Deutsche Wohnen SE

» H1 2017 results

Conference Call, 11 August 2017

» Agenda

1. Highlights
2. Market and Portfolio
3. Financials
4. Q&A

» Highlights H1 2017

Operating business continues to be strong:

- L-f-l rental growth of 3.2% for total portfolio - including the effects of the new Berlin rent index >4% for 2017 expected
- Re-letting rents have significantly outpaced in-place rents – reversionary potential incl. capex increased to EUR 230m
- EBITDA excl. disposals up 9.1% yoy
- FFO I up 11.1% yoy (6.8% on a per share basis) with FFO I margin up 3pp to 60.2% yoy
- Privatization business continues to deliver attractive gross margins of >30%; realized prices per sqm up 27% yoy
- Non-core disposals almost completed at prices significantly above book values

Portfolio valuation underpins ongoing market dynamics:

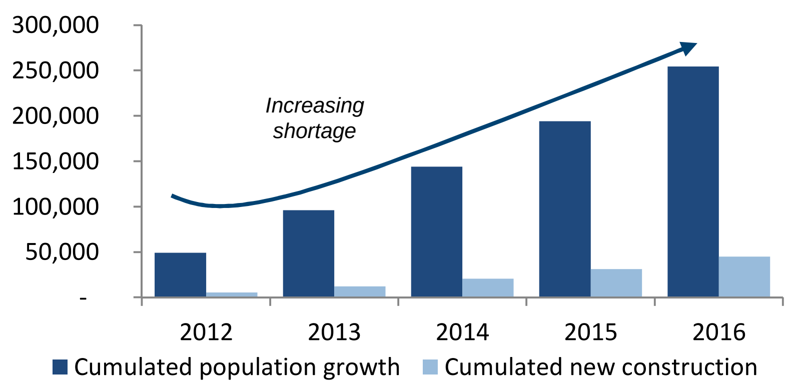
- EUR 0.9bn value uplift to EUR 17.1bn (+5.6%); Berlin portfolio now valued at EUR 1,882 per sqm (+8.3%) or c. 60% of replacement costs
- EPRA NAV per share +6% at EUR 31.42
- Widened spread between in-place and market rent multiples offer further potential for NAV growth

Capex programme to accelerate rental and value growth fully on track:

- Modernization expenses increased by 75% to EUR 75m yoy, another 90m of investments already committed
- Almost 50% of 30,000 capex stock in tender/assignment or execution phase

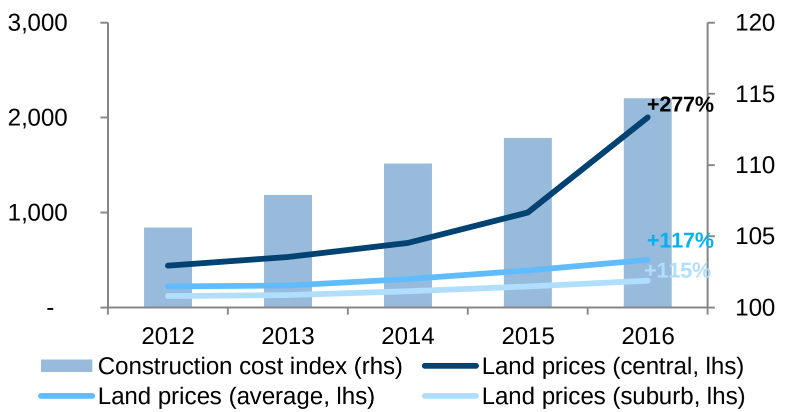
» Market and sector specific trends underpin the investment case

Net immigration and new construction in Berlin



Source: Amt für Statistik Berlin / Brandenburg

Construction cost and land prices in Berlin



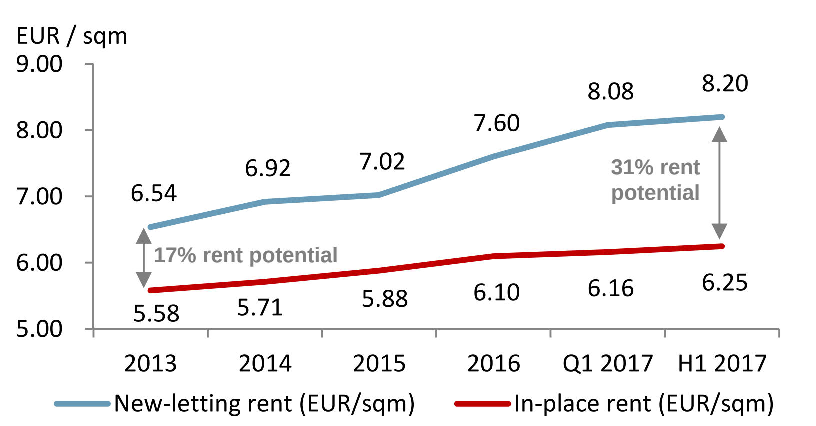
Source: Amt für Statistik Berlin / Brandenburg, Gutachterausschuss Berlin (GAA)

- **Supply demand imbalance has significantly widened in recent years in Berlin with no indication of reversal of trend – new construction remains subdued with replacement cost (incl. land) of c. EUR 3,200/ sqm**

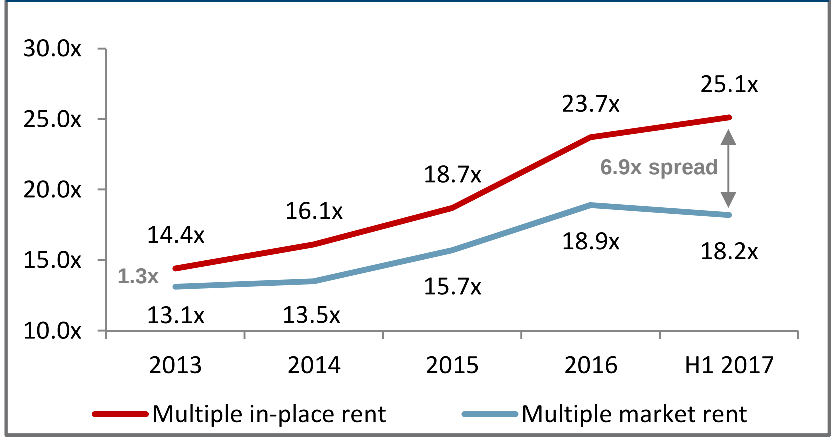
- **Latest developments indicate that political and legal framework may focus more on supporting new supply although in the medium term due to capacity constraints no significant impact expected**

