Deutsche Wohnen SE

Company presentation

Based on 9M 2018 results

Agenda

Deutsche Wohnen business model „Made in Germany“

1. **~160,000 residential units** and **~12,000 beds in Nursing & Assisted Living** with Fair Value of **EUR ~21 bn**

2. Focus on **metropolitan areas** in Germany, almost 80% of assets in Berlin

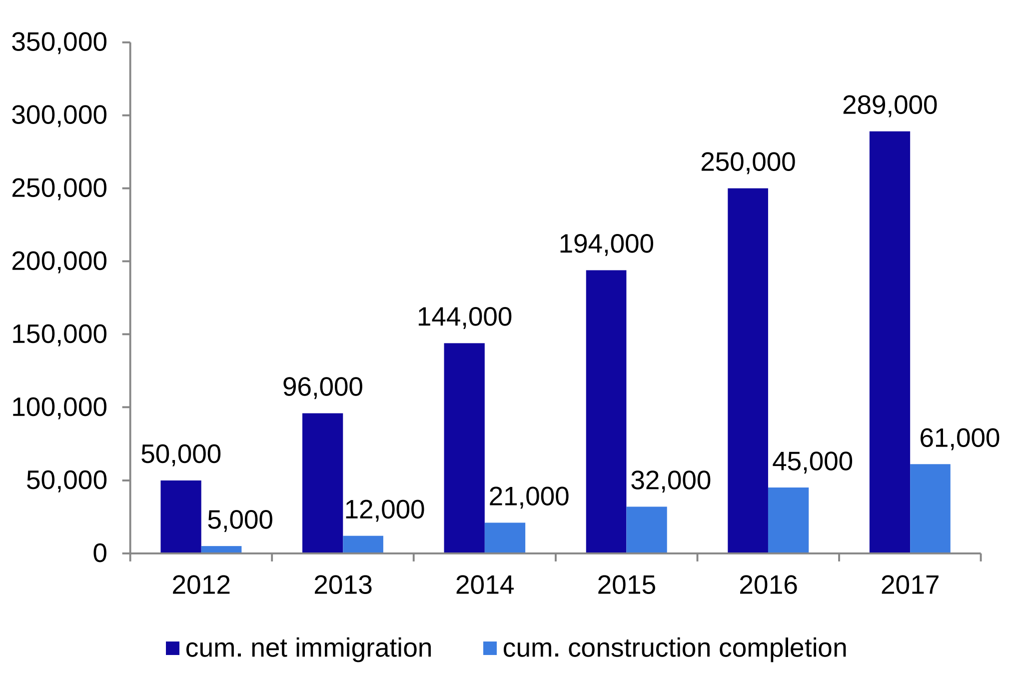
3. 3^{rd} **largest listed landlord** in Europe with **market cap of ~EUR 15bn**

4. **Committed to total shareholder return**: dividend + NAV growth

5. Conservative financing structure with **low leverage (35–40% LTV)** and **A- / A3 rating**

Market and sector specific trends underpin the investment case

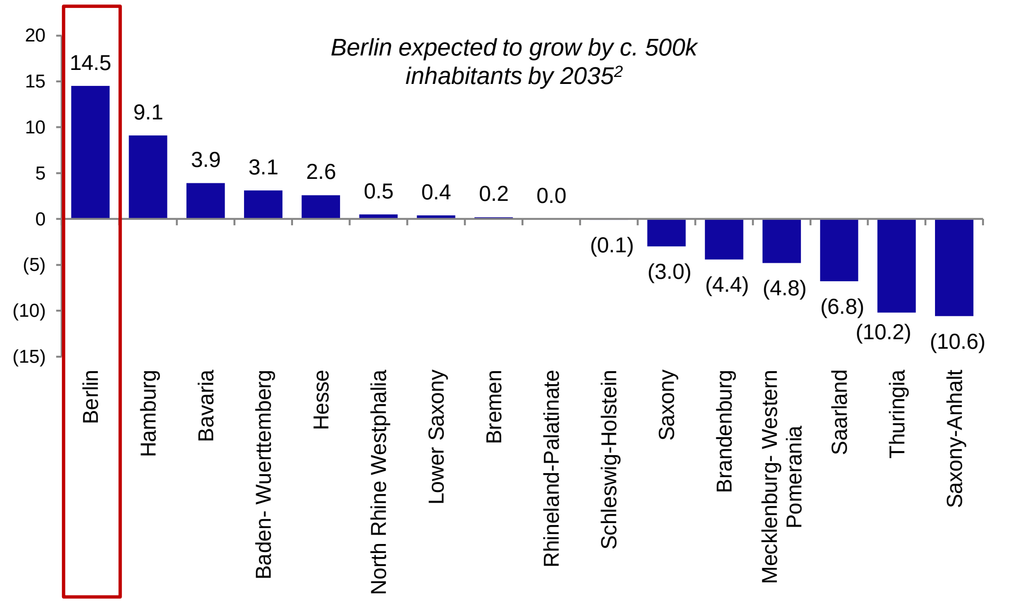
Net immigration and new construction in Berlin[1]



Berlin with strongest population growth forecast[2]

Development of residents: Boomtown Berlin

Change in number of residents 2015 - 2035 (in %)

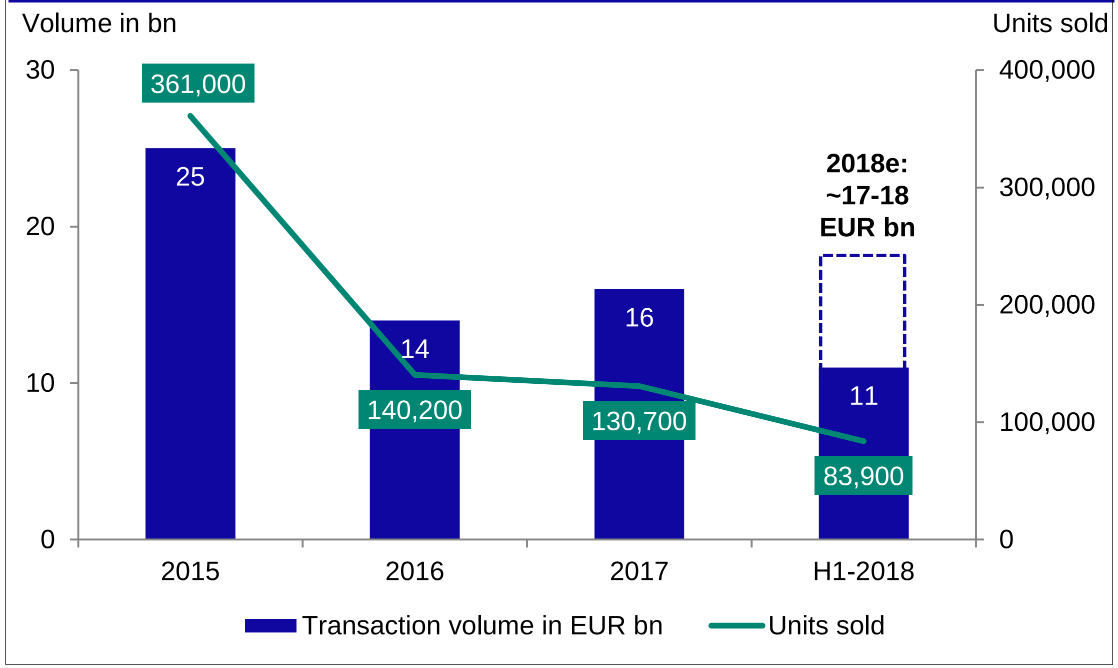


- **Supply demand imbalance has significantly widened in recent years in Berlin with no indication of reversal of trend**

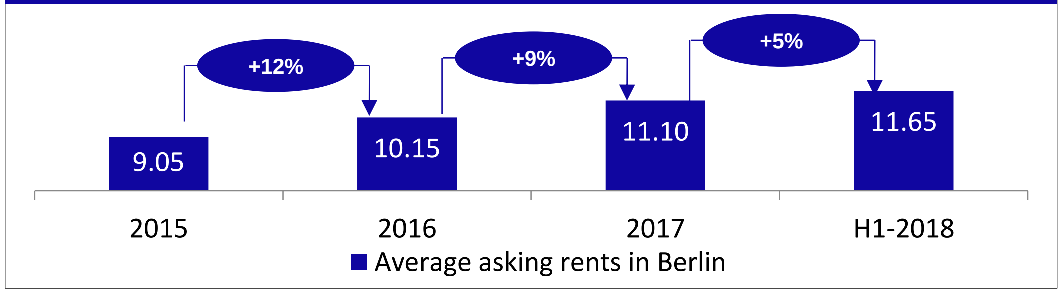
1) Amt für Statistik Berlin Brandenburg
2) iwd, 29 September 2017

Dynamic transaction market

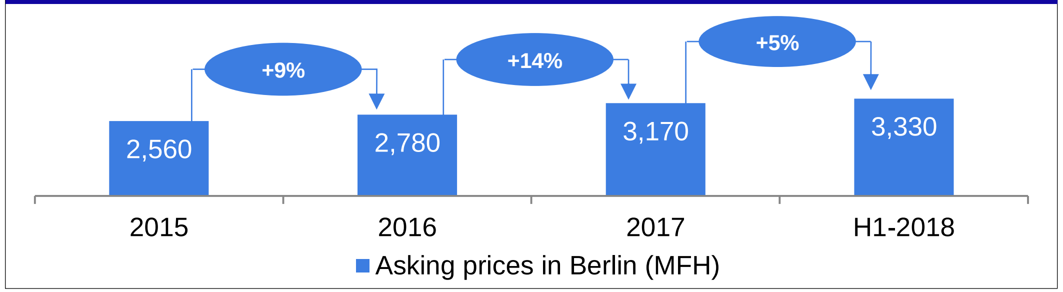
Transaction volume in German Residential (EUR bn)



Development of rents in Berlin (EUR/sqm/month)



Development of asking prices in Berlin for multifamily homes (EUR/sqm)



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

Source: JLL German Residential Market Overview September 2018

High reversionary potential supports NAV growth

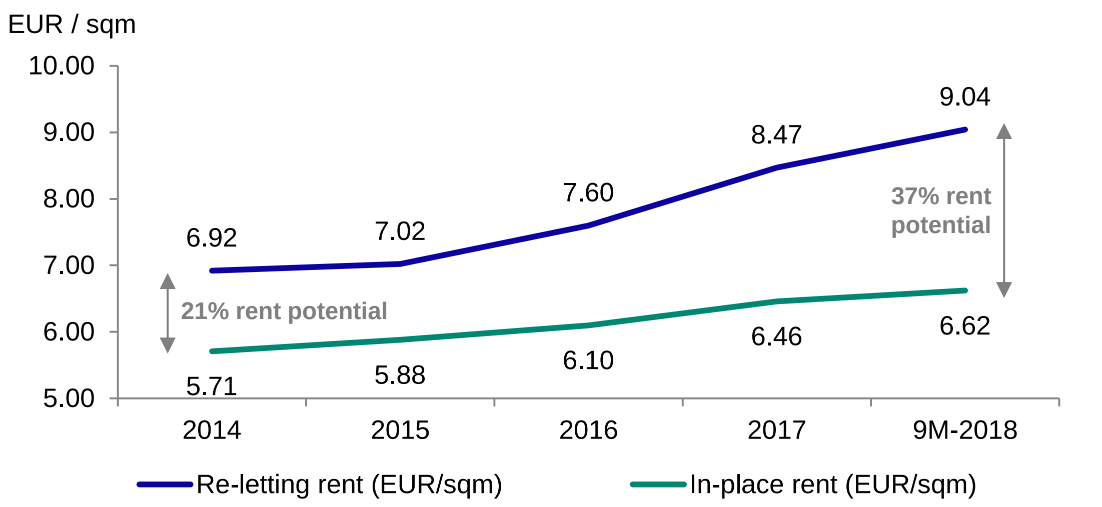
Strategic cluster	Residential units (#)	% of total (measured by fair value)	In-place rent[1] (EUR/sqm/month)	Fair value (EUR/sqm)	Multiple in-place rent (x)	Multiple re-letting rent (x)	Rent potential[2] (in %)	Vacancy (in %)
Strategic core and growth regions	**161,800**	**99.7%**	**6.56**	**1,987**	**25.3**	**19.1**	**32%**	**2.1%**
Core+	142,872	92.8%	6.66	2,100	26.4	19.6	35%	2.1%
Core	18,928	6.9%	5.83	1,154	16.6	13.8	17%	2.4%
Non-core	1,257	0.3%	4.89	612	11.3	8.8	18%	5.2%
Total	**163,057**	**100%**	**6.55**	**1,975**	**25.3**	**19.0**	**31%**	**2.1%**
Thereof Greater Berlin	***115,478***	***77.6%***	***6.62***	***2,202***	***27.9***	***20.3***	***37%***	***2.1%***

- **Unchanged reversionary potential of 31% (37% in Berlin)**
- **Valuation amounts to EUR 2,100 per sqm in Core+ and EUR 2,202 per sqm in Berlin**
- **Portfolio valuated at re-letting multiple of 19.0x (5.3% reversionary yield)**

