

# Deutsche Wohnen SE



9M 2020 results

Conference Call 13 November 2020

# Agenda

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# Highlights 9M 2020

## Resilient operating business despite Covid-19 pandemic

- L-f-I rental growth at 0.9% for letting portfolio (2.4% excl. effects of Berlin rent freeze law)
- Adj. EBITDA margin (excluding disposals) stable at 80%
- FFO I per share at previous years level at EUR 1.21
- EPRA NAV per share at EUR 47.89
- Operational integration of development business on track

## Further initiatives to improve energetic footprint

- Proposal to resolve conflicting goals of climate protection and affordability
  - Modernization charge to tenants shall be subsidized by funds generated by CO<sub>2</sub> emission trading
- Cooperation with GETEC to further enhance energy efficiency
  - 1,000 photovoltaic systems and 2,000 charging poles targeted
  - Savings potential of 14,000 t CO<sub>2</sub> p.a.

## Outlook/ Guidance

- 2020 FFO I guidance confirmed
- Re-valuation result of 6% expected at FY 2020
- LTV pro-forma signed disposals and expected valuation uplift at mid point of targeted 35-40% LTV range

# Initiatives to improve CO<sub>2</sub> footprint

- **Deutsche Wohnen hosted a Climate Conference in October 2020**
  - Engagement with politics, science and stakeholders
  - Combine economic, social and ecologic aspects in the interest of landlords and tenants
  - Socially responsible climate protection is possible for the housing industry
  
- **Proposal to resolve conflicting goals of climate protection and affordability**
  - Majority of tenants are in favor of climate protection but only willing/ able to pay a limited amount
  - Proposal: tenants receive subsidies to cover rental uplifts from energetic refurbishments for a limited time
  - Decreasing subsidy leading to slight rent adjustment over time but tenants benefit immediately from reduced energy costs
  - Funding through the Energy and Climate Fund (CO<sub>2</sub> pricing legislation by the German Federal Government)
  
- **Cooperation with GETEC to further enhance energy efficiency**
  - 1,000 photovoltaic systems and 2,000 charging poles targeted within the Deutsche Wohnen settlements
  - Savings potential of 14,000 t CO<sub>2</sub> p.a.
  - Investment of ca. EUR 75m over the next 10 years

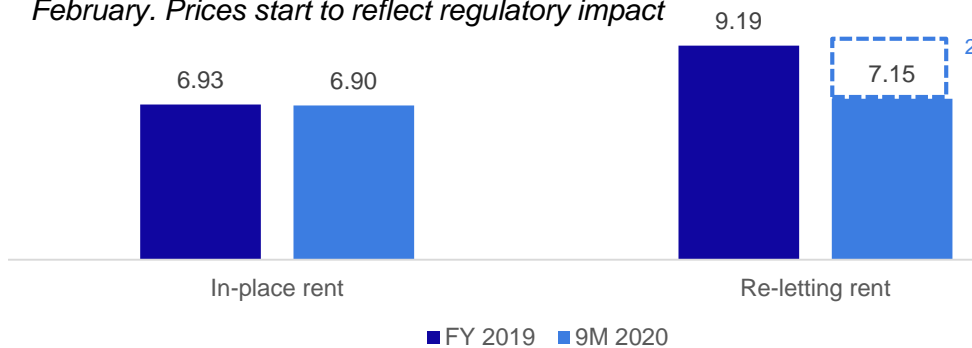


# Portfolio overview

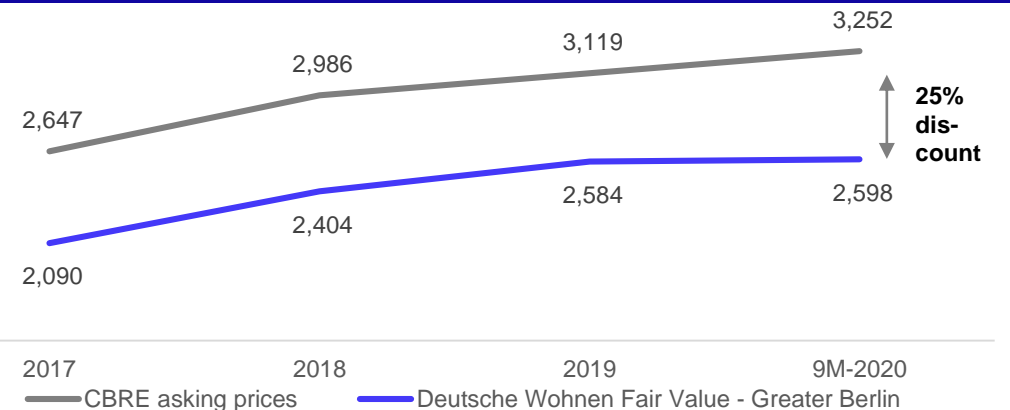
Strategic cluster 30/09/2020	Residential units (#)	% of total (measured by fair value)	In-place rent (EUR/sqm/month)	Fair value (EUR/sqm)	Multiple in-place rent (x)	Multiple re-letting rent <sup>3</sup> (x)	Vacancy (in %)
Core <sup>+</sup>	149,456	94.5%	7.00	2,519	29.9	23.2	1.6%
Core	13,106	5.5%	6.11	1,549	21.3	18.0	2.9%
Non-core	144	<0.1%	5.20	640	10.9	8.5	5.8%
<b>Total</b>	<b>162,706</b>	<b>100%</b>	<b>6.93</b>	<b>2,434</b>	<b>29.2</b>	<b>22.8</b>	<b>1.7%</b>
<i>Thereof Greater Berlin</i>	115,861	74.3%	6.90	2,598	31.2	23.8	1.3%

## Development of Deutsche Wohnen rents (Greater Berlin)

Berlin rent freeze law became effective end of February. Prices start to reflect regulatory impact



## Price per sqm development Berlin<sup>1</sup> (EUR)



<sup>1</sup> Based on CBRE asking prices for multi-family homes vs Deutsche Wohnen Fair Values for Greater Berlin

<sup>2</sup> Rental gap between Berlin rent freeze and German Civil Code (BGB)

<sup>3</sup> Calculation of multiple re-letting rent excluding Berlin rent freeze law

# Berlin residential market update

## Development in rental offers and asking rents in Berlin

### # of rental offers

-36%

42,056

26,853

■ 9M 2019 ■ 9M 2020

### Asking rents in EUR/sqm

-3%

10.49

10.19

■ 9M 2019 ■ 9M 2020

- Significant drop of rental offers by ~36% as a result of rent freeze law
- Average asking rents remain broadly stable

## Development of transaction market for multifamily and condo

### Multifamily asking price in EUR/sqm

+5%

3,105

3,252

■ 9M 2019 ■ 9M 2020

### Condo asking price in EUR/sqm

+7%

4,582

4,916

■ 9M 2019 ■ 9M 2020

- Multifamily prices are stable due to uncertainty from rent freeze law
- Condo prices significantly up by 7%

- Value catch up of around 6% at year end expected, mainly driven by Berlin

- In Q2 2021 decision of the federal constitutional court regarding rent freeze law expected, providing positive stimulus in case law is deemed unconstitutional

# Total like-for-like development at 0.9% y-o-y

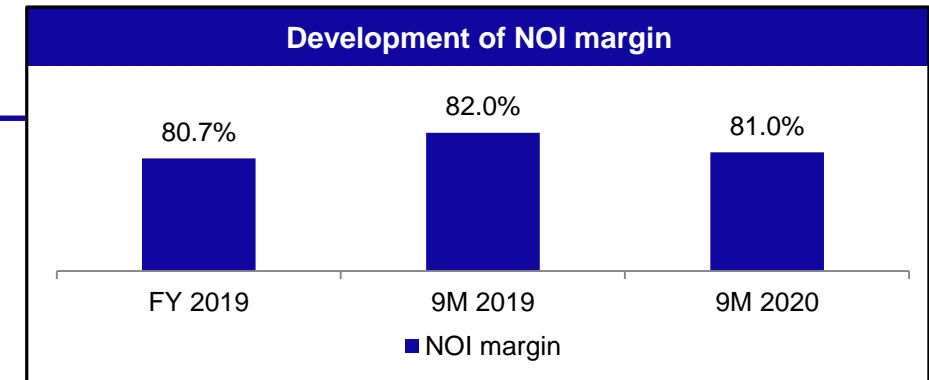
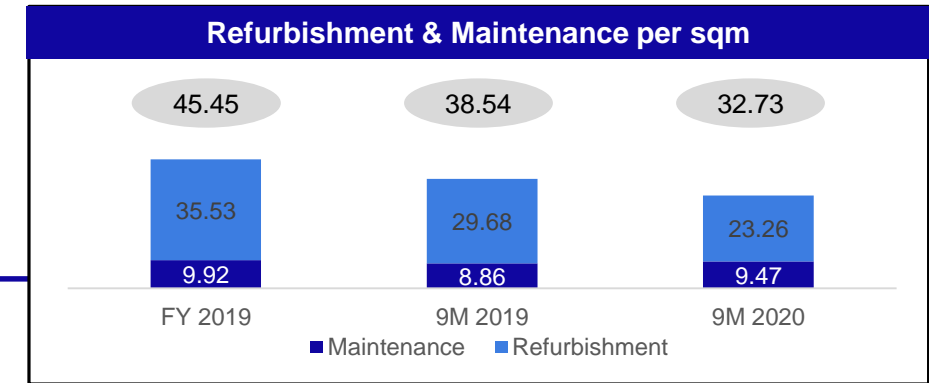
Like-for-like 30/09/2020	Residential units (#)	In-place rent 30/09/2020 (EUR/sqm/month)	In-place rent 30/09/2019 (EUR/sqm/month)	Change (y-o-y)	Vacancy 30/09/2020 (in %)	Vacancy 30/09/2019 (in %)	Change (y-o-y)
Letting portfolio <sup>1</sup>	148,030	6.92	6.86	0.9%	1.7%	2.0%	-0.3 pp
Core <sup>+</sup>	135,675	7.00	6.94	0.8%	1.6%	2.0%	-0.4 pp
Core	12,355	6.10	6.00	1.7%	2.9%	2.9%	0.0 pp
<b>Total</b>	<b>158,665</b>	<b>6.92</b>	<b>6.86</b>	<b>0.9%</b>	<b>1.7%</b>	<b>2.0%</b>	<b>-0.3 pp</b>
<b>Thereof Greater Berlin</b>	107,630	6.90	6.87	0.5%	1.3%	1.8%	<b>-0.5 pp</b>

- Tenant churn per end of June at ~7% in Germany and ~6% in Berlin
- Like-for-like rental growth excluding rent freeze impact would have been 2.4% (total) and 2.6% (Berlin)
- We confirm our like for like guidance on a P&L basis of 1% for the full year 2020

<sup>1</sup> Excluding non-core and disposal stock

# Stable letting business

in EUR m	9M-2020	9M-2019
Income from rents (rental income)	634.5	622.5
Income relating to utility/ancillary costs	295.0	286.1
<b>Income from rental business</b>	<b>929.5</b>	<b>908.6</b>
Expenses relating to utility/ancillary costs	(288.0)	(279.5)
Rental loss	(8.5)	(5.8)
Maintenance	(72.6)	(69.0)
Others	(6.5)	(4.7)
<b>Earnings from Residential Property Management</b>	<b>553.9</b>	<b>549.6</b>
Personnel, general and administrative expenses	(40.2)	(39.4)
<b>Net Operating Income (NOI)</b>	<b>513.7</b>	<b>510.2</b>
NOI margin in %	81.0	82.0
NOI in EUR / sqm / month	5.59	5.46



- Rental income increased by 2% with NOI margin (adjusted for maintenance) at previous year's level



# Disposal business delivering double digit gross margins

Disposals	Privatization		Institutional sales		Total	
	9M-2020	9M-2019	9M-2020	9M-2019	9M-2020	9M-2019
with closing in						
<b>No. of units</b>	182	250	1,403	479	1,585	729
<b>Proceeds (EUR m)</b>	38.1	72.9	348.2	49.4	386.3	122.3
<b>Book value (EUR m)<sup>1</sup></b>	29.2	43.9	303.3	45.6	332.5	89.5
<b>Price in EUR per sqm (residential)</b>	2,893	3,425 <sup>2</sup>	1,818	1,820	n/a	n/a
<b>Earnings (EUR m)<sup>1</sup></b>	5.0	22.4 <sup>2</sup>	40.3	2.4	45.3	24.8
<b>Gross margin</b>	31%	66%	15%	8%	16%	37%
<b>Cash flow impact (EUR m)</b>	33.2	64.0	326.0	46.5	359.2	110.5

- Average privatization price in Berlin at c. EUR 3,200 per sqm ytd

- Around 7,400 signed disposals with gross margins of more than 30%. Majority of these with transfer of titles in Q4 2020

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

<sup>1</sup> Earnings from Disposals are reported before disposal induced valuation gains.

