INTERIM REPORT
as at 30 September 2012

Deutsche
Wohnen

EXPERIENCING

ROOMS

TO GROW

CONTENTS

KEY FIGURES

Profit and loss statement		9m/2012	9m/2011
Earnings from Residential Property Management	in EUR m	135.4	118.4
Earnings from Disposals	in EUR m	14.6	7.2
Earnings from Nursing and Assisted Living	in EUR m	7.7	7.3
Corporate expenses	in EUR m	– 25.2	– 23.0
EBITDA	in EUR m	151.6	108.8
EBT (adjusted)	in EUR m	60.2	37.6
EBT (as reported)	in EUR m	72.5	37.4
Profit for the period (after taxes)	in EUR m	50.8	19.7
Profit for the period (after taxes)[2]	EUR per share	0.43	0.24[1]
FFO (without disposals)	in EUR m	52.4	40.1
FFO (without disposals)[2]	EUR per share	0.45	0.49[1]
FFO (incl. disposals)	in EUR m	67.0	47.3
FFO (incl. disposals)[2]	EUR per share	0.57	0.58[1]

Balance sheet		30/09/2012	31/12/2011
Investment properties	in EUR m	4,275.0	2,928.8
Current assets	in EUR m	256.6	288.7
Equity	in EUR m	1,522.3	1,083.4
Net financial liabilities	in EUR m	2,468.5	1,666.9
Loan-to-Value Ratio (LTV)	in %	56.8	55.0
Total assets	in EUR m	4,632.0	3,302.2

Share		30/09/2012	31/12/2011
Share price (closing price)	EUR per share	13.67	9.78[3]
Number of shares	m	146.14	102.30
Market capitalisation	in EUR m	1,998	1,000

Net Asset Value (NAV)		30/09/2012	31/12/2011
EPRA NAV	in EUR m	1,694.1	1,211.3
EPRA NAV	EUR per share	11.59[4]	11.84

Fair Values		30/09/2012	31/12/2011
Fair value of real estate properties[5]	in EUR m	4,204	2,899
Fair value per sqm of residential and commercial area[5]	EUR per sqm	914	946

[1] Data for 9m/2011 without the so-called scrip-adjustment of the capital increases in 2011 and 2012
[2] Based on an average number of around 117.50 million issued shares in 9m/2012 or of around 81.84 million issued shares in 9m/2011
[3] Adjusted for dividend payment and capital increase in 2012
[4] Based on 146.14 million issued shares as at reporting date of 30/09/2012 or on 102.3 million issued shares as at reporting date of 31/12/2012
[5] Only comprises residential and commercial properties

INTERIM MANAGEMENT REPORT

Portfolio

As compared with 30 September 2011 our portfolio had changed as at 30 September 2012 as follows:

Residential	30/09/2012 Residential units Number	30/09/2012 Area in sqm k	30/09/2012 Share of total portfolio in %	30/09/2011 Residential units Number	30/09/2011 Area in sqm k	30/09/2011 Share of total portfolio in %
Strategic core and growth regions	**68,024**	**4,144**	**93**	**45,337**	**2,750**	**91**
Core+	46,228	2,756	63	36,798	2,205	74
Core	21,796	1,388	30	8,539	545	17
Non-core	5,140	330	7	4,327	265	9
Total	**73,164**	**4,474**	**100**	**49,664**	**3,015**	**100**

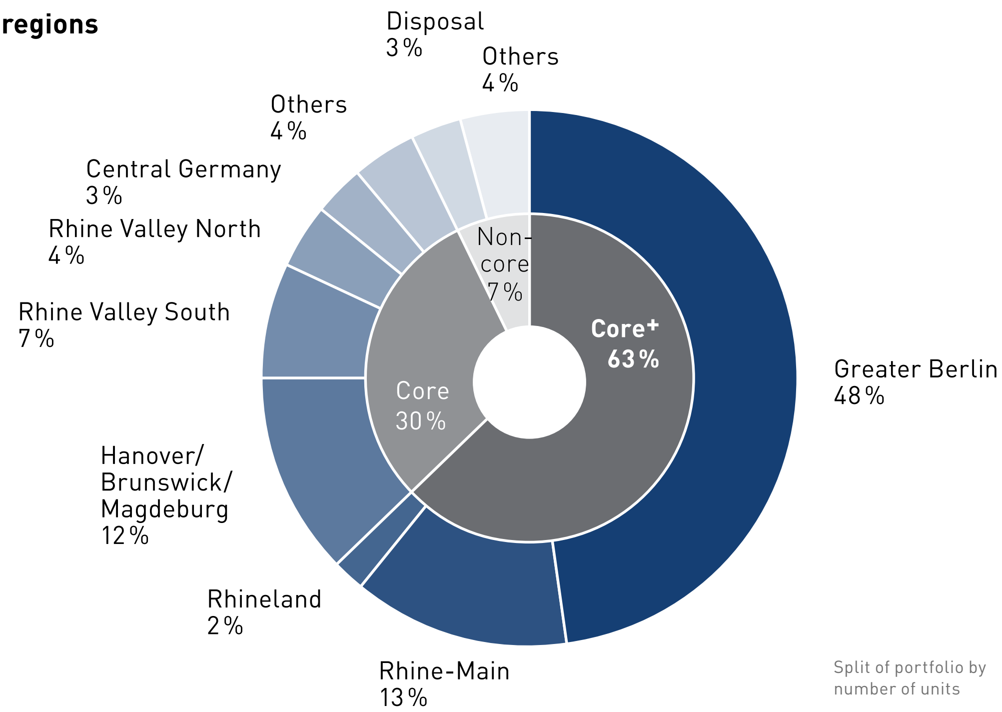
Following the first consolidation of the BauBeCon holdings (around 23,350 residential units) as at 1 September 2012, the number of residential units has risen markedly in comparison with the equivalent reporting date of the previous year. Upon the takeover of the BauBeCon holdings, the portfolio clusters used up to that point were extended by the cluster core+.

The following provides an overview of our portfolio as at 30 September 2012 with details about in-place rents and vacancy rates.

Residential	30/09/2012 Residential units Number	30/09/2012 Share of total portfolio in %	30/09/2012 In-place rent[1] EUR per sqm	30/09/2012 Vacancy rate in %
Strategic core and growth regions	**68,024**	**93**	**5.62**	**2.1**
Core+	46,228	63	5.82	1.9
Core	21,796	30	5.22	2.7
Non-core	5,140	7	4.76	8.4
Total	**73,164**	**100**	**5.56**	**2.5**

[1] Contractually owed rent of the units rented out divided by the rented area

Split of portfolio by regions



Split of portfolio by number of units

In the cluster core+ we have included the most dynamic markets with strong rental:

Residential	Residential units Number (30/09/2012)	Share of total portfolio in % (30/09/2012)	In-place rent[1] EUR per sqm (30/09/2012)	Vacancy rate in % (30/09/2012)
Core+	**46,228**	**63**	**5.82**	**1.9**
Letting portfolio	42,779	58	5.84	1.5
Privatisation	3,449	5	5.68	6.5
Greater Berlin	**35,282**	**48**	**5.58**	**1.4**
Letting portfolio	33,224	45	5.60	1.1
Privatisation	2,058	3	5.16	5.7
Rhine-Main	**9,312**	**13**	**6.67**	**3.2**
Letting portfolio	8,103	11	6.74	2.4
Privatisation	1,209	2	6.26	7.9
Rhineland	**1,634**	**2**	**6.32**	**2.9**
Letting portfolio	1,452	2	6.22	2.3
Privatisation	182	0	6.87	5.8

[1] Contractually owed rent of the units rented out divided by the rented area

The formerly part-region of Frankfurt/Main is from now on included in the metropolitan area of Rhine-Main.

