



Deutsche Wohnen AG

» **Q1-Q3 2010 results**

Conference Call, 29 November 2010

» **Agenda**

1. Highlights
2. Operating development
3. Financials
4. Current shareholder structure
5. Forecast

» **1 Highlights**

» Ongoing successful and positive business development

Operating business

- Increase of in-place rent by 2.3% to EUR 5.43 per sqm (Sep08-Sep10: 5.0%)
- Vacancy reduction by 18% to 2.7% in core-portfolio
- Increase of market-rent, i.e. new letting-rent, by 2.6% to EUR 6.42 per sqm (Sep08-Sep10: 8.1%)
- Notarised disposal volume doubled to EUR 158.4 million with a result before costs of EUR 19.7 million

Result

- Continuous increasing operating performance and further reduced interest expenses more than tripled EBT y-o-y to EUR 24,5 million
- FFO per share strongly increased to EUR 0.46 per share (FFO full-year 2009: EUR 0.43)
- Mainly non-cash tax effects led to slower net-income-development compared to half-year-results (net income 9m/2010: EUR 10.1million; H1/2010: EUR 8.1 million)

Sustainability

- Strong residential economics and business model
- Acquisition of 1,125 residential units in our core regions
- Continuous intensive work on further acquisitions
- Early refinancing of large value loan originally due in 2012 entirely finalised; in this context: further loan funds of EUR 95 million secured

» ② Operating development

» EBITDA increased by 2.0 % y-o-y

EUR m	9m/2010	9m/2009
Revenue	259.2	216.7
Residential property management ¹	143.1	144.4
Nursing and assisted living	24.7	24.9
Disposals	91.4	47.4
Segment contribution margin	129.3	127.6
Residential property management	113.4	114.3
Nursing and assisted living	7.1	6.6
Disposals	8.8	6.7
EBITDA	104.6	102.5²

¹ Current gross rental income

² Adjusted for restructuring

» Increasing performance from portfolio

NOI per sqm

EUR m	9m/2010	9m/2009
Current gross rental income	143.1	144.4
Non-recoverable expenses	-4.7	-5.7
Rental loss	-1.6	-1.7
Maintenance	-21.8	-21.1
Others	-1.6	-1.6
Earnings of residential property management	113.4	114.3
Personnel, general and administration expenses	-12.0	-11.9
Net operating income (NOI)	101.4	102.4
<i>NOI margin</i>	<i>70.9 %</i>	<i>70.9 %</i>
NOI in EUR/sqm and month	3.79	3.63
Increase	4.4 %	

Cashflow

EUR m	9m/2010	9m/2009
Net operating income (NOI)	101.4	102.4
Cash interest expenses	-64.5	-74.4
Cashflow from portfolio after cash interest expenses	36.9	28.0
Increase	31.8%	

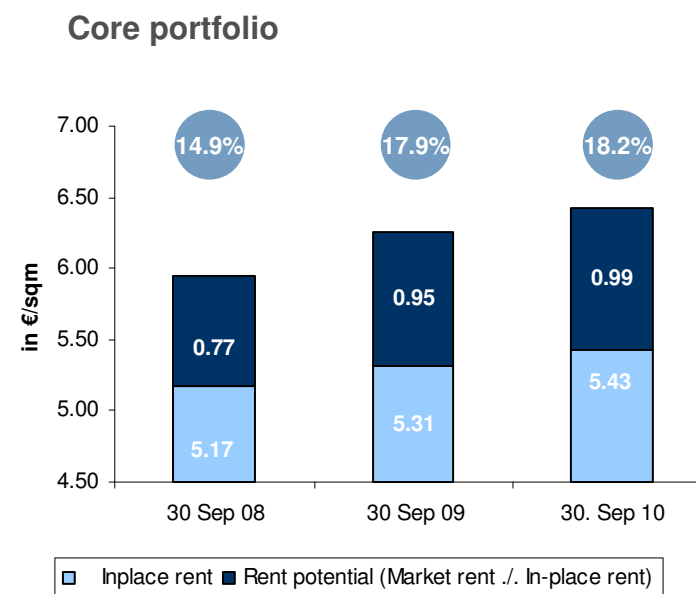
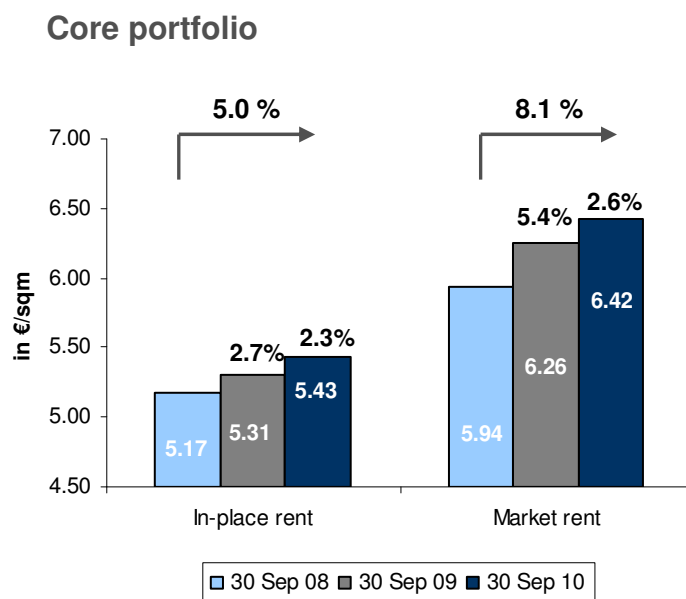
» Proven rent potential of 18 % in core portfolio

