractually owed rent from rented apartments divided by the rented area
[2] Essentially Kiel/Luebeck

The vacancy rate, particularly in the letting portfolio in the region Hanover/Brunswick/Magdeburg, was, at 5.3 %, slightly down in comparison to the vacancy rate at the reporting date in the previous quarter (30 June 2013: 5.4 %). The transfer of residential holdings from the former property manager Prelios to Deutsche Wohnen led to the vacancy rate increasing as expected (31 March 2013: 4.3 %). In the course of the third quarter this development stabilised and the vacancy rate fell again slightly.

In the cluster Non-Core, which makes up around 5 % of the total portfolio, residential units are identified which are to be gradually sold for reasons of portfolio strategy.

	30/09/2013			
	Residential units	Share of total portfolio	In-place rent[1]	Vacancy rate
Residential	Number	in %	EUR per sqm	in %
Non-Core	**4,751**	**5**	**4.82**	**11.2**
Disposals	2,049	2	4.74	15.3
Other	2,702	3	4.87	8.1

[1] Contractually owed rent from rented apartments divided by the rented area

Particularly the residential holdings in the sub-cluster Disposal are intended to be sold more quickly because of structural risks.

Public takeover offer to the shareholders of GSW Immobilien AG (GSW)

On 20 August 2013 Deutsche Wohnen AG announced to the shareholders of GSW a voluntary public takeover offer (in the form of an exchange offer) to purchase their no-par-value bearer shares in GSW with a pro rata amount of the share capital of GSW of EUR 1.00. If the offer is accepted, each GSW shareholder will receive 2.55 shares in Deutsche Wohnen AG for each GSW share.

The Management and Supervisory Boards of GSW support the takeover offer of Deutsche Wohnen and recommend to their shareholders in their joint stance in accordance with section 27 of the German Securities Acquisition and Takeover Act (WpÜG) that they should accept the exchange offer of Deutsche Wohnen.

The acceptance period for the takeover offer began on 2 October 2013 and finished on 30 October 2013.

Following the expiry of the acceptance deadline, around 78 % of all GSW shareholders have accepted the offer and submitted their shares.

There is an option to accept the offer within an additional acceptance period in accordance with section 16, sub-section 2 of the German Securities Acquisition and Takeover Act (WpÜG) up to midnight (Central European Time) on 18 November 2013.

Furthermore, on 14 October Deutsche Wohnen and GSW concluded an agreement regarding the exchange offer. This Business Combination Agreement contains agreements with regard to the future strategy and structure of the combined group of companies. Pursuant hereto, the existing strategy, i.e. the long-term value-driven management of real estate portfolios, shall be maintained and an internal integration project shall be launched for the purpose of successfully combining the two groups. The realisation of synergies – as announced – of EUR 25 million per annum (two years following the completion of the transaction) is an integral part of this agreement.

Furthermore, the agreement provides that the Management Board of Deutsche Wohnen, subject to its duties as a management body, will aim to permanently increase the amount of the dividend to be paid by Deutsche Wohnen to its shareholders, starting with the dividend payable for the financial year 2014, from around 50 % of the Funds from Operations (FFO) (without disposals) to around 60 % of the FFO (without disposals). For the financial year 2013 the anticipated dividend remains approximately 50 % of FFO (without disposals).

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 profit and loss statement for the first nine months of the financial year 2013 in comparison to the corresponding period of the previous year.

in EUR m	9m/2013	9m/2012
Earnings from Residential Property Management	208.2	135.4
Earnings from Disposals	17.9	14.6
Earnings from Nursing and Assisted Living	9.9	7.7
Contribution margin of segments	**236.0**	**157.7**
Corporate expenses	−34.4	−25.2
Other operating expenses/income	−8.2	19.1
Operating result (EBITDA)	**193.4**	**151.6**
Depreciation and amortisation	−4.0	−2.2
Financial result	−92.7	−76.9
Profit before taxes	**96.7**	**72.5**
Current taxes	−9.3	−9.2
Deferred taxes	−20.9	−12.5
Profit for the period	**66.5**	**50.8**

Overall, it was possible to improve the profit for the period by EUR 15.7 million. The reason for this is essentially the value contribution made by the acquisitions in 2012 and 2013.

Earnings before taxes, adjusted by extraordinary effects and valuation effects, rose by EUR 39.7 million.

in EUR m	9m/2013	9m/2012
Profits before taxes	**96.7**	**72.5**
Gains/losses from fair-value adjustments of derivative financial instruments	−0.2	0.1
Comparison by loss equalisation	0.0	−20.0
Transaction costs	3.4	7.6
Adjusted earnings before taxes	**99.9**	**60.2**

Earnings from Residential Property Management

The contribution margins from the segment Residential Property Management increased by EUR 72,8 million or 54 % in comparison to the corresponding period of the previous year.

in EUR m	9m/2013	9m/2012
Current gross rental income	**259.5**	**164.1**
Non-recoverable expenses	−5.7	−3.7
Rental loss	−2.6	−1.7
Maintenance	−38.9	−21.0
Other	−4.1	−2.3
Earnings from Residential Property Management	**208.2**	**135.4**
Staff and general and administration expenses	−19.2	−13.6
Operating result (Net Operating Income, NOI)	**189.0**	**121.8**
NOI-margin in %	72.8	74.2
NOI in EUR per sqm and month[1)]	3.94	4.15
Change in %	−5.1	

[1)] Based on the average floor space on a quarterly basis for the period under review; as at 30/06/2013 without the floor space of companies which were first consolidated on 30/06/2013

The NOI-margin stayed more or less the same as the previous year at around 73 % despite the integration of new portfolios and higher maintenance expenses. The contribution margin in EUR per sqm fell by 5.1 % due to the changes to the overall portfolio structure.

