



Deutsche
Wohnen

Q+



More than growth.
Sustainable activities 2012

-10%

- less -

This Sustainability Magazine is 10% smaller than our Annual Reports.

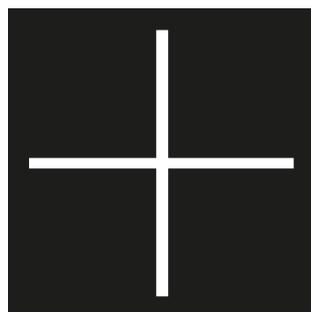


Our motivation

More than growth. This is how we define sustainability. We want to grow, but not at any cost. Any growth should go hand in hand with a sense of responsibility for our residential properties and employees, for society and for the environment. On this basis we can develop in a steady and stable manner and create added value for our stakeholders and shareholders. This is our approach.^{g+}

g⁺

Growth with responsibility. As a company guided by the principles of sustainability, we act responsibly. And this sense of responsibility is the essential foundation for achieving growth based on a set of values. For this reason, our understanding of sustainability - combining economic success with social and ecological responsibility - should be a general principle that guides and inspires us as we move forward.



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The roots of Deutsche Wohnen AG go back as far as the 1920s. GEHAG (Gemeinnützige Heimstätten-, Spar- und Bau-Aktiengesellschaft) was founded in 1924 and belongs to one of the longest traditions of Germany's residential property companies. Deutsche Wohnen AG was founded in Frankfurt in 1998 as a subsidiary of Deutsche Bank AG and managed the bank's residential properties as a single organisation. 2007 saw the merger with GEHAG. Deutsche Wohnen has been listed on the German stock exchange since 1999, and moved to the MDAX in 2010 as one of the largest listed real estate companies in Germany ■

g⁺ Interview with the Management Board

Our commitment

Why has Deutsche Wohnen dedicated itself to the issue of sustainability?

Michael Zahn: Climate protection and demographic change are key challenges that are also faced by the Deutsche Wohnen Group. It is the task of responsible management to deal with these challenges, to avoid risks and to make the most of any opportunities.

Lars Wittan: Our aim is to ensure long-term profitability – not just growth for growth's sake but growth with a sense of proportion. This is what our investors expect of us as well.

What are the key challenges that Deutsche Wohnen sees itself confronted?

Michael Zahn: Employee retention is our most important issue at present and is based on a corporate culture that promotes responsibility and rewards good performance. However, we have yet to sway all of our employees to fully embrace the world of a listed company, given that this world is also defined by competition.

Lars Wittan: Deutsche Wohnen is currently at a crossroads between the preservation of traditional values and its declared commitment to being a dynamic listed company. Nevertheless, our listing on the stock market does not stand in conflict with our sustainable business model.



Michael Zahn and Lars Wittan in discussion

“Of course, Deutsche Wohnen must preserve its historical corporate culture, yet at the same time, we need to look towards the future and to develop further.”

Michael Zahn, Chief Executive Officer



+60%

IN 2012 THE TOTAL PORTFOLIO OF DEUTSCHE WOHNEN GREW BY MORE THAN 60% TO AROUND 83,500 UNITS. WE INCREASED THE NUMBER OF OUR FACILITIES FOR NURSING AND ASSISTED LIVING BY FOUR TO 20.

+ **Michael Zahn:** Quite the opposite. It enables us to really develop this model. Of course, Deutsche Wohnen should not lose its established corporate culture, but it must help this culture to develop further as well. In this respect, the listing on the stock market in fact helps to drive forward internal improvements. For example, just like virtually all other DAX companies and many MDAX companies, we have produced a Sustainability Report, conducted extensive discussions internally and created transparency externally.

What was your approach to dealing with the topic of sustainability?

Michael Zahn: We initially surveyed our stakeholders, including our employees, to find out their opinions on the Sustainability Performance of Deutsche Wohnen. The high number of responses and the results demonstrated that we are indeed on the right track. In many areas we are already meeting the high standards imposed on us externally. At the same time, we were given some important food for thought too.

Lars Wittan: Our aim in the medium-term is to integrate the topic of sustainability into the Annual Report. But we intend to take our time over this process and ensure it is set up in a sound manner. You see, there are certain areas where we need to further expand our systematic data collection.

What issues are you focusing on at the present moment?

Michael Zahn: Thanks to our acquisitions we are growing strongly and need to integrate new employees continuously. This is a challenge from a planning as well as a cultural point of view. So I am pleased that we are having such intensive discussions about the topic of sustainability. This ensures that our values become clear and binding.

Lars Wittan: I would like to point out to our employees that our listing on the stock market is having a positive effect. Things have never been better at Deutsche Wohnen. What this means is that we have resources available for investments, that we can think in a way that is forward-looking, and that, by doing so, we will also remain attractive to young talent.

What are the next steps planned for Deutsche Wohnen as regards to sustainability and reporting?

Lars Wittan: Our intention is to gradually expand the database that we currently have in accordance with the requirements of the Global Reporting Initiative to include other key figures.

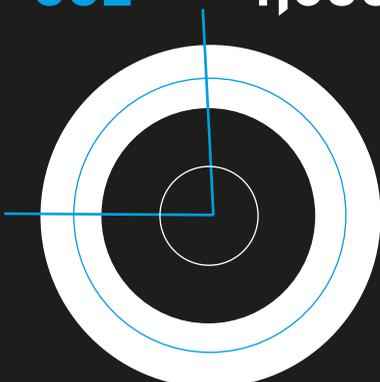
Michael Zahn: All employees at Deutsche Wohnen and KATHARINENHOF® are invited to take part in this process in order to make our company strong and sustainable. For this reason, we intend to further develop both our internal and external communication on this subject.

– more –

In the reporting year 2012 we integrated 218 new employees.

In total we have 1,417 employees:

382 1,035



 Deutsche Wohnen
 KATHARINENHOF®

Michael Zahn
Chief Executive Officer

Lars Wittan
Chief Financial Officer



The level of satisfaction of our employees is high. Out of a possible seven points the average score is

6.14

The **best**

scores obtained by Deutsche Wohnen from the various stakeholders related to “Sustainable management” and “responsible handling of its real estate holdings”.



g⁺ Strategy

Lifestyle and living for young and old. And this in the most interesting locations in Germany. For, our apartments are located in stable and dynamic regions, are of high quality and remain affordable with adequate rents.

First pillar – Residential property

With its pioneering apartment houses and residential estate projects, GEHAG wrote an important chapter in the social and architectural history of the 20th century. A large number of Deutsche Wohnen's residential units in Greater Berlin, a total of more than 48,000 (as at July 2013), have been afforded listed building status. Deutsche Wohnen also has other traditional holdings in Lutherstadt Wittenberg, Magdeburg, Hanau and Dusseldorf. Thanks to a number of value-enhancing acquisitions we have been able to optimise our residential portfolio over the past three years. Currently it comprises around 82,500 residential units and 1,000 commercial units in Greater Berlin, the Rhine-Main area and the Rhineland as well as in Central Germany.

Second pillar – Nursing and care facilities

With over 1,900 residential and care facilities for elderly people, of which over 1,100 are for full in-patient care, KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH, a subsidiary of Deutsche Wohnen AG, is one of the leading providers of high-quality residential and nursing facilities for elderly people in Berlin-Brandenburg, Saxony, Lower Saxony and Rhineland-Palatinate. It was founded in 1990 and currently operates 20 facilities (as at January 2013), as well as an out-patient nursing care service in Brandenburg (Falkensee).

Growth motivates us

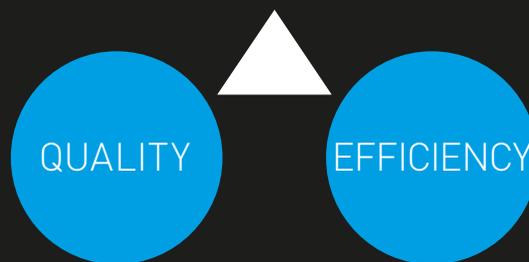
The Deutsche Wohnen Group is seen as economically stable, profitable and fast-growing. This opens up a number of prospects for the future. But growth is also challenging - indeed for each individual employee. So the question "What is growth for and why?" is becoming ever more important. Growth for growth's sake cannot be justified in the long term. Thus, Deutsche Wohnen is not aiming for further growth as an end in itself. We see ourselves as a part of society and are convinced that our services bring significant economic and social benefits. Furthermore, we also see ourselves as a company with a successful business model that, in the interests of its employees, shareholders and customers, cannot afford to stand still but needs to evolve dynamically in order to be as successful and as highly valued tomorrow as it is today. The basis of our success is our focus on fast-growing and stable regions, efficiency in management and therefore cost leadership within the sector.

– more –

PRE-REQUISITES FOR SUSTAINABLE GROWTH

Sustainable growth can only be achieved on the basis of a credible corporate culture. Our actual actions are determined on the basis of quality and efficiency.

GROWTH



Employees, management, products and services

Processes, resources, costs

CORPORATE CULTURE

Credibility, transparency, ethics

+ Values make us stronger

A good reputation, a clear identity and a resilient corporate culture contribute more than ever to economic success. However, these things are not an inevitable result of such success. It requires more. We know that the sustainable success of a company cannot be expressed solely in terms of financial indicators. Trust, for example, is expressed in good and stable business relationships, but only indirectly in terms of financial data. The same applies to the sense of responsibility of all employees, which is based on values and manifests itself in their actions and attitudes.

If future success is the driving force of a company, then financial results provide a visible standard, but established values and dependable relationships are its core. As a result, we can only further develop our services on the basis of the solid foundation of values which our employees practise on a daily basis and, in so doing, make tangible for our tenants, partners and other stakeholders. Dialogue and transparency are, therefore, both key requirements to any future success. This is something that we are working at.

