INTERIM REPORT
as at 31 March 2012

Deutsche Wohnen

EXPERIENCING

ROOMS

TO GROW

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KEY FIGURES

Profit and loss statement		Q1/2012	Q1/2011[1]
Earnings from Residential Property Management	in EUR m	44.1	39.6
Earnings from Disposals	in EUR m	3.8	2.7
Earnings from Nursing and Assisted Living	in EUR m	2.6	2.7
Corporate expenses	in EUR m	−7.7	−7.6
EBITDA	in EUR m	43.1	37.3
EBT (adjusted)	in EUR m	19.6	14.0
EBT (as reported)	in EUR m	19.5	14.2
Group profit (after taxes)	in EUR m	14.4	8.5
Group profit (after taxes)	EUR per share	0.14[2]	0.10[2]
FFO (without disposals)	in EUR m	18.4	15.2
FFO (without disposals)	EUR per share	0.18[2]	0.19[2]
FFO (incl. disposals)	in EUR m	22.2	17.9
FFO (incl. disposals)	EUR per share	0.22[2]	0.22[2]

Balance sheet		31/03/2012	31/12/2011
Investment properties	in EUR m	2,981.0	2,928.8
Current assets	in EUR m	275.0	288.7
Equity	in EUR m	1,093.1	1,083.4
Net financial liabilities	in EUR m	1,687.8	1,666.9
Loan-to-Value Ratio (LTV)	in %	54.9	55.0
Total assets	in EUR m	3,338.4	3,302.2

Share		31/03/2012	31/12/2011
Share price (closing price)	EUR per share	11.08	10.27
Number of shares	m	102.30	102.30
Market capitalisation	in EUR m	1,133	1,051

Net Asset Value (NAV)		31/03/2012	31/12/2011
EPRA NAV	in EUR m	1,228.3	1,211.3
EPRA NAV	EUR per share	12.01[3]	11.84[3]

Fair Values		31/03/2012	31/12/2011
Fair value of real estate properties[4]	in EUR m	2,954	2,899
Fair value per sqm residential and commercial area[4]	EUR per sqm	954	946

[1] All data for Q1/2011 without the so-called scrip adjustment of the capital increase 2011
[2] Based on average number of around 102.3 million issued shares in Q1/2012 or 81.84 million issued shares in Q1/2011
[3] Based on average number of 102.3 million issued shares as at the reporting date
[4] Only comprises residential and commercial buildings

INTERIM MANAGEMENT REPORT

Portfolio

Our portfolio has changed as at 31 March 2012 compared to 31 March 2011 as follows:

	31/03/2012			31/03/2011		
	Residential units	Area	Share of total portfolio	Residential units	Area	Share of total portfolio
Residential	Number	sqm k	%	Number	sqm k	%
Core regions	**46,889**	**2,842**	**94**	**42,485**	**2,587**	**90**
Letting portfolio	42,641	2,566	86	38,651	2,331	82
Privatisation	4,248	276	8	3,834	256	8
Disposal regions	**2,933**	**183**	**6**	**4,610**	**283**	**10**
Adjustment portfolio	1,220	76	3	2,289	139	5
Other disposal holdings	1,713	107	3	2,321	144	5
Total	**49,822**	**3,025**	**100**	**47,095**	**2,870**	**100**

The following provides an overview of our portfolio as at 31 March 2012:

	Apartments						Commercial		Parking spaces
	Number	Share of total portfolio	Area	In-place rent[1]	New-letting rent[2]	Vacancy rate	Number	Area	Number
		%	sqm k	EUR/sqm	EUR/sqm	%		sqm k	
Core regions	**46,889**	**94**	**2,842**	**5.65**	**6.90**	**2.0**	**444**	**82**	**13,590**
Letting portfolio	42,641	86	2,566	5.66	6.89	1.6	433	81	12,074
Privatisation	4,248	8	276	5.59		6.3	11	1	1,516
Greater Berlin	27,845	56	1,662	5.47		1.5	278	38	2,758
Letting portfolio	25,212	51	1,495	5.50	6.60	1.0	267	37	2,350
Privatisation	2,633	5	167	5.21		5.7	11	1	408
Frankfurt/Main	4,076	8	247	7.04		1.5	45	16	2,139
Letting portfolio	3,505	7	205	7.16	8.65	0.7	45	16	1,766
Privatisation	571	1	41	6.38		5.9	0	0	373
Rhine-Main	4,833	10	289	6.26		4.3	55	14	2,546
Letting portfolio	4,357	9	259	6.21	7.67	3.9	55	14	2,240
Privatisation	476	1	31	6.70		7.5	0	0	306
Rhine Valley South	5,103	10	319	5.33		2.5	41	12	3,436
Letting portfolio	4,741	9	296	5.32	6.22	1.9	41	12	3,213
Privatisation	362	1	23	5.44		9.3	0	0	223
Rhine Valley North	4,320	9	276	5.36		2.3	4	0	2,415
Letting portfolio	4,114	8	262	5.35	6.45	2.0	4	0	2,209
Privatisation	206	1	14	5.60		6.7	0	0	206
Others (letting only)	712	1	48	5.07	5.53	4.7	21	2	296
Disposal regions	**2,933**	**6**	**183**	**4.69**	**4.94**	**8.4**	**22**	**2**	**1,450**
Adjustment portfolio	1,220	3	76	4.40		13.6	13	1	501
Other disposal holdings	1,713	3	107	4.87		5.2	9	1	949
Total	**49,822**		**3,025**	**5.60**	**6.78**	**2.3**	**466**	**84**	**15,040**

[1] Contractually owed rent from rented apartments divided by rented area
[2] Contractually owed rents from newly concluded contracts for units not subject to rent control effective in 2012

The metropolitan areas Greater Berlin, Frankfurt/Main and the Rhine-Main area make up around 74 % of our total holdings and so constitute the main focus of our portfolio. In these regions, we see long-term and sustainable rent increase potential with low vacancy rates.

