

Deutsche Wohnen SE

—
Full Year Results 2018

Conference Call 26 March 2019

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Highlights FY 2018

Operating business continues to be strong

- L-f-I rental growth at 3.4% (Berlin at 3.6%), 2018 guidance beat (3%)
- Average gross margin of disposal business almost 40%
- +15% yoy increase in Earnings from Nursing & Assisted Living to EUR 55m mainly through acquisitions
- FFO I per share increased by 10% to EUR 1.35 per share – dividend proposal of EUR 0.87 per share

Strong capital growth leading to significant uplift of EPRA NAV

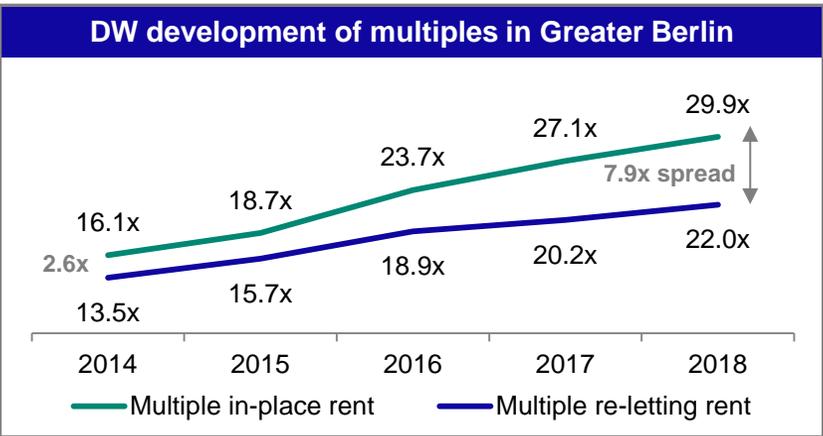
- L-f-L valuation uplift of 11%, (including capitalized investments even >13%) with Berlin once again as most dynamic region
- EPRA NAV per share at EUR 42.26 (+18% yoy)

Acquisitions to strengthen Residential and Nursing Portfolio

- Almost EUR 1bn of residential acquisitions for quality product in Core+ markets in 2018
- Acquisition of 30 nursing facilities at a price of EUR 680m at 5% EBITDA yield on a fully integrated basis
- Recently announced acquisition of almost 3,000 units in Western metropolitan areas further strengthens focused quality approach

Reversionary potential continues to be high

Strategic cluster	Residential units (#)	% of total (measured by fair value)	In-place rent ¹ (EUR/sqm/month)	Fair value (EUR/sqm)	Multiple in-place rent (x)	Multiple re-letting rent (x)	Reversionary potential ² (in EUR/sqm/month)	Vacancy (in %)
Strategic core and growth regions	164,121	>99.9%	6.62	2,159	27.2	20.6	2.01	2.1%
Core+	145,032	93.3%	6.72	2,284	28.4	21.2	2.25	2.1%
Core	19,089	6.6%	5.86	1,217	17.4	14.6	0.96	2.4%
Non-core	144	<0.1%	5.10	580	9.7	7.8	0.61	1.5%
Total	164,265	100%	6.62	2,157	27.2	20.6	1.99	2.1%
<i>Thereof Greater Berlin</i>	<i>115,612</i>	<i>77.2%</i>	<i>6.70</i>	<i>2,404</i>	<i>29.9</i>	<i>22.0</i>	<i>2.38</i>	<i>2.0%</i>

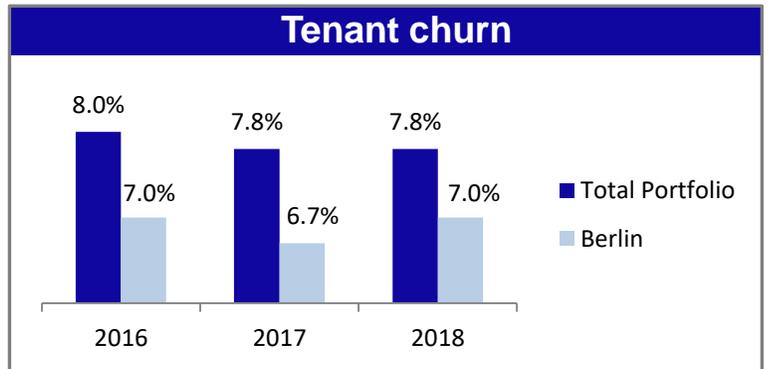
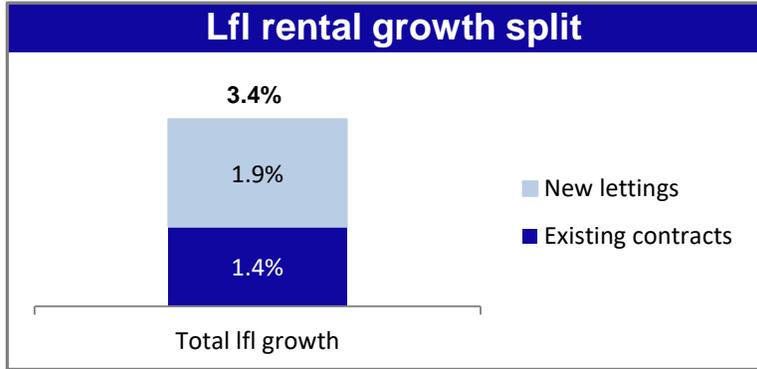
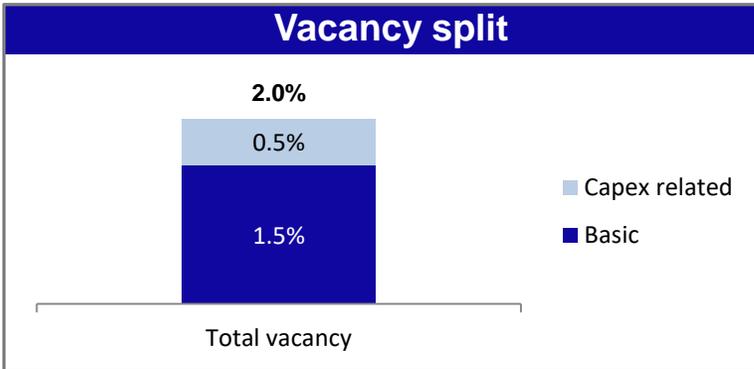


- Unchanged strong reversionary potential
- Still significant yield spread between regulated in-place rent and market rent
- Assets currently valued at EUR 2,284 per sqm in Core+ (EUR 2,404 per sqm in Berlin)

1 Contractually owed rent from rented apartments divided by rented area
 2 Unrestricted residential units (letting portfolio); reversionary potential = re-letting rent compared to in-place rent (letting portfolio)

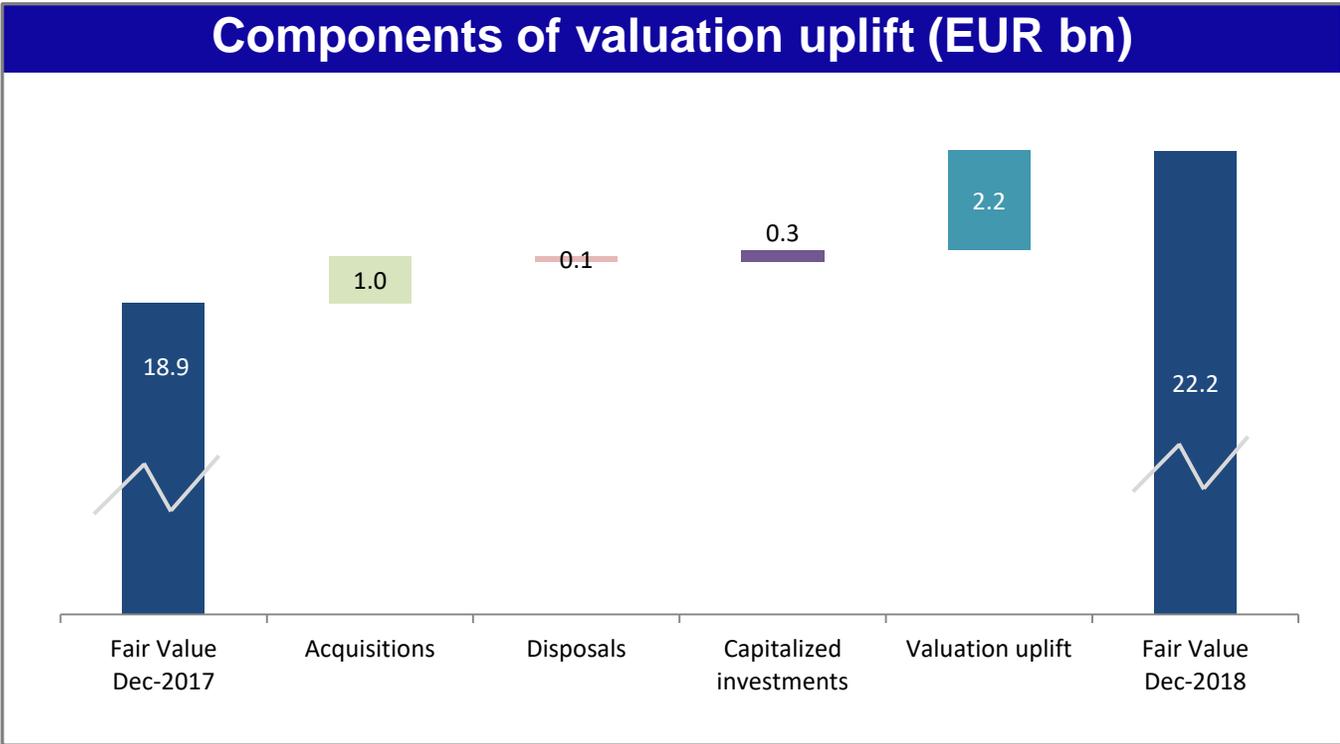
Like-for-like development above 3% guidance

Like-for-like 31/12/2018	Residential units (#)	In-place rent ¹ 31/12/2018 (EUR/sqm/month)	In-place rent ¹ 31/12/2017 (EUR/sqm/month)	Change (y-o-y)	Vacancy 31/12/2018 (in %)	Vacancy 31/12/2017 (in %)	Change (y-o-y)
Letting portfolio ²	155,654	6.64	6.42	3.4%	1.9%	1.8%	0.1 pp
Core ⁺	137,414	6.74	6.52	3.4%	1.8%	1.8%	0.0 pp
Core	18,240	5.86	5.68	3.2%	2.4%	1.9%	0.5 pp
Total	158,668	6.63	6.41	3.4%	2.0%	1.9%	0.1 pp
Thereof Greater Berlin	112,765	6.70	6.47	3.6%	1.8%	1.9%	-0.1 pp



¹ Contractually owed rent from rented apartments divided by rented area
² Excluding non-core and disposal stock
 deutsche-wohnen.com

Total value uplift of EUR 2.2bn, 11% capital growth on a lfl basis, including capitalized investments even >13%

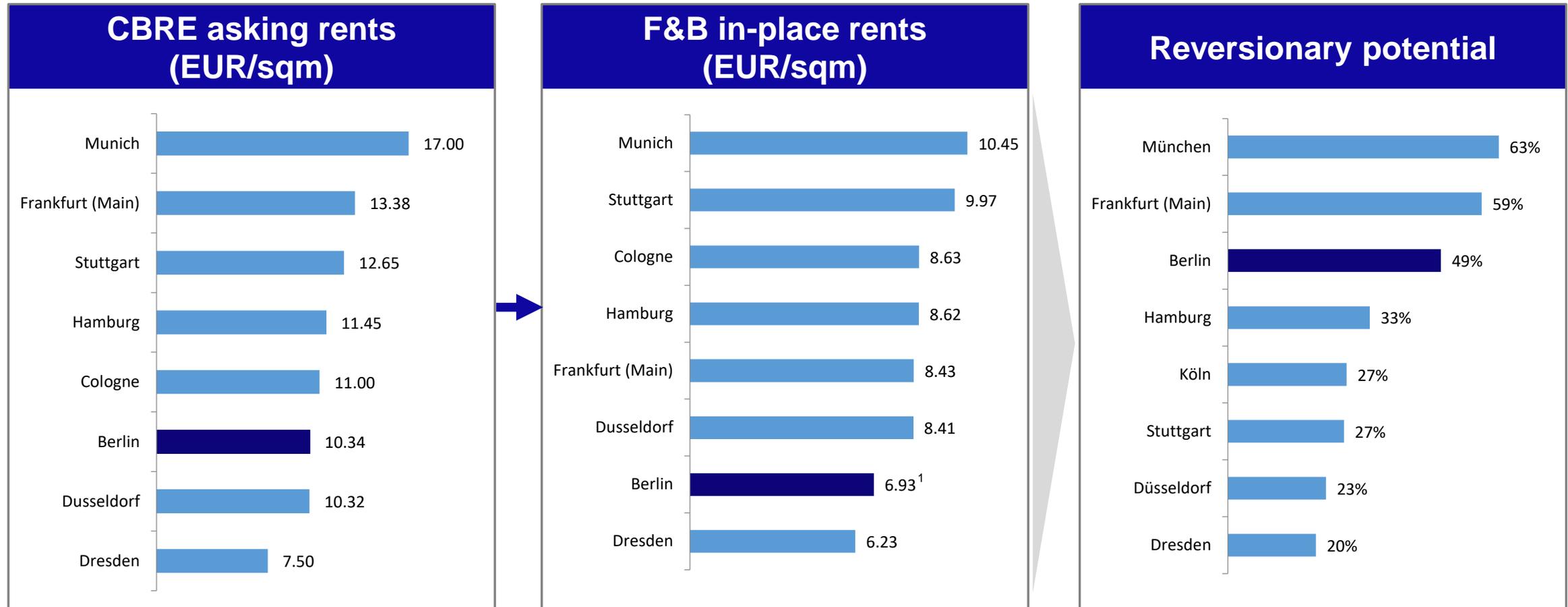


Uplift by clusters

	% of Fair Value	2018 Fair Value EUR/m ²	2017 Fair Value EUR/m ²	Change in Fair Value
Core+	93.3%	2,284 €	2,000	14.2%
Hotspot	30.8%	2,826 €	2,414	17.1%
Growth	43.3%	2,244 €	1,926	16.5%
Stable	19.2%	1,803 €	1,698	6.2%
Core	6.6%	1,217 €	1,149	5.9%

