

We build on our responsibility



Group Interim Report
as of 30 June 2020

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GROUP KEY FIGURES

Income statement		H1 2020	H1 2019	Change
Contracted rental income	EUR m	421.8	411.1	2.6%
Earnings from Residential Property Management	EUR m	370.7	365.1	1.5%
Earnings from Disposals before valuation gains due to Disposals	EUR m	5.9	23.6	-75.0%
Earnings from Nursing and Assisted Living	EUR m	42.5	43.9	-3.2%
Corporate expenses	EUR m	-53.6	-47.4	13.1%
EBITDA	EUR m	334.2	381.9	-12.5%
EBT (adjusted)	EUR m	254.0	302.8	-16.1%
EBT (as reported)	EUR m	312.5	791.6	-60.5%
Earnings after taxes	EUR m	216.7	603.1	-64.1%
Earnings after taxes ¹	EUR per share	0.60	1.65	-63.3%
FFO I	EUR m	282.9	288.2 ²	-1.8%
FFO I (undiluted) ¹	EUR per share	0.80	0.81 ²	-1.2%
FFO I (diluted) ¹	EUR per share	0.80	0.81 ²	-1.2%
FFO II	EUR m	283.2	305.4	-7.3%
FFO II (undiluted) ¹	EUR per share	0.81	0.86	-5.8%
FFO II (diluted) ¹	EUR per share	0.81	0.86	-5.8%
Balance sheet		30/06/2020	31/12/2019	Change
Investment properties	EUR m	25,441.9	25,433.3	8.6
Current assets	EUR m	3,200.9	1,975.0	1,225.9
Equity	EUR m	12,634.3	13,107.3	-473.0
Net financial liabilities	EUR m	10,392.8	9,339.0	1,053.8
Loan-to-Value ratio (LTV)	in %	38.6	35.4	3.2
Total assets	EUR m	29,084.1	27,851.7	1,232.4
Share		30/06/2020	31/12/2019	Change
Share price (closing price)	EUR per share	39.95	36.42	9.7%
Number of shares (without own shares)	m	346.32	357.09	-3.0%
Market capitalization (without own shares)	EUR bn	13.8	13.0	6.2%
Adjusted Net Asset Value (NAV)³		30/06/2020	31/12/2019	Change
Adjusted NAV (undiluted)	EUR m	16,415.0	16,791.3	-376.3
Adjusted NAV (undiluted)	EUR per share	47.40	47.02	0.8%
Adjusted NAV (diluted)	EUR per share	47.40	47.02	0.8%
Fair values		30/06/2020	31/12/2019	Change
Fair value properties ⁴	EUR m	24,723	24,237	486
Fair value per sqm living and usable space ⁴	EUR per sqm	2,420	2,394	1.0%

1 Based on the weighted average of some 351.50 million shares in circulation in 2020 (without own shares) or some 357.02 million in 2019

2 Calculation method changed: taxes due to disposals are no longer included in FFO I – disclosures for prior years have been changed accordingly

3 Adjusted NAV corresponds to the previously reported EPRA NAV

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

GROUP INTERIM MANAGEMENT REPORT

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

Its property portfolio comprises approximately 165,100 residential and commercial units and has a fair value of some EUR 24.7 billion.¹ Our holdings also include nursing properties with a fair value of around EUR 1.2 billion comprising approximately 10,600 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

Germany hit by global economic crisis

The German economy is also suffering from the effects of the coronavirus pandemic, experiencing a severe recession and a massive loss of income. The action taken by the federal government has stabilized the domestic economy, but it is virtually impossible to make up for the collapse in foreign demand. The German Institute for Economic Research (DIW) believes that the German economy has already overcome the worst, however. As the lockdown is relaxed, consumer spending and production are gradually picking up again.

According to estimates by the DIW, the German economy will see a fall of 9.4% in gross domestic product this year (previous year: +0.6%), which will not be recouped by forecast growth of 3.0% next year. The inflation rate in 2020 is predicted to be 0.9% (previous year: 1.4%). With this forecast, DIW has more or less confirmed the outlook it issued in spring, correcting it downwards by a mere 0.1 percentage points.

For 2020 an average unemployment rate of 6.0% is forecast (previous year: 5.0%). The state will only be partially able to make up for the income lost as a result of short-time working. This is exacerbated by the significant income lost by self-employed people, as well as hiring freezes at companies. Disposable income is expected to fall by 2.5% as a result. In the spring the DIW was still predicting growth of 2.0%.²

¹ Excluding advance payments, units under construction and undeveloped land

² DIW weekly report 24/2020: Grundlinien der Wirtschaftsentwicklung im Sommer 2020, DIW: press release of 30 June 2020

Stock markets increasingly recovering

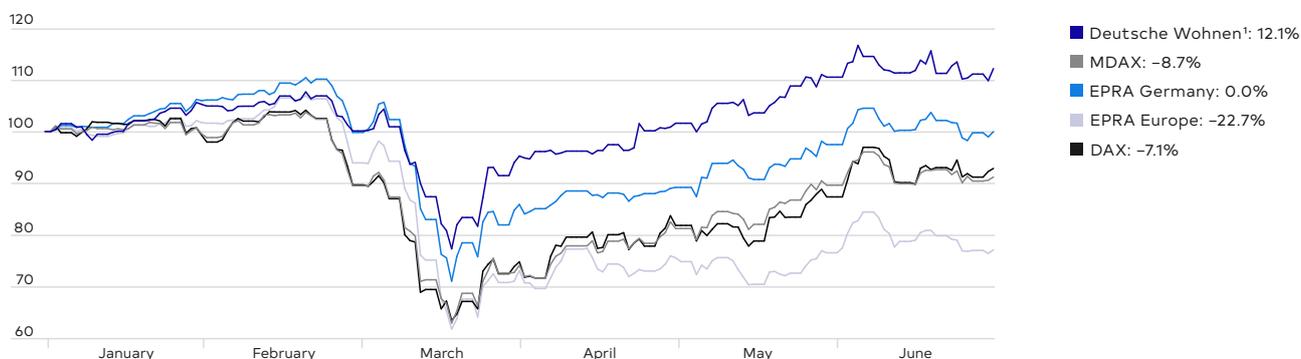
A declining number of coronavirus infections in Europe and China, a swift easing of the national lockdown and a strong rise in the purchasing managers index drove a significant recovery on stock markets. Among the wide-ranging national and international support measures are the German stabilisation fund of EUR 130 billion, the expansion of the ECB's bond-buying programme and the proposed EUR 750 billion EU recovery fund.

Deutsche Wohnen share successfully overcomes negative index trend

The Deutsche Wohnen share ended the first half-year 2020 at a closing price of EUR 39.95, a gain of 12.1% on year-end 2019. This meant the share was able to shake off the negative trend in March, reporting an interim high of EUR 41.53 in early June. It again substantially outperformed the German share indices DAX (-7.1%) and MDAX (-8.7%), as well as the property indices EPRA Europe (-22.7%) and EPRA Germany (0.0%).

As of the end of the first half-year 2020, the market capitalization of Deutsche Wohnen SE increased by some 25% to EUR 14.4 billion.³ Average daily turnover in Xetra trading increased by roughly 27% from EUR 36.0 million in the first half-year 2019 to EUR 45.7 million in the first six months of 2020. In the first six months of 2020 the average Xetra trading volume for the Deutsche Wohnen share was approximately 1.2 million shares per day. On average, over 1 million shares a day were also traded on alternative platforms.

Share price performance, H1 2020 (indexed)



1 Share price, adjusted for dividend

3 Based on 359.8 million outstanding shares as of 30 June 2020, of which 13.6 million had been bought back as of the same date in the course of the buyback programme.

Key figures for the share	H1 2020	H1 2019
Number of shares in m	approx. 359.79	approx. 357.03
Of which own shares in m	approx. 13.6	0
Price at end of H1 ¹ in EUR	39.95	32.27
Market capitalization in EUR bn	approx. 14.4 ³	approx. 11.5
Six-month high ¹ in EUR	41.53	44.45
Six-month low ¹ in EUR	27.62	32.23
Average daily Xetra trading volume ²	1,231,481	873,540

1 Closing price in Xetra trading

2 Shares traded

3 Based on 359.8 million outstanding shares as of 30 June 2020, of which 13.6 million had been bought back as of the same date in the course of the buyback programme

Source: Bloomberg, as of 1 July 2020

Broad analyst coverage

A total of 27 analysts are currently⁴ monitoring the performance of Deutsche Wohnen SE. Current⁴ price targets range from EUR 26.50 to EUR 60.00 per share. Sixteen analysts have set a target price equal to or above EUR 40.00 per share. The median analyst estimate is EUR 40.50⁴ per share, or some 1.4% above the closing price at the end of the first six months of 2020.

Rating	Number
Buy/Outperform/Overweight	15
Equal Weight/Hold/Neutral	7
Sell	5

Results of the Annual General Meeting and dividend

The Annual General Meeting 2020 of Deutsche Wohnen SE was held on 5 June 2020 for the first time as a virtual meeting, due to the restrictions imposed because of the coronavirus pandemic. An audio and video stream of the Annual General Meeting was provided for registered shareholders, and voting rights could be exercised by means of electronic communications. 79.5% of the company's issued capital were represented. Shareholders approved all the proposals on the agenda with the required majorities. These included the distribution of a reduced dividend of EUR 0.90 per bearer share for the 2019 financial year. The distribution ratio, based on FFO I, was reduced this year from 65% to 60% in order to finance a EUR 30 million coronavirus relief fund.