» Re-letting rents have outpaced in-place rents

DW rent development in Berlin



DW development of multiples in Berlin



- **Despite strong regulation rent potential almost doubled since 2013 as new-letting rents have grown much faster than (regulated) in-place rents**
- **Total rent potential for entire portfolio (incl. effects of capex program) increased to c. EUR 230m; unlocking that rent potential will require c. EUR 1.5bn investments over next 5 years (capex program plus re-letting investments)**
- **Spread between in-place and market multiples significantly widened over the last 4.5 years, implying significant further value upside over the coming years**
- **Economic development in Berlin is backing rent potential and value upside with decrease in unemployment rate by c. 2pp and increase of GDP per capita by c. 8% since 2013**

» Focused and concentrated portfolio with attractive reversionary potential

Strategic cluster	Residential units (#)	% of total (measured by fair value)	In-place rent[1] 30/06/2017 (EUR/sqm/month)	New-letting rent 30/06/2017 (EUR/sqm/month)	Rent potential[2] 30/06/2017 (in %)	Vacancy 30/06/2017 (in %)
Strategic core and growth regions	**159,019**	**99.6%**	**6.25**	**7.93**	**27%**	**1.9%**
Core+	140,122	92.2%	6.33	7.94	30%	1.9%
Core	18,897	7.4%	5.62	6.48	15%	2.2%
Non-core	1,533	0.4%	4.89	5.71	18%	6.4%
Total	**160,552**	**100%**	**6.23**	**7.92**	**27%**	**2.0%**
Thereof Greater Berlin	***114,492***	***77.3%***	***6.25***	***8.24***	***31%***	***1.9%***

- **Reversionary potential across entire portfolio almost 30%, for recently acquired Berlin portfolio even > 60%; also Core regions – in particular Hanover / Braunschweig – are delivering high rent uplifts as part of the re-letting process**

- **To unlock the reversionary potential higher re-letting expenses of c. EUR 7,800 per apartment on average necessary, delivering an average yield on cost of c. 12%**

- **Vacancy rate in Core+ portfolio increased by 10bps qoq, however 40bps capex driven vacancy**

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)

» Continued strong dynamics result in significant value uplift

Regions	Residential units (#)	FV 30/06/2017 (EUR m)	FV 30/06/2017 (EUR/sqm)	Multiple in-place rent 30/06/2017	Multiple market rent 30/06/2017	Multiple in-place rent 31/12/2016	Fair Value 31/12/2016 (EUR/sqm)
Core⁺	**140,122**	**15,732**	**1,812**	**23.8**	**17.7**	**22.7**	**1,693**
Greater Berlin	114,492	13,195	1,879	25.1	18.2	23.7	1,738
Core	**18,897**	**1,262**	**1,053**	**15.7**	**13.6**	**14.9**	**996**
Non-Core	**1,553**	**72**	**688**	**12.9**	**10.1**	**11.8**	**716**
Total	**160,552**	**17,066**	**1,709**	**22.8**	**17.3**	**21.5**	**1,580**

- **Revaluation of EUR 886m or EUR 129 per sqm, leading to an in-place rent multiple expansion by 1.3x to 22.8x (based on annualized rents of c. EUR 750m) – no multiple expansion based on market rents**
- **Core⁺ regions contributed c. EUR 800m (thereof c. EUR 760m Berlin) and Core regions c. EUR 70m (thereof c. EUR 50m Hanover/ Brunswick)**
- **Sources for value uplift are improved performance (c. 25%) and yield compression (c. 75%)**
- **Widened spread of c. 6x between in-place and market rent multiples offer further potential for NAV growth**

» Berlin rent index delivered highest increase since inception

	2013	2015	2017e
Berlin rent table („Mietspiegel“) growth	+6.3%	+5.4%	+9.4%
Total residential units in Berlin	c.102,600	c.98,000	c. 111,000
Thereof unrestricted units (subject to rent table)	c. 86,200	c. 84,700[1)]	c. 102.000
No. of units with rent increase	c. 37,500	c. 38,300	c. 39.300[1)]
Share of Berlin units which are subject to rent table	c. 44%	c. 45%	c.39%
Rent increases from rent table in Berlin portfolio	+5.4%	+5.5%	+7.5%

- **The 9.4% rent table growth only partially reflects the dynamic market development - Deutsche Wohnen re-letting rents have even increased by c. 17% since 2015**
- **Approximately 40% of Berlin stock is subject to rent table increases in 2017 - for another 15% rents can be increased in 2018 and for another 10% in 2019**
- **Changes in the calculation method of the rent index will result in rent increases for applicable Deutsche Wohnen stock of c. 7.5%, i.e. some 2pp below the headline number**

>4% like for like rental growth for total portfolio in 2017 expected, up to 5% for Berlin

1) Based on residential units that are relevant for rent table adjustments in 2017 only, another c. 25,000 units in Berlin are subject to Berlin rent table in 2017 and 2018

» Strong like-for-like development as of 30 June 2017

Like-for-like 30/06/2017	Residential units (#)	In-place rent[1] 30/06/2017 (EUR/sqm)	In-place rent[1] 30/06/2016 (EUR/sqm)	Change (y-o-y)	Vacancy 30/06/2017 (in %)	Vacancy 30/06/2016 (in %)	Change (y-o-y)
Strategic core and growth regions							
Core+	132,305	6.30	6.09	3.4%	1.6%	1.4%	0.2 pp
Core	18,306	5.63	5.54	1.7%	2.0%	2.0%	0.0 pp
Letting portfolio[2]	150,611	6.22	6.02	3.2%	1.6%	1.4%	0.2 pp
Total	**154,715**	**6.20**	**6.01**	**3.2%**	**1.8%**	**1.6%**	0.2 pp
Thereof Greater Berlin	**108,765**	**6.22**	**6.00**	**3.6%**	**1.6%**	**1.4%**	**0.2 pp**

- **We continue to see the strongest increase in like-for-like rental growth in Berlin (+3.6%)**

