INTERIM REPORT
as at 30 September 2011

Deutsche Wohnen

ROOM

TO GROW

CONTENTS

KEY FIGURES

Profit and loss statement		9m/2011	9m/2010
Earnings from Residential Property Management	EUR m	118.4	113.4
Earnings from Disposals	EUR m	7.2	8.8
Earnings from Nursing and Assisted Living	EUR m	7.3	7.1
Corporate expenses	EUR m	– 23.0	– 22.5
EBITDA	EUR m	108.8	104.6
EBT (adjusted)	EUR m	37.6	26.9
EBT (as reported)	EUR m	37.4	24.5
Earnings after taxes	EUR m	19.7	10.1
Earnings after taxes	EUR per share	0.24	0.12
FFO (without disposals)	EUR m	40.1	28.9
FFO (without disposals)	EUR per share	0.49	0.35
FFO (incl. disposals)	EUR m	47.3	37.7
FFO (incl. disposals)	EUR per share	0.58	0.46

Balance sheet		30/09/2011	31/12/2010
Investment properties	EUR m	2,895.7	2,821.0
Current assets	EUR m	164.8	108.8
Equity	EUR m	878.2	889.9
Net financial liabilities	EUR m	1,867.3	1,738.5
Loan-to-Value Ratio (LTV)	in %	62.1	60.6
Total assets	EUR m	3,155.0	3,038.2

Share		30/09/2011	31/12/2010
Share price (closing price)	EUR per share	10.00	10.50
Number of shares	m	81.84	81.84
Market capitalisation	EUR m	818	859

Net Asset Value (NAV)		30/09/2011	31/12/2010
EPRA NAV	EUR m	985.6	964.0
EPRA NAV per share	EUR per share	12.04	11.78

Fair values		30/09/2011	31/12/2010
Fair value of real estate properties[1]	EUR m	2,840.6	2,672.3
Fair value per sqm residential and commercial areas[1]	EUR per sqm	921	926

[1] Only comprises residential and commercial buildings

Interim management report

Overview

Deutsche Wohnen continued to perform strongly in the third quarter of 2011 and can thus easily pick up on the successful development of the first six months of the fiscal year.

Operational development
(compared with the equivalent reporting period of the previous year, 9 months)

- Increase in the in-place rent per sqm in the letting portfolio of the core regions on a comparable basis (like-for-like) by monthly EUR 0.19 per sqm or 3.4 % to EUR 5.64 per sqm
- Increase in the in-place rent per sqm in the letting portfolio of Greater Berlin (like-for-like) by monthly EUR 0.22 or 4.2 % to EUR 5.51 per sqm
- Reduction in the vacancy rate from 2.5 % to 1.7 % (like-for-like: from 2.5 % to 1.7 %) in the letting portfolio of the core regions
- Notarised disposals volume of 2,655 residential units, thereof 1,025 units through privatisation with a gross margin of 33 %
- Reduction of current interest expenses by 7.3 % to EUR 59.8 million

Earnings
(compared with equivalent reporting period of previous year, 9 months)

- Increase in the profit for the period by EUR 9.6 to EUR 19.7 million
- Increase in adjusted earnings before taxes by EUR 10.7 million or 40 % to EUR 37.6 million
- Improvement in the recurring FFO (without disposals) per share by 40 % from EUR 0.35 to EUR 0.49 per share
- Increase in the EPRA NAV compared to 31 December 2010 by around 2.2 % or EUR 0.26 per share to EUR 12.04 per share
- Increase in Loan-to-Value Ratio (LTV) to 62.1 % due to acquisitions and thus within our current range of up to 65 %

Sustainable value-creating growth through selective acquisitions in our core regions

- Since July 2010, Deutsche Wohnen has bought nearly 8,000 residential units solely in growth regions, of which almost 6,000 are in Berlin and a further 1,160 in Dusseldorf. Deutsche Wohnen has therewith opened up a new metropolitan region.
- From the approximately 8,000 residential units, the transfer of risks and rewards for around 2,300 apartments will take place in the fourth quarter 2011 and respectively on 1 January 2012.

The following table gives an overview of important key figures of acquisitions taken place, based on the business plans and underlying assumptions.

Acquisitions 2010 and 2011

Region	Berlin Letting	Berlin Privatisation	Rhine-Main	Rhine Valley South	Rhine Valley North	Total
Portfolio						
Total units	4,145	1,867	466	350	1,160	7,988
thereof residential units	4,128	1,858	457	334	1,160	7,937
Total area (sqm)	236,592	110,825	24,713	23,557	72,423	468,110
Gross asset value (in EUR m)	204.8	75.5	25.8	18.7	82.6	407.4
Gross asset value (in EUR/sqm)	866	681	1,044	794	1,141	870
Actual vacancy (%)	2.4	5.9	2.5	4.1	1.3	3.1
Rent						
Actual in-place rent (EUR/sqm/month)	4.98	5.15	6.66	4.96	5.89	5.25
Estimated potential rent (EUR/sqm/month)[1]	6.22	5.16	7.86	5.76	6.87	6.13
Rent potential	25	0	18	16	17	17
Average sales price (EUR/sqm)		974				974
Gross margin (%)[2]		43				43
KPIs						
Net initial yield (%)[3]	6.9	8.6	7.8	7.5	6.3	7.2
FFO without disposals pre-tax (EUR m)	6.6	2.9	0.9	0.6	2.0	13.0
per sqm	27.9	26.2	36.4	25.5	27.6	27.8
pre-tax FFO incremental contribution yield (%)[4]	8.1	9.6	8.7	8.0	6.1	8.0
FFO from disposal pre-tax		2.0				2.0
Total FFO pre-tax	6.6	4.9	0.9	0.6	2.0	15.0
per share (based on 81.84 million)	0.08	0.06	0.01	0.01	0.02	0.18

[1] Companies estimate
[2] Average sales price (in EUR/sqm) divided by gross asset value (in EUR/sqm)
[3] Current gross rental income divided by gross asset value
[4] FFO without disposals pre-tax divided by assumed equity portion based on a LTV of 60 %

Portfolio

Portfolio development

Our purchases have a sustained positive impact on the structure and quality of our portfolio:

	30/09/2011			30/09/2010		
	Residential units Number	Area sqm k	Share of total portfolio %	Residential units Number	Area sqm k	Share of total portfolio %
Core regions	**45,451**	**2,756**	**92**	**41,964**	**2,569**	**89**
Letting portfolio	40,382	2,430	82	37,828	2,292	80
Privatisation	5,069	326	10	4,136	277	9
Disposal regions	**4,213**	**259**	**8**	**5,245**	**322**	**11**
Total portfolio	**49,664**	**3,015**	**100**	**47,209**	**2,892**	**100**

Residential holdings in our core regions have grown by around 3,500 units over the last twelve months. In addition to the 2,300 residential units already registered, our residential holdings will thus be increased by a total of around 5,800 units.