The Rhineland with its focus on Dusseldorf is shown as a further metropolitan area.

Markets with moderately rising rents and forecasts for stable rent development were subsumed under the so-called core regions:

Residential	30/09/2012 Residential units Number	Share of total portfolio in %	In-place rent[1] EUR per sqm	Vacancy rate in %
Core	**21,796**	**30**	**5.22**	**2.7**
Letting portfolio	19,324	26	5.20	2.5
Privatisation	2,472	3	5.37	4.0
Hanover/Brunswick/Magdeburg	**9,025**	**12**	**5.29**	**3.4**
Letting portfolio	8,107	11	5.22	3.5
Privatisation	918	1	5.88	2.8
Rhine Valley South	**4,975**	**7**	**5.38**	**1.7**
Letting portfolio	4,653	6	5.37	1.2
Privatisation	322	0	5.45	8.7
Rhine Valley North	**2,962**	**4**	**5.11**	**1.9**
Letting portfolio	2,798	4	5.09	1.3
Privatisation	164	0	5.63	10.5
Central Germany	**2,003**	**3**	**5.00**	**2.2**
Letting portfolio	2,003	3	5.00	2.2
Privatisation	0	0	0.00	0.0
Other	**2,831**	**4**	**4.98**	**3.3**
Letting portfolio	1,763	2	5.03	3.8
Privatisation	1,068	1	4.89	2.5

[1] Contractually owed rent of the units rented out divided by the rented area

In addition to the region Hanover/Brunswick/Magdeburg we will also be showing from now on the region Central Germany. This region includes apartments in Dresden, Leipzig, Halle and Erfurt.

For reasons to do with our portfolio strategy we would like to gradually dispose of the residential holdings in the non-core cluster (5,140 residential units / 7% of the total holdings).

Residential	30/09/2012			
	Residential units	Share of total portfolio	In-place rent[1]	Vacancy rate
	Number	in %	EUR per sqm	in %
Non-core	**5,140**	**7**	**4.76**	**8.4**
Disposal	2,397	3	4.69	12.6
Other	2,743	4	4.83	4.8

[1] Contractually owed rent of the units rented out divided by the rented area

Particularly the residential holdings in the disposal portfolio are intended to be sold off more quickly because of "structural" risks.

Further acquisitions

On 28 September 2012 we notarised the purchase of a portfolio with around 5,100 residential units in the regions of Hanover/Brunswick/Magdeburg, Central Germany and Greater Berlin. The purchase price for the portfolio was around EUR 234 million or EUR 744 per sqm (living area and usable floor space). The Net Initial Yield, i.e. the current gross rental income in relation to the gross purchase price, is around 7.5%. The acquisition was financed with debt capital of around EUR 161 million at an average interest rate of around 3.6%. The annualised FFO return (before taxes) will be around 9%.

Notes on the 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 nine months of the financial year 2012 in comparison to the corresponding period of the previous year:

in EUR m	9m/2012	9m/2011
Earnings from Residential Property Management	135.4	118.4
Earnings from Disposals	14.6	7.2
Earnings from Nursing and Assisted Living	7.7	7.3
Corporate expenses	– 25.2	– 23.0
Other operating expenses/income	19.1	– 1.1
Operating result (EBITDA)	**151.6**	**108.8**
Depreciation and amortisation	– 2.2	– 2.5
Financial result	– 76.9	– 68.9
Profit before taxes	**72.5**	**37.4**
Current taxes	– 9.2	– 2.1
Deferred taxes	– 12.5	– 15.6
Profit for the period	**50.8**	**19.7**

In the first nine months of the financial year profit for the period increased by EUR 31.1 million to EUR 50.8 million in comparison with the equivalent period of the previous year. However, non-recurring expenses and income (on balance, income amounting to EUR 12.3 million) are included in this figure:

in EUR m	9m/2012	9m/2011
Profit before taxes	**72.5**	**37.4**
Gains/losses from fair-value adjustments of derivative financial instruments	0.1	0.2
One-off income from RREEF settlement	– 20.0	0.0
Transaction costs BauBeCon	7.6	0.0
Adjusted earnings before taxes	**60.2**	**37.6**

The one-off income from the settlement with RREEF Management GmbH (RREEF) results from an agreement reached by both companies in the financial year 2011 concerning compensation for losses arising from a control agreement for the financial years 1999 to the middle of 2006. This settlement was subject to the suspending condition of agreement of the Deutsche Wohnen AG Annual General Meeting, which took place in June 2012. The settlement became effective and RREEF paid EUR 20.0 million as agreed.

As part of the acquisition of the BauBeCon Group one-off transaction costs were also incurred. They relate primarily to the commitment fee of a bridge financing.

Adjusted earnings are 60 % or EUR 22.6 million higher than the figure for the equivalent period in the previous year. This increase is attributable both to improved earnings from Residential Property Management (+ EUR 17.0 million) and to higher earnings from Disposals (+ EUR 7.4 million).

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 following table shows the operating result (Net Operating Income, NOI) from Residential Property Management in the first nine months of the financial year compared with the equivalent period of the previous year:

in EUR m	9m/2012	9m/2011
Current gross rental income	**164.1**	**144.7**
Non-recoverable expenses	–3.7	–4.4
Rental loss	–1.7	–1.2
Maintenance	–21.0	–20.1
Other	–2.3	–0.6
Earnings from Residential Property Management	**135.4**	**118.4**
Staff and general and administration expenses	–13.6	–12.2
Operating result (Net Operating Income, NOI)	**121.8**	**106.2**
NOI margin in %	74.2	73.4
NOI in EUR per sqm and month[1]	4.15	3.94
Increase in %	5.3	

[1] Based on the average floor space on a quarterly basis for the period under review (BauBeCon areas only included for one month)

It was possible to improve the NOI-margin once again to 74.2 % of the current gross rental income. The increase in current gross rental income of EUR 19.4 million was accompanied by an increase in costs of only EUR 3.8 million. This indicates overall an improvement in the quality of the portfolio and an increase in its earnings potential. The operating result (Net Operating Income, NOI) rose in comparison to the equivalent period of the previous year by 5.3 % to EUR 4.15 per sqm and month.