- On a like-for-like basis c. 30% of valuation uplift is performance driven, remaining 70% comes from yield compression
- Almost entire valuation uplift in Core+ driven by Berlin exposure (+EUR 1.9bn) while Core regions gained c. 4% yoy
- Regions with highest like-for-like valuation uplift were Berlin (+13%), Rhine-Main region (+13%) and Dresden/ Leipzig (+14%)

Berlin still screens relatively attractive



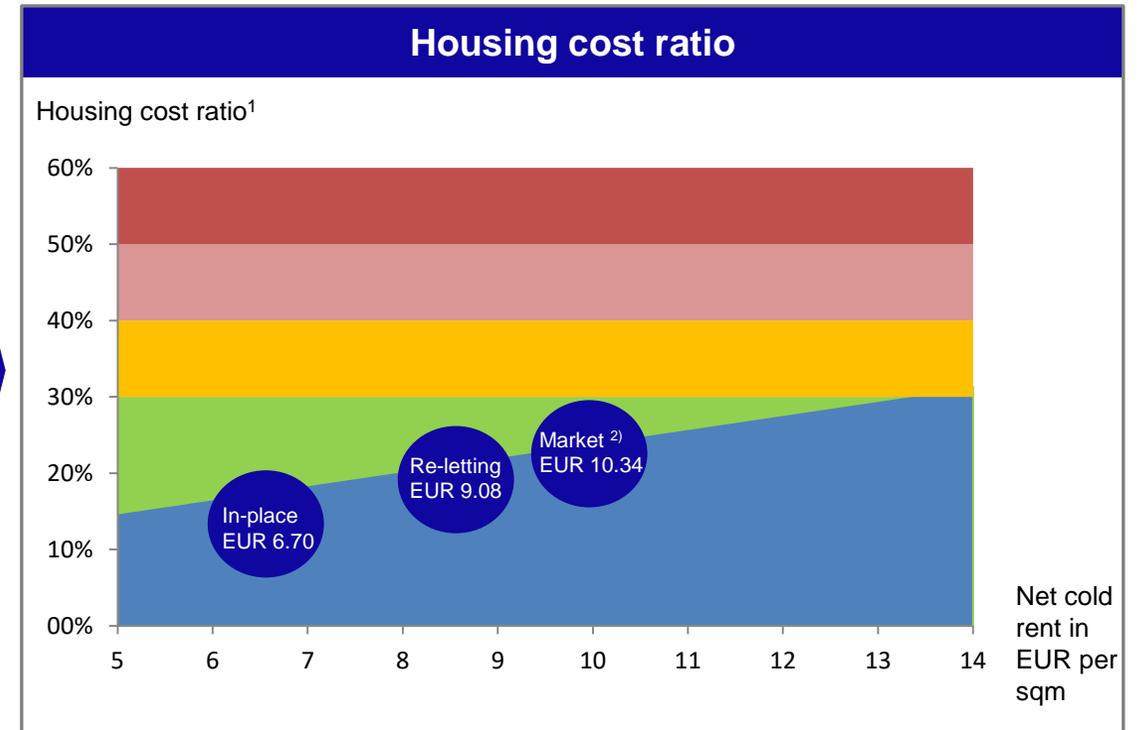
▪ **Berlin with relatively acceptable affordability ratios and high reversionary potential among German metropolitan cities**

Source: CBRE asking prices for rents 2018, F&B in-place rents based on average price levels measured by F&B rent table index 2018

¹ Calculated as average of Berlin West EUR 7.27 per sqm and Berlin East EUR 6.93 per sqm according to F&B

Size matters – Deutsche Wohnen’s below average apartment size is a clear affordability advantage

Affordability of average Deutsche Wohnen flat in Berlin			
	DW In-place rent	DW re-letting rent	Market rent ²
Net cold rent per sqm	6.70	9.08	10.34
Ancillary cost per sqm	3.00	3.00	3.00
Gross rent per sqm	9.70	12.08	13.34
Monthly rent	582	725	800
Housing cost ratio ¹	18%	22%	25%



▪ Average apartment size of c. 60 sqm on average still screens affordable

¹ Based on net disposable household purchasing power in Berlin at EUR 3,258 according to CBRE 2018 (CBRE 2017: EUR 3,046)

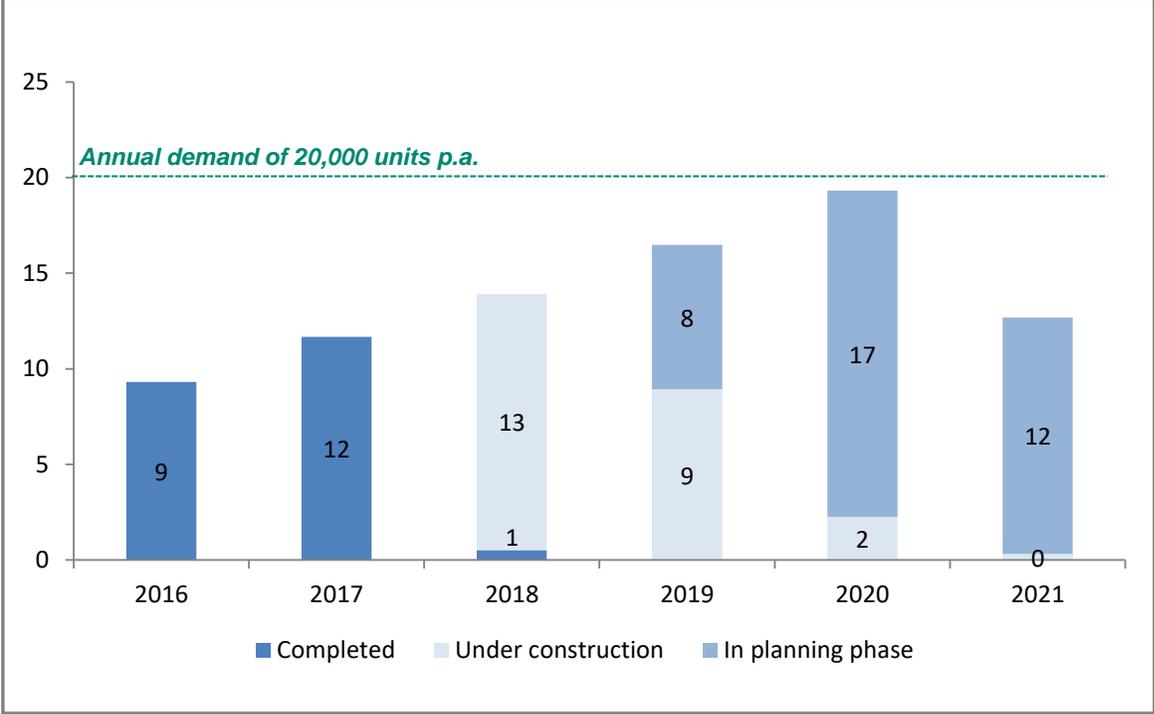
² CBRE asking rent Berlin in 2018 at EUR 10.34 per sqm

Supply demand imbalance expected to widen further

Why is new construction not picking up¹?

- Long planning phases: Approval processes take too long - Average length of approval for
 - i) projects without necessity of construction plan (B-plan) 3-5 years
 - ii) projects with necessity of construction plan had approval length of on average 8 years, currently even 12 years
- Rising prices: Land prices, buildings cost and additional building cost (high quality requirements related to technical, energy efficiency)
- Scarcity of available land and soaring prices (partially increase of 7x since 2012 thereby making it less affordable to buy living space) limit new construction capacity
- Rent restrictions/ subsidies make projects financially more viable: 30% of newly created living space is rent restricted (Berlin overall c. 19%, in new construction overall c. 10%)
- Participation and protests of citizens can lengthen or even stop new construction projects
- Realisation quote (building permits / completions) only at 54%

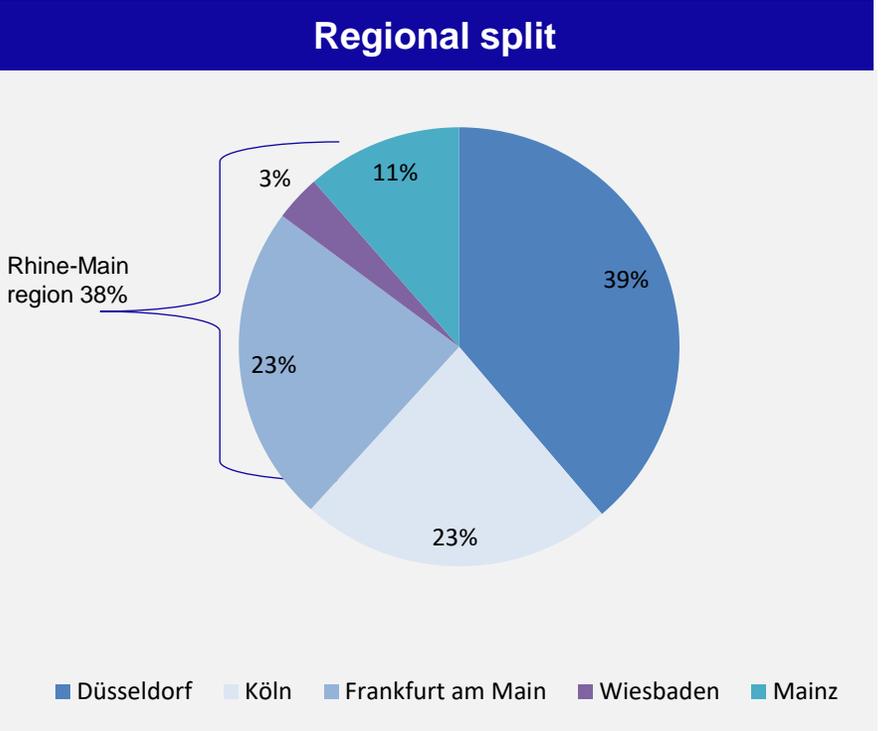
Expected completions will not meet demand¹ (#k apartments)



▪ **Forecasts for project pipeline underline that annual demand of 20k units will not be met**

¹ Bulwiengesa Wohnungsmarktstudie Berlin 2018

Bolt-on acquisition in West German metropolitan regions

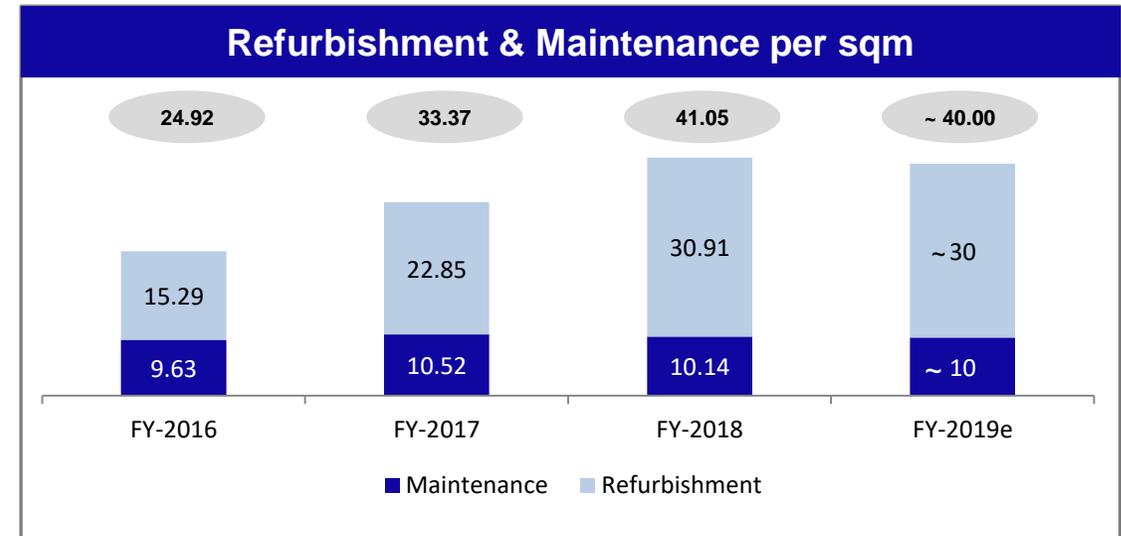
Object of purchase	<ul style="list-style-type: none"> 2,850 residential units 100 commercial units 		<h3>Regional split</h3>  <p>Rhine-Main region 38%</p> <p>■ Düsseldorf ■ Köln ■ Frankfurt am Main ■ Wiesbaden ■ Mainz</p>
Acquisition price	<ul style="list-style-type: none"> EUR 685m 		
Net cold rent	<ul style="list-style-type: none"> EUR 22m p.a. 		
Multiple	<ul style="list-style-type: none"> 22.7x market rent 29.1x on a fully rented basis Vacancy rate of c. 7% 		
Deal type	<ul style="list-style-type: none"> Asset deal 		
Financing	<ul style="list-style-type: none"> Through balance sheet capacity and targeted disposal proceeds 		
Expected closing	<ul style="list-style-type: none"> Up to and including Q3 2019 		

