



INTERIM REPORT January 1 – September 30, 2007





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LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders, Ladies, and Gentlemen:

First of all, we would like to report on the changes within the Management Board and the Supervisory Board of Deutsche Wohnen AG. The previous chairman of the Management Board, Mr. Andreas Lehner, resigned his office on September 28, 2007. On August 30, 2007, the Supervisory Board appointed Michael Zahn member of the Management Board, and on October 5, 2007, he was appointed Speaker of the Management Board, and is responsible for operations and personnel matters. On August 1, 2007, Helmut Ullrich was elected to the Management Board and is responsible for the financial, legal, IT and organizational segments.

Because of the change within the Management Board, Helmut Ullrich resigned his office as member of the Supervisory Board on July 31, 2007. He was replaced by Hermann T. Dambach as the sixth member of the Supervisory Board and until the 2008 General Meeting, based on a decision by the Frankfurt Local Court, on September 7, 2007. The Supervisory Board elected Hermann T. Dambach from its membership as new Chairman of the Supervisory Board.



As you know, our company's image changed considerably in 2007. In early July 2007, Deutsche Wohnen acquired the Berlin-based GEHAG Group with around 27,000 residential units. Through the merger of Deutsche Wohnen and GEHAG, a company was created with around 51,000 independent residential units in the preferred core markets of the Rhine-Main region and Berlin. Without losing sight of acquisition opportunities, the Management Board is currently focusing on the integration process of Deutsche Wohnen and GEHAG. A total of 22 internal projects have been initiated, in which all corporate segments were initially analyzed and in very quick succession provided with clearly defined structures and responsibilities. The largest part of the overall procedure of the corporate merger is to be concluded by the time of the General Meeting at the end of June 2008. The future asset management and the marketing strategy (renting and selling apartments) will be based on realizations gained from the portfolio analysis and the reassessment of the overall portfolio of Deutsche Wohnen/GEHAG as per June 30, 2007, which resulted in a new fair value of the housing stock of around EUR 3.1 billion.

The reorganized Deutsche Wohnen will be developed as a service-oriented manager of residential real estate with a clearly defined product and site strategy. Already today, Deutsche Wohnen covers the complete value-added chain in the residential segment. Apart from the housing stock, Deutsche Wohnen, together with Katharinenhof Seniorenwohn- und Pflegeanlage Betriebs-GmbH, is a provider of high-quality nursing homes for the elderly and sheltered housing with over 1,500 beds in Hamburg, Berlin and Dresden. Katharinenhof has extensive experience in operating nursing facilities and assisted living, and in the past two years has experienced tremendous growth.

AKF Telekabel – a wholly-owned subsidiary of GEHAG – is an innovative provider of high-quality multi-media solutions for cable television, Internet and telephone, which currently supplies around 74,500 connections throughout Germany.



Within the reorganized Deutsche Wohnen-Gruppe, Katharinenhof and AKF Telekabel are completely self-supporting in terms of organization and make a major contribution to the consolidated profit.

The current consolidated financial statements at September 30, 2007, still were drawn up according to acquisition costs ("at cost") according to IAS 40, since the conversion of the accounting method can be effected only at the end of the business year. Because of the consolidation in early August 2007, the performance of GEHAG was taken into consideration only for a period of two months. Within the meaning of providing the greatest possible transparency, we have drawn up another fair value pro forma consolidated income statement, which enables drawing up statements on the Group performance as if Deutsche Wohnen had consisted of Deutsche Wohnen and GEHAG since January 1, 2007.

Subsequent to this letter, as well as in the notes on the consolidated financial statements and in the consolidated status report, you will receive detailed information on the resulting consolidated profits. At this point, however, I wish to point out that the profits at September 30 are comparable only to a limited extent with the nine-month profits of prior years.

Looking forward to the 2007 performance, GEHAG will develop transactions from a positive (so-called lucky buys) and a negative (non-recurring expenditures for implementing the transaction and restructuring) point of view. Furthermore, the portfolio revaluation and a flat-rate tax resulting from the EK02 topic will have an influence on performance. In addition, until the end of 2007, additional operative effects may have an impact on the income statement. At this time, we start out from a consolidated after-tax result of EUR 30 million, which GEHAG, however, will be taking into consideration only for five months because of the consolidation in early August 2007.



National and international stock markets continue to be characterized by serious uncertainties and a generally low investor interest. This is due to the continued latent burden problems of American loan financing companies, fear of a decline in economic growth in the USA, and an increase in yield with real estate. Our bearer share listed on the SDAX was unable to evade the strong downward price trend, but followed the downward trend of national and international indices of the European Public Real Estate Association (EPRA).

In the course of the year we were able to considerably increase our stock exchange liquidity (average daily trading volume of around EUR 2.5 million of XETRA), but we are still not moving at the level that would justify an ascent to the targeted MDAX. We shall intensify our designated sponsoring activities and, furthermore, a number of coverage initiations of our shares over the coming month should help us in attracting greater attention of investors.

Sustainability is our motto in communications and in the business model. We are convinced that the new Deutsche Wohnen as Germany's second largest listed housing company with its clearly defined business model, will become very successful. You as shareholders will be able to profit from it.



2007 and 2008, however, are a transition period for Deutsche Wohnen. The integration and required restructuring will manifest itself in the 2007 and 2008 performance, but starting in 2009, we will be able to reap the fruits of our labor. We ask for your support for the continued development of Deutsche Wohnen, and would like to take this opportunity to thank you wholeheartedly for your trust.

Yours sincerely,

Michael Zahn

Helmut Ullrich

Management Board



INTERIM MANAGEMENT REPORT

As a result of the merger of Deutsche Wohnen with the GEHAG Group and the more than doubled portfolio of apartments, the results mentioned in this interim management report as of 30 September 2007 were not compared with those of 30 September 2006; a meaningful period comparison would have been possible only to a very limited degree.

We will, however, discuss the development of earnings on the basis of a proforma consolidated income statement that, for improved transparency, assumes that Deutsche Wohnen and GEHAG have been merged since 1 January 2007. The proforma reporting is based on future fair value accounting and is an integral component of the notes to the consolidated financial statements.

| 1. Residential property management

The total target rent revenue (residential and commercial) – on the basis of at-cost consolidated financial statements taking GEHAG into consideration for only two months – in the first nine months of 2007 came to EUR 89.7 million (of which residential represents EUR 83.1 million). The actual rent revenue (net rent income was EUR 82.3 million and the repair and modernization disbursements reflected as expense were around EUR 18.9 million (plus EUR 4.7 million capitalized items) or EUR 5.79 per m². The results of building operation came to EUR 59.3 million.

