



Deutsche Wohnen SE

» **Full year results 2017**

Conference Call, 23 March 2018

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» Highlights FY 2017

Strong operating business

- Record I-f-I rental growth of 4.5% for letting portfolio, for Berlin even 5.3% (overdelivery of guidance)
- Adjusted EBITDA (excl. disposals) up c. 9% to EUR 574m
- FFO I per share up 8% (undiluted) and 18% (diluted) with FFO I margin up almost 4pp

Capex programme to accelerate rental and value growth fully on track

- Modernization expenses increased by 50% to EUR 227.4m or EUR 22.85 per sqm

Value uplift in 2017 of EUR 2.4bn

- L-f-I uplift of 15%, (incl. capitalized investments even at 17%) with Berlin as most dynamic region
- EPRA NAV per share +20% at EUR 35.74
- Attractive spread between in-place and market rent levels offers further potential for NAV growth

Milestones 2017

- Successful acquisitions for overall EUR 1bn in Core+ regions (6,000 units, thereof c. 4,000 in Berlin)
- Pro-active management of capital structure incl. refinancing of convertible bonds (avg. interest rate lowered to 1.3%, LTV to 34.5%)

» Strongest like-for-like rental growth in history

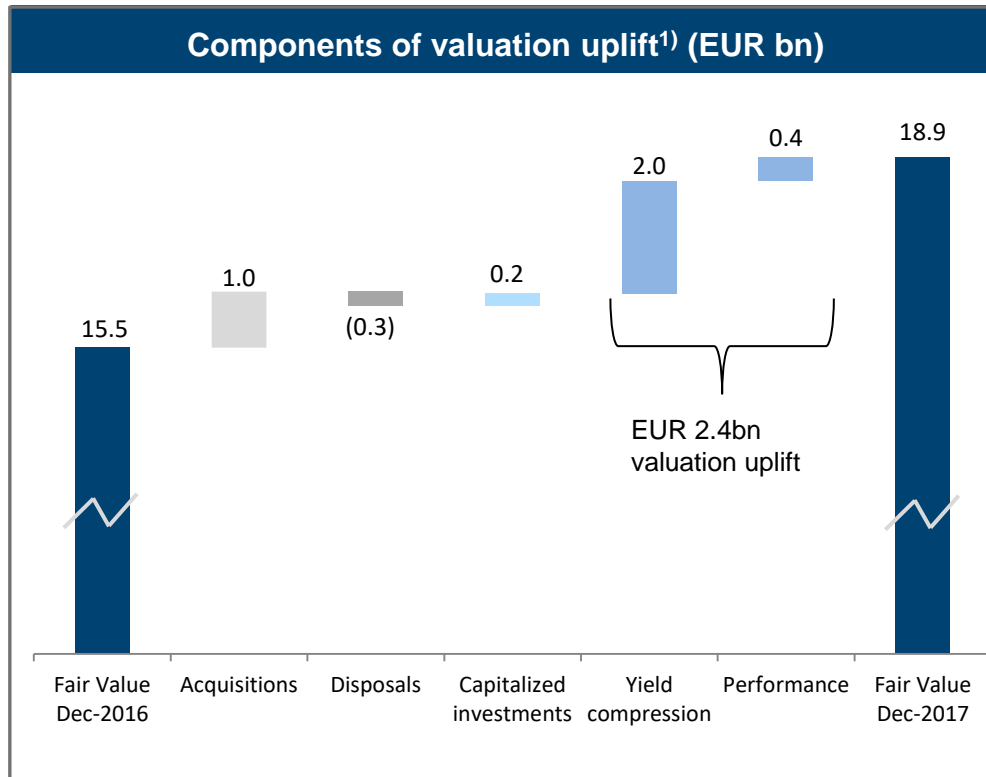
Like-for-like	Residential units number	In-place rent ²⁾ 31/12/2017 EUR/sqm	In-place rent ²⁾ 31/12/2016 EUR/sqm	Change y-o-y	Vacancy 31/12/2017 in %	Vacancy 31/12/2016 in %	Change y-o-y
Strategic core and growth regions							
Core ⁺	131,258	6.49	6.20	4.8%	1.6%	1.5%	0.1 pp
Core	18,683	5.68	5.58	1.9%	1.9%	1.7%	0.2 pp
Letting portfolio ¹⁾	149,941	6.39	6.12	4.5%	1.6%	1.5%	0.1 pp
Total	154,613	6.37	6.10	4.4%	1.8%	1.6%	0.2 pp
Thereof Greater Berlin	108,121	6.43	6.11	5.3%	1.7%	1.5%	0.2 pp

- Strong like-for-like rental growth of 4.5% in letting portfolio, in Berlin even 5.3% due to rent index adjustments
- 60% of like-for-like rental growth is index driven, remainder comes from investments
- Tenant turnover stable at 8% for total portfolio, Berlin at 7%
- Vacancy at 1.8%, thereof ~45bps capex induced

1) Excluding disposal portfolio and non-core portfolio

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

» Total value uplift of EUR 2.4bn, 15% capital growth on a I-f-I-basis



Key regions	% of portfolio (based on FV)	Like-for-like valuation uplift FY-2017
Core⁺	92%	15.3%
Greater Berlin	78%	16.8%
Rhine-Main	6%	7.1%
Rhineland	2%	7.0%
Dresden / Leipzig	3%	12.5%
Mannheim / Ludwigshafen	2%	7.5%
Core	7%	14.3%
Hanover / Brunswick	4%	15.4%
Kiel / Lübeck	2%	13.6%
Total	100%	15.2%

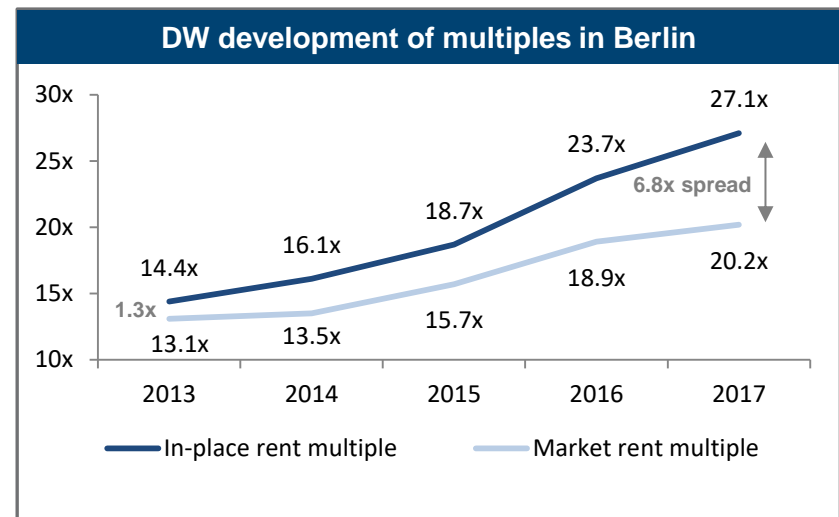
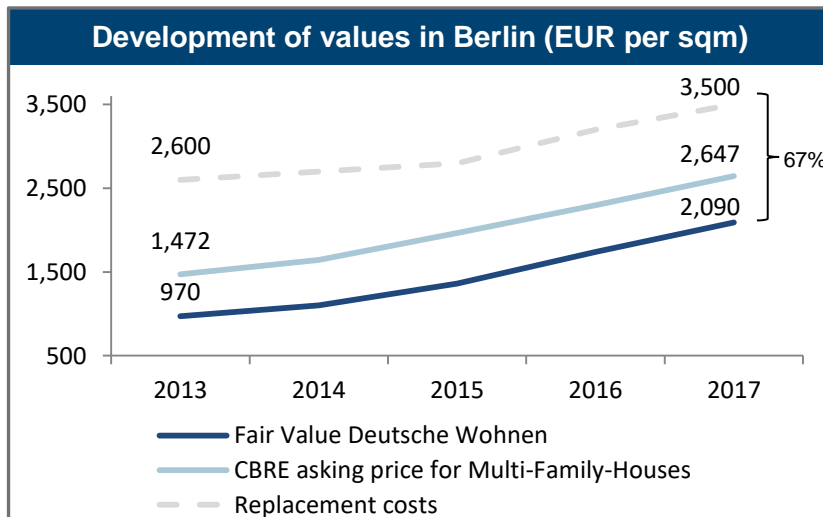
- C. 92% valuation uplift in Core⁺ (82% Berlin) and 8% in Core regions

- More than 80% of capital growth through yield compression, c. 20% through operational performance

1) Excluding Nursing and Assisted Living as well as unbuilt land

» Positive outlook based on continued high reversionary potential

Regions	Residential units (#)	FV 31/12/2017 (EUR m)	FV 31/12/2017 (EUR/sqm)	Multiple in-place rent 31/12/2017	Multiple re-letting rent 31/12/2017	Reversionary Potential	Multiple re-letting rent 31/12/2016
Core⁺	140,445	17,425	2,000	25.6	19.5	30%	18.3
Greater Berlin	114,289	14,628	2,090	27.1	20.2	31%	18.9
Core	18,886	1,375	1,149	16.9	14.3	16%	13.4
Non-Core	1,337	65	705	13.1	10.3	18%	10.1
Total	160,668	18,864	1,886	24.6	19.0	27%	17.6



