

ANNUAL FINANCIAL STATEMENT
AND MANAGEMENT REPORT
for the financial year 2010



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MANAGEMENT REPORT

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Business environment

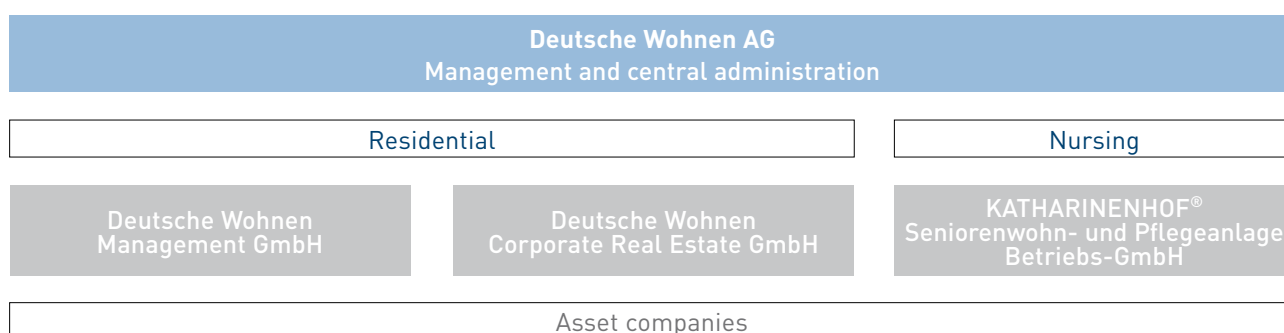
Organisation and Group structure

Deutsche Wohnen AG, together with its subsidiaries (hereinafter referred to as “Deutsche Wohnen” or the “Group”) is currently the second-largest publicly listed German residential property corporation on the basis of its market capitalisation and its property portfolio of 48,131 units, of which 47,688 are apartments. Since 8 December 2010, it has been listed in the Deutsche Börse MDAX index. In accordance with our business strategy, we focus on attractive residential properties in the fast-growing metropolitan areas of Germany, which are currently Berlin, Frankfurt/Main and the greater Rhine-Main area. These regions are marked by above-average growth potential for current gross rental income.

The diagram below shows the clear organisational division between management companies and asset companies. The management companies are allocable to the respective segments. Deutsche Wohnen AG therefore has a traditional holding company function, with responsibility for the areas of Legal, Human Resources, Finance/Controlling/Accounting, Communications/Marketing and Investor Relations.

Deutsche Wohnen Management GmbH

The core business of Deutsche Wohnen, the development and management of its own property portfolio, is in the responsibility of Deutsche Wohnen Management GmbH. The company deals with all activities related to the management and administration of residential property, the management of rental contracts, and looking after its tenants. The strategic goal of Deutsche Wohnen in this area is to optimise rental income and to implement maintenance measures with attention paid to costs, value orientation and sustainability. The gradual growth of our portfolio allows us to take advantage of available rental increase potential and reduce vacancies. In addition, our cooperation with qualified system providers guarantees the efficient management of residential properties. A specially designed quality management system for facility management allows us to check specifically defined performance standards and secure the value of our portfolio.



Deutsche Wohnen Corporate Real Estate GmbH

Deutsche Wohnen Corporate Real Estate GmbH combines the portfolio management, acquisition and disposals activities. Property held for disposal by Deutsche Wohnen is divided into individual sales to owner-occupiers and investors, and bloc sales to institutional investors. All sales activities are directed towards optimising and concentrating the portfolio and are effected on a continuing but phased basis.

We would like to acquire further properties in the core regions Berlin and Frankfurt/Rhine-Main as part of our portfolio strategy. With the acquisition of 1,808 residential units in 2010, we have already started targeted strengthening and expanding our core portfolio. We are now working intensively on acquiring further properties.

We are also focusing on strategic acquisitions in new locations; this is being accelerated by the Management Board of Deutsche Wohnen AG in close cooperation with the portfolio management. The regions selected for such strategic acquisitions will likewise be attractive urban areas such as Munich, Hamburg or Stuttgart. Portfolio management is providing the foundations for the strategic alignment of the property portfolio with detailed market and portfolio analyses.

KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH

The Nursing and Assisted Living segment operates under the KATHARINENHOF® brand. In terms of residential care, the business philosophy has the aim of supporting those in need of care while maintaining a maximum of independence for them. Deutsche Wohnen also offers assisted living for elderly people with the additional offer of comprehensive and age-appropriate services.

Group legal structure

Registered capital and shares

The registered capital of Deutsche Wohnen AG amounts to EUR 81.84 million and is divided into 81.84 million no-par value shares with a notional share of the registered capital of EUR 1.00 per share. As of 31 December 2010, 99.86 % of the shares were bearer shares (81,727,829 shares), and the remaining 0.14 % were registered shares (112,171 shares). All shares carry the same rights and obligations. Each share gives one vote in the Annual General Meeting and is decisive for shareholder

participation in the profits of the company. Shareholder rights and obligations are governed by the provisions of the German Stock Corporation Law (AktG), particularly Section 12, Section 53(a) et seq., Section 118 et seq., and Section 186 AktG.

The Management Board of Deutsche Wohnen AG is not aware of any restrictions with regard to voting rights or the transfer of shares.

New shares issued due to a capital increase are issued as bearer shares.

With the consent of the Supervisory Board, the Management Board is authorised to increase the registered capital on one or more occasions until 9 August 2011 by up to EUR 3.6 million by issuing up to 3.6 million new ordinary bearer shares in exchange for cash or non-cash contributions (authorised capital). The original authorised capital amounted to EUR 10.0 million.

The registered capital is contingently increased by up to EUR 10.0 million by the issuance of new bearer shares with dividend rights from the start of the financial year in which they are issued (contingent capital I).

The contingent capital increase serves the issuance of shares to the owners or creditors of options or convertible bonds and of profit participation rights with conversion or option rights that are issued before 9 August 2011 by the company or a company which is 100 % directly or indirectly affiliated with the company, pursuant to the authorisation of the Annual General Meeting of 10 August 2006, and provided that the issuance has been made for cash. It shall only be exercised insofar as option or conversion rights related to the aforementioned options or convertible bonds or profit participation rights are exercised, or if the conversion obligations from such bonds are fulfilled and provided own shares are not used to service the obligations.

The registered capital is contingently increased by up to further EUR 2.7 million by the issuance of up to 2.7 million new bearer shares with dividend rights from the start of the financial year in which they are issued (contingent capital II).

The contingent capital increase serves the issuance of shares to the owners or creditors of options or convertible bonds and of profit participation rights with options or conversion rights that are issued before 16 June 2013 by the company, its associates or companies in which it holds a controlling interest, pursuant to the authorisation of the Annual General Meeting of 17 June 2008, and provided that the issuance has been made for cash. It shall only be exercised insofar as options or conversion rights from the aforementioned options and convertible bonds or profit participation rights with option or conversion rights have been exercised or conversion obligations from such bonds are fulfilled and provided own shares are not used to service the obligations.

There are no shares with special rights giving powers of control.

If employees of Deutsche Wohnen AG hold shares in Deutsche Wohnen AG, they shall not have any rights of control over the Management Board.

Shareholder structure

The following diagram shows our shareholder structure as of 25 February 2011 (on the basis of the last notification from the respective shareholder according to the German Securities Trading Act [WpHG]):

Appointment and dismissal of members of the Management Board and amendments to the articles of association

Members of the Management Board are appointed and dismissed in accordance with Sections 84 and 85 of the German Stock Corporation Act (AktG). The Supervisory Board appoints members of the Management Board for a maximum period of five years. A reappointment or extension of the appointment is allowed, for a maximum period of five years respectively. The articles of association of Deutsche Wohnen AG additionally stipulate in Article 5 that the Management Board must comprise at least two members, otherwise the number of members of the Management Board may be determined by the Supervisory Board. It may appoint deputy members of the Management Board and specify one member of the Management Board as Chief Executive Officer or spokesperson of the Management Board.

The Annual General Meeting approves amendments to the company's articles of association pursuant to Section 119(1) no. 5 of the German Stock Corporation Act (AktG). Amendments to the company's articles of association that affect only wording may be made by the Supervisory Board pursuant to Article 11(5) of the articles of association. According to Article 11(3) of the articles of association, resolutions of the Annual General Meeting are passed by a simple majority and, if a majority of capital needs to be represented, by a majority of capital, unless otherwise specified by law or the articles of association.

Shareholder structure^{*)}



Group strategy and Group control

Competitive strengths and Group strategy

Deutsche Wohnen regards itself as an active manager of medium-priced apartments in fast-growing metropolitan areas of Germany that have an above-average potential to raise current gross rental income. Our business strategy is designed to realise this potential and thereby increase enterprise value. We achieve this through increases of current gross rental income in line with rent indices, new lettings at market rates and targeted modernisation of the core portfolio. Therefore, we generate sustainable value growth from the existing residential property portfolios while also expanding our holdings by means of selective acquisitions.

The competitive advantages of Deutsche Wohnen include:

- An attractive portfolio that generates strong rental income in two fast-growing core areas in Germany: Berlin and Frankfurt/Rhine-Main
- Expertise, experience and the market knowledge of the management team and employees
- Access to the various potential vendors of residential property and new property portfolios
- Optimised and fully funded financing structure
- Integration expertise and scalability of the company platform
- Realisation of increases in rental income by means of strategic asset and portfolio management

We were able to make significant improvements to our financial structure in 2010. Firstly, we have organised all of our refinancing requirements for 2012, 2014 and 2015, amounting to EUR 493 million already in 2010. This means that we have no further significant refinancing due until the end of 2015 and, hence, do not have to enter the refinancing market in 2012 and 2013, when large extensions of securitised debt capital will take place in the real estate sector. Secondly, we were able to reduce our average interest costs from approximately 4.4 % p. a. to around 4.0 % by the end of 2010.

We already announced last year that growth is the next step in the strategic development of Deutsche Wohnen AG. External growth is particularly important, as internal growth will reach its limits within the next few years. Our main portfolio locations in Berlin and Frankfurt/Main are already almost fully let and any further significant growth is going to have to come from the realisation of rent potential from the difference between current gross rental income and new-letting rents. In the last financial year, we were able to acquire 1,808 residential units in Berlin, Potsdam and Mainz. The corresponding funds were partly derived from funds generated during the 2009 capital increase. Our current aim is, besides further smaller portfolio acquisitions (transaction volumes of between EUR 10.0 million and EUR 50.0 million), a strategic acquisition in conjunction with a capital increase. We are well positioned for this, both as a company and as an existing consolidation platform.

Implementation of our growth strategy will be mainly driven by portfolio characteristics such as location, condition, percentage of non-rent restricted units and year of construction.

We are focusing on:

- Growth from targeted acquisitions (smaller portfolios in existing core areas and strategic acquisitions in attractive urban areas)
- An existing scalable platform that enables further growth without respective linear increases in corporate expenses
- Focus on the residential property management of our own holdings in Germany's growth regions
- Value-oriented individual acquisition and portfolio streamlining

Group management

One of Deutsche Wohnen's primary objectives is to optimise shareholder value and generate strong and stable cash flow. The company's centralised planning and control system is set up and designed accordingly.

Group management takes the respective special requirements of our segments into account. Management's parameters pertinent to the Residential Property Management segment are developments in rents per square metre and vacancy rates, differentiated according to defined portfolios and/or regions. These also include volume and results of new lettings and development of costs associated with letting, such as maintenance and rental marketing costs, service charges and rental loss. All parameters are evaluated on a weekly or monthly basis and are compared to detailed budget assessments. So procedures and strategies in order to realise rent increase potential while keeping cost developments in check can be developed, thus resulting in an ongoing improvement in the operating profit. This established system allows us to identify property holdings with low development potential for disposal, and also to determine potential for the company arising from portfolio acquisitions at short notice.

The Disposals segment is managed by monitoring average sales prices per sqm and the margin as the difference between the carrying amount and the sales price. The determined values are compared with target figures.

As part of regular reporting, portfolio management reports to the Management Board on the development of the key figures in comparison with plan figures, according to locations and subsidiaries.

Other operating expenses such as personnel, general and administration expenses and non-operating figures such as financial expenses and taxes are also an essential component of the central planning and control system, along with monthly reports to the Management Board. Current developments are shown here and compared with plan figures.

Financial expenses play a central role, as they have a significant effect on consolidated earnings and cash flow development. The Treasury division is responsible of the management of financial expenses within the holding company. It reports directly to the Management Board. Together with permanent monitoring of the markets, the active and ongoing management of loan

obligations facilitates the constant optimisation of the financial result. Cash and cash equivalents are planned over an 18-month period and are monitored and updated on a rolling monthly basis. Available cash is invested according to the opportunities available in the market or used for repayment of loan facilities.

