Deutsche Wohnen SE

» H1 2018 results

Conference Call, 14 August 2018

» Agenda

» Highlights H1 2018

Strong operational business

- L-f-l growth strong at 4.5% for the total portfolio, 5.3% in Berlin
- Continued high rent potential of >30% across portfolio
- Good growth in core business letting, leading to improved NOI margin of 79.4% (+2pp yoy)
- Strong FFO I per share growth of 11% to EUR 0.70

Updated valuation based on refined clustering of portfolio

- EUR 680m portfolio revaluation leads to average FV of EUR 1,961 per sqm
- L-f-l valuation uplift in Berlin almost 5%
- EPRA NAV growth of 4.7% to EUR 37.42 per share

Expansion of Nursing & Assisted Living

- Acquisition of 30 nursing & assisted living facilities with c. 4,700 care places
- Mainly located in metropolitan areas
- Acquisition price of EUR 680m at ~5% EBITDA yield on a fully integrated basis

Full year guidance confirmed

» Concentrated portfolio with high reversionary potential

Strategic cluster	Residential units (#)	% of total (measured by fair value)	In-place rent[1] 30/06/2018 (EUR/sqm/month)	New-letting rent 30/06/2018 (EUR/sqm/month)	Rent potential[2] 30/06/2018 (in %)	Vacancy 30/06/2018 (in %)
Strategic core and growth regions	**160,209**	**99.7%**	**6.53**	**8.56**	**31%**	**2.1%**
Core^{+}	141,323	92.7%	6.63	8.91	34%	2.0%
Core	18,886	7.0%	5.81	6.80	17%	2.4%
Non-core	1,259	0.3%	4.87	5.77	19%	5.4%
Total	**161,468**	**100%**	**6.51**	**8.52**	**31%**	**2.1%**
Thereof Greater Berlin	***114,226***	***77.5%***	***6.58***	***8.97***	***36%***	***2.0%***

- **Reversionary potential across entire portfolio constant at 31% (36% in Berlin)**
- **Vacancy of 2.1%, of which ~50bps capex driven**

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

» Strong like-for-like rental growth

Like-for-like 30/06/2018	Residential units (#)	In-place rent[1)] 30/06/2018 (EUR/sqm)	In-place rent[1)] 30/06/2017 (EUR/sqm)	Change (y-o-y)	Vacancy 30/06/2018 (in %)	Vacancy 30/06/2017 (in %)	Change (y-o-y)
Strategic core and growth regions							
Core[+]	135,931	6.62	6.32	4.7%	1.8%	1.7%	0.1 pp
Core	18,239	5.80	5.62	3.2%	2.4%	2.1%	0.3 pp
Letting portfolio[2)]	154,170	6.52	6.24	4.6%	1.9%	1.7%	0.2 pp
Total	**158,347**	**6.50**	**6.22**	**4.5%**	**2.0%**	**1.8%**	0.2 pp
Thereof Greater Berlin	**112,453**	**6.58**	**6.25**	**5.3%**	**1.9%**	**1.8%**	**0.1 pp**

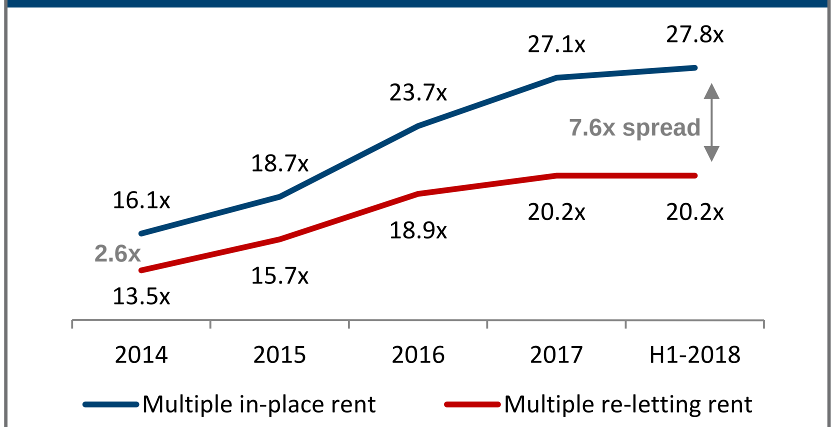
- **Like-for-like rental growth in Berlin continues to be strong with 5.3%**
- **Tenant turnover stable at 8% across entire portfolio, around 7% in Berlin**

1) Contractually owed rent from rented apartments divided by rented area
2) Excluding non-core and disposal stock

» Value uplift of EUR 680m mainly reflects widening of rent potential

Regions	Residential units (#)	FV 30/06/2018 (EUR m)	FV 30/06/2018 (EUR/sqm)	Multiple in-place rent 30/06/2018	Multiple re-letting rent 30/06/2018	Multiple in-place rent 31/12/2017	Fair Value 31/12/2017 (EUR/sqm)
Core+	**141,323**	**18,285**	**2,085**	**26.3**	**19.5**	**25.6**	**2,000**
Greater Berlin	114,226	15,282	2,186	27.8	20.2	27.1	2,090
Core	**18,886**	**1,376**	**1,151**	**16.6**	**13.8**	**16.9**	**1,149**
Non-Core	**1,259**	**54**	**613**	**11.4**	**8.7**	**13.1**	**705**
Total	**161,468**	**19,716**	**1,961**	**25.2**	**18.9**	**24.6**	**1,886**

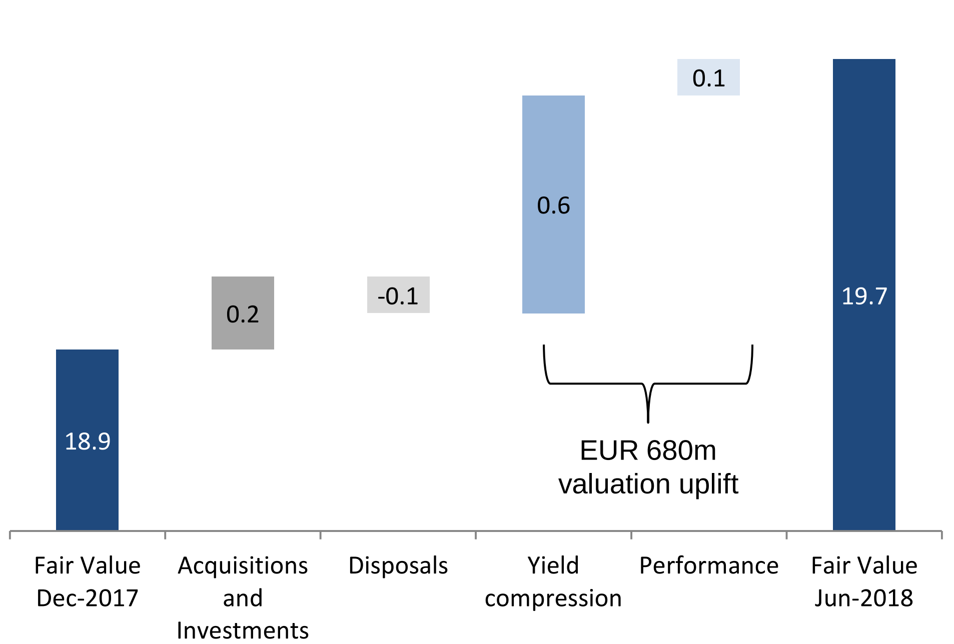
DW development of multiples in Berlin



- **Total portfolio valued at EUR 19.7bn**
- **Core+ amounts to EUR 2,085 per sqm, Berlin at EUR 2,186 per sqm**
- **Unchanged valuation in Berlin based on re-letting rent multiples**

» L-f-l valuation uplift of almost 5% in Berlin

Components of valuation uplift[1] (EUR bn)



Key regions	% of portfolio (based on FV)	Like-for-like valuation uplift H1-2018
Core⁺	**93%**	**4.3%**
Greater Berlin	78%	4.6%
Rhine-Main	6%	3.4%
Rhineland	2%	3.2%
Dresden / Leipzig	4%	4.4%
Mannheim / Ludwigshafen	2%	1.0%
Core	**7%**	**0.1%**
Hanover / Brunswick	4%	0.1%
Kiel / Lübeck	2%	0.1%
Total	**100%**	**3.6%**

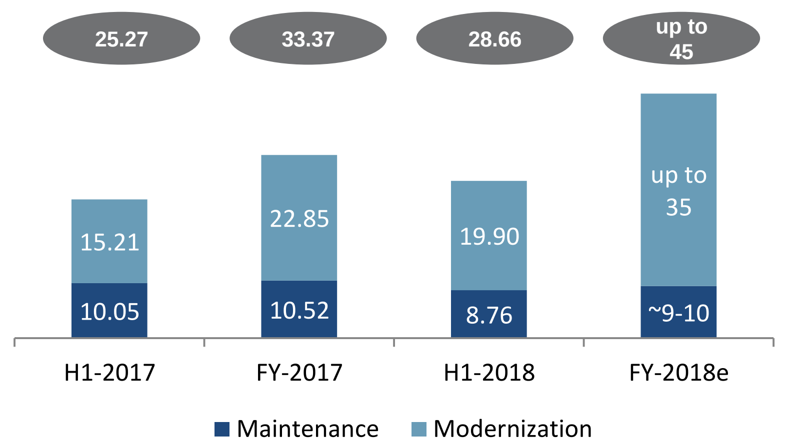
- **Major source of valuation uplift is Core⁺ with 95% in Berlin**
- **Latest valuation reflects updated clustering of our portfolio and takes into account recent developments in micro locations**

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

» Investments into the portfolio accelerate

	H1-2018		H1-2017	
	EUR m	EUR / sqm[1)]	EUR m	EUR / sqm[1)]
Maintenance (expensed through p&l)	44.0	8.76	49.7	10.05
Modernization (capitalized on balance sheet)	99.9	19.90	75.2	15.21
Total	143.9	28.66	124.9	25.27

Modernization & Maintenance per sqm (annualized)



- **Significant increase in modernization investments to up to EUR ~35 per sqm, due to progressing Capex programme**
- **Re-letting investments continue to build up 12% yield on cost**

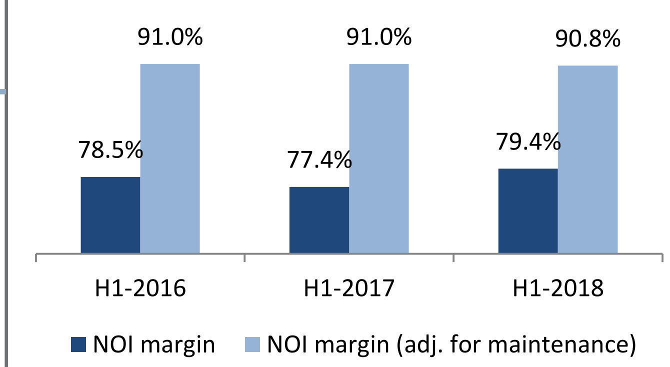
1) Annualized figure, based on the quarterly average area

» Strong letting business

in EUR m	H1-2018	H1-2017
Income from rents (rental income)	387.3	366.5
Income relating to utility/ ancillary costs	162.3	180.7
Income from rental business	**549.6**	**547.2**
Expenses relating to utility/ ancillary costs	(167.4)	(186.0)
Rental loss	(3.4)	(2.5)
Maintenance	(44.0)	(49.7)
Others	(3.5)	(2.7)
Earnings from Residential Property Management	**331.3**	**306.3**
Personnel, general and administrative expenses	(23.6)	(22.6)
Net Operating Income (NOI)	**307.7**	**283.7**
NOI margin	79.4%	77.4%
NOI in EUR / sqm / month	5.11	4.78

