INTERIM REPORT AS OF 06/30/2008

KEY FIGURES

Key figures of the consolidated balance sheet (in EUR millions)	06/30/2008	03/31/2008	12/31/2007
Investment property	3,221.9	3,265.3	3,271.2
Current assets	182.7	120.6	133.7
Equity	936.6	913.5	936.1
Financial liabilities	2,170.9	2,176.7	2,179.6
Balance sheet total	3,518.3	3,500.3	3,520.4
Net Asset Value	986.0	959.5	981.0
Net Asset Value per share	37.35	36.34	37.16

Key figures of the consolidated income statement (in EUR millions)	HY1/2008	Q2/2008	Q1/2008
Result from residential property management	75.6	36.3	39.3
Result from sales activities	4.8	4.0	0.8
Administration expenses	-20.3	-9.7	-10.6
EBITDA	65.7	32.9	32.9
Result for the period	0.5	23.2	-22.7
Funds from Operations	10.9	5.0	5.9
Funds from Operations per share	0.41	0.19	0.22

Share	06/30/2008	03/31/2008	12/31/2007
Share price (EUR)	9.57	18.01	21.10
Number of shares	26,400,000	26,400,000	26,400,000
Market capitalization (in EUR millions)	253	475	557
Most important stock exchange	Xetra		
Indices	SDAX, EPRA/Nareit, MSCI		
ISIN/ticker symbol (bearer share)	DE000A0HN5C6/DWNI		

» INTERIM MANAGEMENT REPORT

» HIGHLIGHTS OF THE SECOND QUARTER

» The second largest listed property company in Germany. «

» Annual synergy potentials totaling approximately EUR 10 million realized. «

In the second quarter the continued implementation of the Group's restructuring program was at the heart of Deutsche Wohnen AG's activities. We concentrated in particular on completing the personnel restructuring, the continued focus on the core business and the implementation of the new selective sales strategy.

PERSONNEL RESTRUCTURING

Starting point

The Deutsche Wohnen Group and the GEHAG Group merged in August 2007 into the Deutsche Wohnen Group. This created the second largest listed property company in Germany.

Concerning the transaction we assumed that there were potential synergies in the area of personnel totaling approximately EUR 10 million p. a., which were to be raised by restructuring the operational processes as part of a socially acceptable reduction in personnel. In the process the focus was on our organization becoming more cost effective in the short term and scalable in future.

The individual companies of the Deutsche Wohnen Group come from historically different industries, with collective wage agreements from the public, chemical and housing sectors.

In addition, both subgroups had to take into account obligations from the privatization which were no longer appropriate and therefore constituted a barrier to efficient management.

This resulted in us having the following targets:

- competitive and standardized remuneration systems,
- standard regulations concerning the number of hours worked per week, holiday etc.,
- consideration of the obligations from the privatization,
- efficient and scalable structure and process organization.

Result

After the negotiations with the works councils were completed in May 2008 we were able to press ahead with the implementation of the targeted personnel structure. In the new organization there will in future be approximately 350 full-time positions, which corresponds to losing 140 employees and saving approximately EUR 10 million p. a. as from 2009.

Deutsche Wohnen is thus already managed very efficiently today and can further improve this level of efficiency in future by increasing the property portfolio.

We can place on record today that

- the restructuring was implemented considerably more quickly than was planned by us internally or was believed possible externally,
- the restructuring costs are lower than expected and
- the saving effects communicated by us in the area of personnel have been achieved.

In addition to these quantitative effects, which are reflected in the results, we created a significantly more economic and extremely flexible environment that is, above all, more in the line with market conditions.

SALE OF THE AKF GROUP

AKF Telekabel TV und Datennetze GmbH was a wholly owned subsidiary of GEHAG GmbH.

In strategic terms the sale of AKF was consistent as this continued the concentration on the core business. The sale contract with the telecommunications provider Versatel was signed after a bidding process on June 18, 2008. After the condition precedent of the approval by the competition authorities took place, the transfer of the shares became effective on July 4, 2008.

The sale price is EUR 30 million and is equivalent to 12 times the EBITDA 2007 of EUR 2.5 million.

The deconsolidation will take place in the third quarter and it is anticipated that it will contribute approximately EUR 16 million to earnings and will result in free liquidity totaling EUR 20 million.

SALES ACTIVITIES

We have fully achieved our targets in respect of our sales activities. This applies both to the number of the units to be sold and the prices to be achieved. All of the apartments continue to be sold above their respective fair value. With regards to our targeted figures for sales to private individuals of approximately 500 units per annum we can already state today that we have achieved 85 percent of the target.

The following table summarizes the sales activities as of the balance sheet date June 30, 2008:

	Number	Sales revenue in EUR millions	Fair value in EUR millions	Difference in EUR millions
Volume sold				
recognized in the balance sheet	345	22.3	15.6	6.7
notarized	1,036	76.0	69.5	6.5
total	1,381	98.3	85.1	13.2

We have concluded contracts for 1,381 properties with a transaction volume of almost EUR 100 million. These are to be seen alongside fair value disposals of just under EUR 85 million, so that we are selling at approximately 15 percent above the fair value. The sales contracts which have already been notarized will result in an additional inflow of liquidity totaling EUR 76 million in the second half of 2008.

» PORTFOLIO STRUCTURE

Deutsche Wohnen manages in total 51,836 residential units.

By far the largest individual location is still Berlin with a portfolio share of almost 50 percent or 67 percent of the core stock. This is followed by Frankfurt/Main and the Rhine-Main region (Mainz/Wiesbaden/Darmstadt) with around 14 percent (or around 21 percent of the core stock) altogether.

