

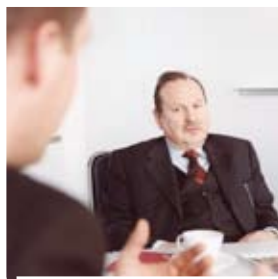


Key figures of the consolidated balance sheet (EUR in millions)	03/31/2008	12/31/2007
Investment property	3,265.3	3,271.2
Current assets	120.6	133.7
Equity	913.5	936.1
Financial liabilities	2,176.7	2,179.6
Balance sheet total	3,500.3	3,520.4
Net Asset Value	959.5	981.0
Net Asset Value per share	36.34	37.16

Key figures of the consolidated financial statements (EUR in millions)	1st quarter 2008	1st quarter 2007 Pro-forma
Result from residential property management	39.3	37.8
Result from sales activities	0.8	-0.3
Administration expenses	-10.6	-12.2
EBITDA	32.9	28.7
Result for the period (including EUR -24 million value adjustment of interest rate swaps gross)	-22.7	-0.1
Funds from Operations	5.9	4.3
Funds from Operations per share	0.22	0.17

Share	03/31/2008
Share price as of 03/31/2008 (EUR)	18.01
Number of shares	26,400,000
Market capitalization (EUR in millions)	476
Most important stock exchange	Xetra
Indices	SDAX,EPRA/Nareit,MSCI
ISIN/ticker symbol (bearer share)	A0HN5C6 / DWNI

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# »» INTERIM MANAGEMENT REPORT

» 51,943 residential units «

» The largest individual location is Berlin with a portfolio share of almost 50 %. «

## » PORTFOLIO STRUCTURE

As of the balance sheet date, Deutsche Wohnen manages in total 51,943 residential units.

By far the largest **individual location is Berlin with a portfolio share of almost 50 %**. This is followed by Frankfurt/Main and the Rhine-Main region (Mainz-Wiesbaden-Darmstadt) with around 15 % altogether.

Compared to December 31, 2007, the average net rent excluding heating was raised by 2.5 % to EUR 5.01 per m<sup>2</sup>.

	Number
Core Stock	33,849
Berlin	22,814
Frankfurt/Main	3,666
Rhine-Main	3,281
South Rhine Valley	4,088
Stock for sale	15,473
Individual sales	5,468
Block sales	10,005
Own stock*	49,322
DB 14	2,621
Own stock including DB14	51,943

\* without North Hesse



» The Weisse Stadt (White City) – one highlight of our property stock in Berlin

Area in thousand m <sup>2</sup>	Residential units			Commercial		Parking Number
	Rent EUR/m <sup>2</sup>	Vacancy rate %	Number	Area in thousand m <sup>2</sup>		
2,043	5.14	4.7	385	70	7,992	
1,374	4.91	4.6	283	38	1,858	
217	6.61	3.3	45	16	1,788	
203	5.67	7.4	51	15	1,935	
249	4.68	4.2	6	1	2,411	
978	4.75	11.7	63	6	5,903	
366	5.17	13.1	16	2	1,935	
612	4.49	10.7	47	4	3,968	
3,021	5.01	6.8	448	76	13,895	
179	5.34	4.0	27	8	2,625	
3,200	5.03	6.7	475	83	16,520	

»Focusing on urban locations«



»Also the Waldsiedlung (Forest Estate, left) and the Hufeisensiedlung

## » PORTFOLIO STRATEGY

Three essential guiding principles shape our future business model:

### Internal growth: Capitalizing on rental income potential

Our planning envisages an increase in rent of 3-4 % per annum. We will achieve this by consistently capitalizing on rent adjustments and with targeted rent-inducing modernization measures. In Berlin we have been achieving these targets for 3 years now. Here we have the corresponding market environment and property and situation characteristics to enable us to grow at an above-average rate.

### Value-based privatization

We will place the privatization business, i.e. the sale of in particular residential units to owner-occupiers, on a sustainable foundation. Our activities will be based on fair value and no longer on the earlier volume and liquidity-driven sales strategy.

### External growth: Focusing on urban locations

The acquisition of the Berlin housing stocks is accompanied by the focus on urban locations. With Berlin and the Rhine-Main region with the centers Frankfurt/Wiesbaden/Mainz a large part of the portfolio has already been strategically oriented.

