



Deutsche Wohnen AG

» **9m 2011 results**

Conference Call, 14 November 2011

» **Strategic overview**

» Strategic overview (1/2)

I. Portfolio

Compelling overall strategy in dynamic markets

- Strategy since 2007: Focus on top German metropolitan areas
 - Dec08A: 50.489 residential units; thereof ~ 86% in our core regions
 - Dec11E: ~ 50.600 residential units; thereof ~ 92% in our core regions
- Successful disposals of non-core regions and accretive acquisitions in core regions bolster the overall quality of our portfolio

II. Organic growth

Strong organic growth with further potential

- Core letting portfolio
 - In-place rent: +3.4% like-for-like growth y-o-y
 - Annualised increase of current gross rental income (signed): + EUR 5.8m
 - Vacancy rate: 1.7% (-31% y-o-y)
 - Rent potential¹⁾: 20.4%
- We observe ongoing strong positive dynamics in our core letting markets

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

» Strategic overview (2/2)

III. External growth

Realising economies of scale with accretive acquisitions

- Accretive acquisitions
 - ~ 8,000 units accretively acquired, i.e. signed, since mid 2010 (100% in our core regions)
 - Net Initial Yield: 7.2%; above average NOI-margin (~ 80%) due to the realisation of economies of scale
- Financing of acquisitions
 - Banks show strong interest to finance Deutsche Wohnen at attractive margins
 - 100% of debt terms committed: LTV: 65%; AVG interest rate: 3.7%
- Rental development of 1,808 units acquired in 2010
 - In-place rent: 5.51 EUR/sqm (+ 0.24 EUR/sqm; +4.6%)¹⁾
 - New letting rent³⁾: 6.91 EUR/sqm
 - Overall, clearly outperforming our own acquisition business plan assumptions

IV. Financing

Our view: LTV vs. Interest ratio

- LTV: Increasing LTV: 62.1% (Sep11A); Dec11E: 63.1% due to acquisitions
 - Mid-term target of LTV: < 60%, i.e. maintain leverage discipline
- Covenants: no LTV-covenants; but ISCR/DSCR-covenants
 - Compelling development of interest ratio⁴⁾: Increase from 1.22 (12/08) to 1.84 (9/11)
- Hedging ratio: reducing hedging ratio (currently ~ 75%) turned out to be right strategy during times of decreasing interest rate levels

¹⁾ Compared to end of January 2011

²⁾ Estimated 3m Euribor 150 bps

³⁾ Contractually owed rent for newly concluded contracts for units not subject to rent control effective in 2011

⁴⁾ Interest ratio: NOI from lettings divided by current interest expenses (w/o Nursing and Assisted Living)

» Highlights 9m/2011

» Strong 9m/2011 results in connection with accretive acquisitions

Performance (y-o-y)

- Core letting portfolio
 - In-place rent: 5.59 EUR/sqm + 2.7% (**like-for-like: + 3.4%**)
 - New-letting rent: 6.73 EUR/sqm + 4.0%
 - Vacancy: 1.7% - 31% (like-for-like: - 31%)
- Letting portfolio in Greater Berlin
 - In-place rent: 5.51 EUR/sqm **+ 4.2% / + 0.22 EUR/sqm (like-for-like)**

Results (y-o-y)

- Net profit: EUR 19.7 m + 95%
- Adjusted EBT: EUR 37.6 m + 40%
- FFO w/o disposals: 0.49 EUR/share + 40%
- EPRA NAV 12.04 EUR/share + EUR 0.26¹⁾ (despite dividend for 2010 of EUR 0.20)
- Value creation + EUR 37.6m¹⁾ + EUR 0.46/share¹⁾ (w/o dividend consideration)

Portfolio

- **Accretive acquisitions**
 - ~ 8,000 since mid 2010
 - Net Initial Yield: 7.2%; above average NOI-margin (~ 80%)
- **Disposals**
 - 1,025 units signed in privatisation; 1,630 units signed in bloc sales (focus on disposal regions)
- **Improved quality of portfolio**
 - 92% in core regions (Sep11A)

