INTERIM REPORT
as of 31 March 2011

Deutsche Wohnen

ROOM TO GROW

CONTENTS

KEY FIGURES

Profit and loss statement		Q1/2011	Q1/2010
Earnings from Residential Property Management	in EUR m	39.6	39.2
Earnings from Disposals	in EUR m	2.7	0.6
Earnings from Nursing and Assisted Living	in EUR m	2.7	2.2
Corporate expenses	in EUR m	–7.6	–7.4
EBITDA	in EUR m	37.3	34.5
EBT (adjusted)	in EUR m	14.0	9.1
EBT (as reported)	in EUR m	14.2	8.8
Earnings after taxes	in EUR m	8.5	5.2
Earnings after taxes per share	EUR per share	0.10	0.06
FFO (without disposals)	in EUR m	15.2	13.1
FFO (without disposals) per share	EUR per share	0.19	0.16
FFO (incl. disposals)	in EUR m	17.9	13.7
FFO (incl. disposals) per share	EUR per share	0.22	0.17

Balance sheet		31/03/2011	31/12/2010
Investment properties	in EUR m	2,806.7	2,821.0
Current assets	in EUR m	97.2	108.8
Equity	in EUR m	917.3	889.9
Net financial liabilities	in EUR m	1,714.1	1,738.5
Loan-to-Value Ratio (LTV)	in %	60.1	60.6
Total assets	in EUR m	3,003.5	3,038.2

Share		31/03/2011	31/12/2010
Share price (closing price)	EUR per share	10.18	10.50
Number of shares	m	81.84	81.84
Market capitalisation	in EUR m	833	859

Net Asset Value (NAV)		31/03/2011	31/12/2010
EPRA NAV	in EUR m	977.5	964.0
EPRA NAV per share	EUR per share	11.94	11.78

Fair values		31/03/2011	31/12/2010
Fair value of real estate properties[1]	in EUR m	2,731.8	2,672.3
Fair value per sqm residential and commercial area[1]	EUR per sqm	926	926

[1] Only comprises residential and commercial buildings

Interim management report

Overview

Deutsche Wohnen started the new fiscal year 2011 with a strong first quarter and, in doing so, strengthened its earning power:

Operational development
(compared with the equivalent quarter of the previous year)

- Increase in the in-place rent per sqm in the core portfolio of EUR 0.12 or 2.2 % to EUR 5.50
- Increase in Net Operating Income (NOI) to EUR 4.03 per sqm and month (+4.4 %)
- Notarised disposals volume of EUR 58 million (previous year: EUR 55.2 million) with a higher gross margin in privatisations of around 41 % (previous year: 35 %)
- Improvement in the operating result (EBITDA) in the segment Nursing and Assisted Living of 23 % to EUR 2.7 million mainly due to increases in capacity utilisation
- Reduction of current interest expenses by 9 % to EUR 19.2 million

Earnings
(compared with the equivalent quarter of the previous year)

- Rise in net profit for the period of 63 % to EUR 8.5 million, resulting in an increase in the equity ratio to around 31 %
- Increase in the adjusted earnings before taxes of 54 % to EUR 14.0 million
- Improvement in the sustainable FFO (without disposals) per share by around 19 % from EUR 0.16 to EUR 0.19 per share
- Increase in the EPRA NAV compared to 31 December 2010 of around 1.4 % or EUR 0.16 per share to EUR 11.94 per share
- Reduction in Loan to Value (LTV) to 60.1 %

Sustainability – successful acquisitions

- In April and May 2011 contracts were concluded for the purchase of just around 2,500 residential units for the purpose of strengthening our core region Berlin. The Net Initial Yield based on the current gross rental income is 8.1 %.
- Including around 1,800 residential units which were purchased in the second half of 2010, a total of just around 4,300 residential units have been acquired in the last nine months. In this way Deutsche Wohnen has sustainably strengthened its core regions. Overall the around 4,300 acquired residential units achieve an annual current gross rental income of around EUR 15.0 million.
- Further acquisitions are being pursued.

Portfolio development

In the past twelve months the balance of disposals and acquisitions in Berlin, Potsdam and Mainz has resulted in a slight increase in the volume of residential holdings in the core portfolio. Overall, as a result of privatisations and institutional disposals from the sales portfolio, the volume of the entire portfolio has been reduced by 1,502 residential units (106 sqm k).

	31/03/2011		31/03/2010[1]	
	Residential units Number	Area sqm k	Residential units Number	Area sqm k
Core portfolio	40,123	2,423	39,900	2,425
Disposals	6,972	447	8,697	551
Total portfolio	**47,095**	**2,870**	**48,597**	**2,976**

[1] The key figures have been adjusted to the new portfolio structure.

The core portfolio of our residential units is situated in the growing metropolitan areas of Berlin, Frankfurt/Main and the greater Rhine-Main area. Because cities and metropolitan areas are becoming increasingly attractive – a fact which is reflected in their economic and demographic development – we see the strongest potential for growth here.

