



JANUARY 1 TO JUNE 30, 2003 INTERIM REPORT

**Deutsche Wohnen AG**



[www.deutsche-wohnen.de](http://www.deutsche-wohnen.de)



DEUTSCHE WOHNEN AG  
(DÜSSELDORF STOCK  
EXCHANGE) FROM JANU-  
ARY 1 TO JUNE 30, 2003



### | Group results

| In the first half of 2003, Deutsche Wohnen recorded an operating result of EUR 12.0 million from real estate management and housing, a fall of EUR 3.7 million compared to the operating result for the first half of 2002 of EUR 15.7 million. Taxes on income of around EUR 3.8 million as well as interest expenses of EUR 6.6 million gave a half-yearly result for the Group in 2003 of EUR 2.8 million. Although this figure represents a significant improvement compared to the first quarter of 2003 (EUR 0.7 million), it nevertheless shows a drop of EUR 6.2 million compared to the first half of 2002 (EUR 9.0 million). The Group's cash flow after reduced depreciation amounted to EUR 10.7 million (previous year: EUR 18.1 million).

### | Real estate management

| The result in real estate management as at June 30, 2003, stood at EUR 16.2 million (June 30, 2002: EUR 15.1 million), corresponding to 57% of the real estate management result for the whole of financial year 2002 (EUR 28.1 million). The real estate management result takes into account overhead costs of EUR -1.4 million, scheduled depreciation of EUR 7.8 million as well as interest expenses of EUR 8.2 million.

| Rental income, which takes into account the loss of rental income due to vacancies (EUR 3.6 million), totalled EUR 43.7 million (previous year: EUR 44.0 million), whereas maintenance activities amounted to EUR 9.0 million (first half of 2002: EUR 10.9 million).

| The end of the first half of 2003 saw 1,715 of the Group's own 24,181 housing units standing vacant either because of maintenance activities or because of market conditions, thus giving an overall vacancy rate of 7.09%. Compared to December 31, 2002 (6.90% or 1,688 housing units), this reflects an increase of 0.19 percentage points or 27 housing units. This change in the vacancy rate is attributable to the slight increase in vacancies due to maintenance measures being carried out, whereas the vacancy level due to market conditions has dropped.

### | Housing privatisation

| The first half of 2003 saw recorded sales of 265 housing units (first half of 2002: 304) and the notarial conclusion of sales contracts for a further 128 housing units (first half of 2002: 113). Regarding the notarial sales contracts, the benefit and liability arising from the property will transfer during the second half of the year.

| As at June 30, 2003, book profits from the sale of property held as fixed assets totalled EUR 10.6 million (approx. EUR 40,000 per dwelling sold), representing a drop of EUR 3.9 million or 27%, compared to June 30, 2002 (EUR 14.5 million).

| This significant fall in book profit as well as a drop in the average sales revenue per m<sup>2</sup> of approx. 13% both contributed to a EUR 3.4 million reduction in the Group's gross sales revenue from EUR 11.2 million to EUR 7.8 million.

### | Outlook for 2003

| For financial year 2003, the Management Board expects the Group's result to reach the double-digit million mark, assuming that sales results improve significantly. Experience in recent years has shown that consumers are considerably more willing to buy in the second half compared to the first half of a financial year, and housing privatisation is therefore expected to make an appreciably higher contribution to profit by the end of 2003.



Derivation of Net Asset Value	March 31, 2003 EUR	March 31, 2003 EUR
<b>Assets</b>		
Real estate (market value)	1,472,359,377.63	
Intangible fixed assets	57,448.16	
Other assets and office equipment	227,245.41	
Long-term investments	25,623,517.10	
Current assets (u. L., a. V. )	36,589,202.52	
Receivables	29,181,271.37	
Securities	9,856.56	
Liquid funds	85,334,519.53	
Prepaid expenses and accrued income	38,035.59	1,649,420,473.87
<b>Liabilities</b>		
Minority interests	491,856.87	
Provisions without building maintenance	23,987,367.14	
Liabilities	681,448,719.73	
Accruals and deferrals	0.00	705,927,943.74
Cash value of overhead costs		23,511,129.10
<b>Net Asset Value as at March 31, 2003</b>		<b>919,981,401.03</b>
Number of shares:	4 million registered shares	
<b>Net Asset Value per share</b>		<b>230.00</b>
Stockmarket price as at March 31, 2003		148.70
Markdown on the Net Asset Value		35 %

**This is the second time that we have calculated the net asset value for the Deutsche Wohnen Group. As in the previous year, the same cut-off date of March 31 was chosen.**

When the net asset value was calculated for the first time in spring 2002, the calculation was based on a gross rental value calculation carried out by GEWOS, Institut für Stadt-, Regional- und Wohnforschung GmbH (Hamburg). The value was then verified by our in-house portfolio management system, which on the basis of discounted cash flows arrived at roughly the same values.

