



Deutsche Wohnen AG

» **Full Year Results 2009**

Conference Call, 26 March 2010

» **Agenda**

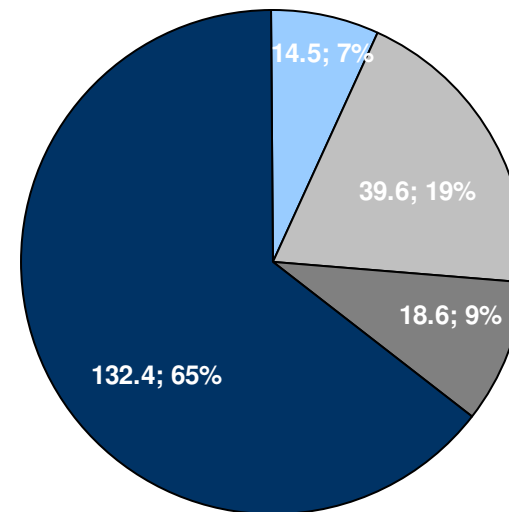
1. Results of the financial year 2009
2. Financial highlights 2009
3. Strategic objectives
4. Forecast

» ① Results of the financial year 2009

» Results of the financial year 2009

Rental Business

| | 2009 EUR m | 2008 EUR m |
|------------------------------------|---------------|---------------|
| Potential gross rental income | 205.1 | 208.9 |
| Vacancy loss, etc. | -14.5 | -17.0 |
| Current gross rental income | 190.6 | 191.9 |
| Non recoverable expenses | -6.5 | -3.4 |
| Maintenance | -30.1 | -36.8 |
| Marketing | -0.8 | -0.5 |
| Miscellaneous | -2.2 | -3.3 |
| Result from rental business | 151.0 | 147.8 |

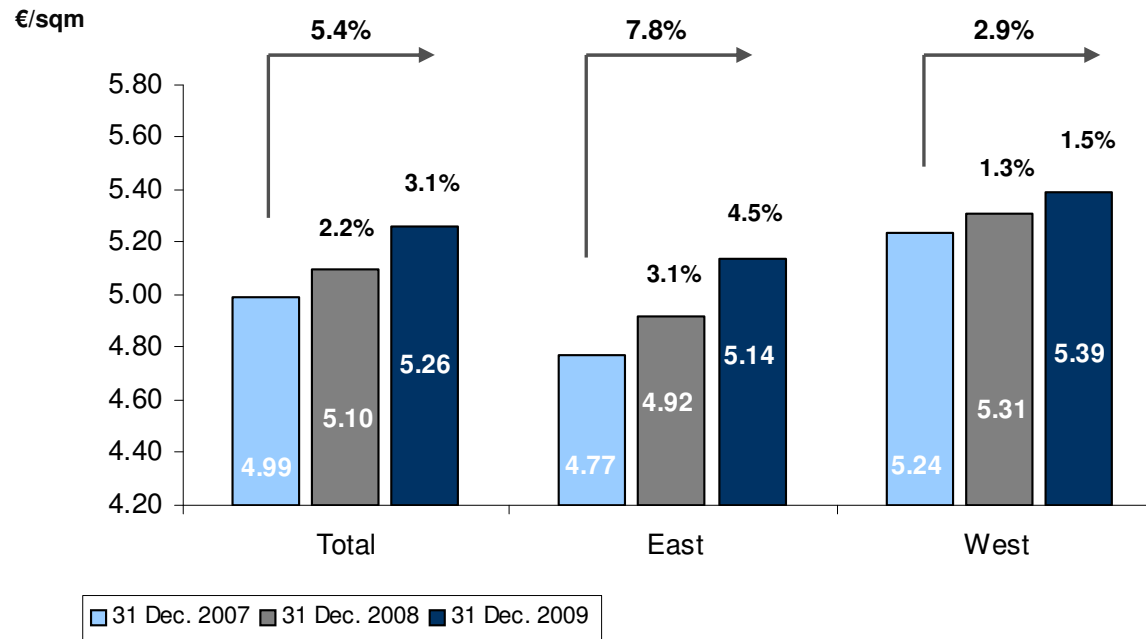


■ Vacancy loss
 ■ Management costs
 ■ Corporate expenses
 ■ EBITDA

- The result exceeded the previous year's figure by 2.2 %.
- Given the sales in 2008/2009 and the associated loss of actual rental income, this positive development should be recognised in the amount of EUR 8.3 million.