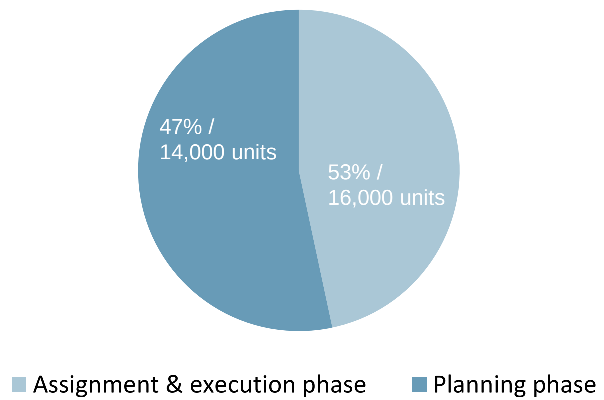
- **Tenant turnover continues to be stable at 8% across entire portfolio, around 7% in Berlin**

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

» EUR 1bn Capex programme fully on track

	H1 2017		H1 2016	
	EUR m	EUR / sqm[1)]	**EUR m**	EUR / sqm[1)]
Maintenance (expensed through p&l)	**49.7**	10.05	**43.7**	8.90
Modernization (capitalized on balance sheet)	**75.2**	15.21	**43.2**	8.80
Total	**124.9**	25.27	**86.9**	17.70
Capitalization rate	**60.2%**		**49.7%**	

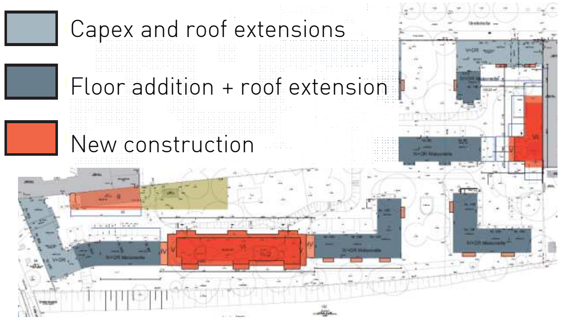
Split of investment programme by status



- Holistic investment approach focused on significant quality improvement - on average we spend c. EUR 630 per sqm
  - EUR 75.2m was spent on modernization in H1 2017, an almost 75% increase yoy
  - Another c. EUR 90m of investments already committed
- Almost 50% of 30,000 capex stock in tender/assignment or execution phase
- c. 20% of the capex measurements in Berlin are located in “protection areas” where local authorities need to approve certain measures
  - So far this has not stalled the capex programme in any significant way
  - In a worst case scenario investments of only up to EUR 100m might be affected
- Original planning assumed application of financial hardship clauses for up to 30% of capex stock – so far we are below that level
- Post investment program 90% of portfolio will be in a good to optimal quality range

1) Annualized figure, based on quarterly average area

» An example where capex, roof extensions and new construction is planned in one building complex located in a ‘protection area’



	Planned actions	No. of units	Expected Investment EUR / sqm
Capex	Facade, windows, cellar insulation, partially new balconies, standpipes, central heating system, bathroom modernization (vacant apartments), entrance, staircases	~250	1,200
Roof extension	Roof extensions with wooden construction, daylight bathrooms, sustainable wooden windows (instead of pvc coated windows), separate roof terrace for each roof apartment	~50	2,500
New construction	Massive construction, barrier-free with elevators, green roofs, convenient loggias or (roof) terraces	~60	2,600

- **Apart from capex and redensification measurements, focus on recreation of neighbourhood through renewal of outdoor installations (including covered bicycle stands) with a calm and green inner courtyard**
- **Successful cooperation between local authorities and Deutsche Wohnen allows socially sustainable capex execution in a ‘protection area’ (Milieuschutzgebiet) in a hotspot of Berlin, Prenzlauer Berg**

» New construction pipeline offers attractive additional growth

Zoned Land / Redensification

Description		Location	Units
▪ Existing construction plan ▪ Low hurdle for building permit ▪ In principal no social quota	**Mid-term**	Berlin	470
		Frankfurt	180
		Dresden	1,060
		Potsdam[1)]	1,400
		Sum	**3,110**
	Long-term	Frankfurt	1,600
	Total		**4,710**

Unzoned Land

Description		Location	Units
▪ No construction plan ▪ Zoning process typically requires certain percentage of restricted land levels ▪ Uncertain timing	**Mid-term**	Berlin	600
		Sum	**600**
	Long-term	Berlin	6,000
	Total		**6,600**

Total zoned and unzoned land	**11,310**

- Almost 50% of mid-term pipeline already in planning phase with construction work expected to start in 2018
  - 30% of land close to water front
- Requirements for zoning process in terms of portion of rent restricted housing differ substantially between local governments
  - e.g. Berlin 30% social quota vs. Dresden 5%, Potsdam 0%
- Redensification on existing land delivers highest return on investment as DW is capitalizing on its existing land bank
- Scarcity of available land plots may positively impact further redensification potential (option value)
- DW has successfully partnered with the City of Potsdam and the State of Brandenburg for a quality development in the Potsdam region
  - >1,400 residential units
  - EUR 350-400m investment volume
  - Expected construction start in 2019 (phase I); total construction time of 4-5 years

Excluding roof extensions

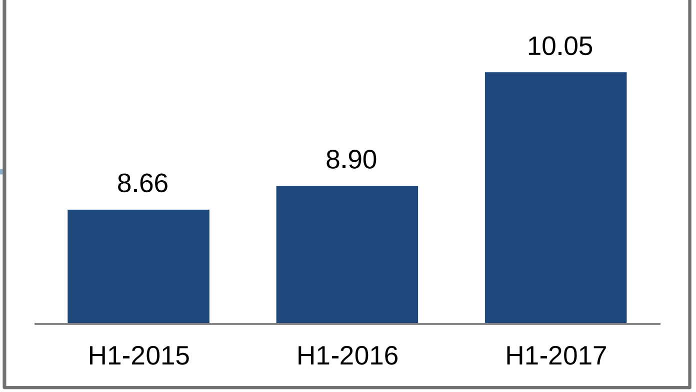
1) Zoning process already contractually secured