As the value of residential real estate changes slowly, this year only the in-house calculation was used to compute the net asset value on the basis of the previous year's valuations. The value of the real estate portfolio was calculated using our portfolio management system by means of the discounted cash flow method on the basis of 15-year cash flows, whereby the weighted average cost of capital (WACC) was given a lower value than in the previous year because of a fall in the risk-free interest rate. We would point out that the Group's net asset value may fall in the future if discounting using WACC is allocated a higher interest rate due to a rise in interest rates.

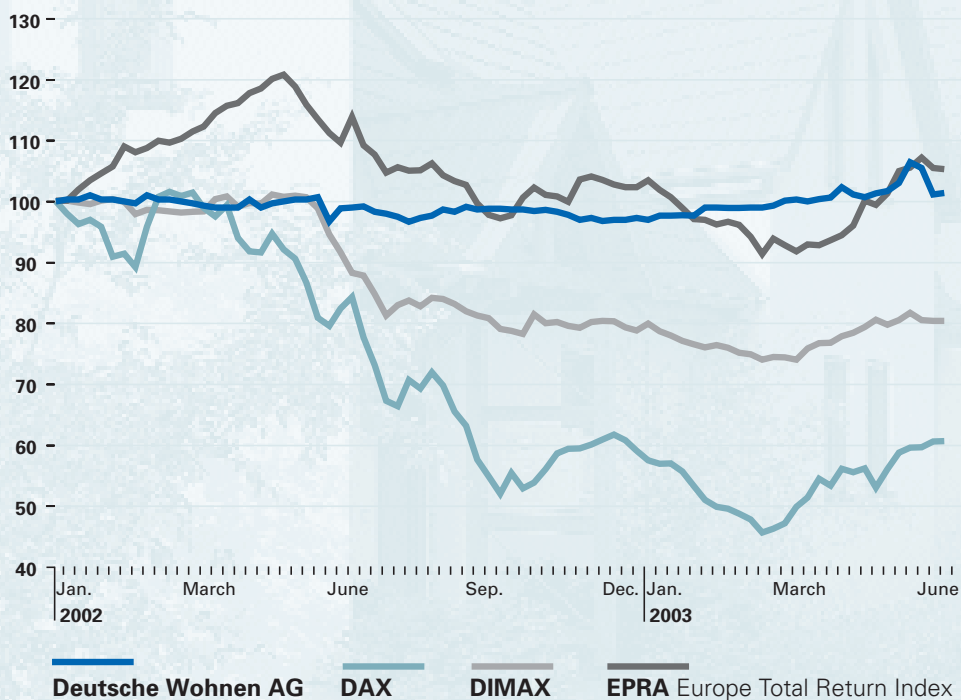
The net asset value is a company's assets minus its liabilities (net). This calculation values property and amounts owed at their market value in order to comply with IAS guidelines. Other assets and liabilities, excluding equity capital and provisions for building maintenance, were valued at their book value. The item "Cash value of overhead costs" takes account of those items not included when valuing the real estate portfolio. Such costs include, in particular, general administrative costs.

The value of the real estate portfolio fell by EUR 21.4 million to EUR 1,472.4 million compared to March 31, 2002. This is because increases in rent could not fully compensate for the shortfall created by sales of real estate, coupled with the lower discounting factor (WACC).

At the same time, the Group's indebtedness fell thanks to the repayment of property loans, so that the Group's net asset value rose overall by EUR 8.4 million to EUR 919.9 or EUR 230.00 per share (previous year: EUR 227.91 per share).

Thus, the markdown on the net asset value per share to arrive at the share price (March 31, 2003: EUR 148.70 ) remained the same compared to the previous year at 35%.

Deutsche Wohnen AG vs. DAX, DIMAX and EPRA Europe Total Return Index from January 1, 2002 until June 30, 2003 (indexed illustration, basis 100)



**The performance of Deutsche Wohnen shares improved in the first six months of 2003 by 10.4%.**

**On the day of the Annual General Meeting 2003 (June 26, 2003), the share price reached EUR 159.00. The next day, a dividend markdown of EUR 10.00 was carried out, however the price then improved, returning to EUR 150.55 on the evening of June 30, 2003 due to market forces.**

The clear rise in the share price is due to increased demand for the shares, as a result of the highly-attractive dividend and increased level of recognition commanded by Deutsche Wohnen AG resulting from targeted activities in Investor and Public Relations. Thanks to these factors, the European Public Real Estate Association (EPRA), with offices in Amsterdam, has included Deutsche Wohnen AG in the global EPRA share indices with effect from July 1, 2003. These indices serve as an important database for share analysts both in and outside Europe. The Management Board of Deutsche Wohnen AG expects that the company's inclusion in these share indices will help improve the share's performance even further.

