



January 1 to June 30, 2005 Interim Report

Key Figures

Key Figures – Group						
in € m	Jan. 1 to Jun. 30, 2005	Jan. 1 to Jun. 30, 2004	Jan. 1 to Jun. 30, 2003	Jan. 1 to Jun. 30, 2002	Jan. 1 to Jun. 30, 2001	Jan. 1 to Dec. 31, 2004
Gross profit – Residential Property Management	17.5	17.4	16.2	15.1	19.2	31.9
Gross profit – Housing Privatization	3.1	6.5	7.8	11.2	9.4	31.3
Result from ordinary activities	4.3	6.4	6.7	9.9	10.7	21.3
Net income	7.5	3.0	2.8	9.0	10.6	13.1
DVFA/SG earnings	6.6	2.7	0.9	7.7	8.6	11.8
DVFA/SG cash flow	13.4	10.7	10.7	18.1	19.0	30.8
EBIT	16.0	19.7	20.3	23.5	25.5	47.2
EBITDA	23.2	27.4	28.3	32.5	33.8	64.9
Fixed assets	899.5	943.6	985.8	1,036.9	1,094.6	897.8
Current assets	161.2	151.0	122.4	137.7	129.7	146.2
Equity	413.2	430.8	412.3	445.1	471.2	405.8
Liabilities	613.6	632.8	672.2	714.6	735.4	609.4
– thereof to banks	470.4	505.4	528.9	554.0	574.5	498.6
Total assets	1,060.8	1,094.6	1,108.3	1,175.0	1,224.8	1,044.0
Return on equity	1.7%	0.7%	0.7%	2.0%	2.3%	3.1%
Equity ratio	38.9%	39.4%	37.2%	37.9%	38.5%	38.9%
Asset cover ratio I	45.9%	45.7%	41.8%	42.9%	43.1%	45.2%
Asset cover ratio II	103.5%	105.8%	102.9%	104.3%	102.6%	105.7%
Liquidity ratio	124.5%	149.5%	107.1%	131.3%	109.8%	154.3%

Key Figures – Deutsche Wohnen Shares						
in €	Jun. 30, 2005	Jun. 30, 2004	Jun. 30, 2003	Jun. 30, 2002	Jun. 30, 2001	Dec. 31, 2004
Share price	182.85	139.80	150.55	146.80	145.00	139.52
Market capitalization (in € m)	731	559	602	587	580	558
Free float (in %)	84%	84%	79%	72%	71%	84%
DVFA/SG earnings	1.65	0.67	0.23	1.92	2.15	2.94
DVFA/SG cash flow	3.35	2.69	2.68	4.52	4.76	7.70
Fair Value/ Net Asset Value	Dec. 31, 2004	Mar. 31, 2003	Mar. 31, 2002			
Fair value – Group* (in € m)	1,226.4	–	–			
Fair value per m ² *	855.78	–	–			
Net asset value – Group (in € m)	787.5	920.0	911.6			
Net asset value per share	196.88	230.00	227.91			
Dividend	2004	2003	2002	2001	2000	1999
Dividend per share	8.75	8.75	10.00	10.00	10.00	9.12
Dividend yield** (in %)	6.3%	6.4%	6.9%	6.8%	7.0%	6.3%

* Calculated in accordance with International Financial Reporting Standards (IFRS 40).

** Based on the relevant closing price for the year.



BUSINESS DEVELOPMENT IN THE FIRST HALF OF 2005



CONSOLIDATED EARNINGS BEFORE AND AFTER TAXES

| The Deutsche Wohnen Group's consolidated earnings after taxes as of June 30, 2005 amounted to €7.5 million. This represents a year-on-year increase of €4.5 million (June 30, 2004: €3.0 million).

| In contrast, the result from ordinary activities amounted to €4.3 million, a drop of €2.1 million compared with the same period of the previous year (€6.4 million).

| The sole driver behind the sharp rise in earnings after taxes was a tax refund of €4.4 million in connection with capitalized real estate transfer tax. This resulted from the merger of two Group companies implemented in February 2005 (see the Interim Report as of March 31, 2005), and led to a tax credit that was fully recognizable in income at Group level.

| With regard to operations, it should be noted that the gross profit from Housing Privatization in particular is not significant in the first few months of a fiscal year, either in relation to annual forecasts or in relation to the previous year.

