



# Deutsche Wohnen AG

» **Full year results 2013**

**Conference Call, 28 March 2014**

## » Management board and areas of responsibilities



Michael Zahn

*Chief Executive Officer  
(CEO)*

**Areas of responsibility:**

- Strategy
- Property Management
- Nursing and Assisted Living
- HR
- Communication



Andreas Segal

*Chief Financial Officer  
(CFO)*

**Areas of responsibility:**

- Equity Financing
- Debt Financing
- Treasury
- Investor Relations
- Legal/Compliance



Lars Wittan

*Chief Investment Officer  
(CIO)*

**Areas of responsibility:**

- Accounting/Tax/Controlling
- Asset Management
- Risk Management
- Corporate Planning
- IT/Organisation

## » Agenda

1

**Operational Development and Capital Market**

2

**Financials**

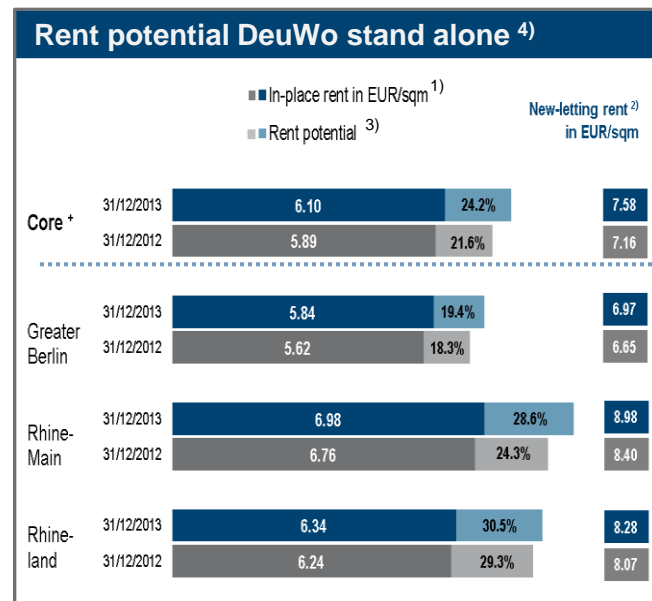
3

**Guidance 2014 & Strategic outlook**

## » Operational Development and Capital Market

## » Strong operational performance sets benchmark

In-place rent and vacancy DeuWo stand alone						
(like-for-like)	Residential units	In-place rent <sup>1)</sup> EUR/sqm		Δ in % y-o-y	Vacancy in %	
		31/12/2013	31/12/2012		31/12/2013	31/12/2012
<b>Strategic core and growth regions (letting portfolio)</b>	<b>61,941</b>	<b>5.84</b>	<b>5.65</b>	<b>3.3%</b>	<b>1.9%</b>	<b>1.7%</b>
<b>Core<sup>+</sup></b>	<b>42,626</b>	<b>6.12</b>	<b>5.87</b>	<b>4.2%</b>	<b>1.2%</b>	<b>1.5%</b>
Greater Berlin	33,079	5.89	5.64	4.6%	1.0%	1.1%
Rhine-Main	8,097	6.99	6.78	3.2%	1.9%	2.6%
Rhineland	1,450	6.42	6.25	2.7%	2.6%	2.5%
<b>Core</b>	<b>19,315</b>	<b>5.25</b>	<b>5.20</b>	<b>0.9%</b>	<b>3.4%</b>	<b>2.3%</b>
Hanover/Brunswick/Magdeburg	8,104	5.24	5.22	0.3%	4.8%	3.3%
Rhine Valley South	4,648	5.49	5.39	2.0%	1.2%	1.3%
Rhine Valley North	2,798	5.13	5.09	0.9%	1.1%	0.8%
Central Germany	2,003	5.02	5.00	0.3%	3.5%	1.7%
Others	1,762	5.07	5.05	0.5%	6.3%	3.2%
Privatisation	4,398	5.62	5.55	1.4%	6.8%	2.6%
Non-core	2,672	4.86	4.84	0.5%	10.8%	7.0%
<b>Total</b>	<b>69,011</b>	<b>5.79</b>	<b>5.62</b>	<b>3.1%</b>	<b>2.5%</b>	<b>2.0%</b>



### L-f-I Rental Growth

- 3.1% rental growth for the total portfolio
- Strong rental growth in our Core+-regions: 4.2%
- **3.4% pro-forma l-f-l growth** for the total portfolio (including 56,900 units of GSW )

### Annualised Rental Growth

- **EUR 17.9m of rent increases** (incl. GSW pro-forma) realised; *thereof EUR 9.1m from Mietspiegel/ EUR 6m Re-letting*
- DeuWo stand-alone: EUR 9.6m total; thereof EUR 5m from Mietspiegel/ EUR 4m from Re-letting

### Rent potential

- The increase in our achieved new-letting rent (rent potential) clearly demonstrates the accelerating demand-based dynamic in our Core<sup>+</sup> regions.

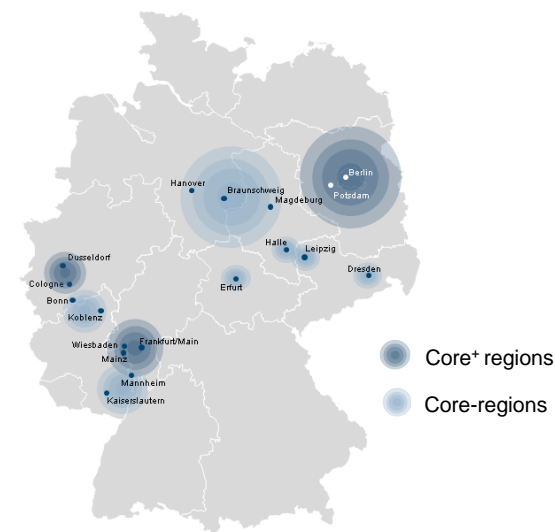
## » Overview of portfolio changes in 2013

End of year:	2013		2012 <sup>1</sup>		Δ Delta		
	Residential Units	Fair Value (EUR m)	Residential Units	Fair Value (EUR m)	Residential Units	Fair Value (EUR m)	FV in %
<b>Total</b>	<b>150,219</b>	<b>8,881</b>	<b>82,738</b>	<b>4,794</b>	<b>+67,481</b>	<b>+4,087</b>	<b>+85.3%</b>
<b>Strategic core and growth regions</b>	<b>146,675</b>	<b>8,743</b>	<b>77,007</b>	<b>4,586</b>	<b>+69,668</b>	<b>+4,157</b>	<b>+90.6%</b>
<b>Core+</b>	<b>119,317</b>	<b>7,362</b>	<b>51,587</b>	<b>3,300</b>	<b>+67,730</b>	<b>+4,062</b>	<b>+123.1%</b>
<b>Core</b>	<b>27,358</b>	<b>1,381</b>	<b>25,420</b>	<b>1,286</b>	<b>+1,938</b>	<b>+95</b>	<b>+7.4%</b>
<b>Non-core</b>	<b>3,544</b>	<b>137</b>	<b>5,731</b>	<b>208</b>	<b>-2,187</b>	<b>-71</b>	<b>-34.1%</b>

### Portfolio development underlines shift to growth regions with significant upside potential

Total residential holdings: > 150,000 units

- Thereof ~ 79% in dynamic Core+-regions (> 119,300 units)
- Thereof ~ 72% in Greater Berlin (> 108,400 units)
  - Largest private landlord of Berlin
- Successful disposal of Non-core assets



<sup>1)</sup> Incl. acquisitions with transfer of risk and rewards as of 1 Jan/1 Feb 2013

