

Consolidated Interim Statement
as of 31 March 2021

For people. For tomorrow.

DEUTSCHE
WOHNEN



Contents

2	GROUP KEY FIGURES
3	GROUP INTERIM MANAGEMENT REPORT
28	CONSOLIDATED INTERIM FINANCIAL STATEMENTS
35	FURTHER INFORMATION

GROUP KEY FIGURES

Income statement		Q1 2021	Q1 2020	Change
Contracted rental income	EUR m	218.0	210.6	3.5%
Earnings from Residential Property Management	EUR m	193.1	186.4	3.6%
Earnings from disposals before valuation gains due to disposals	EUR m	17.6	4.8	266.7%
Earnings from Nursing and Assisted Living	EUR m	19.6	20.6	-4.9%
Corporate expenses	EUR m	-24.8	-28.2	-12.1%
EBITDA (adjusted)	EUR m	208.6	187.8	11.1%
EBT (adjusted)	EUR m	160.2	127.7 ³	25.5%
EBT (as reported)	EUR m	225.1	124.9	80.2%
Earnings after taxes	EUR m	199.7	125.4	59.3%
Earnings after taxes ¹	EUR per share	0.57	0.35	64.9%
FFO I	EUR m	154.8	142.3 ³	8.8%
FFO I (undiluted) ¹	EUR per share	0.45	0.40 ³	12.5%
FFO I (diluted) ¹	EUR per share	0.45	0.40 ³	12.5%
FFO II	EUR m	162.4	143.5 ³	13.2%
FFO II (undiluted) ¹	EUR per share	0.47	0.40 ³	17.5%
FFO II (diluted) ¹	EUR per share	0.47	0.40 ³	17.5%
Balance sheet		31/03/2021	31/12/2020	Change
Investment properties	EUR m	28,243.9	28,069.5	174.4
Current assets	EUR m	1,493.3	1,745.9	-252.6
Equity	EUR m	14,040.9	13,832.8	208.1
Net financial liabilities	EUR m	11,018.9	10,840.1	178.8
Loan-to-Value ratio (LTV)	in %	37.3	37.0	0.3
Total assets	EUR m	30,708.0	30,797.4	-89.4
Share		31/03/2021	31/12/2020	Change
Share price (closing price)	EUR per share	39.78	43.69	-8.9%
Number of shares (without own shares)	m	343.77	343.77	0.0%
Market capitalisation (without own shares)	EUR bn	13.7	15.0	-8.7%
EPRA Net Tangible Assets (NTA)		31/03/2021	31/12/2020	Change
EPRA NTA	EUR m	18,054.4	17,844.4	1.2%
EPRA NTA	EUR per share	52.50	51.91	1.1%
Fair values		31/03/2021	31/12/2020	Change
Fair value properties ²	EUR m	26,089	26,168	-79
Fair value per sqm living and usable space ²	EUR per sqm	2,687	2,683	0.1%

1 Based on the weighted average of some 343.77 million shares in circulation in 2021 (without own shares) or some 354.53 million in 2020

2 Only includes residential and commercial buildings, without Nursing and Assisted Living and without right-of-use assets under leases measured according to IFRS 16

3 Previous year's figure changed due to exercise of IAS 23 option

GROUP INTERIM MANAGEMENT REPORT

Deutsche Wohnen SE, including its subsidiaries (hereinafter referred to as "Deutsche Wohnen" or "Group") is currently the second-largest publicly listed property company in Europe by market capitalisation. The company is listed in the DAX of the German stock exchange.

Its property portfolio comprises approximately 157,500 residential and commercial units and has a fair value of some EUR 26.1 billion¹. Our property portfolio also includes nursing properties with a fair value of around EUR 1.2 billion comprising approximately 10,300 beds and apartments for assisted living. The focus of our investment is on residential properties in metropolitan areas and conurbations in Germany. Economic growth, positive net immigration and insufficient new building activity in these regions form the basis for the further development of our portfolio value. We see the addition of nursing properties as another growth area, particularly in view of the demographic trends.

Deutsche Wohnen on the capital market

German economy continues to face major challenges

The global economy and the German economy alike are still being hit hard by the coronavirus pandemic. According to the estimates of the DIW Berlin (German Institute for Economic Research), business activity in Germany is not expected to return to anything approaching normality until summer 2021.²

The ongoing lockdown in Germany and the phased plan agreed in early March 2021 to tackle the coronavirus pandemic continues to pose major challenges for the Germany economy. The associated conditions mean the recovery is much slower than predicted in late 2020. However, due to the robust industrial economy and recovery in foreign trade, the DIW expects Germany's economy to grow overall by around 3.0% in 2021. Growth of 3.8% is currently forecast for 2022. However, the inflation rate is expected to be unusually high, at 2.1% in 2021. Currently, the main drivers of inflation are significant oil price fluctuations, the rollback of the VAT cut at the beginning of the year, the introduction of national carbon pricing and recent major increases in energy prices.²

The job market has yet to see any recovery year-on-year. For 2021, the unemployment rate is forecasted to remain at almost the same level, at an average of 5.8%. In 2022, however, this should fall to 5.0%. Short-time work made it possible to avoid a larger number of redundancies in Germany. Social security payments increased slightly over the course of the year as a result, particularly due to short-time working payments and the extended unemployment benefit period. Available household income is expected to grow moderately by around 2.0% this year. Later in the year, loosening of pandemic restrictions is predicted to result in a slight recovery in consumer spending; however, the DIW expects household consumption to remain at a low level for 2021 as a whole.²

¹ Excluding advance payments, units under construction and undeveloped land

² DIW weekly report 11/2021: Basic economic trends in spring 2021

Stock markets make dramatic recovery in early 2021

The strong recovery of the ifo business confidence and ISM indices, the progress of vaccination strategies, the additional coronavirus aid package in the US, and the announcement that the expansive monetary policy of the ECB and US Federal Reserve was set to continue had hugely positive effects on the stock markets. The negative impact of the extension of lockdown measures in Germany and France, global delays in vaccine supply and higher anticipated inflation for 2021 only affected the markets for a short period of time.

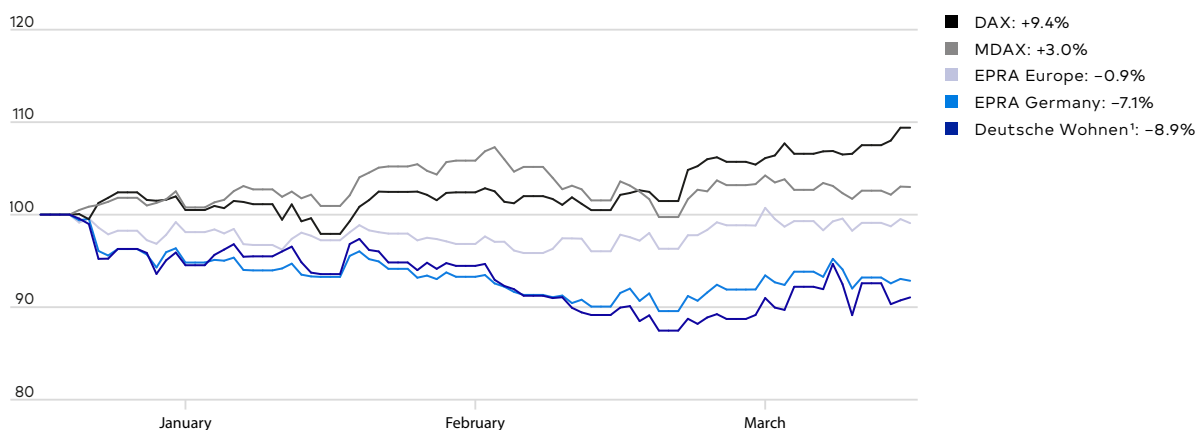
Deutsche Wohnen share struggles with regulatory uncertainty until the Federal Constitutional Court's rent freeze decision

The Deutsche Wohnen share closed the first quarter of 2021 at a closing price of EUR 39.78, representing a loss of approximately 8.9%. The share was therefore lower than Germany's DAX (+9.4%) and MDAX (+3.0%) indices. However, the real estate indices EPRA Europe (-0.9%) and EPRA Germany (-7.1%) also fell.