» Strong earnings and cash contributions from letting

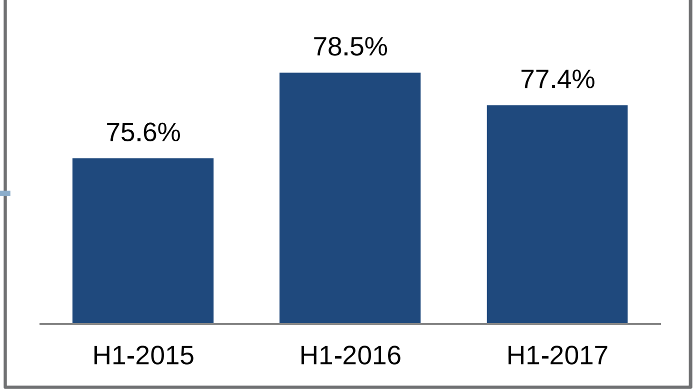
in EUR m	H1 2017	H1 2016
Rental income	**366.5**	**347.8**
Non-recoverable expenses	(5.3)	(4.4)
Rental loss	(2.5)	(3.4)
Maintenance	(49.7)	(43.7)
Others	(2.7)	(4.2)
Earnings from Residential Property Management	**306.3**	**292.1**
Personnel, general and administrative expenses	(22.6)	(19.2)
Net Operating Income (NOI)	**283.7**	**272.9**
NOI margin	77.4%	78.5%
NOI in EUR / sqm / month	4.78	4.63

in EUR m	H1 2017	H1 2016
Net operating income (NOI)	283.7	272.9
Cash interest expenses[1)]	(47.7)	(51.1)
Cash flow from portfolio after cash interest expenses	**236.0**	**221.8**

Development of maintenance in EUR per sqm



Development of NOI margin

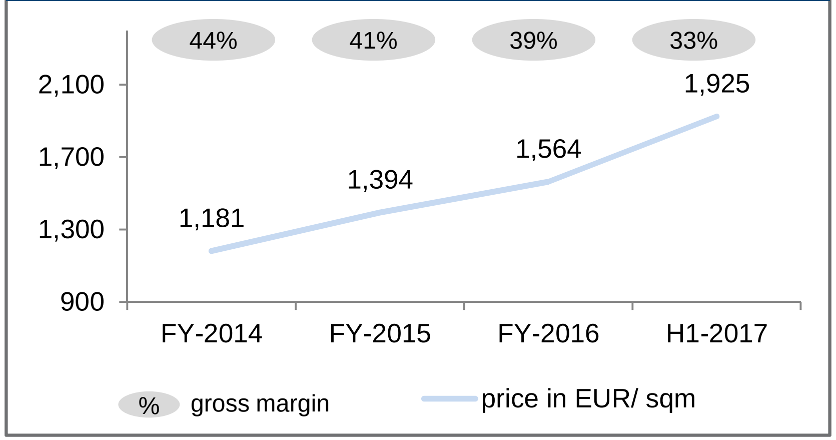


- **H1 2017 delivered a high NOI margin despite increased maintenance spending (+12.9% on a per sqm basis)**

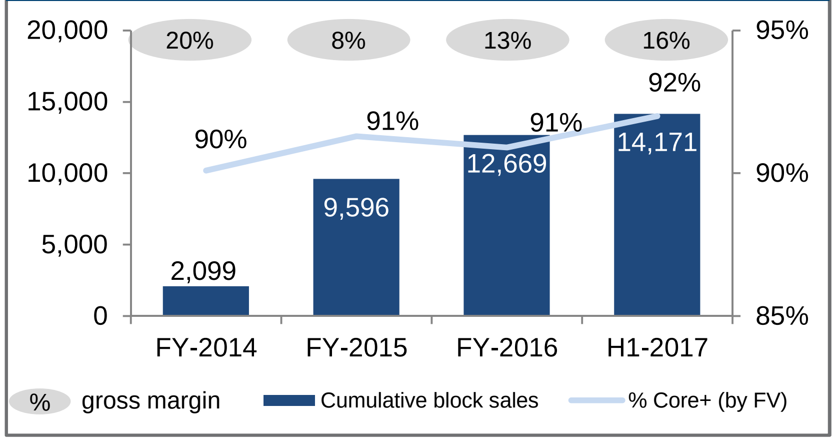
1) Excluding interest expenses for nursing & assisted living

» Disposals business remains opportunistic

Development of privatization business



Development of institutional sales business



- Continuation of selective privatizations to validate price points in micro locations
- Continue to achieve attractive gross margins despite > EUR 6bn portfolio revaluations since 2014
- Since 2014 realized prices increased by 63%
- No reliance on free cash flow generation to finance investment program

- Successful streamlining of portfolio in recent years
  - >14,000 units disposed at attractive margins since 2014
  - Non-Core disposals almost completed at prices significantly above book value - e.g. 1,100 units sold in Oberhausen (NRW) at 15% gross margin
- 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

» Disposal business continues to deliver attractive margins

Disposals	Privatization		Institutional sales		Total	
with closing in	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016
No. of units	305	749	1,502	1,505	1,807	2,254
Proceeds (EUR m)	40.9	90.0	110.2	130.9	151.1	220.9
Book value	30.7	65.2	95.3	113.0	126.0	178.2
Price in EUR per sqm	1,925	1,518	992	1,114	n/a	n/a
Earnings (EUR m)	6.9	19.7	13.6	17.0	20.5	36.7
Gross margin	33%	38%	16%	16%	20%	24%
Cash flow impact (EUR m)	35	80	108	125	143	205

- **Demand for the real estate asset class remains high; a total of 2,611 units were sold, of which 1,807 had transfer of ownership in the first 6 months of 2017**
- **Realized prices increased 27% to EUR 1,925 per sqm in the privatization business; Berlin, achieved even average prices of almost EUR 2,300 / sqm (>30x in-place rent multipliers)**

» Increasing FFO contribution from Nursing and Assisted Living

Operations (in EUR m)	H1 2017	H1 2016
Total income	45.9	34.6
Total expenses	(41.8)	(31.3)
EBITDA operations	**4.1**	**3.3**
EBITDA margin	8.9%	9.5%
Lease expenses	7.5	6.2
EBITDAR	**11.6**	**9.5**
EBITDAR margin	25.3%	27.5%
Assets (in EUR m)	**H1 2017**	**H1 2016**
Lease income	20.9	6.0
Total expenses	(0.3)	(0.6)
EBITDA assets	**20.6**	**5.4**
Operations & Assets (in EUR m)	**H1 2017**	**H1 2016**
Total EBITDA	**24.7**	**8.7**
Interest expenses	(2.1)	(2.1)
FFO I contribution	**22.6**	**6.6**

in EUR m	H1 2017	H1 2016
Nursing	35.5	27.4
Living	4.3	3.2
Other	6.1	4.0

in EUR m	H1 2017	H1 2016
Staff	(24.2)	(17.7)
Rent / lease	(7.4)	(6.0)
Other	(10.2)	(7.6)

Slight margin decline in operational business from the integration of 3 facilities in Hamburg acquired in Q4 2016. Ramp-up of one fully refurbished facility currently running at occupancy level of only ~80%

