

More in numbers.
Sustainability report 2012

About the Report

Deutsche Wohnen AG hereby submits its first Sustainability Report. It refers to the 2012 financial year and is aimed at employees, investors, analysts, politicians, tenants and business partners, as well as all other stakeholders who are interested in our company and in our social and environmental performance. The purpose of the report is to create transparency and, in addition to our numerous activities and services, also indicates those particular areas where we – at least for attestable evidence – can still do more.

Alignment with GRI Guidelines

We have aligned ourselves with the Global Reporting Initiative (GRI) Guidelines as regards the inventory and compilation of the content for this Report. This initiative, which was established in the 1990s, has developed a global framework in order to support the comparability and credibility of the performance reported by companies and organisations. The third generation GRI Guidelines (G3) were applicable at the time the Report was prepared. They require statements on strategy, organisation and values, along with statements on key performance indicators in the areas of economy, ecology and society. In addition, we also took into account the industry-specific requirements, as drafted by the European Public Real Estate Association (EPRA), when preparing the report.

Structure of our Sustainability Report

This Report meets the requirements of Application Level B. We have reviewed and confirmed this by the GRI. Our aim in the medium term is to meet the various GRI requirements in full, thus complying with the growing demands of analysts and investors for transparency. In parallel with the Sustainability Report, which is available in PDF format on the internet, we have published a Magazine that gives a clear overview of our activities to a wide audience and includes the essential Economic, Environmental and Social Performance Indicators.

Editorial notes

The data contained in this Report relates to the 2012 financial year and we also include important developments in the first half of 2013 in the text. The submission deadline is 31 July 2013.

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1. Strategy and Analysis

1.1 Statement from the organisation's most senior decision-maker

Sustainability has become increasingly important for the real estate industry – due to the challenges posed by climate change and the associated regulatory requirements, but also as a result of demographic changes and new housing needs, along with the general advancement of urbanisation. Today's housing should be energy efficient, appropriate for demographic developments as well as affordable. However, for a company of tradition like Deutsche Wohnen, it goes without saying that these issues were not neglected in the past. In actual fact, the attention paid to the things that we do has increased enormously over the past few years – particularly from investors and analysts, tenants, the general public and our employees. As a result, transparency has also become a touchstone within our industry in terms of becoming more professional.

At the same time, transparency is a necessary step in order to initiate measures for improvement – wherever they are necessary and indeed useful. For a company like Deutsche Wohnen, which owns a vast historic property portfolio and offers its services in dynamically growing regions, the issue of renovation work in terms of energy efficiency is an important one, but is by no means primary. Ensuring affordable rents is paramount in terms of our corporate responsibility. With its 20 nursing homes, the issue of social responsibility is also a high priority for our subsidiary, KATHARINENHOF® GmbH. Furthermore, the fact that we are a company listed on the stock market means that we also have an obligation not least to our shareholders to be financially successful and we are therefore only able to partially implement things that would indeed be desirable from a third party's perspective.

Contributing to sustainable development means that we have to assess ecological, economic and social aspects on a continuous basis and weigh them against each other in order to achieve a viable and sustainable solution. This is a task that we have taken on, both in the interests of our shareholders as well as in the interests of our employees who want to work for a responsible company that takes their needs into account, and have done so by looking at various things, from ensuring a balance between work and family life to performance-related remuneration, right through to healthy and motivating working conditions.

We will only continue to be successful by running a business in line with the various social expectations and requirements. This Report is an important step in this direction.

Michael Zahn

Chief Executive Officer of Deutsche Wohnen AG

1.2 Central sustainability risks, opportunities and impacts

Deutsche Wohnen identified five areas for action as being key to developing its Sustainability Strategy and activities: responsible management, responsibility for real estate portfolio and services, responsibility towards employees, environment and climate protection and responsibility for society. In order to identify the various opportunities and risks arising for us in these fields, we conducted a stakeholder survey in the Fall of 2012. 550 respondents out of 900 internal and external addressed (ranging from employees to tenants, buyers to investors, right through to business partners, politicians and the media) identified the following as being key challenges:

- The concept of sustainable development has become an expectation in society that places demands on all parties involved, including in particular business and industry.
- More and more investors are interested in the principles of the company they invest in and in whether the company actively deals with challenges or is prepared for new regulatory or social requirements.

- Demographic developments mean there is significant need for action. Germany's population is getting older. Age-appropriate accommodation and responsible nursing and care services are becoming key requirements.
- At the same time, more and more people are moving into towns and cities, where affordable housing is becoming increasingly scarce.
- Demographic change is also accompanied by a growing shortage of qualified young people.
- In order to find and retain good employees, companies also need to be an attractive employer.
- It is increasingly demanded of business leaders that they contribute to climate protection measures and support the political objectives for implementing the energy transition.

Our Sustainability Performance was assessed as above-average in many areas, such as responsible management, real estate portfolio and services. In contrast we use assessments that were less positive as important impulses to systematically improve our services in specific areas and therefore mitigate any risks.

Essential sustainability risks and opportunities are also presented in our Sustainability Programme (see page 15).

2. Organisational Profile

2.1 Name of the organisation

Deutsche Wohnen AG

2.2 Important brands, products and services

Deutsche Wohnen's operating activities focus on the management and development of its residential property portfolio. By the end of the year under review, its portfolio comprised 83,500 units (including acquisitions of 35,100 units in 2012 and 2013), of which 82,500 were residential units and 1,000 were commercial units.

As a result, it is one of the leading residential companies in Germany listed on the stock market. 93% of Deutsche Wohnen's housing stock is located in booming core regions, such as the Greater Berlin, Rhine-Main and Rhineland areas, as well as in the medium-sized German cities of Hanover, Brunswick and Magdeburg. Our existing portfolio in the core region of Greater Berlin has been further augmented with approximately 18,000 residential units since 2011.

The roots of Deutsche Wohnen AG go back as far as the 1920s: GEHAG (Gemeinnützige Heimstätten-, Spar- und Bau-Aktiengesellschaft) was founded in 1924 and enjoys one of the longest traditions of Germany's residential property companies. A merger then followed with Deutsche Wohnen, which has been listed on the German stock exchange since 1999, and moved up to the MDAX in 2010 as one of the largest residential companies in Germany listed on the stock market.

With its pioneering apartment houses and residential estate projects, GEHAG wrote an important chapter in the social and architectural history of the 20th century. A large number of Deutsche Wohnen's residential units in Greater Berlin, which total in excess of 48,000 (as at July 2013), have been afforded listed building status. Deutsche Wohnen also has other traditional holdings in Lutherstadt Wittenberg and in Magdeburg. Thanks to a number of acquisitions that have risen in value, we have been able to further optimise our residential and commercial portfolio over the past three years.

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

2.3 Operational structure and main divisions

The operational activities of Deutsche Wohnen AG are organised into three separate companies. Deutsche Wohnen Management GmbH and Deutsche Wohnen Corporate Real Estate GmbH form the pillars for the residential property management segment. The nursing business segment is handled completely by KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH. At the end of 2012, the Deutsche Wohnen Group employed 382 staff in the residential management segment, and a further 1,035 individuals were employed in the nursing segment (KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH).

2012 was decisively shaped by the acquisition of the BauBeCon portfolio from Barclays Bank, which comprised 23,400 housing units. The BauBeCon holdings in Greater Berlin are looked after by our existing Service Point network in Berlin and Potsdam. We opened a new site in Magdeburg in November 2012; the employees working here attend to the property in Saxony and Saxony-Anhalt. The holdings in Lower Saxony have been managed by our new site in Hanover since 1 February 2013. The portfolio's IT, administrative and accounting systems were integrated at the same time.

The Group is divided into three levels:

1. Deutsche Wohnen AG is at the top of the Group, acting as a holding company for both segments, and performs central financial and management functions relating to staff, communications, legal, tax and finance.

2. The level involved in adding value consists of three operational companies:

Deutsche Wohnen Management GmbH (DWM): Residential property management

Deutsche Wohnen Corporate Real Estate GmbH (DWC): Portfolio and transaction management

KATHARINENHOF® Seniorenwohn- und Pflegeanlagen Betriebs-GmbH: Nursing

3. The Group's properties are held in so-called asset companies.

2.4 Location of organisation's headquarters

Deutsche Wohnen is based in Frankfurt/Main with a head office in Berlin. The local Service Points and offices take care of the various tenants.

2.5 Number/name of countries where the company operates

Deutsche Wohnen AG operates solely within Germany.

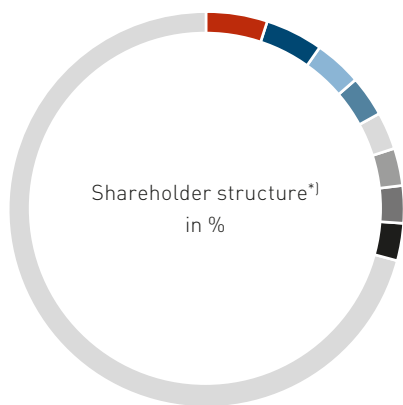
2.6 Nature of ownership and legal form

The Deutsche Wohnen Group is a public limited company under German law listed on the stock market. It is listed in Deutsche Börse's MDAX and is also listed in the leading EPRA/NAREIT and GPR 250 indices. Eight domestic and foreign institutional investors hold approximately 29% of shares in Deutsche Wohnen. Approximately 71% of shares belong to domestic and foreign institutional investors and private shareholders who have not exceeded the statutory threshold of 3% (as at 19 February 2013). As per the definition stipulated by Deutsche Börse, the free float of our stock is 100%.

Organisational Profile

Shareholders

| | | |
|---|--|----------------|
| > 5% | | |
| ■ Sun Life Financial Inc. ¹⁾ | | 5.03% |
| > 3% | | |
| ■ First Eagle Investment Management, LLC ²⁾ | | 4.72% |
| ■ Zurich Deutscher Herold Lebensversicherung AG | | 4.02% |
| ■ Ärzteversorgung Westfalen-Lippe | | 3.33% |
| ■ Stichting Pensioenfonds ABP ³⁾ /APG Algemene Pensioen Groep N.V. | | 3.13% |
| ■ MFS International Value Fund | | 3.08% |
| ■ BlackRock, Inc. ¹⁾ | | 3.03% |
| ■ The Capital Group Companies, Inc. ⁴⁾ | | 3.02% |
| 8 institutional investors in total | | 29.36% |
| ■ Other | | 70.64% |
| Freefloat according to Deutsche Börse | | 100.00% |



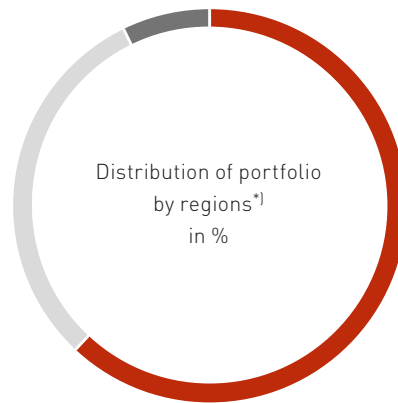
¹⁾ As at 19 February 2013 according to latest WpHG (German Securities Exchange Act) notification received from above stated shareholders
¹⁾ Attributed voting rights according to Article 22, Section 1, Sentence 1, No. 6 WpHG in connection with Article 22, Section 1, Sentence 2 WpHG
²⁾ Attributed voting rights according to Article 22, Section 1, Sentence 1, No. 6 WpHG
³⁾ Attributed voting rights according to Article 22, Section 1, Sentence 1, No. 1 WpHG
⁴⁾ Attributed voting rights according to Article 22, Section 1, Sentence 1, No. 6 WpHG in connection with Article 22, Section 1, Sentence 2 and Sentence 3 WpHG

2.7 Markets served

93% of our portfolio totalling 82,500 residential units are located in stable and dynamic regions within Germany where there is forecast of a rising demand for residential property:

Distribution of portfolio by regions

| | | |
|------------------------------------|--|------------|
| ■ Core+ | | 62% |
| thereof: | | |
| Greater Berlin | | 49% |
| Rhine-Main | | 11% |
| Rhineland | | 2% |
| ■ Core | | 31% |
| thereof: | | |
| Hanover/Brunswick/Magdeburg | | 13% |
| Rhine Valley South (Rheintal-Süd) | | 6% |
| Central Germany | | 5% |
| Rhine Valley North (Rheintal-Nord) | | 4% |
| Other | | 3% |
| ■ Non-Core | | 7% |
| thereof: | | |
| Disposal | | 3% |
| Other | | 4% |



*¹⁾ in residential units

Organisational Profile

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

| | Number of facilities | Number of places |
|--------------------------------------|----------------------|------------------|
| Brandenburg | 5 | 596 |
| Saxony | 7 | 475 |
| Berlin | 2 | 173 |
| Lower Saxony | 1 | 131 |
| Rhineland-Palatinate | 1 | 128 |
| Acquisitions in Berlin ¹⁾ | 4 | 425 |
| | 20 | 1,928 |

¹⁾ Acquisition in January 2013

2.8 Scale of the reporting organisation

| | 2012 | 2011 |
|--|-----------------------|----------------|
| Employees | | |
| In Residential Property Management | 382 | 340 |
| In Nursing and Assisted Living | 1,035 | 859 |
| Total number of employees | 1,417 | 1,199 |
| Residential and commercial units of which approx. 82,500 are residential units with an area of approx. 5 million square metres | approx. 83,500 | |
| Number of places in Nursing and Assisted Living segment¹⁾ of which 1,140 are for full-time in-patient care | 1,928 | 1,349 |
| Revenue in EUR million | 449.8 | 387.1 |
| Market capitalisation²⁾ in EUR million | 2,046.0 | 1,000.5 |
| Total assets in EUR million | 4,907.9 | 3,302.2 |
| Equity in EUR million | 1,609.7 | 1,083.4 |
| Net financial liabilities in EUR million | 2,678.0 | 1,666.9 |

¹⁾ KATHARINENHOF®, As at January 2013
²⁾ As at 31. December 2012

2.9 Significant changes during the reporting period

2012 was decisively shaped by the acquisition of the BauBeCon portfolio from Barclays Bank. Urban centres form the geographical focus of the entire holdings consisting of 23,400 residential units. Around 30% of the residential units are located in Greater Berlin, thus strengthening our core portfolio. The BauBeCon housing stock in Greater Hanover/Brunswick/Magdeburg provided us with access to a new core region that can be managed efficiently due to its size and expects to see stable rental price developments. The BauBeCon portfolio that we have acquired includes many high-quality settlements from the 1920s and 1930s. These include, amongst others, the world famous Carl Legien Estate in Prenzlauer Berg, Berlin, which was built by Bruno Taut and is a UNESCO World Heritage Site.

