

# Deutsche Wohnen SE



9M 2019 results

Conference Call, 13 November 2019

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# Highlights 9M 2019

## Berlin rental freeze

- Rent reductions and unrealized rental growth could lead to up to EUR ~330m cumulated cash flow risk (thereof EUR ~100m in 2024)
- High legal uncertainty on constitutionality and validity of the proposed law

## Strong development of operating business and key performance indicators

- L-f-I rental growth at 3.4% (Berlin at 3.6%)
- Adj. EBITDA margin (excluding disposals) significantly improved to 80.5% (+3.4pp yoy)
- FFO I per share up by 12% yoy – 2019 guidance of EUR 535m confirmed

## Opportunistic disposals of a portfolio of c. 6,350 units in Core regions at attractive margins

- Disposal price of EUR 615m
- Gross margin of 34% on current FV
- Delivering on strategy to improve overall portfolio quality and realize hidden NAV potential

## Launch of SBB of up to EUR 750m

- Shares trade at a significant discount to NAV despite stable market fundamentals
- Buying back shares allows for efficient capital allocation while maintaining the conservative capital structure

# Key points of “Berlin rent price cap” – draft bill

## General

- Applies to all residential apartments except for subsidized housing stock and new construction (age cluster after 2014)
- Rents are basically fixed to the rent level of June 18<sup>th</sup>, 2019 for 5 years and rent caps between 3.92 and 9.80 EUR/sqm have been defined
- Landlords shall provide existing tenants and new tenants with information on the applicable rent and the relevant criteria
- Penalty fines of up to EUR 500k for individual cases

## Existing contracts

- Modernization increase up to 1 EUR/sqm possible if rent caps are exceeded by max. 1 EUR and only for defined measures
- Rent cap levels can increase by 1 EUR if at least three of five defined quality criteria are fulfilled
- Starting from 2022 and up to 1.3% p.a. inflation adjustment up to the rent caps are envisaged (decision at the discretion of the Senate)
- If individual rent level exceeds 120% of the respective cap (and after modernization surcharges and location cluster adjustments - if applicable), tenants can apply for a rent reduction earliest 9 months after implementation of new law

## New lettings

- The lower of rent cap or rent level of the previous tenant
- Rent cap levels can increase by 1 EUR if at least three of five defined quality criteria are fulfilled

# Deutsche Wohnen Berlin properties clustered by building age

Age cluster	DW proportion <sup>1)</sup>	Rental ceiling (EUR/sqm/month)	Average net cold rent per month based on rental ceiling <sup>3)</sup> (EUR)
< 1918	6%	6.45	387
1919-1949	32%	6.27	376
1950-1964	26%	6.08	365
1965-1972	9%	5.95	357
1973-1990	20%	6.04	362
1991-2002	4%	8.13	488
<b>Ø Deutsche Wohnen</b>		<b>EUR 6.20<sup>2)</sup> rental ceiling vs EUR 6.83 DW in-place rent</b>	<b>372</b>

- Average rental cap at EUR 6.20 per sqm and c. 9% below Deutsche Wohnen in-place rent of EUR 6.83 per sqm for the underlying portfolio
- Average monthly rent would amount to EUR 372 per month for a 60sqm apartment, regardless of individual income situation, micro-location and quality
- Current draft bill is structured to provide relief for high income households

Source: Senatsverwaltung für Stadtentwicklung  
 1) Focus on relevant Deutsche Wohnen clusters >3% of Berlin portfolio  
 2) Weighted average rental ceiling for unrestricted units of Deutsche Wohnen portfolio in Berlin according to proposed law  
 3) Based on 60 sqm apartment for typical 2 person household

# Impact of regulation on rental- and investment policy

## Deutsche Wohnen regards the proposed regulation as unconstitutional

- Possibility for fast legal clarification by highest court through abstract constitutional review initiated by at least 25% of parliament
- Injunctive relief to suspend new law until final constitutional ruling remains to be seen

## Accumulated cash flow risk of up to EUR ~330m on a 5 year basis

- Unrealized rent growth of cumulated up to EUR ~190m or EUR ~15m p.a.<sup>1)</sup>
- Rent reduction risk of cumulated up to EUR ~140m
- Marginal cash flow impact expected in 2020, thereafter up to EUR ~30m p.a.<sup>2)</sup> in 2021, increasing to up to EUR ~40m<sup>2)</sup> in 2024
- Rent reductions and unrealized rental growth might be claimed back from tenants in case of final court ruling of non-constitutionality of the proposed law
- Tenants will get complete transparency and information about the legal situation

## Berlin investments under review

- Completion of all investment projects in Berlin that have already been announced and started
- New construction in the City of Berlin will be put on “hold”
- Focus on new development and capex projects outside of Berlin

## Deutsche Wohnen remains committed to its promise to tenants regarding the application of financial hardship

1) EUR ~500m rents p.a for underlying unrestricted portfolio and 3% lost Ifl rental growth

2) EUR ~25m maximum amount of rent reductions from existing tenants, assuming 100% of tenants apply for rent reduction as of Q4-2020; the remaining rent reductions are based on 7% tenant churn p.a. (conservative assumption)

# Stable like-for-like rental growth

Like-for-like 30/09/2019	Residential units (#)	In-place rent <sup>1</sup> 30/09/2019 (EUR/sqm/month)	In-place rent <sup>1</sup> 30/09/2018 (EUR/sqm/month)	Change (y-o-y)	Vacancy 30/09/2019 (in %)	Vacancy 30/09/2018 (in %)	Change (y-o-y)
<b>Letting portfolio<sup>2</sup></b>	<b>148,621</b>	<b>6.82</b>	<b>6.59</b>	<b>3.5%</b>	<b>1.7%</b>	<b>1.9%</b>	-0.2 pp
Core <sup>+</sup>	136,083	6.90	6.67	3.5%	1.6%	1.9%	-0.3 pp
Core	12,538	5.99	5.83	2.8%	2.9%	2.3%	+0.6 pp
<b>Total</b>	<b>160,684</b>	<b>6.78</b>	<b>6.55</b>	<b>3.4%</b>	<b>1.9%</b>	<b>2.0%</b>	-0.1 pp
<b>Thereof Greater Berlin</b>	<b>110,445</b>	<b>6.87</b>	<b>6.63</b>	<b>3.6%</b>	<b>1.6%</b>	<b>1.9%</b>	<b>-0.3 pp</b>

- Total like-for-like rental growth at 3.4%, thereof 1.5% from existing tenants

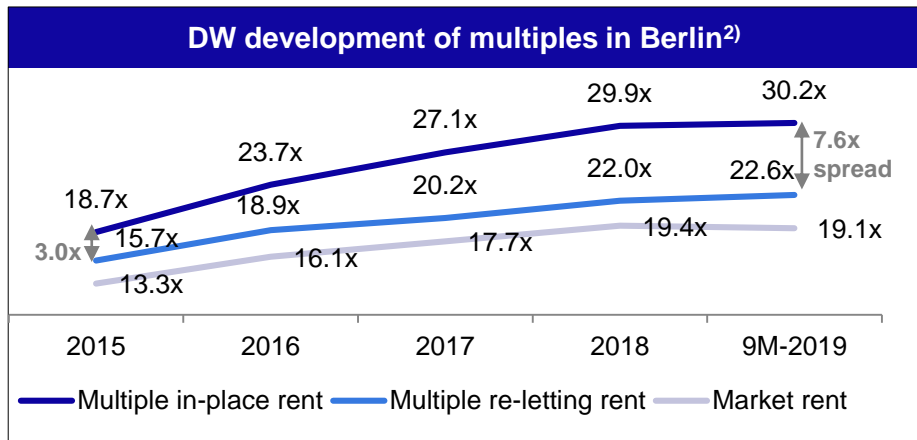
- Tenant turnover stable at 8% across entire portfolio, around 7% in Berlin

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

2) Excluding non-core and disposal stock

# Focussed portfolio with strong fundamentals

Strategic cluster 30/09/2019	Residential units (#)	% of total (measured by fair value)	In-place rent <sup>1)</sup> (EUR/sqm/month)	Fair value (EUR/sqm)	Multiple in-place rent (x)	Multiple re-letting rent (x)	Reversionary potential <sup>1)</sup> (in EUR)	Vacancy (in %)
<b>Strategic core and growth regions</b>	<b>166,573</b>	<b>99.9%</b>	<b>6.83</b>	<b>2,242</b>	<b>27.4</b>	<b>21.2</b>	<b>2.07</b>	<b>2.1%</b>
Core+	147,464	93.5%	6.94	2,373	28.5	21.8	2.29	2.0%
Core	19,109	6.5%	6.00	1,250	17.5	14.7	1.09	3.0%
Non-core	144	< 0.1%	5.14	589	10.0	8.4	0.71	4.8%
<b>Total</b>	<b>166,717</b>	<b>100%</b>	<b>6.82</b>	<b>2,241</b>	<b>27.4</b>	<b>21.2</b>	<b>2.07</b>	<b>2.1%</b>
<i>Thereof Greater Berlin</i>	<i>115,791</i>	<i>75.1%</i>	<i>6.85</i>	<i>2,462</i>	<i>29.9</i>	<i>22.5</i>	<i>2.30</i>	<i>1.8%</i>



