

Annual earnings as at 31 December 2016

Deutsche Wohnen once again with record earnings

- › Continuing positive market development lead to a portfolio revaluation of EUR 2.7 billion
- › Increase in EPRA NAV of 29 % to EUR 29.68 per share
- › Rise in FFO I of 26 % to c. EUR 384 million or EUR 1.14 per share
- › (Proposed) dividend up by 37 % to EUR 0.74 per share
- › FFO I of c. EUR 425 million expected for 2017

Frankfurt / Main and Berlin, 21 March 2017. In the financial year 2016, Deutsche Wohnen once again achieved increases in all its key performance indicators due to valuation gains and its operational performance. At EUR 1.6 billion, group profit was approximately 35 % higher than in the previous year. In the reporting year, Funds from Operations (FFO I) increased by 26 % to EUR 383.9 million (previous year: EUR 304.0 million) due to portfolio acquisitions, significantly reduced financing costs and organic growth. FFO I per share rose by 20 % to EUR 1.14. FFO II (including disposals) increased to EUR 438.2 million (previous year: EUR 372.9 million), and by around 12 % to EUR 1.30 per share. As at the reporting date, the Loan-to-Value (LTV) ratio was 37.7 % - the same level as in the previous year (31 December 2015: 38.0 %). EPRA NAV (undiluted) rose significantly in comparison to the previous year by 29 % to EUR 29.68 per share (31 December 2015: EUR 23.02 per share).

Growth in value due to continuing buoyancy of market

In the financial year 2016, Deutsche Wohnen profited once again from a dynamic market environment and the excellent development of its portfolio, above all in the Core⁺ regions. This is reflected in the increase in value of the portfolio of approximately EUR 2.7 billion following its revaluation. The most significant increase in value was recorded in the key market of Berlin with approximately EUR 2.4 billion. As at 31 December 2016, the portfolio was valued at EUR 1,580 per sqm (previous year: EUR 1,282 per sqm). This corresponds to an overall value that is 21.5 times greater than the annual rental income or 17.6 times greater on the basis of current market rents. The company's assets in Berlin are currently valued at EUR 1,738 per sqm, which corresponds to an overall value that is 23.7 times greater than the annual rental income.

As Michael Zahn, CEO of Deutsche Wohnen AG, explains, "Our focus on dynamic regions like Berlin or Frankfurt is paying off on a sustained basis. The good operational development of our property portfolio is the basis of our success. We are also profiting from the positive developments in our domestic markets with attractive increases in value, which are reflected in our net asset value, the so-called NAV."

Further increase in operating results

As at 31 December 2016, the portfolio of Deutsche Wohnen comprised approximately 160,000 residential and commercial units with a fair value of around EUR 15.5 billion. As at the reporting date, the average in-place rent across the portfolio was EUR 6.10 per sqm, with a vacancy rate of 1.8 %. On a like-for-like basis, Deutsche Wohnen achieved a rental growth of 2.9 %, whereby the figure for Greater Berlin was 3.5 %. The vacancy rate in the Berlin portfolio was 1.6 %.

In the reporting year, Deutsche Wohnen increased its rental income to EUR 704.5 million (previous year: EUR 634.0 million) with an operating result (Net Operating Income – NOI) of EUR 545.7 million (previous year: EUR 474.9 million). The NOI margin rose from 74.9 % to 77.5 %. The adjusted EBITDA without earnings from disposals and one-off expenses increased by approximately 16 % to EUR 527.4 million (previous year: EUR 455.0 million). In particular, improvements in efficiency in the management of the portfolio as well as the reduction of the Cost Ratio again contributed to this result. The adjusted EBITDA margin rose significantly from 71.8 % to 74.9 % and provides a good indication of the efficiency of the business model demonstrated once again.

Earnings from disposals fell by 21 % to EUR 54.3 million (previous year: EUR 68.9 million) because fewer properties were sold. At the same time, the average sales margin rose from 16 % to 22 % despite the increase in value of the assets. In the case of individual privatisations, the sales margin was – as in the previous year – around 40 %. Overall, 4,308 units were sold and recorded in the balance sheet for 2016 (previous year: 9,405), of which 1,235 were individual privatisations (previous year: 1,908) and 3,073 were sales to institutional investors (previous year: 7,497).

Significant expansion of investment programme to increase quality of properties

In 2016, an investment programme of EUR 1.0 billion was agreed with a view to further enhancing the quality of the portfolio. The programme, which is set to run for five years, covers 30,000 apartments which are to be brought up to a modern standard and refurbished with energy-saving measures. In addition, a new-build and redensification programme of just under EUR 0.5 billion was agreed. The intention here is to make efficient use of existing land reserves and to create approximately 2,200 residential units within the next four years. With this targeted investment programme of EUR 1.5 billion for modernisation and new building, Deutsche Wohnen expects to realise further value potential in future.

Attractive acquisitions of nursing home facilities

In 2016, Deutsche Wohnen succeeded in acquiring 31 nursing home facilities with a total of 4,600 beds in two different transactions. These acquisitions will make a significant contribution to earnings in 2017. When making these acquisitions, Deutsche Wohnen was able to profit from its long-standing expertise in this particular market and to successfully expand its business segment Nursing and Assisted Living.

Strong development in the capital markets

In 2016 the Deutsche Wohnen share price developed outstandingly once again, achieving a plus of 19 % and managing to outperform the industry benchmarks like EPRA Germany. With a current market capitalisation of approximately EUR 11 billion, Deutsche Wohnen is the second largest publicly listed property company in Germany and the third largest in Europe. Subject to approval by the Annual General Meeting, the dividend for the financial year 2016 will be EUR 0.74 per share, which marks a significant increase of 37 % in comparison to the previous year.

For the financial year 2017, the company anticipates an increase in FFO I to approximately EUR 425 million, whereby the LTV ratio is intended to remain unchanged in the target range of 35 % to 40 %.

Deutsche Wohnen

Deutsche Wohnen is one of the largest publicly listed residential property companies in Germany and Europe with a business focus on managing and developing its portfolio, which consists mainly of residential properties. As at 31 December 2016, the portfolio comprised a total of 160,200 units, of which 158,000 are residential and 2,200 commercial. The company is listed in the Deutsche Börse's MDAX and is also included in the leading indices EPRA/NAREIT, STOXX Europe 600 and GPR 250.

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