Income from rents up 5.7% mainly on the back of rent increases and smaller acquisitions

Development of NOI margin



- **Attractive NOI margin of 79.4% despite capex induced increase in vacancy related costs**

» Disposal business delivers attractive margins

Disposals	Privatization		Institutional sales		Total	
with closing in	H1-2018	H1-2017	H1-2018	H1-2017	H1-2018	H1-2017
No. of units	179	305	322	1,502	501	1,807
Proceeds (EUR m)	34.4	40.9	26.2	110.2	60.6	151.1
Book value (EUR m)	24.4	30.7	23.6	95.3	48.0	126.0
Price in EUR per sqm	2,411	1,925	1,510	992	n/a	n/a
Earnings (EUR m)	6.9	6.9	2.1	13.6	9.0	20.5
Gross margin	41%	33%	11%	16%	26%	20%
Cash flow impact (EUR m)	30	35	18	108	48	143

- **Realized prices in privatization reach EUR 2,411/sqm on average. Average selling prices in Berlin at EUR 2,500/sqm**

Table only considers disposals that already had transfer of titles

» Stable EBITDA contribution from Nursing and Assisted Living

Operations (in EUR m)	H1-2018	H1-2017
Total income	47.9	45.9
Total expenses	(44.9)	(41.7)
EBITDA operations	**3.0**	**4.2**
EBITDA margin	6.3%	9.2%
Lease expenses[1)]	7.7	7.5
EBITDAR	**10.7**	**11.7**
EBITDAR margin	22.3%	25.5%

Assets (in EUR m)	H1-2018	H1-2017
Lease income	21.9	20.9
Total expenses	(1.1)	(0.4)
EBITDA assets	**20.8**	**20.5**

Operations & Assets (in EUR m)	H1-2018	H1-2017
Total EBITDA	**23.8**	**24.7**

in EUR m	H1-2018	H1-2017
Nursing & Assisted Living	41.7	39.8
Other	6.2	6.1

in EUR m	H1-2018	H1-2017
Staff	(26.7)	(24.2)
Rent / lease (inter-company) [1)]	(7.5)	(7.3)
Other	(10.7)	(10.2)

Margin decline mainly from delayed opening of one newly built facility as well as increasing staff expenses

Set out in the consolidated group financial statements as "Earnings from nursing and assisted living"

- **Occupancy level of facilities managed by KATHARINENHOF® at 99.2% per H1-2018**

1) The delta between lease expenses (operations) and lease income assets derives from one nursing facility which is only operated but not owned by Deutsche Wohnen group.

» Attractive acquisitions of 30 facilities in nursing segment signed

Object of purchase	▪ 30 nursing facilities with ~4,700 beds ▪ Almost 90% in metropolitan areas
Purchase price	▪ EUR 680m
EBITDA yield	▪ ~ 5% EBITDA yield after integration
Expected closing	▪ Q4 2018

- Assets and operations:
  - 13 facilities with ~2,700 beds in Hamburg
  - Minority participation in market leading operator of acquired facilities
  - Average occupancy level of 92% significantly above German average of 85%
  - Targeted portfolio investments provide significant upside to income and profitability
- Assets only:
  - 17 facilities with ~2,000 beds
  - Above average macro and micro locations
  - High quality assets with limited capex needs including 5 high end facilities (Kursana Villas)
  - Managed by renowned operators with WALT of >12 years

- **FV of all nursing assets (pro-forma for signed acquisitions) will amount to c. EUR 1.3 bn and is expected to deliver an unlevered RoCE (FV of assets divided by EBITDA) of c. 6.5% on a fully integrated run-rate basis**

» Overview of signed nursing facilities

P&W, Moosberg, Hamburg

P&W, Alsterberg, Hamburg

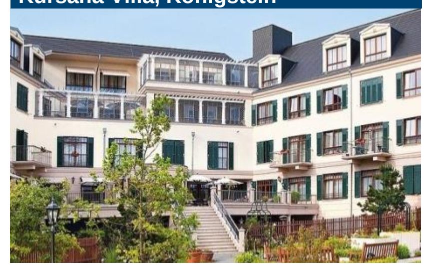
P&W, Farmsen, Hamburg

P&W, Lutherpark, Hamburg

Casa Reha Niddaauen, Frankfurt a. M.

Kursana Villa, Frankfurt a. M.

Kursana Villa, Königstein



Kursana Villa, Wiesbaden

Korian Angerhof, Glienicke bei Berlin

Kursana Domizil, Potsdam

Casa Reha Gilberghof, Siegen

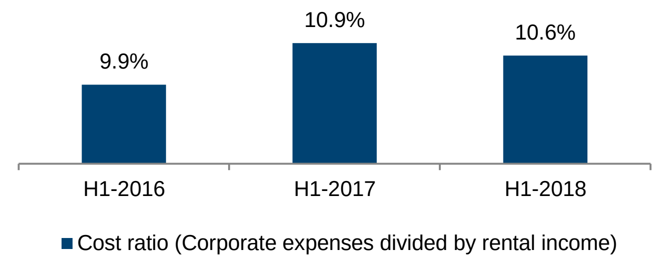
Kursana Villa, Bonn

- **Facilities are predominately in metropolitan regions (Hamburg, Frankfurt, Berlin) and of premium quality**

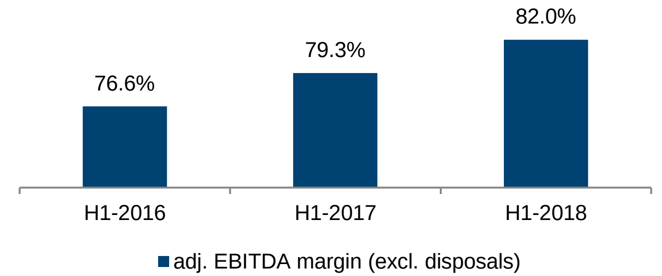
» Robust growth of EBITDA margin to 82%

in EUR m	H1-2018	H1-2017
Earnings from Residential Property Management	331.3	306.3
Earnings from Disposals	9.0	20.5
Earnings from Nursing and Assisted Living	23.8	24.7
Segment contribution	**364.1**	**351.5**
Corporate expenses	(41.1)	(39.9)
Other operating expenses/income	(0.5)	(0.5)
EBITDA	**322.5**	**311.1**
One-offs	4.2	0.1
Adj. EBITDA (incl. disposals)	**326.7**	**311.2**
Earnings from Disposals	(9.0)	(20.5)
Adj. EBITDA (excl. disposals)	**317.7**	**290.7**

Development of cost ratio



Development of adj. EBITDA margin[1)]



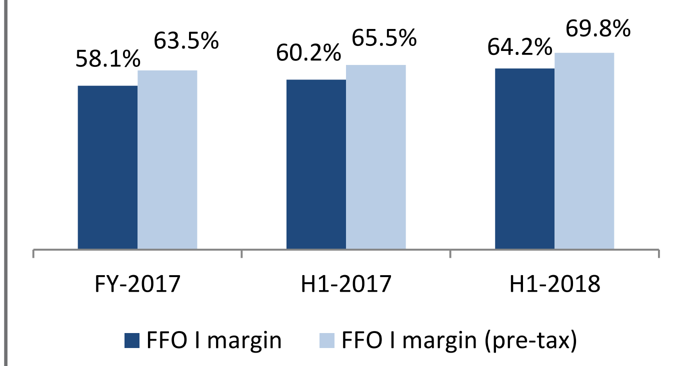
- **EBITDA margin increased by 2.7pp on the back of strong earnings growth from residential property management**

1) Defined as adj. EBITDA divided by rental income

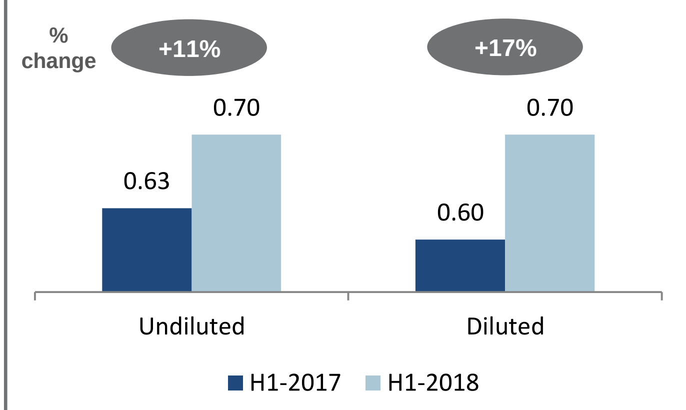
» FFO I per share growth of 11% yoy to EUR 0.70

in EUR m	H1-2018	H1-2017
EBITDA (adjusted)	**326.7**	**311.2**
Earnings from Disposals	(9.0)	(20.5)
Long-term remuneration component (share based)	0.0	1.2
Finance lease broadband cable network	0.9	0.0
At equity valuation	1.1	0.7
Interest expense/ income (recurring)	(46.3)	(49.5)
Income taxes	(21.7)	(19.2)
Minorities	(3.2)	(3.1)
FFO I	**248.5**	**220.8**
Earnings from Disposals	9.0	20.5
FFO II	**257.5**	**241.3**
FFO I per share in EUR[1)]	**0.70**	**0.63**
Diluted number of shares[2)]	354.7	369.0
Diluted FFO I per share[2)] in EUR	0.70	0.60
FFO II per share in EUR[1)]	**0.73**	**0.69**

FFO I margin development



FFO per share development in EUR



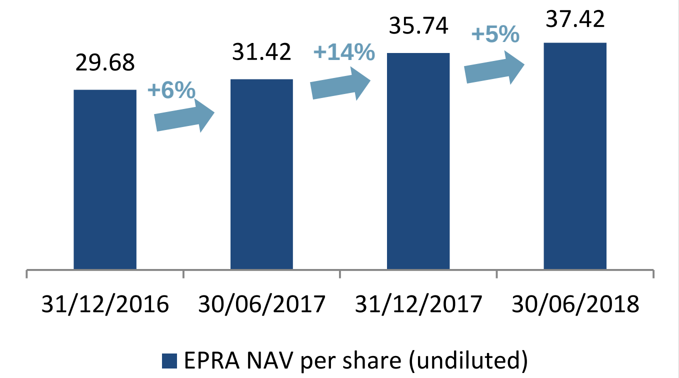
- **FFO I margin improved by 4pp with strong top-line growth**

1) Based on weighted average shares outstanding (H1 2017 349.54 m and H1 2018 354.67 m shares)
2) Based on weighted average shares assuming full conversion of in the money convertible bonds

» EPRA NAV per share increased by almost 5% in H1-2018

in EUR m	30/06/2018	31/12/2017
Equity (before non-controlling interests)	10,244.3	9,888.2
Fair values of derivative financial instruments	5.9	2.0
Deferred taxes (net)	3,020.4	2,786.6
EPRA NAV (undiluted)	**13,270.6**	**12,676.8**
Shares outstanding in m	354.7	354.7
EPRA NAV per share in EUR (undiluted)	**37.42**	**35.74**
Effects of exercise of convertibles	0.0[1)]	0.0[1)]
EPRA NAV (diluted)	**13,270.6**	**12.676.8**
Shares diluted in m	*354.7*[2)]	*354.7*[2)]
EPRA NAV per share in EUR (diluted)	**37.42**	**35.74**