» The largest individual location is still Berlin with a portfolio share of almost 50 percent. «

	Apartments				Commercial		Parking
	Number	Area in m²	Rent in EUR/m²	Vacancy rate in %	Number	Area in m²	Number
Core stock	33,810	2,039	5.19	4.5	383	68	7,990
Berlin	22,757	1,369	4.97	4.1	282	38	1,858
Frankfurt/Main	3,668	217	6.65	3,3	44	16	1,788
Rhine-Main	3,297	204	5.73	8.0	51	14	1,934
South Rhine Valley	4,088	249	4.70	4.6	6	1	2,410
Sale portfolio	15,405	977	4.76	11.2	63	6	5,875
Individual sales	5,462	368	5.14	12.6	16	2	1,912
Block sales	9,943	609	4.53	10.2	47	4	3,963
Own stock*	49,215	3,016	5.05	6.5	446	74	13,865
DB 14	2,621	179	5.36	3.9	27	8	2,624
Own stock incl. DB14	51,836	3,195	5.07	6.4	473	82	16,489

* not including North Hesse

» 51.836 residental units «

» PORTFOLIO STRATEGY

» Helmut Ullrich,
Member of the Management Board

» Michael Zahn
Speaker of the Management Board

Three essential guiding principles shape our future business model:

1. INTERNAL GROWTH: CAPITALIZING ON RENTAL INCOME POTENTIAL

We plan to raise the rent in our portfolio annually by 3-4 percent. We will achieve this on the one hand by consistently capitalizing on rent adjustments, and on the other hand by introducing targeted modernization measures which can be apportioned to the tenants. In Berlin we have been achieving for three years now annual increases of on average 3-4 percent. We are also expecting a similar development this year. The market environment as well as property and situation characteristics provide us with the opportunity to continue to grow at an above-average rate.

2. VALUE-BASED PRIVATIZATION

We have placed the privatization business, i.e. the sale of in particular residential units to owner-occupiers, on a solid foundation. In the process the focus is no longer on the previous volume and liquidity-driven sales strategy. The properties are to be sold rather as part of a continual concentration of the portfolio at least at their fair value.

3. EXTERNAL GROWTH: FOCUSING ON URBAN LOCATIONS

Our strategy comprises concentrating our portfolio stocks in the urban locations of Germany, which show a high rental income potential. With the acquisition of the Berlin housing stocks Deutsche Wohnen acquired a further location with growth potential. Together with the Rhine-Main region with the centers Frankfurt/Wiesbaden/Mainz a large part of the portfolio is already located in the strategically targeted urban locations today.

From these guiding principles we derive the following maxims for our portfolio:

Our stocks in the core portfolio with currently 33,810 residential units are located in growing urban locations such as Berlin and Frankfurt/Main and in interesting developing areas such as the South Rhine Valley with economically strong industrial centers such as Ludwigshafen and Mannheim or cultural/academic centers such as Karlsruhe and Heidelberg. This is where we see the greatest and most sustainable rent potential and therefore growth.

The sale portfolio comprises the individual sales and block sales partial portfolios.

» The partial portfolio individual sales with currently 5,462 residential units relates to stocks released for sale in previous years, the focus being mainly on Berlin and Rhine-Main. Our planning assumes a sale of around 500 units per annum, which corresponds to a sales rate of around 9 percent p. a. for this partial portfolio or 1 percent p. a. for the overall portfolio.

» The partial portfolio block sales with currently 9,943 residential units comprises all of the stocks which are to be sold in the next three years due to strategic factors. This concerns essentially stocks in the mainly rural states of Rhineland-Palatinate and Brandenburg.

FURTHER BUSINESS SEGMENTS

After the successful sale of AKF Telekabel TV und Datennetze GmbH, Deutsche Wohnen now only has one non-core business area alongside its core business: outpatient and inpatient care, which is performed by the KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH. This company has been fundamentally restructured in recent years by GEHAG GmbH to add value and today has a solid and profitable foundation. This business segment comprises two value drivers. These are the properties on the one hand and the business on the other hand. We therefore have various courses of action to choose from: the sale of the whole business segment, the sale of the property, the sale of the business or separate sale.

OPERATIONAL PERFORMANCE IN THE FIRST HALF YEAR

LETTING

As of June 30, 2008, the average rent for the core stock amounts to EUR 5.19/m². Rent was therefore increased by EUR 0.05/m² within three months or by 1 percent compared with the previous quarter's rent. In addition to index adjustments, which are playing a secondary role this year, the performance of the rental business in particular needs to be highlighted here.

In our most important location, Berlin, we have clearly improved volume year-on-year and repeatedly been able to make new tenancy agreements which are on average 16 percent above previous tenancy agreements for housing stock with no price-fixings. Overall we were able to achieve rental increases in the core stock in all regions.

Based on an average market rent of EUR 5.90/m² there is currently a rent potential of EUR 0.71/m² or 13.7 percent. In particular in Cluster B we expect to achieve the market potential of EUR 1.47/m² or on average 31.6 percent by means of targeted modernization measures. This is currently being carried out in two districts in Berlin with a total volume of 1,000 residential units and potential rent increases of up to EUR 2.00/m².

Letting	Number	Area in Tm²	Rent Q2 in EUR/m²	Rent Q1 in EUR/m²	Change in %	Market rent in EUR/m²	Potential in %
Core stock	33,810	2,039	5.19	5.14	1.0	5.90	13.7
Cluster A	29,219	1,764	5.28	5.23	1.0	5.80	9.8
Berlin	19,912	1,196	5.02	4.97	1.0	5.60	11.6
Frankfurt/Main	3,668	217	6.65	6.61	0.6	7.60	14.3
Rhine-Main	2,809	175	5.74	5.67	1.2	6.00	4.5
South Rhine Valley	2,830	176	4.87	4.87	0.0	5.40	10.9
Cluster B	4,591	275	4.63	4.57	1.4	6.10	31.6
Berlin	2,845	172	4.61	4.53	1.8	6.00	30.2
Rhine-Main	488	29	5.68	5.65	0.6	8.30	46.1
South Rhine Valley	1,258	73	4.29	4.23	1.4	5.50	28.2