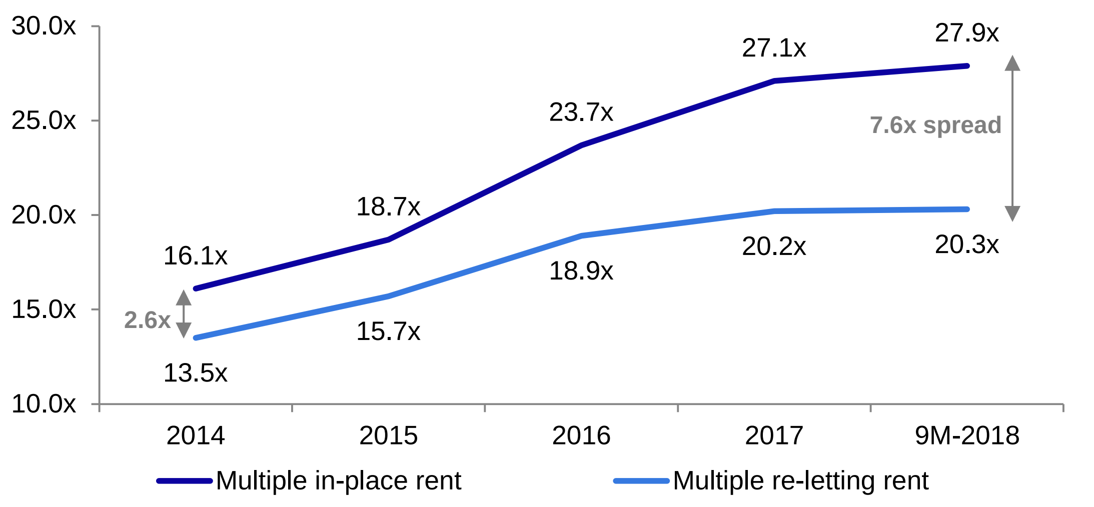
1) Contractually owed rent from rented apartments divided by rented area
2) Unrestricted residential units (letting portfolio); rent potential = re-letting rent compared to in-place rent (letting portfolio)

Re-letting rents continue to outpace in-place rents

DW rent development in Berlin



DW development of multiples in Berlin



- **Rent rent 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**

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Strong like-for-like development in particular in Berlin

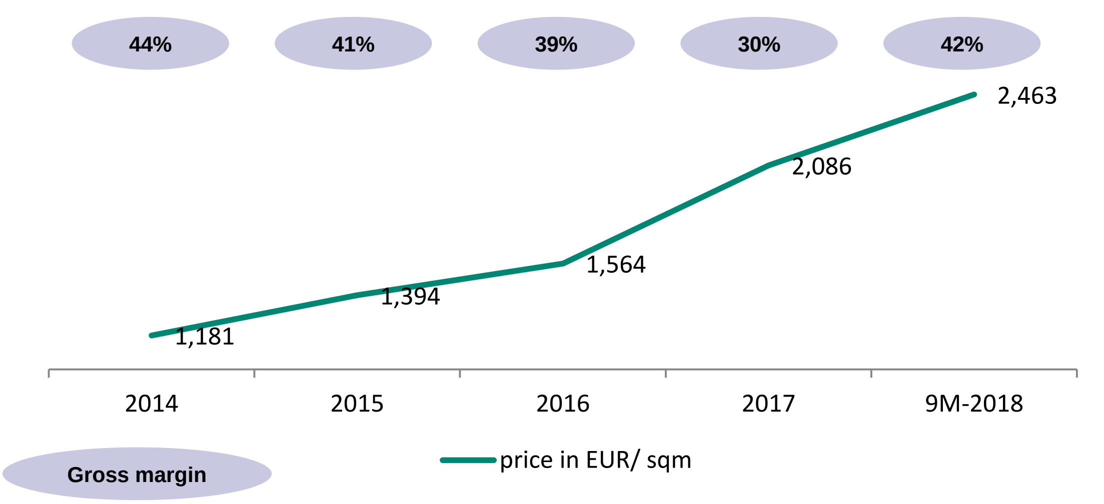
Like-for-like 30/09/2018	Residential units (#)	In-place rent[1] 30/09/2018 (EUR/sqm)	In-place rent[1] 30/09/2017 (EUR/sqm)	Change (y-o-y)	Vacancy 30/09/2018 (in %)	Vacancy 30/09/2017 (in %)	Change (y-o-y)
Strategic core and growth regions							
Letting portfolio[2]	155,293	6.56	6.34	3.5%	1.9%	1.9%	0.0 pp
Core+	137,053	6.66	6.43	3.6%	1.9%	1.9%	0.0 pp
Core	18,240	5.83	5.65	3.2%	2.4%	2.2%	+0.2 pp
Total	**159,410**	**6.54**	**6.32**	**3.5%**	**2.0%**	**2.0%**	0.0 pp
Thereof Greater Berlin	**112,472**	**6.62**	**6.37**	**3.8%**	**1.9%**	**1.9%**	**0.0 pp**

- **Like-for-like rental growth of 3.5% in letting portfolio (Berlin at 3.8%) with last year's Berlin rent index effects fading in**
- **Tenant turnover stable at 8% for total portfolio, Berlin at 7%**
- **Like-for-like vacancy unchanged at 2%, thereof c. 50bps capex driven**

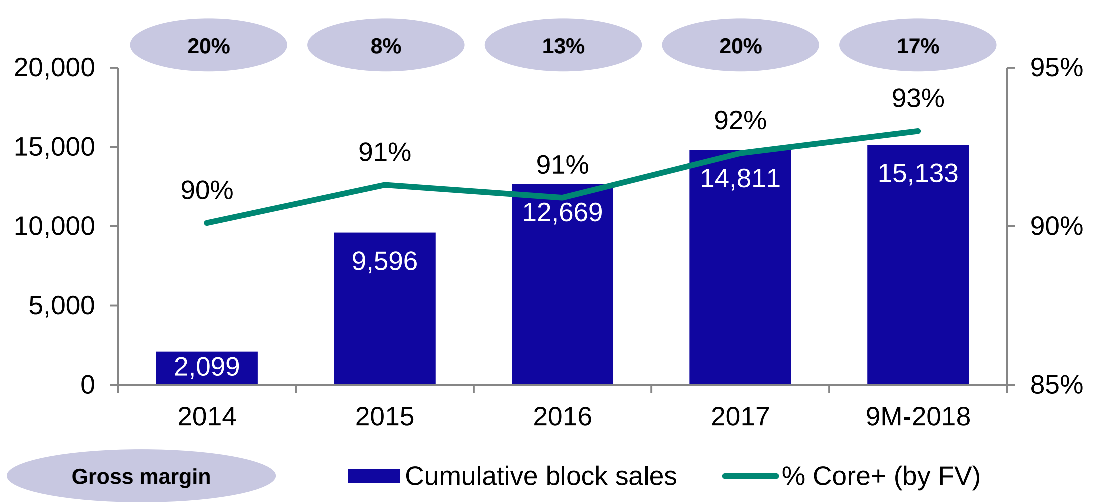
1) Contractually owed rent from rented apartments divided by rented area
2) Excluding non-core and disposal stock

Disposals business remains opportunistic

Development of privatization business



Development of institutional sales business



- Continuation of selective privatizations to validate price points in micro locations
- Continue to achieve attractive gross margins despite > EUR 7bn portfolio revaluations since 2014
- Since 2014 average realized prices increased by 77%
- No reliance on free cash flow generation to finance investment program

- **Too early in cycle to accelerate privatization pace to turn book gains into cash returns for shareholders**

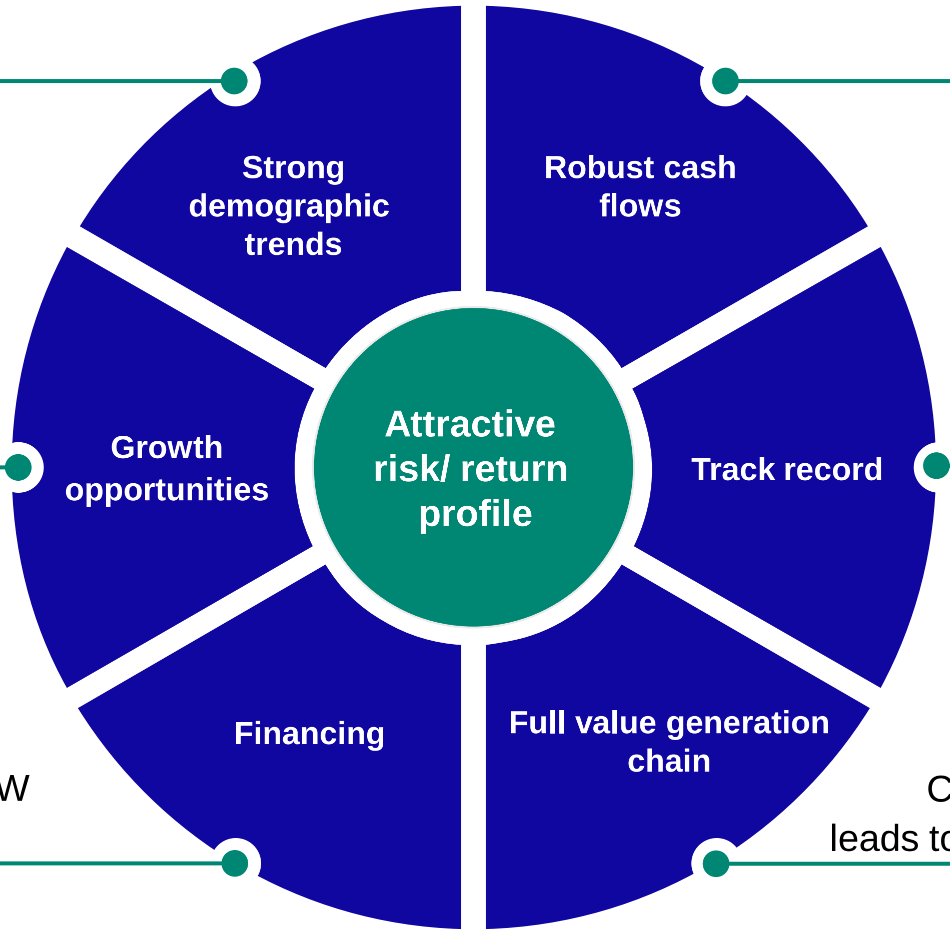
- Successful streamlining of portfolio in recent years
  - ~15,000 units disposed at attractive margins since 2014
  - Non-Core disposals almost completed at prices significantly above book value
- Share of Core+ increased to 93%

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

Why we target to increase our investment in nursing market

Increasing demand for nursing

Well funded long-term care insurance



Fragmented market with need for consolidation

c. 20 years of experience in nursing through GEHAG

Competitive advantage by applying DW group financing conditions

Capability to manage assets & operations leads to higher profitability and lower risk profile

Nursing identified as attractive driver for further external growth

Operator	Facilities (#)	Beds (#)
KATHARINENHOF®[1]	**24**	**2,642**
P&W[1]	**13**	**2,691**
Pro Seniore	22	3,396
Korian	14	1,617
Kursana	8	976
Orpea	2	260
Alloheim	2	228
Other	4	390
Total	**89**	**12,200**

☐ *Top 5 private operators in Germany*

- Fragmented market with promising fundamental outlook offers room for consolidation
  - Significant investments needed to absorb required capacity built-up in industry with inefficient access to capital
  - Attractive risk adjusted yield spread compared to other real estate asset classes
- Proven operational know-how through KATHARINENHOF®[1] brand
  - High occupancy rates of c. 98%[2] leading to superior profitability
  - Proven integration track record for acquired businesses
- Deutsche Wohnen business model superior to most peers
  - As owner with operational know-how[1)] exposed to lower risk and low cost of funding
  - Expansion of day care and outpatient care with synergies to residential sector
- Focus on acquisition of real estate properties
  - Preferably in combination with operational management to further enhance yields
  - Adherence to strict acquisition criteria focussing on quality, market positioning and expected value upside

- **Through recent acquisitions we strongly extended our market share footprint in Germany (top 2 owner and top 10 operator)**

1) Managed through partnership structures
2) Excluding new facility in Chemnitz as this is in ramp-up phase

