CORPORATES

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CREDIT OPINION
18 January 2019

Update

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RATINGS

Deutsche Wohnen SE

Domicile	Germany
Long Term Rating	A3
Type	LT Issuer Rating - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Deutsche Wohnen SE

Update to Discussion of Key Credit Factors

Summary Rating Rationale

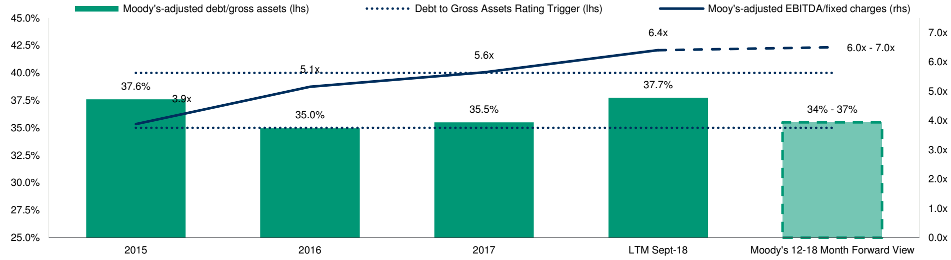
Deutsche Wohnen's A3 long term issuer rating primarily reflects (i) its focus on stable and regulated rental housing activities in Germany, (ii) the large size with high income granularity, which enhance the stability of its cash flow generation, (iii) the good quality of its properties as evidenced by consistently high occupancy and good rental growth, (iv) moderate leverage and conservative financial policies, (v) excellent fixed charge coverage and long dated debt maturities and (vi) good liquidity and access to capital.

The A3 rating also reflects our positive view of the current regulatory framework and market trends of the rental housing sector in Germany. We view the German residential sector as one of the most stable asset classes in the real estate industry in Europe, with favourable and sustainable prospects for further value and rent increases due to a structural unbalance between demand and supply.

The above positives are only partly offset by (i) a growing exposure to the nursing assisted living portfolio, which we view as having a weaker credit profile, (ii) the high geographic concentration of the company's property portfolio in Berlin, and (iii) a limited pool of unencumbered assets, which reduces its financial flexibility. Social pressures driving political activity that negatively impact the sector is a longer term risk, especially in the Berlin market. Another long term risk for the real estate sector is a potential reversal of the very low yield environment, which can put pressure on valuations.

We expect the company to maintain strong debt metrics over the next two years. As of 30 September 2018, fixed charge coverage was strong at 6.4x, with effective leverage (gross adjusted debt to total assets) at 37.7%.

Exhibit 1
Moody's adjusted leverage and coverage metrics



Source: Moody's Financial Metrics™, Moody's estimate

Credit strengths

» Focus on stable and regulated rental housing activities in Germany

» Large size with high income granularity

» Good asset quality as reflected in consistently high occupancy and good rental growth

» Moderate leverage and conservative financial practices

» Excellent fixed charge coverage and long dated debt maturities

» Good liquidity and access to capital

Credit weaknesses

» Exposure to the nursing and assisted living with higher operating risks and higher expected value volatility

» High geographic concentration to Berlin

» Low level of unencumbered assets

» Exposure to increasing regulatory influence on the sector is a long term threat

Rating Outlook

The stable outlook reflects our expectations that Deutsche Wohnen will maintain effective leverage well below 40% and fixed charge coverage of above 4.0x, especially to balance the increasing exposure to nursing and assisted living assets. The stable outlook also assumes good liquidity and a maintained long dated debt maturity profile.

The current rating also reflects our expectations that the company's business profile will remain broadly unchanged.

Factors that Could Lead to an Upgrade

» Gross debt to total assets sustained below 35%, supported by financial policy

» Fixed charge cover sustained above 5.0x, and

» Reduced reliance on secured funding and an improved level of unencumbered assets

Factors that Could Lead to a Downgrade

» An increased exposure to the nursing home sector, unless supported by tighter financial policies

» Deterioration of the good operational performance in terms of rental growth and occupancy

