



Interim Report
» as of 30 June 2010

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KEY FIGURES

Consolidated balance sheet		30.06.2010	31.12.2009
Investment properties	in EUR m	2,780.5	2,835.5
Cash and cash equivalents	in EUR m	98.5	57.1
Equity	in EUR m	844.3	862.0
Equity ratio	in %	27.5	28.0
Financial liabilities	in EUR m	1,770.8	1,802.7
Loan-to-value ratio	in %	60.0	61.5
Net net asset value	in EUR m	859.5	870.3
Net net asset value per share	in EUR	10.50	10.63

Consolidated profit and loss statement		H1/2010	H1/2009	31.12.2009
Revenues	in EUR m	146.5	147.4	306.3
EBITDA	in EUR m	69.8	67.3 ¹⁾	133.5 ¹⁾
Earnings before taxes	in EUR m	16.0	4.1	3.4
Earnings after taxes	in EUR m	8.1	-2.4	-13.3
Funds from operations	in EUR m	25.3	17.8	34.8
Funds from operations per share	in EUR	0.31	0.22 ²⁾	0.43

¹⁾ Adjusted for restructuring- and reorganisation costs.

²⁾ This figure is for information purposes only and is based on the new number of shares.
The capital increase took effect on 6 October 2009.

The share		30.06.2010	31.12.2009
Share price	in EUR	6.40	6.70
Number of shares	in m	81.84	81.84
Market capitalisation	in EUR m	523.8	548.3
Primary stock exchange			Xetra
Indices		SDAX, EPRA/Nareit, GPR250	
ISIN/ticker symbol (bearer share)		DE000A0HN5C6/DWNI	

INTERIM MANAGEMENT REPORT

Overview

Deutsche Wohnen closed the first half of 2010 with a profit of EUR 8.1 million. Other relevant operating figures also improved in comparison with the same period last year:

- » Earnings after taxes increased from EUR –2.4 million to EUR 8.1 million.
- » Adjusted earnings before taxes were up by EUR 7.9 million or 79% to EUR 17.9 million.
- » Due to the sustained success of operating activities and reduced interest expenses FFO increased by 41% during the first half of 2010. The figure improved from EUR 0.22 per share to EUR 0.31 per share.
- » Stronger demand on the deal market increasingly led to price rises. The capital gain of EUR 7.7 million made a significant contribution to the positive result for the period and to improving the quality of the portfolio.
- » Cash and cash equivalents went up by EUR 41.4 million to EUR 98.5 million. Hence, projected cash outflows in the second half of 2010 for the redemption of the convertible bond and tax payments on EK 02 capital reserves are already funded.
- » Further repayment of EUR 35.5 million in financial liabilities took the loan-to-value ratio (LTV) to 60.0%.

Portfolio performance

Within twelve months the residential portfolio contracted by 2,092 units or 134 thousand square metres due to disposals:

	H1/2010		H1/2009 ¹⁾	
	Units number	Area k sqm	Units number	Area k sqm
Core portfolio	36,974	2,226	37,785	2,278
Disposals	8,434	536	9,716	618
Own properties	45,408	2,762	47,501	2,896
Property fund DB 14	2,622	179	2,621	179
Total portfolio	48,030	2,941	50,122	3,075

¹⁾ The figures have been adjusted to the new portfolio structure.

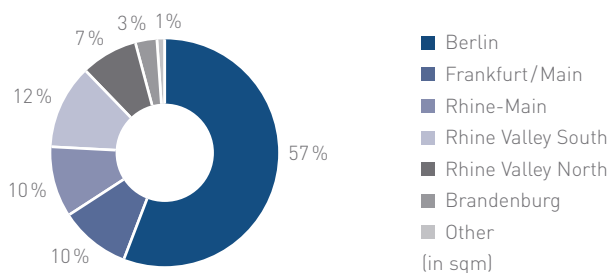
Our core portfolio holdings of currently 36,974 units are situated in the growing metropolitan areas of Berlin, Frankfurt/Main and the rest of the Rhine-Main area. We believe that economic and demographic developments are making large cities and metropolitan areas ever more attractive and consider that they have the greatest growth potential.

	Units number	Area k sqm	In-place rent ¹⁾ in EUR/sqm	Market rent ²⁾ in EUR/sqm	Vacancy in %
Core portfolio	36,974	2,226	5.40	6.35	3.0
Berlin	21,404	1,279	5.29	6.02	1.8
Frankfurt/Main	3,656	217	6.86	8.32	2.0
Rhine-Main	3,743	224	5.81	7.25	7.1
Rhine Valley South	4,346	261	4.84	5.33	5.5
Rhine Valley North	2,688	170	4.84	5.08	2.5
Brandenburg	963	63	4.81	5.67	6.0
Other	174	12	6.06	6.21	4.7

¹⁾ Contractually agreed rent of let apartments divided by the area let.

²⁾ Average rent for contracts signed in the last twelve months.

Current breakdown of core portfolio



Berlin and Frankfurt/Main are of paramount significance for Deutsche Wohnen, accounting for 67% of the portfolio. In Berlin, our largest single location, we are much better positioned than our competitors with an average in-place rent of 5.29 EUR/sqm and a vacancy rate of 1.8%. The current achievable market rents are attributable to the location and the comparatively high quality of the properties.

