Deutsche Wohnen

Interim Report

›› as of 31 March 2010

CONTENTS

Consolidated balance sheet operational figures	03/31/2010	12/31/2009
	EUR m	EUR m
Investment properties	2,811.0	2,835.5
Cash and cash equivalents	87.5	57.1
Equity	852.5	862.0
Equity ratio	28 %	28 %
Financial liabilities	1,783.3	1,802.7
Loan to value ratio	60.3 %	61.5 %
Net net asset value	**864.8**	**870.3**
Net net asset value per share	**10.57**	**10.63**

Group profit and loss statement operational figures	Q1 / 2010	Q1 / 2009	12/31/2009
	EUR m	EUR m	EUR m
Revenue	70.6	71.2	306.3
EBITDA (adjusted)	34.5	33.0	133.5
Earnings before taxes	8.8	0.7	3.4
Earnings after taxes	5.2	– 2.2	– 13.3
Funds from operations	13.7	9.0	34.8
Funds from operations per share	0.17	0.11*	0.43

* This operating figure is for information purposes only and was calculated on the basis of the new number of shares. The capital increase came into effect on 6 October 2009.

Share information	03/31/2010	03/31/2009	12/31/2009
Share price (EUR)	7.51	11.40**	6.70
Number of shares (million)	81.84	26.40	81.84
Market capitalisation (EUR m)	614.6	301.0	548.3
Primary stock exchange	Xetra		
Indices	SDAX, EPRA/NAREIT, MSCI Small Cap, GPR250		
ISIN / ticker symbol (bearer share)	DE000A0HN5C6 / DWNI		

** Adjusted value including subscription right.

1 INTERIM MANAGEMENT REPORT

Deutsche Wohnen closed the first quarter of 2010 with a profit of EUR 5.2 million and registered improvement in all relevant operational figures.

Our results as compared with the previous quarter

- Adjusted earnings before taxes improved by 86 % to EUR 9.1 million.
- Earnings after taxes rose from EUR –2.2 million to EUR 5.2 million.
- Thanks to favourable operating activities and reduced interest expenditure the FFO improved 55 % from EUR 0.11 per share to EUR 0.17 per share.
- Cash and cash equivalents rose from EUR 30.4 million to EUR 87.5 million.
- Thanks to further repayments of financial liabilities totalling EUR 23.3 million, our loan to value ratio (LTV) improved to 60.3 %.

2 PORTFOLIO CHANGES

Due to the sale of 1,817 housing units our residential holdings have been reduced by 120 m²k over the past 12 months:

	Q1/2010		Q1/2009*	
	Units	Area	Units	Area
	Number	m²k	Number	m²k
Core portfolio	37,278	2,246	37,848	2,283
Disposals	8,697	551	9,945	635
Own properties	45,975	2,798	47,793	2,918
DB14	2,622	179	2,621	179
Total properties	**48,597**	**2,976**	**50,414**	**3,096**

* The operational figures have been adjusted to the new portfolio structure.

Our core portfolio holdings currently total 37,278 housing units located in the growing conurbations of Berlin and Frankfurt and in the Rhine-Main region. Given the prevailing economic and demographic trends we regard these areas as offering the greatest growth potential.

	Units	Area	Share	In-place rent*	Market rent**	Vacancy
	Number	m²k	%	EUR/m²	EUR/m²	%
Core portfolio	**37,278**	**2,246**	**100**	**5.37**	**6.26**	**3.1**
Berlin	21,699	1,298	58	5.26	5.97	1.9
Frankfurt	3,658	217	10	6.85	8.31	2.4
Rhine-Main	3,743	224	10	5.75	7.26	7.4
Rheintal-Süd	2,688	170	8	4.83	5.03	3.0
Rheintal-Nord	4,346	261	12	4.83	5.06	5.6
Brandenburg	970	63	3	4.81	5.51	5.2
Others	174	12	1	6.02	6.17	2.4

* Contractually owed rent from the entered apartments divided by the rented area.
** Current achievable contracted rent.

With a portfolio share of some 70 %, Berlin and Frankfurt are of overriding importance for Deutsche Wohnen. In our largest individual location of Berlin, we are significantly better positioned than our rivals with average in-place rents of 5.26 EUR/m² and a 1.9 % vacancy rate. The market rents currently achievable are due to the location and comparatively good quality of our housing stock.

Berlin: vacancy rate 1.9 %

3 BUSINESS TRENDS BY SEGMENTS

Deutsche Wohnen's business activities include the letting and management of what is predominantly our own property (Result from Residential Property Management), the sale of residential property to owner occupiers and institutional investors (Result from Disposals) and the operation of residential care homes and retirement homes (Result from Nursing and Residential Care Homes).

