



2016

SUSTAINABILITY
REPORT



KEY FIGURES AT A GLANCE

		2016	2015	Change
Economy				
Earnings from Residential Property Management	EUR m	586.4	519.2	12.9 %
Earnings from Disposals	EUR m	54.3	68.9	-21.2 %
Earnings from Nursing and Assisted Living	EUR m	16.8	15.6	7.7 %
FFO I	EUR m	383.9	304.0	26.3 %
EPRA NAV (undiluted)	EUR m	10,017.0	7,765.6	2,251.5
Market capitalisation	EUR bn	10.1	8.6	17.4 %
Property portfolio				
Residential and commercial units	number	160,160	148,218	11,942
Residential and commercial area	sqm k	9,790	9,147	643
Fair value of real estate property ¹⁾	EUR m	15,465	11,721	3,744
Fair value per sqm residential and commercial area ¹⁾	EUR per sqm	1,580	1,282	23.2 %
Average in-place rent	EUR per sqm/month	6.10	5.89	3.6 %
Average vacancy rate	in %	1.8	1.8	-
Property portfolio				
Portfolio investments	EUR m	244.5	182.1	34.3 %
Portfolio investments per sqm	EUR	25	20	25.0 %
Average energy intensity of portfolio	kWh per year	135.1	139.1	-2.9 %
Energy intensity holdings	MWh per sqm	0.120	0.128 ²⁾	-6.3 %
Energy intensity administration	MWh per sqm	0.145	0.150 ³⁾	-3.3 %
CO ₂ intensity holdings	t CO ₂ eq per sqm	0.023	0.025 ²⁾	-7.8 %
CO ₂ intensity administration	t CO ₂ eq per sqm	0.019	0.021 ³⁾	-5.5 %
Employees and society				
Employees Deutsche Wohnen group at year-end	number	943	766	23.1 %
Proportion of women	in %	56.8	65.1	-8.3 pp
Proportion of women in management positions	in %	45.1	51.7	-6.6 pp
Average length of service	in years	9.0	9.2	-2.2 %
Average age of employees	in years	42.1	41.3	1.9 %
Proportion of trainees	in %	4.5	5.8	-1.3 pp
Average continuing training per employee ⁴⁾	in hours	20	n/a	
Sponsorship and charitable donations	EUR k	900	270 ⁵⁾	
Nursing care and Assisted Living				
Facilities	number	51	20	31
Nursing and Assisted Living places	number	6,672	2,048	4,624
Average occupancy rate ⁶⁾	in %	98.6	97.2	1.4 pp

¹⁾ Only comprises residential and commercial buildings, without Nursing and Assisted Living

²⁾ Change in figures for previous year attributable to extension of database to approximately 90,000 units

³⁾ Forecast was aligned to real consumption

⁴⁾ In relation to employees attending continuing training

⁵⁾ Previous year's figures amended

⁶⁾ Relating to KATHARINENHOF®

ABOUT THE REPORT

G4-28 This is Deutsche Wohnen AG's fifth Sustainability Report. It relates to the financial year 2016 (1 January 2016 to 31 December 2016) and is aimed at employees, investors, analysts, politicians, tenants and business partners, as well as all other stakeholder groups who are interested in our company and in our social and environmental performance. The purpose of this Report is to create transparency and to present our diverse activities and achievements from the standpoint of sustainability. To this end, we provide comparative data from the previous year wherever possible.

Alignment with GRI Guidelines

In taking inventory for and compiling the content of this Report, we followed the Guidelines published by the Global Reporting Initiative (GRI). This initiative, established in the 1990s, has developed a global framework to promote the comparability and credibility of the performance of companies and organisations as reported by those entities. This Report contains statements as to Deutsche Wohnen's strategy, organisation and values and as to key performance indicators in the economic, environmental and social contexts. We have prioritised the sustainability-related issues comprising the subject matter of this Report on the basis of a materiality analysis, including a stakeholder survey, carried out by us.

Structure of our Sustainability Report

This Report was prepared in line with the "Core" option provided by the current version of the GRI G4 Guidelines. The report was submitted for the GRI Materiality Disclosures Service, and GRI confirmed the correctness of the locations of the G4 materiality disclosures (G4-17 – G4-27). In addition to issuing this Sustainability Report, which has been published online in the form of a PDF, we also incorporated information on sustainability issues in our Annual Report to a greater extent in the year under review in response to the rising demand for greater transparency and as evidence of the growing link between principles of sustainability and our own business activities.

Editorial notes

The data contained in this Report relates to the financial year 2016; material developments occurring in the first quarter of 2017 are also described in the text. The editorial deadline for this Report was 30 April 2017. With a view to improving the flow of the text, we have consolidated certain aspects and indicators, such as Compliance and Suppliers, to reflect the overall subject matter involved. The corresponding categories of GRI management approaches and indicators are in each case indicated under the heading or at the start of the paragraph in question. Additional information on certain indicators can also be found in the GRI Content Index itself.

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EDITORIAL BY THE CHIEF EXECUTIVE OFFICER

G4-1



Michael Zahn
Chief Executive Officer (CEO)

Dear Sir or Madam,

Climate change, urbanisation and demographic change – the global challenges of our time are impacting on society in a wide variety of ways. With over 20 million rented units, the housing industry in Germany plays a key role in achieving sustainable development. After all, approximately 40% of final energy consumption and around one third of CO₂ emissions nationally are attributable to buildings and the people who live in them. With a portfolio of approximately 160,000 residential and commercial units, Deutsche Wohnen is fully aware of its responsibility for climate-friendly development and is consistently working to achieve this. In the end, it is important to create multi-generational, residential neighbourhoods that offer a good quality of life and that combine affordability with as much energy efficiency as possible. In order to achieve this goal, Deutsche Wohnen is helping to shape the modern city of tomorrow with investments that work over the long term and with a holistic approach to neighbourhood development.

Effective climate protection requires investment. By 2021, Deutsche Wohnen will be investing EUR 1 billion in the maintenance and energy-efficient modernisation of its holdings. This means that we will improve both the level of comfort and the energy efficiency of 30,000 residential units. In order to analyse and then realise this potential, Deutsche Wohnen relies on an innovative participation model with one provider. The efficiency gains that result from this model benefit both the environment and our tenants.

We are also underlining our pioneering role in sustainability when it comes to new builds, too. The new-build project in Potsdam-Babelsberg, which we completed in 2016, is a successful prototype for future-proof construction. The apartments meet the KfW 70 energy standard and were given a gold award by the German Sustainable Building Council (Deutsche Gesellschaft für Nachhaltiges Bauen – DGNB). Such recognition is a great encouragement. By 2020, we plan to create 2,200 new flats as new builds or by converting attics or adding floors to existing buildings. The investment sum for these measures is just under EUR 500 million.

Climate protection and energy efficiency cannot be viewed independently of economic and social aspects. They have to be discussed transparently with stakeholders. For this reason, we develop neighbourhoods in partnership with their residents and



DEUTSCHE WOHNEN CONTINUES
TO IMPROVE THE TRANSPARENCY
AND COMPARABILITY OF ITS
PERFORMANCE IN THE AREA OF
SUSTAINABILITY.

other social actors. With offers of dialogue, like tenant meetings or individual conversations, we gain acceptance for our modernisation and construction plans. In 2016, almost 500 employees were deployed by Deutsche Wohnen to provide support to tenants.

Demographic change represents a further challenge in the area of housing. The design of senior-friendly housing conditions and the care of elderly people are a social necessity. Furthermore, with its strategic shareholding, KATHARINENHOF®, Deutsche Wohnen is creating high-quality housing and nursing care options that set standards in the industry. This can be seen from an occupancy rate of 98.6%, which is far higher than the national average of approximately 85%. With the acquisition of more than 4,600 residential and nursing care places for the elderly in the second half of 2016, Deutsche Wohnen increased its holdings to 6,700 beds and, in so doing, underlined the strategic importance of this business area.

Our employees form the basis of our company and are a key factor in our success. As part of our staff development strategy, our employees and managers completed approximately 14,000 hours of training in 2016 alone. As a responsible employer, we will continue to foster the commitment, qualifications, motivation and satisfaction of our employees with a variety of staff development measures.

As one of the three largest property companies in Europe, Deutsche Wohnen continues to improve its sustainability performance through increased transparency and comparability. In accordance with the Global Reporting Initiative (GRI), a standard that is applied worldwide, we provide clear and intelligible information about our performance in economic, ecological and social terms in this report. For the fifth consecutive time, this affirms our commitment to sustainability. The sustainable management of our property portfolio, our commitment to climate protection as well as our stakeholder engagement are part of our transparent reporting and constitute our long-term success as a company.

Berlin, June 2017

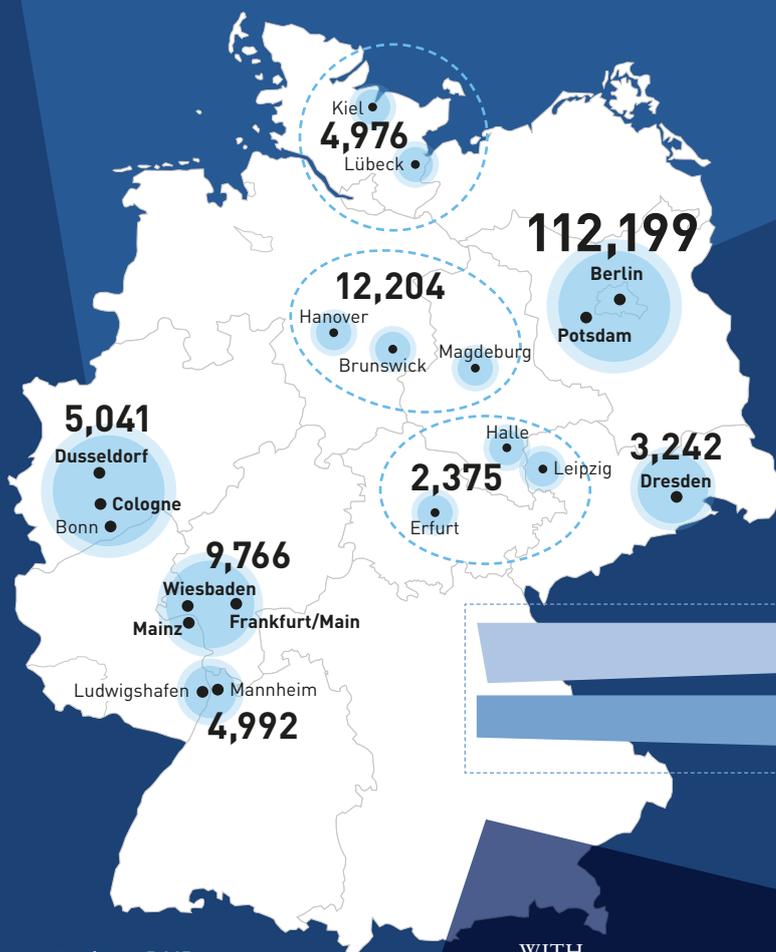


Michael Zahn
CEO of Deutsche Wohnen AG

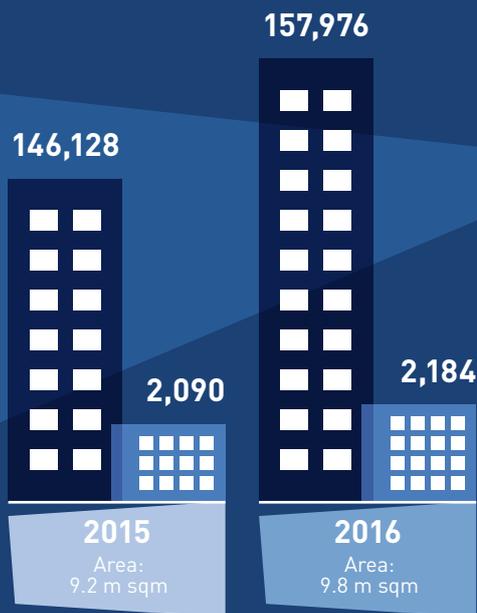
COMPANY PORTRAIT

G4-9

Approx. 160,000
RESIDENTIAL AND COMMERCIAL UNITS
in attractive metropolitan regions

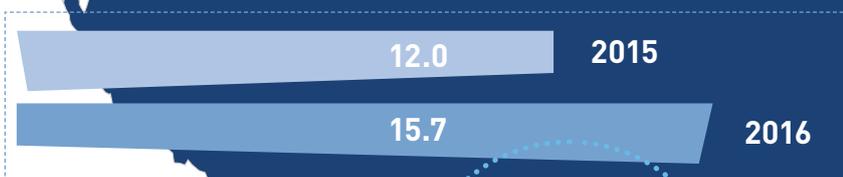


Not shown: 5,365 units



Residential units Commercial units

VALUE OF OUR PORTFOLIO
at the end of the year in EUR billion



WITH
EUR 10.1 billion
MARKET CAPITALISATION
third largest listed real estate company
in Europe as at December 2016

EQUITY
2016
EUR 8.2 billion

EQUITY
2015
EUR 6.8 billion

THE COMPANY

G4-4 | G4-6 Deutsche Wohnen AG is an active portfolio manager specialising in residential property, with a clear focus on metropolitan areas and conurbations. It operates solely in Germany. At the end of 2016, its property portfolio comprised approximately 160,000 residential and commercial units, as well as nursing care facilities with approximately 6,700 beds and apartments.

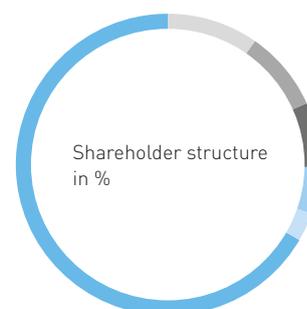
G4-5 | G4-7 Deutsche Wohnen's registered office is located in Frankfurt/Main and its headquarters in Berlin. It is a publicly listed limited company established in accordance with German law and is listed on the MDAX stock index of the Deutsche Börse. It also trades in the major indices EPRA/NAREIT, GPR 250 and STOXX® Europe 600. MFS, BlackRock, Norges, Vonovia and APG currently¹⁾ hold approximately one third of the shares of Deutsche Wohnen, with the remaining two thirds being held by domestic and foreign institutional investors and private shareholders, whose shareholdings do not exceed the statutory reporting threshold of 3%.

Our corporate structure

In organisational terms, we draw a distinction between management and asset companies. Management companies are allocated to the corresponding business segments – with Deutsche Wohnen AG assuming a traditional holding company function – comprising such divisions as Asset Management, Corporate Finance, Treasury, Accounting, Controlling, Taxation, IT/Organisation, Human Resources, Marketing, Investor Relations, Corporate Communication and Legal/Compliance.

Shareholders¹⁾

	Massachusetts Financial Services Company (MFS)	9.94%
>5%	BlackRock, Inc. ²⁾	8.60%
	Norges Bank (Central Bank of Norway) ²⁾	6.93%
>3%	Vonovia SE	4.99%
	APG Asset Management N.V. ²⁾	3.04%
	Total	33.50%
	Others	66.50%
	Free float according to Deutsche Börse	93.07%



¹⁾ Percentages based on most recent voting rights notification made by the specified shareholders pursuant to sec. 21 ff. of the German Securities Trading Act (WpHG). The notifications of voting rights are published on our Investor Relations website <http://ir.deutsche-wohnen.com>. The share of the voting rights as notified is based on the total number of voting rights at the time of notification. It is possible that the reported number of voting rights may since have changed without such change having resulted in the relevant threshold being crossed and thus triggering a new notification obligation.

²⁾ Attributed voting rights according to sec. 22 WpHG

Deutsche Wohnen AG Management and central administration

Residential/Commercial		Strategic shareholdings
Property/asset management	Disposals	
Asset companies		

¹⁾ Last updated: 24/3/2017

Property management

The majority of our holdings are managed by our wholly owned subsidiaries. All activities relating to the management and administration of residential property, the management of rental contracts and tenant support are consolidated within Deutsche Wohnen Management GmbH (DWM), Deutsche Wohnen Service Center GmbH (DWSC), Deutsche Wohnen Immobilien Management GmbH (DWI) and Deutsche Wohnen Kundenservice GmbH (DWKS), Deutsche Wohnen Construction and Facilities GmbH (DWCF) is responsible for the technical maintenance and development of our holdings, including newly constructed properties. FACILITA Berlin GmbH (FACILITA) primarily provides services in Berlin for companies of the Deutsche Wohnen Group and is part of the residential property management segment. In this capacity, it contributes to the sustained enhancement of the value of the portfolios it manages. The company intends to establish FACILITA within the Deutsche Wohnen Group as a leading provider of high-quality services in the infrastructural facility management sector over the short term.

Asset management

The asset management segment is responsible for the company's portfolio strategy, the valuation of its property holdings and its acquisition activities, and undertakes the strategic orientation and valuation of our portfolio. Potential is identified on the basis of continuous analysis, and the company's property holdings are allocated to the strategic core and growth regions and the non-core regions, with the operational fields of activity in this regard being "under management", "under development" and "for disposal".

Disposals

The disposal of properties is managed by Deutsche Wohnen Corporate Real Estate GmbH (DWC). We continuously invest large amounts of capital in our strategic core and growth regions, particularly in the context of our privatisation activities, thereby strengthening our internal financing capacity.

Strategic shareholdings and property-related services

In addition to its core business activities, Deutsche Wohnen also operates within the scope of strategic shareholdings.

Nursing and assisted living: Under the brand name KATHARINENHOF® and on the basis of a participation model, we manage retirement and nursing homes for senior citizens, which provide full in-patient nursing care with the aim of according residents an active, independent lifestyle to the greatest possible degree, and providing them with a comprehensive range of services tailored to the needs of senior citizens in the form of assisted living accommodation.

Energy supply: G+D Gesellschaft für Energiemanagement mbH (G+D) is a strategic cooperation between Deutsche Wohnen and GETEC Wärme & Effizienz AG – a means of jointly restructuring the management of the energy-related aspects of our portfolio with a view to improving the energy efficiency of the power-generating facilities of our properties and to sustainably reducing CO₂ emissions and energy costs. G+D is now also successfully supplying third-party customers in the market.

Technical facility management: Deutsche Wohnen coordinates its purchases of materials, products and services through B&O Deutsche Services GmbH – a joint venture with B&O Service und Messtechnik AG – within the scope of its technical facility management activities. The company also performs operational services in the context of technical facility management.

Multimedia: The multimedia business of Deutsche Wohnen relates to the area of operation of its wholly owned subsidiary Deutsche Wohnen Multimedia Netz GmbH. The Group intends to implement forward-looking upgrades in its property holdings, and at the same time add to its value chain, by means of investments both in the expansion of the cable network and in the glass fibre optic infrastructure.

Clear portfolio strategy

G4-8 Deutsche Wohnen manages one of the largest property portfolios in Germany, comprising approximately 160,000 residential and commercial units with a total floor area of 9.8 million sqm. The fair value of our properties amounted to approximately EUR 15.5 million as at 31 December 2016. We focus

on high-growth metropolitan areas and conurbations, so-called Core+ markets in which 85% of our residential holdings are located. A further 12% of our residential units are located in stable Core regions.

In line with our focussed portfolio strategy, our holdings are largely concentrated within the following regions:

Property portfolio	31/12/2016							
	Residential					Commercial units		
	Residential units	Area	Share of total portfolio	In-place rent ¹⁾	Vacancy	Rent potential ²⁾	Commercial units	Area
number	sqm k	in %	EUR/sqm	in %	in %	number	sqm k	
Strategic core and growth regions	154,144	9,241	97.6	6.12	1.7	22.1	2,116	289
Core+	134,820	8,048	85.3	6.20	1.7	24.9	1,885	253
Greater Berlin	110,673	6,567	70.1	6.10	1.6	24.4	1,526	185
Rhine-Main	9,625	579	6.1	7.42	2.3	24.8	141	30
Rhineland	5,013	313	3.2	6.15	0.9	22.7	28	4
Mannheim/Ludwigshafen	4,950	306	3.1	5.74	1.6	26.5	42	12
Dresden	3,152	201	2.0	5.40	2.6	17.6	90	15
Other Core+	1,407	81	0.9	9.73	0.2	14.8	58	6
Core	19,324	1,194	12.2	5.58	1.8	12.5	231	37
Hanover/Brunswick	9,146	590	5.8	5.67	1.7	19.3	96	15
Core cities East Germany	5,223	310	3.3	5.44	2.1	6.6	114	19
Kiel/Lübeck	4,955	294	3.1	5.54	1.6	11.4	21	3
Non-Core	3,832	246	2.4	5.23	5.1	3.1	68	14
Total	157,976	9,487	100.0	6.10	1.8	21.9	2,184	303

¹⁾ Contractually owed rent for rented residential units divided by rental area

²⁾ New-letting rent for properties in the letting portfolio in comparison to the in-place rent for properties in the letting portfolio

Significant restructuring measures

G4-13 On 1 January 2016, Deutsche Wohnen took over 100% of the shares in FACILITA in which the Group had held 49% of the voting rights as at 31 December 2015.

Strategic risk management

G4-14 Our risk strategy is aimed at ensuring the continued existence of the company and, furthermore, at increasing its value as a going concern on a sustainable basis. The success of our business is contingent upon the exploitation of any opportunities which arise and the early identification and assessment of any associated risks. Opportunities should be exploited to an optimal degree, while any entrepreneurial risks should be addressed in a mindful and responsible manner and actively managed to achieve an appropriate degree of value enhancement. Any risks which pose a threat to the company's continued existence should be avoided.

In this context, an awareness, assessment and management of all the important aspects of those risks is of crucial importance. To this end, a central risk management system (RMS) has been established within Deutsche Wohnen, which ensures the identification, measurement, management and monitoring of all material risks to which the Group is exposed. The RMS is intended to ensure that risks are identified, prioritised and communicated to the competent decision-makers at an early stage in order to enable appropriate remedial action to be taken by the Group to avert or minimise any resultant damage.

The central elements of Deutsche Wohnen's RMS are:

1. Internal control system (ICS)
2. Reporting
3. Risk management
4. Compliance
5. Internal audits

The Management Board bears overall responsibility for the Group's risk management activities. It decides upon the organisation of the related structural and procedural measures and upon the allocation of the necessary resources, and also approves the documented performance of the risk management system, taking this into account in the context of corporate management.

The following risk categories have been identified and broken down into groups as part of Deutsche Wohnen's risk management activities:

1. Strategic risks
2. Political, legal and corporate risks
3. IT-related risks
4. Performance risks – personnel
5. Market risks
6. Performance risks – property
7. Financial risks
8. Investment risks

Early warning indicators which are specific to prevailing external conditions and to the company itself are allocated to these risk categories. Early warning indicators in group 2 which relate to preventative environmental protection measures, (for example legislative amendments affecting energy saving ordinances, environmental legislation or building regulations), are of relevance from a sustainability standpoint. Group 3 comprises early warning indicators which relate to the issues of compliance and data protection. Early warning indicators which relate to the quality of our holdings, for example the condition of technical facilities or the incidence of hazardous substances, are allocated to Group 6.

Deutsche Wohnen designates "risk owners" who, in this capacity, assume responsibility for the identification, assessment, documentation and communication of all material risks arising within their areas of responsibility. Individual risks are managed at the department level and, where they involve amounts of damage in excess of EUR 500,000, are verified in the context of the risk inventory and allocated to the indicated risk categories. The risk manager coordinates the recording, assessment, documentation and communication of the risks identified in the overall risk management process, initiates periodic risk management activities, consolidates the reporting of risks by the risk owners and prepares the report for submission to the Management and the Supervisory Boards. The Internal Audit division monitors the functioning of the risk management system as part of its auditing activities.

Every employee is made aware of risk-related issues, and is required to be risk-aware and to report any potential risks, i.e. to inform himself or herself as to the risk situation within his or her area of responsibility and to deal with any identified risks in a responsible manner. This enables the company to ensure that suitable measures for the avoidance, reduction or transfer of risks are implemented, and to adopt a mindful approach to the taking of calculated risks. Comprehensive information on the material risks involved is provided to all decision-makers in a timely fashion.

GOVERNANCE

Sustainability strategy based on areas for action

G4-2 In the autumn of 2015, we carried out a materiality analysis with a view to comprehensively acquainting ourselves with developments in the housing industry and the demands of our stakeholders – employees, tenants, investors, business partners, politicians and social agencies. The following emerged as the top three issues in relation to our sustainability management and reporting activities: Long-term economic stability, provision of professional training and continuing education, and regular maintenance and modernisation. The contextual framework for the evaluation as a whole was composed of our six areas for action, which we identified in 2012 and have since developed further in response to the material impacts, opportunities and risks to which we are exposed:

Responsible corporate management

Both our stakeholders and Deutsche Wohnen's senior managers consider long-term economic stability to be the most important issue, one that is reflected in our pursuit of a targeted and value-adding portfolio strategy and the efficiency of our corporate structure. In addition, transparency and dialogue with our stakeholders, together with a clearly defined corporate vision and strategy with regard to sustainability, are among the six most important issues flagged up by our materiality analysis.

Responsibility for our property holdings and sustainable new construction

According to the findings of our survey, regular maintenance and modernisation of our holdings is one of the most important issues to be addressed by Deutsche Wohnen. We are continually raising the quality of our portfolio through targeted investments. We provide our tenants with high-quality service and inform them in good time and in detail of any upcoming projects. We are attempting to meet the growing need for housing in conurbations by implementing initial new construction measures which give due consideration to sustainability criteria.

Responsibility for employees

We strive to be a good employer, offering attractive prospects for self-development and career advancement. It is particularly because of this that our stakeholders and executives consider the provision of professional training and continuing education to be the most important employee-related issue. The promotion of work/life balance and family-friendly working conditions, diversity and equality of opportunity, as well as transparent structures and rights of co-determination, are all likewise deemed prerequisites for the recruitment and retention of qualified and skilled personnel. We formulate our strategic personnel management measures having regard to these considerations and the outcome of the employee appraisal interviews held on an annual basis.

Environmental and climate protection

Deutsche Wohnen intends to contribute towards the attainment of national environmental protection objectives by implementing targeted measures in its own holdings. The energy-efficient modernisation of our properties and an innovative approach to the generation of heat and energy were also among the six issues that emerged as the most relevant in the context of our materiality analysis, with the selection of suppliers who use sustainable materials for our maintenance, modernisation and new construction work being of crucial importance in this regard.

Social responsibility

For the respondents to our survey, commitment to social causes was first and foremost a reflection of our assumption of full responsibility for the development of residential districts, with the safeguarding of historic building structures and the preservation of historic monuments – an area in which Deutsche Wohnen is already a pioneer – forming a further focal point of our activities. This focal point is particularly motivated by our interest in the maintenance of cultural identity.

Responsible provision of nursing and support services

Deutsche Wohnen strives to provide optimum nursing and support services in an attractive environment in which elderly individuals can spend their twilight years. To this end, we develop and work with innovative forms of therapy, and imbue our facilities with an atmosphere of cultural interaction.

Sustainability programme

G4-27 Our strategy is reflected in specific individual measures aimed at the attainment of our corporate targets. We have been presenting our subject-specific targets in the context of our sustainability programme for a number of years now and, in doing so, have provided an insight into the progress of the sustainability-related performance of our company. 2017 will see more extensive management endeavours on the basis of key strategic

figures and, to this end, the consolidation of the individual targets into specific overall areas for action. Given that this process will take some time, we have dispensed in this Report with any attempt to formulate new individual targets, choosing instead to give a status report on our progress with regard to the attainment of our existing targets. A sustainability programme comprising new strategic overall targets will be announced in our Sustainability Report 2017.