¹⁾ Compared to 31/12/2010

» **Well managed portfolio in dynamic markets**

» Well managed portfolio with organic growth potential

Residential	Units	Area	Share of total portfolio	In-place rent ¹⁾	New-letting rent ²⁾	Vacancy
	Number	k sqm	%	EUR/sqm	EUR/sqm	%
Total	49,664	3,015	100%	5.51		2.9%
Core regions	45,451	2,756	92%	5.59		2.3%
Letting portfolio	40,382	2,430	82%	5.59	6.73	1.7%
Privatisation	5,069	326	10%	5.58		6.8%
Regions in detail						
Greater Berlin	27,817	1,661	56%	5.42		1.8%
Letting portfolio	24,564	1,456	49%	5.44	6.39	1.3%
Privatisation	3,253	205	7%	5.26		5.7%
Frankfurt/Main	4,158	252	8%	6.96		2.0%
Letting portfolio	3,544	208	7%	7.07	8.51	0.9%
Privatisation	614	44	1%	6.37		7.6%
Rhine-Main	4,676	282	9%	6.16		4.6%
Letting portfolio	4,169	249	8%	6.10	7.60	4.2%
Privatisation	507	33	1%	6.64		7.0%
Rhine Valley South	4,837	304	10%	5.31		2.9%
Letting portfolio	4,408	276	9%	5.30	5.96	2.0%
Privatisation	429	27	1%	5.45		11.3%
Rhine Valley North	3,217	207	6%	5.08		2.5%
Letting portfolio	2,951	190	6%	5.04	5.26	1.8%
Privatisation	266	17	1%	5.52		10.4%
Others (only letting portfolio)	746	51	2%	5.03	5.59	4.3%
Disposal regions	4,213	259	8%	4.62		10.8%
Adjustment portfolio	1,990	121	4%	4.36		17.2%
Other disposal holdings	2,223	138	4%	4.81		5.8%

¹⁾ Contractually owed rent from rented apartments divided by rented area

²⁾ Contractually owed rents for newly concluded contracts for units not subject to rent control effective in 2011

³⁾ Without vacancy due to current capex: 1.4%

» Valuation of our portfolio as at 30 September 2011

	Fair Value		Multiple	
	EUR m	EUR/sqm	In-place rent	Market rent
Total	2,841	921	14.0	12.5
Core regions	2,704	958	14.2	12.7
Greater Berlin	1,590	942	14.2	12.6
Frankfurt/Main	376	1,411	17.0	15.2
Rhine-Main	288	974	13.7	11.9
Rhine Valley South	265	850	13.4	12.9
Rhine Valley North	152	733	12.0	11.7
Others	34	645	10.9	9.5
Disposal regions	136	522	10.6	9.4
Adjustment portfolio	53	433	10.2	8.4
Other disposal holdings	83	600	10.9	10.1

» Compelling like-for-like rental growth and strong rent potential

	like-for-like-comparison In-place rent ¹⁾ (EUR per sqm)			Rent potential ²⁾
	30/09/2011	30/09/2010	in %	in %
Letting portfolio in core regions	5.64	5.45	+ 3.4%	20.4%
Greater Berlin	5.51	5.29	+ 4.2%	17.5%
Frankfurt/Main	7.07	6.90	+ 2.5%	20.4%
Rhine-Main	6.06	5.91	+ 2.5%	24.5%
Rhine Valley South	5.30	5.17	+ 2.5%	12.5%
Rhine Valley North	5.04	4.94	+ 2.1%	4.4%
Others	5.03	4.95	+ 1.6%	11.2%

- Significant increase of in-place rent (like-for-like) in Greater Berlin particularly driven by new Mietspiegel mainly effective from 1 September 2011
- Ongoing strong rent potential, i.e. difference between new-letting rent and current in-place rent in our letting markets
 - Average new-letting rent in the letting portfolio in our core regions:
EUR 6.73 (2010: EUR 6.47; + EUR 0.26 / + 4.0%)

¹⁾ Contractually owed rent from rented apartments divided by rented area

²⁾ Rent potential = New-letting rent (i.e. contractually owed rent for newly concluded contracts for units not subject to rent control effective in 2011) compared to in-place rent

» Further improvement of operat. performance and cash contribution

Letting

+ 4.4%

EUR m	9m/2011	9m/2010
Current gross rental income	144.7	143.1
Non-recoverable expenses	-4.4	-4.7
Rental loss	-1.2	-1.6
Maintenance	-20.1	-21.8
Others	-0.6	-1.6
Earnings from Residential Property Management	118.4	113.4

