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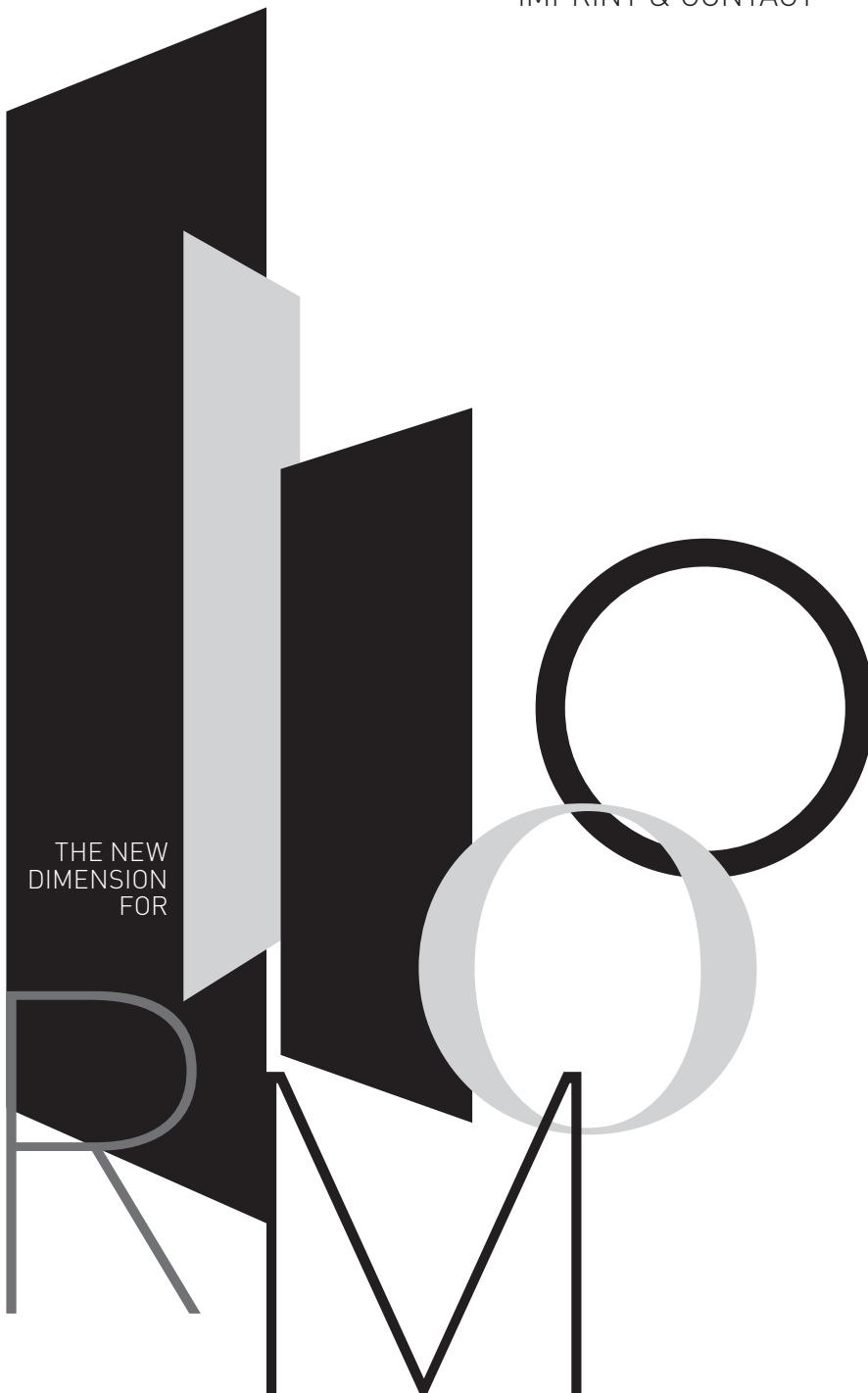


**Deutsche
Wohnen**

INTERIM REPORT
AS AT 31 MARCH 2013



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Group key figures

of the Deutsche Wohnen AG

PROFIT AND LOSS STATEMENT		Q1/2013	Q1/2012
Earnings from Residential Property Management	in EUR m	70.9	44.1
Earnings from Disposals	in EUR m	5.5	3.8
Earnings from Nursing and Assisted Living	in EUR m	3.1	2.6
Corporate expenses	in EUR m	- 11.8	- 7.7
EBITDA	in EUR m	65.7	43.1
EBT (adjusted)	in EUR m	34.3	19.6
EBT (as reported)	in EUR m	34.1	19.5
Profit for the period (after taxes)	in EUR m	26.2	14.4
Profit for the period (after taxes) ¹⁾	EUR per share	0.17	0.14
FFO (without disposals)	in EUR m	30.9	18.4
FFO (without disposals) ¹⁾	EUR per share	0.20	0.17 ⁵⁾
FFO (incl. disposals)	in EUR m	36.4	22.2
FFO (incl. disposals) ¹⁾	EUR per share	0.23	0.21
BALANCE SHEET		31/03/2013	31/12/2012
Investment properties	in EUR m	4,874.9	4,614.6
Current assets	in EUR m	274.5	188.5
Equity	in EUR m	1,838.7	1,609.7
Net financial liabilities	in EUR m	2,696.6	2,678.0
Loan-to-Value ratio (LTV)	in %	54.7	57.2
Total assets	in EUR m	5,266.5	4,907.9
SHARE		31/03/2013	31/12/2012
Share price (closing price)	EUR per share	14.18	14.00
Number of shares	m	160.76	146.14
Market capitalisation	in EUR billion	2.3	2.0
NET ASSET VALUE (NAV)		31/03/2013	31/12/2012
EPRA NAV	in EUR m	2,052.3	1,824.4
EPRA NAV	EUR per share	12.77 ²⁾	12.48 ³⁾
FAIR VALUES		31/03/2013	31/12/2012
Fair value of real estate properties ⁴⁾	in EUR m	4,770	4,320
Fair value per sqm residential and commercial area ⁴⁾	EUR per sqm	922	950

¹⁾ Based on an average number of around 158.10 million issued shares in 2013 or of around 105.37 million issued shares in 2012
²⁾ Based on around 160.76 million issued shares as at reporting date
³⁾ Based on around 146.14 million issued shares as at reporting date
⁴⁾ Only comprises residential and commercial properties
⁵⁾ Comprises the effects of the capital increase in June 2012 (so-called scrip adjustment of 1.03)