Areas for action	Targets	Target attainment 2016
Responsible corporate management		
Professionalisation of sustainability management and strategy	• Further specification and adoption of the donation strategy by the Management Board	↗
	• Integration of the survey results into the CR strategy	↗
	• Establishment of new means of participation and obtaining information for tenants	✓
Professionalisation of data collection and reporting	• Expansion of key figures: Energy efficiency classification; in-service training sessions on the basis of number of hours per employee	✓
	• Sustainability rating strategy; compliance with and improvement of ratings (in particular, EPRA, GRESB, oekom research, Sustainalytics)	✓
	• Continued upholding of DNK Declaration of Compliance (biennial rhythm set in 2016)	✓
Optimisation and digitalisation of processes	• Extension of digital contract management to other divisions of Deutsche Wohnen	↗
	• Introduction of digital system of property inspections for residential units by the end of 2017	↗
	• Extension of SAP system for technical facility management	↗
	• Use of 50,000 fewer sheets of paper as a result of the "paperless office" initiative in centralised invoicing (operating costs) by the beginning of 2017	✓
Responsibility for our property holdings and sustainable new construction		
Modernisation measures to ensure housing quality and conservation of resources	• Scope of investment programme extended to approximately EUR 1 billion for the energy-efficient refurbishment and modernisation of 30,000 residential units by 2021 (consolidation of all individual targets)	↗
Improvements with regard to service, safety and health for the benefit of tenants	• Implementation of security and concierge concept in approximately 26,000 additional usage units by mid-2016	✓
	• Inspection of electrical and fixed installations in approximately 55,000 residential units in accordance with the DGUV-V3 regulation for the prevention of accidents	✓
	• Ensure all enquiries from prospective tenants are handled by service centre in accordance with target groups by 2017	✓
Enhancement of collection and transparency of data	• Pilot project: extended to 15,000 residential units	✓

✓ Completed in full ↗ In progress → Ongoing

Areas for action	Targets	Target attainment 2016
Sustainable construction of new multi-storey rental units and creation of city districts providing attractive living conditions	• Further specification of identified potential for re-densification and definition of target timeframe (2016 definition: 2,200 new residential units in newly constructed detached buildings or by way of additions of new storeys or attic conversions by 2020)	✓
	• Goal of gold standard for DGNB certification of multi-storey rental units in construction phase 2 in Potsdam	↗
	• Preparation for construction work on the "Westend Estate Renewal" project (600 residential units) in 2017 – 2019	↗
	• Certification of planned construction project in Potsdam-Babelsberg as a Cradle to Cradle®-inspired building (EPEA Hamburg)	↗
	• Expansion and transfer of knowledge relating to sustainable planning and construction within Deutsche Wohnen (for example, advanced training, auditor training)	→
	• Creation of incentive systems for the development of approaches to the issue of sustainable construction	↗
Environmental and climate protection		
Enhancement of energy efficiency measures: administration	• Further raising of employee awareness of energy-saving measures	→
	• Continued implementation of the efficiency measures prompted by the energy audit	✓
Enhancement of energy efficiency measures: portfolio	• Renewal by G+D of heat generation facilities for approximately 3,200 residential units with a thermal output of approximately 11,400 kW	✓
	• Extension of supply arrangement with G+D to a total of 76,000 usage units	✓
	• Refurbishment of 50 boiler systems in 2016 by Deutsche Wohnen	↗
	• Increase in in-house production of electricity from 9 GWh/a to approximately 12 GWh/a by means of a new combined heat and power (CHP) plant in Imbrosweg in Berlin	✓
	• Improvement to the facade-insulating properties of our holdings, for example in the Hellersdorfer Promenade district, the Otto Suhr and Spring estates (both in Berlin), the Kanzlerfeld Estate in Brunswick and Sahlkamp-Mitte in Hanover	↗
	• Special project in 2016 for the incorporation of cellulose blown-in insulation valued at EUR 2.0 to 2.5 million and the replacement of old windows valued at approximately EUR 9 to 10 million	✓
Responsibility for employees		
Enhancement of employee development and satisfaction	• 100% coverage through structured employee interviews	↗
	• Conduct of employee survey, carried out twice a year since 2014	✓
	• Creation of a "talent pool" for succession planning with regard to key functions	✓
	• Expansion of occupational health management programme to include nutritional counselling in the context of "health awareness days" and counselling on health issues in collaboration with health insurance funds	↗
	• Introduction of 360°C feedback for executives below Management Board level	✓
Increasing the company's attractiveness as an employer	• Further expansion of range of training options offered	✓
	• Lowering of employee turnover rate through further enhancement of the on-boarding process	✓
	• Implementation of recruitment strategy for service centre	✓
	• "Fair company" certification	✓
Social responsibility		
Development of residential districts	• Continuance of GSW social fund under the name "DW Fund" from the beginning of 2016	✓
	• Intensification of support work in residential districts	✓
	• Continuation of support for local social organisations	→
Provision of housing for socially disadvantaged individuals	• Provision of further housing for disadvantaged sections of the population, for example cooperation with Caritas (a total of 22 residential units planned) and Hestia (a registered association for women who have suffered domestic abuse)	→

The governance structure of Deutsche Wohnen

G4-34 Deutsche Wohnen AG, which is based in Frankfurt/Main, is subject to the provisions of the German stock market and capital market legislation and the provisions of its Articles of Association. The company has a two-tier management and supervisory structure, comprising its two executive bodies, the Management Board and the Supervisory Board, which are subordinate to the Annual General Meeting in its capacity as an executive organ, at which the shareholders participate in the making of fundamental decisions affecting the company. Together, these three bodies are obligated to act in the best interests of the shareholders and for the good of the company.

The Management Board manages the company and is directly responsible for the conduct of its business operations. The members of the Management Board are appointed by the Supervisory Board. The Management Board develops the strategic direction of the company, agrees this with the Supervisory Board, and ensures its implementation. It also bears responsibility for ensuring appropriate risk management and control within the company, as well as regular, timely and comprehensive reporting to the Supervisory Board. The Management Board consults with the Supervisory Board on substantial decisions.

The Supervisory Board advises and monitors the Management Board with regard to its management of the company and also the Managing Directors within the framework established by statute and the company's Articles of Association and Rules of Procedure. It works closely with the Management Board for the benefit of the company and is involved in fundamental decisions. The Supervisory Board has Rules of Procedure in place, and its work is carried out in the context of both plenary sessions and committee meetings. The Supervisory Board has a number of committees, specifically the Executive Committee, the Nomination Committee, the Audit Committee and the Acquisition Committee. The work of the committees is intended to increase the efficiency of the Supervisory Board. The committee chairmen report regularly to the Supervisory Board on the work of their committee. The Supervisory Board is composed of six members and is not subject to any rules governing employee participation. All of its members are elected by the Annual General Meeting as representatives of the shareholders.

In line with the opportunities provided by the Articles of Association, the shareholders exercise their assigned rights at the Annual General Meeting and exercise their voting rights. Each share carries one vote. Fundamental resolutions are adopted by the Annual General Meeting; these relate, among other things, to the utilisation of profits, the dismissal of the members of the Management Board and the Supervisory Board, the selection of members of the Supervisory Board and the auditor, amendments to the Articles of Association and capital-changing measures.

ETHICS AND COMPLIANCE

DMA Compliance (Environment, Society and Product Responsibility)

Deutsche Wohnen places great value on compliance with legal provisions and the standards of the German Corporate Governance Code, and on the fair treatment of business partners and competitors.

G4-57 | G4-58 Responsibility in this regard is borne by the Compliance Officer, who acts as an internal adviser and a point of contact for employees, handling any questions they may have as to ethical and lawful conduct. He or she informs management, employees and business partners about the relevant legal framework and the consequences of violations of insider regulations, for example.

Since the beginning of 2017, a whistle-blower system has also been in place which enables individuals to report cases of suspected criminal conduct or non-compliance to Deutsche Wohnen on an anonymous basis, if they so wish. The Compliance Officer is assisted in this context by external legal counsel which acts as the point of contact for notifications of such cases, evaluates these and, where necessary, forwards them to the Compliance Officer.

All business divisions and processes within Deutsche Wohnen AG are subject to regular review with regard to compliance risks.

Code of Conduct

G4-56 Our current Code of Conduct, which prescribes and defines dealings which are in compliance with the law, applies to and is binding on all of the company's employees. The Code of Conduct is supplemented by other more specific guidelines, such as those addressing the issues of corruption, IT security and data protection. In addition, the company provides its employees with further assistance in this regard in the form of data sheets, for example on the subject of the prevention of money laundering. The "Principled Leadership" management standards in place at Deutsche Wohnen Management GmbH and Deutsche Wohnen Immobilien Management GmbH, which employed the majority of our housing management employees in the year under review, require employees to interact with each other in a constructive manner and to uphold the principles of reliability, appreciation, confidentiality and transparency. Our welcome package for new employees comprises introductory brochures, induction manuals and "welcome days".

Every new employee receives and agrees to follow the guidelines upon commencing his or her employment with the company. In addition, the managerial staff ensure that their employees are made aware of material compliance-related risks.

Standards governing the company's public image

DMA Marketing

Deutsche Wohnen's primary focus in the advertising context is the marketing of its rental properties. This entails the definition of clear, unambiguous targets and their attainment with the minimum amount of time and effort in terms of staff hours and financial expense. Deutsche Wohnen avoids incurring unnecessary costs as a result of waste coverage by primarily advertising at the local and regional levels, thereby balancing costs and benefits and ensuring that resources are available where they are most needed – for the benefit of our holdings.



Deutsche Wohnen's brand advertising activities serve a dual purpose – the enhancement of its image and the demonstration of its commitment to social issues. We use our high-profile sponsorship activities to promote social and cultural projects in areas surrounding our holdings, where possible. In 2016, Deutsche Wohnen

became a strategic partner of the "Berlin Foxes" (Füchse Berlin) handball team. The central objective behind this partnership, which is of a long-term nature, is to support the further development of the "Berlin Foxes", particularly through extensive and sustained work with young and up-and-coming talent. In entering into this commitment as the team's official primary and shirt sponsor, Deutsche Wohnen has assumed a role of responsibility with regard to the capital city Berlin and its handball scene.

We comply with the applicable statutory provisions with regard to our activities in the area of communications. We also follow the recommendations of the German advertising standards board (Deutscher Werberat).

Our employees also have a major influence on the image of the Deutsche Wohnen Group, with the Internet playing a significant role in this regard. For this reason, attention is also paid to ensuring that any communication taking place in social networks is of a suitably serious nature and is in line with the Code of Conduct in force throughout the company.

Data protection

DMA Customer Privacy

Deutsche Wohnen is subject to the data protection provisions of the currently applicable German Federal Data Protection Act (Bundesdatenschutzgesetz – BDSG). In the future, it will be subject to the data protection provisions of the EU General Data Protection Regulation (GDPR), which will come into force in May 2018. Deutsche Wohnen is currently already making adjustments to its processes in view of the GDPR as part of its ongoing evaluation measures.

Its collection, processing and deletion of personal data, such as data relating to tenants, interested parties or employees, is in compliance with the applicable data protection regulations.

In order to ensure that its workforce is aware of statutory provisions on data protection, the company obtains undertakings from new employees with regard to the obligation to maintain data secrecy pursuant to the BDSG, and provides them with instructions on the handling of data in the form of a data sheet which accompanies this undertaking.

Guidelines and work instructions on the subject of data protection, IT security and the use of the Internet and e-mail are also available.

Deutsche Wohnen has appointed an external Data Protection Officer, who is assisted by an internal Data Protection Coordinator within the company. The external Data Protection Officer is responsible for handling enquiries, and complaints, and for scheduling checks relating to the issue of data protection. The Data Protection Officer also provides ongoing assistance to Deutsche Wohnen in modifying its guidelines and processes in line with the data protection regulations currently in force or imposed in the future. The scope of these responsibilities also extends to the company's IT systems, which Deutsche Wohnen safeguards in accordance with current security standards.

In addition, the Data Protection Officer functions as an external point of contact for questions relating to lawful conduct in accordance with data protection legislation and in the context of a system for the reporting of incidents relating to data protection.

Grievance mechanisms with regard to the external impact of the company's activities

[DMA Environmental Grievance Mechanisms, Labour Practices, Human Rights Grievance Mechanisms and Grievance Mechanisms for Impacts on Society](#)

The undertaking of complex measures for the refurbishment and modernisation of our holdings presents us with sizeable challenges, which we hope to overcome by maintaining an open dialogue with the affected parties. Depending on the extent of the refurbishment work involved, we implement measures which foster dialogue and participation, approaching our tenants individually with a view to identifying their needs and finding socially acceptable solutions.

Since 2013, Deutsche Wohnen has adopted a critical stance towards the rent index for Berlin and has also publicly expressed its views in this regard. In our view, the index does not, from a scientific point of view, qualify as a proper rent index, which may ordinarily very much be considered a suitable means of determining comparable rents typically prevailing in a given location.

[G4-S011](#) In the year under review, tenants expressed their concerns to us both by contacting us directly and sometimes by contacting the news media. The majority of these concerns were due, in particular, to a shortage of appropriately skilled tradespeople in craft enterprises, which, as a result, are sometimes overstretched. This state of affairs presents a major challenge to our goal of ensuring a high quality of service for our tenants. We are working on finding solutions to this problem, and are in constant communication with our service providers.

The channels of communication indicated on [p 20](#) of this Report can be used for the purposes of making internal and external complaints in relation to societal, social and environmental issues.

Prohibition of corruption and anti-competitive behaviour

[DMA Anti-corruption and Anti-competitive Behaviour](#)

[G4-S03](#) The risk management system implemented by the company also addresses corruption-related risk via compliance-related issues. The carrying out of regular checks into compliance-related risks for all of the business divisions and processes of Deutsche Wohnen also comprises the assessment of the corruption-related risks to which the entire Deutsche Wohnen Group is exposed.

Our anti-corruption guidelines expressly prohibit corruption. A regulation regarding signatories is in force throughout the company. It requires a second signature and a plausibility check for every contract awarded. The required level within the company hierarchy of the second signatory will depend on the value of the invoice in question, and rises accordingly.

[G4-S04](#) Our guidelines unequivocally clarify the situations in which employees are permitted to accept or demand any gifts or benefits. Employees may never request or accept any gifts or benefits where these are made or granted in return for the giving of assurances as to the possible conclusion of a business transaction. The guidelines also clearly prohibit employees from attempting to unlawfully influence business partners by according them preferential treatment, giving them gifts or granting them other benefits. All employees are presented with these guidelines when they take up employment with the company, and they are obligated to comply with their stipulations. In addition, the managerial staff ensure that their employees are aware of these matters, and there is also an e-learning programme in place.

MATERIAL STAKEHOLDERS AND DIALOGUE

G4-24 The following are deemed to be material stakeholders of Deutsche Wohnen: employees, investors and analysts, tenants and purchasers, business partners, regulatory authorities, the press, trade associations and politicians. The interests of these stakeholders have a major impact on the framework conditions prevailing in the real estate industry. We interacted with all stakeholder groups on various occasions over the course of the entire year under review, having also approached them in the context of our stakeholder survey in the autumn of 2015.

Analysis and prioritisation of stakeholders

G4-25 A company must be aware of the interests of its stakeholders in order to be able to act in a sustainable manner. The planning of our sustainability strategy and the structuring of our Sustainability Report entailed the systematic identification of our stakeholder groups and their particular needs. Senior management has prioritised the following groups as major stakeholders of Deutsche Wohnen: (prospective) employees, investors and analysts (including rating agencies), (prospective) tenants and buyers, business partners, politicians, associations and the media.

Interaction with stakeholders

G4-26 | G4-27 Deutsche Wohnen regularly exchanges information and ideas with its stakeholder groups. Furthermore, the company conducted its second stakeholder survey, involving approximately 500 participants from all relevant groups, in the autumn of 2015, with a view to obtaining their views on the major sustainability-related challenges faced by Deutsche Wohnen and on its performance with regard to sustainability. This evaluation was taken into account in the formulation of our sustainability strategy, the specification of relevant sustainability-related topics and in the preparation of our Sustainability Report. We keep abreast of current developments and trends on a continuous basis and will continue to focus on the sustainability issues which are of the greatest relevance to our company and our stakeholder groups in 2017.

(Prospective) employees

In the year under review, we further increased our transparency vis-à-vis our employees by means of structured employee interviews and the implementation of a performance-based and market-aligned system of remuneration. The systematic employee survey, which has been conducted by Deutsche Wohnen every two years since 2014, provides us with important insights into the needs of our employees and forms the basis of our employee development measures. The survey which was once more carried out in the year under review, indicates that the level of employee satisfaction and the degree of their identification with our company remain high. More than 77% of those surveyed expressed satisfaction with Deutsche Wohnen's performance as an employer.

In addition, the focus group established at the end of 2007 to address current issues affecting the company also represents the interests of the employees of Deutsche Wohnen.

Investors and analysts (including rating agencies)

In 2016, we once again actively and regularly consulted with our shareholders, analysts and potential investors. To this end, the Management Board and Investor Relations team took part in, in particular, property tours, conferences and roadshows both within Germany and internationally, the goal being to provide clear and transparent insight into our strategy and our prospects for future development.

(Prospective) tenants and purchasers

A total of almost 500 of our employees provided support services to our tenants in the year under review. Just under 300 employees were available in 23 service offices on location to deal with questions and concerns, while 13 rental consultants were the first point of contact for prospective tenants on our "ideal apartment" hotline. Our service centre is focussed on responding to and processing inquiries from existing tenants. A central phone line for tenants and prospective tenants ensures a high level of customer-friendly service.

OUR EMPLOYEES MADE
 PERSONAL VISITS TO
 APPROX. **520**
 TENANTS IN 2016

Deutsche Wohnen informs its tenants at an early stage of any planned refurbishment, maintenance or modernisation measures and uses various forms of contact – for example, tenants' meetings, tenant consultations or personal visits by our employees – to notify them of construction-related measures or to answer their questions on an individual basis. In 2016, our employees made approximately 520 such on-site visits.

In the year under review, we additionally tested a new format for the provision of information to tenants, which is earmarked for use in connection with major projects in the future. We used the services of a consultancy firm specialising in mediation and public participation in the context of comprehensive energy-efficient refurbishment work on 1,700 residential units on the Otto Suhr Estate in Berlin-Kreuzberg. Tenants were able to directly address questions to the project managers in one-to-one meetings at an information office on site.

This enabled a greater exchange of information and also the testing of approaches to tenant participation. Tenants were involved in the selection of the colour for the building facades in the context of an informational event held in Hanover Sahlkamp-Mitte. This approach was well received, with a high level of tenant participation.

Business partners

Our business partners include not only the companies and tradespeople within our supply chain but also long-standing partners in the financial sector. We are in constant contact with banks, insurance companies and other financial partners in connection with the negotiation of financing terms for our property holdings and for acquisitions. The strong element of trust involved in our dialogue with these partners can be attributed to the transparency of our business model, our conservative investment profile and the often long-standing nature of our business relationships. Deutsche Wohnen's credit rating has consistently improved over the years, as is also evidenced by our long-term corporate ratings by Moody's and Standard & Poor's.

Media

The media are an important partner for Deutsche Wohnen and often provide the basis for interaction with all of its stakeholder groups. We are continually engaged in dialogue with representatives of various media in the form of press conferences, press releases or personal interviews.

Politicians and trade associations

DMA Public Policy

Deutsche Wohnen's expertise as a leading residential property company makes it an ideal dialogue partner for politicians in federal, state and municipal government. With our approximately 111,000 residential units in Greater Berlin, and our resultant status as the largest private residential company there, we are a main point of contact in Germany's capital city for matters relating to the housing industry and communicate with a broad range of players, including members of all of the parties represented in the Bundestag and in the state parliament of Berlin. Thus, in 2016 we regularly took part in discussions with members of parliament, permanent secretaries or ministry officials at both the federal and state levels, as well as with city council officials responsible for construction matters, members of local government and district managers in boroughs in which we maintain significant holdings.

In the run-up to the election of members of the Berlin city parliament in September 2016, the Management Board of Deutsche Wohnen stepped up its dialogue with representatives of various political parties, above all by participating in discussion rounds chaired by the Federal Association of German Housing and Real Estate Companies (Bundesverband deutscher Wohnungs- und Immobilienunternehmen e.V. – GdW), and the Association of Residential Property Companies in Berlin-Brandenburg (Verband Berlin-Brandenburgischer Wohnungsunternehmen – BBU).

At the federal level, we held so-called “meetings of experts” attended by German residential property managers and the staff of members of the German parliament from various political parties on the subject of amendments to tenancy legislation, the energy sector and the housing industry. As part of the “Energy Dialogue 2016”, a preparatory workshop on the subject of “Heating and Energy Efficiency” was held, at the invitation of Deutsche Wohnen and with our considerable involvement in conceptual terms, on 1 June 2016 at the UNESCO Info Station on the Siemensstadt housing estate. The Managing Director of DWCF gave a speech entitled “The national energy transition – a driving force for current developments in the housing and energy sectors”.

Over the course of the entire year under review, Deutsche Wohnen executives could be seen on podiums and at events attended by members of the real estate industry, trade associations and the political sphere. At a “fireside chat” event on the subject of “Quo vadis, energy transition?” hosted by the Academy of Real Estate Management (Akademie der Immobilienwirtschaft e.V. – BBA) and the energy company Vattenfall, Deutsche Wohnen introduced its expert opinion addressing the liberalisation of the energy market.

Moreover, in the year under review the company published a Declaration of Compliance with regard to the German Sustainability Code (Deutscher Nachhaltigkeitskodex – DNK) for the second time, meeting the supplementary requirements which specifically apply to the housing industry and thereby demonstrating our commitment to undertake activities at a national level which drive forward the development of the German economy in a sustainable manner. The Declaration of Conformity is disclosed under <http://datenbank2.deutscher-nachhaltigkeitskodex.de>.



Overview of most important stakeholders and channels of communication

Groups	Media
(Prospective) employees	Internet, intranet, brochures (for example, for training purposes), twice yearly employee surveys, annual employee interviews, meeting on the subject of the annual financial statements, 360° feedback for executives, focus group, approaching of employees by the Management Board with regard to specific subjects, company summer party, exhibitions, quarterly employee newsletter “bruno”, welcome package and “welcome days” for new employees, conventions
Investors and analysts (including rating agencies)	Annual report, quarterly reports, website, presentations, webcasts, ad hoc notifications, corporate news, Annual General Meeting, property tours, roadshows, (banking) conferences, attendance of trade fairs, telephone conferences on the occasion of the publication of annual and quarterly reports
(Prospective) tenants and purchasers	Service offices, service centre, welcome file, newsletter, e-service, e-journal, website, brochures, district meetings, exhibitions, tenants' meetings and tenants' offices in the case of major modernisation measures, tenant consultations, discussion platform, personal meetings/visits, tours for the benefit of tenants, “ideal apartment” hotline
Business partners	Annual report, website, attendance at trade fairs, invitations to tender
Politicians, trade associations and media	Annual report, website, press releases, conferences, one-to-one meetings, telephone conferences on the occasion of the publication of annual and quarterly reports, discussion panels and expert panels, political initiatives and alliances

Memberships in industry and business associations

G4-16 The following is a list of material memberships:

Academy of Real Estate Management
(Akademie der Immobilienwirtschaft e.V. – BBA)
<http://www.bba-campus.de>

Berlin Building Chamber (Baukammer Berlin – BK)
<http://www.baukammer-berlin.de>

Federal Association of German Housing and
Real Estate Companies (Bundesverband deutscher
Wohnungs- und Immobilienunternehmen e.V. – GdW)
<http://web.gdw.de>

Creditreform e.V.
<http://www.creditreform.de>

German Centre for Development Aid with regard to
Social Housing and Human Settlements
(Deutsche Entwicklungshilfe für soziales Wohnungs-
und Siedlungswesen e.V. – DESWOS)
<http://www.deswos.de>

German Financial Reporting Enforcement Panel
(Deutsche Prüfstelle für Rechnungslegung e.V. – DPR)
<http://www.frep.info>

German Association for the Protection of Investors
(Deutsche Schutzvereinigung für Wertpapierbesitz e.V. – DSW)
<http://www.dsw-info.de>

German Association for Housing, Urban and Spatial
Development (Deutscher Verband für Wohnungswesen,
Städtebau und Raumordnung e.V. – DV)
<http://www.deutscher-verband.org>

European Public Real Estate Association (EPRA)
<http://www.epra.com>

Federal Foundation of Baukultur
(Förderverein der Bundesstiftung Baukultur)
<https://www.bundesstiftung-baukultur.de/foerderverein>

German Association for the Protection of Capital Investors
(Schutzgemeinschaft der Kapitalanleger e.V. – SdK)
<http://www.sdk.org>

Association of Residential Property Companies in
Berlin-Brandenburg (Verband Berlin-Brandenburgischer
Wohnungsunternehmen e.V. – BBU)
<http://www.bbu.de>

G4-S06 Deutsche Wohnen donated EUR 5,000 to the summer party of the Parlamentskreis Mittelstand (PKM) of the CDU/CSU faction, the largest parliamentary group (representing the interests of medium-sized companies) in the German Bundestag. In 2014, the company became a regular member of the Economic Council of the CDU (Wirtschaftsrat der CDU e.V.) in return for the payment of an annual contribution of EUR 10,000. Its expenditure with regard to its material memberships of the Association of Residential Property Enterprises in Berlin-Brandenburg (Verband Berlin-Brandenburgischer Wohnungsunternehmen e.V. – BBU), the German Association for Housing, Urban and Spatial Development (Deutscher Verband für Wohnungswesen, Städtebau und Raumordnung e.V. – DV), the European Public Real Estate Association and the Federal Association of German Housing and Real Estate Companies (Bundesverband deutscher Wohnungs- und Immobilienunternehmen e.V. – GdW) totalled more than EUR 300,000 in the year under review.

REPORTING TOPICS

This Sustainability Report relates to the financial year 2016 (1 January 2016 to 31 December 2016). Where possible, comparative data for 2015 is indicated. The Report is published on an annual basis; the GRI Report 2015 was published in June 2016.

Restatements of information provided in previous Reports

G4-22 The environmental data relating to our holdings is no longer presented in the context of a pilot project due to the availability of more comprehensive sources of data in the year under review. The data for the previous year has been adjusted accordingly.

The delays in invoicing by the electricity and water utilities mean that this data basis is incomplete. With a view to calculating the consumption data for the administrative locations, the data for the previous year as a whole is recorded and – to the extent necessary – used as a basis for projections for the year under review. The projected consumption figures for the administrative locations presented in the previous year's Report have been adjusted in accordance with the actual consumption data.

The administrative locations that were in the process of being closed down, and so were not in use throughout the year, are not included in the report data for 2015. The low consumption rates in these offices would lead to a distortion of the data about intensity of use.

Significant changes in the scope and boundaries of the Report

G4-23 The data relating to FACILITA is generally included in this Report. However, the figures relating to the number of employees of the Deutsche Wohnen Group do not – in divergence from the annual report – include the data for FACILITA, as the compilation of this data has not yet been harmonised. This data is presented separately in the interests of better comparability with the previous year's Report.

KATHARINENHOF®'s strategic importance for the company means that it has once more been included in the Report. However, there has been no attempt to provide in-depth data due to its status as a minority shareholding in the amount of only 49%. Selected disclosure relating to it is provided in (appropriate) sections of the Report.

Due to the fact that, beginning in the year under review, environmental data is now compiled for our holdings in their entirety, the reporting of data in relation to the pilot project has been discontinued. To date, varying degrees of coverage have been attained in this regard, depending on the type of resource and the data source in question.

We have been able to considerably expand the sources of environmental data for our holdings. Water data for just under 70% of our holdings is now directly obtained from a utility provider. The energy data for 2015 relates to approximately 90,000 residential and commercial units (62% of our holdings) with 5.6 million sqm of living/floor space; for 2016 approximately 70,000 residential and commercial units (45% of our holdings) with approximately 4.4 million sqm of living/floor space, and comprises the sources of energy for which data can be collected via central heating facilities – natural gas, heating oil and wood pellets, as well as district heating, which is used for communal areas, thermal heating and warm water for our tenants. We are able to provide communal electricity data for approximately 96% of our holdings in 2015 and for approximately 100% of our holdings in 2016.