## » Overview of portfolio valuation as at 31 December 2013

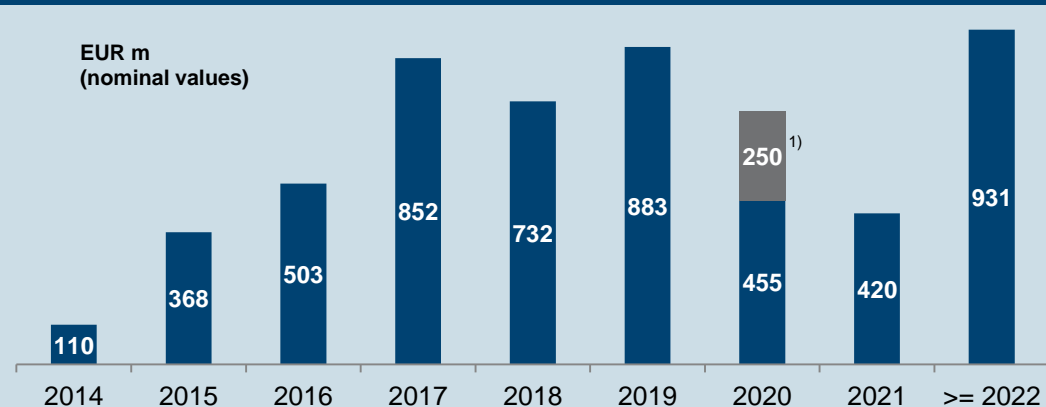
31/12/2013	Residential units	Share in terms of units	Area <sup>1)</sup>	In-place rent <sup>2)</sup>	Vacancy	Fair Value <sup>3)</sup>	Share in terms of Fair Value	Fair Value <sup>4)</sup>	Multiple in-place rent	Yield %	Multiple market rent	Yield %
	#	%	k sqm	EUR/sqm	%	EUR m	%	EUR/sqm				
<b>Total</b>	<b>150,219</b>	<b>100%</b>	<b>9,131</b>	<b>5.54</b>	<b>2.4%</b>	<b>8,881</b>	<b>100%</b>	<b>944</b>	<b>14.2</b>	<b>7.1%</b>	<b>12.8</b>	<b>7.8%</b>
<b>Strategic core and growth regions</b>	<b>146,675</b>	<b>98%</b>	<b>8,902</b>	<b>5.56</b>	<b>2.2%</b>	<b>8,743</b>	<b>98%</b>	<b>953</b>	<b>14.2</b>	<b>7.0%</b>	<b>12.9</b>	<b>7.7%</b>
Letting portfolio	139,236	93%	8,411	5.56	2.0%							
Privatisation	7,439	5%	492	5.48	5.7%							
<b>Core+</b>	<b>119,317</b>	<b>79%</b>	<b>7,177</b>	<b>5.65</b>	<b>1.9%</b>	<b>7,362</b>	<b>83%</b>	<b>994</b>	<b>14.5</b>	<b>6.9%</b>	<b>13.1</b>	<b>7.6%</b>
Letting portfolio	114,047	76%	6,830	5.65	1.8%							
Privatisation	5,270	3%	347	5.52	5.1%							
<b>Core</b>	<b>27,358</b>	<b>19%</b>	<b>1,726</b>	<b>5.20</b>	<b>3.6%</b>	<b>1,381</b>	<b>15%</b>	<b>784</b>	<b>12.9</b>	<b>7.8%</b>	<b>11.8</b>	<b>8.5%</b>
Letting portfolio	25,189	17%	1,581	5.18	3.2%							
Privatisation	2,169	2%	145	5.38	7.1%							
<b>Non-core</b>	<b>3,544</b>	<b>2%</b>	<b>228</b>	<b>4.82</b>	<b>10.1%</b>	<b>137</b>	<b>2%</b>	<b>576</b>	<b>11.1</b>	<b>9.0%</b>	<b>9.6</b>	<b>10.4%</b>
Disposal	1,119	1%	72	4.72	12.9%							
Other	2,425	1%	156	4.86	8.9%							

- Dynamic Core+ regions comprise 79% of total units and 83% of total fair value

- Attractive spread between multiples of in-place rent and market rent offering further potential for NAV-growth

## » Attractive financing structure with further upside potential

### Long-term maturities profile

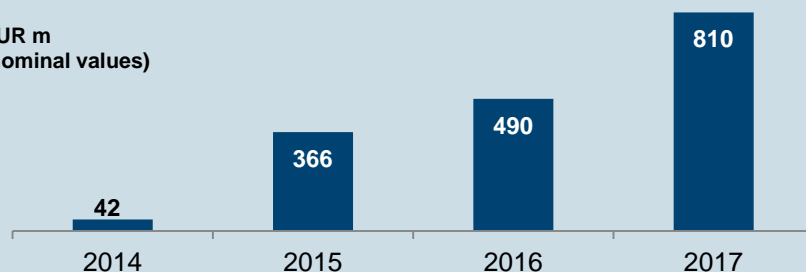


### Attractive financing structure

- Ø interest rate: ~ 3.3%
- Ø mandatory redemptions p.a.: 1.55%
- Ø weighted maturity: 8.1 years
- Interest rate fixed or hedged: 88.7%

### Significant refinancing potential

EUR m  
(nominal values)



- Average volume weighted interest rate of 4.3%
- Expected increase in profitability / FFO in case of refinancing based on actual interest level of more than EUR 25m p.a.

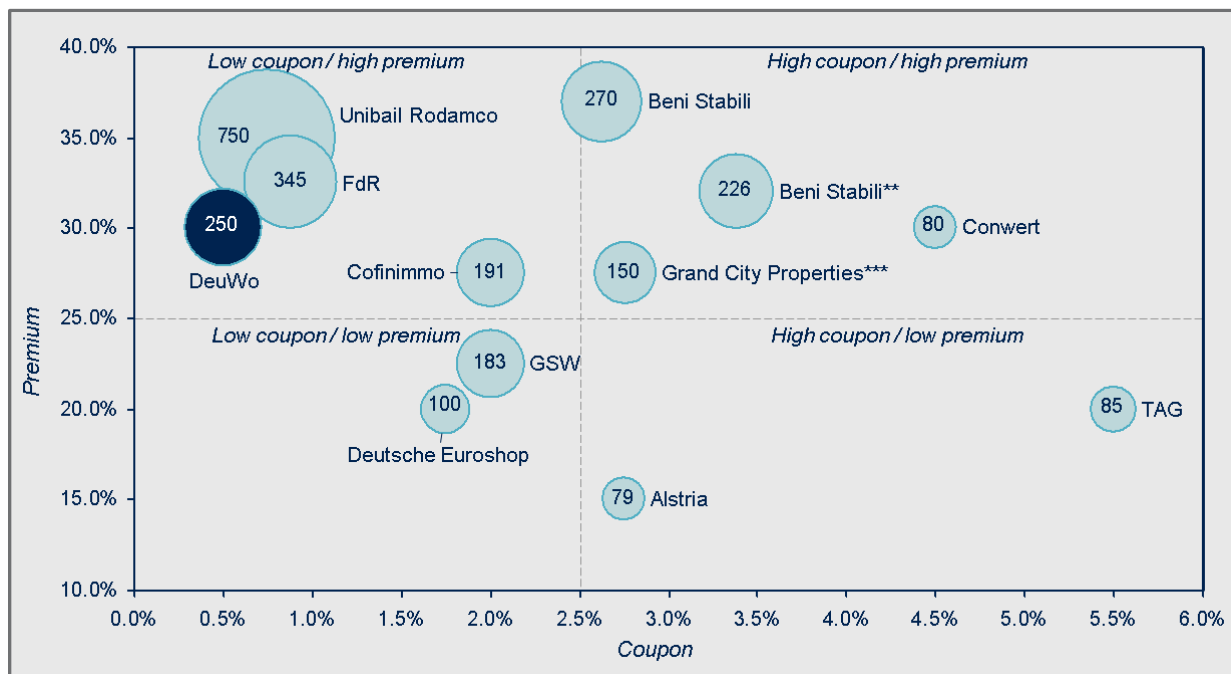
### Target

- Further optimisation of interest expenses
- Reduction of mandatory redemptions to enhance cashflow
- Use of currently low interest environment for loan extensions

