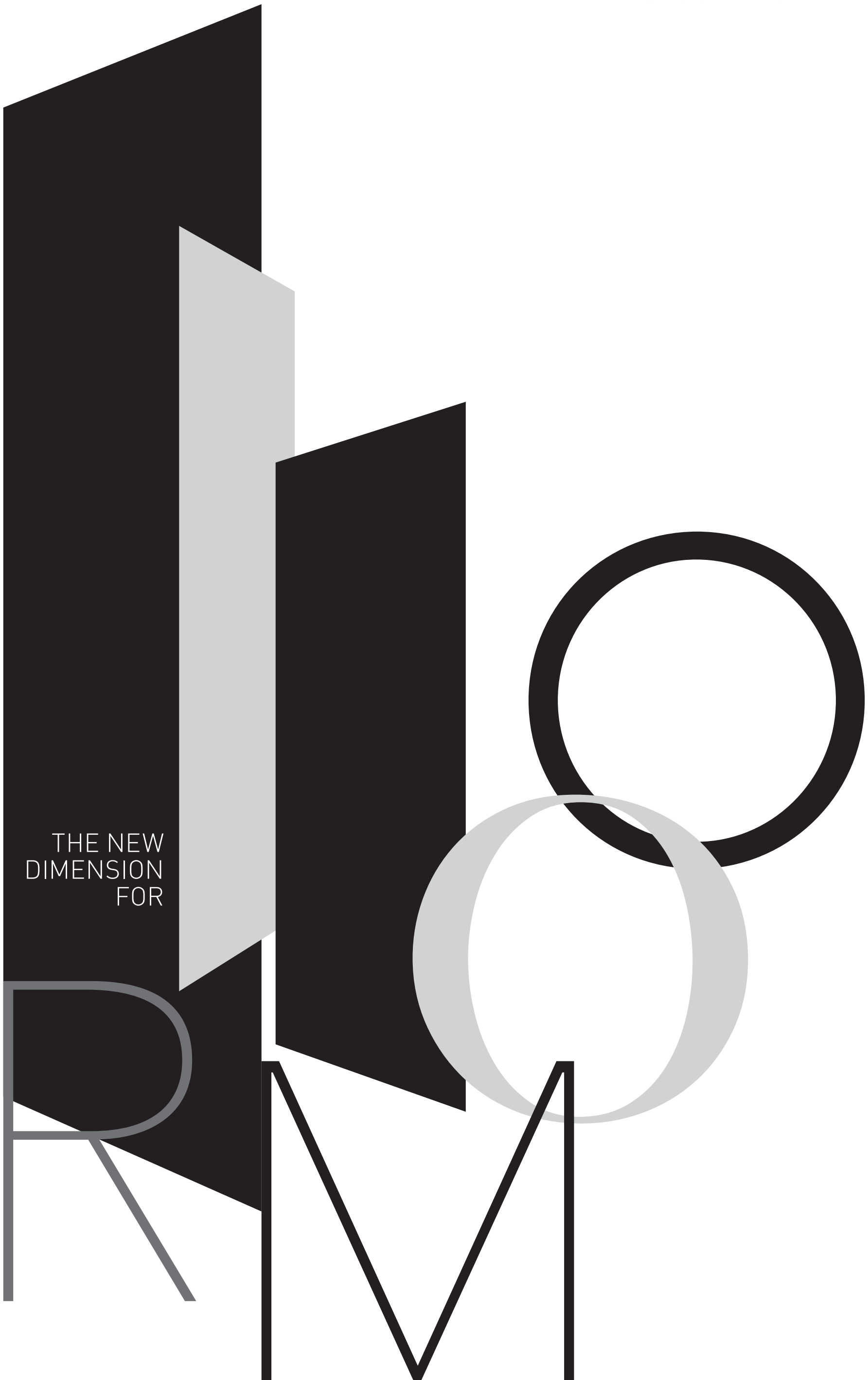
Deutsche Wohnen

INTERIM REPORT
AS AT 30 JUNE 2013

GROUP KEY FIGURES 2
INTERIM MANAGEMENT REPORT 3
INTERIM FINANCIAL STATEMENTS 20
FINANCIAL CALENDAR 34
IMPRINT & CONTACT 35



Group key figures

of the Deutsche Wohnen AG

PROFIT AND LOSS STATEMENT		H1/2013	H1/2012
Earnings from Residential Property Management	in EUR m	139.3	86.6
Earnings from Disposals	in EUR m	12.3	9.1
Earnings from Nursing and Assisted Living	in EUR m	6.5	4.9
Corporate expenses	in EUR m	– 22.2	– 16.1
EBITDA	in EUR m	133.0	104.2
EBT (adjusted)	in EUR m	69.3	37.3
EBT (as reported)	in EUR m	69.3	53.4
Profit for the period (after taxes)	in EUR m	50.2	36.9
Profit for the period (after taxes)[1]	EUR per share	0.31	0.35[5]
FFO (without disposals)	in EUR m	60.6	32.8
FFO (without disposals)[1]	EUR per share	0.38	0.31[5]
FFO (incl. disposals)	in EUR m	72.9	41.9
FFO (incl. disposals)[1]	EUR per share	0.46	0.40[5]
BALANCE SHEET		**30/06/2013**	**31/12/2012**
Investment properties	in EUR m	5,178.7	4,614.6
Current assets	in EUR m	334.1	188.5
Equity	in EUR m	1,963.7	1,609.7
Net financial liabilities	in EUR m	2,964.1	2,678.0
Loan-to-Value ratio (LTV)	in %	55.8	57.2
Total assets	in EUR m	5,621.2	4,907.9
SHARE		**30/06/2013**	**31/12/2012**
Share price (closing price)	EUR per share	13.05	14.00
Number of shares	m	168.91	146.14
Market capitalisation	in EUR billion	2.2	2.0
NET ASSET VALUE (NAV)		**30/06/2013**	**31/12/2012**
EPRA NAV	in EUR m	2,159.9	1,824.4
EPRA NAV	EUR per share	12.79[2]	12.48[3]
FAIR VALUES		**30/06/2013**	**31/12/2012**
Fair value of real estate properties[4]	in EUR m	5,152	4,320
Fair value per sqm residential and commercial area[4]	EUR per sqm	914	950

[1] Based on an average number of around 159.78 million issued shares in 2013 or of around 105.82 million issued shares in 2012
[2] Based on around 168.91 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. As at 30 June 2013 its property portfolio included around 90,600 residential and commercial units as well as nursing care facilities with about 1,900 nursing places/ apartments at a fair value of around EUR 5.3 billion in total. The company is listed in the MDAX of the German Stock Exchange. Consistent with its business strategy, it concentrates on residential and nursing care properties both in dynamic conurbations with strong growth and metropolitan areas in Germany, such as Greater Berlin, the Rhine-Main region with Frankfurt/Main and the Rhineland with a focus on Dusseldorf, as well as in stable conurbations and metropolitan areas like Hanover/ Brunswick/Magdeburg. The fundamental economic growth data, the population influx and the demographic development in the German metropolitan areas provide a very good basis for achieving strong and stable cash flows from letting and leasing, and for making use of opportunities for value creation.