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 portfolios which we have managed throughout the last 12 months:

Like-for-like	Residential units	In-place rent[1]		Development	Vacancy rate	
		30/09/2013	30/09/2012		30/09/2013	30/09/2012
	Number	EUR per sqm		in %	in %	
Strategic core and growth regions						
Letting portfolio	61,908	5.81	5.63	3.1	2.2	1.8
Core+	42,592	6.07	5.84	4.0	1.4	1.4
Greater Berlin	33,082	5.85	5.61	4.3	1.2	1.1
Rhine-Main	8,059	6.94	6.74	3.0	1.9	2.3
Rhineland	1,451	6.38	6.22	2.5	3.1	2.4
Core	19,316	5.24	5.20	0.9	3.8	2.5
Hanover/Brunswick/Magdeburg	8,105	5.24	5.22	0.3	5.8	3.5
Rhine Valley South	4,648	5.48	5.37	2.0	1.6	1.2
Rhine Valley North	2,798	5.13	5.09	0.9	0.9	1.3
Central Germany	2,003	5.02	5.00	0.4	3.5	2.2
Other	1,762	5.06	5.03	0.5	6.0	3.7
Privatisation	4,756	5.62	5.54	1.4	6.4	2.6
Non-Core	**3,854**	**4.85**	**4.82**	**0.6**	**11.8**	**8.3**
Total	**70,518**	**5.74**	**5.58**	**2.9**	**2.9**	**2.1**

[1] Contractually owed rent from rented apartments divided by the rented area

The in-place rents in the letting portfolio of the strategic core and growth regions (approximately 61,900 residential units) rose on a like-for-like basis by 3.1 % in a year-on-year comparison. This development is largely driven by rising rents through new lettings and to applying the Berlin rent index to Deutsche Wohnen's Berlin portfolio. Overall, we are expecting rent adjustments for more than 18,500 residential units (around 44 % of the entire housing stock not subject to rent controls in the city of Berlin) of around EUR 0.30 per sqm or around 5.5 %. The overwhelming majority of these rent adjustments were implemented before the reporting date for the third quarter (30 September 2013).

The vacancy rate in the letting portfolio of the core and growth regions rose from 1.8 % to 2.2 % in a like-for-like comparison. This is in particular attributable to the temporary increase in the vacancy rate in the region Hanover/Brunswick/Magdeburg in the course of the transfer of the residential holdings from the earlier property manager Prelios to Deutsche Wohnen.

The rise in vacancy rate in the privatisation business is intended in order to be able to place the vacant units on the market at a higher price.

The following table shows the development of new-letting rents and therefore of the rent potential of the Core+ letting portfolio in the first nine months of the financial year – without acquisitions:

Residential			30/09/2013	31/12/2012
	New-letting rent[1] EUR per sqm	In-place rent[2] EUR per sqm	Rent potential[3] in %	Rent potential[3] in %
Core+ (letting portfolio)	**7.59**	**6.07**	**25.0**	**21.6**
Greater Berlin	6.98	5.81	20.1	18.3
Rhine-Main	8.95	6.94	29.0	24.3
Rhineland	8.28	6.25	32.5	29.3

[1] Contractually owed rent from newly concluded rent agreements in non-rent restricted units, effective in 2013
[2] Contractually owed rent from rented apartments divided by the rented area
[3] New-letting rent in comparison to in-place rent

In the first nine months of the financial year we can see new-letting rents continuing to rise in comparison to the previous year – even following the implementation of the Berlin rent index – and thus increasing the rent potential from just under 22 % to around 25 %.

In the first nine months of 2013 a total of EUR 53.2 million was invested in maintenance and value-enhancing investments (modernisations) (corresponding period of previous year: EUR 41.1 million).

in EUR m	9m/2013	9m/2012
Maintenance	**38.9**	**21.0**
in EUR per sqm p.a.	9.72[1]	8.59[1]
Modernisation	**14.3**	**20.1**
in EUR per sqm p.a.	3.57[1]	8.22[1]
Maintenance and modernisation	**53.2**	**41.1**
in EUR per sqm p.a.	13.29[1]	16.81[1]

[1] Based on the average floor space on a quarterly basis for the period under review; as at 30/06/2013 without the floor space of companies which were first consolidated on 30/06/2013

Earnings from Disposals

Demand for property as a form of investment for owner-occupiers and investors continues to be high. In the first nine months of this year, a total of 3,028 units were sold, of which 639 units were already notarised in the previous financial year.

	Units	Transaction volume	Fair value		Gross margin
	Number	in EUR m	in EUR m	in EUR m	in %
Privatisation	1,290	98.7	66.0	32.7	50
Institutional sales	1,738	58.0	56.3	1.7	3
	3,028	**156.7**	**122.3**	**34.4**	**28**

Of these 3,028 residential units the transfer of risks and rewards took place in respect of 1,828 units in the first nine months of the financial year and are therefore included in the sales results:

in EUR m	9m/2013	9m/2012
Sales proceeds	101.0	121.8
Cost of sales	−6.5	−8.1
Net sales proceeds	**94.5**	**113.7**
Carrying amount of assets sold	−76.6	−99.1
Earnings from Disposals	**17.9**	**14.6**

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 the Rhineland-Palatinate. As at 30 September 2013 the KATHARINENHOF® Group managed 20 facilities (equivalent reporting date of previous year: 16), of which Deutsche Wohnen owns 17 with a fair value of EUR 117.3 million.

in EUR m	9m/2013	9m/2012
Income		
Nursing	38.3	26.8
Living	1.5	1.5
Other	3.1	2.6
	42.9	**30.9**
Costs		
Nursing and corporate expenses	−11.0	−8.0
Staff expenses	−22.0	−15.2
	−33.0	**−23.2**
Segment earnings	**9.9**	**7.7**
Attributable current interest	−2.6	−1.9
Segment earnings after interest	**7.3**	**5.8**

The average occupancy rate of the facilities during the first nine months of 2013 was 96.7 % and so continues to be at a high level. The four facilities acquired in January 2013 contributed significantly to the increase in earnings compared with the equivalent period of the previous year. As at 1 October 2013 a further facility was taken over in Berlin.

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	9m/2013	9m/2012
Staff expenses		
Holding function	−7.3	−5.3
Disposals	−1.4	−1.6
Property Management	−11.9	−8.7
Total staff expenses	−20.6	−15.6
General and administration expenses	**−10.9**	**−8.6**
Total staff and general and administration expenses	**−31.5**	**−24.2**
Property Management by third parties	−2.9	−1.0
Total corporate expenses	**−34.4**	**−25.2**

The absolute increase in staff and general administration expenses is due to the size of the property portfolio – which has risen in comparison to the previous year – and the related increases in staffing levels. The relative share of these costs related to the in-place rent fell, however, from just under 15 % in the corresponding period of the previous year to 13 % in the first nine months of the financial year 2013. This figure is reflected in the successful scaling of the platform with our focused and concentrated residential portfolio.