From these guiding principles we derive the following maxims for our portfolio:

Our stocks in the **core portfolio** with currently 33,849 residential units are located in growing **urban locations such as Berlin and Frankfurt/Main** and in interesting developing areas such as the South Rhine Valley with economically strong industrial centers such as Ludwigshafen and Mannheim or cultural/academic centers such as Karlsruhe and Heidelberg. This is where we see the greatest and most sustainable rent potential and resulting growth.





(Horse Shoe Estate, right) stand for the fusion of tradition and modern trends

The **sale portfolio** comprises the individual sales and block sales partial portfolios. The **partial portfolio individual sales**, with currently 5,468 residential units, subsumes all of the split stocks into so-called homeowners' associations. This relates to stocks released for sale in previous years, the focus being mainly on Berlin and Rhine-Main. Our planning assumes a sale of around **500 units** per annum, which corresponds to a sales rate of around 1 % per annum in relation to the total stock.

The **partial portfolio block sales** comprises all of the stocks which are to be sold in the next three years due to strategic factors. This concerns essentially stocks in the rurally oriented **states of Rhineland-Palatinate and Brandenburg**.

» Our activities focus on the fair value. «

» The average sales price was thus 33 % above the fair value. «

## » DEVELOPMENTS IN THE FISCAL YEAR

Rental activity	Number	Area in thousand m <sup>2</sup>
Core stock	33,849	2,043
<b>Cluster A</b>	<b>29,259</b>	<b>1,769</b>
Berlin	19,970	1,202
Frankfurt/Main	3,666	217
Rhine-Main	2,793	174
South Rhine Valley	2,830	176
<b>Cluster B</b>	<b>4,590</b>	<b>275</b>
Berlin	2,844	172
Rhine-Main	488	29
South Rhine Valley	1,258	73

» Core stock

As of March 31, 2008, the average rent for the core stock amounts to EUR 5.14/m<sup>2</sup>. At our most important location, Berlin, we have clearly improved volume year-on-year and repeatedly been able to make new tenancy agreements which are on average 17 % above previous tenancy agreements for housing stock with no price-fixings.

Based on an average market rent of EUR 5.86/m<sup>2</sup> there is currently a further rent potential of EUR 0.72/m<sup>2</sup> or 14.1 %. In particular in Cluster B we expect to achieve the market potential of EUR 1.56/m<sup>2</sup> or on average 34.3 % by means of

targeted modernization measures. This is currently being carried out in two districts in Berlin with a total volume of 1,000 residential units and potential rent increases of up to EUR 2.00/m<sup>2</sup>.



Rent EUR/m <sup>2</sup>	Market rent in EUR/m <sup>2</sup>	Potential %	Vacancy rate %	Vacancy rate % 12/31/07
5.14	5.86	14.1	4.7	4.8
5.23	5.82	11.3	4.1	4.2
4.97	5.58	12.3	3.9	4.2
6.61	7.61	15.1	3.3	2.8
5.67	6.04	6.6	7.2	7.4
4.87	5.40	10.9	3.0	2.8
4.57	6.13	34.3	9.1	9.3
4.53	6.02	32.9	9.7	10.1
5.65	8.32	47.3	8.9	8.5
4.23	5.53	30.9	7.7	7.7

The vacancy rate was reduced to 4.7 % as compared to 4.8 % at the end of the year .

In Berlin, where the reorganization of the organizational and process structures have been largely completed, our performance is already clearly better. The vacancy rate in Cluster A at 4.1 % practically means complete occupancy. The high vacancy rate in Cluster B is intended against the background of considerable rent potential; after the modernization activities have been completed, marketing will take place at market rent level.



Sales	Number	Area in thousand m <sup>2</sup>	Rent EUR/m <sup>2</sup>	Fair Value EUR/m <sup>2</sup>	Factor
<b>Individual sales</b>	<b>5,468</b>	<b>366</b>	<b>5.17</b>	<b>956</b>	<b>15.4</b>
Berlin	2,466	166	4.66	884	15.8
Rhine-Main	1,275	90	6.28	1,259	16.7
Rhine Valley South	1,040	65	5.04	847	14.0
Rest	687	44	5.03	842	14,0

» Individual sales

The portfolio of property for individual sale is currently valued at a fair value of EUR 956/m<sup>2</sup>. In the first three months a total of 189 residential units (of which 70 were recognized in the balance sheet in the first quarter)

were sold mainly to owner-occupiers with a sales volume of EUR 18.8 million. The average sales price was EUR 1,366/m<sup>2</sup> and was thus 33 % (EUR 1,027/m<sup>2</sup>) above the fair value.