» Gross debt to total assets sustained above 40%, or

» Fixed charge cover sustained below 4.0x

Key Indicators

Exhibit 2

Key Financial Indicators for Deutsche Wohnen SE

USD millions	FYE Dec-14	FYE Dec -15	FYE Dec-16	FYE Dec-17	LTM Sep-18	Moody's 12-18 Month Forward View [2]
Real Estate Gross Assets	13,876.7	14,539.6	17,712.3	24,673.3	26,409.4	$26,400 - $29,000
Amount of Unencumbered Assets		25.0%	25.0%	25.0%	25.0%	20% - 25%
Debt / Real Estate Gross Assets	48.1%	37.6%	35.0%	35.5%	37.7%	34% - 37%
Net Debt / EBITDA	11.2x	8.6x	10.0x	11.8x	13.0x	12.0x - 12.5x
Secured Debt / Real Estate Gross Assets	41.6%	28.2%	27.4%	23.1%	25.2%	23% - 25%
EBITDA / Fixed Charges	2.4x	3.9x	5.1x	5.6x	6.4x	6.0x - 7.0x

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] Fixed Charges includes capitalized interests explained in Moody's Approach to Global Standard Adjustments in the Analysis of Financial Statements for Non-Financial Corporations revised December 2010.
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody's Financial Metrics™, Moody's estimate

Corporate Profile

Deutsche Wohnen SE owns and manages a multi-family residential rental portfolio of approximately 163,000 units and 2,600 commercial units, with an estimated fair value of around €20.1 billion as of 30 September 2018. In addition the company owns 89 nursing and assisted living places with approximately 12,200 beds and apartments with an estimated fair value of around €1.3 billion.

Around 78% of the portfolio by value is located in the metropolitan area of Berlin, and the remainder spread across other cities in Germany, with the Rhine-Main area (6.2%) and Dresden and Leipzig (4.1%) as second and third largest portfolio locations by value. The company is the second largest residential property owner in the country and one of the largest real estate companies in Europe in terms of gross assets and market capitalisation. It is listed on the Frankfurt stock exchange, with a market capitalisation of €14.7 billion as of 9 January 2019.

Detailed Rating Considerations

Deutsche Wohnen's long term issuer rating of A3 is one notch higher than the grid implied rating of Baa1 both under the current and the forward view of Moody's rating scorecard because we have placed more emphasis on the company's positive operating environment resulting from its focus on rental housing activities in a highly regulated and very stable market than reflected in our scorecard.

Key factors currently influencing the ratings and outlook include:

FOCUS ON STABLE AND REGULATED RENTAL HOUSING ACTIVITIES IN GERMANY

We view the German residential sector as one of the most stable asset classes in the real estate industry in Europe, with favourable and sustainable prospects for further value and rent increases because of a structural imbalance between demand and supply.

The German rental market is highly regulated: reletting rents and rent increases for existing tenants are capped with reference to a local index (Mietspiegel) calculated by local authorities reflecting the location and quality of the units. Rent increases are capped to 15% over a period of three years (5% a year; allowance made for modernisation, the cap on which is 8% per annum). From a longer-term perspective, prices and rents for residential property have been more stable in Germany than in any other large developed economies even after taking into account recent increases. Since 1970, German house prices have increased broadly in line with inflation but have never declined more than 3% in any given year[1].

Further broad-based rental increases are likely in Germany. Demand for rental housing is strong, driven by rising household formation and net immigration. Demand from smaller one- and two-person households is likely to grow by 3% over the next 20 years, according to BBSR – Regional Planning 2035. In all the major cities in Germany, current asking rents for apartments exceed average rental prices for existing rents, which is likely to support growth in rents in the next few years.

Average affordability appears still manageable despite the recent rent and value increases. The house prices were, relative to incomes, 11% cheaper in 2017 than in 1998.[2] Most households in the larger German cities pay between 20% and 30% of household income on rents.[3] Nevertheless, the affordability fluctuates strongly with the absolute amount of household income, which leaves especially lower income households with challenging higher rental cost relative to income. Moreover, affordability has clearly declined in the last five years, with rental growth exceeding income growth.

As illustrated by growing residential rents, Germany has a gap between the required and existing housing stock. Various studies show a substantial gap for affordable housing in Germany, while the supply does not pick up sufficiently quickly to close the gap[4]. The gap appears the highest for the smaller apartments for households with one to three people. New builds are limited because construction costs are high above €2,500 per square metre. At the same time, the return for new construction is limited given restrictions on rents and other building regulations that differ from city to city. The return on new developments is pushed down by quotas for affordable living that range mostly between 20% and 40% for the main German cities. Regulation often requires developers to maintain affordable rents for parts of new developments for a longer term, for example, 30 years.

