



# Deutsche Wohnen AG

» **H1 2016 results**

Conference Call, 12 August 2016

## » Agenda

1

**Highlights H1 2016**

2

**Portfolio**

3

**Financials**

4

**Guidance & Outlook**

5

**Q&A**

## » Financial highlights H1 2016

Operational development		
In EUR m	H1 2016	YoY
<b>NOI letting</b>	<b>272.9</b>	<b>+15.2%</b>
<i>NOI margin</i>	<i>78.5%</i>	<i>+2.9ppt</i>
<i>Like-for-like rental growth</i>	<i>3.8%</i>	<i>+1.3ppt</i>
<i>Vacancy rate</i>	<i>1.8%</i>	<i>-0.3ppt</i>
<b>NOI nursing</b>	<b>8.7</b>	<b>+10.1%</b>
<i>FFO contribution</i>	<i>6.6</i>	<i>+10.0%</i>
<i>Occupancy rate</i>	<i>98.4%</i>	<i>+1.9ppt</i>
<b>Earnings from disposals</b>	<b>36.7</b>	<b>-20.6%</b>
<i>Gross margin privatization</i>	<i>38%</i>	<i>-6ppt</i>
<i>Gross margin inst. sales</i>	<i>16%</i>	<i>+8ppt</i>
<i>Free cash flow impact</i>	<i>205.0</i>	<i>-43.4%</i>
<b>ICR</b>	<b>5.7x</b>	<b>+2x</b>

KPIs		
In EUR m	H1 2016	YoY
<b>FFO I (after minorities)</b>	<b>196.7</b>	<b>+37.8%</b>
<i>in EUR/ share<sup>1)</sup></i>	<i>0.58</i>	<i>+24.2%</i>
<i>FFO I margin</i>	<i>56.6%</i>	<i>+11.1ppt</i>
<b>FFO II (after minorities)</b>	<b>233.4</b>	<b>+23.6%</b>
<i>in EUR/ share<sup>1)</sup></i>	<i>0.69</i>	<i>+11.3%</i>
<b>Adj. EBITDA (excl. disposals)<sup>2)</sup></b>	<b>266.5</b>	<b>+18.3%</b>
<i>Adj. EBITDA margin</i>	<i>76.6%</i>	<i>+8.4ppt</i>
<i>Cost ratio</i>	<i>9.9%</i>	<i>-1.8ppt</i>
<i>Cost per unit<sup>3)</sup> (in EUR)</i>	<i>431</i>	<i>-14.1%</i>
In EUR m	H1 2016	YTD
<b>EPRA NAV per share (undiluted)<sup>4)</sup></b>	<b>25.04</b>	<b>8.8%</b>
<b>LTV</b>	<b>41.2%</b>	<b>+3.2ppt</b>

1) Based on weighted average shares outstanding (H1 2016: 337.43m; H1 2015: 304.05m); 2) Adjusted for one-off effects excluding disposals; 3) Corporate expenses annualized divided by avg. units in period; 4) based on 337.5m shares outstanding

## » Focused and concentrated portfolio with attractive reversionary potential

Strategic cluster	Residential units	% of total measured by fair value	In-place rent <sup>1)</sup> 30/06/2016 EUR/sqm/month	Rent potential <sup>2)</sup> 30/06/2016 in %	Vacancy 30/06/2016 in %
<b>Strategic core and growth regions</b>	<b>153,869</b>	<b>98.2%</b>	<b>6.02</b>	<b>21%</b>	<b>1.7%</b>
Core+	134,918	89.4%	6.09	24%	1.6%
Core	18,951	8.8%	5.53	12%	2.0%
Non-core	4,778	1.8%	5.11	n/a	5.5%
<b>Total</b>	<b>158,647</b>	<b>100%</b>	<b>6.00</b>	<b>21%</b>	<b>1.8%</b>
<b>Thereof Greater Berlin</b>	<b>111,046</b>	<b>73.1%</b>	<b>6.00</b>	<b>23%</b>	<b>1.6%</b>

- Further rent potential in Core+ regions of unchanged ~24%

- Vacancy rate in Core+ portfolio declined by 50bps over 12 months to c. 1.6%

1) Contractually owed rent from rented apartments divided by rented area; 2) Unrestricted residential units (letting portfolio); rent potential = new-letting rent compared to in-place rent (letting portfolio); 3) Including signed acquisitions and disposals with transfer of ownership after 31/12/2015

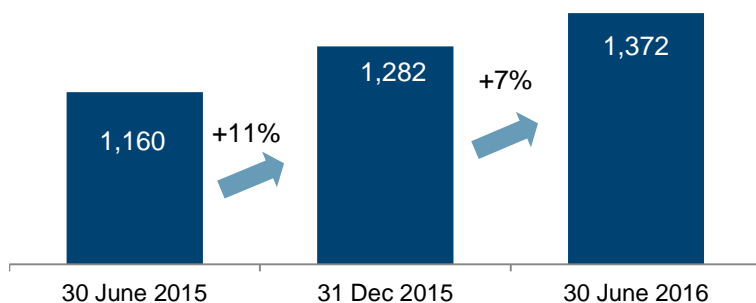
## » Strong dynamics in Core+ underpinned by EUR 731m value uplift

### Summary

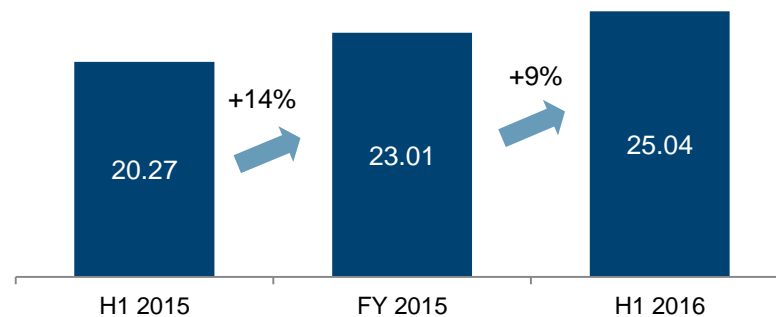
- Revaluation of EUR ~0.73bn or EUR 90<sup>1)</sup> per sqm leading to a multiple expansion by 1.0x to 19.1x
- Uplift in Greater Berlin by EUR 97<sup>1)</sup> per sqm or by 7% to EUR 1,457 per sqm (20.3x)
- Also positive development in Core regions by EUR 90<sup>1)</sup> per sqm to EUR 984 per sqm or by 10% (14.8x)

Key figures	H1 2015	FY 2015	H1 2016
Total fair value in EUR	10.3bn	11.7bn	13.5bn
Area (sqm) in m	8.9	9.1	9.8
Multiple (current rent)	16.7x	18.1x	19.1x
Yield (current rent)	6.0%	5.5%	5.2%
Annualized in-place rent in EUR	615m	648m	708m

