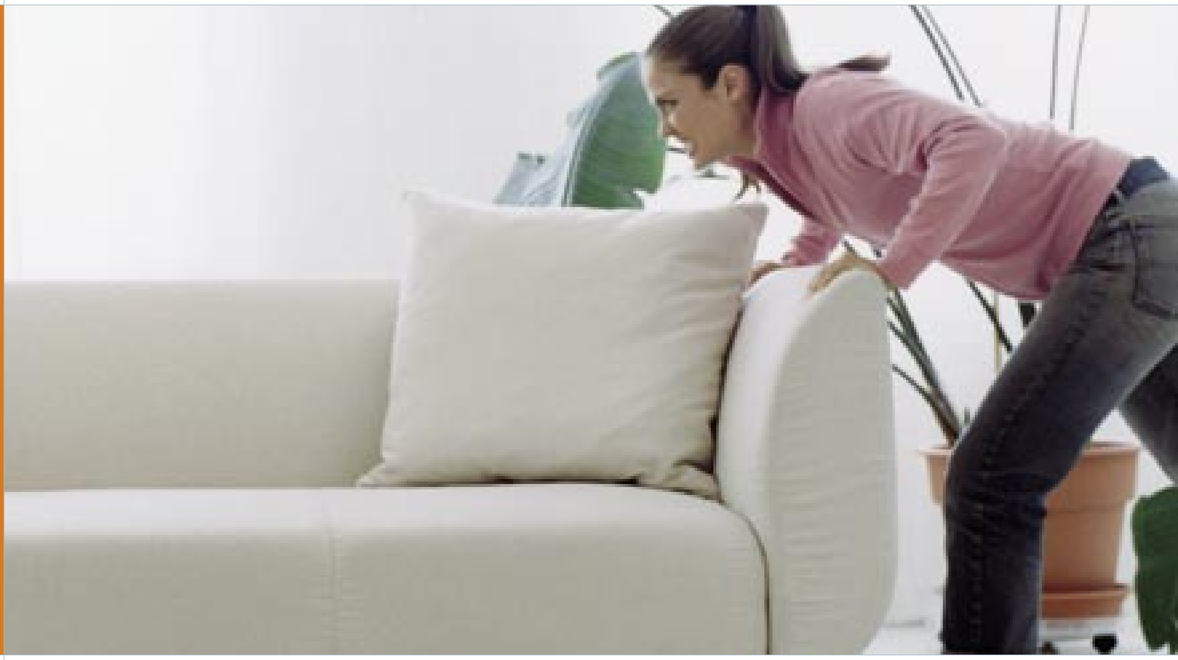


HALF YEAR REPORT January 1 – June 30, 2007

Deutsche Wohnen

CONTENTS

SUMMARY

The Deutsche Wohnen Group generated a loss before tax of EUR 4.4 million and a loss after tax of EUR 5.3 million as of June 30, 2007. These losses were primarily influenced by the following issues:

- Profit from Deutsche Wohnen's core business of residential property management rose by a substantial EUR 3.1 million to EUR 26.2 million, due to the consolidation of DB Immobilienfonds 14.

- The number of privatized apartments also rose in Q2 2007 but remained below the prior-year level (272 sales recognized on the balance sheet as against 345 in H1 2006). The segment result for the housing privatization segment declined by EUR 2.0 million to EUR 0.9 million.

- The net increase in employee expenses of approximately EUR 0.5 million resulted from a severance payment made to a member of the Management Board who left the Company.

- Resulting interest expenses of EUR 1.4 million based on a compounding of the liabilities to fund limited partners.

- The impairment loss of EUR 2.2 million charged on a receivable was already explained in Q1 2007.

We are maintaining our forecast for consolidated profit before tax of EUR 1 million in 2007 that we made at the beginning of July 2007.

INTERIM MANAGEMENT REPORT

RESULTS AND CORE DATA

Residential property management

At the end of fiscal year 2006, the 2,625 residential units and 27 commercial units held by DB Immobilienfonds 14 ("DB 14") were fully consolidated. This led to an increase in the total estimated rental income to EUR 48.1 million (June 30, 2006: EUR 42.2 million).

The average monthly estimated rent increased to EUR 5.05 per m^2 (June 30, 2006: EUR 4.98 per m^2).

After adjustment for vacancies of 6.95% (June 30, 2006: 7.82%) actual rental income of EUR 43.8 million was reported (June 30, 2006: EUR 38.8 million).

At EUR 9.6 million or EUR 6.47 per m^2, maintenance expenses were slightly higher year-on-year (June 30, 2006: EUR 9.0 million, or EUR 6.98 per m^2). This absolute increase is again due to DB 14.

Depreciation, amortization and impairment losses, which were also affected by DB 14, totaled EUR 8.5 million (June 30, 2006: EUR 7.1 million). Due to this, the segment result from residential property management improved by EUR 3.1 million or around 14% to EUR 26.2 million (June 30, 2006: EUR 23.1 million).

Housing privatization

272 housing sales were reported in the consolidated financial statements as of June 30, 2007 (June 30, 2006: 345 sales); the average selling price was EUR 765 per m^2 (June 30, 2006: EUR 872 per m^2).

