

INTERIM REPORT
AS AT 30 JUNE 2016

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GROUP KEY FIGURES

Profit and loss statement		H1/2016	H1/2015	Change
Rental income	EUR m	347.8	313.3	11.0%
Earnings from Residential Property Management	EUR m	292.1	259.1	12.7%
Earnings from Disposals	EUR m	36.7	46.2	-20.6%
Earnings from Nursing and Assisted Living	EUR m	8.7	7.9	10.1%
Corporate expenses	EUR m	-34.6	-36.8	-6.0%
EBITDA	EUR m	303.2	260.1	16.6%
EBT (adjusted)	EUR m	243.0	202.7	19.9%
EBT (as reported)	EUR m	879.1	806.5	9.0%
Earnings after taxes	EUR m	623.0	542.8	14.8%
Earnings after taxes ¹⁾	EUR per share	1.79	1.72	4.1%
FFO I	EUR m	196.7	142.7	37.8%
FFO I ¹⁾	EUR per share	0.58	0.47	23.4%
FFO II	EUR m	233.4	188.9	23.6%
FFO II ¹⁾	EUR per share	0.69	0.62	11.3%

Balance sheet		30/6/2016	31/12/2015	Change
Investment properties	EUR m	13,454.4	11,859.1	1,595.3
Current assets	EUR m	775.1	901.2	-126.1
Equity	EUR m	7,324.3	6,872.0	452.3
Net financial liabilities	EUR m	5,701.1	4,582.5	1,118.6
Loan-to-Value Ratio (LTV)	in %	41.2	38.0	3.2
Total assets	EUR m	15,181.0	13,700.1	1,480.9

Share		30/6/2016	31/12/2015	Change
Share price (closing price)	EUR per share	30.53	25.62	19.2%
Number of shares	m	337.46	337.41	0.05
Market capitalisation	EUR bn	10.3	8.6	19.8%

Net Asset Value (NAV)		30/6/2016	31/12/2015	Change
EPRA NAV (undiluted)	EUR m	8,449.3	7,762.4	686.9
EPRA NAV (undiluted)	EUR per share	25.04	23.01	8.8%
EPRA NAV (diluted)	EUR per share	25.59	23.54	8.7%

Fair values		30/6/2016	31/12/2015	Change
Fair value of real estate properties ²⁾	EUR m	13,498	11,721	1,777.0
Fair value per sqm of residential and commercial areas ²⁾	EUR per sqm	1,372	1,282	7.0%

¹⁾ Based on an average number of around 337.43 million issued shares in 2016 and around 304.05 million in 2015

²⁾ Only comprises residential and commercial buildings

INTERIM MANAGEMENT REPORT

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

Stock market and the Deutsche Wohnen share

Economy

In its summer guidelines this year, the German Institute for Economic Research [Deutsches Institut für Wirtschaftsforschung – DIW] is predicting that, following a robust start to the year, the German economy will achieve average growth of 1.7%. A slightly lower rise in gross domestic product of 1.4% is forecast for 2017. At 3.2%, the average rate of growth for the global economy is likely to be lower than was recently forecast. According to the experts, the global economy will pick up slightly next year and should achieve growth of 3.6%.

The German economy is continuing its moderate, upward trend. This development is essentially attributable to robust growth in domestic demand, which is likely to continue due to the marked increase in the level of employment and positive developments in wages. The nominal disposable incomes of private households are expected to continue to rise strongly by 2.7% in both 2016 and 2017. The forecast rate of inflation continues to be low – at 0.6% in 2016 and 1.5% in 2017.

As at the beginning of the year, imports were once again rising more strongly than exports and will probably continue to benefit from buoyant domestic demand. As the year continues, exports are unlikely to make much of a contribution to growth. Particularly with regard to housebuilding, the dynamism of the market is expected to continue in view of favourable interest rates and the high demand for housing, especially in conurbations. This is underscored by a figure recently published by the Federal Statistical Office: In the first five months of 2016, the number of building permits for flats rose by 30.6% compared to the corresponding period of the previous year.

Financial markets

The result of the Brexit referendum at the end of the second quarter led to marked falls in prices on the German stock markets. At the end of June, the DAX closed the first half-year at 9,680 points – a loss of 10% compared to the beginning of the year. Over the same period, the MDAX fell by 4.5% to 19,843 points.

In addition to the British vote to leave the EU, the weak US labour market report, disappointing economic figures from China and constant cash outflows from European share funds all combined to put the stock markets under pressure in the second quarter. On the other hand, the stock markets received some support from improved economic figures for the eurozone, stable oil prices and dynamic M&A activity.¹⁾

The Deutsche Wohnen AG share

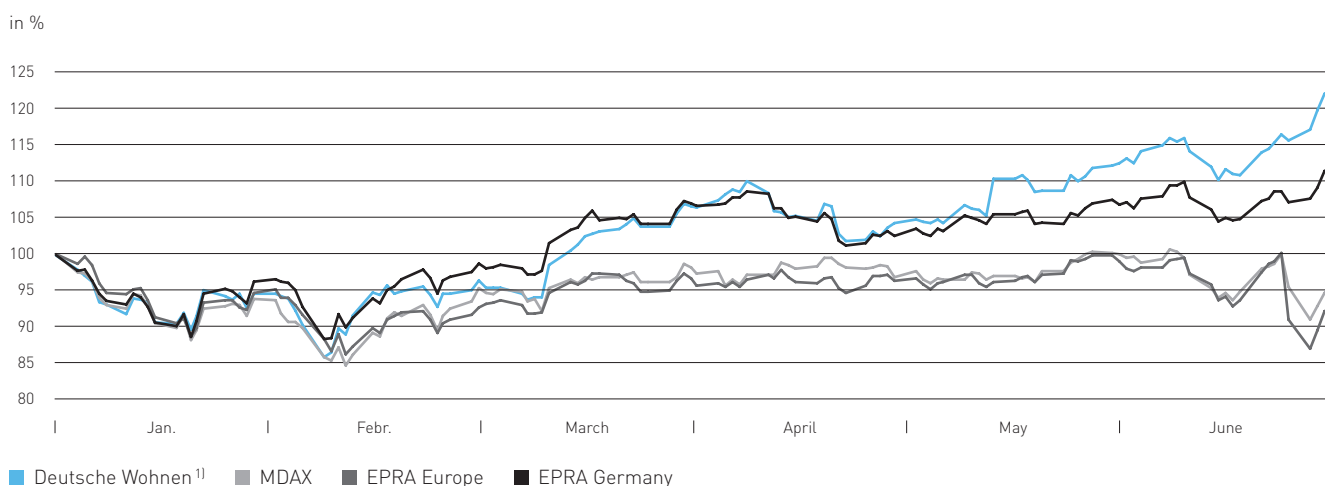
The Deutsche Wohnen share completed the first half-year of 2016 with a closing price of EUR 30.53, thus achieving an increase of approximately 21%²⁾ in comparison to the start of the year.