Portfolio

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

	30/06/2013			30/06/2012		
	Residential units	Area	Share of total portfolio	Residential units	Area	Share of total portfolio
Residential	**Number**	**in sqm k**	**in %**	**Number**	**in sqm k**	**in %**
Strategic core and growth regions	**84,137**	**5,129**	**94**	**46,381**	**2,811**	**94**
Core+	58,827	3,523	66	37,685	2,256	77
Core	25,310	1,606	28	8,696	554	18
Non-Core	5,304	338	6	2,718	169	6
Total	**89,441**	**5,468**	**100**	**49,099**	**2,979**	**100**

Deutsche Wohnen now manages in total 89,441 residential units: 66 % of these are in Core+ regions and 28 % in Core regions. Only 6 % 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	Residential units	Share of total portfolio	In-place rent[1]	Vacancy rate
				30/06/2013
	Number	in %	EUR per sqm	in %
Strategic core and growth regions	**84,137**	**94**	**5.56**	**2.6**
Core+	58,827	66	5.71	2.0
Core	25,310	28	5.21	4.0
Non-Core	5,304	6	4.78	9.9
Total	**89,441**	**100**	**5.51**	**3.0**

[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 (30 June 2012) from EUR 5.65 per sqm to EUR 5.51 per sqm. The average vacancy rate for the total portfolio rose by 0.8 % 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	Residential units Number	Share of total portfolio in %	In-place rent[1] EUR per sqm	Vacancy rate in %
	30/06/2013			
Core+	**58,827**	**66**	**5.71**	**2.0**
Letting portfolio	54,704	61	5.72	1.7
Privatisation	4,123	5	5.62	5.2
Greater Berlin	**48,029**	**54**	**5.47**	**1.6**
Letting portfolio	45,112	50	5.49	1.5
Privatisation	2,917	3	5.25	3.8
Rhine-Main	**9,187**	**10**	**6.85**	**3.2**
Letting portfolio	8,140	9	6.92	2.6
Privatisation	1,047	1	6.33	8.1
Rhineland	**1,611**	**2**	**6.37**	**3.2**
Letting portfolio	1,452	2	6.30	2.6
Privatisation	159	0	6.85	6.4

[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. We were able to considerably expand our portfolio in Greater Berlin in comparison to 31 March 2013 through concluded acquisitions with transfer of risks and rewards in the second quarter 2013 (around 7,800 residential units): in total around 54 % of our total portfolio now lies in the dynamic conurbations of Greater Berlin (31 March 2013: around 49 %).

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

	30/06/2013			
	Residential units	Share of total portfolio	In-place rent[1]	Vacancy rate
Residential	Number	in %	EUR per sqm	in %
Core	**25,310**	**28**	**5.21**	**4.0**
Letting portfolio	23,023	26	5.19	3.8
Privatisation	2,287	3	5.38	5.9
Hanover/Brunswick/Magdeburg	**10,913**	**12**	**5.21**	**5.5**
Letting portfolio	10,032	11	5.15	5.4
Privatisation	881	1	5.87	6.3
Rhine Valley South	**4,897**	**5**	**5.47**	**1.9**
Letting portfolio	4,654	5	5.46	1.6
Privatisation	243	0	5.60	8.8
Rhine Valley North	**2,922**	**3**	**5.14**	**1.8**
Letting portfolio	2,798	3	5.12	1.3
Privatisation	124	0	5.64	11.9
Central Germany	**3,777**	**4**	**5.05**	**3.5**
Letting portfolio	3,777	4	5.05	3.5
Privatisation	0	0	0.00	0.0
Other[2]	**2,801**	**3**	**5.00**	**4.8**
Letting portfolio	1,762	2	5.06	5.4
Privatisation	1,039	1	4.91	3.9

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

With the initial consolidation of the BauBeCon portfolio as at 1 September 2012, the region of Hanover/Brunswick/Magdeburg has been extended by further acquisitions in 2013 to nearly 11,000 residential units as at 30 June 2013.

The rise in vacancy rates, particularly in the letting region Hanover/Brunswick/Magdeburg from 4.3 % at 31 March 2013 to 5.4 % at 30 June 2013 is in line with our expectations. The transfer of residential holdings from former property manager 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 6 % of the total portfolio, residential units are identified which are to be gradually sold for reasons of portfolio strategy.

	30/06/2013			
Residential	Residential units Number	Share of total portfolio in %	In-place rent[1)] EUR per sqm	Vacancy rate in %
Non-Core	5,304	6	4.78	9.9
Disposal	2,154	2	4.73	13.8
Other	3,150	4	4.81	7.3

[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

In the second quarter of 2013 the transfer of risks and rewards of both residential property transactions (around 7,800 units) in Greater Berlin took place. In addition, we have concluded further value-enhancing smaller portfolio acquisitions in our existing core and growth regions:

To date we have acquired property portfolios of around 10,700 residential units – including the already published 7,800 residential units in Berlin – as well as a retirement facility in Berlin with around 250 places with a transaction volume of around EUR 592 million in 2013. A focus of the additionally acquired residential property was placed on the approximately 1,900 residential units in Dresden, as well as on the more than 500 residential units in Greater Berlin, in particular Potsdam. In addition we were able to acquire around 215 residential units in our Core+ region Rhineland as well as around 180 residential units in Hanover. In total the current annual in-place rent of the 10,700 residential units is around EUR 40,0 million and were acquired at an in-place rent multiplier (based on the gross purchase price of the residential property portfolio) of 14.1x, i.e. around EUR 820 per sqm of the purchase price. Through the use of scaling effects on our operating platform in the existing core and growth regions, the FFO return before tax and after full integration of the residential property is over 8 %, with debt financing (LTV) of around 55 %.

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 six months of the financial year 2013 in comparison to the corresponding period of the previous year.

in EUR m	H1/2013	H1/2012
Earnings from Residential Property Management	139.3	86.6
Earnings from Disposals	12.3	9.1
Earnings from Nursing and Assisted Living	6.5	4.9
Contribution margin of segments	**158.1**	**100.6**
Corporate expenses	−22.2	−16.1
Other operating expenses/income	−2.9	19.7
Operating result (EBITDA)	**133.0**	**104.2**
Depreciation and amortisation	−2.7	−1.4
Financial result	−61.0	−49.4
Profit before taxes	**69.3**	**53.4**
Current taxes	−5.6	−7.9
Deferred taxes	−13.5	−8.6
Profit for the period	**50.2**	**36.9**

Overall, it was possible to improve the profit for the period by EUR 13.3 million. The reason for this is essentially the value contribution made by the acquisitions in 2012 and 2013.