- Focus on economically strong metropolitan regions in Germany

- We continue to further enhance the overall portfolio quality following almost EUR 1bn signed acquisitions in 2018, mainly in Dresden, Leipzig (3,500 units) and Greater Berlin (1,950 units)

Ongoing investments into the portfolio

	FY-2018		FY-2017	
	EUR m	EUR / sqm ¹	EUR m	EUR / sqm ¹
Maintenance (expensed through p&l)	102.9	10.14	104.7	10.52
Refurbishment (capitalized on balance sheet)	313.5	30.91	227.4	22.85
Total	416.4	41.05	332.1	33.37

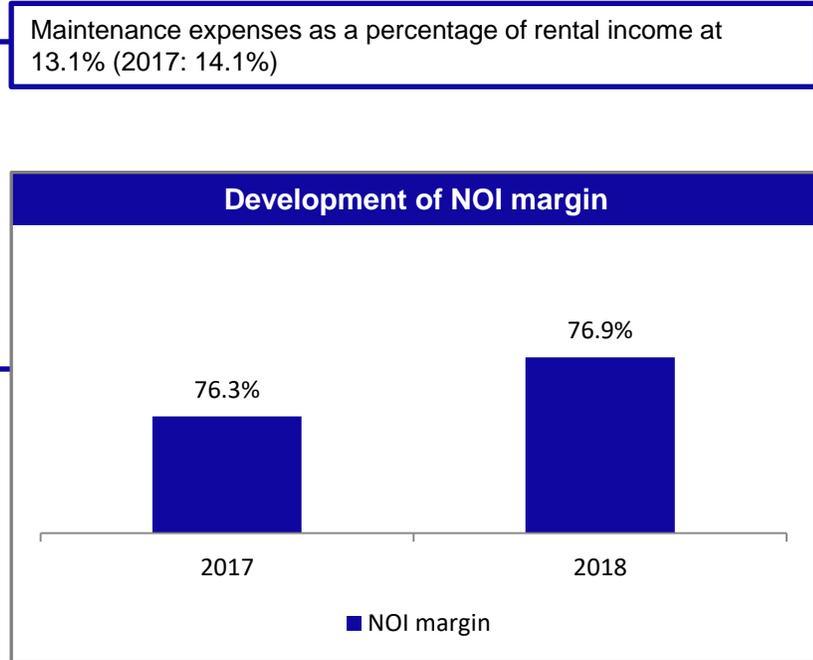


- Maintenance level expected to remain stable at around EUR 10 per sqm in 2019
- Investment program of c. EUR 30 per sqm is split into 1/3 re-letting and 2/3 complex refurbishments
- We continue to intensively invest in our property portfolio with the aim to undertake modernizations, thereby lowering our CO2 footprint and accelerating NAV growth
- For complex refurbishments social aspects are carefully managed, e.g. application of hardship clause

¹ Annualized figure, based on quarterly average area

Strong letting business leading to improved NOI margin

in EUR m	FY-2018	FY-2017
Income from rents (rental income)	785.5	744.2
Income relating to utility/ ancillary costs	337.4	326.5
Income from rental business	1,122.9	1,070.7
Expenses relating to utility/ ancillary costs	(347.2)	(335.8)
Rental loss	(7.7)	(6.4)
Maintenance	(102.9)	(104.7)
Others	(8.9)	(11.0)
Earnings from Residential Property Management	656.2	612.8
Personnel, general and administrative expenses	(52.2)	(45.3)
Net Operating Income (NOI)	604.0	567.5
NOI margin in %	76.9	76.3
NOI in EUR / sqm / month	4.96	4.75



- Strong rental income growth of 5.5% and stable maintenance expenses lead to increase of NOI margin (76.9%)

Attractive margins of disposal business despite revaluations

Disposals with closing in	Privatization		Institutional sales		Total	
	FY-2018	FY-2017	FY-2018	FY-2017	FY-2018	FY-2017
No. of units	374	707	1,597	2,142	1,971	2,849
Proceeds (EUR m)	68.7	106.0	111.6	202.6	180.3	308.6
Book value (EUR m)	48.8	81.5	81.4	169.6	130.2	251.1
Price in EUR per sqm	2,444	2,086	1,025	1,313	1,317	1,504
Earnings (EUR m)	14.5	18.8	28.6	31.5	43.1	50.3
Gross margin	41%	30%	37%	20%	39%	23%
Cash flow impact (EUR m)	60.4	94.5	84.4	198.8	144.8	293.3

- Demand for property continues to be high, leading to increase in total margins of 39% (+ 16pp)
- Achieved privatization prices in Greater Berlin on average >2,600 EUR/sqm in 2018 for below average quality, margin expansion by 11pp
- Continued strong demand for residential properties to be used for selected disposals in Core regions to further enhance the overall portfolio quality

Note: Table only considers disposals that already had transfer of titles

Increasing EBITDA contribution from Nursing business

Operations (in EUR m)	FY-2018	FY-2017		in EUR m	FY-2018	FY-2017
Total income	98.8	93.4	-	Nursing & Assisted Living	85.2	81.1
Total expenses	(92.3)	(86.2)		Other	13.6	12.3
EBITDA operations	6.5	7.2				
EBITDA margin	6.6%	7.7%				
Lease expenses ¹	15.7	15.5	-	Staff	(54.2)	(49.9)
EBITDAR	22.2	22.7		Rent / lease (inter-company) ¹	(15.2)	(15.1)
EBITDAR margin	22.5%	24.3%	Other	(22.9)	(21.2)	
Assets (in EUR m)	FY-2018	FY-2017				
Lease income	51.7	42.4				
Total expenses	(2.9)	(1.6)				
EBITDA assets	48.8	40.8				
Operations & Assets (in EUR m)	FY-2018	FY-2017				
Total EBITDA	55.3	48.0				

Margin decrease from late opening of newly built facility in Chemnitz. For 2019 further pressure on EBITDAR margin expected from integration of P&W Hamburg

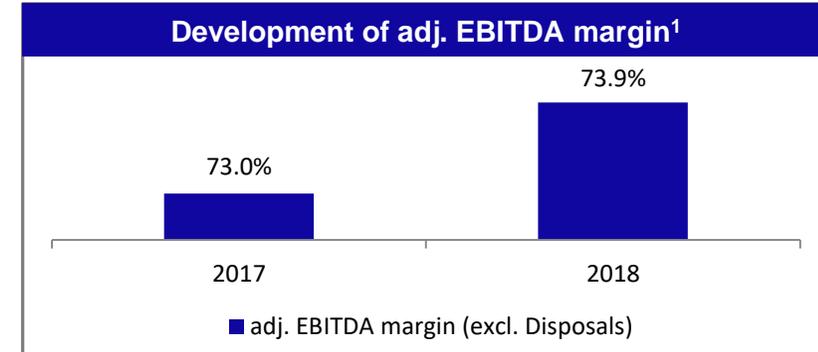
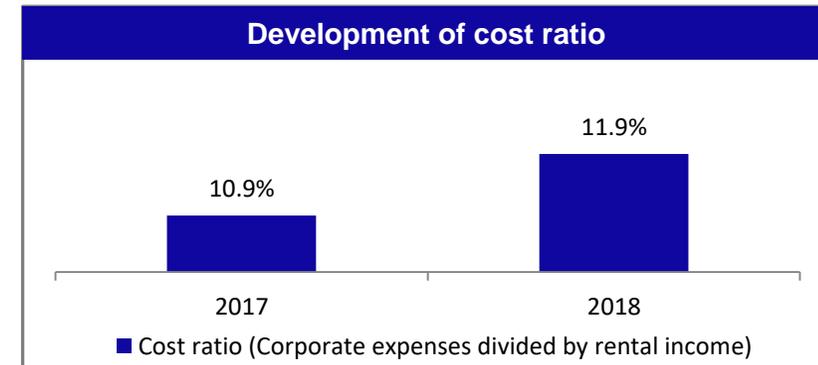
▪ Fair value of nursing facilities at EUR 1.3bn with contracted annual lease revenues of ~ EUR 70m

▪ Nursing is expected to contribute EUR 80m to group EBITDA in 2019

¹ The delta between lease expenses (operations) and rent/ lease (inter-company) expenses derives from one nursing facility which is only operated but not owned by Deutsche Wohnen group

Increasing adj. EBITDA margin despite higher corporate expenses

in EUR m	FY-2018	FY-2017
Earnings from Residential Property Management	656.2	612.8
Earnings from Disposals	43.1	50.3
Earnings from Nursing and Assisted Living	55.3	48.0
Segment contribution	754.6	711.1
Corporate expenses	(93.7)	(81.3)
Other operating expenses/income	(1.8)	(29.0)
EBITDA	659.1	600.8
One-offs	2.9	23.5
Adj. EBITDA (incl. Disposals)	662.0	624.3
Earnings from Disposals	(43.1)	(50.3)
Adj. EBITDA (excl. Disposals)	618.9	574.0

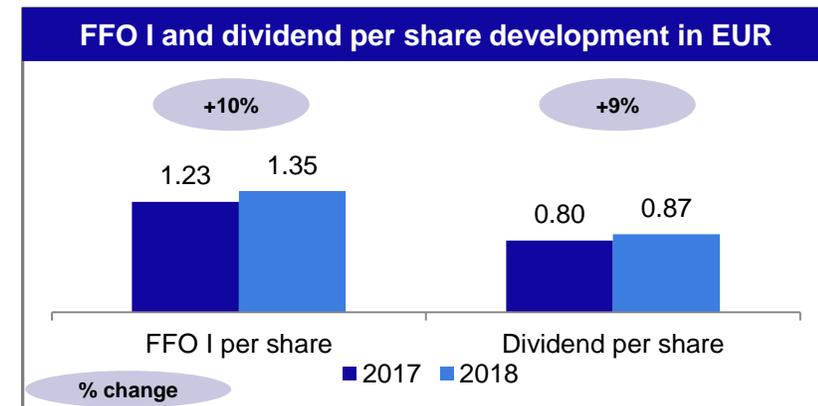
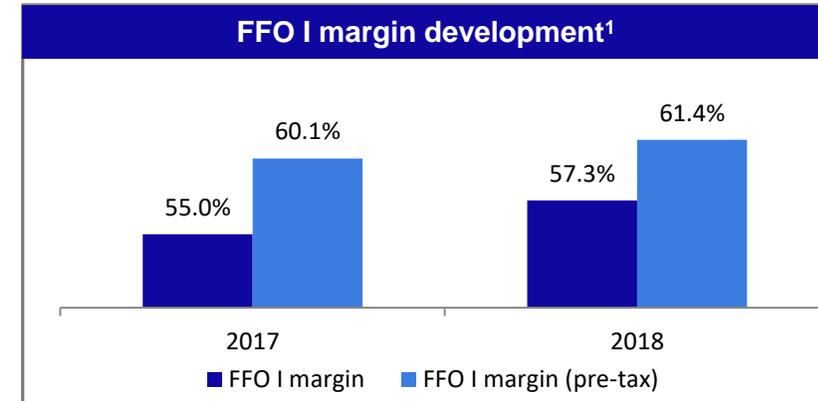


- Cost ratio increased by c. 1pp due to continued investments in operational platform, new hirings and introduction of an employee loyalty scheme (>EUR 3m)
- Increased earnings from residential property management and acquisitions in nursing and assisted living led to further increase of adj. EBITDA margin by 1.7pp (excl. disposals) despite increase in corporate expenses by c. 15%

¹ Defined as adj. EBITDA excluding disposals divided by rental and lease income

FFO I per share growth of 10% yoy to EUR 1.35

in EUR m	FY-2018	FY-2017
EBITDA (adjusted)	662.0	624.3
Earnings from Disposals	(43.1)	(50.3)
Long-term remuneration component (share based)	0.3	1.4
Finance lease broadband cable network	2.0	0.0
At equity valuation	2.6	3.0
Interest expense/ income (recurring)	(103.6)	(99.5)
Income taxes	(34.5)	(40.6)
Minorities	(6.3)	(6.0)
FFO I	479.4	432.3
Earnings from Disposals	43.1	50.3
FFO II	522.5	482.6
Weighted avg. number of shares outstanding (m)	355.7	355.12
FFO I per share in EUR¹	1.35	1.23
FFO II per share in EUR¹	1.47	1.37

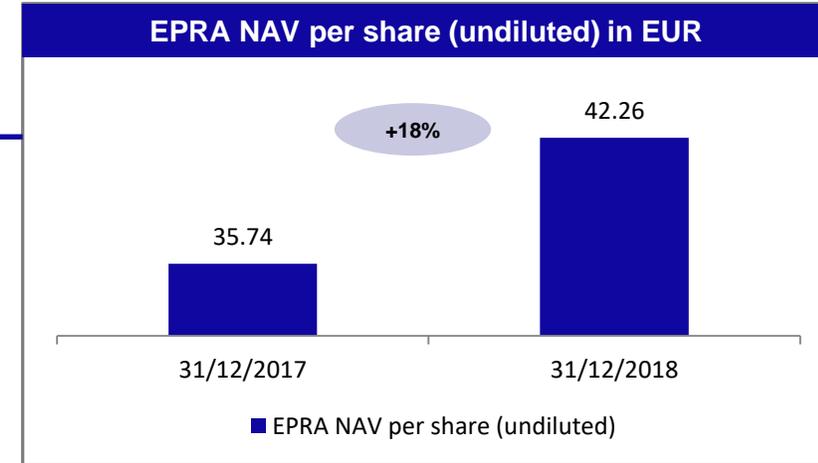


- Solid FFO I growth of 10% to EUR 1.35 per share leading to dividend proposal of EUR 0.87 per share