At the Deutsche Wohnen Group the Management Board is committed to its corporate responsibilities and to the goals of sustainable business management. These matters are also discussed on a regular basis at the meetings between members of the senior management circle, which was established at the beginning of 2013. The circle is intended to provide fresh ideas regarding the further development of Deutsche Wohnen and to strengthen collaboration between the company's various segments.

Strategy and fields of action

In order to implement what we understand by a sustainable corporate strategy and responsible growth, we analysed the future challenges that our market will face and surveyed our stakeholders and employees, asking them to give us their opinions and assessments. In doing so, we obtained useful and important information with regard to areas of action in which we can still improve (see page 9). We intend to pursue this agenda systematically over the coming years and to provide regular progress reports.

We have identified "Sustainable growth" as a clear goal in our strategy. This goal is defined and supported by two performance characteristics which we must always try to strike a balance between, namely quality and efficiency. Our corporate culture is the basis for putting these performance characteristics into practice. Moreover, particularly in periods of growth, it is a pre-requisite for this process and has to be constantly developed. In our company the culture is defined by values and responsibilities, and has evolved over the years. The most pressing task facing us at present is how to further develop our corporate culture in this sense, how to incorporate new employees and how to further promote and practise transparency and dialogue.

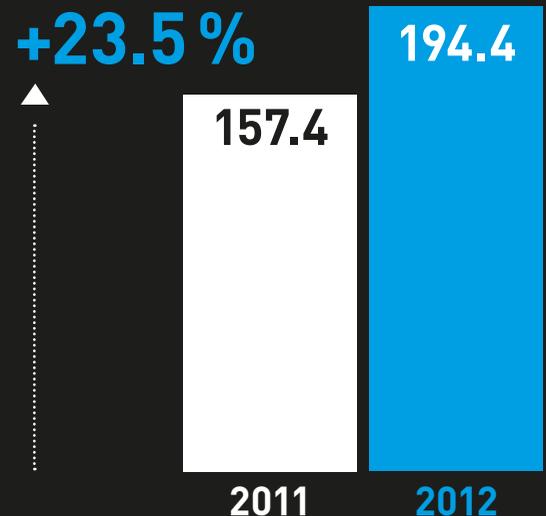
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We increased our Funds From Operations (FFO) without disposals by 43.6% in 2012.

+43.6%

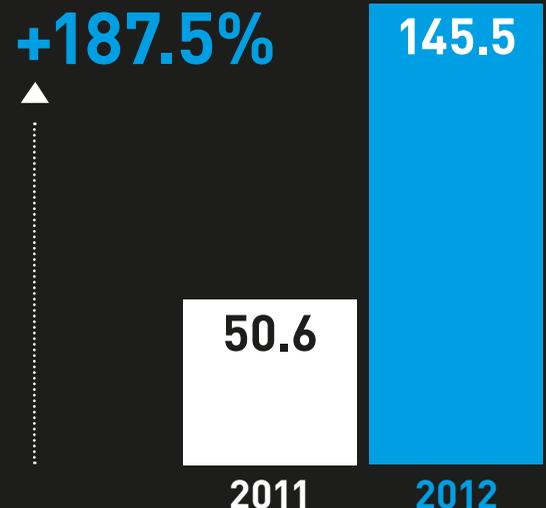
EARNINGS

from Residential Property Management
in EUR m



CONSOLIDATED PROFIT

Profit after taxes
in EUR m





g⁺ Stakeholder dialogue

The requirements and expectations of us are high. What is more, they are wide-ranging. In order to be able to deal with them, it is important to understand what they are. A representative survey of our stakeholders has given us some insights, helping to specify these expectations and to make them easy to understand.

▶ KEY SUSTAINABILITY CHALLENGES

Overview

- >> The principle of sustainable development has become an expectation in society that places demands on all parties involved, including, in particular, business and industry.
- >> More and more investors are interested in the principles of the company they invest in and in whether the company actively deals with social and ecological challenges or is prepared for new regulatory requirements.
- >> Demographic developments mean there is significant need for action. Germany's population is getting older. Age-appropriate accommodation and responsible nursing and care services are becoming key requirements.
- >> At the same time, more and more people are moving into towns and cities, where affordable housing is becoming increasingly scarce.
- >> Demographic change is also accompanied by a growing shortage of qualified young people.
- >> In order to find and retain good employees, companies also need to be an attractive employer.
- >> It is increasingly demanded of business leaders that they contribute to climate protection measures and support the political objectives for implementing the energy transition.

As an introduction to our Sustainability Project we wanted to use a survey in order to explore the opinions and expectations of our stakeholders – from employees, tenants, buyers and investors right through to business partners, politicians and the media. We were excited to find out the results. The anonymous online surveys were completed at the end of 2012. A number of additional questions were included for our employees regarding job satisfaction and important benefits offered by the company.

The response rate was high. 33% of external stakeholders took part. Moreover, virtually all of the employees (85%) included in the survey responded. This included a total of 406 Deutsche Wohnen employees and 71 KATHARINENHOF® employees. We were only able to survey those employees working for KATHARINENHOF® who had their own PC workstation, i.e. management rather than nursing staff. We believe that the high response rate confirms the work carried out by our HR department and is a call for further improvements to be made.

Assessment by our employees

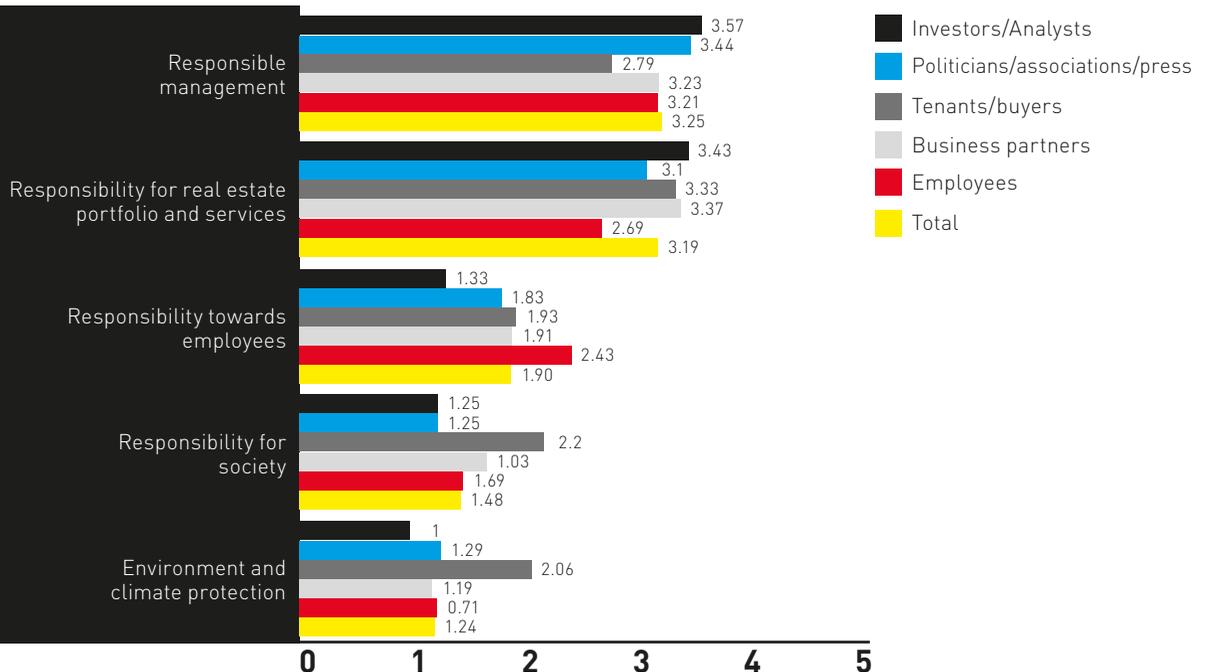
The results of the “additional employee survey” show very high job satisfaction rates at both Deutsche Wohnen and KATHARINENHOF® – on average 6.14 out of a possible score of 7. KATHARINENHOF® actually fared a little better with its employees in all individual aspects of the survey. There were no noticeable differences in the assessment of benefits offered by the company. Performance-related remuneration, qualified training and the hiring of trainees are all top priorities for Deutsche Wohnen and KATHARINENHOF® employees.

Sustainability from the point of view of our stakeholders

In the opinion of all of our stakeholders, including our employees, the Deutsche Wohnen Group is already performing well in all five areas of Corporate Sustainability. These five fields had to be assessed in relation to each other in the online survey. Our commitment in terms of “Sustainable management” and our “Responsibility for the real estate portfolio” were deemed to be particularly well developed. The stakeholders saw the greatest room for improvement in the areas of “environmental and climate protection”.

“Which areas is the Deutsche Wohnen Group already performing well in?”

(on a scale from 1 to 5 according to stakeholder groups)





Parallel to the online survey, we also conducted a number of in-depth interviews with 15 external stakeholders – including association and political representatives, investors and journalists. It was clear from these interviews as well that Deutsche Wohnen has a good image and is seen as a company that is running a sound business. Put quite simply, the message received was “Keep it up!” There were only a few critical comments, but we will be taking them particularly seriously. Key statements from the interviews are shown in the following chapters.

