

Deutsche Wohnen SE

H1 2021 results

Conference Call 13 August 2021

Agenda

01

Highlights

02

Market and Portfolio

03

Financials and Outlook

04

Appendix



Highlights

Highlights

Operating Business



- Federal constitutional court ruling on Berlin rent freeze brings back legal certainty on rent regulation
- Adj. EBITDA of EUR 387.4m (+3.8% yoy)
- FFO I of EUR 291.4m (+2% yoy, 4.9% per share undiluted) on track to reach 2021 guidance
- EPRA NTA of 52.67 EUR per share (+1.4%)

Development business



- EUR 7bn new development pipeline with c. 18k residential units focused on top 8 cities in Germany, thereof c. 9k units as “build-to-hold” on Deutsche Wohnen’s balance sheet
- EUR 400-500m expected investment volume in 2021

ESG



- Latest sustainability report published in April 2021
- Clearly defined path to become climate neutral by 2040
- Deutsche Wohnen’s social engagement goes far beyond legal requirements (e. g. implementation of EUR 30m Corona relief fund, no rental increases during Corona pandemic, adherence to our “promise to tenants“)
- ESG anchored in remuneration system for management board

Capital structure



- LTV at 38% pro-forma for recently executed disposal of c. 12.7m treasury shares to Vonovia at EUR 52 per share
- Average tenure of 7.1 years at average interest cost of 1.2% p.a.

Key Terms of Relunched Offer

Financial Terms

- Increased all-cash offer for 100% of the share capital of Deutsche Wohnen
- Deutsche Wohnen shareholders will receive EUR 53.00 per share
- 24.8% premium to undisturbed Deutsche Wohnen 3M VWAP of EUR 42.48 as of May 21, 2021
- 17.8% premium to undisturbed Deutsche Wohnen closing price of EUR 44.99 as of May 21, 2021
- Tender offer to Deutsche Wohnen shareholders will include customary closing conditions, including a 50% acceptance threshold (including Vonovia stake which counts against the threshold) and a market MAC

Other Terms

- Binding commitment to not implement a DPLTA within 36 months after closing
- 1st settlement after initial acceptance period, and 2nd settlement after additional acceptance period

Recommended Transaction

- Revised business combination agreement in which the key terms regarding Governance, Headquarter & Brand as well as Employees of the business combination agreement signed in May 2021 remain in place
- The Management Board and Supervisory Board of Deutsche Wohnen welcome Vonovia's planned takeover offer and, subject to the review of the final offer document, intend to support it and recommend its acceptance to the shareholders

Expected Transaction Timetable¹

1 August 2021	Announcement of the intention to make voluntary takeover offer
Late August 2021	Publication of offer document and start of the initial acceptance period
Late September 2021	End of the initial acceptance period
Late September 2021	Publication of results of initial acceptance period
Late September 2021	Start of the additional acceptance period
Early October 2021	First settlement
Early October 2021	End of the additional acceptance period
Mid October 2021	Second settlement

¹ Indicative dates, subject to change.

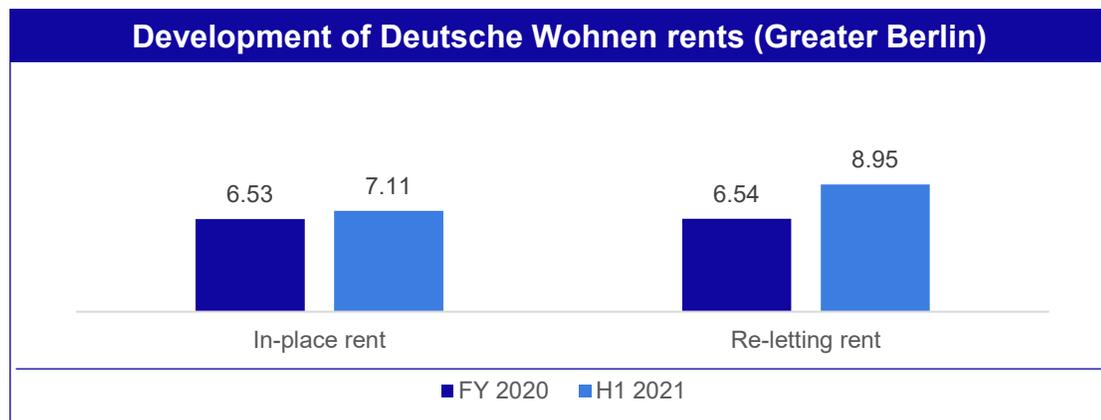


Market and Portfolio



Portfolio focused on Germany's top 8 cities

Strategic cluster	Residential units (#)	% of total (measured by fair value)	In-place rent (EUR/sqm/month)	Fair value (EUR/sqm)	Multiple in-place rent (x)	Multiple re-letting rent (x)	Vacancy (in %)
30/06/2021							
Core+	144,175	96%	7.22	2,820	32.4	29.7	1.6%
Core	10,400	4%	6.23	1,634	22.0	20.3	2.1%
Non-core	177	0.0%	6.07	1,125	15.6	17.2	2.8%
Total	154,752	100%	7.15	2,734	31.8	28.0	1.6%
Thereof Greater Berlin	113,620	76%	7.11	2,903	33.7	29.6	1.1%



Portfolio valuation

- EUR 481m value uplift including ~ EUR 100m from disposals
- Based on transactional evidence
- Plausibility check by JLL

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▶ **In-place rent already reflects normalized rent levels after unconstitutionality of Berlin rent freeze law**