HOUSING PRIVATIZATION

| The drop in earnings after taxes resulted primarily from lower book gains on sales (€4.3 million as against €8.9 million in the same period of 2004).

| In the period until June 30, 2005, 150 housing sales were reported in the balance sheet (first half of 2004: 226). The gross profit from sales amounted to €3.1 million (June 30, 2004: €6.5 million).

| However, the total number of housing sales recorded rose to 406 as against 331 the previous year (around +23%). This figure meant that the sales team once again met its intrayear targets; these effects will only be recognized in the balance sheet later in the year.



RESIDENTIAL PROPERTY MANAGEMENT

| The segment result for Residential Property Management, at €17.5 million, was almost exactly on a par with the prior-year level (€17.4 million).

| Total estimated rental income and actual rental income (€44.6 million and €40.5 million respectively) declined by €0.6 million and €1.0 million respectively compared with the previous year (€45.2 million and €41.5 million respectively) as a result of housing sales.

OTHER KEY GROUP FIGURES

| On the basis of this operating result, the effects of housing privatization described above led to a drop in EBIT (-19%) and EBITDA (-15%) compared with the first half of 2004. Consolidated DVFA/SG cash flow increased year-on-year by around 25%, as a result of the rise in earnings after tax and a €0.5 million drop in depreciation, amortization and write-downs (particularly on tangible assets).

OUTLOOK FOR THE END OF 2005

| All other things being equal, the Management Board is forecasting that the first-time IFRS consolidated financial statements will result in significantly reduced IFRS earnings after taxes for the Group for full-year 2005, as real estate transfer tax is not capitalized under the IFRSs in contrast to the HGB, but is recognized in expenses.

Key Figures for Housing Privatization						
in € m	Jan. 1 to Jun. 30, 2005	Jan. 1 to Jun. 30, 2004	Jan. 1 to Jun. 30, 2003	Jan. 1 to Jun. 30, 2002	Jan. 1 to Jun. 30, 2001	Jan. 1 to Dec. 31, 2004
Gross profit from sales	3.1	6.5	7.8	11.2	9.4	31.3
Unrealized gains from the sale of property	4.3	8.9	10.6	14.5	10.8	40.1
Pre-sales expenses	-0.5	-1.9	-1.5	-1.7	-	-3.6
Selling expenses	-0.9	-0.5	-1.3	-2.6	-1.6	-4.3
in units						
Number of residential unit sales recorded in the period under review	406	331	393	417	564	1,095
Number of residential unit sales recorded in the balance sheet	150	226	265	304	352	1,338
in € per m²						
Average selling price recorded in the balance sheet	944	1,133	1,137	1,306	1,115	1,035
in %						
Percentage of residential units sold to former tenants	53	51	28	17	66	49

Key Figures for Residential Property Management						
in € m	Jan. 1 to Jun. 30, 2005	Jan. 1 to Jun. 30, 2004	Jan. 1 to Jun. 30, 2003	Jan. 1 to Jun. 30, 2002	Jan. 1 to Jun. 30, 2001	Jan. 1 to Dec. 31, 2004
Gross profit from Residential Property Management	17.5	17.4	16.2	15.1	19.2	31.9
in units						
Own residential units	22,625	22,939	24,193	25,452	25,180	22,779
in million m²						
Total residential space	1.44	1.48	1.59	1.64	1.70	1.45
in %						
Vacancy rate	7.9*	7.7	7.1	6.8	5.2	7.3
in € m						
Estimated rental income	44.6	45.2	47.4	47.2	49.6	90.3
in € per m²						
Average monthly estimated rental income	4.93*	4.86	4.81	4.72	4.60	4.96
in € m						
Actual rental income	40.5	41.5	43.7	44.0	47.7	82.5
in € m						
Maintenance investments	-7.1	-7.1	-9.0	-10.9	-8.8	-19.1
in € per m²						
Maintenance investments	5.07*	4.64	5.61	6.77	5.67	12.92

* Without Nordhessen Portfolio (acquisition 2004)

Deutsche Wohnen Shares in 2005 (January 1 – July 15, 2005; XETRA)



DEUTSCHE WOHNEN SHARES

Deutsche Wohnen's share price increased significantly since the beginning of 2005. On June 21, 2005, an all-time high to date of €194.74 was reached on XETRA.