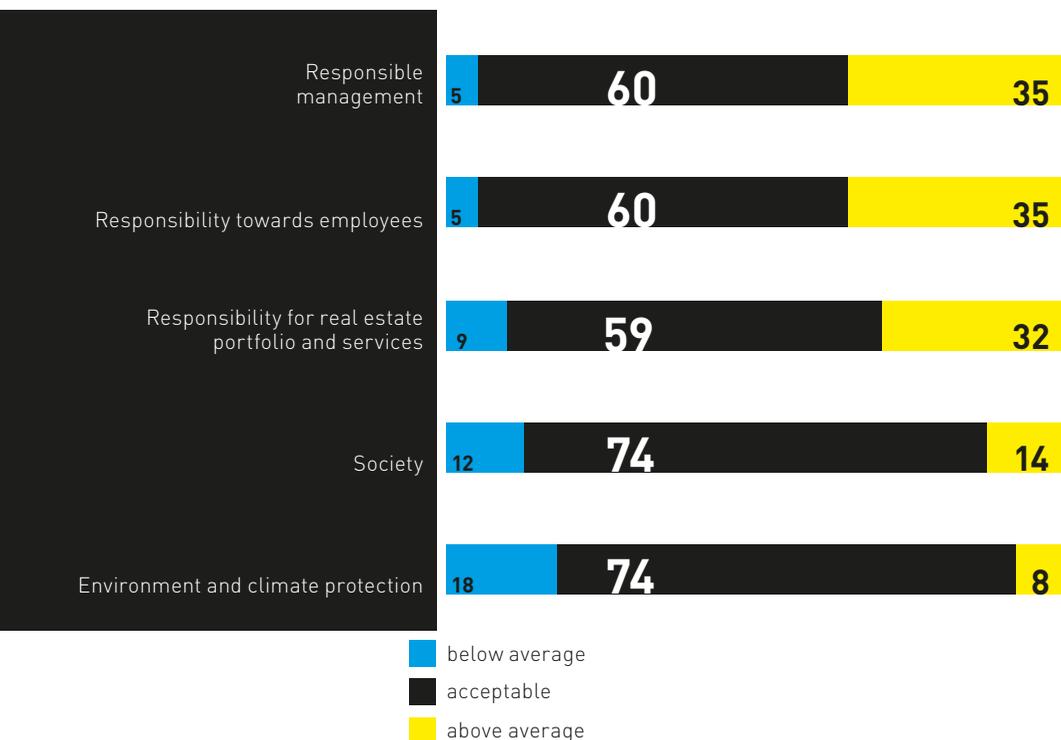
Our management agenda

On the basis of the results from the stakeholder survey intensive discussions were held in February 2013 at a management workshop involving the Management Board and senior management. The following priorities for the management agenda in the coming years were derived from the subsequent evaluation of the key areas for action for the company’s goal of “Sustainable Growth”:

1. Commercial and financial stability
2. Facing future opportunities and risks
3. Earnings power and profitability
4. Regular maintenance and modernisation with moderately rising rents
5. Open corporate culture and transparent communication
6. Performance-related remuneration
7. Attractive personal development and career opportunities
8. Qualified training and hiring of trainees
9. Constant availability for tenants and nursing home residents
10. Support for work-life balance and family-friendly measures

“How would you assess the Sustainability Performance of the Deutsche Wohnen Group compared to other companies within the industry?”

in %





| AREA FOR ACTION | EXTERNAL ASSESSMENT | NEED FOR ACTION [own assessment] | MEASURES |
|---|---------------------|----------------------------------|--|
| Responsible management | Very good | Average | Expansion of data collection |
| | | | Qualified Sustainability Reporting |
| | | | Appointment of Sustainability Coordinator |
| Responsibility for real estate portfolio and services | Good | Average | Further multi-million investments in EUR |
| | | | Expansion of the service points |
| Responsibility towards employees | Very good | High | Strengthening of internal communication |
| | | | Remuneration and incentives |
| | | | Improvement of work- life-balance |
| Responsibility for society | Appropriate | Low | Review of activities and focus where necessary |
| Environment and climate protection | Appropriate | Average | Pilot project to monitor consumption in our holdings |



+ Our Sustainability Programme

We discussed and decided on various measures in drawing up the core areas of sustainable actions. We also want to take up and gradually implement various formal requirements to be met on a voluntary basis, such as those drawn up by the Global Reporting Initiative (GRI), the German Property Federation (Zentrale Immobilien-Ausschuss e.V. or ZIA) or the European Public Real Estate Association (EPRA).

– more –

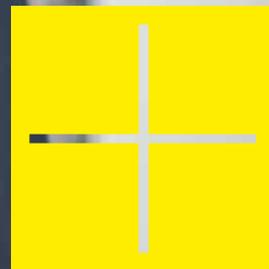
Investment in maintenance and modernisation

In 2012 we invested a total of EUR 68 million in maintenance and modernisation. In 2011/12 we invested more than EUR 11 million in the so-called Dunlop Estate in Hanau near Frankfurt am Main.



+ 68
EUR million
investment volume

Philipp Grosse,
Managing Director Corporate Finance,
joined the company in 2013



2x

Recurring FFO has almost doubled
to EUR 68.2 million since 2011.

– more –

With a market capitalisation of over EUR 2 billion Deutsche Wohnen AG is one of the largest publicly listed residential property companies in Germany.

EUR 2 billion

– more –

In 2012 we paid our shareholders a dividend of EUR 33.8 million or EUR 0.21 per share.

EUR 33.8m

– more –

Our share price rose in 2012 by over 43% to reach EUR 14.

+43%

Deutsche Wohnen Group

Deutsche Wohnen as a sustainable investment

The high growth in value seen in recent years characterizes us. In order to be attractive to institutional investors, providing proof of sustainable actions in all areas is becoming ever more important. Deutsche Wohnen is in a position to meet this challenge.

✚ The assessments of sustainability-oriented rating agencies are also having a visible impact on the decisions taken also by investors in the Deutsche Wohnen Group. Deutsche Wohnen is adapting itself accordingly by fully integrating sustainability into its strategy and by collecting key non-financial indicators. They provide analysts with a basis for assessing the Sustainability Performance of companies and for subsequently making recommendations to investors.

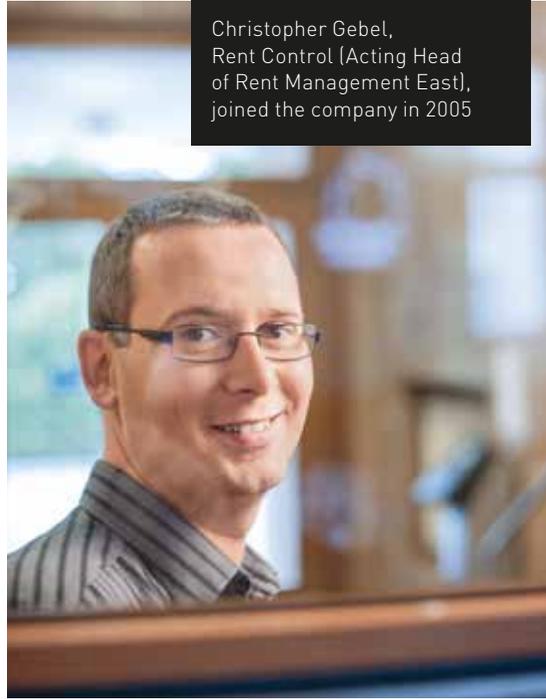


Christopher Gebel,
Rent Control (Acting Head
of Rent Management East),
joined the company in 2005

Stakeholder

"ALREADY TODAY, DEUTSCHE WOHNEN IS MANAGED AS A SUSTAINABLE ORGANISATION, ESPECIALLY IN REGARDS TO THE PORTFOLIO. THE MANAGEMENT IS COMMITTED TO ENSURE NOT THE ACCELERATION OF SHORT-TERM SUCCESS, BUT MOREOVER TO OFFER THE SHAREHOLDERS POSSIBILITY FOR LONG-TERM GROWTH."

(INVESTOR)

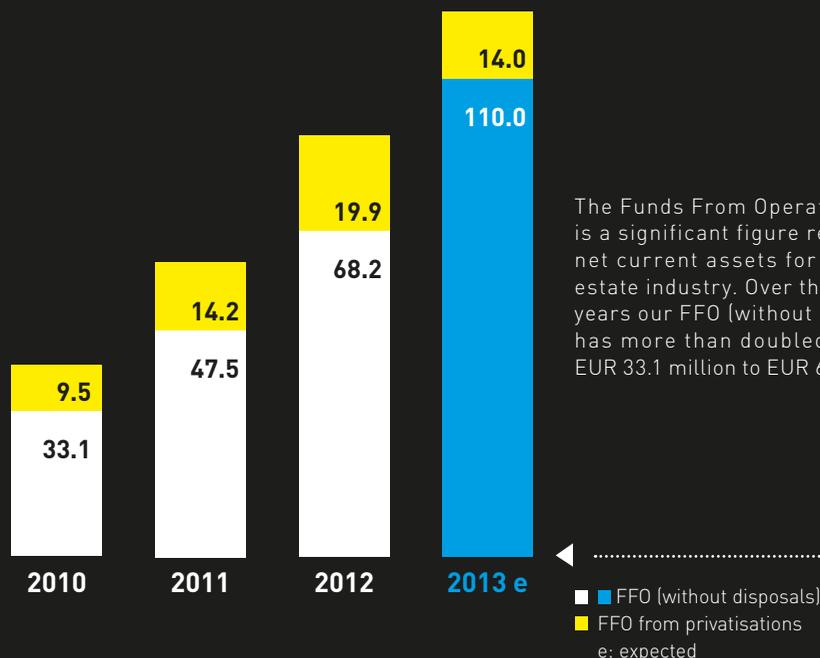


■ Institutional investors setting the pace

Institutional investors, such as pension funds, are particularly interested in the strong Sustainability Performance of companies. They want to invest long-term in something that is both profitable and secure. Such investors are, in particular, the major international and church pension funds, and increasingly also the funds set up by major German companies for additional pension provision. Critical business areas, such as gambling, weapons, nuclear power or oil production, are usually excluded by these investors right from the outset. As a result, this increases the opportunity for other investments. At the same time, the residential asset class continues to be a safe haven for domestic and international investors in the face of the ongoing crisis in the eurozone. This means that a balanced portfolio invested to achieve long-term growth in value can no longer do without real estate. As a result, Deutsche Wohnen is also receiving more and more requests for it to provide clear evidence of responsible business practice.

