



Deutsche Wohnen AG

» **Q1 2012 results**

Conference Call, 11 May 2012

» Highlights Q1/2012

» Highlights Q1/2012 – Key figures at a glance

Performance (y-o-y)

• Core letting portfolio		
• In-place rent:	5.70 EUR/sqm	like-for-like: + 3.6%
• New-letting rent:	6.89 EUR/sqm	+ 4.7%
• Vacancy:	1.6%	like-for-like: - 21%
• NOI in EUR m	EUR 39.9m	+ 11.8%

Results (y-o-y)

• Net profit:	EUR 14.4m	+ 69%
• Adjusted EBT:	EUR 19.6m	+ 40%
• Recurring FFO (w/o disposals):	EUR 18.4m	+ 21%
• EPRA NAV:	12.01 EUR/share	Already close to break even with the EPRA NAV per share pre capital increase Nov 2011 of EUR 12.04
• LTV:	54.9%	

Portfolio

- **Further improved portfolio quality** due to acquisitions 2010/2011 and further streamlining in disposal regions
 - 94% of total portfolio is located in our core regions (Mar 2011: ~ 90%)
- **Disposals**
 - **Signed:** 460 units in Q1/2012 in privatisation (plus overhang from 2011: + 543 units); 820 units in institutional sales
 - **Closed:** 450 units in privatisation; 368 units in institutional sales

» **Compelling performance
in well managed portfolio**

» Overall portfolio quality: share of core regions further enhanced

Residential only	31/03/2012		31/03/2011	
	Residential units	Share of total portfolio	Residential units	Share of total portfolio
	#	%	#	%
Core regions	46,889	94%	42,485	90%
Letting portfolio	42,641	86%	38,651	82%
Privatisation	4,248	8%	3,834	8%
Disposal regions	2,933	6%	4,610	10%
Adjustment portfolio	1,220	3%	2,289	5%
Other disposal holdings	1,713	3%	2,321	5%
Total	49,882	100%	47,095	100%

Development last twelve months:

- Residential holdings in core regions up by around 4,400 (+ 10%)
- Share of core regions in total portfolio increased from 90% to 94%
- More than 1,650 units sold in structurally weak regions; thereof ~ 2/3 in the adjustment portfolio

Since 31 December 2011:

- 368 units in disposal regions closed with transfer of risk and rewards
- Additional 452 units already signed

» Well managed portfolio with further growth potential

Residential	Units	Area	Share of total portfolio	In-place rent ¹⁾	New-letting rent ²⁾	Vacancy
	Number	k sqm	%	EUR/sqm	EUR/sqm	%
Total	49,822	3,025		5.60	6.78	2.3%
Core regions	46,889	2,842	94%	5.65	6.90	2.0%
Letting portfolio	42,641	2,566	86%	5.66	6.89	1.6%
Privatisation	4,248	276	8%	5.59		6.3%
Regions in detail						
Greater Berlin	27,845	1,662	56%	5.47		1.5%
Letting portfolio	25,212	1,495	51%	5.50	6.60	1.0%
Privatisation	2,633	167	5%	5.21		5.7%
Frankfurt/Main	4,076	247	8%	7.04		1.5%
Letting portfolio	3,505	205	7%	7.16	8.65	0.7%
Privatisation	571	41	1%	6.38		5.9%
Rhine-Main	4,833	289	10%	6.26		4.3% ³⁾
Letting portfolio	4,357	259	9%	6.21	7.67	3.9%
Privatisation	476	31	1%	6.70		7.5%
Rhine Valley South	5,103	319	10%	5.33		2.5%
Letting portfolio	4,741	296	9%	5.32	6.22	1.9%
Privatisation	362	23	1%	5.44		9.3%
Rhine Valley North	4,320	276	9%	5.36		2.3%
Letting portfolio	4,114	262	8%	5.35	6.45	2.0%
Privatisation	206	14	1%	5.60		6.7%
Others (only letting portfolio)	712	48	1%	5.07		4.7%
Disposal regions	2,933	183	6%	4.69	4.94	8.4%
Adjustment portfolio	1,220	76	3%	4.40		13.6%
Other disposal holdings	1,713	107	3%	4.87		5.2%