When the Federal Constitutional Court announced its rent freeze ruling on 15 April 2021, the share price shot up again to EUR 43.64 and quoted around 10% above the closing price in the first quarter of 2021.

The market capitalisation of Deutsche Wohnen SE rose year on year by approximately 13% to EUR 13.7 billion as of the end of the first quarter 2021.³ Average turnover in Xetra trading fell over the three months by around 21% from EUR 44.6 million to EUR 35.1 million. The average Xetra trading volume for the Deutsche Wohnen share in the first three months of 2021 was around 0.9 million shares a day.

Share price performance Q1 2021 (indexed)



¹ Performance including dividend payment

³ Taking into account 359.8 million outstanding shares minus 16.1 million own shares

Key figures for the share	Q1 2021	Q1 2020
Number of shares in m	approx. 359.84	approx. 359.72
Of which own shares in m	approx. 16.07	approx. 9.0
Price at end of Q1 ¹ in EUR	39.78	34.71
Market capitalisation in EUR bn	approx. 13.7 ³	approx. 12.2 ³
Three-month high ¹ in EUR	43.69	39.19
Three-month low ¹ in EUR	38.21	28.22
Average daily Xetra trading volume ²	861,624	1,231,580

1 Closing price in Xetra trading

2 Shares traded

3 Taking into account 359.8 million (Q1 2020: 359.7 million) outstanding shares minus 16.1 million (Q1 2020: 9 million) own shares

Source: Bloomberg, as of 31 March 2021

Broad analyst coverage continues

A total of 27 equity analysts are currently⁴ monitoring the performance of Deutsche Wohnen SE. Current⁴ price targets range from EUR 36.00 to EUR 60.00 per share. Ten analysts have set a target price equal to or above EUR 52.00 per share. The median of all analyst estimates is EUR 49.50⁴ per share, which is significantly higher than the closing price at the end of the first quarter 2021. The publication of the Federal Constitutional Court's decision declaring the Berlin rent freeze for residential properties [Gesetz zur Mietbegrenzung im Wohnungswesen in Berlin – MietenWoG Bln] null and void on 15 April 2021 was welcomed on the capital market and by analysts. Deutsche Wohnen's share price has recovered considerably since then, and many analysts have adjusted their price targets upwards accordingly.

Rating	Number
Buy/Outperform/Overweight	18
Equal Weight/Hold/Neutral	6
Sell	3

2021 dividend proposal

At the Annual General Meeting the Management Board and Supervisory Board will propose a dividend of EUR 1.03 per bearer share from net profit for the financial year 2020. This will see us return to our average dividend ratio of 65%. Last year we reduced the dividend ratio, based on FFO I, to 60% in order to set up a coronavirus relief fund worth EUR 30 million.

Deutsche Wohnen places green corporate bonds worth EUR 1 billion for the first time

On 29 March 2021, Deutsche Wohnen issued two green corporate bonds worth a total of EUR 1 billion on the capital market. The bonds have an average term of 15 years with an average interest rate of 0.90% p.a. The order book was massively oversubscribed – pointing to a great deal of confidence in Deutsche Wohnen and its sustainability strategy on the capital market.

⁴ As of 21 April 2021

Intensive dialogue with the capital market

Deutsche Wohnen maintains a transparent, wide-ranging dialogue with its shareholders, analysts and investors. We take particular advantage of investor conferences and roadshows to do this, within Germany and worldwide. The ongoing coronavirus pandemic and the ensuing precautions and travel restrictions meant that virtual meetings and conference calls were the rule in the first quarter.

An overview of these dates can be found in the financial calendar on page 36. It is updated regularly on our Investor Relations home page.

Property portfolio

Portfolio overview

Deutsche Wohnen manages one of the largest property portfolios in Germany, comprising approximately 154,600 residential and 2,900 commercial units (approximately 4% of its overall floor space). We focus on fast-growing metropolitan areas and conurbations, which are known as Core⁺ markets and make up around 93% of the portfolio.

As of 31 March 2021, the average in-place rent for the properties in Deutsche Wohnen's portfolio amounted to EUR 7.12 per sqm, with a consistently low vacancy rate of 1.6%.

31/03/2021	Residential					Commercial	
Macroclusters and regions	Residential units	Area	Share of residential units	In-place rent ¹	Vacancy rate	Commercial units	Area
	number	in thousand sqm	in %	EUR/sqm	in %	number	in thousand sqm
Core⁺	144,009	8,626	93.1	7.19	1.5	2,697	398
Greater Berlin	113,542	6,742	73.4	7.09	1.1	1,833	246
Dresden/Leipzig	10,580	690	6.8	6.38	3.2	552	82
Frankfurt	9,582	576	6.2	8.9	3.1	149	28
Hanover/Brunswick	5,913	367	3.8	6.49	2.5	70	31
Cologne/Düsseldorf	2,774	156	1.8	9.26	3.2	71	8
Other Core ⁺	1,618	95	1.0	9.16	1.0	20	4
Core (other)	10,379	661	6.7	6.21	2.1	175	22
Non-Core	218	14	0.1	5.94	1.8	0	0
Total	154,606	9,301	100.0	7.12	1.6	2,870	420

1 Contractually owed rent for let apartments divided by let surface area

Portfolio development

Acquisitions

In the first quarter of 2021 we signed contracts for some 220 residential and commercial units for a total purchase price of approximately EUR 26 million. They are largely in Core⁺ markets. The acquisitions were mostly late 19th century *Gründerzeit* houses and post-war *Altbau* buildings in central locations, which make a further contribution to improving the quality of our portfolio.

Disposals

In the first quarter of 2021 we sold and transferred the risks and rewards for a total of 940 residential and commercial units for EUR 142.6 million. Of these, 71 units were sold as part of the privatisation programme while institutional sales accounted for 869.

For further details of the segment earnings from disposals, please refer to pages 18 and 19.

Operating performance

On 15 April 2021, the Federal Constitutional Court declared the Berlin rent freeze for residential properties [Gesetz zur Mietenbegrenzung im Wohnungswesen in Berlin – MietenWoG Bln] unconstitutional and therefore null and void. Deutsche Wohnen will approach potential back payments of rent reductions by our customers with the utmost social responsibility. In any cases of hardship, we will work with the tenants to find individual solutions. Deutsche Wohnen has also renewed its promise that no tenants will lose their home as a result of the decision by the Federal Constitutional Court.

Area-based like-for-like rent rose by 1.3% in the past twelve months to EUR 7.11 per sqm, whereby the effects of the rental freeze are already no longer included. During the ongoing coronavirus pandemic, Deutsche Wohnen also did not raise rents.

As of the reporting date, the like-for-like vacancy rate for the overall portfolio was very low, at 1.6%. Of this, 0.5% was due to refurbishment as part of our investment programme.

Like-for-like		31/03/2021	31/03/2020		31/03/2021	31/03/2020
	Residential units	In-place rent ¹	In-place rent ¹	Develop-ment	Vacancy rate	Vacancy rate
	number	EUR/sqm	EUR/sqm	in %	in %	in %
Total	152,087	7.11	7.02	1.3	1.6	1.7
Core ⁺	141,744	7.18	7.09	1.3	1.5	1.7
Greater Berlin	112,750	7.08	6.99	1.2	1.1	1.3
Dresden/Leipzig	9,375	6.33	6.18	2.4	3.3	2.8
Frankfurt	9,577	8.9	8.8	1.2	3.1	1.5
Hanover/Brunswick	5,912	6.49	6.38	1.7	2.4	1.1
Cologne/Düsseldorf	2,513	9.3	9.21	1.0	3.4	4.4
Other Core ⁺	1,617	9.16	9.07	1.0	1.0	0.4
Core (other)	10,125	6.19	6.1	1.4	2.1	2.5
Non-Core	218	5.94	5.89	1.0	1.8	2.0

1 Contractually owed rent for let apartments divided by let surface area

Portfolio investment

In the first quarter of 2021 we spent some EUR 61 million or around EUR 25 per sqm on maintenance and refurbishment. Of the total refurbishment costs of EUR 40.2 million, around EUR 25.8 million were for work completed between tenancies and approximately EUR 14.4 million were for complex refurbishment projects.