Interim management report

Deutsche Wohnen AG with its subsidiaries (hereinafter referred to as "Deutsche Wohnen" or "Group") is, measured by its market capitalisation, currently one of the largest publicly listed real estate companies in Germany. Its holdings consist of around 83,200 residential and commercial units as well as nursing care facilities with around 1,900 nursing places at a fair value of around EUR 4.9 billion in total. It is listed in the MDAX of the German Stock Exchange. Consistent with its business strategy it concentrates on residential and nursing properties both in dynamic conurbations

and metropolitan areas of Germany, for example Greater Berlin, the Rhine-Main region with Frankfurt/Main and the Rhineland with its focus on Dusseldorf, and in stable conurbations and metropolitan areas like Hanover/Brunswick/Magdeburg. The fundamental economic growth figures, the population influx and the demographic development in the German metropolitan areas provide a very good basis for achieving strong and stable cash flows from letting and leasing and for making use of opportunities for value creation.

Portfolio

Due to the acquisitions we made in 2012 and 2013 our residential portfolio has increased in size significantly in comparison with the corresponding quarter of the previous year:

Residential	31/03/2013			31/03/2012		
	Residential units	Area	Share of total portfolio	Residential units	Area	Share of total portfolio
	Number	sqm k	in %	Number	sqm k	in %
Strategic core and growth regions	76,708	4,680	93	46,801	2,837	94
Core+	51,363	3,072	62	38,056	2,280	76
Core	25,345	1,608	31	8,745	557	18
Non-Core	5,497	351	7	3,021	188	6
Total	82,205	5,031	100	49,822	3,025	100

Deutsche Wohnen now manages a total of 82,205 residential units, of which 62% are in core+ regions and 31% in core regions. Only 7% of the residential holdings are classified as non-core and are earmarked for disposal.

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

Residential	31/03/2013			
	Residential units	Share of total portfolio	In-place rent ¹⁾	Vacancy rate
	Number	in %	EUR per sqm	in %
Strategic core and growth regions	76,708	93	5.57	2.3
Core ⁺	51,363	62	5.76	1.9
Core	25,345	31	5.20	3.3
Non-Core	5,497	7	4.77	9.7
Total	82,205	100	5.52	2.8

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

The average in-place rent in the total portfolio fell slightly in comparison to the corresponding quarter of the previous year from EUR 5.60 per sqm to EUR 5.52 per sqm. The average vacancy rate for the total portfolio rose by 0.5 % in comparison to the corresponding quarter of the previous year.

Both effects are entirely attributable to the acquisitions that were made.

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

Residential	31/03/2013			
	Residential units	Share of total portfolio	In-place rent ¹⁾	Vacancy rate
	Number	in %	EUR per sqm	in %
Core+	51,363	62	5.76	1.9
Letting portfolio	48,437	59	5.77	1.6
Privatisation	2,926	4	5.72	6.0
Greater Berlin	40,526	49	5.50	1,5
Letting portfolio	38,843	47	5.52	1.3
Privatisation	1,683	2	5.15	5.0
Rhine-Main	9,221	11	6.80	3.2
Letting portfolio	8,142	10	6.87	2.5
Privatisation	1,079	1	6.32	7.6
Rhineland	1,616	2	6.35	3.3
Letting portfolio	1,452	2	6.26	3.2
Privatisation	164	0	6.88	3.9

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

In addition to Greater Berlin, our cluster core+ includes the metropolitan areas of Rhine-Main and the Rhineland, with its focus on Dusseldorf.

The cluster core includes markets with moderately rising rents and stable rent development forecasts.

Residential	31/03/2013			
	Residential units	Share of total portfolio	In-place rent ¹⁾	Vacancy rate
	Number	in %	EUR per sqm	in %
Core	25,345	31	5.20	3.3
Letting portfolio	23,017	28	5.18	3.2
Privatisation	2,328	3	5.37	4.4
Hanover/Brunswick/Magdeburg	10,915	13	5.21	4.3
Letting portfolio	10,028	12	5.15	4.3
Privatisation	887	1	5.87	4.0
Rhine Valley South	4,919	6	5.44	2.0
Letting portfolio	4,652	6	5.44	1.6
Privatisation	267	0	5.51	8.8
Rhine Valley North	2,930	4	5.14	2.0
Letting portfolio	2,798	3	5.11	1.5
Privatisation	132	0	5.67	10.7
Central Germany	3,777	5	5.04	3.1
Letting portfolio	3,777	5	5.04	3.1
Privatisation	0	0	0.00	0.0
Other²⁾	2,804	3	4.99	3.2
Letting portfolio	1,762	2	5.05	3.6
Privatisation	1,042	1	4.91	2.6

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

With the initial consolidation of the BauBeCon holdings as at 1 September 2012, the region of Hanover/Brunswick/Magdeburg was established for the first time. In the meantime it has been extended by further acquisitions in 2013 to 11,000 residential units.

The rise in vacancy rates, particularly in the region Hanover/Brunswick/Magdeburg, is within our expectations. The transfer of residential holdings from Prelios to Deutsche Wohnen will, for a transitional period, lead to a rise in vacancy rates.

In the cluster non-core, which makes up around 7% of the total portfolio, residential units are being identified which are to be gradually sold for reasons of portfolio strategy.

	31/03/2013			
	Residential units	Share of total portfolio	In-place rent ¹⁾	Vacancy rate
Residential	Number	in %	EUR per sqm	in %
Non-Core	5,497	7	4.77	9.7
Disposal	2,195	3	4.71	13.6
Other	3,302	4	4.81	7.1

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

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

Further acquisitions

After the reporting date Deutsche Wohnen announced that it had notarised the acquisition of two property portfolios with around 7,800 residential units. In total, the approximately 7,800 residential units, of which roughly 7,400 are located directly in the city of Berlin, are being purchased at an in-place rent multiple of around 14x or for around EUR 840 per sqm. The current gross rental income amounts to around EUR 29.7 million per year. Both portfolios are financed with around 55% debt, and are expected to contribute to a recurring FFO yield after their complete integration into the Deutsche Wohnen holdings of around 8% pre-taxes.

With these acquisitions, Deutsche Wohnen will increase its existing residential real estate portfolio from approximately 82,500 residential units to 90,300 residential units, of which 54% are located in Greater Berlin. For Deutsche Wohnen, this acquisition represents yet another attractive opportunity in the consistent continuation of its value-adding growth strategy, which capitalises on economies of scale and improves the FFO profile.