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

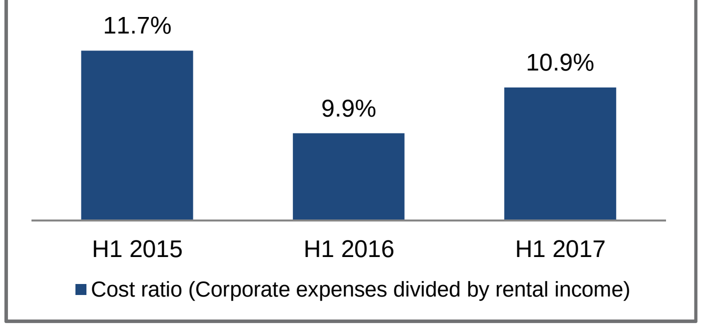
Includes payments to operational partner

- **The integration of the acquired portfolio is fully on track and in line with our assumptions**

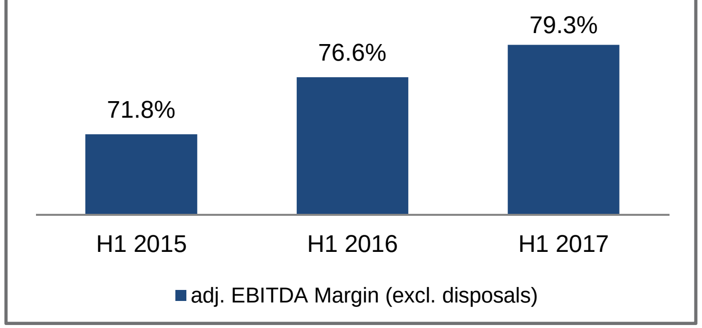
» Best in class EBITDA margin

in EUR m	H1 2017	H1 2016
Earnings from Residential Property Management	306.3	292.1
Earnings from Disposals	20.5	36.7
Earnings from Nursing and Assisted Living	24.7	8.7
Segment contribution margin	**351.5**	**337.5**
Corporate expenses	(39.9)	(34.6)
Other operating expenses/income	(0.5)	0.3
EBITDA	**311.1**	**303.2**
One-offs	0.1	0.0
Adj. EBITDA (incl. disposals)	**311.2**	**303.2**
Earnings from Disposals	(20.5)	(36.7)
Adj. EBITDA (excl. disposals)	**290.7**	**266.5**

Development of cost ratio



Development of adj. EBITDA margin[1)]



- **Slightly higher cost ratio due to increased personnel expenses, primarily driven by new hiring to execute capex programme as well as increases of compensation for existing staff**

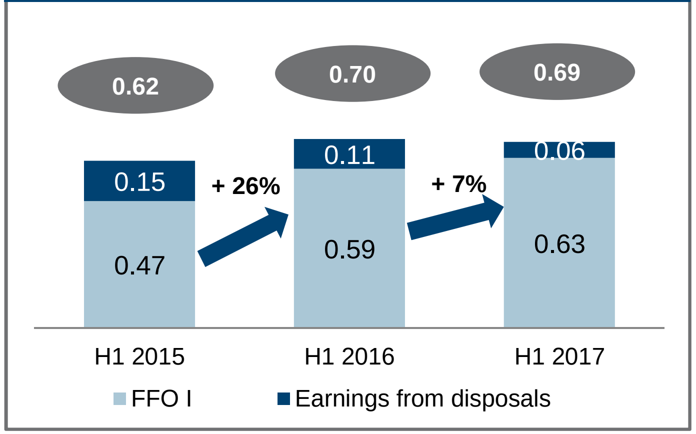
- **EBITDA margin increased by 2.7pp due to increased earnings (Berlin acquisition) and growth of nursing and assisted living business**

1) *Defined as adj. EBITDA divided by rental income*

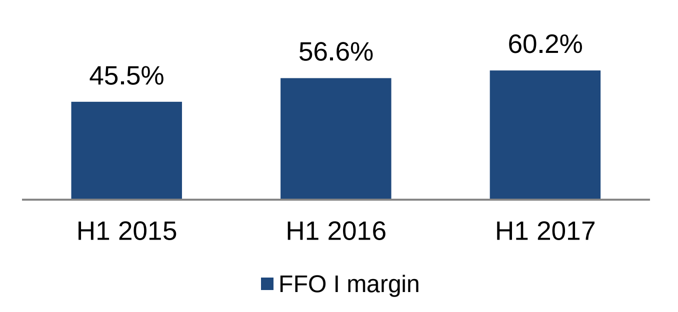
» Operational improvements and acquisitions drive FFO growth

in EUR m	H1 2017	H1 2016
EBITDA (adjusted)	**311.1**	**303.2**
Earnings from Disposals	(20.5)	(36.7)
Long-term-remuneration component (share based)[1)]	1.2	2.0
At equity valuation	0.7	0.9
Interest expense/ income	(49.5)	(52.7)
Income taxes	(19.2)	(14.4)
Minorities	(3.1)	(3.6)
FFO I	**220.8**	**198.7**
Earnings from Disposals	20.5	36.7
FFO II	**241.3**	**235.4**
FFO I per share in EUR[2)]	***0.63***	***0.59***
Diluted number of shares in m[3)]	*369.0*	*370.8*
Diluted FFO I per share[3)] in EUR	***0.60***	***0.54***
FFO II per share in EUR[1,2)]	***0.69***	***0.70***

FFO per share development in EUR



Development of FFO I margin[4)]



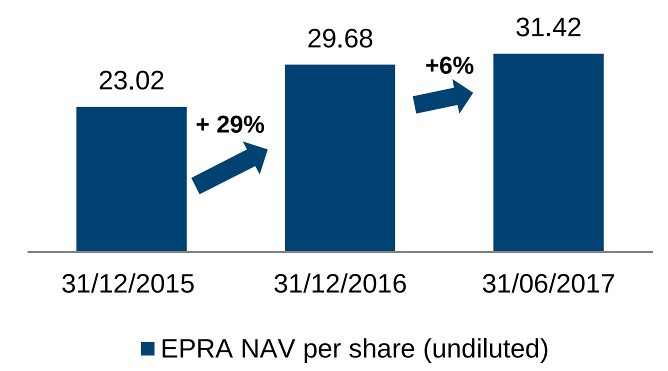
- **FFO I per share increased by 7% yoy**