Berlin: vacancy rate: 1.8%,
in-place rent: EUR 5.29/sqm

Segment performance

The business activities of Deutsche Wohnen consist of letting and managing residential properties, primarily our own portfolio (earnings from residential property management), sales of residential properties to owner-occupiers and institutional investors (earnings from disposals) and operating residential nursing homes and senior residences (earnings from nursing and assisted living).

Overview of segment results compared with the first half of 2009:

in EUR m	H1/2010	H1/2009
Earnings from residential property management	76.2	77.3
Earnings from disposals	5.1	2.5
Earnings from nursing and assisted living	4.6	4.5
Segment contribution margin	85.9	84.3
Corporate expenses	-14.9	-16.8
Other operating expenses/income	-1.2	-0.2
EBITDA	69.8	67.3¹⁾

¹⁾ Adjusted for restructuring- and reorganisation costs.

Residential property management segment: Earnings stabilised due to virtually unchanged current gross rental income

Deutsche Wohnen's business model is focused on the management and development of its own portfolio. This is our specific expertise. The markets we serve are in our opinion essentially rental markets, both now and in the longer term, so future disposals will be made in situations of selective demand and with a careful consideration of price.

Despite disposals, earnings from residential property management were stabilised at the same level as in the first half of 2009, while net debt was reduced:

in EUR m	H1/2010	H1/2009
Current gross rental income	95.8	96.2
Non-recoverable expenses	-2.7	-3.2
Rental loss	-1.2	-0.9
Maintenance	-14.7	-13.8
Other costs	-1.0	-1.0
Earnings from residential property management	76.2	77.3
Personnel expenses, general and administrative expenses	-7.9	-9.0
Net operating income (NOI)	68.3	68.3
NOI margin in %	71.3	71.0
NOI per EUR/sqm and month	3.77	3.60
Increase in %	4.7	

NOI margin 71.3%

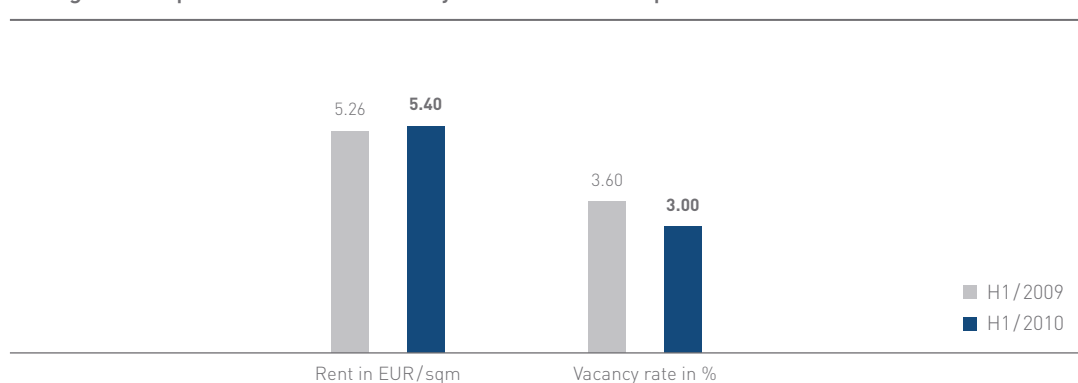
EBITDA EUR 69.8 million

Virtually unchanged rental earnings combined with lower interest expenses deliver a significant boost to the Company's profitability:

in EUR m	H1/2010	H1/2009
NOI from rental activities	68.3	68.3
Current interest expenses	-43.1	-48.8
Interest ratio in %	63	71
Interest ratio	1.58	1.40

The stabilisation of current gross rental income results from rent increases (from new lettings and rent index for 2009) as well as a reduction in the vacancy rate.

Changes in in-place rents and vacancy rate for the core portfolio



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

	In-place rent in EUR / sqm			Vacancy rate in %		
	30.06.2010	31.12.2009	30.06.2009	30.06.2010	31.12.2009	30.06.2009
Core portfolio	5.40	5.35	5.26	3.00	2.70	3.60
Berlin	5.29	5.24	5.11	1.80	1.50	2.50
Frankfurt/Main	6.86	6.83	6.75	2.00	2.00	2.60
Rhine-Main	5.81	5.71	5.64	7.10	7.20	8.70
Rhine Valley South	4.84	4.81	4.79	5.50	5.50	5.40
Rhine Valley North	4.84	4.82	4.79	2.50	2.20	3.70
Brandenburg	4.81	4.79	4.81	6.00	4.70	6.60
Other	6.06	6.01	6.02	4.70	1.90	0.50

Increase of in-place rent
for the core portfolio to 5.40 EUR/sqm

Average in-place rent as of the reporting date was 5.40 EUR/sqm. Over the last six months a total of 1,886 new contracts have been signed for units not subject to rent control. Average market rent is 6.35 EUR/sqm and therefore around 18% above the average in-place rent.

The vacancy rate for the core portfolio fell to 3.0% in the period since 31 March 2010. In the first half of 2010 we received 1,826 cancellations of rent contracts (same period last year: 1,770 cancellations). This is equivalent to an almost constant annual turnover of 10%. A total of 117 apartments (0.3% of the core portfolio) have been vacant for more than twelve months.