Over the last twelve months, we sold a total of around 1,000 residential units in structurally weak regions with the transfer of risk and rewards by 30 September 2011. We assume the further sale of around 690 units by the end of the year, meaning we will have sold off over 30% of the holdings in the disposal regions over the last 15 months.

Overall, the simultaneous acquisitions in the core regions and sale of holdings from the disposal regions lead to a considerable strengthening of our portfolio and thus a better risk-reward ratio.

Core regions

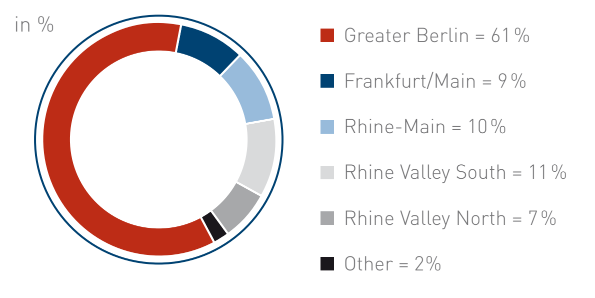
The following table shows the portfolio structure in the core regions as at 30 September 2011:

	Residential units	Area	Share of total portfolio	In-place rent[1]	Vacancy rate
	Number	sqm k	%	EUR/sqm	%
Core regions	**45,451**	**2,756**	**92**	**5.59**	**2.3**
Letting portfolio	40,382	2,430	82	5.59	1.7
Privatisation	5,069	326	10	5.58	6.8
Greater Berlin	27,817	1,661	56	5.42	1.8
Letting portfolio	24,564	1,456	49	5.44	1.3
Privatisation	3,253	205	7	5.26	5.7
Frankfurt/Main	4,158	252	8	6.96	2.0
Letting portfolio	3,544	208	7	7.07	0.9
Privatisation	614	44	1	6.37	7.6
Rhine-Main	4,676	282	9	6.16	4.6
Letting portfolio	4,169	249	8	6.10	4.2
Privatisation	507	33	1	6.64	7.0
Rhine Valley South	4,837	304	10	5.31	2.9
Letting portfolio	4,408	276	9	5.30	2.0
Privatisation	429	27	1	5.45	11.3
Rhine Valley North	3,217	207	6	5.08	2.5
Letting portfolio	2,951	190	6	5.04	1.8
Privatisation	266	17	1	5.52	10.4
Other (letting only)	746	51	2	5.03	4.3

[1] Contractually owed rent from rented apartments divided by rented area

With around 73 % share of the portfolio (including privatisation holdings), Berlin, as well as Frankfurt/Main and the Rhine-Main region have overriding importance for Deutsche Wohnen.

Split within the core regions



The ongoing, demand-based momentum in our letting markets clearly shows a positive impact on current gross rental income and new-lettings rent:

	like-for-like comparison		
	In-place rent[1] EUR/sqm		
	30/09/2011	30/09/2010	%
Letting portfolio in the core regions	**5.64**	**5.45**	**3.4**
Greater Berlin	5.51	5.29	4.2
Frankfurt/Main	7.07	6.90	2.5
Rhine-Main	6.06	5.91	2.5
Rhine Valley South	5.30	5.17	2.5
Rhine Valley North	5.04	4.94	2.1
Other	5.03	4.95	1.6

[1] Contractually owed rent from rented apartments divided by rented area

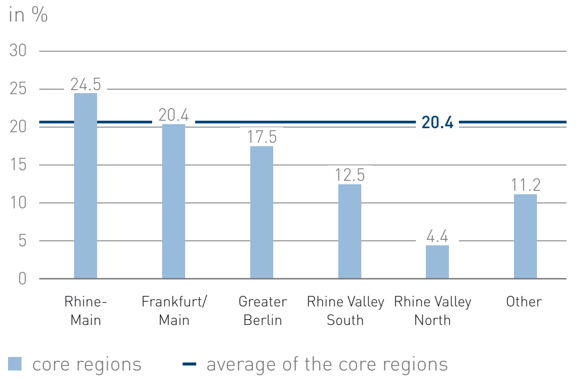
In our core regions, we increased the in-place rent of our units, which were in our holding from 30 September 2010 to 30 September 2011 (like-for-like), by EUR 0.19 or 3.4 % to EUR 5.64 per sqm. In Greater Berlin, which constitutes over half of our total holdings, we even managed to increase in-place rents by 4.2 %.

The new-lettings rent achieved in the non-rent restricted units in 2011 were around 20 % above the current gross rental income of the reporting date.

We also improved the vacancy rate in the letting portfolio like-for-like again from 2.5 % to 1.7 %.

Compared to the previous year, the volume of transactions in privatisations was increased significantly by 35 %. Here, the disposal ratio in the homeowners' associations is around 77 %.

Rent potentials[1] from the letting portfolio in the core regions



[1] Rent potential: New-letting rent (i.e. contractually owed rent for newly concluded contracts for units not subject to rent control effective in 2011) compared to in-place rent

Disposal regions

The following table shows details of our portfolio in the disposal regions:

	Residential units	Area	Share of total portfolio	In-place rent[1]	Vacancy rate
	Number	sqm k	%	EUR/sqm	%
Disposal regions	**4,213**	**259**	**8**	**4.62**	**10.8**
Adjustment portfolio	1,990	121	4	4.36	17.2
Other disposal holdings	2,223	138	4	4.81	5.8

[1] Contractually owed rent from rented apartments divided by rented area

We have identified as disposal regions those markets which are stagnating in their development or are even developing negatively. In particular, the rate of disposals of properties which are to be sold in the context of portfolio adjustments is to be speeded up because of structural risks. The remaining portfolio available for disposal shows significantly better key figures. These properties are also to be sold, however, for portfolio strategy reasons.

Business development of the segments

The business activities of Deutsche Wohnen comprise the following areas: the letting and management of our own holdings (earnings from Residential Property Management), the disposal of apartments to owner-occupiers and institutional investors (earnings from Disposals) and the management of residential nursing facilities and residential care homes (earnings from Nursing and Assisted Living).

