Interim Report

» as of 30 September 2010

CONTENTS

KEY FIGURES

Consolidated balance sheet		30/09/2010	31/12/2009
Investment properties	in EUR m	2,740.4	2,835.5
Cash and cash equivalents	in EUR m	65.2	57.1
Equity	in EUR m	844.9	862.0
Equity ratio	in %	28.0	28.0
Financial liabilities	in EUR m	1,721.7	1,802.7
Loan-to-value ratio	in %	58.8	61.5
Net net asset value	in EUR m	866.2	870.3
Net net asset value per share	in EUR	10.58	10.63

Consolidated profit and loss statement		9M/2010	9M/2009	31/12/2009
Revenues	in EUR m	224.8	228.2	306.3
EBITDA	in EUR m	104.6	102.5 [1]	133.5 [1]
Earnings before taxes	in EUR m	24.5	7.2	3.4
Earnings after taxes	in EUR m	10.1	–2.5	–13.3
Funds from operations	in EUR m	37.7	27.4	34.8
Funds from operations per share	in EUR	0.46	0.34 [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		30/09/2010	30/09/2009	31/12/2009
Share price	in EUR	8.73	11.43 [3]	6.70
Number of shares	in m	81.84	26.40	81.84
Market capitalisation	in EUR m	715	302 [3]	548

Primary stock exchange	Xetra
Indices	SDAX, EPRA/Nareit, GPR250
ISIN/ticker symbol (bearer share)	DE000A0HN5C6/DWNI

[3] Computed value including subscription right.

INTERIM MANAGEMENT REPORT

Overview

Deutsche Wohnen continued its good performance seen in previous quarters during the third quarter.

» **Operating business** (compared with the previous year):
- In-place rent in the core portfolio increased by 2.3 % to EUR 5.43/sqm.
- The vacancy rate fell again considerably by 18 % to 2.7 %; our properties in the key metropolitan areas of Berlin and Frankfurt/Main are now almost fully let, with vacancy rates of 1.6 % and 1.8 % respectively.
- Market rent for units not subject to rent control improved to current level of EUR 6.42/sqm (+2.6 %). At present, it is 18 % higher than in-place rent.
- The notarised sales volume doubled to reach EUR 158.4 million. In total, we privatised 657 apartments and sold 2,633 units to institutional investors, generating a profit before costs of EUR 19.7 million. Thereof, EUR 8.8 million after costs as of 30 September 2010 were realised.

» **Earnings:**
- As a result of the consistently strong operating business, a further reduction in costs and decreased interest expenses, earnings before taxes more than tripled to EUR 24.5 million in comparison with the previous year (as of 30 September 2009: EUR 7.2 million).
- Overall, we increased our cash flow from the portfolio after interest expenses by EUR 8.9 million, or more than 30 %.
- Funds from operations (FFO) per share improved accordingly by 35.3 % year on year. With a figure of EUR 0.46 per share we have already exceeded our FFO result for the full year 2009 (EUR 0.43).
- Profit/loss for the period came to EUR 10.1 million. Compared with the figure for the first half-year (EUR 8.1 million), earnings showed a slightly weaker performance, primarily due to deferred tax effects.

» **Sustainability:**
- The strongly increasing market-rents in our core regions positively effect our operating business.
- We acquired a total of 1,125 residential units in order to bolster our portfolio base in our core regions and are working intensively on further acquisitions.
- Refinancing the large value loan ahead of its 2012 due date at attractive conditions. In this context we have managed to secure further loan funds of EUR 95 million for investments, in addition to the refinancing amounts.

Portfolio performance

Due to disposals within the last twelve months residential holdings contracted by 2,506 units or 156 thousand square metres:

	30/09/2010		30/09/2009 [1)]	
	Number of units	Area in k sqm	Number of units	Area in k sqm
Core portfolio	36,758	2,212	37,775	2,277
Disposals	7,829	501	9,318	593
Own properties	**44,587**	**2,713**	**47,093**	**2,870**
Property fund DB 14	2,622	179	2,622	179
Total portfolio	**47,209**	**2,892**	**49,715**	**3,048**

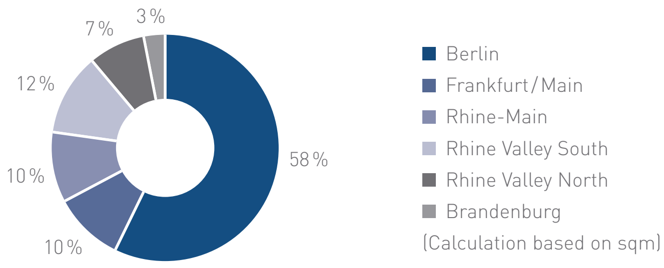
[1)] The figures have been adjusted to the new portfolio structure.

Our core portfolio holdings of currently 36,758 units are situated in the growing metropolitan areas of Berlin, Frankfurt/Main and the greater 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.

