



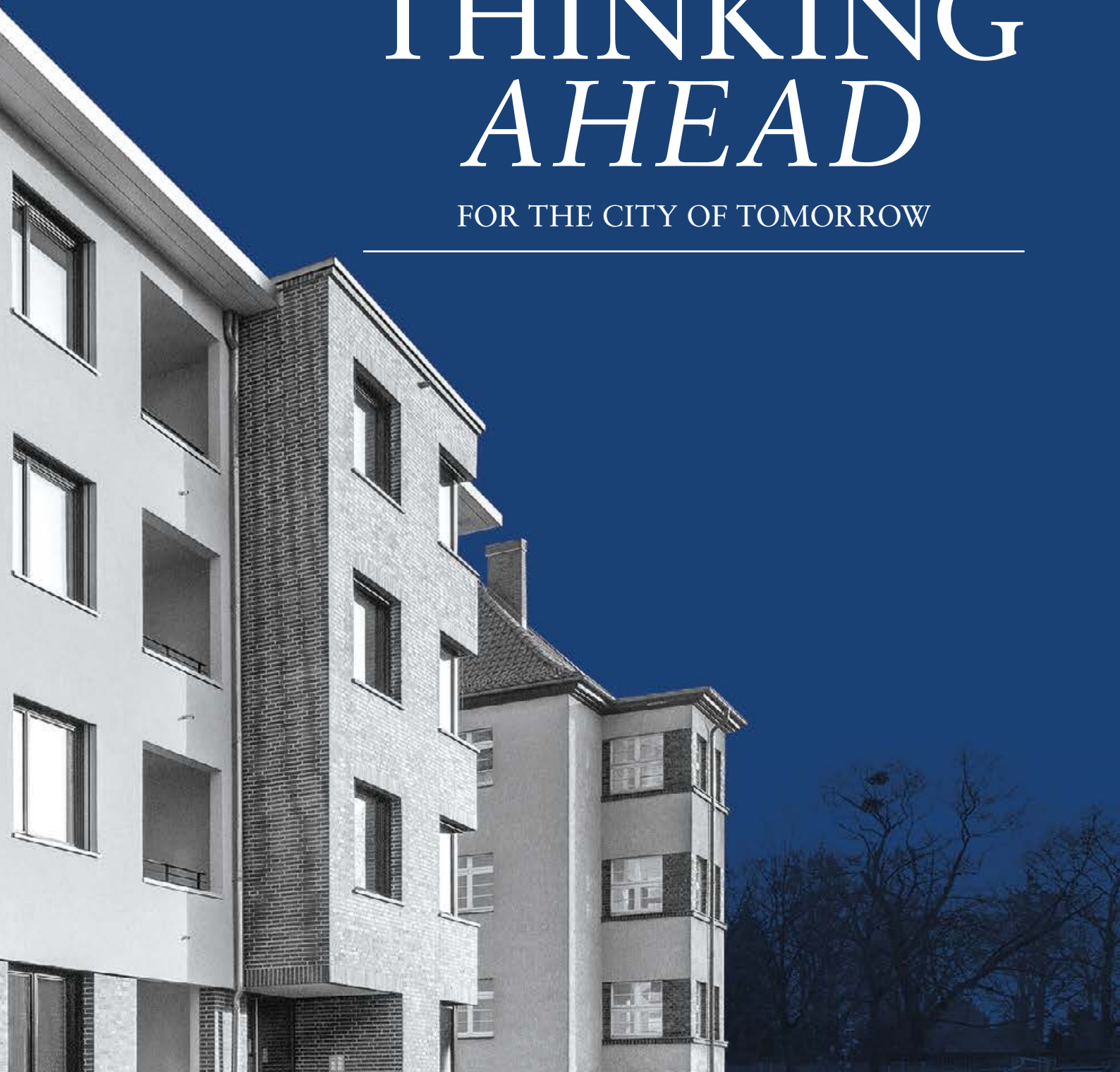
MANAGEMENT REPORT OF THE COMPANY  
AND THE GROUP AND ANNUAL FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR **2016**

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# THINKING AHEAD

FOR THE CITY OF TOMORROW

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# COMBINED MANAGEMENT REPORT

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# FUNDAMENTALS OF THE GROUP

## Business model of the Group

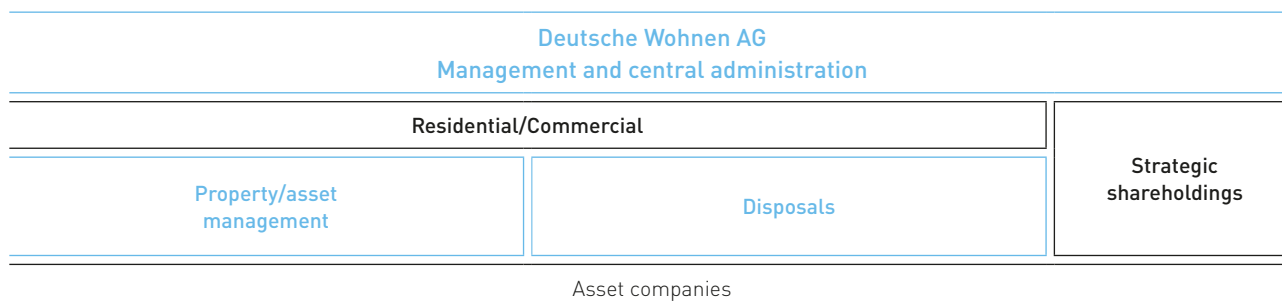
Deutsche Wohnen AG, together with its subsidiaries (hereinafter referred to as "Deutsche Wohnen" or the "Group"), is currently the third largest publicly listed property company in Europe measured by market capitalisation. The company is listed on the MDAX stock index of the German stock exchange.

Its property holdings comprise more than 160,000 residential and commercial units, with a total fair value of approximately EUR 15.7 billion<sup>1)</sup>. Our portfolio also includes nursing care facilities with approximately 6,700<sup>2)</sup> beds and assisted living apartments. Our investment focus is on residential properties in German metropolitan areas and conurbations. The growth of the economy, positive migration figures and an insufficient level of new construction activity in German metropolitan areas provide

a strong basis for a further rise in rents and thus also an increase in the value of our portfolio. We see the expansion of our nursing and commercial property portfolio as a further growth area, particularly in light of demographic trends.

## Organisation and Group structure

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



## Property management

The majority of our holdings are managed by our wholly owned subsidiaries. All activities relating to the management and administration of residential property, the management of rental contracts and tenant support are consolidated within Deutsche Wohnen Management GmbH (DWM), Deutsche Wohnen Immobilien Management GmbH (DWI) and Deutsche Wohnen Kundenservice GmbH (DWKS), while Deutsche Wohnen Construction and Facilities GmbH (DWCF) is responsible for the technical maintenance and development of our holdings, including new-build properties.

## Asset management

The asset management segment is responsible for the company's portfolio strategy, the valuation of its property holdings and its acquisition activities, and undertakes the strategic orientation and valuation of our portfolio. Potential is identified on the basis of continuous analysis, and the company's property holdings are allocated to the strategic core and growth regions and the Non-Core regions. The operational fields of activity "Operate", "Develop" and "Dispose" are derived from these three categories.

<sup>1)</sup> Excluding advance payments, properties under construction and undeveloped land

<sup>2)</sup> Of which, 4,132 beds had been transferred to Deutsche Wohnen AG as at 1 January 2017

Properties in particularly promising locations whose fixtures and fittings and condition are of below-average standard are allocated to the "Develop" cluster. In November 2016, Deutsche Wohnen approved an investment programme totalling just under EUR 1.5 billion on the basis of this portfolio analysis. By 2021, approximately EUR 1 billion of this amount is to be invested in existing holdings. With targeted modernisation and maintenance measures the quality of our investment portfolio will be improved significantly and thus the potential for the creation of value increased. In addition, existing spaces will be used in a more efficient manner in the context of new construction projects. These investments will have a major role to play in our internal growth over the coming years.

## Disposals

The disposal of properties is managed by Deutsche Wohnen Corporate Real Estate GmbH. We continuously release capital, especially in the privatisation context in our strategic core and growth regions, and thereby strengthen our internal financing capacity. Opportunistic disposals of properties in our Core+ and Core regions, in the context of sales to institutional investors, are also possible in the current positive market environment.

## Strategic shareholdings and property-related services

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

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

**Energy supply:** G+D Gesellschaft für Energiemanagement mbH, Magdeburg (G+D) is a strategic cooperation between Deutsche Wohnen and GETEC – a means of jointly restructuring the management of the energy-related aspects of our portfolio with a view to improving the energy efficiency of the power-generating facilities of our properties and to sustainably reducing CO<sub>2</sub> emissions and energy costs. At the same time, G+D is responsible for energy procurement and distribution for our holdings. As a result, economies of scale have made it possible to reduce procurement costs for gas by 10%. G+D is now also successfully supplying third-party customers in the market.

**Technical facility management:** Deutsche Wohnen coordinates its procurement of materials, products and services through B&O Deutsche Services GmbH – a joint venture with B&O Service und Messtechnik AG – within the scope of its technical facility management, an arrangement which enables both shareholders to benefit from economies of scale at a national level. The company also provides operational services in the context of technical facility management. This alliance, which is established under company law, helps us to achieve an even higher degree of quality assurance, ensure market capacities and achieve maximum cost transparency with additional savings having a direct positive impact on our core operating business.

**Multimedia:** The multimedia business of Deutsche Wohnen relates to the area of operation of its wholly owned subsidiary Deutsche Wohnen Multimedia Netz GmbH. By means of investments both in the expansion of the cable network and in the glass fibre optic infrastructure the property holdings are upgraded in a forward-looking way and at the same time the Group enlarges its value creation chain accordingly.

## Group strategy

Deutsche Wohnen AG operates as an active portfolio manager focusing on residential property and with a clear orientation towards German metropolitan areas; approximately 85% of our properties in terms of numbers are located in these Core+ regions. These markets are centres of high residential density, characterised by the dynamic development of economic parameters such as economic strength, income, migration, innovative capacity and competitiveness. Approximately 12% of our holdings are located in Core regions with moderately rising rents and stable rent development forecasts.

Due to the size and quality of our property portfolio, our focus on attractive German metropolitan areas and the efficiency of our real estate platform with highly-trained and qualified employees, we consider ourselves to be ideally placed in the market to benefit to the optimum degree from the growth in German metropolitan areas and to bring about a sustained increase in the value of our holdings.

Targeted investments in our property holdings are of major importance for organic growth. The current investment programme in the amount of EUR 1.5 billion is aimed at significantly improving the quality of the portfolio as a means of realising existing value potential.

Besides organic growth we focus on value-creating acquisitions as far as they suit our portfolio strategy. Deutsche Wohnen has repeatedly demonstrated its competence in the past in the context of the acquisition and integration of portfolios, and, in so doing, achieved its related goals in both quantitative and qualitative terms. As a result of the successful integration of acquired property holdings, we have generated considerable economies of scale and strengthened Deutsche Wohnen's position as one of Germany's most efficient residential property companies. Deutsche Wohnen intends to maintain its value-enhancing and focused growth in the future by means of the selective acquisition of further property portfolios, in both the residential property and the nursing and assisted living segments. Furthermore, we will continue to systematically expand our range of property-related services.

## Our competitive advantages

We will further maintain our strong market position by focusing on the pursuit of a sustainable growth strategy.

### Focus

We have been pursuing a well-defined investment strategy since 2008, with our portfolio focusing primarily on growth markets. Today, approximately 98 % of our portfolio is located in major cities and conurbations within Germany, and 70 % of our overall holdings in Greater Berlin alone. Our focus on business areas and regions which are undergoing particularly promising developments in demographic terms fosters stability while providing excellent opportunities for future growth.

### Quality and efficiency

By concentrating our holdings on selected locations, we achieve considerable economies of scale in the area of procurement and management. This makes us one of the most efficient companies in the German residential property sector. Our costs in relation arising from vacancies and payment defaults are consistently low.

Our expenditure on maintenance and modernisation flows directly into growth markets with a view to realising existing potential for the creation of value, as it is in these locations in which the greatest potential is to be found for the sustained creation of value through improvements in the quality of the residential holdings.

In order to maintain the consistently high quality and efficiency of our organisational structures and work processes, we ensure that our own employees have the necessary core competencies with regard to the management and development of our property portfolio.

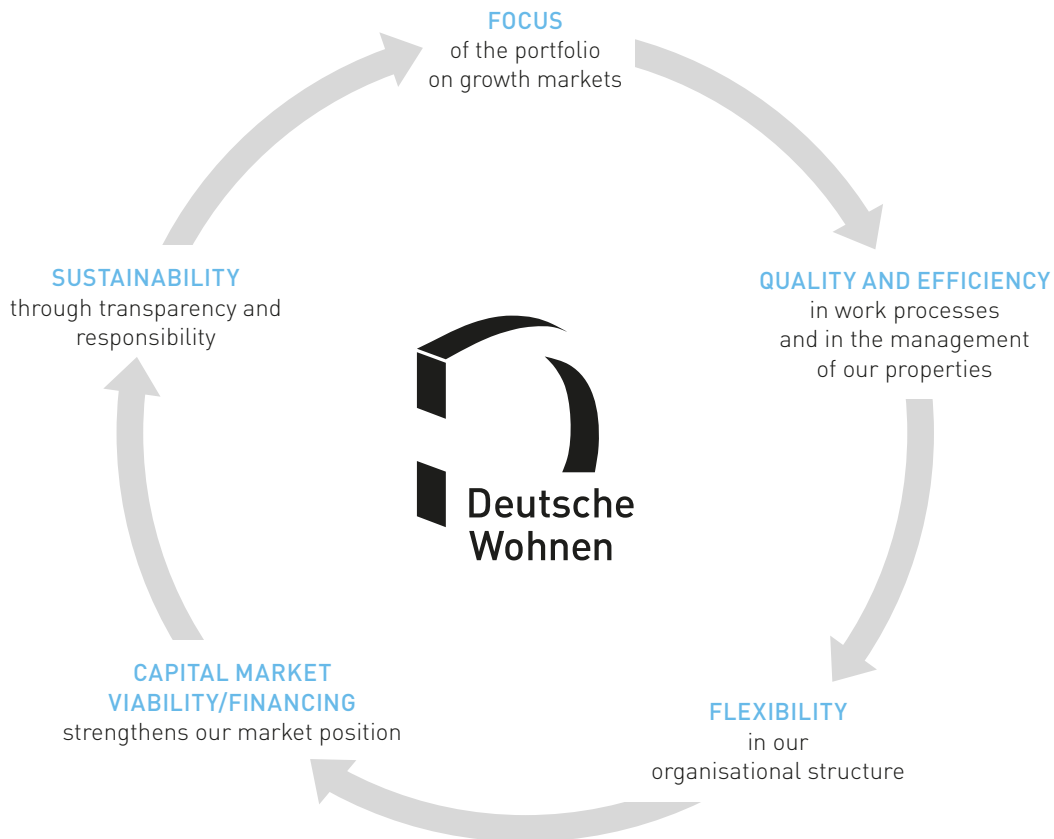
### Flexibility

The properties are mainly held by property companies, while the core processes concerning property management are carried out by wholly owned subsidiaries. We use strategic shareholdings to gain access to additional lucrative areas of business that relate to our property. Our focus on selected professional partners and the pooling of services places us in a position to use economies of scale, and additionally accords us the maximum degree of transparency as well as insight into the relevant markets, which in turn helps us ensure the quality of our operations and the transfer of knowledge in the business area in question. This enables us to act opportunistically and flexibly, yet without diverting our focus away from our primary business.

### Capital market viability/financing

Our successful growth trajectory in recent years has further strengthened our position in the capital markets. Today, Deutsche Wohnen is among the three largest European property companies – on the basis of free-float market capitalisation – and has gained ground in all of the major indices.

## Our competitive advantages



Our dividend policy is restrained and sustainable and ensures that the company retains the necessary means for maintaining and increasing the value of its portfolio.

We further improved our financing and capital structure over the course of the financial year, thereby reinforcing our competitive advantage. Deutsche Wohnen's ratings have also been raised accordingly, to A3 (Moody's) and A- (Standard & Poor's), and we intend to continue to pursue a solid investment and dividend policy to further consolidate our market position in the future.

### Sustainability

As a sustainably managed company, we are already responding to the future opportunities and risks presented by global challenges and are taking on responsibility for environmental and social issues and for our employees. We want to assume a leadership role and to promote transparency and comparability

with regard to sustainable approaches within the residential property sector. We believe that sustainable action will secure the future viability of the Deutsche Wohnen Group and benefit our stakeholders.

Such action includes, for example, investing considerable amounts in our holdings and proactively implementing modernisation and maintenance measures, in considerations such as energy efficiency and the use of high-quality, and thus more durable, materials playing a significant role in this regard, in line with our emphasis on taking a far-sighted approach in our investments in quality assurance.

With regard to the strategic orientation of our portfolio, we refer to the statements contained in the "Property portfolio" section starting on [56](#) of this annual report.

## Sustainability management and control

Our self-image as a sustainably run company is embodied in our sustainability strategy. Our growth is primarily characterised by quality for our stakeholders and efficiency in our processes, and is achieved in keeping with the objectives of sustainable development. To this end, we maintain a corporate culture that features the essential cornerstones of authenticity, transparency and ethical conduct. Sustainability is a component of our Group strategy and as such is an integral part of our daily workflow.

Since as early as 2013, we have been providing information on our activities in connection with sustainable development and on economic, ecological and social indicators in our reports, which are prepared in accordance with the international standards of the Global Reporting Initiative (GRI). We have furthermore committed ourselves to upholding the German Sustainability Code (Deutscher Nachhaltigkeitskodex – DNK) and are in compliance with the supplementary requirements of the code that specifically apply to the housing industry.

This has resulted in six overriding fields of activity for our sustainability management and reporting endeavours, the content of which was evaluated in the context of a materiality analysis, including a survey of our external shareholders, conducted at the end of 2015:

### Responsible corporate management

Both our stakeholders and Deutsche Wohnen's senior executives consider long-term economic stability to be an important issue. This is reflected in our pursuit of a targeted and value-enhancing portfolio strategy and the efficiency of our corporate structure. In addition, transparency and dialogue with our stakeholders, together with a clearly defined corporate vision and strategy with regard to sustainability, are among the five most important issues that arose from our materiality analysis.

### Responsibility for our property holdings and sustainable new construction

Regular maintenance and modernisation of our properties is one of the most important issues addressed by Deutsche Wohnen. We are gradually raising the quality of our portfolio through targeted investments. We provide our tenants with high-quality service and inform them in good time and in detail of any upcoming projects.

We are meeting the growing need for housing in conurbations by taking measures to build new housing on the basis of existing land reserves and having regard to sustainability criteria.

### Responsibility for employees

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

### Environmental and climate protection

Deutsche Wohnen intends to contribute towards the attainment of national environmental protection objectives by implementing targeted measures in its own holdings. The modernisation of our properties with a view to energy conservation and an innovative approach to the generation of heat and energy were also among the most relevant issues in the context of our materiality analysis. We take sustainability considerations into account in selecting our suppliers and the materials for our maintenance, modernisation and new-build activities.

### Social responsibility

For those surveyed, social commitment was primarily understood to mean that we take considerable responsibility for the development of residential districts. The conservation of historic buildings and monuments – an area in which Deutsche Wohnen is already a pioneer – forms the second focal point of our activities in the area of social responsibility. Here we attach particular importance to maintaining cultural identity.

### Responsible nursing and assisted living

By offering high-quality nursing and assisted living, we want to create attractive accommodation for elderly people. In order to achieve this, we are working on and with innovative forms of therapy. Furthermore, our facilities are perceived as centres of cultural togetherness.

We are striving to incorporate these key ideas into our business strategy and processes and, in so doing, to create value for our stakeholders.

## Group control

The management of the company extends across several levels:

At the **holding level**, all earnings and payment flows are aggregated and evaluated on the basis of the primary key performance indicators FFO I (Funds from Operations before disposals), NAV (Net Asset Value) and LTV (Loan to Value) on a quarterly basis. Segment management is undertaken using the primary key performance indicator segment earnings. All of the primary key performance indicators are subjected to a benchmark analysis on a quarterly basis and are then taken into account in the context of a SWOT analysis conducted by way of review of Deutsche Wohnen's competitive environment.

Furthermore, operational segment management is undertaken using additional segment-specific key performance indicators:

In the **Residential Property Management segment**, changes in the rent per sqm and the vacancy rate, differentiated in accordance with defined portfolios and/or regions, are the parameters for management. This also includes the scope of and earnings from new lettings and the development of letting-related costs, such as maintenance costs, costs relating to the marketing of properties to let, operating costs and rental losses. All parameters are evaluated and compared to detailed budget estimates on a monthly basis. Measures can be derived and strategies developed on this basis to realise the potential for rent increases, while controlling changes in expenses and thus constantly improving the operating results.

The **Disposals segment** is managed by monitoring the disposal prices per sqm and the margin as the difference between the carrying amount and the disposal price. In the process, the ascertained values are compared to the target figures and the market, and are adjusted where necessary.

In the **Nursing and Assisted Living segment**, we primarily generate internal growth by increasing nursing care charges and occupancy rates in full in-patient nursing care facilities. The assessment of operating profitability in the context of nursing property management additionally takes EBITDA before rental income into account. These parameters are likewise analysed by management on a monthly basis.

Other operational expenses, such as staff costs, general and administration expenses, and non-operational indicators, such as finance expenses and taxes, are also part of the central planning and controlling system and of the monthly report to the Management Board. Current developments at Group level are also highlighted in this context and compared to the target figures.

Considerable importance is attached to financing expenses in this context, because of this item's significant impact on Group earnings and cash flow performance. Active and ongoing management of the loan portfolio aims at the optimisation of financial results over the long term.

We use the indicator Funds from Operations before disposals (FFO I) as a means of measuring the cash flow generated from operating business activities and comparing this to the projected figures for this item. The EBITDA excluding earnings from disposals then provides the starting point for determining the FFO I, which is essentially adjusted upwards or downwards to reflect one-off items, financing expenses or income having an effect on liquidity, and tax expenses or income.

With the help of regular reports, the Management Board and specialist departments are able to evaluate the economic development of the Group in a timely manner, and compare the figures with those of the previous month and year, and with those planned. In addition, the anticipated development of the Group is determined on the basis of an updated budget. In this manner, opportunities as well as negative trends can be identified at short notice and corresponding measures can be taken to make use of or counteract these opportunities or trends.



## Property portfolio

### Overview of portfolio and portfolio strategy

Deutsche Wohnen manages one of the largest property portfolios in Germany, comprising approximately 158,000 residential and just fewer than 2,200 commercial units (approximately 3% of its overall floor space) and generating annualised yearly rent in the amount of EUR 719 million. Our activities in this regard are focused on high-growth conurbations and metropolitan areas – so-called Core+ regions –, in which 85% of our residential units are currently located. A further 12% of our residential holdings are located in stable Core regions. At the end of 2016, the average in-place rent amounted to EUR 6.10 per sqm, with an average vacancy rate of 1.8%. In 2016, Deutsche Wohnen entered into purchase agreements for properties valued at approximately EUR 600 million; of this amount, just under EUR 500 million was attributable to nursing properties and a little more than EUR 100 million to residential properties.

In line with our focused portfolio strategy, our holdings are largely concentrated within eight regions. Our core market is the Greater Berlin region, in which approximately 111,000 residential units and approximately 1,500 commercial units, or approximately 70% of our total portfolio, are located.

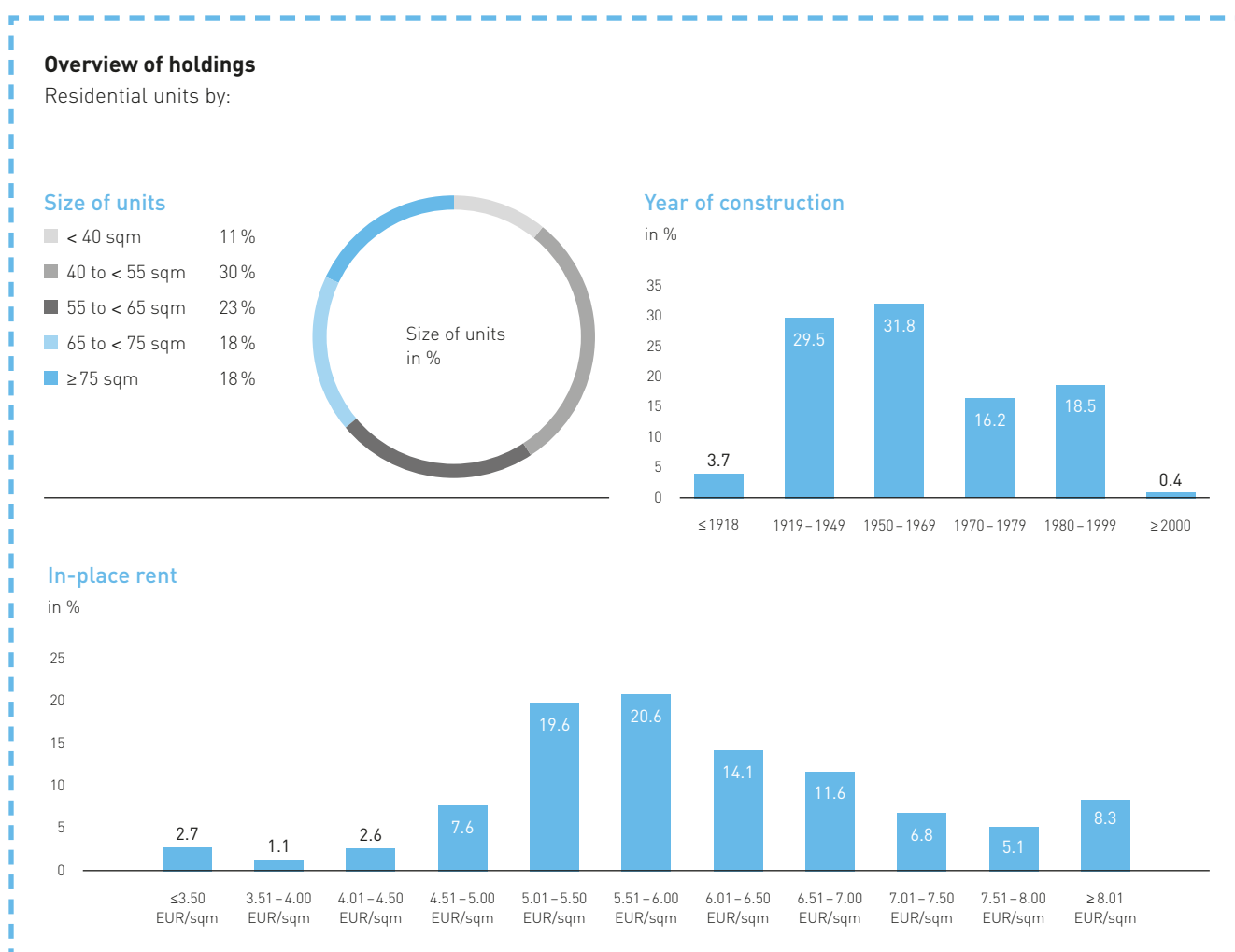
The starting point for our portfolio management activities is the segmentation of our property holdings. We undertake the clustering of our holdings in Core+, Core and Non-Core markets on the basis of a macro-analysis, using a scoring model which evaluates the attractiveness and prospects for future development of the locations, having regard to macroeconomic, sociodemographic and property-specific data, for example changes in population and number of households, local job markets, purchasing power and infrastructure data.

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

<sup>1)</sup> Contractually owed rent for rented residential units divided by rental area

<sup>2)</sup> New-letting rent for properties in the letting portfolio in comparison to the in-place rent for properties in the letting portfolio

The following chart provides an overview of the structure of key portfolio characteristics.



In addition, we use a micro-analysis to allocate our locations to one of three categories of site quality, on the basis of a micro-analysis: Hotspot, Growth and Stable. This classification according to micro-site will depend on the rental and price structures in place at the location of the individual property in question.

Hotspot sites are locations experiencing dynamic growth and providing the greatest potential for further growth. Growth sites are growing continuously, albeit at a less dynamic pace. Stable sites exhibit merely moderate growth.

## Property portfolio according to location/micro-cluster

		31/12/2016						
Cluster	Micro-site	Residential units	Share of fair value	Fair value	Factor ACTUAL	Vacancy	In-place rent	Rent potential <sup>1)</sup>
		number	in %	EUR/sqm		in %	EUR/sqm	in %
<b>Core+</b>		<b>134,820</b>	<b>87.5</b>	<b>1,693</b>	<b>22.7</b>	<b>1.7</b>	<b>6.20</b>	<b>30</b>
	Hotspot	37,270	27.6	2,028	25.4	2.2	6.64	41
	Growth	62,029	38.6	1,641	21.7	1.5	6.28	28
	Stable	35,521	21.3	1,444	21.2	1.3	5.66	23
<b>Core</b>		<b>19,324</b>	<b>10.4</b>	<b>996</b>	<b>14.9</b>	<b>1.8</b>	<b>5.58</b>	<b>17</b>
	Hotspot	415	0.4	1,279	16.4	4.4	6.87	70
	Growth	9,172	4.5	1,054	15.4	1.5	5.72	13
	Stable	9,737	5.5	931	14.3	1.9	5.41	9
<b>Non-Core</b>		<b>3,832</b>	<b>2.1</b>	<b>716</b>	<b>11.8</b>	<b>5.1</b>	<b>5.23</b>	<b>7</b>
<b>Total</b>		<b>157,976</b>	<b>100.0</b>	<b>1,580</b>	<b>21.5</b>	<b>1.8</b>	<b>6.10</b>	<b>28</b>

<sup>1)</sup> Source: CBRE

By way of a further step, we develop appropriate investment strategies on the basis of the micro-analysis, subjecting the major performance indicators, technical condition and location of the individual properties to a scoring process and allocating the holdings to one of the following fields of activity: "Operate", "Develop" and "Dispose".

Our activities with regard to "Operate" holdings focus on new lettings and the realisation of rent potentials in line with market rents. The "Operate" holdings constitute – with a share of 77% – the bulk of our portfolio. Properties whose fixtures and fittings and condition are of below-average standard and that are located

in particularly promising locations are assigned to the "Develop" cluster (share of total portfolio: 18%). We will be investing to a greater extent in comprehensive modernisation measures for these properties in the next few years, with a view to raising their current value potential.

The properties in the "Dispose" segment are offered for sale in the residential privatisation and block sales contexts. These disposals comprise privatisation activities involving attractive margins, block sales for portfolio streamlining purposes in Non-Core regions and opportunistic disposals in Core and Core+ regions intended to selectively make use of market opportunities.

		31/12/2016				
Cluster	Micro-site	Residential units	Share of area	Vacancy	In-place rent	Rent potential <sup>1)</sup>
		number	in %	in %	EUR/sqm	in %
<b>Core+</b>		<b>134,820</b>	<b>84.9</b>	<b>1.7</b>	<b>6.20</b>	<b>30</b>
	Operate	101,006	65.1	1.3	6.17	28
	Develop	29,677	17.1	2.2	6.15	37
	Dispose	4,137	2.7	6.0	7.24	36
<b>Core</b>		<b>19,324</b>	<b>12.6</b>	<b>1.8</b>	<b>5.58</b>	<b>17</b>
	Operate	18,009	11.6	1.7	5.58	16
	Develop	922	0.7	2.5	5.42	24
	Dispose	393	0.3	2.0	5.94	8
<b>Non-Core</b>		<b>3,832</b>	<b>2.5</b>	<b>5.1</b>	<b>5.23</b>	<b>7</b>
<b>Total</b>		<b>157,976</b>	<b>100.0</b>	<b>1.8</b>	<b>6.10</b>	<b>28</b>

<sup>1)</sup> Source: CBRE

## Portfolio development

### Acquisitions

In 2016, we contractually secured approximately 870 residential and commercial units, predominantly located in Core+ markets, for a total purchase price of approximately EUR 130 million. Most of these units are located in Dresden, Leipzig and Berlin.

### Disposals

In the disposals context, we were able to make use of the ongoing high demand for properties, with sales of approximately 4,300 residential units (1,200 as part of our privatisation activities, and 3,100 by way of institutional disposals) involving a transfer of risks and rewards in the past financial year. The sales margin with regard to our privatisation activities remained high at just under 40 %.

Our opportunistic block sale activities included the disposal of a portfolio comprising approximately 900 residential units from among the holdings of GSW in Berlin which, according to an

analysis conducted by us, were among the company's less promising residential units in terms of their condition and micro-site, as well as a portfolio comprising 670 residential units in Merseburg, with the latter disposal reducing the number of our holdings in Non-Core regions to under 4,000 residential units. Both of these disposals were undertaken by way of systematically using the positive market situation prevailing at the time. The transfer of risks and rewards was effected in the first and third quarters of 2016, respectively.

Further details of our segment Earnings from Disposals can be found on [pages 69 and 70](#) of the combined management report.

## Operational development

The following overview shows the changes of the in-place rent and vacancy rates in a like-for-like comparison, i.e. only for residential holdings which were consistently managed by our company over the past twelve months.