Current maintenance expenses amounted to EUR 14.7 million (same period last year: EUR 13.8 million) or 10 EUR/sqm on an annual basis. In addition to the properties' location, their quality is also especially important for letting, and we therefore continue to make focused investments in our buildings.

Disposals segment: Earnings doubled thanks to high transaction volume

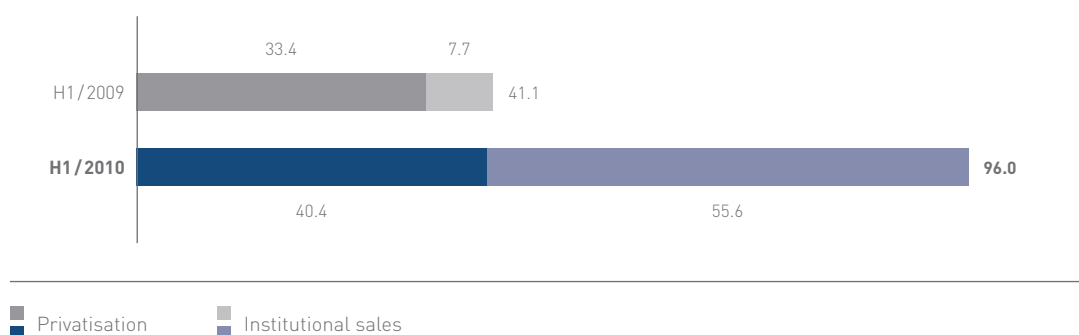
The disposals segment consists of sales of apartments, mainly to owner-occupiers – known as privatisation – and sales of small packages of residential units to institutional investors.

As of 30 June 2010 the volume of transactions was made up as follows:

	Number of residential units	Transaction volume in EUR m	Fair value in EUR m	Margin	
				in EUR m	in %
Privatisation	467	40.4	29.4	11.0	37
Institutional sales	1,568	55.6	53.4	2.2	4
	2,035	96.0	82.8	13.2	16

Change in transaction volume

in EUR m



Transaction volume of EUR 96.0 million

In the first six months of 2010 Deutsche Wohnen increased the volume of its sales substantially compared with the same period a year ago (EUR 41.1 million). As of the reporting date the disposals of 1,069 units with a total sales volume of EUR 55.7 million were recognised in the financial statements as risks and rewards were transferred to the buyers in the first half of 2010.

With this sales result Deutsche Wohnen successfully continued its portfolio strategy and has already largely met the targets for 2010 in the first half-year.

Very good earnings were achieved from privatisation, with average proceeds of 1,227 EUR/sqm and gross margins of 37%.

In the first half-year 1,568 units were sold to institutional investors for a total of EUR 55.6 million at a gross margin of 4%. This enabled us to continue pruning our portfolio in structurally weak areas of Rhineland-Palatinate and Brandenburg. In Rhineland-Palatinate the disposal ratio was increased to 29% and for Brandenburg the figure is 64%.

Nursing and assisted living segment: Constant revenues and earnings figures

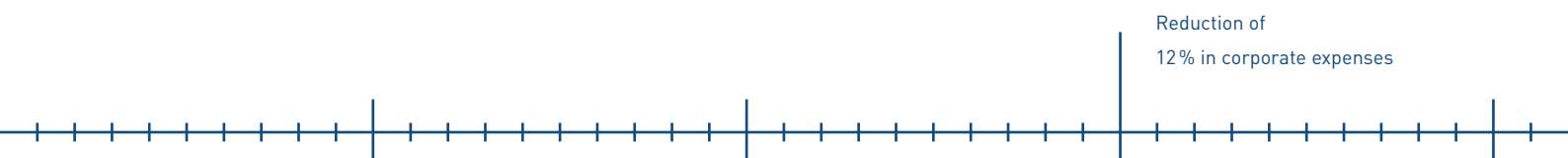
The nursing and assisted living segment consists primarily of the operational management of high-class residential nursing homes and senior residences. All the facilities meet the specifications for senior accommodation or are certified as residential nursing homes in accordance with Sections 11 and 12 of the German Nursing Homes Act. Most of the properties are owned by the Deutsche Wohnen Group. They are situated in five of the German states – Berlin, Brandenburg, Saxony, Lower Saxony and Rhineland-Palatinate.

In the first half of 2010 revenues came to EUR 16.3 million and segment earnings (EBITDA) to EUR 4.6 million.

Corporate expenses

Corporate expenses (without nursing and assisted living) were reduced year on year by 12%. They are made up as follows:

in EUR m	H1/2010
Property management (Deutsche Wohnen Management GmbH)	7.9
Asset management/disposals (Deutsche Wohnen Corporate Real Estate GmbH)	1.7
Holding company functions (Deutsche Wohnen AG)	5.3
	14.9



Notes on financial performance and financial position

Financial performance

in EUR m	H1/2010	H1/2009
Revenue	146.5	147.4
Earnings from disposals before costs	7.7	4.6
Expenses for purchased goods and services	-57.7	-58.0
Personnel expenses including nursing and assisted living	-18.6	-19.0
Other operating expenses/income	-8.1	-7.7
EBITDA	69.8	67.3¹⁾
Depreciation and amortisation	-1.6	-1.4
Restructuring expenses	0.0	-5.4
Financial result	-52.2	-56.4
Earnings before taxes	16.0	4.1
Income tax expense	-7.9	-6.5
Profit/loss for the period	8.1	-2.4

¹⁾ Adjusted for restructuring- and reorganisation costs.