<sup>2</sup> 2019 privatization prices elevated due to a mixed use (commercial/ residential) disposal in Berlin at a price of c. EUR 7,100 per sqm (1,300% gross margin).

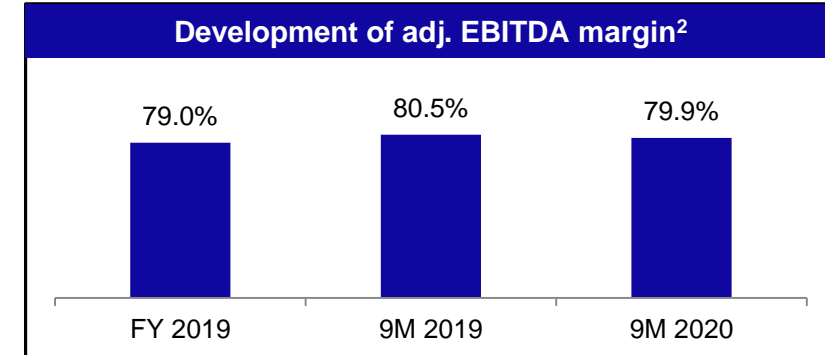
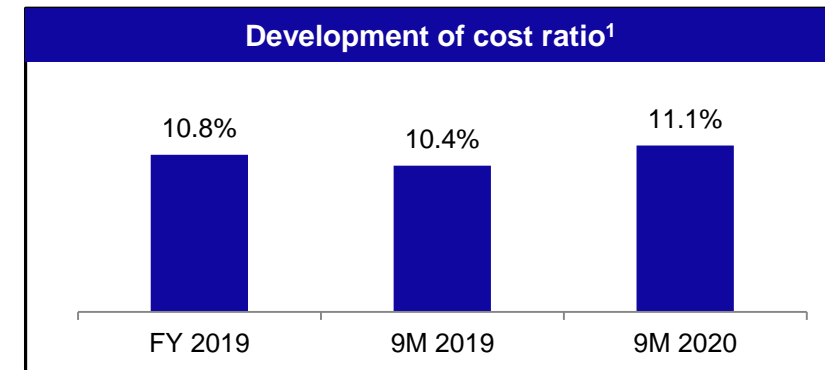
# EBITDA contribution from Nursing business

Operations (in EUR m)	9M-2020	9M-2019		in EUR m	9M-2020	9M-2019
Total income	177.0	168.8		Nursing & Assisted Living	156.9	155.2
Total expenses	(162.6)	(154.3)			Other	20.1
<b>EBITDA operations</b>	<b>14.4</b>	<b>14.5</b>		Staff	(110.1)	(103.9)
EBITDA margin	8.1%	8.6%			Rent/lease (inter-company)	(19.7)
Lease expenses	19.7	19.9		Other	(32.8)	(30.4)
<b>EBITDAR</b>	<b>34.1</b>	<b>34.4</b>			Slight margin decline mainly due to capex related vacancy in Hamburg facilities	
EBITDAR margin	19.3%	20.4%		Decrease in EBITDA due to disposals of nursing facilities as transfer of titles mainly took place end of May		
<b>Assets (in EUR m)</b>	<b>9M-2020</b>	<b>9M-2019</b>				
Lease income	49.8	54.0				
Total expenses	(2.2)	(3.1)				
<b>EBITDA assets</b>	<b>47.6</b>	<b>50.9</b>				
<b>Operations &amp; Assets (in EUR m)</b>	<b>9M-2020</b>	<b>9M-2019</b>				
<b>Total EBITDA</b>	<b>62.0</b>	<b>65.4</b>				

- Nursing is expected to contribute around EUR 75m to group EBITDA in 2020 translating into RoCE of ~6%

# Adjusted EBITDA margin stable at ~80%

in EUR m	9M-2020	9M-2019
Earnings from Residential Property Management	553.9	549.6
Earnings from Disposals	(1.6)	24.8
Earnings from Nursing and Assisted Living	62.0	65.4
<b>Segment contribution</b>	<b>614.3</b>	<b>639.8</b>
Corporate expenses	(78.4)	(72.5)
Other operating expenses/income	(27.9)	(6.7)
<b>EBITDA</b>	<b>508.0</b>	<b>560.6</b>
One-offs	34.9	6.4
<b>Adj. EBITDA (incl. Disposals)</b>	<b>542.9</b>	<b>567.0</b>
Earnings from Disposals	1.6	(24.8)
Corporate expenses for Disposals	2.4	2.4
<b>Adj. EBITDA (excl. Disposals)</b>	<b>546.9</b>	<b>544.6</b>



- One-offs are predominantly driven by EUR 20m real estate transfer tax related to ISARIA acquisition

<sup>1</sup> Cost ratio defined as corporate expenses divided by gross rental income and lease revenues, whereas corporate expenses are excluding corporate expenses for disposals

<sup>2</sup> Defined as adj. EBITDA excluding disposals divided by rental and lease income

# FFO I per share at EUR 1.21

in EUR m	9M-2020	9M-2019
<b>EBITDA (adjusted)</b>	<b>542.9</b>	<b>567.0</b>
Earnings from Disposals	1.6	(24.8)
Corporate Expenses for Disposals	2.4	2.4
Long-term remuneration compensation (share based)	(0.2)	0.0
Finance lease broadband cable network	2.3	2.1
At equity valuation	2.1	1.7
Interest expense/income (recurring) <sup>1</sup>	(98.4)	(93.1)
Income taxes <sup>2</sup>	(23.1)	(22.4)
Minorities	(7.2)	(5.2)
<b>FFO I</b>	<b>422.4</b>	<b>427.7</b>
Earnings from Disposals	(1.6)	24.8
Corporate expenses for Disposals	(2.4)	(2.4)
Income taxes related to Disposals <sup>2</sup>	(14.4)	(7.1)
Sales related valuation of properties	46.9	0.0
<b>FFO II</b>	<b>450.9</b>	<b>443.0</b>
Weighted avg. number of shares outstanding <sup>3</sup> in m	349.22	357.77
<b>FFO I per share in EUR</b>	<b>1.21</b>	<b>1.20</b>
<b>FFO II per share in EUR</b>	<b>1.29</b>	<b>1.24</b>

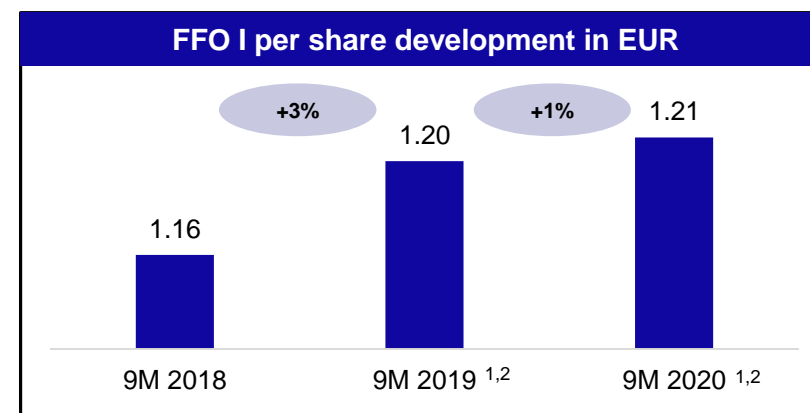
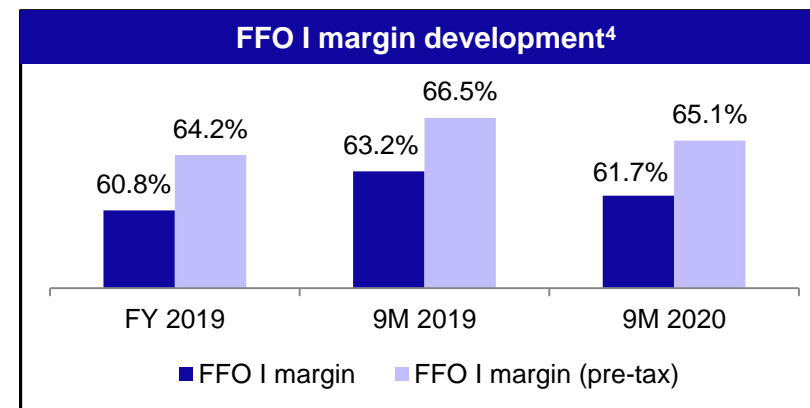
- FFO I per share at previous year's level

1 Prior year figures changed according to IAS 23 policy change

3 Excluding own shares

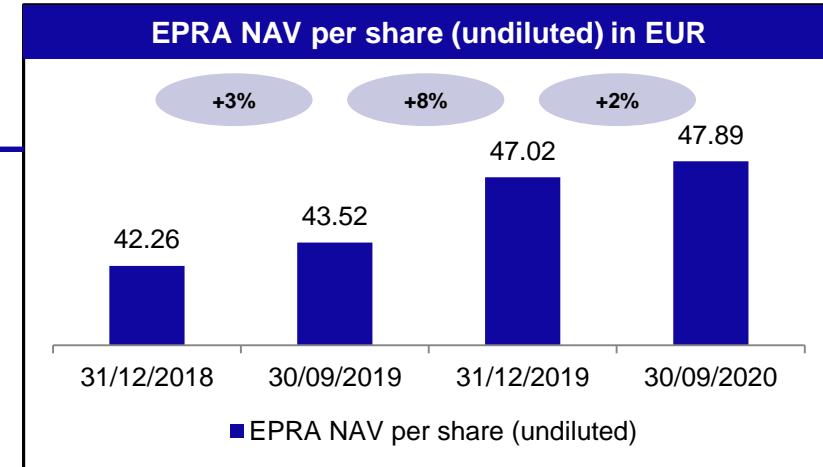
2 Change in calculation: Income taxes related to Disposals are no longer included in FFO I. Prior year figures were changed accordingly

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



# EPRA NAV per share at EUR 47.89

in EUR m	30/09/2020	31/12/2019
Equity (before non-controlling interests)	12,197.0	12,700.4
Fair values of derivative financial instruments	58.3	50.8
Deferred taxes (net)	4,208.4	4,040.1
<b>EPRA NAV (undiluted)</b>	<b>16,463.7</b>	<b>16,791.3</b>
<i>Shares outstanding in m (excluding own shares)</i>	343.8	357.1
<b>EPRA NAV per share in EUR (undiluted)</b>	<b>47.89</b>	<b>47.02</b>
Effects of exercise of convertibles	0.0	0.0 <sup>1</sup>
<b>EPRA NAV (diluted)</b>	<b>16,463.7</b>	<b>16,791.3</b>
<i>Shares diluted in m (excluding own shares)</i>	343.8	357.1
<b>EPRA NAV per share in EUR (diluted)</b>	<b>47.89</b>	<b>47.02</b>