	Number of units	Area in k sqm	In-place rent [1)] in EUR/sqm	Market rent [2)] in EUR/sqm	Vacancy in %
Core portfolio	**36,758**	**2,212**	**5.43**	**6.42**	**2.7**
Berlin	21,277	1,271	5.32	6.11	1.6
Frankfurt/Main	3,656	217	6.88	8.36	1.8
Rhine-Main	3,746	224	5.84	7.26	6.5
Rhine Valley South	4,310	258	4.86	5.43	5.1
Rhine Valley North	2,637	167	4.84	5.08	2.4
Brandenburg	958	63	4.85	5.68	5.5
Other	174	12	6.08	6.05	6.4

[1)] Contractually agreed rent of let apartments divided by the area let.
[2)] Average rent for contracts signed in the last twelve months for units not subject to rent control.

Current breakdown of core portfolio



Berlin and Frankfurt/Main are of paramount significance for Deutsche Wohnen, accounting for 68 % of the portfolio. In Berlin, our largest single location, we are much better positioned than our competitors with an average in-place rent of EUR 5.32/sqm and a vacancy rate of 1.6 %. The current achievable market rents are attributable to the location and the comparatively high quality of the properties.

Berlin: vacancy rate of 1.6 %,
average in-place rent: EUR 5.32/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 nine months of the 2009 financial year:

in EUR m	9M/2010	9M/2009
Earnings from residential property management	113.4	114.3
Earnings from disposals	8.8	6.7
Earnings from nursing and assisted living	7.1	6.6
Segment contribution margin	**129.3**	**127.6**
Corporate expenses	–22.5	–24.9
Other operating expenses/income	–2.2	–0.2
EBITDA	**104.6**	**102.5** [1]

[1] Adjusted for restructuring- and reorganisation costs.

Residential property management segment: Earnings at previous year's level despite disposals

Deutsche Wohnen's business model is focused on the management and development of its own portfolio. This is where our specific expertise lies. The markets we serve are in our opinion essentially rental markets, both now and in the longer term. In accordance with our strategic focus, disposals are made in order to prune our portfolio or when relevant market opportunities arise.

Earnings from residential property management reached the previous year's level despite the loss in rent following the disposals.

in EUR m	9M/2010	9M/2009
Current gross rental income	**143.1**	**144.4**
Non-recoverable expenses	–4.7	–5.7
Rental loss	–1.6	–1.7
Maintenance	–21.8	–21.1
Other costs	–1.6	–1.6
Earnings from residential property management	**113.4**	**114.3**
Personnel expenses, general and administrative expenses	–12.0	–11.9
Net operating income (NOI)	**101.4**	**102.4**
NOI margin in %	**70.9**	**70.9**
NOI per EUR/sqm and month	**3.79**	**3.63**
Increase in %	**4.4**	

NOI margin 70.9 %

EBITDA EUR 104.6 million

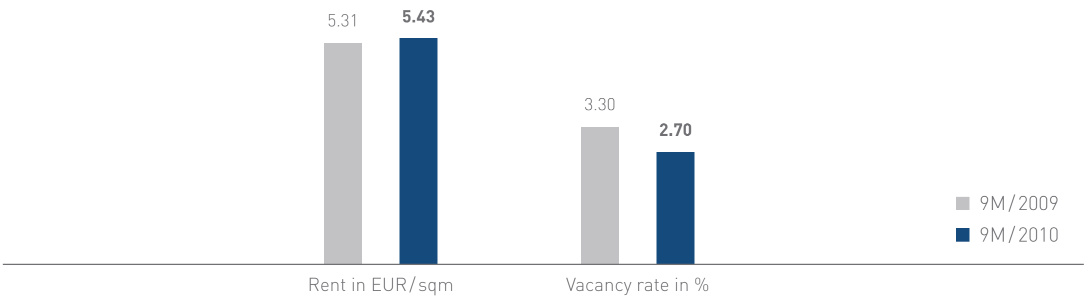
Since a smaller portfolio generated almost the same amount of rental earnings, the operating performance in fact improved. The net operating income (NOI) rose by 4.4 % to EUR 3.79/sqm.

Cash flow from the portfolio after interest expenses improved significantly and sustainably by EUR 8.9 million.

in EUR m	9M/2010	9M/2009
NOI from rental activities	101.4	102.4
Current interest expenses	– 64.5	– 74.4
Cash flow from the portfolio after current interest expenses	**36.9**	**28.0**
Interest ratio	1.57	1.38

The stabilisation of current gross rental income results from rent increases (from new lettings and the 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 %		
	30/09/2010	30/09/2009	31/12/2009	30/09/2010	30/09/2009	31/12/2009
Core portfolio	**5.43**	**5.31**	**5.35**	**2.7**	**3.3**	**2.7**
Berlin	5.32	5.19	5.24	1.6	2.0	1.5
Frankfurt / Main	6.88	6.79	6.83	1.8	2.2	2.0
Rhine-Main	5.84	5.68	5.71	6.5	8.0	7.2
Rhine Valley South	4.86	4.80	4.81	5.1	5.7	5.5
Rhine Valley North	4.84	4.82	4.82	2.4	2.9	2.2
Brandenburg	4.85	4.77	4.79	5.5	6.4	4.7
Other	6.08	5.95	6.01	6.4	0.6	1.9

Average in-place rent in the core portfolio as of the reporting date was EUR 5.43/sqm. Over the last nine months a total of 2,763 new contracts have been signed. Average market rent for units not subject to rent control currently amounts to EUR 6.42/sqm and is therefore around 18 % above the average in-place rent.