The following table shows maintenance and refurbishment expenses for the period under review and the same period in the previous year:

EUR m	Q1 2021	Q1 2020
Maintenance	20.8	21.0
in EUR per sqm	8.56 ¹	8.26 ¹
Refurbishment	40.2	50.2
in EUR per sqm	16.54 ¹	19.75 ¹
Maintenance and refurbishment	61.0	71.2
in EUR per sqm	25.10 ¹	28.01 ¹

¹ Based on the average surface area on a quarterly basis in each period

Project development

As of 31 March 2021, Deutsche Wohnen has a project pipeline in its own portfolio with a total investment volume of around EUR 4.3 billion, with a total of around 9,200 residential units and 1,100 commercial units. In the first quarter we invested EUR 54 million of construction works into the new construction for our own portfolio.

Deutsche Wohnen also has a 40% share in QUARTERBACK Immobilien AG. QUARTERBACK Immobilien AG's project developments are primarily sold to institutional investors prior to completion. Increased investment in new residential construction reflects the necessity of tapping into growth potential outside of the increasingly scarce supply of existing portfolios. Deutsche Wohnen is therefore making a growing contribution to tackling the housing shortage in Germany.

Nursing Assets

The Nursing and Assisted Living business field consists of 77 nursing properties with a total of some 10,300 beds. A total of 76 of these nursing assets are owned by Deutsche Wohnen. This makes us one of the largest owners of nursing properties in Germany.

We have two different business models for our nursing operations: 38 nursing facilities (approximately 5,160 beds) are operated by KATHARINENHOF Seniorenwohn- und Pflegeanlage Betriebs-GmbH and its subsidiaries, Hamburger Senioren Domizile GmbH and PFLEGEN & WOHNEN HAMBURG GmbH. The other 39 facilities (approximately 5,140 beds) are managed by various external operators on long-term contracts.

As in the residential segment, we focus our nursing care activities on cities and regions with positive development forecasts, since the need for nursing care and assistance services (full in-patient care and assisted living combined with outpatient and part-time in-patient care) is particularly high there. In this context we always ensure that we secure prime properties and high-quality nursing and residential care.

Demographic developments mean that the market for nursing care in Germany will continue to grow in future. We intend to expand the Nursing segment up to 15% of Group EBITDA by means of selected acquisitions and new construction. At the end of the first quarter of 2021 it contributed some 10% of EBITDA (adjusted) before disposals.

Nursing business: assets and operations

Nursing properties operated by KATHARINENHOF, Hamburger Senioren Domizile GmbH and PFLEGEN & WOHNEN HAMBURG

Region	Facilities number	Nursing number	Assisted living number	Beds ¹	
				Total number	Occupancy 31/03/2021 ² in %
Hamburg region	17	2,860	160	3,020	91.4
Berlin region	12	1,070	370	1,440	92.9
Saxony region	9	620	80	700	83.8
Total participation model	38	4,550	610	5,160	90.8

- 1 The figure for beds is rounded to the nearest ten, because assisted living units can be used as care beds and double rooms used as single rooms, depending on market demand
- 2 Two facilities in Hamburg are being completely overhauled and rebuilt. The occupancy rates were reduced successively as a result. As of 1 January 2021, capacity and supply contracts for these facilities and five others which are also undergoing construction changes were adjusted by a total of around 300 beds

Nursing assets with other external operators

Federal state	Facilities number	Nursing number	Assisted living number	Beds ¹	
				Total number	WALT ²
Bavaria	12	1,480	50	1,530	8.5
North Rhine-Westphalia	9	1,000	240	1,240	12.3
Hesse	4	530	0	530	8.5
Rhineland-Palatinate	3	390	120	510	10.7
Baden-Württemberg	4	490	10	500	8.1
Lower Saxony	1	110	0	110	9.5
Other	6	720	0	720	6.7
Total external operators	39	4,720	420	5,140	9.5
Total nursing	77	9,270	1,030	10,300	

1 The figure for beds is rounded to the nearest ten, because assisted living units can be used as care beds and double rooms used as single rooms, depending on market demand

2 Weighted Average Lease Term

Notes on the financial performance and financial position

Earnings

The following overview shows the consolidated profit and loss statement for the first three months of the financial year 2021 compared with the previous year:

EUR m	Q1 2021	Q1 2020
Income	528.0	442.8
Cost of materials and carrying amounts of assets sold	-278.5	-202.9
Staff expenses	-56.8	-56.8
Other operating expenses	-18.8	-40.0
Other operating income	27.1	14.1
Impairment losses on financial assets	-3.2	-1.7
EBITDA before gains/losses from fair value adjustment of investment properties	197.8	155.5
Depreciation, amortisation and impairment	-9.8	-9.4
Gains/losses from the fair value adjustment of investment properties	0.1	-0.5 ¹
Earnings before interest and taxes (EBIT)	188.1	145.6
Earnings from investments accounted for using the equity method	-5.8	0.5
Financial result	42.8	-21.2 ¹
Earnings before taxes (EBT)	225.1	124.9
Income taxes	-25.4	0.5
Profit/loss for the period	199.7	125.4

1 Previous year's figure changed due to exercise of IAS 23 option

The profit for the period rose year-on-year by EUR 74.3 million to EUR 199.7 million.

The coronavirus pandemic has not had a material impact on the Group's financial position and earnings to date.

Adjusted earnings before taxes shows the standardised earnings performance:

EUR m	Q1 2021	Q1 2020
Earnings before taxes	225.1	124.9
Gains/losses from the valuation of properties ¹	-0.4	0.5 ²
Valuation gains on disposal realised in the financial year	18.8	8.9 ³
Net income from fair value adjustment to financial instruments	-75.6	-29.6
Non-recurring expenses and income	-7.7	23.0
Adjusted earnings before taxes	160.2	127.7^{2,3}

¹ Including IAS 2

² Previous year's figure changed due to exercise of IAS 23 option

³ Previous year's presentation has been changed

The disposal-related valuation gains for property sales with the transfer of risks and rewards in the reporting period have been recognised as disposal gains.

The net income from fair value adjustment to financial instruments (income of EUR 75.6 million; previous year: income of EUR 29.6 million) includes the net valuation realised through profit or loss of convertible bonds, interest rate hedges and other derivatives. The main non-cash earnings contribution relates to the convertible bonds (income of EUR 70.1 million; previous year: income of EUR 35.6 million). It is due to interest rate movements and the performance of the Deutsche Wohnen share. Income from the measurement of derivative financial instruments comes to EUR 5.5 million (previous year: expenses EUR 5.3 million).

Non-recurring expenses and income from the first three months of the financial year 2021 mainly include the profit from the disposal of shares in Isaria München Projektentwicklungs GmbH, Munich. In the previous year, at EUR 19.9 million, they largely related to land transfer taxes, which arose as transaction costs in connection with a business combination accounted for in accordance with IFRS 3. This entailed the acquisition of the project business of Munich-based ISARIA Wohnbau AG.