Best in class Nursing and Assisted Living portfolio

Uferpalais, Berlin

Im Schlossgarten, Brandenburg

Wolkenstein, Saxony

Wilsdruff, Saxony

Quellenhof, Saxony

Am Schwarzen Berg, Lower Saxony

Garpsen, Lower Saxony

Am Auensee, Saxony

Oberau, Bavaria

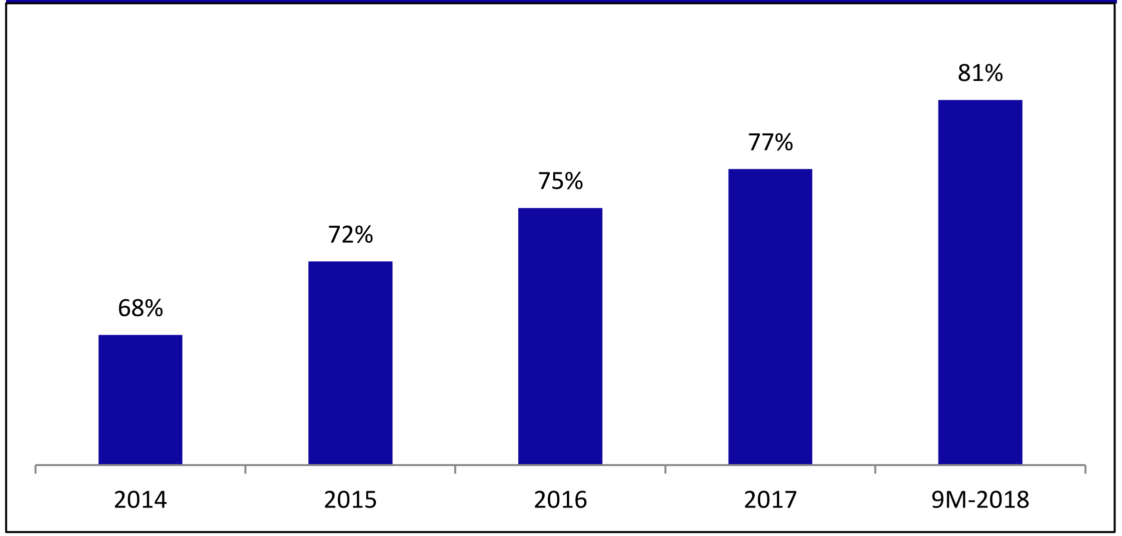
Blankenese, Hamburg

Zum Husaren, Hamburg

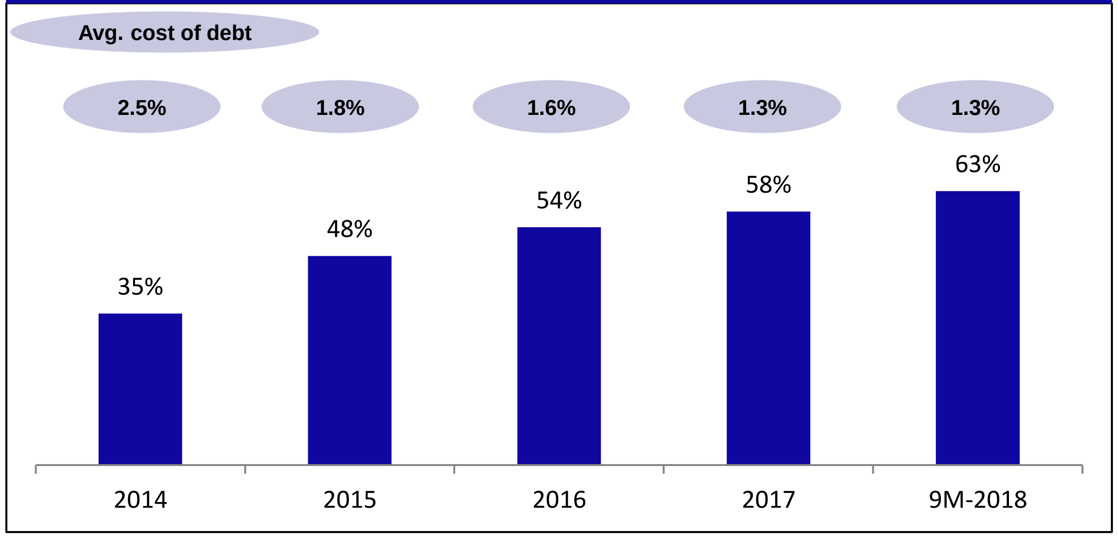
Am Lunapark, Saxony

Operational and financial improvements drive margins

Adj. EBITDA margin (w/o disposals)



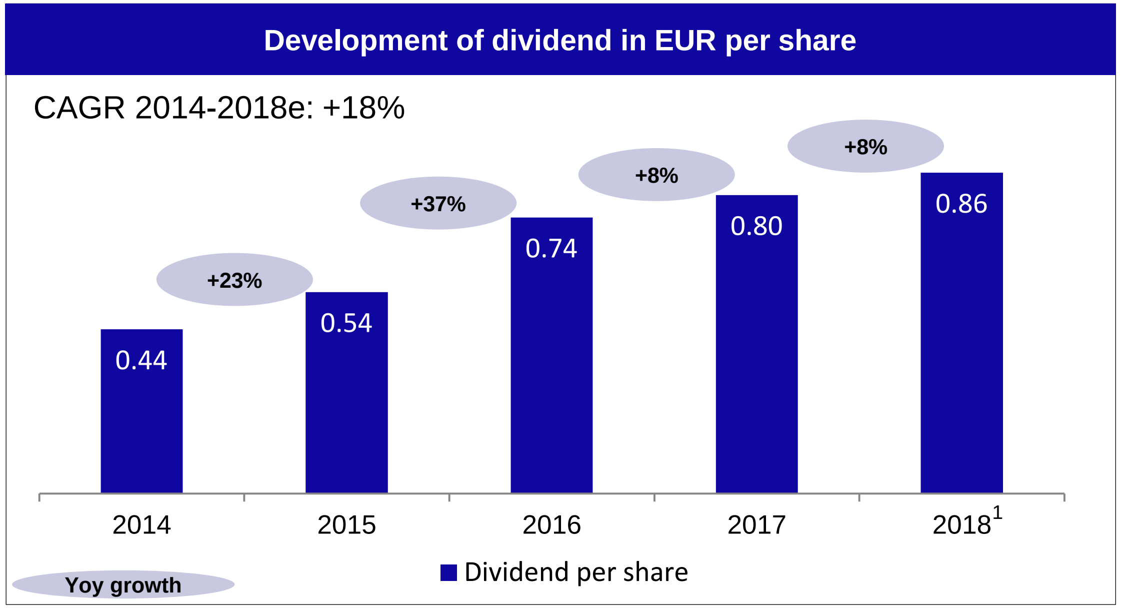
FFO I margin

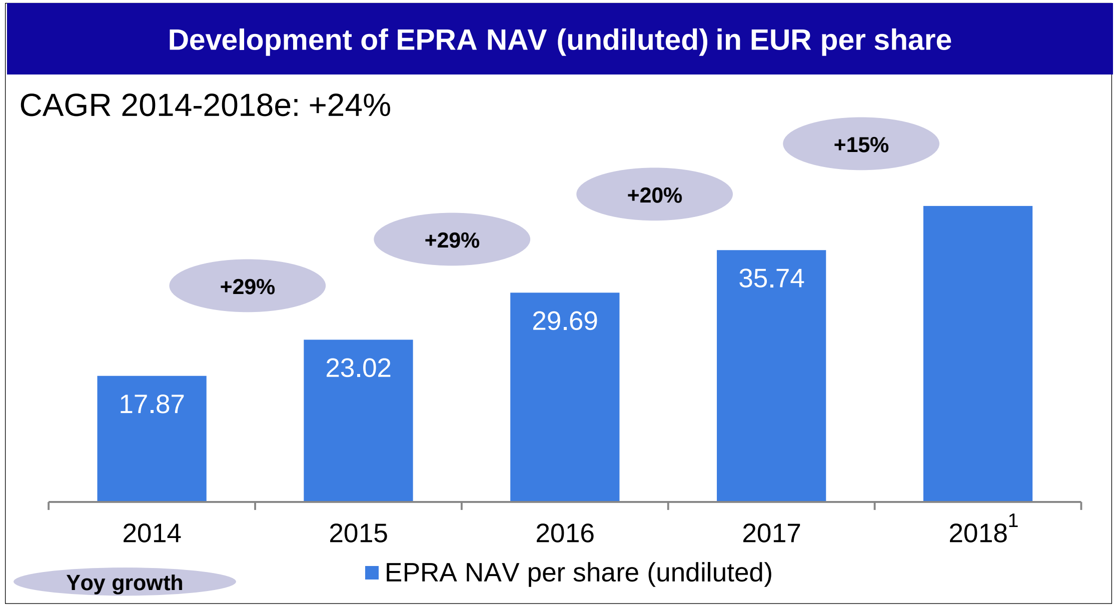


- **Concentrated portfolio and successful integration of acquired businesses as well as further efficiency improvement of operational business let to best in class EBITDA margin**

- **Early and proactive management of liabilities to take advantage of attractive financing environment – average cost of debt reduced by more than 50% since 2013**

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 0.86 per share and a valuation uplift of up to EUR 1.5bn, DW is expected to deliver a shareholder return for 2018 of up to 20% of 2017 EPRA NAV (undiluted)**

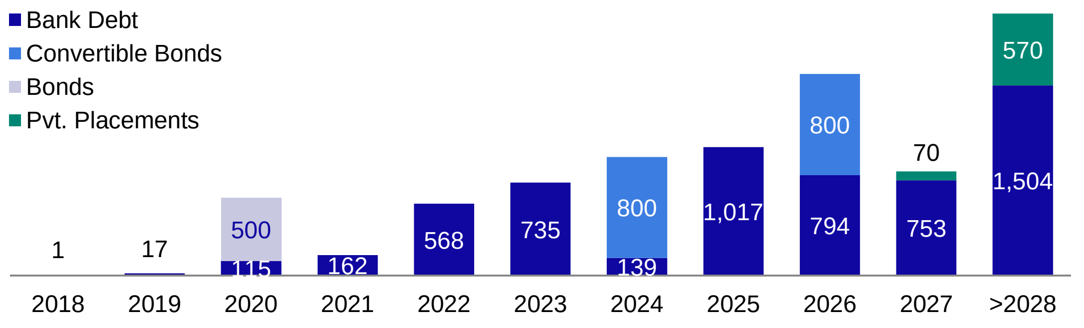
1) Based on 2018 guidance: FFO I of EUR 473-478 million with 65% pay-out ratio; additional revaluation of portfolio by up to EUR 1.5 billion in H2 2018

Conservative long-term capital structure

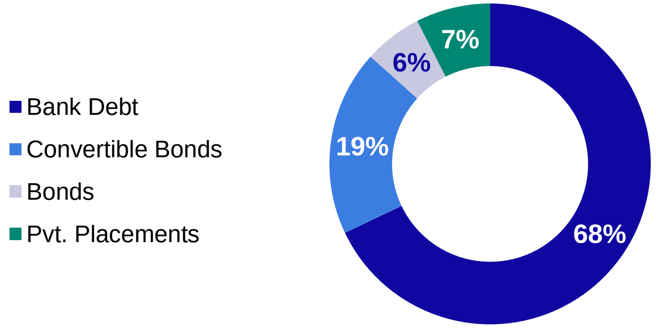
Rating	A- / A3; stable outlook
Ø maturity	~ 7.9 years
% secured bank debt	68%
% unsecured debt	32%
Ø interest cost	~ 1.3% (~ 88% hedged)
LTV target range	35-40%

- Low leverage, long maturities and strong rating
- Flexible financing approach to optimize financing costs
- LTV at 36.5% as of Q3 2018 (-0.5pp yoy)
- ICR (adjusted EBITDA excl. disposals / net cash interest) ~6.5x (+0.6x yoy)
- Short-term access to c. EUR 1bn liquidity through CP program and RCFs

Maturity profile in EUR m based on notional amounts[1]



Debt structure[1]



1) As of 30 September 2018

Highlights of business model

01	Resilient and growing residential real estate market in Germany
02	Focused quality portfolio in dynamic growth regions in Germany
03	High quality asset base with high rent and value upside potential
04	Low risk and efficient financing structure
05	Strong and predictable cash flow generation

Yield and value upside at low risk profile

Appendix

Strong like-for-like development as of 30 September 2018

Like-for-like 30/09/2018	Residential units (#)	In-place rent[2] 30/09/2018 (EUR/sqm)	In-place rent[2] 30/09/2017 (EUR/sqm)	Change (y-o-y)	Vacancy 30/09/2018 (in %)	Vacancy 30/09/2017 (in %)	Change (y-o-y)
Letting portfolio[1]	**155,293**	**6.56**	**6.34**	**3.5%**	**1.9%**	**1.9%**	**0.0pp**
Core[+]	137,053	6.66	6.43	3.6%	1.9%	1.9%	**0.0pp**
Greater Berlin	112,472	6.62	6.37	3.8%	1.9%	1.9%	0.0pp
Rhine-Main	9,137	7.82	7.59	3.1%	1.4%	1.8%	-0.4pp
Dresden/Leipzig	5,056	5.79	5.64	2.6%	2.5%	3.6%	-1.1pp
Rhineland	4,908	6.35	6.22	2.1%	0.8%	0.6%	+0.2pp
Mannheim/Ludwigshafen	4,537	6.05	5.99	1.1%	2.0%	1.3%	+0.7pp
Other Core[+]	943	10.48	10.41	0.7%	0.6%	0.4%	+0.2pp
Core	18,240	5.83	5.65	3.2%	2.4%	2.2%	**+0.2pp**
Hanover/Brunswick	8,646	5.91	5.74	2.9%	2.2%	1.9%	+0.3pp
Kiel/Lübeck	4,945	5.90	5.59	5.5%	2.7%	2.3%	+0.4pp
Other Core	4,649	5.59	5.51	1.4%	2.5%	2.7%	-0.2pp
Total	**159,410[3]**	**6.54**	**6.32**	**3.5%**	**2.0%**	**2.0%**	**0.0pp**

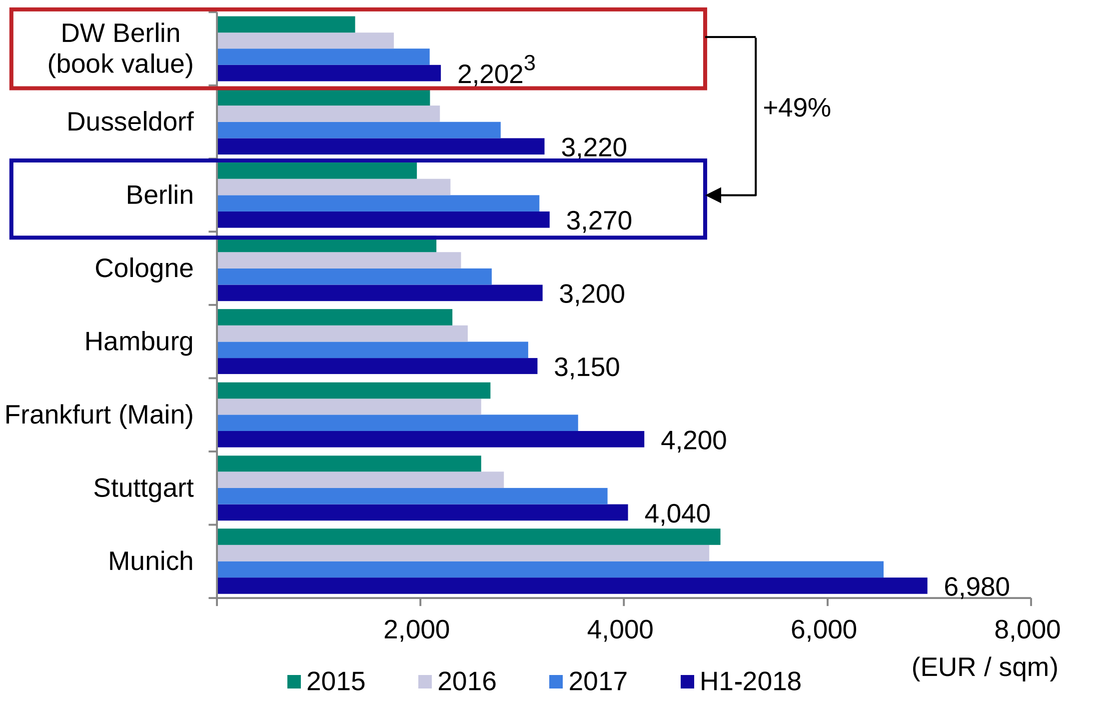
1) Excluding non-core and disposal stock
2) Contractually owed rent from rented apartments divided by rented area
3) Total l-f-l stock incl. Non-Core

