

Press Release

Interim result as at 31 March 2020

Deutsche Wohnen posts a good interim result and confirms outlook for 2020

- › Increase in first quarter earnings of 13% to approximately EUR 125 million
- › Support for tenants and business partners: Coronavirus relief fund of EUR 30 million
- › Successful issue of bonds in the amount of EUR 1.2 billion covers all material upcoming maturities until 2023
- › Investment in portfolio maintained despite COVID-19 pandemic

Berlin, 13 May 2020. Deutsche Wohnen continued to develop positively in the first quarter of 2020. Profit for the period after taxes was EUR 125.4 million - approximately 13% above the figure for the corresponding period of the previous year. The development of important key figures for the company was also stable. At EUR 0.40 per share, FFO I was more or less at the level of the corresponding period of the previous year. Compared to the end of last year, the adjusted NAV (formerly EPRA NAV) rose by 1.7% to EUR 47.84 per share. And at 36.1%, the Loan-to-Value ratio at the end of March 2020 was within its target corridor.

These results mean that the company can confirm its positive business outlook for the whole of 2020. As Michael Zahn, CEO of Deutsche Wohnen, explains, "In spite of the considerable challenges posed by COVID-19, our business model has proved itself once again to be robust. It helped in this situation that we acted in a timely and rigorous fashion to maintain our business operations whilst protecting the health and safety of our tenants, service providers and staff. The company is and remains in a sound condition. Consequently, we can also confirm the guidance we have already given for the current financial year."

As a strong company, Deutsche Wohnen also remains committed to its social responsibilities. To this end, it announced a Coronavirus relief fund in the amount of EUR 30 million in the first quarter as a way of helping tenants, business partners and service providers who find themselves in financial difficulty because of the Coronavirus pandemic. To finance this relief fund, Management Board and Supervisory Board decided to propose to the Annual General Meeting a dividend that is reduced to 90 cents per share. Michael Zahn: "We see ourselves not just as a successful commercial enterprise but also as a company that brings added value to urban society."

In addition to creating this fund, Deutsche Wohnen will not be making any rent increases during the Coronavirus crisis, nor will it be serving notice to tenants who have got into payment difficulties. Instead, it is making individual offers of help that are adapted to the specific needs and circumstances of its tenants and partners. The options range from help in moving flat to the deferment and even the waiver of rental payments. Up to now, a total of around 1,100 tenants have registered with Deutsche Wohnen as a result of existing or anticipated payment difficulties.

Capital markets have confidence in the business model of Deutsche Wohnen

At the end of April, Deutsche Wohnen was able to successfully issue two corporate bonds on the capital markets – one with a five-year term and one with a ten-year term - in a total amount of EUR 1.2 billion and with an average interest rate of 1.25%. As Philip Grosse, CFO of Deutsche Wohnen, points out, “In a challenging market environment, we succeeded in issuing these bonds with very attractive terms. We see the high demand with a twelve-fold over-subscription as proof of considerable trust in the stability of our business model.”

The net proceeds from the sale of the bonds will be used to refinance existing loans, to finance M&A transactions and for general corporate purposes. Consistent with the conservative financing strategy of Deutsche Wohnen, the issue of these bonds means that all material upcoming maturities until 2023 are covered.

Berlin’s rental housing market needs legal certainty

On 6 May 2020, MPs in the German Federal Parliament from the CDU/CSU and the FDP brought legal action before the Federal Constitutional Court against the “Rent Restrictions for Housing in Berlin Act” as part of an abstract judicial review procedure (Normenkontrollverfahren). Deutsche Wohnen also takes the view that this so-called rent freeze is not compatible with the German constitution. It is hoped that the Federal Constitutional Court ruling which this legal action aims to achieve will soon re-establish legal certainty for just under 1.5 million rental agreements in Berlin.

Investment in our holdings continues despite Coronavirus pandemic

Despite the Coronavirus pandemic, developing housing sustainably and further improving the quality of our portfolio remain top priorities at Deutsche Wohnen. Linked to both these priorities is our continued commitment to investing in climate protection. On this point, Michael Zahn says, “Even in these difficult times, we should not lose sight of the significant challenge of climate change. So, we will further increase our investments in sustainability in this area in order to remain in a strong position as a company.”

Accordingly, the company invested approximately EUR 71 million in maintenance and refurbishment work on its holdings in the first quarter. In order to meet customer demands of today and in future, the focus of this investment is on improving both housing quality and energy efficiency.

The same is true of the company's new constructions. Deutsche Wohnen has already agreed with ISARIA Wohnbau AG on the purchase of a project development platform and of significant real estate projects. This acquisition means that, under the umbrella of Deutsche Wohnen, one of the largest German platforms for sustainable project development regarding integrated neighbourhoods with residential, commercial and nursing properties in metropolitan regions will be created. The transaction, which was announced in March, is subject to the usual conditions for its completion and will be concluded in the course of this year.

Performance overview

	Q1 2020 (EUR m)	Q1 2019 (EUR m)
Earnings from Residential Property Management	186.4	183.7
Earnings from Disposals	-4.1	19.9
Earnings from Nursing and Assisted Living	20.6	21.3
Corporate expenses	-28.2	-23.2
Other expenses/revenues	-18.8	-0.2
Operating result (EBITDA)	155.9	201.5
Depreciation and amortization	-9.4	-12.4
Changes in fair value of investment properties	0.9	0.0
Earnings from companies valued at equity	0.5	1.7
Financial result	-23.0	-56.5
Earnings before taxes (EBT)	124.9	134.3
Current taxes	-11.7	-10.1
Deferred taxes	12.2	-13.2
Profit/loss for the period	125.4	111.0

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 31 March 2020, its portfolio comprised around 164,300 units, of which 161,500 are residential and 2,800 commercial. Deutsche Wohnen is part of Deutsche Börse's MDAX index and also features in the important indices EPRA/NAREIT, STOXX Europe 600, GPR 250 and DAX 50 ESG.

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

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