	Residential units number	31/12/2016		31/12/2015	
		In-place rent <sup>1)</sup> EUR/sqm	Development in %	Vacancy in %	
<b>Like-for-like</b>					
<b>Total</b>	<b>142,034</b>	<b>6.09</b>	<b>5.91</b>	<b>2.9</b>	<b>1.7</b>
Letting portfolio <sup>2)</sup>	137,185	6.11	5.93	3.0	1.4
<b>Core+</b>	<b>123,353</b>	<b>6.17</b>	<b>5.98</b>	<b>3.2</b>	<b>1.4</b>
Greater Berlin	103,011	6.11	5.90	3.5	1.5
Rhine-Main	8,455	7.51	7.35	2.2	0.8
Mannheim/Ludwigshafen	4,762	5.74	5.68	1.0	0.7
Rhineland	4,477	6.02	5.88	2.5	0.4
Dresden	2,648	5.32	5.18	2.6	1.9
<b>Core</b>	<b>13,832</b>	<b>5.57</b>	<b>5.50</b>	<b>1.4</b>	<b>1.7</b>
Hanover/Brunswick	8,100	5.64	5.57	1.3	1.6
Core cities East Germany	4,604	5.46	5.39	1.3	2.3
Kiel/Lübeck	1,128	5.48	5.38	2.0	2.1

<sup>1)</sup> Contractually owed rent for rented residential units divided by rental area

<sup>2)</sup> Excluding holdings for disposal and Non-Core

At 3.0%, like-for-like rental growth for the properties in our letting portfolio located in strategic core and growth regions was lower than in the previous year because the rent index for Berlin enabled an above-average increase in rents in 2015. The total portfolio realised annualised rent increases in the amount of EUR 18.9 million in the reporting year (previous year: EUR 21.5 million). For the total portfolio, the like-for-like rental growth amounted to 2.9% as well. We expect rental growth to reach approximately 3.5% over the course of 2017.

The vacancy rate for our letting portfolio remained very low at 1.5% on a like-for-like comparison (previous year: 1.4%).

In 2016, the new-letting rent for the letting portfolio was approximately 22% higher than the in-place rent as at the reporting date.

Residential	31/12/2016			31/12/2015
	New-letting rent <sup>1)</sup> EUR/sqm	In-place rent <sup>2)</sup> EUR/sqm	Rent potential <sup>3)</sup> in %	Rent potential <sup>3)</sup> in %
<b>Strategic core and growth regions (letting portfolio)</b>	<b>7.48</b>	<b>6.12</b>	<b>22.1</b>	–
<b>Core+</b>	<b>7.75</b>	<b>6.21</b>	<b>24.9</b>	<b>21.2</b>
Greater Berlin	7.60	6.11	24.4	19.0
Rhine-Main	9.35	7.49	24.8	28.8
Mannheim/Ludwigshafen	7.26	5.74	26.5	20.2
Rhineland	7.53	6.14	22.7	22.7
Dresden	6.36	5.41	17.6	20.2
Other Core+	11.25	9.80	14.8	–
<b>Core</b>	<b>6.27</b>	<b>5.57</b>	<b>12.5</b>	–

<sup>1)</sup> Contractually owed rent from newly concluded rental agreements in non-rent restricted holdings, which became effective in 2016

<sup>2)</sup> Contractually owed rent for rented residential units divided by rental area

<sup>3)</sup> New-letting rent for properties in the letting portfolio in comparison to the in-place rent for properties in the letting portfolio

## Portfolio investments

We invested approximately EUR 244.5 million, or approximately EUR 25 per sqm (previous year: approximately EUR 20 per sqm), in maintenance and modernisation in the financial year 2016, with just under EUR 95 million, or a little less than half of this amount, being attributable to maintenance expenses and a little more than half to modernisation expenses. Due to the complexities involved in budgeting for major projects spanning a number of years, our modernisation expenses are subject to fluctuation from one year to the next.

The following table illustrates the maintenance expenses as well as the modernisation measures for the past financial year in comparison to the previous year:

EUR m	2016	2015
<b>Maintenance</b>	<b>94.5</b>	<b>86.1</b>
in EUR/sqm	9.63 <sup>1)</sup>	9.45 <sup>1)</sup>
<b>Modernisation</b>	<b>150.0</b>	<b>96.0</b>
in EUR/sqm	15.29 <sup>1)</sup>	10.53 <sup>1)</sup>

<sup>1)</sup> Taking into account the average floor space on a quarterly basis in the relevant period

Considerable investment in our holdings is needed if we are to further enhance the quality of the portfolio. As a result, we will be focusing to an even greater degree on such investments in the quality of our existing properties in the future. Consequently, we have increased the amount of our modernisation programme from EUR 400 million to approximately EUR 1 billion with a view to funding the extensive refurbishment and modernisation of approximately 30,000 units by 2021.

The holdings in our investment portfolio, which have been selected on the basis of a comprehensive analysis of our properties, are predominantly located in Core+ regions (96%), specifically on attractive hotspot and growth sites (>90%) exhibiting above-average development potential.

Deutsche Wohnen believes itself to be ideally placed to raise the quality of its holdings through the implementation of its enhanced modernisation programme and to generate additional potential for the creation of value.

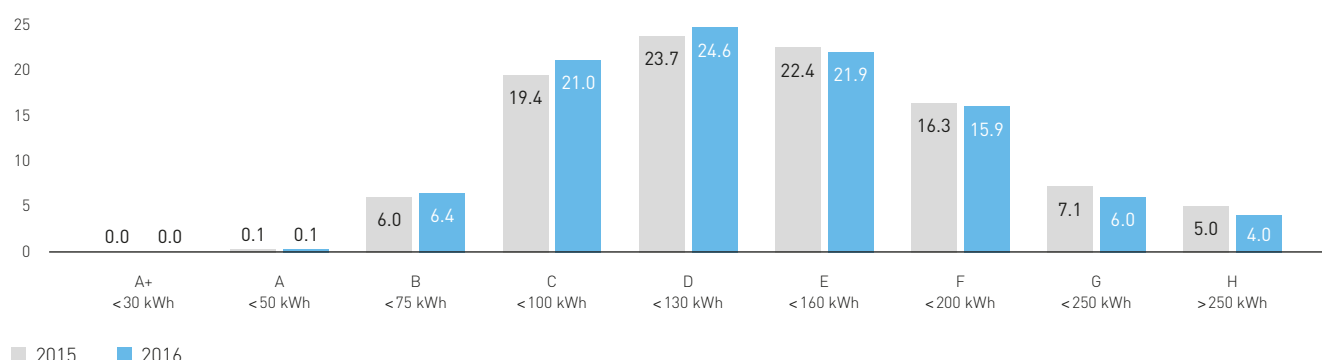
## Energy efficiency of holdings

We strive to achieve a high degree of energy efficiency in our properties. The consumption levels of around 74% (previous year: 71.6%) of our residential units are lower than the average for residential buildings in Germany (160 kWh/sqm per year<sup>11</sup>) while those of approximately 28% of our residential units are below 100 kWh/sqm per year (A+ to C). The average consumption of our holdings amounted to 135.1 kWh/sqm per year, having once again fallen as compared to the previous year (2015: 139.1 kWh/sqm).

Our implementation of extensive modernisation measures with regard to our holdings contributed to this positive result. For example, we invested EUR 10 million in refurbishment work with a view to energy conservation in the context of four modernisation projects involving a total of approximately 2,000 residential units, ultimately lowering the final energy requirements by a little more than 20% on average to 117 kWh/sqm per year and thus realising energy savings in the amount of approximately 4 million kWh per year. By way of illustration: In the case of the use of natural gas, the improvement in energy efficiency represents a saving of approximately 1,000 tonnes of CO<sub>2</sub> per year.

## Energy intensity of residential units

Summary of the energy efficiency categories<sup>11</sup> according to final energy requirements in kWh per year  
in %



<sup>11</sup> In the absence of a clear specification of the form of heating used, deviations of around 20 kWh in the final energy requirement are possible. A categorisation according to energy efficiency, therefore, has only been made with loose reference to the German Energy Saving Ordinance (Energieeinsparverordnung – EnEV). Taking account of approximately 30,000 listed units for which no energy performance certificate is required, the data comprises approximately 100% of our total portfolio.

<sup>11</sup> The Energy Performance Certificate: Specifications for Residential Buildings [Der Energieausweis: Steckbrief für Wohngebäude],  
<https://www.verbraucherzentrale.de/der-energieausweis-steckbrief-fuer-wohngebäude-4>, accessed on: 20/2/2017.  
 Average figures take account of energy requirements for heating and generation of hot water

## Portfolio valuation

Demand on the part of domestic and foreign real estate investors for larger residential portfolios remained high in 2016, in the face of a meagre supply of such properties. This excess in demand and the ongoing positive developments with regard to rent prices and vacancy rates on the German residential property market are reflected in an appreciation in the value of our

property portfolio according to IAS 40 in the total amount of approximately EUR 2.7 billion as at the reporting date, with the lion's share of this appreciation in value being attributable to the adjustment of the discount and capitalisation rates to account for the positive developments in prices/market performance. The valuation result was confirmed by an external report from CB Richard Ellis GmbH.

The following overview indicates significant key valuation figures concerning our property holdings as at 31 December 2016:

Fair value	31/12/2016			
	Fair value EUR m	Fair value EUR/sqm	Multiple in-place rent	Multiple market rent
<b>Strategic core and growth regions</b>	<b>15,280</b>	<b>1,603</b>	<b>21.7</b>	<b>17.8</b>
Core+	14,054	1,693	22.7	18.3
Greater Berlin	11,738	1,738	23.7	18.9
Rhine-Main	1,077	1,769	19.9	16.1
Rhineland	389	1,226	15.8	14.1
Mannheim/Ludwigshafen	335	1,051	15.2	13.2
Dresden	271	1,250	19.1	16.1
Other Core+	244	2,817	23.5	20.4
Core	1,226	996	14.9	13.4
Hanover/Brunswick	595	983	14.5	12.4
Kiel/Lübeck	316	1,066	15.9	14.1
Core cities East Germany	315	957	14.8	14.9
<b>Non-Core</b>	<b>186</b>	<b>716</b>	<b>11.8</b>	<b>10.1</b>
<b>Total</b>	<b>15,465</b>	<b>1,580</b>	<b>21.5</b>	<b>17.6</b>

The most significant appreciation in value, amounting to just under EUR 2.5 billion, related to the Core+ segment, first and foremost Greater Berlin with approximately EUR 2.4 billion and then the Rhine-Main region with approximately EUR 110 million.

However, the positive performance of our Core locations also enabled us to record an appreciation in value in the amount of approximately EUR 60 million, and we believe that these could potentially gain ground in the future.

Fair value	31/12/2016		31/12/2015	
	Fair value EUR m	Multiple in-place rent	Fair value EUR m	Multiple in-place rent
<b>Strategic core and growth regions</b>	<b>15,280</b>	<b>21.7</b>	<b>11,591</b>	<b>18.2</b>
Core+	14,054	22.7	10,697	18.7
Core	1,226	14.9	894	13.6
<b>Non-Core</b>	<b>186</b>	<b>11.8</b>	<b>130</b>	<b>12.0</b>
<b>Total</b>	<b>15,465</b>	<b>21.5</b>	<b>11,721</b>	<b>18.1</b>

## Nursing properties

In addition to its residential and commercial units, Deutsche Wohnen also owns 50 nursing properties with a total of approximately 6,700 beds, 4,100 of which were acquired through its purchase of a nursing property portfolio in the second half of 2016. The residential nursing home facilities, which are mainly located in western Germany, have been leased to reputable operators on a long-term basis. The transfer of risks and rewards was effected on 1 January 2017. We also acquired three nursing care facilities in Hamburg with a total of approximately 500 beds in the fourth quarter of the year, with the transfer of risks and rewards being effected as at 31 December 2016.

We have adopted two different models with regard to the operation of our nursing care business: on the one hand, combined ownership of the properties in question and operational management of the nursing care facilities via a shareholder structure

involving KATHARINENHOF®; on the other hand, ownership of properties which are managed by a number of external operators.

The nursing care segment involving the management of our properties by external operators is in contrast to our owner-operated business characterised by the stipulated amounts of rental income and the weighted average lease terms (WALT). The degree of operational risk which is attributable to the involvement of external operators is classified as moderate, given that the operation of the properties in question can also be undertaken by our KATHARINENHOF® platform.

In view of the considerable appeal of the German nursing services market, which is experiencing rising demand in the face of demographic changes, we intend to further expand our nursing care segment over the medium term to at most 15% of the Group's EBITDA.

## Nursing care business: Property and operations

### Owner-operated

	2016					
	Facilities	Number of places			Occupancy rate	Fair value 31/12/2016
		Nursing care	Assisted living	Total		
Federal state	number	number	number	number	in %	EUR m
Berlin region	12	1,072	370	1,442	98.2	
Hamburg (acquisition)	3	334	158	492	89.0	
Saxony	7	436	39	475	99.8	
Lower Saxony	1	131	–	131	98.7	
<b>Total owner-operated business</b>	<b>23</b>	<b>1,973</b>	<b>567</b>	<b>2,540</b>	<b>96.8</b>	<b>244.0<sup>11</sup></b>

<sup>11</sup> Refers to 22 facilities

## Pegasus acquisition: Acquisition of properties excluding operations

### Various external operators

	Facilities	Number of places			WALT	Net purchase price
		Nursing care	Assisted living	Total		
Federal state	number	number	number	number		EUR m
Bavaria	7	999	–	999	12.4	
North Rhine-Westphalia	5	721	187	908	13.7	
Lower Saxony	4	661	–	661	11.2	
Rhineland-Palatinate	4	409	208	617	13.4	
Baden-Wuerttemberg	5	557	16	573	13.9	
Other	3	374	–	374	10.1	
<b>Total external operators</b>	<b>28</b>	<b>3,721</b>	<b>411</b>	<b>4,132</b>	<b>12.7</b>	<b>420.5</b>
<b>Total nursing</b>	<b>51</b>	<b>5,694</b>	<b>978</b>	<b>6,672</b>		<b>664.5</b>



# ECONOMIC REPORT

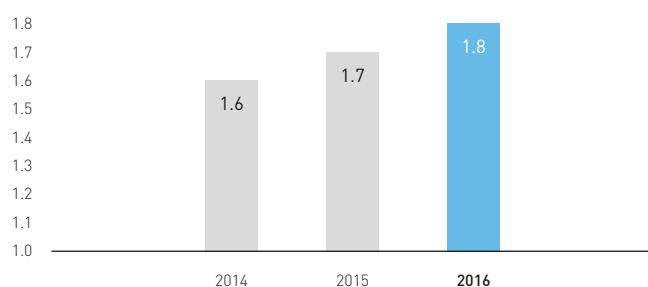
## General economic conditions

### German economy continues along its upward trajectory

**Growth in Germany's GDP of 1.8%:** Despite persistently challenging underlying conditions, the German economy continued on its path of modest growth in 2016, with the primary driver of growth being private consumption.<sup>1)</sup>

#### Changes in economic growth (GDP)

in %



Source: DIW, Winter Baselines 2016, Weekly Report 50 2016

**Unemployment rate continues to fall:** Private consumption was bolstered by favourable conditions on the job market and solid developments with regard to wages.<sup>1)</sup> The number of gainfully employed persons (domiciled in Germany) increased by approximately 425,000, or 1.0%, to 43.5 million, the highest level reached since German reunification.<sup>2)</sup>

	2016	2015
Unemployment rate in %	6.1	6.4
Gainfully employed persons in million	43.5	43.0
Rate of inflation in %	0.5	0.2

Source: DIW, Winter Baselines 2016, Weekly Report 50 2016

**Population numbers in Germany exceed high previously attained in 2002:** According to initial estimates by the Federal Statistical Office, the trend towards rising German population figures also continued in 2016, with approximately 82.8 million people living in Germany at the end of 2016, approximately 600,00 more than at the beginning of the year (82.2 million). The high of just over 82.5 million previously recorded at the end of 2002 was therefore exceeded.<sup>3)</sup>

**Construction industry bolstered by new housing projects:** Particularly in the larger cities, the demand for residential property remains high as a result of both the positive outlook for the job market and earnings, and the ongoing population influx. In the year under review, actual investments in the construction of residential units increased by approximately 3.6% as compared to the previous year.<sup>4)</sup>

**Berlin's economy still experiencing exceptionally dynamic growth:** In real terms, Berlin's gross domestic product is once again expected to have increased at an above-average rate of about 3% in 2016,<sup>5)</sup> with the region's economy thus continuing along its growth trajectory. This is also evidenced by the 7.1% fall in the number of unemployed persons.<sup>6)</sup> The current unemployment rate may still be higher than the national average at 9.8%; however, this is its lowest level since German reunification and reflects the positive development of the economy in recent years.

### Major expansion underway in the German residential property market

**Ongoing high demand for residential property in Germany:** Residential property remained one of the most popular investment targets on the German property market in 2016. The transaction volume for commercial dealings involving residential property portfolios comprising upwards of 50 units amounted to approximately EUR 13.7 billion – slightly higher than the average figure for the past five years – as evidenced by a recent analysis conducted by the commercial property and real estate services adviser CBRE.<sup>7)</sup>

<sup>3)</sup> Federal Statistical Office, press release 33/17, dated 27/1/2017

<sup>4)</sup> DIW, Winter Baselines 2016, Weekly Report 50 2016

<sup>5)</sup> IBB, Economic Situation in Berlin, December 2016

<sup>6)</sup> City of Berlin, website: Unemployment,

<sup>7)</sup> <https://www.berlin.de/sen/wirtschaft/wirtschaft/konjunktur-und-statistik/wirtschaftsdaten/arbeitslosigkeit/>, accessed on 24/1/2017

<sup>7)</sup> CBRE, press release, dated 5/1/2017

<sup>1)</sup> DIW, Winter Baselines 2016, Weekly Report 50 2016

<sup>2)</sup> Federal Statistical Office, press release 001/17, dated 2/1/2017

**Rise in number of households outpacing growth in population:**

According to the Federal Institute for Research on Building, Urban Affairs and Spatial Development (Bundesinstitut für Bau-, Stadt- und Raumforschung – BBSR), the number of households in Germany is increasing at a faster rate than the population, as the average number of persons per household continues to fall, 70 % of the country's 37.4 million households are single or two-person households, with this figure rising considerably to as much as 80 % in major cities. The number of households looks set to increase by as much as 500,000 by 2030, thereby resulting in greater demand for residential property in the German market.<sup>8)</sup>

**New construction unable to keep pace with population growth:**

Vacant properties now appear to be a thing of the past in German metropolitan areas. New housing construction is needed in order to meet the rising demand for residential units in light of the growing population. However, the rate of completion for construction projects – in all areas except Hamburg – remains too low to make up the shortfall<sup>9)</sup> which, according to the German Tenants' Association (Deutscher Mieterbund – DMB), amounted to a total of 1 million residential units throughout Germany at the end of 2016. Although addressing this supply deficit calls for the construction of 400,000 new residential units every year, the number of completed properties apparently amounted to only 300,000 in 2016.<sup>10)</sup>

**Investments concentrated in German metropolitan areas:**

In the year under review, the main focus of all investment activity (13.8% in the first nine months of 2016) remained on Berlin.<sup>11)</sup>

Properties valued at approximately EUR 16.2 billion were sold in Berlin in 2016 as a whole. This is approximately commensurate with the volume of the transactions entered into in 2015 (EUR 16.8 billion).<sup>12)</sup>

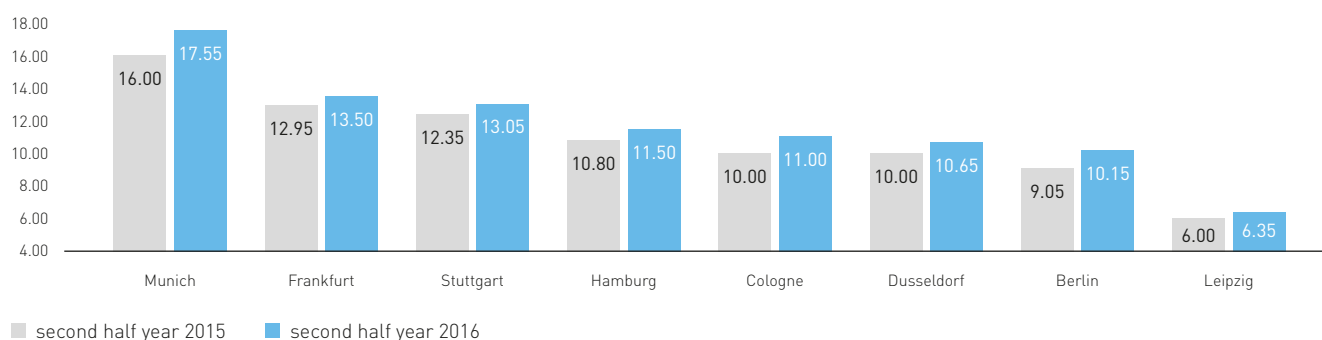
**Another record year for price increases in metropolitan areas**

**Rental prices in record-breaking form:** 2016 proved to be another record year in terms of the rise in rental prices in certain metropolitan areas. According to JLL, rents in the eight cities it surveyed – Berlin, Hamburg, Munich, Cologne, Frankfurt, Dusseldorf, Stuttgart and Leipzig – rose by just under 8 % on average, exceeding the high growth rates recorded in 2012 in a number of those cities. The most extensive increases were observed in those cities with a large population influx. The most dramatic in asking rents – by 12.3 % over the course of the year – occurred in Berlin, followed by Munich and Cologne (10%), while Frankfurt continued along its upward trajectory of the past three years, despite recording the smallest increase in rents of the eight surveyed cities at 4.2 %.

**Rental prices in Berlin now gaining ground:** Asking rents in Berlin exceeded EUR 10 per sqm per month for the first time, thereby approaching the levels attained in Cologne and Dusseldorf. Munich reinforced its position as the most expensive city in Germany with average asking rents of EUR 17.55 per sqm per month.

**Development of new-letting rents**

in EUR/sqm/month



Source: JLL, press release, dated 16/1/2017

<sup>8)</sup> BBSR, Residential Property Market Forecasts 2030<sup>9)</sup> DG HYP, Real Estate Market Report 2016/17<sup>10)</sup> Welt, "Tenants blame the Government for the dramatic rise in rents", 7/12/2016<sup>11)</sup> NAI apollo group, Facts and Figures Transaction Market Residential Property Portfolio, Q3 2016<sup>12)</sup> Committee on Berlin Property Values (Gutachterausschuss für Grundstückswerte in Berlin)

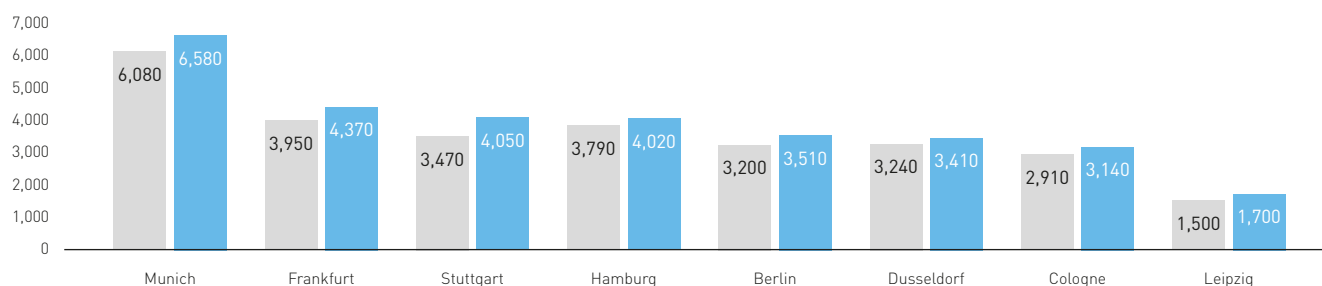
**Upward trend also set to continue in the future:** The trend towards rising rental prices in German metropolitan areas will in all probability continue over the next few years. Berlin's population has grown by just under 8% since 2010 to more than 3.5 million inhabitants, and is expected to increase by a further almost 15% to 4 million by 2030. In contrast, the number of residential units in the region rose by less than 2% between 2010 and 2015.<sup>13)</sup> Today, a population influx of more than 200,000 new inhabitants must be coped with over a four-year period. Although the number of issued building permits continues to rise, the current minimum requirement for new construction of 20,000 residential units per year is not yet being met.<sup>14)</sup>

**Owner-occupied residential units becoming increasingly expensive:** Purchase prices for owner-occupied residential units also continued to rise in 2016, increasing by 10% across the board over the course of the year. Stuttgart experienced the most substantial growth in this regard, at just under 17% – followed by Leipzig (+13%), Frankfurt (+11%) and Berlin (+10%). Also in terms of purchase prices Munich remained the most expensive German city, with property buyers paying an average of EUR 6,580 per sqm. Berlin overtook Dusseldorf for the first time in the ranking of the top 8 German cities, taking 5th place with prices averaging at EUR 3,510 per sqm in 2016. In Leipzig, although purchase prices increased by 13.3%, they remained the lowest as compared to the other cities at EUR 1,700 per sqm.

An end to the trend towards rising purchase prices is not to be expected in 2017, with the existing unmet demand for housing and the low level of construction activity in the major cities surveyed rendering a fall in prices unlikely over the medium term.<sup>15)</sup>

### Development of the purchase prices for owner-occupied residential units

in EUR/sqm



■ second half year 2015 ■ second half year 2016

Source: JLL, press release, dated 16/1/2017

### Management Board analysis of the economic situation and business operations

Deutsche Wohnen continued along its long-standing and successful growth trajectory, achieving and even surpassing its targets, in the financial year 2016.

Our Residential Property Management segment increased its earnings by approximately EUR 67 million or 13% as compared to the previous year, thereby exceeding our projection of EUR 570 million by EUR 16 million or approximately 3%. This result was largely due to lower vacancy rates, a higher rate of rent increases (projected rate: 2.5%; actual rate: 2.9%) and a faster pace of integration of acquired properties. In 2016, we once again revised our modernisation programme in the amount of EUR 400 million and significantly expanded its scope to EUR 1.0 billion over the next five years.

<sup>13)</sup> JLL, press release, dated 16/1/2017

<sup>14)</sup> JLL, Residential City Profile Berlin, 1st half year 2016

<sup>15)</sup> JLL, press release, dated 16/1/2017

In spite of the appreciation in the amount of EUR 1.7 billion caused by higher market prices, our Disposals segment was able to improve its gross margin as compared to 2015, raising it to 22% (previous year: 15%). The transaction volume decreased by 47% from EUR 674 million to EUR 354 million. The reason for this decrease was the disposal in 2015 of a portfolio in Berlin with a transaction volume of EUR 375 million. Earnings from Disposals fell by EUR 15 million in absolute terms.

The contribution of the Nursing and Assisted Living segment towards our overall earnings increased by approximately EUR 1 million or 8% as compared to the previous year. We have thus exceeded our projection of approximately EUR 16 million by 5%, thanks to improvements in average occupancy rates and adjustments to nursing care charges.

Our financing basis continues to be very solid. Our LTV, at approximately 38%, has remained stable as compared to the previous year and is thus within our target range of between 35% and 40%. The current interest expenses decreased by approximately EUR 21 million or 16% as compared to the previous year, as a result of the refinancing undertaken in 2015. We thus also came in 3% under our projection of EUR 110 million. This was due to lower interest rates of interest for our variable loans, as well as other measures taken with regard to the optimisation of our financing structure.

FFO I increased, on a year-on-year comparison, by EUR 80 million or 26% to EUR 384 million, with the FFO I per share rising from EUR 0.95 in 2015 to EUR 1.14 in 2016. We thus reached our targets given our projection of EUR 360 million at the beginning of the year and our adjusted projection of at least EUR 380 million at the end of the first half of 2016.

The EPRA NAV (undiluted) amounted to EUR 29.68 per share at the end of the year, having risen by 29% in spite of the impairment of goodwill in the amount of EUR 0.5 billion. The major driver of this development was the revaluation of the property portfolio, which amounted to an increase of approximately EUR 2.7 billion in 2016 as a result of the ongoing discrepancy between supply and demand, as well as catch-up effects in Berlin. This result and the dynamic pace of growth experienced also exceeded our expectations, given that, in 2015, our projection for the EPRA NAV was between EUR 25 and EUR 26 per share. Our most recent projection for the valuation on the occasion of the publication of the figures for the first nine months of the year amounted to at least EUR 2.2 billion for the financial year 2016.

The operational results for the financial year 2016 were very solid overall. The changes in rents, vacancy rates and sales prices confirmed our focus on conurbations and Berlin, in particular. We realised record earnings in the valuation context.

## Notes on the financial performance and position

### Financial performance

The following overview shows the business performance of the individual segments as well as other items in the consolidated profit and loss statement for the financial year 2016 compared to 2015:

EUR m	2016	2015
Earnings from Residential Property Management	586.4	519.2
Earnings from Disposals	54.3	68.9
Earnings from Nursing and Assisted Living	16.8	15.6
Corporate expenses	-73.7	-74.7
Other operating expenses/income	-8.7	-64.0
<b>Operating result (EBITDA)</b>	<b>575.1</b>	<b>465.0</b>
Depreciation and amortisation	-543.7	-5.7
Fair-value adjustment of investment properties	2,667.6	1,734.1
Gains/losses from companies valued at equity	2.0	1.8
Financial result	-211.8	-408.0
<b>Profit before taxes</b>	<b>2,489.2</b>	<b>1,787.2</b>
Current taxes	-36.5	-28.0
Deferred taxes	-829.5	-559.3 <sup>1)</sup>
<b>Profit/loss for the period</b>	<b>1,623.2</b>	<b>1,199.9<sup>1)</sup></b>

<sup>1)</sup> Previous year's figure amended

Overall, Deutsche Wohnen ended the financial year 2016 with a consolidated profit/loss for the period in the amount of approximately EUR 1.6 billion (+ EUR 0.4 billion or 35.3% as compared to 2015).

In 2016, we once again profited from the strong demand for housing in conurbations and metropolitan areas caused by a continuous population influx and rising numbers of households. This enabled us to raise rents accordingly and to lower the average vacancy rate. The increase in our earnings was also partially attributable to the transfer of risks and rewards with regard to approximately 13,500 units in the first half of the year.

In addition, consistently strong demand in the face of supply shortages, low interest rates and the high degree of liquidity in the market are generally exerting pressure to invest. Real estate property, particularly in conurbations, continues to be viewed as a "safe haven" for investment, which results in a lowering of the required returns and thus a rise in transaction prices. We therefore recorded an appreciation in the value of our real estate assets in the amount of just under EUR 2.7 billion in the financial year 2016.

We succeeded in improving adjusted earnings before taxes by EUR 69.3 million, or approximately 18%, as compared to the excellent results for the previous year, to EUR 453.7 million.

EUR m	2016	2015
<b>Earnings before taxes</b>	<b>2,489.2</b>	<b>1,787.2</b>
Gains/losses from the valuation of properties	-2,665.1	-1,734.1
Impairment of goodwill	537.3	0.0
Gains/losses from fair-value adjustments of derivative financial instruments and convertible bonds	83.4	213.7
Transaction costs and non-recurrent financing expenses	8.9	117.6
<b>Adjusted earnings before taxes</b>	<b>453.7</b>	<b>384.4</b>

The impairment of goodwill in 2016 primarily comprised – in the amount of EUR 0.5 billion – the goodwill arising out of the takeover of GSW Immobilien AG in 2013, and was largely related to the appreciation in the value of the properties of GSW Immobilien AG and its subsidiaries in the amount of EUR 1.1 billion in the financial year 2016. The GSW Group was taken over for EUR 1.8 billion as part of a stock swap in 2013.

The equity of the GSW Group as at 31 December 2016 amounted to EUR 3.4 billion. Furthermore, the synergies actually resulting from the takeover amounted to more than EUR 30 million, thus exceeding the projected value of EUR 25 million. Deutsche Wohnen has ultimately created added value for its shareholders from this transaction in the current amount of EUR 2 billion, which has now been somewhat offset by the amortisation of the related goodwill in the amount of EUR 0.5 billion.

The result of the adjustment in the fair value of derivative financial instruments and convertible bonds primarily comprises the valuation of the convertible bonds: The strong performance of the share price resulted in non-cash expenses in the amount of EUR 79.6 million in the financial year (previous year: EUR 216.8 million).

The non-recurrent finance expenses and revenues comprised restructuring and transaction costs, as well as non-recurrent financing costs and non-recurrent revenues.

The restructuring costs in the amount of EUR 1.3 million (previous year: EUR 11.6 million) related primarily to the second and final phase of the integration of GSW in the previous year.

The transaction costs in the amount of EUR 2.6 million comprised expenses incurred in connection with the acquisition of three Nursing and Assisted Living facilities in Hamburg, each of which was treated as a "business combination" in accordance with IFRS 3. The transaction costs recorded in the previous year related to non-recurrent expenses incurred in connection with the takeover bids for conwert Immobilien Invest SE and LEG Immobilien AG in the amount of approximately EUR 14.7 million and the expenses incurred in connection with the hostile takeover bid by Vonovia SE in the amount of approximately EUR 32.8 million.