Sharp rise in earnings for the half-year

The improvement in profit is primarily due to slightly higher EBITDA, the complete absence of restructuring expenses and a further improvement in the financial result.

Comments on changes in adjusted EBITDA can be found in the section "Segment performance" on page 6.

The financial result is made up as follows:

in EUR m	H1/2010	H1/2009
Current interest expenses	-43.1	-48.8
Accrued interest on liabilities and pensions	-7.5	-7.5
Fair value adjustment to derivative financial instruments	-1.9	-0.5
	-52.5	-56.8
Interest income	0.3	0.4
Financial result	-52.2	-56.4

Earnings after taxes increased from
EUR -2.4 million to EUR 8.1 million

Earnings before taxes, adjusted for valuation- and non-recurring factors, developed as follows:

in EUR m	H1/2010	H1/2009
Earnings before taxes	16.0	4.1
Restructuring and reorganisation expenses	0.0	5.4
Result of fair value adjustment to derivative financial instruments	1.9	0.5
Adjusted earnings before taxes	17.9	10.0

Financial position

	30.06.2010		31.12.2009	
	in EUR m	in %	in EUR m	in %
Investment properties	2,780.5	91	2,835.5	92
Other non-current assets	124.8	4	120.8	4
Non-current assets	2,905.3	95	2,956.3	96
Current assets	67.0	2	66.0	2
Cash and cash equivalents	98.5	3	57.1	2
Current assets	165.6	5	123.1	4
Total assets	3,070.8	100	3,079.3	100
Equity	844.3	27	862.0	28
Financial liabilities	1,770.8	58	1,802.7	59
Tax liabilities	81.0	3	84.1	3
Liabilities to limited partners in funds	45.4	1	49.1	2
Pensions	41.4	1	41.5	1
Other liabilities	288.0	9	239.9	8
Liabilities	2,226.5	73	2,217.3	72
Total equity and liabilities	3,070.8	100	3,079.3	100

Adjusted earnings before taxes increased from
EUR 10.0 million to EUR 17.9 million

Only slight change in balance sheet structure

Investment properties constitute the largest item in the balance sheet at 91% of total assets. The figure decreased slightly as a result of disposals. We reviewed the carrying amounts of our properties as of 30 June 2010 and did not identify any impairment.

Financial liabilities went down compared with year-end 2009 due to debt repayments. The average interest rate as of the reporting date was 4.3%. The loan-to-value ratio improved again to 60.0%:

in EUR m	30.06.2010	31.12.2009
Financial liabilities	1,770.8	1,802.7
Convertible bond	27.1	26.6
	1,797.9	1,829.3
Cash and cash equivalents	-98.5	-57.1
Net financial liabilities	1,699.4	1,772.2
Investment properties	2,780.5	2,835.5
Non-current assets held for sale	35.7	25.1
Land and buildings held for sale	17.6	18.4
	2,833.7	2,879.0
Loan-to-value ratio	60.0%	61.5%

Tax liabilities of EUR 77.5 million relate to obligations under the flat-rate taxation of EK 02 capital reserves. The tax assessment for GEHAG GmbH is expected in the second half of the year. A payment of EUR 11.3 million has to be made for the years 2008 and 2009.

For 2009 and 2010 we were offered 49% of the limited partnership interests in the DB 14 fund. This represents cash outflows of EUR 32.8 million, of which EUR 5.4 million have already been paid. After having accepted the offer to purchase the interests, Deutsche Wohnen will hold a stake of around 83% as of year-end.

Reduction of the
loan-to-value ratio to 60.0%

Other liabilities consist mainly of the following items:

in EUR m	30.06.2010	31.12.2009
Derivative financial instruments	109.0	70.5
Deferred tax liabilities	82.0	81.4
Convertible bond	27.1	26.6
Other	69.9	61.4
	288.0	239.9

The increase in other liabilities stems mainly from the higher mark-to-market valuation of derivative financial instruments (interest rate swaps). The interest rate swaps serve to hedge interest rate risks. As interest rates have dropped compared to 31 December 2009 the negative market values have risen further.

Residential property sales bolster liquidity

The Group's cash flow is made up as follows:

in EUR m	H1/2010	H1/2009
Cash flow from operating activities	16.0	15.6
Cash flow from investing activities	60.9	16.4
Cash flow from financing activities	-35.5	-54.4
Net change in cash and cash equivalents	41.4	-22.4
Opening cash and cash equivalents	57.1	42.0
Closing cash and cash equivalents	98.5	19.5

Cash flow from operating activities improved in particular due to higher earnings before interest and taxes for the period as well as lower interest expenses.

Sales of apartments generated the Group cash inflows of EUR 68.5 million in the first half-year for purchase prices or down-payments. Cash outflows of EUR 4.7 million for additional portfolio investments were offset by subsidies of EUR 2.5 million from UNESCO World Cultural Heritage funding.

Net financial liabilities of EUR 35.5 million were repaid.