NOI/sqm/month

+ 5.6%

Staff, general and administration expenses	-12.2	-12.0
Net Operating Income (NOI)	106.2	101.4
NOI Margin	73.4%	70.9%
NOI in EUR/sqm and month ¹⁾	3.94	3.73
Increase	5.6%	

Cash flow

+ 24.3%

EUR m	9m/2011	9m/2010
Net Operating Income (NOI)	106.2	101.4
Cash interest expenses (w/o Nursing and Assisted Living)	-57.8	-62.4
Cash flow from portfolio after cash interest expenses	48.4	39.0
Increase	24.1%	

¹⁾ Based on average quarterly floor space for the period

» Acquisitions of ~ 8,000 units in core regions since July 2010

Accretive acquisitions and realisation of economies of scale

Region	Acquisitions 2010 and 2011					
	Berlin Letting	Berlin Privatisation	Rhine-Main	Rhine Valley South	Rhine Valley North	Total
Portfolio						
Total units	4,145	1,867	466	350	1,160	7,988
<i>thereof residential units</i>	4,128	1,858	457	334	1,160	7,937
Total area (sqm)	236,592	110,825	24,713	23,557	72,423	468,110
GAV (in EUR m) ¹⁾	204.8	75.5	25.8	18.7	82.6	407.4
GAV (in EUR/sqm)	866	681	1,044	794	1,141	870
Actual vacancy (%)	2.4	5.9	2.5	4.1	1.3	3.1
Rent						
Actual in-place rent (EUR/sqm/month)	4.98	5.15	6.66	4.96	5.89	5.25
Estimated Potential rent (EUR/sqm/month) ²⁾	6.22	5.16	7.86	5.76	6.87	6.13
<i>Rent potential</i>	25	0	18	16	17	17
Average sales price (EUR/sqm)		974				974
Gross margin (%) ³⁾		43				43
KPIs						
Net initial yield ⁴⁾	6.9%	8.6%	7.8%	7.5%	6.3%	7.2%
FFO without disposals pre tax (EUR m)	6.6	2.9	0.9	0,6	2,0	13,0
<i>per sqm</i>	27.9	26.2	36.4	25.5	27.6	27.8
Pre-tax FFO incremental contribution yield ⁵⁾	8.1%	9.6%	8.7%	8.0%	6.1%	8.0%
FFO from disposal pre tax		2.0				2.0
Total FFO pre tax	6.6	4.9	0.9	0.6	2.0	15.0
<i>per share (based on 81,84 million)</i>	0.08	0.06	0.01	0.01	0.02	0.18

¹⁾ Gross asset value ("GAV")

²⁾ Companies estimate

³⁾ Average sales price (in € per square meters) divided by GAV (in € per square meters)

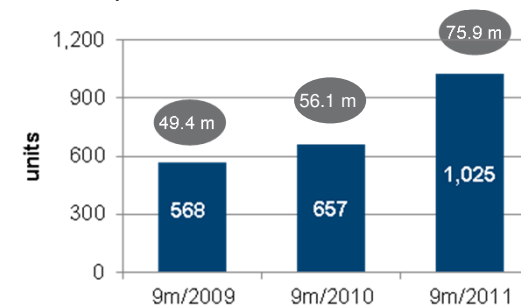
⁴⁾ Current gross rental income divided by GAV

⁵⁾ FFO without disposals pre tax divided by assumed equity portion based on a LTV of 60%

» Strong privatisation business and successful non-core divestments

Signed in 9m/2011	Units	Transaction volume	Fair value	Gross margin	
	#	EUR m	EUR m	EUR m	%
Privatisation	1,025	75.9	57.0	18.9	33%
Bloc sales	1,630	57.7	58.4	-0.7	-1%
	2,655	133.6	115.4	18.2	16%

Signed privatisation (units and transaction volume)



- **Privatisation** (i.e. sales of individual apartments):
 - › Transaction volume increased by 35% with gross margins of 33%
 - › Annual privatisation targets of 500-550 units clearly overachieved
- **Bloc sales:**
 - › Clear focus on disposals within disposal regions (year-end estimate: 30% sold since 30 Sep 2010)

