INTERIM REPORT
as at 30 June 2012

Deutsche Wohnen

EXPERIENCING ROOMS TO GROW

CONTENTS

KEY FIGURES

Profit and loss statement		H1/2012	H1/2011
Earnings from Residential Property Management	in EUR m	86.6	79.6
Earnings from Disposals	in EUR m	9.1	5.0
Earnings from Nursing and Assisted Living	in EUR m	4.9	5.0
Corporate expenses	in EUR m	– 16.1	– 15.3
EBITDA	in EUR m	104.2	73.9
EBT (adjusted)	in EUR m	37.3	26.9
EBT (reported)	in EUR m	53.4	27.2
Profit for the period (after taxes)	in EUR m	36.9	16.9
Profit for the period (after taxes)[2]	EUR per share	0.36	0.21[1]
FFO (without disposals)	in EUR m	32.8	28.4
FFO (without disposals)[2]	EUR per share	0.32	0.35[1]
FFO (incl. disposals)	in EUR m	41.9	33.4
FFO (incl. disposals)[2]	EUR per share	0.41	0.41[1]

Balance sheet		30/06/2012	31/12/2011
Investment properties	in EUR m	2,983.7	2,928.8
Current assets	in EUR m	702.6	288.7
Equity	in EUR m	1,531.0	1,083.4
Net financial liabilities	in EUR m	1,219.9	1,666.9
Loan-to-Value Ratio (LTV)	in %	39.8	55.0
Total assets	in EUR m	3,776.7	3,302.2

Share		30/06/2012	31/12/2011
Share price (closing price)	EUR per share	13.28	9.78[3]
Number of shares	m	146.14	102.30
Market capitalisation	in EUR m	1,941	1,000

Net Asset Value (NAV)		30/06/2012	31/12/2011
EPRA NAV	in EUR m	1,677.5	1,211.3
EPRA NAV	EUR per share	11.48[4]	11.84

Fair Values		30/06/2012	31/12/2011
Fair value of real estate properties[5]	in EUR m	2,922	2,899
Fair value per sqm residential and commercial area[5]	EUR per sqm	958	946

[1] Data for H1/2011 without the so-called scrip-adjustment of the capital increases 2011 and 2012
[2] Based on average numbers of around 103.02 million issued shares in H1/2012 or 81.84 million issued shares in H1/2011
[3] Adjusted for dividend payout and capital increase 2012
[4] Based on average number of 146.14 million issued shares as at the reporting date 30/06/12 or on average number of 102.3 million issued shares as at the reporting date 31/12/2011
[5] Only comprises residential and commercial buildings

INTERIM MANAGEMENT REPORT

Highlights

In the first half-year of 2012 we achieved significant further development both strategically and operationally.

Fundamental growth

Three events defined our growth activities:

1. We acquired the so-called BauBeCon portfolio with around 23 k residential units for approximately EUR 1.2 billion.
2. In addition, we purchased just under 1,500 residential units in Berlin and Potsdam.
3. To finance these acquisitions we raised EUR 460 million of equity through the issue of new shares in a difficult capital market environment.

After the loan agreements have been concluded with the financing banks, the transfer of risks and rewards in the BauBeCon transaction will be completed in August 2012.

With these major transactions we have carried Deutsche Wohnen forward into a new dimension:

1. With a market capitalisation of around EUR 2 billion we are catching up with major listed European real estate companies.
2. Our portfolio, which focuses on metropolitan areas, was expanded by acquisitions to around 75,000 residential units and the holdings in our most dynamic region, Greater Berlin, were increased by more than 50 % since 2010.
3. We have significantly improved our earning power and, therefore, our ability to pay dividends as well, due to good acquisitions and the current low interest rates.

Rising demand-based dynamics in our metropolitan areas

The demand-based dynamics in our core markets continue to increase and benefit both our privatisation and letting business:

As at 30 June 2012 privatisations had already achieved earnings of EUR 9.7 million with a gross margin of around 35 %. Hence, the earnings target in our plan for 2012 has already been reached after the first six months.

In our letting business the in-place rents in the continuously managed letting portfolio of our core regions (like-for-like) rose by 4.0 % to EUR 5.75 per sqm. Despite the compelling growth of in-place rents the new-letting rents have risen – more strongly than the in-place rents – to an average of EUR 6.98 per sqm. The rent potential of the portfolio is now 22 %.

Portfolio

As compared to 30 June 2011, our portfolio has changed at 30 June 2012 as follows:

Residential	30/06/2012 Residential units Number	30/06/2012 Area sqm k	30/06/2012 Share of total portfolio %	30/06/2011 Residential units Number	30/06/2011 Area sqm k	30/06/2011 Share of total portfolio %
Core regions	**46,469**	**2,815**	**95**	**43,835**	**2,662**	**91**
Letting portfolio	42,627	2,564	87	38,520	2,320	80
Privatisation	3,842	251	8	5,315	342	11
Disposal regions	**2,630**	**164**	**5**	**4,371**	**269**	**9**
Adjustment portfolio	1,018	63	2	2,108	128	4
Other disposal holdings	1,612	101	3	2,263	141	5
Total	**49,099**	**2,979**	**100**	**48,206**	**2,931**	**100**

The following provides an overview of our portfolio in detail as at 30 June 2012:

	Residential						Commercial		Parking spaces
	Number	Share of total portfolio	Area	In-place rent[1]	New-letting rent[2]	Vacancy rate	Number	Area	Number
		%	sqm k	EUR/sqm	EUR/sqm	%		sqm k	
Core regions	**46,469**	**95**	**2,815**	**5.70**	**6.98**	**1.9**	**444**	**82**	**13,520**
Letting portfolio	42,627	87	2,564	5.71	6.98	1.4	433	81	12,062
Privatisation	3,842	8	251	5.60		6.7	11	1	1,458
Greater Berlin	27,513	56	1,642	5.53		1.3	271	38	2,718
Letting portfolio	25,194	51	1,494	5.56	6.66	0.9	260	37	2,343
Privatisation	2,319	5	148	5.20		5.8	11	1	375
Frankfurt/Main	4,057	8	245	7.06		1.9	45	16	2,129
Letting portfolio	3,505	7	205	7.19	8.88	1.1	45	16	1,757
Privatisation	552	1	40	6.36		7.0	0	0	372
Rhine-Main	4,813	10	288	6.35		3.9	59	14	2,540
Letting portfolio	4,361	9	259	6.31	7.86	3.5	59	14	2,241
Privatisation	452	1	29	6.72		7.6	0	0	299
Rhine Valley South	5,079	10	318	5.34		2.4	44	12	3,434
Letting portfolio	4,741	10	296	5.34	6.43	1.8	44	12	3,216
Privatisation	338	1	22	5.44		10.5	0	0	218
Rhine Valley North	4,295	9	274	5.38		1.9	4	0	2,403
Letting portfolio	4,114	8	262	5.37	6.50	1.6	4	0	2,209
Privatisation	181	0	12	5.65		7.0	0	0	194
Others (letting only)	712	1	48	5.17	5.59	5.0	21	2	296
Disposal regions	**2,630**	**5**	**164**	**4.70**	**5.00**	**8.9**	**21**	**2**	**1,336**
Adjustment portfolio	1,018	2	63	4.38		14.4	11	1	440
Other disposal holdings	1,612	3	101	4.88		6.0	10	1	896
Total	**49,099**		**2,979**	**5.65**	**6.85**	**2.2**	**465**	**84**	**14,856**

[1] Contractually owed rent from rented apartments divided by rented area
[2] Contractually owed rent per sqm from newly concluded contracts for units not subject to rent control effective in 2012

The metropolitan areas Greater Berlin, Frankfurt/Main and the Rhine-Main area make up around 74 % of our total holdings and so constitute the main focus of our portfolio. In these regions, we see long-term and sustainable rent increase potential with low vacancy rates.