In addition to cash and cash equivalents of EUR 98.5 million the Group can draw on credit lines of EUR 127.7 million from banks at short notice.

Increase of EUR 41.4 million in cash and cash equivalents to EUR 98.5 million.



Some of this liquidity is to be used in the months ahead to reduce liabilities still further:

- » Settlement of EK 02 tax liabilities of EUR 20.9 million.
- » Redemption of convertible bond for EUR 27.2 million.
- » Purchase of additional limited partnership interests for EUR 27.4 million.


Funds from operations (FFO) went up significantly as of 30 June 2010 in comparison with the first half of 2009:

in EUR m	H1/2010	H1/2009
Profit/loss for the period	8.1	-2.4
Depreciation and amortisation	1.6	1.4
Fair value adjustment to derivative financial instruments	1.9	0.5
Accrued interest on liabilities and pensions	7.5	7.5
Deferred taxes	6.2	5.4
Restructuring expenses	0.0	5.4
FFO	25.3	17.8
FFO per share in EUR (basis: 26.4 million shares)	0.96	0.67
FFO per share in EUR (basis: 81.84 million shares)	0.31	0.22

Net net asset value (NNAV)

As of 30 June 2010 the net net asset value amounts to EUR 859.5 million or EUR 10.50 per share. This is based on equity as of 30 June 2010 of EUR 844.3 million, adjusted for property-related deferred taxes. Despite net income of EUR 8.1 million NNAV registered a decline. This is due to the market value adjustment for interest-rate swaps (after taxes) of EUR -25.8 million as of 30 June 2010 that was recognised directly in equity. Overall the negative value of the interest-rate swaps currently depresses NNAV by EUR 0.92 per share.

FFO up by 41% to
EUR 0.31 per share



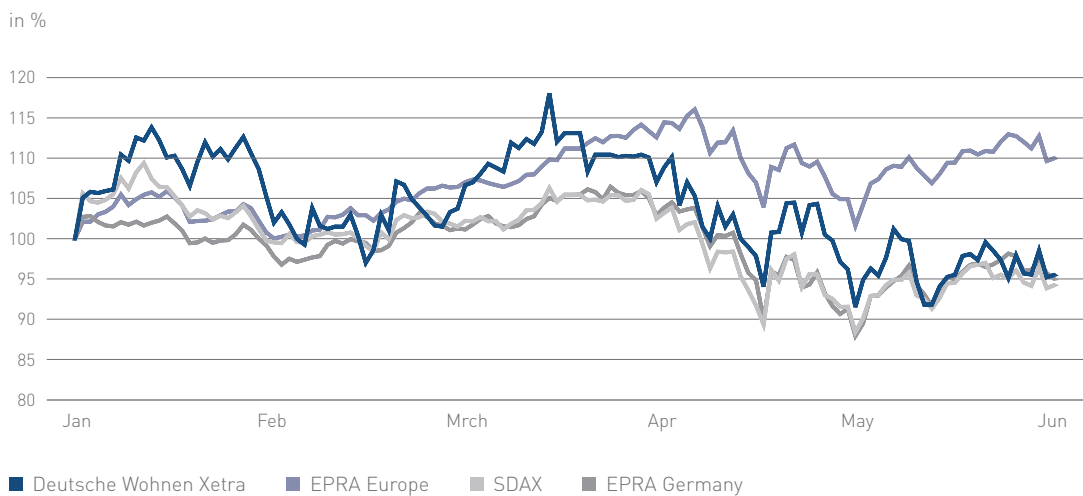
Stock markets and the Deutsche Wohnen share

In the first half of 2010 stock markets reflected both the economic revival in leading industrialised countries as well as the stability of the Chinese economy after suffering from the global recession. At the same time, markets experienced considerable volatility in the face of other crises and uncertainty about future developments. Current account deficits, exchange rate policies and debt crises in certain countries repeatedly provoked a swift reaction from the stock markets, refuelling uncertainty about the stability of financial markets as well as that of banks and countries.

In the second quarter the DAX lost around 3.0% compared with 31 March 2010. The MDAX shed 1.7% over the period as well, although the SDAX picked up by 0.2%.

The Deutsche Wohnen AG share traded at EUR 6.40 as of 30 June 2010, which, at a net net asset value of EUR 10.50 per share, represents a higher discount of 39% than in the previous quarter (29%). This steeper discount to net net asset value also afflicted all our competitors in the second quarter, whereby the Deutsche Wohnen share mostly led its peer group in the second quarter. On average the share was quoted at EUR 6.77, reaching a high of EUR 7.58 on 1 April 2010.

Share performance in H1 / 2010



Events after the reporting date

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

Risk report

For the risks of future business development we refer to the comments in the risk report to the consolidated financial statements as of 31 December 2009.

Forecast

The very good performance over the first half-year and the unremittingly strong market environment make us generally optimistic for the entire financial year.

In our core markets we will consistently realise rental potential in new lettings while retaining high occupancy rates. In addition, we will create potential for future rental development by carrying out refurbishment work in Berlin and Hanau, while further reducing refurbishment-related vacancies.

In the privatisation business we intend to beat our target of 500 to 550 units with gross margins of around 35%. We also want to make greater use of market opportunities and are looking to make selective disposals from our core portfolio.