The vacancy rate for the core portfolio fell to 2.7 % in the period since 30 September 2009. In the first nine months of 2010, we received 2,625 cancellations of rent contracts (same period last year: 2,688 cancellations). This means that the annual turnover rate is almost unchanged at 10 %. A total of 100 apartments (0.3 % of the core portfolio) have been vacant for more than twelve months.

Current maintenance expenses amounted to EUR 21.8 million (last year: EUR 21.1 million) or around EUR 10/sqm on an annual basis. Deutsche Wohnen will continue to make focused investments in its buildings as, in addition to the properties' location, their quality is also especially important for letting.

Increase of in-place rent in the core portfolio to EUR 5.43/sqm

Disposals segment: Transaction volume doubles

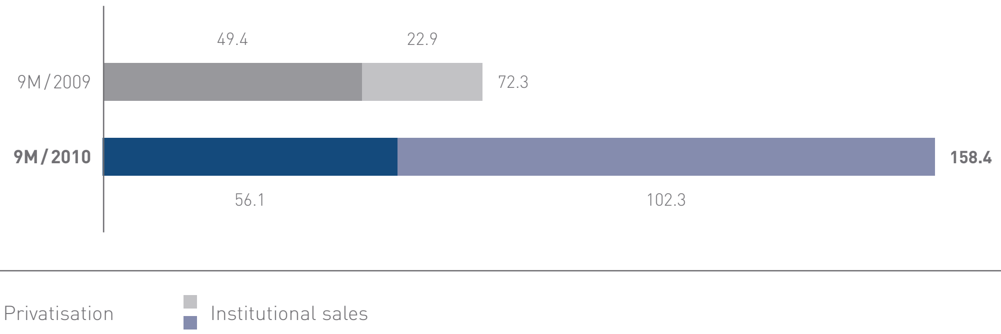
The disposals segment includes sales of apartments, mainly to owner-occupiers – known as privatisation – and sales of small packages of residential units to institutional investors.

The following transaction volume was notarised as of 30 September 2010:

	Number of residential units	Transaction volume in EUR m	Fair value in EUR m	Margin in EUR m	Margin in %
Privatisation	657	56.1	41.9	14.2	34
Institutional sales	2,633	102.3	96.8	5.5	6
	3,290	**158.4**	**138.7**	**19.7**	**14**

Change in transaction volume

in EUR m



Deutsche Wohnen doubled its sales volume in the first nine months of 2010 compared with the same period a year ago (EUR 72.3 million). With this sales result the Company successfully continued its portfolio strategy and has already met or exceeded its targets for the full year 2010.

Very good earnings were achieved from privatisation, with average proceeds of EUR 1,213/sqm and margins of 34 %.

Transaction volume
of EUR 158.4 million

In addition, 2,633 units were sold to institutional investors in the first nine months for a total of EUR 102.3 million at a margin of 6%. This enabled us to continue pruning our portfolio in structurally weak areas of Rhineland-Palatinate and Brandenburg. In Rhineland-Palatinate we increased our disposal ratio to 33% and for Brandenburg the figure is 65%.

As of the reporting date the disposals of 1,919 units with a total sales volume of EUR 91.4 million were recognised in the financial statements as risks and rewards were transferred to the buyers.

In addition to disposals we further optimised the portfolio structure by making selective purchases and strengthening the portfolio in our target regions.

In total, 1,125 residential units in Berlin/Potsdam and Mainz with an area of 57,987 sqm were acquired at an average purchase price of EUR 754/sqm.

Nursing and assisted living segment: Constant revenue and earnings figures

The nursing and assisted living segment comprises primarily 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 nine months of 2010 revenues of EUR 24.7 million resulted in segment earnings (EBITDA) of EUR 7.1 million.

Corporate expenses

Corporate expenses include personnel expenses as well as general and administrative expenses excluding the nursing and assisted living segment. They decreased year on year by approximately 10% and are attributable to the following areas:

in EUR m	9M/2010
Property management (Deutsche Wohnen Management GmbH)	12.0
Asset management/disposals (Deutsche Wohnen Corporate Real Estate GmbH)	2.6
Holding company functions (Deutsche Wohnen AG)	7.9
	22.5

Reduction of around 10% in corporate expenses compared with the same period last year

Notes on financial performance and financial position

Financial performance

in EUR m	9M/2010	9M/2009
Revenue	224.8	228.2
Earnings from disposals before costs	13.2	10.4
Expenses for purchased goods and services	–92.3	–96.0
Personnel expenses including nursing and assisted living	–27.9	–28.7
Other operating expenses/income	–13.2	–11.4
EBITDA	**104.6**	**102.5** [1]
Depreciation and amortisation	–2.4	–2.1
Restructuring expenses	0.0	–7.2
Financial result	–77.7	–85.9
Earnings before taxes	**24.5**	**7.2**
Income tax expense	–14.4	–9.8
Profit/loss for the period	**10.1**	**–2.5**

[1] Adjusted for restructuring- and reorganisation costs.

