

Residential Rendezvous:

Unlocking Europe's diverse residential landscape

September 2023

Marketing Material. For Professional Clients (MiFID Directive 2014/65/EU Annex II) only; no distribution to private/retail customers.

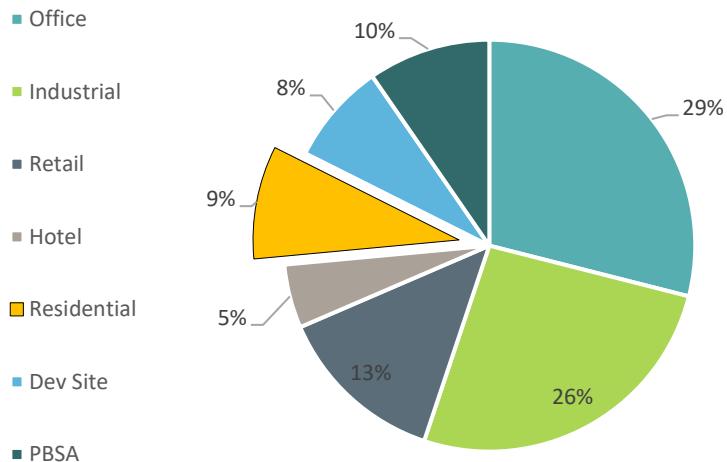


Big Picture

The European residential sector is much more mature than in the UK, accounting for a far greater share of overall transaction volumes.

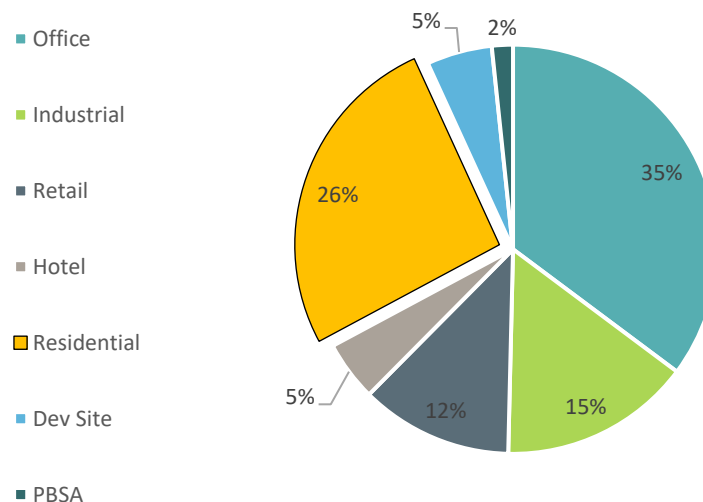
UK Market Volume* €225 billion

% of total investment



Eurozone Market Volume* €565 billion

% of total investment



*Transaction Volume 2020-2022

Source: RCA, August 2023

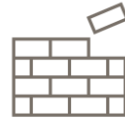
The Case for European Residential

The European residential sector remains our favoured investment theme, supported by solid market fundamentals



DEMAND

persistent migration into key agglomerations



SUPPLY

slow down from “Covid-dip” and cost increases



OWNER OCCUPATION

financing becoming more of an obstacle



REPLACEMENT COSTS

capital value support for standing assets



INFLATION

driver for rent growth



ESG

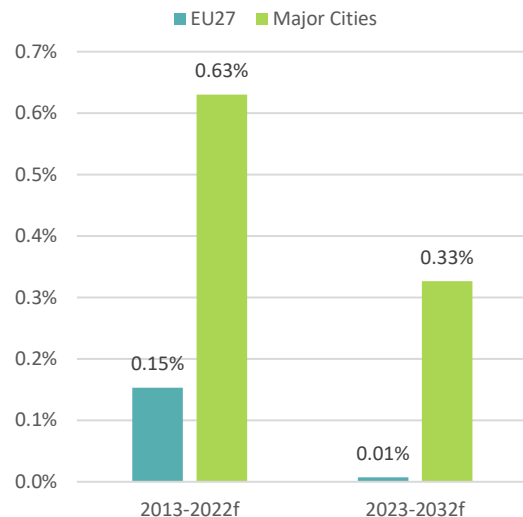
total occupancy costs as accelerator for energy-efficient buildings

Supportive market fundamentals

The European residential sector remains our favoured investment theme, supported by solid market fundamentals. A supply-demand imbalance is evident across many European cities.