Sales	Q1 2008		Notarial sales for Q2		Total	
	in EUR thousands	EUR/m <sup>2</sup>	in EUR thousands	EUR/m <sup>2</sup>	in EUR thousands	EUR/m <sup>2</sup>
Number	70		119		189	
Area	4,911		8.846		13.757	
<b>Sales revenue</b>	<b>6,341</b>	<b>1,291</b>	<b>12,455</b>	<b>1,408</b>	<b>18,796</b>	<b>1,366</b>
Sales costs	-568	-116				
<b>Net profit from sales</b>	<b>5,773</b>	<b>1,176</b>				
Fair value disposal	-4,892	-996	-9,230	-1,043	-14,122	-1,027
<b>Profit from sales</b>	<b>881</b>	<b>179</b>				

» Profit from sales



» ... we can start on the implementation earlier than planned. «

## »» PERSONNEL/REORGANIZATION

On February 11, 2008, we presented our plans for the new structure of the company to our employees and to the public. Discussions concerning the conclusion of a settlement and redundancy plan then took place with the employees' representatives in Mainz and Berlin. They were concluded on April 29, 2008, in Mainz and on May 22, 2008, in Berlin. In this way the settlement of conflicting interests has been achieved in the second quarter and the framework for reorganization was created, which means that we can start on its implementation earlier than planned.

The current status is as follows:

- » The reorganization was completed at the Berlin office.
- » In West Germany the prerequisite for the implementation of the target structure as of July 1, 2008 was met.
- » The first and second management levels are already working in their new functions. It was possible to keep all of the key performers in the Group.
- » By June 30, 2008, those employees in Berlin and West Germany who do not have a job in the new structure will receive their notice.
- » Amicable agreements have already been reached with 88 employees since the merger in August 2007. This leads to gross savings of ca EUR 5.5 million per annum.

In the report for the second quarter we will detail all the measures taken in the current quarter as well as the resulting cost savings, and accordingly take the corresponding restructuring costs into account in the financial statements.

## »» FURTHER BUSINESS SEGMENTS

KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH has added value in recent years due to the management by GEHAG GmbH and today boasts of a solid and profitable foundation. The same applies for AKF Telekabel TV und Datennetze GmbH. Keeping in mind that these both companies do not belong to the core business segments of Deutsche Wohnen, various options are currently being examined.

» Potential for rent increases through targeted modernization measures «

## » NET ASSET POSITION, FINANCIAL POSITION AND RESULTS OF OPERATIONS

### Results of operations

The result for the period reports a negative amount of EUR -22.7 million. This is primarily attributable to losses on the valuation of interest rate swaps (EUR 24.0 million) as of the reporting date. The interest rate swaps serve to minimize interest rate risk and thus cash-flow risk from loans with variable interest rates and are not held for commercial purposes. Due to the fall in interest rates since the start of the year, the development of the market values of the interest rate swaps recognized at fair value in the balance sheet has been negative (EUR 24.0 million) in the first quarter.

The restructuring and reorganization costs in the first quarter amount to a total of EUR 1.3 million and primarily include legal and consultancy costs.

Funds from operations (FFO), including housing privatization, based on the EBITDA and adjusted for current financial expenses and current income tax reached EUR 5.9 million (22 cents per share).

### Net asset position

The balance sheet total as of March 31, 2008, was EUR 3,500.3 million; the change compared to December 31, 2007, (EUR 3,520.4 million) was only minimal. Investment property represents the largest balance sheet item at 93 % (EUR 3,265.3 million).

Current assets amount to EUR 120.6 million, of which the largest item was cash and cash equivalents at EUR 54.9 million.

As of March 31, 2008, equity totaled EUR 913.5 million.

Current and non-current financial liabilities (including convertible bonds) amounted to EUR 2,201.3 million and changed only slightly compared to the end of 2007 (12/31/2007: EUR 2,203.9 million).

From this a loan-to-value ratio (ratio from the above-mentioned financial liabilities and fair value of EUR 3,265.3 million) of 67.4 % can be calculated.

### Financial position

The consolidated cash flow statement shows an operational cash flow before interest of EUR 30.8 million. After interest payments, the cash flow from operating activities was EUR 8.3 million. Cash funds as of March 31, 2008, totaled EUR 54.9 million.