In the Nursing and Assisted Living segment, we generate organic growth mainly by means of rent increases and the reduction of vacancies or by new lettings (in residences/assisted living) and by increasing nursing care benefits and occupancy rates (in residential nursing homes). Rents and nursing care fees in all KATHARINENHOF® facilities are in the top third of the relevant regional market average. Reporting to the Management Board regarding the segment Nursing and Assisted Living is carried out on a monthly basis as well.

In order to measure the cash flow generated by operating activities and compare it with plan figures, we use the key figures of adjusted earnings before taxes (EBT) and funds from operations (FFO). Calculation of the FFO is based on consolidated earnings, which are then adjusted for one-off items, non-cash financial expenses/income and tax expenses/income.

Regular reporting permits the Management Board and the divisions to evaluate the economic development of the Group in a timely manner and to compare it with that of the previous month and the previous year, and with target figures. It also helps to determine estimated developments on the basis of updated forecasts. Both opportunities and negative developments can thus be identified quickly and measures can be taken in hand to take advantage of opportunities or counter negative developments.

Overall, the increase in shareholder value is determined on the basis of EPRA Net Asset Value (EPRA NAV).

Responsible business policies

Deutsche Wohnen recognises its responsibility to ensure sustainable corporate development in all sorts of areas: A sound financing and portfolio strategy contributes to the success of Deutsche Wohnen, as do ecological and cultural issues, a motivational corporate culture and corporate social responsibility.

Commitment to cultural heritage

Many of our properties, particularly in Berlin, were built back in the 20s – a time of great housing shortages and the era when social housing first emerged. Our corporate history is closely linked to the work of Bruno Taut. As a freelance architect, he planned for the Berlin GEHAG housing developments in the style of “modern architecture” (Neues Bauen) to use clear and new forms in order to meet the expectations of social residential housing needs. The horseshoe-shaped Hufeisensiedlung designed by Taut and five other estates of the “Berlin modernism” (Berliner Moderne) were even given UNESCO World Heritage status in 2008. We also have extensive holdings in two of the other UNESCO estates, namely Weiße Stadt and Siemensstadt.

The cultural value of our portfolio is an important and unique feature of Deutsche Wohnen and we feel obliged to take care of this heritage. For example, as part of the programme to promote investment in national UNESCO World Heritage sites, we have been undertaking extensive renovations in the Hufeisensiedlung and in Siemensstadt since 2009. Our goal is to restore the properties to their historical appearance in line with monument preservation standards by 2013. Last year, we also received subsidy confirmation for the renovation of Weiße Stadt. In order to meet the expectations of the enormous public interest in the settlements, Deutsche Wohnen will set up so-called info points in the Hufeisensiedlung and in Siemensstadt this year.

Tradition and modernity

We have a long-term cultural commitment to staging regular exhibitions of contemporary art in the GEHAG Forum. We have therefore been offering artists a platform upon which to display their art since 1988. Again last year, numerous artists showed their drawings, paintings, sculptures and machines in our headquarter.

We have given various drawings by Bruno Taut to the Academy of the Arts (Akademie der Künste) in Berlin on permanent loan so that they may be seen by the wider public.

Ecological awareness

The large proportion of old buildings and heritage-listed properties in our portfolio presents us with considerable challenges during renovations. As an energy efficient renovation of building shells would almost destroy the historical value of the buildings, we pay extra attention to efficient heating technology and ecological forms of energy provision. Hence, we have switched various properties over to district heating in combination with combined heat and power in recent years, and have therefore already significantly reduced CO₂ emissions. We will continue to invest in this area in the years to come, in order to offset increasing energy costs.

As well as the energy-related renovation of our properties, efficient waste management has also generated significant CO₂ savings. By collecting rather than burning all dry household recyclables in the properties, we are significantly reducing CO₂ emissions. We were able to save a total of 622.3 tonnes of CO₂ in 2009 alone by recycling light packaging, glass and paper.

Corporate social responsibility in our properties

In 2010, we continued the cooperation with Malteser Hilfswerk e.V. that we started in 2009. The Manna family centre in the large Berlin housing estate Gropiusstadt provides a meeting place for all generations. Schoolchildren in particular use the community centre to seek help with homework or for daily lunches. With Deutsche Wohnen's help, the activities offered to senior citizens were also vastly expanded last year.

We also participate regularly in the round-table discussions of the district management since mid 2010. Together with other property companies and associations, we will take part in the 50th anniversary celebrations of the Gropiusstadt housing estate in Berlin in 2012. Together with local politicians and other regional initiatives, we intend to promote the development of the housing estates and make it more attractive for its residents.

Open corporate culture and employee development

Our corporate culture is open and motivational in order to support our staff and ensure that they stay with the company. As the sustainable development of our company is inextricably linked with the commitment of our employees, an annual bonus allows them to participate in Deutsche Wohnen's success.

We support the long-term development of our staff with various training and development programmes that are customised according to individual requirements and needs.

We also introduced a health care concept for our employees in 2010. Targeted actions such as wellness days on which we offer free fruit and massages and company fun runs provide incentives for a conscious and healthy lifestyle.

Lastly, apprenticeship is an important focus of our human resources policy. By investing heavily in this area, we are ensuring that we have a new generation of qualified employees in the company. The large percentage of trainees who stay after their apprenticeship is completed shows that this programme is working: Almost all former trainees are now valued company employees.

The employee key figures of Deutsche Wohnen and KATHARINENHOF® are separately listed in the following overview:

Deutsche Wohnen employees	338
thereof % male	38.5
thereof % female	61.5
Women in management positions in %	44
Fluctuation rate in %	5.3
Average age in years	38.9
Employees der KATHARINENHOF®	911
thereof % male	14
thereof % female	86
Women in management positions in %	61.5
Fluctuation rate in %	2.2
Average age in years	42.8

Significant economic factors

General economic conditions

Global economy

After a substantial slump in the global economy in 2009 caused by one of the most serious crises in the post-war era during the final months of 2008 and at the beginning of 2009, the global economy has recovered surprisingly quickly. Global production was back above pre-crisis levels by the middle of 2010 and global trading was not far behind.¹⁾

However, development in the various groups of countries was highly heterogeneous. Whilst economic performance is already way above pre-crisis levels in many emerging market countries, there has not yet been a full rebound from the fall in gross domestic product (GDP) in many industrial countries.

The German Institute for Economic Research in Berlin (DIW Berlin) expects a total rise in the GDP of the global economy of 4.8 % for 2010, while the average rates are likely to be slightly lower in 2011 (at 4.0 %)²⁾.

¹⁾ German Council of Economic Experts, annual report 2010/2011

²⁾ DIW, Autumn Guidelines, weekly report no. 39/2010

Development in Germany

Germany is emerging from the crisis with sustained strength. Initial calculations by the German Federal Statistical Office show that Germany's price-adjusted gross domestic product (GDP) increased by 3.6% in 2010.³⁾ DIW Berlin forecasts growth for the German economy over the full year 2011 of 2.0%.

Therefore, the Germany economy is on the upswing again and is leading other countries in the eurozone by an impressive margin. Recovery in Germany took hold much earlier than in most other advanced economies. The increase in real gross domestic product in 2010 was in fact likely among the highest of all the G7 countries.

German economic growth was supported in particular by the increase in exports (+15%) and investment activity (+5.7%). Even if the growth rate will likely slow somewhat in the future, sentiment indicators remain at a high level and are supported by rising order books in industry. At the start of 2011, the factors most likely to contribute to dynamic consumer demand are relatively low unemployment and minor price increases. At the same time, growing capacity utilisation will boost investment activity. In the coming year, domestic demand in Germany is likely to provide the basis for demonstrable growth in production.

German residential property market

Demographic change and demand for residential property

Germany is in the midst of a substantial demographic transformation. One significant current trend is that large German cities have become increasingly attractive and significant as residential and business locations in recent years. As a result, significant migration toward metropolitan areas is taking place within Germany.

In fact, resident numbers in these areas rose by almost 3% between 1999 and 2008, though the overall population of Germany fell slightly. Young people in particular are moving to the larger urban areas. The highest levels of net migration between 1999 and 2008 were achieved in Munich, Hamburg and Berlin, all of which have shown very dynamic population migration since 2005. Other German cities, with the exception of Duisburg, have also seen positive net migration trends.

Another significant demographic development is the rising age of the population overall. This is mainly due to the ongoing low birth rate and people's increasing life expectancy.

Nevertheless, the number of private households in Germany continues to increase. In 2009 there were 40.19 million households in Germany, 0.3% more than in 2008. This is mainly due to the rising number of single-person households, which continues to grow in the metropolitan areas in particular, and reached a level of 39.8% in 2009. At the same time, the number of square metres per person also continues to expand.

Above all, it is becoming more and more difficult to maintain sufficient amounts of affordable housing in German metropolitan areas. Rising transport costs and sustainability issues lead to a growing number of residents want to live closer to city centres, which transfers residential demand further inward as well. In coming years this will place increased pressure on rents and house prices in German cities. This challenge must also be addressed by the German real estate sector, not least because of the slow improvement in construction rates and limited availability of free land.

Berlin

Berlin as a scientific and economic location, and its demographic development

One of the most important metropolitan areas is Berlin, Germany's capital and with 3.4 million residents also the largest city in Germany. With its extensive creativity, highly qualified workers and increasing economic

³⁾ German Federal Statistical Office, press release no. 010, 12 January 2011

importance, Berlin has great innovative ability and capacity for future development. This makes Berlin particularly attractive to migrants: The migration balance for the period from 2003 to 2009 is 60,966 people; this is the second-highest figure after Munich. Employment figures also increased between 2003 and 2008 by 7.3%, a peak value in national comparison. The capital has thus shown a highly dynamic growth trend in recent years, and its demographic outlook is excellent.

Berlin's residential property market

Rents in Berlin are still very low, however – particularly in comparison to other German metropolitan areas. Rents in Berlin are only about half as high as in Munich, the most expensive city in Germany. This also means that there is substantial potential for investors to increase rents. With resident numbers rising for several years, the demand for additional residential units is also on an upward trend, and this may lead to a shortage of residential space. At the same time, the number of households continues to rise, with only few new apartments being built. While the number of residents increased by over 60,000, from 3.38 million in 2000 to more than 3.44 million in 2009, the number of households increased by over 160,000. According to the Housing Market Report produced by Investitionsbank Berlin (IBB), the number of single-person households alone increased by 22.9% to 1.05 million between 1999 and 2008. In addition to increasing individualisation and the trend towards smaller families, this is also caused by the rise in number of small household with elderly residents resulting from higher life expectancy.

Frankfurt/Main

Frankfurt/Main as a economic location, and its demographic development

Frankfurt/Main is also one of the most attractive German metropolitan areas. With around 672,000 residents, it is the largest city in Hesse and the fifth largest city in Germany. The Frankfurt/Rhine-Main region has a strong economy – number two out of the eleven German metropolitan areas – and has a robust economic dynamic. The GDP per employee was EUR 86,805 in 2008, in second place behind Dusseldorf in national comparison. The population enjoys above-average income and high

buying power – further location advantages in favour of the banking city. Today it is one of the richest and best-performing metropolitan areas in Europe, which is made evident by the large number of international companies located in the city.

In the annual study “European Cities Monitor 2009” published by Cushman & Wakefield, Frankfurt came in third behind London and Paris as the best location for international groups in Europe since 20 years. In the HWWI/Berenberg city ranking, Frankfurt/Main landed first place, mainly due to its good location factors and excellent demographic outlook, emphasising that Frankfurt is the German city with the best transport connections to the 41 European metropolitan areas. The reason is its favourable geographic location and its large international airport.

The Frankfurt/Main residential property market

Net cold rents in Frankfurt are comparatively high, though still significantly lower than in Munich. The increasing number of residents and the simultaneous decline in construction is generating stronger demand for apartments. With population growth of 4.4% between 2003 and 2009, Frankfurt ranks fourth by national comparison. In addition, the population forecast for the period until 2020 anticipates further growth, particularly among young people under the age of 20. The number of households is rising even more strongly here, due to the trend toward individualised living space.

The Frankfurt residential property market thus also offers attractive investment opportunities. This is demonstrated by the rising revenue figures for residential property: In the first half of 2010, 10% more residential units were sold than in the first half of 2009, and almost 30% more than in the same period of 2008.

Notes on financial position and financial performance of Deutsche Wohnen AG

Financial performance of Deutsche Wohnen AG

	2010 in EUR m	2009 in EUR m	Changes in EUR m	Changes relative in %
Revenue	9.0	12.4	-3.4	-27
Other operating income	1.0	1.2	-0.2	-17
Personnel expenses	-6.4	-6.9	0.5	-7
Other operating expenses	-12.7	-28.9	16.2	-56
Depreciation and amortisation	-1.4	-1.3	-0.1	8
Operating result	-10.5	-23.5	13.0	-55
Net interest	-12.2	-22.9	10.7	-47
Income from shareholdings	-1.0	0.8	-1.8	-225
Annual profits	-23.7	-45.6	21.9	-48

Revenues include the business management fees of the companies affiliated with Deutsche Wohnen AG. The volume of this item has declined because the business management fees attributable to portfolio management were transferred to the subsidiary Deutsche Wohnen Corporate Real Estate GmbH during the financial year 2009. The reduction in revenues, costs and the number of employees is offset by the higher level of income from shareholdings.