1) H1 2016 number adjusted; 2) Based on weighted average shares outstanding (H1 2017: 349.54m, H1 2016: 337.43m; H1 2015: 304.05m); 3) Based on weighted average shares assuming full conversion of "in the money" convertible bonds; 4) based on rental income

» EPRA NAV per share up 6% in H1 2017

in EUR m	30/06/2017	31/12/2016
Equity (before non-controlling interests)	8,809.2	7,965.6
Fair values of derivative financial instruments	21.2	47.0
Deferred taxes (net)	2,312.0	2,004.4
EPRA NAV (undiluted)	**11,142.4**	**10,017.0**
Shares outstanding in m	354.7	*337.5*
EPRA NAV per share in EUR (undiluted)	**31.42**	**29.68**
Effects of exercise of convertibles	625.2[1)]	992.3[1)]
EPRA NAV (diluted)	**11,767.6**	**11,009.3**
Shares diluted in m	*374.1*	*370.8*
EPRA NAV per share in EUR (diluted)	**31.46**	**29.69**

EPRA NAV per share (undiluted) in EUR



Considering the EUR 262m dividend paid and the EUR 129m FV adjustments of the convertible bonds due to the positive share price performance EPRA NAV would have amounted to EUR 32.52 per share (+10%)

In 2017 only one "in the money" convertible bond considered which is due 2021, dilution risk significantly reduced due to successful tender offer for 2020 convertible bond

- **Next revaluation with end of 2017 financials envisaged**

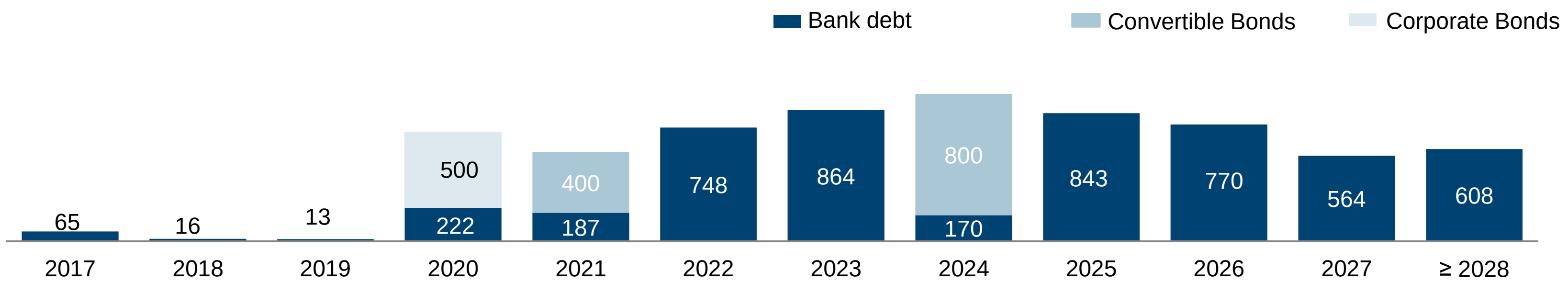
1) Current strike price of CB 2021: 20.5668 EUR corresponds to ~19.4m shares

» Conservative long term capital structure

Rating	A- / A3; stable outlook
Ø maturity	~ 8.0 years
% secured bank debt	67%
% unsecured debt	33%
Ø interest cost	1.4% (~87% hedged)
LTV target range	35-40%

- Low leverage, long maturities and strong rating
- Flexible financing approach to optimize financing costs – unencumbered assets increased to > EUR 3.5bn
- No significant maturities until and including 2019
- LTV at 36.9% as of Q2 2017 (-0.8pp vs year end)
- ICR (adjusted EBITDA excl. disposals / net cash interest) 5.9x (+0.8x yoy)
- Short term access to c. EUR 1bn liquidity through CP program and (unsecured) RCFs

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



1) *Excluding commercial paper*

» Like for like rental growth guidance increased

	2016	2017 old	2017 New	update	Main drivers
FFO I (EUR m)	384	~425	~425	✓	Operational performance and recent acquisitions
Dividend per share (EUR)	0.74	~0.78	~0.78	✓	Based on 65% pay-out ratio from FFO I and current shares outstanding
LTV	37.7%	35-40% (target range)	35-40% (target range)	✓	Aim to keep current rating
Like-for-like rental growth	2.9%	3.5%	>4%	↑	In Berlin we expect up to 5% lfl rental growth

» Appendix

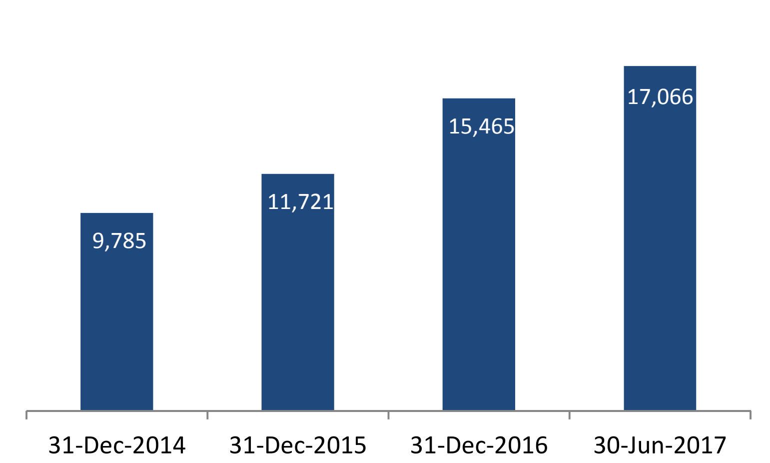
» Continued strong market dynamics result significant value uplift

Summary

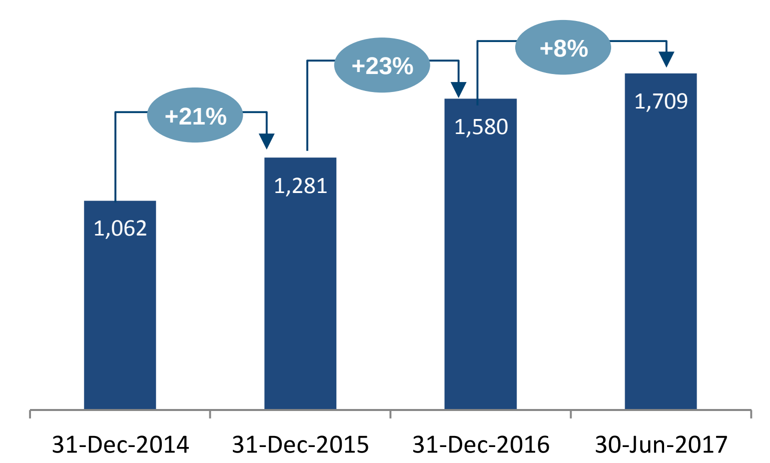
- Revaluation of EUR 886m or EUR 129 per sqm, leading to a multiple expansion by 1.3x to 22.8x
  - Core+ regions contribute c. EUR 800m, thereof c. EUR 760m in Berlin
  - Also Core regions, in particular Hanover / Braunschweig, contributed with c. EUR 70m
- Sources for value uplift are improved performance (c. 25%) and yield compression (c. 75%)