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

²⁾ Contractually owed rents for newly concluded contracts for units not subject to rent control effective in 2012

³⁾ Without vacancy due to current capex measures: 1.8%

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

In-place rent (like-for-like) in EUR/sqm

	In-place rent ¹⁾ EUR/sqm		Δ in % y-o-y
	31/03/2012	31/03/2011	
Letting portfolio in core regions	5.70	5.50	3.6%
Greater Berlin	5.57	5.33	4.5%
Frankfurt/Main	7.16	6.96	2.9%
Rhine-Main	6.19	6.00	3.2%
Rhine Valley South	5.34	5.27	1.3%
Rhine Valley North	5.06	4.98	1.6%
Others	5.07	4.98	1.8%
Privatisation	5.70	5.61	1.6%
Disposal regions	4.66	4.61	1.1%
Total	5.64	5.46	3.3%

Vacancy (like-for-like)

	Vacancy in %		Δ in % y-o-y
	31/03/2012	31/03/2011	
Letting portfolio in core regions	1.5%	1.9%	-21.1%
Greater Berlin	0.9%	1.2%	-25.0%
Frankfurt/Main	0.7%	1.4%	-50.0%
Rhine-Main	3.8%	5.4%	-29.6%
Rhine Valley South	1.9%	2.3%	-17.4%
Rhine Valley North	2.0%	2.0%	0.0%
Others	4.7%	4.0%	-17.5%
Privatisation	6.4%	2.2%	>100%
Disposal regions	8.3%	9.3%	-10.8%
Total	2.2%	2.4%	-8.3%

Rent potential

	31/03/2012			31/12/2011
	New-letting rent ²⁾	In-place rent ¹⁾	Rent potential ³⁾	Rent potential ³⁾
Letting portfolio in core regions	6.89	5.66	21.7%	19.7%
Greater Berlin	6.60	5.50	20.0%	17.0%
Frankfurt/Main	8.65	7.16	20.8%	20.4%
Rhine-Main	7.67	6.21	23.5%	22.2%
Rhine Valley South	6.22	5.32	16.9%	12.7%
Rhine Valley North	6.45	5.35	20.6%	10.5%
Others	5.53	5.07	9.1%	10.5%

- Like-for-like rental growth (y-o-y) incorporates effects from Mietspiegel 2011
- Rent potential is increasing, i.e. new-letting rental growth is even higher than in-place rental growth

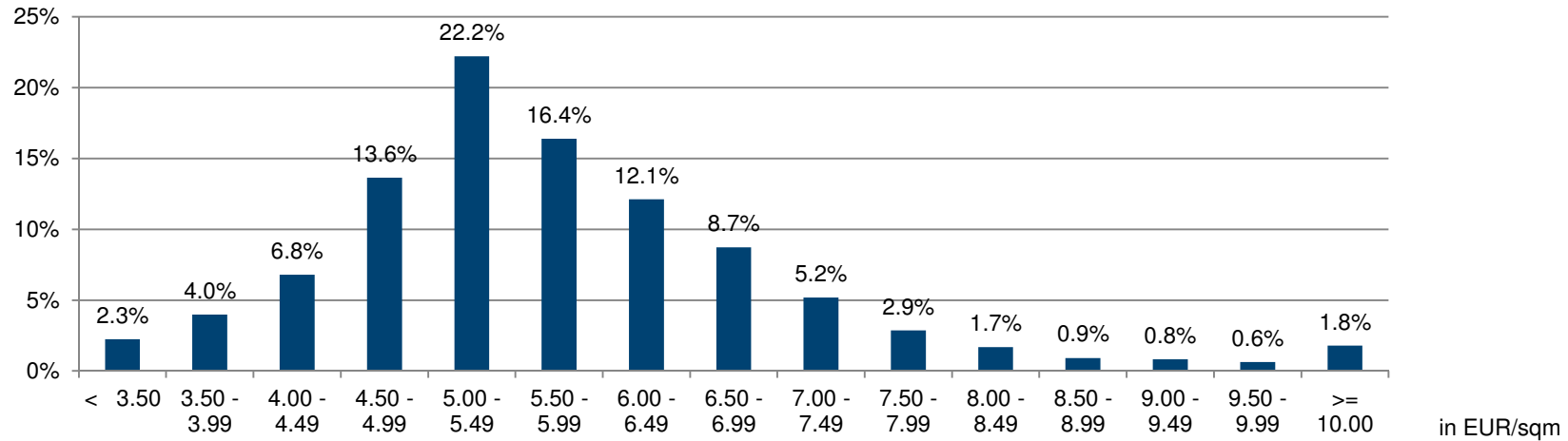
¹⁾ Contractually owed rent from rented apartments divided by rented area

