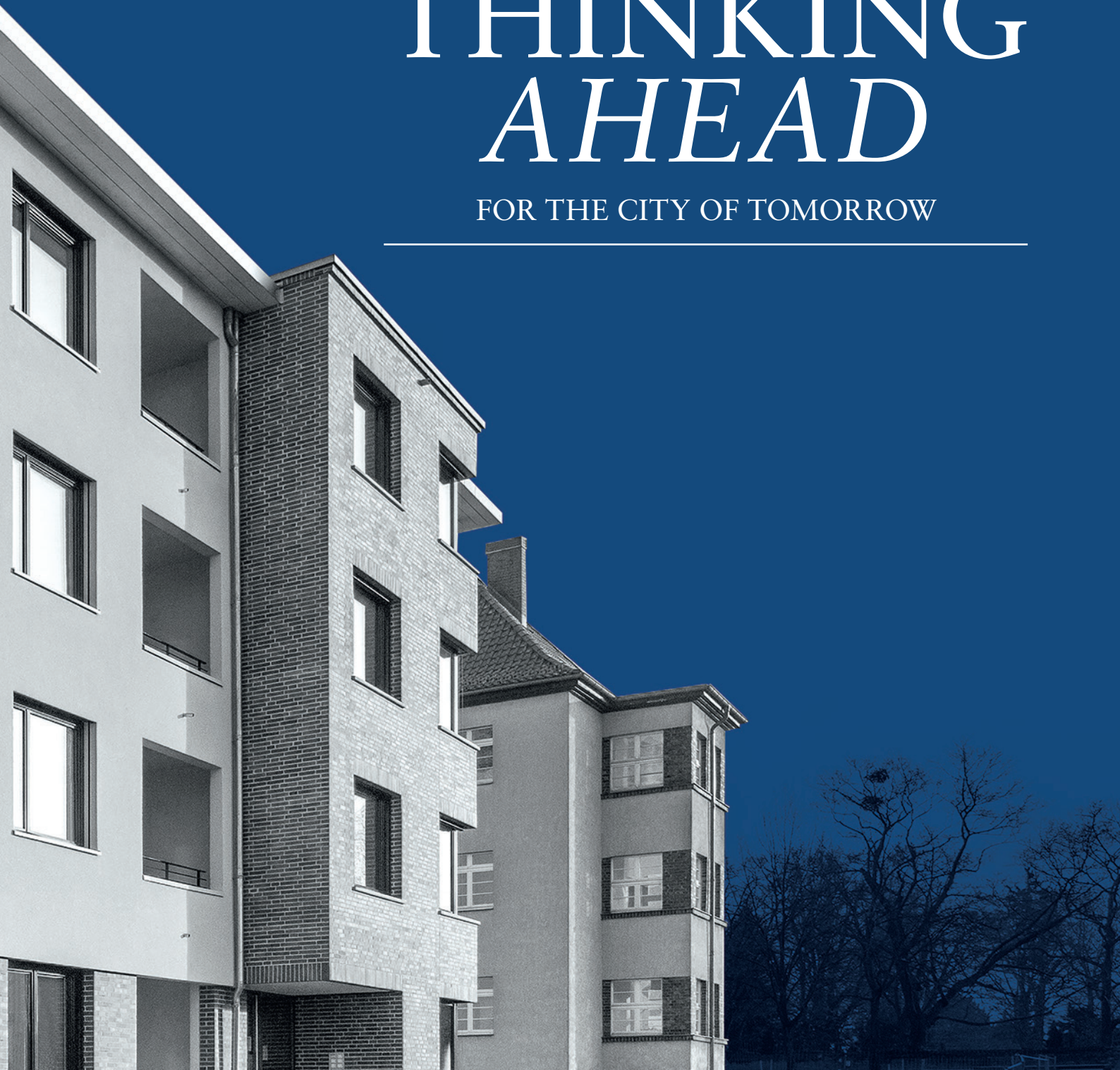




INTERIM REPORT
AS AT 31 MARCH 2017

THINKING AHEAD

FOR THE CITY OF TOMORROW



THINKING *AHEAD*

FOR THE CITY OF TOMORROW

GROUP KEY FIGURES	2
INTERIM MANAGEMENT REPORT	3
INTERIM FINANCIAL STATEMENTS	17
RESPONSIBILITY STATEMENT	30
FINANCIAL CALENDAR 2017	31
CONTACT AND IMPRINT	32

Interim report as at 31 March 2017

GROUP KEY FIGURES

Profit and loss statement		Q1/2017	Q1/2016	Change
Rental income	EUR m	180.4	171.5	5.2%
Earnings from Residential Property Management	EUR m	154.2	147.2	4.8%
Earnings from Disposals	EUR m	8.6	23.7	-63.7%
Earnings from Nursing and Assisted Living	EUR m	12.5	4.6	171.7%
Corporate expenses	EUR m	-19.1	-16.5	15.8%
EBITDA	EUR m	155.2	159.2	-2.5%
EBT (adjusted)	EUR m	115.5	131.9	-12.4%
EBT (as reported)	EUR m	75.2	127.6	-41.1%
Earnings after taxes	EUR per share	47.3	124.8 ³⁾	-62.1%
Earnings after taxes ¹⁾	EUR m	0.13	0.36 ³⁾	-63.4%
FFO I	EUR per share	113.1	101.9	11.0%
FFO I (undiluted) ¹⁾	EUR per share	0.33	0.30	10.0%
FFO I (diluted) ²⁾	EUR m	0.31	0.28	10.7%
FFO II	EUR per share	121.7	125.6	-3.1%
FFO II (undiluted) ¹⁾	EUR per share	0.35	0.37	-5.4%
FFO II (diluted) ²⁾	EUR per share	0.33	0.34	-2.9%

Balance sheet		31/3/2017	31/12/2016	Change
Investment properties	EUR m	16,535.0	16,005.1	529.9
Current assets	EUR m	1,088.8	669.2	419.6
Equity	EUR m	8,737.2	8,234.0	503.2
Net financial liabilities	EUR m	6,108.7	6,185.2	-76.5
Loan-to-Value Ratio (LTV)	in %	36.1	37.7	-1.6
Total assets	EUR m	17,749.2	16,783.6	965.6

Share		31/3/2017	31/12/2016	Change
Share price (closing price)	EUR per share	30.87	29.84	3.4%
Number of shares	m	354.66	337.48	17.18
Market capitalisation	EUR bn	10.9	10.1	7.9%

Net Asset Value (NAV)		31/3/2017	31/12/2016	Change
EPRA NAV (undiluted)	EUR m	10,511.7	10,017.0	494.7
EPRA NAV (undiluted)	EUR per share	29.64	29.68	-0.1%
EPRA NAV (diluted)	EUR per share	29.69	29.69	0.0%

Fair values		31/3/2017	31/12/2016	Change
Fair value of real estate properties ⁴⁾	EUR m	15,689	15,465	224
Fair value per sqm of residential and commercial areas ⁴⁾	EUR per sqm	1,603	1,580	1.5%

¹⁾ Based on average number of around 344.35 million issued shares in 2017 or of around 337.42 million in 2016

²⁾ Based on average number of around 363.43 million issued shares in 2017 or of around 370.15 million in 2016; in each case, assuming a conversion of the convertible bonds that are "in the money"

³⁾ Previous years's figures amended

⁴⁾ Only comprises residential and commercial buildings, without Nursing and Assisted Living

INTERIM MANAGEMENT REPORT

Deutsche Wohnen AG with its subsidiaries (hereinafter referred to as "Deutsche Wohnen" or "Group") is, measured by its market capitalisation, currently the third largest publicly listed property company in Europe, and is listed in the MDAX of the German stock exchange.

