



Deutsche Wohnen AG

» **Q1 2011 results**

Conference Call, 12 May 2011

» Summary

» Successful and strong start into 2011

Acquisitions/ Sustainability

- 4,300 units acquired last nine months, thereof
 - 1,800 units closed in 2010
 - 2,500 units signed in 2011 (April, May)
- 2,500 new acquisitions are economically advantageous:
 - Net Initial Yield: 8.1 %

Performance (y-o-y)

- In-place rent core: 5.50 EUR/sqm + 2.2%
- New-letting rent core: 6.46 EUR/sqm + 3.5%
- Vacancy core: 2.3% - 28%
- NOI/sqm/month: EUR 4.03 + 4.4%
- Cashflow from portfolio: 16.5 m + EUR 2.2 m
- Disposals: EUR 58.0 m increased margins in privatisation (41%)

Results (y-o-y)

- Net profit: EUR 8.5 m + 63%
- Adjusted EBT: EUR 14.0 m + 54%
- FFO w/o disposals: 0.19 EUR/share + 19%
- EPRA NAV 11.94 EUR/share + EUR 0.16

» **Acquisitions/Sustainability**

» Accretive purchase of 4,300 units within last nine months

	Residential units	Area	In-place rent	Vacancy	Transfer of risks and rewards
	#	sqm	EUR/sqm	%	
Acquisitions 2010	1,808	96,482	5.24	1.5	accomplished
Acquisitions 2011: Berlin	2,520	150,548	5.14	5.7	scheduled from Q2/2011 onwards
Total	4,328	247,030	5.18	4.2	

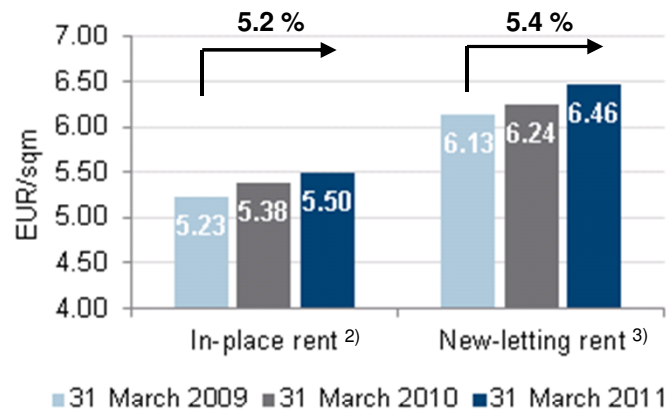
- ~ 2,500 residential units were purchased in April and May 2011 in the core region Berlin
 - > Key metrics
 - Net purchase price: EUR 104.6 m / EUR 684 per sqm
 - Annual current gross rental income: EUR 9.0 m
 - Net Initial Yield: 8.1 % related to current gross rental income
 - FFO accretion
 - > All purchased units are non-rent restricted
 - > Partly already split up for privatisation purposes
 - hence, further privatisation potential in Berlin without exploiting core portfolio

- The 4,300 units purchased overall obtain an annual current gross rental income of about EUR 15.0 m

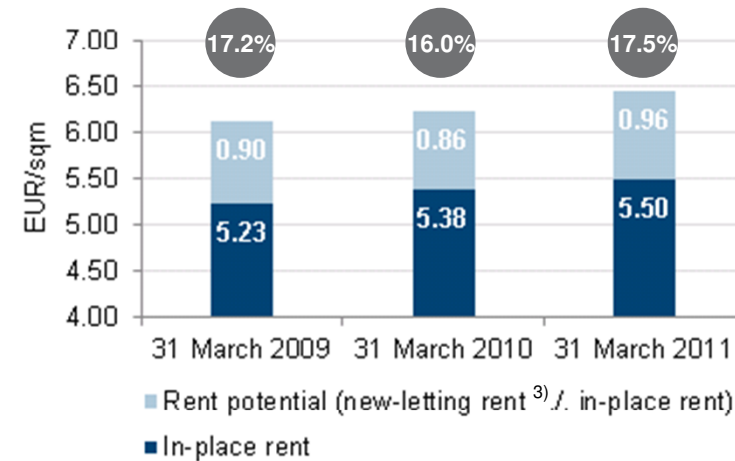
» Performance

» Accelerating rents and higher rent potential in core portfolio

Core portfolio¹⁾ – rent per sqm/month



Core portfolio¹⁾ – rent potential



- Dynamic growth of the average new-letting rent of non-rent restricted core portfolio by EUR 0.22 per sqm to EUR 6.46 per sqm
- Berlin and Frankfurt/Main are virtually fully let with vacancy rates of 1.3 % and 1.5 %