The following table shows the year-on-year change in income:

EUR m	Q1 2021	Q1 2020
Income from Residential Property Management	314.1	316.7
Income from Nursing Operations	55.1	55.5
Rental income from Nursing Assets	8.6	11.2
Other income	5.1	4.7
Income from sold properties	142.6	54.7
Income from sold properties (development)	2.5	0.0
Income	528.0	442.8

Income from Residential Property Management fell by around 0.8% to EUR 314.1 million. They included, at around EUR 21.9 million, the back payment claims arising as of the reporting date due to the invalidity of the Berlin rent freeze for residential properties [Gesetz zur Mietenbegrenzung im Wohnungswesen in Berlin – MietenWoG Bln], of which around EUR 11.0 million relates to rental periods prior to 1 January 2021. Due to disposals, income fell slightly in comparison to the previous year.

At EUR 55.1 million, Nursing Operations proceeds were at the same level as the previous year. In the periods shown the Nursing Operations segment had a comparable number of facilities.

Rental income from Nursing Assets fell due to disposals by around 23.2% from EUR 11.2 million to EUR 8.6 million.

Other income went up by 8.5% from EUR 4.7 million to EUR 5.1 million. It consists mainly of revenue from multimedia and other services by the SYN VIA Group (EUR 3.2 million; previous year: EUR 2.6 million) and from the rental of broadband connections (EUR 1.3 million; previous year: EUR 1.4 million).

Income from sold properties rose from by EUR 87.9 million from EUR 54.7 million to EUR 142.6 million. The higher sales volume year-on-year largely came from institutional sales, with EUR 127.4 million (previous year: EUR 32.0 million).

Income from sold properties (development) consisted solely of income for ongoing development projects that have already been sold to third parties.

The following table shows the year-on-year change in the cost of materials and carrying amounts of assets sold:

EUR m	Q1 2021	Q1 2020
Carrying amount of properties sold	-142.0	-53.0
Carrying amount of properties sold (development)	-2.2	0.0
Cost of materials and services	-134.3	-149.9
Cost of materials and carrying amounts of properties sold	-278.5	-202.9

The carrying amounts of properties sold increased by EUR 89.0 million from EUR 53.0 million to EUR 142.0 million. They stem from the sale and transfer of risks and rewards of properties accounted for and measured in accordance with IAS 40, IAS 2 or IFRS 5. The year-on-year increase in the carrying amount of properties sold is due to the higher volume of disposals.

Carrying amounts of properties sold (development) relate to ongoing development projects at the ISARIA Group that have already been sold to third parties.

The cost of materials and services changed as follows:

EUR m	Q1 2021	Q1 2020
Operating costs	-96.8	-107.6
Maintenance	-27.4	-28.8
Other cost of materials	-10.1	-13.5
Cost of materials and services	-134.3	-149.9

Operating costs and maintenance related to the corresponding expenses in all segments.

Other cost of materials mainly consisted of deliveries of goods and services for nursing operations (EUR 7.6 million; previous year: EUR 6.2 million), sales costs (EUR 0.5 million; previous year: EUR 3.7 million) and input services at the SYN VIA Group (EUR 1.4 million; previous year: EUR 1.1 million).

Staff expenses incurred in all segments and Group functions were made up as follows:

EUR m	Q1 2021	Q1 2020
Wages and salaries	-46.7	-47.2
Social security contributions, retirement and other benefits	-10.1	-9.6
Staff expenses	-56.8	-56.8

Staff expenses were at the same level as the previous year. Overall, changes in variable remuneration and the measurement of share-based remuneration led to a reduction in wages and salaries.

The following table shows the year-on-year change in other operating expenses:

EUR m	Q1 2021	Q1 2020
Operating and corporate expenses	-13.7	-17.7
Miscellaneous other operating expenses	-5.1	-22.3
Other operating expenses	-18.8	-40.0

Operating and corporate expenses in all segments and Group functions are made up as follows:

EUR m	Q1 2021	Q1 2020
IT costs	-4.4	-5.1
Communication costs	-2.3	-2.3
Legal, advisory and audit costs, insurance	-2.2	-4.7
Other staff costs	-1.3	-1.3
Cost of premises	-1.1	-0.9
Other operating and corporate expenses	-2.4	-3.4
Operating and corporate expenses	-13.7	-17.7

Other operating income rose by EUR 13.0 million from EUR 14.1 million to EUR 27.1 million. It mainly included insurance payments in property management and capitalised own work for the management of construction projects. Profit from the sale of the shares in Isaria München Projektentwicklungs GmbH in the amount of EUR 10.2 million and compensation of EUR 5.1 million from nursing care funds for loss of income and additional expenses as a result of the coronavirus pandemic were also included in the first three months of the financial year 2021.

Depreciation, amortisation and impairment was as follows:

EUR m	Q1 2021	Q1 2020
Depreciation	-3.0	-2.6
Amortisation	-1.4	-1.8
Depreciation of right-of-use assets	-5.4	-5.0
Depreciation, amortisation and impairment	-9.8	-9.4

Depreciation and amortisation mainly consisted of depreciation of right-of-use assets held as property, plant and equipment in the context of lease accounting, as well as depreciation of level 4 broadband cable networks and the amortisation of customer contracts acquired in the course of the business combination with the PFLEGEN & WOHNEN HAMBURG Group.

Impairment losses on financial assets rose by EUR 1.5 million from EUR 1.7 million to EUR 3.2 million and were mainly incurred in the Property Management segment for loss allowances and derecognition of rent receivables. The rise is due to the reporting of back payment claims in conjunction with the invalidity of the Berlin rent freeze for residential properties [Gesetz zur Mietenbegrenzung im Wohnungswesen in Berlin – MietenWoG Bln].

The financial result is made up as follows.

EUR m	Q1 2021	Q1 2020
Current interest expenses	-35.5	-33.1
Accrued interest on liabilities and pensions	-3.8	-20.4
Capitalised interest expenses	3.5	1.4 ¹
Fair value adjustment to financial instruments	5.5	-6.0
Fair value adjustment to convertible bonds	70.1	35.6
	39.8	-22.5¹
Interest income	3.0	0.9
Financial result	42.8	-21.6¹

¹ Previous year's figure changed due to exercise of IAS 23 option

Current interest expenses were higher, principally due to the higher volume of financial liabilities and corporate bonds.

In the first quarter of 2020, accrued interest on liabilities and pensions consisted mainly of expenses for the early repayment of loans.

Deutsche Wohnen made use of the option according to IAS 23 of capitalising borrowing costs for qualifying assets accounted for at fair value for the first time from the second half of 2020 for the investment properties. The context for this is the increasing significance of project development for the company's own portfolio. In line with IAS 8 the previous year's figures were changed accordingly for the effects of capitalising borrowing costs.

Changes in long-term interest rates caused the negative fair values of derivative financial instruments (interest rate hedges) to fall. To the extent that these financial instruments do not form part of an effective hedging relationship, the fair value adjustment is recognised as an expense in the financial result. In 2020 valuation changes for other derivatives were also included.

The year-on-year changes in the financial result are principally due to the increase in income from the fair value adjustment of convertible bonds with a total nominal value of EUR 1,600 million. The price of the convertible bonds follows the share price of Deutsche Wohnen SE. The convertible bonds are held at fair value in the consolidated balance sheet. The development of the Deutsche Wohnen share price therefore resulted in a valuation gain on the convertible bonds of EUR 70.1 million (previous year: valuation gain of EUR 35.6 million).

Current interest income rose year-on-year due to higher interest income from investee companies, particularly the QUARTERBACK Group.

The ratio of current interest expenses less interest income to EBITDA (adjusted) before disposals is as follows:

EUR m	Q1 2021	Q1 2020
EBITDA (adjusted) before disposals	191.8	183.8
Current interest expenses and interest income ¹	32.8	32.6
Interest cover ratio (ICR)	5.8	5.6

¹ Current interest expenses and interest income do not include interest income from finance leases for broadband cable networks

Earnings from investments accounted for using the equity method fell by EUR 6.3 million from EUR 0.5 million to EUR -5.8 million and includes the earnings contributions of joint venture and associates attributable to Deutsche Wohnen.