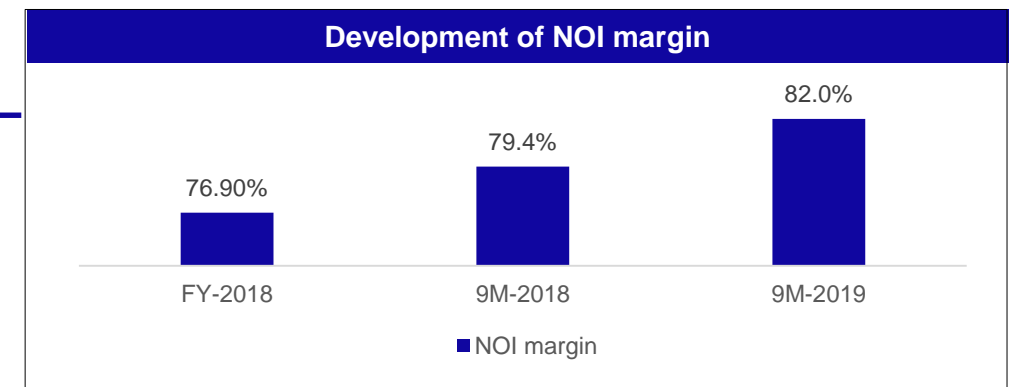
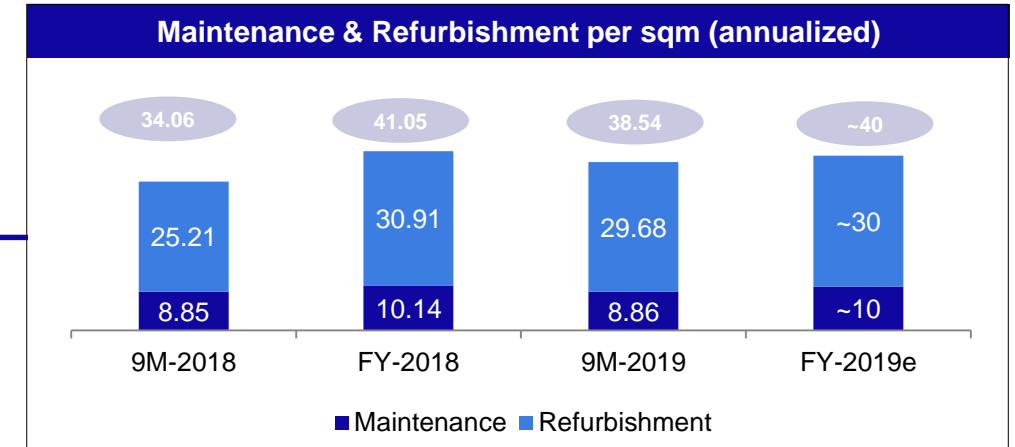
- Valuation amounts to EUR 2,373 per sqm in Core+ and EUR 2,462 per sqm in Berlin
- Berlin stock valued at 55% of replacement cost
- Reversionary yield >5% based on market rents

1) Unrestricted residential units (letting portfolio); rent potential = re-letting rent compared to in-place rent (letting portfolio)  
 2) Market rent based on CBRE asking rents and Deutsche Wohnen Fair Values



# Strong letting business

in EUR m	9M-2019	9M-2018
Income from rents (rental income)	622.5	585.0
Income relating to utility/ ancillary costs	286.1	266.7
<b>Income from rental business</b>	<b>908.6</b>	<b>851.7</b>
Expenses relating to utility/ ancillary costs	(279.5) <sup>1)</sup>	(273.8)
Rental loss	(5.8)	(5.2)
Maintenance	(69.0)	(67.0)
Others	(4.7) <sup>1)</sup>	(5.5)
<b>Earnings from Residential Property Management</b>	<b>549.6</b>	<b>500.2</b>
Personnel, general and administrative expenses	(39.4) <sup>1)</sup>	(35.7)
<b>Net Operating Income (NOI)</b>	<b>510.2</b>	<b>464.5</b>
NOI margin	82.0%	79.4%
NOI in EUR / sqm / month	5.46	5.11



- Adjusted for accounting effects NOI margin came out at 80% slightly above previous year's level

1) Comparison with the same period last year is limited by the absence of lease expenses due to first-time application of IFRS 16 since 1 January 2019

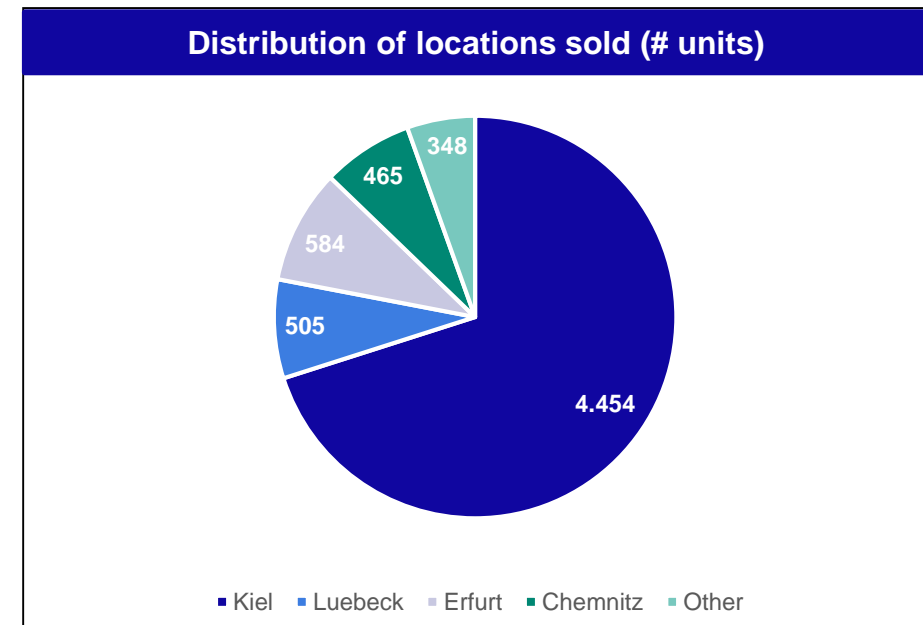
# Attractive margins of disposal business despite revaluations

Disposals	Privatization		Institutional sales		Total	
with closing in	9M-2019	9M-2018	9M-2019	9M-2018	9M-2019	9M-2018
<b>No. of units</b>	250	264	479	322	729	586
<b>Proceeds (EUR m)</b>	72.9	50.7	49.4	27.9	122.3	78.6
<b>Book value (EUR m)</b>	43.9	35.7	45.6	23.9	89.5	59.6
<b>Price in EUR per sqm</b>	3,425	2,463	1,820	1,607	n/a	n/a
<b>Earnings (EUR m)</b>	22.4	10.4	2.4	3.1	24.8	13.5
<b>Gross margin</b>	66%	42%	8%	17%	37%	32%
<b>Cash flow impact (EUR m)</b>	64.0	44.1	46.5	19.5	110.5	63.6

- Recent 6k disposal mainly in Kiel and Luebeck only comes through at the end of Q4, currently up to 5k units in Berlin earmarked for further disposals
- Excluding one disposal of a mixed use privatization in Q1, realized prices for privatizations in Berlin amount to EUR 3,100 per sqm on average

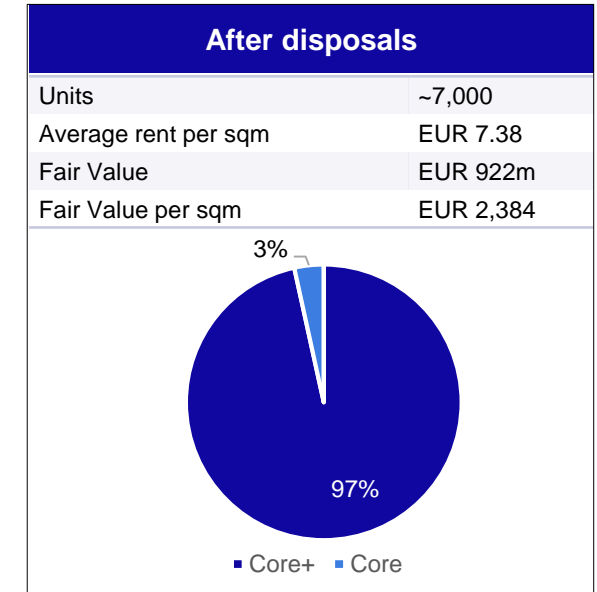
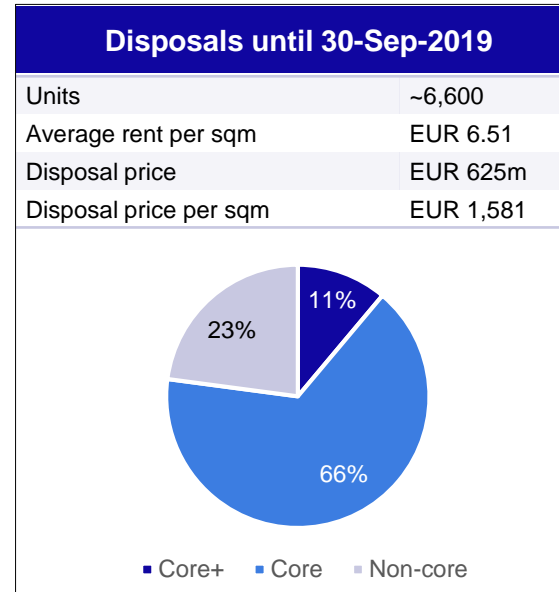
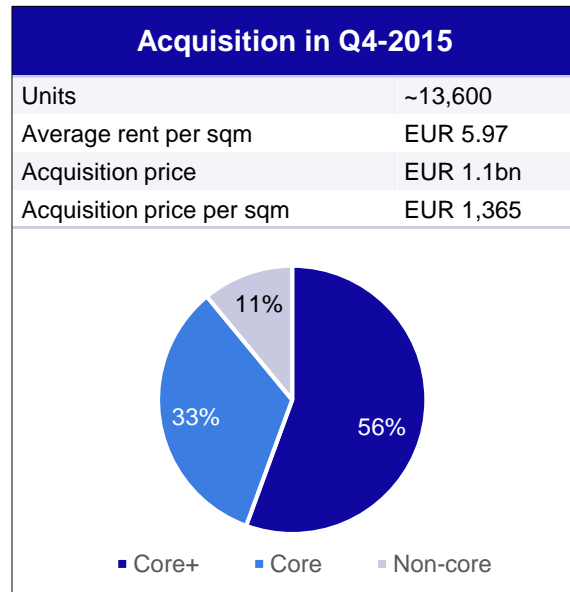
# Recent 6k disposals of Core locations at attractive gross margins