In the first quarter of 2012, we reduced our holdings in the disposal regions by 368 apartments with an area of 24 sqm k. Thus, the percentage of our total holdings in the core regions rose to 94 % and the average in-place rent across the total portfolio increased from EUR 5.57 per sqm as at 31 December 2011 to EUR 5.60 per sqm as at 31 March 2012.

Notes on financial performance and financial position

Financial performance

The business activities of Deutsche Wohnen comprise the letting and management of what are predominantly its own holdings (earnings from Residential Property Management), the disposal of residential properties to owner-occupiers and/or investors and institutional investors (earnings from Disposals) and the operation of residential nursing home facilities and senior residences (earnings from Nursing and Assisted Living).

The following provides an overview of the development of business operations in the first three months of the financial year 2012 in comparison to the corresponding period of the previous year.

in EUR m	Q1/2012	Q1/2011
Earnings from Residential Property Management	44.1	39.6
Earnings from Disposals	3.8	2.7
Earnings from Nursing and Assisted Living	2.6	2.7
Corporate expenses	–7.7	–7.6
Other operating expenses/income	0.3	–0.1
Operating result (EBITDA)	**43.1**	**37.3**
Depreciation and amortisation	–0.7	–0.8
Financial result	–22.9	–22.3
Profit before taxes	**19.5**	**14.2**
Current taxes	–0.8	–0.4
Deferred taxes	–4.3	–5.3
Group profit	**14.4**	**8.5**

In the first quarter of 2012, the Group profit of Deutsche Wohnen increased by EUR 5.9 million or around 70 % in comparison to the first quarter of 2011. There were no valuation effects or special effects of particular significance in either quarter.

in EUR m	Q1/2012	Q1/2011
Profit before taxes	**19.5**	**14.2**
Gains/losses from fair value adjustments of derivative financial instruments	0.1	–0.2
Adjusted earnings before taxes (EBT)	**19.6**	**14.0**

Overall, this improvement in profit is primarily attributable to the earnings from Residential Property Management; these reflect both the effects of rental increases (like-for-like 3.8 % in 2011) and the additional contribution to earnings made by acquired holdings.

Earnings from Residential Property Management
Our business activities focus on the management and development of our own portfolio. This is where our specific know-how lies. In our view, the markets we serve are – also in the long run – primarily letting markets. We sell holdings in accordance with our strategic direction, in order to further develop our portfolio or to take advantage of appropriate market opportunities when they present themselves.

The operating result (Net Operating Income, NOI) improved in comparison to the equivalent period of the previous year by 6.2 % to EUR 4.28 per month and sqm.

in EUR m	Q1/2012	Q1/2011
Current gross rental income	**52.0**	**47.7**
Non-recoverable expenses	–0.9	–1.2
Rental loss	–0.5	–0.5
Maintenance	–5.8	–5.8
Other	–0.7	–0.6
Earnings from Residential Property Management	**44.1**	**39.6**
Staff and general and administration expenses	–4.2	–3.9
Operating result (Net Operating Income, NOI)	**39.9**	**35.7**
NOI margin in %	76.7	74.8
NOI in EUR per sqm and month[1]	4.28	4.03
Increase in %	+6.2	

[1] Based on the average floor space on a quarterly basis for the period under review

The increase in current gross rental income is due to rent adjustments and the further reduction of the vacancy rate. Losses in current gross rental income arising from disposals were more than offset by acquisitions, in particular that of 1,160 residential units in Dusseldorf from 2 January 2012.

The average in-place rent for those residential units in the letting portfolio of our core regions, which we managed continuously during the last twelve months (like-for-like around 38,300 residential units), was EUR 5.70 per sqm as at the reporting date. This represents an increase of 3.6 % in comparison to the equivalent period of the previous year (EUR 5.50 per sqm). In particular, the implementation of the rent index adjustment (Mietspiegelanpassung) in Berlin is reflected in this figure.

The following provides an overview of the development of our in-place rents in a like-for-like comparison:

Like-for-like	In-place rent[1] in EUR per sqm 31/03/2012	In-place rent[1] in EUR per sqm 31/03/2011	Development in %
Letting portfolio in core regions	5.70	5.50	3.6
Greater Berlin	5.57	5.33	4.5
Frankfurt/Main	7.16	6.96	2.9
Rhine-Main	6.19	6.00	3.2
Rhine Valley South	5.34	5.27	1.3
Rhine Valley North	5.06	4.98	1.6
Others	5.07	4.98	1.8
Privatisation	5.70	5.61	1.6
Disposal regions	**4.66**	**4.61**	**1.1**
Total	**5.64**	**5.46**	**3.3**

[1] Contractually owed rent from rented apartments divided by the rented area

The vacancy rate in the letting portfolio of the core regions also improved once more in a like-for-like comparison from 1.9 % to 1.5 %.

In the first three months of the financial year 2012, 1,096 new tenancy agreements were concluded within the overall portfolio, of which 783 were in the non-rent restricted units in the core regions (equivalent period of previous year: 1,079 new tenancy agreements). Although we increased the in-place rent in the last twelve months by EUR 0.16 per sqm or 2.9 % to EUR 5.66 per sqm, the rent potential as at 31 March 2012 further increased to 21.7 %. Consequently, we can assume that there will be further increases in rents in the future within the context of tenant fluctuation.

The following table shows the development of the rent potential as at 31 March 2012 in comparison to 31 December 2011.