The overview shows the segment earnings in comparison to the first nine months of the fiscal year 2010:

in EUR m	9m/2011	9m/2010
Earnings from Residential Property Management	118.4	113.4
Earnings from Disposals	7.2	8.8
Earnings from Nursing and Assisted Living	7.3	7.1
Contribution margin of segments	**132.9**	**129.3**
Corporate expenses	– 23.0	– 22.5
Other operating expenses/ income	– 1.1	– 2.2
Operating result	**108.8**	**104.6**

Residential Property Management segment

The focus of our business activity lies in the management and development of our own portfolio. This is where we have specific know-how. The markets we serve are, in our view, in the long run primarily letting markets. Disposals are made in accordance with our strategic direction – to develop the portfolio or if appropriate market opportunities present themselves.

The operating result (Net Operating Income – NOI) was increased in comparison to the equivalent period of the previous year by 5.6 % to EUR 3.94 per sqm and month.

in EUR m	9m/2011	9m/2010
Current gross rental income	**144.7**	**143.1**
Non-recoverable expenses	– 4.4	– 4.7
Rental loss	– 1.2	– 1.6
Maintenance	– 20.1	– 21.8
Other	– 0.6	– 1.6
Contribution margin	**118.4**	**113.4**
Staff and general and administration expenses	– 12.2	– 12.0
Operating result (Net Operating Income – NOI)	**106.2**	**101.4**
NOI margin in %	73.4	70.9
NOI in EUR per sqm and month[1]	3.94	3.73
Increase in %	5.6	

[1] Taking account of the average areas on a quarterly basis in the relevant reporting period

The increase of the current gross rental income is attributable to the continued reduction in the vacancy rate and also to acquisitions.

The average in-place rent for residential units which we managed over the last twelve months (like-for-like) in the letting portfolio of our core regions was EUR 5.64 per sqm as at the reporting date. This represents an increase in comparison to the figure for the equivalent reporting period of the previous year (EUR 5.45 per sqm) of 3.4 %.

We were also able to improve the vacancy rate in the letting portfolio once again in a like-for-like comparison from 2.5 % to 1.7 %.

4,171 new tenancy agreements were signed in the entire portfolio in the first three quarters of 2011, of these, 2,823 were in the non-rent restricted letting portfolio of the core regions with an average monthly new-letting rent of EUR 6.73 per sqm. The new-letting is thus monthly around EUR 1.14 per sqm or 20.4 % above the related in-place rent.

At around 10 %, the annual fluctuation rate projected on the whole year remains nearly constant. Overall, 135 apartments (0.3 % of the holdings in the core regions) have a vacancy rate of more than twelve months.

In the first nine months of 2011 a total of EUR 37.5 million (EUR 12.44 per sqm) was invested in maintenance and value enhancing investments (modernisations). The figure for the equivalent period of the previous year was EUR 41.7 million or EUR 13.81 per sqm.

After current interest expenses the cash flow from the portfolio has improved significantly and sustainably by EUR 9.5 million or 24 %. This is because we were able to improve the earnings from lettings whilst reducing interest charges.

in EUR m	9m/2011	9m/2010
NOI from lettings	106.2	101.4
Current interest expenses (without Nursing and Assisted Living)	− 57.8	− 62.4
Cash flow from portfolio after current interest expenses	**48.4**	**39.0**
Interest ratio	1.84	1.63

Disposals segment

In the fiscal year 2011, Deutsche Wohnen is focusing on individual privatisations and portfolio adjustments in structurally weak regions.

The following table shows the notarised contracts as at 30 September 2011 with the transfer of risks and rewards in 2011:

	Units	Transaction Volume	Fair Value	Margin	
	Number	EUR m	EUR m	EUR m	in %
Privatisations	1,025	75.9	57.0	18.9	33
Bloc sales	1,630	57.7	58.4	− 0.7	− 1
Total	**2,655**	**133.6**	**115.4**	**18.2**	**16**

With privatisations we were able to increase the sales volume in comparison to the equivalent period of the previous year from EUR 56.1 million to EUR 75.9 million (+35 %) with almost the same margin (33 %).

In comparison to the equivalent period of the previous year, the volume of bloc sales declined by EUR 44.6 million in 2011, as we mainly focused on the adjustment of structurally weak regions.

As at the reporting date, 30 September 2011, 1,791 of the 2,655 residential units with a sales volume of EUR 85.7 million were recorded on the balance sheet on account of the transfer of risks and rewards.

Nursing and Assisted Living segment

The Nursing and Assisted Living segment comprises mainly the operational management of high-quality residential nursing properties and residential homes for senior citizens. All the facilities comply with the requirements for age-appropriate living and are recognised as residential care facilities in accordance with §§ 11 and 12 of the statutory regulations governing nursing and other homes (Heimgesetz). The properties are located in the five federal states of Berlin, Brandenburg, Saxony, Lower Saxony and Rhineland-Palatinate.

in EUR m	9m/2011	9m/2010
Income		
Nursing	25.3	24.9
Living	2.2	2.4
Other	3.0	2.8
	30.5	**30.1**
Costs		
Nursing and administrative costs	– 8.5	– 8.4
Staff expenses	– 14.7	– 14.6
	– 23.2	**– 23.0**
Segment earnings	**7.3**	**7.1**
Attributable current interest	– 2.0	– 2.1
	5.3	**5.0**

In the first nine months of the fiscal year 2011 segment earnings (earnings before interest, taxes, depreciation and amortisation) of EUR 7.3 million were achieved (same period of the previous year: EUR 7.1 million). This is particularly attributable to an increased occupancy rate, which increased from 93.8 % to 94.6 %. The occupancy rate as at the current reporting date is 95.2 %.

Corporate expenses

The corporate expenses include staff and general and administration expenses (excluding the Nursing and Assisted Living segment) and are broken down as follows:

in EUR m	9m/2011	9m/2010
Property Management (Deutsche Wohnen Management GmbH)	– 12.2	– 12.0
Asset Management/Disposals (Deutsche Wohnen Corporate Real Estate GmbH)	– 2.3	– 2.6
Holding company function (Deutsche Wohnen AG)	– 8.5	– 7.9
Total	**– 23.0**	**– 22.5**

The personnel policy of Deutsche Wohnen is committed to sustainable staff development and a fair, performance-related remuneration system. Overall, the base salary for all staff (excluding senior managers) was increased as at 1 April 2011 by 3 %. The annual salaries of the trainees (from the start of the new training year: 32 trainees) were increased at the beginning of the year by 9 %.[1]

[1] All data excludes the Nursing and Assisted Living segment

Notes on financial performance and financial position

Financial performance

in EUR m	9m/2011	9m/2010
Revenue	226.3	224.8
Gains/losses from disposals before costs[1]	12.6	13.2
Expenses for purchased goods and services	– 89.7	– 92.3
Staff expenses including Nursing and Assisted Living	– 28.7	– 27.9
Other operating expenses/ income	– 11.7	– 13.2
Operating result	**108.8**	**104.6**
Depreciation and amortisation	– 2.5	– 2.4
Financial result	– 68.9	– 77.7
Profit/loss before taxes	**37.4**	**24.5**
Current taxes	– 2.1	– 2.8
Deferred taxes	– 15.6	– 11.6
Profit/loss for the period	**19.7**	**10.1**

[1] Not including cost of sales of EUR 5.4 million in 2011 (2010: EUR 4.4 million)

In the first nine months of 2011 we succeeded in increasing the profit for the period by EUR 9.6 million in comparison to the same period of the previous year, and the adjusted profit before taxes even rose by EUR 10.7 million. Very good performance in the area of letting with a very low vacancy rate, a constant exploitation of opportunities to optimise rents, and sustainable and efficient management and maintenance, was the foundation for this successful development. Furthermore, the acquisitions and lower interest charges, thanks to the improved financing structure, made a significant contribution to this result.