²⁾ Contractually owed rents for newly concluded contracts for units not subject to rent control effective in 2012

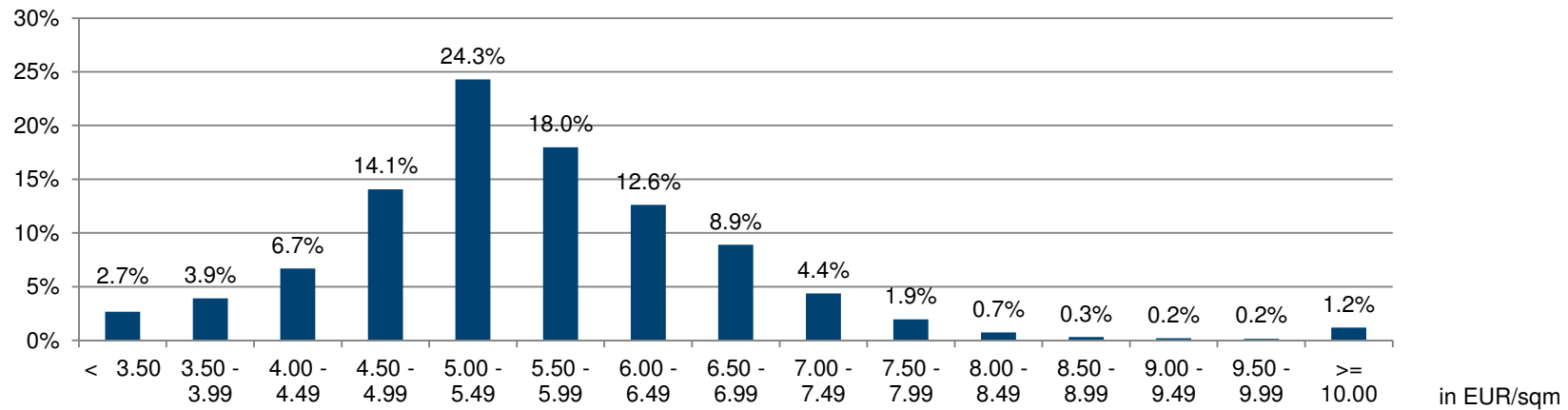
³⁾ Rent potential = New-letting rent compared to in-place rent

» Distribution of in-place rent of letting portfolio

Total letting portfolio



Letting portfolio Berlin



» Increasing earnings and cash contribution from letting

**Letting
+ EUR 4.5m**

EUR m	Q1/2012	Q1/2011
Current gross rental income	52.0	47.7
Non-recoverable expenses	-0.9	-1.2
Rental loss	-0.5	-0.5
Maintenance	-5.8	-5.8
Others	-0.7	-0.6
Earnings of Residential Property Management	44.1	39.6

**NOI/sqm/month
+ 6.2%**

Personnel, general and administration expenses	-4.2	-3.9
Net Operating Income (NOI)	39.9	35.7
<i>NOI Margin</i>	<i>76.7%</i>	<i>74.8%</i>
<i>NOI in EUR/sqm and month¹⁾</i>	<i>4.28</i>	<i>4.03</i>
Increase	6.2%	

**Cash flow
+ 16.3%**

EUR m	Q1/2012	Q1/2011
Net Operating Income (NOI)	39.9	35.7
Cash interest expenses	-19.9	-18.5
Cash flow from portfolio after cash interest expenses	20.0	17.2
Increase	16.3%	