1) DW Convertible bond



## » Convertible bond 2013 – Benchmark transaction



**Attractive terms demonstrate financing potential of Deutsche Wohnen**

### Terms and conditions of DeuWo convertible bond

- EUR 250m issue size
- Coupon of 0.5% p.a. significantly below average interest rate
- Premium of 30% at issuance date
- 7Y maturity (22 Nov. 2020)
- No scheduled amortisation
- Unsecured and unsubordinated debt
- Enhanced flexibility by repayment in cash **or** shares

**Diversification of corporate financing structure**

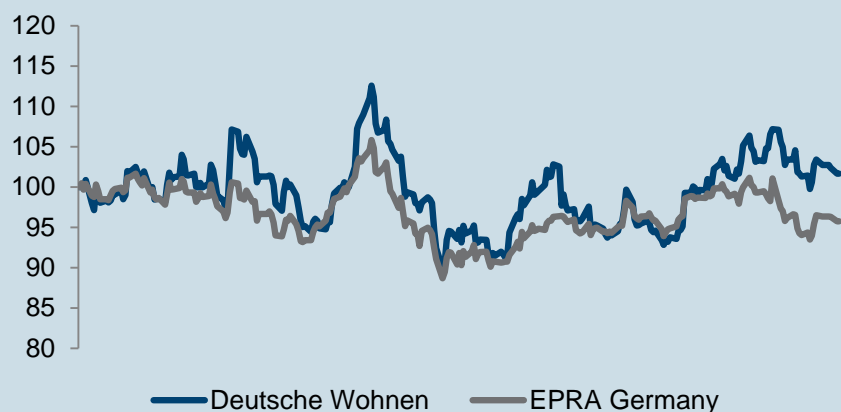
## » Strong position in the capital markets

### Most investable German listed real estate company

- Free float market cap increased by ~ 85% from EUR 2,0bn (Dec. 2012) to EUR 3,7bn (Dec. 2013)
- Largest free float of all residential peers
- Ø daily trading volume increased by 56.2% to ca. 519`sh

MDAX Ranking	Jan. 2013	Dec. 2013	EPRA Weighting	Jan. 2013	Dec. 2013
Market cap	12	6	German	22.3%	36.6%
Turnover	34	24	European	2.0%	3.5%
Weight (%)	2.3	2.8	Global	0.3%	0.5%

### Outperforming EPRA Germany by 6% in 2013



### Impressive track record of placements

- **3 structured equity transactions in 2013**
- **EUR 195m ABB for acquisitions (fully invested)**
  - 14.6m shares January 2013
  - Value accretive as placed above NAV
  - Discount below 3% of share price
- **Successful use of shares as acquisition currency to accelerate growth and drive consolidation**
  - Blackstone portfolio: 8.2m shares
  - GSW transaction: 117.3m shares

**Flexible use of equity instruments to create shareholder value**

## » Financials

## » All major P&L key performance indicators increased y-o-y

### Key lines from P&L statement

in EUR m	2013	2012	Δ in %
Earnings from Residential Property Management	292.3	194.4	50%
Earnings from Disposals	23.0	19.9	16%
Earnings from Nursing and Assisted Living	13.2	9.9	33%
Corporate expenses	-52.9	-40.4	31%
<b>EBITDA (adjusted)</b>	<b>270.2</b>	<b>180.6</b>	<b>50%</b>
Fair Value adjustments investment properties (IAS40)	101.3	119.2	-15%
Financial result (net, as reported)	-130.8	-107.0	22%
<b>EBT (as reported)</b>	<b>217.9</b>	<b>205.6</b>	<b>6%</b>
One-offs (excl. valuation properties, SWAP & CB)	25.5	-8.1	>100%
<b>EBT (adjusted)</b>	<b>131.9</b>	<b>78.5</b>	<b>68%</b>
Current and Deferred taxes	-5.2	-60.1	-91%
<b>Profit (as reported)</b>	<b>212.7</b>	<b>145.5</b>	<b>46%</b>
<b>Earnings per share <sup>1)</sup></b>	<b>1.21</b>	<b>1.15</b>	<b>5%</b>

#### Adjusted EBITDA

- increased by ~ EUR 90m / + 50% (y-o-y)

#### Adjusted EBT

- increased by ~ EUR 53m / + 68% (y-o-y)

1) Based on weighted average shares outstanding (2013: 175.27m; 2012: 126.09m)

## » Increasing FFO-yields despite substantial EPRA NAV growth

### FFO (w/o disposals) and -yields

	2013 (pro forma) <sup>1)</sup>	2013	2012
FFO (w/o disposals) in EUR m	178.8 <sup>2)</sup>	114.5	68.2
FFO (w/o disposals) per share in EUR	0.62 <sup>3)</sup>	0.65 <sup>4)</sup>	0.54 <sup>5)</sup>
EPRA NAV in EUR m as of 31/12	4,004.7	4,004.7	1,824.4
EPRA NAV per share in EUR as of 31/12	13.99 <sup>6)</sup>	13.99 <sup>6)</sup>	12.48 <sup>7)</sup>
Adjusted NAV in EUR m as of 31/12	3,513.1	3,513.1	1,824.4
Adjusted NAV per share in EUR as of 31/12	12.27 <sup>6)</sup>	12.27 <sup>6)</sup>	12.48 <sup>7)</sup>
<b>FFO (w/o disposals) yield<sup>8)</sup></b>			
on EPRA NAV per share	<b>4.5%</b>	<b>4.6%</b>	<b>4.3%</b>

#### FFO (w/o disposals)

- FFO (w/o disposals) per share increased by 20% (y-o-y)

#### EPRA NAV

- EPRA NAV per share increased from EUR 12.48 to EUR 13.99 / + 12% (y-o-y)

#### FFO yield

- FFO (w/o disposals) yield on EPRA NAV increased from 4.3% to 4.6% (y-o-y)

1) 2013 pro forma includes 12 months GSW-figures

2) After 8% minority adjustment on GSW-FFO (w/o disposals)

3) Based on 286.2m shares outstanding (pro forma)

4) Based on weighted average shares outstanding in 2013: 175.3m

5) Based on weighted average shares outstanding in 2012: 126.1m

6) Based on 286.2m shares outstanding as of 31/12/2013

7) Based on 146.14m shares outstanding as of 31/12/2012

8) Based on FFO (w/o disposals) per share

## » Pro forma P&L 2013

	Deutsche Wohnen Group stand-alone in EUR m	GSW Group stand-alone in EUR m	Deutsche Wohnen Group pro forma in EUR m
Current Gross Rental Income	353,5	236,1	589,7
Rental loss	-4,0	-5,2	-9,2
Non-recoverable expenses	-8,9	-7,9	-16,8
Maintenance Costs	-58,1	-21,3	-79,4
Others	-6,2	-0,5	-6,7
<b>Earnings from Residential Property Management</b>	<b>276,4</b>	<b>201,3</b>	<b>477,6</b>
<b>Earnings from Disposals</b>	<b>22,9</b>	<b>4,5</b>	<b>27,5</b>
Earnings from Nursing and Assisted Living	13,2	0,0	13,2
Corporate expenses	-48,1	-54,1	-102,2
Other expenses/income	-5,3	-1,2	-6,6
One-off costs	-17,2	-20,6	-37,8
<b>EBITDA</b>	<b>241,9</b>	<b>129,8</b>	<b>371,6</b>
Depreciation and amortisation	-5,5	-0,5	-6,0
Valuation investment properties	100,7	20,6	121,2
<b>EBIT</b>	<b>337,0</b>	<b>149,8</b>	<b>486,9</b>
Financial result	-133,2	-76,6	-209,8
<b>EBT</b>	<b>203,9</b>	<b>73,2</b>	<b>277,0</b>
Income taxes	-5,3	-13,2	-18,5
<b>Profit</b>	<b>198,5</b>	<b>60,0</b>	<b>258,5</b>
<b>FFO (w/o disposals)</b>	<b>109,7</b>	<b>75,1</b>	<b>184,8</b>