	Residential units	Area	Share of total portfolio	In-place rent[1]	New-letting rent[2]	Vacancy rate
	Number	sqm k	%	EUR/sqm	EUR/sqm	%
Core portfolio	**40,123**	**2,423**	**85**	**5.50**	**6.46**	**2.3**
Berlin	21,488	1,275	46	5.37	6.20	1.3
Frankfurt/Main	3,656	217	8	6.93	8.28	1.5
Rhine-Main	4,283	257	9	5.95	7.48	5.6
Rhine Valley South	5,927	369	12	5.15	5.43	3.4
Rhine Valley North	3,159	204	7	4.99	5.15	2.4
Greater Berlin	914	55	2	5.36	6.48	1.5
Other	696	46	1	5.10	5.65	5.5
Disposals	**6,972**	**447**	**15**	**5.01**	**5.03**	**9.5**
Total	**47,095**	**2,870**	**100**	**5.43**	**6.32**	**3.3**

[1] Contractually due rent from the let residential units divided by the let area.
[2] Average rent for holdings not subject to price controls upon conclusion of tenancy agreement in last twelve months.

With a share of 65 % of the core portfolio, the locations of Berlin (including Greater Berlin), Frankfurt/Main and Rhine-Main are of central importance to Deutsche Wohnen. In our largest single location Berlin, the average in-place rent of EUR 5.37 per sqm and the vacancy rate of 1.3 % mean that we are significantly better positioned than our competitors. The market rents which can be achieved at present are based mainly on the good locations and the relatively high quality of our holdings.

Business development of the segments

The business activities of Deutsche Wohnen comprise the letting and managing of residential properties, primarily our own (earnings from Residential Property Management), the sales of residential properties to owner-occupiers and institutional investors (earnings from Disposals) and operating of residential nursing homes and senior residences (earnings from Nursing and Assisted Living).

Overview of the segment earnings in comparison to the first three months of 2010 are as follows:

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

Residential Property Management segment

The business model of Deutsche Wohnen focuses on the management and development of its own portfolio. This is where our specific know-how lies. The markets we serve are, in our opinion, essential lettings markets, both now and in the longer term. Disposals are made in accordance with our strategic direction – to streamline the portfolio or if appropriate market opportunities present themselves.

Despite disposals the earnings from Residential Property Management increased compared to the equivalent quarter in the previous year.

in EUR m	Q1/2011	Q1/2010
Current gross rental income	**47.7**	**48.1**
Non-recoverable expenses	– 1.2	– 1.6
Rental loss	– 0.5	– 0.8
Maintenance	– 5.8	– 6.0
Other	– 0.6	– 0.5
Contribution margin	**39.6**	**39.2**
Personnel expenses, general and administration expenses	– 3.9	– 3.8
Operating result (Net Operating Income – NOI)	**35.7**	**35.4**
NOI margin in %	74.8	73.6
NOI in EUR per sqm and month	4.03	3.86
Increase in %	+ 4.4	

The operating performance per sqm and month (NOI) has risen by 4.4 % to EUR 4.03 because almost the same earnings from lettings were achieved on the basis of a smaller volume of holdings.

After interest expenses the cash flow from the portfolio has improved significantly and sustainably by EUR 2.2 million.

in EUR m	Q1/2011	Q1/2010
NOI from lettings	35.7	35.4
Current interest expenses	– 19.2	– 21.1
Cash flow from portfolio after current interest expenses	**16.5**	**14.3**
Interest ratio	1.86	1.68

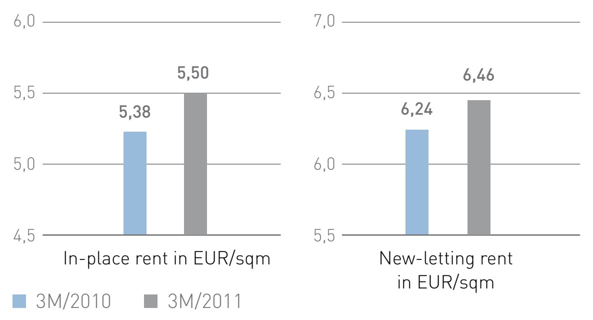
The stabilisation of the current gross rental income is attributable to rental adjustments and a reduction in the vacancy rate.

The average in-place rent in the core portfolio as of the reporting date is EUR 5.50 per sqm. This represents an improvement compared to the equivalent quarter of the preceding year of 2.2 %.

The dynamic nature of rental developments in our core markets is clearly demonstrated by the development of new-letting rents. In the last three months a total of 1,079 new tenancy agreements were concluded. The average rent from the new-letting of a unit not subject to price controls has risen by EUR 0.22 per sqm in the last twelve months and is currently EUR 6.46 per sqm. This rent is approximately 17 % higher than the average in-place rent per sqm, which only rose by EUR 0.12 per sqm during the same period.

