



Deutsche Wohnen AG

- » **German Jour Fixe 1-1 Conference Merrill Lynch**
London, 27 April 2010

» **Agenda**

1. Deutsche Wohnen at a glance
2. Results of the financial year 2009
3. Financial highlights 2009
4. Strategic objectives
5. Forecast

» **1 Deutsche Wohnen at a glance**

» Deutsche Wohnen at a glance

Milestones



1999 IPO

- > Initiated and controlled by Deutsche Bank
- > Business model: → Hold and Sell (privatise)
→ Type: Closed End Fund

2006 Independency

- > Termination of Control Contract with Deutsche Bank

2007 Growth

- > Acquisition of GEHAG, Berlin
→ 26.600 Units Berlin area

2008/2009 Merger Restructuring

- > Reorganisation
- > Business model: Hold – active manager
- > Internal growth

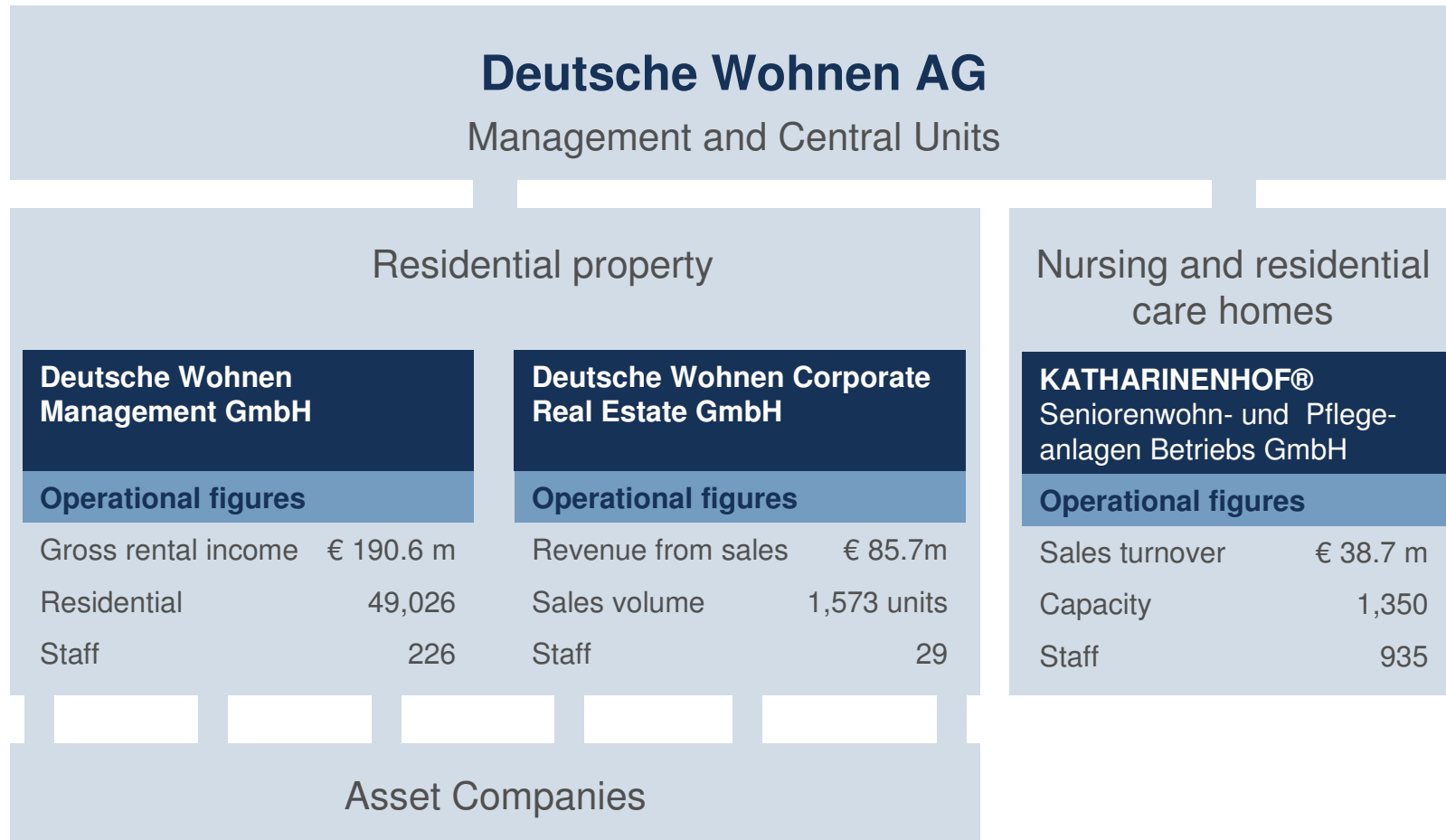
2009 Capital increase

- > Deleveraging
- > External growth