Another focus for the second half of the year is recalibrating the portfolio in structurally weak areas, including in Rhineland-Palatinate and Brandenburg. We want to outperform the run rate for the first half-year in this area and thereby strengthen the overall portfolio.

Additional cash inflows from disposals will be used to redeem the convertible bond, purchase limited partnership interests in the DB 14 fund and settle EK 02 tax liabilities.

An additional strategic option consists in the early prolongation of loans. As only a minor amount of our loans is scheduled to expire this year and in 2011, we are currently focussing on the maturities in 2012.

We will continue to actively pursue any portfolio additions of EUR 10–50 million, especially in our core regions. We are open to large strategic additions, as long as they are accretive.

Based on the positive performance in the first six months we are raising our forecast for the 2010 financial year. We expect to increase FFO by a further EUR 0.06 to EUR 0.54 per share, which would be an improvement of 25% on the figure for 2009.



Profit forecast
increased for 2010

INTERIM FINANCIAL STATEMENTS

Consolidated balance sheet

as of 30 June 2010

in k EUR	30.06.2010	31.12.2009
ASSETS		
Investment properties	2,780,481	2,835,483
Property, plant and equipment	16,761	17,401
Intangible assets	4,057	4,558
Other non-current assets	402	400
Deferred tax assets	103,568	98,428
Non-current assets	2,905,269	2,956,270
Land and buildings held for sale	17,565	18,358
Other inventories	2,015	2,284
Trade receivables	7,451	14,543
Income tax receivables	2,394	2,468
Other current assets	1,963	3,182
Cash and cash equivalents	98,529	57,095
Subtotal current assets	129,918	97,930
Non-current assets held for sale	35,650	25,125
Current assets	165,568	123,055
Total assets	3,070,836	3,079,324

Consolidated balance sheet

as of 30 June 2010

in k EUR	30.06.2010	31.12.2009
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the parent company		
Issued capital	81,840	81,840
Capital reserve	455,761	455,761
Other comprehensive income	306,392	324,068
	843,993	861,669
Minority interests	302	302
Total equity	844,295	861,971
Non-current financial liabilities	1,680,170	1,722,044
Pension obligations	41,364	41,529
Liabilities to limited partners in funds	15,246	40,791
Tax liabilities	56,630	55,486
Derivative financial instruments	78,631	37,185
Other provisions	10,067	10,107
Deferred tax liabilities	81,985	81,412
Total non-current liabilities	1,964,092	1,988,554
Current financial liabilities	90,600	80,673
Convertible bond	27,152	26,567
Trade payables	36,138	23,182
Liabilities to limited partners in funds	30,155	8,334
Other provisions	3,764	6,396
Derivative financial instruments	30,339	33,282
Tax liabilities	24,339	28,642
Other liabilities	19,962	21,723
Total current liabilities	262,449	228,799
Total equity and liabilities	3,070,836	3,079,324

Consolidated profit and loss statement

for the period 1 January to 30 June 2010

in k EUR	H1/2010	H1/2009	Q2/2010	Q2/2009
Revenue	146,501	147,361	75,914	76,161
Earnings from disposals				
Sales proceeds	55,697	18,715	33,183	13,167
Carrying amounts of assets sold	-47,962	-14,153	-26,948	-10,034
	7,735	4,562	6,235	3,134
Other operating income	3,768	3,298	1,807	1,300
Total income	158,004	155,221	83,956	80,595
Expenses for purchased goods and services	-57,685	-57,987	-32,139	-31,802
Personnel expenses	-18,591	-19,037	-9,587	-9,354
Other operating expenses	-11,889	-10,919	-6,892	-5,142
Restructuring and reorganisation expenses	0	-5,387	0	-1,221
Total expenses	-88,165	-93,330	-48,618	-47,519
Subtotal	69,839	61,891	35,338	33,076
Depreciation and amortisation	-1,564	-1,410	-847	-914
Earnings before interest and taxes (EBIT)	68,275	60,481	34,490	32,162
Financial income	317	371	97	93
Result of fair value adjustment to derivative financial instruments	-1,888	-456	-1,535	-456
Financial expenses	-50,699	-56,255	-25,798	-28,346
Earnings before taxes	16,005	4,140	7,255	3,453
Income taxes	-7,872	-6,533	-4,284	-3,621
Profit/loss for the period	8,133	-2,392	2,971	-169
Of which attributable to:				
Shareholders of the parent company	8,133	-2,392	2,971	-169
Minority interests	0	0	0	0
	8,133	-2,392	2,971	-169
Earnings per share				
basic in EUR	0.10	-0.09	0.04	-0.01
diluted in EUR	0.10	-0.09	0.04	-0.01

Consolidated statement of comprehensive income

for the period 1 January to 30 June 2010

in k EUR	H1/2010	H1/2009	Q2/2010	Q2/2009
Profit/loss for the period	8,133	-2,392	2,971	-169
Other comprehensive income				
Net losses on derivative financial instruments	-36,615	-16,474	-15,304	16,366
Income tax effect	10,806	5,081	4,174	-5,059
Other comprehensive income for the period, net of tax	-25,809	-11,393	-11,130	11,307
Total comprehensive income for the period, net of tax	-17,676	-13,785	-8,159	11,138
Of which attributable to:				
Shareholders of the parent company	-17,676	-13,785	-8,159	11,138
Minority interests	0	0	0	0