In accordance with the EPRA Best Practice Recommendations on Sustainability Reporting (sBPR), the ecological like-for-like data is not presented in this year's Sustainability Report but will be reported in a separate publication.

Data relating to the commercial units in the portfolio is not reported separately because the largest units in terms of floor space are our own administrative locations. The environmental data for these units is already compiled and reported on a separate basis. The largest share is represented by so-called "commercial units with residential attributes", which do not differ greatly from regular residential units in terms of floor space or consumption data. Such units, for example a typical doctor's surgery, will almost always be located in residential buildings and connected to the same consumption metering devices. We therefore include the commercial units under the previously calculated environmental data and refer to residential and commercial units jointly.

Entities included

G4-17 The Report relates to the six operating companies specified in the section entitled "Our corporate structure" and the holding company. The data compiled by Deutsche Wohnen comprises all of the relevant organisational entities in which it had at least a 51 % shareholding in 2016.

FACILITA, which has 120 employees, has been a wholly owned subsidiary of Deutsche Wohnen since January 2016, and is therefore included in this Report.

One exception is KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH, including all of its subsidiaries (KATHARINENHOF®), in which Deutsche Wohnen has a 49 % shareholding. The strategic importance of this business division for Deutsche Wohnen was reinforced by the acquisition of more than 4,600 additional nursing home beds in the year under review, with the result that KATHARINENHOF® has once more been included in this Report, in contrast to the previous year.

Definition of the content of the Report

G4-18 Deutsche Wohnen has taken the GRI G4 Guidelines and the GRI "Construction & Real Estate Sector Disclosures" (CRE) as the basis for the content disclosed in this Report.

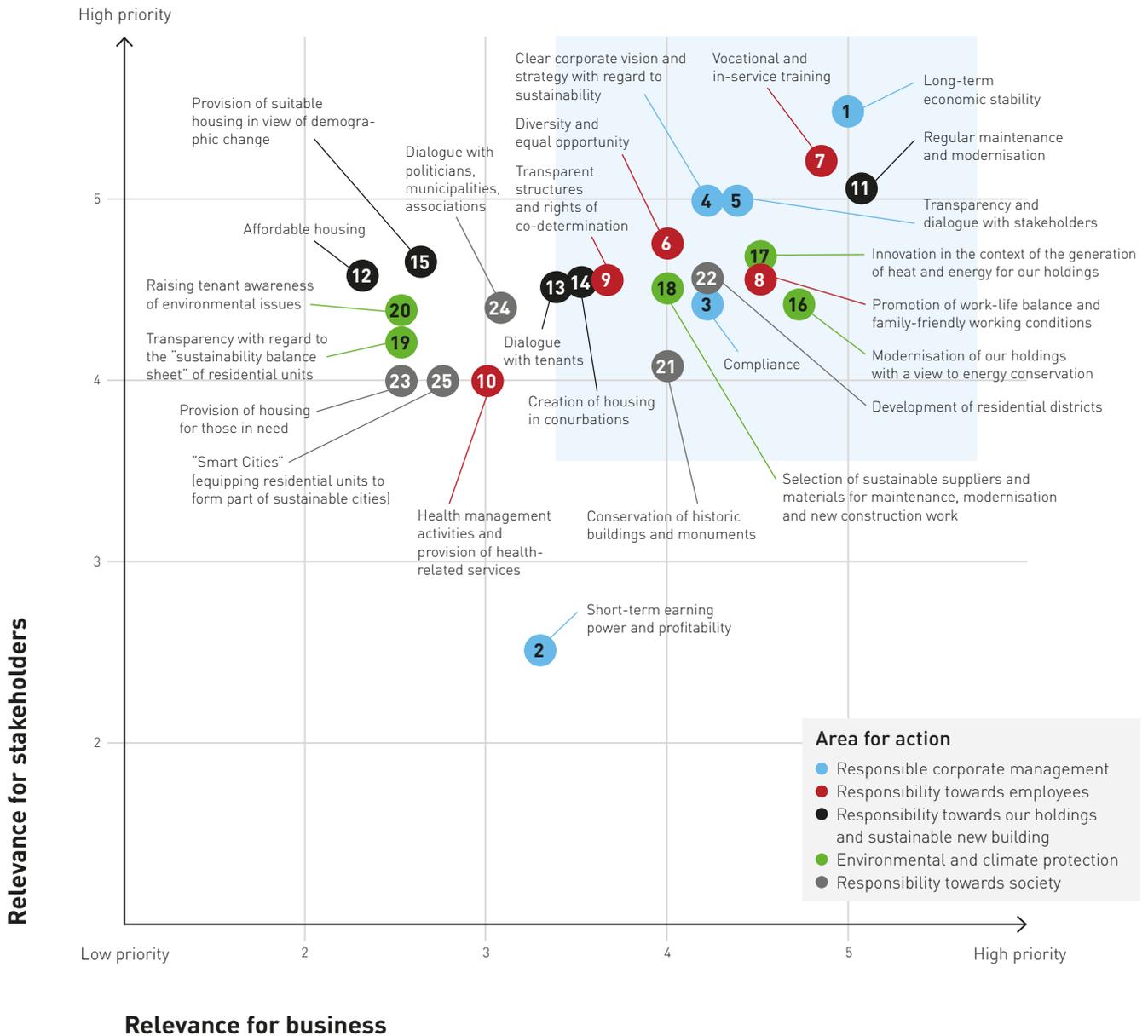
In accordance with the GRI G4 Guidelines, Deutsche Wohnen carried out a materiality analysis in the run-up to its preparation of this Report, to which end it conducted an online survey of more than 500 employees, business partners, tenants, purchasers, analysts, investors, politicians and social agencies in November 2015. The respondents indicated what they considered to be the most important issues faced by Deutsche Wohnen in the areas of responsible corporate management, responsibility for our property holdings and sustainable new construction, responsibility for employees, environmental and climate protection, and

social responsibility. We also asked them to evaluate our performance to date with regard to the issue of sustainability. The Management Board and senior management of Deutsche Wohnen then identified the most important issues from a business perspective in the context of a subsequent third-party-moderated workshop.

The following were considered by both our stakeholders and the management of Deutsche Wohnen to be the three most important issues: long-term economic stability, the provision of vocational and in-service training, and regular maintenance and modernisation. Of the total of 25 topics (see chart below), 13 others were each assigned a value greater than 3.5 (on a scale of 1 = low priority to 6 = high priority) and thus form the core focus of our sustainability management and reporting activities and, in conjunction with economic impact considerations, have guided the selection of the GRI Aspects and Indicators included in this Report.

MORE
THAN
HALF
OF ALL OF THE STAKEHOLDERS
SURVEYED AS PART OF THE
MATERIALITY ANALYSIS TAKE A
POSITIVE VIEW
OF DEUTSCHE WOHNEN'S
SUSTAINABILITY
PERFORMANCE

Materiality analysis



Material topics and related GRI Aspects

G4-19 | G4-20 | G4-21

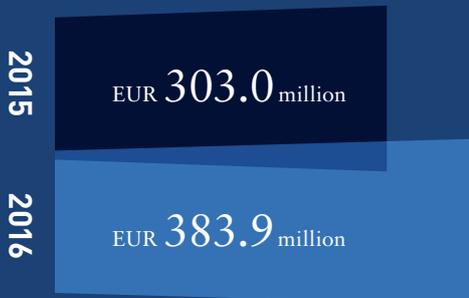
Issue (company evaluation/stakeholder evaluation)	Area for action ¹⁾	Aspects ²⁾
1 Long-term economic stability	Responsible corporate management	Economic Performance (w), Indirect Economic Impacts (w, o), Employment (w), Local Communities (w, o)
11 Regular maintenance and modernisation	Responsibility towards our holdings and sustainable new building	Supplier Assessment (Social; o), Procurement Practices (o), Indirect Economic Impacts (w, o), Customer Health and Safety (w, o), Local Communities (w, o)
7 Professional training and continuing education	Responsibility towards employees	Training and Education (w)
5 Transparency and dialogue with stakeholders	Responsible corporate management	Compliance (Society, Product Responsibility; w), Local Communities (w), Product and Service Labelling (w, o)
4 Clear corporate vision and strategy with regard to sustainability	Responsible corporate management	Indirect economic effects (w)
17 Innovation in the context of the generation of heat and energy for our holdings	Environmental and climate protection	Energy (w, o), Emissions (w, o), Products and Services (Environmental; w, o), Overall (Environmental; w)
16 Modernisation of our holdings with a view to energy conservation	Environmental and climate protection	Materials (w, o), Energy (w, o), Emissions (w, o), Products and Services (Environmental; w, o), Overall (Environmental; w)
8 Promotion of work-life balance and family-friendly working conditions	Responsibility towards employees	Employment (w), Diversity and Equal Opportunity (w)
22 Development of residential districts	Responsibility towards society	Indirect Economic Impacts (w, o), Supplier Assessment (Society; o), Local Communities (w, o)
6 Diversity and Equal Opportunity	Responsibility towards employees	Diversity and Equal Opportunity (w), Non-Discrimination (w), Equal Remuneration for Women and Men (w)
3 Compliance	Responsible corporate management	Compliance (Environmental, Society, Product Responsibility; w), Anti-Corruption (w), Anti-Competitive Behaviour (w), Grievance Mechanisms (Environmental, Labour Practices, Human Rights, Society; w)
18 Selection of sustainable suppliers and materials for maintenance, modernisation and new construction work	Environmental and climate protection	Materials (w, o), Supplier Assessment (Environmental, Labour Practices, Human Rights; o), Products and Services (Environmental; w, o)
9 Transparent structures and rights of co-determination	Responsibility towards employees	Labour/Management Relations (w)
21 Conservation of historic buildings and monuments	Responsibility towards society	Indirect Economic Impacts (w), Local Communities (w, o)
14 Creation of housing in conurbations	Responsibility towards our holdings and sustainable new building	Land degradation, contamination and remediation (CRE; w, a), Local Communities (w, o)
13 Dialogue with tenants	Responsibility towards our holdings and sustainable new building	Local Communities (w, o)

¹⁾ The following topics were assigned a value of under 3.5 and are thus deemed to be less material: provision of suitable housing in view of demographic change; dialogue with politicians, municipalities, associations; affordable housing; health management activities and provision of health-related services; "Smart Cities" (equipping residential units to form part of sustainable cities); raising tenant awareness of environmental issues; transparency with regard to the "sustainability balance sheet" of residential units; provision of housing for those in need; short-term earning power and profitability

²⁾ Material within (w) or outside (o) of the organisation; allocation to more than one category possible

ECO NOMY

FUNDS FROM OPERATIONS FFO I



BY 2021 WE PLAN TO INVEST

EUR **1.5** billion

IN ENERGY-EFFICIENT REFURBISHMENT,
MODERNISATION WORK AND NEW
BUILDING

Approx. EUR **455** million
INVESTMENT
IN OUR
SUPPLY CHAIN

EUR **182.2** million

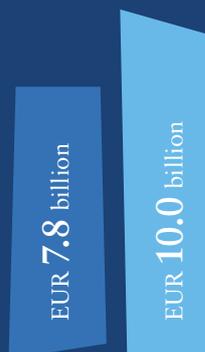
IN **DIVIDENDS**
WAS PAID OUT BY
DEUTSCHE WOHNEN TO ITS
SHAREHOLDERS IN 2016.

Approx.
EUR

900,000

SPENT ON SPONSORSHIP AND CHARITABLE DONATIONS

EPRA NAV (undiluted)



2015

2016

ECONOMIC PERFORMANCE

DMA Economic Performance

G4-9 Deutsche Wohnen is a real estate company which focuses on the management and development of its property portfolio, consistently concentrating its activities on high-growth metropolitan areas in Germany. This vision is today bearing fruit, above all in the region around the capital city Berlin, where we have expanded our holdings from approximately 25,000 to just under 111,000 residential units through acquisitions since 2007, in the face of consistently growing demand for housing as a result of the influx of more than 40,000 new inhabitants per year.

Our clear strategy of organic growth and our long-term investment programme will enable us to strengthen our business model for our residential properties, which aims for quality and value-enhancement. At the same time, our increasingly important Nursing and Assisted Living segment will be significantly bolstered by means of targeted acquisitions and new construction activities. Deutsche Wohnen is today among the three largest and most successful real estate companies in Europe.

APPROX. **85%**
OF OUR PORTFOLIO IS LOCATED IN
CORE⁺ REGIONS

Our portfolio currently comprises more than 160,000 residential and commercial units with a total value of approximately EUR 15.7 billion, and offers great potential due to the high quality of its holdings. Approximately 85% of our residential units are located in attractive Core⁺ regions, which are characterised by dynamic performance in terms of such criteria as economic power, income, migration, innovative capacity and competitive strength. Approximately 12% of our residential properties are located in Core regions with moderately rising rents and stable rent development forecasts. Our annualised current gross rental income amounted to approximately EUR 719 million in 2016.

Considerable investment in our holdings is needed if we are to further enhance the quality of the portfolio, and as a result, we will be focussing to an even greater degree on such investments

in the quality of our existing properties in the future. We have consequently increased the amount of our modernisation programme from EUR 400 million to approximately EUR 1 billion with a view to funding the extensive refurbishment and modernisation of approximately 30,000 residential units by 2021.

We will also create additional living space through the construction of new housing, investing EUR 500 million in 400 attic conversions and additions of new storeys, and 1,800 new residential units by 2020.

The holdings in our investment portfolio, which were selected on the basis of a comprehensive technical analysis, are predominantly located in Core⁺ regions (96%), with more than 90% in central and high-growth micro-locations exhibiting above-average development potential. The measures in question will upgrade buildings located in attractive districts but in poor condition in technical terms with a view to energy conservation and sustainability. This will create considerable added value for our tenants and shareholders.

Deutsche Wohnen's total assets increased from EUR 13,376.6 million in 2015 to EUR 16,783.6 million in the year under review. We also intend to maintain our long-term growth trajectory in the financial year 2017, to which end we will be concentrating even more strongly on internal growth by placing our focus clearly on our strategic core and growth regions and further optimising the efficiency of our real estate platform on an ongoing basis. Investments in our portfolio will enable us to increase the attractiveness of our holdings and to realise further added-value potential. We also intend to achieve continued value-enhancing and focussed growth in the future by means of the selective acquisition of concentrated property portfolios.

In addition to its residential and commercial units, Deutsche Wohnen also owns 50 nursing properties with a total of approximately 6,700 beds, 4,600 of which were acquired in 2016. We have adopted two different models with regard to the operation of our nursing care business: on the one hand, combined ownership of the properties in question and operational management of the nursing care facilities via a shareholder structure involving KATHARINENHOF® (22 facilities); on the other hand, ownership of properties which are managed by a number of external operators (28 facilities). In view of the considerable appeal of the German nursing services market, which is experiencing rising demand in the face of demographic change, our Nursing and Assisted Living should come to account for 15% of the Group's EBITDA over the medium term.

APPROX. **30,000**
OF OUR RESIDENTIAL UNITS
ARE IN LISTED BUILDINGS

Indirect economic impacts and social contribution

[DMA Indirect Economic Impacts](#)

[G4-EC7](#) We pursue targets which, quite independently of our economic objectives, also benefit society substantially.

A considerable part of our investment in refurbishment measures is dedicated to the preservation of listed buildings. Ensuring the proper maintenance of our 30,000 or so listed residential units also enables us to maintain the cultural identity of our residential districts. Our targeted safeguarding of historic building structures has provided us with long-standing experience in the maintenance of listed buildings in conjunction with refurbishment work aimed at improving energy efficiency levels. In the financial year 2016, we further invested in the continuation of multi-year projects as well as the commencement of new construction projects (see the section entitled "Holdings and Society" [36](#) in this regard).

Furthermore, through the exchange of information and ideas, and collaboration with residents, politicians and social agencies, Deutsche Wohnen helps to provide attractive living conditions within urban areas and to bring about a strengthening of social structures. Our employees also continually gauge the effectiveness of our activities in this regard on site, for example in our service offices. We are extending our social engagement activities particularly in the areas in which our core capabilities can most effectively be put to use. Accordingly, we increasingly support measures in which the issue of housing plays an important role, renting out commercial space within our residential districts at favourable rates to social organisations, providing financial aid to enable the hiring of social workers, and allocating residential units to socially disadvantaged individuals.

Deutsche Wohnen's Nursing and Assisted Living activities relate to a segment which is growing in the wake of demographic change. We have been developing our nursing care facilities into regional cultural centres for a number of years now. These facilities organise and finance a wide variety of cultural events such as concerts, readings and vernissages, as well as culinary highlights or daily lunch specials in their in-house restaurants. These are open to residents and tenants of the nursing homes and also to outside guests. The underlying objective is to establish the facilities as centres of social and societal activity. KATHARINENHOF® is keen to bring art and culture into its facilities, the residents and tenants of which are generally unable to visit museums or theatres themselves, and to appeal to a broad public, which can then interact with the residents. Visitors to the facilities include outside residents and neighbours, and members of senior citizens' associations and public institutions. The swimming pools and event locations available at some of the facilities are also open to the public.

The provision of sound housing to satisfied tenants – that is the core of our business. However, it is not only our tenants and investors who benefit from the successful handling of our operations, in terms of higher quality housing and both the performance of our portfolio and the payment of dividends, respectively. The advantages enjoyed by the surrounding districts include attractive buildings, communal areas and the company's support for social activities, while the local economy profits as a source of services and materials for our operations. The extensive investments in our holdings not only enable us to directly influence the quality of the housing and the standard of living in our residential districts; they also directly support regional tradespeople such as roofers, cleaning companies, waste disposal companies, horticulturists, metalworkers, electricians, plumbing companies, transportation companies, locksmiths, tiling and flooring specialists, painters and carpenters.

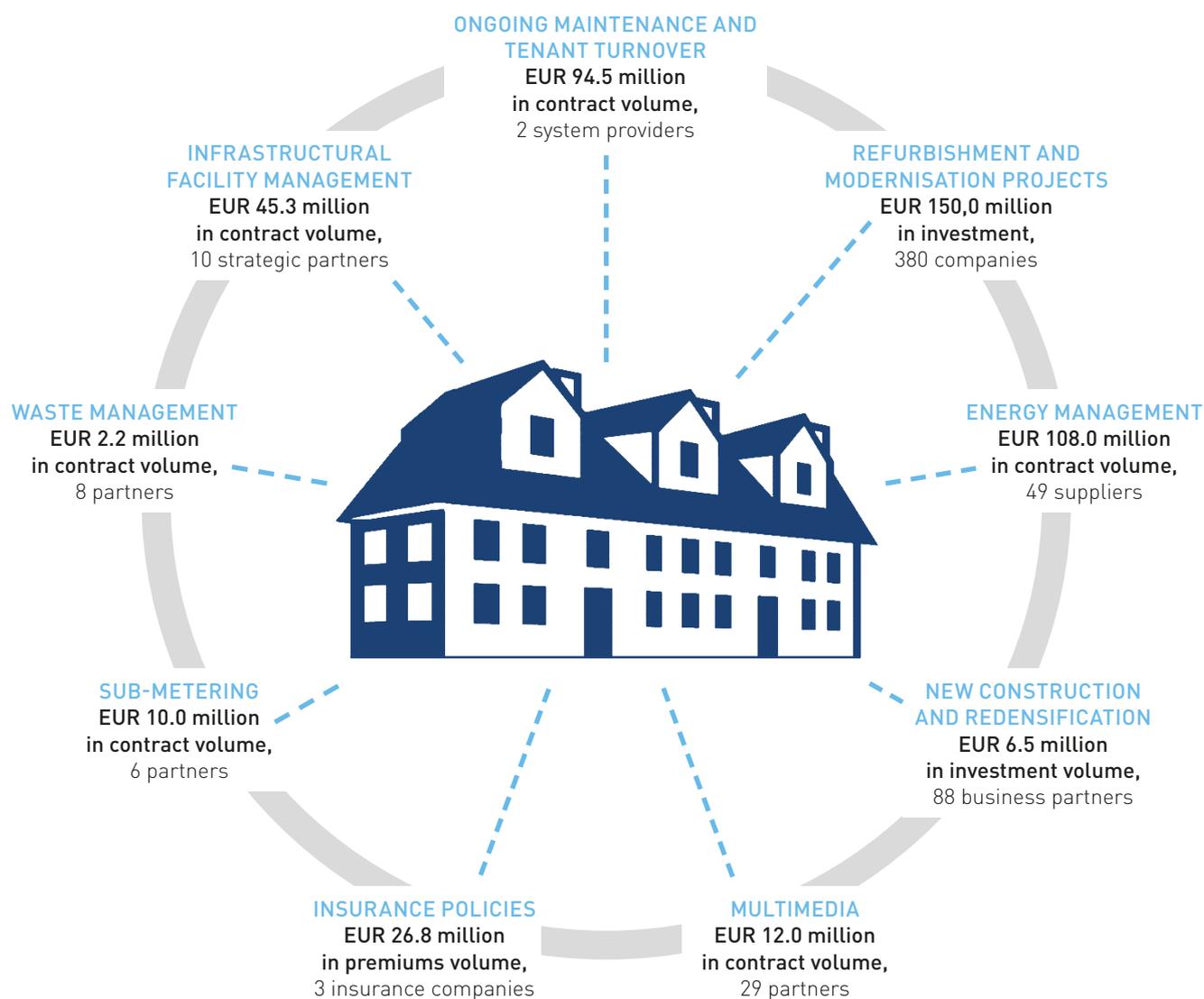
Supply chain of Deutsche Wohnen

DMA Procurement Practices

G4-12 | G4-EC9 The focal point of Deutsche Wohnen's supply chain is the core residential property management business, which covers goods in the form of construction materials and sources of energy, as well as skilled tradespeople, technical services and supply and disposal activities. The supply chain can be divided into nine segments – to which contracts awarded to suppliers are allocated – on the basis of the internal use of the goods and services in question within the company.

In 2016, Deutsche Wohnen invested a total of EUR 244.5 million, or EUR 25 per sqm (previous year: approximately EUR 20 per sqm), in the modernisation and maintenance of residential units and buildings in its portfolio, with approximately EUR 95 million, being attributable to expenses for ongoing maintenance and tenant turnover and the remaining expenses for modernisation. Due to the complexities involved in budgeting for major projects spanning a number of years, our modernisation expenses and the associated contracts are subject to fluctuation from one year to the next.

Supply chain of Deutsche Wohnen 2016



Ongoing maintenance and tenant turnover

In 2016, in the context of tenant turnover and ongoing maintenance over the course of tenancies and also in the case of refurbishment work carried out on buildings and outdoor facilities, the manual work in question was directly carried out by one of our system providers or by local tradespeople from Deutsche Wohnen's supplier base. Our so-called system providers are, as general contractors, key points of contact for our tenants. These service providers take note of any reported technical defects in the residential units or buildings and coordinate their rectification. In the case of contracts with a value of less than EUR 1,000, the work in question is carried out directly by the system provider, largely on the latter's account pursuant to a flat-rate arrangement on the basis of the residential and commercial area involved. Where the contract volume is larger, quotations are obtained and invitations to tender may even be issued, depending on the value of the individual contract. In 2016, our system providers processed approximately 205,000 (previous year: 190,000) so-called flat-rate notifications of defects made by tenants.

In the interests of quality assurance and of ensuring greater cost transparency and cost savings, Deutsche Wohnen carried out an analysis of the market environment in 2015 and its collaboration with its existing system providers. Since the beginning of 2016,

the company has narrowed its focus down to two of these system providers, with whom it has concluded framework agreements for the provision of technical building management services on a regional basis: B&O Deutsche Services GmbH and URBANA TGM GmbH. Deutsche Wohnen coordinates its purchases of materials, products and services through B&O Deutsche Services GmbH – a joint venture with B&O Service und Messtechnik AG – within the scope of technical facility management, enabling both partners to benefit from economies of scale at a national level.

The company also provides services in operational maintenance. Deutsche Wohnen has a strategic shareholding of 49% in B&O Deutsche Services GmbH.

G4-EC8 Our service providers carried out approximately 50,000 contracts in the value of approximately EUR 94.5 million with regard to ongoing maintenance and tenant turnover in the year under review (previous year: approximately EUR 86.1 million). Of this amount, approximately 28,000 contracts (or approximately 56%) with a total volume of EUR 14.2 million related to tenant turnover. 53.4% of these contracts were handled by our system providers and 46.6% by local tradespeople. The total volume of contracts for ongoing maintenance work was EUR 80.3 million: 35.5% of these contracts were handled by system providers and 64.5% by local tradespeople.

APPROX. **50,000**
CONTRACTS
WERE AWARDED BY DEUTSCHE WOHNEN **TO COMPANIES**
IN RELATION TO ONGOING MAINTENANCE AND TENANT TURNOVER

DEUTSCHE WOHNEN INVESTED

APPROX.
EUR

150

MILLION

IN REFURBISHMENT AND
MODERNISATION PROJECTS

Refurbishment and modernisation projects

In 2016, approximately 77 major refurbishment and modernisation projects, involving energy-efficient refurbishment work, building insulation work and the renewal of technical facilities, with a contract volume of approximately EUR 95 million were carried out by DWCF in approximately 5,000 residential units (2015: 34 projects with a volume of approximately EUR 54 million). Therefore, Deutsche Wohnen is collaborating with approximately 380 companies providing planning services on the basis of the Schedule of Services and Fees for German Architects and Engineers (Honorarordnung für Architekten und Ingenieure – HOAI) and also construction services on the basis of the German Regulations on Contract Awards for Public Works (Vergabe- und Vertragsordnung für Bauleistungen – VOB). Furthermore, 5,550 contracts for tenant turnover services with a volume of approximately EUR 55 million were carried out. Deutsche Wohnen is constantly expanding the circle of its strategic partners. In the context of the provision of planning and construction services for major projects, partnerships have been entered into with approximately 30 companies with which we have enjoyed long-standing collaborations over the course of various projects and which have sufficient capacity to handle such major projects.

Energy management

The supply of heating for the holdings of Deutsche Wohnen can be broken down into decentralised and centralised means of supply for the properties, with the centralised supply of heating being the primary means of supply, accounting for approximately 90% of the holdings and approximately 140,000 usage units with heating and hot water generated by approximately 2,800 district heating systems.

We operate approximately 64% (1,700) of these district heating systems on the basis of the industrial heat supply model, to which end we have concluded approximately 570 contracts with a total of 49 service providers or heat suppliers.

One of these service providers, the joint venture G+D – a strategic cooperation between Deutsche Wohnen and the utility company GETEC Wärme & Effizienz AG, Magdeburg, provides services aimed at improving our energy efficiency, for example the installation or renewal of heat generation plants. Since 2014, G+D has refurbished heat generation plants for 10,600 residential units – approximately 60 in 2016 alone – and invested approximately EUR 11 million in efficiency measures for energy installations of Deutsche Wohnen.

It also assumes the role of energy provider, currently supplying 48% of Deutsche Wohnen's holdings with approximately 76,000 usage units on the basis of uniform gas and industrial heat supply arrangements. G+D consolidates the company's gas purchasing activities throughout Germany, procuring gas directly via the European Energy Exchange (EEX). We purchase virtually all of our electricity on the basis of a framework agreement concluded with the company Vattenfall and on an index-orientated basis on the electricity exchange.

G+D HAS INVESTED

APPROX.
EUR 11 MILLION IN
EFFICIENCY MEASURES FOR
ENERGY INSTALLATIONS
SINCE 2014

New construction and redensification

Approximately EUR 6.5 million was invested in our new construction projects in the year under review. Contracts were awarded to 38 regional companies to construct the buildings and provide related services on the construction sites, with 12 service providers (architects, engineers, surveyors, specialists), 26 regional companies and a further 12 regionally based parties (chimney sweeps, munitions investigators from the police, electricity and water utilities, an agency, an auditor, a photographer) being involved in the project.