» NOTES

» Deutsche Wohnen at a glance

Corporate Structure



» NOTES

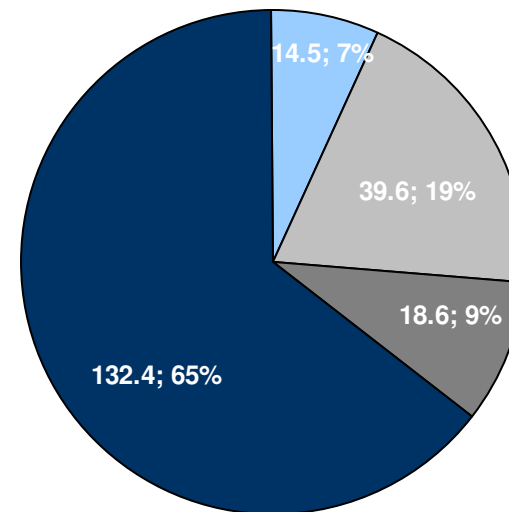
» ② Results of the financial year 2009

» NOTES

» Results of the financial year 2009

Rental Business

	2009 EUR m	2008 EUR m
Potential gross rental income	205.1	208.9
Vacancy loss, etc.	-14.5	-17.0
Current gross rental income	190.6	191.9
Non recoverable expenses	-6.5	-3.4
Maintenance	-30.1	-36.8
Marketing	-0.8	-0.5
Miscellaneous	-2.2	-3.3
Result from rental business	151.0	147.8



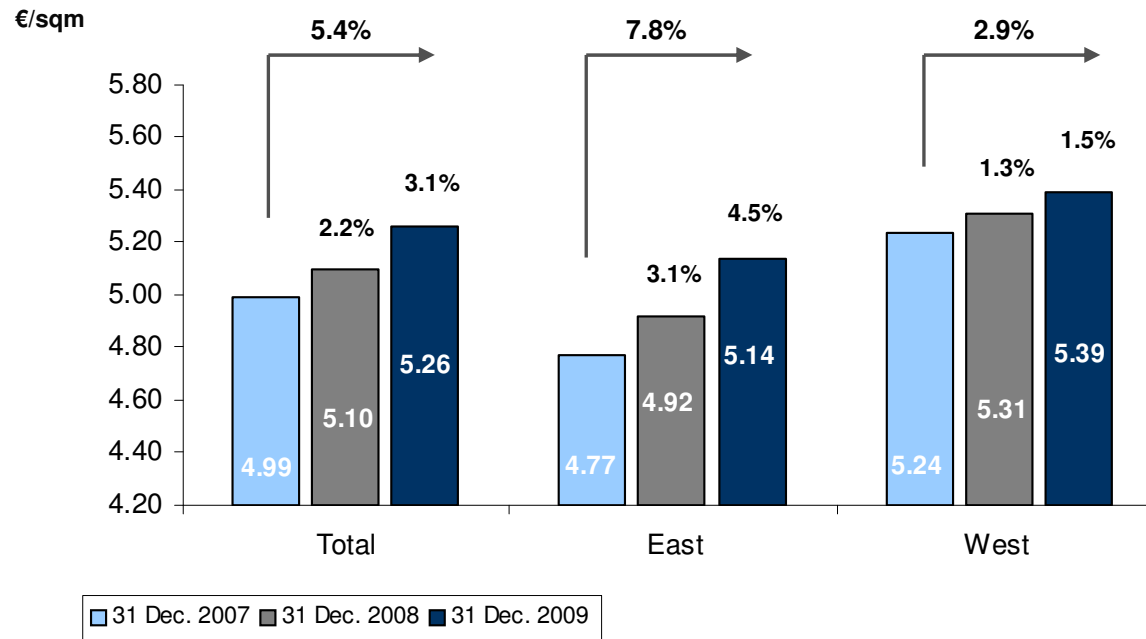
■ Vacancy loss
 ■ Management costs
 ■ Corporate expenses
 ■ EBITDA

- The result exceeded the previous year's figure by 2.2 %.
- Given the sales in 2008/2009 and the associated loss of actual rental income, this positive development should be recognised in the amount of EUR 8.3 million.