¹⁾ Cf. Commerzbank Review Q2 2016

²⁾ Adjusted for dividend payment in 2016

This means that the share performed significantly better than the DAX and the MDAX, both of which completed the first half-year with a loss. The real estate index EPRA Germany rose by around 11 % in the first six months of the year whilst EPRA Europe posted a loss of approximately 10 % in the same period. The market capitalisation of Deutsche Wohnen AG rose by approximately 20 % as at the end of June 2016 to EUR 10.3 billion. The daily Xetra trading volume continued to rise and achieved an increase of 8 % – from EUR 21.8 million in the first half-year 2015 to EUR 23.6 million in the first half-year 2016.

Share price performance in H1/2016 (indexed)



¹⁾ Share price performance adjusted for dividend payment in June 2016

Key share figures

Key share figures – bearer shares

	H1/2016	H1/2015
Number of issued shares in m	approx. 337.46	approx. 337.35
Closing price at end of H1 ¹⁾ in EUR	30.53	20.56 [20.18] ³⁾
Market capitalisation in EUR bn	approx. 10.3	approx. 6.9
Highest share price ¹⁾ during half-year in EUR	30.73	24.99 [23.74] ³⁾
Lowest share price ¹⁾ during half-year in EUR	22.00 [21.60] ³⁾	19.58 [18.60] ³⁾
Average daily traded volume ²⁾ – Xetra	901,631	961,427

Source: Bloomberg, as of 6/7/2016, no liability assumed

¹⁾ Xetra closing price

²⁾ Traded shares

³⁾ Prices in parentheses adjusted for dividend payments

Analyst coverage

The development of the Deutsche Wohnen AG share is currently³⁾ being monitored by a total of 26 analysts. The current³⁾ target prices range from EUR 26.00 to EUR 43.50 per share. Moreover, of these 26 analysts, 17 are assuming a target price of EUR 31.00 per share or higher. The consensus of the analysts' evaluations is, at EUR 31.82³⁾, around 4% higher than the closing price at the end of the first half-year.

Rating	Number
Buy/kaufen/outperform/overweight	15
Equal weight/halten/hold/neutral	9
Sell	1
N/A	1

Annual General Meeting and dividend

The 2016 Annual General Meeting of Deutsche Wohnen AG took place in Frankfurt/Main on 22 June 2016 with 79.04% of the share capital of the company represented. The shareholders voted for all of the resolutions presented to them with the required majorities. The Annual General Meeting voted almost unanimously in favour of the payment of a dividend of EUR 0.54 for each bearer share for the financial year 2015. This corresponds to an overall sum of approximately EUR 182.20 million and a share of approximately 60% of the FFO I achieved in 2015. In relation to a volume-weighted average share price for 2015 of EUR 22.72, this represents a dividend yield of 2.4%.

Investor Relations activities

Deutsche Wohnen conducts an intensive dialogue with its shareholders and investors. For this purpose, we make use of national and international conferences and roadshows. For example, during the first half-year Deutsche Wohnen presented its business model at roadshows in London, Paris, Amsterdam and Brussels. Deutsche Wohnen was also represented at the UniCredit & Kepler Cheuvreux German Corporate Conference in the middle of January and at the beginning of March at the Deutsche Bank Convertible Conference. Following publication of its Q1 report 2016, Deutsche Wohnen was also represented at the Kempen & Co. European Property Seminar in Amsterdam in May, and at both the Deutsche Bank Conference in Berlin and the Morgan Stanley Europe & EEMEA Property Conference in London in June. We plan to take part in further bank conferences and roadshows during the second half of this year.

For further details, please see the financial calendar on [32](#). This calendar is updated regularly on our Investor Relations homepage.

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

³⁾ As at 28/7/2016

Property portfolio

As at 30 June 2016, the property portfolio of Deutsche Wohnen, following recent acquisitions, had expanded to approximately 161,000 residential and commercial units (31 December 2015: approximately 148,200 units). 97% of our holdings are located in strategic core and growth regions. The largest single location is Greater Berlin, which accounts for 70% of our entire portfolio. The average net rent for residential accommodation was EUR 6.00 per sqm as at 30 June 2016 (previous year: EUR 5.78 per sqm), with an average vacancy rate of 1.8% (previous year: 2.1%).

	30/6/2016						
	Residential units	Area	Share of total portfolio	In-place rent ¹⁾	Vacancy	Rental potential ²⁾	Commercial units
Property portfolio	number	sqm k	in %	EUR/sqm	in %	in %	number
Strategic core and growth regions	153,869	9,226	97	6.02	1.7	21.1	2,118
Core+	134,918	8,053	85	6.09	1.6	23.6	1,893
Greater Berlin	111,046	6,590	70	6.00	1.6	23.3	1,535
Rhine-Main	9,706	585	6	7.34	1.8	22.2	141
Mannheim/Ludwigshafen	4,983	308	3	5.72	1.2	25.2	43
Rhineland	5,024	315	3	6.10	1.5	22.6	28
Dresden	3,161	201	2	5.31	3.0	19.5	96
Other Core+	998	54	1	9.82	1.6	–	50
Core	18,951	1,173	12	5.53	2.0	11.7	225
Hanover/Brunswick	9,242	597	6	5.63	1.9	18.1	97
Core cities East Germany	4,753	280	3	5.41	2.8	6.7	108
Kiel/Lübeck	4,956	294	3	5.47	1.6	10.4	20
Non-Core	4,778	307	3	5.11	5.5	3.2	71
Total	158,647	9,533	100	6.00	1.8	21.1	2,189

