

» PRESS RELEASE

Interim result as at 31 March 2018

Deutsche Wohnen off to a strong start in 2018

- › Increase of consolidated group profit to about EUR 103 million
- › FFO I up by 9% to approximately EUR 123 million
- › Acquisitions of 850 units in fast-growing conurbations

Berlin, 15 May 2018. Deutsche Wohnen has made a successful start to 2018, more than doubling its net income in the first quarter to EUR 103.4 million (Q1 2017:

EUR 47.3 million). This is partly due to higher earnings from Residential Property Management and partly due to the improved financial result.

FFO I (Funds from Operations, operating earnings after current interest and taxes), the main financial indicator, rose by 9% to EUR 123.1 million year-on-year (previous year: EUR 113.1 million). FFO I per share was up by 6% to EUR 0.35. EPRA NAV as at the reporting date came to EUR 36.05 per share (31 December 2017: EUR 35.74 per share). The loan-to-value ratio of 34.6% was slightly below the target range of 35% – 40% (31 December 2017: 34.5%).

Successful performance of operating indicators

As at 31 March 2018 the Deutsche Wohnen portfolio comprised around 163,000 residential and commercial units with a fair value of around EUR 18.9 billion (without Nursing and Assisted Living). The average monthly in-place rent for the entire portfolio was EUR 6.46 per sqm as at the reporting date. On a like-for-like basis, Deutsche Wohnen generated rental growth of 4.4% compared with the same period last year. The vacancy rate remained low at 1.9% (previous year: 1.7%), of which about 0.5% was due to our investment programme.

Contracted rental income rose in the first quarter of 2018 to EUR 192.9 million (previous year: EUR 180.4 million) and resulted in an increase in net operating income (NOI) to EUR 152.3 million (previous year: EUR 143.6 million). The NOI margin of almost 80% in Residential Property Management was on par with the previous year.

A total of 511 units were sold until 31 March 2018. Risks and rewards were transferred for 349 units in the first three months of 2018 and so are included in the Disposals result of EUR 4.8 million (previous year: EUR 8.6 million). Gross margins remained high at 27%. Attractive margins of over 40% were achieved in the privatisation business, despite the valuation uplifts in prior years.

The earnings contribution from the Nursing and Assisted Living segment came to EUR 11.6 million in the first quarter of 2018 (previous year: EUR 12.5 million). The occupancy rate of 98% at the nursing facilities operated by KATHARINENHOF®, in which Deutsche Wohnen has a 49% stake, has been exceptionally high for years.

Adjusted EBITDA without disposals improved to EUR 157.2 million (previous year: EUR 146.7 million), whereby the cost ratio was unchanged compared with year-end at between 10% and 11%. The adjusted EBITDA margin without disposals was 81.5% (previous year: 81.3%).

Further acquisitions in fast-growing conurbations

Deutsche Wohnen acquired around 850 residential and commercial units in the first quarter of 2018 for a purchase price of approximately EUR 132 million, almost all of them in Core+ markets. Of this total, around 500 units are located in Dresden and Leipzig, and around 300 in Berlin.

Portfolio investments further increased

In the course of its modernisation programme Deutsche Wohnen further increased its expenditure on maintenance and modernisation significantly by 27% to EUR 60.5 million, or EUR 24.15 per sqm (previous year: EUR 47.6 million or EUR 19.46 per sqm). Over the course of the year the company is expecting to invest around EUR 450 million in this area, or EUR 45 per sqm.

“In addition, various new construction projects are due to start this year, including in Berlin and Leipzig. In Elstal we will be expanding our historic railway workers’ estate, using an innovative modular wooden construction method for the first time, which has a very good environmental footprint and provides excellent air quality because it is so breathable”, explains Lars Wittan, Deputy Chairman of Deutsche Wohnen’s Management Board.

Outlook

For the financial year 2018 Deutsche Wohnen confirms its forecast for FFO I of around EUR 470 million in the base case, i.e. without further acquisitions and opportunistic disposals.

Deutsche Wohnen

Deutsche Wohnen is one of the leading publicly listed property companies in Germany and Europe. Its operating focus is on managing and developing its portfolio, concentrating on residential properties. As at 31 March 2018 its portfolio comprised a total of 163,188 units, of which 160,723 are residential and 2,465 commercial. Deutsche Wohnen is listed on Deutsche Börse’s MDAX index and also traded on the leading indices EPRA/NAREIT, STOXX® Europe 600 and GPR 250.

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