The vacancy rate in our core portfolio has fallen to 2.3 % since 31 March 2010. In the first three months of 2011 a total of 911 contract terminations were registered (the equivalent quarter of the previous year: 943 contract terminations). Therefore, the annualised fluctuation is more or less steady at 10 %. A total of 115 flats (0.3 % of the core portfolio) have been vacant for more than twelve months.

Changes in in-place rent and new-letting rent for the core portfolio[1]



[1] All the figures include DB 14 properties in the core portfolio

The current maintenance costs amount to EUR 5.8 million (previous year: EUR 6.0 million). Deutsche Wohnen will continue to make targeted investments in its properties because, apart from their location, it is particularly their quality as well which is decisive for lettings.

Disposals segment

The Disposals segment deals with the disposal of residential units to mainly owner occupiers (so-called privatisations) and the disposal of residential units to institutional investors.

The following transaction volume was notarised up to 31 March 2011:

	Units	Transaction volume	Fair Value	Margin	
	Number	EUR m	EUR m	EUR m	in %
Privatisations	306	25.3	18.0	7.3	41
Institutional sales	1,032	32.7	32.6	0.1	0
Total	**1,338**	**58.0**	**50.6**	**7.4**	**15**

With privatisations we were able to achieve very good results with average revenues of EUR 1,237 per sqm and a margin of 41 %.

In addition, balanced earnings were achieved in the first quarter through the disposal of 1,032 residential units to institutional investors with a transaction volume of EUR 32.7 million. In this way we were able to further streamline our portfolio particularly in the structurally weak regions in Rhineland-Palatinate and Brandenburg. Overall the disposal ratio in the bloc sale portfolio rose to around 36 % (31 December 2010: 31 %).

As of the reporting date 675 residential units with a sales volume of EUR 25.2 million were recognised in the financial statements as risks and rewards were transfered to the buyers.

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

In the first three months of the year 2011 improved segment earnings (earnings before interest, taxes, depreciation and amortisation) of EUR 2.7 million were achieved. This is particularly attributable to the rise in income resulting from an increased average capacity utilisation.

Corporate expenses

Corporate expenses include personnel and general and administration expenses – excluding the Nursing and Assisted Living segment – and are apportionable to the following areas:

in EUR m	Q1/2011	Q1/2010
Property Management (Deutsche Wohnen Management GmbH)	–3.9	–3.8
Asset Management/Disposals (Deutsche Wohnen Corporate Real Estate GmbH)	–0.7	–0.9
Holding company function (Deutsche Wohnen AG)	–3.0	–2.7
Total	**–7.6**	**–7.4**

Notes on financial performance and financial position

Financial performance

in EUR m	Q1/2011	Q1/2010
Revenue	73.2	70.6
Earnings from Disposals before costs[1]	3.8	1.5
Expenses for purchased goods and services	–27.0	–25.5
Personnel expenses including Nursing and Assisted Living	–9.3	–9.0
Other operating expenses/income	–3.4	–3.1
Operating result	**37.3**	**34.5**
Depreciation and amortisation	–0.8	–0.7
Financial result	–22.3	–25.0
Earnings before taxes	**14.2**	**8.8**
Income taxes	–5.7	–3.6
Profit/loss for the period	**8.5**	**5.2**

[1] Not including cost of sales of EUR 1.1 million in 2011 (2010: EUR 0.9 million)

Increase in earnings in all segments
It was possible to increase earnings in the first quarter of 2011 by EUR 3.3 million compared to the equivalent quarter of the previous year. This is mainly due to the fact that earnings from lettings were stable in spite of disposals and that the financing structure was improved in respect of level of leverage and average rates of interest.

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 4 ff.

The financial result is made up as follows:

in EUR m	Q1/2011	Q1/2010
Current interest expenses	–19.2	–21.1
Accrued interest on liabilities and pensions	–3.5	–3.7
Fair value adjustment to derivative financial instruments	0.2	–0.4
	–22.5	**–25.2**
Interest income	0.2	0.2
Financial result	**–22.3**	**–25.0**

The income taxes consist primarily of non-cash deferred taxes in an amount of EUR 5.3 million.

in EUR m	Q1/2011	Q1/2010
Current interest tax charge	–0.4	0.3
Deferred taxes	–5.3	–3.9
Total	**–5.7**	**–3.6**

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

in EUR m	Q1/2011	Q1/2010
Earnings before taxes	**14.2**	**8.8**
Result from market value adjustment of derivative financial instruments	–0.2	0.4
Adjusted earnings before taxes	**14.0**	**9.1**