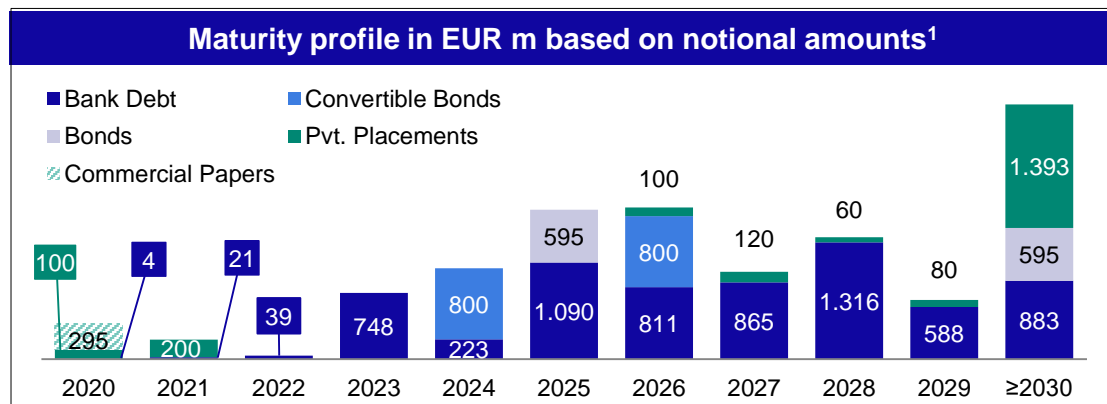
▪ EPRA NAV per share increased by c. 2% ytd to EUR 47.89

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

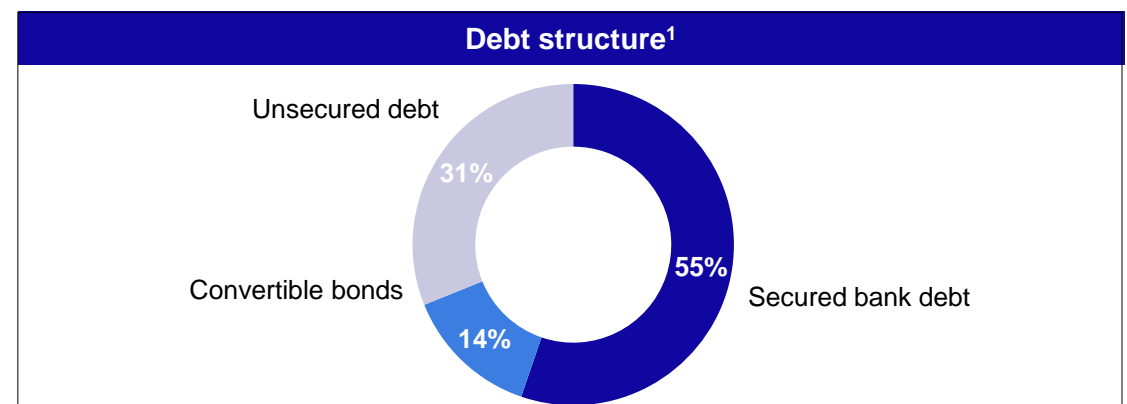
# Conservative long-term capital structure

Rating	A- (negative outlook) / A3 (negative outlook)
Ø maturity	~ 6.9 years
% secured bank debt	55%
% unsecured debt	45%
Ø interest cost	~ 1.2% (~ 90% hedged)
LTV target range	35-40%

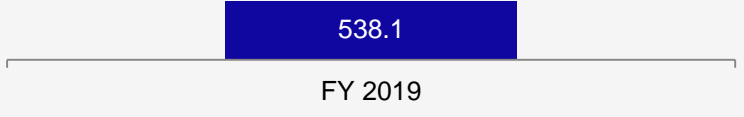
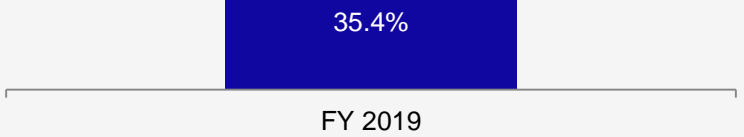
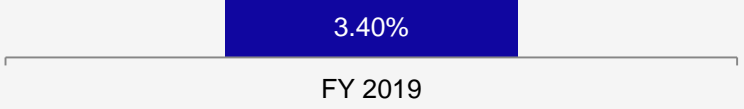
- The share buyback was terminated in Sept 2020. The programme has been utilized to c. 79.5%. A total volume of approx. EUR 597m was purchased corresponding to 16.07m shares.
- Short-term debt in the amount of EUR 395m will mature in Nov 2020 and will be repaid with sales proceeds from disposals.
- LTV is ~ 40.8%; pro-forma for signed disposals at 39.3%
- ICR (adjusted EBITDA excl. disposals / net cash interest) ~5.4x



<sup>1</sup> As of 30 September 2020



# Outlook 2020

	FY-2019 reported	FY 2020 Guidance / comments
<b>FFO I<sup>1</sup></b> (EUR m)	 <p>538.1 FY 2019</p>	<ul style="list-style-type: none"> <li>FFO I flat</li> </ul>
<b>LTV</b>	 <p>35.4% FY 2019</p>	<ul style="list-style-type: none"> <li>Around mid-point of 35-40% target range</li> </ul>
<b>Like-for-like rental growth</b>	 <p>3.40% FY 2019</p>	<ul style="list-style-type: none"> <li>c. 1% l-f-l rental growth on a cash flow basis</li> </ul>
<b>Valuation</b>	<ul style="list-style-type: none"> <li>Valuation uplift in 2019 amounted to EUR 1.4bn</li> </ul>	<ul style="list-style-type: none"> <li>Expected valuation uplift of c. 6%</li> </ul>
<b>Dividend</b>	<ul style="list-style-type: none"> <li>For 2019 we paid a dividend per share of EUR 0.90, resulting in a pay-out of c. 60% of FFO I</li> <li>Reduction of payout ratio from originally 65% to 60% to finance EUR 30 m relief fund for tenants affected by the corona crisis</li> </ul>	<ul style="list-style-type: none"> <li>65% pay-out ratio of FFO I for dividend payable in 2021</li> </ul>

<sup>1</sup> FFO I guidance does not include recent acquisitions (ISARIA)

# Appendix

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# Portfolio and Development Strategy

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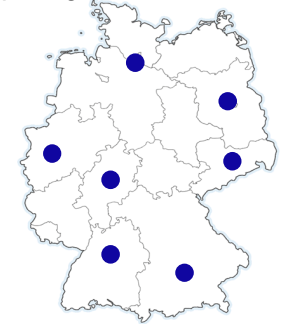


# Deutsche Wohnen – key strategic elements



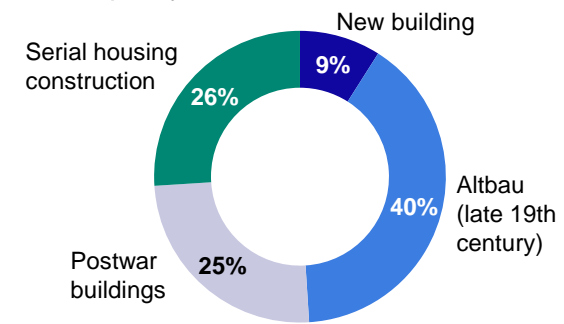
## Location

- Focus on metropolitan areas
- Targeted investments in high quality development projects
- Benefitting from supply/ demand imbalance
- Best long-term outlook for capital growth



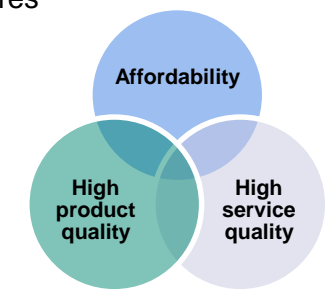
## Product<sup>1</sup>

- Focus on high quality products in terms of technical aspects
- Late 19th century Altbau buildings, postwar buildings and new buildings contribute to the improvement of portfolio quality



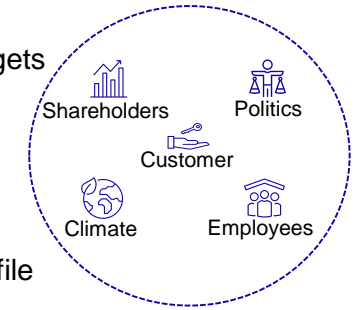
## Customer satisfaction

- Combination of high service quality, high quality products and affordability
- Sustainable investments
- Providing add-on services
- Covering the entire value chain though selected Joint Ventures



## Investment

- Value creation by combining different stakeholder targets
- Solution to ongoing and future challenges:
  - Energetic refurbishment
  - Providing new housing
  - Continuous maintenance
  - Social compatibility
- Attractive returns while maintaining moderate risk profile

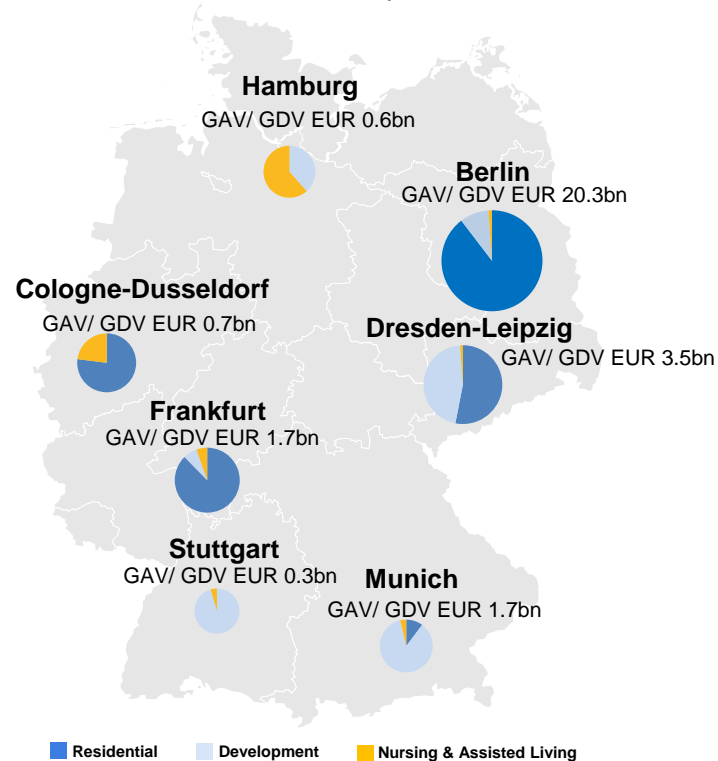


<sup>1</sup> Definition of product clusters: New buildings: 80's, 90's buildings and recent constructions, serial housing: skyscrapers, complex settlements and pre-fabricated buildings, postwar buildings: 50's and 60's buildings, Altbau: Wilhelminian/Gründerzeithäuser, pre-war buildings  
 deutsche-wohnen.com

# Deutsche Wohnen – focus on metropolitan regions and quality product

## Unique market presence in dynamic regions

Geographic distribution of DW portfolio and development pipeline based on latest Fair Values / Gross Development Values<sup>1</sup>:

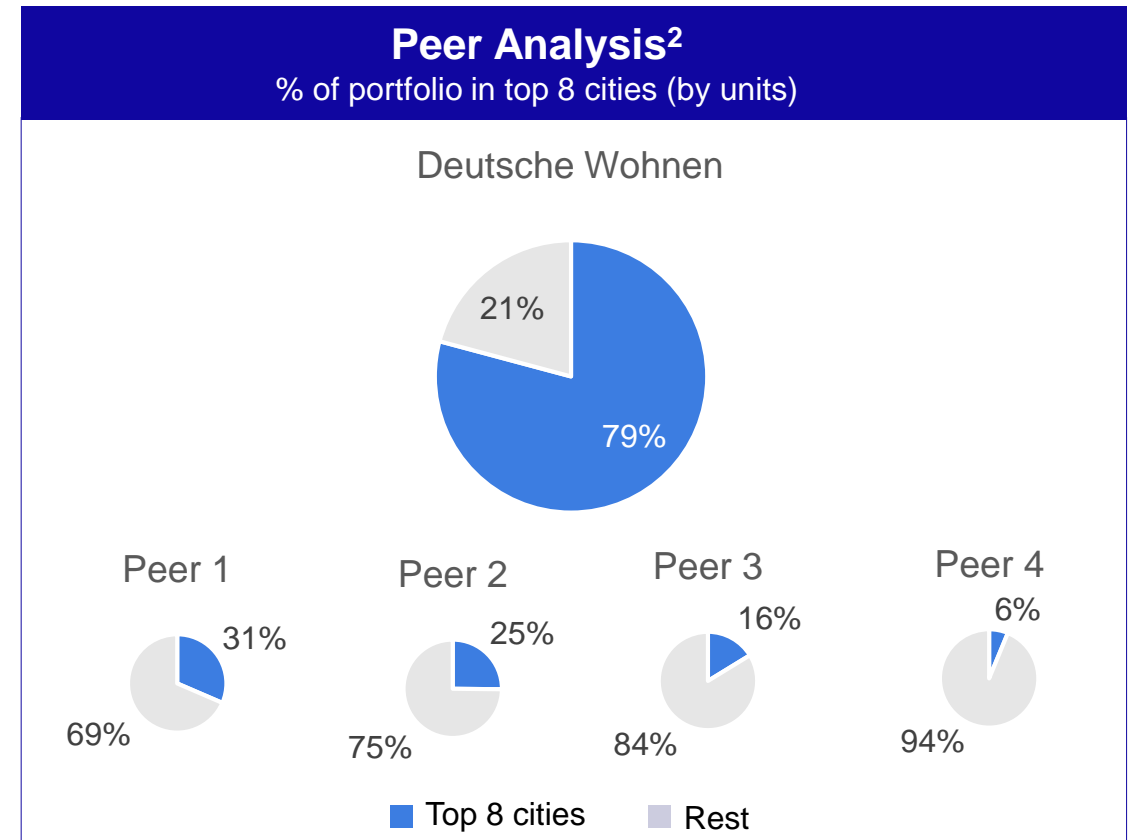
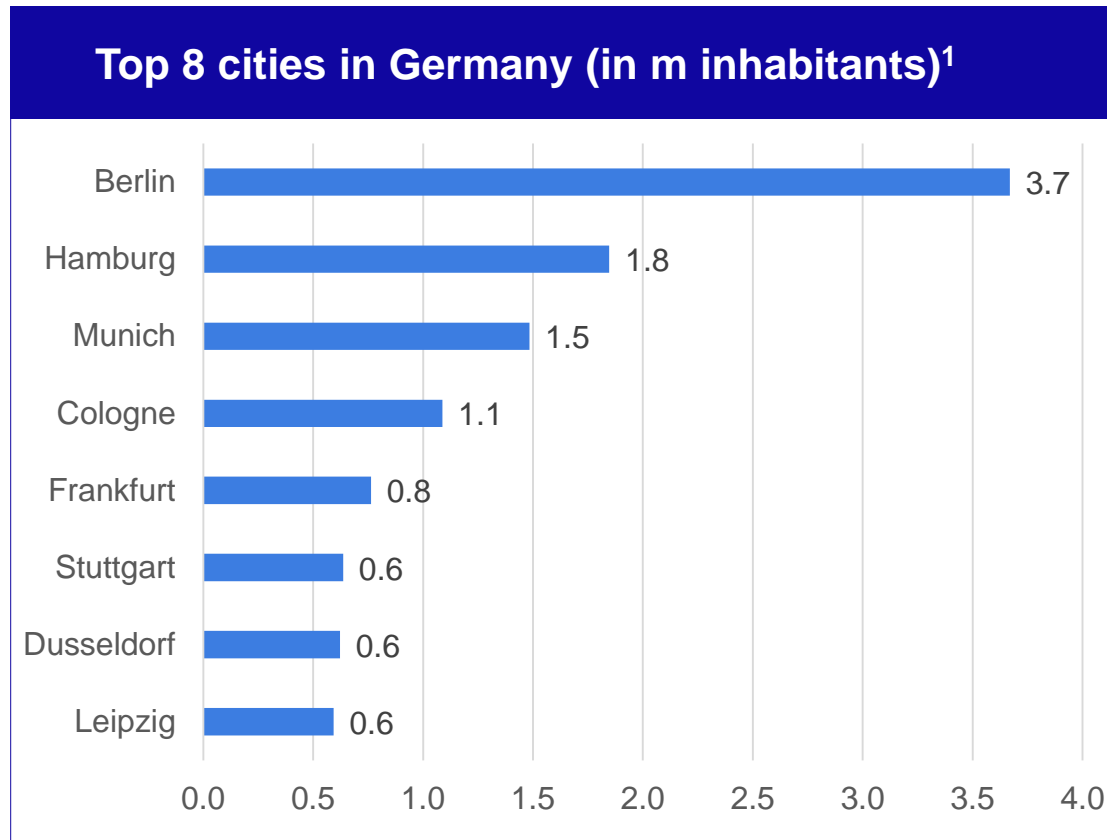


## Highlights

- Almost 80% of our portfolio is located in the top 8 cities (by population) of Germany
- Almost 90% of our portfolio is located in cities with more than 500k inhabitants
- Excluding all disposals already signed, c. 20,000 residential units are classified as non-strategic, as neither quality nor location meet our defined requirements
- Focus on high quality products in terms of technical aspects
- Late 19th century Altbau buildings, postwar buildings and new buildings contribute to the improvement of portfolio quality
- 25% of our portfolio is listed memorial, ~5% UNESCO world heritage

<sup>1</sup> Including total GDV of 40% minority stake in QBIAG

# Deutsche Wohnen, the only residential company with majority of assets in top 8 cities

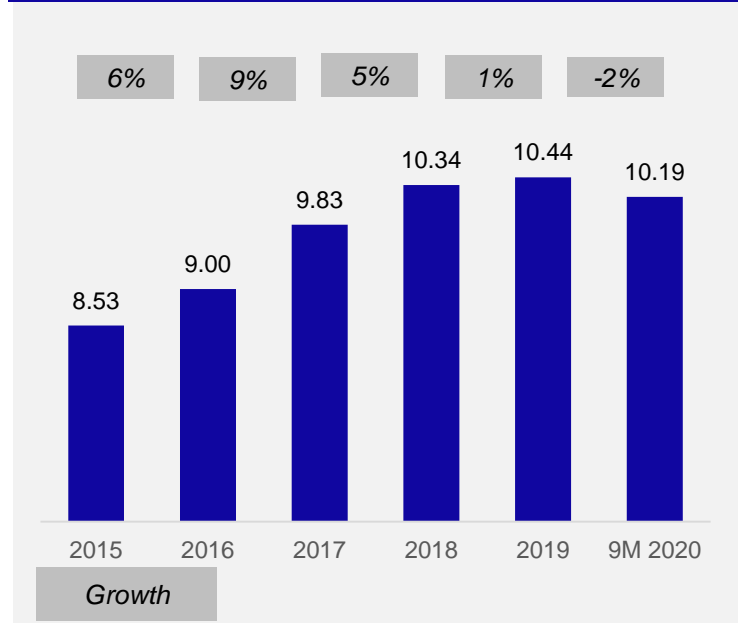


▪ Deutsche Wohnen portfolio is “best in class”, characterized by a high value upside potential driven by the attractive macro fundamentals of Germany’s top cities

<sup>1</sup> Source: Federal Statistical Office Germany  
<sup>2</sup> Peers include top four stock exchange listed peers by market capitalization; Deutsche Wohnen pro-forma LEG portfolio disposal for Deutsche Wohnen  
 deutsche-wohnen.com

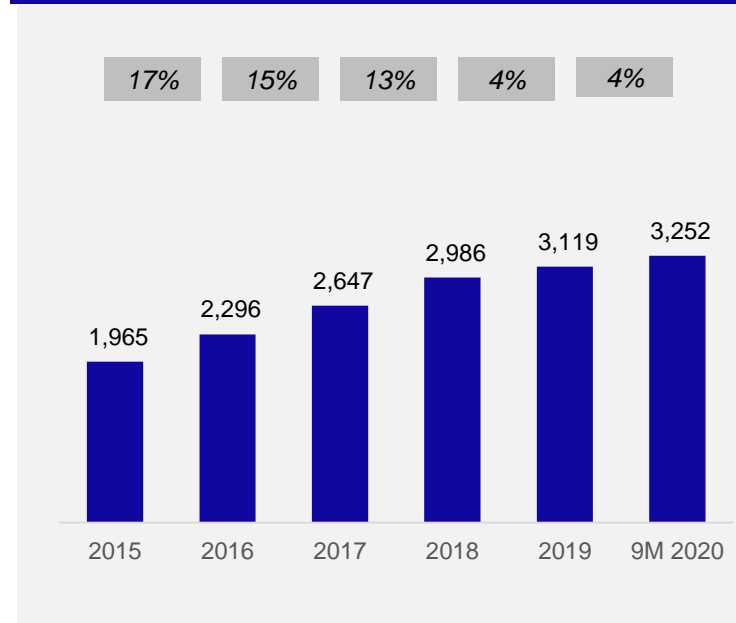
# Update on Berlin residential market

## Development of asking rents (EUR / sqm)



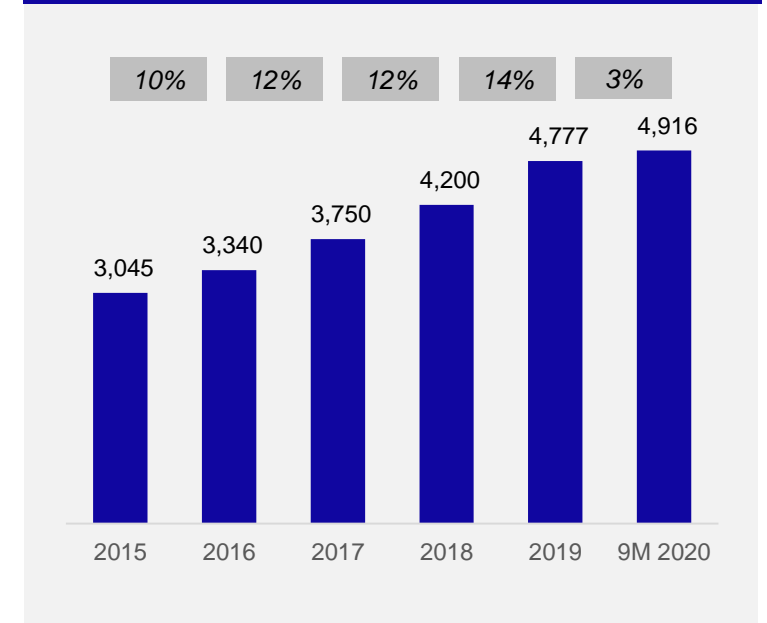
**Slight decline due to Berlin rent freeze**

