

Interim statement  
as at 31 March 2018



# Creating today the city of tomorrow



- 2 Group key figures
- 3 Group interim management report
- 17 Consolidated interim financial statements
- 24 Further information

## Group key figures

<b>Profit and loss statement</b>		<b>Q1/2018</b>	<b>Q1/2017</b>	<b>Change</b>
Rental income	EUR m	192.9	180.4	6.9%
Earnings from Residential Property Management	EUR m	163.7	154.2	6.2%
Earnings from Disposals	EUR m	4.8	8.6	-44.2%
Earnings from Nursing and Assisted Living	EUR m	11.6	12.5	-7.2%
Corporate expenses	EUR m	-20.0	-19.1	4.7%
EBITDA	EUR m	160.6	155.2	3.5%
EBT (adjusted)	EUR m	134.6	115.5	16.5%
EBT (as reported)	EUR m	128.2	75.2	70.5%
Earnings after taxes	EUR m	103.4	47.3	118.6%
Earnings after taxes <sup>1</sup>	EUR per share	0.29	0.13	117.1%
FFO I	EUR m	123.1	113.1	8.8%
FFO I (undiluted) <sup>1</sup>	EUR per share	0.35	0.33	6.1%
FFO I (diluted) <sup>2</sup>	EUR per share	0.35	0.31	12.9%
FFO II	EUR m	127.9	121.7	5.1%
FFO II (undiluted) <sup>1</sup>	EUR per share	0.36	0.35	2.9%
FFO II (diluted) <sup>2</sup>	EUR per share	0.36	0.33	9.1%
		<b>31/03/2018</b>	<b>31/12/2017</b>	<b>Change</b>
<b>Balance sheet</b>				
Investment properties	EUR m	19,769.2	19,628.4	140.8
Current assets	EUR m	777.2	772.9	4.3
Equity	EUR m	10,316.4	10,211.0	105.4
Net financial liabilities	EUR m	6,938.9	6,883.6	55.3
Loan-to-value ratio (LTV)	in %	34.6	34.5	0.1
Total assets	EUR m	20,728.0	20,539.4	188.6
<b>Share</b>				
Share price (closing price)	EUR per share	37.90	36.46	3.9%
Number of shares	m	354.67	354.67	0.00
Market capitalisation	EUR bn	13.4	12.9	3.9%
<b>Net Asset Value (NAV)</b>				
EPRA NAV	EUR m	12,786.5	12,676.8	109.7
EPRA NAV	EUR per share	36.05	35.74	0.9%
<b>Fair values</b>				
Fair value real estate properties <sup>3</sup>	EUR m	18,913	18,864	49
Fair value per sqm living and usable space <sup>3</sup>	EUR per sqm	1,892	1,886	0.3%

<sup>1</sup> Based on an average number of around 354.67 million issued shares in 2018 or of around 344.35 million in 2017

<sup>2</sup> Based on an average number of around 354.67 million issued shares in 2018 or of around 363.43 million in 2017; in each case assuming a conversion of the convertible bonds that are "in the money"

<sup>3</sup> Only comprises residential and commercial buildings, without Nursing and Assisted Living

## Group interim management report

Deutsche Wohnen SE with its subsidiaries (hereinafter referred to as "Deutsche Wohnen" or "Group") is currently the third-largest publicly listed property company in Europe by market capitalisation. The company is listed in the MDAX of the German Stock Exchange.

Our property portfolio comprises more than 163,000 residential and commercial units with a total fair value of approximately EUR 19.6 billion. It also includes nursing properties with around 6,700 nursing places and apartments for assisted living. Our investment activities focus on residential properties in metropolitan areas and conurbations in Germany. Economic growth, positive net migration and insufficient new building activity in these regions form a very good basis for the further increase in value of our portfolio. We see the expansion of our nursing and commercial properties as another growth area, particularly in view of demographic trends.

### German economy in top form in spring 2018

The German economy continues to report strong growth, and is expected to grow by a total of 2.4% in 2018, according to the DIW Berlin (German Institute for Economic Research). This is an increase of 0.2% compared to the forecast in December last year. Assuming that the dispute with the USA over trade tariffs does not escalate, the predicted growth of 1.9% for 2019 is more optimistic than previously expected. The stimulus measures planned by the federal government provide the foundation for this performance, along with a global growth, which is predicted to be a strong 4.2%. Gross domestic product in the eurozone is expected to grow by 2.3%.<sup>1</sup>

At 1.7%, the DIW inflation forecast for this year remained broadly unchanged (2017: 1.8%). The core inflation, which does not include the effects of energy price fluctuation, is predicted to decrease slightly also to 1.7%, due to the appreciation of the euro.<sup>1</sup>

Employment growth continues in almost all areas of the economy in spring 2018. In addition to a predicted declining unemployment rate in 2018 to 5.2% (2017: 5.7%), disposable income is expected to go up by 3%.<sup>1</sup>

### Turbulent start to the year on stock markets

The sharp decrease of the ifo Index (the barometer of business confidence), worries about a global trade war, the increase of the key interest rate of the US central bank and fears of a less expansive monetary policy put pressure on stock markets around the world in spring 2018, leading to a high volatility of the German stock market.

In January the DAX reached a new all-time high, followed by a steep decline set in February, taking the index below its 200-day line. The first quarter closed with an overall loss of 6.4% at the end of March.