From the standpoint of the proforma reporting (GEHAG for nine months), target rent revenue was EUR 146.8 million. EUR 34.0 million was put into maintenance and renovation, which represents EUR 10.42 per sq. meter. Of this, EUR 26.3 million, or EUR 8.04 per m², was reflected as expense.



As of 30 September, the average net rent without utilities was EUR 4.83 per m², broken down into Deutsche Wohnen (EUR 5.04 per m²) and GEHAG (EUR 4.63 per m²). Compared with the prior year final figure, we thus were able to increase average rent by 3.0%, broken down into 2.2% for Deutsche Wohnen and 2.9% for GEHAG. The vacancy rate was 6.6%.

We were able to realize particular successes in the area of new leases. In the first nine months, we signed a total of 4,100 new lease agreements and an average rent of EUR 5.50 per m², which is 14% above the existing rents. In GEHAG, the new rents were 21% above the old rents and in Deutsche Wohnen around 8%.

| 2. Results from sales activity

The results of sales activity already reflect the changed sales and privatization policy. The focal point of business activity in the future will be on the optimization and expansion of the apartment portfolio for realization of higher rent receipts. Sales – whether in the form of individual privatizations or block sales – will be subject to this priority; i.e., they will take place in the future only to a limited extent for purposes of portfolio optimization.

The proforma financial statements best reflect the sales activity of the entire nine months. Accordingly Deutsche Wohnen and GEHAG sold a total of 609 apartments, of which 325 were individual sales. The average sales price was EUR 1,326 per sq. meter in the individual privatization sales and EUR 680 per sq. meter in block privatization sales. The results of sales activity in the proforma consolidated financial statements were EUR 2.3 million. On 30 September 2007, gross earnings from privatization amounted to EUR 10.6 million.



The significantly differing results most clearly display the differing accounting methods. In the at-cost accounting, the sales results essentially are based on the difference between the lower acquisition cost reduced by depreciation on the one hand and the relatively high sales price on the other. The fair value accounting is based on the higher market value of the real estate so that the sales results are more transparent, but are also lower.

The board assumes that by the end of the fiscal year 2007 prospectively around 880 apartment sales will be posted (GEHAG taken into account for this purpose for 12 months).

| 3. Katharinenhöfe

For Katharinenhof Seniorenwohn- und Pflegeanlage Betriebs-GmbH, a provider of quality nursing homes and senior residences, sales were realized on a proforma basis in the amount of EUR 17.6 million and EBITDA was EUR 5.2 million. In 2007 the portfolio was enlarged by the acquisition of approx. 600 nursing places.

| 4. Revaluation of the portfolio

As of 30 June 2007, the real estate portfolio of Deutsche Wohnen/GEHAG was subjected to a uniform revaluation. The background to the revaluation is the prospective conversion of the accounting method as of 31 December 2007 from the cost method to the fair value method to increase transparency as well as the preparation of a stock exchange admission prospectus for the 6.4 million new bearer shares issued as a component of purchase price in the framework of the GEHAG acquisition.

The valuation resulted in a market value of the total apartment portfolio (fair value) of around EUR 3.1 billion. The net asset value of the Group accordingly is EUR 1.03 billion. On 30 September 2007, the Net Asset Value of the Group amounted to EUR 1.03 billion (basing on pro-forma accounts). The Net Asset Value per share amounted to EUR 39.00 (raise of 7.5% compared to 31 December 2006).

Details of the revaluation of the portfolio and derivation of the net asset value are available on the Internet for download at <http://www.deutsche-wohnen.de>



| 5. Consolidated financial statements

a) Consolidated financial statements at cost

For the at-cost financial statements the EBITDA of the Group was at EUR 39.4 million for the period under review, while EBIT reached EUR 21.1 million.

The gross cash flow (Funds From Operations, FFO), which is based on EBITDA and adjusted for net interest income/loss and taxes, was in the range of EUR 4.4 million including the privatisation of residences, and at EUR –8.8 million without privatisation, which at 26.4 million shares resulted in EUR 0.17 per share (including privatisation) and EUR –0.33 per share (excluding privatisation).

The at-cost after-tax income came to EUR 33.6 million (earnings per share of EUR 1.27).

b) Pro-forma Group information Fair Value

The main differences between the group results at cost and fair value are found in the treatment of sales book profits – see above under item 2. In at-cost accounting real estate is accounted for under purchasing costs and depreciated continuously affecting net income. Existing real estate valued at fair value is reported at market value and is no longer subject to regular depreciation. As a result the depreciation amount of EUR 2.6 million (depreciation of office and business furnishings) as shown in the pro-forma Group financial information is EUR 15.7 million less than the depreciation in the at-cost Group P&L (EUR 18.3 million).

Real estate that is accounted for at fair value is continuously checked for market value; the last revaluation of the total inventory was carried out on 30 June 2007 – see item 3 above. The market value adjustment to the real estate held as financial investments, which is a result of the revaluation of the portfolio, affects net income and influences the EBIT result in the amount of EUR 319.7 million for the pro-forma Group financial information. Besides the remaining depreciation (EUR 2.6 million) and earnings from financial derivatives (EUR 22.4 million), this is the main reason for the large difference between the EBITDA of EUR 63.7 million and EBIT of EUR 403.1 million.



The pro-forma after-tax net income was EUR 341.3 million (earnings per share of EUR 12.93 million).

The gross cash flow (Funds From Operations, FFO) which is based on EBITDA and adjusted for net interest income/loss and taxes, was in the range of EUR 8.6 million including privatization of residences, and at EUR 6.3 million excluding privatization, which at 26.4 million shares equals EUR 0.33 per share (incl. Privatization) and EUR –0.24 per share (without privatization).

c) Asset situation

As at 30 September 2007 the balance sheet total was at EUR 3.20 billion. Real estate held as financial investments represent the largest balance sheet item at 88%. The noncurrent liabilities to the GEHAG acquisitions, financial debt has increased by about EUR 1.53 billion to EUR 2.18 billion as compared to 31 December 2006.

d) Financial situation

The cash flow calculation for the Group shows an operative cash flow of EUR 28.9 million before interest and tax payments and special items. After interest payments the cash flow is reduced to EUR 2.5 million; after the deduction of one-time special items and tax payments cash flow entered negative territory at EUR –2.4 million.