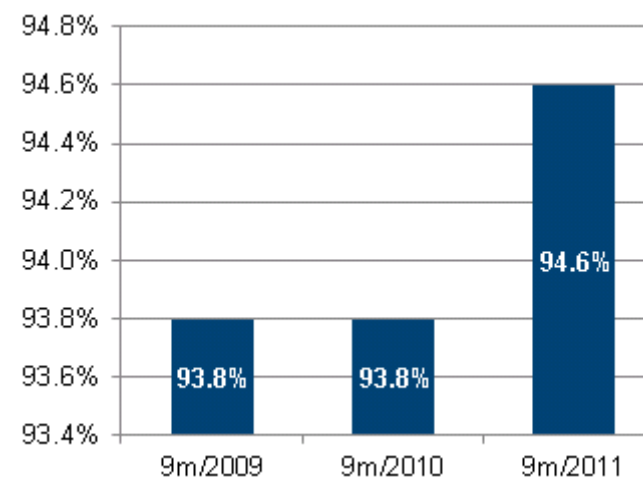
Closed in 9m/2011	9m/2011	9m/2010
Sales proceeds	85.7	91.4
Cost of sales	-5.4	-4.4
Net sales proceeds	80.3	87.0
Fair value	-73.1	-78.2
Earnings from Disposals	7.2	8.8

- Number of disposals closed in 9m/2011: 1,791
 - › Privatisation: 642 units
 - › Bloc sales: 1,149 units

» Nursing and Assisted Living

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

Average occupancy



- Increase of average occupancy from 93.8 % to 94.6 % (y-t-d)
- Average occupancy of 95.2 % as of Sep 11

» **Enhanced results and strong financial profile**

» EBITDA increased by 4.0% (y-o-y)

EUR m	9m/2011	9m/2010
Earnings from Residential Property Management	118.4	113.4
Earnings from Disposals	7.2	8.8
Earnings from Nursing and Assisted Living	7.3	7.1
Segment contribution margin	132.9	129.3
Corporate expenses	-23.0	-22.5
Other operating expenses/income	-1.1	-2.2
EBITDA	108.8	104.6

» Adjusted EBT increased by 40% (y-o-y)

EUR m	9m/2011	9m/2010
EBITDA	108.8	104.6
Depreciation	-2.5	-2.4
Financial result (net)	-68.7	-75.3
EBT adjusted	37.6	26.9
Valuation SWAP	-0.2	-2.4
EBT	37.4	24.5
Taxes	-17.7	-14.4
Profit	19.7	10.1
Earnings per share in EUR	0.24	0.12

EUR m	9m/2011	9m/2010
Interest expenses	-59.8	-64.5
Non-cash interest expenses	-9.3	-11.2
	-69.1	-75.7
Interest income	0.4	0.4
Financial result (net)	-68.7	-75.3

- Further reduction of interest expenses as a result of the debt structure optimisation in 2010
- Taxes affected by higher deferred taxes (+ EUR 4.0 m)