Earnings before taxes, adjusted by extraordinary and valuation effects, rose by EUR 32.0 million.

in EUR m	H1/2013	H1/2012
Profit before taxes	**69.3**	**53.4**
Gains/losses from fair value adjustments of derivative financial instruments	0.0	0.1
Comparison by loss equalisation	0.0	−20.0
BauBeCon transaction costs	0.0	3.8
Adjusted earnings before taxes	**69.3**	**37.3**

Earnings from Residential Property Management

The contribution margin from the segment Residential Property Management increased by EUR 52.7 million or 61 % in comparison to the corresponding quarter of the previous year.

in EUR m	H1/2013	H1/2012
Current gross rental income	**168.1**	**103.7**
Non-recoverable expenses	−2.8	−2.1
Rental loss	−2.1	−0.8
Maintenance	−21.3	−12.6
Other	−2.6	−1.6
Earnings from Residential Property Management	**139.3**	**86.6**
Staff and general and administration expenses	−12.7	−8.4
Operating result (Net Operating Income, NOI)	**126.6**	**78.2**
NOI margin in %	75.3	75.4
NOI in EUR per sqm and month[1]	4.06	4.22
Change in %	−3.8	

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

The NOI-margin stayed more or less the same at around 75 %, despite the integration of new portfolios. The contribution margin in EUR per sqm fell by 3.8 % due to the changes to the overall portfolio structure.

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

Like-for-like	Residential units Number	In-place rent[1] EUR per sqm		Development in %	Vacancy rate in %		Development in %
		30/06/2013	30/06/2012		30/06/2013	30/06/2012	
Strategic core and growth regions (letting portfolio)	**42,328**	**5.86**	**5.71**	**2.6**	**1.6**	**1.4**	**14.3**
Core+	34,179	6.00	5.84	2.8	1.5	1.3	15.4
Greater Berlin	25,184	5.71	5.56	2.6	1.3	1.0	30.0
Rhine-Main	7,839	6.89	6.69	3.1	1.9	2.1	–9.5
Rhineland	1,156	6.29	6.17	1.9	1.1	1.5	–26.7
Core	8,149	5.32	5.23	1.7	1.9	1.8	5.6
Hanover/Brunswick/ Magdeburg	0	–	–	–	–	–	–
Rhine Valley South	4,652	5.46	5.34	2.4	1.6	1.6	0.0
Rhine Valley North	2,798	5.12	5.08	0.9	1.3	1.5	–13.3
Central Germany	174	6.10	6.08	0.3	2.1	3.5	–40.0
Other	525	4.89	4.87	0.4	8.5	5.3	60.4
Privatisation	**2,707**	**5.65**	**5.60**	**1.0**	**5.6**	**2.1**	**166.7**
Non-Core	**1,744**	**4.88**	**4.82**	**1.2**	**6.0**	**6.5**	**–7.7**
Total	**46,779**	**5.81**	**5.67**	**2.4**	**1.9**	**1.6**	**18.8**

[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 increased on a like-for-like basis by 2.6 % (around 42,300 residential units) in a year-on-year comparison. This development is largely driven by strong increases of new-letting rents. We expect additional like-for-like growth in in-place rents according to the 2013 Berlin rent index, which was released at the end of May 2013 and will be implemented during the second half of 2013 on the relevant units in the Deutsche Wohnen Berlin portfolio.

The vacancy rate in the letting portfolio of the core and growth regions increased – at a very low level – from 1.4 % to 1.6 % in a like-for-like comparison. The rise in vacancy rate in the privatisation business is intended in order to be able to place the vacant units on the market at a higher price.

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

Residential	30/06/2013			31/12/2012
	New letting rent[1]	In-place rent[2]	Rent potential[3]	Rent potential[3]
	EUR per sqm	EUR per sqm	in %	in %
Core+ (letting portfolio)	**7.57**	**5.97**	**26.7**	**21.6**
Greater Berlin	6.92	5.69	21.7	18.3
Rhine-Main	9.00	6.90	30.5	24.3
Rhineland	8.28	6.29	31.7	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 for new letting comparison to in-place rent

In the first six 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 below 22 % to around 27 %.

In the first six months of 2013 a total of EUR 27.0 million was invested in maintenance and value-enhancing investments (modernisations) (equivalent period in previous year: EUR 21.8 million).

in EUR m	H1/2013	H1/2012
Maintenance	**21.3**	**12.6**
in EUR per sqm p.a.	8.19[1]	8.17[1]
Modernisation	**5.7**	**9.2**
in EUR per sqm p.a.	2.19[1]	5.96[1]
Maintenance and modernisation	**27.0**	**21.8**
in EUR per sqm p.a.	10.38[1]	14.13[1]

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

Earnings from Disposals

Demand for property as a form of investment for owner-occupiers and investors continues to be high. In the first six months of this year, a total of 1,945 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 %
Privatisations	882	67.7	44.8	22.9	51
Institutional sales	1,063	37.4	33.4	4.0	12
	1,945	**105.1**	**78.2**	**26.9**	**34**

Of these 1,945 residential units, the transfer of risks and rewards took place in respect to 1,018 residential units in the first six months of the financial year and are therefore included in the sales results:

in EUR m	H1/2013	H1/2012
Sales proceeds	62.8	82.5
Cost of sales	–3.8	–6.0
Net sales proceeds	**59.0**	**76.5**
Carrying amounts of assets sold	–46.7	–67.4
Earnings from Disposals	**12.3**	**9.1**

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 five federal German states: Berlin, Brandenburg, Saxony, Lower Saxony and the Rhineland-Palatinate: As at 30 June 2013 the KATHARINENHOF® Group managed 20 facilities (equivalent reporting date of previous year: 16), of which Deutsche Wohnen owns 17 with a fair value of EUR 117.3 million.

in EUR m	H1/2013	H1/2012
Income		
Nursing	25.0	17.1
Living	1.0	1.0
Other	2.0	1.7
	28.0	**19.8**
Costs		
Nursing and corporate expenses	– 7.2	– 5.2
Staff expenses	– 14.3	– 9.7
	– 21.5	**– 14.9**
Segment earnings	**6.5**	**4.9**
Attributable current interest	– 1.7	– 1.1
Segment earnings after interest	**4.8**	**3.8**

The average occupancy rate of the facilities during the first six months of 2013 was 96.8 % and so continues to be at a high level. The four facilities acquired in January 2013 have contributed significantly to the increase in earnings compared with the equivalent period of the previous year.

We are consistently setting forth this growth strategy with the signing of a purchase agreement for the acquisition of an additional facility with the expected transfer of risk and rewards in the fourth quarter of 2013.

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	H1/2013	H1/2012
Staff expenses		
Holding function	– 4.7	– 3.4
Disposals	– 1.0	– 1.1
Property Management	– 7.6	– 5.8
Total staff expenses	**– 13.3**	**– 10.3**
General and administration expenses	**– 6.7**	**– 5.8**
Total staff and general and administration expenses	**– 20.0**	**– 16.1**
Property Management (external management BauBeCon)	– 2.2	0.0
Total corporate expenses	**– 22.2**	**– 16.1**

The absolute increase in staff and general administration expenses is due to the size of the property portfolio – which has risen in comparison to the previous year – and the related increases in staffing levels. The relative share of these costs related to the in-place rent fell, however, from just under 16 % in the first half of 2012 to 13 % in the first half of 2013. This is reflected in the successful scaling of the platform with our focused and concentrated residential portfolio.