Overview of the segmental results for Q1/2010 as compared with Q1/2009:

	Q1/2010	Q1/2009
	EUR m	EUR m
Result from residential property management	39.2	39.0
Result from disposals	0.6	0.6
Result from nursing and residential care homes	2.2	2.3
Contribution margin from the segments	**42.0**	**41.9**
Administration costs	–7.4	–8.6
Other operating income and expenses	–0.1	–0.3
EBITDA without restructuring	**34.5**	**33.0**

3.1 RESULT FROM RESIDENTIAL PROPERTY MANAGEMENT

The Deutsche Wohnen business model focuses on the management and development of its own portfolio, which is where our special skills lie. In the long term we expect to continue chiefly servicing rental markets, in view of which any future disposals will be made on a selective basis where the prevailing demand makes the prices particularly attractive.

EBITDA (adjusted):
EUR 34.5 million

Despite the disposals we were able to stabilise our earnings from residential property management at the same level as in the first quarter of 2009. The NOI-Margin increased from 71.9 % to 73.6 %:

	Q1 / 2010	Q1 / 2009
	EUR m	EUR m
Current gross rents	**48.1**	**48.0**
Non recoverable expenses	– 1.6	– 1.7
Delinquencies	– 0.8	– 0.4
Maintenance	– 6.0	– 6.1
Other costs	– 0.5	– 0.8
Result from residential property management	39.2	39.0
Personnel, general and administration expenses	– 3.8	– 4.5
Operating result (NOI)	35.4	34.5
NOI-margin, %	**73.6 %**	**71.9 %**
NOI in EUR/m² per month	**3.86**	**3.62**
Increase, %	**6.6 %**	

Over the past 12 months the Result from Residential Property Management has improved by 6.6 % per square metre per month.

The following table shows the changes in the in-place rents and the vacancy rate:

	In-place rent EUR/m²			Vacancy rate in %		
	Q1 / 2009	Q4 / 2009	Q1 / 2010	Q1 / 2009	Q4 / 2009	Q1 / 2010
Core portfolio	5.22	5.35	5.37	4.1	2.7	3.1
Berlin	5.07	5.24	5.26	2.9	1.5	1.9
Frankfurt / Main	6.71	6.83	6.85	3.4	2.0	2.4
Rhine-Main	5.60	5.71	5.75	9.2	7.2	7.4
Rheintal-Süd	4.78	4.82	4.83	3.5	2.2	3.0
Rheintal-Nord	4.76	4.81	4.83	4.9	5.5	5.6
Brandenburg	4.72	4.79	4.81	10.2	4.7	5.2
Others	5.95	6.01	6.02	1.0	1.9	2.4

On the reporting date the average in-place rent was 5.37 EUR/m² and increased continuously over the past quarters. During the first quarter of 2010 we entered into a total of 1,069 new contracts for unregulated residential accommodation. The average market rent for unregulated residential accommodation is currently 6.26 EUR/m², roughly 16 % higher than the average in-place rent.

For tenant turnover-related reasons, the core portfolio vacancy rate is 3.1 % higher than on 31 December 2009. During the first three months of 2010 we had 943 terminations, as against 967 in

NOI-Margin
73.6 %

Q1 2009. This represents a virtually constant annualised turnover rate of 10 %. A total of 115 residential units (0.3 % of the core portfolio) have been vacant for more than 12 months:

	Vacancy	Already rented	Turnover-related	*of which >12 months*	Investment-related
Total	1,319	337	642	*115*	340
Berlin	432	163	158	*11*	111
Frankfurt/Main	112	35	77	*6*	0
Rhein-Main	335	54	154	*45*	127
Rheintal-Süd	264	50	155	*32*	59
Rheintal-Nord	111	28	45	*6*	38
Brandenburg	60	5	50	*15*	5
Others	5	2	3	*0*	0

The investment-related vacancies relate to residential areas with a total of 1,619 housing units which are scheduled for complex modernisation work and have thus been taken out of rental circulation. The average rental potential of these properties is 35 %. For 2010 three projects involving 650 housing units are at the planning stage.

3.2 RESULT FROM DISPOSALS

The principal activity of the disposals segment is the sale of residential accommodation to owner-occupiers (housing privatisation) as well as the sale of small packages to institutional investors.

The total notarised volume of disposals during the first quarter of 2010 was EUR 55.2 million, which broke down as follows:

	Units	Transaction volume	Fair value	Margin	
	Number	EUR m	EUR m	EUR m	%
Privatisation	253	21.4	15.8	5.6	35
Institutional sales	798	33.8	32.5	1.3	4
	1,051	55.2	48.3	6.9	14

Sales performance was significantly higher during the first three months of 2010 than the previous year (EUR 31.8 million). This was chiefly due to a major improvement in the market environment, with significantly higher quality on the investor side.