EPRA NAV per share (undiluted) in EUR



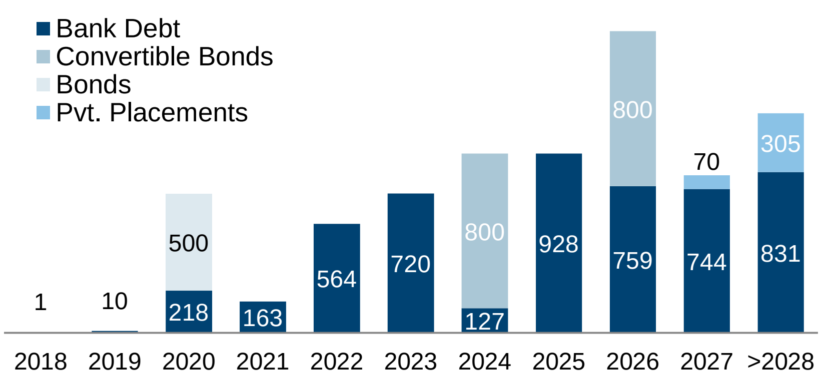
1) Effects of convertible bonds are only considered if the respective instruments are in the money/ dilutive
2) Currently both convertible bonds are out-of-the-money

» Conservative long-term capital structure

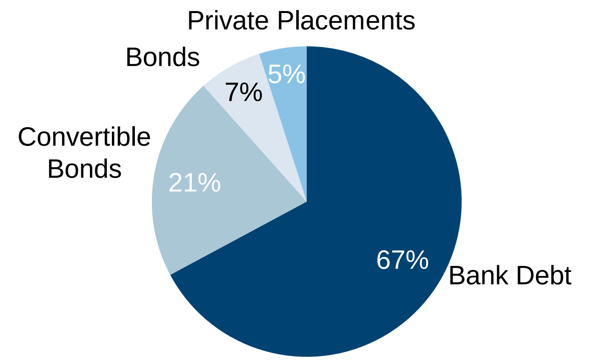
Rating	A- / A3; stable outlook
Ø maturity	~ 7.7 years
% secured bank debt	67%
% unsecured debt	33%
Ø interest cost	1.3% (~89% hedged)
LTV target range	35-40%

- Low leverage, long maturities and strong rating
- Flexible financing approach to optimize financing costs
- LTV at 33.8% as of Q2 2018 (-3.1pp yoy), pro-forma for signed acquisition ~38%
- ICR (adjusted EBITDA excl. disposals / net cash interest) ~6.9x (+1.0x yoy)
- Short-term access to c. EUR 1bn liquidity through CP program and RCFs

Maturity profile in EUR m based on notional amounts[1)]



Debt structure[1)]

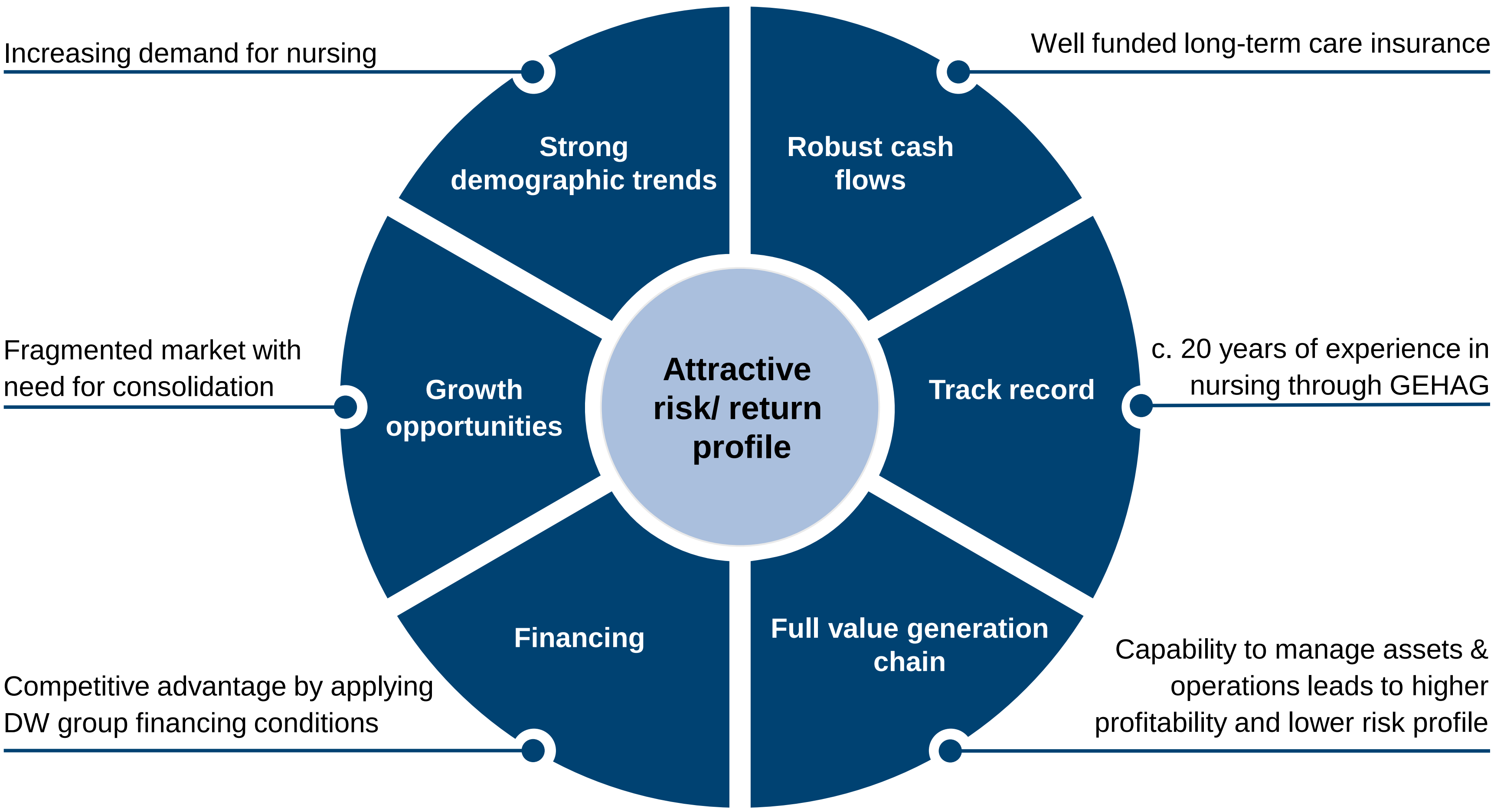


1) As of 30 June 2018, excluding commercial papers

» Appendix

» Nursing & Assisted Living – Sector update

» Why we target to increase our investment in nursing market



» Nursing identified as attractive driver for further external growth

Operator	Facilities #	Beds #
KATHARINENHOF®[1)]	**24**	**2,642**
P&W [1)]	**13**	**2,691**
Pro Seniore	22	3,396
Korian	14	1,617
Kursana	8	976
Orpea	2	260
Alloheim	2	228
Other	4	390
Total	**89**	**12,200**

☐ *Top 5 private operators in Germany*

- 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®[1)] brand
  - High occupancy rates of c. 99%[2)] leading to superior profitability
  - Proven integration track record for acquired businesses
- Deutsche Wohnen business model superior to most peers
  - As owner with operational know-how[1)] 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

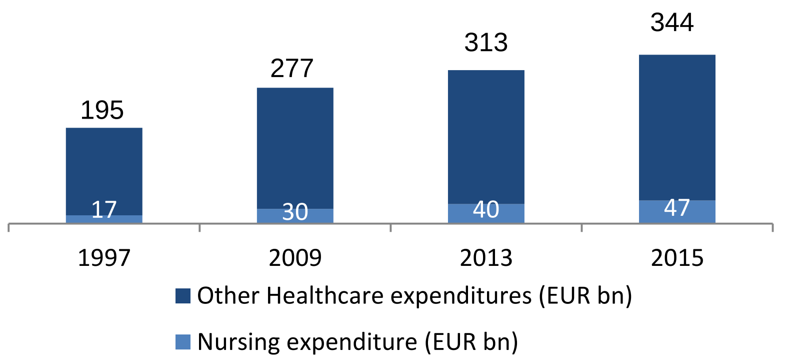
- **Through recent acquisitions we strongly extended our market share footprint in Germany. Our facilities are mainly managed by the top 5 private operators in Germany**

1) Managed through partnership structures
2) Excluding new facility in Chemnitz as this is in ramp-up phase

» Solid funding base supported by strong demographic trends

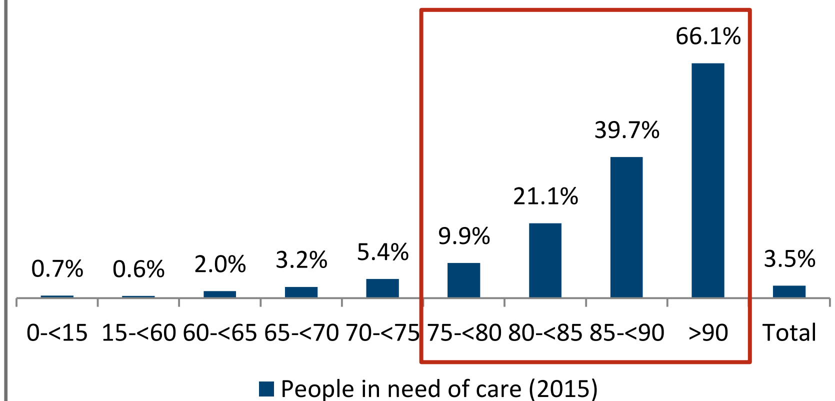
Healthcare expenditure increasing in Germany

With >11% of GDP Germany is among top healthcare spenders in Europe



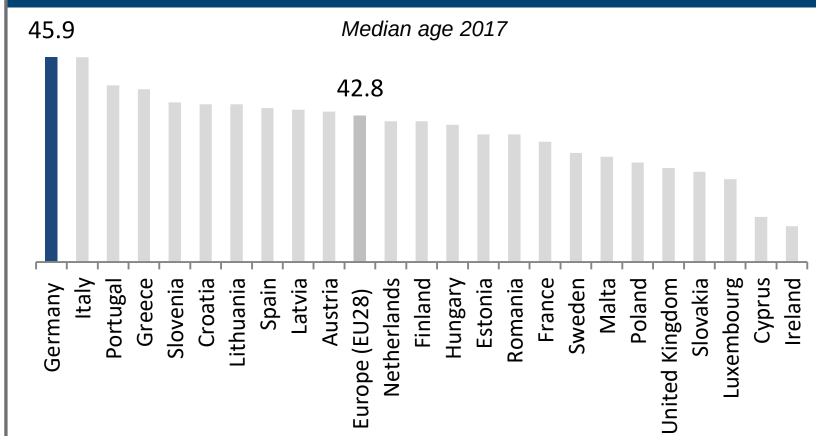
Source: Federal Statistical Office, PKV Pflegedatenbank

Care dependent people by age groups



Source: Latest analysis of the German Federal Statistical Office made in 2017

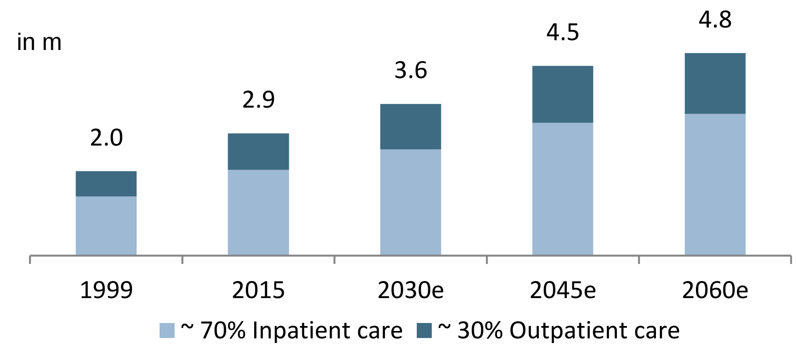
Germany`s population among oldest in Europe