» Results of the financial year 2009

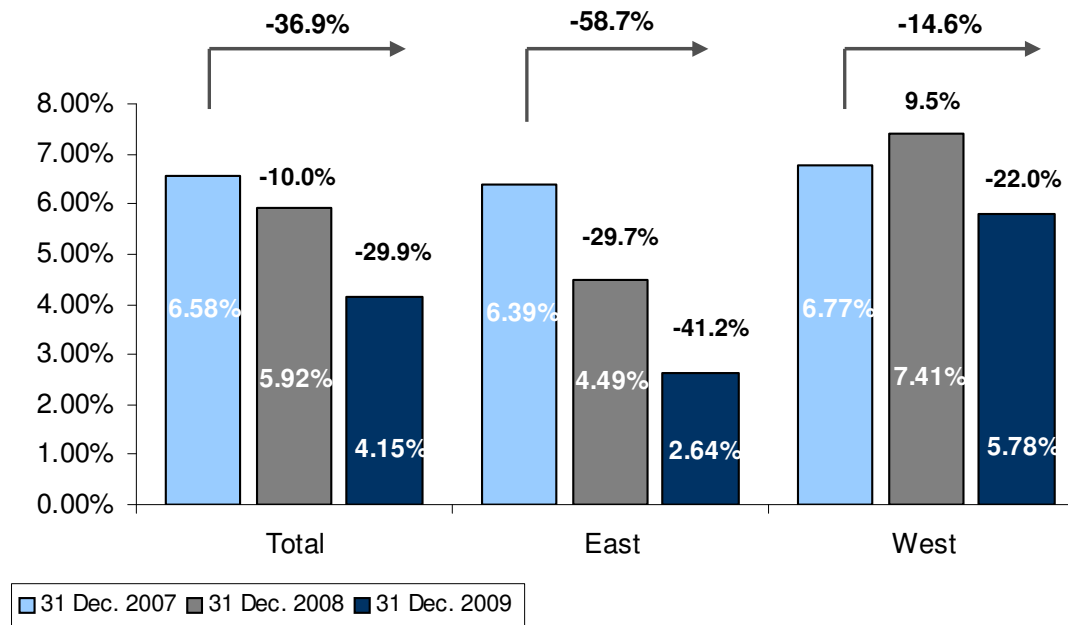
Potential gross rent per sqm



- In 2009, rent per sqm went up by 3.1%.
- The growth in Berlin amounted to 4.4%.

» Results of the financial year 2009

Vacancy rate

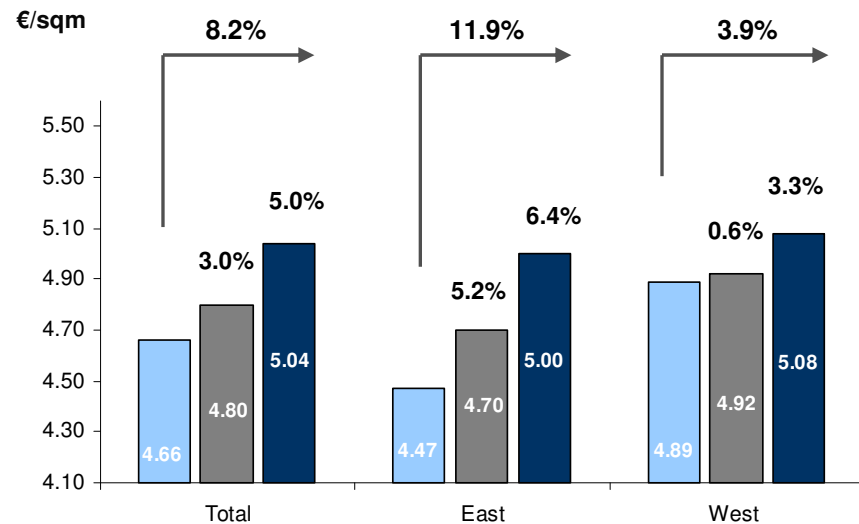


- The vacancy rate declined by approx. 30 % to 4.2 % YoY.
- The core portfolio's vacancy rate as of 31 December 2009 was 2.7 %, a 40 % decline YoY.

» Results of the financial year 2009

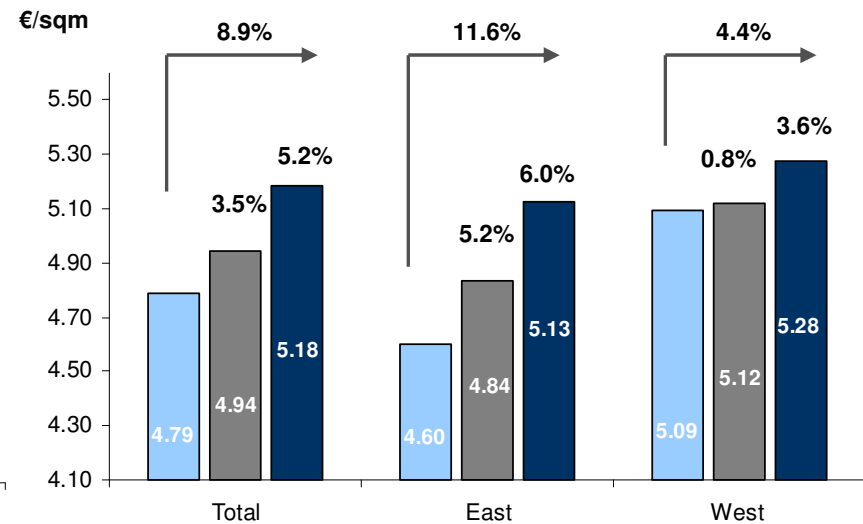
Current gross rent per sqm

Overall portfolio



■ 31 Dec. 2007 ■ 31 Dec. 2008 ■ 31 Dec. 2009

Core and development portfolio



current gross rent: (potential gross rent ./ vacancy loss) / total floor space

- In the period 31 Dec. 2007 to 31 Dec. 2009, the current gross rent in the overall portfolio rose by 8.2 % or EUR 0.38/sqm.
- The core portfolio recorded a 8.9 % increase in rent which was predominantly due to Region East (11.6 % or EUR 0.53/sqm).