Furthermore, we also purchased other portfolios in 2012 and 2013 containing approximately 11,700 residential units; this significantly strengthens our core regions in Greater Berlin and Hanover/Brunswick/Magdeburg.

The BauBeCon holdings in Greater Berlin are looked after by our existing Service Point network in Berlin and Potsdam. We opened a new site in Magdeburg in November 2012; the employees working here oversee the portfolio in Saxony and Saxony-Anhalt. The holdings in Lower Saxony have been managed by our new site in Hanover since 1 February 2013. The portfolio's IT, administrative and accounting systems were integrated at the same time.

KATHARINENHOF® acquired 156 nursing places in Leipzig and Berlin in 2012; the acquisition of further four facilities with 425 places in Berlin was completed in January 2013. In doing so, we have increased our holding to 1,928 residential and nursing places.

In 2012, the company grew to more than 380 employees in the Residential Property Management division and more than 1,000 employees in the Nursing and Assisted Living division, and many more employees are due to be recruited during the course of the integration of new holdings.

2.10. Awards received in the reporting period

Deutsche Wohnen was awarded the ARC Silver Award in the "Interior Design" category for its 2011 Annual Report in November 2012. The Annual Report Competition (abbreviated to ARC) is the largest competition for annual reports in the world and has been held every year since 1987 by MerComm Inc. and The International Academy of Arts and Sciences, based in Ossining, New York.

3. Report Parameters

3.1 Reporting period

The reporting period is the 2012 financial year (1 January 2012 to 31 December 2012). Wherever possible, comparison data from 2011 is used.

3.2 Date of most recent report

The Deutsche Wohnen Group hereby publishes its first Sustainability Report.

3.3 Reporting cycle

The Report shall be published annually in future.

3.4 Contacts for questions regarding the report

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3.5 Process for defining report content

The Deutsche Wohnen Group aligned itself with the GRI Guidelines (G3) and the indicators of the European Public Real Estate Association (EPRA) when defining the report content. Moreover, the stakeholder survey, conducted prior to preparing the report regarding Deutsche Wohnen's sustainability challenges and performance, is used as the basis for defining the key report content. The key results of the stakeholder survey are shown under item 4.16. Our sustainability programme under item 4.17 summarises the measures we take to meet these challenges in the areas of responsible management, real estate portfolio and services, employees, society as well as environment and climate protection.

3.6 Boundaries of the report

The report applies to the three operational companies and the holding company stated under item 2.3. The BauBeCon holdings acquired in 2012 with a total of 23,400 residential units, along with further acquisitions of 11,700 residential units, are thus not included in the environmental data due to the lack of available data regarding these acquisitions. 47,272 of our 48,435 rented residential units (residential units that were under our ownership throughout the year, excluding any acquisitions in 2012, and 1,163 residential units were omitted due to incomplete data) made up the database in the environmental chapter. Ecological data for 8 of the 12 permanent sites was collected from the owner-occupied administrative facilities owned by Deutsche Wohnen (excluding KATHARINENHOF®) and relates to an average of 72% of the used space. Four sites that have a staff of fewer than five employees or are manned for less than half a year were not included. The environmental data for one site was compiled for KATHARINENHOF® GmbH.

3.7 Restrictions/limitations of the report

None, other than those stated under item 3.6.

3.8 Basis for reporting on joint ventures, subsidiaries etc.

See items 3.6 and 3.9

Report Parameters

Governance, Commitments and Engagement

3.9 Data collection methods and data collection principles

With respect to the collection of data, the Deutsche Wohnen Group included all relevant organisational units in which they held a stake of at least 51 % in 2012. Data was collected regarding the environment, employees and society by way of a written survey in the key Group departments. The Head of Human Resources, the Director of Central Technical Department, the Managing Director of Deutsche Wohnen Management GmbH, the Managing Director of KATHARINENHOF®, the Head of Accounting and the Project Manager for Sustainability Management were all responsible for the internal release of data.

3.10 Changes to earlier reports in terms of restatements

Not applicable as this is the first Sustainability Report.

3.11 Changes from previous reporting periods in the subjects, scope or measurement methods

Not applicable as this is the first Sustainability Report.

3.12 GRI Index table

See page 34.

3.13 External audit of the statements made

None.

4. Governance, Commitments and Engagement

4.1 Governance structure and responsibility for sustainability

Deutsche Wohnen AG, with its registered office located in Frankfurt am Main, is subject to the provisions of the German stock corporation and capital market legislation, as well as the provisions of its articles of association. The Company has a dual management and control structure with two bodies; the Management Board and the Supervisory Board. Beyond that, there is also the Annual General Meeting in which company shareholders are involved in the decision-making process for fundamental matters related to the company. All three of these bodies together are obliged to act in a responsible manner to uphold the interests of shareholders and ensure the welfare of the company. The Management Board and Supervisory Board submitted their required declaration of conformity with the German Corporate Governance Code in accordance with the German Stock Corporation Act (Aktiengesetz), and have made this permanently accessible to shareholders by publishing it on the internet:

www.deutsche-wohnen.com

The Supervisory Board appoints, monitors and advises the Management Board and is directly involved in decisions that are of crucial importance to the company. The work carried out by the Supervisory Board and its various committees is coordinated by the chairman of the Supervisory Board. The Management Board oversees the management of the company and is responsible for conducting its business. This is also linked to the aim of achieving sustainable added value for the company's interests. It draws up the strategic direction of the company, agrees this with the Supervisory Board and ensures its implementation. It is also responsible for ensuring appropriate risk management and control measures within the company, along with regular, timely and comprehensive reporting to the Supervisory Board. Following the departure of Helmut Ullrich on 31 December 2012, the Management Board now consists of two members and has one chairman. The work carried out by the Management Board is governed by rules of procedure which, among other things, make provision for the distribution of tasks according to their function. Specific transactions and measures taken by the Management Board require the approval of the Supervisory Board.

At the Deutsche Wohnen Group, the Management Board is committed to its corporate responsibilities and the objectives of sustainable business management. These issues are also discussed on a regular basis at the meetings between members of the Senior Management Circle appointed at the beginning of 2013. The managing directors for Corporate Development, Human Resources, Mergers & Acquisitions, Asset Management, Corporate Finance and Finance & Tax and the directors of Deutsche Wohnen Management GmbH and KATHARINENHOF® GmbH are all represented in this circle. They meet on a regular basis, and together with the Investor Relations and Corporate Communication divisions they provide renewed motivation to develop sustainability measures. The Sustainability Project Team coordinates and drives forward the relevant issues within the company from the Group's headquarters, and is responsible for completing the Sustainability Report. It is led by the Head of Corporate Communication.

4.2 Independence of the chairman of the Supervisory Board

The Supervisory Board consists of six members, of which none is an executive manager of Deutsche Wohnen. The chairman of the Supervisory Board is Uwe E. Flach, Senior Advisor at Oaktree GmbH, Frankfurt/Main. All members were elected as representatives of the shareholders at the Annual General Meeting. Their term of office is in principle five years in accordance with the various statutory provisions and provisions contained in the articles of association. Members of the Supervisory Board are selected based on the knowledge, skills and technical expertise they require in order to perform their duties.

The Supervisory Board has rules of procedure in place; its work is conducted in both plenary sessions as well as in committees. The aim of the work carried out by the four committees is to improve the efficiency of the Supervisory Board's activities. The committee chairmen report to the Supervisory Board on a regular basis regarding the work carried out by their respective committees:

- The Executive Committee is on hand to advise the Management Board and handles contract negotiations with members of the Management Board. In addition, responsibility for advising and making decisions in particularly urgent cases is transferred to the Executive Committee.
- The Acquisition Committee is responsible for preparing Supervisory Board resolutions regarding portfolio acquisitions.
- The tasks of the Audit Committee include in particular dealing with any accounting, risk management and compliance issues, ensuring the necessary independence of the auditor, issuing the audit mandate to the auditor, determining the focal points of the audit and arranging remuneration agreements.
- The Nomination Committee prepares the Supervisory Board's nominations for the Annual General Meeting.

During the 2012 financial year, the Supervisory Board discussed current business developments, important individual events and Management Board measures requiring approval over the course of six Supervisory Board meetings. A single member of the Supervisory Board was unable to participate in two of the meetings; in all other cases, the meetings were attended by all of the members of the Supervisory Board.

4.3 Highest management body for companies without a Supervisory Board

Not applicable as the company is a public limited company.

4.4 Process for dialogue between shareholders and employees with the Supervisory Board/ Management Board

We continued to focus on intensive communication with our shareholders, analysts and investors during the 2012 financial year. In doing so, we gave the various market players comprehensive and transparent insight into our strategy and our future development prospects. Timely, transparent and detailed reporting along with regular dialogue are fixed components of our Investor Relations activities. We specifically aim to speak to national and international investors by participating in a number of conferences held throughout the world.

In 2012, we took part in various national and international banking conferences, including HSBC, Deutsche Bank and DZ BANK in Frankfurt/Main; Credit Suisse, Morgan Stanley, JP Morgan and UBS in London; Bankhaus Lampe in Baden-Baden; Commerzbank in New York and Boston; Kempen & Co. in Amsterdam; Bank of America Merrill Lynch in New York; Goldman Sachs/Berenberg Bank as well as UniCredit/Kepler in Munich. Further, we were also represented at the Expo Real property trade fair in Munich, as well as at the EPRA conference and the Initiative Immobilien-Aktie e.V. (IIA) in Berlin. In addition, we held numerous road shows in 2012, including in New York, Boston, London, Paris, Amsterdam, Vienna and Brussels.

At the publication of our Annual Report and our quarterly reports, we hold a telephone conference to give investors, analysts and representatives from the press the opportunity to pose their questions directly to the Management Board. These conferences are also transmitted live as a web cast which can then be subsequently downloaded from the Investor Relations section of our website. Any current financial reports and company presentations are also made available here. Furthermore, we also provide an overview on our website of all current activities based on our financial calendar. All items, such as the latest analyst forecasts, the shareholder structure, ad hoc disclosures and press releases, corporate news, voting rights, directors' dealings as well as any information regarding the Annual General Meeting, can be retrieved from our website.

Our stakeholder survey conducted in autumn 2012 was the first time our employees had been surveyed regarding their satisfaction with the Deutsche Wohnen Group as an employer. The response rate was high: virtually all of the employees that were addressed (i.e. 85%) provided a response – this included a total of 406 Deutsche Wohnen employees and 71 KATHARINENHOF® employees. We were only able to survey those employees working for KATHARINENHOF® who had their own PC workstation, i.e. management rather than nursing staff. We believe that the high response rate confirms the work carried out by our HR department and is a call for further improvements to be made.

The Focus Group established at the end of 2007 campaigns on behalf of employees. This employee representation is the voice of the workforce within the Deutsche Wohnen Group. Around 20 employees from different lines of occupation and locations meet twice a year to discuss current issues. In addition, the Focus Group may, where necessary, invite the Chief Executive Officer in order to discuss any current problems with a view to resolving them.

4.5 Connection between compensation for members of the highest governance bodies and the organisation's performance

The remuneration system for the Management Board is discussed, reviewed and restructured by the Supervisory Board at regular intervals. The contracts for members of the Management Board of Deutsche Wohnen contain fixed and variable components. Variable remuneration for all members of the Management Board is in line with the provisions of the German Act on the Appropriateness of Management Board Compensation: It is linked to the achievement of financial goals and is based primarily on an assessment base over several years so that it can only be claimed if the business develops positively. As a result, the remuneration structure is aligned in such a way as to encourage the sustainable development of the company in the long term.

The detailed remuneration report of Deutsche Wohnen AG for the 2012 financial year can be found in the management report on pages 55 to 57, as well as on the following website:

<http://www.ir.deutsche-wohnen.com>

4.6 Processes to ensure that conflicts of interest are avoided

Our Code of Conduct, which supplements statutory provisions and has applied to all employees and the Management Board since 2011, makes the following statements: "Employees must avoid anything that might prevent them from fulfilling their professional duties objectively and without any conflict of interest. If it is possible that a conflict of interest might arise in connection with the exercising of your professional duties, then you must immediately report this to your line manager or a member of management."