### Pro forma P&L

- includes 12 month GSW-figures (without taking a minority interest of 8% in GSW into account)

## » **Guidance 2014 & Strategic outlook**

## » Guidance 2014

1

**FFO (w/o disposals): min. EUR 210m FFO expected**

- **EUR 203m considering 8% minority share = EUR 0.71 per share (+9.2% growth)**

2

**Dividend policy: 60% of FFO (w/o disposals) = EUR 0.42 per share (+23.5% growth)**

3

**Synergies: EUR 15m generated in 2014, thereof EUR 10m effective/ realised in 2014**

- **Mid term target: overall cost ratio of 12% from 2016 onwards**

4

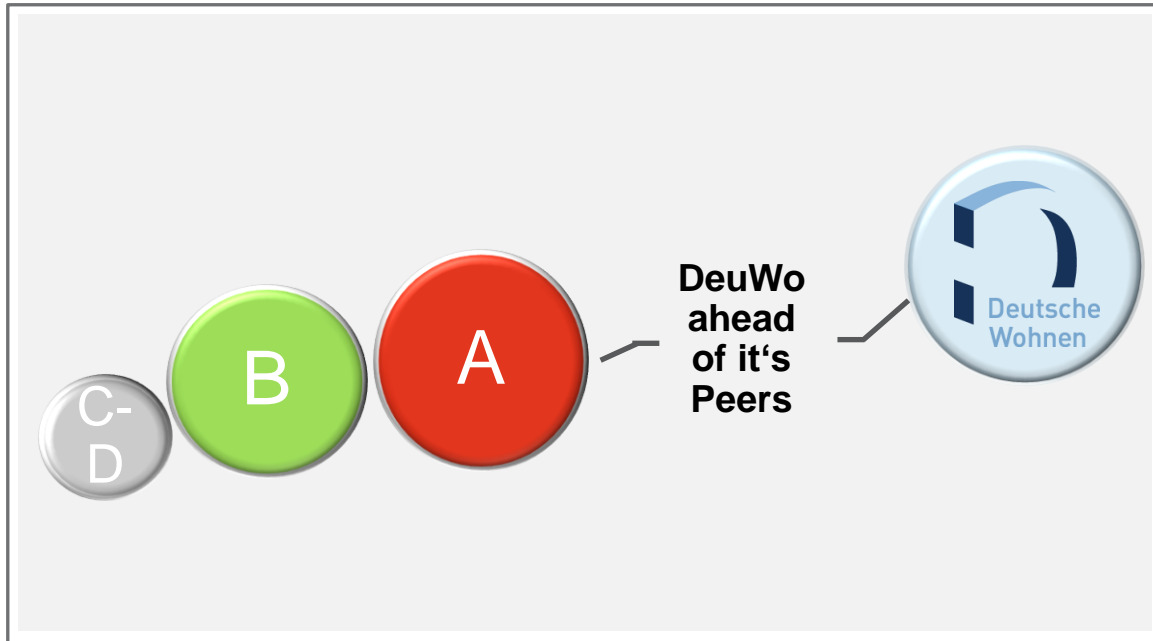
**LTV: ~ 55% targeted**

5

**Opportunistic portfolio strategy: accretive acquisitions and disposals will continue**



## » Positioning of DeuWo in listed residential landscape



### Strengths/ Weaknesses

#### Like for like rental growth

#### Portfolio quality

- Locations
- technical

#### Sustainable business model

- Areas/ diversification
- CF generation
- Dividend policy

#### Efficiency/ Cost ratio

#### Total capex/ maintenance

#### Track record

### Highlights

- Clearly outperforming peer group in lfl rental growth
- Diversified business model with proven track record
- High quality portfolio with >75% in growth regions
- Current valuation multiples imply upside potential vs peers
- Strong efficiency ratio (admin costs vs. EBITDA)
- Free float market cap. and trading volume significantly above peer group

### Opportunities/ Risks

#### External growth/ consolidation

#### Market capitalisation/ trading volume

#### Shareholder structure/ no overhang

#### Asset valuation

#### Capitalisation policy

#### Financing structure

## » Q & A

## » Appendix

## **Segment – Residential Property Management**

## » Overview of portfolio as at 31 December 2013

31/12/2013	Residential units	Share in terms of units	Area <sup>1)</sup>	In-place rent <sup>2)</sup>	Vacancy	Fair Value <sup>3)</sup>	Share in terms of Fair Value	Fair Value <sup>4)</sup>	Multiple in-place rent	Multiple market rent
	#	%	k sqm	EUR/sqm	%	EUR m	%	EUR/sqm		
<b>Total</b>	<b>150,219</b>	<b>100%</b>	<b>9,131</b>	<b>5.54</b>	<b>2.4%</b>	<b>8,881</b>	<b>100%</b>	<b>944</b>	<b>14.2</b>	<b>12.8</b>
<b>Strategic core and growth regions</b>	<b>146,675</b>	<b>98%</b>	<b>8,902</b>	<b>5.56</b>	<b>2.2%</b>	<b>8,743</b>	<b>98%</b>	<b>953</b>	<b>14.2</b>	<b>12.9</b>
Letting portfolio	139,236	93%	8,411	5.56	2.0%					
Privatisation	7,439	5%	492	5.48	5.7%					
<b>Core+</b>	<b>119,317</b>	<b>79%</b>	<b>7,177</b>	<b>5.65</b>	<b>1.9%</b>	<b>7,362</b>	<b>83%</b>	<b>994</b>	<b>14.5</b>	<b>13.1</b>
Letting portfolio	114,047	76%	6,830	5.65	1.8%					
Privatisation	5,270	3%	347	5.52	5.1%					
<b>Core</b>	<b>27,358</b>	<b>19%</b>	<b>1,726</b>	<b>5.20</b>	<b>3.6%</b>	<b>1,381</b>	<b>15%</b>	<b>784</b>	<b>12.9</b>	<b>11.8</b>
Letting portfolio	25,189	17%	1,581	5.18	3.2%					
Privatisation	2,169	2%	145	5.38	7.1%					
<b>Non-core</b>	<b>3,544</b>	<b>2%</b>	<b>228</b>	<b>4.82</b>	<b>10.1%</b>	<b>137</b>	<b>2%</b>	<b>576</b>	<b>11.1</b>	<b>9.6</b>
Disposal	1,119	1%	72	4.72	12.9%					
Other	2,425	1%	156	4.86	8.9%					

- Dynamic Core+ regions comprise 79% of total units and 83% of total fair value

- For detailed information on the regions please refer to next page

- 1) Only residential area
- 2) Contractually owed rents from rented apartments divided by rented area
- 3) Fair Value including residential, commercial and parking spaces
- 4) Fair Value divided by residential and commercial area