## Development of asking prices for multi-family-homes (EUR / sqm)



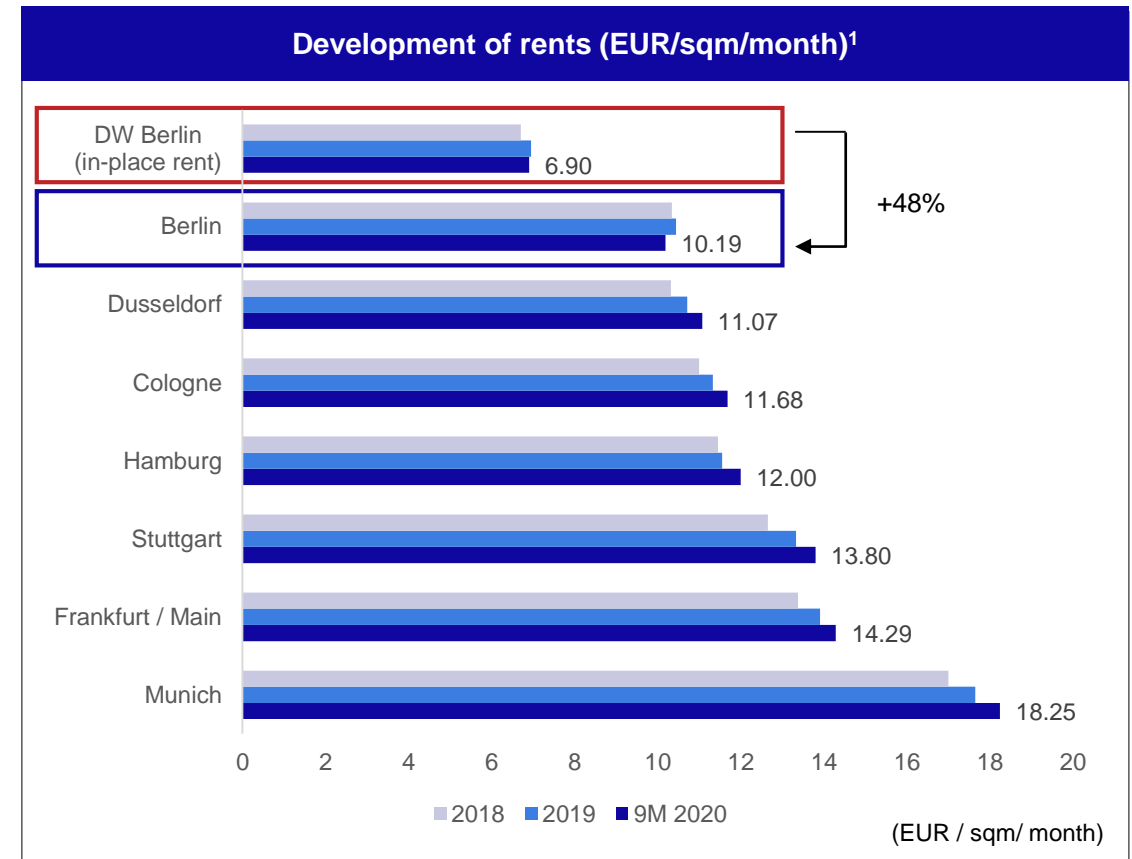
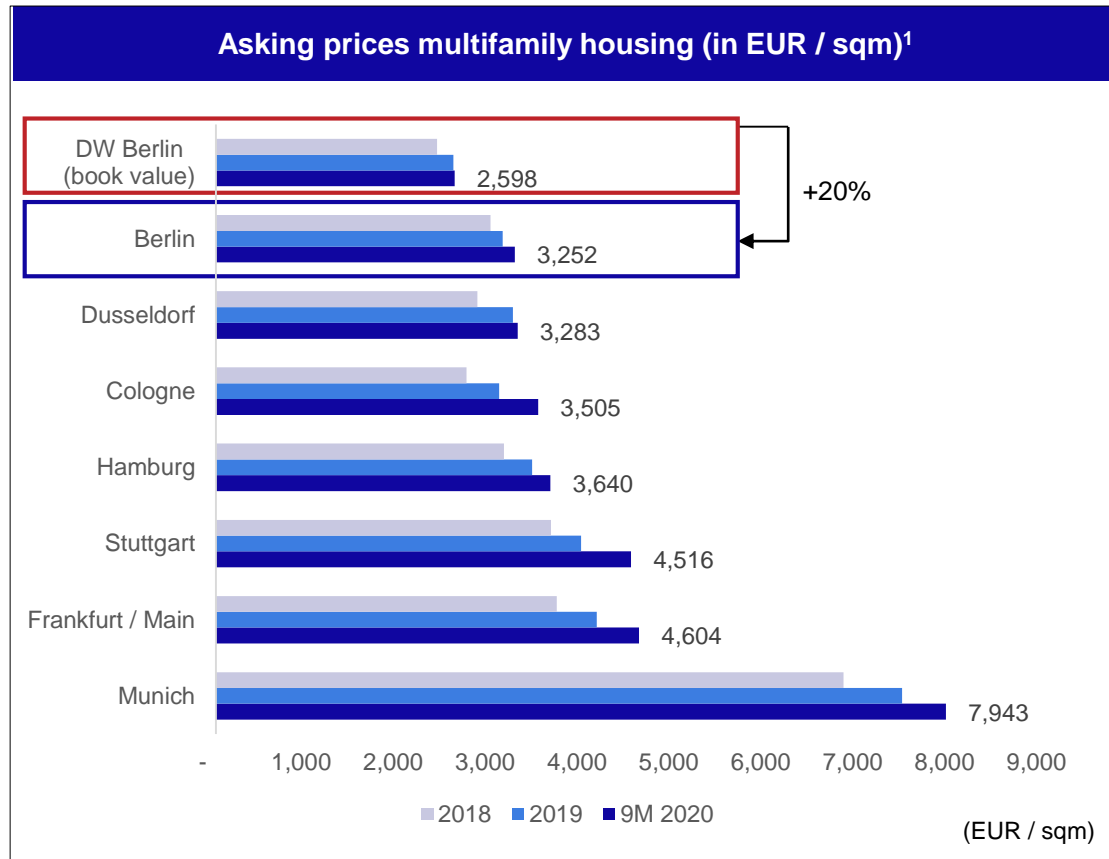
**Price growth for multi family homes and condominiums continues at lower pace**

## Development of asking prices for condominiums (EUR / sqm)



Source: CBRE

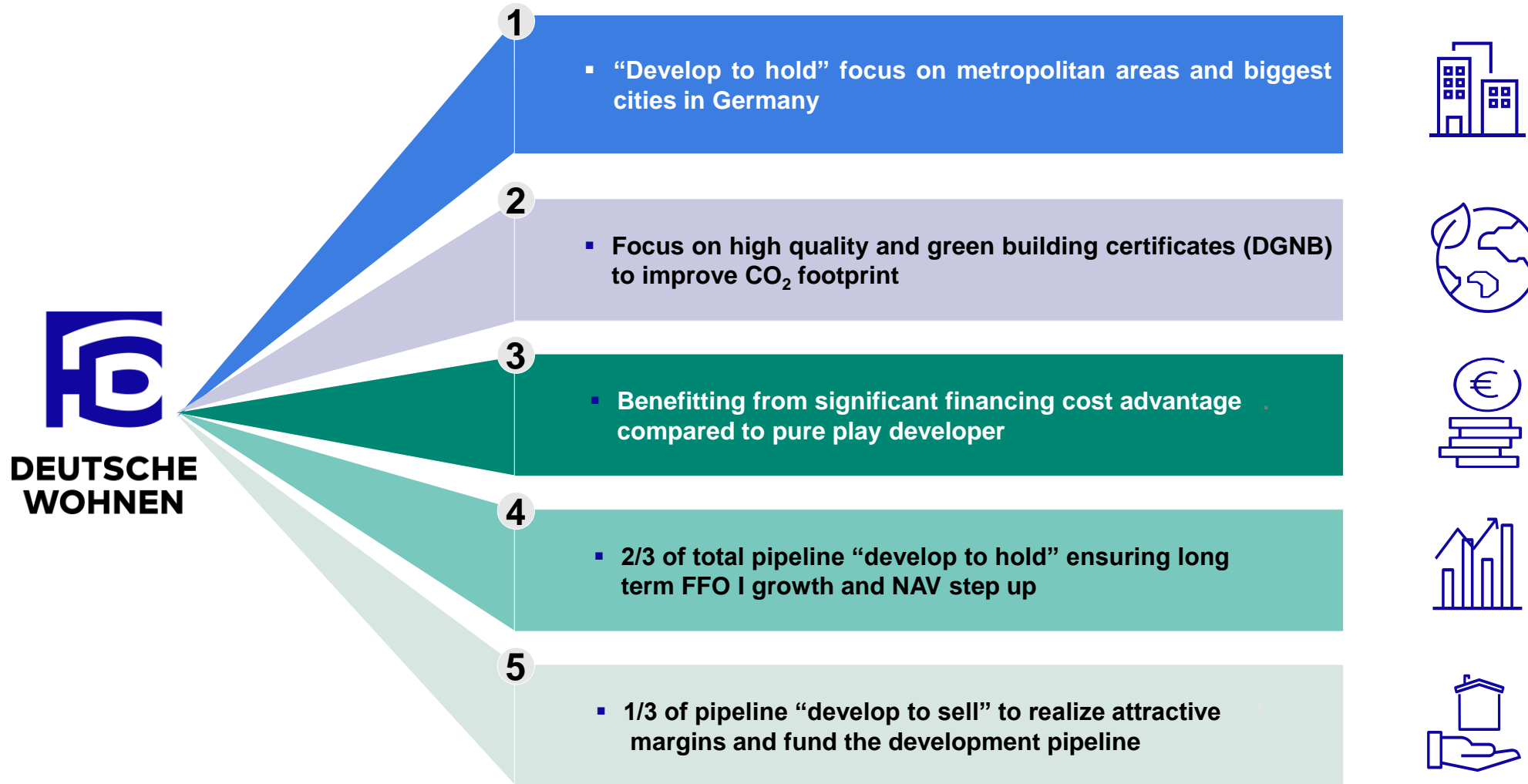
# Current level of rents and prices in TOP German cities



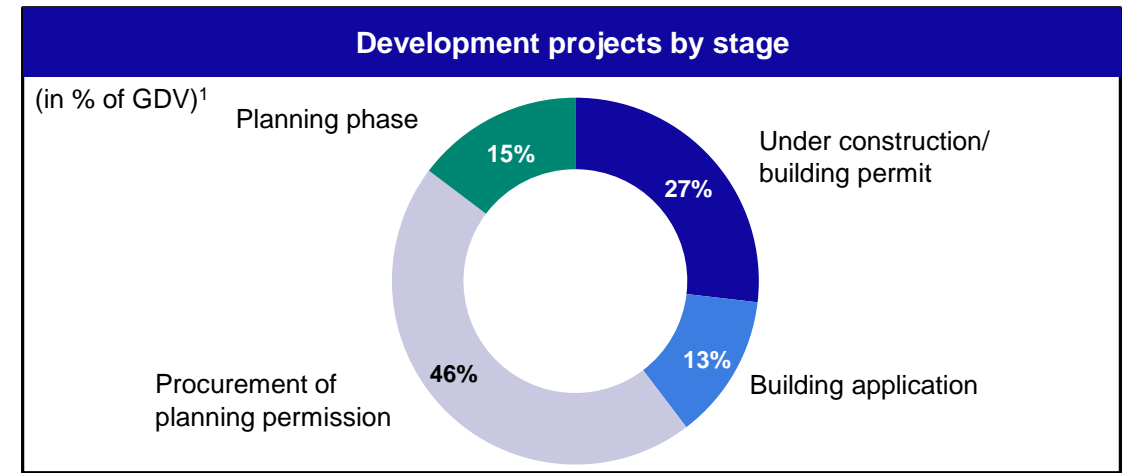
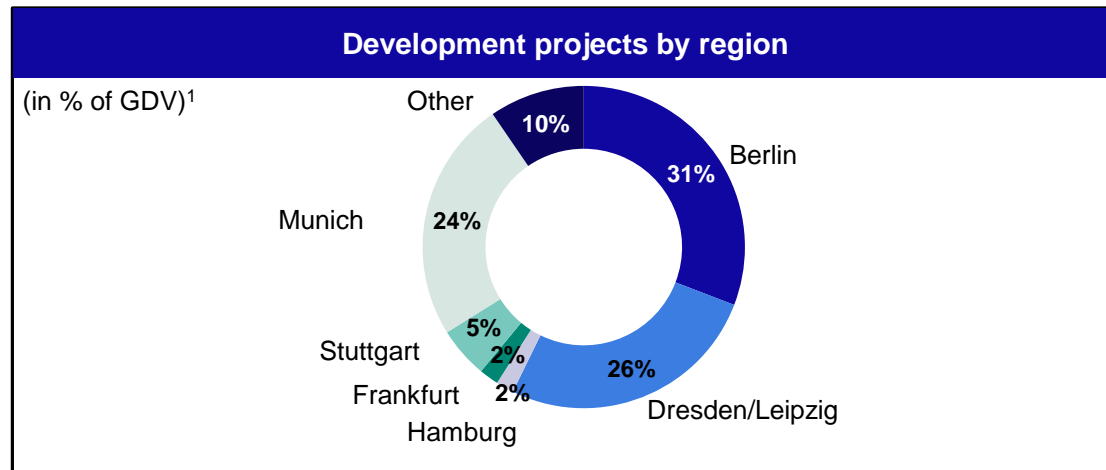
▪ **Relative to other German cities Berlin continues to screen relatively attractive**