### Deutsche Wohnen share outperforms benchmark indices

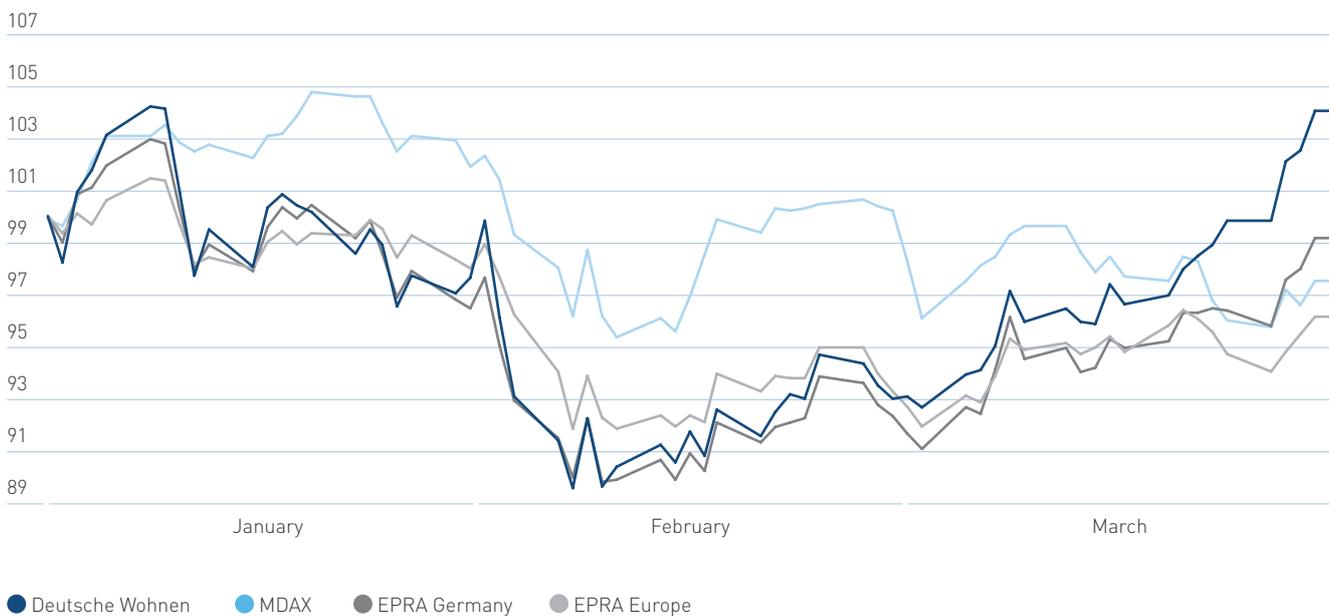
Despite the turbulent start for stock markets to the new year, the Deutsche Wohnen share registered a performance of approximately 4% over the first three months of 2018, ending the first quarter at a closing price of EUR 37.90. Especially towards the end of the first quarter the Deutsche Wohnen share could significantly differentiate itself from the German share indices DAX (-6.4%) and MDAX (-2.3%). The property indices EPRA Germany (-0.8%) and EPRA Europe (-3.8%) also reported a negative performance for the first three months.

## Deutsche Wohnen on the capital market

<sup>1</sup> DIW: baseline of economic development in spring 2018

As at the end of the first quarter 2018, the market capitalisation of Deutsche Wohnen SE rose by approximately 23% to EUR 13.4 billion compared to the previous year. The average daily trading turnover via the Xetra platform increased further by roughly 12% from EUR 27.4 million in the first three months of 2017 to EUR 30.6 million in the first three months of 2018. The average number of Deutsche Wohnen shares traded via the Xetra platform was 867,316 per day in the first three months of 2018. An average of 900,080 shares a day were also traded on alternative platforms.

#### Share price performance Q1/2018 (indexed)



Key share figures	Q1/2018	Q1/2017
Number of shares in m	approx. 354.67	approx. 354.66
Closing share price at end of Q1 <sup>1</sup> in EUR	37.90	30.87
Market capitalisation in EUR bn	approx. 13.4	approx. 10.9
Three-month high <sup>1</sup> in EUR	37.96	32.70
Three-month low <sup>1</sup> in EUR	32.72	29.32
Average daily Xetra trading volume <sup>2</sup>	867,316	876,134

<sup>1</sup> Xetra closing price

<sup>2</sup> Traded shares

Source: Bloomberg, as at: 17.04.2018

#### Broad analyst coverage

A total of 30 analysts are currently<sup>2</sup> monitoring the performance of the Deutsche Wohnen SE share. The current<sup>2</sup> target prices range from EUR 33.00 to EUR 53.00 per share, with 27 analysts assuming a target price equal to or above EUR 36.00 per share. At EUR 40.02 per share, the consensus of all analyst evaluations is currently around 1.6% higher than the closing price at the end of the first three months of 2018.

Rating	Number
Buy/Outperform/Overweight	16
Equal Weight/Hold//Neutral	11
Sell/Underperform	2
Not specified	1

### 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. In the first three months of 2018, Deutsche Wohnen presented its business model at roadshows and investors' conferences in, amongst other places, New York, London, Paris, Brussels and Frankfurt/Main. Further conferences and roadshows are planned over the course of the year.

An overview of these dates can be found in the financial calendar on page 25 of this report. The calendar is updated regularly on our Investor Relations home page.

As at 31 March 2018, the property portfolio of Deutsche Wohnen comprised approximately 161,000 residential and approximately 2,500 commercial units. 99% of our holdings are located in strategic core and growth regions. Our key region is Greater Berlin, which accounts for 71% of the apartments in the total portfolio (measured by the number of residential units).

The average monthly in-place rent for residential accommodation across the entire portfolio is EUR 6.46 per sqm as at 31 March 2018 (previous year: EUR 6.16 per sqm), with an average vacancy rate of 2.1% (previous year: 1.9%). Thereof around 0.5% of vacancies are due to investments.