Multimedia

Our tenants are provided with a cable connection on the basis of one of two licence agreement models. In the case of individual collection agreements, we grant cable network operators permission to provide our tenants with services and products on the basis of a direct contractual relationships. Such agreements cover approximately 30% of our holdings; we have no knowledge of the sales volume involved. In the case of collective collection agreements, the cable fees are invoiced via operating costs. This model governs the provision of services to approximately 70% of our holdings.

Insurance policies

In the interests of protecting the property of Deutsche Wohnen, we enter into building insurance policies which cover incidences of damage caused by fire, water, storms, hail and natural hazards and minimise the consequences of such cases of emergency for the parties involved. Furthermore, Deutsche Wohnen is insured, by way of building liability insurance coverage, against any claims for damages on the grounds of personal injury or property damage occurring in connection with our activities as a residential property company. The costs of such insurance coverage are passed on to our tenants via the invoicing of operating costs. We have also taken out insurance on the photovoltaic systems operated in our holdings and on all of our modernisation and construction projects.

Sub-metering

In order to ensure the fair distribution of the heating and warm- and cold-water costs incurred, we engage service providers to deal with the collection and processing of the consumption data per household in each residential building.

Accordingly, each tenant receives a statement which reflects his or her individual level of energy and water consumption. Such an approach, in conjunction with an explanation of costs by means of the transparent presentation of the corresponding data, can potentially have the effect of raising our tenants' awareness regarding their consumption of energy and water.

Waste management

Deutsche Wohnen ensures the optimum and most cost-effective disposal of the waste generated by its holdings and its tenants on a permanent basis. In doing so, it attaches primary importance to environmental considerations and gives priority to the recycling, rather than mere disposal, of waste. At the same time, our goal is to improve the service provided to our tenants, consistently provide a contact person to answer any questions relating to waste disposal matters they and the companies providing the services in questions may have, and ensure the availability of high-quality rubbish dump facilities. To this end, we employ waste management service providers to analyse the volume and type of waste generated and verify the means of disposal.

Infrastructural facility management

In the context of its infrastructural facility management activities, which comprise the provision of caretaker, building cleaning, snow-clearing, grounds maintenance and administrative support services, Deutsche Wohnen works with its wholly owned subsidiary FACILITA and ten other partners nationwide. FACILITA manages approximately 46% of our holdings in Berlin, and primarily performs classic caretaker services, such as checks ensuring compliance with our duty to implement safety precautions, securing bin areas, administrative support services, inspections of vacant properties and on-site quality management activities, with the aid of its in-house personnel.

Selection and management of our partners

[DMA Supplier Environmental Assessment](#), [Supplier Human Rights Assessment](#), [Supplier Assessment for Impacts on Society](#) and [Supplier Assessment for Labour Practices](#)

In the modernisation and maintenance context, Deutsche Wohnen avails itself of the services of its established supplier base of reliable partners. Any individual suppliers failing to meet the stringent requirements imposed with regard to contractual compliance, adherence to deadlines and quality, breaking the law or acting contrary to ecological or social standards upheld by the company are removed from the list of regular suppliers and the collaborative relationship is terminated.

We apply a scoring system as a means of evaluating the performance of our suppliers. In 2015, Deutsche Wohnen Construction and Facilities GmbH (DWCF) "professionalised" the Group's procurement and participation management activities through the acquisition of new monitoring software. The web-based contract management system centrally records and manages the 1,400 or so contracts concluded with our service providers, such as multimedia partners and utility companies, on a product-specific basis. As well as increasing transparency and efficiency, the software also improves the management of our relationships with our partners by means of flexible reminder mechanisms and escalation levels.

In future, the explicit screening of companies offering their services for the first time on the basis of environmental and social criteria will apply not only to new construction projects but also to refurbishment and modernisation projects involving existing holdings. Recommendations made by external parties, for example general contractors entrusted with the supervision of larger construction projects and projects, will be taken into account in this regard. In the case of acquisitions of holdings in new regions, Deutsche Wohnen defers within the scope of its technical project management activities to the experience and expertise of the seller as regards the selection of regional tradesmen for the individual properties in question. Our goal in the procurement and participation management context is to quickly integrate new additions to our portfolio into existing framework agreements and established processes.

In addition to their primary function in their capacity as residential nursing facilities, the KATHARINENHOF® nursing homes also provide related services such as laundry services, medical devices and "meals on wheels" in the area of geriatric care. In selecting its suppliers, KATHARINENHOF® places emphasis on collaborations with environmentally certified partners, focussing on such verified suppliers for all of its facilities with a view to increasing their cost-effectiveness and ensuring the maintenance of high quality standards. "Meals on wheels" are provided on the basis of the HACCP (Hazard Analysis and Critical Control Points) concept – a statutory code of rules and regulations and system of checks and controls governing work performed in the kitchen, for example with regard to the cold chain.

[G4-EN32](#) | [G4-LA14](#) | [G4-HR10](#) | [G4-SO9](#) The Deutsche Wohnen Group and KATHARINENHOF® operate solely in Germany, where business practices are subject to clear statutory regulation with regard to environmental issues, human rights, social impacts and labour practices. For this reason, Deutsche Wohnen does not subject new suppliers to any specific screening beyond a creditworthiness check during the selection process, unless the individual circumstances warrant such additional measures.

FACTS AND FIGURES

Long-term financing structure

G4-9 Deutsche Wohnen's financing structure is of a long-term, conservative and diversified nature. Deutsche Wohnen has entered into loan agreements with a number of financing partners and has also obtained external funding via the capital markets to finance its property holdings, as well as real estate and corporate transactions. As at the end of 2016, it had concluded loan agreements with 23 banks, seven insurance companies and nine other financing partners. Approximately 69% of its total nominal financing volume in the amount of EUR 6,063.2 million (2015: EUR 5,022.8 million) was attributable to a total of twelve banks, and approximately 23% to capital markets products. The financial liabilities are hedged at approximately 85% at a fixed rate and/or through interest rate swaps. The average term of the credit instruments is a little more than eight years.

The nominal financing volume of Deutsche Wohnen grew by approximately EUR 1 billion in the year under review in comparison to the previous year. While the agreed rate for scheduled repayments of the principal remained virtually unchanged at approximately 0.7% and the Loan-to-Value-Ratio (LTV) stayed constant at approximately 38%, and is thus within our target range of between 35% and 40%, the average rate of interest fell from 1.8% p.a. in the previous year to below 1.6% p.a. The long-term ratings awarded to Deutsche Wohnen by Standard & Poor's and Moody's, at A- and A3 respectively, remained unchanged as compared to the previous year, with the result that Deutsche Wohnen continues to have one of the top ratings in the industry compared to its European peers.

Deutsche Wohnen's position with regard to refinancing instruments is thus a flexible one. It is able to avail itself of the most

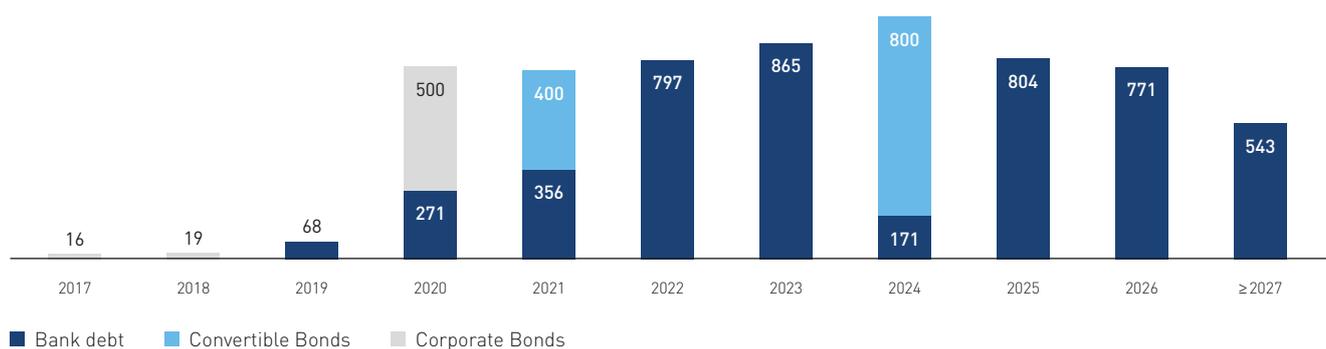
efficient market in each case, depending on the particular conditions prevailing on the banking and capital markets and the circumstances of the individual transaction.

Generated and distributed value

G4-EC1 In the financial year 2016, Deutsche Wohnen continued along its long-standing and successful growth trajectory, realising and even surpassing its own forecasts. The consolidated Group profit, at approximately EUR 1.6 billion, was a good one third higher than in the previous year, largely as a result of revaluation gains on our properties. The adjusted earnings before taxes (EBT) rose by 18% to EUR 453.7 million. The cost ratio, the relationship of staff costs and general and administration expenses to current gross rental income, fell from 11.8% in the previous year to 10.5% due to economies of scale, with the average current gross rental income amounting to EUR 6.10 per sqm as at the end of the year (2015: EUR 5.89 per sqm). The non-cash tax expense of Deutsche Wohnen amounted to EUR 36.5 million in 2016 (2015: EUR 21.5 million). The staff expenses of Deutsche Wohnen amounted to EUR 47.9 million in the year under review (previous year: EUR 45.9 million). The key figure FFO I (Funds from Operations without disposals), which is of decisive importance for us, rose by 26%, as compared to the previous year, to approximately EUR 384.0 million, or EUR 1.14 per share. The Annual General Meeting resolved almost unanimously in favour of the payment of a dividend in the amount of EUR 0.54 for each share entitled to dividends for the financial year 2015, which corresponds to a total amount of approximately EUR 182.2 million (2015: EUR 129.8 million) and a share of the FFO I realised in 2015 of approximately 60%. Our shareholders are set to benefit from an approximately 30% higher dividend for the financial year 2016 of EUR 0.74 per share and a share of the FFO I realised in 2016

Maturity profile based on notional amounts¹⁾

in EUR m



¹⁾ exkl. „Commercial Paper“

of approximately 65%. Our voluntary community-related expenditure (including donations and sponsorships) amounted to approximately EUR 900,000 in 2016 (2015: approximately EUR 270,000).

Effects of climate change

G4-EC2 In the political arena, there are regular calls to reduce energy consumption and CO₂ production, and these calls also impact on the real estate industry. Deutsche Wohnen is thus indirectly affected by climate change and the resultant regulations imposing requirements for the improvement of energy efficiency and thermal insulation in our residential holdings. Changes in environmental legislation, such as energy saving ordinances and new building regulations, must be taken into account and factored into the costs for our new construction and portfolio management activities. The investments in our joint venture company G+D, which should enable us to further improve the energy efficiency of our properties and optimise our energy procurement and production measures, mean that we are in compliance with numerous current and future statutory requirements in this regard.

The Report on Climate Change and the Cultural Landscape in Berlin (Bericht zu Klimawandel und Kulturlandschaft Berlin)¹¹ commissioned by the Berlin Senate Department for Urban Development and the Environment (Senatsverwaltung für Stadtentwicklung und Umwelt Berlin) anticipates an average rise in temperatures of 2.5 degrees Celsius, and warmer summers and wetter winters in Berlin/Brandenburg by the middle of the century. However, this development is unlikely to pose any financial risks for Deutsche Wohnen, given that it is also unlikely to give rise to any changes in the tenancy market or any threat to the company's business operations. One possible consequence of the projected rise in temperatures could be extreme weather conditions, including a risk of flooding for the company's holdings. However, there is no acute danger of flooding in our core market Berlin, which accounts for 70% of our total portfolio. Our tenants could generally experience water shortages as a result of the dry summers, which would bring about a lowering of the groundwater quality. However, given that they enter into separate agreements with the water utilities, this constitutes merely an indirect risk to tenant satisfaction and does not fall within Deutsche Wohnen's immediate sphere of influence.

¹¹ Climate Change and the Cultural Landscape in Berlin (Klimawandel und Kulturlandschaft Berlin), commissioned by: the Berlin Senate Department I for Urban Development and the Environment (Senatsverwaltung für Stadtentwicklung, Abteilung I), the Joint Planning Authority for Berlin-Brandenburg (Gemeinsame Landesplanung Berlin-Brandenburg), Berlin Forestry Commission (Berliner Forsten) and Berliner Stadtgüter GmbH

Payment of pensions to our employees

G4-EC3 Deutsche Wohnen paid EUR 3.6 million in the year under review (2015: EUR 3.6 million) in connection with pension commitments (pension, invalidity, surviving spouse pensions and surviving dependant benefits) to eligible active and former employees and their surviving dependants. In total, there are pension commitments for 813 employees (of which 300 are active employees and 513 are retired employees and pensioners), which provide for pension payments on the basis of length of service and the salary level at retirement age (previous year: 822 employees, 311 of whom were active employees and 511 of whom were retired).

On the basis of statutory provisions, Deutsche Wohnen pays contributions to state pension insurance funds from defined contribution plans. There is also a pension plan drawn up in accordance with the regulations governing public sector supplementary pensions. It is based on a consolidated company's membership of the supplementary pension fund for municipalities in Bavaria (Bayerische Versorgungskammer – BVK), as well as the Pension Institution of the Federal Republic and the Federal States (Versorgungsanstalt des Bundes und der Länder – VBL). The supplementary pension comprises a partial or full reduced earnings capacity pension plus an age-related pension as a full pension or surviving dependant's pension. The charge levied by the BVK and the VBL is determined on the basis of the employees' compensation used to calculate the supplementary pension contribution.

The Group's employee benefit liabilities amounted to EUR 67.6 million in 2016 (2015: EUR 64.6 million). Expenses in relation to defined contribution pensions amounted to EUR 5.9 million (previous year: EUR 5.9 million), resulting in total expenses for defined benefit and defined contribution retirement provisions in the amount of EUR 6.4 million (previous year: EUR 6.4 million).

State aid

G4-EC4 Deutsche Wohnen has received government grants in the form of disbursement subsidies, disbursement loans and subsidised-interest loans. Disbursement loans and subsidised-interest loans are property loans and are recognised as financial liabilities. In comparison with loans made under market conditions, both offer advantages such as lower interest rates or interest-free and redemption-free periods.

HOLDINGS AND SOCIETY

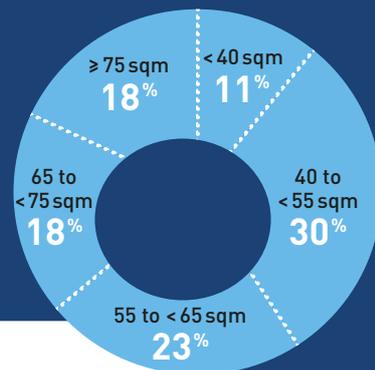
ENERGY-EFFICIENT REFURBISHMENT AND
MODERNISATION WORK ON APPROX.
30,000 RESIDENTIAL UNITS UNTIL 2021

This means
that by 2021
approx.

90%

of our holdings
will have been
refurbished

RESIDENTIAL UNITS
BY SIZE OF UNITS



PERSONAL
VISITS TO
TENANTS

Our employees
conducted personal
visits to tenants to
inform them about
upcoming building
works or to answer
their questions



APPROX.

1,500

PLAYGROUNDS
ARE AVAILABLE TO
CHILDREN IN OUR
NEIGHBOURHOODS

79%

OF OUR EMPLOYEES
WORK IN
PROPERTY MANAGEMENT
AND TENANT SUPPORT

WITH **4,600**

ADDITIONAL RESIDENTIAL AND NURSING CARE PLACES
WE ARE RESPONDING TO DEMOGRAPHIC CHANGE

MANAGING SOCIAL COHESION

Our residential units

The roots of Deutsche Wohnen AG go as far back as the 1920s. GEHAG (Gemeinnützige Heimstätten-, Spar- und Bau-Aktiengesellschaft), a non-profit-making building society and housing construction company founded in 1924, enjoyed one of the richest traditions of Germany's residential property companies. With its pioneering residential buildings and housing estate projects, GEHAG was a forerunner in an important chapter in the social and architectural history of the 20th century. Today, Deutsche Wohnen's residential units range from properties on listed housing estates constructed in the tradition of Classic Modernism to post-war buildings to contemporary high-rise apartment blocks. Approximately 30,000 units are to be found in listed properties, which include four UNESCO World Heritage Sites.

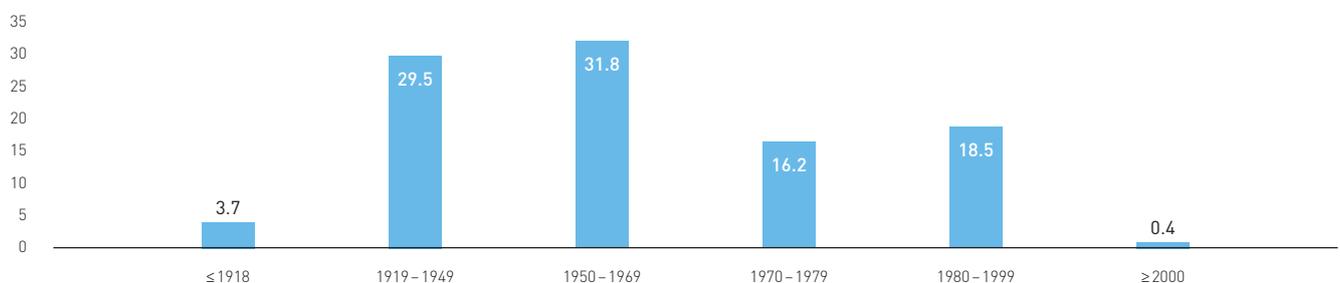
Responsibility for our holdings

In order to ensure that we meet our responsibilities in terms of the preservation of historic buildings and also succeed in maintaining today's modern buildings which will one day form part of the architectural heritage of future generations, we intend to invest EUR 1 billion in the refurbishment and modernisation of our portfolio by 2021. In the year under review, we spent approximately EUR 25 per sqm (previous year: approximately EUR 20 per sqm) on maintenance and modernisation measures. The table on the following page lists a few examples of (listed) energy efficient refurbishment projects.

APPROX. EUR **1** BILLION WILL BE
 INVESTED IN THE
 ENERGY-EFFICIENT
 REFURBISHMENT AND
 MODERNISATION
 OF THE BUILDINGS IN OUR PORTFOLIO

Holdings according to year of construction

in %



Project	Type of work carried out	Scope of work	Number of residential/commercial units	Investment volume EUR m	Period of time
Elstal, historic railway workers' estate	Energy-efficient refurbishment in accordance with listed status of property	Re-plastering of facade, installation of double-glazing, initial installation of heating and hot water system, refurbishment of flats, bathrooms and stairwells, modernisation and insulation of roof, insulation of cellar ceilings, modernisation of external grounds	163	25.0	2013 – 2017
Berlin-Hellersdorf, Hellersdorfer Promenade	Energy-efficient refurbishment	Insulation of facade, refurbishment of pipes and conduits, addition of balconies	1,300	39.0	2014 – 2019
Berlin-Steglitz, Spanische Allee	Energy-efficient refurbishment	Insulation of cellar ceilings, installation of double-glazing with wooden frames in bathrooms, installation of central heating and hot water system, installation of water-saving taps in kitchen and bathroom, refurbishment of bathrooms, balconies and stairwells, modernisation of external grounds, incl. natural drainage system (protected drinking water area zone III), repair of casement windows	177	9.0	2015 – 2016
Dresden, Wilsdruffer Straße	Energy-efficient refurbishment in accordance with listed status of property	Insulation of ceilings in cellar and uppermost floor, retiling of roof using beavertail tiles in crown formation, refurbishment of natural stone facade, replacement of glass, post-and-beam facade in accordance with requirements for listed buildings, installation of air conditioning and ventilation systems, installation of radiators, new installation of a smoke detector and alarm system, refurbishment of the terrazzo flooring in the stairwells, modernisation of flooring in rental units using materials certified as Cradle to Cradle®, modernisation of the interior doors using for the most part doors with natural wood veneer	7	5.0	2015 – 2017
Widespread programme, Greater Berlin	Energy-efficient refurbishment	Installation of double-glazing	3,400	10.3	2016
Special project, Greater Berlin	Energy-efficient refurbishment	Cellulose, cavity wall insulation	4,750	1.1	2016
Berlin-Kreuzberg, Spring Estate	Fundamental refurbishment	Refurbishment of building shells and partial refurbishment of conduits and pipes	1,200	50.0	2016 – 2019
Berlin-Kreuzberg, Otto Suhr Estate	Energy-efficient refurbishment	Replacement of windows, refurbishment of building shells using thermal insulation composite system, modernisation of entrance areas, balconies and lift, modernisation and insulation of roofs, insulation of cellar ceilings	1,700	51.0	2016 – 2019
Hanover Sahlkamp-Mitte, Spessartweg	Energy-efficient refurbishment	Installation of double-glazing in synthetic frames, thermal insulation composite system using mineral wool and with colour scheme, opening up and re-design of stairwells, repair of roof and external grounds	113	5.0	2017 – 2018
Berlin-Prenzlauer Berg, Weißensee, Mitte	Energy-efficient refurbishment	Thermal insulation composite system using mineral wool and with colour scheme, refurbishment of roofs, stairwells and external grounds, insulation of attic floors and cellar ceilings, installation of heating and hot water system, modernisation of bathrooms and installation of water-saving taps, repair of casement windows	337	20.0	2017 – 2019

Newly constructed buildings as the foundation for future approaches to construction

The construction of new residential units in conurbations is lagging behind the demand for such properties, resulting in rising costs for housing, a development which is particularly detrimental to low-income tenants. For this reason, Deutsche Wohnen took a step towards tackling this challenge in 2013 by commencing a process of inner-city redensification on land it already owned. The first prototype in Potsdam-Babelsberg was very well received and has laid the foundation for upcoming new construction projects, which are set to comprise 2,200 residential units in the short term. By 2020, we intend to invest approximately EUR 500 million in the construction of new detached buildings, in infill construction, the construction of additional storeys and attic conversions. The ten projects currently at the planning stage primarily involve locations in Berlin, but also in Frankfurt/Main, Leipzig and Dresden. We have also already set ourselves clear targets extending beyond 2020. We plan to construct up to a further 10,000 new residential units on inner-city land we already own, primarily in Berlin, over the long term.

In doing so, we will pay tribute to "Classic Modernism" and the architectural tradition embodied in the workers' estates built in the 1920s and 1930s, whose innovative housing concepts involving light and airy rooms and practical floorplans are also commensurate with the needs of today's tenants. We will also enrich these traditions by applying modern know-how and meeting the standards required for the construction of sustainable buildings and city neighbourhoods that have future viability. In the interests of maintaining a climate-friendly approach and stable rental costs for our tenants over the long term, we will construct buildings which are as energy-efficient as possible whilst having regard to the health-related aspects of house-building.

In 2016, the first tenants were able to move into a total of 103 newly constructed residential units in Potsdam-Babelsberg. This residential estate is a testament to the fact that high quality can very well be achieved at a reasonable cost, as long as one has the necessary expertise on hand, in the form of appropriately qualified project developers, architects and engineers. Over a period of approximately two years, a total of 91 multi-storey rental units and twelve terraced houses were built as a redensification measure and beneficial addition to an existing railway workers' estate. A total of approximately EUR 20 million in total was invested in new construction, and a further EUR 3.1 million in the refurbishment of existing buildings. The costs per square metre involved in such new construction amounted to approximately

EUR 2,150 (gross total construction costs excluding building land). Thus, based on the comparative figures supplied by the Information Centre for Construction Costs serving the German Chambers of Architects (Baukosteninformationszentrum der Deutschen Architektenkammern – BKI), the project comes in at the lower end of the range in terms of the costs incurred, despite the high level of building quality attained. This is an outcome which demonstrates the intelligent planning approach and quality of implementation involved. The "Optimised Housing Construction" (Optimierter Wohnungsbau) study¹¹ conducted by the Working Group for Contemporary Building (Arbeitsgemeinschaft für zeitgemäßes Bauen e.V.) cites costs in the amount of EUR 2,400 per sqm for comparable new construction projects. Sustainability also entails a high level of process quality, a focus on the origin and quality rating of the materials used, collaboration with regional companies and tradespeople from the Berlin-Brandenburg area and, not least, it means ensuring that tenants and disabled individuals are able to remain in the residential units in question over the long term, even once they reach an advanced age. To this end, 23 of the residential units have been designed to be barrier-free.

For Deutsche Wohnen, sustainable construction makes good sense from both an environmental and an economic perspective. Our new construction projects are in line with the German Assessment System for Sustainable Development (Bewertungssystem Nachhaltiges Bauen – BNB) or the requirements for German Sustainable Building Council (Deutsche Gesellschaft für Nachhaltiges Bauen – DGNB) certification, as the case may be, and so comply with the stipulated criteria for sustainable construction as a result of the adoption of a comprehensive life-cycle approach, the use of sound, high-quality materials, and the implementation of sustainable energy, water and traffic concepts.

The terraced housing in Potsdam-Babelsberg was awarded gold standard pre-certification by the DGNB, in recognition of our application of the principles underlying the Cradle to Cradle® concept and our compliance with the requirements of the German Institute of Building Biology + Sustainability (Institut für Bau-biologie + Nachhaltigkeit – IBN) in both planning and implementation. It goes without saying that an economical approach to energy consumption was adopted in this context. In fully complying with the KfW 58 energy standard, the buildings actually exceed the stringent requirements of the KfW 70 standard. The residential units are heated using district heating from combined heat and power plants of the city of Potsdam. This heating

¹¹ <https://www.zdb.de/zdb-cms.nsf/id/kosten-fuer-den-roh-und-ausbau-eines-typisierten-mehrfamilienhausbaus-de>

has a very good primary energy factor. The multi-storey residential buildings also received gold standard pre-certification.

Deutsche Wohnen's "Westend District" project in Berlin was awarded the highest DGNB commendation (platinum) in 2016, which makes the planned estate in Charlottenburg-Wilmersdorf one of the very first city districts in Germany with a focus on the construction of rental property which has received pre-certification from the DGNB. Sustainability aspects were accorded great significance as early as in the call for submissions in the two-phase competitive tender involving nationally and internationally renowned architecture firms. The DGNB pre-certification process involved an evaluation of the project and the related planning activities on the basis of a total of 45 sustainability criteria, with Deutsche Wohnen's overall compliance being assessed at 83.1%. In addition to the master plan, several expert opinions, for example on the subject of innovative means of supplying the district with energy and water, the use of sound construction materials and even the issue of sustainable mobility or the design of attractive open spaces, formed the basis for the certification. In 2018, work is set to begin on the construction of a total of 600 contemporary, high-quality residential units. We have been involved in the development planning process since 2014.

Beginning in 2017, 100 new residential units will also be created in a portfolio of ours in Grelstraße in Berlin as part of an infill and redensification measure, which will involve attic conversions and the addition of new storeys to existing buildings to increase the number of residential units to 360. The new day-care facility for approximately 50 children to be built on the grounds will reflect the interplay of ecological awareness and architectural expertise, for example in terms of its solid wood construction.

We are in the process of planning the construction of approximately 220 attractive and sustainable residential units on a waterside plot which we already own in Berlin-Spandau. The



competitive tendering procedure for this project was conducted in 2016, resulting in the commissioning of an internationally renowned architecture firm with experience in the residential housing sector. The mixed-use district will especially appeal to families, single individuals and people of all ages.

In 2016, we were awarded the top ranking and the resultant contract in a two-level tender procedure relating to the Lindenauer Hafen in Leipzig, which is to be the site of approximately 40 waterside rental apartments.

Another new construction project has recently come into being in the wake of our acquisition of some properties in Potsdam-Krampnitz, where we intend to construct a new city district with approximately 1,400 residential units from 2018. The competitive tender for this project will be held in the summer of this year in conjunction with the residential property company ProPotsdam GmbH, as the representative of the City of Potsdam.

Our environment

DMA Local Communities

Housing is a basic requirement of human beings. The social impacts of our actions as one of the leading real estate companies in Germany and Europe are therefore manifold. High housing standards and an intact infrastructure are of great significance for the quality of life of the individual, and contribute greatly to a positive social climate in our society as a whole. The creation of sufficient housing is the joint responsibility of the federal, state and municipal governments in conjunction with companies and investors, with the real estate industry also playing a crucial role in this context.