### Fair value (EUR/sqm)



### EPRA NAV growth (EUR / share)

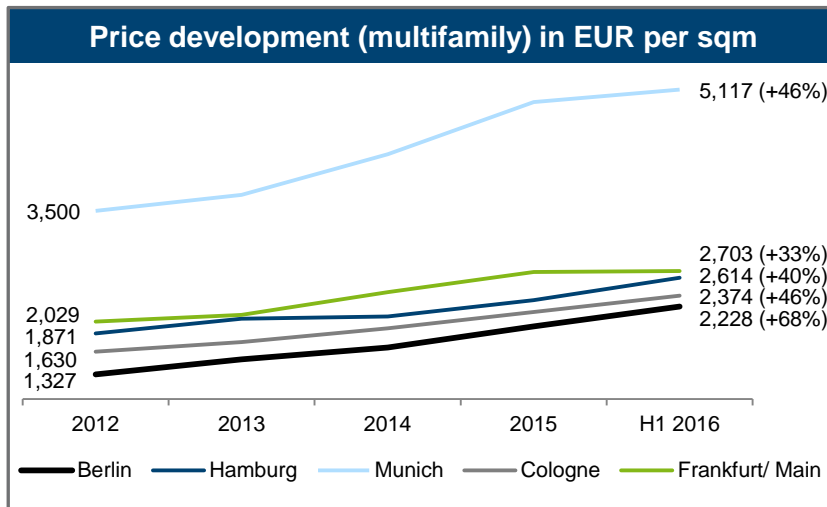


<sup>1)</sup> Without acquisitions and disposals

» Attractive spread between in-place and market rent multiples offer further potential for NAV growth

Regions	Residential units #	FV (30/06/2016) EUR m	FV (30/06/2016) EUR/sqm	Multiple in-place rent (30/06/2016)	Multiple market rent (30/06/2016)	Multiple in-place rent (31/12/2015)	Fair Value (31/12/2015) EUR/sqm
<b>Core<sup>+</sup></b>	<b>134,918</b>	<b>12,071</b>	<b>1,453</b>	<b>19.8</b>	<b>16.4</b>	<b>18.7</b>	<b>1,347</b>
Greater Berlin	111,046	9,872	1,457	20.3	16.6	19.2	1,360
Rhine-Main	9,706	1,047	1,702	19.3	16.2	17.7	1,581
Rhineland	5,024	382	1,199	15.7	14.1	15.1	1,078
Mannheim / Ludwigshafen	4,983	332	1,036	15.0	13.7	14.3	986
Dresden	3,161	261	1,204	18.8	15.8	18.5	1,153
Other Core <sup>+</sup>	998	176	2,976	24.8	21.4	-	-
<b>Core</b>	<b>18,951</b>	<b>1,189</b>	<b>984</b>	<b>14.8</b>	<b>13.1</b>	<b>13.6</b>	<b>894</b>
Hanover / Brunswick	9,242	595	972	14.4	12.6	13.5	908
Kiel / Lübeck	4,956	313	1,057	15.9	14.1	12.7	807
Core cities eastern Germany	4,753	281	936	14.6	13.3	14.2	918
<b>Non-Core</b>	<b>4,778</b>	<b>238</b>	<b>740</b>	<b>12.6</b>	<b>11.0</b>	<b>12.0</b>	<b>641</b>
<b>Total</b>	<b>158,647</b>	<b>13,498</b>	<b>1,372</b>	<b>19.1</b>	<b>15.9</b>	<b>18.1</b>	<b>1,282</b>

## » Price development in Berlin outpaces other metropolitan areas



Source: CBRE based on empirica (average asking prices for multifamily)

**Valuation by Berlin cluster (H1 2016)**

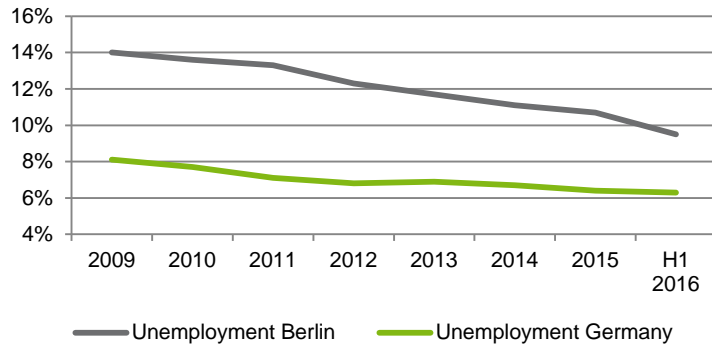
Subcluster	# of units	in %	FV in EUR/ sqm	multiple in-place rent	multiple market rent
Hot spot	34,046	31.8	1,716	22.2x	18.1x
Growth	44,141	41.2	1,443	20.0x	16.4x
Stable	28,837	26.9	1,231	18.7x	15.4x
<b>Total</b>	<b>107,024</b>	<b>100</b>	<b>1,469</b>	<b>20.4x</b>	<b>16.7x</b>

Source: Deutsche Wohnen

- Price development in Berlin has outperformed the other top cities in Germany in recent years (+68% since 2012)
- Average offer price at EUR 2,228 per sqm in H1/2016 significantly above Deutsche Wohnen's current portfolio valuation of c. EUR 1,470 per sqm
- Deutsche Wohnen portfolio valuation ranging from EUR 1,231 – 1,716 per sqm depends strongly on micro location as well as quality of product
  - More than 70% of Deutsche Wohnen Berlin portfolio located in the "hot spot" and "growth" clusters
  - Recent portfolio transactions underpin further valuation upside

## » Strong fundamentals support capital growth

### Unemployment Berlin and Germany



Source: destatis, statistica

### Gross monthly earnings Berlin and Germany



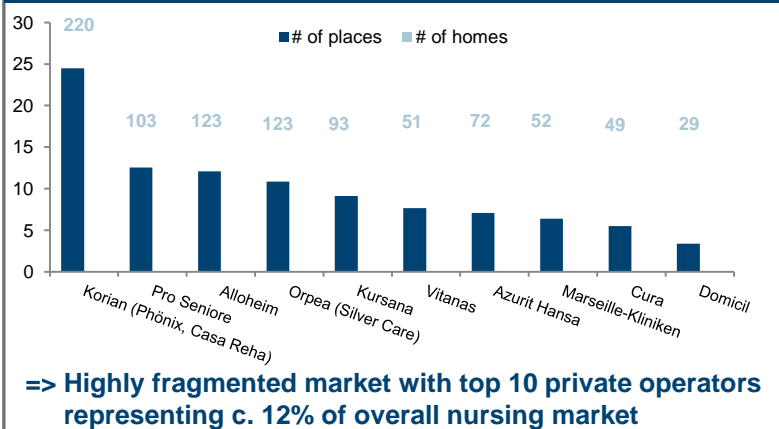
Source: destatis, Amt für Statistik Berlin Brandenburg