In terms of the company's current market capitalisation of approx. EUR 604 million, Deutsche Wohnen AG is already on course for inclusion in the SDAX, and over the next few months the Management Board will carefully examine the criteria for inclusion in the SDAX. We will keep you informed about this.



Key figures for the Group		Jan 1 – June 30, 2003	Jan 1 – June 30, 2002	Jan 1 – June 30, 2001	Jan 1 – June 30, 2000	Jan 1 – Dec. 31, 2002
Sales	EUR m	53.75	52.14	49.53	58.56	128.39
– from real estate management	EUR m	52.36	50.25	47.70	54.93	122.26
Results from ordinary activities	EUR m	6.69	9.86	10.70	3.27	19.51
Net income/net loss	EUR m	2.84	9.00	10.63	3.21	13.38
Result (DVFA/SG)	EUR m	0.90	7.67	8.61	0.18	10.73
Cash flow (DVFA/SG)	EUR m	10.71	18.07	19.03	12.55	34.42
EBIT	EUR m	20.63	25.96	28.10	20.65	48.92
EBITDA	EUR m	28.64	35.03	36.48	30.78	69.59
Fixed assets	EUR m	985.84	1,036.93	1,094.58	1,137.40	1,001.97
Current assets	EUR m	122.39	137.72	129.72	103.26	150.35
Equity	EUR m	412.28	445.05	471.19	488,23	449.44
Liabilities	EUR m	672.17	714.58	735.36	736.19	677.25
– of which: owed to banks	EUR m	528.90	553.98	574.45	564.22	545.36
Total assets	EUR m	1,156.57	1,214.73	1,260.39	1,276.98	1,152.36
Return on equity		0.69 %	2.02 %	2.26 %	0.66 %	2.98 %
Equity ratio		37.20 %	37.88 %	38.47 %	39.32 %	39.00 %
Equity/fixed assets ratio I		41.82 %	42.92 %	43.05 %	42.93 %	44.86 %
Equity/fixed assets ratio II		102.92 %	104.31 %	102.59 %	101.60 %	105.98 %
Liquidity ratio		107.14 %	131.30 %	109.79 %	119.62 %	150.53 %
<b>Share indicators</b>		<b>June 30, 2003</b>	<b>June 30, 2002</b>	<b>June 30, 2001</b>	<b>June 30, 2000</b>	<b>Dec. 31, 2002</b>
Share price	EUR	150.55	146.80	145.00	144.00	144.00
Market capitalisation	EUR m	602	587	580	576	576
Free float		79 %	72 %	71 %	71 %	70 %
Result (DVFA/SG)	EUR	0.23	1.92	2.15	0.05	2.68
Cash flow (DVFA/SG)	EUR	2.68	4.52	4.76	3.14	8.61
<b>Net Asset Value</b>		<b>March 31, 2003</b>	<b>March 31, 2002</b>			
Net Asset Value per share	EUR	230.00	227.91			
Share price	EUR	148.70	148.00			
<b>Dividend</b>		<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	
Dividend per share	EUR	10.00	10.00	10.00	9.12	
Dividend yield *		6.94 %	6.76 %	7.04 %	6.33 %	

\* In relation to the closing price for the year



Key figures for the Group		Jan 1 – June 30, 2003	Jan 1 – June 30, 2002	Jan 1 – June 30, 2001	Jan 1 – June 30, 2000	Jan 1 – Dec. 31, 2002
<b>Key figures on housing privatisation</b>						
Book profits from the sale of land held as fixed assets	EUR m	10.58	14.54	10.81	4.33	38.50
Gross result for sales	EUR m	7.81	11.18	9.37	4.72	33.10
Pre-sales costs	EUR m	- 1.47	- 1.65	-	-	- 3.60
Selling costs	EUR m	- 1.34	- 2.59	- 1.57	-	- 3.00
Number of housing sales with an effect on the balance sheet		265	304	352	113	1,170
Total number of housing sales recorded		393	417	564	202	1,103
Average selling price	EUR per m <sup>2</sup>	1,137	1,306	1,115	1,396	1,066
Tenant privatisation level		28 %	17 %	66 %	62 %	43 %
<b>Key figures on housing management</b>						
Own housing portfolio	Dwellings	24,193	25,452	25,180	27,154	24,466
Total floor (dwelling) area	in million m <sup>2</sup>	1.59	1.64	1.70	1.76	1.58
Vacancy rate *		7.09 %	6.77 %	5.24 %	4.30 %	6.90 %
Average monthly rental income	EUR per m <sup>2</sup>	4.81	4.72	4.60	4.45	4.85
Investments in maintenance and modernisation	EUR per m <sup>2</sup>	5.61	6.77	5.67	9.39	14.51