The following table shows the development of in-place rents and vacancy rates in a like-for-like comparison, i. e. only for holdings which we have managed throughout the last twelve months:

Like-for-like	Residential units	In-place rent[1] in EUR sqm 30/09/2012	In-place rent[1] in EUR sqm 30/09/2011	Development in %	Vacancy rate in % 30/09/2012	Vacancy rate in % 30/09/2011	Development in %
Strategic core and growth regions letting portfolio	**40,140**	**5.73**	**5.59**	**2.5**	**1.5**	**1.8**	**– 16.7**
Core+	32,322	5.86	5.69	3.0	1.5	1.7	– 11.8
Greater Berlin	24,664	5.60	5.43	3.1	1.1	1.4	– 21.4
Rhine-Main	7,658	6.71	6.54	2.6	2.3	2.5	– 8.0
Rhineland	0	–	–	–	–	–	–
Core	7,818	5.25	5.19	1.2	1.6	1.9	– 15.8
Hanover/Brunswick/ Magdeburg	0	–	–	–	–	–	–
Rhine Valley South	4,320	5.36	5.30	1.1	1.2	1.8	– 33.3
Rhine Valley North	2,798	5.09	5.06	0.6	1.3	1.6	– 18.8
Central Germany	174	6.09	6.06	0.5	3.0	3.2	– 6.3
Other	526	4.88	4.72	3.4	5.5	4.4	25.0
Privatisation	3,510	5.59	5.54	0.9	6.7	2.2	204.5
Non-core	**2,433**	**4.81**	**4.78**	**0.6**	**7.2**	**7.0**	**2.9**
Total	**46,083**	**5.68**	**5.54**	**2.5**	**2.2**	**2.0**	**10.0**

[1] Contractually owed rent of the units rented out divided by the rented area

Compared with the previous year the in-place rents in the letting portfolio of the strategic core and growth regions rose on a like-for-like basis (approximately 40,200 residential units) by 2.5 %. This extremely positive development is primarily due to surging rents from new lettings (+ 20 % in comparison to existing rents). In the current year rent index adjustments are only of minor importance in comparison to the previous year.

Vacancy costs continue to fall in a like-for-like comparison. Once again the vacancy rate of 1.5 % as at the reporting date in the letting portfolio of the core and growth regions is below the level of the previous year (1.8 %). The increase in vacancies in the apartments earmarked for privatisation is intended and aims to make it possible to put these vacant apartments on the market at a higher price.

The following table shows the development of new-letting rents (and therefore of the rent potential) of the core+ letting portfolio in the first nine months of the financial year – excluding BauBeCon.

Residential	30/09/2012 New-letting rent[1] EUR/per sqm	30/09/2012 In-place rent[2] EUR/per sqm	30/09/2012 Rent potential[3] in %	31/12/2011 Rent potential[3] in %
Core+ (letting portfolio)	**7.14**	**5.85**	**22.1**	**20.4**
Greater Berlin	6.66	5.59	19.1	17.2
Rhine-Main	8.33	6.72	24.0	21.3
Rhineland	8.05	6.21	29.6	13.1

[1] Contractually owed rent from new lettings in non-rent-restricted units effective in 2012
[2] Contractually owed rent of the units rented out divided by the rented area
[3] New-letting rent in comparison to in-place rent

In the first nine months of the financial year the average new-letting rent in the letting portfolio of the core+ regions was EUR 7.14 per sqm. This is approximately 22 % higher than the current in-place rent.

In the first nine months of the financial year 2012 we spent a total of EUR 41.1 million (equivalent period of previous year: EUR 37.5 million) on maintenance and value-enhancing investments (modernisations). These increased expenses are a result of the growth in the size of the portfolio.

in EUR m	9m/2012	9m/2011
Maintenance	**21.0**	**20.1**
in EUR per sqm p. a.	8.59[1]	8.95[1]
Modernisation	**20.1**	**17.4**
in EUR per sqm p. a.	8.22[1]	7.74[1]
Maintenance and modernisation	**41.1**	**37.5**
in EUR per sqm p. a.	16.81[1]	16.69[1]

[1] On the basis of the average rental area on a quarterly basis in the relevant reporting period (BauBeCon areas only included for one month), extrapolated to twelve months

Overall, the relative total expenses per sqm p. a. are more or less at the level of the previous year. Expenses on ongoing and small-scale maintenance in the first nine months are around EUR 14.5 million (or EUR 5.93 per sqm). A further EUR 6.5 million (or EUR 2.66 per sqm) was used specifically to achieve rent increases where tenants changed hands. The investments in modernisation were made exclusively in the core+ cluster.

Earnings from Disposals

Demand for property as an investment form for owner-occupiers and investors continues to rise. In the first nine months of this year a total of 2,932 units were sold, of which 995 units have to be ascribed to the year 2011.

	Units	Transaction volume	Fair value	Gross margin	
	Number	in EUR m	in EUR m	in EUR m	in %
Privatisation	1,590	113.0	83.5	29.5	35
Institutional sales	1,342	48.1	46.3	1.8	4
	2,932	**161.2**	**129.8**	**31.3**	**24**

Of these 2,932 residential units the transfer of risks and rewards took place in respect of 2,213 residential units in the first nine months of the financial year and so are included in the sales results.

in EUR m	9m/2012	9m/2011
Sales proceeds	121.8	85.7
Cost of sales	– 8.1	– 5.4
Net sales proceeds	**113.7**	**80.3**
Carrying amounts of assets sold	– 99.1	– 73.1
Earnings from Disposals	**14.6**	**7.2**

In individual privatisations we were able to increase the sales proceeds in comparison to the equivalent period of the previous year from EUR 48.8 million to EUR 86.6 million; thus benefiting from the current favourable market conditions.

In institutional sales, we concentrated on streamlining of holdings in structurally weak regions and achieved proceeds amounting to EUR 35.2 million (equivalent period of previous year: EUR 36.9 million).

Earnings from Nursing and Assisted Living

The Nursing and Assisted Living segment is managed by the KATHARINENHOF® Group. The business model concentrates primarily on the management of residential and nursing facilities in the five federal German states of Berlin, Brandenburg, Saxony, Lower Saxony and the Rhineland-Palatinate. As at 30 September 2012 the KATHARINENHOF® Group managed 16 facilities (equivalent reporting date of previous year: 14), of which Deutsche Wohnen owns 13 with a fair value of EUR 83.4 million.

in EUR m	9m/2012	9m/2011
Income		
Nursing	26.8	25.3
Living	1.5	2.2
Other	2.6	3.0
	30.9	**30.5**
Costs		
Nursing and corporate expenses	– 8.0	– 8.5
Staff expenses	– 15.2	– 14.7
	– 23.2	**– 23.2**
Segment earnings	**7.7**	**7.3**
Attributable current interest	– 1.9	– 2.0
Segment earnings after interest	**5.8**	**5.3**

The decline in income in the division Living is due to the sale of one operation in the third quarter of 2011.