We have set out in detail our notes on the development of the EBITDA with reference to the segments under the heading "Business development of the segments" on pages 9f.

The financial result is made up as follows:

in EUR m	9m/2011	9m/2010
Current interest expenses	– 59.8	– 64.5
Accrued interest on liabilities and pensions	– 9.3	– 11.2
Fair value adjustments of derivative financial instruments	– 0.2	– 2.4
	– 69.3	**– 78.1**
Interest income	0.4	0.4
Financial result	**– 68.9**	**– 77.7**

Through the reduction of the hedging ratio which is presently around 75 %, at the end of 2010 (on the reporting date of the previous year: approx. 95 %), we profited in our interest expenses from the current low interest rate. Thus, the average interest rate is currently around 4.08 % compared to 4.42 % at 30 September 2010.

The accrued interest on liabilities and pensions has decreased mainly due to repayments at EK-02 and the liabilities to limited partners in funds.

The result before income taxes – adjusted for valuation and special effects – were made up as follows:

in EUR m	9m/2011	9m/2010
Earnings before taxes	**37.4**	**24.5**
Gains/losses from fair value adjustments of derivative financial instruments	0.2	2.4
Adjusted earnings before taxes	**37.6**	**26.9**

Financial position

	30/09/2011		31/12/2010	
	EUR m	in %	EUR m	in %
Investment properties	2,895.7	92	2,821.0	93
Other non-current assets	94.5	3	108.4	3
Non-current assets	**2,990.2**	**95**	**2,929.4**	**96**
Current assets	122.7	4	62.8	2
Cash and cash equivalents	42.1	1	46.0	2
Current assets	**164.8**	**5**	**108.8**	**4**
Total assets	**3,155.0**	**100**	**3,038.2**	**100**
Equity	**878,2**	**28**	**889.9**	**29**
Financial liabilities	1,909.4	61	1,784.5	59
Tax liabilities	58.6	2	63.9	2
Liabilities to limited partners in funds	15.2	0	22.5	1
Employee benefit liability	42.1	1	44.7	1
Other liabilities	251.5	8	232.7	8
Liabilities	**2,276.8**	**72**	**2,148.3**	**71**
Total liabilities	**3,155.0**	**100**	**3,038.2**	**100**

Stable balance sheet structure
At 92 %, investment properties are the largest balance sheet item – our core business as a residential property company.

The increase in current assets is due to the acquisition of privatisation holdings in Berlin. These were integrated into the portfolio as at 1 June 2011 upon the transfer of risks and rewards. Of these holdings, we have already sold 129 units with a book value of EUR 5.4 million at a selling price of EUR 7.3 million as at 30 September 2011, and were thus able to achieve the first sales success for this portfolio.

Financial liabilities have risen in comparison to the end of 2010 by EUR 124.9 million (net) – when balanced against repayments – primarily as a result of new borrowing to finance acquisitions. As at the reporting date, the average rate of interest was approximately 4.08 %.

In comparison to 31 December 2010, the Loan-to-Value ratio has increased due to raising debt capital for property acquisitions:

in EUR m	30/09/2011	31/12/2010
Financial liabilities	1,909.4	1,784.5
Cash and cash equivalents	– 42.1	– 46.0
Net financial liabilities	**1,867.3**	**1,738.5**
Investment properties	2,895.7	2,821.0
Non-current assets held for sale	34.0	34.3
Land and buildings held for sale	77.9	15.2
	3,007.6	**2,870.4**
Loan-to-Value Ratio in %	62.1	60.6

Of the tax liabilities, the sum of EUR 51.1 million (31 December 2010: EUR 57.8 million) is attributable to the present value of liabilities from the lump-sum taxation of EK-02 holdings. These taxes are payable in equal annual instalments in the third quarter of each year until 2017.

The liabilities to limited partners in funds have been reduced as a result of the payments made for the DB 14 shares which were acquired in 2009 and 2010. As at the reporting date Deutsche Wohnen held approximately 84 % of the shares in DB 14. As at 30 June 2011 a further 9 % of the shares had been acquired, and they will be transferred by 31 December 2011. As a result, Deutsche Wohnen will own approximately 93 % of the shares in the DB 14 by the end of the year.

The other liabilities consist of the following items:

in EUR m	30/09/2011	31/12/2010
Derivative financial instruments	85.6	70.3
Deferred tax liabilities	96.2	92.0
Miscellaneous	69.7	70.4
Total	**251.5**	**232.7**

The change in other liabilities is mainly attributable to the increase in derivative financial instruments (interest rate swaps) which is linked to market valuation. The interest rate swaps serve to hedge interest rate risks. Because the interest rate level has fallen in comparison to 31 December 2010, negative market values have been increased.

The cash flows of the Group are made up as follows:

in EUR m	9m/2011	9m/2010
Net cash flows from operating activities before EK-02 payments	36.6	24.4
EK-02 payments	– 8.5	– 23.8
Net cash flows from investing activities	– 133.1	121.1
Net cash flows from financing activities	101.1	– 113.6
Net change in cash and cash equivalents	**– 3.9**	**8.1**
Opening balance cash and cash equivalents	46.0	57.1
Closing balance cash and cash equivalents	**42.1**	**65.2**

Cash flows from operating activities have improved due to the increased net profit before tax and interest as well as lower interest payments.

The EK-02 payments in 2011 are the instalments of EUR 9.6 million which are payable every third quarter until 2017, of which the tax authorities responsible retrieved EUR 1.1 million at the beginning of October 2011. Furthermore, in the same period of the previous year, payments of EUR 15.2 million for previous periods, which were only payable upon receipt of the tax assessments, were included.

Cash flows from investment activities of the first nine months of 2011 include EUR 90.6 million cash from disposals in the form of purchase prices and deposits for residential units. In contrast, EUR 216.4 million was spent mainly on investments and acquisitions.