In the first half-year of 2012, we disposed our holdings in the disposal regions by 671 apartments with an area of 43 sqm k. Thus, the percentage of our total holdings in the core regions rose to 95 % and the average in-place rent across the total portfolio increased from EUR 5.57 per sqm as at 31 December 2011 to EUR 5.65 per sqm as at 30 June 2012.

Notes on the financial performance and financial position

Financial performance

The business activities of Deutsche Wohnen comprise the letting and management of what are predominantly its own holdings (earnings from Residential Property Management), the disposal of residential properties to owner-occupiers and/or investors and institutional investors (earnings from Disposals) and the operation of residential nursing home facilities and senior residences (earnings from Nursing and Assisted Living).

The following provides an overview of the development of business operations in the first six months of the financial year 2012 in comparison to the corresponding period of the previous year:

in EUR m	H1/2012	H1/2011
Earnings from Residential Property Management	86.6	79.6
Earnings from Disposals	9.1	5.0
Earnings from Nursing and Assisted Living	4.9	5.0
Corporate expenses	– 16.1	– 15.3
Other operating expenses/income	19.7	– 0.4
Operating result (EBITDA)	**104.2**	**73.9**
Depreciation and amortisation	– 1.4	– 1.6
Financial result	– 49.4	– 45.1
Profit before taxes	**53.4**	**27.2**
Current taxes	– 7.9	– 1.6
Deferred taxes	– 8.6	– 8.7
Profit for the period	**36.9**	**16.9**

In the first half-year of 2012, the profit for the period of Deutsche Wohnen doubled in comparison to the first half-year of 2011 with EUR 20.0 million. However, non-recurring expenses and income is included in this figure:

in EUR m	H1/2012	H1/2011
Profit before taxes	**53.4**	**27.2**
Gains/losses from fair value adjustments of derivative financial instruments	0.1	– 0.3
One-off income from RREEF settlement	– 20.0	0.0
One-off financing costs for BauBeCon transaction	3.8	0.0
Adjusted earnings before taxes	**37.3**	**26.9**

In the financial year 2011, Deutsche Wohnen AG agreed with RREEF Management GmbH (RREEF) on loss compensation from a domination agreement for the financial years 1999 to mid-2006. This settlement was subject to the suspending condition of agreement of the Deutsche Wohnen AG Annual General Meeting, which took place in June 2012. The settlement became effective and RREEF paid EUR 20.0 million as agreed.

As part of the acquisition of the BauBeCon Group, one-off financial costs were incurred. They relate to the commitment fee of a bridge financing.

The increase of adjusted earnings before taxes by EUR 10.4 million, or around 39 %, is mainly attributed to the earnings from Residential Property Management. The effects of rent increase (like-for-like 3.5 % in 2012) and the additional earnings from the acquired residential units which had a transfer of risks and rewards after 30 June 2011 are reflected in this.

Earnings from Residential Property Management
Our business activities focus on the management and development of our own portfolio. This is where our specific know-how lies. In our view, the markets we serve are – also in the long run – primarily letting markets. We sell holdings in accordance with our strategic direction, in order to further develop our portfolio or to take advantage of appropriate market opportunities when they present themselves.

The operating result (Net Operating Income, NOI) increased in comparison to the equivalent period of the previous year by 5.8 % to EUR 4.22 per month and sqm.

in EUR m	H1/2012	H1/2011
Current gross rental income	**103.7**	**95.6**
Non-recoverable expenses	– 2.1	– 2.5
Rental loss	– 0.8	– 0.9
Maintenance	– 12.6	– 12.8
Other	– 1.6	0.2
Earnings from Residential Property Management	**86.6**	**79.6**
Staff and general and administration expenses	– 8.4	– 8.2
Operating result (Net Operating Income, NOI)	**78.2**	**71.4**
NOI margin in %	75.4	74.7
NOI in EUR per sqm and month[1]	4.22	3.99
Increase in %	5.8	

[1] Based on the average floor space on a quarterly basis for the period under review

The increase in current gross rental income is due to rent adjustments and the further reduction of the vacancy rate. Losses in current gross rental income arising from disposals in the first half of 2012 were offset by acquisitions, in particular that of approximately 1,750 residential units on 1 June 2011 and around 1,160 residential units in Dusseldorf from 2 January 2012.

The average in-place rent for those residential units in the letting portfolio of our core regions, which we managed continuously during the last twelve months (like-for-like, around 38,400 residential units), was EUR 5.75 per sqm as at the reporting date. This represents an increase of 4.0 % in comparison to the equivalent period of the previous year (EUR 5.53 per sqm). In particular, the implementation of the rent index adjustment (Mietspiegelanpassung) in Berlin – essentially from the third quarter of 2011 – is reflected in this figure. Nevertheless, the annual like-for-like rent increase in comparison to the first quarter of 2012 of 3.6 % could be raised to 4.0 %.

The following table provides an overview of the development of our in-place rents in a like-for-like comparison:

	In-place rent[1] in EUR per sqm		Development
Like-for-like	30/06/2012	30/06/2011	in %
Letting portfolio in core regions	**5.75**	**5.53**	**4.0**
Greater Berlin	5.63	5.37	4.8
Frankfurt/Main	7.19	6.97	3.2
Rhine-Main	6.27	6.04	3.8
Rhine Valley South	5.35	5.29	1.1
Rhine Valley North	5.06	4.99	1.4
Other	5.17	5.02	3.0
Privatisation	5.60	5.47	2.4
Disposal regions	**4.70**	**4.66**	**0.9**
Total	**5.67**	**5.48**	**3.5**

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

The vacancy rate in the letting portfolio of the core regions also improved once more in a like-for-like comparison from 1.8 % to 1.5 %.