For further details, please refer to "Events after the Reporting Date" on page 18.

Notes on financial performance and financial position

Financial performance

The following table provides an overview of the development of business operations in individual segments as well as further items in the profit and loss statement for the first three months of the financial year 2013 in comparison to the corresponding period of the previous year.

in EUR m	Q1/2013	Q1/2012
Earnings from Residential Property Management	70.9	44.1
Earnings from Disposals	5.5	3.8
Earnings from Nursing and Assisted Living	3.1	2.6
Corporate expenses	-11.8	-7.7
Other operating expenses/income	-2.0	0.3
Operating result (EBITDA)	65.7	43.1
Depreciation and amortisation	-1.3	-0.7
Financial result	-30.3	-22.9
Profit before taxes	34.1	19.5
Current taxes	-2.6	-0.8
Deferred taxes	-5.3	-4.3
Profit for the period	26.2	14.4

Overall, it was possible to improve the profit for the period by EUR 11.8 million to EUR 26.2 million in comparison to the corresponding period of the previous year. The reason for this is essentially the value contribution made by the acquisitions in 2012 and 2013.

It was also possible to significantly increase the profit before taxes, adjusted for special effects and valuation effects.

in EUR m	Q1/2013	Q1/2012
Profit before taxes	34.1	19.5
Gains/losses from fair-value adjustments of derivative financial instruments	0.2	0.1
Adjusted earnings before taxes	34.3	19.6

Earnings from Residential Property Management

The contribution margin from the segment Residential Property Management increased by EUR 26.8 million or 61% in comparison to the corresponding quarter of the previous year.

in EUR m	Q1/2013	Q1/2012
Current gross rental income	83.3	52.0
Non-recoverable expenses	-1.3	-0.9
Rental loss	-1.1	-0.5
Maintenance	-8.4	-5.8
Other	-1.6	-0.7
Earnings from Residential Property Management	70.9	44.1
Staff and general and administration expenses	-6.8	-4.2
Operating result (Net Operating Income, NOI)	64.1	39.9
NOI-margin in %	77.0	76.7
NOI in EUR per sqm and month ¹⁾	4.12	4.28
Change in %	-3.7	

¹⁾ Based on the average floor space on a quarterly basis for the period under review

The NOI-margin stayed more or less the same at 77%, the contribution margin in EUR per sqm fell by 3.7% due to the changes to the overall portfolio structure.

The following table shows the development of in-place rents (residential) and of vacancy rates in a like-for-like comparison, i.e. only for holdings which we have managed throughout the last 12 months.

	Residential units	In-place rent ¹⁾		Develop-ment	Vacancy rate		Develop-ment
	Number	EUR per sqm		in %	in %		in %
		31/03/2013	31/03/2012		31/03/2013	31/03/2012	
Like-for-like							
Strategic core and growth regions (letting portfolio)	42,352	5.82	5.66	2.8	1.5	1.5	0.0
Core+	34,203	5.95	5.77	3.0	1.4	1.4	0.0
Greater Berlin	25,213	5.66	5.50	2.9	1.2	1.2	0.0
Rhine-Main	7,833	6.84	6.62	3.3	1.7	2.1	-19.0
Rhineland	1,157	6.25	6.12	2.1	2.2	2.0	10.0
Core	8,149	5.30	5.21	1.7	1.8	2.0	-10.0
Hanover/Brunswick/Magdeburg	-	-	-	-	-	-	-
Rhine Valley South	4,652	5.44	5.32	2.2	1.6	1.7	-5.9
Rhine Valley North	2,798	5.11	5.07	0.8	1.5	1.8	-16.7
Central Germany	174	6.09	6.10	-0.1	2.1	4.5	-53.3
Other	525	4.89	4.74	3.3	6.0	4.6	30.4
Privatisation	2,955	5.64	5.54	1.8	6.3	1.8	250.0
Non-Core	1,928	4.87	4.82	1.1	6.5	5.9	10.2
Total	47,235	5.77	5.62	2.6	2.0	1.7	17.6

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

The in-place rents in the letting portfolio of the strategic core and growth regions rose by 2.8% on a like-for-like basis (approximately 42,400 residential units) in a year-on-year comparison. This development is largely driven by strong increases of new-letting rents.

It was possible to stabilise the vacancy rate in the letting portfolio of the core and growth regions at a low level (1.5%) in a like-for-like comparison. The rise in vacancy rate in privatisation is intended in order to be able to place the vacant apartments on the market at a higher price.

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

	31/03/2013			31/12/2012	
	New-letting rent ¹⁾ EUR per sqm	In-place rent ²⁾ EUR per sqm	Rent potential ³⁾ in %	New-letting rent ¹⁾ EUR per sqm	Rent potential ³⁾ in %
Residential					
Core+ (letting portfolio)	7.55	5.93	27.4	7.16	21.6
Greater Berlin	6.97	5.65	23.4	6.65	18.3
Rhine-Main	8.80	6.85	28.5	8.40	24.3
Rhineland	8.23	6.25	31.7	8.07	29.3

¹⁾ Contractually owed rent from newly concluded rental agreements in non-rent restricted units, effective in 2013
²⁾ Contractually owed rent from rented apartments divided by the rented area
³⁾ Rent from new lettings in comparison to in-place rent

In the first three months of the financial year we can see new-letting rents continuing to rise in comparison to the previous year, thereby increasing the rent potential from just under 22% to over 27%.

Earnings from Disposals

Demand for property as a form of investment for owner-occupiers and investors continues to be high. In the first three months of this year, a total of 1,030 units were sold, of which 639 units were already notarised in the previous financial year.