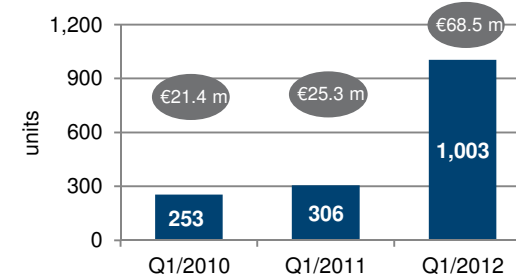
- The increase in current gross rental income stems from rental growth, further vacancy reductions and acquisitions
 - › Rental shortfall due to disposals were more than compensated, in particular due to transfer of risk and rewards of 1,160 units in Dusseldorf as of 2 January 2012
- Proven scaling effects (stable cost structure) lead to compelling NOI-margin, NOI per sqm and month and cash flow

¹⁾ Based on average quarterly floor space

» Strong privatisation business and streamlining in disposal regions

Signed in Q1/2012 (incl. overhang 2011)	Units	Transaction volume	Fair value	Margin	
	#	EUR m	EUR m	EUR m	%
Privatisation	1,003	68.5	51.5	17.0	33%
Institutional sales	820	30.2	27.9	2.3	8%
	1,823	98.7	79.4	19.3	24%

Privatisation signed
(units and transaction volume)



- **Privatisation** (i.e. sales of individual apartments):
 - › Privatisation signed in 2012 (w/o overhang from 2011): 460 units
 - › Sustainable gross margin of ~ 33%
- **Institutional sales:**
 - › Clear focus on sales in disposal regions in 2012

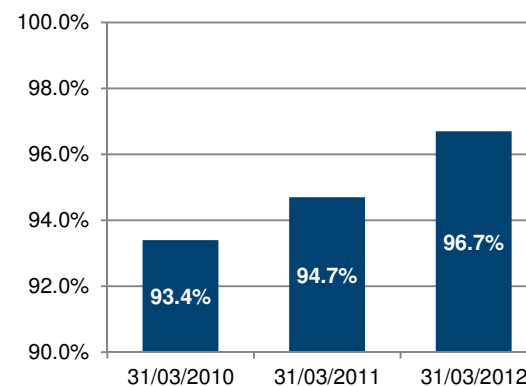
Closed in EUR m	Q1/2012	Q1/2011
Sales proceeds	41.8	25.2
Cost of sales	-3.2	-1.1
Net sales proceeds	38.6	24.1
Fair value	-34.8	-21.4
Earnings from Disposals	3.8	2.7

- Number of disposals closed in Q1/2012: 818
 - › Privatisation: 450 units
 - › Institutional sales: 368 units

» Nursing and Assisted Living – stable EBITDA contribution

	Q1/2012	Q1/2011
	EUR m	EUR m
Income		
Nursing	8.3	8.5
Living	0.5	0.8
Other	0.8	0.9
	9.6	10.2
Costs		
Nursing and corporate expenses	-2.4	-2.7
Staff expenses	-4.6	-4.8
	-7.0	-7.5
Segment's earnings	2.6	2.7
Attributable current interest expenses	-0.6	-0.7
	2.0	2.0

Average occupancy



Note: Figures for 2010 and 2011 shown above with consideration of the termination of the lease contract for one facility and the sale of the related management company end of 2011 (like-for-like)

- Average occupancy in Q1/2012 increased to 96.7% (Q1/2011: 94.7%)

» **Improved results and strong financial profile**

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

EUR m	Q1/2012	Q1/2011
EBITDA	43.1	37.3
Depreciation	-0.7	-0.8
Financial result (net)	-22.8	-22.5
EBT (adjusted)	19.6	14.0
Valuation SWAP	-0.1	0.2
EBT	19.5	14.2
Current taxes	-0.8	-0.4
Deferred taxes	-4.3	-5.3
Profit	14.4	8.5
Earnings per share ¹⁾	0.14	0.10

- **EBITDA** increased by ~ EUR 6m mainly due to increase in earnings from letting as a result of acquisitions with proven scaling effect, i.e. stable cost structure
- **Interest expenses** only marginally increased despite higher financial liabilities due to acquisitions

EUR m	Q1/2012	Q1/2011
Interest expenses	-20.5	-19.2
Non-cash interest expenses	-2.7	-3.5
	-23.2	-22.7
Interest income	0.4	0.2
Financial result (net)	-22.8	-22.5