IMPACT OF SOCIAL CONSIDERATIONS DRIVING REGULATION EXPECTED TO INCREASE

The social dimension of the housing situation in Germany has gained importance on the political agenda, which raises the risk of a credit negative intervention through regulatory actions or public pressure.

The current positive operational environment for residential landlords in the German market mainly stems from an ongoing imbalance of housing demand and supply, resulting in an environment that enables rental increases. While we expect this imbalance to continue for the next years, the German government agreed to a range of actions in September 2018, in an attempt to lower the pressure on the German housing market ("Wohngipfel"). The package aims to facilitate the construction of up to 1.5 million of new homes via a range of direct and indirect subsidies, improved building approval processes, an increase in government-owned land provided for further construction. Furthermore a tightening of the already existing laws ultimately restricting the increase of rents ("Mietrechtsanpassungsgesetz") came into force in January 2019. We expect that the updated law will make further investments in modernisation of the housing stock less appealing, because rental increases from modernisation are even more difficult to achieve.

Especially relevant with a focus on the Berlin market, Deutsche Wohnen has been dealing with the social and political implications of the housing situations for years. The current ruling government in Berlin attempts to limit further rental increases with a combination of measures that restricts larger landlords to grow its portfolio, modernise appartments or increase rents to free market level.

LARGE SIZE WITH HIGH INCOME GRANULARITY BUT GEOGRAPHIC CONCENTRATION IN BERLIN

Deutsche Wohnen owns a total portfolio of 163,057 residential units in Germany. Its clear focus is the strongly performing Berlin market with 71% of its residential units located in Berlin (or 78% of the portfolio fair value as of September 2018). While we think concentration within one city in Germany is a negative, the fundamentals in Berlin remain positive and contribute to a sustained rental growth outlook.

Within Berlin, the properties are generally well-located, with good access to transportation and fairly evenly spread around Berlin Mitte, with some concentration in the Western part of the city. Part of the portfolio is clustered in large blocks of groups of building (Siedlungen), with some degree of uniformity that should boost efficiency in terms of maintenance.

Deutsche Wohnen has grown the portfolio outside of Berlin to 47,579 units (or 22.4% of fair value), spread over a number of locations as shown in Exhibit 3.

Given the challenges to acquire reasonably priced properties or build properties in Berlin, we expect future acquisitions and new developments to lower the Berlin share in the portfolio. The company has started to build properties on larger scale in Potsdam and Dresden, with around 2,500 units planned until 2022.

Exhibit 3
Portfolio overview

Location	Units	Fair Value	in-place rent EUR/sqm/month	Vacancy
Greater Berlin	115,478	15,591	6.6	2.1%
Rhine-Main	9,912	1,237	7.9	1.9%
Dresden/Leipzig	6,403	831	5.9	3.2%
Rhineland	5,382	467	6.4	1.0%
Mannheim/Ludwigshafen	4,754	359	6.1	2.8%
Other Core+	943	175	10.5	0.6%
Core+	**142,872**	**18,660**	**6.7**	**2.1%**
Hanover/Brunswick	9,127	704	5.9	2.2%
Kiel/Lübeck	4,855	321	5.9	2.7%
Other Core	4,946	360	5.6	2.6%
Core	**18,928**	**1,385**	**5.8**	**2.4%**
Non-Core	1,257	54	4.9	5.2%
Total	**163,057**	**20,099**	**6.55**	**2.1%**