» Results of the financial year 2009

Disposal

Privatisation

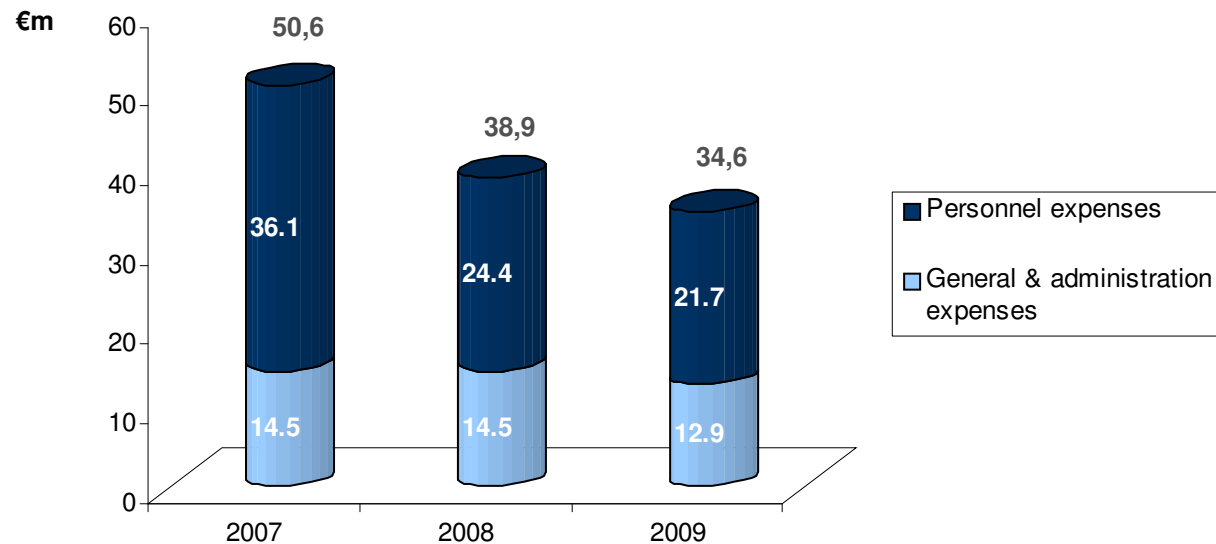
| | 2009 | 2008 |
|--|-------------|-------------|
| Sales proceeds in EUR m | 57.6 | 61.0 |
| Average sales price per EUR/sqm | 1,201 | 1,378 |
| Multiple on potential gross rent | 18.6 | 19.1 |
| Units | 675 | 573 |
| Cost of Sales in EUR m | -4.9 | -3.7 |
| Net sales proceeds in EUR m | 52.6 | 57.3 |
| Book value disposals in EUR m | -42.8 | -45.1 |
| Gross margin in % | 34.3% | 35.1% |
| Result in EUR m | 9.9 | 12.2 |
| + Book values in EUR m | 42.8 | 45.1 |
| ./. Repayment of loans in EUR m | -17.8 | -18.0 |
| Liquidity contribution in EUR m | 34.9 | 39.3 |

Institutional sales

| | 2009 | 2008 |
|--|-------------|-------------|
| Sales proceeds in EUR m | 28.1 | 58.7 |
| Average sales price per EUR/sqm | 488 | 741 |
| Multiple on current gross rent | 11.4 | 11.8 |
| Units | 898 | 1,225 |
| Cost of Sales in EUR m | -1.3 | -0.5 |
| Net sales proceeds in EUR m | 26.8 | 58.2 |
| Book value disposals in EUR m | -27.0 | -57.2 |
| Gross margin in % | 4.6% | 2.8% |
| Result in EUR m | -0.2 | 1.0 |
| + Book values in EUR m | 27.0 | 57.2 |
| ./. Repayment of loans in EUR m | -19.2 | -32.4 |
| Liquidity contribution in EUR m | 7.6 | 25.8 |

» Results of the financial year 2009

Corporate expenses



- The restructuring has led to savings in personnel as well as general and administration expenses totalling EUR 16 million.
- Corporate expenses in 2009:
 - > Property management in the amount of EUR 18.6 million
 - > Sales in the amount of EUR 4.1 million
 - > Holding in the amount of EUR 11.9 million
- Costs per unit amount to EUR 376.