In the housing privatisation sphere we generated an unchanged gross margin of well over 30 %.

We sold 798 housing units to institutional investors, with a transaction volume of EUR 33.8 million and a gross margin of 4 %.

Transaction volume of
EUR 55.2 million

Of the 1,051 notarised units, by the reporting date 486 units, with a transaction volume of EUR 22.5 million, were recognised on the balance sheet in the first quarter due to the closing.

3.3 RESULT FROM NURSING AND RESIDENTIAL CARE HOMES

The nursing and residential care home segment chiefly comprises the operation of high-quality fully in-patient residential care and retirement home real estate. All properties meet the necessary requirements of residences for the elderly and are accredited as residential care facilities according to Sections 11 and 12 of the German Homes Act (Heimgesetz). The bulk of the real estate is the property of the Deutsche Wohnen Group, and the properties are located in the five German federal states of Berlin, Brandenburg, Saxony, Lower Saxony and Rhineland-Palatinate.

On the 31 March 2010 reporting date the occupancy rate for the real estate owned by Deutsche Wohnen was 95.6 % for residential care homes (881 beds) and 97.3 % for retirement homes (220 bedrooms). Currently our leased premises (248 beds) have an 81 % occupancy rate.

During the first quarter the segment registered revenue of EUR 8.1 million and EBITDA (earnings before interest, tax, depreciation and amortisation) of EUR 2.2 million.

3.4 ADMINISTRATION COSTS

Administration costs (excluding nursing and residential care homes) were reduced by a further 13 % as compared with Q1 2009. They break down as follows:

	EUR m
Property Management (Deutsche Wohnen Management GmbH)	3.8
Asset Management/Disposals (Deutsche Wohnen Corporate Real Estate GmbH)	0.9
Holding function (Deutsche Wohnen AG)	2.7
Total	7.4

Decrease of administration costs by 13 %

4 NOTES ON THE ASSETS, FINANCIAL AND EARNINGS POSITION

4.1 EARNINGS POSITION

	Q1 / 2010	Q1 / 2009
	EUR m	EUR m
Revenue	70.6	71.2
Gross margin from sales	1.5	1.4
Expenses related to goods and services received	– 25.5	– 26.2
Personnel expenses including nursing and residential care	– 9.0	– 9.7
Other operating expenses/income	– 3.1	– 3.7
EBITDA, adjusted	**34.5**	**33.0**
Depreciation, amortisation and impairment losses	– 0.7	– 0.5
Restructuring costs	0.0	– 4.2
Financial result	– 25.0	– 27.6
Earnings before taxes	**8.8**	**0.7**
Taxes on income	– 3.6	– 2.9
Net result for the period	**5.2**	**– 2.2**

The significant improvement in the result is chiefly due to a slight improvement in EBITDA, the fact that there are no more restructuring costs and the further improvement in financial earnings.

The reader is referred to subsection 3 ff regarding changes in the operating result.

The financial earnings break down as follows:

	Q1 / 2010	Q1 / 2009
	EUR m	EUR m
Current interest expenses	– 21.1	– 24.2
Accumulation of interest on liabilities and pensions	– 3.7	– 3.7
Market value adjustment of derivatives	– 0.4	0.0
	– 25.2	**– 27.9**
Interest income	0.2	0.3
Financial earnings	**– 25.0**	**– 27.6**

The fall in current interest expenses of almost 15 % is a result of the ongoing repayment of debt.

Positive result after tax
totalling EUR 5.2 million

The earnings before taxes on income, as adjusted for valuation and one-off effects, has changed as follows:

	Q1/2010	Q1/2009
	EUR m	EUR m
Earnings before taxes	**8.8**	**0.7**
Restructuring and reorganisation costs	0.0	4.2
Result from the market value adjustment of derivatives	0.4	0.0
Adjusted earnings before taxes	**9.1**	**4.9**

4.2 FINANCIAL POSITION

	03/31/2010		12/31/2009	
	EUR m	%	EUR m	%
Investment properties	2,811.0	91	2,835.5	92
Other non-current assets	123.3	4	120.8	4
	2,934.3	**95**	**2,956.3**	**96**
Current assets	57.3	2	66.0	2
Cash and cash equivalents	87.5	3	57.1	2
	144.8	**5**	**123.1**	**4**
	3,079.1	**100**	**3,079.3**	**100**
Equity	**852.5**	**28**	**862.0**	**28**
Financial liabilities	1,783.3	58	1,802.7	59
Tax liabilities	80.7	3	84.1	3
Liabilities towards fund limited partners	49.9	2	49.1	2
Pensions	41.4	1	41.5	1
Other liabilities	271.3	9	239.9	8
	2,226.6	**72**	**2,217.3**	**72**
	3,079.1	**100**	**3,079.3**	**100**

The balance sheet total to 31 March 2010 has changed little since 31 December 2009. At 91 %, investment properties represent the largest balance sheet item, and despite the disposals this figure has fallen only slightly.