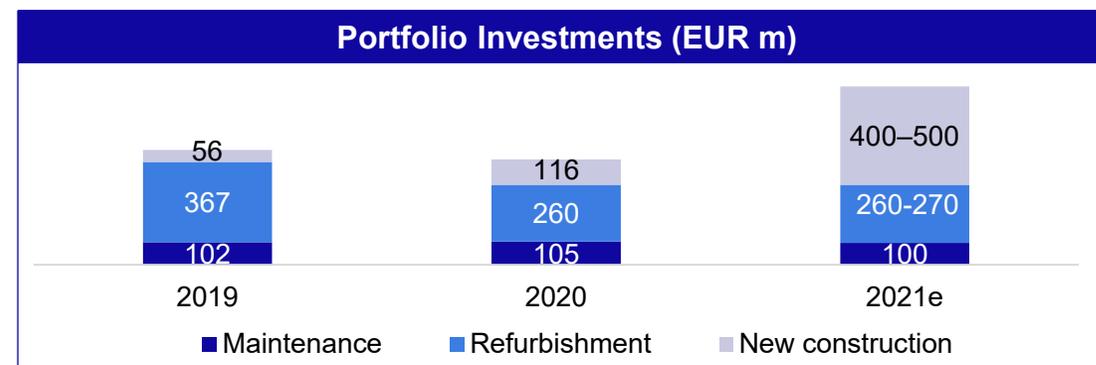
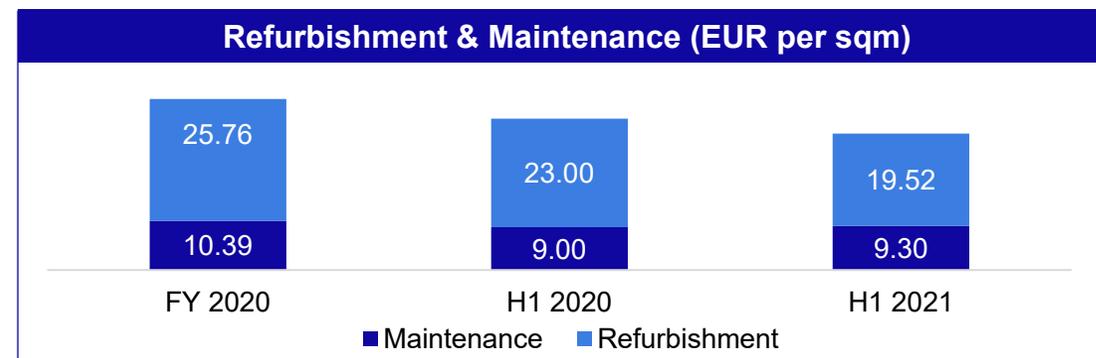
Total like-for-like development 1.2%

Like-for-like 30/06/2021	Residential units (#)	In-place rent 30/06/2021 (EUR/sqm/month)	In-place rent 30/06/2020 (EUR/sqm/month)	Change (y-o-y)	Vacancy 30/06/2021 (in%)	Vacancy 30/06/2020 (in%)	Change (y-o-y)
Core ⁺	142,136	7.21	7.13	1.2%	1.5%	1.6%	(0.1) pp
Core	10,366	6.23	6.15	1.2%	2.1%	2.2%	(0.1) pp
Total	152,679	7.14	7.05	1.2%	1.6%	1.6%	0.0 pp
Thereof Greater Berlin	113,014	7.10	7.02	1.1%	1.1%	1.2%	(0.1) pp

- Like-for-like rental growth at 1.2% for total portfolio, mainly driven by re-letting
- Tenant churn stable at c. 7% in total portfolio and c. 6% in Berlin
- No regular rent increases in response to Corona pandemic implemented

Ongoing investments into the portfolio and new construction

	H1-2021		H1-2020	
	EUR m	EUR/sqm ¹	EUR m	EUR/sqm ¹
Maintenance (expensed through p&l)	45.2	9.30	45.9	9.00
Refurbishment (capitalized on balance sheet)	94.9	19.52	117.3	23.00
Subtotal	140.1	28.82	163.2	32.00
New construction²	184.0		24.8	
Total	324.1		191.7	



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Capitalized investments expected to reach normalized levels after unconstitutionality of Berlin rent freeze law and overall improvement of pandemic situation

1) Annualized figure, based on quarterly average area; 2) Including proportionate purchase prices

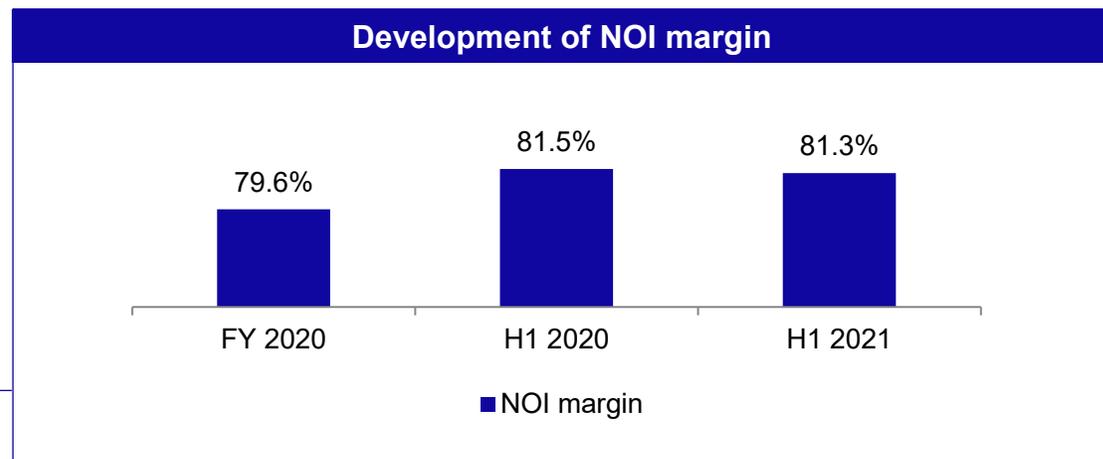


Financials and Outlook

Stable letting business

in EUR m	H1 2021	H1 2020
Income from rents (rental income)	425.8	421.8
Income relating to utility/ancillary costs	202.2	217.7
Income from rental business	628.0	639.5
Expenses relating to utility/ancillary costs	(199.0)	(212.9)
Rental loss	(6.8)	(5.8)
Maintenance	(45.2)	(45.9)
Others	(3.7)	(4.2)
Earnings from Residential Property Management	373.3	370.7
Personnel, general and administrative expenses	(27.2)	(27.1)
Net Operating Income (NOI)	346.1	343.6
NOI margin in%	81.3	81.5
NOI in EUR/sqm/month	5.93	5.61

Including rental claims of EUR 29.5m due to the invalidity of the Berlin rent freeze. Rental loss increase mainly due to rise in impairment losses relating to payment claims in conjunction with the invalidity of the Berlin rent freeze



■ **NOI margin remains stable**

Disposal business continues to perform well

Disposals	Privatization		Institutional sales		Total	
	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020
with closing in						
No. of units	110	157	1,044	362	1,154	519
Proceeds (EUR m)	25.9	32.6	146.8	187.3	172.7	219.9
Book value (EUR m) ¹	19.1	25.1	125.5	182.2	170.3	216.8
Price in EUR per sqm (residential)	3,480	2,848	2,052	1,462	2,187	1,897
Earnings (EUR m) ¹	5.3	4.4	19.9	1.5	25.2	5.9
Gross margin	35.6%	29.9%	17.0%	2.8%	19.4%	6.1%
Cash flow impact (EUR m)	24.0	28.7	132.9	182.5	156.9	211.2