The following table shows the year-on-year change in income taxes:

EUR m	Q1 2021	Q1 2020
Current income taxes	-6.5	-8.9
Income taxes due to disposals	-4.6	-2.8
Deferred taxes	-14.3	12.2
Income taxes	-25.4	0.5

Income taxes resulted in expenses of EUR 25.4 million in the first three months of 2021 (previous year: income of EUR 0.5 million). This consists of EUR 14.3 million in expenses from deferred taxes (previous year: income of EUR 12.2 million) and expenses for current and sales-related income taxes of EUR 11.1 million (previous year: EUR 11.4 million). The amount of deferred taxes was particularly due to the adjustment to the fair values of convertible bonds.

The following table shows the earnings contributions of the individual segments:

EUR m	Q1 2021	Q1 2020
Segment earnings		
Earnings from Residential Property Management	193.1	186.4
Earnings from Disposals	-1.2	-4.1
Earnings from Nursing Operations	11.6	10.1
Earnings from Nursing Assets	8.0	10.5
Earnings not attributable to a segment	-13.6	-47.4
Depreciation, amortisation and impairment	-9.9	-9.4
Gains/losses from the fair value adjustment of investment properties	0.1	-0.5
Earnings before interest and taxes (EBIT)/ segment earnings	188.1	145.6

Earnings from Residential Property Management

Earnings from Residential Property Management rose year-on-year by EUR 6.7 million or 3.6% to EUR 193.1 million.

EUR m	Q1 2021	Q1 2020
Contracted rental income	218.0	210.6
Income from operating costs	97.0	107.3
Rental income	315.0	317.9
Operating costs	-95.7	-105.5
Rental loss	-3.9	-2.6
Maintenance	-20.8	-21.0
Other	-1.5	-2.4
Earnings from Residential Property Management	193.1	186.4
Staff, general and administration expenses	-13.4	-14.3
Operating result (NOI)	179.7	172.1
NOI margin in %	82.4	81.7
NOI in EUR per sqm and month ¹	6.16	5.64
Change in NOI in EUR per sqm and month in %	9.2	

¹ Based on average floor space in the relevant period on a quarterly basis (annualised)

Published on 15 April 2021, the decision of the Second Senate of the Federal Constitutional Court dated 25 March 2021 declared the Berlin rent freeze for residential properties [Gesetz zur Mietenbegrenzung im Wohnungswesen in Berlin – MietenWoG Bln] unconstitutional and therefore null and void. Proceeds from contracted rental income included, at around EUR 21.9 million, the back payment claims arising as of the reporting date due to the invalidity of the Berlin rent freeze, of which around EUR 11.0 million relates to rental periods prior to 1 January 2021. Proceeds from contracted rental income and operating costs fell year-on-year due to disposals.

For changes in contracted rental income and capital expenditure, please see our property portfolio information from page 6.

Income from operating costs exceeded the expenses for operating costs, because accounting for leases meant that various expenses were not included in the operating costs. In the first quarter of 2021 these related to lease expenses for metering and heat contracting of EUR 4.6 million (previous year: EUR 4.7 million). As a proportion of contracted rental income this represents an NOI margin of around 2.1% (previous year: 2.2%).

Rental losses increased due to higher expenses for write-downs. This is largely in conjunction with the increase in rent receivables due to the back payment claims reported on the closing date arising from the invalidity of the Berlin rent freeze.

Earnings from Disposals

A total of 1,373 units were sold up to 31 March 2021. The transfer of risks and rewards is expected to take place in 2021. Of the total, 1,119 units were sold on the basis of contracts signed by the financial year 2020.

	Units	Transaction volume	IFRS carrying amount of assets sold ¹	Gross margin	
	number	EUR m	EUR m	EUR m	in %
Privatisation	138	33.1	25.8	7.3	28
Institutional sales	1,235	167.7	138.1	29.6	21
	1,373	200.8	163.9	36.9	23

1 IFRS carrying amounts of assets sold without valuation gains due to disposal

The gross margins in the Disposal segment remain high, despite the valuation uplifts in recent years.

Of the 1,373 units sold, the transfer of risks and rewards for 940 took place in the first three months of the 2021 financial year (previous year: 423) and so are recognised in earnings from Disposals.

EUR m	Q1 2021	Q1 2020
Sales proceeds	142.6	54.7
Cost of sales	-1.8	-5.8
Net sales proceeds	140.8	48.9
Carrying amount of assets sold	-142.0	-53.0
Earnings from Disposals	-1.2	-4.1
Valuation gains due to disposal	18.8	8.9
Earnings from disposals before valuation gains due to disposal	17.6	4.8

Sales proceeds consisted of proceeds from privatisation (EUR 15.2 million; previous year: EUR 22.7 million) and institutional sales (EUR 127.4 million; previous year: EUR 32.0 million). The institutional sales transaction volume being higher year-on-year in the first quarter of 2021 is due to two portfolio transactions.

One is a portfolio sale to degewo AG, a state-owned housing company. This portfolio transaction concerns 2,143 residential and 32 commercial units in Berlin, for which the transfer of risks and rewards took place for 1,578 residential units in the second half of 2020 and for another 565 residential units in the first quarter of 2021. The second transaction was a portfolio sale of 6,379 residential units and 38 commercial units in Brunswick, Hanover, Cologne and the Rhine-Neckar region to the LEG Immobilien AG Group, of which the transfer of risks and rewards for 6,066 residential units took place in the fourth quarter of 2020 and for 164 residential units in the first quarter of 2021, and is expected for another 149 residential units in the second quarter of 2021.

Sales prices for privatised apartments came to an average of EUR 3,271 per sqm in the first three months of 2021 (previous year: average EUR 2,870 per sqm).

The valuation gains due to disposals relate to the measurement of non-current assets held for sale at the agreed sales price, to the extent that this effect is included in the carrying amounts of assets sold for the current period.

Earnings from Nursing Operations

EUR m	Q1 2021	Q1 2020
Income		
Nursing services	35.9	36.7
Rental income	14.3	14.9
Other	10.8	4.7
	61.0	56.3
Costs		
Nursing and corporate expenses	-12.0	-10.7
Staff expenses	-37.4	-35.5
Internal lease expenses	-7.2	-6.7
	-56.6	-52.9
Earnings from Nursing Operations	4.4	3.4
without internal rental expenses	11.6	10.1

Thirty-eight nursing facilities are managed by the KATHARINENHOF Group, the Hamburger Senioren Domizile GmbH and by PFLEGEN & WOHNEN HAMBURG Group. All are wholly owned subsidiaries of Deutsche Wohnen. Of the 38 facilities, 37 are owned by Deutsche Wohnen.

The decrease in proceeds from nursing care services and rental income was largely due to reduced occupancy rates resulting from the full renovation and reconstruction of two Hamburg facilities. The increase in other income includes compensation of EUR 5.1 million from nursing care funds for loss of income and additional expenses as a result of the coronavirus pandemic.

For changes in the number of beds managed and occupancy rates within facilities, please see our portfolio information.

Earnings from the Nursing Operations segment before intra-group lease expenses (EBITDAR¹) came to EUR 11.6 million for the first three months of 2021 (previous year: EUR 10.1 million). This represents an EBITDAR margin of 19.0% (previous year: 17.9%).

¹ EBITDAR is EBITDA from the operation of nursing facilities before internal rental and lease expenses. External rental and lease expenses are not included in the EBITDA calculation in accordance with IFRS 16 and are therefore not eliminated to obtain EBITDAR.

Nursing Assets

EUR m	Q1 2021	Q1 2020
Income		
Rental income	8.7	11.3
Intragroup leasing income	7.2	6.7
	15.9	18.0
Costs	-0.7	-0.8
Earnings from Nursing Assets	15.2	17.2
without internal rental income	8.0	10.5

The year-on-year decline in external lease income stems from the disposal of 13 nursing facilities for which the transfer of risks and rewards took place in mid-2020.