	Units	Transaction volume	Fair Value	Gross margin	
	Number	in EUR m	in EUR m	in EUR m	in %
Privatisation	606	46.1	31.1	15.0	48
Institutional sales	424	19.4	16.1	3.3	20
	1,030	65.5	47.2	18.3	39

Of these 1,030 residential units the transfer of risks and rewards took place in respect to 537 residential units in the first three months of the financial year and are therefore included in the sales results:

in EUR m	Q1/2013	Q1/2012
Sales proceeds	32.1	41.8
Cost of sales	-2.0	-3.2
Net sales proceeds	30.1	38.6
Carrying amounts of assets sold	-24.6	-34.8
Earnings from Disposals	5.5	3.8

Earnings from Nursing and Assisted Living

The Nursing and Assisted Living segment is managed by the KATHARINENHOF® Group. The business model concentrates primarily on the management of residential and nursing facilities in the five federal states: Berlin, Brandenburg, Saxony, Lower Saxony and the Rhineland-Palatinate. As at 31 March 2013 the KATHARINENHOF® Group managed 20 facilities (equivalent reporting date of previous year: 14), of which Deutsche Wohnen owns 17 with a fair value of EUR 117.3 million.

in EUR m	Q1/2013	Q1/2012
Income		
Nursing	11.8	8.3
Living	0.5	0.5
Other	1.0	0.8
	13.3	9.6
Costs		
Nursing and corporate expenses	-3.4	-2.4
Staff expenses	-6.8	-4.6
	-10.2	-7.0
Segment earnings	3.1	2.6
Attributable current interest	-0.8	-0.6
Segment earnings after interest	2.3	2.0

The average occupancy rate of the facilities during the first three months of 2013 was 96.9% (96.6% as at the reporting date of 31 March 2012), and so continues to be at a high level.

Corporate expenses

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

in EUR m	Q1/2013	Q1/2012
Staff expenses		
Holding function	-2.3	-1.7
Disposals	-0.6	-0.5
Property Management	-3.7	-2.9
Total staff expenses	-6.6	-5.1
General and administration expenses	-3.4	-2.6
Total staff and general and administration expenses	-10.0	-7.7
Property Management (external management BauBeCon)	-1.8	0.0
Total corporate expenses	-11.8	-7.7

The increase in staff and general administration expenses is due to the size of the property portfolio – which has risen in comparison to the previous year – and the accompanying increases in staffing levels.

Financial result

The financial result is made up as follows:

in EUR m	Q1/2013	Q1/2012
Current interest expenses	-27.4	-20.5
Accrued interest on liabilities and pensions	-2.9	-2.7
Fair value adjustments of derivative financial instruments	-0.2	-0.1
	-30.5	-23.3
Interest income	0.2	0.4
Financial result	-30.3	-22.9

Current taxes

The current taxes of EUR 2.6 million comprise EUR 0.5 million of notional tax expenses arising from the capital increase 2013 and current income taxes of EUR 2.1 million.

Financial position

	31/03/2013		31/12/2012	
	in EUR m	in %	in EUR m	in %
Investment properties	4,874.9	93	4,614.6	94
Other non-current assets	117.1	2	104.8	2
Total non-current assets	4,992.0	95	4,719.4	96
Current assets	74.5	1	97.9	2
Cash and cash equivalents	200.0	4	90.6	2
Total current assets	274.5	5	188.5	4
Total assets	5,266.5	100	4,907.9	100
Equity	1,838.7	35	1,609.7	33
Financial liabilities	2,896.6	55	2,768.6	56
Tax liabilities	68.8	1	63.6	1
Liabilities to limited partners in funds	5.2	0	5.1	0
Employee benefit liability	55.6	1	54.5	1
Other liabilities	401.6	8	406.4	8
Total liabilities	3,427.8	65	3,298.2	67
Total equity and liabilities	5,266.5	100	4,907.9	100

The largest asset position is investment properties, which increased in value because of the acquisitions in the first quarter of 2013.

As well as cash and cash equivalents amounting to EUR 200 million, Deutsche Wohnen has access to additional credit lines amounting to around EUR 106 million, which are callable at short notice.

Following the capital increase in January 2013 and the positive Group results for the first three months of 2013, the Group's equity ratio is around 35%. The EPRA NAV has developed as follows:

in EUR m	31/03/2013	31/12/2012
Equity (before non-controlling interests)	1,838.4	1,609.3
Diluted NAV	1,838.4	1,609.3
Fair values of derivative financial instruments	139.4	152.5
Deferred taxes (net)	74.5	62.6
EPRA NAV	2,052.3	1,824.4
Number of shares (in m)	160.76	146.14
EPRA NAV in EUR per share	12.77	12.48

In comparison to the end of 2012 financial liabilities have increased in absolute terms. This is substantially due to new borrowings (approximately EUR 156.0 million) to finance acquisitions. At the same time this was offset by ongoing repayments and exceptional redemption payments due to property disposals (approximately EUR 49.8 million). Further, financial liabilities rose by approximately EUR 20.5 million because of the ongoing financial arrangements of companies that have been taken over.

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

in EUR m	31/03/2013	31/12/2012
Financial liabilities	2,896.6	2,768.6
Cash and cash equivalents	-200.0	-90.6
Net financial liabilities	2,696.6	2,678.0
Investment properties	4,874.9	4,614.6
Non-current assets held for sale	16.5	24.4
Land and buildings held for sale	34.2	39.1
	4,925.6	4,678.1
Loan-to-Value ratio in %	54.7	57.2

The Loan-to-Value ratio was around 54.7% as at the reporting date. The average interest rate on the credit portfolio has fallen as at 31 March 2013 to 3.6% with a hedging rate of 85.9%. The prolongation volume, on the basis of today's residual debt (including accrued interest) up to the end of 2014 is around EUR 111.1 million. Overall, the financing structure of Deutsche Wohnen is stable and robust.

Of the tax liabilities, the sum of EUR 47.1 million (31 December 2012: EUR 46.6 million) is apportionable to the present value of liabilities from the lump-sum taxation of EK-02 holdings. These taxes are payable in equal annual instalments of EUR 10.4 million in the third quarter of each year until 2017.

The other liabilities cover the following items:

in EUR m	31/03/2013	31/12/2012
Derivative financial instruments	139.6	152.5
Deferred tax liabilities	151.2	143.3
Trade payables	73.1	72.0
Miscellaneous	37.7	38.6
Total	401.6	406.4

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

in EUR m	Q1/2013	Q1/2012
Net cash flows from operating activities	29.3	10.9
Net cash flows from investing activities	-220.8	-30.6
Net cash flow from financing activities	300.9	18.4
Net change in cash and cash equivalents	109.4	-1.3
Opening balance cash and cash equivalents	90.6	167.8
Closing balance cash and cash equivalents	200.0	166.5

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

Net cash flows from investing activities in the first quarter of 2013 contain inflows in an amount of EUR 38.0 million arising from the sale of apartments and outflows, primarily for investment, in an amount of EUR 258.8 million. These investments mainly concern new properties in the segment Residential Property Management (EUR 236.9 million) and acquisitions in the segment Nursing and Assisted Living (EUR 19.9 million).