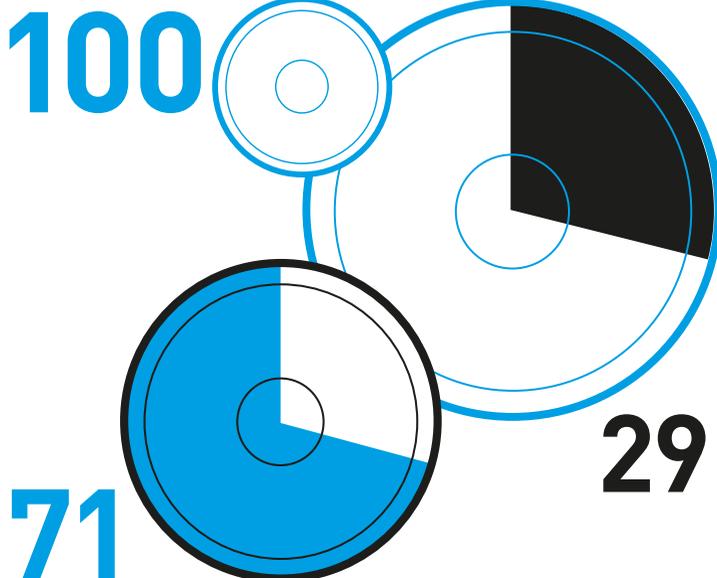
FUNDS FROM OPERATIONS (FFO)

in EUR m (as at 13 August 2013)



The Funds From Operations (FFO) is a significant figure relating to net current assets for the real estate industry. Over the past two years our FFO (without disposals) has more than doubled from EUR 33.1 million to EUR 68.2 million.

- According to the definition of the German stock exchange the free float of our shares corresponds to 100%.
- Eight domestic and international institutional investors hold around 29% of the shares of Deutsche Wohnen.
- Around 71% of the shares are owned by domestic and international institutional investors and private shareholders who have not exceeded the statutory notification threshold of 3% (as at 19 February 2013).



+ A good reputation through sustainable growth

Deutsche Wohnen already has a good reputation among its investors as a responsibly managed company that is a stable investment. Of course, investors attach particular importance to future strategy and prospects. At Deutsche Wohnen the strategy is clearly geared towards achieving growth; growth that maintains values and creates value. Accordingly, we do not expand our portfolio unsystematically. Instead, we focus on high-quality holdings which are in close proximity to each other, which have a sufficient minimum size and which are located in our core regions. As a result, we are able to achieve economies of scale and to manage our holdings in a more efficient and cost-effective manner.

The fact that Deutsche Wohnen focuses on metropolitan areas is another success factor. This is because the population in these areas will continue to grow in future, whereas in rural regions it is expected to decline. Furthermore, the fact that we are also represented by the KATHARINENHOF® Group in the rapidly growing sector for nursing and assisted living for the elderly is also seen as positive by investors.

+41,000

– more –

Deutsche Wohnen

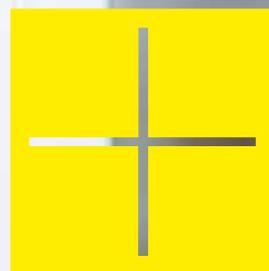
Since 2011 Deutsche Wohnen has acquired more than 41,000 residential units with a value of almost EUR 2.1 billion. In keeping with our business strategy we focus on attractive residential properties in economically important regions of Germany, particularly Greater Berlin, the Rhine-Main region, the Rhineland and medium-sized German cities like Hanover, Brunswick and Magdeburg.

The photo shows the Cracau Estate in Magdeburg.



4X

■ This is unique for a residential property company: four of our own estates are on UNESCO's World Heritage List – the Horseshoe Estate, the Siemensstadt Estate, the White City Estate and the Carl Legien Housing Estate in Berlin.



Stefan Degen, Director of Central Technical Department, joined the company in 1988

Preserving historical monuments as an obligation

The value of any residential company is its holdings. At Deutsche Wohnen, 23% of residential properties have been afforded listed building status. Deutsche Wohnen is the majority owner of four of the six UNESCO World Heritage estates located in Berlin.

+ In 2008, six Berlin housing estates in the Classical Modernist style were entered into UNESCO's World Heritage List, meaning that they have now been placed under special protection. Four of these estates belong to Deutsche Wohnen: the Horseshoe Estate (Hufeisensiedlung) in Britz, the White City Estate (Weiße Stadt) in Reinickendorf, the Ring Estate in Siemensstadt and the Carl Legien Housing Estate in Prenzlauer Berg. In addition, the Woodland Estate (Waldsiedlung) in Zehlendorf, the Piesteritz Works Estate (Werkssiedlung Piesteritz) in Wittenberg, the Railway Workers' Estate (Eisenbahnersiedlung) in Elstal near Berlin and a large part of the Cracau Estate in Magdeburg also form part of our residential properties with listed building status.

Protection of historical monuments

– more –

Since 2009 Deutsche Wohnen has invested EUR 26 million in the refurbishment of its UNESCO World Heritage estates in line with accepted conservation practice.

EUR **26m**

– more –

23% of the total holdings of Deutsche Wohnen are listed buildings (as at 30 September 2012).

23%

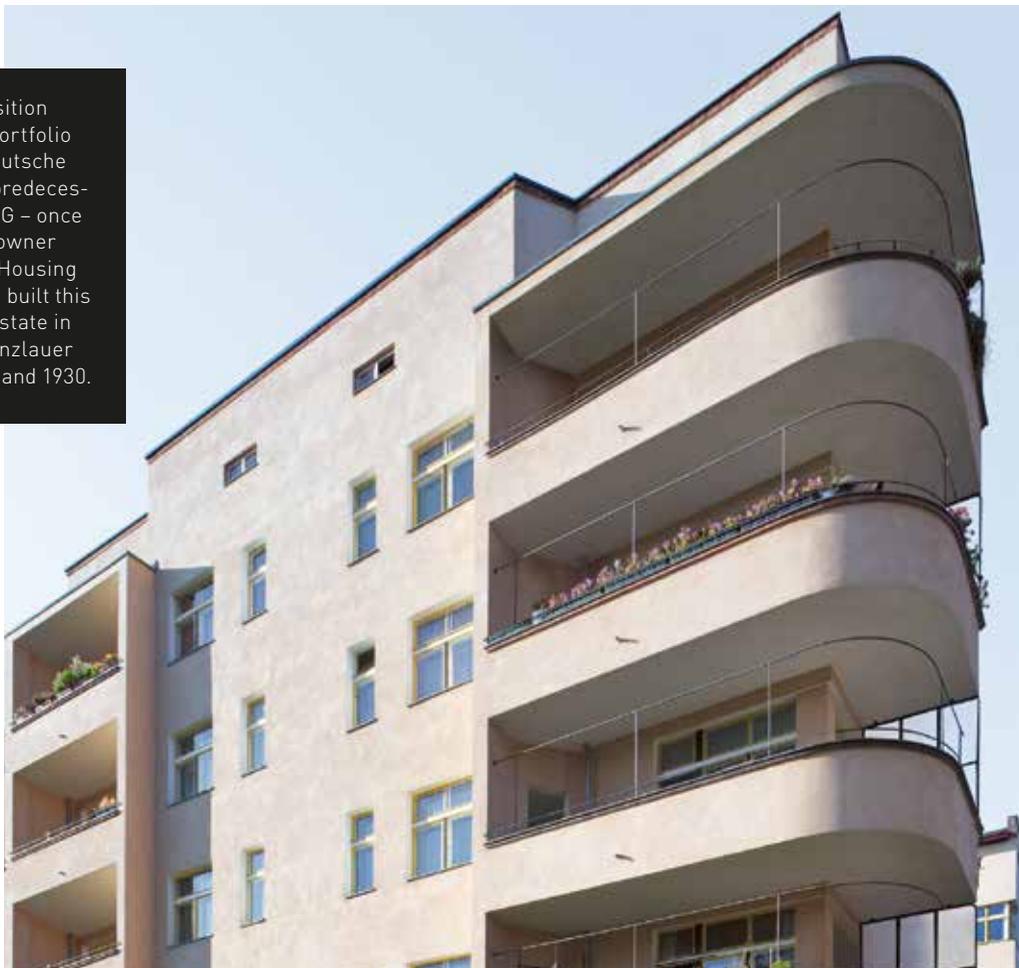
– more –

As the owner of around 19,000 residential units with listed building status, including four of the world famous UNESCO estates in the Berlin Modernist style, Deutsche Wohnen has several years of experience in the refurbishment of such apartments.

19,000



Through the acquisition of the BauBeCon portfolio in summer 2012 Deutsche Wohnen – with its predecessor company GEHAG – once again became the owner of the Carl Legien Housing Estate. GEHAG had built this Berlin Modernist estate in the borough of Prenzlauer Berg between 1928 and 1930.



Deutsche Wohnen is proud of these properties. We see architecture as a key component of our culture and history. At the same time, these residential areas, which were mostly constructed as workers' estates in the 1920s, also stand for genuine social commitment. They were designed by architects such as Bruno Taut or Otto Rudolf Salvisberg, with a particular emphasis on the needs of the residents, and contributed significantly to the improvement of housing and living conditions for large sections of the population. Even today, they stand for a type of architecture that promotes a sense of community and neighbourhood.