Significant increase in earnings

A good sales result, the absence of restructuring costs and a sustainable improvement in the financial result led to a threefold increase in earnings before taxes to EUR 24.5 million in comparison with the same period last year.

Detailed comments on changes in EBITDA are provided according to each segment in the section "Segment performance" on page 6.

The financial result is made up as follows:

in EUR m	9M/2010	9M/2009
Current interest expenses	–64.5	–74.4
Accrued interest on liabilities and pensions	–11.2	–11.1
Fair value adjustment to derivative financial instruments	–2.4	–0.8
	–78.1	**–86.3**
Interest income	0.4	0.4
Financial result	**–77.7**	**–85.9**

Earnings after taxes increased from EUR –2.5 million to EUR 10.1 million

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

in EUR m	9M/2010	9M/2009
Earnings before taxes	**24.5**	**7.2**
Restructuring and reorganisation expenses	0.0	7.2
Result of fair value adjustment to derivative financial instruments	2.4	0.8
Adjusted earnings before taxes	**26.9**	**15.3**

Financial position

	30/09/2010		31/12/2009	
	in EUR m	in %	in EUR m	in %
Investment properties	2,740.4	91	2,835.5	92
Other non-current assets	122.4	4	120.8	4
Non-current assets	**2,862.8**	**95**	**2,956.3**	**96**
Current assets	93.2	3	66.0	2
Cash and cash equivalents	65.2	2	57.1	2
Current assets	**158.4**	**5**	**123.1**	**4**
Total assets	**3,021.2**	**100**	**3,079.3**	**100**
Equity	**844.9**	**28**	**862.0**	**28**
Financial liabilities	1,721.7	57	1,802.7	59
Tax liabilities	62.8	2	84.1	3
Liabilities to limited partners in funds	45.5	2	49.1	2
Pensions	41.2	1	41.5	1
Other liabilities	305.1	10	239.9	8
Liabilities	**2,176.3**	**72**	**2,217.3**	**72**
Total equity and liabilities	**3,021.2**	**100**	**3,079.3**	**100**

Adjusted earnings before taxes increased from EUR 15.3 million to EUR 26.9 million

Stable 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. An examination of the carrying amounts of our properties as of 30 September 2010 showed no need for impairment.

Financial liabilities went down compared with year-end 2009 due to debt repayments totalling EUR 113.6 million (net). The average interest rate as of the reporting date was 4.4 %. The loan-to-value ratio improved again to 58.8 %:

in EUR m	30/09/2010	31/12/2009
Financial liabilities	1,721.7	1,802.7
Convertible bond	0.0	26.6
	1,721.7	**1,829.3**
Cash and cash equivalents	– 65.2	– 57.1
Net financial liabilities	**1,656.5**	**1,772.2**
Investment properties	2,740.4	2,835.5
Non-current assets held for sale	62.0	25.1
Land and buildings held for sale	17.1	18.4
	2,819.4	**2,879.0**
Loan-to-value ratio	**58.8 %**	**61.5 %**

We were able to refinance 100 % of our large value loan ahead of its 2012 due date; in total we refinanced 91.5 % of all loans due for repayment in 2012. The loans obtained for refinancing have terms of between eight and ten years. These renewals have enabled the Deutsche Wohnen Group to secure the current attractive market interest rates for the long term and greatly optimise its repayment structures.

Furthermore, Deutsche Wohnen has succeeded in securing loan funds of EUR 50 million, which had previously been available as a property-secured loan facility until 2012, and also obtain new loan funds amounting to EUR 45 million. These funds can be used by the Group to make further investments.

The remaining loan renewals due in 2011 and 2012 for EUR 4.7 million and EUR 35.6 million respectively (as per value date of 30.09.2010) relate primarily to smaller property-secured loans.

There are no loans due for renewal for the rest of the 2010 financial year.

Of the tax liabilities, EUR 58.3 million relates primarily to obligations under the flat-rate taxation of EK 02 capital reserves. The amounts due for 2010 and previous years were largely paid off in the third quarter of 2010.

Reduction of the
loan-to-value ratio to 58.8 %

For 2009 and 2010 we were offered 50 % of the limited partnership interests in the DB 14 fund for an amount of EUR 33.7 million. This means that Deutsche Wohnen will hold a stake of approximately 84 % as of year-end.

Other liabilities consist mainly of the following items:

in EUR m	30/09/2010	31/12/2009
Derivative financial instruments	112.8	70.5
Deferred tax liabilities	83.5	81.4
Convertible bond	0.0	26.6
Miscellaneous	108.8	61.4
	305.1	**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 with 31 December 2009 the negative market values have risen further. The convertible bond was repaid in the third quarter of 2010. The rise in miscellaneous liabilities is largely due to deferred purchase price payments, the risks and rewards of which will not be transferred until the fourth quarter.