Earnings not attributable to a segment

Net earnings not attributable to a segment totalled EUR -13.6 million (previous year: EUR -47.4 million). This consists primarily of corporate expenses and other transaction-related operating expenses and income:

EUR m	Q1 2021	Q1 2020
Corporate expenses	-24.8	-28.2
Other income	5.1	4.7
Cost of materials and services	-2.0	-3.3
Miscellaneous staff costs	-0.9	-0.9
Miscellaneous other operating expenses	-3.4	-25.6
Miscellaneous other operating income	12.4	5.9
Earnings not attributable to a segment	-13.6	-47.4

Corporate expenses include staff and operating expenses, without the Nursing Operations segment:

EUR m	Q1 2021	Q1 2020
Staff expenses	-15.1	-17.3
Long-term remuneration component (share-based)	0.2	0.0
Operating costs	-9.9	-10.9
Total corporate expenses	-24.8	-28.2

The change in staff costs is due particularly to variable remuneration and the measurement of the long-term incentive (LTI) for the Management Board members and managers.

The long-term remuneration component (share-based) relates solely to non-cash changes from the AOP 2014 share option programme.

Staff, general and administration expenses in connection with disposals amounted to EUR 0.8 million, on a par with last year.

Other income, the cost of materials and miscellaneous staff costs are mainly related to revenues from multimedia and similar services at the SYN VIA Group.

For the non-recurring and transaction-related miscellaneous other operating expenses and income we refer to the comments on adjusted earnings on page 11.

Assets and financial position

Here are some selected figures from the consolidated balance sheet:

	31/03/2021		31/12/2020	
	EUR m	in %	EUR m	in %
Investment properties	28,243.9	92	28,069.5	91
Other non-current assets	970.8	3	982.0	3
Total non-current assets	29,214.7	95	29,051.5	94
Current assets	1,290.9	4	1,162.6	4
Cash and cash equivalents	202.4	1	583.3	2
Total current assets	1,493.3	5	1,745.9	6
Total assets	30,708.0	100	30,797.4	100
Equity	14,040.9	46	13,832.8	45
Financial liabilities	6,439.3	21	6,525.1	21
Convertible bonds	1,697.4	6	1,768.7	6
Corporate bonds	3,084.6	10	3,129.6	10
Tax liabilities	71.1	0	60.5	0
Pension obligations	102.7	0	109.6	1
Deferred tax liabilities	4,427.9	14	4,412.0	14
Other liabilities	844.1	3	959.1	3
Total liabilities	16,667.1	54	16,964.6	55
Total assets	30,708.0	100	30,797.4	100

Investment properties remain the largest balance sheet item. They increased compared with 31 December 2020, mainly due to acquisitions and capitalised refurbishment expenses, which were higher than disposals and reclassifications as current assets.

Current assets rose in comparison to 31 December 2020, primarily due to the payment of loans to the QUARTERBACK Group and the rent receivables reported on the closing date arising from back payment claims due to the invalidity of the Berlin rent freeze for residential properties [Gesetz zur Mietenbegrenzung im Wohnungswesen in Berlin – MietenWoG Bln].

For changes in cash and cash equivalents, please see the notes on cash flow on page 24.

Group equity increased by EUR 208.1 million in the first three months of 2021, with an increase in equity ratio of around 46%. In the reporting period some 1,700 bearer shares in Deutsche Wohnen SE were issued in exchange for some 800 bearer shares in GSW Immobilien AG. This share swap took place in accordance with the provisions of the control agreement between the two companies on the put options held by outside shareholders. In addition, total comprehensive income of EUR 207.9 million for the first quarter of 2021 also increased the capital of Deutsche Wohnen.

Financial liabilities were decreased by the repayment of EUR 86.7 million in loans.

Liabilities from convertible bonds fell due to market fluctuations. The nominal amount of outstanding convertible bonds was unchanged at EUR 1,600.0 million as of the reporting date.

Liabilities under corporate bonds fell by EUR 200.0 million due to scheduled redemptions and increased by EUR 150.0 million due to the proceeds of new issues. Proceeds of new issues in the first three months of 2021 included two long-term bearer bonds (EUR 100.0 million) and short-term commercial paper (EUR 50.0 million).

The average interest rate on the credit portfolio, including the convertible loans and corporate bonds, was approximately 1.25% as of 31 March 2021, with a hedging ratio² of around 90%. The average term to maturity of the Group's loans, convertible bonds and bonds is 6.7 years.

Deutsche Wohnen SE received a long-term issuer rating from the two international rating agencies Standard&Poor's and Moody's. The rating from Standard&Poor's was unchanged at A- (as of 14 December 2020) and that from Moody's was unchanged at A3 (as of 22 December 2020), both currently with a negative outlook.

² The ratio of financial liabilities, convertible bonds and corporate bonds at fixed interest rates or with interest rate hedges to the total nominal value of financial liabilities, convertible bonds and corporate bonds

Loan-to-Value ratio

The debt ratio (Loan-to-Value ratio) changed as follows compared with 31 December 2020:

EUR m	31/03/2021	31/12/2020
Financial liabilities	6,439.3	6,525.1
Convertible bonds	1,697.4	1,768.7
Corporate bonds	3,084.6	3,129.6
	11,221.3	11,423.4
Cash and cash equivalents	-202.4	-583.3
Net financial liabilities	11,018.9	10,840.1
Investment properties	28,243.9	28,069.5
Less right-of-use assets held as investment properties from leases	-51.4	-51.6
Non-current assets held for sale	53.7	163.6
Land and buildings held for sale	471.9	472.2
Investments in property and land companies	356.9	361.9
Loans to property and land companies	434.4	252.3
	29,509.4	29,267.9
Loan-to-Value ratio in %	37.3	37.0

The Loan-to-Value ratio was approximately 37.3% as of the reporting date.

The other liabilities presented in the financial position are made up as follows:

EUR m	31/03/2021	31/12/2020
Derivative financial instruments	44.0	57.3
Trade payables	334.7	429.9
Other	465.4	471.9
Total other liabilities	844.1	959.1

Cash flow

The Group's cash flow was as follows:

EUR m	Q1 2021	Q1 2020
Net cash flow from operating activities	92.0	65.5 ¹
Net cash flow from investing activities	-328.0	-279.5 ¹
Net cash flow from financing activities	-144.9	-174.4
Net change in cash and cash equivalents	-380.9	-388.4
Opening balance cash and cash equivalents	583.3	685.6
Closing balance cash and cash equivalents	202.4	297.2

1 Previous year's figure changed due to exercise of IAS 23 option

In the reporting period, cash flow from investing activities in the first three months of financial year 2021 included payments for property investments of EUR 205.4 million (previous year: EUR 303.6 million) and other assets of EUR 214.7 million (previous year: EUR 2.6 million). EUR 107.0 million of the property investments were for acquisitions (previous year: EUR 244.7 million), EUR 41.1 million for refurbishment (previous year: EUR 51.8 million) and EUR 57.3 million for new building (previous year: EUR 7.1 million, including change in IAS 23 option). This was offset by proceeds from the disposal of investment properties of EUR 49.6 million (previous year: EUR 22.8 million). Other proceeds of investing activities consisted mainly of loan repayments.

Cash flow from financing activities essentially comprises all payments in connection with refinancing (loan repayments and new borrowing, convertible bonds and corporate bonds together with the related one-off payments), cash inflows from equity activities, outflows for the purchase of treasury shares and dividend payments.

Cash flow from financing activities in the reporting period comprises issue proceeds from corporate bonds in the amount of EUR 150.0 million (previous year: EUR 300.0 million). Loans worth EUR 86.7 million (previous year: EUR 54.1 million) were repaid and bearer bonds were redeemed for EUR 200.0 million (previous year: EUR 200.0 million). EUR 212.0 million was paid in the previous year to purchase own shares.