» NOTES

» Results of the financial year 2009

Potential gross rent per sqm

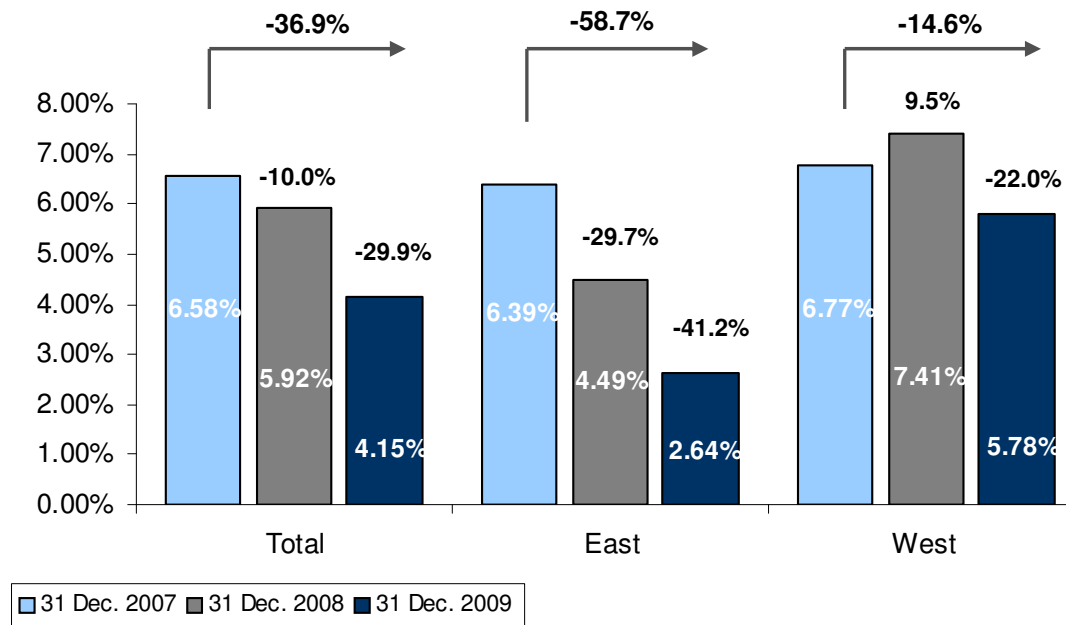


- In 2009, rent per sqm went up by 3.1%.
- The growth in Berlin amounted to 4.4%.

» NOTES

» Results of the financial year 2009

Vacancy rate



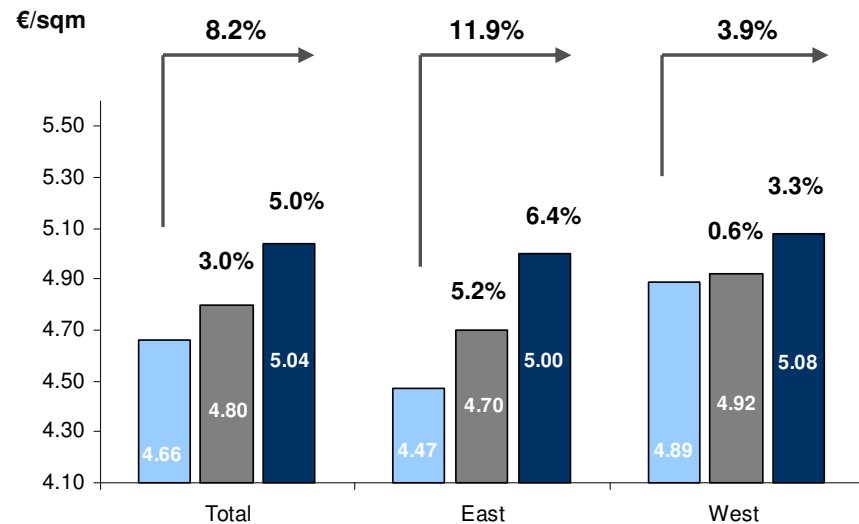
- The vacancy rate declined by approx. 30 % to 4.2 % YoY.
- The core portfolio's vacancy rate as of 31 December 2009 was 2.7 %, a 40 % decline YoY.

» NOTES

» Results of the financial year 2009

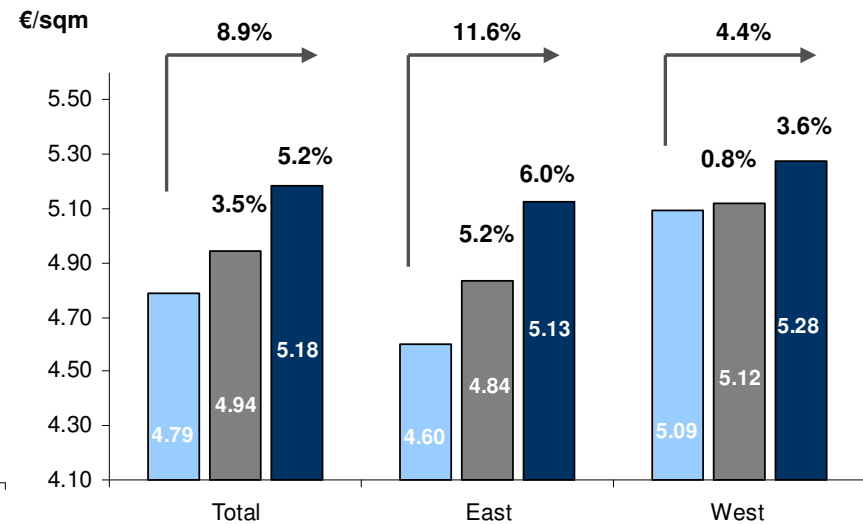
Current gross rent per sqm

Overall portfolio



■ 31 Dec. 2007 ■ 31 Dec. 2008 ■ 31 Dec. 2009

Core and development portfolio



current gross rent: (potential gross rent ./ vacancy loss) / total floor space

- In the period 31 Dec. 2007 to 31 Dec. 2009, the current gross rent in the overall portfolio rose by 8.2 % or EUR 0.38/sqm.
- The core portfolio recorded a 8.9 % increase in rent which was predominantly due to Region East (11.6 % or EUR 0.53/sqm).