» More than EUR 8bn value potential for residential portfolio

	Multiple		Underlying rent (EUR m)		Fair Value (EUR m)	Fair Value (EUR/sqm)	Description
Current Portfolio (31-Dec-2017)	25	x	767	≅	18,864	EUR 1,886	<ul style="list-style-type: none"> Fair Value of residential portfolio as of 31-Dec-2017
Rent potential "operate" stock	25	x	150	≅	3,750		<ul style="list-style-type: none"> Based on difference of achieved re-letting rents and current in-place rent (excluding capex stock and rent restricted units)
Rent potential "capex" stock	30	x	80	≅	2,400		<ul style="list-style-type: none"> Based on difference of market rent post investment vs. current in-place rent As capex investments lead to fully refurbished stock, higher multiple applicable
Regulation gap	25	x	75	≅	1,875		<ul style="list-style-type: none"> Gap between currently observed market rent of c. EUR 9.00¹⁾ and new letting rent impacted by rent regulation (excluding capex stock)
Estimated Potential			1,072 (ERV)	≅	26,889	EUR 2,781	Estimated Fair Value based on <u>today's</u> observed market rent levels

- Estimated Rental Value (ERV) of >EUR 1 bn represents a Fair Value potential of almost EUR 2,800 per sqm and translates into more than 50% NAV upside potential

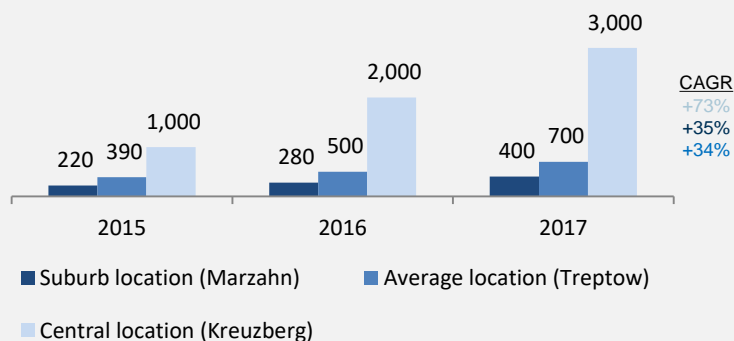
1) Empririca (on postal code basis)

» Significant scope for rent potential to widen further in Berlin

Replacement costs

- Average replacement costs > EUR 3,500 per sqm, predominately 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 yield¹⁾
- 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 6.46 per sqm and including ancillary costs average monthly rent appears affordable with EUR ~540
- Market rent for fully refurbished apartment leading to average monthly rent of EUR ~810

Examples for rents in Berlin

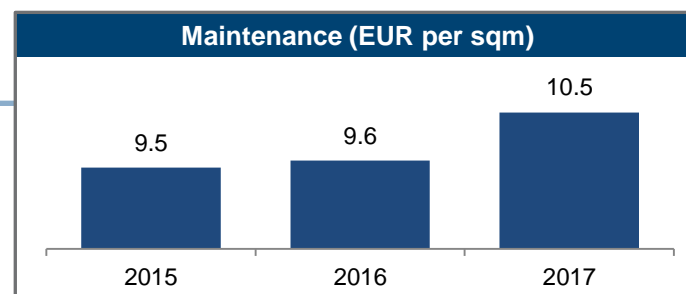
	DW in-place rent	DW re-letting rent	Market rent ³⁾
Rent (EUR/sqm)	6.46	8.47	11.00
Average ancillary cost (EUR/sqm)	2.50	2.50	2.50
Average DW apartment size	60 sqm	60 sqm	60 sqm
Average rent per month (EUR)	EUR 538	EUR 658	EUR 810

- Berlin rent levels screen well from an affordability perspective

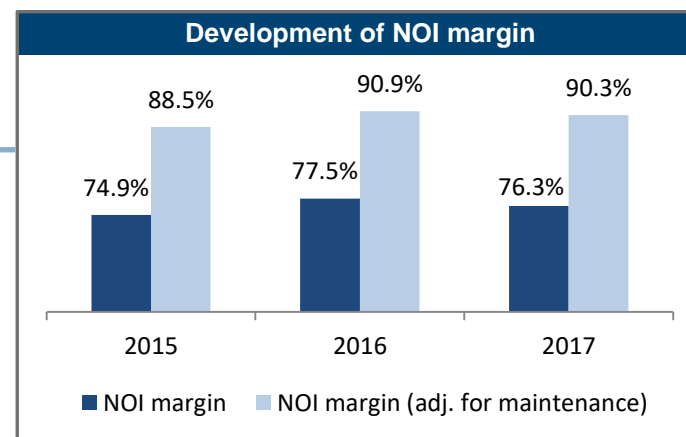
1) Given development of replacement cost and social quota as part of zoning process
 2) Source: Committee on Berlin Property Values (Gutachterausschuss Bodenrichtwerte)
 3) Market rent for fully refurbished apartments in Berlin

» Strong earnings and cash contributions from letting

in EUR m	FY-2017	FY-2016
Rental income	744.2	704.5
Non-recoverable expenses	(9.3)	(9.8)
Rental loss	(6.4)	(6.4)
Maintenance	(104.7)	(94.5)
Others	(11.0)	(7.4)
Earnings from residential property management	612.8	586.4
Personnel, general and administrative expenses	(45.3)	(40.7)
Net Operating Income (NOI)	567.5	545.7
NOI margin	76.3%	77.5%
NOI in EUR / sqm / month	4.75	4.63



Investments into the operational platform (HR and IT)

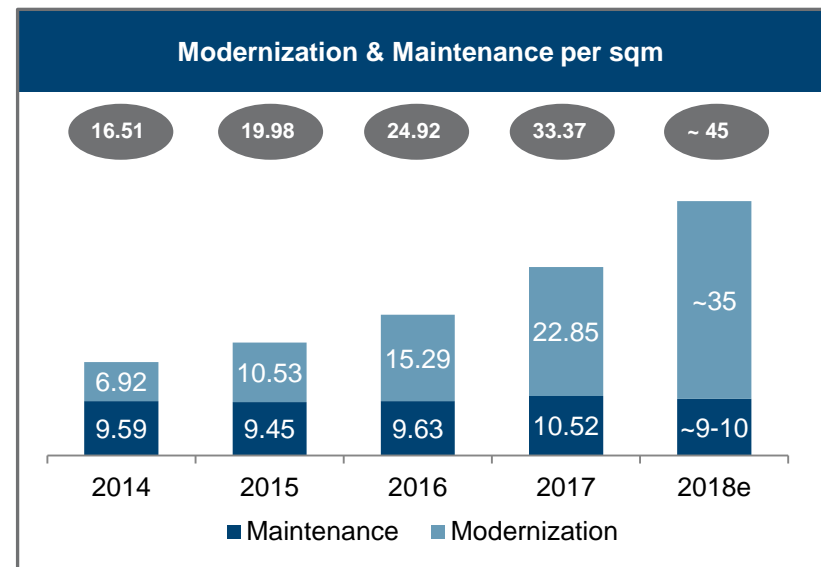


in EUR m	FY-2017	FY-2016
Net operating income (NOI)	567.5	545.7
Cash interest expenses	(96.2)	(102.0)
Cash flow from portfolio after cash interest expenses	471.3	443.7

- Despite increased investments in operational platform NOI margin adjusted for maintenance remained flat yoy

» Focused and increasing investments into the portfolio

	FY-2017		FY-2016	
	EUR m	EUR / sqm	EUR m	EUR / sqm
Maintenance (expensed through p&l)	104.7	10.52	94.5	9.63
Modernization (capitalized on balance sheet)	227.4	22.85	150.0	15.29
Total	332.1	33.37	244.5	24.92
Capitalization rate	68.5%		61.3%	



- Value enhancing capex programme is fully on track
- Modernization programme is delivering an IRR of ~15%

» Disposal business reflects increase in house prices

Disposals	Privatization		Institutional sales		Total	
	FY-2017	FY-2016	FY-2017	FY-2016	FY-2017	FY-2016
with closing in						
No. of units	707	1,235	2,142	3,073	2,849	4,308
Proceeds (EUR m)	106.0	146.1	202.6	208.2	308.6	354.3
Book Value	81.5	105.0	169.6	184.6	251.1	289.6
Price in EUR per sqm	2,086	1,564	1,313	961	1,504	1,142
Earnings (EUR m)	18.8	32.4	31.5	21.9	50.3	54.3
Gross margin	30%	39%	20%	13%	23%	22%
Cash flow impact (EUR m)	94.5	128.5	198.8	171.0	293.3	299.5

- Increase of average prices per sqm of more than 30% for privatization underlines strong market dynamics
- Too early in cycle to accelerate privatization pace to turn book gains into cash returns for shareholders
- Non-core disposals completed – further potential institutional sales remain opportunistic, purely depending on pricing

» Increasing EBITDA contribution from Nursing and Assisted Living

Operations (in EUR m)	FY-2017	FY-2016
Total income	93.4	70.1
Total expenses	(86.2)	(63.3)
EBITDA operations	7.2	6.8
EBITDA margin	7.7%	9.7%
Lease expenses	15.5	13.0
EBITDAR	22.7	19.8
EBITDAR margin	24.3%	28.2%

Assets (in EUR m)	FY-2017	FY-2016
Lease income	42.4 ⁽¹⁾	11.9
Total expenses	(1.6)	(1.9)
EBITDA assets	40.8	10.0

Operations & Assets (in EUR m)	FY-2017	FY-2016
Total EBITDA	48.0	16.8

in EUR m	FY-2017	FY-2016
Nursing	72.4	55.7
Living	8.7	6.5
Other	12.3	7.9

in EUR m	FY-2017	FY-2016
Staff	(49.9)	(35.3)
Rent / lease	(15.5)	(13.0)
Other	(20.8)	(15.0)

EBITDAR margin slightly below 25-26% target because of higher personnel expenses (incl. leased employees) and integration of 3 facilities in Hamburg acquired in Q4 2016

Set out in the consolidated group financial statements as "Earnings from Nursing and Assisted Living"

- Continued high occupancy rate of ~ 98%
- Business segment delivered (unlevered) RoCE of c. 7% overall, assets managed by Katharinenhof even deliver RoCE of 8%

1) Since January 1, 2017, 28 nursing facilities rented to third parties are included in lease income