Residential property sales bolster liquidity

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

in EUR m	9M/2010	9M/2009
Cash flow from operating activities before EK 02 payments	24.4	18.3
EK 02 payments	– 23.8	– 3.4
Cash flow from investing activities	121.1	42.1
Cash flow from financing activities	– 113.6	– 73.8
Net change in cash and cash equivalents	**8.1**	**– 16.8**
Opening cash and cash equivalents	57.1	42.0
Closing cash and cash equivalents	**65.2**	**25.2**

Cash flow from operating activities improved considerably due to higher earnings before interest and taxes for the period as well as lower interest expenses. The last outstanding EK 02 notifications were received in the third quarter of 2010, which means that the payments in 2010 relate to the years 2008 to 2010. Of these, EUR 15.2 million are attributable to previous periods and thus represent a one-off reduction in liquidity. In future, EUR 9.6 million p.a. will be incurred for EK 02 payments until 2017.

Increase of EUR 8.1 million in
cash and cash equivalents to EUR 65.2 million.

Sales of apartments generated cash inflows for the Group of EUR 145.3 million in the first nine months for purchase prices and down-payments. The investments of EUR 21.4 million relate primarily to modernisations (EUR 10.4 million), which are offset by subsidies of EUR 2.5 million from UNESCO World Cultural Heritage funding. Down-payments of EUR 10.0 million were also made for the acquisition of residential buildings in Berlin and Mainz.

Net financial liabilities of EUR 113.6 million were repaid. Of this, EUR 27.2 million related to the repayment of the convertible bond.

In addition to cash and cash equivalents of EUR 65.2 million the Group can draw on credit lines of EUR 124.7 million from banks (not including EUR 45 million in additional lending from January 2011). This liquidity will in part be used in the coming months for investments and the acquisition of additional limited partnership interests.

Funds from operations (FFO) went up significantly as of 30 September 2010 in comparison with the same period last year:

in EUR m	9M/2010	9M/2009
Profit/loss for the period	**10.1**	**– 2.5**
Depreciation and amortisation	2.4	2.1
Fair value adjustment to derivative financial instruments	2.4	0.8
Non-cash financial expenses	11.2	11.1
Deferred taxes	11.6	8.7
Restructuring expenses	0.0	7.2
FFO	**37.7**	**27.4**
FFO per share in EUR (basis: 26.4 million shares)	1.43	1.04
FFO per share in EUR (basis: 81.84 million shares)	0.46	0.34

Net net asset value (NNAV)

As of 30 September 2010 net net asset value amounted to EUR 866.2 million or EUR 10.58 per share. This is based on equity as of 30 September 2010 of EUR 844.9 million, adjusted for property-related deferred taxes. Despite net income of EUR 10.1 million NNAV registered a decline compared with 31 December 2009. This is due to the market value adjustment for interest rate swaps (after taxes) of EUR – 27.2 million as of 30 September 2010 that was recognised directly in equity. Overall the negative value of the interest rate swaps currently depresses NNAV by EUR 0.94 per share.

FFO up by 35% to
EUR 0.46 per share

Stock markets and the Deutsche Wohnen share

Financial markets

Financial markets in the first nine months of 2010 – and in the second quarter in particular – were heavily affected by uncertainty surrounding the debt crisis in the Eurozone. In the third quarter of 2010 it became increasingly clear that the global economy had weakened following the strong growth seen at the start of the year. Economic output in Germany, however, soared in the second quarter. In comparison with the first three months of 2010 the country recorded its highest quarterly increase since 1987. This puts Germany among the top economic performers in Europe – both in the recent past and in forecasts for 2011 and 2012.

In the third quarter of 2010 the DAX gained around 4.4 % compared with 30 June 2010. The MDAX and the SDAX even increased by 9.5 % and 11.9 % respectively in this period.

The overall recovery in the third quarter also boosted real estate stock prices, which had not benefited from the upturn in the first half of 2010: the EPRA Europe index rose by around 14.6 % while the EPRA Germany subindex climbed by a significant 17.2 %.

The Deutsche Wohnen AG share

The Deutsche Wohnen AG share traded at EUR 8.73 as of 30 September 2010, which represents a price increase of 30.3 % since the start of the year. The share thus impressively outperformed shares of other listed real estate companies in the German-speaking world for the same period.