Non-current assets amount to EUR 57.3 million. Of these, non-current assets held for sale represent the largest single item at EUR 27.3 million.

Adjusted earnings before taxes improved from EUR 4.9 million to EUR 9.1 million

Thanks to loan repayments the financial liabilities have fallen since the end of 2009, enabling us to improve our loan to value ratio to 60.3%:

	03/31/2010	12/31/2009
	EUR m	EUR m
Financial liabilities	1,783.3	1,802.7
Convertible bonds	26.7	26.6
	1,810.0	**1,829.3**
Cash and cash equivalents	–87.5	–57.1
Net financial liabilities	**1,722.5**	**1,772.2**
Investment properties	2,811.0	2,835.5
Non-current assets held for sale	27.3	25.1
Land and buildings held for sale	17.9	18.4
	2,856.3	**2,879.0**
Loan to value ratio	**60.3%**	**61.5%**

The credit portfolio's average interest rate is currently approximately 4.3% p.a.

The tax liabilities chiefly relate to obligations arising from the flat-rate taxation of EK-02 stock. The fall is due to payments totalling EUR 3.9 million. We have initiated legal steps contesting said taxation.

The increase in other liabilities is chiefly due to increased down payments on property purchases and changes to the market value of derivatives.

Decrease of loan to value ratio to 60.3%

Cash flow statement

	Q1 / 2010	Q1 / 2009
	EUR m	EUR m
Cash flow from operating activities	10.7	14.2
Cash flow from investment activities	43.0	5.6
Cash flow from financing activities	– 23.3	– 21.1
Net change in cash and cash equivalents	**30.4**	**– 1.2**
Cash and cash equivalents at beginning of period	57.1	42.0
Cash and cash equivalents at end of period	87.5	40.7

The Group's cash flow has improved markedly as compared with Q1 / 2009.

The fall in operating cash flow is due to the part payment of EK-02 taxes (EUR 3.9 million).

The Group accrued EUR 41.4 million from sales of housing during the first quarter of 2010. Payments for additional housing investments of EUR 0.8 million are (more than) counterbalanced by subsidies from UNESCO World Cultural Heritage totalling EUR 2.5 million.

Financial liabilities totalling EUR 23.3 million have been paid off.

Cash and cash equivalents to 31 March 2010 totalled EUR 87.5 million. We still have free lines (of credit) amounting to EUR 127.7 million.

Funds from operations rose markedly to 31 March 2010 as compared with Q1 2009, now amounting to EUR 13.7 million or EUR 0.17 per share, which breaks down as follows:

	Q1 / 2010	Q1 / 2009
	EUR m	EUR m
Net result for the period	5.2	– 2.2
Depreciation, amortisation and impairment losses	0.7	0.5
Value adjustment of derivatives	0.4	0.0
Financial expenses not affecting liquidity	3.7	3.7
Deferred taxes	3.9	2.9
Restructuring costs	0.0	4.2
FFO	13.7	9.0
FFO per share (basis 26.4 million shares)	0.52	0.34
FFO per share (basis 81.8 million shares)	0.17	0.11

FFO increased by 55 % to
EUR 0.17 per share

4.3 NET NET ASSET VALUE

As of 31 March 2010 the net net asset value amounted to EUR 865 million or EUR 10.57 per share. This figure is calculated from the equity as of 31 March 2010 of EUR 852 million, as adjusted to allow for property-related deferred taxes.