Financial result

The financial result is made up as follows:

in EUR m	9m/2013	9m/2012
Current interest expenses	−84.9	−63.1
Accrued interest on liabilities and pensions	−8.6	−8.2
One-off financing costs for transactions	0.0	−7.1
Fair value adjustments of derivative financial instruments	0.2	−0.1
	−93.3	**−78.5**
Interest income	0.6	1.6
Financial result	**−92.7**	**−76.9**

Current taxes

The current taxes of EUR 9.3 million comprise EUR 1.0 million of notional tax expenses arising from the capital increase in January and June 2013 and current income taxes of EUR 8.3 million.

Financial position

	30/09/2013		31/12/2012	
	in EUR m	in %	in EUR m	in %
Investment properties	5,228.4	93	4,614.6	94
Other non-current assets	106.8	2	104.8	2
Total non-current assets	**5,335.2**	**95**	**4,719.4**	**96**
Current assets	172.5	3	97.9	2
Cash and cash equivalents	112.0	2	90.6	2
Total current assets	**284.5**	**5**	**188.5**	**4**
Total assets	**5,619.7**	**100**	**4,907.9**	**100**
Equity	**1,980.3**	**35**	**1,609.7**	**33**
Financial liabilities	3,136.5	56	2,768.6	56
Tax liabilities	62.5	1	63.6	1
Liabilities to limited partners in funds	5.2	0	5.1	0
Employee benefit liability	53.7	1	54.5	1
Other liabilities	381.5	7	406.4	8
Total liabilities	**3,639.4**	**65**	**3,298.2**	**67**
Total equity and liabilities	**5,619.7**	**100**	**4,907.9**	**100**

The largest asset position is investment properties held as financial investments, which have increased in value because of the acquisitions in 2013.

Current assets include EUR 103.0 million (previous year: EUR 39.1 million) of land and buildings earmarked for sale. This increase is attributable to the acquisition of a Berlin portfolio that contains some partially privatised properties which are held for sale.

As well as cash and cash equivalents amounting to EUR 112 million, Deutsche Wohnen has access to additional credit lines amounting to around EUR 50 million, which are callable at short notice.

Following the capital increases and the positive group results for the first nine months of 2013 the Group's equity ratio is around 35 %. The EPRA NAV has developed as follows:

in EUR m	30/09/2013	31/12/2012
Equity (before non-controlling interests)	1,972.1	1,609.3
Diluted NAV	1,972.1	1,609.3
Fair values of derivative financial instruments	104.8	152.5
Deferred taxes (net)	101.1	62.6
EPRA NAV	**2,178.0**	**1,824.4**
Number of shares in m	168.91	146.14
EPRA NAV in EUR per share	**12.89**	**12.48**

In comparison to the end of 2012, financial liabilities have increased in absolute terms by approximately EUR 367.9 million. This increase is substantially due to new borrowings to finance acquisitions. At the same time, this was offset by on-going repayments and exceptional redemption payments due to property disposals.

The debt ratio (expressed as loan-to-value) developed in comparison to 31 December 2012 as follows:

in EUR m	30/09/2013	31/12/2012
Financial liabilities	3,136.5	2,768.6
Cash and cash equivalents	–112.0	–90.6
Net financial liabilities	**3,024.5**	**2,678.0**
Investment properties	5,228.4	4,614.6
Non-current assets held for sale	43.5	24.4
Land and buildings held for sale	103.0	39.1
	5,374.9	**4,678.1**
Loan-to-value ratio in %	**56.3**	**57.2**

The loan-to-value ratio is around 56.3% as at the reporting date. The average interest rate on the credit portfolio has fallen to 3.4% with a hedging rate of 82%. The prolongation volume (including accrued interest) up to the end of 2014 is around EUR 95.0 million (on the basis of today's maturity debt). Overall, the financing structure of Deutsche Wohnen is solid and robust.

Of the tax liabilities, the sum of EUR 38.8 million (31 December 2012: EUR 46.6 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	30/09/2013	31/12/2012
Derivative financial instruments	108.1	152.5
Deferred tax liabilities	164.5	143.3
Trade payables	70.0	72.0
Miscellaneous	38.9	38.6
Total	**381.5**	**406.4**

The fall in derivative financial instruments is mainly due to the higher interest rate in comparison to 31 December 2012.

The cash flows of the Group are made up as follows:

in EUR m	9m/2013	9m/2012
Net cash flows from operating activities	**50.0**	**48.2**
Payment from settlement with RREEF	0	–20.0
EK-02 payments	9.3	8.5
Net cash flows from operating activities – adjusted	**59.3**	**36.7**
Net cash flow from investing activity	–351.5	–1,180.9
Net cash flow from financing activities	323.0	1,127.4
Net change in cash and cash equivalents	**21.5**	**–5.3**
Opening balance cash and cash equivalents	90.6	167.8
Closing balance cash and cash equivalents	**112.0**	**162.5**

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. In the corresponding period of the previous year the one-off payments of EUR 20 million arising from the settlement with RREEF are shown in the statement of operating cash flow.

Net cash flows from investing activities in the first nine months of 2013 contain inflows in an amount of EUR 115.3 million arising from the sale of apartments, and outflows primarily for investment in an amount of EUR 466.7 million. These investments mainly concern new properties in the segment Residential Property Management (EUR 398.2 million) and acquisitions in the segment Nursing and Assisted Living (EUR 35.2 million).

Net cash flows from financing activities contain inflows from the taking up of new loans of EUR 465.6 million (primarily in order to finance acquisitions), repayments and redemptions of EUR 296.4 million and the net proceeds of EUR 193.5 million from the capital increase in January 2013. The capital increase of June 2013 totalling a gross amount of EUR 104 million was a capital increase against contribution in kind, so there is no corresponding inflow payment in the figure for cash flows from financing activities. In addition, the figure for cash flows from financing activities contains the dividend payment of EUR 33.8 million, which was higher than the payment for the previous year (EUR 23.5 million).