The lower number of housing sales recognized on the balance sheet was due to the lower number carried forward from the previous year. By contrast, the number of legally binding sales, some of which will be recognized on the balance sheet at a later date, was stable year-on-year, at 427 residential units.

The reduction in selling prices is due to measures taken to streamline the portfolio in weaker locations.

The segment result from housing privatization amounted to EUR 0.9 million (June 30, 2006: EUR 2.9 million).

The Management Board expects that sales of approximately 500 apartments will probably be recognized on the balance sheet by the end of fiscal year 2007. However, this figure may rise substantially depending on operational business developments.

Other core Group data

The impairment loss of EUR 2.2 million charged on a receivable from the sale in 2005 of undeveloped land was already explained in the report for the period ending March 31, 2007. This non-recurring effect, which is reported in the "Other operating expenses" item, must also be taken into consideration during comparison with the prior period.

The consolidation of DB 14 mentioned earlier led to higher consolidated assets and consolidated liabilities. This resulted in interest expenses of EUR 3.6 million. But included is interest expense of EUR 1.4 million based on again tendered limited partnership interests in DB 14 and a compounding of the liabilities to fund limited partners.

All in all, interest expenses amounted to EUR 17.1 million (June 30, 2006: EUR 12.4 million). After offsetting against interest income of EUR 1.0 million (June 30, 2006: EUR 1.1 million) this resulted in net finance costs of EUR 16.2 million (June 30, 2006: EUR 11.3 million).

Administrative expenses declined by EUR 0.5 million as against the first half of 2006, while employee expenses increased by EUR 0.5 million.

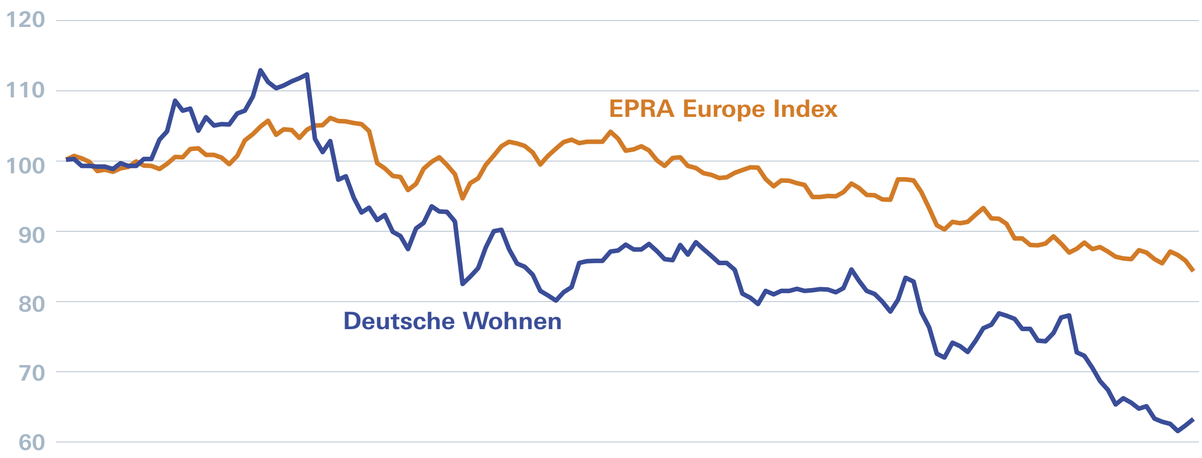
This item includes a severance payment made to a member of the Management Board who left the Company.

At EUR 20.2 million and EUR 11.7 million, consolidated EBITDA and consolidated EBIT declined by 5.6% and 17.9% respectively as against the previous year.

Further information to the financial and profit situation of the Group are mentioned in the notes on the consolidated accounts.

The financial statements for the first half of 2007 were not reviewed by an auditor.

Deutsche Wohnen Share vs. EPRA Global Index (US-dollars) from Januay 1 to July 24, 2007



DEUTSCHE WOHNEN SHARES

Deutsche Wohnen's bearer shares experienced a roller-coaster ride in the period until mid-July 2007. Up until mid-February, the share price was on an upward trend, peaking at EUR 56. This represented a premium of around 56% to the net asset value per share. From mid-February until the date of preparation of this interim report, the share price lost around 43% of its value, bottoming out at EUR 32.

The Management Board primarily attributes this trend to the general decline in interest by institutional investors in European, and particularly German, real estate shares.

On July 3, 2007 Deutsche Wohnen issued an ad hoc disclosure announcing its merger with the Berlin-based GEHAG Group.

An analysis by capital market experts of market reactions suggests that the potential offered by the new Deutsche Wohnen Group has not yet been adequately communicated to the markets. The information campaign that has since started is meeting the criticism expressed.

MERGER WITH THE GEHAG GROUP

On July 2, 2007 Deutsche Wohnen AG signed a notarized agreement with OCM Luxembourg Real Estate Investments S.á.r.l. and OCM Luxembourg Opportunities Investments S.á.r.l. to merge the Deutsche Wohnen Group with the Berlin-based GEHAG Group. In the course of the merger, the Deutsche Wohnen Group will indirectly acquire just under 85% of GEHAG GmbH. HSH Real Estate AG intends to acquire a further 15%. The GEHAG Group owns approximately 27,000 residential units in Berlin and Brandenburg. By merging with the GEHAG Group, Deutsche Wohnen AG will expand its residential property portfolio from the current figure of approximately 23,000 own units to a total of approximately 50,000. In addition, the GEHAG Group owns 20 senior care and nursing homes, as well as a separate media and cable business.