VACANCY

The vacancy rate at 4.8 percent as of the end of the year was reduced slightly to 4.5 percent. In the process the time difference in the restructuring of the two locations can be seen in the current vacancy rate performance:

	Vacancy rate Q2 in %	Vacancy rate Q1 in %	Change in %
Core stock	4.5	4.7	-4.7
Cluster A	3.9	4.1	-5.1
Berlin	3.4	3.9	-12.3
Frankfurt/Main	3.3	3.3	0.3
Rhine-Main	7.9	7.2	9.3
South Rhine Valley	3.5	3.0	17.7
Cluster B	8.7	9.1	-4.1
Berlin	9.2	9.7	-5.7
Rhine-Main	8.9	8.9	0.0
South Rhine Valley	7.6	7.7	-1.8

In Berlin, where the reorganization of the organizational and process structures have been largely completed, our performance is clearly better than planned. The vacancy rate in Cluster A was reduced again in the second quarter from 3.9 percent to 3.4 percent. This is 12.3 percent or approximately 100 tenancy agreements which were leased above the normal rate for tenant change. Compared with December 31, 2007, the reduction in the vacancy rate is 18 percent.

In the Rhine-Main area the processes still have to be improved further. The vacancy rate performance is therefore not market-driven (there has been no fall in demand), but rather takes into account the considerable burden on employees due to the restructuring. We expect a clear stabilization from the fourth quarter of this year.

We have nevertheless recorded a fall in the vacancy rate across the overall core stock, as Berlin is clearly the largest individual location and is thus able to more than compensate for the delayed development in the Rhine-Main area.

The high vacancy rate in Cluster B is intended against the background of considerable rent potential; these residential units will only be offered at market rent level after they have been modernized.

SALES

Concerning sales to private individuals in the first half year, sales contracts for 421 apartments with a sales volume of EUR 47.8 million have been concluded. The average sales price was EUR 1,406 per square meter and was therefore 34 percent over the respective fair value. For the Berlin properties the sales prices agreed were 23 times the current estimated expected rental income, and for the Rhine-Main region 18 times. This clearly shows both the attractiveness of the Berlin location and the development potential of the properties located in the west of Germany.

For the block sales which are part of the portfolio adjustment, we have already sold 960 properties in the second quarter. With the sales which have taken place, average square meter prices of EUR 834 have been achieved or 15 times the current actual rent. This concerns essentially stocks with properties in structurally weak regions.

Sales	Number	Sales revenue in EUR millions	Fair value in EUR millions	Difference in EUR millions
Sales to private individuals	421	47.8	35.6	12.2
Block sales	960	50.5	49.5	1.0
total	1,381	98.3	85.1	13.2

>> NET ASSET POSITION, FINANCIAL POSITION AND RESULTS OF OPERATIONS

Results of operations	HY1/2008 in EUR millions	Q2/2008 in EUR millions	Q1/2008 in EUR millions
Estimated rental income	104.5	52.4	52.2
Income shortfalls	-7.6	-3.8	-3.8
Reduced rent	-0.6	-0.2	-0.4
Earnings from operating costs	-3.3	-1.9	-1.5
Net rent	93.0	46.5	46.5
Maintenance and renovation	-16.2	-9.4	-6.8
Other expenses	-1.3	-0.8	-0.5
Result from residential property management	75.6	36.3	39.3
Sales proceeds	22.3	14.7	7.6
Cost of sales	-1.9	-0.8	-1.1
Carrying amount of assets disposed	-15.6	-9.9	-5.7
Result from sales activities	4.8	4.0	0.8
Employee expenses	-13.7	-6.6	-7.1
General administration expenses	-6.6	-3.1	-3.5
Administration expenses	-20.3	-9.7	-10.6
Katharinenhof	3.9	1.8	2.1
AKF	0.6	-0.1	0.7
Others	1.2	0.7	0.5
Further business segments	5.7	2.4	3.3
EBITDA	65.7	32.9	32.9
Depreciation, amortization and impairment losses	-1.8	-0.9	-0.8
Market value adjustment	0.5	0.0	0.5
EBIT	64.4	32.0	32.5
Market value adjustment of derivatives	26.1	50.0	-24.0
Financial earnings	-61.8	-31.2	-30.6
EBT	28.7	50.8	-22.0
Restructuring and reorganization expenses	-16.8	-15.5	-1.3
Tax	-11.5	-12.1	0.6
Earnings after tax	0.5	23.2	-22.7
per share	0.02	0.88	-0.86
FFO	10.9	5.0	5.9
per share	0.41	0.19	0.22

The second quarter has, in addition to the continued positive operational performance, been essentially determined by two special effects. On the one hand we have considered the restructuring costs related to the reduction in personnel, on the other hand the market values of the interest rate swaps have developed positively. The result for the second quarter shows a positive contribution of EUR 23.2 million. Accumulated for the first half year, we have achieved a positive result of in total EUR 0.5 million. For the operational performance we refer to our remarks under "Operational performance in the first half year". As previously shown, the privatization business at EUR 4.0 million made a much higher contribution to the result than in the first quarter.

REVENUE FROM THE MARKET VALUE ADJUSTMENT OF DERIVATIVES

Derivatives are interest rate swaps valued at fair value in the balance sheet which have been taken out not for speculative purposes, but solely to hedge the risks of changes in interest rates related to the cash-flow risks from loans with variable interest rates.

The market values have developed as follows:

	06/30/2008 in EUR thousands	Change in EUR thousands	12/31/2007 in EUR thousands
Derivatives (market values)			
Assets side	54,499	22,268	32,231
Liabilities side	0	3,804	-3,804
total	54,499	26,072	28,427

» Optimization of business processes. «

» As of June 30, 2008, equity was EUR 936.6 million. «

FINANCIAL RESULT

The financial result consists of financial income totaling EUR 0.8 million and financial expenses totaling EUR 62.6 million. The financial expenses include accrued interest (EUR 7.5 million) which does not affect liquidity in the period. This includes accrued interest from discounted financial liabilities, pension obligations, liabilities to fund limited partners and the payment obligation for EK 02. We have not considered this non-liquidity-related accrued interest when calculating the FFO. However, deferred interest is considered based on the reporting date principle when determining the FFO.

