



## **Q3 Results 2009**

Analyst and Investor Conference  
November 26, 2009

## » Agenda

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## » Operational Update

### Rental business on track

#### Core Portfolio

- Rents up by 12 Cents from 5.23 €/sqm to 5.35 €/sqm YTD
- Vacancy reduction by 28% from 3.9% to 2.8% YTD

### Sales (notarised)

#### Single Privatisation

- Units sold: 568 (500 units stated annual privatisation target)
- Sales margin: 36%

#### Bloc sales

- Units sold: 724
- Sales margin 2%

### Cost savings initiated in 2008 showing effects

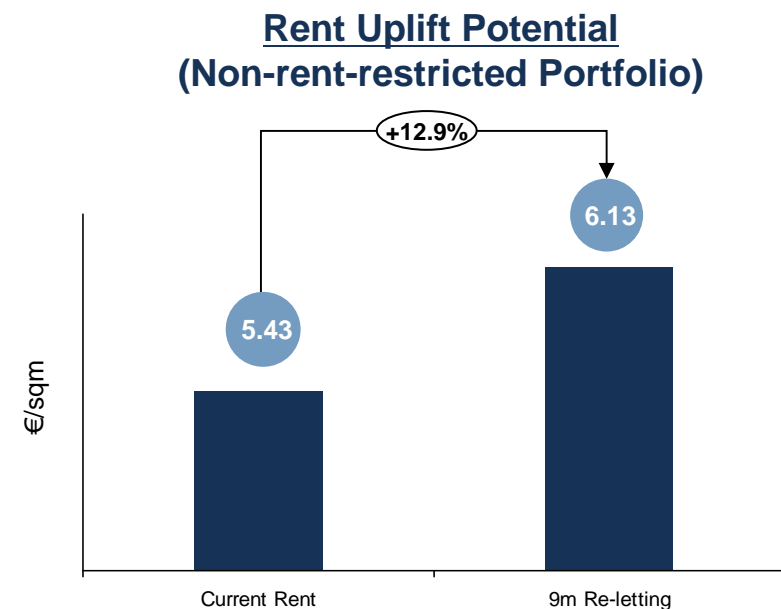
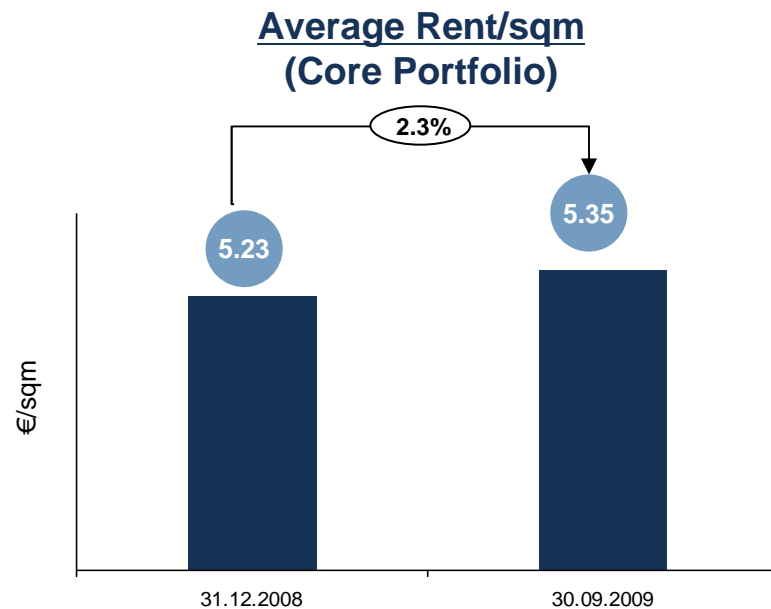
- Corporate expenses down by 13% Y-o-Y
- Ongoing interest expenses (net) down 7% Y-o-Y

### Cash flow and earnings situation improved

- FFO increased by 40% Y-o-Y to €1.04 per share (9m 2008: €0.74 per share)
- Adjusted EBT increased from EUR 2.8m (9m 2008) to EUR 15.3m (9m 2009)