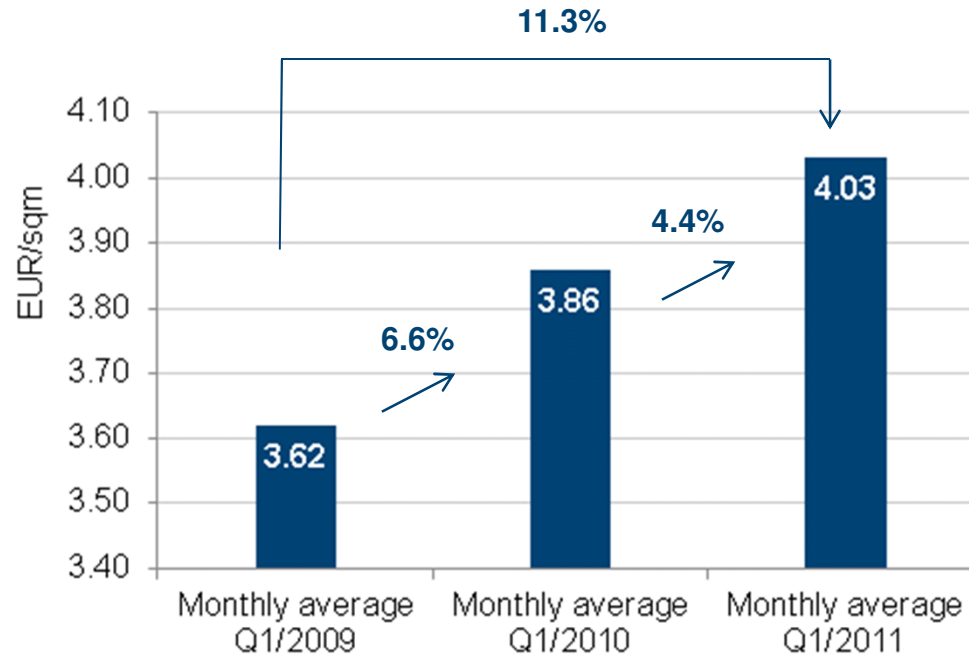
¹⁾ After inclusion of DB 14 properties in core portfolio

²⁾ Contractually owed rent from the rented apartments divided by the rented area

³⁾ Average rent for contracts signed in the last twelve months for units not subject to rent control

» Strong operating performance continued

Residential property management: NOI per month per sqm¹⁾



¹⁾ NOI: Net Operating Income of the quarter divided by months of the quarter and floor space at the end of the quarter under review

» Increasing performance and cash contribution from portfolio

	EUR m	Q1/2011	Q1/2010
Earnings from letting: stable ¹⁾	Current gross rental income	47.7	48.1
	Non-recoverable expenses	-1.2	-1.6
	Rental loss	-0.5	-0.8
	Maintenance	-5.8	-6.0
	Others	-0.6	-0.5
	Earnings of Residential Property Management	39.6	39.2
NOI margin: 74.8% NOI/sqm/month: + 4.4%	Personnel, general and administration expenses	-3.9	-3.8
	Net Operating Income (NOI)	35.7	35.4
	NOI margin	74.8 %	73.6 %
	NOI in EUR/sqm and month ²⁾	4.03	3.86
	Increase	+4.4 %	
Cash flow: + EUR 2.2 m	EUR m	Q1/2011	Q1/2010
	Net Operating Income (NOI)	35.7	35.4
	Cash interest expenses	-19.2	-21.1
	Cash flow from portfolio after cash interest expenses	16.5	14.3
	Increase	15.4%	

¹⁾ Rental shortfalls due to disposals compensated

²⁾ Based on average quarterly areas of the period

» Proven rent potential of 17.5 % in core portfolio

Portfolio overview as of 31 March 2011

Residential	Units	Area	Share	In-place rent ¹⁾	New-letting rent ²⁾	Vacancy
	Number	k sqm	%	EUR/sqm	EUR/sqm	%
Berlin	21,488	1,275	46%	5.37	6.20	1.3%
Frankfurt/Main	3,656	217	8%	6.93	8.28	1.5%
Rhine-Main	4,283	257	9%	5.95	7.48	5.6%
Rhine Valley South	5,927	369	12%	5.15	5.43	3.4%
Rhine Valley North	3,159	204	7%	4.99	5.15	2.4%
Greater Berlin	914	55	2%	5.36	6.48	1.5%
Others	696	46	1%	5.10	5.65	5.5%
Core portfolio	40,123	2,423	85%	5.50	6.46	2.3%
Privatisation	3,632	239	8%	5.50	5.82	8.0%
Bloc sales	3,340	208	7%	4.43	4.69	11.6%
Total disposal	6,972	447	15%	5.01	5.03	9.5%
Total portfolio	47,095	2,870	100%	5.43	6.32	3.3%

¹⁾ Contractually owed rent from the rented apartments divided by the rented area

²⁾ Average rent for contracts signed in the last twelve months for units not subject to rent control