### Net Asset Value

As of March 31, 2008, the net asset value was EUR 36.34 per share. Compared to December 31, 2007, this is EUR 0.82 less per share. The reason for this development is the already-mentioned market value adjustment of the interest rate swaps.

### The stock exchange and the Deutsche Wohnen share

The expanding global crisis in the financial market and the fear of the capital market of a recession in the USA economy with negative effects on the world economy also had an impact on the capital markets and in particular real estate shares in the first three months of 2008. DAX and SDAX reported losses in the first quarter of -19 % and -14 % respectively. The EPRA Germany Index, which shows the performance of German real estate shares, fell by 9 %.

The Deutsche Wohnen bearer share started 2008 at a price of EUR 22.05 and initially rose by around 12 % (the closing price on February 2, 2008, was EUR 24.75). By the middle of March, the price then fell to a level of around



EUR 23 before the share fell notably at the end of March (the closing price on March 31, 2008, was EUR 18.01). This latest fall in the price most likely reflects the reaction of the capital market to the announcement of March 27, 2008, that there would be no dividends distributed for the fiscal year 2007.

#### **Subsequent events**

A settlement and redundancy plan was concluded with the employees' representatives in Berlin and Mainz on April 29, 2008, and on May 22, 2008. Therefore the settlement has been made in the second quarter and the framework for re-organization has been created, so that we can start earlier than planned on the implementation.

#### **Risk report**

Since there were no significant changes in the first quarter of 2008 and as compared to the consolidated management report 2007 with regards to the assessment of risks concerning the future business development of the Deutsche Wohnen Group, we would at this point like to refer to the risk report for 2007 (consolidated management report 2007, see the annual report 2007).

#### **Forecast report**

In the property markets we are still seeing a need for adjustment in a few countries in Europe and the USA. It also cannot be ruled out that the uncertainties resulting from this will also affect the German property market. However, fundamentally it will show itself to be relatively strong. In particular in the area of residential property, we are not expecting any significant adjustments in the rental market or increasing vacancy rates. Higher incomes favor the environment for rent increases. Supply and demand will also be favorably impacted by the rising number of households and the absence for the most part of multi-storey residential buildings.

In 2008 Deutsche Wohnen will still be impacted by the costs of integration and restructuring. However, the economic environment is favorable for us, and our strategy and business model are correct. With the GEHAG acquisition and integration which is going according to plan –we have provided proof that we are capable of growing and integrating. Our core property portfolios are focusing on the most stable regions of Germany with the greatest potential. With further rent increases, a lower vacancy rate and cost savings we will raise the potential value of our company and sustainably improve its income and cash-flow situation and also create added value for our shareholders. We are equally determined both to accept the short-term challenges of the capital market and to benefit from the middle and long-term opportunities in the German residential market.







»» CONSOLIDA-  
TED INTERIM  
FINANCIAL  
STATEMENTS  
AS OF  
MARCH 31,  
2008

## » CONSOLIDATED BALANCE SHEET

Deutsche Wohnen AG, Frankfurt am Main Consolidated Balance Sheet as of March 31, 2008		Q1/2008	2007
Assets		in EUR thousands	in EUR thousands
Investment properties		3,265,276	3,271,205
Property, plant and equipment		28,452	27,948
Intangible assets		344	370
Other noncurrent assets		182	168
Shares in affiliated companies		435	435
Deferred tax assets		85,005	86,614
Noncurrent assets		3,379,694	3,386,740
Land and buildings held for sale		21,548	21,887
Other inventories		1,289	1,725
Trade receivables		8,460	18,562
Derivatives		16,070	32,231
Current tax receivables		4,031	2,879
Other current assets		5,409	3,907
Cash and cash equivalents		54,899	47,874
Subtotal current assets		111,706	129,065
Noncurrent assets held for sale		8,934	4,597
Current assets		120,640	133,662
Total assets		3,500,334	3,520,402