Its property holdings, which have a fair value of approximately EUR 16.4 billion, consist of around 160,000 residential and commercial units as well as nursing homes with around 6,700 nursing places and apartments for assisted living. Our investment activities focus on residential properties in dynamic conurbations and metropolitan regions of Germany. The fundamental economic growth in Germany, the population influx into German metropolitan regions and the shortage of new building activity in these regions provide a very good basis for further rises in rents and increases in the value of our portfolio. We see the expansion of our nursing care and commercial properties as a further area of growth, particularly in view of demographic trends.

Stock market and the Deutsche Wohnen share

Economy remains buoyant

According to the German Institute for Economic Research [Deutsches Institut für Wirtschaftsforschung – DIW], the global economy is continuing to grow. In 2017, global growth of 3.7% is expected, which is higher than the 3.2% achieved last year.

In the opinion of the experts, the German economy is expected to grow by 1.4% in 2017. The main drivers of this growth are private consumption and a further fall in the unemployment figures. In fact, it is forecast that an additional 600,000 people will be in employment in 2017. However, actual earnings, which take price increases into account, are expected to grow less dynamically. The main reason for this is inflation, which is expected to reach 1.8% this year – a marked increase compared to last year.

Stock markets develop robustly

In the first quarter of 2017, the DAX continued the positive trend of the second half-year of 2016 and rose by 7.2% to 12,313 points – thus surpassing its previous record achieved in April 2015. The MDAX also developed positively in the first quarter, rising by 7.7% to 23,904 points.

The stock markets were supported by continuing improvements in early economic indicators. Both the Purchasing Managers' Index in the eurozone and the Ifo Business Climate Index for the German economy were at their highest level for six years.

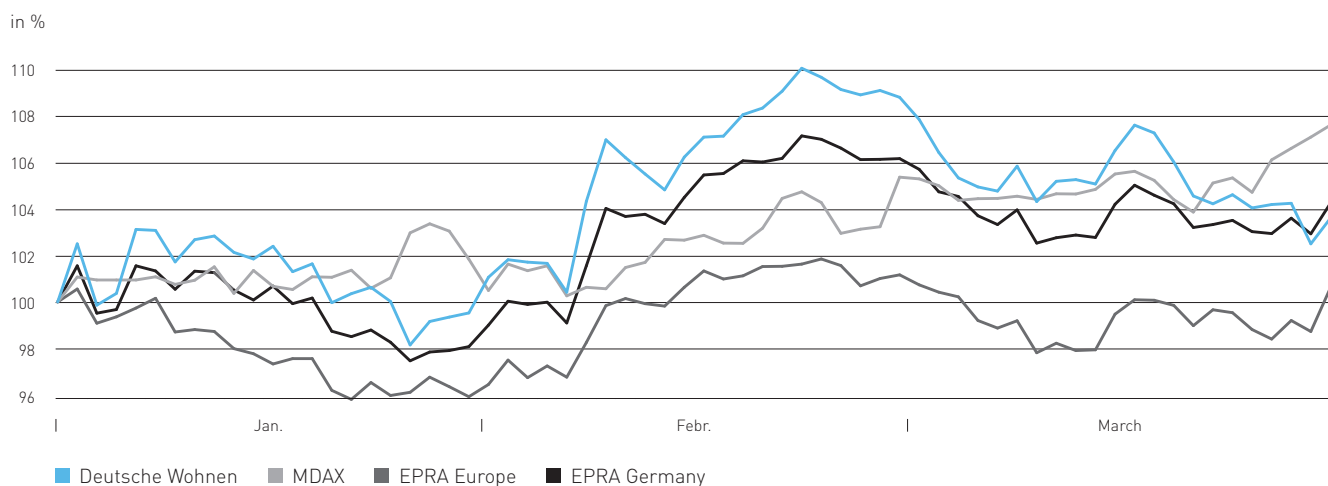
In addition, a drop in political uncertainty in Europe, strong economic figures from the USA and the hope of business-friendly policies from the Trump administration all had a positive impact on the development of the most important stock market indices.

The Deutsche Wohnen AG share performs solidly

Following a good start to the year, the Deutsche Wohnen share reached its highest ever price of EUR 32.70 on 22 February 2017. However, towards the end of the quarter, this development couldn't be sustained, so the closing price of the share at the end of the first quarter 2017 was EUR 30.87. Overall, the share rose by 3.4% in the first quarter. The real estate index EPRA Germany rose by around 4.0% in the first three months of 2017. Over the same period, EPRA Europe only achieved an increase of 0.6%.

In comparison to the first quarter of the previous year, the market capitalisation of Deutsche Wohnen AG rose by approximately 18% to around EUR 10.9 billion. The daily XETRA trading volume increased from approximately EUR 25 million in the first three months of 2016 to more than EUR 27 million in the first three months of 2017. As a result, the Deutsche Wohnen share continued to hold third place in the MDAX. The weighting of the MDAX was just under 5% at the end of the quarter.

Share price performance in Q1 2017 (indexed)



Key share figures

	Q1/2017	Q1/2016
Number of issued shares in m	approx. 354.66	approx. 337.43
Closing price at end of Q1 ¹⁾ in EUR	30.87	27.33
Market capitalisation in EUR bn	approx. 10.9	approx. 9.2
Highest share price ¹⁾ during three-month period in EUR	32.70	27.43
Lowest share price ¹⁾ during three-month period in EUR	29.32	22.00
Average daily trading volume ²⁾ – Xetra	876,134	1,028,802

¹⁾ Xetra closing price

²⁾ Traded shares

Source: Bloomberg, last updated on 28/4/2017, no liability assumed

Broad analyst coverage

The development of the Deutsche Wohnen AG share is currently¹⁾ being monitored by a total of 29 analysts. The current¹⁾ target prices range from EUR 29.20 to EUR 44.40 per share. At EUR 35.69, the average or consensus of all the analysts' evaluations is currently around 16 % higher than the closing price at the end of the first three months of 2017.

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

Rating	Number
Buy/Kaufen/Outperform/Overweight	19
Equal-Weight/Halten/Hold/Neutral	7
Sell/Underperform	2
N/A	1

¹⁾ As at 28/4/2017

Corporate actions 2017

On 21 February 2017, Deutsche Wohnen carried out a cash capital increase in the amount of EUR 545 million and issued new convertible bonds in an aggregate nominal amount of EUR 800 million.

Following the capital increase for cash, Deutsche Wohnen, through the partial exercise of its authorized capital and under exclusion of shareholders' subscription rights, increased its registered capital by approximately 5.1% from EUR 337,480,450 to EUR 354,654,560. The 17,174,110 new, no-par value ordinary bearer shares were placed to institutional investors in Germany and abroad at a placement price of EUR 31.75 per new share by way of an accelerated bookbuilding procedure, representing a discount on the Xetra closing price on 21 February 2017 of 2.1%. Accordingly, the gross proceeds from the capital increase were EUR 545 million. The new shares carry full dividend rights as of 1 January 2016.

At the same time as the capital increase, Deutsche Wohnen AG placed new convertible bonds maturing in July 2024 in an aggregate nominal amount of EUR 800 million by way of a private placement to institutional investors. The new convertible bonds were issued at 100% of their nominal value and with a 0.325% p.a. coupon. The initial conversion price amounts to EUR 48.5775, representing a conversion premium of 53.0% above the placement price of the capital increase. The new convertible bonds are initially convertible into approximately 16.5 million new or existing ordinary no-par value bearer shares of Deutsche Wohnen or can be repaid in cash.