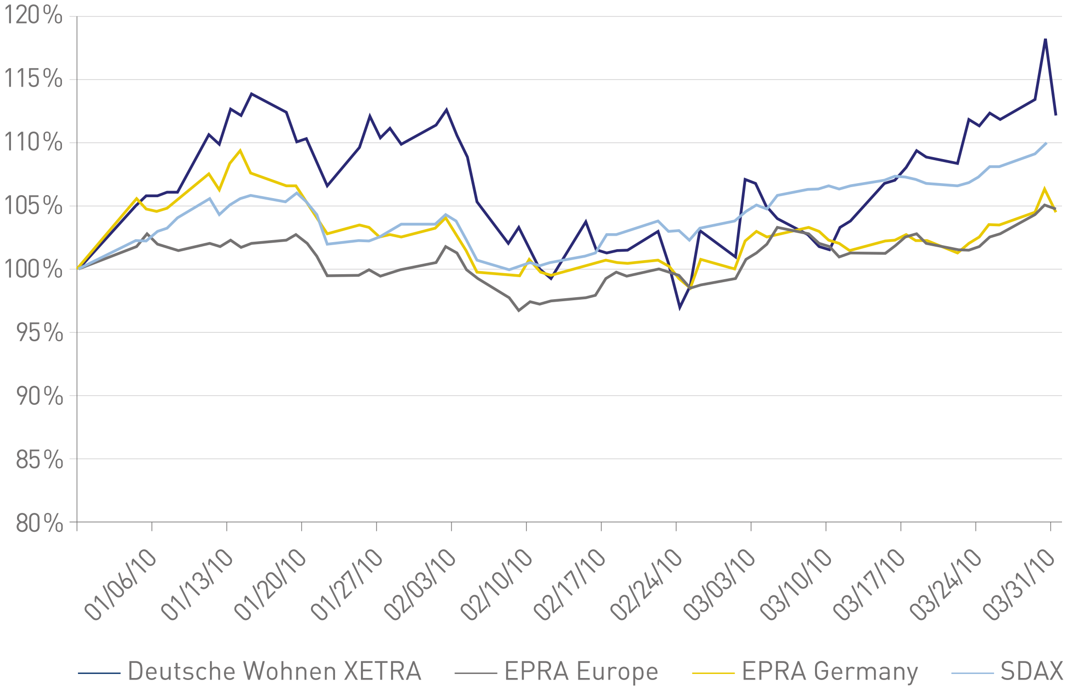
4.4 STOCK EXCHANGE AND THE DEUTSCHE WOHNEN SHARE

The first quarter of 2010 saw a continuation of the financial market recovery which started in 2009, though the risks associated with the financial crisis and subsequent worldwide recession cannot yet be regarded as being behind us. Uncertainty persists as to the sustainability of the recovery and regarding prospects for the economy, world trade and financial market stability.

Whereas the DAX had returned by 31 March 2010 to the level seen on 31 December 2009, after sustaining losses during February, the MDAX and SDAX have risen between 5 % and 7 % since the beginning of the year.

The Deutsche Wohnen AG share fluctuated during the first quarter around an average of EUR 7.20. It reached its high point of EUR 7.91 on 30 March 2010, and registered on the 31 March 2010 reporting date a level of EUR 7.51, some 12 % above the price of EUR 6.70 seen at the start of the year. After a strong start in January, the share in February reflected the weak performance of the market as a whole. From mid-March onwards the share clearly outperformed both our rivals and the various indices.

The share's price movements during Q1/2010



Share price increased by 12 % during Q1

4.5 EVENTS AFTER THE REPORTING DATE

We are not aware of any significant transactions taking place after the reporting date.

4.6 RISK REPORT

With respect to the risks arising from future business developments the reader is referred to the risk report included in the consolidated financial statements to 31 December 2009.

4.7 FORECAST

The excellent progress during the first quarter provides a sound basis for our 2010 annual targets. FFO per share has risen by EUR 0.06 as compared with the previous quarter, meaning that we have already exceeded the forecast FFO rise of EUR 0.05 for the year as a whole. Provided current business trends continue largely unchanged we see major further potential here.

Our focus will continue to be on strengthening our portfolio basis. We will be working vigorously on acquisition opportunities, while also aiming to make significant progress towards streamlining our portfolio. We are confident of achieving both goals. The transactions market as a whole is taking shape, as possible acquisition targets are becoming clear and a marked revival of demand is becoming apparent.

INTERIM FINANCIAL STATEMENTS AS OF 31 MARCH 2010

CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2010

Deutsche Wohnen AG, Frankfurt / Main Consolidated Balance Sheet as of 31 March 2010	03/31/2010	12/31/2009
	k EUR	k EUR
Assets		
Investment property	2,810,970	2,835,483
Property, plant and equipment	17,087	17,401
Intangible assets	4,309	4,558
Other non-current assets	414	400
Deferred tax assets	101,534	98,428
Non-current assets	**2,934,314**	**2,956,270**
Land and buldings held for sale	17,907	18,358
Other inventories	2,033	2,284
Trade receivables	5,323	14,543
Current tax receivables	2,433	2,468
Other current assets	2,247	3,182
Cash and cash equivalents	87,489	57,095
Subtotal, current assets	**117,432**	**97,930**
Non-current assets held for sale	27,345	25,125
Current assets	**144,777**	**123,055**
Total assets	3,079,091	3,079,324

CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2010

Deutsche Wohnen AG, Frankfurt / Main Consolidated Balance Sheet as of 31 March 2010	03/31/2010	12/31/2009
	k EUR	k EUR
Liabilities and equity		
Equity allocated to parent company shareholders		
Subscribed capital	81,840	81,840
Capital reserves	455,761	455,761
Accumulated consolidated profit	314,551	324,068
	852,152	861,669
Minority shareholdings	302	302
Total equity	**852,454**	**861,971**
Non-current financial liabilities	1,698,297	1,722,044
Pension obligations	41,446	41,529
Liabilities to fund limited partners	41,541	40,791
Tax liabilities	56,060	55,486
Derivative financial instruments	58,525	37,185
Other provisions	10,130	10,107
Deferred tax liabilities	81,746	81,412
Total non-current liabilities	**1,987,745**	**1,988,554**
Current financial liabilities	84,965	80,673
Convertible bonds	26,738	26,567
Trade payables	37,795	23,182
Liabilities to fund limited partners	8,334	8,334
Other provisions	5,073	6,396
Derivative financial instruments	33,606	33,282
Tax liabilities	24,669	28,642
Other liabilities	17,712	21,723
Total current liabilities	**238,892**	**228,799**
Total liabilities and equity	**3,079,091**	**3,079,324**

GROUP STATEMENT OF INCOME

Deutsche Wohnen AG, Frankfurt / Main Group Statement of Income for the period from 1 January to 31 March 2010	Q1 / 2010	Q1 / 2009
	k EUR	k EUR
Revenue	70,587	71,200
Result from disposals		
Sales proceeds	22,514	5,548
Carrying amounts disposed	–21,014	–4,120
	1,500	1,428
Other operating income	1,961	1,998
Total income	74,048	74,626
Expenses related to goods and services received	–25,546	–26,185
Personnel expenses	–9,004	–9,683
Other operating expenses	–4,997	–5,776
Restructuring and reorganisation expenses	0	–4,166
Total expenses	–39,547	–45,811
Interim result	34,502	28,815
Depreciation, amortisation and impairment losses	–717	–496
Earnings before interest and taxes (EBIT)	33,785	28,319
Financial income	219	278
Result from the market value adjustment of derivatives	–353	0
Financial expenses	–24,901	–27,909
Earnings before taxes	8,750	688
Taxes on income	–3,588	–2,911
Net result for the period	5,162	–2,224
attributable to:		
Parent company shareholders	5,162	–2,224
Minority shareholdings	0	0
	5,162	–2,224
Earnings per share		
undiluted	0.06	–0.08
diluted	0.06	–0.08

GROUP STATEMENT OF INCOME AND ACCUMULATED EARNINGS

Deutsche Wohnen AG, Frankfurt / Main Group Statement of Income and Accumulated Earnings 1 January to 31 March 2010	Q1 / 2010	Q1 / 2009
	k EUR	k EUR
Net result for the period	5,162	– 2,224
Other result		
Net loss from derivatives	– 21,311	– 32,840
Income tax effects	6,632	10,140
	– 14,679	– 22,700
Other earnings after taxes	– 14,679	– 22,700
After-tax loss for the period	– 9,517	– 24,924
attributable to:		
Parent company shareholders	– 9,517	– 24,924
Minority shareholdings	0	0

GROUP CASH FLOW STATEMENT

Deutsche Wohnen AG, Frankfurt / Main Group cash flow statement for the period from 1 January to 31 March 2010	Q1 / 2010	Q1 / 2009
	k EUR	k EUR
Operating activities		
Result for the period for continuing divisions	5,162	– 2,224
Financial income	– 219	– 278
Financial expenses	24,901	27,909
Income tax	3,588	2,911
Result for the period before interest and taxes	33,432	28,319
Non-cash expenses/income		
Depreciation, amortisation and impairment	717	496
Adjustment of interest rate swaps	354	0
Other non-cash expenses/income	– 3,433	– 375
Change in net working capital		
Change in receivables, inventories and other current assets	2,968	3,043
Change in operating liabilities	– 973	3,773
Operating cash flow	33,065	35,255
Interest paid	– 18,832	– 20,885
Interest received	219	278
Tax paid	– 3,828	– 414
Cash flow from operating activities	10,625	14,234
Investment activities		
Proceeds from sales	41,409	7,283
Payments made to acquire investment property	– 895	– 766
Proceeds from investment subsidies	2,525	0
Payments made to fund limited partners	0	– 887
Cash flow from investment activities	43,039	5,631
Financing activities		
Proceeds from taking on loans	3,726	28,252
Loan repayment	– 26,996	– 49,362
Cash flow from financing activities	– 23,270	– 21,110
Net changes in cash and cash equivalents	30,394	– 1,245
Cash and cash equivalents at the start of the period	57,095	41,974
Cash and cash equivalents at the end of the period	87,489	40,729