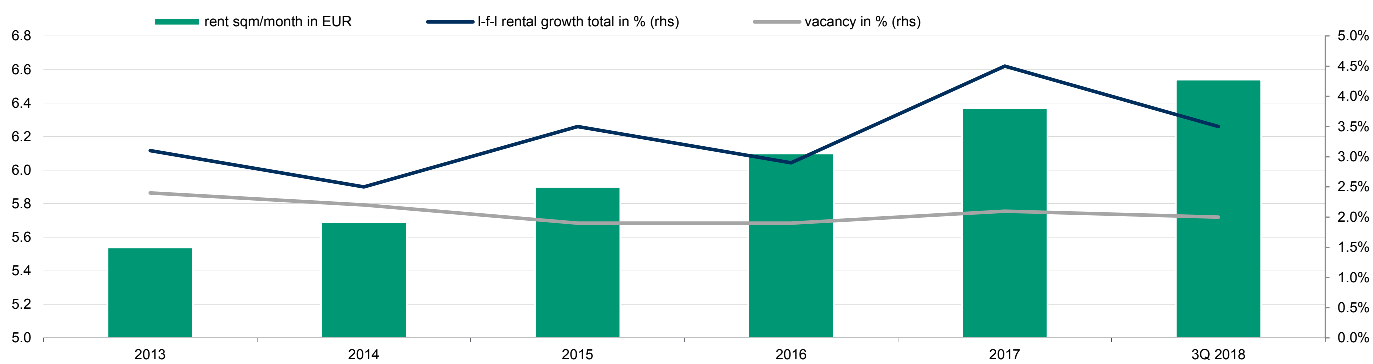
Source: Company information

GOOD ASSET QUALITY AS EVIDENCED BY HIGH OCCUPANCY AND GOOD RENTAL GROWTH

The residental component of Deutsche Wohnen's business has been consistently on the high side of operational performance of its peer group. The company benefits from its good location quality combined with sustained investments into the property portfolio, resulting in consistently growing rents and low vacancy levels.

With maintenance and modernisation expenses targeted around €40/sqm for 2018, Deutsche Wohnen's capex programme is one of the largest among the peers. The company's capital spending has consistently been high over the years and the portfolio is therefore reasonably well maintained.

Exhibit 4
Continuing high occupancy and like-for-like growth



Source: Company information

EXPOSURE TO NURSING AND ASSISTED LIVING IS A CREDIT NEGATIVE

The nursing and assisted living businesses has a weaker credit profile compared to a pure play residential portfolio. A further increased exposure for the company to the business can result in a weaker Operating Environment subscore in our methodology, which can negatively affect the company rating. We also expect the company to leave some additional headroom in its LTV policy to counter the higher risk inherent in the portfolio.

The weaker credit features of the nursing home segment compared to the residential portfolio mainly stems from the exposure to a less liquid asset class with more expected value volatility, potentially low visibility into the profitability of the assets for its tenants, a more concentrated tenant exposure to tenants with uncertain credit strength, and potentially limited alternative use without significant investments. The property values will be more linked to the operational performance of the assets for its tenants.

On the positive side, the portfolio generates higher EBITDA margins on long lease terms in a segment that is likely to benefit from increased demand due to demographic trends in Germany. Further mitigants can be location and asset quality, and long lease terms to stronger operators.

» Deutsche Wohnen's portfolio has an above average occupancy rate that suggests above asset quality. The company aims to own assets with the highest location and asset quality for its nursing homes and assisted living portfolio. We expect some selected sales to improve the location or asset quality of the portfolio.

» We understand most assets are run on double or triple net leases, which reduces Deutsche Wohnen's exposure during the lease term to maintenance cost but also changed property requirements as experienced through updated nursing home laws.

» The assets are run by large, mostly private operators in the sector as well as by Katharinenhof and Pflege & Wohnen Hamburg, operators in which Deutsche Wohnen has a significant minority interest. The size of the operator does not necessarily suggest high credit quality, but we are mindful of a large number of private, small operators in a sector with low profitability.

» The investments in Katharinenhof and Pflege & Wohnen gives Deutsche Wohnen insights into parts of the underlying properties' profitability and could serve as a back-up solution in case of issues with any single operator. The operating business does however increase the exposure to a less profitable, highly operational business segment with a business risk profile that differs strongly from a typical landlord business risk.