Q1/2008

2007

Liabilities	in EUR thousands	in EUR thousands
Equity apportionable to shareholders in the parent company		
Subscribed capital	26,400	26,400
Capital reserves	349,521	349,521
Accumulated consolidated profit	537,236	559,902
	913,157	935,823
Minority shareholdings	302	302
Total equity	913,460	936,125
Noncurrent financial liabilities	2,029,040	2,034,087
Convertible bonds	24,604	24,339
Pension obligations	41,672	41,562
Liabilities to fund limited partners	47,214	46,631
Noncurrent tax liabilities	68,621	68,126
Other noncurrent provisions	11,565	11,375
Deferred tax liabilities	133,620	135,835
Total noncurrent liabilities	2,356,336	2,361,955
Current financial liabilities	147,695	145,468
Trade receivables	25,401	25,420
Other current provisions	8,065	9,440
Derivatives	11,612	3,804
Current tax liabilities	11,859	13,739
Other current liabilities	25,906	24,451
Total current liabilities	230,538	222,322
Total liabilities	3,500,334	3,520,402

## » CONSOLIDATED INCOME STATEMENT

Deutsche Wohnen AG, Frankfurt am Main		Q1/2008	Q1/2007
Consolidated income statement for the period from			(adjusted)
January 1 to March 31, 2008			
		in EUR thousands	in EUR thousands
Revenue		74,025	29,203
Profit from housing privatization			
Sales proceeds		7,594	1,242
Carrying amounts of assets disposed		-5,732	-911
		1,862	331
Other operating income		3,089	782
Profit from fair value adjustment of investment property		479	926
Total income		79,455	31,242
Expenses related to goods and services received		-26,184	-12,399
Employee expenses		-11,645	-3,952
Other operating expenses		-8,248	-5,696
Restructuring and reorganization expenses		-1,269	0
Total expenses		-47,346	-22,047
Interim result		32,109	9,195

## Consolidated income statement (Continuation)

	Q1/2008	Q1/2007 (adjusted)
	in EUR thousands	in EUR thousands
Depreciation, amortization and impairment losses	-839	-32
Earnings before interest and tax (EBIT)	31,270	9,163
Financial income	276	453
Financial expenses	-54,801	-8,328
Profit before tax	-23,255	1,288
Income tax	590	-1,027
Net result for the period	-22,666	261
Of which is apportioned to:		
Shareholders in the parent company	-22,666	261
Minority shareholdings	0	0
	-22,666	261
Earnings per share		
basic	-0.86	0.01
diluted	-0.83	0.01

## »» CONSOLIDATED CASH FLOW STATEMENT

Deutsche Wohnen AG, Frankfurt am Main Consolidated cash flow statement for the period of January 1 to March 31, 2008	Q1/2008	Q1/2007 (adjusted)
	in EUR thousands	in EUR thousands
Operating activities		
Result for the period before interest and tax	31,270	9,163
Non-cash expenses/income		
Fair value adjustment of investment property	-479	-926
Depreciation and amortization expense	839	32
Other non-cash expenses/income	-3,002	-331
Change in net working capital		
Change in receivables, inventories and other current assets	2,352	-30,033
Change in operating liabilities	-184	-54
Operating cash flow	30,795	-22,149
Interest paid	-22,791	-7,875
Interest received	276	0
Tax paid	0	-337
Cash flow from operating activities	8,280	-30,361

### Consolidated cash flow statement (Continuation)

	Q1/2008	Q1/2007 (adjusted)
	TEUR	TEUR
Investment activities		
Proceeds from the sale of property	12,593	1,242
Payments made to acquire investment property	-4,637	-1,036
Other payments	0	-7
Cash flow from investment activities	7,956	199
Financing activities		
Proceeds from taking on loans	1,492	30,000
Repayment of loans	-10,703	-5,199
Cash flow from financing activities	-9,211	24,801
Net increase of cash and cash equivalents	7,025	-5,361
Cash and cash equivalents at the start of the period	47,874	33,516
Cash and cash equivalents as of December 31	54,899	28,155

## » STATEMENT OF CHANGES IN GROUP EQUITY

Deutsche Wohnen AG, Frankfurt am Main		Shares	Registered capital
Statements of changes in group equity as of March 31, 2008		in thousands	in EUR thousands
Equity as of June 30, 2006		20,000	10,226
Effect of the fair value conversion			
Correction of the first consolidation of DB 14			
Equity as of June 30, 2006 (adjusted)		20,000	10,226
Appropriations			9,774
Withdrawals			
Earnings recognized in equity			
Distributions			
Consolidated profit after tax			
Equity as of December 31, 2006		20,000	20,000
Issue of 6,400,000 shares relating to the GEHAG transaction		6,400	6,400
Equity relating to the convertible bonds issued in connection with the GEHAG transaction			
Minority shareholdings related to company acquisition			
Earnings recognized in equity			
Distributions			
Consolidated profit after tax			
Equity as of December 31, 2007		26,400	26,400
Result for the period			
Equity as of March 31, 2008		26,400	26,400