### Property portfolio

#### Property portfolio 31/03/2018

	Residential units number	Area sqm k	Share of total portfolio in %	In-place rent <sup>1</sup> EUR/sqm	Residential	Commercial	
					Vacancy in %	Commercial units number	Area sqm k
<b>Strategic core and growth regions</b>	<b>159,440</b>	<b>9,588</b>	<b>99.2</b>	<b>6.47</b>	<b>2.1</b>	<b>2,445</b>	<b>340</b>
<b>Core+</b>	<b>140,557</b>	<b>8,423</b>	<b>87.5</b>	<b>6.57</b>	<b>2.1</b>	<b>2,252</b>	<b>310</b>
Greater Berlin	114,250	6,791	71.1	6.52	2.1	1,785	213
Rhine-Main	9,969	599	6.2	7.73	2.1	125	27
Dresden/Leipzig	5,611	368	3.5	5.76	3.5	248	43
Rhineland	5,006	312	3.1	6.32	0.9	27	13
Mannheim/Ludwigshafen	4,741	296	2.9	6.03	2.2	44	12
Other Core+	980	57	0.6	10.41	0.3	23	2
<b>Core</b>	<b>18,883</b>	<b>1,165</b>	<b>11.7</b>	<b>5.76</b>	<b>2.2</b>	<b>193</b>	<b>31</b>
Hanover/Brunswick	9,125	589	5.7	5.85	2.0	90	15
Kiel/Lübeck	4,946	293	3.1	5.80	1.9	13	2
Other Core	4,812	283	3.0	5.53	3.1	90	14
<b>Non-Core</b>	<b>1,283</b>	<b>86</b>	<b>0.8</b>	<b>4.85</b>	<b>5.0</b>	<b>20</b>	<b>4</b>
<b>Total</b>	<b>160,723</b>	<b>9,674</b>	<b>100.0</b>	<b>6.46</b>	<b>2.1</b>	<b>2,465</b>	<b>344</b>

<sup>1</sup> Contractually owed rent for rented residential units divided by rental area (annualised)

## Portfolio development

### Acquisitions

In 2018 we have, to date, acquired approximately 850 residential and commercial units for a total purchase price of around EUR 132 million, almost exclusively in Core+ markets. Of this total, around 500 units are located in Dresden and Leipzig and approximately 300 units are located in Berlin.

### Operational development

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

#### Like-for-like

		31/03/2018	31/03/2017		31/03/2018	31/03/2017
	Residential units number	In-place rent <sup>1</sup> EUR/sqm	In-place rent <sup>1</sup> EUR/sqm	Development in %	Vacancy in %	Vacancy in %
<b>Total</b>	<b>154,408</b>	<b>6.42</b>	<b>6.15</b>	<b>4.4</b>	<b>1.9</b>	<b>1.7</b>
<b>Letting portfolio<sup>2</sup></b>	<b>150,045</b>	<b>6.44</b>	<b>6.17</b>	<b>4.4</b>	<b>1.8</b>	<b>1.6</b>
<b>Core+</b>	<b>131,363</b>	<b>6.54</b>	<b>6.25</b>	<b>4.6</b>	<b>1.7</b>	<b>1.6</b>
Greater Berlin	107,896	6.48	6.16	5.1	1.8	1.6
Rhein-Main	9,151	7.71	7.50	2.8	1.4	1.5
Rhineland	4,913	6.30	6.17	2.1	0.9	1.1
Mannheim/Ludwigshafen	4,419	6.00	5.84	2.8	0.9	0.6
Dresden/Leipzig	4,004	5.48	5.37	2.1	2.6	2.4
Other Core+	980	10.41	10.33	0.9	0.3	0.2
<b>Core</b>	<b>18,682</b>	<b>5.76</b>	<b>5.59</b>	<b>3.0</b>	<b>2.2</b>	<b>2.0</b>
Hanover/Brunswick	9,089	5.84	5.68	2.9	1.9	1.9
Kiel/Lübeck	4,945	5.80	5.55	4.5	1.9	2.1
Other Core	4,648	5.53	5.45	1.6	3.1	2.2

<sup>1</sup> Contractually owed rent for residential units divided by rental area (annualised)

<sup>2</sup> Excluding disposal and non-core properties

Like-for-like growth in the letting portfolio came to 4.4%, in Greater Berlin the figure reached 5.1%.

The vacancy rate in the letting portfolio remained low at 1.8% (previous year: 1.6%). The slight increase resulted from vacancies due to modernisation work in the course of our investment projects.

### Portfolio investments

In the first three months of 2018 a total of EUR 60.5 million or EUR 24.15 per sqm (previous year: EUR 47.6 million or EUR 19.46 per sqm) was invested in the maintenance and modernisation of the property portfolio. Considering our extensive modernisation programme, we will further increase these investments in the future.

The following table shows expenditures for maintenance and modernisation in the reporting period in comparison to the corresponding period of the previous year:

EUR m	Q1/2018	Q1/2017
<b>Maintenance</b>	<b>22.1</b>	<b>21.8</b>
in EUR/sqm p.a.	8.82 <sup>1</sup>	8.91 <sup>1</sup>
<b>Modernisation</b>	<b>38.4</b>	<b>25.8</b>
in EUR/sqm p.a.	15.33 <sup>1</sup>	10.55 <sup>1</sup>
<b>Maintenance and modernisation</b>	<b>60.5</b>	<b>47.6</b>
in EUR/sqm p.a.	24.15 <sup>1</sup>	19.46 <sup>1</sup>

<sup>1</sup> Based on the average area on a quarterly basis in the respective reporting period (annualised)

## Nursing properties

In addition to its residential and commercial units, Deutsche Wohnen holds a portfolio of 51 nursing properties with a total of around 6,700 places. We run our nursing sector on the basis of two different models: parts of our nursing homes are operated by KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH, in which we have a 49% stake; the others are operated on long-term contracts by various external operators.

In the first quarter of 2018, we acquired a portfolio of seven nursing facilities (six in Bavaria and one in Saxony) with a total of 685 places and an annual lease income of around EUR 3.7 million. The average remaining term of the operating contracts is 13 years. These facilities are let on long-term leases to the Korian Group. The occupancy rate is above average at 95%. The transfer of risks and rewards took place on 1 May 2018.

In contrast to the equity model, the nursing business with external operators is particularly indicated by the contractual lease income and the weighted average lease term (WALT) of the leases. Operating risk exposure from the external operating companies is considered to be moderate, since KATHARINENHOF® can also ensure operations if necessary.

As a result of demographic trends, the German market for nursing care is characterised by rising demand, making it a very attractive market. We therefore intend to further expand this segment in the medium term, initially up to 15% of EBITDA.