Non-recurrent financing costs in the amount of approximately EUR 6.9 million were incurred in the financial year 2016. The non-recurrent financing costs for the previous year in the amount of EUR 58.7 million resulted, in particular, from the refinancing of loans in the amount of EUR 1.3 billion.

**Earnings from Residential Property Management**

The following overview shows portfolio key figures as at the reporting dates:

	31/12/2016	31/12/2015
Residential and commercial units	160,160	148,218
Residential and commercial space in sqm k	9,790	9,147
Fair value per sqm residential and commercial areas in EUR	1,580	1,282
In-place rent residential per sqm in EUR	6.10	5.89
Like-for-like rental growth in core and growth regions (letting portfolio) in %	2.9	3.6
Residential vacancy rate in %	1.8	1.8
Maintenance costs per sqm and year in EUR <sup>1)</sup>	9.63	9.45
Capital expenditures per sqm and year in EUR <sup>1)</sup>	15.29	10.53

<sup>1)</sup> In consideration of the average floor space on a quarterly basis in the relevant period

An overview of the portfolio as at 31 December 2016 can be found on [56](#) of the chapter "Property portfolio".

EUR m	2016	2015
<b>Rental income</b>	<b>704.5</b>	<b>634.0</b>
Non-recoverable operating costs	-9.8	-12.7
Rental loss	-6.4	-6.3
Maintenance	-94.5	-86.1
Other	-7.4	-9.7
<b>Earnings from Residential Property Management</b>	<b>586.4</b>	<b>519.2</b>
Staff and general and administration expenses	-40.7	-44.3
<b>Operating results (Net Operating Income - NOI)</b>	<b>545.7</b>	<b>474.9</b>
NOI margin in %	77.5	74.9
NOI in EUR per sqm and month <sup>1)</sup>	4.63	4.34
Change in %	6.7	

<sup>1)</sup> In consideration of the average floor space on a quarterly basis in the relevant period; in case of significant acquisitions were recorded within a quarter the average floor space was adjusted accordingly

With regard to the changes in in-place rents and capital expenditures, we refer to our portfolio figures from [59](#).

The losses arising from non-recoverable operating costs and rental loss based on rental income amounted to 2.3% (previous year: 3.0%). Other costs comprised, in particular, expenditure on marketing, ground rent and costs in relation to third-party administrative activities.

Overall, the positive performance of the individual Net Operating Income (NOI) items – due to increased revenues, cost savings and the effects of changes in the portfolio as a result of acquisitions and disposals – led to a 6.7% rise in the NOI per sqm and month as compared to the previous year.

**Earnings from Disposals**

In the Disposals segment, we sold a total of 4,308 residential units (previous year: 9,405), with the transfer of risks and rewards occurring during the financial year.

EUR m	2016	2015
Sales proceeds	354.3	674.0
Cost of sales	-10.4	-21.5
<b>Net sales proceeds</b>	<b>343.9</b>	<b>652.5</b>
Carrying amounts of assets sold	-289.6	-583.6
<b>Earnings from Disposals</b>	<b>54.3</b>	<b>68.9</b>

Earnings from Disposals, viewed in absolute terms, decreased by approximately 21% to EUR 54.3 million as a result of a fall in the transaction volume as compared to the previous year. However, the average sales margins rose in spite of the appreciations recorded in the financial year 2015 and 2016, such that Earnings from Disposals rose significantly when viewed in relative terms.

In the following, the key figures and earnings are shown divided according to residential unit privatisation and institutional disposals:

### Privatisations

EUR m	2016	2015
<b>Sales proceeds</b>	<b>146.1</b>	<b>186.7</b>
Average sales price per in EUR/sqm	1,564	1,394
Volume in residential units	1,235	1,908
Cost of sales	-8.7	-11.5
<b>Net sales proceeds</b>	<b>137.4</b>	<b>175.2</b>
Carrying amounts of assets sold	-105.0	-132.5
Gross margin in %	39.1	40.9
<b>Earnings</b>	<b>32.4</b>	<b>42.7</b>
Carrying amounts	105.0	132.5
Loan repayment	-8.9	-62.9
<b>Liquidity contribution</b>	<b>128.5</b>	<b>112.3</b>

A total of 1,235 residential units were privatised in the reporting period. The gross margin remains high at approximately 39 % (previous year: approximately 41 %).

### Earnings from Nursing and Assisted Living

The Nursing and Assisted Living business segment is operated via a shareholding in the KATHARINENHOF® Group, which operated the following facilities in the financial year 2016:

Nursing and Assisted Living	Facilities number	Places number	Income EUR m	Ø occupancy in %	
				2016	2015
Berlin	7	847	32.1	97.9	95.7
Brandenburg	5	595	19.2	98.7	97.1
Saxony	7	475	13.9	99.8	100.0
Lower Saxony	1	131	4.9	98.7	98.9
<b>Total</b>	<b>20</b>	<b>2,048</b>	<b>70.1</b>	<b>98.6</b>	<b>97.2</b>

In addition, three facilities in Hamburg were acquired as of 31 December 2016; the operating results of these facilities are not yet reflected in the segment earnings for the financial year 2016. Of the 23 properties, 22 are owned by Deutsche Wohnen and had a fair value of EUR 244.0 million as at 31 December 2016.

### Institutional sales

EUR m	2016	2015
<b>Sales proceeds</b>	<b>208.2</b>	<b>487.3</b>
Average sales price in EUR/per sqm	961	952
Volume in residential units	3,073	7,497
Cost of sales	-1.7	-10.0
<b>Net sales proceeds</b>	<b>206.5</b>	<b>477.3</b>
Carrying amounts of assets sold	-184.6	-451.1
Gross margin in %	12.8	8.0
<b>Earnings</b>	<b>21.9</b>	<b>26.2</b>
Carrying amounts	184.6	451.1
Loan repayment	-35.5	-127.7
<b>Liquidity contribution</b>	<b>171.0</b>	<b>349.6</b>

In the financial year 2016, the focus of our institutional disposals activities was directed at the streamlining of our portfolio, while in the previous year opportunistic disposals of properties in structurally weak locations in Berlin resulted in more than double the number of residential units sold.

The acquisition, by way of asset deal, of a nursing property portfolio comprising 28 residential nursing home facilities and a total of 4,132 beds was notarised on 5 August 2016. The residential nursing home facilities, which are mainly located in western Germany, have been leased to reputable operators on a long-term basis. The portfolio currently generates annual rental income in the amount of approximately EUR 27 million, approximately 90 % of which is attributable to full nursing care and approximately 10 % to Assisted Living services.

The quality of the service at all these facilities is above the industry average, which is reflected in the ratings granted by the Medical Service of the Health Insurance Industry: KATHARINENHOF® facilities were exclusively awarded very good ratings of between 1.0 and 1.4 in 82 categories. All of our 17 full in-patient nursing care facilities have been awarded the "Grüner Haken" ("Green Tick") commendation, a seal of quality issued by the Federal Advocacy Group for the Elderly and Those Requiring Care (Bundesinteressenvertretung für alte und pflegebetroffene Menschen – BIVA). Our high occupancy figures between 96 % and 99 %, which have been above average for years, show that our ambitious nursing and assistance concept is bearing fruit.

The earnings for the Nursing and Assisted Living segment in the past financial year are as follows:

EUR m	2016	2015
<b>Income</b>		
Nursing	55.7	53.3
Living	6.5	6.1
Other	7.9	7.7
	<b>70.1</b>	<b>67.1</b>
<b>Costs</b>		
Nursing and corporate expenses	- 18.0	- 17.8
Staff expenses	- 35.3	- 33.7
	<b>- 53.3</b>	<b>- 51.5</b>
<b>Segment earnings</b>	<b>16.8</b>	<b>15.6</b>
Attributable current interest	- 4.2	- 4.8
<b>Segment earnings after interest expenses</b>	<b>12.6</b>	<b>10.8</b>

The segment Nursing and Assisted Living contributed to the earnings of the Deutsche Wohnen Group in 2016 with an EBITDA amounting to approximately EUR 16.8 million. After deducting the current interest rate expenses, the earnings before taxes amounted to approximately EUR 12.6 million, which represents an increase of 16.7 % over the previous year.

### Corporate expenses

Corporate expenses include all of the staff expenses and general and administration expenses, excluding the segment Nursing and Assisted Living.

EUR m	2016	2015
Staff expenses	- 45.7	- 44.9
Long-term remuneration component (share-based)	- 2.2	- 1.0
General and administration expenses	- 25.8	- 28.8
<b>Corporate expenses</b>	<b>- 73.7</b>	<b>- 74.7</b>

Viewed in absolute terms, corporate expenses fell overall, in spite of the growth of the portfolio by way of acquisitions. The cost ratio in relation to the rental income thus decreased, as compared to the previous year, from 11.8 % to 10.5 %.

### Other operating expenses/income

Other operating expenses/income comprised expenses in the amount of EUR 16.0 million (previous year: EUR 71.6 million) and income in the amount of EUR 7.3 million (previous year: EUR 7.6 million).

Other operating expenses in the financial year 2016 comprised non-recurrent transaction costs in the amount of EUR 2.6 million incurred in connection with the takeover of three facilities for Nursing and Assisted Living in Hamburg (IFRS 3), as well as restructuring, project-related and consultancy costs. Other operating expenses for the previous year primarily comprised transaction costs incurred in connection with our takeover bids for conwert Immobilien Invest SE and LEG Immobilien AG in the amount of approximately EUR 14.7 million and our expenses in connection with the hostile takeover bid of Vonovia SE in the amount of approximately EUR 32.8 million.

Other operating income primarily comprised non-recurrent revenues from business combinations (IFRS 3) and revenues from the reversal of provisions.

The depreciation and amortisation carried out in the financial year 2016 related to the devaluation of the full amount of the goodwill arising out of the takeover of GSW Immobilien AG in 2013 in the amount of EUR 0.5 billion.



In addition, it comprised the depreciation and amortisation of intangible assets, software, properties used by the company itself, technical facilities, operating and business equipment, and other property, plant and equipment.

With regard to the adjustments to the fair value of the investment properties, reference is made to the section containing our portfolio disclosure on [62](#).

The earnings from companies valued in accordance with the equity method, which amounted to EUR 1.7 million (previous year: EUR 0.9 million), were largely attributable to the joint venture G+D Gesellschaft für Energiemanagement mbH.

### Financial result

The financial result is made up as follows:

EUR m	2016	2015
Current interest expenses	-106.2	-127.0
Accrued interest on liabilities and pensions	-18.7	-9.5
Transaction-related interest expenditures	-6.9	-58.7
Fair-value adjustments of derivative financial instruments	-3.8	3.1
Fair-value adjustments of convertible bonds	-79.6	-216.8
	<b>-215.2</b>	<b>-408.9</b>
Interest income	3.4	0.9
<b>Financial result</b>	<b>-211.8</b>	<b>-408.0</b>

The decrease in current interest expenses as compared to the previous year was due to refinancing measures and the fall in interest rates for variable rate loans. The average interest rate for all financing measures fell from 1.8% p.a. in the previous year to 1.6% p.a.

Non-cash accrued interest related primarily to low-interest-bearing loans and employee benefit liabilities.

Transaction-related interest expenses primarily comprised prepayment penalties or redemption payments with regard to interest rate hedge transactions in the refinancing context.

The development of the price for the convertible bonds mirrored that of the price of the Deutsche Wohnen AG share. The convertible bonds are reported at their fair value on the consolidated balance sheet. The positive performance of the share price resulted in a further valuation loss. Given that the current share price is higher than the underlying conversion price, the convertible bonds are "in the money", such that a calculation on a diluted basis will result in a positive effect on the key balance sheet figures LTV or EPRA NAV.

After interest expenses, the cash flow from the portfolio increased by EUR 91 million to EUR 443.7 million, as shown in the following table:

EUR m	2016	2015
NOI from lettings	545.7	474.9
Current interest expenses (excluding Nursing and Assisted Living)	-102.0	-122.2
<b>Cash flow from portfolio after current interest expenses</b>	<b>443.7</b>	<b>352.7</b>
<b>Interest cover ratio</b>	<b>5.4</b>	<b>3.9</b>

The interest cover ratio (NOI relative to the current interest expenses) could once more be improved from 3.9 to 5.4 due to the rising operating results from Residential Property Management and scaling effects respectively, as well as low interest rates in the financing context.

### Current taxes and deferred taxes

The current taxes for the financial year 2016 in the amount of EUR 36.5 million (previous year: EUR 28.0 million) comprise current income taxes in the amount of EUR 36.5 million (previous year: EUR 21.5 million) and in the financial year 2015 non-cash tax expenses in the amount of EUR 6.5 million arising out of the capital increase.

Deferred taxes amounted to EUR 829.5 million (previous year: EUR 559.3 million). Deferred tax expenses primarily relate to the appreciation in the value of our properties.

## Financial position

Selected key figures of the consolidated balance sheet:

	31/12/2016		31/12/2015	
	EUR m	%	EUR m	%
Investment properties	16,005.1	95	11,859.1	88
Other non-current assets	109.3	1	616.3 <sup>1)</sup>	5
<b>Total of non-current assets</b>	<b>16,114.4</b>	<b>96</b>	<b>12,475.4</b>	<b>93</b>
Current assets	477.0	3	239.6	2
Cash and cash equivalents	192.2	1	661.6	5
<b>Total of current assets</b>	<b>669.2</b>	<b>4</b>	<b>901.2</b>	<b>7</b>
<b>Total assets</b>	<b>16,783.6</b>	<b>100</b>	<b>13,376.6</b>	<b>100</b>
<b>Equity</b>	<b>8,234.0</b>	<b>49</b>	<b>6,798.1<sup>1)</sup></b>	<b>51</b>
Financial liabilities	4,600.0	28	3,780.4	29
Convertible bonds	1,045.1	6	965.4	7
Corporate bonds	732.3	4	498.3	4
Tax liabilities	48.3	0	37.5	0
Employee benefit liabilities	67.6	0	64.6	0
Deferred tax liabilities	1,687.1	10	860.6 <sup>1)</sup>	6
Other liabilities	369.2	3	371.7	3
<b>Total liabilities</b>	<b>8,549.6</b>	<b>51</b>	<b>6,578.5</b>	<b>49</b>
<b>Total equity and liabilities</b>	<b>16,783.6</b>	<b>100</b>	<b>13,376.6</b>	<b>100</b>

<sup>1)</sup> Previous year's figure amended

Our total assets increased, primarily as a consequence of additional purchases and the appreciation in value of our real estate holdings.

Investment properties continue to represent the largest asset items. With regard to the revaluation, we refer to the chapter "Property portfolio" from [D 56](#).

The value of other non-current assets decreased by EUR 507.0 million as compared to the previous year, primarily as a result of the depreciation and amortisation of the GSW goodwill in the financial year 2016.

The increase in the value of the current assets as compared to that on the reporting date for the previous year was primarily due to the acquisition of properties held for sale.

Equity increased, largely as a result of the Group profit realised in the amount of EUR 1,623.2 million. Furthermore, new shares were issued in the context of the offer of compensation made pursuant to the domination agreement entered into with GSW Immobilien AG. These developments were offset by the disbursement of the dividend for the financial year 2015 in the amount of EUR 182.2 million. The equity ratio amounted to 49 % as at the reporting date (previous year: 51 %).

### Financing

In the financial year 2016, new portfolio financing measures were undertaken for the financing of acquisitions. As a result, the financial liabilities increased by EUR 819.6 million as compared to the previous year.

No new convertible bonds were issued in the financial year 2016. The change in the carrying amount as compared to the previous year is solely due to the valuation at fair value on the reporting dates in question.

Deutsche Wohnen issued a bond to institutional investors in the financial year 2015. The bond is in the amount of EUR 500 million, its term runs until July 2020 and it bears annual interest of 1.375%.

These financing measures also had the effect of improving key financial figures of the Group. The average interest rate thus fell as compared to the reporting date for the previous year, from approximately 1.8 % p.a. to approximately 1.6 % p.a., while the annual repayment rate was commensurate with that for the previous year, at approximately 0.7%. The average term of the Group's loans decreased slightly from 9.2 years in the previous year to 8.1 years. The hedging ratio amounted to approximately 85 % as at 31 December 2016 (previous year: 87%).

As in the previous year, Deutsche Wohnen AG was given a long-term issuer rating by each of the international rating agencies Standard & Poor's and Moody's. These were unchanged at A-, in the case of Standard & Poor's, and A3, in the case of Moody's, in both cases with sound prospects.

The Group's Loan-to-Value Ratio (LTV) developed as follows:

EUR m	31/12/2016	31/12/2015
Financial liabilities	4,600.0	3,780.4
Convertible bonds	1,045.1	965.4
Corporate bonds	732.3	498.3
	<b>6,377.4</b>	<b>5,244.1</b>
Cash and cash equivalents	-192.2	-661.6
<b>Net financial liabilities</b>	<b>6,185.2</b>	<b>4,582.5</b>
Investment properties	16,005.1	11,859.1
Non-current assets held for sale	29.2	137.6
Land and buildings held for sale	381.5	66.9
	<b>16,415.8</b>	<b>12,063.6</b>
<b>Loan-to-Value Ratio in %</b>	<b>37.7</b>	<b>38.0</b>

### Consolidated statement of cash flows

The most important cash flows are shown in the following:

EUR m	2016	2015
Net cash flows from operating activities before acquisitions and disposals of properties held for sale, before interest payments and income tax payments	481.6	344.2
Acquisition and disposal of investment properties	-304.2	8.0
Interest payments	-104.3	-134.0
Income tax payments	-50.7	9.8
<b>Net cash flows from operating activities</b>	<b>22.4</b>	<b>228.0</b>
Net cash flows from investing activities	-1,093.5	-72.3
Net cash flows from financing activities	601.7	109.5
<b>Net change in cash and cash equivalents</b>	<b>-469.4</b>	<b>265.2</b>
Opening balance cash and cash equivalents	661.6	396.4
<b>Closing balance cash and cash equivalents</b>	<b>192.2</b>	<b>661.6</b>

Deutsche Wohnen was again able to meet its financial obligations in full at all times in 2016.

The net cash flows from operating activities increased as a result of acquisitions, a positive operational performance and lower interest payments. This was counterbalanced by investments in properties held for sale in the amount of EUR 354.8 million (previous year: EUR 28.8 million) and also higher tax payments.

The net cash flows from investing activities reflect, in particular, sales proceeds from disposals of investment properties and expenditure on investments.

The net cash flows from financing activities essentially includes all payments in connection with refinancing measures (loan repayments and new financing) and the dividend payment for the previous financial year. The amount for the previous year also comprised an incoming payment as a result of a capital measure.

### Funds from Operations (FFO)

The key figure Funds from Operations without disposals (FFO I), which is decisive for us, rose significantly by approximately 26% as compared the previous year, due to acquisitions and operational improvements in our portfolio:

EUR m	2016	2015
<b>EBITDA</b>	<b>575.1</b>	<b>465.0</b>
Valuation of current assets (properties)	2.5	0.0
Other non-recurring expenses/income	0.2	-0.2
Transaction costs	2.6	47.5
Restructuring and reorganisation expenditure	1.3	11.6
<b>EBITDA (adjusted)</b>	<b>581.7</b>	<b>523.9</b>
Earnings from Disposals	-54.3	-68.9
Long-term remuneration component (share-based)	2.2	1.0 <sup>1)</sup>
Valuation at equity	2.0	1.8
Interest expenses/income	-104.9	-126.1
Income tax	-36.5	-21.5
Minority shareholdings	-6.3	-6.2
<b>FFO I</b>	<b>383.9</b>	<b>304.0</b>
Earnings from Disposals	54.3	68.9
<b>FFO II</b>	<b>438.2</b>	<b>372.9</b>
FFO I per share in EUR <sup>2)</sup>	1.14	0.95 <sup>3)</sup>
FFO II per share in EUR <sup>2)</sup>	1.30	1.16 <sup>3)</sup>

<sup>1)</sup> Previous year's figure amended

<sup>2)</sup> Based on the weighted average of around 337.45 million issued shares in 2016 and around 320.85 million in 2015

<sup>3)</sup> In consideration of the effects arising out of the capital increase in June 2015 (so-called scrip adjustment of approximately 1.01)

## EPRA performance indicators

The European Public Real Estate Association (EPRA) is an organisation based in Brussels, which represents the interests of listed companies within the European property sector. EPRA's primary objective is to ensure the further development of the sector, in particular by improving the transparency of reporting structures. The following key figures have been calculated in accordance with the standards recommended by EPRA.

### Overview of EPRA key figures

	2016	2015
EPRA NAV (undiluted) in EUR m	10,017.0	7,765.6
EPRA NAV (undiluted) in EUR per share	29.68	23.02
EPRA NAV (diluted) in EUR m	11,009.3	8,717.7
EPRA NAV (diluted) in EUR per share	29.69	23.55
EPRA NNNAV (diluted) in EUR m	10,814.6	8,588.9
EPRA NNNAV (diluted) in EUR per share	29.16	23.20
EPRA Earnings in EUR m	359.5	227.9
EPRA Earnings (diluted) in EUR per share	0.97	0.62
EPRA Net Initial Yield in %	4	4
EPRA Vacancies in %	1.9	1.9

### EPRA NAV

The EPRA NAV has been reported by Deutsche Wohnen since 2010. Net asset value is determined using the fair value of the property portfolio and by having the property valuation verified by CB Richard Ellis.

In the reporting year, the EPRA NAV (undiluted) per share rose by 29% from EUR 23.02 per share to EUR 29.68 per share. In consideration of the diluting effect of the convertible bonds of 2013 and 2014 with a total nominal value of EUR 250 million and EUR 400 million, the diluted EPRA NAV is EUR 29.69 per share.

EUR m	31/12/2016	31/12/2015
Equity (before non-controlling interests)	7,962.5	6,582.7 <sup>1)</sup>
Fair value of financial instruments	47.0	44.8
Deferred taxes	2,004.4	1,138.1 <sup>1)</sup>
<b>EPRA NAV (undiluted)</b>	<b>10,017.0</b>	<b>7,765.6<sup>1)</sup></b>
Number of shares outstanding (undiluted) in m	337.5	337.4
<b>EPRA NAV (undiluted) in EUR per share</b>	<b>29.68</b>	<b>23.02<sup>1)</sup></b>
Effects of exercise of convertible bonds	992.3	952.1
<b>EPRA NAV (diluted)</b>	<b>11,009.3</b>	<b>8,717.7<sup>1)</sup></b>
Number of shares outstanding (diluted) in m	370.8	370.2
<b>EPRA NAV (diluted) in EUR per share</b>	<b>29.69</b>	<b>23.55<sup>1)</sup></b>

<sup>1)</sup> Previous year's figure amended

We have dispensed with reporting EPRA NAV as adjusted to reflect goodwill (Adjusted NAV) given that there was only goodwill in the amount EUR 11.4 million as at the reporting date.

### EPRA Triple Net Asset Value (NNNAV)

The EPRA NNNAV is calculated on the basis of the EPRA NAV, taking account of the fair value of the derivative financial instruments, the fair value of the financial liabilities and corporate bonds, and the resultant amounts of deferred taxes.

EUR m	31/12/2016	31/12/2015
<b>EPRA NAV (diluted)</b>	<b>11,009.3</b>	<b>8,717.7</b>
Fair value of derivative financial instruments	-47.0	-44.8
Fair value of financial liabilities <sup>1)</sup>	-212.9	-135.2
Fair value of corporate bonds <sup>1)</sup>	-18.9	-4.5
Deferred taxes <sup>2)</sup>	84.1	55.7
<b>EPRA NNNAV (diluted)</b>	<b>10,814.6</b>	<b>8,588.9</b>
Number of shares outstanding (diluted) in m	370.8	370.2
<b>EPRA NNNAV (diluted) in EUR per share</b>	<b>29.16</b>	<b>23.20</b>

<sup>1)</sup> Difference between the carrying amounts reported on the balance sheet and the fair values

<sup>2)</sup> Deferred taxes on the difference between the carrying amounts reported on the balance sheet and the fair values of derivative financial instruments, financial liabilities and corporate bonds

**EPRA Earnings**

In the calculation of the EPRA Earnings, which represent the recurrent earnings from the core operating business, adjustments are made for valuation effects and sales proceeds, in particular.

EUR m	2016	2015
<b>Earnings as per IFRS</b>	<b>1,623.2</b>	<b>1,199.9<sup>2)</sup></b>
Adjustments for determining the EPRA Earnings:		
Valuation result	-2,665.1	-1,734.1
Earnings from Disposals	-54.3	-68.9
Tax on profits or losses on disposal <sup>1)</sup>	5.4	6.9
Amortisation of goodwill	537.3	0.0
Valuation of financial instruments and close-out costs	89.8	271.0
Deferred taxes	829.5	559.3 <sup>2)</sup>
Minority shareholdings	-6.3	-6.2
<b>EPRA Earnings</b>	<b>359.5</b>	<b>227.9</b>
Number of shares outstanding (undiluted) in m at the reporting date	337.5	337.4
<b>EPRA Earnings (undiluted) in EUR per share</b>	<b>1.07</b>	<b>0.68</b>
Number of shares outstanding (diluted) in m at the reporting date	370.8	370.2
<b>EPRA Earnings (diluted) in EUR per share</b>	<b>0.97</b>	<b>0.62</b>

<sup>1)</sup> In the interests of simplicity, taxes are reported in the amount of 10% of the earnings from disposals

<sup>2)</sup> Previous year's figure amended

**EPRA Net Initial Yield (NIY)**

The EPRA Net Initial Yield reflects the ratio of the fair value of the portfolio to the annualised net rental income, which has been reduced by non-apportionable management costs, such as those arising in connection with maintenance, rental loss and vacancies.

EUR m	2016	2015
Investment properties and non-current assets held for sale <sup>1)</sup>	15,315.9	11,809.7
Land and buildings held for sale <sup>1)</sup>	363.7	61.4
Less facilities under construction and advance payments <sup>1)</sup>	-210.5	-143.6
<b>Sub-total: completed property portfolio</b>	<b>15,469.1</b>	<b>11,727.5</b>
Plus incidental acquisition costs of an investor, estimated at 8.0%	1,237.5	938.2
<b>Total: completed property portfolio</b>	<b>16,706.6</b>	<b>12,665.7</b>
Annualised in-place rent	719.3	647.6
Less direct management costs <sup>2)</sup>	-120.6	-117.3
<b>Annualised in-place rent (net)</b>	<b>598.7</b>	<b>530.3</b>
<b>EPRA Net Initial Yield (EPRA NIY) in %</b>	<b>3.6</b>	<b>4.2</b>

<sup>1)</sup> Excluding Nursing and Assisted Living and undeveloped land

<sup>2)</sup> Non-recoverable operating costs, rental loss, maintenance, etc.

**EPRA Vacancies**

The EPRA vacancy rate is calculated on the basis of the ratio of the estimated annualised market rents for the vacant properties to the market rents for the portfolio as a whole.

in %	2016	2015
EPRA Vacancies	1.9	1.9

## Employees

Deutsche Wohnen has undergone a major transformation in recent years in the wake of the extensive growth experienced by the company, and has thereby succeeded in establishing a reputation as an attractive employer within the property sector. It is above all our focus on strategic employee development which enables us to attract and retain skilled personnel capable of meeting our high standards with regard to corporate profitability, the quality of our holdings and customer service.

Deutsche Wohnen had a total of 943 employees as at 31 December 2016 (31 December 2015: 766). FACILITA Berlin GmbH, which has 120 employees, has been a wholly owned subsidiary of Deutsche Wohnen since January 2016. It performs infrastructural facility management functions for currently approximately 70,000 of our residential units in Berlin.

As of 31 December 2016, KATHARINENHOF Seniorenwohn- und Pflegeanlage Betriebs-GmbH employed a further 1,377 staff members.

With approximately 79%, the majority of the total workforce of Deutsche Wohnen was responsible for the management and administration of its properties, the management of rental contracts and the provision of tenant support services. A total of 56.8% of our employees were female as at the end of the financial year. The average length of service of nine years has remained stable as compared to previous years.

Employees	31/12/2016	31/12/2015
<b>Deutsche Wohnen<sup>1)</sup></b>	<b>943</b>	<b>766</b>
Number of women (in %) <sup>2)</sup>	536 (56.8)	499 (65.1)
Number of men (in %)	407 (43.2)	267 (34.9)
Number of trainees (in %)	44 (4.5)	47 (5.8)
Average age in years	42.1	41.3

<sup>1)</sup> Excl. Management Board, Managing Directors and trainees; incl. employees on maternity/parental leave, temporary staff and marginal employees

<sup>2)</sup> Excl. Management Board, Managing Directors and trainees

The strategic management of talent, the promotion of work-life balance and family-friendly working conditions, as well as diversity and equality of opportunity, form the cornerstones of our personnel policy. Our superior staff training, trainee and talent management programme and dual course of study options mean that we are able to meet a sizeable proportion of our own future requirements for highly accomplished staff from within our own ranks. Furthermore, employees and executives attended more than 1,600 sessions in the context of our target group-specific and needs-oriented training programme last year. We held four health awareness days for the benefit of our employees, at which fruit was made available free of charge and massages were provided.

In 2016, the year under review, we further increased our transparency vis-à-vis our employees by means of structured annual employee interviews and the implementation of a performance-based and market-aligned system of remuneration. The systematic employee survey conducted by Deutsche Wohnen every two years since 2014 gives us important insights into our employees' requirements and provides the foundation for our needs-based, personnel-related endeavours.

### Flexible working arrangements and women in management positions

in %	31/12/2016	31/12/2015
<b>Deutsche Wohnen</b>		
Women in management positions <sup>1)</sup>	45.9	51.7
Employees opting for part-time employment <sup>1)</sup>	9.2	8.5
Employees opting to take parental leave	5.5	6.1

<sup>1)</sup> Excl. Management Board and trainees

Deutsche Wohnen encourages diversity and does not tolerate any discrimination against its employees on the grounds of their gender, age, background, disability or sexual orientation. We offer flexible working arrangements, for example part-time employment, to parents employed at our company with a view to helping them achieve a better work-life balance. In the year under review, 9.2% of our employees availed themselves of this option, with 5.5% of our workforce going on parental leave. The consistently high proportion of female employees and the large proportion of women in management positions within the company (2016: 45.9%) provide continued motivation for our endeavours in this regard.

# REPORT ON THE INDIVIDUAL FINANCIAL STATEMENTS OF DEUTSCHE WOHNEN AG

## Fundamentals of Deutsche Wohnen AG

Deutsche Wohnen AG (DWAG), Frankfurt/Main, is the parent company of the corporate Group. It acts as a holding company and, together with its employees, is responsible for performing all of the important central functions within the Group. The Individual Financial Statements have been prepared in accordance with the provisions of the German Commercial Code (HGB) applicable to large corporations and the supplementary provisions of the German Stock Corporation Act (AktG). Deutsche Wohnen AG is a capital markets-oriented company and is listed on the Frankfurt Stock Exchange, among others.

The report on the financial performance and financial position of the Group and the discussion of the risks and opportunities to which it is exposed also fundamentally apply to Deutsche Wohnen AG.

## Employees

As at 31 December 2016, 160 employees<sup>1)</sup> (previous year: 158) and 42 trainees and students (previous year: 39) were employed at Deutsche Wohnen AG.

## Management Board analysis of business operations

The financial year 2016 was a successful one for Deutsche Wohnen AG. We achieved, or even exceeded, our targets.

The operating results from our holding activities were not impacted by any transaction or similar extraordinary expenses in the financial year 2016. They rose by approximately EUR 62.6 million as a result of an increase in revenues in the face of a fall in costs.

The financial results increased by a further EUR 7.5 million in the past financial year due to, among other things, the discontinuation of non-recurrent financing costs from the previous year.

Profit transfers and distributions by subsidiaries amounted to EUR 123.4 million in the financial year 2016 and as such were lower than in the previous year (EUR 209.2 million), as expected.

We therefore recorded earnings before one-off items in a positive amount and an annual profit in the amount of EUR 110.4 million (previous year: EUR 127.6 million), in line with our projections.

<sup>1)</sup> All employees incl. maternity/paternity/parental leave, incl. temporary staff and marginal employees, excl. trainees

## Financial performance and financial position of Deutsche Wohnen AG

### Financial performance

In the financial year 2016, Deutsche Wohnen AG realised annual profit in the amount of EUR 110.4 million on the basis of dividend payments from subsidiaries.

	2016	2015	Changes	Changes
	EUR m	EUR m	EUR m	relative in %
Revenues	31.5	26.4	5.1	19
Other operating income	1.4	10.2	-8.8	-86
Staff expenses	-17.2	-19.7	2.5	-13
Other operating expenses	-32.7	-97.1	64.4	-66
Depreciation and amortisation	-2.1	-1.5	-0.6	40
<b>Operating results</b>	<b>-19.1</b>	<b>-81.7</b>	<b>62.6</b>	<b>-77</b>
Net income from interest	7.6	0.1	7.5	>100
Income from shareholdings	123.4	209.2	-85.8	-41
Unscheduled depreciation and amortisation	-0.2	0.0	-0.2	n/a
Income taxes	-1.3	0.0	-1.3	n/a
<b>Annual earnings</b>	<b>110.4</b>	<b>127.6</b>	<b>-17.2</b>	<b>-13</b>

Deutsche Wohnen AG acts as a holding company and generates revenues from the provision of business management services to the entire Group. The change in the amount of revenues as compared to the previous year is largely the result of the takeover of further companies in 2016.

