

## » PRESS RELEASE

**Interim result as at 30 September 2017**

### **Deutsche Wohnen presents strong nine-month results**

- › **Increase in FFO I by 9% to EUR 330 million or EUR 0.94 per share**
- › **Like-for-like rental growth of 4.2%**
- › **Refinancing of convertible bonds reduces risk of dilution**

**Berlin, 14 November 2017.** The first nine months of the financial year 2017 were very successful for Deutsche Wohnen. The company was able to increase its profit by EUR 43.4 million to EUR 706.0 million (9m 2016: EUR 662.6 million), influenced basically by the improved operating result (EBITDA) and the valuation uplift of the portfolio by just under EUR 900 million as at the end of the first half-year 2017.

Accordingly, FFO I (Funds from Operations, operating result after current interest and taxes) increased in comparison to the previous year by 9% to EUR 330.0 million (9m 2016: EUR 303.0 million). FFO I per share (undiluted) rose by more than 4% to EUR 0.94. The forecast for FFO I for the financial year 2017 remains unchanged at EUR 425 million at least. EPRA NAV (undiluted) rose by 6% to EUR 31.55 per share from the beginning of the year (31 December 2016: EUR 29.68 per share). The loan-to-value ratio of the Deutsche Wohnen Group fell slightly to 37.0% (31 December 2016: 37.7%) and so remains within the target corridor of 35% to 40%.

#### **Further improvement in operating result**

As at 30 September 2017, the portfolio of Deutsche Wohnen comprised more than 163,000 residential and commercial units with a fair value of approximately EUR 17.2 billion (not including Nursing and Assisted Living). The average monthly in-place rent across the total portfolio amounted to EUR 6.33 per sqm as at the reporting date. On a like-for-like basis, Deutsche Wohnen achieved rental growth of 4.2% in its letting portfolio in comparison to the equivalent period of the previous year. The vacancy rate here remained at a persistently low level of 1.7% (previous year: 1.5%), with 0.5% being investment-related.

The contracted rental income rose to EUR 553.4 million (previous year: EUR 526.1 million) in the first nine months of this year. Consequently, the operating result (Net Operating Income – NOI) increased to EUR 428.6 million (previous year: 414.6 million).

The Disposals segment continues to be characterised by the ongoing dynamism of the real estate market. In the reporting period, a total of 3,072 units were sold. Despite the valuation increases of the portfolio during the past two years, the gross margins on disposals continue to be at the high level of 23%. As at the reporting date of 30 September 2017, the transfer of risks and rewards occurred in respect of 2,174 units. Accordingly, these are included in the Disposals results of EUR 28.5 million (previous year: EUR 46.4 million).

In addition to its residential and commercial properties, Deutsche Wohnen owns 51 facilities in its Nursing and Assisted Living segment, with a total of approximately 6,700 places and a fair value of around EUR 688 million. Due to acquisitions in the previous financial year, the contribution of this segment to earnings rose significantly to EUR 36.9 million (previous year: EUR 13.7 million). Almost half of the nursing properties are operated by KATHARINENHOF®, in which Deutsche Wohnen has a shareholding of 49%. At 98%, the occupancy rate of the facilities has been above average for years.

Against the background of a largely stable cost ratio in comparison to the end of 2016 and despite higher maintenance expenses, the adjusted EBITDA without disposals rose to EUR 435.3 million (previous year: 405.0 million).

### **Successful refinancing of convertible bonds**

In October 2017, Deutsche Wohnen issued new convertible bonds in a total amount of EUR 800 million and maturing in 2026. They will carry interest at an annual rate of 0.6% with a conversion premium of 40% above the reference price of EUR 36.32 per share. The proceeds of the new convertible bonds were largely used for the redemption of the convertible bonds from 2014.

As Philip Grosse, CFO of Deutsche Wohnen SE, explains, “With this transaction, we made use of the current favourable interest rate conditions and, for the second time this year, we successfully refinanced prematurely a convertible bond that was substantially “in the money”. By doing so, we were able to significantly reduce the dilution risk for our shareholders. In particular, this is shown by our diluted FFO I per share, which – taking into account the effects of this refinancing measure – rose by approximately 15% in comparison to the previous year.”

### **Further expansion of investment activity**

In the first nine months of 2017, Deutsche Wohnen invested EUR 216.2 million or – on an annualised basis – EUR 29.03 per sqm in the maintenance and modernisation of its property portfolio (previous year: 147.9 million or EUR 20.08 per sqm). In so doing, it has almost achieved its investment target of EUR 30 per sqm. In the course of its modernisation programme, Deutsche Wohnen will refurbish about 30,000 units by 2021. Approximately 46% of these units are at the tendering stage or already under construction, whilst 6% of these units have already been completed.

## **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 September 2017, the portfolio comprised a total of 163,414 units, of which 160,925 are residential and 2,489 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.

## **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.