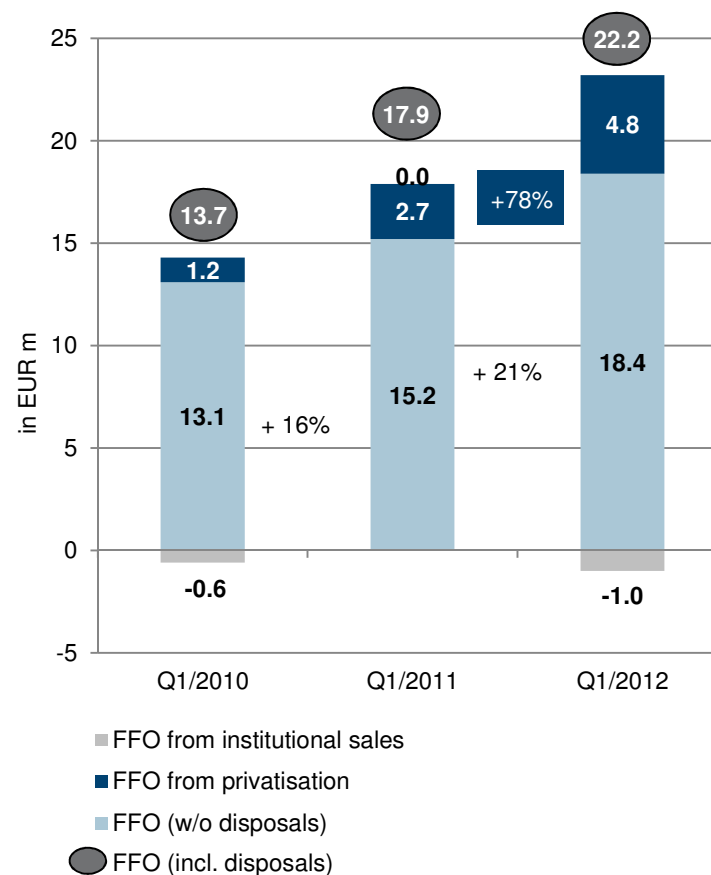
Non-cash interest expenses	Q1/2012
Mainly accruals on:	
Low-interest bearing liabilities	- 1.7
Liabilities from EK 02 taxes	- 0.5
Employee benefit liability	- 0.5
DB 14	- 0.0
Total	- 2.7

¹⁾ Based on average shares outstanding (Q1/2012: 102.3m; Q1/2011: 81.84m)

» Strong recurring FFO performance in Q1/2012: + 21% (y-o-y)

EUR m	Q1/2012	Q1/2011
Profit	14.4	8.5
Earnings from Disposals	-3.8	-2.7
Depreciation	0.7	0.8
Valuation SWAP	0.1	-0.2
Non-cash financial expenses	2.7	3.5
Deferred taxes	4.3	5.3
FFO (w/o disposals)	18.4	15.2
FFO from privatisation	4.8	2.7
FFO (incl. privatisation)	23.2	17.9
FFO from institutional sales	-1.0	0.0
FFO (incl. disposals)	22.2	17.9