In 2009, Deutsche Wohnen AG employed an average of 77 employees (previous year: 83).

The decrease in other operating expenses is primarily due to the non-recurring expenses incurred in the financial year 2009 for the capital increase implemented in that period (EUR 11.7 million). IT costs declined by around EUR 2.9 million year-on-year, as the figure for 2009 was dominated by non-recurring expenses in conjunction with the conversion to SAP.

Interest income is composed of interest expenses amounting to EUR 17.2 million (previous year: EUR 23.6 million) and interest income amounting to EUR 5.0 million (previous year: EUR 0.7 million).

The financing structure of Deutsche Wohnen AG and the Group was sustainably improved in 2009 and 2010. Although this led to non-recurring expenses for prepayment penalties at Deutsche Wohnen AG in the amount of EUR 8.3 million (previous year: EUR 6.2 million). Unscheduled repayments, the transfer of loan finance to subsidiaries and the conversion from fixed to variable interest resulted in a corresponding reduction in the interest expenses of Deutsche Wohnen AG.

The rise in interest income primarily relates to income from affiliated companies.

Income from shareholdings is composed of expenses for the absorption of losses from subsidiaries under the terms of profit and loss transfer agreements and accordingly controlling agreements amounting to EUR 8.2 million (previous year: EUR 11.9 million) and income from shareholdings and from profit transfers amounting to EUR 7.2 million (previous year: EUR 12.7 million).

Financial position of Deutsche Wohnen AG

	31/12/2010		31/12/2009		Changes in EUR m
	in EUR m	%	in EUR m	%	
Assets	290.7	46.0	291.7	43.6	- 1.0
Current assets	340.7	54.0	377.3	56.4	-36.6
	631.4	100.0	669.0	100.0	-37.6
Equity	476.6	75.5	500.3	74.8	-23.7
Provisions	4.2	0.7	4.2	0.6	0.0
Liabilities	150.6	23.8	164.5	24.6	-13.9
	631.4	100.0	669.0	100.0	-37.6

The fixed assets of Deutsche Wohnen AG in the amount of EUR 290.7 million (previous year: EUR 291.7 million) primarily consist of shares in affiliated companies in the amount of EUR 286.4 million.

Current assets totalled EUR 340.7 million (previous year: EUR 377.3 million) and largely comprised receivables from affiliated companies in the amount of EUR 337.4 million (previous year: EUR 341.1 million).

The reduction in current assets relates to cash and cash equivalents, which were comparatively high at EUR 34.4 million at the end of 2009 as a result of the capital increase. In the course of the financial year 2010, these cash and cash equivalents were used to service debt or were transferred to subsidiaries for investments and repayments.

Deutsche Wohnen AG was in a position to meet its financial obligations at all times during the financial year 2010.

Equity declined as a result of the net loss for the year of EUR 23.7 million. As in the previous year, the registered capital amounted to EUR 81.8 million. The equity ratio was 76 % (previous year: 75 %).

The total liabilities of Deutsche Wohnen AG amounted to EUR 150.6 million as of 31 December 2010 (previous year: EUR 164.5 million). The decline is primarily due to unscheduled repayments of liabilities to banks, which amounted to EUR 79.8 million as of 31 December 2010 (previous year: EUR 109.7 million).

The debt ratio of Deutsche Wohnen AG as of the balance sheet date (ratio of debt capital to total assets) amounted to 24 % (previous year: 25 %).

In accordance with section 264 (1) sentence 2 of the German Commercial Code (HGB), a detailed statement of cash flows is not presented.

Due to its role as a holding company, Deutsche Wohnen AG's cash flow from operating activities is usually negative. This figure amounted to EUR -13.6 million in 2010 and was impacted in particular by profit and loss transfers (resulting in a net loss assumption) for the previous year in the amount of EUR 9.9 million.

Net cash used in financing activities amounted to EUR -19.1 million. This figure contained repayments of loan finance in the amount of EUR 30 million and prepayment penalties amounting to EUR 8.3 million, which were offset by contributions from subsidiaries as part of Group-wide cash management in the amount of EUR 19.3 million.

In 2010, Deutsche Wohnen AG invested around EUR 0.4 million, primarily in software and operating and office equipment.

The Group cash management system and external credit facilities means that Deutsche Wohnen AG has sufficient liquidity to meet its payment obligations.

Events after the reporting date

After the funds advised by the US financial investor Oaktree Capital Management L.P. ("Oaktree") placed half of its 22.7% stake (11.35%) with institutional investors in October 2010, Oaktree informed us on 1 February 2011 by way of a notification on voting rights announcement in accordance with the German Securities Trading Act (WpHG) that it had also sold its remaining shareholding of 11.35% to institutional investors.

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

Risk and opportunity report

Risk management

Deutsche Wohnen AG continually investigates opportunities that arise and may serve to secure the further development and growth of the Group. In order to make the most of such opportunities, it is sometimes also necessary to take risks. Therefore understanding, assessing and controlling all aspects of a transaction is of supreme importance. It is the only way to take a professional approach to risk. Deutsche Wohnen has set up a centralised risk management system for this purpose to identify, measure, manage and monitor all relevant significant risks facing the Group. The core element of this system is detailed reporting that is continually monitored and developed. Relevant operating figures and financial key figures give a picture of identified risk areas. We focus in particular on the key figures for lettings development and apartment privatisation, cash flow, liquidity and key figures in the balance sheet structure.

Intensive communication at Group management level increases the awareness of all decision makers at all times to relevant developments in the company. Any changes or arising risks that may potentially be dangerous are therefore identified at an early stage and corresponding countermeasures are taken.

Risk management information is documented on a quarterly basis and sent to all decision makers. The Supervisory Board receives comprehensive information about all relevant issues and Group developments prior to each of its meetings. The internal risk management handbook is also updated once a year.

The risk management system for accounting processes is part of the internal control system.

The main features of the Deutsche Wohnen internal control system and the risk management system with respect to the (Group) accounting processes can be summarised as follows:

- Deutsche Wohnen has a clear organisational, corporate, controlling and monitoring structure.
- Uniform Group-wide planning, reporting, controlling and early warning systems and processes are used to holistically analyse and manage risk factors affecting the balance sheet and risks that could endanger the viability of the Group as a going concern.
- The functions of all areas of accounting processes (such as accounting, financial controlling) are clearly assigned.
- The IT systems used for accounting purposes are protected against unauthorised access.
- Mainly standard commercial software is used for financial systems.
- Adequate internal guidelines (comprising e.g. Group-wide risk management guidelines) have been set up, and are amended if required.
- The departments involved in accounting processes meet qualitative and quantitative requirements.
- The completeness and correctness of accounting data are regularly checked by means of random tests and plausibility tests, by manual controls and software checks.
- Important accounting-relevant processes are subject to regular analytical tests. The Group-wide risk management system is subject to continual adjustment to take account of current developments and is continuously checked for functionality.
- Dual-control checks are applied to all accounting-relevant processes.
- The Supervisory Board deals with important accounting issues, risk management, commissioning the audit, and the main audit issues, among others.

The internal control and risk management system of the accounting process as described above ensures that details of corporate transactions are correctly recorded, prepared and dealt with and are therefore correctly transferred to external accounting.

A clear organisational, corporate and control and monitoring structure combined with sufficient personnel and material resources for accounting provide the basis for the efficient working of the divisions involved in accounting. Clear statutory and company stipulations and guidelines result in consistent and orderly accounting processes.

The internal control and risk management system ensures that accounting at Deutsche Wohnen AG and at all companies included in the consolidated financial statements is consistent and in accordance with legal and statutory regulations and internal guidelines.

Risk report

At Group level, the following risks may arise in particular:

Banks may no longer be in a position or willing to extend expiring loans. It is possible that refinancing loans may be more expensive and that future contract negotiations may take more time. The refinancing volume of Deutsche Wohnen up until 2014 as of 31 December 2010 was EUR 118 million, of which EUR 5 million is due in 2011. The loan agreements contain financial covenants that could lead to termination without notice by the banks if the terms of the financial covenants are not met. At Deutsche Wohnen these are key financial figures relating to debt service coverage (debt service coverage ratio [DSCR]/interest service coverage ratio [ISCR]) and to the debt-equity ratio in relation to rental income (multiplier). With the measures to optimise the financial structure accomplished in 2010, we have already further improved the existing "buffers".

If economic conditions should worsen in Germany, there is also a danger that jobs will be lost. This could lead to a loss of regular income for the tenants, who would therefore be unable to pay rents or to pay rents on time. This risk is regarded as relatively unlikely by management. It can be averted in advance by keeping close contact with tenants and by means of early recognition of financial problems. Tenants can be offered smaller and less expensive apartments from the diversified Deutsche Wohnen portfolio.

In addition, an overall economic downturn can lead to a fall in demand for acquiring property: In relation both to individual privatisation and bloc sales, there is a danger that potential buyers will put off their investments and delay the sales plans of Deutsche Wohnen.

Strategic risks

Risks from failure to recognise trends: Not recognising market developments or trends can lead to risks affecting the viability of the Group as a going concern. In order to minimise these risks, all divisions of the business are regularly sensitised to keep a close eye on developments in their sector and to communicate any changes to risk management immediately. So risk management can implement appropriate countermeasures.

Legal and corporate law risks

Legal risks that could potentially result in losses for the company arise from failure to observe legal regulations, failure to implement new or amended laws, a lack of comprehensive rules in concluded contracts, or insufficient management of insurance.

Orders to cease construction work and incomplete planning permission can also have a detrimental effect, leading to unplanned costs and construction delays. The removal of contamination and the implementation of amended statutory provisions may lead to increased costs.

Corporate law risks: There may also be risks associated with business combinations already implemented or planned in future. In order to counter these risks, the Management Board will order necessary analyses in circumstances as they arise, in order to get a complete picture of the problem and receive advice on how the identified risks can be countered. The Management Board will also seek comprehensive legal advice from the Corporate Law department and from renowned external law firms before concrete proceedings are initiated. The Management Board is aware that strategic external growth is not always pursuable by all means.

IT risks

After almost one year of preparation and testing, Deutsche Wohnen AG introduced SAP as the new Group-wide IT application on 1 January 2009.

In general, there is a risk of total breakdown of this application, which could lead to significant disruption in business processes. For this reason, Deutsche Wohnen has agreed contracts for functional operational, maintenance and administrative processes and effective control mechanisms with its IT provider which are designed to prevent such downtime and associated data losses.

Personnel risks

One decisive factor for the success of Deutsche Wohnen is its employees, their knowledge and their special skills. However, there is always a danger that Deutsche Wohnen will not be able to retain its most qualified and suitable employees. We seek to counter this risk by providing a motivational working environment and both financial and non-financial incentives. We think that Deutsche Wohnen is one of the best employers in its segment.

Market risks

Market risks can arise in the lettings market if economic conditions in Germany worsen, resulting in a stagnation or drop of market rental rates. A stagnating or shrinking economy can also result in increasing unemployment levels that limit the financial resources of tenants. A fall in disposable net income – whether caused by unemployment, tax increases, tax adjustments or increases in incidental costs – can also lead to lower new lettings, lower new rents and increasing vacancy levels, and thus have a negative effect on the business operations of Deutsche Wohnen.

Property risks

Property risks may arise at the individual property or portfolio level and with respect to the location of properties.

At the individual property level, it refers in particular to regulatory requirements, maintenance failures, structural damage, insufficient fire protection and tenants failing to maintain properties. Risks can also arise from contamination, including wartime contamination, soil composition, harmful substances in building materials and any breaches of building requirements. At the portfolio level, these risks refer to the concentration in the structure of holdings that might include increased maintenance and refurbishment expenses and difficulty in letting units.

Financial risks

With numerous investments and a complex investment structure, increased transparency and management input are necessary in order to avoid negative effects on the Group's business affairs. Dependence on commercial law and tax conditions is also increased. Insufficient planning and management, and defective controlling of investment proceeds may result in income shortfalls.

Fundamental changes to tax conditions (interest barrier, EK 02) can lead to financial risks.

The financial risks for Deutsche Wohnen include delayed cash flows for revenues and loans, and unplanned expenses leading to liquidity problems. Additionally, fluctuations in the valuation of property (IAS 40) due to negative growth in the residential property markets and of derivatives can result in annual adjustments recognised in the profit and loss statement.