Source: European Statistical Office, 2017

Growth forecast for inpatient and outpatient care

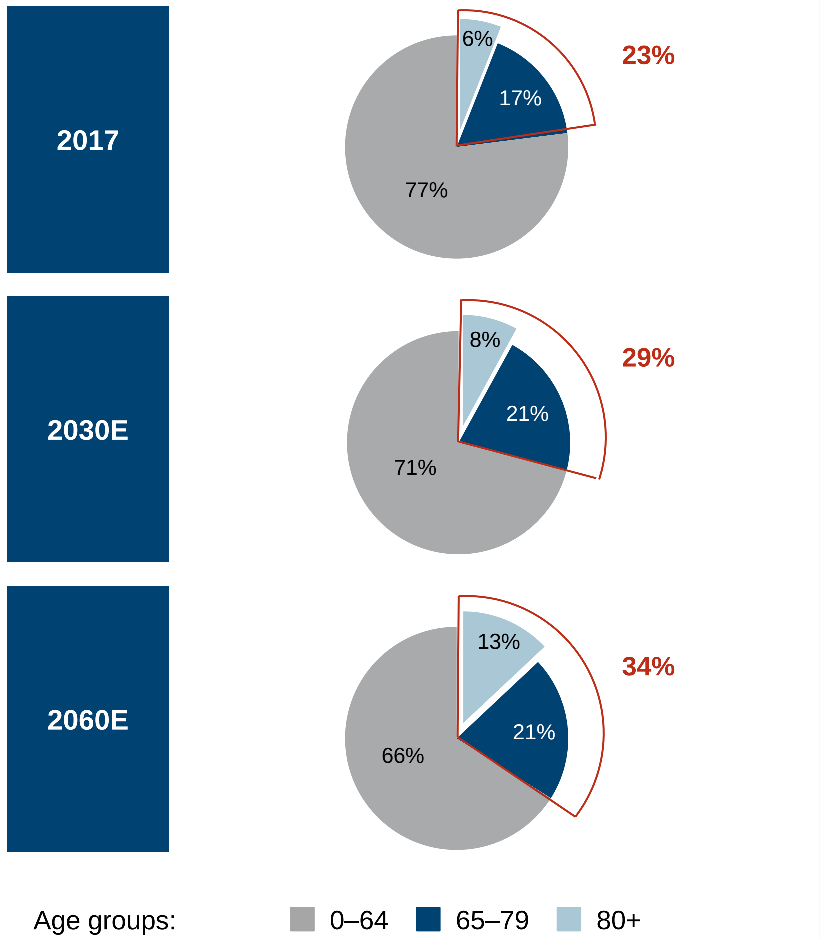
Today 3.5% of German population are care dependent. Inpatient care is expected to grow by 400k, outpatient care by 300k until 2030



Source: Federal Statistical Office, 2015

» Demographic trends in Germany underpin rising demand

Increasing share of age groups 65+ and 80+



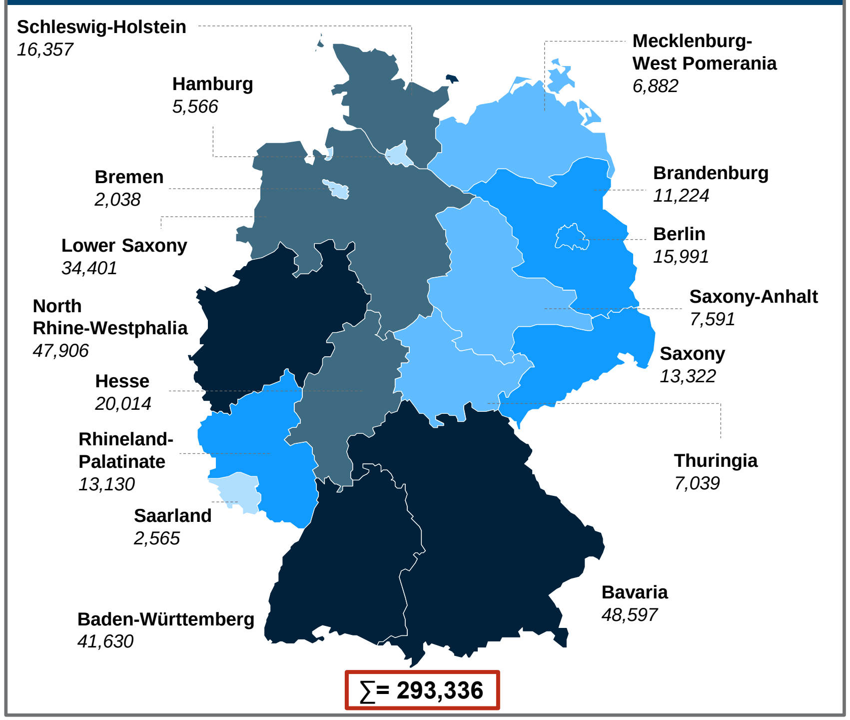
Ageing population leads to increasing demand for nursing homes

- Nursing care market driven by (irreversible) demographic trends - increasing demand for social, medical and nursing services
- Main reasons for aging German population are:
  - Decreasing birth rates
  - Ageing of former baby boomer generations
  - Increasing life expectancy
- Until 2030 the age group >80 years is expected to increase by more than 30%
  - Approx. 8% of the German population will be >80 years in 2030
  - Increased demand for specialized facilities to serve e.g. Alzheimer's disease / dementia
- The requirement for professional service structures in nursing care are further boosted by ongoing trends:
  - Increasing mobility
  - Bigger distance between family members
  - Higher share of employment of all family members

Source: Latest forcast of the German Federal Statistical Office made in 2015

» Forecast - required additional nursing home beds by federal state

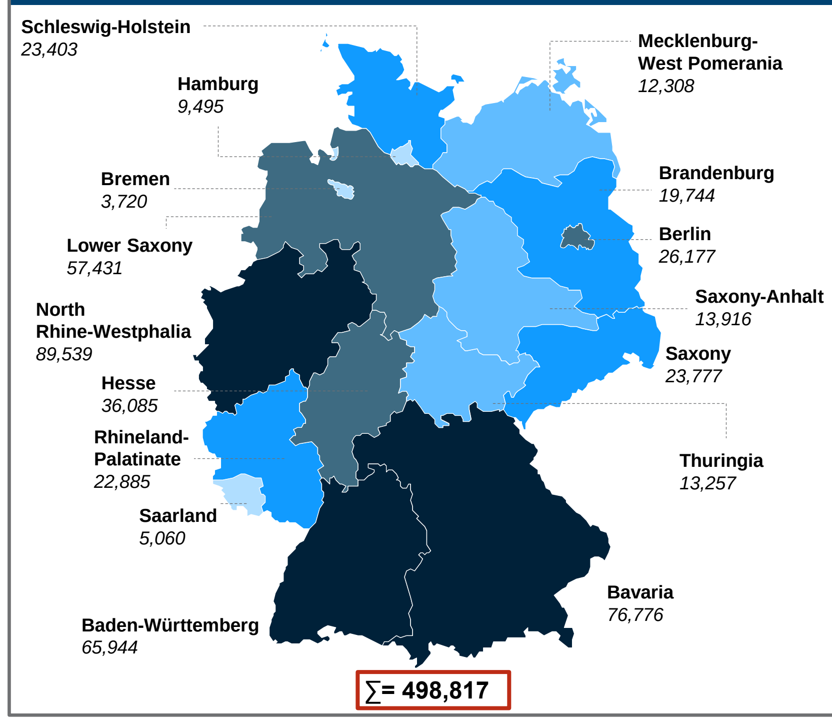
Additional demand for care beds by 2030 (constant nursing home ratio 2013)[1]



Number of care beds:

≥ 2,000 – <6,000 | ≥ 6,000 – <10,000 | ≥ 10,000 – <16,000 | ≥ 16,000 – <40,000 | ≥ 40,000 – <50,000

Additional demand for care beds by 2030 (nursing home ratio 2013 +5%)[2]



Number of care beds:

≥ 3,000 – <10,000 | ≥ 10,000 – <16,000 | ≥ 16,000 – <25,000 | ≥ 25,000 – <60,000 | ≥ 60,000 – <90,000

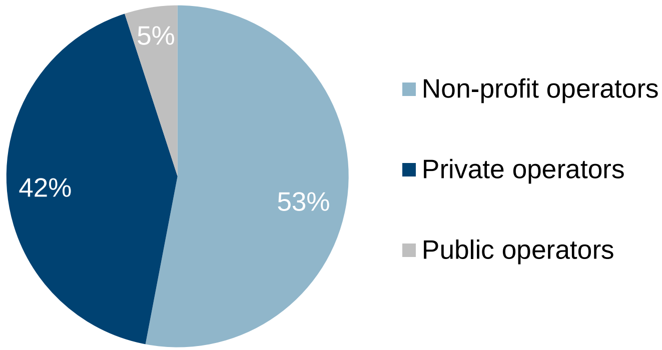
Source: Federal Statistical Office 2015, Georg Consulting (2016)

- **In all federal states and in almost all urban districts strong demand for additional nursing homes beds**
- **Good location for nursing property ≠ good location for residential property**

1) Scenario assumes constant proportion of the number of people in need of care to the number of nursing homes as in 2013 (basic ratio)
2) Scenario assumes 5 percentage-point increase in the number of people in need of care compared to 2013

» Highly fragmented market structure for nursing home operators

Nursing home operators split by type (# of beds)



Source: Federal Statistical Office of Germany, 2017

Top private operators (by # of beds)

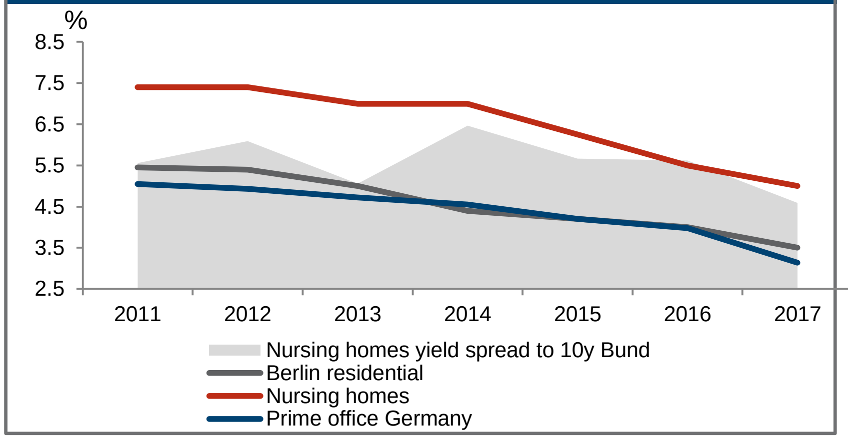
Operator	# of facilities	# of beds	Market share (%)
Korian	220	25,263	2.7%
Alloheim Gruppe	165	14,310	1.5%
Pro Seniore	103	12,540	1.3%
Orpea / Silver Care	124	11,089	1.2%
Kursana	97	10,171	1.1%
Vitanas	51	7,778	0.8%
Azurit	72	7,105	0.8%

Source: www.pflegemarkt.com, 2018

- Nursing home operator market is very fragmented
  - Top ten private operators only c. 12% market share, expected to increase further
  - Private operators manage c. 42%
  - Many small (family) operators, often with less than 10 facilities and capex backlog
- Occupancy levels vary widely across operators and regions
  - Average occupancy rate of only c. 85%
  - Free capacity in many instances does not fulfil today's standards for nursing homes (i.e.: free capacity ≠ available capacity)
- Significant consolidation trend among private operators in recent years
  - 3 of the top 5 operators are international companies
  - Consolidation is expected to continue and to accelerate professionalism (and therewith profitability) of overall sector
- Private operators increase their capacity the fastest (by acquisition or greenfield projects); growth of non-profit operators limited by funding constraints