	Units	Area	Share	In-place rent*	Market rent**	Vacancy
	Number	k sqm	%	EUR/sqm	EUR/sqm	%
Berlin	21,277	1,271	58%	5.32	6.11	1.6%
Frankfurt/Main	3,656	217	10%	6.88	8.36	1.8%
Rhine-Main	3,746	224	10%	5.84	7.26	6.5%
Rhine Valley South	4,310	258	12%	4.86	5.43	5.1%
Rhine Valley North	2,637	167	7%	4.84	5.08	2.4%
Brandenburg	958	63	3%	4.85	5.68	5.5%
Others	174	12	0%	6.08	6.05	6.4%
Core portfolio	36,758	2,212	100%	5.43	6.42	2.7%
Disposals	7,829	501	n/a	4.97	n/a	10.5%
DB 14	2,622	179	n/a	5.52	n/a	3.9%
Total portfolio	47,209	2,892	n/a	5.36	n/a	4.0%

* Contractually owed rent from the rented apartments divided by the rented area

** Average rent for contracts signed in the last twelve months for units not subject to rent control

» Increased fundamentals generate accelerating rent potential



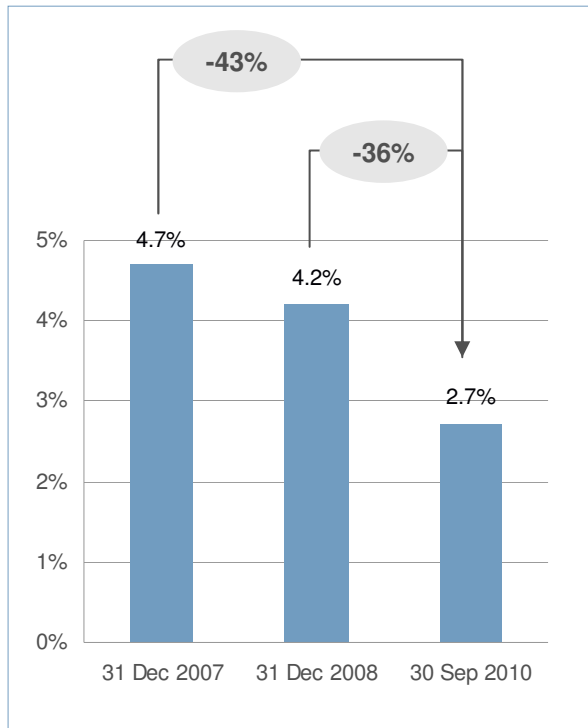
- > Average **in-place rent** was increased by **5.0%** (or CAGR: 2.5% p.a.) since Sep 2008
- > Average **market rent** was increased by **8.1%** (or CAGR: 4.0 % p.a.) since Sep 2008

In-place rent: Contractually owed rent from the rented apartments divided by the rented area

Market rent: Average rent for contracts signed in the last twelve months for units not subject to rent control

» No structural vacancy in core portfolio

Vacancy Rate (Core Portfolio)
in %



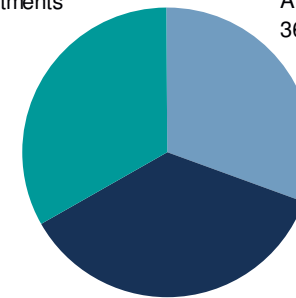
- Vacancy reduction by 36% after the restructuring

Vacancy Structure (Core Portfolio)
as of 30 September 2010

Number of Units

Due to investments
390

Already rented
360



Due to fluctuations
423

- Due to fluctuations: Vacancy due to termination notice
 - ↪ Potential for rent increases for new lettings
 - ↪ Only 100 residential units (0.3% of core portfolio) have remained vacant for longer than 12 months
 - ↪ Average new-letting time: 1.2 months
- Due to investments: Vacancy due to comprehensive modernization works for residential estates
 - ↪ Rent potential post-modernization for these properties amounts to 35% on average

