

Press Release

Interim result as at 30 September 2020

Solid results and a positive outlook for Deutsche Wohnen

- › Deutsche Wohnen reaffirms its promise that no tenant will lose their flat as a result of the coronavirus pandemic
- › Increase in value of portfolio by the end of the year
- › Further specific steps in the area of climate protection and sustainability
- › Over 30,000 households contacted for the 2020 tenants' survey

Berlin, 13 November 2020. The coronavirus pandemic continues to impact all of our lives. In the course of this crisis, Deutsche Wohnen has adapted its operating procedures to make them more flexible and stands ready to support tenants – not least with its coronavirus support fund, which is unique in the housing sector. In the current partial lockdown, the hygiene protocols in the company and for contact with customers have once again been adapted to meet the relevant requirements. It remains the case that only a few tenants – in fact just over one per cent – have contacted Deutsche Wohnen to enquire about support because of financial hardship caused by this crisis. As Michael Zahn, CEO of Deutsche Wohnen, explains, “Fortunately, the number of tenants who have found themselves in financial difficulty has been small up to now. Nevertheless, we stand by our promise to all those who are or may be affected: No one needs to be worried about losing their flat as a result of the pandemic.”

From an economic perspective, the crisis has had only a minor impact on Deutsche Wohnen up to now. Michael Zahn goes on to add, “The quality of our decidedly robust business model is particularly in evidence in the current climate of uncertainty. Accordingly, the Deutsche Wohnen share developed positively in the third quarter as well and has proved itself to be a secure and stable investment. This stability means that we are in a position to support particularly our commercial tenants throughout Germany in these difficult times and to make a contribution to maintaining vibrant neighborhoods and cities in the future as well.”

Expectations for the first nine months confirmed

The first nine months of the financial year were in line with expectations, and we were able to complete them with a solid result. At EUR 1.21 per share, FFO I per share rose slightly in comparison with the previous year (9m 2019: EUR 1.20). Moreover, EPRA NAV per share increased by approximately 1.9% to EUR 47.89. Taking into consideration all the disposals

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that have already been made this year, the loan-to-value ratio (LTV) of 39.3% is within the target range.

Confirmation of forecast and increase in value of portfolio by end of the year

Even in the coronavirus pandemic, Germany's largest cities remain attractive, with the residential property market continuing to develop dynamically. Over 80% of the properties held by Deutsche Wohnen are located in the largest of these high-growth cities. Against this background and due to the stable development of its business, Deutsche Wohnen anticipates valuation gains in the amount of approximately 6% of the current portfolio value, which will have a positive impact on the net asset value (EPRA NAV) of the company.

Deutsche Wohnen also reaffirms its forecast for FFO I to be at the same level as the previous year – namely approximately EUR 540 million.

Implementation of measures for climate protection and sustainability

In the third quarter as well, Deutsche Wohnen took specific steps towards achieving greater climate protection and sustainability in the property industry. At an event that was organised by the company, delegates, who included the President of the German Environment Agency and members of the German federal parliament, held discussions about Deutsche Wohnen's "Plan for socially acceptable climate protection in the housing sector" and about climate protection in this sector in general.

A study carried out by the German Economic Institute on behalf of Deutsche Wohnen calculated that almost EUR 500 billion will have to be invested in housing if the sector is to achieve its climate protection goals. This means that the rate of refurbishment would have to be increased from its current level of 1% a year to 2.5% a year. Deutsche Wohnen's proposal would save tenants in Germany whose homes are refurbished the sum of EUR 4 billion annually. This, in turn, would increase their acceptance of such measures. In the end, this could halve CO₂ emissions by 2030 and reduce them to as little as a quarter of today's level by 2050.

In addition to its efforts to bring about a climate transition in the housing sector, the company is also investing in sustainable living in local neighbourhoods. In a drive for green energy, Deutsche Wohnen has announced the installation of 1,000 photovoltaic systems, with the first of these being installed this year. In addition, 2,000 charging points for electric vehicles will be installed, which will support the transition to ecologically sustainable mobility. In total, the company is investing approximately EUR 75 million in these measures.

Tenants' survey 2020

Deutsche Wohnen also started its annual tenants' survey in the third quarter. Approximately 31,000 households were sent a questionnaire covering topics like housing satisfaction, customer service and rental costs. The survey has not quite been completed yet, but the indications are that the response rate will be about the same as the positive rate achieved in the previous year (2019: 36%). Moreover, in areas of key importance like housing satisfaction (2019: 87%) and satisfaction with Deutsche Wohnen (2019: 78%), the indications are that approval rates will be similarly high.

Deutsche Wohnen always acts on the results of these tenants' surveys and introduces specific measures to improve customer satisfaction. For example, as a result of a previous survey, Deutsche Wohnen responded to the tenants' demands for faster processing times by centralising its customer service last year in order to be able to deal more promptly with reports of defects.

Overview of business development

	9m 2020 (EUR m)	9m 2019 (EUR m)
Earnings from Residential Property Management	553.9	549.6
Earnings from Disposals	-1.6	24.8
Earnings from Nursing and Assisted Living	62.0	65.4
Corporate expenses	-78.4	-72.5
Other expenses/revenues	-27.9	-6.7
Operating result (EBITDA)	508.0	560.6
Depreciation	-29.2	-29.9
Adjustment to the fair value of investment properties	171.7	447.0
Earnings from companies valued at equity	2.1	1.7
Financial result	-226.7	-126.3
Earnings before taxes (EBT)	425.9	853.1
Current taxes	-37.5	-29.7
Deferred taxes	-80.5	-188.7
Profit/loss for the period	307.9	634.7

Deutsche Wohnen

Deutsche Wohnen is one of the leading publicly listed residential property companies in Europe. The business focus of the company is on managing its own portfolio of residential properties in dynamic metropolitan regions and conurbations in Germany. Deutsche Wohnen sees itself as having both a social responsibility and a duty to maintain and newly develop good-quality and affordable housing in vibrant residential neighborhoods. As at 30 September 2020, the portfolio comprised a total of 165,700 units, of which 162,700 are residential and 3,000 commercial. The company is listed in the Deutsche Börse's DAX and is also included in the leading 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.

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.