» Attractive acquisition in nursing segment signed

Object of purchase	<ul style="list-style-type: none"> 7 nursing (685 places) facilities Only assets acquired, not the operating business
Pricing & deal structure	<ul style="list-style-type: none"> Purchase price: EUR 64m 5.7% gross yield Asset deal
Lease revenues	<ul style="list-style-type: none"> EUR 3.7m p.a.
Margins (run rate)	<ul style="list-style-type: none"> Expected EBITDA margin of > 95%
WALT	<ul style="list-style-type: none"> Weighted average lease term of c. 14 years (c. 24 years including extension option)
Expected closing	<ul style="list-style-type: none"> Q2 2018

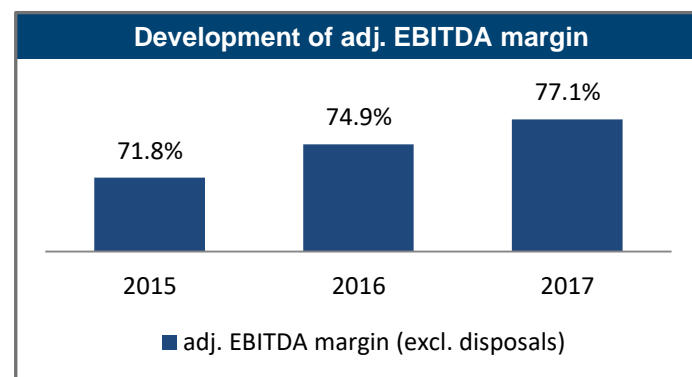
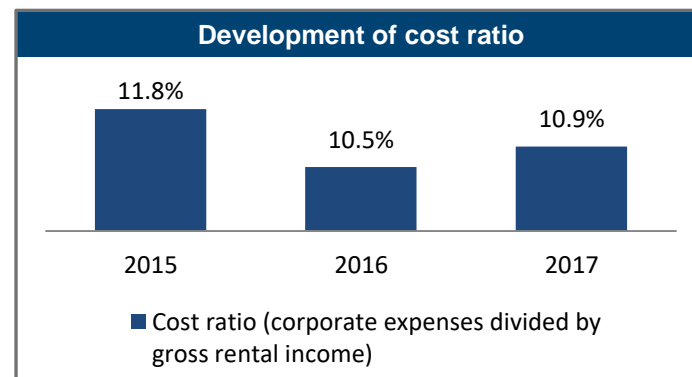


- Facilities of high quality in good locations
 - 6 facilities located in Bavaria, 1 in Saxony
- Well-known operator with proven track record and high credit-worthiness as lead covenant
 - Mature operations with avg. occupancy of 95%, above German average of c. 85%

- Attractive business with high earnings contribution at low risk profile**

» Continued improvement of EBITDA margin underscores operational efficiency

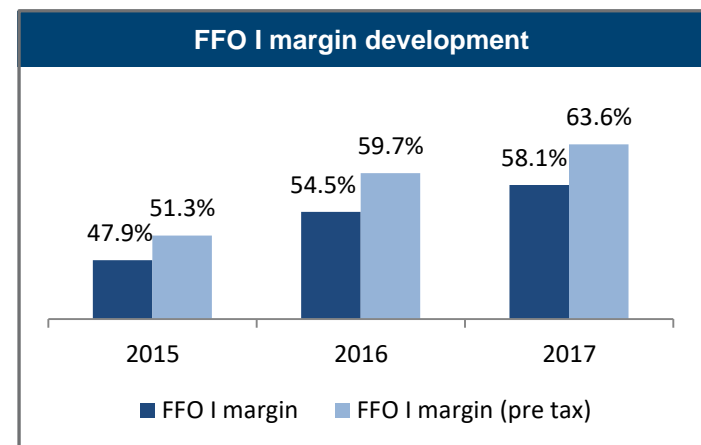
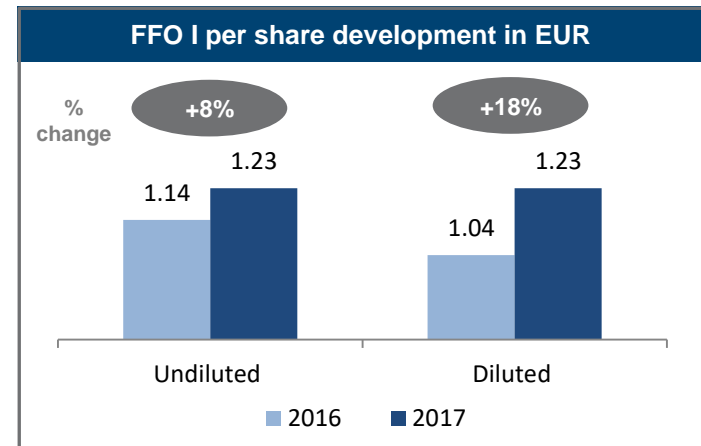
in EUR m	FY-2017	FY-2016
Earnings from Residential Property Management	612.8	586.4
Earnings from Disposals	50.3	54.3
Earnings from Nursing and Assisted Living	48.0	16.8
Segment contribution	711.1	657.5
Corporate expenses	(81.3)	(73.7)
Other operating expenses/income	(29.0)	(8.7)
EBITDA	600.8	575.1
One-offs	23.5	6.6
adj. EBITDA (incl. disposals)	624.3	581.7
Earnings from Disposals	(50.3)	(54.3)
adj. EBITDA (excl. disposals)	574.0	527.4



- Adj. EBITDA margin up by 2.2pp (excl. disposals) driven by increased contribution of nursing business

» FFO I margin increased by 400bps

in EUR m	FY-2017	FY-2016
EBITDA (adjusted)	624.3	581.7
Earnings from Disposals	(50.3)	(54.3)
Long-term remuneration component (share-based)	1.4	2.2
At equity valuation	3.0	2.0
Interest expense/ income	(99.5)	(104.9)
Income taxes	(40.6)	(36.5)
Minorities	(6.0)	(6.3)
FFO I	432.3	383.9
Earnings from Disposals	50.3	54.3
FFO II	482.6	438.2
FFO I per share in EUR¹⁾	1.23	1.14
<i>Diluted number of shares²⁾</i>	<i>352.1</i>	<i>370.8</i>
<i>Diluted FFO I per share²⁾ in EUR</i>	<i>1.23</i>	<i>1.04</i>
FFO II per share in EUR¹⁾	1.37	1.30



- FFO I per share increased by 8% driven by operations and acquisitions; on a diluted basis even by 18% through early refinancing of the “in-the-money” convertible bonds in 2017

1) Based on weighted average shares outstanding (FY 2017: 352.12m; FY 2016: 337.45m)

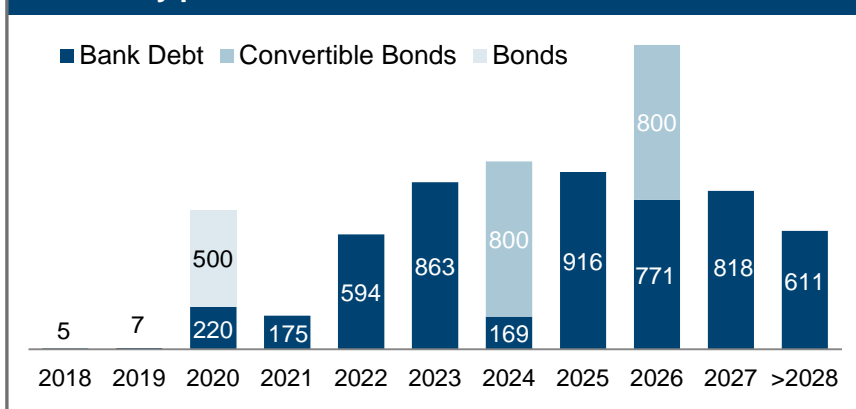
2) Based on weighted average of total shares assuming full conversion of in-the-money convertible bonds

» Conservative long-term capital structure

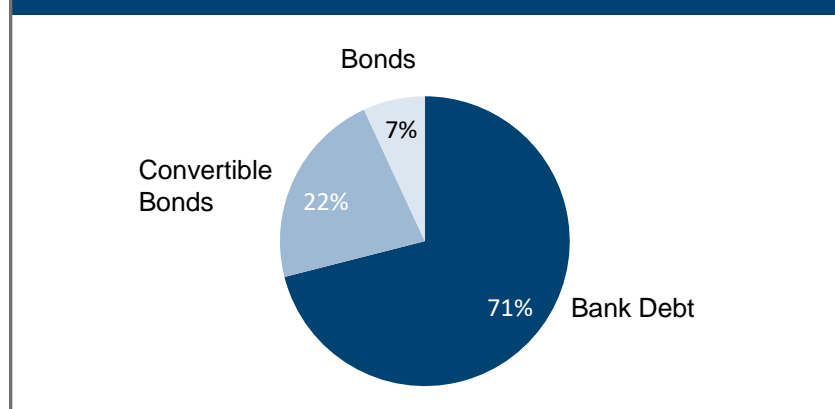
Rating	A- / A3; stable outlook
Ø maturity	~ 7.9 years
% secured bank debt	66%
% unsecured debt	34%
Ø interest cost	1.3% (~88% hedged)
LTV target range	35-40%

- Low leverage, long maturities and strong rating
- Flexible financing approach to optimize financing costs – unencumbered assets increased to > EUR 4.5bn
- LTV at 34.5% as of YE 2017 (-3.2pp yoy)
- ICR (adjusted EBITDA excl. disposals / net cash interest) ~5.7x (+0.2x yoy)
- Short-term access to c. EUR 1bn liquidity through CP program and RCFs