Key facts	
Units	~6,350
Average rent per sqm	EUR 6.04
Vacancy rate	3.3%
Annualized in-place rent	EUR 28m
Disposal price	EUR 615m
Disposal price per sqm	EUR 1,592
Gross margin based on FV	34%
Gross margin based on acquisition price	58%



- **Opportunistic disposal of Core locations at attractive gross margins leading to significant NAV creation**
- **Buyer takes over deferred tax liabilities**

# Olav portfolio – value generation through selective disposals



- Value creation of c. EUR 450m or 41% of acquisition price through fair value gains and selective disposals
- Almost 50% of units have been selectively disposed at a 41% gross margin based on the initial acquisition price
- Significant improvement of portfolio quality: 97% in metropolitan areas with Ø fair value per sqm of ~EUR 2,400

# Increasing FFO contribution from Nursing and Assisted Living

Operations (in EUR m)	9M-2019	9M-2018		in EUR m	9M-2019	9M-2018
Total income	168.8	73.0	Total income	Nursing & Assisted Living	155.2	63.4
Total expenses	(154.7)	(67.4)		Other	13.6	9.6
<b>EBITDA operations</b>	<b>14.1</b>	<b>5.6</b>	EBITDA operations			
EBITDA margin	8.4%	7.7%				
Lease expenses <sup>1</sup>	20.7	11.5	Lease expenses <sup>1</sup>	Staff	(103.9)	(40.1)
<b>EBITDAR</b>	<b>34.8</b>	<b>17.1</b>		Rent / lease (inter-company) <sup>1</sup>	(19.9)	(11.2)
EBITDAR margin	20.6%	23.4%	EBITDAR margin	Other	(30.9)	(16.1)
<b>Assets (in EUR m)</b>	<b>9M-2019</b>	<b>9M-2018</b>				
Lease income	54.0	33.3	Lease income			
Total expenses	(2.7)	(1.3)				
<b>EBITDA assets</b>	<b>51.3</b>	<b>32.0</b>				
<b>Operations &amp; Assets (in EUR m)</b>	<b>9M-2019</b>	<b>9M-2018</b>				
<b>Total EBITDA</b>	<b>65.4</b>	<b>37.6</b>				

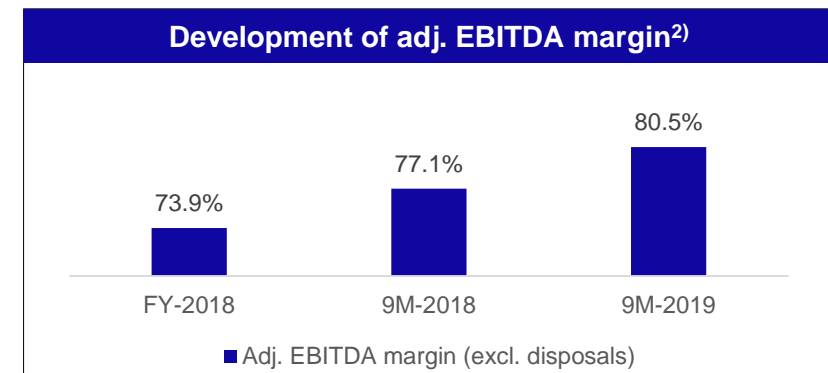
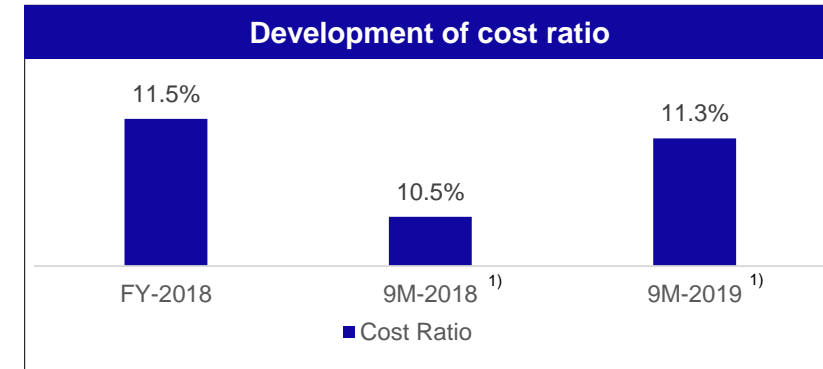
Margin pressure continues to persist with integration of Hamburg operations, margins for KATHARINENHOF at 24%

- Overall occupancy at almost 95% with KATHARINENHOF constantly at 98%

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

# Stable adj. EBITDA margin despite higher corporate expenses

in EUR m	9M-2019	9M-2018
Earnings from Residential Property Management	549.6	500.2
Earnings from Disposals	24.8	13.5
Earnings from Nursing and Assisted Living	65.4	37.6
<b>Segment contribution</b>	<b>639.8</b>	<b>551.3</b>
Corporate expenses	(72.5)	(63.8)
Other operating expenses/income	(6.7)	(3.1)
<b>EBITDA</b>	<b>560.6</b>	<b>484.4</b>
One-offs	6.4	3.7
<b>Adj. EBITDA (incl. disposals)</b>	<b>567.0</b>	<b>488.1</b>
Earnings from Disposals	(24.8)	(13.5)
Corporate expenses for Disposals	2.4	2.1
<b>Adj. EBITDA (excl. disposals)</b>	<b>544.6</b>	<b>476.7</b>



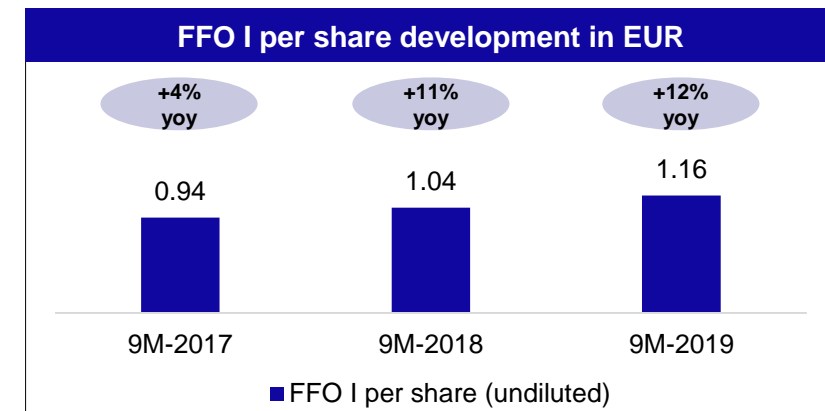
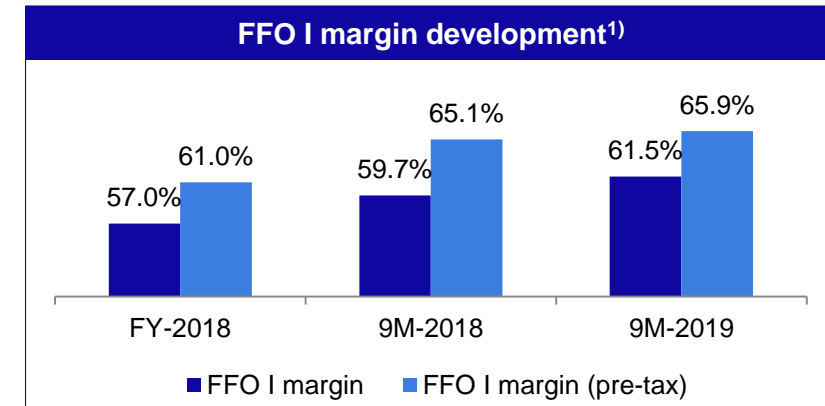
- Adj. EBITDA margin (excl. disposals and accounting effects) increased by 1.3pp yoy

1) Cost ratio defined as corporate expenses divided by gross rental income, whereas corporate expenses are excluding corporate expenses for disposals, numbers historically revised

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

# FFO I per share growth of 12% yoy to EUR 1.16

in EUR m	9M-2019	9M-2018
<b>EBITDA (adjusted)</b>	<b>567.0</b>	<b>488.1</b>
Earnings from Disposals	(24.8)	(13.5)
Corporate expenses for Disposals	2.4	2.1
Finance lease broadband cable network	2.1	1.7
At equity valuation	1.7	1.2
Interest expense/ income (recurring)	(97.4)	(72.6)
Income taxes	(29.5)	(33.2)
Minorities	(5.2)	(4.6)
<b>FFO I</b>	<b>416.3</b>	<b>369.2</b>
Earnings from Disposals	24.8	13.5
Corporate expenses for Disposals	(2.4)	(2.1)
<b>FFO II</b>	<b>438.7</b>	<b>380.6</b>
<i>Weighted average number of shares outstanding</i>	357.8	355.3
<b>FFO I per share in EUR</b>	<b>1.16</b>	<b>1.04</b>
<b>FFO II per share in EUR</b>	<b>1.23</b>	<b>1.07</b>