Out of the capital funds, which consist of cash and bank balances, approximately EUR 19 million is not freely available to the Deutsche Wohnen Group. This relates mainly to rent deposits and the liquid assets of DB 14.

Additional purchase price payments for GEHAG which are becoming due at the end of the year will be addressed with already-assured borrowed funds. The liquidity situation of the Group is orderly.



e) No audit review

The interim status report of 30 September 2007 was not subject to an audit review.

| 6. Supplemental report

On 5 October 2007 the Supervisory Board appointed Michael Zahn as Speaker of the Management Board.

On 23 October 2007 the results of the portfolio revaluation as well as the new net asset value of the Group were published (see under 4.).

6.4 million new bearer shares were admitted to the stock exchange by admission of the responsible department of Frankfurt Stock Exchange, this on 12 November 2007 (inclusion for share trading on 14 November 2007).

No further significant events occurred after 30 September 2007.

| 7. Report on forecasts and other information regarding expected developments

In connection with the GEHAG acquisition, an adjustment of the original forecast for the Group's 2007 after-tax results (approx. EUR 13 to 15 million) to approx. EUR 1 million was communicated at the beginning of July 2007.

The forecast will be adjusted to 30 September 2007 with the publication of this interim status report. The new results forecast takes into account positive effects such as earnings from the corporate merger with GEHAG (a so-called "lucky buy"), that portion of the results for the revaluation which falls under the portfolio of the Deutsche Wohnen, as well as the conversion to the fair value method. At the same time there will be negative effects from the tax amendment law (in particular EK02) and special items from, among others, GEHAG transaction costs and restructuring costs.



At the present time we are expecting a 2007 group after-tax income of approx. EUR 30 million. In principle this could also be accompanied by further operative items affecting income until the end of the year 2007.

| 8. Opportunities and risks regarding future developments

Opportunities and risks regarding future developments are extensively described in the Group Status Report of 31 December 2006. In the medium term we expect positive effects on earnings from the merger between Deutsche Wohnen and GEHAG.

| 9. Disclaimer

This status report contains future-oriented statements and information regarding expected developments. Such anticipatory statements are based on our present expectations and certain assumptions. They are naturally subject to risks and uncertainty, therefore actual results, successes and performances may differ significantly.

Michael Zahn

Helmut Ulrich

Management Board

CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2007 – ASSETS –

Assets in EUR thousand	Sep 30, 2007	Dec 31, 2006
A. Noncurrent assets		
I. Investment property	2,810,484	956,580
II. Prepayments made on investment property	12,664	0
III. Property, plant and equipment	29,091	3,898
IV. Intangible assets	318	189
V. Receivables and other assets	655	317
VI. Deferred tax assets	96,845	42,420
Total noncurrent assets	2,950,057	1,003,404
B. Current assets		
I. Property intended for sale and other inventories		
a) Land without buildings	12,986	2,480
b) Properties with finished buildings	9,257	5,908
c) Work in progress, other inventories	99,785	28,153
	122,028	36,541
II. Receivables and other assets		
a) Receivables from rental activities	16,997	4,284
b) Receivables from sale of properties	8,904	47,160
c) Receivables from income taxes	2,721	1,652
d) Receivables and other assets	17,074	10,250
e) Derivatives	36,279	0
	81,975	63,346
III. Bank and cash balances	44,960	33,516
C. Noncurrent assets held for sale	5,960	2,709
Total current assets	254,923	136,112
Total assets	3,204,980	1,139,516

CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2007 – EQUITY AND LIABILITIES –

Equity and Liabilities in EUR thousand	Sep 30, 2007	Dec 31, 2006
A. Equity		
I. Subscribed capital	26,400	20,000
II. Capital reserves	348,418	170,754
III. Retained earnings	29,796	29,702
IV. Convertible bond	1,100	0
V. Consolidated net retained profits	191,051	175,099
Total equity	596,765	395,555
B. Noncurrent liabilities		
I. Bank loans and overdrafts	1,847,609	503,587
II. Liabilities to other lenders	52,962	58,599
III. Derivatives	0	55
IV. Post-employment obligations	45,675	5,084
V. Convertible bond	24,078	0
VI. Other provisions	59,267	254
VII. Liabilities to fund limited partners	50,999	49,783
VIII. Other liabilities	219	219
IX. Deferred tax liabilities	69,433	6,180
X. Deferred income	34,331	35,447
Total noncurrent liabilities	2,184,573	659,208
C. Current liabilities		
I. Bank loans and overdrafts	102,799	9,004
II. Liabilities to other lenders	2,277	2,500
III. Tax provisions; current provisions	5,559	4,184
IV. Other provisions	9,099	599
V. Prepayments received	106,877	32,764
VI. Liabilities from rental activities	9,693	10,401
VII. Trade payables and other receivables	187,338	25,301
Total current liabilities	423,642	84.753
Total equity and liabilities	3,204,980	1,139,516

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2007

In EUR thousand	Sep 30, 2007	Sep 30, 2006	Q3 2007	Q3 2006
1. Revenue				
a) from management of residential property	105,368	72,450	55,837	25,858
b) from the sale of properties	625	1,590	259	1,064
c) from managemnet activities	1,491	1,736	855	558
d) from other services	6,683	59	6,663	11
	114,167	75,835	63,614	27,491
2. Result from housing privatization				
a) Sales proceeds	34,399	31,105	20,653	12,376
b) Carrying amounts of assets disposed	- 21,157	- 17,931	- 11,955	- 6,944
	13,242	13,174	8,698	5,432
3. Changes in inventories	10,930	7,414	650	1,150
4. Other operating income	3,310	3,593	1,367	1,157
5. Cost of purchased services				
a) Management of residential property	- 53,534	- 36,832	- 25,674	- 12,521
b) Sale of properties	- 350	- 932	- 124	- 646
c) from other services	- 5,165	0	- 5,165	0
	- 59,049	- 37,764	- 30,963	- 13,167
Gross profit	82,600	62,252	43,366	22,063
6. Employee expenses	- 19,506	- 12,885	- 9,942	- 3,890
7. Depreciation, amortization and impairment losses	- 18,327	- 10,563	- 9,851	- 3,467
8. Other operating expenses	- 23,743	- 14,174	- 14,281	- 4,359
9. Operating profit	21,024	38,804	23,573	14,706
10. Income from business combination	57,903	0	57,903	0
11. Income from financial assets	25	477	21	159
12. Other interest and similar income	2,875	1,003	1,921	220
13. Write-downs on financial assets	0	- 163	0	0
14. Interest and similar expenses	- 37,868	- 18,606	- 20,761	- 6,195
15. Net finance costs	22,935	- 17,289	39,084	- 5,816
16. Gains and losses on financial derivatives	7	- 332	7	- 165
17. Profit before tax	43,966	7,009	48,383	4,366
18. Taxes on income and profits	- 10,360	- 1,480	- 9,539	- 575
19. Other taxes	- 53	- 47	- 39	- 16
20. Profit after tax	33,553	5,482	38,805	3,775