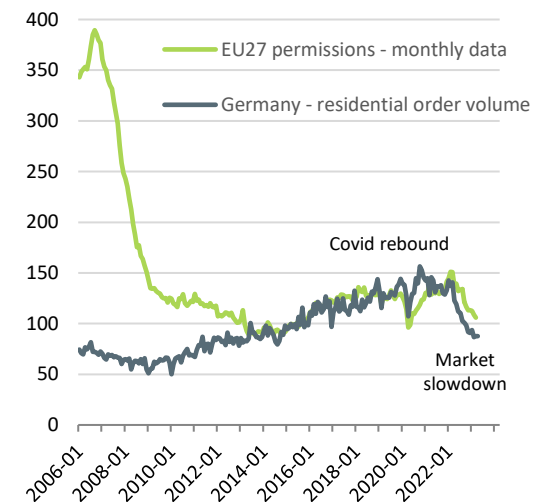
Demand

EU27 Population Growth (%)



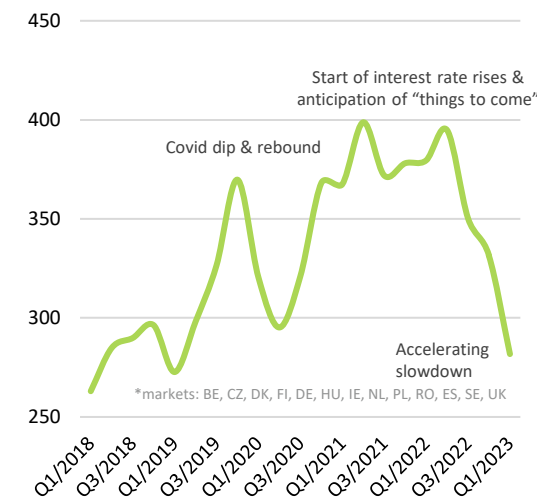
Supply

Volume index (2015 = 100)



Gross Mortgage Lending

Gross Mortgage Lending* - € bn



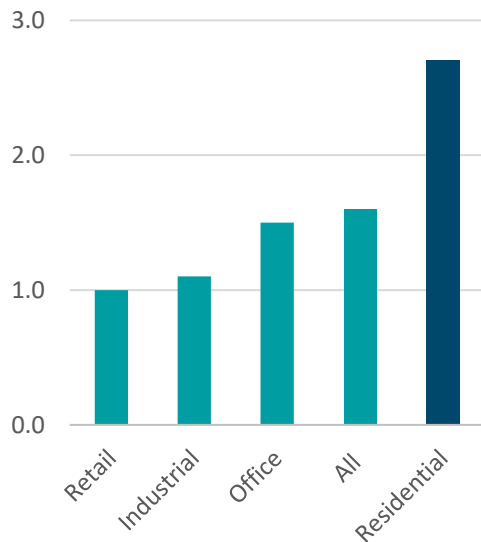
Solid risk-adjusted returns

Residential has provided a stable income return throughout the economic cycle. Strong rental growth prospects and moderate yield shift support attractive risk-adjusted returns going forward.

- ✓ **Low volatility**
- ✓ **Stable income stream**
- ✓ **Inflation hedge**
- ✓ **Regular rent reviews**
- ✓ **Robust rent growth expectations**

European Residential Risk Return

Total Return / Standard Deviation, 2001-2022, %



Top Performing Markets

Risk Adjusted Returns, 2023-2032F

1. Dublin
2. Amsterdam
3. Stockholm
4. London
5. Berlin
6. Copenhagen
7. Top 6 Germany
8. Valencia
9. Madrid
10. Regional UK

Diverse regulatory landscape

Regulation differs significantly across Europe

- **TENANT RIGHTS**
- **RENT CONTROLS**
- **LEGISLATIVE RISK**
- **SUPPLY IMPACT**
- **STABILITY AND TRANSPARENCY**
- **ESG LEGISLATION**



Meeting ESG targets through residential



RESILIENCE



Manage climate-related risks



AIR (QUALITY)



