



January 1 to March 31, 2005 Interim Report

Deutsche Wohnen AG



Key Figures

Key Figures – Group						
	Jan. 1 to Mar. 31, 2005	Jan. 1 to Mar. 31, 2004	Jan. 1 to Mar. 31, 2003	Jan. 1 to Mar. 31, 2002	Jan. 1 to Mar. 31, 2001	Jan. 1 to Dec. 31, 2004
in € m						
Gross profit – Residential Property Management	9.2	8.5	8.6	7.8	9.2	31.9
Gross profit – Housing Privatization	0.4	2.6	3.0	6.2	3.3	31.3
Result from ordinary activities	1.2	2.5	2.2	5.2	3.3	21.3
Net income	0.5	1.2	0.7	5.1	3.3	13.1
DVFA/SG earnings	0.1	1.0	– 0.3	5.2	2.7	11.8
DVFA/SG cash flow	4.0	5.2	5.0	10.0	7.9	30.8
EBIT	7.3	9.4	9.2	13.0	10.6	47.2
EBITDA	10.9	13.4	13.5	17.8	14.9	64.9
Fixed assets	893.6	926.6	994.4	1,051.4	1,108.1	897.8
Current assets	170.6	167.4	162.2	163.0	151.6	146.2
Equity	406.2	429.1	450.1	481.2	503.8	405.8
Liabilities	630.3	660.6	681.5	711.0	737.2	609.4
– thereof to banks	496.9	528.4	542.3	551.7	568.6	498.6
Total assets	1,064.7	1,119.3	1,156.6	1,214.7	1,260.4	1,044.0
Return on equity	0.11%	0.27%	0.15%	1.07%	0.65%	3.06%
Equity ratio	38.15%	38.34%	38.92%	39.61%	39.97%	38.93%
Asset cover ratio I	45.46%	45.08%	45.27%	45.77%	45.47%	45.19%
Asset cover ratio II	105.61%	106.56%	106.12%	105.33%	104.12%	105.66%
Liquidity ratio	141.12%	159.42%	149.15%	144.21%	128.75%	154.25%
Key Figures – Deutsche Wohnen Shares						
	Mar. 31, 2005	Mar. 31, 2004	Mar. 31, 2003	Mar. 31, 2002	Mar. 31, 2001	Dec. 31, 2004
in €						
Share price	159.75	138.80	148.70	148.00	142.00	139.52
Market capitalization (in € m)	639	555	595	592	568	558
Free float	84%	84%	79%	70%	70%	84%
DVFA/SG earnings	0.03	0.25	– 0.07	1.29	0.68	2.94
DVFA/SG cash flow	1.01	1.29	1.25	2.48	1.97	7.70
Net Asset Value	Dec. 31, 2004	Mar. 31, 2003	Mar. 31, 2002			
Fair value – Group (in € m)	1,226.4 ¹	–	–			
Fair value per m ²	855.78 ¹	–	–			
Net asset value – Group (in € m)	787.5	–	–			
Net asset value per share	196.88	230.00	227.91			
Dividend	2004	2003	2002	2001	2000	
Dividend per share	8.75 ²	8.75	10.00	10.00	10.00	
Dividend yield ³	6.27%	6.42%	6.94%	6.76%	7.04%	

¹ Calculated in accordance with International Financial Reporting Standards (IFRS 40).

² Pending the approval of the 2005 Ordinary General Meeting.

³ Based on the relevant closing price for the year.



BUSINESS DEVELOPMENT IN THE FIRST QUARTER OF 2005



CONSOLIDATED EARNINGS AFTER TAXES

| The Deutsche Wohnen Group's consolidated earnings after taxes in Q1 2005 amounted to €0.5 million. This represents a drop of €0.7 million compared to the first quarter of the previous year (€1.2 million).

| However, it should be noted in this context that the gross profit from housing privatization in particular is not significant in the first few months of a fiscal year.