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2007

In EUR thousand	Sep 30, 2007	Sep 30, 2006*
1. Consolidated profits before interest and income taxes	70,078	26,359
2. Depreciation and amortization expenses	18,327	10,971
3. Non-cash income from business combination	- 57,903	0
4. Increase/decrease (-) in provisions	- 931	- 4,072
5. Privatization result from disposal of investment property	- 13,242	- 13,422
6. Severance expenses	1,350	0
7. Non-capitalizable transaction costs	1,964	0
8. Increase (-)/decrease of deferred taxes	8,829	335
9. Increase (-) / decrease of trade receivables, derivatives and other asset items not attributable to investment or financing activities	- 7,060	- 644
10. Increase/decrease (-) of trade payables, derivatives and other equity and capital not attributable to investment or financing activities	7,536	5,154
11. Operating cash flow before interest and tax payments and special factors	28,948	24,681
12. Severance expenses	- 1,350	0
13. Non-capitalizable transaction costs	- 1,964	0
14. Interest received/paid	- 26,469	- 19,353
15. Income tax payments made/received	- 1,531	- 1,212
16. Cash flow from operating activities	-2,366	4,116
17. Proceeds from disposals of investment property	73,477	31,105
18. Payments to acquire investment property, other property, plant and equipment	- 116,705	- 6,326
19. Payments to acquire intangible assets	- 4	0
20. Proceeds from disposal of financial investments and capital repayments	0	90
21. Acquired receivable	- 78,000	0
22. Investments into financial assets	- 148,528	- 457
23. Payments to acquire financial assets	0	0
24. Cash flow from investment activity/sales of housing	-269,760	24,412
25. Payments to owners (dividend)	- 17,600	- 35,000
26. Proceeds from issuance of loans	328,438	4,193
27. Repayments of loans	- 27,268	- 21,332
28. Capital increase	0	0
29. Change for other current debt financing	0	0
30. Cash flow from financing activities	283,570	-52,139
31. Net change in cash and cash equivalents	11,444	- 23,611
32. Cash and cash equivalents at beginning of period	33,516	47,203
33. Cash and cash equivalents at end of period	44,960	23,592

*Total for the part fiscal year from January 1 to June 30, 2006 and the interim financial statement from July 1 to September 30, 2006

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2007

In EUR thousand	Subscribed capital	Capital reserves	Retained earnings	Convertible bond	Consolidated net retained profits	Equity
Balance at June 30, 2006 in accordance with IFRS	10,226	207,053	29,553	0	171,830	418,662
Distributions					- 52,600	- 52,600
Consolidated profits					29,344	29,344
Withdrawals		- 36,298				- 36,298
Appropriations	9,774				26,524	36,298
Adjustments from pensions			149			149
Balance at December 31, 2006 in accordance with IFRS	20,000	170,755	29,702	0	175,098	395,555
Distributions					- 17,600	- 17,600
Consolidated profits					33,553	33,553
Issue of 6,400,000 shares at a price of EUR 28.76 per share as component of purchase price of GEHAG Group	6,400	177,663				184,063
Equity share of issued convertible bond as component of purchase price of GEHAG Group				1,100		1,100
Adjustments from pensions			94			94
Balance at September 30, 2007 in accordance with IFRS	26,400	348,418	29,796	1,100	191,051	596,765



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| I. Standards and Methods of the Consolidated Financial Statements

The short consolidated interim financial statements for the period from January 1 through September 30, 2007, were prepared in accordance with IAS 34 Interim Financial Reporting.

The interim financial statements do not contain all information and data required for the consolidated financial statements, and, therefore, should be read in combination with the consolidated financial statements of December 31, 2006.

With the exception of the new IFRS interpretation described in the following, the accounting and valuation methods applied to the preparation of the consolidated financial statements of December 31, 2006, were adopted unchanged to the preparation of the short consolidated interim financial statements.

| IFRIC 10 interim reporting and reductions in value

IFRIC interpretation 10 is to be applied initially to business years that start on or after November 1, 2006. It regulates that an impairment charge for the goodwill, held equity capital instruments or assets balanced at acquisition costs, which were covered in a previous audit period, may not be cancelled. This will not affect the consolidated financial statements of Deutsche Wohnen.

The business operation of the Deutsche Wohnen Group essentially is free from seasonal or cyclical influences.



The comparability of the interim financial statement at September 30, 2007, with the consolidated financial statements at December 31, 2006, is limited to the acquisition of the GEHAG Group. The effects of the acquisition penetrate all parts of the interim consolidated financial statement.

| II. Change of the consolidated entity

Through various interconnected individual transactions in August 2007, Deutsche Wohnen acquired the majority of shares in the GEHAG Group from former shareholders. The acquisition procedure overall resulted in an acquisition cost of EUR 371 million and will be legally completed presumably before the end of the 2007 calendar year in that all shares in the GEHAG Group will be acquired. The acquisition of a last tranche of 15% of the shares in the GEHAG Group, which will be effected after various suspensive conditions take effect by the end of 2007, was treated along with all other acquisition procedures on account of the economic and legal interrelationships of this acquisition procedure, as if the acquisition already had occurred on the fixed date of obtaining control over the business activities of the GEHAG Group.

Further, the acquisition of shares in the GEHAG Group by Deutsche Wohnen is based on the following contractual agreements:

| On July 2, 2007, Deutsche Wohnen AG concluded a contract on contribution to capital with OCM Luxembourg Real Estate Investments S.à.R.L. and OCM Luxembourg Opportunities Investments S.à.R.L. (hereinafter called "OCM companies"), which jointly held the nominal capital of Gehag Acquisition Co. GmbH. Gehag Acquisition Co. GmbH holds almost 85% of GEHAG GmbH with its headquarters in Berlin, which again is the parent company of the GEHAG Group. According to the contract on contribution to capital, the OCM companies each made contributions of 30% (corresponds to a respective share of EUR 7,500 in the nominal capital) to Gehag Acquisition Co. GmbH in Deutsche Wohnen AG. As a consideration for the contribution of its shares in Gehag Acquisition Co. GmbH to Deutsche Wohnen AG, the OCM companies respectively received 3,200,000 new bearer shares of Deutsche Wohnen AG with a computational share in the capital stock of EUR 1.00 each and a market price of EUR 28.76



per share on the fixed date of executing the acquisition due to a capital increase of the approved capital, subject to the exclusion of the shareholders' subscription rights (hereinafter called "share components") and the convertible bonds in the nominal amount of EUR 12.5 million (hereinafter called "convertible bond") respectively.