Deutsche Wohnen AG has appointed a Compliance Officer to oversee compliance with statutory provisions and with the standards and norms of conduct specified in the German Corporate Governance Code. This officer maintains an insider directory and informs management, employees and business partners of relevant legal framework conditions as well as the consequences of infringing the rules on insider trading.

4.7 Qualifications and expertise of the highest governance body in terms of sustainability

The six members of the Supervisory Board are selected by the Annual General Meeting, and the members of the Management Board are selected by the Supervisory Board based on the knowledge, skills and technical expertise they require in order to perform the various duties. The Management Board links the management of the company with the objective of generating sustainable added value in the company's interests. The Management Board is thereby advised by the Chief Compliance Officer, the managing directors of the company divisions and the directors of the various subsidiaries, and is advised on sustainability by the head of the project team who was appointed by the Management Board.

4.8 Mission statement, corporate values and codes of conduct

The Code of Conduct, which was adopted in 2011 and contains provisions regarding the avoidance of conflicts of interest, is mandatory for all employees belonging to the Deutsche Wohnen Group. In Deutsche Wohnen Management GmbH, which employs the majority of our property management employees, the "Leading with values" Management Principles call for a constructive approach when dealing with each other, along with reliability, appreciation and transparency. The mission statement and corporate values covering the whole company have yet to be put into writing.

4.9 Board-level processes for overseeing Sustainability Performance

The Management Board of Deutsche Wohnen bears overall responsibility for ensuring sustainability. It set up a Sustainability Project team in the summer of 2012 and gave it the task of developing the company-wide coordination of Sustainability Measures, carrying out a survey on the issue and preparing a Sustainability Report. Issues regarding sustainability are discussed on a regular basis within the Senior Management circle which is chaired by the Management Board and meets once a quarter since the start of 2013. It consists of the persons responsible for Compliance, Corporate Communication, Human Resources, as well as Deutsche Wohnen Management GmbH and KATHARINENHOF®.

4.10 Processes for evaluating the Management Board's Sustainability Performance

See item 4.5.

4.11 Implementation of the precautionary approach

Deutsche Wohnen has put in place a management structure that is able to quickly identify and monitor significant opportunities and risks. This system is constantly being developed further and adjusted in line with the changing framework conditions. A central risk management system therefore takes care of the identification, measurement, management and monitoring of all significant risks affecting the Group. The key component of this system is the detailed reporting feature that is continuously monitored and developed further. It establishes a link to the identified risk areas based on the relevant operational and financial performance indicators. In doing so, we focus in particular on performance indicators regarding rental and residential privatisation developments, as well as on cash flow, liquidity and key figures from the balance sheet.

Thanks to intensive communication at managerial level within the Group, this ensures that all of the decision-makers are aware at all times of any relevant developments within the company. Any deviating developments or emerging risks that could potentially threaten the continued existence of the company are therefore detected at an early stage and appropriate countermeasures are then initiated. Risk management is conducted as a continuous process that is divided up into the following phases: definition of requirements, risk identification and analysis, risk management, reporting and risk control. Risk management information is then documented on a quarterly basis. At each of its meetings, the Supervisory Board is given comprehensive information regarding all relevant issues and developments within the Group. The internal risk management manual is updated when required.

4.12 Support for external standards, agreements and initiatives

From the beginning, Deutsche Wohnen AG joined the Deutsche Entwicklungshilfe für soziales Wohnungs- und Siedlungswesen e.V. (German Development Aid for Social Housing and Residential Affairs) (DESWOS, <http://www.deswos.de>), pledging by its membership to donate money to the fight against poverty and housing shortages in developing countries.

4.13 Memberships in associations and advocacy groups

Akademie der Immobilienwirtschaft e.V. (BBA; Academy of the Property Industry) www.bba-campus.de

Baukammer Berlin (BK; Berlin Chamber of Construction) www.baukammer-berlin.de

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

Bundesverband privater Anbieter sozialer Dienste e.V. (German Federal Association of Private Social Service Providers) www.bpa.de

Creditreform e.V. (company dealing with debt collection, credit checks and accounts receivable management) www.creditreform.de

Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (DSW; German Association of Private Shareholders) <http://www.dsw-info.de/Englisch.943.0.html>

Deutscher Investor Relations Verband e.V. (DIRK; German Association of Investor Relations) <http://dirk.org>

Deutscher Verband für Wohnungswesen, Städtebau und Raumordnung e.V. (DV; German Association for Housing, Urban Development and Regional Planning) www.deutscher-verband.org

Deutschsprachige SAP Anwendergruppe e.V. (DSAG; German-speaking SAP User Group) www.dsag.de

European Public Real Estate Association (EPRA) www.epra.com

Gerontopsychiatrisch-geriatischer Verbund Charlottenburg Wilmersdorf e.V. (gpv; Gerontopsychiatric and Geriatric Association of Charlottenburg Wilmersdorf) www.gpverbund.de

Initiative Immobilien-Aktie e.V. (IIA; Real Estate Share Initiative) www.initiative-immobilien-aktie.de

Schutzgemeinschaft der Kapitalanleger e.V. (SdK; German Association for the Protection of Investors) www.sdk.org

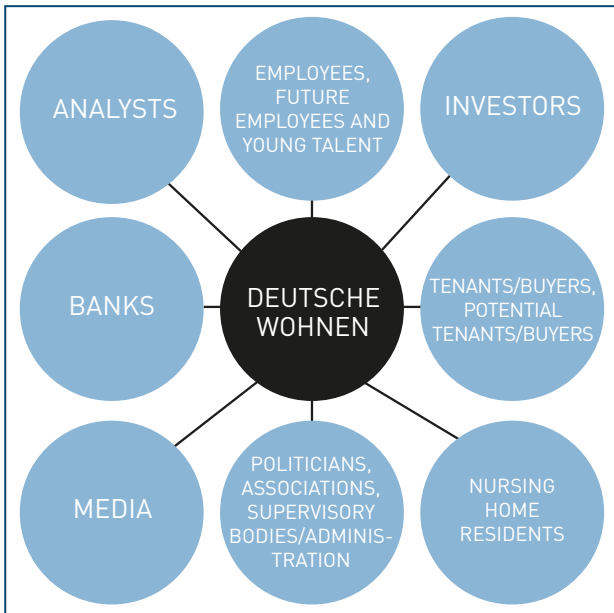
Verband Berlin-Brandenburgischer Wohnungsunternehmen e.V. (Association of Housing Companies in Berlin and Brandenburg) www.bbu.de

4.14 List of stakeholder groups engaged by the company

The Deutsche Wohnen Group considers employees, investors, tenants and buyers, business partners, nursing home residents, supervisory bodies, the press, associations and politicians to be key stakeholders. The framework conditions for the real estate industry are essentially determined by their interests.

4.15 Basis for identifying stakeholders

In order to act in a sustainable manner, it is crucial that you understand the interests of your stakeholders. The drafting of our Sustainability Strategy and the development of our Sustainability Report were associated with the systematic identification of stakeholder groups and their requirements.



The Senior Management Circle held a workshop in which it prioritised the stakeholders of Deutsche Wohnen as follows:

- Employees, future employees and young talents
- Investors
- Tenants/buyers, potential tenants/buyers
- Business partners
- Nursing home residents
- Politicians, associations, supervisory bodies/administration, press, banks
- Analysts

4.16 Approaches to stakeholder engagement

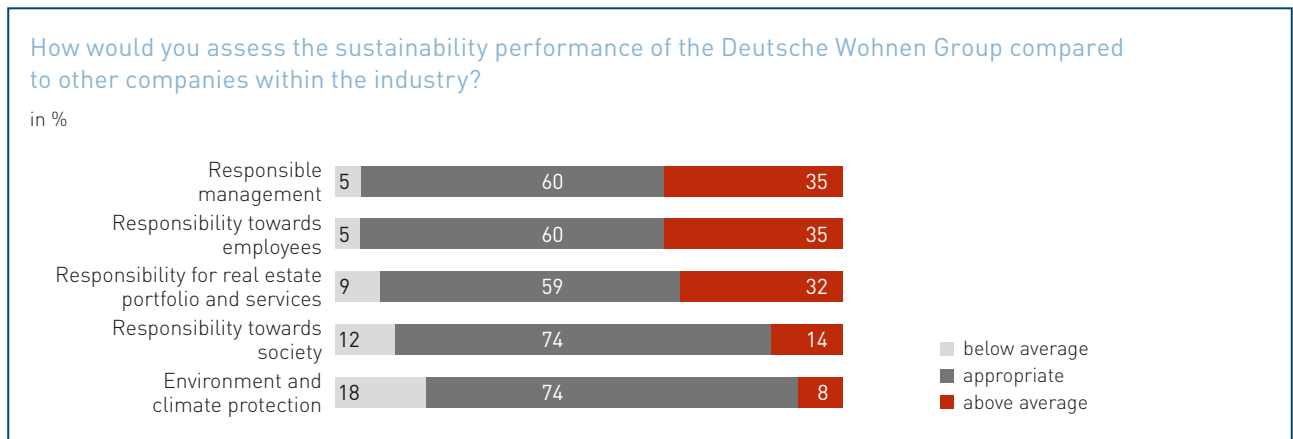
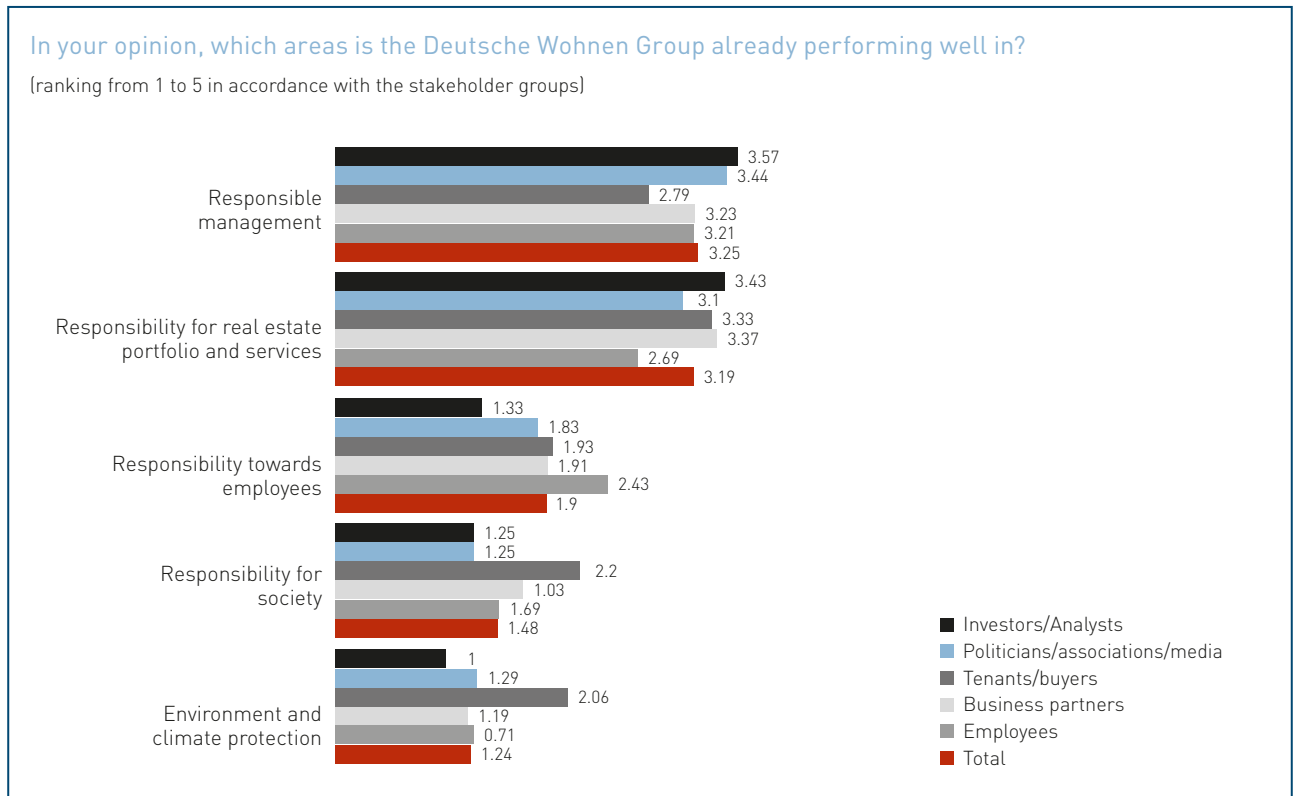
The Deutsche Wohnen Group is in regular contact with its stakeholders by way of its membership of associations, with tenants over the phone via the Service Centres or face-to-face meetings at the Service Points, with the media through regular press releases and detailed direct communication, with politicians and business partners by way of direct discussions, as well as with employees via the intranet, internal events and regular company newsletters.

| Forms of stakeholder communication | |
|---|---|
| Groups | Media |
| Employees | Newsletters, internet, intranet, brochures (also for training courses), issue-specific internal communication campaigns, summer festivals, exhibitions |
| Tenants and buyers | Service Points, Service Centres, welcome binders, journal newsletters, website, brochures, residential events and festivals, exhibitions, tenant representative |
| Investors and analysts | Annual Report, quarterly reports, website, presentations, web casts, ad hoc disclosures and press releases, Annual General Meeting, road shows, (banking) conferences, trade fairs, conference call regarding the publication of annual and quarterly reports |
| Politicians, associations and the media | Annual Report, website, press releases, conferences, events, face-to-face meetings, conference call regarding the publication of annual and quarterly reports |
| Business partners | Annual Report, website, trade fairs |

In the fall of 2012, the Deutsche Wohnen Group conducted its first stakeholder survey with approximately 550 of 900 addressed stakeholders from all of the relevant groups. The aim was to gather assessments of Deutsche Wohnen's Sustainability Performance, along with the various expectations and future challenges. The response rate was high and the assessments were integrated into our Sustainability Strategy, in the specification of relevant sustainability issues as well as in our reports.