In relation to the average volume-weighted share price in 2019 of EUR 36.45, the dividend of EUR 0.90 per share represents a dividend yield of 2.5%.

Matthias Hünlein and Dr Andreas Kretschmer ended their period of office as members of the Supervisory Board of Deutsche Wohnen SE at the close of the Annual General Meeting. Matthias Hünlein was re-elected by the shareholders and confirmed by the Supervisory Board as its chair. Kerstin Günther joins the Supervisory Board as a new member, succeeding Dr Andreas Kretschmer, who did not stand for re-election.

Deutsche Wohnen joins the DAX

Deutsche Wohnen SE has been part of the leading German DAX index since 22 June 2020. This was decided by Deutsche Börse in a fast-entry process on the basis of the promotion criteria. Market capitalization and trading in the Deutsche Wohnen share have risen continuously since its IPO in 1999, and now meet the technical conditions for the inclusion in the leading index.

Share buy-back programme

On 15 November 2019 the Management Board of Deutsche Wohnen SE, with the approval of the Supervisory Board, decided to buy back up to 25 million company shares for up to EUR 750 million. The buy-back programme will end no later than the close of 30 October 2020. As of 30 June 2020, Deutsche Wohnen had bought back some 13.6 million shares for a total amount of EUR 493.1 million. This corresponds to about 3.8% of share capital. The current status of our share buy-back programme is available at www.deutsche-wohnen.com/share-buy-back.

Intensive dialogue with analysts and investors

Deutsche Wohnen maintains a transparent, comprehensive relationship to its shareholders and investors. It makes particular use of investor conferences and roadshows on the national and international stage. Conference calls were mostly held in the first half-year in response to the coronavirus pandemic and the resulting precautions and travel restrictions. Attendance at other virtual conferences is planned for the second half-year.

An overview of these dates can be found in the financial calendar on page 48. It is updated regularly on our Investor Relations home page.

Property portfolio

Deutsche Wohnen manages one of the largest property portfolios in Germany, comprising approximately 162,200 residential and 2,900 commercial units (approximately 4% of its overall floor space). Our focus is on fast-growing metropolitan regions and conurbations, known as Core⁺ markets, which account for almost 92% of our residential properties.

As of 30 June 2020, the average in-place rent for the properties in Deutsche Wohnen's portfolio amounted to EUR 6.93 per sqm (previous year: EUR 6.75 per sqm), with a consistently low vacancy rate of 1.8% (previous year: 2.2%).

30/06/2020	Residential					Commercial	
	Residential units	Area	Share of total portfolio	In-place rent ¹	Vacancy rate	Commercial units	Area
	number	in thousand sqm	in %	EUR/sqm	in %	number	in thousand sqm
Core⁺	148,584	8,935	91.6	7.01	1.7	2,653	388
Greater Berlin	115,969	6,910	71.5	6.91	1.4	1,844	249
Rhine-Main	10,759	646	6.6	8.69	2.2	171	32
Dresden/Leipzig	9,753	632	6.0	6.26	4.7	504	76
Rhineland	6,503	403	4.0	7.24	2.6	74	17
Mannheim/ Ludwigshafen	4,657	290	2.9	6.31	1.8	43	12
Other Core ⁺	943	54	0.6	10.68	0.7	17	1
Core	13,455	860	8.3	6.07	2.7	215	40
Hanover/Brunswick	8,971	579	5.5	6.21	2.3	87	26
Other Core	4,484	281	2.8	5.77	3.6	128	14
Non-Core	144	9	0.1	5.15	9.0	0	0
Total	162,183	9,804	100.0	6.93	1.8	2,868	428

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

Portfolio development

Acquisitions

Deutsche Wohnen acquired a 40% stake in the Leipzig-based project developer QUARTERBACK Immobilien AG. The stake is expected to be taken over in the third quarter of 2020. Its project pipeline consists of almost 70 projects with a total investment volume of some EUR 2 billion. The sites comprise around 7,700 residential units and are mostly situated in the Dresden/Leipzig region (62%) and Munich (8%). Forecast annual rent will come to around EUR 90 million.

In the first half of 2020 we also signed contracts for some 2,300 residential and commercial units for a total purchase price of approximately EUR 460 million. They are largely in Core⁺ markets. The acquisitions were primarily late nineteenth-century *Gründerzeit* houses and post-war *Altbau* buildings in central locations, which further increase the quality of our portfolio.

Disposals

In the first half of 2020 we sold and transferred the risks and rewards for a total of 519 residential units. Of these, 157 apartments were sold as part of the privatisation programme while institutional sales accounted for 362.

In the course of streamlining our portfolio we also sold a package of some 6,400 residential units in western Germany to LEG Immobilien AG Group for EUR 658 million. The portfolio is spread over a total of 34 locations and is largely located in Mannheim/Ludwigshafen, Rhineland and Hanover/Brunswick regions. Risks and rewards are expected to be transferred on fourth quarter 2020.

For further details of the segment earnings from Disposals, please refer to pages 14 and 15.

Operating performance

The following overview shows the changes in in-place rent and vacancy rates in a like-for-like comparison, i.e. only for residential properties which were managed by our company on a consistent basis over the past twelve months.

Like-for-like rental growth was 1.7% in the reporting period. Rent increases for existing tenants were moderate at 0.4%. Without the effects of the rental freeze, like-for-like rental growth is 2.8%.

The vacancy rate in our like-for-like letting portfolio fell from 2.0% to a very low 1.6%. Of the total vacancies, 0.5% was due to refurbishment as part of our investment programme.

Like-for-like	Residential units	30/06/2020	30/06/2019	Development	30/06/2020	30/06/2019
		In-place rent ¹	In-place rent ¹		Vacancy rate	Vacancy rate
	number	EUR/sqm	EUR/sqm	in %	in %	in %
Total	158,353	6.89	6.78	1.7	1.8	2.1
Letting portfolio²	152,764	6.91	6.79	1.7	1.6	2.0
Core⁺	140,214	6.99	6.87	1.6	1.5	1.9
Greater Berlin	111,011	6.93	6.83	1.5	1.2	1.7
Rhine-Main	9,680	8.44	8.30	1.7	2.0	1.5
Dresden/Leipzig	8,523	6.23	6.00	3.8	4.6	4.8
Rhineland	5,501	6.81	6.65	2.5	2.0	2.2
Mannheim/ Ludwigshafen	4,556	6.30	6.17	2.1	1.2	1.7
Other Core ⁺	943	10.68	10.56	1.2	0.7	0.5
Core	12,550	6.06	5.94	2.1	2.8	2.9
Hanover/Brunswick	8,921	6.21	6.06	2.3	2.3	2.7
Other Core	3,629	5.68	5.61	1.3	4.3	3.5

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

² Without disposal and Non-Core properties

Portfolio investments

In the first half of 2020, we spent some EUR 163.2 million or around EUR 32.00 per sqm on maintenance and refurbishment. Of the total refurbishment costs of EUR 117.3 million, around EUR 53.9 million were for work completed between tenancies and EUR 63.4 million were for complex refurbishment projects. Due to coronavirus-related delays, expenses are slightly below the previous year's level.

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

EUR m	H1 2020	H1 2019
Maintenance	45.9	42.4
in EUR per sqm p.a.	9.00 ¹	8.20 ¹
Refurbishment	117.3	131.9
in EUR per sqm p.a.	23.00 ¹	25.50 ¹
Maintenance and refurbishment	163.2	174.3
in EUR per sqm p.a.	32.00 ¹	33.70 ¹

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

Portfolio valuation

The property valuation as of 30 June 2020 takes the current legal regulations (Berlin rent freeze) into account and has confirmed the fair values as of 31 December 2019. However, disposals resulted in an appreciation of the corresponding holdings (Rhineland, Mannheim/Ludwigshafen and Hanover/Brunswick clusters) of around EUR 177 million.

The overview below shows key valuation figures for our property portfolio as of 30 June 2020:

Macro cluster	Region	Residential units	Fair value	Share of fair value	Fair value	Multiple in-place rent
		number	EUR m	in %	EUR/sqm	
Core⁺		148,584	23,334	94.4	2,507	29.8
	Greater Berlin	115,969	18,498	74.8	2,588	31.1
	Rhine-Main	10,759	1,835	7.4	2,711	26.2
	Dresden/Leipzig	9,753	1,512	6.1	2,136	29.0
	Rhineland	6,503	878	3.6	2,087	24.0
	Mannheim/Ludwigshafen	4,657	435	1.8	1,442	19.1
	Other Core ⁺	943	176	0.7	3,184	24.5
Core		13,455	1,383	5.6	1,537	21.1
	Hanover/Brunswick	8,971	948	3.8	1,567	20.8
	Other Core	4,484	435	1.8	1,474	21.8
Non-Core		144	6	0.0	640	11.3
Total		162,183	24,723	100.0	2,420	29.1

Fair value	30/06/2020		31/12/2019	
	Fair value	Multiple in-place rent	Fair value	Multiple in-place rent
	EUR m		EUR m	
Strategic core and growth regions				
Core ⁺	23,334	29.8	23,087	29.5
Core	1,383	21.1	1,145	19.1
Non-Core	6	11.3	6	11.0
Total	24,723	29.1	24,237	28.8

Nursing Assets segment

The Nursing and Assisted Living business field consists of 78 nursing properties with a total of some 10,600 beds (nursing beds and assisted living units). Of the total, 77 nursing properties 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 properties: 38 nursing facilities (approximately 5,340 beds) are operated by KATHARINENHOF Seniorenwohn- und Pflegeanlage Betriebs-GmbH and its subsidiaries, and by PFLEGEN & WOHNEN HAMBURG GmbH. The other 40 facilities (approximately 5,240 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 assisted living is particularly high there. We particularly look for high quality, both in terms of the properties, and in the nursing care and support. We will therefore be increasing our investments in new building projects and by means of selective acquisitions in our strategic target regions.