- Strong increase of disposable income coupled with lower unemployment support increases in rents and prices
- Supply demand imbalance will tighten further in metropolitan areas, in particular in Berlin with expected supply shortage of 170,000 units until 2020
- New construction not able to close the gap anytime soon
  - Significant increase of costs for new construction and land plots
  - Replacement cost in Berlin incl. land c. 2x H1 2016 book values of Deutsche Wohnen
  - At current rent level new construction only economically viable in higher / luxury segment of market and/or for privatization
- Recent institutional portfolio transactions in Berlin support positive stance on Berlin market
  - Transaction prices ranging from EUR 1,500 to >2,500 per sqm or 20-30x net cold rent, depending on quality
  - Local investors and pension funds with long investment horizons dominate cycle
  - Price development fundamentally driven
- Structural supply demand imbalance in combination with a liquid transaction market and significantly increased replacement cost will result in a further decoupling of asset values from the underlying rent development



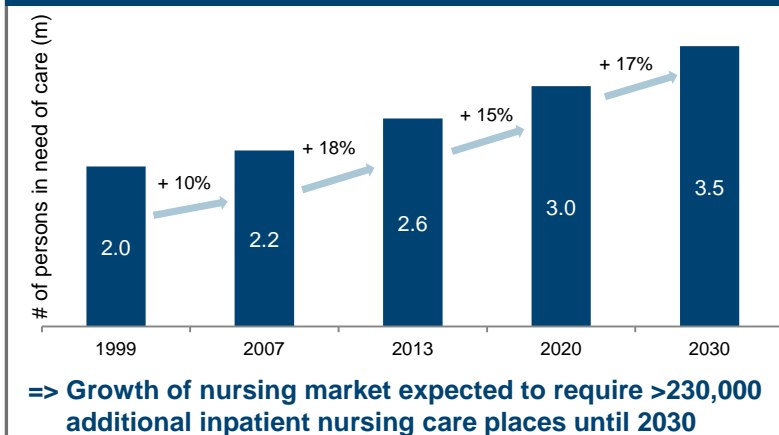
## » Nursing and assisted living market in Germany

### Top 10 private operators 2015



Source: Pflegemarkt as of 17/12/2015

### Development of nursing demand



Source: RWI (Nursing Home Rating Report 2015)

- Nursing market with c. EUR 40bn annual turnover
  - 4<sup>th</sup> largest sub-segment within healthcare sector (€27.6bn in- and €12.3bn outpatient nursing care)
  - Germany largest nursing market in Europe
  - Demand for inpatient care expected to grow by >30% until 2050 compared to 2013 figures
  - Highly fragmented market; observed consolidation through M&A in recent years
- Nursing market favoured by (irreversible) demographic trends
  - Share of elderly people expected to grow from 20% in 2010 to 30% by 2050
  - Demand for beds will outstrip supply leading to higher occupancy levels for existing operations
  - All German regions expected to benefit from positive trends
- Fundamentals are strong and promising for the long term while still showing significant yield premiums to other German asset classes
- Key risks: Availability of skilled personnel and regulatory developments

## » Acquisition overview

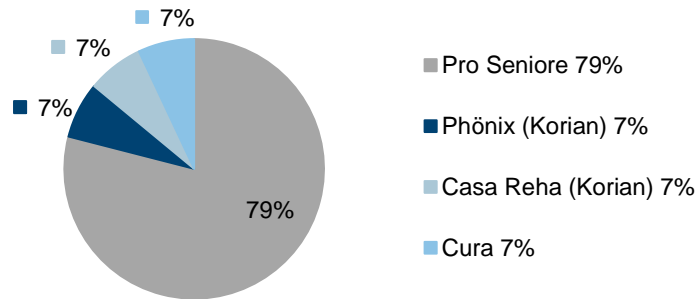
Object of purchase	<ul style="list-style-type: none"> <li>▪ 28 nursing (c. 3.700 places) and assisted living facilities (c. 400 places) with 180k sqm</li> <li>▪ Only assets acquired, not the operating business</li> </ul>
Deal structure	<ul style="list-style-type: none"> <li>▪ Asset deal</li> </ul>
Lease revenues	<ul style="list-style-type: none"> <li>▪ EUR 27.3m p.a.</li> </ul>
Margins (run rate)	<ul style="list-style-type: none"> <li>▪ Expected EBITDA margin of c. 95%</li> </ul>
WALT	<ul style="list-style-type: none"> <li>▪ Weighted average lease term of c. 13 years (c. 24 years including extension option)</li> </ul>
Expected closing	<ul style="list-style-type: none"> <li>▪ End of 2016 (subject to supervisory board approval of seller which is expected end of August)</li> </ul>

- Facilities of high quality in good locations predominantly in West Germany
  - Good market positioning from a price/ performance perspective
- Well-known operators with proven track record and high credit-worthiness
  - Mature operations with avg. occupancy of 87%
  - Among top 10 operators in Germany
- Vast majority of lease agreements structured as triple net contracts incl. indexation
  - Contracts provide for defined investments to be undertaken by lessee to maintain quality of assets during lease term
  - No material capex backlog
  - All but one lease contracts linked to German CPI

- Executed on communicated strategy to grow nursing and assisted living business – attractive add-on business with high earnings contribution at low risk profile

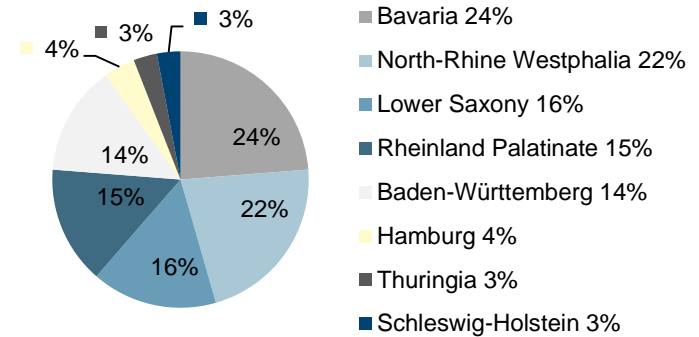
## » Portfolio details (1/2)

### Distribution by operators



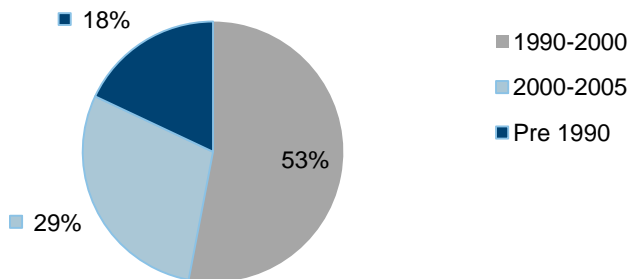
=> Largest private operators as lead covenants  
(Korian #1 and Pro Seniore #2 operator in Germany)

