

Press Release

Interim result as at 31 March 2019

Deutsche Wohnen makes a good start to the new financial year

- › Continuing investment of approximately EUR 73 million in housing and climate protection
- › Intensive dialogue with tenants, politicians and the general public
- › Michael Zahn: “We stand by our responsibilities.”

Berlin, 14 May 2019. Deutsche Wohnen can look back on a positive first quarter. The company continued its policy of investing in its holdings. Of key importance in this process are sustainability and an intensive dialogue with all stakeholders. As result of acquisitions, consolidated profit rose by 7.4% to EUR 111 million in comparison to the corresponding period of the previous year.

High level of investment

In the first quarter of 2019, Deutsche Wohnen invested approximately EUR 73 million in its holdings, 20% more than in the corresponding period of the previous year. The topic of energy efficiency is a key aspect of the company’s refurbishment work. Since around a third of the country’s CO₂ emissions are caused by buildings, Deutsche Wohnen feels that the property industry has a responsibility to make a contribution to achieving climate protection goals. For this reason, Deutsche Wohnen makes targeted but sustainable investments in the energy efficiency of its holdings. The company bears most of the costs itself and is also concerned to proceed with these refurbishment measures in a socially responsible way. Accordingly, the rent is capped in circumstances where the overall rent following the calculation of the modernisation surcharge would exceed 30% of the net disposable household income.

In the first quarter, Deutsche Wohnen was awarded a gold certificate by the German Association for Sustainable Building [Deutsche Gesellschaft für Nachhaltiges Bauen – DGNB] for its refurbishment of the residential and commercial building ‘Argentinische Allee’ in Berlin-Zehlendorf. The company succeeded in reducing the energy consumption of the building by 80%.

Deutsche Wohnen also promotes greater energy efficiency and convenience in its housing by deploying digital technology. Through its strategic partnership with the prop tech company Comgy, the metering and calculation of heating costs is being digitised. Moreover, the company provides greater convenience to its tenants and makes the process of managing its properties easier with the keyless entry system KIWI. Following its comprehensive refurbishment in February 2019, a residential property in Frankfurt/Main belonging to Deutsche Wohnen was fitted with this system throughout for the first time.

The company is also moving ahead this year with new builds. For example, work on constructing the building shell of two apartment buildings in Lindenauer Hafen in Leipzig is currently underway; the roofing ceremony is planned in the autumn. In Dresden, not far from the city's historic town centre, an old GDR office building as well as an underground bunker and an old canteen from the 1980s will be demolished by the end of the year so that work can start in 2020 on building almost 500 residential units. In Elstal near Berlin, the first tenants are moving into sustainably constructed wooden houses there, and the preparatory measures for creating the road and pathway network for the planned housing estate Marienhain in the south of Berlin are already underway. The start of construction for the 1,200 residential units there is planned for spring 2020.

Deutsche Wohnen attaches great importance to dialogue

The housing market in Germany is and continues to be tense. According to estimates by the GdW (a major landlord association), up to EUR 800 billion in investment will be necessary nationwide by 2030 in order to deal with the various challenges for housing in the upcoming years. These challenges include the continuing trend of urbanisation, demographic developments, climate change, digitization, housing estate development and urban redevelopment.

As Michael Zahn, CEO of Deutsche Wohnen, explains, "We stand by our responsibilities. We are investing in new builds and redensification measures on a large scale and are prepared to further intensify these activities. We are creating sustainable and liveable neighbourhoods for young people and the elderly alike. But we can only do these things if we all work together. So, we need responsible politicians who think ahead, public owners and cooperatives, but also private housing companies that can attract investment capital. We must speak to one another and work together to find solutions."

Deutsche Wohnen continued to engage in an intensive exchange of ideas with its stakeholders in the first quarter of 2019. Cooperation agreements for individual residential estates in Tempelhof and Neukölln were concluded with the respective boroughs; and a cooperation agreement that applies to the entire borough of Lichtenberg was concluded as well. In this context, Deutsche Wohnen organised a variety of information events for its tenants. Our dialogue with the general public continues. The company is taking a clear position on issues like the rent index.

Michael Zahn: “Deutsche Wohnen is clear in its support for the rent index because it is fundamentally a suitable tool for determining the local comparable rent. However, for the rent index to work well, it needs to be compiled in accordance with recognised scientific principles. In our view, it is essential for the rent index to be developed further and for standards to be introduced that apply uniformly throughout Germany.”

High degree of social responsibility

Deutsche Wohnen is very much part of the community. The company continued to take this responsibility seriously in the first quarter of this year and, alongside its core business, was actively involved in projects where it has particular know-how. Accordingly, Deutsche Wohnen received an award in the first quarter of 2019 for its involvement with Housing First, a project that provides affordable housing to homeless women.

Overview of business development

	Q1 2019 (EUR m)	Q1 2018 (EUR m)
Earnings from Residential Property Management	183.7	163.7
Earnings from Disposals	19.9	4.8
Earnings from Nursing and Assisted Living	21.3	11.6
Corporate expenses	-23.2	-20.0
Other operating expenses/income	-0.2	0.5
Operating result (EBITDA)	201.5	160.6
Depreciation and amortization	-12.4	-1.9
Gains/losses from companies valued at equity	1.7	0.7
Financial result	-56.5	-31.2
Earnings before taxes (EBT)	134.3	128.2
Income taxes	-23.3	-24.8
Profit/loss for the period	111.0	103.4

Deutsche Wohnen

Deutsche Wohnen is one of the leading publicly listed 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 2019, the portfolio comprised 167,100 units in total, of which 164,400 were residential and 2,700 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 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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