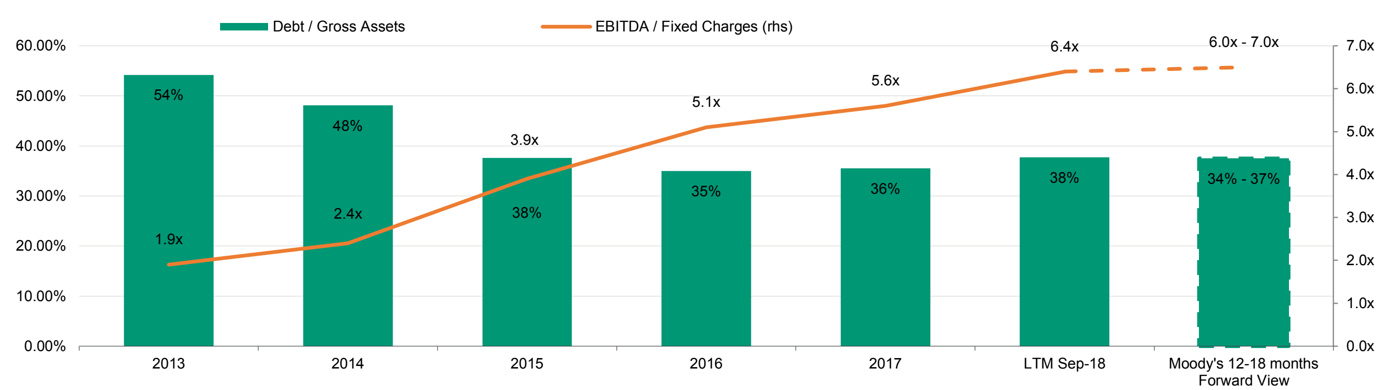
Through acquisitions in 2018, the total nursing and assistant living portfolio grew to about €1.3 billion in asset value within 89 assets (equal to around 7% of total asset value). We estimate a pro forma EBITDA contribution (assuming a full year of income statement impact) of around 12% of total Moody's adjusted EBITDA. The company aims to grow the segment to around 15% EBITDA contribution (from our current estimate of around 12%) through a combination of further acquisitions and selected sales.

MODERATE LEVERAGE AND CONSERVATIVE FINANCIAL PRACTICES

Deutsche Wohnen's Moody's adjusted gross debt amounted to €8.58 billion compared to total assets of €22.8 billion, resulting in effective leverage of 37.7% as of 30 September 2018, mapping to a strong Baa in our methodology scorecard and comparing well with its rated residential peers. We expect this ratio to decline as a result of revaluation gains and the balance sheet recognition of the recent nursing home acquisitions that have already been paid for. We also note that management is committed to maintain its own reported loan-to-value below 40%.

Exhibit 5

Deutsche Wohnen's Debt/Gross Assets and fixed charge coverage continue to improve



Source: Moody's Financial Metrics™, Moody's estimate

The company's portfolio is appraised externally in its entirety twice a year, namely in the second and fourth quarter. Since December 2013, the multiple of current rent has increased from 14.2x to 25.3x in Q3 2018 (19.0x based on market rent), resulting in a fair value per square meter of €1,975 as of 30 September 2018. In H1 2018 around 15% of the revaluation gains came from operating outperformance (i.e. rent increases) and 85% from lower capitalisation and discount rates.

Despite a rather conservative financial policy, Net Debt to EBITDA has been growing constantly, as the company has midly lowered LTV's and LTV policy in the last year while yields in the sector declined strongly. Net Debt to EBITDA grew from 8.6x in 2015 to 13x as of September 2018, which starts to weaken the quantitative credit scores for the company. However, we expect net debt to EBITDA to decline below 12.5x once the recent purchases of nursing homes start to contributed fully to EBITDA.

VALUATION DOWNSIDE POTENTIAL IS INCREASING IN THE MID TERM

Declining values are a key credit concern for the European property sector. With the end of quantitative easing potentially leading to a normalisation of interest rates and an end to a long risk-on sentiment, the investment cycle is more vulnerable and will react quicker than the occupational markets that we expect to be performing better, especially in the residential sector in Germany.

In a scenario of a broader yield widening, we expect the German residential sector to be less affected than other sectors given its income stability and its good debt funding through the German banking sector. Also comparing house prices to other European cities, the German residential sector does look less risky. Despite recent price increases, house prices in Germany have historically been much more stable than in any OECD country, particularly when compared to France and the UK. Also, Berlin's housing valuations and rents remain well below other major German metropolitan areas and compared to other large European cities.

EXCELLENT FIXED CHARGE COVERAGE AND LONG DATED DEBT MATURITIES

Fixed charge coverage was strong at 6.4x on a last twelve month base as of 30 September 2018, mapping to A in our scorecard and comparing well with rated peers, while an average cost of debt has declined to 1.3% in Q3 2018 from 4.9% in 2011.