Maturity profile in EUR m based on notional amounts¹⁾



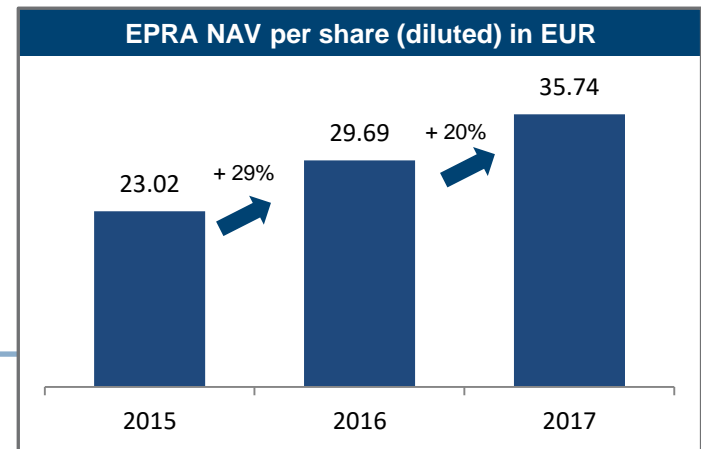
Debt structure¹⁾



¹⁾ As of 31 December 2017, excluding commercial papers

» Significant increase of EPRA NAV per share by 20%

in EUR m	31/12/2017	31/12/2016
Equity (before non-controlling interests)	9,888.2	7,965.6
Fair Values of derivative financial instruments	2.0	47.0
Deferred taxes (net)	2,786.6	2,004.4
EPRA NAV (undiluted)	12,676.8	10,017.0
Shares outstanding in m	354.7	337.5
EPRA NAV per share in EUR (undiluted)	35.74	29.68
Effects of exercise of convertibles ¹⁾	0.0	992.3
EPRA NAV (diluted)	12,676.8	11,009.3
Shares diluted in m	354.7 ²⁾	370.8
EPRA NAV per share in EUR (diluted)	35.74	29.69

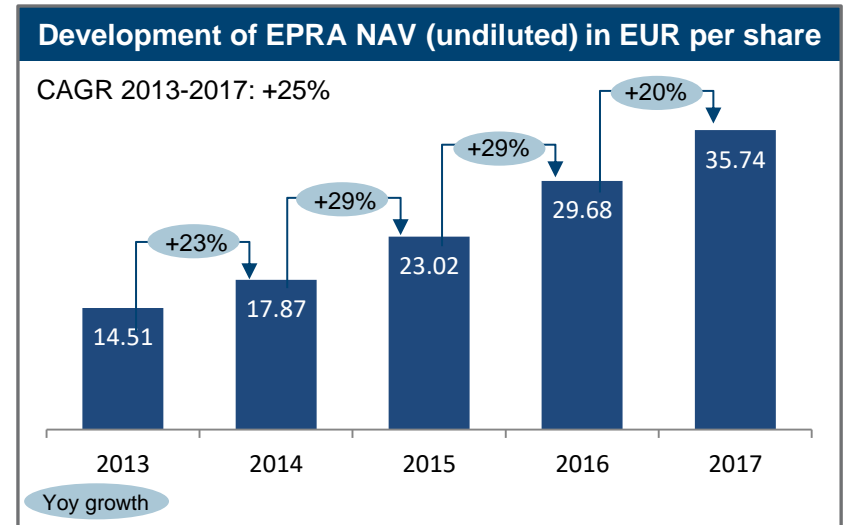
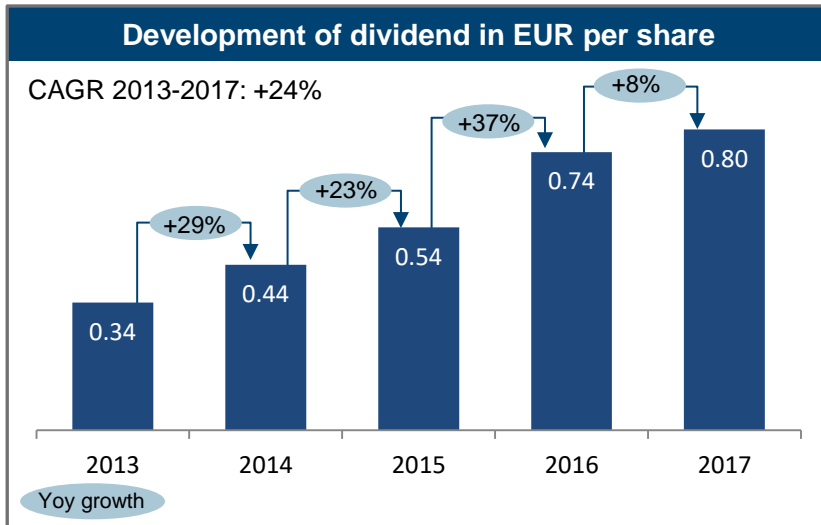


- EPRA NAV per share increased by 20% yoy
- Next revaluation with H1 2018 financials envisaged

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; strike prices are at EUR 48.30 and EUR 50.85 as of 31-Dec-2017

» 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 0.80 per share, DW delivered a shareholder return for 2017 of EUR 6.86 or c. 23 % of 2016 EPRA NAV (undiluted)

» Delivery on 2017 guidance and outlook for 2018

	FY-2017	FY-2018
FFO I (EUR m)	<p>~425 432.3</p> <p>Guidance Reported</p>	<ul style="list-style-type: none"> ▪ Approximately EUR 470m (+9%)
Dividend per share (EUR)	<p>0.78 0.80</p> <p>Guidance Reported</p>	<ul style="list-style-type: none"> ▪ Approximately EUR 0.86 per share ▪ Based on 65% pay-out ratio from FFO I and current shares outstanding
LTV	<p>~35-40% target range 34.5%</p> <p>Guidance Reported</p>	<ul style="list-style-type: none"> ▪ 35-40% target LTV corridor ▪ Implies M&A firepower of c. EUR 1.8bn
Like-for-like rental growth	<p>~4.0% 4.4%</p> <p>Guidance Reported</p>	<ul style="list-style-type: none"> ▪ ~3% based on in-place rent in EUR/sqm ▪ 4-5% based on P&L impact (timing effect) ▪ No Berlin index rent publication in 2018

» Appendix

A. Residential letting business

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

Südwestkorsor, Berlin



Siemensstadt, Berlin



Otto-Suhr-Siedlung, Berlin



Oranienkiez, Berlin



Hellersdorf, Berlin



Carl-Legien-Siedlung, Berlin



Hufeisensiedlung, Berlin



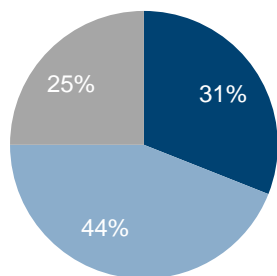
Dresden



» Portfolio update 2017 – attractive reversionary potential

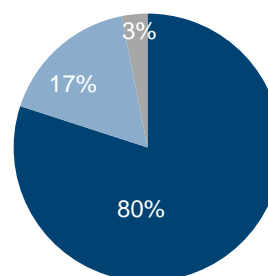
Strategic cluster	Residential units	% of total measured by Fair Value	In-place rent ¹⁾ EUR/sqm/month	Re-letting rent EUR/sqm/month	Rent potential ²⁾ in %	Vacancy in %
Strategic core and growth regions	159,331	99.7	6.41	8.16	27.1	2.0
Core+	140,445	92.4	6.52	8.48	30.0	2.0
Core	18,886	7.3	5.68	6.59	16.0	2.0
Non-core	1,337	0.3	4.88	5.74	17.6	5.0
Total	160,668	100	6.40	8.13	27.0	2.0
Thereof Greater Berlin	114,289	77.5	6.46	8.47	31.0	2.0

Portfolio split by growth cluster³⁾



- **Hot spot**
 Fastest and strongest growing areas with huge upside potential
- **Growth**
 Continuously growing areas with rent development upside
- **Stable**
 Moderate growth, stable cash generation

Portfolio split by operational fields⁴⁾



- **Operate**
 Focus on new lettings, realisation of rent potential
- **Develop**
 Modernisation investments to increase value potential
- **Dispose**
 Offered for sale to make use of market opportunities

1) Contractually owed rent from rented apartments divided by rented area
 3) Portfolio split based on Fair Value

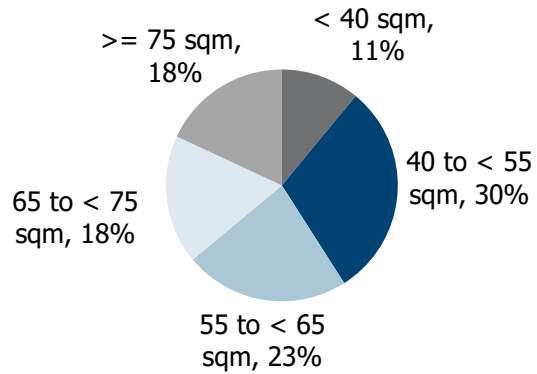
2) Unrestricted residential units (letting portfolio); rent potential = new-letting rent compared to in-place rent (letting portfolio)
 4) Portfolio split based on sqm