## » Details on regions of portfolio as at 31 December 2013

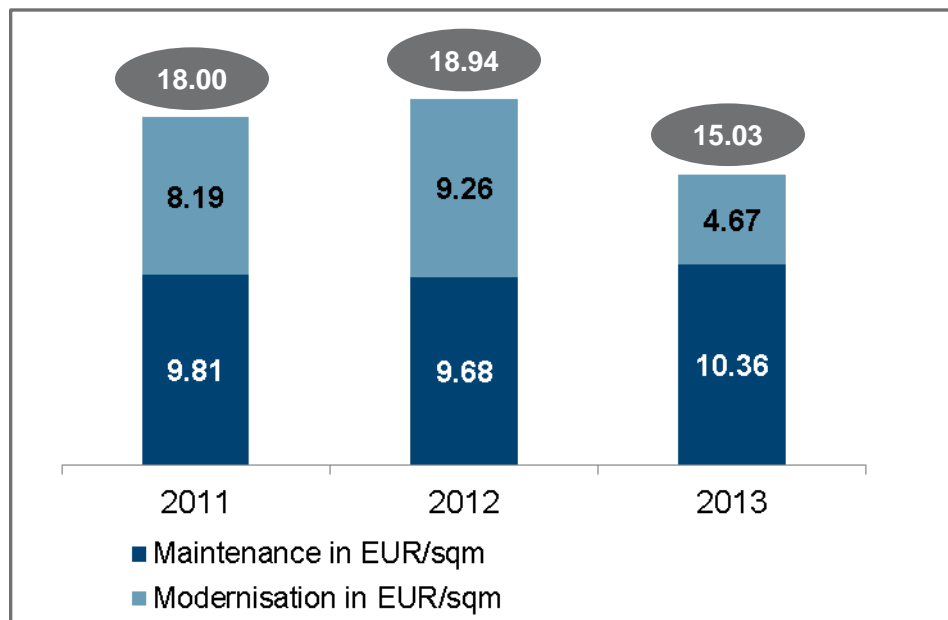
31/12/2013	Residential units	Share in terms of units	Area	In-place rent <sup>1)</sup>	Vacancy	Commercial units	Parking spaces
	#	%	k sqm	EUR/sqm	%	#	#
<b>Total</b>	<b>150,219</b>	<b>100%</b>	<b>9,131</b>	<b>5.54</b>	<b>2.4%</b>	<b>2,146</b>	<b>31,833</b>
<b>Strategic core and growth regions</b>	<b>146,675</b>	<b>98%</b>	<b>8,902</b>	<b>5.56</b>	<b>2.2%</b>	<b>2,096</b>	<b>30,584</b>
<b>Core<sup>+</sup></b>	<b>119,317</b>	<b>79%</b>	<b>7,177</b>	<b>5.65</b>	<b>1.9%</b>	<b>1,877</b>	<b>20,550</b>
Greater Berlin	108,411	72%	6,512	5.53	1.8%	1,660	14,866
Letting portfolio	104,280	69%	6,247	5.54	1.8%	1,607	14,031
Privatisation	4,131	3%	265	5.26	3.6%	53	835
Rhine-Main	9,084	6%	546	6.92	2.7%	180	4,948
Letting portfolio	8,098	5%	479	6.99	1.9%	123	4,023
Privatisation	986	1%	67	6.33	8.9%	57	925
Rhineland	1,822	1%	119	6.41	3.5%	37	736
Letting portfolio	1,669	1%	104	6.35	2.8%	29	366
Privatisation	153	0%	15	6.84	8.4%	8	370
<b>Core</b>	<b>27,358</b>	<b>19%</b>	<b>1,726</b>	<b>5.20</b>	<b>3.6%</b>	<b>219</b>	<b>10,034</b>
Hanover/Brunswick/Magdeburg	11,064	8%	710	5.23	4.6%	109	2,801
Letting portfolio	10,212	7%	654	5.17	4.4%	107	2,499
Privatisation	852	1%	56	5.85	6.8%	2	302
Rhine Valley South	4,871	3%	304	5.50	1.6%	41	3,353
Letting portfolio	4,650	3%	290	5.49	1.2%	41	3,186
Privatisation	221	0%	14	5.62	10.3%		167
Rhine Valley North	2,954	2%	191	5.16	1.7%	3	2,125
Letting portfolio	2,845	2%	184	5.14	1.3%	3	2,001
Privatisation	109	0%	7	5.54	11.4%		124
Central Germany	5,720	4%	343	4.98	2.8%	58	1,196
Letting portfolio	5,720	4%	343	4.98	2.8%	58	1,196
Privatisation							
Others <sup>2)</sup>	2,749	2%	177	5.02	6.2%	8	559
Letting portfolio	1,762	1%	110	5.07	6.3%	7	527
Privatisation	987	1%	68	4.93	6.1%	1	32
<b>Non-core</b>	<b>3,544</b>	<b>2%</b>	<b>228</b>	<b>4.82</b>	<b>10.1%</b>	<b>50</b>	<b>1,249</b>
Disposal	1,119	1%	72	4.72	12.9%	37	377
Other	2,425	1%	156	4.86	8.9%	13	872

- 1) Contractually owed rents from rented apartments divided by rented area  
 2) Mainly Kiel/Luebeck

## » Focused and sustainable investments in the portfolio

### Maintenance and modernisation

	2013		2012	
	EUR m	EUR/sqm <sup>1)</sup>	EUR m	EUR/sqm <sup>2)</sup>
Maintenance	59.4	10.36	34.7	9.68
Ongoing & small-scale maintenance	45.5	7.94	23.8	6.66
Reletting	13.9	2.42	10.8	3.02
Modernisation	26.8	4.67	33.2	9.26
<b>In total</b>	<b>86.2</b>	<b>15.03</b>	<b>67.9</b>	<b>18.94</b>



### Deutsche Wohnen stand alone

- Reletting and modernisation led to signed rent increases with a full year effect of EUR 4.3m (all-in signed rent increases EUR 9.6m)
- We continue to target a high level for maintenance and modernisation on the basis of portfolio analysis to ensure our quality standards for a sustainable portfolio.

## » Strong earnings and cash contributions from letting

in EUR m		2013	2012
<b>Earnings from letting: + EUR 97.9m</b>	<b>Current gross rental income</b>	<b>372.9</b>	<b>240.1</b>
	Non-recoverable expenses	-9.6	-4.1
	Rental loss	-4.9	-3
	Maintenance	-59.4	-34.7
	Others	-6.7	-3.9
	<b>Earnings from Residential Property Management</b>	<b>292.3</b>	<b>194.4</b>
	Personnel, general and administration expenses	-28.3	-22.2
	<b>Net Operating Income (NOI)</b>	<b>264.0</b>	<b>172.2</b>
	NOI Margin	70.8%	71.7%
<b>Cash flow + 70.9%</b>	<b>in EUR m</b>	<b>2013</b>	<b>2012</b>
	Net Operating Income (NOI)	264.0	172.2
	Cash interest expenses	-118.4	-87.0
	<b>Cash flow from portfolio after cash interest expenses</b>	<b>145.6</b>	<b>85.2</b>
	<b>Interest cover ratio</b>	<b>2.23</b>	<b>1.98</b>

**Maintenance**  
in FY13: EUR 10.36 sqm  
(in 2012: EUR 9.68 sqm)  
additional EUR 26.8m  
for modernisation in FY  
2013

**NOI** increased by EUR  
91.8m (53%) due to  
higher current gross  
rental income of EUR  
132.8m (full effect of  
2012 acquisitions plus  
additional acquisitions in  
2013 including 1 month  
GSW) while costs  
increased by only EUR  
41.0m

### NOI-margin

only marginally decreased due to integration of new acquisitions (external management) and higher maintenance expenses per sqm vs. previous year