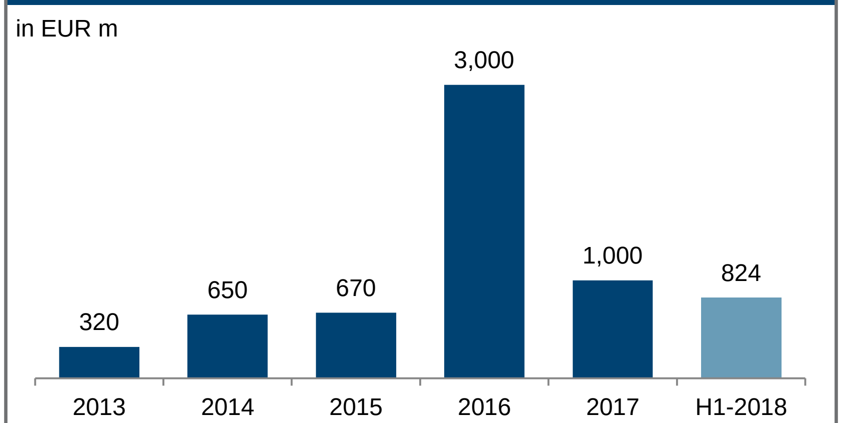
» Transaction market for nursing home properties

Nursing homes yield spread significantly above other asset classes



Source: CBRE 2018, DW

Transaction volumes in nursing home property market



Source: CBRE, 2017

- Nursing home property market accounts for c. 1.8% of overall commercial real estate transaction volume in 2017
- Nursing home properties offer attractive yields at low risk:
  - Fundamentals for niche sector remain strong and promising for the long-term
  - Transaction prices are still demonstrating significant yield premiums to comparable asset classes
- Transaction volumes increased significantly over past years
- Professional investors represented largest purchaser group over last years
- Key limiting factor of further increased transaction volumes is scarcity of supply despite positive macro outlook

» Overview of elderly care market in Germany

	Description	Payment regulation
Nursing homes (inpatient care)	▪ Covers all levels of inpatient care ▪ Focus on high care degrees ▪ Daycare programs located in nursing homes ▪ Short-term – inpatient care, if need of care is only temporarily	▪ Reimbursement level depending on extend of care required (5 degrees available) ▪ Long-term care insurance (LTC) covers a monthly allowance, remainder has to be paid by pension / private wealth ▪ Social security system covers if of no private wealth available
Outpatient care	▪ Covers all levels of outpatient care incl. domestic support ▪ Focus on low care degrees ▪ Services are delivered at home or in assisted living facility	▪ Reimbursement level depending on level of care required ▪ Social LTC insurance pays defined allowance, per month for either: – Professional outpatient care service – For a relative to take on care ▪ Remainder to be paid by pension / private wealth
Assisted living	▪ Special form of outpatient care with focus on premium customers ▪ Apartments are rented out incl. complementary LTC packages and availablity of extra services	▪ Relatively unregulated market in terms of rent regulation ▪ Not reimbursed by LTC insurance

» Overview of regulatory environment for nursing homes (1/2)

New homes authorization

- No formal permission (except for building laws) required to set up new nursing homes
- Operators entitled to enter into new supply contract with Care Funds (Pflegekassen) as soon as structural requirements for operating a nursing home are met

Quality requirements

- Independent operators (MDK[1)]) check process structure and performance quality
- Frequency of quality assurance audits of outpatient and inpatient care has historically increased
- Mandatory publication of MDK quality reports of each nursing home planned through latest regulatory initiatives to increase transparency

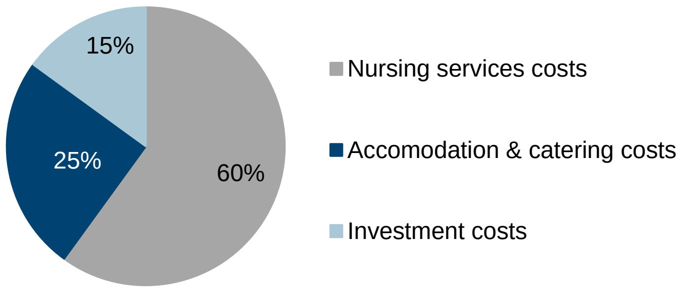
Pricing & financing

- Prices for nursing care services strictly regulated and negotiated with authorities and revised every 1-2 years, usually above cost inflation
- Total cost for a nursing home place is funded by the respective resident, care fund and, if required, social welfare (depending on residents' income)
  - Vast majority of nursing services costs is financed by care fund; level of reimbursements are defined by laws, depending on level of care required
  - Accommodation & catering as well as investment costs are, in principle, financed by resident (or social welfare system); investment rates are set freely for resident not receiving public aid
  - Operators are free to generate additional revenues from secondary services, financed by respective resident

1) MDK – German Health Insurance Medical Service

» Overview of regulatory environment for nursing homes (2/2)

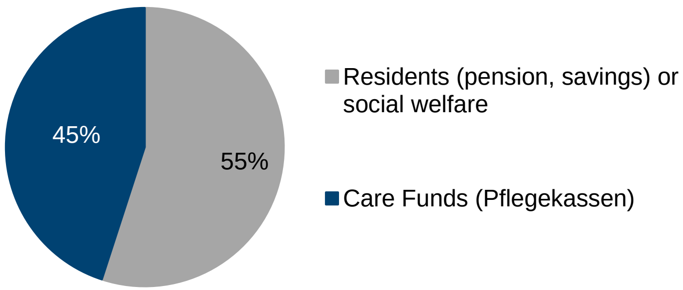
Standard daily cost breakdown of nursing homes



Source: Knight Frank Research, 2014

Funding of nursing home costs

Average Payment Breakdown



Source: Knight Frank Research, 2014

- Germany is one of few countries which requires all citizens to have either public or private long-term care insurance
  - Care Funds (Pflegekassen) provide a cost cover for care related services to the operator, based on the level of patient care necessary
  - Care Funds supported by mandatory social insurance as provided by care insurance law[1)]
  - Funded at a contribution rate of 2.5% of gross salary and 2.8% respectively for childless employees
- In addition to national regulation, there are different regional legislations on fit-out standards, multi-occupancy ratios minimum room measurement and employee skills (not homogeneous)

- **Germany has one of the most stable funding systems for long-term care in Europe**

1) Pflegeversicherungsgesetz

» Best in class Nursing and Assisted Living portfolio

Uferpalais, Berlin

Im Schlossgarten, Brandenburg

Wolkenstein, Saxony

Wilsdruff, Saxony

Quellenhof, Saxony

Am Schwarzen Berg, Lower Saxony

Garpsen, Lower Saxony

Am Auensee, Saxony

Oberau, Bavaria

Blankenese, Hamburg

Zum Husaren, Hamburg

Am Lunapark, Saxony

» Sustainability at Deutsche Wohnen

» Strategic sustainability targets (1/2)

	Strategic targets	Examples of operationalized targets
Corporate management	▪ Strategic management of sustainability activities ▪ Embed DW's sustainability philosophy more strongly in minds of business partners ▪ Expand stakeholder dialogue	▪ Establish sustainability committee ▪ Integration of long term sustainability targets in management incentivation ▪ Code of conduct for business partners ▪ Regular stakeholder surveys
Portfolio & new construction	▪ High level of customer satisfaction ▪ Portfolio to provide up-to-date, future proof quality criteria ▪ Create new housing in conurbations	▪ Derive measures after conducting regular tenant surveys ▪ Investment programme to refurbish and modernise c. 30,000 units ▪ 2,500 new units in-line with sustainability criteria planned for new construction until 2022
Employees	▪ Targeted recruitment and integration of new employees ▪ Keep employee retention level high ▪ Adjust staff development to the requirements of the new working world ▪ Ensure there is no discrimination	▪ Staff recommendation programme ▪ Conduct regular employee surveys ▪ Expand long-term incentive systems ▪ Talent programme for junior staff ▪ Comply with Code of Conduct

» Strategic sustainability targets (2/2)

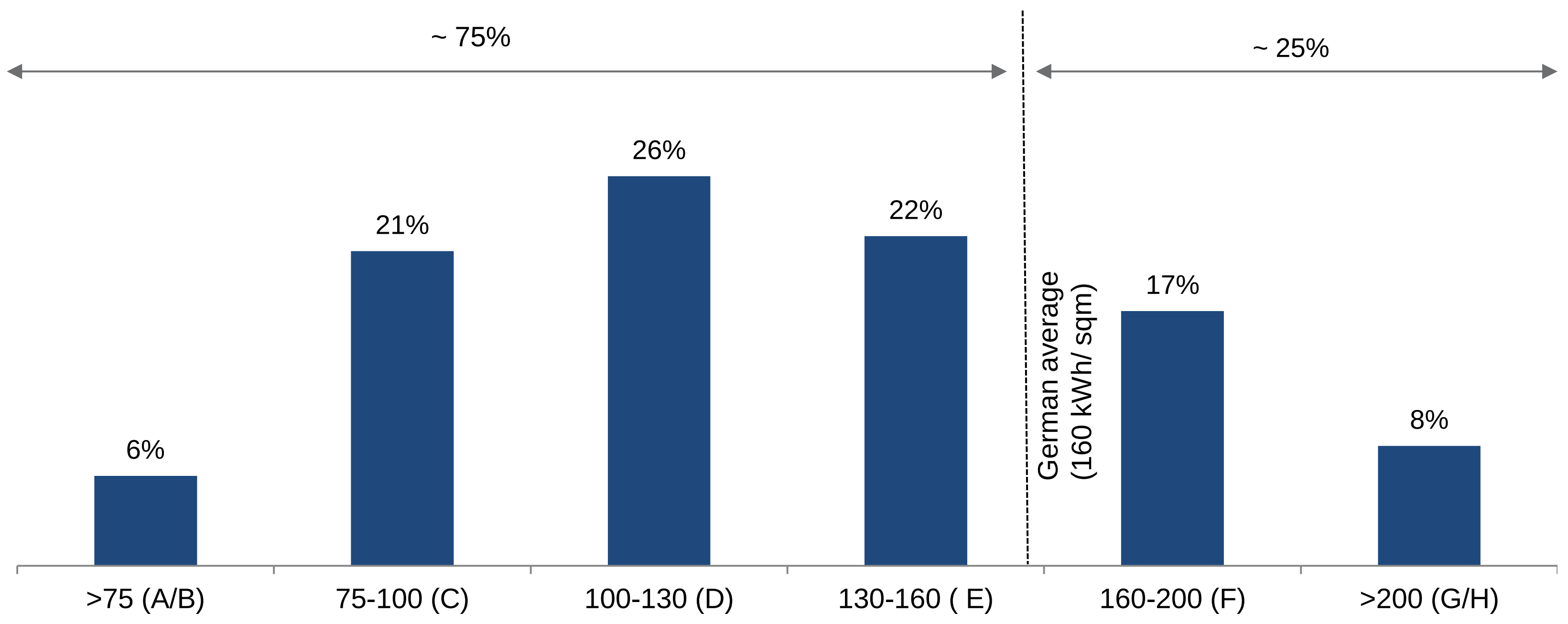
	Strategic targets	Examples of operationalized targets
Environment & climate	▪ Save 20,000 t of CO_2 emissions from 2022 onwards	▪ Replace outdated heat generation plants with modern systems ▪ Reduce the portfolio of oil-fuelled properties, switching to eco-friendly energy sources ▪ Initiate a mass pilot project (3,000 units) for smart home technology
Society	▪ Expand, continue and structure corporate social responsibility activities ▪ Promote a vibrant neighbourhood structure	▪ Implement guideline for social and cultural activities ▪ Support of youth sport ▪ 4-5% of new letting space for social and charitable purposes