- | With the contract of July 2, 2007 ("share acquisition contract"), the OCM companies also sold holdings of 20% in Gehag Acquisition Co. GmbH to Deutsche Wohnen Direkt Immobilien GmbH, a wholly-owned subsidiary of Deutsche Wohnen AG. The contractually negotiated cash purchase price as consideration for the sale of the remaining shares of OCM companies in Gehag Acquisition Company GmbH of Deutsche Wohnen Direkt Immobilien GmbH totaled around EUR 179 million (hereinafter referred to as "cash components for the shares"). Within the scope of the share acquisition contract, Deutsche Wohnen AG also acquired amounts owed from shareholder loans on OCM companies to Gehag GmbH in the nominal amount totaling EUR 78 million at a purchase price corresponding to the debt amount (hereinafter called "cash component for the shareholder loan"). A partial amount of EUR 25 million from the cash acquisition price was deposited for securing fiscal guarantees, which were provided in favor of Deutsche Wohnen. According to current information, it must be assumed that the deposited securities will be collected in favor of Deutsche Wohnen (hereinafter referred to as "EK02 guarantee").
- | Following the occurrence of all suspensive conditions according to the contract on contribution to capital and the share acquisition contract, the shares in Gehag Acquisition Co. GmbH were transferred on August 9, 2007, to Deutsche Wohnen AG and/or Deutsche Wohnen Direkt Immobilien GmbH, and the other transactions stipulated in the contract on contribution to capital and in the share acquisition contract were implemented.



| The acquisition price obligation of Gehag Acquisition Co. GmbH for 25% of the shares in GEHAG GmbH in the amount of EUR 85 million, which already were acquired by HSH Real Estate AG and its subsidiary KALAIS GmbH, is due on December 30, 2007. Corresponding to the contractual agreements, the purchase price obligation is to bear 6.00% interest (through June 30, 2007) and/or 5.00% (as of July 1, 2007 through December 30, 2007).

The other shareholders of GEHAG GmbH are HSH Real Estate AG with a 9.9% holding, its subsidiary, KALAIS GmbH, with a 5.1% holding, and the Federal State of Berlin with 0.0004% holding (corresponding to an interest in the nominal amount of EUR 50). With the acquisition contract of June 12, 2007, Gehag Acquisition Co. GmbH and its 99.99% subsidiary GEHAG Erwerbs GmbH & Co. KG with HSH Real Estate AG, and KALAIS GmbH negotiated the transfer of the shares held by these companies to GEHAG GmbH. According to the contract of sale, the transfer of the holdings, that is, the share of 9.9% of Gehag Acquisition Co. GmbH and the share of 5.1% of GEHAG Erwerbs GmbH & Co. KG, are subject to suspensive conditions, among other things, by the approval of the Supervisory Board of HSH Real Estate AG and the Federal State of Berlin. Purchase prices totaling around EUR 56 million were negotiated for the holdings (hereinafter referred to as "deferred purchase price for the remaining holdings"). Based on the already existing control agreement, the highly likely occurrence of the suspensive conditions and the economic and legal connection between the individual tranches of acquisition, the acquisition of the remaining holdings of 15% is reported in the historical Group investment information of Gehag Acquisition Co. GmbH at June 30, 2007. The purchase price obligations of Gehag Acquisition Co. GmbH and GEHAG Erwerbs GmbH & Co. KG from this share acquisition, which is to bear 6% interest through June 30, 2007, and thereafter 5% interest, are due at December 30, 2007.

The share held by the Federal State of Berlin and GEHAG GmbH is not a component of this contract of sale.



The preliminary determined attributable fair values of the identifiable assets and debts at the time of acquisition and the corresponding book values immediately prior to the acquisition are represented as follows:

	Fair value at the time of acquisition in EUR thousand	Previous book values in EUR thousand
Investment properties	1,783,814	1,783,814
Properties under construction	9,093	9,093
Intangible assets	25,619	25,619
Property, plant and equipment	600	600
Active latent taxes	66,617	56,340
Intangible assets	198	198
Real estate designated for sale	10,725	10,725
Real estate under construction designated for sale	3,791	3,791
Other inventories	64,487	64,486
Derivative financial instruments	36,272	36,272
Receivables for sales and services	12,147	12,147
Other assets	7,434	7,433
Means of payment	15,617	15,617
	2,036,414	2,026,135



	Fair value at the time of acquisition in EUR thousand	Previous book values in EUR thousand
Financial obligations	1,122,263	1,142,799
Pension reserves	40,803	40,803
Other reserves	68,325	20,324
Passive latent taxes	66,617	60,456
Deposits received	64,951	64,951
Accounts payable for purchases and deliveries	11,893	11,893
Indebtedness to shareholders	79,427	79,427
Other liabilities	151,024	151,024
	1,605,303	1,571,677
Net assets	431,112	454,458
Negative difference	- 57,903	
Total acquisition costs	373,209	



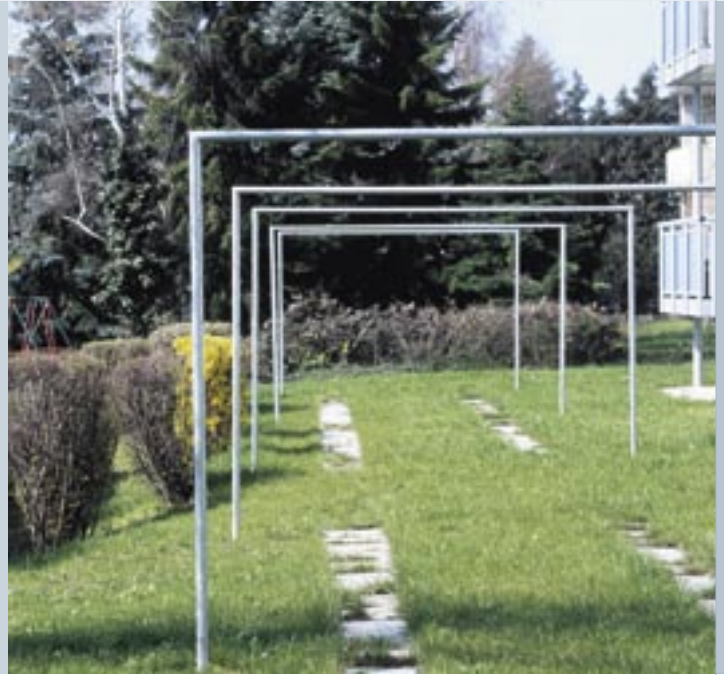
The preliminary acquisition costs are composed of the following:

In EUR thousand

Contract contribution to capital of July 2, 2007	
– Share components (2 x 3,200,000 shares at EUR 28.76 per share)	184,064
– Convertible bonds (2 x EUR 12,500,000)	25,000
	209,064
Share acquisition of July 2, 2007	
– Cash component	179,145
– Less purchase price adjustment EK02 guarantee	– 25,000
	154,145
Incidental acquisition costs	10,000
	373,209

Means of payment in the amount of EUR 15,617,000 were acquired with the corporate acquisition.

Since the time of acquisition, the GEHAG Group has contributed EUR 32.3 million to the sales revenues. If the corporate merger had occurred as early as at the beginning of the year, the sales revenues would have been in the amount of EUR 117.9 million.



III. Selected explanations on the Group balance sheet

Basically, the quarterly financial statements of September 30, 2007, are not comparable with the previous periods due to the GEHAG acquisition. In the following, in explaining the Group profit and loss account, we have concentrated on important item.

88% of the assets of Deutsche Wohnen Group consist of real estate held as investment properties. The changes in comparison to December 31, 2006, are summarized as follows:

In EUR million

Real estate held as investment properties at December 31, 2006		956.6
Additions from GEHAG Acquisitions	1,783.8	
Other additions	108.6	
Sales	- 21.2	
Depreciation	- 17.3	
		1,853.9
Real estate held as investment properties at December 31, 2006		2,810.5



The tangible fixed assets increased due to the acquisition of the GEHAG Group. This essentially is composed of technical facilities and investment in plant and equipment of AKF (EUR 12.2 million), GEHAG (EUR 4.3 million) and Katharinenhof (EUR 2.6 million). Furthermore, GEHAG's administration building in Mecklenburgische Strasse, which is valued at EUR 5.7 million, is carried in this balance sheet item.

The work in progress, other supplies essentially contain unaccounted for operating costs for 2006. This is contrasted with the correspondingly received deposits. The increase essentially is based on the acquisition of the GEHAG Group.

The derivative financial instruments are fair value-reported interest swaps that are to minimize the interest change risks and thus the cash flow risks of variable interest-bearing loans.

For the development of equity capital, refer to statement of stockholders' equity. In June 2007, the disbursement for the short business year from July 1 through December 31, 2006, was effected in the amount of EUR 17.6 million. Within the scope of the acquisition of the GEHAG Group, a total of 6.4 million shares at a market price of EUR 28.76/share (closing price on August 9, 2007) were issued. This increases the share capital by EUR 6.4 million. The capital exceeding the nominal amount was reported as an increase to the capital reserve (EUR 177.664 million) according to Sec. 272 (2) no. 1 German Commercial Code.

Furthermore, a convertible bond in the amount of EUR 25 million was issued as purchase price component. The equity interest of EUR 1.1 million is reported as separate item within the equity. The borrowed capital share is reported as a separate item within the long-term debts.



The increase in the amounts owed to banks essentially is because of the acquisition of the GEHAG Group. Consequently, this not only resulted in a bank loan of EUR 1,122.3 billion, but also in new bank loans for financing the acquisition in the amount of EUR 154.1 million. Furthermore, the acquisitions of the real estate held as investment properties were debt-financed.

In the balance sheet item convertible bonds, the share of borrowed funds of the issued convertible bond of the GEHAG Group is reported as a purchase price component.

The other reserves essentially were increased as a result of the acquisition of the GEHAG Group. In accordance with the 2008 Annual Tax Act, the previous regulation regarding the treatment of EK02 inventories will be abolished and instead a flat-rate payment of account will be introduced. Accordingly, the closing balances of the EK02 at December 31, 2006, will be taxed at 3% irrespective of use. The remaining inventory is no longer applicable and will not result in further corporate tax increases. The resulting tax amount basically is payable in ten equal annual installments within a period of ten years from 2008 to 2017. In consideration of the cash value of possible balance payments for the EK02 inventories of the GEHAG Group, the amount of EUR 48 million was taken into consideration within the scope of the purchase price division; contingencies were considered as debt. The overall EK02 of the GEHAG Group totals EUR 1.9 billion. Correspondingly, in order to consider the EK02 problem in the reserves, the purchase price of Deutsche Wohnen for the acquisition of shares in the GEHAG Group was reduced by EUR 25 million, as the former shareholder of the GEHAG Group had negotiated a fiscal guarantee with Deutsche Wohnen.



The increase in other liabilities essentially is due to the acquisition of the GEHAG Group. The acquisition price obligation of GEHAG Acquisition Co. GmbH for the 25% of shares in GEHAG GmbH, as acquired by HSH Real Estate AG and its subsidiary KALAIS GmbH, is reported in the amount of EUR 85 million. Furthermore, the purchase price obligation from the acquisition of the outstanding 15% of HSH Real Estate AG and of KALAIS GmbH is reported. The transfer of the shares is subject to suspensive conditions among other things by the agreement of the Supervisory Board of HSH Real Estate AG and the Federal State of Berlin. Acquisition prices totaling around EUR 56 million were negotiated for the shares. For the controlling agreements, purchase prices totaling around EUR 56 million were negotiated. Based on the existing controlling agreements and the economic and legal connection between the individual acquisition tranches, the acquisition of the remaining shares of 15% has already been reported.

| IV. Selected comments to the consolidated income statement

The consolidated income statement in the individual revenue and expense items contains the result of GEHAG Group for the past two months.

The sales proceeds contain the proceeds of the GEHAG Group for two months in the amount of EUR 32.2 million. Compared with the Deutsche Wohnen Group, this item also contains the sales proceeds of Katharinenhof (EUR 5.0 million) and of AKF (EUR 1.6 million).