To streamline our portfolio we signed contracts for the sale of 13 nursing properties with some 1,700 beds or assisted living units as of year-end 2019. This particularly entailed the disposal of nursing properties that are not situated in our strategic target regions and are subject to structural and regulatory restrictions. For twelve nursing assets with some 1,600 beds and assisted living units the transaction was closed as of the end of the first half-year 2020.

Demographic developments mean that the market for nursing care in Germany will continue to grow. We intend to expand the Nursing Assets segment up to 15% of Group EBITDA by means of selected acquisitions and new construction.

Nursing business: properties and operations

Nursing properties operated by KATHARINENHOF and PFLEGEN & WOHNEN HAMBURG

Region	Facilities	Nursing	Assisted living	Beds ¹	
				Total	Occupancy 30/06/2020 ²
	number	number	number	number	in %
Hamburg	17	3,170	160	3,330	87.6
Berlin	12	1,070	360	1,430	98.7
Saxony	9	520	60	580	99.1
Total – operated through participations	38	4,760	580	5,340	91.9

1 The number of beds is rounded to the nearest 10, because some assisted living units can be used as care beds and some double rooms as single rooms, depending on market demand

2 Two facilities in Hamburg are to be completely refurbished or rebuilt. The occupancy rates will be reduced successively as a result

Nursing properties with other operators

Federal state	Facilities	Nursing	Assisted living	Beds ¹	
				Total	WALT ²
	number	number	number	number	
Bavaria	13	1,580	50	1,630	9.1
North Rhine-Westphalia	9	1,000	240	1,240	13.1
Rhineland-Palatinate	3	390	120	510	11.5
Baden-Württemberg	4	490	10	500	8.9
Lower Saxony	1	110	0	110	10.3
Hesse	4	530	0	530	9.2
Other	6	720	0	720	7.4
Total operated by other operators	40	4,820	420	5,240	10.2
Total nursing	78	9,580	1,000	10,580	

1 The number of beds is rounded to the nearest 10, because some assisted living units can be used as care beds and some double rooms 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 course of business of the individual segments, as well as other items of the consolidated income statement for the first six months of the financial year 2020 compared with the same period of the previous year:

EUR m	H1 2020	H1 2019
Earnings from Residential Property Management	370.7	365.1
Earnings from Disposals	-3.6	23.6
Earnings from Nursing and Assisted Living	42.5	43.9
Corporate expenses	-53.6	-47.4
Other expenses/income	-21.8	-3.3
Operating result (EBITDA)	334.2	381.9
Depreciation and amortization	-19.0	-19.7
Changes in fair values of investment properties	177.0	451.3
Earnings from companies valued in accordance with the equity method	1.1	1.9
Financial result	-180.8	-23.8
Earnings before taxes (EBT)	312.5	791.6
Current taxes	-19.1	-20.3
Deferred taxes	-76.7	-168.2
Profit/loss for the period	216.7	603.1

The profit for the period fell year-on-year by EUR 386.4 million to EUR 216.7 million, mainly due to lower earnings from the fair value adjustment for investment properties and the valuation result for the convertible bonds, both after deferred taxes.

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 standardized earnings performance:

EUR m	H1 2020	H1 2019
Earnings before taxes	312.5	791.6
Gains/losses from the valuation of properties	-177.0	-450.7
Net income from fair value adjustment to derivative financial instruments and convertible bonds	88.1	-58.6
Non-recurring expenses and income	30.4	20.5
Adjusted earnings before taxes	254.0	302.8

The result of property valuation in the first six months of 2020 mainly relates to gains on the valuation of non-current assets held for sale. The property valuation as of 30 June 2020 takes the current legal regulations (Berlin rent freeze) into account and has confirmed the fair values as of 31 December 2019.

The result of fair value adjustments to derivative financial instruments (expenses of EUR 11.8 million; previous year: expenses of EUR 27.3 million) and convertible bonds (expenses of EUR 76.3 million; previous year: income of EUR 85.9 million) is due to changes in interest rates and the price of the Deutsche Wohnen share.

As in the previous year, non-recurring expenses and income for the first six months of 2020 mainly include project and transaction-related expenses, of which EUR 29.5 million (previous year: EUR 6.6 million) were other expenses and EUR 0.9 million (previous year: EUR 13.9 million) were financial expense. Of the total for 2020, EUR 19.9 million relates to land transfer taxes, which arose in connection with a business combination accounted for in accordance with IFRS 3. This business combination entails the acquisition of the project business of ISARIA Wohnbau AG in Munich, which was completed on 1 July 2020.

Earnings from Residential Property Management

Earnings from Residential Property Management rose year-on-year by EUR 5.6 million or 1.5% to EUR 370.7 million.

EUR m	H1 2020	H1 2019
Contracted rental income	421.8	411.1
Income from operating costs	217.7	204.9
Rental income	639.5	616.0
Operating costs	-212.9	-201.3
Rental loss	-5.8	-4.5
Maintenance	-45.9	-42.4
Other	-4.2	-2.7
Earnings from Residential Property Management	370.7	365.1
Staff, general and administration expenses	-27.1	-26.2
Operating result (NOI)	343.6	338.9
NOI margin in %	81.5	82.4
NOI in EUR per sqm and month ¹	5.61	5.46
Change in NOI in EUR per sqm and month in %	2.7	6.8

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

Despite net disposals rent increases in the portfolio resulted in an increase in contracted rental income of nearly 3% compared with the same period of the previous year.

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. For the first six months of the financial year 2020 these related to lease expenses for metering and heat contracting of EUR 9.6 million (previous year: EUR 9.5 million). As a proportion of contracted rental income this represents an NOI margin of around 2.3% (previous year: 2.3%).

Earnings from Disposals

A total of 9,165 units were sold up to 30 June 2020. The transfer of risks and rewards is expected to take place in 2020. Of the total, 2,031 units were sold on the basis of contracts signed in 2019.

	Units	Transaction volume	IFRS carrying amount of assets sold ¹	Gross margin	
	number	EUR m	EUR m	EUR m	in %
Privatisation	184	38.6	29.3	9.3	32
Institutional sales including nursing properties	8,981	1,236.4	944.3	292.1	31
	9,165	1,275.0	973.6	301.4	31

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 9,165 units sold, the transfer of risks and rewards for 519 took place in the first six months of the 2020 financial year (previous year period: 620) and so are recognised in earnings from Disposals:

EUR m	H1 2020	H1 2019
Sales proceeds	219.9	104.3
Cost of sales	-6.7	-6.3
Net sales proceeds	213.2	98.0
Carrying amount of assets sold	-216.8	-74.4
Earnings from Disposals	-3.6	23.6
Valuation gains due to disposal ¹	9.5	0.0
Earnings from Disposals before valuation gains due to Disposals¹	5.9	23.6

¹ Previous year presentation has been changed

Sales proceeds mainly stem from the sale of 13 nursing assets with some 1,700 beds and assisted living units for slightly more than the carrying amount before valuation gains due to disposals. The sale of twelve of these nursing assets was completed before 30 June 2020. The sale of the last nursing asset will be completed in the third quarter 2020. We chose to particularly dispose of externally managed nursing properties that are not situated in our strategic target regions and are subject to structural and regulatory restrictions.

The valuation gains due to disposal 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.

Sales prices for privatised apartments came to an average of EUR 2,848 per sqm in the first six months of 2020.

Of the 8,646 residential units sold for which the transfer of risks and rewards had not taken place by 30 June 2020, most relate to two portfolio transactions. One is a portfolio sale to degewo AG, a state-owned housing company. This portfolio transaction comprises 2,143 residential units and 32 commercial units in Berlin. Risks and rewards are expected to be transferred for 1,578 of the residential units in the second half of 2020 and for a further 565 in 2021. The other portfolio sale relates to 6,380 residential units and 38 commercial units in Brunswick, Hanover, Cologne and the Rhine-Neckar region to the LEG Immobilien AG Group, for which the transfer of risks and rewards is expected to take place in the fourth quarter 2020.

Earnings from Nursing and Assisted Living

Earnings from Nursing and Assisted Living (EUR 42.5 million; previous year: EUR 43.9 million) is made up of segment earnings from Nursing Operations (EUR 9.2 million; previous year: EUR 9.5 million) and Nursing Assets (EUR 33.3 million; previous year: EUR 34.4 million).

Nursing Operations

EUR m	H1 2020	H1 2019
Income		
Nursing care	74.8	73.5
Rental income	29.6	29.4
Other	11.7	9.1
	116.1	112.0
Costs		
Nursing and corporate expenses	-22.4	-20.6
Staff expenses	-71.3	-68.9
Internal lease expenses	-13.2	-13.0
	-106.9	-102.5
Earnings from Nursing Operations	9.2	9.5
Without internal rental expenses	22.4	22.5

Twenty-five nursing facilities are managed by the KATHARINENHOF Group, in which we hold a 100% equity interest as of February 2020 (previously 49%), and thirteen nursing facilities by the PFLEGEN & WOHNEN HAMBURG Group, which has been a wholly owned subsidiary of Deutsche Wohnen since 2 January 2019. Of the 38 facilities, 37 are owned by Deutsche Wohnen.

Earnings from the Nursing Operations segment before internal rents (EBITDAR⁵) came to EUR 22.4 million for the first six months of 2020 (previous year period: EUR 22.5 million). This represents an EBITDAR margin of 19.3% (previous year: 20.1%).