Financial position

	31/03/2011		31/12/2010	
	in EUR m	in %	in EUR m	in %
Investment properties	2,806.7	93	2,821.0	93
Other non-current assets	99.6	3	108.4	4
Non-current assets	**2,906.3**	**97**	**2,929.4**	**96**
Current assets	54.8	2	62.8	2
Cash and cash equivalents	42.4	1	46.0	2
Current assets	**97.2**	**3**	**108.8**	**4**
Total assets	**3,003.5**	**100**	**3,038.2**	**100**
Equity	**917.3**	**31**	**889.9**	**29**
Financial liabilities	1,756.5	58	1,784.5	59
Tax liabilities	65.2	2	63.9	2
Liabilities to limited partners in funds	15.5	1	22.5	1
Pensions	44.6	1	44.7	1
Other liabilities	204.4	7	232.7	8
Liabilities	**2,086.2**	**69**	**2,148.3**	**71**
Total equity and liabilities	**3,003.5**	**100**	**3,038.2**	**100**

Stable balance sheet structure

At 93 % investment properties are the largest balance sheet item. Their number has both increased as a result of acquisitions in our core regions and decreased as a result of disposals in the form of part-privatisations and streamlining.

Financial liabilities have fallen in comparison to the end of 2010 as a result of repayments of loans in an amount of EUR 31.4 million (net). As of the reporting date the average rate of interest was 4.0 %. It was possible to further improve the Loan-to-Value Ratio.

in EUR m	31/03/2011	31/12/2010
Financial liabilities	1,756.5	1,784.5
Cash and cash equivalents	–42.4	–46.0
Net financial liabilities	**1,714.1**	**1,738.5**
Investment properties	2,806.7	2,821.0
Non-current assets held for sale	29.3	34.3
Land and buildings held for sale	14.8	15.2
	2,850.8	**2,870.4**
Loan-to-Value Ratio in %	60.1	60.6

EUR 58.4 million of tax liabilities are in particular apportionable 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 of funds have been reduced as a result of the payments we made for the DB 14 fund shares which we acquired in 2009 and 2010. As of the reporting date Deutsche Wohnen held approximately 84 % of the shares.

The other liabilities consist of the following items:

in EUR m	31/03/2011	31/12/2010
Derivative financial instruments	45.3	70.3
Deferred tax liabilities	94.4	92.0
Miscellaneous	64.7	70.4
Total	**204.4**	**232.7**

The change in other liabilities is mainly attributable to the reduction 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 risen in comparison to 31 December 2010 negative market values have been reduced.

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

in EUR m	Q1/2011	Q1/2010
Cash flows from operating activities before EK-02-payments	16.9	14.6
EK-02-payments	0.0	−3.9
Cash flows from investing activities	10.9	43.0
Cash flows from financing activities	−31.4	−23.3
Net change in cash and cash equivalents	**−3.6**	**30.4**
Opening cash and cash equivalents	46.0	57.1
Closing cash and cash equivalents	**42.4**	**87.5**

Cash flows from operating activities have improved due to the increased earnings before interest and taxes for the period. In the first quarter of 2010 EK-02-tax notifications that were still outstanding were received, so arrears for previous years were paid outside of the normal due date in the third quarter.

In the first quarter of 2011 disposals caused EUR 20.3 million to accrue to the Group in the form of purchase prices and down payments for residential units whilst the main cash outflows were in the amount of EUR 7.2 million for the acquisition of limited partners' shares in the DB 14 fund.

We repaid financial liabilities in the amount of EUR 31.4 million (net). This sum includes the repayment of EUR 403.5 million and new borrowing in the amount of EUR 387.5 million for the purpose of financing a portfolio.

In addition to cash and cash equivalents of EUR 42.4 million the Group has access to credit facilities from banks in the amount of EUR 118.9 million.

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

in EUR m	Q1/2011	Q1/2010
Profit/loss for the period	**8.5**	**5.2**
Earnings from Disposals	−2.7	−0.6
Depreciation and amortisation	0.8	0.7
Fair value adjustments to derivative financial instruments	−0.2	0.4
Non-cash financial expenses	3.5	3.7
Deferred taxes	5.3	3.9
FFO (without disposals)	**15.2**	**13.1**
FFO (without disposals) per share in EUR	0.19	0.16
FFO (incl. disposals)	17.9	13.7
FFO (incl. disposals) per share in EUR	0.22	0.17

The sustainably generated FFO (without disposals) has increased in a year-on-year comparison by 18.8% from EUR 0.16 per share to EUR 0.19 per share.