- Average privatization price in Berlin continues to increase, in H1 average reached EUR 3,887 per sqm
- Gross margin of 34% including disposals signed, but not yet closed (~ 3.500 units for almost EUR 500m in total)

Note: Table only considers disposals that had transfer of titles in Q1 2021; 1) Earnings from Disposals are reported before disposal induced valuation gains

Nursing business proves resilient

Operations (in EUR m)	H1-2021	H1-2020
Total income	124.2	116.1
Total expenses	(114.5)	(106.9)
EBITDA operations	9.7	9.2
EBITDA margin	7.8%	7.9%
Lease expenses	14.4	13.2
EBITDAR	24.1	22.4
EBITDAR margin	19.4%	19.3%
Assets (in EUR m)	H1-2021	H1-2020
Lease income	31.7	34.8
Total expenses	(1.7)	(1.5)
EBITDA assets	30.0	33.3
Operations & Assets (in EUR m)	H1-2021	H1-2020
Total EBITDA	39.7	42.5

in EUR m	H1-2021	H1-2020
Nursing & Assisted Living	102.9	104.4
Other	21.3	11.7

The increase in other income includes compensation of EUR 9.6m from nursing care funds to cover loss of income and additional expenses as a result of the COVID-19 pandemic

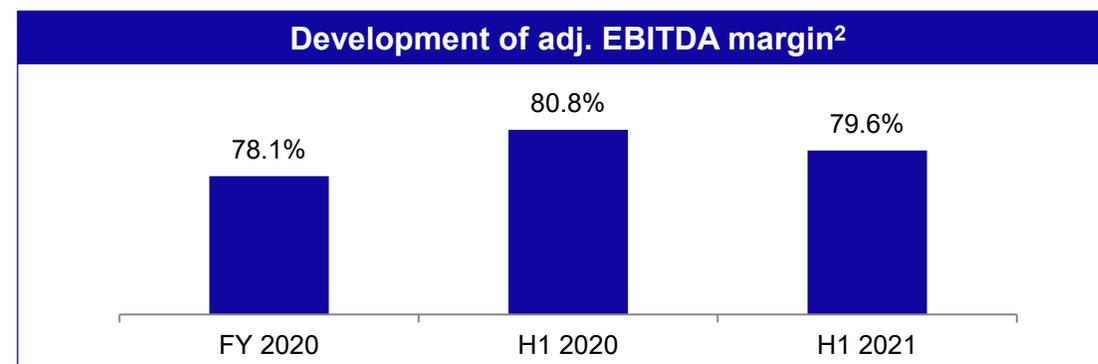
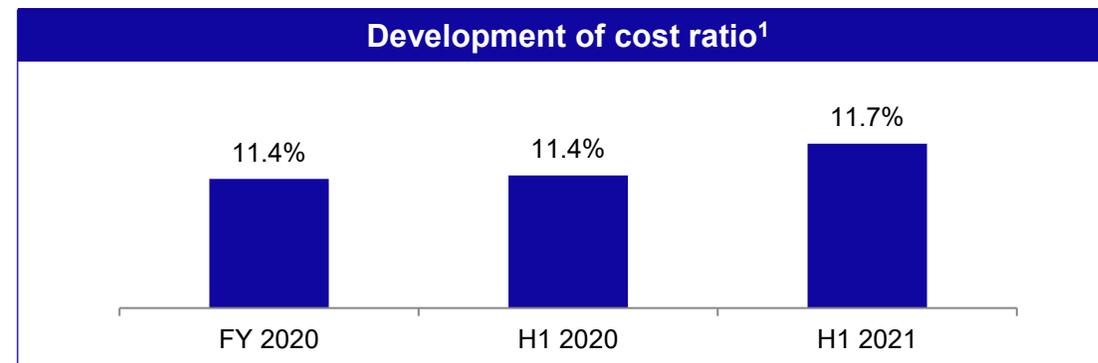
in EUR m	H1-2021	H1-2020
Staff	(75.1)	(71.3)
Rent/lease (inter-company)	(14.4)	(13.2)
Other	(25.0)	(22.4)

Decrease in EBITDA due to clean up disposal of 13 nursing facilities in 2020

- Despite disposal of 13 nursing facilities in 2020 Nursing & Assisted living is expected to contribute around EUR 70m to group EBITDA in 2021 translating into RoCE of ~6%

Adjusted EBITDA stable yoy

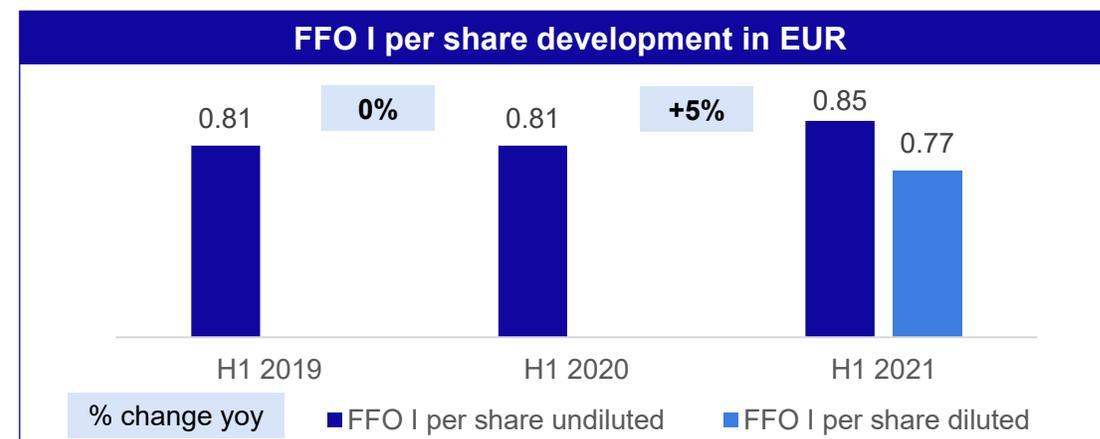
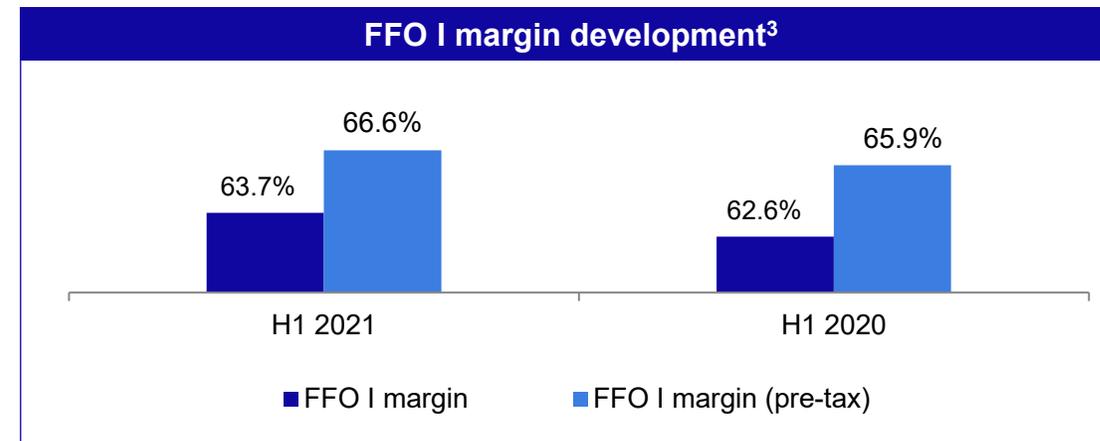
in EUR m	H1-2021	H1-2020
Earnings from Residential Property Management	373.3	370.7
Earnings from Disposals	(0.5)	(3.6)
Earnings from Nursing and Assisted Living	39.7	42.5
Corporate expenses	(55.4)	(53.6)
Other operating expenses/income	(7.8)	(21.8)
EBITDA	349.3	334.2
One-offs	12.4	29.5
Valuation gains due to disposals	25.7	9.5
Adj. EBITDA (incl. Disposals)	387.4	373.2
Earnings from Disposals	0.5	3.6
Valuation gains due to Disposals	(25.7)	(9.5)
Corporate expenses for Disposals	1.8	1.6
Adj. EBITDA (excl. Disposals)	364.0	368.9