Financial result

The financial result is made up as follows:

in EUR m	H1/2013	H1/2012
Current interest expenses	– 56.0	– 40.6
Accrued interest on liabilities and pensions	– 5.5	– 5.6
One-off financing costs for BauBeCon transaction	0.0	– 3.8
Fair value adjustments of derivative financial instruments	0.0	– 0.1
	– 61.5	**– 50.1**
Interest income	0.5	0.7
Financial result	**– 61.0**	**– 49.4**

Current taxes

The current taxes of EUR 5.6 million comprise EUR 1.0 million of notional tax expenses arising from the capital increase in January and June 2013 and current income taxes of EUR 4.6 million.

Financial position

	30/06/2013 in EUR m	30/06/2013 in %	31/12/2012 in EUR m	31/12/2012 in %
Investment properties	5,178.7	92	4,614.6	94
Other non-current assets	108.4	2	104.8	2
Total non-current assets	**5,287.1**	**94**	**4,719.4**	**96**
Current assets	228.6	4	97.9	2
Cash and cash equivalents	105.5	2	90.6	2
Total current assets	**334.1**	**6**	**188.5**	**4**
Total assets	**5,621.2**	**100**	**4,907.9**	**100**
Equity	**1,963.7**	**35**	**1,609.7**	**33**
Financial liabilities	3,069.6	55	2,768.6	56
Tax liabilities	70.2	1	63.6	1
Liabilities to limited partners in funds	5.2	0	5.1	0
Employee benefit liabilities	53.6	1	54.5	1
Other liabilities	458.9	8	406.4	8
Total liabilities	**3,657.5**	**65**	**3,298.2**	**67**
Total equity and liabilities	**5,621.2**	**100**	**4,907.9**	**100**

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

Current assets include EUR 107.7 million (previous year: EUR 39.1 million) of land and buildings earmarked for sale. A portion of the Berlin portfolio acquired at the end of June 2013 accounted for EUR 74.8 million of assets held for sale.

As well as cash and cash equivalents amounting to EUR 105.5 million, Deutsche Wohnen has access to additional credit lines amounting to around EUR 106.0 million, which are callable at short notice.

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

in EUR m	30/06/2013	31/12/2012
Equity (before non-controlling interests)	1,955.6	1,609.3
Diluted NAV	1,955.6	1,609.3
Fair values of derivative financial instruments	110.7	152.5
Deferred taxes (net)	93.6	62.6
EPRA NAV	**2,159.9**	**1,824.4**
Number of shares (in m)	168.91	146.14
EPRA NAV in EUR per share	**12.79**	**12.48**

In comparison to the end of 2012, financial liabilities have increased in absolute terms by around EUR 301.0 million. This is substantially due to new borrowings (approximately EUR 187.9 million) to finance acquisitions. At the same time this was offset by ongoing repayments and exceptional redemption payments due to property disposals (approximately EUR 85.8 million). Further, financial liabilities rose by approximately EUR 197.2 million because of the ongoing financial arrangements of companies that have been taken over. The increase in short-term debt is primarily due to the refinancing of the acquired Berlin portfolio, which took place on 5 July 2013.

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

in EUR m	30/06/2013	31/12/2012
Financial liabilities	3,069.6	2,768.6
Cash and cash equivalents	−105.5	−90.6
Net financial liabilities	**2,964.1**	**2,678.0**
Investment properties	5,178.7	4,614.6
Non-current assets held for sale	27.0	24.4
Land and buildings held for sale	107.7	39.1
	5,313.4	**4,678.1**
Loan-to-Value ratio in %	**55.8**	**57.2**

The Loan-to-Value ratio was around 55.8 % as at the reporting date. The average interest rate on the credit portfolio (with financial liabilities of the Berlin portfolio acquired at the end of June 2013 refinanced on 5 July 2013) has fallen as at 30 June 2013 to 3.5 % with a hedging rate of 84.8 %. The prolongation volume, on the basis of today's maturity debt (including accrued interest) up to the end of 2014 is around EUR 285.8 million, of which around EUR 176.7 million was paid off on 5 July 2013. Overall, the financing structure of Deutsche Wohnen is stable and robust.

Of the tax liabilities, the sum of EUR 47.6 million (31 December 2012: EUR 46.6 million) is apportionable to the present value of liabilities from the lump-sum taxation of EK-02 holdings. These taxes are payable in equal annual instalments of EUR 10.4 million in the third quarter of each year until 2017.

The other liabilities cover the following items:

in EUR m	30/06/2013	31/12/2012
Derivative financial instruments	115.0	152.5
Deferred tax liabilities	157.7	143.3
Trade payables	76.9	72.0
Miscellaneous	109.3	38.6
Total	**458.9**	**406.4**

The increase in other liabilities and other assets is primarily due to the acquisition of the Berlin portfolio and the related payment arrangements and is only temporary.

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

in EUR m	H1/2013	H1/2012
Net cash flows from operating activities	35.5	38.6
Net cash flows from investing activities	– 280.8	– 14.5
Net cash flows from financing activities	260.2	415.9
Net change in cash and cash equivalents	**14.9**	**440.0**
Opening balance cash and cash equivalents	90.6	167.8
Closing balance cash and cash equivalents	**105.5**	**607.8**

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. Changes in working capital (trade receivables and liabilities) compared with the equivalent reporting period of the previous year resulted in a slight decrease.

Net cash flows from investing activities in the first half-year of 2013 contain inflows in an amount of EUR 90.3 million arising from the sale of apartments and outflows, primarily for investment, in an amount of EUR 371.0 million. These investments mainly concern new properties in the segment Residential Property Management (EUR 343.3 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 187.9 million (primarily in order to finance acquisitions), repayments of EUR 85.8 million and the net proceeds of EUR 193.5 million from the capital increase in January 2013. The capital increase of June 2013 totalling a gross amount of EUR 104.0 million was a capital increase through contributions in kind, so that no corresponding deposit is included in the cash flow from financing. In addition, cash flows from financing include the dividend payout, increased in comparison with the previous year, of EUR 33.8 million (previous year: EUR 23.5 million).