Capital reserves	Accumulated consolidated profit	Total	Minority shareholdings	Equity
in EUR thousands	in EUR thousands	in EUR thousands	in EUR thousands	in EUR thousands
207,053	201,383	418,662	0	418,662
	350,506	350,506		350,506
	8,779	8,779		8,779
207,053	560,668	777,947	0	777,947
	26,524	36,298		36,298
- 36,298	0	- 36,298		- 36,298
	149	149		149
	- 52,600	- 52,600		- 52,600
	10,925	10,925		10,925
170,755	545,666	736,421	0	736,421
177,664	0	184,064		184,064
1,102	0	1,102		1,102
			302	302
	2,050	2,050		2,050
	- 17,600	- 17,600		- 17,600
	29,786	29,786	0	29,786
349,521	559,902	935,823	302	936,126
	- 22,666	- 22,666	0	- 22,666
349,521	537,237	913,158	302	913,460

Deutsche Wohnen AG, Frankfurt am Main  
 Statements of changes in group equity as of March 31, 2008

Equity as of June 30, 2006

Effect of the fair value conversion

Correction of the first consolidation of DB 14

Equity as of June 30, 2006 (adjusted)

Appropriations

Withdrawals

Earnings recognized in equity

Distributions

Result for the period

Equity as of December 31, 2006

Earnings recognized in equity

Result for the period

Equity as of March 31, 2007

Shares	Registered capital	Capital reserves	Accumulated consolidated profit	Equity
in thousands	in EUR thousands	in EUR thousands	in EUR thousands	in EUR thousands
20,000	10,226	207,053	201,383	418,662
			350,506	350,506
			8,779	8,779
20,000	10,226	207,053	560,668	777,947
	9,774		26,524	36,298
		- 36,298	0	- 36,298
			149	149
			- 52,600	- 52,600
			10,925	10,925
20,000	20,000	170,755	545,666	736,421
			31	31
			261	261
20,000	20,000	170,755	545,958	736,713

## »» EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### GENERAL INFORMATION

Deutsche Wohnen AG is the holding company for the whole Deutsche Wohnen Group. With the new structure, Group-wide matters such as corporate strategy, portfolio management, personnel, Investor Relations/Company Communication and planning/control are now performed by the holding company. The operational subsidiaries concentrate on residential property management and housing privatization of the properties which are located mainly in Berlin and in the Rhine-Main and Rhineland Palatinate area. Since the acquisition of the GEHAG Group, Deutsche Wohnen has become the second largest listed residential property company in Germany.

The consolidated financial statements have been prepared in Euros. Unless otherwise stated, all figures are rounded in EUR thousand. Slight mathematical rounding differences may be reflected in the tables and references.

### PRINCIPLES AND METHODS USED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The shortened consolidated interim financial statements for the period of January 1 to March 31, 2008, were prepared in accordance with IAS 34 interim financial reporting, as it applies in the EU.

These interim financial statements do not contain all of the information and disclosures required for consolidated financial statements and are therefore to be read in conjunction with the consolidated financial statements as of December 31, 2007.

The consolidated financial statements have generally been prepared using the historical cost approach, with the exception of in particular investment property and derivatives, which are valued at fair value.

The consolidated financial statements comprise the financial statements of Deutsche Wohnen and its subsidiaries as of December 31 of a given fiscal year. The financial statements of the subsidiaries are prepared using standard accounting and valuation policies as of the same balance sheet date as the financial statements of the parent company.

In the preparation of the consolidated financial statements, discretionary judgments, estimates and assumptions are made by the management which have an impact on the level of income, expenses, assets, liabilities, as well as contingent liabilities reported on the balance sheet date. Due to the uncertainty associated with these assumptions and estimates, results might emerge which in future could lead to considerable adjustments to the carrying amount of the affected assets or liabilities.

The business activities of the Deutsche Wohnen Group are largely free from seasonal and economic influences.

Due to the acquisition of the GEHAG Group, only limited comparability of the interim financial statements as of March 31, 2008, and March 31, 2007, can be made.

