



Deutsche Wohnen AG

» **1st Quarter 2010**

Conference Call, 31 May 2010

» **Agenda**

1. Highlights
2. Operative development
3. Financials

» **1 Highlights**

» Capitalizing on the completed restructuring

- > Adjusted earnings before tax improved 86 % to EUR 9.1 million.
- > Earnings after taxes turn positive from EUR -2.2 million to EUR 5.2 million.
- > Thanks to favourable operating activities and reduced interest expenditure, FFO increased 55 % from EUR 0.11 per share to EUR 0.17 per share.
- > Cash and cash equivalents rose from EUR 30.4 million to EUR 87.5 million.
- > Thanks to further repayments of financial liabilities totalling EUR 23.3 million, our Loan-to-Value (LTV) Ratio improved to 60.3 %.
- > Stable Net Net Asset Value at 10.57 EUR/share

» ② Operative development

» Improvement of EBITDA by 5 % YoY

EUR m	Q1/2010	Q1/2009
Revenues	78.7	61.5
Residential property management	48.1	47.9
Nursing and residential care homes	8.1	8.1
Disposal	22.5	5.5
Segment results	42.0	41.9
Residential property management	39.2	39.0
Nursing and residential care homes	2.2	2.3
Disposal	0.6	0.6
EBITDA	34.5	33.0*

- > The revenues of the company were able to be increased by EUR 17.2 million YoY.

* adjusted for restructuring cost EUR 4.2 m

» Increase of NOI margin to 73.6 %

EUR m	Q1/2010	Q1/2009
In-place rent	48.1	48.0
Non-recoverable expenses	-1.6	-1.7
Delinquencies	-0.8	-0.4
Maintenance	-6.0	-6.1
Others	-0.5	-0.8
Result of residential property management	39.2	39.0
Personnel and general and administration expenses	-3.8	-4.5
Operative result (NOI)	35.4	34.5
NOI margin, %	73.6%	71.9%
NOI in EUR/m ² per month	3.86	3.62
Increase, %	6.6%	

- > The contribution margin from the residential property management increased by 6.6 % to 3.86 EUR/m².
- > Maintenance expenditure is 7.88 EUR/m² (annualized) resp. approx. 12 % of rental income.

» Proven rent potential of 16 % in core portfolio

	Units	Area	Share	In-place rent*	Market rent**	Vacancy
	Number	m ² k	%	EUR/m ²	EUR/m ²	%
Core portfolio	37.278	2.246	100%	5.37	6.26	3.1%
Berlin	21.699	1.298	58%	5.26	5.97	1.9%
Frankfurt/Main	3.658	217	10%	6.85	8.31	2.4%
Rhine-Main	3.743	224	10%	5.75	7.26	7.4%
Rheintal-Süd	2.688	170	8%	4.83	5.03	3.0%
Rheintal-Nord	4.346	261	12%	4.83	5.06	5.6%
Brandenburg	970	63	3%	4.81	5.51	5.2%
Others	174	12	1%	6.02	6.17	2.4%

- > The average in-place rent was increased within 12 months from EUR 5.22 EUR/m² to 5.37 EUR/m².
- > 1,069 new contracts were concluded in the core portfolio (non-subsidized) in the first quarter 2010.
- > The average market rent with non-subsidized apartments is currently 6.26 EUR/m² and is consequently around 16 % above the average in-place rent.
- > The vacancy rate decreased from 4.1 % to 3.1 % YoY.

* Contractually owed rent from the rented apartments divided by the rented area

** Current achievable contracted rent

» No structural vacancy in the core portfolio

	Vacancy	Already rented	Due to fluctuations	<i>Of which > 12 months</i>	Due to investments
Core portfolio	1.319	337	642	115	340
Berlin	432	163	158	11	111
Frankfurt/Main	112	35	77	6	0
Rhine-Main	335	54	154	45	127
Rheintal-Süd	264	50	155	32	59
Rheintal-Nord	111	28	45	6	38
Brandenburg	60	5	50	15	5
Others	5	2	3	0	0

- > For 26 % of the total vacancy, new leases have been entered into since the reporting date, yet no hand-over of the apartments has occurred.
- > Frequency of termination notices (943) on similar level YoY (967).
- > Only 115 residential units (0.3 %) in the core portfolio have remained vacant for longer than 12 months.
- > Approx. 24 % of the vacancy relates to residential estates designated for comprehensive modernisation works and which have consequently been vacated on purpose. The rental potential post-modernisation for these properties amounts to 35% on average.

» Increased disposal transaction volume

	Units	Sales volume	Fair value	Margin	
	Number	EUR m	EUR m	EUR m	%
Privatisation	253	21.4	15.8	5.6	35%
Institutional sale	798	33.8	32.5	1.3	4%
	1,051	55.2	48.3	6.9	14

- > The sales performance in the disposals segment was increased from EUR 31.8 million to EUR 55.2 million YoY.
- > In residential privatisation (i.e. sale of individual apartments) significant book profits were achieved with gross margins of 35 %, as in the previous years. 51 % of the annual targeted sales (500 units) were already achieved as per the reporting date.
- > In institutional sales the transaction volume was around EUR 33.3 million with a gross margin of 4 %. Focus was to streamline the portfolio in structurally weaker regions.