### Distribution by location



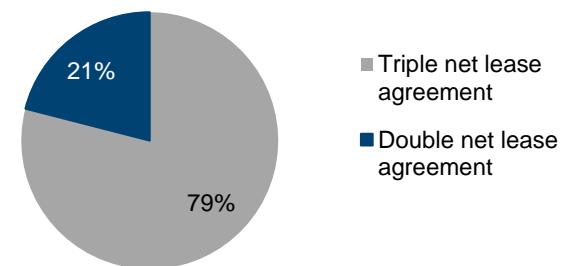
=> Good positioning within competitive landscape with  
facilities located in strong local markets

### Distribution by year of construction



=> Relatively new facilities (average year of construction:  
1997) and little capex backlog

### Distribution by type of operating lease agreement



=> Secured cash flows with limited investment needs given  
high proportion of triple net lease agreements

## » Portfolio details (2/2)



Pro Seniore Residenz (Oberau, Bavaria)



Pro Seniore Residenz (Kempten, Bavaria)



Pro Seniore Residenz (Radolfzell, Baden-Württemberg)

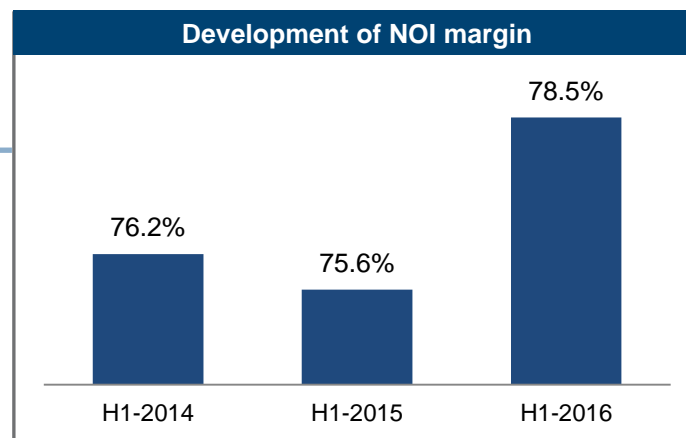
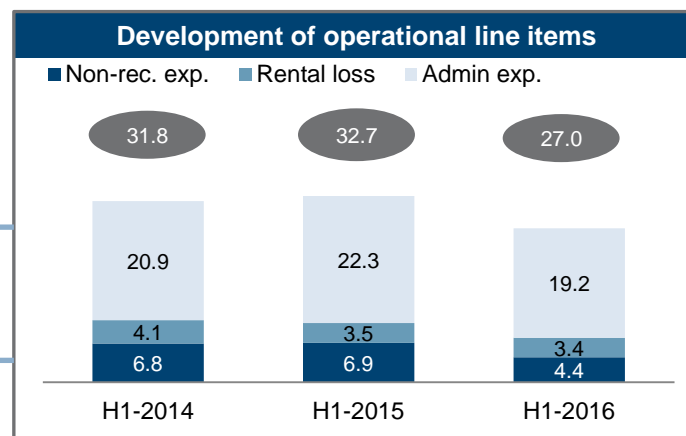


Sozialkonzept Cäcilienhof (Garbsen, Lower Saxony)

## » Strong earnings and cash contributions from letting

in EUR m	H1 2016	H1 2015
<b>Rental income</b>	<b>347.8</b>	<b>313.3</b>
Non-recoverable expenses	(4.4)	(6.9)
Rental loss	(3.4)	(3.5)
Maintenance	(43.7)	(39.2)
Others	(4.2)	(4.6)
<b>Earnings from Residential Property Management</b>	<b>292.1</b>	<b>259.1</b>
Personnel, general and administrative expenses	(19.2)	(22.3)
<b>Net Operating Income (NOI)</b>	<b>272.9</b>	<b>236.8</b>
NOI margin	78.5%	75.6%
NOI in EUR / sqm / month	4.63	4.36

in EUR m	H1 2016	H1 2015
Net operating income (NOI)	272.9	236.8
Cash interest expenses	(51.1)	(68.2)
<b>Cash flow from portfolio after cash interest expenses</b>	<b>221.8</b>	<b>168.6</b>



- Increased rental income and further efficiencies in operating business resulting in improved NOI margin



## » Growing prices as demonstrated by disposal business

Disposals	Privatization		Institutional sales		Total	
	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015
with closing in						
<b>No. of units</b>	749	950	1,505	6,379	2,254	7,329
<b>Proceeds (EUR m)</b>	90.0	93.4	130.9	413.7	220.9	507.1
<b>Book value</b>	65.2	65.0	113.0	383.8	178.2	448.8
<b>Price in EUR per sqm</b>	1,518	1,408	1,114	952	n/a	n/a
<b>Earnings (EUR m)</b>	19.7	22.5	17.0	23.7	36.7	46.2
<b>Gross margin</b>	38%	44%	16%	8%	24%	13%
<b>Cash flow impact (EUR m)</b>	80	51	125	312	205	362

- Disposal business contributed cash flows of EUR 205m in H1 2016

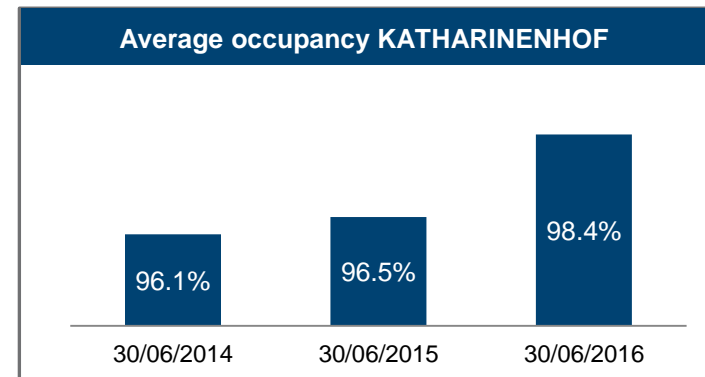
- Privatization: Disposal of below-average quality at continued attractive margins

- Institutional sales: consisted predominantly of a Berlin city-border portfolio with 900 units

## » Attractive FFO contribution from Nursing and Assisted Living

in EUR m	H1 2016	H1 2015
<b>Income</b>		
Nursing	27.4	26.1
Living	3.2	3.0
Other	4.0	3.8
<b>Total income</b>	<b>34.6</b>	<b>32.9</b>
<b>Costs</b>		
Nursing and corporate expenses	(8.2)	(8.3)
Staff expenses	(17.7)	(16.7)
<b>Total costs</b>	<b>(25.9)</b>	<b>(25.0)</b>
<b>Earnings from Nursing and Assisted Living (NOI)</b>	<b>8.7</b>	<b>7.9</b>
Cash interest expenses <sup>1)</sup>	(2.1)	(1.9)
<b>FFO contribution</b>	<b>6.6</b>	<b>6.0</b>

	# of facilities	# of places
KATHARINENHOF	20	2,048
Acquired portfolio	28	4,132
<b>Total pro forma</b>	<b>48</b>	<b>6,180</b>