RESTRUCTURING AND REORGANIZATION EXPENSES

The restructuring and reorganization expenses are essentially related to the integration of both Groups and the optimization of our business processes. The greater part comprises the severance payments (EUR 8.3 million) related to the reduction in personnel and continued payment of salaries (EUR 4.7 million) to released employees for the duration of the notice period. Relating to the personnel measures legal and consultancy costs totaling EUR 0.8 million have been incurred. We also report in this item costs relating to the reorganization (EUR 2.9 million). These include in particular expenses for Company Communication, transaction-related services and consultancy costs related to the structuring of the Group with regards to tax and company law. As these restructuring and reorganization costs do not concern current and therefore sustainable costs, these were not considered when calculating the FFO.

INCOME TAX

The income tax of EUR 11.5 million includes essentially deferred tax totaling EUR 11.3 million. The clearly positive change in interest rate swaps resulted in deferred tax expenses totaling EUR 8.1 million.

NET ASSET POSITION

The balance sheet total as of June 30, 2008, was EUR 3,518.3 million; the change compared to December 31, 2007, (EUR 3,520.4 million) was only minimal. Investment property represents the largest balance sheet item at 92 percent (EUR 3,221.9 million).

Current assets amounted to EUR 182.7 million, of which the largest items were interest rate swaps at EUR 54.5 million, cash and cash equivalents at EUR 41.8 million and non-current assets held for sale at EUR 45.3 million.

As of June 30, 2008, equity was EUR 936.6 million.

Current and non-current financial liabilities amounted to EUR 2,170.9 million and decreased slightly compared to the end of 2007 (12/31/2007: EUR 2,179.6 million).Taking into account convertible bonds totaling EUR 24.9 million, financial liabilities total EUR 2,195.8 million (12/31/2007: 2,203.9 million).

The Loan-to-Value-Ratio developed as follows:

	06/30/2008 in EUR thousands	12/31/2007 in EUR thousands
Investment property	3,221.9	3,271.2
Property held for sale	45.3	4.6
	3,267.2	3,275.8
Noncurrent financial liabilities	1,957.3	2,034.1
Current financial liabilities	213.6	145.5
Convertible bonds	24.9	24.3
	2,195.8	2,203.9
Loan-to-value ratio	67.2 %	67.3 %

FINANCIAL POSITION

The consolidated cash flow statement shows an operational cash flow before interest of EUR 46.7 million. After interest payments the cash flow from operating activities was EUR 0.8 million. Cash funds as of June 30, 2008, totaled EUR 41.8 million. From the sales activities described above and the AKF transaction we have generated further liquidity totaling EUR 105 million for the second half of 2008. Alongside this credit lines with banks totaling EUR 65 million are available to us.

FFO as of June 30, 2008, were EUR 10.9 million or EUR 0.41 per share and were calculated as follows:

	HY1/2008 in EUR millions	Q2/2008 in EUR millions	Q1/2008 in EUR millions
Result for the period	0.5	23.2	-22.7
Depreciation, amortization and impairment losses	0.8	0.0	0.8
Value adjustment of investment property	-0.5	0.0	-0.5
Profit from relinquished business segments	0.3	0.3	0.0
Value adjustment of derivatives	-25.9	-49.9	24.0
Non-liquidity-related financial expenses	7.5	4.0	3.5
Deferred taxes	11.3	11.9	-0.6
Restructuring costs	16.8	15.5	1.3
FFO	10.9	5.0	5.9
FFO per share	0.41	0.19	0.22

NET ASSET VALUE

As of June 30, 2008, the net asset value was EUR 986 million or EUR 37.35 per share. It is calculated from the equity capital as of June 30, 2008, of EUR 936.6 million, adjusted by the deferred tax related to the property (EUR 49.4 million).

THE STOCK EXCHANGE AND THE DEUTSCHE WOHNEN SHARE

Like the first quarter, the second quarter was also very difficult for the Deutsche Wohnen share. The situation in the financial markets did not improve, rather the global financial crisis had wider repercussions. Capital market fears of a recession in the USA and the previously robust Asian economies and the resulting negative impact on the world economy continued to adversely affect the capital markets and in particular property shares. DAX and SDAX each reported losses of -19 percent in the first half year. The EPRA Germany Index, which represents the performance of German property shares, was down at -35 percent. The somewhat wider European property index EPRA Europe also lost -19 percent.

After the Deutsche Wohnen share performed better at the the start of the year and by the middle of February gained around 12 percent, there was a clear drop in the price after the cancellation of dividends was announced at the end of March. Additional concerns regarding the valuation of property in general reinforced this trend, so that the Deutsche Wohnen share, based on its closing price from the previous year of EUR 22.05, had to surrender around 57 percent by June 30, 2008. It closed the second quarter with a price of EUR 9.57.

SUBSEQUENT EVENTS

The sale of the AKF Group became effective as of July 4, 2008; AKF will be accordingly deconsolidated in the third quarter.

RISK REPORT

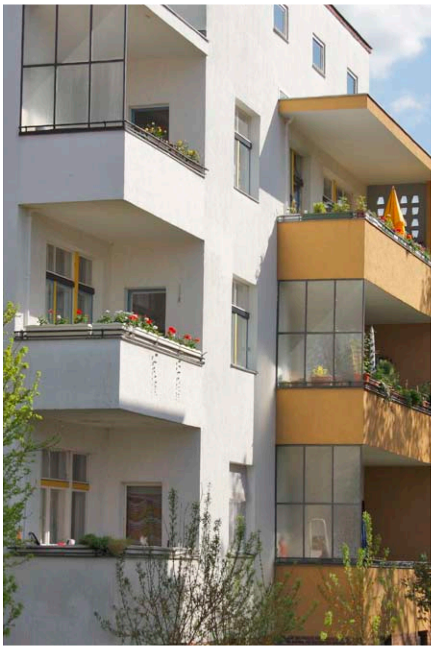
In the first quarter of 2008 and compared to the consolidated management report 2007 there were no significant changes with regards to the assessment of risks concerning the future business development of the Deutsche Wohnen Group.