<sup>1</sup> Source: CBRE

# Deutsche Wohnen – Creating new supply



# Expansion of total development pipeline to EUR >5bn, focussed on dynamic hot spot regions



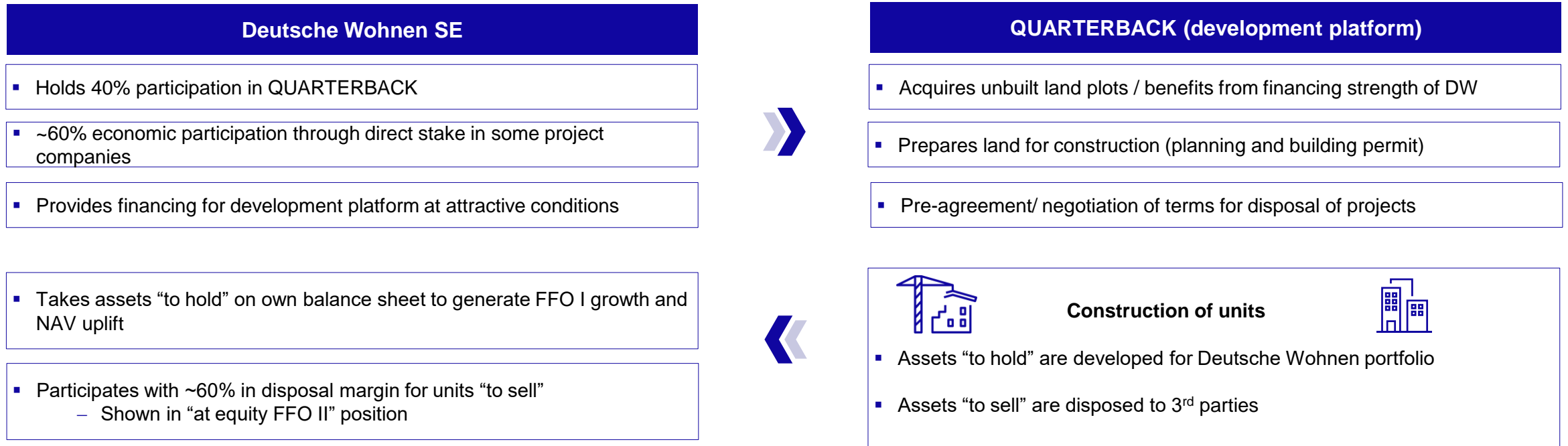
- Approximately 2/3 of projects “develop to hold” with expected average yield on cost of 3.3%<sup>2</sup>
- Approximately 1/3 of projects “develop to sell” with expected development margin of > 20%<sup>2</sup>
- Use of area: 80% residential, 20% commercial

- App. 40% in advanced development process
- Completion of total pipeline with outstanding investments of around EUR 3.2 bn<sup>1</sup> by 2030 expected
- Expected to add ~9k residential units to Deutsche Wohnen portfolio

<sup>1</sup> Including total GDV of 40% minority stake in QBIAG, total outstanding investments excluding land  
<sup>2</sup> Based on total cost incl. purchasing cost



# Development concept through participation in QUARTERBACK



### Corporate Governance / structure

- Deutsche Wohnen is represented at management and supervisory board level of QUARTERBACK
  - Reporting is provided and projects are continuously monitored by DW
  - Important business decisions need the consent of DW (the board)
  - The founder of QUARTERBACK serves as CEO and brings in dedicated experience and local development network

**ESG**

—



# Deutsche Wohnen – ideally positioned to benefit from the existing megatrends and committed to ESG concerns

**Urbanization**

Continued growth of cities anticipated; rural areas to experience dramatic loss in population

**Aging society**

Further increase in demand for care expected – already an unmet need for Assisted Living housing of 550,000 units

**Persistent low interest rate period**

Persistent low interest rate period continues to drive flow of capital into real estate as an asset class



**Letting business, Development**

- Concentration on metropolitan areas
- Investing in development projects
- Consideration of diversity and individuality of customer and product

**Nursing & Assisted Living**

- One of the largest owners of nursing facilities in Germany
- Continuously expanding the segment and investing in existing facilities

**Attractive market**

- Investment pressure in real estate remains high, especially in growth markets
- Attractive yields with a low-risk profile

**Value generation for all stakeholders**

**Environmental**

- Commitment to sustainability, environment and climate
- Significant improvement of energy efficiency of our apartments
- ~ 64% of our units perform better than average residential property in Germany

**Social**

- Socially reliable landlord who goes beyond legal requirements
  - Corona aid fund
  - “Promise to our tenants”
- Affordable housing

**Corporate Governance**

- Permanently monitored and discussed the company’s corporate governance standards
- Good ESG rating results



# Improvement of energy efficiency of our properties

## Energy efficiency 2015 – 2019

in kWh/sqm  
per year

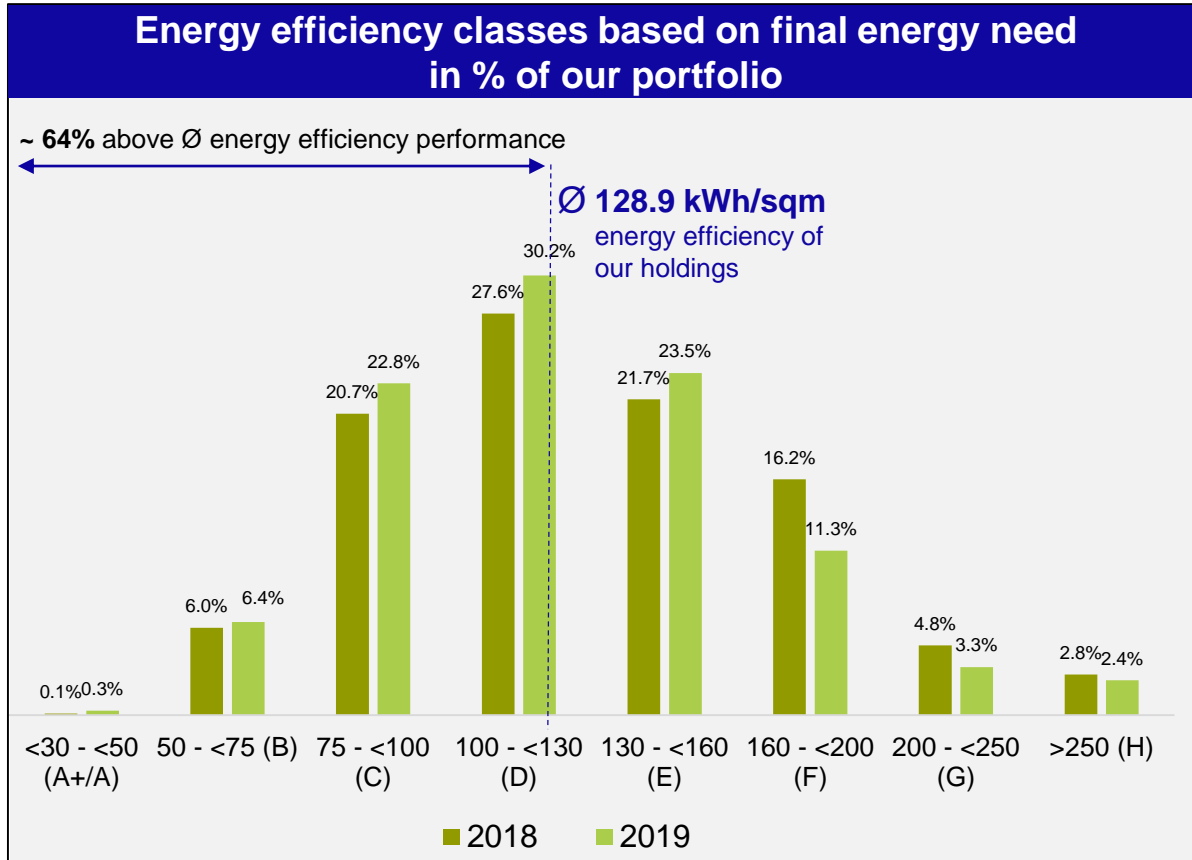


## Achievements

- Energy efficiency improved from 139.1 kWh/sqm p.a. (2015) to 128.9 kWh/sqm p.a. (2019)
- 6,650 units with complex energetic refurbishment from 2015 – 2019 resulting in:
  - significantly reduced energy consumption of 25.7m kWh (6,200 t CO<sub>2</sub> p.a.)
  - improved energy efficiency by ~ 30% to 102 kWh/sqm p.a.
  - Ø CO<sub>2</sub> reduction of 1 t per refurbished apartment through complex energetic measures



# Energy intensity of our properties better than German average



### Results

- ~ 64% of our units perform better than average residential property in Germany (135.5 kWh/sqm p.a.)<sup>1</sup>
- ~ 29% of our units perform well with less than 100 kWh/sqm p.a. (A+ to C)
- Ø consumption of our holdings at 128.9 kWh/sqm p.a. (2019: 132.3 kWh/sqm p.a.)

The weighted average of the final energy consumptions on the basis of the current energy performance certificate of properties. Discrepancies in the final energy requirements of approximately 20 kWh may arise due to the non-specification of the type of heating in question. The allocation according to current category of energy efficiency of properties is therefore based solely on the classification in accordance with the German Energy Saving Ordinance (EnEV). Taking account of approximately 30,000 listed units for which no energy performance certificate is required, the data comprises approximately 100% of our total portfolio.

<sup>1</sup> Source: Own calculations based on Techem Energiekennwerte 2018



# Deutsche Wohnen - a socially reliable landlord who goes beyond legal requirements

EUR 30m Corona aid fund for our tenants and partners

Our promise to our tenants: In more than 800 cases no rent increases due to rent index adjustments or modernisation measures

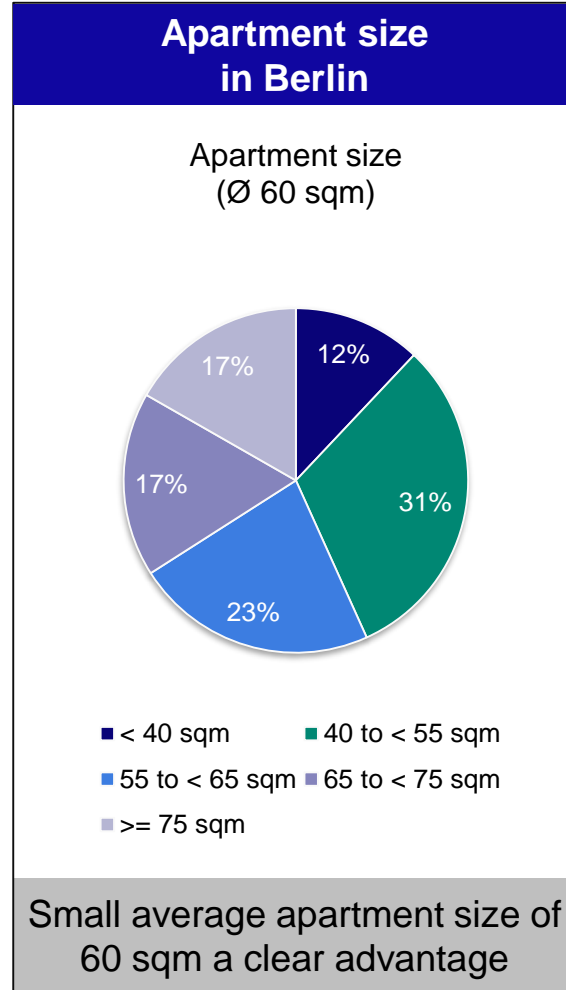
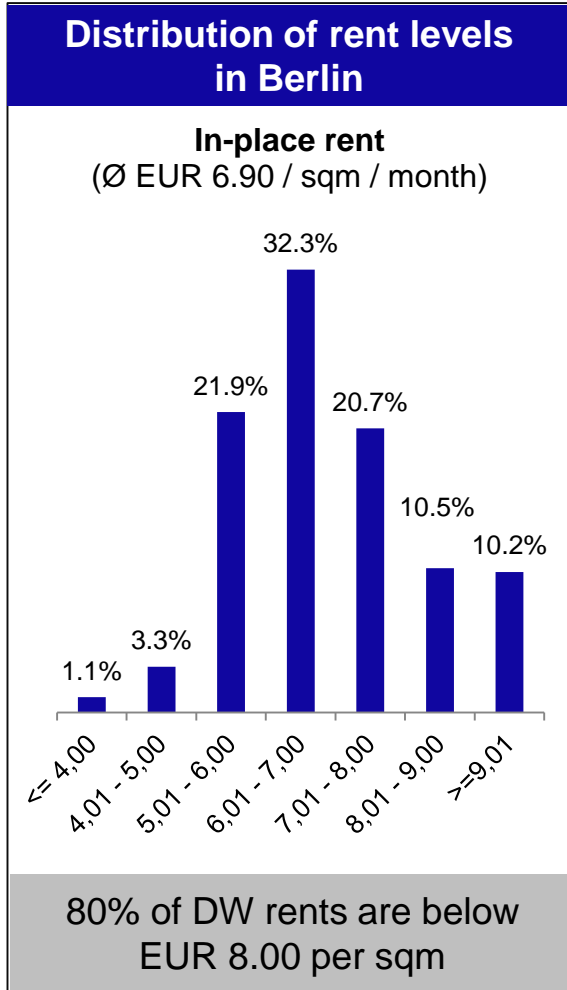
One in four re-letting residential units to tenants entitled to a certificate of eligibility to live in social-housing (“**Wohnberechtigungsschein**”) to mitigate gentrification in urban areas