¹ FFO I margin defined as FFO I divided by rental and lease income

Strong capital growth reflected in EPRA NAV per share, up 18%

in EUR m	31/12/2018	31/12/2017
Equity (before non-controlling interests)	11,559.1	9,888.2
Fair values of derivative financial instruments	14.6	2.0
Deferred taxes (net)	3,514.1	2,786.6
EPRA NAV (undiluted)	15,087.8	12,676.8
<i>Shares outstanding in m</i>	357.0	354.7
EPRA NAV per share in EUR (undiluted)	42.26	35.74
Effects of exercise of convertibles	0.0 ¹	0.0 ¹
EPRA NAV (diluted)	15,087.8	12,676.8
<i>Shares diluted in m</i>	357.0 ²	354.7 ²
EPRA NAV per share in EUR (diluted)	42.26	35.74

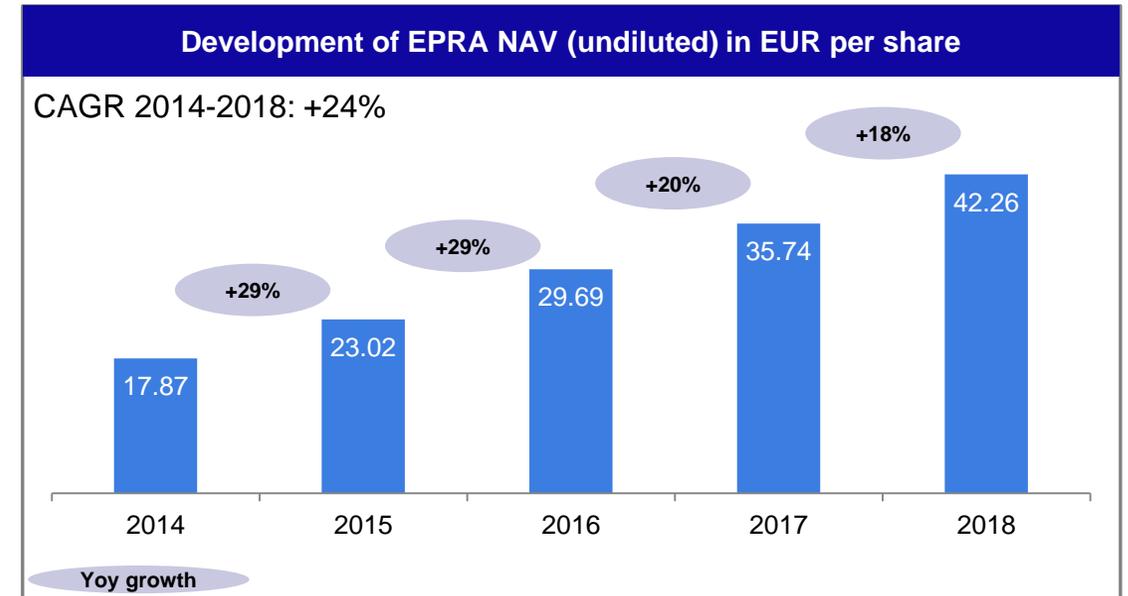
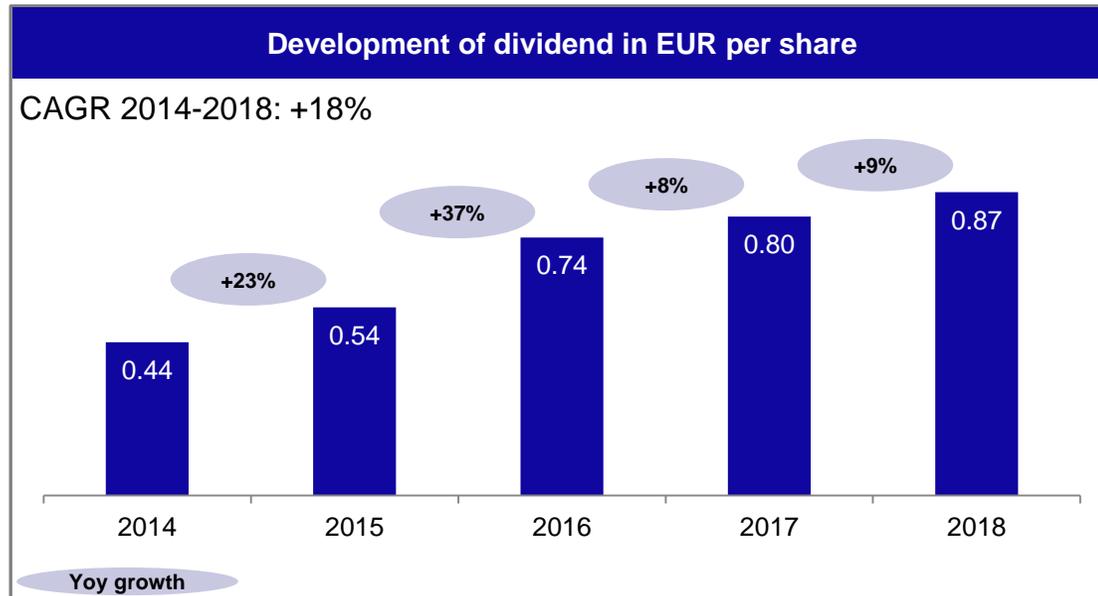


- EPRA NAV increased by 18% yoy – next revaluation of portfolio with H1 2019 financials envisaged

1 Effects of convertible bonds are only considered if the respective instruments are in the money/ dilutive

2 Currently both convertible bonds are out-of-the-money

Strong generation of total shareholder return

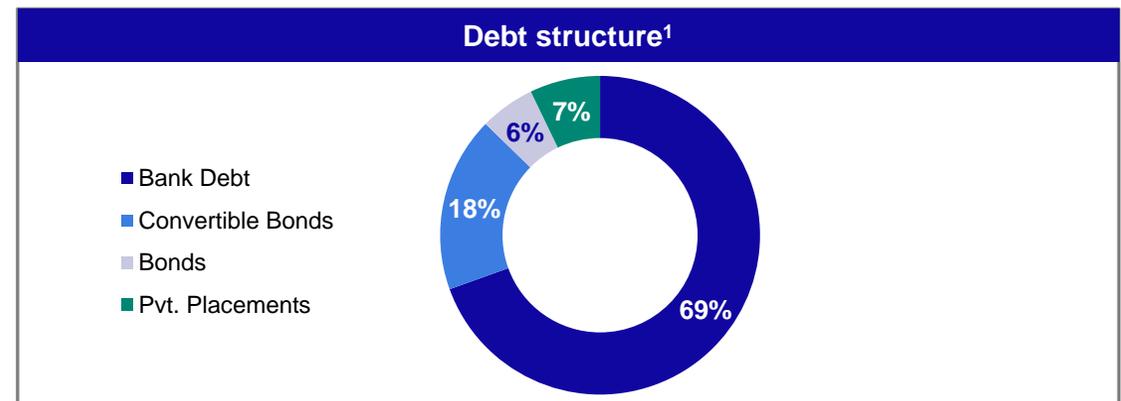
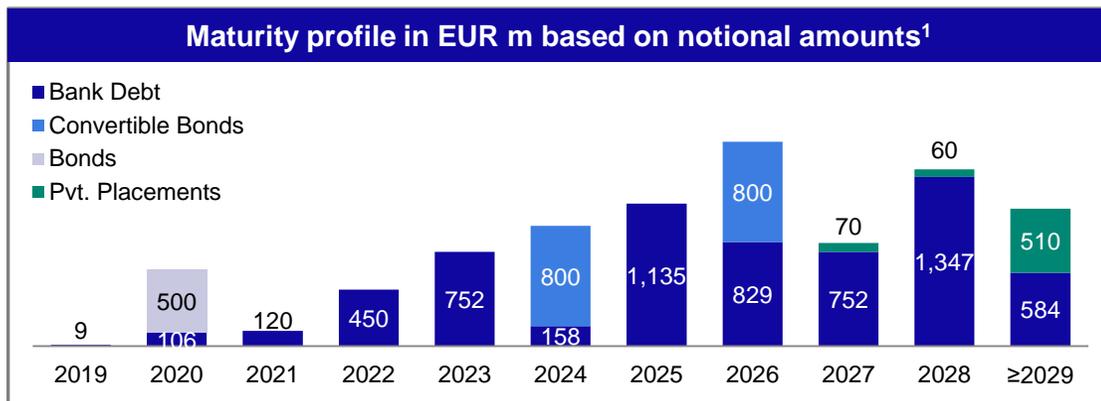


- DW consistently generated high shareholder return based on capital growth and dividend payments while reducing its risk profile
- Considering suggested dividend of EUR 0.87 per share, DW expected to deliver a shareholder return for 2018 of EUR 7.38 or c. 21% of 2017 EPRA NAV (undiluted)

Conservative long-term capital structure

Rating	A- / A3; stable outlook
Ø maturity	~ 7.8 years
% secured bank debt	69%
% unsecured debt	31%
Ø interest cost	~ 1.3% (~ 87% hedged)
LTV target range	35-40%

- Low leverage, long maturities and strong rating
- Flexible financing approach to optimize financing costs
- LTV at 36.0% as of YE 2018 (+1.5pp yoy)
- ICR (adjusted EBITDA excl. disposals / net cash interest) ~6.0x (+0.2 yoy)
- Short-term access to c. EUR 1bn liquidity through CP program and RCFs



¹ as of 31 December 2018; excluding commercial papers

Overdelivery on guidance 2018 and outlook for 2019

	FY 2018	FY 2019
FFO I (EUR m)	<p>475.5 (Guidance) vs 479.4 (Delivery) ✓</p>	<ul style="list-style-type: none"> ▪ Approximately EUR 535m¹ (+12% yoy) ▪ Unchanged dividend payout ratio of 65% of FFO 1
Dividend per share (EUR)	<p>0.86 (Guidance) vs 0.87 (Delivery)² ✓</p>	<ul style="list-style-type: none"> ▪ EUR 0.87 per share suggested ▪ Based on 65% payout ratio of FFO I and current shares outstanding ▪ Cash / share dividend option
LTV	<p>35-40% (Guidance) vs 36% (Delivery) ✓</p>	<ul style="list-style-type: none"> ▪ 35-40% target range ▪ Aim to keep current rating A-/A3
Like-for-like rental growth	<p>3% (Guidance) vs 3.40% (Delivery) ✓</p>	<ul style="list-style-type: none"> ▪ c. 3% depending on rent table outcome
Disposals		<ul style="list-style-type: none"> ▪ Focus on opportunistic disposals predominately in Core regions ▪ Disposal stock in the amount of a single thousand units stock identified

¹ FFO 1 guidance does not include recent acquisition of 2,800 residential units

² To be decided by AGM 2019

Appendix

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Strong like-for-like development as of 31 December 2018

Like-for-like 31/12/2018	Residential units (#)	In-place rent ² 31/12/2018 (EUR/sqm)	In-place rent ² 31/12/2017 (EUR/sqm)	Change (y-o-y)	Vacancy 31/12/2018 (in %)	Vacancy 31/12/2017 (in %)	Change (y-o-y)
Letting portfolio¹	155,654	6.64	6.42	3.4%	1.9%	1.8%	+0.1pp
Core⁺	137,414	6.74	6.52	3.4%	1.8%	1.8%	0.0pp
Greater Berlin	112,765	6.70	6.47	3.6%	1.8%	1.9%	-0.1pp
Rhine-Main	9,174	7.91	7.67	3.1%	1.6%	1.3%	+0.3pp
Dresden/Leipzig	5,174	5.84	5.67	3.0%	3.4%	2.8%	+0.6pp
Rhineland	4,821	6.35	6.22	2.0%	1.0%	0.8%	+0.2pp
Mannheim/Ludwigshafen	4,537	6.10	6.00	1.6%	2.5%	1.4%	+1.1pp
Other Core ⁺	943	10.51	10.42	0.8%	0.4%	0.2%	+0.2pp
Core	18,240	5.86	5.68	3.2%	2.4%	1.9%	+0.5pp
Hanover/Brunswick	8,647	5.94	5.79	2.7%	2.4%	1.8%	+0.6pp
Kiel/Lübeck	4,946	5.94	5.62	5.6%	2.4%	2.0%	+0.4pp
Other Core	4,647	5.62	5.53	1.7%	2.5%	2.0%	+0.5pp
Total³	158,668	6.63	6.41	3.4%	2.0%	1.9%	+0.1pp