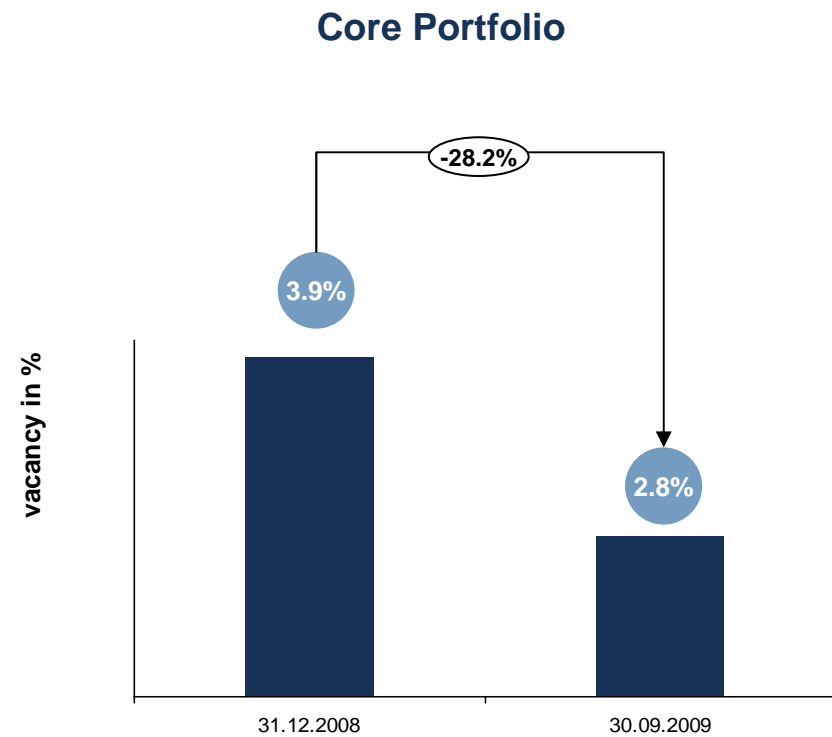
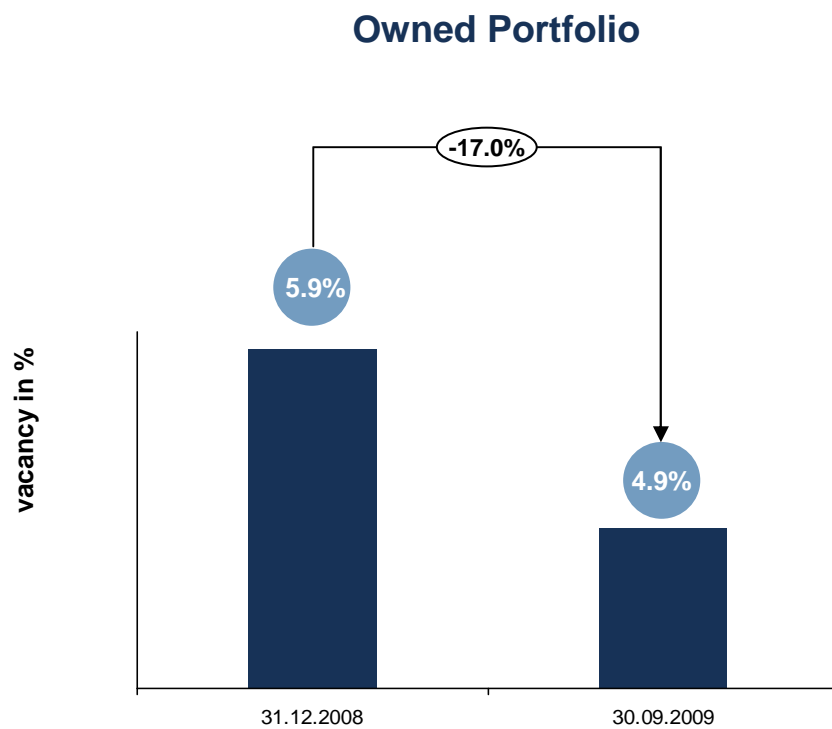
## » Rent increases – Growth potential through active portfolio management