## Segment – Disposals

## » Very strong privatisation business & successful non-core disposals

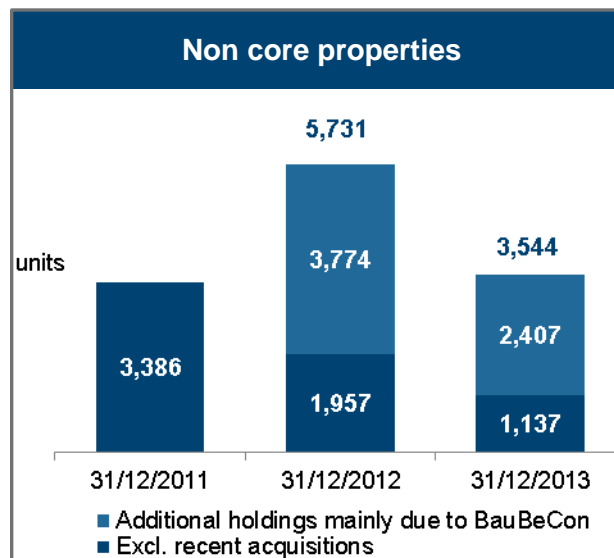
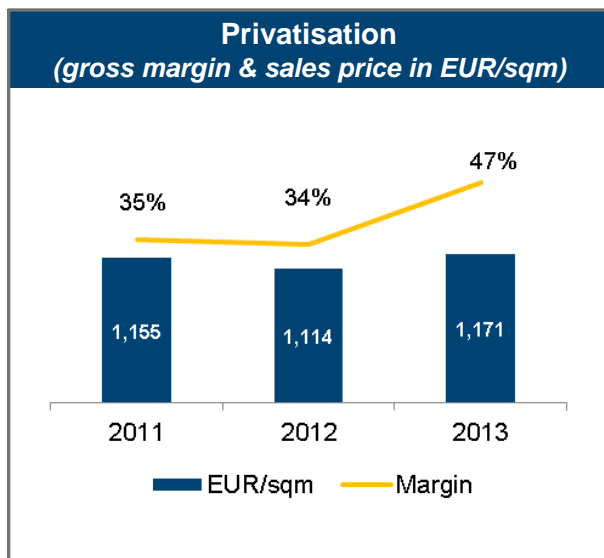
2013	Units	Transaction volume	Fair Value	Gross Margin	
	#	EUR m	EUR m	EUR m	% <sup>1)</sup>
Privatisation	1,342	100.7	68.6	32.1	47%
Institutional sales	2,157	68.9	67.7	1.2	2%
<i>thereof non-core</i>	2,066	59.2	58.8	0.4	1%
Cost of sales				-10.3	
<b>In total</b>	<b>3,499</b>	<b>169.6</b>	<b>136.3</b>	<b>23.0</b>	<b>17%</b>
+ Carrying amounts of assets sold				136.3	
- Loan repayment				-86.4	
<b>Cashflow contribution</b>				<b>72.9</b>	

### Privatisation (i.e. sales of individual apartments)

- In 2013 1,342 units closed.
- Gross margin of ~ 47%

### Institutional sales

- Ongoing and successful focus on disposals in non-core regions in 2013



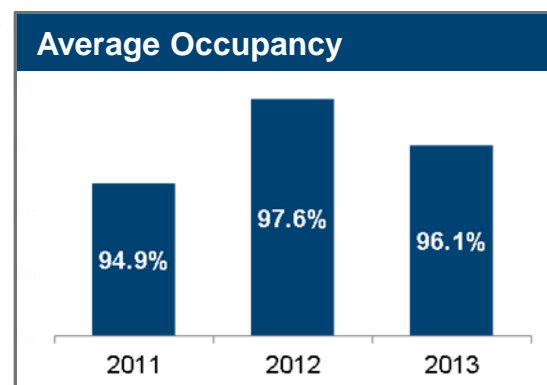
<sup>1)</sup> (Transaction volume divided by Fair Value)-1

## **Segment – Nursing and Assisted Living**

## » Nursing and Assisted Living – increasing EBITDA contribution

in EUR m	2013	2012
<b>Income</b>		
Nursing	52.0	36.4
Living	3.0	2.0
Other	4.9	3.6
<b>Total income</b>	<b>59.9</b>	<b>42.0</b>
<b>Costs</b>		
Nursing and corporate expenses	-16.4	-11.3
Staff expenses	-30.3	-20.8
<b>Total costs</b>	<b>-46.7</b>	<b>-32.1</b>
<b>Earnings from Nursing and Assisted Living</b>	<b>13.2</b>	<b>9.9</b>
Attributable current interest expenses	-3.6	-2.6
<b>Earnings after current interest expenses</b>	<b>9.6</b>	<b>7.3</b>

31/12/2013	Facilities	Places
Greater Berlin	12	1,434
Saxony	7	475
Others	2	257
<b>In total</b>	<b>21</b>	<b>2,166</b>



- 18 of 21 facilities are owned by Deutsche Wohnen with Fair Value of the properties of EUR 144.9m
- Transfer of risks and rewards of five facilities in Berlin took place in 2013:
  - 425 places in Q1/2013
  - 250 places in Q4/2013
- Slight decrease in average occupancy to 96.1% mainly due to recent acquisitions with significant upside potential
- Katharinenhof achieved third place in the overall ranking of MDK (Medizinischer Dienst der Krankenversicherung)<sup>1)</sup>

<sup>1)</sup> Avivre Consult GmbH, Analyse der MDK-Noten nach Betreibern, October 2013

## Derivation of FFO

## » Adjusted EBITDA increased by ~ EUR 90m / + 50% (y-o-y)

in EUR m	2013	2012
Earnings from Residential Property Management	292.3	194.4
Earnings from Disposals	23.0	19.9
Earnings from Nursing and Assisted Living	13.2	9.9
<b>Segment contribution margin</b>	<b>328.5</b>	<b>224.2</b>
Corporate expenses	-52.9	-40.4
Other operating expenses/income	-22.7	12.7
<b>EBITDA</b>	<b>252.9</b>	<b>196.5</b>
Other One-off income	-2.2	-20.3
One-off costs for transactions	19.1	4.4
Other	0.4	0.0
<b>EBITDA (adjusted)</b>	<b>270.2</b>	<b>180.6</b>

Corporate expenses (in EUR m)	2013	2012
Staff expenses	-31.8	-23.6
General and administration expenses	-17.7	-12.7
Third-party Property Management	-3.4	-4.1
<b>In total</b>	<b>-52.9</b>	<b>-40.4</b>

### Corporate Expenses

- Corporate expenses 2013 include 1 month GSW for 12/2013: EUR 4.8m
- Corporate expenses Deutsche Wohnen stand-alone: EUR 48.1m
- This leads to a decreasing cost ratio of 13.6%<sup>1)</sup> (2012: 16.8%) of Deutsche Wohnen stand-alone

Other operating expenses/income	2013	2012
Transaction Costs (excluding one-off financing costs)	-19.1	0.0
Other one-off income	2.2	20.3
Integration Costs BauBeCon	0.0	-4.4
Other	-5.8	-3.2
<b>In total</b>	<b>-22.7</b>	<b>12.7</b>

### Adj. EBITDA

- increased by ~ EUR 90m mainly attributable to an increase of earnings from letting ~ EUR 98m and from disposals ~ EUR 3m

1) Corporate expenses (EUR 48.1m) divided by current gross rental income (EUR 353.5m)

## » Adjusted EBT increased by ~ 68% (y-o-y)

in EUR m	2013	2012
<b>EBITDA (adjusted)</b>	<b>270.2</b> <sup>4)</sup>	<b>180.6</b> <sup>2)</sup>
Depreciation	-5.5	-3.1
Financial result (net)	-132.8 <sup>5)</sup>	-99.0 <sup>3)</sup>
<b>EBT (adjusted)</b>	<b>131.9</b>	<b>78.5</b>
Valuation properties	100.9	119.2
Other One-off income	2.2	20.3
One-off costs for transactions	-27.7	-12.2
Valuation SWAP and Convertible Bond	10.6	-0.2
<b>EBT</b>	<b>217.9</b>	<b>205.6</b>
Current taxes	-13.8	-10.5
Deferred taxes	8.6	-49.6
<b>Profit</b>	<b>212.7</b>	<b>145.5</b>
Earnings per share <sup>1)</sup>	1.21	1.15

in EUR m	2013	2012
Interest expenses	-122.0	-89.6
Non-cash interest expenses	-11.8	-11.4
	<b>-133.8</b>	<b>-101.0</b>
Interest income	1.0	2.0
<b>Financial result (net)</b>	<b>-132.8</b>	<b>-99.0</b>