The Management Board of Deutsche Wohnen AG is convinced that the GEHAG merger was the right strategic step at the right time. For further details, please see the presentation on this topic on our website at http://www.deutsche-wohnen.de

Additional portfolio acquisitions

In addition, Deutsche Wohnen has acquired approximately 1,800 residential units from a number of different groups of sellers in the current year. The regional focus of these acquisitions was on the Rhine-Main area. The properties acquired offer potential for rent increases and privatization, which the Deutsche Wohnen Group will successively leverage in the coming years.

Additional portfolio acquisitions are planned in the coming months. This refers both to smaller, regional portfolio expansions and to additional strategic acquisitions of portfolios and/or companies.

Change in real estate accounting policies as of December 31, 2007

Deutsche Wohnen is changing the accounting policies for its investment properties with effect from December 31, 2007. In future, residential properties will be recognized using the fair value model. The discontinuation of the cost model will particularly increase the existing carrying amounts and consequently reduce the profit from housing privatization.

New appointments to the Management Board

The Supervisory Board of Deutsche Wohnen AG has appointed Helmut Ullrich as the new CFO with effect from August 1, 2007. Mr. Ullrich joins the Management Board of Deutsche Wohnen from RREEF Management GmbH (formerly DB Real Estate Management GmbH) and RREEF Investment GmbH (formerly DB Real Estate Investment GmbH), where as managing director he was also responsible for finance. With his appointment to the Management Board, Mr. Ullrich is resigning his position as Chairman of the Supervisory Board of Deutsche Wohnen AG.

Report to forecasts and other statements to future developments

Since the publication of the consolidated Management Report as of 31 December 2006, the Management Board does not have any new cognitions, that relevant forecasts and other statements to future developments of the Group for the fiscal year 2007 have changed

Opportunities and risks of future development

Opportunities and risks of future development are fully mentioned in the consolidated Management Report as of 31 December 2006. In addition there are earnings potentials from the GEHAG acquisition for the new combined Deutsche Wohnen Group.

Related party transactions

Regarding related party transactions we refer to the comments within the notes to the consolidated financial statements.

OUTLOOK

The Management Board is aiming to adjust dividends to the earnings per share generated starting in 2008. However, with respect to the dividend for fiscal year 2007 a figure comparable with the dividend for previous years of approximately EUR 1.76 per share is still to be expected.

KEY FIGURES AS OF JUNE 30, 2007

Key figures – Group		Jan 1 – Jun 30, 2007	Jan 1 – Jun 30, 2006	Jan 1 – Dec 31, 2006
Profit before tax	EUR m	–4.4	2.6	31.3
Profit after tax	EUR m	–5.3	1.7	31.1
EBIT	EUR m	11.7	14.3	46.2
EBITDA	EUR m	20.2	21.4	68.0
Housing privatization				
Number of housing units sold in the reporting period reported on the balance sheet date	units	272	345	1,177
Number of privatizations recorded in the reporting period	EUR per m²	427	422	1,227
Unrealized gains from the sale of properties*	EUR m	4.7	7.6	36.3
Selling and pre-sale expenses*	EUR m	1.4	2.3	7.0
Gross profit from sales	EUR m	0.9	2.9	30.1
Residential property management				
Residential stock**	units	21,157	21,438	21,005
Total residential space**	millions of m²	1.34	1.37	1.33
Revenue from estimated rent***	EUR m	48.1	42.2	83.7
Revenue from estimated rent***	EUR per m²	5.05	4.98	5.05
Revenue from actual rent***	EUR m	43.8	38.8	76.7
Maintenance expenses***	EUR m	9.6	9.0	17.5
Maintenance expenses***	EUR per m²	6.47	6.98	13.43
Gross profit from residential property management***	EUR m	26.2	23.1	46.0

* Only Rhine-Main/Rhineland-Palatinate core portfolio
** Not including DB Immobilienfonds 14
*** Not including North Hesse portfolio (acquired in 2004)

CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2007
– ASSETS –

Assets in EUR	Jun 30, 2007	Jun 30, 2006	Dec 31, 2006
A. Noncurrent assets			
I. Investment property	982,894,861.18	799,434,870.60	956,579,764.60
II. Down payment made on investment properties	41,575,613.25	925,000.00	0.00
III. Property, plant and equipment	3,875,449.86	4,067,833.85	3,897,897.89
IV. Intangible assets	145,260.00	31,643.00	188,805.00
V. Noncurrent financial assets	141,228.51	23,845,180.63	172,921.87
VI. Noncurrent receivables and other noncurrent assets	148,218.00	2,216,850.70	145,326.00
VII. Deferred tax assets	42,547,000.00	40,417,000.00	42,420,000.00
Total noncurrent assets	**1,071,327,630.80**	**870,938,378.78**	**1,003,404,715.36**
B. Current assets			
I. Properties held for sale and other inventories			
a) Land without buildings	2,386,014.07	2,503,417.92	2,479,657.75
b) Land with finished buildings	5,776,503.49	7,545,573.15	5,907,943.42
c) Work in progress, other inventories	38,217,638.53	30,835,566.79	28,152,724.93
	46,380,156.09	**40,884,557.86**	**36,540,326.10**
II. Current receivables and other current assets			
a) Receivables from rental activities	3,845,669.01	4,087,612.73	4,284,329.28
b) Recievables from property sales	15,287,821.25	3,458,371.15	47,160,064.98
c) Current tax receivables	1,100,548.00	1,067,680.08	1,652,277.65
d) Current receivables and other current assets	13,877,518.15	17,098,183.19	10,249,862.73
e) Derivatives	0.00	6,144,000.00	0.00
	34,111,556.41	**31,855,847.15**	**63,346,534.64**
III. Cash and bank balances	**28,491,288.50**	**54,356,434.35**	**33,515,685.27**
C. Noncurrent assets held for sale	**6,810,358.69**	**8,505,438.77**	**2,709,053.66**
Total current assets	**115,793,359.69**	**135,602,278.13**	**136,111,599.67**
Total assets	**1,187,120,990.49**	**1,006,540,656.91**	**1,139,516,315.03**

CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2007 – EQUITY AND LIABILITIES –

Equity and Liabilities in EUR		Jun 30, 2007	Jun 30, 2006	Dec 31, 2006
A.	Equity			
I.	Subscribed capital	20,000,000.00	10,225,837.62	20,000,000.00
II.	Capital reserves	170,754,317.92	207,052,559.57	170,754,317.92
III.	Retained earnings	29,764,982.21	29,553,878.21	29,702,430.21
IV.	Consolidated net retained profits	152,246,252.26	171,830,233.52	175,098,444.00
	Total equity	**372,765,552.39**	**418,662,508.92**	**395,555,192.13**
B.	Noncurrent liabilities			
I.	Bank loans and overdrafts	481,314,111.34	407,160,671.16	503,587,203.03
II.	Liabilities to other lenders	59,222,441.41	20,703,195.48	58,599,066.68
III.	Derivative instruments	0.00	0.00	54,795.07
IV.	Post-employment benefit obligation	4,901,229.30	5,121,280.00	5,083,618.00
V.	Other noncurrent provisions	258,657.23	4,180,493.86	254,480.27
VI.	Liabilities to fund limited partners	50,380,352.53	0.00	49,783,237.83
VII.	Other noncurrent liabilities	219,139.70	5,341,389.79	219,139.70
VIII.	Deferred tax liabilities	6,523,163.12	2,190,000.00	6,179,849.51
IX.	Deferred income	34,703,142.86	36,189,965.46	35,446,554.16
	Total noncurrent liabilities	**637,522,237.49**	**480,886,995.75**	**659,207,944.25**
C.	Current liabilities			
I.	Bank loans and overdrafts	92,658,940.06	6,132,837.57	9,004,049.09
II.	Liabilities to other lenders	2,492,233.64	1,405,276.00	2,499,798.29
III.	Current provisions	4,894,496.22	6,278,661.89	4,184,292.00
IV.	Other current provisions	786,721.12	881,340.33	599,197.02
V.	Prepayments received	48,844,375.88	41,276,916.32	32,763,820.82
VI.	Liabilities from rental activities	9,278,407.47	8,219,781.02	10,401,092.18
VII.	Trade payables and other liabilities	17,878,026.22	35,683,339.11	25,300,929.25
VIII.	Derivatives	0.00	7,113,000.00	0.00
	Total current liabilities	**176,833,200.61**	**106,991,152.24**	**84,753,178.65**
Total equity and liabilities		**1,187,120,990.49**	**1,006,540,656.91**	**1,139,516,315.03**

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2007

in EUR	Jan 1 – Jun 30, 2007	Jan 1 – Jun 30, 2006	Jul 1 – Dec 31, 2006
1. Revenue			
a) from residential property management	49,530,547.31	46,592,380.00	59,857,079.53
b) from property sales	365,700.00	526,000.00	2,790,888.00
c) from management activities	635,623.33	1,177,635.84	962,775.61
d) from other services	20,773.11	47,875.12	21,061.60
	50,552,643.75	**48,343,890.96**	**63,631,804.74**
2. Profit from housing privatization			
a) Sale proceeds	13,745,990.75	18,728,995.44	78,473,527.84
b) Carrying amounts of assets disposed	9,202,262.31	10,987,137.93	44,391,366.76
	4,543,728.44	7,741,857.51	34,082,161.08
3. Changes in inventories	10,279,612.71	6,263,729.91	– 6,343,612.34
4. Other operating income	1,943,493.08	2,435,936.57	2,347,102.36
5. Cost of purchased services			
a) Residential property management	27,860,088.15	24,310,820.22	26,086,404.55
b) Property sales	225,363.06	286,044.70	1,665,552.85
	28,085,451.21	24,596,864.92	27,751,957.40
Gross profit	**39,234,026.77**	**40,188,550.03**	**65,965,498.44**
6. Employee expenses	9,563,817.96	8,995,318.50	8,354,117.06
7. Depreciation, amortization and impairment losses	8,475,950.71	7,096,420.35	14,757,639.92
8. Other operating expenses	9,462,238.24	9,815,242.30	10,961,379.87
9. Income from business combination	0.00	0.00	8,779,377.52
10. Income from financial assets	3,923.41	318,436.48	317,674.74
11. Other interest and similar income	954,200.13	783,220.52	570,658.30
12. Impairment losses on financial assets	0.00	163,107.00	691.63
13. Interest and similar expenses	17,107,086.40	12,411,126.25	12,574,539.42
14. Net finance costs	**–16,148,962.86**	**–11,472,576.25**	**–11,686,898.01**
15. Gains and losses on financial derivatives	0.00	167,000.00	344,000.00
16. Profit before tax	**– 4,416,943.00**	**2,641,992.63**	**28,640,841.10**
17. Income tax expense	820,845.56	904,726.07	– 726,988.55
18. Other taxes	14,403.18	31,289.75	23,474.04
19. Profit after tax/loss (–)	**– 5,252,191.74**	**1,705,976.81**	**29,344,355.61**
Profit attributable to: Shareholders of the parent	– 5,252,191.74	1,705,976.81	29,344,355.61
Earnings per share	– 0.26	0.09	1.47