### Nursing properties operated by KATHARINENHOF®

Federal state	Facilities number	Places			Occupancy 31/03/2018 in%
		Nursing number	Assisted living number	Total number	
Greater Berlin	12	1,070	371	1,441	98.2
Saxony	7	436	56	492	99.6
Hamburg	3	335	157	492	94.7
Lower Saxony	1	131	-	131	97.9
<b>Total KATHARINENHOF® facilities</b>	<b>23</b>	<b>1,972</b>	<b>584</b>	<b>2,556</b>	<b>97.8</b>

**Nursing properties  
with other operators**

Federal state	Facilities number	Places			WALT
		Nursing number	Assisted living number	Total number	
Bavaria	7	999	–	999	11.2
North Rhine-Westphalia	5	721	187	908	12.5
Lower Saxony	4	661	–	661	9.9
Rhineland-Palatinate	4	409	208	617	12.1
Baden-Württemberg	5	557	16	573	12.7
Other	3	374	–	374	8.8
<b>Total other operators</b>	<b>28</b>	<b>3,721</b>	<b>411</b>	<b>4,132</b>	<b>11.4</b>
<b>Total nursing</b>	<b>51</b>	<b>5,693</b>	<b>995</b>	<b>6,688</b>	

**Financial performance**

The following table provides an overview of the development of business operations in individual segments, as well as further items of the consolidated profit and loss statement for the first three months of the financial year 2018 compared to the corresponding period of the previous year:

Notes on financial performance  
and financial position

EUR m	Q1/2018	Q1/2017
Earnings from Residential Property Management	163.7	154.2
Earnings from Disposals	4.8	8.6
Earnings from Nursing and Assisted Living	11.6	12.5
Corporate expenses	–20.0	–19.1
Other expenses/income	0.5	–1.0
<b>Operating result (EBITDA)</b>	<b>160.6</b>	<b>155.2</b>
Depreciation and amortisation	–1.9	–1.7
Gains/losses from companies valued at equity	0.7	0.2
Financial result	–31.2	–78.5
<b>Earnings before taxes (EBT)</b>	<b>128.2</b>	<b>75.2</b>
Current taxes	–10.5	–9.7
Deferred taxes	–14.3	–18.2
<b>Profit/loss for the period</b>	<b>103.4</b>	<b>47.3</b>

Profit for the period rose by EUR 56.1 million to EUR 103.4 million year-on-year. This is due to higher earnings from Residential Property Management on the one hand and due to an improved financial result on the other.

Earnings before taxes, adjusted for one-offs and valuation effects, show the standardised earnings performance.

EUR m	Q1/2018	Q1/2017
<b>Earnings before taxes</b>	<b>128.2</b>	<b>75.2</b>
Gains/losses from fair value adjustments of derivative financial instruments and convertible bonds	3.8	31.1
One-off expenses and earnings	2.6	9.2
<b>Adjusted earnings before taxes</b>	<b>134.6</b>	<b>115.5</b>

One-off expenses and earnings of EUR 2.6 million in the first three months of 2018 include one-off financing costs of EUR 1.2 million, largely prepayment penalties for the repayment of loans, as well as one-off and project-related expenses of EUR 1.4 million. In the corresponding period of the previous year the one-off expenses and earnings of EUR 7.4 million consisted mainly of expenses in connection with the issue of a convertible bond.

### Earnings from Residential Property Management

Earnings from Residential Property Management exceeded the level of the previous year by EUR 9.5 million or 6.1% to a total of EUR 163.7 million.

EUR m	Q1/2018	Q1/2017
Contracted rental income	192.9	180.4
Income from operating costs	101.8	91.8 <sup>2</sup>
<b>Rental income</b>	<b>294.7</b>	<b>272.2</b>
Operating costs	-105.0	-94.0 <sup>2</sup>
Rental loss	-2.5	-1.2
Maintenance	-22.1	-21.8
Other	-1.4	-1.0
<b>Earnings from Residential Property Management</b>	<b>163.7</b>	<b>154.2</b>
Staff, general and administration expenses	-11.4	-10.6
<b>Operating result (NOI)</b>	<b>152.3</b>	<b>143.6</b>
NOI margin in %	79.0	79.6
NOI in EUR per sqm and month <sup>1</sup>	5.07	4.89
Change in %	3.7	

<sup>1</sup> Based on average area on a quarterly basis in the respective period (annualised)

<sup>2</sup> Previous year's figure altered due to first-time application of IFRS 15. The application of IFRS 15 as at 1 January 2018 means that income from recharging operating costs and expenses for operating costs, which in prior years were presented on a net basis as non-refundable operating costs, are now shown on a gross basis.

Acquisitions and rent increases in the portfolio resulted in an increase in rental income of nearly 7% compared to the corresponding period of the previous year.

Maintenance expenditures amounted to EUR 22.1 million (previous year period: EUR 21.8 million) or EUR 8.82 per sqm p.a.<sup>3</sup> (previous year period: EUR 8.91 per sqm p.a.<sup>3</sup>). In proportion to rental income, expenditures on maintenance accounted for approximately 11.5% in the reporting period compared to approximately 12.1% in the equivalent period of the previous year.

<sup>3</sup> Based on average area on a quarterly basis in the respective period (annualised)

## Earnings from Disposals

A total of 511 units were sold up to 31 March 2018 of which the transfer of risks and rewards is expected to take place in 2018. Of these units, 391 were attributable to sales contracts signed in 2017.

	Units number	Transaction volume EUR m	IFRS carrying amount of assets sold EUR m	Gross margin	
				EUR m	in %
Privatisation	189	35.5	25.2	10.3	41
Institutional sales	322	24.5	22.2	2.3	10
	<b>511</b>	<b>60.0</b>	<b>47.4</b>	<b>12.6</b>	<b>27</b>

The gross margins remain high, despite the revaluations of the previous years.

Of the 511 units sold, the transfer of risks and rewards for 349 units took place in the first three months of the financial year 2018 (equivalent period of previous year: 490) and therefore are recognised in the earnings from Disposals.

EUR m	Q1/2018	Q1/2017
Sales proceeds	30.9	52.3
Cost of sales	-1.7	-2.5
<b>Net sales proceeds</b>	<b>29.2</b>	<b>49.8</b>
Carrying amount of assets sold	-24.4	-41.2
<b>Earnings from Disposals</b>	<b>4.8</b>	<b>8.6</b>

Sales prices for privatisation amounted to an average of EUR 2,423 per sqm in the first quarter of 2018 (equivalent period of previous year: EUR 1,843 per sqm).