Cash flows from financing activities contain inflows in the amount of EUR 117.5 million arising from an increase in financial liabilities. This sum is the balance of repayments at EUR 469.6 million and new borrowing in an amount of EUR 587.1 million. Included in this is the refinancing of a portfolio in the amount of approx. EUR 400 million. This refinancing measure was completed before 31 December 2010 and executed in January 2011. In the second quarter of 2011, the dividend of EUR 16.4 million, which had been agreed by the Annual General Meeting for the financial year 2010, was paid out.

In addition to cash and cash equivalents of EUR 42.1 million the Group has access to credit facilities from banks in the amount of EUR 60.4 million as at reporting date.

Once again it was possible to increase Funds from Operations (FFO) in comparison to the equivalent period of the previous year:

in EUR m	9m/2011	9m/2010
Profit/loss for the period	**19.7**	**10.1**
Earnings from Disposals	–7.2	–8.8
Depreciation and amortisation	2.5	2.4
Fair value adjustments of derivative financial instruments	0.2	2.4
Non-cash financial expenses	9.3	11.2
Deferred taxes	15.6	11.6
FFO (without disposals)	**40.1**	**28.9**
FFO (without disposals) per share in EUR	0.49	0.35
FFO (incl. disposals)	47.3	37.7
FFO (incl. disposals) per share in EUR	0.58	0.46

The recurringly generated FFO (without disposals) has increased in a year-on-year comparison by 40.0 % from EUR 0.35 per share to EUR 0.49 per share.

EPRA Net Asset Value (EPRA NAV)

Due to the profit for the period, the equity and therefore the EPRA NAV have increased:

in EUR m	30/09/2011	31/12/2010
Equity (before non-controlling interest)	877.9	889.6
Diluted NAV	877.9	889.6
Fair values of derivative financial instruments	85.6	61.1
Deferred taxes (net)	22.1	13.3
EPRA NAV	**985.6**	**964.0**
Number of shares (in m)	81.84	81.84
EPRA NAV in EUR per share	**12.04**	**11.78**

The equity as at 30 September 2011 was reduced by the dividend of EUR 16.4 million, which was paid out in the second quarter of 2011.

Stock market and the Deutsche Wohnen share

Economic situation and financial markets

To a large degree, the first nine months of 2011 were particularly volatile for the financial markets:

After the economic situation in Germany had a GDP growth rate (price adjusted) of 5.0 %, which was the greatest increase since the reunification of Germany, in the second quarter it was still at +2.8 % (price adjusted).[1] While the ifo business climate index rose in the first months of the year, it has levelled off since spring and fallen since the summer. In a joint forecast of leading economic research institutes in the autumn of 2011, GDP is expected to increase by 2.9 % this year and by 0.8 % next year.[2] Economic growth will thereby level off in the coming years, but will not come to a standstill so a crash in a recession is not imminent.

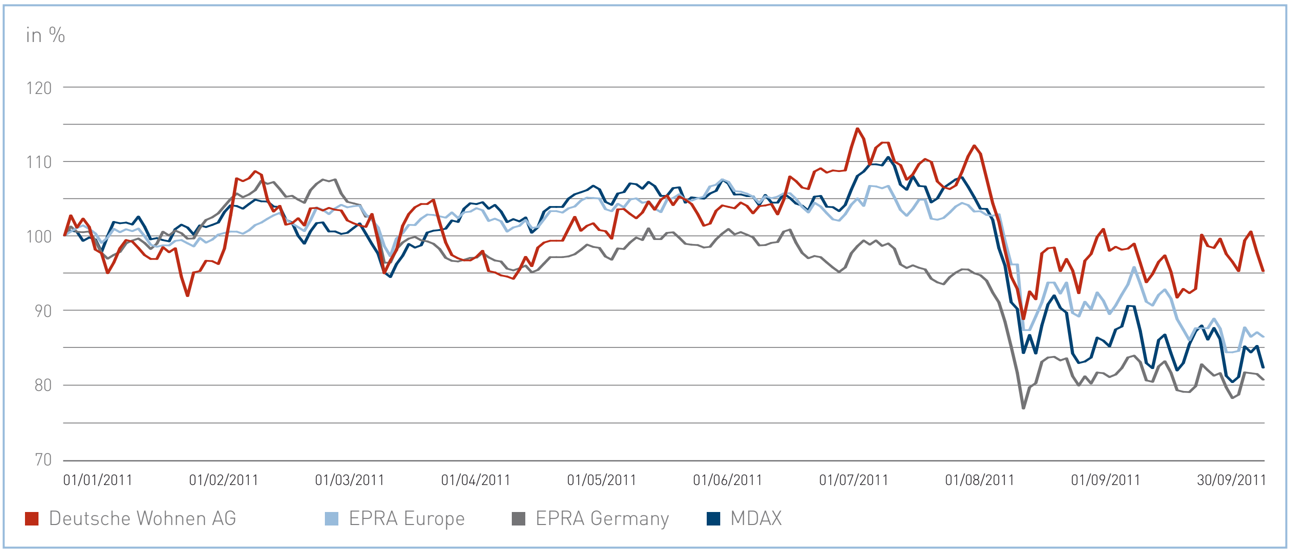
While the major stock market indices still showed gains at the end of the first half of 2011 compared to the beginning of the year, attention was increasingly turned to the high sovereign debt of many advanced industrial nations in the summer of 2011. The sovereign debt crisis in Europe and the debate about the debt ceiling in the U.S. consequently became noticeable to the equity markets through increased uncertainty and sharply falling prices. Listings on the financial markets fell during the further course of summer within a few days, partly by 20 % and reached levels of the crisis year 2009. From late July to early August, the DAX declined on eleven consecutive days. At the end of the third quarter, the DAX was at around 5,500 points, which is a loss of over 20 % compared to the beginning of the year. The MDAX, where the Deutsche Wohnen share is listed, also closed the first nine months of 2011 with a stock market loss of around 18 %.

[1] Federal Statistical Office Germany, Press Release No. 314
[2] Joint diagnosis of autumn 2011 from the Institute of Economic Research, Halle, ifo Institute, Munich, Institute for the World Economy, Kiel, Rhine-Westphalia Institute for Economic Research, Essen

The Deutsche Wohnen AG share

Although the Deutsche Wohnen share could not escape the macroeconomic factors and sharp downward movements of financial markets in the first nine months, with a comparatively small loss of 4.8 % (compared to the beginning of the year with a closing price of EUR 10.00 as at 30 September 2011) it has performed significantly better than the benchmark indices DAX, MDAX, EPRA Europe and EPRA Germany. Compared to the closing price as at 30 September 2010, the share even increased by almost 15 %.