The decisive key figure for us, Funds from Operations (FFO) without disposals, rose by approximately 65% in comparison to the corresponding period of the previous year thanks to acquisitions:

in EUR m	9m/2013	9m/2012
Profit for the period	**66.5**	**50.8**
Earnings from Disposals	–17.9	–14.6
Depreciation and amortisation	4.0	2.2
Fair value adjustments of derivative financial instruments	–0.2	0.1
Non-cash financial expenses	8.6	8.2
Deferred taxes	20.9	12.5
Tax benefit from capital increase costs	1.0	5.6
One-off income from RREEF settlement	0.0	–20.0
Transaction costs	3.4	7.6
FFO (without disposals)	**86.3**	**52.4**
FFO (without disposals) per share in EUR	0.53	0.44
Average number of shares issued in m	162.9	119.4[1]
FFO (including disposals)	**104.2**	**67.0**
FFO (including disposals) per share in EUR	**0.64**	**0.56**
Average number of shares issued in m	**162.9**	**119.4**[1]

[1] The average number of shares of the previous period has been adjusted for the effects of the capital increase of June 2012 (a so-called scrip adjustment of around 1.03)

The average number of shares of the previous period has been increased to take into account the effect of the capital increase of June 2012 (so-called scrip adjustment of around 1.03).

Stock market and Deutsche Wohnen share

The economy

According to the DIW (German Institute for Economic Research), the German economy is following a moderate upward trend. In its Autumn Guidelines 2013, the DIW forecasts economic growth of 0.4 % in 2013 and 1.7 % in 2014. The DIW also assumes a global economy growth of 2.9 % in 2013 and 3.8 % in 2014. Against a background of moderately rising prices in Germany – the rate of inflation forecast for 2013 is 1.6 % and just under 2 % in 2014 – the DIW is assuming that the domestic economy will be boosted by private consumption. Such consumption, moreover, will be supported by the favourable employment situation in Germany and wage developments which will continue to be positive, even if the pace is going to slacken. Together with a recovery in the global economy – the eurozone, too, is slowly coming out of recession – this will lead to an increase in investment in the German economy. This investment will also be supported by exports, which will pick up as the global economy recovers.[1)]

Financial markets

The DAX completed the third quarter with 8,594 points, recording a rise in share prices of just below 13 % compared to the end of 2012. The MDAX rose by as much as 26 % to 15,034 points. Shortly before the end of the quarter both indices were able to achieve their highest point of the year thus far, whereby the DAX has in the meantime gone as high as 8,770 points and the MDAX 15,188 points. The stock markets were spurred on especially by the loose monetary policy of the US Federal Reserve and its adherence to its bond-buying programme.

The real estate indices EPRA Europe and EPRA Germany were able to partly make good the disproportionately large losses they recorded in the first few weeks of the second half of this year. EPRA Europe closed the third quarter 2013 on 1,539 points – an increase of 3 %. EPRA Germany, by contrast, finished the first nine months of the year on 542 points – a loss of 3.6 %.

[1)] DIW Autumn Guidelines 2013

The Deutsche Wohnen AG share

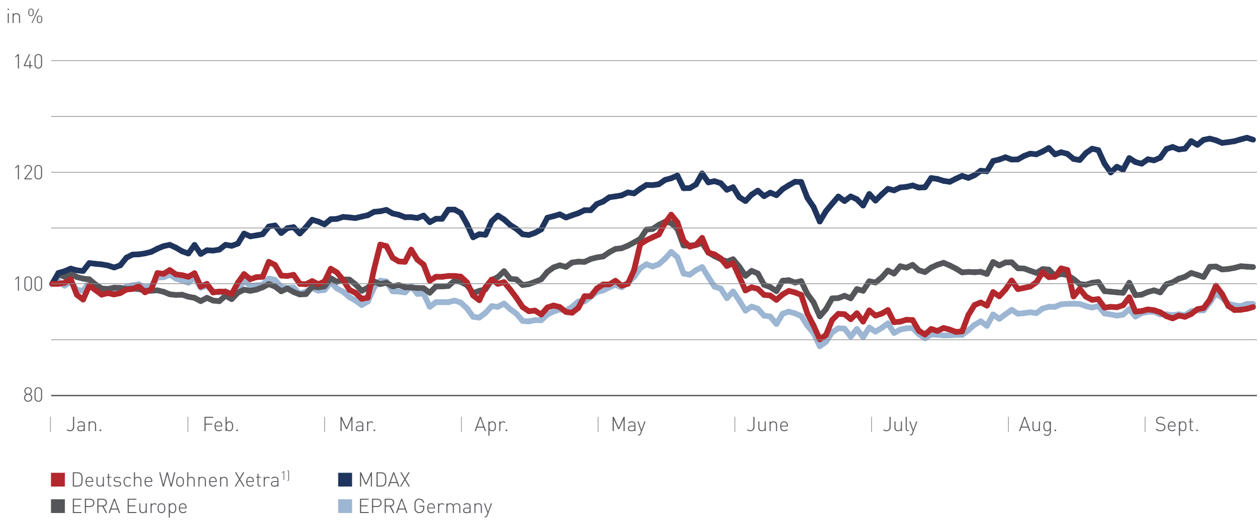
Following a peak closing price of EUR 15.54[1] on 21 May 2013 and a lowest price on 24 June 2013 of EUR 12.42 the share finished the third quarter with a closing price of EUR 13.23. This closing price represented a fall of around 4 % in comparison to the end of the year 2012[1] and corresponds to the way in which the direct benchmark EPRA Germany developed over the same period of time.

In a comparison over a period of nine months the market capitalisation of Deutsche Wohnen rose further by around 10 % to approximately EUR 2.2 billion. This increase is attributable to the increased number of shares. A further increase in the average daily volume of shares traded both on the Xetra platform and on alternative platforms could be seen as well, i.e. the liquidity of the share continues to increase.

Key share figures	9m/2013	9m/2012
Number of shares outstanding in m	around 168.9	around 146.14
Closing price at end of Q3[1] in EUR	13.23	13.67 (13.48)[4]
Market capitalisation in EUR billion	around 2.2	around 2.0
Highest share price[1] during nine-month period in EUR	15.76 (15.54)[4]	14.44 (14.24)[4]
Lowest share price[1] during nine-month period in EUR	12.42	9.60 (9.02)[5]
Average daily Xetra volume[2]	365.597	344.621
Average daily volume alternative stock exchange platforms[3]	245.612	150.543

[1] Xetra closing price
[2] Traded shares
[3] Multilateral Trading Facility – MTF
[4] Prices in brackets adjusted for dividend payment in 2013
[5] Prices in brackets adjusted for capital increase in 2012 and dividend payment in 2012 and 2013

Share price performance in 9m/2013 (indexed)



[1] Course of the share price of Deutsche Wohnen AG adjusted for the dividend payment of 2013

[1] Adjusted for the dividend payment of 2013

Analyst Coverage

Currently[1], 23 analysts are following the development of Deutsche Wohnen AG. Deutsche Bank, Goldman Sachs and Kempen & Co. are temporarily restricted/not rated, i.e. inactive, because of the consultancy work they are doing on the takeover of GSW.