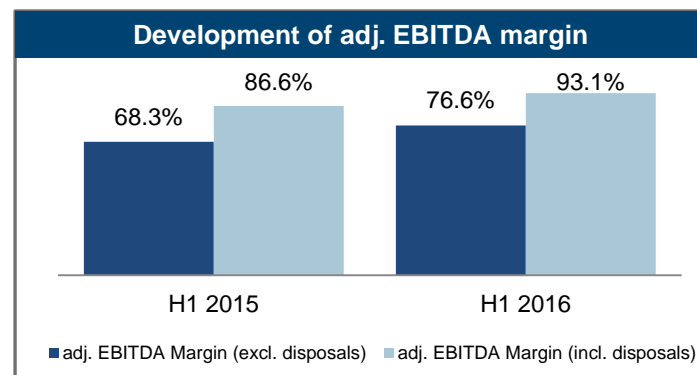
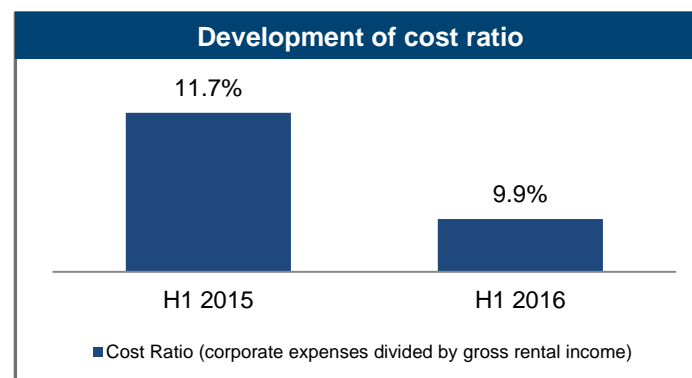


- NOI contribution including acquired nursing portfolio of EUR >40m (annual run rate) expected, translating into a ROCE of >7%

<sup>1)</sup> Including proportional interest cost due to minority stake in operation

## » Best in class EBITDA margin

in EUR m	H1 2016	H1 2015
Earnings from Residential Property Management	292.1	259.1
Earnings from Disposals	36.7	46.2
Earnings from Nursing and Assisted Living	8.7	7.9
<b>Segment contribution margin</b>	<b>337.5</b>	<b>313.2</b>
Corporate expenses	(34.6)	(36.8)
Other operating expenses/income	0.3	(16.3)
<b>EBITDA</b>	<b>303.2</b>	<b>260.1</b>
One-offs	0.0	11.3
<b>EBITDA (adjusted)</b>	<b>303.2</b>	<b>271.4</b>

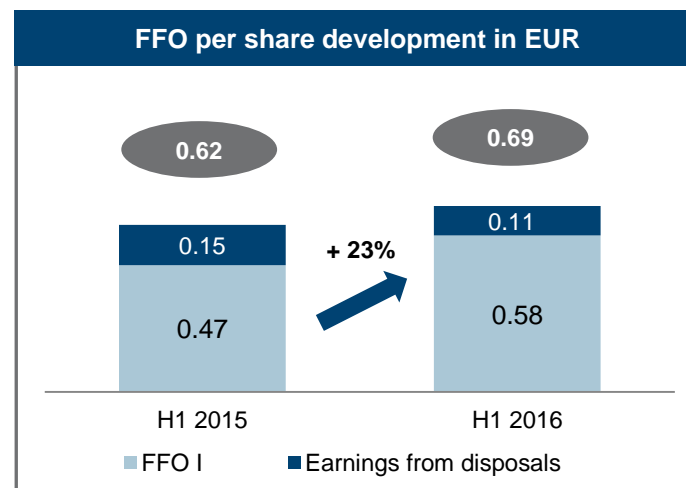


- Significant step-up of adj. EBITDA margin by 8.3pp (excl. disposals) driven by improvement of NOI and reduction of corporate expenses



## » Operational improvements and acquisitions drive FFO growth

in EUR m	H1 2016	H1 2015
<b>EBITDA (adjusted)</b>	<b>303.2</b>	<b>271.4</b>
Earnings from Disposals	(36.7)	(46.2)
At equity valuation	0.9	0.9
Interest expense/ income	(52.7)	(68.6)
Income taxes	(14.4)	(11.0)
Minorities	(3.6)	(3.8)
<b>FFO I</b>	<b>196.7</b>	<b>142.7</b>
Earnings from Disposals	36.7	46.2
<b>FFO II</b>	<b>233.4</b>	<b>188.9</b>
<b>FFO I per share in EUR<sup>1)</sup></b>	<b>0.58</b>	<b>0.47</b>
<b>FFO II per share in EUR<sup>1)</sup></b>	<b>0.69</b>	<b>0.62</b>



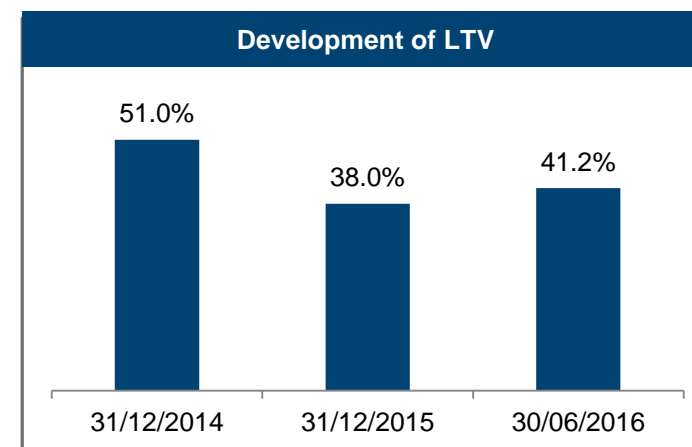
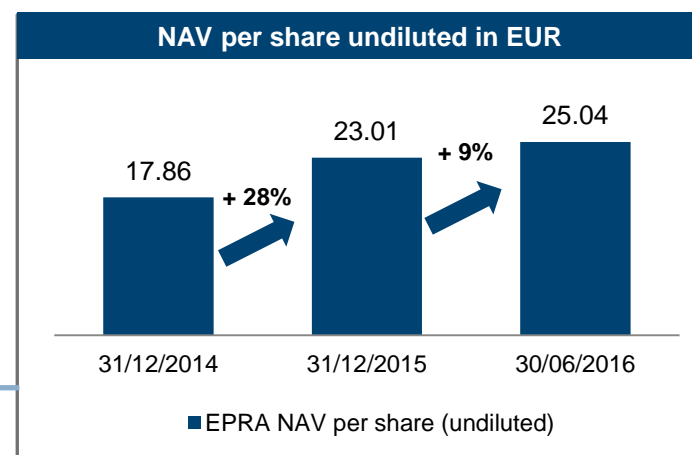
- FFO I per share increased by 23% yoy

- Dividend expected to increase by 30% to EUR >0.73 per share for 2016<sup>2)</sup>

1) Based on weighted average shares outstanding (H1 2016: 337.43m; H1 2015: 304.05m); 2) Based on FFO I guidance of at least EUR 380m and 337.5m shares outstanding