1) Cost ratio defined as corporate expenses divided by gross rental income and lease revenues, whereas corporate expenses are excluding corporate expenses for disposals; 2) Defined as EBITDA (adjusted) excluding disposals divided by rental and lease income

Undiluted FFO I per share up by 5%

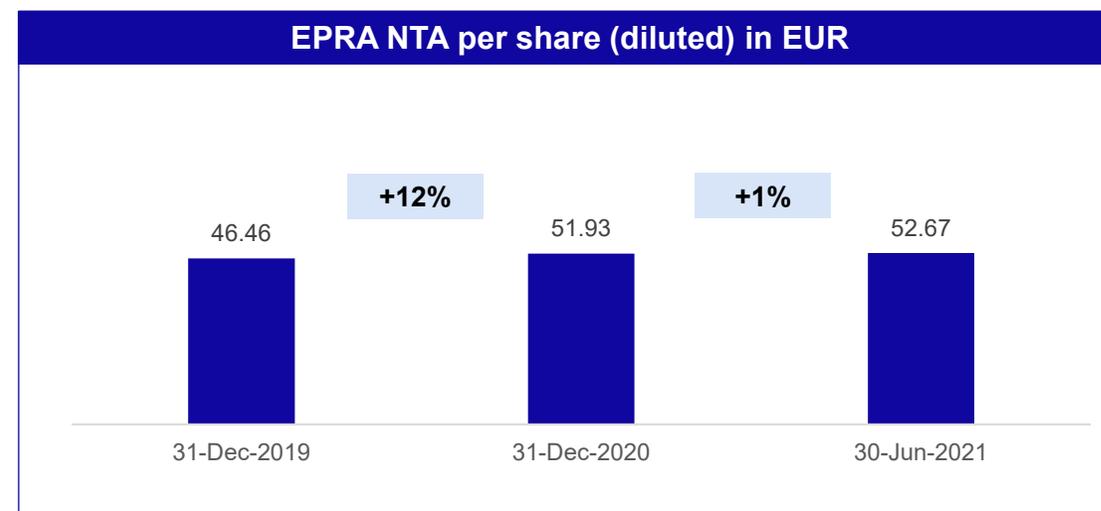
in EUR m	H1-2021	H1-2020
EBITDA (adjusted)	387.4	373.2
Earnings from Disposals (incl. valuation gains)	0.5	3.6
Valuation gains due to disposals	(25.7)	(9.5)
Corporate Expenses for Disposals	1.8	1.6
Long-term remuneration compensation (share based)	(0.2)	(0.2)
Finance lease broadband cable network	1.6	1.5
At equity valuation	0.5	1.1
Interest expense/income (recurring) ¹	(56.3)	(65.7) ¹
Income taxes	(13.5)	(15.1)
Minorities	(4.7)	(4.8)
FFO I	291.4	285.7¹
Earnings from Disposals (incl. valuation gains)	(0.5)	(3.6)
Corporate expenses for Disposals	(1.8)	(1.6)
At equity valuation	(7.3)	0.0
Income taxes related to Disposals	(7.4)	(4.0)
Valuation gains due to Disposals	25.7	9.5
FFO II	300.1	286.0¹
Weighted avg. number of shares outstanding ² in m	343.78	351.50
FFO I per share in EUR undiluted	0.85	0.81¹
FFO II per share in EUR	0.87	0.81¹



1) Prior year figures changed according to IAS 23 policy change 2) Excluding own shares; 3) FFO I margin defined as FFO I divided by rental and lease income

EPRA NTA at EUR 52.67 per share in H1 2021

in EUR m	30-Jun-2021 EPRA NTA	31-Dec-2020 EPRA NTA
Equity (before non-controlling interests)	13,292.2	13,400.2 ¹⁾
Dilution from Convertible Bonds	2,012.8	0.0
Diluted NAV	15,305.0	13,400.2¹⁾
Revaluation of trading properties	38.9	43.9
Diluted NAV at Fair Value	15,343.9	13,444.1¹⁾
Deferred taxes (net)	4,850.7	4,711.8
Fair values of derivative financial instruments	34.5	54.7
Goodwill as per the IFRS balance sheet	(319.6)	(319.7)
Intangibles as per the IFRS balance sheet	(35.6)	(38.0)
NAV	19,873.9	17,852.9¹⁾
Fully diluted number of shares	377.32	343.77
NAV per share in EUR (diluted)	52.67	51.93¹⁾



Strong share price performance (+20%) in H1 led to a negative valuation effect of the convertible bonds of EUR 282.7m and has partly neutralized EPRA NTA growth.