The gross proceeds of approximately EUR 1.3 billion from these measures were used by the company to finance recent acquisitions and the repurchase of its 2020 convertible bonds.

Intensive dialogue with analysts and investors

Deutsche Wohnen conducts an intensive dialogue with its shareholders and investors. For this purpose, we make use of national and international conferences and roadshows. So far in 2017, Deutsche Wohnen has presented its business model at roadshows in London, Frankfurt and Paris. Deutsche Wohnen was also represented at important conferences in New York and London. In addition, the Management Board and the Investor Relations team have met investors in our Berlin office and also conducted numerous property tours.

In future, we will continue to maintain and expand our national and international contacts and to seek constant dialogue with our investors and analysts. For further details, please see the financial calendar on [p. 31](#). This calendar is updated regularly on our Investor Relations homepage.

Property portfolio

As at 31 March 2017, the property portfolio of Deutsche Wohnen comprised approximately 158,000 residential units and 2,200 commercial units. 98% of our holdings are located in strategic core and growth regions. The largest single location is Greater Berlin, which accounts for 70% of our entire portfolio. The average in-place rent for residential accommodation as at 31 March 2017 was EUR 6.16 per sqm (previous year: EUR 5.93 per sqm), with an average vacancy rate of 1.9% (previous year: 1.8%).

	31/3/2017					
	Residential units	Area	Share of total portfolio	In-place rent ¹⁾	Vacancy	Commercial units
Property portfolio	number	sqm k	in %	EUR/sqm	in %	number
Strategic core and growth regions	154,608	9,277	98.0	6.18	1.8	2,135
Core+	136,165	8,138	86.3	6.26	1.8	1,926
Greater Berlin	110,605	6,563	70.1	6.16	1.7	1,519
Rhine-Main	9,898	597	6.3	7.46	2.1	144
Mannheim/ Ludwigshafen	4,939	306	3.1	5.86	1.5	42
Rhineland	5,008	313	3.2	6.18	1.2	28
Dresden/Leipzig	4,334	280	2.7	5.43	3.2	141
Other Core+	1,381	79	0.9	9.81	0.3	52
Core	18,443	1,138	11.7	5.61	2.1	209
Hanover/Brunswick	9,137	590	5.8	5.68	2.0	96
Kiel/Lübeck	4,955	294	3.1	5.55	2.1	21
Core cities East Germany	4,351	255	2.8	5.50	2.3	92
Non-Core	3,182	205	2.0	5.22	5.7	37
Total	157,790	9,481	100.0	6.16	1.9	2,172

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

Operational development

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

Like-for-like	Residential units number	31/3/2017	31/3/2016	Development in %	31/3/2017	31/3/2016
		In-place rent ¹⁾ EUR/sqm			Vacancy in %	
Total	154,693	6.13	5.91	3.3	1.9	1.6
Letting portfolio ²⁾	148,901	6.15	5.95	3.3	1.6	1.5
Core+	131,058	6.22	6.01	3.6	1.6	1.4
Greater Berlin	108,693	6.16	5.94	3.8	1.6	1.5
Rhine-Main	8,934	7.60	7.38	2.9	1.5	1.2
Mannheim/Ludwigshafen	4,780	5.86	5.71	2.7	0.7	0.5
Rhineland	4,882	6.15	6.04	1.8	1.1	1.0
Dresden/Leipzig	3,769	5.32	5.18	2.6	2.5	2.3
Core	17,843	5.62	5.53	1.6	2.0	2.2
Hanover/Brunswick	9,091	5.68	5.60	1.4	1.9	1.9
Kiel/Lübeck	4,945	5.55	5.43	2.3	2.1	1.9
Core cities East Germany	3,807	5.54	5.49	1.0	2.0	3.3

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

²⁾ Excluding holdings for disposal and Non-Core

The like-for-like rental growth in the letting portfolio of the strategic core and growth regions was 3.3%, whilst in Berlin it was slightly higher at 3.8%. In the course of the financial year 2017, we expect rental growth of approximately 3.5%. At 1.6%, the vacancy rate in the letting portfolio remained very low (previous year: 1.5%).

Portfolio investments

In the first quarter of 2017, a sum of EUR 47.6 million or approximately EUR 19.50 per sqm (previous year: EUR 30.7 million or approximately EUR 12.50 per sqm) was invested in the maintenance and modernisation of the property portfolio. By intensifying the implementation of its modernisation programme, Deutsche Wohnen will further increase its investment in the modernisation of its properties in future.

The following table shows expenditure on maintenance and modernisation for this reporting period in comparison to the corresponding period of the previous year.

EUR m	Q1/2017	Q1/2016
Maintenance	21.8	17.4
in EUR/sqm	8.91 ¹⁾	7.10 ¹⁾
Modernisation	25.8	13.3
in EUR/sqm	10.55 ¹⁾	5.43 ¹⁾
Maintenance and Modernisation	47.6	30.7
in EUR/sqm	19.46 ¹⁾	12.52 ¹⁾

¹⁾ Taking into account the average floor space on a quarterly basis in the relevant period

Nursing properties

In addition to residential and commercial properties, Deutsche Wohnen also holds a portfolio of 51 nursing properties with a total of 6,700 places.

The nursing care business is, on the one hand, run in combination with property ownership and the operational management of the nursing care facilities via a shareholding structure with KATHARINENHOF®. On the other hand, Deutsche Wohnen is the owner of properties that are managed by various external operators. The occupancy rate of the facilities – not including ambulatory care – during the reporting period was around 97.2% (equivalent period of previous year: 98.3%) and so continues to be at a high level.

As at 31 March 2017, the KATHARINENHOF® Group managed 23 facilities, of which Deutsche Wohnen owns 22 with a fair value of EUR 244.2 million. The three Hamburg facilities, which were acquired in the fourth quarter of 2016, were taken over as at 31 December 2016.

In addition, since 1 January 2017 Deutsche Wohnen has been the owner of 28 nursing care homes which are mainly located in Western Germany and are let long-term to reputable operators. As at the reporting date, the fair value of these facilities was EUR 444.2 million.

Because the German nursing care market, which is characterised by rising demand caused by demographic trends, is highly attractive, we intend to further expand the nursing care segment.

Nursing properties

Owner-operated

	31/3/2017				
	Facilities	Places			Occupancy rate
		number	Nursing care	Assisted living	
Federal state	number	number	number	number	in %
Berlin region	12	1,070	371	1,441	98.0
Hamburg	3	335	157	492	91.9
Saxony	7	436	56	492	100.0
Lower Saxony	1	131	–	131	97.1
Total owner-operated business	23	1,972	584	2,556	97.2

Nursing properties excluding operations

Various external operators

	Facilities	Places			WALT
		number	Nursing care	Assisted living	
Federal state	number	number	number	number	
Bavaria	7	999	–	999	12.2
North Rhine-Westphalia	5	721	187	908	13.5
Lower Saxony	4	661	–	661	10.9
Rhineland-Palatinate	4	409	208	617	13.1
Baden-Wuerttemberg	5	557	16	573	13.7
Other	3	374	–	374	9.8
Total external operators	28	3,721	411	4,132	12.4
Total nursing	51	5,693	995	6,688	

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 three months of the financial year 2017 in comparison to the corresponding period of the previous year:

EUR m	Q1/2017	Q1/2016
Earnings from Residential Property Management	154.2	147.2
Earnings from Disposals	8.6	23.7
Earnings from Nursing and Assisted Living	12.5	4.6
Corporate expenses	-19.1	-16.5
Other operating expenses/income	-1.0	0.2
Operating result (EBITDA)	155.2	159.2
Depreciation and amortisation	-1.7	-1.3
Gains/losses from companies valued at equity	0.2	0.2
Financial result	-78.5	-30.5
Earnings before taxes	75.2	127.6
Current taxes	-9.7	-7.1
Deferred taxes	-18.2	4.3 ¹⁾
Profit for the period	47.3	124.8¹⁾