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

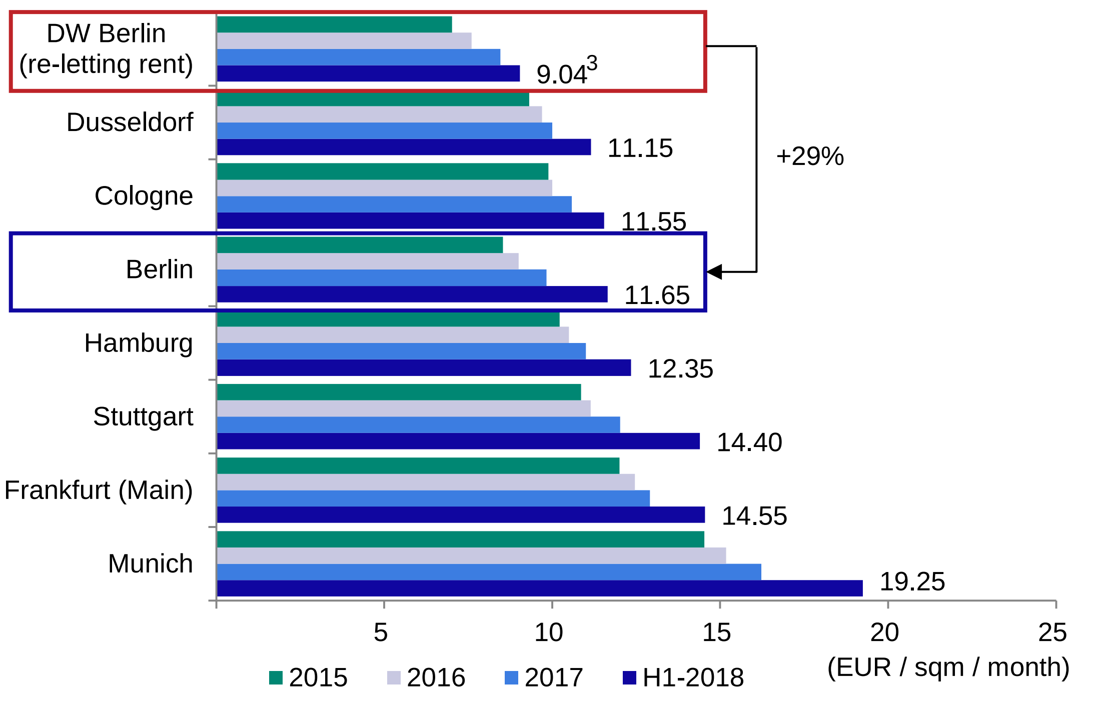
Regions	Residential units (#)	FV 30/09/2018 (EUR m)	FV 30/09/2018 (EUR/sqm)	Multiple in-place rent 30/09/2018	Multiple re-letting rent 30/09/2018	Multiple in-place rent 31/12/2017	Fair Value 31/12/2017 (EUR/sqm)
Core+	**142,872**	**18,660**	**2,100**	**26.4**	**19.7**	**25.6**	**2,000**
Greater Berlin	115,478	15,591	2,202	27.9	20.4	27.1	**2,090**
Rhine-Main	9,912	1,237	1,994	21.2	16.6	21.0	1,924
Dresden/Leipzig	6,403	831	1,764	24.6	19.9	23.0	1,618
Rhineland	5,382	467	1,329	17.2	14.9	16.8	1,285
Mannheim/Ludwigshafen	4,754	359	1,164	16.1	13.4	16.0	1,151
Other Core+	943	175	3,159	24.7	21.1	24.9	3,149
Core	**18,928**	**1,384**	**1,154**	**16.6**	**13.9**	**16.9**	**1,149**
Hanover/Brunswick	9,127	704	1,167	16.5	13.5	16.8	1,164
Kiel/Lübeck	4,855	321	1,064	16.0	14.4	18.0	1,218
Other Core	4,946	360	1,221	17.3	14.2	16.0	1,053
Non-Core	1,257	**54**	612	11.3	8.8	**13.1**	705
Total	**163,057**	**20,098**	**1,975**	**25.3**	**19.1**	**24.6**	**1,886**

Current level of rents and prices offer further growth potential

Asking prices multifamily housing (in EUR / sqm)[1]



Asking rents in German top cities (in EUR / sqm)[2]



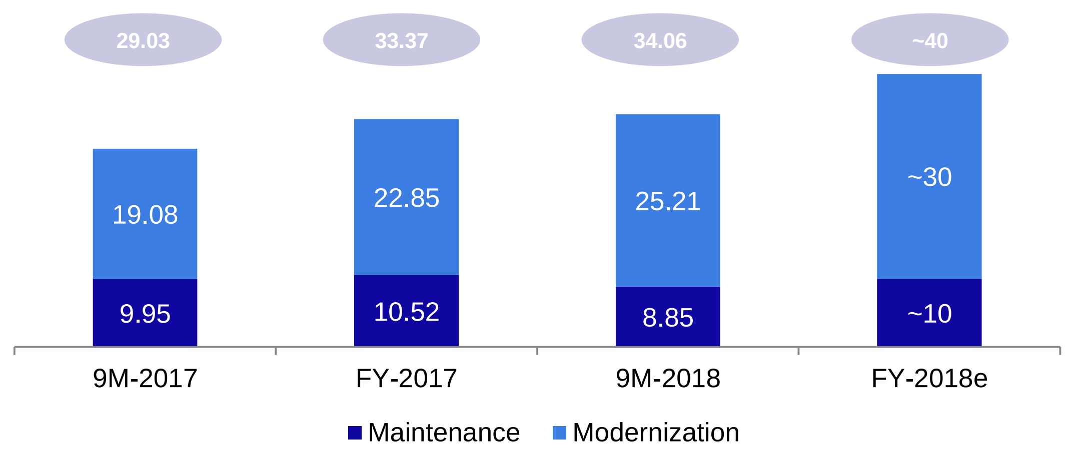
- **Dynamic development of residential rents and prices for German top cities, based on strong demographic trends and fundamentals**

1) JLL median asking prices based on 'Immodaten.net' including all age clusters, DW portfolio valuation
2) JLL median asking prices based on 'Immodaten.net' including furnished apartments and all age clusters, DW portfolio data
3) DW Berlin numbers based on 9M-2018

Investments into the portfolio to further accelerate in Q4 2018

	9M-2018		9M-2017	
	EUR m	**EUR / sqm[1]**	**EUR m**	**EUR / sqm[1]**
Maintenance (expensed through p&l)	67.0	8.85	74.1	9.95
Modernization (capitalized on balance sheet)	190.8	25.21	142.1	19.08
Total	**257.8**	**34.06**	**216.2**	**29.03**

Modernization & Maintenance per sqm (annualized)



- **Re-letting investment of c. EUR 100m p.a. continue to realize c. 30% reversionary potential at an unlevered yield on cost of c. 12%**
- **Targeted modernization expenses for ongoing capex programme slightly lag behind as approvals take longer**
- **Maintenance expenses of EUR 8.85 per sqm slightly below last year, upswing towards EUR 10 per sqm expected in Q4 2018**

1) Annualized figure, based on the quarterly average area

Almost EUR 1bn acquisitions predominately in Core^{+} in 2018

Berlin

- c. 2,600 units in Berlin
- Mostly pre-war buildings ("Altbau")

Berlin, Philippistr.

Berlin, Cäsarstr.

Dresden/Leipzig

- C. 2,700 units
- Mostly modernized pre-war buildings ("Altbau")

Dresden, Weinbergstr.

Leipzig, Kurt-Eisner-Str.

Leipzig, Christianstr.

- **In the first 9 months 2018 acquisition of c. 5,600 units for almost EUR 1bn have been signed (Ø price per sqm < EUR 2,500). C. 55% of them had transfer of titles until the end of September 2018**

- **Recent acquisitions present an attractive a product for potential future privatisations**

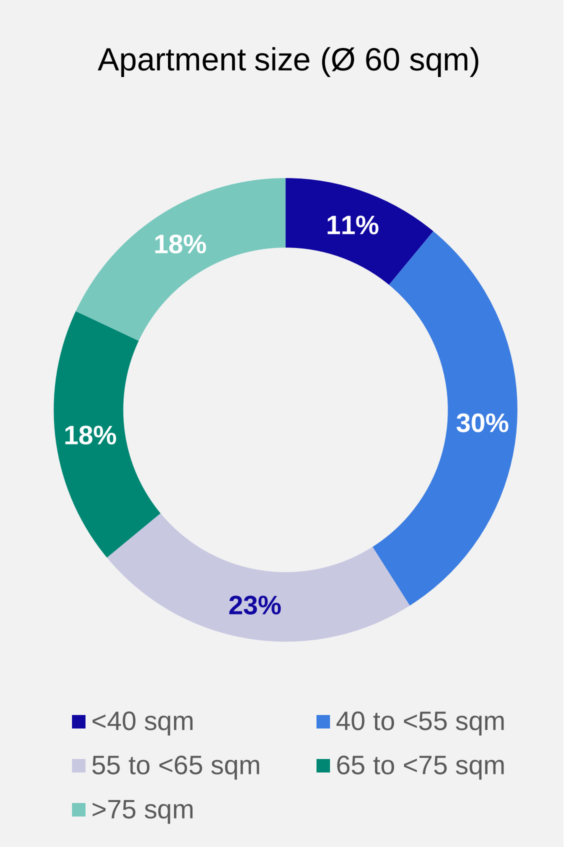
Acquisition track record since 2013

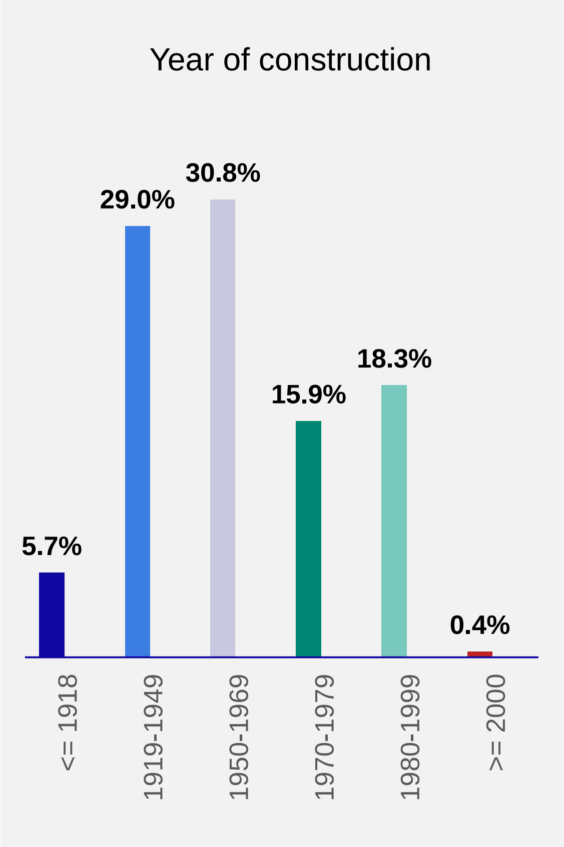
Year	Deal	Residential units #	Location	Fair Value in EUR/sqm: At Acquisition	Fair Value in EUR/sqm: 30/09/2018	Fair Value in EUR/sqm: Δ	In-place rent in EUR/sqm: At Acquisition	In-place rent in EUR/sqm: 30/09/2018	In-place rent in EUR/sqm: Δ
2013	Centuria	5,200	Berlin	711	1,809	154%	4.65	5.81	25%
	Larry	6,500	Berlin	842	1,889	124%	4.97	6.02	21%
	GSW	60,000	Berlin	960	2,147	124%	5.44	6.57	21%
2015	Windmill	~4,600	Berlin	1,218	1,808	48%	5.12	5.87	15%
	Henry	~1,600	Berlin	1,302	1,915	47%	5.26	5.70	8%
	Accentro	1,200	Berlin	1,227	2,390	95%	5.14	6.55	27%
2016	Olav	15,200		1,342	1,838	37%	5.92	6.72	14%
	thereof	*~5,200*	*Berlin*	*1,469*	*2,141*	46%	*5.55*	*6.52*	17%
		~3,800	*Kiel*	*1,043*	*1,261*	21%	*5.37*	*5.91*	10%
		~1,000	*other Core+*	*3,159*	*3,159*	0%	*10.34*	*10.48*	1%
2017	Helvetica	~3,900	Berlin	2,390	2,993	25%	6.95	7.81	12%
Total		**~86,500**							