Whereas the EBITDAR margin of the KATHARINENHOF Group came to approximately 23.5% in the first half of 2020, the figure for the PFLEGEN & WOHNEN HAMBURG Group was 17.4% because it offers a different range of services and the vacancy rate in some properties was higher in preparation for refurbishment work.

⁵ EBITDAR is EBITDA from the operation of nursing facilities before internal rental 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	H1 2020	H1 2019
Income		
Rental income	21.6	23.0
Intragroup leasing income	13.2	13.0
	34.8	36.0
Costs	-1.5	-1.6
Earnings from Nursing Assets	33.3	34.4
Without internal rental income	20.1	21.4

The year-on-year decline in external leasing income is due to disposals.

Corporate expenses

Corporate expenses include all staff and operating expenses, without the segments Nursing Operations and Nursing Assets:

EUR m	H1 2020	H1 2019
Staff expenses	-34.3	-29.1
Long-term remuneration component (share-based)	0.2	0.0
Operating costs	-19.5	-18.3
Total corporate expenses	-53.6	-47.4

Corporate expenses, not including the staff, general and administration expenses of disposals, accounted for about 12.3% of rental income (cost ratio) (previous year period: 11.1%). Staff, general and administration expenses in connection with disposals amounted to EUR 1.6 million, on a par with last year. The increase in staff costs is particularly due to the measurement of the long-term incentive (LTI) for the Management Board members and managers. As of 31 December 2019 the minimum performance levels for the target component share price performance in the 2018 and 2019 tranches were not achieved. These minimum thresholds were exceeded again as of 30 June 2020, so that staff expenses of EUR 1.7 million were incurred in the first half of 2020.

Other expenses/income

Other expenses/income comprised expenses of EUR 39.4 million (previous year: EUR 15.7 million) and income of EUR 17.6 million (previous year: EUR 12.4 million).

Of these expenses, EUR 29.5 million (previous year: EUR 6.6 million) were ignored for the purpose of calculating adjusted earnings before taxes.

Other unadjusted expenses (EUR 9.9 million; previous year: EUR 9.1 million) mainly related to the SYN VIA Group (EUR 5.3 million; previous year: EUR 4.3 million).

Other unadjusted income (EUR 17.6 million; previous year: EUR 12.4 million) included disposal gains from the sale of property, plant and equipment, income from the SYN VIA Group, income from broadband cable rental and from capitalised own work for engineering and construction project management services provided within the Group.

Depreciation and amortization

Depreciation and amortization came to EUR 19.0 million in the first six months of 2020 (previous year: EUR 19.7 million). It mainly consisted of depreciation of right-of-use assets held as property, plant and equipment in the context of lease accounting (EUR 10.3 million; previous year: EUR 9.9 million), as well as depreciation of level 4 broadband cable networks and the amortization of customer contracts acquired in the course of the business combination with the PFLEGEN & WOHNEN HAMBURG Group.

Financial result

The financial result is made up as follows:

EUR m	H1 2020	H1 2019
Current interest expenses	-69.0	-62.9
Accrued interest on liabilities and pensions	-24.7	-6.7
Transaction-related interest expense	-0.9	-13.9
Fair value adjustment to derivative financial instruments	-11.8	-27.3
Fair value adjustment to convertible bonds	-76.3	85.9
	-182.7	-24.9
Interest income	1.9	1.1
Financial result	-180.8	-23.8

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

Accrued interest on liabilities and pensions consisted mainly of expenses for the early repayment of loans in the first six months of 2020.

Changes in long-term interest rates caused the negative market values of derivative financial instruments (interest rate hedges) to go up. 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.

The year-on-year changes in the financial result are principally due to the increase in expenses 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 rise in the Deutsche Wohnen share price therefore resulted in a valuation loss on the convertible bonds (previous year: valuation gain of EUR 85.9 million).

The coverage ratio of EBITDA (adjusted) before disposals to current interest expenses less interest income went down due to the higher debt and is as follows:

EUR m	H1 2020	H1 2019
EBITDA (adjusted) before disposals	368.9	367.1
Current interest expenses and interest income ¹	67.8	62.5
Interest cover ratio (ICR)	5.4	5.9

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

Income taxes

Income taxes resulted in expenses of EUR 95.8 million in the first six months of 2020 (previous year period: expenses of EUR 188.5 million). This consists of EUR 76.7 million in expenses from deferred taxes (previous year period: EUR 168.2 million) and expenses for current income taxes of EUR 19.1 million (previous year period: EUR 20.3 million). The amount of deferred taxes was particularly due to the adjustment to the fair values of investment properties and convertible bonds.

Assets and financial position

Some selected figures from the consolidated balance sheet:

	30/06/2020		31/12/2019	
	EUR m	in %	EUR m	in %
Investment properties	25,441.9	87	25,433.3	91
Other non-current assets	441.3	2	443.4	2
Total non-current assets	25,883.2	89	25,876.7	93
Current assets	1,881.2	6	1,289.4	5
Cash and cash equivalents	1,319.7	5	685.6	2
Total current assets	3,200.9	11	1,975.0	7
Total assets	29,084.1	100	27,851.7	100
Equity	12,634.3	43	13,107.3	47
Financial liabilities	6,424.3	22	6,327.7	23
Convertible bonds	1,722.3	6	1,682.8	6
Corporate bonds	3,565.9	13	2,014.1	7
Tax liabilities	42.4	0	26.2	0
Pension obligations	100.9	0	107.2	1
Deferred tax liabilities	3,800.6	13	3,713.8	13
Other liabilities	793.4	3	872.6	3
Total liabilities	16,449.8	57	14,744.4	53
Total assets	29,084.1	100	27,851.7	100

Investment properties remain the largest balance sheet item. They increased compared to 31 December 2019, mainly due to acquisitions and capitalized refurbishment expenses, which were slightly higher than disposals and reclassifications as current assets.

Group equity went down by EUR 473.0 million in the first six months of 2020, while the equity ratio fell to around 43%. In the reporting period some 13,500 bearer shares in Deutsche Wohnen SE were issued following the exercise of share options and another 60,200 bearer shares in Deutsche Wohnen SE were issued in exchange for some 25,500 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, the capital of Deutsche Wohnen increased by EUR 240.8 million, the amount of total comprehensive income for the first six months of financial year 2020. Group equity fell by EUR 396.3 million as of the reporting date due to the purchase of own shares and by a further EUR 312.6 million following the payment of a dividend by Deutsche Wohnen SE.

Financial liabilities fell by EUR 88.1 million due to loan repayments and increased by EUR 165.0 million due to new borrowing.

Liabilities from convertible bonds rose due to market fluctuations. The nominal amount of outstanding convertible bonds remained unchanged at EUR 1,600 million as of the reporting date.

Liabilities under corporate bonds fell by EUR 200.0 million due to redemptions and increased by EUR 1,773.1 million due to the proceeds of new issues. The redemption concerned a bearer bond with a short maturity issued in 2019. Proceeds of new issues in the first half-year 2020 included two long-term corporate bonds with a nominal value of EUR 1,190.0 million, plus other long-term bearer bonds (EUR 363.0 million) and short-term commercial paper (EUR 220.1 million).

Adjusted NAV

Adjusted NAV (formerly EPRA NAV) changed as follows:

EUR m	30/06/2020	31/12/2019
Equity (before non-controlling interests)	12,230.0	12,700.4
Market values of derivative financial instruments	62.6	50.8
Deferred taxes	4,122.4	4,040.1
Adjusted NAV (undiluted)	16,415.0	16,791.3
Number of shares (undiluted) in millions (without own shares)	346.3	357.1
Adjusted NAV (undiluted) in EUR per share	47.40	47.02
Effects of converting the convertible bonds	0.0	0.0
Adjusted NAV (diluted)	16,415.0	16,791.3
Number of shares (diluted) in millions (without own shares)	346.3	357.1
Adjusted NAV (diluted) in EUR per share	47.40	47.02

Adjusted NAV (undiluted) fell by EUR 376.3 million in absolute terms and by EUR 0.38 per share. This is largely due to the share buy-backs, the dividend payment of EUR 312.6 million for 2019 and the total comprehensive income attributable to the shareholders of the parent company of EUR 236.4 million for the first six months of 2020. 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 that Adjusted EPRA NAV is not diluted.

Goodwill of EUR 148.1 million was carried as of the reporting date (31 December 2019: EUR 148.1 million). This goodwill does not result from mergers with property companies, but rather from business combinations with service companies, essentially nursing care companies to manage the nursing assets (EUR 140.0 million).

Loan-to-Value ratio

The debt ratio (Loan-to-Value ratio) changed as follows compared with 31 December 2019:

EUR m	30/06/2020	31/12/2019
Financial liabilities	6,424.3	6,327.7
Convertible bonds	1,722.3	1,682.8
Corporate bonds	3,565.9	2,014.1
	11,712.5	10,024.6
Cash and cash equivalents	-1,319.7	-685.6
Net financial liabilities	10,392.8	9,339.0
Investment properties	25,441.9	25,433.3
Less right-of-use assets held as investment properties from leases ¹	-61.4	-62.8
Non-current assets held for sale	1,083.9	571.2
Land and buildings held for sale	463.4	468.9
	26,927.8	26,410.6
Loan-to-Value ratio in %	38.6	35.4

¹ Right-of-use assets in connection with leases accounted for according to IAS 40 are eliminated in the course of first-time application of IFRS 16

The Loan-to-Value ratio was approximately 38.6% as of the reporting date. The average interest rate on the credit portfolio, including the convertible loans and corporate bonds, was approximately 1.2% as of 30 June 2020, with a hedging ratio⁶ of around 89%. The average term to maturity of the Group's loans, convertible bonds and bonds is 7.0 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 7 February 2020) and that from Moody's was unchanged at A3 (as of 29 July 2020), both currently with a negative outlook.