» NOTES

» Results of the financial year 2009

Disposal

Privatisation

	2009	2008
Sales proceeds in EUR m	57.6	61.0
Average sales price per EUR/sqm	1,201	1,378
Multiple on potential gross rent	18.6	19.1
Units	675	573
Cost of Sales in EUR m	-4.9	-3.7
Net sales proceeds in EUR m	52.6	57.3
Book value disposals in EUR m	-42.8	-45.1
Gross margin in %	34.3%	35.1%
Result in EUR m	9.9	12.2
+ Book values in EUR m	42.8	45.1
./. Repayment of loans in EUR m	-17.8	-18.0
Liquidity contribution in EUR m	34.9	39.3

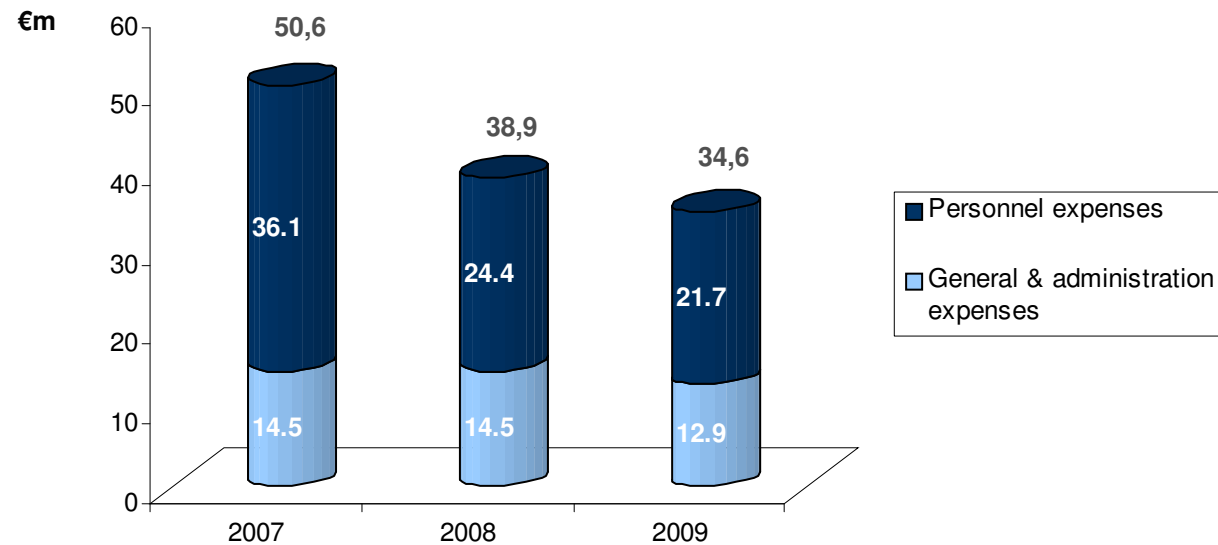
Institutional sales

	2009	2008
Sales proceeds in EUR m	28.1	58.7
Average sales price per EUR/sqm	488	741
Multiple on current gross rent	11.4	11.8
Units	898	1,225
Cost of Sales in EUR m	-1.3	-0.5
Net sales proceeds in EUR m	26.8	58.2
Book value disposals in EUR m	-27.0	-57.2
Gross margin in %	4.6%	2.8%
Result in EUR m	-0.2	1.0
+ Book values in EUR m	27.0	57.2
./. Repayment of loans in EUR m	-19.2	-32.4
Liquidity contribution in EUR m	7.6	25.8

» NOTES

» Results of the financial year 2009

Corporate expenses



- The restructuring has led to savings in personnel as well as general and administration expenses totalling EUR 16 million.
- Corporate expenses in 2009:
 - > Property management in the amount of EUR 18.6 million
 - > Sales in the amount of EUR 4.1 million
 - > Holding in the amount of EUR 11.9 million
- Costs per unit amount to EUR 376.