» Portfolio valuation changes by cluster

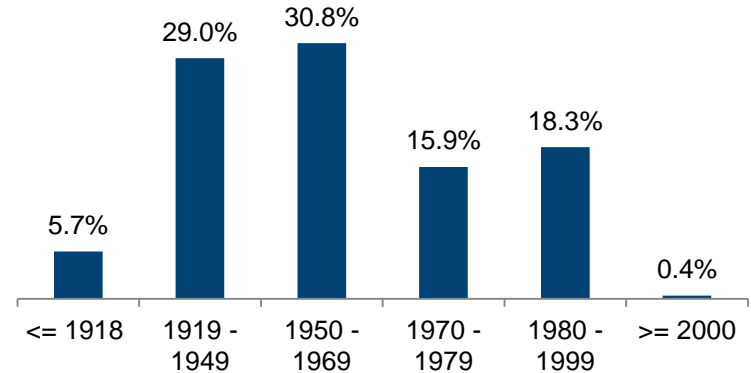
Regions	FV 31/12/2016 EUR m	FV 31/12/2016 EUR/sqm	Multiple in-place rent 31/12/2016	FV 31/12/2017 EUR m	FV 31/12/2017 EUR/sqm	Multiple in-place rent 31/12/2017	Multiple market rent 31/12/2017
Strategic Core and growth regions	15,280	1,603	21.7	18,799	1,897	24.7	19.0
Core+	14,054	1,693	22.7	17,425	2,000	25.6	19.5
Greater Berlin	11,738	1,738	23.7	14,628	2,090	27.1	20.2
Rhine-Main	1,077	1,769	19.9	1,192	1,924	21.0	16.6
Dresden / Leipzig	271	1,250	19.1	638	1,618	23.0	19.3
Rhineland	389	1,226	15.8	417	1,285	16.8	14.6
Mannheim / Ludwigshafen	335	1,051	15.2	366	1,151	16.0	13.6
Other Core+	244	2,817	23.5	184	3,149	24.9	20.7
Core	1,226	996	14.9	1,375	1,149	16.9	14.3
Hanover / Brunswick	595	983	14.5	702	1,164	16.8	13.9
Kiel / Lübeck	316	1,066	15.9	359	1,218	18.0	15.2
Other Core cities	315	957	14.8	313	1,053	16.0	14.4
Non-Core	186	716	11.8	65	705	13.1	10.3
Total	15,465	1,580	21.5	18,864	1,886	24.6	19.0

» Portfolio structure – characteristics meeting strong demand

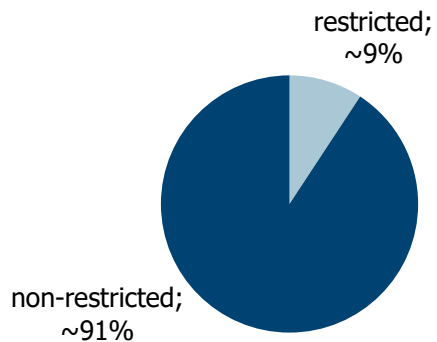
Apartment size Ø 60 sqm



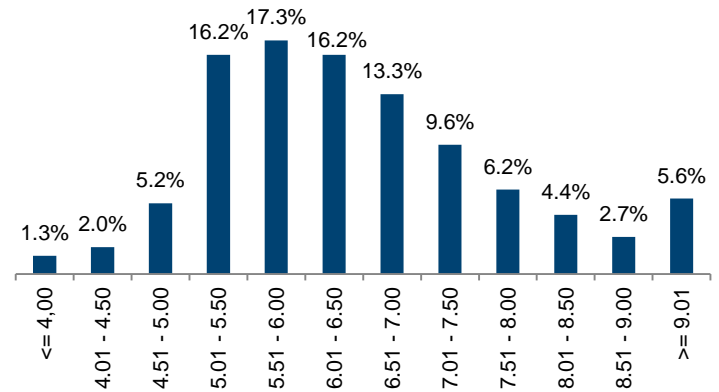
Year of construction



Rental restrictions (expiring over time)



In-place rent (Ø 6.40 EUR/sqm/month)



» Berlin – The place to be!



Government

Seat of parliament, government and professional associations¹⁾

Innovation

2nd best performing European startup ecosystem with app. 2,000 active tech Startups²⁾

High-tech

- 6,500 technology firms
- 15,000 IT students
- Forecast 2020: 100,000 new jobs²⁾

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	~3.7m	+1.1%
Population forecast 2035	~4.0m	
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 2016	13,659 ⁴⁾	+27%
Ø asking rent per sqm / month ⁵⁾	EUR 9.83	+9.2%
Ø asking price per sqm ⁵⁾	EUR 2,647	+15.3%

1) <https://www.berlin.de/wirtschaft/wirtschaftsstandort/standortfaktoren/3932386-3671590-Standortvorteile.html>

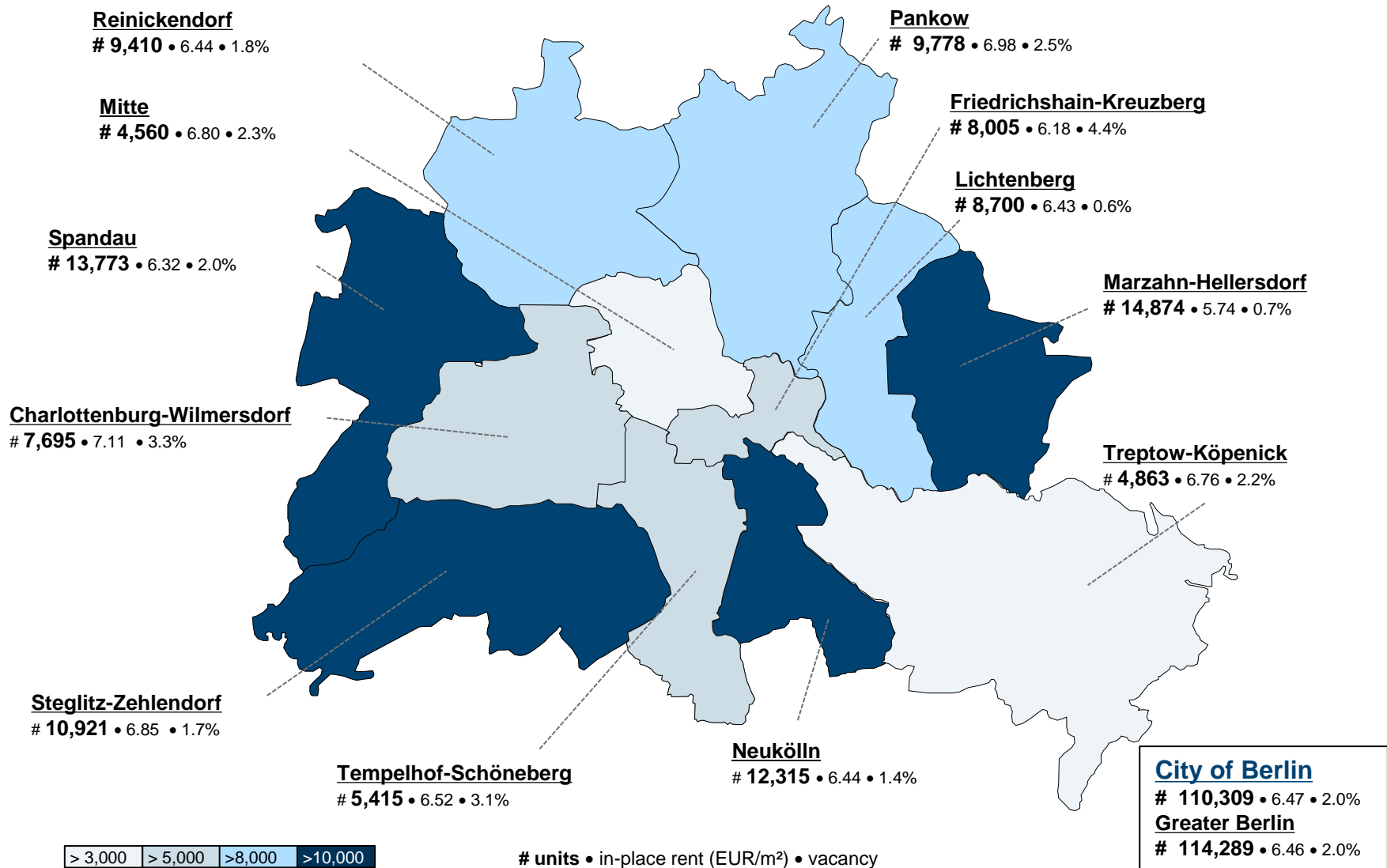
2) CBRE

3) visitberlin / Berlin Institute for Statistics

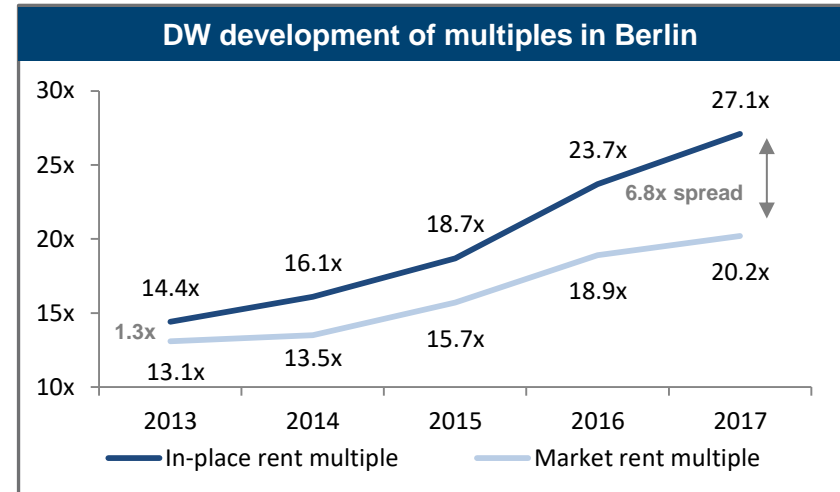
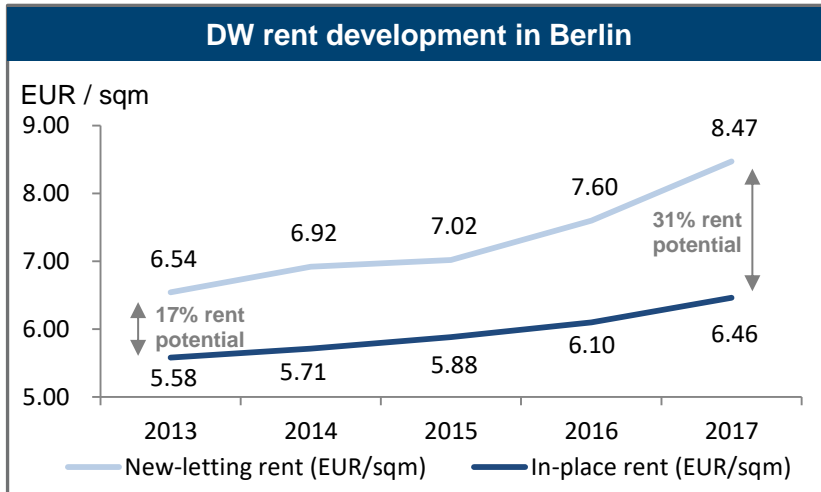
4) Latest number available is of 2016