Cash flow

The Group's cash flow was as follows:

EUR m	H1 2020	H1 2019
Net cash flow from operating activities	121.4	139.9
Net cash flow from investing activities	-416.0	-780.3
Net cash flow from financing activities	928.7	803.3
Net change in cash and cash equivalents	634.1	162.9
Opening balance cash and cash equivalents	685.6	332.8
Closing balance cash and cash equivalents	1,319.7	495.7

⁶ 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

Net cash flow from investing activities in the first six months of the 2020 financial year included payments for investments of EUR 608.2 million, of which outflows of EUR 408.9 million related to acquisitions, EUR 119.3 million to refurbishment work and EUR 27.2 million to new buildings. This was offset by sales proceeds for investment properties of EUR 181.6 million.

Cash flow from financing activities in the reporting period consisted of issue proceeds from corporate bonds of EUR 1,773.1 million and from borrowing of EUR 165.0 million. Loans of EUR 88.1 million were repaid and bearer bonds were redeemed for EUR 200.0 million. EUR 386.4 million was paid to purchase own shares. Deutsche Wohnen SE also paid a dividend of EUR 312.6 million for 2019 in the first half-year 2020.

FFO

The Funds from Operations (FFO I) indicator, which is relevant for us, fell by approximately 1.8% in absolute terms and by approximately 1.2% on a per share basis.

EUR m	H1 2020	H1 2019
EBITDA before gains/losses from fair value adjustments of investment properties	334.2	381.9
Other non-recurring expenses and income	28.1	3.7
Restructuring and reorganization expenses	1.4	2.9
Valuation of current assets (properties)	0	0.6
EBITDA (adjusted)	363.7	389.1
Earnings from Disposals	3.6	-23.6
Staff, general and administration expenses of Disposals	1.6	1.6
EBITDA (adjusted) before Disposals	368.9	367.1
Long-term remuneration component (share-based)	-0.2	0.0
Finance leasing broadband cable networks	1.5	1.4
At-equity valuation	1.1	1.9
Interest income/expenses	-68.5	-63.2
Income taxes	-15.1	-15.5 ²
Minority interests	-4.8	-3.5
FFO I	282.9	288.2²
Earnings from Disposals	-3.6	23.6
Staff, general and administration expenses of Disposals	-1.6	-1.6
Valuation gains due to Disposals	9.5	0.0
Income taxes due to Disposals	-4.0	-4.8 ²
FFO II	283.2	305.4
FFO I per share in EUR (undiluted) ¹	0.80	0.81 ²
FFO I per share in EUR (diluted) ¹	0.80	0.81 ²
FFO II per share in EUR (undiluted) ¹	0.81	0.86
FFO II per share in EUR (diluted) ¹	0.81	0.86

1 Based on the weighted average of some 351.50 million shares in circulation in 2020 (without own shares) or some 357.02 million in 2019

2 Calculation method changed: taxes due to disposals are no longer included in FFO I – disclosures for prior years have been changed accordingly

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 cash rental payments agreed under civil law are presented as rental income, whereas in the consolidated financial statements they are recognized as interest and capital repayments.

Events after the reporting date

For events after the reporting date we refer to the Notes.

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 2019. 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 six months of 2020 went according to plan for Deutsche Wohnen. We therefore stand by the forecast made when we published our performance figures for 2019 in March 2020.

Berlin, 7 August 2020

Deutsche Wohnen SE
Management Board



Michael Zahn
Chairman of the
Management Board



Philip Grosse
Member of the
Management Board



Henrik Thomsen
Member of the
Management Board



Lars Urbansky
Member of the
Management Board

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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CONSOLIDATED BALANCE SHEET

as of 30 June 2020

EUR m	30/06/2020	31/12/2019
Assets		
Investment properties	25,441.9	25,433.3
Property, plant and equipment	188.3	191.5
Intangible assets	185.9	188.9
Derivative financial instruments	2.9	1.1
Other non-current financial assets	64.2	61.8
Deferred tax assets	0.0	0.1
Non-current assets	25,883.2	25,876.7
Land and buildings held for sale	463.4	468.9
Other inventories	6.2	6.5
Trade receivables	46.7	25.0
Income tax receivables	139.6	112.2
Derivative financial instruments	0.4	0.2
Other financial assets	131.0	94.0
Other non-financial assets	10.0	11.4
Cash and cash equivalents	1,319.7	685.6
Subtotal of current assets	2,117.0	1,403.8
Non-current assets held for sale	1,083.9	571.2
Current assets	3,200.9	1,975.0
Total assets	29,084.1	27,851.7

EUR m	30/06/2020	31/12/2019
Equity and liabilities		
Equity attributable to shareholders of the parent company		
Issued share capital	359.8	359.7
Own shares	-13.5	-2.6
Issued capital	346.3	357.1
Capital reserve	2,171.8	2,555.5
Accumulated other comprehensive income	-22.0	-46.3
Retained earnings	9,733.9	9,834.1
Total equity attributable to the shareholders of the parent	12,230.0	12,700.4
Non-controlling interests	404.3	406.9
Total equity	12,634.3	13,107.3
Non-current financial liabilities	6,213.6	6,154.4
Convertible bonds	1,712.8	1,676.9
Corporate bonds	2,833.6	1,518.6
Pension obligations	100.9	107.2
Derivative financial instruments	55.2	43.6
Other provisions	29.4	44.4
Other financial liabilities	305.9	302.5
Deferred tax liabilities	3,800.6	3,713.8
Total non-current liabilities	15,052.0	13,561.4
Current financial liabilities	210.7	173.3
Convertible bonds	9.5	5.9
Corporate bonds	732.3	495.5
Trade payables	231.4	300.5
Other provisions	25.2	7.6
Derivative financial instruments	10.7	8.5
Tax liabilities	42.4	26.2
Other financial liabilities	110.7	141.1
Other non-financial liabilities	24.9	24.4
Total current liabilities	1,397.8	1,183.0
Total equity and liabilities	29,084.1	27,851.7

CONSOLIDATED PROFIT AND LOSS STATEMENT

for the period from 1 January to 30 June 2020

EUR m	H1 2020	H1 2019	Q2 2020	Q2 2019
Income from Residential Property Management	636.8	613.9	320.1	305.4
Income from Nursing Operations	112.6	110.8	57.1	55.8
Rental income from Nursing Assets	21.6	22.9	10.3	11.5
Other income	10.0	8.6	5.3	4.0
Sales proceeds	219.9	104.3	165.2	53.7
Carrying amount of assets sold	-216.8	-74.4	-163.8	-47.0
Earnings from Disposals	3.1	29.9	1.4	6.7
Cost of materials and services	-299.7	-280.6	-149.8	-140.0
Staff expenses	-113.1	-105.6	-56.3	-53.1
Other operating expenses	-59.5	-34.8	-19.5	-19.2
Other operating income	24.8	19.4	10.7	10.0
	336.5	384.5	179.3	181.1
Depreciation, amortization and impairment	-19.0	-19.7	-9.6	-7.3
Gains/losses from the fair value adjustment of investment properties	177.0	451.3	176.1	451.3
Impairment losses on financial assets	-3.5	-3.1	-1.8	-1.0
Earnings before interest and taxes (EBIT)	491.0	813.0	344.0	624.1
Finance income	1.9	1.1	1.0	0.5
Net income from fair value adjustment to derivative financial instruments and convertible bonds	-88.1	58.6	-117.7	80.7
Earnings from companies valued in accordance with the equity method	1.1	1.9	0.6	0.2
Finance expenses	-93.4	-83.0	-40.3	-48.2
Earnings before taxes (EBT)	312.5	791.6	187.6	657.3
Income taxes	-95.8	-188.5	-96.3	-165.2
Result from continued business fields	216.7	603.1	91.3	492.1
Profit/loss for the period	216.7	603.1	91.3	492.1
Of which attributable to:				
Shareholders of the parent company	212.1	587.8	89.3	480.4
Non-controlling interests	4.6	15.3	2.0	11.7
	216.7	603.1	91.3	492.1
Earnings per share				
Undiluted in EUR	0.60	1.65	0.26	1.35
Diluted in EUR	0.60	1.36	0.26	1.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 30 June 2020

EUR m	H1 2020	H1 2019	Q2 2020	Q2 2019
Profit/loss for the period	216.7	603.1	91.3	492.1
Other comprehensive income				
Items subsequently reclassified to profit or loss				
Net gain/loss from derivative financial instruments	-5.9	-17.5	-2.7	-7.7
Income tax effects	1.4	4.4	0.4	1.9
	-4.5	-13.1	-2.3	-5.8
Items not subsequently reclassified to profit or loss				
Net change in the fair value of equity instruments	-2.0	0.0	-2.0	0.0
Income tax effects	0.0	0.0	0.0	0.0
Actuarial gains/losses on pensions and effect of asset ceilings in pension plans	6.5	-11.0	4.2	-5.6
Income tax effects	-1.5	2.6	-1.0	1.3
Net gain/loss on convertible bonds	35.7	-40.6	-90.7	-2.7
Income tax effects	-10.1	12.1	27.4	0.7
	28.6	-36.9	-62.1	-6.3
Other comprehensive income after taxes	24.1	-50.0	-64.4	-12.1
Total comprehensive income after taxes	240.8	553.1	26.9	480.0
Of which attributable to:				
Shareholders of the parent company	236.4	538.0	24.9	468.3
Non-controlling interests	4.4	15.1	2.0	11.7