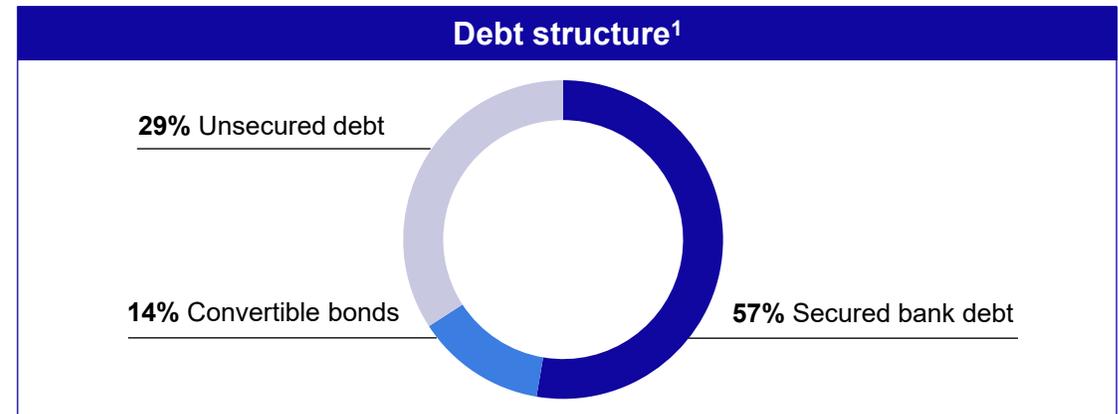
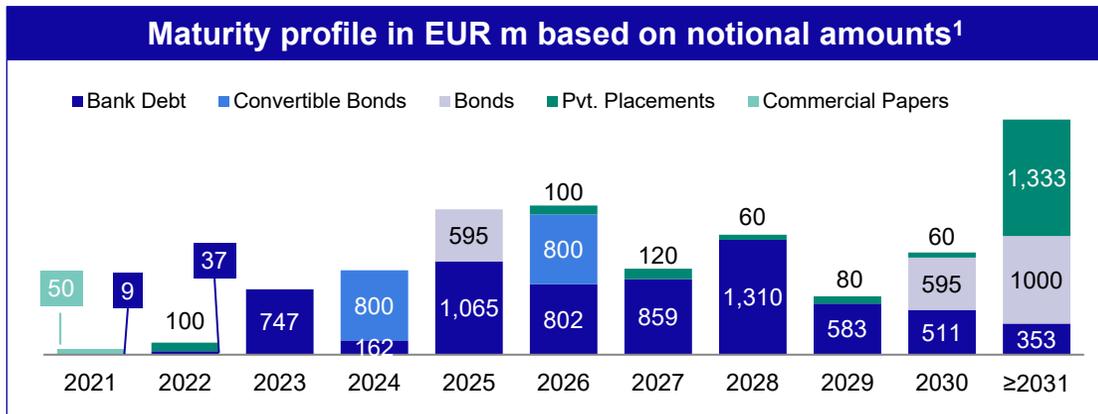
- Deutsche Wohnen makes no use of the option to add back any purchaser's cost
- NTA adjusted for dividend payout and valuation effect from convertible bonds: EUR 54.36 (+5%)

1) Prior year figures changed

Diversified and robust capital structure

Rating	<ul style="list-style-type: none"> S&P: A- S&P (negative outlook)/ Moody's: A3 (negative outlook)
Ø maturity	<ul style="list-style-type: none"> ~ 7.1 years
% secured bank debt	<ul style="list-style-type: none"> 53%
% unsecured debt	<ul style="list-style-type: none"> 47%
Ø interest cost	<ul style="list-style-type: none"> ~ 1.2% (~ 91% hedged)
LTV target range	<ul style="list-style-type: none"> 35–40%

- LTV at 40.2%
 - LTV at 38.0% pro-forma for recently executed disposal of c. 12.7m treasury shares to Vonovia at EUR 52 per share
- Successful issuance of EUR 1bn green bonds underlying the ESG strategy
 - Average maturity of 15Y
 - Average interest rate of 0.9% p.a.
- ICR (adjusted EBITDA excl. disposals/net cash interest) ~5.8x



¹ As of 30 June 2021

Guidance 2021 reiterated

Guidance 2021

FFO I (EUR m)	<ul style="list-style-type: none"> Stable at 2020 level (2020: EUR 544m)
Adj. EBITDA (ex disposals)	<ul style="list-style-type: none"> Stable at 2020 level (2020: EUR 704.8m)
EBITDA Nursing & Assisted Living	<ul style="list-style-type: none"> EUR 70m (accounting for disposal of 13 nursing facilities in 2020)
LTV	<ul style="list-style-type: none"> 35–40% LTV target range
Disposals	<ul style="list-style-type: none"> Disposals of at least EUR 300m with additional disposals on an opportunistic basis envisaged Double digit gross margin expected
Investments into the portfolio	<ul style="list-style-type: none"> EUR 360-370m in the existing portfolio (thereof c. EUR 100m maintenance) EUR 400–500m new construction
Suggested dividend	<ul style="list-style-type: none"> Constant pay-out ratio of 65% of FFO I (on stand alone basis)