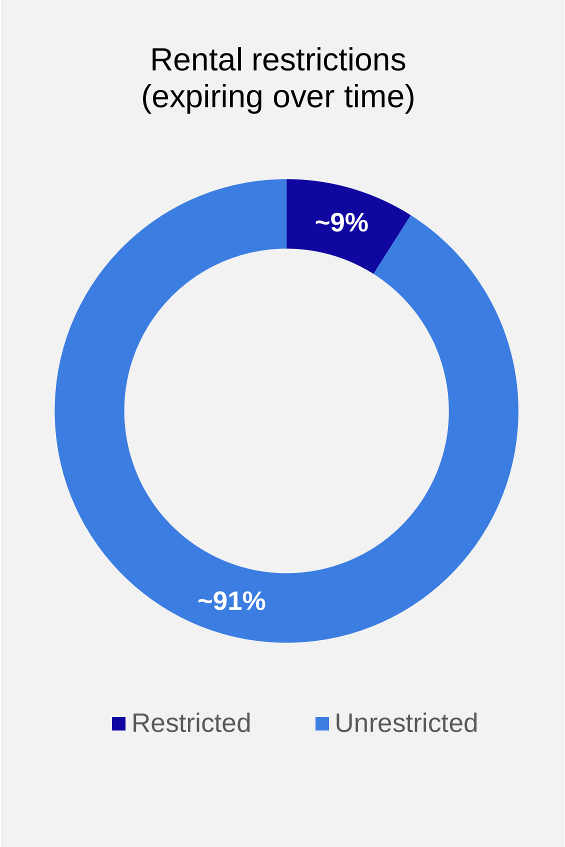
Main acquisitions (>1,000 units deal size)

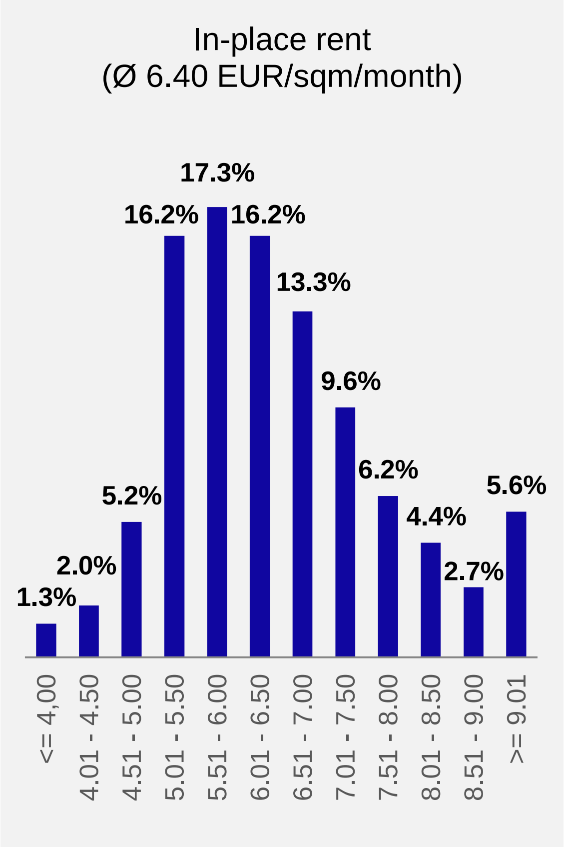
- **Acquisitions delivered attractive total returns through rent development and NAV uplift**
- **~13% of acquired units have been sold at double digit gross margins to streamline portfolio quality**

Portfolio structure – characteristics meeting strong demand



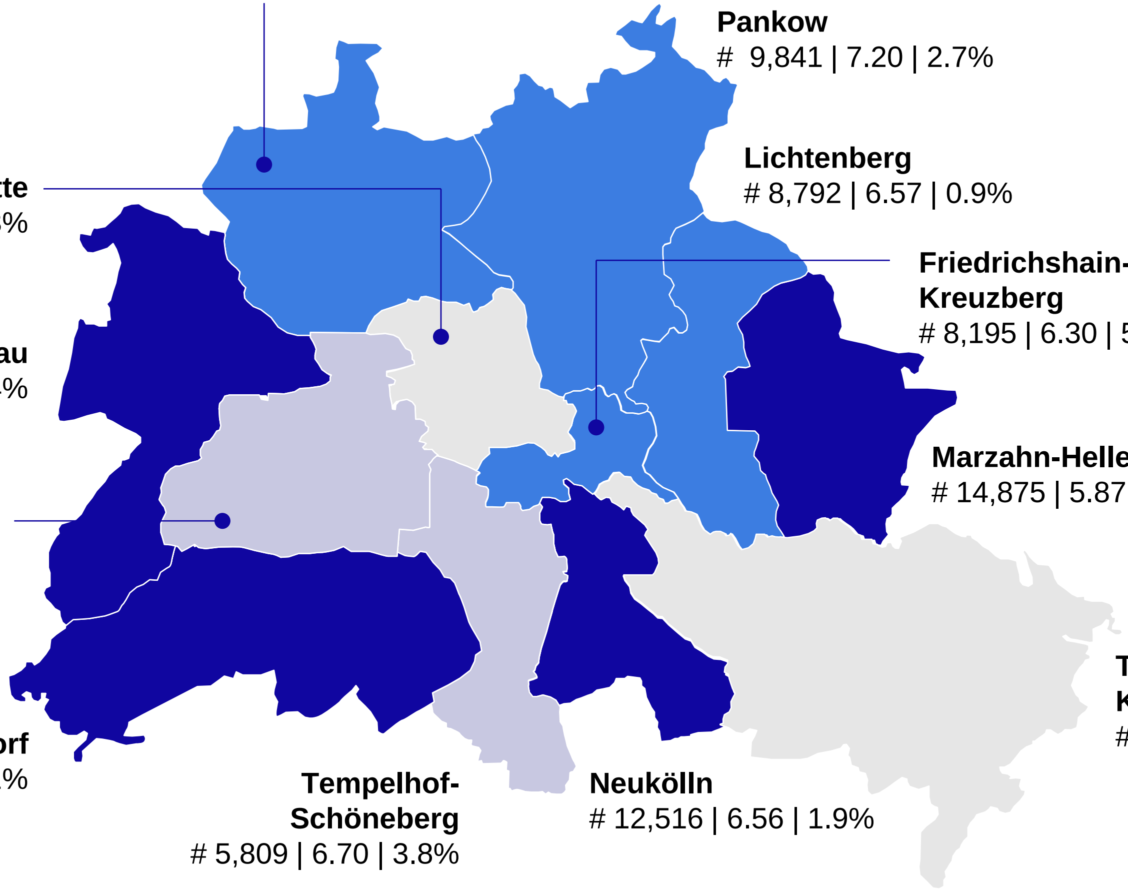






Figures as of 31 December 2017

The Berlin portfolio at a glance



Berlin
111,502 | 6.62 | 2.1%

Greater Berlin
115,478 | 6.62 | 2.1%

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

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

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Berlin – The place to be!

Government

Seat of parliament, government and professional associations[1)]

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 Startups[2]

High-tech

- 6,500 technology firms
- 15,000 IT students
- Forecast 2020: 100,000 new jobs[2]

Tourism

More than 12.9 million arrivals in 2017 (+1.8% compared to 2016)[3]

Science

Highest density of researchers and academics in Germany (per capita)[1]

Population / economy

	2017	Y-o-y
Population Population forecast 2035	~3.7m ~4.0m	+1.1%
Ø unemployment rate	9.0%	-0.8pp
Ø net household income per month[2]	EUR 3,046	+1.9%

Residential market characteristics

	2017	Y-o-y
Number of residential units	1.9m	<1%
New construction	15 669[4]	+15%
Ø asking rent per sqm/month[5]	EUR 11.10	+9.0%

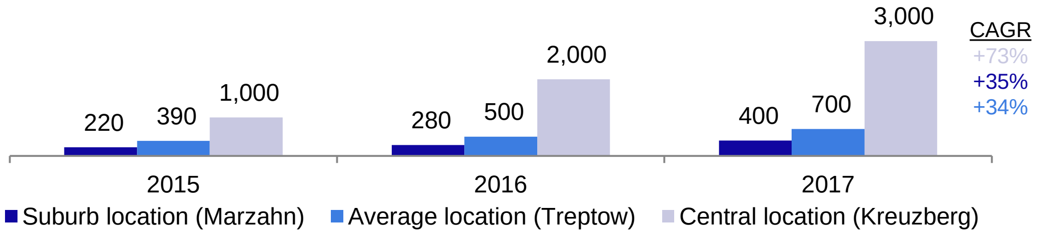
1) https://www.berlin.de/wirtschaft/wirtschaftsstandort/standortfaktoren/3932386-3671590-Standortvorteile.html
2) CBRE
3) visitberlin / Berlin Institute for Statistics
4) Berlin Institute for Statistics
5) JLL asking rent in H2 2017

Significant scope for rent potential to widen further in Berlin

Replacement costs

- Average replacement costs > EUR 3,500 per sqm, pre-dominately driven by increase of prices for land plots
  - Replacement costs at 1.7x DW Berlin book value
  - New construction requires at least EUR 12 per sqm/ month to allow for 3.5% gross yield[1]
- Demand supply shortage expected to continue
  - Current shortage of c. 100,000 units; expected to grow to > 200,000 units by 2030
  - New supply at current run rate of c. 14,000 units (thereof ~40% condominiums) is not sufficient

Examples for development of land prices in Berlin (EUR/ sqm)[2]



- **For pick-up of new construction activity further increase of market rents required**

Affordability

- Average DW apartment size of only 60 sqm offers competitive advantage in terms of affordability
  - Increasing demand from 1-2 person(s) households
- Based on average DW in-place rent of EUR 6.62 per sqm and including ancillary costs average monthly rent appears affordable with EUR ~547
- Market rent for fully refurbished apartment leading to average monthly rent of EUR ~810

Examples for rents in Berlin

	DW in-place rent	DW re-letting rent	Market rent[3]
Rent (EUR/sqm)	6.62	9.07	11.00
Average ancillary cost (EUR/sqm)	2.50	2.50	2.50
Average DW apartment size	60 sqm	60 sqm	60 sqm
Average rent per month (EUR)	**EUR 547**	**EUR 694**	**EUR 810**

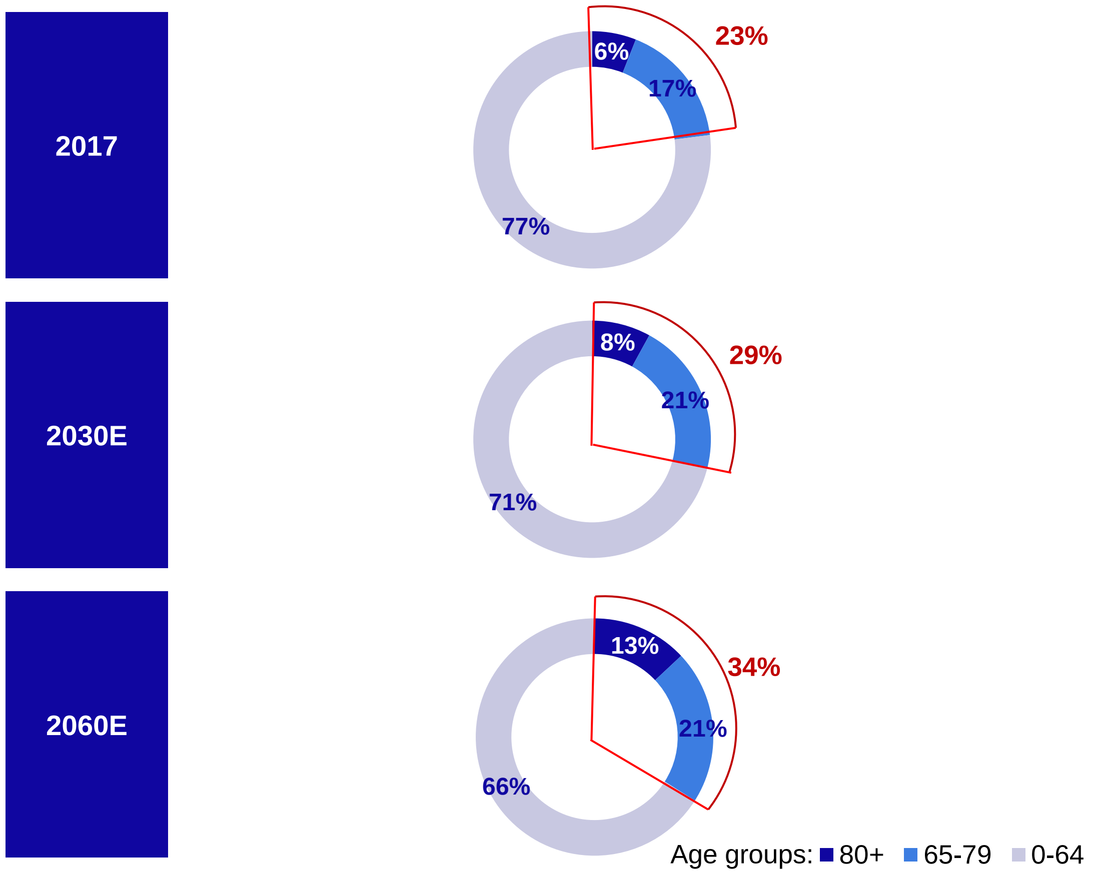
- **Berlin rent levels screen well from an affordability perspective**

1) Given development of replacement cost and social quota as part of zoning process
2) Source: Committee on Berlin Property Values (Gutachterausschuss Bodenrichtwerte)