We are keen to live up to this responsibility and are involved in various endeavours aimed at creating stable neighbourhoods and districts providing attractive living conditions. We inform our tenants in good time of any impending structural modifications and can be reached via numerous channels, such as service offices on site, our central service centre or tenants' meetings. We continually strive to achieve a diverse social mix within our districts, with a view to integrating marginal groups to an even greater degree. Our service office employees meet with carefully selected groups of tenants with the goal of fostering functioning neighbourhoods. Since 2015, we have been working even more closely with municipalities and social agencies concerning the integration of refugees.

G4-EC7 The design of our estates not only impacts on the quality of life of our tenants but also has a much more far-reaching effect. By way of example, Deutsche Wohnen has invested approximately EUR 170,000 in making its housing estate in Dresden-Prohlis a more family-friendly environment by building six new playgrounds. It is not only the approximately 4,000 tenants in the district who will benefit in future from the modern and generously-sized children's playgrounds in the inner courtyards of the estate, which have been designed to stimulate children's motor skills and encourage active play. The newly constructed playgrounds also make the estate more attractive to young families thinking about moving to the district. In constructing the playgrounds, we placed our trust in the competence of a regional specialist company and in ecologically sound, sustainable materials, thus using recycled plastic, which is particularly beneficial from the standpoint of environmental soundness and conservation of resources, to create some of the playground equipment.

In the case of more major refurbishment measures, we strive to implement holistic concepts which take account of the surrounding environment, for example stairwells and open spaces around the residential units, thus restoring the original character and unobstructed vistas of the estate. The projects in the Spanische Allee and Weiße Stadt areas in Berlin are examples of such an approach to the handling of open spaces. We have financed the revitalisation of the public, municipally owned Schmuckplatz area on Friedrich-List-Straße in Berlin in line with the modified outer shells of the buildings.

The city council of Hanover and Deutsche Wohnen have come to a mutual agreement with regard to planned refurbishment measures in Sahlkamp-Mitte from 2017 onwards. According to this agreement, the exteriors of the buildings numbered 3–17 Spessartweg within the refurbishment zone will be enhanced. The entrance areas to the buildings will be given a new lease of life on the basis of a coordinated colour concept and glass facades in the foyers while the identity and distinctive character of the individual stairwells will be reinforced and the facades presented in a new, reanimated light.

The above-mentioned refurbishment of a building on Wilsdruffer Straße in Dresden, which stood empty for a long time, is part of an endeavour to revive the city's town centre. Wilsdruffer Straße was once Dresden's most popular shopping street. These days, many of the properties are standing empty. However, the restoration of the building to its former attractiveness has generated some interest on the part of potential new tenants.

Commitment to social causes on site

G4-15 Deutsche Wohnen has been working to help socially disadvantaged individuals for many years now, placing its particular expertise as a provider of housing at the disposal of those who tend to be faced with greater obstacles on the regular residential property market, such as women who are victims of violence, young people from difficult backgrounds and refugees.

APPROX. **9000**
RESIDENTIAL UNITS
IN DEUTSCHE WOHNEN'S PORTFOLIO WERE
SPECIFICALLY ALLOCATED TO
**SOCIALLY DISADVANTAGED
INDIVIDUALS**

To this end, we work closely with Hestia e.V., an association which provides assistance to women who have been victims of domestic violence. In 2016 Deutsche Wohnen provided 50 suitable apartments in close consultation with Hestia as a means of helping these women become more self-sufficient.

The company also provides residential units for the "NewSpace – Life after the Women's Shelter" (NeuRaum – Wohnen nach dem Frauenhaus) project implemented by Caritas on behalf of Erzbistum Berlin e.V., which is financed by the Senate Department for Labour, Integration and Women's Affairs (Senatsverwaltung für Arbeit, Integration und Frauen) and subsidised by Deutsche Wohnen in its capacity as a key partner. The goal of the project is to find residential units for women who have been living in women's shelters for longer periods of time. As such women often find it difficult to find rental accommodation without assistance and therefore end up having to stay in emergency accommodation for longer than is strictly necessary, Caritas rents agency housing, which it then makes available to these women on leasing contracts. To date, Deutsche Wohnen has been able to provide 22 residential units for this purpose. The Berlin Senator Dilek Kolat acknowledged the project's work when she visited the headquarters in 2016.

We cooperate with various youth welfare agencies to provide support in the form of housing to young refugees arriving in Germany without parents or guardians. In Marzahn-Hellersdorf, for example, Deutsche Wohnen, in cooperation with JaKuS e.V, provides housing for young individuals from areas of conflict, thereby facilitating their integration within its own neighbourhoods. To this end, so-called "residential licences" ("Wohnführerscheine") are issued in the context of a qualification programme fostering the ability to adapt to living independently and touching on such topics as the rights and obligations of tenants, living in harmony with one's neighbours, care and renovation of residential units, applications for housing and managing one's finances. Deutsche Wohnen is thus continuing its tried and tested collaboration with JaKuS, which in the past has led to the allocation of residential units to socially disadvantaged young people from Berlin. In addition, Deutsche Wohnen has provided financing for the association's integration work.



Deutsche Wohnen is also part of the "We're in this together" ("Wir zusammen") initiative, which was established in February 2016 by 36 founding members, among them Deutsche Wohnen. The network,

which now comprises more than 170 member companies, works to integrate refugees into the job market, demonstrating on its platform the contributions made by its various member companies. Deutsche Wohnen's commitment is reflected in the sponsorship undertaking which can be viewed on the website <https://www.wir-zusammen.de>.

We support many small initiatives which have a positive impact on the areas surrounding our estates and contribute towards the successful interaction of the members of the local community.

Deutsche Wohnen AG has been a member of the German Centre for Development Aid with regard to Social Housing and Human Settlements (Deutsche Entwicklungshilfe für soziales Wohnungs- und Siedlungswesen e.V. – DESWOS, <http://www.deswos.de>) since its formation, being motivated by a desire to combat poverty and housing shortages in developing countries.

An overview of our diverse activities in this connection can be found on our corporate website: <http://www.deutsche-wohnen.com>. Further details are given in this Report in the section entitled "Donations and sponsorship" [44](#).

Our tenants

[DMA Customer Health and Safety](#),
[DMA Product and Service Labelling](#)

We consider ensuring the satisfaction, health and safety of our tenants to be a high priority. We had almost 500 employees – just under 300 in our 23 service offices alone, particularly those in Berlin, the Rhine-Main region and also Hanover, Brunswick, Magdeburg and Leipzig – working to achieve this goal in 2016.

In order to ensure that we comply with our own high quality standards, we examine every residential unit for damage and potential for improvement, and take corresponding measures where necessary, upon a change of tenant. In the year under review, we invested an average of EUR 4,351 (2015: EUR 4,026) in each residential unit in cases of new lettings. In the case of contracts with a value of more than EUR 5,000, the work carried out by the tradespeople in question is always subject to formal acceptance, which is documented in the form of a joint, written record confirming acceptance and, where applicable, indicating the existence of any defects in need of rectification. In the case of defects which relate to our obligation to implement safety precautions, the tradespeople in question will be required to rectify these without delay. Our system providers are obligated to notify Deutsche Wohnen without delay in writing of all identified or suspected defects or damage. Furthermore, they must examine the work to be carried out for any potential for improvement, take account of any new findings and keep Deutsche Wohnen informed of any possible or necessary measures in this connection. All of these steps are intended to ensure that each tenant or purchaser is provided with a residential unit in the best possible condition – with the ultimate goal being to secure a high quality of life for that tenant or purchaser.

Deutsche Wohnen informs its tenants at an early stage of any planned refurbishment or maintenance measures, using various forms of contact in order to do so (see also [20](#)). Should the removal of asbestos or hazardous substances prove necessary in the context of any of our maintenance, refurbishment or modernisation activities, we, of course, make sure to comply with all of the requisite and statutorily prescribed standards in this regard.

We explain the correct heating and airing techniques, among other things, to our tenants when we enter into the tenancy agreement. However, should mould nevertheless occur, a contractor will remove it in the proper manner, as well as carrying out any necessary follow-up work, and provide the tenant with appropriate information documents. In addition, the contracted tradesman will document the occurrence of the mould on a "data collection sheet" and supply the tenant with a moisture meter.

In the interests of improving its fire protection measures, Deutsche Wohnen is already undertaking the installation of smoke alarms ahead of the corresponding statutory regulations coming into force in Berlin on 1 January 2021. Accordingly, we installed smoke alarms in approximately 8,550 of our residential units in Berlin in the year under review, and will do so in a further 20,000 properties in 2017. By the end of 2016, 50,000 of our residential units throughout Germany were equipped with smoke alarms.

We want to offer our tenants a living environment which is not only well-maintained but also safe and tailored to their needs. To this end, we are increasingly turning our attention to security and concierge concepts, having continued with the incremental implementation of one such concept in 2016. Together with our operating divisions, we have analysed the reasonableness and cost structures of various security and concierge concepts and carried out risk assessments to identify those districts in particular need of such measures. We have consolidated nearby areas into so-called satellite areas in an effort to make our planning endeavours more efficient in terms of quality, costs and performance and to enable the optimal exploitation of deployment radii. In this way, we can improve security in our residential districts and outdoor areas, and also prevent noise, dirt and vandalism. In this context, not only does a duty to implement safety precautions apply but also tree management and an obligation to remove dead wood. All of our playgrounds are likewise monitored on a monthly basis, as well as being subjected to annual inspections by qualified inspectors.

FACILITA caretakers are regularly present on the residential properties managed by the company to verify the implementation of safety precautions and the maintenance of cleanliness and order by means of inspections and visual checks. All of the buildings and outdoor facilities are inspected on a weekly basis, and any defects which are discovered notified to the responsible service providers for rectification.

In the event of any notification of malfunctions or defects which pose a threat of imminent danger, for example burst water pipes or the complete breakdown of the electricity supply, our service providers are required to send an employee to the location in question immediately or at most within 90 minutes of them receiving notification.

G4-PR3 We ensure transparency for our tenants with regard to our products and services by providing an annual statement of operating costs containing detailed information on consumption data and costs, energy performance certificates in accordance with the German Energy Saving Ordinance (Energieeinsparverordnung – EnEV) and information on any impending structural modifications. Our statements of operating costs are transparent and clearly set out, and thus presented in a manner which is comprehensible to our tenants. We provide a precise breakdown of the costs actually incurred according to type of cost and amount. The particular groups of tenants actually generating these costs are clearly and intelligibly indicated, and we also include an explanatory text with each statement. In addition, we provide tenants with a comprehensive tenant file containing information on contact persons and tips for maintaining a healthy home environment upon conclusion of the tenancy agreement.

In addition, we strive to provide communities for our tenants and to integrate them within districts with a real sense of vitality. In this spirit, the company celebrated the successful completion of the work in Potsdam-Babelsberg by throwing a house-warming party for the new tenants and the residents of the refurbished buildings, with a band providing musical entertainment and other attractions including a varied assortment of snacks and beverages and various games for the children. Deutsche Wohnen employees were also on hand to give tours of the newly constructed buildings and to answer any questions about life as a resident of the remodelled estate.

FACTS AND FIGURES

Donations and sponsorship

G4-EC8 In the year under review, Deutsche Wohnen consistently continued to pursue its diversified and regionally oriented donation strategy. Our commitment to social issues is particularly strong in the areas surrounding our holdings, where our core capabilities can most effectively be put to use. We firmly believe that smaller-scale endeavours in various locations will often have a greater impact than single, larger-scale campaigns. In 2016, a particular area of focus in this regard remained the provision of aid to refugees and other groups of individuals in need. We have also provided financial assistance to various projects in our housing estates, with a view to improving the quality of life in the neighbourhood as a whole.

For example, we contributed approximately EUR 20,000 to projects fostering integration and understanding in Marzahn-Hellersdorf, Berlin. The Marzahn Field Laboratory (Freilandlabor Marzahn) launched an educational project aimed at children under the banner "Teamwork and Fun with Nature" ("Teamwork Naturspiele"), the objective of which is to stimulate children's interest in nature and at the same time foster their capacity for teamwork and problem-solving. Deutsche Wohnen has donated EUR 2,500 for this purpose, thereby helping to finance the hiring of two employees and the procurement of equipment. Deutsche Wohnen and the non-profit entity Kids & Co have entered into an agreement for a long-term collaboration, pursuant to which the former has committed to donate EUR 5,000 to the latter on an annual basis. The stated objective of Kids & Co is to provide assistance to socially disadvantaged young people in the form of recreational and educational programmes, international exchanges, careers advice and work experience, and support in handling individual problems.

The company has been working closely with Kids & Co since 2015 as a means of fostering solidarity within the districts in which its properties are located. We granted rent-free accommodation in Steglitz, the centre of the Berlin-Lichterfelde district, and contributed EUR 25,000 towards the financing of a project worker. In Berlin-Kreuzberg, Deutsche Wohnen has provided financing in the amount of EUR 5,000 for the establishment of a neighbourhood community centre in one of its own properties.

We have been working with various youth welfare agencies (for example Kinder- und Jugendhilfeverbund gGmbH Berlin-Brandenburg, JaKuS e.V., Pad gGmbH) to provide aid to young refugees since 2015, providing ten residential units in Hellersdorf and Lichtenberg to date. In addition, we donated EUR 10,000 towards the qualification of a Syrian social worker and the adaptation of the "residential licence" ("Wohnführerschein") in line with the needs of young refugees. Furthermore, we provided 250 suitable apartments to refugees during the reporting year.

We continue to support the "Sonnenhof" children's hospice in Berlin-Pankow in the form of donations and the sharing of our management expertise and purchasing power with a total value of EUR 13,000. Deutsche Wohnen was able to negotiate more favourable terms for the supply of electricity and gas to the building complex with the utility company of the children's hospice.

In 2016, we continued to support the Manna Family Centre operated by the Malteser Hilfsdienst e.V. in the Gropiusstadt district of Berlin, in the form of a donation of EUR 5,000. Since 2012, we have supported the activities of Spats e.V., the umbrella organisation for social services, such as the "Hey you" ("NaDu") day care facility, on a council housing estate in Hanover characterised by

APPROX.
EUR

900,000

EARMARKED FOR DONATIONS
AND SPONSORSHIP

high-rise buildings. In 2016, Deutsche Wohnen provided funds in the total amount of approximately EUR 29,000 for the project, assuming part of the costs for the salary of a social worker, among other things, and supporting the "Easy Ways to Repair and Make Your Own Useful Items and Toys" ("Nützliches und Spielzeug reparieren und selber machen, leicht gemacht") project, which teaches boys and girls between the ages of six and twelve how to handle tools and work with materials such as wood, metal and plastic in imaginative ways. We likewise provide rent-free or reduced-rent accommodation in former GSW holdings in Spandau and also in Deutsche Wohnen holdings in Hellersdorf to selected associations as a means of demonstrating our support for their commitment to social issues.

The association World of Books Berlin (Lesewelt Berlin) has made it its goal to familiarise children with the world of books and to encourage their enjoyment of reading. Deutsche Wohnen provides it with funding in the amount of EUR 3,000, thereby financing the holding of "Lesewelt story hours" in seven Berlin libraries.

The interactive BAUKRAFT MINECRAFT competition called upon young people to come up with new designs for the frequently unused open spaces in the Gropiusstadt district of Berlin in accordance with their own ideas and wishes. Children and young people between the ages of twelve and 18 were able to realise their vision in digital form, embedded in the platform of Minecraft, one of the most popular computer games in the world. The draft designs were judged by a jury composed of architects, urban developers, schoolchildren from the Walter Gropius School and the YouTuber iOser100 on the basis of their creativity and feasibility, and the winners announced on the occasion of a virtual reality exhibition held at the Gropius Passagen shopping centre. Deutsche Wohnen owns approximately 2,500 residential units in the Gropiusstadt district and contributed funding for the project in the amount of EUR 5,000.

Deutsche Wohnen works with the GEHAG Forum to support artists, thereby upholding a long-standing tradition rooted in the 1920s, when the Berlin company GEHAG, which was later to become Deutsche Wohnen, joined forces with the architect Bruno Taut to address the housing shortage in Berlin by creating modern, affordable living space for a broad cross-section of the population. Taut had originally trained as a painter and was a member of the "Glass Chain" ("Gläserne Kette") artists' guild. The subject of the first exhibition held in his honour, by the GEHAG Forum, which was established in 1988, was a residential

building in Dahlewitz, which Taut designed and planned the colour scheme for. Numerous artists have since displayed their work on our premises, with exhibition subjects ranging from architectural designs to paintings, etchings and drawings, and even sculptures and video artwork. Now, as then, our goal is to provide a platform for multi-faceted expressions of modern art and to bring these to the attention of our visitors, customers and employees. With its diversity of themes and its inclusion of artworks which are far removed from the mainstream, the GEHAG Forum has since become a recognised venue for exhibitions of contemporary art. In 2016, we provided financing to the GEHAG Forum in the amount of approximately EUR 110,000.

Since May 2016, we have additionally, as part of a long-term commitment, contributed funding in the amount of approximately EUR 17,000 for the resumption of "free-entry Wednesdays" at the Bröhan Museum in Berlin. Visitors are now once again able to gain access to all regular and special exhibitions, and also to take part in after-work, curator-led tours, free of charge on the first Wednesday of every month.

Deutsche Wohnen continues to demonstrate its commitment to social issues in Spandau, endowing its Deutsche Wohnen Fund (Deutsche Wohnen-Fonds, formerly the GSW-Fonds) with a total of EUR 10,000. The fund is directed at associations, initiatives and projects providing opportunities to children and young people in the Falkenhagener Feld district.

Deutsche Wohnen, a company with its roots very much in Berlin, is now as of the 2016/2017 season an exclusive "platinum partner" of the "Berlin Foxes" ("Füchse Berlin"), having entered into a three-year contract with this club in the German national handball league, whose jerseys bear the logo of Deutsche Wohnen, the team's official primary and jersey sponsor. Deutsche Wohnen has also contributed approximately EUR 140,000 towards the procurement of a modern video system for the training centre for up-and-coming "Fox" talent at the Sportforum in Berlin, which will enable a top-level management and analysis of training sessions and thus greatly help to improve their quality, whilst increasing the motivation of the players. This approach of using such video systems for the purposes of fostering young talent is as yet unique among handball teams at an international level.

Deutsche Wohnen's expenditure on donations and sponsorships totalled approximately EUR 900,000 in the year under review.

Challenges posed by urbanisation

G4-S01 In the future, ever more people will be living in urban areas, in which the demand for housing, and thus the cost of housing, is rising. The foundation of Deutsche Wohnen's business activities is also the realisation of rental potential, something on which our investors rely. Modernisation measures implemented with a view to energy conservation also require the making of investments, which then partially filter down into rents. This calls for a balancing of the affordability of our housing against achieving a well-balanced mix of residents within our districts and against the expectations of our investors. However, we take a reasonable and proportionate approach to balancing these interests against those of our tenants. Our average in-place rent amounted to EUR 6.10 per sqm per month as at the end of 2016.

1.8%
AT OUR
VACANCY RATE IS LOW

Deutsche Wohnen maintains the high quality and attractiveness of its holdings through continual investments in maintenance and modernisation. Combined with our efficient administration and the fast processing times in our service offices, this enables us to maintain a low vacancy rate, which on average remained at 1.8%, as in the previous year.

It is necessary to inform our tenants comprehensively at an early stage of any planned refurbishment or maintenance measures, in order to ensure that a proper balance is struck between social considerations, the interests of our company and those of our tenants. To this end, Deutsche Wohnen is increasingly resorting to direct means of communication, such as tenants' meetings, tenant consultations, on-site tenants' offices and personal visits by our employees, for the purpose of initiating discussions on construction-related or even financial matters and enquiring as to tenants' needs.

In May 2016, Deutsche Wohnen launched a major project applying a new format for the provision of information to tenants on the Otto Suhr Estate in Kreuzberg, which comprises 1,700 residential units. In such a situation, established formats such as tenant meetings would be of limited use and would work against any sort of effective communication of information or constructive interaction with the tenants. For this reason, the representatives of DWCF and DWM decided, in the run-up to the implementation of the measure in question, to take a new approach and to avail themselves of the professional services of Mediator GmbH, a consultancy firm specialising in mediation and public participation, with which Deutsche Wohnen had already successfully collaborated in the context of a participation project in Hellersdorf.

For the purposes of this project, Deutsche Wohnen converted a vacant residential unit on the estate into an information office, with individual tenants having been assigned a specific consultation slot on one of a total of five days when they first received notification of the planned modernisation measures. Groups of tenants were thus informed about the project and the individual measures involved at hourly intervals. This procedure enabled the parties involved to strike a balance between a mass gathering and individual consultation sessions. In this manner, approximately 200 tenants were provided with information at a total of 40 sessions over the five-day period. We also intend to enter into such a form of dialogue with our tenants in the context of major projects in the future.

Other projects implemented in the year under review comprise the following:

- **Refurbishment: Spring project (Berlin-Kreuzberg):** A conventional event for the provision of information to tenants involving a strong element of participation
- **Maintenance: retirement home (Berlin-Spandau):** Two consecutively held in-house events for the provision of information to tenants attended by virtually all tenants
- **New construction: Westend district (Berlin-Charlottenburg):** A workshop on the subject of floorplans and fixtures and fittings for residential units aimed at involving existing tenants in the architectural planning stage; further workshops, for example on the subject of mobility, are planned; continuous dialogue between tenant advisers and existing tenants on site
- **Modernisation: Sahlkamp-Mitte (Hanover):** Tenant participation via involvement in the selection of the colour for the building facades in the context of an informational event

Handling of difficult cases

G4-SQ2 | CRE7 Deutsche Wohnen plans to commence work on a further new construction project aimed at inner-city redensification in the "Westend" district of Berlin-Charlottenburg in 2018, with the goal being the creation of a sustainable, modern and mixed-use city district on the site of a housing estate that was originally constructed in the 1950s. This endeavour will involve the replacement of the now almost 60-year old defective structures of the current 212 residential units with 600 high-quality ones. The newly constructed residential estate will provide housing for an additional 300 to 400 families, whilst retaining the sense of an open space full of greenery.

The current residents will be offered equivalent replacement housing from the company's portfolio and former tenants will have preferential rights with regard to the new residential units. Several construction phases are planned, with a view to facilitating the relocation of tenants within the estate. Deutsche Wohnen will provide financial aid to tenants required to temporarily move out of their homes.

In order to keep all of the residents up to date and at the same time to involve them in the design process, we post regular reports on the progress of the project on our designated website www.siedlung-westend.de, and tenants and interested citizens are able to ask questions relating to the renewal of the district via a discussion platform. Deutsche Wohnen employees post responses to these questions and also maintain a blog which provides some insight into the current status of the planned construction work.

As a general rule, the inconvenience caused by the construction work involved in larger modernisation and maintenance measures may in some cases be so severe as to require particular groups of tenants (the elderly, the disabled, the sick, families with young children) to leave their homes for a number of days or even weeks. In such cases, Deutsche Wohnen handles and assumes the costs involved in their relocation to temporary accommodation.

Deutsche Wohnen has its own in-house claims management system in place which, amongst other advantages, offers possible solutions to those of our tenants finding themselves in financial difficulty at any early stage. We ensure that payment reminders are issued in good time and provide affected tenants with the opportunity, as needed, of attending one-to-one meetings with our tenant advisers in Berlin or Hanover, with the goal of preventing evictions and finding alternative solutions. In addition, we offer the possibility of paying off outstanding rent in instalments, where necessary putting tenants in contact with debt counsellors on site, a measure which as of the beginning of 2016 has also been extended to tenants in GSW properties. Tenants who find themselves in financial difficulty through no fault of their own can apply to the GSW social fund, which Deutsche Wohnen has now been operating under the name "DW Fund" ("DW-Fonds") since the beginning of 2016, for financial aid, where the individuals in question have neither a sufficient legal claim to state aid nor any insurance claims.

If, following modernisation work, there are tenants who are unable to afford the increase in rent, we recognise financial hardship cases and cap rents in a way that is socially responsible. This means that, if such tenants register their financial hardship and provide proof of income, they only have to pay approximately 30% of their household income towards the gross rent (i.e. rent plus service charges).

Regular health and safety checks

G4-PR1 The following applies to all of Deutsche Wohnen's holdings: We inspect our residential units to identify and eliminate any safety issues and health hazards upon every change of tenant. In 2016, the electrical and fixed installations in buildings with 35,220 residential units were inspected in accordance with the DGUV-V3, the statutory regulation on accident prevention, enabling the identification of any defects and the prevention of accidents. Approximately EUR 900,000 (previous year: approximately EUR 480,000) was invested in both the checks and in the rectification of the defects. Other statutory provisions stipulate the inspection of gas facilities, central warm water facilities and mains piping – particularly in water protection areas –, and regular inspections of technical facilities by tradespeople and experts.

We consider the sustainable, safe and healthy design of our new buildings over their entire life cycle, from the conception, planning and implementation phases to the time when the building goes into service.

All KATHARINENHOF® facilities are regularly subjected to official checks and inspections. These not only relate to the core nursing business but also entail fire protection inspections, hygiene inspections, evaluations of processes and procedures (home supervision), evaluations of the quality of the services provided and customer orientation, and internal checks and audits in these relevant areas.

In the nursing context, our responsibility lies in the provision of an optimum level of care and support. The quality of the services performed by all of the facilities of KATHARINENHOF® are above the industry average, and this is reflected in the appraisal of the Medical Review Board of German Statutory Health Insurance Funds (Medizinischer Dienst der Krankenversicherung – MDK): KATHARINENHOF® facilities were awarded very good ratings between 1.0 and 1.3 (with 1.0 being "excellent") in all 82 categories. It is also reinforced by our high occupancy figures, which for years have also been higher than the average. The average occupancy rate remained high at 98.6% in the year under review (2015: 97.2%).

Customer satisfaction

G4-PR5 Almost 500 employees in the service offices on site and at our central service centre are available on a daily basis to address all concerns of our tenants, including any suggestions for improvement they may have. Tenants can also contact us via our company website. Every day, 55 employees at our central service centre take 2,500 calls, while a further nine digitally process postal communications and documents. Written communications from tenants have been digitalised since 2015, and are distributed to the employees in the company's business operations divisions no later than one day after they have been received. Deutsche Wohnen receives approximately 500 letters from tenants and 150 emails or inquiries submitted by way of our contact form every day.

Deutsche Wohnen intends to further digitalise and simplify its processes in the context of its letting activities by means of its "Tenant Turnover Cockpit" ("Mieterwechsel-Cockpit") and "Digital Property Inspections for Residential Units" ("Digitale Wohnungsabnahme") projects. Electronic compilation and processing of data via tablet PCs on site avoids the duplication of work and streamlines the letting process – resulting in greater efficiency and customer satisfaction.

98.6%

AVERAGE

OCCUPANCY RATE

IN KATHARINENHOF® FACILITIES

2,500
CALLS
ARE TAKEN BY THE EMPLOYEES
AT OUR SERVICE CENTRE
ON A DAILY BASIS

Our service providers, which are contracted to handle the rectification of any defects or malfunctions, are subject to stipulations as to availability and reaction times. They provide 24-hour availability – even on Sundays and public holidays – through a call centre, where a qualified contact person records any notifications of defects or malfunctions and initiates the implementation of all necessary rectification measures without delay. A tradesperson must then immediately make an appointment with the tenant in question for the rectification of the defect or malfunction, in any case within 48 hours of the notification being made. The defects or malfunctions must be rectified as quickly as possible: 85% within no more than nine calendar days and 15% within a reasonable period of time.