» Disposals – privatisation: increased margin of 41 %

Signed in Q1/2011	Units	Transaction volume	Fair value	Gross margin	
	#	EUR m	EUR m	EUR m	%
Privatisation	306	25.3	18.0	7.3	41%
Institutional sales	1,032	32.7	32.6	0.1	0%
	1,338	58.0	50.6	7.4	15%

- **Privatisation** (i.e. sale of individual apartments):
 - > Increased gross margin of 41 % (Q1/2010: 35 %)
- **Institutional sales**
 - > 36 % of bloc sales portfolio already sold (31 Dec 2010: 31 %)

Closed in Q1/2011	Q1/2011	Q1/2010
Sales proceeds	25.2	22.5
Cost of sales	-1.1	-0.9
Net sales proceeds	24.1	21.6
Fair value	-21.4	-21.0
Earnings from Disposals	2.7	0.6

- Number of disposals in Q1/2011: 675
 - > Privatisation: 159 units
 - > Institutional sales: 516 units

» Improved earnings in Nursing and Assisted Living

	Q1/2011 EUR m	Q1/2010 EUR m
Income		
Nursing	8.5	8.1
Living	0.8	0.8
Other	0.9	0.9
	10.2	9.8
Costs		
Nursing and corporate expenses	-2.7	-2.8
Personnel expenses	-4.8	-4.8
	-7.5	-7.6
Earnings (EBITDA)	2.7	2.2

- Improved earnings of EUR 2.7 m in Nursing and Assisted Living in the first three months of 2011
- Based on increased earnings due to higher capacity utilisation

» Results

» Adjusted EBT increased y-o-y to EUR 14.0 m (+ 54 %)

EUR m	Q1/2011	Q1/2010
EBITDA	37.3	34.5
Depreciation	-0.8	-0.7
Financial result (net, adjusted)	-22.5	-24.6
EBT adjusted	14.0	9.1
Valuation SWAP	0.2	-0.4
EBT	14.2	8.8
Taxes	-5.7	-3.6
Profit / loss	8.5	5.2
Earnings per share in EUR	0.10	0.06

- Further reduction of interest expenses as a result of the debt structure optimisation in 2010
- Taxes mainly affected by higher deferred taxes (+ EUR 1.4 m)

Taxes	Q1/2011
Ongoing taxes	- 0.4
Deferred taxes	- 5.3
Total	- 5.7

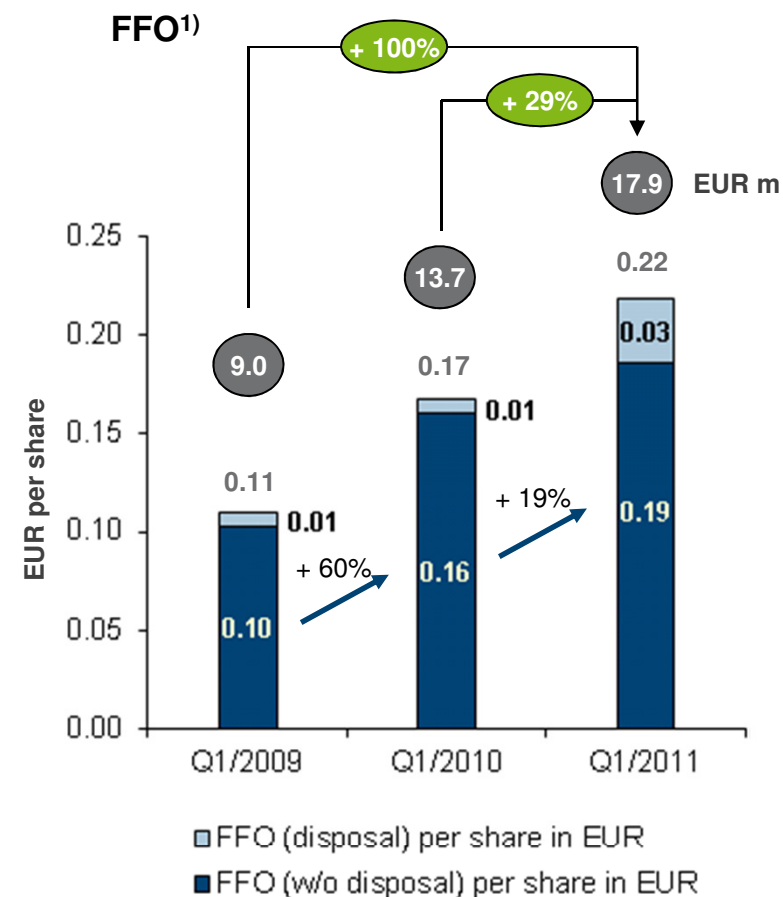
Non-cash interest expenses	Q1/2011
Mainly accruals on:	
Low-interest bearing liabilities	- 2.3
Liabilities from EK 02 taxes	- 0.6
Pension provisions	- 0.5
DB 14	- 0.1
Total	- 3.5