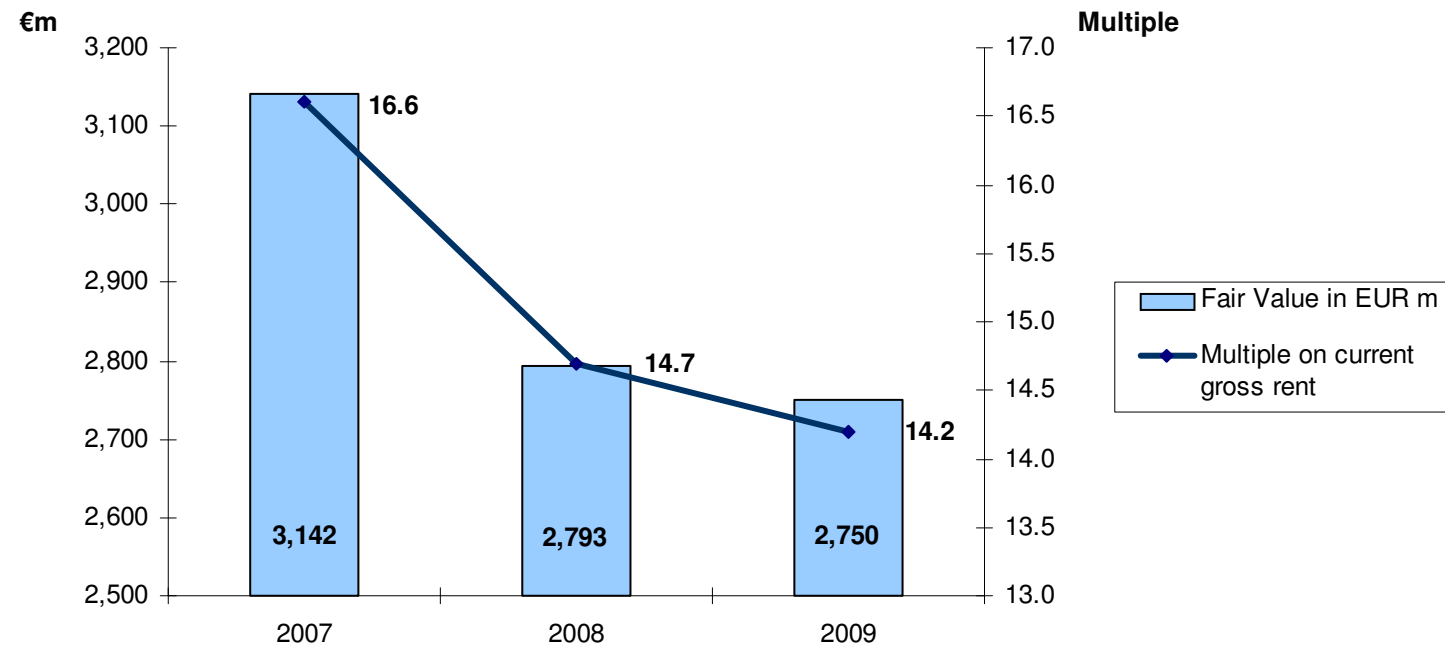
» Results of the financial year 2009

Portfolio clustering

| | Residential | | | | Fair Value | | Multiple | |
|---------------------------|---------------|------------------|-------------|--------------|--------------|------------|----------------------|--------------------|
| | Units | Rental area | EUR/sqm | Vacancy | EUR m | EUR/sqm | Potential gross rent | Current gross rent |
| Core portfolio | 37,546 | 2,263,513 | 5.33 | 2.7% | 2,187 | 943 | 14.1 | 14.6 |
| Berlin | 21,908 | 1,311,669 | 5.23 | 1.5% | 1,285 | 961 | 14.4 | 14.8 |
| Region east | 1,150 | 75,812 | 4.93 | 4.1% | 55 | 696 | 11.4 | 12.0 |
| Frankfurt / Main | 3,658 | 216,780 | 6.83 | 2.0% | 332 | 1,440 | 17.2 | 17.7 |
| Region west | 10,830 | 659,252 | 5.08 | 5.4% | 516 | 766 | 12.2 | 13.0 |
| Disposal portfolio | 8,858 | 562,201 | 4.89 | 10.3% | 392 | 691 | 11.5 | 12.5 |
| Single privatisation | 4,347 | 288,146 | 5.43 | 8.3% | 263 | 908 | 13.5 | 14.4 |
| Portfolio adjustment | 4,511 | 274,055 | 4.32 | 12.9% | 129 | 465 | 8.7 | 9.9 |
| Owned portfolio | 46,404 | 2,825,715 | 5.24 | 4.1% | 2,580 | 894 | 13.6 | 12.9 |
| DB 14 | 2,622 | 178,688 | 5.51 | 4.3% | 170 | 913 | 12.9 | 13.6 |
| Total portfolio | 49,026 | 3,004,402 | 5.26 | 4.2% | 2,750 | 895 | 13.5 | 14.2 |