¹⁾ Previous year's figures amended

In comparison to the equivalent period of the previous year, profit for the period fell by EUR 77.5 million to EUR 47.3 million. This change is attributable, on the one hand, to lower earnings from disposals. The first quarter of 2016, for example, saw the transfer of risks and rewards of a block disposal of approximately 900 units in Berlin, which led to a comparatively high profit. On the other hand, higher expenses were incurred in the financial result and for deferred taxes that resulted primarily from 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	Q1/2017	Q1/2016
Earnings before taxes	75.2	127.6
Gains/losses from fair-value adjustments of derivative financial instruments and convertible bonds	31.1	4.3
One-off expenses and earnings	9.2	0.0
Adjusted earnings before taxes	115.5	131.9

The one-off expenses and earnings of EUR 9.2 million in the first quarter of 2017 contain expenses in the amount of approximately EUR 7.4 million related to the issue of a convertible bond in the nominal amount of EUR 800 million in February 2017 and expenses arising from the premature redemption of interest hedges.

The adjusted earnings before taxes fell by approximately 12% or EUR 16.4 million to EUR 115.5 million primarily because of lower earnings from disposals.

Earnings from Residential Property Management

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

EUR m	Q1/2017	Q1/2016
Rental income	180.4	171.5
Non-recoverable expenses	-2.2	-2.8
Rental loss	-1.2	-2.3
Maintenance	-21.8	-17.4
Other	-1.0	-1.8
Earnings from Residential Property Management	154.2	147.2
Staff and general and corporate expenses	-10.6	-9.1
Operating result (NOI)	143.6	138.1
NOI margin in %	79.6	80.5
NOI in EUR per sqm and month ¹⁾	4.89	4.69
Change in %	4.3	

¹⁾ Taking into account the average floor space on a quarterly basis in the relevant period

In particular, rent increases across the entire portfolio led to an increase in rental income in comparison to the corresponding period of the previous year. Expenditure on maintenance was EUR 21.8 million (previous year: EUR 17.4 million) or EUR 8.91 per sqm p.a.¹⁾ (previous year: EUR 7.10 per sqm p.a.¹⁾). In comparison to rental income, expenditure on maintenance rose from approximately 10.1% to approximately 12.1%.

The NOI margin in EUR per sqm per month increased by around 4.3%.

Earnings from Disposals

Demand for property as a form of investment for owner-occupiers and investors continues to be high. Up to 31 March 2017 a total of 1,929 units were sold. The transfer of risks and rewards for these units is expected to take place in 2017. Of these units, 409 related to contracts of purchase that were concluded in the financial year 2016.

	Units	Transaction volume	IFRS Carrying amount of assets sold	Gross margin	
	number	EUR m	EUR m	EUR m	in %
Privatisation	342	46.8	35.4	11.4	32
Institutional sales	1,587	118.7	98.5	20.2	21
	1,929	165.5	133.9	31.6	24

The gross margins continue to be high. In the current market environment, we are achieving above-average margins in institutional sales too.

Of the 1,929 residential units sold, the transfer of risks and rewards took place in respect of 490 residential units in the first three months of the financial year 2017, and so these are included in the sales results:

In the equivalent period of the previous year, the transfer of risks and rewards took place in respect of 1,771 units, 900 of which were due to a block disposal in Berlin. This explains the fall in absolute terms of earnings from Disposals by EUR 15.1 million to EUR 8.6 million.

EUR m	Q1/2017	Q1/2016
Sales proceeds	52.3	159.1
Cost of sales	-2.5	-3.4
Net sales proceeds	49.8	155.7
Carrying amount of assets sold	-41.2	-132.0
Earnings from Disposals	8.6	23.7

¹⁾ Taking into account the average floor space on a quarterly basis in the relevant period

Earnings from Nursing and Assisted Living

The following overview shows the income and costs in the Nursing and Assisted Living segment including internal and external earnings and expenses from leases:

EUR m	Q1/2017	Q1/2016
Income		
Nursing	17.8	13.6
Living	2.2	1.6
Lease income	6.8	0.0
Internal lease income	3.7	3.0 ¹⁾
Other	3.0	2.0
	33.5	20.2
Costs		
Nursing and corporate expenses	-5.2	-3.8
Staff expenses	-12.1	-8.8
Internal lease expenditure	-3.7	-3.0 ¹⁾
	-21.0	-15.6
Earnings from Nursing and Assisted Living	12.5	4.6
Attributable current interest expenses	-1.1	-0.6
Earnings from Nursing and Assisted Living after interest	11.4	4.0

¹⁾ Previous year's figures completed

The earnings from Nursing and Assisted Living before lease income (EBITDAR) of the owner-operated properties was EUR 5.9 million in the first three months of the financial year 2017. This corresponds to an EBITDAR margin of 25.7%.

Corporate expenses

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

EUR m	Q1/2017	Q1/2016
Staff expenses	-11.6	-10.8
Long-term remuneration component (share-based)	-1.1	-1.0
General and administration expenses	-6.4	-4.7
Total corporate expenses	-19.1	-16.5

The rise in both staff expenses and general and administration expenses results from salary increases as well as increases in staff in housing management and the holding due to growth.

As expected, the cost ratio of general and administration expenses in relation to the rental income rose from 9.6% in the first quarter of 2016 to 10.6% in the first quarter of 2017.

Financial result

The financial result is made up as follows:

EUR m	Q1/2017	Q1/2016
Current interest expenses	-24.7	-26.5
Accrued interest on liabilities and pensions	-13.7	0.0
Transaction-related interest expenditures	-9.8	0.0
Fair-value adjustments of derivative financial instruments	1.2	-7.8
Fair-value adjustments of convertible bonds	-32.3	3.5
	-79.3	-30.8
Interest income	0.8	0.3
Financial result	-78.5	-30.5

The fall in interest expenses results mainly from the measures to refinance and repay loans which were carried out in the course of the previous 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 are currently at a low level.

In the first quarter of 2017, earlier small-scale and long-term support loans were repaid ahead of schedule. The premature repayment of these loans led to one-off expenses arising from the addition of accrued interest.

Interest expenses due to transactions contain EUR 7.4 million mainly for expenses related to the placement by Deutsche Wohnen AG of a convertible bond in a nominal amount of EUR 800 million and maturing in 2024. Because this convertible bond is valued at market value, the issuance costs are not deferred over the full term of the bond but recorded immediately as expenses. In addition, one-off expenses arising from the redemption of interest hedges were incurred.

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 of the convertible bonds issued in 2013 and 2014, 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 in the amount of EUR 27.9 million comprise EUR 18.2 million of deferred taxes and EUR 9.7 million of current income taxes. The current income taxes contain the non-cash amount of EUR 1.4 million for the costs of the cash capital increase of February 2017. The expenses for deferred taxes are mainly related to the repurchase of the 2013 convertible bond, for the market valuation of which there were deferred tax assets until the bond was repaid.