5) CBRE asking rents and asking prices for multifamily housing

» The Berlin Portfolio at a glance

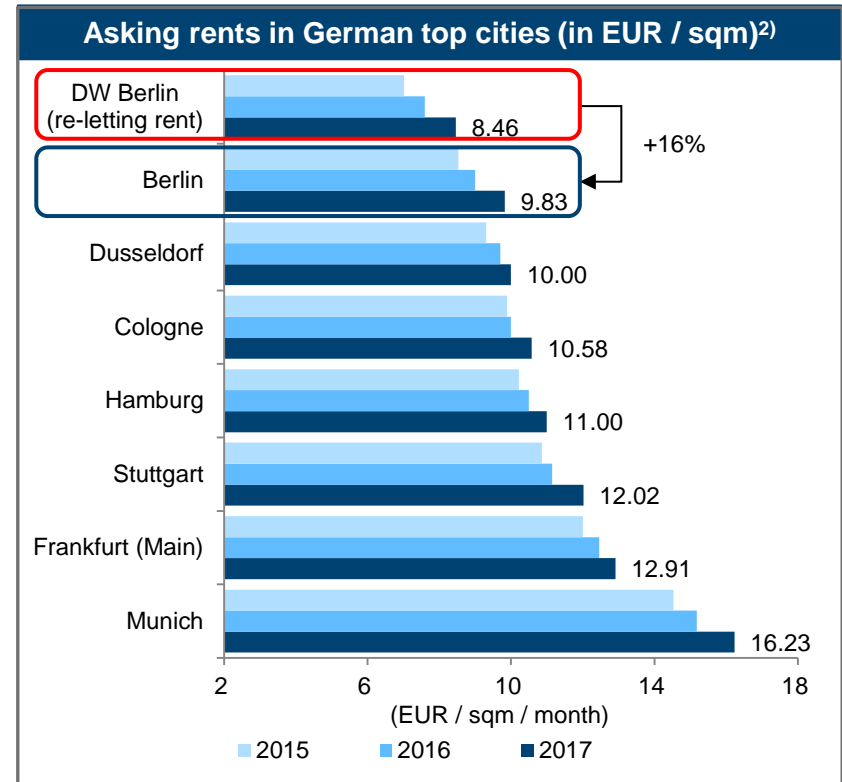
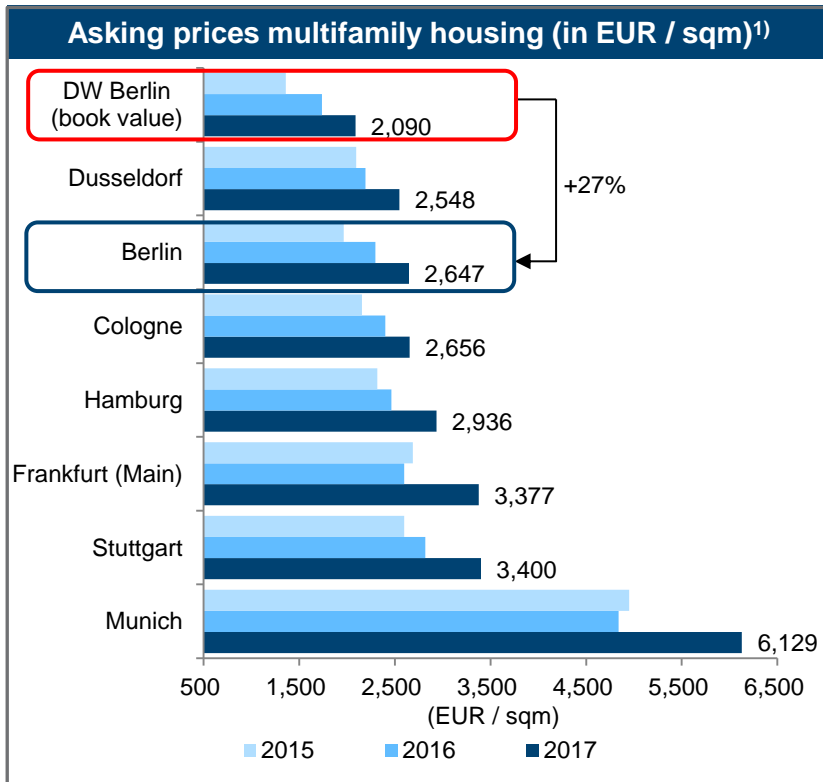


» Re-letting rents continue to outpace in-place rents



- Total rent potential for entire portfolio (incl. effects of capex program) stable at EUR 230m; unlocking that rent potential as key driver for organic NAV growth
- Spread between in-place and market multiples significantly widened over the last 5 years, implying significant further value upside potential over the coming years

» Current level of rents and prices offer significant growth potential

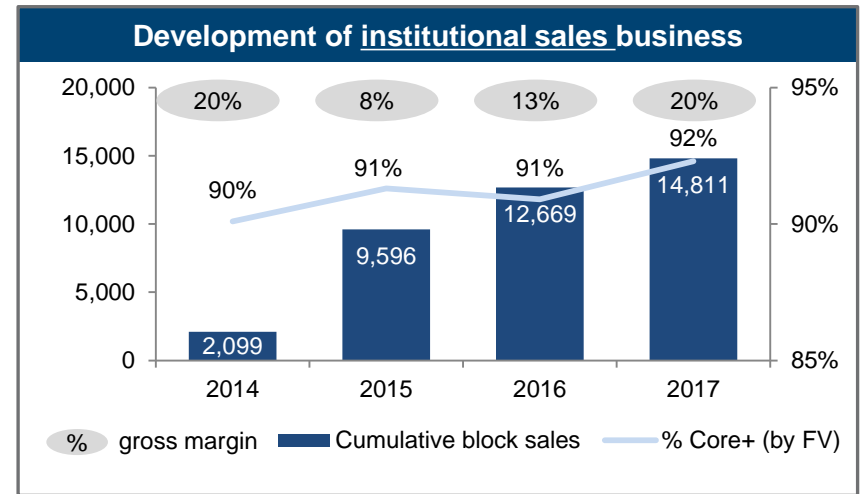
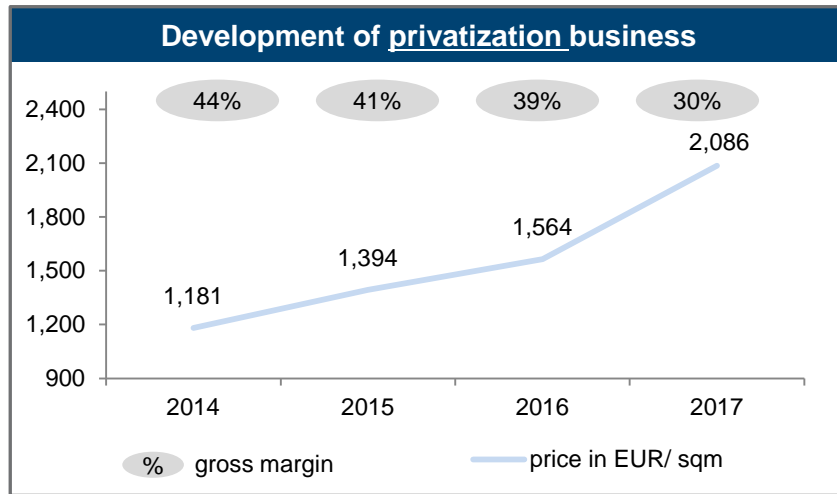


- Dynamic development of residential rents and prices for German top cities, based on strong demographic trends and fundamentals
- Deutsche Wohnen portfolio offers catch-up potential for rents and values
 - CBRE's asking prices for multifamily housing are c. 27% above Deutsche Wohnen Fair Value per sqm
 - CBRE asking rents c. 16% above current re-letting rent of Deutsche Wohnen portfolio in Berlin

1) CBRE median asking prices 2017, DW portfolio valuation
 2) CBRE asking rents 2017, DW portfolio valuation

B. Disposal business

» Disposals business remains opportunistic



- 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 realized prices increased by 77%
- No reliance on free cash flow generation to finance investment program

- 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 92%

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

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

C. Nursing and Assisted Living business

» Best in class Nursing and Assisted Living portfolio

Uferpalais, Berlin



Im Schlossgarten, Brandenburg



Wolkenstein, Saxony



Wilsdruff, Saxony



Quellenhof, Saxony



Am Schwarzen Berg, Lower Saxony



Garpfen, Lower Saxony



Am Auensee, Saxony



Oberau, Bavaria



Blankenese, Hamburg



Zum Husaren, Hamburg



Am Lunapark, Saxony



» Nursing and Assisted Living segment

Nursing identified as attractive driver for further external growth

Assets including operations

Managed by owner ¹⁾	Region	Facilities #	Beds #	Occupancy rate
	Greater Berlin	12	1,441	98.1%
	Hamburg	3	492	94.5%
	Saxony	7	492	99.7%
	Lower Saxony	1	131	98.3%
	In-house operations	23	2,556	97.7%