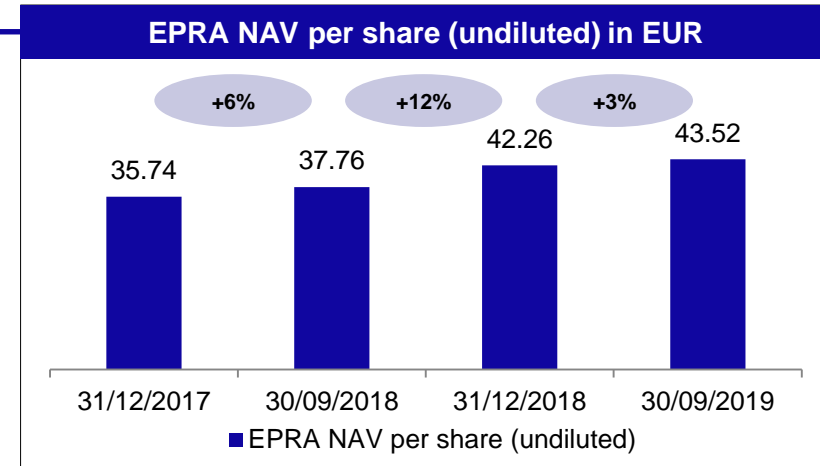


- FFO I margin improved by 1.8pp

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

# EPRA NAV per share +3% versus year end 2018

in EUR m	30/09/2019	31/12/2018
Equity (before non-controlling interests)	11,881.0	11,559.1
Fair values of derivative financial instruments	79.2	14.6
Deferred taxes (net)	3,694.2	3,514.1
<b>EPRA NAV (undiluted)</b>	<b>15,654.4</b>	<b>15,087.8</b>
<i>Shares outstanding in m</i>	359.7	357.0
<b>EPRA NAV per share in EUR (undiluted)</b>	<b>43.52</b>	<b>42.26</b>
Effects of exercise of convertibles <sup>1)</sup>	0.0	0.0
<b>EPRA NAV (diluted)</b>	<b>15,654.4</b>	<b>15,087.8</b>
<i>Shares diluted in m</i>	359.7	357.0
<b>EPRA NAV per share in EUR (diluted)</b>	<b>43.52</b>	<b>42.26</b>



- Full revaluation of portfolio with FY 2019 financials envisaged

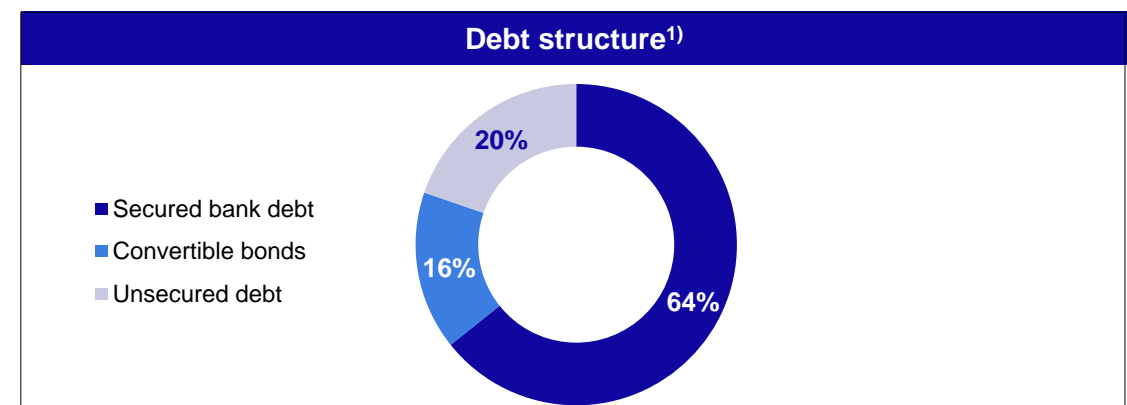
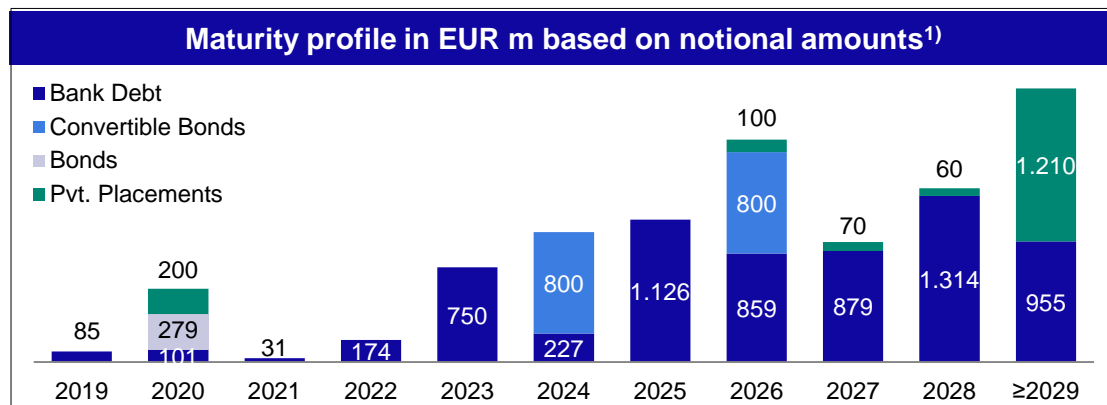
1) Effects of convertible bonds are only considered if the respective instruments are in the money/ dilutive



# Conservative long-term capital structure

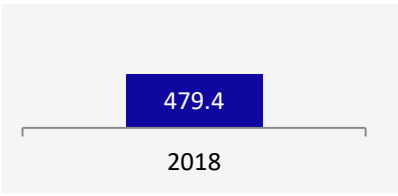
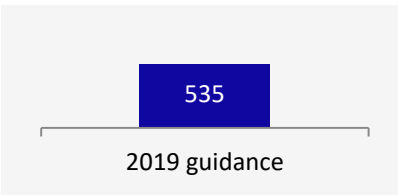
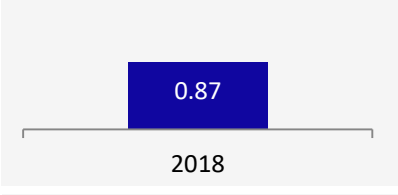

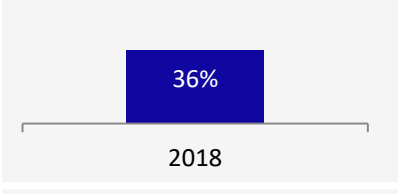
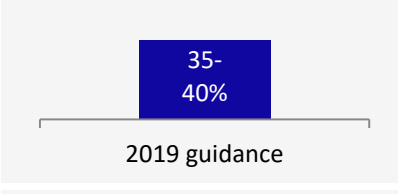

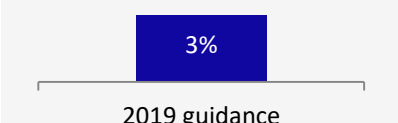
Rating	A- (stable outlook) / A3 (negative outlook)
Ø maturity	~ 7.6 years
% secured bank debt	64%
% unsecured debt	36%
Ø interest cost	~ 1.3% (~ 89% hedged)
LTV target range	35-40%

- Within the first 9 months EUR 1.6bn have been refinanced long-term for an average interest rate of 1.3% and an average maturity of ~11 years
- Early prolongation of EUR 200m RCFs until 2022
- LTV at 38.0%
- ICR (adjusted EBITDA excl. disposals / net cash interest) ~5.8x
- Short-term access to c. EUR 1bn liquidity through CP program and RCFs



1) As of 30 September 2019; excluding commercial papers

# Guidance 2019 unchanged

	FY-2018 Reported	FY-2019 Guidance	Main drivers comments
<b>FFO I (EUR m)</b>	 <p>479.4 2018</p>	 <p>535 2019 guidance</p>	<ul style="list-style-type: none"> <li>▪ Approximately EUR 535m (+12% yoy)</li> <li>▪ Unchanged dividend payout ratio of 65% of FFO I</li> </ul>
<b>Dividend per share (EUR)</b>	 <p>0.87 2018</p>	 <p>0.97 2019 guidance</p>	<ul style="list-style-type: none"> <li>▪ Based on 65% pay-out ratio of FFO I and current shares outstanding 0.97 per share for FY 2019</li> </ul>
<b>LTV</b>	 <p>36% 2018</p>	 <p>35-40% 2019 guidance</p>	<ul style="list-style-type: none"> <li>▪ 35-40% target range</li> <li>▪ Aim to keep current rating A-/A3</li> </ul>
<b>Like-for-like rental growth</b>	 <p>3.40% 2018</p>	 <p>3% 2019 guidance</p>	<ul style="list-style-type: none"> <li>▪ C. 3% depending on implementation of rent table outcome</li> </ul>

# Appendix

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# Like-for-like development as of 30 September 2019

Like-for-like 30/09/2019	Residential units (#)	In-place rent <sup>2)</sup> 30/09/2019 (EUR/sqm/month)	In-place rent <sup>2)</sup> 30/09/2018 (EUR/sqm/month)	Change (y-o-y)	Vacancy 30/09/2019 (in %)	Vacancy 30/09/2018 (in %)	Change (y-o-y)
<b>Letting portfolio<sup>1)</sup></b>	<b>148,621</b>	<b>6.82</b>	<b>6.59</b>	<b>3.5%</b>	<b>1.7%</b>	<b>1.9%</b>	<b>-0.2pp</b>
<b>Core<sup>+</sup></b>	<b>136,083</b>	<b>6.90</b>	<b>6.67</b>	<b>3.5%</b>	<b>1.6%</b>	<b>1.9%</b>	<b>-0.3pp</b>
Greater Berlin	110,445	6.87	6.63	3.6%	1.6%	1.9%	-0.3pp
Rhine-Main	9,239	8.19	7.89	3.8%	1.4%	1.1%	+0.3pp
Dresden/Leipzig	6,096	6.02	5.83	3.2%	2.9%	3.1%	-0.2pp
Rhineland	4,855	6.29	6.18	1.8%	0.9%	0.9%	0.0pp
Mannheim/Ludwigshafen	4,556	6.21	6.04	2.7%	1.4%	2.0%	-0.6pp
Other Core <sup>+</sup>	892	10.63	10.45	1.7%	1.1%	0.6%	+0.5pp
<b>Core</b>	<b>12,538</b>	<b>5.99</b>	<b>5.83</b>	<b>2.8%</b>	<b>2.9%</b>	<b>2.3%</b>	<b>+0.6pp</b>
Hannover/Brunswick	8,922	6.11	5.92	3.3%	2.7%	2.1%	+0.6pp
Other Core	3,616	5.68	5.60	1.4%	3.7%	2.8%	+0.9pp
<b>Total<sup>3)</sup></b>	<b>160,684</b>	<b>6.78</b>	<b>6.55</b>	<b>3.4%</b>	<b>1.9%</b>	<b>2.0%</b>	<b>-0.1pp</b>