## Earnings from Nursing and Assisted Living

The Nursing and Assisted Living segment comprises the nursing facilities and especially Deutsche Wohnen's investment in the KATHARINENHOF® Group, which operated 23 facilities with a fair value of EUR 262.4 million in the first three months of the financial year 2018.

Earnings in the Nursing and Assisted Living segment from the properties operated by the KATHARINENHOF® Group amounted to EUR 5.1 million before rental expenses (EBITDAR) for the first three months of the financial year 2018. This corresponds to an EBITDAR margin of 21.7%.

A further 28 nursing homes with a fair value of EUR 450.0 million are owned by Deutsche Wohnen and let to other well-known external operators.

The following overview shows income and expenses for the Nursing and Assisted Living segment:

EUR m	Q1/2018	Q1/2017
<b>Income</b>		
Nursing care	13.1	12.7 <sup>1</sup>
Rental income	7.4	7.3 <sup>1</sup>
Lease income	6.9	6.8
Internal lease income	3.7	3.7
Other	3.0	3.0
	<b>34.1</b>	<b>33.5</b>
<b>Expenses</b>		
Nursing and corporate expenses	-5.6	-5.2
Staff expenses	-13.1	-12.1
Leased properties	-0.1	0.0
Internal rental expenses	-3.7	-3.7
	<b>-22.5</b>	<b>-21.0</b>
<b>Earnings from Nursing and Assisted Living</b>	<b>11.6</b>	<b>12.5</b>

<sup>1</sup> Previous year's figure altered due to first-time application of IFRS 15. Nursing services and rental income are presented separately, regardless of whether they arise in full in-patient care facilities (shown under "Nursing" last year) or in assisted living (shown under "Residential" last year).

### Corporate expenses

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

EUR m	Q1/2018	Q1/2017
Staff expenses	-12.9	-11.6
Long-term remuneration component (share-based)	0.0	-1.1
General and administration expenses	-7.1	-6.4
<b>Total corporate expenses</b>	<b>-20.0</b>	<b>-19.1</b>

In relation to rental income, corporate expenses account for approximately 10.4% (equivalent period of previous year: 10.6%).

### Financial result

The financial result is made up as follows:

EUR m	Q1/2018	Q1/2017
Current interest expenses	-23.6	-24.7
Accrued interest on liabilities and pensions	-3.4	-13.7
Transaction-related interest expenses	-1.2	-9.8
Fair value adjustment of derivative financial instruments	1.3	1.2
Fair value adjustment of convertible bonds	-5.1	-32.3
	<b>-32.0</b>	<b>-79.3</b>
Interest income	0.8	0.8
<b>Financial result</b>	<b>-31.2</b>	<b>-78.5</b>

The reduction of current interest expenses results mainly from the refinancing and repayment of loans which were carried out in the course of the previous year. Deutsche Wohnen also profits from currently low interest rates on its variable interest rate loans.

The year-on-year changes in the financial result are principally due to the decline in expenditures from the fair value adjustment of the convertible bonds. The share price of the convertible bonds follows the share price performance of Deutsche Wohnen SE. The convertible bonds are held at fair value in the consolidated balance sheet. As a result of the positive share performance, a fair value loss was recognised.

The current share price is lower than the underlying conversion prices of the two outstanding convertible bonds, so they are not "in the money". As at the current reporting date – and as at 31 December 2017 – the calculation of the financial indicator EPRA NAV on a diluted basis therefore had no effect on the convertible bonds.

### Income taxes

Income taxes in the amount of EUR 24.8 million (previous year period: EUR 27.9 million) include EUR 14.3 million of deferred taxes (previous year period: EUR 18.2 million) and current income taxes of EUR 10.5 million (previous year period: EUR 9.7 million).

### Financial position

Selected key figures from the consolidated balance sheet:

	31/03/2018		31/12/2017	
	EUR m	in %	EUR m	in %
Investment properties	19,769.2	95	19,628.4	96
Other non-current assets	181.6	1	138.1	0
<b>Total non-current assets</b>	<b>19,950.8</b>	<b>96</b>	<b>19,766.5</b>	<b>96</b>
Current assets	426.6	2	409.2	2
Cash and cash equivalents	350.6	2	363.7	2
<b>Total current assets</b>	<b>777.2</b>	<b>4</b>	<b>772.9</b>	<b>4</b>
<b>Total assets</b>	<b>20,728.0</b>	<b>100</b>	<b>20,539.4</b>	<b>100</b>
<b>Equity</b>	<b>10,316.4</b>	<b>50</b>	<b>10,211.0</b>	<b>50</b>
Financial liabilities	4,739.3	23	4,751.1	23
Convertible bonds	1,673.6	8	1,669.6	8
Corporate bonds	876.6	4	826.6	4
Tax liabilities	36.5	0	27.2	0
Employee benefit liabilities	65.4	0	65.7	0
Deferred tax liabilities	2,512.8	13	2,496.7	12
Other liabilities	507.4	2	491.5	3
<b>Total liabilities</b>	<b>10,411.6</b>	<b>50</b>	<b>10,328.4</b>	<b>50</b>
<b>Total equity and liabilities</b>	<b>20,728.0</b>	<b>100</b>	<b>20,539.4</b>	<b>100</b>

Investment properties represent once again the largest asset position of the balance sheet. Compared to 31 December 2017 this position has risen, mainly as a result of acquisitions.

Other non-current assets rose due to finance leases such as long-term contracts for leasing property, plant and equipment by Deutsche Wohnen, which are classified as finance leases under IFRS.

Group equity went up by EUR 105.4 million in the first three months of 2018, with the equity ratio unchanged at around 50%. In the first three months of 2018 around 1,100 bearer shares were issued in exchange for approximately 500 bearer shares in GSW Immobilien AG. This exchange took place in accordance with the provisions of the domination agreement between the two companies on the put options held by outside shareholders. In addition, total comprehensive income of EUR 105.5 million in the first three months of 2018 also increased the capital of Deutsche Wohnen.

Liabilities arising from convertible bonds increased due to fluctuations in the market value and accrued interest. The nominal amount of outstanding convertible bonds was EUR 1,600 million as at the reporting date.