Assets excluding operations

Other operators	Region	Facilities #	Beds #	WALT
	Bavaria	7	999	11.5
	North-Rhine Westphalia	5	908	12.8
	Lower Saxony	4	661	10.2
	Rhineland-Palatinate	4	617	12.4
	Baden-Württemberg	5	573	13.0
	Other	3	374	9.1
	Total other operators	28	4,132	11.7
Total nursing	51	6,668	n/a	

- 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 brand
 - High occupancy rates of c. 98%
 - Strong EBITDAR margins of c. 24%, putting DW in top decimal in terms of profitability
 - Proven integration track record for acquired businesses
- Deutsche Wohnen business model superior to most peers
 - As owner with operational¹⁾ know-how 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
 - Doubling of capacity mid-term envisaged

- FV of nursing assets amounts to EUR ~713m, translating into attractive RoCE of ~7% for low risk DW business model

¹⁾ Managed through participation in Katharinenhof

» Nursing and Assisted Living on the operational and asset side

Assets & Operations / Katharinenhof				Assets / Pegasus				Total			
No of facilities		23		No of facilities		28		No of facilities		51	
No of beds		2,556		No of beds		4,132		No of beds		6,688	
EUR m		FY-2017	FY-2016	EUR m		FY-2017	FY-2016	EUR m		FY-2017	FY-2016
Assets	Income from assets	15.1	11.9	Assets	Income from assets	27.3	0.0	Assets	Income from assets	42.4	11.9
	Expenses	(1.0)	(1.9)		Expenses	(0.6)	0.0		Expenses	(1.6)	(1.9)
	EBITDA assets	14.1	10.0		EBITDA assets	26.7	0.0		EBITDA assets	40.8	10.0
	EBITDA margin	93.4%	84.0%		EBITDA margin	97.8%	0.0		EBITDA margin	96.2%	84.0%
Operations	Income from operations	93.4	70.1	Operations	Income from operations	93.4	70.1	Operations	Income from operations	93.4	70.1
	Expenses	(86.2)	(63.3)		Expenses	(86.2)	(63.3)		Expenses	(86.2)	(63.3)
	EBITDA operations	7.2	6.8		EBITDA operations	7.2	6.8		EBITDA operations	7.2	6.8
	EBITDA margin	7.7%	9.7%		EBITDA margin	7.7%	9.7%		EBITDA margin	7.7%	9.7%
Operations & Assets	Total income	108.5	82.0	Operations & Assets	Total income	135.8	82.0	Operations & Assets	Total income	135.8	82.0
	Total expenses	(87.2)	(65.2)		Total expenses	(87.8)	(65.2)		Total expenses	(87.8)	(65.2)
	EBITDA total	21.3	16.8		EBITDA total	48.0	16.8		EBITDA total	48.0	16.8
	EBITDA margin	19.6%	20.5%		EBITDA margin	35.3%	20.5%		EBITDA margin	35.3%	20.5%
Fair Value (EUR m)		262.4		Fair Value (EUR m)		450.1		Fair Value (EUR m)		712.5	
RoCe		8.1%		RoCe		5.9%		RoCe		6.7%	

- Operational management of nursing assets adds additional margin
- Capability to manage full value generation chain de-risks business and puts DW in a strong position to participate in market consolidation
- Target to increase EBITDA contribution over medium term towards EUR 100m
- RoCE of Assets & Operations higher than of Assets alone

D. Investments

» C. EUR 100m p.a. investments in the apartment itself

Key characteristics of re-letting capex

- Improving quality of the apartments, mainly by renovation of bathroom, floor renewal, kitchen
- Create state of the art apartments
- Main driver is fluctuation, being around 7% in Core+
- Investment of c. EUR 100m p.a. delivering c. EUR 12m additional rent income
- Yield on cost of 12% (unlevered)
- Improving tenant structure and tenant satisfaction
- Synergies in combination with modernization programme (complex refurbishment of building & apartments)

Yield on cost calculation:

Investment per sqm:	EUR ~130 (8,000€ / 60sqm)
Rent increase vs. former rent:	EUR ~1.3 /sqm / month
Investment p.a.	EUR 100m p.a. (EUR 10 / sqm)

Refurbished apartments allow for >30% rent increase



- **Re-letting capex delivers alternative unlevered yield on cost of c. 12%**

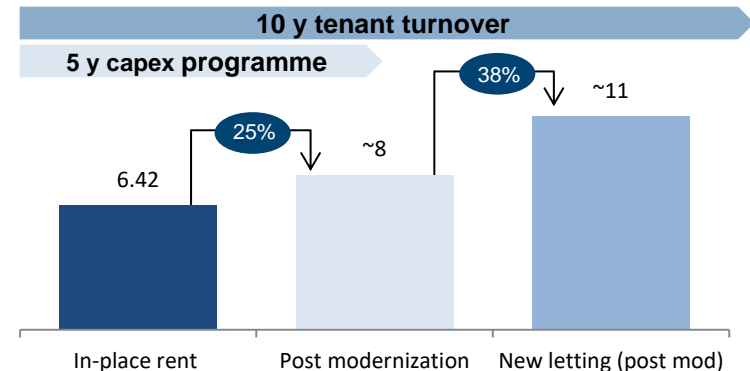
» Investment in the building and outdoor facilities

Key characteristics of capex programme

- Comprehensive renovation to upgrade buildings towards quality of new construction
- Capex stock currently 30,000 units in Core+ locations
- Investments mainly related to underinvested portfolio
- Rent potential of EUR 80m by increasing reversionary potential to 60%
- Discounted value uplift potential of EUR 2.4bn (1,500/ sqm) compared to investments of EUR 1.2bn
- Yield on cost of 7-8% for c. EUR 500m value enhancing capex measures translates to 3-4% for total capex programme
- Main focus is NAV creation through realization of the higher capex driven rent potential:**

30 k units	Pre capex	Post capex	ERV (10 Y)
Annual rent	EUR 124m	EUR 154m	EUR 204m
<i>In EUR/ sqm</i>	6.42	~8	~11
Multiple	25 x	30 x	26 x
FV in EUR bn	3,100	4,600	5,500
<i>In EUR/ sqm</i>	1,900	2,900	3,400

Refurbishment provides significant quality upgrade



- Value enhancing capex programme creates EUR 80m rent potential**

» Acquisition of high quality properties in 2017



• Acquisitions residential

6,000 residential units in Core+ Locations

- Total purchase price: EUR 980m / EUR 2,240 per sqm
- Units predominantly in hot spot micro-locations with significant rent potential (30-50%)
- Mainly popular age cluster “Altbau” – well demanded for potential privatization

Berlin



Residential units (#)	4,098
Rent potential	>50%
Price (EUR/sqm)	2,360

Leipzig



Residential units (#)	313
Rent potential	>30%
Price (EUR/sqm)	1,954

Dresden



Residential units (#)	998
Rent potential	>30%
Price (EUR/sqm)	2,038

» Acquisition track record since 2013

Main acquisitions (>1,000 units deal size)				Fair Value in EUR / sqm			In-place rent in EUR / sqm		
Year	Deal	Residential units #	Location	At Acquisition	31/12/2017	Δ	At Acquisition	31/12/2017	Δ
2013	Centuria	5,200	Berlin	711	1,803	154%	4.65	5.67	22%
	Larry	6,500	Berlin	842	1,706	103%	4.97	5.88	18%
	GSW	60,000	Berlin	960	2,072	116%	5.44	6.40	18%
2015	Windmill	~4,600	Berlin	1,218	1,803	48%	5.12	5.72	12%
	Henry	~1,600	Berlin	1,302	1,835	41%	5.26	5.65	7%
	Accentro	1,200	Berlin	1,227	2,016	64%	5.14	5.70	11%
2016	Olav	15,200		1,342	1,774	32%	5.92	6.52	10%
	<i>thereof</i>	~5,200	<i>Berlin</i>	1,469	1,959	33%	5.55	6.32	14%
		~3,800	<i>Kiel</i>	1,043	1,264	21%	5.37	5.63	5%
		~1,000	<i>other Core+</i>	3,159	3,159	0%	10.34	10.42	1%
2017	Helvetica	~3,900	Berlin	2,390	2,645	11%	6.95	7.53	8%
Total		~86,500							

- 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

E. Financials

» Profit & Loss statement

in EUR m	FY-2017	FY-2016
Earnings from Residential Property Management	612.8	586.4
Earnings from Disposals	50.3	54.3
Earnings from Nursing and Assisted Living	48.0	16.8
Corporate expenses	(81.3)	(73.7)
Other income / expenses	(29.0)	(8.7)
EBITDA	600.8	575.1
Depreciation	(7.4)	(543.7)
Valuation of financial properties	2,397.0	2,667.6
At equity valuation	3.0	2.0
Financial result	(395.2)	(211.8)
EBT	2,598.2	2,489.2
Current taxes	(32.6)	(36.5)
Deferred taxes	(802.3)	(829.5)
Total profit (before minorities)	1,763.3	1,623.2

2017: Thereof EUR (23.4m) provision for acquisition related tax payments

in EUR m	FY-2017	FY-2016
Interest expenses	(100.2)	(106.2)
Accrued interest on liabilities & pensions	(18.7)	(18.7)
One-off financial expenses related to debt restructuring	(51.7)	(6.9)
Valuation of derivatives	3.0	(3.8)
Valuation of convertible bonds	(229.0)	(79.6)
Interest income	1.4	3.4
Financial result	(395.2)	(211.8)