In the first half-year of 2012, 2,240 new tenancy agreements were concluded within the overall portfolio, of which 1,705 in the non-rent restricted units in the core regions (equivalent period of the previous year: 2,284 new tenancy agreements). Although we increased the in-place rent in the core regions of the letting portfolio in the last twelve months by EUR 0.18 per sqm or 3.3 % to EUR 5.71 per sqm, the rent potential as at 30 June 2012 further increased to 22.2 %. Consequently, we can assume that there will be further rent increases in the future within the context of tenant fluctuation.

The following table shows the development of rent potential as at 30 June 2012 in comparison to 31 December 2011:

	30/06/2012			31/12/2011
	New-letting rent[1] EUR/sqm	In-place rent[2] EUR/sqm	Rent potential[3] %	Rent potential[3] %
Letting portfolio in core regions	**6.98**	**5.71**	**22.2**	**19.7**
Greater Berlin	6.66	5.56	19.8	17.0
Frankfurt/Main	8.88	7.19	23.5	20.4
Rhine-Main	7.86	6.31	24.6	22.2
Rhine Valley South	6.43	5.34	20.4	12.7
Rhine Valley North	6.50	5.37	21.0	10.5
Others	5.59	5.17	8.1	10.5

[1] Contractually owed rents from newly concluded contracts for units not subject to rent control effective in 2012
[2] Contractually owed rent from rented apartments divided by rented area
[3] New-letting rent compared to in-place rent

The increase in rent potential in the Rhine Valley North is a result of the addition of a portfolio of 1,160 apartments in Dusseldorf. The new-letting rents of these apartments are included in the above figures since 2 January 2012.

In the first six months of the financial year 2012, we spent a total of EUR 21.8 million (equivalent period of the previous year: EUR 19.2 million) on maintenance and value-enhancing investments (modernisations).

in EUR m	H1/2012	H1/2011
Maintenance	**12.6**	**12.8**
in EUR per sqm p. a.	8.17[1]	8.59[1]
Modernisation	**9.2**	**6.4**
in EUR per sqm p. a.	5.96[1]	4.29[1]
Maintenance and modernisation	**21.8**	**19.2**
in EUR per sqm p. a.	14.13[1]	12.88[1]

[1] On the basis of the average of the quarterly areas, extrapolated to twelve months

Staff and general and administration expenses remained essentially constant in the segment Residential Property Management compared to the equivalent period of the previous year.

Earnings from Disposals

Demand for property as an investment form for owner-occupiers and investors continues to rise. Thus, in privatisation, 649 units had already been notarised in the first half of the year. Taking into consideration the overhang from 2011, the transaction volume for 2012 is as follows:

	Units	Transaction volume	Fair value	Gross margin	
	Number	in EUR m	in EUR m	in EUR m	in %
Privatisation	1,192	83.8	61.8	22.0	36
Institutional sales	1,174	46.7	41.4	5.3	13
	2,366	**130.5**	**103.2**	**27.3**	**26**

With a transfer of risks and rewards in the first half-year, 1,532 units of these sales (equivalent period of the previous year: 1,350 units) are included in the earnings from Disposals:

in EUR m	H1/2012	H1/2011
Sales proceeds	82.5	59.6
Cost of sales	–6.0	–2.9
Net sales proceeds	**76.5**	**56.7**
Carrying amounts of assets sold	–67.4	–51.7
Earnings from Disposals	**9.1**	**5.0**

The positive market conditions particularly favour individual privatisation. Here, we were able to achieve a transaction volume (sales proceeds) that was more than double the figure for the equivalent period of the previous year.

In institutional sales, we have concentrated on the streamlining of holdings in structurally weak regions and, since 31 December 2011, we have already sold around 670 units with a transfer of risks and rewards in the first half-year of 2012.

Earnings from Nursing and Assisted Living

The Nursing and Assisted Living segment is managed by the KATHARINENHOF® Group, which concentrates primarily on the management of residential and nursing facilities in the five federal German states Berlin, Brandenburg, Saxony, Lower Saxony and the Rhineland-Palatinate. Of the 16 facilities in the first half-year of 2012 (equivalent period of the previous year: 15), Deutsche Wohnen owns 13 with a fair value of EUR 83.7 million.

in EUR m	H1/2012	H1/2011
Income		
Nursing	17.1	16.9
Living	1.0	1.5
Other	1.7	2.0
	19.8	**20.4**
Costs		
Nursing and corporate expenses	–5.2	–5.7
Staff expenses	–9.7	–9.7
	–14.9	**–15.4**
Segment earnings	4.9	5.0
Attributable current interest	–1.1	–1.3
Segment earnings after interest	3.8	3.7

The decline in income from the division Living is due to the sale of one operation in the third quarter of 2011.

As at 1 June 2012, the KATHARINENHOF® Group acquired two facilities with 156 nursing places in Leipzig. Initially, these will make an EBITDA earnings contribution of around EUR 0.6 million p.a. The purchase price of the two facilities (an operation with properties, an operation without properties) was around EUR 6.4 million, resulting in an EBITDA margin in relation to the purchase price of the two facilities of 8.9%.

In the first half-year of 2012, the occupancy rate of these facilities was increased to an average of 97.2% (first half-year of 2011: 94.5%).

Corporate expenses

Corporate expenses include staff and general and administration expenses without the segment Nursing and Assisted Living. These are attributable to the following business areas:

in EUR m	H1/2012	H1/2011
Property Management (Deutsche Wohnen Management GmbH)	–8.4	–8.2
Asset Management/Disposals (Deutsche Wohnen Corporate Real Estate GmbH)	–1.5	–1.5
Holding Company Function (Deutsche Wohnen AG)	–6.2	–5.6
Total	**–16.1**	**–15.3**

The increase in staff expenses in comparison to the equivalent period of the previous year is due to an increase of 3% in basic salary for all staff (excluding senior management) as at 1 April 2011, as well as on the slight increase in the number of Deutsche Wohnen employees due to growth. General and administration expenses also increased accordingly.[1)]

Financial result

The financial result is made up as follows:

in EUR m	H1/2012	H1/2011
Current interest expenses	–40.6	–39.2
Accrued interest on liabilities and pensions	–5.6	–6.5
One-off financing costs for BauBeCon transaction	–3.8	0.0
Fair value adjustments of derivative financial instruments	–0.1	0.3
	–50.1	**–45.4**
Interest income	0.7	0.3
Financial result	**–49.4**	**–45.1**

The cash flow from Residential Property Management after current interest expenses was further improved by EUR 5.2 million or 15%:

in EUR m	H1/2012	H1/2011
NOI from lettings	78.2	71.4
Current interest expenses (without Nursing and Assisted Living)	–39.5	–37.9
Cash flow from Residential Property Management after current interest expenses	**38.7**	**33.5**
Interest ratio (x)	*1.98*	*1.88*

The coverage ratio of payable interest expenses (interest ratio) increased by around 5% to approximately 2.0x.