¹⁾ Contractually owed rent for rented residential units divided by rented area

²⁾ New letting rent for properties in the letting portfolio in comparison to the in-place rent for properties in the letting portfolio

Operational development

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

	Residential units	30/6/2016	30/6/2015	Development	30/6/2016	30/6/2015	Development
		In-place rent ¹⁾			Vacancy		
Like-for-like	number	EUR/sqm		in %	in %		in %
Strategic core and growth regions²⁾	130,851	6.04	5.81	3.9	1.4	1.7	- 15.0
Core ⁺	117,307	6.11	5.87	4.1	1.4	1.6	- 12.4
Greater Berlin	97,048	6.04	5.78	4.6	1.4	1.6	- 9.8
Rhine-Main	8,426	7.45	7.26	2.5	1.2	1.5	- 18.8
Mannheim/Ludwigshafen	4,762	5.71	5.64	1.2	0.5	1.2	- 59.4
Rhineland	4,470	5.97	5.83	2.3	1.1	1.2	- 9.4
Dresden	2,601	5.21	5.12	1.8	2.4	3.0	- 19.8
Core	13,544	5.50	5.39	2.1	1.9	2.6	- 28.8
Hanover/Brunswick	8,100	5.59	5.44	2.8	1.6	2.1	- 20.7
Core cities East Germany	4,316	5.34	5.31	0.5	2.4	3.4	- 30.0
Kiel/Lübeck	1,128	5.42	5.26	3.0	1.8	4.1	- 56.3

¹⁾ Contractually owed rent for rented residential units divided by rented area

²⁾ Without properties for sale

The like-for-like rental growth in the letting portfolio of the strategic core and growth regions was 3.9%. The rental growth of the last twelve months was influenced significantly by the Berlin rent index, which was published in May 2015. We anticipate rental growth of approximately 2.5% in the course of 2016.

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

Residential	30/6/2016			30/6/2015
	New-letting rent ¹⁾ EUR/sqm	In-place rent ²⁾ EUR/sqm	Rent potential ³⁾ in %	Rent potential ³⁾ in %
Strategic core and growth regions (letting portfolio)	7.26	6.00	21.0	21.4
Core+	7.51	6.07	23.6	22.7
Greater Berlin	7.40	6.00	23.3	21.2
Rhine-Main	9.02	7.38	22.2	23.5
Mannheim/Ludwigshafen	7.15	5.71	25.2	21.8
Rhineland	7.45	6.08	22.6	25.0
Dresden	6.35	5.31	19.5	20.9
Core	6.17	5.52	11.7	10.9

¹⁾ Contractually owed rent from newly concluded rent agreements in holdings not subject to rent controls which became effective in 2016

²⁾ Contractually owed rent for rented residential units divided by rented area

³⁾ New letting rent for properties in the letting portfolio in comparison to the in-place rent for properties in the letting portfolio

In the first six months of 2016, the new-letting rent in the Core+ segment (holdings not subject to rent controls) was around 24% above the in-place rent as at the reporting date.

Portfolio valuation

The consistently positive development of the residential property markets in conurbations and metropolitan regions has led to valuation gains in the amount of EUR 731 million. This increase in value is essentially driven by falling yield expectations on the part of investors (so-called yield compression). We can see rising property values, particularly in the Core+ markets, but also in the Core markets. The results of this valuation were confirmed by an external report produced by CB Richard Ellis.

The following table shows the changes in value in comparison to 31 December 2015:

Fair value (IAS 40 and IFRS 5)	30/6/2016		31/12/2015	
	Fair value EUR m	Multiple in-place rent	Fair value EUR m	Multiple in-place rent
Strategic core and growth regions	13,260	19.2	11,591	18.2
Core+	12,071	19.8	10,697	18.7
Core	1,189	14.8	894	13.6
Non-Core	238	12.6	130	12.0
Total	13,498	19.1	11,721	18.1

Key valuation figures for the property holdings as at 30 June 2016:

Fair value (IAS 40 and IFRS 5)	30/6/2016			
	Fair value EUR m	Fair value EUR/sqm	Multiple in-place rent	Multiple market rent
Strategic core and growth regions	13,260	1,393	19.2	16.1
Core ⁺	12,071	1,453	19.8	16.4
Greater Berlin	9,872	1,457	20.3	16.6
Rhine-Main	1,047	1,702	19.3	16.2
Rhineland	382	1,199	15.7	14.1
Mannheim/Ludwigshafen	332	1,036	15.0	13.7
Dresden	261	1,204	18.8	15.8
Other Core ⁺	176	2,976	24.8	21.4
Core	1,189	984	14.8	13.1
Hanover/Brunswick	595	972	14.4	12.6
Kiel/Lübeck	313	1,057	15.9	14.1
Core cities East Germany	281	936	14.6	13.3
Non-Core	238	740	12.6	11.0
Total	13,498	1,372	19.1	15.9

Portfolio investments

In the first half-year of 2016, approximately EUR 86.9 million (previous year: EUR 72.6 million) was invested in the maintenance and modernisation of our property portfolio. Because we have intensified the implementation of our modernisation programme, this figure will rise significantly in the coming year. Overall, we are planning to invest approximately EUR 400 million in our property holdings by 2019 as part of our ongoing modernisation programme. We started to implement this programme in 2016 and we are expecting investments in modernisation of EUR 15–20 per sqm over the course of the year.

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

EUR m	H1/2016	H1/2015
Maintenance	43.7	39.2
in EUR/sqm p.a.	8.90 ¹⁾	8.66 ¹⁾
Modernisation	43.2	33.4
in EUR/sqm p.a.	8.80 ¹⁾	7.38 ¹⁾
Maintenance and modernisation	86.9	72.6
in EUR/sqm p.a.	17.70 ¹⁾	16.04 ¹⁾

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

Notes on financial performance and financial position

Financial performance

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

EUR m	H1/2016	H1/2015
Earnings from Residential Property Management	292.1	259.1
Earnings from Disposals	36.7	46.2
Earnings from Nursing and Assisted Living	8.7	7.9
Corporate expenses	-34.6	-36.8
Other operating expenses/income	0.3	-16.3
Operating result (EBITDA)	303.2	260.1
Depreciation and amortisation	-3.0	-2.7
Adjustment of fair values of investment properties	731.3	705.0
Gains/losses from companies valued at equity	0.9	0.9
Financial result	-153.3	-156.8
Earnings before taxes	879.1	806.5
Current taxes	-14.4	-18.0
Deferred taxes	-241.7	-245.7
Profit for the period	623.0	542.8

In comparison to the equivalent period of the previous year, profit for the period rose by EUR 80.2 million to EUR 623.0 million. This change is mainly attributable to improved earnings from residential property management and to the revaluation of the company's properties.