Governance, Commitments and Engagement

Key results from the stakeholder survey:



4.17 Statement on key stakeholder issues

As a result of its business model, which relates to the management and development of residential holdings, Deutsche Wohnen is facing a number of different social and political demands regarding housing. We are facing the various economic, social and ecological challenges identified in the stakeholder survey by way of a variety of measures. This Report is a response to this, as is our Sustainability Programme, which we intend to continue developing further.

| Area for action | External assessment | Need for action (own assessment) | Measures |
|---|---------------------|----------------------------------|---|
| Responsible Management | Very good | Average | Expansion of data collection |
| | | | Qualified sustainability reporting |
| | | | Appointment of a Sustainability Coordinator |
| Responsibility for Real Estate Portfolio and Services | Good | Average | Further multimillion investments |
| | | | Expansion of Service Points |
| Responsibility towards Employees | Very good | High | Strengthening of internal communication |
| | | | Remuneration and incentives |
| | | | Improvement of relationship between work and family life |
| Responsibility toward Society | Appropriate | Low | Review of activities and focus where necessary |
| Environment and Climate Protection | Appropriate | Average | Development of pilot project to monitor consumption in our holdings |

Economic Performance Indicators

Management approach

Deutsche Wohnen is one of the largest residential property companies in Germany listed on the stock market. Our operational focus is on the management and development of our residential holdings. In addition, we, along with KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH, are working actively in an extremely dynamic market that is subject to demographic changes.

Thanks to a number of acquisitions that have risen in value, we have been able to significantly optimise our residential and commercial portfolio over the past three years. At the end of 2012, this included approximately 83,500 units (82,500 residential units and 1,000 commercial units). Our property portfolio is characterised by high-quality and favourable locations. 93% of our holdings are located in core regions that are forecast to see particularly positive development. As a result, we are well positioned to continue growing in a sustainable and profitable manner based on our strong foundations and actively participate in the German real estate market.

During the year under review, we invested almost EUR 68 million, or EUR 19 per m², in the maintenance and modernisation of homes and buildings. This means we are able to make the most of any existing potential rent increases and keep the vacancy rate at a low level. Following the acquisition of a range of small and medium-sized portfolios, the BauBeCon transaction that we completed in 2012 was a major acquisition. This included 23,400 residential units located primarily in urban centres – one of the largest acquisitions within the German property market in recent years.

Being available to our tenants is one of the key aspects for us in the allotment of new holdings: we opened a new site in Magdeburg in November 2012; the employees working here look after the properties in Saxony and Saxony-Anhalt. The housing portfolio in Lower Saxony has been managed by our new site in Hanover since 1 February 2013. The BauBeCon holdings in Greater Berlin are looked after by our existing Service Point network in Berlin and Potsdam. We also intend to further develop our Nursing and Assisted Living division which is operated by the independent brand KATHARINENHOF® Group.

Growth achieved by Deutsche Wohnen is not to be a pure end in itself. We see ourselves as a part of society and are convinced that our services have significant economic and social benefits. Furthermore, we also see ourselves as a company with a successful business model that cannot afford to stand still in the interest of its employees, its shareholders and its customers, but needs to evolve dynamically in order to remain as successful as it is today. The basis of our success is our focus on fast-growing and stable regions, efficiency in management and therefore cost leadership within the sector.

Economic performance

EC1 Economic value generated and distributed

2012 closed as the most successful financial year in Deutsche Wohnen's history to date with consolidated profit of EUR 145.5 million. Earnings almost tripled when compared to the previous year (EUR 50.6 million). Pre-tax earnings, adjusted for any special effects and valuation effects, increased by approximately 71% to EUR 78.5 million (previous year: EUR 46.0 million). This increase is down to improved earnings from Residential Property Management totalling EUR 194.4 million (previous year: EUR 157.4 million), increased profit from Disposals totalling EUR 19.9 million (2011: EUR 10.6 million) and the below-average increase in administrative expenses (2012: EUR 40.4 million). The Nursing and Assisted Living segment contributed EUR 9.9 million (2011: EUR 9.2 million) to Group earnings. Expenditure related to personnel (excluding KATHARINENHOF®) totalled EUR 23.6 million (2011: EUR 20.3 million) in the year under review.

In 2012 liquidity-related tax expenses totalled EUR 4.9 million.

Economic Performance Indicators

The recurring funds from operations (FFO, excluding sales) increased by almost 44% to EUR 68.2 million (previous year: EUR 47.5 million). We invested almost EUR 1.8 billion in new property portfolios in 2012. In doing so, approximately EUR 1.2 billion of additional debt capital was borrowed and approximately EUR 0.6 billion of equity was invested. The loan-value ratio totalled 57.2% as at the reporting date (2011: 55%).

Our voluntary expenditure for community projects (including donations) totalled approximately EUR 180,000 in 2012.

EC2 Financial implications, risks and opportunities due to climate change

The Deutsche Wohnen Group is directly affected by climate change by way of the resulting regulations regarding energy and CO₂-saving measures in the residential holdings. We take this responsibility seriously and are working to create a situation where there is transparency regarding consumption. We are also observing the highest standards in terms of energy efficiency in our renovation work, which may however reflect in higher rents. We are taking advantage of the opportunity to support climate protection objectives by way of innovative measures by using a combined heat and power plant, which covers the annual electricity demand of approximately 2,000 households. Commissioned in April 2012, the gas-fired combined heat and power plant operated by our partner, GETEC, is one of the largest in the German residential property industry.

EC3 Coverage of the benefit plan obligations

During the year under review, Deutsche Wohnen paid EUR 3.1 million (2011: EUR 2.8 million) in pensions (pension benefits, disability benefits, widow's pension benefits and orphan's pension benefits) to eligible active and former employees and their dependants. Under its defined contribution pension plans, Deutsche Wohnen also made contributions to state pension insurance institutions on the basis of statutory provisions in place. In addition, employees who started working for Deutsche Wohnen before 2000 also have access to a pension plan according to the rules for public service supplementary pensions. It is based on the membership of a Group company in the Bayerische Versorgungskammer (hereinafter referred to as BVK) – a supplementary welfare fund for Bavarian municipalities. The supplementary pension includes a partial or full disability pension and a retirement pension

as a full pension or survivor's pension. The charge levied by the BVK is calculated according to the salaries of the employees covered by this supplementary pension. We also subsidise the canteen for employees belonging to the Deutsche Wohnen Group (excluding KATHARINENHOF®).

The Group's pension obligations totalled EUR 54.5 million in 2012 (2011: EUR 42.7 million). Expenses totalling EUR 3.7 million (previous year: EUR 3.5 million) were incurred for defined contribution pension plans. As a result, the total expenditure incurred for defined contribution pension plans and defined benefit pension plans totalled EUR 4.1 million (previous year: EUR 3.8 million).

(See also Financial Report to the Annual Report 2012, p. 84.)

EC4 Financial assistance received from government

In 2012, Deutsche Wohnen AG received investment subsidies totalling EUR 0.4 million (2011: EUR 1.6 million) from the "Investment Programme for National UNESCO World Heritage Sites" granted by the German Federal Ministry of Transport, Building and Urban Development (federal and state funds). These investment funds, which have already been received, are being used for maintenance and modernisation work in Weiße Stadt, Ringsiedlung Siemensstadt and Hufeisensiedlung in Britz (all located in Berlin), and are deducted from the acquisition costs.

Market presence

EC6 Spending on locally based suppliers

The Deutsche Wohnen Group operates solely within Germany. In 2012, we invested a total of EUR 68 million in the maintenance and modernisation of homes and buildings. When awarding contracts, we always aim to make use of companies from the local region in order to improve the local infrastructure. In the various contracts concluded, we also require our contractors to explicitly comply with the statutory provisions in place regarding action to combat illegal employment, the German Employee Secondment Act (AentG), the German Temporary Employee Act (Arbeitnehmerüberlassungsgesetz) and social security legislation.

Economic Performance Indicators

EC7 Hiring local personnel

Our priority is to recruit our employees from the areas around our German sites. Our management personnel are mainly recruited from within. As a result, the initial and ongoing training of our employees is crucial.

Indirect economic impacts

EC8 Infrastructure investments and services for public benefit

The Nursing and Assisted Living division is a segment in which Deutsche Wohnen operates and which faces considerable challenges as a result of demographic changes. Through KATHARINENHOF®, we are actively involved in a socially important market thanks to our portfolio of nursing homes with over 1,900 care places. We are fully aware of our responsibilities in this area. Our aim over the next five years is to grow to the tune of 4,000 to 5,000 new care places. We acquired 156 care places in Leipzig and Berlin in 2012; the acquisition of a further four facilities with 425 places in Berlin was completed in January 2013. In doing so, we have increased our offering to 1,928 nursing and assisted living places.

Deutsche Wohnen is proud of its Berlin housing estates in the Classical Modernist style which has been afforded listed building status and entered into UNESCO's World Heritage List from 2008 on. These include the Hufeisensiedlung, the Ringsiedlung Siemensstadt, Weiße Stadt and, since 2012, the Carl Legien Estate. Since 2009, we have invested EUR 26 million in renovating the first three estates mentioned in a manner suitable for buildings afforded listed building status. In taking care of these buildings, we have taken responsibility for historically valuable architecture and building culture. We have also provided financial support for Info Stations and local exhibitions at the Siemensstadt and Hufeisensiedlung sites.

Deutsche Wohnen is committed to ensuring a fair and vibrant community within its properties – something that is further reinforced in areas where we are able to create genuine added value thanks to our core competencies. In order to assist women who have been victims of domestic violence in finding their own home as quickly as possible, we have been working together with the specialised housing agency funded by Senate money, "hestia e.V.", in Berlin since 2012. The agency puts the women in question in direct contact with one of Deutsche Wohnen's landlords, who then attempts to arrange a suitable home from our properties. We took over the winter snow clearing and gritting duties along with the window cleaning duties for the "Sonnenhof" children's hospice in Berlin-Pankow, and also made a EUR 5,000 donation. In 2012, we provided funding totalling EUR 5,000 for the Manna family centre operated by Malteser Hilfsdienst e.V., located in Gropiusstadt in Berlin. Since 2012, we have donated the amount of EUR 18,500 each year to the NaDu childcare in Hanover. We have waived an annual ground rent charge owed by the Luisa Haeuser-Frauen-Stiftung based in Frankfurt/Main totalling EUR 13,744, thus helping to support the operation of a nursing home. We donated EUR 110,000 in total to charitable institutions during the year under review.

Ecological Performance Indicators

Management approach

Climate change and energy efficiency are major challenges for the property industry. As one of the largest residential companies in Germany listed on the stock market with approximately 82,500 residential units (as at 31 December 2012), we are well aware of our ecological responsibility in terms of our rented housing stock and our business activities.

In order to create transparency both for ourselves as well as for our stakeholders, we began recording ecological data during the course of the year under review. First of all, we calculated the energy and water consumption of our administrative offices and worked out the associated CO₂ emissions. As a result, we compiled a database for Deutsche Wohnen for an average of 72% of the used administrative space. 4 of our 12 administrative sites with a staff of no more than five employees or that are manned for less than half a year were not included. We were only initially able to collect and analyse the 2012 consumption data from a single site for KATHARINENHOF® GmbH. Information regarding all Deutsche Wohnen Group sites, including KATHARINENHOF® GmbH, was included in the vehicle fleet data.

In terms of our portfolio, we managed to record the communal building electricity demand for virtually all of the rented properties that were under our ownership throughout the year – totalling approximately 48,000 excluding any acquisitions in 2012 (approximately 1,160 residential units were not recorded due to incomplete data). It includes the demand for the entrance and hallway lights as well as for other general electrical installations. However, it is not possible to record all of the consumption data for our tenants as they are not, for example, supplied by a central heating system. In order to ensure greater transparency in general, we embarked on a pilot project in 2012, recording and analysing the total heating energy and water consumption in five rental properties in Berlin with approximately 37,500 square metres of living space. The corresponding CO₂ emissions are also reported in this chapter. The majority

of the 737 residential units recorded are one-bedroom homes which were built in 1964. Just like 75% of our housing stock, they are supplied by a central heating system. Our aim, therefore, is to adjust the recording of consumption in the long term in line with future industry standards, both in terms of our business operations as well as our rented properties.

Materials

EN1 Materials used

During the year under review, the Deutsche Wohnen Group consumed 14.9 tonnes of paper (10.07 tonnes of photocopier paper, 4.00 tonnes of letterhead and 0.83 tonnes of forms) at all of its administrative sites (excluding KATHARINENHOF® GmbH). Given that no new construction activities have taken place up to this point, the collection of data regarding other materials used is not significant for the company.