Liabilities arising from corporate bonds increased due to the issue of bearer bonds with long maturities.

EPRA NAV changed as follows:

EUR m	31/03/2018	31/12/2017
Equity (before non-controlling interests)	9,991.5	9,888.2
Fair value of derivative financial instruments	0.5	2.0
Deferred taxes	2,794.5	2,786.6
<b>EPRA NAV (undiluted)</b>	<b>12,786.5</b>	<b>12,676.8</b>
Number of shares (undiluted) in million	354.7	354.7
<b>EPRA NAV (undiluted) in EUR per share</b>	<b>36.05</b>	<b>35.74</b>

EPRA NAV (undiluted) rose in absolute terms by EUR 109.7 million, in particular due to consolidated comprehensive income of EUR 103.4 million attributable to shareholders of the parent company for the first three months of 2018.

As at the reporting date, none of the convertible bonds outstanding is "in the money", so that the EPRA NAV is not diluted.

The loan-to-value ratio developed as follows in comparison to 31 December 2017:

EUR m	31/03/2018	31/03/2017
Financial liabilities	4,739.3	4,751.1
Convertible bonds	1,673.6	1,669.6
Corporate bonds	876.6	826.6
	<b>7,289.5</b>	<b>7,247.3</b>
Cash and cash equivalents	-350.6	-363.7
<b>Net financial liabilities</b>	<b>6,938.9</b>	<b>6,883.6</b>
Investment properties	19,769.2	19,628.4
Non-current assets held for sale	12.8	28.7
Land and buildings held for sale	295.9	295.8
	<b>20,077.9</b>	<b>19,952.9</b>
<b>Loan-to-value ratio in %</b>	<b>34.6</b>	<b>34.5</b>

The loan-to-value ratio was approximately 34.6%, as at the reporting date. The average interest rate of the credit portfolio, including the convertible bonds and corporate bonds, was approximately 1.3% as at 31 March 2018, with a hedging rate of around 88%.

The Group's cash flow breaks down as follows:

EUR m	Q1/2018	Q1/2017
Cash flow from operating activities	101.5	116.2
Cash flow from investing activities	-151.5	-517.0
Cash flow from financing activities	36.9	801.5
<b>Net change in cash and cash equivalents</b>	<b>-13.1</b>	<b>400.7</b>
Opening balance cash and cash equivalents	363.7	192.2
<b>Closing balance cash and cash equivalents</b>	<b>350.6</b>	<b>592.9</b>

The cash flow from investing activities in the first three months of 2018 contained payments for investments in the amount of EUR 195.2 million of which EUR 110.5 million were related to payments for acquisitions and EUR 38.4 million were related to modernisation work. This was offset by sales proceeds for investment properties of EUR 43.0 million.

The cash flow from financing activities in the reporting period consisted principally of proceeds in the amount of EUR 50.0 million related to the issue of bearer bonds, loan repayments of EUR 30.4 million and new borrowing in the amount of EUR 18.5 million.

Our decisive key figure, Funds from Operations (FFO I), rose by approximately 9% in absolute terms and by approximately 6% on a per-share basis, in comparison to the corresponding period of the previous year.

EUR m	Q1/2018	Q1/2017
<b>EBITDA</b>	<b>160.6</b>	<b>155.2</b>
Other one-off expenses and income	1.4	0.0
Restructuring and reorganisation costs	0.0	0.1
<b>EBITDA (adjusted)</b>	<b>162.0</b>	<b>155.3</b>
Earnings from Disposals	-4.8	-8.6
Long-term remuneration component (share-based)	0.0	1.1
Finance leasing broadband cable networks	0.1	0.0
At-equity valuation	0.7	0.2
Interest expense/income	-22.8	-24.6
Income taxes	-10.5	-8.3
Non-controlling interests	-1.6	-2.0
<b>FFO I</b>	<b>123.1</b>	<b>113.1</b>
Earnings from Disposals	4.8	8.6
<b>FFO II</b>	<b>127.9</b>	<b>121.7</b>
FFO I per share in EUR (undiluted) <sup>1</sup>	0.35	0.33
FFO I per share in EUR (diluted) <sup>2</sup>	0.35	0.31
FFO II per share in EUR (undiluted) <sup>1</sup>	0.36	0.35
FFO II per share in EUR (diluted) <sup>2</sup>	0.36	0.33

<sup>1</sup> Based on a weighted average of approximately 354.67 million issued shares in 2018 or approximately 344.35 million in 2017

<sup>2</sup> Based on a weighted average of approximately 354.67 million issued shares in 2018 or approximately 363.43 million in 2017; assuming a conversion of in-the-money convertible bonds in each case

All rental income from the lease of broadband cable networks is included in the calculation of FFO, regardless of whether it is classified as finance lease or operating lease with Deutsche Wohnen as lessor in the IFRS-consolidated financial statement. To this extent, the rental payments agreed under civil law and which impact cash flow are shown as rental income, although they are classified as interest and debt repayments in the consolidated financial statements.

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

Events after the reporting date

The first three months went in accordance with the forecasts of Deutsche Wohnen. We therefore hold to the forecast we made in March 2018 when we were publishing our business figures for 2017 and expect an FFO I of around EUR 470 million.

Forecast

Berlin, 7 May 2018

Deutsche Wohnen SE  
Management Board



Michael Zahn  
Chairman of the  
Management Board



Lars Wittan  
Deputy Chairman of the  
Management Board



Philip Grosse  
Management Board

18	Consolidated balance sheet
20	Consolidated profit and loss statement
21	Consolidated statement of comprehensive income
22	Consolidated statement of cash flows
23	Consolidated statement of changes in equity