Other operating income for the financial year 2015, at EUR 7.4 million, largely comprises income from the cancellation of reversals of deferred expenses and accrued income carried out in previous years and recognised as expenses in connection with the reporting on the balance sheet of the equity share resulting from the issuance of convertible bonds; this balance sheet reporting underwent changes in 2015 in the wake of the more recent case law of the German Federal Fiscal Court (BFH). Otherwise, as in the previous year, other operating income primarily comprises income from the passing on of costs within the Group and the reversal of provisions.

The decrease in staff expenses by EUR 2.5 million as compared to the previous year was largely due to lower expenses in connection with severance payments and the continued payment of wages in cases of employee sickness. Deutsche Wohnen AG had an annual average of 155 employees in 2016 (previous year: 150 employees).

In addition to ongoing legal and consultancy fees and IT costs, other operating expenses comprised, in particular, costs relating to capital increases and transaction costs. Transaction costs in the previous year primarily related to the takeover bids for convert Immobilien Invest SE and LEG Immobilien AG, and also the takeover bid by Vonovia SE. Given that no capital increases and no comparable takeover-related transactions were undertaken by Deutsche Wohnen AG in the financial year 2016, no comparable expenses were incurred.

The depreciation and amortisation related to the depreciation and amortisation of software and property, plant and equipment, such as tenant installations and operating and business equipment. The depreciation and amortisation of software was higher than in the previous year due to investments in improving the efficiency of our IT systems.

Net income from interest comprised interest expenses in the amount of EUR 16.6 million (previous year: EUR 20.8 million) and interest income in the amount of EUR 24.2 million (previous year: EUR 20.9 million). Interest expenses for the financial year 2015 comprised non-recurring expenses for the issuance of a corporate bond in the amount of EUR 2.1 million.



In this and in the previous financial year, Deutsche Wohnen AG primarily relied upon equity and low interest convertible bonds and corporate bonds to finance its activities. Deutsche Wohnen AG received further funds in its capacity as the central cash pool leader for the Group, which it then forwarded on to subsidiaries through equity or internal Group financing measures. In light of the above, net income comprised net income generated with third parties in the amount of EUR – 11.9 million (previous year: EUR – 16.3 million) and net income generated with affiliated companies in the amount of EUR 19.5 million (previous year: EUR 16.4 million).

Value created at the subsidiary level accrues, via the earnings from shareholdings, to Deutsche Wohnen AG in its capacity as holding company. Earnings from shareholdings take account of transfers of earnings from subsidiaries pursuant to profit transfer and/or domination agreements and from partnerships in the total amount of EUR 42.5 million (previous year: EUR 10.9 million), as well as dividend payments from subsidiaries in the amount of EUR 80.9 million (previous year: EUR 198.3 million).

Overall, Deutsche Wohnen AG realised annual profit in the amount of EUR 110.4 million.

## Financial position

	31/12/2016		31/12/2015		Changes
	EUR m	%	EUR m	%	EUR m
Fixed assets	3,127.0	44.8	3,123.3	45.0	3.7
Receivables and other assets	3,683.1	52.8	3,309.6	47.8	373.5
Cash and bank balances	165.2	2.4	501.0	7.2	-335.8
	<b>6,975.3</b>	<b>100.0</b>	<b>6,933.9</b>	<b>100.0</b>	<b>41.4</b>
Equity	4,098.7	58.8	4,166.5	60.1	-67.8
Provisions	12.9	0.2	39.8	0.6	-26.9
Liabilities	2,863.7	41.0	2,727.6	39.3	136.1
	<b>6,975.3</b>	<b>100.0</b>	<b>6,933.9</b>	<b>100.0</b>	<b>41.4</b>

The fixed assets of Deutsche Wohnen AG, amounting to EUR 3,127.0 million (previous year: EUR 3,123.3 million), primarily consist of shares in affiliated companies amounting to EUR 3,119.4 million (previous year: EUR 3,117.2 million).

Shares in affiliated companies increased by EUR 0.6 million as a result of capital contributions to subsidiaries. Further accruals in the amount of EUR 1.9 million relate to the ongoing tendering of shares of GSW Immobilien AG, Berlin.

Receivables and other assets primarily comprise receivables from affiliated companies, which increased in the context of the cash pooling system with Deutsche Wohnen AG as the central cash pool leader.

The equity of Deutsche Wohnen AG increased by EUR 1.9 million in the financial year 2016 as a result of the ongoing capital increase in kind pursuant to the control agreement concluded with GSW Immobilien AG, which grants the external shareholders the right to exchange shares of GSW Immobilien AG for shares of Deutsche Wohnen AG. The equity also increased by EUR 2.2 million as a result of a capital contribution in connection with share-based remuneration for members of the Management Board, and also as a result of the annual profit realised in the amount of EUR 110.4 million. The payment of a dividend in the amount of EUR 182.2 million had the effect of reducing the equity accordingly. The issued capital amounted to EUR 337.5 million as at the reporting date (previous year: EUR 337.4 million), and the equity ratio amounted to 58.8% (previous year: 60.1%).

The increase in provisions primarily involved outstanding invoices relating to consultancy fees and transaction costs.

Liabilities can be broken down as follows:

EUR m	31/12/2016	31/12/2015	Changes
Liabilities to affiliated companies	1,474.4	1,569.6	-95.2
Convertible bonds	651.2	651.2	0.0
Corporate bonds	735.9	503.0	232.9
Other liabilities	2.2	3.8	-1.6
	<b>2,863.7</b>	<b>2,727.6</b>	<b>136.1</b>

The liabilities to affiliated companies decreased as a result of the intra-group cash pool, which is headed up by Deutsche Wohnen AG as the central cash pool leader.

In addition to the unsecured corporate bond issued in the nominal amount of EUR 500.0 million in 2015, bearing interest at the rate of 1.375 % p.a. and having a term ending in 2020, short-dated corporate bonds taking the form of unsecured commercial papers were issued in the nominal amount of EUR 233.0 million for the first time in 2016.

The debt ratio (ratio of debt capital to total assets) of Deutsche Wohnen AG as at the reporting date is 41.2 % (previous year: 39.9%). The rise in the debt ratio is due, on the one hand, to the disbursements made and, on the other hand, to the changes in the balance sheet structure as a result of the central cash pool.

The presentation of a consolidated statement of cash flows is waived in accordance with sec. 264 para. 1 sent. 2 of the German Commercial Code (HGB).

Deutsche Wohnen AG was able to meet its financial obligations at all times in the financial year 2016.

As in the previous year, Deutsche Wohnen AG was given a long-term issuer rating by each of the international rating agencies Standard & Poor's and Moody's. These were unchanged at A-, in the case of Standard & Poor's, and A3, in the case of Moody's, in both cases with sound prospects.

Deutsche Wohnen AG has sufficient liquidity to meet its payment obligations through the intra-group cash pooling system and external credit lines.

## Forecast

Deutsche Wohnen AG acts as a holding company within the Group and as such is dependent upon the growth of its operating subsidiaries. In our plan for the financial year 2017, we have assumed that legal and fiscal framework conditions will not change. Furthermore, we expect the company to continue to operate successfully and do not currently see any risks that could pose a threat to the company's existence. Overall, we once more anticipate a favourable environment for growth over the 2017 forecast period.

Our forecasts are based on the business projections derived from our planning instruments and take account of possible risks and opportunities associated with our future development. Nevertheless, some risks and opportunities associated with our future development remain, as is shown in the risk and opportunity report.

The financial position and financial performance of Deutsche Wohnen AG is dependent on the financial development of its subsidiaries. Earnings are also dependent the transfer of profits and dividend distributions from subsidiaries.

In 2017, we expect to realise positive earnings, excluding one-off items, comparable to 2016.

# RISK AND OPPORTUNITY REPORT

## Risk management system of Deutsche Wohnen

Deutsche Wohnen AG continually examines any opportunities which may arise for securing the continued development and growth of the Group. The exploitation of such opportunities may also entail exposure to certain risks, in which case awareness, assessment and management of all of the important aspects of those risks will be of crucial importance. For this purpose, a central risk management system (RMS) is in place within Deutsche Wohnen, which ensures the identification, measurement, management and monitoring of all material risks to which the Group is exposed. The RMS is intended to ensure that risks are identified, prioritised and communicated to the competent decision makers at an early stage, in order to enable appropriate remedial action to be taken to avert or minimise any resultant damage.

Deutsche Wohnen implements an early warning system for risks (REWS) as part of its Group-wide risk management system (RMS). The REWS constitutes a component of the audit of the annual financial statements, and is in this context assessed in light of the issue of compliance with applicable legal requirements. The most recent audit has shown that the REWS of Deutsche Wohnen is capable of identifying developments which could pose a threat to the company's continued existence, and that the measures undertaken by the Management Board for the establishment of such a REWS meet the requirements imposed by sec. 91 para. 2 of the German Stock Corporation Act (AktG) in this regard.

## Principles underlying our risk management policy

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

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

## Responsibility

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

Deutsche Wohnen executives are designated "risk owners" and, in this capacity, assume responsibility for the identification, assessment, documentation and communication of all material risks arising within their area of responsibility. The risk manager coordinates the recording, assessment, documentation and communication of the risks as part of the overall risk management process. He initiates periodical risk management activities, consolidates the reporting of risks by the risk owners and prepares the report for submission to the Management and Supervisory Boards. The internal audit division monitors the functioning of the risk management system as part of its auditing activities.

At the present time, we are not aware of any risks which the company would not reasonably be able to counteract or which could adversely affect the financial performance or financial position of the Deutsche Wohnen Group and thereby pose a threat to its continued existence.

## Instruments of the risk management system

The central elements of Deutsche Wohnen's risk management system (RMS) are:

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

The purpose of the Group-wide RMS as a whole is to assist in the attainment of Deutsche Wohnen's corporate targets, the early identification of any anomalies, the avoidance of any adverse effects on Deutsche Wohnen's operations and the timely initiation of any corresponding measures which may be required.

The existing Group-wide RMS is continuously adapted in line with current trends and its functionality verified on an ongoing basis.

### 1. Internal control system (ICS)

The ICS with regard to the Group's accounting procedures is aimed at ensuring the correctness and effectiveness of its accounting and financial reporting activities.

The ICS in place at Deutsche Wohnen AG primarily implements the following principles: transparency, observance of a dual control policy ("four eyes" principle), separation of duties and compliance with standards regarding the minimum amount of information to be disclosed to employees.

The main features of our existing internal control and risk management system governing the (Group's) accounting procedures may be summarised as follows:

- Deutsche Wohnen is characterised by clearly defined organisational, corporate, controlling and monitoring structures.
- There are Group-wide harmonised planning, reporting, controlling and early warning systems and processes in place which facilitate the comprehensive analysis and management of performance-related risk factors and risks which pose a threat to the continued operations of the Group.

- The functions in all areas relating to the accounting process (for example, financial accounting and controlling) are clearly assigned.
- The IT systems used for accounting purposes are protected against unauthorised access.
- Standardised software is predominantly used for the financial systems adopted.
- The departments involved in (Group) financial reporting meet quantitative and qualitative requirements.
- The completeness and accuracy of (Group) accounting data is regularly monitored by means of spot checks and plausibility tests carried out both manually and with the aid of the applied software.
- Significant (Group) accounting-related processes are subject to regular audits. We consistently subject all (Group) accounting-related procedures to a system of dual control ("four eyes" principle).
- The Supervisory Board deals, among other things, with significant issues of (Group) accounting, risk management, the audit of the annual financial statements and the main focal points thereof.

The internal control and risk management system with regard to the accounting procedures, the essential features of which are described above, ensures that business-related issues are properly recorded, processed and recognised on the balance sheet, and included as such in the external accounts.

The clearly defined organisational, corporate, control and monitoring structures in place, as well as the allocation of appropriate staff and equipment to the accounting department, provide the foundation for the efficient functioning of the various components of the financial reporting system. Clear statutory and internal regulations and guidelines ensure the uniform and proper implementation of financial reporting procedures.

The internal control and risk management system ensures that the accounts of Deutsche Wohnen AG and all of the companies included in the consolidated financial statement are prepared in a uniform manner and in line with the legal and statutory regulations and internal guidelines.

## 2. Reporting

High-quality business plans and corresponding reporting of the key operating and financial figures obtained in the controlling context form the basis of the early warning system implemented by the company.

A central component of the RMS is the submission of detailed monthly business reports which compare actual results with the projections approved by the Supervisory Board. These are subject to continuous review and enhancement, and also establish reference points for identified risks on the basis of relevant key operating and financial figures. In this connection, Deutsche Wohnen places particular emphasis on key figures relating to changes in the rental and privatisation contexts, and on its cash flow, liquidity and key balance sheet items.

These reporting activities enable the early identification of any anomalies and the initiation of corresponding measures.

The detailed monthly reports serve to provide the Management Board and the Supervisory Board with material information in this regard.

## 3. Risk management

The following risk categories have been identified in the context of Deutsche Wohnen's risk management activities:

### 1. Strategic risks

### 2. Political, legal and corporate risks

### 3. IT risks

### 4. Performance risks – personnel

### 5. Market risks

### 6. Performance risks – property

### 7. Financial risks

### 8. Investment risks

Early warning indicators which are specific to the prevailing external conditions and to the company itself are allocated to these risk categories. The range of early warning indicators in question is broad and varied. The indicators involve, for example, monitoring the job market, monitoring the technical condition of our properties, demographic developments, monitoring projections as to supply, rents and new-build activity in the residential property sub-markets, analysing developments in the context of new regulations governing the setting of rents, monitoring our competitors and their business operations, observing trends and developments and, finally, making analyses of and projections about the performance of the financial markets and changes in interest rates.

Information relating to the individual risks allocated to the various risk categories is documented with the aid of a risk inventory on a quarterly basis. The risk manager updates the risk inventory in line with the assessments of the risk owners for the operating departments.

Individual risks are managed at the department level and, where they involve amounts of damage in excess of EUR 500 thousand, are verified in the context of the risk inventory and allocated to the indicated risk categories. Newly identified individual risks are subject to ad hoc notification requirements.

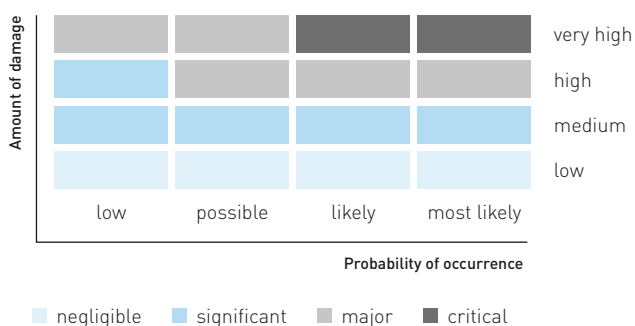
Risks are assessed on the basis of defined threshold values for the parameters amount of damage and probability of materialisation.

### Thresholds

EUR m	Amount of damage
Low	0,5 – 2
Medium	> 2 – 15
High	> 15 – 50
Very high	> 50 – 100

%	Probability of occurrence
Low	0 – 20
Possible	> 20 – 50
Likely	> 50 – 70
Most likely	> 70 – 100

For each individual risk, it is ascertained whether any factors exist which potentially indicate the occurrence of that risk (= current relevance). The assessment takes account of any countermeasures which are currently being implemented. Ultimately, the threat of damage posed by the individual risks is classified as follows: negligible, significant, major or critical.



Deutsche Wohnen considers risks classified as major or critical to be material risks. Critical risks may be risks which threaten the continued existence of the Group.

The risk inventory is discussed at regular face-to-face meetings attended by all of the risk owners, the risk manager and the Management Board, to ensure company-wide transparency as regard the risk situation and the handling of risks throughout the Group.

The company’s risk management activities are documented on a quarterly basis in a risk report, which is then presented to the Management Board. The Audit Committee of the Supervisory Board is kept informed of the risk situation at its regular meetings.

The basis is a risk management handbook which is updated as necessary.

#### 4. Compliance

Deutsche Wohnen considers the issue of compliance to be a major element of corporate governance.

At Deutsche Wohnen, Group-wide observance of legal provisions and internal guidelines provides the basis for the effective management of the company and the maintenance of a compliance-oriented corporate culture, and is thus also a means of minimising any adverse effects on its operations.

Compliance-related risks are monitored in the risk inventory undertaken in the risk management context.

Our Code of Conduct, which prescribes and defines dealings which are in compliance with the law, applies to all employees throughout the company. In addition, the managerial staff ensure that their employees are made aware of material compliance-related risks.

The Compliance Officer with Group-wide responsibility in this context manages the company’s list of insiders and informs management, employees and business partners as to the consequences of violations of regulations governing insider dealings and relevant legal framework conditions.

The Compliance Officer is also the main point of contact for any questions employees may have and for the handling of reports as to suspected cases of non-compliance.

#### 5. Internal audits

The company’s risk management activities are subject to frequent, non-process-specific reviews conducted by an independent party appointed by the Management Board at regular intervals, or at least every three years.

The focal points of the reviews are stipulated in consultation with the Management Board and the Supervisory Board, and the results of the reviews are presented to the Management Board, the Supervisory Board and the risk manager.

The non-process-specific reviews are conducted by an external audit firm appointed by Deutsche Wohnen.

## Risk report

### Overall evaluation of the risk situation by the company's management

There were no significant changes in our overall risk position in the financial year 2016 as compared to previous years, nor were any ad hoc risks reported.

Of all of the risks described above we consider financial risk and political and regulatory risk to be the most significant.

In our view, we are not currently exposed to any specific risks which pose a threat to the company's continued existence.

### Strategic risks

#### Risks arising as a result of the failure to identify trends

Where market developments or trends are not identified, this could give rise to risks which could pose a threat to the continued existence of the company. In order to minimise these risks, all of the business segments are regularly made aware of the need for the close monitoring of developments in their relevant sectors and for the prompt notification of any changes to the risk management department, which will then take appropriate action.

### Political, legal and corporate risks

#### Legal risks

Risks involving potential losses for the company may arise as a result of non-compliance with statutory regulations, non-implementation of new or amended legislation, the lack of comprehensive regulations in concluded contracts or the insufficient management of insurance arrangements.

Orders for the suspension of construction work and the failure to obtain building permits could also have an adverse effect on the company's operations as these things could give rise to unscheduled costs or construction delays. The removal of contamination and the implementation of amendments to statutory provisions could result in increased expenses.

On 30 April 2014, a domination agreement was concluded between Deutsche Wohnen AG, as the controlling company, and GSW Immobilien AG, as the controlled company, and took effect upon its registration in the commercial register on 4 September 2014. Pursuant to this agreement, Deutsche Wohnen AG is obligated to assume any losses incurred by GSW. Furthermore, Deutsche Wohnen AG has undertaken pursuant to the domination agreement, upon a request from the external shareholders of GSW to that effect, to acquire the latter's shares in exchange for shares of Deutsche Wohnen AG in the current ratio of 3:7.079 (offer of compensation), guaranteeing to pay any external shareholders of GSW declining this offer a compensation payment in the form of an annual guaranteed dividend of EUR 1.66 (gross) per share over (or currently EUR 1.40 (net)) the term of the domination agreement.

Currently, a special legal review procedure ("Spruchverfahren") pursuant to sec. 1 no. 1 of the German Shareholder Action Act (Gesetz über das gesellschaftsrechtliche Spruchverfahren – SpruchG) is pending at the district court of Berlin due to corresponding motions by individual shareholders of GSW for the review of the reasonableness of the offer of compensation and the compensation payment. Should a court order or the terms of an amicable settlement result in the stipulation of a larger settlement and/or a larger amount of compensation, external shareholders of GSW may be able to demand a corresponding supplementation of their settlement or compensation payments at the expense of Deutsche Wohnen.

#### Risks arising as a result of amendments to tenancy law

Regulatory intervention in tenancy law could affect the financial position of a residential property company. For example, the legislative amendment adopted by the Federal Government in 2015 with regard to the moderation of rent increases in Berlin restricts the scope for rent increases upon the re-letting of housing.

Other legislative amendments are regularly the subject of discussion. The next elections to the Bundestag in Germany will be held in 2017, and the possibility that further regulatory developments could occur prior or following this election cannot be excluded.

At the federal state level, the new government in Berlin is expected to introduce further changes (for example, the extension of the existing neighbourhood preservation zones – Milieuschutzgebiete).

We are therefore constantly monitoring implementation legislation, cooperating with housing management committees and using the legal means at our disposal with regard to co-determination.

Even if any such legislative changes do give rise to a critical level of risk exposure, we do not consider the continued existence of the company to be under any threat.

## IT risks

### Risks arising in connection with IT systems

Deutsche Wohnen AG uses SAP IT applications on a Group-wide basis.

This theoretically exposes it to the risk of a total failure of these applications and, consequently, significant disruption to its business operations. As a result, we have agreed with our IT service provider upon the provision of functioning operational, maintenance and administration processes, as well as of effective monitoring mechanisms. This is designed to prevent such a system failure and any possible associated data losses.

As a general rule, the risk that our IT system may be exposed to attacks involving malicious software (malware), or that data may be accessed by unauthorised third parties, cannot be excluded.

We optimise our security procedures on a regular basis, plug any security loopholes and continually update the measures taken to counteract malware. All of our employees are required to comply with security measures relating to the IT landscape pursuant to guidelines issued to that effect, and made aware of the risks associated with this area through training measures.

### Risks arising as a result of amendments to data protection legislation

The EU General Data Protection Regulation, which will come into force in 2018, will impose new requirements on companies with regard to the handling of personal data.

Deutsche Wohnen continually adapts and revises its processes, and will also do so with a view to ensuring its compliance with the new statutory requirements.

## Performance risks – personnel

### Personnel risks

A decisive factor for the success of our business operations is the knowledge and special skills of our employees. However, there is a risk that Deutsche Wohnen may not be able to retain the most qualified or best suited employees, a risk which we address by providing a stimulating working environment and by means of financial and non-financial incentives. We believe that Deutsche Wohnen is one of the most attractive employers in the sector in which it operates.

### Risks arising in connection with staff expenses

The Deutsche Wohnen Group is subject to employee benefit liabilities arising out of the company's pension scheme in the form of pension commitments, in respect of which provisions in the amount of EUR 68 million had been established as at 31 December 2016. However, the actual amount of these liabilities cannot be calculated in full ahead of time and is subject to a considerable degree of uncertainty, with the result that the actual amount of the employee benefit liabilities may exceed the amount of the established pension provision.

In addition, some subsidiaries/Group companies are members of the Pension Institution of the Federal Republic and the Federal States (Versorgungsanstalt des Bundes und der Länder – VBL). Structural changes could result in the termination by the VBL of existing arrangements, and in significant claims for the payment of equivalent amounts. All personnel-related measures are thus undertaken incorporating legal advice and consultation.

## Market risks

### Risks arising as a result of changes in market conditions

Market risks may arise in the lettings market if the economic situation in Germany deteriorates, causing market rents to stagnate or fall. In a stagnant or shrinking economy, there may also be increased unemployment, which will limit the financial resources of tenants. A decline in net disposable income – whether due to unemployment, increased tax liability, tax adjustments or increased ancillary costs – could also have an adverse effect on Deutsche Wohnen's business operations, in the form of fewer new lettings, lower rents for new lettings or rising vacancy rates.



Should the economic situation in Germany deteriorate, this could give rise to the risk of jobs being lost and tenants thus losing their regular income and no longer being able to pay their rent on time or at all. The Management considers the probability of this risk materialising to be low; it can be addressed at an early stage by maintaining close contact with tenants and by means of an early recognition of financial problems, thus enabling us to offer tenants smaller and cheaper residential units from Deutsche Wohnen's diversified portfolio.

In addition, a deterioration in the economy as a whole could result in a decline in interest in the purchase of properties, which would give rise to the risk, in both the individual privatisation and block sale contexts, of potential purchasers putting property investments on hold and thus causing delays in Deutsche Wohnen's disposal schedule.

Deutsche Wohnen recognises its investment properties (i.e. properties which are held with a view to generating rental income or for value enhancement purposes) at their fair value on the balance sheet. The fair value amount will be governed, in particular, by developments on the property market as a whole, those on the regional markets, the growth of the economy and – to a lesser degree – interest rate levels. There is therefore a risk that, in the event of negative developments on the property market, in light of the general economic situation or as a result of rising interest rates, the carrying amounts of its real estate assets reported by Deutsche Wohnen on its consolidated balance sheet may have to be amortised.

### Performance risks – property

Property risks may arise in connection with individual properties, the portfolio as a whole or the locations of the properties.

At the individual property level, these will relate, in particular, to maintenance lapses, structural damage, inadequate fire protection or wear and tear to properties caused by tenants. Risks can also arise in connection with site contamination – including wartime contamination, pollutants in soil or hazardous substances in building materials or possible breaches of building regulations. At the portfolio level, risks appear as a result of a concentration in the structure of the holdings. Such risks may include increased maintenance and refurbishment expenses and an increased difficulty in letting units.

### Financial risks

#### Risks arising in connection with Group structures and shareholdings

With the Group's number of shareholdings and complex ownership structure, increased transparency and greater management input are needed to prevent these having a negative impact on the Group's business operations. These are also increasingly subject to provisions of commercial and tax law. Inadequate planning and management and a lack of effective controlling of investment proceeds could result in lower revenues.

#### Liquidity risks

Deutsche Wohnen includes delayed cash flows from revenues and the granting of loans and unforeseen expenses leading to liquidity problems among its financial risks. Furthermore, fluctuations in the valuation of properties (IAS 40) due to negative developments in the residential property market and of derivatives could result in annual adjustments on the profit and loss statement.

#### Financial market risks and risks arising out of financial instruments

Following the successful refinancing and restructuring of the loan portfolio in 2014 and 2015, no significant liabilities are to be refinanced until and including 2019.

However, as a general rule banks may no longer be able or willing to extend expiring credit lines. The possibility that refinancing could become more expensive and that future contractual negotiations could become more time-consuming cannot be ruled out.

Furthermore, the loan agreements concluded by the company contain financial covenants, non-compliance with which could result in the extraordinary termination of loans by the banks. In the case of Deutsche Wohnen, these affect key financial figures which mostly relate to its ability to service its debts (debt service cover ratio – DSCR/interest service cover ratio – ISCR) and its debt ratio based on rental income (multiplier).

Significant risk exposure for the Group arising from financial instruments comprises interest-related cash flow risk, liquidity risk and default risks. The company's Management draws up and reviews risk management guidelines for each of these risks.

**Default risks**, or the risk that a partner will not be able to meet its obligations, are managed by using exposure limits and control processes. Deutsche Wohnen does not face any considerable default risk, either from partners or from groups of partners with similar characteristics. The **risk of a liquidity shortfall** is assessed on a daily basis with the aid of a liquidity planning tool. Deutsche Wohnen strives to ensure that sufficient funds are available to meet future obligations at all times. The **interest rate risk** to which the Group is exposed primarily relates to non-current financial liabilities subject to variable interest rates, and is hedged using interest rate derivatives. Please refer to our statements in the Notes from [106](#).

The goodwill acquired in connection with the takeover of GSW Immobilien AG (EUR 535 million) is routinely subjected to annual impairment testing, which resulted in unscheduled, non-cash expenses having an effect on the financial position or financial performance of the company in 2016. These expenses amounted to EUR 535 million as at 31 December 2016.

#### Risks arising in connection with tax law

Fundamental changes in tax regulations can lead to financial risks. For example, Deutsche Wohnen has established deferred tax assets in the amount of EUR 265 million on loss carry-forwards. Should the use of loss carry-forwards be subject to time restrictions or even denied entirely, this would give rise to an expense resulting from the amortisation of these deferred tax assets.

In the case of some subsidiaries, the external auditing of the data for past years has not yet been concluded and it is therefore possible that additional amounts of tax will be payable.

Deutsche Wohnen is subject to the rules relating to interest caps limiting the deduction, for tax purposes, of interest expenses in determining its income, and the possibility that the application of these rules could in the future result in an additional tax burden cannot be excluded.

Changes in our shareholder and organisational structure could result in liability for property transfer tax or the loss of tax loss carry-forwards.

#### Investment risks

External growth through acquisitions is not currently a main focal point for our company due to the lack of suitable properties. However opportunities may nevertheless present themselves in this regard in either existing or new regions, and also in the Nursing and Assisted Living segment, which we anticipate will enable us to realise synergies and cost savings. There is a possibility that we may only be able to achieve goals connected to acquisitions to a partial extent or at a later date. Furthermore, the performance of the acquired holdings will depend on various factors: the rents we expect to receive, the possible lowering of vacancy rates, the expense incurred in relation to maintenance measures, privatisation targets, the sale of non-strategic units and the costs relating to the integration process. The integration of new holdings requires the reorganisation of the administrative and management systems as well as the internal structures and processes. These factors may deviate from our estimates and result in a failure to realise the projected earnings or give rise to additional risks. We avail ourselves of the services of external and internal specialists as well as relying on ongoing project monitoring in order to minimise these risks. The Management Board is aware that growth should not be pursued at all costs.

The selection and planning of major maintenance measures can result in the incorrect allocation of investment funds. It is also possible that additionally acquired units will not generate the expected returns, which could have an adverse effect on the Group's business operations. Moreover, incomplete information contained in due diligence reports and evaluations, as well as non-transparent allocation decisions and non-compliance with allocation provisions (e.g. in the case of applications for public funding, resulting in the incurrence of repayment obligations) may give rise to risks.

#### Risks arising in connection with obligations pursuant to purchase agreements concluded in the context of acquisitions

Increased risk exposure is the result of the conclusion of a larger number of purchase agreements of increased complexity. The requisite structured tracking and monitoring of the fulfilment of the resultant obligations is undertaken by the Contract Management department.

In order to minimise our risk exposure, all discernible legal, financial, objective and tax-related risks are identified and analysed as a preliminary measure in the context of extensive due diligence procedures, with the Management Board obtaining in-depth advice from both the company's Legal/Compliance department and external legal counsel from renowned law firms before entering into any specific negotiations.

Corresponding safeguarding measures, such as guarantees, indemnifications, reservations and insurances policies, are implemented. The fulfilment of all contractual obligations arising pursuant to such purchase agreements is monitored. Where possible, claims are secured through the involvement of guarantors.

## Opportunities for future development

In the financial year 2016, Deutsche Wohnen laid substantial groundwork for the company's continued positive performance.

Overall, the strategy over the past few years of concentrating and orientating the portfolio on and towards growth markets – while at the same time lowering the company's debt ratio and the Group refinancing interest rate – is likely to create great potential for value enhancement in the future.

### Opportunities arising as a result of market developments or trends

The positive performance of our property has been bolstered by persistently dynamic market growth, while rising demand for housing, above all in conurbations, has resulted in a fall in vacancy rates.

According to the Federal Statistical Office (Statistisches Bundesamt – Destatis), the current age structure of the population is likely to have a greater impact on population growth over the next three decades than the balance of the influx of immigrants to and the outflux of emigrants from Germany.

A further opportunity which has emerged for Deutsche Wohnen is the expansion of its business operations to include the nursing segment in the wake of rising demand for beds in nursing care facilities.

The Deutsche Wohnen residential property portfolio exhibits considerable potential for growth, particularly in its Core+ regions, with Berlin, Dusseldorf and the Rhine-Main region ranking top among Germany's metropolitan areas.

### Financial opportunities

Deutsche Wohnen's financing structure is highly stable and efficient. The Group has secured financing for the long term and has a Loan-to-Value Ratio (LTV) which is lower than the average, having fallen consistently over the past few years. Our business model has been accepted by our banking partners and our credit rating has improved steadily over the years.

The current ratings of A- in the case of Standard & Poor's and A3 in the case of Moody's, in both cases with sound prospects –, reinforce Deutsche Wohnen's position as one of the most highly ranked real estate companies in Europe. The issuer ratings accord us a greater degree of financial flexibility.

The favourable access to the equity and debt capital markets, together with the very low rates of interest at present, provide us with good opportunities for financing our future growth.

As at the balance sheet date, the company's market capitalisation amounted to approximately EUR 10 billion, which represents an increase of approximately 17% as compared to the previous year. As a result, Deutsche Wohnen has now made itself more visible for international investors, which could lead to advantageous financing options on the capital markets.

### Opportunities arising as a result of investments

We have increased the size of our existing investment programme to approximately EUR 1.0 billion, with a view to further improving the quality of the properties in our portfolio. Deutsche Wohnen intends to invest in approximately 30,000 residential units with above-average prospects for future development by 2021. In addition, we have adopted a redensification and new-build programme in the amount of just under EUR 0.5 billion with a view to enabling the efficient use of existing land reserves and the construction of approximately 2,200 additional residential units over the next four years. The opportunities presented by these projects relate primarily to sustainable investment and the creation of value.