Net cash flows from financing activities contain inflows from the taking up of new loans of EUR 157.2 million (primarily in order to finance acquisitions), repayments of EUR 49.8 million and the net proceeds of EUR 193.5 million from the capital increase in January 2013.

The decisive key figure for us, Funds from Operations (FFO) without disposals, rose by approximately 68% in comparison to the corresponding period of the previous year thanks to acquisitions.

in EUR m	Q1/2013	Q1/2012
Profit for the period	26.2	14.4
Earnings from Disposals	-5.5	-3.8
Depreciation and amortisation	1.3	0.7
Fair value adjustments of derivative financial instruments	0.2	0.1
Non-cash financial expenses	2.9	2.7
Deferred taxes	5.3	4.3
Tax benefit from capital increase costs	0.5	0.0
FFO (without disposals)	30.9	18.4
FFO (without disposals) per share in EUR	0.20	0.17
Average number of shares issued (in m)	158.1	105.4
FFO (including disposals)	36.4	22.2
FFO (including disposals) per share in EUR	0.23	0.21
Average number of shares issued (in m)	158.1	105.4

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

Stock market and the Deutsche Wohnen share

The economy

In its Spring Guidelines 2013, the DIW (German Institute for Economic Development) is forecasting economic growth in Germany of 0.7% in 2013 and 1.6% in 2014. The DIW also assumes that the global economy will pick up and this will result in a boost in German exports. Furthermore, the German economy is benefitting from positive and stable developments in its employment market and from substantial wage increases. This is leading to rising private household incomes, which in turn are expected to generate higher consumption and thus strengthen German economic growth. In addition to an increase in private consumption, the DIW is also assuming that public spending and business investment will increase as well. Growing tax revenues are providing consolation to public finances, with the result that there will be capacity for investment. In regards to business and industry, investment projects that were put on hold will now increasingly be realised, which will manifest itself in a more dynamic investment activity.¹⁾

Financial markets

It was only in the second half of the first quarter of 2013 that the anticipated economic recovery within and also outside of the eurozone had a stabilising effect on the financial markets in Germany. At the beginning of the year the leading index of shares, the DAX, was forced to absorb slight falls in share prices. However, as the quarter went on it was able to recover, and by the end of the quarter it had returned to the level it had previously had at the end of 2012. The MDAX, in which the Deutsche Wohnen share is also listed, developed more strongly than the DAX. In the first three months of 2013 the MDAX grew more than 11% to reach 13,222 points.

¹⁾ Spring Guidelines 2013, DIW
(German Institute for Economic Development)

The Deutsche Wohnen AG share

Within the first three months of the current year the share price of Deutsche Wohnen AG rose slightly by 1.3% to EUR 14.18. It reached its peak point on 15 March 2013 at EUR 15.00 and its lowest point at EUR 13.60 on 8 January 2013. Both these values are on the basis of the relevant Xetra closing prices. In comparison to the price at the end of the corresponding quarter of the previous year of EUR 10.56 – adjusted for the capital increase and dividend payment in 2012 – the share price rose by around 34%.

In a direct comparison with the property-specific indices the Deutsche Wohnen share developed positively in the first quarter of 2013. Both EPRA Europe and EPRA Germany suffered a fall in prices in the first three months of this year, with EPRA Europe losing around 3.3 percentage points and EPRA Germany around 0.5 percentage points.

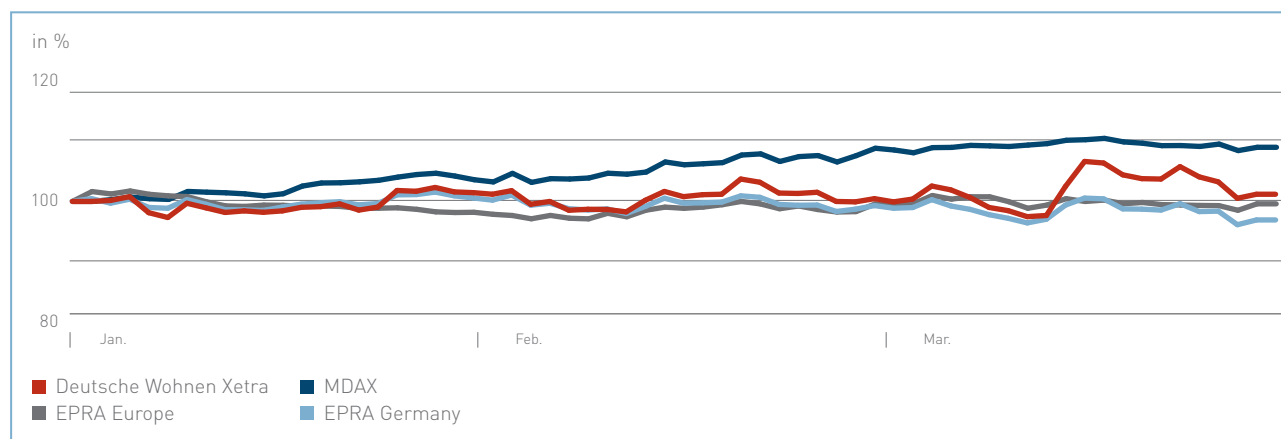
In a year-on-year comparison the market capitalisation doubled from EUR 1.1 billion as at 31 March 2012 to almost EUR 2.3 billion at the reporting date. The reasons for this were the rise in the share price and the increased number of issued shares in the context of the capital increases.

The average daily volume of shares traded has also risen. On average, the share’s trading volume on the Xetra platform in the first three months of this year was 42% higher than in the corresponding quarter of the previous year. The trading volume even tripled as much as threefold on the alternative platforms.