FORECAST REPORT

In the property markets we are still seeing a need for adjustment in a few countries in Europe and the USA due to the ongoing financial crisis. Possibly the uncertainties due to this are also affecting the German property market. Fundamentally though it will show itself to be relatively strong. In particular in the area of residential property, we are not expecting any significant adjustments in the rental market, no significantly increasing vacancy rates, or any significant falls in the value of the property in our core portfolio. Higher incomes favor the environment for rent increases in the medium to higher price segment. Supply and demand will also be favorably impacted by rising budgets and the continued low new building activity for apartments.

For the whole of 2008 Deutsche Wohnen will still be impacted by the burdens of integration and restructuring. It can be noted here though that the personnel restructuring has already been completed in the first half year.

» Siemensstadt



» Hufeisensiedlung

» Weiße Stadt

As a result personnel costs were reduced sustainably and cost-efficient structures for the future were created. The economic environment supports our strategy and our business model. Both our projects related to the restructuring and our operational business are going entirely according to our plans. With the GEHAG acquisition and the better-than-planned integration we have provided proof that we are capable of growing and integrating.

Our core property portfolios are focusing on the most stable regions of Germany with the greatest potential. Rent increases, a lower vacancy rate and cost savings are the value levers which we will use to further raise this value potential and sustainably improve the income and cash-flow situation of our company. In particular the vacancy rate and rental income performance in our Berlin stock make us optimistic. In the Rhine-Main area we will this year complete the process improvements which are necessary due to the restructuring. We will capitalize on the existing value potentials also in this regard. This year the pleasing performance of the Berlin stock will ensure an overall stable business performance.

The privatization business is going according to plan. This creates additional added value for our shareholders as we will use the released capital to reduce liabilities and improve the quality of our portfolio. The primarily longterm secured financing with average terms of over seven years protects us against possible interest rate hikes and also supports the consistent implementation of our strategy.

With the newly created, streamlined company structure and a strategy with good prospects we are able both to take on the short-term challenges of the capital market and to exploit the medium to longer-term opportunities in the German housing market.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF YEAR AS OF 06/30/2008

CONSOLIDATED BALANCE

Deutsche Wohnen AG, Frankfurt am Main Consolidated balance sheet as of 06/30/2008	06/30/2008	2007
Assets	in EUR thousands	in EUR thousands
Investment properties	3,221,854	3,271,205
Property, plant and equipment	32,515	27,948
Intangible assets	421	370
Other noncurrent assets	147	168
Shares in affiliated companies	435	435
Deferred tax assets	80,213	86,614
Noncurrent assets	3,335,586	3,386,740
Land and buildings held for sale	20,377	21,887
Other inventories	1,827	1,725
Trade receivables	8,977	18,562
Derivatives	54,499	32,231
Current tax receivables	5,443	2,879
Other current assets	4,420	3,907
Cash and cash equivalents	41,820	47,874
Subtotal current assets	137,363	129,065
Noncurrent assets held for sale	45,345	4,597
Current assets	182,708	133,662
Total assets	3,518,294	3,520,402

CONSOLIDATED BALANCE

Deutsche Wohnen AG, Frankfurt am Main Consolidated balance sheet as of 06/30/2008	06/30/2008	2007
Liabilities	in EUR thousands	in EUR thousands
Equity apportionable to shareholders in the parent company		
Subscribed capital	26,400	26,400
Capital reserves	349,521	349,521
Accumulated consolidated profit	560,357	559,902
	936,278	935,823
Minority shareholdings	302	302
Total equity	936,581	936,125
Noncurrent financial liabilities	1,957,291	2,034,087
Convertible bonds	24,889	24,339
Pension obligations	40,567	41,562
Liabilities to fund limited partners	47,661	46,631
Current tax liabilities	69,117	68,126
Other current provisions	11,599	11,375
Deferred tax liabilities	140,760	135,835
Total noncurrent liabilities	2,291,884	2,361,955
Current financial liabilities	213,611	145,468
Trade receivables	20,744	25,420
Other current provisions	19,823	9,440
Derivatives	0	3,804
Current tax liabilities	12,240	13,739
Other current liabilities	23,412	24,451
Total current liabilities	289,829	222,322
Total liabilities	3,518,294	3,520,402

» CONSOLIDATED INCOME STATEMENT

Deutsche Wohnen AG, Frankfurt am Main Consolidated income statement for the period from 01/01 to 06/30/2008	HY1/2008	HY1/2007 (adjusted)	Q2/2008	Q2/2007 (adjusted)
	in EUR thousands	in EUR thousands	in EUR thousands	in EUR thousands
Revenue	149,435	60,467	77,268	31,264
Profit from housing privatization				
Sales proceeds	22,282	14,112	14,688	12,870
Carrying amounts of assets disposed	-15,560	-14,723	-9,828	-13,812
	6,722	-611	4,860	-942
Other operating income	5,440	1,215	2,372	433
Profit from fair value adjustment of investment property	496	34,244	17	33,318
Total income	162,093	95,315	84,517	64,073
Expenses related to goods and services received	-60,627	-28,001	-35,202	-15,602
Employee expenses	-22,591	-9,564	-11,145	-5,612
Other operating expenses	-13,410	-9,462	-5,405	-3,766
Restructuring and reorganization expenses	-16,790	0	-15,521	0
Total expenses	-113,418	-47,027	-67,273	-24,980
Interim result	48,675	48,288	17,244	39,093
Depreciation, amortization and impairment losses	-803	-496	-434	-464
Earnings before interest and tax (EBIT)	47,872	47,792	16,810	38,629
Financial income	775	958	510	505
Profit from the market value adjustment of derivatives	25,884	0	49,853	0
Financial expenses	-62,261	-17,107	-31,505	-8,779
Profit before tax	12,270	31,643	35,668	30,355
Income tax	-11,486	-19,738	-12,075	-18,711
Profit from continuing business segments	784	11,905	23,593	11,644
Profit from discontinued business segments	-329	0	-472	0
Net result for the period	455	11,905	23,121	11,644
Of which is apportioned to:				
Shareholders in the parent company	455	11,905	23,121	11,644
Minority shareholdings	0	0	0	0
	455	11,905	23,121	11,644
Earnings per share				
basic	0.02	0.60	0.88	0.58
diluted	0.04	0.60	0.87	0.58