The target prices currently[1] anticipated by the 20 active analysts range from EUR 11.50 to EUR 17.00 per share. A target price of EUR 14.00 or higher is set by 15 analysts, of whom 12 analysts are assuming a target price of EUR 15.00 or higher. The average target price of the 20 active analysts is currently[1] at EUR 15.04.

The overwhelming majority of these analysts give the Deutsche Wohnen share a positive rating. The following table provides a detailed overview of their current[1] ratings:

Rating	Number
Buy/Outperform/Overweight	12
Hold/Neutral	5
Sell	3
Restricted/Not rated	3

Capital increases

At the beginning of the year Deutsche Wohnen placed 14,614,285 new bearer shares with institutional investors both in Germany and abroad using an accelerated issuing procedure (accelerated bookbuilding). In this process the subscription rights of the shareholders were excluded. The new shares carried full dividend rights for the financial year 2012. The issue price was EUR 13.35 per share, which meant that gross proceeds of EUR 195.1 million were achieved.

Deutsche Wohnen AG also increased its registered share capital by EUR 8,150,000 to EUR 168,907,143 by making partial use of the authorized share capital 2012/II against non-monetary contributions of shares with subscription rights excluded. On 21 June 2013 this transaction was entered into the commercial register. The 8.15 million new ordinary bearer shares (no-par shares) were issued in fulfilment of the share component of the purchase price for the acquisition of a property portfolio of around 6,900 residential units to the vendors of the portfolio, i.e. to companies which are part of the Blackstone Group Management LLC. The new 8.15 million bearer shares were admitted for trading on the stock market on 16 September 2013 and on the following day were included in the current listing in the Prime Standard market segment of the regulated stock market on the Frankfurt Stock Exchange. This higher standard places on companies additional obligations arising from admission. According to the published voting rights announcement, these shares have been disposed of by companies attributable to the Blackstone Group Management LLC on 26 September 2013.

[1] Status: 5 November 2013

Annual General Meeting 2013

The Annual General Meeting of Deutsche Wohnen AG took place in Frankfurt/Main at 28 May 2013. Around 65% of the entire share capital of the company was represented. The shareholders voted in favour of all of the items set on the agenda.

Takeover offer made to the shareholders of GSW Immobilien AG (GSW)

On 20 August 2013 Deutsche Wohnen announced to the shareholders of GSW a voluntary public takeover offer (in the form of an exchange offer) to purchase their no-par-value bearer shares in GSW with a pro rata amount of the share capital of GSW of EUR 1.00. If the offer is accepted, each GSW shareholder will receive 2.55 shares in Deutsche Wohnen AG for each GSW share.

Further details about the takeover offer to all GSW shareholders can also be found on page 8 of this report.

Extraordinary General Meeting

In connection with the takeover offer in the form of an exchange offer to the GSW shareholders an increase in the share capital was agreed at an Extraordinary General Meeting in Frankfurt/Main on 30 September 2013. Around 73% of the entire share capital of the company was represented at this meeting.

The shareholders of Deutsche Wohnen passed each of the necessary resolutions concerning this capital increase with approximately 99.5% of the valid votes cast. At least 75% of the represented capital was necessary to secure approval for the capital increase. This clear vote of the Deutsche Wohnen shareholders underlines the added value to be gained from this amalgamation. Clear support was also shown by the GSW shareholders with their submission of around 78% of all GSW shares within the initial four-week acceptance period.

Investor Relations activities

Deutsche Wohnen engages in active dialogue with its shareholders and investors at conferences and roadshows in a national and international context. During the last three quarters Deutsche Wohnen was at various conferences, including the HSBC Real Estate and Construction Conference in Frankfurt/Main, the Kempen & Co. Seminars in New York and Amsterdam, the German Residential Property Event of the Commerzbank AG in London, the EPRA Annual Conference in Paris, the Bank of America Merrill Lynch Global Real Estate Conference in New York, the Berenberg/Goldman Sachs German Corporate Conference 2013, the UniCredit/Kepler German Investment Conference 2013 and the Baader Investment Conference 2013 in Munich. In addition, Deutsche Wohnen carried out roadshows in London, New York, Boston, Amsterdam, Paris, Zurich, Geneva and Frankfurt/Main. Further bank conferences and roadshows are scheduled for the fourth quarter.

Please see the financial calendar on page 36 for further details. This calendar is regularly updated on our Investor Relations home page.

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

Events after the reporting date

After the reporting date Deutsche Wohnen announced that it notarised a purchase agreement for a residential property portfolio of 376 residential units for a net purchase price of around EUR 31 million.

Besides, after the reporting date the transfer of risks and rewards for the acquisition of around 1,900 residential units in Dresden took place on 1 November 2013 and the transfer of risks and rewards for the acquisition of around 900 residential units (of which around 500 are in Greater Berlin and around 125 in the Rhineland) took place on 1 October 2013. In addition, a facility in Berlin in the segment Nursing and Assisted Living with 42 nursing care units and 199 places in assisted living was taken over on 1 October 2013.

For information on the current state regarding the public takeover offer to the shareholders of GSW Immobilien AG we refer you to our explanations on page 8 of this interim report.

On 4 November 2013 the Supervisory Board resolved to extend the appointment of Lars Wittan as a member of the Management Board of Deutsche Wohnen AG for a further five years.

No further important events after the reporting date are known to us.

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 statement as at 31 December 2012.

The upcoming takeover of GSW presents both risks and opportunities. However, we do not expect significant changes to our risk profile because the business models and markets of the two companies are comparable. Against our expectations, delays or lower cost savings may occur in the course of integration.

Forecast

The first nine months of the financial year were very successful for Deutsche Wohnen AG. In our half-year report in August 2013 we had already raised our forecast for recurring FFO, i.e. FFO (without disposals) for the financial year 2013 by 10 % to EUR 110 million. Following the completion of the first three quarters of this financial year we are able to confirm this forecast to the fullest extent.