- Guidance included effects of unconstitutionality of Berlin rent freeze law**

Appendix

Dresden

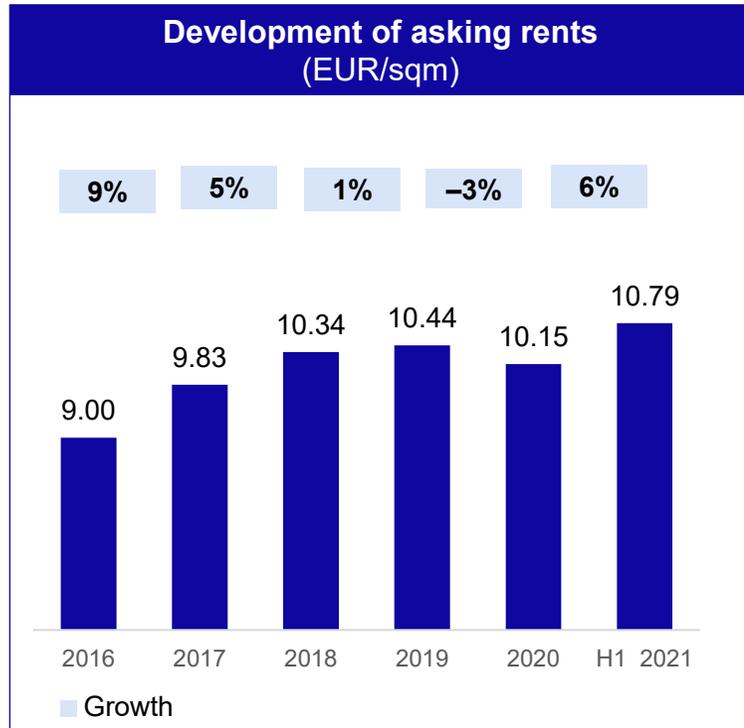
Rähnitzgasse



Portfolio



Update on Berlin residential market



- Slight increase due to court decision against Berlin rent freeze

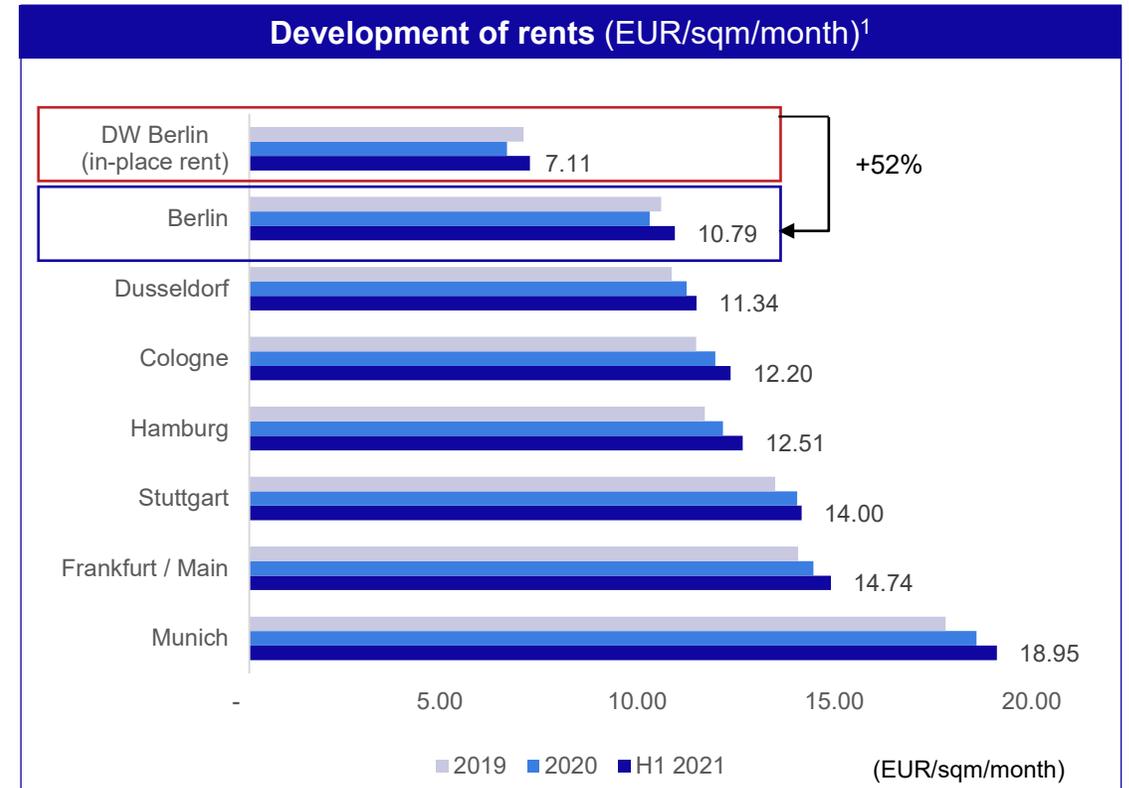
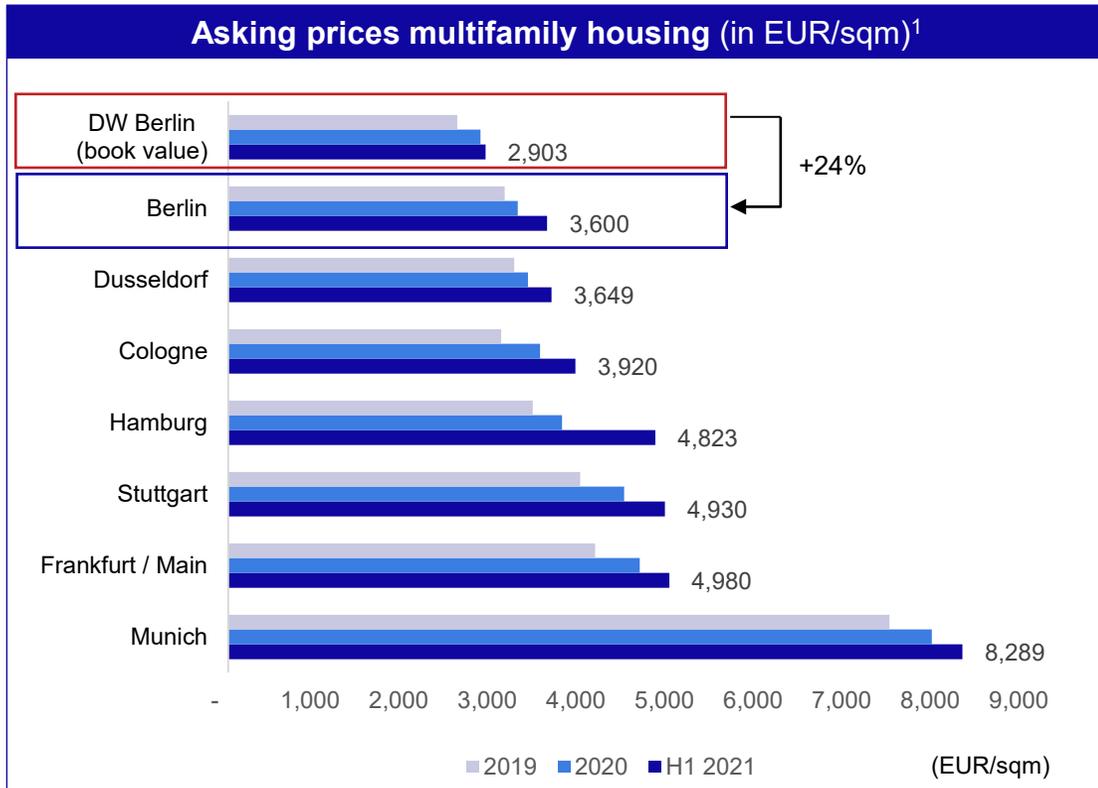