» Overall disposals – incl. notarised – in 9m/2010

	Units	Transaction volume	Fair value	Margin	
	#	EUR m	EUR m	EUR m	%
Privatisation	657	56.1	41.9	14.2	34%
Institutional sales	2,633	102.3	96.8	5.5	6%
	3,290	158.4	138.7	19.7	14%

- > The sales volume in the disposals segment was more than doubled from EUR 72.3 million to EUR 158.4 million y-o-y.
- > Privatisation (i.e. sale of individual apartments) generated significant book profits and gross margins of 34 %, as in previous years. Annual targeted sales (500 units) were already exceeded as per the reporting date.
- > The transaction volume of institutional sales was around EUR 102.3 million with a gross margin of 6 %
- > 40% of disposal portfolio already sold

Closed in 9m/2010

	9m/2010	9m/2009
Sales proceeds	91.4	47.4
Cost of sales	-4.4	-3.7
Net sales proceeds	87.0	43.7
Fair value	-78.2	-37.0
Result of disposal	8.8	6.7

- > The disposal of 1,919 units was taken into account as of 30 September 2010.
 - >Privatisation: 417 units
 - >Institutional sales: 1,502 units

» Acquisition of 1,125 units

Acquisitions

	Units	Area	In-place rent ¹	Vacancy	Envis. closing
	#	sqm	EUR/sqm	in%	
Berlin	745	37,793	4.72	2.1	Jan 11
Potsdam	215	10,927	5.53	0.6	Jan 11
Mainz	165	9,267	6.22	3.6	Oct 10
Total	1,125	57,987			

- > Overall purchase price: EUR 43.7 million
- > Overall purchase price corresponds to EUR 754 per sqm
- > Net Initial Yield: 7.6%

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

» ③ Financials

» 9m-EBT more than tripled y-o-y to EUR 24.5 m

EUR m	9m/2010	9m/2009
EBITDA	104.6	102.5*
Depreciation	-2.4	-2.1
Financial result (net)	-75.3	-85.1
EBT adjusted	26.9	15.3
Restructuring	0.0	-7.2
Valuation SWAP	-2.4	-0.8
EBT	24.5	7.3
Taxes	-14.4	-9.8
Profit / loss	10.1	-2.5
Earnings per share in EUR	0.12	(-0.09**)

EUR m	9m/2010	9m/2009
Interest expenses	-64.5	-74.4
Non-cash interest expenses	-11.2	-11.1
	-75.7	-85.6
Interest income	0.4	0.4
Financial result (net)	-75.3	-85.1

- > Substantial further reduction of interest expenses as a result of the continuing deleveraging process
- > Taxes affected by higher deferred taxes (+ EUR 2.9 million) and higher ongoing taxes (+ EUR 1.7million)

Taxes	9m/2010
Ongoing taxes	- 2.8
Deferred taxes	- 11.6
Total taxes	- 14.4

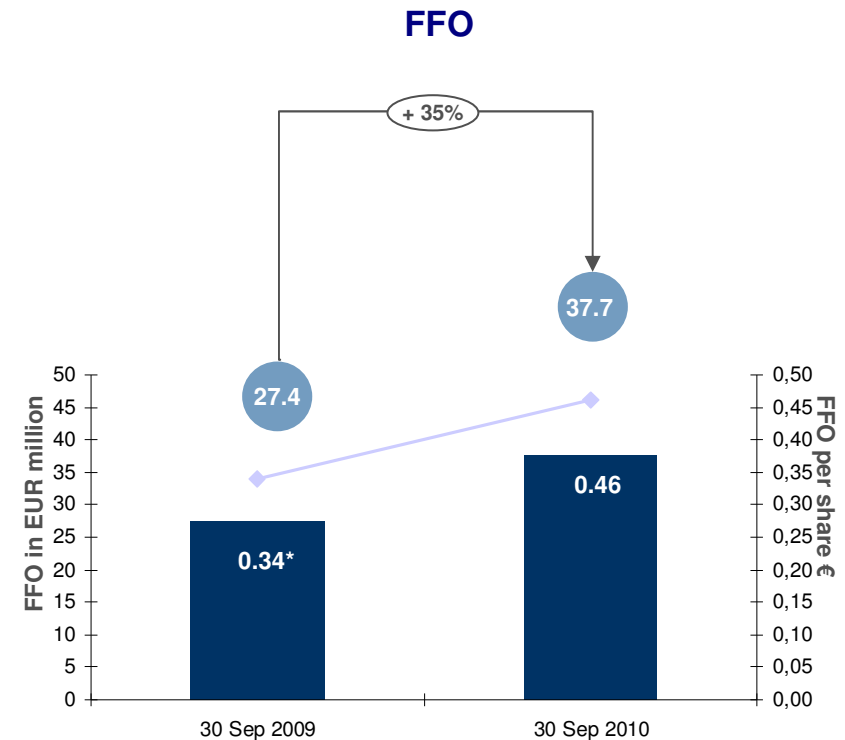
Non-cash interest expenses	9m/2010
Mainly accruals on:	
Low-interest bearing liabilities	- 5.1
Liabilities from EK02 taxes	- 2.0
DB14	- 1.7
Pension provisions	- 1.7
Convertible bond	- 0,7
Total	- 11.2