1 Excluding non-core and disposal stock

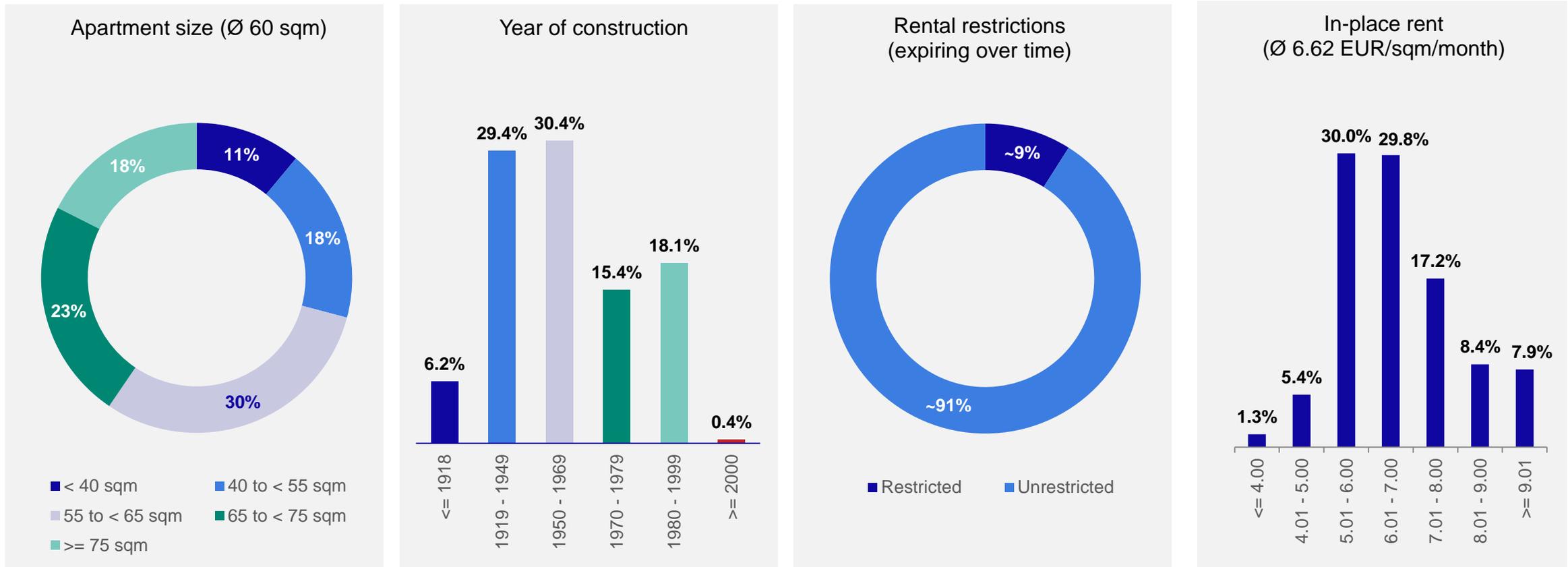
2 Contractually owed rent from rented apartments divided by rented area

3 Total I-f-I stock incl. non-Core

Attractive spread between in-place and re-letting rent multiples offer further potential for NAV growth

Regions	Residential units (#)	FV 31/12/2018 (EUR m)	FV 31/12/2018 (EUR/sqm)	Multiple in-place rent 31/12/2018	Multiple re-letting rent 31/12/2018	Multiple spread
Core⁺	145,032	20,711	2,284	28.4	21.2	7.1x
Greater Berlin	115,612	17,130	2,404	29.9	22.0	8.0x
Rhine-Main	9,750	1,376	2,254	23.6	18.6	5.0x
Dresden/Leipzig	8,606	1,207	1,958	27.9	22.1	5.9x
Rhineland	5,381	466	1,328	17.1	14.8	2.3x
Mannheim/Ludwigshafen	4,740	357	1,162	16.1	13.3	2.8x
Other Core ⁺	943	175	3,159	24.7	20.8	4.0x
Core	19,089	1,474	1,217	17.4	14.6	2.8x
Hanover/Brunswick	9,124	746	1,236	17.4	14.2	3.2x
Kiel/Lübeck	4,946	345	1,171	16.4	13.8	2.6x
Other Core	5,019	383	1,223	18.3	16.2	2.1x
Non-Core	144	5	580	9.7	7.8	1.9x
Total	164,265	22,190	2,157	27.2	20.6	6.6x

Portfolio structure – characteristics meeting strong demand



Figures for total portfolio as of 31 December 2018
deutsche-wohnen.com

Deutsche Wohnen's residential portfolio is best-in-class

Siemensstadt, Berlin



Hellersdorf, Berlin



Carl-Legien-Siedlung, Berlin



Südwestkorso, Berlin



Oranienkiez, Berlin



Hufeisensiedlung, Berlin



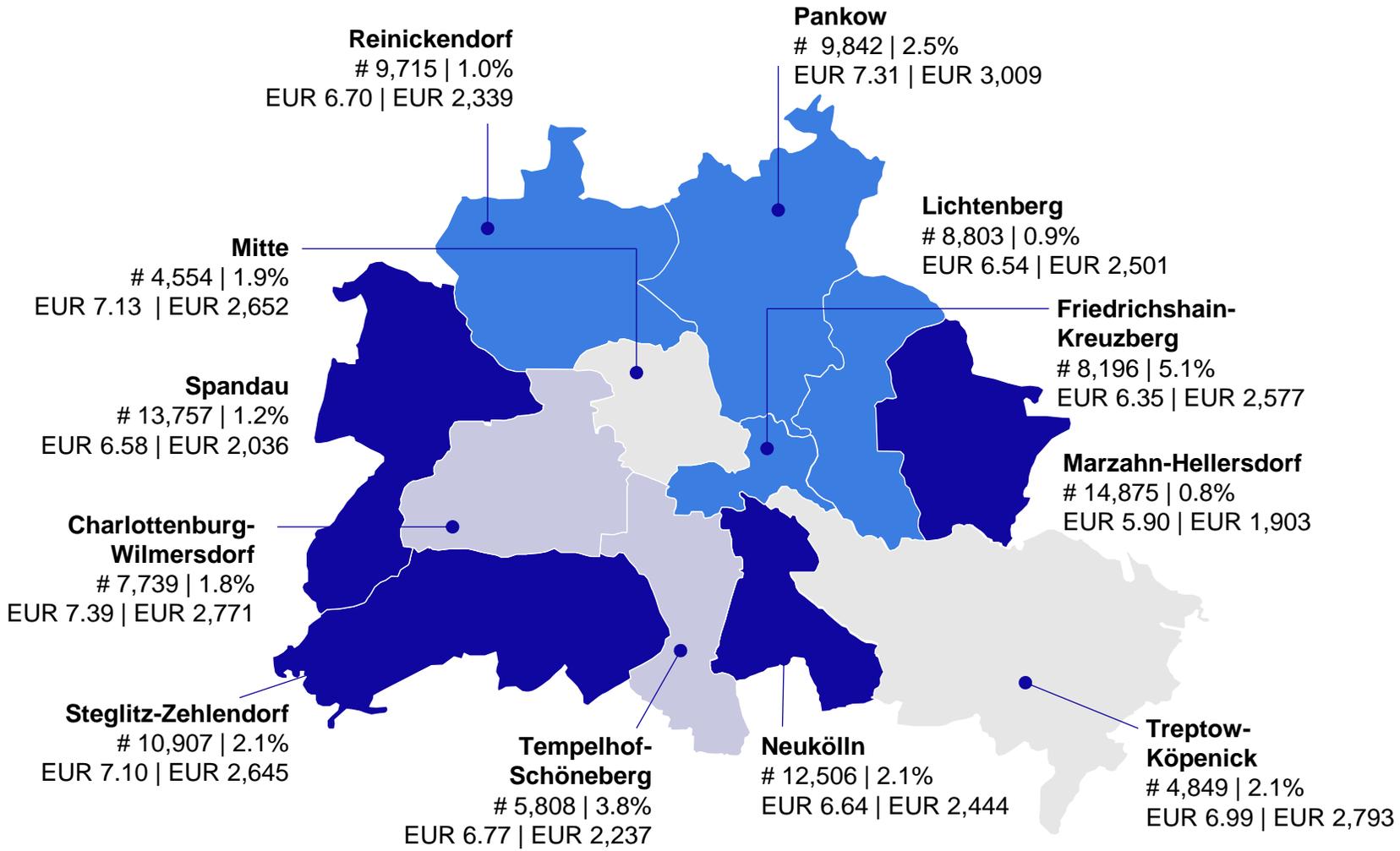
Dresden



Otto-Suhr-Siedlung, Berlin



The Berlin portfolio at a glance



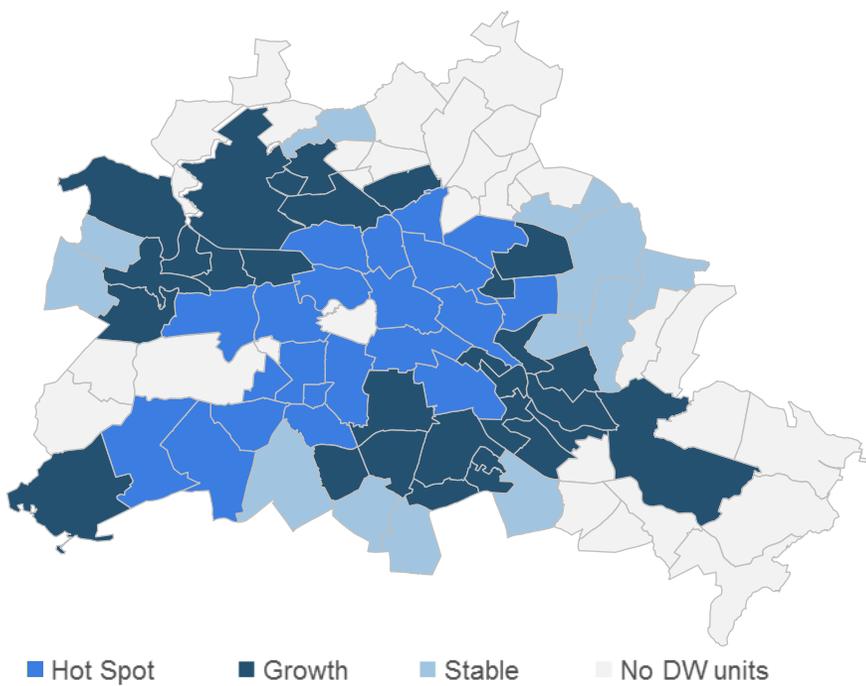
Berlin
 # 111,551 | 2.0%
 EUR 6.71 | EUR 2,426

Greater Berlin
 # 115,612 | 2.0%
 EUR 6.70 | EUR 2,404

Units | Vacancy (%)
 In-place rent (EUR/sqm) | Fair value (EUR/sqm)

> 3,000 > 5,000 > 8,000 > 10,000

Berlin valuation overview



As of 31/12/2018	Hot Spot City centre & wealthy southwest	Growth City-edge areas	Stable Big outskirts settlements	Total Berlin
Residential units ¹⁾	36,064	46,650	28,837	111,551
Share in FV	38.0%	40.2%	21.9%	100.0%
In-place rent in EUR/sqm	7.13	6.77	6.13	6.71
Market rent multiple	22.8x	22.4x	20.2x	22.0x
Reversionary Potential (EUR/sqm/month)	3.20	2.41	1.78	2.45
Vacancy	3.1%	1.6%	1.1%	2.0%
FV in EUR/ sqm	2,819	2,449	1,914	2,422
Multiple in-place rent	33.4x	30.1x	26.0x	30.2x

- Strongest price dynamics in hot spot and growth locations in Berlin
- Fair Value per sqm increased by c. 15% in Greater Berlin to EUR 2,404 (Berlin EUR 2,422)
- Stable micro locations offer lower reversionary potential and are valued at a higher gross initial yield

Berlin – The place to be!



Government

Seat of parliament, government and professional associations

Industry

Siemens signed biggest single investment in technology campus with EUR 600m for Siemensstadt

Innovation

2nd best performing European startup ecosystem with app. 2,000 active tech Startups¹

High-tech

- 6,500 technology firms
- 15,000 IT students
- Forecast 2020: 100,000 new jobs¹

Tourism

Around 13.5 million arrivals in 2018 (+3.8% compared to 2017)²

Science

Highest density of researchers and academics in Germany (per capita)³

Population / economy

	2018	Y-o-y
Population	~3.7m	+1.1%
Population forecast 2035	~4.0m	
Ø unemployment rate ⁴	8.1%	-0.9pp
Ø net household income per month ¹	EUR 3,258	+7.0%