- Price growth for multi family continues



- Strong price growth for condominiums

Current level of rents and prices in top German cities



▪ **Relative to other German cities Berlin continues to screen attractive**

1) Source: CBRE

Like-for-like development by regions

Like-for-like 30/06/2021	Residential units (#)	In-place rent ¹ 30/06/2021 (EUR/sqm)	In-place rent ¹ 30/06/2020 (EUR/sqm)	Change (y-o-y)	Vacancy 30/06/2021 (in %)	Vacancy 30/06/2020 (in %)	Change (y-o-y)
Core⁺	142,136	7.21	7.13	1.2%	1.5%	1.6%	(0.1)pp
Greater Berlin	113,014	7.10	7.02	1.1%	1.1%	1.2%	(0.1)pp
Dresden/Leipzig	9,645	6.43	6.27	2.7%	3.1%	4.5%	(1.4)pp
Frankfurt	9,443	8.98	8.88	1.2%	3.2%	2.2%	1.0pp
Hanover/Brunswick	5,909	6.51	6.41	1.4%	2.4%	2.2%	0.2pp
Cologne/Dusseldorf	2,509	9.31	9.25	0.7%	3.3%	3.9%	(0.6)pp
Other Core ⁺	1,616	9.18	9.11	0.8%	1.3%	1.1%	0.2pp
Core	10,366	6.23	6.15	1.2%	2.1%	2.2%	(0.1)pp
Non-Core	177	6.07	6.01	1.0%	2.8%	2.7%	0.1pp
Total	152,679	7.14	7.05	1.2%	1.6%	1.6%	0.0pp

1) Contractually owed rent from rented apartments divided by rented area

Fair Values across regions

Regions	Residential units (#)	FV 30/06/2021 (EUR m)	FV 30/06/2021 (EUR/sqm)	Multiple in-place rent 30/06/2021	Multiple re-letting rent 30/06/2021	Multiple spread
Core⁺	144,175	25,426	2,820	32.4	29.7	2.7
Greater Berlin	113,620	20,263	2,903	33.7	29.6	4.1
Dresden/Leipzig	10,784	1,843	2,360	30.6	27.0	3.6
Frankfurt	9,449	1,793	3,025	28.6	24.5	4.1
Hanover/Brunswick	5,910	686	1,727	21.6	19.8	1.8
Cologne/Dusseldorf	2,795	569	3,436	31.6	26.9	4.7
Other Core ⁺	1,617	272	2,707	24.8	24.2	0.5
Core	10,400	1,119	1,634	22.0	20.3	1.7
Non-Core	177	12	1,125	15.6	17.2	(1.6)
Total	154,752	26,557	2,734	31.8	28.0	3.8