» NOTES

» Results of the financial year 2009

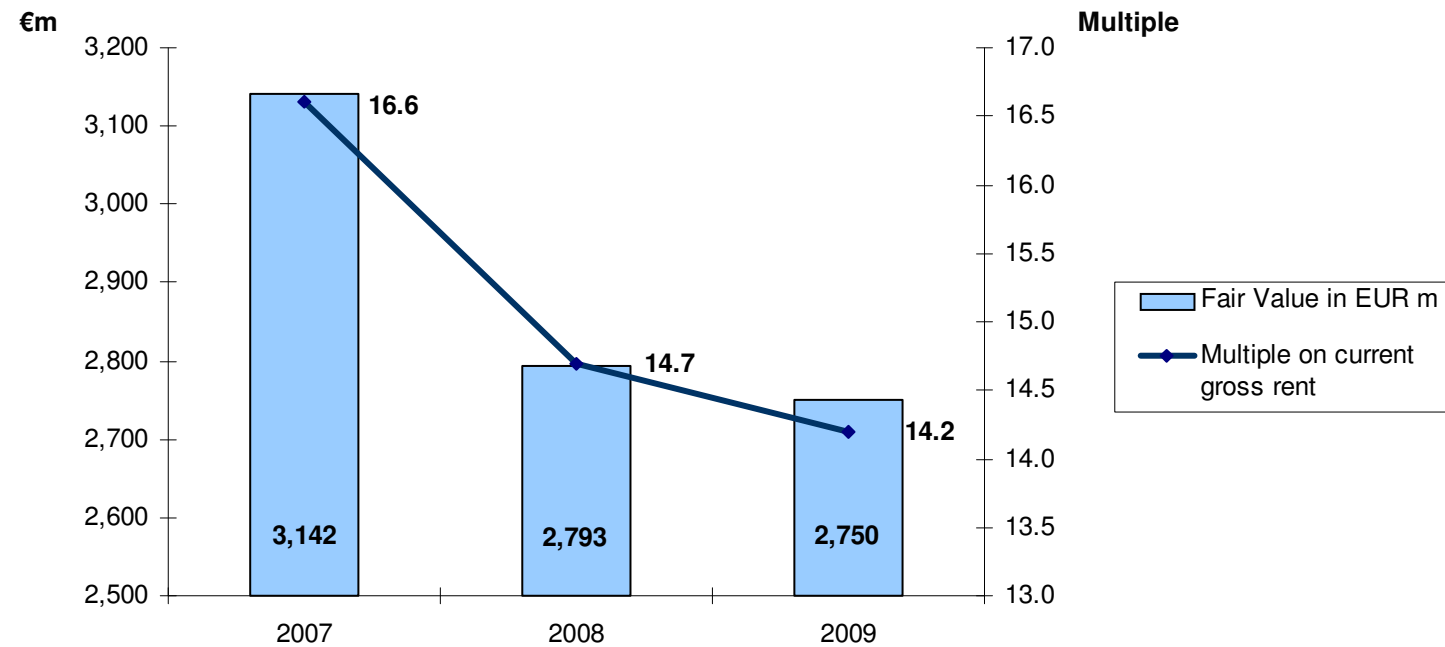
Portfolio clustering

	Residential				Fair Value		Multiple	
	Units	Rental area	EUR/sqm	Vacancy	EUR m	EUR/sqm	Potential gross rent	Current gross rent
Core portfolio	37,546	2,263,513	5.33	2.7%	2,187	943	14.1	14.6
Berlin	21,908	1,311,669	5.23	1.5%	1,285	961	14.4	14.8
Region east	1,150	75,812	4.93	4.1%	55	696	11.4	12.0
Frankfurt / Main	3,658	216,780	6.83	2.0%	332	1,440	17.2	17.7
Region west	10,830	659,252	5.08	5.4%	516	766	12.2	13.0
Disposal portfolio	8,858	562,201	4.89	10.3%	392	691	11.5	12.5
Single privatisation	4,347	288,146	5.43	8.3%	263	908	13.5	14.4
Portfolio adjustment	4,511	274,055	4.32	12.9%	129	465	8.7	9.9
Owned portfolio	46,404	2,825,715	5.24	4.1%	2,580	894	13.6	12.9
DB 14	2,622	178,688	5.51	4.3%	170	913	12.9	13.6
Total portfolio	49,026	3,004,402	5.26	4.2%	2,750	895	13.5	14.2

» NOTES

» Results of the financial year 2009

Fair value

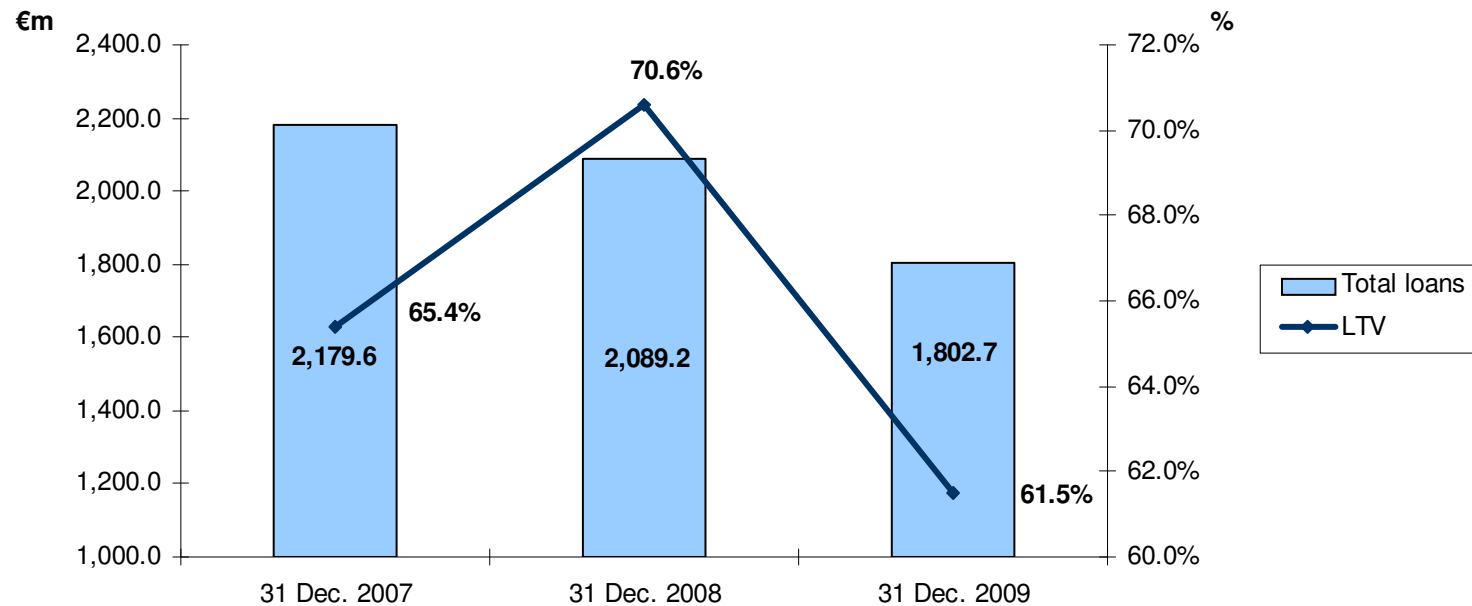


Fair value in EUR m	3,142	2,793	2,750
Multiple on current gross rent	16.6	14.7	14.2
Fair value in EUR per sqm	963	881	895

» NOTES

» Results of the financial year 2009

Debt structure



Total loans	2,179.6	2,089.2	1,802.7
LTV	65.4%	70.6%	61.5%
Multiple on net cold rent	11.15	10.34	9.04

- In the years 2008/2009, the Group repayed debts in the amount of approx. EUR 380 million.
- The target LTV corridor has been reached.