Stakeholder

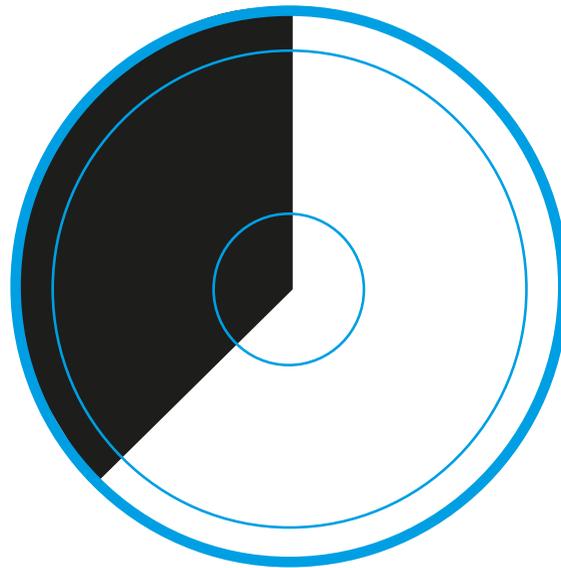
"DEUTSCHE WOHNEN FACES A PARTICULAR CHALLENGE IN IMPLEMENTING ENVIRONMENTAL AND CLIMATE PROTECTION IN LISTED BUILDINGS. INDEED, IT IS ONE OF THE FEW COMPANIES THAT DEMONSTRATE SUCH HIGH LEVELS OF COMMITMENT."

(ASSOCIATION REPRESENTATIVE)



39%

OF DEUTSCHE WOHNEN'S HOLDINGS
IN BERLIN ARE LISTED BUILDINGS
(AS AT 30 SEPTEMBER 2012).



+ Conservation has a price tag

Conserving this heritage is at one and the same time both a pleasure and an obligation. For example, thermal insulation for listed buildings is expensive and time-consuming. The reduction of energy consumption in our residential properties is something that is not yet required by law, but has been issued as an objective. The required measures are welcomed neither by conservationists or tenants. The former are worried about changes that will detract from the appearance of the property, the latter about increases in rental costs. For this reason, careful planning, responsible dialogue with all of the parties involved and the cost-effective implementation of any work are all seen by Deutsche Wohnen as essential, and have already been tried and tested many times. Meanwhile, the company is deemed to be an expert in the refurbishment of listed properties. In order to further develop the housing stock in a manner that assures quality, Deutsche Wohnen employs its own highly skilled staff, including engineers and architects, all of whom are sought-after guests at symposia and conferences on the protection of historic buildings.

Largest vehicle-free estate in Germany

The Piesteritz Works Estate in Lutherstadt Wittenberg has been part of Deutsche Wohnen's holdings since 2012. This complex has listed building status and also boasts another special feature: built as a garden city between 1916 and 1919, it is still Germany's largest car-free estate – something which could potentially be ground-breaking in the future. There was good reason for it to be declared a project at Expo 2000; it was comprehensively refurbished for this purpose and attracted many visitors from all over the world.

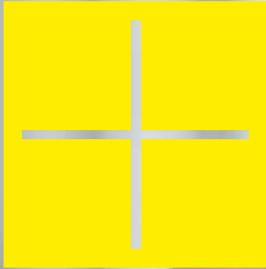
– more –

Listed and car-free

The Piesteritz Works Estate in Lutherstadt Wittenberg has listed building status – and it is the largest car-free residential estate in Germany.



Marc Zimmerling, Head of the Service Point Potsdam, joined the company in 2000



1.8

 In 2012 – as in the previous year – the vacancy rate of our holdings was 1.8%.

– more –

The total floor space of the residential units let by Deutsche Wohnen is 5 million sqm.

5m
square metres

– more –

62% of the holdings of Deutsche Wohnen are in Core+ regions like Greater Berlin, the Rhine-Main region and the Rhineland.

62%

Our tenants in greater Berlin, the Rhine-Main region and the Rhineland paid an average rent of EUR 5.89 per sqm.

EUR 5.89

Residential accommodation

Good and affordable housing as **a commitment**

Housing has become a scarce and expensive commodity in many cities. Deutsche Wohnen sees that it has a responsibility to provide affordable housing and maintain the quality of its holdings. To do this requires investment, which we also need to pass on in the form of higher rents.

+ Deutsche Wohnen aims to maintain a constant balance between cost-consciousness and a reasonable return on investment. The fact that we are seen as a profitable company means that we can raise capital on the stock market for investments in refurbishment work, listed building protection and acquisitions. This is something that tenants also benefit from because we aim to ensure the provision of high-quality housing that is affordable. This means, for example, that we do not refurbish to a luxury standard.



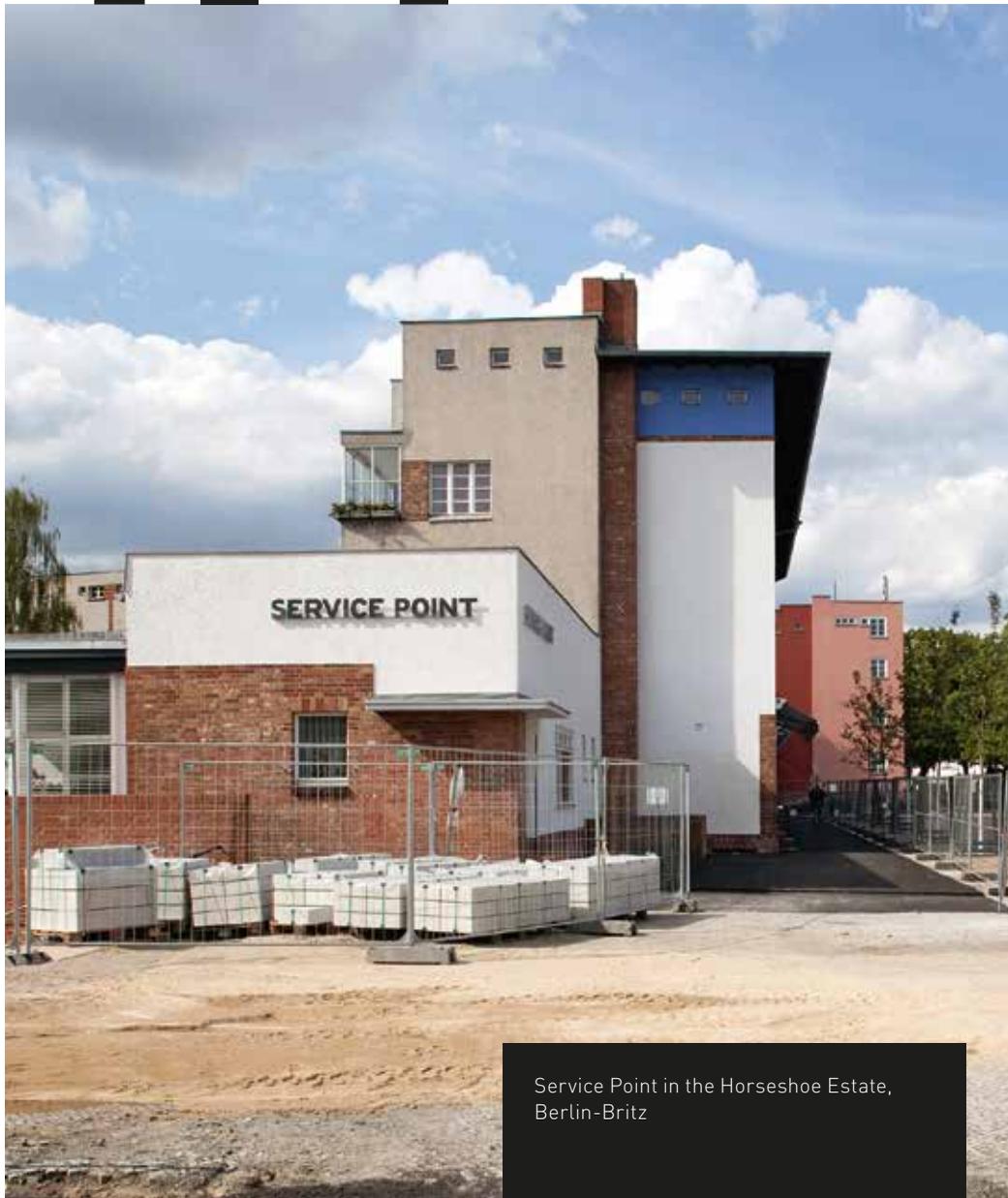
– less –

In 2012 the vacancy rate of our holdings in Greater Berlin was a mere 1.4%.

1.4

✚ Substantial investments worth several millions

We invest above-average sums in our holdings: EUR 26 million has been/will be invested in our UNESCO sites in Berlin alone between 2009 and 2014. We are also planning to make investments totalling tens of millions in the coming years, such as in the White City Estate in Berlin-Reinickendorf. Furthermore, we will be spending around EUR 11 million on the complete refurbishment (which started in July 2013) of the historic Railway Workers' Estate in Elstal, which is located to the west of Berlin. The apartment buildings were constructed in the first half of the 20th century and now have listed building status. The roofing will be replaced, the facades, entrances and stairways will be repaired, the bathrooms will be modernised and new heating systems will be installed as part of the refurbishment work. In addition, all the windows will be replaced and the roofs and cellars will be insulated to improve the energy efficiency of the apartments. Deutsche Wohnen works closely together with the relevant authorities for the preservation of historical monuments with regard to all the work it carries out.



Service Point in the Horseshoe Estate, Berlin-Britz



– more –

145 staff

can be contacted by our tenants in our Service Center, and are also personally available in our Service Points and in other local offices.

Nadine Guth-Weidner, Head of the Service Point Prenzlauer Berg, joined the company in 2008

Stakeholder

“DEUTSCHE WOHNEN DEMONSTRATES ITS SENSE OF SOCIAL RESPONSIBILITY BY TAKING VERY ACTIVE CARE OF ITS HOLDINGS AND BY DEVELOPING RESIDENTIAL NEIGHBOURHOODS TOGETHER WITH THE PEOPLE LIVING THERE.”