EPRA Net Asset Value (EPRA NAV)
Due to the positive first quarter earnings the equity and therefore the EPRA NAV as well have increased.

in EUR m	31/03/2011	31/12/2010
Equity (before minority interests)	917.0	889.6
Diluted NAV	917.0	889.6
Fair value of derivative financial instruments	33.3	61.1
Deferred taxes (net)	27.2	13.3
EPRA NAV	**977.5**	**964.0**
Number of shares (in million)	81.84	81.84
EPRA NAV in EUR per share	**11.94**	**11.78**

Stock market and the Deutsche Wohnen share

Financial markets

In 2010 growth in the German economy – with an increase in gross domestic product (GDP) of 3.6% – was much stronger than the EU average. Moreover, the predictions for 2011, which anticipate growth of 2.8%, are promising. The stock markets started the first quarter of 2011 accordingly, with a sideways movement and slight increases in share prices, and carried the positive mood which had prevailed at the end of 2010 into the beginning of this year.

The first reports about the crises in North Africa and the Middle East saw an end to the rise in share prices both in Germany and the rest of the world. The earthquake and the tsunami in Japan, together with the reactor catastrophe in Fukushima that followed, initially put the stock markets under further pressure. Nevertheless, Germany's leading share index, the DAX, was able to close the first quarter with a slight gain of 1.8%. Over the same period the MDAX also increased its value by 1.8%.

The real estate specific EPRA Europe Index achieved a gain of 2.3% as of 31 March 2011. However, its German sub-index, EPRA Germany, was unable to increase its value in the first quarter and closed with a loss of 3.4%.

The Deutsche Wohnen AG share

The Deutsche Wohnen AG share was listed on 31 March 2011 at EUR 10.18, which corresponds to a loss in value of 3.05% compared with 31 December 2010. In the middle of February the share price reached EUR 11.40. This was the highest price it achieved in the first quarter of 2011 and even exceeded the highest price achieved in the previous financial year.

Growing discussions about interest rate increases presumably had a negative impact on the development of the specialist German real estate index, the EPRA Germany as well as on our share price. Furthermore, towards the end of March the imminent IPO of GSW Immobilien AG in the middle of April probably put downward pressure on the share price of Deutsche Wohnen AG too. However, by the end of April 2011 our share price succeeded in cancelling out again the losses it had suffered earlier.

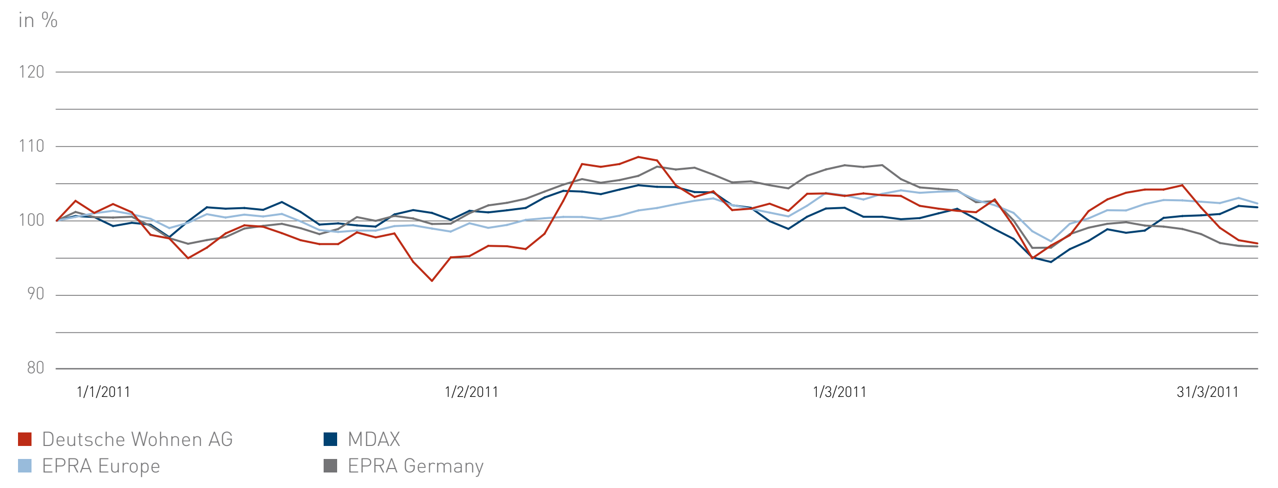
The EPRA NAV, the intrinsic asset value of Deutsche Wohnen AG, is at EUR 11.94 per share as of 31 March 2011. Consequently, the closing share price for the first quarter represents a discount of around 15 %. The market capitalisation at the end of the quarter is around EUR 833 million (as of 31 March 2010: around EUR 615 million).

Key share figures	Q1/2011	Q1/2010
Number of shares outstanding in m	81.84	81.84
Share price as of 31 March 2011[1] in EUR	10.18	7.51
Market capitalisation in EUR m	833	615
Highest share price[1] during quarter in EUR	11.40	7.91
Lowest share price[1] during quarter in EUR	9.65	6.50
Average daily turnover [2]	288,902	119,958

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

The average daily turnover in traded shares more than doubled in the first quarter of 2011 in comparison to the equivalent quarter of the previous year. This is especially attributable to our inclusion in the MDAX since 8 December 2010.