## » Steady increase of EPRA NAV per share

in EUR m	30/06/2016	31/12/2015
Equity (before non-controlling interests)	7,067.7	6,653.5
Fair values of derivative financial instruments	64.8	44.8
Deferred taxes (net)	1,316.8	1,064.1
<b>EPRA NAV (undiluted)</b>	<b>8,449.3</b>	<b>7,762.4</b>
<i>Shares outstanding in m</i>	337.5	337.4
<b>EPRA NAV per share in EUR (undiluted)</b>	<b>25.04</b>	<b>23.01</b>
Effects of exercise of convertibles	1,039.8 <sup>1)</sup>	952.1
<b>EPRA NAV (diluted)</b>	<b>9,489.1</b>	<b>8,714.5</b>
<i>Shares diluted in m</i>	370.8	370.2
<b>EPRA NAV per share in EUR (diluted)</b>	<b>25.59</b>	<b>23.54</b>
Goodwill GSW	(535.1)	(535.1)
<i>Shares outstanding in m</i>	337.5	337.4
<b>Adj. NAV per share (undiluted)</b>	<b>23.45</b>	<b>21.42</b>



1) Current strike price: 17.45 EUR and 21.01 EUR correspond to ~33.4m shares

## » Guidance for 2016 increased (base case<sup>1</sup>)

	2015	H1 2016	Guidance 2016		Mid-term outlook
			Old	New	
EPRA NAV per share (undiluted)	23.01	25.04	25 - 26	>26	
FFO I in EUR m	303	197	>360	>380	
Dividend per share	0.54	n/a	~0.70	>0.73	
LTV <sup>2</sup> )	43%*	41%	<40%	<40%	

1) Without acquisitions and opportunistic portfolio disposal as well as excluding changes in goodwill impairment and valuation of financial instruments, based on current number of outstanding shares

2) \* 2015 pro forma acquisitions

## » Appendix

## » Management board and areas of responsibilities



Michael Zahn

*Chief Executive Officer  
(CEO)*

**Areas of responsibility:**

- Strategy
- Rent development & investments
- Strategic participations
- HR
- PR & Marketing



Lars Wittan

*Chief Investment Officer  
(CIO)*

**Areas of responsibility:**

- Asset Management
- Accounting/Tax
- Controlling
- Risk Management
- IT/Organisation



Philip Grosse

*Chief Financial Officer  
(CFO)<sup>1)</sup>*

**Areas of responsibility:**

- Equity Financing
- Debt Financing
- Treasury
- Investor Relations
- Legal/Compliance

1) Starting from 1 Sep 2016

## » Strong like-for-like development as of 30 June 2016

Like-for-like 30/06/2016	Residential units number	In-place rent <sup>2)</sup> 30/06/2016 EUR/sqm	In-place rent <sup>2)</sup> 30/06/2015 EUR/sqm	Change y-o-y	Vacancy 30/06/2016 in %	Vacancy 30/06/2015 in %	Change y-o-y
<b>Letting portfolio<sup>1)</sup></b>	<b>130,851</b>	<b>6.04</b>	<b>5.81</b>	<b>3.9%</b>	<b>1.4%</b>	<b>1.7%</b>	<b>-0.3pp</b>
<b>Core<sup>+</sup></b>	<b>117,307</b>	<b>6.11</b>	<b>5.87</b>	<b>4.1%</b>	<b>1.4%</b>	<b>1.6%</b>	<b>-0.2pp</b>
Greater Berlin	97,048	6.04	5.78	4.6%	1.4%	1.6%	-0.2pp
Rhine-Main	8,426	7.45	7.26	2.5%	1.2%	1.5%	-0.3pp
Mannheim/Ludwigshafen	4,762	5.71	5.64	1.2%	0.5%	1.2%	-0.7pp
Rhineland	4,470	5.97	5.83	2.3%	1.1%	1.2%	-0.1pp
Dresden	2,601	5.21	5.12	1.8%	2.4%	3.0%	-0.6pp
<b>Core</b>	<b>13,544</b>	<b>5.50</b>	<b>5.39</b>	<b>2.1%</b>	<b>1.9%</b>	<b>2.6%</b>	<b>-0.7pp</b>
Hanover / Brunswick	8,100	5.59	5.44	2.8%	1.6%	2.1%	-0.5pp
Core cities eastern Germany	4,316	5.34	5.31	0.5%	2.4%	3.4%	-1.0pp
Kiel / Lübeck	1,128	5.42	5.26	3.0%	1.8%	4.1%	-2.3pp
<b>Total</b>	<b>137,527<sup>3)</sup></b>	<b>6.02</b>	<b>5.79</b>	<b>3.8%</b>	<b>1.7%</b>	<b>1.9%</b>	<b>-0.2pp</b>

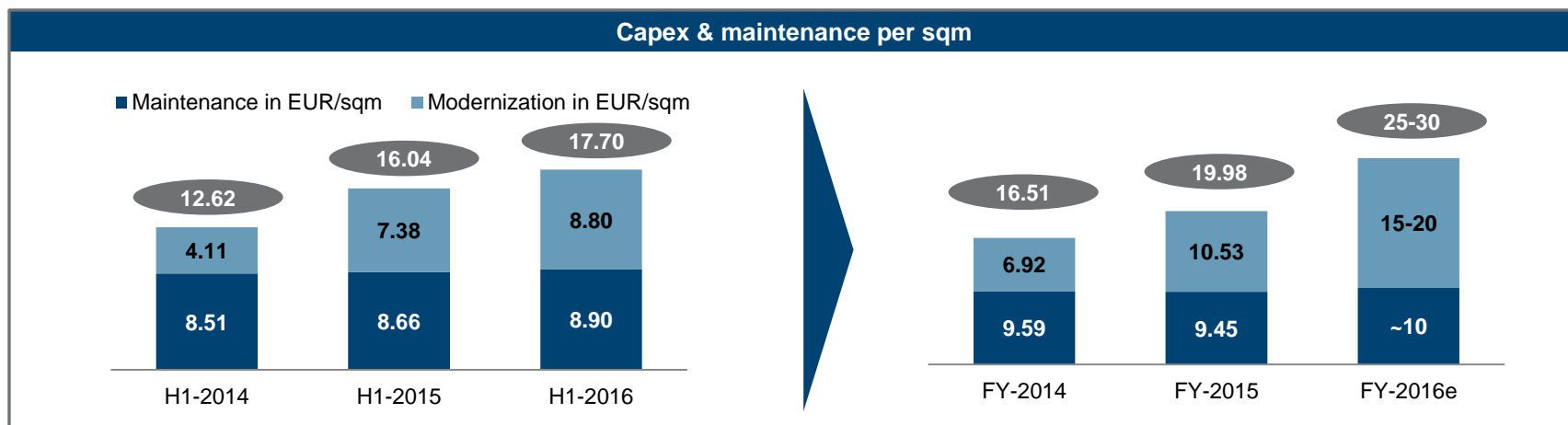
- Vacancy in Core<sup>+</sup> letting portfolio at 1.4% - structural vacancy
- Like-for-like rental growth in Core<sup>+</sup> driven by re-letting (c. 1/3) and regular rent increase (c. 2/3) in particular driven by implementation of 2015 Berlin rent table
- In Dresden like-for-like rental growth derived from re-lettings only