» NOTES

» Results of the financial year 2009

Covenants

- 7 loans with a volume of EUR 1,247.9 million (69 % of the loan portfolio) involve financial covenants.
- A credit volume of approx. EUR 900 million has been renegotiated in 2009, the covenants were adjusted and standardised in terms of DSCR covenants and multiples.

Covenants, 2010			
Leverage → multiples on rent		Debt service coverage → DSCR	
Acc. to loan agreement	11.0 – 14.3	Acc. to loan agreement	1.03 – 1.10
Acc. to business plan	7.4 – 11.4	Acc. to business plan	1.30 – 2.00

» NOTES

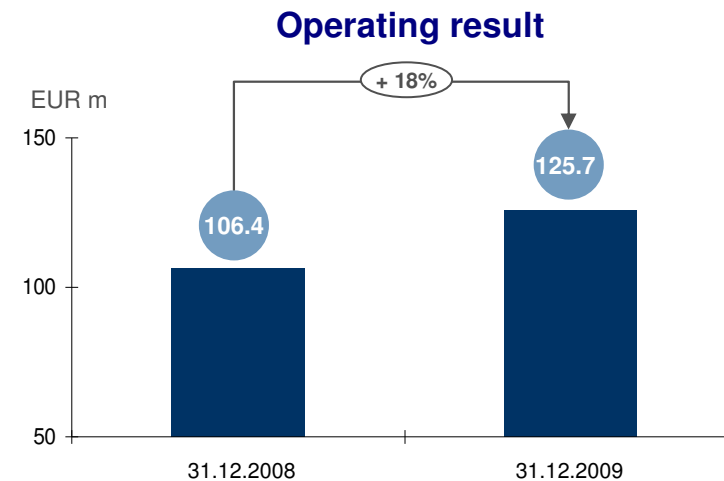
» ③ Financial highlights 2009

» NOTES

» Financial Highlights 2009

Earnings – P&L

2008	EUR m	2009
315.512	Revenues	306.331
17.409	Result from privatisation	15.930
11.423	Other operating income	12.699
344.344	Total income	334.960
-237.940	Total expenses	-209.250
106.404	Operating result	125.710
-171.859	EBIT	122.929
-156.938	Financial result	-119.577
-328.796	EBT	3.352
56.471	Taxes (incl. non cash)	-16.630
16.421	Result from discontinued business	0.0
-255.905	Net profit	-13.277



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EUR m	2008	2009
EBT	-328.8	3.4
Restructuring-/ Reorganisation expenses	24.1	7.8
Fair Value adjustment of investment properties	276.5	0.0
SWAPs	32.2	1.2
Prepayment penalty	0.0	6.2
Special payment DB14	5.7	0.0
Adjusted EBT	9.7	18.5

2

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- 1 Operating result significantly increased by 18 % y-o-y
- 2 EBT positive in 2009 after substantial loss in 2008

- 3 EBT adjusted for valuation and one-offs doubled to EUR 18.5m

» NOTES

» Financial Highlights 2009

P&L – Segments

EUR m	2008	2009
Potential gross rental income	208.9	205.1
Vacancy loss	-15.1	-12.5
Current gross rental income	193.8	192.7
Utility expenses (net)	-3.4	-6.5
Concessions & delinquencies	-1.9	-2.0
Net rental income	188.5	184.1
Maintenance	-36.8	-30.1
Others	-3.8	-3.0
Result from rental business	147.8	151.0
Result from privatisation business	13.2	9.7
Administration expenses	-38.9	-34.6
Nursing homes	8.7	9.1
Other expenses	-0.2	-1.7
EBITDA	130.6	133.5

Yields based on FV	2008	2009
Current gross rental yield	6.9%	7.0%
Asset NOI yield	5.3%	5.5%
EBITDA yield	4.5% ¹	4.7% ¹
Net debt / EBITDA	15.9x	13.3x

¹ Based on FV of total portfolio + KATHARINENHOF®

» NOTES

» Financial Highlights 2009

P&L

EUR m*	2008	2009
EBITDA	130.6	133.5
Fair value adjustment	-276.5	0.0
Depreciation	-1.8	-2.8
EBIT	-147.7	130.7
Swap valuation	-32.2	-1.2
Financial result	-124.8	-112.2
Prepayment penalty	0.0	-6.2
One-offs	-24.1	-7.8
EBT	-328.8	3.4
Taxes	56.5	-16.6
Income from discontinued operations	16.4	0.0
Net income	-255.9	-13.3

FFO	26.1	34.8
FFO per share (26.40m)	0.99	1.32
FFO per share (81.84m)	0.32	0.43
EPS per share (81.84m)	-3.13	-0.16