Financial market risks

The significant risks to the Group arising from financial instruments comprise interest-related cash flow risks, liquidity risks and default risks. Company management prepares and checks risk management guidelines for each of these risks. **Default risks**, or the risk that a partner will not be able to meet its obligations, are managed by using credit lines and control processes. Deutsche Wohnen does not face any considerable default risk concentration, either from partners or from groups of partners with similar characteristics. The Group makes daily checks for the risk of **liquidity** shortfalls by using a liquidity planning tool. Deutsche Wohnen seeks to ensure the availability of sufficient funds to meet future obligations at all times. The **interest rate risk** to which the Group is exposed is mainly derived from non-current financial debt with floating interest rates and is largely hedged by interest rate derivatives.

Investment risks

The selection and planning of major renovation projects may lead to a false allocation of investment funds. It is also possible that additional acquired units will not meet profit expectations. This could have a negative effect on the Group's business performance. Incomplete disclosures in due diligence reports and valuations, non-transparent allocation decisions and non-observance of allocation regulations (such as in relation to public funds which then have to be paid back) can also generate risks.

Other risk factors directly connected to investments by the company are the overrun of planned costs, not meeting deadlines and failing to meet equipment standards. This can lead to additional expenses for the company. Delays in commissioning, rent defaults (or possibly rent reductions) and the insufficient follow-up of defects can likewise lead to extra expenses. Deutsche Wohnen uses external and internal specialists and ongoing project controlling to minimise these risks.

Opportunities for further development

Deutsche Wohnen has strengthened its position as the second-largest publicly listed German residential property company and has also demonstrated its integration capabilities. This process meant that employees gained a wealth of experience which can be used to increase the value of the Group during future acquisitions. Deutsche Wohnen has thus set itself up as a consolidation platform, in order to take advantage of market opportunities and play an active part in market consolidation.

In the current portfolio, our main locations in Berlin and Frankfurt/Main continue to show good growth potential. They are in the leading group in comparison with other German cities. A portfolio with a good mix of apartment sizes and microlocations within the metropolitan areas and intensive tenant services enables the company to generate constant income from the portfolio, even in challenging economic circumstances.

Overall, we have been able to considerably improve our capital market positioning. In addition, our financial structure is now very sound: We have long-term financing, we have an appropriate and comfortable Loan-to-Value Ratio (LTV) – including in comparison to our competitors – and we have been able to further reduce our interest and capital repayment charges. Our business model is accepted by banks, as demonstrated in particular by our ability to secure new strategic bank partners last year.


All these aspects support our growth strategy and greatly facilitate capital procurement, both in the capital markets and from banks.

Employees and organisation

Our employees are the foundations upon which the success of Deutsche Wohnen is built. Only their motivation, their commitment and their qualifications permit the successful implementation and progress of the Group strategy and the planned growth of the company.

The management holding company Deutsche Wohnen AG employs the Management Board and the staff of the central administrative divisions Human Resources, Legal, Financial/Controlling/Accounting, Communication, Investor Relations and Marketing. These non-operative divisions employed 72 staff members at the end of the financial year.

Corporate management

We have published information pursuant to Section 289a of the German Commercial Code (HGB) on our website  www.deutsche-wohnen.com.

Remuneration report

The remuneration for the Management Board and the total remuneration for individual members of the Management Board were determined by the full Supervisory Board and are subject to regular review.

In light of the new statutory framework under the German Appropriateness of Management Board Compensation Act (VorstAG), the Supervisory Board decided to review the remuneration system for the Management Board in the financial year 2010. The review determined monetary remuneration that is split evenly between a fixed and a variable component, which is in line with the present situation. The variable component is now divided into short-term incentives and long-term incentives. These are anchored in the employment contracts of the members of the Management Board, whereby a total of around 57% of the variable remuneration is spread over multiple years for each member.

Specific individual targets are agreed in advance for the financial year between the Management Board member and the Supervisory Board. Remuneration of the short-term incentive is dependent upon the extent to which

the targets have been met at the end of the financial year. 75% of the short-term incentive might be paid after the end of the financial year. The remaining 25% is paid over a longer period and is not paid out until three years later, provided that the economic position of the company has not deteriorated at that time due to reasons that are the responsibility of the member of the Management Board such that the Supervisory Board is entitled to deduct that remuneration pursuant to Section 87(2) of the German Stock Corporation Act (AktG).

The long-term incentive is measured by the regulations of the Deutsche Wohnen management participation programme "Performance Share Unit Plan" (hereinafter PSU Plan). This stipulates that the amount of the long-term incentive depends on the growth of the key figures Funds from Operations (FFO), Net Asset Value (NAV) and the share price of Deutsche Wohnen AG within a four-year performance period.

Each year starts a new performance period for the PSU Plan. At the beginning of the year, a base value is agreed for each member of the Management Board in line with that Board member's contract of employment. Any claim for payment of the remuneration component shall not be made until after expiry of the relevant performance period, i.e. after four years.

The amount of the payment entitlement is dependent on the historical development of the key figures FFO, NAV and the share price of Deutsche Wohnen AG during the performance period. The structure of the PSU Plan for the long-term incentive recognises both positive and negative developments. If there is extraordinary positive growth, there is a cap on payments that may be made. Negative development reduces the amount of the initial base value and the payment amount until the payment level reaches zero. No subsequent changes to the comparative parameters are intended.

The revisions to the remuneration system as described were applied in 2010 to the member of the Management Board Helmut Ullrich. For the Chief Executive Officer Michael Zahn, the revised remuneration system is coming into effect with the extension of his employment contract from 2011 onwards. Until 2010, two-thirds of the variable component of his remuneration payment was based on achieving individual personal targets set in advance for the financial year, and one-third from a share option plan that was not implemented.

In the case of the premature termination of his employment contract due to a change of control in the company, with the new contract, the Chief Executive Officer had secured payments that are in line with the requirements of Section 4.2.3 (4) of the German Corporate Governance Code and the severance cap contained in that provision.

As well as amending the remuneration system, the Supervisory Board also reviewed the appropriateness of total remuneration for both members of the Management Board in the financial year 2010. In this respect, it took into account the responsibilities of the respective members of the Management Board and the economic position of the company, along with acknowledging personal achievements, success and the positive outlook for the company. It also considered the level of salaries usually paid in comparable companies and the remuneration structure that normally applies in such companies. The Supervisory Board decided that the total remuneration paid to both members of the Management Board was appropriate.

The following remuneration payments were made to members of the Management Board in 2010:

2010 in EUR k	Michael Zahn	Helmut Ullrich
Fixed remuneration	300	275
Variable remuneration components		
Short-term incentive		
short-term due	400	120
long-term due	-	30
Long-term incentive (PSU-Plan)	-	125
Supplementary payments	26	23

In 2010 EUR 120k of the variable remuneration components of Helmut Ullrich, is due/paid out short-term. The remaining EUR 30k will be paid after further three years, depending on the economic situation of the company. Helmut Ullrichs' actual amount of remuneration from the long-term incentive (PSU Plan) will depend on the development of the underlying key figures (NAV, FFO, share price) until 31 December 2013. The value of the PSU Plan would amount to EUR 230k on basis of the figures as of 31 December 2010.

There are no pensions provisions for current and retired members of the Management Board or members of the Supervisory Board of Deutsche Wohnen AG. No loans were made to members of the Management Board of Deutsche Wohnen AG during the financial year 2010.

Forecast

For the financial years 2011 and 2012, we expect Deutsche Wohnen AG to record an improved operating result before extraordinary effects and profit and loss transfers from subsidiaries.

Interest income will increase in future following the unscheduled repayment at the end of the year and the conversion into a variable-interest loan. Together with optimised income from shareholdings, we intend to use this as the basis for positive net income and dividend payments.

Frankfurt/Main, Germany, 25 February 2011
Deutsche Wohnen AG



Michael Zahn
Chief Executive Officer



Helmut Ullrich
Chief Financial Officer

A F S

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PROFIT AND LOSS STATEMENT

for the period vom 1 January to 31 December 2010

in EUR	2010	2009
Revenue	9,046,856.17	12,436,541.91
Other operating income	991,880.46	1,195,954.38
Personnel expenses		
Wages and salaries	-5,422,080.91	-5,846,466.04
Social security and pension expenses including pensions EUR 170,289.83 (previous year: EUR 82,464.46)	-1,002,691.43	-1,040,152.25
	-6,424,772.34	-6,886,618.29
Depreciation, amortisation and impairment losses on intangible assets of the fixed assets and property, plant and equipment	-1,421,493.99	-1,340,384.30
Other operating expenses	-12,646,089.16	-28,849,743.76
Income from shareholdings including from affiliated companies EUR 3,619,490.44 (previous year: EUR 10,647,301.80)	3,619,490.44	10,647,301.80
Income from profit and loss transfer agreements	3,588,322.19	2,029,880.45
Other interest and similar income including from affiliated companies EUR 4,596,737.63 (previous year: EUR 380,543.44)	5,016,504.72	748,755.19
Expenses for assumption of loss	-8,244,968.85	-11,985,006.66
Interest and similar expenses including to affiliated companies EUR 2,768,303.54 (previous year: EUR 1,200,024.20)	-17,230,780.37	-23,632,260.24
Results from ordinary activities	-23,705,050.73	-45,635,579.52
Other taxes	-587.00	-3,328.83
Net loss for the year	-23,705,637.73	-45,638,908.35
Loss carry-forwards/ Profit carried forward	-45,638,908.35	0.00
Withdrawal from the capital reserve	85,712,546.08	0.00
Balance sheet profit/loss	16,368,000.00	-45,638,908.35

BALANCE SHEET

as at 31 December 2010

in EUR	31/12/2010	31/12/2009
ASSETS		
A. FIXED ASSETS		
Intangible assets		
Concessions, industrial property rights and similar rights, as well as licenses to such rights and value	3,406,121.25	4,214,150.05
Payments on account	7,140.00	273,728.81
	3,413,261.25	4,487,878.86
Property, plant and equipment		
Other installations, tools and equipment	889,831.20	831,021.79
Financial assets		
Shares in affiliated companies	286,371,323.53	286,337,676.03
	290,674,415.98	291,656,576.68
B. CURRENT ASSETS		
Receivables and other assets		
Trade receivables	27,898.14	59,955.50
Receivables from affiliated companies	337,393,091.46	341,088,277.93
Other current assets	2,035,011.58	1,713,741.22
	339,456,001.18	342,861,974.65
Cash on hand, bank balances	1,255,418.70	34,414,850.92
	340,711,419.88	377,276,825.57
C. PREPAYMENTS AND ACCRUED INCOME	61,934.26	72,309.70
	631,447,770.12	669,005,711.95

in EUR	31/12/2010	31/12/2009
LIABILITIES		
A. EQUITY		
Subscribed capital	81,840,000.00	81,840,000.00
Capital reserves	377,406,029.87	463,118,575.95
Revenue reserves		
Legal reserve	1,022,583.76	1,022,583.76
Loss carry forwards	0.00	-45,638,908.35
Balance sheet profit	16,368,000.00	0.00
	476,636,613.63	500,342,251.36
B. PROVISIONS		
Provisions for pensions and similar obligations	143,186.00	58,482.00
Other provisions	4,079,527.61	4,117,331.60
	4,222,713.61	4,175,813.60
C. LIABILITIES		
Liabilities to banks	79,757,428.13	109,693,531.63
Trade payables	872,535.69	974,556.74
Liabilities to affiliated companies	69,847,652.54	53,684,860.87
Other liabilities including tax EUR 98,958.37 (previous year: EUR 126,966.04) including social security EUR 11,868.15 (previous year: EUR 7,731.71)	110,826.52	134,697.75
	150,588,442.88	164,487,646.99
	631,447,770.12	669,005,711.95

NOTES

for the period from 1 January to 31 December 2010

A General information on the annual financial statements of Deutsche Wohnen Group

Deutsche Wohnen AG is a listed corporation registered in Germany.

The annual financial statements have been prepared in accordance with sections 242 ff. and 262 ff. of the German Commercial Code (HGB) and the supplementary provisions of the German Stock Corporation Act (AktG). The company is a large corporation in terms of section 267 (3) German Commercial Code (HGB).

The profit and loss statement is structured in accordance with the total cost (nature of expense) method. The financial year is the calendar year.

B Accounting policies and valuation

In the financial year 2010, Deutsche Wohnen AG applied the provisions of the German Accounting Law Modernisation Act (BilMoG), which came into force on 29 May 2009, for the first time. Where this has resulted in changes to the recognition and measurement of balance sheet items, the prior-year figures have not been restated.

Fixed assets

Purchased intangible fixed assets are carried at cost and amortised on a straight-line basis over their useful life (3 to 5 years).

Tangible fixed assets are carried at acquisition or production cost less scheduled depreciation.

Low-value assets with a value of up to EUR 150 are fully depreciated in the year of their acquisition. Since the start of the financial year 2008, low-value assets with a value of between EUR 150 and EUR 1,000 have been depreciated over a useful life of 5 years.