FFO

Funds from Operations without disposals (FFO I) is the key figure for us. As described in the financial performance section above, Deutsche Wohnen made use of the option according to IAS 23 of capitalising borrowing costs for qualifying assets accounted for at fair value since the second half of 2020 for the investment properties. In line with IAS 8 the figures in the previous year's consolidated financial statements were changed accordingly for the effects of capitalising borrowing costs. This led to an absolute increase of EUR 1.4 million in FFO I for the first quarter of 2020 on the originally reported amount of EUR 140.9 million. We decided to change the calculation method for FFO I again due to the increase in the volume of property disposals and the associated valuation gains due to disposal.

FFO I went up year-on-year by around 8.8% in absolute terms and by around 12.5% per share (undiluted).

EUR m	Q1 2021	Q1 2020
EBITDA before gains/losses from fair value adjustments of investment properties	197.8	155.9
Measurement of current assets (properties)	-0.3	0.0
Valuation gains due to disposal	18.8	8.9 ²
Other non-recurring expenses and income	-7.9	22.3
Restructuring and reorganisation expenses	0.2	0.7
EBITDA (adjusted)	208.6	187.8²
Earnings from disposals	1.2	4.1
Valuation gains due to disposal	-18.8	-8.9 ²
Staff, general and administration expenses of disposals	0.8	0.8
EBITDA (adjusted) before disposals	191.8	183.8
Long-term remuneration component (share-based)	-0.2	0.0
Finance leasing broadband cable networks	0.8	0.8
At-equity valuation	0.8	0.5
Interest income/expenses	-29.5	-31.5 ³
Income taxes	-6.5	-8.9
Minority interests	-2.4	-2.4
FFO I	154.8	142.3³
Earnings from Disposals	-1.2	-4.1
Staff, general and administration expenses of disposals	-0.8	-0.8
At-equity valuation	-4.6	0.0
Valuation gains due to Disposals	18.8	8.9
Income taxes due to Disposals	-4.6	-2.8
FFO II	162.4	143.5³
FFO I per share in EUR (undiluted) ¹	0.45	0.40 ³
FFO I per share in EUR (diluted) ¹	0.45	0.40 ³
FFO II per share in EUR (undiluted) ¹	0.47	0.40 ³
FFO II per share in EUR (diluted) ¹	0.47	0.40 ³

1 Based on the weighted average of some 343.77 million shares in circulation in 2021 (without own shares) or some 354.53 million in 2020

2 Calculation method changed in light of valuation gains due to disposal in FFO – disclosures for prior years have been changed accordingly

3 Previous year's figure changed due to exercise of IAS 23 option

All rental income from broadband cable networks is included in the calculation of FFO, regardless of whether the corresponding contracts are classified in the IFRS consolidated financial statements as finance leases or operating leases with Deutsche Wohnen as lessor. To this extent, the liquidity rental payments agreed under civil law are presented as rental income, whereas in the consolidated financial statements they are recognised as interest and capital repayments.

EPRA NAV key figures

The NAV performance indicators revised by EPRA (Net Tangible Assets (NTA), Net Reinstatement Value (NRV) and Net Disposal Value (NDV)) were reported for the first time for financial year 2020.

EPRA NTA reflects current net asset value including acquisitions and disposals. Deferred taxes for investment properties are adjusted accordingly. NTA largely corresponds to the EPRA NAV previously communicated, adjusted for goodwill, and is particularly relevant for Deutsche Wohnen. Deutsche Wohnen did not exercise the option of adding land transfer tax and so works from the (net) IFRS carrying amounts.

EUR m	EPRA NTA 31/03/2021	EPRA NTA 31/03/2020
Equity (before non-controlling interests)	13,596.3	13,391.7
i) Hybrid bonds and dilution effects from the conversion of in-the-money convertible bonds	0.0	0.0
Diluted NAV	13,596.3	13,391.7
Plus		
iv) Revaluation of inventory properties after deferred taxes	39.2	43.9
Diluted NAV at fair values	13,635.5	13,435.6
Less		
v) Deferred taxes for valuation gains on investment properties	4,733.2	4,711.8
vi) Fair value of derivative financial instruments	42.0	54.7
viii.a) Goodwill accounted for in the IFRS consolidated financial statements	-319.6	-319.7
viii.b) Intangible assets as accounted for in the IFRS consolidated financial statements	-36.7	-38.0
NAV	18,054.4	17,844.4
Number of shares (diluted) in millions (without own shares)	343.87	343.77
NAV in EUR per share	52.50	51.91

EPRA NTA rose by EUR 210.0 million in absolute terms and by EUR 0.59 per share. This is largely due to the total comprehensive income attributable to the shareholders of the parent company of EUR 204.4 million for the first quarter of 2021. Neither of the convertible bonds outstanding as of the reporting date is "in-the-money" (the conversion prices exceeded the closing price of the Deutsche Wohnen share on the closing date), so the EPRA NAV figures are not diluted.

The previously reported EPRA NAV rose by EUR 0.60 per share from EUR 52.80 per share as of 31 December 2020 to EUR 53.40 per share as of 31 March 2021.

Events after the reporting date

On 29 March 2021, Deutsche Wohnen issued two green company bonds worth a total of EUR 1.0 billion on the capital market for the first time. Issue proceeds were received on 7 April 2021. The bonds have an average term of 15 years and an average interest rate of 0.90% p.a.

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

Risk report

For the risks of future business performance and a description of the risk management system (RMS), we refer to the risk report in the consolidated financial statements as of 31 December 2020.

Published on 15 April 2021, the decision of the Second Senate of the Federal Constitutional Court dated 25 March 2021 declared the Berlin rent freeze for residential properties [Gesetz zur Mietenbegrenzung im Wohnungswesen in Berlin – MietenWoG Bln] unconstitutional and therefore null and void. Risks arising from potential rent limits for new lettings and other rent rises previously classed as material and negative impacts on the value of affected properties therefore lapsed.

There have been no material changes in the overall risk assessment compared with the previous year. There are no concrete risks to the company's continued existence.

Forecast

The first three months of 2021 went according to plan for Deutsche Wohnen. We therefore stand by the forecast made when we published our performance figures for 2020 in March 2021 and are anticipating FFO I at the same level as last year.

Berlin, 4 May 2021

Deutsche Wohnen SE
Management Board



Michael Zahn
Chairman of the
Management Board



Philip Grosse
Management Board



Henrik Thomsen
Management Board



Lars Urbansky
Management Board

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

29	CONSOLIDATED BALANCE SHEET
31	CONSOLIDATED PROFIT AND LOSS STATEMENT
32	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
33	CONSOLIDATED STATEMENT OF CASH FLOWS
34	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED BALANCE SHEET

as of 31 March 2021

EUR m	31/03/2021	31/12/2020
Assets		
Investment properties	28,243.9	28,069.5
Property, plant and equipment	193.6	197.0
Intangible assets	356.3	357.7
Derivative financial instruments	1.8	2.3
Other non-current financial assets	419.1	425.0
Non-current assets	29,214.7	29,051.5
Land and buildings held for sale	471.9	472.2
Other inventories	11.0	12.3
Trade receivables	76.1	35.9
Income tax receivables	134.7	125.6
Derivative financial instruments	0.2	0.3
Other financial assets	534.0	343.6
Other non-financial assets	9.3	9.1
Cash and cash equivalents	202.4	583.3
Non-current assets held for sale	53.7	163.6
Current assets	1,493.3	1,745.9
Total assets	30,708.0	30,797.4