Financial position

Selected key figures of the consolidated balance sheet

	31/3/2017		31/12/2016	
	EUR m	%	EUR m	%
Investment properties	16,535.0	93	16,005.1	95
Other non-current assets	125.4	1	109.3	1
Total non-current assets	16,660.4	94	16,114.4	96
Current assets	495.9	3	477.0	3
Cash and cash equivalents	592.9	3	192.2	1
Total current assets	1,088.8	6	669.2	4
Total assets	17,749.2	100	16,783.6	100
Equity	8,737.2	49	8,234.0	49
Financial liabilities	4,536.1	27	4,600.0	28
Convertible bonds	1,405.2	8	1,045.1	6
Corporate bonds	760.3	4	732.3	4
Tax liabilities	55.7	0	48.3	0
Employee benefit liability	65.8	0	67.6	0
Deferred tax liabilities	1,706.6	10	1,687.1	10
Other liabilities	482.3	2	369.2	3
Total liabilities	9,012.0	51	8,549.6	51
Total equity and liabilities	17,749.2	100	16,783.6	100

Investment properties represent the largest asset position. This figure has risen mainly because of acquisitions.

The Group's equity rose in absolute terms in the first quarter of 2017 by EUR 503.2 million with the equity ratio remaining unchanged at approximately 49%. In February 2017, Deutsche Wohnen issued around 17.2 million new bearer shares by way of a cash capital increase and achieved proceeds of EUR 540.9 million after costs. Furthermore, around 5,000 bearer shares were issued in the first three months of the financial year 2017 in exchange for around 2,000 bearer shares of GSW Immobilien AG.

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. In addition, the capital of Deutsche Wohnen increased by the comprehensive income of EUR 50.6 million for the first quarter of 2017.

The financial liabilities fell compared to the end of 2016, mainly because of the voluntary additional repayments of loans.

In the first quarter of 2017, the convertible bond that was issued in 2013 and that was due to mature in 2020 was refinanced prematurely in the currently favourable market environment. Based on market values including the redemption premium, a repayment amount of EUR 471.4 million resulted for the nominal amount (EUR 249.4 million of a total of EUR 250 million), which was repaid in the first quarter of 2017. It is intended to repay the outstanding convertible bonds of 2013 in the second quarter of 2017.

A new convertible bond was issued in February 2017. This convertible bond for a nominal amount of EUR 800 million and maturing in 2024 will accrue interest at 0.325% p.a. and has a conversion price per share of initially EUR 48.58.

Liabilities arising from convertible bonds increased further by EUR 32.3 million because of fluctuations in market value. The nominal amount of the outstanding convertible bonds is EUR 1,200.6 million in total as at the reporting date.

Liabilities arising from corporate bonds changed due to the issue of long-term registered bonds and due to the issue and repayment of short-term commercial papers.

Other liabilities increased in comparison to the end of the previous financial year. This increase is mainly due to liabilities towards minority shareholders (EUR 95.5 million), the recognition of property tax liabilities for the financial year 2017 pursuant to IFRIC 21 (EUR 25.3 million) and to accruals from finance leasing (EUR 19.5 million).

The EPRA NAV developed as follows:

EUR m	31/3/2017	31/12/2016
Equity (before non-controlling interests)	8,466.9	7,965.6
Fair value of derivative financial instruments	27.7	47.0
Deferred taxes	2,017.1	2,004.4
EPRA NAV (undiluted)	10,511.7	10,017.0
Number of shares (undiluted) in m	354.7	337.5
EPRA NAV (undiluted) in EUR per share	29.64	29.68
Effects of exercise of convertible bonds	584.3	992.3
EPRA NAV (diluted)	11,096.0	11,009.3
Number of shares (diluted) in m	373.7	370.8
EPRA NAV (diluted) in EUR per share	29.69	29.69

The EPRA NAV (undiluted) rose in absolute terms by EUR 494.7 million. In particular, the capital increase in February 2017 contributed to this.

The EPRA NAV (diluted) takes into account the dilutions created as at the reporting date and as at 31 December 2016 by the convertible bonds that were issued in 2013 and 2014 and are very much "in the money".

The Loan-to-Value Ratio developed in comparison to 31 December 2016 as follows:

EUR m	31/3/2017	31/12/2016
Financial liabilities	4,536.1	4,600.0
Convertible bonds	1,405.2	1,045.1
Corporate bonds	760.3	732.3
	6,701.6	6,377.4
Cash and cash equivalents	-592.9	-192.2
Net financial liabilities	6,108.7	6,185.2
Investment properties	16,535.0	16,005.1
Non-current assets held for sale	28.5	29.2
Land and buildings held for sale	372.0	381.5
	16,935.5	16,415.8
Loan-to-Value Ratio in %	36.1	37.7

As at the reporting date, the Loan-to-Value Ratio was approximately 36.1%. The average rate of interest of the credit portfolio, including the convertible bonds and the corporate bonds, was approximately 1.5% as at 31 March 2017 with a hedging rate of around 85%. The convertible bonds that were issued in 2013 and 2014 are currently "in the money". Assuming the conversion of these two convertible bonds, the Loan-to-Value Ratio would be approximately 32,4% in mathematical terms.

The cash flow of the Group breaks down as follows:

EUR m	Q1/2017	Q1/2016
Net cash flows from operating activities before acquisitions and disposals of properties held for sale, before interest payments and income tax payments	131.0	94.8
Disposal of properties held for sale	15.6	-257.9
Interest payments	-25.5	-26.2
Income tax payments	-4.9	-26.6
Net cash flow from operating activities	116.2	-215.9
Net cash flow from investing activities	-517.0	-446.5
Net cash flow from financing activities	801.5	331.8
Net change in cash and cash equivalents	400.7	-330.6
Opening balance cash and cash equivalents	192.2	661.6
Closing balance cash and cash equivalents	592.9	331.0

In the first quarter of 2017, the net cash flow from investing activities contained payments for investments in the amount of EUR 549.2 million, of which EUR 522.4 million was for payments for acquisitions for which, for the most part, the transfer of risks and rewards takes place as at 1 April 2017.

In the first quarter of 2017, net cash flow from financing activities contained in particular incoming payments arising from the capital increase of February 2017 of EUR 540.9 million after costs, the outgoing payment in the amount of EUR 471.4 million for the repayment of the convertible bond issued in 2013 and incoming payments arising from the issue of a new convertible bond in the amount of EUR 800 million.

The decisive key figure for us, Funds from Operations (FFO I), rose by approximately 11.2% in comparison to the corresponding period of the previous year.

EUR m	Q1/2017	Q1/2016
EBITDA	155.2	159.2
Restructuring and reorganisation expenses	0.1	0.0
EBITDA (adjusted)	155.3	159.2
Earnings from Disposals	-8.6	-23.7
Long-term remuneration components (share-based)	1.1	1.0 ¹⁾
Valuation at equity	0.2	0.2
Interest expenses/revenues	-24.6	-26.1
Income taxes	-8.3	-7.1
Minority shareholdings	-2.0	-1.6
FFO I	113.1	101.9
Earnings from Disposals	8.6	23.7
FFO II	121.7	125.6
FFO I per share in EUR (undiluted) ²⁾	0.33	0.30 ¹⁾
FFO I per share in EUR (diluted) ³⁾	0.31	0.28
FFO II per share in EUR (undiluted) ²⁾	0.35	0.37 ¹⁾
FFO II per share in EUR (diluted) ³⁾	0.33	0.34

¹⁾ Previous year's figures amended

²⁾ Based on average number of around 344.35 million issued shares in 2017 or of around 337.42 million in 2016

³⁾ Based on average number of around 363.43 million issued shares in 2017 or of around 370.15 million in 2016; in each case, assuming a conversion of the convertible bonds that are "in the money"

Events after the reporting date

In March 2017, the Deutsche Wohnen Group acquired a property portfolio in Berlin with approximately 4,200 units for EUR 655 million. The transfer of risks and rewards took place on 1 April 2017. The portfolio is located within the Berlin S-Bahn ring and consists mainly of apartment buildings built at the turn of the century.