Interim financial statements

Consolidated balance sheet

as at 30 September 2013

in EUR k	30/09/2013	31/12/2012
ASSETS		
Investment properties	5,228,375	4,614,598
Property, plant and equipment	25,320	20,348
Intangible assets	13,615	3,256
Derivative financial instruments	3,222	0
Other non-current assets	1,230	438
Deferred tax assets	63,433	80,716
Non-current assets	**5,335,195**	**4,719,356**
Land and buildings held for sale	103,042	39,143
Other inventories	3,202	3,206
Trade receivables	14,931	20,842
Income tax receivables	2,244	1,188
Derivative financial instruments	96	0
Other current assets	5,445	9,078
Cash and cash equivalents	112,037	90,571
Subtotal current assets	**240,997**	**164,028**
Non-current assets held for sale	43,494	24,425
Current assets	**284,491**	**188,453**
Total assets	**5,619,686**	**4,907,809**

in EUR k	30/09/2013	31/12/2012
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the parent company		
Issued share capital	168,907	146,143
Capital reserve	1,133,439	859,251
Retained earnings	669,777	603,930
	1,972,123	**1,609,324**
Non-controlling interests	8,177	346
Total equity	**1,980,300**	**1,609,670**
Non-current financial liabilities	2,968,613	2,634,286
Employee benefit liability	53,734	54,538
Tax liabilities	27,651	36,509
Derivative financial instruments	72,837	113,694
Other provisions	6,637	7,102
Deferred tax liabilities	164,528	143,331
Total non-current liabilities	**3,294,000**	**2,989,460**
Current financial liabilities	167,913	134,357
Trade payables	69,964	71,962
Liabilities to limited partners in funds	5,231	5,142
Other provisions	5,367	7,272
Derivative financial instruments	35,236	38,767
Tax liabilities	34,837	27,060
Other liabilities	26,838	24,119
Total current liabilities	**345,386**	**308,679**
Total equity and liabilities	**5,619,686**	**4,907,809**

Consolidated profit and loss statement

for the period from 1 January to 30 September 2013

in EUR k	9m/2013	9m/2012	Q3/2013	Q3/2012
Income from Residential Property Management	259,518	164,098	91,392	60,349
Expenses from Residential Property Management	–51,317	–28,651	–22,441	–11,516
Earnings from Residential Property Management	**208,201**	**135,447**	**68,951**	**48,833**
Sales proceeds	101,027	121,831	38,261	39,346
Cost of sales	–6,569	–8,183	–2,765	–2,146
Carrying amounts of assets sold	–76,584	–99,053	–29,901	–31,662
Earnings from Disposals	**17,874**	**14,595**	**5,595**	**5,538**
Income from Nursing and Assisted Living	42,864	30,879	14,832	11,106
Expenses from Nursing and Assisted Living	–32,927	–23,134	–11,383	–8,222
Earnings from Nursing and Assisted Living	**9,937**	**7,745**	**3,449**	**2,884**
Corporate expenses	–34,448	–25,314	–12,285	–9,279
Other expenses/income	–8,193	19,148	–5,315	–528
Subtotal	**193,371**	**151,621**	**60,395**	**47,448**
Depreciation and amortisation	–4,010	–2,224	–1,304	–788
Earnings before interest and taxes (EBIT)	**189,361**	**149,397**	**59,091**	**46,660**
Finance income	621	1,591	114	852
Gains/losses from fair value adjustments of derivative financial instruments	209	–142	166	–80
Finance expenses	–93,564	–78,389	–32,026	–28,369
Profit before taxes	**96,627**	**72,457**	**27,345**	**19,063**
Income taxes	–30,150	–21,685	–11,058	–5,221
Profit for the period	**66,477**	**50,772**	**16,287**	**13,842**
Thereof attributable to:				
Shareholders of the parent company	66,477	50,772	16,287	13,842
Non-controlling interests	0	0	0	0
	66,477	**50,772**	**16,287**	**13,842**
Earnings per share				
basic in EUR	0.41	0.43	0.10	0.07
diluted in EUR	0.41	0.43	0.10	0.07

Consolidated statement of comprehensive income

for the period from 1 January to 30 September 2013

in EUR k	9m/2013	9m/2012	Q3/2013	Q3/2012
Profit for the period	**66,477**	**50,772**	**16,287**	**13,842**
Other comprehensive income				
Items reclassified as expense at a later stage				
Net gain/loss from derivative financial instruments	47,807	–48,335	763	–31,523
Income tax effect	–14,904	15,041	–265	9,809
	32,903	**–33,294**	**498**	**–21,714**
Items not reclassified as expense at a later stage				
Actuarial gains/losses with employee benefits and effects of maximum limits for assets	326	–6,171	–325	–1,275
Income tax effect	–101	1,850	102	381
	225	**–4,321**	**–223**	**–894**
Other comprehensive income after taxes	**33,128**	**–37,615**	**275**	**–22,608**
Total comprehensive income, net of tax	**99,605**	**13,157**	**16,562**	**–8,766**
Thereof attributable to:				
Shareholders of the parent company	99,605	13,157	16,562	–8,766
Non-controlling interests	0	0	0	0

Consolidated statement of cash flows

for the period from 1 January to 30 September 2013

in EUR k	9m/2013	9m/2012
Operating activities		
Profit/loss for the period	66,477	50,772
Finance income	–621	–1,591
Finance expenses	93,564	78,389
Income taxes	30,150	21,685
Profit/loss for the period before interest and taxes	**189,570**	**149,255**
Non-cash expenses/income		
Depreciation and amortisation	4,010	2,224
Fair value adjustments to interest rate swaps	–209	142
Other non-cash operating expenses/income	–32,479	–20,577
Change in net working capital		
Change in receivables, inventories and other current assets	1,582	2,637
Change in operating liabilities	–11,709	–9,717
Net operating cash flows	**150,765**	**123,964**
Interest paid	–88,136	–68,072
Interest received	621	1,591
Taxes paid / received excluding EK-02 payments	–3,974	–742
Net cash flows from operating activities before EK-02 payments	**59,276**	**56,741**
EK-02 payments	–9,325	–8,506
Net cash flows from operating activities	**49,951**	**48,235**
Investing activities		
Sales proceeds	115,335	128,617
Purchase of property, plant and equipment/ investment property and other non-current assets	–466,735	–1,308,950
Payments to limited partners in funds	–49	–538
Net cash flows from investing activities	**–351,449**	**–1,180,871**
Financing activities		
Proceeds from borrowings	465,632	811,752
Repayment of borrowings	–296,444	–98,105
One-off financing payments for transactions	–4,415	–7,101
Proceeds from capital increase	195,100	461,157
Costs of capital increase	–3,150	–16,819
Dividend paid	–33,759	–23,529
Net cash flows from financing activities	**322,964**	**1,127,355**
Net change in cash and cash equivalents	**21,466**	**–5,281**
Opening balance of cash and cash equivalents	**90,571**	**167,829**
Closing balance of cash and cash equivalents	**112,037**	**162,548**