3) Market rent for fully refurbished apartments in Berlin

Demographic trends in Germany underpin rising demand

Increasing share of age groups 65+ and 80+



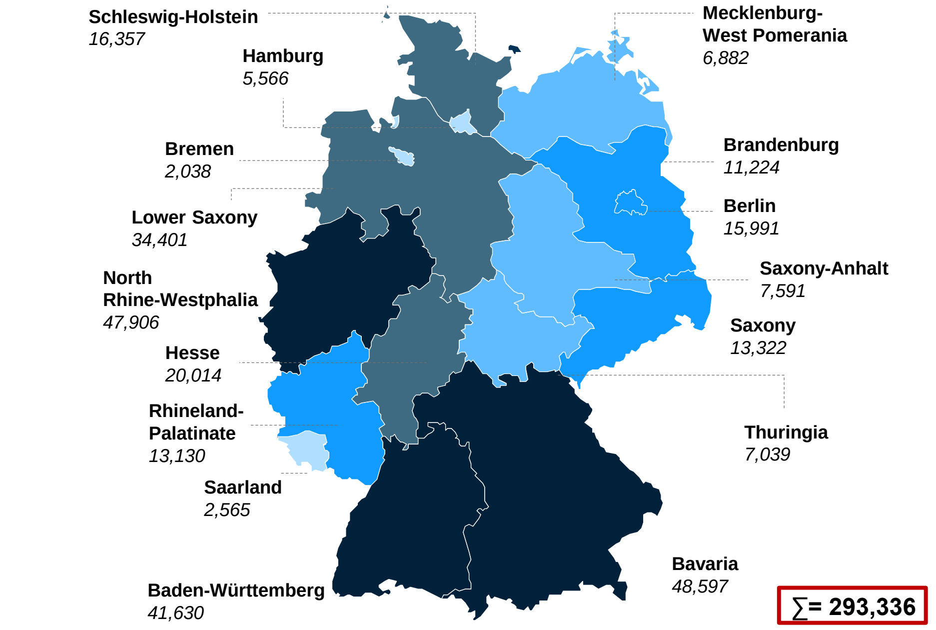
Source: Latest forcast of the German Federal Statistical Office made in 2015

Ageing population leads to increasing demand for nursing homes

- Nursing care market driven by (irreversible) demographic trends - increasing demand for social, medical and nursing services
- Main reasons for aging German population are:
  - Decreasing birth rates
  - Ageing of former baby boomer generations
  - Increasing life expectancy
- Until 2030 the age group >80 years is expected to increase by more than 30%
  - Approx. 8% of the German population will be >80 years in 2030
  - Increased demand for specialized facilities to serve e.g. Alzheimer's disease / dementia
- The requirement for professional service structures in nursing care are further boosted by ongoing trends:
  - Increasing mobility
  - Bigger distance between family members
  - Higher share of employment of all family members

Forecast - required additional nursing home beds by federal state

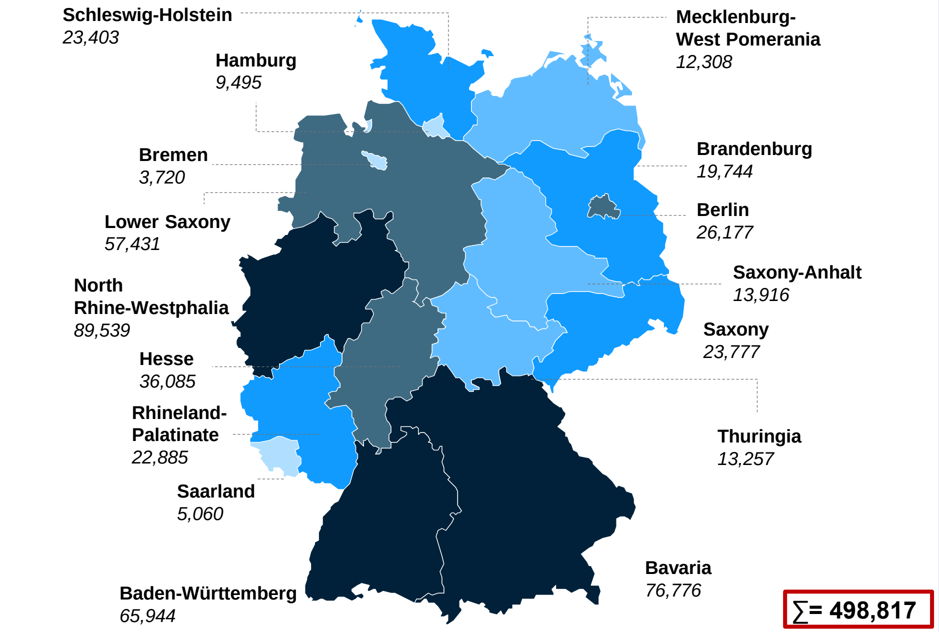
Additional demand for care beds by 2030 (constant nursing home ratio 2013)[1]



Number of care beds:

≥ 2,000 – <6,000 | ≥ 6,000 – <10,000 | ≥ 10,000 – <16,000 | ≥ 16,000 – <40,000 | ≥ 40,000 – <50,000

Additional demand for care beds by 2030 (nursing home ratio 2013 +5%)[2]



Number of care beds:

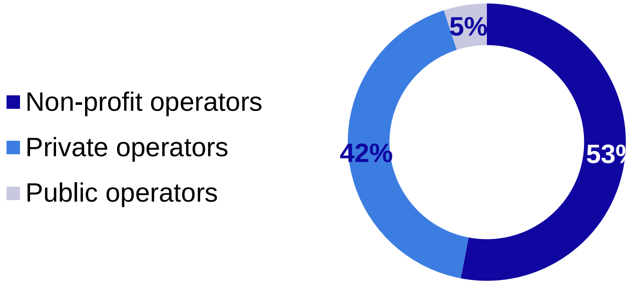
≥ 3,000 – <10,000 | ≥ 10,000 – <16,000 | ≥ 16,000 – <25,000 | ≥ 25,000 – <60,000 | ≥ 60,000 – <90,000

- **In all federal states and in almost all urban districts strong demand for <u>additional</u> nursing homes beds**
- **Good location for nursing property ≠ good location for residential property**

1) Scenario assumes constant proportion of the number of people in need of care to the number of nursing homes as in 2013 (basic ratio)
2) Scenario assumes 5 percentage-point increase in the number of people in need of care compared to 2013

Highly fragmented market structure for nursing home operators

Nursing home operators split by type (# of beds)



Source: Federal Statistical Office of Germany, 2017

Top private operators (by # of beds)

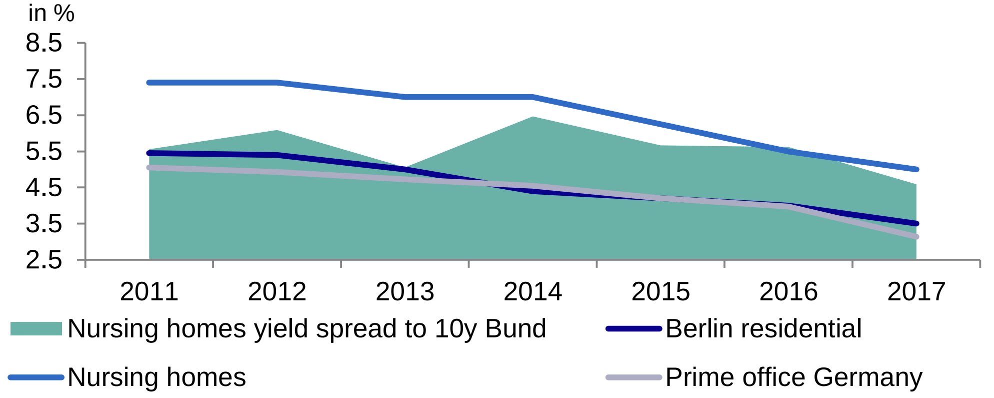
Operator	# of facilities	# of beds	Market share (%)
Korian	220	25,263	2.7%
Alloheim Gruppe	165	14,310	1.5%
Pro Seniore	103	12,540	1.3%
Orpea / Silver Care	124	11,089	1.2%
Kursana	97	10,171	1.1%
Vitanas	51	7,778	0.8%
Azurit	72	7,105	0.8%

Source: www.pflegemarkt.com, 2018

- Nursing home operator market is very fragmented
  - Top ten private operators only c. 12% market share, expected to increase further
  - Private operators manage c. 42%
  - Many small (family) operators, often with less than 10 facilities and capex backlog
- Occupancy levels vary widely across operators and regions
  - Average occupancy rate of only c. 85%
  - Free capacity in many instances does not fulfil today’s standards for nursing homes (i.e.: free capacity ≠ available capacity)
- Significant consolidation trend among private operators in recent years
  - 3 of the top 5 operators are international companies
  - Consolidation is expected to continue and to accelerate professionalism (and therewith profitability) of overall sector
- Private operators increase their capacity the fastest (by acquisition or greenfield projects); growth of non-profit operators limited by funding constraints

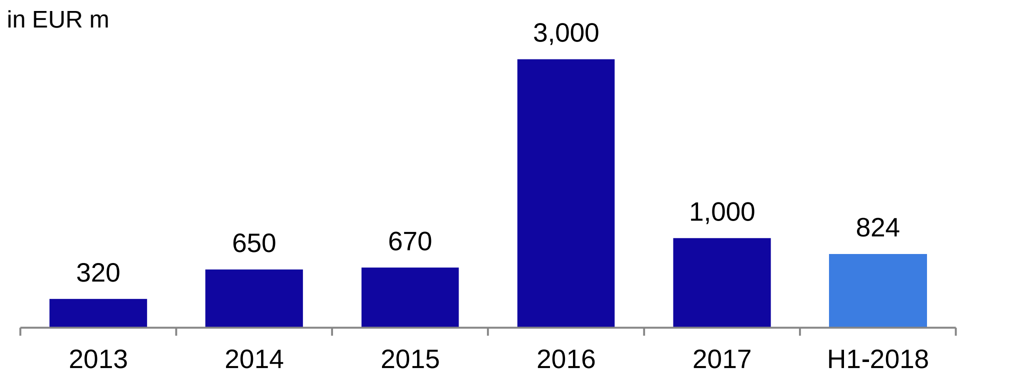
Transaction market for nursing home properties

Nursing homes yield spread significantly above other asset classes



Source: CBRE 2018, DW

Transaction volumes in nursing home property market



Source: CBRE, 2017

- Nursing home property market accounts for c. 1.8% of overall commercial real estate transaction volume in 2017
- Nursing home properties offer attractive yields at low risk:
  - Fundamentals for niche sector remain strong and promising for the long-term
  - Transaction prices are still demonstrating significant yield premiums to comparable asset classes
- Transaction volumes increased significantly over past years
- Professional investors represented largest purchaser group over last years
- Key limiting factor of further increased transaction volumes is scarcity of supply despite positive macro outlook

Overview of elderly care market in Germany

	Description	Payment regulation
Nursing homes (inpatient care)	▪ Covers all levels of inpatient care ▪ Focus on high care degrees ▪ Daycare programs located in nursing homes ▪ Short-term – inpatient care, if need of care is only temporarily	▪ Reimbursement level depending on extend of care required (5 degrees available) ▪ Long-term care insurance (LTC) covers a monthly allowance, remainder has to be paid by pension / private wealth ▪ Social security system covers if of no private wealth available
Outpatient care	▪ Covers all levels of outpatient care incl. domestic support ▪ Focus on low care degrees ▪ Services are delivered at home or in assisted living facility	▪ Reimbursement level depending on level of care required ▪ Social LTC insurance pays defined allowance, per month for either: – Professional outpatient care service – For a relative to take on care ▪ Remainder to be paid by pension / private wealth
Assisted living	▪ Special form of outpatient care with focus on premium customers ▪ Apartments are rented out incl. complementary LTC packages and availablity of extra services	▪ Relatively unregulated market in terms of rent regulation ▪ Not reimbursed by LTC insurance

Overview of regulatory environment for nursing homes (1/2)

New homes authorization

- No formal permission (except for building laws) required to set up new nursing homes
- Operators entitled to enter into new supply contract with Care Funds (Pflegekassen) as soon as structural requirements for operating a nursing home are met

Quality requirements

- Independent operators (MDK[1]) check process structure and performance quality
- Frequency of quality assurance audits of outpatient and inpatient care has historically increased
- Mandatory publication of MDK quality reports of each nursing home planned through latest regulatory initiatives to increase transparency

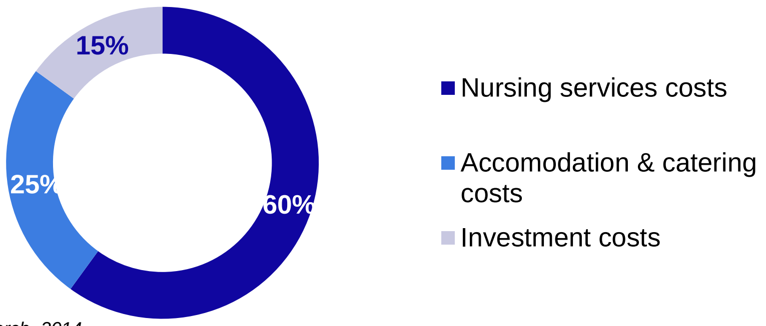
Pricing & financing

- Prices for nursing care services strictly regulated and negotiated with authorities and revised every 1-2 years, usually above cost inflation
- Total cost for a nursing home place is funded by the respective resident, care fund and, if required, social welfare (depending on residents' income)
  - Vast majority of nursing services costs is financed by care fund; level of reimbursements are defined by laws, depending on level of care required
  - Accommodation & catering as well as investment costs are, in principle, financed by resident (or social welfare system); investment rates are set freely for resident not receiving public aid
  - Operators are free to generate additional revenues from secondary services, financed by respective resident

1) MDK – German Health Insurance Medical Service

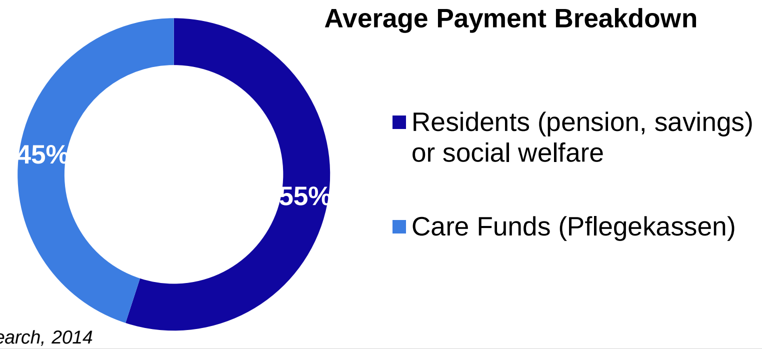
Overview of regulatory environment for nursing homes (2/2)