	31/03/2012			31/12/2011
	New-letting rent[1] EUR/sqm	In-place rent[2] EUR/sqm	Rent potential[3] %	Rent potential[3] %
Letting portfolio in core regions	**6.89**	**5.66**	**21.7**	**19.7**
Greater Berlin	6.60	5.50	20.0	17.0
Frankfurt/Main	8.65	7.16	20.8	20.4
Rhine-Main	7.67	6.21	23.5	22.2
Rhine Valley South	6.22	5.32	16.9	12.7
Rhine Valley North	6.45	5.35	20.6	10.5
Others	5.53	5.07	9.1	10.5

[1] Contractually owed rents from newly concluded contracts for units not subject to rent control effective in 2012
[2] Contractually owed rent from rented apartments divided by the rented area
[3] New-letting rent compared to in-place rent

The increase in rent potential in the Rhine Valley North is a result of the addition of a portfolio of 1,160 apartments in Dusseldorf. The new-letting rents of these apartments are included in the above figures since 2 January 2012.

In the first three months of the financial year 2012, we spent a total of EUR 7.7 million (equivalent period of previous year: EUR 7.5 million) on maintenance and value-enhancing investments (modernisations).

in EUR m	Q1/2012	Q1/2011
Maintenance	**5.8**	**5.8**
in EUR per sqm p.a.	7.46[1]	7.86[1]
Modernisation	**1.9**	**1.7**
in EUR per sqm p.a.	2.44[1]	2.31[1]
Maintenance and modernisation	**7.7**	**7.5**
in EUR per sqm p.a.	9.90[1]	10.17[1]

[1] On the basis of the average of the quarterly areas, extrapolated to twelve months

In the segment Residential Property Management, the staff and general and administration expenses rose in absolute terms by around EUR 0.3 million but, in relation to earnings from Residential Property Management, they fell from 9.8 % in the first quarter of 2011 to 9.5 % in the first quarter of 2012.

Earnings from Disposals

Demand for property as an investment form for owner-occupiers and investors continues to rise. In the first three months of this year, for example, the sale of 460 units in privatisation was notarised. Taking into consideration the overhang from 2011, the transaction volume for 2012 is as follows:

	Units	Transaction volume	Fair value	Gross margin	
	Number	in EUR m	in EUR m	in EUR m	in %
Privatisation	1,003	68.5	51.5	17.0	33
Institutional sales	820	30.2	27.9	2.3	8
	1,823	**98.7**	**79.4**	**19.3**	**24**

With a transfer of risks and rewards in the first quarter, 818 units of these sales (equivalent period of previous year: 675 units) are included in the earnings from Disposals.

in EUR m	Q1/2012	Q1/2011
Sales proceeds	41.8	25.2
Cost of sales	−3.2	−1.1
Net sales proceeds	**38.6**	**24.1**
Carryings amount of assets sold	−34.8	−21.4
Earnings from Disposals	**3.8**	**2.7**

The positive market conditions particularly favour individual privatisations. Here we were able to achieve a transaction volume (sales proceeds) that was more than double the figure for the equivalent period of the previous year.

In institutional sales, we have concentrated on the streamlining of holdings in structurally weak regions, and since 31 December 2011 we have already sold 368 units with a transfer of risks and rewards in the first quarter of 2012.

Earnings from Nursing and Assisted Living

The Nursing and Assisted Living segment is managed by the KATHARINENHOF® Group, which concentrates primarily on the management of residential and nursing facilities in the five federal states of Berlin, Brandenburg, Saxony, Lower Saxony and the Rhineland-Palatinate. Of the 14 facilities managed in the first quarter of 2012 (equivalent period of previous year: 15) Deutsche Wohnen owns 12 with a fair value of EUR 78.1 million.

in EUR m	Q1/2012	Q1/2011
Income		
Nursing	8.3	8.5
Living	0.5	0.8
Other	0.8	0.9
	9.6	**10.2**
Costs		
Nursing and corporate expenses	−2.4	−2.7
Staff expenses	−4.6	−4.8
	−7.0	**−7.5**
Segment earnings	**2.6**	**2.7**
Attributable current interest expenses	−0.6	−0.7
Segment earnings after interest expenses	**2.0**	**2.0**

In the first quarter of 2012, the occupancy rate of the facilities was increased to an average of 96.7 % (first quarter of 2011: 94.7 %). The decline in proceeds and costs is mainly attributable to the sale of one facility at the end of 2011.

Corporate expenses

Corporate expenses include staff and general and administrative expenses without the segment Nursing and Assisted Living. They are made up as follows:

in EUR m	Q1/2012	Q1/2011
Property Management (Deutsche Wohnen Management GmbH)	– 4.2	– 3.9
Asset Management/Disposals (Deutsche Wohnen Corporate Real Estate GmbH)	– 0.7	– 0.7
Holding Company Function (Deutsche Wohnen AG)	– 2.8	– 3.0
Total	**– 7.7**	**– 7.6**

The increase in staff expenses in comparison to the equivalent period of the previous year is due to an increase of 3 % in the basic salary of all staff (excluding senior management) as at 1 April 2011. The level of general and administrative expenses remains unchanged in comparison to the equivalent period of the previous year.[1)]

Financial result

The financial result is made up as follows:

in EUR m	Q1/2012	Q1/2011
Current interest expenses	– 20.5	– 19.2
Accrued interest on liabilities and pensions	– 2.7	– 3.5
Fair value adjustments of derivative financial instruments	– 0.1	0.2
	– 23.3	**– 22.5**
Interest income	0.4	0.2
Financial result	**– 22.9**	**– 22.3**

The cash flow from Residential Property Management after current interest expenses was further improved by EUR 2.8 million or 16 %:

in EUR m	Q1/2012	Q1/2011
NOI from lettings	39.9	35.7
Current interest expenses (without Nursing and Assisted Living)	– 19.9	– 18.5
Cash flow from Residential Property Management after current interest expenses	**20.0**	**17.2**
Interest ratio (x)	*2.0*	*1.9*

The coverage ratio of payable interest expenses (interest ratio) increased by around 4 % to over 2.0x.