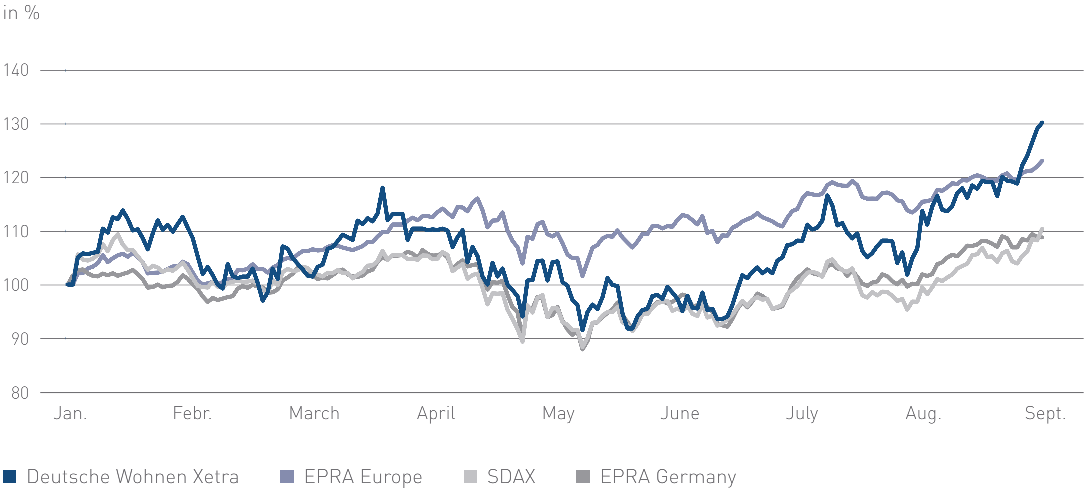
With a net net asset value of EUR 10.58 per share the share price as of 30 September 2010 now represents a discount of just 18 % (NNAV discount in the previous quarter: 39 %). This has enabled Deutsche Wohnen AG to move closer to the significantly lower NNAV discount that is typical of European property companies in comparison with their German counterparts.

The share's strong performance relative to the SDAX at the end of September 2010 can also be attributed to the Company's ability to refinance the majority of its loans which were due for repayment in 2012. This is a significant achievement, given in particular that there will be a wave of refinancing by real estate companies in the years ahead.

The share price at the end of the third quarter 2010 corresponds to a market capitalisation of EUR 715 million (as of 30 June 2010: EUR 524 million).

Growth of 30 % in the share price
since the start of the year

Share performance in 9M / 2010



In October 2010 Deutsche Börse AG's MDAX ranking list placed Deutsche Wohnen AG 42nd using the selection criterion of free float market capitalisation and 54th in terms of volume of stocks traded. The Company thus once again qualifies for possible inclusion in the MDAX as part of a regular entry procedure.

Investor relations

Deutsche Wohnen attended a variety of conferences in the period under review. In the third quarter these included the EPRA Conference in Amsterdam, the UniCredit German Investment Conference in Munich, and the Merrill Lynch Global Real Estate Conference in New York. The Company also took part in roadshows with DZ Bank in Frankfurt/Main and Rabobank in Amsterdam. Furthermore, a number of individual meetings were held with investors and analysts.

The share is currently being followed by 14 analysts, and UBS commenced coverage in the third quarter.

The following table shows an up-to-date overview of the analysts' rating assessments:

Rating	Number
Buy/outperform/add	6
Neutral/hold	7
Underweight	1

Events after the reporting date

The funds managed by the US financial investor Oaktree Capital Management L.P. ("Oaktree") informed us on 27 October 2010 by means of a voting rights announcement in accordance with the German Securities Trading Act (WpHG) that the stake held by the two Oaktree funds in Deutsche Wohnen AG had fallen from approximately 22.7 % to its current level of around 11.35 %. Both funds placed a total of around 9.3 million shares with institutional investors and continue to be Deutsche Wohnen AG's largest individual shareholder.

We are not aware of any other 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 nine months and the unremittingly strong market environment make us optimistic for the entire fiscal year. We have not changed our assessment for the full year 2010 made in the first half of the year and indeed are in a position to reaffirm it:

In our core markets we will consistently realise rental potential in new lettings while retaining high occupancy rates.

In the privatisation business we intend to exceed 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 continues to be the portfolio cleaning in structurally weak areas, including in Rhineland-Palatinate and Brandenburg.

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

Earnings from nursing and assisted living will be at the previous year's level.

The refinancing and associated structuring of our financial liabilities will depress earnings in the fourth quarter as a result of one-off costs.

Increased profit forecast for 2010

INTERIM FINANCIAL STATEMENTS

Consolidated balance sheet

as of 30 September 2010

in k EUR	30/09/2010	31/12/2009
ASSETS		
Investment properties	2,740,358	2,835,483
Property, plant and equipment	16,642	17,401
Intangible assets	3,791	4,558
Other non-current assets	396	400
Deferred tax assets	101,582	98,428
Non-current assets	**2,862,769**	**2,956,270**
Land and buildings held for sale	17,114	18,358
Other inventories	1,741	2,284
Trade receivables	7,966	14,543
Income tax receivables	2,756	2,468
Other current assets	1,683	3,182
Cash and cash equivalents	65,218	57,095
Subtotal current assets	**96,478**	**97,930**
Non-current assets held for sale	61,977	25,125
Current assets	**158,455**	**123,055**
Total assets	**3,021,224**	**3,079,324**

