

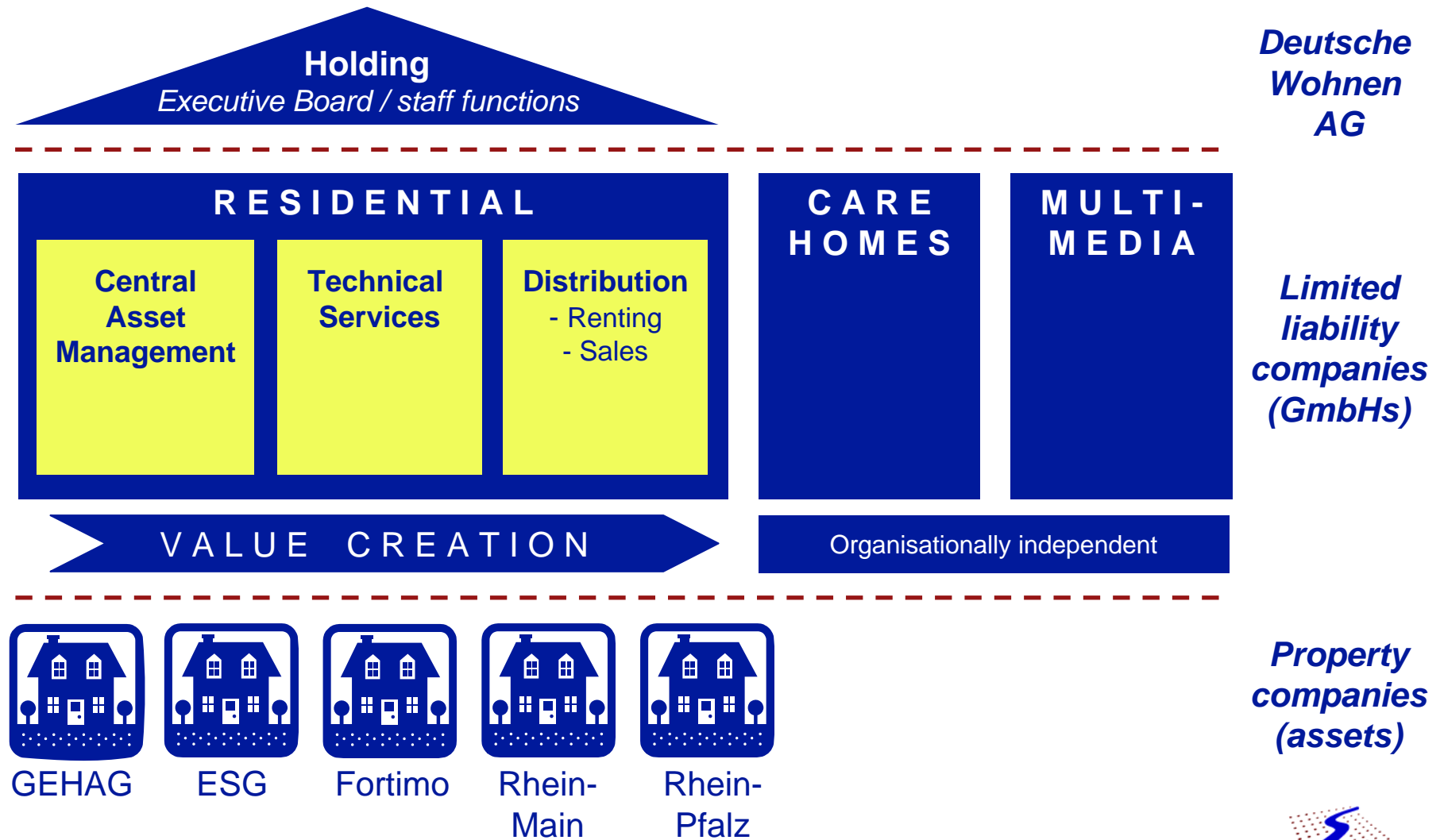
# Real Estate Share Initiative

**Michael Zahn, Speaker of the Executive Board**

Frankfurt, 25 October 2007



# Future structure of the company



# New structure of the Residential business division

## Transparent corporate organisation

- Three distinct levels: Holding, value creation and property companies

## Sustainable corporate strategy

- Entire value chain fully reflected in structure
- Continued development of Deutsche Wohnen Group with the objective of becoming an asset manager focused on providing services
  - "Actively manage" rather than merely "administer" apartments using quantifiable objectives
  - Focus on services mentality by separating real estate and management
  - Focus on tasks that contribute directly to an increase in value
  - Outsource routine services
- Clear product strategy
  - High-price segment
  - Focus on inner-city locations without rent controls as well as integrated portfolios
  - Development of market potential (e.g.: Fortimo and ESG: Rents increased from 4.00 to 4.46 €/sqm and from 4.05 to 4.39 €/sqm since acquiring them)
- Clear strategy for each location
  - Urban centre Berlin
  - Greater Frankfurt / Wiesbaden area
  - Other urban centres in Germany