[1)] All figures without the segment Nursing and Assisted Living.

Financial position

	31/03/2012		31/12/2011	
	in EUR m	in %	in EUR m	in %
Investment properties	2,981.0	90	2,928.8	88
Other non-current assets	82.4	2	84.7	3
Total non-current assets	**3,063.4**	**92**	**3,013.5**	**91**
Current assets	108.5	3	120.9	4
Cash and cash equivalents	166.5	5	167.8	5
Total current assets	**275.0**	**8**	**288.7**	**9**
Total assets	**3,338.4**	**100**	**3,302.2**	**100**
Equity	**1,093.1**	**33**	**1,083.4**	**33**
Financial liabilities	1,854.3	56	1,834.7	56
Tax liabilities	60.5	2	58.6	2
Liabilities to limited partners in funds	7.2	0	7.3	0
Employee benefit liability	44.2	1	42.7	1
Other liabilities	279.1	8	275.5	8
Total liabilities	**2,245.3**	**67**	**2,218.8**	**67**
Total equity and liabilities	**3,338.4**	**100**	**3,302.2**	**100**

At 90 %, investment properties represent the largest asset position. Due to acquisitions, they have increased in value by EUR 78.2 million. These acquisitions, with a transfer of risks and rewards in January 2012, affect Dusseldorf and Ludwigshafen.

As well as cash and cash equivalents in an amount of EUR 166 million, Deutsche Wohnen has access to additional credit lines in an amount of around EUR 106 million, which are callable at short notice.

Following the capital increase at the end of 2011 as well as the positive Group results for 2011 and the first quarter of 2012, the Group's equity ratio is around 33 %. As a result the EPRA NAV has also increased as follows:

in EUR m	31/03/2012	31/12/2011
Equity (before non-controlling interests)	1,092.8	1,083.1
Diluted NAV	1,092.8	1,083.1
Fair values of derivative financial instruments	100.2	95.0
Deferred taxes (net)	35.3	33.2
EPRA NAV	**1,228.3**	**1,211.3**
Number of shares (in m)	102.3	102.3
EPRA NAV in EUR per share	**12.01**	**11.84**

Financial liabilities have risen in comparison to the end of 2011 – primarily because new loans have been taken out to finance acquisitions.

The debt ratio (expressed as Loan-to-Value) has not increased in comparison to 31 December 2011 despite the taking out of loans for the purpose of property acquisitions.

in EUR m	31/03/2012	31/12/2011
Financial liabilities	1,854.3	1,834.7
Cash and cash equivalents	– 166.5	– 167.8
Net financial liabilities	**1,687.8**	**1,666.9**
Investment properties	2,981.0	2,928.8
Non-current assets held for sale	37.9	37.4
Land and buildings held for sale	56.1	63.5
	3,075.0	**3,029.7**
Loan-to-Value Ratio in %	54.9	55.0

Of the tax liabilities, the sum of EUR 51.1 million (31 December 2011: EUR 50.5 million) is apportionable to the present value of liabilities from the lump-sum taxation of EK-02 holdings. These taxes are payable in equal annual instalments of EUR 9.6 million in the third quarter of each year until 2017.

The other liabilities cover the following items:

in EUR m	31/03/2012	31/12/2011
Derivative financial instruments	100.2	95.0
Deferred tax liabilities	96.3	96.2
Miscellaneous	82.6	84.3
Total	**279.1**	**275.5**

The change in other liabilities is mainly attributable to the rise in derivative financial instruments (interest rate swaps) which is linked to market valuation. The interest rate swaps serve to hedge interest rate risks.

The cash flow of the Group breaks down as follows:

in EUR m	Q1/2012	Q1/2011
Net cash flows from operating activities	10.9	16.9
Net cash flows from investing activities	– 30.6	10.9
Net cash flows from financing activities	18.4	– 31.4
Net change in cash and cash equivalents	**– 1.3**	**– 3.6**
Opening balance cash and cash equivalents	167.8	46.0
Closing balance cash and cash equivalents	**166.5**	**42.4**

With an increased operating result, the net cash flows from operating activities fell in comparison to the previous year due to a reduced net working capital. This was, amongst other things, due to one-off payments of liabilities, for example, arising from the capital increase.

Net cash flows from investing activities in the first three months of the financial year 2012 contain inflows in an amount of EUR 50.1 million arising from the sale of apartments. These inflows are in the form of purchase prices or deposits. At the same time, there were outflows of EUR 80.5 million, primarily for investment and acquisitions.

In the first quarter of 2012, net cash flows from financing activities contain inflows from the taking up of new loans of EUR 53.7 million and outflows from repayments of EUR 35.4 million. In the equivalent period of the previous year, the refinancing of a portfolio in the amount of approximately EUR 400 million is included both as a repayment and as a new loan.

The for us relevant key figure, Funds from Operations (FFO), rose by a further 21 % in comparison to the equivalent period of the previous year thanks to operational improvements and due to acquisitions.

in EUR m	Q1/2012	Q1/2011
Profit for the period	**14.4**	**8.5**
Earnings from Disposals	−3.8	−2.7
Depreciation and amortisation	0.7	0.8
Fair value adjustments of derivative financial instruments	0.1	−0.2
Non-cash financial expenses	2.7	3.5
Deferred taxes	4.3	5.3
FFO (without disposals)	**18.4**	**15.2**
FFO (without disposals) per share in EUR	0.18	0.19[1]
Average number of issued shares in million	102.30	81.84
FFO (including disposals)	**22.2**	**17.9**
FFO (including disposals) per share in EUR	0.22	0.22
Average number of issued shares in million	102.30	81.84

[1] Recurring FFO, i.e. FFO (without disposals), per share in Q1/2012 adjusted by capital increase 2011 (so-called scrip adjustment of 1.03 according to Datastream) amounts to EUR 0.18.