* Except per share data

Financial result	2009
Ongoing interest exp.	- 97.8
Ongoing interest inc.	0.9
Non-cash interest exp.	- 15.3
Total	- 112.2

Non-cash interest expenses	2009
Mainly accruals on:	
Low-interest bearing liabilities	- 6.5
Liabilities from EK02 taxes DB14	- 3.3
Pension provisions	- 2.2
Convertible bond	- 1.1
Total	- 15.3

One-offs	2009
Restructuring	- 3.4
Reorganisation	- 4.4
Total	- 7.8

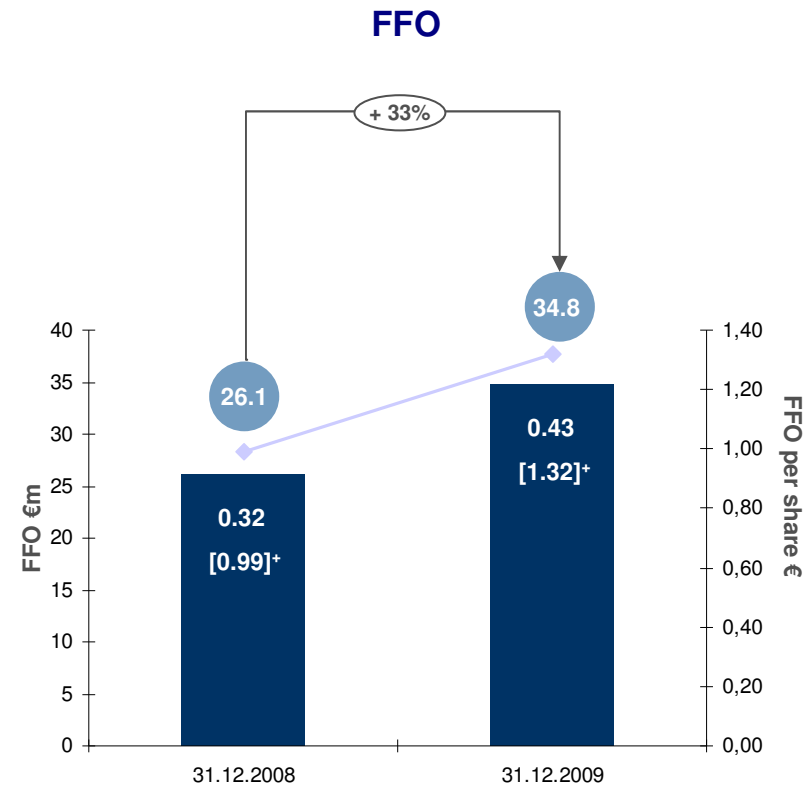
Taxes	2009
Ongoing taxes	- 1.8
Mainly deferred taxes	- 14.8
Total	- 16.6

» NOTES

» Financial Highlights 2009

Significant improvement of FFO

EUR m	2008	2009
Net profit	-255.9	-13.3
+ Depreciation	1.8	2.8
+ Changes in market values of investment properties	276.5	0.0
- Result from discontinued business segments	-16.4	0.0
+ Changes in market values of derivatives	32.2	1.2
+ Non-cash financial expenses	14.3	15.3
+ Prepayment penalty	0.0	6.2
+ Special payment DB14	5.7	0.0
+ Mainly deferred taxes	-56.2	14.8
+ Restructuring cost	24.1	7.8
= FFO	26.1	34.8
FFO per share (26.40m)	0.99	1.32
FFO per share (81.84m)	0.32	0.43



* Based on 26.40m shares outstanding before capital increase

» NOTES

» Financial Highlights 2009

Balance sheet – assets

EUR m	2008	2009	
Investment properties	2,900.7	2,835.5	Investment properties consist of:
Other non current assets	23.0	22.4	Properties € 2,724.7m
Deferred tax assets	92.6	98.4	Assets under construction € 32.4m
Non current assets	3,016.3	2,956.3	Assisted living and elderly care facilities € 78.4m
Land and building held for sale	19.3	18.4	Deferred tax assets consist of:
Receivables from goods and services	21.2	14.5	Properties € 52.0 m
Other current assets	27.9	33.0	Pensions € 2.6 m
Cash	42.0	57.1	Prepayment penalty € 0.8 m
Current assets	110.4	123.0	Loss carry forward € 18.0 m
Total assets	3,126.7	3,079.3	Provisions € 3.1 m
			Derivatives € 21.9 m
			thereof from
			Rental business € 5.1 m
			Sales € 8.1 m
			Other € 1.3 m
			Other current assets consist of:
			Non current assets held for sale € 25.1 m
			Other inventories € 2.2 m
			Income tax receivables € 2.5 m
			Other assets € 3.2 m
			Plus € 136m available credit lines

» NOTES

» Financial Highlights 2009

Balance sheet – liabilities

EUR m	2008	2009
Total equity	649.3	862.0
Financial liabilities	2,089.2	1,802.7
Tax liabilities	82.3	84.1
Deferred tax liabilities	71.7	81.4
Derivatives	49.3	70.5
Other liabilities	184.9	178.6
Total liabilities	3,126.7	3,079.3