The decisive key figure for us, Funds from Operations (FFO) without disposals, rose by approximately 85 % in comparison to the corresponding period of the previous year thanks to acquisitions.

in EUR m	H1/2013	H1/2012
Profit for the period	**50.2**	**36.9**
Earnings from Disposals	– 12.3	– 9.1
Depreciation and amortisation	2.7	1.4
Fair value adjustments of derivative financial instruments	0.0	0.1
Non-cash financial expenses	5.5	5.6
Deferred taxes	13.5	8.6
Tax benefit from capital increase costs	1.0	5.5
One-off income from RREEF comparison	0.0	– 20.0
BauBeCon transaction costs	0.0	3.8
FFO (without disposals)	**60.6**	**32.8**
FFO (without disposals) per share in EUR	0.38	0.31
Average number of shares issued in m	159.8	105.8[1]
FFO (including disposals)	**72.9**	**41.9**
FFO (including disposals) per share in EUR	0.46	0.40
Average number of shares issued in m	159.8	105.8[1]

[1] Takes into account the effects of the capital increase of June 2012 (so-called scrip adjustment of around 1.03)

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

The DIW (German Institute for Economic Development) is forecasting moderate economic growth in Germany following several months of a weak winter half-year period. This growth is increasingly being driven by domestic economic development. In particular, the German economy is benefiting from positive developments in its employment market and from ensuing substantial wage increases. This is leading to sharply rising private household incomes, with inflation still at moderate levels (of a forecast 1.6 % in 2013 and just under 2 % in 2014). The industry has expanded its production. Also, the facility investments, which were considerably reduced due to weak disposal perspectives and insecurities in the context of the Eurozone crisis, have surpassed their low point. For 2013, the DIW has revised its forecast slightly downwards from 0.7 % to 0.4 %. However, the Institute sees the period of weakness as being overcome and is forecasting economic growth within the next year of 1.8 % for Germany.[1]

Financial markets

The stock markets – particularly in the second quarter of 2013 – were characterised by high volatility: on 22 May 2013 the German DAX index finished above 8,500 points for the first time in its history, thus reaching new heights, an increase of 10 % compared to the end of 2012. Not long after, there was a significant slowdown: in particular, statements from the President of the US Federal Reserve (Fed) Ben Bernanke about a supposed significant reduction of bond purchases this year as well as weak economic data in China and emerging uncertainties relating to the credit of the central bank in China led to significant share price falls. The DAX closed the first half of the year on around 7,959 points, which corresponded to an increase of only around 2 % compared to the end of 2012.

In particular the property indices, which are considered especially interest rate-sensitive – EPRA Europe and EPRA Germany – booked disproportionate losses in the last few weeks of the first half of 2013: EPRA Europe fell by 2 % and EPRA Germany has fallen by a total of 8 % compared to year-end 2012 – especially in the wake of the emerging discussion of a suspected end to the very expansive monetary policy.

Statements from ECB President Mario Draghi and clarifying words from Fed Chairman Ben Bernanke at the beginning of July 2013 have since removed much of this uncertainty from the financial markets.

[1] DIW summer baselines 2013

The Deutsche Wohnen AG share

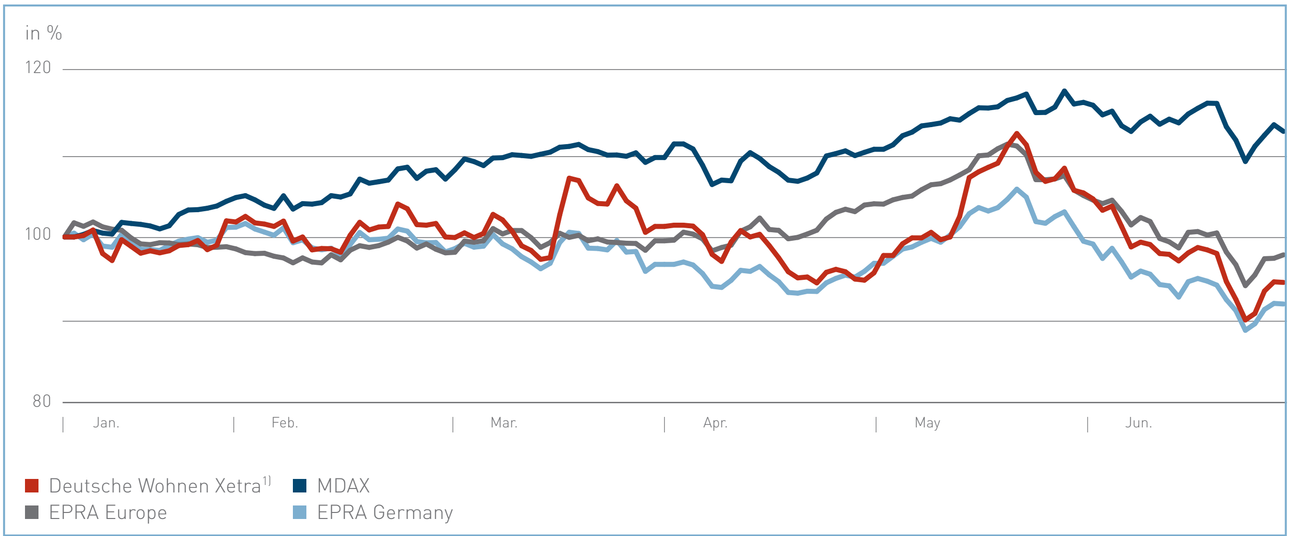
Even the shares of Deutsche Wohnen could not escape the market trend. Its price has undergone large fluctuations over the last six months: after a high of EUR 15.54[1] on 21 May 2013 and a low of EUR 12.42 on 24 June 2013, the share closed at EUR 13.05 for the first half-year. This final share price corresponded to a fall of 5.5 % compared with year-end 2012[1]. Nevertheless, the Deutsche Wohnen share ended the first half of 2013 slightly better than the direct benchmark EPRA Germany.

In a half-year comparison, the market capitalisation increased further by 13 % to around EUR 2.2 billion, primarily due to the increased number of shares issued. A further increase in trading volumes is also perceptible both on Xetra and alternative stock exchange platforms, i.e. the liquidity of the share continues to rise.

Key share figures	H1/2013	H1/2012
Number of shares outstanding in m	around 168.9	around 146.14
Closing share price at end of H1[1] in EUR	13.05	13.28 (13.09)[4]
Market capitalisation in EUR billion	around 2,204	around 1,941
Highest share price[1] during six-month period in EUR	15.76 (15.54)[4]	13.28 (13.09)[4]
Lowest share price[1] during six-month period in EUR	12.42	9.60 (9.02)[5]
Average daily Xetra volume[2]	367,547	349,978
Average daily volume alternative stock exchange platforms[3]	234,765	138,592

[1] Xetra closing price
[2] Shares traded
[3] Multilateral Trading Facility – MTF
[4] Prices in parentheses adjusted for dividend payments in 2013
[5] Price in parentheses adjusted for capital increase in 2012 and dividend payments in 2012 and 2013

Share price performance in H1/2013 (indexed)



[1] Adjusted for dividend payments in 2013

Analyst coverage

The shares of Deutsche Wohnen AG are currently[1] being evaluated by 23 analysts. NordLB took up coverage in April 2013. Target price estimates range from EUR 10.60 to 16.80 per share. 18 analysts set the target price at higher than EUR 14.00. Of these, 12 are assuming a target price of EUR 15.00 per share or higher. The average target price of all 23 analysts is currently[1] around EUR 14.80.