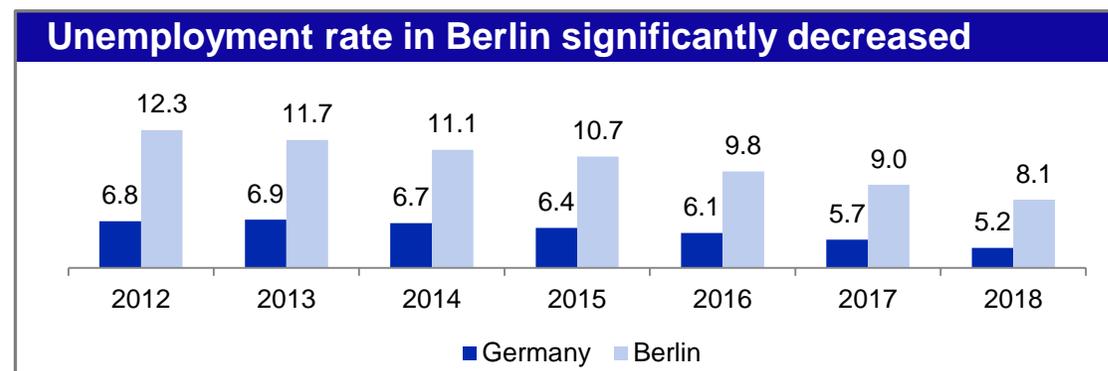
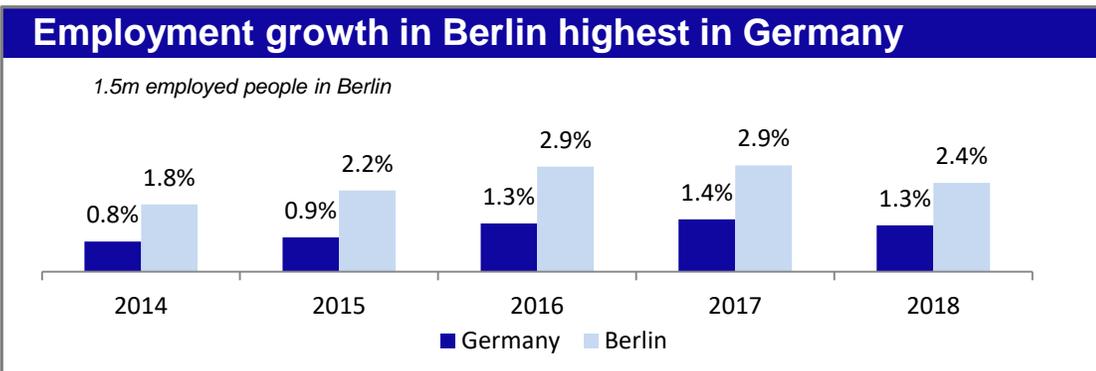
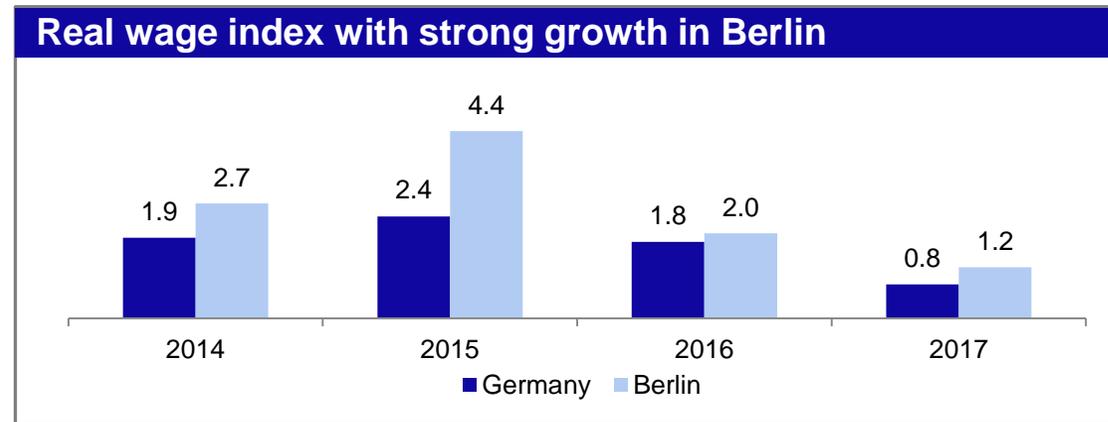
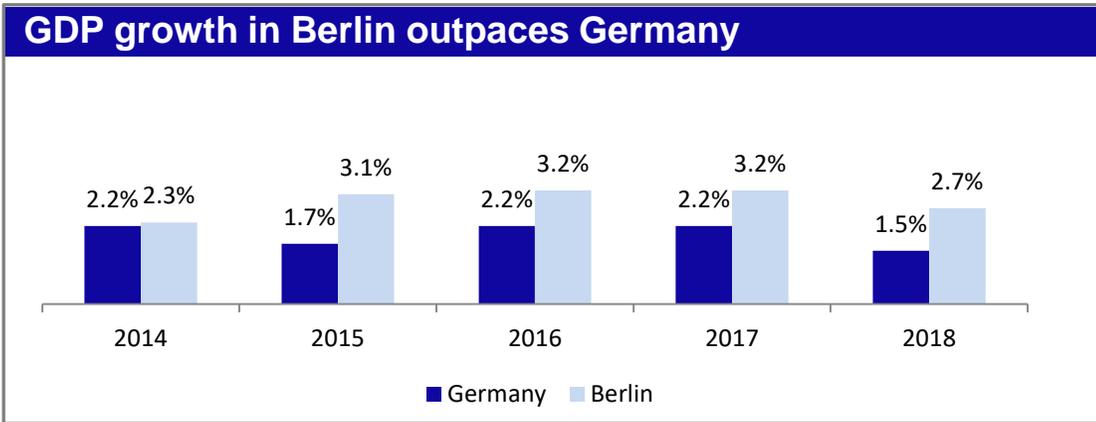
Residential market characteristics

	2017	Y-o-y
Number of residential units ⁵	1.9m	<1%
New construction ⁵	15 669	+15%
Ø asking rent per sqm/month (2018) ¹	EUR 10.34	+5.2%

1 CBRE
 3 <https://www.berlin.de/wirtschaft/wirtschaftsstandort/standortfaktoren/3932386-3671590-Standortvorteile.html>
 5 Berlin Institute for Statistics, latest available data

2 Berlin Institute for Statistics
 4 Senatsverwaltung für Wirtschaft, Energie und Betriebe

Excellent macro trends in Berlin



■ Berlin continues to show strong positive underlying macroeconomic trends

Source: German Federal Statistical Office

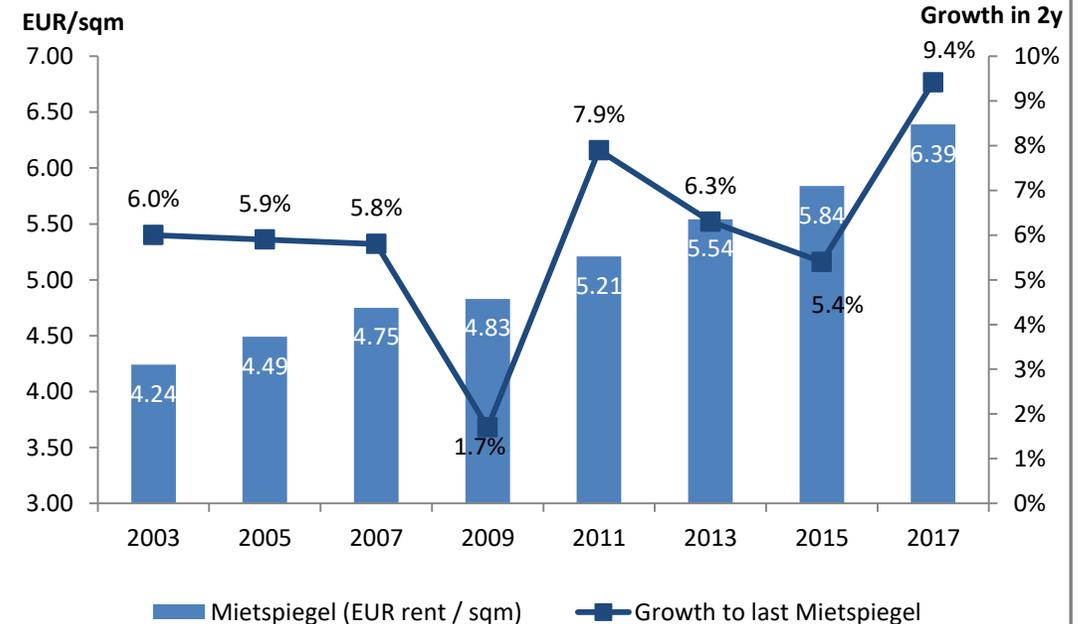
Berlin – Historical rent index development on average 5-6%

Key facts

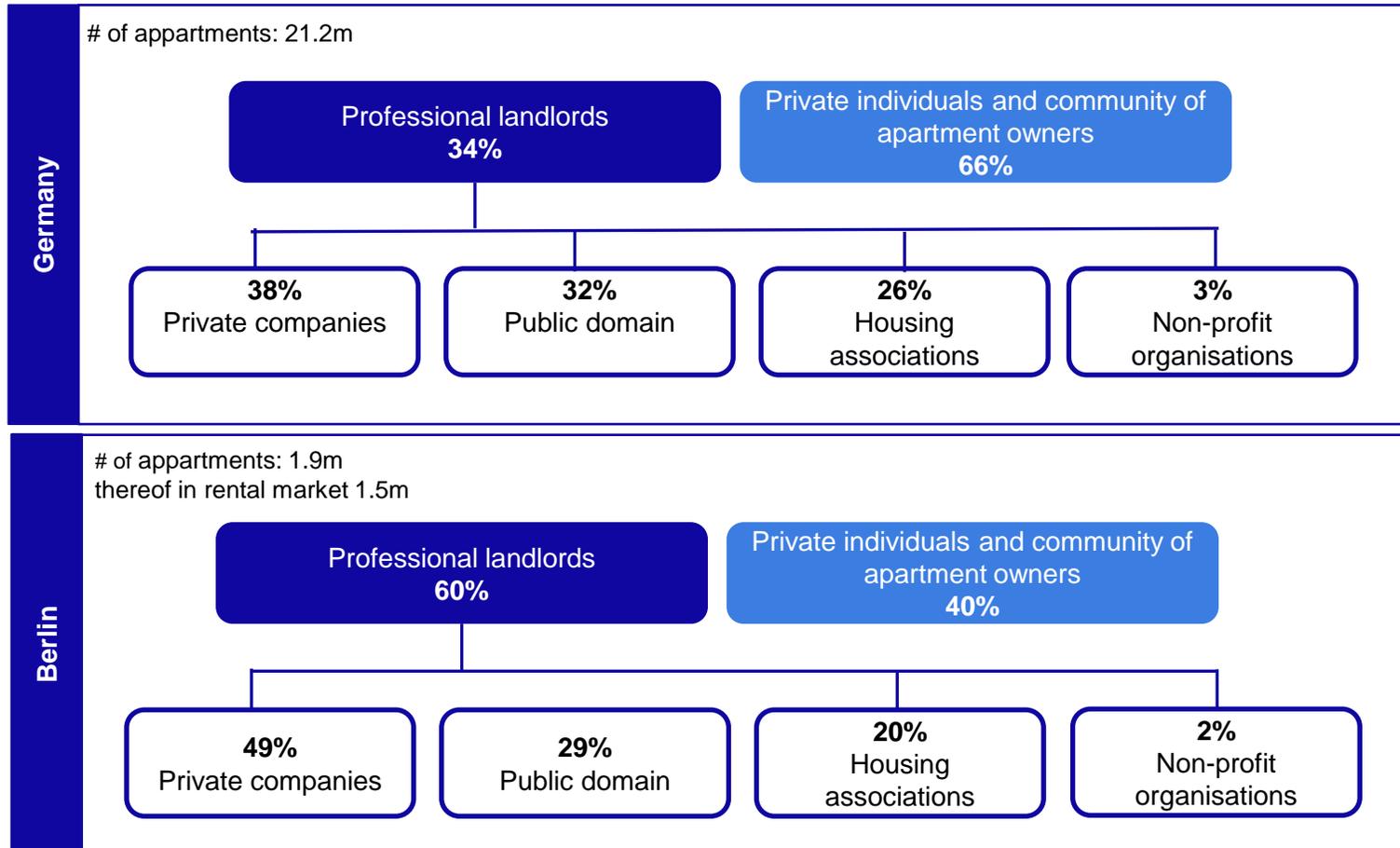
- 93% of all metropolitan areas in Germany have a rent index
- Next rent index in Berlin is expected to be published in May 2019
- Ongoing discussions about rent index reform especially with regard to
 - i. Unification of calculation method across Germany
 - ii. Lengthening of observation period from 4 to 6 years
 - iii. Publication every 3 instead of 2 years
- While the last rent index showed an above average increase of 9.4% the historical average is more in the region of 5.6%