HOUSING PRIVATIZATION

| The drop in earnings after taxes resulted primarily from lower book gains on sales (€0.8 million as against €3.5 million in the same period of 2004).

| In the period until March 31, 2005, 32 housing sales were reported in the balance sheet (first quarter of 2004: 73). The gross profit from sales amounted to €0.4 million (March 31, 2004: €2.6 million).

| However, the total number of housing sales recorded rose by around 37% to 149, as against 109 the previous year. This figure meant that the sales team once again met its intrayear targets; these effects will only be recognized in the balance sheet later in the year.



RESIDENTIAL PROPERTY MANAGEMENT

| The segment result for Residential Property Management improved by around 8% year-on-year to €9.2 million as against €8.5 million. The reasons for this were the reduction in maintenance expenses of around €0.3 million, and a drop in depreciation of residential and commercial buildings of around €0.4 million.

| Total estimated rental income and actual rental income (€22.3 million and €20.3 million respectively) remained at almost the same level as 2004 (€22.4 million and €20.6 million) despite the sales of residential units in the previous year.

OTHER KEY GROUP FIGURES

| On the basis of this operating result, the effects of housing privatization described above led not only to a decrease in earnings after taxes but also to a drop in EBIT (–22%), EBITDA (–19%) and cash flow (–22%) compared with the first quarter of 2004.

MERGER OF TWO GROUP COMPANIES

| In February 2005, Rhein-Main Wohnen GmbH was merged with Rhein-Nahe Wohnen GmbH as part of intragroup restructuring.

| The merger will result in a one-off real estate transfer tax expense in the current fiscal year. However, this will be offset by a clear reduction in corporation and trade tax payments in years to come.

| On the basis of this one-time real estate tax effect, the Management Board is forecasting reduced consolidated net income for full-year 2005 compared with 2004.

Key Figures for Housing Privatization						
in € m	Jan. 1 to Mar. 31, 2005	Jan. 1 to Mar. 31, 2004	Jan. 1 to Mar. 31, 2003	Jan. 1 to Mar. 31, 2002	Jan. 1 to Mar. 31, 2001	Jan. 1 to Dec. 31, 2004
Gross profit from sales	0.4	2.6	3.0	6.2	3.3	31.3
Unrealized gains from the sale of property	0.8	3.5	4.5	7.3	3.7	40.1
Pre-sales expenses	–	–0.6	–1.2	–0.5	–	–3.6
Selling expenses	0.4	–0.3	–0.3	–0.6	–	–4.3
in units						
Number of residential units recorded in the period under review	149	109	177	219	257	1,084
Number of residential units sold recorded in balance sheet in the period under review	32	73	92	147	96	1,338
in € per m²						
Average selling price recorded in the balance sheet	1,006	1,295	1,220	1,247	1,054	1,035
in %						
Percentage of residential units sold to former tenants	49	64	23	19	56	

Key Figures for Residential Property Management						
in € m	Jan. 1 to Mar. 31, 2005	Jan. 1 to Mar. 31, 2004	Jan. 1 to Mar. 31, 2003	Jan. 1 to Mar. 31, 2002	Jan. 1 to Mar. 31, 2001	Jan. 1 to Dec. 31, 2004
Gross profit from Residential Property Management	9.2	8.5	8.6	7.8	9.2	31.9
units						
Own residential units	22,748	23,059	24,366	25,609	26,515	22,779
in million m²						
Total residential space	1.45	1.48	1.57	1.65	1.72	1.45
in %						
Vacancy rate	7.7	7.4	7.0	6.3	4.9	7.3
in € m						
Estimated rental income	22.3	22.4	24.1	24.3	24.6	90.3
in € per m²						
Average monthly estimated rental income	4.92	4.81	4.81	4.70	4.60	4.96
in € m						
Actual rental income	20.3	20.6	21.9	22.6	23.7	82.5
in € m						
Maintenance investments	–3.1	–3.4	–4.0	–4.6	–4.8	19.1
in € per m²						
Maintenance investments	2.11	2.20	2.45	2.74	3.56	12.92

Deutsche Wohnen Shares in 2005 (January 3 – April 18, 2005; XETRA)



DEUTSCHE WOHNEN SHARES

Deutsche Wohnen's share price increased significantly since the beginning of the year. Following on a year-end price of €139.52 (XETRA), an all-time high of €170.30 was reached by mid-February. After a period of consolidation, the price at the time of writing of this interim report (mid-April 2005) is between €163 and €165.