Non-cash interest expenses in EUR m	2013
Low-interest bearing liabilities	-7.7
Liabilities from EK 02 taxes	-1.9
Employee benefit liability	-1.9
DB 14	-0.2
Other	-0.1
<b>Total</b>	<b>-11.8</b>

### Adj. EBITDA

- increased by ~ EUR 90m mainly attributable to an increase of earnings from letting ~ EUR 98m and from disposals ~ EUR 3m

### Current taxes

- affected by non-cash taxes of EUR 2.5m due to capital increases 2013

### One-off costs for transactions

- mainly include expenses for the GSW-takeover (EUR 19.1m) and corresponding financing costs (EUR 8.6m)

<sup>1)</sup> Based on weighted average shares outstanding (2013: 175.27m; 2012: 126,09m)

<sup>2)</sup> Adjusted by one-off income due to settlement with RREEF (EUR 20.3m) and costs for transactions (EUR 4.4m)

<sup>3)</sup> Adjusted by one off financing costs for BauBeCon transaction (EUR 7.8m) and Valuation SWAP (EUR -0.2m)

<sup>4)</sup> Adjusted by one-off costs for transactions (EUR 19.1m), other one-off income (EUR 2.2m) and other (EUR 0.4m)

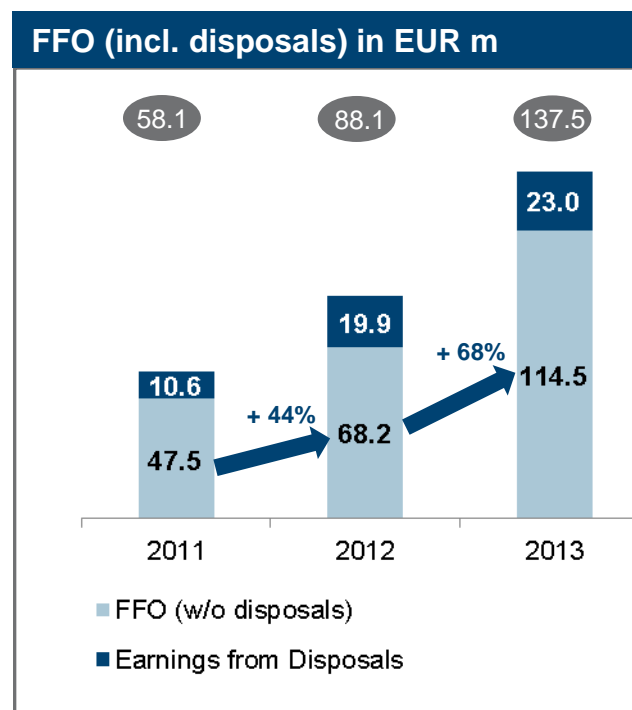
<sup>5)</sup> Adjusted by one-off costs for financing (EUR 8.6m) and Valuation SWAP and Convertible Bond (EUR 10.6m)

## » Strong recurring FFO per share performance +20%<sup>2)</sup> (y-o-y)

in EUR m	2013	2012
<b>Profit</b>	<b>212.7</b>	<b>145.5</b>
Earnings from Disposals	-23.0	-19.9
Depreciation	5.5	3.1
Valuation properties	-100.9	-119.2
Valuation SWAP and Convertible Bond	-10.6	0.2
Non-cash financial expenses	11.8	11.4
Deferred taxes	-8.6	49.6
Tax benefit from capital increase	2.5	5.6
One-off costs for transactions	27.7	12.2
Other One-off income	-2.2	-20.3
FFO attributable to non-controlling interest	-0.4	0.0
<b>FFO (w/o disposals)</b>	<b>114.5<sup>3)</sup></b>	<b>68.2</b>
Earnings from Disposals	23.0	19.9
<b>FFO (incl. disposals)</b>	<b>137.5</b>	<b>88.1</b>

**FFO (w/o disposals) per share<sup>1)</sup>**                      **0.65**                      **0.54<sup>2)</sup>**

**FFO (incl. disposals) per share<sup>1)</sup>**                      **0.78**                      **0.70<sup>2)</sup>**



- Strong accretive per share development: +20%<sup>2)</sup> (y-o-y)

<sup>1)</sup> Based on weighted average shares outstanding (FY13: 175.3m; FY12: 126.1m)

<sup>2)</sup> Under consideration of scrip adjustment for capital raise in June 2012

<sup>3)</sup> EUR114.5m FFO (w/o disposals) includes 1 month GSW (EUR 4.8m)



## **Balance sheet & debt financing**

## » Balance sheet – Assets

in EUR m	31/12/2013	31/12/2012
Investment properties	8,937.1	4,614.6
Other non-current assets	552.2	24.1
Derivatives	2.7	0.0
Deferred tax assets	280.5	80.7
<b>Non current assets</b>	<b>9,772.5</b>	<b>4,719.4</b>
Land and buildings held for sale	97.1	39.1
Trade receivables	29.8	20.8
Other current assets	77.3	38.0
Cash and cash equivalents	196.4	90.6
<b>Current assets</b>	<b>400.6</b>	<b>188.5</b>
<b>Total assets</b>	<b>10,173.1</b>	<b>4,907.9</b>

**Other non-current assets** mainly increased to EUR 552.2m due to goodwill of the GSW-transaction (EUR 492m)

**Deferred tax assets** increased mainly due to EUR 212.1m deferred tax assets on loss carry-forwards.

Increase due to acquisitions of partly privatised portfolio; to be sold within privatisation process

Trade receivables in EUR m	31/12/2013
Rental business	21.8
Disposals	5.8
Other	2.2

Other current assets in EUR m	31/12/2013
Non current assets held for sale	57.5
Income tax receivables	2.6
Other inventories	3.3
Other assets	13.9

- Total assets increased due to several acquisitions especially due to the GSW-transaction

- EUR 140m available credit lines in addition to cash on hand

## » Balance sheet – Equity and Liabilities

in EUR m	31/12/2013	31/12/2012
Total equity	3,944.3	1,609.7
Financial liabilities	5,154.6	2,768.6
Convertible	250.2	0.0
Tax liabilities	62.6	63.6
Deferred tax liabilities	353.1	143.3
Derivatives	159.3	152.5
Other liabilities	249.0	170.2
<b>Total equity and liabilities</b>	<b>10,173.1</b>	<b>4,907.9</b>

Equity in EUR m	31/12/2013
+ Profit	212.7
+ Cash flow hedge	36.8
+ Pensions	0.6
+ Capital increase (less costs of capital increase, less tax effects)	1,952.5
+ Non-controlling interests	165.8
- Dividend	-33.8

Other liabilities in EUR m	31/12/2013
Trade liabilities	120.6
Pensions	55.3
Provisions	16.2
Other liabilities	53.0
DB 14	4.0

### Equity ratio

- increased to 39% (31/12/2012: 33%)

### Total equity

- mainly increased due to three capital increases in 2013

## » EPRA NAV per share up by 12%

in EUR m	31/12/2013	31/12/2012
Equity (before non-controlling interests)	3,777.8	1,609.3
Fair value adjustment of convertible bond	-2.2	0.0
Fair values of derivative financial instruments	156.5	152.5
Deferred taxes (net)	72.6	62.6
<b>EPRA NAV (undiluted)</b>	<b>4,004.7</b>	<b>1,824.4</b>
Goodwill GSW	-491.6	0.0
<b>Adjusted NAV (undiluted)</b>	<b>3,513.1</b>	<b>1,824.4</b>

in EUR	31/12/2013	31/12/2012
EPRA NAV per share in EUR (undiluted)	13.99	12.48
Adjusted NAV per share in EUR (undiluted)	12.27	12.48
<i>Shares outstanding in m</i>	286.22	146.14