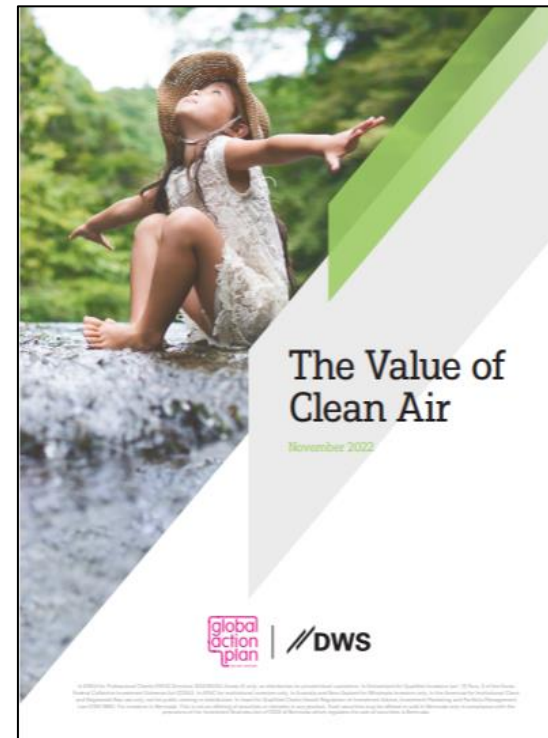
Promote air quality in and around assets



AFFORDABILITY



Contribute to provision of affordable housing



[The Value of Clean Air \(LINK\)](#)

Case study: Netherlands ESG Upgrades

Proposed measures to improve EPCs:



Building fabric improvements

- E.g. roof / floor insulation, triple-glazed windows



Plant and equipment upgrades

- E.g. modifications of heating system



New systems installation

- E.g. application of solar collector system

ESG-led Active Asset Management

Tenant Centric ESG Approach



Operational Residential

Student accommodation presents an attractive residential sub-segment supported by strong fundamentals