Key share figures	Q1/2013	Q1/2012
Number of shares outstanding in m	around 160.8	102.3
Closing price at end of Q1 ¹⁾ in EUR	14.18	11.08 [10.56] ⁴⁾
Market capitalisation in EUR billion	around 2.3	around 1.1
Highest share price ¹⁾ during three-month period in EUR	15.00	11.21 [10.69] ⁴⁾
Lowest share price ¹⁾ during three-month period in EUR	13.60	9.60 [9.15] ⁴⁾
Average daily traded volume ²⁾	346,741	213,454
Average daily traded volume ³⁾	243,550	83,845

¹⁾ Xetra closing price
²⁾ Xetra daily traded volume (traded shares)
³⁾ Daily turnover of alternative trading platforms (Multilateral Trading Facility – MTF)
⁴⁾ Prices in parentheses adjusted for capital increase and dividend payout in 2012

Share price performance Q1/2013 (indexed)



Analyst coverage

The shares of Deutsche Wohnen are currently¹⁾ being evaluated by 23 analysts. Their target prices range between EUR 11.30 and EUR 17.40 per share. NordLB took up coverage in April 2013. 17 analysts set the target price at higher than EUR 14.00. Of these, ten analysts are assuming a target price of EUR 15.00 or higher. Nine analysts recommend buying the share, eleven recommend holding and only three recommend selling.

The following table provides a detailed overview of the current ratings of the analysts:

Rating	Number
Buy/Outperform/Overweight/Kaufen	9
Hold/Neutral/Halten	11
Sell/Underweight	3

Status: 02/05/2013

Capital increase

On 15 January, Deutsche Wohnen placed 14,614,285 new bearer shares with institutional investors both in Germany and abroad using an accelerated book building. The new shares carry full dividend rights for the financial year 2012. Existing shareholders were not given the right to subscribe. The shares were issued making partial use of the share capital authorized 2012/II in the Extraordinary General Meeting of December 2012. The issue price was EUR 13.35 per share, which meant that gross proceeds of EUR 195.1 million were achieved. As a result of this capital increase the share capital of the company rose to around EUR 160.8 million.

Investor Relations activities

In the first three months of 2013, Deutsche Wohnen took part in the 8th HSBC Real Estate and Construction Conference in Frankfurt am Main and in the Kempen & Co. European Property Seminar in New York. In the course of the year Deutsche Wohnen will participate in a large number of events and conferences. Please see the financial calendar on page 32 for the precise dates.

Deutsche Wohnen aims for open and regular dialogue with investors and analysts. It will continue with this close contact this year as well.

¹⁾ Status: 02/05/2013

Events after the reporting date

After the reporting date Deutsche Wohnen announced that it had notarised the acquisition of two property portfolios with a total of 7,800 residential units. For property-specific details about this transaction, please see the section "Further Acquisitions" on page 7 of this interim report.

The purchase price for the acquisition of one of these real estate portfolios with around 6,900 residential units consists of a cash component amounting to EUR 260 million, as well as a share component of 8,150,000 new no-par-value ordinary bearer shares of Deutsche Wohnen AG.

In order to fulfil the required/agreed share component, the Management Board of Deutsche Wohnen AG, with approval from the Supervisory Board, resolved on a capital increase in the nominal amount of approximately 5% of the current share capital against contributions in kind and under exclusion of shareholders' subscription rights. The company's share capital shall be increased by EUR 8,150,000, from EUR 160,757,143 to EUR 168,907,143, through the partial exercise of the authorised capital 2012/II and against a contribution in kind of shares. To this end, 8,150,000 new no-par-value ordinary bearer shares shall be issued to the sellers. The new shares carry full dividend rights as of 1 January 2013.

The second real estate portfolio consists of around 900 residential units and has been acquired at a gross purchase price of around EUR 51 million in cash.

Both real estate portfolios are being financed with around 55% of debt capital.

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

Risk report

With regard to the risks which exist for future business development we refer you to the information presented in the risk report of the consolidated financial statement as at 31 December 2012.

Forecast

Deutsche Wohnen has made a successful start to the financial year 2013. The integration of the around 33,000 new units is proceeding according to plan. Against this background we confirm our forecast – without further acquisitions – of an FFO (without disposals) of EUR 100 million for the financial year 2013. We anticipate additional positive FFO-contributions from the approximately 7,800 residential units that have already been acquired and notarised. The transfer of risks and rewards for these properties is expected to take place in the middle of this year.

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Interim financial statements

Consolidated balance sheet

as at 31 March 2013

in EUR k	31/03/2013	31/12/2012
ASSETS		
Investment properties	4,874,902	4,614,598
Property, plant and equipment	25,262	20,348
Intangible assets	14,616	3,256
Derivative financial instruments	159	0
Other non-current assets	435	438
Deferred tax assets	76,669	80,716
Non-current assets	4,992,043	4,719,356
Land and buildings held for sale	34,229	39,143
Other inventories	3,020	3,206
Trade receivables	15,331	20,842
Income tax receivables	1,290	1,188
Derivative financial instruments	41	0
Other current assets	4,084	9,078
Cash and cash equivalents	199,973	90,571
Subtotal current assets	257,968	164,028
Non-current assets held for sale	16,482	24,425
Current assets	274,450	188,453
Total assets	5,266,493	4,907,809

in EUR k	31/03/2013	31/12/2012
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the parent company		
Issued share capital	160,757	146,143
Capital reserve	1,038,682	859,251
Retained earnings	638,917	603,930
	1,838,356	1,609,324
Non-controlling interests	349	346
Total equity	1,838,705	1,609,670
Non-current financial liabilities	2,766,718	2,634,286
Employee benefit liability	55,574	54,538
Tax liabilities	36,887	36,509
Derivative financial instruments	102,373	113,694
Other provisions	7,185	7,102
Deferred tax liabilities	151,168	143,331
Total non-current liabilities	3,119,905	2,989,460
Current financial liabilities	129,884	134,357
Trade payables	73,141	71,962
Liabilities to limited partners in funds	5,205	5,142
Other provisions	7,314	7,272
Derivative financial instruments	37,203	38,767
Tax liabilities	31,888	27,060
Other liabilities	23,248	24,119
Total current liabilities	307,883	308,679
Total equity and liabilities	5,266,493	4,907,809