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

EUR m	H1/2016	H1/2015
Earnings before taxes	879.1	806.5
Gains/losses from the valuation of property	-731.3	-705.0
Gains/losses from fair value adjustments of derivative financial instruments and convertible bonds	95.2	51.2
One-off expenses	0.0	50.0
Adjusted earnings before taxes	243.0	202.7

The adjusted earnings before taxes rose by around 20% to approximately EUR 243.0 million. In particular, improved earnings from lettings and lower corporate expenses contributed to this result.

Earnings from Residential Property Management

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

EUR m	H1/2016	H1/2015
Rental income	347.8	313.3
Non-recoverable operating costs	-4.4	-6.9
Rental loss	-3.4	-3.5
Maintenance	-43.7	-39.2
Other	-4.2	-4.6
Earnings from Residential Property Management	292.1	259.1
Staff and general and administration expenses	-19.2	-22.3
Operating result (Net Operating Income - NOI)	272.9	236.8
NOI margin in %	78.5	75.6
NOI in EUR per sqm and month ¹⁾	4.63	4.36
Change in %	6.2	

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

In particular, portfolio acquisitions as well as rent increases across the entire portfolio led to an increase in gross rental income in comparison to the corresponding period of the previous year. Expenditure on maintenance was EUR 43.7 million (previous year: EUR 39.2 million) or EUR 8.90 per sqm p.a.¹⁾ (previous year: EUR 8.66 per sqm p.a.¹⁾).

The NOI margin increased by 2.9 percentage points to more than 78%.

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

Earnings from Disposals

Demand for property as a form of investment for owner-occupiers and investors continues to be high. Up to 30 June 2016 a total of 2,796 units were sold. The transfer of risks and rewards for these units is expected to take place in 2016. Of these notarised units, approximately 900 made up a single institutional sale in Berlin.

	30/6/2016				
	Units	Transaction volume	IFRS carrying amount of assets sold	Gross margin	
	number	EUR m	EUR m	EUR m	in %
Privatisation	1,126	133.1	96.1	37.0	39
Institutional sales	1,670	138.1	119.5	18.6	16
	2,796	271.2	215.6	55.6	26

The gross margins continue to be high. In the current market environment, we achieve average margins of 16% in institutional sales.

Of the 2,796 residential units sold, the transfer of risks and rewards took place in respect of 2,254 residential units in the first six months of the financial year, and so these are included in the sales results:

EUR m	H1/2016	H1/2015
Sales proceeds	220.9	507.1
Sales expenses	-6.0	-12.1
Net proceeds	214.9	495.0
Carrying amount of assets sold	-178.2	-448.8
Gains/losses from Disposals	36.7	46.2

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 four federal states of Berlin, Brandenburg, Saxony and Lower Saxony. As at 30 June 2016, the KATHARINENHOF® Group managed 20 facilities, of which Deutsche Wohnen owns 19 with a fair value of EUR 161.4 million.

EUR m	H1/2016	H1/2015
Income		
Nursing	27.4	26.1
Living	3.2	3.0
Other	4.0	3.8
	34.6	32.9
Costs		
Nursing and corporate expenses	-8.2	-8.3
Staff expenses	-17.7	-16.7
	-25.9	-25.0
Segment earnings	8.7	7.9
Attributable current interest expenses	-2.1	-0.9
Segment earnings after interest	6.6	7.0

The average occupancy rate of the facilities during the first six months of the financial year 2016 was 98.4% (equivalent period of previous year: 96.5%) and so 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.

EUR m	H1/2016	H1/2015
Staff expenses	-21.6	-21.0
Long-term remuneration component (share-based)	-2.0	-1.0
General and administration expenses	-11.0	-14.8
Corporate expenses	-34.6	-36.8

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

The cost ratio of general and administration expenses in relation to rental income fell to 9.9% in the first six months of 2016 compared to 11.7% – the latter figure relating to the equivalent six-month period of the financial year 2015.

Financial result

The financial result is made up as follows:

EUR m	H1/2016	H1/2015
Current interest expenses	-53.2	-69.1
Accrued interest on liabilities and pensions	-5.5	1.7
Transaction-related interest expenditures	0.0	-38.7
Fair value adjustments of derivative financial instruments	-9.9	9.0
Fair value adjustments of convertible bonds	-85.3	-60.2
	-153.9	-157.3
Interest income	0.6	0.5
Financial result	-153.3	-156.8

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

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

Current taxes

The income taxes of EUR 256.1 million comprise EUR 241.7 million of deferred taxes and EUR 14.4 million of current income taxes. The increase in deferred tax liabilities is mainly related to the revaluation of Deutsche Wohnen's property portfolio.

Financial position

	30/6/2016		31/12/2015	
	EUR m	in %	EUR m	in %
Investment properties	13,454.4	89	11,859.1	86
Other non-current assets	951.5	6	939.8	7
Total non-current assets	14,405.9	95	12,798.9	93
Current assets	479.2	3	239.6	2
Cash and cash equivalents	295.9	2	661.6	5
Total current assets	775.1	5	901.2	7
Total assets	15,181.0	100	13,700.1	100
Equity	7,324.3	48	6,872.0	50
Financial liabilities	4,444.0	29	3,780.4	28
Convertible bonds	1,050.7	7	965.4	7
Corporate bonds	502.3	4	498.3	4
Tax liabilities	52.7	0	37.5	0
Employee benefit liabilities	71.6	0	64.6	0
Deferred tax liabilities	1,357.0	9	1,110.2	8
Other liabilities	378.4	3	371.7	3
Total liabilities	7,856.7	52	6,828.1	50
Total equity and liabilities	15,181.0	100	13,700.1	100

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

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

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

The Group's equity rose in absolute terms in the first half-year by EUR 452.3 million whilst the equity ratio fell from around 50 % to around 48 %. This is due to a balance sheet extension of approximately EUR 1,480.9 million due to acquisitions and the financing of these acquisitions with loan capital in the first quarter of 2016. In the first six months of 2016, Deutsche Wohnen issued approximately 50,400 bearer shares in exchange for around 21,400 bearer shares in GSW Immobilien AG. This represents a share of approximately 0.4 % in GSW. This exchange of shares went ahead on the basis of the provisions of the Domination Agreement between the two companies regarding the put-option rights of the minority shareholders of GSW.