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM APRIL 1 TO JUNE 30, 2007

in EUR	Apr 1 – Jun 30, 2007	Apr 1 – Jun 30, 2006
1. Revenue		
a) from residential property management	26,973,609.45	26,387,360.92
b) from property sales	365,700.00	426,000.00
c) from management activities	323,823.85	640,165.38
d) from other services	10,452.19	21,351.25
	27,673,585.49	**27,474,877.55**
2. Profit from housing privatization		
a) Sale proceeds	12,504,470.75	11,367,382.10
b) Carrying amounts of assets disposed	8,132,413.65	6,935,933.88
	4,372,057.10	4,431,448.22
3. Changes in inventories	3,956,092.59	859,075.73
4. Other operating income	790,099.14	1,493,786.26
5. Cost of purchased services		
a) Residential property management	15,951,608.60	13,983,681.88
b) Property sales	225,363.06	223,811.22
	16,176,971.66	14,207,493.10
Gross profit	**20,614,862.66**	**20,051,694.66**
6. Employee expenses	5,611,881.11	4,774,861.08
7. Depreciation, amortization and impairment losses	4,494,263.26	3,572,792.98
8. Other operating expenses	3,766,138.56	6,700,216.91
9. Income from business combination	0.00	0.00
10. Income from financial assets	1,627.52	158,457.08
11. Other interest and similar income	503,509.92	556,419.86
12. Impairment losses on financial assets	0.00	163,107.00
13. Interest and similar expenses	8,779,376.14	6,165,797.24
14. Net finance costs	**–8,274,238.70**	**–5,614,027.30**
15. Gains and losses on financial derivatives	0.00	–81,000.00
16. Profit before tax	**–1,531,658.97**	**–691,203.61**
17. Income tax expense	484,345.56	701,726.07
18. Other taxes	4,051.58	12,588.84
19. Profit after tax/loss (–)	**–2,020,056.10**	**–1,405,518.52**
Profit attributable to: Shareholders of the parent	–2,020,056.10	–1,405,518.52
Earnings per share	–0.10	–0.07

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2007

in EUR thousand	Subscribed capital	Capital reserves	Retained earnings	Consolidated net retained profits	Subtotal	Minority interests	Total
Balance at June 30, 2006 in accordance with IFRS	**10,226**	**207,053**	**29,553**	**171,830**	**418,662**	**0**	**418,662**
Distributions				– 52,600	– 52,600		– 52,600
Profit for the year				29,344	29,344		29,344
Withdrawals		– 36,298			– 36,298		– 36,298
Appropriations	9,774			26,524	36,298		36,298
Adjustment from pensions			149		149		149
Balance at December 31, 2006 in accordance with IFRS	**20,000**	**170,755**	**29,702**	**175,098**	**395,555**	**0**	**395,555**
Distributions				– 17,600	– 17,600		– 17,600
Profit for the year				– 5,252	– 5,252		– 5,252
Withdrawals					0		0
Appropriations					0		0
Adjustment from pensions			62		62		62
Balance at June 30, 2007 in accordance with IFRS	**20,000**	**170,755**	**29,764**	**152,246**	**372,765**	**0**	**372,765**