There are two main reasons for the improved share price:

Firstly, the announcement of the introduction of Real Estate Investment Trusts (REITs) in Germany as of 2006 has led to a sharp growth in interest in German real estate stocks among international investors in particular.

In addition, Deutsche Wohnen AG is the only listed company that offers a broad range of investors access to the German housing market, thanks to the tradability of its shares.

Consolidated Balance Sheet as of March 31, 2005

ASSETS

in €	Mar. 31, 2005	Mar. 31, 2005	Dec. 31, 2004
A. Fixed assets			
I. Intangible assets			
Concessions, industrial and similar rights and assets and licenses in such rights and assets		80,429.00	91,324.00
II. Tangible assets			
1. Land and land rights with residential buildings	814,756,190.11		818,750,779.73
2. Land and land rights with commercial and other buildings	24,229,132.25		24,402,724.09
3. Land and land rights without buildings	27,558,954.43		27,558,955.45
4. Land with heritable third-party building rights	456,006.48		456,006.48
5. Buildings on third-party land	515,625.77		533,180.78
6. Other equipment, operating and office equipment	122,589.74		124,402.55
7. Assets under construction	224,541.85		203,416.95
8. Pre-construction costs	616,984.05		523,654.78
9. Payments on account	0.00		174,000.00
		868,480,024.68	872,727,120.81
III. Financial assets			
1. Equity investments	3,944,250.51		3,944,250.51
2. Other loans	21,066,124.14		21,081,246.69
		25,010,374.65	25,025,497.20
		893,570,828.33	897,843,942.01
B. Current assets			
I. Properties for sale and other inventories			
1. Land and land rights without buildings	3,259,349.17		3,281,459.17
2. Land and land rights with buildings	8,951,781.05		8,951,781.05
3. Work in progress	32,216,077.84		25,586,897.35
4. Other inventories	371,209.47		395,061.75
	162,048.21		0.00
		44,960,465.74	38,215,199.32
II. Receivables and other assets			
1. Receivables from rental activities	4,955,186.54		2,044,733.90
2. Receivables from property sales	7,599,101.58		24,477,121.96
3. Receivables from management services	49,365.34		1,783,276.48
4. Receivables from affiliated companies	208.13		87,090.80
5. Other trade receivables	0.00		2,614.57
6. Other assets	16,794,881.62		13,506,996.84
		29,398,743.21	41,901,834.55
III. Securities			
Own shares		9,821.92	9,821.92
IV. Cash and cash equivalents			
Cash-in-hand and bank balances		96,254,363.03	66,054,109.67
		170,623,393.90	146,180,965.46
C. Prepaid expenses			
1. Discount	452,368.12		2,478.22
2. Other prepaid expenses	0.00		20,816.27
		452,368.12	23,294.49
Total assets		1,064,646,590.35	1,044,048,201.96

EQUITY AND LIABILITIES

in €	Mar. 31, 2005	Mar. 31, 2005	Dec. 31, 2004
A. Equity			
I. Subscribed capital	10,225,837.62		10,225,837.62
II. Capital reserves	274,334,745.12		274,334,745.12
III. Reserve for own shares	9,821.92		9,821.92
IV. Revenue reserves			
Legal reserve	1,022,583.76		1,022,583.76
V. Consolidated net retained profits	120,264,768.82		119,812,277.52
VI. Minority interests	339,541.75		361,852.86
		406,197,298.99	405,767,118.80
B. Provisions			
1. Provisions for pensions and similar obligations	3,883,437.52		3,882,370.41
2. Provisions for taxes	10,983,951.29		10,313,951.29
3. Provisions for building maintenance	483,184.24		483,184.24
4. Other provisions	12,792,890.04		14,201,142.02
		28,143,463.09	28,880,647.96
C. Liabilities			
1. Liabilities to banks	495,885,163.52		498,582,725.10
2. Liabilities to other lenders	52,985,459.93		55,430,965.38
3. Payments on account received	55,528,165.68		30,924,410.85
4. Liabilities from rental activities	10,795,256.89		10,885,402.08
5. Liabilities from management activities	140.15		0.00
6. Trade payables	1,517,174.68		830,549.19
7. Liabilities to affiliated companies	0.00		0.00
8. Other liabilities	12,594,467.42		12,746,382.60
		630,305,828.27	609,400,435.20
D. Deferred income		0.00	0.00
Total equity and liabilities		1,064,646,590.35	1,044,048,201.96