- Average rent/sqm of core portfolio increased by 2.3% YTD
- 3,600 new rental contracts in the past 9 months for on average 6.13 €/sqm and thus 13% above current average rent (5.43 €/sqm) in the non-rent-restricted portfolio



## » Vacancy – further significant reduction

- Significant reduction in the overall portfolio
- Strong performance particularly in core portfolio



## » Sales – sustainable Margin

- Privatisation of 568 units vs. target of 500 p.a.
  - Sales margin 36%
- Bloc sales 724 units
  - Sales margin 2%
  - Since 1.01.2008: 1.900 units sold = 21% of bloc sale portfolio

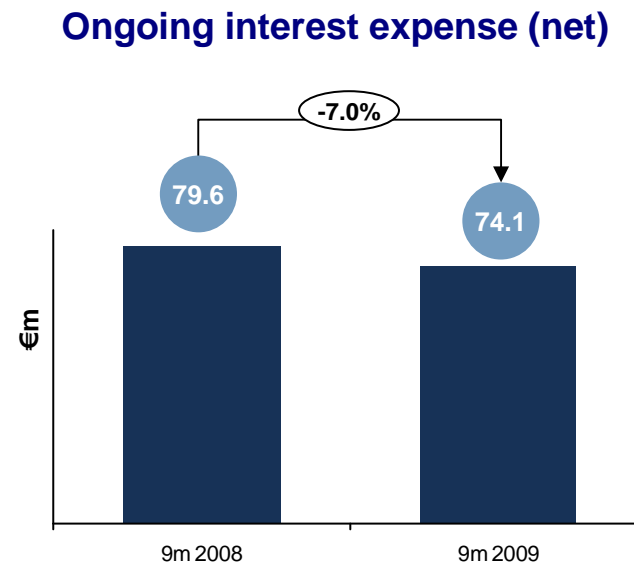
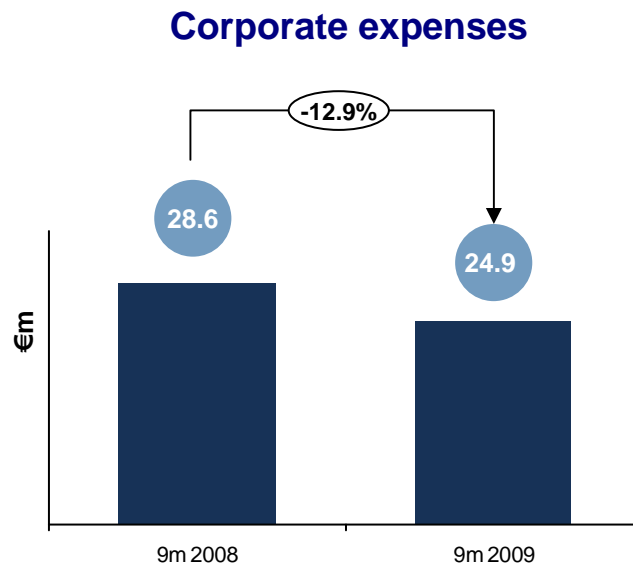
Sales (notarised)		Transaction volume	Fair value	Gross profit <sup>1</sup>	Margin
	units	€m	€m	€m	%
Single Privatisation	568	49.4	36.3	13.1	36%
Bloc sales	724	22.9	22.5	0.4	2%
<b>Total</b>	<b>1.292</b>	<b>72.3</b>	<b>58.8</b>	<b>13.5</b>	<b>23%</b>

Sales in P&L		Sales price	Fair value	Gross profit <sup>1</sup>	Margin
	units	€m	€m	€m	%
Single Privatisation	402	35.3	25.4	9.9	39%
Bloc sales	411	12.1	11.6	0.5	4%
<b>Total</b>	<b>813</b>	<b>47.4</b>	<b>37.0</b>	<b>10.4</b>	<b>28%</b>

<sup>1</sup> before costs

## » Cost savings – showing effects

- Costs down by 12.9% as a result of the restructuring in 2008
- Ongoing interest expenses (net) decreased by 7% mainly due to repayments