## Consolidated balance sheet

as at 31 March 2018

EUR m	31/03/2018	31/12/2017
<b>Assets</b>		
Investment properties	19,769.2	19,628.4
Property, plant and equipment	94.6	92.3
Intangible assets	20.9	19.0
Derivative financial instruments	4.1	3.3
Other non-current assets	60.1	23.1
Deferred tax assets	1.9	0.4
<b>Non-current assets</b>	<b>19,950.8</b>	<b>19,766.5</b>
Land and buildings held for sale	295.9	295.8
Other inventories	4.5	4.4
Trade receivables	37.2	15.5
Income tax receivables	55.2	47.5
Derivative financial instruments	0.2	0.0
Other financial assets	11.0	9.3
Other non-financial assets	9.8	8.0
Cash and cash equivalents	350.6	363.7
<b>Subtotal current assets</b>	<b>764.4</b>	<b>744.2</b>
Non-current assets held for sale	12.8	28.7
<b>Current assets</b>	<b>777.2</b>	<b>772.9</b>
<b>Total assets</b>	<b>20,728.0</b>	<b>20,539.4</b>

EUR m	31/03/2018	31/12/2017
<b>Equity and liabilities</b>		
Equity attributable to shareholders of the parent company		
Issued share capital	354.7	354.7
Capital reserve	3,078.6	3,078.6
Other reserves	-17.6	-19.7
Retained earnings	6,575.8	6,474.6
<b>Total equity attributable to shareholders of the parent company</b>	<b>9,991.5</b>	<b>9,888.2</b>
Non-controlling interests	324.9	322.8
<b>Total equity</b>	<b>10,316.4</b>	<b>10,211.0</b>
Non-current financial liabilities	4,690.9	4,697.4
Convertible bonds	1,670.7	1,667.3
Corporate bonds	869.2	819.3
Employee benefit liabilities	65.4	65.7
Derivative financial instruments	0.3	1.2
Other provisions	13.6	13.6
Other financial liabilities	215.8	217.8
Deferred tax liabilities	2,512.8	2,496.7
<b>Total non-current liabilities</b>	<b>10,038.7</b>	<b>9,979.0</b>
Current financial liabilities	48.4	53.7
Convertible bonds	2.9	2.3
Corporate bonds	7.4	7.3
Trade payables	195.1	177.7
Other provisions	9.2	6.6
Derivative financial instruments	4.5	4.1
Tax liabilities	36.5	27.2
Other financial liabilities	38.7	44.1
Other non-financial liabilities	30.2	26.4
<b>Total current liabilities</b>	<b>372.9</b>	<b>349.4</b>
<b>Total equity and liabilities</b>	<b>20,728.0</b>	<b>20,539.4</b>

## Consolidated profit and loss statement

for the period from 1 January to 31 March 2018

EUR m	Q1/2018	Q1/2017
Contracted rental income	192.9	180.4 <sup>1</sup>
Income from operating costs	101.8	91.8 <sup>1</sup>
Expenses from Residential Property Management	-131.0	-118.0 <sup>1</sup>
<b>Earnings from Residential Property Management</b>	<b>163.7</b>	<b>154.2</b>
Sales proceeds	30.9	52.3
Thereof revenues	2.6	27.9
Cost of sales	-1.7	-2.5
Carrying amount of assets sold	-24.4	-41.2
Thereof revenues	-2.2	-21.9
<b>Earnings from Disposals</b>	<b>4.8</b>	<b>8.6</b>
Income from nursing	16.1	15.7 <sup>1</sup>
Rental and lease income	14.3	14.1 <sup>1</sup>
Expenses for Nursing and Assisted Living	-18.8	-17.3
<b>Earnings from Nursing and Assisted Living</b>	<b>11.6</b>	<b>12.5</b>
Corporate expenses	-20.0	-19.1
Other expenses	-2.2	-1.5
Other income	2.7	0.5
<b>Subtotal</b>	<b>160.6</b>	<b>155.2</b>
Depreciation and amortisation	-1.9	-1.7
<b>Earnings before interest and taxes (EBIT)</b>	<b>158.7</b>	<b>153.5</b>
Finance income	0.8	0.8
Gains/losses from fair-value adjustments of derivate financial instruments and convertible bonds	-3.8	-31.1
Gains/losses from companies valued at equity	0.7	0.2
Finance expenses	-28.2	-48.2
<b>Earnings before taxes (EBT)</b>	<b>128.2</b>	<b>75.2</b>
Income taxes	-24.8	-27.9
<b>Profit for the period</b>	<b>103.4</b>	<b>47.3</b>
Thereof attributable to		
Shareholders of the parent company	101.3	45.3
Non-controlling interests	2.1	2.0
	<b>103.4</b>	<b>47.3</b>
<b>Earnings per share</b>		
Undiluted in EUR	0.29	0.13
Diluted in EUR	0.26	0.09

<sup>1</sup> Previous year's figure altered due to first-time application of IFRS 15

## Consolidated statement of comprehensive income

for the period from 1 January to 31 March 2017

EUR m	Q1/2018	Q1/2017
<b>Profit/loss for the period</b>	<b>103.4</b>	<b>47.3</b>
<b>Other comprehensive income</b>		
Items reclassified as affecting net income at a later stage		
Net gain/loss from derivate financial instruments	0.6	3.2
Income tax effects	-0.2	-1.0
	<b>0.4</b>	<b>2.2</b>
Items not classified as affecting net income at a later stage		
Actuarial gains/losses in pensions and impacts of caps for assets in pension plans	0.0	1.4
Net gains/losses from convertible bonds	1.7	0.0
Income tax effects	0.0	-0.3
	<b>1.7</b>	<b>1.1</b>
<b>Other comprehensive income after taxes</b>	<b>2.1</b>	<b>3.3</b>
<b>Total comprehensive income net of tax</b>	<b>105.5</b>	<b>50.6</b>
Thereof attributable to:		
Shareholders of the parent company	103.4	48.6
Non-controlling interests	2.1	2.0