Shares in affiliated companies are carried at the lower of cost or fair value in the case of impairment.

Current assets

Current assets are carried at acquisition or production cost less any write-downs to fair value at the balance sheet date.

Receivables and other assets are carried at their nominal amount.

Cash in hand and bank balances are carried at their nominal amount.

Prepayments and accrued income

Prepayments are recognised for expenses at the balance sheet date that relate to a specific period after the balance sheet date.

Deferred taxes

The net amount of any differences between the carrying amount and the tax base of assets and liabilities that are expected to reverse in future financial years and result in a tax liability is recognised as deferred tax liabilities. Any expected tax benefit (deferred tax assets) is not recognised. Deferred taxes are measured using the tax rates at the time the differences are expected to reverse and are not discounted. Deferred taxes at consolidated tax group subsidiaries are recognised at the group parent.

Provisions for pensions

All of the company's pension obligations were calculated using the projected unit credit method based on an actuarial opinion in accordance with the 2005G mortality tables (Generationen-Richttafeln 2005G) published by Professor Klaus Heubeck. The interest rate of 5.15% p. a. published by the Bundesbank was applied (previous year: 6% p. a.). Income growth of 2.00% p. a., an increase in the contribution threshold of 2.00% p. a. and pension increases of 1.75% p. a. were applied.

Other provisions

Other provisions are recognised in the amount necessary to settle the respective obligation in accordance with prudent business judgement. They take into account all identifiable onerous losses and uncertain liabilities.

Provisions for partial retirement obligations are based on the biometric data contained in the 2005G mortality tables published by Professor Klaus Heubeck. The interest rate of 3.80% p. a. published by the Bundesbank was applied (previous year: 5.5% p. a.) and the calculations were performed in accordance with IDW RS HFA 3 and IDW RS HFA 30.

Liabilities

Liabilities are carried at their settlement amount. Non-current, non-interest-bearing liabilities are discounted.

C Notes to the balance sheet

1 Fixed assets

The classification and development of fixed assets is presented in the enclosed statement of changes in fixed assets (Appendix 1 to the Notes).

In accordance with section 285 no. 11 German Commercial Code (HGB), the company holds direct or indirect interests in the following companies^{***}. Equity and net profit are calculated in accordance with the provisions of the German Commercial Code (HGB).

^{***} The company is also indirectly involved in working groups.

SHAREHOLDINGS***

as at 31 December 2010

Company and registered office	Share- holding %		Equity EUR k	Earnings EUR k	Reporting date
Aufbau-Gesellschaft der GEHAG mbH, Berlin	100.00	*	2,163.8	635.8	2010
AVUS Immobilien Treuhand GmbH & Co. KG, Berlin	100.00	*	428.6	-20.1	2009
DB Immobilienfonds 14 Rhein-Pfalz Wohnen GmbH & Co. KG, Eschborn	74.42	*	30,739.9	-601.2	2008
Deutsche Wohnen Asset Immobilien GmbH, Frankfurt/Main	100.00	*	25.0	0.0	2010
Deutsche Wohnen Beteiligungen Immobilien GmbH, Frankfurt/Main	100.00	*	-904.6	0.0	2010
Deutsche Wohnen Corporate Real Estate GmbH, Berlin	100.00		25.0	0.0	2010
Deutsche Wohnen Direkt Immobilien GmbH, Frankfurt/Main	100.00	*	-100,362.7	-406.7	2010
Deutsche Wohnen Fondsbeteiligungs GmbH, Berlin	100.00		25.0	0.0	2010
Deutsche Wohnen Management GmbH, Berlin	100.00	****	25.0	0.0	2010
Deutsche Wohnen Management- und Servicegesellschaft mbH, Frankfurt/Main	100.00		25.6	0.0	2010
Deutsche Wohnen Zweite Fondsbeteiligungs GmbH, Berlin	100.00		25.2	-9.0	2010
Eisenbahn-Siedlungs-Gesellschaft Berlin mit beschränkter Haftung, Berlin	94.90	*	11,889.8	1,556.9	2010
Fortimo GmbH, Berlin	100.00	*	6,127.2	0.0	2010
GbR Fernheizung Gropiusstadt, Berlin	44.26	*	621.8	-34.4	2010
GEHAG Akquisition Co. GmbH, Berlin	100.00	*	980.2	-173.6	2010
GEHAG Dritte Beteiligungs GmbH, Berlin	100.00	*	378.8	353.8	2010
GEHAG Erste Beteiligungs GmbH, Berlin	100.00	*	33.6	0.0	2010
GEHAG Erwerbs GmbH & Co. KG, Berlin	99.99	*	20,342.8	-44.7	2010
GEHAG GmbH, Berlin	100.00	*	132,598.6	17,679.2	2010
GEHAG Immobilien Management GmbH, Berlin	100.00	*	25.0	5.8	2010
GEHAG Zweite Beteiligungs GmbH, Berlin	100.00	*	-154.4	-4,416.8	2010
Haus und Heim Wohnungsbau-GmbH, Berlin	100.00	*	2,798.7	0.0	2010
HESIONE Vermögensverwaltungsgesellschaft mbH, Frankfurt/Main	100.00	*	18.0	-5.4	2010
KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH, Berlin	100.00	*	1,950.0	0.0	2010
KATHARINENHOF® Service GmbH, Berlin	100.00	*	25.0	0.0	2010
Main-Taunus Wohnen GmbH & Co. KG, Eschborn	99.99	**	8,950.2	4,604.1	2010
Rhein-Main Wohnen GmbH, Frankfurt/Main	100.00	*	205,499.2	23,999.9	2010
Rhein-Mosel Wohnen GmbH, Mainz	100.00	*	126,114.7	15,117.9	2010
Rhein-Pfalz Wohnen GmbH, Mainz	100.00	*	31,017.0	0.0	2010
RMW Projekt GmbH, Frankfurt/Main	100.00	*	16,238.3	7.7	2010
Sophienstraße Aachen Vermögensverwaltungsgesellschaft mbH, Berlin	100.00	*	2,193.0	0.0	2010
Sanierungs- und Gewerbebau GmbH & Co. KG, Aachen	100.00	*	1,405.0	260.7	2010
Seniorenstift Zeuthen GmbH, Berlin	100.00	*	25.0	0.0	2010
Stadtentwicklungsgesellschaft Eldenaer Straße mbH i.L., Berlin	50.00	*	257.4	-84.2	2009
Wohn- und Pflegewelt Lahnblick GmbH, Bad Ems	100.00	*	152.1	-85.2	2010

* direct shareholdings
** direct and indirect shareholdings
*** additionally, the company is indirectly involved in working groups
**** waiver as of Section 264 (3) of the German Commercial Code (HGB)

2 Receivables and other assets

Receivables from affiliated companies with a remaining term of more than one year amounted to EUR 82.5 million. All other receivables and other assets have a remaining term of less than one year.

Receivables from affiliated companies primarily relate to receivables from cash management agreements, loans granted and other services provided to subsidiaries within the Deutsche Wohnen Group in the amount of EUR 337.4 million (previous year: EUR 341.1 million). As in the previous year, other assets primarily consist of claims for tax refunds.

3 Deferred tax assets

There are the following differences between the carrying amount and the tax base of assets and liabilities at the company and/or consolidated tax group subsidiaries:

- Due to the different discount rates applied under the commercial and tax law, there are differences in provisions for pensions that will result in a tax benefit in future.
- Due to prohibitions on recognition under tax law, there are differences compared with the commercial financial statements that will result in a tax benefit in future.
- There are tax loss carryforwards that will result in a tax benefit in future.
- There are differences between the tax capital accounts for partnerships and the commercial carrying amounts of the respective investments that will result in a tax benefit in future.

4 Equity

Issued capital

The registered capital of Deutsche Wohnen AG amounts to EUR 81.84 million and is divided into 81.84 million no-par value shares with a notional share of the registered capital of EUR 1.00 per share. As of 31 December 2010, 99.86 % of the shares were bearer shares (81,727,829

shares), and the remaining 0.14 % were registered shares (112,171 shares). All shares carry the same rights and obligations. Each share gives one vote in the Annual General Meeting and is decisive for shareholder participation in the profits of the company. Shareholder rights and obligations are governed by the provisions of the German Stock Corporation Law (AktG), particularly Section 12, Section 53(a) et seq., Section 118 et seq., and Section 186 AktG.

The Management Board of Deutsche Wohnen AG is not aware of any restrictions with regard to voting rights or the transfer of shares.

New shares issued due to a capital increase are issued as bearer shares.

With the consent of the Supervisory Board, the Management Board is authorised to increase the registered capital on one or more occasions until 9 August 2011 by up to EUR 3.6 million by issuing up to 3.6 million new ordinary bearer shares in exchange for cash or non-cash contributions (authorised capital). The original authorised capital amounted to EUR 10.0 million.

The registered capital is contingently increased by up to EUR 10.0 million by the issuance of new bearer shares with dividend rights from the start of the financial year in which they are issued (contingent capital I).

The contingent capital increase serves the issuance of shares to the owners or creditors of options or convertible bonds and of profit participation rights with conversion or option rights that are issued before 9 August 2011 by the company or a company which is 100 % directly or indirectly affiliated with the company, pursuant to the authorisation of the Annual General Meeting of 10 August 2006, and provided that the issuance has been made for cash. It shall only be exercised insofar as option or conversion rights related to the aforementioned options or convertible bonds or profit participation rights are exercised, or if the conversion obligations from such bonds are fulfilled and provided own shares are not used to service the obligations.

The registered capital is contingently increased by up to further EUR 2.7 million by the issuance of up to 2.7 million new bearer shares with dividend rights from the start of the financial year in which they are issued (contingent capital II).

The contingent capital increase serves the issuance of shares to the owners or creditors of options or convertible bonds and of profit participation rights with options or conversion rights that are issued before 16 June 2013 by the company, its associates or companies in which it holds a controlling interest, pursuant to the authorisation of the Annual General Meeting of 17 June 2008, and provided that the issuance has been made for cash. It shall only be exercised insofar as options or conversion rights from the aforementioned options and convertible bonds or profit participation rights with option or conversion rights have been exercised or conversion obligations from such bonds are fulfilled and provided own shares are not used to service the obligations.

There are no shares with special rights giving powers of control.

If employees of Deutsche Wohnen AG hold shares in Deutsche Wohnen AG, they shall not have any rights of control over the Management Board.

Capital reserves

Capital reserves were recognised for the first time by resolution of the Extraordinary General Meeting in 1999. As of 31 December 2010, capital reserves amounted to EUR 377.4 million. Capital reserves declined in the financial year 2010 due to a withdrawal in the amount of EUR 85.7 million.

Revenue reserves

This legal reserve is mandatory for stock corporations. In accordance with section 150 (2) German Stock Corporation Act (AktG), 5% of the net profit for the financial year must be retained. The legal reserve has an upper limit of 10% of the registered capital.

Existing capital reserves in accordance with section 272 (2) nos. 1-3 German Commercial Code (HGB) serve to reduce the necessary addition to the legal reserve. The basis of measurement is the legal subscribed capital at the balance sheet date in the amount reported in the respective annual financial statements. In the year under review, the legal reserve remained unchanged at EUR 1.0 million.

5 Other provisions

Other provisions primarily consist of personnel provisions in the amount of EUR 2,025k and provisions for outstanding invoices in the amount of EUR 1,120k.

6 Liabilities

in EUR k	Balance	thereof remaining term		
		up to one year	one to five years	more than five years
Liabilities to banks	79,757	1,664	6,400	71,693
Previous year	109,694	5,000	104,694	0
Trade payables	872	872	0	0
Previous year	974	974	0	0
Liabilities to affiliated companies	69,848	39,848	0	30,000
Previous year	53,685	23,685	0	30,000
Other liabilities	111	111	0	0
Previous year	135	135	0	0
	150,588	42,495	6,400	101,693

Subsidiaries are jointly and severally liable for Deutsche Wohnen AG's liabilities to banks in the amount of EUR 79,757k.

Liabilities to affiliated companies relate to liabilities from Group cash management, trade payables and other liabilities.

D Notes to the profit and loss statement

7 Other operating income

Other operating income primarily relates to income from the reversal of provisions (EUR 364k) and input tax refunds for previous years (EUR 250k).

8 Other operating expenses

Other operating expenses are primarily composed as follows:

in EUR k	2010
IT costs	3,687
Consultancy and audit	2,419
Administrative expenses	2,107
Service received from Other Group companies	1,377
Rental income	949
Communication/Investor Relation	836
Travel expenses	285
Others	986
	12,646

9 Interest and similar expenses

Interest and similar expenses contain non-recurring and prior-period prepayment penalties from the restructuring of loan agreements in the amount of EUR 8,332k.