As part of our marketing activities, we welcome evaluations via the independent platform @ www.immobilienscout24.de, on which customers can rate us in the following categories: informational content of property synopsis, accessibility, advice, and property. We succeeded in raising our rating to 3.6 out of 5 stars over the past twelve months¹¹ (2015: 3.5 stars), with 76% of the total of approximately 2,380 customers indicating that they would recommend Deutsche Wohnen to others.

The opinions of our tenants are important to us. We will, therefore, conduct a survey of all of our tenants over the course of 2017, which we will then repeat at regular intervals. We will publish the results of this opinion poll in our next Sustainability Report.

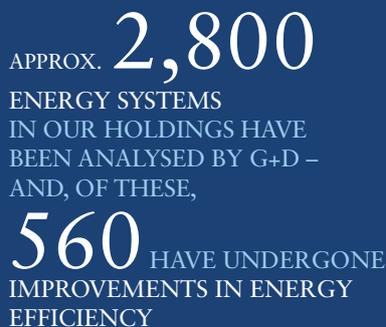
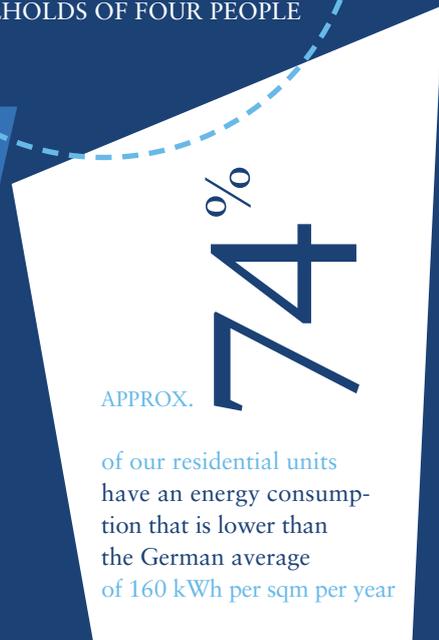
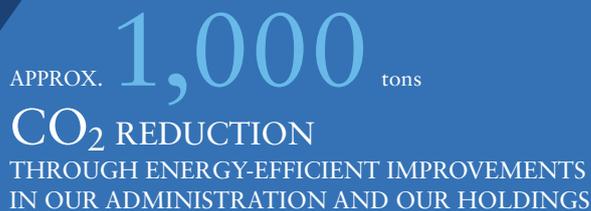
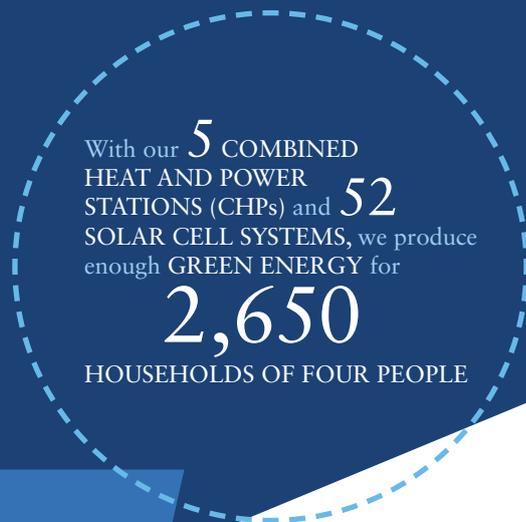
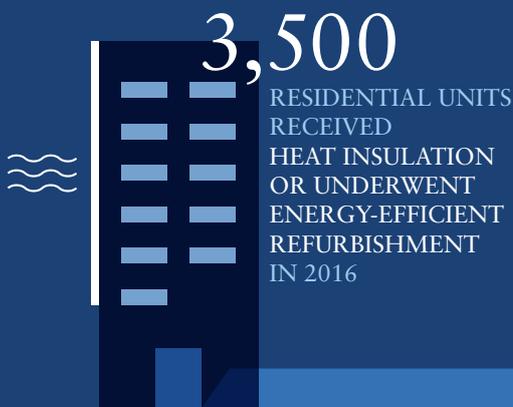
Commercial properties

Deutsche Wohnen's portfolio comprises approximately 158,000 residential units, as well as a relatively small number of commercial properties. In 2016, the company initiated a detailed analysis of its commercial properties, contracts and locations, with a view to managing these in a more strategic manner. Deutsche Wohnen's objective is to achieve an optimum diversification of the uses of the properties in its residential districts and thereby increase their attractiveness for residents. In the future, the commercial purposes and uses of these properties are to be aligned with the surrounding environment and the needs of the parties involved. This will also entail some collaboration with social institutions and agencies, given that varied city districts require not only diversity in the local population but also the striking of a balance between commercial activities and socially motivated types of use. The first objective to be achieved in 2017 is the letting of commercial space in four locations to day-care facilities for children, with a view to making the estates in question more attractive to families.

As at 31 December 2016, our portfolio comprised 2,184 commercial units with a surface area of approximately 300,000 sqm. The average amount of floor space per commercial unit is approximately 140 sqm and as such is comparable with that occupied by small businesses. Selected examples of types of use and corresponding numbers are: retailers (211), hairdressers and beauty salons (87), nursery schools and day-care facilities (87), restaurants and snack bars (173), and doctors' surgeries (183).

¹¹ Accessed on 9/3/2017

ECO LOGY



ENVIRONMENTAL MANAGEMENT AT DEUTSCHE WOHNEN

DMA Products and Services

The environmental impacts of our buildings depend on urban planning considerations, the architecture of the buildings, the materials used in their construction, their infrastructure and the manner in which they are used by our tenants. Although Deutsche Wohnen may have little influence over the actions of its tenants, it can implement other environmental protection measures. For example, we place great value on ensuring the high quality of the construction materials used in our holdings.

We are continually modernising our holdings with a view to achieving a more efficient use of energy, to which end we are investing extensively in maintenance, refurbishment and modernisation measures as a means of upgrading our buildings with a view to energy conservation. We are investing not only in the insulation of facades, basement ceilings and roofing, the renewal of electrical risers and improvements in the standard of fixtures and fittings in our residential units, but also in the living environment, the renewal of heating systems and regenerative or efficient means of energy generation, which primarily involves the decentralised, combined-heat-and-power generation of electricity. In 2013, we entered into a strategic cooperation with the utility company GETEC Wärme & Effizienz AG for the purpose of analysing our holdings and developing individual concepts for improving energy efficiency and lowering consumption.

Our new construction activities, which commenced in 2014, have from the outset been carried out in compliance with sustainability criteria, and we construct our buildings in accordance with established guidelines, for example the standards of the German Sustainable Building Council (Deutsche Gesellschaft für Nachhaltiges Bauen – DGNB). We also take account of building biology criteria, such as the use of non-hazardous construction materials, the creation of a healthy indoor environment, a high quality of indoor ambient air, window frames made of wood from renewable sources or network circuit breakers for the avoidance of electro smog. We set high standards for the environmental sustainability of our new builds and to some extent also use construction materials which are certified in accordance with the Cradle to Cradle® concept. These are designed for use in cyclical material flows and create closed circulatory systems for the complete recycling of the materials.

We take a holistic approach to our new builds, viewing them as part of the surrounding district, which in turn has a direct influence on the amenity value of and the quality of life in our properties. Taking an “equivalent to parking spaces” approach, Deutsche Wohnen examines, for example, the extent to which individual motorised traffic may be replaced by alternative concepts of mobility, such as local public transport, sharing options,

and bicycle and pedestrian traffic. In this manner, investments can be diverted to infrastructural measures, instead of providing parking spaces prescribed by construction law in the form of underground car parks and parking decks for passenger cars with internal combustion engines. This planning tool can thus facilitate the creation of economical and high-quality housing, the responsible handling of resources and the development of sustainable forms of traffic in cities.

In addition, we are keen to promote the exchange of information and ideas between housing initiatives and established players in the housing market with regard to multi-generational living arrangements, climate protection and sustainable mobility. For this reason, Deutsche Wohnen supports, in its role of industry representative, the “Mobile Living” (“WohnMobil”) research project funded by the Federal Ministry of Education and Research (Bundesministerium für Bildung und Forschung – BMBF), which aims to identify innovative ideas in connection with community housing and mobility concepts, to make them economically viable for and compatible with established housing companies, and to create a knowledge pool that is accessible to housing initiatives. Models for the planning, development and implementation of community mobility and utilities services as well as types of land use are jointly developed and tested, with a view to ascertaining their economic viability and their social and environmental impacts.

Deutsche Wohnen’s project for the inner-city redensification of the “Westend” district of Berlin-Charlottenburg, which was expected to commence in 2018, is a testament to the company’s assumption of responsibility for the sustainable development of the district, and represents a lighthouse project for urban development in Berlin. In this context, our commitment to ensuring the high quality of our properties in terms of urban planning and architecture is evidenced by our use of environmentally friendly construction materials, our maintenance of a high level of energy efficiency and the provision of diverse mobility options. As early on in the process as the selection of the materials we use, we place great value on longevity, health-related aspects and manufacturing techniques which conserve resources. However, this is not allowed to be at the expense of our tenants. We strive to keep our operating costs low by adopting energy-efficient construction methods, and to keep rents affordable by keeping construction and maintenance costs to a reasonable level. The costs which are expected to accrue over the life cycle of our properties – from the planning stage to demolition – show that the total costs for sustainably constructed buildings are significantly lower than is the case for conventionally constructed buildings, and it is for this reason that we adopt a long-term approach in favour of sustainable building practices.

G+D HAS REFURBISHED THE HEAT GENERATION PLANTS FOR

10,600

RESIDENTIAL
UNITS SINCE 2014

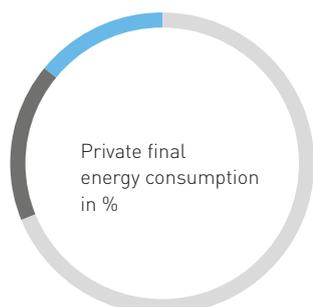
Energy consumption

[DMA Energy](#) | [DMA Overall](#) | [DMA Transport](#)

G4-EN30 Approximately 70 % of all greenhouse gases produced worldwide are generated in cities, and approximately one third of CO₂ emissions nationwide can be attributed to housing. According to the German Environment Agency, in 2015 private households required a good quarter of the total final energy consumption in Germany, and approximately 69 % of the energy is used for heating purposes and 14 % for the generation of warm water. The remaining 17 % of the energy consumed is being used for cooking, refrigeration and lighting purposes, and for powering other electrical appliances.¹⁾ Energy-efficient residential buildings, therefore, constitute a major factor in the attainment of climate targets agreed upon internationally. With approximately 158,000 residential units in the Deutsche Wohnen portfolio, we are very much aware of our responsibilities with regard to these targets.

Private final energy consumption

■ Heating	69%
■ Cooking, refrigeration, lighting	17%
■ Warm water	14%



The lion's share of our energy consumption is attributable not to the various processes in place within our organisation, but to the residential units themselves. In the housing sector, it is customary for tenants to enter into contracts with utility companies on an independent basis. Thus, given that our tenants are not exclusively supplied with energy by Deutsche Wohnen, we are not able to collect data on their consumption of energy, heating and water. However, where it is possible for us to take readings, for example where thermal energy is supplied through a central heating system, we do collect the relevant data, which enables us to provide an overview of the extent of our carbon footprint in this regard.

G4-EN27 We strive, where possible, to exert some influence on the ecological awareness and corresponding behaviour of our tenants. Thus, we attempt to do so with regard to their consumption by means of our system of issuing statements of costs on the basis of their actual consumption of the resources in question (heating, warm and cold water). This is often made possible by the installation of heat cost allocators or warm or cold water meters as part of more complex modernisation measures. Furthermore, tenants are provided with information on the correct way to heat and ventilate their homes following the completion of modernisation measures involving the installation of new windows or the reconditioning of existing windows as part of any retrofitting of the heating system.

To ensure the efficient use of energy in our residential units, we continually refurbish and modernise our holdings, investing in thermal insulation measures and the renewal of heat generation

¹⁾ German Environment Agency (Umweltbundesamt), Energy Consumption by Private Households (Energieverbrauch der privaten Haushalte),
<https://www.umweltbundesamt.de/daten/private-haushalte-konsum/energieverbrauch-privater-haushalte>, accessed on 6/6/2017

plants, as well as in regenerative or efficient means of energy generation, which primarily involves the decentralised, combined-heat-and-power generation of electricity. G+D is systematically examining the as yet unexploited potential of improved thermal insulation or the use of modern systems engineering technology.

G+D's specialist know-how relates to energy procurement, energy generation and energy distribution within buildings, and this expertise provides the basis for the development of individual concepts for the supply of energy to the properties in our portfolio. Accordingly, G+D supplies approximately 51 % of Deutsche Wohnen's holdings – which corresponds to approximately 76,000 residential units – by way of a uniform gas and an industrial heat supply arrangement. In addition, the company has already refurbished heat generation plants for 10,600 residential units since 2014, and now operates these itself. These efficiency gains benefit both our tenants and the environment.

In drawing up plans for the development of new city districts, Deutsche Wohnen exploits any potential for increasing energy efficiency by investigating possible means of reducing energy requirements and using renewable forms of energy at an early stage, and incorporating these into its urban development plans. The main parameters in this connection are the energy standard of the envisaged buildings and the supply of heating and hot water. This shows that Deutsche Wohnen designs and realises its new builds in accordance with integral energy concepts.

G4-EN31 Deutsche Wohnen does not have any formal system of environmental management in place, given that environmental protection primarily involves the implementation of measures for the conservation of resources at the company's administrative locations and in its holdings. As part of its energy audit conducted in accordance with DIN EN 16247-1, Deutsche Wohnen

collected extensive data on the energy consumption of its own administrative locations, which it verified and supplemented through on-site visits. The potential for energy savings was identified and evaluated in the context of the analysis of this data, and documented in a report which was then submitted to management and used as a basis for the initiation by Deutsche Wohnen of direct measures to optimise the flow of energy within the company, thereby laying the foundation for further measures taken in 2016. The costs incurred in connection with the renovation work carried out at the administrative locations amounted to approximately EUR 1.6 million, and also comprised the energy conservation measures implemented.

The KATHARINENHOF® facilities are also legally obligated to conduct energy audits pursuant to the German Energy Services Act (Energiedienstleistungsgesetz – EDL-G) and DIN EN 16247-1. All in-patient nursing care facilities are characterised by higher than average energy consumption, which is primarily attributable to their kitchen, laundry and nursing care operations and to the continuous use of light sources. A comprehensive approach to energy management, therefore, forms part of our corporate philosophy, thus enabling us to lower our peak load profiles by means of a targeted shifting of workflows, and to realise further potential savings by using new, energy-efficient technology in our kitchens and switching to LED lighting. Our joint venture company G+D carries out feasibility studies for energy efficiency measures, for example the use of combined heat and power (CHP) plants, on our behalf. The utility company Vattenfall supplies us with special measuring technology for ascertaining consumption data, which provides a precise picture of our current energy consumption. The total value of the measures implemented for the purpose of increasing our energy efficiency is approximately EUR 245,000.

APPROX.
EUR

245,000

HAS BEEN INVESTED BY KATHARINENHOF® IN
ENERGY EFFICIENCY
MEASURES

Lowering of emissions

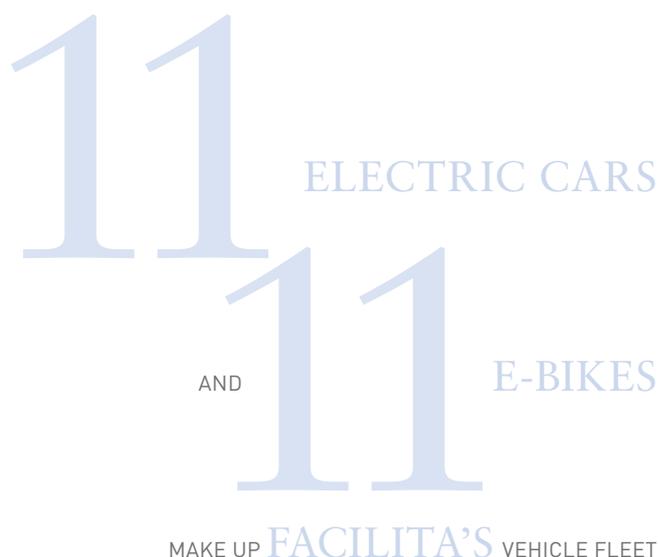
DMA Emissions

Climate protection constitutes one of the major challenges of our time. The emission of greenhouse gases through the generation of electricity and the heating of buildings and as a result of traffic and industrial activities contributes greatly to global warming. Deutsche Wohnen is thus increasingly focusing on the use of renewable energy and on improving the energy efficiency of its holdings.

In 2012, we began to collect environmentally relevant data in an attempt to understand the sources of our emissions and thus create transparency for both ourselves and our stakeholders. We are continually working to develop our database in order to obtain an accurate picture of overall consumption and raw material flows. To this end, we have expanded our data set for the third year in a row, ascertained the energy consumption of our administrative locations and our holdings, and calculated the associated CO₂ emissions. We have taken the Global Emissions Model for Integrated Systems (GEMIS 4.94), which takes account of all greenhouse gas-related impacts along the value-creation chain, as the basis for our calculation. Emission data is reported in accordance with the stipulations of the international standards of the Greenhouse Gas Protocol (GHG Protocol).

We also conduct our business operations in observance of environmental criteria. Modern mobility solutions and sound vehicle fleet management are key components of a strategy for the reduction of CO₂ emissions by a non-producing company. Consequently, Deutsche Wohnen provides employees with shared vehicles from its vehicle pool for the purposes of business trips. Of the 115 vehicles in our vehicle pool, 20 were replaced on age-related grounds in the year under review. Before procuring

these new vehicles, Deutsche Wohnen carried out a needs assessment with regard to monthly mileage, the number of journeys completed per day and the individual kilometre readings per journey, as well as the necessary vehicle size. An important criterion for the selection of the new vehicles was low CO₂ emissions. Employee business trips play a minor role, given that the Deutsche Wohnen Group and KATHARINENHOF® operate solely within Germany and largely conduct their business activities on a regional basis.



The vehicle fleet of FACILITA was inspected and reorganised due to the major increase in the holdings in the portfolio. In the interests of reducing the vehicle fleet required to service these holdings, greater reliance was placed on the use of e-mobility solutions and bikes, thus enabling the number of conventional motor vehicles to be decreased significantly. Since December 2016, eleven electric cars, eleven electric bikes and 41 bikes have joined the company's vehicle fleet, which is to be fully converted to e-mobility by 2018. The necessary infrastructure comprising a total of eleven charging stations at four locations of the company has been in place since March 2017.

Water consumption

DMA Water

Despite the effects of climate change, water is plentiful in Germany and water shortages are uncommon. The greatest threat to which this natural resource is exposed is nitrate contamination of our drinking water. Given that the Deutsche Wohnen Group and KATHARINENHOF® both operate exclusively within Germany, there is no immediate need for the implementation of strict measures in this regard. We nevertheless strive, even if only on cost-related grounds, to conserve our natural resources and to reduce our water consumption in a targeted manner.

At our administrative locations, we take measures to minimise our water consumption, for example by installing low-flush toilet systems and energy-saving dishwashers. The average water consumption of our administrative locations fell from 9.71 cubic metres per employee in 2015 to 8.98 cubic metres per employee in the year under review.

The more stringent hygiene requirements which apply to our nursing facilities mean that their water consumption is significantly higher than in our residential properties. Consequently, our KATHARINENHOF® sanitary facilities are only equipped with sanitation products, sanitary fittings and even medical devices which are classified as energy-efficient by their manufacturers. At the same time, our business services division regularly checks consumption levels with a view to identifying any abnormal situations which can be handled by means of modifications in our nursing care operations.

The water supply for our holdings is in almost all regions governed by pre-existing arrangements between the property owner and the utility company in question, with the result that Deutsche Wohnen is obligated to procure its water from municipal water companies. Consumption data is compiled for entire buildings and notified and invoiced to the tenants in the form of an individual statement of operating costs. We have only a very limited influence on the water consumption of our tenants. However, where cold water meters are available, tenants can monitor their own consumption themselves.

Selection and procurement of materials

DMA Materials

The materials used by Deutsche Wohnen can largely be allocated to one of three main categories: those used in major projects such as the refurbishment of residential buildings, those used in smaller projects involving ongoing maintenance and tenant turnover, and those used in new construction. Given that these projects are carried out by subcontractors, disclosure of the quantities of the materials used is often only possible to a limited extent.

The services provided by our system providers are governed by a standard price list which covers 80–90% of the standardised services applicable in cases of tenant turnover. This standard price list defines standard quality products – for example, wash-stands, tiles or taps –, on the basis of which the system providers then select and install the materials to be used. Another standard price list will be developed by the end of 2017, comprising quality criteria applicable in the case of measures frequently recurring in the ongoing maintenance context and having an individual contract value of more than EUR 1,000, the goal being to simplify and increase the efficiency of the processes involved.

B&O Deutsche Service GmbH is used as a purchasing platform to generate price advantages in the context of bulk orders. The same quality standards apply here. No specific sustainability criteria apply.

Deutsche Wohnen also considers the impact of building structure, including the materials used, from the perspective of health and environmental soundness. We also adopt an integrated and sustainable planning approach to the construction of new buildings, which involves the use of natural and environmentally friendly construction materials. We additionally require our suppliers to comply with the DGNB standards regarding the use of sustainable materials, and to enter into a written undertaking to that effect.

Generation of effluents and waste

DMA Effluents and Waste

With a view to gaining a detailed insight into the ecological impact of our holdings, we evaluated the waste-related data which could be compiled for these holdings on the basis of the operating costs for the first time in 2016. This data comprises the quantities of waste generated by our tenants, and thus provides us with some insight into the consumption levels of individual households. Our objectives in the context of the management of the waste produced by our holdings are to improve the quality of our activities and to reduce our costs in this regard. We aim to enhance the living environment provided by our properties as a means of ensuring the high quality of our holdings and thus a high level of tenant satisfaction. Consequently, any bulky items and scrap materials which happen to be lying about are removed as quickly as possible. In the interests of improving the environmental soundness of the residential units, we re-examine the contents of the bins used for storing waste and recyclable materials. The containers for residual waste and recyclable materials are adjusted in line with our actual requirements, thus lowering the waste-related operating costs for our tenants.

Measures aimed at reducing consumption and the amount of waste produced are implemented at our administrative locations on a continuous basis. For example, we have adopted a "paperless office" approach in administration, and contract and invoice processing, which means that business processes are increasingly becoming digitalised, with the objective being the paper-free processing of all procedures.

The total amount of waste generated by the in-patient nursing care facilities is due to the high proportion of incontinence-related waste, a factor which cannot readily be influenced. In the interests of optimising its waste disposal performance, KATHARINENHOF® has developed waste management concepts for the majority of its facilities which elucidate the disposal process as a whole and identify potential for the realisation of savings.

SINCE THE INTRODUCTION OF THE WASTE MANAGEMENT SYSTEM, WE HAVE BEEN ABLE TO **REDUCE** THE AMOUNT OF HOUSEHOLD WASTE GENERATED PER WEEK ON A NATIONWIDE BASIS



Handling of site contamination

DMA Land Degradation, Contamination and Remediation | CRE5

When it comes to modernisation or maintenance work, or new construction projects, Deutsche Wohnen treats the relevant plots of land with due care. Plots for new builds are carefully examined for any evidence of contamination and treated in accordance with the applicable statutory requirements. No land areas required refurbishment in the year under review.

FACTS AND FIGURES

Energy

Energy consumption and energy intensity of Deutsche Wohnen

G4-EN3 | G4-EN5

	2016	2015 ¹⁾
Included administrative space in sqm	28,200	25,110
Included residential units in holdings	70,311	90,162
in MWh		
Direct energy		
Natural gas (administration)	827.8	844.9
Natural gas (holdings)	363,559	432,082
Heating oil (administration)	8.5	18.2
Heating oil (holdings)	20,480	27,187
Pellets (administration)	3.7	3.7
Pellets (holdings)	- ²⁾	6,739
Diesel (heating for new construction)	n/a	13.3
Diesel (construction machinery for new construction)	n/a	41.9
Petrol (transportation)	535.7	518.1
Diesel (transportation)	127.4	116.0
Natural gas (transportation)	13.1	-
Indirect energy		
Electricity (administration)	1,047.4	946.3
Electricity (holdings)	31,660	31,555
Electricity (new construction)	n/a	95.5
District heating (administration)	2,190.7	1,942.4
District heating (holdings)	312,534	412,218
Energy consumption of business operations of Deutsche Wohnen	4,754.3	4,389.6
Total energy consumption	732,987.3	914,321.3
Energy intensity		
Energy intensity: administration		
Energy consumed per sqm of commercial space	0.145	0.150
Energy intensity: holdings		
Energy consumed per sqm of residential/commercial space	0.120	0.128

¹⁾ Projections with regard to administrative locations have been adjusted in line with actual consumption data. Change in the data for our holdings for the previous year attributable to the expansion of the basis for the data to approximately 90,000 usage units.

²⁾ At the time of going to press, this data was not yet available.

The environmental data for the administrative locations and the vehicle fleet also comprises FACILITA, as does any intensity data calculated on a per-employee basis. The energy data for the administrative locations has been adjusted to reflect weather conditions.

The large reduction in our district heating requirements in 2015 and 2016 can be attributed, in particular, to the consolidation of the administrative locations.

The consumption the six facilities of KATHARINENHOF® in Berlin amounted to 1,196 MWh of electricity (2015: 1,165 MWh, for five facilities) and 2,906 MWh of heating fuel (2015: 2,921 MWh, for five facilities), which corresponds to an energy intensity of 0.123 kWh per sqm.

Since 2012, we have been using energy from hydroelectric power to meet 100% of the total in-house electricity requirements of our administrative locations and our KATHARINENHOF® facilities.

The communal energy requirements (electricity for entrance and hallway lighting and operation of technical facilities) of those of our residential and commercial units which were rented out as at the reporting date 31 December 2016 amounted to 31,660 MWh in the year under review (2015: 31,555 MWh, for approximately 140,000 residential units). We used hydroelectric power to meet 95% and 90% of the communal electricity requirements of our rented holdings in 2015 and 2016, respectively.

The energy consumption data for our holdings in absolute terms cannot be subjected to a direct year-on-year comparison, given that the figures for 2015 relate to 90,162 residential and commercial units, while those for 2016 relate to 70,311 residential and commercial units. The intensity data, therefore, serves rather more as an indication of the improvements in energy efficiency achieved. The figures for 2015 have been updated to reflect the expanded data basis.

No consumption data was recorded in the area of new construction, given that no construction work was carried out in the year under review.

Our total recorded consumption of energy from non-renewable sources amounted to 703,442.2 MWh (2,532,391.9 GJ), while the consumption of energy from renewable sources amounted to 29,545.1 MWh (106,362.4 GJ).

Energy consumption of our tenants

G4-EN4 The data recorded with regard to the consumption of natural gas in the rented residential units within our portfolio also reflects the consumption of our tenants as measured via central heating systems. This energy consumption is largely dependent on the heating practices of the tenants in question, and can only be influenced by Deutsche Wohnen by indirect means, such as through the optimisation of energy installations or the implementation of energy conservation measures with regard to the actual structure of our buildings.

Reduction of our energy consumption and CO₂ emissions

G4-EN6 | G4-EN19 Deutsche Wohnen is able to exercise some influence over the sources, means of generation and use of the energy procured by it, and thereby contribute towards the implementation of necessary climate protection measures.

Given that we obtain 90% of the communal electricity (entrance and hallway lighting and operation of central electrical facilities) for those of our residential and commercial units which were rented out as at the reporting date 31 December 2016 from hydro-electric power – i.e. renewable energy –, we were able to realise savings of 17,271 t of CO₂ equivalents in the year under review (2015: 18,170.3 t of CO₂ equivalents), as compared to a mix of non-renewable energy sources.

Including the electricity consumption of our administrative locations in the amount of 1,047.0 MWh and that of our KATHARINEN-HOF® facilities in the amount of 1,196 MWh, we realised savings in the total amount of approximately 18,648.0 t of CO₂ equivalents in 2016 (2015: 18,822.4 t of CO₂ equivalents), as compared to a mix of non-renewable energy sources.