1) Excluding Non-Core and disposal stock

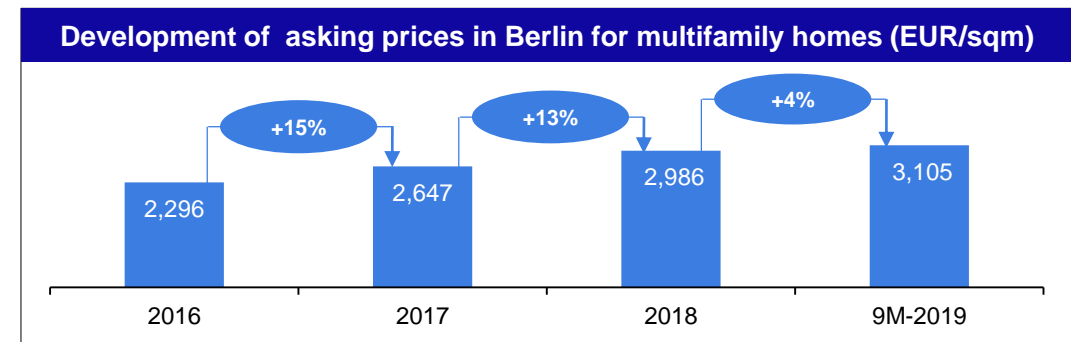
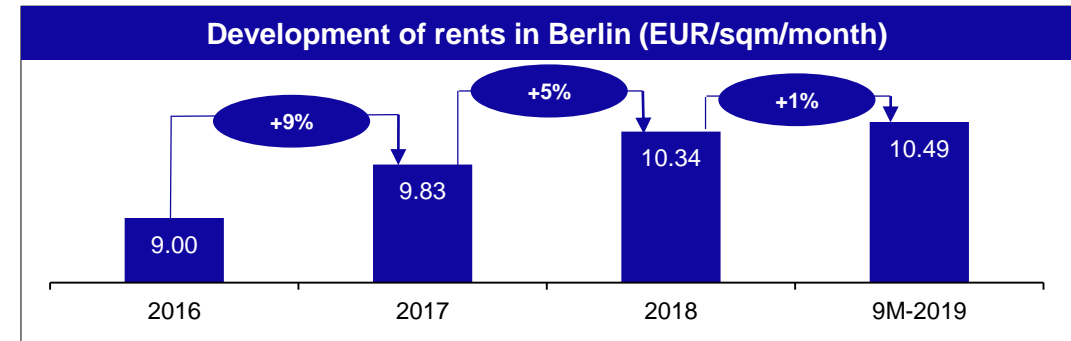
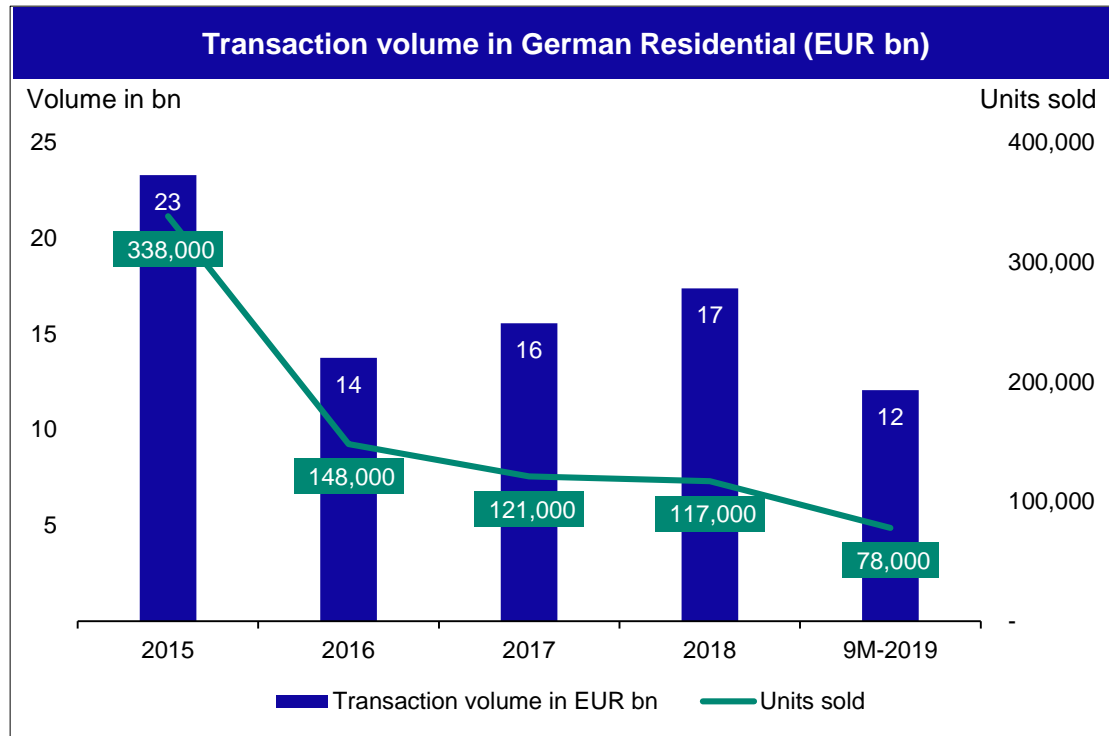
2) Contractually owed rent from rented apartments divided by rented area

3) Total I-f-I stock incl. Non-Core

# Portfolio valuation by regions

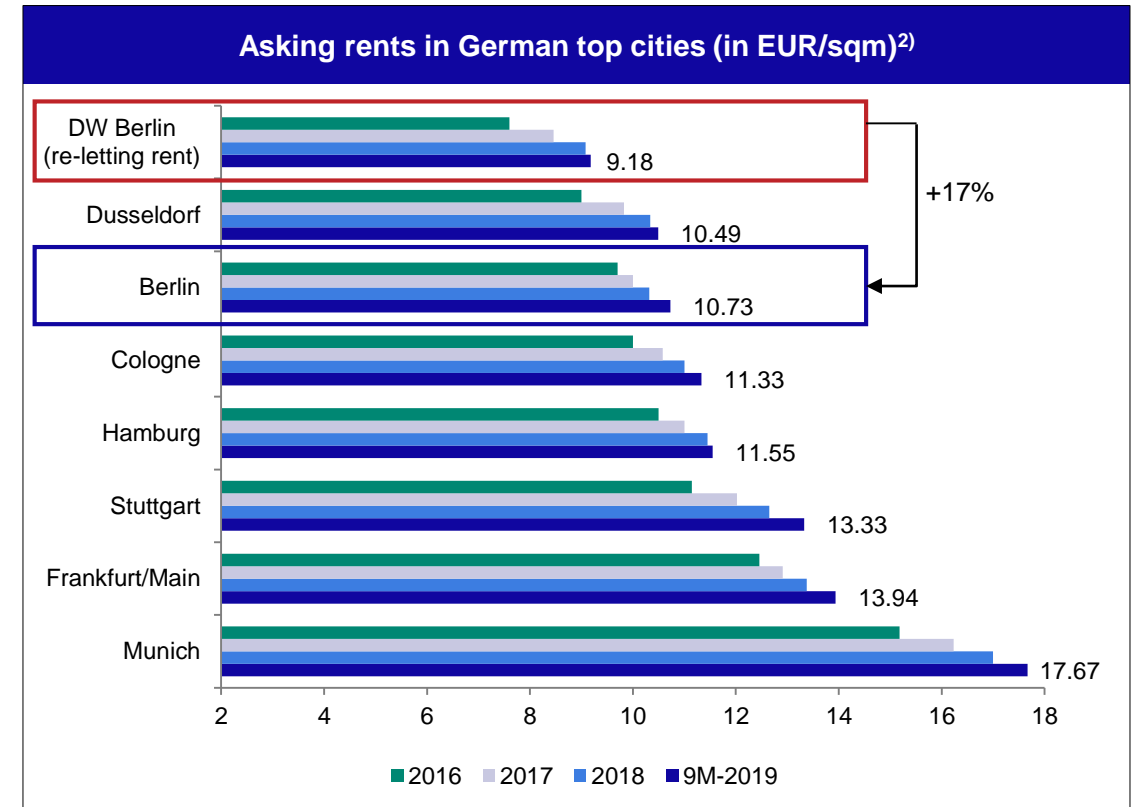
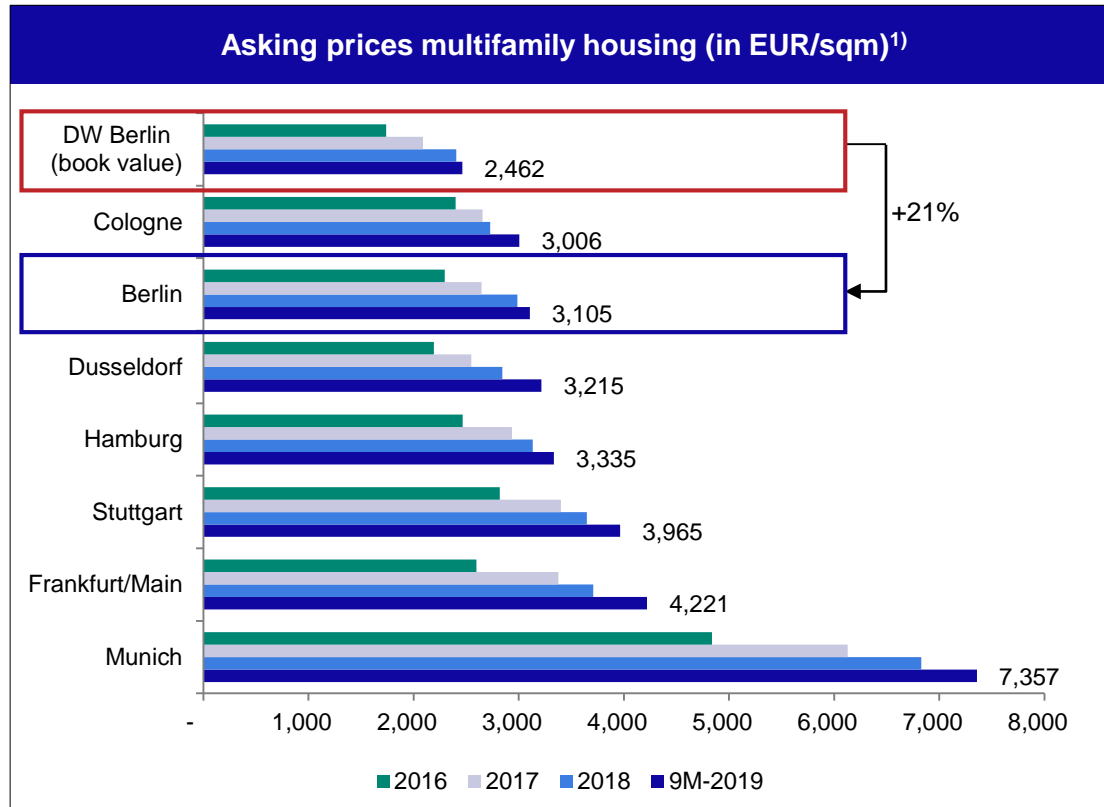
Regions	Residential units (#)	FV 30/09/2019 (EUR m)	FV 30/09/2019 (EUR/sqm)	Multiple in-place rent 30/09/2019	Multiple re-letting rent 30/09/2019	Multiple in-place rent 31/12/2018	Fair Value 31/12/2018 (EUR/sqm)
<b>Core<sup>+</sup></b>	<b>147,464</b>	<b>21,892</b>	<b>2,373</b>	<b>28.5</b>	<b>21.8</b>	<b>28.4</b>	<b>2,284</b>
Greater Berlin	115,791	17,570	2,462	29.9	22.5	29.9	2,404
Rhine-Main	10,740	1,736	2,571	24.9	20.0	23.6	2,254
Dresden/Leipzig	8,959	1,314	2,030	27.8	22.3	27.9	1,958
Rhineland	6,312	737	1,815	21.8	18.1	17.1	1,328
Mannheim/Ludwigshafen	4,719	360	1,176	15.9	13.2	16.1	1,162
Other Core <sup>+</sup>	943	175	3,162	24.7	20.4	24.7	3,159
<b>Core</b>	<b>19,109</b>	<b>1,518</b>	<b>1,250</b>	<b>17.5</b>	<b>14.7</b>	<b>17.4</b>	<b>1,217</b>
Hanover/Brunswick	9,110	774	1,285	17.7	14.5	17.4	1,236
Kiel/Lübeck	4,947	348	1,181	16.3	13.8	16.4	1,171
Other Core	5,052	396	1,245	18.4	16.2	18.3	1,223
<b>Non-Core</b>	<b>144</b>	<b>5</b>	<b>589</b>	<b>10.0</b>	<b>8.4</b>	<b>9.7</b>	<b>580</b>
<b>Total</b>	<b>166,717</b>	<b>23,415</b>	<b>2,241</b>	<b>27.4</b>	<b>21.2</b>	<b>27.2</b>	<b>2,157</b>