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2007

in EUR thousand	Jan 1 – Jun 30, 2007	Jan 1 – Jun 30, 2006
1. Consolidated profit before interest paid and received and income taxes (insofar as recognized in the income statement for the reporting period)	6,955	13,195
2. Depreciation and amortization expense	8,476	7,259
3. Increase/decrease (–) in provisions	665	– 171
4. Net gains (–)/losses on disposal of investment property	– 4,544	– 7,742
5. Interest paid (–)/received	– 11,602	– 17,278
6. Income taxes paid (–)/received	– 605	– 637
7. Increase (–)/decrease in deferred taxes	216	335
8. Increase (–)/decrease in inventories, trade receivables, derivatives and other assets that are not attributable to investing or financing activities	19,440	130
9. Increase/decrease (–) in trade payables, derivatives and other liabilities that are not attributable to investing or financing activities	9,367	12,887
10. Change in other balance sheet items	62	98
11. Cash flows from operating activities	**28,430**	**8,076**
12. Proceeds from disposal of investment property	13,746	18,621
13. Payments to acquire investment property	– 89,647	– 4,307
14. Payments to acquire intangible assets	– 4	0
15. Proceeds from disposal of financial assets and capital repayments	32	90
16. Payments to acquire minority interests in consolidated companies	0	– 10
17. Investments into financial assets	0	– 284
18. Payments to acquire financial assets	0	– 163
19. Cash flows from investing activities/housing sales	**– 75,873**	**13,947**
20. Payments to owners (dividend)	– 17,600	0
21. Proceeds from issuance of loans	70,035	4,193
22. Repayments of loans	– 10,016	– 19,063
23. Cash flows from financing activities	**42,419**	**–14,870**
24. Net change in cash and cash equivalents	**–5,024**	**7,153**
25. Cash and cash equivalents at beginning of period	33,516	47,203
26. Cash and cash equivalents at end of period	**28,492**	**54,356**

Cash and cash equivalents comprise cash EUR 8 thousand (previous year EUR 12 thousand) and bank balances EUR 28,484 thousand (previous year EUR 54,344 thousand).

In fiscal year 2007, cash funds of EUR 3,499 thousand (previous year EUR 10,518 thousand) were pledged or transfered to banks.

CONSOLIDATED SEGMENT REPORTING

in EUR m	Jun 30, 2007	Jun 30, 2006
Revenue from estimated rent	48.1	42.2
Revenue from actual rent	43.8	38.8
Revenue from operating cost allocations	15.5	13.5
= Revenue from property management	*59.4*	*52.3*
Expenses from operating costs	16.8	14.6
Maintenance expenses	9.6	9.3
Other expenses from property management	0.7	0.6
Depreciation, amortization and impairment losses on noncurrent assets	8.5	7.1
= Expenses from property management	*35.6*	*31.6*
Adjustments for vacancies due to sales	2.4	2.4
Segment result – Residential Property Management	**26.2**	**23.1**
Sales revenue	12.6	18.6
Disposal of consolidated carrying amounts	7.9	11.1
= Consolidated book gains	*4.7*	*7.6*
Selling and pre-sale expenses	1.4	2.3
Adjustments for vacancies due to sales	2.4	2.4
= Sales segment result for core Rhine-Main/Rhineland-Palatinate portfolio	*0.9*	*2.7*
Result from privatization of other development properties	*– 0.1*	*0.0*
Net selling proceeds from North Hesse portfolio	*0.1*	*0.2*
Segment result – Housing Privatization	**0.9**	**2.9**
Income from management activities	0.6	1.2
Other income	1.9	3.4
Write-downs of receivables	2.9	1.3
Employee expenses	9.6	9.0
Administrative expenses	5.5	5.9
EBDIT	**20.2**	**21.4**
EBIT	**11.7**	**14.3**
Interest income	1.0	1.1
Interest expenses	17.1	12.4
= Net finance costs	**–16.1**	**–11.3**
Profit before tax	**–4.4**	**2.6**
Income tax expense	0.8	0.9
Consolidated profit for the period	**–5.3**	**1.7**

Notes: The presentation of segment reporting in the interim financial reports differs from that in the annual reports. In addition, the breakdown of the profit from housing privatization item differs from the presentation in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2007

I. General information

The financial statements of the Deutsche Wohnen Group as of June 30, 2007 were prepared in accordance with International Financial Reporting Standards (IFRS) guilty in the EU. The consolidated financial statements were not reviewed by an auditor. The interim financial statements of the companies included are based on uniform accounting policies.

The consolidation methods and accounting policies are unchanged as against the 2006 consolidated financial statements and are presented in Deutsche Wohnen's 2006 Annual Report. Basis of consolidation did not change compared to December 31, 2006.

The 2006 Annual Report can be downloaded from the Company's website (http://www.deutsche-wohnen.de). Please contact the Company for a printed copy.

Since December 31, 2006 with IFRIC 9 (new assessment of included derivatives), IFRIC 10 (interim reporting and decline of value) and IFRIC 11 (Group-intern business and business with own participations according to IFRS 2) new interpretations came into effect; but there are no relevant consequences to the financial and profit situation of the Group.

Property management does not show seasonal fluctuation. But within residential privatization the highest number of privatizations come through in the second half of a fiscal year.

II. Selected comments to the consolidated balance sheet

Investment properties are held to produce rental income and for rise in value purposes. Increase in investment properties is based on portfolio acquisitions with change in ownership in the first half of 2007. Opposite to previous owners the subsidiaries of Deutsche Wohnen Group inter alia binded in social restriction and to ask particularly the tenants within privatizazion. Other contractual obligations for buying, producing or developing investment properties do not exist end of June 2007.

Deposits paied to sellers for investment properties with change of ownership in future periods are shown within a different position of the consolidated balance sheet and amount to EUR 41.6 million (June 30, 2006: EUR 0.9 million). Deposits were paied fort he acquisition of 510 residential units and 37 commercial units within the Rhine-Main-area.

Increase of benefits in process resulted particularly from geating and operating costs not accounted with the tenants. Accounting takes place regularly in the second half of a fiscal year.