As at 1 June 2012 the KATHARINENHOF® Group acquired two facilities with 156 nursing places in Leipzig. Initially, these will make an EBITDA earnings contribution of around EUR 0.6 million p. a. The purchase price of the two facilities (an operation with properties and an operation without properties) was around EUR 6.4 million, resulting in an EBITDA margin in relation to the purchase price of the two facilities of 8.9%.

In the first nine months of 2012 the occupancy rate of the facilities increased to an average of 97.6% (98.6% as at the reporting date of 30 September 2012) (equivalent period of the previous year: 94.6%; equivalent reporting date of the previous year: 95.2%).

Corporate expenses

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

in EUR m	9m/2012	9m/2011
Staff expenses		
Holding Company Function (Deutsche Wohnen AG)	−5.3	−4.7
Asset Management/ Disposals (Deutsche Wohnen Corporate Real Estate GmbH)	−1.6	−1.7
Property Management (Deutsche Wohnen Management GmbH)	−8.7	−8.3
Total staff expenses	**−15.6**	**−14.7**
General and administration expenses	−8.6	−8.3
Total staff and general and administration expenses	−24.2	−23.0
Property Management (externally managed by BauBeCon)	−1.0	0.0
Total corporate expenses	−25.2	−23.0

Compared to the equivalent period of the previous year staff expenses rose by EUR 0.9 million. Expenses for Property Management rose just slightly by EUR 0.4 million to EUR 8.8 million. Expenses for the Holding Company rose from EUR 4.7 million to EUR 5.3 million (+EUR 0.6 million).

If one views the staff expenses (Property Management + Holding Company) together with the property management expenses for BauBeCon (for the month of September 2012) in relation to the current gross rental income, then the picture looks very different: The relative costs in relation to the current gross rental income are stable at around 9%. Following the completion of the integration of BauBeCon by May 2013 the external BauBeCon administration charge will cease to apply whilst our absolute staff and general and administration expenses will be comparatively lower: We assume synergies of around EUR 6 million p. a. with a full-year effect from 2014.

The general and administration expenses are almost at the level of the previous year.

Financial result

The financial result is made up as follows:

in EUR m	9m/2012	9m/2011
Current interest expenses	−63.1	−59.8
Accrued interest on liabilities and pensions	−8.2	−9.3
One-off financing costs for BauBeCon transaction	−7.1	0.0
Fair value adjustments of derivative financial instruments	−0.1	−0.2
	−78.5	**−69.3**
Interest income	1.6	0.4
Financial result	**−76.9**	**−68.9**

The one-off financing costs for the BauBeCon transaction are made up of a commitment fee for a bridge financing arrangement (EUR 3.8 million) and transaction related supplementary financing costs (EUR 3.3 million).

The cash flow from Residential Property Management after current interest expenses was significantly improved by EUR 12.2 million, or 25%:

in EUR m	9m/2012	9m/2011
NOI from lettings	121.8	106.2
Current interest expenses (without Nursing and Assisted Living)	–61.2	–57.8
Cash flow from Residential Property Management after current interest expenses	60.6	48.4
Interest ratio (x)	*1.99*	*1.84*

The coverage ratio of payable interest expenses (interest ratio) increased by around 8% to approximately 2.0x.

Current taxes

The current taxes of EUR 9.2 million comprise EUR 5.6 million in notional tax expenses arising from the capital increase of 2012 and EUR 3.6 million in current income taxes.

Financial position

	30/09/2012		31/12/2011	
	in EUR m	in %	in EUR m	in %
Investment properties	4,275.0	92	2,928.8	88
Other non-current assets	100.4	2	84.7	3
Total non-current assets	**4,375.4**	**94**	**3,013.5**	**91**
Current assets	94.1	2	120.9	4
Cash and cash equivalents	162.5	4	167.8	5
Total current assets	**256.6**	**6**	**288.7**	**9**
Total assets	**4,632.0**	**100**	**3,302.2**	**100**
Equity	**1,522.3**	**33**	**1,083.4**	**33**
Financial liabilities	2,631.0	57	1,834.7	56
Tax liabilities	64.2	1	58.6	2
Liabilities to limited partners in funds	6.9	0	7.3	0
Employee benefit liability	52.4	1	42.7	1
Other liabilities	355.2	8	275.5	8
Total liabilities	**3,109.7**	**67**	**2,218.8**	**67**
Total equity and liabilities	**4,632.0**	**100**	**3,302.2**	**100**

The largest asset position is investment properties, which fundamentally increased in value in comparison to 31 December 2011 by EUR 1,346.2 million particularly because of the acquisition of the BauBeCon Group in the third quarter of 2012. Further acquisitions with a transfer of risks and rewards in the first nine months of 2012 relate primarily to small-scale portfolios in Dusseldorf and Greater Berlin.

Additions to other non-current assets relate to deferred tax assets. The decline in current assets is due to disposals.

As well as cash and cash equivalents totalling EUR 162.5 million, Deutsche Wohnen has access to additional credit lines amounting to around EUR 106 million, which are callable at short notice.

The equity ration of the Group after the capital increases at the end of 2011 and in June 2012 and the positive Group results for the first nine months of 2012 is around 33 %. This means that the EPRA NAV has also increased in absolute terms as follows:

in EUR m	30/09/2012	31/12/2011
Equity (before non-controlling interests)	1,521.9	1,083.1
Diluted NAV	1,521.9	1,083.1
Fair values of derivative financial instruments	143.4	95.0
Deferred taxes (net)	28.8	33.2
EPRA NAV	**1,694.1**	**1,211.3**
Number of shares (in m)	146.14	102.3
EPRA NAV in EUR per share	**11.59**	**11.84**

In the case of capital increases, an adjustment is normally made for the effects resulting from capital increases for comparability of time series (known as "scrip-adjustment", here around 1.03). Using these scrip-adjustments, the adjusted EPRA NAV per share as at 31 December 2011 was EUR 11.50, so that the EPRA NAV per share as at 30 September 2012 – despite dividend payments – slightly increased.

In comparison to the end of 2011 financial liabilities have increased in absolute terms. This is substantially due to new borrowings (approximately EUR 812 million) to finance acquisitions. At the same time this was offset by ongoing repayments and exceptional redemption payments due to property disposals (approximately EUR 98 million).

The debt ratio (expressed as Loan-to-Value) has only increased slightly in comparison to 31 December 2011 despite the taking out of around EUR 812 million in loans for the purpose of property acquisitions, because of the inflow of liquidity arising from the capital increases in 2011 and 2012:

in EUR m	30/09/2012	31/12/2011
Financial liabilities	2,631.0	1,834.7
Cash and cash equivalents	– 162.5	– 167.8
Net financial liabilities	**2,468.5**	**1,666.9**
Investment properties	4,275.0	2,928.8
Non-current assets held for sale	28.4	37.4
Land and buildings held for sale	44.0	63.5
	4,347.4	**3,029.7**
Loan-to-Value Ratio in %	56.8	55.0

The debt ratio (expressed as Loan-to-Value) was around 57 % as at the reporting date. The average interest rate on the credit portfolio has fallen as at 30 September 2012 to 3.76 % (30 September 2011: 4.1 %) with a hedging rate of 87 %. The prolongation volume, on the basis of today's residual debt (including accrued interest) up to the end of 2014 is around EUR 106 million. In addition, it was possible to further diversify the credit portfolio by increasing the number of lenders. Overall, the financing structure of Deutsche Wohnen is stable and robust.