Consolidated balance sheet

as of 30 September 2010

in k EUR	30/09/2010	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	307,006	324,068
	844,607	**861,669**
Minority interests	302	302
Total equity	**844,909**	**861,971**
Non-current financial liabilities	1,374,298	1,722,044
Pension obligations	41,212	41,529
Liabilities to limited partners in funds	12,221	40,791
Tax liabilities	48,000	55,486
Derivative financial instruments	81,628	37,185
Other provisions	10,085	10,107
Deferred tax liabilities	83,460	81,412
Total non-current liabilities	**1,650,904**	**1,988,554**
Current financial liabilities	347,402	80,673
Convertible bond	0	26,567
Trade payables	74,274	23,182
Liabilities to limited partners in funds	33,283	8,334
Other provisions	3,863	6,396
Derivative financial instruments	31,131	33,282
Tax liabilities	14,760	28,642
Other liabilities	20,698	21,723
Total current liabilities	**525,411**	**228,799**
Total equity and liabilities	**3,021,224**	**3,079,324**

Consolidated profit and loss statement

for the period 1 January to 30 September 2010

in k EUR	9M/2010	9M/2009	Q3/2010	Q3/2009
Revenue	**224,782**	**228,215**	**78,281**	**80,854**
Earnings from disposals				
Sales proceeds	91,400	47,369	35,703	28,653
Carrying amounts of assets sold	–78,237	–36,966	–30,275	–22,813
	13,163	**10,403**	**5,428**	**5,840**
Other operating income	5,343	5,905	1,575	2,607
Total income	**243,288**	**244,523**	**85,284**	**89,302**
Expenses for purchased goods and services	–92,255	–96,036	–34,570	–38,048
Personnel expenses	–27,924	–28,668	–9,333	–9,631
Other operating expenses	–18,535	–17,287	–6,646	–6,369
Restructuring and reorganisation expenses	0	–7,178	0	–1,791
Total expenses	**–138,714**	**–149,169**	**–50,549**	**–55,839**
Subtotal	**104,574**	**95,354**	**34,735**	**33,463**
Depreciation and amortisation	–2,377	–2,112	–813	–701
Earnings before interest and taxes (EBIT)	**102,197**	**93,242**	**33,922**	**32,761**
Financial income	395	444	78	73
Result of fair value adjustment to derivative financial instruments	–2,357	–837	–469	–381
Financial expenses	–75,721	–85,583	–25,022	–29,328
Earnings before taxes	**24,514**	**7,266**	**8,509**	**3,126**
Income taxes	–14,393	–9,770	–6,521	–3,238
Profit/loss for the period	**10,121**	**–2,504**	**1,988**	**–112**
Of which attributable to:				
Shareholders of the parent company	10,121	–2,504	1,988	–112
Minority interests	0	0	0	0
	10,121	**–2,504**	**1,988**	**–112**
Earnings per share				
basic in EUR	0.12	–0.09	0.02	0
diluted in EUR	0.12	–0.09	0.02	0

Consolidated statement of comprehensive income

for the period 1 January to 30 September 2010

in k EUR	9M/2010	9M/2009	Q3/2010	Q3/2009
Profit/loss for the period	**10,121**	**–2,504**	**1,988**	**–112**
Other comprehensive income				
Net losses on derivative financial instruments	–39,935	–29,356	–3,320	–12,882
Income tax effect	12,751	9,016	1,945	3,935
Other comprehensive income for the period, net of tax	**–27,184**	**–20,340**	**–1,375**	**–8,947**
Total comprehensive income for the period, net of tax	**–17,063**	**–22,844**	**613**	**–9,059**
Of which attributable to:				
Shareholders of the parent company	–17,063	–22,844	613	–9,059
Minority interests	0	0	0	0

Consolidated cash flow statement

for the period 1 January to 30 September 2010

in k EUR	9M/2010	9M/2009
Operating activities		
Profit/loss for the period	10,121	– 2,504
Financial income	– 395	– 444
Financial expenses	75,721	85,583
Income taxes	14,393	9,770
Earnings for the period before interest and taxes	**99,840**	**92,405**
Non-cash expenses/income		
Depreciation and amortisation	2,377	2,112
Adjustment to interest-rate swaps	2,357	837
Other non-cash operating expenses/income	– 17,551	– 14,773
Change in net working capital		
Change in receivables, stocks and other current assets	4,414	5,276
Change in operating liabilities	– 1,649	4,623
Operating cash flow	**89,789**	**90,480**
Interest paid	– 64,045	– 72,145
Interest received	395	444
Taxes paid excluding EK 02 payments	– 1,702	– 443
Cash flow from operating activities before EK 02 payments	**24,437**	**18,336**
EK 02 payments	– 23,839	– 3,431
Cash flow from operating activities	**598**	**14,905**
Investment activities		
Sales proceeds	145,331	49,772
Investment outflows	– 21,446	– 6,358
Cash inflows from investment subsidies	2,525	0
Cash outflows to limited partners in funds	– 5,336	– 1,324
Cash flow from investing activities	**121,074**	**42,091**
Financing activities		
Proceeds from new loans and borrowings	32,561	30,800
Repayment of loans and borrowings	– 146,111	– 104,566
Cash flow from financing activities	**– 113,550**	**– 73,766**
Net change in cash and cash equivalents	**8,122**	**– 16,770**
Opening cash and cash equivalents	**57,095**	**41,974**
Closing cash and cash equivalents	**65,217**	**25,204**