# FORECAST

## General economic conditions

**Germany expected to experience modest economic growth in 2017:** DIW forecasts indicate that the German economy is set to grow by 1.2%, which represents a slightly lower rate of growth than in 2016. However, this is primarily attributable to the smaller number of working days. In contrast, the dampening effect of the vote in favour of Brexit is likely to be less extensive than initially expected.<sup>1)</sup>

## Positive outlook for the German residential property market

**Demand for residential property remains high:** Demand for residential property on the part of private buyers remains high due to rising incomes and the availability of favourable financing options. Investors are also taking a positive view of the future prospects for these favourable financing options and the attractiveness of a stable cash flow in a “safe haven” such as the German market is considered to be. The growing population, above all in conurbations, together with insufficient construction activity are also driving demand in this context.

**Rental and purchase prices continue to pick up pace:** Prices for both owner-occupied residential units and investment properties will continue to rise in the future, with growth being most evident in economically strong regions.

**Investment markets generating lower returns:** Premium properties in the major German cities routinely generate net returns of under 3%.<sup>2)</sup>

**Financial markets set to remain largely unchanged:** Given that we do not anticipate any significant changes in the low interest rate policies currently prevailing in the financial markets, our projections have been drawn up on the basis of consistently low interest rates. Thus, favourable financing conditions and low returns on alternative forms of capital investment should continue to stimulate demand for residential property.

## Forecast for the financial year 2017

Our forecasts are based on the business projections derived from our planning instruments and take account of possible risks and opportunities associated with our future development. Nevertheless, some risks and opportunities associated with our future development remain, as is shown in the risk and opportunity report from [82](#).

In addition, our projections reflect assumptions as regards developments both in the economy as a whole and in the residential property market. In the financial year 2017, including the acquisitions already announced, we expect to generate an FFO I of EUR 425 million. This is a baseline scenario without further acquisitions and opportunistic disposals.

Our plans for the financial year 2017 with regard to the individual segments are as follows:

We anticipate that our **Residential Property Management** segment will generate earnings in the amount of approximately EUR 610 million. Here, our focus over the coming years will be on organic growth and the carrying out of refurbishment work on our holdings with a view to energy conservation. To this end, in 2016 we launched a modernisation programme in 2016, to be implemented over the coming years, in the amount of approximately EUR 1.0 million, with these funds earmarked for investment in the Core+ regions. A further sum of just under EUR 0.5 billion will be dedicated to new-build and redensification projects. Ongoing maintenance measures are set to remain at the previous year's level in 2017, namely between EUR 9 per sqm and EUR 10 per sqm. We do not expect any material change in the vacancy rate as compared to that recorded at the end of 2016. The projected like-for-like increase in rents amounts to 3.5% across the total portfolio.

Our **Disposals** segment will continue to focus on privatisation measures and the disposal of the holdings in the remaining Non-Core regions. Disposals from within the strategic core and growth regions will be decided depending on the situation and the opportunities.

<sup>1)</sup> DIW, Winter Baselines 2016, Weekly Report 50 2016

<sup>2)</sup> JLL, Overview of the German Residential Property Market 2016, September 2016

For the **Nursing and Assisted Living** segment we expect earnings of more than EUR 45 million following the integration of the companies acquired in 2016.

Interest expenses are likely to fall to a little more than EUR 100 million against the background of the refinancing measures taken in the past financial year. The Loan-to-Value Ratio is to be within our target corridor of 35% to 40% at the end of the year.

Assuming that the framework conditions remain stable and against the background of the favourable prospects of the German residential property market, especially in metropolitan areas, we also expect a positive development in the value of our property holdings in 2017 and as a result an increase of the EPRA NAV in comparison to 2016.

## REMUNERATION REPORT

The remuneration report describes the principles underlying the system of remuneration for the members of the Management Board and the Supervisory Board of Deutsche Wohnen AG and explains the composition and amount of the individual remuneration paid to each of the Board members.

### System of remuneration for the Management Board

The remuneration system for the Management Board and the total remuneration of the individual members of the Management Board are determined by the Supervisory Board and are subject to regular review. The remuneration is governed by the German Stock Corporation Act (AktG), supplemented by the regulations of the German Corporate Governance Code (GCGC).

Criteria for the appropriateness of the remuneration paid to members of the Management Board are the responsibilities of the individual member, his/her personal performance, the economic situation, the success and future prospects of the company, the extent to which the amount of his/her remuneration is customary among his/her peers and the remuneration structures within the company. The system of remuneration as a whole is geared towards the sustainable development of the company.

The contracts of all of the members of the Management Board provide for the payment of compensation in the event that their term of office ends early for reasons other than termination for good cause. The amount of this payment is limited to a maximum of two years' remuneration (settlement cap) and will not constitute remuneration for more than the residual term of the employment contract. The contracts also provide for the payment of compensation in the event of an early termination of the term of office as a result of a change of control, in which case the amount of the payment is limited, in line with sec. 4.3.2 of the GCGC, to a maximum of three years' remuneration and will not constitute remuneration for more than the residual term of the employment contract.

In addition to fixed remuneration, the members of the Management Board receive variable short-term and variable long-term remuneration, which may be withheld in the event of the non-attainment of targets and is also subject to an upper limit. The members of the Management Board, moreover, receive benefits in kind in the form of insurance premiums and personal use of means of communication and company vehicles. The contracts also authorise the Supervisory Board to approve bonuses in the event of extraordinary developments, the amount of which will be limited to the amount of annual fixed remuneration of the individuals concerned. No pension arrangements have been made.

The variable short-term remuneration component – short-term incentive (STI) – is orientated towards short-term company targets, which are agreed annually in a target agreement between the Management Board and the Supervisory Board. The level of target attainment is determined after the respective financial year has ended. All claims to remuneration will be forfeited if the level of target attainment is lower than 75%, with the upper limit in this regard being 125%.

The variable long-term remuneration component – long-term incentive (LTI) – was revised in 2014. The stock option programme 2014 (Aktienoptionsprogramm – "AOP 2014") enables the members of the Management Board, who shape and implement the company's business strategy and are thus materially responsible for its performance, to partake in the financial risks and opportunities to which the company is exposed.

However, in order to safeguard the shareholders' interest in the sustainable enhancement of the value of the company, the stock options may only be exercised where, at the end of a four-year waiting period, defined performance targets have been reached, as follows: increase in (i) adjusted NAV per share (weighting: 40%), (ii) FFO I (without disposals) per share (weighting: 40%) and (iii) the share price development (weighting: 20%). Each of the above-mentioned performance targets in turn comprises a minimum target, which must be attained in order to render half of the stock options allotted to this performance target exercisable. In addition, there is a maximum target, upon the attainment of which all of the share stock options allotted to this performance target will become exercisable. The minimum target will be attained upon target attainment of 75% and the maximum target will be attained upon target attainment of 150%, taken across all of the individual targets. The performance targets take

account of both the development in absolute terms of the key industry-specific indicators Adjusted NAV per share and FFO I (without disposals) per share on the basis of the company's four-year projections prior to the issuance of any stock options, and also the relative performance of the Deutsche Wohnen share as compared to a group of its publicly listed German competitors. This is intended to encourage the beneficiaries of the programme to act in furtherance of the goal of attaining positive sustainable performance on the part of the company.

In accordance with sec. 193 para. 2 sent. 4 of the German Stock Corporation Act (AktG), the waiting period for a tranche of stock options will in each case commence on the date of issue and end four years after that date. The period for the exercise of the options is three years. Stock options that are not or cannot be exercised by the end of the relevant seven-year term will expire or be forfeited without reparation or compensation.

The following stock options have been granted to date:

Name	Michael Zahn			Lars Wittan			Philip Grosse		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Basis: 150% of the LTI in EUR k	1,125	1,125	1,125	390	390	390	n/a	n/a	112
Reference price in EUR	16.96	24.16	24.37	16.96	24.16	24.37	n/a	n/a	28.57
Options granted (number)	66,332	46,565	46,163	22,995	16,142	16,003	n/a	n/a	3,937
<b>Total stock options</b>			<b>159,060</b>			<b>55,140</b>			<b>3,937</b>

The number of exercisable stock options per tranche will conclusively be determined upon the expiration of the waiting period and in accordance with the degree of the achievement of the above-mentioned criteria.

Illustrative overview of the number of the company's shares and stock options held by the members of the Management Board (by way of example, on the basis of exercisability upon target attainment levels of 75% and 150%):

In addition to their respective stock options, Mr Michael Zahn holds 26,389, Mr Lars Wittan 11,104 and Mr Philip Grosse 500 shares in the company.

	Michael Zahn		Lars Wittan		Philip Grosse	
	75	150	75	150	75	150
Options						
Level of target attainment in %						
Granted stock options 2014 – 2016 (not yet exercisable)	79,531	159,060	27,571	55,140	1,968	3,937
Shares	26,389		11,104		500	
<b>Total</b>	<b>105,920</b>	<b>185,449</b>	<b>38,675</b>	<b>66,244</b>	<b>2,468</b>	<b>4,437</b>
Closing price for the share in 2016 in EUR	29.84		29.84		29.84	
Value of the shares and options for accounting purposes as at 31/12/2016 <sup>11</sup> in EUR k	3,161	5,534	1,154	1,977	74	132
Relationship to fixed remuneration for 2016 in %	383	671	307	526	68	123

<sup>11</sup> Reported for illustrative purposes with regard to the closing price for the share in 2016

The members of the Management Board have been granted the following remuneration in return for their activities as members of the Board:

EUR k	Michael Zahn Chief Executive Officer since 1/9/2007				Lars Wittan Chief Investment Officer since 1/10/2011				Philip Grosse Chief Financial Officer since 1/9/2016			
	2015	2016	2016 (Min.)	2016 (Max.)	2015	2016	2016 (Min.)	2016 (Max.)	2015	2016	2016 (Min.)	2016 (Max.)
Fixed remuneration	825	825	825	825	376	376	376	376	0	108	108	108
Supplementary payments	34	34	34	34	24	24	24	24	0	6	6	6
<b>Total fixed</b>	<b>859</b>	<b>859</b>	<b>859</b>	<b>859</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>0</b>	<b>114</b>	<b>114</b>	<b>114</b>
Short-term incentive	500	500	0	625	240	240	0	300	0	58	0	73
short-term due	500	500	0	625	240	240	0	300	0	58	0	73
long-term due	0	0	0	0	0	0	0	0	0	0	0	0
Long-term incentive (AOP)	750	750	0	1,125	260	260	0	390	0	75	0	113
<b>Total variable</b>	<b>1,250</b>	<b>1,250</b>	<b>0</b>	<b>1,750</b>	<b>500</b>	<b>500</b>	<b>0</b>	<b>690</b>	<b>0</b>	<b>133</b>	<b>0</b>	<b>185</b>
<b>Total amount</b>	<b>2,109</b>	<b>2,109</b>	<b>859</b>	<b>2,609</b>	<b>900</b>	<b>900</b>	<b>400</b>	<b>1,090</b>	<b>0</b>	<b>247</b>	<b>114</b>	<b>299</b>

<sup>11</sup> The maximum limit corresponds to the level of target achievement of the three parameters, not to the share price development

The members of the Management Board have received the following amounts in return for their activities as members of the Board:

EUR k	Michael Zahn Chief Executive Officer since 1/9/2007		Lars Wittan Chief Investment Officer since 1/10/2011		Philip Grosse Chief Financial Officer since 1/9/2016	
	2015	2016	2015	2016	2015	2016
Fixed remuneration	825	825	376	376	n/a	108
Supplementary payments	34	34	24	24	n/a	6
<b>Total fixed</b>	<b>859</b>	<b>859</b>	<b>400</b>	<b>400</b>	<b>n/a</b>	<b>114</b>
Short-term incentive	725	773	313	374	n/a	0
short-term due	625	625	300	300	n/a	0
long-term due	100	148	13	74	n/a	0
Long-term incentive	450	450	143	300	n/a	0
<b>Total variable</b>	<b>1,175</b>	<b>1,223</b>	<b>456</b>	<b>674</b>	<b>n/a</b>	<b>0</b>
Severance payment	0	0	0	0	n/a	0
Special remuneration 2013	399	0	242	0	n/a	0
<b>Total amount</b>	<b>2,433</b>	<b>2,082</b>	<b>1,098</b>	<b>1,074</b>	<b>n/a</b>	<b>114</b>

Special remuneration was granted in 2013 for the successful acquisition of GSW Immobilien AG. The final instalment, which had been granted subject to the realisation of synergies and was to be immediately invested in shares of Deutsche Wohnen AG, was paid out in 2015.

The PSU Plan 2012 and the retained portion of his short-term variable remuneration in the total amount of EUR 0.4 million were paid out to the former member of the Management Board, Helmut Ullrich, in 2016.

Andreas Segal, a former member of the Management Board, was paid a severance package in the amount of EUR 1.6 million upon his early departure from the company. Apart from this, his agreement provided for the payment of compensation with regard to the existing LTI in the amount of EUR 0.6 million. No further amounts of remuneration were paid to Mr Segal in 2016.

Given that Mr Philip Grosse was only appointed a member of the Management Board in 2016, no amounts of remuneration were paid to him in this capacity with respect to 2015.

No loans or advances were granted to members of the Management Board of Deutsche Wohnen AG in the financial year 2016.

## System of remuneration for the Supervisory Board

Each member of the Supervisory Board receives a fixed remuneration of EUR 60 k; the Chairman of the Supervisory Board receives double that amount and the Deputy Chairman of the Supervisory Board receives one and a half times that amount as remuneration. Each member of the Supervisory Board receives lump-sum remuneration in the amount of EUR 10 k per financial year for his/her membership of the Audit Committee, with the Chairman receiving double that amount. Remuneration for membership of any other Supervisory Board committees, with the exception of the Nomination Committee, is paid in the amount of EUR 5 k per member, committee and financial year. Each member of the Nomination Committee receives EUR 2.5 k per committee meeting.

The Supervisory Board remuneration for the financial year amounts to EUR 542.5 k (previous year: EUR 521 k) net of value added tax. Mr Flach received EUR 147.5 k net (previous year: EUR 140 k), Dr Kretschmer received EUR 122.5 k net (previous year: EUR 118 k), Mr Clement received EUR 67.5 k net (previous year: EUR 60 k), Mr Hünlein received EUR 65 k net (previous year: EUR 68 k), Dr Stetter received EUR 75 k net (previous year: EUR 73) and Mr Wisser received EUR 65 k (previous year: EUR 63 k).

The company will reimburse the members of the Supervisory Board for any reasonable expenses incurred by them in the performance of their duties. The company will also reimburse the amount of any value added tax accruing on the remuneration paid to the members of the Supervisory Board, provided that the latter are entitled to invoice the company for the value added tax on a separate basis and avail themselves of this option.

Furthermore, the company has taken out liability insurance on behalf of the members of the Supervisory Board (so-called D&O insurance), with a retention of 10 % of the value of the damage in question. This retention amount is limited, for all events of damage occurring within an annual policy period, to one-and-a-half times the amount of the fixed annual remuneration for the member of the Supervisory Board in question.

No loans were granted by the company to members of the Supervisory Board.



# TAKEOVER-RELEVANT INFORMATION

pursuant to sec. 289 para. 4 and sec. 315 para. 4 of the German Commercial Code (HGB)

## Issued capital and shares

The registered capital of Deutsche Wohnen AG as at 31 December 2016 amounted to EUR 337,480,450.00 (previous year: EUR 337,411,867.00) and is divided into 337,480,450 no-par value bearer shares with a notional share of the registered capital of EUR 1.00 per share. Deutsche Wohnen AG only has bearer shares.

All shares carry the same rights and obligations. Every share entitles the holder to one vote at the Annual General Meeting and determines the basis for the division of company profit amongst shareholders. The rights and obligations of the shareholders are outlined in detail in the provisions of the German Stock Corporation Act (AktG), in particular sec. 12, 53a ff., 118 ff. and 186. There are no shares with special rights conferring powers of control.

## Share of the capital representing more than 10% of the voting rights

Pursuant to sec. 21 para. 1 of the German Securities Trading Act (WpHG), any shareholder whose shareholding reaches, exceeds or falls below of the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the voting rights of a publicly listed company must inform that company and the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) accordingly without delay. This notifications are published by Deutsche Wohnen AG pursuant to sec. 26 WpHG. During the financial year 2016 no direct or indirect shareholdings reached the threshold of 10% of the voting rights.

## Powers of the Management Board to issue or buy back shares

### Authorised capital

By resolution of the Annual General Meeting held on 12 June 2015, which was entered into the commercial register on 14 July 2015, the Management Board has been authorised to increase the company's registered capital, with the consent of the Supervisory Board, by up to EUR 100 million once or several times in the period until 11 June 2018 by means of the issuance of up to 100 million new bearer shares against cash contributions and/or

contributions in kind (**Authorised Capital 2015/I**). Shareholders are to be granted subscription rights in principle within the scope of the authorised capital. However, in certain cases, the Management Board is entitled to exclude the subscription rights of shareholders with the agreement of the Supervisory Board and subject to the conditions of the Articles of Association.

### Contingent capital

The **Contingent Capital 2013/I** in the amount of EUR 16,075,714.00 serves the issuance of shares to the owners of convertible bonds with a total nominal value of EUR 250 million issued by Deutsche Wohnen AG on 22 November 2013 pursuant to the authorisation of the Annual General Meeting of 28 May 2013. It will only be exercised insofar as conversion rights arising out of the above-mentioned convertible bonds are exercised, or insofar as conversion obligations arising out of the bonds are fulfilled, and provided that own shares, shares issued out of authorised capital or other benefits are not used to service the obligations.

The **Contingent Capital 2014/I** in an amount of EUR 25 million serves the issuance of shares to the owners of convertible bonds with a total nominal value of EUR 400 million issued by Deutsche Wohnen AG on 8 September 2014 pursuant to the authorisation of the Annual General Meeting of 11 June 2014. It will only be exercised insofar as conversion rights arising out of the above-mentioned convertible bonds are exercised, or insofar as conversion obligations arising out of the bonds are fulfilled, and provided that own shares, shares issued out of authorised capital or other benefits are not used to service the obligations.

A resolution of the Annual General Meeting held on 11 June 2014 originally authorised the contingent increase of the registered capital of the company by up to a further EUR 15 million by means of the issuance of up to 15 million new no-par value bearer shares (**Contingent Capital 2014/II**). The contingent capital increase serves the granting of compensation in the form of shares in the company to the external shareholders of GSW Immobilien AG ("GSW") in accordance with the provisions of the domination agreement between the company and GSW dated 30 April 2014 at the exchange ratio that was adjusted pursuant to clause 5 para. 4 of the domination agreement on 4 June 2015 to 7.0790 no-par value shares of Deutsche Wohnen AG in exchange for three no-par value shares of GSW Immobilien AG.

To the extent that this is necessary pursuant to clause 5 para. 2 of the domination agreement, the company will pay compensation for fractional shares in cash. As at 31 December 2016, EUR 9,097,187.00 of this Contingent Capital 2014/II had been used – by means of the issuance of 9,097,187 new no-par value bearer shares with a corresponding increase of the registered capital –, with EUR 5,902,813.00 remaining as at 31 December 2016. Appraisal proceedings pursuant to sec. 1 no. 1 SpruchG (German Act on Appraisal Proceedings) for a review of the appropriateness of the settlement offer and the compensation are pending with the district court of Berlin due to corresponding motions of individual shareholdings of GSW. Therefore, in accordance with sec. 305 para 4 sent. 3 of the German Stock Corporation Act (AktG), GSW shareholders can exchange their GSW shares for Deutsche Wohnen shares on the basis of the terms of the offer or of the decision of the legal review procedure or of an amicable agreement reached on this matter until up to two months after publication of the final decision of the legal review procedure in the Federal Gazette. If a higher level of compensation and/or a higher settlement is decided upon by the court, then, subject to statutory provisions, minority shareholders of GSW Immobilien AG can demand an addition to the compensation or settlement they have already received. In light of this, an issuance of shares remains a possibility.

Furthermore, the contingent increase of the registered capital by up to EUR 12,879,752.00 by means of the issuance of up to 12,879,752 new no-par value bearer shares, each representing a share of the registered capital of EUR 1.00 has been authorised (**Contingent Capital 2014/III**). This contingent capital serves solely the purpose of the issuance of share options to the members of the Management Board of the company and to selected executives of the company and affiliated companies in accordance with the more specific provisions of the authorising resolution adopted by the Annual General Meeting held on 11 June 2014. The contingent capital increase will only be implemented insofar as holders of share options exercise their subscription rights with regard to shares of the company and the company does not issue own shares for the purposes of upholding those subscription rights. Any new shares issued as a result of the exercise of share options will be entitled to dividends for the first financial year with regard to which, at the time of their issuance, no resolution had yet been adopted by the Annual General Meeting as to the use of the net profit, to the extent legally and effectively permissible. Alternatively, the new shares will be entitled to dividends as of the financial year in which they accrue.

Moreover, by resolution of the Annual General Meeting held on 12 June 2015 the registered capital is conditionally increased by up to EUR 50 million through the issuance of up to 50 million new no-par value bearer shares (**Contingent Capital 2015/I**). The contingent capital increase serves to grant shares to the holders or creditors of convertible bonds, bonds with warrants, participation rights and/or participating bonds (or combinations of these instruments) issued by Deutsche Wohnen AG or dependent companies or companies directly or indirectly majority-owned by Deutsche Wohnen AG on the basis of the authorising resolution adopted by the Annual General Meeting held on 12 June 2015 in the period until 11 June 2020. It will only be exercised insofar as conversion or option rights arising out of the above-mentioned convertible bonds or bonds are exercised, or insofar as conversion obligations arising out of the bonds are fulfilled, and provided that own shares, shares issued out of authorised capital or other benefits are not used to service the obligations. The Management Board was authorised by a resolution of the Annual General Meeting of 12 June 2015 to issue no-par value convertible and/or warrant bearer bonds and/or profit participation rights with option or conversion rights (or a combination of these instruments) in a nominal amount of up to EUR 1.5 billion and to grant the creditors thereof conversion or option rights for Deutsche Wohnen shares representing a share of the issued capital of up to EUR 50 million.

### Acquisition of own shares

The acquisition of own shares is authorised pursuant to sec. 71 ff. of the German Stock Corporation Act (AktG) and also, as of the balance sheet date, by the Annual General Meeting held on 11 June 2014 (agenda item 14). The Management Board is authorised, with the consent of the Supervisory Board and subject to compliance with the principle of equal treatment under sec. 53a German Stock Corporation Act (AktG), to purchase and use the company's shares prior to 10 June 2019 up to a total of 10% of the company's outstanding share capital at the time the resolution is passed, or at the time the authorisation is used if this figure is lower. Shares acquired using this authorisation together with other treasury shares the company has previously acquired and still holds or are attributable to it under sec. 71a ff. German Stock Corporation Act (AktG) may not at any time exceed 10% of the company's share capital.

The authorisation may not be used for the purposes of trading in own shares.

As at the balance sheet date, the company did not have any of its own shares.

### Appointment and dismissal of members of the Management Board and amendments to the Articles of Association

Members of the Management Board are appointed and dismissed pursuant to sec. 84 and sec. 85 of the German Stock Corporation Act (AktG). The Supervisory Board appoints members of the Management Board for a maximum of five years. A reappointment or an extension of the term of office are both permitted for a maximum of five years. The Articles of Association of Deutsche Wohnen AG additionally stipulate in sec. 5 that the Management Board has to consist of at least two members and that otherwise the Supervisory Board determines the number of Management Board members. It may appoint deputy members of the Management Board and nominate a member of the Management Board as Chief Executive Officer or Spokesperson of the Management Board.

According to sec. 119 para. 1 no. 5 of the German Stock Corporation Act (AktG), the Annual General Meeting decides on changes to the Articles of Association. Pursuant to sec. 10 para. 5 of the Articles of Association, the Supervisory Board is authorised to make changes to the Articles of Association which affect the wording only. Pursuant to sec. 10 para. 3 of the Articles of Association, the resolutions of the Annual General Meeting are passed by a simple majority of votes and, if a majority of shares is required, by a simple majority of capital, unless otherwise prescribed by law or the Articles of Association.

### Change-of-control clauses and compensation agreements in the event of a takeover offer

The essential agreements of Deutsche Wohnen AG and its group companies which are subject to a change of control primarily relate to financing arrangements. As is customary in such cases, these entitle the lender to terminate the financing arrangement and demand early payment of the redemption amount in the event of a change of control.

Under certain circumstances, a change of control could have impact on the convertible bonds, registered bonds and the corporate bonds issued by Deutsche Wohnen AG. The respective terms and conditions contain standard agreements that grant the holders the right to terminate and convert the bonds prematurely in case a change of control according to the definition in the terms and conditions comes into effect.

The employment contracts of the members of the Management Board likewise contain provisions applicable in the event of a change of control. In the event of the premature termination of their employment due to a change of control of the company, the members of the Management Board will receive benefits in accordance with the requirements of sec. 4.2.3 of the German Corporate Governance Code and with the limitation on the cap on remuneration prescribed therein in each case.

## CORPORATE MANAGEMENT

We have published the information according to sec. 289a of the German Commercial Code (HGB) on our website @ <http://ir.deutsche-wohnen.com>.

Frankfurt/Main, 3 March 2017



Michael Zahn  
Chief  
Executive Officer



Philip Grosse  
Chief  
Financial Officer



Lars Wittan  
Chief  
Investment Officer

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# BALANCE SHEET

as at 31 December 2016

EUR	31/12/2016	31/12/2015
<b>ASSETS</b>		
<b>A. FIXED ASSETS</b>		
<b>I. Intangible assets</b>		
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	4,215,464.08	3,270,284.63
2. Advance payments	294,614.37	46,457.60
	<b>4,510,078.45</b>	<b>3,316,742.23</b>
<b>II. Property, plant and equipment</b>		
1. Buildings on third party properties	123,664.96	167,311.42
2. Other equipment, furniture and fixtures	2,989,140.79	2,132,419.18
3. Advance payments on property, plant and equipment	0.00	475,049.65
	<b>3,112,805.75</b>	<b>2,774,780.25</b>
<b>III. Financial assets</b>		
Shares in affiliates	3,119,385,579.51	3,117,170,405.20
	<b>3,127,008,463.71</b>	<b>3,123,261,927.68</b>
<b>B. CURRENT ASSETS</b>		
<b>I. Receivables and other assets</b>		
1. Trade receivables	0.00	95,200.00
2. Receivables from affiliates	3,606,389,721.50	3,225,021,046.48
3. Other assets	75,327,646.08	83,007,214.16
	<b>3,681,717,367.58</b>	<b>3,308,123,460.64</b>
<b>II. Cash on hand, bank balances</b>		
	<b>165,192,956.64</b>	<b>500,975,597.56</b>
	<b>3,846,910,324.22</b>	<b>3,809,099,058.20</b>
<b>C. PREPAID EXPENSES</b>		
	<b>1,371,376.21</b>	<b>1,489,905.90</b>
	<b>6,975,290,164.14</b>	<b>6,933,850,891.78</b>

EUR	31/12/2016	31/12/2015
<b>EQUITY AND LIABILITIES</b>		
<b>A. EQUITY</b>		
<b>I. Issued share capital</b>		
Contingent capital as at 31 December 2016 EUR 109,858,279.00 (previous year: EUR 109,926,862.00)	337,480,450.00	337,411,867.00
<b>II. Capital reserve</b>	3,489,373,418.62	3,602,965,196.93
<b>III. Revenue reserves</b>		
Reserves required by law	1,022,583.76	1,022,583.76
<b>IV. Balance sheet profit</b>	270,825,883.03	225,096,551.98
	<b>4,098,702,335.41</b>	<b>4,166,496,199.67</b>
<b>B. PROVISIONS</b>		
1. Provisions for pensions and similar obligations	808,537.00	745,458.30
2. Tax provisions	1,252,800.00	0.00
3. Other provisions	10,802,987.12	39,043,624.69
	<b>12,864,324.12</b>	<b>39,789,082.99</b>
<b>C. LIABILITIES</b>		
1. Bonds		
Thereof convertible EUR 650,000,000.00 (previous year: EUR 650,000,000.00)	1,387,176,016.17	1,154,258,276.41
2. Liabilities to banks	1,069.44	0.00
3. Trade payables	1,385,153.78	1,983,989.17
4. Liabilities to affiliates	1,474,351,743.77	1,569,571,029.55
5. Other liabilities		
Thereof from taxes EUR 779,410.85 (previous year: EUR 1,720,881.08)	809,521.45	1,752,313.99
	<b>2,863,723,504.61</b>	<b>2,727,565,609.12</b>
	<b>6,975,290,164.14</b>	<b>6,933,850,891.78</b>

# PROFIT AND LOSS STATEMENT

for the period from 1 January to 31 December 2016

EUR	2016	2015
1. Revenue	31,460,118.90	26,404,428.32
2. Other operating income	1,424,316.12	10,167,486.88
3. Staff expenses		
a) Wages and salaries	- 15,500,216.05	- 17,955,357.48
b) Social security and pension contributions		
Thereof for pensions EUR 869,018.71 (previous year: EUR 785,771.20)	- 1,733,361.81	- 1,699,879.15
	- 17,233,577.86	- 19,655,236.63
4. Depreciation, amortisation and write-downs of intangible assets and property, plant and equipment	- 2,104,976.71	- 1,477,248.99
5. Other operating expenses	- 32,629,806.29	- 97,079,749.90
6. Income from equity investments		
Thereof from affiliates EUR 86,345,871.06 (previous year: EUR 199,250,408.38)	86,345,871.06	199,250,408.38
7. Income from profit transfer agreements	37,566,634.93	10,165,788.93
8. Other interests and similar income		
Thereof from affiliates EUR 23,937,319.92 (previous year: EUR 20,539,627.03)		
Thereof income from discounting EUR 127,843.00 (previous year: EUR 0.00)	24,164,618.42	20,933,626.83
9. Write-downs of financial assets	- 240,000.00	0.00
10. Expenses from a loss transfer	- 502,897.85	- 229,839.63
11. Interests and similar expenses		
Thereof from affiliates EUR 4,454,179.87 (previous year: EUR 4,163,413.09)		
Thereof expenses from discounting EUR 29,217.00 (previous year: EUR 35,051.42)	- 16,602,499.15	- 20,858,883.49
12. Income taxes	- 1,252,800.00	2.53
<b>13. Profit after taxes</b>	<b>110,395,001.57</b>	<b>127,620,783.23</b>
14. Other taxes	- 4,072.00	- 3,164.00
<b>15. Net profit/loss for the year</b>	<b>110,390,929.57</b>	<b>127,617,619.23</b>
16. Profit carried-forward	42,866,927.26	47,478,932.75
17. Transfer from capital reserve	117,568,026.20	50,000,000.00
<b>18. Balance sheet profit</b>	<b>270,825,883.03</b>	<b>225,096,551.98</b>

# NOTES

for the financial year from 1 January to 31 December 2016

## A General information on the annual financial statement

Deutsche Wohnen AG, Frankfurt/Main, is a listed corporation having its registered office in Germany and entered in the commercial register of the local court of Frankfurt/Main under HRB 42388.

The annual financial statements were produced in accordance with Section 242 et seqq. and Section 264 et seqq. of the German Commercial Code (HGB) and the additional stipulations of the German Stock Corporation Act (AktG). The company is a large corporation as defined in Section 267(3) of the German Commercial Code (HGB).

The profit and loss statement is structured in accordance with the total cost method. The financial year is the calendar year.

## B Accounting policies and valuation methods

### 1 Disclosure in accordance with the third clause of Section 75(2) of the Introductory Act to the German Commercial Code (EGHGB)

Due to the first-time application of the amended definition of "revenues" pursuant to the German Accounting Directive Implementation Act (Bilanzrichtlinien-Umsetzungsgesetz), the revenues for the financial year 2016 are only comparable with those for the financial year 2015 to a limited extent.

The revenues for the financial year 2015 in the amount of EUR 26,404,428.32 would have amounted to EUR 26,670,016.84 upon an application of Section 277(1) of the German Commercial Code (HGB) as amended by the German Accounting Directive Implementation Act (Bilanzrichtlinien-Umsetzungsgesetz). The change in question relates primarily to revenues from the passing on of staff expenses and the joint use of the canteen, which in the financial year 2015 was reported as other operating income.

### 2 Fixed assets

Intangible assets acquired in return for payment of consideration are reported at cost on the balance sheet and depreciated in accordance with their useful lives less any scheduled depreciation and amortisation (three to five years; on a straight-line basis). The advance payments made which are attributable thereto are reported at cost on the balance sheet.

Property, plant and equipment is recognised at its acquisition or production cost less any scheduled depreciation and amortisation.

As in the previous year, no interest on debt capital was included in production cost in the financial year.

Low-value assets up to a value of EUR 150 are fully depreciated and amortised in the year of acquisition. Since the beginning of the financial year 2008, low-value assets with a value of between EUR 150 and EUR 1,000 have been depreciated and amortised over a period of five years.

Shares in affiliated companies are recognised at cost less any depreciation and amortisation on their attributable fair value on the reporting date, where this is lower.

### 3 Current assets

Current assets are recognised at their acquisition or production cost less any depreciation and amortisation on their attributable fair value on the reporting date, where this is lower.

Receivables and other assets are valued at their nominal value.

Cash on hand and bank balances are recognised at their nominal value.