Share price performance Q1/2011



Analyst coverage

Our share is currently being followed by 18 analysts, whereby one rating of "currently in transition" is in the process of being reworked. In the first quarter five banks initiated coverage: Morgan Stanley, Deutsche Bank, Bankhaus Metzler, WGZ Bank and Silvia Quandt Research. Other banks have announced that they will initiate coverage in future.

The average target share price of the 17 active analysts is currently[1] EUR 11.16. This represents a price growth potential of around 10 % in comparison to the closing price at the end of the first quarter of 2011.

Rating	Number [2]
Buy/Outperform/Add	8
Neutral/Hold	6
Underweight/Sell/Underperform	3

[1] As of 04 May 2011
[2] Rating of the active analysts as of 04 May 2011

Events after the reporting date

In April and May 2011 we were able to conclude contracts for the acquisitions of approximately 2,500 residential units for the purpose of strengthening the core region Berlin. The transfer of risks and rewards is planned to take place from the second quarter of 2011 onwards.

The residential units are not subject to rent controls and some of them have already been partitioned by the vendor for the purpose of privatisation. This meant that we were able to acquire further privatisation potential in Berlin and to stabilise our disposals volume for the coming years without exploiting our core holdings.

The following table shows some key figures regarding these acquisitions:

	Residential units Number	Area sqm	Current gross rental income EUR/sqm	Vacancy rate %	Transfer of risks and rewards
Berlin	2,520	150,548	5.14	5.7	envisaged from Q2/2011 onwards

The net purchase price for these acquisitions is EUR 104.6 million or EUR 684 per sqm with an annual current gross rental income of EUR 9.0 million. The Net Initial Yield based on the current gross rental income is 8.1 %.

Including around 1,800 residential units which were purchased in the second half of 2010, we have been able to acquire a total of just around 4,300 residential units in the last nine months. In this way Deutsche Wohnen has sustainably strengthened its core regions.

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 of 31 December 2010.

Forecast

The course of business in the first three months of 2011 and the fact that the market situation continues to be favourable mean that we remain optimistic about the entire year. We are adhering to and can further corroborate the assessment we have already made for the financial year 2011. We continue to anticipate an FFO (without disposals) of EUR 0.48 to EUR 0.50 per share.

IFS

INTERIM FINANCIAL STATEMENTS as of 31 March 2011

CONSOLIDATED BALANCE SHEET
as of 31 March 2011

in EUR k	31/03/2011	31/12/2010
ASSETS		
Investment properties	2,806,681	2,820,952
Property, plant and equipment	16,397	16,536
Intangible assets	3,423	3,483
Derivative financial instruments	12,049	9,192
Other non-current assets	511	517
Deferred tax assets	67,184	78,651
Non-current assets	**2,906,245**	**2,929,331**
Land and buildings held for sale	14,788	15,159
Other inventories	1,906	2,298
Trade receivables	4,413	6,690
Income tax receivables	2,375	2,353
Derivative financial instruments	0	75
Other current assets	2,135	1,944
Cash and cash equivalents	42,350	46,016
Subtotal current assets	**67,967**	**74,535**
Non-current assets held for sale	29,280	34,314
Current assets	**97,247**	**108,849**
Total assets	**3,003,492**	**3,038,180**

in EUR k	31/03/2011	31/12/2010
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the parent company		
Issued capital	81,840	81,840
Capital reserve	370,048	370,048
Accumulative retained earnings	465,139	437,682
	917,027	**889,570**
Minority interests	302	302
Total equity	**917,329**	**889,872**
Non-current financial liabilities	1,691,238	1,338,954
Pension provisions	44,611	44,747
Liabilities to limited partners in funds	481	476
Tax liabilities	48,997	48,496
Derivative financial instruments	22,609	43,922
Other provisions	9,917	9,789
Deferred tax liabilities	94,410	92,021
Total non-current liabilities	**1,912,263**	**1,578,405**
Current financial liabilities	65,235	445,565
Trade payables	32,343	29,236
Liabilities to limited partners in funds	14,994	22,011
Other provisions	3,179	3,465
Derivative financial instruments	22,714	26,416
Tax liabilities	16,167	15,433
Other liabilities	19,268	27,777
Total current liabilities	**173,900**	**569,903**
Total equity and liabilities	**3,003,492**	**3,038,180**