# Dynamic transaction market



▪ Prices in Berlin show stable development in Q3 2019

# Current level of rents and prices



▪ Price levels for asking rents and multifamily housing in Berlin remain stable in Q3

1) CBRE median asking prices, DW portfolio valuation

2) CBRE median asking rents, DW portfolio data

# Acquisition track record since 2013

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

- Acquisitions delivered attractive total returns through rent development and NAV uplift

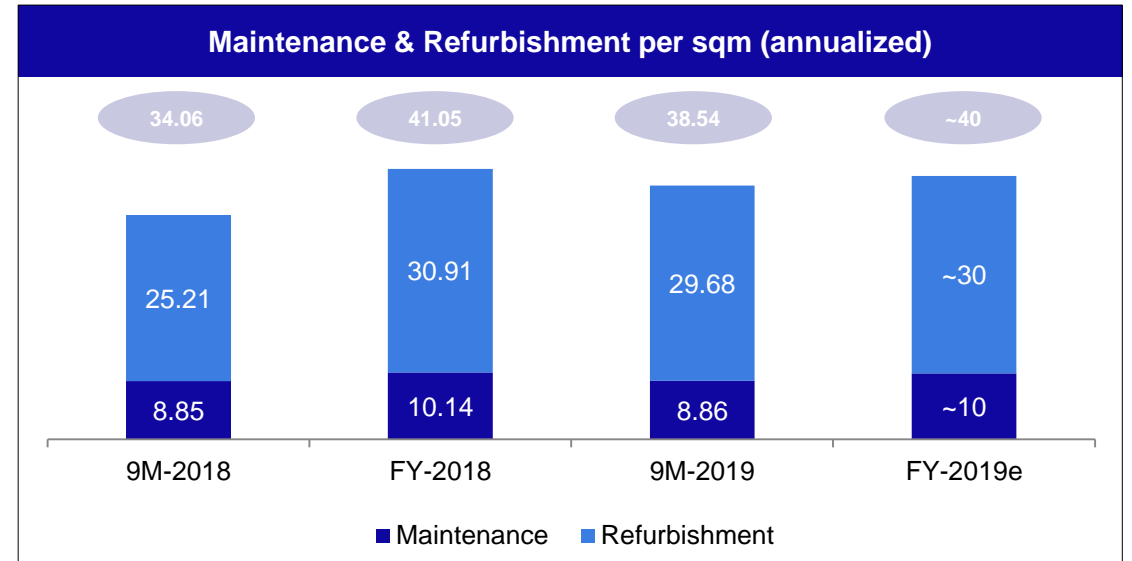
- ~13% of acquired units have been sold at double digit gross margins to streamline portfolio quality

1) Includes 1,600 units on top of Olav portfolio



# Investments into the portfolio to remain high in Q4 2019

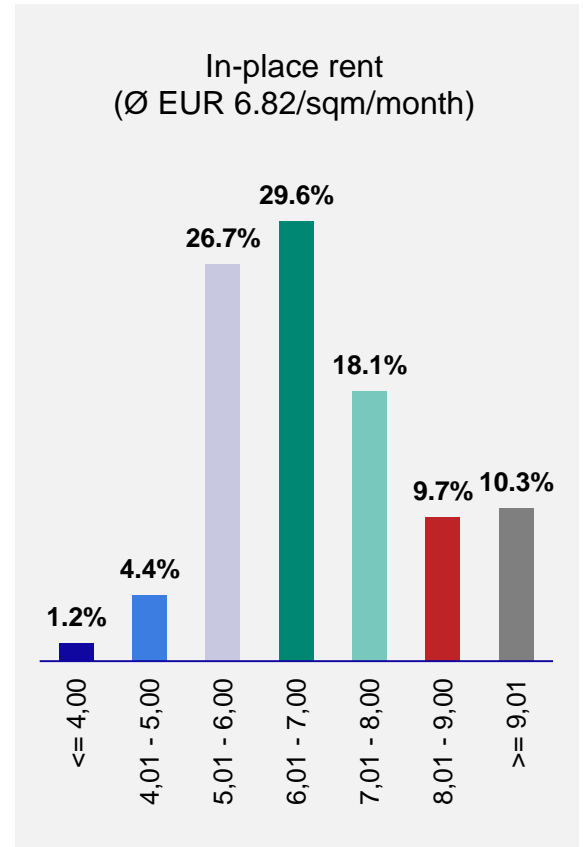
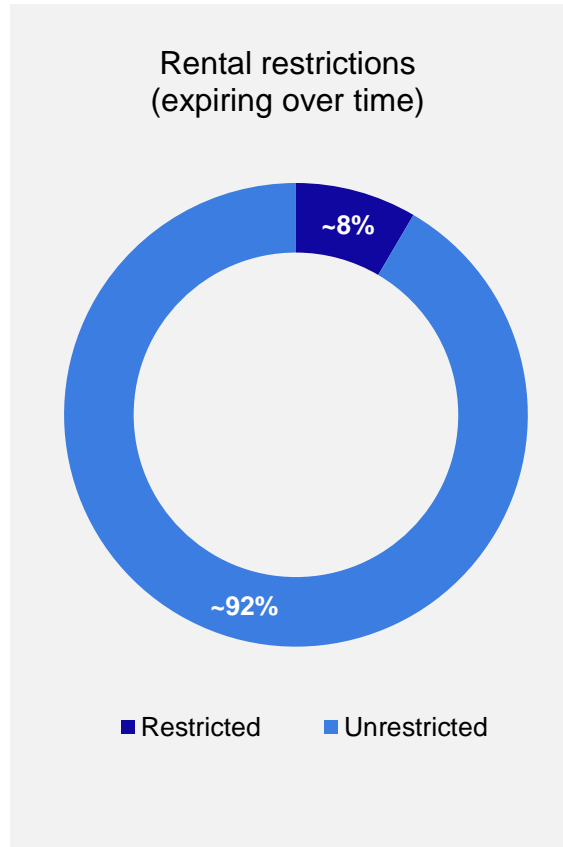
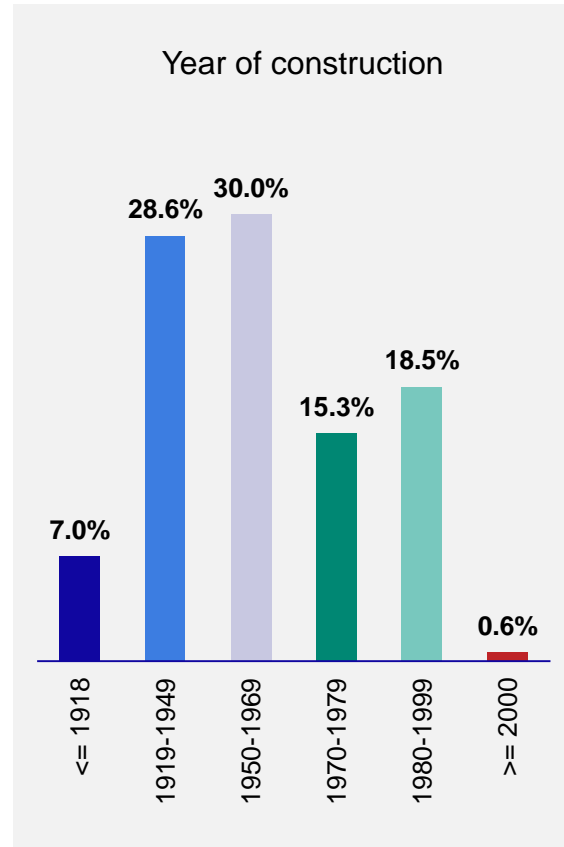
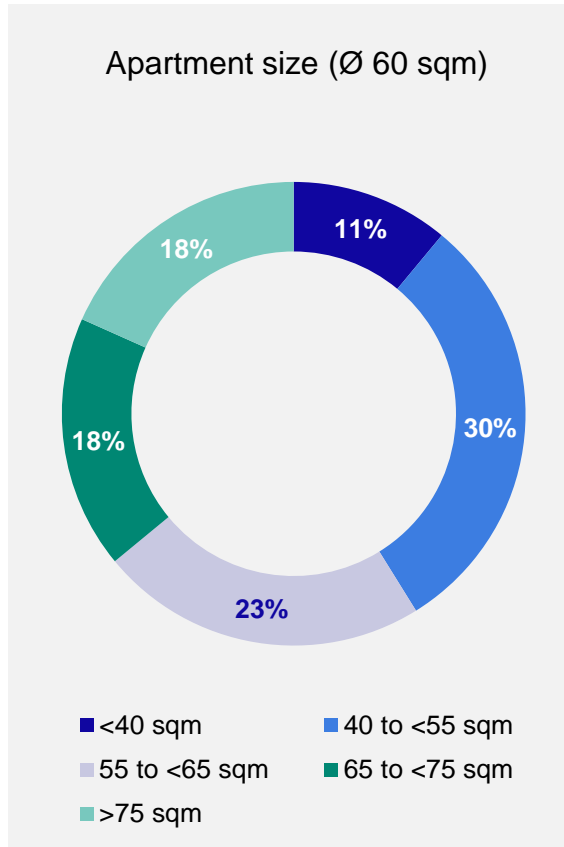
	9M-2019		9M-2018	
	EUR m	EUR/sqm <sup>1)</sup>	EUR m	EUR/sqm <sup>1)</sup>
<b>Maintenance</b> (expensed through p&l)	69.0	8.86	67.0	8.85
<b>Refurbishment</b> (capitalized on balance sheet)	231.1	29.68	190.8	25.21
<b>Total</b>	<b>300.1</b>	<b>38.54</b>	<b>257.8</b>	<b>34.06</b>