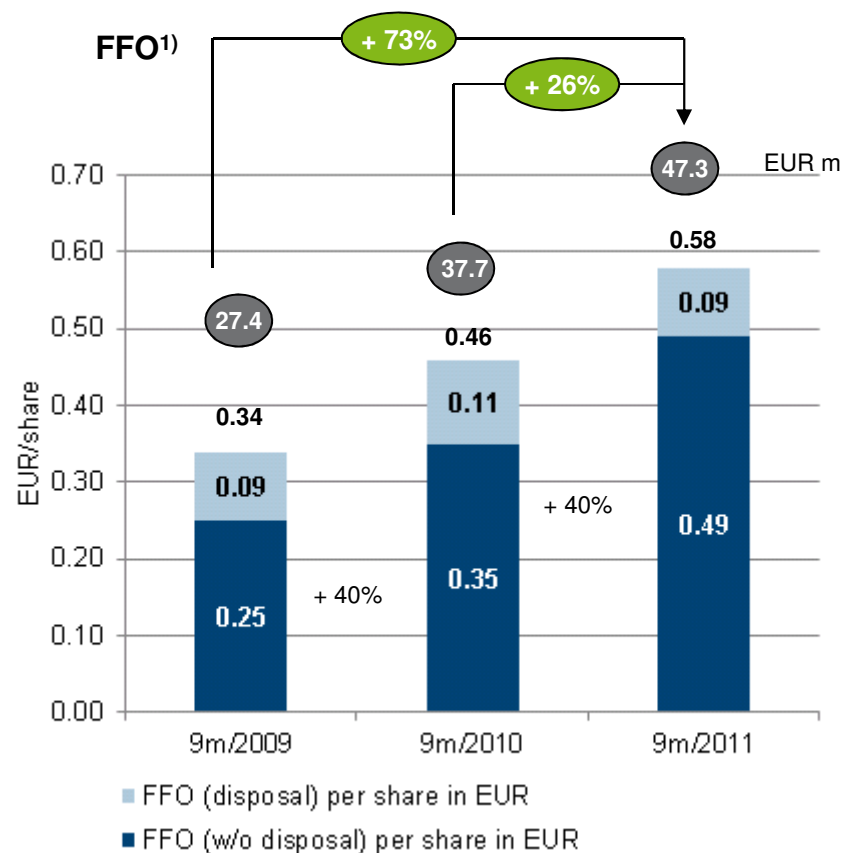
Taxes	9m/2011
Ongoing taxes	- 2.1
Deferred taxes	- 15.6
Total	- 17.7

Non-cash interest expenses	9m/2011
Mainly accruals on:	
Low-interest bearing liabilities	- 5.4
Liabilities from EK 02 taxes	- 1.8
Pension provisions	- 1.7
DB 14	- 0.4
Total	- 9.3

» Recurring FFO further increased by 40% y-o-y

FFO-calculation

EUR m	9m/2011	9m/2010
Profit	19.7	10.1
Earnings from Disposals	-7.2	-8.8
Depreciation	2.5	2.4
Valuation SWAP	0.2	2.4
Non-cash financial expenses	9.3	11.2
Deferred taxes	15.6	11.6
FFO (w/o disposals)	40.1	28.9
FFO (w/o disposals) in EUR/share	0.49	0.35
FFO (incl. disposals)	47.3	37.7
FFO (incl. disposals) in EUR/share	0.58	0.46



¹⁾ Based on 81.84 m shares outstanding

» Balance sheet – Assets

EUR m	30/09/2011	31/12/2010
Investment properties	2,895.7	2,821.0
Other non current assets	20.4	20.5
Derivatives	0.0	9.2
Deferred tax assets	74.1	78.7
Non current assets	2,990.2	2,929.4
Land and building held for sale	77.9	15.2
Trade receivables	5.5	6.7
Other current assets	39.3	40.9
Cash and cash equivalents	42.1	46.0
Current assets	164.8	108.8
Total assets	3,155.0	3,038.2

Unchanged valuation matrix

Due to acquisition of residential units held for privatisation

Thereof from **30/09/2011**

Rental business	EUR 3.9 m
Disposals	EUR 0.6 m
Other	EUR 1.0 m

Other current assets comprise **30/09/2011**

Non current assets held for sale	EUR 34.0 m
Income tax receivables	EUR 0.9 m
Other inventories	EUR 2.1 m
Other assets	EUR 2.3 m

» Balance sheet – Liabilities

EUR m	30/09/2011	31/12/2010
Total equity	878.2	889.9
Financial liabilities	1,909.4	1,784.5
Tax liabilities	58.6	63.9
Deferred tax liabilities	96.2	92.0
Derivatives	85.6	70.3
Other liabilities	127.0	137.6
Total equity and liabilities	3,155.0	3,038.2

+ Profit	EUR 19.7 m
- Cash flow hedge	EUR 16.7 m
+ Pensions	EUR 1.7 m
- Dividend	EUR 16.4 m

Increase of LTV to 62.1% due to acquisitions

Including EK 02: EUR 51.1 m

Delta derivative assets	EUR + 9.2 m
Delta derivative liabilities	EUR + 15.3 m
Total delta	EUR + 24.5 m

Other liabilities mainly comprise

Trade liabilities	EUR 35.5 m
Pensions	EUR 42.1 m
Provisions	EUR 12.2 m
Other liabilities	EUR 22.0 m
DB 14	EUR 15.2 m