The capital increase at the end of 2011 increased the average number of issued shares in the first quarter of 2012 by approximately 25 % in comparison to the first quarter of 2011. Although the funds arising from the capital increase have, for the most part, not been reinvested yet, the recurringly generated FFO (without disposals) per share has remained the same in a year-on-year comparison.

Stock market and the Deutsche Wohnen share

Economy and financial markets

In its 2012 spring forecast, the DIW (German Institute for Economic Research) predicted that the German economy would grow in the current calendar year by 1.0 % and by 2.4 % in 2013. Therefore, the gross domestic product is growing much more strongly compared to the eurozone (2012: −0.4 %; 2013: 0.9 %) – this growth is being borne substantially by the domestic economy. As of the winter, half-year employment in Germany was at an all-time high and the number of unemployed was at its lowest since reunification. This positive situation on the job market will presumably lead to wage increases – as the first negotiated pay deals have shown – and will probably further stimulate private consumption. Economic growth and the associated creation of additional jobs will lead to further population influx and to an increase in the number of households – particularly in Germany's metropolitan areas.

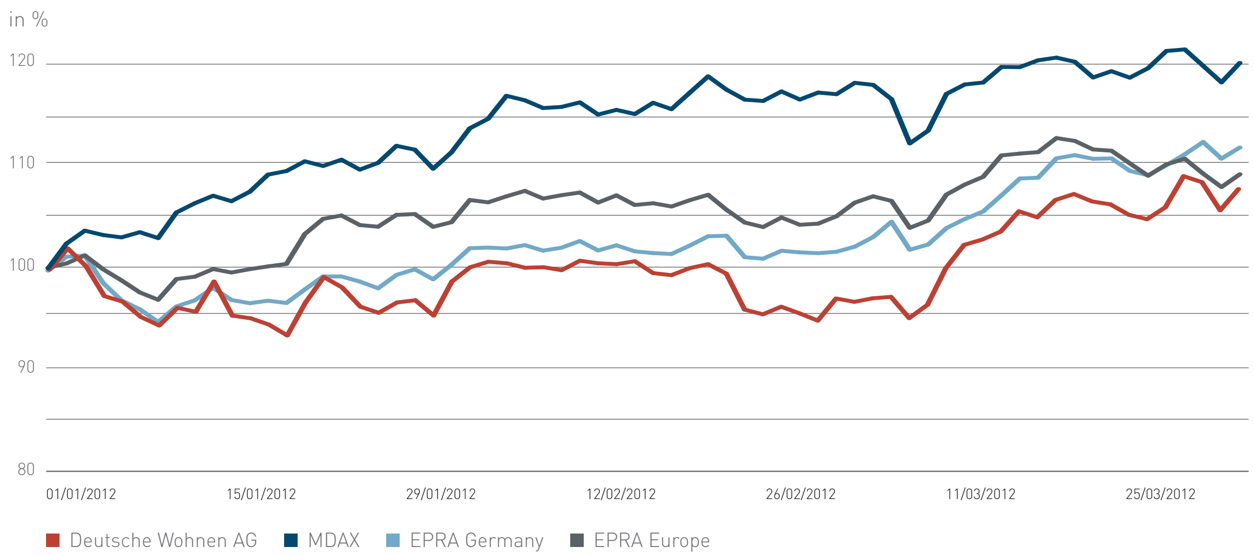
These positive basic economic figures in Germany were accompanied in the first quarter of 2012 by an assumed calming down of the debt crisis in the eurozone, by positive economic figures from the USA and by positive company announcements. Overall, Germany's leading index, the DAX, closed the first quarter with a clear share price gain of 18 %. The MDAX closed the same period with a gain of 20 %.

The property-specific EPRA Europe Index closed with a price gain of 9 % as at 31 March 2012. Its German sub-index, EPRA Germany, increased its value in the first quarter of 2012 by around 12 %.

The Deutsche Wohnen AG share

The share price of Deutsche Wohnen AG was EUR 11.08 as at 31 March 2012. This corresponds to a price gain of around 8 % compared to its value as at 31 December 2011. In mid-January, the share reached its lowest point in the quarter of EUR 9.60 and, just before the end of the quarter, its highest point of EUR 11.21. With regard to comparable indices, it should be pointed out that non-property comparable indices like particularly the DAX but also comparable property indices like EPRA Europe, after significant gains in the first quarter of 2012, had to accept losses in value in April 2012 (around – 2 % to – 3 %). By contrast, the Deutsche Wohnen share was able to retain the level it reached at the end of the first quarter also to the end of April 2012.

Share price performance Q1/2012 (indexed)



In the course of the year, the market capitalisation of Deutsche Wohnen AG increased from around EUR 0.8 billion to over EUR 1.1 billion. The average Xetra daily traded volume in shares fell, particularly because of below-average turnover in January 2012. In March 2012, an average of around 250,000 shares were traded daily.