E Contingent liabilities

At the balance sheet date, two corporate guarantees with a total volume of EUR 0.1 million were granted to R+V Versicherungs AG, Wiesbaden on behalf of two affiliated companies. Deutsche Wohnen AG has also issued a guarantee to Aareal Bank AG for a loan granted to an affiliated company in the amount of EUR 10.5 million. In addition, Deutsche Wohnen AG has assumed guarantees for affiliated companies in the amount of EUR 6.0 million for guarantee bonds for rent deposits received, EUR 1.9 million for court bonds for affiliated companies, and EUR 1.0 million for other fixed liability guarantees. Utilisation of these guarantees is considered to be unlikely as the companies in question have strong earnings and liquidity positions and the loans are secured by way of land charges in particular.

Deutsche Wohnen AG is jointly and severally liable with affiliated companies for the liabilities to banks of these affiliated companies in the amount of EUR 614.5 million. Utilisation of these guarantees is considered to be unlikely as the companies in question have strong earnings and liquidity positions and the loans are secured by way of land charges.

There is a controlling agreement between Deutsche Wohnen AG as the controlling entity and Rhein-Pfalz Wohnen GmbH as the controlled entity.

There are controlling and profit and loss transfer agreements between Deutsche Wohnen AG (group parent) and Deutsche Wohnen Corporate Real Estate GmbH, Deutsche Wohnen Management GmbH, Deutsche Wohnen Management- und Servicegesellschaft mbH and Deutsche Wohnen Fondsbeteiligungs GmbH (previously Deutsche Wohnen Service GmbH), each of which are consolidated tax group subsidiaries.

F Other disclosures

in EUR k	up to one year	one to five years	more than five years	Total
Leases and rental agreements	994	2,214	284	3,492
Long-term contracts	3,738	8,818	885	13,441
Total	4,732	11,032	1,169	16,933

G Other Information

In the financial year 2010, the Management Board was composed as follows:

Name	Membership of supervisory boards and other supervisory bodies within the meaning of section 285 no. 10 HGB in conjunction with section 125 (1) sentence 5 AktG
Michael Zahn, Economist, Chief Executive Officer	Eisenbahn-Siedlungs-Gesellschaft Berlin mbH, Berlin (Chairman of the Supervisory Board) GEHAG GmbH, Berlin (Chairman of the Supervisory Board since 8 September 2010) Sanierungs- und Gewerbebau-AG, Aachen (Chairman of the Supervisory Board until 25 July 2010) Haus und Heim Wohnungsbau-AG, Berlin (Member of the Supervisory Board until 25 November 2010; Chairman of the Supervisory Board from 15 July 2010 until 25 November 2010)
Helmut Ullrich, Assessor, Chief Financial Officer	Eisenbahn-Siedlungs-Gesellschaft Berlin mbH, Berlin (Member of the Supervisory Board)

The following remuneration payments were made to members of the Management Board in 2010:

in EUR k	fixed	Variable remuneration		Incidental benefits
		Short Term Incentive short term due	Long Term PSU-Plan long term due	
Michael Zahn	300	400	–	26
Helmut Ullrich	275	120	30	23

Further information on the remuneration system for the members of the Management Board can be found in the Management Report.

There are no provisions for pensions for active or former members of the Management Board of Deutsche Wohnen AG. No loans were granted to members of the Management Board of Deutsche Wohnen AG in the financial year 2010.

Members of the Supervisory Board

The Supervisory Board is made up as follows:

Name	Occupation	Memberships in supervisory boards and other executive bodies within the meaning of Section 125 (1) sentence 5 of the German Stock Corporation Act (AktG)
Hermann T. Dambach, Chairman	Managing Director of Oaktree GmbH, Frankfurt/Main	GEHAG GmbH, Berlin (Member of the Supervisory Board until 25 March 2010) Nordenia International AG, Greven (Deputy Chairman of the Supervisory Board) Sanierungs- und Gewerbebau-AG, Aachen (Member of the Supervisory Board until 25 July 2010) R&R Ice Cream Ltd., North Yorkshire/United Kingdom (Board Member) OCM German Real Estate Holding AG, Hamburg (Deputy Chairman of the Supervisory Board)
Dr. Andreas Kretschmer, Deputy Chairman	Managing Director of Ärzteversorgung Westfalen-Lippe Einrichtung der Ärztekammer Westfalen-Lippe – Kör -, Münster	BIOCEUTICALS Arzneimittel AG, Bad Vilbel (Chairman of the Supervisory Board) IVG Institutional Funds GmbH, Wiesbaden (Member of the Supervisory Board) Private Life Biomed AG, Hamburg (Chairman of the Supervisory Board) Biofrontera AG, Leverkusen (Deputy Chairman of the Supervisory Board) TRITON, St Helier/Jersey (Advisory Committee) GEHAG GmbH, Berlin (Member of the Supervisory Board until 25 March 2010)
Dr. Jens Bernhardt (until 31 July 2010)	Managing Partner, Bernhardt Advisory GmbH, Bad Homburg	GEHAG GmbH, Berlin (Member of the Supervisory Board until 25 March 2010)
Matthias Hünlein	Managing Director, Tishman Speyer Properties Deutschland GmbH, Frankfurt/Main	A.A.A. Aktiengesellschaft Allgemeine Anlagenverwaltung, Frankfurt/Main (Member of Supervisory Board)
Dr. Florian Stetter	Real Estate Agent	GEHAG GmbH, Berlin (Member of the Supervisory Board until 25 March 2010) CalCon Deutschland AG, Munich (Member of the Supervisory Board since 19 November 2010)
Uwe E. Flach	Senior Advisor, Oaktree GmbH, Frankfurt/Main	Nordenia International AG, Greven (Chairman of the Supervisory Board) Haus und Heim Wohnungsbau- Aktiengesellschaft, Berlin (Chairman of the Supervisory Board until 27 August 2010) GEHAG GmbH, Berlin (Chairman of the Supervisory Board until 25 March 2010) OCM German Real Estate Holding AG, Hamburg (Chairman of the Supervisory Board) Versatel AG, Düsseldorf (Member of the Supervisory Board)
Dr. Michael Leinwand (from 18 August 2010)	Chief Investment Officer, Zurich Beteili- gungs-AG, Frankfurt/Main	

The General Meeting on 17 June 2008 resolved on the remuneration of the Supervisory Board. In accordance with this resolution, each member of the Supervisory Board receives fixed annual remuneration of EUR 20k. The Chairman of the Supervisory Board receives double this amount, while the Deputy Chairman receives one and a half times this amount. The remuneration granted to the Supervisory Board for the financial year 2010 amounted to EUR 150k, or EUR 174k including value added tax.

There are no provisions for pensions for active or former members of the Supervisory Board of Deutsche Wohnen AG. No advances, loans or guarantees were granted to the members of the Supervisory Board in the year under review.

Shareholdings requiring notification of disclosure in accordance with section 160 German Stock Corporation Act (AktG)

On 5 January 2010, ASSET VALUE INVESTORS LIMITED, London, United Kingdom, informed us in accordance with section 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, ISIN: DE000A0HN5C6, German Securities Code Number: A0HN5C, fell below the threshold of 10% on 30 December 2009 and amounted to 9.99% on this date (corresponding to 8,178,290 voting rights).

9.99% of the voting rights (corresponding to 8,178,290 voting rights) were attributable to the company in accordance with section 22 (1) sentence 1 no. 6 WpHG.

On 23 March 2010, Deutsche Bank AG, London, United Kingdom, informed us in accordance with sections 21 (1) and 24 WpHG and section 32 (2) of the German Investment Act (InvG) that the share of the voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, ISIN: DE000A0HN5C6, German Securities Code Number: A0HN5C, held by DWS Investment GmbH, Frankfurt/Main, Germany, fell below the threshold of 3% on 18 March 2010 and amounted to 2.989% at this date (corresponding to 2,446,074 voting rights).

On 1 June 2010, Cohen & Steers Capital Management, Inc., New York, USA, informed us in accordance with section 21 (1) WpHG that its share of the voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, ISIN: DE000A0HN5C6, German Securities Code Number:

A0HN5C, fell below the threshold of 3% on 26 May 2010 and amounted to 2.20% on this date (corresponding to 1,798,832 voting rights).

2.20% of the voting rights (corresponding to 1,798,832 voting rights) were attributable to the company in accordance with section 22 (1) sentence 1 no. 6 WpHG.

On 1 June 2010, Cohen & Steers, Inc., New York, USA, informed us in accordance with section 21 (1) WpHG that its share of the voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, ISIN: DE000A0HN5C6, German Securities Code Number: A0HN5C, fell below the threshold of 3% on 26 May 2010 and amounted to 2.94% on this date (corresponding to 2,405,464 voting rights).

2.94% of the voting rights (corresponding to 2,405,464 voting rights) were attributable to the company in accordance with section 22 (1) sentence 1 no. 6 WpHG in conjunction with section 22 (1) sentence 2 WpHG.

On 21 October 2010, Ruffer LLP, London, United Kingdom, informed us in accordance with section 21 (1) WpHG that its share of the voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, ISIN: DE000A0HN5C6, German Securities Code Number: A0HN5C, exceeded the threshold of 3% on 21 October 2010 and amounted to 3.97% on this date (corresponding to 3,247,420 voting rights). 3.97% of the voting rights (corresponding to 3,247,420 voting rights) were attributable to the company in accordance with section 22 (1) sentence 1 no. 6 WpHG.

On 27 October 2010, Cohen & Steers Capital Management, Inc., New York, USA, informed us in accordance with section 21 (1) WpHG that its share of the voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, ISIN: DE000A0HN5C6, exceeded the threshold of 3% on 21 October 2010 and amounted to 3.49% on this date (corresponding to 2,852,130 voting rights).

3.49% of the voting rights (corresponding to 2,852,130 voting rights) were attributable to the company in accordance with section 22 (1) sentence 1 no. 6 WpHG.

On 27 October 2010, Cohen & Steers, Inc., New York, USA, informed us in accordance with section 21 (1) WpHG that its share of the voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, ISIN:

DE000A0HN5C6, exceeded the threshold of 3% on 21 October 2010 and amounted to 4.55% on this date (corresponding to 3,723,301 voting rights).

4.55% of the voting rights (corresponding to 3,723,301 voting rights) were attributable to the company in accordance with section 22 (1) sentence 1 no. 6 WpHG in conjunction with section 22 (1) sentence 2 WpHG.

On 27 October 2010, OCM Luxembourg Opportunities Investments, S.à R.L., Luxembourg, Luxembourg, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the threshold of 10% on 25 October 2010 and amounted to 5.29% (4,327,858 voting rights) on this date.

On 27 October 2010, OCM Luxembourg Real Estate Investments, S.à R.L., Luxembourg, Luxembourg, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the threshold of 10% on 25 October 2010 and amounted to 6.06% (4,960,000 voting rights) on this date.

On 27 October 2010, OCM Luxembourg Opportunities Holdings, LLC, Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the threshold of 10% on 25 October 2010 and amounted to 5.29% (4,327,858 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via OCM Luxembourg Opportunities Investments, S.à R.L., which has a share of the voting rights of 3% or more.

On 27 October 2010, OCM Luxembourg Real Estate Holdings, LLC, Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the threshold of 10% on 25 October 2010 and amounted to 6.06% (4,960,000 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via OCM Luxembourg Real Estate Investments, S.à R.L., which has a share of the voting rights of 3% or more.

On 27 October 2010, OCM Opportunities Fund V, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the threshold of 10% on 25 October 2010 and amounted to 5.29% (4,327,858 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via:

- OCM Luxembourg Opportunities Investments, S.à R.L.,
 - OCM Luxembourg Opportunities Holdings, LLC,
- each of which has a share of the voting rights of 3% or more.

On 27 October 2010, OCM Opportunities Fund VI, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the threshold of 10% on 25 October 2010 and amounted to 5.29% (4,327,858 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via:

- OCM Luxembourg Opportunities Investments, S.à R.L.,
 - OCM Luxembourg Opportunities Holdings, LLC,
- each of which has a share of the voting rights of 3% or more.

On 27 October 2010, OCM Principal Opportunities Fund III, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the threshold of 10% on 25 October 2010 and amounted to 5.29% (4,327,858 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via:

- OCM Luxembourg Opportunities Investments, S.à R.L.,
 - OCM Luxembourg Opportunities Holdings, LLC,
- each of which has a share of the voting rights of 3% or more.

On 27 October 2010, OCM Principal Opportunities Fund IIIA, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the threshold of 10% on 25 October 2010 and amounted to 5.29% (4,327,858 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via:

- OCM Luxembourg Opportunities Investments, S.à R.L.,
 - OCM Luxembourg Opportunities Holdings, LLC,
- each of which has a share of the voting rights of 3% or more.