1) All figures without the segment Nursing and Assisted Living

Financial position

	30/06/2012		31/12/2011	
	in EUR m	in %	in EUR m	in %
Investment properties	2,983.7	79	2,928.8	88
Other non-current assets	90.4	2	84.7	3
Total non-current assets	**3,074.1**	**81**	**3,013.5**	**91**
Current assets	94.8	3	120.9	4
Cash and cash equivalents	607.8	16	167.8	5
Total current assets	**702.6**	**19**	**288.7**	**9**
Total assets	**3,776.7**	**100**	**3,302.2**	**100**
Equity	**1,531.0**	**41**	**1,083.4**	**33**
Financial liabilities	1,827.7	48	1,834.7	56
Tax liabilities	61.8	2	58.6	2
Liabilities to limited partners in funds	6.9	0	7.3	0
Employee benefit liability	47.1	1	42.7	1
Other liabilities	302.2	8	275.5	8
Total liabilities	**2,245.7**	**59**	**2,218.8**	**67**
Total equity and liabilities	**3,776.7**	**100**	**3,302.2**	**100**

The largest asset position is investment properties, which fundamentally increased through acquisitions by EUR 92.6 million. These acquisitions, with transfer of risks and rewards in January 2012, comprise Dusseldorf and Ludwigshafen as well as a facility with transfer of risks and rewards in June 2012 in the segment Nursing and Assisted Living in Leipzig. In addition, down payments were made for further acquisitions.

The increase in cash and cash equivalents to EUR 607.8 million is attributable to the capital increase implemented at the end of June 2012. In addition to these cash and cash equivalents Deutsche Wohnen has access to additional credit lines totalling around EUR 106 million, which are callable at short notice.

The equity ratio of the Group after the capital increase at the end of 2011 and June 2012 and the positive Group result for the first half-year of 2012 is around 41 %. The EPRA NAV has also increased in absolute terms:

in EUR m	30/06/2012	31/12/2011
Equity (before non-controlling interests)	1,530.7	1,083.1
Diluted NAV	1,530.7	1,083.1
Fair values of derivative financial instruments	111.8	95.0
Deferred taxes (net)	35.0	33.2
EPRA NAV	**1,677.5**	**1,211.3**
Number of shares (in m)	146.14	102.3
EPRA NAV in EUR per share	**11.48**	**11.84**

In the case of capital increases, an adjustment is normally made for the effects resulting from the capital increases for comparability of time series (known as "scrip adjustment", here approximately 1.03). Using these scrip adjustments, the adjusted EPRA NAV per share as at 31 December 2011 was EUR 11.50, so that the EPRA NAV per share in the first half-year of 2012 – despite dividend payments – essentially remained stable.

Financial liabilities reduced in comparison to the end of 2011 mainly due to ongoing repayments and exceptional redemption payments from disposals which exceeded new borrowing from loans to finance acquisitions.

The debt ratio (expressed as Loan-to-Value) decreased in comparison to 31 December 2011, despite borrowing debt capital for property acquisitions due to the inflow of liquidity from the capital increases in 2011 and 2012:

in EUR m	30/06/2012	31/12/2011
Financial liabilities	1,827.7	1,834.7
Cash and cash equivalents	– 607.8	– 167.8
Net financial liabilities	**1,219.9**	**1,666.9**
Investment properties	2,983.7	2,928.8
Non-current assets held for sale	30.2	37.4
Land and buildings held for sale	50.1	63.5
	3,064.0	**3,029.7**
Loan-to-Value Ratio in %	39.8	55.0

After the BauBeCon transaction is executed and with the acquisition of the around 1,500 further units, the Loan-to-Value will amount to around 57 %.

Of the tax liabilities, the sum of EUR 51.6 million (31 December 2011: EUR 50.5 million) is apportionable to the present value of liabilities from the lump-sum taxation of EK-02 holdings. These taxes are payable in equal annual instalments of EUR 9.6 million in the third quarter of each year until 2017.

The other liabilities comprise the following items:

in EUR m	30/06/2012	31/12/2011
Derivative financial instruments	111.8	95.0
Deferred tax liabilities	102.8	96.2
Miscellaneous	87.6	84.3
Total	**302.2**	**275.5**

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.

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

in EUR m	H1/2012	H1/2011
Net cash flows from operating activities	38.6	30.5
Net cash flows from investing activities	– 14.5	– 27.3
Net cash flows from financing activities	415.9	– 8.1
Net change in cash and cash equivalents	**440.0**	**– 4.9**
Opening balance cash and cash equivalents	167.8	46.0
Closing balance cash and cash equivalents	**607.8**	**41.1**

The net cash flows from operating activities increased by EUR 20 million due to the received payment from the settlement between RREEF and Deutsche Wohnen. The expenses relating to the BauBeCon transaction and the development of the Net Working Capital had an opposite effect.

Net cash flows from investing activities in the first six months of the financial year 2012 contain inflows in an amount of EUR 90.3 million arising from the sale of apartments. These inflows are in the form of purchase prices or down-payments. At the same time, there were outflows of EUR 104.3 million, primarily for investments and acquisitions. EUR 87.4 million of these EUR 104.3 million were for the acquisition of properties in the segment Residential Property Management and EUR 5.2 million were for the segment Nursing and Assisted Living; a further EUR 9.2 million relates to value-enhancing investments in the holdings.

In the first half-year of 2012, net cash flows from financing activities contain inflows from the taking up of new loans of EUR 58.9 million and outflows from repayments of EUR 69.3 million. In the equivalent period of the previous year, the refinancing of a portfolio in the amount of approximately EUR 400 million is included both as a repayment and as a new loan. In the first half-year of 2012, the Group received EUR 461.2 million as gross proceeds from the capital increase in June 2012. Of the expected costs of the capital increase amounting to around EUR 17.4 million, EUR 11.4 million had been paid as at the reporting date. Furthermore, the dividend for the previous financial year (EUR 23.5 million, previous year: EUR 16.4 million) was paid.

The decisive key figure for us, Funds from Operations (FFO) without disposals rose by a further around 15 % in comparison to the equivalent period of the previous year thanks to operational improvements and due to acquisitions:

in EUR m	H1/2012	H1/2011
Profit for the period	**36.9**	**16.9**
Earnings from Disposals	– 9.1	– 5.0
Depreciation and amortisation	1.4	1.6
Fair value adjustments of derivative financial instruments	0.1	– 0.3
Non-cash financial expenses	5.6	6.5
Deferred taxes	8.6	8.7
Tax benefit from capital increase costs	5.5	0.0
One-off income from RREEF settlement	– 20.0	0.0
One-off financing costs for BauBeCon transaction	3.8	0.0
FFO (without disposals)	**32.8**	**28.4**
FFO (without disposals) per share in EUR	0.32	0.35
Average number of issued shares in million	103.02	81.84
FFO (including disposals)	**41.9**	**33.4**
FFO (including disposals) per share in EUR	0.41	0.41
Average number of issued shares in million	103.02	81.84

Capital increases at the end of 2011 and at the end of June 2012 increased the average number of issued shares in the first half-year of 2012 in comparison to the first half-year of 2011 by around 26 %.