Consolidated statement of changes in equity

as at 30 September 2013

in EUR k	Issued share capital	Capital reserves	Retained earnings: Pensions	Retained earnings: Reserve for cash flow hedge	Retained earnings: Other reserves	Subtotal	Non-controlling interests	Equity
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					50,772	50,772		50,772
Other comprehensive income after taxes			–4,321	–33,294		–37,615		–37,615
Total comprehensive income, net of taxes			**–4,321**	**–33,294**	**50,772**	**13,157**		**13,157**
Capital increase	43,843	417,314				461,157		461,157
Costs of capital increase, less tax effects		–11,915				–11,915		–11,915
Change in non-controlling interests							49	49
Dividend paid					–23,529	–23,529		–23,529
Equity as at 30 September 2012	**146,143**	**901,573**	**–5,582**	**–94,674**	**574,482**	**1,521,942**	**351**	**1,522,293**
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					66,477	66,477		66,477
Other comprehensive income after taxes			225	32,903		33,128		33,128
Total comprehensive income, net of taxes			**225**	**32,903**	**66,477**	**99,605**		**99,605**
Capital increase	22,764	276,330				299,094		299,094
Costs of capital increase, less tax effects		–2,142				–2,142		–2,142
Change in non-controlling interests							7,831	7,831
Dividend paid					–33,759	–33,759		–33,759
Equity as at 30 September 2013	**168,907**	**1,133,439**	**–6,499**	**–68,310**	**744,586**	**1,972,122**	**8,177**	**1,980,300**

Appendix

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 this includes Corporate Development, Corporate Finance, Finance, Human Resources, Investor Relations and Corporate Communication. Consistent with its business strategy, it 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 Dusseldorf as its center, 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 statement

The condensed consolidated interim financial statements for the period from 1 January to 30 September 2013 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 a consolidated financial statement and should therefore be read in conjunction with the consolidated financial statement as at 31 December 2012.

The consolidated financial statements have been prepared on a historical cost basis with the exception of, in particular, investment properties and derivative financial instruments, which are measured at fair value.

The consolidated financial statements include the financial statements of Deutsche Wohnen and its subsidiaries as at 30 September 2013. The financial statements of the subsidiaries are prepared using consistent accounting and valuation methods as at the same reporting date as the financial statements of the parent company.

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

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

In the first nine months of 2013 a total of 29 companies were fully consolidated, including 20 in the legal form of a German limited liability company (GmbH) and nine in the legal form of a Luxembourg limited liability company (S.à r.l.). Of these, four companies belong to the segment Nursing and Assisted Living and were consolidated as part of a Business Combination, as defined by IFRS 3. The other 25 companies are intermediate holdings or residential property companies without independent business operations. In addition, three companies which were fully consolidated have left the basis of consolidation as a result of intragroup amalgamations or by way of accruals. There have been no further changes to the basis of consolidation.

Changes to accounting and valuation methods

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

In the first nine months of the financial year 2013 the new standards and interpretations which must be applied for financial years commencing after 1 January 2013 have been applied in full. There have been no significant changes compared to 31 December 2012.

Selected notes on the consolidated balance sheet

Investment properties comprise more than 90 % of the assets of the Deutsche Wohnen Group. As at 31 December 2012 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 on-going basis. As at 30 September 2013 this has not yielded a necessity for adjustment. As at 31 December 2013 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 2012.

The item "Property, plant and equipment" covers mainly technical facilities as well as office furniture and equipment.

The item "Intangible assets" covers, in addition to software and licences, a goodwill and customer base newly acquired in the first quarter of 2013.

The derivative financial instruments are interest rate swaps and caps recorded at fair value. These swaps and caps 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 slight rise in interest rates has led to a reduction in the negative market value (net), which was calculated based on the mark-to-market method, compared with 31 December 2012 from EUR 152.5 million to EUR 104.8 million. All other financial assets (trade receivables, other current assets, cash and cash equivalents) as well as other financial liabilities (current and non-current financial liabilities, trade payables and other liabilities) are valued at amortised costs. The amortised costs of those assets and liabilities also correspond approximately 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 28.

On 20 August 2013 Deutsche Wohnen announced to the shareholders of GSW a voluntary public takeover offer (in the form of an exchange offer) to purchase their no-par value bearer shares in GSW with a pro rata amount of the share capital of GSW of EUR 1.00. If the offer is accepted, each GSW shareholder will receive 2.55 shares in Deutsche Wohnen AG for each GSW share.

Financial liabilities have increased in comparison to 31 December 2012 particularly because of new borrowings.

The employee benefit liabilities were valued as at the reporting date with a discount rate of 3.55 % p.a. (31 December 2012: 3.50 % 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	9m/2013	9m/2012
Potential gross rental income	267.4	167.5
Subsidies	1.8	1.9
	269.2	**169.4**
Vacancy losses	–9.7	–5.3
	259.5	**164.1**

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

in EUR m	9m/2013	9m/2012
Maintenance costs	–38.9	–21.0
Non-recoverable operating expenses	–5.7	–3.7
Rental loss	–2.6	–1.7
Other expenses	–4.1	–2.3
	–51.3	**–28.7**

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

The earnings from Nursing and Assisted Living are made up as follows:

in EUR m	9m/2013	9m/2012
Income from Nursing and Assisted Living	42.9	30.9
Nursing and corporate costs	–11.0	–8.0
Staff expenses	–22.0	–15.2
	9.9	**7.7**

Finance expenses are made up as follows:

in EUR m	9m/2013	9m/2012
Current interest expenses	–84.9	–63.1
Accrued interest on liabilities and pensions	–8.6	–8.2
Financing costs for transactions	0.0	–7.1
	–93.5	**–78.4**