Consolidated cash flow statement

for the period 1 January to 30 June 2010

in k EUR	H1/2010	H1/2009
Operating activities		
Profit/loss for the period	8,133	- 2,392
Financial income	- 317	- 371
Financial expenses	50,699	56,255
Income taxes	7,872	6,533
Earnings for the period before interest and taxes	66,387	60,025
Non-cash expenses/income		
Depreciation and amortisation	1,564	1,410
Adjustment to interest-rate swaps	1,888	456
Other non-cash operating expenses/income	-11,611	- 7,402
Change in net working capital		
Change in receivables, stocks and other current assets	5,448	8,607
Change in operating liabilities	- 142	1,035
Operating cash flow	63,535	64,131
Interest paid	-42,304	-46,670
Interest received	317	371
Taxes paid	-5,523	-2,212
Cash flow from operating activities	16,025	15,620
Investment activities		
Sales proceeds	68,475	20,463
Investment outflows	-4,836	-2,753
Cash inflows from investment subsidies	2,525	0
Cash outflows to limited partners in funds	-5,295	-1,323
Cash flow from investing activities	60,870	16,387
Financing activities		
Proceeds from new loans and borrowings	14,271	29,584
Repayment of loans and borrowings	-49,732	-84,018
Cash flow from financing activities	-35,461	-54,434
Net change in cash and cash equivalents	41,434	-22,428
Opening cash and cash equivalents	57,095	41,974
Closing cash and cash equivalents	98,529	19,547

Consolidated statement of changes in equity

as of 30 June 2010

in k EUR	Share capital	Capital reserve	Other comprehensive income			Subtotal	Minority interests	Equity
			Pensions	Reserve for cash flow hedge	Other reserves			
Equity as of 1 January 2010	81,840	455,761	204	-44,805	368,670	861,670	302	861,971
Profit/loss for the period					8,133	8,133	0	8,133
Other comprehensive income			0	-25,809		-25,809		-25,809
Total comprehensive income			0	-25,809	8,133	-17,676	0	-17,676
Equity as of 30 June 2010	81,840	455,761	204	-70,614	376,803	843,994	302	844,295
Equity as of 1 January 2009	26,400	269,677	2,215	-31,250	381,947	648,989	302	649,291
Profit/loss for the period					-2,392	-2,392		-2,392
Unrealised losses				-16,474		-16,474		-16,474
Deferred taxes on unrealised losses				5,081		5,081		5,081
Total comprehensive income			0	-11,393	-2,392	-13,785	0	-13,785
Equity as of 30 June 2009	26,400	269,677	2,215	-42,643	379,555	635,204	302	635,506

Notes to the financial statements

General information

The business activities of Deutsche Wohnen AG are limited to those it carries out as the holding company for the companies in the Group. This particularly includes the areas of legal affairs, human resources, finance/controlling/accounting, corporate communication and marketing. The operating subsidiaries focus on the divisions residential property management and disposals, for properties mainly situated in Berlin, Frankfurt/Main and the rest of the Rhine-Main area, as well as on the nursing and assisted living segment.

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

Principles and methods used in the consolidated financial statements

The condensed consolidated interim financial statements for the period 1 January to 30 June 2010 have been prepared in accordance with IAS 34 as they apply in the EU.

These interim financial statements do not include all the information and disclosures required for full consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements as of 31 December 2009. Deutsche Wohnen received investment subsidies for the first time in the financial year 2010, which have been offset against the acquisition costs of the relevant investments.

The consolidated financial statements have been basically prepared using the historical cost approach. This does, however, not apply to investment properties and derivative financial instruments, which are measured at fair value.

The consolidated interim financial statements consist of the financial statements for Deutsche Wohnen and its subsidiaries as of 30 June 2010. The financial statements for the subsidiaries are prepared using uniform accounting policies as of the same reporting date as the financial statements of the parent company.

In the course of preparing the consolidated financial statements, discretionary judgements, estimates and assumptions are made by management that affect the income and expenses, assets, liabilities and contingent liabilities recognised as of the reporting date. The uncertainty implicit in these assumptions and estimates may nevertheless produce results that could in future lead to considerable adjustments to the carrying amounts of the assets and liabilities concerned.

The business activities of Deutsche Wohnen are largely free of seasonal or cyclical economic influences.

Changes in the group of consolidated companies

There were no changes to the group of consolidated companies.

Changes of accounting and measurement methods

Deutsche Wohnen applies the same accounting and measurement methods as in the equivalent period last year.

In the first half of 2010 the new standards and interpretations, for which the application is mandatory for financial years beginning after 1 January 2010, have been applied in full.

Selected notes on the consolidated balance sheet

Investment properties comprise 91% of the assets of the Deutsche Wohnen Group. The decrease compared with 31 December 2009 is due to disposals.

Property, plant and equipment consists mainly of technical facilities as well as operating and office equipment.

The derivative financial instruments are interest-rate swaps held at fair value, which are not for speculative purposes but serve solely to minimise interest rate risks and therefore cash flow risks of floating-rate loans. As a result of further interest rate cuts their negative market value increased from EUR 70.5 million as of year-end 2009 to EUR 109.0 million.

Please refer to page 22 for the statement of changes in equity.