Key share figures	Q1/2012	Q1/2011
Number of shares outstanding as at end of Q1 in m	102.30	81.84
Closing price at end of Q1[1] in EUR	11.08	10.18 (9.70)[3]
Market capitalisation as at end of Q1 in EUR m	1,133	833 (793)[3]
Highest share price[1] during quarter in EUR	11.21	11.40 (10.87)[3]
Lowest share price[1] during quarter in EUR	9.60	9.64 (9.20)[3]
Average daily traded volume[2]	213,454	288,902

[1] Xetra closing price
[2] Xetra daily traded volume (traded shares)
[3] Prices in parentheses adjusted for capital increase in 2011 and dividend payment in 2011

Analyst coverage

The share of Deutsche Wohnen is currently[1] being followed by 21 analysts. In the first quarter of 2012, Kepler Capital Markets initiated coverage of our share. Predominantly, the analysts are making positive recommendations. The target prices of all the analysts lie between EUR 9.00 and EUR 13.10.

The following table provides an overview of the current[1] analysts' ratings:

Rating	Number[2]
Buy/Outperform/Add/Overweight	11
Neutral/Hold	8
Underweight/Sell	2

Events after the reporting date

Significant events occurring after the reporting date are not known.

Risk report

With regard to the risks which exist for future business development, we refer you to the information presented in the risk report of the consolidated financial statement as at 31 December 2011.

Forecast

The first three months of the financial year 2012 have confirmed our plans and therefore our forecast for 2012. In our base scenario – this means without further acquisitions – we are aiming for an FFO (without disposals) of EUR 55 million and are planning on the basis of earnings from Disposals of around EUR 10 million.

[1] Status: 30 April 2012
[2] Analysts' ratings as at 30 April 2012

INTERIM FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET
as at 31 March 2012

in EUR k	31/03/2012	31/12/2011
ASSETS		
Investment properties	2,980,993	2,928,816
Property, plant and equipment	18,628	18,636
Intangible assets	2,237	2,511
Other non-current assets	570	561
Deferred tax assets	60,972	63,037
Non-current assets	**3,063,400**	**3,013,561**
Land and buildings held for sale	56,077	63,476
Other inventories	2,855	2,937
Trade receivables	8,760	13,959
Income tax receivables	1,269	797
Other current assets	1,630	2,329
Cash and cash equivalents	166,474	167,829
Subtotal current assets	**237,065**	**251,327**
Non-current assets held for sale	37,940	37,388
Current assets	**275,005**	**288,715**
Total assets	**3,338,405**	**3,302,276**

in EUR k	31/03/2012	31/12/2011
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the parent company		
Issued share capital	102,300	102,300
Capital reserve	496,174	496,174
Retained earnings	494,286	484,598
	1,092,760	**1,083,072**
Non-controlling interests	302	302
Total equity	**1,093,062**	**1,083,374**
Non-current financial liabilities	1,737,449	1,728,291
Employee benefit liability	44,212	42,662
Tax liabilities	41,647	41,221
Derivative financial instruments	69,303	71,731
Other provisions	8,374	8,265
Deferred tax liabilities	96,340	96,219
Total non-current liabilities	**1,997,325**	**1,988,389**
Current financial liabilities	116,838	106,382
Trade payables	42,504	35,634
Liabilities to limited partners in funds	7,207	7,287
Other provisions	3,281	3,295
Derivative financial instruments	30,867	23,241
Tax liabilities	18,853	17,411
Other liabilities	28,468	37,263
Total current liabilities	**248,018**	**230,513**
Total equity and liabilities	**3,338,405**	**3,302,276**

CONSOLIDATED PROFIT AND LOSS STATEMENT

for the period from 1 January to 31 March 2012

in EUR k	Q1/2012	Q1/2011
Income from Residential Property Management	52,030	47,668
Expenses for Residential Property Management	– 7,938	– 8,080
Earnings from Residential Property Management	**44,092**	**39,588**
Sales proceeds	41,831	25,169
Cost of sales	– 3,267	– 1,115
Carrying amounts of assets sold	– 34,763	– 21,365
Earnings from Disposals	**3,801**	**2,689**
Income from Nursing and Assisted Living	9,640	10,165
Expenses for Nursing and Assisted Living	– 7,030	– 7,513
Earnings from Nursing and Assisted Living	**2,610**	**2,652**
Corporate expenses	– 7,762	– 7,546
Other expenses/income	333	– 52
Subtotal	**43,074**	**37,331**
Depreciation and amortisation	– 703	– 805
Earnings before interest and taxes (EBIT)	**42,371**	**36,526**
Finance income	356	150
Gains/losses from fair value adjustments of derivative financial instruments	– 69	215
Finance expense	– 23,178	– 22,715
Profit before taxes	**19,480**	**14,176**
Income taxes	– 5,057	– 5,719
Profit for the period	**14,423**	**8,457**
Thereof attributable to:		
Shareholders of the parent company	14,423	8,457
Non-controlling interests	0	0
	14,423	**8,457**
Earnings per share		
basic in EUR	0.14	0.10
diluted in EUR	0.14	0.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 31 March 2012

in EUR k	Q1/2012	Q1/2011
Profit for the period	**14,423**	**8,457**
Other comprehensive income		
Net gain/loss from derivative financial instruments	–5,111	27,582
Income tax effect	1,590	–8,582
	–3,521	**19,000**
Actuarial gains/losses	–1,734	0
Income tax effect	520	0
	–1,214	**0**
Other comprehensive income after taxes	**–4,735**	**19,000**
Total comprehensive income, net of tax	**9,688**	**27,457**
Thereof attributable to:		
Shareholders of the parent company	9,688	27,457
Non-controlling interests	0	0