» CONSOLIDATED CASH FLOW STATEMENT

Deutsche Wohnen AG, Frankfurt am Main Consolidated cash flow statement for the period from from 01/01 to 06/30/2008	HY1/2008	HY1/2007 (adjusted)
	in EUR thousands	in EUR thousands
Operating activities		
Result for the period before interest and tax	73,707	24,112
Non-cash expenses/income		
Fair value adjustment of investment property	-496	-34,244
Depreciation, amortization and impairment losses	1,775	496
Adjustment of interest rate swaps	-26,072	0
Other non-cash expenses/income	323	21,404
Change in net working capital		
Change in receivables, inventories and other current assets	3,676	19,440
Change in operating liabilities	-6,211	9,429
Operating cash flow	46,702	40,637
Interest paid	-46,731	-11,602
Interest received	802	0
Tax paid	0	-605
Cash flow from operating activities	773	28,430
Investment activities		
Proceeds from the sale of property	26,522	13,746
Payments made to acquire investment property	-13,170	-89,647
Other payments	0	-4
Proceeds from disposals of financial assets and capital repayments	0	32
Payments made to acquire minority holdings in DB 14	-170	0
Cash flow from investment activities	13,182	-75,873
Financing activities		
Payments to shareholders (dividends)	0	-17,600
Proceeds from taking on loans	19,437	70,035
Repayment of loans	-39,446	-10,016
Cash flow from financing activities	-20,009	42,419
Net change in cash and cash equivalents	-6,054	-5,024
Cash and cash equivalents at the start of the period	47,874	33,516
Cash and cash equivalents at the end of the period	41,820	28,492

» STATEMENT OF CHANGES IN GROUP EQUITY

Deutsche Wohnen AG, Frankfurt am Main, Statement of changes in group equity as of 06/30/2008	Shares	Registered capital	Capital reserves	Accumulated consolidated profit	Total	Minority share-holdings	Equity
	in thousands	in EUR thousands	in EUR thousands	in EUR thousands	in EUR thousands	in EUR thousands	in EUR thousands
Equity as of 06/30/2006	20,000	10,226	207,053	201,383	418,662	0	418,662
Effect of the fair value conversion				350,506	350,506		350,506
Correction of the first consolidation of DB 14				8,779	8,779		8,779
Equity as of 06/30/2006 (adjusted)	20,000	10,226	207,053	560,668	777,947	0	777,947
Appropriations		9,774		26,524	36,298		36,298
Withdrawals			– 36,298	0	– 36,298		– 36,298
Earnings recognized in equity				149	149		149
Distributions				– 52,600	– 52,600		– 52,600
Consolidated profit after tax				10,925	10,925		10,925
Equity as of 12/31/2006	20,000	20,000	170,755	545,666	736,421	0	736,421
Issue of 6,400,000 shares relating to the GEHAG transaction	6,400	6,400	177,664	0	184,064		184,064
Equity relating to the convertible bonds issued in connection with the GEHAG transaction			1,102	0	1,102		1,102
Minority shareholdings related to company acquisition						302	302
Earnings recognized in equity				2,050	2,050		2,050
Distributions				– 17,600	– 17,600		– 17,600
Consolidated profit after tax				29,786	29,786	0	29,786
Equity as of 12/31/2007	26,400	26,400	349,521	559,902	935,823	302	936,126
Result for the period				455	455	0	455
Equity as of 06/30/2008	26,400	26,400	349,521	560,358	936,279	302	936,581

Deutsche Wohnen AG, Frankfurt am Main, Statement of changes in group equity as of 06/30/2007	Shares	Registered capital	Capital reserves	Accumulated consolidated profit	Equity
	in thousands	in EUR thousands	in EUR thousands	in EUR thousands	in EUR thousands
Equity as of 06/30/2006	20,000	10,226	207,053	201,383	418,662
Effect of the fair value adjustment				350,506	350,506
Correction of the first consolidation of DB 14				8,779	8,779
Equity as of 06/30/2006 (adjusted)	20,000	10,226	207,053	560,668	777,947
Appropriations		9,774		26,524	36.298
Withdrawals			– 36,298	0	– 36,298
Earnings recognized in equity				149	149
Distributions				– 52,600	– 52,600
Result for the period				10,925	10,925
Equity as of 12/31/2006	20,000	20,000	170,755	545,666	736,421
Earnings recognized in equity				62	62
Result for the period				11,905	11,905
Distributions				-17,600	-17,600
Equity as of 06/30/2007	20,000	20,000	170,755	540,033	730,788

GENERAL INFORMATION

Deutsche Wohnen AG is the holding company for the whole Deutsche Wohnen Group. With the new structure, groupwide matters such as corporate strategy, portfolio management, personnel, Investor Relations/Company Communication and planning/control are now performed by the holding company. The operational subsidiaries concentrate on residential property management and housing privatization of the properties which are located mainly in Berlin and in the Rhine-Main and Rhineland Palatinate area. After the acquisition of the GEHAG Group, Deutsche Wohnen has become the second largest listed residential property company in Germany.