CONSOLIDATED PROFIT AND LOSS STATEMENT
for the period from 1 January to 31 March 2011

in EUR k	Q1/2011	Q1/2010
Revenue	**73,241**	**70,587**
Earnings from Disposals		
Sales proceeds	25,169	22,514
Carrying amounts of assets sold	–21,365	–21,014
	3,804	**1,500**
Other operating income	1,759	1,961
Total income	**78,804**	**74,048**
Expenses for purchased goods and services	–27,045	–25,546
Personnel expenses	–9,266	–9,004
Other operating expenses	–5,162	–4,997
Total expenses	**–41,473**	**–39,547**
Subtotal	**37,331**	**34,502**
Depreciation and amortisation	–805	–717
Earnings before interest and taxes (EBIT)	**36,526**	**33,785**
Financial income	150	219
Result of fair value adjustment to derivative financial instruments	215	–353
Financial expenses	–22,715	–24,901
Earnings before taxes	**14,176**	**8,750**
Income taxes	–5,719	–3,588
Net profit for the period	**8,457**	**5,162**
Thereof attributable to:		
Shareholders of the parent company	8,457	5,162
Minority interests	0	0
	8,457	**5,162**
Earnings per share		
Basic in EUR	0.10	0.06
Diluted in EUR	0.10	0.06

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 31 March 2011

in EUR k	Q1/2011	Q1/2010
Profit/loss for the period	**8,457**	**5,162**
Other comprehensive income		
Net profit/net loss on derivative financial instruments	27,582	– 21,311
Income tax effect	– 8,582	6,632
	19,000	– 14,679
Other earnings after taxes	**19,000**	**– 14,679**
Total comprehensive income for the period, net of tax	**27,457**	**– 9,517**
Thereof attributable to:		
Shareholders of the parent company	27,457	– 9,517
Minority interests	0	0

CONSOLIDATED STATEMENT OF CASH FLOWS
for the period from 1 January to 31 March 2011

in EUR k	Q1/2011	Q1/2010
Operating activities		
Profit/loss for the period	8,457	5,162
Financial income	– 150	– 219
Financial expenses	22,715	24,901
Income taxes	5,719	3,588
Net cash flows for period before interest and taxes	**36,741**	**33,432**
Non-cash expenses/income		
Depreciation and amortisation	805	717
Adjustment to interest rate swaps	– 215	354
Other non-cash expenses/income	– 4,591	– 3,433
Change in net working capital		
Change in receivables, stocks and other current assets	1,381	2,968
Change in operating liabilities	1,595	– 973
Net operating cash flows	**35,716**	**33,065**
Interest paid	– 18,073	– 18,832
Interest received	150	219
Taxes paid excluding EK-02-payments	– 877	104
Net cash flows from operating activities before EK-02-payments	**16,916**	**14,556**
EK-02-payments	0	– 3,932
Net cash flows from operating activities	**16,916**	**10,625**
Investment activities		
Sales proceeds	20,300	41,409
Investment outflows	– 2,646	– 895
Cash inflows from investment subsidies	366	2,525
Cash outflows to limited partners of funds	– 7,169	0
Net cash flows from investment activity	**10,851**	**43,039**
Financing activity		
Inflows from borrowing	404,351	3,726
Repayment of borrowing	– 435,784	– 26,996
Net cash flows from financing activity	**– 31,433**	**– 23,270**
Net change in cash and cash equivalents	**– 3,666**	**30,394**
Opening balance cash and cash equivalents	46,016	57,095
Closing balance cash and cash equivalents	**42,350**	**87,489**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as of 31 March 2011

in EUR k	Issued capital	Capital reserve	Other comprehensive income			Subtotal	Minority interests	Equity
			Pensions	Reserve for cash flow hedge	Other reserves			
Equity as of 1 January 2010	**81,840**	**455,761**	**204**	**–44,805**	**368,670**	**861,670**	**302**	**861,971**
Net profit/loss for the period					5,162	5,162		5,162
Other comprehensive income				–14,679		–14,679		–14,679
Total comprehensive income				–14,679	5,162	–9,517		–9,517
Equity as of 31 March 2010	**81,840**	**455,761**	**204**	**–59,484**	**373,832**	**852,153**	**302**	**852,454**
Equity as of 1 January 2011	**81,840**	**370,048**	**–2,333**	**–38,173**	**478,188**	**889,570**	**302**	**889,872**
Net profit/loss for the period					8,457	8,457		8,457
Other comprehensive income				19,000		19,000		19,000
Total comprehensive income				19,000	8,457	27,457		27,457
Equity as of 31 March 2011	**81,840**	**370,048**	**–2,333**	**–19,173**	**486,645**	**917,027**	**302**	**917,329**

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.

Basic principles and methods applied to the consolidated financial statement

The shortened consolidated interim financial statement for the period from 1 January to 31 March 2011 was prepared in accordance with International Accounting Standards (IAS) 34 for interim reporting as applicable in the European Union (EU).

This interim financial statement does not contain all the information and details required for a consolidated financial statement and should therefore be read in conjunction with the consolidated financial statement as of 31 December 2010.

The consolidated financial statement has 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 statement includes the financial statement of Deutsche Wohnen and its subsidiaries to 31 March 2011. The financial statements of the subsidiaries are prepared using consistent accounting and valuation methods as of the same reporting date as the financial statement of the parent company.