## CHANGES IN THE CONSOLIDATED COMPANIES

Deutsche Wohnen Service GmbH, Berlin, (also referred to as 'company' or 'DWS' in the following) was formed on February 21, 2008. The share capital, which has been paid in full, amounts to EUR 25,000 and is held by Deutsche Wohnen AG, Frankfurt. The company was registered in the commercial register under HRB 112612 on March 25, 2008.

## CHANGES IN ACCOUNTING POLICIES

Deutsche Wohnen basically applied the same accounting and evaluation policies as in the previous year, with the following exceptions:

Change to fair value method for investment property

Deutsche Wohnen changed the valuation of its investment property over from the cost method to the fair value method as of December 31, 2007.

Due to the comprehensive information in the consolidated financial statements as of December 31, 2007, only the effects in the consolidated income statement for the previous year's period from January 1 to March 31, 2007, are to be addressed in the following.

As a result of the change there was an adjustment to revenue from privatization (income from the sale of residential properties), an increase in liabilities related to trade receivables due to allowances for the maintenance and repair portion of service charges, a reduction in depreciation, a reduction in other operating income as a result of the write-off of non-current deferrals and accruals, as well as an adjustment in the fair value of the properties reported in the consolidated income statement for the short fiscal

year from January 1 to March 31, 2007. The balance sheet changes also result in a change to deferred taxes in the consolidated income statements.

For the consolidated income statement for the interim report period from January 1 to March 31, 2007, there are changes to the following items:



	01/01-03/31 2007	Adjustment for fair value conversion	01/01-03/31 2007 (adjusted)
	in EUR millions	in EUR millions	in EUR millions
Carrying amount of assets disposed	- 1.1	0.2	- 0.9
Other operating income	1.2	- 0.4	0.8
Profit from fair value adjustment of investment property	0.0	0.9	0.9
Expenses related to goods and services received	- 11.9	- 0.5	- 12.4
Depreciation, amortization and impairment losses	- 4.0	3.9	- 0.1
Income tax	- 0.3	- 0.7	- 1.0
Net result for the period	- 3.2	3.5	0.3
Earnings per share	- 0.16	0.17	0.1

## SELECTED CONSOLIDATED BALANCE SHEET DISCLOSURES

The assets of the Deutsche Wohnen Group comprise investment property amounting to 93 %. The reduction compared to December 31, 2007, is primarily attributable to sales (EUR 5.7 million).

Property, plant and equipment is made up primarily of technical equipment as well as operating and office equipment.

Derivatives are interest rate swaps valued at fair value in the balance sheet which serve to minimize the risks of changes in interest rates and thus minimize the cash-flow risks from loans with variable interest rates. There has been a clearly negative development in market values in the first quarter (EUR 24.0 million):

	12/31/2007	Change	03/31/2008
	in EUR thousands	in EUR thousands	in EUR thousands
Derivates			
assets side	32,231	- 16,161	16,070
liabilities side	- 3,804	- 7,808	- 11,612
	28,427	- 23,969	4,458

The changes in equity can be seen in the statement of changes in group equity.

Financial liabilities have hardly changed compared to December 31, 2007. In the first quarter, EUR 1.5 million in new loans was taken on, of which around EUR 1.2 million is attributable to AKF.

In the balance sheet item convertible bonds, the share of borrowed capital for the GEHAG Group convertible bonds



issued as part of the purchase price is reported. The change is attributable to the accrued interest for the first three months.

Tax liabilities (EUR 80.5 million) primarily reflect the payment obligation for EK 02.

Other provisions have hardly changed compared to December 31, 2007. They include primarily the refurbishment provision.

## SELECTED CONSOLIDATED INCOME STATEMENT DISCLOSURES

The consolidated income statement cannot be compared to the previous year as the GEHAG Group was not part of the consolidated companies at that time.

The revenue comprises the following:

	Q1/2008	Q1/2007 (adjusted)
	in EUR thousands	in EUR thousands
Residential property management	63,722	28,881
Caregiving activities	1,025	312
Nursing and residential care homes	7,411	0
Telecommunications services	1,858	0
Other services	9	10
	74,025	29,203

The liabilities related to trade receivables concern primarily residential property management (EUR 24.1 million, previous year's period EUR 12.4 million). The rise is attributable to the GEHAG transaction, due to which the property stock has more than doubled. Also included here are expenses which are attributable to the services segment (EUR 2.0 million).