A reliable means of improving energy efficiency is through the use of decentralised combined heat and power (CHP) plants which produce electricity and heating in equal measure. The addition of a fifth CHP plant to Deutsche Wohnen's arsenal has enabled G+D to increase the electrical power input to 2,150 kW. The new CHP plant on the housing estate comprising 896 residential units on Imbrosweg in Berlin runs on climate-friendly bio-methane gas and, thanks to it and our four other CHP plants and 52 photovoltaic systems, we are able us to generate 12 GWh of green energy annually. This is enough to cover the balance of the total electricity requirements of our administrative locations

in the amount of approximately 2 GWh per year, with the surplus capacity being fed into the public grid. We also procure the electricity supply for our holdings solely on a CO₂-neutral basis from renewable energy sources – predominantly wind and hydro-electric power.

In the past year, Deutsche Wohnen implemented various refurbishment measures at its administrative locations with a view to energy conservation, for example:

- Following on from the energy audit, hydraulic balancing measures were undertaken at Deutsche Wohnen's location at Pfaffenwiese 300, Frankfurt/Main in 2016, which involved the complete dismantling, replacement or recalibration of radiators and radiator valves, as well as the servicing of the heating system and the adjustment of the condensing boilers. These measures will enable the realisation of estimated savings in heating fuel of 20% in 2017, or the equivalent of approximately 58,000 kWh of natural gas and 14,000 kg of CO₂ on the basis of the gas consumption data for 2015 (approximately 288,000 kWh).
- The lighting for the hallways and exhibition spaces at the location at Mecklenburgische Straße 57 in Berlin was converted to LED, which should reduce the amount of electricity required for lighting purposes by 2,600 kWh annually and the CO₂ emissions by 1,600 kg annually. Further measures are planned for 2017 with regard to the illumination of the artworks in the exhibition spaces.
- The refurbishment of the entire heating system and the renewal of the circulating pumps for the office at Schützenallee 3 in Hanover should reduce its consumption of natural gas by an estimated 14,500 kWh (a saving of 20%, on the basis of gas consumption in the amount of approximately 72,000 kWh in 2015) and its consumption of electricity by 2,000 kWh, which corresponds to a lowering of its CO₂ emissions by approximately 4,700 kg.

The quantifiable measures taken to improve the energy efficiency of our administrative locations resulted in a lowering of CO₂ equivalent emissions in the amount of 20.3 t.

The consumption data collected with regard to the vehicle fleet indicates a fall in our average consumption of 0.08 l/100 km. More efficient planning of routes likewise meant that the total number of kilometres travelled could be lowered from 1,032,347 km in the previous year to 1,007,565 km in the period under review. The vehicle fleet of the Deutsche Wohnen Group excluding FACILITA comprises 135 vehicles. The replacement of 20 of those vehicles once more resulted in a lowering of the company's CO₂ emissions by 5% in the period under review.

Energy efficiency through modernisation

G4-EN7 The comprehensive measures implemented for the modernisation of our holdings have been very successful. For example, we invested EUR 10 million in refurbishment work with a view to energy conservation, carried out as part of four modernisation projects involving a total of approximately 2,000 and resulting in the reduction of the final energy requirements for those properties by an average of just over 20% to 117 kWh/sqm per year. By way of illustration: In the case of the use of natural gas, the improvement in energy efficiency represents savings in terms of consumption in the amount of approximately 1,000 t of CO₂ per year.

The investment in planned refurbishment measures in Sahlkamp-Mitte in Hanover in the amount of just under EUR 5 million will likewise lower the energy consumption of the buildings, with the refurbishment work on the building shells, in particular, enabling the attainment of a minimum energy requirement threshold in accordance with the German Energy Saving Ordinance (Energieeinsparverordnung – EnEV) and the reduction of overall energy consumption by approximately 50 kWh. To this end, the facades are to be fitted with an exterior insulation finishing system (EIFS) and the windows and balcony doors replaced, while the basement ceilings will be insulated with a view to lowering the overall energy balance of the buildings.

Energy intensity of our holdings

CRE1 | CRE8 | G4-PR3 The German Energy Saving Ordinance (EnEV) provides for a system of qualification with regard to the energy consumption of buildings, the so-called energy performance certificate, which we apply to all of our buildings not forming part of our historical holdings. The scope of the Ordinance does not extend to listed buildings, as such properties often give rise to cultural and historical considerations which render the carrying out of construction work for the implementation of energy efficiency measures non-viable. We comply with the relevant specifications and provide new tenants and purchasers with evidence of our energy certification.

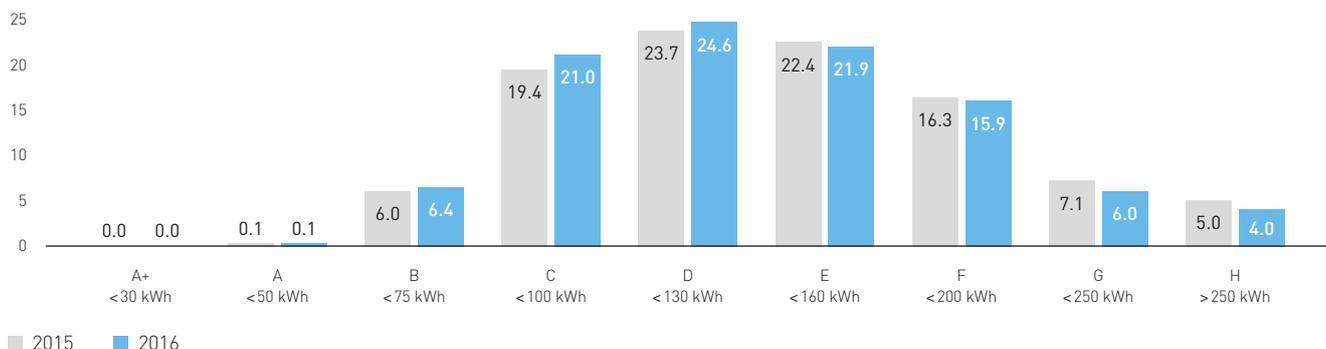
We strive to achieve a high degree of energy efficiency in our properties. The consumption levels of approximately 74% (previous year: 71.6%) of our residential units are lower than the average for residential buildings in Germany (160 kWh/sqm per year¹⁾), while those of approximately 28% of our residential units are at a reasonable level of below 100 kWh/sqm per year (A+ to C). The average consumption of our holdings amounted to 135.1 kWh/sqm per year, having fallen slightly as compared to the previous year (2015: 139.1 kWh/sqm).

¹⁾ The Energy Performance Certificate: Specifications for Residential Buildings (Der Energieausweis: Steckbrief für Wohngebäude), <https://www.verbraucherzentrale.de>, accessed on: 20/02/2017 Average figures take account of energy requirements for heating and generation of hot water.

Energy intensity of residential units¹⁾

Summary of the energy efficiency categories²⁾ according to final energy requirements in kWh per year

in %



¹⁾ Commercial units included, see explanation [22](#)

²⁾ In the absence of a clear specification of the form of heating used, deviations of around 20 kWh in the final energy requirement are possible. A categorisation according to energy efficiency, therefore, has only been made with loose reference to the German Energy Saving Ordinance (Energieeinsparverordnung – EnEV). Taking account of approximately 30,000 listed units for which no energy performance certificate is required, the data comprises approximately 100% of our total portfolio.

Further measures for environmentally friendly buildings

G4-EN27 The rented residential units of Deutsche Wohnen are subject to high environmental and health standards. We not only want our tenants to feel safe and secure in their living environment, we also want them to truly feel at home there. To this end, we continuously work to improve our properties and communal areas and to provide our tenants with high-quality housing in our buildings and on our estates.

APPROX.
EUR **13.2**
MILLION
HAS BEEN INVESTED IN **GREENERY** FOR OUR
OUTDOOR FACILITIES

The majority of our buildings are surrounded by open, green spaces which both provide areas for relaxation and are important for the maintenance of an agreeable environment and good air quality. In 2016, we invested approximately EUR 13.2 million in the external grounds of our holdings, which require constant care, for example grounds maintenance, pruning-back of shrubs, replanting, replacement of sand, cutting back of treetops, tree felling and of course playground maintenance. A further measure for the environmental integration of our buildings comprises projects for the addition of greenery to the buildings themselves, for example on the facades, with an emphasis on aesthetic appeal as well as aspects of biodiversity and recreation in all cases.

Materials used in our buildings are checked for compatibility and selected accordingly. In future, we will no longer use Styrofoam for insulation measures, opting instead for cellulose or mineral wool. For example, we make use of cobblestones, which are capable of binding hazardous substances in the ground, in our outdoor areas.

In new builds, we observe building biology criteria and the Cradle to Cradle® concept. Insulation for non-load bearing interior walls

consists not of the customary mineral wool fibres but of environmentally sound, permeable, lightweight wood fibre boards, which are non-problematic from a building biology perspective and despite their minimal layer thickness, provide greater noise insulation than comparable mineral wool boards. We use wooden windows or windows made of wood/aluminium instead of plastic (PVC chain). These require less external refurbishment and have contributed positively to room climate and improved aesthetics. Synthetic dispersions are replaced with silicate paint with mineral binding agents.

We prefer to use EIFSs (exterior insulation finishing systems) with mineral plaster and a special surface finish, which avoids the biocides and fungicides which are otherwise common with EIFSs and which then leach out into the underlying ground and the groundwater. This system moreover has a noticeably longer life span than that of conventional plaster.

APPROX. **985** MWH
OF GREEN ENERGY FOR
THE ANNUAL ELECTRICITY
CONSUMPTION OF **235**
FOUR-PERSON
HOUSEHOLDS
ARE PRODUCED BY OUR
PHOTOVOLTAIC SYSTEMS

We dispose of any construction materials in our existing buildings which contain asbestos or are otherwise hazardous in a professional manner and replace them with suitable alternatives. In 2016, approximately 1,800 measures for the removal of hazardous substances were implemented in the context of the elimination of asbestos from our total portfolio, with potentially hazardous floor slabs and window sills being replaced with safe materials such as screed. We dispose of contaminated materials in the prescribed manner in order to ensure that they pose no threat to the environment.

The “energy transition” requires areas for the production of renewable energy, areas which Deutsche Wohnen is able to provide. On the roofs of its holdings, it operates 52 photovoltaic systems with a total installed output of 920 kWp; these generate approximately 985 MWh of electrical energy per year, which is equivalent to the annual consumption of electricity of 235 four-person households. In 2016, this energy source enabled the production of approximately 597 t fewer CO₂ equivalents, as compared to a conventional mix of energy sources, and this broadening of the range of renewable energy options was a further step towards achieving CO₂-neutrality in the energy consumption of our tenants.

Emissions

Greenhouse gas emissions by Deutsche Wohnen

G4-EN15 | G4-EN16 | CRE3 | CRE4

in t CO ₂ eq	2016	2015 ¹⁾
Direct emissions (scope 1)		
Heating (administration)	216.2	209.3
Transportation (administration)	219.3	206.8
Heating (new construction)	n/a	4.3
Construction machinery (new construction)	n/a	12.7
Heating (holdings)	96,417.4	115,358.3
Direct GHG emissions: administration	435.5	416.1
Total direct GHG emissions	96,852.9	115,791.4
Indirect emissions (scope 2)		
District heating (administration)	339.6	301.1
District heating (holdings)	48,442.8	63,893.9
Electricity (holdings)	1,919.0	956.3
Electricity (new construction)	n/a	9.8 ²⁾
Total indirect GHG emissions	50,701.4	65,161.1
Greenhouse gas intensity		
G4-EN18		
Administration		
t CO ₂ eq per sqm of commercial space	0.019	0.021
Holdings		
t CO ₂ eq per sqm of commercial space	0.023	0.025

¹⁾ Projections have been adjusted in line with actual consumption data; change in the data for the previous year attributable to the expansion of the basis for the data to approximately 90,000 usage units

²⁾ Emission factor of the energy provider mix of Energie und Wasser Potsdam GmbH (EWP) in accordance with Section 42 of the Energy Industry Act (EnWG), last updated: 2014

We use hydro-electric power to meet 100% of the total communal electricity requirements of our administrative locations, and thus operate on a CO₂-neutral basis in this regard. We meet 90% of the communal energy requirements of our rented holdings using electricity from renewable sources (2015: 95%). No emissions data was recorded for new builds, given that no construction work was carried out in the year under review.

Greenhouse gas emissions by our tenants

G4-EN17 Other greenhouse gas emissions (scope 3) are generated, for example, by our tenants’ own heating consumption. However, we are not collecting data for such consumption and are thus unable to calculate any emission levels on this basis.

Other significant air emissions

Air emissions of Deutsche Wohnen

G4-EN20 | G4-EN21

in t	2016	2015
Business operations of Deutsche Wohnen		
SO ₂	0.403	0.369
NO _x	1.195	1.092
Particulate matter	0.066	0.061
New construction		
SO ₂	n/a	0.009
NO _x	n/a	0.022
Particulate matter	n/a	0.001
Total air emissions by Deutsche Wohnen	1.664	1.554
Holdings		
SO ₂	2.713	2.468
NO _x	31.767	28.906
Particulate matter	1.234	1.123
Total air emissions holdings	35.714	32.497

The coolants used by us in the air conditioning systems in our conference rooms, in the canteen, in the office space on the top floor, in the rooms used to house technical facilities at the head office in Berlin and in the other air conditioned administrative office space are in line with the most recent standards and do not exhibit any ozone-depleting potential. As a non-producing company, the disclosure of emissions of ozone-depleting substances is not of relevance for Deutsche Wohnen.

Water consumption

Water consumption of Deutsche Wohnen

G4-EN8 | CRE2

	2016	2015 ¹¹
Absolute consumption		
Administrative locations of the Deutsche Wohnen Group		
Included commercial space in sqm	24,401	23,730
Consumption in m ³	7,703.27	7,021.95
Holdings		
Included residential/commercial units	106,908	101,013
Included residential/commercial space in sqm	6,377,279	6,114,842
Consumption in m ³	8,453,625	7,673,883
		Fresh water in m ³ per sqm residential/ commercial space
Water intensity		
Administrative locations of the Deutsche Wohnen Group	0.316	0.296
Holdings	1.330	1.250

¹¹ The discontinued pilot project comprising 10,062 residential units is being replaced by an approach involving the collection of data for the majority of our holdings. The data basis for 2015 has thus retroactively been expanded to 101,013 residential and commercial units, while that for 2016 encompasses 106,908 residential and commercial units.

Our water consumption in the context of our business activities (including KATHARINENHOF®) solely involves fresh water from the public water supply network.

The water consumption of the administrative locations is to some extent estimated, given that some of these locations share meters with residential units in the same building. The employee-based water consumption was calculated on the basis of the office in Frankfurt/Main, and this figure and the number of employees for each of the other offices were used to estimate the water consumption for each of these offices. No water consumption data is calculated or taken into account for tenant and sales offices, which are only used on an hourly basis. The water consumption of the newly acquired locations of FACILITA was not yet taken into account in the year under review. The rise in water consumption is due to the increasing number of employees. Given that the floor space has more or less remained the same, this results in an increase in intensity of use.

The water-related data for our holdings relates to those in Berlin, which make up just under 70 % of our total portfolio. It is taken

from the main water meters and comprises for the most part the individual consumption of our tenants as well as the general water consumption in the communal areas and also for the sprinkler systems. Given that a main water meter is not installed in the entrance area of every building and meters often serve several buildings, it is not possible to calculate the consumption of the communal areas in isolation.

The specific consumption of drinking water of six KATHARINENHOF® facilities in Berlin amounted to 57.21 m³ per bed per year (2015: 47.05 m³ per bed per year, for five facilities).

Materials used

G4-EN1 | G4-EN2 The following relevant quantities of materials accruing in the context of refurbishment, modernisation and ongoing maintenance work carried out by Deutsche Wohnen could be evaluated in the year under review. Approximately 178.4 t of screed was used in connection with asbestos refurbishment activities in the context of ongoing maintenance work and tenant turnover.

Approximately 1,000 m³ of Styrofoam (2015: 1,438 m³), 13,600 m³ of mineral wool (2015: 5,772 m³) and 21,200 m³ of cellulose blown-in insulation (2015: 10,742 m³) was used in connection with the thermal insulation of the facades, basement ceilings and roofing of our existing properties. The goal of our residential property management company, DWCF, of selecting thermal insulation materials on the basis of environmental criteria in the future was thus achieved for the second year in a row, with the quota in fact being exceeded.

The administrative locations used 50.1 t of paper (2015: 45.9 t), comprising 41.0 t of copier paper, 7.6 t of letter paper and 1.5 t of forms (2015: 39.6 t of copier paper, 5.9 t of letter paper and 0.4 t of forms).

Deutsche Wohnen strives to use recycled materials wherever possible, such as in the case of approximately 10 % to 15 % of the plastic window frames installed by it. However, no targeted data on its use of recycled materials is collected.

Effluents and waste

G4-EN22 | G4-EN23 Effluents are discharged into the public sewer system and sewage treatment plants in accordance with the statutory requirements in this regard.

In the year under review, the Deutsche Wohnen Group (excluding FACILITA) recycled 85.1 t of paper. The renewed increase in wastepaper disposal in the year under review was due to the disposal, in accordance with data protection regulations, of larger old files upon the relocation of administrative offices. Further data relating to non-hazardous types of waste – whether arising as a result of our business activities or produced by our rented residential units – cannot be considered reliable as it refers to communal tonnage or estimated volume data, and is therefore not reported.

We hire qualified disposal companies to remove any hazardous waste produced in the context of scheduled modernisation or maintenance measures and document such waste removal in the form of individual electronic disposal records. In the year under review, such service providers disposed of 120.0 t of polycyclic aromatic hydrocarbons (PAHs) or bituminous roofing felt, 1.7 t of man-made vitreous fibres (MMVFs) and 741.6 t of category A4 wood waste treated with wood preservation agents, as well as 85.2 t of asbestos, 4.3 t of flexible tiles and 0.1 t of grinding dust in the context of asbestos removal measures, and 88.6 t of contaminated construction waste from chimney demolitions.

In 2016, in connection with ongoing maintenance measures involving the removal of asbestos, 468.2 t of waste containing asbestos, comprising 223.0 t of flexible tiles, 206.9 t of grinding dust and milled material, 17.7 t of flexible tiles and grinding dust, and 16.5 t of window sills containing asbestos, were removed by qualified disposal companies, largely underground and as evidenced by means of collective disposal records. 2.9 t of man-made vitreous fibres (MMVFs) were disposed of following the refurbishment of night-storage heaters.

KATHARINENHOF® earmarked 344.3 t of waste for re-utilisation in the generation of energy (2015: 266.9 t) and 72.7 t of waste for recycling (2015: 47.4 t).

Disposal of waste at Deutsche Wohnen

The following table provides an overview of the waste disposed of in connection with the refurbishment and modernisation work mentioned in the section entitled “Holdings and Society” [36](#).

in t	2016	2015
Non-hazardous waste		
Paper ¹⁾	85.1	86.2
Hazardous waste		
Waste containing asbestos ²⁾	557.8	319.8
PAKs	120.0	21.8
MMVFs	4.6	8.9
Category A4 wood waste ³⁾	741.6	14.2
Contaminated construction waste	88.6	-

¹⁾ Recycling

²⁾ Largely disposed of underground

³⁾ Attributable to floor space programmes (window replacement programme) in the year under review

The waste-related data for our holdings which was collected for the first time in 2016, relates to about 140,000 residential and commercial units, or about 87.5% of our portfolio. Only the size of the containers collected by the disposal companies is recorded. Given that not all of the containers are always completely full, it may be assumed that the actual quantity of waste generated is smaller than the reported value. In addition, communal collection of scrap materials is undertaken to different degrees in the various regions, such that no data as to the quantities involved is available.

We have been able to collect data for 97.6% of our Berlin portfolio, which comprises about 109,000 residential and commercial units: as communal collection of scrap materials is undertaken in the same manner for all of the units in question, they lend themselves to more precise comparison. Thus, the residential and commercial units for which we provide waste management services, and which make up about two thirds of our Berlin portfolio, produce about 6 litres or 4.6% less waste per week than those which are not part of our waste management system.

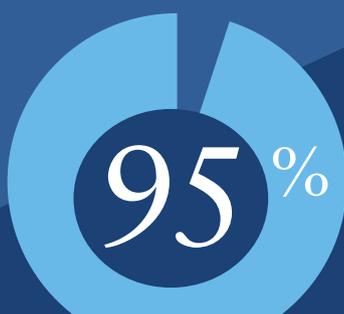
Disposal of waste generated by our holdings

in l	Volume				in %
	per year	per year/ usage unit	per week	per week/ usage unit	
Household waste	551,794,748	3,966	10,611,437	76.3	59.4
Organic waste	48,618,960	349	934,980	6.7	5.2
Paper, cardboard, cardboard boxes	185,032,692	1,330	3,558,321	25.6	19.9
Recycling container	127,314,720	915	2,448,360	17.6	13.7
Glass	16,936,140	122	325,695	2.3	1.8
Total	929,697,260	6,682	17,878,793	128.5	100

EMPLOYEES

APPROX.
77%

OF OUR EMPLOYEES ARE SATISFIED OR VERY SATISFIED WITH DEUTSCHE WOHNEN AS AN EMPLOYER (excl. FACILITA)



9% HAVE PART-TIME POSITIONS

OF OUR EMPLOYEES HAVE PERMANENT POSITIONS

45.9%

WOMEN IN MANAGEMENT POSITIONS

56.5%

OF OUR EMPLOYEES ARE FEMALE

EMPLOYEES



HOURS OF TRAINING WERE COMPLETED BY OUR EMPLOYEES AND MANAGERS IN 2016

14,000
APPROX.

APPROX.

17%

OF OUR MANAGERS TODAY ARE FORMER TRAINEES WITHIN THE COMPANY (excl. FACILITA)

WORK AND EMPLOYEE DEVELOPMENT AT DEUTSCHE WOHNEN

DMA Employment

Deutsche Wohnen's strategy of expanding its core housing business to include the provision of related services is evident not only in the broadening of the range of services offered by the company but also in the more diversified nature of its workforce. Thus, 120 new employees from the infrastructural facility management division of FACILITA joined the 616 employees responsible for the management of our residential units and the provision of tenant support services and the 207 employees charged with handling administrative matters for the Group, 111 of whom function as caretakers and the point of contact between the company and its designated suppliers. The 1,377 individuals employed by KATHARINENHOF® bring further diversity to the wide array of job descriptions available at Deutsche Wohnen. The personnel management department of Deutsche Wohnen deploys structured employee development and talent management measures to enable employees to discover and apply their individual strengths. The central objective of our strategy in this regard is to find the right employee for the job in each case.



Both the employee surveys conducted every two years and the employee interviews held on an annual basis since 2015 generate important insight into the abilities and needs of our employees, helping us to identify their particular abilities and potential with a view to providing them with attractive career prospects and opportunities for development. This in turn enables us not only to increase our attractiveness as an employer and acquire higher quality personnel through our recruitment endeavours, but also to fill key positions from within our own ranks and to foster employee loyalty among top-performing, talented members of our workforce. We take a structured approach to the integration of new employees, with an onboarding process which comprises individual orientation guidelines, a mentoring system and feedback interviews during the probationary period, and is continually evaluated and adjusted as needed. Since 2015, we have additionally been holding so-called "welcome day" events in Berlin as part of the implementation of our strategy for the integration of new employees. These one-day events serve to welcome newly hired employees from all regions into the Deutsche Wohnen Group and give them the opportunity to familiarise themselves with the company and their new colleagues, and conclude with an afternoon spent in Berlin touring important properties from among the company's diverse portfolio. We reinforced our positive performance as an employer by obtaining "Fair Company" certification in May 2016. FACILITA, in its capacity as service provider, will in the future be assuming the caretaking activities for Deutsche Wohnen's

properties throughout the entire Berlin region. To this end, it hired 30 new employees over the course of the past year, at the same time streamlining its organisation and increasing the number of its operational caretaker teams to reduce the size of the teams assigned to each team leader and enable the latter to work more closely with the individual team members.

Needs-based training and education

DMA Training and Education

Our employees are the foundation on which our company is built. It is their work and cooperation which enables us to achieve such great success. Our strategic employee development and recruitment endeavours enable us to integrate skilled personnel into our workforce to assist us in maintaining our high standards with regard to corporate profitability, the quality of our holdings and customer service. To this end, we develop and implement suitable measures and tools to help our employees attain our corporate targets, enabling them to deal with challenges and changes in an autonomous, organised and responsible manner.

Deutsche Wohnen's main selling point in the context of its recruitment of up-and-coming candidates for employment is its in-house training programme, which enables us to shape skilled personnel who are entirely familiar with both the real estate industry and our company in accordance with our requirements. For this reason, we offer young individuals the opportunity to gain a foothold in the form of work experience when they are still at school, as well as training for careers such as real estate agent and management assistant for marketing and communication. The range of training options we offer was extended in 2016 to include the "Business Studies/Tax and Auditing" ("BWL/Steuern und Prüfungswesen") dual course of study. In addition, we offer incentives to encourage top performance. The top-performing trainees within a year's intake are awarded a special amount of remuneration.

Students have the option of joining the company as interns, as student employees or, following the successful completion of their studies, as trainees. Junior employees are given responsibility at an early stage, and thereby learn how to manage their own projects independently. The dual courses of study offered and subsidised by us – Business Administration/Real Estate Industry (BWL/Immobilienwirtschaft) and Business Studies/Tax and Auditing (BWL/Steuern und Prüfungswesen) (Bachelor of Arts degrees) and Technical Facility Management (Bachelor of Engineering degree) – are the ideal combination of practical experience within our company and external university-level studies in alternating

three-month segments. Students complete the theoretical phase of study at the renowned Berlin School of Economics and Law (Hochschule für Wirtschaft und Recht Berlin – HWR Berlin).

As a means of actively approaching interested schoolchildren and students, we hold informational events and introduce ourselves at job fairs at schools and universities. As part of its “Real Life” (“Das wahre Leben”) campaign, which aimed at prospective trainees and was launched in 2015, Deutsche Wohnen provides all of the necessary training and application information via its website, www.das-wahre-leben.de, on which a video explains the individual steps in the application procedure.



We were awarded the seal of “Training Excellence” (“Exzellente Ausbildungsqualität”) by the Berlin Chamber of Commercial and Industry (Industrie- und Handelskammer – IHK) in 2016. Deutsche Wohnen distinguished itself in this context by fulfilling all of the “mandatory criteria” as well as numerous more stringent “excellence criteria.”

For example, an exchange programme enables trainees to become acquainted with other locations of the company, while a joint, annual project trip serves to foster solidarity within our workforce. The IHK seal is awarded every two years, and we hope to receive recognition for our endeavours once again in 2018.

Starting in 2016, shorter traineeships of 2.5 instead of 3 years’ duration were offered. Of the total of 13 trainees, 11 made use of this option. We dispense with the contractually stipulated six-month probationary period where employees are trained by us and then remain with the company. To this end, we take trainees’ performance and desired career paths into consideration at an early stage, discussing their potential in the context of meetings, where appropriate. The starting salary paid to trainees remaining with the company has been adjusted in line with the salary bands at Deutsche Wohnen. In 2016, 15 of 18 trainees could be placed directly with specialist departments.

We use individual training measures aimed at specific target groups to ensure a high level of specialist expertise and the enhancement of personal skills. Over the course of the annual employee interviews attended by employees and executives in 2015, we systematically ascertained the proficiencies, skills and development needs of the employees in question. On this basis, the educational programme was rolled out by the HR department by way of an education portal in 2016.