- Ongoing FFO from privatisation increased by 78% y-o-y

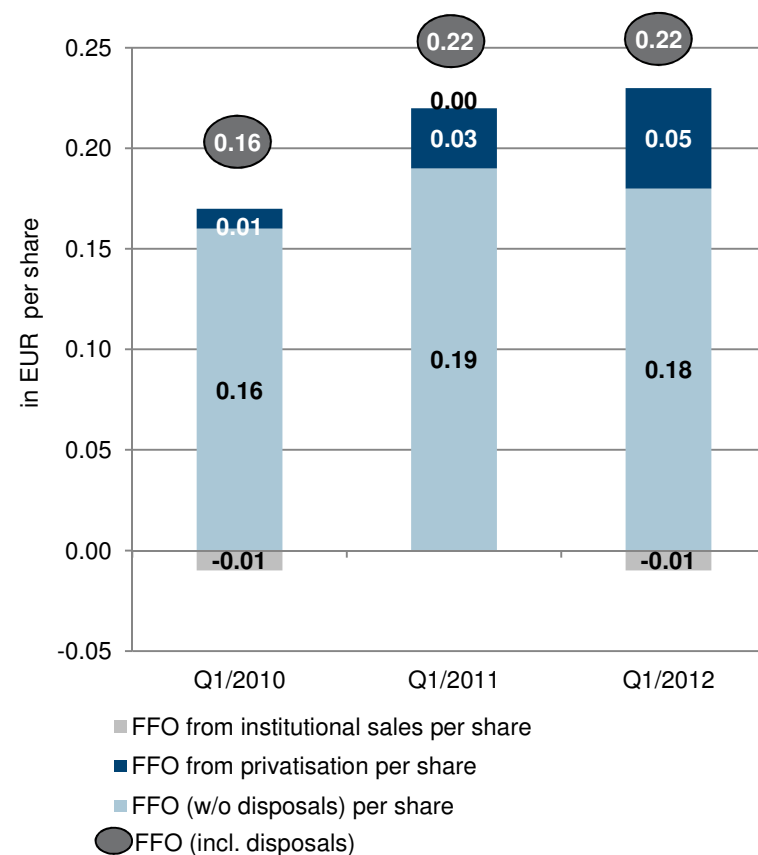


» FFO per share remained stable y-o-y despite capital increase

in EUR per share	Q1/2012	Q1/2011
FFO (w/o disposals)	0.18	0.19 ¹⁾
FFO from privatisation	0.05	0.03
FFO (incl. privatisation)	0.23	0.22
FFO from institutional sales	-0.01	0.00
FFO (incl. disposals)	0.22	0.22
Avg. no of shares in m	102.30	81.84

- **Despite an increase of shares outstanding by 25% due to the capital increase in 2011 and not having reinvested the vast majority of the net proceeds yet, FFO (w/o disposals) remained stable y-o-y**

¹⁾ Scrip-adjusting the FFO (w/o disposals) per share Q1/2011 for the capital increase 2011 (1.03 acc. to Datastream) lead to FFO (w/o disposals) per share of EUR 0.18 for Q1/2011



Note: Figures for Q1/2010 and Q1/2011 based on 81.84m shares outstanding; figures for Q1/2012 based on 102.3m shares outstanding; no scrip-adjustments undertaken

» Balance sheet – Assets

EUR m	31/03/2012	31/12/2011
Investment properties	2,981.0	2,928.8
Other non current assets	21.4	21.7
Deferred tax assets	61.0	63.0
Non current assets	3,063.4	3,013.5
Land and buildings held for sale	56.1	63.5
Trade receivables	8.8	14.0
Other current assets	43.6	43.4
Cash and cash equivalents	166.5	167.8
Current assets	275.0	288.7
Total assets	3,338.4	3,302.2

Unchanged valuation matrix

Thereof from

Rental business	31/03/2012 EUR 3.2m
Disposals	EUR 4.2m
Other	EUR 1.4m

Other current assets comprise

Non current assets held for sale	31/03/2012 EUR 37.9m
Income tax receivables	EUR 1.3m
Other inventories	EUR 2.8m
Other assets	EUR 1.6m

- EUR 106m available credit lines in addition to cash at-hand

» Balance sheet – Equity and Liabilities

EUR m	31/03/2012	31/12/2011
Total equity	1,093.1	1,083.4
Financial liabilities	1,854.3	1,834.7
Tax liabilities	60.5	58.6
Deferred tax liabilities	96.3	96.2
Derivatives	100.2	95.0
Other liabilities	134.0	134.3
Total equity and liabilities	3,338.4	3,302.2

→ + Profit EUR 14.4m
 - Cash flow hedge EUR 3.5m
 - Pensions EUR 1.2m

→ LTV at 54.9%

→ Including EK 02: EUR 51.1m

→ Derivative liabilities EUR + 5.2m

→ Other liabilities mainly comprise
 Trade liabilities EUR 42.5m
 Pensions EUR 44.2m
 Provisions EUR 11.6m
 Other liabilities EUR 28.5m
 DB 14 EUR 7.2m

EUR m	31/03/2012	31/12/2011
EPRA NAV	1,228.3	1,211.3
EPRA NAV per share in EUR	12.01	11.84
Shares outstanding (m)	102.3	102.3

→ ▪ Already close to break even with the EPRA NAV per share pre capital increase of EUR 12.04