Of the tax liabilities, the sum of EUR 48.1 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 10.4 million in the third quarter of each year until 2017. With the takeover of the BauBeCon Group the EK-02 liabilities have increased as at 30 September 2012 by EUR 4.4 million with an increase to the annual instalment of EUR 0.8 million.

Employee benefit liabilities have increased mainly because of the fall in the actuarial interest rate from 4.66 % p.a. as at 31 December 2011 to 3.45 % p.a. Furthermore, there are additional employee benefit obligations of around EUR 4.4 million following the takeover of the BauBeCon Group.

The other liabilities cover the following items:

in EUR m	30/09/2012	31/12/2011
Derivative financial instruments	143.4	95.0
Deferred tax liabilities	106.4	96.2
Miscellaneous	105.4	84.3
Total	**355.2**	**275.5**

The change in other liabilities is mainly attributable to the increase 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 flows of the Group are made up as follows:

in EUR m	9m/2012	9m/2011
Net cash flows from operating activities before EK-02 payments	56.7	36.6
EK-02 payments	–8.5	–8.5
Net cash flows from investing activities	–1,180.9	–133.1
Net cash flows from financing activities	1,127.4	101.1
Net change in cash and cash equivalents	**–5.3**	**–3.9**
Opening balance cash and cash equivalents	167.8	46.0
Closing balance cash and cash equivalents	**162.5**	**42.1**

The net cash flows from operating activities rose because of the liquidity contributions of the BauBeCon Group and the other acquisitions during the period and because of the payment of EUR 20 million arising from the settlement between Deutsche Wohnen and RREEF. This was offset by costs in connection with the BauBeCon transaction.

Net cash flows from investing activities in the first nine months of the financial year 2012 contain inflows in an amount of EUR 128.6 million arising from the sale of apartments. These inflows are in the form of purchase prices or down payments. At the same time, there were outflows of EUR 1,309.0 million, primarily for investments and acquisitions. EUR 1,285 million of these EUR 1,309.0 million were for the acquisition of properties. A further sum of EUR 20.1 million was for value-enhancing investments in our holdings. The other investments were in our own administrative buildings and our operating and business facilities and software.

In the first nine months of 2012, net cash flows from financing activities contain inflows from the taking up of new loans of EUR 811.8 million and outflows in the form of repayments of EUR 98.1 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. As part of the BauBeCon transaction non-recurring expenses of EUR 7.1 million were incurred. In the first half-year of 2012 the Group received EUR 461.2 million as gross proceeds from the capital increase of June 2012. Of the expected costs of the capital increase amounting to around EUR 17.5 million a total of EUR 16.8 million has been paid as at the reporting date. Furthermore, the dividend for the previous financial year (EUR 23.5 million, previous year: EUR 16.4 million) was paid.

The decisive key figure for us, Funds from Operations (FFO) without disposals, rose by approximately 31 % in comparison to the equivalent period of the previous year thanks to operational improvements and acquisitions.

in EUR m	9m/2012	9m/2011
Profit for the period	**50.8**	**19.7**
Earnings from Disposals	– 14.6	– 7.2
Depreciation and amortisation	2.2	2.5
Fair value adjustments of derivative financial instruments	0.1	0.2
Non-cash financial expenses	8.2	9.3
Deferred taxes	12.5	15.6
Tax benefit from capital increase costs	5.6	0.0
One-off income from RREEF settlement	– 20.0	0.0
Transaction costs BauBeCon	7.6	0.0
FFO (without disposals)	**52.4**	**40.1**
FFO (without disposals) per share in EUR	0.45	0.49
Average number of shares issued (in m)	117.50	81.84
FFO (including disposals)	**67.0**	**47.3**
FFO (including disposals) per share in EUR	0.57	0.58
Average number of shares issued (in m)	117.50	81.84

The capital increases at the end of 2011 and at the end of June 2012 increased the average number of issued shares in the first nine months of the financial year 2012 by around 44 % in comparison to the previous year, whilst the FFO (without disposals) only increased by approximately 29 %. As a result, the FFO (without disposals) per share fell by approximately 10 %. This is particularly due to the fact that the FFO contributions of the BauBeCon holdings have only been flowing into the FFO for 2012 for one month whereas the increased number of shares has existed for approximately three months.

By adjusting the capital increases of 2011 and 2012 for the recurring FFO (without disposals) per share for the first nine months of the financial year (so-called "scrip-adjustment" of around 1.06), the recurring FFO (without disposals) per share for the first nine months of the financial year 2011 amounts to EUR 0.46 per share.

Stock market and the Deutsche Wohnen share

Economy and financial markets

The German economy is characterised by the continuing crisis in the eurozone and by the overall rather weak development of the global economy. The rate of economic growth, which had risen markedly as recently as the first quarter of 2012, was already slowing in the second quarter. In the second half-year of 2012 – according to forecasts by the DIW (German Institute for Economic Development) – this economic growth will slow further. However, the DIW takes the view that the decision by the European Central Bank (ECB) to make unlimited purchases of sovereign bonds on the secondary markets will have a beneficial effect on the economy. According to these economic forecasts there will also be a short-term decline in employment on the job market. Nevertheless, the employment situation in Germany, particularly in comparison to the rest of Europe, is good overall. The experts are forecasting that the German economy will tend to stagnate until the end of the year and that it will pick up again in 2013. For 2012 the DIW is now expecting growth of 0.9% (previously 1.0%[1]) and of 1.6% (previously 1.9%[1]) for 2013. These forecasts assume that the crisis in the eurozone will ease, that the global economy will grow more strongly at the turn of the year and that the favourable financing conditions in Germany will continue.[2]

Despite the continuing economic crisis in the states of the eurozone, developments in the financial markets have been positive in 2012. Particularly at the beginning of the second half-year share prices rose significantly following a period of predominantly falling prices in the second quarter. The further development of share prices also benefitted from the decision by the ECB to make unlimited purchases of the sovereign bonds of countries in crisis.

Compared to the end of 2011 the DAX rose by 22% and the MDAX was able to post growth of 23% too. At the end of the first nine months of 2012 the DAX was at 7,216 points and the MDAX at 10,978. The share prices on the real estate-specific benchmark indices for Europe and Germany – EPRA Europe and EPRA Germany – also rose in the period January to September. EPRA Europe increased by 15% and EPRA Germany by 25%.