EUR m	30/09/2011	31/12/2010
EPRA NAV	985.6	964.0
EPRA NAV per share in EUR	12.04	11.78

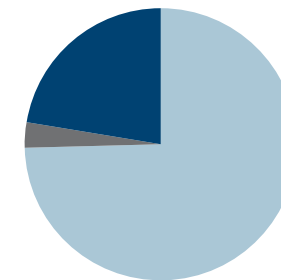
Increase of EPRA NAV by EUR 0.26 per share y-t-d (dividend payout of EUR 0.20 per share for 2010 already reflected)

» Banks show strong interest to finance DW

	Letting portfolio	Privatisation	Total
Gross asset value (EURm)	331.9	75.5	407.4
Mortgage debt	215.0	50.0	265.0¹⁾
LTV	65%	66%	65%
Margin (bps)	~ 135	~ 240	~ 150
Interest rate ²⁾ (incl. margin and hedging) (bps)	~ 370	~ 390	~ 370
Hedging ratio	77%	0%	65%
Credit lines utilised/cash	116.9	25.5	142.4

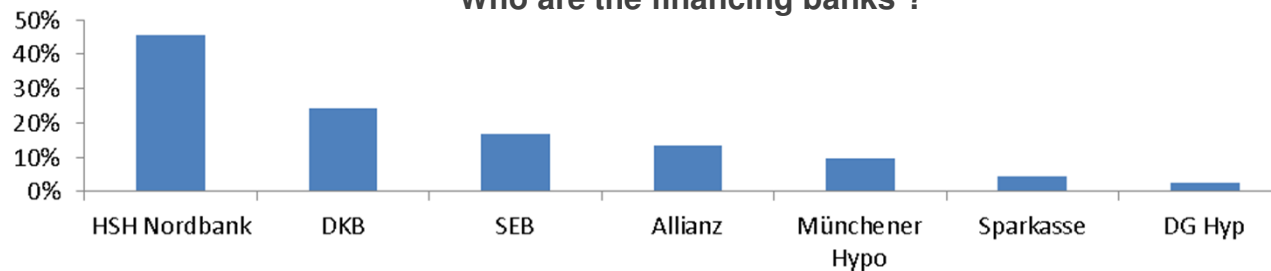
- Estimated Deutsche Wohnen LTV post acquisitions: 63.1%

1) Status of mortgage debt:
100% of debt terms committed



- Debt already paid out
- Debt contract signed
- Bank committee committed to debt terms

Who are the financing banks ?



²⁾ Estimated 3m Euribor 150 bps

» LTV increased to 62.1% due to acquisitions; Ø interest: 4.08%

Debt structure

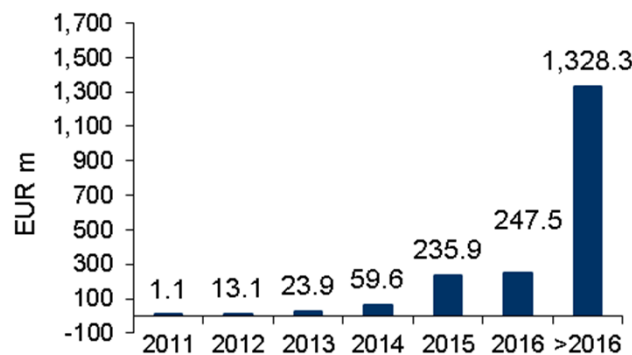
Financial liabilities in EUR m

Mark-to-market	1,909.4
LTV (%)	62.1
Nominal value	2,015.0
LTV (%)	65.6

Debt service

- Average interest rate: ~ 4.08 %
- Average mandatory redemption p.a.: ~ 1.6 %
- Average weighted maturity ~ 9.4 years
- Interest rates fixed or hedged: ~ 75 %

Long-term maturities profile



> Essentially no major loans due before end of 2015

» Outlook

» Guidance of recurring FFO: at least EUR 45 m (EUR 0.55 per share)