\* Vacancy rate includes all housing units from the first day on which they stand vacant



	June 30, 2003	June 30, 2003	Assets Dec. 31, 2002
	EUR	EUR	EUR
<b>A Fixed assets</b>			
<b>I. Intangible fixed assets</b>			
1. Franchises, trademarks, patents, licences and similar rights		47,729.20	48,501.73
<b>II. Tangible fixed assets</b>			
1. Land and leasehold rights with residential buildings	907,599,537.56		923,652,405.46
2. Land and leasehold rights with business and other premises	22,608,115.81		22,687,798.12
3. Land without buildings	28,128,372.93		27,994,686.98
4. Land with inheritable building rights of others	501,199.57		501,199.57
5. Buildings on land owned by others	632,698.45		672,664.45
6. Other equipment, fixtures and fittings	210,369.73		295,850.86
7. Assets in the course of construction	0.00		0.00
8. Pre-construction costs	582,542.00		459,249.30
		960,262,836.05	
<b>III. Financial assets</b>			
1. Participating interests	4,254,251.03		4,254,251.03
2. Other loans	21,280,292.98		21,405,223.55
		25,534,544.01	
		985,845,109.26	1,001,971,831.05
<b>B Current assets</b>			
<b>I. Land and other stocks intended for sale</b>			
1. Land without buildings	3,445,834.10		3,464,357.80
2. Land and leasehold rights with unfinished buildings			0.00
3. Land and leasehold rights with finished buildings	7,439,716.31		7,670,402.51
4. Work in progress	36,846,225.83		30,583,748.44
		47,731,776.24	
<b>II. Receivables and other assets</b>			
1. Amounts due from rental	1,808,632.80		2,153,080.89
2. Amounts due from sale of land	6,293,204.56		20,954,866.17
3. Amounts due from management activities	1,415,609.40		1,647,293.58
4. Other trade accounts receivable	69,047.90		50,282.20
5. Amounts owed by affiliated companies	11,935.15		0.00
6. Other assets	16,556,694.64		14,505,142.61
		26,155,124.45	
<b>III. Securities</b>			
Own shares		9,856.56	9,856.56
<b>IV. Cash at bank and in hand</b>			
Cash balance and balances with banks		48,490,073.32	69,312,933.63
		122,386,830.57	150,351,964.39
<b>C Prepaid expenses and deferred charges</b>			
1. Discount	16,042.30		16,042.30
2. Other prepaid expenses and deferred charges	35,791.86		21,993.29
		51,834.16	38,035.59
<b>Total assets</b>		<b>1,108,283,773.99</b>	<b>1,152,361,831.03</b>





CONSOLIDATED BALANCE SHEET  
AS AT JUNE 30, 2003

	June 30, 2003	June 30, 2003	<b>Liabilities</b> Dec. 31, 2002
	EUR	EUR	EUR
<b>A Equity</b>			
I. Subscribed capital		10,225,837.62	10,225,837.62
II. Capital reserve		335,954,172.17	335,954,172.17
III. Revenue reserves			
1. Statutory reserve	771,895.48		771,895.48
2. Reserve for own shares	9,856.56		9,856.56
		781,752.04	
IV. Consolidated retained earnings		64,824,535.33	101,985,925.83
V. Shares of other partners		498,153.24	492,437.24
		412,284,450.40	449,440,124.90
<b>B Provisions</b>			
1. Provisions for pensions and similar obligations	3,773,916.91		3,868,245.45
2. Provisions for taxes	8,791,081.68		5,016,081.68
3. Provisions for building maintenance	1,003,709.44		1,003,709.44
4. Other provisions	10,258,493.29		15,778,001.81
		23,827,201.32	25,666,038.38
<b>C Liabilities</b>			
1. Amounts owed to banks	528,900,521.48		545,361,883.74
2. Amounts owed to other lenders	70,240,757.68		71,672,424.70
3. Payments received on account	47,759,749.71		36,562,226.83
4. Amounts owed from rental	10,003,588.29		10,506,614.92
5. Trade accounts payable	947,336.45		1,055,436.32
6. Amounts owed to affiliated companies	252,079.72		29,369.60
7. Other liabilities	14,068,088.94		12,066,457.03
		672,172,122.27	677,254,413.14
<b>D Prepaid income</b>		0.00	1,254.61
<b>Total liabilities</b>		<b>1,108,283,773.99</b>	<b>1,152,361,831.03</b>