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 2016. 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

The business operations of Deutsche Wohnen in the first three months of the financial year 2017 were in line with our expectations. For this reason, we are sticking to the forecast we made in March 2017 when we published our annual report for the financial year 2016.

For the entire financial year 2017, including the acquisitions we have already announced, we anticipate – as before – an FFO I of approximately EUR 425 million. This forecast applies to a basic scenario, i.e. without further acquisitions or opportunistic disposals.

Frankfurt/Main, 8 May 2017

Deutsche Wohnen AG
The Board of Management



Michael Zahn
Chief
Executive Officer



Lars Wittan
Chief
Investment Officer



Philip Grosse
Chief
Financial Officer

INTERIM FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET	18
CONSOLIDATED PROFIT AND LOSS STATEMENT	20
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	21
CONSOLIDATED STATEMENT OF CASH FLOWS	22
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	23
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	24
General information	24
Basic principles and methods applied to the consolidated financial statements	24
Changes to accounting and valuation methods	25
Selected notes on the consolidated balance sheet	25
Selected notes on the consolidated profit and loss statement	26
Notes on the consolidated cash flow statement	26
Notes on segment reporting	27
Other information	27
Risk report	27
Financial instruments	28

CONSOLIDATED BALANCE SHEET

as at 31 March 2017

EUR m	31/3/2017	31/12/2016
ASSETS		
Investment properties	16,535.0	16,005.1
Property, plant and equipment	72.3	55.9
Intangible assets	19.9	20.5
Derivative financial instruments	0.2	0.0
Other non-current assets	32.3	32.2
Deferred tax assets	0.7	0.7
Non-current assets	16,660.4	16,114.4
Land and buildings held for sale	372.0	381.5
Other inventories	3.4	3.4
Trade receivables	38.1	16.4
Income tax receivables	40.9	36.7
Other financial assets	10.4	7.4
Other non-financial assets	2.6	2.4
Cash and cash equivalents	592.9	192.2
Subtotal current assets	1,060.3	640.0
Non-current assets held for sale	28.5	29.2
Current assets	1,088.8	669.2
Total assets	17,749.2	16,783.6

EUR m	31/3/2017	31/12/2016
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the parent company		
Issued share capital	354.7	337.5
Capital reserve	3,971.7	3,445.3
Other reserves	-33.6	-36.9
Retained earnings	4,174.1	4,219.7
Total equity attributable to shareholders of the parent company	8,466.9	7,965.6
Non-controlling interests	270.3	268.4
Total equity	8,737.2	8,234.0
Non-current financial liabilities		
Convertible bonds	1,404.7	1,043.9
Corporate bonds	595.3	496.3
Employee benefit liability	65.8	67.6
Derivative financial instruments	19.8	34.8
Other provisions	15.5	15.5
Other financial liabilities	201.5	90.3
Deferred tax liabilities	1,706.6	1,687.1
Total non-current liabilities	8,437.7	7,969.0
Current financial liabilities		
Convertible bonds	0.5	1.2
Corporate bonds	165.0	236.0
Trade payables	187.0	161.6
Other provisions	6.9	8.3
Derivative financial instruments	8.1	12.2
Tax liabilities	55.7	48.3
Other financial liabilities	35.9	41.3
Other non-financial liabilities	7.6	5.2
Total non-current liabilities	574.3	580.6
Total equity and liabilities	17,749.2	16,783.6

CONSOLIDATED PROFIT AND LOSS STATEMENT

for the period 1 January to 31 March 2017

EUR m	Q1/2017	Q1/2016 adjusted
Income from Residential Property Management	180.4	171.5
Expenses from Residential Property Management	-26.2	-24.3
Earnings from Residential Property Management	154.2	147.2
Sales proceeds	52.3	159.1
Thereof revenues	27.9	13.4
Cost of sales	-2.5	-3.4
Carrying amounts of assets sold	-41.2	-132.0
Thereof revenues	-21.9	-9.4
Earnings from Disposals	8.6	23.7
Income from Nursing and Assisted Living	29.8	17.2
Expenses from Nursing and Assisted Living	-17.3	-12.6
Earnings from Nursing and Assisted Living	12.5	4.6
Corporate expenses	-19.1	-16.5
Other expenses	-1.5	-2.6
Other income	0.5	2.8
Subtotal	155.2	159.2
Depreciation and amortisation	-1.7	-1.3
Earnings before interest and taxes (EBIT)	153.5	157.9
Finance income	0.8	0.3
Gains/losses from fair-value adjustments of derivative financial instruments and convertible bonds	-31.1	-4.3
Gains/losses from companies valued at equity	0.2	0.2
Finance expenses	-48.2	-26.5
Profit before taxes	75.2	127.6
Income taxes	-27.9	-2.8 ¹⁾
Profit for the period	47.3	124.8
Thereof attributable to:		
Shareholders of the parent company	45.3	121.4 ¹⁾
Non-controlling interests	2.0	3.4 ¹⁾
	47.3	124.8
Earnings per share		
Undiluted in EUR	0.13	0.36 ¹⁾
Diluted in EUR	0.09	0.32 ¹⁾

¹⁾ With regard to the adjustments, we refer to the information under A.3 of the notes to our consolidated financial statements for the financial year 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 31 March 2017

EUR m	Q1/2017	Q1/2016 adjusted
Profit for the period	47.3	124.8¹⁾
Other comprehensive income		
Items reclassified as expense at a later stage		
Net gain/loss from derivative financial instruments	3.2	-7.4
Income tax effects	-1.0	2.2
	2.2	-5.2
Items not reclassified as expense at a later stage		
Actuarial gains/losses in pensions and impacts of caps for assets in pension plans	1.4	-5.0
Income tax effects	-0.3	1.3
	1.1	-3.7
Other comprehensive income after taxes	3.3	-8.9
Total comprehensive income after taxes	50.6	115.9¹⁾
Thereof attributable to:		
Shareholders of the parent company	48.6	112.5 ¹⁾
Non-controlling interests	2.0	3.4 ¹⁾

¹⁾ With regard to the adjustments, we refer to the information under A.3 of the notes to our consolidated financial statements for the financial year 2016

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from 1 January to 31 March 2017

EUR m	Q1/2017	Q1/2016
Operating activities		
Profit/loss for the period	47.3	124.8 ²⁾
Finance income	-0.8	-0.3
Adjustment of derivative financial instruments and convertible bonds	31.1	4.3
Finance expenses	48.2	26.5
Gains/losses from companies valued at equity	-0.2	-0.2
Income taxes	27.9	2.8 ²⁾
Profit/loss for the period before interest and taxes	153.5	157.9
Non-cash expenses/income		
Depreciation and amortisation	1.7	1.3
Other non-cash operating expenses/income	-8.1	-33.5
Change in net working capital		
Change in receivables, inventories and other current assets	-28.7	-25.8
Change in operating liabilities	12.6	-5.1
Net operating cash flows	131.0	94.8
Sales proceeds from properties held for sale	27.9	13.4 ¹⁾
Investments in properties held for sale	-12.3	-271.3 ¹⁾
Interest paid	-26.3	-26.5
Interest received	0.8	0.3
Taxes paid	-6.2	-26.7
Taxes received	1.3	0.1
Net cash flows from operating activities	116.2	-215.9
Investment activities		
Sales proceeds	32.2	137.5 ¹⁾
Payments for investments	-549.2	-596.6 ¹⁾
Cash and cash equivalents acquired in connections with business combinations	0.0	6.2
Other proceeds from investing activities	0.0	6.4
Net cash flows from investing activities	-517.0	-446.5
Financing activities		
Proceeds from borrowings	30.9	506.5
Repayment of borrowings	-105.6	-174.7
Proceeds from the issuance of convertible bonds	800.0	0.0
Repayment of convertible bonds	-471.4	0.0
Proceeds from the issuance of corporate bonds	265.0	0.0
Repayment of corporate bonds	-238.0	0.0
One-off financing costs	-25.0	0.0
Proceeds from the sale of non-controlling interests	99.5	0.0
Payments for the purchase of non-controlling interests	-94.8	0.0
Proceeds from the capital increase	545.3	0.0
Costs of the capital increase	-4.4	0.0
Net cash flows from financing activities	801.5	331.8
Net change in cash and cash equivalents	400.7	-330.6
Opening balance of cash and cash equivalents	192.2	661.6
Closing balance of cash and cash equivalents	592.9	331.0