1) Cluster block sale of strategic core and growth regions allocated to letting portfolio; 2) Contractually owed rent from rented apartments divided by rented area; 3) Total L-f-I stock incl. Non-Core

## » Focused and increasing investments into the portfolio

	H1 2016	H1 2015
	EUR m	EUR m
<b>Maintenance</b> (expensed through p&l)	43.7	39.2
<b>Modernization</b> (capitalized on balance sheet)	43.2	33.4
<b>Total</b>	86.9	72.6
<b>Total EUR/ sqm<sup>1)</sup></b>	17.70	16.04
<b>Capitalization rate</b>	49.7%	46.0%

Maintenance and capex will increase in the course of the year to EUR 25-30 per sqm



1) Based on the quarterly average area

## » Bridge from adjusted EBITDA to profit

in EUR m	H1 2016	H1 2015
<b>EBITDA (adjusted)</b>	<b>303.2</b>	<b>271.4</b>
Depreciation	(3.0)	(2.7)
At equity valuation	0.9	0.9
Financial result (net)	(58.1) <sup>1)</sup>	(66.9) <sup>1)</sup>
<b>EBT (adjusted)</b>	<b>243.0</b>	<b>202.7</b>
Valuation properties	731.3	705.0
One-offs	0.0	(50.0)
Valuation SWAP and convertible bonds	(95.2)	(51.2)
<b>EBT</b>	<b>879.1</b>	<b>806.5</b>
Current taxes	(14.4)	(18.0)
Deferred taxes	(241.7)	(245.7)
<b>Profit</b>	<b>623.0</b>	<b>542.8</b>
<i>Profit attributable to the shareholders of the parent company</i>	605.3	524.0
Earnings per share <sup>2)</sup>	1.79	1.72

in EUR m	H1 2016	H1 2015
Interest expenses	(53.2)	(69.1)
<i>In % of rents</i>	~15%	~22%
Non-cash interest expenses	(5.5)	1.7
		<b>(67.4)</b>
Interest income	0.6	0.5
<b>Financial result (net)</b>	<b>(58.1)</b>	<b>(66.9)</b>

Thereof EUR (9.9m) from valuation of derivatives and EUR (85.3) m from convertible bonds

1) Adjusted for Valuation of SWAPs and convertible bonds; 2) Based on weighted average shares outstanding (H1-16: 337.43m; H1-15: 304.05m)



## » Summary balance sheet

Assets			Equity and Liabilities		
in EUR m	30/06/2016	31/12/2015	in EUR m	30/06/2016	31/12/2015
Investment properties	13,454.4	11,859.1	<b>Total equity</b>	<b>7,324.3</b>	<b>6,872.0</b>
Other non-current assets	615.8	614.3	Financial liabilities	4,444.0	3,780.4
Deferred tax assets	335.7	325.5	Convertibles	1,050.7	965.4
<b>Non current assets</b>	<b>14,405.8</b>	<b>12,798.9</b>	Bonds	502.3	498.3
Land and buildings held for sale	362.9	66.9	Tax liabilities	52.7	37.5
Trade receivables	30.5	13.4	Deferred tax liabilities	1,357.0	1,110.2
Other current assets	85.9	159.3	Derivatives	64.8	44.8
Cash and cash equivalents	295.9	661.6	Other liabilities	385.2	391.5
<b>Current assets</b>	<b>775.2</b>	<b>901.2</b>	<b>Total liabilities</b>	<b>7,856.7</b>	<b>6,828.1</b>
<b>Total assets</b>	<b>15,181.0</b>	<b>13,700.1</b>	<b>Total equity and liabilities</b>	<b>15,181.0</b>	<b>13,700.1</b>

- Investment properties represent ~89% of total assets

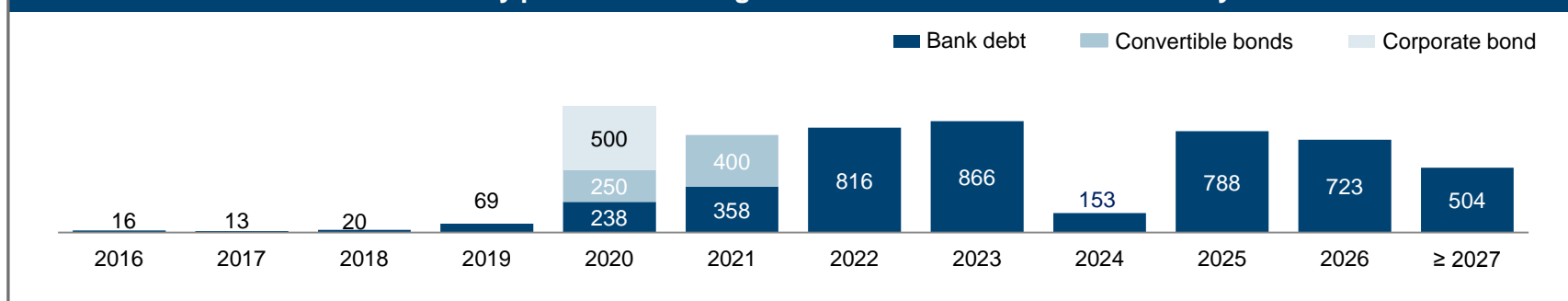
- Strong balance sheet structure offering comfort throughout market cycles

## » Conservative long term capital structure with <1.7% interest costs

Rating	A- / A3; stable outlook
LTV	41.2%
ICR <sup>1)</sup>	>5x
Ø maturity	~9 years
<hr/>	
% secured bank debt	74%
% unsecured debt	26%
Ø interest cost	<1.7% (>80% hedged)
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Key financial principles	LTV: 35-45% fully flexible regarding secured or unsecured financing