### 4 Accruals and deferrals

Expenditure as at the balance sheet date is recognised as deferred expenses and accrued income to the extent that it relates to expenses for a certain period after the reporting date. Discounts and non-recurrent handling fees charged by lenders upon the granting of loans, which, together with current interest income, represent uniform consideration in economic terms for the allocation of loans, are deferred on the basis of Section 250(3) of the German Commercial Code (HGB) and are recognised under expenses over the term of the loans.



## 5 Deferred taxes

Differences between the commercial and tax bases of assets and liabilities or due to tax loss carry-forwards, if they are expected to decrease in subsequent financial years and result in an overall tax burden, are recognised on the balance sheet in a net amount as deferred tax liabilities. Any resulting overall tax benefit (deferred tax assets) will not be recognised on the balance sheet. Deferred taxes are calculated using the tax rates at the time of the expected degradation of the differences and are not discounted. Deferred taxes from subsidiary companies are recognised in the figures relating to the parent company.

## 6 Provisions for pensions

All of the company's employee benefit liabilities have been determined in accordance with the Projected Unit Credit Method on the basis of an actuarial opinion prepared with reference to the "Mortality tables 2005G" drawn up by Professor Dr Klaus Heubeck. The 10-year average annual interest rate of 4.01% p.a. published by the Bundesbank as at 31 December 2016 (previous year: 7-year average annual rate of 3.94% p.a. as at 30 November 2015) was applied, and a rise in income of 2.50% p.a. (previous year: 2.50% p.a.), an increase in the income threshold of 2.25% p.a. (previous year: 2.25% p.a.) and pension adjustments of 1.75% p.a. (previous year: 1.75% p.a.) were taken into account. Claims arising out of reinsurance policies are offset against provisions for employee benefit liabilities pursuant to the second clause of Section 246(2) of the German Commercial Code (HGB).

## 7 Other provisions

Other provisions are recognised in the amount of the necessary settlement amount based on sound business judgement. They cover all foreseeable losses from pending transactions and contingent liabilities. Other non-current provisions are discounted at the interest rates published by the Bundesbank.

## 8 Liabilities

Liabilities are recognised at their settlement amount. Non-current, non-interest-bearing liabilities are discounted.

## 9 Share-based remuneration

The Management Board of Deutsche Wohnen has been receiving share-based remuneration in the form of subscription rights (stock options) since the financial year 2014. The stock option programme is fundamentally an option plan implemented using equity instruments.

The expenses incurred as a result of the issuance of the stock options are valued at the attributable fair value of the granted stock options at the time of their granting and calculated using generally recognised option pricing models. The expenses resulting from the issuance of the stock options are reported together with a corresponding increase in equity (capital reserve).

## C Notes to the balance sheet

### 1 Fixed assets

The structure and development of fixed assets are shown in the attached statement of changes in fixed assets (Appendix 1 to the notes).

The company has either direct or indirect shareholdings in the following<sup>1)</sup> companies in accordance with Section 285(11) of the German Commercial Code (HGB). The reporting of equity and earnings is based on commercial accounting standards and the accounting standards applicable in the relevant country of domicile. The company does not have any shareholdings in major corporations, as defined in Section 285(11b) of the German Commercial Code (HGB), which exceed 5.0% yet fall below 20.0% of the voting rights in those corporations.

<sup>1)</sup> Additionally, the company is indirectly involved in a working group

## Shareholdings as at 31 December 2016

Company and registered office	Share of capital	Equity	Profit/ loss	Reporting date
	%	EUR k	EUR k	
AGG Auguste-Viktoria-Allee Grundstücks GmbH, Berlin	100.00 <sup>1[4]</sup>	25.0	0.0	2016
Algarobo Holding B.V., Baarn, Netherlands	100.00 <sup>1[1]</sup>	13,583.6	1,573.4	2016
Aufbau-Gesellschaft der GEHAG mit beschränkter Haftung, Berlin	100.00 <sup>1[1]</sup>	6,893.3	1,384.1	2016
AVUS Immobilien-Treuhand GmbH & Co. KG, Berlin	100.00 <sup>1[1]</sup>	370.4	- 17.8	2015
B&O Deutsche Service GmbH, Berlin	49.00 <sup>1[1]</sup>	229.3	84.3	2015
BauBeCon Assets GmbH, Berlin	100.00 <sup>1[4]</sup>	45,110.9	7,363.9	2016
BauBeCon BIO GmbH, Berlin	100.00 <sup>1[4]</sup>	8,626.5	0.0	2016
BauBeCon Immobilien GmbH, Berlin	100.00 <sup>1[4]</sup> <sup>6)</sup>	401,555.9	35,198.5	2016
BauBeCon Wohnwert GmbH, Berlin	100.00 <sup>1[4]</sup>	26,710.2	0.0	2016
DB Immobilienfonds 14 Rhein-Pfalz Wohnen GmbH & Co. KG, Eschborn	89.52 <sup>1[1]</sup>	32,126.7	656.6	2015
Deutsche Wohnen Asset Immobilien GmbH, Frankfurt/Main	100.00 <sup>1[4]</sup>	25.0	0.0	2016
Deutsche Wohnen Berlin I GmbH, Berlin	94.00 <sup>1[4]</sup>	1,488.1	0.0	2016
Deutsche Wohnen Berlin II GmbH, Berlin (formerly: Wohnungsbaugesellschaft „Aufbau 97“ mbH, Berlin)	94.90 <sup>1[4]</sup>	4,296.1	419.9	2016
Deutsche Wohnen Berlin III GmbH, Berlin (formerly: Muldershof XVIII B.V., Rijssen, Netherlands)	94.90 <sup>1[1]</sup>	25,705.1	3,707.2	2016
Deutsche Wohnen Berlin X GmbH, Berlin	94.80 <sup>1[4]</sup>	7,691.7	0.0	2016
Deutsche Wohnen Berlin XI GmbH, Berlin	94.80 <sup>1[4]</sup>	7,504.6	0.0	2016
Deutsche Wohnen Berlin XII GmbH, Berlin	94.80 <sup>1[4]</sup>	1,761.1	0.0	2016
Deutsche Wohnen Berlin XIII GmbH, Berlin	94.80 <sup>1[4]</sup>	6,858.4	81.7	2016
Deutsche Wohnen Berlin XIV GmbH, Berlin	94.80 <sup>1[4]</sup>	10,111.1	1,805.0	2016
Deutsche Wohnen Berlin XV GmbH, Berlin	94.80 <sup>1[4]</sup>	12,102.0	1,164.8	2016
Deutsche Wohnen Berlin XVI GmbH, Berlin	94.80 <sup>1[4]</sup>	6,596.9	313.9	2016
Deutsche Wohnen Berlin XVII GmbH, Berlin	94.80 <sup>1[4]</sup>	5,914.2	0.0	2016
Deutsche Wohnen Berlin XVIII GmbH, Berlin	94.80 <sup>1[4]</sup>	3,256.7	0.0	2016
Deutsche Wohnen Beteiligungen Immobilien GmbH, Frankfurt/Main	100.00 <sup>1[4]</sup>	1,025.0	0.0	2016
Deutsche Wohnen Beteiligungsverwaltungs GmbH & Co. KG, Berlin	100.00 <sup>1[5]</sup>	20.0	14.3	2016
Deutsche Wohnen Construction and Facilities GmbH, Berlin	100.00 <sup>4)</sup>	275.0	0.0	2016
Deutsche Wohnen Corporate Real Estate GmbH, Berlin	100.00 <sup>4)</sup>	25.0	0.0	2016
Deutsche Wohnen Direkt Immobilien GmbH, Frankfurt/Main	100.00 <sup>1[1]</sup>	919,640.6	- 1,825.8	2016
Deutsche Wohnen Dresden I GmbH, Berlin	100.00 <sup>1[4]</sup>	5,087.3	67.5	2016
Deutsche Wohnen Dresden II GmbH, Berlin	100.00 <sup>1[4]</sup>	3,452.9	335.1	2016
Deutsche Wohnen Energy GmbH, Berlin	100.00 <sup>1[4]</sup>	25.0	0.0	2016
Deutsche Wohnen Fondsbeteiligungs GmbH, Berlin	100.00 <sup>4)</sup>	25.0	0.0	2016
Deutsche Wohnen Immobilien Management GmbH, Berlin	100.00 <sup>4)</sup>	1,331.9	0.0	2016
Deutsche Wohnen Kiel GmbH, Berlin (formerly: SCAN Deutsche Real Estate Kiel GmbH, Berlin)	94.90 <sup>1[1]</sup>	34,194.0	4,387.0	2016
Deutsche Wohnen Kundenservice GmbH, Berlin	100.00 <sup>1[4]</sup>	25.7	0.0	2016
Deutsche Wohnen Management GmbH, Berlin	100.00 <sup>4)</sup>	325.0	0.0	2016
Deutsche Wohnen Management- und Servicegesellschaft mbH, Frankfurt/Main	100.00 <sup>4)</sup>	325.6	0.0	2016
Deutsche Wohnen Multimedia Netz GmbH, Berlin (formerly: Deutsche Wohnen Service Magdeburg GmbH, Berlin)	100.00 <sup>1[4]</sup>	638.0	342.4	2016
Deutsche Wohnen Reisholz GmbH, Berlin	100.00 <sup>1[4]</sup>	3,563.5	0.0	2016

<sup>1)</sup> Indirect shareholdings<sup>2)</sup> Direct and indirect shareholdings<sup>3)</sup> The company furthermore has a direct shareholding in a joint venture<sup>4)</sup> Exemption pursuant to Section 264[3] of the German Commercial Code (HGB) due to inclusion in the consolidated financial statements of Deutsche Wohnen AG<sup>5)</sup> Exemption pursuant to Section 264b of the German Commercial Code (HGB) due to inclusion in the consolidated financial statements of Deutsche Wohnen AG<sup>6)</sup> Major corporations

Company and registered office	Share of capital	Equity	Profit/ loss	Reporting date
	%	EUR k	EUR k	
Deutsche Wohnen Service Center GmbH, Berlin	100.00 <sup>1)4)</sup>	311.8	158.9	2016
Deutsche Wohnen Service Merseburg GmbH, Merseburg	100.00 <sup>1)</sup>	286.0	-19.6	2016
Deutsche Wohnen Zweite Fondsbeteiligungs GmbH, Berlin	100.00 <sup>4)</sup>	25.2	0.0	2016
Draaipunt Holding B.V., Baarn, Netherlands	94.90 <sup>1)</sup>	6,672.7	1,437.3	2015
DWRE Alpha GmbH, Berlin	100.00 <sup>1)4)</sup>	343.8	0.0	2016
DWRE Braunschweig GmbH, Berlin	100.00 <sup>1)4)</sup>	16,325.2	0.0	2016
DWRE Dresden GmbH, Berlin	100.00 <sup>1)</sup>	25.0	0.0	2016
DWRE Erfurt GmbH, Berlin	100.00 <sup>1)4)</sup>	880.2	0.0	2016
DWRE Halle GmbH, Berlin	100.00 <sup>1)4)</sup>	25.0	0.0	2016
DWRE Hennigsdorf GmbH, Berlin	100.00 <sup>1)4)</sup>	1,085.3	0.0	2016
DWRE Leipzig GmbH, Berlin	100.00 <sup>1)4)</sup>	25.0	0.0	2016
Eisenbahn-Siedlungs-Gesellschaft Berlin mit beschränkter Haftung, Berlin	94.90 <sup>1)</sup>	11,889.8	0.0	2016
Erste Objekt Adlerhorn Verwaltungs GmbH, Berlin (formerly: RM 1613 Vermögensverwaltungs GmbH, Munich)	94.00 <sup>1)</sup>	20.6	-4.4	2016
FACILITA Berlin GmbH, Berlin	100.00 <sup>1)</sup>	3,976.2	695.0	2016
Fortimo GmbH, Berlin	100.00 <sup>1)4)</sup>	6,127.2	0.0	2016
Funk Schadensmanagement GmbH, Berlin	49.00 <sup>1)</sup>	255.0	155.0	2015
G+D Gesellschaft für Energiemanagement mbH, Magdeburg	49.00 <sup>1)</sup>	4,325.1	1,264.3	2015
Gartenstadt Potsdam GmbH, Potsdam (formerly: Brillant 2370. GmbH, Berlin)	50.00 <sup>1)</sup>	2,460.3	-64.7	2016
GbR Fernheizung Gropiusstadt, Berlin	45.59 <sup>1)</sup>	620.3	-31.3	2016
Gehag Acquisition Co. GmbH, Berlin	100.00 <sup>1)</sup>	926,148.1	-549.3	2016
GEHAG Beteiligungs GmbH & Co. KG, Berlin	100.00 <sup>1)5)</sup>	21,912.1	434.3	2016
GEHAG Dritte Beteiligungs GmbH, Berlin	100.00 <sup>1)4)</sup>	378.8	0.0	2016
GEHAG Erste Beteiligungs GmbH, Berlin	100.00 <sup>1)4)</sup>	45.0	0.0	2016
GEHAG Erwerbs GmbH & Co. KG, Berlin	99.99 <sup>1)5)</sup>	45,904.8	1,506.4	2016
GEHAG GmbH, Berlin	100.00 <sup>1)6)</sup>	1,749,455.5	96,311.4	2016
GEHAG Grundbesitz I GmbH, Berlin	100.00 <sup>1)4)</sup>	26.0	0.0	2016
GEHAG Grundbesitz II GmbH, Berlin	100.00 <sup>1)4)</sup>	25.0	0.0	2016
GEHAG Grundbesitz III GmbH, Berlin	100.00 <sup>1)4)</sup>	-9.5	19.3	2016
GEHAG Vierte Beteiligung SE, Berlin	100.00 <sup>1)4)</sup>	20,220.5	0.0	2016
GEHAG Zweite Beteiligungs GmbH, Berlin	100.00 <sup>1)4)</sup>	17,431.5	0.0	2016
GIM Immobilien Management GmbH, Berlin	49.00 <sup>1)</sup>	312.1	84.8	2015
GGR Wohnparks Alte Hellersdorfer Straße GmbH, Berlin	100.00 <sup>1)4)</sup>	5,859.9	0.0	2016
GGR Wohnparks Kastanienallee GmbH, Berlin	100.00 <sup>1)4)</sup>	28,716.8	4,143.9	2016
GGR Wohnparks Nord Leipziger Tor GmbH, Berlin	100.00 <sup>1)4)</sup>	6,680.3	0.0	2016
GGR Wohnparks Süd Leipziger Tor GmbH, Berlin	100.00 <sup>1)4)</sup>	3,390.2	0.0	2016
Grundstücksgesellschaft Karower Damm mbH, Berlin	100.00 <sup>1)4)</sup>	1,099.3	0.0	2016
GSW Acquisition 3 GmbH, Berlin	100.00 <sup>1)4)</sup>	78,368.1	759.3	2016
GSW Berliner Asset Invest Verwaltungs-GmbH, Berlin	100.00 <sup>1)</sup>	33.7	-7.2	2016
GSW Corona GmbH, Berlin	100.00 <sup>1)4)</sup>	3,071.6	0.0	2016
GSW Fonds Weinmeisterhornweg 170-178 GbR, Berlin	52.08 <sup>1)</sup>	-5,567.2	157.2	2016
GSW Gesellschaft für Stadterneuerung mbH, Berlin	100.00 <sup>1)</sup>	480.7	74.6	2016
GSW Grundvermögens- und Vertriebsgesellschaft mbH, Berlin	100.00 <sup>1)4)</sup>	90,255.7	0.0	2016

<sup>1)</sup> Indirect shareholdings<sup>2)</sup> Direct and indirect shareholdings<sup>3)</sup> The company furthermore has a direct shareholding in a joint venture<sup>4)</sup> Exemption pursuant to Section 264(3) of the German Commercial Code (HGB) due to inclusion in the consolidated financial statements of Deutsche Wohnen AG<sup>5)</sup> Exemption pursuant to Section 264b of the German Commercial Code (HGB) due to inclusion in the consolidated financial statements of Deutsche Wohnen AG<sup>6)</sup> Major corporations

Company and registered office	Share of capital	Equity	Profit/ loss	Reporting date
	%	EUR k	EUR k	
GSW Immobilien AG, Berlin	93.88 <sup>4)</sup>	1,322.056.9	121,149.6	2016
GSW Immobilien GmbH & Co. Leonberger Ring KG, Berlin	94.00 <sup>1)5)</sup>	409.0	42.0	2016
GSW Pegasus GmbH, Berlin	100.00 <sup>1)4)</sup>	12,224.2	9,477.6	2016
GSW Verwaltungs- und Betriebsgesellschaft mbH & Co. Grundstücksgesellschaft Wohnen am Brosepark KG i.L., Berlin	20.80 <sup>1)</sup>	16.1	53.3	2016
GSW Verwaltungs- und Betriebsgesellschaft mbH & Co. Grundstücksgesellschaft Neue Krugallee KG i.L., Berlin	66.38 <sup>1)</sup>	28.3	-2.0	2016
GSW Verwaltungs- und Betriebsgesellschaft mbH & Co. Zweite Beteiligungs KG, Berlin	93.44 <sup>1)5)</sup>	-11,579.7	4,998.5	2016
GSZ Gebäudeservice und Sicherheitszentrale GmbH, Berlin	33.33 <sup>1)</sup>	244.8	28.3	2015
Hamburger Ambulante Pflege- und Physiotherapie „HAPP“ GmbH, Hamburg	100.00 <sup>1)</sup>	22.7	-119.0	2015
Hamburger Senioren Domizile GmbH, Hamburg	100.00 <sup>1)</sup>	8.9	1,610.2	2015
Hamnes Investments GmbH, Berlin (formerly: Hamnes Investments B.V., Baarn, Netherlands)	100.00 <sup>1)4)</sup>	10,058.0	1,065.6	2016
Haus und Heim Wohnungsbau-GmbH, Berlin	100.00 <sup>1)4)</sup>	2,798.7	0.0	2016
HESIONE Vermögensverwaltungsgesellschaft mbH, Frankfurt/Main	100.00 <sup>1)</sup>	98.7	16.2	2016
Holzmindener Straße/Tempelhofer Weg Grundstücks GmbH, Berlin	100.00 <sup>1)4)</sup>	25.0	0.0	2016
Intermetro GmbH, Berlin	100.00 <sup>1)4)</sup>	8,501.4	0.0	2016
KATHARINENHOF Seniorenwohn- und Pflegeanlage Betriebs-GmbH, Berlin	49.00 <sup>1)6)</sup>	2,089.5	4,889.5	2016
KATHARINENHOF Service GmbH, Berlin	100.00 <sup>1)</sup>	25.0	0.0	2016
Larry I Targetco (Berlin) GmbH, Berlin	100.00 <sup>4)</sup>	77,057.2	0.0	2016
Larry II Targetco (Berlin) GmbH, Berlin	100.00 <sup>4)</sup>	70,878.6	0.0	2016
LebensWerk GmbH, Berlin	100.00 <sup>1)</sup>	457.1	0.0	2016
Main-Taunus Wohnen GmbH & Co. KG, Eschborn	99.99 <sup>2)5)</sup>	14,393.7	10,047.6	2016
Marienfelder Allee 212-220 Grundstücksgesellschaft b.R., Berlin	94.00 <sup>1)</sup>	7,369.6	788.5	2016
Promontoria Holding V B.V., Amsterdam, Netherlands	94.90 <sup>1)</sup>	5,453.2	2,285.2	2015
Promontoria Holding X B.V., Baarn, Netherlands	94.90 <sup>1)</sup>	5,677.9	1,265.1	2015
Rhein-Main Wohnen GmbH, Frankfurt/Main	100.00 <sup>1)4)6)</sup>	1,065,769.8	25,822.8	2016
Rhein-Mosel Wohnen GmbH, Mainz	100.00 <sup>1)4)</sup>	371,038.7	8,322.5	2016
Rhein-Pfalz Wohnen GmbH, Mainz	100.00 <sup>4)</sup>	761,597.8	174.1	2016
RMW Projekt GmbH, Frankfurt/Main	100.00 <sup>1)4)</sup>	16,238.3	0.0	2016
Seniorenresidenz „Am Lunapark“ GmbH, Leipzig	100.00 <sup>1)</sup>	102.3	0.0	2016
SGG Scharnweberstraße Grundstücks GmbH, Berlin	100.00 <sup>1)4)</sup>	25.0	0.0	2016
Siwoge 1992 Siedlungsplanung und Wohnbauten Gesellschaft mbH, Berlin	50.00 <sup>1)</sup>	4,963.9	14.9	2015
Sophienstraße Aachen Vermögensverwaltungsgesellschaft mbH, Berlin	100.00 <sup>1)4)</sup>	2,193.0	0.0	2016
Stadtentwicklungsgesellschaft Buch mbH, Berlin	100.00 <sup>1)</sup>	1,860.8	-277.4	2016
Wohn- und Pflegewelt Lahnblick GmbH, Bad Ems	100.00 <sup>1)</sup>	324.1	9.6	2016
Wohnanlage Leonberger Ring GmbH, Berlin	100.00 <sup>1)4)</sup>	850.9	0.0	2016
Zisa Beteiligungs GmbH, Berlin	49.00 <sup>1)</sup>	-17.1	-13.1	2014
Zisa Grundstücksbeteiligungs GmbH & Co. KG, Berlin	94.90 <sup>1)5)</sup>	-82.6	35.7	2016
Zisa Verwaltungs GmbH, Berlin	100.00 <sup>1)</sup>	55.6	-4.2	2016
Zweite GSW Verwaltungs- und Betriebsgesellschaft mbH, Berlin	100.00 <sup>1)</sup>	57.3	-3.2	2016
Zweite Objekt Adlerhorn Verwaltungs GmbH, Berlin (vormals: RM 1614 Vermögensverwaltungs GmbH, Munich)	94.00 <sup>1)</sup>	21.2	-3.8	2016

N/A No information available

<sup>1)</sup> Indirect shareholdings<sup>2)</sup> Direct and indirect shareholdings<sup>3)</sup> The company furthermore has a direct shareholding in a joint venture<sup>4)</sup> Exemption pursuant to Section 264(3) of the German Commercial Code (HGB) due to inclusion in the consolidated financial statements of Deutsche Wohnen AG<sup>5)</sup> Exemption pursuant to Section 264b of the German Commercial Code (HGB) due to inclusion in the consolidated financial statements of Deutsche Wohnen AG<sup>6)</sup> Major corporations

## 2 Receivables and other assets

Of the other assets, claims amounting to EUR 0.2 million have a remaining term of more than one year (previous year: EUR 0.2 million). As in the previous year, the remaining receivables and other assets have a remaining term of less than one year.

Receivables from affiliated companies (EUR 3,606.4 million; previous year: EUR 3,225.0 million) largely comprise trade receivables (EUR 3.6 million; previous year: EUR 1.3 million), other receivables arising out of internal Group cash management and cash pooling activities and loans (EUR 3,565.0 million; previous year: EUR 3,132.9 million), and other receivables primarily arising out of profit transfers and distributions by subsidiaries and in the context of the group's classification as a single entity for value added tax purposes (EUR 37.7 million; previous year: EUR 90.8 million).

Other assets comprise dividend claims against affiliated companies legally accruing only after the reporting date in the amount of EUR 74.9 million (previous year: EUR 82.4 million). The remaining other assets likewise primarily comprise – as in the previous year – tax refund claims.

## 3 Cash on hand, bank balances

Deutsche Wohnen AG has headed up the intra-Group cash pool since the end of 2014.

## 4 Deferred expenses and accrued income

Deferred expenses and accrued income include a discount in the amount of EUR 1.1 million (previous year: EUR 1.4 million) arising in connection with the issuance of a corporate bond.

## 5 Deferred tax assets

The following differences in the commercial and tax bases for assets and liabilities exist with regard to the company and/or subsidiary companies:

- The application of different discount rates pursuant to commercial and tax law results in differences in the employee benefit liabilities and other provisions which will give rise to future tax relief.
- Prohibitions against the reporting of certain items pursuant to tax law result in differences in other provisions as compared to the commercial balance sheet which will give rise to tax relief in the future.
- Tax loss carry-forwards exist which will give rise to future tax relief.
- Differences in the tax capital accounts for partnerships and the carrying values for shareholdings pursuant to commercial law result in differences giving rise to in future tax liability.
- Differences in the residual carrying values of shareholdings pursuant to commercial and tax law will produce differential amounts which will result in future tax relief.
- Differences in the residual carrying values of properties pursuant to commercial and tax law and special tax items result in differences which will give rise to future tax liability.
- Differences in reporting and valuation requirements as regards receivables and other assets, result in differences in their residual carrying values pursuant to commercial and tax law which will give rise to future tax relief.

## 6 Equity

### Issued share capital

The issued capital of Deutsche Wohnen AG amounted to EUR 337,480,450.00 as at 31 December 2016 (previous year: EUR 337,411,867.00); it is divided into 337,480,450 no-par value bearer shares, each representing a notional share of the issued capital of EUR 1.00. The shares of Deutsche Wohnen AG are all bearer shares, have been paid in full.

All shares carry the same rights and obligations. Each share entitles the holder to one vote at the Annual General Meeting and determines the shareholders' shares in the profits of the company. The rights and obligations of the shareholders are outlined in detail in the provisions of the German Stock Corporation Act (AktG), in particular Sections 12, 53 et seq., 118 et seq. and 186. There are no shares with special rights conferring powers of control.

The Management Board of Deutsche Wohnen AG is not aware of any restrictions which affect the voting rights or the transfer of shares.

In the event of a capital increase, the new shares are issued as bearer shares.

### Changes in contingent capital

EUR k	2013/I	2014/I	2014/II	2014/III	2015/I	Total
As at 1 January 2016	16,076	25,000	5,971	12,880	50,000	109,927
Capital increase by means of the issuance of compensation shares (GSW domination agreement)	–	–	–69	–	–	–69
<b>As at 31 December 2016</b>	<b>16,076</b>	<b>25,000</b>	<b>5,902</b>	<b>12,880</b>	<b>50,000</b>	<b>109,858</b>

The issued capital may be contingently increased by up to EUR 109.86 million by means of the issuance of up to approximately 109.86 million new no-par value bearer shares with dividend rights generally from the start of the financial year of their issuance (contingent capital 2013/I, contingent capital 2014/I, contingent capital 2014/II, contingent capital 2014/III and contingent capital 2015/I).

### Changes in authorised capital

EUR k	2016
<b>Authorised Capital 2015/I</b>	
As at 1 January 2016	100,000
Utilisation	0
<b>As at 31 December 2016</b>	<b>100,000</b>

By resolution of the Annual General Meeting held on 12 June 2015, which was entered into the commercial register on 14 July 2015, the Management Board has been authorised to increase the company's issued capital, with the consent of the Supervisory Board, by up to EUR 100 million once or several times during the period until 11 June 2018 by means of the issuance of up to 100 million new ordinary bearer shares against cash contributions and/or contributions in kind (authorised capital 2015/I). The shareholders must always be granted subscription rights within the scope of the authorised capital. However, in certain cases, the Management Board will be entitled to exclude the subscription rights of shareholders with the consent of the Supervisory Board and subject to the detailed provisions of the Articles of Association.

### Issuance of option rights, bonds with warrants or conversion rights, profit participation rights or profit-sharing bonds

The resolution adopted at the Annual General Meeting held on 12 June 2015 authorised the Management Board, with the consent of the Supervisory Board, to issue no-par value convertible and/or warrant bearer bonds and/or profit participation rights with option or conversion rights (or a combination of these instruments) in the nominal value of up to EUR 1,500 million on one or several occasions until 11 June 2020, and to grant the creditors thereof conversion or option rights for Deutsche Wohnen AG shares representing a share of the issued capital of up to EUR 50 million.

**Acquisition of own shares**

The acquisition of own shares is authorised pursuant to Section 71 et seqq. of the German Stock Corporation Act (AktG) and also, as at the balance sheet date, by the Annual General Meeting held on 11 June 2014 (TOP 14). By resolution of the Annual General Meeting held on 11 June 2014, the Management Board has been authorised, with the consent of the Supervisory Board and having regard to the principle of equal treatment of shareholders (Section 53a of the German Stock Corporation Act (AktG)), to acquire and use own shares of the company in the total amount of up to 10% of the issued capital existing at the time of the adoption of the resolution or – where this amount is lower – at the time of the exercise of the authorisation in accordance with the issued stipulations until 10 June 2019. The amount of any shares acquired on the basis of this authorisation together with other shares of the company already acquired and still held by the company or other shares attributable to the company pursuant to Section 71a et seqq. of the German Stock Corporation Act (AktG) may not at any time exceed 10% of the issued capital of the company.

The authorisation may not be exploited for the purposes of trading in own shares.

As at the balance sheet date, the company did not have any own shares.

**Capital reserve**

As at 31 December 2016, the capital reserve amounted to EUR 3,489.4 million, having increased by EUR 1.8 million from EUR 3,603.0 million over the course of the financial year 2016 as a result of premiums arising out of the capital increase resulting from the contribution in kind of shares of GSW Immobilien AG, which has been ongoing since September 2014 as part of the exchange of shares pursuant to the control agreement. The capital reserve was further increased by EUR 2.2 million by the stock option programme. Moreover, EUR 117.6 million were taken out of the capital reserve established in accordance with Section 272(2)(4) of the German Commercial Code (HGB) in favour of the net profit.

The capital reserve comprises the following:

EUR m	31/12/2016	31/12/2015
Section 272(2)(1) of the German Commercial Code (HGB)	2,071.1	2,069.3
Section 272(2)(2) of the German Commercial Code (HGB)	5.4	3.2
Section 272(2)(4) of the German Commercial Code (HGB)	1,412.9	1,530.5
	<b>3,489.4</b>	<b>3,603.0</b>

**Revenue reserve**

The maintenance of the statutory reserve is mandatory for German public limited companies (Aktiengesellschaften). An amount equivalent to 5% of the profit for the financial year is to be retained pursuant to Section 150(2) of the German Stock Corporation Act (AktG). The amount of the statutory reserve is subject to a cap of 10% of the issued capital. Pursuant to Section 272(2)(1)-(3) of the German Commercial Code (HGB), any existing capital reserves are to be taken into account in this regard, so as to ensure that the necessary additions to the statutory reserve are reduced accordingly. This is measured on the basis of the issued share capital which exists and is legally effective at the reporting date and which is to be reported in this amount on the respective annual balance sheet. The statutory reserve remains unchanged at EUR 1.0 million.

**7 Employee benefit liabilities**

Claims arising out of reinsurance policies were offset against employee benefit liabilities in the amount of EUR 6,000 pursuant to the second clause of Section 246(2) of the German Commercial Code (HGB) (previous year: EUR 7,000). Acquisition costs amounted to EUR 11,000 (previous year: EUR 16,000), the attributable fair value and the offset liabilities amounted to EUR 6,000 (previous year: EUR 7,000) and the offset expenses amounted to EUR 2,000 (previous year: EUR 4,000). The amount of the difference pursuant to the first and third clauses 1 and 3 of Section 253(6) of the German Commercial Code (HGB) amounted to EUR 128,000 as at the reporting date.

**8 Other provisions**

Other provisions largely comprise provisions for outstanding invoices in the amount of EUR 3.3 million (previous year: EUR 29.2 million) and staff-related provisions in the amount of EUR 6.0 million (previous year: EUR 8.3 million).

## 9 Liabilities

EUR k	Balance sheet	Thereof, remaining term		
		Up to one year	One to five years	More than five years
1. Bonds	1,387,176	237,176	1,150,000	0
Previous year	1,154,258	4,258	750,000	400,000
2. Liabilities to banks	1	1	0	0
Previous year	0	0	0	0
3. Trade payables	1,385	1,385	0	0
Previous year	1,984	1,984	0	0
4. Liabilities to affiliated companies	1,474,352	1,459,652	0	14,700
Previous year	1,569,571	1,539,571	30,000	0
5. Other liabilities	810	810	0	0
Previous year	1,753	1,753	0	0
<b>Total financial year</b>	<b>2,863,724</b>	<b>1,699,024</b>	<b>1,150,000</b>	<b>14,700</b>
<b>Total previous year</b>	<b>2,727,566</b>	<b>1,547,566</b>	<b>780,000</b>	<b>400,000</b>

The bonds comprise two convertible bonds and numerous corporate bonds.

On 22 November 2013, Deutsche Wohnen issued a convertible bond in the nominal amount of EUR 250.0 million (security identification number: A1YCR0), which may be converted into 14.3 million no-par value bearer shares of Deutsche Wohnen AG (underpinned by a maximum of 16.1 million shares from the contingent capital 2013) on the basis of the exchange ratio valid as at 31 December 2016. This convertible bond has not been secured by Deutsche Wohnen AG, earns interest at 0.5% p.a., has a term of up to seven years until 22 November 2020 and may be terminated after five years. In the event of the termination, conversion or final maturity of the convertible bond, Deutsche Wohnen AG will have the option of paying the bond creditors in shares and/or the equivalent value in cash by way of satisfaction of their claims.

The second convertible bond was issued on 8 September 2014 in the nominal amount of EUR 400.0 million (security identification number: A12UDH) and may be converted into 19.0 million no-par value bearer shares of Deutsche Wohnen AG (underpinned by a maximum of 50.0 million shares from the contingent capital 2014/I) on the basis of the exchange ratio valid as at

31 December 2016. This convertible bond has not been secured by Deutsche Wohnen AG, earns interest at 0.875% p.a., has a term of up to seven years until 8 September 2021 and may be terminated after five years. In the event of the termination, conversion or final maturity of the convertible bond, Deutsche Wohnen AG will have the option of paying the bond creditors in shares and/or the equivalent value in cash by way of satisfaction of their claims.