The EPRA NAV has developed as follows:

EUR m	30/6/2016	31/12/2015
Equity (before non-controlling interests)	7,067.7	6,653.5
Fair value of derivative financial instruments	64.8	44.8
Deferred taxes	1,316.8	1,064.1
EPRA NAV (undiluted)	8,449.3	7,762.4
Number of shares outstanding (undiluted) in m	337.5	337.4
EPRA NAV (undiluted) in EUR per share	25.04	23.01
Effects of exercise of convertible bonds	1,039.8	952.1
EPRA NAV (diluted)	9,489.1	8,714.5
Number of shares outstanding (diluted) in m	370.8	370.2
EPRA NAV (diluted) in EUR per share	25.59	23.54

The EPRA NAV (undiluted) rose in absolute terms by EUR 686.9 million. In particular, the revaluation of the investment properties contributed to this increase.

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

EUR m	30/6/2016	31/12/2015
EPRA NAV (undiluted)	8,449.3	7,762.4
Goodwill GSW	-535.1	-535.1
Adjusted NAV (undiluted)	7,914.2	7,227.3
Adjusted NAV (undiluted) in EUR per share	23.45	21.42

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

The liabilities arising from the issue of convertible bonds increased to EUR 1,050.7 million due to the effects of variations in market value. In nominal terms, the sum owing is EUR 650 million.

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

EUR m	30/6/2016	31/12/2015
Financial liabilities	4,444.0	3,780.4
Convertible bonds	1,050.7	965.4
Corporate bonds	502.3	498.3
	5,997.0	5,244.1
Cash and cash equivalents	-295.9	-661.6
Net financial liabilities	5,701.1	4,582.5
Investment properties	13,454.4	11,859.1
Non-current assets held for sale	34.7	137.6
Land and buildings held for sale	362.9	66.9
	13,852.0	12,063.6
Loan-to-Value Ratio in %	41.2	38.0

As at the reporting date the Loan-to-Value Ratio was around 41.2%. The average interest rate on the credit portfolio, including the convertible bonds and the corporate bond, was approximately 1.7% as at 30 June 2016 with a hedging rate of approximately 84%. The convertible bonds are currently "in the money". If they were assumed to have been converted, this would result in a Loan-to-Value Ratio of approximately 33.6% in mathematical terms.

The cash flow of the group breaks down as follows:

EUR m	H1/2016	H1/2015
Net cash flows from operating activities	115.2	93.0
Net cash flows from investment activity	-712.4	-59.0
Net cash flows from financing activities	231.5	218.0
Net change in cash and cash equivalents	-365.7	252.0
Opening balance cash and cash equivalents	661.6	396.4
Closing balance cash and cash equivalents	295.9	648.4

The decisive key figure for us, Funds from Operations (FFO II), rose by approximately 37.8% in comparison to the corresponding period of the previous year:

EUR m	H1/2016	H1/2015
EBITDA	303.2	260.1
One-off expenses	0.0	11.3
EBITDA (adjusted)	303.2	271.4
Earnings from disposals	-36.7	-46.2
At-equity valuation	0.9	0.9
Interest expenses/revenues	-52.7	-68.6
Income taxes	-14.4	-11.0
Minority interests	-3.6	-3.8
FFO I	196.7	142.7
Earnings from disposals	36.7	46.2
FFO II	233.4	188.9
FFO I per share in EUR ¹⁾	0.58	0.47
FFO II per share in EUR ¹⁾	0.69	0.62

¹⁾ Based on the weighted average of around 337.43 million outstanding shares in 2016 or around 304.05 million in 2015

Events after the reporting date

The acquisition, by way of asset deal, of a nursing property portfolio comprising 28 residential nursing home facilities and a total of 4,132 beds was notarised on 5 August 2016. The residential nursing home facilities, which are mainly located in Western Germany, have been leased to reputable operators on a long-term basis. The portfolio currently generates annual rental income in the amount of EUR 27.3 million, approximately 90% of which is attributable to full in-patient nursing care and approximately 10% to assisted living services. The transaction remains subject to a standard condition precedent – among others, the granting of consent thereto by the Supervisory Board of the seller. The transfer of the benefits and encumbrances associated with the properties is set to take place in the fourth quarter of 2016. In acquiring this nursing property portfolio, the Deutsche Wohnen Group has increased the number of its nursing home facilities from 20 to 48 and the number of available beds from 2,048 to 6,180.

On 8 August 2016, the Supervisory Board of Deutsche Wohnen AG appointed Philip Grosse as a further member of the Management Board and Chief Financial Officer (CFO) of the Company for a term of three years with effect from 1 September 2016.

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

Risk report

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

Forecast

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

Against this background, we are increasing our FFO I forecast for the financial year 2016 from at least EUR 360 million to at least EUR 380 million.

Assuming the framework conditions remain constant, and barring any one-off items, we expect further price increases and a corresponding EPRA NAV of at least EUR 26 per share in 2016.