- Strong performance in 9m/2011 and an continued positive residential market environment lead to a guidance of FFO (w/o disposals) for financial year 2011 of at least EUR 0.55 per share
 - > This corresponds to an increase of at least 37 % compared to 2010
- FFO from disposals:
 - > Due to the focus within bloc sales of streamlining structurally weak regions, we expect a lower FFO from disposals compared to FY 10 albeit a higher gross margin in the disposal segment
- We will continue with our acquisition strategy
- Our acquisition pipeline is full → capital increase via rights offering

» Appendix

» Management team

“We are committed to combine value and sustainable growth while moving forward Deutsche Wohnen as the leading residential property company in Germany”



Michael Zahn

Chief Executive Officer

- 19 years of experience in real estate
- Significant experience in structuring and integrating portfolio and corporate acquisitions. Total transaction volume of 120,000 residential units successfully executed in the past 8 years
- Management Board member since 2007 and Chairman since 2008



Helmut Ullrich

Chief Financial Officer

- 23 years of experience in real estate
- Long-standing track record in private and public real estate capital markets. Spent 17 years as Senior Executive with Deutsche Bank Group / RREEF
- Management Board member since 2007



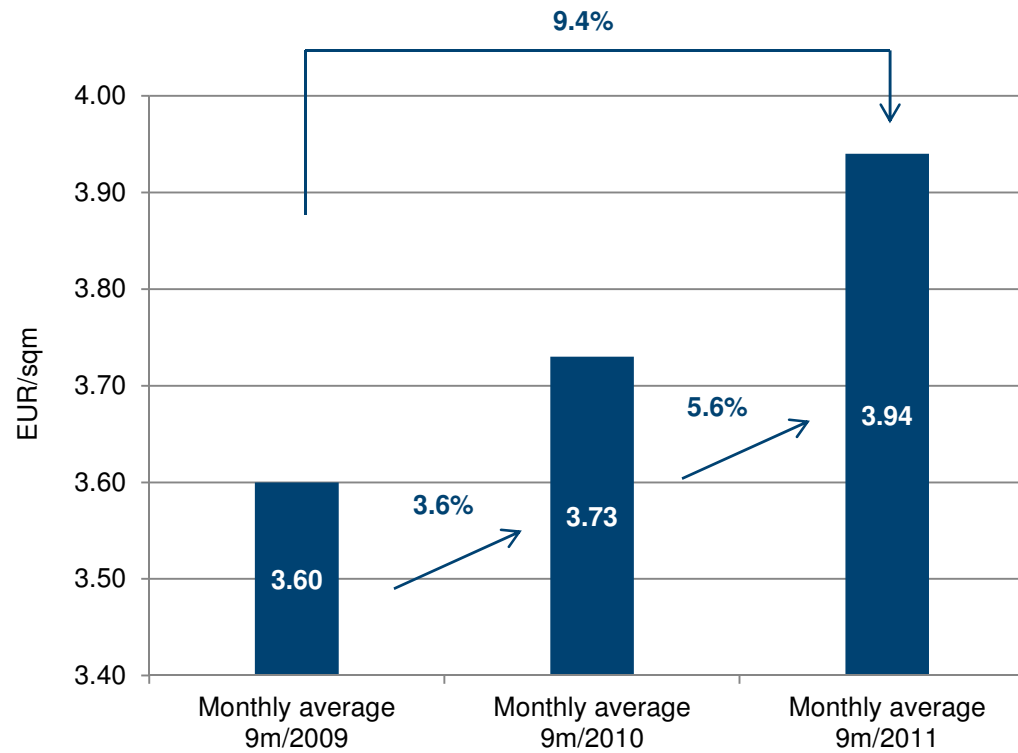
Lars Wittan

Deputy Chief Financial Officer

- 5 years of experience in real estate
- Expertise in Accounting, Tax, Risk, Controlling and Auditing. Previously, German Certified Public Accountant with Ernst & Young
- Management Board member since October 2011. Joined Deutsche Wohnen in 2007

» Ongoing strong NOI performance per sqm

Residential Property Management: NOI per sqm and month¹⁾



¹⁾ NOI: Net Operating Income of the period divided by month of the period and average floor space on a quarterly basis in the period under review

» Disclaimer

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Deutsche Wohnen AG

Head Office
Pfaffenwiese 300
65929 Frankfurt am Main

Berlin Office
Mecklenburgische Straße 57
14197 Berlin
Telefon: 030 897 86 551
Telefax: 030 897 86 507

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