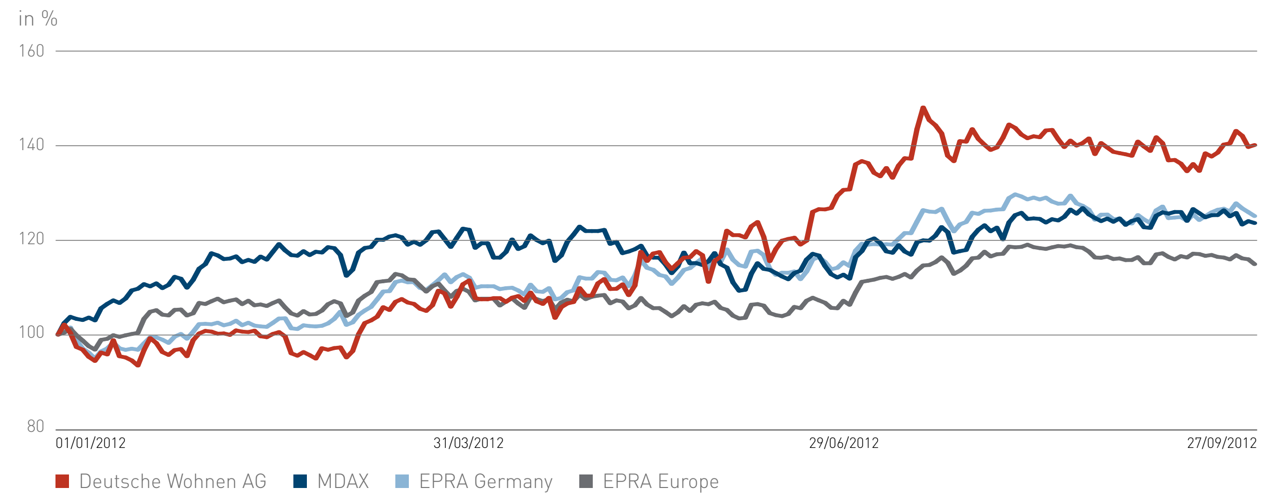
[1] DIW Sommergrundlinien 2012 ***(economic forecast – summer 2012)***
[2] DIW Herbstgrundlinien 2012 ***(economic forecast – autumn 2012)***

The Deutsche Wohnen AG share

From the second half of the year the shares of Deutsche Wohnen AG developed considerably more positively than the financial markets and much better than the share prices of the real estate benchmark indices. At the end of the third quarter the share closed at EUR 13.67. This price represents a significant increase of 40% – adjusted for the dividend payment and the capital increase in June 2012 – in comparison to the closing price at the end of the previous year.

In the face of continuing uncertainty regarding the further course of the debt and finance crisis in Europe investors chose safe forms of investment, such as the asset class residential in Germany. The shares of Deutsche Wohnen AG were therefore sought after because of the company's good figures, its successful acquisitions and its capital increase. We also see the positive development of the share price as confirmation of our business model and our strategic course.

Share price performance 9m/2012 (indexed)



Key share figures	9m/2012	9m/2011
Number of shares outstanding in m	around 146.14	81.84
Closing price at end of 9m[1] in EUR	13.67	10.00 (9.26)[4]
Market capitalisation in EUR m	around 1,998	818
Highest share price[1] during nine-month-period in EUR	14.44	12.00 (11.11)[4]
Lowest share price[1] during nine-month-period in EUR	9.60 (9.15)[3]	9.33 (8.63)[4]
Average daily traded volume[2]	344,621	231,812

[1] Xetra closing price
[2] Xetra daily traded volume (traded shares)
[3] Prices in parentheses adjusted for capital increase and dividends in 2012
[4] Prices in parentheses adjusted for capital increase in 2011 and capital increase and dividend payment in 2012

As at 30 September 2012 the market capitalisation was just under EUR 2.0 billion. This represents a significant increase of much more than 100% in comparison to the figure for the previous year. Deutsche Wohnen AG is therefore viewed, in comparison to its competitors, as currently the largest publicly listed real estate company in Germany. Furthermore, the liquidity of its shares, representing the average volume of traded shares, rose substantially by almost 50% in comparison to the figure for the previous year.

Analyst coverage

The shares of Deutsche Wohnen are currently being followed by 22 analysts. Edge Capital is no longer following the shares of Deutsche Wohnen and is no longer included in the statistics. However, Barclays Bank has now initiated coverage of our shares.

The target prices range between EUR 10.20 and EUR 17.40. The target price of 15 analysts is set at EUR 14.00 and higher. Of these, eight analysts have set a target price of EUR 15.00 and higher.

The overwhelming majority of the analysts make positive recommendations regarding the shares of Deutsche Wohnen. The following table provides a detailed overview of the current ratings of the analysts:

Rating	Number
Buy/Overweight/Outperform	9
Hold /Neutral/Equal-Weight	11
Sell	2

Status: 31/10/2012

Investor Relations activities

We would like to give our shareholders, our investors and our analysts a comprehensive and transparent insight into the strategy and the development of Deutsche Wohnen AG. Prompt and detailed reporting and regular dialogue are an established component of our Investor Relations activities. In particular, we facilitate dialogue with national and international investors by taking part in conferences worldwide. In the first nine months of 2012 we took part in a number of conferences including the EPRA conference and the IIA in Berlin and the Expo Real in Munich. We were also represented at various national and international conferences: Of the HSBC and the Deutsche Bank in Frankfurt/Main, of Credit Suisse, Morgan Stanley and JP Morgan in London, of Bankhaus Lampe in Baden-Baden, of the Commerzbank in New York and Boston, of Kempen & Co. in Amsterdam, of Merrill Lynch in New York, and of Goldman Sachs/Berenberg and UniCredit/Kepler in Munich.

In addition to participating in the conferences mentioned above we also held roadshows in New York, Boston, London, Paris, Amsterdam and Vienna during the first nine months of 2012.

Intensive dialogue with our investors will continue to be the focus of our activities in the future.

Events after the reporting date

On 24 October 2012 Deutsche Wohnen AG called an Extraordinary General Meeting to take place on 4 December 2012 in Frankfurt/Main for the purpose of passing a resolution to create new authorised capital.

On 31 October 2012 Deutsche Wohnen concluded a termination agreement with the Prelios Group in respect of the existing property management contract for the BauBeCon holdings. Amongst other things this termination agreement sets out the individual steps in the integration process up to 31 May 2013 and so lays the foundation for ensuring that this process is successful.

No further important events after the reporting date are known to us.

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 nine months of 2012 were very successful for Deutsche Wohnen. After raising our forecast for the current financial year in our half-year interim report we are once again raising our forecast for recurring FFO (without disposals) for 2012 to at least EUR 65 million. Our forecast for FFO (including disposals) for the current financial year is at least EUR 85 million.