» Results of the financial year 2009

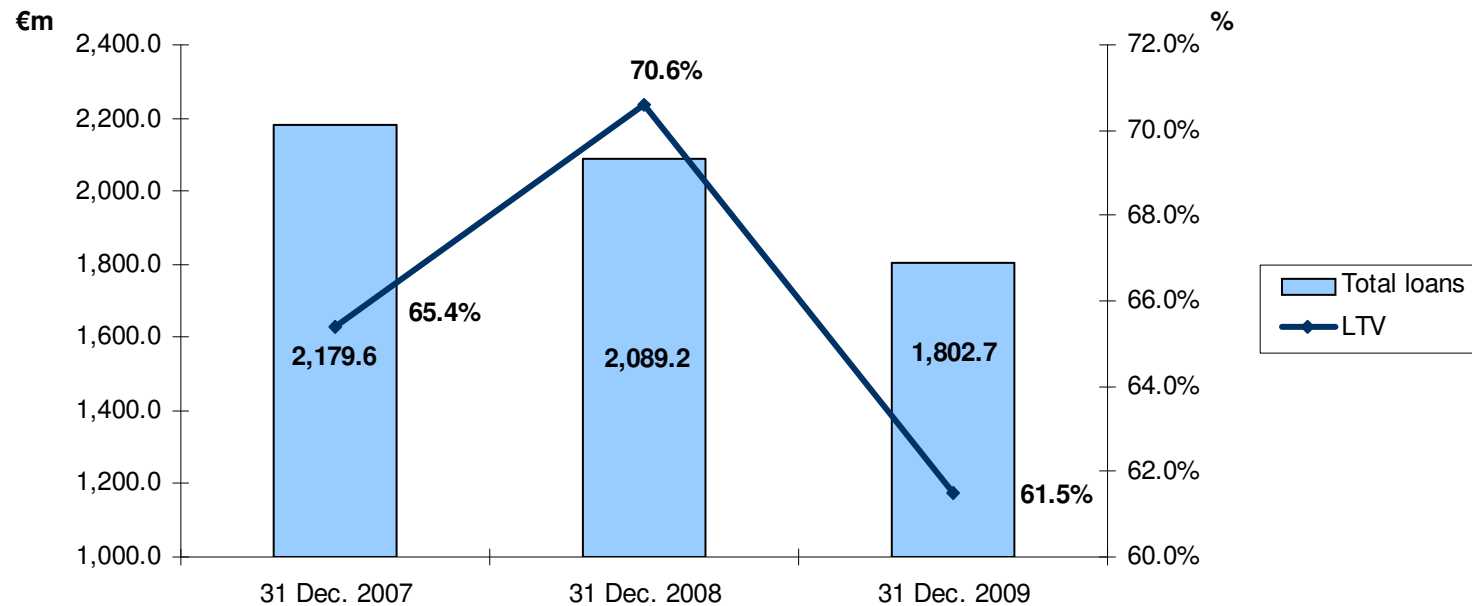
Fair value



| | | | |
|---------------------------------------|-------|-------|-------|
| Fair value in EUR m | 3,142 | 2,793 | 2,750 |
| Multiple on current gross rent | 16.6 | 14.7 | 14.2 |
| Fair value in EUR per sqm | 963 | 881 | 895 |

» Results of the financial year 2009

Debt structure



| | | | |
|----------------------------------|---------|---------|---------|
| Total loans | 2,179.6 | 2,089.2 | 1,802.7 |
| LTV | 65.4% | 70.6% | 61.5% |
| Multiple on net cold rent | 11.15 | 10.34 | 9.04 |

- In the years 2008/2009, the Group repayed debts in the amount of approx. EUR 380 million.
- The target LTV corridor has been reached.

» Results of the financial year 2009

Covenants

- 7 loans with a volume of EUR 1,247.9 million (69 % of the loan portfolio) involve financial covenants.
- A credit volume of approx. EUR 900 million has been renegotiated in 2009, the covenants were adjusted and standardised in terms of DSCR covenants and multiples.

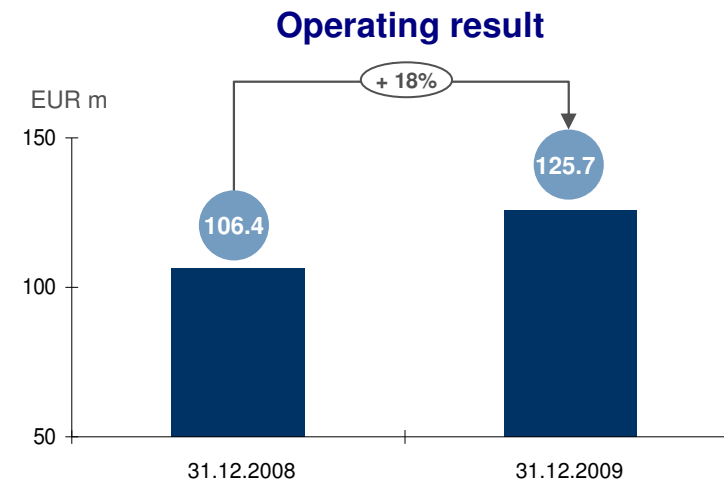
| Covenants, 2010 | | | |
|-------------------------------------|--------------------|-------------------------------------|--------------------|
| Leverage → multiples on rent | | Debt service coverage → DSCR | |
| Acc. to loan agreement | 11.0 – 14.3 | Acc. to loan agreement | 1.03 – 1.10 |
| Acc. to business plan | 7.4 – 11.4 | Acc. to business plan | 1.30 – 2.00 |