### EPRA NAV per share

- increased by 12% to EUR 13.99 as at 31 December 2013

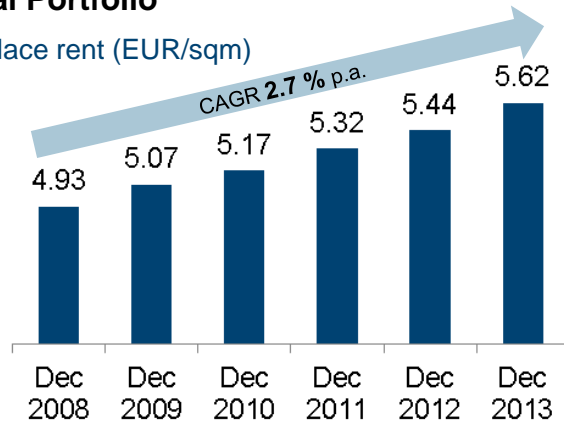
### Adjusted NAV

- reflects (i.e. deducts) the goodwill from GSW transaction

# » Strong like-for-like development including GSW <sup>1)</sup>

## Total Portfolio

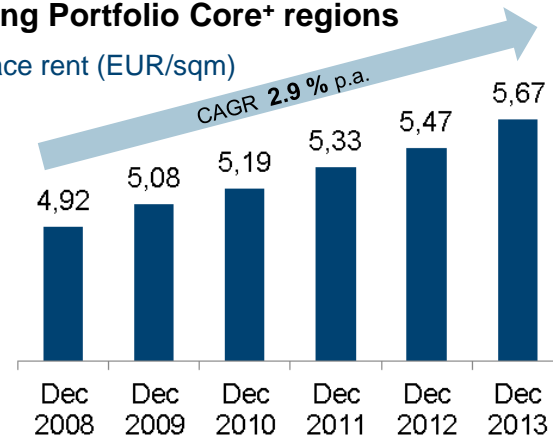
In-place rent (EUR/sqm)



- Comprises ~ 84,700 units under management since Dec 2008

## Letting Portfolio Core+ regions

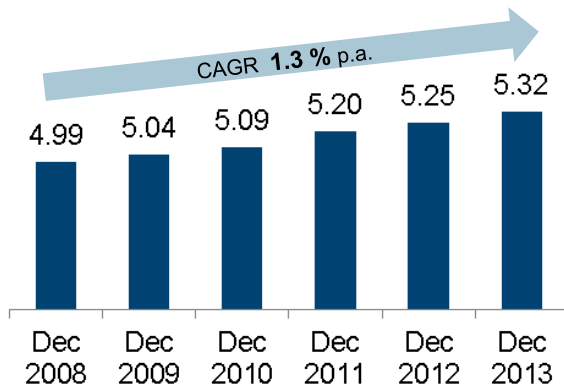
In-place rent (EUR/sqm)



- Comprises ~ 72,000 units under management since Dec 2008

## Letting Portfolio Core regions

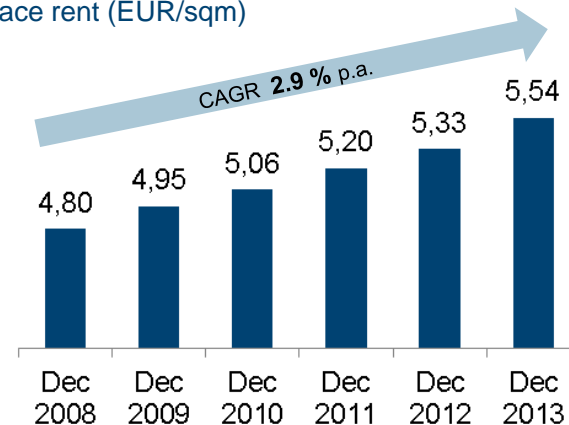
In-place rent (EUR/sqm)



- Comprises ~ 7,800 units under management since Dec 2008

## Letting Portfolio Greater Berlin

In-place rent (EUR/sqm)

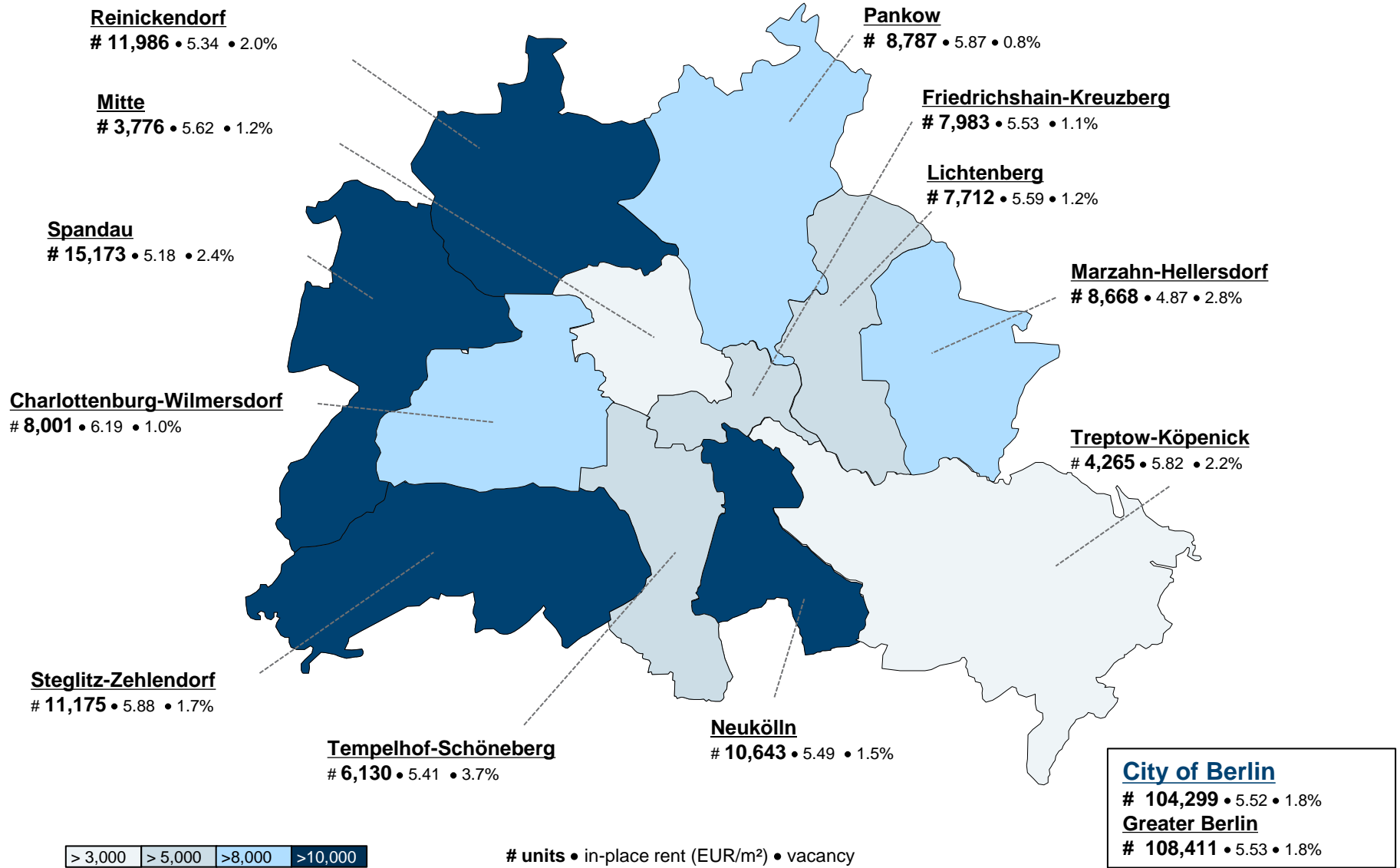


- Comprises ~ 64,800 units under management since Dec 2008

1) Pro forma incl. GSW

Note: Above time series analysis are based on a like-for-like comparison, i.e. only comprises units under management since December 2007 without taking into account any acquisitions/disposals in the period under review.

# » THE BERLIN-PORTFOLIO AT A GLANCE (incl. GSW)



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