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from 1 January to 30 June 2020

EUR m	H1 2020	H1 2019
Operating activities		
Profit/loss for the period	216.7	603.1
Financial income	-1.9	-1.1
Adjustment to derivative financial instruments and convertible bonds	88.1	-58.6
Finance expenses	94.6	83.5
Earnings from companies valued in accordance with the equity method	-1.1	-1.9
Income taxes	95.8	188.5
Profit/loss for the period before interest and taxes	492.2	813.5
Non-cash expenses/income		
Fair value adjustment of investment properties	-177.0	-451.3
Depreciation and amortization	19.0	19.7
Other non-cash expenses/income	-0.4	-20.3
Change in net working capital		
Change in receivables, inventories and other current assets	-53.2	-71.7
Changes in operating liabilities	-67.3	-51.8
Net operating cash flow	213.3	238.1
Proceeds from the disposal of properties held for sale	9.9	9.0
Investment in properties held for sale	-1.3	-0.7
Interest paid	-95.5	-78.9
Interest received	1.8	1.0
Taxes paid	-29.0	-30.4
Taxes received	22.2	1.8
Net cash flow from operating activities	121.4	139.9
Investing activities		
Sales proceeds	181.6	101.6
Payments for investments	-608.2	-799.6
Proceeds from dividends from shareholdings and joint ventures	0.1	0.1
Payments for business combinations, less cash acquired	0.0	-83.2
Other proceeds of investing activities	10.5	1.2
Payments to limited partners in funds	0.0	-0.4
Net cash flow from investing activities	-416.0	-780.3
Financing activities		
Proceeds of new borrowing	165.0	321.1
Loan repayments	-88.1	-105.7
Proceeds from the issue of corporate bonds	1,773.1	959.5
Repayment of corporate bonds	-200.0	-341.2
One-off financing payments	-6.9	-14.4
Repayment of lease liabilities	-10.6	-10.3
Payments for the purchase of own shares	-386.4	0.0
Other payments for financing activities	0.0	-0.9
Dividend payment to shareholders of Deutsche Wohnen SE	-312.6	0.0
Dividend payment to non-controlling interests	-4.8	-4.8
Net cash flow from financing activities	928.7	803.3
Net change in cash and cash equivalents	634.1	162.9
Opening balance of cash and cash equivalents	685.6	332.8
Closing balance of cash and cash equivalents	1,319.7	495.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as of 30 June 2020

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 2019	357.0	0.0	357.0	2,918.1	10.5	-3.4	7.1	8,276.9	11,559.1	349.0	11,908.1
Profit/loss for the period								603.1	603.1		603.1
Of which non-controlling interests								-15.3	-15.3	15.3	0.0
Other comprehensive income					-36.9	-13.1	-50.0		-50.0		-50.0
Of which non-controlling interests					0.0	0.2	0.2		0.2	-0.2	0.0
Total comprehensive income					-36.9	-12.9	-49.8	587.8	538.0	15.1	553.1
Capital increase	0.0		0.0	0.5					0.5		0.5
Change in non-controlling interests			0.0					-0.1	-0.1	-5.2	-5.3
Dividend			0.0					-310.6	-310.6		-310.6
Other			0.0					-16.6	-16.6		-16.6
Equity as of 30 June 2019	357.0	0.0	357.0	2,918.6	-26.4	-16.3	-42.7	8,537.4	11,770.3	358.9	12,129.2
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								212.1	212.1	4.6	216.7
Other comprehensive income					28.6	-4.3	24.3		24.3	-0.2	24.1
Total comprehensive income					28.6	-4.3	24.3	212.1	236.4	4.4	240.8
Capital increase	0.1		0.1	2.0					2.1		2.1
Purchase of treasury shares		-10.8	-10.8	-385.5					-396.3		-396.3
Contribution in connection with Management Board remuneration			0.0	-0.2					-0.2		-0.2
Change in non-controlling interests			0.0					0.2	0.2	-7.0	-6.8
Dividend			0.0					-312.6	-312.6		-312.6
Other			0.0					0.1	0.1		0.1
Equity as of 30 June 2020	359.8	-13.5	346.3	2,171.8	-5.3	-16.7	-22.0	9,733.9	12,230.0	404.3	12,634.3

NOTES

General information

Deutsche Wohnen SE is a publicly listed property company which is based in Germany and operates nationally. Its headquarters are located at Mecklenburgische Straße 57, Berlin, and it is entered in the Commercial Register held at Berlin-Charlottenburg Local Court, HRB 190322 B. The operating business of Deutsche Wohnen SE is limited to acting as a holding company for the companies in the Group and carrying out all key centralized functions. The operating subsidiaries focus on property management, disposals/acquisitions, property-related services and nursing care services.

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

Principles and methods used in the consolidated financial statements

The condensed consolidated financial statements for the period from 1 January to 30 June 2020 were prepared in accordance with IAS 34 Interim Financial Reporting as applicable in the EU. The condensed consolidated financial statements have not been audited or reviewed by the auditors.

These interim financial statements do not contain all the information and details required for consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the period ended 31 December 2019.

As a rule, the interim consolidated financial statements are based on amortized cost. This does not apply to investment properties, convertible bonds and derivative financial instruments in particular, which are measured at fair value.

The consolidated financial statements comprise the financial statements of Deutsche Wohnen and its subsidiaries as of 30 June 2020. The subsidiaries' financial statements are prepared using uniform accounting policies and valuation methods with the same reporting date as the parent company's financial statements.

Preparing the consolidated financial statements requires management to make decisions, estimates and assumptions that affect the amount of income, expenses, assets and liabilities and the presentation of contingent liabilities as of the reporting date. The uncertainty resulting from these assumptions and estimates may lead to results that require significant changes to be made in future to the carrying amounts of the assets or liabilities concerned.

Deutsche Wohnen's business activities are largely unaffected by seasonal or economic factors.

Changes in the basis of consolidation

Two subsidiaries were merged with other subsidiaries in the course of mergers within the Group.

There were no other changes to the basis of consolidation.

Mergers after the balance sheet date

Deutsche Wohnen Group has acquired the project business of ISARIA Wohnbau AG in Munich. The business acquired consists largely of ten project companies, one personnel company and two project properties. The acquisition date on which Deutsche Wohnen SE gained control over the acquired business is 1 July 2020. As of this date Deutsche Wohnen SE held 100% of the shares in the acquired entities, and the risks and rewards of the project properties had been transferred. ISARIA specializes in converting commercial areas into sustainable urban neighbourhoods with modern housing.

The provisional purchase price allocation to the assets and liabilities acquired from ISARIA is based on a provisional external assessment of the fair value of these assets and liabilities.

The assets and liabilities acquired have the following provisional fair values:

EUR m	
Investment properties	487
Land and buildings held for sale	45
Intangible assets	2
Trade receivables	7
Cash and cash equivalents	31
Other assets at fair value	5
Total assets	577
Financial liabilities	143
Trade payables	6
Deferred tax liabilities	62
Other liabilities at fair value	2
Total liabilities	213
Net assets at fair value	364
Total consideration	542
Goodwill	178

The allocation and analysis of goodwill was not complete as of the reporting date.

Changes in accounting policies and valuation methods

The accounting policies and valuation methods used in the condensed interim financial statements are generally based on those used for the consolidated financial statements 2019.

Selected notes on the consolidated balance sheet

Investment properties make up 87% of the assets held by the Deutsche Wohnen Group. Effective 30 June 2020, the residential and commercial buildings recognised in the balance sheet as investment properties underwent a detailed internal valuation and were entered in the balance sheet at their fair value. For details of the valuation methods and parameters used, please refer to the consolidated financial statements for the period ended 31 December 2019.

Based on the data provided, Jones Lang LaSalle SE, Frankfurt am Main (JLL) completed a rough plausibility check of the valuation performed by Deutsche Wohnen SE as of 30 June 2020. To do so, JLL concentrated on the earnings for each reporting cluster. The plausibility check was not applied at the level of the individual assets/micro-locations. The focus was on analyzing the following aspects: change in value, in-place rent, value (EUR/sqm), actual multiplier and market multiplier, compared with the valuation carried out as of 31 December 2019.

Overall, JLL considers the portfolio value as of 30 June 2020 to be plausible and in line with the market.

The principles used for the valuation dated 30 June 2020 were the same as those applied on 31 December 2019 (Level 3 of the fair value hierarchy – measurement on the basis of valuation models).

The following table shows the average non-observable input factors (Level 3) used for the internal valuation of the developed land:

30/06/2020	Core*		Core*	Core	Non-Core	Total
	Berlin	Other	Total	Total	Total	Total
In-place rent (EUR/sqm)	6.92	7.34	7.02	6.13	5.15	6.95
Market rental growth p.a. in %	1.2	2.3	1.3	1.9	0.9	1.4
Vacancy rate in %	2.1	4.0	2.6	3.1	8.9	2.6
Multiple	31.4	25.8	30.0	21.1	11.3	29.4
Discount rate in %	4.1	5.0	4.3	5.6	6.8	4.3
Capitalization rate in %	3.0	4.0	3.2	4.6	6.4	3.3

An adjustment to the key valuation parameters (market rental growth during the detailed planning phase 20% lower than anticipated; 0.1% rise in the discount rate and 0.1% increase in the capitalisation rate) would result in the following non-cumulative value adjustments to the carrying amount of the residential and commercial buildings:

30/06/2020			Core ⁺	Core	Total
in %	Berlin	Other	Total	Total	Total
Market rental growth	-6.49	-6.61	-6.60	-4.88	-6.52
Discount rate	-0.87	-0.79	-0.86	-0.72	-0.85
Capitalisation rate	-0.97	-1.73	-2.31	-1.15	-2.26

To the same extent there are positive effects of roughly the same amount, to the extent that the respective valuation parameters perform positively.