» LTV at 54.9%; average interest rate: 4.06%

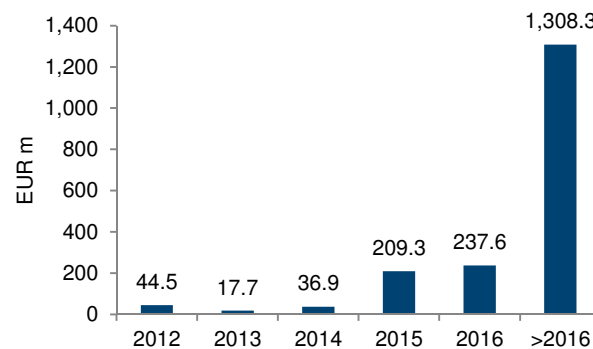
Debt structure

Financial liabilities in EUR m	
Mark-to-market	1,854.3
LTV (%)	54.9
Nominal value	1,956.8
LTV (%)	58.2

Debt service

- Average interest rate: ~ 4.06 %
- Average mandatory redemption p.a.: ~ 1.7 %
- Average weighted maturity: ~ 9.1 years
- Interest rate fixed or hedged: ~ 87 %

Long-term maturities profile



> Essentially no major loans due before end of 2015

» Forecast 2012

» Forecast 2012¹⁾

Base case, i.e. w/o consideration of acquisitions in 2012

Residential Property Management

- Significant increase in earnings due to full-year-effect of both acquisitions and rental increases in 2011 and rental increase in 2012 (fy-effect: EUR 4m), partly offset by disposals
- Sustainable low level of vacancy
- Maintenance: ~ EUR 9 – 10 per sqm p.a.
- Modernisation: ~ EUR 40m²⁾

Other

- Earnings from Nursing and Assisted Living at stable EUR 9m p.a.
- Corporate expenses: + 4% (compared to 2011)
- Cash interest expenses: ~ EUR 85m

Recurring FFO: EUR 55 m (base case)

Disposals

- Privatisation: ~ 900 units with a transaction volume of ~ EUR 70m
- Institutional sales/disposal regions: ~ 1,100 units with a transaction volume of ~ EUR 45m
- Earnings from disposals: ~ EUR 10m

FFO (incl. disposals): ~ EUR 65 m (base case)

Continued focus on external growth in 2012

- Available cash-on-hand plus unused credit lines enable future acquisitions
- With positive FFO-effects on base case depending on timing/closing

¹⁾ Assuming an economic development in Germany as currently forecast
²⁾ Partly debt financed and ~ EUR 10m comprise identified capex measures related to acquisitions in 2011

» Appendix

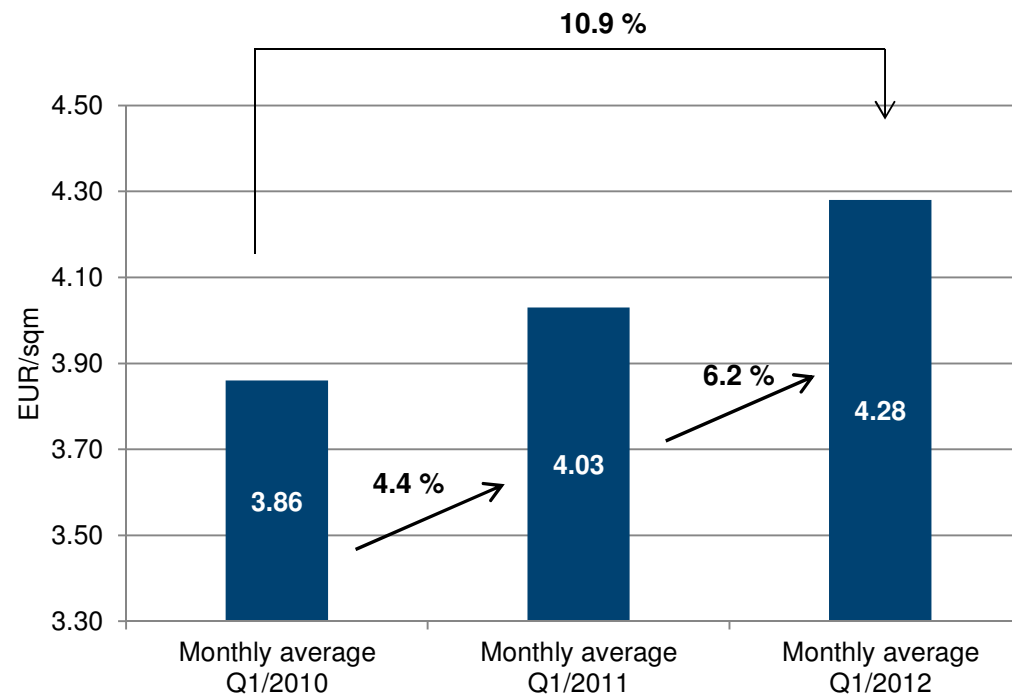
» EBITDA increased by EUR 5.8m / + 15.5% (y-o-y)