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

Frankfurt/Main, 12 August 2016

Deutsche Wohnen AG
The Board of Management



Michael Zahn
Chief Executive Officer



Lars Wittan
Chief Investment Officer

INTERIM FINANCIAL STATEMENTS

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CONSOLIDATED BALANCE SHEET

as at 30 June 2016

EUR k	30/6/2016	31/12/2015
ASSETS		
Investment properties	13,454,391	11,859,098
Property, plant and equipment	55,065	45,655
Intangible assets	545,584	546,329
Derivative financial instruments	1	27
Other non-current assets	15,101	22,255
Deferred tax assets	335,675	325,513
Non-current assets	14,405,817	12,798,877
Land and buildings held for sale	362,869	66,913
Other inventories	3,025	3,501
Trade receivables	30,506	13,368
Income tax receivables	38,417	8,094
Derivative financial instruments	1	3
Other current assets	9,751	10,210
Cash and cash equivalents	295,948	661,566
Subtotal current assets	740,517	763,655
Non-current assets held for sale	34,651	137,582
Current assets	775,168	901,237
Total assets	15,180,985	13,700,114

EUR k	30/6/2016	31/12/2015
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the parent company		
Issued share capital	337,462	337,412
Capital reserve	3,562,129	3,558,901
Accumulated other consolidated earnings	-48,962	-36,539
Retained earnings	3,217,053	2,793,680
Total equity attributable to shareholders of the parent company	7,067,682	6,653,454
Non-controlling interests	256,575	218,548
Total equity	7,324,257	6,872,002
Non-current financial liabilities		
Convertible bonds	1,049,501	964,204
Corporate bonds	495,811	495,298
Employee benefit liabilities	71,577	64,551
Derivative financial instruments	51,056	33,064
Other provisions	12,493	12,357
Other liabilities	71,204	62,495
Deferred tax liabilities	1,357,039	1,110,209
Total non-current liabilities	7,400,601	6,460,306
Current financial liabilities		
Convertible bonds	152,108	62,305
Corporate bonds	1,234	1,234
Trade payables	6,443	3,024
Liabilities to limited partners in funds	184,071	194,568
Other provisions	6,475	6,413
Other provisions	10,101	17,083
Derivative financial instruments	13,760	11,760
Tax liabilities	52,688	37,519
Other liabilities	29,247	33,900
Total current liabilities	456,127	367,806
Total equity and liabilities	15,180,985	13,700,114

CONSOLIDATED PROFIT AND LOSS STATEMENT

for the period from 1 January to 30 June 2016

EUR k	H1/2016	H1/2015	Q2/2016	Q2/2015
Income from Residential Property Management	347,777	313,348	176,320	154,423
Expenses for Residential Property Management	-55,654	-54,240	-31,407	-27,790
Earnings from Residential Property Management	292,123	259,108	144,913	126,633
Sales proceeds	220,973	507,101	61,856	457,401
Cost of sales	-6,019	-12,106	-2,534	-8,674
Carrying amounts of assets sold	-178,228	-448,748	-46,258	-411,828
Earnings from Disposals	36,726	46,247	13,064	36,899
Income from Nursing and Assisted Living	34,585	32,980	17,348	16,684
Expenses for Nursing and Assisted Living	-25,891	-25,043	-13,249	-12,538
Earnings from Nursing and Assisted Living	8,694	7,937	4,099	4,146
Corporate expenses	-34,597	-36,829	-18,155	-18,109
Other expenses/income	263	-16,377	93	-8,450
Subtotal	303,209	260,086	144,014	141,119
Gains/losses from fair value adjustment of investment properties	731,289	705,012	731,289	705,012
Depreciation and amortisation	-2,989	-2,677	-1,651	-1,416
Earnings before interest and taxes (EBIT)	1,031,509	962,421	873,652	844,715
Finance income	600	461	295	256
Gains/losses from fair value adjustments of derivative financial instruments and convertible bonds	-95,187	-51,173	-90,840	58,679
Gains/losses from companies valued at equity	862	932	601	548
Finance expense	-58,722	-106,102	-32,276	-70,407
Profit before taxes	879,062	806,539	751,432	833,791
Income taxes	-256,046	-263,700	-228,972	-246,720
Profit for the period	623,016	542,839	522,460	587,071
Thereof attributable to:				
Shareholders of the parent company	605,286	524,045	507,960	571,119
Non-controlling interests	17,730	18,794	14,500	15,952
	623,016	542,839	522,460	587,071
Earnings per share				
Undiluted in EUR	1.79	1.72	1.51	1.88
Diluted in EUR	1.79	1.63	1.51	1.79

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 30 June 2016

EUR k	H1/2016	H1/2015	Q2/2016	Q2/2015
Profit for the period	623,016	542,839	522,460	587,071
Other comprehensive income				
Items reclassified as expense at a later stage				
Net gain/loss from derivative financial instruments	-9,450	50,207	-2,016	52,515
Income tax effects	2,851	-17,304	608	-18,011
	-6,599	32,903	-1,408	34,504
Items not reclassified as expense at a later stage				
Actuarial gains/losses with employee benefits and impacts of caps for asset values in pension plans	-7,992	4,763	-3,036	10,528
Income tax effects	2,113	-510	839	-3,545
	-5,879	4,253	-2,197	6,983
Other comprehensive income after taxes	-12,478	37,156	-3,605	41,487
Total comprehensive income, net of tax	610,538	579,995	518,855	628,558
Thereof attributable to:				
Shareholders of the parent company	592,861	561,120	504,355	612,606
Non-controlling interests	17,677	18,875	14,500	15,952

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from 1 January to 30 June 2016

EUR k	H1/2016	H1/2015
Operating activities		
Profit/loss for the period	623,016	542,839
Finance income	- 600	- 461
Adjustment of derivative financial instruments and convertible bonds	95,187	51,173
Finance expense	58,722	106,102
Earnings from companies valued at equity	- 862	- 932
Income taxes	256,046	263,700
Profit/loss for the period before interest and taxes	1,031,509	962,421
Non-cash expenses/income		
Fair value adjustment of investment properties	- 731,289	- 705,012
Depreciation and amortisation	2,989	2,677
Other non-cash operating expenses/income	- 48,982	- 50,542
Change in net working capital		
Change in receivables, inventories and other current assets	- 48,344	35,839
Change in operating liabilities	- 16,803	- 58,798
Net operating cash flows	189,080	186,585
Interest paid	- 50,747	- 74,460
Interest received	600	461
Taxes paid	- 24,628	- 75,079
Taxes received	1,030	55,513
Net cash flows from operating activities	115,335	93,020
Investment activities		
Sales proceeds	213,257	527,014
Payments for investments	- 938,287	- 585,994
Proceeds from company acquisitions	6,249	0
Other proceeds from investment activities	6,363	0
Net cash flows from investment activities	- 712,418	- 58,980
Financing activities		
Proceeds from borrowings	622,592	8,479
Repayment of borrowings	- 208,897	- 488,269
One-off financing payments	0	- 72,557
Proceeds from capital increase	0	906,580
Other proceeds from financing activities	0	16,750
Costs of capital increase	0	- 18,162
Payment of dividend to shareholders of Deutsche Wohnen AG	- 182,230	- 129,873
Payment of dividend to non-controlling interests	0	- 4,944
Net cash flows from financing activities	231,465	218,004
Net change in cash and cash equivalents	- 365,618	252,044
Opening balance of cash and cash equivalents	661,566	396,398
Closing balance of cash and cash equivalents	295,948	648,442