GROUP STATEMENT OF CHANGES IN EQUITY

Deutsche Wohnen AG, Frankfurt / Main Group Statement of Changes in Equity					
			Accumulated consolidated profit/loss		
	Registered capital	Capital reserves	Pensions	Cashflow hedge reserve	Other reserves
	k EUR	k EUR	k EUR	k EUR	k EUR
Equity as of 1 January 2009	26,400	269,677	2,215	– 31,250	381,947
Net result for the period					– 2,224
Other result				– 27,700	
Comprehensive income				– 22,700	– 2,224
Equity as of 31 March 2009	26,400	269,677	2,215	– 53,950	379,723
Equity as of 1 January 2010	81,840	455,761	204	– 44,805	368,670
Net result for the period					5,162
Other result				– 14,679	
Comprehensive income				– 14,679	5,162
Equity as of 31 March 2010	81,840	455,761	204	– 59,484	373,832

GROUP STATEMENT OF CHANGES IN EQUITY

Deutsche Wohnen AG, Frankfurt / Main Group Statement of Changes in Equity			
	Subtotal	Minority shareholdings	Equity
	k EUR	k EUR	k EUR
Equity as of 1 January 2009	648,989	302	649,292
Net result for the period	– 2,224		– 2,224
Other result	– 22,700		– 22,700
Comprehensive income	– 24,924		– 24,924
Equity as of 31 March 2009	624,065	302	624,368
Equity as of 1 January 2010	861,670	302	861,971
Net result for the period	5,162		5,162
Other result	– 14,679		– 14,679
Comprehensive income	– 9,517		– 9,517
Equity as of 31 March 2010	852,153	302	852,454

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

1.1 DEUTSCHE WOHNEN GROUP

Deutsche Wohnen AG's business operations are restricted to its holding activities on behalf of the companies making up the Group. These chiefly comprise the fields of law, personnel, financing, controlling and accounting, promotional and marketing communications and investor relations. The operational subsidiaries concentrate on the residential property management and property disposals segments in relation to real estate located chiefly in Berlin, Frankfurt and the Rhine-Main region, as well as the nursing and residential care homes segment.

The Consolidated Financial Statements have been drawn up in euros. Unless otherwise stated, all figures are rounded to the nearest thousand (k EUR) or million (EUR m). For technical reasons tables and references may contain figures with rounding differences as compared with the arithmetically exact figures.

1.2 BASIS AND METHODS EMPLOYED FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The abridged Interim Consolidated Financial Statements for the period from 1 January to 31 March 2010 were prepared in accordance with IAS 34 Interim Reporting as applied in the EU.

These interim financial statements do not include all the information and details required of Consolidated Financial Statements and should accordingly be read in tandem with the annual Consolidated Financial Statements to 31 December 2009. In 2010 Deutsche Wohnen for the first time received investment subsidies, wich have been offset against the cost of the corresponding investments.

The Consolidated Financial Statements are largely drawn up according to the historical costs method, though with some exceptions, principal among them the investment properties and derivatives, which are posted at fair value.

The Consolidated Financial Statements comprise the financial statements of Deutsche Wohnen and its subsidiaries to 31 March 2010. The financial statements of both the parent company and its subsidiaries have been drawn up using standard accounting policies and applying the same reporting date.

Preparing the Consolidated Financial Statements requires management to make discretionary judgments, estimates and assumptions which have an impact on the amount of the earnings, expenses, asset values and debts posted for the reporting date, as well as on the disclosure of contingent liabilities. The uncertainty associated with these assumptions and estimates means that results may be arrived at which could entail significant future adjustments of the book value of the assets and liabilities concerned.

Deutsche Wohnen's business activities are largely free of seasonal or cyclical effects.

1.3 CHANGES TO THE LIST OF CONSOLIDATED COMPANIES

There have been no changes to the list of consolidated companies.

2 CHANGES TO THE ACCOUNTING METHODS

Deutsche Wohnen essentially uses the same accounting methods as the previous year.

However, in the first quarter of 2010 the new standards and interpretations required for financial years commencing after 1 January 2010 were applied in full.

3 SELECTED NOTES TO THE CONSOLIDATED BALANCE SHEET

Investment property makes up 91 % of the Deutsche Wohnen Group's assets. The reduction as compared with 31 December 2009 is chiefly due to disposals.