INTERIM FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

as at 30 September 2012

in EUR k	30/09/2012	31/12/2011
ASSETS		
Investment properties	4,274,958	2,928,816
Property, plant and equipment	19,477	18,636
Intangible assets	2,691	2,511
Other non-current assets	550	561
Deferred tax assets	77,640	63,037
Non-current assets	**4,375,316**	**3,013,561**
Land and buildings held for sale	43,957	63,476
Other inventories	2,906	2,937
Trade receivables	13,338	13,959
Income tax receivables	1,450	797
Other current assets	4,056	2,329
Cash and cash equivalents	162,548	167,829
Subtotal current assets	**228,255**	**251,327**
Non-current assets held for sale	28,424	37,388
Current assets	**256,679**	**288,715**
Total assets	**4,631,995**	**3,302,276**

in EUR k	30/09/2012	31/12/2011
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the parent company		
Issued share capital	146,143	102,300
Capital reserve	901,573	496,174
Retained earnings	474,226	484,598
	1,521,942	**1,083,072**
Non-controlling interests	351	302
Total equity	**1,522,293**	**1,083,374**
Non-current financial liabilities	2,517,594	1,728,291
Employee benefit liability	52,448	42,662
Tax liabilities	36,136	41,221
Derivative financial instruments	100,678	71,731
Other provisions	8,012	8,265
Deferred tax liabilities	106,409	96,219
Total non-current liabilities	**2,821,277**	**1,988,389**
Current financial liabilities	113,391	106,382
Trade payables	75,265	35,634
Liabilities to limited partners in funds	6,906	7,287
Other provisions	6,543	3,295
Derivative financial instruments	42,771	23,241
Tax liabilities	28,041	17,411
Other liabilities	15,508	37,263
Total current liabilities	**288,425**	**230,513**
Total equity and liabilities	**4,631,995**	**3,302,276**

CONSOLIDATED PROFIT AND LOSS STATEMENT

for the period from 1 January to 30 September 2012

in EUR k	9m/2012	9m/2011	Q3/2012	Q3/2011
Income from Residential Property Management	164,098	144,676	60,349	49,080
Expenses from Residential Property Management	–28,651	–26,305	–11,516	–10,351
Earnings from Residential Property Management	**135,447**	**118,371**	**48,833**	**38,729**
Sales proceeds	121,831	85,721	39,346	26,145
Cost of sales	–8,183	–5,422	–2,146	–2,571
Carrying amount of assets sold	–99,053	–73,093	–31,662	–21,403
Earnings from Disposals	**14,595**	**7,206**	**5,538**	**2,171**
Income from Nursing and Assisted Living	30,879	30,498	11,106	10,081
Expenses for Nursing and Assisted Living	–23,134	–23,161	–8,222	–7,780
Earnings from Nursing and Assisted Living	**7,745**	**7,337**	**2,884**	**2,301**
Corporate expenses	–25,314	–23,003	–9,279	–7,664
Other expenses/income	19,148	–1,108	–528	–663
Subtotal	**151,621**	**108,803**	**47,448**	**34,874**
Depreciation and amortisation	–2,224	–2,462	–788	–834
Earnings before interest and taxes (EBIT)	**149,397**	**106,341**	**46,660**	**34,040**
Finance income	1,591	390	852	118
Gains/losses from fair value adjustments of derivative financial instruments	–142	–179	–80	–490
Finance expense	–78,389	–69,128	–28,369	–23,527
Profit before taxes	**72,457**	**37,424**	**19,063**	**10,141**
Income taxes	–21,685	–17,695	–5,221	–7,358
Profit for the period	**50,772**	**19,729**	**13,842**	**2,783**
Thereof attributable to:				
Shareholders of the parent company	50,772	19,729	13,842	2,783
Non-controlling interests	0	0	0	0
	50,772	**19,729**	**13,842**	**2,783**
Earnings per share				
basic in EUR	0.43	0.24	0.07	0.03
diluted in EUR	0.43	0.24	0.07	0.03

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 30 September 2012

in EUR k	9m/2012	9m/2011	Q3/2012	Q3/2011
Profit for the period	**50,772**	**19,729**	**13,842**	**2,783**
Other comprehensive income				
Net loss/gain from derivative financial instruments	–48,335	–24,314	–31,523	–41,649
Income tax effect	15,041	7,566	9,809	12,955
	–33,294	**–16,748**	**–21,714**	**–28,694**
Actuarial losses/gains	–6,171	2,450	–1,275	0
Income tax effect	1,850	–735	381	0
	–4,321	**1,715**	**–894**	**0**
Other comprehensive income after taxes	**–37,615**	**–15,033**	**–22,608**	**–28,694**
Total comprehensive income, net of tax	**13,157**	**4,696**	**–8,766**	**–25,911**
Thereof attributable to:				
Shareholders of the parent company	13,157	4,696	–8,766	–25,911
Non-controlling interests	0	0	0	0

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from 1 January to 30 September 2012

in EUR k	9m/2012	9m/2011
Operating activities		
Profit/loss for the period	50,772	19,729
Finance income	– 1,591	– 390
Finance expense	78,389	69,128
Income taxes	21,685	17,695
Profit/loss for the period before interest and taxes	**149,255**	**106,162**
Non-cash expenses/income		
Depreciation and amortisation	2,224	2,462
Fair value adjustments to interest rate swaps	142	179
Other non-cash operating expenses/income	– 20,577	– 15,338
Change in net working capital		
Change in receivables, inventories and other current assets	2,637	4,787
Change in operating liabilities	– 9,717	– 4,717
Net operating cash flows	**123,964**	**93,535**
Interest paid	– 68,072	– 57,788
Interest received	1,591	390
Taxes paid/received excluding EK-02 payments	– 742	481
Net cash flows from operating activities before EK-02 payments	**56,741**	**36,618**
EK-02 payments	– 8,506	– 8,506
Net cash flows from operating activities	**48,235**	**28,112**
Investing activities		
Sales proceeds	128,617	90,638
Purchase of property, plant and equipment/investment property and other non-current assets	– 1,308,950	– 216,445
Receipt of investment subsidies	0	366
Payments to limited partners in funds	– 538	– 7,739
Net cash flows from investing activities	**– 1,180,871**	**– 133,180**
Financing activities		
Proceeds from borrowings	811,752	587,096
Repayment of borrowings	– 98,105	– 469,619
One-off financing costs for BauBeCon transaction	– 7,101	0
Proceeds from capital increase	461,157	0
Costs of capital increase	– 16,819	0
Dividend paid	– 23,529	– 16,368
Net cash flows from financing activities	**1,127,355**	**101,109**
Net change in cash and cash equivalents	**– 5,281**	**– 3,959**
Opening balance of cash and cash equivalents	167,829	46,016
Closing balance of cash and cash equivalents	**162,548**	**42,057**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 30 September 2012

in EUR k	Issued share capital	Capital reserves	Retained earnings			Subtotal	Non-controlling interests	Equity
			Pensions	Reserves for cash flow hedge	Other reserves			
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					19,729	19,729		19,729
Other comprehensive income after tax			1,715	– 16,748		– 15,033		– 15,033
Total comprehensive income, net of taxes			**1,715**	**– 16,748**	**19,729**	**4,696**	**0**	**4,696**
Dividend paid					– 16,368	– 16,368	0	– 16,368
Equity as at 30 September 2011	**81,840**	**370,048**	**– 618**	**– 54,921**	**481,549**	**877,898**	**302**	**878,200**
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					50,772	50,772	0	50,772
Other comprehensive income after tax			– 4,321	– 33,294		– 37,615		– 37,615
Total comprehensive income, net of taxes			**– 4,321**	**– 33,294**	**50,772**	**13,157**	**0**	**13,157**
Capital increase	43,843	417,314				461,157		461,157
Costs of capital increase, less tax effects		– 11,915				– 11,915		– 11,915
Change in non-controlling interests						0	49	49
Dividend paid					– 23,529	– 23,529		– 23,529
Equity as at 30 September 2012	**146,143**	**901,573**	**– 5,582**	**– 94,674**	**574,482**	**1,521,942**	**351**	**1,522,293**

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 located in the Greater Berlin area, the Rhine-Main area and the Hanover/Brunswick/Magdeburg area, as well as on the Nursing and Assisted Living segment.

