

Press release

Interim result as of 30 September 2018

Deutsche Wohnen expects further valuation increase

- > **FFO I up by 11% to some EUR 367 million or EUR 1.03 per share**
- > **Acquisition of 5,600 units in financial year 2018**
- > **Further valuation increase of the portfolio by up to EUR 1.5 billion expected in H2**

Berlin, 14 November 2018. Deutsche Wohnen successfully concluded the first nine months of the financial year 2018 with a consolidated group profit of EUR 756.7 million (9M 2017: EUR 706.0 million). In particular higher earnings from Residential Property Management and the improved financial result contributed to the increase in earnings.

Compared to the previous year, FFO I (Funds from Operations, operating result after current interest and taxes) rose by around 11% to EUR 367.1 million (9M 2017: EUR 330.0 million). FFO I per share (undiluted) was up by 10% to EUR 1.03. EPRA NAV increased by 6% to EUR 37.76 per share from the beginning of the year (31 December 2017: EUR 35.74 per share). Due to acquisitions, the LTV (loan-to-value ratio) increased to 36.5% (31 December 2017: 34.5%) yet is within the target corridor of 35% to 40%. The average remaining term of financial liabilities is almost eight years with interest expenses of 1.3%.

Positive performance reflected in operating indicators

As of 30 September 2018, the Deutsche Wohnen portfolio comprised around 166,000 residential and commercial units with a fair value of around EUR 20.1 billion (without Nursing and Assisted Living). The average monthly in-place rent for the total portfolio was EUR 6.55 per sqm as of the reporting date. On a like-for-like basis, the Deutsche Wohnen letting portfolio generated rental growth of 3.5% compared to the previous year. The vacancy rate remained low at 1.9% (previous year: 1.9%), of which c. 0.5% was due to our investment programme.

Contracted rental income rose to EUR 585.0 million in the first nine months of 2018 (9M 2017: EUR 553.4 million), which meant that the net operating income (NOI) rose to EUR 464.5 million (9M 2017: EUR 428.6 million). The NOI margin in Residential Property Management improved to 79.4% (9M 2017: 77.4%).

As of 30 September 2018, 586 units with transfer of risks and rewards were sold and thus included in the earnings from Disposals in the amount of EUR 13.5 million (9M 2017: EUR 28.5 million). Gross margins remained very high at 32% despite the valuation uplifts of the portfolio in recent years.

The earnings contribution from the Nursing and Assisted Living segment came to EUR 37.6 million in the first nine months of 2018 (9M 2017: EUR 36.9 million). The occupancy rate of the nursing facilities at KATHARINENHOF®, in which Deutsche Wohnen holds 49%, has been at an above-average level for years at 98%.

Adjusted EBITDA without disposals improved to EUR 474.6 million (9M 2017: EUR 435.3 million).

Further portfolio concentration through targeted acquisitions and disposals

To date, Deutsche Wohnen has signed acquisitions of some 5,600 residential and commercial units in the financial year for a total purchase price of approx. EUR 980 million, almost all of them in Core+ markets. Approximately 2,600 of these units are in Berlin, while some 2,700 are located in Dresden and Leipzig. At the same time, around 1,500 units were sold with attractive gross margins to further streamline the portfolio.

Michael Zahn, Chief Executive Officer of Deutsche Wohnen: 'We're achieving growth in exactly those regions which are economically attractive and dynamic. We believe in cities like Berlin, Dresden and Leipzig and will continue to invest there in future.'

Furthermore, in the Nursing and Assisted Living segment, the transfer of risks and rewards for the acquisition of 30 nursing facilities with around 4,700 places was completed as of 1 October 2018.

Outlook

In light of this positive business development, Deutsche Wohnen is making a slight upwards adjustment in its FFO I forecast to between EUR 473 million and EUR 478 million. The company also expects a further portfolio valuation increase of up to EUR 1.5 billion in the second half of 2018.

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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 of 30 September 2018, its portfolio comprised about 165,700 units, of which 163,100 are residential and 2,600 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.

Important note

This publication is neither an offer to sell nor a solicitation to buy securities.

To the extent that this document contains forward-looking statements, these are not facts and are recognisable by such words as 'will', 'expect', 'believe', 'estimate', 'intend', 'endeavour', 'assume' and similar expressions. These statements express the intentions, opinions or current expectations and assumptions of Deutsche Wohnen and the individuals acting in concert with it. The forward-looking statements are based on current plans, estimates and forecasts that Deutsche Wohnen and the individuals acting in concert with it have made to the best of their knowledge, but do not make any claims as to their future accuracy. Forward-looking statements are subject to risks and uncertainties that are generally difficult to predict and are usually not within the control of Deutsche Wohnen or the individuals acting in concert with it. It should be remembered that the actual results or consequences may differ considerably from those mentioned or contained in the forward-looking statements.

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