Source: Berliner Senat, Mietspiegel

Historical development of Berlin rent index



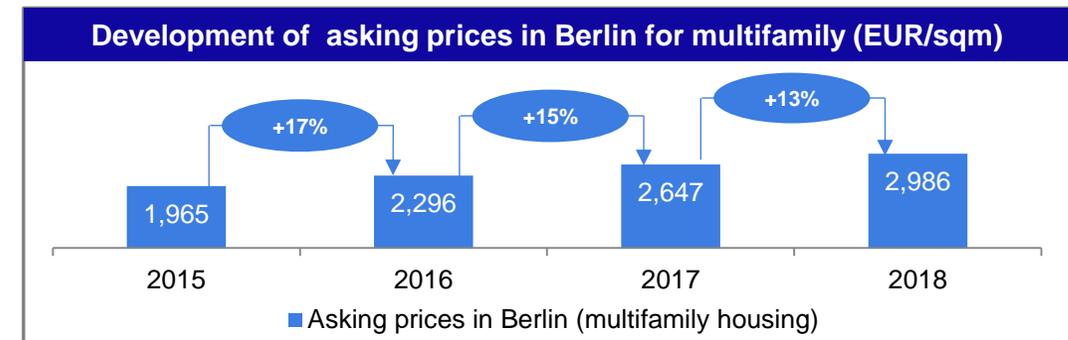
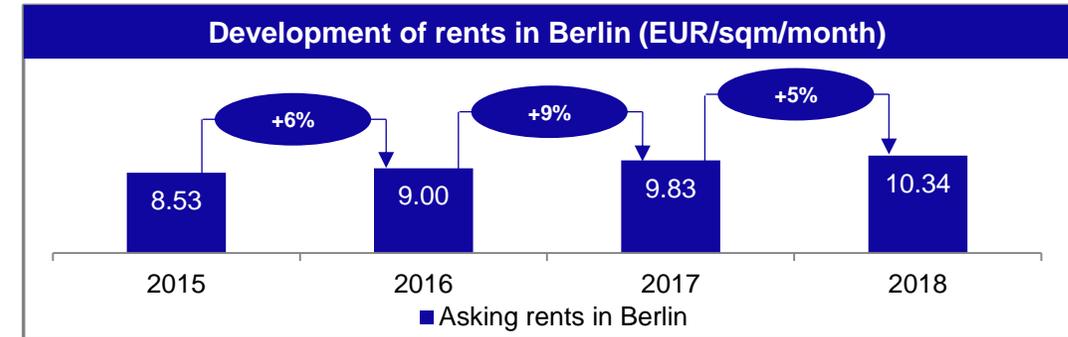
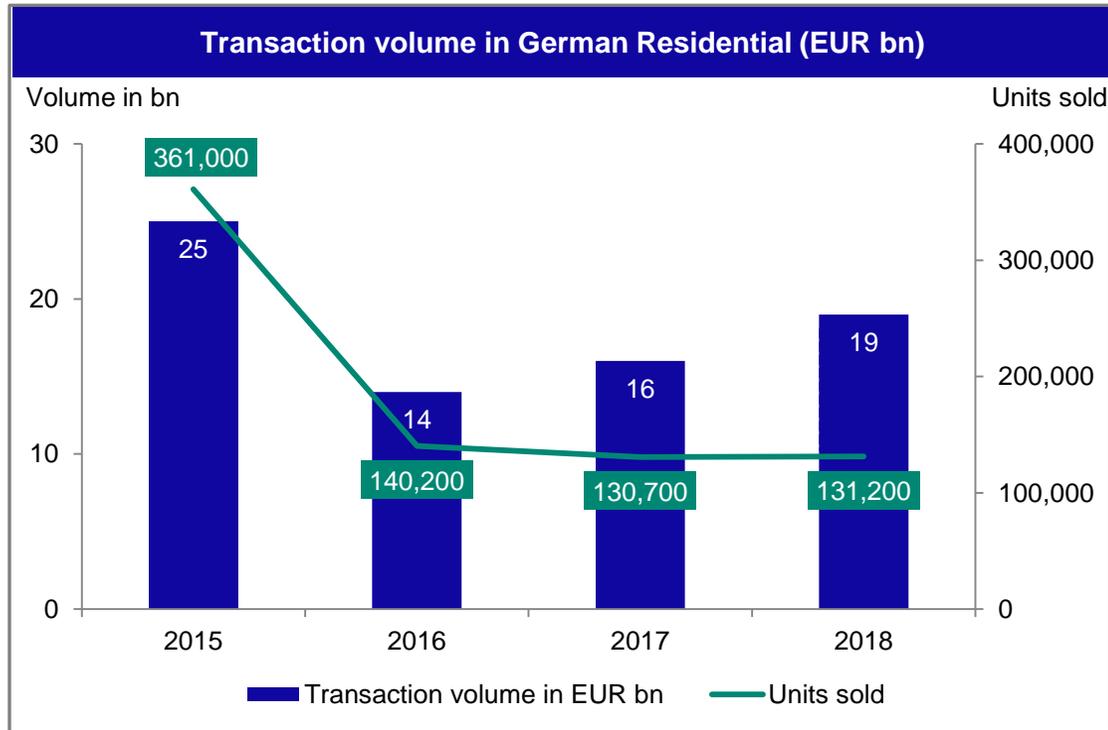
Ownership structure of residential real estate in Germany and Berlin



- Ownership structure of residential real estate in Berlin different to German average
- Market share of professional landlords in Berlin almost twice as high as in Germany
- Unprofessional, private landlords dominate the market
- Biggest portion of professional landlords in Germany and Berlin are private companies (private residential companies as well as insurance companies, banks, funds, etc.)
- Berlin more institutionalized, liquid market

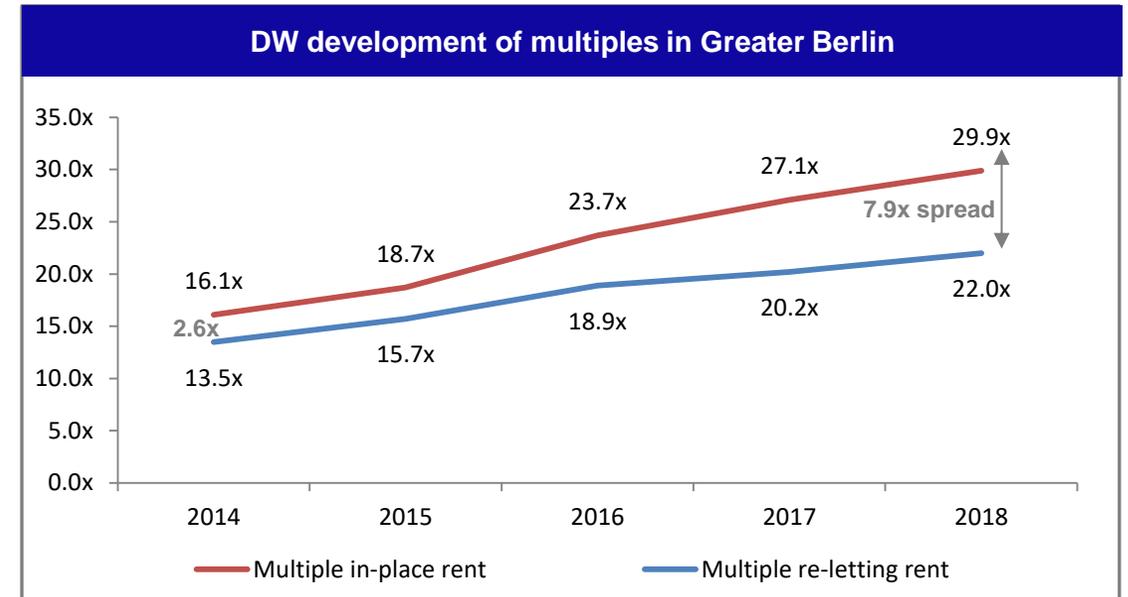
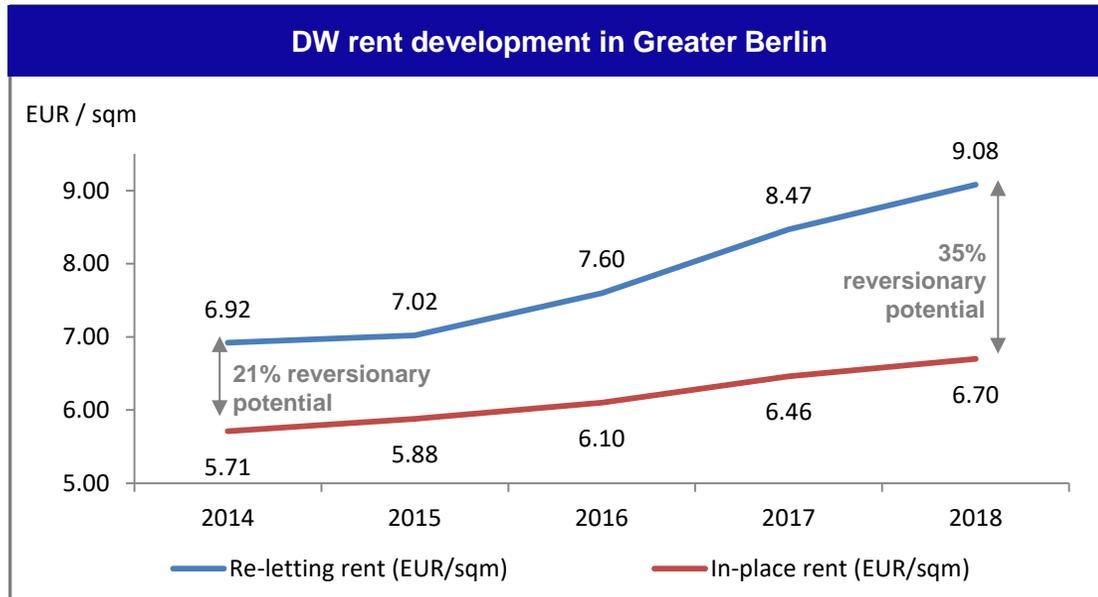
Source: Savills, Ownership structure in the German Residential Market, March 2019

Dynamic transaction market



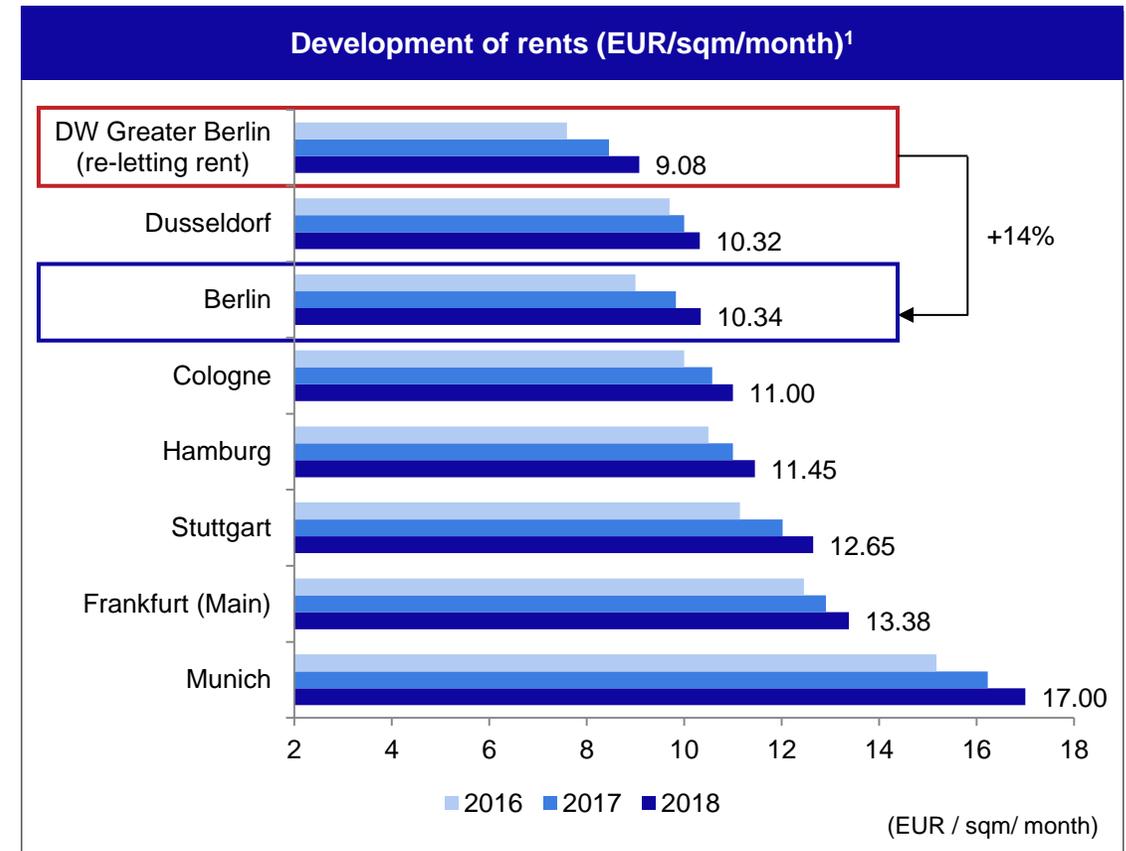
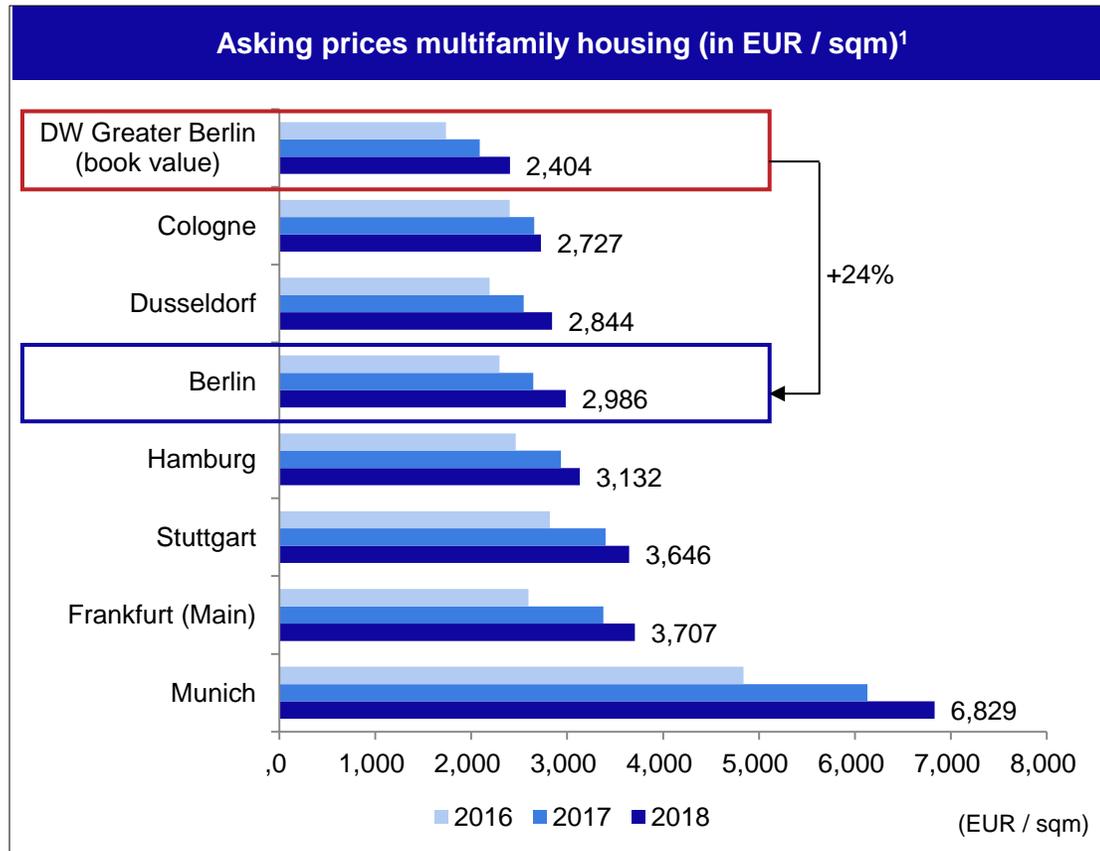
▪ **Dynamic and liquid transaction market sourced by various pockets of demand continues to drive prices in metropolitan areas**