(ASSOCIATION REPRESENTATIVE)



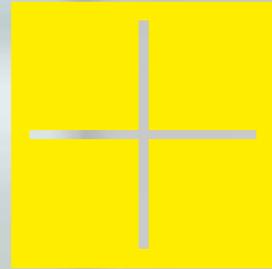
Collaborative planning and communication

As a company committed to conservation and to acting in the public interest, Deutsche Wohnen is well aware of the importance of collaborative planning. For example, even though we were not actually required to do so under planning legislation, we worked to achieve broad consensus concerning the re-design of the green spaces in our UNESCO estates. The various measures, which were planned together with the Berlin State Office for the Preservation of Historical Monuments, were discussed with the Nature Conservation Union (NABU - Naturschutzbund Deutschland e.V.) , and BUND (Friends of the Earth Germany) as well as with the tenants of the White City and Siemensstadt Estates. In May 2012 an additional meeting about the design of pavements and pathways was held in Siemensstadt with the Disabilities Commissioner for the Berlin Borough of Charlottenburg-Wilmersdorf.

Finding solutions conjointly

We aim for satisfied tenants and long-term contracts. Moreover, if tenants are in serious financial difficulties, we work with them to find a solution to the problem. Deutsche Wohnen has its own in-house team responsible for managing rent arrears – something that is not typically the case in major residential property companies. Accordingly, we ensure that payment reminders are sent out on time and offer tenants, where necessary, the chance to meet face-to-face with one of our residential consultants in Berlin or Hanover. We also allow outstanding rent to be paid in instalments, and can put individuals in contact with a local debt counsellor where necessary. We provide this support because it is our stated goal to prevent evictions.

Dr. Jochen Schellenberg,
Managing Director of KATHARINENHOF®,
joined the company in 2003



KATHARINENHOF®

– more –

KATHARINENHOF® provides 1,928 places for nursing and assisted living in a total of 20 facilities.

1,928

– more –

In 2012 KATHARINENHOF® employed 1,035 staff – 21 % more than in the previous year.

+21%

– more –

In a quality check of the facilities a total of 82 categories were assessed.

82

1.0

“Very good” – in the quality checks carried out by the medical service of the health insurers the KATHARINENHOF® facilities achieved assessment results of between 1.0 and 1.2.

Age-appropriate nursing and care as a matter of course

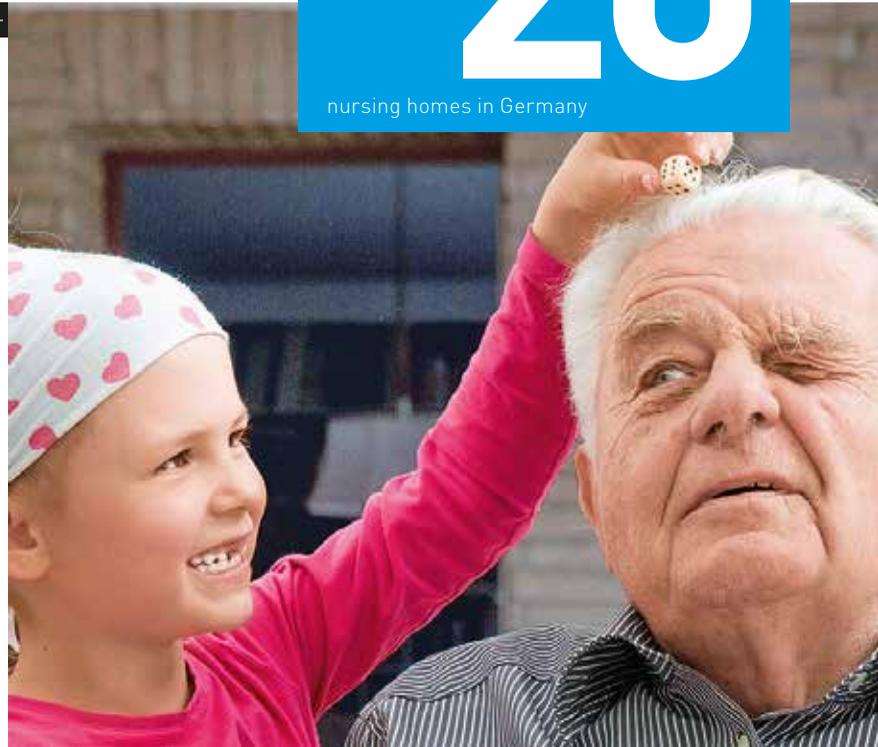
Germany’s population is getting older. The provision of responsible nursing and care is therefore one of the fastest growing needs in society. With 20 nursing homes, the KATHARINENHOF® Group is already a major service provider within this emerging market.

+ KATHARINENHOF®, which belongs to Deutsche Wohnen, offers a superior standard of care and accommodation and is committed to the latest standards and innovative therapies. We intend to further strengthen this business segment and to make acquisitions here as well. Our objective is to catch up with the top 10 private operators in the German care sector over the next few years. Thanks to our range of retirement homes, nursing places and out-patient care, we can also offer something to our current tenants in the medium to long term that is characterised by high quality. At KATHARINENHOF®, ensuring that individuals are able to enjoy their twilight years as they would wish is the top priority. This includes ensuring privacy, respect and appreciation.



20

nursing homes in Germany



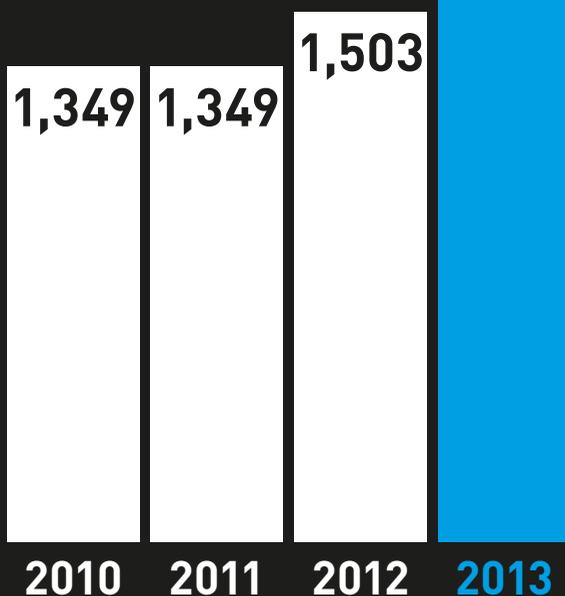
– more –

KATHARINENHOF®

The number of places for care and assisted living

+425

1,928



Stakeholder

"THE SOCIAL EVENTS IN THE NURSING HOME ARE VERY GOOD. THE HOME IS MODERN, HAS A FRIENDLY ATMOSPHERE, AND THE STAFF ARE VERY COOPERATIVE. I WAS ABLE TO GAIN AN INSIGHT INTO THE VARIOUS ORGANISATIONAL PROCESSES. I WAS PLEASANTLY SURPRISED. THE HOME SURPASSES TYPICAL STANDARDS OF CARE."

(RELATIVE)

+ Creativity and quality

All KATHARINENHOF® facilities are characterised by a sophisticated design, creative programmes, recreational opportunities and high-quality cuisine. The quality commitment promised by KATHARINENHOF® is honoured on a day-to-day basis, even though this is not an easy thing to do in the nursing and care sector. This is because qualified nursing staff are becoming hard to find. So, ensuring a good working atmosphere is all the more important. The fact that the management of KATHARINENHOF® is achieving something special here regarding the motivation of individuals and a joint corporate culture is demonstrated by the high occupancy rate and a good evaluation score in the quality checks carried out by the medical service of the health insurers. In a total of 82 categories that were assessed, the KATHARINENHOF® facilities achieved results of between 1.0 and 1.2, i.e. "very good" scores.

+ Innovative against dementia

With respect to innovative therapies, KATHARINENHOF® is always looking for new options. Most recently, it ran a project entitled "Once upon a time ... fairy tales and dementia", together with support from scientific academia, to look into new ways of caring for adults with dementia. The project pursues a creative and therapeutic care concept and makes use of spontaneous storytelling to achieve communication that is personal and emotive. It was realised in partnership with Märchenland – the German Centre for Fairytale Culture. The visit to KATHARINENHOF® AM PREUSSEN PARK by Daniel Bahr, the German Federal Minister of Health, in March 2013 underlined the significance to the German health system of the increase in senile dementia. At present there are around 500,000 dementia patients in German nursing homes, and this number is expected to rise due to demographic change. The first sessions in this pilot project finished on 21 March 2013. Without exception the nursing staff told of positive effects on their patients. We will continue to actively support the project as a cooperative partner in 2014.

Trainees at
KATHARINENHOF®

61

– more –

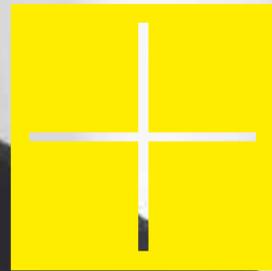
In 2012 KATHARINENHOF®
provided apprenticeships and
traineeships to 61 young people.
This is 22% more than in the
year before.

+22%

Katrin Höhne, Human Resources Auditor
at Deutsche Wohnen and KATHARINENHOF®,
joined the company in 2009



Yolanda Rother,
Assistant in Corporate Communication and Investor Relations,
joined the company in 2013



95

 young people completed an apprenticeship or a traineeship with us in 2012.

– more –

In 2012 Deutsche Wohnen employed 1,417 staff – 18% more than in the previous year.

+18%

– more –

Around 77% of our employees are female.
52% of our management positions are held by women.

52%

– more –

In the reporting year expenditure on staff was EUR 23.6 million (not including KATHARINENHOF®).

EUR 23.6 m

Employees

Ambitious employees as a basis for success

Employees are the basis for long-term success. In both of our segments, it is the individual that is at the heart of everything we do. Only motivated employees are able to develop dependable and strong relationships with tenants, elderly people and customers.