EUR m	2008	2009
NNAV	646.6	870.3
NNAV per share	24.49	10.63

<u>Δ € +212.7 m</u>	
P&L effect	€ -13.3 m
SWAP-equity effect	€ -13.6 m
Capital Increase	€ 249.5 m
Cost Cap. Increase	€ -8.0 m
Pension	€ -2.0 m

EK02: € 80.1 m

Deferred tax liabilities consist of:	
Property	€ 53.4 m
Loans	€ 27.0 m
Other	€ 1.0 m

<u>SWAPS</u>	
Nominal	€ 1,171 m
Strike	3.2% - 5.0%
Maturities	2012 - 2017

Convertible	€ 26.6 m
Pensions	€ 41.5 m
DB14	€ 49.1 m
Trade liabilities	€ 23.2 m
Other current liabilities	€ 21.7 m
Provisions	€ 16.5 m

» NOTES

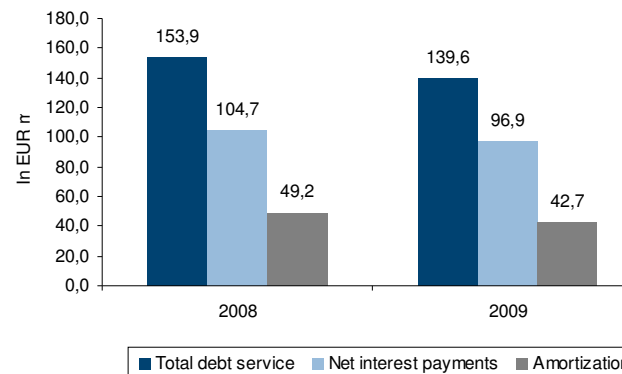
» Financial Highlights 2009

Financial position

Debt structure

Financial liabilities in EUR m	DW stand alone	DB 14	Total
Mark-to-market	1,696.9	105.8	1,802.7
LTV (%)	61.4	62.0	61.5
Nominal value	1,759.0	159.6	1,918.6
LTV (%)	63.7	93.6	65.5

Debt service



- Average interest rate: ~ 4.2%
- Average redemption p.a.: ~ 1.8% (excl. sales release payments)
- Interests fixed or hedged: ~ 97%

Long-term maturities profile

2010	2011	2012	2013	2014	≥ 2015
€32.2m	€5.3m	€426.8m	€26.7m	€149.8m	€1,161.9m

» NOTES

» ④ Strategic objectives

» NOTES

» Strategic objectives

- Following the completion of its restructuring project, Deutsche Wohnen is one of the **most modern** housing corporations in Germany with **high capital market viability**.
- The business model of Deutsche Wohnen proved its worth during the financial crisis. In the context of our corporate strategy, we focus on long-term decisions and solid financing that make us less dependent on the volatility of the market.
- It is our aim to permanently establish the company as the **market leader**.
This depends on two central factors:

- ✓ **Growth**
- ✓ **Sustainability of dividends**
- ✓ **Listing in the MDAX**

» NOTES

» Strategic objectives – MDAX

Criteria

1. Market capitalisation

31 Aug. 2009 (before capital increase)
➤ Deutsche Wohnen (EUR 222.01 m)
in 53rd place

28 Feb. 2010 (after capital increase)
➤ Deutsche Wohnen (EUR 462.51 m)
in 43rd place

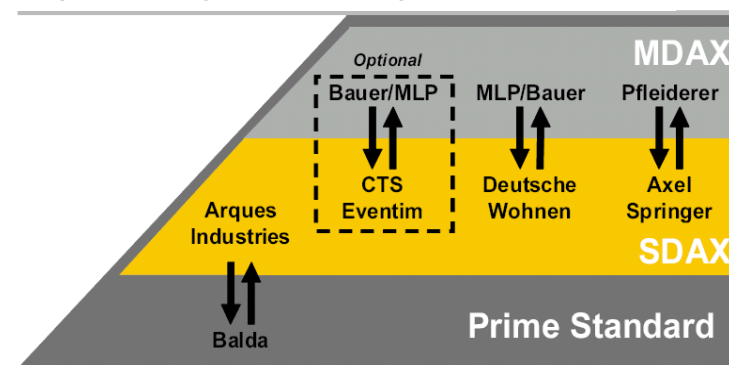
2. Stock market turnover

31 Aug. 2009 (before capital increase)
➤ Deutsche Wohnen (EUR 254.46 m)
in 54th place

28 Feb. 2010 (after capital increase)
➤ Deutsche Wohnen (EUR 336.18 m)
in 47th place

- Deutsche Wohnen is a definite MDAX candidate.
- Inclusion was recently (March 2010) refused for two reasons:
 1. Index continuity
 2. No candidates with fast exit criterias

Expected changes in SDAX composition



Source: Commerzbank Corporates & Markets

» NOTES

» ⑤ Forecast

» NOTES

» Forecast 2010*

- **Property management:** rising rental income and lower vacancy charge largely compensate rental shortfall of sales
- **Sale:** Privatisation target of 500 residential units still valid
- Significant **reduction of interest charge** due to effects of loan repayments
- Expectation of a **positive overall result** due to absence of further restructuring expenses
- **Increase of FFO** by more than 10 % from currently EUR 0.43 per share to approx. EUR 0.48 per share

* Not included: contributions to operating income from valuation, bloc sales and/or acquisitions.

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