The personnel expenditure also takes into consideration the initial inclusion of the GEHAG Group from the time of acquisition (EUR 6.4 million). Compared with Deutsche Wohnen (stand alone), this figure is higher due to the higher number of employees. This is attributed to Katharinenhof (EUR 2.8 million) and AKF (EUR 0.1 million).

The increase in interest expense for taxes on earnings essentially is attributable to the 2008 Annual Tax Law. The reduction of the rates of corporation income tax and trade tax result in a reduction of the active latent tax.



| V. Information on the cash flow statement

From the financial resources fund, consisting of cash on hand and cash in bank, there are approx. EUR 19 million that are not at Deutsche Wohnen Group's free disposal. These essentially are rent deposits and the liquid funds of DB 14.

By the acquisition of the GEHAG Group, liquid funds in the amount of EUR 15.6 million were accrued. EUR 148.5 million as net purchase price were taken into consideration as disbursement in cash flow from investment activity.

| VI. Data on segment reporting

As the result of the merger with the GEHAG Group, the segments have been expanded by "care and assisted living" and "telecommunication services".

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

	Segment Income		Segment Income	
	9/30/2007 in EUR m.	9/30/2007 in EUR m.	9/30/2007 in EUR m.	9/30/2007 in EUR m
Housing management	119.2	79.0	59.3	42.6
Housing privatization	35.0	32.7	11.3	9.6
Care and assisted living	5.0	0	4.1	0
Telecommunication services	1.6	0	0.1	0
Reconciliation	-1,3	-4.8	4.5	6.5
Group	159.5	106.90	79.3	58.7



| VII. Pro forma Group investment information

The purpose of the pro forma Group investment information is to illustrate the major effects of the acquisition of all shares in GEHAG Acquisition Co. GmbH, and thus the acquisition of the GEHAG Group (with the exception of the shares of the Federal State of Berlin) of August 9, 2007 which they would have had on Deutsche Wohnen Group, if, for the purpose of the pro forma consolidated financial statements, Deutsche Wohnen Group had already existed during the overall period from January 1 through September 30, 2007, in the structure created by this acquisition.

Deutsche Wohnen currently values the investment properties at acquisition costs less planned depreciations and declines in value ("at cost"). Within the scope of an existing option according to IAS 40, it is planned to value the investment properties at a fair value as of the balance sheet date December 31, 2007, in order to enable presenting pro forma Group finance data comparable with future balancing; the historical initial figures have already been so adjusted that a complete valuation of the investment properties was effected at the fair value.

The creation of pro forma Group investment information is effected exclusively for illustration purposes. Because of its inherent nature, the pro forma Group investment information merely describes a hypothetical situation.

In the following, major balance sheet items of the pro forma consolidated balance sheets at September 30, 2007, are presented in consideration of the fair value balancing.



	9/30/2007	
	EUR million	%
Investment property	3,235	89
Other long-term assets	43	1
Active latent taxes	81	2
Short-term assets	214	6
Liquid funds	45	1
	3,618	100
Equity capital	994	27
Financial debts	2,166	60
Pension reserves	46	1
Indebtedness to fund shareholders	51	1
Other debts	242	7
Passive latent taxes	119	3
	3,618	100
Capital ratio		27
Loan-to-value		67
Net Asset Value (NAV)		
Equity capital	994	
Less latent taxes	36	
	1,030	
Number of shares	26,400	
NAV per share	EUR 39.00	

In determining the pro forma consolidated balance sheet at September 30, 2007, the acquisition costs were based on the actual transactions.



The following table shows the pro forma consolidated income statement for the nine-month period:

	Group 9/30/2007 in EUR thousand	Deutsche Wohnen 9/30/2007 in EUR thousand	GEHAG Group 9/30/2007 in EUR thousand
Revenue	199,728	81,822	117,906
Profit from housing privatization	5,635	677	4,958
Changes in inventories	25,931	11,821	14,110
Other operating income	7,729	676	7,053
Cost of purchasing services	-100,980	-43,444	-57,536
Gross profit	138,043	51,552	86,491
Employee expenses	-38,960	-13,144	-25,816
Operational expense	-35,337	-19,008	-16,329
EBITDA	63,746	19,400	44,346
Depreciation	-2,585	-374	-2,211
Income from financial derivatives	22,331	4,797	17,534
Market adjustment from investment properties	319,666	32,472	287,194
EBIT	403,158	56,295	346,863
Net finance costs	-64,077	-26,526	-37,551
Income tax expense	339,081	29,769	309,312
Taxes on income and profits	2,320	116	2,204
Other taxes	-53	-53	0
Profit after tax	341,348	29,832	311,516



The income statement of the GEHAG Group takes into consideration the entire period from January 1 through September 30, 2007. The consolidated financial statements of December 31, 2007, however, take into consideration the income statement of the GEHAG Group within the Deutsche Wohnen Group only for the period from August 9 through December 31, 2007. The result prior to August 9, 2007, is reported as non-operating result due to the initial consolidation.

| VIII. Major results upon completion of the interim reporting period

Upon the enactment of November 8, 2007, the 2008 Annual Tax Law was adopted. The approval by the Senate of the Federal Parliament is scheduled for November 30, 2007. The back taxation of the EK02 inventory will have an effect on the consolidated financial statements of Deutsche Wohnen. This will have an impact on revenue results in the amount of approx. EUR 30.5 million.



RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

“We hereby assure to the best of our knowledge that in accordance with the applied principles of proper consolidated interim financial reporting, the consolidated interim financial statements reflect the Group’s asset, financial, and earnings situation in accordance with the actual conditions, the consolidated interim financial report represents the business trend, including results, and presents the Group’s actual conditions, thus conveying in a corresponding overall view in keeping with actual conditions and describing the major opportunities and risks of the Group’s potential development during the remainder of the business year.”