CSR Reporting

- Deutsche Wohnen provides sustainability report in accordance with GRI since 2013
- ESG ratings with focus on real estate industry (EPRA sBPR, GRESB)
- CEO responsibility and CSR management within strategy division

» Focus on energy efficiency

Energy intensity of the residential units (in kWh/sqm)

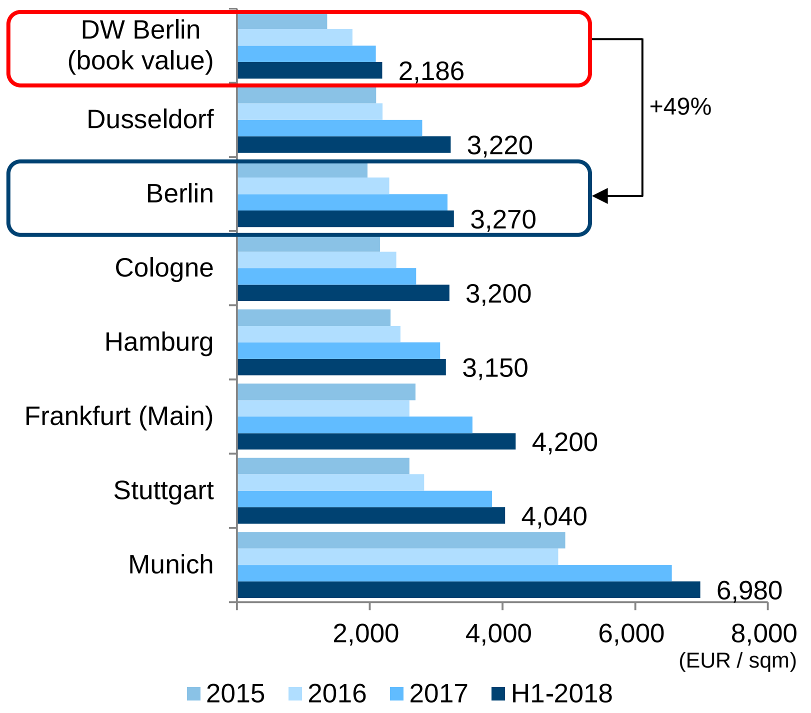


- **Given our continued attention to energy efficiency, already 75% of our portfolio perform better than the average residential property in Germany (160 kWh/ sqm per annum)**

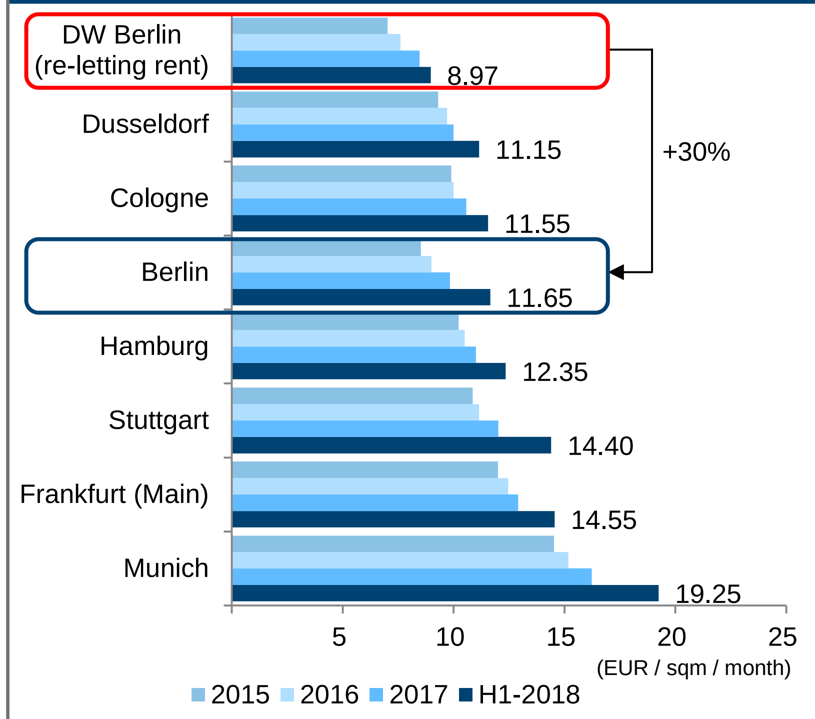
» Portfolio and financials

» Current level of rents and prices offer significant growth potential

Asking prices multifamily housing (in EUR / sqm)[1)]



Asking rents in German top cities (in EUR / sqm)[2)]

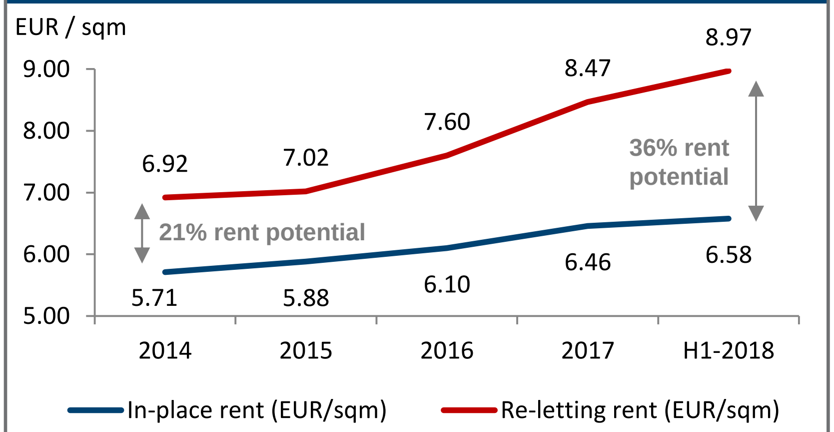


- **Dynamic development of residential rents and prices for German top cities, based on strong demographic trends and fundamentals**

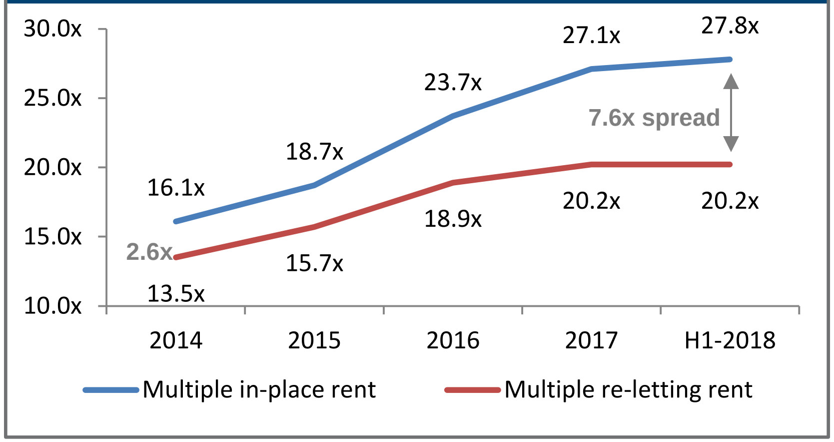
1) JLL median asking prices based on 'Immodaten.net' including all age clusters, DW portfolio valuation
2) JLL median asking prices based on 'Immodaten.net' including furnished apartments and all age clusters, DW portfolio data

» Re-letting rents have outpaced in-place rents

DW rent development in Berlin



DW development of multiples in Berlin



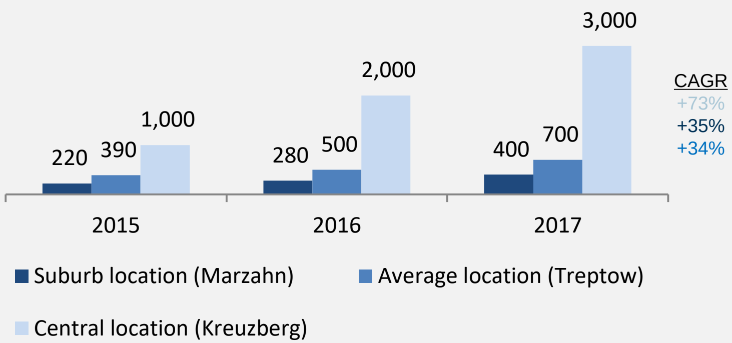
- **Despite strong regulation rent potential significantly increased since 2014 as new-letting rents have grown much faster than (regulated) in-place rents**
- **Spread between in-place and re-letting rent multiples significantly widened over the last years, implying significant further value upside over the coming years**

» Significant scope for rent potential to widen further in Berlin

Replacement costs

- Average replacement costs > EUR 3,500 per sqm, pre-dominately 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 yield[1)]
- 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)]



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 6.58 per sqm and including ancillary costs average monthly rent appears affordable with EUR ~545
- 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)	6.58	8.97	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 545**	**EUR 688**	**EUR 810**

- **For pick-up of new construction activity further increase of market rents required**
- **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

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

Regions	Residential units (#)	FV 30/06/2018 (EUR m)	FV 30/06/2018 (EUR/sqm)	Multiple in-place rent 30/06/2018	Multiple re-letting rent 30/06/2018	Multiple in-place rent 31/12/2017	Fair Value 31/12/2017 (EUR/sqm)
Core+	**141,323**	**18,285**	**2,085**	**26.3**	**19.5**	**25.6**	**2,000**
Greater Berlin	114,226	15,282	2,186	27.8	20.2	27.1	**2,090**
Rhine-Main	9,938	1,238	1,989	21.6	16.2	21.0	1,942
Dresden/ Leipzig	6,080	766	1,732	24.3	19.7	23.0	1,618
Rhineland	5,380	466	1,326	17.2	14.8	16.8	1,285
Mannheim / Ludwigshafen	4,756	358	1,162	16.1	13.3	16.0	1,151
Other Core+	943	176	3,177	25.0	21.1	24.9	3,149
Core	**18,886**	**1,376**	**1,151**	**16.6**	**13.8**	**16.9**	**1,149**
Hanover / Brunswick	9,128	703	1,165	16.6	13.4	16.8	1,164
Kiel / Lübeck	4,946	359	1,218	17.3	14.4	18.0	1,218
Core cities Eastern Germany	4,812	314	1,055	16.1	14.2	16.0	1,053
Non-Core	1,259	**54**	**613**	**11.4**	**8.7**	**13.1**	705
Total	**161,468**	**19,716**	**1,961**	**25.2**	**18.9**	**24.6**	**1,886**

» Strong like-for-like development as of 30 June 2018

Like-for-like 30/06/2017	Residential units (#)	In-place rent[2] 30/06/2018 (EUR/sqm)	In-place rent[2] 30/06/2018 (EUR/sqm)	Change (y-o-y)	Vacancy 30/06/2018 (in %)	Vacancy 30/06/2017 (in %)	Change (y-o-y)
Letting portfolio[1]	**154,170**	**6.52**	**6.24**	**4.6%**	**1.9%**	**1.7%**	**+0.2pp**
Core+	135,931	6.62	6.32	4.7%	1.8%	1.7%	**+0.1pp**
Greater Berlin	112,453	6.58	6.25	5.3%	1.9%	1.8%	+0.1pp
Rhine-Main	9,144	7.79	7.55	3.1%	1.6%	1.5%	+0.1pp
Rhineland	4,906	6.32	6.19	2.1%	0.7%	0.8%	-0.1pp
Mannheim/Ludwigshafen	4,401	6.01	5.89	1.9%	1.4%	0.6%	+0.8pp
Dresden/ Leipzig	4,084	5.55	5.41	2.6%	2.3%	2.2%	+0.1pp
Sonstige Core+	943	10.46	10.39	0.7%	0.8%	0.7%	+0.1pp
Core	18,239	5.80	5.62	3.2%	2.4%	2.1%	**+0.3pp**
Hanover / Brunswick	8,646	5.88	5.71	3.0%	2.0%	1.7%	+0.3pp
Kiel / Lübeck	4,945	5.88	5.57	5.6%	2.4%	2.1%	+0.3pp
Core cities Eastern Germany	4,648	5.56	5.49	1.1%	3.4%	3.0%	+0.4pp
Total	**158,347[3]**	**6.50**	**6.22**	**4.5%**	**2.0%**	**1.8%**	**+0.2pp**