Deutsche Wohnen's average debt maturity of nearly eight years is very long term and one of the longest across the entire rated European real estate coverage, providing the company with an excellent cushion again potential future increases in interest rates. As of 30 September 2018, 88% of the company's interest rates were fixed or hedged, which complies with its policy to fix at least 80% of its interest rate exposure.

GOOD LIQUIDITY AND ACCESS TO CAPITAL

We have assigned an A rating for the Liquidity and Access to Capital rating subfactor.

The high subfactor score reflects

» the company's €674.2 million of cash and cash equivalents as of 30 September 2018, partially used post reporting to purchase a portfolio of nursing homes.

» the stable cash flow generation from the portfolio.

» Committed revolving facilities of around €450 million, almost fully undrawn as of 30 September 2018

» Deutsche Wohnen's proactive debt maturity management, which results in no significant maturities until 2020

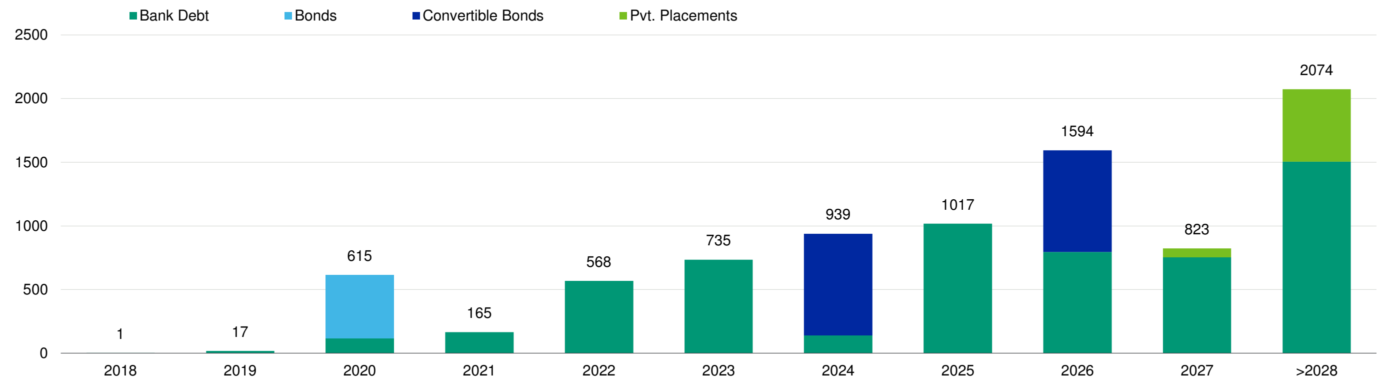
» the long, staggered maturity profile of the company's debt

Deutsche Wohnen has also set up a €500 million commercial paper programme, to which we have assigned a P-2 rating. The notes issued under this programme will rank pari passu with all other unsecured and unsubordinated obligations of the company. So far the company has not used the programme

The nearest relevant debt maturities are €615 million in 2020 of which €500 million are bonds and €165 million in 2021.

Exhibit 6

Long-dated maturity profile with an average maturity of around 7.9 years



As of September 2018

Source: Company information

Deutsche Wohnen has good access to equity and debt capital. Deutsche Wohnen's shares have consistently traded above net asset value over the last three years (as of 4 January 2019 the share was trading at around 7% premium to last reported NAV), thus providing the company with good access to equity. The company has access to various capital market debt instruments and has diversified relationships with insurance companies and German mortgage banks. The weighted average interest rate of around 1.3% on a relatively long debt maturity profile of almost eight years highlights its good credit standing mainly among secured lenders. German mortgage banks can issue Pfandbriefe, or covered bonds, which provide an excellent source of funding for secured real estate loans.

LOW LEVEL OF UNENCUMBERED ASSETS

Deutsche Wohnen is largely financed through secured debt. As a result, its pool of unencumbered assets represents around 25% of total assets as of 30 September 2018. While Deutsche Wohnen's liquidity profile is good, in our opinion it would be further strengthened by an increase in unencumbered assets, which represent a source of alternative liquidity in case of need.

The majority of Deutsche Wohnen's loan agreements include financial covenants, which refer to the underlying assets that secure the debt and mostly relate to loan to value and debt service coverage ratios. Most of its loans have good headroom, i.e. 20%+, but in those instances where the headroom is tighter, a potential breach of financial covenant would not automatically trigger the lender's right to accelerate repayment because all of its loan agreements provide a grace period for curing a covenant, e.g. by reducing the loan balance outstanding.