The following inputs were utilized as of 31 December 2019:

31/12/2019			Core ⁺	Core	Non-Core	Total
	Berlin	Other	Total	Total	Total	Total
In-place rent (EUR/sqm)	6.96	7.13	7.00	6.01	5.15	6.92
Market rent increases p.a. in %	2.43	2.28	2.40	1.96	0.90	2.40
Vacancy rate in %	2.4	3.6	2.7	3.5	6.7	2.8
Multiple	31.0	24.9	29.5	19.1	11.0	28.7
Discount rate in %	4.7	5.2	4.8	5.8	6.9	4.9
Capitalization rate in %	3.4	4.2	3.6	4.7	6.5	3.6
Maintenance costs (EUR/sqm/p.a.)	13.62	13.57	13.61	14.15	15.17	13.66

An adjustment to the key valuation parameters (market rental growth during the detailed planning phase 20% lower than anticipated; 0.1% rise in the discount rate and 0.1% increase in the capitalization rate) resulted in the following non-cumulative value adjustments to the carrying amount of the residential and commercial buildings as of 31 December 2019:

31/12/2019			Core ⁺	Core	Total
in %	Berlin	Other	Total	Total	Total
Market rental growth	-8.20	-5.85	-7.68	-4.80	-7.55
Discount rate	-1.44	-0.87	-1.32	-0.26	-1.27
Capitalization rate	-2.78	-1.60	-2.52	-0.63	-2.43

Property, plant and equipment consists mainly of properties used by the Group (IAS 16), technical equipment, operating and office equipment and right-of-use assets (IFRS 16).

Intangible assets include goodwill of EUR 148.1 million (previous reporting date: EUR 148.1 million). There were no indications of impairment as of the reporting date.

The derivative financial instruments are interest rate hedges carried at fair value, which are not held for speculation purposes but solely to minimise the risk of changes in interest rates, i.e. cash flow risks for floating rate loans.

The rise in assets held for disposal relates to investment properties for which notarized sales contracts had been signed as of the reporting date, but title had not yet been conveyed.

All other financial assets (trade receivables, other assets, and cash and cash equivalents), as well as other financial liabilities (non-current and current financial liabilities, non-current and current bonds, trade payables and other liabilities) are measured at amortized cost. The amortized cost of these assets and liabilities is roughly equivalent to their fair value.

Group equity went down by EUR 473.0 million in the first six months of 2020, while the equity ratio fell to around 43%. In the reporting period some 13,500 bearer shares in Deutsche Wohnen SE were issued following the exercise of share options and another 60,200 bearer shares in Deutsche Wohnen SE were issued in exchange for some 25,500 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, the capital of Deutsche Wohnen increased by EUR 240.8 million, the amount of total comprehensive income for the first six months of financial year 2020. Group equity fell by EUR 396.3 million as of the reporting date due to the purchase of own shares and by a further EUR 312.6 million following the payment of a dividend by Deutsche Wohnen SE.

Liabilities from convertible bonds rose due to market fluctuations. The nominal amount of outstanding convertible bonds was unchanged at EUR 1,600 million as of the reporting date.

Liabilities under corporate bonds fell by EUR 200.0 million due to redemptions and increased by EUR 1,773.1 million due to the proceeds of new issues. The redemption concerned a bearer bond with a short maturity issued in 2019. Proceeds of new issues in the first half-year 2020 included two long-term corporate bonds with a nominal value of EUR 1,190.0 million, plus other long-term bearer bonds (EUR 363.0 million) and short-term commercial paper (EUR 220.1 million).

Employee benefit liabilities were valued using a weighted discount factor of 1.1% p.a. on the reporting date (reporting date 31 December 2019: 0.75% p.a.). This is derived from the yield on fixed-interest industrial loans as of the reporting date. The data set for the fixed-interest industrial loans was improved, which led to a change in the discount rate. If the change had not been made, the pension obligations would have been around EUR 12 million higher.

Selected notes on the consolidated profit and loss statement

Income from Residential Property Management is made up as follows:

EUR m	H1 2020	H1 2019
Potential rent	432.8	422.7
Subsidies	0.4	0.4
Vacancy losses	-11.4	-12.0
Rent reductions	-3.3	-3.0
Operating costs	217.7	205.6
Other	0.6	0.2
	636.8	613.9

Notes on revenue recognition pursuant to IFRS 15 and IFRS 16

The following table shows the main income streams by type and timing of revenue recognition and allocates them to the segments in which they are presented:

EUR m						H1 2020
	Residential Property Management	Disposals	Nursing Operations	Nursing Assets	Other	Total
IFRS 16 income						
Rental income	418.5	-	29.6	20.9	2.9	471.9
Operating costs	54.2	-	-	-	-	54.2
	472.7	0.0	29.6	20.9	2.9	526.1
IFRS 15 income						
Operating costs	163.5	-	-	0.7	-	164.2
Privatisation	-	32.6	-	-	-	32.6
Institutional sales	-	187.3	-	-	-	187.3
Nursing services	-	-	82.9	-	-	82.9
Other revenue from customer contracts	0.6	-	-	-	7.1	7.7
	164.1	219.9	82.9	0.7	7.1	474.7
Timing of revenue recognition according to IFRS 15						
Goods or services transferred at a point in time	-	219.9	-	-	5.9	225.8
Goods or services transferred over time	164.1	-	82.9	0.7	1.2	248.9
	164.1	219.9	82.9	0.7	7.1	474.7

EUR m						H1 2019
	Residential Property Management	Disposals	Nursing Operations	Nursing Assets	Other	Total
IFRS 16 income						
Rental income	408.1	-	29.4	22.1	2.5	462.1
Operating costs	53.7	-	-	-	-	53.7
	461.8	0.0	29.4	22.1	2.5	515.8
IFRS 15 income						
Operating costs	151.9	-	-	0.8	-	152.7
Privatisation	-	60.0	-	-	-	60.0
Institutional sales	-	44.3	-	-	-	44.3
Nursing services	-	-	81.4	-	-	81.4
Other revenue from customer contracts	0.2	-	-	-	6.1	6.3
	152.1	104.3	81.4	0.8	6.1	344.7
Timing of revenue recognition according to IFRS 15						
Goods or services transferred at a point in time	-	104.3	-	-	4.9	109.2
Goods or services transferred over time	152.1	-	81.4	0.8	1.2	235.5
	152.1	104.3	81.4	0.8	6.1	344.7

Income from Nursing Operations is made up as follows:

EUR m	H1 2020	H1 2019
Income from nursing services	82.9	81.4
Rental income from nursing facilities	29.6	29.4
	112.5	110.8

Earnings from Disposals take the sales proceeds and carrying amount of assets sold of both the disposals of investment properties and land and buildings held for sale into account. The earnings from Disposals includes revenues from the sales of inventories (IAS 2) amounting to EUR 9.9 million (previous year: EUR 9.0 million) and corresponding book value disposals from the sales of inventories (IAS 2) amounting to EUR 6.8 million (previous year: EUR 6.2 million).

The Group's cost of materials is made up as follows:

EUR m	H1 2020	H1 2019
Operating costs	-217.0	-204.1
Maintenance	-60.2	-57.3
Other	-22.5	-19.2
	-299.7	-280.6

Finance expenses are made up as follows:

EUR m	H1 2020	H1 2019
Current interest	-67.7	-62.4
Accrued interest on liabilities and pensions	-24.8	-6.7
Non-recurring expenses in connection with financing	-0.9	-13.9
	-93.4	-83.0

Notes on the statement of cash flows

Cash and cash equivalents are made up of cash in hand and bank balances.

Notes on segment reporting

The following table shows segment income and segment earnings for the Deutsche Wohnen Group:

EUR m	External revenue		Internal revenue		Total revenue		Segment earnings	
	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019
Segments								
Residential Property Management	639.5	616.0	15.6	15.5	655.1	631.5	370.7	365.1
Disposals	219.9	104.3	4.8	4.6	224.7	108.9	-3.6	23.6
Nursing Operations	116.1	112.0 ¹	0.0	0.0	116.1	112.0 ¹	22.4	22.5 ¹
Nursing Assets	21.6	23.0 ¹	13.2	13.0 ¹	34.8	36.0 ¹	20.1	21.4 ¹
Reconciliation with consolidated financial statements								
Central function and other operating activities	0.0	0.0	62.5	59.1	62.5	59.1	-75.4	-50.7
Consolidations and other reconciliation	0.0	0.0	-96.1	-92.2	-96.1	-92.2	0.0	0.0
	997.1	855.3	0.0	0.0	997.1	855.3	334.2	381.9