Frankfurt am Main, November 23, 2007

Deutsche Wohnen AG

Michael Zahn

Helmut Ullrich

Management Board

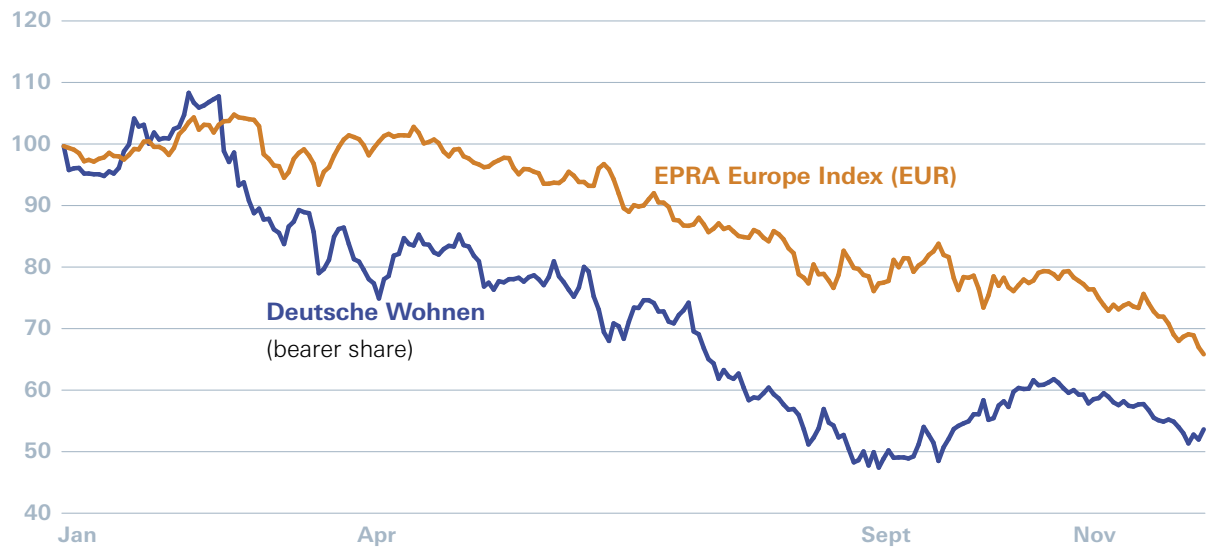
KEY FIGURES AS OF SEPTEMBER 30, 2007

Consolidated key figures at cost (GEHAG included, 2 months)		GEHAG Jan 1–Sep 30, 2007	Deutsche Wohnen Jan 1–Sep 30, 2007	Group Jan 1–Sep 30, 2007
Profit before tax	EUR m	–10.7	–3.2	44.0
Profit after tax	EUR m	–11.1	–13.2	33.6
EBIT	EUR m	–2.2	23.3	21.1
EBITDA	EUR m	7.9	31.5	39.4
Gross cash flow (funds from operations)				
– including housing privatization	EUR m	–0.6	5.0	4.4
– excluding housing privatization)	EUR m	–2.3	–6.6	–8.8
Consolidated key figures fair value (pro-forma 9 months)				
Profit before tax	EUR m	309.3	29.8	339.1
Profit after tax	EUR m	311.5	29.8	341.3
EBIT	EUR m	346.9	56.3	403.1
EBITDA	EUR m	44.4	19.4	63.7
Gross cash flow (funds from operations)				
– including housing privatization	EUR m	8.7	–0.1	8.6
– excluding housing privatization)	EUR m	5.3	1.1	6.3
Housing privatization				
Individual privatization: number of apartments sold, reported on balance sheet date, Jan 1–Sep 30, 2007	units	133	192	325
Average selling price	EUR per m ²	1,541	1,170*	1,326
Collective privatization: number of apartments sold, reported on balance sheet, Jan 1–Sep 30, 2007	units	16	278	294
Average selling price	EUR per m ²	206	704	680
Unrealized gains				
– at cost	EUR m	1.7	11.6	13.2
– pro forma	EUR m	5.0	0.7	5.6
Selling expenses	EUR m	1.5	2.1	3.6
Gross profit				
– at cost	EUR m	19.0	63.6	82.6
– pro forma	EUR m	373.7	84.0	457.7
Residential property management segment				
Number of own residential units	units	26,622	24,257	50,879
Total residential space	millions of m ²	1.64	1.55	3.19
Proceeds estimated rent (consolidated income statement)	EUR m	73.7	73.1	146.8
Average net rent without ancillary costs (as of balance sheet date)	EUR per m ²	4.63	5.04	4.83
Average net rent without ancillary costs in re-letting (as of balance sheet date)	EUR per m ²	5.61	5.42	5.50
Vacancy rate	%	6.7	6.5	6.6
Proceeds actual rent (consolidated income statement)	EUR m	68.0	67.4	135.4
Operating cost allocations	EUR m	26.0	25.3	51.3
Maintenance	EUR m	11.0	15.2	26.2
Maintenance	EUR per m ²	6.57	9.59	8.04
Operating costs (consolidated income statement)	EUR m	28.4	27.5	55.9
Modernization (capitalization)	EUR m	6.8	8.0	14.8

* Not incl. North Hesse Portfolio

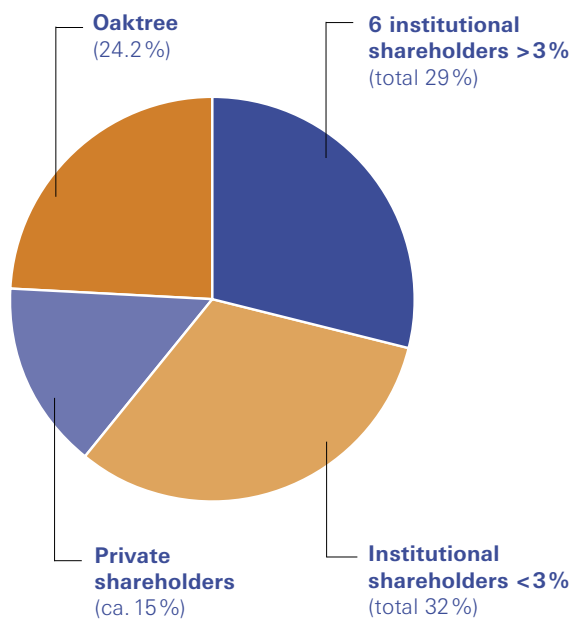
DEUTSCHE WOHNEN SHARE

Deutsche Wohnen bearer share vs. EPRA Europe Index from January 2 to November 22, 2007
(indexed, basis: 100)



SHAREHOLDER STRUCTURE

(as at November 21, 2007)





ADDITIONAL INFORMATION

MANAGEMENT BOARD

(as of November 27, 2007)

Michael Zahn (Executive)
Helmut Ullrich

SUPERVISORY BOARD

(as of November 27, 2007)

Hermann T. Dambach (Chairman)
Dr. Andreas Kretschmer (Deputy Chairman)
Jens Bernhardt
Matthias Hünlein
Hans-Werner Jacob
Dr. Florian Stetter



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ACKNOWLEDGEMENTS

| **Published by**

Deutsche Wohnen AG
GEHAG-Group

| **Design and Production**

von Oertzen GmbH & Co. KG

| **Picture credits**

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