Position “receivables from property sales” declined in the reporting period by EUR 31.9 million down to EUR 15.3 million based on already done purchase price payments.

Equity decreased in the first half of 2007 by EUR 22.8 million. This is the consequence of the dividend payment for the second short fiscal year 2006 of EUR 17.6 million paid in June 2007 and the loss for profit after tax of the reporting period of approximately EUR 5.2 million.

Current liabilities increased in the first half of 2007 by approximately EUR 83.6 million. Increase is based particularly on the in the first stepp short-termed financing of acquired residential property portfolios; a long-term refinancing is intended.

III. Selected comments to the consolidated income statement

The Deutsche Wohnen Group generated a loss before tax of EUR 4.4 million and a loss after tax of EUR 5.3 million as of June 30, 2007 (June 30, 2006: + EUR 2.6 million resp. + EUR 1.7 million).

Undiluted earnings per share amounted to negative EUR 0.26 (June 30, 2006: + EUR 0.09 per share). Diluted earnings per share were not calculated.

Mentioned losses were primarily influenced by the following issues:

- Profit from Deutsche Wohnen's core business of residential property management rose by a substantial EUR 3.1 million to EUR 26.2 million, due to the consolidation of DB Immobilienfonds 14.

- The number of privatized apartments also rose in Q2 2007 but remained below the prior-year level (272 sales recognized on the balance sheet as against 345 in H1 2006). The segment result for the housing privatization segment declined by EUR 2.0 million to EUR 0.9 million.

- The net increase in employee expenses of approximately EUR 0.5 million resulted from a severance payment made to a member of the Management Board who left the Company.

- Resulting interest expenses of EUR 1.4 million based on a compounding of the liabilities to fund limited partners.

- The impairment loss of EUR 2.2 million charged on a receivable was already explained in Q1 2007.

For the first time P&L positions to property management include income and expense coming from DB 14; due to this comparability with the first half years of previous fiscal years is possible in a limited way.

Net finance costs is influenced particularly by the raise of interest expense and similar expenses coming to EUR 4.5 million in total. On the one hand current financing costs for DB properties are considered first time; on the other hand expenses coming from the compounding of the liabilities to fund limited partners are shown.

In the first half of 2007 taxes on profits and income include current income taxes and income taxes relating to other periods of EUR 0.6 million (June 30, 2006: EUR 0.8 million), and in the amount of EUR 0.2 million (June 30, 2006: EUR 0.3 million) changes of deferred taxes are included. Current income taxes are based on subsidiaries in which no fiscal losses came through or fiscal losses carried forward can be used just in the amount of minimum taxation, and are caused particularly by the individual fiscal declines in book values of the privatized properties.

No additional deferred taxes on the asset side were composed on losses of single subsidiaries in the reporting period; reason for this is, that using is not intended in the forecast period which is valuation basis.

IV. Related party transactions

According to IAS 24 related companies or parties are defined inter alia as parent companies and subsidiaries and subsidiaries of a common parent company, associated companies, legal persons influenced by management and the management of the company. No related party transactions took place in the reporting period.

V. Comment to own share stock

Currently Deutsche Wohnen AG does not hold own shares. Neither Board members nor employees hold options (section 160 paragraph 1 number 2 and 5 of German Stock Companies Act).

VI. Personnel

As a holding company, Deutsche Wohnen AG does not have any employees of its own apart from the Management Board. At the Group companies, Deutsche Wohnen Management- und Servicegesellschaft mbH (formerly: MT Wohnen GmbH) and Rhein-Pfalz Wohnen GmbH had a total of 271 employees on June 30, 2007 (June 30, 2006: 261 employees) plus 9 trainees (June 30, 2006: 11).

VII. Changes in the Management Board

In April 2007 Michael Neubürger resigned his position as member of the Management Board. The Supervisory Board appointed Dr. Michael Gellen to a member of the Management Board of Deutsche Wohnen AG, this for a transition time.

VIII. Other comments

In the reporting period a new IT service contract with IBM Mittelstandssysteme GmbH was concluded, this with a duration up to March 31, 2012; this leads to other financial obligations of EUR 4.6 million (December 31, 2006: EUR 1.1 million).

On a trust basis Group subsidiaries manage deposits for rental securities in the amount of EUR 5.1 million (December 31, 2006: EUR 4.4 million).

Further essential changes regarding contingent claims and liabilities did not arise compared to December 31, 2006.

Consolidated cashflow statement shows, how cashflows of the Group changed in the reporting period by funds inflow and outflow. Most relevant position of the consolidated cashflow statement are the payments to acquire investment properties of EUR 89.6 million. Increase was based particularly on the acquisition of smaller residential property portfolios. Liabilities for acquisition financing are reflected in the change of cashflows from financing activities.

IX. Significant events occuring after the balance sheet date

On 2 July 2007 Deutsche Wohnen AG reached an agreement with OCM Luxembourg Real Estate Investments S.à.r.l. and OCM Luxembourg Opportunities Investments S.à.r.l. and concluded a notarised contract regarding the merger of Deutsche Wohnen Group with GEHAG Group (Berlin). Both selling parties mentioned above are backed by the private equity company Oaktree Capital Management LLC, Los Angeles, USA.