EUR m	Q1/2011	Q1/2010
Interest expenses	-19.2	-21.1
Non-cash interest expenses	-3.5	-3.7
	-22.7	-24.8
Interest income	0.2	0.2
Financial result (net, adjusted)	-22.5	-24.6

» FFO (w/o sales) almost doubled in the last two years

FFO-calculation

EUR m	Q1/2011	Q1/2010
Profit / loss	8.5	5.2
Earnings from Disposals	-2.7	-0.6
Depreciation	0.8	0.7
Valuation SWAP	-0.2	0.4
Non-cash financial expenses	3.5	3.7
Deferred taxes	5.3	3.9
FFO (w/o disposals)	15.2	13.1
FFO w/o disposals in EUR/share	0.19	0.16
FFO (incl. disposals)	17.9	13.7
FFO (incl. disposals) in EUR/share	0.22	0.17



¹⁾ Based on 81.84 m shares outstanding

» Balance sheet – assets

EUR m	31/03/2011	31/12/2010
Investment properties	2,806.7	2,821.0
Other non current assets	20.3	20.5
Derivatives	12.1	9.2
Deferred tax assets	67.2	78.7
Non current assets	2,906.3	2,929.4
Land and building held for sale	14.8	15.2
Trade receivables	4.4	6.7
Other current assets	35.6	40.9
Cash and cash equivalents	42.4	46.0
Current assets	97.2	108.8
Total assets	3,003.5	3,038.2

Unchanged valuation matrix

Thereof from **31/03/2011**

Rental business	EUR 3.2m
Disposals	EUR 0.5m
Other	EUR 0.7m

Other current assets comprise 31/03/2011

Non current assets held for sale	EUR 29.3m
Income tax receivables	EUR 2.4m
Other inventories	EUR 1.9m
Other assets	EUR 2.1m

» Balance sheet – equity and liabilities

EUR m	31/03/2011	31/12/2010
Total equity	917.3	889.9
Financial liabilities	1,756.5	1,784.5
Tax liabilities	65.2	63.9
Deferred tax liabilities	94.4	92.0
Derivatives	45.3	70.3
Other liabilities	124.8	137.6
Total equity and liabilities	3,003.5	3,038.2

→ + Profit: EUR 8.5m
+ Cash flow hedge EUR -19.0m

→ Improvement of LTV to 60.1 %

→ Including EK 02: EUR 58.4m

→ Net delta effect (deriv. assets + liab.) = EUR -27.9m

→ Other liabilities mainly comprise

Trade liabilities	EUR 32.3m
DB14	EUR 15.5m
Pensions	EUR 44.6m
Other liabilities	EUR 19.3m
Provisions	EUR 13.1m

EUR m	31/03/2011	31/12/2010
EPRA NAV	977.5	964.0
EPRA NAV per share in EUR	11.94	11.78

→ Increase of EPRA NAV by EUR 0.16 per share y-t-d

» LTV at 60.1 %, average interest rate at 4.0 %

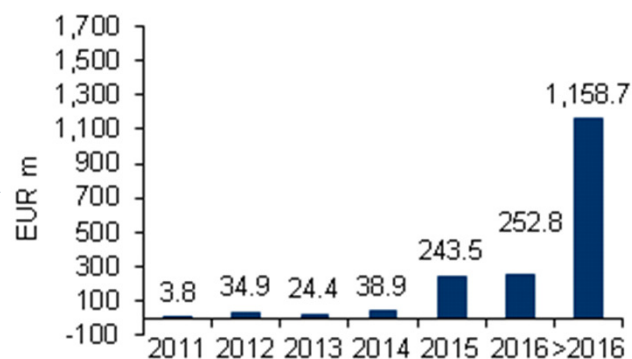
Debt structure

Financial liabilities in EUR m	DW stand alone	DB 14	Total
Mark-to-market	1,653	104	1,757
LTV (%)	60.1	61.2	60.1
Nominal value	1,709	155	1,864
LTV (%)	62.2	91.1	63.9

Debt service

- Average interest rate: ~ 4.0 %
- Average mandatory redemption p.a.: ~ 1.6 %
- Interest rates fixed or hedged: ~ 78 %

Long-term maturities profile



> Essentially no major loans due before end of 2015

» Appendix

» **EBITDA increased by 8.1 % y-o-y**

EUR m	Q1/2011	Q1/2010
Earnings from Residential Property Management	39.6	39.2
Earnings from Disposals	2.7	0.6
Earnings from Nursing and Assisted Living	2.7	2.2
Segment contribution margin	45.0	42.0
Corporate expenses	-7.6	-7.4
Other operating expenses/income	-0.1	-0.1
EBITDA	37.3	34.5

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