Share price performance 9m/2011



The comparatively good performance of the share is firstly based on the robustness of the asset class of residential property in German metropolitan regions, even in economically unfavourable conditions, and secondly on the overall positive view of our company, also from the perspective of the capital market.

Key share figures	9m/2011	9m/2010
Number of shares outstanding in m	81.84	81.84
Share price as at end of nine months[1] in EUR	10.00	8.73
Market capitalisation in EUR m	818	714
Highest share price during nine months[1] in EUR	12.00	8.73
Lowest share price during nine months[1] in EUR	9.33	6.13
Average daily turnover[2]	231,812	133,610

[1] Xetra closing price
[2] Xetra daily turnover (traded shares)

Market capitalisation of the company, at EUR 818 million, was around EUR 100 million higher than the same reporting period of the previous year. During the same period, the average daily turnover in traded shares increased significantly to 231,812 shares and was 73 % higher than the same period of 2010.

Analyst coverage

The share of Deutsche Wohnen is still followed by 20 analysts; and is rated very positively by the majority. The target prices of the analysts are between EUR 9.20 and EUR 13.00.

In the following table you can see an overview of the current ratings[1] of the 20 analysts.

Rating	Number[2]
Buy/Add/Overweight	12
Neutral/Hold	5
Underweight/Sell/Underperform	3

[1] Status: 4 November 2011
[2] Analyst ratings as at 4 November 2011

Investor Relations activities

We have continued our work in Investor Relations to support an objective and appropriate valuation of the share. Our aim is to promptly and regularly report on the company, market potential and strategy, and to maintain an intensive contact to our existing and future shareholders. For this purpose, we held a great number of one-on-one meetings in the third quarter of 2011. We participated in several national and international investor conferences, and we also met investors in person on-site at roadshows. In the first nine months of 2011 we took part in roadshows in London, New York, Boston, Munich, Dusseldorf, Cologne, Vienna and Milan. In addition, the Management Board presented at two conferences in Frankfurt, three in London and one each in Amsterdam, New York and Munich. We will continue to be in the intensive dialogue with our investors in the future.

Events after the reporting date

Significant events occurring after the reporting date are not known.

Risk report

With regard to the risks which exist for future business development we refer you to the information presented in the risk report in the consolidated financial statements as at 31 December 2010.

Forecast

At year-end we will achieve a FFO (without disposals) of at least EUR 45 million (EUR 0.55 per share). This represents an increase of a minimum of approx. 37 % compared to the previous year (EUR 0.40 per share).

There will be a lower FFO contribution from disposals compared to the previous year despite a higher gross margin. In 2011 the focus is on streamlining structurally weak regions in order to further improve the quality of our portfolio.

IFS

INTERIM FINANCIAL STATEMENTS

as at 30 September 2011

CONSOLIDATED BALANCE SHEET
as at 30 September 2011

in EUR k	30/09/2011	31/12/2010
ASSETS		
Investment properties	2,895,693	2,820,952
Property, plant and equipment	17,116	16,536
Intangible assets	2,758	3,483
Derivative financial instruments	23	9,192
Other non-current assets	535	517
Deferred tax assets	74,078	78,651
Non-current assets	**2,990,203**	**2,929,331**
Land and buildings held for sale	77,858	15,159
Other inventories	2,072	2,298
Trade receivables	5,506	6,690
Income tax receivables	925	2,353
Derivative financial instruments	0	75
Other current assets	2,341	1,944
Cash and cash equivalents	42,057	46,016
Subtotal current assets	**130,759**	**74,535**
Non-current assets held for sale	34,019	34,314
Current assets	**164,778**	**108,849**
Total assets	**3,154,981**	**3,038,180**

in EUR k	30/09/2011	31/12/2010
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the parent company		
Issued share capital	81,840	81,840
Capital reserve	370,048	370,048
Retained earnings	426,010	437,682
	877,898	**889,570**
Non-controlling interests	302	302
Total equity	**878,200**	**889,872**
Non-current financial liabilities	1,816,985	1,338,954
Employee benefit liability	42,105	44,747
Liabilities to limited partners in funds	0	476
Tax liabilities	40,799	48,496
Derivative financial instruments	60,967	43,922
Other provisions	8,775	9,789
Deferred tax liabilities	96,247	92,021
Total non-current liabilities	**2,065,878**	**1,578,405**
Current financial liabilities	92,395	445,565
Trade payables	35,472	29,236
Liabilities to limited partners in funds	15,151	22,011
Other provisions	3,498	3,465
Derivative financial instruments	24,620	26,416
Tax liabilities	17,790	15,433
Other liabilities	21,977	27,777
Total current liabilities	**210,903**	**569,903**
Total equity and liabilities	**3,154,981**	**3,038,180**

CONSOLIDATED PROFIT AND LOSS STATEMENT
for the period from 1 January to 30 September 2011

in EUR k	9m/2011	9m/2010	Q3/2011	Q3/2010
Revenue	**226,250**	**224,782**	**78,792**	**78,281**
Gains/losses from disposals				
Sales proceeds	85,721	91,400	26,145	35,703
Carrying amounts of assets sold	– 73,093	– 78,237	– 21,403	– 30,275
	12,628	13,163	4,742	5,428
Other operating income	6,599	5,343	1,809	1,575
Total income	**245,477**	**243,288**	**85,343**	**85,284**
Expenses for purchased goods and services	– 89,681	– 92,255	– 33,461	– 34,570
Staff expenses	– 28,702	– 27,924	– 9,808	– 9,333
Other operating expenses	– 18,291	– 18,535	– 7,200	– 6,646
Total expenses	**– 136,674**	**– 138,714**	**– 50,469**	**– 50,549**
Subtotal	**108,803**	**104,574**	**34,874**	**34,735**
Depreciation and amortisation	– 2,462	– 2,377	– 834	– 813
Earnings before interest and taxes (EBIT)	**106,341**	**102,197**	**34,040**	**33,922**
Finance income	390	395	118	78
Gains/losses from fair value adjustments of derivative financial instruments	– 179	– 2,357	– 490	– 469
Finance expense	– 69,128	– 75,721	– 23,527	– 25,022
Profit before taxes	**37,424**	**24,514**	**10,141**	**8,509**
Income taxes	– 17,695	– 14,393	– 7,358	– 6,521
Profit/loss for the period	**19,729**	**10,121**	**2,783**	**1,988**
Thereof attributable to:				
Shareholders of the parent company	19,729	10,121	2,783	1,988
Non-controlling interests	0	0	0	0
	19,729	10,121	2,783	1,988
Earnings per share				
Basic in EUR	0.24	0.12	0.03	0.02
Diluted in EUR	0.24	0.12	0.03	0.02