## Consolidated income statement for the period from January 1 to June 30, 2003

	Jan. 1 – June 30, 2003	Jan. 1 – June 30, 2003	2002
	EUR	EUR	EUR
1. Sales			
a) from property management	52,350,370.47		122,264,022.02
b) from sale of land	384,803.00		3,786,329.04
c) from management activities	809,128.82		1,856,317.58
d) from other goods and services	207,407.06		479,988.05
		53,751,709.35	128,386,656.69
2. Increase (2001: decrease) of land for sale with finished and unfinished buildings and work in progress		6,140,881.13	–6,603,327.90
3. Company-produced additions to assets		0.00	100,345.00
4. Other operating income		11,760,330.01	43,505,743.72
5. Costs of external services			
a) Costs of property management	26,406,322.79		56,617,168.36
b) Costs of sale of land	1,216.53		116,697.81
c) Costs of other goods and services	29,697.71		8,853.24
		26,437,237.03	56,742,719.41
6. Staff costs			
a) Wages and salaries	7,188,982.13		12,980,332.63
b) Social security, pension and benefits costs	1,750,747.16		4,064,634.15
		8,939,729.29	17,044,966.78
7. Depreciation of intangible fixed assets and tangible fixed assets		7,995,189.16	20,672,707.10
8. Other operating expenses		8,014,344.32	22,716,905.47
9. Income from participating interests		40,000.00	50,000.00
10. Income from other loans and securities		319,780.69	658,367.63
11. Other interest and similar income		841,628.49	1,884,300.26
12. Depreciation on financial assets		0.00	1,836.83
13. Interest and similar expenses		14,778,328.19	31,291,764.06
<b>14. Income from ordinary activities</b>		<b>6,689,501.68</b>	<b>19,511,185.75</b>
15. Taxes on income		3,783,334.23	6,010,122.53
16. Other taxes		61,841.95	118,460.52
<b>17. Net income</b>		<b>2,844,325.50</b>	<b>13,382,602.70</b>
18. Profit carried forward		61,985,925.83	64,086,817.76
19. Withdrawals from capital reserve		0.00	25,333,985.86
20. Transfers to statutory reserve		0.00	771,895.48
21. Transfer to reserve for own shares		0.00	34.64
22. Net income due to other partners		5,716.00	45,550.37
<b>23. Consolidated retained earnings</b>		<b>64,824,535.33</b>	<b>101,985,925.83</b>



## Management Board

(status: July 2003)

### Michael A. Neubürger

Bad Homburg v.d. Höhe

### Henning Sieh

Frankfurt am Main

## Supervisory Board

(status: July 2003)

### Helmut Ullrich

Chairman

Königstein

Managing Director

DB Real Estate Management GmbH

### Dr. Michael Gellen

Deputy Chairman

Cologne

Managing Director

DB Real Estate Management GmbH

### Harry Gutte

Frechen

Managing Director

DB Real Estate Management GmbH

### Matthias Hünlein

Oberursel

Managing Director

DB Real Estate Management GmbH

### Hans-Werner Jacob

Vaterstetten

Deutsche Bank AG

Sales Manager, Germany

### Dr. Andreas Kretschmer

Düsseldorf

Manager of the Ärzteversorgung Westfalen-Lippe

Einrichtung der Ärztekammer Westfalen-Lippe

Körperschaft des öffentlichen Rechts



## Key dates

### November 10, 2003

Interim report as at September 30, 2003

### February 19, 2004

Provisional Key Figures 2003





| A pleasant neighbourhood where residents can be good neighbours to one another – and stay that way. A delicate balance between developed land and a natural environment. Deutsche Wohnen AG faces this challenge with dedication – by providing housing for families, singles and senior citizens. And not least, by listening to tenants who should feel “at home” in our property. The success of this strategy is shown in long-term tenancies as well as in the growing desire on the part of our tenants to take advantage of housing privatisation and become homeowners themselves. In this way, we are steadily growing the value of our property portfolio.

## ACTING RESPONSIBLY LIVING AS PART OF A COMMUNITY SHAPING THE FUTURE

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