EN2 Percentage of materials used that are recycled

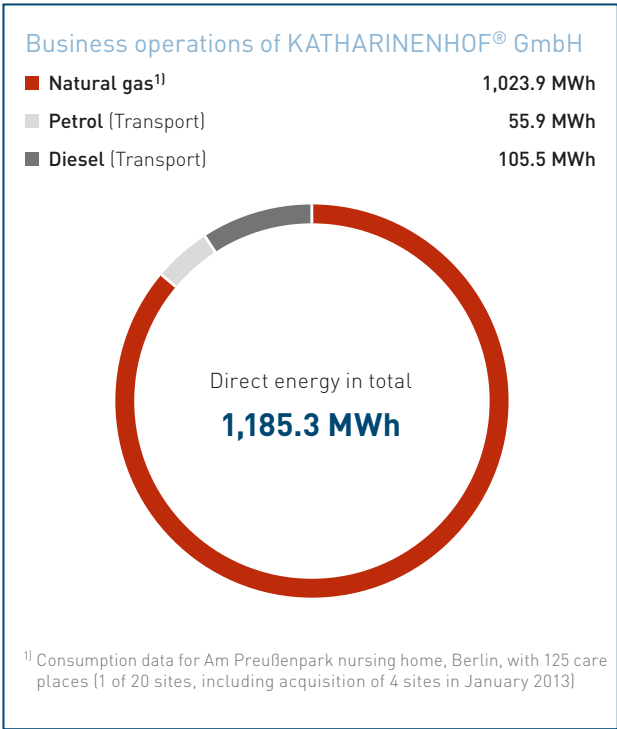
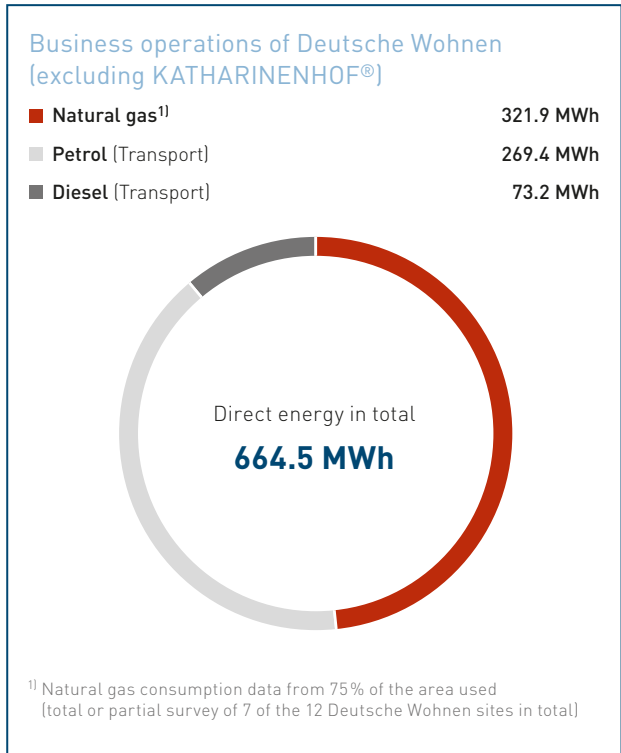
No information. Given that no new construction activities have taken place, the use of recycled materials is not significant.

Ecological Performance Indicators

Energy

EN3 Direct energy consumption

During the year under review, the Deutsche Wohnen Group (excluding KATHARINENHOF® GmbH) consumed 664.5 MWh of indirect energy for its business operations, including the vehicle fleet. The significantly higher consumption by the KATHARINENHOF® site totalling 1,185.3 MWh is due to the 24-hour operation of the nursing home, along with services that require a lot of energy, such as the laundry and canteen. The direct energy consumption (natural gas) of the five rented residential properties included in the pilot project, including their 737 residential units, totalled 6,667.7 MWh. District heating is used in the majority of our rented properties, which in turn is often derived from the energy-efficient combined heat and power plant.



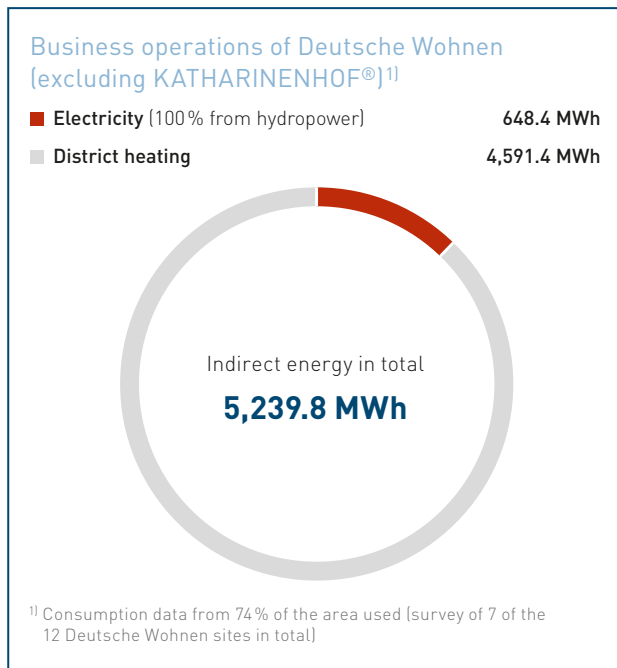
| Pilot project rented residential units ¹⁾ | MWh |
|--|---------|
| Natural gas ¹⁾ | 6,667.7 |

¹⁾ Consumption data (including tenant consumption) from 5 rental properties in Berlin with a total of 737 residential units and approximately 37,500 m² of living space

Ecological Performance Indicators

EN4 Indirect energy consumption

During the year under review, the Deutsche Wohnen Group (excluding KATHARINENHOF® GmbH) consumed 5,239.8 MWh of indirect energy (electricity, district heating) for its business operations. The entire building electricity demand of our administrative offices has been covered by hydropower since 2012. The building electricity demand of our 48,000 or so rented residential properties (electricity for entrance and hallway lights, technical systems) totalled 8,933 MWh and increased in comparison to 2011 by 9.6% per residential unit, mainly as a result of varying local conditions and more severe adverse weather conditions. 100% of the communal building electricity for our rented properties is also generated from hydropower.



| Business operations of KATHARINENHOF® GmbH ¹⁾ | MWh |
|--|-------|
| Electricity (conventional) | 402.6 |

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

| Rented residential units in total | 2012 ¹⁾ MWh | 2011 ²⁾ MWh |
|--|------------------------|------------------------|
| Communal domestic electricity (100% from renewable energy sources) | 8,933 | 8,289 |

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

²⁾ 2011 basis: 48,107 of our 49,267 residential units, 1,160 residential units omitted due to incomplete data)

CRE1 Building energy intensity

| | MWh |
|---|------|
| Business operations of Deutsche Wohnen (excluding KATHARINENHOF®)¹⁾ | |
| Consumed energy per m ² of usable floor area | 0.56 |
| Business operations of KATHARINENHOF® GmbH²⁾ | |
| Consumed energy per m ² of usable floor area | 0.22 |
| Pilot project rented residential units³⁾ | |
| Consumed energy per m ² of living space | 0.18 |

¹⁾ Natural gas, electricity and district heating consumption data from 74% of the area used (total or partial survey of 7 of the 12 Deutsche Wohnen sites in total), transport from all sites

²⁾ Natural gas, transport and electricity consumption data for Am Preußenpark nursing home, Berlin, with 125 care places (1 of 20 sites, including acquisition of 4 sites in January 2013)

³⁾ Natural gas consumption data (including tenant consumption) from 5 rental properties in Berlin with a total of 737 residential units and approximately 37,500 m² of living space

EN5/EN6 Energy saving initiatives (GRI additional indicator)

The "Weiße Stadt" gas-fired combined heat and power plant operated by our partner, GETEC, in Berlin-Reinickendorf since April 2012 is one of the largest in the German housing industry. With an electric capacity of 900 kilowatts, it produces up to 7,200 megawatt hours of electricity a year, meeting the demands of around 2,000 households. The resulting thermal energy is sufficient to supply 2,500 homes with environmentally friendly hot water. Thanks to the efficient combined heat and power generation, the primary energy demand has been reduced by around 32%, meaning therefore that the plant saves more than 3,800 tonnes of CO₂ annually compared to the old oil heating system. As a result, Deutsche Wohnen is making an important contribution

Ecological Performance Indicators

to achieving the climate policy objectives stipulated in Berlin. Tenants are able to benefit from this as well: they are able to enjoy a 5% reduction in heating costs, which is particularly helpful given the general increase in energy prices. Furthermore, we cover the full building electricity demand for our administrative sites (648 MWh) and the communal electricity for our rented property (8,933 MWh) using energy generated from hydropower.

The high proportion of homes that are supplied with district heating from combined heat and power plants should also be noted. This relates to excess heat produced in central heating plants during power generation, which is transported directly into the homes and fed into central heating systems there. In addition, during the year under review, 62,000 of our 82,500 rented residential units had a central heating system in place. We are also already observing the highest standards in terms of energy efficiency in our renovation work, such as that carried out on the historic Railway Workers' Estate in Elstal, thus contributing to energy savings and a reduction in CO₂ levels. In order to systematically enhance savings potential, we have arranged for energy reports to be drawn up for our rented housing stock. However, we must always keep in mind and indeed weigh up the associated financial burden on tenants when deciding on renovation work relating to energy efficiency to be carried out on rented portfolio.

Water

EN8 Total water withdrawal by sources

The total water consumption arising from our business activities (excluding KATHARINENHOF® GmbH) in 2012 was 3,736.7 m³, which was covered in full by fresh water from the public supply. The water consumption of the rented properties that we recorded for five residential areas with 737 residential units as part of our pilot project totalled 40,668.7 m³.

| Fresh water | m ³ |
|---|----------------|
| Business operations of Deutsche Wohnen (excluding KATHARINENHOF®) ¹⁾ | 3,736.7 |
| Business operations of KATHARINENHOF® GmbH ²⁾ | 7,972.0 |
| Pilot project for rented residential units ³⁾ | 40,668.7 |

¹⁾ Consumption data from 67% of the area used (survey of 5 of the 12 Deutsche Wohnen sites in total)
²⁾ Consumption data for Am Preußenpark nursing home, Berlin, with 125 care places (1 of 20 sites, including acquisition of 4 sites in January 2013)
³⁾ Consumption data (including tenant consumption) from 5 rental properties in Berlin with a total of 737 residential units and approximately 37,500 m² of living space

CRE2 Building water intensity

| | m ³ |
|---|----------------|
| Business operations of Deutsche Wohnen (excluding KATHARINENHOF®)¹⁾ | |
| Fresh water per m ² of usable floor area | 0.38 |
| Business operations of KATHARINENHOF® GmbH²⁾ | |
| Fresh water per m ² of usable floor area | 1.08 |
| Pilot project for rented residential units³⁾ | |
| Fresh water per m ² of living space | 1.08 |

¹⁾ Consumption data from 67% of the area used (survey of 5 of the 12 Deutsche Wohnen sites in total)
²⁾ Consumption data for Am Preußenpark nursing home, Berlin, with 125 care places (1 of 20 sites, including acquisition of 4 sites in January 2013)
³⁾ Consumption data (including tenant consumption) from 5 rental properties in Berlin with a total of 737 residential units and approximately 37,500 m² of living space

Biodiversity

EN11 Activities in protected areas

All administrative sites and all residential units owned by Deutsche Wohnen are located in urban areas and are not therefore in designated protected areas. One of KATHARINENHOF® GmbH's sites, Haus Quellenhof in Wolkenstein, is located in a water protection area. We comply with the relevant statutory provisions here as regards the extraction and discharge of water.

EN12 Effects on protected areas and biodiversity

All administrative sites and all residential units owned by the Deutsche Wohnen Group are located in urban areas and are not therefore in designated protected areas. As a result, our operating activities do not have any impact on biodiversity.