The following table provides a detailed overview of the current[1] ratings of the analysts:

Rating	Number
Buy/Outperform/Overweight/Kaufen	12
Hold/Neutral/Halten	9
Sell	2

Status: 06/08/2013

Capital increase

At the beginning of the year, Deutsche Wohnen placed 14,614,285 new bearer shares using an accelerated book building with institutional investors in Germany and abroad. Existing shareholders were not given the right to subscribe. The new shares carry full dividend rights for the financial year 2012. The issue price was EUR 13.35 per share. In total, gross proceeds of EUR 195.1 million were achieved.

The registered share capital of Deutsche Wohnen AG has also been increased by partial utilisation of authorised capital 2012/II by EUR 8,150,000 to EUR 168,907,143 against contributions in kind of shares under exclusion of subscription rights. On 21 June 2013 the company was entered into the commercial register. The 8.15 million new ordinary shares (no-par value bearer shares), to settle the equity component of the purchase price for the acquisition of a property portfolio of around 6,900 residential units, were issued to the sellers of the property portfolio, i.e. companies attributable to Blackstone Group Management LLC. The Xetra closing price on the date of registration of the capital increase was EUR 12.76. The new 8.15 million bearer shares are expected to be admitted to trading in September 2013 and in the current listing in the segment of the regulated market with additional post-admission obligations (Prime Standard) on the Frankfurt Stock Exchange.

[1] Status: 06/08/2013

Annual General Meeting

On 28 May 2013 the Ordinary Annual General Meeting 2013 of Deutsche Wohnen AG took place in Frankfurt/Main. Around 65% of the company's entire share capital was represented. The shareholders approved all submitted agenda items. Of particular note is the creation of new authorised capital for 2013, i.e. the possibility to increase the registered capital by up to EUR 80,378,000 no-par value bearer shares against cash and/or contributions in kind. In particular, these approvals show that Deutsche Wohnen AG has the strong backing of the shareholders and the consent to proceed with the chosen strategy of selective value-enhancing acquisitions.

Investor Relations activities

Deutsche Wohnen leads an active dialogue with their shareholders/investors domestically and internationally at conferences and road shows. In the last six months Deutsche Wohnen took part in various conferences such as the HSBC Real Estate and Construction Conference in Frankfurt am Main, the Kempen & Co. seminars in New York and Amsterdam as well as Commerzbank's German Residential Property Event in London. In addition, Deutsche Wohnen held road shows in London, Zurich and Geneva. In the course of the second half of the year Deutsche Wohnen will participate in a large number of banking conferences and roadshows. Please see the financial calendar for the precise dates, and refer to our constantly updated financial calendar on the Investor Relations homepage, as well.

We will continue to strengthen our national and international contacts and expand the constant dialogue with our investors and analysts throughout the future.

Events after the reporting date

On 5 July 2013 the financing of the Berlin portfolio acquired at the end of June of approximately EUR 176.7 million was paid off. As at 9 August 2013 an additional residential portfolio with about 1,900 units in Dresden has been notarised. This portfolio is already included in the figures stated on page 7 under "Further acquisitions".

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 continued its success throughout the second quarter of the financial year of 2013. The capital increase that took place at the start of the year as part of an accelerated book building, amongst other things, has completed value-enhancing acquisitions with a total transaction volume of around EUR 592 million in the current financial year for Deutsche Wohnen.

In particular due to the earnings contributions of the acquisitions realised we are raising our sustainable FFO forecast for the financial year 2013 by 10% to EUR 110 million.

Consolidated balance sheet	21
Consolidated profit and loss statement	23
Consolidated statement of comprehensive income	24
Consolidated statement of cash flows	25
Consolidated statement of changes in equity	26
Appendix	27

Interim financial statements

Consolidated balance sheet

as at 30 June 2013

in EUR k	30/06/2013	31/12/2012
ASSETS		
Investment properties	5,178,693	4,614,598
Property, plant and equipment	25,388	20,348
Intangible assets	14,170	3,256
Derivative financial instruments	4,291	0
Other non-current assets	425	438
Deferred tax assets	64,091	80,716
Non-current assets	**5,287,058**	**4,719,356**
Land and buildings held for sale	107,724	39,143
Other inventories	3,047	3,206
Trade receivables	12,007	20,842
Income tax receivables	1,792	1,188
Derivative financial instruments	89	0
Other current assets	76,922	9,078
Cash and cash equivalents	105,543	90,571
Subtotal current assets	**307,124**	**164,028**
Non-current assets held for sale	26,984	24,425
Current assets	**334,108**	**188,453**
Total assets	**5,621,166**	**4,907,809**

in EUR k	30/06/2013	31/12/2012
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the parent company		
Issued share capital	168,907	146,143
Capital reserve	1,133,439	859,251
Retained earnings	653,214	603,930
	1,955,560	**1,609,324**
Non-controlling interests	8,172	346
Total equity	**1,963,732**	**1,609,670**
Non-current financial liabilities	2,751,597	2,634,286
Employee benefit liability	53,586	54,538
Tax liabilities	37,268	36,509
Derivative financial instruments	80,406	113,694
Other provisions	6,995	7,102
Deferred tax liabilities	157,653	143,331
Total non-current liabilities	**3,087,505**	**2,989,460**
Current financial liabilities	318,031	134,357
Trade payables	76,862	71,962
Liabilities to limited partners in funds	5,201	5,142
Other provisions	5,560	7,272
Derivative financial instruments	34,639	38,767
Tax liabilities	32,932	27,060
Other liabilities	96,704	24,119
Total current liabilities	**569,929**	**308,679**
Total equity and liabilities	**5,621,166**	**4,907,809**

Consolidated profit and loss statement

for the period from 1 January to 30 June 2013

in EUR k	H1/2013	H1/2012	Q2/2013	Q2/2012
Income from Residential Property Management	168,126	103,749	84,826	51,719
Expenses from Residential Property Management	–28,876	–17,135	–16,513	–9,197
Earnings from Residential Property Management	**139,250**	**86,614**	**68,313**	**42,522**
Sales proceeds	62,766	82,485	30,641	40,654
Cost of sales	–3,804	–6,037	–1,795	–2,770
Carrying amounts of assets sold	–46,683	–67,391	–22,071	–32,628
Earnings from Disposals	**12,279**	**9,057**	**6,775**	**5,256**
Income from Nursing and Assisted Living	28,032	19,773	14,719	10,133
Expenses from Nursing and Assisted Living	–21,544	–14,912	–11,376	–7,882
Earnings from Nursing and Assisted Living	**6,488**	**4,861**	**3,343**	**2,251**
Corporate expenses	–22,163	–16,035	–10,404	–8,273
Other expenses/income	–2,878	19,676	–763	19,343
Subtotal	**132,976**	**104,173**	**67,264**	**61,099**
Depreciation and amortisation	–2,706	–1,436	–1,390	–733
Earnings before interest and taxes (EBIT)	**130,270**	**102,737**	**65,874**	**60,366**
Finance income	507	739	265	383
Gains/losses from fair value adjustments of derivative financial instruments	43	–62	239	7
Finance expenses	–61,538	–50,020	–31,231	–26,842
Profit before taxes	**69,282**	**53,394**	**35,147**	**33,914**
Income taxes	–19,092	–16,464	–11,168	–11,407
Profit for the period	**50,190**	**36,930**	**23,979**	**22,507**
Thereof attributable to:				
Shareholders of the parent company	50,190	36,930	23,979	22,507
Non-controlling interests	0	0	0	0
	50,190	**36,930**	**23,979**	**22,507**
Earnings per share				
basic in EUR	0.31	0.35	0.15	0.21
diluted in EUR	0.31	0.35	0.15	0.21