Rating Methodology and Scorecard Factors

Exhibit 7
Deutsche Wohnen SE

Real Estate / REIT Industry Grid [1][2]	Current LTM 9/30/2018		Moody's 12-18 Month Forward View As of 12/12/2018 [3]	
Factor 1 : Scale (5%)	**Measure**	**Score**	**Measure**	**Score**
a) Gross Assets (USD Billion)	$26.4	Aa	$26.0 - $29.0	Aa
Factor 2 : Business Profile (25%)				
a) Market Positioning and Asset Quality	Aa	Aa	Aa	Aa
b) Operating Environment	Aa	Aa	Aa	Aa
Factor 3 : Liquidity and Access To Capital (25%)				
a) Liquidity and Access to Capital	A	A	A	A
b) Unencumbered Assets / Gross Assets	25.0%	B	20% - 25%	B
Factor 4 : Leverage and Coverage (45%)				
a) Total Debt + Preferred Stock / Gross Assets	37.7%	Baa	34% - 37%	Baa
b) Net Debt / EBITDA	13.0x	Caa	12.0x - 12.5x	Caa
c) Secured Debt / Gross Assets	25.2%	Ba	23% - 25%	Ba
d) Fixed Charge Coverage	6.4x	A	6.0x - 7.0x	A
Rating:				
a) Indicated Outcome from Scorecard		Baa1		Baa1
b) Actual Rating Assigned				A3

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 9/30/2018(L).
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
[4] Fixed Charges includes capitalized interests explained in Moody's Approach to Global Standard Adjustments in the Analysis of Financial Statements for Non-Financial Corporations revised December 2010.
Source: Moody's Financial Metrics™, Moody's estimate

Appendix

Exhibit 8
Peer comparison

	Deutsche Wohnen SE A3 Stable			Grand City Properties S.A. Baa1 Stable			LEG Immobilien AG Baa1 Stable			LEG Immobilien AG Baa1 Stable			TAG Immobilien AG Baa3 Stable		
(in US millions)	FYE Dec-16	FYE Dec-17	LTM Sep-18	FYE Dec-16	FYE Dec-17	LTM Jun-18	FYE Dec-16	FYE Dec-17	LTM Sep-18	FYE Dec-16	FYE Dec-17	LTM Sep-18	FYE Dec-16	FYE Dec-17	LTM Sep-18
Real Estate Gross Assets	$17,712	$24,673	$26,409	$6,491	$9,016	$10,262	$8,934	$12,076	$12,466	$8,934	$12,076	$12,466	$4,249	$5,578	$5,498
Total Debt	$6,192	$8,760	$9,962	$2,903	$3,760	$4,613	$4,187	$5,403	$5,521	$4,187	$5,403	$5,521	$2,413	$3,039	$2,782
EBITDA / Fixed Charges (YTD) - REITS	5.1x	5.6x		4.7x	4.6x	4.5x	3.5x	4.2x	4.4x	3.5x	4.2x	4.4x	2.1x	2.6x	3.4x
Debt / Real Estate Gross Assets	35.0%	35.5%	37.7%	44.7%	41.7%	45.0%	46.9%	44.7%	44.3%	46.9%	44.7%	44.3%	56.8%	54.5%	50.6%
Net Debt / EBITDA	10.0x	11.8x	13.0x	10.4x	11.8x	12.1x	11.6x	10.9x	11.6x	11.6x	10.9x	11.6x	12.3x	11.6x	11.1x
Secured Debt / Real Estate Gross Assets	27.4%	23.1%	25.2%	14.9%	12.4%	10.6%	40.7%	35.5%	31.0%	40.7%	35.5%	31.0%	45.3%	41.7%	39.5%

Source: Moody's Financial Metrics™. All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR = Ratings under Review, where UPG = for upgrade and DNG = for downgrade.*

All figures and ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months.
Source: Moody's Financial Metrics™

Exhibit 9

Moody's-adjusted Debt breakdown

(in EUR millions)	FYE Dec-13	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17	LTM Sep-18
As Reported Debt	**5,409**	**5,520**	**5,266**	**6,182**	**7,282**	**8,622**
Pensions	55	68	65	68	66	66
Operating Leases	36	22	8	9	8	8
Fair Value adjustments	4	-91	-308	-39	-60	-110
Moody's-Adjusted Debt	**5,505**	**5,519**	**5,031**	**5,871**	**7,295**	**0**

Source: Moody's Financial Metrics™. All figures are calculated using Moody's estimates and standard adjustments.