Ecological Performance Indicators

Emissions, effluents and waste

EN16 Direct and indirect greenhouse gas emissions

The Deutsche Wohnen Group calculates its CO₂ emissions based on the Global Emission Model for Integrated Systems (GEMIS 4.81), thus incorporating all greenhouse gases along the value chain. Emissions are reported according to the provisions of the Greenhouse Gas Protocol international standard. Group-wide greenhouse gas emissions in 2012 arising from the business activities of the Deutsche Wohnen Group (excluding KATHARINENHOF® GmbH) totalled 1,274.1 tonnes of CO₂ equivalents. Of this, around 6.4% was attributed to the gas consumption of Deutsche Wohnen, and 85.7% was attributed to the use of electricity and district heating. Given that we covered our building electricity demand using energy generated from hydropower (excluding KATHARINENHOF® GmbH), this meant that we were able to save 376 tonnes of CO₂ equivalents during the year under review. We calculated emissions totalling 509.3 tonnes of CO₂ equivalents for our Am Preußenpark nursing home in 2012.

| Business operations of Deutsche Wohnen (excluding KATHARINENHOF®) | t CO ₂ eq |
|--|----------------------|
| Direct CO ₂ emissions from production/heating (Scope 1) ¹⁾ | 81.1 |
| Indirect CO ₂ emissions from electricity/district heating (Scope 2) ¹⁾ | 1,092.0 |
| Direct CO ₂ emissions from transport (Scope 1) | 101.0 |
| CO₂ emissions in total | 1,274.1 |

¹⁾ Calculated using natural gas, electricity and district heating consumption data from 75% of the area used (total or partial survey of 7 of the 12 Deutsche Wohnen sites in total)

| Business operations of KATHARINENHOF® GmbH | t CO ₂ eq |
|--|----------------------|
| Direct CO ₂ emissions from production/heating (Scope 1) ¹⁾ | 257.9 |
| Indirect CO ₂ emissions from electricity (Scope 2) ¹⁾ | 201.3 |
| Direct CO ₂ emissions from transport (Scope 1) | 50.1 |
| CO₂ emissions in total | 509.3 |

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

EN17 Other indirect greenhouse gas emissions

The emissions of rented properties that we recorded for five residential areas with 737 residential units as part of our pilot project totalled 1,679.6 tonnes of CO₂ equivalents. Given that our entire communal building electricity (entrance and hallway lights, operation of central electrical systems) for our 48,000 or so rented residential units (residential units that were under our ownership throughout the year, excluding any acquisitions in 2012, and 1,160 residential units omitted due to incomplete data) is derived from hydropower, we managed to save 6,602 tonnes of CO₂ equivalents during the year under review.

| Pilot project for rented residential units ¹⁾ | t CO ₂ eq |
|--|----------------------|
| CO ₂ emissions in total | 1,679.6 |

¹⁾ Calculated using natural gas consumption data (including tenant consumption) from 5 rental properties in Berlin with a total of 737 residential units and approximately 37,500 m² of living space

CRE3 Greenhouse gas emissions intensity from buildings

| | t CO ₂ eq |
|---|----------------------|
| Business operations of Deutsche Wohnen (excluding KATHARINENHOF®)¹⁾ | |
| Specific CO ₂ emissions per m ² of usable floor area | 0.11 |
| Business operations of KATHARINENHOF® GmbH²⁾ | |
| Specific CO ₂ emissions per m ² of usable floor area | 0.06 |
| Pilot project for rented residential units³⁾ | |
| Specific CO ₂ emissions per m ² of living space | 0.04 |

¹⁾ Calculated using natural gas, electricity and district heating consumption data from 75% of the area used (total or partial survey of 7 of the 12 Deutsche Wohnen sites in total), transport from all sites
²⁾ Calculated using natural gas, transport and electricity consumption data for Am Preußenpark nursing home, Berlin, with 125 care places (1 of 20 sites, including acquisition of 4 sites in January 2013)
³⁾ Calculated using natural gas consumption data (including tenant consumption) from 5 rental properties in Berlin with a total of 737 residential units and approximately 37,500 m² of living space

Ecological Performance Indicators

CRE4 Greenhouse gas emissions intensity from construction activity

The Deutsche Wohnen Group’s operating activities focus on the management and development of its residential property portfolio. Given that we have not been recently active in the new construction of buildings, the greenhouse gas emissions intensity from new construction activity is not relevant to us.

EN18 Initiatives to reduce greenhouse gas emissions

We cover the full building electricity demand for our administrative sites (648 MWh) and the communal electricity for our rented properties (8,933 MWh) using energy generated from hydropower. As a result, we managed to save a total of around 7,000 tonnes of CO₂ equivalents in 2012.

EN19 Emissions of ozone-depleting substances

The coolant used by us for air conditioning systems in conference rooms, the cafeteria and rooms used to house technical equipment at our Head Office in Berlin complies with the latest standards and does not have any ozone-depleting potential. The recording of emissions of ozone-depleting substances is not relevant to Deutsche Wohnen as it is a non-producing company.

EN20 Other air emissions

The calculated sulphur and nitrogen emissions as well as dust arising from the use of gas and district heating and the Deutsche Wohnen Group vehicle fleet (excluding KATHARINENHOF®) totalled 3 tonnes.

| Business operations of Deutsche Wohnen (excluding KATHARINENHOF®) ¹⁾ | t |
|---|-------------|
| Air emissions of SO ₂ | 0.66 |
| Air emissions of NO _x | 1.87 |
| Air emissions of dust | 0.10 |
| Total air emissions | 2.63 |

¹⁾ Calculated using natural gas and district heating consumption data from 75% of the area used (total or partial survey of 7 of the 12 Deutsche Wohnen sites in total), transport from all sites

| Business operations of KATHARINENHOF® GmbH ¹⁾ | t |
|--|-------------|
| Air emissions of SO ₂ | 0.04 |
| Air emissions of NO _x | 0.30 |
| Air emissions of dust | 0.01 |
| Total air emissions | 0.35 |

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

EN21 Water discharge

In accordance with the various statutory provisions in place, water is discharged into the public sewer system and waste water treatment plants.

EN22 Total weight of waste

During the year under review, we sent 42.8 tonnes of paper for recycling. 622.3 m³ of waste was collected from the business operations of KATHARINENHOF® GmbH, of which 97.3% was able to be recycled. Other data for all types of waste – irrespective of whether it can be attributed to our business operations or to rented residential units – is not deemed reliable due to the fact it relates to communal waste facilities or estimated volume data, meaning therefore that it is not reported.

EN23 Significant spills

The release of hazardous substances is not relevant to Deutsche Wohnen as it is a non-producing company.

CRE5 Land remediation

Given that Deutsche Wohnen has not been involved in the construction of new buildings to date, there is no risk of soil contamination.

Products and services

EN26 Initiatives to mitigate environmental impacts of products and services

Given that our entire communal building electricity (entrance and hallway lights, operation of central electrical systems) for our 48,000 or so rented residential units (residential units that were under our ownership throughout the year, excluding any acquisitions in 2012, and 1,160 residential units omitted due to incomplete data) is derived from hydropower, we managed to save 6,602 tonnes of CO₂ equivalents during the year under review. In order to systematically enhance further savings potential, we have increasingly arranged for energy reports to be drawn for our rented properties. There were a total of 22 reports regarding ecological measures in the year under review. As an example, we were able to improve the thermal insulation properties of the ceilings by 65% by renovating the attic floors of several buildings located in Berlin. By switching from decentralised heating and hot water production to the centralised use of district heating using a combined heat and power plant, and by improving the thermal envelope of a building located in Berlin, we were able to reduce its primary energy demand by almost 60%.

In order to reduce consumption within our own processes, we have made our employees aware of the issue of environmental protection. We have asked everyone to use paper sparingly, and will be able to determine the success of this measure next year using the consumption data that we calculated for the first time in 2012. We also want to make a number of gradual improvements to our vehicle fleet: At the end of the year under review, the entire Deutsche Wohnen Group vehicle fleet totalled 70 vehicles, and we calculated the average CO₂ emissions to be 233 grammes per kilometre.

EN27 Reclaimed products and packaging

As a residential company, the recording of reclaimed products and packaging is not relevant to Deutsche Wohnen.

Compliance

EN28 Fines and sanctions for non-compliance with environmental regulations

The Deutsche Wohnen Group was not fined for environmental infringements during the year under review.

Social Performance Indicators

Labor practices and decent work

Management approach

The success of the Deutsche Wohnen Group is largely based on the high level of professional expertise and commitment of our employees. We want to be a forward-looking employer for our employees and young talent that offers attractive career prospects.

As a result, the personnel strategy aims to find, retain and develop good employees whilst also taking into account the Group's growth and demographic changes. The strategy also pursues the objectives of demography and diversity, as is already the case within the Deutsche Wohnen Group.

We as an employer are characterised by flat hierarchies, a dynamic environment with good career opportunities and secure workplaces. In order to retain employees and attract new ones, we place great value on performance-related remuneration, professional development opportunities and ensuring a balance between work and family life. Our management team is being prepared for the various challenges the company will face in future by leadership and development programmes. Deutsche Wohnen aims to look within its own ranks in terms of attracting young managerial talent: For a number of years we have been training young people to become professionals within the property industry. Many of our former trainees are now in managerial positions.

Our Code of Conduct and management principles, which were passed in 2011, create the framework for a constructive approach when dealing with each other, along with reliability, appreciation and transparency. We promote diversity and do not tolerate any form of discrimination against employees on the basis of gender, age, ethnic origin, disability or sexual orientation. This applies to the recruitment of employees, to existing employment relationships as well as to professional development measures. Only the performance, personality, skills and suitability of an individual matters for this purpose. We only employ temporary workers in exceptional cases (KATHARINENHOF® GmbH) and refrain from taking on trainees in unpaid roles.

Social Performance Indicators

Employment

LA1 Total workforce

1,417 employees (excluding trainees) belonged to the Deutsche Wohnen Group as at the reporting date, 31 December 2012. Of these, 382 staff worked in the Residential Property Management division (holding company: 83, Deutsche Wohnen Management: 259, Deutsche Wohnen Corporate Real Estate: 33, DWS Magdeburg: 7) and 1,035 worked in the Nursing and Assisted Living division (KATHARINENHOF® GmbH). In 2012, we were able to increase the number of trainees by 17.3% to 95.

Deutsche Wohnen Management GmbH and its employees are active across Germany. More than 100 new recruits are planned for the integration of the new residential portfolios acquired since 2012. Employees mainly work in the Berlin Head Office as well as at the new sites in Hanover, Brunswick and Magdeburg, along with central Germany. Deutsche Wohnen is also strengthening its management team as part of the expansion in personnel numbers.

In 2012, 14 employees were on parental leave and 28 worked in a part-time working scheme (Deutsche Wohnen Group, excluding KATHARINENHOF®). The average age of employees working for the Deutsche Wohnen Group (excluding apprentices but including KATHARINENHOF® GmbH) was 42.8 years in 2012 (2011: 43.8 years). The proportion of those over the age of 55 is 13% (excluding KATHARINENHOF®).

| Overview of employees in the Deutsche Wohnen Group ¹⁾ | Deutsche Wohnen including KATHARINENHOF® | | Deutsche Wohnen excluding KATHARINENHOF® | | KATHARINENHOF® | |
|--|--|-------|--|------|----------------|------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Number of employees | 1,417 | 1,199 | 382 | 340 | 1,035 | 859 |
| Women in % | 76.8 | 75.1 | 62.6 | 62.7 | 82.0 | 80.0 |
| Number of trainees | 95 | 81 | 34 | 31 | 61 | 50 |
| Average age in years | 42.8 | 43.8 | 40.6 | 40.8 | 43.6 | 45.0 |

¹⁾ Data as at 31 December 2012, excluding trainees and Gehag Immobilien Management GmbH

| Employees in flexible employment | Deutsche Wohnen excluding KATHARINENHOF® | |
|----------------------------------|--|------|
| | 2012 | 2011 |
| Part-time workers in % | 7.3 | 7.6 |
| Temporary workers in % | 6.3 | 5.0 |
| Workers on parental leave in % | 3.7 | 1.8 |

Social Performance Indicators

LA2 Employee turnover

The rate of turnover at the Deutsche Wohnen Group (excluding KATHARINENHOF® GmbH) was 9.2% in 2012 (2011: 8.2%). The average period of employment (excluding trainees) fell slightly compared to the previous year to 9.4 years.

| Employee turnover ¹⁾ | Deutsche Wohnen excluding, KATHARINENHOF® | | KATHARINENHOF® | |
|--|---|------|--------------------|------|
| | 2012 | 2011 | 2012 | 2011 |
| Rate of turnover in total ²⁾ in % | 9.2 | 8.2 | 25.1 ³⁾ | - |
| Rate of turnover brought about by employee resignations in % | 4.6 | 5.5 | < 1 | - |

¹⁾ Data as at 31 December 2012, excluding trainees and Gehag Immobilien Management GmbH
²⁾ Including employer and employee-triggered resignations, retirement, termination agreements
³⁾ Frequent hiring and firing initiated by the company as a result of restructuring measures for acquisitions

Labor/Management Relations

LA4 Percentage of employees covered by collective bargaining agreements

Employees are paid in line with comparative rates in the real estate industry.

The Focus Group established at the end of 2007 campaigns on behalf of employees. This employee representation is the voice of the workforce within the Deutsche Wohnen Group. Around 20 employees from different lines of occupation and locations meet twice a year to discuss any current issues. Points of contact and anonymous boxes for suggestions or complaints are available all year round. The various issues and outcomes discussed are made available to all employees on the Intranet in the form of a report. In addition, the Focus Group may, where necessary, invite the Chief Executive Officer in order to discuss any current problems with a view to resolving them.

Deutsche Wohnen refrains from employing temporary workers and taking on interns in unpaid roles. KATHARINENHOF® GmbH may employ temporary workers in exceptional cases. Local works councils at three sites look after the interests of KATHARINENHOF® employees.

LA5 Minimum notice periods regarding operational changes

KATHARINENHOF® employees are informed of any operational changes in accordance with the generally applicable notice periods. Deutsche Wohnen Group employees are always informed in a timely manner of any key changes via internal communication and their line manager.

Occupational health and safety

LA7 Rates of injuries, absenteeism and work-related fatalities

The sickness rate (paid and unpaid sick days) totalled 5.14% for 2012, which was a slight rise compared to the previous year (5.03%). The numbers of accidents and absence periods are not recorded centrally at present. Our plan is to introduce Group-wide systematic recording from 2014. There were no work-related fatalities in 2012, as was also the case in previous years.

CRE6 Safety and health management systems

Given that Deutsche Wohnen is not actively involved in the new construction of buildings, information regarding health and safety management on building sites is not relevant. A health and safety officer employed by KATHARINENHOF® GmbH is responsible for ensuring compliance with the various provisions regarding occupational health and safety within the Nursing and Assisted Living division.