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from 1 January to 31 March 2012

in EUR k	Q1/2012	Q1/2011
Operating activities		
Profit/loss for the period	14,423	8,457
Finance income	– 356	– 150
Finance expense	23,178	22,715
Income taxes	5,057	5,719
Profit/loss for the period before interest and taxes	**42,302**	**36,741**
Non-cash expenses/income		
Depreciation and amortisation	703	805
Fair value adjustments to interest rate swaps	69	– 215
Other non-cash operating expenses/income	– 7,592	– 4,591
Change in net working capital		
Change in receivables, inventories and other current assets	2,353	1,381
Change in operating liabilities	– 5,930	1,595
Net operating cash flows	**31,905**	**35,716**
Interest paid	– 20,793	– 18,073
Interest received	356	150
Taxes paid/received excluding EK-02-payments	– 523	– 877
Net cash flows from operating activities	**10,945**	**16,916**
Investing activities		
Sales proceeds	50,107	20,300
Purchase of property, plant and equipment/investment property and other non-current assets	– 80,538	– 2,646
Receipt of investment subsidies	0	366
Payments to limited partners in funds	– 154	– 7,169
Net cash flows from investing activities	**– 30,585**	**10,851**
Financing activities		
Proceeds from borrowings	53,699	404,351
Repayment of borrowings	– 35,414	– 435,784
Net cash flows from financing activities	**18,285**	**– 31,433**
Net change in cash and cash equivalents	**– 1,355**	**– 3,666**
Opening balance of cash and cash equivalents	167,829	46,016
Closing balance of cash and cash equivalents	**166,474**	**42,350**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31 March 2012

in EUR k	Issued share capital	Capital reserves	Retained earnings: Pensions	Retained earnings: Reserves for cash flow hedge	Retained earnings: Other reserves	Subtotal	Non-controlling interests	Equity
Equity as at 1 January 2011	81,840	370,048	– 2,333	– 38,173	478,188	889,570	302	889,872
Profit/loss for the period					8,457	8,457		8,457
Other comprehensive income after tax				19,000		19,000		19,000
Total comprehensive income, net of taxes			0	19,000	8,457	27,457	0	27,457
Equity as at 31 March 2011	81,840	370,048	– 2,333	– 19,173	486,645	917,027	302	917,329
Equity as at 1 January 2012	102,300	496,174	– 1,261	– 61,380	547,239	1,083,072	302	1,083,374
Profit/loss for the period					14,423	14,423	0	14,423
Other comprehensive income after tax			– 1,214	– 3,521		– 4,735		– 4,735
Total comprehensive income, net of taxes			– 1,214	– 3,521	14,423	9,688	0	9,688
Equity as at 31 March 2012	102,300	496,174	– 2,475	– 64,901	561,662	1,092,760	302	1,093,062

APPENDIX

General information

The business activities of Deutsche Wohnen AG are limited to its role as the holding company for the companies in the Group. These activities include the following functions: Legal, Human Resources, Finance/Controlling/Accounting, Communication/Marketing and Investor Relations. The operating subsidiaries focus on Residential Property Management and Disposals relating to properties mainly situated in Berlin and the Rhine-Main area, as well as on Nursing and Assisted Living.

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

Basis of preparation and accounting policies applied to the consolidated financial statement

The condensed consolidated interim financial statements for the period from 1 January to 31 March 2012 were prepared in accordance with International Accounting Standards (IAS) 34 for interim reporting as applicable in the European Union (EU).

These interim financial statements do not contain all the information and details required for consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements as at 31 December 2011.

The consolidated financial statements have been prepared on a historical cost basis with the exception of, in particular, investment properties and derivative financial instruments, which are measured at fair value.

The consolidated financial statements include the financial statements of Deutsche Wohnen and its subsidiaries as at 31 March 2012. The financial statements of the subsidiaries are prepared using consistent accounting and valuation methods as at the same reporting date as the financial statement of the parent company.

The preparation of the Group's consolidated financial statements requires the management to make judgements, estimates and assumptions which affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. However, the uncertainty connected with these assumptions and estimates could result in outcomes which in future require considerable adjustments to the carrying amounts of the assets or liabilities affected.

The business activities of Deutsche Wohnen are basically unaffected by seasonal influences and economic cycles.

Since 2 January 2012, Deutsche Wohnen Reisholz GmbH, Berlin (previously: FdR Reisholz Verwaltungs-GmbH, Essen) has been a fully consolidated, wholly owned indirect subsidiary. This does not constitute a business combination in accordance with IFRS 3. There have been no further changes to the basis of consolidation.

Changes to accounting policies

As a basic principle, Deutsche Wohnen has applied the same accounting policies as for the equivalent reporting period in the previous year.

In the first three months of the financial year 2012, the new standards and interpretations which must be applied for financial years commencing after 1 January 2012 have been applied in full.

Selected notes on the consolidated balance sheet

Investment properties comprise 90 % of the assets of the Deutsche Wohnen Group. Regarding the valuation method and valuation parameter we refer to the consolidated financial statements as at 31/12/2011.

The item "property, plant and equipment" covers mainly technical facilities and office furniture and equipment.

The derivative financial instruments are interest rate swaps recorded at fair value. These swaps were not concluded for speculative purposes but solely in order to minimise the interest rate risks and consequent cash flow risks of floating rate loans. Compared with 31 December 2011, the negative market value (net) rose from EUR 95.0 million to EUR 100.2 million due to decreasing interest rate levels.

The developments in equity can be found in the statement of changes in equity on page 21.

Financial liabilities have increased in comparison to 31 December 2011 particularly because new borrowings exceeded repayments.

The employee benefit liabilities were valued as at the reporting date with a discount rate of 4.32 % p.a. (31 December 2011: 4.66 % p.a.), which is derived from the yield of fixed interest rate corporate bonds.

The tax liabilities mainly refer to liabilities from the lump-sum taxation of EK-02 holdings.

