

# Press Release

Interim result as at 30 June 2019

## Deutsche Wohnen achieves strong operating growth

- > Increase of approximately EUR 450 million in value of portfolio
- > Portfolio investments in holdings increase markedly by 21% to EUR 174.3 million – focus on energy-efficient refurbishment
- > “Our promise to our tenants” Deutsche Wohnen adjusts its rent policy to income situation and circumstances of its tenants as of 1 July 2019

**Berlin, 13 August 2019.** Deutsche Wohnen has completed the first half-year of 2019 successfully. Consolidated profit for the first six months was EUR 603.1 million (H1 2018: EUR 652.7 million) – around 8% below the value for the equivalent period of the previous year. The main reason for this was the lower increase in the value of the portfolio (approximately EUR 450 million) compared with the previous year (H1 2018: EUR 678 million). As at 30 June 2019, like-for-like rental growth was 3.3%, whereby the in-place rents for existing tenants rose only moderately by 1.4%. FFO I per share (Funds from Operations: operating result after interest and taxes) increased in comparison to the equivalent period of the previous year by almost 13% to EUR 0.79 (H1 2018: EUR 0.70). At 36.9%, the Loan-to-Value ratio (LTV) was within the target range.

Deutsche Wohnen confirms its FFO I forecast of EUR 535 million for the financial year 2019. In comparison to the equivalent period of the previous year, Deutsche Wohnen significantly increased investments in its holdings by 21% to EUR 174.3 million – focusing in particular on energy-saving measures. Furthermore, only 30% of refurbishment investments involved modernisation expenditure that can be passed on to the tenants. This means that the company is actively making a sustainable contribution to climate protection whilst maintaining the value of its holdings at the same time. Against the background of the current discussion about the introduction of an carbon emission tax, Deutsche Wohnen feels vindicated in this approach.

As Michael Zahn, CEO of Deutsche Wohnen, explains, “In the first half-year we set a fast pace and made a positive contribution in many respects. With our extensive investment programme, we are making an active contribution to climate protection. Moreover, our voluntary rent policy commitment is making a constructive contribution to easing the difficult situation on the housing market and shows that we are continuing our intensive dialogue with all stakeholders.”

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## **Our promise to our tenants**

In June 2019, Deutsche Wohnen made a specific, tenant-oriented contribution to the discussion about affordable housing and fair rents. Under the heading “Our promise to our tenants” the company made an extensive, voluntary commitment as of 1 July 2019, whereby it undertakes to give even greater consideration to the income situation and circumstances of its tenants. When faced with a rent increase, tenants of Deutsche Wohnen can now claim personal hardship. So, if the new rent exceeds a limit that has been defined in relation to the tenant’s income, it is capped. In July 2019, Deutsche Wohnen wrote to over 150,000 tenants personally and informed them about its new rent policy as of 1 July 2019.

In connection with the publication of its extensive voluntary commitment, “Our promise to our tenants”, Deutsche Wohnen has also made a binding agreement to significantly expand its financial involvement in social and charitable projects. This means that the company will now do even more to support people suffering severe social hardship, to fund sports projects and projects for children and young people and to provide housing for social projects.

## **Cooperation with Berlin’s boroughs**

In addition to direct financial involvement, responsible neighbourhood development is also an important part of Deutsche Wohnen’s strategy. In the reporting period, Deutsche Wohnen and the borough authority of Berlin Steglitz-Zehlendorf agreed amongst other things on how future modernisation projects can be designed in a way to ensure that they are socially responsible. To date, Deutsche Wohnen has concluded such cooperation agreements about managing the challenges on today’s housing market with half of Berlin’s boroughs.

## **Further investment in digital technology**

Deutsche Wohnen makes targeted investments in digital technology in order to ensure that its holdings offer a high standard of livability to future generations as well. The company focuses on solutions that increase the level of convenience for tenants or that contribute to the more sustainable management of buildings and apartments. In the reporting period, Deutsche Wohnen acquired a stake as lead investor in the green tech start-up company WIRMAG. This young company offers a unique technological solution that enables it to generate heat without any fossil fuels in a way that is environmentally friendly and sustainable.

## Overview of business development

	H1 2019 (EUR m)	H1 2018 (EUR m)
Earnings from Residential Property Management	365.1	331.3
Earnings from Disposals	23.6	9.0
Earnings from Nursing and Assisted Living	43.9	23.8
Corporate expenses	-47.4	-41.1
Other operating expenses/income	-3.3	-0.5
<b>Operating result (EBITDA)</b>	<b>381.9</b>	<b>322.5</b>
Depreciation and amortization	-19.7	-4.0
Fair-value adjustment of investment properties	451.3	677.5
Gains/losses from companies valued at equity	1.9	1.1
Financial result	-23.8	-116.7
<b>Earnings before taxes (EBT)</b>	<b>791.6</b>	<b>880.4</b>
Current taxes	-20.3	-19.7
Deferred taxes	-168.2	-208.0
<b>Profit/loss for the period</b>	<b>603.1</b>	<b>652.7</b>

## 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 30 June 2019, the portfolio comprised around 168,200 units, of which 165,500 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.