In the course of the merger, Deutsche Wohnen Group indirectly will take over 85 percent interest in GEHAG GmbH. Deutsche Wohnen AG also intends to take over the remaining shares from HSH Real Estate AG, representing about 15 percent. The Federal State of Berlin owns a share of considerable less than 1 percent in GEHAG GmbH.

The effectiveness of the agreement is still subject to several conditions.

Consequently the acquisition date was not fixed up to the approval of this Half Year Report by the Management Board.

GEHAG Group owns approximately 27,000 residential units in Berlin and Brandenburg. As a result of the merger with GEHAG Group, Deutsche Wohnen AG's residential portfolio will expand from a current number of approximately 23,000 own residential units to approximately 50,000 residential units in total. GEHAG Group also owns 20 senior citizens' and care homes as well as an independent media and cable business.

The merger is based on an enterprise value relating to 100% of the entire GEHAG Group in the amount of approximately EUR 1.84 billion. OCM Luxembourg Real Estate Investments S.à.r.l. and OCM Luxembourg Opportunities Investments S.à.r.l. will receive 6.4 million new bearer shares in Deutsche Wohnen AG as well as a convertible bond with an overall nominal value of EUR 25 million. The sellers may exercise their conversion right until 2010, at a price of EUR 45.00. In addition OCM Luxembourg Real Estate Investments S.à.r.l. and OCM Luxembourg Opportunities Investments S.à.r.l. will receive a cash purchase price of EUR 257 million. Financial liabilities of GEHAG Group (inclusive GEHAG Acquisition Co. GmbH) currently amount to approximately EUR 1.31 billion.

Together, with 6.4 million new bearer shares in Deutsche Wohnen AG OCM Luxembourg Real Estate Investments S.à.r.l. and OCM Luxembourg Opportunities Investments S.à.r.l. will hold approximately 25% of the shares in Deutsche Wohnen AG, not including the rights associated with the convertible bond. In the context of the transaction, the sellers have agreed to observe a lock-up period of at least twelve months for the shares and the convertible bond.

Effective from 01 August 2007, the Supervisory Board of Deutsche Wohnen AG has appointed Mr. Helmut Ullrich as new Chief Financial Officer. Before joining the company's Management Board, Mr. Ullrich served as managing director of RREEF Management GmbH (formerly DB Real Estate Management GmbH) and RREEF Investment GmbH (formerly DB Real Estate Investment GmbH), where he was also responsible for finances. Upon his appointment as member of the Management Board, Mr. Ullrich resigns as Chairman of the Supervisory Board of Deutsche Wohnen AG.

In addition, the Supervisory Board of Deutsche Wohnen AG has declared its intention to appoint Mr. Michael Zahn as member of the Management Board, responsible for business operations. Currently, Mr. Zahn is the sole managing director of GEHAG GmbH, Berlin, the company in which Deutsche Wohnen AG recently indirectly acquired an interest of approximately 85%. A formal appointment is to take place after the merger with GEHAG group has been executed, which is still subject to certain conditions.

Dr. Michael Gellen has resigned as member of the company's Management Board, effective at the end of 31 July 2007. Following a vacancy that had arisen at short notice, Dr. Gellen had been appointed as member of the company's Management Board in April this year, a step that all parties concerned had intended from the start as an interim measure pending the restructuring of the Management Board, which has now been completed.

After the approval of the Federal Council of Germany to the corporate tax reform law ("Unternehmenssteuerreformgesetz") 2008 taking place on July 6, 2007, new tax law will come into effect in Germany starting from January 1, 2008. Based on this a revaluation of deferred taxes of Deutsche Wohnen Group will come through in the third quarter 2007. Revaluation will bring increased tax expenses. Consequences of the earnings stripping rule ("Zinsschranke") for fiscal year 2008 are currently under review.

Frankfurt am Main, July 27, 2007

Deutsche Wohnen AG

Andreas Lehner
– Chairman of the
Management Board –

Dr. Michael Gellen
– Member of the
Management Board –

RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

"To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year."

Frankfurt am Main, July 27, 2007

Deutsche Wohnen AG

Andreas Lehner
– Chairman of the
Management Board –

Dr. Michael Gellen
– Member of the
Management Board –

ADDITIONAL INFORMATION

MANAGEMENT BOARD
(as of July 2007)

Andreas Lehner (Chairman)
Dr. Michael Gellen

SUPERVISORY BOARD
(as of July 2007)

Helmut Ullrich (Chairman)
Dr. Andreas Kretschmer (Deputy Chairman)
Jens Bernhardt
Matthias Hünlein
Hans-Werner Jacob
Dr. Florian Stetter

CALENDAR

July 30/31, 2007
Roadshow New York

August 8, 2007
Roadshow Amsterdam

September 12/13, 2007
UBS-Conference in New York

September 25 to 27, 2007
HVB-Conference in Munich

October 8 to 10, 2007
EXPO REAL in Munich

October 18, 2007
Société Générale Conference in London

October 25/26, 2007
7th Conference "Real Estate Share Initiative"
in Frankfurt

November 14 to 17, 2007
German Equity Forum
in Frankfurt

November 14/15, 2007
WestLB-Conference in Frankfurt

November 27, 2007
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