Consolidated statement of changes in equity

as of 30 September 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**	**861,972**
Profit/loss for the period					10,121	10,121	0	10,121
Other comprehensive income			0	– 27,184		– 27,184		– 27,184
Total comprehensive income			**0**	**– 27,184**	**10,121**	**– 17,063**	**0**	**– 17,063**
Equity as of 30 September 2010	**81,840**	**455,761**	**204**	**– 71,989**	**378,791**	**844,607**	**302**	**844,909**
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					– 2,504	– 2,504		– 2,504
Unrealised losses				– 29,356		– 29,356		– 29,356
Deferred taxes on unrealised losses				9,016		9,016		9,016
Total comprehensive income			**0**	**– 20,340**	**– 2,504**	**– 22,844**	**0**	**– 22,844**
Equity as of 30 September 2009	**26,400**	**269,677**	**2,215**	**– 51,590**	**379,443**	**626,145**	**302**	**626,447**

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 business areas residential property management and disposals, for properties mainly situated in Berlin, Frankfurt/Main and the greater 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 September 2010 have been prepared in accordance with IAS 34 as it applies 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 are generally prepared on a historical cost basis. This does not, however, 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 September 2010. The financial statements for the subsidiaries are prepared using uniform accounting and measurement methods 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 nine months of the 2010 financial year 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 make up 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 112.8 million.

Please refer to page 24 for the consolidated statement of changes in equity.

Financial liabilities decreased in comparison with 31 December 2009, particularly due to capital repayments. New loans totalling EUR 32.6 million were taken out in the first nine months of the 2010 financial year while EUR 146.1 million was repaid. EUR 27.2 million of this relates to the repayment of the convertible bond issued as part of the purchase price for the GEHAG group. The increase in current financial liabilities is due to the early refinancing of loans and the related repayments.

The tax liabilities consist primarily of payment obligations under the flat-rate taxation of EK 02 capital reserves, which fell in the period under review as a result of payments totalling EUR 23.8 million.

Selected notes on the consolidated profit and loss statement

Revenues are made up as follows:

in EUR m	9M/2010	9M/2009
Residential property management	199.7	202.9
Nursing and assisted living	24.7	24.9
Caring activities	0.4	0.4
	224.8	**228.2**

Expenses for purchased goods and services principally relate to expenses for residential property management (EUR 86.4 million; same period last year: EUR 88.9 million).

The nursing and assisted living segment accounts for EUR 13.0 million of total personnel expenses of EUR 27.9 million for the first nine months of the 2010 financial year (same period last year: EUR 13.4 million).

Financial expenses are made up as follows:

in EUR m	9M/2010	9M/2009
Current interest expenses	–64.5	–74.4
Accrued interest on liabilities and pensions	–11.2	–11.1
Fair value adjustment to derivative financial instruments	–2.4	–0.8
	–78.1	**–86.3**

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 124.7 million.

Notes on segment reporting

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

in EUR m	9M/2010 External revenue	Internal revenue	Total revenue	Segment result
Segments				
Residential property management	199.7	1.6	201.3	113.4
Disposals	91.4	1.8	93.2	8.8
Nursing and assisted living	24.7	0.0	24.7	7.1
Reconciliation with consolidated financial statements				
Central functions and other operating activities	0.4	21.8	22.2	–24.7
Consolidation and other reconciliation	–91.4	–25.2	–116.6	0.0
	224.8	**0.0**	**224.8**	**104.6**

in EUR m	9M/2009 External revenue	Internal revenue	Total revenue	Segment result
Segments				
Residential property management	202.9	1.7	204.6	114.3
Disposals	47.4	5.8	53.2	6.7
Nursing and assisted living	24.9	0.0	24.9	6.6
Reconciliation with consolidated financial statements				
Central functions and other operating activities	0.4	23.6	24.0	–25.1
Consolidation and other reconciliation	–47.4	–31.1	–78.5	0.0
	228.2	**0.0**	**228.2**	**102.5**

Other disclosures

Related party disclosures

Dr Jens Bernhardt left the Supervisory Board with effect from 31 July 2010. Following a resolution passed by the Frankfurt/Main District Court on 18 August 2010 Dr Michael Leinwand was appointed as a member of the Supervisory Board for the period until the Annual General Meeting for the 2010 financial year. 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, November 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 September 2010 drawn up in accordance with the applicable accounting standards give a true and fair view of the net assets, financial and earnings 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, November 2010

Deutsche Wohnen AG
Management Board

Michael Zahn Chief Executive Officer	Helmut Ullrich Chief Financial Officer

FINANCIAL CALENDAR

Roadshow in London	1 – 2 Dezember 2010

NB: All dates are subject to change.

LEGAL NOTICE

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