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 30 June 2016

	Registered capital	Capital reserves	Pensions	Reserve for cash flow hedge	Total accumulated other consolidated earnings	Consolidated retained earnings	Equity attributable to shareholders of parent company	Non-controlling interests	Total equity
EUR k									
Equity as at 1 January 2015	294,260	2,735,911	-14,216	-59,691	-73,907	1,736,609	4,692,872	183,193	4,876,065
Profit/loss for the period						542,839	542,839		542,839
Thereof non-controlling interests						-18,794	-18,794	18,794	0
Other comprehensive income after tax			4,252	32,903	37,155		37,155		37,155
Thereof non-controlling interests			8	-89	-81		-81	81	0
Total comprehensive income, net of taxes			4,260	32,814	37,074	524,045	561,119	18,875	579,994
Capital increase	43,090	884,695					927,785		927,785
Costs of capital increase less tax effects		-14,960					-14,960		-14,960
Capital contribution relating to the remuneration of the Management Board		1,023					1,023		1,023
Change in non-controlling interests						-3,776	-3,776	-5,624	-9,400
Dividend payment						-129,873	-129,873		-129,873
Others						556	556		556
Equity as at 30 June 2015	337,350	3,606,669	-9,956	-26,877	-36,833	2,127,561	6,034,746	196,444	6,231,190
Equity as at 1 January 2016	337,412	3,558,901	-15,599	-20,939	-36,538	2,793,680	6,653,454	218,548	6,872,002
Profit/loss for the period						623,016	623,016		623,016
Thereof non-controlling interests						-17,730	-17,730	17,730	0
Other comprehensive income after tax			-5,879	-6,599	-12,478		-12,478		-12,478
Thereof non-controlling interests			9	45	54		54	-54	0
Total comprehensive income, net of taxes			-5,870	-6,554	-12,424	605,286	592,862	17,676	610,538
Capital increase	50	1,262					1,312		1,312
Capital contribution relating to the remuneration of the Management Board		1,966					1,966		1,966
Change in non-controlling interests						-145	-145	20,351	20,206
Dividend payment						-182,230	-182,230		-182,230
Others						462	462		462
Equity as at 30 June 2016	337,462	3,562,129	-21,469	-27,493	-48,962	3,217,053	7,067,682	256,575	7,324,257

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

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

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

Basic principles and methods applied to the consolidated financial statements

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

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

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

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

The preparation of the consolidated financial statements requires the management to make judgements, estimates and assumptions which affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. However, the uncertainty connected with these assumptions and estimates could result in outcomes that 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 six months of 2016, the shareholding of Deutsche Wohnen AG in GSW Immobilien AG increased from its original level of 93.83% as at 31 December 2015 to 93.87% as at 30 June 2016. This change is due to the acquisition by Deutsche Wohnen AG of 0.04% of the shares of GSW Immobilien AG in exchange for newly issued shares of Deutsche Wohnen AG in the context of the put-option rights arising from the Domination Agreement between GSW Immobilien AG (controlled company) and Deutsche Wohnen AG (controlling company).

Furthermore, in the segment Residential Property Management a total of four newly acquired companies were fully consolidated in the first half-year of 2016. One of these had the legal form of a German limited liability company (GmbH) and three the legal form of a Dutch limited liability company (B.V.). These four companies are residential property companies without independent business activities.

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

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

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

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

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

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

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

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

No goodwill arose in the case of this corporate merger.

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

Furthermore, there have been no changes in the consolidated companies.

Changes to accounting and valuation methods

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

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

Selected notes on the consolidated balance sheet

Investment properties comprise 89 % of the assets of the Deutsche Wohnen Group. As at 30 June 2016, these investment properties underwent a detailed valuation and were recorded in the balance sheet at fair value. The valuation methods corresponded to the procedure used in the valuation as at 31 December 2015.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The developments in equity can be found in the consolidated equity change statement on [page 22](#).

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

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

The employee benefit liabilities were valued as at the reporting date with a discount rate of 1.24 % p.a. (31 December 2015: 2.03 % p.a.). This rate derives from the yield of fixed-interest rate corporate bonds.

Selected notes on the consolidated profit and loss statement

Revenues from Residential Property Management are made up as follows:

EUR m	H1/2016	H1/2015
Potential rental income	354.9	320.2
Subsidies	1.2	2.9
	356.1	323.1
Vacancy losses	-8.3	-9.8
	347.8	313.3

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

EUR m	H1/2016	H1/2015
Maintenance costs	-43.7	-39.2
Non-recoverable operating expenses	-4.4	-6.9
Rental loss	-3.4	-3.5
Other expenses	-4.2	-4.6
	-55.7	-54.2

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

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

EUR m	H1/2016	H1/2015
Income from Nursing and Assisted Living	34.6	33.0
Nursing and corporate expenses	-8.2	-8.4
Staff expenses	-17.7	-16.7
	8.7	7.9

Financial expenses are made up as follows:

EUR m	H1/2016	H1/2015
Current interest expenses	-53.2	-69.1
Accrued interest on liabilities and pensions	-5.5	1.7
One-off financing costs	0.0	-38.7
	-58.7	-106.1

Notes on the consolidated cash flow statement

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

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

Notes on segment reporting

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

EUR m	External revenue		Internal revenue		Total revenue		Segment earnings (EBITDA)		Assets	
	H1/2016	H1/2015	H1/2016	H1/2015	H1/2016	H1/2015	H1/2016	H1/2015	30/6/2016	31/12/2015
Segments										
Residential Property Management	347.7	313.3	7.8	7.0	355.5	320.3	292.1	259.1	13,894.0	12,271.9
Disposals	221.0	507.1	7.2	3.5	228.2	510.6	36.7	46.2	402.4	209.7
Nursing and Assisted Living	34.6	33.0	0.0	0.0	34.6	33.0	8.7	7.9	174.0	174.0
Reconciliation with consolidated financial statement										
Central functions and other operational activities	0.9	1.0	42.9	34.3	43.8	35.3	-34.3	-53.1	336.5	710.9
Consolidations and other reconciliations	-0.9	-1.0	-57.9	-44.8	-58.8	-45.8	0.0	0.0	0.0	0.0
	603.3	853.4	0.0	0.0	603.3	853.4	303.2	260.1	14,806.9	13,366.5

Other information

Associated parties and companies

Dr Florian Stetter was re-elected as member of the Supervisory Board at the 2016 Annual General Meeting.