As before (see the Interim Report as of March 31, 2005), the high share price is based on the positive future forecast for Deutsche Wohnen by the international capital markets, primarily due to the topic of REITs and the deconsolidation from the Deutsche Bank Group.

Deutsche Wohnen AG continues to aim for deconsolidation from the Deutsche Bank group; however, if and when this may be realized remains unclear. The shareholders have not unanimously agreed to waive the right of tender. In turn, Deutsche Bank has made clear that, as the guarantor of the right of tender, it therefore cannot waive its controlling influence in Deutsche Wohnen AG.

Consolidated Balance Sheet as of June 30, 2005

ASSETS

in €	Jun. 30, 2005	Jun. 30, 2005	Dec. 31, 2004
A. Fixed assets			
I. Intangible assets			
Concessions, industrial and similar rights and assets and licenses in such rights and assets		69,689.00	91,324.00
II. Tangible assets			
1. Land and land rights with residential buildings	818,023,828.06		818,750,779.73
2. Land and land rights with commercial and other buildings	25,390,701.88		24,402,724.09
3. Land and land rights without buildings	28,815,154.43		27,558,955.45
4. Land with heritable third-party building rights	466,859.74		456,006.48
5. Buildings on third-party land	498,070.77		533,180.78
6. Other equipment, operating and office equipment	259,667.62		124,402.55
7. Assets under construction	226,611.49		203,416.95
8. Pre-construction costs	826,795.77		523,654.78
9. Payments on account	0.00		174,000.00
		874,507,689.76	872,727,120.81
III. Financial assets			
1. Equity investments	3,904,000.51		3,944,250.51
2. Other loans	21,054,223.81		21,081,246.69
		24,958,224.32	25,025,497.20
		899,535,603.08	897,843,942.01
B. Current assets			
I. Properties for sale and other inventories			
1. Land and land rights without buildings	3,144,421.81		3,281,459.17
2. Land and land rights with buildings	8,944,194.74		8,951,781.05
3. Work in progress	37,502,848.95		25,586,897.35
4. Other inventories	218,888.58		395,061.75
5. Inventories on account	654,328.74		0.00
		50,464,682.82	38,215,199.32
II. Receivables and other assets			
1. Receivables from rental activities	1,550,705.63		2,044,733.90
2. Receivables from property sales	6,108,102.33		24,477,121.96
3. Receivables from management services	0.00		1,783,276.48
4. Receivables from affiliated companies	208.13		87,090.80
5. Other trade receivables	0.00		2,614.57
6. Other assets	23,769,153.42		13,506,996.84
		31,428,169.51	41,901,834.55
III. Securities			
Own shares		9,821.92	9,821.92
IV. Cash and cash equivalents			
Cash-in-hand and bank balances		79,334,539.13	66,054,109.67
		161,237,213.38	146,180,965.46
C. Prepaid expenses			
1. Discount	5,478.22		2,478.22
2. Other prepaid expenses	0.00		20,816.27
		5,478.22	23,294.49
Total assets		1,060,778,294.68	1,044,048,201.96