Exhibit 10

Moody's-adjusted EBITDA breakdown

(in EUR millions)	FYE Dec-13	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17	LTM Sep-18
As Reported EBITDA	**365.8**	**1,296.1**	**1,988.2**	**3,164.7**	**2,776.2**	**2,713.7**
Pensions	0.2	0.1	0.0	0.0	0.0	0.0
Operating Leases	9.0	5.4	1.7	1.9	2.0	2.0
Interest Expense – Discounting	-10.0	0.0	-8.3	-17.4	-17.7	-17.7
Fair Value Adjustments and other one-offs	-101.3	-841.1	-1,472.9	-2,581.6	-2,171.0	-2,088.6
Moody's-Adjusted EBITDA	**263.7**	**460.9**	**506.8**	**565.6**	**586.5**	**609.4**

Source: Moody's Financial Metrics™. All figures are calculated using Moody's estimates and standard adjustments.

Exhibit 11

Overview of Moody's-adjusted financial data

(in EUR millions)	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-2017	LTM Sep-18
INCOME STATEMENT					
Revenue	951.9	1,375.1	1,128.9	1,173.5	1,106.4
EBITDA	460.9	506.8	565.6	586.5	599.6
Interest Expense	187.3	129.6	108.6	102.6	95.5
BALANCE SHEET					
Real Estate Gross Assets	11,467.8	13,384.6	16,792.8	20,547.4	21,842.1
Amount of Unencumbered Assets		25.0%	25.0%	25.0%	25.0%
Cash & Cash Equivalents	379.5	651.0	192.2	363.7	489.3
Total Debt	5,518.6	5,031.0	5,870.9	7,295.2	7,575.9
Net Debt	5,139.1	4,380.1	5,678.7	6,931.5	7,086.6
CASH FLOW					
Funds from Operations	217.2	290.9	428.0	469.3	405.8
CASH FLOW FROM OPERATIONS	194.0	229.3	24.0	519.9	496.9
Capex = Capital Expenditures	79.8	133.8	177.3	286.0	461.7
Dividends	57.4	135.2	188.6	268.1	194.8
Retained Cash Flow	159.8	155.7	239.4	201.2	203.5
RCF / Debt	2.9%	3.1%	4.1%	2.8%	2.4%
Free Cash Flow (FCF)	56.8	-39.7	-341.9	-34.2	-167.1
FCF / Debt	1.0%	-0.8%	-5.8%	-0.5%	-1.9%
PROFITABILITY					
% Change in Sales (YoY)	58.0%	44.5%	-17.9%	4.0%	1.0%
EBITDA Margin %	48.4%	36.9%	50.1%	50.0%	55.3%
INTEREST COVERAGE					
EBITDA / Fixed Charges (YTD) - REITS	2.4x	3.9x	5.1x	5.6x	
LEVERAGE					
Debt / Real Estate Gross Assets	48.1%	37.6%	35.0%	35.5%	37.7%
Secured Debt / Real Estate Gross Assets	41.6%	28.2%	27.4%	23.1%	25.2%
Net Debt / EBITDA	11.2x	8.6x	10.0x	11.8x	13.0x

All figures and ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months.
Source: Moody's Financial Metrics™. All figures are calculated using Moody's estimates and standard adjustments.

Ratings

Exhibit 12

Category	Moody's Rating
DEUTSCHE WOHNEN SE	
Outlook	Stable
Issuer Rating	A3
Senior Unsecured -Dom Curr	A3
Commercial Paper -Dom Curr	P-2
ST Issuer Rating	P-2

Source: Moody's Investors Service

Endnotes

1 Source: OECD

2 Source: OECD, Analytical house price database.

3 Source: Hans Böckler Stiftung, 2017.

4 Pestel Institute (2015), Prognos (2017) and the Hans Böckler Stiftung (2018)

REPORT NUMBER 1149203

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

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