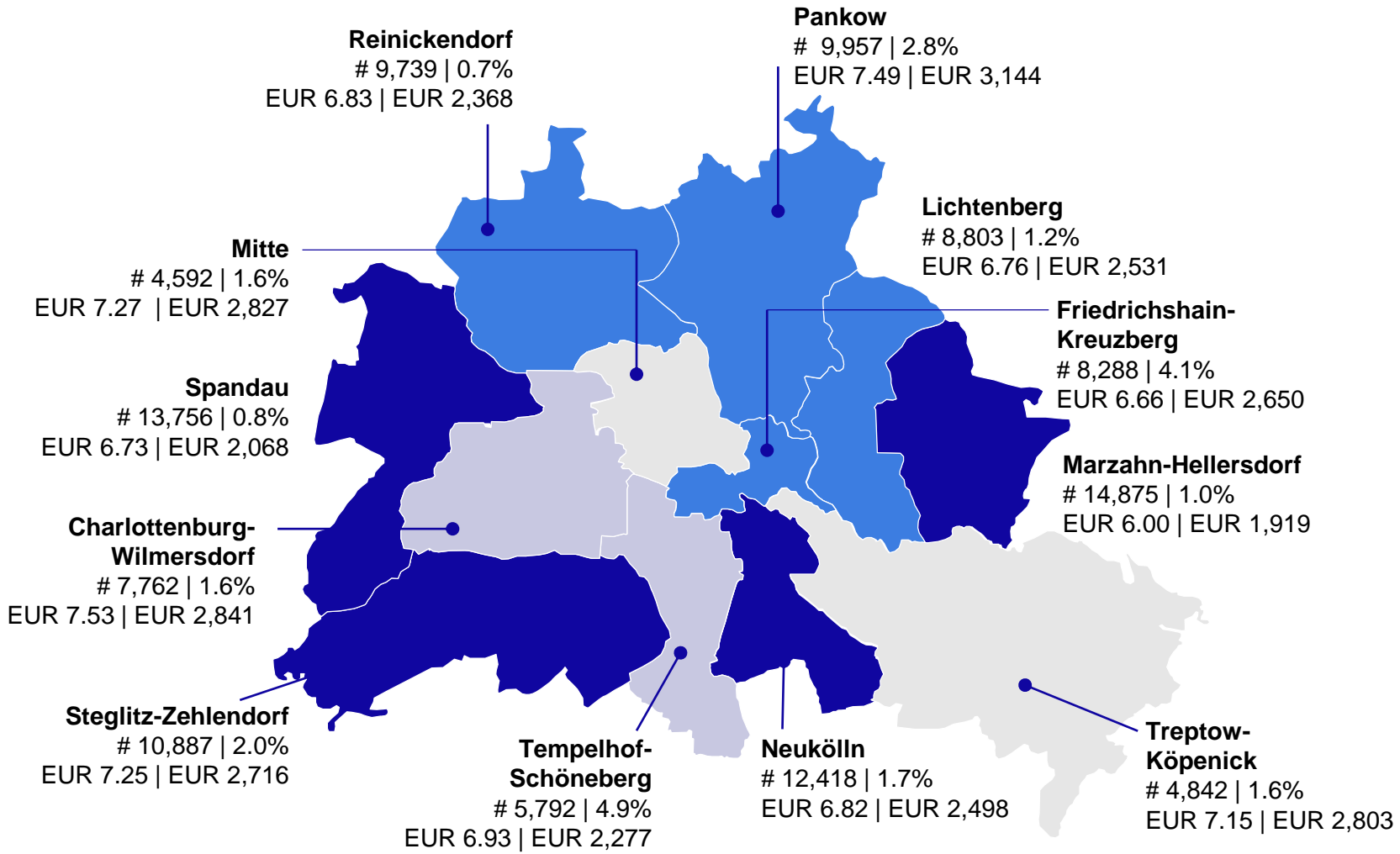
- Re-letting investment of c. EUR 100m p.a. continue to yield c. 10%
- Berlin capex projects that have been announced and started will be completed, new projects will be under review

1) Annualized figure, based on the quarterly average area  
deutsche-wohnen.com

# Portfolio structure – characteristics meeting strong demand



# The Berlin portfolio at a glance



**Berlin**  
# 111,711 | 1.9%  
EUR 6.87 | EUR 2,482

**Greater Berlin**  
# 115,791 | 1.8%  
EUR 6.85 | EUR 2,462

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

> 3,000   > 5,000   >8,000   >10,000

Figures as of 30 September 2019  
deutsche-wohnen.com

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

Siemensstadt, Berlin



Hellersdorf, Berlin



Carl-Legien-Siedlung, Berlin



Südwestkorso, Berlin



Oranienkiez, Berlin



Hufeisensiedlung, Berlin



Dresden



Otto-Suhr-Siedlung, Berlin



# Bridge from adjusted EBITDA to profit

in EUR m	9M-2019	9M-2018
<b>EBITDA (adjusted)</b>	<b>567.0</b>	<b>488.1</b>
Depreciation	(29.9)	(6.0)
At equity valuation	1.7	1.2
Financial result (net)	(112.7)	(82.1)
<b>EBT (adjusted)</b>	<b>426.1</b>	<b>401.2</b>
Valuation properties	451.3	677.5
One-offs	(17.5)	(5.1)
Valuation SWAP and convertible bonds	(6.8)	(55.2)
<b>EBT</b>	<b>853.1</b>	<b>1,018.4</b>
Current taxes	(29.7)	(31.4)
Deferred taxes	(188.7)	(230.3)
<b>Profit</b>	<b>634.7</b>	<b>756.7</b>
<i>Profit attributable to the shareholders of the parent company</i>	617.3	731.6
Earnings per share <sup>1)</sup>	1.73	2.06

in EUR m	9M-2019	9M-2018
Interest expenses	(96.7)	(74.8)
<i>In % of gross rents</i>	~16%	~13%
Accrued interest on liabilities and pension (non-cash)	(17.5)	(9.5)
Interest income	1.5	2.2
<b>Financial result (net)</b>	<b>(112.7)</b>	<b>(82.1)</b>

As in the previous year, non-recurring expenses and revenues in the first nine months of 2019 mainly consist of project and transaction-related expenses in connection with the repayment of loans (EUR 9.0 million, previous year: EUR 2.2 million) and in the second quarter 2019 the partial redemption of a corporate bond (EUR 4.5 million interest expenses)

1) Based on weighted average shares outstanding (9M-2019: 357.77 m shares, 9M-2018: 355.29 m shares)