* Adjusted for restructuring

** Based on 26.4m shares outstanding

» Significant increase of funds from operations (+35%)

EUR m	9m/2010	9m/2009
Profit / loss	10.1	-2.5
Depreciation	2.4	2.1
Valuation SWAP	2.4	0.8
Non-cash financial expenses	11.2	11.1
Deferred taxes	11.6	8.7
Restructuring	0.0	7.2
FFO	37.7	27.4
FFO per share (81.8 million shares)	0.46	0.34



> Full-year 2009 FFO (EUR 0.43) already exceeded as at 30 September 2010

* Based on 81.84m shares outstanding

» Balance sheet – assets

EUR m	09/30/2010	12/31/2009
Investment properties	2,740.4	2,835.5
Other non current assets	20.8	22.4
Deferred tax assets	101.6	98.4
Non current assets	2,862.8	2,956.3
Land and building held for sale	17.1	18.4
Trade receivables	8.0	14.5
Other current assets	68.1	33.0
Cash and cash equivalents	65.2	57.1
Current assets	158.4	123.0
Total assets	3,021.2	3,079.3

Unchanged valuation matrix

Thereof from

Rental business	€ 4.8 m
Disposals	€ 2.4 m
Other	€ 0.8 m

Other current assets comprise

Non current assets held for sale	€ 62.0 m
Income tax receivables	€ 2.8 m
Other inventories	€ 1.7 m
Other assets	€ 1.6 m

- > Cash at-hand increased despite non-recurring cash outflows in Q3 2010, especially
 - EK02 payments for 2008 and 2009 of EUR 15.2 million and
 - redemption of convertible bond EUR 27.2 million
- > EUR 124.7 million available credit lines in addition to cash at-hand (not including EUR 45 million in additional lending from January 2011)

» Balance sheet – equity and liabilities

EUR m	09/30/2010	12/31/2009
Total equity	844.9	862.0
Financial liabilities	1,721.7	1,802.7
Tax liabilities	62.8	84.1
Deferred tax liabilities	83.5	81.4
Derivatives	112.8	70.5
Other liabilities	195.5	178.6
Total liabilities	3,021.2	3,079.3

Improvement of LTV to 58.8 %

Including EK 02: EUR 58.3 million

Other liabilities mainly comprise

Trade liabilities	€ 74.3 m
DB14	€ 45.5 m
Pensions	€ 41.2 m
Other liabilities	€ 20.7 m
Provisions	€ 13.9 m

EUR m	09/30/2010	12/31/2009
NNAV	866.2	870.3
NNAV per share in EUR	10.58	10.63

- Reduced NNAV as a result of SWAP valuation (EUR 27 million; net)
- Increase of NNAV per share of EUR 0.08 compared to 30 June 2010

» Reduction of LTV to 58.8 %

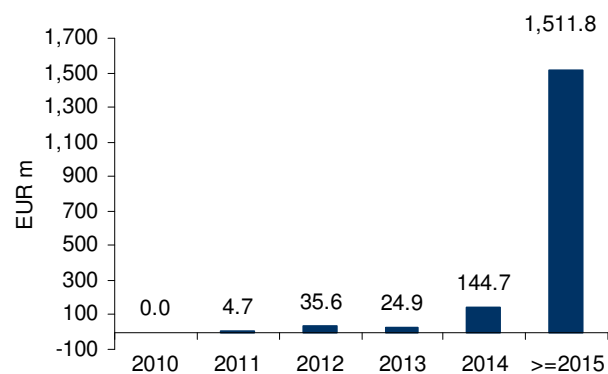
Debt structure

Financial liabilities in EUR m	DW stand alone	DB 14	Total
Mark-to-market	1,617	105	1,722
LTV (%)	58.6	61.8	58.8
Nominal value	1,676	157	1,833
LTV (%)	60.8	92.4	62.7