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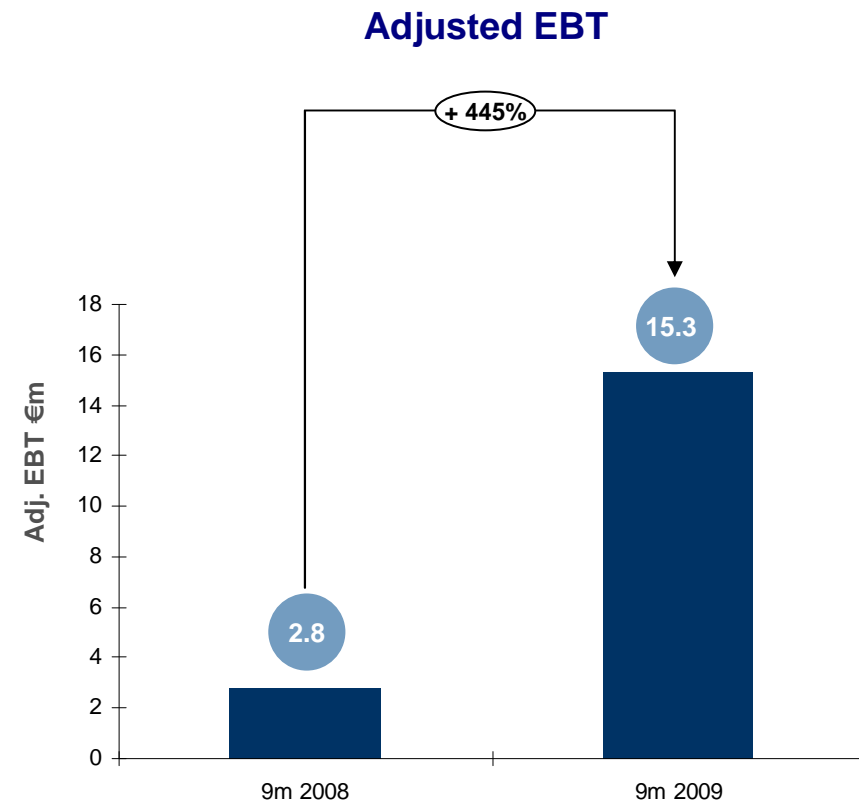
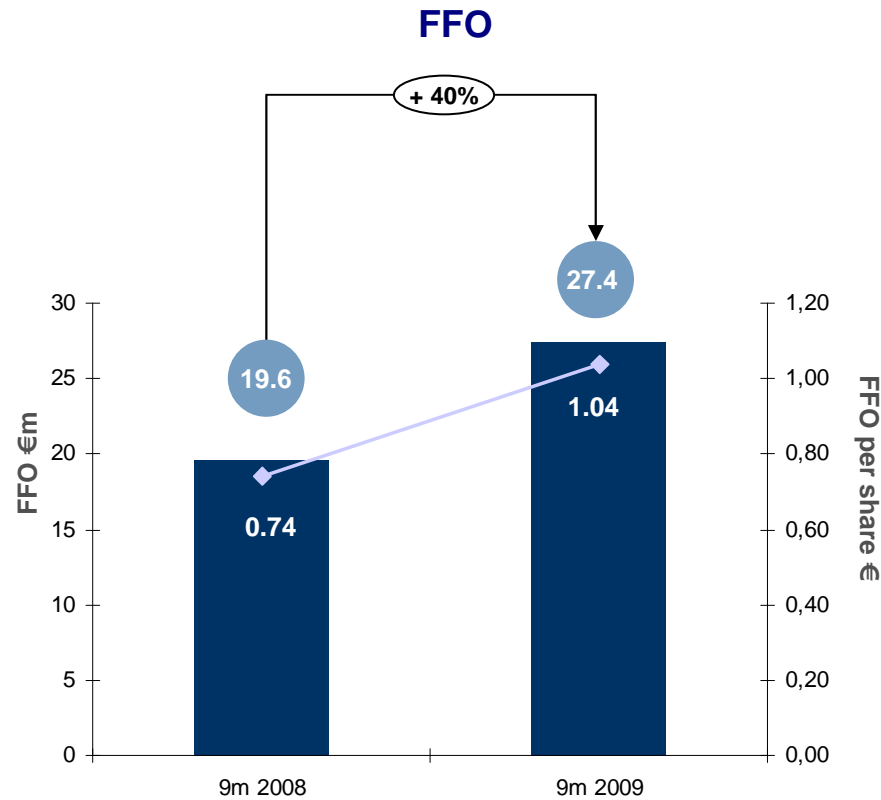
## » Financial Result 9m 2009