LA8 Prevention and risk-control programs

Deutsche Wohnen places great value on active workplace health promotion measures: we therefore regularly organise health awareness days which focus on sport and healthy living. Massage sessions for our employees are organised once a week in our Berlin Head Office. In order to further improve their physical fitness through weight training, employees can also take advantage of preferential rates from personal trainer service providers. We also organise company races in Berlin and Frankfurt. In 2012, both of our Deutsche Wohnen football teams took part in a tournament, the After Work Cup, for the first time.

With the 2013 bonus promotion "Have fun and get moving" (Spaß an Bewegung), Deutsche Wohnen invites its workforce to collect vouchers by taking part in sports events relating to skating, cycling, running and walking; these vouchers can then be redeemed at various partner organisations. As an example, four Deutsche Wohnen Teams, who once again successfully took part in the Berliner Wasserbetriebe Team-Staffel, were able to collect bonus points.

Training and education

LA10 Training hours per year and employee

Deutsche Wohnen aims above all to look within its own ranks when it comes to attracting new young talent. As a result, we also offer lots of opportunities for further development: in 2012, a total of 95 trainees (2011: 81) took part in our training programme.

Deutsche Wohnen also provides individual and long-term support for the careers of its employees as part of its personnel development measures. A total of EUR 200,000 was invested in 2012 for training programmes (excluding KATHARINENHOF® GmbH). Approximately three-quarters of this amount was allocated to managers, and the remaining EUR 50,000 or so was used for the further training of all employees. KATHARINENHOF® staff have 25 hours available per year to participate in further training sessions.

Diversity and equal opportunity

LA13 Composition of governance bodies and breakdown of employees

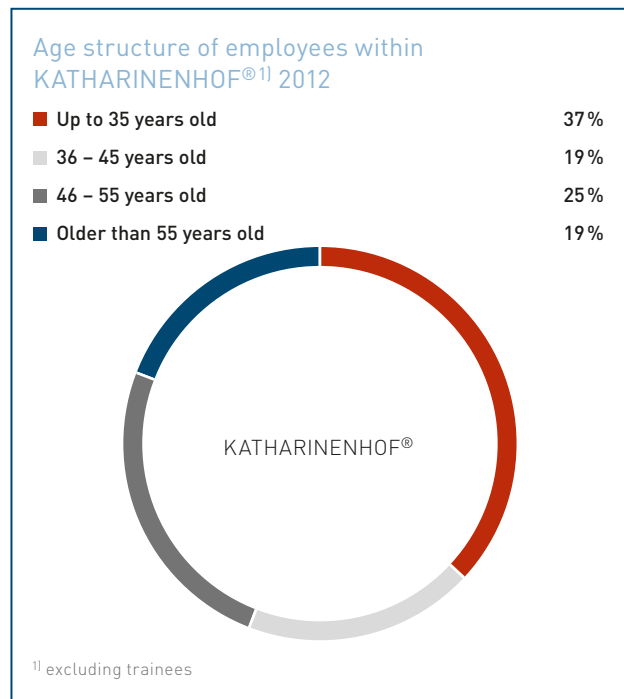
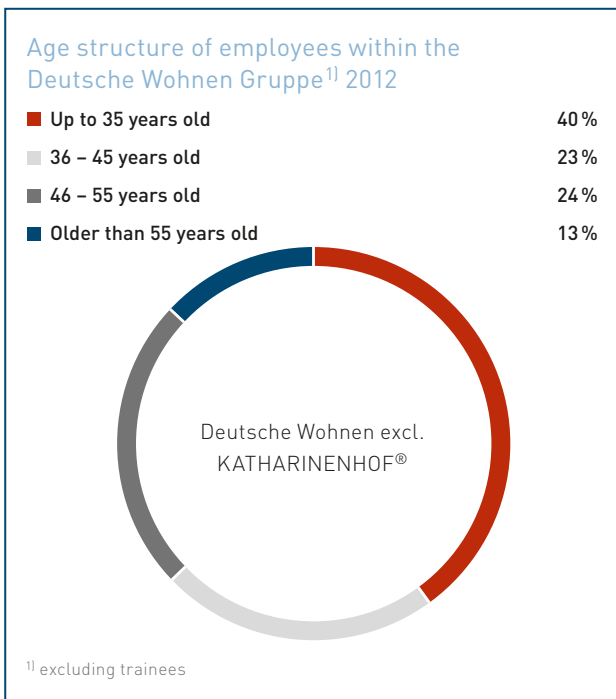
Deutsche Wohnen AG promotes equal opportunity and a balance between work and family life: more than two-thirds of the entire Deutsche Wohnen Group workforce are female. The proportion of women has risen slightly compared to the previous year. The proportion of women at management level within the Deutsche Wohnen Group is 51.6%.

The average age of all employees (excluding trainees) within the Deutsche Wohnen Group is 42.8 years (2011: 43.8 years). In 2012, 13% of our workforce was over the age of 55 (excluding KATHARINENHOF®). The proportion of such workers has therefore risen slightly compared to the previous year (11%).

Social Performance Indicators

| Proportion of women ¹⁾ | Deutsche Wohnen including KATHARINENHOF® | | Deutsche Wohnen excluding KATHARINENHOF® | | KATHARINENHOF® | |
|------------------------------------|--|------|--|------|--------------------|------|
| | 2012 ¹⁾ | 2011 | 2012 ¹⁾ | 2011 | 2012 ¹⁾ | 2011 |
| Women in % | 76.8 | 75.1 | 62.6 | 62.7 | 82.0 | 80.0 |
| Women in management positions in % | 51.6 | 54.4 | 41.7 | 45.5 | 65.4 | 66.7 |

¹⁾ Data as at 31 December 2012, excluding trainees and Gehag Immobilien Management GmbH



LA14 Ratio of basic salary of men to women

Our employees are paid according to their tasks and based on the principle of performance. Men and women are equal as a matter of course.

Deutsche Wohnen would also like to help assist working mothers or fathers in the challenging task of finding a balance between work and family life. The parent and child rooms set up in the Berlin and Frankfurt offices in 2010 offer parents the opportunity to look after their children in the office during the holidays or on project days for a short period of time. In addition, Deutsche Wohnen also wants to develop intelligent part-time working schemes in future in order to help make work easier for working mothers and fathers – including those in managerial positions.

Human Rights

Management approach

Deutsche Wohnen is fully aware of the importance of human rights. It ensures such rights are implemented within its sphere of influence. This also includes excluding and punishing any discriminatory conduct internally, and ensuring service providers and suppliers behave in an appropriate manner externally. All business activities are fundamentally subject to the laws of the Federal Republic of Germany, which also include the provisions of the constitution (Grundgesetz) which make clear statements, for example, on the freedom of association and forced labour.

Given that this issue is still relatively new and is not a top priority for a real estate company operating solely in Germany, this means that there are no well-practised procedures or guidelines in place. However this may indeed change soon where necessary, particularly with respect to service providers involved in construction.

Investment and procurement practices

HR1 Investment agreements incorporating human rights clauses

The Deutsche Wohnen Group operates solely within Germany. Our business activities comply with statutory provisions that prevent violations of human rights. This is also stipulated in our Code of Conduct: "The Deutsche Wohnen Group is committed to complying with all applicable laws and regulations." In order to ensure this, Deutsche Wohnen has appointed a Compliance Officer.

HR2 Significant suppliers and contractors that have undergone human rights screening

The Deutsche Wohnen Group operates solely within Germany. In 2012, we invested a total of EUR 68 million in the maintenance and modernisation of homes and buildings. In the various contracts concluded, we require our contractors to explicitly comply with the statutory provisions in place regarding action to combat illegal employment, the German Employee Secondment Act (AentG), the German Temporary Employee Act (Arbeitnehmerüberlassungsgesetz) and social security legislation. As regards cleaning service providers for our administrative buildings, we ensure that any payments made for work carried out are in line with the actual working times of employees. If we become aware of any

deviations, then we discuss this with the service provider. If there is no improvement, then this constitutes a reason for us to terminate the contractual relationship.

Non-discrimination

HR4 Total number of incidents of discrimination and actions taken

Discriminatory conduct is not tolerated under any circumstances within the Deutsche Wohnen Group. All managers employed by Deutsche Wohnen are aware of the provisions of the German General Equal Opportunities Act (AGG). No incidents of discrimination were recorded during the year under review. The proportion of disabled persons working for Deutsche Wohnen AG in 2012 (only the holding company) was above the rate of 5% stipulated by law.

Freedom of association and collective bargaining

HR5 Business operations at serious risk for the freedom of association

The Deutsche Wohnen Group operates solely in Germany and complies with statutory provisions as regards to its business activities. The right of freedom of association is enshrined in the German constitution. In the various contracts concluded, we require our contractors to explicitly comply with the statutory provisions in place regarding action to combat illegal employment, the German Employee Secondment Act (AentG), the German Temporary Employee Act (Arbeitnehmerüberlassungsgesetz) and social security legislation.

Child labour

HR6 Business operations at serious risk of child labour

The Deutsche Wohnen Group operates solely in Germany and complies with statutory provisions as regards its business activities. The banning of child labour is laid down in the German Act on Child Protection (Kinderschutzgesetz).

Forced and compulsory labour

HR7 Operations at significant risk of forced or compulsory labour

The Deutsche Wohnen Group operates solely in Germany and complies with statutory provisions as regards its business activities. The elimination of forced or compulsory labour is enshrined in the German constitution.

Society

Management approach

Increasing numbers of people are moving to urban areas where affordable housing is becoming scarce. Deutsche Wohnen believes this to be a special responsibility. We do not renovate to a luxury standard and offer affordable rents. At the same time, we also take care to ensure our properties are maintained, kept clean and secure, along with functioning neighbourhoods in order to keep our neighbourhoods attractive and to protect the value of our housing stock. As an example, we provide funding for cultural and leisure facilities at these locations. We recognise that the preservation of our properties afforded listed building status as a form of cultural heritage is an obligation that we intend to fulfil in future as well with strong levels of commitment and financial investments.

Thanks to KATHARINENHOF® GmbH, we are also able to offer many people, including our tenants, an attractive home for their twilight years – a demand that is becoming ever more pressing in our “ageing” society. We are committed to providing individually tailored nursing and support services according to the latest standards, including innovative therapies. This includes ensuring privacy, respect and appreciation.

Community

S01 Policies to manage impact on communities

We make an important contribution to the economy in the areas in which we operate by offering jobs and training courses and awarding contracts to local companies. We work together with various state agencies and social organisations both with respect to the maintenance of our properties afforded listed building status as well as with respect to our social commitments. Our company-wide Code of Conduct and Management Principles also help to ensure we act in a legally compliant manner.

During the year under review, we invested almost EUR 68 million, or EUR 19 m², in the maintenance and modernisation of homes and buildings. In doing so, we ensure a good level of quality in our properties and keep the vacancy rate at a low level. During the year under review, we spent approximately EUR 4.7 million on the maintenance and renewal of green areas in the vicinity of our properties. In addition, we are also committed to ensuring a fair and vibrant community within our estates. This is particularly the case in places where we can exert our core competencies and rely on capable cooperative partners – for example, in supporting social institutions. We can be contacted in our local Service Points and by telephone in our Service Centres if our tenants have any housing and environmental queries.

Deutsche Wohnen also has an in-house receivables management team, something that is not typically found in major residential companies. In addition to a number of other benefits, it also gives us the opportunity to offer solutions at an early stage to tenants who are in serious financial difficulty. We ensure that payment reminders are sent out in a timely manner and offer the tenants in question the opportunity to meet face-to-face, where necessary, with one of our residential consultants in Berlin or Hanover. Our aim is always to prevent evictions and find alternative solutions. We also allow any outstanding rent to be paid in instalments, and can put individuals in contact with a local debt counsellor where necessary.

In 2012, we increased the portfolio of KATHARINENHOF® to a total of 1,928 nursing and assisted living places (including acquisition of 4 sites in January 2013). Our new sites also meet the various requirements regarding a superior quality of support and residential services, the latest standards and innovative therapies. Together with the German Centre for Fairytale Culture and support from science, we dedicated ourselves to the project entitled “Once upon a time ... Fairy tales and dementia” which looked into new ways of caring for adults with dementia.

Corruption

S02 Percentage of business units analysed for risks related to corruption

All business divisions and processes within Deutsche Wohnen are subject to regular reviews regarding compliance risks. Our Code of Conduct, which specifies and defines how to act in a legally compliant manner, is applicable to all employees within the company.

S03 Percentage of employees trained in anti-corruption policies and procedures

No training has taken place to date. However, our Code of Conduct makes it absolutely clear that employees are not entitled to accept gifts or benefits, particularly if these are given in return for a guarantee regarding a possible business transaction. Conversely, no employee belonging to the Deutsche Wohnen Group may ever attempt to illegally influence business partners by way of incentives, gifts or the granting of other benefits.

Deutsche Wohnen AG has appointed a Compliance Officer to oversee compliance with statutory provisions and with the standards and norms of conduct specified in the German Corporate Governance Code.

S04 Actions taken in response to incidents of corruption

There were no recorded incidents of corruption in the year under review, as was also the case in previous years.

Public policy

S05 Participation in public policy development

The Deutsche Wohnen Group is committed to its business matters within the framework of its membership of associations defending a variety of interests (see item 4.13). Deutsche Wohnen does not ever make any donations to parties, political foundations or politicians. As part of our external stakeholder communication, Deutsche Wohnen employees regularly visit events and panel discussions within the political environment – especially in the German capital, Berlin.

Compliance

S08 Fines and sanctions for non-compliance with laws and regulations

There were no fines or sanctions for non-compliance with laws during the reporting period.