The consolidated financial statements have been prepared in Euros. Unless otherwise stated, all figures are rounded in EUR thousands or EUR millions. Slight mathematical rounding differences to the exact mathematical values may be reflected in the tables and references.

PRINCIPLES AND METHODS USED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The shortened consolidated interim financial statements for the period of January 1 to June 30, 2008, were prepared in accordance with IAS 34 interim financial reporting, as it applies in the EU.

These interim financial statements do not contain all of the information and disclosures required for consolidated financial statements and are therefore to be read in conjunction with the consolidated financial statements as of December 31, 2007.

The consolidated financial statements have generally been prepared using the historical cost approach, with the exception of in particular investment property and derivatives, which are valued at fair value.

The consolidated financial statements comprise the financial statements of Deutsche Wohnen and its subsidiaries as of June 30, 2008. The financial statements of the subsidiaries are prepared using standard accounting and valuation policies as of the same balance sheet date as the financial statements of the parent company.

In the preparation of the consolidated financial statements, discretionary judgments, estimates and assumptions are made by the management which have an impact on the level of income, expenses, assets, liabilities, as well contingent liabilities reported on the balance sheet date. Due to the uncertainty associated with these assumptions and estimates, results might emerge which in future could lead to considerable adjustments to the carrying amount of the assets or liabilities concerned.

The business activities of the Deutsche Wohnen Group are largely free from seasonal or economic influences.

Due to the acquisition of the GEHAG Group, only limited comparability of the interim financial statements as of June 30, 2008, and June 30, 2007, can be made.

› Fair value method ‹

CHANGES IN THE CONSOLIDATED COMPANIES

Deutsche Wohnen Service GmbH, Berlin, was formed on February 21, 2008. The share capital, which has been paid in full, amounts to EUR 25,000 and is held by Deutsche Wohnen AG, Frankfurt. The company was registered in the commercial register under HRB 112612 on March 25, 2008.

With the sale contract of June 6, 2008, the shares in the GEHAG Wohnungsverwaltungs- und Vertriebs-GmbH were sold for a purchase price of EUR 1.

CHANGES IN ACCOUNTING POLICIES

Deutsche Wohnen basically applied the same accounting and evaluation policies as in the previous year, with the following necessary exceptions:

Change to fair value method for investment property:

Deutsche Wohnen changed the valuation of its investment property over from the cost method to the fair value method in its consolidated financial statements as of December 31, 2007.

Due to the comprehensive information in the consolidated financial statements as of December 31, 2007, only the effects in the consolidated income statement for the previous year's period from January 1 to June 30, 2007, are to be addressed in the following.

As a result of the change there was an adjustment to revenue from privatization (income from the sale of residential properties), an increase in liabilities related to trade receivables due to allowances for the maintenance and repair portion of service charges, a reduction in depreciation, amortization and impairment losses, a reduction in other operating income as a result of the write-off of non-current deferrals and accruals, as well as an adjustment in the fair value of the properties reported in the consolidated income statement for the short fiscal year from January 1 to June 30, 2007. The balance sheet changes also result in a change to deferred taxes in the consolidated income statements.

For the consolidated income statement for the interim report period from January 1 to June 30, 2007, there are changes to the following items:

	01/01/-06/30/2007	Adjustment for fair value conversion	01/01/-06/30/2007 adjusted
	in EUR millions	in EUR millions	in EUR millions
Carrying amount of assets disposed	-9.4	-5.3	-14.7
Other operating income	1.9	-0.7	1.2
Fair value adjustment of investment property	0.0	34.2	34.2
Expenses related to goods and services received	-27.9	-0.1	-28.0
Depreciation, amortization and impairment losses	-8.5	8.0	-0.5
Income tax	-0.8	-18.9	-19.7
Net result for the period	-5.3	17.2	11.9
Earnings per share	-0.26	0.86	0.60

Reporting of market value adjustment of derivatives:

For the market value adjustment of derivatives we have for reasons of improved clarity created a separate item for this in the consolidated income statement.

SELECTED CONSOLIDATED BALANCE SHEET DISCLOSURES

The assets of the Deutsche Wohnen Group comprise investment property amounting to 92 percent. The reduction compared to December 31, 2007, is primarily attributable to sales.

Property, plant and equipment is made up primarily of technical equipment as well as operating and office equipment.

Derivatives are interest rate swaps valued at fair value in the balance sheet which have been taken out not for speculative purposes, but solely to minimize the risks of changes in interest rates and thus minimize the cash flow risks from loans with variable interest rates. In the first half year the market values have developed very positively:

	12/31/2007	Change	06/30/2008
	in EUR thousands	in EUR thousands	in EUR thousands
Derivatives			
Assets side	32,231	22,268	54,499
Liabilities side	-3,804	3,804	0
	28,427	26,072	54,499

The AKF Group accounts for EUR 0.2 million, for which reason only EUR 25.9 million is recorded in the consolidated income statement.

The changes in equity can be seen in the statement of changes in group equity on page 24.

Financial liabilities have hardly changed compared to December 31, 2007. In the first half year loans totaling EUR 39.4 million have been repaid. This is to be seen alongside a new loan value totaling EUR 19.4 million.

In the balance sheet item convertible bonds, the share of borrowed capital for the GEHAG Group convertible bonds issued as part of the purchase price is reported. The change is attributable to the accrued interest for the first six months. Tax liabilities essentially take into account the payment obligation for EK 02.

The rise in other provisions is essentially attributable to the restructuring provision (EUR 11.7 million). These take into account all of the known severance payments and continued payment of salaries to released employees.

SELECTED CONSOLIDATED INCOME STATEMENT DISCLOSURES

The consolidated income statement cannot be compared to the previous year as the GEHAG Group was not part of the consolidated companies at that time.