Growing student numbers



Educational migration



Undersupplied market

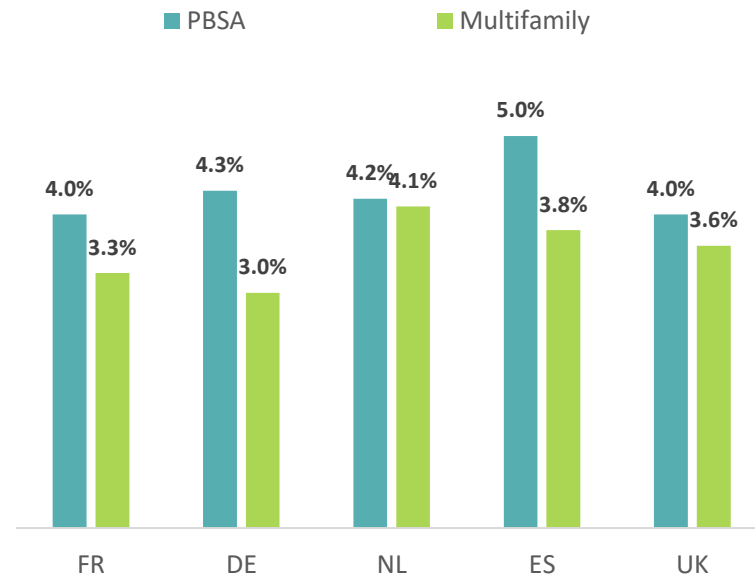


Less regulated



Yield premium

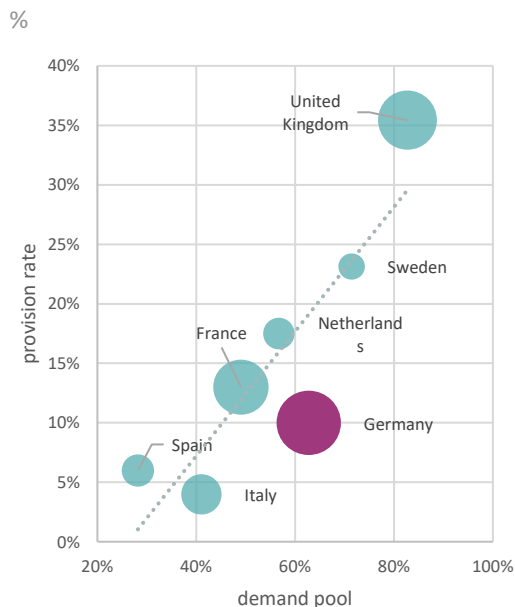
Prime Yield



Case Study: German PBSA Market

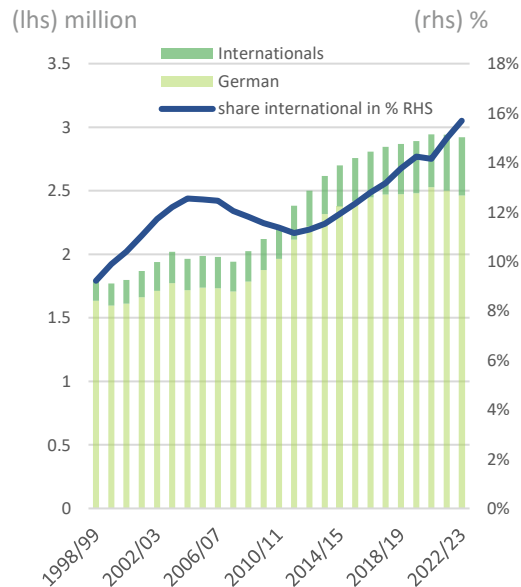
Great opportunities and strong rental growth vs. rising risks of oversupply- deep market understanding needed to navigate through private PBSA market

