

**Interim result as at 30 June 2017**

### **Significant value enhancement at Deutsche Wohnen**

- › **Rise in FFO I of 11% to approximately EUR 221 million or EUR 0.63 per share**
- › **Revaluation of portfolio resulting in an uplift of nearly EUR 900 million**
- › **Increase of EPRA NAV by 6% to EUR 31.42 per share**
- › **Considerable increase in investments made in sustainable portfolio development**

**Frankfurt/Main and Berlin, 11 August 2017.** Deutsche Wohnen concluded the first half of 2017 having recorded a consolidated Group profit of EUR 672.0 million (H1 2016: EUR 647.2 million). Its higher operating result (EBITDA) and the revaluation of its portfolio resulting in an uplift of just under EUR 900 million were material contributors towards the improvement in its result as compared to the previous year. FFO I (Funds from Operations, operating result after current interest and taxes) increased by 11%, in comparison to the previous year, to EUR 220.8 million (H1 2016: EUR 198.7 million). FFO I per share (undiluted) rose by just under 7% to EUR 0.63. EPRA NAV (undiluted) increased by 6% to EUR 31.42 per share (31 December 2016: EUR 29.68 per share). The Loan-to-Value ratio (LTV) of the company fell slightly to 36.9% (31 December 2016: 37.7%), and is thus within the targeted range of between 35% and 40%.

#### **Favourable operating performance**

As at 30 June 2017, the Deutsche Wohnen portfolio comprised approximately 163,000 residential and commercial units with a fair value of around EUR 17 billion (excluding Nursing and Assisted Living). The average monthly in-place rent across the total portfolio amounted to EUR 6.23 per sqm as at the reporting date. On a like-for-like basis, Deutsche Wohnen's letting portfolio experienced rental growth of 3.2% as compared to the equivalent period of the previous year. The vacancy rate here remained at a persistently low level of 1.6% (previous year: 1.4%), with 0.4% being investment-related.

Contracted rental income rose to EUR 366.5 million in the first half of 2017 (previous year: EUR 347.8 million) and led to an increase in the operating result (net operating income – NOI) to EUR 283.7 million (previous year: EUR 272.9 million). In spite of considerably higher maintenance expenses, the NOI margin in the Residential Property Management segment remained – at 77.4% – close to the level of the previous year.

The performance of the Disposals segment reflects the persistently high demand for properties as a form of investment. Of the 2,611 units sold, the transfer of risks and rewards took place in respect of 1,807 units in the first half of 2017; these units are thus included in the earnings from Disposals of EUR 20.5 million (previous year: EUR 36.7 million). In spite of the revaluations experienced in the past two years, gross margins remained at a high level at 23%. Within the privatisation segment gross margins of even more than 30% were realised with disposals.

The contribution to earnings of the Nursing and Assisted Living segment increased significantly to EUR 24.7 million (previous year: EUR 8.7 million) as a result of acquisitions undertaken in the preceding financial year. At 97%, the occupancy rate of the owner-operated nursing facilities has remained at an above-average level for years. The integration of the newly acquired facilities is proceeding according to schedule.

The adjusted EBITDA excluding earnings from Disposals rose to EUR 290.7 million (previous year: EUR 266.5 million), at a largely stable cost ratio of around 11% compared to the end of 2016.

### **Revaluation of the portfolio with a significant uplift**

Deutsche Wohnen continues to profit from its focussed portfolio strategy and the strong demand for residential real estate in metropolitan areas. This is reflected in the significant valuation uplift of its portfolio of just under EUR 900 million, with EUR 800 million of this amount being attributable to the Core<sup>+</sup> segment, above all the Greater Berlin region (approximately EUR 760 million). However, a valuation uplift of approximately EUR 70 million was also recorded in the high-performing Core segment, in particular the Hanover/Brunswick region. The company's property holdings are as a result valued at 22.8 times the amount of annualised net cold rent of EUR 747 million or a gross yield of 4.4%.

### **Investment in the sustainable development of the company's holdings**

In the first half of 2017, Deutsche Wohnen invested EUR 124.9 million or approximately EUR 25.27 per sqm (previous year: EUR 86.9 million or approximately EUR 17.70 per sqm) in maintenance and modernisation of its property portfolio. "Our modernisation programme in the total amount of EUR 1 billion is proceeding according to schedule. We are currently at the tendering or construction phase for approximately 40% of the units in question, while 10% have already been completed", reports Michael Zahn, Chief Executive Officer of Deutsche Wohnen SE. "Our aim is to create sustainable and forward-looking living quarters in urban areas." Approximately 30,000 units are earmarked for refurbishment until 2021.

## Outlook

Deutsche Wohnen raises its forecast for the expected like-for-like rental growth in 2017 from 3.5% to over 4% across its entire letting portfolio, while furthermore adhering to its projection of an increase in its FFO I in the financial year 2017 to approximately EUR 425 million in the base case scenario, i.e. without any 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 focusses on residential properties. As at 30 June 2017, the portfolio comprised a total of 162,985 units, of which 160,552 are residential and 2,433 are commercial units. Deutsche Wohnen is listed on the MDAX of Deutsche Börse and is additionally traded on the leading indices EPRA/NAREIT, STOXX® Europe 600 and GPR 250.

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