Financial liabilities decreased in comparison with 31 December 2009, particularly due to capital repayments. In the first half of 2010 loans amounting to EUR 49.7 million were repaid.

The balance sheet item convertible bonds includes the debt component of the convertible bond issued as part of the purchase price for the GEHAG Group. The change is due to the accrued interest for the first six months of 2010. The convertible bond matures in the third quarter of 2010.

The tax liabilities consist primarily of obligations under the flat-rate taxation of EK 02 capital reserves.

Selected notes on the consolidated profit and loss statement

Revenues are made up as follows:

in EUR m	H1/2010	H1/2009
Residential property management	129.9	130.7
Nursing and assisted living	16.3	16.4
Caring activities	0.3	0.3
	146.5	147.4

Expenses for purchased goods and services mainly relate to expenses for residential property management (EUR 53.6 million, same period last year: EUR 53.6 million).

The nursing and assisted living segment accounts for EUR 8.6 million of total personnel expenses of EUR 18.6 million for the first half of 2010 (same period last year: EUR 8.6 million).

Financial expenses are made up as follows:

in EUR m	H1/2010	H1/2009
Current interest expenses	-43.1	-48.8
Accrued interest on liabilities and pensions	-7.5	-7.5
Fair value adjustment to derivative financial instruments	-1.9	-0.5
	-52.5	-56.8

Notes on the consolidated cash flow statement

Cash and cash equivalents consist of cash-in-hand and bank balances. In addition, we have available lines of credit with banks for EUR 127.7 million.

Notes on segment reporting

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

in EUR m	H1/2010			Segment result
	External revenue	Internal revenue	Total revenue	
Segments				
Residential property management	129.9	1.0	130.9	76.2
Disposals	55.7	1.2	56.9	5.1
Nursing and assisted living	16.3	0.0	16.3	4.6
Reconciliation with consolidated financial statements				
Central functions and other operating activities	0.3	14.5	14.8	-16.1
Consolidation and other reconciliation	-55.7	-16.8	-72.5	0.0
	146.5	0.0	146.5	69.8

in EUR m	H1/2009			Segment result
	External revenue	Internal revenue	Total revenue	
Segments				
Residential property management	130.7	0.9	131.6	77.3
Disposals	18.7	3.5	22.2	2.5
Nursing and assisted living	16.4	0.0	16.4	4.5
Reconciliation with consolidated financial statements				
Central functions and other operating activities	0.3	15.9	16.2	-17.0
Consolidation and other reconciliation	-18.7	-20.3	-39.0	0.0
	147.4	0.0	147.4	67.3

Other disclosures

Related party disclosures

Dr Bernhardt left the Supervisory Board with effect from 31 July 2010. An application has been submitted to the court to appoint Dr Leinwand as his successor on the Supervisory Board. There have been no other significant changes to Management or the Supervisory Board compared to the disclosures made as of 31 December 2009.

Risk report

For the risks of future business development we refer to the comments in the risk report to the consolidated financial statements as of 31 December 2009.

Frankfurt/Main, August 2010

Deutsche Wohnen AG
Management Board



Michael Zahn
Chief Executive Officer



Helmut Ullrich
Chief Financial Officer

Declaration by the Group's legal representatives

"We declare that to the best of our knowledge the interim consolidated financial statements as of 30 June 2010 drawn up in accordance with the applicable accounting standards give a true and fair view of the earnings, net assets and financial position of the Group and that the interim management report gives a true and fair view of the course of business including the net income and the position of the Group and describes the main risks and potential rewards of the Group's forecast future development."

Frankfurt/Main, August 2010

Deutsche Wohnen AG
Management Board



Michael Zahn
Chief Executive Officer



Helmut Ullrich
Chief Financial Officer

Disclaimer

This interim financial report contains forward-looking statements, which are necessarily fraught with certain risks and uncertainties. The future development and results of Deutsche Wohnen AG and the Deutsche Wohnen Group may differ considerably from the assumptions applied for purposes of this interim financial report. The present interim financial report does not constitute an offer to sell, nor an invitation to submit an offer to buy, securities of Deutsche Wohnen AG. The present interim financial report does not entail an obligation on the part of the company to update the statements contained therein.

FINANCIAL CALENDAR

EPRa Conference, Amsterdam	2–3 September 2010
Roadshow in Frankfurt	6 September 2010
Roadshow in Amsterdam	10 September 2010
Uni Credit German Investment Conference, Munich	21 September 2010
Merrill Lynch Global Real Estate Conference, New York	28–29 September 2010
EXPO REAL, Munich	4–6 October 2010
Roadshow in Geneva/Zurich	6 October 2010
Credit Suisse Global Real Estate Conference, London	12 October 2010
IIA – 10. Initiative Immobilien Aktie, Frankfurt	19 October 2010
Roadshow in Paris/Brussels	26–27 October 2010
Roadshow in Scandinavia	1–2 November 2010
WestLB Deutschland Konferenz, Frankfurt	17–18 November 2010
Credit Suisse German Equity One-on-One Symposium, Frankfurt	23 November 2010
Interim report 1st–3rd quarter 2010	29 November 2010
Roadshow in Frankfurt	30 November 2010

NB: All dates are subject to change.

LEGAL NOTICE

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