One of the objectives of the educational programme is to consolidate similar development needs of employees and executives and to address these by means of in-house training sessions devised by the company itself for that purpose. The goal is to support the career development of employees and managers in a targeted manner, to exploit synergy effects and foster the creation of inter-divisional networks. The participants in these training measures rated their overall impressions as well as the content of the seminars in question on a scale of 1 to 5, with the average rating awarded being 1.7. Any measures receiving less favourable ratings are critically reviewed and their implementation or content adjusted accordingly.

We foster new management and specialist talent by means of comprehensive internal development programmes which optimally combine theoretical knowledge with corporate know-how. As part of our strategic approach to talent management, we tailor our training measures to the professional targets and individual needs of the employee in question. Deutsche Wohnen offers employee seminars which are aimed at specific groups, for example seminars addressing the handling of difficult cases in the service offices, and also negotiation training for project managers. In addition, general educational courses, for example addressing self-management and time-management issues, are open to all members of the workforce. Managers are also given the opportunity to attend training and coaching sessions designed to bolster both their professional skills and their ability to interact with employees.

The education and qualification of its employees on a continuous basis is equally important to KATHARINENHOF®. Training and staff development measures provided on an internal basis, such as those for qualification as “wound managers”, dementia specialists or documentation specialists, are carried out by external experts or company employees with a high level of specialist expertise. These training courses are held in all facilities on a monthly basis. Our employees are contractually obligated to provide evidence of completing 25 staff development hours per year.

With a view to ensuring that there are sufficient up-and-coming managers to fill its ranks, KATHARINENHOF® established a talent academy in 2014, comprising a series of qualifications involving eight full-day workshops addressing specific management issues and intended to comprehensively groom young talent to assume management positions at a future point in time. The theoretical element of these courses is supplemented with practical experience and work filling in vacant management positions on a trial basis, with existing managers taking on the role of mentor in this context.

KATHARINENHOF® works closely with the faculty of nursing care management of the Protestant University of Applied Sciences in Berlin (Evangelische Fachhochschule Berlin) in order to ensure the provision of higher quality nursing care as early on as the training stage.

FACILITA uses mentoring programmes to train new employees in their individual areas of responsibility.

Dialogue on an equal footing

DMA Labour/Management Relations

The focus group established at the end of 2007 represents the interests of the employees of Deutsche Wohnen; this body of employee representatives of the Deutsche Wohnen Group functions as the mouthpiece of our workforce. More than 20 employees from various professional areas and different locations, one representative from the management of each of DWM und DWI and, since November 2016, three representatives of DWKS, as well as representatives of the HR department, meet twice a year to address current issues. The Chief Executive Officer is also invited to – and in the majority of cases does in fact attend – each of these meetings, for the purpose of discussing current problems with a view to finding appropriate solutions. Matters broached by the members of the focus group affecting the individual locations in question are discussed over the course of the

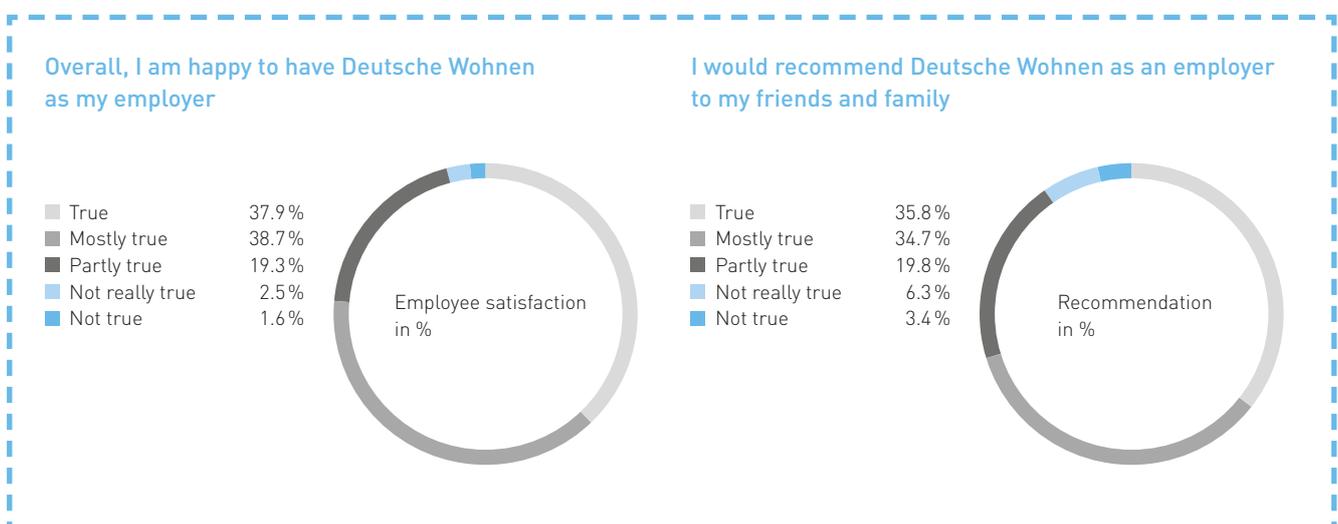
two-day meeting. All employees are at all times able to raise issues for this purpose either by approaching members of the focus group directly or by using the designated letterboxes on an anonymous basis. Details of the matters discussed and the outcomes of these meetings are made available to employees on the Intranet in the form of minutes and also in the employee newsletter.

G4-LA4 Our company complies with the minimum notice periods regarding operational changes. We notify our employees in all company divisions and participations in good time and in detail, having regard to the applicable legislation, for which purpose we use the information channels mentioned on [20](#).

The structured employee interviews introduced in 2015 comprise a feedback component directed at managers and thus establish a dialogue between the company and its workforce.

Furthermore, it is not only the company’s employees who receive feedback. Deutsche Wohnen itself also regularly obtains feedback on its performance from its employees, by way of an employee survey conducted every two years. A very positive participation rate of 72% was recorded for the most recent survey conducted in March 2016¹¹, which indicated a high degree of satisfaction and a strong sense of identification with the company on the part of its employees. The majority – approximately 77% – of those surveyed expressed satisfaction with Deutsche Wohnen’s performance as an employer.

¹¹ Excl. FACILITA



KATHARINENHOF® intends to conduct an employee survey in 2017, preparations for which are currently underway. We will publish the results of the survey in our next Sustainability Report.

FACILITA has a works council in place which consults with its management on a monthly basis. New elections for the works council were held ahead of schedule in 2016 in the wake of the partial shutting down of operations in 2015 and the resultant staff cutbacks.

Diversity desired

[DMA Diversity and Equal Opportunity](#)

[DMA Non-Discrimination](#)

We endeavour to assist our employees in achieving a balance between their professional and private lives, whatever their personal circumstances, by implementing a range of measures to promote work-life balance and family-friendly working conditions. Thus, we provide the option of working from home or on a part-time or flexi-time basis, and all of our employees are given the unofficial holidays of Christmas Eve (24 December) and New Year's Eve (31 December) off work in addition to their 30-day holiday allowance. We also grant special voluntary benefits to employees experiencing particular personal circumstances.

The universal application of these rules to all of our employees is stipulated in our Code of Conduct and management standards, which were adopted in 2011. These rules also establish a framework for constructive interaction: reliability, respect and transparency. We encourage diversity and prohibit all discrimination against our employees on grounds of gender, age, ethnic origin, disability or sexual orientation. This applies to the recruitment of employees, existing employment contracts and career development. All decisions in these contexts are based solely on the performance, personality, ability and suitability of the individuals in question.

Equal pay as a matter of principle

[DMA Equal Remuneration for Women and Men](#)

[G4-11](#) | [G4-LA13](#) We are aware that our success is largely due to the dedication and motivation of our employees. This is acknowledged by means of, among other things, the performance-based and market-aligned system of remuneration introduced in 2014, which stipulates uniform standards and has to date received positive feedback from employees. We define four salary levels on the basis of both a market comparison for all of the positions

within the individual Deutsche Wohnen companies and wage agreements applicable in the industry. Employees are allocated to one of these levels in accordance with their job description and qualifications. This system of remuneration in accordance with transparent rules rather than on the basis of negotiation ensures that fairness is maintained and that employees in comparable positions receive the same amount of remuneration. Women and men naturally receive equal treatment in this regard.

KATHARINENHOF® has regional remuneration guidelines in place which prevent the payment of different amounts of remuneration to women and men in comparable professional positions. The amounts of remuneration paid are adjusted annually on the basis of a market comparison taking account of competitors within the industry, with the result that market-oriented and performance-based wage and salary increases are generally implemented every year.

The company collective bargaining agreements applicable to former GSW employees, who make up approximately 12.5% of Deutsche Wohnen's workforce, expired on 31 March 2017. However, this will not affect existing contractual terms. As a member of the Municipal Employers' Association for Berlin (Kommunaler Arbeitgeberverband Berlin – KAV Berlin), FACILITA applies a company-specific collective bargaining agreement negotiated with the German United Services Trade Union (Vereinte Dienstleistungsgewerkschaft – ver.di) for the region of Berlin-Brandenburg. This stipulates that the amount of any remuneration paid must be calculated on the basis of an evaluation of the position in question and not the gender of the employee concerned.

A safe and healthy working environment

[DMA Occupational Health and Safety](#)

In order to ensure the safety and safeguard the health of all our employees, all of the administrative locations of Deutsche Wohnen are inspected once a year by the company's safety officers, the occupational health and safety specialist and the company physician, who then document their findings. The positions of company physician and occupational health and safety specialist at Deutsche Wohnen are filled by employees of external companies. The issues of occupational health and safety, the equipping of workstations and possible preventive measures are discussed in the context of a joint meeting, which is also attended by an employer's representative, and any necessary changes are initiated. All employees are briefed once a year on the subject of occupational health and safety.

FACTS AND FIGURES

At KATHARINENHOF®, workstations are regularly inspected in the presence of the occupational health and safety specialist and the company physician. Our employees are, where necessary, provided with protective workwear in accordance with the stipulations of the regulatory authorities. An external occupational health and safety officer is responsible for ensuring compliance with the applicable occupational health and safety provisions and, together with the officers on hand in each of our facilities, conducts inspections and holds consultations on a regular basis, or at least once a year, and specifies the outcome of the inspections and, where necessary, any measures to be taken (including deadlines for carrying out these measures) in the form of an inspection record. Furthermore, all KATHARINENHOF® facilities are regularly subjected to official checks and inspections. These not only relate to the core nursing business (quality checks carried out by the Medical Review Board of German Statutory Health Insurance Funds (Medizinischer Dienst der Krankenversicherung – MDK) but also entail fire protection inspections, hygiene inspections, evaluations of processes and procedures (home supervision), evaluations of the quality of the services provided and customer orientation, and internal checks and audits in these relevant areas.

FACILITA has established an occupational health and safety committee (Arbeitssicherheitsausschuss – ASA) comprising representatives of the works council and the company, the safety officer, the occupational health and safety specialist and the company physician. This ASA addresses the issues of occupational health and safety, the equipping of workstations and possible preventive measures. New workwear and occupational health and safety footwear in line with current safety recommendations was purchased for the caretakers in 2016. All new employees joining the company are given a medical examination and medical advice by the company physician.

Finally, Deutsche Wohnen's occupational health management programme offers its employees a wide range of benefits – for example, health awareness days, gratuitous massages, fruit baskets, participation in sporting events such as corporate races and football cups, and special deals with fitness trainers.

By way of departure from the annual report and in the interests of better comparability with the figures for the previous year, most of the data relating to the employees of the Deutsche Wohnen Group does not include any data for FACILITA. This is presented on a separate basis. The data will be presented on a consolidated basis in next year's Report.

KATHARINENHOF® is only included at the upper level in its capacity as a strategic shareholding, and is not taken into account at the level of specific, individual data.

Attractiveness as an employer and retention of employees

G4-LA2 In addition to being given fair remuneration, employees are granted benefits intended to make working for Deutsche Wohnen even more attractive. In 2014, we introduced special voluntary benefits to provide assistance to those of our employees experiencing particular personal circumstances, such as the birth of a child, a wedding or the death of a relative. Further benefits are available to all of our employees in the context of our occupational health management programme. As a general rule, Deutsche Wohnen provides the same support in the form of benefits to all of its employees, irrespective of whether they are employed on a full-time, part-time or temporary basis or as trainees (with the exception of those at KATHARINENHOF®).

FACILITA grants its employees benefits, such as additional benefits upon the birth of a child or subsidised dental care, irrespective of whether they are employed on a full-time, part-time, temporary or permanent basis.

All employees (including those of KATHARINENHOF®) are reimbursed for any travel expenses incurred by them in connection with training measures offered by the company. Furthermore, KATHARINENHOF® generally assumes all costs necessarily incurred in connection with qualification measures.

G4-LA11 In 2015, Deutsche Wohnen introduced a Group-wide system of annual employee interviews for the purposes of the evaluation of employees' competence and performance and also the planning of staff development measures. All employees are assessed by their line managers in these interviews, and also receive feedback on their attainment of agreed targets, which, in turn, provides the basis for the amount of their individual bonuses.

98.5%

OF DEUTSCHE WOHNEN EMPLOYEES HAVE GIVEN AND RECEIVED FEEDBACK IN THE CONTEXT OF

EMPLOYEE INTERVIEWS

In parallel with the further development of the annual employee interviews, a system of 360° feedback for managers was introduced in 2016 as a staff development measure. A total of 21 senior managers took part in this measure, in which the self-assessment of the recipient of the feedback with regard to his or her professional skills is considered in light of the assessments of his or her superiors, colleagues, employees and other stakeholders.

KATHARINENHOF® holds annual employee interviews with its managers for the purpose of performance evaluation and the planning of staff development measures, which then provide a basis for the calculation of the individual bonuses awarded to managers in accordance with their attainment of agreed targets. From 2017 onwards, annual employee interviews will gradually be introduced for all employees.

Personnel management at FACILITA takes the form of regular standardised team meetings, as well as individual target attainment and evaluation meetings held with all of its employees on an annual basis.

Proportion of participants in the employee feedback system of the Deutsche Wohnen Group, excl. FACILITA

in %

According to gender		According to employee category	
Total workforce	98.5	Managers	93.4
Male employees	98.2	Employees	99.0
Female employees	98.7	Trainees	100.0

G4-LA1 The employee turnover rate at Deutsche Wohnen was 8.9% in 2016 (2015: 9.5%). The calculation of the employee turnover rate is based on the number of employees leaving the company voluntarily or as a result of termination, retirement or death, in relation to the annual average number of employees. The employee turnover rate for FACILITA alone was 5.0%. The employee turnover rate for KATHARINENHOF® was 22.6% in 2016, having fallen slightly compared to the previous year (2015: 22.8%), and is therefore at a level which is typical for the nursing care sector, which is characterised by difficult framework conditions and a shortage of skilled personnel.

Employee turnover

	Deutsche Wohnen Group ¹⁾		FACILITA
	2016	2015	2016
Total turnover²⁾	70	69	5
Number of men	27	27	3
Number of women	43	42	2
Total in %	8.9	9.5	5.0
Employee-initiated terminations	33	32	4
Number of men	13	11	3
Number of women	20	21	1
Total in %	4.2	4.4	4.0

¹⁾ Excl. FACILITA

²⁾ Incl. employer- and employee-initiated terminations, employees attaining retirement age, termination agreements

Length of service

in %	Deutsche Wohnen Group ¹⁾		FACILITA
	2016	2015	2016
Up to 1 year	13.3	19.3	26.7
1 to 5 years	41.6	34	7.5
6 to 15 years	23.0	24.3	28.3
16 to 20 years	7.5	5.9	17.5
More than 20 years	14.6	16.5	20
Average length of service in years	8.2	9.2	17.0

¹⁾ Excl. FACILITA

Number of employees taking parental leave

G4-LA3

	Deutsche Wohnen Group ¹⁾		FACILITA
	2016	2015	2016
(Number of) employees on parental leave	48	46	2
in %	5.9	6.1	2.0
Thereof women	40	38	1
Thereof men	8	8	1
(Number of) returning employees	23	27	2
Thereof women	17	19	1
Thereof men	6	8	1
Number of employees remaining with the company or at least 12 months after returning to work	17	15	0
Thereof women	13	10	0
Thereof men	4	5	0

¹⁾ Excl. FACILITA

FACILITA invested approximately 16.6 hours of further education in each of its employees, or a total of approximately EUR 34,000.

As at 31 December 2016, 44 trainees and 2 BA students were employed by the Deutsche Wohnen Group (2015: 47). This corresponds to a training ratio of 4.5% (2015: 5.8%). KATHARINENHOF® had 84 trainees and 31 interns or individuals participating in a voluntary social year/German voluntary service.

Average number of hours of training per employee of the Deutsche Wohnen Group excl. FACILITA, according to employee category and age

	Employees	Middle management ¹⁾	Senior management ²⁾	Total
Men	19.3	48.0	40.7	23.8
Women	15.6	39.7	51.6	18.3
Total	16.9	43.7	45.6	20.2

¹⁾ Middle management comprises team leaders and service point leaders

²⁾ Senior management comprises managers, managing directors and directors

Training and education of employees

G4-LA10 Deutsche Wohnen, FACILITA and KATHARINENHOF® assist their employees in maintaining their qualifications. They ascertain the corresponding needs of each individual employee in the context of employee interviews and provide him or her with customised seminar and training options.

G4-LA9 With a view to facilitating the measurement of the success of its personnel development measures, Deutsche Wohnen has been recording the number of hours of staff training completed by each employee since 2016. In 2016, Deutsche Wohnen invested approximately EUR 580,000 in 11,900 hours of training options for its employees and managers. Employees taking part in such measures accumulated an average of 20.2 hours of further training.

KATHARINENHOF® will record the number of hours of further education accumulated by each employee from 2017 onwards. In 2016, it invested approximately EUR 1,020,000 in training, continuing education and staff development measures for its employees.

Employee structures

G4-10 Deutsche Wohnen had a total of 943 employees as at 31 December 2016 (31 December 2015: 766). This increase is primarily due to the integration of the 120 employees of FACILITA, which has been a wholly owned subsidiary of Deutsche Wohnen since January 2016. It currently performs infrastructural facility management functions for approximately 70,000 of our residential units in Berlin. The following disclosure of the number of employees of the Deutsche Wohnen Group does not include the data for FACILITA.

KATHARINENHOF® employed 1,377 employees (31 December 2015: 1,393).

All of the Deutsche Wohnen Group's employees are based in Germany, and the majority of them in Berlin.

Overview of employees

	Deutsche Wohnen Group ¹⁾		FACILITA
	31/12/2016	31/12/2015	31/12/2016
Number of employees	823	766	120
Thereof women	518	499	18
Thereof men	305	267	102
Average age in years	40.9	41.3	50.4
Thereof part-time employees	67	65	0
in %	8.1	8.5	0
Thereof women	64	64	0
Thereof men	3	1	0
Thereof temporary employees	43	40	6
in %	5.2	5.2	5.0
Thereof women	24	22	2
Thereof men	19	18	4
Number of trainees	44	47	0
Proportion in %	5.1	5.8	0
Thereof women	25	23	0
Thereof men	19	24	0

¹⁾ Excl. FACILITA

G4-LA12 Deutsche Wohnen promotes equality of opportunity and the maintenance of a work-life balance: 62.9% of the entire workforce of Deutsche Wohnen are women. At the management level of Deutsche Wohnen, comprising the managing directors, directors and senior managers, the proportion of female employees is 47.8% (2015: 51.7%). More than 80% of the workforce of KATHARINENHOF® are women. The proportion of women at the management level, comprising its managing directors and the heads of the facilities and the nursing care division, is 71.8%.

Regarding the composition of the Board of Management, the Supervisory Board pays particular attention to diversity, even though the goal for the percentage of women it has set up to 30 June 2017 is 0%. This is in fact the current situation. In line with the current situation, the Supervisory Board has also initially set a goal for the percentage of women in the Supervisory Board of 0% up to 30 June 2017. 66% of the members of the Board of Management are in the age range 30 to 50, whilst 34% are older than 50. In the Supervisory Board, all the members are older than 50.

62.9%

OF THE WORKFORCE OF DEUTSCHE WOHNEN ARE

WOMEN

The proportion of disabled employees at Deutsche Wohnen AG (holding) was higher than the 5% stipulated by statute; the equivalent ratio at DWCF and DWC was in line with the statutory requirements. DWM, DWI and DWSC do not satisfy the requirements. Their contribution in this regard takes the form of the payment of the equalisation levy. The corresponding proportion at KATHARINENHOF® was below the statutorily stipulated threshold of 5%. Its contribution in this regard likewise takes the form of the payment of the equalisation levy. The proportion of disabled employees at FACILITA, at 5.3%, was higher than the statutorily stipulated minimum threshold.

Proportion of women¹⁾

in %	Deutsche Wohnen Group ²⁾		FACILITA
	31/12/2016	31/12/2015	31/12/2016
Women in the workforce	62.9	65.1	15.0
Proportion of women in management positions ³⁾	47.8	51.7	20.0

¹⁾ Excl. trainees

²⁾ Excl. FACILITA

³⁾ Excl. Management Board

Occupational health and safety for our employees

G4-LA5 Deutsche Wohnen, FACILITA and KATHARINENHOF® have each set up an occupational health and safety committee in accordance with the relevant statutory requirements. These committees assist in the monitoring of occupational health and safety programmes and provide advice in this context, with 100% of the entire workforce falling within their purview.

G4-LA6 In 2016, the year under review, Deutsche Wohnen recorded 35 accidents in the workplace. Of this amount, 16 occurred on the way to work (men: 6 / women: 10), 7 occurred in the field (men: 3 / women: 4) and 12 occurred in office buildings (men: 1 / women: 11). FACILITA recorded three reportable accidents in the workplace (men: 3 / women: 0). These accidents involved falls and sprains experienced by employees while running, and also whiplash injuries resulting from rear-end collisions.

As in previous years, no fatal accidents in the workplace occurred in any of the business divisions in 2016.

G4-LA7 No employees within the Deutsche Wohnen Group or at KATHARINENHOF® are exposed to a high incidence or risk of illness as a result of their work.

Incidence of illness

in %	Deutsche Wohnen Group ¹⁾		FACILITA
	2016	2015	2016
Incidence of illness	5.7	4.7	7.4

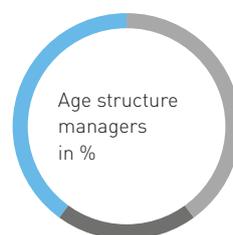
¹⁾ Excl. FACILITA

Deutsche Wohnen Group
Age structure managers



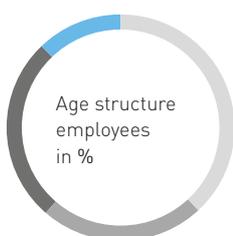
in %	31/12/2016	31/12/2015
Up to 35 years of age	15.9	13.8
36 to 45 years of age	47.8	51.1
46 to 55 years of age	27.5	28.6
More than 55 years of age	8.7	3.6

FACILITA
Age structure managers



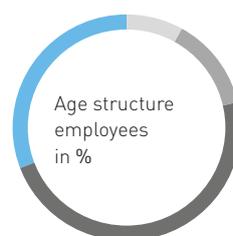
in %	31/12/2016
Up to 35 years of age	0.0
36 to 45 years of age	40.0
46 to 55 years of age	20.0
More than 55 years of age	40.0

Deutsche Wohnen Group
Age structure employees



in %	31/12/2016	31/12/2015
Up to 35 years of age	38.2	39.8
36 to 45 years of age	23.2	22.8
46 to 55 years of age	26.6	26.7
More than 55 years of age	12.0	10.7

FACILITA
Age structure employees



in %	31/12/2016
Up to 35 years of age	8.3
36 to 45 years of age	13.3
46 to 55 years of age	47.5
More than 55 years of age	30.8

GRI CONTENT INDEX



G4-32 The Deutsche Wohnen Sustainability Report 2016 was prepared in accordance with the Global Reporting Initiative (GRI) guidelines and fulfils the “in accordance” Core option. The G4 guidelines in force since May 2013 were applied. The GRI G4 Construction and Real Estate Sector Disclosures (CRE) were also taken into account.

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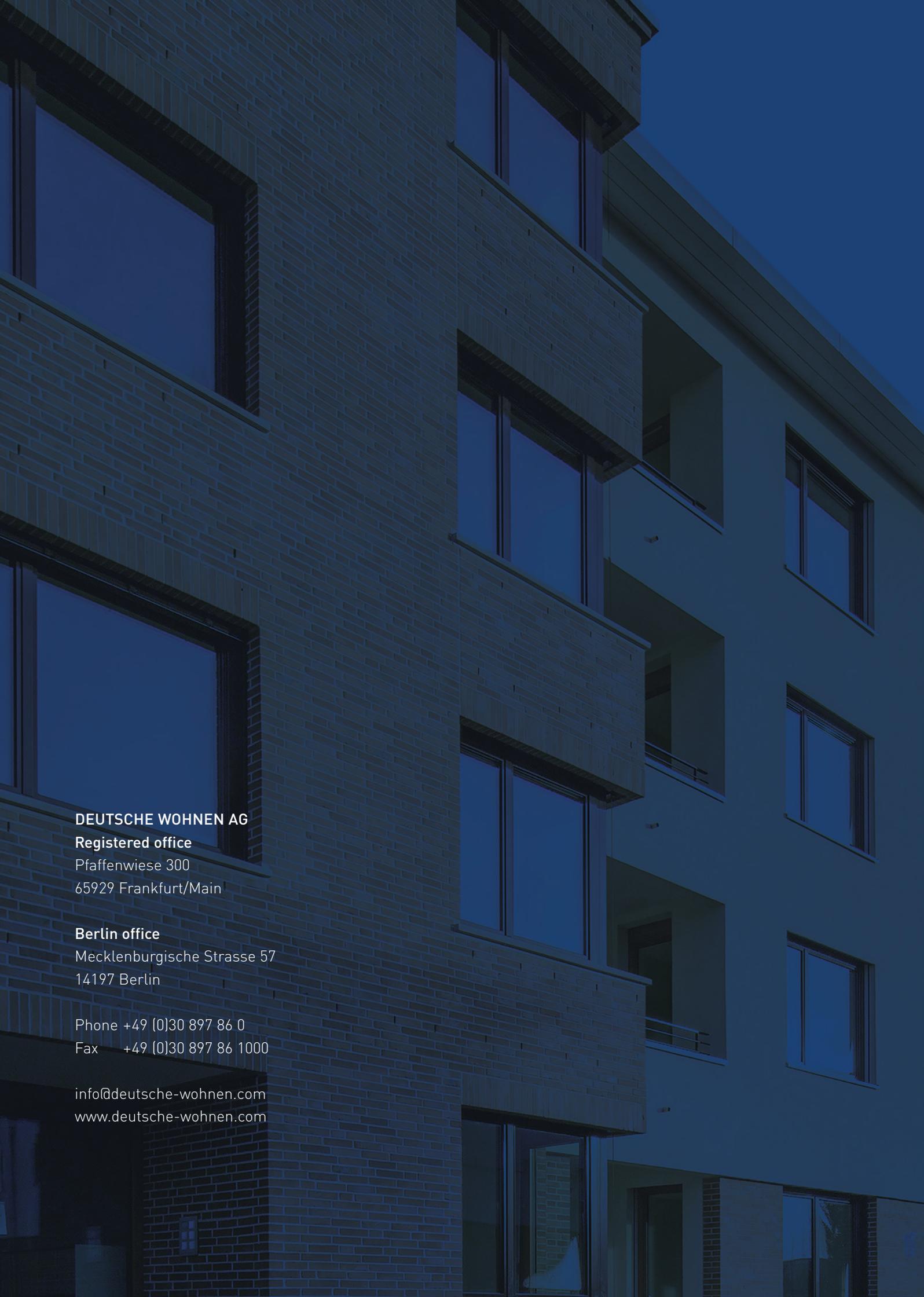
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Both versions are available for download at www.deutsche-wohnen.com.
Here you can also find the Annual Report for 2016, in which Deutsche Wohnen included for the first time more detailed information about its sustainability performance during the reporting year.



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