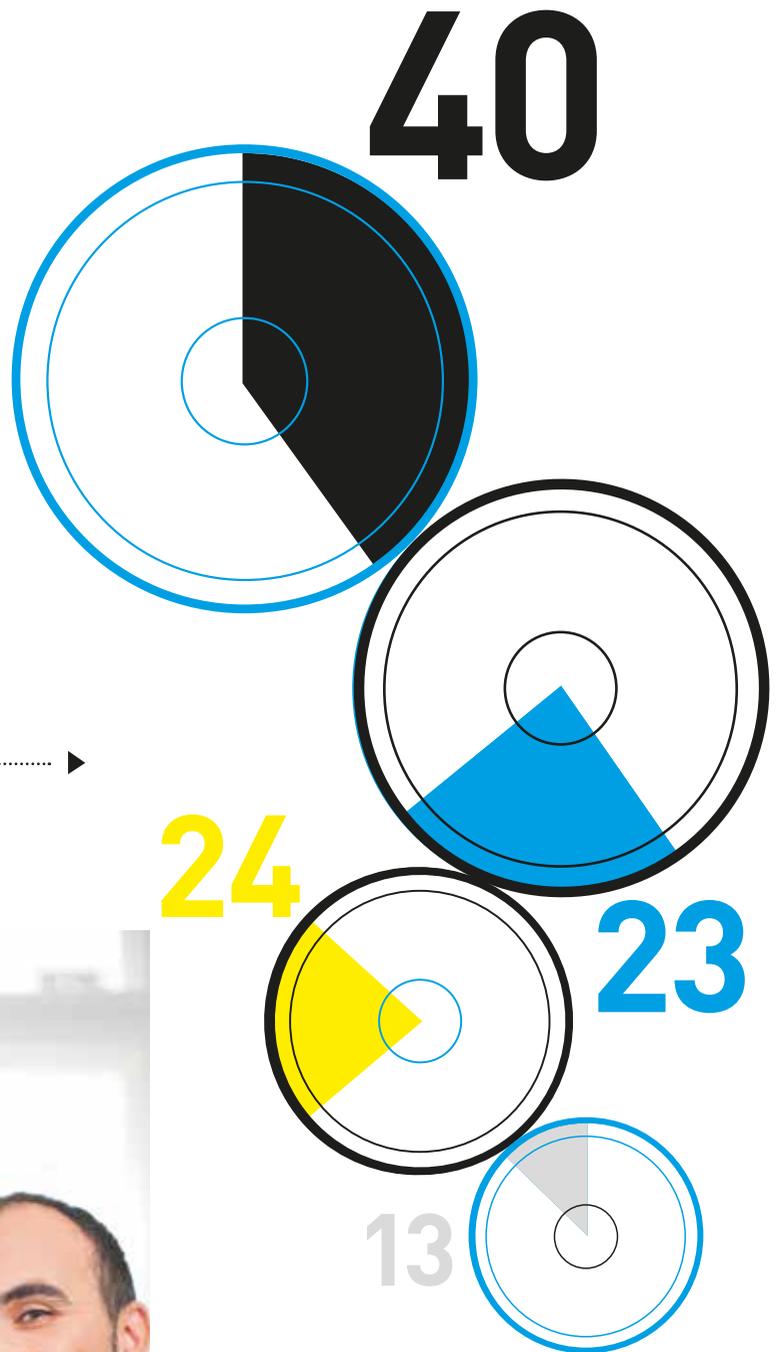
✚ The Deutsche Wohnen Group employs over 1,400 staff throughout Germany. Of these, 73% work for KATHARINENHOF® as nurses or managers, cooks or physiotherapists, as well as in other positions. 27% of employees work in the Residential Property Management segment. This is where the greatest increase was seen in the past year as a result of new recruits and the integration of acquisitions. However, we continue to draw new talent primarily from our junior staff. For a number of years we have been training young people to become professionals within the property sector and have taken them on following completion of their studies. Many of these individuals currently hold managerial positions within the company. In 2012 alone 95 young adults took part in our training programme.



Age structure at Deutsche Wohnen in %

The average age of all Deutsche Wohnen (not including KATHARINENHOF®) employees (not including trainees) is 42.8 years (2011: 43.8).

- up to 35 years
- 36 to 45 years
- 46 to 55 years
- above 55 years



Stakeholder

"I WOULD WELCOME MORE DISCUSSIONS ABOUT HOUSING INDUSTRY ISSUES, AND WOULD LIKE ALL EMPLOYEES TO BE ENCOURAGED TO TAKE PART IN INDIVIDUAL TRAINING AND IN DISCUSSIONS ABOUT HOUSING POLICY AND OVERALL DEVELOPMENTS IN SOCIETY. IN ADDITION TO THIS, I WOULD LIKE TO SEE MORE COURAGE TO ENGAGE IN DIALOGUE ABOUT WHERE WE AS A COMPANY WANT TO GO AND WITH WHAT OBJECTIVES."



(DEUTSCHE WOHNEN EMPLOYEE)

Süle Saitoglu,
Director IT,
joined the company in 2012



Stakeholder

“FOR OLDER WORKERS I WOULD LIKE TO SEE OPPORTUNITIES FOR PART-TIME WORK AND FOR REDUCED WORKING IN THE RUN-UP TO RETIREMENT.”

(KATHARINENHOF® EMPLOYEE)

+ Flat hierarchies and a variety of offers

Working in either of the Deutsche Wohnen Group business segments is characterised by flat hierarchies, close cooperation and an established corporate culture. We offer 30 days' paid holiday, secure jobs, performance-related remuneration and attractive opportunities for personal development. At the same time, we only employ temporary workers in exceptional cases and remunerate interns appropriately. Our employees are hired, remunerated and promoted irrespective of their gender, age or ethnic origin. In both of these business segments our employees are able to work part-time and make use of the company's various workplace health promotion measures. Parent-and-child offices in Frankfurt and Berlin complete the services offered by Deutsche Wohnen.

Ensuring a lively exchange

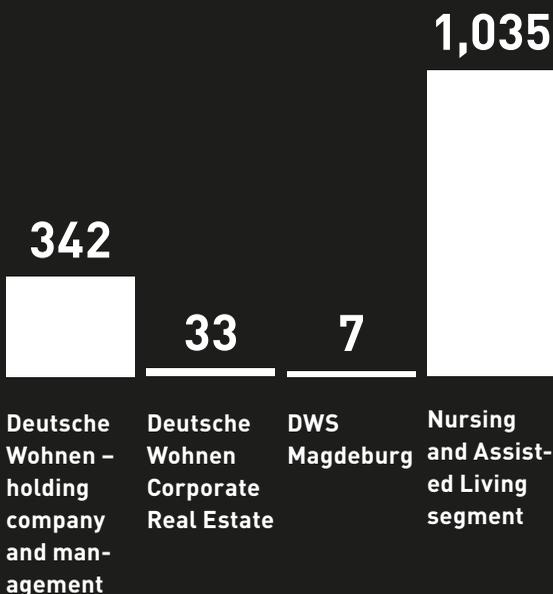
In accordance with its leadership values, which include clear and direct communication, Deutsche Wohnen has established numerous communication channels, ranging from the intranet to regular news bulletins, right through to the focus group. This staff representative of the Deutsche Wohnen Group serves as a mouthpiece of the workforce. Around 20 employees from different units and locations meet twice a year to discuss any current issues. Points of contact and anonymous boxes for suggestions or complaints are available all year round. The various issues and outcomes discussed are made available to all employees on the Intranet in the form of a report. In addition, the focus group may, where necessary, invite the Chief Executive Officer in order to discuss any current problems with a view to resolving them.

1,417

– more –

1,417 employees – a plus of 18% – break down as follows:

+18%



Zbigniew Kopowski,
responsible for energy management,
joined the company in 1993

– more –

Since 2012 we have met 100% of the electricity requirements of our administrative buildings with hydro-electric power.

100%

– more –

The "White City" gas-fired combined heat and power plant (CHP) in Berlin-Reinickendorf, operated by our partner GETEC since April 2012, meets the electricity needs of around 2,000 households.

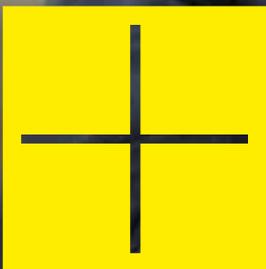
2,000

– more –

75% of the 82,500 residential units let by Deutsche Wohnen are supplied with heating and hot water by a central heating system.

75%

Conservation of resources



Environmental and climate protection as a challenge

Climate protection and energy efficiency are key challenges in shaping the energy transition. This is also an obligation for Deutsche Wohnen. We must look for the best ways in which we can make our contribution. This is much more difficult in our existing holdings than it is for new constructions.

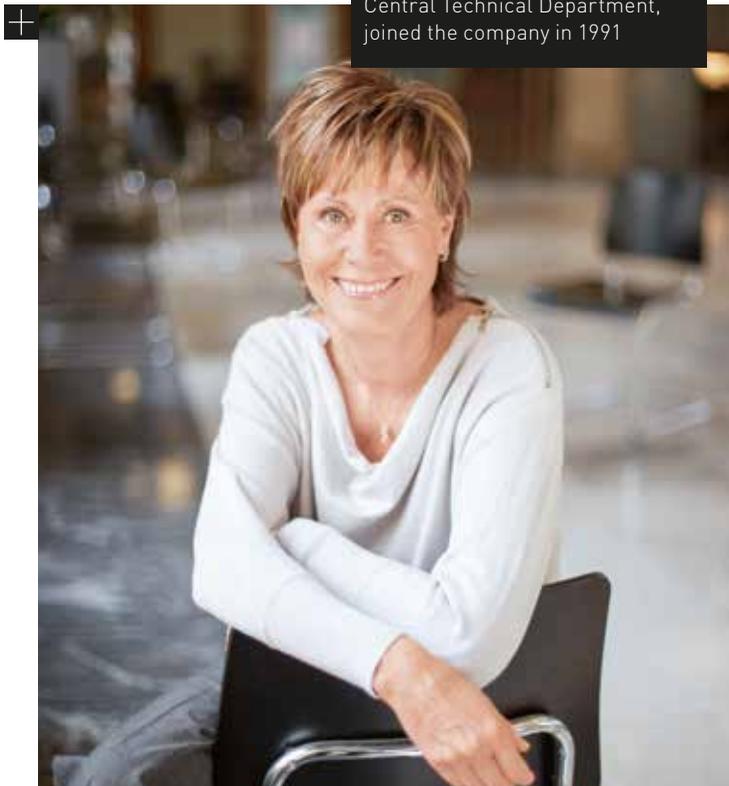
✚ Transparency about our own Sustainability Performance is thus of key importance and is increasingly expected by our stakeholders. As an initial step, we calculated the energy and water consumption of our administrative offices, along with the consumption of so-called communal electricity in our residential properties. This is the energy which is drawn centrally from the grid for entrance and hallway lights in our residential properties, as well as for general electrical installations, and we have all of these figures. The situation is different in the case of our tenants. If they are not supplied by a central heating system, then it is impossible to collect consumption figures. To ensure greater transparency in terms of heating energy and water consumption, we are starting off by running a pilot project using 5 of our properties in Berlin with a total of 737 residential units and 37,500 sqm of floor space. We also managed to calculate the respective CO₂ emissions. It is in our interests to ensure greater transparency in terms of the environment.