## Consolidated statement of cash flows

for the period from 1 January to 31 March 2018

EUR m	Q1/2018	Q1/2017
<b>Operating activities</b>		
Profit/loss for the period	103.4	47.3
Finance income	-0.8	-0.8
Adjustment of derivative financial instruments and convertible bonds	3.8	31.1
Finance expenses	28.2	48.2
Gains/losses from companies valued at equity	-0.7	-0.2
Income taxes	24.8	27.9
<b>Profit/loss for the period before interest and taxes</b>	<b>158.7</b>	<b>153.5</b>
Non-cash expenses/income		
Depreciation and amortisation	1.9	1.7
Other non-cash expenses/income	-2.8	-8.1
Changes in net current assets		
Changes in receivables, inventories and other current assets	-30.2	-28.7
Change in operating liabilities	7.2	12.6
<b>Net operating cash flows</b>	<b>134.8</b>	<b>131.0</b>
Proceeds from properties held for sale	2.6	27.9
Investments in properties held for sale	-2.3	-12.3
Interest paid	-25.4	-26.3
Interest received	0.9	0.8
Taxes paid	-11.6	-6.2
Taxes received	2.5	1.3
<b>Net cash flows from operating activities</b>	<b>101.5</b>	<b>116.2</b>
<b>Investing activities</b>		
Sales proceeds	43.0	32.2
Purchases of property, plant and equipment	-195.2	-549.2
Other proceeds of investing activities	0.7	0.0
<b>Net cash flows from investing activities</b>	<b>-151.5</b>	<b>-517.0</b>
<b>Financing activities</b>		
Proceeds from borrowings	18.5	30.9
Loan repayments	-30.4	-105.6
Proceeds from the issue of convertible bonds	0.0	800.0
Repayment of convertible bonds	0.0	-471.4
Proceeds from the issue of corporate bonds	80.0	265.0
Repayment of corporate bonds	-30.0	-238.0
One-off financing payments	-1.2	-25.0
Proceeds from the sale of non-controlling interests	0.0	99.5
Payments for the purchase of non-controlling interests	0.0	-94.8
Proceeds of the capital increase	0.0	545.3
Costs of the capital increase	0.0	-4.4
<b>Net cash flows from financing activities</b>	<b>36.9</b>	<b>801.5</b>
<b>Net change in cash and cash equivalents</b>	<b>-13.1</b>	<b>400.7</b>
<b>Opening balance of cash and cash equivalents</b>	<b>363.7</b>	<b>192.2</b>
<b>Closing balance of cash and cash equivalents</b>	<b>350.6</b>	<b>592.9</b>

## Consolidated statement of changes in equity

as at 31 March 2017

	Issued share capital	Capital reserves	Pensions	Reserves for cash flow hedge	Other reserves	Retained earnings	Total equity attributable to shareholders of the parent company	Non- controlling interests	Total equity
EUR m									
<b>Equity as at 1 January 2017</b>	<b>337.5</b>	<b>3,445.3</b>	<b>-17.7</b>	<b>-19.2</b>	<b>-36.9</b>	<b>4,219.7</b>	<b>7,965.6</b>	<b>268.4</b>	<b>8,234.0</b>
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 after tax			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
<b>Total comprehensive income</b>			<b>1.1</b>	<b>2.2</b>	<b>3.3</b>	<b>45.3</b>	<b>48.6</b>	<b>2.0</b>	<b>50.6</b>
Capital increase	17.2	528.2					545.4		545.4
Cost of capital increase, less tax effect		-2.9					-2.9		-2.9
Contribution in connection with remuneration of Management Board members remuneration		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
<b>Equity as at 31 March 2017</b>	<b>354.7</b>	<b>3,971.7</b>	<b>-16.6</b>	<b>-17.0</b>	<b>-33.6</b>	<b>4,174.1</b>	<b>8,466.9</b>	<b>270.3</b>	<b>8,737.2</b>
<b>Equity as at 1 January 2018</b>	<b>354.7</b>	<b>3,078.6</b>	<b>-17.7</b>	<b>-2.0</b>	<b>-19.7</b>	<b>6,474.6</b>	<b>9,888.2</b>	<b>322.8</b>	<b>10,211.0</b>
Profit/loss for the period						103.4	103.4		103.4
Thereof non-controlling interests						-2.1	-2.1	2.1	0.0
Other comprehensive income			1.7	0.4	2.1		2.1		2.1
Thereof non-controlling interests			0.0	0.0	0.0		0.0	0.0	0.0
<b>Total comprehensive income</b>			<b>1.7</b>	<b>0.4</b>	<b>2.1</b>	<b>101.3</b>	<b>103.4</b>	<b>2.1</b>	<b>105.5</b>
Other						-0.1	-0.1		-0.1
<b>Equity as at 31 March 2018</b>	<b>354.7</b>	<b>3,078.6</b>	<b>-16.0</b>	<b>-1.6</b>	<b>-17.6</b>	<b>6,575.8</b>	<b>9,991.5</b>	<b>324.9</b>	<b>10,316.4</b>

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## Imprint

**Published by**  
Deutsche Wohnen SE, Berlin

**Concept, design and realisation**  
wirDesign Berlin Braunschweig

This interim statement is available  
in German and English. Both versions  
are available for download at  
[www.deutsche-wohnen.com](http://www.deutsche-wohnen.com)

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## Financial calendar 2018

15/05/2018	Publication of interim statement as at 31 March 2018
16–17/05/2018	Roadshow, Zurich and Geneva
30–31/05/2018	Kempen & Co. European Property Seminar, Amsterdam
06–08/06/2018	Deutsche Bank dbAccess German, Swiss & Austrian Conference, Berlin
15/06/2018	Annual General Meeting 2018, Frankfurt/Main
21/06/2018	Morgan Stanley Europe & EEMEA Property Conference, London
14/08/2018	Publication of interim statement as at 30 June 2018
04–06/09/2018	EPRA conference, Berlin
25–26/09/2018	Bank of America Merrill Lynch Global Real Estate Conference, New York
08–10/10/2018	Expo Real, Munich
14/11/2018	Publication of interim statement as at 30 September 2018
19–23/11/2018	Roadshow, Asia
29–30/11/2018	UBS Global Real Estate Conference, London

### Disclaimer

This interim statement contains forward-looking statements, with the associated risks and uncertainties. The actual future performance and earnings of Deutsche Wohnen SE and the Group may differ significantly from the assumptions made in this interim statement. This interim statement is neither an offer to sell nor a solicitation to make an offer to buy securities of Deutsche Wohnen SE. There is no obligation to update the information contained in this interim statement. Because of rounding, the figures provided in the tables of this interim statement may in some cases not add up exactly to the total shown and the percentages may in some cases not add up exactly to 100% or to the subtotals shown.