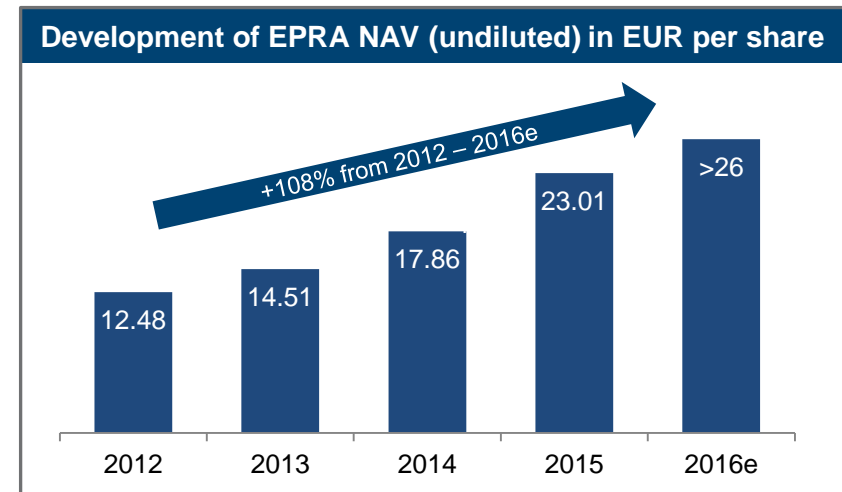
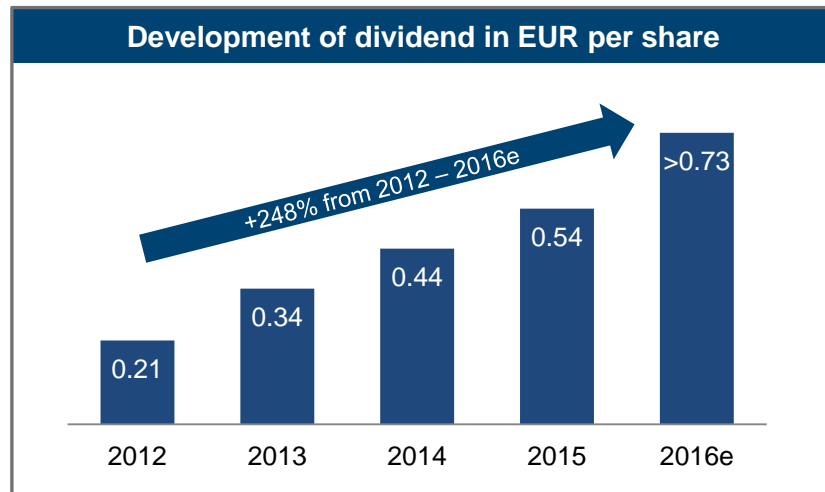
- Low leverage, long maturities and best in class rating
- Flexible financing approach to optimize financing costs
- No significant maturities until and including 2019, thereafter maturity profile evenly spread
- Convertible bonds accounted 100% as debt (deeply in the money)
- Base case LTV 2016 <40% expected<sup>3)</sup>

### Balanced maturity profile with no significant debt maturities in the next 4 years<sup>2)</sup>



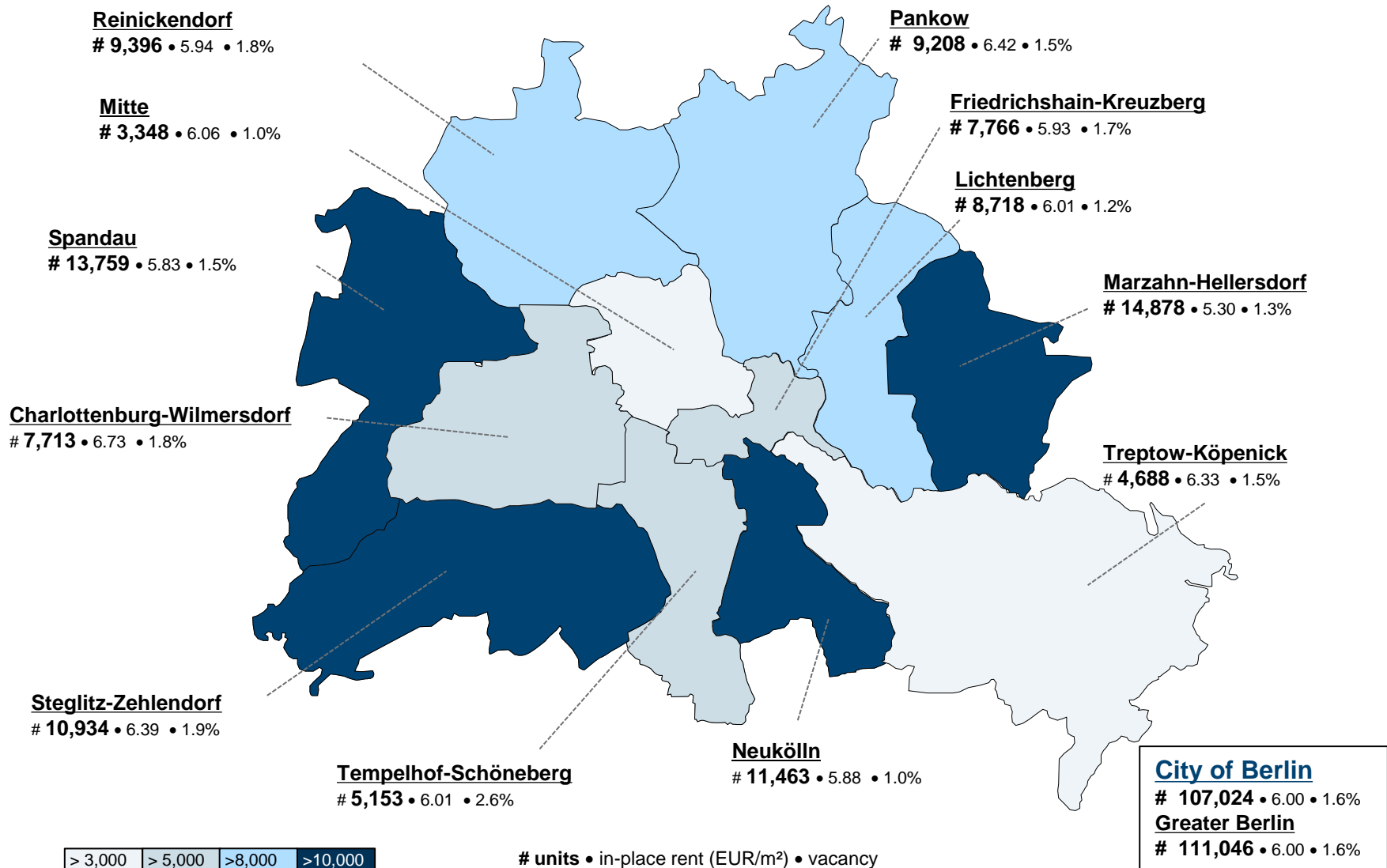
1) adjusted EBITDA/ interest expenses, 2) Pro forma 30.06.2016 incl. a refinancing of EUR 0.1bn at the end of July 2016; 3) Excluding changes in valuation of financial instruments

## » Strong generation of total shareholder return



- Top line growth via acquisitions and operational improvements as well as refinancing/ debt paydown translates into FFO growth (CAGR 2012-2016e: 13%)
- Being invested in the right markets delivers NAV growth over time, based on strong fundamental trends (CAGR 2012-2016e: 27%)
- Via targeted modernization projects, further improvement of rents and capital growth
- NAV growth results in further LTV reduction and improvement of the risk profile

# » THE BERLIN-PORTFOLIO AT A GLANCE



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