¹⁾ Balance sheet change in 2016 for IAS 2 properties, which were formerly entered under "Net cash flow from investing activities"

²⁾ With regard to the adjustments, we refer to the information under A.3 of the notes to our consolidated financial statements for the financial year 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31 March 2017

EUR m	Issued share capital	Capital reserves	Pensions	Reserves for cash flow hedge	Total accumulated other consolidated earnings	Consolidated retained earnings	Equity attributable to shareholders of parent company	Non-controlling interests	Total equity
Equity as at 1 January 2016 as reported	337.4	3,558.9	- 15.6	- 20.9	- 36.5	2,793.7	6,653.5	218.5	6,872.0
Corrections						- 70.7	- 70.7	- 3.2	- 73.9
Equity as at 1 January 2016 adjusted	337.4	3,558.9	- 15.6	- 20.9	- 36.5	2,723.0	6,582.8	215.3	6,798.1
Profit/loss for the period adjusted						124.8	124.8		124.8
Thereof non-controlling interests						- 3.4	- 3.4	3.4	0.0
Other comprehensive income			- 3.7	- 5.2	- 8.9		- 8.9		- 8.9
Thereof non-controlling interests			0.0	0.0	0.0		0.0	0.0	0.0
Total comprehensive income adjusted			- 3.7	- 5.2	- 8.9	121.4	112.5	3.4	115.9
Capital increase	0.0	0.4					0.4		0.4
Deposit in connection with remuneration of Management Board members		0.9					0.9		0.9
Change in non-controlling interests						0.0	0.0	21.1	21.1
Other						0.1	0.1		0.1
Equity as at 31 March 2016 adjusted	337.4	3,560.2	- 19.3	- 26.1	- 45.4	2,844.5	6,696.7	239.8	6,936.5
Equity as at 1 January 2017	337.5	3,445.3	- 17.7	- 19.2	- 36.9	4,219.7	7,965.6	268.4	8,234.0
Profit/loss for the period						47.3	47.3		47.3
Thereof non-controlling interests						- 2.0	- 2.0	2.0	0.0
Other comprehensive income			1.1	2.2	3.3		3.3		3.3
Thereof non-controlling interests			0.0	0.0	0.0		0.0	0.0	0.0
Total comprehensive income			1.1	2.2	3.3	45.3	48.6	2.0	50.6
Capital increase	17.2	528.2					545.4		545.4
Costs of capital increase less tax effects		- 2.9					- 2.9		- 2.9
Deposit in connection with remuneration of Management Board members		1.1					1.1		1.1
Change in non-controlling interests						4.7	4.7	- 0.1	4.6
Other						- 95.6	- 95.6		- 95.6
Equity as at 31 March 2017	354.7	3,971.7	- 16.6	- 17.0	- 33.6	4,174.1	8,466.9	270.3	8,737.2

With regard to the adjustments, we refer to the information under A.3 of the notes to our consolidated financial statements for the financial year 2016

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.

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

Basic principles and methods applied to the consolidated financial statements

The condensed consolidated interim financial statements for the period from 1 January to 31 March 2017 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 2016.

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

The consolidated financial statements include the financial statements of Deutsche Wohnen and its subsidiaries as at 31 March 2017. 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 three months of the financial year 2017, the shareholding of Deutsche Wohnen AG in GSW Immobilien AG increased marginally to 93.88% as at 31 March 2017. This change is due to the acquisition by Deutsche Wohnen AG of 0.004% 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 three newly acquired companies were fully consolidated in the first three months of the financial year 2017. One of these had the legal form of a German limited liability company (GmbH), one the legal form of a German limited partnership and one the legal form of a Luxembourg stock corporation (S.A.). One of these companies is a residential property company without independent business activities. The two others are shelf companies (one newly formed and the other one acquired) without independent business activities.

Apart from this, there were 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 three months of the financial year 2017, the new standards and interpretations which must be applied for financial years commencing on or after 1 January 2017 were applied in full. This did not have any significant consequences.

With regard to the adjustments to figures for the previous year, we refer to the information under A.3 of the notes to our consolidated financial statements for the financial year 2016.

Selected notes on the consolidated balance sheet

Investment properties comprise 93% of the assets of the Deutsche Wohnen Group. As at 31 December 2016, these investment properties underwent a detailed valuation and were recorded in the balance sheet at fair value. For the purpose of the interim reports, the appropriateness of these valuations is examined on an ongoing basis. With regard to the valuation methods and parameters used, we refer to the consolidated financial statements as at 31 December 2016.

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 11.4 million which resulted from the acquisition of three facilities in Hamburg in the business segment Nursing Care and Assisted Living (financial year 2016). As at 31 March 2017, 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 statement of changes in equity on [23](#).

Financial liabilities fell in comparison to 31 December 2016 particularly because of the voluntary redemption of loans.

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 2016 mainly because of the repayment of the convertible bond issued in 2013, the issuance of a new convertible bond in February 2013 and 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 0.6 million. The current conversion price of the convertible bond issued by Deutsche Wohnen AG in 2014 is EUR 21.0106. The nominal sum owing is EUR 400 million. The current conversion price of the convertible bond issued by Deutsche Wohnen AG in February 2017 is EUR 48.5775. The nominal sum owing is EUR 800 million.

The employee benefit liabilities were valued as at the reporting date with a discount rate of 1.75 % p.a. (31 December 2016: 1.61 % 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	Q1/2017	Q1/2016
Potential rental income	184.7	175.0
Subsidies	0.2	0.6
	184.9	175.6
Vacancy losses	-4.5	-4.1
	180.4	171.5

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

EUR m	Q1/2017	Q1/2016
Maintenance costs	-21.8	-17.4
Non-recoverable operating expenses	-2.2	-2.8
Rental loss	-1.2	-2.3
Other expenses	-1.0	-1.8
	-26.2	-24.3

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	Q1/2017	Q1/2016
Income for Nursing and Assisted Living	29.8	17.2
Nursing and corporate expenses	-5.2	-3.8
Staff expenses	-12.1	-8.8
Costs for leased properties	0.0	0.0
	12.5	4.6

Finance expenses are made up as follows:

EUR m	Q1/2017	Q1/2016
Current interest expenses	-24.7	-26.5
Accrued interest on liabilities and pensions	-13.7	0.0
Non-recurring expenses in connection with the refinancing	-9.8	0.0
	-48.2	-26.5

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 earnings for the Deutsche Wohnen Group:

EUR m	External revenue		Internal revenue		Total revenue		Segment earnings	
	Q1/2017	Q1/2016	Q1/2017	Q1/2016	Q1/2017	Q1/2016	Q1/2017	Q1/2016
Segments								
Residential Property Management	180.4	171.4	4.5	3.9	184.9	175.3	154.2	147.2
Disposals	52.3	159.1	2.0	5.7	54.3	164.8	8.6	23.7
Nursing and Assisted Living	29.8	17.2	0.0	0.0	29.8	17.2	12.5	4.6
Reconciliation with consolidated financial statement								
Central functions and other operational activities	0.6	0.4	22.4	21.7	23.0	22.1	-20.1	-16.3
Consolidations and other reconciliations	-0.6	-0.3	-28.9	-31.3	-29.5	-31.6	0.0	0.0
	262.5	347.8	0.0	0.0	262.5	347.8	155.2	159.2

Consistent with internal reporting, segment depreciation and amortisation and segment assets are no longer included in the table.