Property, plant and equipment chiefly comprise technical equipment plus operating and office equipment.

The derivatives comprise interest rate swaps posted at their fair value. These are not held for speculative purposes but rather to minimise the interest rate risk and attendant cash flow risk inherent in variable interest rate loans. Due to falling interest rates the negative market value [of the swaps] has risen from EUR 70.5 million at the end of 2009 to EUR 92.1 million.

The reader is referred to pages 20 and 21, Statement of changes in equity, for details of equity movements

Due to loan repayments totalling EUR 23 million (net) during the first three months of 2010, the financial liabilities have fallen since 31 December 2009.

The balance sheet item Convertible bonds discloses the loan capital portion of the GEHAG Group convertible bond issued as part of the purchase price. The change is due to accrued interest for the first three months. The convertible bond matures during the 3rd quarter of 2010.

The tax liabilities chiefly reflect the payment obligation for EK-02 as of 31 December 2006.

4 SELECTED NOTES TO THE GROUP STATEMENT OF INCOME

The revenues break down as follows:

	Q1/2010	Q1/2009
	EUR m	EUR m
Residential property management	62.5	63.0
Nursing and residential care homes	8.1	8.1
Care activities	0.0	0.1
	70.6	71.2

Expenses related to goods and services received chiefly comprises residential property management expenses of EUR 23.0 million, up from EUR 23.6 million during Q1 2009.

The reduction in personnel expenses from EUR 9.7 million to EUR 9.0 million is chiefly due to the restructuring carried out during 2008 and 2009. As in 2009, EUR 4.2 million is assignable to the nursing and residential care homes segment.

Financial expenses break down as follows:

	Q1/2010	Q1/2009
	EUR m	EUR m
Current interest expenses	–21.1	–24.2
Accrued interest on liabilities and pensions	–3.7	–3.7
Market value adjustment of derivatives	–0.4	0.0
	–25.2	–27.9

5 NOTES CONCERNING THE GROUP CASH FLOW STATEMENT

The cash funds comprise cash and bank balances, on top of which we also have freely available lines of credit at banks totalling EUR 127.7 million.

6 NOTES TO THE SEGMENT REPORTING

The following table shows the Deutsche Wohnen Group's segment by segment earnings and result:

	External revenue Q1/2010	Internal revenue Q1/2010	Total revenue Q1/2010	Result* Q1/2010
	EUR m	EUR m	EUR m	EUR m
Segments				
Residential property management	62.5	0.5	63.0	39.2
Disposals	22.5	0.0	22.5	0.6
Nursing and residential care	8.1	0.0	8.1	2.2
Consolidated Financial Statements				
Central function and other operating activities	0.0	7.9	7.9	–7.5
Consolidation and other transposition	–22.5	–8.4	–30.9	0.0
	70.6	0.0	70.6	34.5

	External revenue Q1/2009	Internal revenue Q1/2009	Total revenue Q1/2009	Result* Q1/2009
	EUR m	EUR m	EUR m	EUR m
Segments				
Residential property management	63.0	0.2	63.2	39.0
Disposals	5.5	0.0	5.5	0.6
Nursing and residential care	8.1	0.0	8.1	2.3
Consolidated Financial Statements				
Central function and other operating activities	0.1	19.4	19.5	–8.9
Consolidation and other transposition	–5.5	–19.6	–25.1	0.0
	71.2	0.0	71.2	33.0

* The result corresponds with the interim result before restructuring.

7 OTHER DISCLOSURES

Related parties
There were no material changes in the related parties as compared with the details given as of 31 December 2009.

Management and Supervisory Board
There have been no personnel changes in the Management and Supervisory Board since 31 December 2009.

8 RISK REPORT

With respect to the risks inherent in future business developments the reader is referred to the Risk Report contained in the Consolidated Financial Statements to 31 December 2009.

Frankfurt/Main, May 2010

Deutsche Wohnen AG
The Management Board

Michael Zahn	Helmut Ullrich
Chief Executive Officer	Chief Financial Officer

CONFIRMATION OF THE GROUP'S LEGAL REPRESENTATIVES

"We hereby confirm that, to the best of our knowledge, the Interim Consolidated Financial Statements to 31 March 2010, drawn up in accordance with generally accepted accounting principles, convey a true and accurate picture of the Group's revenue, financial and assets position and that the interim report sets out the Group's business results and current situation in a manner accurately reflecting its actual circumstances, as well as describing the principal risks and opportunities posed by the Group's likely future development."

Frankfurt/Main, May 2010

Deutsche Wohnen AG
The Management Board

Michael Zahn	Helmut Ullrich
Chief Executive Officer	Chief Financial Officer

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