The revenue comprises the following:

	HY1/2008	HY1/2007 adjusted
	in EUR thousands	in EUR thousands
Residential property management	131,622	59,811
Caregiving activities	2,613	636
Nursing and residential care homes	14,992	0
Other services	208	20
	149,435	60,467

The liabilities related to trade receivables concern primarily liabilities for residential property management (EUR 56.1 million, previous year's period EUR 28.0 million). The rise is attributable to the GEHAG transaction, due to which the property stock has more than doubled.

The rise in employee expenses of EUR 9.6 million to EUR 22.6 million is primarily attributable to the rise in the number of employees due to the GEHAG transaction.

The restructuring and reorganization expenses primarily comprise the severance payments (EUR 8.3 million) related to the reduction in personnel and continued payment of salaries (EUR 4.7 million) to released employees for the duration of the notice period. Relating to the personnel measures legal and consultancy costs totaling EUR 0.8 million have been incurred. We also report in this item costs relating to the reorganization (EUR 2.9 million). These include in particular expenses for Company Communication, transaction-related services and consultancy costs related to the structuring of the Group with regards to tax and company law.

The financial expenses comprise the following:

	Q2/2008	Q2/2007 adjusted
	in EUR millions	in EUR millions
Interest	54.7	15.0
Accrued interest on liabilities and pensions	7.5	2.1
	62.2	17.1

The profit from discontinued business segments comprises the profit of the AKF Group in the first half of 2008. The total revenue of EUR 4.2 million is to be seen alongside expenses of EUR 4.5 million. This produces a result of EUR -0.3 million. Current tax was not incurred.

CASH FLOW STATEMENT DISCLOSURES

The cash funds comprise cash and bank balances. The liquid funds of DB 14 comprise EUR 10.7 million. Alongside this we have credit lines available with banks totaling EUR 65 million. From the sales which have already been recorded and the AKF transaction we will generate additional liquidity totaling approximately EUR 105 million.

SEGMENT REPORTING DISCLOSURES

The following table shows the segment revenue and the segment result for the Deutsche Wohnen Group:

	Segment revenue from third parties		Segment result	
	Q2/2008	Q2/2007 adjusted	Q2/2008	Q2/2007 adjusted
	in EUR millions	in EUR millions	in EUR millions	in EUR millions
Residential property management	131.6	59.0	75.5	31.0
Housing privatization	22.3	14.1	4.8	-1.3
Services	21.9	0	3.0	0
Miscellaneous and Group function	5.3	2.7	-82.8	-17.8
Group	181.1	75.8	0.5	11.9

OTHER DISCLOSURES

Related companies and related persons
There are no significant changes to the disclosures made as of December 31, 2007, for related companies/persons.

Management and Supervisory Board
There are no changes in the Management and Supervisory Board compared to the disclosures as of December 31, 2007.

Risk report
There are no significant changes with regards to the risks of the future business development. Therefore, the disclosures made in the risk report of the consolidated financial statements as of December 31, 2007, apply.

Frankfurt am Main, August 2008

The Management Board

>> BALANCE SHEET OATH OF THE MANAGEMENT BOARD

"We assure to the best of our knowledge and in accordance with the applicable financial accounting principles that the consolidated interim financial statements as of June 30, 2008, convey a view of the revenue, financial and asset position of the company which corresponds with the actual circumstances, and that in the interim management report the business performance including the financial result and the position of the Group are portrayed in a manner which conveys a view which corresponds with the actual circumstances, and that the significant opportunities and risks of the company's likely development are depicted."

Frankfurt am Main, August 2008

Deutsche Wohnen AG

Michael Zahn Speaker of the Management Board	Helmut Ullrich Member of the Management Board

» FINANCIAL CALENDAR

08/29/2008	Publication of Interim Report as of 06/30/2008 / 2nd Quarter
09/04-09/06/2008	EPRA-Conference in Stockholm
09/11-09/12/2008	UBS-Conference in New York
09/23-09/25/2008	UniCredit-Conference in Munich
09/26/2008	Investor Day in Berlin
10/06-10/08/2008	ExpoReal in Munich
10/21-10/22/2008	Real Estate Share Initiative in Frankfurt am Main
11/12-11/13/2008	WestLB-Conference in Frankfurt am Main
11/27/2008	Publication of Interim Report as of 09/30/2008 / 3rd Quarter

Notes concerning the Financial Calender:
Preparations are currently being made to schedule further IR activities in 2008.
The stated dates are subject to change.

MANAGEMENT BOARD

THE MANAGEMENT BOARD
(as of August 2008)

Michael Zahn
» Speaker of the Management Board
Berlin

Helmut Ullrich
» Member of the Management Board
Königstein

SUPERVISORY
(as of August 2008)

Hermann T. Dambach
» Chairman
Bad Homburg

Dr. Andreas Kretschmer
» Deputy Chairman
Düsseldorf

Jens Bernhardt
Königstein

Matthias Hünlein
Oberursel

Dr. Florian Stetter
Erding

Uwe E. Flach
Frankfurt am Main

REGISTERED OFFICE

Deutsche Wohnen AG

Registered Office:
Pfaffenwiese 300
D-65929 Frankfurt am Main

Mainz Office:
Rhabanusstraße 3
D-55118 Mainz
Telephone: +49 (0)6131 4800 301
Fax: +49 (0)6131 4800 4441

Berlin Office:
Mecklenburgische Straße 57
D-14197 Berlin
Telephone: +49 (0)30 89786 0
Fax: +49 (0)30 89786 191

E-Mail: ir@deuwo.com
deutsche-wohnen.com

IMPRINT

Publisher
Deutsche Wohnen AG

Design and Production
CB.e Clausecker | Bingel. Ereignisse AG

Picture credits
Deutsche Wohnen AG
Sibylle Fendt
Jennifer Karass

Advice:
The translation of this Interim Report
is a convenience translation
(German version prevails).