The following table shows the reconciliation of the segment earnings with the consolidated profit and loss statement:

EUR m	Q1/2017	Q1/2016
Segment earnings	175.3	175.5
Corporate expenses	-19.1	-16.5
Other expenses	-1.5	-2.6
Other income	0.5	2.8
Depreciation and amortisation	-1.7	-1.3
Earnings before interest and taxes (EBIT)	153.5	157.9
Finance income	0.8	0.3
Gains/losses from fair-value adjustments of derivative financial instruments and convertible bonds	-31.1	-4.3
Gains/losses from companies valued at equity	0.2	0.2
Finance expenses	-48.2	-26.5
Profit before taxes	75.2	127.6
Income taxes	-27.9	-2.8
Profit for the period	47.3	124.8

Other information

Associated parties and companies

There have been no significant changes to associated parties and/or companies in comparison to the information provided as at 31 December 2016.

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 2016. 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 in accordance with IFRS 7.6 and to the appropriate valuation categories in accordance with IAS 39:

EUR m	Valuation category in accordance with IAS 39	Valued at amortised cost		Fair value recognised in profit/loss	Valuation in accordance with IAS 17/IAS 28	Total balance sheet items 31/3/2017
		Carrying amount	Fair Value	Carrying amount	Carrying amount	
Trade receivables	LaR	38.1	38.1	0.0	0.0	38.1
Other assets						
Securities	AfS	0.0	n/a	0.0	0.0	0.0
Financial investments	AfS	0.3	n/a	0.0	11.1	11.5
Loans	LaR	17.0	n/a	0.0	0.0	17.0
Other financial assets	LaR	14.3	14.3	0.0	0.0	14.3
Derivative financial instruments	FAHfT	0.0	0.0	0.2	0.0	0.2
Cash and cash equivalents	LaR	592.9	592.9	0.0	0.0	592.9
Total financial assets		662.5	645.3	0.2	11.1	673.9
Financial liabilities	FLaC	4,536.1	4,700.1	0.0	0.0	4,536.1
Convertible bonds	FLHfT	0.0	0.0	1,405.2	0.0	1,405.2
Corporate bond	FLaC	760.3	773.8	0.0	0.0	760.3
Trade payables	FLaC	187.0	187.0	0.0	0.0	187.0
Other liabilities						
Liabilities from finance leases	n/a	0.0	0.0	0.0	48.6	48.6
Liabilities to limited partners in funds	FLHfT	0.0	0.0	6.6	0.0	6.6
Other financial liabilities	FLaC	182.2	182.2	0.0	0.0	182.2
Derivative financial instruments						
Interest rate hedges (no hedge accounting)	FLHfT	0.0	0.0	7.3	0.0	7.3
Cash flow hedges (interest rate swaps)	n/a	0.0	0.0	20.6	0.0	20.6
Total financial liabilities		5,665.7	5,843.2	1,439.7	48.6	7,154.0

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	Valued at amortised cost		Fair value recognised in profit/loss	Valuation in accordance with IAS 17/IAS 28	Total balance sheet items
		Carrying amount	Fair Value	Carrying amount	Carrying amount	31/3/2016
Trade receivables	LaR	16.4	16.4	0.0	0.0	16.4
Other assets						
Securities	AfS	0.0	n/a	0.0	0.0	0.0
Financial investments	AfS	0.3	n/a	0.0	10.9	11.3
Loans	LaR	17.0	n/a	0.0	0.0	17.0
Other financial assets	LaR	11.3	11.3	0.0	0.0	11.3
Derivative financial instruments	FAHfT	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	LaR	192.2	192.2	0.0	0.0	192.2
Total financial assets		237.3	219.9	0.0	10.9	248.2
Financial liabilities	FLaC	4,600.0	4,812.9	0.0	0.0	4,600.0
Convertible bonds	FLHfT	0.0	0.0	1,045.1	0.0	1,045.1
Corporate bond	FLaC	732.3	751.2	0.0	0.0	732.3
Trade payables	FLaC	161.6	161.6	0.0	0.0	161.6
Other liabilities						
Liabilities from finance leases	n/a	0.0	0.0	0.0	31.0	31.0
Liabilities to limited partners in funds	FLHfT	0.0	0.0	6.5	0.0	6.5
Other financial liabilities	FLaC	94.2	94.2	0.0	0.0	94.2
Derivative financial instruments						
Interest rate hedges (no hedge accounting)	FLHfT	0.0	0.0	22.3	0.0	22.3
Cash flow hedges (interest rate swaps)	n/a	0.0	0.0	24.7	0.0	24.7
Total financial liabilities		5,588.1	5,819.9	1,098.6	31.0	6,717.7

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 2016.

Frankfurt/Main, 8 May 2017

Deutsche Wohnen AG
 The Board of Management



Michael Zahn
 Chief
 Executive Officer



Lars Wittan
 Chief
 Investment Officer



Philip Grosse
 Chief
 Financial Officer

RESPONSIBILITY STATEMENT

"We hereby declare that, to the best of our knowledge, the consolidated interim financial statements as at 31 March 2017 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, 8 May 2017

Deutsche Wohnen AG
The Board of Management



Michael Zahn
Chief
Executive Officer



Lars Wittan
Chief
Investment Officer



Philip Grosse
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 2017

12/05/2017	Publication of interim report as at 31 March 2017/1st quarter
19/05/2017	Warburg Conference, Hamburg
02/06/2017	Annual General Meeting 2017, Frankfurt/Main
07/ – 08/06/2017	Kempen & Co. European Property Seminar, Amsterdam
13/ – 15/06/2017	Exane BNP Paribas European CEO Conference, Paris
21/ – 23/06/2017	Deutsche Bank dbAccess German, Swiss & Austrian Conference, Berlin
22/06/2017	Morgan Stanley Europe & EEMEA Property Conference, London
11/08/2017	Publication of interim report as at 30 June 2017/half-year
12/ – 13/09/2017	Bank of America Merrill Lynch Global Real Estate Conference, New York
14/9/2017	UBS Best of Germany One-on-One Conference, New York
18/ – 20/09/2017	Berenberg & Goldman Sachs German Corporate Conference, Munich
19/ – 21/09/2017	Baader Investment Conference, Munich
04/ – 06/10/2017	Expo Real, Munich
14/11/2017	Publication of interim report as at 30 September 2017/1st – 3rd quarter
28/ – 29/11/2017	UBS Global Real Estate Conference, London
04/ – 07/12/2017	Berenberg European Corporate Conference, Pennyhill Park

CONTACT AND IMPRINT

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Published by

Deutsche Wohnen AG, Frankfurt/Main

Concept, design and realisation

HGB Hamburger Geschäftsberichte GmbH & Co. KG, Hamburg

Photography

Georgios Anastasiades, Berlin

The interim report is available in German and English. Both versions are available for download at [🌐 www.deutsche-wohnen.com](https://www.deutsche-wohnen.com)