On 27 October 2010, OCM Real Estate Opportunities Fund IIIA, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the threshold of 10% on 25 October 2010 and amounted to 5.29% (4,327,858 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via:

- OCM Luxembourg Opportunities Investments, S.à R.L.,
 - OCM Luxembourg Opportunities Holdings, LLC,
- each of which has a share of the voting rights of 3% or more.

On 27 October 2010, OCM Opportunities Fund V GP, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the threshold of 10% on 25 October 2010 and amounted to 5.29% (4,327,858 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via:

- OCM Luxembourg Opportunities Investments, S.à R.L.,
- OCM Luxembourg Opportunities Holdings, LLC,
- OCM Opportunities Fund V, L.P.,

each of which has a share of the voting rights of 3% or more.

On 27 October 2010, OCM Opportunities Fund VI GP, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the threshold of 10% on 25 October 2010 and amounted to 5.29% (4,327,858 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via:

- OCM Luxembourg Opportunities Investments, S.à R.L.,
- OCM Luxembourg Opportunities Holdings, LLC,
- OCM Opportunities Fund VI, L.P.,

each of which has a share of the voting rights of 3% or more.

On 27 October 2010, OCM Principal Opportunities Fund III GP, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the threshold of 10% on 25 October 2010 and amounted to 5.29% (4,327,858 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via:

- OCM Luxembourg Opportunities Investments, S.à R.L.,
- OCM Luxembourg Opportunities Holdings, LLC,
- OCM Principal Opportunities Fund III, L.P.,
- OCM Principal Opportunities Fund IIIA, L.P.,

each of which has a share of the voting rights of 3% or more.

On 27 October 2010, JPMorgan Chase Bank, National Association, Columbus, Ohio, OH, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the threshold of 10% on 25 October 2010 and amounted to 5.29% (4,327,858 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via:

- OCM Luxembourg Opportunities Investments, S.à R.L.,
- OCM Luxembourg Opportunities Holdings, LLC,
- OCM Principal Opportunities Fund IIIA, L.P.,

each of which has a share of the voting rights of 3% or more.

On 27 October 2010, JPMorgan Chase & Co., New York, NY, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the threshold of 10% on 25 October 2010 and amounted to 5.29% (4,327,858 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via:

- OCM Luxembourg Opportunities Investments, S.à R.L.,
- OCM Luxembourg Opportunities Holdings, LLC,
- OCM Principal Opportunities Fund IIIA, L.P.,
- JPMorgan Chase Bank, National Association,

each of which has a share of the voting rights of 3% or more.

On 27 October 2010, Teachers' Retirement System of the City of New York, New York, NY, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the threshold of 10% on 25 October 2010 and amounted to 5.29% (4,327,858 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via:

- OCM Luxembourg Opportunities Investments, S.à R.L.,
- OCM Luxembourg Opportunities Holdings, LLC,
- OCM Real Estate Opportunities Fund IIIA, L.P.,

each of which has a share of the voting rights of 3% or more.

On 27 October 2010, OCM Real Estate Opportunities Fund III, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the threshold of 10% on 25 October 2010 and amounted to 6.06% (4,960,000 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via:

- OCM Luxembourg Real Estate Investments, S.à R.L.,
- OCM Luxembourg Real Estate Holdings, LLC,

each of which has a share of the voting rights of 3% or more.

On 27 October 2010, OCM Real Estate Opportunities Fund III GP, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 20% and 15% on 25 October 2010 and amounted to 11.35% (9,287,858 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via:

- OCM Luxembourg Real Estate Investments, S.à R.L.,
- OCM Luxembourg Opportunities Investments, S.à R.L.,
- OCM Luxembourg Real Estate Holdings, LLC,
- OCM Luxembourg Opportunities Holdings, LLC,
- OCM Real Estate Opportunities Fund III, L.P.,
- OCM Real Estate Opportunities Fund IIIA, L.P.,

each of which has a share of the voting rights of 3% or more.

On 27 October 2010, Oaktree Fund GP I, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the threshold of 10% on 25 October 2010 and amounted to 5.29% (4,327,858 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via:

- OCM Luxembourg Opportunities Investments, S.à R.L.,
- OCM Luxembourg Opportunities Holdings, LLC,
- OCM Opportunities Fund V, L.P.,
- OCM Opportunities Fund VI, L.P.,
- OCM Principal Opportunities Fund III, L.P.,
- OCM Principal Opportunities Fund IIIA, L.P.,
- OCM Opportunities Fund V GP, L.P.,
- OCM Opportunities Fund VI GP, L.P.,
- OCM Principal Opportunities Fund III GP, L.P.,

each of which has a share of the voting rights of 3% or more.

On 27 October 2010, Oaktree Fund GP II, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 20% and 15% on 25 October 2010 and amounted to 11.35% (9,287,858 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via:

- OCM Luxembourg Real Estate Investments, S.à R.L.,
- OCM Luxembourg Opportunities Investments, S.à R.L.,
- OCM Luxembourg Real Estate Holdings, LLC,
- OCM Luxembourg Opportunities Holdings, LLC,
- OCM Real Estate Opportunities Fund III, L.P.,
- OCM Real Estate Opportunities Fund IIIA, L.P.,
- OCM Real Estate Opportunities Fund III GP, L.P.,

each of which has a share of the voting rights of 3% or more.

On 27 October 2010, Oaktree Capital I, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the threshold of 10% on 25 October 2010 and amounted to 5.29% (4,327,858 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via:

- OCM Luxembourg Opportunities Investments, S.à R.L.,
- OCM Luxembourg Opportunities Holdings, LLC,
- OCM Opportunities Fund V, L.P.,
- OCM Opportunities Fund VI, L.P.,
- OCM Principal Opportunities Fund III, L.P.,
- OCM Principal Opportunities Fund IIIA, L.P.,
- OCM Opportunities Fund V GP, L.P.,
- OCM Opportunities Fund VI GP, L.P.,
- OCM Principal Opportunities Fund III GP, L.P.,
- Oaktree Fund GP I, L.P.,

each of which has a share of the voting rights of 3% or more.

On 27 October 2010, Oaktree Capital II, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 20% and 15% on 25 October 2010 and amounted to 11.35% (9,287,858 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via:

- OCM Luxembourg Real Estate Investments, S.à R.L.,
- OCM Luxembourg Opportunities Investments, S.à R.L.,
- OCM Luxembourg Real Estate Holdings, LLC,
- OCM Luxembourg Opportunities Holdings, LLC,
- OCM Real Estate Opportunities Fund III, L.P.,
- OCM Real Estate Opportunities Fund IIIA, L.P.,
- OCM Real Estate Opportunities Fund III GP, L.P.,
- Oaktree Fund GP II, L.P.,

each of which has a share of the voting rights of 3% or more.

On 27 October 2010, Oaktree Capital Management, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 20% and 15% on 25 October 2010 and amounted to 11.35% (9,287,858 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 6 WpHG, all of the voting rights are assigned via:

- OCM Luxembourg Real Estate Investments, S.à R.L.,
- OCM Luxembourg Opportunities Investments, S.à R.L.,

each of which has a share of the voting rights of 3% or more.

On 27 October 2010, OCM Holdings I, LLC, Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the threshold of 10% on 25 October 2010 and amounted to 5.29% (4,327,858 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via:

- OCM Luxembourg Opportunities Investments, S.à R.L.,
- OCM Luxembourg Opportunities Holdings, LLC,
- OCM Opportunities Fund V, L.P.,
- OCM Opportunities Fund VI, L.P.,
- OCM Principal Opportunities Fund III, L.P.,
- OCM Principal Opportunities Fund IIIA, L.P.,
- OCM Opportunities Fund V GP, L.P.,
- OCM Opportunities Fund VI GP, L.P.,
- OCM Principal Opportunities Fund III GP, L.P.,
- Oaktree Fund GP I, L.P.,
- Oaktree Capital I, L.P.,

each of which has a share of the voting rights of 3% or more.

On 27 October 2010, Oaktree Holdings, LLC, Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the threshold of 10% on 25 October 2010 and amounted to 5.29% (4,327,858 voting rights) on this date. In accordance with section 22 (1) sentence 1 no. 1 WpHG, all of the voting rights are assigned via:

- OCM Luxembourg Opportunities Investments, S.à R.L.,
- OCM Luxembourg Opportunities Holdings, LLC,
- OCM Opportunities Fund V, L.P.,
- OCM Opportunities Fund VI, L.P.,
- OCM Principal Opportunities Fund III, L.P.,
- OCM Principal Opportunities Fund IIIA, L.P.,
- OCM Opportunities Fund V GP, L.P.,
- OCM Opportunities Fund VI GP, L.P.,
- OCM Principal Opportunities Fund III GP, L.P.,
- Oaktree Fund GP I, L.P.,
- Oaktree Capital I, L.P.,
- OCM Holdings I, LLC,

each of which has a share of the voting rights of 3% or more.

On 27 October 2010, Oaktree Holdings, Inc., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 20 % and 15 % on 25 October 2010 and amounted to 11.35 % (9,287,858 voting rights) on this date. All of the voting rights are allocated in accordance with section 22 (1) sentence 1 no. 1 and no. 6 in conjunction with sentence 2 WpHG. In accordance with section 22 (1) sentence 1 no. 1 WpHG, the voting rights are assigned via:

- OCM Luxembourg Real Estate Investments, S.à R.L.,
- OCM Luxembourg Real Estate Holdings, LLC,
- OCM Real Estate Opportunities Fund III, L.P.,
- OCM Luxembourg Opportunities Investments, S.à R.L.,
- OCM Luxembourg Opportunities Holdings, LLC,
- OCM Real Estate Opportunities Fund IIIA, L.P.,
- OCM Real Estate Opportunities Fund III GP, L.P.,
- Oaktree Fund GP II, L.P.,
- Oaktree Capital II, L.P.,

each of which has a share of the voting rights of 3 % or more. In accordance with section 22 (1) no. 6 in conjunction with sentence 2 WpHG, the voting rights are also allocated via:

- OCM Luxembourg Real Estate Investments, S.à R.L.,
- OCM Luxembourg Opportunities Investments, S.à R.L.,

each of which has a share of the voting rights of 3 % or more.

On 27 October 2010, Oaktree Capital Group, LLC, Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 20 % and 15 % on 25 October 2010 and amounted to 11.35 % (9,287,858 voting rights) on this date. All of the voting rights are allocated in accordance with section 22 (1) sentence 1 no. 1 and no. 6 in conjunction with sentence 2 WpHG. In accordance with section 22 (1) sentence 1 no. 1 WpHG, the voting rights are assigned via:

- OCM Luxembourg Real Estate Investments, S.à R.L.,
- OCM Luxembourg Real Estate Holdings, LLC,
- OCM Real Estate Opportunities Fund III, L.P.,
- OCM Luxembourg Opportunities Investments, S.à R.L.,
- OCM Luxembourg Opportunities Holdings, LLC,
- OCM Opportunities Fund V, L.P.,
- OCM Opportunities Fund VI, L.P.,

- OCM Principal Opportunities Fund III, L.P.,
- OCM Principal Opportunities Fund IIIA, L.P.,
- OCM Real Estate Opportunities Fund IIIA, L.P.,
- OCM Opportunities Fund V GP, L.P.,
- OCM Opportunities Fund VI GP, L.P.,
- OCM Principal Opportunities Fund III GP, L.P.,
- OCM Real Estate Opportunities Fund III GP, L.P.,
- Oaktree Fund GP I, L.P.,
- Oaktree Fund GP II, L.P.,
- Oaktree Capital I, L.P.,
- Oaktree Capital II, L.P.,
- OCM Holdings I, LLC,
- Oaktree Holdings, LLC,
- Oaktree Holdings, Inc.,

each of which has a share of the voting rights of 3 % or more. In accordance with section 22 (1) no. 6 in conjunction with sentence 2 WpHG, the voting rights are also allocated via:

- OCM Luxembourg Real Estate Investments, S.à R.L.,
- OCM Luxembourg Opportunities Investments, S.à R.L.,

each of which has a share of the voting rights of 3 % or more.

On 27 October 2010, Oaktree Capital Group Holdings, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 20 % and 15 % on 25 October 2010 and amounted to 11.35 % (9,287,858 voting rights) on this date. All of the voting rights are allocated in accordance with section 22 (1) sentence 1 no. 1 and no. 6 in conjunction with sentence 2 WpHG. In accordance with section 22 (1) sentence 1 no. 1 WpHG, the voting rights are assigned via:

- OCM Luxembourg Real Estate Investments, S.à R.L.,
- OCM Luxembourg Real Estate Holdings, LLC,
- OCM Real Estate Opportunities Fund III, L.P.,
- OCM Luxembourg Opportunities Investments, S.à R.L.,
- OCM Luxembourg Opportunities Holdings, LLC,
- OCM Opportunities Fund V, L.P.,
- OCM Opportunities Fund VI, L.P.,
- OCM Principal Opportunities Fund III, L.P.,
- OCM Principal Opportunities Fund IIIA, L.P.,
- OCM Real Estate Opportunities Fund IIIA, L.P.,
- OCM Opportunities Fund V GP, L.P.,
- OCM Opportunities Fund VI GP, L.P.,
- OCM Principal Opportunities Fund III GP, L.P.,

- OCM Real Estate Opportunities Fund III GP, L.P.,
- Oaktree Fund GP I, L.P.,
- Oaktree Fund GP II, L.P.,
- Oaktree Capital I, L.P.,
- Oaktree Capital II, L.P.,
- OCM Holdings I, LLC,
- Oaktree Holdings, LLC,
- Oaktree Holdings, Inc.,
- Oaktree Capital Group, LLC,

each of which has a share of the voting rights of 3% or more.