€ million	2008	9m 2008	9m 2009	Change Y-o-Y
Result from Rental Business	147.8	113.3	114.3	+1%
Result from Sales	13.2	7.3	6.7	
Corporate Expenses	-38.9	-28.6	-24.9	-13%
Non-core Businesses	8.5	7.4	6.4	
<b>EBITDA</b>	<b>130.6</b>	<b>99.4</b>	<b>102.5</b>	<b>+3%</b>
<b>EBIT</b>	<b>-147.7</b>	<b>98.1</b>	<b>100.4</b>	
Ongoing Interest (net)	-104.7	-79.6	-74.1	-7%
Non cash Interest and other	-20.0	-15.7	-11.1	
<b>Adjusted EBT</b>	<b>-272.5</b>	<b>2.8</b>	<b>15.3</b>	<b>+445%</b>
SWAP valuation	-32.2	-1.5	-0.8	
One-offs	-24.1	-20.8	-7.2	-65%
Discontinued operations	16.4	16.4	0.0	
<b>EBT<sup>1</sup></b>	<b>-312.4</b>	<b>-2.6</b>	<b>7.2</b>	
Taxes	56.5	-10.6	-9.8	
<b>Net Income</b>	<b>-255.9</b>	<b>-13.2</b>	<b>-2.5</b>	

- Result from rental business up Y-o-Y despite rental shortfall due to sales
- Significant success on the cost side with corporate expenses down 13% Y-o-Y
- Interest expenses down through net redemptions of EUR 158m since 2008 and EUR 74m YTD
- Lower one-offs indicate the end of the restructuring period

<sup>1</sup> including valuation

## » Significant improvement of key financial measures and cash position



## » Solid Financing 2009

### Debt structure

- Financial liabilities: €2,022.3m
- Loan-to-value ratio (LTV): 69.6% (61.5% after capital increase)
- Available credit lines: €67m

### Attractive cost of financial debt

- Average interest rate: ~ 4.4%
- Average redemption p.a.: ~ 2.0%  
(excl. sales release payments)
- Interests fixed or hedged: ~ 91%

### Long-term maturities profile

- Average duration: 10 years
- Maturities for fixed and variable interest loans:

	2009	2010	2011	2012	2013	≥ 2014
	€2.0m	€30.6m	€5.3m	€428.6m	€25.3m	€1.530.5m

### Redemptions

- Capital raise proceeds will be partly used to redeem loans in the amounts of EUR 136m

### Helaba exposure optimized

- Extraordinary repayments of EUR 136m
- Margin fixed at 110 bp
- New covenants (DSCR and exit yield – no LTV covenants)

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## » Strategic Focus of Deutsche Wohnen

### Capital raise

- 55.44m new shares (total 81.84m)
- EUR 249.5m gross and EUR 238.0 net proceeds from capital raise
- 32% oversubscription
- New shareholders such as Cohen & Steers and DWS
- Capital raise proceeds will be used for deleveraging and acquisition growth funding

### Pursue selective growth opportunities

- Acquisition opportunities in the market combined with strict acquisition criteria enable value and cashflow accretion
- Platform scalability provides for further operative optimisation and thus ensures cashflow effective cost reduction
- Growth required to ensure relative competitive positioning in the mid- to long term

### Improve capital market profile

- Increase in market cap / share trading volume / liquidity
- M-DAX inclusion will attract new investor groups

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## » Portfolio Overview as of 30 September 2009