Furthermore, the bonds comprise the corporate bond issued on 24 July 2015 in the total nominal amount of EUR 500.0 million (security identification number: A161MH). This corporate bond has not been secured by Deutsche Wohnen AG, earns interest at 1.375% p.a. and has a term of up to five years until 24 July 2020.

Furthermore, the bonds in the nominal amount of EUR 233.0 million comprise several tranches of the multi-currency commercial paper programme issued in the fourth quarter of 2016. These bonds have a term of between one and twelve months. They have not been secured by Deutsche Wohnen AG and do not earn any interest.

The liabilities to banks relate to the apportionment of commitment fees for the granting of credit lines.



The liabilities to affiliates comprise liabilities arising out of internal Group cash management and cash pooling activities and other loans (EUR 1,471.2 million; previous year: EUR 1,566.9 million), trade receivables (EUR 0.1 million; previous year: EUR 0.3 million), and other liabilities primarily arising out of profit transfers and distributions by subsidiaries and in the context of the group's classification as a single entity for value added tax purposes (EUR 3.1 million; previous year: EUR 2.3 million).

The liabilities have not been secured by Deutsche Wohnen AG.

## D Notes to the profit and loss statement

### 1 Other operating income

Other operating income for the financial year 2015 largely comprises revenue in the amount of EUR 7.4 million from the cancellation of reversals of deferred expenses and accrued income carried out in previous years and recognised as expenses in connection with the reporting on the balance sheet of the equity share resulting from the issuance of convertible bonds. This balance sheet reporting has undergone changes in the wake of the more recent case law of the BFH.

### 2 Staff expenses

The stock option plan launched in 2014 provides for the possibility of issuing a maximum of 12,879,752 subscription rights to the members of the Management Board of Deutsche Wohnen AG and to selected executives of the Deutsche Wohnen Group under the following conditions:

The subscription rights will be issued to beneficiaries in annual tranches until the expiration of four years from the date of the entering of the contingent capital in the commercial register, or at least until the expiration of 16 weeks following the conclusion of the ordinary Annual General Meeting in 2018. The amount of the annual tranches will be determined by dividing the target amount of the variable remuneration for the beneficiary in question by a reference value, which will be commensurate with the arithmetic mean of the closing price for the Deutsche Wohnen share 30 days prior to the issuance of the stock options concerned.

The subscription rights may be exercised for the first time after the expiration of four years (waiting period) and thereafter within three years (exercise period) and will expire upon the expiration of the relevant period.

The subscription rights may only be exercised where the following conditions are met:

- The service contract concluded with the beneficiary is not terminated during the waiting period on grounds for which the latter is responsible (Section 626(1) of the German Civil Code (BGB)) and
- The performance targets "adjusted NAV per share" (40% weighting), "FFO (without disposals) per share" (40% weighting) and "share price" (20% weighting) have been attained.

The performance targets for each individual tranche of the stock options relate to the development of the (i) "adjusted NAV per share", (ii) "FFO (without disposals) per share" and (iii) "share price", as compared to the "EPRA/NAREIT Germany Index", calculated in accordance with the following provisions.

Each of the aforementioned performance targets in turn comprises a minimum target, which must be attained in order for half of the stock options allotted to this performance target to be generally exercisable, as well as a maximum target, upon the attainment of which all of the stock options allotted to this performance target will become exercisable in accordance with the weighting of the performance target in question. The minimum target will in each case be attained upon a degree of target attainment of 75% and the maximum target will in each case be attained upon a degree of target attainment of 150%. The individual minimum and maximum targets are set by the company on the basis of its quarterly projections prior to the issuance of the annual tranche of stock options. Subject to any special arrangements which apply upon the termination of the service or employment relationship of the beneficiary prior to the expiration of the waiting period, the number of exercisable stock options per tranche will be commensurate with the total number of stock options in the tranche in question multiplied by the percentage rate produced by the total of the percentage rates resulting from the attainment of one or more performance targets in accordance with the foregoing provisions, and having regard to the aforementioned weighting of the performance targets, so as to compensate for any divergences in the attainment of the performance targets in favour of the beneficiary.

At the end of the waiting period, the number of the subscription rights eligible for allocation to each beneficiary will be calculated on the basis of the degree of attainment of the performance targets. Each beneficiary will be required to pay EUR 1 per share upon the acquisition of the shares (exercise of the allocated subscription rights). The shares acquired following the exercise of the options will confer full voting rights and an entitlement to payment of dividends.

In the past financial year, a total of 66,103 subscription rights were issued, with the result that 218,137 subscription rights were outstanding at the end of the year (previous year: 152,034).

The calculation of the value of the issued options was based on the assumption that the degree of attainment of the performance targets "adjusted NAV per share" and "FFO (without disposals) per share" will be 150% at the end of the waiting period. With regard to the attainment of the performance target "share price", the value of the subscription rights was calculated on the basis of an assumed volatility of 30.41%, a risk-free interest rate of -0.14% and an expected dividend return of 2.89%. The calculated value of the options for the subscription rights was allocated to the relevant vesting period having regard to any special contractual provisions in relation to the termination of the employment of the beneficiary in question.

The expenses relating to the stock option programme as reported in the annual financial statements amount to EUR 2.2 million (previous year: EUR 1.0 million).

### 3 Other operating expenses

Other operating expenses largely comprise IT costs (EUR 9.3 million; previous year: EUR 7.1 million), ongoing consultancy, audit and court fees for ongoing business transactions and transaction costs relating to acquisitions (EUR 6.2 million; previous year: EUR 53.2 million), and costs arising in connection with the absorption of equity (2016: none; previous year: EUR 20.4 million).

## E Contingent liabilities

As at the reporting date, Deutsche Wohnen AG was acting as guarantor in favour of Aareal Bank AG, Wiesbaden, on behalf of affiliated companies in connection with bank guarantees on collected rental deposits in the amount of EUR 2.8 million and for other limited guarantees in the amount of EUR 0.2 million. It is unlikely that any of these guarantees will be drawn upon, as these companies are profitable and solvent.

Furthermore, Deutsche Wohnen AG is the personally liable guarantor in favour of a transfer company for an affiliated company in the amount of EUR 1.0 million. It is unlikely that this guarantee will be drawn upon, as the affiliated company in question is profitable and solvent.

For its own office lease agreements, Deutsche Wohnen AG has issued bank guarantees in the amount of EUR 0.1 million in favour of the lessors. It is unlikely that any of these guarantees will be drawn upon, as Deutsche Wohnen AG is fulfilling its payment obligations.

Deutsche Wohnen AG is jointly and severally liable with affiliated companies for liabilities to banks owed by those affiliated companies in the amount of EUR 957.2 million, plus claims arising in connection with interest and interest rate hedge transactions. It is unlikely that any claims will be brought in this regard, as these companies are profitable and solvent and the loans are secured by way of liens on property.

Deutsche Wohnen AG has issued comfort letters to a creditor and a bank in favour of affiliated companies for liabilities owed to other creditors in the amount of EUR 17.6 million and for liabilities owed to banks in the amount of EUR 16.1 million, in each case plus claims arising in connection with interest and interest rate hedge transactions. It is unlikely that any claims will be brought in this regard, as these companies are profitable and solvent and the loans are secured by way of liens on property.

Deutsche Wohnen AG has issued an unrestricted comfort letter in favour of GEHAG GmbH, Berlin.

A control agreement is in place between Deutsche Wohnen AG, as the controlling company, and Rhein-Pfalz Wohnen GmbH, Mainz, as the controlled company.

A control agreement is in place between Deutsche Wohnen AG, as the controlling company, and GSW Immobilien AG, Berlin, as the controlled company, guaranteeing the external shareholders a dividend in the amount of EUR 1.40 per share p.a.

Control and profit transfer agreements are in place between Deutsche Wohnen AG (the parent company) and Deutsche Wohnen Corporate Real Estate GmbH, Berlin, Deutsche Wohnen Management- und Servicegesellschaft mbH, Frankfurt/Main,

Deutsche Wohnen Fondsbeteiligungs GmbH, Berlin, Deutsche Wohnen Zweite Fondsbeteiligungs GmbH, Berlin, Larry I Targetco (Berlin) GmbH, Berlin and Larry II (Berlin) Targetco GmbH, Berlin (each a subsidiary company).

Profit transfer agreements are in place between Deutsche Wohnen AG (the parent company) and Deutsche Wohnen Construction and Facilities GmbH, Berlin, Deutsche Wohnen Immobilien Management GmbH, Berlin, and Deutsche Wohnen Management GmbH, Berlin (each a subsidiary company).

## F Other financial obligations

EUR m	Up to one year	Two to five years	More than five years	Total
Leasing and rental agreements	1.3	3.1	0.3	4.7
Long-term service agreements	7.0	3.9	0.0	10.9
<b>Total</b>	<b>8.3</b>	<b>7.0</b>	<b>0.3</b>	<b>15.6</b>

Pursuant to the control agreement concluded with GSW Immobilien AG, as the controlled company, Deutsche Wohnen AG is moreover subject to another financial obligation arising in connection with the guarantee given by it to the external shareholders to the effect that the latter will receive a guaranteed dividend in the amount of at least EUR 1.40 per share p.a. from GSW Immobilien AG or alternatively a corresponding differential

amount from Deutsche Wohnen AG. As at the reporting date, external shareholders still held 3,468,278 bearer shares of GSW Immobilien AG.

Other financial obligations arising out of internal rental agreements and agreements for the provision of services within the Deutsche Wohnen AG Group are not included herein.

## G Other disclosure

### 1 Management Board

The Management Board is composed of the following members:

Name	Occupation	Memberships in supervisory boards and other executive bodies within the meaning of sec. 125 para. 1 sent. 5 of the German Stock Corporation Act (AktG)
<b>Michael Zahn</b> Chief Executive Officer	Economist	GSW Immobilien AG, Berlin (Chairman of the Supervisory Board) TLG Immobilien AG, Berlin (Chairman of the Supervisory Board) Eisenbahn-Siedlungs-Gesellschaft Berlin mbH, Berlin (Chairman of the Supervisory Board) G+D Gesellschaft für Energiemanagement GmbH, Magdeburg (Chairman of the Advisory Board) Funk Schadensmanagement GmbH, Berlin (Chairman of the Advisory Board) DZ Bank AG, Frankfurt/Main (Member of the Advisory Board) Füchse Berlin Handball GmbH, Berlin (Member of the Advisory Board since 15/9/2016) GETEC Wärme & Effizienz AG, Magdeburg (Member of Real estate consulting since 8/11/2016)
<b>Lars Wittan</b> Member of the Management Board	Degree in business administration (Dipl.-Betriebswirt)	Eisenbahn-Siedlungs-Gesellschaft Berlin mbH, Berlin (Member of the Supervisory Board)
<b>Philip Grosse</b> Member of the Management Board since 1/9/2016	Degree in business management (Dipl.-Kaufmann)	GSW Immobilien AG, Berlin (Deputy Chairman of the Supervisory Board) GEHAG GmbH, Berlin (Deputy Chairman of the Supervisory Board)

The members of the Management Board have received the following remuneration in return for the performance of their responsibilities in this capacity (in EUR k):

EUR k	Michael Zahn Chief Executive Officer since 1/9/2007				Lars Wittan Chief Investment Officer since 1/10/2011				Philip Grosse Chief Financial Officer since 1/9/2016			
	2015	2016	2016 (Min.)	2016 (Max.)	2015	2016	2016 (Min.)	2016 (Max.)	2015	2016	2016 (Min.)	2016 (Max.)
Fixed remuneration	825	825	825	825	376	376	376	376	0	108	108	108
Supplementary payments	34	34	34	34	24	24	24	24	0	6	6	6
<b>Total fixed</b>	<b>859</b>	<b>859</b>	<b>859</b>	<b>859</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>0</b>	<b>114</b>	<b>114</b>	<b>114</b>
Short-term incentive	500	500	0	625	240	240	0	300	0	58	0	73
short-term due	500	500	0	625	240	240	0	300	0	58	0	73
long-term due	0	0	0	0	0	0	0	0	0	0	0	0
Long-term incentive (SOP)	750	750	0	1,125	260	260	0	390	0	75	0	113
<b>Total variable</b>	<b>1,250</b>	<b>1,250</b>	<b>0</b>	<b>1,750</b>	<b>500</b>	<b>500</b>	<b>0</b>	<b>690</b>	<b>0</b>	<b>133</b>	<b>0</b>	<b>185</b>
<b>Total amount</b>	<b>2,109</b>	<b>2,109</b>	<b>859</b>	<b>2,609</b>	<b>900</b>	<b>900</b>	<b>400</b>	<b>1,090</b>	<b>0</b>	<b>247</b>	<b>114</b>	<b>299</b>

<sup>11</sup> The maximum limit corresponds to the level of target achievement of the three parameters, not to the share price development

A special allowance was granted in 2013 for the successful acquisition of GSW Immobilien AG. The final instalment, which had been granted subject to the realisation of synergies and was to be immediately invested in shares of Deutsche Wohnen AG, was paid out in 2015.

The PSU Plan 2012 and the retained portion of his short-term variable remuneration in the amount of EUR 0.4 million were paid out to Helmut Ullrich, a former member of the Management Board, in 2016.

Andreas Segal, a former member of the Management Board, was paid a severance package in the amount of EUR 1.6 million upon his early departure from the company. Apart from this, his agreement provided for the payment of compensation with regard to the existing LTI in the amount of EUR 0.6 million. No further amounts of remuneration were paid to Mr Segal in 2016.

Given that Mr Philip Grosse was appointed a member of the Management Board in 2016, no amounts of remuneration were paid to him in this capacity with respect to 2015.

Please refer to the Management Report for further explanation of the remuneration system of the Management Board.

There are no pension commitments with regard to current or retired members of the Management Board of Deutsche Wohnen AG. No advances, loans or sureties were granted or issued to members of the Management Board of Deutsche Wohnen AG in the financial year 2016.

## 2 Supervisory Board

The Supervisory Board is composed of the following members:

Name	Occupation	Memberships in supervisory boards and other executive bodies within the meaning of sec. 125 para. 1 sent. 5 of the German Stock Corporation Act (AktG)
<b>Uwe E. Flach</b> Chairman	Company consultant, Frankfurt/Main	OFFICEFIRST Immobilien AG, Bonn (Chairman of the Supervisory Board since 26/9/2016) DZ Bank AG, Frankfurt/Main (Member of the Advisory Board until 27/4/2016) metabo Aktiengesellschaft, Nürtingen (Member of the Supervisory Board until 1/3/2016)
<b>Dr Andreas Kretschmer</b> Deputy Chairman	Managing Director of Pension Fund for Medical Practitioners of Westphalia-Lippe Einrichtung der Ärztekammer Westfalen-Lippe – KöR -, Münster	BIOCEUTICALS Arzneimittel AG, Bad Vilbel (Chairman of the Supervisory Board) Amprion GmbH, Dortmund (Deputy Chairman of the Supervisory Board)
<b>Dr h.c. Wolfgang Clement</b>	Publicist and company consultant former Bundesminister (Federal Minister) former Ministerpräsident (State Prime), Bonn	Daldrup & Söhne AG, Grünwald (Chairman of the Supervisory Board) DIS Deutscher Industrie Service AG, Dusseldorf (Member of the Supervisory Board until 15/6/2016) Peter Dussmann-Stiftung, Berlin (Member of the Board of Trustees) Dussmann Stiftung & Co. KGaA, Berlin (Chairman of the Supervisory Board) Landau Media Monitoring AG & Co. KG, Berlin (Member of the Supervisory Board) RWE Power AG, Essen (Member of the Supervisory Board until 15/6/2016)
<b>Matthias Hünlein</b>	Managing Director Tishman Speyer Properties Deutschland GmbH, Frankfurt/Main	None
<b>Dr Florian Stetter</b>	Chief Executive Officer Rockhedge Asset Management AG, Krefeld	CalCon Deutschland AG, Munich (Member of the Supervisory Board) ENOVO s.r.o., Bratislava, Slovak Republic (Managing Partner)
<b>Claus Wisser</b>	Managing Director of Claus Wisser Vermögensverwaltungs GmbH, Frankfurt/Main	AVECO Holding AG, Frankfurt/Main (Chairman of the Supervisory Board)

Each member of the Supervisory Board receives a fixed remuneration of EUR 60,000; the Chairman of the Supervisory Board receives double that amount and the Deputy Chairman of the Supervisory Board receives one and a half times that amount as remuneration. Each member of the Supervisory Board receives lump-sum remuneration in the amount of EUR 10,000 per financial year for his/her membership of the Audit Committee, with the Chairman receiving double that amount. Remuneration for membership of any other Supervisory Board committees, with the exception of the Nomination Committee, is paid in the amount of EUR 5,000 per member, committee and financial year. Each member of the Nomination Committee receives EUR 2,500 per committee meeting.

The remuneration paid to Supervisory Board members in the financial year amounts to EUR 542,500 (previous year: EUR 521,000) net of value added tax. Mr Flach receives EUR 147,500 net (previous year: EUR 140,000), Dr. Kretschmer receives EUR 122,500 net (previous year: EUR 118,000), Mr Clement receives EUR 67,500 net (previous year: EUR 60,000), Mr Hünlein receives EUR 65,000 net (previous year: EUR 68,000), Dr. Stetter receives EUR 75,000 net (previous year: EUR 73,000) and Mr Wisser receives EUR 65,000 (previous year: EUR 63,000).

The company will reimburse the members of the Supervisory Board for any reasonable expenses incurred by them in the performance of their duties. The company will also reimburse the amount of any value added tax accruing on the remuneration paid to the members of the Supervisory Board, provided that the latter are entitled to invoice the company for the value added tax on a separate basis and avail themselves of this option.

Furthermore, the company has taken out general liability insurance on behalf of the members of the Supervisory Board (so-called D&O insurance), with retention of 10% of the value of the damage in question. This retention amount will be limited, for all events of damage occurring within an annual policy period, to one-and-a-half times the amount of the fixed annual remuneration for the member of the Supervisory Board in question.

There are no pension commitments with regard to current or retired members of the Supervisory Board of Deutsche Wohnen AG. No advances, loans or securities were granted to members of the Supervisory Board in the financial year.

### 3 Shareholdings requiring notification in accordance with sec. 160 German Stock Corporation Act (AktG)

In the financial year 2016 and after the end of the financial year until the valuation date Deutsche Wohnen AG received the following notifications of voting rights according to sec. 21 ff. German Securities Trading Act (WpHG). They were published with the following wording:

#### I. Notification of Major Holdings

##### 1. Details of issuer

Deutsche Wohnen AG  
Pfaffenwiese 300  
65929 Frankfurt am Main  
Germany

##### 2. Reason for notification

Acquisition/disposal of shares with voting rights  
Acquisition/disposal of instruments  
Change of breakdown of voting rights  
 Other reason: Disclosure according to  
Sec. 41 para. 4f WpHG

##### 3. Details of person subject to the notification obligation

Name: JPMorgan Chase & Co.  
City and country of registered office: New York,  
United States of America (USA)

##### 4. Names of shareholder(s)

holding directly 3% or more voting rights, if different from 3.

##### 5. Date on which threshold was crossed or reached

26.11.2015

#### 6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	0.27%	5.81%	6.08%	337,408,183
notification	%	%	%	/

#### 7. Notified details of the resulting situation

##### a. Voting rights attached to shares (Sec.s 21, 22 WpHG)

ISIN	absolute		in %	
	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)
DE000A0HN5C6		915,362	%	0.27%
<b>Total</b>		<b>915,362</b>		<b>0.27%</b>

##### b.1. Instruments according to Sec. 25 para. 1 No. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
Physically-settled Call Option	18.12.2015	18.12.2015	200,000	0.06%
Right of Recall (Stock loan)	N/A	N/A	99,921	0.03%
		<b>Total</b>	<b>299,921</b>	<b>0.09%</b>

**b.2. Instruments according to Sec. 25 para. 1 No. 2 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Equity Swap	24.02.2016	24.02.2016	Cash	15,820	0.005 %
Physically-settled Put Option	14.10.2016	14.10.2016	Physical	19,275,243	5.71 %
			<b>Total</b>	<b>19,291,063</b>	<b>5.72 %</b>

**8. Information in relation to the person subject to the notification obligation**

Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

X Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3 % or more)	% of voting rights through instruments (if at least held 5 % or more)	Total of both (if at least held 5 % or more)
JPMorgan Chase & Co.	%	%	%
JPMorgan Chase Bank, National Association	%	%	%
J.P. Morgan International Inc.	%	%	%
Bank One International Holdings Corporation	%	%	%
J.P. Morgan International Finance Limited	%	%	%
J.P. Morgan Capital Holdings Limited	%	%	%
J.P. Morgan Chase (UK) Holdings Limited	%	%	%
J.P. Morgan Chase International Holdings	%	%	%
J.P. Morgan Securities plc	%	5.81 %	5.81 %
JPMorgan Chase & Co.	%	%	%
J.P. Morgan Broker - Dealer Holdings Inc	%	%	%
J.P. Morgan Securities LLC	%	%	%
J.P. Morgan Clearing Corp.	%	%	%

**9. In case of proxy voting according to Sec. 22 para. 3 WpHG**

Date of general meeting:

Holding position after general meeting: % (equals voting rights)

**II.****Notification of Major Holdings****1. Details of issuer**

Deutsche Wohnen AG  
Pfaffenwiese 300  
65929 Frankfurt am Main  
Germany

**2. Reason for notification**

Acquisition/disposal of shares with voting rights  
Acquisition/disposal of instruments  
Change of breakdown of voting rights  
X Other reason: Voluntary Group Disclosure

**3. Details of person subject to the notification obligation**

Name: BlackRock, Inc.  
City and country of registered office: Wilmington, DE,  
United States of America (USA)

**4. Names of shareholder(s)**

holding directly 3% or more voting rights, if different from 3.

**5. Date on which threshold was crossed or reached**

12.01.2016

**6. Total positions**

in %	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	7.27%	0.82%	8.09%	337,411,867
notification	7.79%	0.25%	8.04%	/

**7. Notified details of the resulting situation****a. Voting rights attached to shares (Sec.s 21, 22 WpHG)**

ISIN	absolute		in %	
	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)
DE000A0HN5C6	0	24,533,148	0.00%	7.27%
<b>Total</b>	<b>24,533,148</b>		<b>7.27%</b>	

**b.1. Instruments according to Sec. 25 para. 1 No. 1 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
Lent Securities	N/A	N/A	2,719,871	0.81%
<b>Total</b>			<b>2,719,871</b>	<b>0.81%</b>

**b.2. Instruments according to Sec. 25 para. 1 No. 2 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Contract for Difference	N/A	N/A	Cash	40,452	0.01%
<b>Total</b>				<b>40,452</b>	<b>0.01%</b>



## 8. Information in relation to the person subject to the notification obligation

Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

X Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock Asia-Pac Holdco, LLC	%	%	%
BlackRock HK Holdco Limited	%	%	%
BlackRock Cayco Limited	%	%	%
BlackRock Trident Holding Company Limited	%	%	%
BlackRock Japan Holdings GK	%	%	%
BlackRock Japan Co., Ltd.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Canada Holdings LP	%	%	%
BlackRock Canada Holdings ULC	%	%	%
BlackRock Asset Management Canada Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Luxembourg Holdco S.à r.l.	%	%	%
BlackRock Investment Management Ireland Holdings Limited	%	%	%
BlackRock Asset Management Ireland Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock Asia-Pac Holdco, LLC	%	%	%
BlackRock HK Holdco Limited	%	%	%
BlackRock Asset Management North Asia Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Asset Management Deutschland AG	%	%	%
iShares [DE] I Investmentaktiengesellschaft mit Teilgesellschaftsvermögen	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Luxembourg Holdco S.à r.l.	%	%	%
BLACKROCK [Luxembourg] S.A.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Asset Management Deutschland AG	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Fund Managers Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock Group Limited	%	%	%
BlackRock International Limited	%	%	%
BlackRock Life Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock (Netherlands) B.V.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock (Singapore) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Advisors (UK) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
BlackRock Fund Advisors	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
BlackRock Institutional Trust Company, National Association	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock International Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Australia Holdco Pty. Ltd.	%	%	%
BlackRock Investment Management (Australia) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Capital Holdings, Inc.	%	%	%
BlackRock Advisors, LLC	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
Blackrock Realty Advisors, Inc.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
Trident Merger, LLC	%	%	%
BlackRock Investment Management, LLC	%	%	%

**9. In case of proxy voting according to Sec. 22 para. 3 WpHG**

Date of general meeting:

Holding position after general meeting: % (equals voting rights)

**III.****Notification of Major Holdings****1. Details of issuer**

Deutsche Wohnen AG  
Pfaffenwiese 300  
65929 Frankfurt am Main  
Germany

**3. Details of person subject to the notification obligation**

Name: BlackRock, Inc.  
City and country of registered office: Wilmington, DE,  
United States of America (USA)

**2. Reason for notification**

Acquisition/disposal of shares with voting rights  
Acquisition/disposal of instruments  
Change of breakdown of voting rights  
X Other reason: Voluntary Group Disclosure

**4. Names of shareholder(s)**

holding directly 3% or more voting rights, if different from 3.

**5. Date on which threshold was crossed or reached**

14.01.2016

**6. Total positions**

in %	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	7.79 %	0.30 %	8.09 %	337,411,867
notification	7.27 %	0.82 %	8.09 %	/

**7. Notified details of the resulting situation****a. Voting rights attached to shares (Sec.s 21, 22 WpHG)**

ISIN	absolute		in %	
	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)
DE000A0HN5C6	0	26,289,126	0.00 %	7.79 %
<b>Total</b>	<b>26,289,126</b>		<b>7.79 %</b>	

**b.1. Instruments according to Sec. 25 para. 1 No. 1 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
Lent Securities	N/A	N/A	965,470	0.29 %
<b>Total</b>			<b>965,470</b>	<b>0.29 %</b>

**b.2. Instruments according to Sec. 25 para. 1 No. 2 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Contract for Difference	N/A	N/A	Cash	44,232	0.01 %
<b>Total</b>				<b>44,232</b>	<b>0.01 %</b>

## 8. Information in relation to the person subject to the notification obligation

Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

X Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock Asia-Pac Holdco, LLC	%	%	%
BlackRock HK Holdco Limited	%	%	%
BlackRock Cayco Limited	%	%	%
BlackRock Trident Holding Company Limited	%	%	%
BlackRock Japan Holdings GK	%	%	%
BlackRock Japan Co., Ltd.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Canada Holdings LP	%	%	%
BlackRock Canada Holdings ULC	%	%	%
BlackRock Asset Management Canada Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Luxembourg Holdco S.à r.l.	%	%	%
BlackRock Investment Management Ireland Holdings Limited	%	%	%
BlackRock Asset Management Ireland Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock Asia-Pac Holdco, LLC	%	%	%
BlackRock HK Holdco Limited	%	%	%
BlackRock Asset Management North Asia Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Asset Management Deutschland AG	%	%	%
iShares [DE] I Investmentaktiengesellschaft mit Teilgesellschaftsvermögen	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Luxembourg Holdco S.à r.l.	%	%	%
BLACKROCK [Luxembourg] S.A.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Asset Management Deutschland AG	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Fund Managers Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock Group Limited	%	%	%
BlackRock International Limited	%	%	%
BlackRock Life Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock (Netherlands) B.V.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock (Singapore) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Advisors (UK) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
BlackRock Fund Advisors	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
BlackRock Institutional Trust Company, National Association	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%



Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock International Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Australia Holdco Pty. Ltd.	%	%	%
BlackRock Investment Management (Australia) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Capital Holdings, Inc.	%	%	%
BlackRock Advisors, LLC	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
Blackrock Realty Advisors, Inc.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
Trident Merger, LLC	%	%	%
BlackRock Investment Management, LLC	%	%	%

**9. In case of proxy voting according to Sec. 22 para. 3 WpHG**

Date of general meeting:

Holding position after general meeting: % (equals voting rights)

**IV.****Notification of Major Holdings****1. Details of issuer**

Deutsche Wohnen AG  
Pfaffenwiese 300  
65929 Frankfurt am Main  
Germany

**3. Details of person subject to the notification obligation**

Name: Vonovia SE  
City and country of registered office: Düsseldorf, Germany

**2. Reason for notification**

X Acquisition/disposal of shares with voting rights  
Acquisition/disposal of instruments  
Change of breakdown of voting rights  
Other reason:

**4. Names of shareholder(s)**

holding directly 3% or more voting rights, if different from 3.

**5. Date on which threshold was crossed or reached**

20 Jan 2016

**6. Total positions**

in %	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	3.24 %	1.82 %	5.05 %	337,411,867
notification	%	%	%	/

**7. Notified details of the resulting situation****a. Voting rights attached to shares (Sec.s 21, 22 WpHG)**

ISIN	absolute		in %	
	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)
DE000A0HN5C6	10,921,000	0	3.24 %	0 %
<b>Total</b>	<b>10,921,000</b>		<b>3.24 %</b>	

**b.1. Instruments according to Sec. 25 para. 1 No. 1 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
			<b>Total</b>	%

**b.2. Instruments according to Sec. 25 para. 1 No. 2 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Irrevocable Undertaking/ Ketteninstrument	N/A	N/A	Physical	6,132,588	1.82 %
			<b>Total</b>	<b>6,132,588</b>	<b>1.82 %</b>

**8. Information in relation to the person subject to the notification obligation**

X Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
<hr/>			

**9. In case of proxy voting according to Sec. 22 para. 3 WpHG**

Date of general meeting:

Holding position after general meeting: % (equals voting rights)

## V. Notification of Major Holdings

### 1. Details of issuer

Deutsche Wohnen AG  
Pfaffenwiese 300  
65929 Frankfurt am Main  
Germany

### 2. Reason for notification

Acquisition/disposal of shares with voting rights  
Acquisition/disposal of instruments  
Change of breakdown of voting rights  
 Other reason: Voluntary Disclosure of Holdings

### 3. Details of person subject to the notification obligation

Name: Vonovia SE  
City and country of registered office: Dusseldorf, Germany

### 4. Names of shareholder(s)

holding directly 3% or more voting rights, if different from 3.

### 5. Date on which threshold was crossed or reached

12 Feb 2016

### 6. Total positions

in %	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	4.99 %	0 %	4.99 %	337,414,132
notification	3.24 %	1.82 %	5.05 %	/

### 7. Notified details of the resulting situation

#### a. Voting rights attached to shares (Sec.s 21, 22 WpHG)

ISIN	absolute		in %	
	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)
DE000A0HN5C6	16,821,000	0	4.99 %	0 %
<b>Total</b>	<b>16,821,000</b>		<b>4.99 %</b>	

#### b.1. Instruments according to Sec. 25 para. 1 No. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
<b>Total</b>				<b>%</b>

#### b.2. Instruments according to Sec. 25 para. 1 No. 2 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
					%
<b>Total</b>					<b>%</b>

**8. Information in relation to the person subject to the notification obligation**

X Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
<hr/>			

**9. In case of proxy voting according to Sec. 22 para. 3 WpHG**

Date of general meeting:

Holding position after general meeting: % (equals voting rights)

## VI. Notification of Major Holdings

### 1. Details of issuer

Deutsche Wohnen AG  
Pfaffenwiese 300  
65929 Frankfurt am Main  
Germany

### 2. Reason for notification

Acquisition/disposal of shares with voting rights  
X Acquisition/disposal of instruments  
Change of breakdown of voting rights  
Other reason: Voluntary Disclosure of Holdings

### 3. Details of person subject to the notification obligation

Name: JPMorgan Chase & Co.  
City and country of registered office: New York,  
United States of America (USA)

### 4. Names of shareholder(s)

holding directly 3% or more voting rights, if different from 3.