Standard daily cost breakdown of nursing homes



Source: Knight Frank Research, 2014

Funding of nursing home costs



Source: Knight Frank Research, 2014

- Germany is one of few countries which requires all citizens to have either public or private long-term care insurance
  - Care Funds (Pflegekassen) provide a cost cover for care related services to the operator, based on the level of patient care necessary
  - Care Funds supported by mandatory social insurance as provided by care insurance law[1]
  - Funded at a contribution rate of 2.5% of gross salary and 2.8% respectively for childless employees
- In addition to national regulation, there are different regional legislations on fit-out standards, multi-occupancy ratios minimum room measurement and employee skills (not homogeneous)

- **Germany has one of the most stable funding systems for long-term care in Europe**

1) Pflegeversicherungsgesetz

Best in class Nursing and Assisted Living portfolio

Uferpalais, Berlin

Im Schlossgarten, Brandenburg

Wolkenstein, Saxony

Wilsdruff, Saxony

Quellenhof, Saxony

Am Schwarzen Berg, Lower Saxony

Garpsen, Lower Saxony

Am Auensee, Saxony

Oberau, Bavaria

Blankenese, Hamburg

Zum Husaren, Hamburg

Am Lunapark, Saxony

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

Siemensstadt, Berlin

Hellersdorf, Berlin

Carl-Legien-Siedlung, Berlin

Südwestkorso, Berlin

Oranienkiez, Berlin

Hufeisensiedlung, Berlin

Dresden

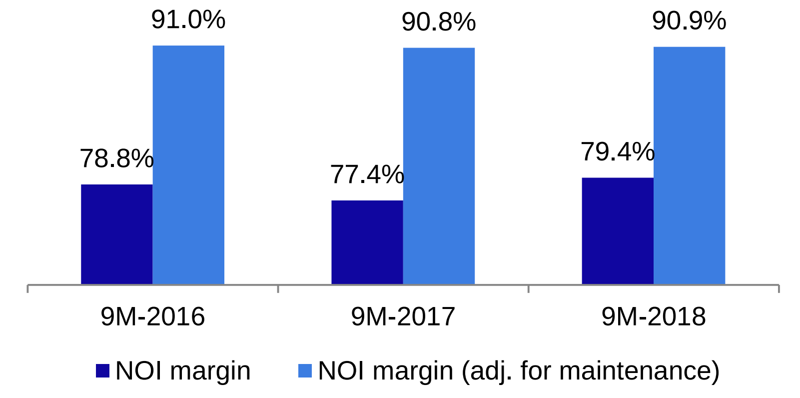
Otto-Suhr-Siedlung, Berlin

Strong letting business

in EUR m	9M-2018	9M-2017
Income from rents (rental income)	585.0	553.4
Income relating to utility/ ancillary costs	266.7	252.3
Income from rental business	**851.7**	**805.7**
Expenses relating to utility/ ancillary costs	(273.8)	(260.3)
Rental loss	(5.2)	(4.3)
Maintenance	(67.0)	(74.1)
Others	(5.5)	(5.4)
Earnings from Residential Property Management	**500.2**	**461.6**
Personnel, general and administrative expenses	(35.7)	(33.0)
Net Operating Income (NOI)	**464.5**	**428.6**
NOI margin	79.4%	77.4%
NOI in EUR / sqm / month	5.11	4.80

Maintenance expenses as a percentage of rental income at 11.5% (9M 2017: 13.4%)

Development of NOI margin



- **Strong rental income growth of 5.7% and lower maintenance expenses lead to 79.4% NOI margin**

Attractive margins of disposal business despite revaluations

Disposals	Privatization		Institutional sales		Total	
with closing in	9M-2018	9M-2017	9M-2018	9M-2017	9M-2018	9M-2017
No. of units	264	571	322	1,603	586	2,174
Proceeds (EUR m)	50.7	83.8	27.9	115.7	78.6	199.5
Book value (EUR m)	35.7	65.1	23.9	99.7	59.6	164.8
Price in EUR per sqm	2,463	2,047	1,607	971	n/a	n/a
Earnings (EUR m)	10.4	14.0	3.1	14.5	13.5	28.5
Gross margin	42%	29%	17%	16%	32%	21%
Cash flow impact (EUR m)	44.1	74.7	19.5	113.5	63.6	188.2

- **Demand for property continues to be high; a total of 1,945 units were sold, of which 586 units had transfer of ownership in the first nine months of 2018**
- **Continued strong demand for residential properties used for portfolio clean-up in non-core regions through institutional sale of c. 850 units in Lutherstadt-Wittenberg at c. 50% gross margin (share deal)**

Table only considers disposals that already had transfer of titles

Increasing FFO contribution from Nursing and Assisted Living

Operations (in EUR m)	9M-2018	9M-2017
Total income	73.0	69.4
Total expenses	(67.4)	(63.1)
EBITDA operations	**5.6**	**6.3**
EBITDA margin	7.7%	9.1%
Lease expenses[1]	11.5	11.2
EBITDAR	**17.1**	**17.5**
EBITDAR margin	23.4%	25.2%

Assets (in EUR m)	9M-2018	9M-2017
Lease income	33.3	31.4
Total expenses	(1.3)	(0.8)
EBITDA assets	**32.0**	**30.6**

Operations & Assets (in EUR m)	9M-2018	9M-2017
Total EBITDA	**37.6**	**36.9**

in EUR m	9M-2018	9M-2017
Nursing & Assisted Living	63.4	60.4
Other	9.6	9.0

in EUR m	9M-2018	9M-2017
Staff	(40.1)	(36.9)
Rent / lease (inter-company)[1]	(11.2)	(10.9)
Other	(16.1)	(15.3)

Slight recovery of EBITDAR margin to 23.4% from 22.3% in H1 2018

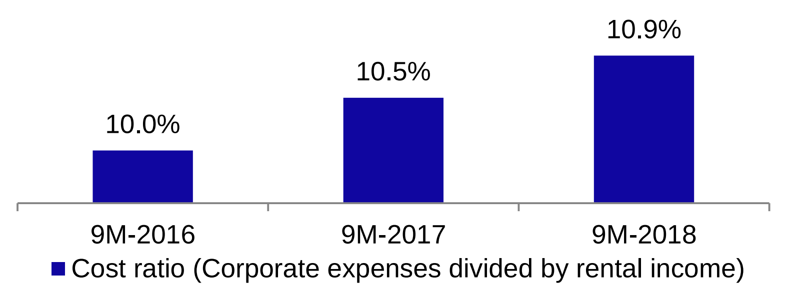
- **Continued high occupancy rate of c. 98% of the facilities operated by KATHARINENHOF®**
- **Recent acquisition of 30 nursing facilities had transfer of ownership on the 1st of October 2018**

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.

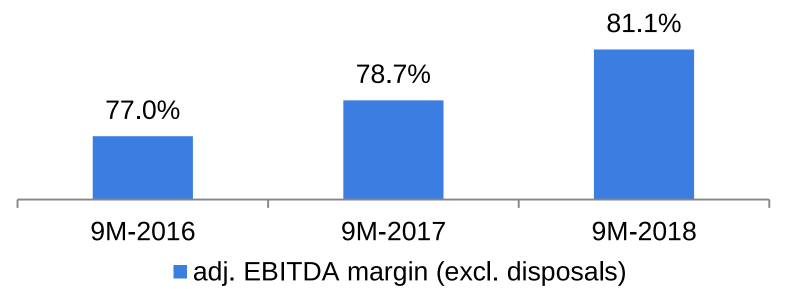
Adj. EBITDA margin above 80%

in EUR m	9M-2018	9M-2017
Earnings from Residential Property Management	500.2	461.6
Earnings from Disposals	13.5	28.5
Earnings from Nursing and Assisted Living	37.6	36.9
Segment contribution	**551.3**	**527.0**
Corporate expenses	(63.8)	(58.1)
Other operating expenses/income	(3.1)	(5.3)
EBITDA	**484.4**	**463.6**
One-offs	3.7	0.2
Adj. EBITDA (incl. disposals)	**488.1**	**463.8**
Earnings from Disposals	(13.5)	(28.5)
Adj. EBITDA (excl. disposals)	**474.6**	**435.3**

Development of cost ratio



Development of adj. EBITDA margin[1]

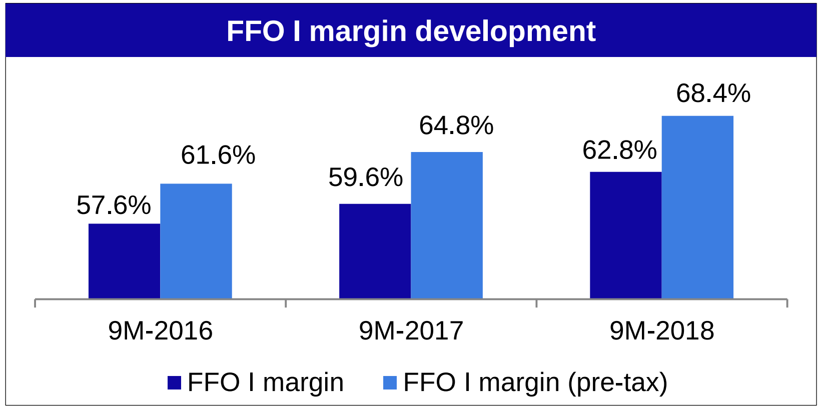


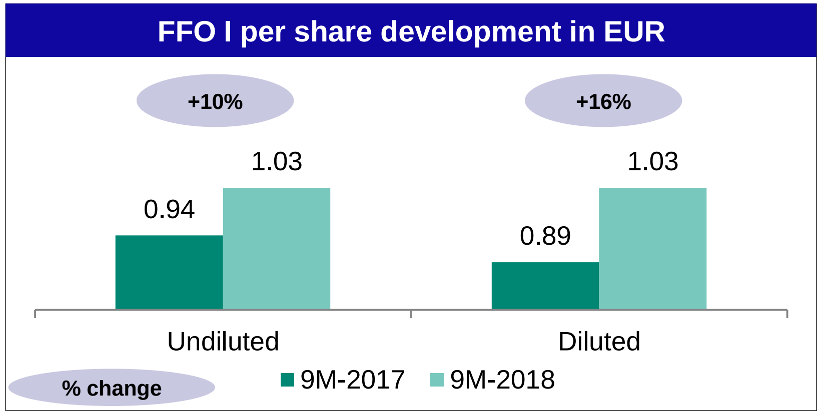
- **Cost ratio slightly increased yoy to c. 11% due to continued investments in operational platform and introduction of incentive schemes for employees to motivate staff in a highly competitive labour market**
- **Increased earnings from residential property management and acquisitions in nursing and assisted living led to further increase of adj. EBITDA margin by 2.4pp (excl. disposals)**

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

FFO I per share growth of 10% yoy to EUR 1.03

in EUR m	9M-2018	9M-2017
EBITDA (adjusted)	**488.1**	**463.8**
Earnings from Disposals	(13.5)	(28.5)
Long-term remuneration component (share based)	0.0	1.2
Finance lease broadband cable network	1.7	0.0
At equity valuation	1.2	1.3
Interest expense/ income (recurring)	(72.6)	(74.2)
Income taxes	(33.2)	(28.8)
Minorities	(4.6)	(4.8)
FFO I	**367.1**	**330.0**
Earnings from Disposals	13.5	28.5
FFO II	**380.6**	**358.5**
FFO I per share in EUR[1]	**1.03**	**0.94**
Diluted number of shares[2]	355.3	370.7
Diluted FFO I per share[2] in EUR	1.03	0.89
FFO II per share in EUR[1]	**1.07**	**1.02**





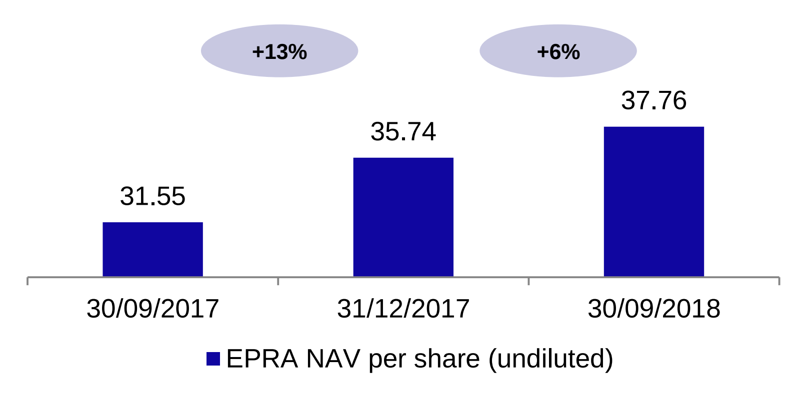
- **FFO I margin (pre-tax) improved by 3.6pp, mainly through operating performance and acquisitions**

1) Based on weighted average shares outstanding (9M-2017: 351.26 m and 9M-2018: 355.29 m shares)
2) Based on total shares assuming full conversion of in the money convertible bonds

EPRA NAV per share +6% versus year end 2017

in EUR m	30/09/2018	31/12/2017
Equity (before non-controlling interests)	10,434.0	9,888.2
Fair values of derivative financial instruments	1.8	2.0
Deferred taxes (net)	3,041.9	2,786.6
EPRA NAV (undiluted)	**13,477.7**	**12,676.8**
Shares outstanding in m	356.9	354.7
EPRA NAV per share in EUR (undiluted)	**37.76**	**35.74**
Effects of exercise of convertibles	0.0[1]	0.0[1]
EPRA NAV (diluted)	**13,477.7**	**12.676.8**
Shares diluted in m	*356.9*[2]	*354.7*[2]
EPRA NAV per share in EUR (diluted)	**37.76**	**35.74**

EPRA NAV per share (undiluted) in EUR



- **Full revaluation of portfolio with FY 2018 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