1) Excluding non-core and disposal stock;
2) Contractually owed rent from rented apartments divided by rented area
3) Total l-f-l stock incl. Non-Core

» Bridge from adjusted EBITDA to profit

in EUR m	H1-2018	H1-2017
EBITDA (adjusted)	**326.7**	**311.2**
Depreciation	(4.0)	(3.5)
At equity valuation	1.1	0.7
Financial result (net)	(52.9) [1]	(61.4) [1]
EBT (adjusted)	**270.9**	**247.0**
Valuation properties	677.5	885.9
One-offs	(4.2)	(22.1)
Valuation SWAP and convertible bonds	(63.8)	(124.7)
EBT	**880.4**	**986.1**
Current taxes	(19.7)	(20.6)
Deferred taxes	(208.0)	(293.5)
Profit	**652.7**	**672.0**
Profit attributable to the shareholders of the parent company	*629.8*	*647.3*
Earnings per share[2]	1.78	1.85

in EUR m	H1-2018	H1-2017
Interest expenses	(47.8)	(49.8)
In % of gross rents	*~12%*	*~14%*
Non-cash interest expenses	(6.6)	(11.9)
Interest income	1.5	0.3
Financial result (net)	**(52.9)**	**(61.4)**

One-offs consist of EUR 1.2m refinancing costs mainly related to prepayment fees, EUR 4m project and transaction related costs as well as EUR 1.2m one-time interest earnings related to tax reimbursements

1) Adjusted for Valuation of SWAPs and convertible bonds
2) Based on weighted average shares outstanding (H1-17: 349.54m; H1-16: 337.43m)

» Summary balance sheet

Assets

in EUR m	30/06/2018	31/12/2017
Investment properties	20,719.8	19,628.4
Other non-current assets	181.3	134.4
Derivatives	1.6	3.3
Deferred tax assets	0.3	0.4
Non current assets	**20,903.0**	**19,766.5**
Land and buildings held for sale	294.7	295.8
Trade receivables	29.3	15.5
Other current assets	117.8	97.9
Cash and cash equivalents	489.3	363.7
Current assets	**931.1**	**772.9**
Total assets	**21,834.1**	**20,539.4**

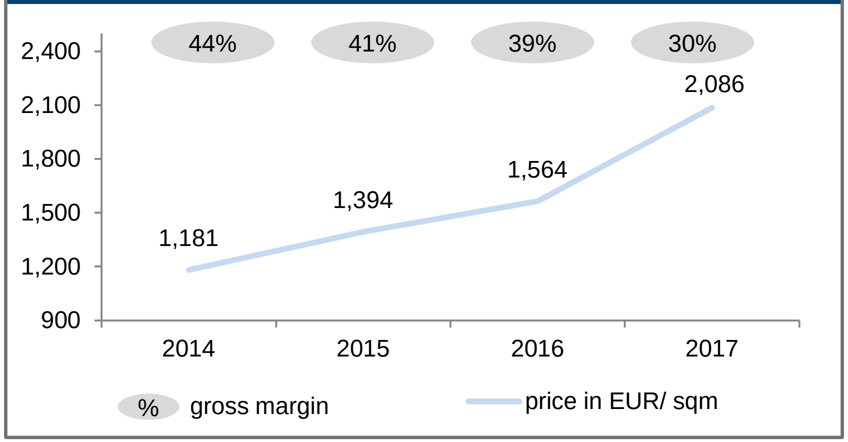
Equity and Liabilities

in EUR m	30/06/2018	31/12/2017
Total equity	**10,582.3**	**10,211.0**
Financial liabilities	4,998.9	4,751.1
Convertibles	1,717.0	1,669.6
Bonds	877.8	826.6
Tax liabilities	43.54	27.2
Deferred tax liabilities	2,708.9	2,496.7
Derivatives	7.6	5.3
Other liabilities	898.2	551.9
Total liabilities	**11,251.8**	**10,328.4**
Total equity and liabilities	**21,834.1**	**20,539.4**

- **Investment properties represent ~95% of total assets**
- **Strong balance sheet structure offering comfort throughout market cycles**

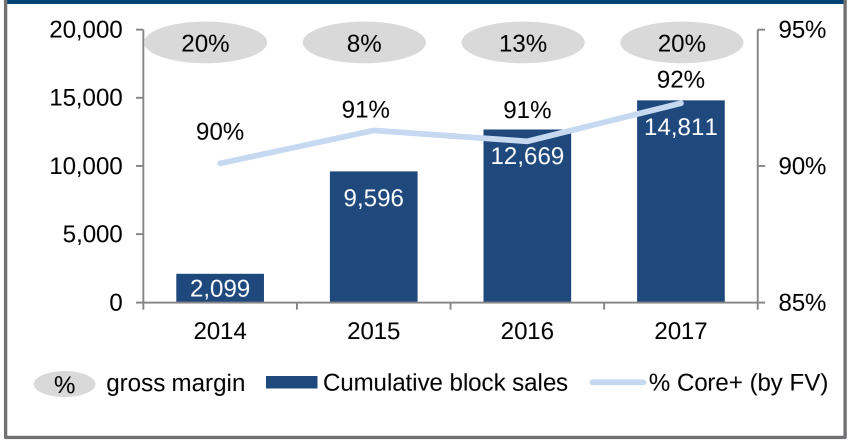
» Disposals business remains opportunistic

Development of privatization business



- 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

Development of institutional sales business



- 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**

» Acquisition track record since 2013

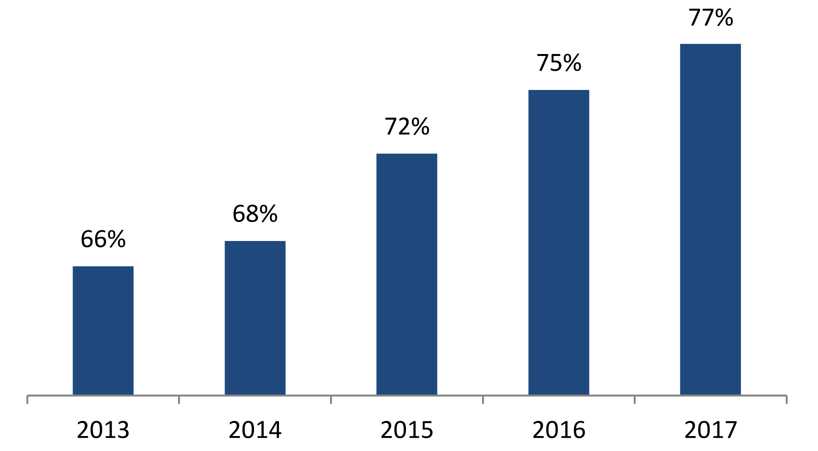
Main acquisitions (>1,000 units deal size)				Fair Value in EUR/sqm			In-place rent in EUR/sqm		
Year	**Deal**	**Residential units #**	**Location**	**At Acquisition**	**31/12/2017**	**Δ**	**At Acquisition**	**31/12/2017**	**Δ**
2013	Centuria	5,200	Berlin	711	1,803	154%	4.65	5.67	22%
	Larry	6,500	Berlin	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%
	thereof	*~5,200*	*Berlin*	*1,469*	*1,959*	*33%*	*5.55*	*6.32*	*14%*
		~3,800	*Kiel*	*1,043*	*1,264*	*21%*	*5.37*	*5.63*	*5%*
		~1,000	*other Core+*	*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**

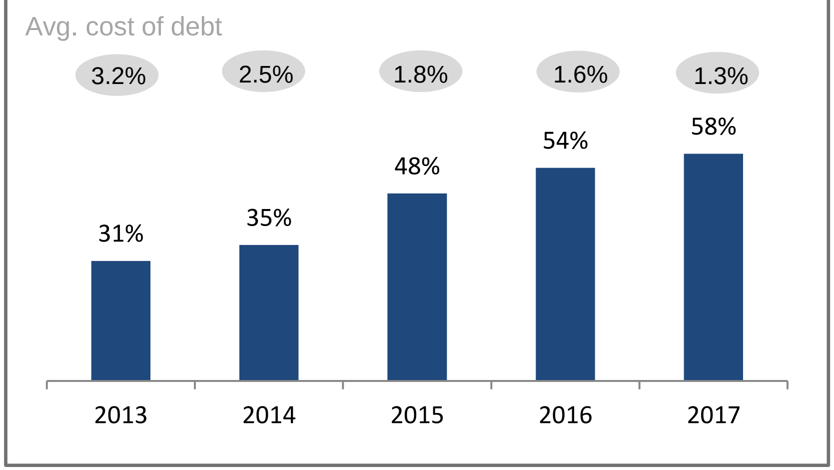
- **~13% of acquired units have been sold at double digit gross margins to streamline portfolio quality**

» Operational and financial improvements drive margins

Adj. EBITDA margin (w/o disposals)



FFO I margin

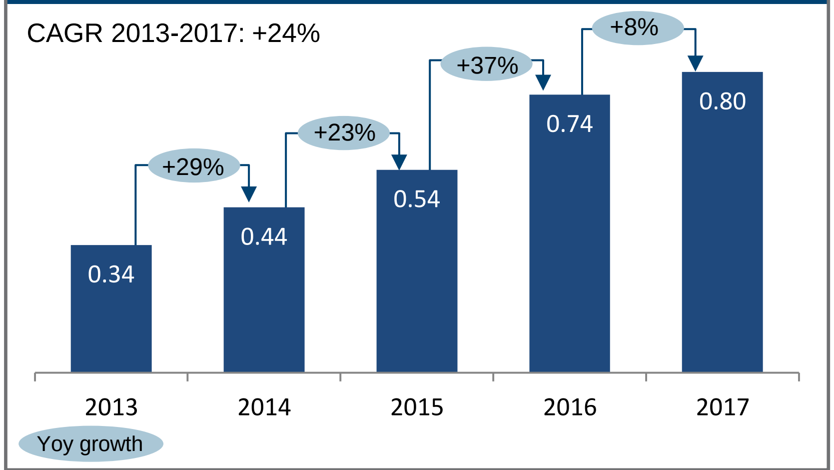


- **Concentrated portfolio and successful integration of acquired businesses as well as further efficiency improvement of operational business let to best in class EBITDA margin**