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

Risk report

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

Financial instruments

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

EUR m	Valuation category in accordance with IAS 39	Amortised costs		Fair value recognized profit/loss	No valuation category according to IAS 39	No financial instruments according to IAS 32 or out of scope IFRS7	Total balance sheet items
		Carrying amount	Fair value	Carrying amount	Carrying amount	Carrying amount	30/6/2016
Trade receivables	LaR	30.5	30.5	0.0	0.0	0.0	30.5
Other assets							
Securities (at cost)	AfS	0.3	n/a	0.0	0.0	0.0	0.3
Financial investments and loans	AfS	8.8	n/a	0.0	0.0	6.3	15.1
Other financial assets	LaR	9.5	9.5	0.0	0.0	0.0	9.5
Derivative financial instruments	FAHfT	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	LaR	295.9	295.9	0.0	0.0	0.0	295.9
Total financial assets		345.0	336.0	0.0	0.0	6.3	351.3
Financial liabilities	FLaC	4,444.0	4,710.6	0.0	0.0	0.0	4,444.0
Convertible bonds	FLHfT	0.0	0.0	1,050.7	0.0	0.0	1,050.7
Corporate bond	FLaC	502.3	523.2	0.0	0.0	0.0	502.3
Liabilities to limited partners in funds	FLHfT	0.0	0.0	6.5	0.0	0.0	6.5
Trade payables	FLaC	161.6	161.6	0.0	0.0	22.5	184.1
Other liabilities							
Liabilities arising from financing leasing arrangements	-	0.0	0.0	0.0	32.5	0.0	32.5
Other financial liabilities	FLaC	67.7	67.7	0.0	0.0	0.3	68.0
Derivative financial instruments	FLHfT	0.0	0.0	28.3	36.5	0.0	64.8
Total financial liabilities		5,175.6	5,463.1	1,085.5	69.0	22.7	6,352.8

AfS – Available for Sale

LaR – Loans and Receivables

FAHfT – Financial Assets Held for Trade

FLaC – Financial Liabilities at Cost

FLHfT – Financial Liabilities Held for Trade

EUR m	Valuation category in accordance with IAS 39	Amortised costs		Fair value recognized profit/loss	No valuation category according to IAS 39	No financial instruments according to IAS 32 or out of scope IFRS7	Total balance sheet items
		Carrying amount	Fair value	Carrying amount	Carrying amount	Carrying amount	31/12/2015
Trade receivables	LaR	13.4	13.4	0.0	0.0	0.0	13.4
Other assets							
Securities (at cost)	AfS	0.3	n/a	0.0	0.0	0.0	0.3
Financial investments and loans	AfS	15.2	n/a	0.0	0.0	7.1	22.3
Other financial assets	LaR	10.0	10.2	0.0	0.0	0.0	10.0
Derivative financial instruments	FAHFT	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	LaR	661.6	661.6	0.0	0.0	0.0	661.6
Total financial assets		700.3	685.1	0.0	0.0	7.1	707.4
Financial liabilities	FLaC	3,780.4	3,915.6	0.0	0.0	0.0	3,780.4
Convertible bonds	FLHFT	0.0	0.0	965.4	0.0	0.0	965.4
Corporate bond	FLaC	498.3	502.8	0.0	0.0	0.0	498.3
Liabilities to limited partners in funds	FLHFT	0.0	0.0	6.4	0.0	0.0	6.4
Trade payables	FLaC	164.2	164.2	0.0	0.0	30.4	194.6
Other liabilities							
Liabilities arising from financing leasing arrangements	-	0.0	0.0	0.0	22.2	0.0	22.2
Other financial liabilities	FLaC	74.0	74.0	0.0	0.0	0.2	74.2
Derivative financial instruments	FLHFT	0.0	0.0	18.5	26.3	0.0	44.8
Total financial liabilities		4,517.0	4,656.6	990.4	48.5	30.5	5,586.4

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

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

Frankfurt/Main, 12 August 2016

Deutsche Wohnen AG
 The Board of Management



Michael Zahn
 Chief Executive Officer

Lars Wittan
 Chief Investment Officer

RESPONSIBILITY STATEMENT

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

Frankfurt/Main, 12 August 2016

Deutsche Wohnen AG
The Board of Management



Michael Zahn
Chief Executive Officer



Lars Wittan
Chief Investment Officer

Disclaimer

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

FINANCIAL CALENDAR 2016

12/8/2016	Publication of the interim report as at 30 June 2016/half-year results
18–19/8/2016	Roadshow, London
6.+8/9/2016	Roadshow, Paris
7/9/2016	EPRA Conference, Paris
13–14/9/2016	Bank of America Merrill Lynch Global Real Estate Conference, New York
13/9/2016	DZ Bank Investment Dialogue, Frankfurt/Main
19–21/9/2016	Berenberg & Goldman Sachs German Corporate Conference, Munich
20–22/9/2016	Baader Investment Conference, Munich
29/9/2016	SG Pan European Real Estate Conference
4–6/10/2016	Expo Real, Munich
15/11/2016	Publication of interim report as at 30 September 2016/nine-month results
29–30/11/2016	UBS Global Real Estate Conference, London
5–8/12/2016	Berenberg European Conference, London

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Mecklenburgische Strasse 57
14197 Berlin, Germany

Published by

Deutsche Wohnen AG, Frankfurt/Main, Germany

Concept, design and realisation

HGB Hamburger Geschäftsberichte GmbH & Co. KG,
Hamburg, Germany

Photography

Anja Steinmann, Mülheim/Ruhr, Germany

The interim report is available in German and English. Both versions are available for download at www.deutsche-wohnen.com