By adjusting the capital increase for 2011 and 2012 for the recurring FFO (without disposals) per share for the first half-year of 2011 (so-called "scrip-adjustment" of around 1.06), the recurring FFO (without disposals) per share amounts to EUR 0.33 per share for the first half-year of 2011.

Following the full integration of BauBeCon holdings into the existing organisation, we expect, on basis of the current underlying conditions, an FFO (before taxes) amounting to around EUR 45 million p. a.

Stock market and the Deutsche Wohnen share

Economy and financial markets

In its summer guidelines 2012, the German Institute for Economic Research (DIW) adheres to a growth forecast for the German economy of 1.0 % in the current financial year. For 2013, the DIW revised its outlook for Germany's economic growth from 2.4 % to 1.9 %. The crisis in the eurozone appears to be slowing down the German economy more quickly than expected. With regards to this, DIW experts explain: "After the tensions at the beginning of the year appeared to dissolve, the crisis picked up again due to the political instability in Greece and the obvious challenges apparent in the Spanish banking sector. The uncertainty arising from this development, in addition to the government's austerity measures, subdues the demand in the crisis countries and thus German exports."[1] These experts therefore predict that Germany is no longer able to completely uncouple itself from the European trend. Even if the German economy develops robustly with + 0.5 % in the first quarter compared to the previous quarter, the DIW forecasts a further growth rate of only 0.2 % for the second quarter of 2012 compared to the previous quarter.

The Euro debt crisis and the weak economic data in the USA and in China constituted the main stress factors for stock markets in the second quarter of 2012: After the strong gains in the first quarter, the German stock market came under pressure in the second quarter. Since April, the share price performance of the DAX and the MDAX has declined. The gains achieved in the first three months of 2012 of around 18 % for DAX and of around 20 % for MDAX could not be maintained until the half-year end. Since April, share prices have been gradually going down; however, at the half-year end they were 9 % for DAX and for MDAX 16 % higher respectively than the corresponding price at the beginning of the year.

The Germany and Europe-specific benchmark indices for the real estate industry developed in the second quarter in the opposite direction to the trend of the markets overall and were able to maintain the level from the end of March 2012 or even increase it further: The EPRA Europe increased from January to June 2012 by around 9 % and maintained its level from the end of March 2012. The EPRA Germany was able to show an even better development in the first half of the year: it increased by almost 18 % in comparison to the beginning of the year (+ 12 % in the first quarter of 2012).

[1] Own translation of German quotation in:
DIW weekly report 26+27/2012 (Summer guidelines 2012), page 3

The Deutsche Wohnen AG share

At the end of the first half of the year, the shares of Deutsche Wohnen were listed at EUR 13.28. This means – adjusted by the dividend payments and capital increase in June 2012 – a significant increase by over 35% compared to the closing price of the previous year. Based on the share price of EUR 9.78 at the end of 2011 and on the share price of EUR 10.56 at the end of the first quarter 2012, adjusted by dividend payments and the capital increase 2012, since May 2012 the share clearly developed against the downturns in the financial markets, but also better than the real estate specific indices. The share reached an all-time low/high in the first quarter of 2012 with EUR 9.15[1] and EUR 13.28 respectively at the end of the half-year. The price development in July 2012 showed a further positive trend.

This development reflects the confidence of the market in the past and future direction of our company and not least in the successful execution of the capital increase in June 2012.

Capital increase

On 11 June 2012, the Management Board of Deutsche Wohnen AG decided with the consent of the Supervisory Board on a capital increase against cash contributions with subscription rights for the shareholders. The company's issued share capital was increased from EUR 102.3 million by utilising the existing authorised capital against cash contributions by issuing 43,842,858 new ordinary bearer shares (no-par value share).

The new shares were issued to existing shareholders at a subscription ratio of 7:3 per EUR 10.50.

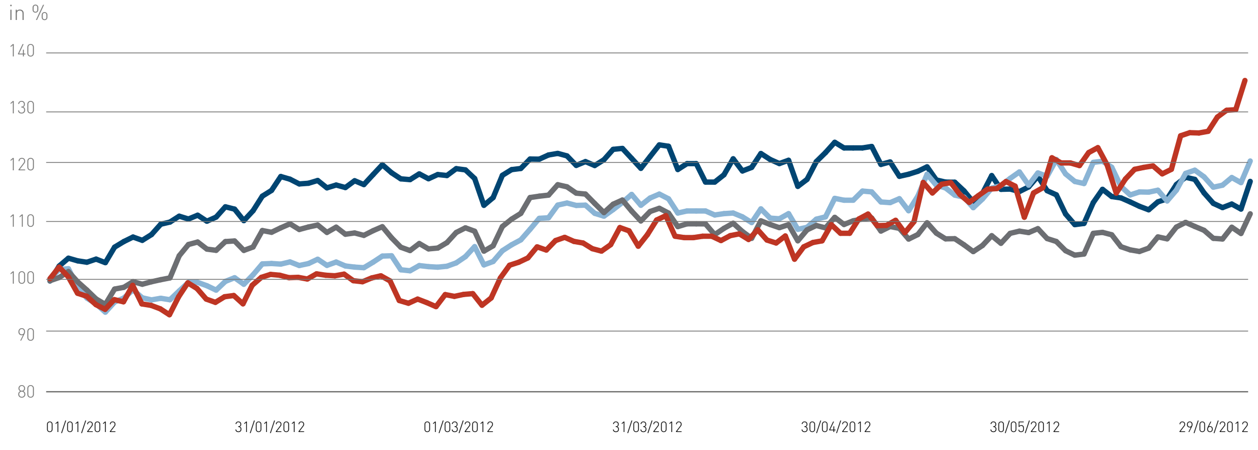
Upon expiry of the subscription period on 25 June 2012, around 99% of new shares had already been subscribed. The remaining around 1% that was not acquired through the subscription offer could even be placed quickly with institutional investors at EUR 12.30 per share.

Overall, net proceeds of around EUR 444 million were accrued by our company. We will use around 75% of the net proceeds to finance the acquisition of the BauBeCon Group and the remaining proportion for additional acquisitions in which Deutsche Wohnen is involved in an advanced or promising stage of negotiations.

The subscription price of EUR 10.50 represents a discount of just under 13% of the company's last published EPRA NAV as at 31 March 2012. This low discount (i.e. low NAV dilution of existing shareholders) and the low costs of the capital measures of only around 3.7% of the gross proceeds emphasise – particularly with respect to the most recent capital measures of competitors – the appeal of the chosen "best efforts/at market structure" of the capital measures and the high amount of confidence of the shareholders in the growth path of Deutsche Wohnen.