Consolidated statement of comprehensive income

for the period from 1 January to 30 June 2013

in EUR k	H1/2013	H1/2012	Q2/2013	Q2/2012
Profit for the period	**50,190**	**36,930**	**23,979**	**22,507**
Other comprehensive income				
Net gain/loss from derivative financial instruments	47,044	–16,812	33,077	–11,701
Income tax effect	–14,639	5,232	–10,293	3,642
	32,405	**–11,580**	**22,784**	**–8,059**
Actuarial gains/losses with employee benefits and effects of maximum limits for assets	651	–4,896	1,877	–3,162
Income tax effect	–203	1,469	–584	949
	448	**–3,427**	**1,293**	**–2,213**
Other comprehensive income after taxes	**32,853**	**–15,007**	**24,077**	**–10,272**
Total comprehensive income, net of tax	**83,043**	**21,923**	**48,056**	**12,235**
Thereof attributable to:				
Shareholders of the parent company	83,043	21,923	48,056	12,235
Non-controlling interests	0	0	0	0

Consolidated statement of cash flows

for the period from 1 January to 30 June 2013

in EUR k	H1/2013	H1/2012
Operating activities		
Profit/loss for the period	50,190	36,930
Finance income	– 507	– 739
Finance expenses	61,538	50,020
Income taxes	19,092	16,464
Profit/loss for the period before interest and taxes	**130,313**	**102,675**
Depreciation and amortisation	2,706	1,436
Fair value adjustments to interest rate swaps	– 43	62
Other non-cash operating expenses/income	– 19,210	– 11,659
Change in net working capital		
Change in receivables, inventories and other current assets	– 72,569	597
Change in operating liabilities	54,150	– 10,076
Net operating cash flows	**95,347**	**83,035**
Interest paid	– 57,041	– 44,752
Interest received	507	739
Taxes paid/received excluding EK-02 payments	– 3,299	– 404
Net cash flows from operating activities	**35,514**	**38,618**
Investment activities		
Sales proceeds	90,272	90,266
Purchase of property, plant and equipment/investment property and other non-current assets	– 371,019	– 104,261
Payments to limited partners in funds	– 14	– 493
Net cash flows from investing activities	**– 280,761**	**– 14,488**
Financing activities		
Proceeds from borrowings	187,865	58,924
Repayment of borrowings	– 85,837	– 69,266
Proceeds from capital increase	195,100	461,157
Costs of capital increase	– 3,150	– 11,416
Dividend paid	– 33,759	– 23,529
Net cash flows from financing activities	**260,219**	**415,870**
Net change in cash and cash equivalents	**14,972**	**440,000**
Opening balance cash and cash equivalents	90,571	167,829
Closing balance cash and cash equivalents	**105,543**	**607,829**

Consolidated statement of changes in equity

as at 30 June 2013

in EUR k	Issued share capital	Capital reserves	Retained earnings: Pensions	Retained earnings: Reserves for cash flow hedge	Retained earnings: Other reserves	Subtotal	Non-controlling interests	Equity
Equity as at 1 January 2012	**102,300**	**496,174**	**– 1,261**	**– 61,380**	**547,239**	**1,083,072**	**302**	**1,083,374**
Profit/loss for the period					36,930	36,930		36,930
Other comprehensive income after taxes			– 3,427	– 11,580		– 15,007		– 15,007
Total comprehensive income, net of taxes			**– 3,427**	**– 11,580**	**36,930**	**21,923**	**0**	**21,923**
Capital increase	43,843	417,314				461,157		461,157
Cost of capital increase, less tax effects		– 11,936				– 11,936		– 11,936
Dividend paid					– 23,529	– 23,529	0	– 23,529
Equity as at 30 June 2012	**146,143**	**901,552**	**– 4,688**	**– 72,960**	**560,640**	**1,530,687**	**302**	**1,530,989**
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					50,190	50,190	0	50,190
Other comprehensive income after taxes			448	32,405		32,853		32,853
Total comprehensive income, net of taxes			**448**	**32,405**	**50,190**	**83,043**	**0**	**83,043**
Capital increase	22,764	276,330				299,094		299,094
Cost of capital increase, less tax effects		– 2,142				– 2,142		– 2,142
Change in non-controlling interests						0	7,826	7,826
Dividend paid					– 33,759	– 33,759		– 33,759
Equity as at 30 June 2013	**168,907**	**1,133,439**	**– 6,276**	**– 68,808**	**728,299**	**1,955,560**	**8,172**	**1,963,732**

Appendix

General information

The business activities of Deutsche Wohnen AG are limited to its role as the holding company for the companies in the Group. In particular this includes Corporate Development, Corporate Finance, Finance, Human Resources, Investor Relations and Corporate Communication. Consistent with its business strategy it concentrates on residential and nursing properties in dynamic conurbations with strong growth and metropolitan areas in Germany, such as Greater Berlin, the Rhine-Main region including Frankfurt/Main and the Rhineland with a focus on Dusseldorf, as well as in stable conurbations and metropolitan areas such as Hanover/Brunswick/Magdeburg.

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

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

The condensed consolidated interim financial statements for the period from 1 January to 30 June 2013 were prepared in accordance with International Accounting Standards (IAS) 34 for interim reporting as applicable in the EU. The condensed consolidated interim financial statements have not been audited or subjected to an audit review.

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

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

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

The preparation of the Group's consolidated financial statements require 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 may require considerable adjustments to the carrying amounts of the assets or liabilities in the future.

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

In the first half of 2013, a total of 29 new companies were fully consolidated including 20 in the legal form of a German limited liability company (GmbH) and nine in the legal form of a Luxembourg limited liability company ("Société à responsabilité limitée"). Of these, four companies belong to the segment Nursing and Assisted Living and were consolidated as part of a Business Combination, as defined by IFRS 3. The other 25 companies are intermediate holding companies or residential property companies without independent business operations. There have been no further changes to the basis of consolidation.

Changes to accounting and valuation methods

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

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

Selected notes on the consolidated balance sheet

Investment properties comprise over 90% of the assets of the Deutsche Wohnen Group. As at 31 December 2012 these investment properties were subject to a detailed valuation and were recorded in the balance sheet at fair value. For the purposes of interim reporting, the appropriateness of these valuations is continuously monitored. As at 31 December 2013 the investment properties will be subject to a detailed assessment. Regarding the valuation methods and parameters we 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" include, aside from software and licences, a goodwill and customer base newly acquired in the first quarter 2013.