EUR m	31/03/2021	31/12/2020
Equity and liabilities		
Equity attributable to shareholders of the parent company		
Issued share capital	359.9	359.9
Own shares	-16.1	-16.1
Issued capital	343.8	343.8
Capital reserve	1,688.3	1,688.1
Accumulated other comprehensive income	-39.7	-47.8
Retained earnings	11,603.9	11,407.6
Total equity attributable to the shareholders of the parent company	13,596.3	13,391.7
Non-controlling interests	444.6	441.1
Total equity	14,040.9	13,832.8
Financial liabilities	6,373.4	6,444.7
Convertible bonds	1,694.5	1,762.8
Corporate bonds	2,904.0	2,875.5
Pension obligations	102.7	109.6
Other provisions	29.9	29.9
Trade payables	70.6	67.9
Derivative financial instruments	35.4	48.7
Other financial liabilities	286.4	289.9
Deferred tax liabilities	4,427.9	4,412.0
Total non-current liabilities	15,924.8	16,041.0
Financial liabilities	65.9	80.4
Convertible bonds	2.9	5.9
Corporate bonds	180.6	254.1
Other provisions	27.3	27.5
Trade payables	264.1	362.0
Derivative financial instruments	8.6	8.6
Tax liabilities	71.1	60.5
Other financial liabilities	103.3	108.7
Other non-financial liabilities	18.5	15.9
Total current liabilities	742.3	923.6
Total equity and liabilities	30,708.0	30,797.4

CONSOLIDATED PROFIT AND LOSS STATEMENT

for the period from 1 January to 31 March 2021

EUR m	Q1 2021	Q1 2020
Income from Residential Property Management	314.1	316.7
Income from Nursing Operations	55.1	55.5 ²
Rental income from Nursing Assets	8.6	11.2 ²
Other income	5.1	4.7
Income from sold properties	142.6	54.7
Carrying amount of properties sold	-142.0	-53.0
Income from sold properties (development)	2.5	0.0
Carrying amount of properties sold (development)	-2.2	0.0
Earnings from Disposals	0.9	1.7
Cost of materials and services	-134.3	-149.9
Staff expenses	-56.8	-56.8
Other operating expenses	-18.8	-40.0
Other operating income	27.1	14.1
	201.0	157.2
Depreciation, amortisation and impairment	-9.8	-9.4
Gains/losses from the fair value adjustment of investment properties	0.1	-0.5 ¹
Impairment losses on financial assets	-3.2	-1.7
Earnings before interest and taxes (EBIT)	188.1	145.6¹
Finance income	3.0	0.9
Finance expenses	-35.8	-51.7 ¹
Net income from fair value adjustment to derivative financial instruments	75.6	29.6
Earnings from companies valued in accordance with the equity method	-5.8	0.5
Earnings before taxes (EBT)	225.1	124.9
Income taxes	-25.4	0.5
Profit/loss for the period	199.7	125.4
Of which attributable to:	196.3	122.8
Shareholders of the parent company	3.4	2.6
Non-controlling interests	199.7	125.4
Earnings per share		
Undiluted in EUR	0.57	0.35
Diluted in EUR	0.39	0.26

1 Previous year's figure changed due to exercise of IAS 23 option

2 Previous year's figure amended

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 31 March 2021

EUR m	Q1 2021	Q1 2020
Profit/loss for the period	199.7	125.4
Other comprehensive income		
Items later reclassified through profit or loss		
Net gain/loss from derivatives of cash flow hedges	4.5	-3.2
Income tax effects	-1.1	1.0
	3.4	-2.2
Items later not reclassified through profit or loss		
Actuarial gains/losses on pensions and effect of asset ceilings in pension plans	6.9	2.3
Income tax effects	-0.9	-0.5
Net gain/loss on convertible bonds	-1.7	126.4
Income tax effects	0.5	-37.5
	4.8	90.7
Other comprehensive income after taxes	8.2	88.5
Total comprehensive income after taxes	207.9	213.9
Of which attributable to:		
Shareholders of the parent company	204.4	211.4
Non-controlling interests	3.5	2.5

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from 1 January to 31 March 2021

EUR m	Q1 2021	Q1 2020
Operating activities		
Profit/loss for the period	199.7	125.4
Finance income	-3.0	-0.9
Finance expenses	35.8	52.1 ¹
Gains/losses from fair value adjustments of financial instruments	-75.6	-29.6
Earnings from companies valued in accordance with the equity method	5.8	-0.5
Income taxes	25.4	-0.5
Profit/loss for the period before interest and taxes	188.1	146.0¹
Non-cash income and expenses		
Fair value adjustment of investment properties	-0.1	0.5 ¹
Depreciation, amortisation and impairment	9.8	9.4
Other non-cash income and expenses	-6.3	-0.6
Change in net working capital		
Change in receivables, inventories and other current assets	-56.8	-30.2
Change in operating liabilities	0.8	-15.4
Net operating cash flow	135.5	109.7
Proceeds from the disposal of land and buildings held for sale	1.4	5.6
Investments in land and buildings held for sale	-2.5	-0.5
Interest paid	-32.6	-37.5 ¹
Interest received	0.6	0.9
Taxes paid	-11.2	-15.3
Taxes received	0.8	2.6
Net cash flow from operating activities	92.0	65.5¹
Investing activities		
Proceeds from the disposal of investment properties and properties held for sale	49.6	22.8
Payments for investments in properties	-205.4	-303.6 ^{1,2}
Payments for investments in other assets	-214.7	-2.6 ²
Payments for business combinations less cash and cash equivalents acquired	9.7	0.0
Other proceeds of investing activities	32.8	3.9
Net cash flow from investing activities	-328.0	-279.5¹
Financing activities		
Proceeds of new borrowing	-86.7	-54.1
Proceeds from the issue of corporate bonds	150.0	300.0
Repayment of corporate bonds	-200.0	-200.0
One-off financing payments	-2.7	-3.1
Repayment of lease liabilities	-5.5	-5.2
Payments for the purchase of own shares	0.0	-212.0
Net cash flow from financing activities	-144.9	-174.4
Net change in cash and cash equivalents	-380.9	-388.4
Opening balance cash and cash equivalents	583.3	685.6
Closing balance cash and cash equivalents	202.4	297.2

¹ Previous year's figure changed due to exercise of IAS 23 option

² Previous year's figure amended

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as of 31 March 2021

EUR m	Share capital	Own shares	Issued capital	Capital reserve	Pensions and convertible bonds	Cash flow hedge reserve	Total other comprehensive income	Retained earnings company	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Equity as of 1 January 2020	359.7	-2.6	357.1	2,555.5	-33.9	-12.4	-46.3	9,834.1	12,700.4	406.9	13,107.3
Profit/loss for the period								122.8	122.8	2.6	125.4
Other comprehensive income					90.7	-2.1	88.6		88.6	-0.1	88.5
Total comprehensive income					90.7	-2.1	88.6	122.8	211.4	2.5	213.9
Capital increase	0.1		0.1	1.6					1.7		1.7
Purchase of treasury shares		-6.1	-6.1	-217.7					-223.8		-223.8
Change in non-controlling interests			0.0					0.1	0.1	-1.9	-1.8
Other			0.0					0.1	0.1		0.1
Equity as of 31 March 2020	359.8	-8.7	351.1	2,339.4	56.8	-14.5	42.3	9,957.1	12,689.9	407.5	13,097.4
Equity as of 1 January 2021	359.9	-16.1	343.8	1,688.1	-31.2	-16.6	-47.8	11,407.6	13,391.7	441.1	13,832.8
Profit/loss for the period								196.3	196.3	3.4	199.7
Other comprehensive income					4.8	3.3	8.1		8.1	0.1	8.2
Total comprehensive income					4.8	3.3	8.1	196.3	204.4	3.5	207.9
Capital increase	0.0		0.0	0.1					0.1		0.1
Contribution in connection with Management Board remuneration			0.0	0.1					0.1		0.1
Equity as of 31 March 2021	359.9	-16.1	343.8	1,688.3	-26.4	-13.3	-39.7	11,603.9	13,596.3	444.6	14,040.9

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FINANCIAL CALENDAR 2021

01/06/2021	Annual General Meeting 2021, Frankfurt/Main (virtual)
13/08/2021	Publication of Interim Report as of 30 June 2021/Half-year results
12/11/2021	Publication of Interim Statement as of 30 September 2021/1st-3rd Quarters

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