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period from 1 January to 30 September 2011

in EUR k	9m/2011	9m/2010	Q3/2011	Q3/2010
Profit/loss for the period	**19,729**	**10,121**	**2,783**	**1,988**
Other comprehensive income				
Net gain/loss from derivative financial instruments	– 24,314	– 39,935	– 41,649	– 3,320
Income tax effects	7,566	12,751	12,955	1,945
	– 16,748	**– 27,184**	**– 28,694**	**– 1,375**
Net gains from pensions	2,450	0	0	0
Income tax effects	– 735	0	0	0
	1,715	**0**	**0**	**0**
Other comprehensive income after taxes	**– 15,033**	**– 27,184**	**– 28,694**	**– 1,375**
Total comprehensive income, net of tax	**4,696**	**– 17,063**	**– 25,911**	**613**
Thereof attributable to:				
Shareholders of the parent company	4,696	– 17,063	– 25,911	613
Non-controlling interests	0	0	0	0

CONSOLIDATED STATEMENT OF CASH FLOWS
for the period from 1 January to 30 September 2011

in EUR k	9m/2011	9m/2010
Operating activities		
Profit/loss for the period	19,729	10,121
Finance income	– 390	– 395
Finance expense	69,128	75,721
Income taxes	17,695	14,393
Profit/loss for the period before interest and taxes	**106,162**	**99,840**
Non-cash expenses/income		
Depreciation and amortisation	2,462	2,377
Fair value adjustments to interest rate swaps	179	2,357
Other non-cash expenses/income	– 15,338	– 17,551
Change in net working capital		
Change in receivables, inventories and other current assets	4,787	4,414
Change in operating liabilities	– 4,717	– 1,649
Net operating cash flows	**93,535**	**89,789**
Interest paid	– 57,788	– 64,045
Interest received	390	395
Taxes paid excluding EK-02 payments	481	– 1,702
Net cash flows from operating activities before EK-02 payments	**36,618**	**24,437**
EK-02 payments	– 8,506	– 23,839
Net cash flows from operating activities	**28,112**	**598**
Investing activites		
Sales proceeds	90,638	145,331
Purchase of property, plant and equipment/ investment property and other non-current assets	– 216,445	– 21,446
Receipt of investment subsidies	366	2,525
Payments to limited partners in funds	– 7,739	– 5,336
Net cash flows from investing activites	**– 133,180**	**121,074**
Financing activities		
Proceeds from borrowings	587,096	32,561
Repayment of borrowings	– 469,619	– 146,111
Dividends paid to shareholders	– 16,368	0
Net cash flows from financing activities	**101,109**	**– 113,550**
Net change in cash and cash equivalents	**– 3,959**	**8,122**
Opening balance of cash and cash equivalents	46,016	57,095
Closing balance of cash and cash equivalents	**42,057**	**65,217**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period from 1 January to 30 September 2011

in EUR k	Issued share capital	Capital reserve	Retained Earnings: Pensions	Retained Earnings: Reserve for cash flow hedge	Retained Earnings: Other reserves	Subtotal	Non-controlling interests	Equity
Equity as at 1 January 2010	**81,840**	**455,761**	**204**	**– 44,805**	**368,670**	**861,670**	**302**	**861,972**
Profit/loss for the period					10,121	10,121		10,121
Other comprehensive income				– 27,184		– 27,184		– 27,184
Total comprehensive income			**0**	**– 27,184**	**10,121**	**– 17,063**	**0**	**– 17,063**
Equity as at 30 September 2010	**81,840**	**455,761**	**204**	**– 71,989**	**378,791**	**844,607**	**302**	**844,909**
Equity as at 1 January 2011	**81,840**	**370,048**	**– 2,333**	**– 38,173**	**478,188**	**889,570**	**302**	**889,872**
Profit/loss for the period					19,729	19,729	0	19,729
Other comprehensive income			1,715	– 16,748		– 15,033		– 15,033
Total comprehensive income			**1,715**	**– 16,748**	**19,729**	**4,696**	**0**	**4,696**
Dividends paid					– 16,368	– 16,368		– 16,368
Equity as at 30 September 2011	**81,840**	**370,048**	**– 618**	**– 54,921**	**481,549**	**877,898**	**302**	**878,200**

APPENDIX

General information

The business activities of Deutsche Wohnen AG are limited to its role as the holding company for the companies in the Group. These activities include the following functions: Legal, Human Resources, Finance/Controlling/Accounting, Communication/Marketing and Investor Relations. The operating subsidiaries focus on Residential Property Management and Disposals relating to properties mainly situated in Berlin and the Rhine-Main area, as well as on Nursing and Assisted Living.

The consolidated financial statements are presented in Euros (EUR). Unless otherwise stated, all figures are rounded to the nearest thousand (k) or the nearest million (m) EUR. For arithmetical reasons there may be rounding differences between tables and references and the exact mathematical figures.

Basis of preparation and accounting policies applied to the consolidated financial statements

The condensed consolidated interim financial statements for the period from 1 January to 30 September 2011 were prepared in accordance with International Accounting Standards (IAS) 34 for interim reporting as applicable in the European Union (EU).

These interim financial statements do not contain all the information and details required for consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements as at 31 December 2010.

The consolidated financial statements have been prepared on a historical cost basis with the exception of, in particular, investment properties and derivative financial instruments, which are measured at fair value.

The consolidated financial statements include the financial statements of Deutsche Wohnen and its subsidiaries as at 30 September 2011. The financial statements of the subsidiaries are prepared using consistent accounting and valuation methods as at the same reporting date as the financial statement of the parent company.

The preparation of the Group's consolidated financial statements requires the management to make judgements, estimates and assumptions which affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. However, the uncertainty connected with these assumptions and estimates could result in outcomes which in future require considerable adjustments to the carrying amounts of the assets or liabilities affected.

The business activities of Deutsche Wohnen are basically unaffected by seasonal influences and economic cycles.

Since 1 June 2011 Promontoria Holding XVI N.V., based in Baarn, the Netherlands (formerly: Promontoria Holding XVI B.V., based in Baarn, the Netherlands), and since 30 September 2011 AGG Auguste-Viktoria-Allee Grundstücks GmbH, Berlin, SGG Scharnweberstraße Grundstücks GmbH, Berlin, and Holzmindener Straße/Tempelhofer Weg Grundstücks GmbH, Berlin were fully consolidated as wholly owned indirect subsidiaries. Those transactions do not constitute business combinations in accordance with IFRS 3. There have been no further changes to the basis of consolidation.