Bridge from adjusted EBITDA to profit

in EUR m	9M-2018	9M-2017
EBITDA (adjusted)	**488.1**	**463.8**
Depreciation	(6.0)	(5.2)
At equity valuation	1.2	1.3
Financial result (net)	(82.1)	(91.4)
EBT (adjusted)	**401.2**	**368.5**
Valuation properties	677.5	885.9
One-offs	(5.1)	(32.3)
Valuation SWAP and convertible bonds	(55.2)	(178.3)
EBT	**1,018.4**	**1,043.8**
Current taxes	(31.4)	(30.2)
Deferred taxes	(230.3)	(307.6)
Profit	**756.7**	**706.0**
Profit attributable to the shareholders of the parent company	*731.6*	*679.0*
Earnings per share[1]	2.06	1.93

in EUR m	9M-2018	9M-2017
Interest expenses	(74.8)	(74.8)
In % of gross rents	*~13%*	*~14%*
Accured interest on liabilities and pension (non-cash)	(9.5)	(17.2)
Interest income	2.2	0.6
Financial result (net)	**(82.1)**	**(91.4)**

Non-cash interest expense decreased mainly due to redemption of subsidized loans (accounted below its nominal value)

One-offs decreased yoy and mainly consist of project and transaction related expenses in 9M 2018

1) Based on weighted average shares outstanding (9M-2017: 351.26 m and 9M-2018: 355.29 m shares)

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Summary balance sheet

Assets

in EUR m	30/09/2018	31/12/2017
Investment properties	21,220.1	19,628.4
Other non-current assets	187.2	134.4
Derivatives	6.2	3.3
Deferred tax assets	0.3	0.4
Non current assets	**21,413.8**	**19,766.5**
Land and buildings held for sale	431.8	295.8
Trade receivables	21.1	15.5
Other current assets	210.0	97.9
Cash and cash equivalents	674.2	363.7
Current assets	**1,337.1**	**772.9**
Total assets	**22,750.9**	**20,539.4**

Equity and Liabilities

in EUR m	30/09/2018	31/12/2017
Total equity	**10,776.4**	**10,211.0**
Financial liabilities	5,742.1	4,751.1
Convertibles	1,714.4	1,669.6
Bonds	1,135.0	826.6
Tax liabilities	54.3	27.2
Deferred tax liabilities	2,730.9	2,496.7
Derivatives	8.1	5.3
Other liabilities	589.7	551.9
Total liabilities	**11,974.5**	**10,328.4**
Total equity and liabilities	**22,750.9**	**20,539.4**

- **Investment properties represent ~93% of total assets**
- **Strong balance sheet structure offering comfort throughout market cycles**

Mechanisms of rent development in dynamic markets like Berlin

		Current regulations
Unrestricted units	**New letting**	Indefinite rental contracts Freedom of contract at market rent level BUT rental cap at „customary rent“ +10% (so called *Mietpreisbremse)* **Exceptions from rental cap:** new construction and extensively refurbished units
	Existing contracts	Maximum increase of 15% in 3 years Not higher than the so called “local costumary rent" proven by: ▪ Official rent table (Mietspiegel) or ▪ 3 comparable apartments or ▪ A report of an official surveyer OR Lease contracts with: indexation bound to CPI; graduated rents
		In case of modernisation works: 11% of modernisation cost can be charged to the tenant (per sqm/ per month) BUT hardship clause (monthly rent not allowed to exceed 30% of available net household income) effectively leads to lower apportionment
Restricted units	▪ Cost rent principle – only changes of the cost rent allow rent increases ▪ Cost rent calculation strictly regulated by law ▪ Many different social housing programs with special calculation rules	

Effects of the regulations:
- slower rental growth (it takes longer to reach market rent level)
- new residential construction becomes economically difficult

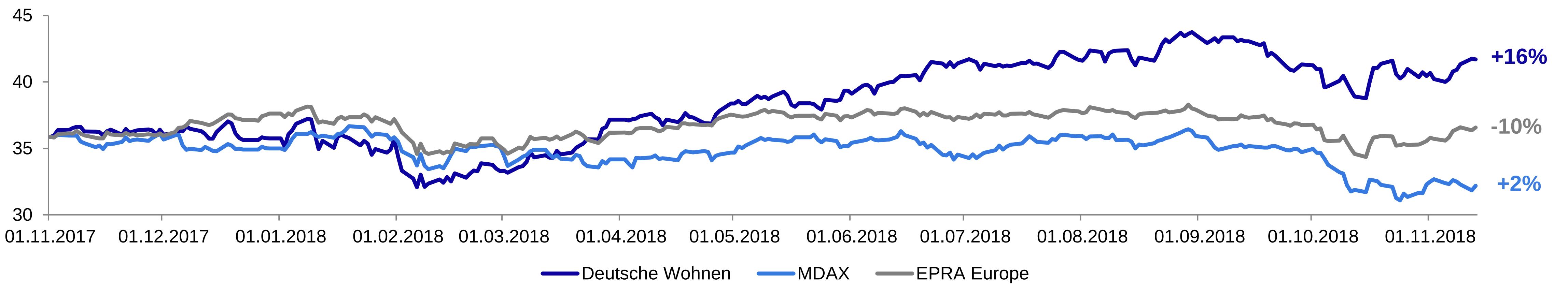
DEUTSCHE WOHNEN

Guidance 2018

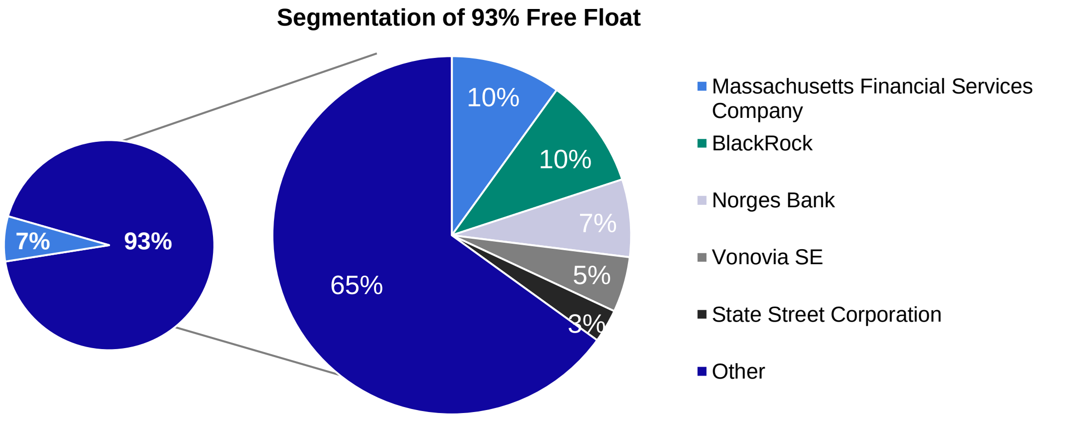
	Old Guidance		New Guidance	
FFO I (EUR m)	~470	↑	473-478 Guidance	
Dividend per share (EUR)	~0.86	↑	~0.86 - 0.87	
LTV	34.5% Reported	✓	~35-40% (target range)	• Aim to keep current A-/A3 rating
Like-for-like rental growth	4.4% Reported	✓	~3% Guidance	• ~ 3% based on in-place rent in EUR/ sqm • 4-5% based in P&L impact (timing effect)
Valuation uplift (EUR bn)	n/a		Up to EUR 1.5bn in H2	

Deutsche Wohnen well positioned in capital markets

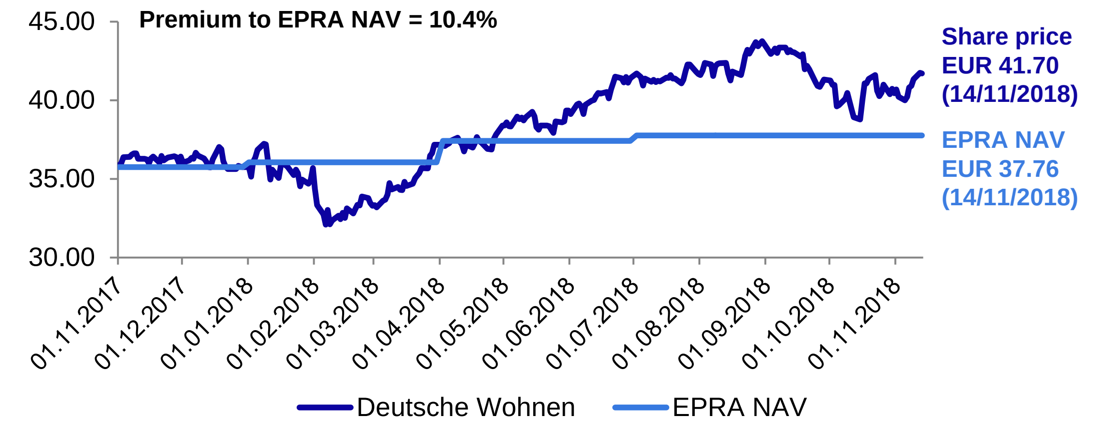
Share Price Development LTM



Share Free Float and Top Shareholders



L3Y EPRA NAV vs Share



Source: Bloomberg as of 14-Nov-2018, Voting Rights Annnouncements

History of Deutsche Wohnen

GEHAG
(Berlin)

1924
Foundation

1925
Beginning of modern housing development

1998
Privatisation

2006
Acquisition of Eisenbahn-Siedlungs-Geselllschaft and Fortimo GmbH

Deutsche Wohnen
(Frankfurt)

1998
Deutsche Wohnen AG started its operational activities

1999
IPO

2007
Merger

2010
Moving up to MDAX

2012
Acquisition of the BauBeCon Group with around 23,400 residential units

2013
Takeover of GSW Immobilien AG (Berlin)

2017
Increased focus on internal growth

GSW
(Berlin)

1924
Foundation

1961-79
Construction of largescale housing developments

2004
Privatisation

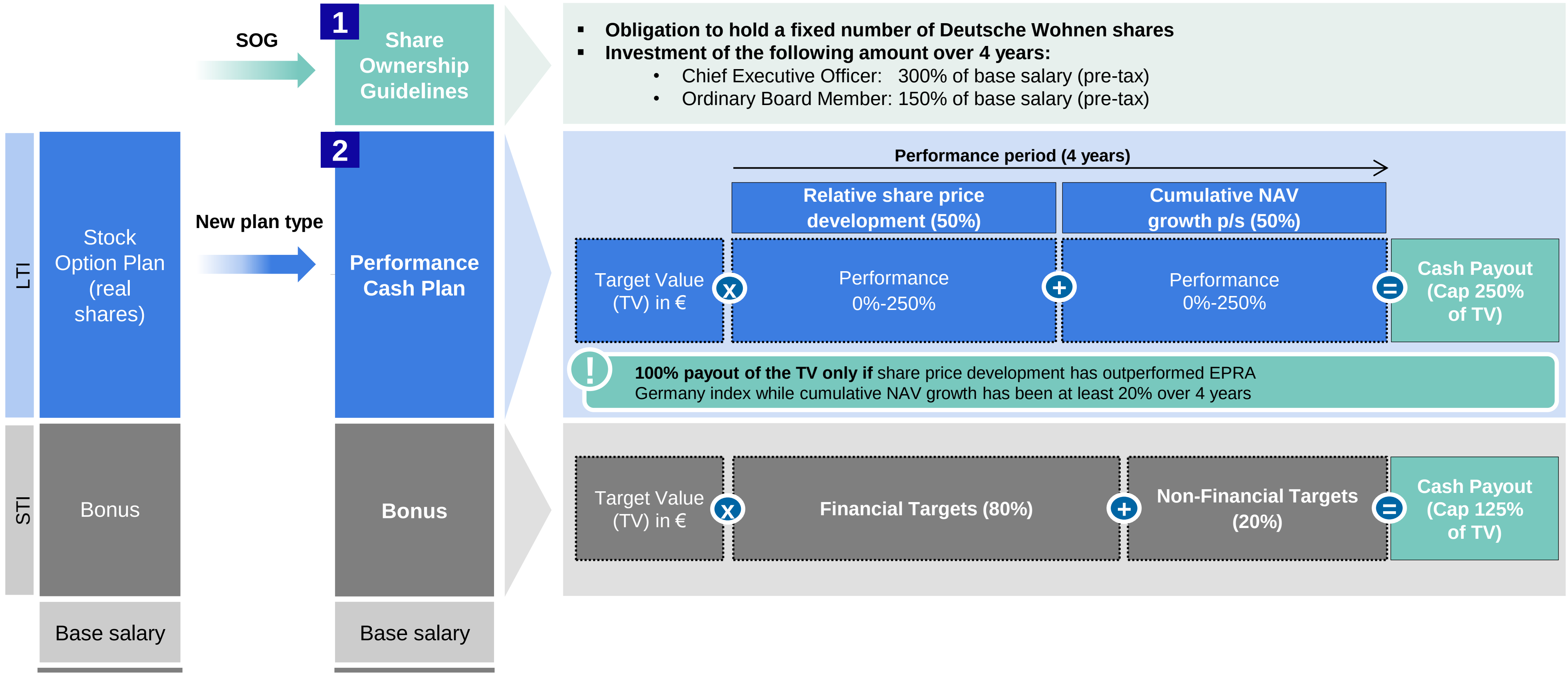
2011
IPO

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



STI = Short Term Incentive; LTI = Long Term Incentive

Management board and areas of responsibilities

Michael Zahn

Chief Executive Officer

More than 20 years in the firm

Areas of responsibility:
- Strategy
- Asset Management
- Controlling
- Strategic participations
- HR
- PR & Marketing

Lars Wittan

Chief Operating Officer

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

Areas of responsibility:
- Letting business
- Rent development
- Portfolio investments
- New construction
- IT

Philip Grosse

Chief Financial Officer

Since 2013 at Deutsche Wohnen, since 2016 CFO

Areas of responsibility:
- Accounting/ Tax
- Financing
- Treasury
- Investor Relations
- Legal/Compliance
- Risk Management

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