Re-letting rents continue to outpace in-place rents



- Reversionary potential significantly increased since 2014 as re-letting rents have grown much faster than (regulated) in-place rents
- Spread between in-place and re-letting rent multiples significantly widened over the last years, implying significant further value upside over the coming years

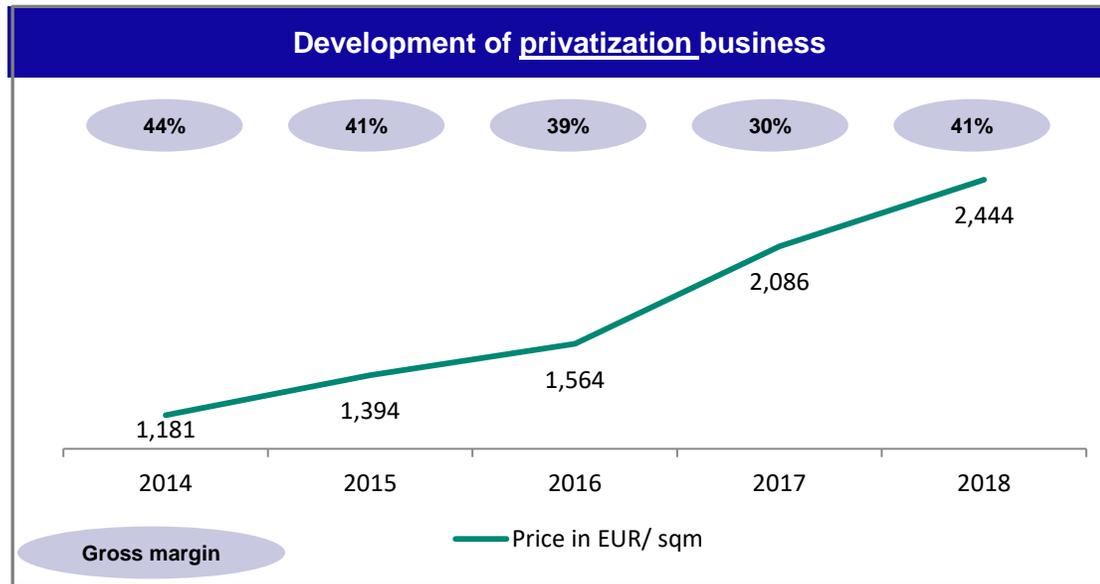
Current level of rents and prices in TOP 7 German cities



▪ **Dynamic and liquid transaction market sourced by various pockets of demand continues to drive prices in metropolitan areas**

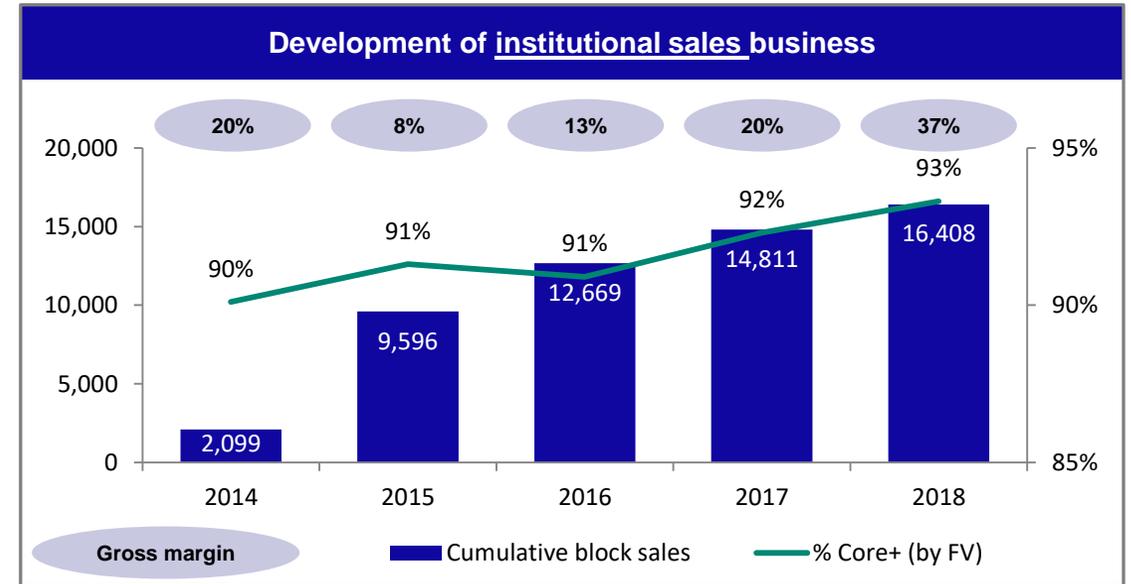
1 CBRE 2018

Disposals business remains opportunistic



- Continuation of selective privatizations to validate price points in micro locations
- Continue to achieve attractive gross margins despite > EUR 9bn portfolio revaluations since 2014
- Since 2014 average realized prices more than doubled

▪ We still regard it too early in cycle to accelerate privatization pace to turn book gains into cash returns for shareholders



- Successful streamlining of portfolio in recent years
 - ~16,000 units disposed at attractive margins since 2014
 - Non-Core disposals almost completed at prices significantly above book value
- Share of Core+ increased to 93%

▪ Opportunistic disposals at attractive prices possible to improve overall quality and further de-risk portfolio

Bridge from adjusted EBITDA to profit

in EUR m	FY-2018	FY-2017
EBITDA (adjusted)	662.0	624.3
Depreciation	(9.6)	(7.4)
At equity valuation	2.6	3.0
Financial result (net)	(115.5)	(118.2)
EBT (adjusted)	539.5	501.7
Valuation properties	2,179.3	2,397.0
Goodwill impairment	(0.7)	0.0
One-offs	(11.0)	(74.5)
Valuation SWAP and convertible bonds	(80.3)	(226.0)
EBT	2,626.8	2,598.2
Current taxes	(27.6)	(32.6)
Deferred taxes	(736.6)	(802.3)
Profit	1,862.6	1,763.3
<i>Profit attributable to the shareholders of the parent company</i>	1,833.0	1,717.9
Earnings per share ¹	5.15	4.88

in EUR m	2018	2017
Interest expenses	(106.3)	(100.2)
<i>In % of gross rents</i>	~14%	~14%
Accrued interest on liabilities and pension (non-cash)	(15.8)	(18.7)
Interest income	6.6	0.7
Financial result (net)	(115.5)	(118.2)

¹ Based on weighted average shares outstanding (2017: 352.1 m and 2018: 355.7 m shares)

Summary balance sheet

Assets

in EUR m	31/12/2018	31/12/2017
Investment properties	23,781.7	19,628.4
Other non-current assets	291.2	134.4
Derivatives	0.9	3.3
Deferred tax assets	0.1	0.4
Non current assets	24,073.9	19,766.5
Land and buildings held for sale	477.1	295.8
Trade receivables	22.4	15.5
Other current assets	151.7	97.9
Cash and cash equivalents	332.8	363.7
Current assets	984.0	772.9
Total assets	25,057.9	20,539.4

Equity and Liabilities

in EUR m	31/12/2018	31/12/2017
Total equity	11,908.1	10,211.0
Financial liabilities	6,184.6	4,751.1
Convertibles	1,697.2	1,669.6
Bonds	1,200.4	826.6
Tax liabilities	36.0	27.2
Deferred tax liabilities	3,244.7	2,496.7
Derivatives	15.6	5.3
Other liabilities	771.3	551.9
Total liabilities	13,149.8	10,328.4
Total equity and liabilities	25,057.9	20,539.4

- Investment properties represent ~95% of total assets
- Strong balance sheet structure offering comfort throughout market cycles

Management board and areas of responsibilities



Michael Zahn

Chief Executive Officer
(appointed until 31.12.2023)

More than 20 years in the firm

Areas of responsibility:

- Strategy
- Asset Management
- M&A/ Disposals
- Corporate Communication
- Procurement & Strategic Participations
- HR
- Marketing
- IT



Philip Grosse

Chief Financial Officer
(appointed until 31.08.2024)

Since 2013 at Deutsche Wohnen, since 2016 CFO

Areas of responsibility:

- Corporate Finance & Treasury
- Accounting/ Tax
- Risk Management
- Internal / Audit
- Investor Relations
- Legal/Compliance



Lars Wittan

Chief Operating Officer
(appointed until 30.09.2019)

Since 2007 at Deutsche Wohnen, since 2011 member of the management board

Areas of responsibility:

- Property Management
- Rent Development
- Customer Service
- Property Development & Technical Maintenance



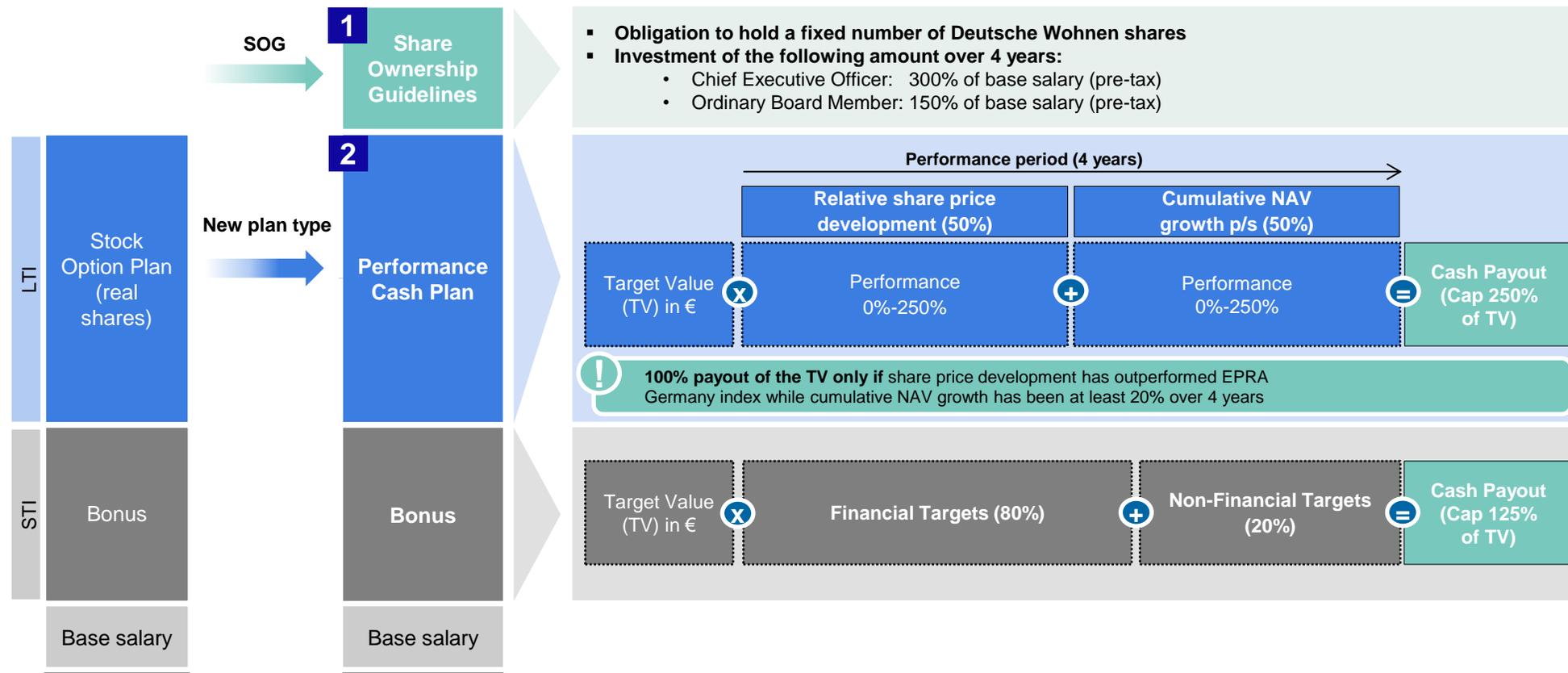
Lars Urbansky

Succeeding Chief Operating Officer
(appointed from 01.04.2019 onwards)

Since 23 years with Deutsche Wohnen, previously Gehag, since 2014 Managing Director rent development

Executive Board compensation system – as of 1 January 2018

- 1** Introduction of Share Ownership Guidelines (SOGs)
- 2** Conversion of the Stock Option Plan into a Performance Cash Plan
- ➔ Reduction of the plan's complexity and meeting of investor and proxy advisor expectations



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