Key figures	2014	2015	2016	H1 2017
Total fair value (EUR)	9.8bn	11.7bn	15.5bn	17.1bn
Area (in m sqm)	9.22	9.15	9.49	9.65
Multiple (current rent)	15.5x	18.1x	21.5x	22.8x
Annualised in-place rent (EUR)	629m	648m	718m	747m

Fair value of residential portfolio (EUR m)



Fair value of residential portfolio (EUR/sqm)



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

Regions	Residential units (#)	FV 30/06/2017 (EUR m)	FV 30/06/2017 (EUR/sqm)	Multiple in-place rent 30/06/2017	Multiple market rent 30/06/2017	Multiple in-place rent 31/12/2016	Fair Value 31/12/2016 (EUR/sqm)
Core+	**140,122**	**15,733**	**1,812**	**23.8**	**17.7**	**22.7**	**1,693**
Greater Berlin	114,492	13,195	1,879	25.1	18.2	23.7	1,738
Rhine-Main	9,865	1,112	1,784	19.8	15.5	19.9	1,769
Rhineland	5,009	403	1,274	16.3	14.0	15.8	1,226
Mannheim / Ludwigshafen	4,935	338	1,065	14.9	12.5	15.2	1,051
Dresden	4,440	441	1,380	20.5	17.7	19.1	1,250
Other Core+	1,381	243	2,887	23.7	19.2	23.5	2,817
Core	**18,897**	**1,262**	**1,053**	**15.7**	**13.6**	**14.9**	**996**
Hanover / Brunswick	9,130	645	1,068	15.6	12.9	14.5	983
Kiel / Lübeck	4,955	335	1,130	16.8	14.4	15.9	1,066
Core cities Eastern Germany	4,812	282	947	14.6	14.4	14.8	957
Non-Core	**1,533**	**72**	**688**	**12.9**	**10.1**	**11.8**	**716**
Total	**160,552**	**17,066**	**1,709**	**22.8**	**17.3**	**21.5**	**1,580**

» Strong like-for-like development as of 30 June 2017

Like-for-like 30/06/2017	Residential units (#)	In-place rent[2] 30/06/2017 (EUR/sqm)	In-place rent[2] 30/06/2016 (EUR/sqm)	Change (y-o-y)	Vacancy 30/06/2017 (in %)	Vacancy 30/06/2016 (in %)	Change (y-o-y)
Letting portfolio[1]	**150,611**	**6.22**	**6.02**	**3.2%**	**1.6%**	**1.4%**	**+0.2pp**
Core+	**132,305**	**6.30**	**6.09**	**3.4%**	**1.6%**	**1.4%**	**+0.2pp**
Greater Berlin	108,765	6.22	6.00	3.6%	1.6%	1.4%	+0.2pp
Rhine-Main	8,932	7.64	7.42	2.9%	1.6%	1.3%	+0.3pp
Rhineland	4,913	6.19	6.08	1.9%	0.8%	1.2%	-0.4pp
Mannheim/Ludwigshafen	4,780	5.92	5.72	3.6%	0.7%	0.5%	+0.3pp
Dresden/ Leipzig	3,973	5.38	5.25	2.5%	2.2%	2.4%	-0.2pp
Sonstige Core+	942	10.10	9.97	1.2%	0.6%	1.4%	-0.8pp
Core	**18,306**	**5.63**	**5.54**	**1.7%**	**2.0%**	**2.0%**	**0.0pp**
Hanover / Brunswick	9,089	5.71	5.62	1.7%	1.7%	1.8%	-0.1pp
Kiel / Lübeck	4,945	5.57	5.47	2.1%	2.1%	1.6%	+0.6pp
Core cities Eastern Germany	4,272	5.52	5.44	2.7%	2.7%	2.7%	0.0pp
Total	**154,715[3]**	**6.20**	**6.01**	**3.2%**	**1.8%**	**1.6%**	**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

» Selective bolt-on acquisitions of quality assets

Overview of acquisitions in residential since 2016

	Berlin	Dresden	Leipzig	**Total**
# of units	4,039	1,019	445	5,503
Investments (in EUR m)	693	157	105	955
Investment (in EUR per sqm)	2,418	2,036	2,407	2,345
In-place rent (per sqm per month)	6.91	6.61	6.17	6.77
In-place rent multiple	30	24	28	29
Market rent multiple	19	22	25	20

Overview of acquisitions in nursing and assisted living since 2016

	Assets only	Assets & Operations	**Total**
Asset investments (in EUR m)	420	54	473
# of facilities	28	3	31
# of beds	4,132	492	4,624
Nursing	3,721	335	4,056
Assisted living	411	157	568

- **Overall we have invested almost EUR 1.5 bn in the acquisition of quality assets since 2016 – the integration of the acquired portfolios is fully on track and in line with our assumptions**

Based on June 2017

» Illustration of acquired assets

Berlin

Leipzig

Dresden

Nursing & Assisted Living

» New construction: First successful “PPP” in Potsdam serves as role model

Key facts	
Size	• > 1,400 residential units • ~ 130,000 sqm residential area
Total investment volume (incl. cost for land)	• EUR 350-400m
Expected rent level	• EUR 9 per sqm, with upside potential
Expected construction start	• 2019 (phase I) • Total construction time of c. 4-5 years
Key elements of urban planning contract	• Guaranteed 130k sqm residential area from zoning process • No social housing requirements • Infrastructure provided by municipalities • DW commitment to invest with 10 year minimum holding period

Pre Capex

Post Capex (illustration)

- **Deutsche Wohnen has successfully partnered with the City of Potsdam and State of Brandenburg for a quality development of the biggest greenfield project in the region**