[1] The half-year low of EUR 9.60 per share adjusted by the capital increase in June 2012

Share price performance H1/2012 (indexed)



Performance of Deutsche Wohnen AG adjusted for dividend payments and capital increase in June 2012

The increasing share price and the successfully concluded capital increase in June 2012 give rise to a Deutsche Wohnen AG market capitalisation of around EUR 1.94 billion as at the reporting date. This is doubled compared to the half-year figure of 2011. Hence, Deutsche Wohnen AG is the largest listed real estate company in Germany based on market capitalisation. The average daily trading volume in Xetra trading, i.e. the liquidity of shares, also increased in the first half-year in comparison the equivalent period of the previous year by more than 43 % to 349,978 shares.

Key share figures	H1/2012	H1/2011
Number of shares outstanding as at end of H1 in m	about 146.14	81.84
Closing price at end of H1[1] in EUR	13.28	12.00 (11.11)[4]
Market capitalisation as at end of H1 in EUR m	about 1,941	about 982
Highest share price during half year[1] in EUR	13.28	12.00 (11.11)[4]
Lowest share price during half year[1] in EUR	9.60 (9.15)[3]	9.65 (8.77)[5]
Average daily traded volume[2]	349,978	243,810

[1] Xetra closing price
[2] Xetra daily traded volume (traded shares)
[3] Prices in parentheses adjusted for capital increase and dividends in 2012
[4] Prices in parentheses adjusted for capital increase in 2011 and capital increase and dividend payment in 2012
[5] Prices in parentheses adjusted for capital increase and dividend payments in 2011 and 2012

Analyst coverage

At present, 22 analysts are monitoring the development of Deutsche Wohnen AG. Their price target ranges between EUR 10.20 and EUR 15.00. WestLB, which no longer exists, will withdraw as an analyst in the future. However, Green Street Advisors commenced coverage of Deutsche Wohnen AG in July 2012. Based on its co-lead manager role with the last capital increase, Credit Suisse is currently still restricted and is not providing any rating at present.

The vast majority of the analysts express positive recommendations for the shares of Deutsche Wohnen.

The following table summarises an overview of the current analysts' ratings:

Rating	Number
Buy	7
Hold/Neutral/Equal-Weight	11
Sell/Underperform	3
Restricted	1

Status: 31 July 2012

Annual General Meeting

The ordinary Annual General Meeting 2012 of Deutsche Wohnen AG took place on 6 June 2012 in Frankfurt/Main. Around 66 % of the entire issued share capital of the company was represented. Shareholders approved of all items presented on the agenda. It is worth pointing out the majority approval of almost 95 % of the comparison with RREEF Management GmbH and the creation of authorised capital 2012, which has already been partially used in June 2012 in the above-mentioned capital increase. These approvals demonstrate to us the strong support of our shareholders and encourage us to continue with the chosen company strategy.

In addition, Dr h.c. Wolfgang Clement, whose court appointment as Supervisory Board member ended with the ordinary Annual General Meeting for the financial year 2011, was elected in the Supervisory Board in the context of this year's Annual General Meeting.

Investor Relations activities

Deutsche Wohnen regularly and immediately informs market participants about changes in the company. Investor Relations reviews all current and essential information comprehensibly and makes these available. We want to guarantee all market participants a transparent insight into our company's strategy and provide security for the assessment of the future development of the company value.

Therefore, a dialogue with our shareholders and investors both nationally and internationally has a very high priority for us. Attendance at conferences is an integral part of our IR activities. In the first half-year of 2012, we participated in banking conferences of HSBC and Deutsche Bank in Frankfurt/Main, Morgan Stanley Bank and Credit Suisse in London, Commerzbank in New York and Boston, Kempen & Co. in Amsterdam and Bankhaus Lampe in Baden-Baden. In addition, we went to road shows in New York, Boston, London, Paris and the Netherlands especially within the context of the capital increase.

The expansion of our national and international contacts as well as the increased dialogue with our investors and analysts will be intensified by us in future.

Events after the reporting date

After the reporting date, the transfer of risks and rewards for the acquisition of 234 residential units in Berlin took place on 1 July 2012, as well as on 1 August 2012 for 1,171 residential units acquired in Berlin and Potsdam.

Further 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 of the consolidated financial statement as at 31 December 2011.

Forecast

The course of business in the first half-year of 2012 was successful. Deutsche Wohnen was able to raise EUR 460 million of equity in order to acquire the BauBeCon holdings and is working in parallel on two further fairly large portfolios which are currently at a promising stage. Our operating business is profiting from the dynamic markets both in lettings and disposals. Our financing expenses will also develop better than planned because of the current low interest level.

Consequently, in consideration of acquisitions and disposals, we are increasing our forecast for recurring FFO (before disposals) for the financial year 2012 to within a range of EUR 60 million to EUR 65 million. Therefore, this year the FFO will be EUR 12.5 million to EUR 17.5 million higher. In disposals we increase our forecast by EUR 10 million to around EUR 20 million.

With the BauBeCon transaction and its capital increase Deutsche Wohnen has pushed forward into a new dimension. Over the course of time both the key figures for operations and those of relevance to the capital markets (market capitalisation, liquidity) will improve sustainably. When the BauBeCon holdings have been successfully integrated and potential synergies have been fully realised we will achieve a pre-tax FFO (before disposals) of around EUR 100 million on the basis of today's holdings. We expect to realise further potential in an amount of around EUR 10 million through additional acquisitions.

INTERIM FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

as at 30 June 2012

in EUR k	30/06/2012	31/12/2011
ASSETS		
Investment properties	2,983,659	2,928,816
Property, plant and equipment	19,088	18,636
Intangible assets	2,983	2,511
Other non-current assets	546	561
Deferred tax assets	67,758	63,037
Non-current assets	**3,074,034**	**3,013,561**
Land and buildings held for sale	50,144	63,476
Other inventories	2,845	2,937
Trade receivables	7,800	13,959
Income tax receivables	1,093	797
Other current assets	2,648	2,329
Cash and cash equivalents	607,829	167,829
Subtotal current assets	**672,359**	**251,327**
Non-current assets held for sale	30,231	37,388
Current assets	**702,590**	**288,715**
Total assets	**3,776,624**	**3,302,276**

in EUR k	30/06/2012	31/12/2011
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the parent company		
Issued share capital	146,143	102,300
Capital reserve	901,552	496,174
Retained earnings	482,992	484,598
	1,530,687	**1,083,072**
Non-controlling interests	302	302
Total equity	**1,530,989**	**1,083,374**
Non-current financial liabilities	1,716,921	1,728,291
Employee benefit liability	47,067	42,662
Tax liabilities	42,078	41,221
Derivative financial instruments	81,356	71,731
Other provisions	8,224	8,265
Deferred tax liabilities	102,828	96,219
Total non-current liabilities	**1,998,474**	**1,988,389**
Current financial liabilities	110,769	106,382
Trade payables	50,366	35,634
Liabilities to limited partners in funds	6,878	7,287
Other provisions	2,406	3,295
Derivative financial instruments	30,490	23,241
Tax liabilities	19,724	17,411
Other liabilities	26,528	37,263
Total current liabilities	**247,161**	**230,513**
Total equity and liabilities	**3,776,624**	**3,302,276**