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 an amount of EUR 50.0 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 9m/2013	External revenue 9m/2012	Internal revenue 9m/2013	Internal revenue 9m/2012
Segments				
Residential Property Management	259.5	164.1	3.9	1.6
Disposals	101.0	121.8	2.4	7.9
Nursing and Assisted Living	42.9	30.9	0.0	0.0
Reconciliation with consolidated financial statement				
Central functions and other operational activities	0.3	0.2	37.8	23.1
Consolidations and other reconciliations	–0.3	–0.2	–44.1	–32.6
	403.4	**316.8**	**0.0**	**0.0**

in EUR m	Total revenue 9m/2013	Total revenue 9m/2012	Segment earnings 9m/2013	Segment earnings 9m/2012	Assets 30/09/2013	Assets 31/12/2012
Segments						
Residential Property Management	263.4	165.7	208.2	135.4	5,247.6	4,627.1
Disposals	103.4	129.7	17.9	14.6	150.4	77.5
Nursing and Assisted Living	42.9	30.9	9.9	7.7	17.1	4.6
Reconciliation with consolidated financial statement						
Central functions and other operational activities	38.1	23.3	–42.6	–6.1	138.9	116.7
Consolidations and other reconciliations	–44.4	–32.8	0.0	0.0	0.0	0.0
	403.4	**316.8**	**193.4**	**151.6**	**5,554.0**	**4,825.9**

Notes on company mergers

In the first half year of 2013 Deutsche Wohnen carried out a 100% takeover of the LebensWerk Group, which has been fully consolidated since 31 January 2013. This means that the results of the LebensWerk Group for eight months are contained in the results of Deutsche Wohnen AG for the period. The LebensWerk Group operates four facilities for nursing and assisted living in Berlin. These facilities complement those already being operated by the KATHARINENHOF® Group in terms of their organisation, size and location. The acquisition was treated according to the acquisition method (IFRS 3) in this interim financial statement.

As at the time of initial consolidation the market values of the acquired assets and liabilities are made up as follows:

in EUR m	
Assets	
Intangible assets	8.5
Property	32.1
Property. plant and equipment	1.0
Deferred tax assets	0.4
Cash and cash equivalents	0.5
	42.5
Liabilities	
Financial liabilities	– 20.1
Derivative financial instruments	– 1.0
Trade payables and other liabilities	– 1.4
Deferred tax liabilities	– 3.1
	– 25.6
Net asset value	**16.9**
Goodwill	3.5
Total purchase price	**20.4**

The fair value calculation of assets and liabilities is preliminary.

The intangible assets contain the market value of the customer base of the four nursing facilities. No significant trade receivables were taken over.

Taking into consideration the cash and cash equivalents of EUR 0.5 million that were taken over, the notional total purchase price reported under net cash flows from investing activities was EUR 19.9 million.

Since the initial consolidation, the revenues of the LebensWerk Group which were included in the consolidated financial statements of Deutsche Wohnen were approximately EUR 9.4 million, and the contribution to profits (EBT) was around EUR 1.0 million. If the LebensWerk Group had been fully consolidated from 1 January 2013, the revenues included would have been approximately EUR 10.6 million and the contribution to profits (EBT) approximately EUR 1.2 million.

The goodwill results from synergies in the operation of the facilities and from future contributions to liquidity connected with general business operations. The goodwill is not tax deductible.

Transaction costs of EUR 1.6 million – principally stamp duty and consultancy costs – were incurred in respect of this company merger.

In the second quarter of 2013, Deutsche Wohnen signed contracts for the takeover of a facility for which the transfer of risks and rewards took place on 1 October 2013. Both the property and the operational activities were taken over. This facility for Nursing and Assisted Living complements the facilities already operated by KATHARINENHOF® in terms of business operations and locations. Upon its initial consolidation the acquisition is being dealt with according to the acquisition method (IFRS 3).

At the time of the initial consolidation, the expected fair value of the acquired assets and liabilities are made up as follows:

in EUR m	
Assets	
Intangible assets	0.1
Property	27.2
Property, plant and equipment	0.5
	27.8
Liabilities	
Deferred tax liabilities	–0.1
	–0.1
Net asset value	**27.7**
Total purchase price	**27.7**

The fair value calculation of assets and liabilities is preliminary.

The intangible assets contain the market value of the customer base. No trade receivables were taken over.

No cash and cash equivalents are being taken over. The total purchase price of EUR 27.7 million is already recorded in the cash flow. A new loan will be taken out in the fourth quarter to finance this purchase price.

No revenues or contributions to profits have been included in these consolidated statements of Deutsche Wohnen. If this facility had been fully consolidated from 1 January 2013 the recorded revenues would have been approximately EUR 5.6 million. It is not possible at this stage to make a sufficiently accurate estimate of the possible contribution to profits (EBT) from 1 January 2013.

There is no goodwill involved in the valuation of the assets.

Transaction costs of EUR 2.2 million – principally stamp duty and consultancy costs – were incurred in respect of this company merger.

Other information

There are purchase price obligations of approximately EUR 129.3 million resulting from acquisitions. These purchase price obligations do not contain the obligations arising from the takeover offer to the shareholders of GSW. The obligations in connection with the GSW takeover offer will be discharged in the form of shares.

Associated parties and companies

On 4 November 2013 the Supervisory Board resolved to extend the appointment of Lars Wittan as a member of the Management Board of Deutsche Wohnen AG for a further five years.

In comparison to the information provided as at 31 December 2012 there have been no further major changes in respect of associated persons or 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 2012.

The upcoming takeover of GSW presents both risks and opportunities. However, we do not expect significant changes to our risk profile because the business models and markets of the two companies are comparable. Against our expectations, delays or lower cost savings may occur in the course of integration.

Frankfurt/Main, November 2013

Deutsche Wohnen AG
Management Board

Michael Zahn
Chief Executive Officer

Lars Wittan
Chief Financial Officer

Responsibility statement

"To the best of our knowledge and in accordance with the applicable accounting standards, the consolidated interim financial statement as at 30 September 2013 gives 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, November 2013

Deutsche Wohnen AG
Management Board

Michael Zahn
Chief Executive Officer

Lars Wittan
Chief Financial 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 2013/2014

03 – 04/12/2013	UBS Global Real Estate Conference, London
28/03/2014	Publication of Consolidated/Annual Financial Statement 2013 – Annual Report 2013
14/05/2014	Publication of Interim Report as at 31 March 2014 / 1st quarter
14/08/2014	Publication of Interim Report as at 30 June 2014 / half-year
12/11/2014	Publication of Interim Report as at 30 September 2014 / 1st – 3rd quarter

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