Overview Disposal

	Q1/2010	Q1/2009
Sales proceeds	22.5	5.5
Cost of sales	-0.9	-0.8
Net sales proceeds	21.6	4.7
Fair value	-21.0	-4.1
Result of disposal	0.6	0.6

- > Of 1,051 notarised units 486 units were taken into account on the balance sheet as per 31st March 2010.

» ③ Financials

» Positive Q1 result

EUR m	Q1/2010	Q1/2009
EBITDA adjusted	34.5	33.0
Depreciation	-0.7	-0.5
Financial result (net)	-24.6	-27.6
EBT adjusted	9.1	4.9
Restructuring	0.0	-4.2
Valuation SWAP	-0.4	0.0
EBT	8.8	0.7
Taxes	-3.6	-2.9
Net profit	5.2	-2.2
Earnings per share	0.06	-0.08

EUR m	Q1/2010	Q1/2009
Interest expenses	-21.1	-24.2
Non-cash financial expenses	-3.7	-3.7
	-24.8	-27.9
Interest income	0.2	0.3
Financial result (net)	-24.6	-27.6

+++ Significant increase in earnings after taxes of EUR -2.2 million to EUR 5.2 million

++ **The turnaround is complete:**
Through the omission of one-offs relating to the restructuring in context of the GEHAG takeover, the company is now in a position to present a positive result.

++ Substantial reduction of interest expense as a result of the progressing deleveraging.

- High share of interest hedges and fixed rates (97 %) prevent to benefit from the current low interest environment.

» Funds from Operations

EUR m	Q1/2010	Q1/2009
Net profit	5.2	-2.2
Depreciation	0.7	0.5
Valuation SWAP	0.4	0.0
Non-cash financial expenses	3.7	3.7
Deferred taxes	3.9	2.9
Restructuring	0.0	4.2
FFO	13.7	9.0
FFO per share (26.4 million shares)	0.52	0.34
FFO per share (81.8 million shares)	0.17	0.11

- > FFO increased by 55 % to EUR 0.17 per share YoY
- > As early as the first quarter of 2010 the forecast FFO increase of EUR 0.05 was consequently achieved.
- > There is further potential here with a progressing development.

» Strong cash position

EUR m	31/03/2010	31/12/2009
Investment properties	2,811.0	2,835.5
Other non current assets	21.8	22.4
Deferred tax assets	101.5	98.4
Non current assets	2,934.3	2,956.3
Land and building held for sale	17.9	18.4
Receivables from goods and services	5.3	14.5
Other current assets	34.1	33.0
Cash	87.5	57.1
Current assets	144.8	123.0
Total assets	3,079.1	3,079.3

Unchanged valuation matrix:

- 896 EUR/m²
- 14.2 times on in-place rent

Strong liquidity position:

- Cash of EUR 87 million
- Credit lines of EUR 128 million

» Stable equity position due net profit

EUR m	31/03/2010	31/12/2009
Total equity	852.5	862.0
Financial liabilities	1,783.3	1,802.7
Tax liabilities	80.7	84.1
Deferred tax liabilities	81.7	81.4
Derivatives	92.1	70.5
Other liabilities	188.5	178.6
Total liabilities	3,079.1	3,079.3

Reduction of LTV to 60.3%

Expected EK02 payments 2010: EUR 21 million

Increase through reduced market interest rates

EUR m	31/03/2010	31/12/2009
NNAV	864.8	870.3
NNAV per share	10.57	10.63

Reduced NNAV as a result of SWAP assessment (EUR 16 million)

» Reduction of LTV to 60,3 %

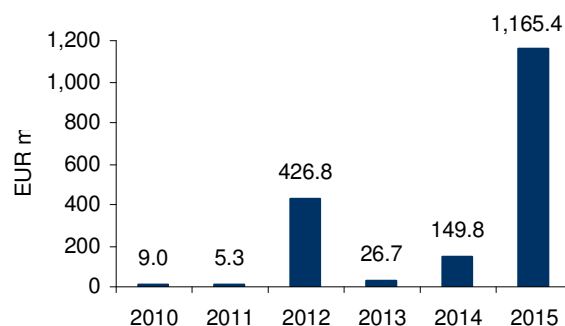
Debt structure

Financial liabilities in EUR m	DW stand alone	DB 14	Total
Mark-to-market	1.677	106	1.783
LTV (%)	60.2	62.4	60.3
Nominal value	1.739	159	1.898
LTV (%)	62.5	93.5	64.3

Debt service

- Average interest rate: ~ 4.3%
- Average redemption p.a.: (excl. sales release payments) ~ 1.8%
- Interest rates fixed or hedged: ~ 97%

Long-term maturities profile



- > EUR 23.2 million already prolonged in 2010 (previously EUR 32.2 million)
- > Prolongation 2010: Loan EUR 370 million => early prolongation targeted in order to exploit favourable interest environment

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