CONSOLIDATED PROFIT AND LOSS STATEMENT

for the period from 1 January to 30 June 2012

in EUR k	H1/2012	H1/2011	Q2/2012	Q2/2011
Income from Residential Property Management	103,749	95,596	51,719	47,928
Expenses from Residential Property Management	– 17,135	– 15,954	– 9,197	– 7,874
Earnings from Residential Property Management	**86,614**	**79,642**	**42,522**	**40,054**
Sales proceeds	82,485	59,576	40,654	34,407
Cost of sales	– 6,037	– 2,851	– 2,770	– 1,736
Carrying amount of assets sold	– 67,391	– 51,690	– 32,628	– 30,325
Earnings from Disposals	**9,057**	**5,035**	**5,256**	**2,346**
Income from Nursing and Assisted Living	19,773	20,417	10,133	10,252
Expenses for Nursing and Assisted Living	– 14,912	– 15,381	– 7,882	– 7,868
Earnings from Nursing and Assisted Living	**4,861**	**5,036**	**2,251**	**2,384**
Corporate expenses	– 16,035	– 15,339	– 8,273	– 7,793
Other expenses/income	19,676	– 445	19,343	– 393
Subtotal	**104,173**	**73,929**	**61,099**	**36,598**
Depreciation and amortisation	– 1,436	– 1,628	– 733	– 823
Earnings before interest and taxes (EBIT)	**102,737**	**72,301**	**60,366**	**35,775**
Finance income	739	272	383	122
Gains/losses from fair value adjustments of derivative financial instruments	– 62	311	7	96
Finance expense	– 50,020	– 45,601	– 26,842	– 22,886
Profit before taxes	**53,394**	**27,283**	**33,914**	**13,107**
Income taxes	– 16,464	– 10,337	– 11,407	– 4,618
Profit for the period	**36,930**	**16,946**	**22,507**	**8,489**
Thereof attributable to:				
Shareholders of the parent company	36,930	16,946	22,507	8,489
Non-controlling interests	0	0	0	0
	36,930	**16,946**	**22,507**	**8,489**
Earnings per share				
basic in EUR	0.36	0.21	0.22	0.10
diluted in EUR	0.36	0.21	0.22	0.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period from 1 January to 30 June 2012

in EUR k	H1/2012	H1/2011	Q2/2012	Q2/2011
Profit for the period	**36,930**	**16,946**	**22,507**	**8,489**
Other comprehensive income				
Net loss/gain from derivative financial instruments	– 16,812	17,335	– 11,701	– 10,247
Income tax effect	5,232	– 5,389	3,642	3,193
	– 11,580	**11,946**	**– 8,059**	**– 7,054**
Actuarial losses/gains	– 4,896	2,450	– 3,162	2,450
Income tax effect	1,469	– 735	949	– 735
	– 3,427	**1,715**	**– 2,213**	**1,715**
Other comprehensive income after taxes	**– 15,007**	**13,661**	**– 10,272**	**– 5,339**
Total comprehensive income, net of tax	**21,923**	**30,607**	**12,235**	**3,150**
Thereof attributable to:				
Shareholders of the parent company	21,923	30,607	12,235	3,150
Non-controlling interests	0	0	0	0

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from 1 January to 30 June 2012

in EUR k	H1/2012	H1/2011
Operating activities		
Profit/loss for the period	36,930	16,946
Finance income	– 739	– 272
Finance expense	50,020	45,601
Income taxes	16,464	10,337
Profit/loss for the period before interest and taxes	**102,675**	**72,612**
Non-cash expenses/income		
Depreciation and amortisation	1,436	1,628
Fair value adjustments to interest rate swaps	62	– 311
Other non-cash operating expenses/income	– 11,659	– 9,916
Change in net working capital		
Change in receivables, inventories and other current assets	597	5,692
Change in operating liabilities	– 10,076	– 3,190
Net operating cash flows	**83,035**	**66,515**
Interest paid	– 44,752	– 36,919
Interest received	739	272
Taxes paid/received excluding EK-02 payments	– 404	664
Net cash flows from operating activities	**38,618**	**30,532**
Investing activities		
Sales proceeds	90,266	62,504
Purchase of property, plant and equipment/investment property and other non-current assets	– 104,261	– 82,715
Receipt of investment subsidies	0	366
Payments to limited partners in funds	-493	– 7,427
Net cash flows from investing activities	**– 14,488**	**– 27,272**
Financing activities		
Proceeds from borrowings	58,924	458,876
Repayment of borrowings	– 69,266	– 450,680
Proceeds from capital increase	461,157	0
Costs of capital increase	– 11,416	0
Dividend paid	– 23,529	– 16,368
Net cash flows from financing activities	**415,870**	**– 8,172**
Net change in cash and cash equivalents	**440,000**	**– 4,912**
Opening balance of cash and cash equivalents	167,829	46,016
Closing balance of cash and cash equivalents	**607,829**	**41,104**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
as at 30 June 2012

in EUR k	Issued share capital	Capital reserves	Retained earnings: Pensions	Retained earnings: Reserves for cash flow hedge	Retained earnings: Other reserves	Subtotal	Non-controlling interests	Equity
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					16,946	16,946		16,946
Other comprehensive income after tax			1,715	11,946		13,661		13,661
Total comprehensive income, net of taxes			**1,715**	**11,946**	**16,946**	**30,607**	**0**	**30,607**
Dividend paid					– 16,368	– 16,368	0	– 16,368
Equity as at 30 June 2011	**81,840**	**370,048**	**– 618**	**– 26,227**	**478,766**	**903,809**	**302**	**904,111**
Equity as at 1 January 2012	**102,300**	**496,174**	**– 1,261**	**– 61,380**	**547,239**	**1,083,072**	**302**	**1,083,374**
Profit/loss for the period					36,930	36,930	0	36,930
Other comprehensive income after tax			– 3,427	– 11,580		– 15,007		– 15,007
Total comprehensive income, net of taxes			**– 3,427**	**– 11,580**	**36,930**	**21,923**	**0**	**21,923**
Capital increase	43,843	417,314				461,157		461,157
Costs of capital increase, less tax effects		– 11,936				– 11,936		– 11,936
Dividend paid					– 23,529	– 23,529		– 23,529
Equity as at 30 June 2012	**146,143**	**901,552**	**– 4,688**	**– 72,960**	**560,640**	**1,530,687**	**302**	**1,530,989**

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 statement

The condensed consolidated interim financial statements for the period from 1 January to 30 June 2012 were prepared in accordance with International Accounting Standards (IAS) 34 for interim reporting as applicable in the European Union (EU). The condensed consolidated interim financial statements have neither been subject to audit reviews nor audited.

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 2011.