Debt service

- Average interest rate: ~ 4.4 %
- Average mandatory redemption p.a.: ~ 2.0 %
- Interest rates fixed or hedged: ~ 95 %

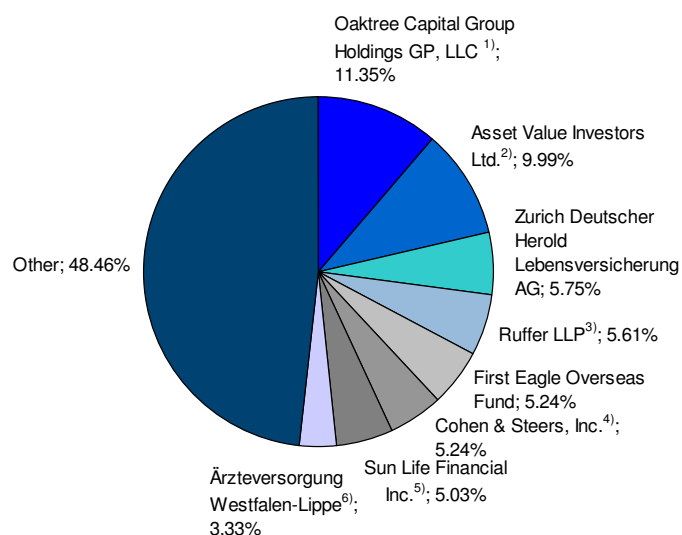
Long-term maturities profile



- > Renewal 2010: finalised
- > Renewal 2012: Early refinancing of large value loan entirely finalised (as targeted); remainder in 2011 and 2012 only represent several small loans

» ④ Current shareholder structure

» Current shareholder structure*



Shareholders

> 10%	Oaktree Capital Group Holdings GP, LLC ¹⁾	11.35%
> 5%	Asset Value Investors Ltd. ²⁾	9.99%
	Zurich Deutscher Herold Lebensversicherung AG	5.75%
	Ruffer LLP ³⁾	5.61%
	First Eagle Overseas Fund	5.24%
	Cohen & Steers Inc. ⁴⁾	5.24%
	Sun Life Financial Inc. ⁵⁾	5.03%
> 3%	Ärzteversorgung Westfalen-Lippe ⁶⁾	3.33%

8 institutional shareholders in total **51.54%**

Freefloat acc. to Deutsche Börse **82.90%****

» Placement of approx. 9.3m shares by Oaktree-funds at the end of October 2010

- We expect share-liquidity and-turnover to increase, which would increase the MDAX-inclusion-probability/-timing
- Currently, rank 42 in terms of free-float market capitalisation and rank 54 in terms of turnover (as at October 2010)

» Oaktree-funds remain single largest shareholders in Deutsche Wohnen AG

- 1) Attributed voting rights acc. to Art. 22, Sec. 1, Sent. 1, No. 1 and No. 6 in connection with Sent. 2 WpHG
- 2) Attributed voting rights acc. to Art. 22, Sec. 1, Sent. 1, No.6 WpHG
- 3) Attributed voting rights acc. to Art. 22, Sect. 1, Sent. 1, No. 6 WpHG
- 4) Attributed voting rights acc. to Art. 22, Sec. 1, Sent. 1, No. 6 WpHG in connection with Art. 22, Sec. 1, Sent. 2 WpHG
- 5) Attributed voting rights acc. to Art. 22, Sec. 1, Sent. 1, No. 6 in connection with Art. 22, Sec. 1, Sent. 2 WpHG
- 6) Feri Finance AG resp. MLP AG attributed voting rights acc. to Art. 22, Sec. 1, Sent. 1, No. 1 WpHG

* according to latest WpHG notification

** without Oaktree Capital Group Holdings GP. LLC and Zurich Deutscher Herold Lebensversicherung AG

» ⑤ Forecast

» Substantiation of updated forecast given at H1/2010

- » Continued monetisation of rent potential in the core portfolio
- » Overachievement of target volume of sales of privatisation units from 500 to 550 units with gross margins of 35 %; enhanced use of market opportunities for selective sales in our core portfolio
- » Institutional disposal of units in structurally weak regions to strengthen overall portfolio mix
- » Further enlargement of portfolio in the favoured regions through additional acquisitions (EUR 10 – 50 million)
- » Deutsche Wohnen continues to be open for large strategic acquisitions, as long as they are accretive
- » Annual result from nursing and assisted living is forecast to be comparable to previous year's result
- » Forecast one-offs in connection with early refinancing and associated structuring in 4th quarter

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