72

■ In 2012 we measured the energy and water consumption for an average of 72% of the administrative floor space we use and we calculated the CO₂ emissions.



Angela Lindow,
Central Technical Department,
joined the company in 1991



+ Discussion about energy-efficient refurbishment work

We are already observing high standards in terms of energy efficiency in our refurbishment work, for example in the work being carried out on the historic Railway Workers' Estate in Elstal. Tenants typically benefit in the form of reduced costs – this at least has been Deutsche Wohnen's experience. At the same time, retrofitting rented housing stock is complex and costly and is not always popular with residents because their rental costs might increase. However, the German parliament is aiming for virtually carbon-neutral housing stock. Since the reforms to German tenancy legislation in 2013 the rules in place have become less effective as an incentive to carry out energy renovation. We intend to continue to actively monitor the political debate about incentives for energy-efficient refurbishments.

Making use of our leverage

A key milestone was the commissioning of the "White City" combined heat and power plant in Berlin-Reinickendorf in April 2012. The gas-fired combined heat and power plant operated by our partner, GETEC, is one of the largest in the German housing industry. With an electricity capacity of 900 kilowatts, it produces up to 7,200 megawatt hours of electricity a year, meeting the demands of around 2,000 households. The resulting thermal energy is sufficient to supply 2,500 homes with environmentally friendly hot water. Thanks to the efficient combined heat and power generation, the primary energy demand has been reduced by around 32%, meaning that the plant saves more than 3,800 tonnes of CO₂ annually compared to the old oil heating system. As a result, Deutsche Wohnen is making an important contribution to achieving the climate policy objectives of the city of Berlin. The tenants benefit as well. Against a background of rising energy prices they are able to enjoy a 5% reduction in heating costs.

– less –

In 2012 Deutsche Wohnen (not including KATHARINENHOF®) emitted 1,274.1 tons of CO₂ equivalents into the atmosphere as a result of its business operations. Nevertheless, since we meet our entire office-based electricity needs with hydro-electric power, we saved 376 tons of CO₂ equivalents in the reporting year.

376t

+ Optimising our own sphere of influence

They say, a role model is needed for environmental protection. This is why we want to try and exploit opportunities for improvement within our own sphere of influence as well, helping to make employees more aware of environmental protection. For example, we ask everyone to use paper sparingly, and will be able to determine the success of this measure next year using the consumption data that we calculated for the first time in 2012. We also want to make a number of gradual improvements to our vehicle fleet. It currently comprises 98 vehicles (as at May 2013) with average CO₂ emissions of 116 g/km according to the manufacturer's data.

"IN PRINCIPLE, SUSTAINABILITY HAS A HIGH PRIORITY IN SOCIETY. ALL BUSINESS ACTIVITIES IN HOUSING SHOULD BE SUSTAINABLE. HOWEVER, I DON'T FEEL THAT UP TO NOW SUSTAINABILITY HAS BEEN ESTABLISHED AT ALL IN THE REAL ESTATE SECTOR."

(TENANT REPRESENTATIVE)



Bridge house in the White City Estate in Berlin-Reinickendorf, where the powerful combined heat and power plant is located.



OVERVIEW OF KEY FIGURES

Deutsche Wohnen Group (as at 31 December 2012)

| ECONOMY | | 2012 | 2011 |
|--|----------------------|---------------------|--------|
| Residential units | | 82,738 | 50,626 |
| Commercial units | | 961 | 477 |
| Number of places in Nursing an Assisted Living segment | | 1,928 ¹⁾ | 1,349 |
| Earnings from Residential Property Management | EUR m | 194.4 | 157.4 |
| Earnings from Disposals | EUR m | 19.9 | 10.6 |
| Earnings from Nursing an Assisted Living segment | EUR m | 9.9 | 9.2 |
| Funds from Operations (FFO without disposal) | EUR m | 68.2 | 47.5 |
| Operating result (EBITDA) | EUR m | 196.5 | 142.0 |
| Market capitalisation | EUR m | 2,046 | 1,000 |
| ENVIRONMENT | | 2012 | 2011 |
| Administrative offices and nursing sites | | | |
| Energy consumption per m ² of usable floor area | | | |
| Deutsche Wohnen excluding KATHARINENHOF ²⁾ | MWh | 0.56 | - |
| KATHARINENHOF ³⁾ | MWh | 0.22 | - |
| Water consumption per m ² of usable floor area | | | |
| Deutsche Wohnen excluding KATHARINENHOF ⁴⁾ | m ³ | 0.38 | - |
| KATHARINENHOF ⁵⁾ | m ³ | 1.08 | - |
| Carbon emissions equivalents per m ² of usable floor area | | | |
| Deutsche Wohnen excluding KATHARINENHOF ⁶⁾ | t CO ₂ eq | 0.11 | - |
| KATHARINENHOF ⁷⁾ | t CO ₂ eq | 0.06 | - |
| Rented residential holdings | | | |
| Energy consumption per m ² of living space ⁸⁾ | MWh | 0.18 | - |
| Water consumption per m ² of living space ⁸⁾ | m ³ | 1.08 | - |
| Carbon emissions equivalents per m ² of living space ⁹⁾ | t CO ₂ eq | 0.04 | - |
| Communal domestic electricity of rented residential holdings ¹⁰⁾ | MWh | 8,933 | 8,289 |
| SOCIETY | | 2012 | 2011 |
| Number of employees | | 1,417 | 1,199 |
| Deutsche Wohnen excluding KATHARINENHOF [®] | | 382 | 340 |
| KATHARINENHOF [®] | | 1,035 | 859 |
| Proportion of Women | | 76.8 | 75.1 |
| Deutsche Wohnen excluding KATHARINENHOF [®] | in % | 62.6 | 62.7 |
| KATHARINENHOF [®] | in % | 82.0 | 80.0 |
| Proportion of women in management positions | | 51.6 | 54.4 |
| Deutsche Wohnen excluding KATHARINENHOF [®] | in % | 41.7 | 45.5 |
| KATHARINENHOF [®] | in % | 65.4 | 66.7 |
| Rate of trainees | | 6.3 | 6.3 |
| Deutsche Wohnen excluding KATHARINENHOF [®] | in % | 8.2 | 8.4 |
| KATHARINENHOF [®] | in % | 5.6 | 5.5 |
| Personnel expenses , Deutsche Wohnen excluding KATHARINENHOF [®] | EUR m | 23.6 | 20.3 |

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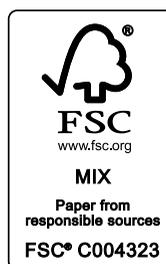
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This Sustainability Magazine (editorial deadline 30 September 2013) is in German and English. Both versions are available for download at www.deutsche-wohnen.com. Also available on this link is our first ever sustainability report, which we published in 2012. It provides detailed information about our ecological and social contribution and was compiled in accordance with the criteria set out by the Global Reporting Initiative (GRI).



¹⁾ incl. acquisitions in January 2013.

²⁾ Consumption data natural gas, electricity, district heating from 74 % of the area used (total or partial survey of 7 of the 12 Deutsche Wohnen sites in total), transportation data from all sites.

³⁾ Consumption data natural gas, transport, electricity for Am Preußenpark nursing home, Berlin, with 125 care places (1 of 20 sites, including acquisition of 4 sites in January 2013).

⁴⁾ Consumption data from 67 % of the area uses (survey of 7 of the 12 Deutsche Wohnen sites in total).

⁵⁾ Consumption data for Am Preußenpark nursing home, Berlin, with 125 care places (1 of 20 sites, including acquisition of 4 sites in January 2013).

⁶⁾ Calculated from consumption data natural gas, electricity, district heating from 75 % of the area used (total or partial survey of 7 of the 12 Deutsche Wohnen sites in total), transportation data from all sites.

⁷⁾ Calculated from consumption data natural gas, transport, electricity for Am Preußenpark nursing home, Berlin, with 125 care places (1 of 20 sites, including acquisition of 4 sites in January 2013).

⁸⁾ Pilot project: Consumption data (incl. tenant consumption) from 5 rented properties in Berlin with 737 residential units and approximately 37.500 m² of living space.

⁹⁾ Pilot project: Calculated from consumption data natural gas (incl. tenant consumption) from 5 rented properties in Berlin with 737 residential units and approximately 37.500 m² of living space.

¹⁰⁾ Building electricity consumption data (electricity for entrance and hallway lights, technical systems) for 47,272 of our 48,435 rented residential units (residential units that were under our ownership throughout the year, excluding any acquisitions in 2012, and 1,163 residential units omitted due incomplete data)



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