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 30 September 2012 were prepared in accordance with International Accounting Standards (IAS) 34 for interim reporting as applicable in the European Union (EU). The condensed consolidated interim financial statements have not been audited or subjected to an audit review.

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 30 September 2012. The financial statements of the subsidiaries are prepared using consistent accounting and valuation methods as at the same reporting date as the financial statements 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. Since 1 June 2012 Seniorenstift "Am Lunapark" GmbH, Leipzig has been a fully consolidated, wholly owned indirect subsidiary. Since 1 July 2012 Marienfelder Allee 212–220 Grundstücksgesellschaft GbR, Berlin has been a fully consolidated, indirect subsidiary on the basis of a 96 % majority shareholding. Since 1 September 2012 the companies of the BauBeCon Group have been fully consolidated, wholly owned indirect subsidiaries: BauBeCon Assets GmbH, Hanover; BauBeCon BIO GmbH, Hanover; BauBeCon Immobilien GmbH, Hanover; BauBeCon Wohnwert GmbH, Hanover; Algarobo Holding B.V., Amsterdam, the Netherlands; Hamnes Investments B.V., Amsterdam, the Netherlands; Intermetro B.V., Amsterdam, the Netherlands; patus 216. GmbH, Hanover; patus 217. GmbH, Hanover. Since 30 August 2012 Deutsche Wohnen Service GmbH, Berlin has been a fully consolidated, wholly owned direct subsidiary and Deutsche Wohnen Service Braunschweig GmbH, Berlin a fully, consolidated, wholly owned indirect subsidiary. These do not constitute business amalgamations as defined by IFRS 3. In the second quarter of 2012 Deutsche Wohnen Beteiligungsverwaltungs GmbH & Co. KG, Berlin and GEHAG Beteiligungs GmbH & Co. KG, Berlin were founded. Since they were founded these companies have been fully consolidated, wholly owned indirect subsidiaries. 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 nine 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 92 % of the assets of the Deutsche Wohnen Group. As at 31 December 2011 all investment properties were subjected to a detailed valuation and entered onto the balance sheet at fair value. For the purpose of interim reports the appropriateness of these valuations is continuously monitored. As at 31 December 2012 the investment properties will be subjected once again to a detailed valuation. With regard to the valuation methods and parameters, refer to the consolidated financial statements as at 31 December 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 143.4 million due to decreasing interest rate levels and the conclusion of further interest rate hedges for the purpose of financing acquisitions.

The developments in equity can be found in the consolidated equity change statement on page 27.

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

The employee benefit liabilities were valued as at the reporting date with a discount rate of 3.45 % p. a. (31 December 2011: 4.66 % p. a.). This rate derives 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	9m/2012	9m/2011
Potential gross rental income	167.5	148.5
Subsidies	1.9	2.1
	169.4	**150.6**
Vacancy losses	– 5.3	– 5.9
	164.1	**144.7**

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

in EUR m	9m/2012	9m/2011
Maintenance costs	– 21.0	– 20.1
Non-recoverable expenses	– 3.7	– 4.4
Rental loss	– 1.7	– 1.2
Other income/expenses	– 2.3	– 0.6
	– 28.7	**– 26.3**

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	9m/2012	9m/2011
Income from Nursing and Assisted Living	30.9	30.5
Nursing and corporate costs	– 8.0	– 8.5
Staff expenses	– 15.2	– 14.7
	7.7	**7.3**

Finance expenses are made up as follows:

in EUR m	9m/2012	9m/2011
Current interest expenses	– 63.1	– 59.8
Accrued interest on liabilities and pensions	– 8.2	– 9.3
One-off financing costs for BauBeCon transaction	– 7.1	0.0
	– 78.4	**– 69.1**

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 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	
	9m/2012	9m/2011	9m/2012	9m/2011
Segments				
Residential Property Management	164.1	144.7[1]	1.6	1.6
Disposals	121.8	85.7	7.9	6.2
Nursing and Assisted Living	30.9	30.5[1]	0.0	0.0
Reconciliation with consolidated financial statement				
Central functions and other operating activities	0.2	0.2	23.1	21.9
Consolidation and other reconciliation	–0.2	–0.2	–32.6	–29.7
	316.8	**260.9**	**0.0**	**0.0**

[1] Representation changed in comparison to previous year

in EUR m	Total revenue		Segment earnings		Assets	
	9m/2012	9m/2011	9m/2012	9m/2011	30/09/2012	31/12/2011
Segments						
Residential Property Management	165.7	146.3	135.4	118.4	4,285.5	2,938.8
Disposals	129.7	91.9	14.6	7.2	80.4	110.3
Nursing and Assisted Living	30.9	30.5	7.7	7.3	3.8	3.0
Reconciliation with consolidated financial statement						
Central functions and other operating activities	23.3	22.2	–6.1	–24.1	183.3	186.4
Consolidation and other reconciliation	–32.8	–29.9	0.0	0.0	0.0	0.0
	316.8	**261.0**	**151.6**	**108.8**	**4,553.0**	**3,238.5**

Other information

Associated parties and companies
Dr h.c. Wolfgang Clement, whose judicial appointment as member of the Supervisory Board ended at the closing of the ordinary Annual General Meeting for the financial year 2011, was elected to the Supervisory Board at the Annual General Meeting on 6 June 2012.

Otherwise 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 statements as at 31 December 2011.

Frankfurt/Main, November 2012

Deutsche Wohnen AG
Management Board

Michael Zahn Chief Executive Officer	Lars Wittan Chief Financial Officer	Helmut Ullrich 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 30 September 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, November 2012

Deutsche Wohnen AG
Management Board

Michael Zahn Chief Executive Officer	Lars Wittan Chief Financial Officer	Helmut Ullrich 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. Due to rounding, some of the figures in the tables of this interim report do not add up exactly to the total figures shown, and some of the percentages do not add up exactly to 100%, neither do subtotals.

FINANCIAL CALENDAR 2012

12/11/2012	Publication of Interim Report as at 30 September 2012/1st – 3rd quarter
14/11/2012	DZ Bank Equity Conference, Frankfurt/Main
15/11/2012	Roadshow Brussels
16/11/2012	Roadshow Paris
27–28/11/2012	2012 UBS Global Real Estate CEO Conference, London
04/12/2012	Extraordinary General Meeting 2012, Frankfurt/Main

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Concept and design
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