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 June 2012. 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 2 January 2012, Deutsche Wohnen Reisholz GmbH, Berlin (previously: FdR Reisholz Verwaltungs-GmbH, Essen) has been a fully consolidated, wholly owned indirect subsidiary. Since 1 June 2012, Seniorenstift "Am Lunapark" GmbH, Leipzig has been a fully consolidated, wholly owned indirect subsidiary. These do not constitute business combinations in accordance with IFRS 3. Deutsche Wohnen Beteiligungsverwaltungs GmbH & Co. KG, Berlin, and GEHAG Beteiligungs GmbH & Co. KG, Berlin, were founded in the second quarter of 2012 as fully consolidated, wholly owned indirect subsidiaries. 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 six months of the financial year 2012, the new standards and interpretations which must be applied for financial years commencing after 1 January 2012 have been applied in full.

Selected notes on the consolidated balance sheet

Investment properties comprise 79 % of the assets of the Deutsche Wohnen Group. Regarding the valuation method and valuation parameter refer to the consolidated financial statements as at 31 December 2011.

The item "property, plant and equipment" covers 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. Compared with 31 December 2011, the negative market value (net) rose from EUR 95.0 million to EUR 111.8 million due to decreasing interest rate levels.

The developments in equity can be found in the statement of changes in equity on page 25.

Financial liabilities have decreased in comparison to 31 December 2011 particularly because repayments exceeded new borrowings.

The employee benefit liabilities were valued as at the reporting date with a discount rate of 3.70 % p. a. (31 December 2011: 4.66 % 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

The income from Residential Property Management is made up as follows:

in EUR m	H1/2012	H1/2011
Potential gross rental income	105.8	98.2
Subsidies	1.2	1.4
	107.0	**99.6**
Vacancy losses	– 3.3	– 4.0
	103.7	**95.6**

The expenses for Residential Property Management are made up as follows:

in EUR m	H1/2012	H1/2011
Maintenance costs	– 12.6	– 12.8
Non-recoverable expenses	– 2.1	– 2.5
Rental loss	– 0.8	– 0.9
Other income/expenses	– 1.6	0.2
	– 17.1	**– 16.0**

The earnings from Disposals include sales proceeds, cost of sales and carrying amounts of assets sold and of land and buildings held for sale.

The earnings from Nursing and Assisted Living are made up as follows:

in EUR m	H1/2012	H1/2011
Income from Nursing and Assisted Living	19.8	20.4
Nursing and corporate costs	– 5.2	– 5.7
Staff expenses	– 9.7	– 9.7
	4.9	**5.0**

Finance expenses are made up as follows:

in EUR m	H1/2012	H1/2011
Current interest expenses	– 40.6	– 39.2
Accrued interest on liabilities and pensions	– 5.6	– 6.5
One-off financing costs for BauBeCon transaction	– 3.8	0.0
	– 50.0	**– 45.7**

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 around EUR 106 million.

Notes on segment reporting

The following tables show the segment revenues and the segment results for the Deutsche Wohnen Group:

in EUR m	External revenue		Internal revenue	
	H1/2012	H1/2011	H1/2012	H1/2011
Segments				
Residential Property Management	103.7	95.6[1]	1.1	1.0
Disposals	82.5	59.6	3.7	4.9
Nursing and Assisted Living	19.8	20.4[1]	0.0	0.0
Reconciliation with consolidated financial statement				
Central functions and other operating activities	0.1	0.1	15.4	14.6
Consolidation and other reconciliation	– 0.1	– 0.1	– 20.2	– 20.5
	206.0	**175.6**	**0.0**	**0.0**

[1] Representation changed in comparison to previous year.

in EUR m	Total revenue		Segment earnings		Assets	
	H1/2012	H1/2011	H1/2012	H1/2011	30/06/2012	31/12/2011
Segments						
Residential Property Management	104.8	96.6	86.6	79.6	2,992.1	2,938.8
Disposals	86.2	64.5	9.1	5.0	84.9	110.3
Nursing and Assisted Living	19.8	20.4	4.9	5.0	0.2	3.0
Reconciliation with consolidated financial statement						
Central functions and other operating activities	15.5	14.8	3.6	– 15.7	630.6	186.4
Consolidation and other reconciliation	– 20.3	– 20.6	0.0	0.0	0.0	0.0
	206.0	**175.7**	**104.2**	**73.9**	**3,707.8**	**3,238.5**

Other information

Associated parties and companies
Dr h.c. Wolfgang Clement, whose judicial appointment as Supervisory Board member ended at the closing of the ordinary Annual General Meeting for the financial year 2011, was elected to the Supervisory Board at the Annual General Meeting on 6 June 2012.

Otherwise there have been no major changes in respect of associated parties and companies in comparison to the information presented as at 31 December 2011.

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 2011.

Frankfurt/Main, August 2012

Deutsche Wohnen AG
Management Board

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

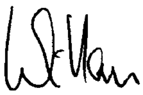
RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable accounting standards, the consolidated interim financial statement as at 30 June 2012 gives 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, August 2012

Deutsche Wohnen AG
Management Board

Michael Zahn
Chief Executive Officer



Lars Wittan
Chief Financial Officer

Helmut Ullrich
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. Due to rounding, some of the figures in the tables of this interim report do not add up exactly to the total figures shown, and some of the percentages do not add up exactly to 100%, neither do subtotals.

FINANCIAL CALENDAR 2012

13/08/2012	Publication of Interim Report as at 30 June 2012/1st half-year
05/09/2012	Kempen & Co. German Property Seminar, Berlin
05/09/2012	12th Conference of the Real Estate Share Initiative in cooperation with Bank of America Merrill Lynch, Berlin
06–07/09/2012	EPRA Annual Conference, Berlin
12–13/09/2012	Merrill Lynch 2012 Global Real Estate Conference, New York
24–26/09/2012	Goldman Sachs & Berenberg Bank German Corporate Conference 2012, Munich
25–27/09/2012	10th German Investment Conference UniCredit/Kepler, Munich
01-02/10/2012	German Corporate Form, J.P. Morgan Cazenove, London
08–10/10/2012	Expo Real, Munich
12/11/2012	Publication of Interim Report as at 30 September 2012/1st – 3rd quarter
13/11/2012	DZ Bank Equity Conference, Frankfurt/Main
27–28/11/2012	2012 UBS Global Real Estate CEO Conference, London

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Publisher
Deutsche Wohnen AG
Registered office
Pfaffenwiese 300
65929 Frankfurt am Main

Phone +49 (0)69 976 970 0
Fax +49 (0)69 976 970 4980

Berlin office
Mecklenburgische Straße 57
14197 Berlin

Phone +49 (0)30 897 86 0
Fax +49 (0)30 897 86 100

info@deutsche-wohnen.com
www.deutsche-wohnen.com

Concept and design
HGB Hamburger Geschäftsberichte GmbH & Co. KG,
Hamburg