Consolidated profit and loss statement

for the period from 1 January to 31 March 2013

in EUR k	Q1/2013	Q1/2012
Income from Residential Property Management	83,300	52,030
Expenses from Residential Property Management	-12,363	-7,938
Earnings from Residential Property Management	70,937	44,092
Sales proceeds	32,125	41,831
Cost of sales	-2,009	-3,267
Carrying amounts of assets sold	-24,612	-34,763
Earnings from Disposals	5,504	3,801
Income from Nursing and Assisted Living	13,313	9,640
Expenses from Nursing and Assisted Living	-10,168	-7,030
Earnings from Nursing and Assisted Living	3,145	2,610
Corporate expenses	-11,759	-7,762
Other expenses/income	-2,115	333
Subtotal	65,712	43,074
Depreciation and amortisation	-1,316	-703
Earnings before interest and taxes (EBIT)	64,396	42,371
Finance income	242	356
Gains/losses from fair value adjustments of derivative financial instruments	-196	-69
Finance expense	-30,307	-23,178
Profit before taxes	34,135	19,480
Income taxes	-7,924	-5,057
Profit for the period	26,211	14,423
Thereof attributable to:		
Shareholders of the parent company	26,211	14,423
Non-controlling interests	0	0
	26,211	14,423
Earnings per share		
basic in EUR	0.17	0.14
diluted in EUR	0.17	0.14

Consolidated statement of comprehensive income

for the period from 1 January to 31 March 2013

in EUR k	Q1/2013	Q1/2012
Profit for the period	26,211	14,423
Other comprehensive income		
Net gain/loss from derivative financial instruments	13,967	-5,111
Income tax effect	-4,346	1,590
	9,621	-3,521
Actuarial gains/losses with employee benefits and effects of maximum limits for assets	-1,226	-1,734
Income tax effect	381	520
	-845	-1,214
Other comprehensive income after taxes	8,776	-4,735
Total comprehensive income, net of taxes	34,987	9,688
Thereof attributable to:		
Shareholders of the parent company	34,987	9,688
Non-controlling interests	0	0

Consolidated statement of cash flows

for the period from 1 January to 31 March 2013

in EUR k	Q1/2013	Q1/2012
Operating activities		
Profit/loss for the period	26,211	14,423
Finance income	-242	-356
Finance expense	30,307	23,178
Income taxes	7,924	5,057
Profit/loss for the period before interest and taxes	64,200	42,302
Depreciation and amortisation	1,316	703
Fair value adjustments to interest rate swaps	196	69
Other non-cash operating expenses/income	-8,106	-7,592
Change in net working capital		
Change in receivables, inventories and other current assets	4,015	2,353
Change in operating liabilities	-3,154	-5,930
Net operating cash flows	58,467	31,905
Interest paid	-28,650	-20,793
Interest received	242	356
Taxes paid/received excluding EK-02 payments	-799	-523
Net cash flows from operating activities	29,260	10,945
Investment activities		
Sales proceeds	38,012	50,107
Purchase of property, plant and equipment/investment property and other non-current assets	-258,782	-80,538
Payments to limited partners of funds	0	-154
Net cash flows from investing activities	-220,770	-30,585
Financing activities		
Proceeds from borrowings	157,153	53,699
Repayment of borrowings	-49,790	-35,414
Proceeds from capital increase	195,100	0
Costs of capital increase	-1,551	0
Net cash flows from financing activities	300,912	18,285
Net change in cash and cash equivalents	109,402	-1,355
Opening balance of cash and cash equivalents	90,571	167,829
Closing balance of cash and cash equivalents	199,973	166,474

Consolidated statement of changes in equity

as at 31 March 2013

in EUR k	Issued share capital	Capital reserves	Retained earnings			Subtotal	Non- controlling interests	Equity
			Pensions	Reserves for cash flow hedge	Other reserves			
Equity as at 1 January 2012	102,300	496,174	-1,261	-61,380	547,239	1,083,072	302	1,083,374
Profit/loss for the period					14,423	14,423		14,423
Other comprehensive income after tax			-1,214	-3,521		-4,735		-4,735
Total comprehensive income, net of tax			-1,214	-3,521	14,423	9,688	0	9,688
Equity as at 31 March 2012	102,300	496,174	-2,475	-64,901	561,662	1,092,760	302	1,093,062
Equity as at 1 January 2013	146,143	859,251	-6,724	-101,213	711,868	1,609,324	346	1,609,670
Profit/loss for the period					26,211	26,211	0	26,211
Other comprehensive income after tax			-845	9,621		8,776		8,776
Total comprehensive income, net of tax			-845	9,621	26,211	34,987	0	34,987
Capital increase	14,614	180,486				195,100		195,100
Costs of capital increase, less tax effects		-1,055				-1,055		-1,055
Change in non- controlling interests						0	3	3
Equity as at 31 March 2013	160,757	1,038,682	-7,569	-91,592	738,079	1,838,356	349	1,838,705

Appendix

General information

The business activities of Deutsche Wohnen AG are limited to its role as the holding company for the companies in the Group. These activities include the following functions: Corporate Development, Corporate Finance, Finance, Human Resources, Investor Relations and Corporate Communication. Consistent with its business strategy it concentrates on residential and nursing properties in dynamic conurbations and metropolitan areas in Germany, for example in Greater Berlin, the Rhine-Main region with Frankfurt/Main and the Rhineland with a focus on Dusseldorf, and in stable conurbations and metropolitan areas like Hanover/Brunswick/Magdeburg.

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

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

The condensed consolidated interim financial statements for the period from 1 January to 31 March 2013 were prepared in accordance with International Accounting Standards (IAS) 34 for interim reporting as applicable in the European Union (EU). The condensed consolidated interim financial statements have not been audited or subjected to an audit review.

These interim financial statements do not contain all the information and details required for consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements as at 31 December 2012.

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

The consolidated financial statements include the financial statements of Deutsche Wohnen and its subsidiaries as at 31 March 2013. The financial statements of the subsidiaries are prepared using consistent accounting and valuation methods as at the same reporting date as the financial statements of the parent company.

The preparation of the Group's 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 quarter of 2013, a total of 18 companies were fully consolidated as companies with limited liability (GmbH). Of these, four belong to the segment Nursing and Assisted Living and were consolidated as a Business Combination, as defined by IFRS 3. The other 14 companies are residential property companies without independent business operations. There have been no further changes to the basis of consolidation.

Changes to accounting policies

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

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

Selected notes on the consolidated balance sheet

Investment properties comprise 93% of the assets of the Deutsche Wohnen Group. As at 31 December 2012 these investment properties underwent a detailed valuation and were recorded in the balance sheet at fair value. For the purposes of the interim reports the appropriateness of these valuations is continuously monitored. As at 31 December 2013 the investment properties will once again undergo a detailed valuation. With regard to the valuation methods and parameters, refer to the consolidated financial statements as at 31 December 2012.