» ② Financial highlights 2009

» Financial Highlights 2009

Earnings – P&L

| 2008 | EUR m | 2009 |
|-----------------|-----------------------------------|----------------|
| 315.512 | Revenues | 306.331 |
| 17.409 | Result from privatisation | 15.930 |
| 11.423 | Other operating income | 12.699 |
| 344.344 | Total income | 334.960 |
| -237.940 | Total expenses | -209.250 |
| 106.404 | Operating result | 125.710 |
| -171.859 | EBIT | 122.929 |
| -156.938 | Financial result | -119.577 |
| -328.796 | EBT | 3.352 |
| 56.471 | Taxes (incl. non cash) | -16.630 |
| 16.421 | Result from discontinued business | 0.0 |
| -255.905 | Net profit | -13.277 |



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| EUR m | 2008 | 2009 |
|---|---------------|-------------|
| EBT | -328.8 | 3.4 |
| Restructuring-/ Reorganisation expenses | 24.1 | 7.8 |
| Fair Value adjustment of investment properties | 276.5 | 0.0 |
| SWAPs | 32.2 | 1.2 |
| Prepayment penalty | 0.0 | 6.2 |
| Special payment DB14 | 5.7 | 0.0 |
| Adjusted EBT | 9.7 | 18.5 |

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- 1 Operating result significantly increased by 18 % y-o-y
- 2 EBT positive in 2009 after substantial loss in 2008

- 3 EBT adjusted for valuation and one-offs doubled to EUR 18.5m

» Financial Highlights 2009

P&L – Segments

| EUR m | 2008 | 2009 |
|---|--------------|--------------|
| Potential gross rental income | 208.9 | 205.1 |
| Vacancy loss | -15.1 | -12.5 |
| Current gross rental income | 193.8 | 192.7 |
| Utility expenses (net) | -3.4 | -6.5 |
| Concessions & delinquencies | -1.9 | -2.0 |
| Net rental income | 188.5 | 184.1 |
| Maintenance | -36.8 | -30.1 |
| Others | -3.8 | -3.0 |
| Result from rental business | 147.8 | 151.0 |
| Result from privatisation business | 13.2 | 9.7 |
| Administration expenses | -38.9 | -34.6 |
| Nursing homes | 8.7 | 9.1 |
| Other expenses | -0.2 | -1.7 |
| EBITDA | 130.6 | 133.5 |

| Yields based on FV | 2008 | 2009 |
|----------------------------|-------------------|-------------------|
| Current gross rental yield | 6.9% | 7.0% |
| Asset NOI yield | 5.3% | 5.5% |
| EBITDA yield | 4.5% ¹ | 4.7% ¹ |
| Net debt / EBITDA | 15.9x | 13.3x |

¹ Based on FV of total portfolio + KATHARINENHOF®

» Financial Highlights 2009

P&L

| EUR m* | 2008 | 2009 |
|-------------------------------------|---------------|--------------|
| EBITDA | 130.6 | 133.5 |
| Fair value adjustment | -276.5 | 0.0 |
| Depreciation | -1.8 | -2.8 |
| EBIT | -147.7 | 130.7 |
| Swap valuation | -32.2 | -1.2 |
| Financial result | -124.8 | -112.2 |
| Prepayment penalty | 0.0 | -6.2 |
| One-offs | -24.1 | -7.8 |
| EBT | -328.8 | 3.4 |
| Taxes | 56.5 | -16.6 |
| Income from discontinued operations | 16.4 | 0.0 |
| Net income | -255.9 | -13.3 |

| | | |
|-------------------------------|-------|-------|
| FFO | 26.1 | 34.8 |
| FFO per share (26.40m) | 0.99 | 1.32 |
| FFO per share (81.84m) | 0.32 | 0.43 |
| EPS per share (81.84m) | -3.13 | -0.16 |

* Except per share data

| Financial result | 2009 |
|------------------------|----------------|
| Ongoing interest exp. | - 97.8 |
| Ongoing interest inc. | 0.9 |
| Non-cash interest exp. | - 15.3 |
| Total | - 112.2 |

| Non-cash interest expenses | 2009 |
|----------------------------------|---------------|
| Mainly accruals on: | |
| Low-interest bearing liabilities | - 6.5 |
| Liabilities from EK02 taxes DB14 | - 3.3 |
| Pension provisions | - 2.2 |
| Convertible bond | - 1.1 |
| Total | - 15.3 |