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

Siemensstadt, Berlin



Hellersdorf, Berlin



Carl-Legien-Siedlung, Berlin



Südwestkorso, Berlin



Oranienkiez, Berlin



Hufeisensiedlung, Berlin



Dresden



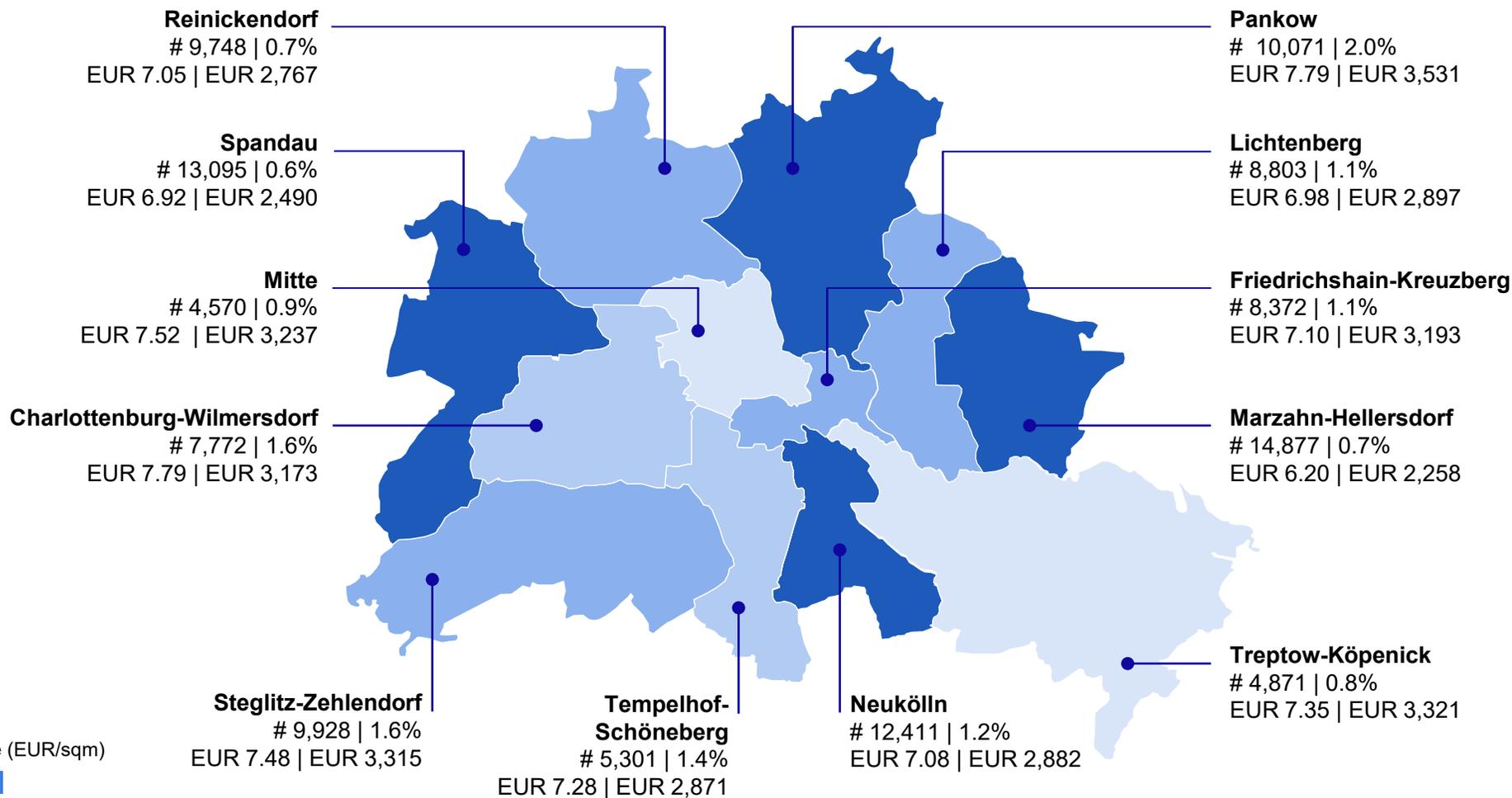
Otto-Suhr-Siedlung, Berlin



The Berlin portfolio at a glance

Berlin
 # 109,819 | 1.1%
 EUR 7.12 | EUR 2,915

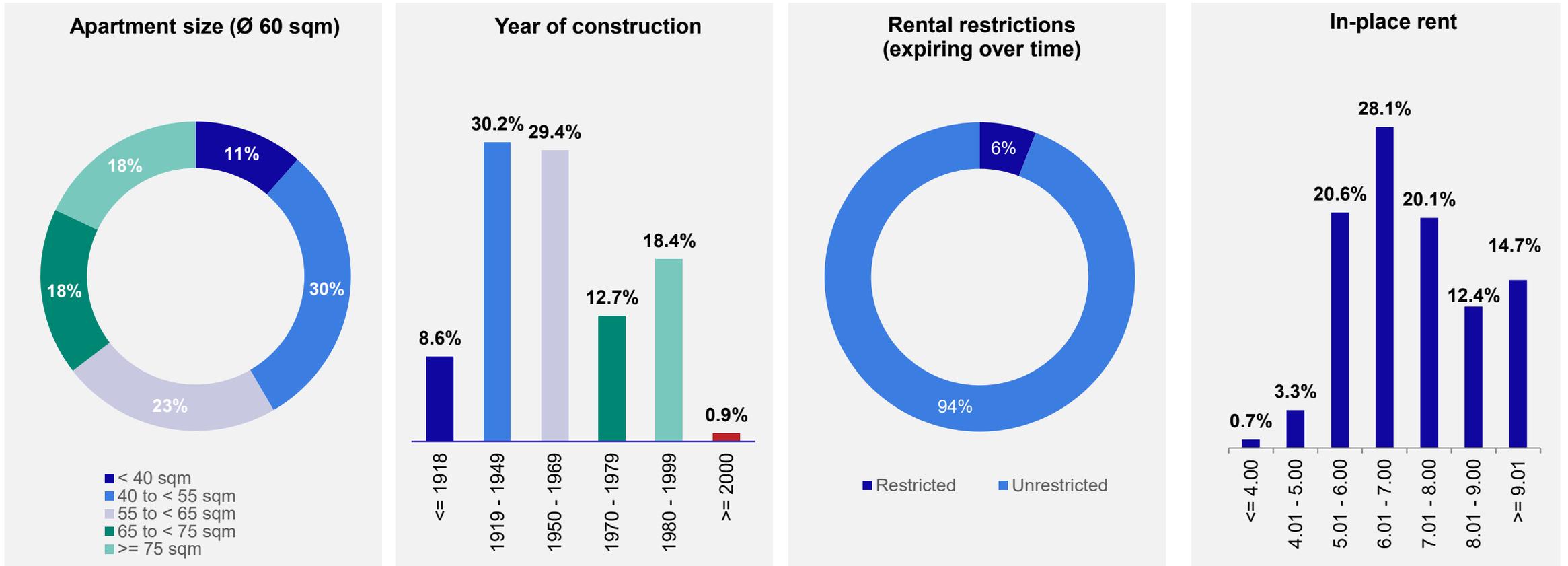
Greater Berlin
 # 113,620 | 1.1%
 EUR 7.11 | EUR 2,899



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

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

Portfolio structure – characteristics meeting strong demand



Financials



Bridge from adjusted EBITDA to profit

in EUR m	H1-2021	H1-2020
EBITDA (adjusted)	387.4	373.2
Depreciation	(19.5)	(19.0)
At equity valuation	(9.0)	1.1
Financial result (net) ²	(63.9)	(89.0)
EBT (adjusted)²	295.0	266.3
Valuation properties ²	480.7	174.2
Valuation gains due to Disposals	(25.7)	(9.5)
One-offs	(11.1)	(30.4)
Valuation SWAP and convertible bonds	(282.7)	(88.1)
EBT	456.2	312.5
Current taxes	(22.7)	(19.1)
Deferred taxes	(177.1)	(76.7)
Profit	256.4	216.7
<i>Profit attributable to the shareholders of the parent company</i>	241.6	212.1
Earnings per share ¹	0.70	0.60

in EUR m	H1-2021	H1-2020
Interest expenses	(73.2)	(69.0)
<i>In % of gross rents</i>	17.2	16.4
Interest expenses capitalized ²	7.2	2.8 ²
Non-cash interest expenses	(8.7)	(24.7)
Interest income	10.8	1.9
Financial result (net)²	(63.9)	(89.0)²

Valuation result stems from closed disposals above recent book values

One-offs in H1 2021 impacted by transaction cost in context of Vonovia takeover offer

1) Based on weighted average shares outstanding excluding own shares (2021: 343.78m ; 2020: 351.50m); 2) Prior year figures changed according to IAS 23 policy change

Summary balance sheet

Assets

in EUR m	30/06/2021	31/12/2020
Investment properties	28,551.4	28,069.5
Other non-current assets	980.2	988.2
Derivatives	1.7	2.3
Deferred tax assets	0.0	0.0
Non current assets	29,533.3	29,060.0
Land and buildings held for sale	465.7	472.2
Trade receivables	77.3	35.9
Other current assets	1,499.9	654.5
Cash and cash equivalents	252.4	583.3
Current assets	2,295.3	1,745.9
Total assets	31,828.6	30,805.9

Equity and Liabilities

in EUR m	30/06/2021	31/12/2020
Total equity	13,743.3	13,841.3
Financial liabilities	6,419.2	6,525.1
Convertibles	2,064.4	1,768.7
Bonds	4,048.6	3,129.6
Tax liabilities	58.1	60.5
Deferred tax liabilities	4,590.0	4,412.0
Derivatives	36.4	57.3
Other liabilities	868.5	1,011.4
Total liabilities	18,085.2	16,964.6
Total equity and liabilities	31,828.6	30,805.9

- Investment properties represent ~90% of total assets

Disclaimer

This presentation contains forward-looking statements including assumptions, opinions and views of Deutsche Wohnen or quoted from third party sources. Various known and unknown risks, uncertainties and other factors could cause actual results, financial positions, the development or the performance of Deutsche Wohnen to differ materially from the estimations expressed or implied herein. Deutsche Wohnen does not guarantee that the assumptions underlying such forward-looking statements are free from errors nor do they accept any responsibility for the future accuracy of the opinions expressed in this presentation or the actual occurrence of the forecasted developments. No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and accordingly, none of Deutsche Wohnen SE or any of its affiliates (including subsidiary undertakings) or any of such person's officers, directors or employees accepts any liability whatsoever arising directly or indirectly from the use of this document. Deutsche Wohnen does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this presentation.



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