### 5. Date on which threshold was crossed or reached

11 Feb 2016

### 6. Total positions

in %	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	0.17 %	0.12 %	0.29 %	337,414,132
notification	0.27 %	5.81 %	6.08 %	/

### 7. Notified details of the resulting situation

#### a. Voting rights attached to shares (Sec.s 21, 22 WpHG)

ISIN	absolute		in %	
	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)
DE000A0HN5C6		582,132	%	0.17 %
<b>Total</b>	<b>582,132</b>		<b>0.17 %</b>	

#### b.1. Instruments according to Sec. 25 para. 1 No. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
Right of Recall (Stock loan)	N/A	N/A	370,566	0.11 %
<b>Total</b>			<b>370,566</b>	<b>0.11 %</b>

#### b.2. Instruments according to Sec. 25 para. 1 No. 2 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Equity Swap	25.03.2016 – 13.02.2017	25.03.2016 – 13.02.2017	Cash	33,229	0.01 %
<b>Total</b>				<b>33,229</b>	<b>0.01 %</b>

**8. Information in relation to the person subject to the notification obligation**

Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

X Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
JPMorgan Chase & Co.	%	%	%
JPMorgan Chase Bank, National Association	%	%	%
J.P. Morgan International Inc.	%	%	%
Bank One International Holdings Corporation	%	%	%
J.P. Morgan International Finance Limited	%	%	%
J.P. Morgan Capital Holdings Limited	%	%	%
J.P. Morgan Chase (UK) Holdings Limited	%	%	%
J.P. Morgan Chase International Holdings	%	%	%
J.P. Morgan Securities plc	%	%	%
	%	%	%
JPMorgan Chase & Co.	%	%	%
J.P. Morgan Broker - Dealer Holdings Inc	%	%	%
J.P. Morgan Securities LLC	%	%	%
J.P. Morgan Clearing Corp.	%	%	%

**9. In case of proxy voting according to Sec. 22 para. 3 WpHG**

Date of general meeting:

Holding position after general meeting: % (equals voting rights)

**VII.****Notification of Major Holdings****1. Details of issuer**

Deutsche Wohnen AG  
Pfaffenwiese 300  
65929 Frankfurt am Main  
Germany

**3. Details of person subject to the notification obligation**

Name: BlackRock, Inc.  
City and country of registered office: Wilmington, DE  
United States of America (USA)

**2. Reason for notification**

- X Acquisition/disposal of shares with voting rights  
X Acquisition/disposal of instruments  
Change of breakdown of voting rights  
X Other reason: Voluntary group notification with  
triggered threshold on subsidiary level

**4. Names of shareholder(s)**

holding directly 3% or more voting rights, if different from 3.

**5. Date on which threshold was crossed or reached**

27 May 2016

**6. Total positions**

in %	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	8.27%	0.68%	8.94%	337,437,728
notification	7.79%	0.30%	8.09%	/

**7. Notified details of the resulting situation****a. Voting rights attached to shares (Sec.s 21, 22 WpHG)**

ISIN	absolute		in %	
	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)
DE000A0HN5C6	0	27,897,761	0%	8.27%
<b>Total</b>	<b>27,897,761</b>		<b>8.27%</b>	

**b.1. Instruments according to Sec. 25 para. 1 No. 1 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
Lent Securities			1,725,378	0.51%
<b>Total</b>			<b>1,725,378</b>	<b>0.51%</b>

**b.2. Instruments according to Sec. 25 para. 1 No. 2 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Contract for Difference			Cash	554,926	0.16%
<b>Total</b>				<b>554,926</b>	<b>0.16%</b>



**8. Information in relation to the person subject to the notification obligation**

Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

X Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
---	%	%	%
BlackRock, Inc.	%	%	%
Trident Merger, LLC	%	%	%
BlackRock Investment Management, LLC	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
Blackrock Realty Advisors, Inc.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
BlackRock Institutional Trust Company, National Association	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
BlackRock Fund Advisors	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Capital Holdings, Inc.	%	%	%
BlackRock Advisors, LLC	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock (Singapore) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock Asia-Pac Holdco, LLC	%	%	%
BlackRock HK Holdco Limited	%	%	%
BlackRock Asset Management North Asia Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock Asia-Pac Holdco, LLC	%	%	%
BlackRock HK Holdco Limited	%	%	%
BlackRock Cayco Limited	%	%	%
BlackRock Trident Holding Company Limited	%	%	%
BlackRock Japan Holdings GK	%	%	%
BlackRock Japan Co., Ltd.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Australia Holdco Pty. Ltd.	%	%	%
BlackRock Investment Management (Australia) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Canada Holdings LP	%	%	%
BlackRock Canada Holdings ULC	%	%	%
BlackRock Asset Management Canada Limited	%	%	%
---	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Advisors (UK) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Luxembourg Holdco S.à r.l.	%	%	%
BLACKROCK (Luxembourg) S.A.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Luxembourg Holdco S.à r.l.	%	%	%
BlackRock Investment Management Ireland Holdings Limited	%	%	%
BlackRock Asset Management Ireland Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock International Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock International Limited	%	%	%
BlackRock Life Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock (Netherlands) B.V.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Asset Management Deutschland AG	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Asset Management Deutschland AG	%	%	%
iShares (DE) I Investmentaktiengesellschaft mit Teilgesellschaftsvermögen	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Fund Managers Limited	%	%	%

**9. In case of proxy voting according to Sec. 22 para. 3 WpHG**

Date of general meeting:

Holding position after general meeting: % (equals voting rights)

**VIII.****Notification of Major Holdings****1. Details of issuer**

Deutsche Wohnen AG  
Pfaffenwiese 300  
65929 Frankfurt am Main  
Germany

**3. Details of person subject to the notification obligation**

Name: BlackRock, Inc.  
City and country of registered office: Wilmington, DE  
United States of America (USA)

**2. Reason for notification**

- X Acquisition/disposal of shares with voting rights  
Acquisition/disposal of instruments  
Change of breakdown of voting rights  
X Other reason: Voluntary group notification with  
triggered threshold on subsidiary level

**4. Names of shareholder(s)**

holding directly 3% or more voting rights, if different from 3.

**5. Date on which threshold was crossed or reached**

14 Jun 2016

**6. Total positions**

in %	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	8.64 %	0.33 %	8.96 %	337,462,268
notification	8.27 %	0.68 %	8.94 %	/

**7. Notified details of the resulting situation****a. Voting rights attached to shares (Sec.s 21, 22 WpHG)**

ISIN	absolute		in %	
	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)
DE000A0HN5C6	0	29,141,046	0.00 %	8.64 %
<b>Total</b>		<b>29,141,046</b>		<b>8.64 %</b>

**b.1. Instruments according to Sec. 25 para. 1 No. 1 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
Lent Securities			399,195	0.12 %
			<b>Total</b>	<b>399,195</b>
				<b>0.12 %</b>

**b.2. Instruments according to Sec. 25 para. 1 No. 2 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Contract for Difference			Cash	710,034	0.21 %
			<b>Total</b>	<b>710,034</b>	<b>0.21 %</b>

**8. Information in relation to the person subject to the notification obligation**

Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

X Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock, Inc.	%	%	%
Trident Merger, LLC	%	%	%
BlackRock Investment Management, LLC	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
Blackrock Realty Advisors, Inc.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
BlackRock Institutional Trust Company, National Association	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
BlackRock Fund Advisors	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Capital Holdings, Inc.	%	%	%
BlackRock Advisors, LLC	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock (Singapore) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock Asia-Pac Holdco, LLC	%	%	%
BlackRock HK Holdco Limited	%	%	%
BlackRock Asset Management North Asia Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock Asia-Pac Holdco, LLC	%	%	%
BlackRock HK Holdco Limited	%	%	%
BlackRock Cayco Limited	%	%	%
BlackRock Trident Holding Company Limited	%	%	%
BlackRock Japan Holdings GK	%	%	%
BlackRock Japan Co., Ltd.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Australia Holdco Pty. Ltd.	%	%	%
BlackRock Investment Management (Australia) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Canada Holdings LP	%	%	%
BlackRock Canada Holdings ULC	%	%	%
BlackRock Asset Management Canada Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Advisors (UK) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Luxembourg Holdco S.à r.l.	%	%	%
BLACKROCK (Luxembourg) S.A.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Luxembourg Holdco S.à r.l.	%	%	%
BlackRock Investment Management Ireland Holdings Limited	%	%	%
BlackRock Asset Management Ireland Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock International Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock International Limited	%	%	%
BlackRock Life Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%



Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock (Netherlands) B.V.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Asset Management Deutschland AG	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Asset Management Deutschland AG	%	%	%
iShares (DE) I Investmentaktiengesellschaft mit Teilgesellschaftsvermögen	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Fund Managers Limited	%	%	%

**9. In case of proxy voting according to Sec. 22 para. 3 WpHG**

Date of general meeting:

Holding position after general meeting: % (equals voting rights)

**IX.****Notification of Major Holdings****1. Details of issuer**

Deutsche Wohnen AG  
Pfaffenwiese 300  
65929 Frankfurt am Main  
Germany

**2. Reason for notification**

- X Acquisition/disposal of shares with voting rights
- X Acquisition/disposal of instruments
  - Change of breakdown of voting rights
- X Other reason: Voluntary group notification with triggered threshold on subsidiary level

**3. Details of person subject to the notification obligation**

Name: BlackRock, Inc.  
City and country of registered office: Wilmington, DE  
United States of America (USA)

**4. Names of shareholder(s)**

holding directly 3% or more voting rights, if different from 3.

**5. Date on which threshold was crossed or reached**

15 Jun 2016

**6. Total positions**

in %	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	8.65%	0.33%	8.98%	337,462,268
notification	8.64%	0.33%	8.96%	/

**7. Notified details of the resulting situation****a. Voting rights attached to shares (Sec.s 21, 22 WpHG)**

ISIN	absolute		in %	
	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)
DE000A0HN5C6	0	29,205,574	0.00%	8.65%
<b>Total</b>	<b>29,205,574</b>		<b>8.65%</b>	

**b.1. Instruments according to Sec. 25 para. 1 No. 1 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
Lent Securities			400,609	0.12%
<b>Total</b>			<b>400,609</b>	<b>0.12%</b>

**b.2. Instruments according to Sec. 25 para. 1 No. 2 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Contract for Difference			Cash	714,411	0.21%
<b>Total</b>				<b>714,411</b>	<b>0.21%</b>

**8. Information in relation to the person subject to the notification obligation**

Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

X Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock, Inc.	%	%	%
Trident Merger, LLC	%	%	%
BlackRock Investment Management, LLC	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
Blackrock Realty Advisors, Inc.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
BlackRock Institutional Trust Company, National Association	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
BlackRock Fund Advisors	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Capital Holdings, Inc.	%	%	%
BlackRock Advisors, LLC	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock (Singapore) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock Asia-Pac Holdco, LLC	%	%	%
BlackRock HK Holdco Limited	%	%	%
BlackRock Asset Management North Asia Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock Asia-Pac Holdco, LLC	%	%	%
BlackRock HK Holdco Limited	%	%	%
BlackRock Cayco Limited	%	%	%
BlackRock Trident Holding Company Limited	%	%	%
BlackRock Japan Holdings GK	%	%	%
BlackRock Japan Co., Ltd.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Australia Holdco Pty. Ltd.	%	%	%
BlackRock Investment Management (Australia) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Canada Holdings LP	%	%	%
BlackRock Canada Holdings ULC	%	%	%
BlackRock Asset Management Canada Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Advisors (UK) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Luxembourg Holdco S.à r.l.	%	%	%
BLACKROCK (Luxembourg) S.A.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Luxembourg Holdco S.à r.l.	%	%	%
BlackRock Investment Management Ireland Holdings Limited	%	%	%
BlackRock Asset Management Ireland Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock International Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock International Limited	%	%	%
BlackRock Life Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock (Netherlands) B.V.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Asset Management Deutschland AG	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Asset Management Deutschland AG	%	%	%
iShares (DE) I Investmentaktiengesellschaft mit Teilgesellschaftsvermögen	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Fund Managers Limited	%	%	%

**9. In case of proxy voting according to Sec. 22 para. 3 WpHG**

Date of general meeting:

Holding position after general meeting: % (equals voting rights)

## X. Notification of Major Holdings

### 1. Details of issuer

Deutsche Wohnen AG  
Pfaffenwiese 300  
65929 Frankfurt am Main  
Germany

### 2. Reason for notification

- X Acquisition/disposal of shares with voting rights
- X Acquisition/disposal of instruments
  - Change of breakdown of voting rights
- X Other reason: Voluntary group notification with triggered threshold on subsidiary level

### 3. Details of person subject to the notification obligation

Name: BlackRock, Inc.  
City and country of registered office: Wilmington, DE  
United States of America (USA)

### 4. Names of shareholder(s)

holding directly 3% or more voting rights, if different from 3.

### 5. Date on which threshold was crossed or reached

17 Jun 2016

### 6. Total positions

in %	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	8.58%	0.40%	8.98%	337,462,268
notification	8.65%	0.33%	8.98%	/

### 7. Notified details of the resulting situation

#### a. Voting rights attached to shares (Sec.s 21, 22 WpHG)

ISIN	absolute		in %	
	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)
DE000A0HN5C6	0	28,958,930	0.00%	8.58%
<b>Total</b>	<b>28,958,930</b>		<b>8.58%</b>	

#### b.1. Instruments according to Sec. 25 para. 1 No. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
Lent Securities			628,968	0.19%
<b>Total</b>			<b>628,968</b>	<b>0.19%</b>

#### b.2. Instruments according to Sec. 25 para. 1 No. 2 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Contract for Difference			Cash	710,488	0.21%
<b>Total</b>				<b>710,488</b>	<b>0.21%</b>

**8. Information in relation to the person subject to the notification obligation**

Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

X Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock, Inc.	%	%	%
Trident Merger, LLC	%	%	%
BlackRock Investment Management, LLC	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
Blackrock Realty Advisors, Inc.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
BlackRock Institutional Trust Company, National Association	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
BlackRock Fund Advisors	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Capital Holdings, Inc.	%	%	%
BlackRock Advisors, LLC	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%



Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock (Singapore) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock Asia-Pac Holdco, LLC	%	%	%
BlackRock HK Holdco Limited	%	%	%
BlackRock Asset Management North Asia Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock Asia-Pac Holdco, LLC	%	%	%
BlackRock HK Holdco Limited	%	%	%
BlackRock Cayco Limited	%	%	%
BlackRock Trident Holding Company Limited	%	%	%
BlackRock Japan Holdings GK	%	%	%
BlackRock Japan Co., Ltd.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Australia Holdco Pty. Ltd.	%	%	%
BlackRock Investment Management (Australia) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Canada Holdings LP	%	%	%
BlackRock Canada Holdings ULC	%	%	%
BlackRock Asset Management Canada Limited	%	%	%
---	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Advisors (UK) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Luxembourg Holdco S.à r.l.	%	%	%
BLACKROCK (Luxembourg) S.A.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Luxembourg Holdco S.à r.l.	%	%	%
BlackRock Investment Management Ireland Holdings Limited	%	%	%
BlackRock Asset Management Ireland Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock International Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock International Limited	%	%	%
BlackRock Life Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock (Netherlands) B.V.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Asset Management Deutschland AG	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Asset Management Deutschland AG	%	%	%
iShares [DE] I Investmentaktiengesellschaft mit Teilgesellschaftsvermögen	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Fund Managers Limited	%	%	%

**9. In case of proxy voting according to Sec. 22 para. 3 WpHG**

Date of general meeting:

Holding position after general meeting: % (equals voting rights)

**XI.****Notification of Major Holdings****1. Details of issuer**

Deutsche Wohnen AG  
Pfaffenwiese 300  
65929 Frankfurt am Main  
Germany

**3. Details of person subject to the notification obligation**

Name: BlackRock, Inc.  
City and country of registered office: Wilmington, DE  
United States of America (USA)

**2. Reason for notification**

- Acquisition/disposal of shares with voting rights  
X Acquisition/disposal of instruments  
Change of breakdown of voting rights  
X Other reason: Voluntary group notification with  
triggered threshold on subsidiary level

**4. Names of shareholder(s)**

holding directly 3% or more voting rights, if different from 3.

**5. Date on which threshold was crossed or reached**

20 Jun 2016

**6. Total positions**

in %	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	8.55%	0.43%	8.99%	337,462,268
notification	8.58%	0.40%	8.98%	/

**7. Notified details of the resulting situation****a. Voting rights attached to shares (Sec.s 21, 22 WpHG)**

ISIN	absolute		in %	
	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)
DE000A0HN5C6	0	28,866,516	0.00%	8.55%
<b>Total</b>		<b>28,866,516</b>		<b>8.55%</b>

**b.1. Instruments according to Sec. 25 para. 1 No. 1 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
Lent Securities			752,489	0.22%
			<b>Total</b>	<b>0.22%</b>

**b.2. Instruments according to Sec. 25 para. 1 No. 2 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Contract for Difference			Cash	708,269	0.21%
				<b>Total</b>	<b>0.21%</b>

**8. Information in relation to the person subject to the notification obligation**

Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

X Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock, Inc.	%	%	%
Trident Merger, LLC	%	%	%
BlackRock Investment Management, LLC	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
Blackrock Realty Advisors, Inc.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
BlackRock Institutional Trust Company, National Association	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
BlackRock Fund Advisors	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Capital Holdings, Inc.	%	%	%
BlackRock Advisors, LLC	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock (Singapore) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock Asia-Pac Holdco, LLC	%	%	%
BlackRock HK Holdco Limited	%	%	%
BlackRock Asset Management North Asia Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock Asia-Pac Holdco, LLC	%	%	%
BlackRock HK Holdco Limited	%	%	%
BlackRock Cayco Limited	%	%	%
BlackRock Trident Holding Company Limited	%	%	%
BlackRock Japan Holdings GK	%	%	%
BlackRock Japan Co., Ltd.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Australia Holdco Pty. Ltd.	%	%	%
BlackRock Investment Management (Australia) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Canada Holdings LP	%	%	%
BlackRock Canada Holdings ULC	%	%	%
BlackRock Asset Management Canada Limited	%	%	%
---	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Advisors (UK) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Luxembourg Holdco S.à r.l.	%	%	%
BLACKROCK (Luxembourg) S.A.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Luxembourg Holdco S.à r.l.	%	%	%
BlackRock Investment Management Ireland Holdings Limited	%	%	%
BlackRock Asset Management Ireland Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock International Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock International Limited	%	%	%
BlackRock Life Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock (Netherlands) B.V.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Asset Management Deutschland AG	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Asset Management Deutschland AG	%	%	%
iShares [DE] I Investmentaktiengesellschaft mit Teilgesellschaftsvermögen	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Fund Managers Limited	%	%	%

**9. In case of proxy voting according to Sec. 22 para. 3 WpHG**

Date of general meeting:

Holding position after general meeting: % (equals voting rights)



**XII.****Notification of Major Holdings****1. Details of issuer**

Deutsche Wohnen AG  
Pfaffenwiese 300  
65929 Frankfurt am Main  
Germany

**3. Details of person subject to the notification obligation**

Name: BlackRock, Inc.  
City and country of registered office: Wilmington, DE  
United States of America (USA)

**2. Reason for notification**

- X Acquisition/disposal of shares with voting rights
- X Acquisition/disposal of instruments
  - Change of breakdown of voting rights
- X Other reason: Voluntary group notification with triggered threshold on subsidiary level

**4. Names of shareholder(s)**

holding directly 3% or more voting rights, if different from 3.

**5. Date on which threshold was crossed or reached**

21 Jun 2016

**6. Total positions**

in %	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	8.60%	0.34%	8.94%	337,462,268
notification	8.55%	0.43%	8.99%	/

**7. Notified details of the resulting situation****a. Voting rights attached to shares (Sec.s 21, 22 WpHG)**

ISIN	absolute		in %	
	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)
DE000A0HN5C6	0	29,005,958	0.00%	8.60%
<b>Total</b>	<b>29,005,958</b>		<b>8.60%</b>	

**b.1. Instruments according to Sec. 25 para. 1 No. 1 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
Lent Securities			445,430	0.13%
			<b>Total</b>	<b>0.13%</b>

**b.2. Instruments according to Sec. 25 para. 1 No. 2 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Contract for Difference			Cash	701,580	0.21%
			<b>Total</b>	<b>701,580</b>	<b>0.21%</b>

**8. Information in relation to the person subject to the notification obligation**

Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

X Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock, Inc.	%	%	%
Trident Merger, LLC	%	%	%
BlackRock Investment Management, LLC	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
BlackRock Institutional Trust Company, National Association	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
BlackRock Fund Advisors	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Capital Holdings, Inc.	%	%	%
BlackRock Advisors, LLC	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock (Singapore) Limited	%	%	%
---	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock Asia-Pac Holdco, LLC	%	%	%
BlackRock HK Holdco Limited	%	%	%
BlackRock Asset Management North Asia Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock Asia-Pac Holdco, LLC	%	%	%
BlackRock HK Holdco Limited	%	%	%
BlackRock Cayco Limited	%	%	%
BlackRock Trident Holding Company Limited	%	%	%
BlackRock Japan Holdings GK	%	%	%
BlackRock Japan Co., Ltd.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Australia Holdco Pty. Ltd.	%	%	%
BlackRock Investment Management (Australia) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Canada Holdings LP	%	%	%
BlackRock Canada Holdings ULC	%	%	%
BlackRock Asset Management Canada Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock Group Limited	%	%	%
BlackRock Advisors (UK) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Luxembourg Holdco S.à r.l.	%	%	%
BLACKROCK (Luxembourg) S.A.	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Luxembourg Holdco S.à r.l.	%	%	%
BlackRock Investment Management Ireland Holdings Limited	%	%	%
BlackRock Asset Management Ireland Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock International Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock International Limited	%	%	%
BlackRock Life Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock (Netherlands) B.V.	%	%	%
---	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Asset Management Deutschland AG	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Asset Management Deutschland AG	%	%	%
iShares (DE) I Investmentaktiengesellschaft mit Teilgesellschaftsvermögen	%	%	%
---	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Fund Managers Limited	%	%	%

**9. In case of proxy voting according to Sec. 22 para. 3 WpHG**

Date of general meeting:

Holding position after general meeting: % (equals voting rights)

**XIII.****Notification of Major Holdings****1. Details of issuer**

Deutsche Wohnen AG  
Pfaffenwiese 300  
65929 Frankfurt am Main  
Germany

**2. Reason for notification**

Acquisition/disposal of shares with voting rights  
Acquisition/disposal of instruments  
Change of breakdown of voting rights  
X Other reason: Inventory Notification

**3. Details of person subject to the notification obligation**

Name: Ministry of Finance on behalf of the State of Norway  
City and country of registered office: Oslo, Norway

**4. Names of shareholder(s)**

holding directly 3% or more voting rights, if different from 3.  
Norges Bank

**5. Date on which threshold was crossed or reached**

19 Aug 2016

**6. Total positions**

in %	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	6.93%	0%	6.93%	337,462,268
notification	5.48%	N/A%	5.48%	/

**7. Notified details of the resulting situation****a. Voting rights attached to shares (Sec.s 21, 22 WpHG)**

ISIN	absolute		in %	
	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)
DE000A0HN5C6		23,396,706	%	6.93%
<b>Total</b>	<b>23,396,706</b>		<b>6.93%</b>	

**b.1. Instruments according to Sec. 25 para. 1 No. 1 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
			<b>Total</b>	%

**b.2. Instruments according to Sec. 25 para. 1 No. 2 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
					%
				<b>Total</b>	%

**8. Information in relation to the person subject to the notification obligation**

Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

X Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
State of Norway	%	%	%
Norges Bank	6.93%	%	6.93%

**9. In case of proxy voting according to § 22 Abs. 3 WpHG**

Date of general meeting:

Holding position after general meeting: % (equals voting rights)

**10. Other explanatory remarks:**

Inventory notification including voting rights out of shares held as collateral in the numerator regarding Sec. 21 para 1 WpHG.

**XIV.****Notification of Major Holdings****1. Details of issuer**

Deutsche Wohnen AG  
Pfaffenwiese 300  
65929 Frankfurt am Main  
Germany

**2. Reason for notification**

X Acquisition/disposal of shares with voting rights  
Acquisition/disposal of instruments  
Change of breakdown of voting rights  
Other reason:

**3. Details of person subject to the notification obligation**

Name: Stichting Pensioenfonds ABP  
City and country of registered office: Heerlen, Netherlands

**4. Names of shareholder(s)**

holding directly 3% or more voting rights, if different from 3.  
APG Asset Management N.V.

**5. Date on which threshold was crossed or reached**

02 Nov 2016

**6. Total positions**

in %	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	3.04 %	0 %	3.04 %	337,466,534
notification	2.78 %	0 %	2.78 %	/

**7. Notified details of the resulting situation****a. Voting rights attached to shares (Sec.s 21, 22 WpHG)**

ISIN	absolute		in %	
	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)
DE000A0HN5C6		10,264,707	%	3.04 %
<b>Total</b>	<b>10,264,707</b>		<b>3.04 %</b>	

**b.1. Instruments according to Sec. 25 para. 1 No. 1 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
			<b>Total</b>	%

**b.2. Instruments according to Sec. 25 para. 1 No. 2 WpHG**

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
					%
				<b>Total</b>	%



**8. Information in relation to the person subject to the notification obligation**

Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

X Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
Stichting Pensioenfonds ABP	%	%	%
APG Groep N.V.	%	%	%
APG Asset Management N.V.	3.04 %	%	%

**9. In case of proxy voting according to Sec. 22 para. 3 WpHG**

Date of general meeting:

Holding position after general meeting: % (equals voting rights)

**10. Other explanatory remarks:****4 Auditor's fees**

The amount of the auditor's fees calculated for the financial year is not subject to disclosure here, given that it is included in the disclosure contained in the consolidated financial statements of Deutsche Wohnen AG.

**5 Employees**

In the year under review, the average number of employees was 155 (previous year: 150).

**6 Transactions with related parties**

In the financial year, there were no transactions between related companies or individuals and the company that were not conducted on terms customary in the market.

**7 Consolidated financial statements**

The company is the parent company of the Group and produces a consolidated financial statement which is published in the German Federal Gazette.

**8 Corporate governance**

The Management Board and the Supervisory Board have issued a declaration of conformity with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG) and have made it permanently available to [www.deutsche-wohnen.com](http://www.deutsche-wohnen.com).

## H Events after the reporting date

Deutsche Wohnen AG has issued convertible bonds with a term expiring in July 2024 and a total nominal value of EUR 800 million. The new convertible bonds were issued in the full amount of their nominal value and bear a coupon for interest of 0.325% p.a. More details of the conditions for conversion can be viewed on the Deutsche Wohnen homepage.

In addition, Deutsche Wohnen AG increased the amount of its registered issued capital by approximately 5.1% at the end of February 2017, by way of exclusion of the subscription rights of the shareholders. The 17,174,110 new no-par value bearer shares were issued at a price of EUR 31.75 per new share. They confer full dividend rights from 1 January 2016 onwards. The gross issue proceeds from the capital increase amounted to approximately EUR 545 million.

On 22 February 2017, Deutsche Wohnen AG bought back the convertible bonds falling due in 2020 for a purchase price totaling approximately EUR 467 million. The creditors were offered approximately 99% of the original total nominal value of the convertible bonds falling due in 2020 in the amount of EUR 250 million in accordance with the procedure for the extension of such offers. Thus, following the implementation of this buy-back, convertible bonds falling due in 2020 with a nominal value of just under EUR 3 million still remain outstanding.

In March 2017, an indirect subsidiary of Deutsche Wohnen AG acquired a property portfolio in Berlin for the price of EUR 655 million. The transfer of risk and rewards is expected to occur in the second quarter of 2017. The average rent amounts to EUR 6.92 EUR per sqm. The portfolio is located within the S-Bahn circular railway system, and consists primarily of multi-storey residential buildings, constructed around the turn of the century.

We are not aware of any other significant events after the reporting date.

## I Appropriation of net profits

The Management Board proposes the following use of the net profit in the amount of EUR 270,825,883.03 reported as at 31 December 2016, comprising profit carry-forwards in the amount of EUR 42,866,927.26, a withdrawal from the capital reserve pursuant to Section 272(2)(4) of the German Commercial Code (HGB) in the amount of EUR 117,568,026.20 and annual profit in the amount of EUR 110,390,929.57:

EUR	
Distribution to the shareholders:	
Payment of a dividend of EUR 0.74 per bearer share and entitled to dividends for the financial year 2016; on the basis of 354,658,098 bearer shares, this will amount to	262,446,992.52
Profit carry-forwards	8,378,890.51
<b>Net profit</b>	<b>270,825,883.03</b>

The disclosure of the amounts of the dividend payment and the profit carry-forwards is based on the number of no-par value shares that were entitled to dividends at the time of the preparation of the Management Board's proposal for the use of the profit. The number of no-par value shares that are entitled to dividends may be increased between now and the date of the Annual General Meeting as a result of requests for the payment of a settlement from external shareholders of GSW Immobilien AG, pursuant to the control agreement in place between Deutsche Wohnen AG and GSW Immobilien AG and the corresponding issuance of new shares of the company out of the contingent capital 2014/II (Section 4c of the Articles of Association).

The amount of the dividend per no-par value share entitled to dividends will remain unchanged at EUR 0.74.

To the extent that the number of no-par value shares that are entitled to dividends, and thus the total amount of the dividend paid out, increases by EUR 0.74 per new share issued, the amount of the profit carry-forwards will decrease accordingly.

Frankfurt/Main, 3 March 2017

Deutsche Wohnen AG



Michael Zahn  
Chief  
Executive Officer



Philip Grosse  
Chief  
Financial Officer



Lars Wittan  
Chief  
Investment Officer

## Appendix to the notes

**STATEMENT OF CHANGES IN FIXED ASSETS**

for the financial year from 1 January to 31 December 2016

EUR	Acquisition and production costs				31/12/2016
	1/1/2016	Additions	Disposals	Transfers	
<b>I. Intangible assets</b>					
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	11,061,730.32	2,293,039.38	5,312.96	0.00	13,349,456.74
2. Advance payments	46,457.60	248,156.77	0.00	0.00	294,614.37
	<b>11,108,187.92</b>	<b>2,541,196.15</b>	<b>5,312.96</b>	<b>0.00</b>	<b>13,644,071.11</b>
<b>II. Property, plant and equipment</b>					
1. Buildings on third party properties	214,882.97	0.00	0.00	0.00	214,882.97
2. Other equipment, furniture and fixtures	4,585,459.82	1,100,455.24	5,598.10	475,049.65	6,155,366.61
3. Advance payments on property, plant and equipment	475,049.65	0.00	0.00	-475,049.65	0.00
	<b>5,275,392.44</b>	<b>1,100,455.24</b>	<b>5,598.10</b>	<b>0.00</b>	<b>6,370,249.58</b>
<b>III. Financial assets</b>					
Shares in affiliates	3,117,225,405.20	2,455,174.31	0.00	0.00	3,119,680,579.51
	<b>3,133,608,985.56</b>	<b>6,096,825.70</b>	<b>10,911.06</b>	<b>0.00</b>	<b>3,139,694,900.20</b>

EUR	Accumulated depreciation and amortisation			31/12/2016
	1/1/2016	Additions	Disposals	
<b>I. Intangible assets</b>				
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	7,791,445.69	1,342,546.97	0.00	9,133,992.66
2. Advance payments	0.00	0.00	0.00	0.00
	<b>7,791,445.69</b>	<b>1,342,546.97</b>	<b>0.00</b>	<b>9,133,992.66</b>
<b>II. Property, plant and equipment</b>				
1. Buildings on third party properties	47,571.55	43,646.46	0.00	91,218.01
2. Other equipment, furniture and fixtures	2,453,040.64	718,783.28	5,598.10	3,166,225.82
3. Advance payments on property, plant and equipment	0.00	0.00	0.00	0.00
	<b>2,500,612.19</b>	<b>762,429.74</b>	<b>5,598.10</b>	<b>3,257,443.83</b>
<b>III. Financial assets</b>				
Shares in affiliates	55,000.00	240,000.00	0.00	295,000.00
	<b>10,347,057.88</b>	<b>2,344,976.71</b>	<b>5,598.10</b>	<b>12,686,436.49</b>

EUR	Carrying amount	
	31/12/2016	31/12/2015
<b>I. Intangible assets</b>		
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	4,215,464.08	3,270,284.63
2. Advance payments	294,614.37	46,457.60
	<b>4,510,078.45</b>	<b>3,316,742.23</b>
<b>II. Property, plant and equipment</b>		
1. Buildings on third party properties	123,664.96	167,311.42
2. Other equipment, furniture and fixtures	2,989,140.79	2,132,419.18
3. Advance payments on property, plant and equipment	0.00	475,049.65
	<b>3,112,805.75</b>	<b>2,774,780.25</b>
<b>III. Financial assets</b>		
Shares in affiliates	3,119,385,579.51	3,117,170,405.20
	<b>3,127,008,463.71</b>	<b>3,123,261,927.68</b>

# INDEPENDENT AUDITOR'S REPORT

We have audited the annual financial statements, comprising the Balance Sheet, the Profit and Loss Statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the situation of the company and the group of the Deutsche Wohnen AG, Frankfurt/Main, for the business year from January 1 to December 31, 2016. The maintenance of the books and records and the preparation of the annual financial statements and the management report of the situation of the company and the group in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report of the situation of the company and the group based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the management report of the situation of the company and the group are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report of the situation of the company and the group are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and the management report of the situation of the company and the group. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The management report of the situation of the company and the group is consistent with the annual financial statements, complies with the German statutory requirements, and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Berlin, March 10, 2017

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Original German version signed by

Schmidt	Drotleff
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Combined management report and annual financial statements  
for the financial year 2016

# RESPONSIBILITY STATEMENT

“To the best of our knowledge, and in accordance with the applicable accounting standards, the annual financial statements as at 31 December 2016 give a true and fair view of the net assets, financial and earnings position of the company and the company’s management report of the company and the group gives a true and fair view of the development of the business including the business result and the position of the company and describes the main opportunities and risks associated with the company’s expected future development.”

Frankfurt/Main, 3 March 2017

Deutsche Wohnen AG



Michael Zahn  
Chief  
Executive Officer

Philip Grosse  
Chief  
Financial Officer

Lars Wittan  
Chief  
Investment Officer

# CONTACT

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Head of Investor Relations

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# IMPRINT

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