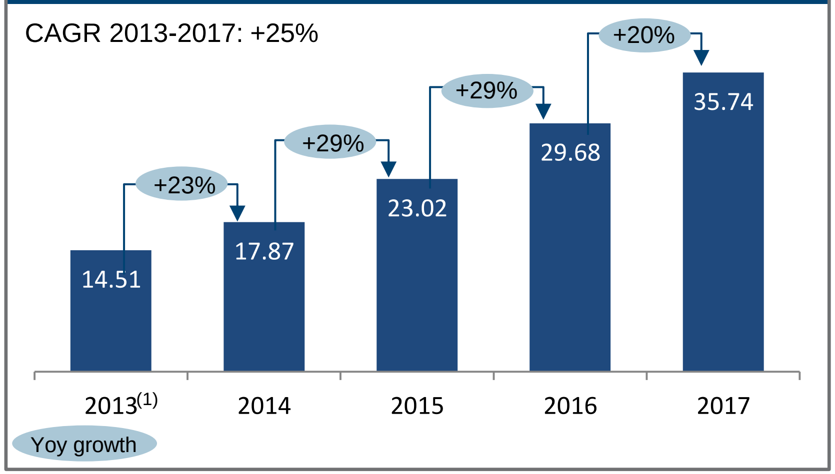
- **Early and proactive management of liabilities to take advantage of attractive financing environment – average cost of debt reduced by more than 50% since 2013**

» Strong generation of total shareholder return

Development of dividend in EUR per share



Development of EPRA NAV (undiluted) in EUR per share



- **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)**

1) As reported, no scrip adjustment

» Guidance unchanged in H1-2018

	FY-2017	H1-2018	
	Reported	Guidance in H1-2018 confirmed	
FFO I (EUR m)	432.3 (Reported)	~ 470 (Guidance) ✓	• Operational performance
Dividend per share (EUR)	0.80 (Reported)	~ 0.86 (Guidance) ✓	• Based on 65% pay-out ratio from FFO I and current shares outstanding
LTV	34.5% (Reported)	~ 35 -40% (target range) (Guidance) ✓	• Aim to keep current rating
Like-for-like rental frowth	4.4% (Reported)	~ 3% (Guidance) ✓	• ~ 3% based on in-place rent in EUR/ sqm • 4-5% based in P&L impact (timing effect)

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

Südwestkorso, Berlin

Siemensstadt, Berlin

Otto-Suhr-Siedlung, Berlin

Oranienkiez, Berlin

Hellersdorf, Berlin

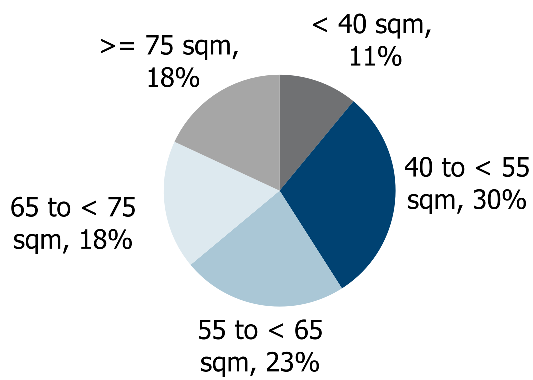
Carl-Legien-Siedlung, Berlin

Hufeisensiedlung, Berlin

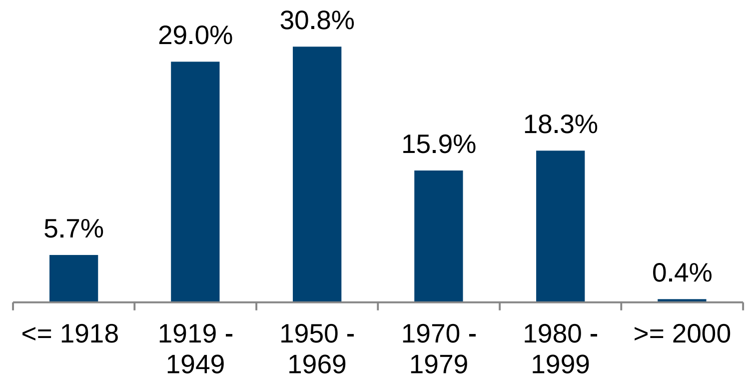
Dresden

» Portfolio structure – characteristics meeting strong demand

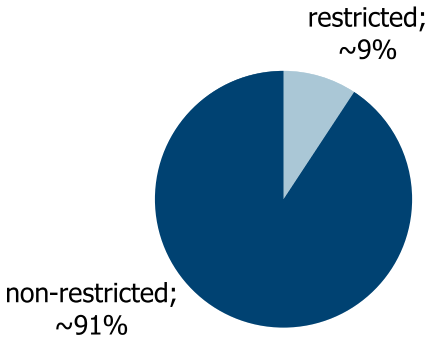
Apartment size Ø 60 sqm



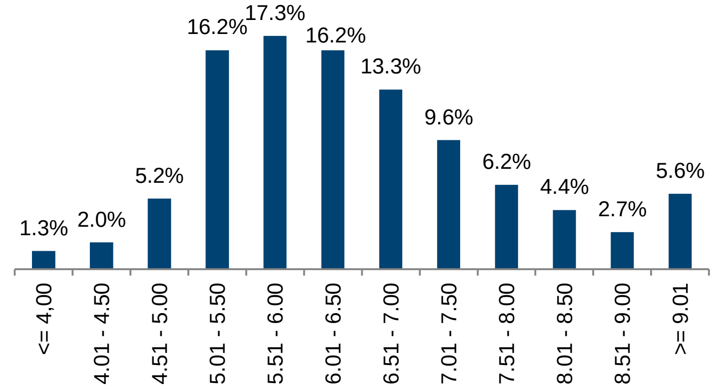
Year of construction



Rental restrictions (expiring over time)

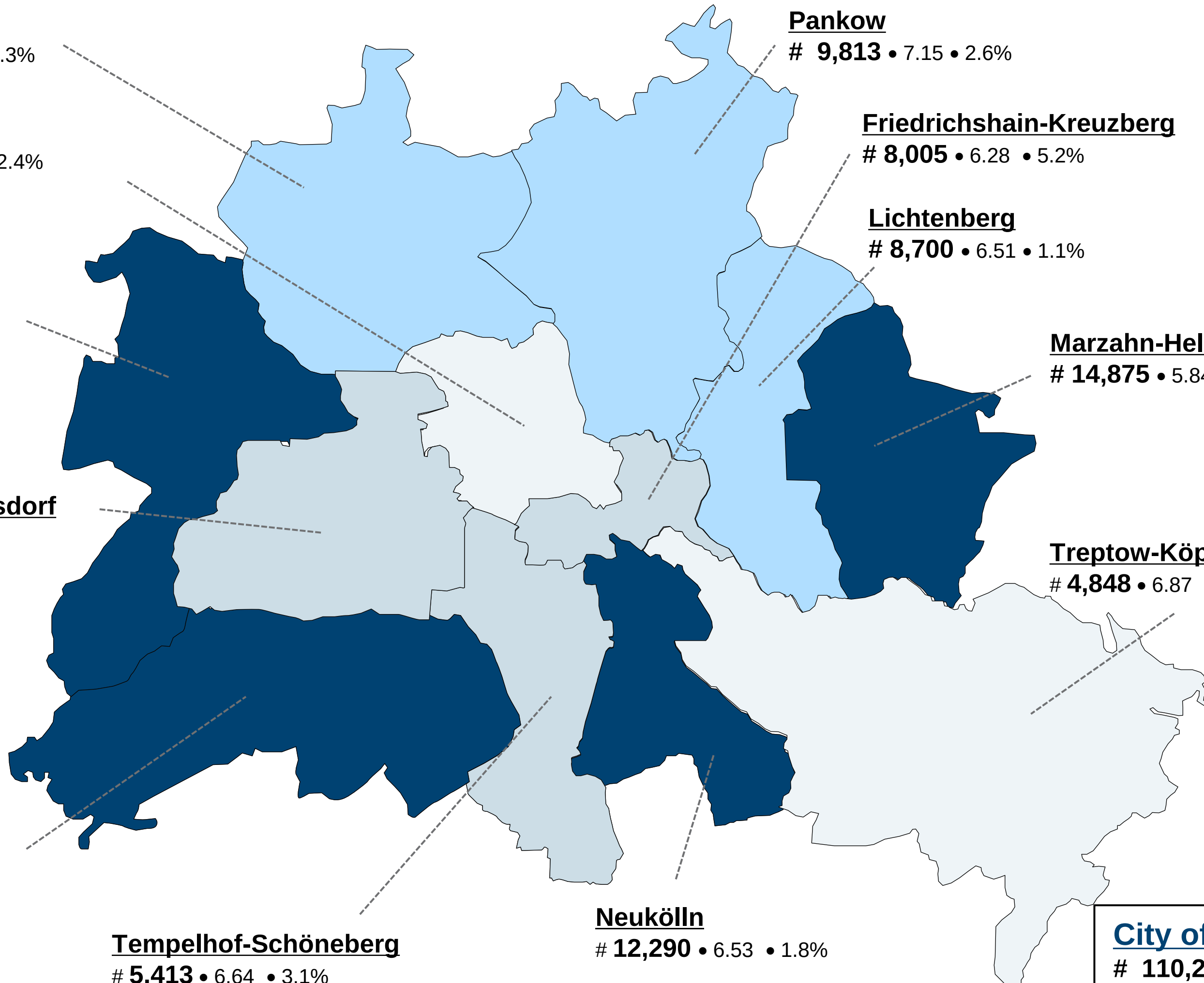


In-place rent (Ø 6.40 EUR/sqm/month)



Note: figures as of 31-Dec-2017

» The Berlin portfolio at a glance



Reinickendorf
 # 9,402 • 6.58 • 1.3%

Mitte
 # 4,558 • 6.95 • 2.4%

Spandau
 # 13,768 • 6.45 • 1.4%

Charlottenburg-Wilmersdorf
7,691 • 7.21 • 2.8%

Steglitz-Zehlendorf
10,902 • 6.97 • 1.8%

Tempelhof-Schöneberg
5,413 • 6.64 • 3.1%

Neukölln
12,290 • 6.53 • 1.8%

Pankow
 # 9,813 • 7.15 • 2.6%

Friedrichshain-Kreuzberg
 # 8,005 • 6.28 • 5.2%

Lichtenberg
 # 8,700 • 6.51 • 1.1%

Marzahn-Hellersdorf
 # 14,875 • 5.84 • 0.8%

Treptow-Köpenick
4,848 • 6.87 • 2.2%

City of Berlin
 # 110,265 • 6.59 • 2.0%
Greater Berlin
 # 114,226 • 6.58 • 2.0%

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

 # units • in-place rent (EUR/m²) • vacancy

» Berlin – The place to be!

Government

Seat of parliament, government and professional associations[1)]

Innovation

2nd best performing European startup ecosystem with app. 2,000 active tech Startups[2)]

High-tech

- 6,500 technology firms
- 15,000 IT students
- Forecast 2020: 100,000 new jobs[2)]

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 Population forecast 2035	~3.7m ~4.0m	+1.1%
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

» 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

SOG

1 **Share Ownership Guidelines**

- **Obligation to hold a fixed number of Deutsche Wohnen shares**
- **Investment of the following amount over 4 years:**
  - Chief Executive Officer: 300% of base salary (pre-tax)
  - Ordinary Board Member: 150% of base salary (pre-tax)

LTI

Stock Option Plan (real shares)

New plan type

2 **Performance Cash Plan**

Performance period (4 years)

	Relative share price development (50%)		**Cumulative NAV growth p/s (50%)**		
Target Value (TV) in €	x	Performance 0%-250%	+	Performance 0%-250%	= Cash Payout (Cap 250% of TV)

! **100% payout of the TV only if** share price development has outperformed EPRA Germany index while cumulative NAV growth has been at least 20% over 4 years

STI

Bonus

Bonus

Target Value (TV) in €	x	**Financial Targets (80%)**	+	**Non-Financial Targets (20%)** = Cash Payout (Cap 125% of TV)

Base salary

Base salary

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.

Deutsche Wohnen SE

Mecklenburgische Straße 57
14197 Berlin
Phone: +49 30 897 86 5413
Fax: +49 30 897 86 5419