Changes to accounting policies

As a basic principle Deutsche Wohnen has applied the same accounting policies as for the equivalent reporting period in the previous year.

In the first nine months of the fiscal year 2011 the new standards and interpretations which must be applied for fiscal years commencing after 1 January 2011 have been applied in full.

Selected notes on the consolidated balance sheet

Investment properties comprise 92% of the assets of the Deutsche Wohnen Group.

The item "property, plant and equipment" covers mainly technical facilities as well as office furniture and equipment.

The derivative financial instruments are interest rate swaps recorded at fair value. These swaps were not concluded for speculative purposes but solely in order to minimise the interest rate risks and consequent cash flow risks of floating rate loans. Compared with 31 December 2010, the negative market value (net) rose from EUR 61.1 million to EUR 85.6 million due to decreasing interest rate levels.

The developments in equity can be found in the statement of changes in equity on p.24.

Financial liabilities have increased in comparison to 31 December 2010, particularly because new borrowings exceeded repayments. Regular repayments for the first nine months amounted to EUR 23.0 million. In addition, the loan which was recorded as a current loan as at 31 December 2010 was completely refinanced in January 2011, so it is now recorded as a non-current financial liability.

The employee benefit liabilities were valued as at the reporting date with a discount rate of 5.0% p.a. (31 December 2010: 4.51% p.a.), which is derived from the yield of fixed interest rate corporate bonds.

The tax liabilities mainly refer to liabilities from the lump-sum taxation of EK-02 holdings.

Selected notes on the consolidated profit and loss statement

Revenues are made up as follows:

in EUR m	9m/2011	9m/2010
Residential Property Management	200.9	199.7
Nursing and Assisted Living	25.2	24.7
Other services	0.2	0.4
	226.3	**224.8**

Expenses for purchased goods and services cover primarily expenses for Residential Property Management (EUR 84.5 million, equivalent period in previous year: EUR 86.4 million).

Finance expenses are made up as follows:

in EUR m	9m/2011	9m/2010
Current interest expenses	−59.8	−64.5
Accrued interest on liabilities and pensions	−9.3	−11.2
	−69.1	**−75.7**

Notes on the consolidated statement of cash flows

The cash fund is made up of cash at hand and bank deposits. In addition, we have readily available credit facilities with banks in an amount of EUR 60.4 million.

Notes on segment reporting

The following tables show the segment revenues and the segment profits/losses for the Deutsche Wohnen Group:

in EUR m	External revenue		Internal revenue	
	9m/2011	9m/2010	9m/2011	9m/2010
Segments				
Residential Property Management	200.9	199.7	1.6	1.6
Disposals	85.7	91.4	6.2	1.8
Nursing and Assisted Living	25.2	24.7	0.0	0.0
Reconciliation with consolidated financial statement				
Central functions and other operational activities	0.2	0.4	21.9	21.8
Consolidations and other reconciliations	– 85.7[1]	– 91.4[1]	– 29.7	– 25.2
	226.3	**224.8**	**0.0**	**0.0**

[1] The reconciliation items mainly comprise proceeds from disposals because these are not shown as revenue in the consolidated profit and loss statement.

in EUR m	Total revenue		Segment profit/loss		Assets	
	9m/2011	9m/2010	9m/2011	9m/2010	30/09/2011	31/12/2010
Segments						
Residential Property Management	202.5	201.3	118.4	113.4	2,903.3	2,829.6
Disposals	91.9	93.2	7.2	8.8	114.5	52.8
Nursing and Assisted Living	25.2	24.7	7.3	7.1	2.7	2.8
Reconciliation with consolidated financial statement						
Central functions and other operational activities	22.1	22.2	– 24.1	– 24.7	59.5	72.0
Consolidations and other reconciliations	– 115.4	– 116.6	0.0	0.0	0.0	0.0
	226.3	**224.8**	**108.8**	**104.6**	**3,080.0**	**2,957.2**

Other information

Associated parties and companies
In March 2011 the Supervisory Board of Deutsche Wohnen AG decided unanimously to extend the term of appointment of Mr Helmut Ullrich as member of the Management Board of the company by a further year until 31 December 2012. The Supervisory Board also decided unanimously to appoint Lars Wittan as a further member of the Management Board. His term of appointment will run for a period of three years from 1 October 2011 to 30 September 2014. Furthermore, Dr Kathrin Wolff has been appointed as the fully authorised representative of Deutsche Wohnen AG.

At the Annual General Meeting on 31 May 2011 the Chairman of the Supervisory Board at that time, Mr Hermann T. Dambach, resigned from his Supervisory Board post with effect from 30 June 2011. On 5 July 2011 the Supervisory Board voted for Mr Uwe E. Flach to be its new Chairman.

On 6 July 2011 the District Court of Frankfurt/Main appointed Mr Wolfgang Clement, federal minister (retired) and minister-president (retired), to the Supervisory Board for the period up to the conclusion of the ordinary Annual General Meeting for the fiscal year 2011.

In comparison to the information provided as at 31 December 2010 there have been no further major changes in respect of associated persons or companies.

Risk report

With regard to the risks which exist for future business development we refer you to the information presented in the risk report in the consolidated financial statement as at 31 December 2010.

Frankfurt/Main, November 2011

Deutsche Wohnen AG
Management Board

Michael Zahn Chief Executive Officer	Helmut Ullrich Chief Financial Officer	Lars Wittan Member of the Management Board

RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable accounting standards, the consolidated interim financial statements as at 30 September 2011 give a true and fair view of net assets, financial and earnings position of the Group, and that the interim report presents a fair view of the development of the business including the business result and the position of the Group and describes the main opportunities and risks associated with the Group's expected future development."

Frankfurt/Main, November 2011

Deutsche Wohnen AG
Management Board

Michael Zahn Chief Executive Officer	Helmut Ullrich Chief Financial Officer	Lars Wittan Member of the Management Board

Disclaimer

This interim report contains statements of a predictive nature, and such statements involve risks and imponderables. In future, the actual development of the business and the results of Deutsche Wohnen AG and of the Group may in certain circumstances deviate substantially from the assumptions made in this interim report. This interim report represents neither an offer to sell nor a request to submit an offer to buy shares in Deutsche Wohnen AG. This interim report does not create an obligation to update the statements it contains.

2011 F

FINANCIAL CALENDAR

Publication of Interim Report as at 30 September 2011 / 1st – 3rd quarter **14 November 2011**

WestLB Deutschland Konferenz, Frankfurt/Main **16–17 November 2011**

UBS Global Real Estate Conference, London **29–30 November 2011**

IMPRINT

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