Selected notes on the consolidated profit and loss statement

The income from Residential Property Management is made up as follows:

in EUR m	Q1/2012	Q1/2011
Potential gross rental income	53.1	49.0
Subsidies	0.6	0.7
	53.7	**49.7**
Vacancy losses	– 1.7	– 2.0
	52.0	**47.7**

The expenses for Residential Property Management are made up as follows:

in EUR m	Q1/2012	Q1/2011
Maintenance costs	– 5.8	– 5.8
Non-recoverable expenses	– 0.9	– 1.2
Rental loss	– 0.5	– 0.5
Other expenses	– 0.7	– 0.6
	– 7.9	**– 8.1**

The earnings from Disposals include sales proceeds, cost of sales and carrying amounts of assets sold and of land and buildings held for sale.

The earnings from Nursing and Assisted Living are made up as follows:

in EUR m	Q1/2012	Q1/2011
Income from Nursing and Assisted Living	9.6	10.2
Nursing and corporate costs	– 2.4	– 2.7
Staff expenses	– 4.6	– 4.8
	2.6	**2.7**

Finance expenses are made up as follows:

in EUR m	Q1/2012	Q1/2011
Current interest expenses	– 20.5	– 19.2
Accrued interest on liabilities and pensions	– 2.7	– 3.5
	– 23.2	**– 22.7**

Notes on the consolidated statement of cash flows

The cash fund is made up of cash at hand and bank deposits. In addition, we have readily available credit facilities with banks in an amount of around EUR 106 million.

Notes on segment reporting

The following tables show the segment revenues and the segment results for the Deutsche Wohnen Group:

in EUR m	External revenue		Internal revenue	
	Q1/2012	Q1/2011	Q1/2012	Q1/2011
Segments				
Residential Property Management	52.0	47.7[1]	0.5	0.5
Disposals	41.8	25.2	2.2	3.3
Nursing and Assisted Living	9.6	10.2[1]	0.0	0.0
Reconciliation with consolidated financial statement				
Central functions and other operational activities	0.0	0.1	7.7	7.3
Consolidations and other reconciliations	0.1	– 0.2	– 10.4	– 11.1
	103.5	**83.0**	**0.0**	**0.0**

[1] Representation changed in comparison to previous year

in EUR m	Total revenue		Segment earnings		Assets	
	Q1/2012	Q1/2011	Q1/2012	Q1/2011	31/03/2012	31/12/2011
Segments						
Residential Property Management	52.5	48.2	44.1	39.6	2,988.5	2,938.8
Disposals	44.0	28.5	3.8	2.7	100.4	110.3
Nursing and Assisted Living	9.6	10.2	2.6	2.7	0.5	3.0
Reconciliation with consolidated financial statement						
Central functions and other operational activities	7.7	7.5	– 7.4	– 7.7	186.8	186.4
Consolidations and other reconciliations	– 10.3	– 11.3	0.0	0.0	0.0	0.0
	103.5	**83.1**	**43.1**	**37.3**	**3,276.2**	**3,238.5**

Other information

Associated parties and companies
There have been no major changes in respect of associated parties and companies in comparison to the information presented as at 31 December 2011.

Risk report

With regard to the risks which exist for future business development, we refer you to the information presented in the risk report in the consolidated financial statement as at 31 December 2011.

Frankfurt/Main, May 2012

Deutsche Wohnen AG
Management Board

Michael Zahn Chief Executive Officer	Helmut Ullrich Chief Financial Officer	Lars Wittan Member of the Management Board

RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable accounting standards, the consolidated interim financial statement as at 31 March 2012 gives a true and fair view of net assets, financial and earnings position of the Group, and that the interim report presents a fair view of the development of the business including the business result and the position of the Group and describes the main opportunities and risks associated with the Group's expected future development."

Frankfurt/Main, May 2012

Deutsche Wohnen AG
Management Board

Michael Zahn
Chief Executive Officer

Helmut Ullrich
Chief Financial Officer

Lars Wittan
Member of the Management Board

Disclaimer
This interim report contains statements of a predictive nature, and such statements involve risks and imponderables. In future, the actual development of the business and the results of Deutsche Wohnen AG and of the Group may in certain circumstances deviate substantially from the assumptions made in this interim report. This interim report represents neither an offer to sell nor a request to submit an offer to buy shares in Deutsche Wohnen AG. This interim report does not create an obligation to update the statements it contains.

FINANCIAL CALENDAR 2012

14–16/05/2012	Deutsche Bank German, Swiss & Austrian Conference 2012, Frankfurt/Main
23–24/05/2012	Commerzbank German Mid Cap Investment Conference, New York & Boston
24/05/2012	CBRE und Horvath & Partners Management Consultants, 2nd Leader Workshop for Residential Property, Berlin
30–31/05/2012	Kempen & Co. European Property Seminar, Amsterdam
06/06/2012	Annual General Meeting 2012, Frankfurt/Main
14–15/06/2012	Investor conference "Warburg-Highlights", Hamburg
18–19/06/2012	19th Handelsblatt Annual Conference Real Estate Industry 2012, Berlin
21/06/2012	Morgan Stanley 2012 EMEA Property Conference, London
13/08/2012	Publication of Interim Report as at 30 June 2012/half-year results
05/09/2012	Annual Conference of the Real Estate Share Initiative in cooperation with Bank of America Merrill Lynch, Berlin
05/09/2012	Kempen & Co. German Property Seminar, Berlin
06–07/09/2012	EPRA Annual Conference, Berlin
12–13/09/2012	Merrill Lynch 2012 Global Real Estate Conference, New York
24–26/09/2012	Goldman Sachs & Berenberg Bank German Corporate Conference 2012, Munich
25–27/09/2012	10th German Investment Conference UniCredit/Kepler, Munich
08–10/10/2012	Expo Real, Munich
12/11/2012	Publication of Interim Report as at 30 September 2012/1st – 3rd quarter

IMPRINT

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