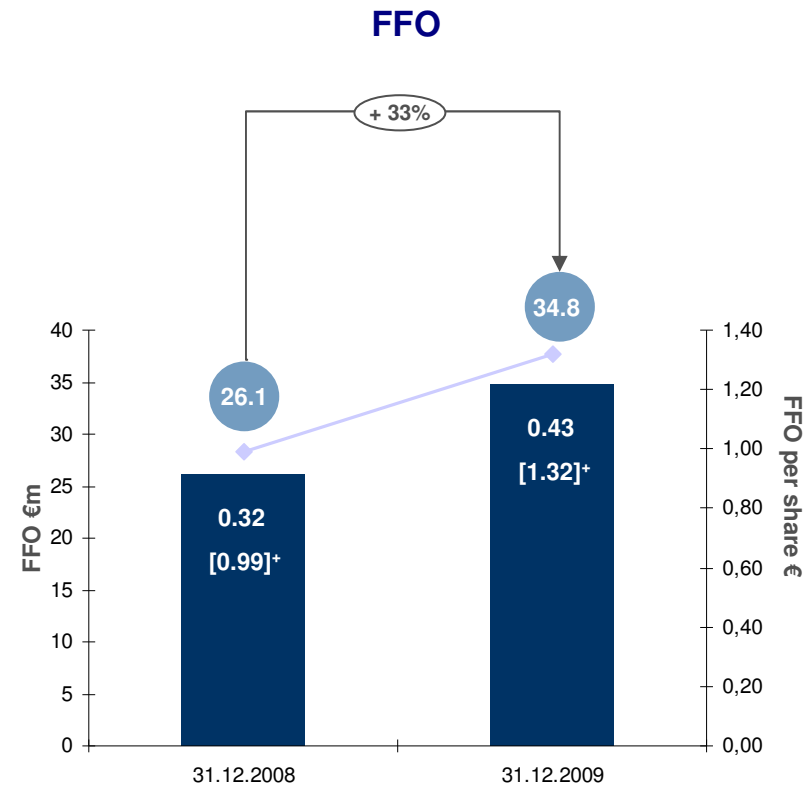
| One-offs | 2009 |
|----------------|--------------|
| Restructuring | - 3.4 |
| Reorganisation | - 4.4 |
| Total | - 7.8 |

| Taxes | 2009 |
|-----------------------|---------------|
| Ongoing taxes | - 1.8 |
| Mainly deferred taxes | - 14.8 |
| Total | - 16.6 |

» Financial Highlights 2009

Significant improvement of FFO

| EUR m | 2008 | 2009 |
|---|-------------|-------------|
| Net profit | -255.9 | -13.3 |
| + Depreciation | 1.8 | 2.8 |
| + Changes in market values of investment properties | 276.5 | 0.0 |
| - Result from discontinued business segments | -16.4 | 0.0 |
| + Changes in market values of derivatives | 32.2 | 1.2 |
| + Non-cash financial expenses | 14.3 | 15.3 |
| + Prepayment penalty | 0.0 | 6.2 |
| + Special payment DB14 | 5.7 | 0.0 |
| + Mainly deferred taxes | -56.2 | 14.8 |
| + Restructuring cost | 24.1 | 7.8 |
| = FFO | 26.1 | 34.8 |
| FFO per share (26.40m) | 0.99 | 1.32 |
| FFO per share (81.84m) | 0.32 | 0.43 |



* Based on 26.40m shares outstanding before capital increase

» Financial Highlights 2009

Balance sheet – assets

| EUR m | 2008 | 2009 | |
|-------------------------------------|----------------|----------------|---|
| Investment properties | 2,900.7 | 2,835.5 | Investment properties consist of: |
| Other non current assets | 23.0 | 22.4 | Properties € 2,724.7m |
| Deferred tax assets | 92.6 | 98.4 | Assets under construction € 32.4m |
| Non current assets | 3,016.3 | 2,956.3 | Assisted living and elderly care facilities € 78.4m |
| Land and building held for sale | 19.3 | 18.4 | Deferred tax assets consist of: |
| Receivables from goods and services | 21.2 | 14.5 | Properties € 52.0 m |
| Other current assets | 27.9 | 33.0 | Pensions € 2.6 m |
| Cash | 42.0 | 57.1 | Prepayment penalty € 0.8 m |
| Current assets | 110.4 | 123.0 | Loss carry forward € 18.0 m |
| Total assets | 3,126.7 | 3,079.3 | Provisions € 3.1 m |
| | | | Derivatives € 21.9 m |
| | | | thereof from |
| | | | Rental business € 5.1 m |
| | | | Sales € 8.1 m |
| | | | Other € 1.3 m |
| | | | Other current assets consist of: |
| | | | Non current assets held for sale € 25.1 m |
| | | | Other inventories € 2.2 m |
| | | | Income tax receivables € 2.5 m |
| | | | Other assets € 3.2 m |
| | | | Plus € 136m available credit lines |

» Financial Highlights 2009

Balance sheet – liabilities

| EUR m | 2008 | 2009 |
|--------------------------|----------------|----------------|
| Total equity | 649.3 | 862.0 |
| Financial liabilities | 2,089.2 | 1,802.7 |
| Tax liabilities | 82.3 | 84.1 |
| Deferred tax liabilities | 71.7 | 81.4 |
| Derivatives | 49.3 | 70.5 |
| Other liabilities | 184.9 | 178.6 |
| Total liabilities | 3,126.7 | 3,079.3 |

| EUR m | 2008 | 2009 |
|----------------|-------|-------|
| NNAV | 646.6 | 870.3 |
| NNAV per share | 24.49 | 10.63 |

| | |
|---------------------|-----------|
| <u>Δ € +212.7 m</u> | |
| P&L effect | € -13.3 m |
| SWAP-equity effect | € -13.6 m |
| Capital Increase | € 249.5 m |
| Cost Cap. Increase | € -8.0 m |
| Pension | € -2.0 m |