In accordance with section 22 (1) no. 6 in conjunction with sentence 2 WpHG, the voting rights are also allocated via:

- OCM Luxembourg Real Estate Investments, S.à R.L.,
- OCM Luxembourg Opportunities Investments, S.à R.L.,

each of which has a share of the voting rights of 3% or more.

On 27 October 2010, Oaktree Capital Group Holdings GP, LLC, Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 20% and 15% on 25 October 2010 and amounted to 11.35% (9,287,858 voting rights) on this date. All of the voting rights are allocated in accordance with section 22 (1) sentence 1 no. 1 and no. 6 in conjunction with sentence 2 WpHG. In accordance with section 22 (1) sentence 1 no. 1 WpHG, the voting rights are assigned via:

- OCM Luxembourg Real Estate Investments, S.à R.L.,
- OCM Luxembourg Real Estate Holdings, LLC,
- OCM Real Estate Opportunities Fund III, L.P.,
- OCM Luxembourg Opportunities Investments, S.à R.L.,
- OCM Luxembourg Opportunities Holdings, LLC,
- OCM Opportunities Fund V, L.P.,
- OCM Opportunities Fund VI, L.P.,
- OCM Principal Opportunities Fund III, L.P.,
- OCM Principal Opportunities Fund IIIA, L.P.,
- OCM Real Estate Opportunities Fund IIIA, L.P.,
- OCM Opportunities Fund V GP, L.P.,
- OCM Opportunities Fund VI GP, L.P.,
- OCM Principal Opportunities Fund III GP, L.P.,
- OCM Real Estate Opportunities Fund III GP, L.P.,
- Oaktree Fund GP I, L.P.,
- Oaktree Fund GP II, L.P.,
- Oaktree Capital I, L.P.,
- Oaktree Capital II, L.P.,

- OCM Holdings I, LLC,
- Oaktree Holdings, LLC,
- Oaktree Holdings, Inc.,
- Oaktree Capital Group, LLC,
- Oaktree Capital Group Holdings, L.P.,

each of which has a share of the voting rights of 3% or more.

In accordance with section 22 (1) no. 6 in conjunction with sentence 2 WpHG, the voting rights are also allocated via:

- OCM Luxembourg Real Estate Investments, S.à R.L.,
- OCM Luxembourg Opportunities Investments, S.à R.L.,

each of which has a share of the voting rights of 3% or more.

On 8 November 2010, Cohen & Steers, Inc., New York, USA, informed us in accordance with section 21 (1) WpHG that its share of the voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, ISIN: DE000A0HN5C6, exceeded the threshold of 5% on 2 November 2010 and amounted to 5.24% on this date (corresponding to 4,291,180 voting rights).

5.24% of the voting rights (corresponding to 4,291,180 voting rights) were attributable to the company in accordance with section 22 (1) sentence 1 no. 6 WpHG in conjunction with section 22 (1) sentence 2 WpHG.

On 26 November 2010, Ruffer LLP, London, United Kingdom, informed us in accordance with section 21 (1) WpHG that its share of the voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, ISIN: DE000A0HN5C6, exceeded the threshold of 5% on 23 November 2010 and amounted to 5.61% on this date (corresponding to 4,591,485 voting rights).

5.61% of the voting rights (corresponding to 4,591,485 voting rights) were attributable to the company in accordance with section 22 (1) sentence 1 no. 6 WpHG.

On 23 December 2010, British Empire Securities and General Trust plc, Chelmsford, United Kingdom, informed us in accordance with section 21 (1) WpHG that its share of the voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, ISIN: DE000A0HN5C6, fell below the threshold of 5% on 22 December 2010 and amounted to 4.99% on this date (corresponding to 4,081,902 voting rights).

On 1 February 2011, OCM Luxembourg Opportunities Investments, S.à R.L., Luxembourg, Luxembourg, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, OCM Luxembourg Real Estate Investments, S.à R.L., Luxembourg, Luxembourg, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, OCM Luxembourg Opportunities Holdings, LLC, Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, OCM Luxembourg Real Estate Holdings, LLC, Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, OCM Opportunities Fund V, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, OCM Opportunities Fund VI, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, OCM Principal Opportunities Fund III, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, OCM Principal Opportunities Fund IIIA, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, OCM Real Estate Opportunities Fund IIIA, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, OCM Opportunities Fund V GP, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, OCM Opportunities Fund VI GP, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, OCM Principal Opportunities Fund III GP, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, JPMorgan Chase Bank, National Association, Columbus, Ohio, OH, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, JPMorgan Chase & Co., New York, NY, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, Teachers' Retirement System of the City of New York, New York, NY, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, OCM Real Estate Opportunities Fund III, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, OCM Real Estate Opportunities Fund III GP, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 10%, 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, Oaktree Fund GP I, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, Oaktree Fund GP II, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 10%, 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, Oaktree Capital I, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, Oaktree Capital II, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 10%, 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, Oaktree Capital Management, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 10%, 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, OCM Holdings I, LLC, Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, Oaktree Holdings, LLC, Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, Oaktree Holdings, Inc., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 10%, 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, Oaktree Capital Group, LLC, Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 10%, 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, Oaktree Capital Group Holdings, L.P., Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 10%, 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 1 February 2011, Oaktree Capital Group Holdings GP, LLC, Los Angeles, California, USA, informed us that its share of the voting rights in Deutsche Wohnen AG fell below the thresholds of 10%, 5% and 3% on 31 January 2011 and amounted to 0% (0 voting rights) on this date.

On 16 February 2011, Ruffer LLP, London, United Kingdom, informed us in accordance with section 21 (1) WpHG that its share of the voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, ISIN: DE000A0HN5C6, fell below the threshold of 5% on 15 February 2011 and amounted to 4.61% on this date (corresponding to 3,773,086 voting rights).

4.61% of the voting rights (corresponding to 3,773,086 voting rights) were attributable to the company in accordance with section 22 (1) sentence 1 no. 6 WpHG.

On 22 February 2011, Oyster Asset Management S.A., Luxembourg, Luxembourg, informed us in accordance with section 21 (1) WpHG that its share of the voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, ISIN: DE000A0HN5C6, exceeded the threshold of 3% on 11 February 2011 and amounted to 3.01% on this date (corresponding to 2,461,000 voting rights).

3.01% of the voting rights (corresponding to 2,461,000 voting rights) were attributable to the company in accordance with section 22 (1) sentence 1 no. 6 WpHG.

Auditor's fees

The fees expensed for the auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft in the year under review were as follows:

in EUR k	2010
Final audit 2010	208
Tax advisory services	13
Other services	81
	302

Other services consist of project-related audit services in connection with the introduction and expansion of SAP modules and the determination of the terms and conditions of the long-term incentive plan for the Management Board.

Employees

The average number of employees in the year under review was 77 (previous year: 83).

Related party disclosures

All transactions between Deutsche Wohnen and related parties in the year under review were conducted at arm's-length conditions.

Consolidated financial statements

The company is the group parent and prepares consolidated financial statements that are published in the German Federal Gazette (electronic Bundesanzeiger).

Corporate governance

The Management Board and the Supervisory Board have submitted the declaration of conformity with the German Corporate Governance Code required in accordance with section 161 AktG and made it permanently available to shareholders on the company's website at www.deutsche-wohnen.de.

H Appropriation of net profit

The Management Board proposes that the net retained profits in the amount of EUR 16,368k, which consist of accumulated losses brought forward in the amount of EUR 45,639k, the net loss for the year in the amount of EUR 23,706k and a withdrawal from capital reserves in the amount of EUR 85,713k, be distributed to shareholders in the form of a dividend of EUR 0.20 per share.

Frankfurt/Main, Germany, 25 February 2011
Deutsche Wohnen AG



Michael Zahn
Chief Executive Officer



Helmut Ullrich
Chief Financial Officer

Appendix

DEVELOPMENT OF FIXED ASSETS

as at 31 December 2010 of Deutsche Wohnen AG

in EUR	1/1/2010	Costs of acquisition and production		
		Additions	Disposals	Transfers
Intangible assets				
Concessions, industrial property rights and similar rights and values, as well as licenses to such rights and values	5,388,025.74	90,938.28	0.00	273,728.81
Payments on account	273,728.81	7,140.00	0.00	-273,728.81
	5,661,754.55	98,078.28	0.00	0.00
Property, plant and equipment				
Other installations, tools and equipment	1,102,039.00	360,426.88	68,756.14	0.00
Financial assets				
Shares in affiliated companies	286,337,676.03	33,647.50	0.00	0.00
	293,101,469.58	492,152.66	68,756.14	0.00

31/12/2010	1/1/2010	Accumulated depreciation, amortisation and impairment losses		31/12/2010	carrying amount	
		Additions	Disposals		31/12/2010	31/12/09
5,752,692.83	1,173,875.69	1,172,695.89	0.00	2,346,571.58	3,406,121.25	4,214,150.05
7,140.00	0.00	0.00	0.00	0.00	7,140.00	273,728.81
5,759,832.83	1,173,875.69	1,172,695.89	0.00	2,346,571.58	3,413,261.25	4,487,878.86
1,393,709.74	271,017.21	248,798.10	15,936.77	503,878.54	889,831.20	831,021.79
286,371,323.53	0.00	0.00	0.00	0.00	286,371,323.53	286,337,676.03
293,524,866.10	1,444,892.90	1,421,493.99	15,936.77	2,850,450.12	290,674,415.98	291,656,576.68

Auditors' opinion

We have audited the annual financial statements, consisting of the balance sheet, the profit and loss statement, and the notes, including accounting and the Group management report of Deutsche Wohnen AG, Frankfurt / Main for the financial year from 1 January to 31 December 2010. The bookkeeping and the preparation of the annual financial statements and the Group management report in accordance with the regulations according to German commercial law are the responsibility of the legal representatives of the company. Our task is to evaluate the annual financial statements including accounting and the Group management report based on the audit performed by us.

We have carried out our audit of the annual financial statements in accordance with § 317 of the German Commercial Code, taking into account the established German principles for proper and orderly reporting relating to audits of financial statements of the Institute of German Auditors (Institut der Wirtschaftsprüfer, IDW). Accordingly, the audit is to be planned and realised in such a way that inaccuracies and violations which essentially affect the presentation of the net assets, financial position and results of operations as stated by the annual financial statements with respect to the generally accepted accounting principles and by the Group management report can be recognised with sufficient reliability. When determining the audit procedures, the knowledge of the business activity and of the economic and legal environment of the Group, as well as the expectations regarding possible errors are taken into account. In the context of the audit, the effectiveness of the internal control system regarding the accounting process, and verification of the data in accounting, the annual financial statements and the Group management report are evaluated mainly on the basis of samples. The audit includes the assessment of the accounting principles applied and the essential estimations of the legal representatives as well as the evaluation of the overall presentation of the annual financial statements and the Group management report. We are of the view that our audit constitutes a sufficiently firm basis for our assessment.

Our audit has not resulted in any objections.

According to our assessment – based on the knowledge obtained during the audit –, the annual financial statements take into account the statutory regulations and convey a true and fair view of the net asset, financial position and results of operations of the Group, which corresponds to the actual circumstances, taking into account the principles of proper and orderly bookkeeping. The Group management report is in line with the annual financial statements, gives overall an accurate description of the position of the Group, and accurately presents the opportunities and risks of the future development.

Berlin, 28 February 2011

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Völker	Glöckner
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Responsibility statement

"To the best of our knowledge, and in accordance with the applicable accounting standards, the consolidated financial statements as of 31 December 2010 give a true and fair view of the net assets, financial and earnings position of the company and the company's management report gives a true and fair view of the development of the business including the business result and the position of the company and describes the main opportunities and risks associated with the company's expected future development."

Frankfurt/Main, 25 February 2011

Deutsche Wohnen AG
Management Board

The image shows two handwritten signatures in black ink. The signature on the left is for Michael Zahn, and the signature on the right is for Helmut Ullrich. Both signatures are written in a cursive, flowing style.

Michael Zahn
Chief Executive Officer

Helmut Ullrich
Chief Financial Officer

IMPRINT

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Concept, consulting and design

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Hamburg

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