Deutsche Wohnen provides affordable housing with Ø EUR 6.93 in-place rent and small apartment size of Ø 60 sqm

Regular annual tenant surveys to further improve tenant satisfaction and response times based on latest survey 87% are satisfied with their apartment and 78% with Deutsche Wohnen as their landlord



# Deutsche Wohnen provides affordable housing



### Affordability of average Deutsche Wohnen flat in Berlin

	DW in-place rent	Market rent <sup>1</sup>
Net cold rent per sqm (EUR)	6.90	10.19
Ancillary cost per sqm (EUR)	3.00	3.00
Gross rent per sqm (EUR)	9.90	13.19
Monthly rent (EUR)	~590	~790
<b>Housing cost ratio<sup>2</sup></b>	<b>18%</b>	<b>24%</b>

**Based on average size and average income Deutsche Wohnen apartments screen affordable**

1) Market rent based on CBRE 9M 2020

2) Affordability based on average apartment size of 60 sqm and average household income in Berlin of EUR 3,278 (CBRE Wohnmarktreport 2020)

# Responsible corporate management

## Corporate Governance

- Supervisory board:
  - 1/3 are female
  - Rejuvenation: Ø age at 56
  - Ø tenure at 6.7x (2016: 9.5 years)
- Management board:
  - Remuneration: STI 80% Financial Targets / 20% Non-Financial Targets
  - 20% female quota until June 2025
- Employees:
  - At least 40% females in executive positions
  - 77% of employees are happy with Deutsche Wohnen as employee

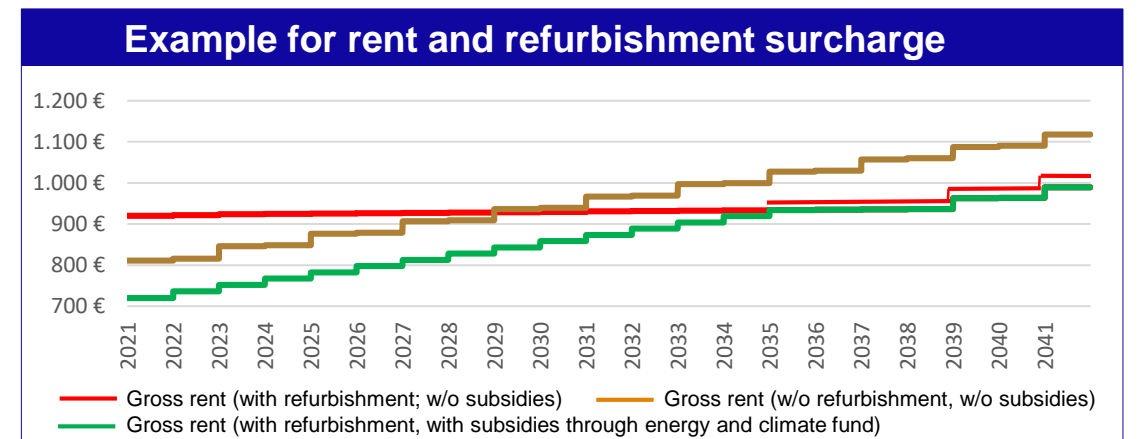
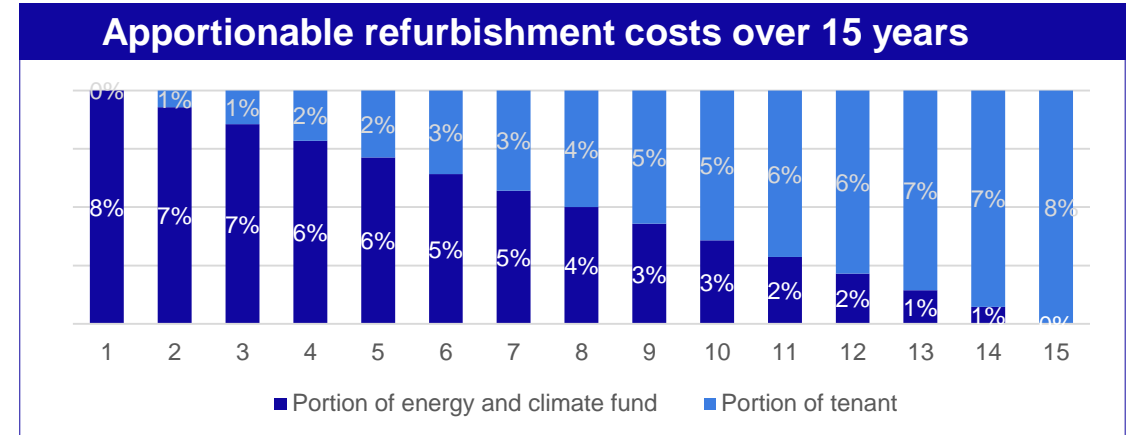
## Strategically manage sustainability activities

- Concept for incorporating the recommendations of TCFD into Group reporting
- Make carbon footprint quantifiable via upstream and downstream supply chains to refine the investment strategy for the achievement of the climate protection goals
- Add energy efficiency criteria to the portfolio management system
- ESG is element of management compensation as execution of sustainability programme forms part of STI compensation



# Our proposal for a socially responsible climate protection in the residential property space

- Energy efficient refurbishment need to accelerate, refurbishment rate would need to increase from 1% to 2.5% in Germany
- Many tenants do not support refurbishment as this leads to rent increases whose amount exceeds potential energy cost savings
- **Deutsche Wohnen’s proposal is to cover modernization costs of up to 8% by the Energy and Climate Fund (“EKF”). It was set up by the federal government to finance measures for improving energy efficiency, funded by income from auctioning of CO2 emission rights**
- Over a period of 15 years, this support would taper off in a linear fashion, ensuring that tenants would only slowly begin to contribute to climate costs. At the same time, residents would benefit from lower energy consumption and improved quality of life from day one.
- We are also proposing the same level of support for owner-occupied property



**Diverse**



# Bridge from adjusted EBITDA to profit

in EUR m	9M-2020	9M-2019
<b>EBITDA (adjusted)</b>	<b>542.9</b>	<b>567.0</b>
Depreciation	(29.2)	(29.9)
At equity valuation	2.1	1.7
Financial result (net) <sup>2</sup>	(124.3)	(108.4)
<b>EBT (adjusted)<sup>2</sup></b>	<b>391.5</b>	<b>430.4</b>
Valuation properties <sup>2</sup>	171.7	447.0
One-offs	(35.2)	(17.5)
Valuation SWAP and convertible bonds	(102.1)	(6.8)
<b>EBT</b>	<b>425.9</b>	<b>853.1</b>
Current taxes	(37.5)	(29.7)
Deferred taxes	(80.5)	(188.7)
<b>Profit</b>	<b>307.9</b>	<b>634.7</b>
<i>Profit attributable to the shareholders of the parent company</i>	300.2	617.3
Earnings per share <sup>1</sup>	0.86	1.73

in EUR m	9M-2020	9M-2019
Interest expenses	(106.9)	(96.7)
<i>In % of gross rents</i>	~17%	~16%
Interest expenses capitalized <sup>2</sup>	6.0	4.3
Non-cash interest expenses	(27.9)	(17.5)
Interest income	4.5	1.5
<b>Financial result (net)<sup>2</sup></b>	<b>(124.3)</b>	<b>(108.4)</b>

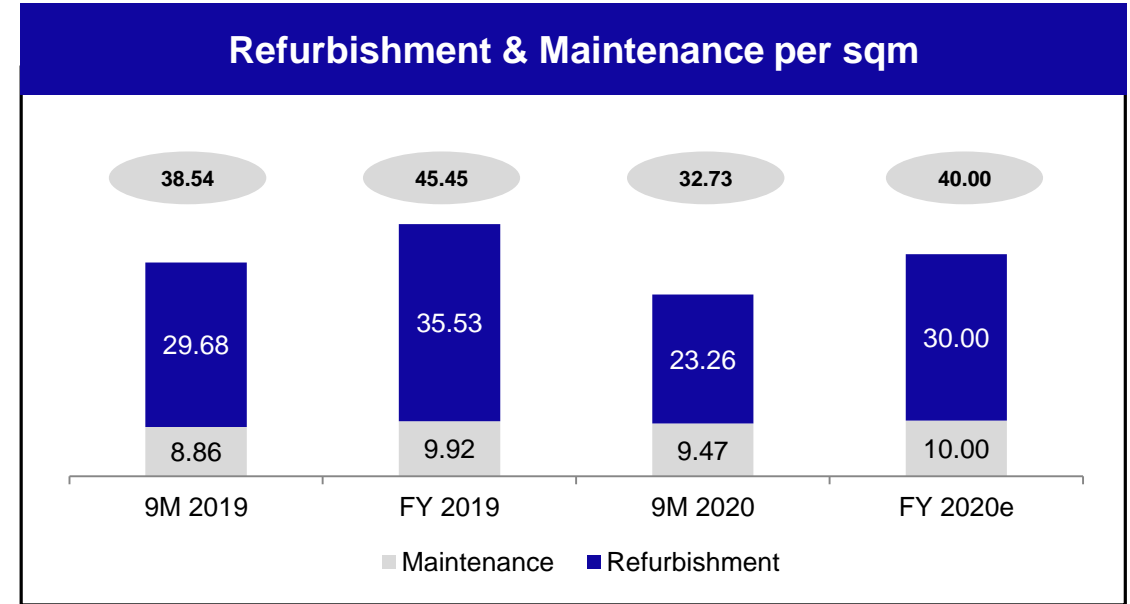
9M 2020 valuation result stems from signed disposals above recent book values

One-offs are predominately driven by EUR 20m land transfer taxes, which arose in connection with a business combination accounted for in accordance with IFRS 3. This business combination entails the acquisition of the project business of ISARIA Wohnbau AG ("ISARIA"), which was completed on 1 July 2020

<sup>1</sup> Based on weighted average shares outstanding excluding own shares (9M 2020: 349.22.50m ; 9M 2019: 357.77m)  
<sup>2</sup> Prior year figures changed according to IAS 23 policy change

# Ongoing investments into the portfolio

	9M-2020		9M-2019	
	EUR m	EUR / Sqm <sup>1</sup>	EUR m	EUR / sqm <sup>1</sup>
<b>Maintenance</b> (expensed through p&l)	72.6	9.47	69.0	8.86
<b>Refurbishment</b> (capitalized on balance sheet)	178.2	23.26	231.1	29.68
<b>Total</b>	<b>250.8</b>	<b>32.73</b>	<b>300.1</b>	<b>38.54</b>



- Maintenance at EUR 9.47 per sqm due to seasonality, FY 2020 level expected to be stable at around EUR 10 per sqm