» Bridge from adjusted EBITDA to profit

in EUR m	FY-2017	FY-2016
EBITDA (adjusted)	624.3	581.7
Depreciation	(7.4)	(6.4)
At equity valuation	3.0	2.0
Financial result (net) ¹⁾	(118.2)	(123.6)
EBT (adjusted)	501.7	453.7
Valuation investment properties	2,397.0	2,667.6
Goodwill impairment	0.0	(537.3)
One-offs	(74.5)	(11.4)
Valuation SWAP and convertible bonds	(226.0)	(83.4)
EBT	2,598.2	2,489.2
Current taxes	(32.6)	(36.5)
Deferred taxes	(802.3)	(829.5)
Profit	1,763.3	1,623.2
<i>Profit attributable to the shareholders of the parent company</i>	<i>1,717.9</i>	<i>1,583.9</i>
Earnings per share ²⁾ in EUR	4.88	4.69

in EUR m	FY-2017	FY-2016
Interest expenses	(100.2)	(106.2)
<i>In % of rents</i>	<i>~13.5%</i>	<i>~15.1%</i>
Non-cash interest expenses	(18.7)	(18.7)
Interest income	0.7	1.3
Financial result (net)	(118.2)	(123.6)

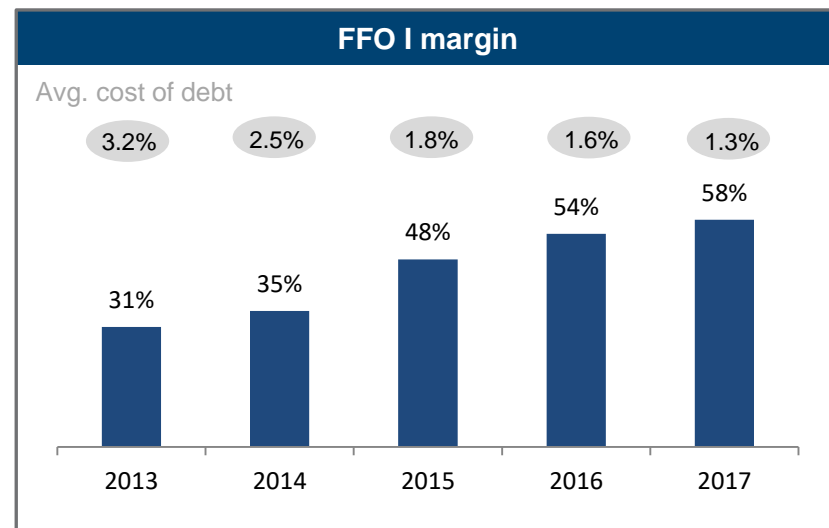
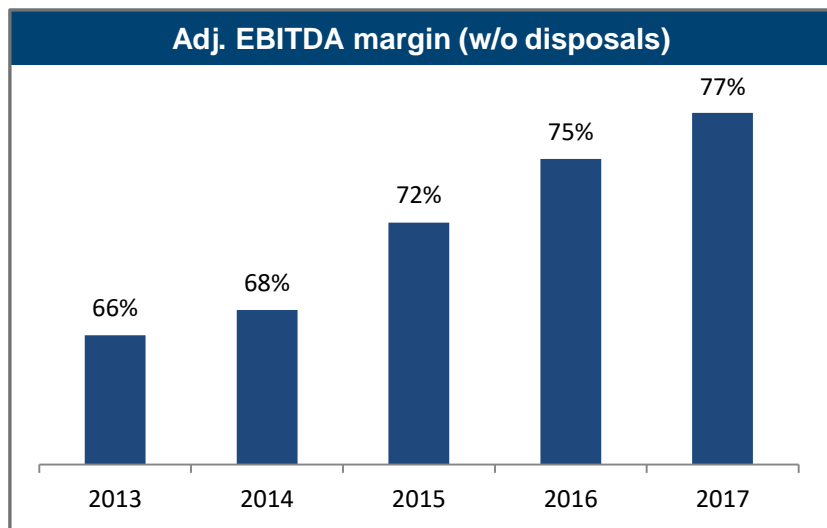
2017: thereof EUR (51.7m) early refinancing of EUR 2.9 bn debt and EUR (23.4m) provision for acquisition related tax payments

2017: thereof EUR 3m from valuation of derivatives and EUR (229m) from convertible bonds

1) Adjusted for Valuation of SWAPs and convertible bonds

2) Based on weighted average shares outstanding (FY 2017: 352.12m; FY 2016: 337.45m)

» Operational and financial improvements drive margins



- 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

» Summary balance sheet

Assets

in EUR m	31/12/2017	31/12/2016
Investment properties	19,628.4	16,005.1
Other non-current assets	134.4	108.6
Derivatives	3.3	-
Deferred tax assets	0.4	0.7
Non current assets	19,766.5	16,114.4
Land and buildings held for sale	295.8	381.5
Trade receivables	15.5	16.4
Other current assets	97.9	79.1
Cash and cash equivalents	363.7	192.2
Current assets	772.9	669.2
Total assets	20,539.4	16,783.6

Equity and Liabilities

in EUR m	31/12/2017	31/12/2016
Total equity	10,211.0	8,234.0
Financial liabilities	4,751.1	4,600.0
Convertibles	1,669.6	1,045.1
Bonds	826.6	732.3
Tax liabilities	27.2	48.3
Deferred tax liabilities	2,496.7	1,687.1
Derivatives	5.3	47.0
Other liabilities	551.9	389.8
Total liabilities	10,328.4	8,549.6
Total equity and liabilities	20,539.4	16,783.6

- Investment properties represent ~95% of total assets

- Strong balance sheet structure offering comfort throughout market cycles

F. Corporate Governance

» Management board and areas of responsibilities



Michael Zahn

*Chief Executive Officer
(CEO)*

More than 20 years in the firm

Areas of responsibility:

- Strategy
- Asset Management
- Controlling
- Strategic participations
- HR
- PR & Marketing



Lars Wittan

*Chief Operating Officer
(COO)*

*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
(CFO)*

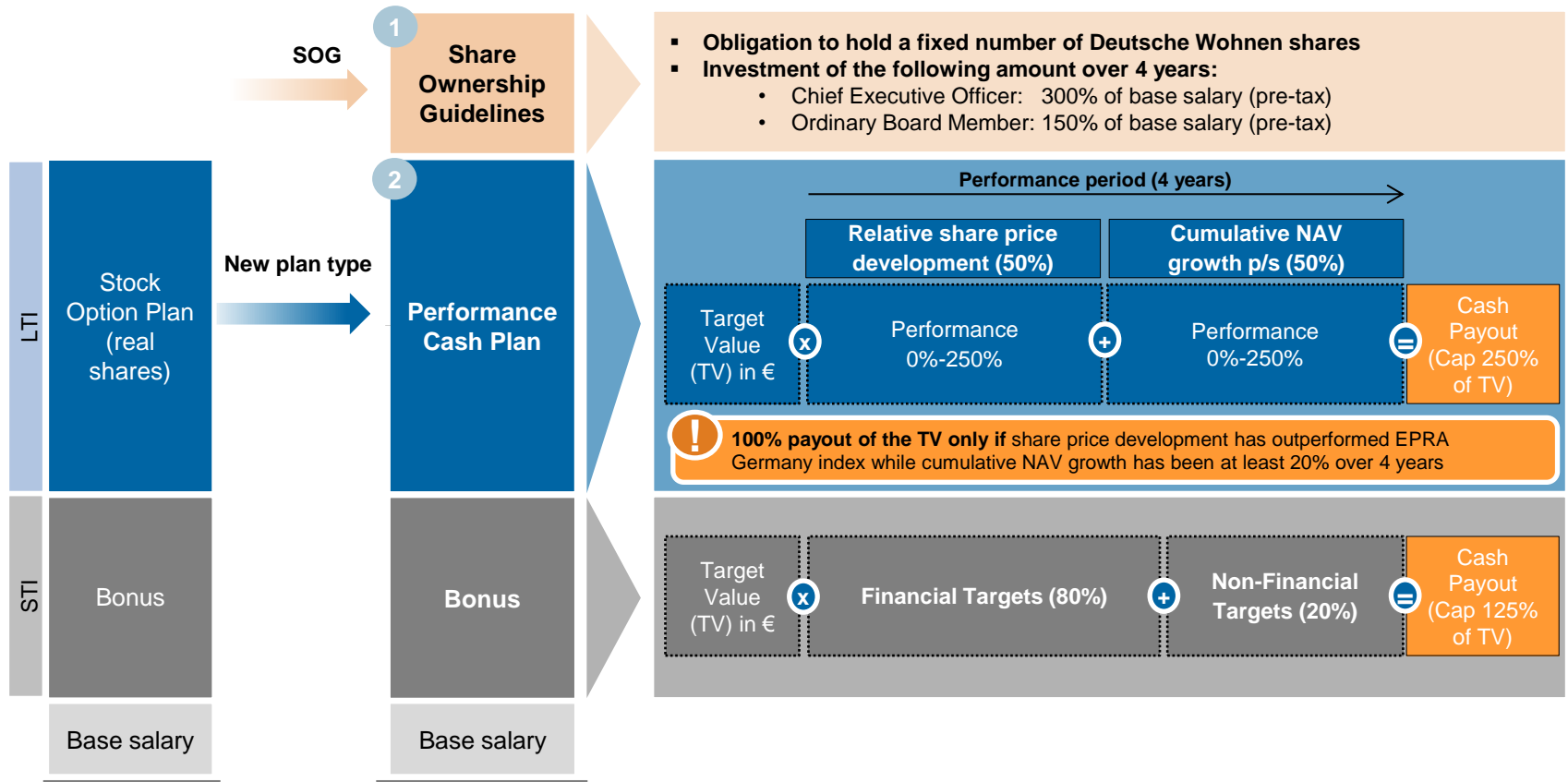
*Since 2013 at Deutsche Wohnen,
since 2016 CFO*

Areas of responsibility:

- Accounting/ Tax
- Financing
- Treasury
- Investor Relations
- Legal/Compliance
- Risk Management

» 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

» 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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