Provision rate vs. demand pool*

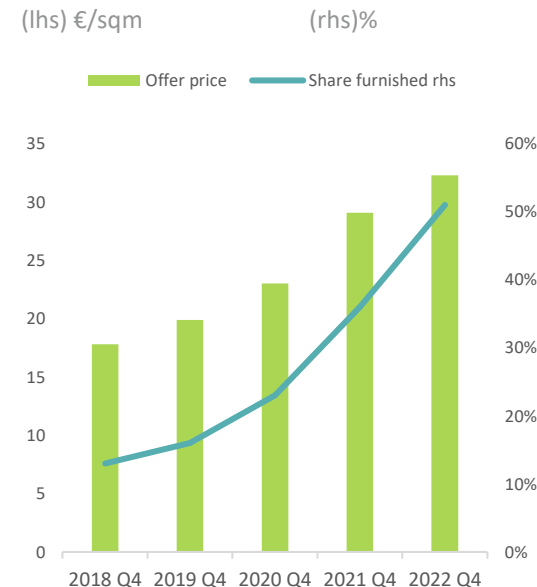


*international students + domestically mobile students as % of total students

Share of international students



Berlin furnished dwellings



Source: DWS, Bonard, Destatis, Immoscout. Q3 2023

Local knowledge is paramount

DWS 'Living' sector breakdown - EUR 7 bn globally of assets in the living sector

Netherlands



- Number of Assets: 10 (Residential)
- AUM: EUR 1,220 mn

UK



- Number of Assets: 13 (10 Student Housing, 3 Residential)
- AUM: EUR 1,292 mn

Ireland

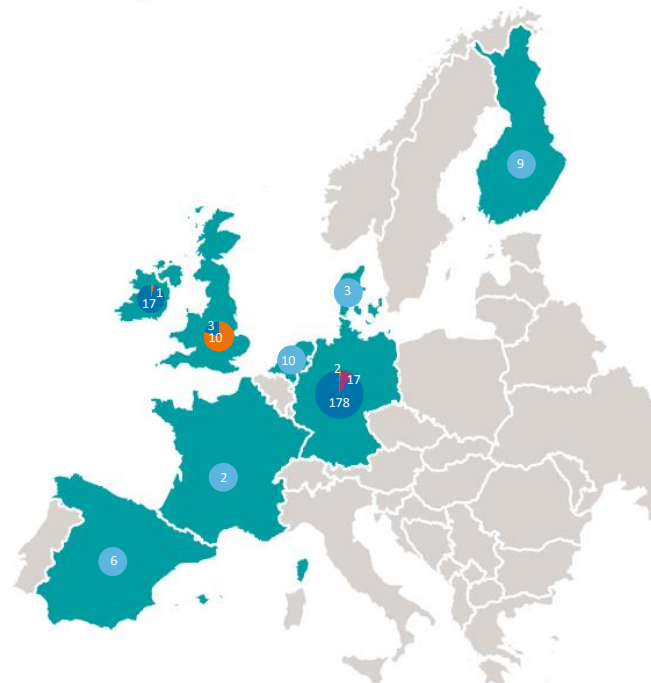


- Number of Assets: 18
(17 Residential, 1 Student Housing)
- AUM: EUR 998 mn

Spain



- Number of Assets: 6 (Residential)
- AUM: EUR 672 mn



Residential



Student Housing



Healthcare

Finland



- Number of Assets: 9 (Residential)
- AUM: EUR 123 mn

Denmark



- Number of Assets: 3 (Residential)
- AUM: EUR 386 mn

Germany



- Number of Assets: 197
(17 Healthcare, 2 Student, 178 Residential)
- AUM: EUR 1,924 mn

France



- Number of Assets: 2 (Residential)
- AUM: EUR 86 mn

US¹



- Number of Assets: 81
(81 Residential, 9 Student Housing)
- AUM: USD 1.4 bn

Source: DWS as at August 2023. USD:EUR 0.94

1. As at August 2023

* Living includes Residential, Student Living, and Healthcare.

Summary

The European residential sector is attractive:

- Supportive fundamentals:
 - supply-demand imbalance leads to strong rental growth
- Diversification potential
 - build-to-rent and operational residential
 - different market exposure reduces risk
- Solid risk-return outlook

The landscape can be complex:

- Tenancy regulation
- ESG legislation

But these complexities are manageable:

- Manager selection is key
- Trusted, experienced partner



Important Information



Issued and approved by DWS Alternatives Global Limited of Winchester House, 1 Great Winchester Street, London, EC2N 2DB, authorised and regulated by the Financial Conduct Authority ("FCA"). DWS Alternatives Global Limited is also registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act 1940 (the "Advisers Act"), however it complies with the Advisers Act only with respect to US clients.

This document is a "non-retail communication" within the meaning of the FCA's Rules and is directed only at persons satisfying the FCA's client categorisation criteria for an eligible counterparty or a professional client. This document may not be reproduced or circulated without written consent of the issuer.

This document is intended for discussion purposes only and does not create any legally binding obligations on the part of DWS Group GmbH & Co. KGaA and/or its affiliates ("DWS"). Without limitation, this document does not constitute investment advice or a recommendation or an offer or solicitation and is not the basis for any contract to purchase or sell any security or other instrument, or for DWS to enter into or arrange any type of transaction as a consequence of any information contained herein. The information contained in this document is based on material we believe to be reliable; however, we do not represent that it is accurate, current, complete, or error free. Past performance is not a guarantee of future results. Any forecasts, assumptions and estimates provided herein are based upon our opinion of the market as at this date and are subject to change. Any prediction, projection or forecast is not necessarily indicative of the future or likely performance. Investments are subject to risks, including possible loss of principal amount invested.

When making an investment decision, potential investors should rely solely on the final documentation relating to the investment or service and not the information contained herein. The investments or services mentioned herein may not be appropriate for all investors and before entering into any transaction you should take steps to ensure that you fully understand the transaction and the possible risks and benefits of entering into such a transaction and have made an independent assessment of the appropriateness of the transaction. You should also consider seeking advice from your own advisers in making this assessment. If you decide to enter into a transaction with us you do so in reliance on your own judgment.

DWS specifically disclaims all liability for any direct, indirect, consequential or other losses or damages including loss of profits incurred by you or any third party that may arise from any reliance on this document or for the reliability, accuracy, completeness or timeliness thereof.

Any reference to "DWS", shall, unless otherwise required by the context, be understood as a reference to asset management activities conducted by DWS Group GmbH & Co. KGaA and/or any of its affiliates. Clients will be provided DWS products or services by one or more legal entities that will be identified to clients pursuant to the contracts, agreements, offering materials or other documentation relevant to such products or services.

© DWS Alternatives Global Limited 2023. All rights reserved.



Investors for a new now



Ensuring the best possible foundation for our clients' financial future –
now and always