The preparation of the Group's consolidated financial statement 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 in future periods.

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

Changes to the basis of consolidation

There have been no changes to the basis of consolidation.

Changes to accounting and valuation methods

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

In the first three 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 93% of the assets of the Deutsche Wohnen Group. The reduction in assets in comparison with 31 December 2010 is attributable to the fact that the value of disposals was greater than that of acquisitions.

Tangible fixed assets cover mainly technical facilities and 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. The further interest rate increases have led to a reduction in the negative market value (net) from EUR 61.1 million to EUR 33.3 million compared to 31 December 2010.

The developments in equity can be found in the consolidated statement of changes in equity on page 19.

Financial liabilities have been reduced in comparison to 31 December 2010 particularly through repayments. The regular repayment for the first three months amounted to EUR 9.1 million. In addition, the loan which was recorded as a current loan as of 31 December 2010 was completely refinanced in January 2011, so it is now recorded as a non-current liability.

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	Q1/2011	Q1/2010
Residential Property Management	64.8	62.5
Nursing and Assisted Living	8.4	8.1
	73.2	**70.6**

Expenses for purchased goods and services cover primarily expenses for Residential Property Management (EUR 25.4 million, equivalent period in previous year: EUR 23.0 million).

Financial expenses are made up as follows:

in EUR m	Q1/2011	Q1/2010
Current interest expenses	−19.2	−21.1
Accrued interest on liabilities and pensions	−3.5	−3.7
	−22.7	**−24.9**

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 118.9 million.

Notes on segment reporting

The following table shows the segment revenues and the segment results for the Deutsche Wohnen Group:

in EUR m	External revenue		Internal revenue	
	Q1/2011	Q1/2010	Q1/2011	Q1/2010
Segments				
Residential Property Management	64.8	62.5	0.5	0.5
Disposals	25.2	22.5	3.3	0.0
Nursing and Assisted Living	8.4	8.1	0.0	0.0
Reconciliation with consolidated financial statements				
Central functions and other operational activities	0.1	0.0	7.3	7.9
Consolidations and other reconciliations	– 25.2[1]	– 22.5[1]	– 11.1	– 8.4
	73.2	**70.6**	**0.0**	**0.0**

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

in EUR m	Total revenue		Segment result		Assets	
	Q1/2011	Q1/2010	Q1/2011	Q1/2010	31/03/2011	31/03/2010
Segments						
Residential Property Management	65.3	63.0	39.6	39.2	2,813.5	2,829.6
Disposals	28.5	22.5	2.7	0.6	46.4	52.8
Nursing and Assisted Living	8.4	8.1	2.7	2.2	2.8	2.8
Reconciliation with consolidated financial statements						
Central functions and other operational activities	7.3	7.9	– 7.7	– 7.5	71.2	72.0
Consolidations and other reconciliations	– 36.3	– 30.9	0.0	0.0	0.0	0.0
	73.2	**70.6**	**37.3**	**34.5**	**2,933.9**	**2,957.2**

Other information

Related parties and companies
In March 2011 the Supervisory Board of Deutsche Wohnen AG decided unanimously to extend the term of appointment of 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. In comparison to the information stated as of 31 December 2010 there have been no further major changes in respect of related parties and companies.

Risk report

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

Frankfurt/Main, May 2011

Deutsche Wohnen AG
Management Board

Michael Zahn	Helmut Ullrich
Chief Executive Officer	Chief Financial Officer

RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable accounting standards, the consolidated interim financial statement as of 31 March 2011 gives a true and fair view of the net assets, financial and earnings position of the Group, and that the interim report presents a true and 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, May 2011

Deutsche Wohnen AG
Management Board

Michael Zahn	Helmut Ullrich
Chief Executive Officer	Chief Financial Officer

2011 FINANCIAL CALENDAR

Publication of Interim Report as of 31 March 2011/1st quarter **12 May 2011**

Roadshow New York, Boston **13–17 May 2011**

Roadshow Dusseldorf/Cologne **18 May 2011**

Roadshow Munich **23 May 2011**

Roadshow Cologne **24 May 2011**

9th European Property Seminar Kempen & Co., Amsterdam **25–26 May 2011**

Annual General Meeting 2011, Frankfurt/Main **31 May 2011**

Roadshow Vienna **6 June 2011**

European Property Conference Morgan Stanley, London **15 June 2011**

Publication of Interim Report as of 30 June 2011/ Half-year results **16 August 2011**

Merrill Lynch Global Real Estate Conference, New York **7–8 September 2011**

Uni Credit "Small Mid Cap" Conference, Munich **27–28 September 2011**

Expo Real, Munich **4–6 October 2011**

11th Initiative Immobilien-Aktie (IIA), Frankfurt/Main **19 October 2011**

Publication of Interim Report as of 30 September 2011/1st–3rd quarter **15 November 2011**

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

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

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