Consolidated Income Statement as of March 31, 2005

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2005

in €	Mar. 31, 2005	Mar. 31, 2005	Dec. 31, 2004
1. Sales			
a) from property management	20,562,182.07		113,761,844.49
b) from property sales	140,000.00		365,343.00
c) from management activities	413,940.07		2,500,993.51
d) from other services	56,318.80		295,152.85
		21,172,440.94	116,923,333.85
2. Decrease in work in progress		6,293,509.00	– 1,896,818.74
3. Other operating income		1,003,317.41	44,601,489.33
4. Cost of purchased services			
a) expenses for property management	10,618,140.54		51,188,371.57
b) expenses for property sales	3,150.00		278,371.62
c) expenses for other services	0.00		6,921.68
		10,621,290.54	51,473,664.87
5. Personnel expenses			
a) wages and salaries	3,224,191.02		14,294,484.90
b) social security and other pension costs	990,352.65		3,868,204.03
		4,214,543.67	18,162,688.93
6. Amortization of intangible assets and depreciation of tangible assets		3,585,619.92	17,755,891.37
7. Other operating expenses		2,740,711.19	25,054,716.46
8. Income from long-term loans		154,868.86	660,244.75
9. Other interest and similar income		283,955.53	2,134,651.82
10. Write-downs of financial assets		0.00	27,703.03
11. Interest and similar expenses		6,593,050.08	28,698,648.60
12. Result from ordinary activities		1,152,876.34	21,249,587.75
13. Taxes on income		670,000.00	8,056,720.96
14. Other taxes		26,283.89	111,301.10
15. Consolidated net income for the period		456,592.45	13,081,565.69
16. Retained profits brought forward		119,812,277.52	67,690,808.59
17. Withdrawal from capital reserves		0.00	39,101,326.50
18. Transfer to legal reserve		0.00	0.00
19. Transfer to reserve for own shares		0.00	0.00
20. Minority interest in net income for the period		4,101.15	61,423.26
21. Net retained profits		120,264,768.82	119,812,277.52

Management Board, Supervisory Board and Calendar

MANAGEMENT BOARD

(as of May 2005)

Andreas Lehner

– Chairman –
Bochum

Michael Neubürger

Bad Homburg

SUPERVISORY BOARD

(as of May 2005)

Helmut Ullrich

– Chairman –
Königstein
Managing Director
DB Real Estate Management GmbH, Eschborn
DB Real Estate Investment GmbH, Eschborn

Dr. Michael Gellen

– Deputy Chairman –
Cologne
Lawyer

Harry Gutte

Frechen
Managing Director
DB Real Estate Investment GmbH

Matthias Hünlein

Oberursel
Managing Director
DB Real Estate Management GmbH

Hans-Werner Jacob

Vaterstetten
Deutsche Bank AG
Executive Board member, Sales, Germany

Dr. Andreas Kretschmer

Düsseldorf
Managing Director of
Ärzteversorgung Westfalen-Lippe
Einrichtung der Ärztekammer Westfalen-Lippe
– Körperschaft des öffentlichen Rechts –

CALENDAR

June 2, 2005

Kempen & Co European Property Seminar,
Amsterdam

August 16, 2005

Interim Report as of June 30, 2005

October 26, 2005

“Real Estate Share Initiative” Conference,
Frankfurt am Main

November 8, 2005

Interim Report as of September 30, 2005



Deutsche Wohnen AG

Registered Office:

Pfaffenwiese 300

65929 Frankfurt am Main

Germany

Mainz Office:

Hindenburgstrasse 10-16

55118 Mainz

Germany

Phone: +49 (0) 6131 6397-0

Fax: +49 (0) 6131 6397-199

deutsche.wohnen@db.com

www.deutsche-wohnen.de