EUR m	Q1/2012	Q1/2011
Earnings from Residential Property Management	44.1	39.6
Earnings from Disposals	3.8	2.7
Earnings from Nursing and Assisted Living	2.6	2.7
Segment contribution margin	50.5	45.0
Corporate expenses	-7.7	-7.6
Other operating expenses/income	0.3	-0.1
EBITDA	43.1	37.3

Corporate expenses	Q1/2012	Q1/2011
Staff expenses	-5.1	-4.9
General and administration expenses	-2.6	-2.7
	-7.7	-7.6

» NOI performance continuously increasing

Residential Property Management: Net Operating Income (NOI) per sqm and month¹⁾



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

» Valuation of portfolio

	31/03/2012			
	Fair value	Fair value	Multiple	Multiple
	EUR m	EUR/sqm	in-place rent (x)	market rent (x)
Core regions	2,853	980	14.4	12.7
Greater Berlin	1,633	966	14.5	12.7
Frankfurt/Main	370	1,421	16.9	14.7
Rhine-Mine	305	1,006	13.9	12.1
Rhine Valley South	282	853	13.5	12.4
Rhine Valley North	230	831	12.9	11.9
Others	34	671	11.2	9.8
Disposal regions	101	544	10.6	9.4
Adjustment portfolio	34	438	9.9	8.3
Other disposal holdings	67	620	11.0	10.1
Total	2,954	954	14.2	12.6

Data incl. acquired privatisation holdings in Berlin with transfer of risk and rewards as at 1 June 2011

» Portfolio as at 31 March 2011 in current portfolio cluster format

- In order to compare key figures of the portfolio y-o-y as shown on p. 6, we illustrate the current portfolio cluster format as at 31 March 2011 in the following table:

Portfolio overview as at 31 March 2011

Residential	Units	Area	Share of total portfolio	In-place rent ¹⁾	New-letting rent ²⁾	Vacancy
	Number	k sqm	%	EUR/sqm	EUR/sqm	%
Total	47,095	2,870		5.43	6.38	3.3%
Core regions	42,485	2,587	90%	5.51	6.59	2.5%
Letting portfolio	38,651	2,331	82%	5.50	6.58	2.0%
Privatisation	3,834	256	8%	5.61		7.4%
Regions in detail						
Greater Berlin	24,715	1,482	52%	5.32		1.5%
Letting portfolio	22,878	1,359	48%	5.33	6.29	1.2%
Privatisation	1,837	123	4%	5.18		5.6%
Frankfurt/Main	4,201	255	9%	6.83		2.3%
Letting portfolio	3,546	208	8%	6.95	8.41	1.4%
Privatisation	655	47	1%	6.29		6.4%
Rhine-Main	4,634	280	10%	6.06		6.0%
Letting portfolio	4,092	245	9%	6.00	7.43	5.7%
Privatisation	542	35	1%	6.51		7.9%
Rhine Valley South	4,929	309	10%	5.28		3.3%
Letting portfolio	4,438	278	9%	5.27	5.92	2.3%
Privatisation	491	31	1%	5.43		11.5%
Rhine Valley North	3,260	209	7%	5.02		3.2%
Letting portfolio	2,951	190	6%	4.98	5.26	2.0%
Privatisation	309	20	1%	5.44		13.7%
Others (only letting portfolio)	746	51	2%	4.96		4.3%
Disposal regions	4,610	283	10%	4.58	4.65	11.9%
Adjustment portfolio	2,289	139	5%	4.36		18.7%
Other disposal holdings	2,321	144	5%	4.76		6.0%

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

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

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