# Katharinenhof: High-quality care homes

- Operator and owner of high-quality care homes and senior citizens' residences with 1,500 beds in the Hamburg, Berlin and Dresden areas
- Significant expertise in integrating and upgrading care homes; strong growth over the past two years
- Sustainable investment strategy:
  - Only properties for own use, with high equipment standard
  - Independent from social insurance system due to focus on self-paying residents
- Sales
  - 2006: €24 million
  - 2007e: €32 million
- EBITDA
  - 2006: €6.1 million
  - 2007e: €8.4 million
- Average care home utilisation: 96%
- Organisationally fully independent within Deutsche Wohnen Group

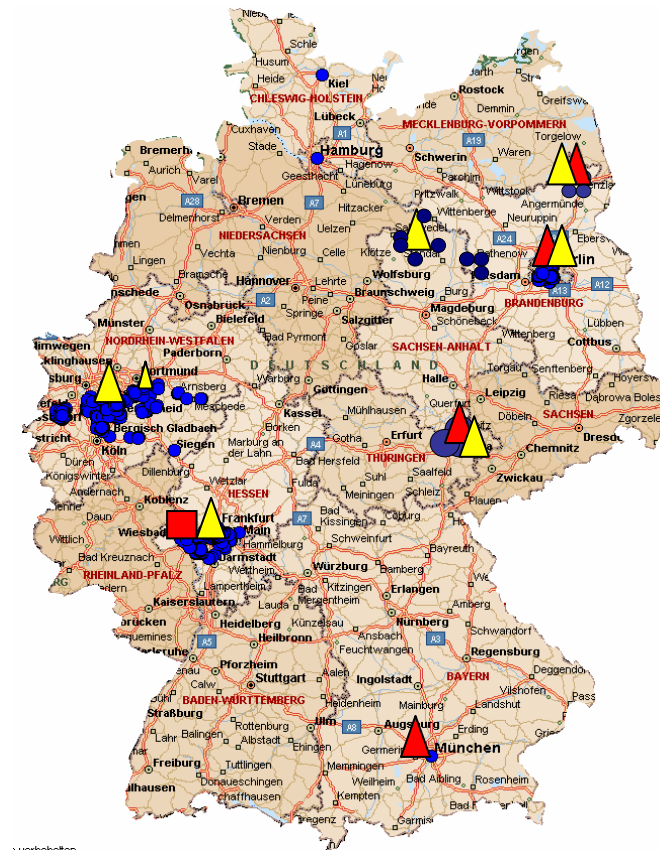


# AKF Telekabel: State-of-the-art multimedia provider

- Innovative provider of multimedia solutions for cable TV, internet and telephone (triple play)
- Has its own, very modern cable networks
- Serves more than 74,500 connections in Germany:
  - 34,500 in the greater Berlin area
  - 17,000 in Hessen / Frankfurt
  - 9,250 in Nordrhein-Westfalen
  - 9,250 in Thüringen
  - 4,500 in Sachsen

■ Sales	2006:	€ 4.3 million
	2007e:	€ 7.5 million
■ EBITDA	2006:	€ 1.2 million
	2007e:	€ 2.3 million

- Investments in the Multimedia business division also increase the attractiveness and the value of our own residential portfolio (e.g.: ESG)
- Organisationally fully independent within Deutsche Wohnen Group



# Strengths and weaknesses of Deutsche Wohnen Group

	<b>Strengths</b>	<b>Weaknesses</b>
<b>Market</b>	<ul style="list-style-type: none"><li>■ Main part of portfolio located in two thriving urban centres</li><li>■ Critical size - Berlin: Yes</li></ul>	<ul style="list-style-type: none"><li>■ Portfolio also includes standalone properties</li><li>■ Critical size - Frankfurt: No</li></ul>
<b>Portfolio</b>	<ul style="list-style-type: none"><li>■ GEHAG: Portfolio optimisation has been concluded<ul style="list-style-type: none"><li>– &gt;85% not subject to rent controls</li><li>– Inner-city locations</li><li>– Portfolios predominantly integrated</li></ul></li></ul>	<ul style="list-style-type: none"><li>■ Deutsche Wohnen: Portfolio is yet to be optimised<ul style="list-style-type: none"><li>– 36% subject to rent controls</li><li>– Large proportion of rural locations</li><li>– Large proportion of standalone properties</li></ul></li></ul>
<b>Organisational structure</b>	<ul style="list-style-type: none"><li>■ GEHAG: Central</li></ul>	<ul style="list-style-type: none"><li>■ Deutsche Wohnen: Regional</li></ul>
<b>Key financial figures</b>	<ul style="list-style-type: none"><li>■ Stable cash flow</li><li>■ Low vacancy rates</li><li>■ Substantial potential for increasing rents</li></ul>	<ul style="list-style-type: none"><li>■ High staff- and materials-related administrative expenses</li><li>■ FFO</li><li>■ Market liquidity</li></ul>