EK02: € 80.1 m

| | |
|--------------------------------------|----------|
| Deferred tax liabilities consist of: | |
| Property | € 53.4 m |
| Loans | € 27.0 m |
| Other | € 1.0 m |

| | |
|--------------|-------------|
| <u>SWAPS</u> | |
| Nominal | € 1,171 m |
| Strike | 3.2% - 5.0% |
| Maturities | 2012 - 2017 |

| | |
|---------------------------|----------|
| Convertible | € 26.6 m |
| Pensions | € 41.5 m |
| DB14 | € 49.1 m |
| Trade liabilities | € 23.2 m |
| Other current liabilities | € 21.7 m |
| Provisions | € 16.5 m |

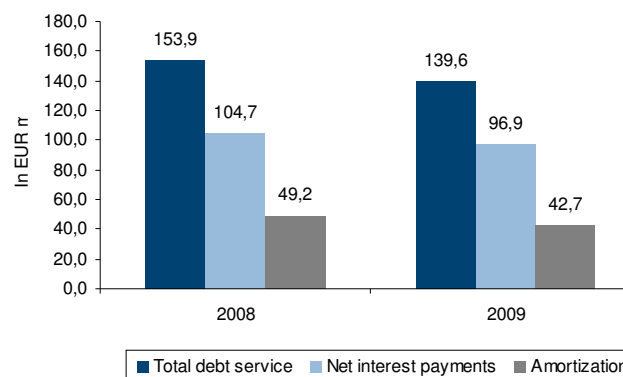
» Financial Highlights 2009

Financial position

Debt structure

| Financial liabilities in EUR m | DW stand alone | DB 14 | Total |
|--------------------------------|----------------|-------|---------|
| Mark-to-market | 1,696.9 | 105.8 | 1,802.7 |
| LTV (%) | 61.4 | 62.0 | 61.5 |
| Nominal value | 1,759.0 | 159.6 | 1,918.6 |
| LTV (%) | 63.7 | 93.6 | 65.5 |

Debt service



- Average interest rate: ~ 4.2%
- Average redemption p.a.: ~ 1.8% (excl. sales release payments)
- Interests fixed or hedged: ~ 97%

Long-term maturities profile

| 2010 | 2011 | 2012 | 2013 | 2014 | ≥ 2015 |
|--------|-------|---------|--------|---------|-----------|
| €32.2m | €5.3m | €426.8m | €26.7m | €149.8m | €1,161.9m |

» ③ Strategic objectives

» Strategic objectives

- Following the completion of its restructuring project, Deutsche Wohnen is one of the **most modern** housing corporations in Germany with **high capital market viability**.
- The business model of Deutsche Wohnen proved its worth during the financial crisis. In the context of our corporate strategy, we focus on long-term decisions and solid financing that make us less dependent on the volatility of the market.
- It is our aim to permanently establish the company as the **market leader**.
This depends on two central factors:

- ✓ **Growth**
- ✓ **Sustainability of dividends**
- ✓ **Listing in the MDAX**

» Strategic objectives – MDAX

Criteria

1. Market capitalisation

31 Aug. 2009 (before capital increase)
 ➤ Deutsche Wohnen (EUR 222.01 m)
 in 53rd place

28 Feb. 2010 (after capital increase)
 ➤ Deutsche Wohnen (EUR 462.51 m)
 in 43rd place

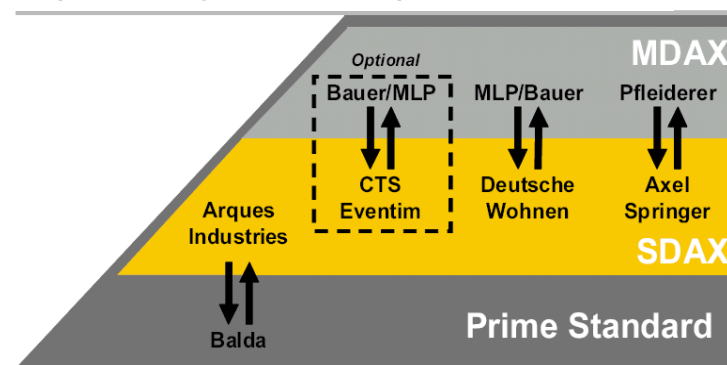
2. Stock market turnover

31 Aug. 2009 (before capital increase)
 ➤ Deutsche Wohnen (EUR 254.46 m)
 in 54th place

28 Feb. 2010 (after capital increase)
 ➤ Deutsche Wohnen (EUR 336.18 m)
 in 47th place

- Deutsche Wohnen is a definite MDAX candidate.
- Inclusion was recently (March 2010) refused for two reasons:
 1. Index continuity
 2. No candidates with fast exit criterias

Expected changes in SDAX composition



Source: Commerzbank Corporates & Markets

» 4 Forecast

» Forecast 2010*

- **Property management:** rising rental income and lower vacancy charge largely compensate rental shortfall of sales
- **Sale:** Privatisation target of 500 residential units still valid
- Significant **reduction of interest charge** due to effects of loan repayments
- Expectation of a **positive overall result** due to absence of further restructuring expenses
- **Increase of FFO** by more than 10 % from currently EUR 0.43 per share to approx. EUR 0.48 per share

* Not included: contributions to operating income from valuation, bloc sales and/or acquisitions.

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