	Residential				Commercial		Parking
	Units	Area m <sup>2</sup> k	Estimated rent EUR/m <sup>2</sup>	Vacancy rate in %	Units	Area m <sup>2</sup> k	Units
<b>Core portfolio</b>	33,756	2,036	5.35	2.8	379	68	8,032
Berlin	22,743	1,368	5.16	2.0	273	37	1,855
Frankfurt/Main	3,659	217	6.80	2.2	44	16	1,810
Rhine-Main	3,273	203	5.84	5.9	52	14	1,960
Rheintal-Süd	4,081	249	4.77	5.5	10	1	2,407
<b>Housing privatisation</b>	13,337	833	4.83	10.5	74	7	5,094
Single sales	4,640	308	5.36	10.2	16	2	1,759
Bloc sales	8,697	526	4.52	10.7	58	5	3,335
<b>Own property*</b>	47,093	2,870	5.20	4.9	453	75	13,126
DB 14	2,621	179	5.48	5.5	29	8	2,615
<b>Total properties</b>	49,715	3,048	5.22	4.9	482	82	15,741

\*not incl. North Hessen

- Core portfolio: sustainable managed stock with rent increase potential in Cluster A from rent adjustments (rent index) and in Cluster B (development) from rent increases after modernisation
- Disposal:
  - Single privatisation ➔ target to privatise 500 units p.a. continuously
  - Bloc sales ➔ portfolio adjustment

## » FFO Calculation

€ million	9m 2008	9m 2009
Net profit	-13.2	-2.5
+ Depreciation	1.2	2.1
+ Changes in market values of investment properties	-0.4	0.0
- Result from discontinued business segments	-16.4	0.0
+ Changes in market values of derivatives	1.5	0.8
+ Non-cash financial expenses	11.3	11.1
+ Deferred taxes	10.4	8.7
+ Special distribution of funds DB14	4.4	0.0
+ Restructuring costs	20.8	7.2
<b>= FFO</b>	<b>19.6</b>	<b>27.4</b>
<b>FFO per share €</b>	<b>0.74</b>	<b>1.04</b>
<b>FFO per share € after capital increase*</b>	<b>0.24</b>	<b>0.34</b>

\* This ratio is for information purposes only. The capital increase became effective after the balance sheet date on October 6, 2009



## » Balance Sheet – Assets

€ million	31.12.2008	30.09.2009
Investment properties	2,900.7	2,863.1
Other non core assets	23.0	22.1
Deferred tax assets	92.6	97.6
<b>Non current assets</b>	<b>3,016.3</b>	<b>2,982.8</b>
Land and buildings held for sale	19.3	18.9
Receivables from goods and services	21.2	17.2
Other current assets	27.9	29.4
Cash	42.0	25.2
<b>Current assets</b>	<b>110.4</b>	<b>90.7</b>
<b>Total assets</b>	<b>3,126.7</b>	<b>3,073.5</b>

## » Balance Sheet – Liabilities

€ million	31.12.2008	30.09.2009
Total equity	649.3	626.4
Financial liabilities	2,089.2	2,022.3
Tax liabilities	82.3	80.2
Deferred tax liabilities	71.7	76.4
Derivatives	49.3	79.5
Other liabilities	184.9	188.7
<b>Total liabilities</b>	<b>3,126.7</b>	<b>3,073.5</b>

	31.12.2008	30.09.2009
NNAV (€ million)	646.3	632.5
NNAV (€ million) after capital increase*	k.A.	869.0
NNAV per share (€)	24.48	23.96
NNAV per share (€) after capital increase*	k.A.	10.62

\* This ratio is for information purposes only. The capital increase became effective after the balance sheet date on October 6, 2009

## » Shareholder Structure

Shareholder's name	Attributed to the notifier, shareholder with more than 3%	According to latest WpHG notification* %
Oaktree	OCM Funds	22.70%
Asset Value Investors Ltd.	British Empire (AVI)	10.01%
Deutsche Asset Management	Zurich Deutscher Herold Lebensversicherung AG (ZDHL)	5.75%
Arnhold and S. Bleichroeder Advisers LLC	First Eagle Overseas Fund	5.24%
Deutsche Bank	DWS Investment GmbH	3.70%
Ärzteversorgung Westfalen-Lippe	Feri Finance AG	3.33%
Cohen&Steers	Cohen&Steers, Inc. Cohen&Steers Capital Management, Inc.	3.12% 3.02%
Sun Life Financial	MFS Investment Management	3.01%
<b>Total</b>		<b>59.88%</b>
<b>Freefloat</b>		<b>40.12%</b>

\* Excluding Oaktree

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