CRE7 Number of persons voluntarily and involuntarily displaced and/or resettled

The Deutsche Wohnen Group operates solely in Germany and complies with statutory provisions as regards its business activities. We are also fully aware of our responsibility to our tenants and the local surroundings of our housing stock, as well as with respect to any new acquisitions. As a result, there was no voluntary or involuntary displacement of persons during the reporting period.

Product Responsibility

Management approach

Acting responsibly for the property portfolio is a key in order to be able to retain its value. This is more or less what the core business of Deutsche Wohnen involves. Alongside renovation and maintenance work, this also includes being committed to protecting the surroundings of our properties. The question regarding our responsibility for the health and safety of our product is something that we regard as a challenge in order to protect and indeed improve the quality of life of our tenants. The professional modernisation, renovation and maintenance of our housing stock along with the expansion of our Service Points help contribute to this.

The same applies to residents of KATHARINENHOF® nursing homes. The quality of life here is not merely dependent on rooms, surroundings and social inclusion, but rather also on particularly individual aspects and services. The selection of nursing staff is a key aspect of "product quality" in this respect. All individuals applying for jobs at KATHARINENHOF® GmbH must therefore undergo highly differentiated evaluation procedures.

Product responsibility must be interpreted specifically once again for our properties afforded listed building status, which make up 23% of our housing stock (as at September 2012). This relates to a balance between the requirements of tenants and what is permitted or indeed required for buildings afforded listed building status. As a result, we work closely with the Office for the Preservation of Historical Buildings and Monuments (Landesdenkmalamt) in Berlin to ensure the professional preservation and maintenance of our properties.

Customer health and safety

PR1 Health and safety impacts of products and services

With respect to the maintenance and modernisation of its properties, the Deutsche Wohnen Group takes care to ensure that regulated by law and high-quality materials are always used. Since 2009, we have invested EUR 26 million in renovating estates in a manner suitable for buildings afforded listed building status.

PR3 Product and service information required

We meet the majority of the provisions of the German Energy Saving Ordinance (EnEV) and are able, for example, to provide tenants and buyers with an energy certificate upon request. Upon moving in, we provide our tenants with a comprehensive tenant binder containing information regarding points of contact and tips on how to live healthily.

CRE8 Sustainability certifications

The Deutsche Wohnen Group focuses on the management and development of existing residential properties. For example, we provide our tenants and buyers with an energy certificate (according to the German Energy Saving Ordinance (EnEV)) upon request. Given that we have not been recently active in the new construction of buildings, in this area sustainability certificates are not relevant to us.

Marketing communications

PR6 Adherence to standards for advertising, marketing, sponsoring

Our communication activities comply with the statutory provisions. In addition, we also adhere to the recommendations of the German Advertising Council (Deutscher Werberat). Promoting social and cultural projects in the surroundings of our properties is the principle that we follow for our sponsoring activities. We also take care to ensure that we are able to exert our core competencies in doing so.

What exactly and indeed how our employees communicate via the internet is key to the reputation of the Deutsche Wohnen Group. The company-wide Code of Conduct contains recommendations on how to avoid risks in social networks – including for the company.

Compliance

PR9 Fines and sanctions for non-compliance with laws and regulations concerning the use of products and services

There were no instances of non-compliance and associated fines during the reporting period.

GRI Index (G3 & Sector Supplement)

● fully reported ● partially reported ○ not yet reported

| GRI Index (G3 & Sector Supplement) | Performance | Reference |
|---|-------------|-----------|
| 1 Strategy and analysis | | 2 |
| 1.1 Statement from the organisation's most senior decision-maker | ● | 2 |
| 1.2 Key impacts risks, and opportunities | ● | 2 |
| 2 Organisational profile | | 3 |
| 2.1 Name of the organisation | ● | 3 |
| 2.2 Important brands, products and services | ● | 3 |
| 2.3 Operational structure and main divisions | ● | 4 |
| 2.4 Location of organisation's headquarters | ● | 4 |
| 2.5 Number/name of countries where the company operates | ● | 4 |
| 2.6 Nature of ownership and legal form | ● | 4 |
| 2.7 Markets served | ● | 5 |
| 2.8 Scale of the reporting organisation | ● | 6 |
| 2.9 Significant changes during the reporting period | ● | 6 |
| 2.10 Awards received in the reporting period | ● | 7 |
| 3 Report parameters | | 7 |
| 3.1 Reporting period | ● | 7 |
| 3.2 Date of most recent report | ● | 7 |
| 3.3 Reporting cycle | ● | 7 |
| 3.4 Contacts for questions regarding the report | ● | 7 |
| 3.5 Process for defining report content | ● | 7 |
| 3.6 Boundary of the report | ● | 7 |
| 3.7 Restrictions/limitations of the report | ● | 7 |
| 3.8 Basis for reporting on joint ventures, subsidiaries etc. | ● | 7 |
| 3.9 Data collection methods and data collection principles | ● | 8 |
| 3.10 Changes to earlier reports in terms of restatements | ● | 8 |
| 3.11 Changes from previous reporting periods in the subjects, scope or measurement methods | ● | 8 |
| 3.12 GRI Index table | ● | 8 |
| 3.13 External audit of the statements made | ● | 8 |
| 4 Governance, commitments and engagement | | 8 |
| 4.1 Governance structure and responsibility for sustainability | ● | 8 |
| 4.2 Independence of the chairman of the Supervisory Board | ● | 9 |
| 4.3 Highest management body for companies without a Supervisory Board | ● | 9 |
| 4.4 Process for dialogue between shareholders and employees with the Supervisory Board/Management Board | ● | 10 |
| 4.5 Connection between compensation for members of the highest governance bodies and the organisation's performance | ● | 10 |
| 4.6 Processes to ensure that conflicts of interest are avoided | ● | 11 |
| 4.7 Qualifications and expertise of the highest governance body in terms of sustainability | ● | 11 |
| 4.8 Mission statement, corporate values and codes of conduct | ● | 11 |
| 4.9 Board-level processes for overseeing sustainability performance | ● | 11 |

● fully reported ○ partially reported ○ not yet reported

| GRI Index (G3 & Sector Supplement) | | Performance | Reference |
|---|--|-------------|-----------|
| 4.10 Processes for evaluating the Management Board's sustainability performance | | ● | 11 |
| 4.11 Implementation of the precautionary approach | | ● | 12 |
| 4.12 Support for external standards, agreements and initiatives | | ● | 12 |
| 4.13 Memberships in associations and advocacy groups | | ● | 12 |
| 4.14 List of stakeholder groups engaged by the company | | ● | 13 |
| 4.15 Basis for identifying stakeholders | | ● | 13 |
| 4.16 Approaches to stakeholder engagement | | ● | 13 |
| 4.17 Statement on key stakeholder issues | | ● | 15 |
| Economic performance indicators | | | 16 |
| Management approach | | ● | 16 |
| EC1 Economic value generated and distributed | | ● | 16 |
| EC2 Financial implications, risks and opportunities due to climate change | | ○ | 17 |
| EC3 Coverage of the benefit plan obligations | | ● | 17 |
| EC4 Financial assistance received from government | | ● | 17 |
| EC5 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation | | ○ | - |
| EC6 Spending on locally based suppliers | | ● | 17 |
| EC7 Hiring local personnel | | ○ | 18 |
| EC8 Infrastructure investments and services for public benefit | | ● | 18 |
| EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts | | ○ | - |
| Ecological performance indicators | | | 19 |
| Management approach | | ● | 19 |
| Aspect: Materials | EN1 Materials used | ○ | 19 |
| | EN2 Percentage of materials used that are recycled | ○ | 19 |
| Aspect: Energy | EN3 Direct energy consumption | ● | 20 |
| | EN4 Indirect energy consumption | ● | 21 |
| | CRE1 Building energy intensity | ● | 21 |
| | EN5 Energy saving initiatives | ● | 21 |
| | EN6 Energy saving initiatives concerning products | ● | 21 |
| Aspect: Water | EN7 Initiatives to reduce indirect energy consumption and reductions achieved | ○ | - |
| | EN8 Total water withdrawal by sources | ● | 22 |
| | EN9 Water sources significantly affected by withdrawal of water | ○ | - |
| | EN10 Percentage and total volume of water recycled and reused | ○ | - |
| | CRE2 Building water intensity | ● | 22 |
| Aspect: Biodiversity | EN11 Activities in protected areas | ● | 22 |
| | EN12 Effects on protected areas and biodiversity | ● | 22 |
| | EN13 Habitats protected or restored | ○ | - |
| | EN14 Strategies, current actions, and future plans for managing impacts on biodiversity | ○ | - |
| | EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk | ○ | - |

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| GRI Index (G3 & Sector Supplement) | | Performance | Reference |
|--|---|--|-----------|
| Aspect: Emissions, waste, water | EN16 Direct and indirect greenhouse gas emissions | ● | 23 |
| | EN17 Other indirect greenhouse gas emissions | ● | 23 |
| | CRE3 Greenhouse gas emissions intensity from buildings | ● | 23 |
| | CRE4 Greenhouse gas emissions intensity from construction activity | ● | 24 |
| | EN18 Initiatives to reduce greenhouse gas emissions | ● | 24 |
| | EN19 Emissions of ozone-depleting substances | ● | 24 |
| | EN20 Other air emissions | ● | 24 |
| | EN21 Water discharge | ◐ | 24 |
| | EN22 Total weight of waste | ◐ | 24 |
| | EN23 Significant spills | ● | 24 |
| | EN24 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally | ○ | - |
| | CRE5 Land remediation | ● | 24 |
| | EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff | ○ | - |
| | Aspect: Products | EN26 Initiatives to mitigate environmental impacts of products and services | ● |
| EN27 Reclaimed products and packaging | | ● | 25 |
| EN28 Fines and sanctions for non-compliance with environmental regulations | | ● | 25 |
| Other Aspects | EN29 Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce | ○ | - |
| | EN30 Total environmental protection expenditures and investments by type | ○ | - |
| Social performance indicators | | | 25 |
| Labor practices and decent work | | | 25 |
| Management approach | | ● | 25 |
| LA1 Total workforce | | ● | 26 |
| LA2 Employee turnover | | ◐ | 27 |
| LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations | | ○ | - |
| LA4 Percentage of employees covered by collective bargaining agreements | | ◐ | 27 |
| LA5 Minimum notice periods regarding operational changes | | ◐ | 27 |
| LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs | | ○ | - |
| LA7 Rates of injuries, absenteeism and work-related fatalities | | ◐ | 28 |
| CRE6 Safety and health management systems | | ◐ | 28 |
| LA8 Prevention and risk-control programs | | ● | 28 |
| LA9 Health and safety topics covered in formal agreements with trade unions | | ○ | - |
| LA10 Training hours per year and employee | | ◐ | 28 |
| LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | | ○ | - |
| LA12 Percentage of employees receiving regular performance and career development reviews | | ○ | - |
| LA13 Composition of governance bodies and breakdown of employees | | ◐ | 28 |
| LA14 Ratio of basic salary of men to women | | ● | 29 |

In regards to the performance indicators, all required core indicators have been marked in bold. Any information provided for the additional indicators (not marked in bold) is voluntary.

● fully reported ◐ partially reported ○ not yet reported

| GRI Index (G3 & Sector Supplement) | Performance | Reference |
|--|-------------|-----------|
| Human rights | | 30 |
| Management approach | ● | 30 |
| HR1 Investment agreements incorporating human rights clauses | ● | 30 |
| HR2 Significant suppliers and contractors that have undergone human rights screening | ◐ | 30 |
| HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained | ○ | - |
| HR4 Total number of incidents of discrimination and actions taken | ● | 30 |
| HR5 Business operations at serious risk for the freedom of association | ● | 30 |
| HR6 Business operations at serious risk of child labour | ● | 30 |
| HR7 Operations at significant risk of forced or compulsory labour | ● | 30 |
| HR8 Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations | ○ | - |
| HR9 Total number of incidents of violations involving rights of indigenous people and actions taken | ○ | - |
| Society | | 31 |
| Management approach | ● | 31 |
| S01 Policies to manage impact on communities | ● | 31 |
| S02 Percentage of business units analysed for risks related to corruption | ◐ | 32 |
| S03 Percentage of employees trained in anti-corruption policies and procedures | ◐ | 32 |
| S04 Actions taken in response to incidents of corruption | ● | 32 |
| S05 Participation in public policy development | ● | 32 |
| S06 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country | ○ | - |
| S07 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes | ○ | - |
| S08 Fines and sanctions for non-compliance with laws and regulations | ● | 32 |
| CRE7 Number of persons voluntarily and involuntarily displaced and/or resettled | ● | 32 |
| Product responsibility | | 33 |
| Management approach | ● | 33 |
| PR1 Health and safety impacts of products and services | ◐ | 33 |
| PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes | ○ | - |
| PR3 Product and service information required | ◐ | 33 |
| CRE8 Sustainability certifications | ◐ | 33 |
| PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes | ○ | - |
| PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction | ○ | - |
| PR6 Adherence to standards for advertising, marketing, sponsoring | ● | 33 |
| PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes | ○ | - |
| PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data | ○ | - |
| PR9 Fines and sanctions for non-compliance with laws and regulations concerning the use of products and services | ● | 33 |



Statement GRI Application Level Check

GRI hereby states that **Deutsche Wohnen AG** has presented its report "Sustainability Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 27 September 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 19 September 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

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