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), which was calculated based on the mark-to-market method, compared with 31 December 2012 from EUR 152.5 million to EUR 110.7 million. All other financial assets (trade receivables, other current assets, cash and cash equivalents) as well as other financial liabilities (non current and current liabilities, liabilities to limited partners in funds, trade payables and other liabilities) are valued at amortised costs. The amortised costs of those assets and liabilities also correspond approximately to the fair value of these assets and liabilties.

The developments in equity can be found in the consolidated statement of changes in equity on p. 26.

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 3.60% 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	H1/2013	H1/2012
Potential gross rental income	173.0	105.8
Subsidies	1.2	1.2
	174.2	**107.0**
Vacancy losses	– 6.1	– 3.3
	168.1	**103.7**

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

in EUR m	H1/2013	H1/2012
Maintenance costs	– 21.3	– 12.6
Non-recoverable expenses	– 2.8	– 2.1
Rental loss	– 2.1	– 0.8
Other expenses	– 2.6	– 1.6
	– 28.8	**– 17.1**

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	H1/2013	H1/2012
Income from Nursing and Assisted Living	28.0	19.8
Nursing and corporate costs	– 7.2	– 5.2
Staff expenses	– 14.3	– 9.7
	6.5	**4.9**

Financial expenses are made up as follows:

in EUR m	H1/2013	H1/2012
Current interest expenses	– 56.0	– 40.6
Accrued interest on liabilities and pensions	– 5.5	– 5.6
One-off financing costs for BauBeCon transaction	0.0	– 3.8
	– 61.5	**– 50.0**

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 available credit lines with banks of around EUR 106.0 million.

Notes on segment reporting

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

in EUR m	External revenue		Internal revenue	
	H1/2013	H1/2012	H1/2013	H1/2012
Segments				
Residential Property Management	168.1	103.7	2.5	1.1
Disposals	62.8	82.5	1.4	3.7
Nursing and Assisted Living	28.0	19.8	0.0	0.0
Reconciliation with consolidated financial statement				
Central functions and other operating activities	0.1	0.1	25.8	15.4
Consolidation and other reconciliation	–0.1	–0.1	–29.7	–20.2
	258.9	**206.0**	**0.0**	**0.0**

in EUR m	Total revenue		Segment earnings		Assets	
	H1/2013	H1/2012	H1/2013	H1/2012	30/06/2013	31/12/2012
Segments						
Residential Property Management	170.6	104.8	139.3	86.6	5,195.3	4,627.1
Disposals	64.2	86.2	12.3	9.1	138.9	77.5
Nursing and Assisted Living	28.0	19.8	6.5	4.9	17.4	4.6
Reconciliation with consolidated financial statement						
Central functions and other operational activities	25.9	15.5	–25.1	3.6	203.7	116.7
Consolidation and other reconciliation	–29.8	–20.3	0.0	0.0	0.0	0.0
	258.9	**206.0**	**133.0**	**104.2**	**5,555.3**	**4,825.9**

Notes on company mergers

In the first half of 2013, Deutsche Wohnen acquired 100% of the LebensWerk Group. Since 31 January 2013 this has been fully consolidated, therefore the results of the LebensWerk Group are included for five months in the Deutsche Wohnen profit for the period. The LebensWerk Group operates four facilities for Nursing and Assisted Living in Berlin, which complement the facilities already operated by the KATHARINENHOF® in terms of organisation, size and locations. The acquisition was handled by using the purchase method (IFRS 3) in this interim financial statement.

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

in EUR m	H1/2013
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.

Intangible assets include the market value of the customer base of the four nursing facilities. No significant trade receivables have been taken over.

Taking into account 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 amounted to EUR 19.9 million

Since the initial consolidation, the revenues of the LebensWerk Group included in the consolidated financial statements of Deutsche Wohnen amounted to approximately EUR 5.8 million and the contribution to profits (EBT) approximately EUR 0.5 million. If the LebensWerk Group had been fully consolidated from 1 January 2013, the revenues would have amounted to around EUR 7.1 million and the contribution to profits (EBT) to approximately EUR 0.7 million.

Goodwill results from synergies in the operation of the facilities and from future cash contributions associated with general business operations. Goodwill is not tax deductible.

In respect of this company merger transaction costs of EUR 1.6 million were incurred, mainly due to real estate transfer tax and consultancy costs.

In the second quarter of 2013, Deutsche Wohnen signed agreements to acquire a facility whose expected transfer of risk and rewards will take place in the fourth quarter of 2013. Both the property and the operation will be taken over. This facility for Nursing and Assisted Living adds to the facilities already operated by KATHARINENHOF® both in terms of business operations and locations. This acquisition is being handled in the initial consolidation using the purchase method (IFRS 3).

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

in EUR m	H1/2013
Assets	
Intangible assets	0.7
Property	27.2
Property, plant and equipment	0.5
Deferred tax assets	0.7
	29.1
Liabilities	
Deferred tax liabilities	–0.1
	–0.1
Net asset value	**29.0**
Less intangible assets and deferred taxes	–1.3
Total purchase price	**27.7**

The fair value calculation of assets and liabilities is preliminary.

Intangible assets include the market value of the customer base. No trade receivables have been taken over.

No cash or cash equivalents have been taken over, so that the expected total purchase price amounts to EUR 27.7 million, which should partly be financed by a new loan.

In these consolidated financial statements of Deutsche Wohnen no revenues and no contribution to profits (EBT) were included. If this facility had been fully consolidated from 1 January 2013, the included revenue would have amounted to around EUR 3.7 million. The possible contribution to profits (EBT) from 1 January 2013 is not sufficiently predictable at the present time.

There is no goodwill.

In respect to this company merger transaction costs of EUR 2.2 million are likely to arise, mainly because of real estate transfer tax and consultancy costs.

Other disclosures

There are purchase price obligations of approximately EUR 143.0 million resulting from acquisitions.

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, August 2013

Deutsche Wohnen AG
Management Board

Michael Zahn
Chief Executive Officer

Lars Wittan
Chief Financial Officer

Responsibility statement

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

Deutsche Wohnen AG
Management Board

Michael Zahn	Lars Wittan
Chief Executive Officer	Chief Financial Officer

f

Financial calendar 2013

04/09/2013	Roadshow Brussels
05 – 06/09/2013	EPRA Annual Conference, Paris
10/09/2013	Roadshow Boston
11 – 12/09/2013	Bank of America Merrill Lynch Global Real Estate Conference, New York
23/09/2013	Berenberg/Goldman Sachs German Corporate Conference 2013, Munich
24/09/2013	UniCredit/Kepler German Investment Conference 2013, Munich
25/09/2013	Baader Investment Conference 2013, Munich
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

Imprint

Published by
Deutsche Wohnen AG, Frankfurt/Main, Germany

Concept and design
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.

The German version of this report is legally binding. The company cannot be held responsible for any misunderstanding or misinterpretation arising from this translation.