» Bridge from adjusted EBITDA to profit

in EUR m	H1 2017	H1 2016
EBITDA (adjusted)	**311.2**	**303.2**
Depreciation	(3.5)	(3.0)
At equity valuation	0.7	0.9
Financial result (net)	(61.4) [1)]	(58.1) [1)]
EBT (adjusted)	**247.0**	**243.0**
Valuation properties	885.9	731.3
One-offs	22.1	0.0
Valuation SWAP and convertible bonds	(124.7)	(95.2)
EBT	**986.1**	**879.1**
Current taxes	(20.6)	(14.4)
Deferred taxes	(293.5)	(217.5)
Profit	**672.0**	**647.2**
Profit attributable to the shareholders of the parent company	*647.3*	*629.3*
Earnings per share[2)]	1.85	1.86

in EUR m	H1 2017	H1 2016
Interest expenses	(49.8)	(53.2)
In % of gross rents	*~14%*	*~15%*
Non-cash interest expenses	(11.9)	(5.5)
Interest income	0.3	0.6
Financial result (net)	**(61.4)**	**(58.1)**

Mainly one-off transaction and financing costs from loan cancellations as well as from CB 2017

Thereof EUR 4.4m from valuation of derivatives and EUR (129.1) m from convertible bonds

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	30/06/2017	31/12/2016
Investment properties	17,768.2	16,005.1
Other non-current assets	147.9	108.6
Deferred tax assets	0.7	0.7
Non current assets	**17,916.8**	**16,114.4**
Land and buildings held for sale	322.4	381.5
Trade receivables	30.6	16.4
Other current assets	114.6	79.1
Cash and cash equivalents	323.1	192.2
Current assets	**790.7**	**669.2**
Total assets	**18,707.5**	**16,783.6**

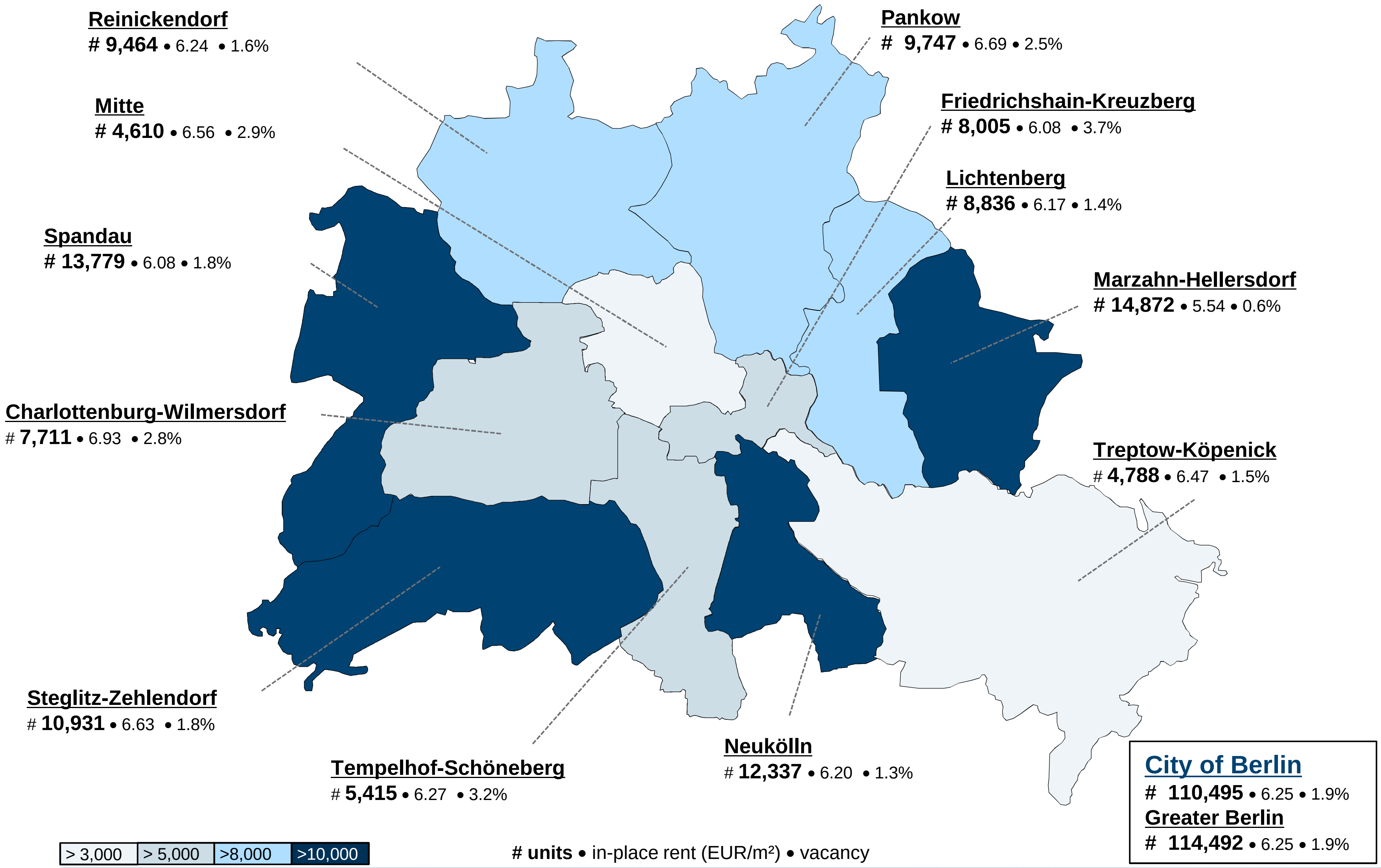
Equity and Liabilities

in EUR m	30/06/2017	31/12/2016
Total equity	**9,111.8**	**8,234.0**
Financial liabilities	4,670.7	4,600.0
Convertibles	1,502.4	1,045.1
Bonds	846.5	732.3
Tax liabilities	41.6	48.3
Deferred tax liabilities	1,983.2	1,687.1
Derivatives	23.1	47.0
Other liabilities	528.2	389.8
Total liabilities	**9,595.7**	**8,549.6**
Total equity and liabilities	**18,707.5**	**16,783.6**

- **Investment properties represent ~95% of total assets**

- **Strong balance sheet structure offering comfort throughout market cycles**

» THE BERLIN-PORTFOLIO AT A GLANCE



» 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 AG 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

Registered Office
Pfaffenwiese 300
65929 Frankfurt/ Main

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