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

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

The derivative financial instruments are interest rate swaps recorded at fair value. These swaps were not concluded for speculative purposes but solely in order to minimise the interest rate risks and consequent cash flow risks of floating rate loans. The slight rise in interest rates has led to a reduction in the negative market value (net) compared with 31 December 2012 from EUR 152.5 million to EUR 139.4 million.

The developments in equity can be found in the consolidated equity change statement on page 25.

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

The employee benefit liabilities were valued as at the reporting date with a discount rate of 3.35% p.a. (31 December 2012: 3.50% p.a.). This rate derives from the yield of fixed-interest rate corporate bonds.

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

Selected notes on the consolidated profit and loss statement

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

in EUR m	Q1/2013	Q1/2012
Potential gross rental income	85.6	53.1
Subsidies	0.6	0.6
	86.2	53.7
Vacancy losses	-2.9	-1.7
	83.3	52.0

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

in EUR m	Q1/2013	Q1/2012
Maintenance costs	-8.4	-5.8
Non-recoverable operating expenses	-1.3	-0.9
Rental loss	-1.1	-0.5
Other income/expenses	-1.6	-0.7
	-12.4	-7.9

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

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

in EUR m	Q1/2013	Q1/2012
Income from Nursing and Assisted Living	13.3	9.6
Nursing and corporate costs	-3.4	-2.4
Staff expenses	-6.8	-4.6
	3.1	2.6

Financial expenses are made up as follows:

in EUR m	Q1/2013	Q1/2012
Current interest expenses	-27.4	-20.5
Accrued interest on liabilities and pensions	-2.9	-2.7
	-30.3	-23.2

Notes on the consolidated statement of cash flows

The cash fund is made up of cash at hand and bank deposits. In addition, we have readily available credit facilities with banks in an amount of EUR 106 million.

Notes on segment reporting

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

in EUR m	External revenue		Internal revenue	
	Q1/2013	Q1/2012	Q1/2013	Q1/2012
Segments				
Residential Property Management	83.3	52.0	1.2	0.5
Disposals	32.1	41.8	0.7	2.2
Nursing and Assisted Living	13.3	9.6	0.0	0.0
Reconciliation with consolidated financial statement				
Central functions and other operating activities	0.1	0.0	13.0	7.7
Consolidation and other reconciliation	-0.1	0.1	-14.9	-10.4
	128.7	103.5	0.0	0.0

in EUR m	Total revenue		Segment earnings		Assets	
	Q1/2013	Q1/2012	Q1/2013	Q1/2012	31/03/2013	31/12/2012
Segments						
Residential property management	84.5	52.5	70.9	44.1	4,889.1	4,627.1
Disposals	32.8	44.0	5.5	3.8	61.1	77.5
Nursing and Assisted Living	13.3	9.6	3.1	2.6	17.5	4.6
Reconciliation with consolidated financial statement						
Central functions and other operational activities	13.1	7.7	-13.8	-7.4	220.9	116.7
Consolidations and other reconciliations	-15.0	-10.3	0.0	0.0	0.0	0.0
	128.7	103.5	66.7	43.1	5,188.6	4,825.9

Notes on company mergers

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

As at the time of initial consolidation the market values of the acquired assets and liabilities break down as follows:

in EUR m	Q1/2013
Assets	
Intangible assets	8.5
Property	32.1
Property, plant and equipment	1.0
Deferred tax assets	0.4
Cash and cash equivalents	0.5
	42.5
Liabilities	
Financial liabilities	-20.1
Derivative financial instruments	-1.0
Trade payables and other liabilities	-1.4
Deferred tax liabilities	-3.1
	-25.6
Net asset value	16.9
Goodwill	3.5
Total purchase price	20.4

The fair-value calculation of assets and liabilities is preliminary.

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

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

Since the initial consolidation, the revenues of the LebensWerk Group which were included in the consolidated financial statements of Deutsche Wohnen were approximately EUR 2.3 million, and the contribution to profits (EBT) was around EUR 0.2 million. If the LebensWerk Group had been fully consolidated from 1 January 2013, the revenues included would have been approximately EUR 3.6 million and the contribution to profits (EBT) approximately EUR 0.2 million.

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

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

Other information

Associated parties and companies

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

Risk report

With regard to the risks which exist for future business development, we refer you to the information presented in the risk report in the consolidated financial statements as at 31 December 2012.

Frankfurt/Main, May 2013

Deutsche Wohnen AG
Management Board



Michael Zahn
Chief Executive Officer



Lars Wittan
Chief Financial Officer

Responsibility statement

“To the best of our knowledge, and in accordance with the applicable accounting standards, the consolidated interim financial statements as at 31 March 2013 gives a true and fair view of net assets, financial and earnings position of the Group, and that the interim report presents a true and fair view of the development of the business including the business result and the position of the Group and describes the main opportunities and risks associated with the Group’s expected future development.”

Frankfurt/Main, May 2013

Deutsche Wohnen AG
Management Board



Michael Zahn
Chief Executive Officer



Lars Wittan
Chief Financial Officer

Disclaimer

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



Financial calendar 2013

15 – 17/05/2013	Roadshow London
28/05/2013	Annual General Meeting 2013, Frankfurt/Main
30/05/2013	Kempen & Co. European Property Seminar, Amsterdam
20/06/2013	Morgan Stanley EMEA Property Conference, London
13/08/2013	Publication of Interim Report as at 30 June 2013 / half-year
05 – 06/09/2013	EPRA Annual Conference, Paris
11 – 12/09/2013	Bank of America Merrill Lynch Global Real Estate Conference, New York
07 – 09/10/2013	Expo Real, Munich
12/11/2013	Publication of Interim Report as at 30 September 2013 / 1st – 3rd quarter
03 – 04/12/2013	UBS Global Real Estate Conference, London

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

DEUTSCHE WOHNEN AG

Registered office
Pfaffenwiese 300
D-65929 Frankfurt/Main, Germany

Phone +49 (0)69 976 970 0
Fax +49 (0)69 976 970 4980

Berlin office
Mecklenburgische Straße 57
D-14197 Berlin, Germany

Phone +49 (0)30 897 86 0
Fax +49 (0)30 897 86 100

info@deutsche-wohnen.com
www.deutsche-wohnen.com

Contact

Helge H. Hehl, CFA
Director Investor Relations

Phone +49 (0)30 897 86 551
Fax +49 (0)30 897 86 507

Berlin office
Deutsche Wohnen AG
Mecklenburgische Straße 57
14197 Berlin, Germany

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

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