

Interim result as at 31 March 2017

Deutsche Wohnen: successful start to the new financial year

- › Increase in FFO I by 11 % to approximately EUR 113 million
- › Like-for-like rental growth of 3.3 %
- › Increase in EBITDA margin to 81.3 %

Frankfurt / Main and Berlin, 12 May 2017. In the first three months of the financial year 2017, Deutsche Wohnen performed strongly once again. The key financial figure FFO I (Funds from Operations, operating result after current interest and taxes) increased by 11 % in comparison to the previous year to EUR 113.1 million (previous year: EUR 101.9 million). FFO I (undiluted) per share rose by 10 % to EUR 0.33. EPRA NAV (undiluted) was EUR 29.64 per share as at the reporting date (31 December 2016: EUR 29.68 per share). The Loan-to-Value (LTV) ratio of the company fell to 36.1 % (31 December 2016: 37.7 %).

Strong operating result in all segments

As at 31 March 2017, the portfolio of Deutsche Wohnen comprised approximately 160,000 residential and commercial units with a fair value of around EUR 15.7 billion (excluding Nursing and Assisted Living). The average monthly in-place rent across the portfolio was EUR 6.16 per sqm as at the reporting date. On a like-for-like basis, Deutsche Wohnen achieved a rental growth in its letting portfolio of 3.3 % compared to the equivalent period of the previous year. The vacancy rate remained at the low level of 1.6 % (previous year: 1.5 %), of which 0.3 % was investment-related.

Gross rental income rose to EUR 180.4 million (previous year: 171.5 million) in the first quarter 2017 and led to an increase in the operating result (Net Operating Income – NOI) to EUR 143.6 million (previous year: EUR 138.1 million). The NOI margin in Residential Property Management was – at just under 80 % – at the level of the previous year despite higher expenditure on maintenance.

In the Disposals segment, demand for property as a form of investment remains high. Of the 1,929 units sold, the transfer of risks and rewards took place in respect of 490 units in the first three months of the financial year, so these units are included in the earnings from Disposals of EUR 8.6 million (previous year: EUR 23.7 million). In the first quarter of 2016, the institutional sale of approximately 900 units in Berlin had led to a relatively high earnings figure. The gross margins of 24 % continue to be at a high level. In privatisations, it remained possible to achieve attractive gross margins of over 30 % despite the EUR 2.7 billion portfolio revaluation in 2016.

The contribution to earnings of the segment Nursing and Assisted Living rose significantly to EUR 12.5 million (previous year: EUR 4.6 million) due to the acquisitions that were made in the previous financial year and that have now been fully integrated. At 97 %, the occupancy rate of the owner-operated nursing facilities has been at an exceptionally high level for years.

The adjusted EBITDA (excluding disposals) – with a cost ratio that was largely consistent compared to the end of the previous year – improved by 8 % to EUR 146.7 million (previous year: EUR 135.5 million). The EBITDA margin, adjusted for earnings from Disposals, rose by approximately 2 percentage points to 81.3 % (previous year: 79.0 %). This was in particular driven by the successful expansion of the segment Nursing and Assisted Living due to the acquisitions of the previous year.

Increase in portfolio investments

As part of its comprehensive programme of modernisation, Deutsche Wohnen increased its expenditure on maintenance and modernisation markedly by 55 % to EUR 47.6 million (previous year: EUR 30.7 million). In future, the company will further increase its investment in this area and is assuming investments of approximately EUR 30 per sqm over the course of the year.

As Lars Wittan, CIO and deputy CEO of Deutsche Wohnen AG, explains, “As the owner of approximately 160,000 units, we have a responsibility towards society and the environment and can make a significant contribution here. With long-term investments and a holistic approach to neighbourhood development, we intend to shape modern living environments for the city of tomorrow.”

Outlook

For the financial year 2017, Deutsche Wohnen confirms its forecast of an FFO I of approximately EUR 425 million in a base case, i.e. without further acquisitions and opportunistic disposals.

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 March 2017, the portfolio comprised a total of 160,000 units, of which 157,800 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.

Important Notice

This publication represents neither an offer for sale nor request for purchase of securities.

Any statements regarding the future in this document do not represent any facts and use terms such "will", "expected", "believe", "estimate", "intend", "strive", and "assume" and other similar phrases. The statements express the intention, views and current expectations and assumptions of Deutsche Wohnen and parties acting in concert with Deutsche Wohnen. The statements directed at the future are based on current planning, estimates and forecasts, which Deutsche Wohnen and the parties acting in concert with Deutsche Wohnen have made to the best of their knowledge but do not contain any statement about their future validity. Future-based statements are subject to risks and uncertainties, which are generally difficult to predict and are generally not in Deutsche Wohnen's sphere of influence or that of the parties acting in concert with Deutsche Wohnen. Please note that the actual results or events may deviate substantially from those provided in or removed from the future-based statements.