EQUITY AND LIABILITIES

in €	Jun. 30, 2005	Jun. 30, 2005	Dec. 31, 2004
A. Equity			
I. Subscribed capital	10,225,837.62		10,225,837.62
II. Capital reserves	274,334,745.12		274,334,745.12
III. Reserve for own shares	9,821.92		9,821.92
IV. Revenue reserves			
Legal reserve	1,022,583.76		1,022,583.76
V. Consolidated net retained profits	127,286,448.88		119,812,277.52
VI. Minority interests	295,508.07		361,852.86
		413,174,945.37	405,767,118.80
B. Provisions			
1. Provisions for pensions and similar obligations	3,856,676.89		3,882,370.41
2. Provisions for taxes	17,806,083.29		10,313,951.29
3. Provisions for building maintenance	483,184.24		483,184.24
4. Other provisions	11,859,027.24		14,201,142.02
		34,004,971.66	28,880,647.96
C. Liabilities			
1. Liabilities to banks	470,380,843.53		498,582,725.10
2. Liabilities to other lenders	48,925,903.32		55,430,965.38
3. Payments on account received	65,992,646.78		30,924,410.85
4. Liabilities from rental activities	10,963,430.60		10,885,402.08
5. Liabilities from management activities	140.15		0.00
6. Trade payables	1,863,723.15		830,549.19
7. Liabilities to affiliated companies	0.00		0.00
8. Other liabilities	15,471,690.12		12,746,382.60
		613,598,377.65	609,400,435.20
D. Deferred income		0.00	0.00
Total equity and liabilities		1,060,778,294.68	1,044,048,201.96

Consolidated Income Statement as of June 30, 2005

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2005

in €	Jun. 30, 2005	Jun. 30, 2005	Dec. 31, 2004
1. Sales			
a) from property management	42,613,232.34		113,761,844.49
b) from property sales	451,700.00		365,343.00
c) from management activities	1,099,674.62		2,500,993.51
d) from other services	81,143.01		295,152.85
		44,245,749.97	116,923,333.85
2. Increase in work in progress (December 31, 2004: decrease)		11,911,932.85	– 1,896,818.74
3. Other operating income		5,392,535.67	44,601,489.33
4. Cost of purchased services			
a) expenses for property management	22,957,496.21		51,188,371.57
b) expenses for property sales	182,771.96		278,371.62
c) expenses for other services	0.00		6,921.68
		23,140,268.17	51,473,664.87
5. Personnel expenses			
a) wages and salaries	6,495,031.35		14,294,484.90
b) social security and other pension costs	1,780,170.32		3,868,204.03
		8,275,201.67	18,162,688.93
6. Amortization of intangible assets and depreciation of tangible assets		7,178,876.50	17,755,891.37
7. Other operating expenses		6,943,209.35	25,054,716.46
8. Income from long-term loans		326,638.15	660,244.75
9. Other interest and similar income		833,806.28	2,134,651.82
10. Write-downs of financial assets		15,493.90	27,703.03
11. Interest and similar expenses		12,853,901.46	28,698,648.60
12. Result from ordinary activities		4,303,711.87	21,249,587.75
13. Taxes on income		– 3,194,162.58	8,056,720.96
14. Other taxes		30,865.92	111,301.10
15. Consolidated net income for the period		7,467,008.53	13,081,565.69
16. Retained profits brought forward		119,812,277.52	67,690,808.59
17. Withdrawal from capital reserves		0.00	39,101,326.50
18. Transfer to legal reserve		0.00	0.00
19. Transfer to reserve for own shares		0.00	0.00
20. Minority interest in net income for the period		– 7,162.83	61,423.26
21. Net retained profits		127,286,448.88	119,812,277.52

Management Board, Supervisory Board and Calendar

MANAGEMENT BOARD

(as of July 2005)

Andreas Lehner

– Chairman –
Bochum

Michael Neubürger

Bad Homburg

SUPERVISORY BOARD

(as of July 2005)

Helmut Ullrich

– Chairman –
Königstein
Managing Director
DB Real Estate Management GmbH, Eschborn
DB Real Estate Investment GmbH, Eschborn

Dr. Michael Gellen

– Deputy Chairman –
Cologne
Lawyer

Harry Gutte

Frechen
Managing Director
DB Real Estate Investment GmbH

Matthias Hünlein

Oberursel
Managing Director
DB Real Estate Management GmbH

Hans-Werner Jacob

Vaterstetten
Member of the Management Board Germany
Deutsche Bank Privat- und Geschäftskunden AG

Dr. Andreas Kretschmer

Düsseldorf
Managing Director of
Ärzteversorgung Westfalen-Lippe
Einrichtung der Ärztekammer Westfalen-Lippe
– Körperschaft des öffentlichen Rechts –

CALENDAR

October 26, 2005

“Real Estate Share Initiative” Conference,
Frankfurt am Main

November 8, 2005

Interim Report as of September 30, 2005



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