- C. 42% of refurbishment investments (EUR 75m) are related to re-letting

<sup>1</sup> Annualized figure, based on quarterly average area

# Summary balance sheet

## Assets

in EUR m	09/30/2020	12/31/2019
Investment properties	26,259.9	25,433.3
Other non-current assets	899.0	442.2
Derivatives	2.9	1.1
Deferred tax assets	5.4	0.1
<b>Non current assets</b>	<b>27,167.2</b>	<b>25,876.7</b>
Land and buildings held for sale	481.2	468.9
Trade receivables	50.5	25.0
Other current assets	1,436.1	795.5
Cash and cash equivalents	328.2	685.6
<b>Current assets</b>	<b>2,296.0</b>	<b>1,975.0</b>
<b>Total assets</b>	<b>29,463.2</b>	<b>27,851.7</b>

## Equity and Liabilities

in EUR m	09/30/2020	12/31/2019
<b>Total equity</b>	<b>12,604.1</b>	<b>13,107.3</b>
Financial liabilities	6,563.2	6,327.7
Convertibles	1,748.2	1,682.8
Bonds	3,513.8	2,014.1
Tax liabilities	59.9	26.2
Deferred tax liabilities	3,886.9	3,713.8
Derivatives	61.6	52.1
Other liabilities	1,025.5	927.7
<b>Total liabilities</b>	<b>16,859.1</b>	<b>14,744.4</b>
<b>Total equity and liabilities</b>	<b>29,463.2</b>	<b>27,851.7</b>

- Investment properties represent ~89% of total assets
- Strong balance sheet structure offering comfort throughout market cycles

# Like-for-like development by regions

Like-for-like 30/09/2020	Residential units (#)	In-place rent <sup>2</sup> 30/09/2020 (EUR/sqm)	In-place rent <sup>2</sup> 30/09/2019 (EUR/sqm)	Change (y-o-y)	Vacancy 30/09/2020 (in %)	Vacancy 30/09/2019 (in %)	Change (y-o-y)
<b>Letting portfolio<sup>1</sup></b>	<b>148,030</b>	<b>6.92</b>	<b>6.86</b>	<b>0.9%</b>	<b>1.7%</b>	<b>2.0%</b>	<b>-0.3pp</b>
<b>Core<sup>+</sup></b>	<b>135,675</b>	<b>7.00</b>	<b>6.94</b>	<b>0.8%</b>	<b>1.6%</b>	<b>2.0%</b>	<b>-0.4pp</b>
Greater Berlin	107,630	6.90	6.87	0.5%	1.3%	1.8%	-0.5pp
Rhine-Main	8,909	8.64	8.52	1.4%	2.5%	1.9%	+0.6pp
Dresden/Leipzig	8,804	6.27	6.09	3.0%	3.8%	4.0%	-0.2pp
Rhineland	4,810	7.52	7.36	2.2%	2.8%	3.3%	-0.5pp
Mannheim/Ludwigshafen	4,579	6.31	6.22	1.6%	1.7%	1.7%	0.0pp
Other Core <sup>+</sup>	943	10.70	10.58	1.2%	0.9%	1.0%	+0.1pp
<b>Core</b>	<b>12,355</b>	<b>6.10</b>	<b>6.00</b>	<b>1.7%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>0.0pp</b>
Hanover/Brunswick	8,678	6.26	6.14	1.9%	2.5%	2.7%	-0.2pp
Other Core	3,677	5.71	5.64	1.2%	3.8%	3.4%	+0.4pp
<b>Total<sup>3</sup></b>	<b>158,665</b>	<b>6.92</b>	<b>6.86</b>	<b>0.9%</b>	<b>1.7%</b>	<b>2.0%</b>	<b>-0.3pp</b>

1 Excluding non-Core and disposal stock like Kiel / Lübeck

2 Contractually owed rent from rented apartments divided by rented area

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

# Fair Values across regions

Regions	Residential units (#)	FV 30/09/2020 (EUR m)	FV 30/09/2020 (EUR/sqm)	Multiple in-place rent 30/09/2020	Multiple re-letting rent <sup>1</sup> 30/09/2020	Multiple spread
<b>Core<sup>+</sup></b>	<b>149,456</b>	<b>23,568</b>	<b>2,519</b>	<b>29.9</b>	<b>23.2</b>	<b>6.0x</b>
Greater Berlin	115,861	18,522	2,598	31.2	23.8	6.5x
Rhine-Main	10,749	1,836	2,716	26.2	21.1	5.1x
Dresden/Leipzig	10,587	1,696	2,195	29.5	23.8	5.7x
Rhineland	6,672	903	2,144	24.6	20.5	4.1x
Mannheim/Ludwigshafen	4,644	434	1,445	19.3	15.9	3.4x
Other Core <sup>+</sup>	943	176	3,184	24.5	20.7	3.8x
<b>Core</b>	<b>13,106</b>	<b>1,361</b>	<b>1,549</b>	<b>21.3</b>	<b>18.0</b>	<b>3.3x</b>
Hanover/Brunswick	8,718	932	1,579	20.9	17.5	3.4x
Other Core	4,388	429	1,487	22.0	19.1	2.9x
<b>Non-Core</b>	<b>144</b>	<b>6</b>	<b>640</b>	<b>10.9</b>	<b>8.5</b>	<b>2.4x</b>
<b>Total</b>	<b>162,706</b>	<b>24,934</b>	<b>2,434</b>	<b>29.2</b>	<b>22.8</b>	<b>5.7x</b>

<sup>1</sup> Calculation of multiple re-letting rent excluding Berlin rent freeze law

# Recent residential portfolio disposals

	Signed in 2019		Signed in 2020
Region	Kiel, Lübeck, Chemnitz	Berlin	Across Germany (34 locations)
No. of units	6,350	2,175	6,380 residential, 38 commercial
Signing	Aug 19	Dec 19	Jun 20
Disposal price	EUR 615m	EUR 358m	EUR 658m
Disposal price per unit	c. EUR 1,600 per sqm	c. EUR 2,280 per sqm	c. EUR 1,540 per sqm
Gross margin	34%	30%	37%
Rental impact 2020 / p.a.	- EUR 28m p.a. / - EUR 28m p.a.	- EUR 2.9m / - EUR 12.5m p.a.	- EUR 5m / -EUR 30m p.a.
Transfer of titles	Dec 2019	Q4 2020 / Q1 2021	Nov 2020

- Opportunistic portfolio streamlining to continue in 2020 and beyond



# Acquisition and disposal track record

Main acquisitions (>1,000 units deal size)				Fair Value in EUR/sqm			In-place rent in EUR/sqm		
Year	Deal	Units #	Location	At acquisition	30/06/2020	Δ	At acquisition	30/06/2020	Δ
2013	Centuria	5,200	Berlin	711	1,993	180%	4.65	5.96	28%
	Larry	6,500	Berlin	842	2,078	147%	4.97	6.21	25%
	GSW	60,000	Berlin	960	2,547	165%	5.44	6.90	27%
2015	Windmill	~4,600	Berlin	1,218	1,953	60%	5.12	6.01	17%
	Henry	~1,600	Berlin	1,302	2,158	66%	5.26	5.89	12%
	Accentro	1,200	Berlin	1,227	2,202	79%	5.14	5.83	13%
2016	Olav <sup>1</sup>	~ 14,000	diverse	1,365	2,450 <sup>2</sup>	80%	5.93	6.93 <sup>2</sup>	17%
		~5,200	Berlin	1,469	2,443	66%	5.55	6.91	25%
		~3,800	Kiel	1,043	1,173	12%	5.37	6.00	12%
2017	Helvetica	~3,900	Berlin	2,390	3,600	51%	6.95	8.47	22%
Main disposals				Fair Value in EUR/sqm					
Year	Location	Units #		At acquisition <sup>3</sup>	FV before disposal	At disposal	Δ Margin at acquisition	Δ Margin at disposal	
2019	Kiel, Lübeck, Chemnitz, Others	6,355		1,020	1,197	~1,600	56%	34%	
	Berlin	2,175		798	1,747	~2,280	185%	30%	
2020	Westportfolio	6,418		804	1,123	~1,540	92%	37%	
<b>Total</b>		<b>~14,948</b>							

1 Includes 1,600 units on top of Olav portfolio

2 Based on remaining portfolio considering existing Olav portfolio in our books

3 Based on acquisition prices or historically available data

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

Siemensstadt, Berlin



Hellersdorf, Berlin



Carl-Legien-Siedlung, Berlin



Südwestkorso, Berlin



Oranienkiez, Berlin



Hufeisensiedlung, Berlin



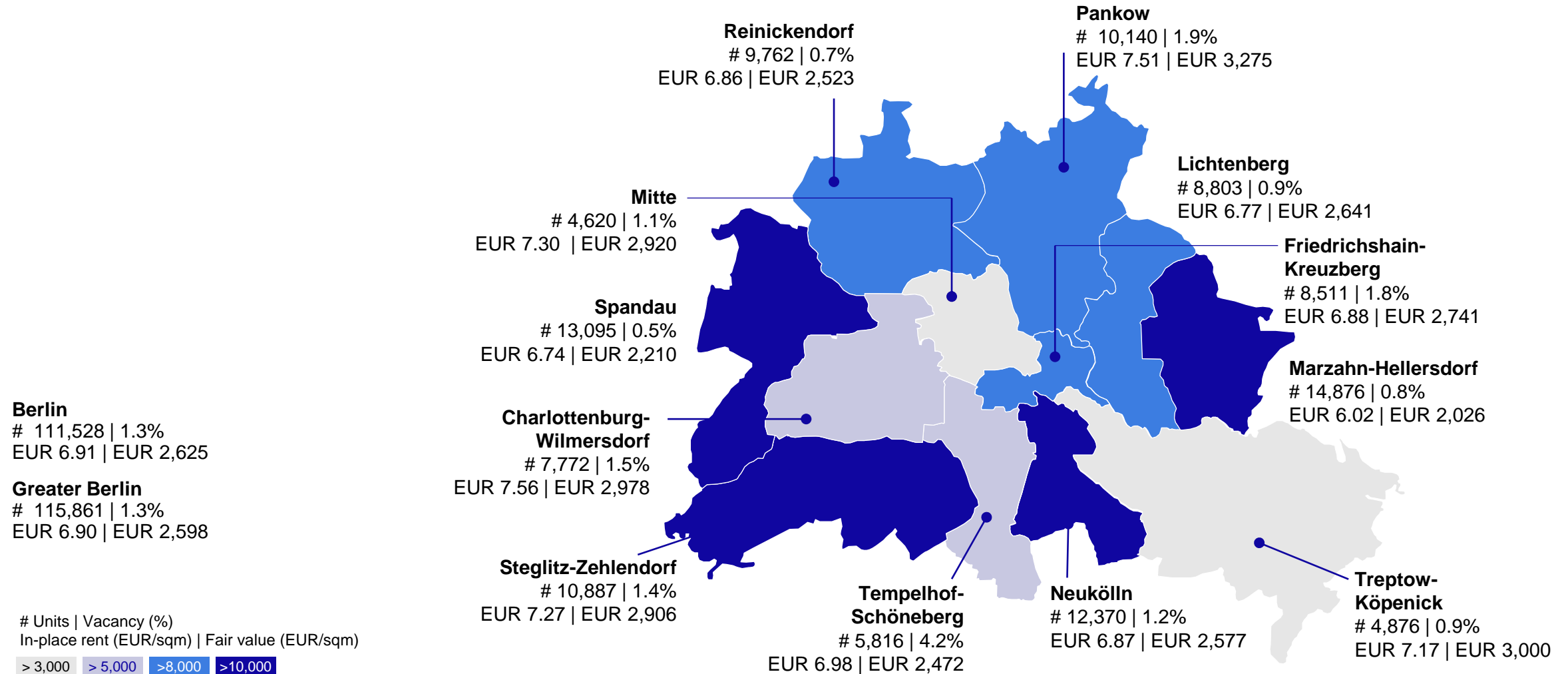
Dresden



Otto-Suhr-Siedlung, Berlin



# The Berlin portfolio at a glance



# Disclaimer

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