1 Previous year's figure amended

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

EUR m	H1 2020					
	Group	Residential Property Management	Disposals	Nursing Operations	Nursing Assets	Other
Income from Residential Property Management	636.8	636.8	0.0	0.0	0.0	0.0
Income from Nursing Operations	112.5	0.0	0.0	112.5	0.0	0.0
Rental income from Nursing Assets	21.6	0.0	0.0	0.0	21.6	0.0
Other income	10.0	0.0	0.0	0.0	0.0	10.0
Sales proceeds	219.9	0.0	219.9	0.0	0.0	0.0
Carrying amount of assets sold	-216.8	0.0	-216.8	0.0	0.0	0.0
Earnings from Disposals	3.1	0.0	3.1	0.0	0.0	0.0
Cost of materials and services	-299.7	-266.8	-5.9	-20.6	-1.4	-5.0
Staff expenses	-113.1	-6.6	-0.8	-68.3	0.0	-37.4
Other operating expenses	-59.5	-1.7	0.0	-5.7	0.0	-52.1
Other operating income	24.8	12.3	0.0	4.6	0.0	7.9
	336.5	374.0	-3.6	22.5	20.2	-76.6
Depreciation, amortization and impairment	-19.0	0.0	0.0	0.0	0.0	-19.0
Gains/losses from the fair value adjustment of investment properties	177.0	0.0	0.0	0.0	0.0	177.0
Impairment losses on financial assets	-3.5	-3.3	0.0	-0.1	-0.1	0.0
Earnings before interest and taxes (EBIT)/ segment earnings	491.0	370.7	-3.6	22.4	20.1	81.4
Finance income	1.9					
Net income from fair value adjustment to derivative financial instruments and convertible bonds	-88.1					
Earnings from companies valued in accordance with the equity method	1.1					
Finance expenses	-93.4					
Earnings before taxes (EBT)	312.5					
Income taxes	-95.8					
Profit/loss for the period	216.7					

EUR m	H1 2019					
	Group	Residential Property Management	Disposals	Nursing Operations	Nursing Assets	Other
Income from Residential Property Management	613.9	613.9	0.0	0.0	0.0	0.0
Income from Nursing Operations	110.8	0.0	0.0	110.8	0.0	0.0
Rental income from Nursing Assets	22.9	0.0	0.0	0.0	22.9	0.0
Other income	8.6	0.0	0.0	0.0	0.0	8.6
Sales proceeds	104.3	0.0	104.3	0.0	0.0	0.0
Carrying amount of assets sold	-74.4	0.0	-74.4	0.0	0.0	0.0
Earnings from Disposals	29.9	0.0	29.9	0.0	0.0	0.0
Cost of materials and services	-280.6	-251.6	-5.1	-20.5	-1.4	-2.0
Staff expenses	-105.6	-6.1	-1.1	-65.0	0.0	-33.4
Other operating expenses	-34.8	-1.2	-0.1	-5.0	0.0	-28.5
Other operating income	19.4	12.7	0.0	2.5	0.1	4.1
	384.5	367.7	23.6	22.8	21.6	-51.2
Depreciation, amortiza- tion and impairment	-19.7	0.0	0.0	0.0	0.0	-19.7
Gains/losses from the fair value adjustment of investment properties	451.3	0.0	0.0	0.0	0.0	451.3
Impairment losses on financial assets	-3.1	-2.6	0.0	-0.3	-0.2	0.0
Earnings before interest and taxes (EBIT)/ segment earnings	813.0	365.1	23.6	22.5	21.4	380.4
Finance income	1.1					
Net income from fair value adjustment to derivative financial instruments and convertible bonds	58.6					
Earnings from companies valued in accordance with the equity method	1.9					
Finance expenses	-83.0					
Earnings before taxes (EBT)	791.6					
Income taxes	-188.5					
Profit/loss for the period	603.1					

Other disclosures

Related parties

The composition of the Deutsche Wohnen SE Supervisory Board has changed. Dr Andreas Kretschmer's mandate expired at the close of the Annual General Meeting 2020. Kerstin Günther was elected as a new member of the Supervisory Board at the Annual General Meeting.

Loans of EUR 8.5 million are outstanding from associates and joint ventures.

Otherwise there have been no material changes in related-party disclosures compared with those made as of 31 December 2019.

Financial instruments

The table below shows the categorisation of financial instruments into the corresponding classes as per IFRS 7.6 and the allocation to measurement categories as defined in IFRS 9:

30/06/2020						
EUR m	Valuation category in accordance with IFRS 9	Measured at amortized cost		Measured at fair value	Value recognised in the balance sheet in accordance with IFRS 16/ IAS 28	Total balance sheet items
		Carrying amount	Fair value	Carrying amount	Carrying amount	Carrying amount
Trade receivables	AC	46.7	46.7	-	-	46.7
Other assets						
Equity instruments	FVOCI	-	-	1.0	-	1.0
Interests in associates and joint ventures	n/a	-	-	-	27.7	27.7
Loans receivable	AC	3.2	3.2	-	-	3.2
Leasing receivables	n/a	-	-	-	29.8	29.8
Other financial assets	AC	133.5	133.5	-	-	133.5
Derivative financial instruments						
Interest rate hedges (no hedge accounting)	FVtPL	-	-	3.3	-	3.3
Cash flow hedges (interest rate swaps)	n/a	-	-	-	-	-
Cash and cash equivalents	AC	1,319.7	1,319.7	-	-	1,319.7
Total financial assets		1,503.1	1,503.1	4.3	57.5	1,564.9
Financial liabilities						
Financial liabilities	AC	6,424.3	6,689.0	-	-	6,424.3
Convertible bonds	FVtPL	-	-	1,722.3	-	1,722.3
Corporate bonds	AC	3,565.8	3,752.2	-	-	3,565.8
Trade payables	AC	231.4	231.4	-	-	231.4
Other liabilities						
Liabilities from finance leases	n/a	-	-	-	164.7	164.7
Other financial liabilities	AC	251.9	251.9	-	-	251.9
Derivative financial instruments						
Interest rate hedges (no hedge accounting)	FVtPL	-	-	39.9	-	41.2
Cash flow hedges (interest rate swaps)	n/a	-	-	24.7	-	24.7
Total financial liabilities		10,473.4	10,924.5	1,786.9	164.7	12,426.3

AC – Financial assets and financial liabilities measured at amortized cost (Amortized Cost)

FVtPL – Fair Value through Profit and Loss

FVOCI – Fair Value through Other Comprehensive Income

31/12/2019						
EUR m	Valuation category in accordance with IFRS 9	Measured at amortized cost	Measured at fair value	Value recognised in the balance sheet in accordance with IAS 17/ IAS 28	Total balance sheet items	
		Carrying amount	Fair value	Carrying amount	Carrying amount	Carrying amount
Trade receivables	AC	24.9	24.9	-	-	24.9
Other assets						
Equity instruments	FVOCI	-	-	2.3	-	2.3
Interests in associates and joint ventures	n/a	-	-	-	22.6	22.6
Loans receivable	AC	4.1	4.1	-	-	4.1
Leasing receivables	n/a	-	-	-	28.7	28.7
Other financial assets	AC	98.2	98.2	-	-	98.2
Derivative financial instruments						
Interest rate hedges (no hedge accounting)	FVtPL	-	-	1.3	-	1.3
Cash flow hedges (interest rate swaps)	n/a	-	-	-	-	-
Cash and cash equivalents	AC	685.6	685.6	-	-	685.6
Total financial assets		812.8	812.8	3.6	51.3	867.6
Financial liabilities	AC	6,327.7	6,604.8	-	-	6,327.7
Convertible bonds	FVtPL	-	-	1,682.8	-	1,682.8
Corporate bond	AC	2,014.1	2,117.4	-	-	2,014.1
Trade payables	AC	300.5	300.5	-	-	300.5
Other liabilities						
Liabilities from finance leases	n/a	-	-	-	169.4	169.4
Other financial liabilities	AC	281.3	281.3	-	-	281.3
Derivative financial instruments						
Interest rate hedges (no hedge accounting)	FVtPL	-	-	33.2	-	33.2
Cash flow hedges (interest rate swaps)	n/a	-	-	18.9	-	18.9
Total financial liabilities		8,923.6	9,304.0	1,734.9	169.4	10,827.9

AC – Financial assets and financial liabilities measured at amortized cost (Amortized Cost)

FVtPL – Fair Value through Profit and Loss

FVOCI – Fair Value through Other Comprehensive Income

Please also refer to the disclosures as per IFRS 7 and IFRS 9 in the consolidated financial statements for the period ended 31 December 2019.

Events after the balance sheet date

Deutsche Wohnen acquired a 40% stake in the Leipzig-based project developer QUARTERBACK Immobilien AG for a share purchase price of EUR 210 million. The stake is expected to be taken over in the third quarter of 2020.

In addition, Deutsche Wohnen has invested in twelve indirect subsidiary companies of QUARTERBACK Immobilien AG with interests between 6% and 50% for the total consideration, consisting of share purchase prices and shareholder financing, amounting to EUR 191 million. The assignment of shares (closing) and the payment of shareholder financing took place in July 2020.

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

Berlin, 7 August 2020

Deutsche Wohnen SE
Management Board



Michael Zahn
Chairman of the
Management Board



Philip Grosse
Member of the
Management Board



Henrik Thomsen
Member of the
Management Board



Lars Urbansky
Member of the
Management Board

STATEMENT BY THE STATUTORY REPRESENTATIVES

"To the best of our knowledge, and in accordance with the applicable accounting standards for interim reporting, the interim consolidated financial statements for the first half of 2020 give a true and fair view of the net assets, financial and earnings position of the Group, and the management report of the company, and the Group gives 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."

Berlin, 7 August 2020

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IMPRINT

Published by
Deutsche Wohnen SE, Berlin

Concept, design and realisation
Silvester Group, Hamburg

This interim report is available
in German and English. Both
versions can be downloaded from
www.deutsche-wohnen.com.

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from this translation.

FINANCIAL CALENDAR 2020

13/11/2020

Publication of Interim Statement as of 30 September 2020/1st-3rd Quarters

Disclaimer

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