The rise in employee expenses of EUR 4.0 million to EUR 11.6 million is primarily attributable to the rise in the number of employees due to the GEHAG transaction. At the same time EUR 4.3 million is attributable to the services segment, which combines the business activities of Katharinenhof and AKF.

The restructuring and reorganization expenses (EUR 1.3 million) include primarily legal and consultancy costs.

The financial expenses comprise the following:

	Q1/2008	Q1/2007 (adjusted)
	in EUR thousands	in EUR thousands
Interest	27,318	7,292
Market value adjustment of interest rate swaps	23,969	0
Accrued interest on liabilities and pensions	3,514	1,036
	54,801	8,328



## CASH FLOW STATEMENT DISCLOSURES

Around EUR 22.5 million of cash funds, which comprise cash and bank balances, is not freely available to the Deutsche Wohnen Group. This concerns primarily the liquid funds of DB 14.

## SEGMENT REPORTING DISCLOSURES

The following table shows the segment revenue and the segment result for the Deutsche Wohnen Group:

## OTHER DISCLOSURES

### Related companies and related persons

There are no significant changes to the disclosures made as of December 31, 2007, for related companies / persons.

### Management and Supervisory Board

There are no changes in the Management and Supervisory Board compared to the disclosures as of December 31, 2007.

	Segment revenue from third parties		Segment result	
	Q1 2008	Q1 2007 (adjusted)	Q1 2008	Q1 2007 (adjusted)
	in EUR thousands	in EUR thousands	in EUR thousands	in EUR thousands
Residential property management	63,722	28,081	41,557	15,682
Housing privatization	7,594	1,242	806	- 319
Services	10,887	0	2,013	0
Miscellaneous and Group function	2,505	1,904	- 67,042	- 15,102
Group	84,708	31,227	- 22,666	261





### **Risk report**

There are no significant changes with regards to the risks of the future business development. Therefore, the disclosures made in the risk report of the consolidated financial statements as of December 31, 2007, apply.

Frankfurt am Main, May 2008

The Management Board

## »» BALANCE SHEET OATH OF THE MANAGEMENT BOARD

"We assure to the best of our knowledge and in accordance with the applicable financial accounting principles that the consolidated interim financial statements as of March 31, 2008, convey a view of the revenue, financial and asset position of the company which corresponds with the actual circumstances, and that in the interim management report the business performance including the financial result and the position of the Group are portrayed in a manner which conveys a view which corresponds with the actual circumstances, and that the significant opportunities and risks of the company's likely development are depicted."

Frankfurt am Main, May 2008

Deutsche Wohnen AG



Michael Zahn  
Speaker of the  
Management Board



Helmut Ullrich  
The Management  
Board

## »» FINANCIAL CALENDAR

<b>May 29, 2008</b>	Publication of interim report as of March 31, 2008
<b>June 17, 2008</b>	Ordinary Annual General Meeting 2008 in Frankfurt am Main
<b>August 29, 2008</b>	Publication of semi-annual report 2008
<b>September 10/11, 2008</b>	UBS Conference in New York
<b>September 23/25, 2008</b>	UniCredit Conference in Munich
<b>September 26, 2008</b>	Investor Day in Berlin
<b>October 20/21, 2008</b>	8th "Real Estate Share Initiative" Conference in Frankfurt am Main
<b>November 12/13, 2008</b>	WestLB Conference in Frankfurt am Main
<b>November 27, 2008</b>	Publication of interim report as of September 30, 2008 (Analyst and Investor Conference in Frankfurt am Main)

Notes concerning the Financial Calendar:

Preparations are currently being made to schedule further IR activities in 2008. The stated dates are subject to change.

## » MANAGEMENT AND SUPERVISORY BOARD

### THE MANAGEMENT BOARD (as of May 2008)

#### Michael Zahn

» Speaker of the Management Board  
Berlin

#### Helmut Ullrich

» Member of the Management Board  
Königstein

### SUPERVISORY BOARD (as of May 2008)

#### Hermann T. Dambach

» Chairman  
Bad Homburg

#### Dr. Andreas Kretschmer

» Deputy Chairman  
Düsseldorf

#### Jens Bernhardt

Königstein

#### Matthias Hünlein

Oberursel

#### Dr. Florian Stetter

Erding

#### Uwe E. Flach

Frankfurt am Main

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