# Summary balance sheet

## Assets

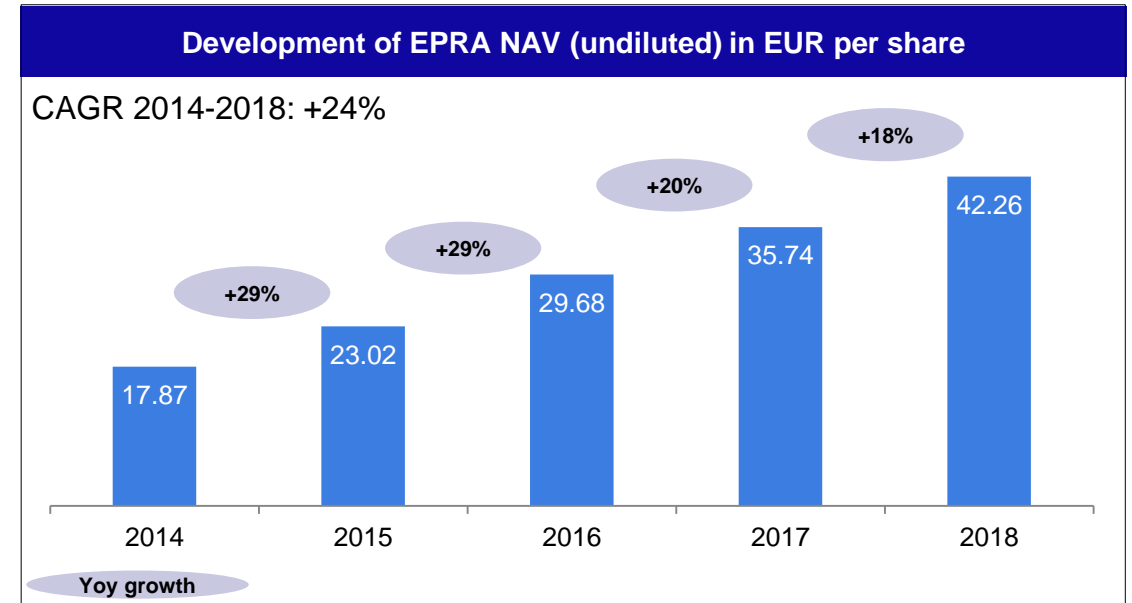
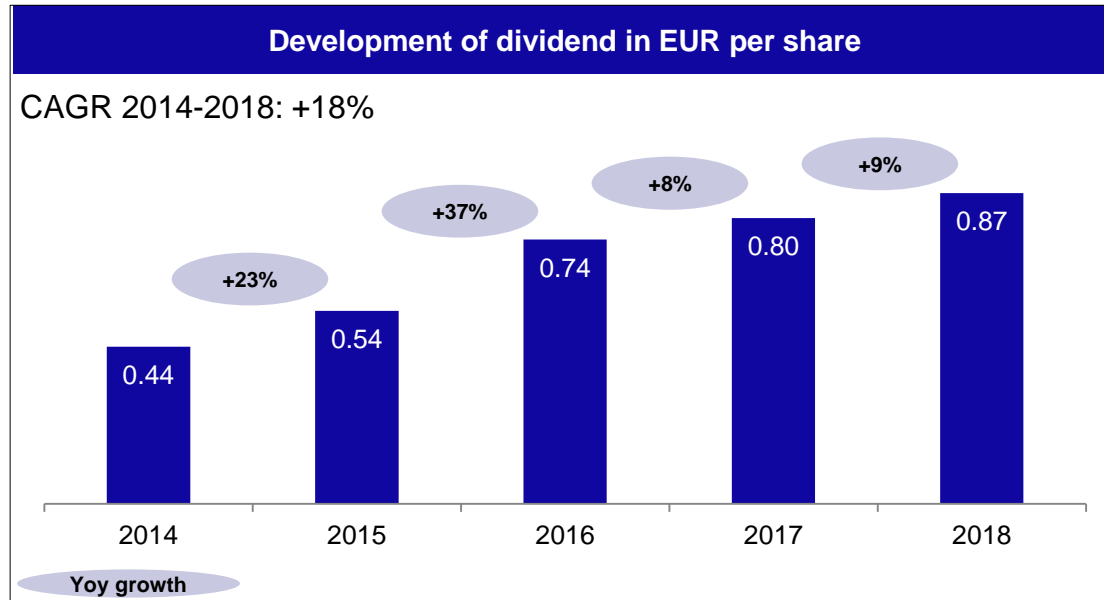
in EUR m	30/09/2019	31/12/2018
Investment properties	24,688.3	23,781.7
Other non-current assets	441.5	291.2
Derivatives	2.5	0.9
Deferred tax assets	0.1	0.1
<b>Non current assets</b>	<b>25,132.4</b>	<b>24,073.9</b>
Land and buildings held for sale	470.5	477.1
Trade receivables	27.0	22.4
Other current assets	667.6	151.7
Cash and cash equivalents	341.6	332.8
<b>Current assets</b>	<b>1,506.7</b>	<b>984.0</b>
<b>Total assets</b>	<b>26,639.1</b>	<b>25,057.9</b>

## Equity and Liabilities

in EUR m	30/09/2019	31/12/2018
<b>Total equity</b>	<b>12,241.8</b>	<b>11,908.1</b>
Financial liabilities	6,452.5	6,184.6
Convertibles	1,692.9	1,697.2
Bonds	1,908.7	1,200.4
Tax liabilities	58.6	36.0
Deferred tax liabilities	3,417.4	3,244.7
Derivatives	82.0	15.6
Other liabilities	785.2	771.3
<b>Total liabilities</b>	<b>14,397.3</b>	<b>13,149.8</b>
<b>Total equity and liabilities</b>	<b>26,639.1</b>	<b>25,057.9</b>

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

# Strong generation of total shareholder return

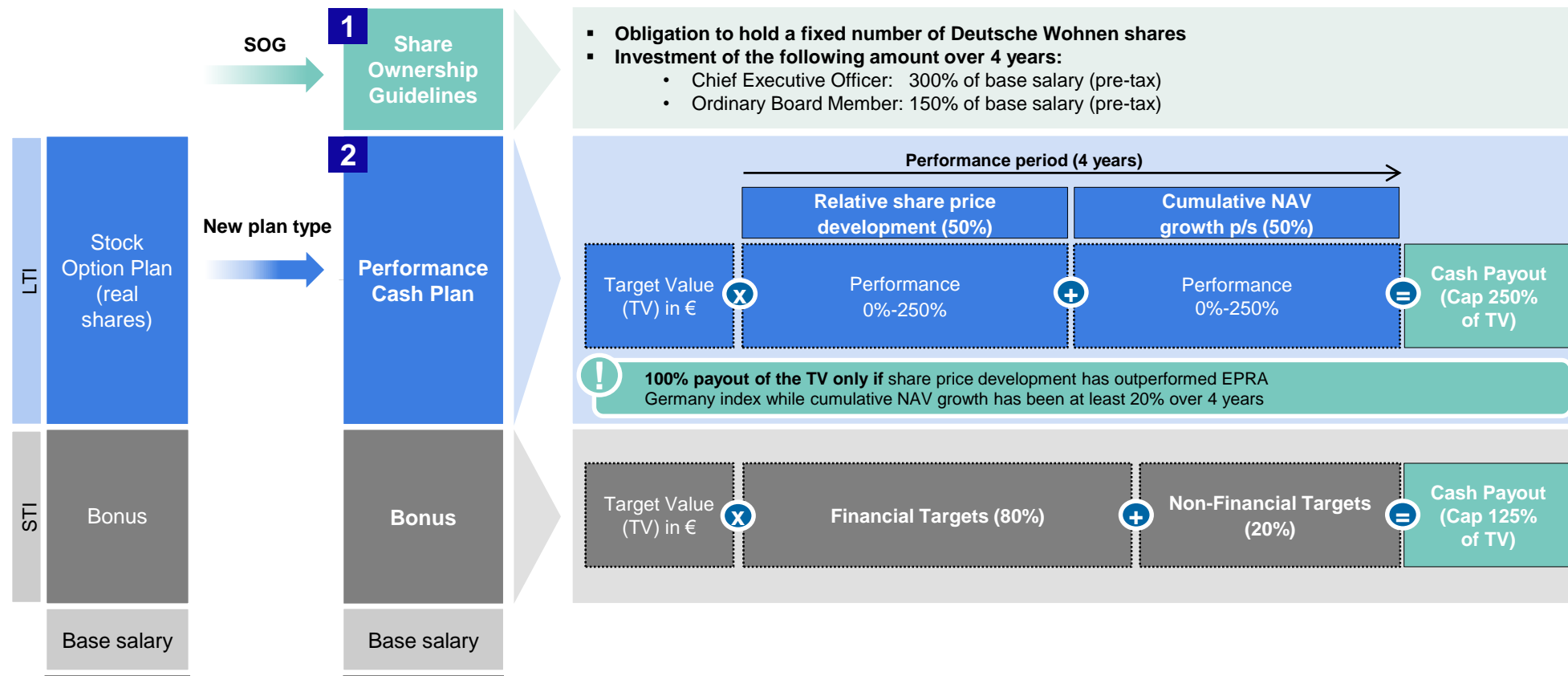


- DW consistently generated high shareholder return based on capital growth and dividend payments while reducing its risk profile
- Considering dividend of EUR 0.87 per share, DW delivered a shareholder return for 2018 of EUR 7.38 or c. 21% of 2017 EPRA NAV (undiluted)



# 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  
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# Management board and areas of responsibilities



**Michael Zahn**

**Chief Executive Officer**  
(Appointed until 31/12/2023)

*More than 20 years with the firm*

**Areas of responsibility:**

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



**Philip Grosse**

**Chief Financial Officer**  
(Appointed until 31/08/2024)

*Since 2013 at Deutsche Wohnen*

**Areas of responsibility:**

- Corporate Finance & Treasury
- Accounting,
- Tax
- Risk Management
- Internal Audit
- Investor Relations
- Sustainability management/ CSR
- Legal/Compliance
- Controlling



**Henrik Thomsen**

**Chief Development Officer**  
(Appointed until 31/12/2023)

*Since 2019 at Deutsche Wohnen*

**Areas of responsibility:**

- New Developments
- Modernisation
- New Technologies



**Lars Urbansky**

**Chief Operating Officer**  
(Appointed until 31/03/2023)

*Since 23 years at Deutsche Wohnen*

**Areas of responsibility:**

- Property Management
- Rent Development
- Customer Service

# Disclaimer

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